Soneri Bank
Roshan Har Qadam

NAVIGATING
OUR WAY TO SUCCESS

ANNUAL REPORT 2020

NAVIGATING OUR WAY TO SUCCESS

Navigation is a core function, when a voyage is set on a pathway, to success. Soneri Bank, with its sight set on empowering its customers, is pushing boundaries to create and innovate, to bring convenience and the best financial solutions so that our customers can stay focused and navigate their way to financial stability and remain Roshan Har Qadam!

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OUR ROADMAP

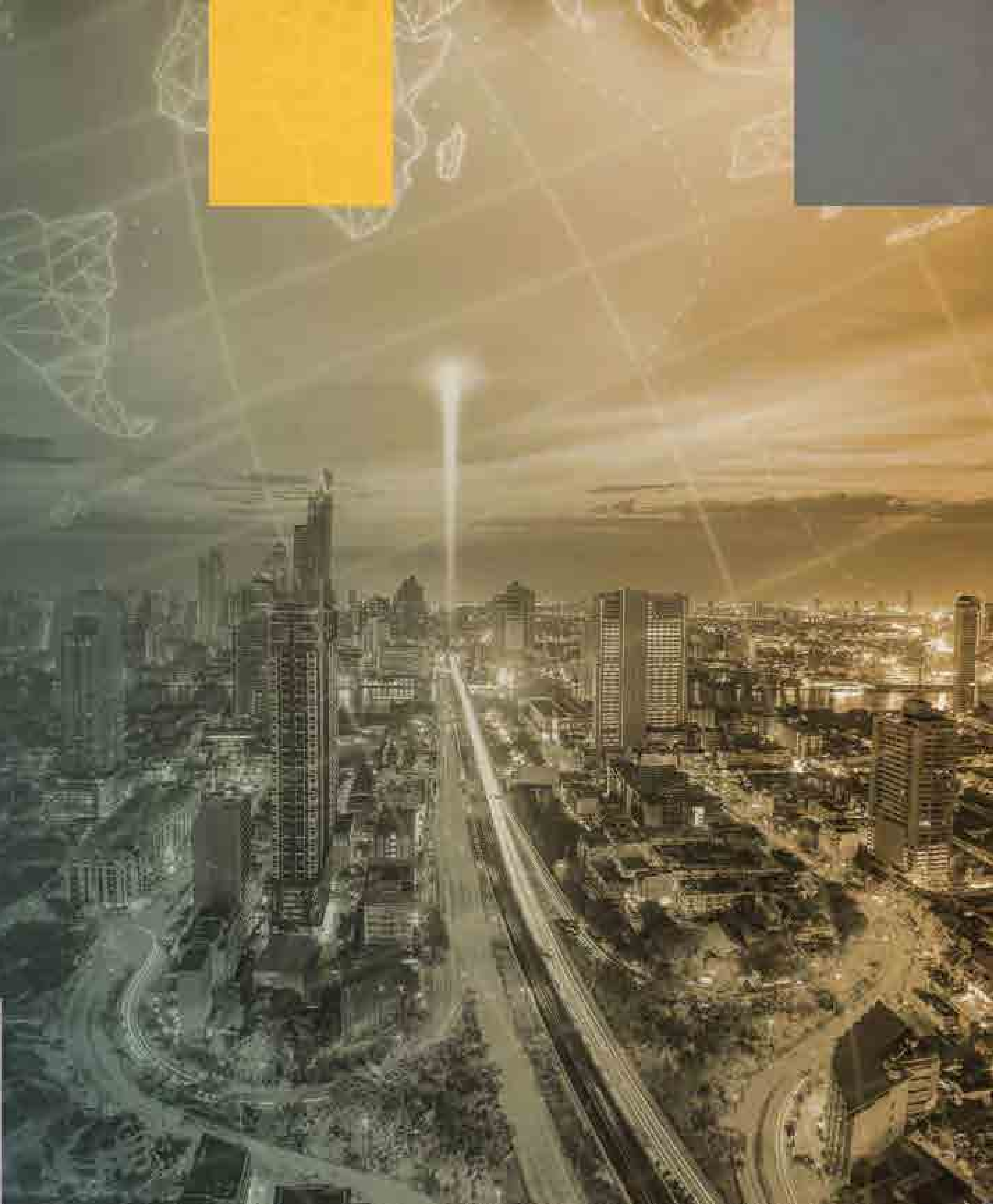
Soneri Bank's framework is set in its vision, mission and values, that stands tall, like a skyscraper, through testing times. It is our foundation, which is forged in such a manner that it stays un-waivered no matter what obstacles we come across.

VISION

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

MISSION

To provide innovative and efficient financial solutions to our customers.



GUIDING LIGHTS

Soneri Bank has stood firm to its strong belief in its ethos 'Roshan Har Qadam!' that paves the path of happiness and formidable values across all aspects of business. These values help us find our way forward through the darkness, helping us perform with efficiency and perseverance in all avenues of business.

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

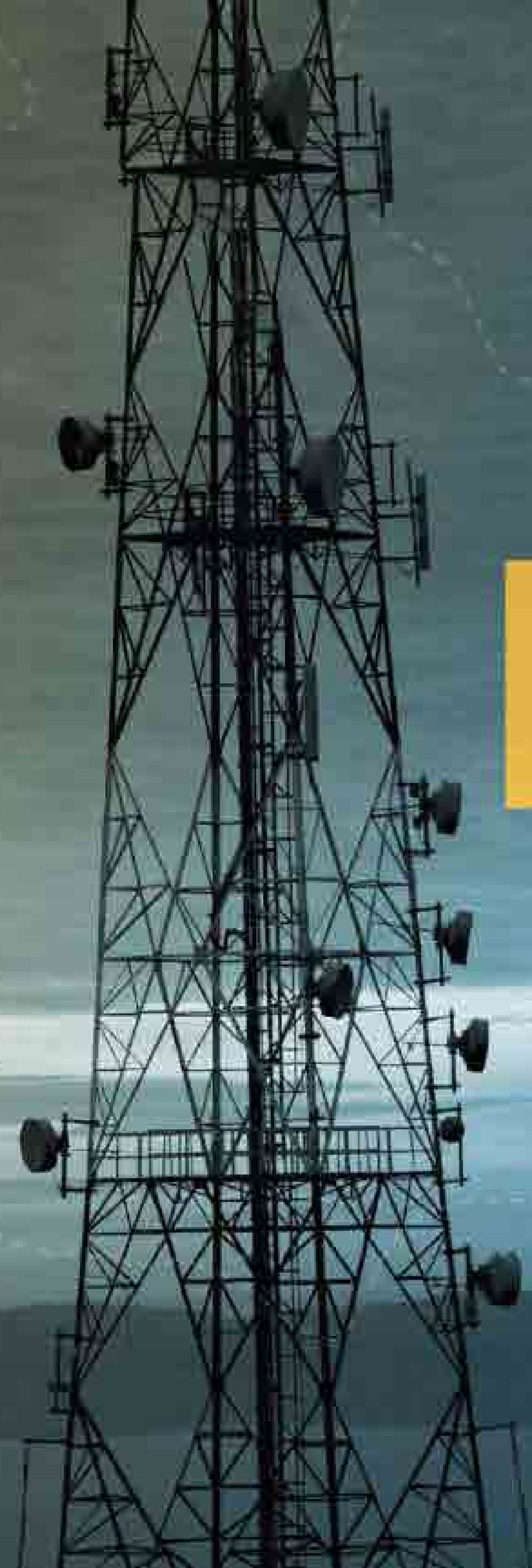
We plan ahead.
We make swift and timely decisions and value time as our asset.
We strive to stay ahead by anticipating change and forecasting risk.

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.

BEAMING INNOVATIONS
TECHNOLOGY

Soneri Bank communicates far and wide across Pakistan. It is a driving force that shifts and creates solutions for our customers, which helps them stay connected with their finances and be Roshan Har Qadam!



PAVING A CLEANER PATH

CSR

The true essence of success is in realising to give more than one takes. Soneri Bank holds this notion dear, thus we work towards fulfilling our responsibility towards developing a better environment, a stronger society and foster communities to help transform their futures.

CORPORATE SOCIAL RESPONSIBILITY
(CSR) ACTIVITIES

Soneri Bank actively participated in several CSR activities throughout the year. Keeping the 'Roshan Har Qadam' spirit intact, the Bank made sure that it fulfilled its social responsibilities towards the country and its people. Soneri Bank's contributions in various sectors of Pakistan despite the COVID-19 pandemic has left a lasting impact on the community.

Contribution to Healthcare

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

The Sindh Institute of Urology & Transplantation - SIUT

The Sindh Institute of Urology & Transplantation is a dialysis and kidney transplant centre located in Pakistan. SIUT is Pakistan's largest kidney disease centre, as well as Pakistan's largest public sector health organisation. Soneri Bank supported them through its Ramadan digital campaign #PledgeForKindness, where it generously donated to the organisation.

The Aga Khan University Hospital

The Aga Khan University Hospital in Karachi was established in 1985 with a vision to provide quality healthcare to the people of Pakistan. The hospital provides a broad range of secondary and tertiary care, including diagnosis of diseases and care for patients. AKUH joined hands with Soneri Bank for the Ramadan campaign #PledgeForKindness. The funds generated through this campaign were used to provide people with good healthcare facilities.

The Kidney Centre (TKC)

The Kidney Centre (TKC) is a non-profit organisation providing comprehensive quality renal care to patients suffering from kidney problems. Soneri Bank sponsored the Centre's dialysis treatments for the underprivileged, as its contribution towards society welfare.

Old Association of Kinnaird Society (Regd.) Karachi

OAKS (Old Associates of Kinnaird Society) is an organisation of old students and teachers of Kinnaird College. Soneri Bank sponsored The Karachi Chapter of OAKS in their major project "Saving Thar", aimed at providing pure drinking water to the inhabitants of the desert region of Thar.

Empowering Education

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

The Citizens Foundation

The Citizens Foundation is a non-profit organisation that aims to bring a positive social change through education. It is one of Pakistan's leading organisation in the field of education for the less privileged. The Foundation operates a network of 1,567 school units, educating 252,000 students throughout Pakistan. To support TCF's cause of improving the literacy rate of Pakistan, Soneri Bank sponsored the fundraising event of ILLMATHON 2020 for the development of education and literacy.

Family Education Services Foundation (FESF)

Family Educational Services Foundation (FESF) a non-profit educational organisation which 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 supported generously in their Annual Fundraiser Golf Tournament to support the needy in reaching their full potential. Family Education Services Foundation was part of Soneri Bank's Ramadan CSR campaign – #PledgeForKindness through which it generated a substantial amount that helped them provide quality education and skill development to the people of Pakistan.

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 (ASF)

Attock Sahara Foundation (ASF) is a welfare based non-profit organisation, certified by Pakistan Centre for Philanthropy (PCP) and 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 also a few individual players.

The Lahore Polo Club

Lahore Polo Club is one of the oldest and culturally rich clubs in the region. Soneri Bank partnered with The Lahore Polo Club for the Polo Tournament Championship aimed towards promoting polo and making it a celebrated sport in Pakistan.

Alishan Table Tennis Club

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

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.

Supporting the Underprivileged

Soneri Bank strongly believes in supporting the less-privileged and helping the people of Pakistan in the fields of health and education. The Bank partnered with various welfare organisations for this noble cause.

Shahid Afridi Foundation

The Shahid Afridi Foundation aims to spread education, healthcare services, and access to clean water across Pakistan. Soneri Bank, as part of its #PledgeForKindness Campaign, partnered with the foundation in distributing ration bags amongst COVID-19 victims, to support them in their time of need and ease their financial troubles.

Relief for COVID-19 Victims in Hunza

Soneri Bank partnered with the Deputy Commissioner of Hunza Office in the drive to support COVID-19 victims. The Bank contributed in providing ration bags to the victims of COVID-19 in the region, so that they could access the basic necessities of life.

Global Educational Consultants Society

Global Education Consultants Society was established to provide access to low-cost and inclusive education for all, irrespective of caste, colour or creed. Soneri Bank actively partnered with GEC Society for the distribution of ration bags to those in need during the COVID-19 pandemic.

Celebrating Culture and Heritage

Soneri Bank values the heritage of Pakistan and takes pride in celebrating diversity and inclusiveness. The Bank partnered with various organisations to support and contribute to celebrating the country's rich culture.

The Citizens Archive of Pakistan (CAP)

The Citizens Archive of Pakistan (CAP) is a non-profit organisation established for the preservation of the cultural and historic heritage of Pakistan. The organisation is currently operating in Karachi, Lahore and Islamabad. Soneri Bank was one of the primary sponsors of the CAP Family Carnival event aimed at celebrating the country's rich heritage.

Pakistan Hindu Council

The Pakistan Hindu Council represents the Pakistani Hindu community on social and political issues. The Council aims to protect the basic rights and freedoms, especially of worship and assembly, of Hindus all over Pakistan. Soneri Bank sponsored the Combined Marriages Program 2020, hosted by the Pakistan Hindu Council, extending its support to the minorities of the country.

Supporting Our Heroes

Soneri Bank values the efforts of Pakistan's unsung heroes and takes pride in supporting them to work towards a better future for Pakistan.

Airports Security Force

ASF was established in 1976 as a federal agency under the administrative control of the Secretary to the Government of Pakistan. It aims to improve the standard of aviation security in Pakistan and protect the airports, facilities and planes in the country. Soneri Bank made a generous contribution for ASF's 48th Passing Out Parade to support their cause.

ROUTING TO YOU

PRODUCTS AND SERVICES

Soneri Bank stays full steam ahead and follows an individualistic approach, by catering to the customers with personalised financial and lifestyle solutions. We transcend from the level of client to customer relationship and form bonds that stay on the track till the end of the line.

PRODUCTS AND SERVICES

At Soneri Bank Limited, we offer the most diverse range of products and services that exceed our customer's expectations. Our commitment to the customers is to leverage our brand promise "Roshan Har Qadam" by constantly innovating our product suite to best match the personal and business needs of our customers, which include Commercial, Retail & Corporate and Islamic segments. Our corporate vision is "To better serve the customers to help them and the society grow", and our mission is "To provide innovative and efficient financial solutions to our customers". We serve our customers with distinguished solutions and constantly raise our performance standards.

Current Accounts

With an extensive range of current accounts available, our customers can choose to open any current account for their business & personal transactional needs and enjoy banking convenience offered via over 300+ branches and ATMs across Pakistan. Our suite of 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 fulfill their daily banking needs. This account offers numerous free facilities, including: Banker's Cheque Issuance, Online Banking, Cheque Books, 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.

Soneri Ladies First Account

A current account for females who are eligible to open a bank account. As women comprise half of the adult population in Pakistan, it is imperative for Soneri Bank Limited, being an inclusive financial services provider to offer financial services and an exclusive bank account truly accessible for all the Pakistani Ladies.

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

A unique account with option of both, i.e., Current as well as PLS Savings, that ensures hassle-free disbursement of Pension to retired individuals, government servants and existing pensioners. Soneri Pensioners Account offers customers the flexibility and capability to bank with ease.

Soneri INSTA PAY Payroll Solution

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 its employees.

Savings Accounts

Soneri Bank offers a diverse range of savings products with attractive rate of returns. These accounts are designed to cater to the specific needs of clients, be it individuals, senior citizens or corporate customers. Our savings product range includes:

PLS Savings Account

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

Soneri Savings Account

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 with this account.

Soneri Sahara Account

A savings account for senior citizens aged 60 years and above for meeting their basic banking needs while they enjoy high returns every month. Joint accounts and minor accounts can also be opened, under the guardianship of Senior Citizen.

Soneri Rupee Term Deposits

Soneri 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.

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 PKR 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 Foreign Currency Accounts

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 up to 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 & Retail Banking

Soneri Bank ensures meeting all banking needs of its customers by offering variety of financing products to facilitate them to grow their businesses and also contribute their share towards 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 financing products to help its customers to operate their businesses without worrying about funding requirements which includes:

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 for meeting 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).

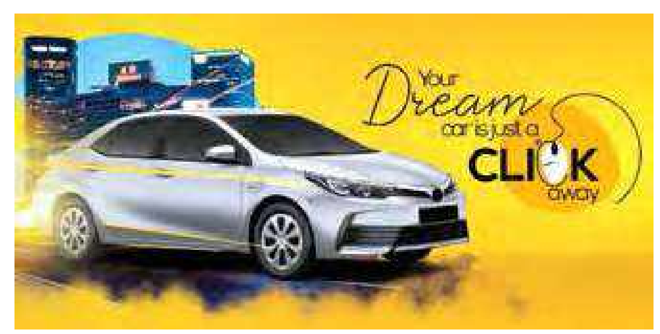
SBP's Incentive Schemes

In line with the initiatives of 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 wide range of SBP's refinancing schemes through our designated branches:

- PM's Kamyab Jawan Youth Entrepreneurship Scheme
- 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 Financing

Soneri Bank offers its consumers various kinds of financing options to choose from depending on their needs. Our range of consumer financing products include Soneri Car Finance, Soneri Ghar Finance, Mera Pakistan Mera Ghar and Soneri Personal Finance.



Soneri Car Finance

Soneri Car Finance is designed to let the customers control their plan to select a vehicle that is new, used or imported at reasonable mark-up rates. Car Finance facility is available for up to Rs. 5 million and repayable in up to 7 years in equal monthly installments. 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 customers.

Soneri Ghar Finance

With comfort, peace and security, now your dream of owning a beautiful house can become a reality with Soneri Ghar Finance. Be it acquiring a new house or an apartment, building a house or redesigning/renovating an existing house, this facility is tailored to suit the customers' needs where maximum financing limit can be up to Rs. 75 million with flexible tenure for repayment of up to 20 years.

Mera Pakistan, Mera Ghar

Soneri Bank, promotes the spirit of patriotism and advocates an affordable government mark-up subsidy scheme for house finance by State Bank of Pakistan that enables every Pakistani to own a house at subsidised mark-up rates as per the vision of our honourable Prime Minister.

Soneri Personal Finance

Soneri Personal Finance includes attractive plans, simple reimbursement alternatives and market competitive rates. It is a hassle-free way for customers' monetary needs with a maximum limit of up to Rs. 2 Million with flexible repayment tenures of up to 5 years. It is an easy solution to the customers' cash/liquid requirement for emergency funds, plan their child's higher education, make their daughter's wedding the talk of the town, or take that dream vacation.

Agriculture Financing

The agriculture sector constitutes a handsome portion of the GDP of our country and the livelihood of a huge population in Pakistan is based on it. Soneri Bank's wide range of Agriculture Products are designed to support the farmers by providing access to Agriculture loans which assist them to grow the agriculture produce as well as their livelihood. To better contribute to our Agri economy, The farmers can avail any of the financing facilities as per products detailed hereunder:

- Farm Production Loans – Revolving Credit
- Farm Development Loan Including Farm Machinery
- Tractor & 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 Farmer Financing
- Value Chain – Dairy Financing

Home Remittance

Soneri Bank with its vision 'To Better Serve customers to help them and the society grow,' is making home remittance accessible to all customers with a branch network of 300+ branches across Pakistan so their promises are received from their loved ones conveniently.

Soneri Bank Limited (SNBL) 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 relationship with many Global Exchange i.e. Moneygram, RIA Money Transfer, Al Ansari Exchange, Small World, Xpress Money, Ebixcash, World Wide Cash Express and Trans-Fast in different regions of Gulf Countries, UK, America and Canada to facilitate its customers.

Alternate Delivery Channel

Digital Banking is the way of the future and SNBL believes in the ever-evolving phase of secured technology which is paving the path to simple banking with a few simple clicks.

ATMs

With growing number of 300+ ATMs across the country, withdraw cash with convenience, transfer funds to bank account, pay your bills and much more.

Soneri Debit Card

With Soneri Bank Mastercard Debit Card, your bank account is accessible at more than 1 million ATMs and 25 million Point Of Sale around the world.

Soneri Bank PayPak Debit Card is acceptable at all ATMs and Point of Sale across Pakistan.

Soneri Digital Internet Banking

A wide range of services including Account Balances, Bill Payments, Fund Transfers to Soneri and other bank account and many more on your desktop.

Soneri Digital Mobile Banking

Talk about convenience at your finger tip, Soneri Mobile App is the right choice. Manage your account, transfer funds to any domestic bank account, mobile top-ups, bill payment, school fees, govt. payments and lot more.

SMS Alerts

Stay Secure and keep up to date about your transactional activities by getting instant alerts on your registered cell phone.

Phone Banking

Customers can access their accounts 24/7 with distinctive services with Soneri Phone Banking, including ATM Debit Card Replacement, Stop Cheque Request, Banker's Cheque, ATM Debit Card Account Linking De-Linking, Cheque Book Request & E-Statement Request. Simply dial + 92-21-111-SONERI (766374) to avail easy access to your 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. SNBL offers advice from certified professionals with expertise to help tailor coverage plans specific to customers' family needs. In partnership with Jubilee Life Insurance Ltd. and IGI Life Insurance Ltd., few of these products are:

Sunehra Saver & Sunehra Saver Takaful

These are SNBL'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.

Roshan Aghaz & 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

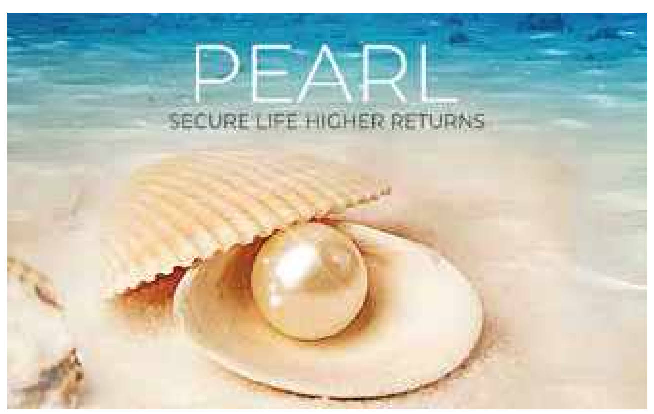
This is a savings plan especially designed for those individuals who wish to have financial independence post-retirement, wish to retire early or to top-up their existing pension plan. The plan is ideal for self-employed and professionals like doctors, dentists, architects, lawyers, engineers and financial 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 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 like doctors, dentists, accountants, lawyers, architects, engineers, etc. can also use this plan to their advantage.

Pearl & Pearl Takaful

This Bancassurance plan is designed for High Net Worth (HNW) customers of SNBL, it offers higher investment returns along with the benefit of family's financial protection (insurance coverage). A unique medical coverage (MediPal) is offered besides loyalty bonus that starts from fifth year.



Sunehra Cash Builder

This is a regular premium Bancassurance product, where the premium paid will be credited to customer's individual account to be invested as per the chosen investment strategy. Sunehra Cash Builder is intended for far sighted 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 customer is unable to continue regular income.

Sunehra Income Builder

This plan provides insurance cover in the form of 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.

Sunehra Ehad Takaful

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

Capital Plus & Capital Plus Takaful

This plan is designed for High Net Worth (HNW) customers of SNBL, it offers higher investment returns along with the benefit of family's financial protection (insurance coverage). Loyalty bonus starts from fifth year (commonly starts from 10th yr).

Wealth Management

SNBL is constantly innovating its products suite to best match the personal and business needs of its customers, to ensure all their banking needs are met. We offer a variety of investment products to facilitate our customers. The role of Wealth Management is to provide tailored investment solutions and help the client develop, implement and monitor an entire investment portfolio, which enables client to manage, their 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 and with this diversification 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 its assets in any type of securities at any time, in order to diversify its 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 closed ended).

Shariah Compliant (Islamic) Scheme

Islamic funds are those funds which invest in Shariah Compliant securities i.e. shares, Sukuk, Ijara 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 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.

Shariah Compliant (Islamic) Scheme

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

Soneri Bank Wealth Management – Product Menu

In partnership with reliable Asset Management Company, we offer you a range of investments products.

MCB Arif Habib Investment & Savings 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

Voluntary Pension Schemes (VPS)

- Pakistan Pension Fund
- Alhamra Islamic Pension Fund

HBL Asset Management Company Mutual Funds

- HBL Money Market Fund
- HBL Income Fund
- HBL Government Securities Fund
- HBL Cash Fund
- HBL Multi Asset Fund
- HBL Equity Fund
- HBL Islamic Income Fund
- HBL Islamic Asset Allocation Fund
- HBL Islamic Money Market 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 guarantee of future performance. As disclosed in the offering document available on asset management company website. Asset management company is the fund manager and Soneri Bank is the distributor of these funds.

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 Accounts

Soneri Mustaqeem - Jari Account

Soneri Mustaqeem - Jari Account is kind of Current Account (No profit and loss account) that provides the convenience of putting your money in 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 Qard.

Soneri Mustaqeem – Rahat 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 fulfill their daily banking needs. This account offers numerous free facilities.

Saving Accounts

Soneri Mustaqeem - Bachat Account

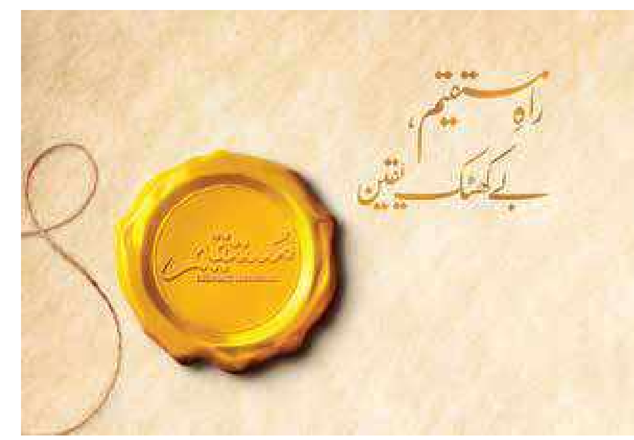
Bachat account is kind of remunerative account offered to customers with small savings and looking for a Halal return on their deposits. It is based on the concept of Mudarabah where the depositor acts as an Investor (Rab-ul-Maal) and bank acts as the Manager (Mudarib) of the funds deposited by the customers.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

Soneri Mustaqeem - Munafa Account

Soneri Mustaqeem - Munafa account provides 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 profit.



Soneri Mustaqeem - Asaan Account

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

Soneri Mustaqeem - Jari Foreign Currency Accounts

Soneri Mustaqeem Jari offers Foreign Currency Current account to cater to the foreign currency transactional and saving needs of the customers with a host of attractive features.

Consumer Products:

Soneri Mustaqeem - 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.

Soneri Mustaqeem - Ghar Finance

Soneri Mustaqeem – Ghar Finance is a Shariah compliant home finance facility enabling our valuable customers to get the house of their dream. Soneri Mustaqeem – Ghar Finance is based on the concept of Diminishing Musharakah where customer participates with Soneri Bank in joint ownership of property. Bank's ownership share of the house/flat/land shall be divided into number of units. Customer will undertake to purchase bank's share periodically until the ownership of the asset is completely transferred to the customer. Till the complete ownership, customer pays agreed rentals for using the bank's share in the house/flat/land.

Soneri Mustaqeem - Mera Pakistan Mera Ghar

Soneri Mustaqeem Islamic Banking, now provides affordable and flexible subsidised Islamic Housing Financing Facility, as per the vision of our honourable Prime Minister.

Corporate & Investment Banking

Soneri Bank's Corporate & Investment Banking division 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 & 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 & 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 dealers & vendors of our corporate customers to meet their business requirements.

Cash Management

SNBL'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 & 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

Pakistan's strong ties with China are leading to new financial avenues and SNBL is also financing with branches in Lahore and Islamabad to facilitate its Chinese customers.

China-Pakistan Economic Corridor (CPEC) is a framework of regional connectivity and prosperity. CPEC project will not only benefit China and Pakistan but will have positive impact on the region. Over the years the flagship project has advanced and achieved excellent results. The Government is confident that CPEC is a win-win project of China-Pakistan economic cooperation and will prove to be a catalyst for socio-economic development of Pakistan and its benefits will reach the grassroots level.

Significant progress has been made in the first phase with majority of the projects planned in the construction, infrastructure and energy sectors have been carried out and many are in the execution stage. The second stage will further focus on industrialization, agriculture, modernization and socio-economic development.

The bank is focused on projects related to CEPC. In addition to a Chinese Business Unit working in Islamabad, the bank has established a China Desk in Lahore in order to facilitate Chinese customers.

A SMOOTH SAIL
CUSTOMER EXPERIENCE

Soneri Bank has always had its sail set towards improving customer satisfaction. We believe in approaching our customers with the best solutions, that help them reach their destination safely.

CUSTOMER EXPERIENCE

In the year 2020, our Customer Experience Department examined customer satisfaction keeping in view the global pandemic by redesigning the satisfaction metrics as per the need of the hour. The Bank positioned itself at the forefront by aiming to assess the effects of longer-term shifts in consumer behavior resulting from this crisis. Soneri Bank rapidly innovated the customer experience journey and further improved its operations/protocols to deal with these much needed changes.

Customer Satisfaction Survey - Covid-19:

A comprehensive customer satisfaction survey was devised keeping in view the 4 key insights; connecting with our customers online / digitally, better user-experience, focusing on customer services & to drive customer loyalty. The survey was conducted with customers who visited our branches during this pandemic, to gauge their satisfaction with the branch safety measures, ease of doing business and branch staff services and behavior. Overall SNBL Branch visit experience satisfaction logged at 88%, satisfaction with safety measures regarding COVID-19 taken by the SNBL branches logged at 82%, and satisfaction with branch staff services & behavior logged at 91%.

Employee Satisfaction Survey:

Satisfied employees lead to satisfied customers. An online survey was conducted as a key aspect to improve employee satisfaction and retention ensuring our Bank's values are attractive to our staff. The survey was conducted to make sure that our employees feel safe, supported, comfortable and free to share their feedback. The survey insights were shared with the Senior Management for them to better understand their employees and to assist them in improving the working environment.

Ethical Conduct Guidelines:

As per the guidelines for Compliance Risk Management issued vide BPRD Circular # 07 dated August 09, 2017 by SBP Banking Policy and Regulatory Department, Banks were advised to develop/revise their existing ethical conduct policies in order to promote ethical behavior in their day to day operations. In light of these guidelines, Bank has deputed Ethical Conduct Unit under the ambit of Customer Experience Department. Ethical practices like transparency, integrity, honesty and compliance go hand in hand when it comes to the banking industry and this area has emerged to be an essential element of overall compliance culture in any Bank. The Bank does not compromise on any unethical or immoral act in any case.

Complaint Statistics 2020:

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

Total Complaints Received: 14,264	Total Complaint Resolved: 14,056 (As of December 31, 2020)
Problem Incidents' Ratio (PIR): 2.47% (Total Book)	Average within TAT Resolution: 89.15%
Average Complaints' Resolution Satisfaction Ratio (CRS): 83.42%	Average Complaints' Resolution Time: 5.8 Days

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 lodgment 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 in a timely and effective manner.

Voice Of Customer (VOC):

The Bank has a robust in-house VoC Unit, which proactively captures 'Voice of the Customer' with a view towards ensuring that SNBL has its finger on the pulse of its customers. These exercises are all about being proactive and constantly innovative to capture the changing requirements of the customer to ensure we maintain our competitive edge while also ensuring customer satisfaction. During the year 2020, customers from different segments were surveyed i.e. Digital Banking, Corporate & Investment Banking, Trade Finance, Treasury, Credit Finance, Cash Management, Islamic Banking, Commercial & Retail Banking Group, Auto Finance and Bancassurance. Soneri Bank has been rated high mainly due to 'ease of doing business' and 'old relationship with the bank'. The results driven from these studies 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 avenues for improvement.

CARVING A TRAJECTORY
THE YEAR AT A GLANCE

Soneri Bank believes commitment and excellence is integral when commencing a journey. It is this commitment that leads us closer to success with every turn. With the year 2020 being full of twists and turns. We reaped success regardless of the challenges we faced. Let's look at some of the highlights of 2020 at Soneri Bank.

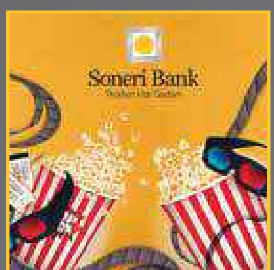
THE YEAR AT A GLANCE

Pledge for Kindness Campaign

Each year in Ramadan, under its #PledgeForKindness campaign, Soneri Bank sponsors multiple NGOs, dedicated towards the welfare of the society in the fields of education and health. This year, the campaign embodied the spirit of giving in the holy month of Ramadan. Soneri Bank sponsored various organisations, such as Shahid Afridi Foundation (SAF), Aga Khan University Hospital (AKUH), the Family Educational Services Foundation (FESF) and the Sindh Institute for Urology and Transplantation (SIUT) to aid them in their continuous efforts towards the betterment of the society. The campaign was run all over Soneri Bank's Social Media platform. To participate in the campaign, a pledge counter was setup, on Soneri Bank's website, on which people voluntarily gave pledges online and for every pledge received, Rs. 10 was donated by Soneri Bank on behalf of these pledges to the hospitals and foundations.

Soneri Bank strengthened its ties with Quetta Gladiators

We believe that participation in sports can be strongly instrumental in promoting equality, solidarity and inclusion. It can act as a foundation for building healthier and more diverse societies. This year, Soneri Bank continued its partnership with Quetta Gladiators in PSL 2020. Soneri Bank believes in the Mantra of Quetta Gladiators, that resilience, passion and commitment to a cause can steer any team towards success.



A Fun Day out

To celebrate the trust and commitment of our clients in Soneri Bank, Soneri Bank organised a small event for its corporate clients in Karachi, Islamabad and Lahore, as a token of appreciation for their continued support. The Bank's CIBG team and the corporate customers interacted with each other at a small get-together, which featured a movie screening, followed by an informal dinner.

Green Banking Initiatives

Soneri Bank aims to play its part in the betterment of society by implementing eco-friendly practices that ensure reduction in waste and pollution. The Bank made efforts to create an eco-friendly environment by adopting sustainable practices for a cleaner and greener Pakistan. The Green Banking Office launched the #SoneriGoGreen campaign, promoting environment friendly work practices within the Bank. Re-usable fabric tote bags were distributed among all employees, so as to encourage them to reduce the use of plastic bags. A session of 'World Water Week 2020' was conducted with the collaboration of WWF Pakistan to train personnel about Water Conservation strategies. An energy efficient, LED lights, initiative has also been undertaken across the Bank. The Bank's Environmental Risk Rating Models help in identifying environmental impacts for our clients. Regular trainings are conducted to educate employees regarding adoption of environment friendly work practices.

Women's Day Celebration

Soneri Bank believes in promoting and appreciating women at work. Equal Opportunity Employment remains a top priority at Soneri Bank, to ensure that all employees are treated as equal. This year Soneri Bank celebrated Women's Day in a joyous manner and the day was all about highlighting equality within the workplace and appreciating women, in line with the global campaign #EachforEqual. Soneri Bank acknowledged and celebrated women's achievements all over Pakistan by sharing exclusive promotions on its Soneri Master Debit cards. To mark the day and acknowledge the women workforce at Soneri Bank, a small giveaway was distributed to all the female staff across Pakistan.

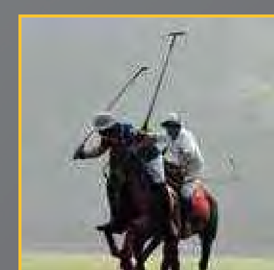
Brand of the Year Award

Soneri Bank was awarded "Brand of the Year Awards 2019" in the Best Retail Banking Category by The Brands' Foundation; which has been given the "Accredited Permanent Observer Status" by the World Intellectual Property Organisation (WIPO), the Specialised Agency of the United Nations.

It is a great honour for Soneri Bank to receive this prestigious award, as it is a distinctive and premier recognition award that is presented to a Brand that is considered as crème de la crème, in its industry. Every year only one brand in each category is honoured, which has led through all the levels of selection criteria laid down by the "Award Accreditation Council". The winner is based on current year's market-standing and consumers' preference.

14th August 2020 Campaign

With the spirits of patriotism soaring high for Pakistan's 74th Independence Day, Soneri Bank launched the #AzaadiKaySonehrayRang, a digital campaign, which consisted of contests fused with trivia, best selfies and photo frames, with the winners being awarded special prizes. The campaign was further amplified, by holding an inter branch and departmental decoration competition, with the best decorated branch and department being appreciated with certificates and prizes.



Promoting Sports

Sports has the ability to develop team spirit, increase motivation, encourage an active lifestyle, build unity and promote healthy competition. Soneri Bank believes sports can play a significant role in formulating a more inclusive society by bringing people together from all walks of life, fostering a mentality capable of overcoming difficult challenges, and builds a competitive approach into work practices. With this aim, Soneri Bank sponsored various sporting organisations and events throughout the year, including the Lahore Polo Club Polo Tournament and the Alishan Table Tennis Club. Soneri Bank also sponsored an inspiring golfer, with the spirit of promoting new talent and helping ambitious individuals in achieving their dreams.

FORTIFIED FOUNDATIONS

BOARD OF DIRECTORS

Soneri Bank's foundation has been paved in such a way by the industry veterans that it bridges the boundaries, helping us meet our goals efficiently. It is the professionalism and expertise of our veterans in Banking and Finance that has helped cover the distance towards the true vision of Soneri Bank.

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; Rupali Foods (Pvt) Limited, a state of the art confectionary manufacturing unit has been set up recently to meet ever growing demand of confectionary in the country. He has attended various international and local seminars and training courses conducted by professional institutions, regulatory bodies from time to time.

Mr. Muhtashim Ahmad Ashai
President & Chief Executive Officer

Mr. Muhtashim Ahmad Ashai joined Soneri Bank Limited on 01 April 2020 as President & Chief Executive Officer. Before joining Soneri Bank, he was the President & CEO MCB Islamic Bank Limited. He is a seasoned banker with an overall experience of more than 28 years in the financial industry, both local and international. He started his career with Fidelity Investment Bank International and later joined ABN AMRO Bank, where he was associated with their operations in Pakistan, Japan and China. Subsequently, Mr. Ashai joined MCB Bank Limited where he served in the capacity of Group Head Corporate and International Banking for more than 11 years. He has vast experience in the field of Corporate Banking, Transaction and Investment Banking.

He graduated with a BSc degree from University of Engineering & Technology and completed his MBA from LUMS.

Mr. Nooruddin Feerasta
Non-Executive Director

Mr. Nooruddin Feerasta is the Sponsor Director of the Bank. He is also managing Rupali Polyester Limited, Rupafil Limited, Rupali Nylon (Pvt.) Limited and Rupafil 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. Ahmed A. Feerasta
Non-Executive Director

A young, energetic entrepreneur with a lot of ambition and sound business acumen, Mr. Ahmed Feerasta is the driving force behind Rupali Foods business set-up. After completion of his graduation in Bachelor of Arts from the University of Texas at Austin, USA, he joined Rupali Polyester Limited in 2006 where he looked after corporate procurement and planning.

Before being appointed as the Chief Executive Officer of Rupali Foods, Mr. Ahmed was engaged in the business of manufacturing and sale of Polyester Yarn with annual turnover of about Rs. 5 billion. Apart from his rich experience in corporate operations including procurement, finance, imports and marketing, he also has extensive exposure in dealing with commercial banks/DFIs.

Under his dynamic leadership, Rupali Foods sets its eye on becoming one of the leading food brands in the country.

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-organisation 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. 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 held key position 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 like London Business School (LBS) UK, Financial Market World, New York (USA) and Institute of Director, London. 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.

Mr. Jamil Hassan Hamdani
Independent Director

Mr. Hamdani is an Independent Director of the Bank. He has a vast banking experience that dates back to 1973 and had 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 IT Committee and Human Resource and Remuneration Committee. He is also the Chairman of the Board's Audit Committee and Committee of Independent Directors of the Board.

Ms. Navin Salim Merchant
Independent Director

Ms. Navin Salim Merchant is an Advocate at the Supreme Court of Pakistan and has been working as a Senior Partner at Merchant Law Associates with over twenty-four years of experience in the practice of law.

She has also worked internationally as an ADR Expert with global organisation such as International Finance Corporation (Member of the World Bank Group) and successfully undertook the task for establishing effective dispute resolutions systems in Middle East and North Africa (MENA).

She has received her Bachelors of Law and Bachelors of Art from S.M. Law College and University of Karachi, holds a diploma in mediation from York University, Toronto, and Accreditation of Mediation and Master Trainer from the Centre of Effective Dispute Resolution, UK. Currently, she holds Directorship in Otsuka Pakistan Limited as an Independent Director and is a Certified Director from IBA.

She keenly participates in promoting social activities of the community particularly the alternative dispute resolution (ADR) and serves as the head of the IBA Dispute Resolution Forum and the Chair of the ADR Commission of the International Chamber of Commerce (ICC), Pakistan. She has previous experience of working as an Honourary Secretary of the Board of Governors of the Aga Khan Hospital & Medical College Foundation, Member of the Aga Khan International Conciliation and Arbitration Board, Member of the Aga Khan Foundation, Legal Portfolio Member of the Aga Khan Council, Pakistan, Director of the Aga Khan Education Service, Pakistan and Director of the Aga Khan Planning and Building Services.

STEERING THE CHANGE

SENIOR MANAGEMENT

The vision and tenacity of our leaders keep the bank focused against the changing winds of the economy. It is the knowledge and experience that direct the way and help us reap the fruits of growth and success.

SENIOR MANAGEMENT

From left to right

1. **Mirza Zafar Baig**
   Chief Financial Officer

2. **Muhammad Qaisar**
   Head of Corporate & Investment Banking Group

3. **Muhtashim Ahmad Ashai**
   President & Chief Executive Officer

4. **Abdul Aleem Qureshi**
   Head of Commercial & Retail Banking Group

5. **Mubarik Ali**
   Chief Risk Officer

6. **Shahid Abdullah**
   Head of Treasury, Capital Markets, FI & PRI

7. **Ali Hassan Shah**
   Head of Operations

8. **Mohammad Amin Tejani**
   Head of Islamic Banking

9. **Aamir Nawaz Karim**
   Head of Audit

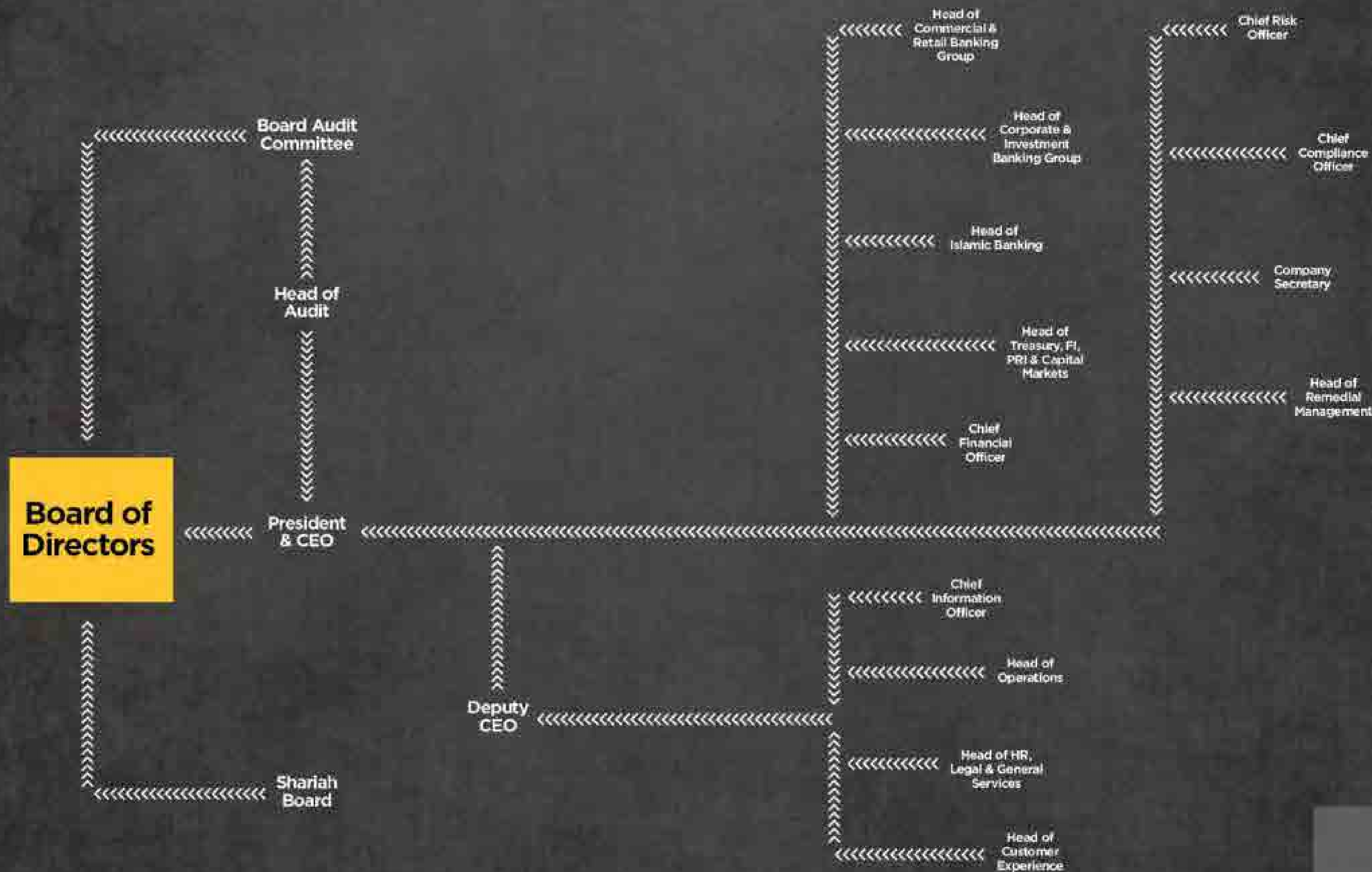
10. **Amin A. Feerasta**
    Deputy Chief Executive Officer

11. **Tariq Yar Khan**
    Chief Compliance Officer

12. **Muhammad Merajuddin Ahmed**
    Head of HR, Legal & General Services

13. **Muhammad Salman Ali**
    Chief Information Officer

ORGANISATIONAL STRUCTURE



CORPORATE INFORMATION

CHAIRMAN
MR. ALAUDDIN FEERASTA

CHIEF EXECUTIVE OFFICER
MR. MUHTASHIM AHMAD ASHAI

DIRECTORS
MR. NOORUDDIN FEERASTA
MR. AHMED A. FEERASTA
MR. MUHAMMAD RASHID ZAHIR
MR. MANZOOR AHMED (NIT NOMINEE)
MR. JAMIL HASSAN HAMDANI
MS. NAVIN SALIM MERCHANT

CHIEF FINANCIAL OFFICER
MR. MIRZA ZAFAR BAIG

COMPANY SECRETARY
MR. MUHAMMAD ALTAF 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.,
PLOT NO. 32-C, JAMI COMMERCIAL
STREET 2, DHA PHASE 7,
KARACHI - 75500
UAN: (021) 111-000-322
FAX: (021) 35310191

LIST OF COMMITTEES
OF THE BOARD OF DIRECTORS

Audit Committee of the Board

1.	Mr. Jamil Hassan Hamdani	Chairman
2.	Mr. Nooruddin Feerasta	Member
3.	Mr. Muhammad Rashid Zahir	Member
4.	Ms. Navin Salim Merchant	Member
	Mr. Muhammad Altaf Butt	Secretary

Credit Committee of the Board

1.	Mr. Nooruddin Feerasta	Chairman
2.	Mr. Alauddin Feerasta	Member
3.	Mr. Muhtashim Ahmad Ashai	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. Jamil Hassan Hamdani	Member
3.	Ms. Navin Salim Merchant	Member
	Mr. Muhammad Altaf Butt	Secretary

Risk Management Committee of the Board

1.	Mr. Manzoor Ahmed	Chairman
2.	Mr. Muhtashim Ahmad Ashai	Member
3.	Mr. Jamil Hassan Hamdani	Member
4.	Mr. Ahmed A. Feerasta	Member
	Mr. Mubarik Ali	Secretary

Committee of Independent Directors of the Board

1.	Mr. Jamil Hassan Hamdani	Chairman
2.	Ms. Navin Salim Merchant	Member
	Mr. Muhammad Altaf Butt	Secretary

I.T. Committee of the Board

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

BOARD SUB-COMMITTEES

Audit Committee

Constitution:
Mr. Jamil Hassan Hamdani
Chairman

Mr. Nooruddin Feerasta
Member

Mr. Muhammad Rashid Zahir
Member

Ms. Navin Salim Merchant
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. Muhtashim Ahmad Ashai
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. Muhtashim Ahmad Ashai
Member

Mr. Jamil Hassan Hamdani
Member

Mr. Ahmed A. Feerasta
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 organizational 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 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. The Committee ensures adequate coverage of information security and cyber security.

Human Resource and Remuneration Committee

Constitution:
Mr. Manzoor Ahmed
Chairman

Mr. Jamil Hassan Hamdani
Member

Ms. Navin Salim Merchant
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

Ms. Navin Salim Merchant
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. Ahmed A. Feerasta
Chairman

Mr. Manzoor Ahmed
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 the year 2020 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 tenure in the year	Attended**	Held during the tenure in the year	Attended**	Held during the tenure in the year	Attended**	Held during the tenure in the year	Attended**	Held during the tenure in the year	Attended**	Held during the tenure in the year	Attended**	Held during the tenure in the year	Attended**
1	Mr. Alauddin Feerasta	8	8	*	*	4	4	*	*	*	*	*	*	*	*
2	Mr. Mohammad Aftab Manzoor***	2	2	*	*	1	1	*	*	2	2	*	*	*	*
3	Mr. Muhtashim Ahmad Ashai ***	6	6	*	*	3	3	*	*	4	4	*	*	*	*
4	Mr. Nooruddin Feerasta	8	8	4	4	4	4	*	*	*	*	*	*	*	*
5	Mr. Amin A. Feerasta ****	1	1	*	*	*	*	*	*	*	*	*	*	****	****
6	Mr. Ahmed A. Feerasta ****	7	5	*	*	*	*	*	*	4	3	*	*	2	2
7	Mr. Muhammad Rashid Zahir	8	8	4	4	4	4	*	*	*	*	*	*	*	*
8	Mr. Manzoor Ahmed (NIT Nominee)	8	8	*	*	4	4	4	4	6	6	*	*	2	2
9	Mr. Inam Elahi ****	1	1	1	1	*	*	****	****	2	2	****	****	****	****
10	Ms. Navin Salim Merchant ****	7	5	3	2	*	*	4	3	*	*	1	1	*	*
11	Mr. Jamil Hassan Hamdani	8	8	4	4	*	*	4	4	6	6	1	1	2	2
Total Number of meetings held during the year		8		4		4		4		6		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.

***Mr. Muhtashim Ahmad Ashai was appointed as President and Chief Executive Officer in place of Mr. Mohammad Aftab Manzoor with effect from 01 April 2020.

**** Mr. Ahmed A. Feerasta and Ms. Navin Salim Merchant were elected as Directors in place of retiring directors Mr. Amin A. Feerasta and Mr. Inam Elahi respectively, in the 28th AGM of the Bank held on 26 March 2020.

ROLES AND RESPONSIBILITIES

Board and its Committees

The Board has retained the 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 the 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 the 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 section.

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, Board has reviewed its Performance Evaluation for the year 2020 in its 183rd meeting convened on 17 February 2021 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 aspects 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/her concern or interest at a meeting of the Directors.
- The 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:

- The 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/her spouse sells, buys or takes any beneficial position, whether directly or indirectly, in the shares of the Bank, he/she 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:

- The Board has approved Related Party Transaction Policy, where the Bank has devised a mechanism for identification of related parties and execution of related party transactions 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 the 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 stakeholder 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.

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 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, the 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 2020 was arranged on 22 December 2020, in compliance of the PSX requirement, conveyed vide their Notice No.PSX/N-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 26 March 2020. 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 Waquar (Chairman Shariah Board)

Mufti Ehsan Waquar is among the few scholars who possess a unique combination of religious and contemporary education. 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. He has strong communication skills combined with fluency in several languages.

Mufti Ehsan Waquar has a diversified cross-functional management experience in Islamic Finance, Business Management and Operation, 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 Waquar has exclusively served Islamic Financial Industry with institutions like World Bank-IFC, National Bank of Pakistan, Allied Bank of Pakistan, Soneri Bank, NAFA, Askari General Insurance Company Limited, Window Takaful Operations (AGICO), Emirates Global Islamic Bank, now Al Baraka Bank Pakistan, UBL, Yasaar Ltd., - UAE & 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, procedure and training.

He also served as member of the Technical Committee for Developing Accounting & Auditing Standard for Islamic Financial Institutions at Institute of Chartered Accountants of Pakistan (ICAP). As 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.

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

Beside 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 Mustaqeem Islamic Banking, Soneri Bank Limited as Chairman Shariah Board since October 2015.

Mufti Bilal Ahmed Qazi (Shariah Board Member)

Mufti Bilal Ahmed Qazi is a qualified Shariah Scholar having Al-Aalamiyyah (a degree recognized 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 specialization in Islamic Jurisprudence from Jamia Darul Uloom Karachi. He has completed his MBA from IBA (Institute of Business Administration) Karachi, Pakistan. He is also a Certified Shariah Scholar and Auditor (CSAA) from AAOFI, Bahrain. 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 Summit Bank, Al Baraka Bank Pakistan, also Shariah advisor of TPL Life and Shaheen Insurance Window Takaful. He has been associated with Mustaqeem Islamic Banking, Soneri Bank Limited 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 with the anatomy of Islamic Jurisprudence. He has completed his Al–Aalamiyyah (a degree recognized by the Higher Education Commission of Pakistan, as a Masters in Arabic and Islamic Studies) in 2005 from Jamia Darul Uloom Karachi and later Specialized in Islamic Jurisprudence (Al-Takhassuss Fil Iftaa) in 2008 from Jamia Darul Uloom Karachi as well. Prior to joining SBL Islamic Banking, he worked for Pak-Qatar Family Takaful Ltd. as the Head of Shariah Compliance from 2008 to 2016, later he served as the Shariah Board Member of Pak-Qatar Family Takaful Ltd.

Mufti M. Zahid is a visiting faculty at IBA, he 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 as well and at the same time, he is responsible as Resident Shariah Board Member (RSBM) at Mustaqeem Islamic Banking, Soneri Bank Limited. for 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 fatawas 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, fatawas, 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 2020 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

At Soneri Bank Ltd., we appreciate that employees' experience matters. Our HR policies aim to promote a climate where staff feels respected, valued, driven, and fairly treated. Our leaders are the role models, showcasing the right behaviours to create that enabling climate.

The Coronavirus outbreak gave birth to a new set of challenges and the role of HR increased significantly. Focusing on staff's well-being, we enacted Coronavirus protocols, which helped ensure the safety of our staff and minimised the disruption to business. To curb the transmission of the virus, we adopted a work-from-home policy and restricted attendance to 50%. This reduced the density of the workforce in the office and allowed social distancing to be practiced easily. HR interviews were conducted virtually and meetings were held using conferencing tools.

During these trying times there have been unprecedented mass layoffs across the globe. We, however, ensured that no position was made redundant and no salary deductions were made. Moreover, to help staff members cover the expense of Covid-19 detection test, Soneri Bank Ltd. reimburses 75% of the total cost.

In collaboration with IT, HR Learning & Development developed the infrastructure required to conduct online training sessions using e-learning systems, developed user guides, and distributed IT equipment to branches, where it was required. This made it possible for all trainings to be conducted online. Moreover, to keep our staff up-to-date with changing practices and regulatory compliance requirements, a learning initiative using weekly quizzes called "Theme of the Month" was started. Learning material was provided with each theme and cash awards were given to top scorers of the weekly quizzes.

Organisational excellence is only achievable if you have the right people for each job role. We are not only committed to recruiting and onboarding top talent, but also focused on retaining our top performers. In 2020, our attrition rate decreased by 7%. We not only focused on operational continuity, but we were also able to reduce HR replacement hiring costs by Rs. 1.6 million/month.

To boost employee engagement, we launched a campaign by the name of "We Value You". This campaign gives recognition and cash awards to staff who are nominated by their colleagues for demonstrating extraordinary behaviour, which also exemplifies Soneri Bank's core values. The aim of this initiative is to align staff's behaviour with Soneri Bank's Values, promote engagement and enhance psychological inclusion and connectivity.

We identify succession candidates for key positions and offer them targeted development opportunities. This helps us in having a robust leadership pipeline. This offers upward career-mobility of talent within the organisation and allows fulfilment of their career growth aspirations.

We aim to go 'paperless' by transforming our existing processes and leveraging technology. This environment-friendly approach will not only help us save time and money by reducing costs associated with printing and paper-storage, but will also provide enhanced information security, easily accessible data and transparency with a digital paper-trial. Above all, this will enable us to be environment friendly.

Despite the uncertainty and obstacles faced in 2020, we were able to prove our resilience. Through quick and effective adjustments, we were able to circumvent the negative impact of Covid-19. With a forward-looking approach and our commitment to excellence, we intend to reach new heights as we continually learn, improve, innovate and grow. The Human Resources Department will continue to contribute to the success of the Bank.

Headcount status

Permanent Headcount	
Headcount Dec 2020	3,272
Average HC 2020	3,213
Outsourced Headcount	
Headcount Dec 2020	1,109
Average HC 2020	1,072

As of 31 December 2020

Governance Trainings

Soneri Bank strongly believes that in order to stay Roshan Har Qadam, learning must never stop, no matter what may come. With a paradigm shift taking place in the banking industry every year, Soneri Bank ensures that its employees are always up-to-date and hands on with every aspect of banking, especially Governance and Controls. Hence, Soneri Bank conducts rigorous training programs every year for its employees, to keep them well equipped and reach the apex of their performance.

In the midst of Covid-19, learning did not stop and employees were strongly encouraged to keep a steep learning curve, by proactively attending various online meetings and taking trainings on digital platforms. Apart from other knowledge and skill based trainings, a lot of trainings were also conducted on topics like Operational Risk, Business Continuity Planning, Risk Management Framework, Cyber and Information Security Awareness, etc.

IT GOVERNANCE

Soneri Bank's IT Governance Policy has been developed as a guide, model and decision-making reference for the Bank's IT Division to accomplish all level(s) of regulatory compliance. Our Policy is an integral part of enterprise governance and consists of leadership and organizational structure and processes that ensure that the Bank's IT Division sustains and extends the organization's strategies and objectives. This Policy provides a platform to the attainment of the strategic objectives of the core business streams and to align IT with the Business Strategy.

The management of IT Division and Digital Banking is commanded by the Chief Information Officer of the Bank who reports directly to the Deputy CEO and works in close coordination with other Business Groups, IT Steering Committee, Board IT Committee and the Management Committee of the Bank.

The CIO and his team are responsible for the implementation of the entire Enterprise Technology Governance Framework and ensures providing valuable strategic insights to keep the Bank abreast with new technological enhancements and systems. The policy also ensures that the Bank is equipped with innovative, world class robust IT Infrastructure with adequate hardware and high-availability of network to enable a connected workforce for timely servicing its worthy customers. The Policy is also tightly coupled with the Bank's Information Security Policy and ensures cyber security on the topmost level.

Bank's IT Services are designed to benefits the Bank with large or complex software and hardware deployments, diverse system requirements, dynamic configuration changes, high uptime requirements, and to meet user expectations by ensuring that technology governance, information security and risk management are fully-equipped and up-to-date.

On the other-side, independent IT audit of IT infrastructure services, policies and operations are being conducted to evaluate that all IT controls are in place protecting the Bank's assets while ensuring the integrity of the data and service delivery are in line with the goals and objectives of the Bank.

It's widely accepted that attention to the needs of people, process and technology is the foundation of effective information governance. In this emerging technological trends, our IT people are equipped with the necessary skillset and tools and go regularly through trainings to stay abreast of existing and new technologies in relation with their job requirements and their impact on the Bank's business. Our people are the real key to successful implementation of information and technology. They create, use and interpret data. They manage information systems and administer access rights and preemptively identify risks to prevent incidents and crises from occurring.

At the most simple level, our policy outlines how Soneri Bank meet a designed set of objectives and focuses on how Soneri Bank intends to use and organize technology to meet its business objectives.

WHISTLE BLOWING

Overview

Soneri Bank Limited (SNBL) 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 behavior.

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 SNBL. 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 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 incident 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 Incidences Reported to BAC

Three (3) number of whistle blowing incidences were reported to BAC in the year 2020.

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 investors' 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 for the investors' benefit. 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 and 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 and complaints relating to shares and dividend.
- Various documents, such as Notice of AGM, Proxy Form, Dividend Mandate Form, List of unclaimed dividends and 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.

MANAGEMENT COMMITTEES

1. Management Committee

1. Mr. Muhtashim Ahmad Ashai, Chairman
2. Mr. Amin A. Feerasta
3. Mr. Abdul Aleem Qureshi
4. Mr. Muhammad Qaisar Riaz
5. Mr. Shahid Abdullah
6. Mr. Mirza Zafar Baig
7. Mr. Tariq Yar Khan
8. Mr. Mubarik Ali
9. Mr. Muhammad Salman Ali
10. Mr. Ali Hassan Shah
11. Mr. Muhammad Merajuddin Ahmed

Mr. Hyder Rahi, Secretary

2. Executive Credit Committee

1. Mr. Muhtashim Ahmad Ashai, Chairman
2. Mr. Amin A. Feerasta
3. Mr. Abdul Aleem Qureshi
4. Mr. Muhammad Qaisar Riaz
5. Mr. Muhammad Amin Tejani
6. Mr. Mubarik Ali, Member/Secretary

3. Compliance Committee

1. Mr. Muhtashim Ahmad Ashai, Chairman
2. Mr. Amin A. Feerasta
3. Mr. Abdul Aleem Qureshi
4. Mr. Ali Hassan Shah
5. Mr. Muhammad Aamir
6. Mr. Muhammad Merajuddin Ahmed
7. Mr. Muhammad Qaisar Riaz
8. Mr. Muhammad Salman Ali
9. Mr. Mohammad Amin Tejani
10. Mr. Rizwan Zafar
11. Mian Sikander Hayat
12. Mr. Tariq Yar Khan, Member/Secretary

4. Assets and liability Committee

1. Mr. Muhtashim Ahmad Ashai, Chairman
2. Mr. Amin A. Feerasta
3. Mr. Abdul Aleem Qureshi
4. Mr. Muhammad Qaisar Riaz
5. Mr. Mubarik Ali
6. Mr. Mirza Zafar Baig
7. Mr. Mohammad Amin Tejani
8. Mr. Muhammad Aamir
9. Mr. Shahid Abdullah, Member/Secretary

5. Investment Committee

1. Mr. Muhtashim Ahmad Ashai, Chairman
2. Mr. Amin A. Feerasta
3. Mr. Shahid Abdullah
4. Mr. Abdul Aleem Qureshi
5. Mr. Mirza Zafar Baig

Mr. Muhammad Imran Khan, Secretary

6. **I.T. Steering Committee**

1. Mr. Muhtashim Ahmad Ashai, Chairman
2. Mr. Amin A. Feerasta
3. Mr. Mirza Zafar Baig
4. Mr. Ali Hassan Shah
5. Mr. Tariq Yar Khan
6. Mr. Muhammad Salman Ali
7. Mr. Abdul Aleem Qureshi
8. Mr. Qurban R. Punjwani
9. Mr. Mubarik Ali

Mr. Muhammad Imran, Secretary

7. **Credit Risk Management Committee**

1. Mr. Muhtashim Ahmad Ashai, Chairman
2. Mr. Amin A. Feerasta
3. Mr. Mubarik Ali
4. Mr. Muhammad Qaisar Riaz
5. Mr. Abdul Aleem Qureshi
6. Mr. Mirza Zafar Baig
7. Mr. Shahid Abdulllah
8. Mr. Mohammad Amin Tejani
9. Mr. Muhammad Aamir, Member/Secretary

8. **Operational Risk Management Committee**

1. Mr. Muhtashim Ahmad Ashai, Chairman
2. Mr. Amin A. Feerasta
3. Mr. Abdul Aleem Qureshi
4. Mr. Muhammad Qaiser Riaz
5. Mr. Mirza Zafar Baig
6. Mr. Tariq Yar Khan
7. Mr. Ali Hassan Shah
8. Mr. Mubarik Ali
9. Mr. Muhammad Salman Ali
10. Mr. Muhammad Aamir, Member/Secretary

9. **Business Continuity Plan Steering Committee**

1. Mr. Muhtashim Ahmad Ashai, Chairman
2. Mr. Amin A. Feerasta
3. Mr. Mubarik Ali
4. Mr. Mirza Zafar Baig
5. Mr. Abdul Aleem Qureshi
6. Mr. Ali Hassan Shah
7. Mr. Muhammad Merajuddin Ahmed
8. Mr. Muhammad Qaisar Riaz
9. Mr. Muhammad Salman Ali
10. Mr. Tariq Yar Khan
11. Mr. Farhan Mufti
12. Mr. Pervaiz Panhwar
13. Mr. Mian Asif Iqbal
14. Mr. Sajjad Butt
15. Mr. Muhammad Azizullah Abid
16. Mr. Azhar Sajjad Siddiqui
17. Mr. Mohammad Amin Tejani
18. Mr. Nasir Iqbal
19. Mr. Rizwan Zafar

Mr. Muhammad Aamir, Secretary

CHAIRMAN'S REVIEW

Dear Stakeholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report of Soneri Bank Limited for the financial year ended 31 December 2020.

The year 2020 brought about unprecedented challenges across the globe as the effects of the COVID-19 pandemic continued to disrupt regular business operations. Due to timely efforts on the part of the government, with measures such as imposition of smart lockdowns and relief packages announced in support of businesses, Pakistan was able to achieve notable success in containing the dual health and economic challenges.

Despite the challenges that persisted, the Bank continued to forge ahead, and I am pleased to note that our results are testimony to our commitment to excellence, and the hard work and dedication put in by our management team and staff. There were valuable lessons learnt as the year progressed, as we were forced to change the way we work. While working remotely, our key staff maintained the highest levels of service quality for customers, whilst supporting the well-being of their families and colleagues. Our business continuity protocols were also put to the test, as virtual meetings amongst senior management and the Board members became the norm. Over the course of the year, we were able to continue our operations uninterrupted, with strictly enforced SOPs, ensuring the safety of employees as well as customers. Our HR policies aimed at ensuring employees' well-being and increased engagement amidst testing times. I am pleased to report that during the year, we had no redundancies and no salary deductions were made.

In terms of overall performance, the Bank was able to achieve a number of key milestones this year. We continued to deliver on our strategic objectives, and were able to achieve record levels of revenues and operating profits. Our branch outreach now extends to 340 branches across the country. Deposits at the year-end were reported at Rs. 345.499 billion, indicating a year on year growth of 14 percent, with current accounts registering a growth of 24 percent. In terms of balance sheet size, we are close to crossing the half a trillion mark, with total assets reported at Rs. 485.345 billion at 31 December 2020. Operating Profit growth for the year was recorded at an impressive 105 percent, while overall profitability after provisions and taxes grew by 26 percent.

During the year, the composition of the Bank's Board of Directors underwent a change, following the election of Directors in March 2020. All our members of the Board of Directors possess rich and diversified experience, and have performed their duties effectively and diligently all throughout the course of the year. The Board has remained fully compliant with the provision with regard to their training program. Also, as required under the regulations, the Board's Performance Evaluation for the year 2020 was conducted in-house, and the challenges identified by the Board have been duly noted to be addressed.

In today's dynamic and competitive environment, the key to continued success and achieving growth lies in focusing on enhanced delivery platforms and seamless customer engagement. I am pleased to share that during the course of the year, the Bank has successfully initiated its digital transformation journey. The first step involved an infrastructure upgrade, which has successfully been rolled out. I am confident that the Bank is well positioned and on track for reaping the benefits that digital transformation has to offer in the coming days.

We remain cognizant of the challenges posed by COVID-19 and are continually re-assessing and re-aligning our operational strategies as we continue to serve our customers and clients. I would like to congratulate the entire Management team, and our dedicated employees at the Bank, especially our frontline staff, for their notable contributions, amidst times of crisis. I wish you all the best of health in the days to come, and expect the same level of commitment and dedication as we move towards achieving our goals together, as part of the Soneri Bank family.

On behalf of the Board of Directors, I would like to express my sincere gratitude to our customers and our shareholders, for their continued trust and support. I would also like to thank the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan and other regulatory authorities for their support and continued guidance.

Alauddin Feerasta

Chairman

Lahore: 17 February 2021

DIRECTORS' REPORT TO THE SHAREHOLDERS

On behalf of the Board of Directors, we are pleased to present the Directors' Report of Soneri Bank Limited (the Bank) along with the audited financial statements and Auditors' report thereon for the year ended 31 December 2020.

Economic Review:

The year 2020 started on a positive note as our Government successfully launched an economic reform program to address external and fiscal imbalances. However, the outbreak of the Covid-19 Pandemic unfolded an unprecedented healthcare-cum-economic crisis across the globe, and governments were forced to change the course of their policies to stimulate economies, fight recessionary trends and shift the focus from growth to survival. Pakistan, like most developing economies of the world, was also affected as key economic indicators and targets were all significantly impacted. In addition to the impact of Covid-19, currency devaluation and inflationary pressures also contributed to the negative growth rate.

The Government of Pakistan and the SBP took several timely relief measures to contain economic fallout. Various relief packages for households and businesses were announced. Support to health sector was provided for combating the virus. Relaxation of credit requirements for exporters and importers were made and several measures were taken to facilitate new investment.

Paradoxically, the pandemic brought good tidings to the macro-economy of Pakistan. On the external front, the Current Account continued to show improving numbers supported by a robust momentum of workers' remittances. Moreover, curtailed global activity helped the balance of imports significantly. While a resurgence of the virus towards the latter half of the year did jolt investor confidence in the markets to a certain extent, with the availability of the vaccine in the country, the sentiment has once again improved. The National Command and Operation Centre has recently launched the immunisation campaign across the country.

Following five consecutive months of progressive surpluses, the current account registered a deficit of $662 million in December 2020. While remittances and exports continued to grow steadily, the trade deficit rose due to a rise in imports of machinery and industrial raw material, in line with the pick-up in economic activity. At the same time, wheat and sugar imports also rose to close demand and supply gaps in the domestic market. Encouragingly, exports have recovered to their pre-Covid monthly level of around $2 billion since September 2020, with a broad-based recovery in export volumes recorded in almost all categories in December 2020. The outlook for the external sector has improved further and the current account deficit for FY21 is now projected to remain below 1 percent of GDP.

Fiscal developments have been largely in line with this year's budget and the government has continued to adhere to its commitment of no fresh borrowing from the SBP. Despite higher interest payments and Covid-19 related spending, healthy growth in revenues has contained the fiscal deficit during the fiscal year so far. Driven by a rebound in direct taxes and the sales tax, FBR revenue during H1-FY21 has grown by 5 percent YoY to land close to the targeted level. Despite higher non-interest current expenditures, the primary balance posted a surplus of 0.5 percent of GDP during July-November 2020, 0.2% better than the same period last year.

As with the last several years, the government plans to sustain its expansionary fiscal policy thrust in FY21 with a budgeted outlay of PKR 7,231bn, although down by 11% compared to FY20 estimates of PKR 8,135bn. For FY21, the government refrained from introducing any new taxation measures in the budget and only undertook a variety of measures for tariff rationalisation in order to revive the stalled economic activity. The fiscal deficit is expected to clock-in at 7.5% in FY21 against the government's target of 7%.

The country's international forex reserves rose to USD 20.5bn in December 2020, from USD 17.9bn at the end of December 2019. At almost 2.9 months of imports coverage, Pakistan's foreign reserves are slightly below the IMF's minimum 3 months' threshold. However, Pakistan will be relying on financing from IMF and other bilateral partners to meet its external debt requirements in FY21.

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, such as the nonexistence of a formal framework to combat money laundering and eliminate terror financing. In August 2020, rating agency Moody's upgraded the country's outlook from 'under review for downgrade' to 'stable', while maintaining the country's B3 rating. The stable outlook reflects Moody's view that the pressures Pakistan faces in the wake of the Coronavirus shock and prospects for its credit metrics are likely to remain consistent with the current rating level.

The KSE-100 index remained volatile during the year. The market saw a V-shaped recovery after a severe hammering following the outbreak of Covid-19, beginning the year at 40,888 index points and ending it at 43,755 index points. The KSE100 index is expected to generate a total return of 28% during 2021, while the index is expected to reach 52,000 points by December 2021.

The SBP has maintained that overall financial conditions in the country are stable and inflationary risks are balanced. A recent surge in inflationary readings have been fuelled by an uptick in selected food items, which was attributable to supply shocks from monsoon rains and locust attacks. Shortage in wheat and sugar was also seen owing to premature export of said commodities. However, the government has intervened and took measures such as increasing the Minimum Support Price for wheat, while also importing commodities. While food inflation has seen a surge, core inflation has remained stable primarily attributable to subdued demand in the economy. While CPI started its ascent from June 2020 onwards, core inflation has remained moderately stable at an average of 6.4% during 5MFY21 compared to average CPI of 8.8% during the same period.

Real GDP is estimated to grow by 1.84% during 2021, following a year of negative growth. This recovery should take Pakistan closer to levels witnessed prior to the pandemic and is relatively rapid compared to many other countries, supported by pent-up domestic demand.

The SBP's policy rate since mid-March 2020 saw a cumulative reduction of 625 basis points. The Monetary Policy Committee in its last meeting in January 2021, has decided to keep the policy rate unchanged at 7 percent, as business confidence and the outlook for growth appear to have improved.

The Bank's Performance and Operating Results:

The Bank continued to exhibit growth momentum during 2020, and performance remained robust, as we closed the year delivering sound financial results. The highlights of the financial results for the year ended 31 December 2020 are as follows:

	2020	**2019**
FINANCIAL POSITION	**---(Rupees in millions)---**	
Advances – net	164,545	204,901
Investments – net	249,956	177,056
Total Assets	485,345	442,541
Deposits and others Accounts	345,499	302,083
Shareholders' Equity	23,157	20,214

	2020	**2019**
FINANCIAL PERFORMANCE	**---(Rupees in millions)---**	
Net Interest Income and Non Mark-up Income	14,463	10,787
Non Mark-up Expenses	9,026	8,129
Profit Before Tax	4,035	3,247
Profit After Tax	2,400	1,906
Earnings Per Share – Rupees	2.1772	1.7289

Overview of the Business:

The Bank posted profit before tax (PBT) of Rs. 4.035 billion and profit after tax (PAT) of Rs. 2.400 billion in the year 2020, as compared to Rs. 3.247 billion and Rs. 1.906 billion respectively in 2019, increasing by 24.27 percent and 25.93 percent respectively. Consequently, the Bank's EPS improved to Rs. 2.1772 per share in 2020 from Rs. 1.7289 per share in 2019.

The Bank's net interest income improved by 34.43 percent to Rs. 10.655 billion in the year 2020 from Rs. 7.926 billion in the year 2019. Non-interest income improved by 33.08 percent to Rs. 3.807 billion from Rs. 2.861 billion in the preceding year. The overall income of the Bank showed an improvement of Rs. 3.675 billion, or 34.07 percent, year on year.

In line with the cumulative decrease in the SBP's policy rates, yields on advances declined to 9.74 percent in the year 2020, as compared to 12.19 percent in 2019. As a result, income from advances ended lower by Rs. 4.967 billion as against last year, despite average volumes remaining nearly intact at Rs. 193.261 billion in 2020 (2019: Rs. 195.132 billion). However, increase in income from investments of Rs. 8.722 billion, more than offset this decline, with investment average volumes improving to Rs. 223.132 billion in the year 2020 as against Rs. 132.899 billion in 2019. Yields on investments declined marginally to 10.35 percent in the year 2020 as against 10.81 percent in 2019.

The Bank's net advances portfolio stood at Rs. 164.545 billion as at 31 December 2020, 19.70 percent lower than the year end 2019 level, while on the investments side, a significant volumetric increase of Rs. 72.900 billion was recorded, indicating an increase of 41.17 percent during the year. The composition of the Bank's net investments book, which stood at Rs. 249.956 billion as at 31 December 2020 continues to remain predominantly skewed towards government securities. Within this mix, the Bank has prudently managed its portfolio, with duration optimisation also taken into consideration. Additional liquidity was deployed in floating rate PIBs, as well as fixed PIBs, increasing the PIB contribution to the total investment mix to 52 percent as compared to 34 percent on 31 December 2019.

Deposits at the year-end amounted to Rs. 345.499 billion as against Rs. 302.082 billion at 31 December 2019, indicating a growth of 14.37 percent. In terms of averages, the portfolio grew by Rs. 40.540 billion, or 15.0 percent year on year. The Bank's cost of deposits decreased to 6.74 percent in 2020 as against 8.24 percent in the last year. At the year end, the Bank's CASA percentage stood at 68.65 percent (December 2019: 63.26 percent). For Current Accounts, the mix improved to 27.15 percent at December 2020 from 24.90 percent at December 2019, and volumes grew by Rs. 18.578 billion or 25 percent year on year. The Bank continues to focus on CASA mix improvement, and retaining current accounts, by ensuring service levels of the highest quality, so as to rationalise our funding costs and improve overall margins.

On the borrowings side, the Bank's borrowings decreased to Rs. 87.020 billion at 31 December 2020 from Rs. 95.705 billion at 31 December 2019. In terms of averages, however, borrowings increased by Rs. 40.484 billion, with costs decreasing to 7.99 percent from 9.71 percent year on year. Additional liquidity was utilised to fund the investments portfolio. The Bank's overall cost of funds has decreased to 6.80 percent for 2020 as against 8.36 percent for 2019.

Non-Mark-up expenses were reported at Rs. 9.026 billion for the year ended 31 December 2020, as against Rs. 8.129 billion for the year 2019, indicating a growth of 11.03 percent, mainly due to a one off adjustment for WWF reversal considered in the year 2019. Operating expenses for the year were reported at Rs. 8.857 billion, reflecting an increase of 8.14 percent, as the management continued to pursue stringent cost discipline measures over the course of the year.

The Bank's Operating Profit before provisions and taxation ended at Rs. 5.436 billion for the year 2020, indicating a remarkable growth of 104.54 percent against Rs. 2.658 billion reported last year. This growth was led by an increase in business volumes and maintained spreads, together with positive contribution from non-mark-up income.

Under the heading of provisions, the one off reversal impact of Rs. 700 million in 2019, in lieu of a successful debt property swap arrangement led to an adverse variance being reflected on a year on year basis. Additionally, with the capital markets predominantly affected by the Covid-19 outbreak in Q1 2020, the Bank has had to consider an impairment charge of Rs. 717.214 million on its equity portfolio, based on the assessment of impairment in accordance with applicable standards and procedures. As at end December 2020, the Bank's overall mark to market position of securities stands at a net unrealised surplus of Rs. 817.551 million.

The Bank continues to carefully and prudently monitor its portfolio. Various relief measures have been advised by the State Bank of Pakistan post Covid-19 outbreak, to facilitate Banks as well as Borrowers to restructure and reschedule their commitments. With an effective risk management framework in place, the Bank remains committed to facilitating the rebound of the economy, whilst maintaining regulatory compliance with all applicable laws and best practices.

The Bank's gross Advances to Deposits ratio (ADR) at the year-end 2020 was reported at 49.98 percent as against 70.35 percent in 2019. Non-performing loans to total Advances ratio stood at 6.25 percent (31 December 2019: 5.13 percent), mainly due to reduction in overall loan book, while specific coverage improved to 75.16 percent (31 December 2019: 69.46 percent).

As at 31 December 2020, there are no loans, TFCs, or any other debt instruments in which the Bank is in default or is likely to default.

Capital Structure of the Bank:

The Bank remains well capitalised, with a capital base above the regulatory limits and Basel capital requirements. During the year, the State Bank of Pakistan relaxed the general regulatory requirement for Capital Adequacy post Covid-19 outbreak.

As at 31 December 2020, the Bank's total Capital Adequacy Ratio has been reported at 16.97 percent against the revised requirement of 11.50 percent (including Capital Conservation Buffer). Previously, this requirement was 12.50 percent with a CCB of 2.50 percent. The Common Equity Tier 1 (CET-1) to total Risk Weighted Assets ratio works out to be 11.90 percent, well above the requirement of 6.00 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 work environment that fosters customer centricity and ownership in a proactive manner whilst maintaining high moral standards. Our human resource selection process is merit-based and non-discriminatory. We believe that employees who are committed deliver better results. Through our policy on succession planning, we identify 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 focus is on maintaining constructive employee relations, and fostering a culture of transparency and good behaviour. The Bank's Remuneration Framework, developed in line with the SBP's guidelines, promotes an effective risk management culture, and ensures that the remuneration practice at the Bank is in line with the Bank's objectives. 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 disclosures required under the SBP's Guidelines on Remuneration Practices are given in notes 28.1 and 41 to the financial statements and are also included as part of the Governance Section of this Annual Report.

The Bank has a well-defined and structured Code of Conduct in place. The Bank's 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 HR affairs are managed in a transparent manner and it addresses the instances where the performance or conduct of an employee fails to meet the standards laid down by the Bank.

We believe in investing in our people, and are therefore committed to their regular training and development, so that they acquire competencies required to meet professional challenges effectively. The policy provides the staff with opportunities to acquire knowledge and develop skills through training, to handle higher responsibilities in the future.

Covid-19 posed significant HR challenges across the globe. The Bank's HR function remained proactive in providing support to employees and staff, where critical staff was provided the option of VPN access at home during lockdowns, and a work from home culture was introduced to keep staff engaged and motivated. During the year, physical trainings sessions were conducted with social distancing measures and protocols in place. Online learning was also encouraged and mandatory online assessments were successfully conducted in a timely manner.

Towards the end of the year, as part of the Bank's commitment towards investing in leadership Development, a comprehensive 360-degree Leadership Assessment exercise was conducted for the Bank's senior management team. The assessment was conducted by an external consultant with a leading 360-degree assessment tool used globally for measuring leadership effectiveness and leadership potential. As part of the Bank's strategic initiatives, this step would be the first in setting up a strategic leadership direction for the Bank's top talent, through setting up of development goals for each individual and the Bank's collective leadership team.

Our Whistle-blowers' 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 of different stakeholders of the Bank through a defined set of rules, policies and practices keeping focus on proper delegation, transparency and accountability in the organisation 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 Board of Directors is entrusted to provide strategic leadership to the management of the Bank. 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.

Composition of the Bank's Board of Directors:

The election of the Board of Directors was held at the 28th Annual General Meeting of the Bank's shareholders' meeting convened on 26 March 2020. From the previous Board's composition, both Mr. Amin A. Feerasta and Mr. Inam Elahi opted not to contest the elections and in their place, Mr. Ahmed A. Feerasta and Ms. Navin Salim Merchant were elected as Non-executive Director and Independent Director respectively.

During the year, Mr. Muhtashim Ahmad Ashai was appointed as the Bank's President and Chief Executive Officer (deemed Director), in place of Mr. Mohammad Aftab Manzoor. With the election of Ms. Navin Salim Merchant to the Board, the Bank is compliant with the Listed Companies (Code of Corporate Governance) Regulations, 2019, which require companies to have at least one female director represented on the Board.

The Bank has complied with the regulatory requirements of the SECP and SBP for appointment of directors (including the Executive Director) starting from nomination of directors to their appointment by shareholders in Annual General Meeting and the Fit and Proper Test clearance by SBP to these appointments.

There has been no further change in the composition of the Board of Directors since the election of directors held on 26 March 2020.

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

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

Male	07
Female	01

Category	Names
Independent Directors	Mr. Jamil Hassan Hamdani Ms. Navin Salim Merchant
Non-Executive Directors	Mr. Alauddin Feerasta Mr. Nooruddin Feerasta Mr. Ahmed A. Feerasta Mr. Muhammad Rashid Zahir Mr. Manzoor Ahmed (NIT Nominee)
Executive Director	Mr. Muhtashim Ahmad Ashai*

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

Foreign Directors

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

Other Directorships of Executive Director

Mr. Muhtashim Ahmad Ashai does not serve as a Director in any other organisation.

Board Meeting Outside Pakistan

During the year, no Board Meeting was held outside Pakistan.

Directors' Training and Orientation:

The Board has remained fully compliant with the provision with regard to their training program. Two directors have received "Certificate of Director Education" from the Pakistan Institute of Corporate Governance ("PICG") and one director has completed the Directors' Training Program conducted by Institute of Business Administration ("IBA").

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 2020, 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 analysed and results were 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 2020 in its 183rd meeting convened on 17 February 2021 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 2020 and the attendance by each director/committee member are given as under:

Sr. No.	Name of Director	Board of Directors' Meetings		Board Audit Committee Meetings		Board Credit Committee Meetings		Board Human Resource & Remuneration Committee Meetings		Board Risk Management Committee Meetings		Board Independent Directors' Committee Meetings		Board I.T Committee Meetings	
		Held during the tenure in the year	Attended**	Held during the tenure in the year	Attended**	Held during the tenure in the year	Attended**	Held during the tenure in the year	Attended**	Held during the tenure in the year	Attended**	Held during the tenure in the year	Attended**	Held during the tenure in the year	Attended**
1	Mr. Alauddin Feerasta	8	8	*	*	4	4	*	*	*	*	*	*	*	*
2	Mr. Mohammad Aftab Manzoor***	2	2	*	*	1	1	*	*	2	2	*	*	*	*
3	Mr. Muhtashim Ahmad Ashai ***	6	6	*	*	3	3	*	*	4	4	*	*	*	*
4	Mr. Nooruddin Feerasta	8	8	4	4	4	4	*	*	*	*	*	*	*	*
5	Mr. Amin A. Feerasta ****	1	1	*	*	*	*	*	*	*	*	*	*	****	****
6	Mr. Ahmed A. Feerasta ****	7	5	*	*	*	*	*	*	4	3	*	*	2	2
7	Mr. Muhammad Rashid Zahir	8	8	4	4	4	4	*	*	*	*	*	*	*	*
8	Mr. Manzoor Ahmed (NIT Nominee)	8	8	*	*	4	4	4	4	6	6	*	*	2	2
9	Mr. Inam Elahi ****	1	1	1	1	*	*	****	****	2	2	****	****	****	****
10	Ms. Navin Salim Merchant ****	7	5	3	2	*	*	4	3	*	*	1	1	*	*
11	Mr. Jamil Hassan Hamdani	8	8	4	4	*	*	4	4	6	6	1	1	2	2
Total number of meetings held during the year		8		4		4		4		6		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.
***Mr. Muhtashim Ahmad Ashai was appointed as President and Chief Executive Officer in place of Mr. Mohammad Aftab Manzoor with effect from 01 April 2020.
**** Mr. Ahmed A. Feerasta and Ms. Navin Salim Merchant were elected as Directors in place of retiring directors Mr. Amin A. Feerasta and Mr. Inam Elahi respectively, in the 28th AGM of the Bank held on 26 March 2020.

Note: The profiles of the Board Members and the composition of the Board/Committees and their TORs forms 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 August 2019. The scale of meeting fee for Non-Executive Directors was approved by the Board at Rs. 150,000/- for attending the Board/Committees' Meetings and the same was duly approved by the Shareholders in their 28th Annual General Meeting 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 was duly approved by the shareholders.

The shareholders 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 being paid to the Executive Director. However, expenses for boarding and lodging, air ticket and usual TA/DA continue to be paid in accordance with the Bank's approved Travel Policy. Meeting fee paid to the non-executive Directors for the year 2020 has been disclosed in note 41 to the financial statements under the "fees" category.

Further, administrative expenses pertaining to the office, staff and security has been 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 was accordingly approved by the shareholders.

The shareholders 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)
nvestments of Provident Fund	384,312
Investments of Gratuity Fund	157,505

Statement on Risk Management Framework:

Risk Management Framework is an integral component of Soneri Bank's strategy. The framework aims at optimising the value for all stakeholders via identifying, measuring, monitoring and reporting the 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. The feedback of the latter 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.

The diversity of our business model requires us to identify, assess, measure, aggregate and manage our risks, and to allocate our capital among our businesses. Our aim is to help reinforce our resilience by encouraging a holistic approach to the management of risk and return throughout our organisation as well as the effective management of our risk, capital and reputational profile. We actively take risks in connection with our business and as such the following principles underpin our risk management framework:

- Risk is taken within a defined risk appetite;
- Every risk taken needs to be approved within the risk management framework;
- Risk taken needs to be adequately compensated; and
- Risk should be continuously monitored and managed.

The risk strategy is approved by the Board on an annual basis and is defined based on the Risk Appetite and the Strategic and Capital Plans in order to align risk, capital and performance targets. Cross-risk analysis reviews are conducted across the Group to validate that there exist sound risk management practices and a holistic awareness of risk.

All material risk types, including credit risk, market risk, operational risk, liquidity risk, business risk and reputational risk, are managed via risk management processes. Modelling and measurement approaches for quantifying risk and capital demand are implemented across the material risk types.

In today's environment, IT Security Risk has emerged as a critical challenge for Banks. The Bank is totally cognisant of the gravity of the issue.

To carry out this task, a dedicated IT Security Risk Management Department is also in place 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.

Systems, processes and policies are critical components of our risk management capability. Recovery and contingency planning provides the escalation path for crisis management and supplies the senior management with a set of actions designed to improve the capital and liquidity positions in a stress event.

We promote a healthy risk culture where employees at all levels are responsible for the management and escalation of risks. We expect employees to exhibit behaviour that supports a strong risk culture in line with our Code of Business Conduct and Ethics. Our policies require that risk-related behaviour is taken into account during our performance assessment and compensation processes. In addition, our Board members and senior management frequently communicate on the importance of the subject to support a consistent tone from the top.

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 approved by the Board of Directors. Their compliance and effectiveness 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. The Board has constituted its committees for oversight of the overall Risk Management framework, Finance and Strategy. The Committees meet at regular intervals to ensure adequacy of governance.

The Board of Directors ensures that an adequate and effective internal control system covering various aspects of our banking operations is in place and vigorously followed by senior management.

Based on the reviews of internal control system by Internal Audit Division, Compliance Control & Investigation Group and Statutory Auditors as well as various policies and procedures, we believe that the Bank's existing system of Internal Control is 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 cognisant of its responsibilities in setting the overall direction of the Bank. It oversees the progress of the Bank against the defined KPIs. The Bank's financial and operational soundness, governance structure, and the effectiveness of internal controls, audit functions and risk management framework are monitored regularly. The Board also regularly reviews all significant policies as per the regulatory requirements.

The factors that may potentially affect the Bank's resources, revenues and operations are regularly focused and prioritised by the Board in setting the overall strategic direction. The following factors are considered for sensitivity analysis at the time of setting of business targets 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;
- Short to medium term impacts of Covid-19 on overall economy, businesses in general, and regulatory relief measures;
- Government rules and regulations;
- Inflation, fuel and 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 of adoption for which had initially been set by the SBP at 01 January 2021. As per SBP instructions, all banks were required to report results of impact assessment for the year 2019 to the SBP and a parallel run, which was originally expected to be effective from 01 January 2020 was deferred to periods after 01 July 2020 post Covid-19. As at 31 December 2020, Banks await SBP instructions for implementation of the said standard.

The Bank continues to regularly review potential impact assessments of changes to financial reporting standards and adoption of new standards on its financial position. The above factors are regularly reviewed and monitored for any potential impacts, risks and uncertainties.

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/authorised by the Board in its meeting held on 17 February 2021 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 Directors' 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, if so appointed, the Board Audit Committee has recommended the re-appointment of the existing auditors as statutory external auditors of Bank for the year 2021. The appointment shall be subject to approval in the forthcoming Annual General Meeting of the Bank's shareholders.

The firm of auditors has 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 the 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 its 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 this Annual Report.

Six Years' Operating and Financial Data:

Six years' financial performance of the Bank is presented on page no. 99 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 25 June 2020 [2019: Long-term 'AA-' (Double A Minus): Short-term 'A1+' (A One Plus)]. The rating reflects the 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 18 December 2020.

Furthermore, the Bank's unsecured, subordinated, rated, listed perpetual and non-cumulative Term Finance Certificates of Rs. 4,000 million have been assigned the rating of 'A' with Stable Outlook by PACRA through their notification dated 25 June 2020.

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 no. 202 of this 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 continues to remain 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.

The Bank is well-positioned for sustainable growth and building long-term shareholder value. We continue to invest in our branch network, our technology infrastructure, our human capital, whilst strengthening our overall control environment. Our focus remains on building a stable deposit base, improving customer experience, and optimising returns through growth strategies and by enforcing a strong cost discipline across the Bank.

The Bank is in the process of digitalising its processes and innovating new products to facilitate and enhance customer experience. The year 2021 will also be a year of strategy refresh for the Bank, as we look forward to building on our strengths, while crafting a new strategic road map for the Bank.

We remain cognisant of the threat that Covid-19 has posed to businesses and the economy in general and shall continue to work with our customers and partner with them amidst these challenging times. We are optimistic about the future, and remain confident that the economy would be on the track to recovery.

Dividend:

The Board of Directors, in their meeting held on 17 February 2021, has recommended a final cash dividend (D-12) of Rs. 1.25/- per share (i.e. 12.50 percent) for the year ended 31 December 2020 to be approved in the forthcoming 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, and business partners for their continued patronage amidst these challenging times, and appreciate our employees for their exemplary hard work, passion and relentless dedication, even in times of hardship.

We look forward to 2021 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,

MUHTASHIM AHMAD ASHAI
President & Chief Executive Officer

ALAUDDIN FEERASTA
Chairman

Lahore: 17 February 2021

ڈیویڈنڈ

بینک کے بورڈ آف ڈائریکٹرز نے 17 فروری 2021 کو منعقدہ اپنے اجلاس میں 31 دسمبر 2020 کو ختم ہونے والے سال کیلئے 1.25 روپے فی حصص (یعنی 12.50%) کے حتمی کیش ڈیویڈنڈ (D-12) کی سفارش کی ہے جس کی منظوری حصص یافتگان کی طرف سے آئندہ سالانہ عمومی اجلاس میں متوقع ہے۔

ستائشی کلمات

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 شکرگزار ہیں۔ ساتھ ہی ان مشکل حالات میں ہم اپنے شیئر ہولڈرز، معزز صارفین، بزنس پارٹنرز کی مسلسل سرپرستی کیلئے اظہار تشکر کرتے ہیں اور بینک کے عملے کی محنت لگن اور بھرپور تعاون کے معترف ہیں۔

ہم 2021 اور اس کے بعد کیلئے مثبت امیدیں رکھتے ہیں اور پُر امید ہیں کہ بینک اپنے کسٹمرز میں اضافے، مسلسل اور قائم رہنے والی بزنس پارٹنرشپس کے ذریعے اپنے اسٹیک ہولڈرز سے کئے گئے وعدے پورے کرے گا۔

منجانب بورڈ آف ڈائریکٹرز

محتشم احمد اشائی
صدر اور چیف ایگزیکٹیو آفیسر

علاؤالدین فیراستہ
چیئرمین

لاہور: 17 فروری 2021

آڈیٹرز فرم نے اس بات کی تصدیق کی ہے کہ انہیں انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کے کوالٹی کنٹرول کے جائزہ پروگرام 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 انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان نے اپنائی ہیں اور تمام لاگو قوانین کے تحت تقرری 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۔

کاروباری سماجی ذمہ داری:

سونیری بینک سماجی و معاشی ترقی میں بھرپور حصہ لینے کے اپنے عہد پہ قائم ہے۔ بینک صحت عامہ، تعلیم اور خواتین کو خود مختار بنانے کے شعبوں کے ساتھ ساتھ معاشرتی فروغ، کھیلوں 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۔

چھ سالہ عملی اور مالیاتی ڈیٹا

اس سالانہ رپورٹ کے صفحہ نمبر 99 پر بینک کی چھ سالہ مالیاتی کارکردگی بیان کی گئی ہے۔

ساکھ کی درجہ بندی (کریڈٹ ریٹنگ)

پاکستان کریڈٹ ریٹنگ ایجنسی (پاکرا) نے اپنے نوٹیفیکیشن بتاریخ 25 جون 2020 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 انداز کے ساتھ برقرار رکھا ہے۔ (2019: 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 18 دسمبر 2020 کے نوٹیفیکیشن کے ذریعے بینک کے غیر محفوظ، ذیلی اور لسٹڈ ٹرم فنانس سرٹیفکیٹ (TFC-2) کے 3,000 ملین روپے مالیت کے اجراء کی کریڈٹ ریٹنگ بھی 'A+' (سنگل اے پلس) مستحکم منظرنامے کے ساتھ برقرار رکھی ہے۔

مزید برآں پاکرا نے بذریعہ نوٹیفیکیشن 25 جون 2020 کو بینک کے 4,000 ملین روپے کے غیر محفوظ، ذیلی، درجہ بند، دائمی اور غیر مجموعی ٹرم فنانس سرٹیفکیٹ کے اجراء کو مستحکم منظرنامے کے ساتھ 'A' ریٹنگ تفویض کی ہے۔

حصص کی ملکیت کی ترتیب

کمپنیز ایکٹ 2017 کے سیکشن (f)(2)227 کے تحت درکار ملکیت کا ڈھانچہ بمع حصص کی ملکیت کی ترتیب اور شیئر ہولڈرز کی کیٹگریز اس ڈائریکٹرز رپورٹ کا حصہ ہیں جو سالانہ رپورٹ کے صفحہ نمبر 202 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 گوشواروں کے نوٹ 45 میں دی گئی ہیں۔

مستقبل کا منظرنامہ

خطروں سے نمٹنے کا مؤثر نظام تمام امکانی خطرات کو کم کرنے کیلئے بینک کی اولین ترجیح پر فائز ہے۔ بورڈ قانونی اور ریگولیٹری گائیڈ لائنز اور پالیسیوں، دیانت داری اور تعمیل کے کلچر کے فروغ کی ترویج کے اپنے ہدف کا عزم رکھتا ہے۔

پائیدار ترقی اور طویل مدتی حصص یافتگان کی مالیت کے لئے بینک مستحکم پوزیشن کا حامل ہے۔ ہم اپنے برانچ نیٹ ورک، اپنے ٹیکنالوجی انفراسٹرکچر، اپنے ہیومن کیپٹل میں سرمایہ کاری جاری رکھے ہوئے ہیں اور ہمارے پورے ماحول کو مضبوط بناتے ہیں۔ ہماری توجہ مستحکم ڈپازٹ بیس کی تعمیر، کسٹمر کے تجربے کو بہتر بنانے، اور موثر حکمت عملی کے ذریعے منافع کو بہتر بنانے اور پورے بینک میں لاگت کا ایک مضبوط ڈسپلن نافذ کرنے پر قائم ہے۔

بینک اپنے عمل کو ڈیجیٹلائز کرنے اور کسٹمر کے تجربے کو آسان بنانے اور بڑھانے کے لئے نئی مصنوعات کی فراہمی پر عمل پیرا ہے۔ سال 2021 بھی بینک کے لئے حکمت عملی کی تازہ کاری کا سال ثابت ہوگا، کیوں کہ ہم بینک کے لئے ایک نیا اسٹریٹجک روڈ میپ تیار کرتے ہوئے اپنی بنیاد کو مزید مستحکم بنانے کے منتظر ہیں۔

ہم کووڈ-19 سے کاروبار اور عام طور پر معیشت کو لاحق خطرات سے آگاہ ہیں اور اس مشکل وقت میں اپنے صارفین کی خدمت میں مصروف عمل رہیں گے۔ ہم مستقبل کے بارے میں پرامید ہیں، اور بااعتماد ہیں کہ معیشت بحالی کی راہ پر گامزن ہوگی۔

وہ رجحانات اور عوامل جو بینک کی مستقبل کی پیش رفت، کارکردگی اور کاروباری حیثیت پر اثر انداز ہو سکتے ہیں

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۔ 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 کرسکتے ہیں بورڈ کی مرکزی توجہ کے حامل اور اس کی ترجیح ہیں تاکہ مجموعی اسٹریٹجک سمت کا تعین کیا جاسکے۔ حساسیت کے تجزیئے اور اہداف کا تعین کرنے اور مختصر مدت کی پیش گوئی پر نظرثانی کے وقت ان تمام عوامل پر غور کیا جاتا ہے۔ ان میں درج ذیل شامل ہیں:

- رعایتی شرح / مانیٹری پالیسی پر فیصلہ سازی؛
- ڈپازٹس پر منافع کی شرح پر نظر ثانی؛
- قرضوں اور ادائیگیوں پر مکرر نرخ بندی اور تبدیلی؛
- سرمایہ کاری کی حکمت عملی اور ٹائم ہاریزن؛
- جیو پولیٹیکل خطرات اور غیر یقینی صورتحال بشمول امن وامان کی صورتحال؛
- مجموعی معیشت، عام طور پر کاروبار اور ریگولیٹری ریلیف اقدامات پر کووڈ-19 کے مختصر سے درمیانی مدت کے اثرات؛
- حکومت کے قواعد وضوابط؛
- افراط زر، فیول اور عام اجناس کی قیمتیں؛
- کارپوریٹ ٹیکس کے اقدامات؛
- مسابقتی فائدے کے حصول کیلئے جدید ٹیکنالوجی؛
- ڈیویڈنڈ کے فیصلے اور سرمائے کی موزونیت؛
- اکاؤنٹنگ اور ریگولیٹری دائرہ عمل پر امکانی اثرات

جاری اہم مشقوں میں بین الاقوامی مالیاتی رپورٹنگ اسٹینڈرڈز 9، مالیاتی دستاویزات کا بینک کی فنانشل اسٹیٹمنٹس پر اثر کا اندازہ لگانا ہے جس کی مؤثر تاریخ ابتدائی طور پر اسٹیٹ بینک آف پاکستان نے یکم جنوری 2021 مقرر کی تھی۔ اسٹیٹ بینک کی ہدایات کے مطابق، تمام بینکس کو سال 2019 کے اثرات کی تشخیص کے نتائج ایس بی پی کو بتانے کی ضرورت تھی اور ساتھ ہی توقع کی جارہی تھی کہ یکم جنوری 2020 سے اطلاق جو کہ کووڈ-19 کے بعد یکم جولائی 2020 تک مؤخر کردیا گیا تھا۔ 31 دسمبر 2020 کو، بینک مذکورہ معیار کے نفاذ کے لئے اسٹیٹ بینک کی مزید ہدایات کے منتظر ہیں۔

بینک مالیاتی رپورٹنگ کے معیارات میں ہونے والی تبدیلیوں اور مالی حیثیت سے متعلق نئے معیارات کو اپنانے کے امکانی اثرات کا باقاعدگی سے جائزہ لیتا رہتا ہے۔ مذکورہ عوامل کا باقاعدگی سے جائزہ لیا جاتا ہے اور کسی بھی ممکنہ اثرات، خطرات اور غیر یقینی صورتحال کے لئے ان کی نگرانی کی جاتی ہے۔

بورڈ کے حالیہ تجزیئے کی بنیاد پر جاری مسائل پر بینک کی چلتے رہنے کی صلاحیت کے بارے میں کوئی شکوک وشبہات نہیں پائے جاتے۔

مالیاتی گوشوارے:

بینک آڈیٹرز کے کسی اعتراض کے بغیر بینک کے مالیاتی گوشواروں کا آڈٹ میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی جانب سے کیا گیا ہے جن کی منظوری بورڈ نے شیئر ہولڈرز کو جاری کرنے کیلئے 17 فروری 2021 کو ہونے والے اجلاس میں دی ہے۔

ان مالیاتی گوشواروں اور ڈائریکٹرز رپورٹ سے متعلقہ مالی سال کے دوران بینک کی مالی کیفیت کو متاثر کرنے والی کوئی نمایاں تبدیلیاں یا معاہدے عمل میں نہیں آئے۔

بیرونی آڈیٹرز:

بینک کے موجودہ آڈیٹرز، میسرز کے پی ایم جی تاثیر 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 بیرونی آڈیٹرز کے طور پر سال 2021 کیلئے ان کی دوبارہ تقرری کی تجویز دی ہے۔ یہ تقرری بینک کے آئندہ منعقد ہونے والے سالانہ اجلاس عام میں بینک کے شیئر ہولڈرز کی منظوری سے مشروط ہے۔

ہمارے کاروباری ماڈل کا تقاضا ہے کہ ہم اپنے خطرات کی نشاندہی، تشخیص، پیمائش اور ان کا انتظام کریں اور اپنے کاروبار میں سرمائے کو مختص کریں۔ ہمارا مقصد رسک مینجمنٹ کے لئے ایک جامع نقطہ نظر کی حوصلہ افزائی اور پورے ادارے میں ریٹرن کے ساتھ ساتھ رسک کی مؤثر مینجمنٹ، کیپٹل اور ریپوٹیشنل پروفائل کے مؤثر انتظام کی حوصلہ افزائی کر کے اپنی قوت برداشت کو تقویت دینے میں مدد کرنا ہے۔ ہم اپنے کاروبار کے سلسلے میں انتہائی سرگرمی سے رسک لیتے ہیں اور مندرجہ ذیل اصول ہمارے رسک مینجمنٹ فریم ورک کو واضح کرتے ہیں:

- رسک ایک مخصوص تعریف کے تحت لیا جاتا ہے؛
- ہر رسک کو رسک مینجمنٹ فریم ورک کے تحت منظوری کی ضرورت ہوتی ہے؛
- رسک کو مناسب تلافی کی ضرورت ہوتی ہے؛ اور
- رسک کی مستقل نگرانی اور انتظام ہونا چاہئے۔

رسک اسٹریٹجی بورڈ کی جانب سے سالانہ کی بنیاد پر منظور کی جاتی ہے اور رسک، کیپٹل اور کارکردگی کے اہداف کے تسلسل کے لئے رسک اپیٹائٹ اور اسٹریٹجک اور کیپٹل پلان چنی وضاحت کی جاتی ہے۔ گراس رسک تجزیے کا جائزہ پورے گروپ میں کیا جاتا ہے تاکہ اس بات کی توثیق کی جاسکے کہ رسک مینجمنٹ کا مؤثر نظام اور جامع آگاہی موجود ہے۔

رسک مینجمنٹ کے عمل کے ذریعے کریڈٹ رسک، مارکیٹ رسک، آپریشنل رسک، لیکویڈیٹی رسک، بزنس رسک اور ریپوٹیشنل رسک سمیت میٹیریل رسک کی تمام اقسام کا انتظام کیا جاتا ہے۔ رسک اور کیپٹل ڈیمانڈ کے لئے ماڈلنگ اور پیمائش کے طریقوں کو میٹیریل رسک کی تمام اقسام پر لاگو کیا جاتا ہے۔

آج، آئی ٹی سیکیورٹی رسک بینکس کے لئے ایک اہم چیلنج بن کر ابھرا ہے۔ بینک اس معاملے کی حساسیت سے بخوبی واقف ہے۔ اس کام کو انجام دینے کے لئے، آئی ٹی سیکیورٹی رسک مینجمنٹ ڈپارٹمنٹ بھی منصوبہ بندی، ہدایت اور بینک کی انفارمیشن سیکیورٹی پالیسیز کو مربوط کرنے، طریقہ کار اور ہدایات مرتب کرنے کے لئے موجود ہے تاکہ یہ یقینی بنایا جاسکے کہ تمام انفارمیشن سسٹم پورے بینک میں فعال اور محفوظ ہے۔

سسٹم، عمل اور پالیسیاں ہماری رسک مینجمنٹ کی صلاحیت کے اہم جز ہیں۔ بحالی اور ہنگامی منصوبہ بندی بحرانوں کے انتظام کے لئے رہنمائی کا باعث ہے اور کسی دباؤ کے نتیجے میں کیپٹل اور لیکویڈیٹی پوزیشن کو بہتر بنانے کے لئے سینئر مینجمنٹ کو مجوزہ اقدامات کا ایک مجموعہ فراہم کرتی ہے۔

ہم ایک مربوط رسک کلچر کو فروغ دیتے ہیں جہاں ہر سطح پر ملازمین رسک کے نظم و نسق اور نشاندہی کے ذمہ دار ہیں۔ ہم توقع کرتے ہیں کہ ملازمین اس طرز عمل کا مظاہرہ کریں گے جو ہمارے کوڈ آف بزنس کنڈکٹ اور اخلاقیات کے مطابق مضبوط رسک کلچر کی نمائندگی کرتا ہے۔ ہماری پالیسی کا تقاضا ہے کہ ہماری کارکردگی کی تشخیص کے عمل کے دوران رسک سے متعلق رویے کو مدنظر رکھا جائے۔ اس کے علاوہ، ہمارے بورڈ ممبران اور سینئر مینجمنٹ مستقل مزاجی کے فروغ کے لئے اس موضوع کی اہمیت پر اکثر و بیشتر بات کرتے ہیں۔

اندرونی کنٹرولز کا اعلامیہ:

بینک کی انتظامیہ اندرونی کنٹرولز کے بہتر نظام کو برقرار رکھنے کی ذمہ دار ہے تاکہ آپریشنز کی استعداد اور ان کے مؤثر ہونے، قانونی شرائط کی تعمیل اور فنانشل 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 وہ پالیسیاں اور طریقہ کار شامل ہیں جو بورڈ آف ڈائریکٹرز کے ذریعے منظور شدہ ہیں اور ان کی تعمیل اور موزونیت کی توثیق خودمختار داخلی آڈٹ ڈویژن نے بورڈ آڈٹ کمیٹی کو براہ راست رپورٹنگ 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 تجزیئے کے مجموعی دائرہ عمل، فنانس اور اسٹریٹجی کی نگرانی کیلئے اپنی ذیلی کمیٹیاں تشکیل دی ہیں، جو باقاعدہ وقفوں 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 سینئر مینجمنٹ اس پر بھرپور طریقے سے عمل پیرا ہو۔

اندرونی آڈٹ ڈویژن، کمپلائنس کنٹرول اور انویسٹیگیشن گروپ اور بیرونی 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 بینک کا موجودہ اندرونی کنٹرول سسٹم ڈیزائن کے اعتبار سے موزوں ہے اور مؤثر طریقے سے اس کا اطلاق اور جانچ کی جارہی ہے۔

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

* ظاہر کرتا ہے کہ کمیٹی کا رکن نہیں۔

** کچھ اجلاسوں میں شرکت نہیں کرنے والے ڈائریکٹرز / ممبرز کو بورڈ / کمیٹی کی جانب سے غیر حاضری کی اجازت دی گئی تھی۔

*** جناب محتشم احمد اشائی کو جناب محمد آفتاب منظور کی جگہ یکم اپریل 2020 سے بطور پریذیڈنٹ اور چیف ایگزیکٹیو آفیسر نامزد کیا گیا۔

**** 26 مارچ 2020 کو منعقد ہونے والے 28 ویں سالانہ اجلاس عام میں، ریٹائر ہونے والے ڈائریکٹرز جناب امین اے فیراستہ اور جناب انعام الٰہی کی جگہ جناب احمد اے فیراستہ اور محترمہ تورین سلیم مرچنٹ کا انتخاب کیا گیا۔

(نوٹ: بورڈ ممبرز کے پروفائل اور بورڈ / کمیٹیز کی تشکیل اور ان کے TORs اس سالانہ رپورٹ کا حصہ ہیں)

ڈائریکٹرز کا مشاہرہ:

اسٹیٹ بینک آف پاکستان کے BPRD سرکلر نمبر 03 بتاریخ 17 اگست 2019 کی شرائط کی تعمیل کرتے ہوئے بینک کے نان ایگزیکٹیو ڈائریکٹرز بشمول خود مختار ڈائریکٹرز کی بورڈ / کمیٹی کے اجلاسوں میں شرکت کیلئے مشاہرے کی نظرثانی شدہ پالیسی کی منظوری بورڈ نے 13 فروری 2020 کو منعقد ہونے والے 175 ویں اجلاس میں دی۔ نان ایگزیکٹیو ڈائریکٹرز بورڈ / کمیٹیوں کے اجلاسوں میں شرکت کیلئے اجلاس کی فیس کا پیمانہ بورڈ نے -/150,000 روپے منظور کیا اور 26 مارچ 2020 کو منعقد ہونے والے 28 ویں سالانہ اجلاس عام میں شیئر ہولڈرز کی جانب سے اس کی منظوری دی گئی۔

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 مدنظر 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 شیئر ہولڈرز کی جانب سے منظور شدہ ہے۔

شیئر ہولڈرز نے یہ بھی منظور کیا ہے کہ نان ایگزیکٹیو ڈائریکٹرز کے قیام و طعام، ہوائی ٹکٹس اور پک اینڈ ڈراپ کے اخراجات بھی بینک برداشت کرے گا ایسے نان ایگزیکٹیو ڈائریکٹرز کو ادائیگی کیلئے ہوٹل 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 ایگزیکٹیو ڈائریکٹرز کو کوئی معاوضہ ادا نہیں کیا جاتا ہے۔ تاہم قیام و طعام، ہوائی ٹکٹس اور عمومی TA/DA بینک کی منظور شدہ سفری پالیسی کے مطابق ادا کیا جائے گا۔ سال 2020 کیلئے نان ایگزیکٹیو ڈائریکٹرز کی اجلاس کی فیس مالیاتی گوشواروں کے نوٹ 41 میں "فیس" کی کیٹگری میں بیان کیا گیا ہے۔

مزید یہ کہ اسٹیٹ بینک آف پاکستان کے BPRD سرکلر نمبر 03 بتاریخ 17 اگست 2019 کے مطابق چیئرمین کیلئے آفس، اسٹاف اور سکیورٹی سے متعلق انتظامی اخراجات مختص کر دیئے گئے ہیں۔ سرکلر کے مطابق دو سکیورٹی گارڈز، ایک ڈرائیور، ایک پرسنل سیکریٹری اور چیئرمین آفس کے کرایہ شیئر ہولڈرز کی جانب سے منظور شدہ ہے۔

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

پروویڈنٹ اور گریجویٹی فنڈ کی سرمایہ کاریوں کا خلاصہ

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

	(000' روپے میں)
پروویڈنٹ فنڈ کی سرمایہ کاری	384,312/-
گریجویٹی فنڈ کی سرمایہ کاری	157,505/-

خطرات سے نمٹنے کے دائرہ عمل پر اعلامیہ

خطرات سے نمٹنے کا دائرہ عمل سونیری بینک کی حکمت عملی کا بنیادی جزو ہے۔ فریم ورک کا مقصد شناخت، پیمائش، جانچ اور مختلف خطرات کے انکشافات کی رپورٹنگ سے تمام شیئر ہولڈرز کی قدر میں اضافہ کرنا ہے۔ بینک کی خطرات سے نمٹنے کی حکمت عملی اسٹیٹ بینک آف پاکستان کے طریقہ کار اور بینک کے بورڈ آف ڈائریکٹرز کی تجاویز کے مطابق ہے۔ بینک کا خطرات سے نمٹنے کا طریقہ کار جدید ماڈل، ٹولز اور سسٹمز پر مشتمل ہے جس کا باقاعدگی سے جائزہ لیا جاتا ہے / اسے اپ ڈیٹ کیا جاتا ہے تاکہ بینک میں خطرات سے نمٹنے کے دائرہ عمل کو مضبوط بنایا جاسکے۔

مزید یہ کہ ہمارے ڈائریکٹرز نے مختلف ورکشاپس، سیمینارز اور کورسز میں شرکت کی ہے۔ چیئرمین، جناب علاؤالدین فیراستہ اور ڈائریکٹر جناب نورالدین فیراستہ نے ''کارپوریٹ گورننس اینڈ ڈیویڈز ایکسیلنس'' پر ملائیشیا میں منعقد ہونے والی تین دن کی ورکشاپ میں شرکت کی تھی۔ جناب محمد راشد ظاہر نے PICG کی جانب سے منعقدہ انسٹیٹیوٹ آف ڈائریکٹرز، یو کے، کے سات دن پر مشتمل کورس میں بھی شرکت کی۔

بورڈ آف ڈائریکٹرز کی کارکردگی کا اندازہ:

سال 2020 کے دوران، بورڈ / کمیٹیز کی کارکردگی کا اندرونی طور پر جائزہ لیا گیا۔ جہاں ہر ڈائریکٹر کو اس کا فیڈ بیک حاصل کرنے کیلئے جانچ کا سوالنامہ دیا گیا تھا جس میں مقداری تراکیب استعمال 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 کیے گئے۔

بورڈ کی سالانہ کارکردگی کا حتمی نتیجہ بورڈ آف ڈائریکٹرز کو جائزے کیلئے پیش کیا گیا۔ اسی طرح بورڈ نے 17 فروری 2021 کو ہونے والی 183 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۔

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

بورڈ اور کمیٹی کے اجلاس:

2020 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:

سیریل نمبر	ڈائریکٹر کا نام	بورڈ آف ڈائریکٹرز کے اجلاس		بورڈ آڈٹ کمیٹی کے اجلاس		بورڈ کریڈٹ کمیٹی کے اجلاس		بورڈ ہیومن ریسورس اور مشاہرہ کمیٹی کے اجلاس		بورڈ رسک مینجمنٹ کمیٹی کے اجلاس		بورڈ خود مختار ڈائریکٹرز کے اجلاس		بورڈ I.T کمیٹی 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 علاؤالدین فیراستہ	8	8	-	-	4	4	-	-	-	-	-	-	-	-
2	جناب محمد آفتاب منظور***	2	2	-	-	1	1	-	-	2	2	1	-	-	-
3	جناب محتشم احمد اشرفی***	6	5	-	-	3	3	-	-	4	4	-	-	-	-
4	جناب نورالدین فیراستہ	8	8	4	4	4	4	-	-	-	-	-	-	-	-
5	جناب امین اے فیراستہ****	1	1	-	-	-	-	-	-	-	-	-	-	****	****
6	جناب احمد اے فیراستہ****	7	5	-	-	-	-	-	-	4	3	-	-	2	2
7	جناب محمد راشد ظاہر	8	8	4	4	4	4	-	-	-	-	-	-	-	-
8	جناب منظور احمد (این آئی ٹی نامزدگی)	8	8	-	-	4	4	4	4	5	6	-	-	2	2
9	جناب انعام الٰہی****	1	1	1	1	-	-	****	****	2	2	****	****	****	****
10	محترمہ نازین سلیم مرچنٹ****	7	5	3	2	-	-	4	3	-	-	1	1	-	-
11	جناب جمیل حسن ہمدانی	8	8	4	4	-	-	4	4	6	6	1	1	2	2
	دوران سال منعقدہ کل اجلاس	8		4		4		4		6		1		2	

بینک نے ڈائریکٹرز (بشمول ایگزیکٹو ڈائریکٹر) کی تقرری کے لئے ڈائریکٹرز کی نامزدگی سے لے کر سالانہ اجلاس عام میں شیئرز ہولڈرز کی جانب سے ان کی تقرری تک ایس ای سی پی اور اسٹیٹ بینک کے انضباطی تقاضوں پر عمل کیا ہے اور اسٹیٹ بینک نے ان تقرریوں کو فٹ اور پراپر ٹیسٹ کلیئرنس دے دی ہے۔

26 مارچ 2020 کو ڈائریکٹرز کے انتخاب کے بعد سے اب تک بورڈ آف ڈائریکٹرز کی ساخت میں مزید کوئی تبدیلی نہیں ہوئی ہے۔

بورڈ آف ڈائریکٹرز کی موجودہ ساخت یہ ہے:

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

مرد	07
خواتین	01

کیٹیگری	نام
خودمختار ڈائریکٹرز	جناب جمیل حسن ہمدانی محترمہ زرین سلیم مرچنٹ
نان ایگزیکٹو ڈائریکٹرز	جناب علاؤالدین فیراستہ جناب نورالدین فیراستہ جناب احمد اے فیراستہ جناب محمد راشد ظاہر جناب منظور احمد (این آئی ٹی کے نمائندے)
ایگزیکٹو ڈائریکٹرز	جناب محتشم احمد اشائی*

*کمپنیز ایکٹ 2017 کے سیکشن 188 کی شق 3 کے مطابق ڈائریکٹر تصور کئے گئے۔

غیرملکی ڈائریکٹرز:

بینک کے بورڈ میں کسی غیرملکی ڈائریکٹر کی نمائندگی نہیں ہے۔

ایگزیکٹو ڈائریکٹر کی دیگر ڈائریکٹرشپ:

جناب محتشم احمد اشائی کی بطور ڈائریکٹر کسی اور ادارے میں نمائندگی نہیں۔

پاکستان سے باہر بورڈ کا اجلاس:

سال کے دوران، پاکستان سے باہر بورڈ کا کوئی اجلاس نہیں ہوا۔

ڈائریکٹرز ٹریننگ اور تعارفی کورس:

بورڈ اپنے تربیتی پروگرام کے حوالے سے شرائط کی مکمل تعمیل کر رہا ہے۔ دو ڈائریکٹرز نے پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس (''PICG'') کی جانب سے "سرٹیفکیٹ آف ڈائریکٹرز ایجوکیشن" وصول کیا اور ایک نے انسٹیٹیوٹ آف بزنس ایڈمنسٹریشن (''IBA'') کی جانب سے ڈائریکٹرز ٹریننگ پروگرام مکمل کیا۔

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

ہیومن ریسورس:

سونیری 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۔ ہیومن ریسورس کے انتخاب کا ہمارا عمل اہلیت پر مبنی اور بلا امتیاز ہے۔ ہمارا یقین ہے کہ مصروف عمل رہنے والے ملازمین زیادہ پرعزم ہوتے ہیں اور بہتر نتائج دیتے ہیں۔ اپنی جانشینی کی منصوبہ بندی کی پالیسی (Succession Planning Policy) کے ذریعے ہم اپنے ادارے سے ہی سینئر عہدوں کیلئے لوگوں کی نشاندہی کرتے ہیں جس سے اچھے ٹیلنٹ کو اوپر آنے کا موقع ملتا ہے اور اپنے کیریئر میں ترقی کرنے کے خواب کو پورا کرنے میں ان کی مدد ہوتی ہے۔

ہماری توجہ ملازمین کے ساتھ تعمیری تعلقات کو برقرار رکھنے، شفافیت اور اچھے سلوک کے کلچر کو فروغ دینے پر ہے۔ بینک کے معاوضے کا فریم ورک، جو اسٹیٹ بینک کے رہنما خطوط کے مطابق تیار کیا گیا ہے، موثر رسک مینجمنٹ کلچر کو فروغ دیتا ہے اور یہ یقینی بناتا ہے کہ بینک میں معاوضے کا عمل بینک کے مقاصد کے مطابق ہو۔ اس کے نتیجے میں، ایک منصفانہ، معروضی، شفاف اور مستحکم معاوضہ پالیسی، جو مالیاتی ادارے کے خطرات اور ذمہ داریوں سے منسلک ہے، رکھی گئی ہے۔ معاوضے کے طریقوں سے متعلق اسٹیٹ بینک کے رہنما خطوط کے تحت ضروری انکشافات مالی بیانات کے نوٹ نمبر 28.1 اور 41 میں دیئے گئے ہیں اور اس سالانہ رپورٹ کے گورننس سیکشن کے ایک حصے کے طور پر بھی شامل ہیں۔

بینک کے پاس ایک اچھی طرح سے وضع شدہ اور منظم ضابطۂ اخلاق موجود ہے۔ بینک کی ڈسپلنری ایکشن پالیسی عبارت کے ساتھ تیار کردہ اصلاحی عمل اور معاملات کو منصفانہ اور تیزی سے نمٹانے کے لئے باضابطہ فریم ورک مہیا کرتی ہے۔ پالیسی یقینی بناتی ہے کہ ایچ آر امور کا شفاف انداز میں انتظام کیا جائے اور وہ ان واقعات کی نشاندہی کرے جہاں ملازم کی کارکردگی یا طرز عمل بینک کے طے شدہ معیارات پر پورا نہیں اترتا ہے۔

ہم اپنے لوگوں پر سرمایہ کاری پر یقین رکھتے ہیں، اور اس لئے ان کی باقاعدہ تربیت اور ترقی کے لئے پرعزم ہیں، تاکہ وہ پیشہ ور چیلنجز سے موثر طریقے سے نمٹنے کے لئے درکار قابلیت حاصل کریں۔ یہ پالیسی عملے کو مستقبل میں اعلیٰ ذمہ داریوں سے نمٹنے کیلئے تربیت کے ذریعے علم حاصل کرنے اور مہارت کے فروغ کے مواقع فراہم کرتی ہے۔

کووڈ-19 کی وجہ سے ایچ آر کو پوری دنیا میں نمایاں چیلنجز کا سامنا کرنا پڑا۔ بینک کا ایچ آر ملازمین اور عملے کو مدد فراہم کرنے میں سرگرم عمل رہا، جہاں اہم اہلکاروں کو لاک ڈاؤن کے دوران گھر میں وی پی این تک رسائی کا اختیار فراہم کیا گیا، وہیں عملے کو مصروف اور متحرک رکھنے کے لئے گھر سے کام کرنے کا طریقہ کار متعارف کرایا گیا۔ سال کے دوران، جسمانی تربیتی سیشن، سماجی دوری کے اقدامات اور پروٹوکول کے ساتھ کروائے گئے۔ آن لائن لرننگ کی بھی حوصلہ افزائی کی گئی اور لازمی آن لائن تشخیص کو بروقت کامیابی کے ساتھ انجام دیا گیا۔

سال کے آخر میں، قیادت کی ترقی کیلئے سرمایہ کاری کے عزم کے طور پر، بینک کی سینئر مینجمنٹ ٹیم کے لئے 360 ڈگری لیڈر شپ اسسمنٹ کی مشق کی گئی۔ اسسمنٹ بیرونی مشیر کے ذریعے کیا گیا جو قائدانہ تاثیر اور قائدانہ صلاحیتوں کی پیمائش کے لئے عالمی سطح پر استعمال ہونے والا ایک سرکردہ 360 ڈگری اسسمنٹ ٹول ہے۔ بینک کے اسٹریٹجک اقدامات کے ایک حصے کے طور پر، ہر فرد اور بینک کی اجتماعی قیادت کے ترقیاتی اہداف کے قیام کے ذریعے، بینک کے اعلیٰ ٹیلنٹ کے لئے اسٹریٹجک لیڈر شپ کی سمت طے کرنے میں یہ پہلا قدم ہوگا۔

ہماری وسل بلوور 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 بلاخوف وخطر نامزد شدہ اتھارٹی کو آگاہ کرنے کا موقع فراہم کرتی ہے۔

کارپوریٹ گورننس:

سونیری بینک میں کارپوریٹ گورننس سے مراد بینک کے مختلف حصہ داروں کے مابین طے شدہ حقوق اور ذمہ داریاں ہیں، جن کی وضاحت کیلئے طے شدہ قوانین، پالیسیز اور طریقہ کار ہیں جو کہ پورے ادارے میں مناسب منتقلی، شفافیت اور محاسبے کو مدنظر رکھتے ہوئے طے کی گئی ہیں۔ بورڈ آف ڈائریکٹرز اس بات کے لئے پرعزم ہیں کہ سیکیوریٹیز اینڈ ایکسچینج کمیشن کی جانب سے کارپوریٹ گورننس کی طے شدہ شرائط پر عمل درآمد کو یقینی بنائیں۔ بورڈ آف ڈائریکٹرز بینک کی مینجمنٹ کو اسٹریٹجک لیڈر شپ کی فراہمی کیلئے ذمہ دار ہیں۔ 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۔

بینک کے بورڈ آف ڈائریکٹرز کی ساخت:

بورڈ آف ڈائریکٹرز کا انتخاب 26 مارچ 2020 کو منعقد ہونے والے شیئر ہولڈرز کے 28 ویں سالانہ اجلاس عام میں ہوا۔ سابق بورڈ سے، جناب امین اے فیراستہ اور جناب انعام الٰہی دونوں نے انتخابات نہ لڑنے کا فیصلہ کیا اور ان کی جگہ جناب احماے فیراستہ اور محترمہ نوین سلیم مرچنٹ بالترتیب نان ایگزیکٹو ڈائریکٹر اور آزاد ڈائریکٹر منتخب ہوئے۔

سال کے دوران، جناب محمد محتشم احمد اشائی کو جناب محمد آفتاب منظور کی جگہ، بینک کا صدر اور چیف ایگزیکٹو آفیسر (ڈیمڈ ڈائریکٹر) مقرر کیا گیا۔ محترمہ نوین سلیم مرچنٹ کے بورڈ میں انتخاب کے بعد، بینک نے لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کی تعمیل کی ہے جس کے تحت کمپنیز کو بورڈ میں کم از کم ایک خاتون ڈائریکٹر کی نمائندگی ضروری ہے۔

31 دسمبر 2020 کو بینک کا نیٹ ایڈوانسز پورٹ فولیو 164.545 بلین روپے رہا، جو سال 2019 کے اختتام کی سطح سے 19.70% کم ہے، جبکہ سرمایہ کاری کے حجم میں اضافہ ہوا اور 72.890 بلین روپے ریکارڈ کیا گیا جو سال کے دوران 41.17% اضافہ ظاہر کرتا ہے۔ بینک کی خالص سرمایہ کاری کی کتاب کی تشکیل، جو کہ 31 دسمبر 2020 کو 249.956 بلین روپے رہی اور بنیادی طور پر اس کا جھکاؤ گورنمنٹ سیکیورٹیز کی جانب رہا۔ اس احتیاط کے ساتھ، بینک نے دیکھ بھال کر اپنے پورٹ فولیو کا انتظام کیا ہے، جس میں مدتی اصلاح کو بھی مدنظر رکھا گیا ہے۔ اضافی لیکویڈیٹی کو فلوٹنگ ریٹ پی آئی بیز کے ساتھ ساتھ فکسڈ پی آئی بی میں بھی تعینات کیا گیا ہے، جس سے 31 دسمبر 2019 کے 34% کے مقابلے میں مجموعی سرمایہ کاری میں پی آئی بیز کا حجم بڑھ کر 52% ہو گیا۔

سال کے اختتام پر ڈپازٹس 14.37% اضافے کے ساتھ 345.499 بلین روپے رہے جو کہ 31 دسمبر 2019 کو 302.082 بلین روپے تھے۔ اوسط کے لحاظ سے، پورٹ فولیو میں 40.540 بلین روپے یا سالانہ کی بنیاد پر 15.0% کا اضافہ ہوا۔ بینک کے ڈپازٹس کی لاگت 2020 میں کم ہو کر 6.74% ہو گئی جو پچھلے سال 8.24% تھی۔ سال کے اختتام پر، بینک کا کاسا پرسنٹیج 68.65% (دسمبر 2019: 63.26%) رہا۔ کرنٹ اکاؤنٹس کے لئے، دسمبر 2020 میں یہ 27.15% ہو گیا جو دسمبر 2019 میں 24.90% تھا، اور حجم میں 18.578 بلین روپے یا سالانہ کی بنیاد پر 25% کا اضافہ ہوا۔ بینک اعلیٰ معیاری خدمت کی سطح کو یقینی بناتے ہوئے کاسا مکس کی بہتری، اور موجودہ کھاتوں کو برقرار رکھنے پر توجہ مرکوز رکھے ہوئے ہے، تاکہ فنڈنگ کے اخراجات کو معقول اور مجموعی مارجن کو بہتر بنایا جا سکے۔

قرضہ جات کی سائیڈ پر، 31 دسمبر 2020 کو بینک کا قرضہ کم ہو کر 87.020 بلین روپے ہو گیا جو 31 دسمبر 2019 کو 95.705 بلین روپے تھا۔ تاہم اوسط کے لحاظ سے قرضوں میں 40.484 بلین روپے کا اضافہ ہوا، اخراجات سالانہ کی بنیاد پر 9.71% سے کم ہو کر 7.99% رہ گئے۔ سرمایہ کاری کے پورٹ فولیو کی فنڈنگ کے لئے اضافی لیکویڈیٹی استعمال کی گئی۔ بینک کے فنڈز کی مجموعی لاگت 2020 کیلئے کم ہو کر 6.80% رہ گئی جبکہ 2019 میں یہ 8.36% تھی۔

نان مارک اپ اخراجات سال 2019 کے 8.129 بلین روپے کے مقابلے میں 31 دسمبر 2020 کو 11.03% اضافے کے ساتھ 9.026 بلین روپے رہے اس کی بنیادی وجہ سال 2019 میں ڈبلیو ڈبلیو ایف ریورسل کی وجہ سے کی گئی تبدیلی ہے۔ اس سال کے آپریٹنگ اخراجات 8.857 بلین روپے رہے جو 8.14% اضافے کی عکاسی کرتا ہے، کیونکہ انتظامیہ نے سال کے دوران لاگت سے متعلق سخت اقدامات کو جاری رکھا۔

سال 2020 میں دعوات اور ٹیکس سے پہلے بینک کا آپریٹنگ منافع 5.436 بلین روپے رہا اور گذشتہ سال کے 2.658 بلین روپے کے مقابلے میں اس میں 104.54% کا اضافہ دیکھنے میں آیا۔ یہ اضافہ مارک اپ انکم کے ساتھ ساتھ کاروباری حجم میں اضافے اور برقرار اسپریڈز کے نتیجے میں ہوا۔

پرووینزنز پر نظر ڈالی جائے تو سال 2019 میں کئے گئے 700 ملین روپے کے ڈیٹ پراپرٹی سواپ کے تحت پرووژن ریورسل کی وجہ سے اس سال منفی اثر پڑا۔ مزید یہ کہ سال 2020 کی پہلی سہ ماہی میں کووڈ-19 پھیلنے کی وجہ سے کیپٹل مارکیٹس بنیادی طور پر متاثر ہونے کے ساتھ، بینک کو قابل اطلاق معیارات اور طریقہ کار کے مطابق خرابی کی تشخیص پر مبنی ایکویٹی پورٹ فولیو پر 717.214 ملین روپے کے امپیئرمنٹ چارجز لینے پڑے۔ دسمبر 2020 کے آخر تک، بینک کی سیکیورٹیز کی مارکیٹ پوزیشن کا مجموعی نشان، 817.551 ملین روپے کے خالص غیر حقیقی سرپلس پر ہے۔

بینک اپنے پورٹ فولیو کی احتیاط اور تدبیر سے نگرانی کر رہا ہے۔ اسٹیٹ بینک آف پاکستان نے کووڈ-19 کے بعد وقتاً فوقتاً مختلف امدادی اقدامات تجویز کئے ہیں تاکہ بینکس کے ساتھ ساتھ قرض دہندگان کو ان کے عہدوں کی تشکیل نو اور بحالی کے لئے سہولیات فراہم کی جاسکیں۔ مؤثر رسک مینجمنٹ فریم ورک کے ساتھ، بینک معیشت کی بحالی کے لئے پر عزم ہے، جب کہ تمام قابل اطلاق قوانین اور بہترین طریقہ کار کے ساتھ انضباطی تعمیل کو بھی برقرار رکھے گا۔

سال 2020 کے آخر میں بینک کا مجموعی ایڈوانسز ٹو ڈپازٹس ریشو (ADR) سال 2019 کے 70.35% کے مقابلے میں 49.98% رہا۔ مجموعی طور پر لون بک میں کمی کی وجہ سے نان پرفارمنگ لونز ٹو ٹوٹل ایڈوانسز ریشو 6.25% (31 دسمبر 2019: 5.13%) رہا، جبکہ مخصوص کوریج میں 75.16% (31 دسمبر 2019: 69.46%) کا اضافہ ہوا۔

31 دسمبر 2020 تک ایسے کوئی بھی قرضے، TFCs، سکوک یا کسی بھی قسم کے قرضہ جات نہیں تھے جن کے تحت بینک نادہندہ ہو یا نادہندگی کے خطرے کا حامل ہو۔

بینک کا کیپٹل اسٹرکچر:

اپنے کیپٹل کو ریگولیٹری لمٹس اور بیسل کیپٹل (Basel Capital) کے تقاضوں سے بالاتر رکھ کر بینک اچھے کیپٹل کا حامل رہا۔ سال کے دوران، اسٹیٹ بینک آف پاکستان نے کووڈ-19 پھیلنے کے بعد کیپٹل ایڈیکیسی کے لئے عمومی ریگولیٹری ضروریات کو نرم کر دیا۔

31 دسمبر 2020 تک بینک کا مجموعی کیپٹل ایڈیکیسی ریشو مطلوبہ حد 11.50% (بشمول کیپٹل کنزرویشن بفر) کے مقابلے میں 16.97% ریکارڈ کیا گیا۔ اس سے قبل یہ ضرورت 2.50% سی سی بی کے ساتھ 12.50% تھی۔ کامن ایکویٹی ٹائر 1 (CET-1) سے لے کر رسک کے حامل اثاثوں کا ریشو کم سے کم مطلوبہ حد 6.00% کے مقابلے میں 11.90% رہا جو کہ بینک کے کیپٹل کی کوالٹی کی نشاندہی کرتا ہے۔

اسٹیٹ بینک نے ملک میں مجموعی مالی حالات کو مستحکم اور افراط زر کے خطرات کو متوازن قرار دیا ہے۔ افراط زر کے اعداد وشمار میں حالیہ اضافہ کھانے کی مخصوص اشیاء میں اضافے کی وجہ سے ہوا ہے، جس کا سبب مون سون کی بارشیں اور ٹڈیوں کا حملہ ہے۔ گندم اور چینی کی قلت ان اجناس کی قبل از وقت برآمدگی کی وجہ سے ہوئی۔ تاہم حکومت نے مداخلت کی ہے اور گندم کے لئے کم سے کم امدادی قیمت بڑھانے کے ساتھ ساتھ اجناس کی درآمدگی جیسے اقدامات بھی کئے ہیں۔ اگرچہ غذائی افراط زر میں اضافے کا رجحان دیکھا گیا ہے، بنیادی افراط زر معیشتی طلب میں کمی کی وجہ سے مستحکم رہا ہے جبکہ سی پی آئی نے جون 2020 سے اپنے عروج کا آغاز کیا، اس عرصے کے دوران اوسطاً 8.8% سی پی آئی کے مقابلے میں بنیادی افراط زر سال 2021 کے پانچویں ماہ کے دوران اوسطاً 6.4% فیصد مستحکم رہی۔

ایک سال کی منفی نمو کے بعد، حقیقی جی ڈی پی میں 2021 کے دوران 1.84% اضافہ متوقع ہے۔ اس بحالی سے پاکستان کو وباء سے پہلے کی سطح کے قریب آجانا چاہئے جو دوسرے بہت سے ممالک کے مقابلے میں نسبتاً تیز رفتار ہے اور جس کی حمایت گھریلو طلب بھی ہوگی۔

مارچ 2020 کے وسط سے اسٹیٹ بینک کی پالیسی شرح میں 625 بنیادی پوائنٹس کی مجموعی کمی دیکھی گئی۔ مانیٹری پالیسی کمیٹی نے جنوری 2021 میں اپنے آخری اجلاس میں پالیسی کی شرح کو 7% پر برقرار رکھنے کا فیصلہ کیا ہے، کیونکہ کاروباری اعتماد اور نمو کے نقطہ نظر میں بہتری آئی ہے۔

بینک کی کارکردگی اور کاروبار کا عملی جائزہ:

2020 کے دوران بینک نے ترقی کی رفتار کو جاری رکھا اور کارکردگی مستحکم رہی، کیوں کہ ہم نے سال کا اختتام بہتر مالی نتائج پر کیا ہے۔ 31 دسمبر 2020 کو ختم ہونے والے سال کے مالی نتائج کی جھلکیاں مندرجہ ذیل ہیں۔

	2020	2019
	(روپے ملین میں)	
مالیاتی کیفیت		
نیٹ ایڈوانسز	164,545	204,901
خالص سرمایہ کاری	249,956	177,056
مجموعی اثاثے	485,345	442,541
ڈپازٹس اور دیگر کھاتے	345,499	302,083
حصص یافتگان کی ایکوئٹی	23,157	20,214

	2020	2019
	(روپے ملین میں)	
مالیاتی کارکردگی		
خالص مارک اپ آمدنی اور نان مارک اپ آمدنی	14,463	10,787
نان مارک اپ اخراجات	9,026	8,129
منافع قبل از ٹیکس	4,035	3,247
منافع بعد از ٹیکس	2,400	1,906
فی حصص آمدنی۔ روپے میں	2.1772	1.7289

کاروباری جائزہ:

بینک نے سال 2020 میں منافع قبل از ٹیکس (PBT) 4,035 ملین روپے اور منافع بعد از ٹیکس (PAT) 2.400 ملین روپے حاصل کیا یعنی بالترتیب 24.27% اور 25.93% کا اضافہ ہوا جو کہ 2019 میں بالترتیب 3,247 ملین روپے اور 1.906 ملین روپے تھا۔ ان نتائج نے بالآخر بینک کے فی حصص آمدنی کو 2019 کے 1.7289 روپے کے مقابلے میں 2.1772 روپے پر پہنچا دیا۔

حصول کے لحاظ پر نیٹ مارک اپ انکم 34.43% اضافے سے 2020 میں 10.655 ملین روپے رہی جو کہ سال 2019 میں 7.926 ملین روپے رہی۔ غیر سودی آمدنی 33.08% اضافے سے 3.807 ملین روپے ہوگئی جو کہ پچھلے سال 2.861 ملین روپے تھی۔ بینک کی مجموعی آمدنی میں سالانہ کی بنیاد پر 3.675 ملین روپے یا 34.07% کا اضافہ ہوا۔

اسٹیٹ بینک کی پالیسی ریٹس میں مجموعی طور پر کمی کے ساتھ، سال 2020 میں ایڈوانسز کی پیداوار میں کمی واقع ہوئی اور 9.74% فیصد رہ گئی، جبکہ اس کے مقابلے 2019 میں یہ 12.19% تھی۔ اس کے نتیجے میں ایڈوانس سے ہونے والی آمدنی میں گذشتہ سال کے مقابلے میں 4.967 ملین روپے کی کمی ریکارڈ کی گئی حالانکہ 2020 میں اوسط حجم تقریباً 193.261 ملین روپے رہا (2019: 195.132 ملین روپے)۔ تاہم، سرمایہ کاری سے آمدنی میں 8.722 ملین روپے کا اضافہ ہوا، جو اس کمی کے مقابلے میں زیادہ رہا، سرمایہ کاری کا اوسط حجم سال 2020 میں بہتری کے ساتھ 223.132 ملین روپے رہا جو کہ سال 2019 میں 132.899 ملین روپے تھا۔ سال 2020 میں سرمایہ کاری پر پیداوار کم ہو کر 10.35% رہ گئی جو کہ 2019 میں 10.81% تھی۔

ڈائریکٹرز رپورٹ

برائے مالیاتی سال 2020

ہم نہایت مسرت کے ساتھ بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2020 کو ختم شدہ مالیاتی سال کیلئے آڈٹ شدہ مالیاتی گوشوارے اور آڈیٹرز رپورٹ کے ساتھ سونیری بینک لمیٹڈ (بینک) کی ڈائریکٹرز رپورٹ پیش کر رہے ہیں۔

اقتصادی جائزہ:

سال 2020 مثبت اثر کے ساتھ شروع ہوا اور حکومت نے بیرونی اور مالی عدم توازن کو دور کرنے کے لئے معاشی اصلاحات کا پروگرام کامیابی سے شروع کیا۔ تاہم، کووڈ-19 وبا نے پوری دنیا میں ہیلتھ کیئر کے ساتھ معاشی بحران کو جنم دیا اور حکومتوں کو معاشی حوصلہ افزائی، کساد بازاری کے رجحانات سے نمٹنے کے لئے اپنی پالیسیوں کا رخ تبدیل کرنے اور اپنی توجہ نمو کے بجائے بقاء کی طرف منتقل کرنے پر مجبور کیا۔ دنیا کے بیشتر ترقی پذیر معیشتوں کی طرح پاکستان کے اہم اقتصادی اشاروں اور اہداف پر بھی اس کا نمایاں اثر پڑا۔ کووڈ-19 کے اثرات کے علاوہ، کرنسی کی قدر میں کمی اور افراط زر کے دباؤ نے بھی منفی نمو کی شرح میں اہم کردار ادا کیا۔

حکومت پاکستان اور اسٹیٹ بینک نے معاشی بدحالی پر قابو پانے کے لئے متعدد بروقت امدادی اقدامات کیے۔ امور خانہ اور کاروباری اداروں کے لئے مختلف امدادی پیکیجز کا اعلان کیا گیا۔ وائرس سے نمٹنے کے لئے صحت کے شعبے میں مدد فراہم کی گئی۔ برآمد کنندگان اور درآمد کنندگان کے لئے قرضوں کی ضروریات میں نرمی کی گئی اور نئی سرمایہ کاری میں آسانی کے لئے کئی اقدامات کیے گئے۔

حیرت انگیز طور پر وبا نے پاکستان کی میکرو اکانومی پر مثبت اثر ڈالا۔ بیرونی محاذ پر، کرنٹ اکاؤنٹ مزدوروں کی ترسیلات زر کی مستحکم منتقلی کے ذریعے تائید شدہ نمبروں میں بہتری کا مظاہرہ کرتا رہا۔ مزید یہ کہ عالمی سطح پر سرگرمی کو کم کرنے سے درآمدات کے توازن میں نمایاں مدد ملی۔ سال کے آخر میں وائرس کے دوبارہ سر اٹھانے کے باعث سرمایہ کاروں کا مارکیٹ پر اعتماد کو ایک خاص حد تک دھچکا لگا، لیکن ملک میں ویکسین کی دستیابی کے ساتھ، جذبات میں ایک بار پھر بہتری آئی ہے۔ نیشنل کمانڈ اینڈ آپریشن سینٹر نے حال ہی میں ملک بھر میں حفاظتی ٹیکوں کی مہم شروع کی ہے۔

مسلسل پانچ ماہ کے مثبت سرپلس کے بعد، کرنٹ اکاؤنٹ نے دسمبر 2020 میں 662 ملین ڈالر کا خسارہ ریکارڈ کیا۔ اگرچہ ترسیلات زر اور برآمدات میں مسلسل اضافہ ہوتا رہا، معاشی سرگرمیوں میں اضافے کے عین مطابق مشینری اور صنعتی خام مال کی درآمد میں اضافے کی وجہ سے تجارتی خسارہ بڑھ گیا۔ ایک ہی وقت میں، گندم اور چینی کی درآمد بھی گھریلو مارکیٹ میں طلب اور رسد میں کمی کے قریب ہوگئی۔ حوصلہ افزا طور پر، برآمدات ستمبر 2020 کے بعد سے کووڈ-19 سے پہلے کی ماہانہ سطح کے لگ بھگ 2 ارب ڈالر کی سطح پر واپس آ گئیں، دسمبر 2020 میں برآمدات کے تقریباً تمام زمروں کے حجم میں وسیع پیمانے پر بحالی ریکارڈ کی گئی۔ بیرونی شعبے کے آؤٹ لک میں مزید بہتری آئی ہے اور مالی سال 2021 کے لئے کرنٹ اکاؤنٹ خسارہ اب جی ڈی پی کے 1% سے کم رہنے کا امکان ہے۔

مالی پیشرفت وسیع پیمانے پر اس سال کے بجٹ کے مطابق ہے اور حکومت نے اسٹیٹ بینک سے کوئی نیا قرض نہ لینے کے اپنے عہد پر تسلسل برقرار رکھا ہے۔ زائد سودی ادائیگیوں اور کووڈ-19 سے متعلق اخراجات کے باوجود، مالی سال کے دوران اب تک آمدنی میں صحت مند اضافے نے مالی خسارہ پورا کیا ہے۔ براہ راست ٹیکسز اور سیلز ٹیکس میں اضافے کی وجہ سے، سال 2021 کی پہلی ششماہی کے دوران ایف بی آر کی آمدنی سالانہ کی بنیاد پر 5% بڑھ کر ہدف کی سطح کے قریب پہنچ گئی ہے۔ موجودہ غیر سودی اخراجات کے باوجود، جولائی تا نومبر 2020 کے دوران بنیادی توازن جی ڈی پی 0.5% سے زائد رہا جو گذشتہ سال کی اسی مدت سے 0.2% بہتر ہے۔

پچھلے کئی سالوں کی طرح، حکومت مالی سال 2021 کے بجٹ میں 7,231 بلین روپے کے مختص مالی وسائل میں اپنی توسیع کی مالی پالیسی کو برقرار رکھنے کا ارادہ رکھتی ہے، حالانکہ یہ مالی سال 2020 کے تخمینے 8,135 بلین روپے کے مقابلے میں 11% کم ہے۔ مالی سال 2021 کے لئے، حکومت نے بجٹ میں نئے ٹیکسز متعارف کرانے سے گریز کیا اور رکی ہوئی معاشی سرگرمیوں کو بحال کرنے کے لئے صرف محصولات کے ٹیرف کے لئے مختلف قسم کے اقدامات کئے۔ توقع ہے کہ مالی سال 2021 میں مالی خسارہ حکومت کے 7% ہدف کے مقابلے میں 7.5% رہے گا۔

دسمبر 2020 میں ملک کے بین الاقوامی غیر ملکی کرنسی کے ذخائر 20.5 بلین ڈالر ہو گئے، جو دسمبر 2019 کے آخر میں 17.9 بلین ڈالر تھے۔ درآمدی کوریج کے تقریباً 2.9 ماہ کے برابر، پاکستان کے غیر ملکی ذخائر آئی ایم ایف کے کم سے کم 3 ماہ کے تناسب سے تھوڑا کم ہیں۔ تاہم، پاکستان مالی سال 2021 میں اپنے بیرونی قرضوں کی ضروریات کو پورا کرنے کے لئے آئی ایم ایف اور دیگر دو طرفہ شراکت داروں کی مالی اعانت پر انحصار کرے گا۔

پاکستان کو جون 2018 میں ایف اے ٹی ایف (فنانشل ایکشن ٹاسک فورس) کی گرے لسٹ پر رکھا گیا تھا۔ اکتوبر 2019 میں، ایف اے ٹی ایف نے پاکستان کو ایک اور توسیع دی، اور فروری 2020 تک گرے لسٹ کی حیثیت برقرار رکھی۔ اگرچہ اہم پیشرفت ہو چکی ہے، لیکن اب بھی کچھ نقائص موجود ہیں، جیسے منی لانڈرنگ سے نمٹنے اور دہشت گردی کی مالی اعانت کے خاتمے کے لئے باضابطہ فریم ورک موجود نہیں۔ اگست 2020 میں، ملک کی B3 درجہ بندی کو برقرار رکھتے ہوئے ریٹنگ ایجنسی موڈیز نے ملک کے آؤٹ لک کو 'زیر جائزہ برائے تنزلی' سے بڑھا کر 'مستحکم' کر دیا۔ مستحکم آؤٹ لک موڈیز کے اس نظریہ کی عکاسی کرتا ہے کہ کورونا وائرس کے نتیجے میں پاکستان کو دباؤ کا سامنا کرنا پڑا ہے اور کریڈٹ میٹرکس کے یہ امکانات موجودہ درجہ بندی کی سطح کے مطابق رہنے کا امکان ہے۔

سال کے دوران کے ایس ای-100 انڈیکس مستحکم رہا، کووڈ-19 پھیلنے کے بعد مارکیٹ میں وی (V) شکل کی بحالی دیکھنے میں آئی، جس نے سال کا آغاز 40,888 انڈیکس پوائنٹس پر اور اختتام 43,755 انڈیکس پوائنٹس پر کیا۔ توقع ہے کہ کے ایس ای-100 انڈیکس میں 2021 کے دوران کل 28% کا اضافہ ہو گا جبکہ دسمبر 2021 تک انڈیکس 52,000 پوائنٹس تک پہنچنے کا امکان ہے۔

REPORT OF SHARIAH BOARD TO THE BOARD OF DIRECTORS
FOR THE YEAR ENDED 31ST DECEMBER 2020

In the name of Allah, the Beneficent, the Merciful

By the grace of Almighty Allah, this was the 15th year of Islamic banking operation at Soneri Bank Limited. It is the vital responsibility of the Board of Directors and Executive Management to ensure compliance with the Shariah Guidelines. As a regulatory requirement the BOD is responsible to appoint a Shariah Board to oversee the entire Islamic Banking operation on behalf of them and issue an annual report on the overall Shariah Compliance environment within the Bank.

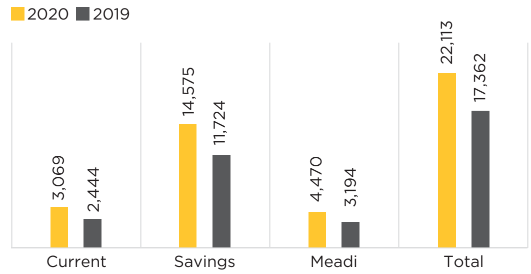
Based on the reviews carried out by Shariah Compliance Department and Shariah audit reports of internal and external auditors, we have examined on test check basis of each class of transaction to form the opinion.

The year 2020 had been a challenging year for the world specially emerging countries including Pakistan. The economy shrunk manifolds coupled with limited resources, the reliance on the banking services became all more important. Even though the pandemic had a worst effect on all business baring few, the life, economy and the bank must go on. Despite these challenges, the Bank held his head high and continue to sail forward with the vision of progress for Islamic Banking.

Deposit Composite:

It is encouraging to report that the Islamic Banking deposit has increased by 27.36% amounting to Rupees PKR 22.113 Bn, as compared to previous year. The composition of the deposit is dominated by savings accounts which stood at 66% of the total deposits. Furthermore, IBD has witnessed a positive increase of 26% in the current deposits. The same can be viewed as follows:

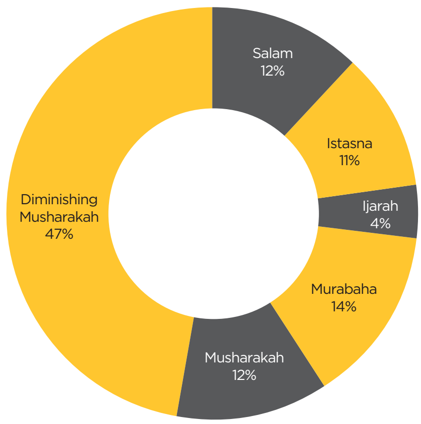
Deposit Composition



Asset Review:

The Shariah Compliance Department (SCD) reviewed and structured various transactions, processes to ensure Shariah compliance of the transactions. The asset portfolio slightly decreased by -2.11% and stood at PKR 9.03 Bn as compare to 2019. The main modes of financing used for the bank's Islamic financing consist of Diminishing Musharakah (47%), Murabaha (14%), Salam (12%), Running Musharakah (12%), Istisna (11%) and Ijarah (4%).

Concetration of Islamic Products



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

Product Developments:

During the year, Shariah Board approved new products using Musharakah mode for Mera Pakistan Mera Ghar, staff house finance, Ghar finance, low cost housing scheme and Islamic long term financing facility.

In addition to the above, the bank revamped the product program guidelines, manuals and relevant documents that pertain to existing asset products. Moreover, policies and various procedures of Islamic branches operations of the Bank were updated and adopted to ensure the Islamic Banking division remain compliant at all times.

Trainings of Islamic Banking Staff:

It is encouraging to note that the Bank's HR-Learning and Development together with SCD facilitation conducted various Islamic Banking trainings for majority of the employees in Islamic Banking Group. Despite of the limitation due to the Pandemic, Bank's HR-Learning and Development in liaison with SCD work around to ensure that the learning graph remains upward for Islamic Banking Staff.

Board of Directors, Shariah Board and Executives 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 concepts and best practices of Islamic Banking. 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.

Shariah Compliance and Audit:

During the year, Shariah Compliance department carried out Shariah Compliance reviews of branches and departments. The team reviewed process flows, legal agreements, policies, procedures, and marketing materials.

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 Advisory Committee (SAC).
iii. 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.
iv. During the year, an amount of Rupees five hundred forty-five thousand five hundred and three only (PKR 545,503/-) were collected as charity from various customers on account of delay in payments. Further, an income of Rupees One hundred sixty-two thousand four hundred ninety-seven only (PKR 162,497/-) has been transferred to the charity account on Shariah Board instructions due to the violation of Shariah guidelines. Total amount of Rupees Seven hundred and eight thousand only (PKR 708,000/-) was disbursed for charitable purposes as per the Charity Policy approved by the Shariah Board and Board of Directors.
v. Based on the Shariah Compliance review and Shariah Audit report, we are of the opinion that profit distribution was 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

We are pleased to report that Bank Management has finally acquired the Pool Management System (PMS) as this will enable the Bank to ensure efficient, effective and automized profit distribution to Investment Account holders and balance the pool of deposits on daily basis through system. We hope that the earliest implementation of the Pool Management system shall resolve all issues which requires automation.

Staff related Facilities:

We appreciate the Bank's management for continue efforts in resolving staff related issues such as Staff vehicle financing and Staff home financing for Islamic banking staff. We also expect the bank to convert conventional Provident Fund (PF) into Islamic for Islamic Banking staff at their earliest.

Capacity Building:

While we recognize the efforts of State Bank of Pakistan (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 Islamic Banking staffs should receive Islamic Banking training enabling them to effectively serve the customers in line with the regulatory and Shariah 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

"اللهم أرنا الحق حقا وارزقنا اتباعه وأرنا الباطل باطلا وارزقنا اجتنابه"

Mufti Ehsan Waquar Ahmad
Chairman Shariah Board

Mufti Muhammad Zahid
Resident Shariah Board Member

Mufti Bilal Ahmed Qazi
Shariah Board Member

Dated: 02 February 2021

اس کے ساتھ ساتھ بینک نے اپنی اشاعت جات سے متعلق موجودہ پراڈکٹس پروگرام کی ہدایات، دستورالعمل اور متعلقہ دستاویزات کو ازسرِ نو مرتب کیا۔ اس کے علاوہ اسلامک بینکنگ سے متعلق مختلف پالیسیوں اور عملی طریقہ کار کو ازسرِ نو مرتب اور اپنایا گیا تاکہ اس بات کو یقینی بنایا جا سکے کہ اسلامک بینکنگ ڈویژن کے تمام امور شریعت کے اصولوں کے مطابق ہیں۔

اسلامک بینکنگ اسٹاف کی ٹریننگ

یہ بات حوصلہ افزا ہے کہ بینک کے لرننگ اینڈ ڈیولپمنٹ ڈپارٹمنٹ نے شریعہ کمپلائنس ڈپارٹمنٹ کے ساتھ مل کر اسلامک بینکنگ کے اکثر اسٹاف کے لیے اسلامی بینکاری کی مختلف ٹریننگز کا انعقاد کرایا۔ وبائی صورتحال کے باوجود بینک کے لرننگ اینڈ ڈیولپمنٹ ڈپارٹمنٹ نے شریعہ کمپلائنس ڈپارٹمنٹ کے ساتھ مل کر اس بات کو یقینی بنانے کی کوشش کی کہ زیادہ سے زیادہ اسٹاف کو ٹریننگ کرائی جا سکے۔

بورڈ آف ڈائریکٹرز، شریعہ بورڈ اور اعلیٰ انتظامیہ (سینئر مینجمنٹ) کی ٹریننگ

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

شریعہ کمپلائنس اور آڈٹ

امسال شریعہ کمپلائنس ڈپارٹمنٹ نے مختلف برانچز اور ڈپارٹمنٹس کا شریعہ کمپلائنس ریویو کیا۔ شریعہ کمپلائنس ڈپارٹمنٹ نے مختلف معاملات کے عملی طریقہ کار، قانونی دستاویزات، پالیسی، طریقہ کار اور تشہیری مواد کا جائزہ بھی لیا۔

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 کمپلائنس سے متعلق احکامات، ریگولیشنز، ہدایات اور گائیڈ لائنز پر عمل پیرا ہے۔

(iii) بینک کے پاس شریعہ کمپلائنس ریویو اور انٹرنل شریعہ آڈٹ کی صورت میں ایک قابلِ اعتماد نظام موجود ہے جس کی بنیاد پر ممنوع یا غیر شرعی ذرائع سے حاصل ہونے والی آمدنی کی نشاندہی کی جاتی ہے۔

(iv) امسال مختلف کسٹمرز نے لیٹ پیمنٹ کی مد میں مبلغ پانچ لاکھ پینتالیس ہزار پانچ سو تین روپے (-/545503) بطور چیریٹی بینک کو دیے، مزید برآں شریعہ کے اصولوں کی خلاف ورزی کی وجہ سے مبلغ ایک لاکھ باسٹھ ہزار چار سو ستانوے روپے (-/162497) کی آمدنی کو شریعہ بورڈ کے حکم پر چیریٹی اکاؤنٹ میں منتقل کیا گیا۔ اس طرح کل سات لاکھ آٹھ سو روپے (-/708000) شریعہ بورڈ اور بورڈ آف ڈائریکٹرز کی منظور کردہ چیریٹی پالیسی کے مطابق خیراتی مقاصد میں خرچ کر دیے گئے۔

(v) شریعہ کمپلائنس 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 مینجمنٹ سسٹم کو آٹومیٹ کرنے کے بعد بینک پول مینجمنٹ کی ریگولیٹری ریکوائرمنٹ بھی پوری کرے گا۔

سفارشات:

پول مینجمنٹ سسٹم

یہ بات قابلِ مسرت ہے کہ بینک کی مینجمنٹ نے پول مینجمنٹ سسٹم خرید لیا ہے، جو بینک کو اس قابل بنائے گا کہ وہ انوسٹمنٹ اکاؤنٹ ہولڈرز کے درمیان مؤثر، خودکار اور بہترین طریقے سے نفع کی تقسیم اور روزانہ کی بنیاد پر پول کو بیلنس کر سکے۔ ہمیں امید ہے کہ پول مینجمنٹ سسٹم کے سوفٹ ویئر کو نافذ کرنے سے پول مینجمنٹ کے موجودہ مسائل حل ہو جائیں گے۔

اسٹاف سے متعلقہ سہولیات

ہم اسلامک بینکنگ اسٹاف کی سہولیات سے متعلق مسائل (مثلاً اسٹاف کار فائنانسنگ اور اسٹاف ہاؤس فائنانسنگ) حل کرنے پر بینک کی مینجمنٹ کو خراجِ تحسین پیش کرتے ہیں۔ ہمیں امید ہے کہ مینجمنٹ اسلامک اسٹاف کا پراویڈنٹ فنڈ کا مسئلہ بھی جلد ترجیحی بنیادوں پر حل کرے گی۔

صلاحیت سازی (کپیسٹی بلڈنگ)

ہم جہاں اسٹیٹ بینک کی ہدایات اور اس پر عمل درآمد کے لئے لرننگ اینڈ ڈیولپمنٹ ڈپارٹمنٹ کی صلاحیت سازی کی کاوشوں کو سراہتے ہیں، وہیں ہم یہ بھی تجویز کرتے ہیں کہ یہ کاوشیں 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 شریعت اور ریگولیٹری ہدایات کے مطابق مؤثر طریقے سے صارفین کی خدمت کر سکیں۔

بینک کے پاس اپنے مجموعی معاملات کو شریعت کے مطابق چلانے کا ایک مکمل نظام موجود ہے۔ اسلامی بینکاری کے بڑھتے ہوئے بزنس کے ساتھ ہمیں امید ہے کہ ہم شریعہ کمپلائنس ڈپارٹمنٹ کی افرادی قوت کو بڑھا کر اس نظام کو مزید بہتر کر سکتے ہیں۔

ہم دعا گو ہیں کہ اللہ تعالیٰ اسلامی بینکاری 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

"اللهم أرنا الحق حقا وارزقنا اتباعه وأرنا الباطل باطلا وارزقنا اجتنابه"

مفتی احسان وقار احمد
چیئرمین شریعہ بورڈ

مفتی بلال احمد قاضی
شریعہ بورڈ ممبر

مفتی محمد زاہد
ریزیڈنٹ شریعہ بورڈ ممبر

تاریخ: 2 فروری 2021

شریعہ بورڈ رپورٹ
برائے مالیاتی سال 2020

الحمدللہ یہ سونیری بینک کی اسلامی بینکاری کا پندرہواں سال تھا۔ بورڈ آف ڈائریکٹرز اور اعلیٰ انتظامیہ اس بات کے یقینی اور حتمی ذمہ دار ہیں کہ مستقیم اسلامک بینکنگ، سونیری بینک لمیٹڈ (جسے اس تحریر میں اب بینک کہا جائے گا) کے تمام معاملات ہمہ وقت شرعی اصولوں کے مطابق ہوں۔ ریگولیٹری ضرورت کے تحت بورڈ آف ڈائریکٹرز اس بات کے پابند ہیں کہ وہ ایک شریعہ بورڈ بنائے جو ان کی نیابت میں اسلامی بینکاری کے تمام امور کی نگرانی کرے اور بینک کے معاملات کے شریعہ کے مطابق ہونے کی مجموعی صورتحال پر رپورٹ پیش کرے۔

ہم نے اپنی رائے دینے کے لیے شریعہ کمپلائنس ڈپارٹمنٹ کے ریویوز، انٹرنل اور ایکسٹرنل شریعہ آڈٹ کی رپورٹس کو بنیاد بناتے ہوئے ٹیسٹ چیک بنیاد پر بینک کے ہر طرح کے معاملات کا جائزہ لیا۔

سال 2020 پوری دنیا، بالخصوص ابھرتے ہوئے ممالک بشمول پاکستان کے لئے ایک مشکل سال رہا۔ معیشت سکڑنے کے ساتھ ساتھ وسائل بھی محدود رہے اور بینکنگ خدمات پر انحصار اور زیادہ اہم ہوگیا۔ اگرچہ اس وبائی مرض کا گہرا منفی اثر تمام کاروباری اداروں پر پڑا لیکن زندگی، معیشت اور بینک کو تو آگے چلنا ہی ہے۔ پس ان مشکلات کے باوجود بینک نے اپنا عزم بلند رکھا اور اسلامی بینکاری کے لئے پیشرفت کے وژن کے ساتھ آگے بڑھنے کا سلسلہ جاری رکھا۔

ڈپازٹ کی صورتحال

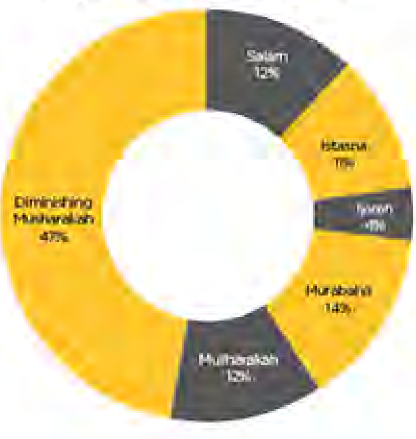
یہ بات حوصلہ افزاء ہے کہ اسلامک بینکنگ کا ڈپازٹ پچھلے سال کے مقابلے میں ستائیس اعشاریہ چھتیس فیصد (27.36%) اضافے کے ساتھ 22.113 بلین روپے رہا۔ ڈپازٹ کا بڑا حصہ سیونگ اکاؤنٹ پر مشتمل رہا، جس کی مقدار چھیاسٹھ فیصد (66%) رہی۔ مزید براں اسلامک بینکنگ ڈپارٹمنٹ نے کرنٹ اکاؤنٹ میں اکتالیس فیصد (26%) کا مثبت اضافہ کیا، جس کی جھلک مندرجہ ذیل چارٹ میں دیکھی جا سکتی ہے:

ڈپازٹس کی ترتیب

اثاثہ جات کا جائزہ

امسال شریعہ کمپلائنس 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 مقدار میں دو اعشاریہ گیارہ فیصد (2.11%) کی معمولی کمی رہی۔ عام طور پر بینک کے طرق تمویل شرکت متناقصہ (47%)، مرابحہ (14%)، سلم (12%)، رننگ مشارکہ (12%)، استصناع (11%)، اور اجارہ (4%) پر مشتمل رہے۔

اسلامک فنانسنگ اور متعلقہ اثاثہ جات



شریعہ کے کنٹرولز کو مضبوط کرنے کیلئے شریعہ کمپلائنس ڈپارٹمنٹ نے بڑھ چڑھ کر اپنا کردار ادا کیا اور اس سلسلے میں بزنس ٹیم کے ساتھ مل کر کسٹمرز کی ضروریات اور بزنس ماڈل کو سمجھ کر ان کی بہتر سے بہتر شرعی طریقہ تمویل کی طرف رہنمائی کی۔

پراڈکٹ ڈیولپمنٹ

امسال شریعہ بورڈ نے شرکت متناقصہ کی بنیاد پر بنائی گئی مختلف نئی پراڈکٹس جیسے میرا پاکستان میرا گھر، اسٹاف ہاؤس فائنانس، اسلامک گھر فائنانس، لو کاسٹ ہاؤسنگ سکیم اور آئی ایل ٹی ایف ایف کی منظوری دی۔

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

YEAR ENDED 31 DECEMBER 2020

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

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

Male	07
Female	01

2. The composition of Board is as follows:

Category	Names
Independent Directors**	Mr. Jamil Hassan Hamdani Ms. Navin Salim Merchant
Non-Executive Directors	Mr. Alauddin Feerasta Mr. Nooruddin Feerasta Mr. Ahmed A. Feerasta Mr. Muhammad Rashid Zahir Mr. Manzoor Ahmed (NIT Nominee)
Executive Directors*	Mr. Muhtashim Ahmad Ashai (President & Chief Executive Officer)
Female Directors	Ms. Navin Salim Merchant

* 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.

3. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including the Bank.

4. 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.

5. 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.

6. 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.

7. 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.

8. The Board of Directors has a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations.

9. The Board has arranged Directors' Training program for the following:

a) Directors' Training

Name of Directors	Category	Directors' Training Program
Mr. Jamil Hassan Hamdani	Independent Director	Certificate of Director Education conducted by Pakistan Institute of Corporate Governance ("PICG")
Mr. Manzoor Ahmed	Non-Executive Director	
Ms. Navin Salim Merchant	Independent Director	Directors' Training Program conducted by Institute of Business Administration ("IBA")

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. Amin A. Feerasta	Deputy CEO	Certificate of Director Education by PICG
Mr. Muhammad Altaf Butt	Company Secretary	Certificate in Company Direction (International) by Institute of Directors, UK

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. Jamil Hassan Hamdani	Chairman
Mr. Nooruddin Feerasta	Member
Mr. Muhammad Rashid Zahir	Member
Ms. Navin Salim Merchant	Member

b) Credit Committee of the Board

Names of Directors	Position
Mr. Nooruddin Feerasta	Chairman
Mr. Alauddin Feerasta	Member
Mr. Muhtashim Ahmad Ashai	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. Jamil Hassan Hamdani	Member
Ms. Navin Salim Merchant	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. Muhtashim Ahmad Ashai	Member
Mr. Jamil Hassan Hamdani	Member
Mr. Ahmed A. Feerasta	Member

e) Committee of Independent Directors of the Board

Names of Directors	Position
Mr. Jamil Hassan Hamdani	Chairman
Ms. Navin Salim Merchant	Member

f) IT Committee of the Board

Names of Directors	Position
Mr. Ahmed A. Feerasta	Chairman
Mr. Manzoor Ahmed	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, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied.

MUHTASHIM AHMAD ASHAI
President & Chief Executive Officer

ALAUDDIN FEERASTA
Chairman

Lahore: 17 February 2021

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

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 2020 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 2020.

Further, we highlight below instance of non-compliance with the requirements of the Regulations as reflected in the paragraph reference where it is 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: 01 March 2021

STATEMENT OF INTERNAL CONTROLS

YEAR ENDED 31 DECEMBER 2020

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, 2020.

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 Organizational 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 designed controls and developed 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 2020 and report will be submitted by Board Audit Committee to the State Bank of Pakistan during the year 2021.

MUHTASHIM AHMAD ASHAI
President & Chief Executive Officer
Lahore: 17 February 2021

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 Audit Committee:

1.	Mr. Jamil Hassan Hamdani	Chairman	(Independent Director)
2.	Mr. Nooruddin Feerasta	Member	(Non-Executive Director)
3.	Mr. Muhammad Rashid Zahir	Member	(Non-Executive Director)
4.	Ms. Navin Salim Merchant	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 & 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 the 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 the re-appointment of M/s KPMG Taseer Hadi & Co. Chartered Accountants, as statutory auditors of the Bank for the year ending 31 December 2021 for the 3rd 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 2020 in light of 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.

SHINING FOR A MILLION MORE

KEY FINANCIAL HIGHLIGHTS

Onwards and upwards is our mantra, when it comes to making our vision a reality. Since our inception, we have been gaining success across Pakistan with our ever-evolving financial solutions for our customers and showing transparency in transactions towards business.

TOTAL ASSETS
RS. 485.35
BILLION

SHAREHOLDERS' EQUITY
RS. 23.16
BILLION

CAPITAL ADEQUACY RATIO
16.97%

ADVANCES TO DEPOSIT RATIO
49.98%

TRADE VOLUMES
RS. 418.24
BILLION

DEPOSITS
RS. 345.50
BILLION

EARNINGS PER SHARE
RS. 2.18

NUMBER OF BRANCHES
340

PROFIT BEFORE TAXATION
RS. 4.03
BILLION

BREAK UP VALUE PER SHARE
RS. 21.00

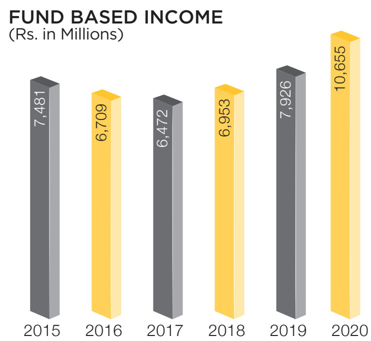
KEY PERFORMANCE INDICATORS

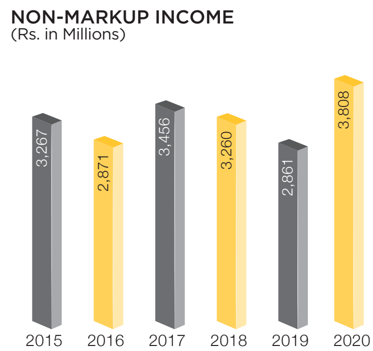
		2020	2019	Variance Compared to 2019	
				Amount	%
Financial					
Investments-Gross	Rs. In Millions	250,164	177,176	72,988	41%
Advances-Gross	"	172,693	212,516	(39,823)	-19%
Total Assets	"	485,345	442,541	42,804	10%
Deposits	"	345,499	302,083	43,416	14%
Shareholders' Equity / Net Assets	"	23,157	20,214	2,943	15%
Net Interest Income	"	10,655	7,926	2,729	34%
Non Interest Income	"	3,808	2,861	947	33%
Gross Income	"	14,463	10,787	3,676	34%
Profit Before Provisions	"	5,437	2,658	2,779	105%
Provisions / (Reversals) and write-offs - net	"	1,402	(589)	1,991	-338%
Profit Before Taxation	"	4,035	3,247	788	24%
Profit After Taxation	"	2,400	1,906	494	26%
Trade Volumes	"	418,242	431,293	(13,051)	-3%
Non Financial					
No. of customers	Absolute	533,083	514,546	18,537	4%
No. of new branches opened	"	32	14	18	129%
No. of branches closed	"	-	1	(1)	-100%
No. of new accounts opened	"	64,150	74,460	(10,310)	-14%
No. of debit cards issued	"	51,776	61,490	(9,714)	-15.80%
No. of permanent employees	"	3,097	3,026	71	2%
No. of virtual/mobile banking customers	"	35,090	31,024	4,066	13.16%
Key Financial Ratios					
Earnings Per Share	Rs.	2.18	1.73		
Book Value Per Share	"	21.00	18.33		
Share Price	"	9.95	9.85		
Market Capitalization	Rs. In Millions	10,970	10,859		
Price Earning Ratio	Times	4.57	5.70		
Return on Equity	%	11.07%	9.98%		
Return on Assets	%	0.52%	0.46%		
Gross Advances to deposits ratio	%	49.98%	70.35%		
Capital Adequacy Ratio	%	16.97%	15.79%		

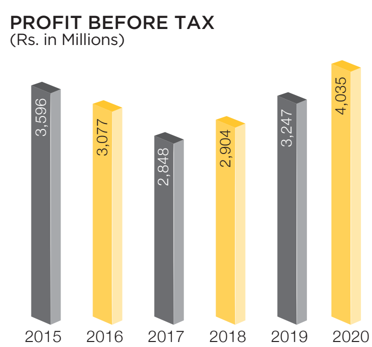
SIX YEARS'
FINANCIAL SUMMARY 2015-2020

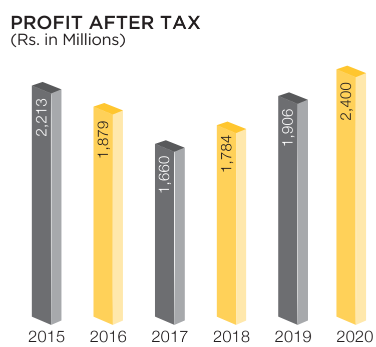
(Rs. In Millions)

	2020	2019	2018	2017	2016	2015
Profit & loss account						
Mark-up / Return / Interest Earned	42,228	38,790	21,600	18,504	17,524	18,320
Mark-up / Return / Non Interest Expensed	31,573	30,864	14,647	12,032	10,815	10,839
Fund based Income	10,655	7,926	6,953	6,472	6,709	7,481
Fee, Commission and exchange Income	2,812	3,016	2,694	2,016	1,711	1,926
Dividend Income and Capital Gain	953	(192)	519	1,399	1,131	1,284
Other income	43	37	47	41	29	57
Non Interest Income	3,808	2,861	3,260	3,456	2,871	3,267
Total Income	14,463	10,787	10,213	9,928	9,580	10,748
Non mark-up / interest expenses	9,026	8,129	7,380	7,003	6,454	6,098
Profit before tax and provisions	5,437	2,658	2,833	2,925	3,126	4,650
Provisions / (Reversals) and write-offs - net	1,402	(589)	(71)	78	49	1,054
Profit before tax	4,035	3,247	2,904	2,848	3,077	3,596
Profit after tax	2,400	1,906	1,784	1,660	1,879	2,213
Cash Dividend paid	-	1,102	1,102	827	1,378	1,378







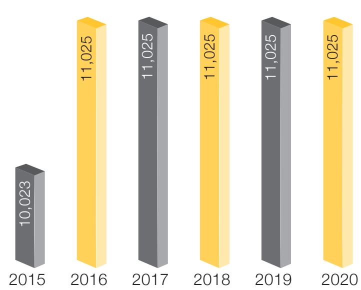


SIX YEARS'
FINANCIAL SUMMARY 2015-2020

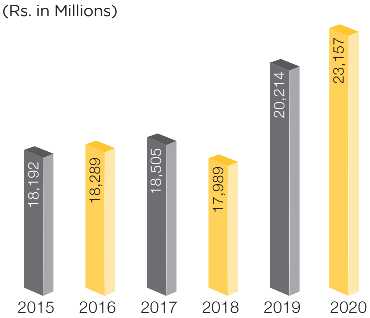
(Rs. In Millions)

	2020	2019	2018	2017	2016	2015
Statement of Financial Position						
Paid up Capital	11,025	11,025	11,025	11,025	11,025	10,023
Reserves	2,970	2,490	2,109	1,753	1,424	1,049
Surplus on revaluation of assets	3,471	1,894	543	2,095	2,393	2,856
Unappropriate Profit	5,691	4,805	4,312	3,632	3,447	4,264
Shareholders' Equity / Net Assets	23,157	20,214	17,989	18,505	18,289	18,192
Total Assets	485,345	442,541	382,498	325,219	281,805	255,655
Earning Assets	423,456	383,160	337,042	288,224	248,913	224,015
Gross Advances	172,693	212,516	194,831	172,772	133,753	120,617
Advances-Net of Provisions	164,545	204,901	186,475	164,293	125,306	112,002
Non-Performing Loans (NPLS)	10,785	10,903	11,357	10,245	10,419	11,584
Investments	249,956	177,056	146,646	117,429	117,884	108,846
Total Liabilities	462,188	422,327	364,509	306,714	263,516	237,463
Deposits and other accounts	345,499	302,083	262,379	227,304	209,894	184,847
Current and Saving deposits (CASA)	237,198	191,110	159,404	158,294	142,241	126,798
Borrowings	87,021	95,705	81,963	64,584	38,905	39,876
Interest bearing liabilities	347,743	330,739	285,135	231,438	199,807	184,209
Contingencies and Commitments	174,804	244,866	200,522	111,064	80,100	114,988

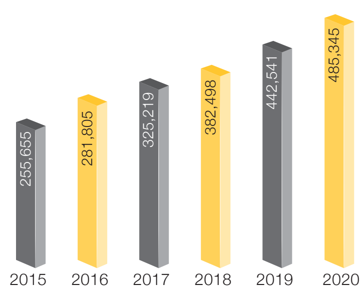
PAID UP CAPITAL
(Rs. in Millions)



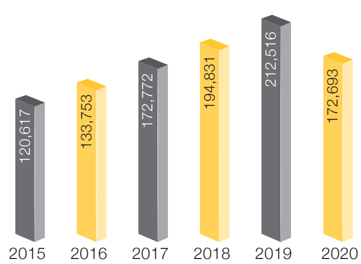
SHAREHOLDERS' EQUITY
(Rs. in Millions)



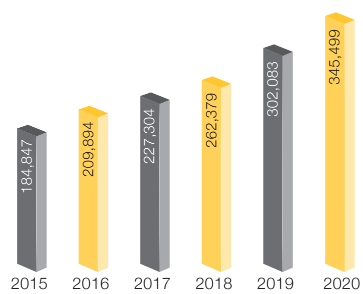
TOTAL ASSETS
(Rs. in Millions)



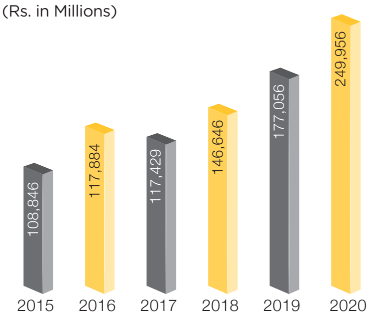
GROSS ADVANCES
(Rs. in Millions)



DEPOSITS
(Rs. in Millions)



INVESTMENTS
(Rs. in Millions)



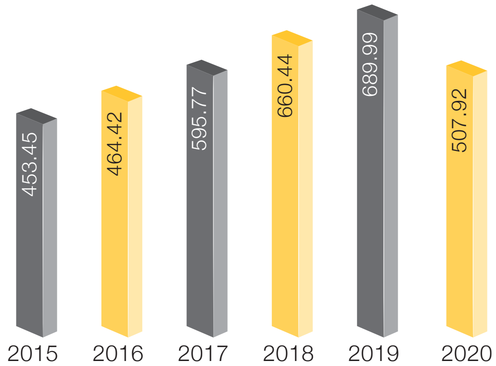
SIX YEARS'
FINANCIAL SUMMARY 2015-2020

		2020	2019	2018	2017	2016	2015
FINANCIAL RATIOS							
Profit before tax ratio (PBT/total income)	%	27.90%	30.09%	28.43%	28.68%	32.12%	33.46%
Gross Spread (NIM/Interest Income)	"	25.23%	20.43%	32.19%	34.98%	38.28%	40.84%
Non interest income to total income	"	26.33%	26.52%	31.92%	34.81%	29.97%	30.40%
Income /expense ratio (excluding provisions)	Times	1.60	1.33	1.38	1.42	1.48	1.76
Return on average equity (ROE) (including surplus)	%	11.07%	9.98%	9.78%	9.02%	10.30%	12.56%
Return on average assets (ROA)	"	0.52%	0.46%	0.50%	0.55%	0.70%	0.94%
Earning Per Share (EPS before tax)	Rs.	3.66	2.94	2.63	2.58	2.79	3.26
Earning Per Share (EPS after tax)	Rs.	2.18	1.73	1.62	1.51	1.70	2.01
Gross Advances to deposit ratio	%	49.98%	70.35%	74.26%	76.01%	63.72%	65.25%
Net Advances to deposit ratio	"	47.63%	67.83%	71.07%	72.28%	59.70%	60.59%
Break up value per share (net assets based)	Rs.	21.00	18.33	16.32	16.78	16.59	18.15
Earning Assets to total assets	%	87.25%	86.58%	88.12%	88.62%	88.33%	87.62%
Earning assets to interest bearing liabilities	Times	1.22	1.16	1.18	1.25	1.25	1.22
Weighted average cost of deposits	%	5.21%	9.37%	6.12%	3.78%	3.47%	4.42%
CASA to total deposits	"	68.65%	63.26%	60.75%	69.64%	67.77%	68.60%
NPLs to total advances ratio	"	6.25%	5.13%	5.83%	5.93%	7.79%	9.60%
Coverage ratio (Specific Provisions/NPLs)	"	70.22%	69.46%	73.21%	82.39%	80.58%	73.97%
Assets to Equity	Times	20.96	21.89	21.26	17.57	15.41	14.05
Total assets per share	Times	440.22	401.40	346.94	294.98	255.61	255.07
Deposits to shareholders' equity	Times	14.92	14.94	14.58	12.28	11.48	10.16
Risk Adequacy							
Tier I Capital	Rs.in Millions	22,845	21,152	18,442	15,963	15,329	15,032
Risk Weighted Assets (RWA)	"	161,785	157,799	159,389	161,971	141,609	128,905
Tier I to RWA	%	14.12%	13.40%	11.57%	9.86%	10.82%	11.66%
Capital Adequacy Ratio	"	16.97%	15.79%	14.70%	12.77%	14.12%	15.39%
Net Return on Average RWA	"	1.50%	1.20%	1.11%	1.09%	1.39%	1.75%
Stock Dividend -%							
Cash dividend per share	%	12.50%*	10%	10%	7.50%	12.50%	12.50%
Share Information							
Market Value per share-31 Dec	Rs.	9.95	9.85	12.67	13.40	17.65	15.13
- High during the year	"	13.80	13.24	14.40	19.20	17.9	15.35
- Low during the year	"	7.76	9.01	11.76	12.25	12.76	10.06
Market Capitalization	Rs.in Millions	10,970	10,859	13,968	14,773	19,458	16,680
Price to book value (net assets based)	Rs.	0.47	0.54	0.78	0.80	1.06	0.83
Price to Earning Ratio	Times	4.57	5.70	7.83	8.90	10.36	7.54
Industry Share							
Deposits	%	1.93%	2.06%	1.86%	1.84%	1.78%	1.99%
Advances	"	1.94%	2.51%	2.36%	2.65%	2.40%	2.52%
Non Financial Information							
No of branches	Absolute	340	308	295	290	288	266
No of permanent employees	"	3,097	3,026	2,823	2,847	2,715	2,715
ATMs	"	338	323	316	313	306	274

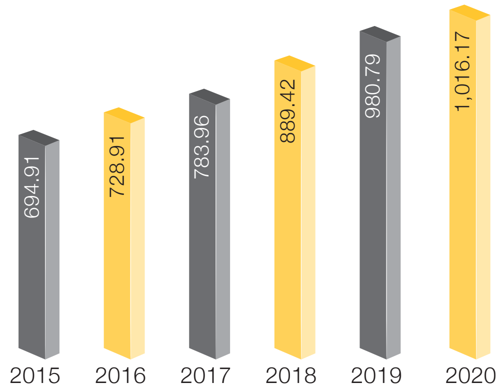
* Subject to shareholders' approval in the forthcoming AGM

PER BRANCH PERFORMANCE

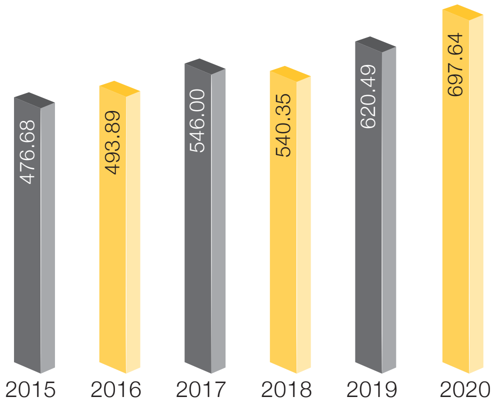
GROSS ADVANCES
(Rs. in Millions)



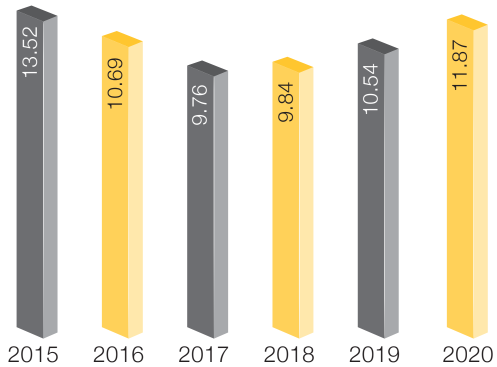
DEPOSITS
(Rs. in Millions)



CASA
(Rs. in Millions)

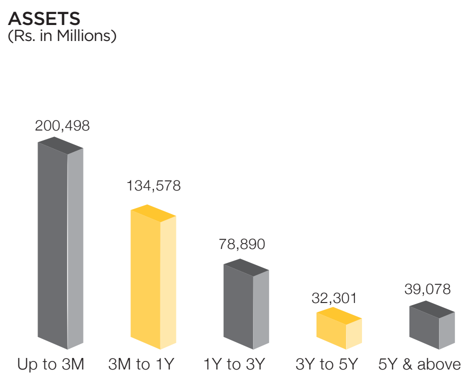


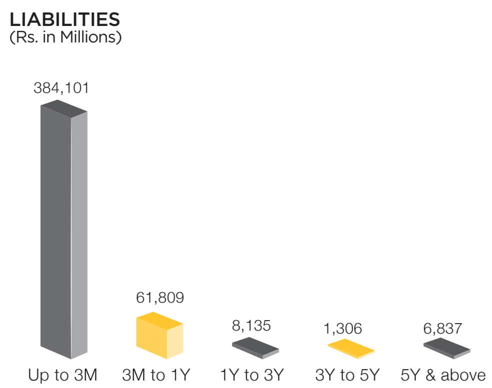
PROFIT BEFORE TAX
(Rs. in Millions)



MATURITIES OF ASSETS AND LIABILITIES
31 DECEMBER 2020 (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	29,964	29,964	-	-	-	-
Balances with other banks	4,268	4,268	-	-	-	-
Lending to financial institutions	8,956	5,009	3,947	-	-	-
Investments - net	249,956	58,835	109,001	53,804	18,049	10,267
Advances - net	164,545	89,570	18,756	22,855	12,779	20,585
Fixed assets	11,911	281	1,072	1,999	1,457	7,102
Intangible assets	408	45	133	226	4	-
Other assets - net	15,337	12,526	1,669	6	12	1,124
	485,345	200,498	134,578	78,890	32,301	39,078
Liabilities						
Bills payable	6,708	6,708	-	-	-	-
Borrowings	87,020	55,826	26,442	2,780	100	1,872
Deposits and other accounts	345,499	311,251	32,533	1,316	399	-
Subordinated loans	6,994	1	1	2,992	-	4,000
Deferred tax liabilities - net	1,533	-	1,533	-	-	-
Other liabilities	14,434	10,315	1,300	1,047	807	965
	462,188	384,101	61,809	8,135	1,306	6,837



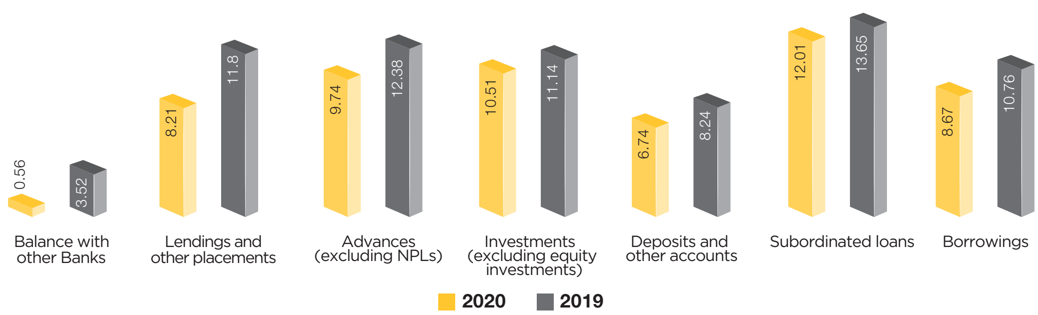


KEY INTEREST BEARING ASSETS AND LIABILITIES

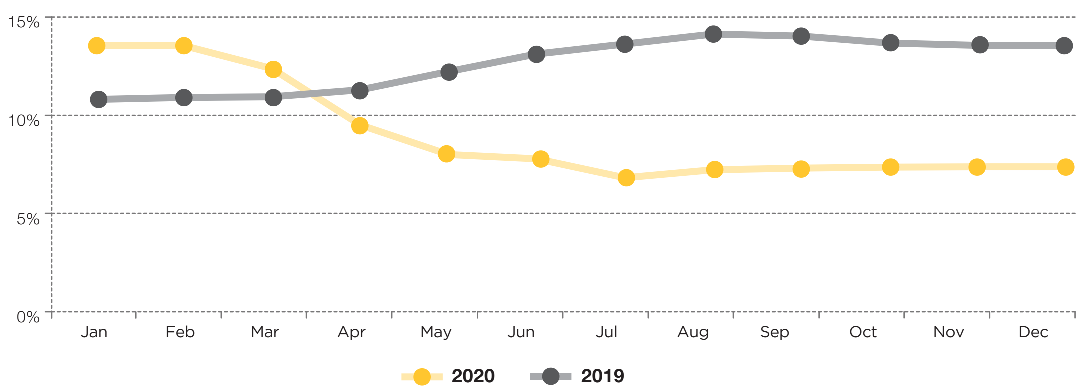
	2020			2019		
	Avg. Vol. (Rs. in Millions)	Effective Interest Rate %	Interest (Rs. in Millions)	Avg. Vol. (Rs. in Millions)	Effective Interest Rate %	Interest (Rs. in Millions)
Interest Bearing Assets						
Balance with other Banks	1,613	0.56	9	1,732	3.52	61
Lendings and other placements	3,727	8.21	306	4,820	11.80	569
Advances (excluding NPLs)	193,261	9.74	18,826	192,213	12.38	23,794
Investments (excluding equity investments)	219,598	10.51	23,087	128,956	11.14	14,366
Interest Bearing Liabilities						
Deposits and other accounts	313,044	6.74	21,104	272,503	8.24	22,463
Subordinated loans	6,994	12.01	840	6,995	13.65	955
Borrowings*	106,752	8.67	9,256	66,658	10.76	7,174

*** Includes FCY swap cost**

EFFECTIVE INTEREST RATE ON ASSETS AND LIABILITIES



KIBOR-6 MONTHS (AVERAGE)

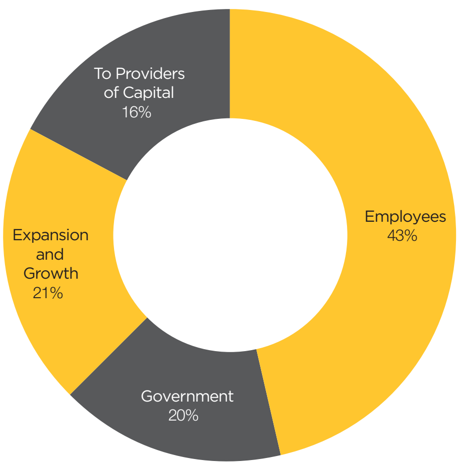


STATEMENT OF VALUE ADDITION

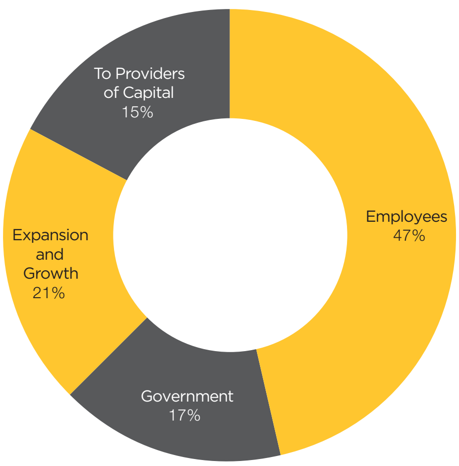
	2020		2019	
	(Rs. in Millions)	%	(Rs. in Millions)	%
Value added				
Net Interest Income	10,655		7,926	
Non interest income	3,808		2,861	
Non-markup expenses excluding staff costs, depreciation, amortization,donation and WWF	(4,459)		(4,250)	
(Provision) / Reversal and write off against advances, investments & others	(1,402)		589	
Value added available for distribution	8,602		7,126	
To employees				
-Salaries, allowances and other benefits	3,697	43%	3,313	47%
To Government				
-Income tax	1,635	19%	1,341	19%
-Worker Welfare fund	86	1%	(121)	-2%
To providers of capital				
-Cash Dividends	1,378*	16%	1,102	15%
To Society				
-Donations	44	0%	16	0%
To expansion and growth				
- Depreciation on Fixed Assets	574	7%	534	8%
- Amortization	166	2%	137	2%
-Retained in business	1,022	12%	804	11%
	8,602	100%	7,126	100%

* Subject to shareholders' approval in the fifthcoming AGM

2020



2019



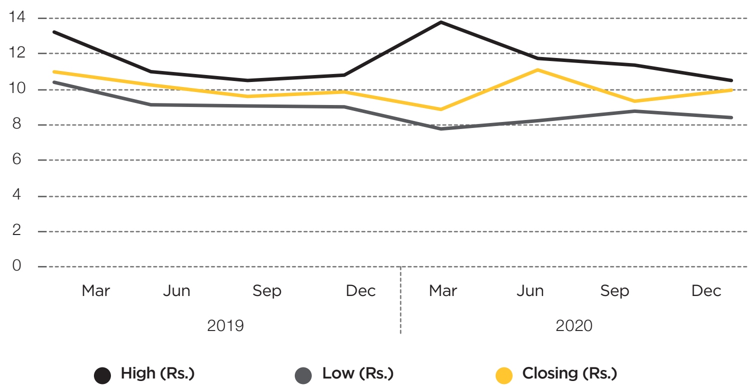
QUARTERLY PERFORMANCE
2020 & 2019

Profit & Loss Account	2020 4th Quarter	2020 3rd Quarter	2020 2nd Quarter	2020 1st Quarter	2019 4th Quarter	2019 3rd Quarter	2019 2nd Quarter	2019 1st Quarter
Interest / Return / Non Interest Income								
Mark-up / Return / Interest Earned	8,773	10,067	11,563	11,825	11,803	11,532	7,960	7,495
Mark-up / Return / Interest Expensed	(6,258)	(7,281)	(8,317)	(9,717)	(9,845)	(9,460)	(6,060)	(5,499)
Net Mark-up Interest Income	2,515	2,786	3,246	2,108	1,958	2,072	1,900	1,996
Non-mark-up / interest income	880	866	894	1,168	1,139	629	427	665
Non-mark-up / interest expenses	(2,351)	(2,219)	(2,197)	(2,259)	(2,012)	(2,094)	(1,933)	(2,090)
Provisions and write offs	(102)	(271)	(696)	(333)	95	(174)	91	577
Profit before taxation	942	1,162	1,247	684	1,180	433	485	1,148
Taxation	(353)	(480)	(525)	(277)	(485)	(197)	(201)	(457)
Profit after taxation	**589**	**682**	**722**	**407**	**695**	**236**	**284**	**691**
Statement of Financial Position								
Assets								
Cash and balances with treasury	29,964	31,893	29,543	28,011	33,961	24,528	30,106	22,835
Balances with other banks	4,268	1,660	1,198	1,959	2,075	1,693	2,241	2,145
Lending to financial institutions	8,956	11,328	2,216	2,014	1,202	4,503	101	5,826
Investment-net	249,956	229,875	224,817	184,732	177,056	210,957	107,692	84,818
Advances-net	164,545	187,243	198,542	196,785	204,901	199,275	200,557	190,371
Fixed assets	11,911	9,376	9,383	8,277	8,329	8,259	8,284	6,332
Intangible assets	408	436	457	449	467	377	408	439
Other assets	15,337	15,070	15,953	14,497	14,550	14,753	15,972	13,774
Total Assets	**485,345**	**486,881**	**482,109**	**436,724**	**442,541**	**464,345**	**365,361**	**326,540**
Liabilities								
Bills payable	6,708	5,420	5,197	4,662	3,961	3,521	4,281	3,844
Borrowings	87,020	105,009	105,638	85,863	95,705	142,792	36,114	27,480
Deposits and other accounts	345,499	330,650	323,454	301,643	302,083	280,563	287,771	258,791
Subordinated loans	6,994	6,994	6,995	6,995	6,995	6,995	6,995	6,996
Deferred tax liabilities -net	1,533	1,454	2,299	1,438	951	348	74	181
Other liabilities	14,434	15,457	15,727	15,673	12,632	11,562	12,315	11,473
Total Liabilities	**462,188**	**464,984**	**459,310**	**416,274**	**422,327**	**445,781**	**347,550**	**308,765**
Equity								
Share Capital	11,025	11,025	11,025	11,025	11,025	11,025	11,025	11,025
Reserves	2,970	2,853	2,716	2,572	2,490	2,351	2,304	2,253
Un-appropriated profit	5,691	5,199	4,637	4,044	4,805	954	452	688
Surplus on revaluation of assets	3,471	2,820	4,421	2,809	1,894	4,234	4,030	3,809
Total Equity	**23,157**	**21,897**	**22,799**	**20,450**	**20,214**	**18,564**	**17,811**	**17,775**

MARKET STATISTICS OF SNBL SHARES

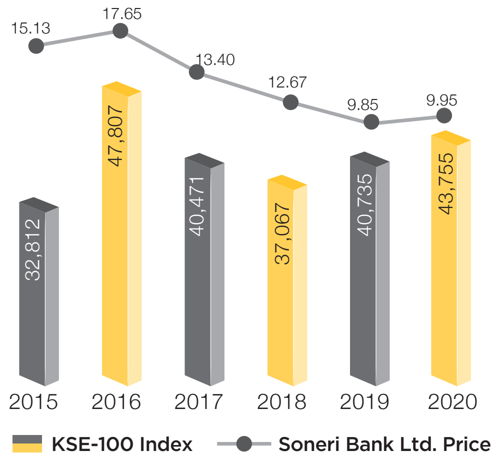
Year	Market Share Price Trend			
	Quarter end	High (Rs.)	Low (Rs.)	Closing (Rs.)
2019	March	13.24	10.40	10.99
	June	11.00	9.12	10.25
	September	10.50	9.06	9.60
	December	10.80	9.01	9.85
2020	March	13.80	7.76	8.86
	June	11.75	8.22	11.10
	September	11.37	8.76	9.33
	December	10.50	8.40	9.95

Market Share Price Trend



Historical Trend vs KSE Index

(2015-2020)



Year ended	2015	2016	2017	2018	2019	2020
Share Price (Rs.)	15.13	17.65	13.40	12.67	9.85	9.95
KSE-100TM Index	32,812	47,807	40,471	37,067	40,735	43,755

SIX YEARS' VERTICAL ANALYSIS

STATEMENT OF FINANCIAL POSITION / PROFIT & LOSS

	2020		2019		2018		2017		2016		2015	
Statement of Financial Position	**Rs. in Mln**	**%**	**Rs. in Mln**	**%**	**Rs. in Mln**	**%**	**Rs. in Mln**	**%**	**Rs. in Mln**	**%**	**Rs. in Mln**	**%**
Assets												
Cash and balances with treasury banks	29,964	6%	33,961	8%	26,020	7%	19,431	6%	18,279	6%	16,718	7%
Balances with other banks	4,268	1%	2,075	0%	1,180	0%	1,151	0%	823	0%	1,635	1%
Lending to financial institutions	8,956	2%	1,202	0%	3,921	1%	6,503	2%	5,522	2%	3,094	1%
Investment-net	249,956	52%	177,056	41%	146,646	38%	117,429	36%	117,884	43%	108,846	42%
Advances-net	164,545	34%	204,901	46%	186,475	49%	164,293	51%	125,306	44%	112,002	44%
Fixed assets	11,911	2%	8,329	2%	6,239	2%	6,464	2%	4,936	2%	4,884	2%
Intangible assets	408	0%	467	0%	454	0%	117	0%	202	0%	73	0%
Deferred tax assets-net	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	15,337	3%	14,550	3%	11,563	3%	9,831	3%	8,853	3%	8,403	3%
Total Assets	**485,345**	**100%**	**442,541**	**100%**	**382,498**	**100%**	**325,219**	**100%**	**281,805**	**100%**	**255,655**	**100%**
Liabilities and Equity												
Bills payable	6,708	1%	3,961	1%	3,994	1%	4,895	2%	4,164	1%	3,077	1%
Borrowings	87,020	18%	95,705	22%	81,963	21%	64,584	20%	38,905	15%	39,876	16%
Deposits and other accounts	345,499	71%	302,083	67%	262,379	69%	227,304	69%	209,894	75%	184,847	72%
Subordinated debt	6,994	1%	6,995	2%	6,996	2%	2,998	1%	2,999	1%	3,000	1%
Deferred tax liabilities-net	1,533	0%	951	0%	120	0%	936	0%	1,138	0%	1,417	1%
Other liabilities	14,434	3%	12,632	3%	9,057	2%	5,997	2%	6,416	2%	5,246	2%
Total Liabilities	**462,188**	**95%**	**422,327**	**95%**	**364,509**	**95%**	**306,714**	**94%**	**263,516**	**94%**	**237,463**	**93%**
Net Assets	**23,157**	**5%**	**20,214**	**5%**	**17,989**	**5%**	**18,505**	**6%**	**18,289**	**6%**	**18,192**	**7%**
Represented by												
Share Capital - net of discount	11,025	2%	11,025	2%	11,025	3%	11,025	3%	11,025	4%	10,023	4%
Reserves	2,970	1%	2,490	1%	2,109	1%	1,753	1%	1,424	0%	1,049	0%
Surplus on revaluation of assets	3,471	1%	1,894	0%	543	0%	2,095	1%	2,393	1%	2,856	1%
Un-appropriated profit	5,691	1%	4,805	2%	4,312	1%	3,632	1%	3,447	1%	4,264	2%
	23,157	**5%**	**20,214**	**5%**	**17,989**	**5%**	**18,505**	**6%**	**18,289**	**6%**	**18,192**	**7%**
Profit & Loss Account												
Interest / Return / Non Interest Income												
Mark-up / Return / Interest Earned	42,228	92%	38,790	93%	21,600	87%	18,504	84%	17,524	86%	18,320	85%
Fee, Commission and Exchange income	2,812	6%	3,015	7%	2,694	11%	2,016	10%	1,711	8%	1,926	9%
Capital Gain and Dividend Income	953	2%	(192)	0%	519	2%	1,399	6%	1,131	6%	1,284	6%
Other income	43	0%	37	0%	47	0%	41	0%	29	0%	57	0%
Total Income	**46,036**	**100%**	**41,650**	**100%**	**24,860**	**100%**	**21,960**	**100%**	**20,395**	**100%**	**21,587**	**100%**
Mark-up / Return / Non Interest Expense												
Mark-up / Return / Non Interest Expensed	31,573	69%	30,864	74%	14,647	59%	12,032	55%	10,815	53%	10,839	50%
Non mark-up / interest expenses	9,026	20%	8,129	19%	7,380	29%	7,003	32%	6,454	32%	6,098	29%
Provisions / (Reversals) and write-offs - net	1,402	3%	(589)	-1%	(71)	0%	78	0%	49	0%	1,054	5%
Taxation	1,635	4%	1,340	3%	1,120	5%	1,187	5%	1,198	6%	1,383	6%
Total Expenses	**43,636**	**95%**	**39,744**	**95%**	**23,076**	**93%**	**20,300**	**92%**	**18,516**	**91%**	**19,374**	**90%**
Profit after taxation	**2,400**	**5%**	**1,906**	**5%**	**1,784**	**7%**	**1,660**	**8%**	**1,879**	**9%**	**2,213**	**10%**

SIX YEARS' HORIZONTAL ANALYSIS

STATEMENT OF FINANCIAL POSITION / PROFIT & LOSS

	2020	2020 vs 2019	2019	2019 vs 2018	2018	2018 vs 2017	2017	2017 vs 2016	2016	2016 vs 2015	2015	2015 vs 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	29,964	-12%	33,961	31%	26,020	34%	19,431	6%	18,279	9%	16,718	6%
Balances with other banks	4,268	106%	2,075	76%	1,180	3%	1,151	40%	823	-50%	1,635	184%
Lending to financial institutions	8,956	645%	1,202	-69%	3,921	-40%	6,503	18%	5,522	78%	3,094	412%
Investment-net	249,956	41%	177,056	21%	146,646	25%	117,429	0%	117,884	8%	108,846	44%
Advances-net	164,545	-20%	204,901	10%	186,475	14%	164,293	31%	125,306	12%	112,002	4%
Fixed assets	11,911	43%	8,329	33%	6,239	-3%	6,464	31%	4,936	0%	4,884	-1%
Intangible assets	408	-13%	467	3%	454	288%	117	-42%	202	177%	73	20%
Deferred tax assets-net	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	15,337	5%	14,550	26%	11,563	18%	9,831	11%	8,853	5%	8,403	-22%
Total Assets	**485,345**	**10%**	**442,541**	**16%**	**382,498**	**18%**	**325,219**	**15%**	**281,805**	**10%**	**255,655**	**18%**
Liabilities and Equity												
Bills payable	6,708	69%	3,961	-1%	3,994	-18%	4,895	18%	4,164	35%	3,077	0%
Borrowings	87,020	-9%	95,705	17%	81,963	27%	64,584	66%	38,905	-2%	39,876	54%
Deposits and other accounts	345,499	14%	302,083	15%	262,379	15%	227,304	8%	209,894	14%	184,847	13%
Subordinated debt	6,994	0%	6,995	0%	6,996	133%	2,998	0%	2,999	0%	3,000	0%
Deferred tax liabilities-net	1,533	61%	951	693%	120	-87%	936	-18%	1,138	-20%	1,417	0%
Other liabilities	14,434	14%	12,632	39%	9,057	51%	5,997	-7%	6,416	22%	5,246	-15%
Total Liabilities	**462,188**	**9%**	**422,327**	**16%**	**364,509**	**19%**	**306,714**	**16%**	**263,516**	**11%**	**237,463**	**19%**
Share Capital	11,025	0%	11,025	0%	11,025	0%	11,025	0%	11,025	10%	10,023	0%
Reserves	2,970	19%	2,490	18%	2,109	20%	1,753	23%	1,424	36%	1,049	12%
Surplus on revaluation of assets	3,471	83%	1,894	249%	543	-74%	2,095	-12%	2,393	-16%	2,856	-3%
Un-appropriated profit	5,691	18%	4,805	11%	4,312	19%	3,632	5%	3,447	-19%	4,264	35%
Total Equity	**23,157**	**15%**	**20,214**	**12%**	**17,989**	**-3%**	**18,505**	**1%**	**18,289**	**1%**	**18,192**	**7%**
Profit & Loss Account												
Mark-up / Return / Interest Earned	42,228	9%	38,790	80%	21,600	17%	18,504	6%	17,524	-4%	18,320	8%
Fee, Commission and Exchange income	2,812	-7%	3,015	12%	2,694	34%	2,016	18%	1,711	-11%	1,926	-3%
Capital Gain and Dividend Income	953	-596%	(192)	-137%	519	-63%	1,399	24%	1,131	-12%	1,284	140%
Other income	43	16%	37	-21%	47	15%	41	41%	29	-49%	57	63%
Total Income	**46,036**	**11%**	**41,650**	**68%**	**24,860**	**13%**	**21,960**	**8%**	**20,395**	**-6%**	**21,587**	**11%**
Mark-up / Return / Non Interest Expense												
Mark-up / Return / Non Interest Expensed	31,573	2%	30,864	111%	14,647	22%	12,032	11%	10,815	0%	10,839	2%
Non mark-up / interest expenses	9,026	11%	8,129	10%	7,380	5%	7,003	9%	6,454	6%	6,098	6%
Provisions / (Reversals) and write-offs - net	1,402	-338%	(589)	730%	(71)	-191%	78	59%	49	-95%	1,054	75%
Taxation	1,635	22%	1,340	20%	1,120	-6%	1,187	-1%	1,198	-13%	1,383	61%
Total Expenses	**43,636**	**10%**	**39,744**	**72%**	**23,076**	**14%**	**20,300**	**10%**	**18,516**	**-4%**	**19,374**	**8%**
Profit after taxation	**2,400**	**26%**	**1,906**	**7%**	**1,784**	**7%**	**1,660**	**-12%**	**1,879**	**-15%**	**2,213**	**40%**

CASH FLOW STATEMENT
DIRECT METHOD

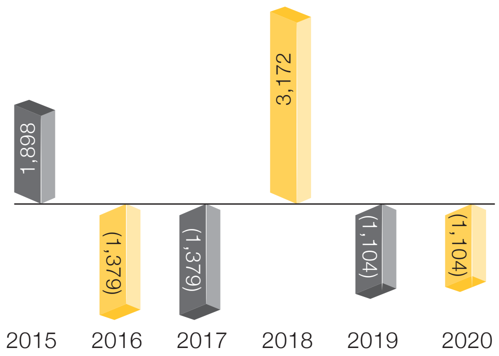
	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES	----------(Rupees in '000)----------	
Markup / return / interest and commission receipts	47,413,644	38,569,878
Markup / return / interest payments	(32,987,280)	(28,731,345)
Cash payments to employees, suppliers and others	(8,219,176)	(7,465,521)
	6,207,188	2,373,012
(Increase) / decrease in operating assets		
Lendings to financial institutions	(7,753,843)	2,719,027
Held-for-trading securities	3,834,066	1,468,016
Advances - net	39,563,246	(17,869,821)
Others assets - (excluding advance taxation)	(1,813,766)	78,828
	33,829,703	(13,603,950)
Increase / (decrease) in operating liabilities		
Bills payable	2,746,624	(32,568)
Borrowings	(8,644,271)	13,940,843
Deposits and other accounts	43,415,783	39,704,224
Other liabilities	2,704,133	(863,313)
	40,222,269	52,749,186
	80,259,160	41,518,248
Income tax paid	(1,673,729)	(1,092,471)
Net cash flow generated from operating activities	78,585,431	40,425,777
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in securities	(76,003,892)	(29,807,564)
Dividend received	127,910	339,921
Investment in operating fixed assets (including intangible assets)	(3,390,910)	(848,746)
Proceeds from disposal of fixed assets	21,599	29,476
Net cash flow used in investing activities	(79,245,293)	(30,286,913)
CASH FLOW FROM FINANCING ACTIVITIES		
Receipts / payments of subordinated debt	(1,200)	(1,200)
Dividend paid	(1,102,463)	(1,102,463)
Net cash flow used in financing activities	(1,103,663)	(1,103,663)
(Decrease) / Increase in cash and cash equivalents	(1,763,525)	9,035,201
Cash and cash equivalents at the beginning of the period	35,946,694	26,911,493
Cash and cash equivalents at the end of the period	34,183,169	35,946,694
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
Cash and balances with treasury banks	29,963,954	33,961,308
Balances with other banks	4,219,215	1,985,386
	34,183,169	35,946,694

CASH FLOW STATEMENT
INDIRECT METHOD

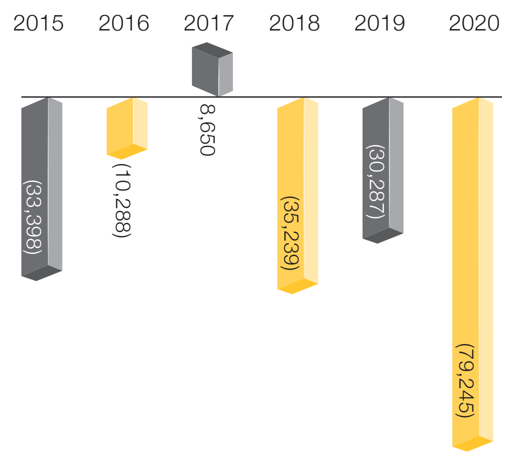
(Rupees in Million)

INDIRECT METHOD - SUMMARY	2020	2019	2018	2017	2016	2015
Cash flow from financing activities	(1,104)	(1,104)	3,172	(1,379)	(1,379)	1,898
Cash flow from investing activities	(79,245)	(30,287)	(35,239)	8,650	(10,288)	(33,398)
Cash flow from operating activities	78,586	40,426	38,673	(5,930)	12,284	33,745
Cash and cash equivalent at the beginning of the year	35,946	26,911	20,305	18,964	18,347	16,102
Cash and cash equivalent at the end of the year	34,183	35,946	26,911	20,305	18,964	18,347

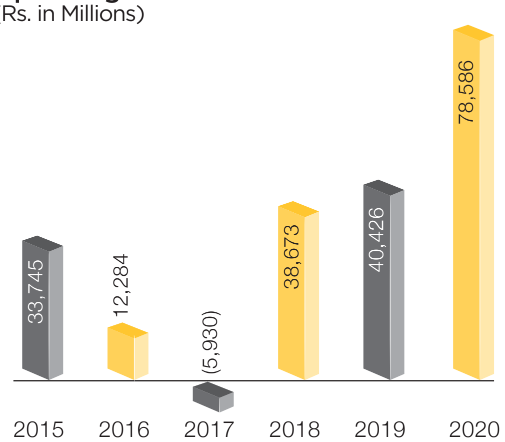
Financing Activities
(Rs. in Millions)



Investing Activities
(Rs. in Millions)



Operating Activities
(Rs. in Millions)



DRAFTED WITH FORESIGHT
FINANCIAL STATEMENTS

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

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 2020, 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 2020 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:

S.No.	Key Audit Matters	How the matter was addressed in our audit
1	**Provision against advances** (Refer note 9.3 to the financial statements)	
	The Bank makes provision against advances on a time based criteria that involves ensuring all non-performing 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). 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. The PRs also require the creation of general provision for the consumer portfolio. The Bank has recognized a net provision against advances amounting to Rs. 673.49 million in the profit and loss account in the current year. As at 31 December 2020, the Bank holds a provision of Rs 8,148.12 million against advances. 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.	Our audit procedures to verify provision against advances, amongst others, included the following: • Assessed 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. The testing of controls included testing of: • 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. • 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:

S.No.	Key Audit Matters	How the matter was addressed in our audit
		• verified repayments of loan / mark-up 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. • Analysed the accuracy of specific provision made against non-performing 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)	
	The carrying value of investments held by the Bank amounted to Rs. 249,955.67 million, which constitutes 51.5% of the Bank's total assets as at 31 December 2020 . 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. Provision against investments is made based on impairment policy of the Bank which includes both objective and subjective factors. 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.	Our audit procedures to verify valuation of investments, amongst others, included the following: • Assessed the design and tested operating effectiveness of the relevant controls in place relating to valuation of investments; • Assessed 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 2020 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.

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:

    a) 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;
    b) the statement of financial position, the profit and loss account, the statement of changes in equity and 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;
    c) 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
    d) 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.

The engagement partner on the audit resulting in this independent auditors' report is **Muhammad Taufiq**.

KPMG Taseer Hadi & Co.
Chartered Accountants
Karachi: 01 March 2021

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020	2019
		----------(Rupees in '000)----------	
ASSETS			
Cash and balances with treasury banks	5	29,963,954	33,961,308
Balances with other banks	6	4,268,063	2,074,533
Lendings to financial institutions	7	8,956,086	1,202,243
Investments	8	249,955,671	177,056,116
Advances	9	164,544,519	204,901,313
Fixed assets	10	11,910,925	8,328,905
Intangible assets	11	408,274	466,686
Deferred tax assets		-	-
Other assets	12	15,337,731	14,549,678
		485,345,223	442,540,782
LIABILITIES			
Bills payable	14	6,707,581	3,960,957
Borrowings	15	87,020,539	95,705,109
Deposits and other accounts	16	345,498,768	302,082,985
Liabilities against assets subject to finance lease		-	-
Subordinated debt	17	6,994,000	6,995,200
Deferred tax liabilities - net	18	1,533,265	951,459
Other liabilities	19	14,434,032	12,631,477
		462,188,185	422,327,187
NET ASSETS		23,157,038	20,213,595
REPRESENTED BY			
Share capital	20	11,024,636	11,024,636
Reserves		2,970,486	2,490,432
Surplus on revaluation of assets	21	3,471,003	1,893,455
Unappropriated profit		5,690,913	4,805,072
		23,157,038	20,213,595
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	Muhtashim Ahmad Ashai	Mirza Zafar Baig	Muhammad Rashid Zahir	Jamil Hassan Hamdani
Chairman	President & Chief Executive Officer	Chief Financial Officer	Director	Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020	2019
		----------(Rupees in '000)----------	
Mark-up / return / interest earned	23	42,228,185	38,790,413
Mark-up / return / interest expensed	24	31,572,929	30,864,247
Net mark-up / interest income		10,655,256	7,926,166
Non mark-up / interest income			
Fee and commission income	25	1,774,841	1,874,447
Dividend income		134,133	332,221
Foreign exchange income		1,037,446	1,141,514
Income / (loss) from derivatives		-	-
Gain / (loss) on securities - net	26	818,393	(523,831)
Other income	27	42,682	36,811
Total non-markup / interest Income		3,807,495	2,861,162
Total income		14,462,751	10,787,328
Non mark-up / interest expenses			
Operating expenses	28	8,857,542	8,190,466
Workers' Welfare Fund - net	29	85,718	(120,733)
Other charges	30	83,033	59,748
Total non mark-up / interest expenses		9,026,293	8,129,481
Profit before provisions		5,436,458	2,657,847
Provision / (Reversals) and write offs - net	31	1,401,703	(588,899)
Extraordinary / unusual items		-	-
Profit before taxation		4,034,755	3,246,746
Taxation	32	1,634,483	1,340,722
Profit after taxation		2,400,272	1,906,024
		--------------(Rupees)--------------	
Basic earnings per share	33	2.1772	1.7289
Diluted earnings per share	34	2.1772	1.7289

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

Alauddin Feerasta	Muhtashim Ahmad Ashai	Mirza Zafar Baig	Muhammad Rashid Zahir	Jamil Hassan Hamdani
Chairman	President & Chief Executive Officer	Chief Financial Officer	Director	Director

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020	2019
		----------(Rupees in '000)----------	
Profit after taxation for the year		2,400,272	1,906,024
Other comprehensive income			
Items that may be reclassified to profit and loss account in subsequent periods:			
Movement in surplus on revaluation of investments - net of tax		526,759	1,346,104
Items that will not be reclassified to profit and loss account in subsequent periods:			
Remeasurement gain / (loss) on defined benefit obligations - net of tax	39.8.2	4,734	(985)
Movement in surplus on revaluation of operating fixed assets - net of tax	21.1	1,090,493	-
Movement in surplus on revaluation of non banking assets	21.2	23,648	76,041
		1,118,875	75,056
Total comprehensive income		4,045,906	3,327,184

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

Alauddin Feerasta	Muhtashim Ahmad Ashai	Mirza Zafar Baig	Muhammad Rashid Zahir	Jamil Hassan Hamdani
Chairman	President & Chief Executive Officer	Chief Financial Officer	Director	Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020	2019
		----------(Rupees in '000)----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		4,034,755	3,246,746
Less: dividend income		134,133	332,221
		3,900,622	2,914,525
Adjustments:			
Depreciation on fixed assets	10.3	574,288	533,943
Depreciation on ijarah assets		120,038	116,119
Depreciation on right-of-use assets		550,180	291,597
Amortisation	11	165,890	136,649
Finance charge on lease liability against right-of-use assets		373,470	271,575
Provision / (reversals) and write offs - net	31	1,401,703	(588,899)
Reversal of provision for diminution in the value of investments	8.4	(628,420)	-
Gain on sale of fixed assets - net	27	(17,193)	(10,247)
Provision / (reversal) of Workers' Welfare Fund - net	29	85,718	(120,733)
Unrealised gain on revaluation of investments classified as held-for-trading	26	(8,350)	(2,458)
		2,617,324	627,546
		6,517,946	3,542,071
(Increase) / decrease in operating assets			
Lendings to financial institutions		(7,753,843)	2,719,027
Held-for-trading securities		3,834,066	1,468,016
Advances		39,563,246	(17,869,821)
Others assets (excluding advance taxation)		(743,566)	(3,255,319)
		34,899,903	(16,938,097)
Increase / (decrease) in operating liabilities			
Bills payable		2,746,624	(32,568)
Borrowings from financial institutions		(8,644,271)	13,940,843
Deposits		43,415,783	39,704,224
Other liabilities		1,323,175	1,301,775
		38,841,311	54,914,274
Income tax paid		(1,673,729)	(1,092,471)
Net cash flow generated from operating activities		78,585,431	40,425,777
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(71,964,167)	(23,609,885)
Net investments in held-to-maturity securities		(4,039,725)	(6,197,679)
Dividends received		127,910	339,921
Investments in operating fixed assets		(3,390,910)	(848,746)
Proceeds from sale of fixed assets		21,599	29,476
Net cash flow used in investing activities		(79,245,293)	(30,286,913)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of subordinated debt		(1,200)	(1,200)
Dividend paid		(1,102,463)	(1,102,463)
Net cash flow used in financing activities		(1,103,663)	(1,103,663)
(Decrease) / Increase in cash and cash equivalents		(1,763,525)	9,035,201
Cash and cash equivalents at beginning of the year		35,946,694	26,911,493
Cash and cash equivalents at end of the year	36	34,183,169	35,946,694

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

Alauddin Feerasta	Muhtashim Ahmad Ashai	Mirza Zafar Baig	Muhammad Rashid Zahir	Jamil Hassan Hamdani
Chairman	President & Chief Executive Officer	Chief Financial Officer	Director	Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Share capital	Statutory reserve (a)	Surplus / (deficit) on revaluation of		Unappro-priated profit	Total
				Investments	Fixed assets / Non Banking assets		
		--------------------------------(Rupees in '000)--------------------------------					
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 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		-	-	-	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		-	-	-	-	(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
Comprehensive income for the year							
Profit after taxation for the year ended 31 December 2020		-	-	-	-	2,400,272	2,400,272
Other comprehensive income / (loss)							
- Movement in surplus on revaluation of investments - net of tax		-	-	526,759	-	-	526,759
- Remeasurement gain on defined benefit obligations - net of tax		-	-	-	-	4,734	4,734
- Movement in surplus on revaluation of operating fixed assets - net of tax		-	-	-	1,090,493	-	1,090,493
- Movement in surplus on revaluation of non banking assets	21.2	-	-	-	23,648	-	23,648
		-	-	526,759	1,114,141	2,405,006	4,045,906
Transfer to statutory reserve		-	480,054	-	-	(480,054)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	21.1	-	-	-	(63,352)	63,352	-
Transactions with owners recorded directly in equity							
Final cash dividend for the year ended 31 December 2019 at Re 1.00 per share	49.1	-	-	-	-	(1,102,463)	(1,102,463)
Balance as at 31 December 2020		11,024,636	2,970,486	526,127	2,944,876	5,690,913	23,157,038

(a) This represents reserve created under section 21(i)(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. 1,275.492 million - net of tax as at 31 December 2020 (31 December 2019: Rs. 1,718.033 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	**Muhtashim Ahmad Ashai**	**Mirza Zafar Baig**	**Muhammad Rashid Zahir**	**Jamil Hassan Hamdani**
Chairman	President & Chief Executive Officer	Chief Financial Officer	Director	Director

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 340 branches including 30 Islamic banking branches and 01 sub branch (2019: 308 branches including 25 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.

2.1.1 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.

2.1.1.1 The SBP, vide its BSD Circular Letter no. 10 dated 26 August 2002 has deferred the applicability of 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. Further, the SBP has deferred the applicability of International Accounting Standard (IAS) 39, Financial Instruments, Recognition and Measurement, and has directed all Banks to implement IFRS 9, Financial Instruments, with effect from 01 January 2021 vide BPRD Circular No. 04 of 2019 dated 23 October 2019. 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. The Bank awaits further instructions from the SBP on applicability of IFRS 9.

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

2.2.1 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 materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

2.2.2 On 29 March 2018, the IASB issued a revised Conceptual Framework for Financial Reporting which became applicable immediately, and contained changes setting 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 crystallize. Entities now use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, entities should review those policies and apply the new guidance retrospectively as of 01 January 2020, unless the new guidance contains specific scope outs. The Bank's accounting policies have been consistently applied in accordance with applicable laws and reporting standards as applicable in Pakistan, and have not been impacted due to the applicablity of the said framework.

2.2.3 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 2020, 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.

2.3 Standards, interpretations of and amendments to published accounting and reporting standards that are not yet effective:

2.3.1 The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2021:

2.3.1.1 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 01 January 2021 vide SBP circular 4 dated 23 October 2019. IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. The standard 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 were required to have a parallel run of IFRS 9 from 01 January 2020, which was subsequently extended to commence for periods beginning 01 July 2020 vide SBP's BPRD Circular Letter No. 15 of 2020. As per the directives of the SBP, Banks were required to prepare pro-forma financial statements including the impact of IFRS 9 for the year ended 31 December 2019, and for parallel run periods and submit the same to the State Bank of Pakistan.

During the year, the Bank continued to report its impact assessments to the SBP for reporting periods falling under the parallel run, which were based on certain estimates and assumptions considered in the absence of uniform implementation guidelines. The Bank has estimated the impact of adoption of IFRS 9 on the financial statements of the Bank on the date of initial application, which shall be finalised post issuance of and subject to standardisation of implementation guidelines and approaches, from the State Bank of Pakistan.

2.3.1.2 There are certain new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after 01 January 2021 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.

2.3.2 Annual Improvements to IFRS standards 2018-2020:

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 01 January 2022.

2.3.2.1 Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 01 January 2022, clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

2.3.2.2 Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) - In response to concerns regarding temporary accounting mismatches and volatility, and increased costs and complexity, the Board issued amendments to IFRS 4 Insurance Contracts in 2017. The two optional solutions raised some considerations which required detailed analysis and management judgement. On the issue of IFRS 17 (Revised) Insurance Contracts in June 2020, the end date for applying the two options under the IFRS 4 amendments was extended to 01 January 2023, aligned with the effective date of IFRS 17.

2.4 Effects of COVID-19 on the Financial Statements:

The COVID – 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe. Regulators and governments across the globe have introduced fiscal and economic stimulus measures to mitigate its impact. The State Bank of Pakistan (SBP) responded to the crisis by cutting the policy rate by 625 basis points since the beginning of the year to 7 percent in 2020, and by introducing regulatory measures to maintain banking system soundness and to sustain economic activity. These include (i) reducing the capital conservation buffer by 100 basis points to 1.5 percent; (ii) increasing the regulatory limit on extension of credit to SMEs by 44 percent to Rs 180 million; (iii) relaxing the debt burden ratio for consumer loans from 50 percent to 60 percent; (iv) allowing banks to defer clients' payment of principal on loan obligations by one year and or restructure / reschedule loans for borrowers who require relief of principal repayment exceeding one year and / or mark-up with no reflection on credit history; and (v) introduction of refinancing schemes for payments of wages and salaries.

The Risk Management function of the Bank is regularly conducting assessments of the credit portfolio to identify borrowers most likely to get affected due to changes in the business and economic environment. The Bank has further strengthened its credit review procedures in the light of COVID-19. The Bank is continuously reviewing the portfolio, to identify accounts susceptible to higher risk, resulting from the COVID-19 outbreak.

2.4.1 Credit Risk and Asset Quality:

Given the nature of the pandemic, it can be expected that most businesses in general, would be impacted. However, since many such borrowers have availed the SBP enabled deferment / restructuring & rescheduling relief, the full potential effect of the economic stress is difficult to predict given the uncertain economic environment. Given that the SBP has relaxed the classification and provisioning requirements for such burrowers, no additional provisioning has been made by the management at December 2020.

2.4.2 Liquidity risk:

In view of the relaxation granted by SBP for deferral of principal and markup and rescheduling of loans there will be an impact on the maturity profile of the Bank. The Asset and Liability Committee (ALCO) of the Bank is continuously monitoring the liquidity position and the Bank is confident that the liquidity buffer currently maintained is sufficient to cater to any adverse movement in the cash flow maturity profile.

2.4.3 Operational risk:

The management of the Bank has invoked all required actions to ensure the safety and security of Bank's staff and provision of uninterrupted service to its customers. The management is continuously monitoring the evolving situation and is taking timely decisions to resolve any concerns as they arise.

Business Continuity Plans (BCP) for respective areas are in place and tested. Remote work capabilities were enabled for critical staff, where required, and related risk and control measures were assessed to ensure that the Bank's information assets are protected from emerging cyber threats and comply with the regulatory protocols required under the circumstances. The Bank is communicating with its customers on how they can connect with the Bank through its full suite of channels including digital and online channels as well as enhancing customer awareness pertaining to online fraud risks. The Bank has taken all measures to ensure that service levels are maintained, customer complaints are resolved and turnaround times are monitored and the Bank continues to meet the expectations of its employees and customers.

2.4.4 Capital adequacy ratio (CAR)

In order to encourage Banks to continue lending despite anticipated pressure on profits and credit risk, the SBP has relaxed the Capital Conversion Buffer (CCB) requirements to 1.5%, resulting in a 1% decline in CAR requirements for all Tiers. The Bank has sufficient buffer in its CAR requirement to meet any adverse movements in credit, market or operational risks.

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, right-of-use assets and their related lease liabilities are measured at present values adjusted for depreciation, interest cost and lease repayments respectively, and staff retirement benefits are carried at present values.

3.2 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.

3.3 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 4.3, 4.16.1 and 8);
ii) classification and provisioning against loans and advances (notes 4.4 and 9);
iii) current and deferred taxation (notes 4.15, 18, 22.3.1, 22.3.3 and 32);
iv) accounting for defined benefit plan (notes 4.12.1 and 39);
v) depreciation, amortisation methods, useful lives and revaluation of fixed assets and intangibles (notes 4.5.1, 4.6, 10 and 11);
vi) ijarah assets (note 4.4.1);
vii) right of use assets and related lease liabilities (note 4.7);
viii) provisions and contingent assets and liabilities (notes 4.17 and 22);
ix) impairment of assets (note 4.16);
x) Workers Welfare Fund (note 29);
xi) Valuation of non-banking assets acquired in satisfaction of claims (note 4.9); and
xii) Remuneration framework and related disclosures (note 4.12.3 and 41).

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

4.1 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.

4.2 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.

(g) Musharaka / Mudaraba

In Musharaka / Mudaraba (Letters of placement), the Bank invests in the Shariah compliant business pools of the financial institutions at the agreed profit and loss sharing ratio.

4.3 Investments

The Bank classifies its investments as follows:

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.

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.

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.

4.3.1 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.

4.3.2 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. Provision for diminution in the value of other securities is made after considering objective evidence of impairment, if any.

4.4 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:

4.4.1 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.

Running Musharaka

Running Musharakah is the economic equivalent of conventional running finance. The Bank and the customer enter a Musharakah (transaction or business partnership arrangement) where the Bank agrees to finance the operating activities of the customer's business and share the profit or loss at a pre-agreed ratio. Profit is provisionally recognised on an accrual basis and is adjusted once the customer declares the final profit after issuance of audited financial statements.

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.

4.5 Fixed assets and depreciation

4.5.1 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 10.3 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.

4.5.2 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.

4.6 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.

4.7 Right-of-use assets and related lease liability

4.7.1 Right-of-use assets

On initial recognition, right-of-use assets are measured at an amount equal to initial lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are subsequently stated at cost less any accumulated depreciation / accumulated impairment losses and are adjusted for any remeasurement of lease liability. The remeasurement of lease liability will only occur in cases where the terms of the lease are changed during the lease tenor.

Right-of-use assets are depreciated over their expected useful lives using the straight-line method. Depreciation on additions (new leases) is charged from the month in which the leases are entered into. No depreciation is charged in the month in which the leases mature or are terminated.

4.7.2 Lease liability against right-of-use assets

Lease liabilities are initially measured as the present value of the remaining lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Bank's incremental borrowing rate. The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or change in lease terms. These remeasurements of lease liabilities are recognised as adjustments to the carrying amount of related right-of-use assets after the date of initial recognition. Each lease payment is allocated between a reduction of the liability and a finance cost. The finance cost is charged to the profit and loss account as markup expense over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

4.8 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.

4.9 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.

4.10 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.

4.10.1 Deposits - Islamic Banking

Islamic Banking deposits are generated on the basis of two modes i.e. Qard and Modaraba. Deposits taken on Qard basis are classified as 'Current Account' and Deposits generated on Modaraba 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.

4.11 Subordinated debt

Subordinated 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.

4.12 Employee benefits

4.12.1 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.

4.12.2 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.

4.12.3 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 has been reviewed and recommended by the Board's Human Resource & Remuneration Committee (BHRRC) and approved by the Board of Directors (BoD).

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 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 onwards for MRTs and MRCs is 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 used for performance assessment also take into consideration that MRCs are remunerated independently of the functions they oversee. As approved by the Board, and as allowed under the SBP's Guidelines on Remuneration Practices, the deferral amount retained for performance years is set aside and managed by the Bank internally, with a team of members from amongst the internal management responsible for oversight and subsequent payouts.

4.13 Foreign currencies

4.13.1 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.

4.13.2 Translation gains and losses

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

4.13.3 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.

4.14 Revenue recognition

Revenue is recognised to the extent that the economic benefit assoicated with a transaction will flow to the Bank and the revenue can be reliably measured.

- 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.

4.15 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.

4.15.1 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.

4.15.2 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 and securities which is adjusted against the related deficit / surplus in accordance with the requirements of International Accounting Standard (IAS) 12, 'Income Taxes'.

4.16 Impairment

4.16.1 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 sukuks 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.

4.16.2 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.

4.17 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.

4.18 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.

4.19 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:

(a) 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.

(b) Geographical segment

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

5	CASH AND BALANCES WITH TREASURY BANKS	Note	2020	2019
			---------(Rupees in '000)---------	
	In hand			
	Local currency		6,393,784	6,752,627
	Foreign currencies		1,788,180	2,141,905
			8,181,964	8,894,532
	With State Bank of Pakistan in			
	Local currency current accounts	5.1	17,083,273	18,318,273
	Foreign currency current accounts	5.2	871,899	1,069,225
	Foreign currency deposit accounts against foreign currency deposits mobilised	5.3	1,585,852	2,952,655
			19,541,024	22,340,153
	With National Bank of Pakistan in			
	Local currency current accounts		1,669,585	2,618,837
	Prize bonds		571,381	107,786
			29,963,954	33,961,308

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. (2019: NIL return).

5.3 This represents special cash reserve maintained with SBP at an amount equivalent to at least 10% (2019 : 15%) of the Bank's foreign currency deposits mobilised under FE-25 scheme, which currently carries mark-up at NIL rates (2019 :0.7% to 1.51% per annum) and 6% special cash reserve requirement on FE-25 deposits maintained by Islamic Banking branches.

6	BALANCES WITH OTHER BANKS	Note	2020	2019
			---------(Rupees in '000)---------	
	In Pakistan			
	In current accounts		12,041	12,036
	In deposit accounts		450	181,203
			12,491	193,239
	Outside Pakistan			
	In current accounts	6.1	4,255,572	1,881,294
			4,268,063	2,074,533

6.1 This includes Rs.2,076.008 million (2019: Rs. 691.243 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	2020	2019
		---------(Rupees in '000)---------	
Repurchase agreement lendings (reverse repo)	7.2	6,974,800	-
Bai Muajjal receivable			
- with other financial institutions	7.3 & 7.6	1,981,286	501,861
Letters of placements	7.4	-	500,000
Lending under margin trading system	7.5	-	200,382
		8,956,086	1,202,243

7.1 Particulars of lendings

	2020	2019
In local currency	8,956,086	1,202,243
In foreign currency	-	-
	8,956,086	1,202,243

7.2 Securities held as collateral against lendings to financial institutions

	2020			2019		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	---------------------------------- (Rupees in '000) ----------------------------------					
Market Treasury Bills	-	-	-	-	-	-
Pakistan Investment Bonds	6,974,800	-	6,974,800	-	-	-
Total	6,974,800	-	6,974,800	-	-	-

7.2.1 The market value of securities held as collateral against repurchase agreement lendings amounted to Rs. 6,968.57 million (2019: Rs. Nil).

7.3 Bai Muajjal receivable

	2020	2019
	---------(Rupees in '000)---------	
Bai Muajjal receivable		
- with other financial institutions	2,020,185	504,527
less: deferred income		
- with other financial institutions	(38,899)	(2,666)
Bai Muajjal receivable - net	1,981,286	501,861

7.4 As at 31 December 2020, there was no outstanding lending through letters of placement. At 31 December 2019, this represented lending through letters of placement with a financial institution carrying mark up at 11% per annum with maturity falling due on 16 January 2020.

7.5 As at 31 December 2020, there was no outstanding lending under margin trading securities. At 31 December 2019, such lendings carried mark up rates ranging from 10% to 21.65% per annum with latest maturity falling due by 24 February 2020.

7.6 This represents Bai Muajjal placements entered into with financial institutions whereby the Bank has sold sukuks having carrying value of Rs. 1,952.524 million (2019: Rs. 499.02 million) on deferred payment basis. The average return on these transactions is 7% per annum (2019: 13% per annum).

8 INVESTMENTS

8.1 Investments by type:

	2020				2019			
	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	1,925,742	-	8,125	1,933,867	5,700,007	-	5,453	5,705,460
Shares	-	-	-	-	57,662	-	(3,314)	54,348
	1,925,742	-	8,125	1,933,867	5,757,669	-	2,139	5,759,808
Available-for-sale securities								
Federal Government securities	226,129,343	-	701,977	226,831,320	154,435,450	-	33,003	154,468,453
Shares	3,189,295	(122,331)	37,866	3,104,830	3,673,391	(33,537)	(48,421)	3,591,433
Non-Government debt securities	3,910,455	-	43,851	3,954,306	3,365,350	-	23,745	3,389,095
Units of mutual funds	390,284	-	25,732	416,016	215,213	-	(9,299)	205,914
Commercial Papers	34,194	-	-	34,194	-	-	-	-
	233,653,571	(122,331)	809,426	234,340,666	161,689,404	(33,537)	(972)	161,654,895
Held-to-maturity securities								
Federal Government securities	13,666,853	-	-	13,666,853	9,592,335	-	-	9,592,335
Non Government debt securities	100,379	(86,094)	-	14,285	135,172	(86,094)	-	49,078
	13,767,232	(86,094)	-	13,681,138	9,727,507	(86,094)	-	9,641,413
Total investments	249,346,545	(208,425)	817,551	249,955,671	177,174,580	(119,631)	1,167	177,056,116

8.2 Investments by segments:

	2020				2019			
	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	103,316,207	-	27,005	103,343,212	106,708,835	-	36,628	106,745,463
Pakistan Investment Bonds	130,301,875	-	682,297	130,984,172	60,294,997	-	5,678	60,300,675
Bai Muajjal with Government of Pakistan (GoP)	2,603,856	-	-	2,603,856	2,338,960	-	-	2,338,960
Ijarah sukuks	5,500,000	-	800	5,500,800	385,000	-	(3,850)	381,150
	241,721,938	-	710,102	242,432,040	169,727,792	-	38,456	169,766,248
Units of mutual funds	390,284	-	25,732	416,016	215,213	-	(9,299)	205,914
Shares								
Listed companies	3,122,495	(116,631)	37,866	3,043,730	3,714,253	(27,837)	(51,735)	3,634,681
Unlisted companies	66,800	(5,700)	-	61,100	16,800	(5,700)	-	11,100
	3,189,295	(122,331)	37,866	3,104,830	3,731,053	(33,537)	(51,735)	3,645,781
Non-Government debt securities								
Listed	1,346,499	(16,269)	1,373	1,331,603	696,499	(16,269)	398	680,628
Unlisted	2,698,529	(69,825)	42,478	2,671,182	2,804,023	(69,825)	23,347	2,757,545
	4,045,028	(86,094)	43,851	4,002,785	3,500,522	(86,094)	23,745	3,438,173
Total investments	249,346,545	(208,425)	817,551	249,955,671	177,174,580	(119,631)	1,167	177,056,116

8.2.1	Investments given as collateral	2020	2019
		---------(Rupees in '000)---------	
	Market Treasury Bills	25,533,895	31,281,591
	Pakistan Investment Bonds	39,434,851	39,808,381
		64,968,746	71,089,972

8.3	Bai Muajjal with Government of Pakistan	2020	2019
	Bai Muajjal investment	2,855,000	2,855,000
	Less: deferred income	(251,144)	(516,040)
	Bai Muajjal investment - net	2,603,856	2,338,960

8.4	Provision for diminution in the value of investments	2020	2019
	Opening balance	119,631	117,597
	Charge for the year	717,214	2,034
	Reversal recognised in capital gains for the year	(628,420)	-
	Closing balance	208,425	119,631

8.5 Particulars of provision against debt securities

Category of classification	2020		2019	
	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:

	2020	2019
	Cost/Amortized Cost	
	---------(Rupees in '000)---------	
Federal Government Securities - Government guaranteed		
Market Treasury Bills	103,316,207	102,198,954
Pakistan Investment Bonds	114,709,280	49,512,536
Bai Muajjal with Government of Pakistan (GOP)	2,603,856	2,338,960
Ijarah Sukuks	5,500,000	385,000
	226,129,343	154,435,450
Shares		
Listed companies		
- Cement	260,461	-
- Chemical	137,781	147,481
- Commercial Banks	724,609	795,571
- Engineering	241,779	146,357
- Fertilizer	21,932	405,340
- Glass & Ceramics	55,551	-
- Insurance	-	79,795
- Oil & Gas Exploration Companies	565,664	398,626
- Oil & Gas Marketing Companies	109,734	453,217
- Pharmaceuticals	221,896	93,736
- Power Generation & Distribution	488,003	560,876
- Real Estate Investment Trusts	-	148,709
- Technology & Communication	122,051	120,232
- Textile Composite	173,034	306,651
	3,122,495	3,656,591

Unlisted companies	Note	2020 Cost	2020 Break-up value	2019 Cost	2019 Break-up value
		---------------------------	(Rupees in '000)	---------------------------	
DHA Cogen Limited	8.11	-	-	-	-
ISE Towers REIT Management Company Limited	8.12	11,100	47,496	11,100	43,979
Pakistan Export Finance Guarantee Agency Limited	8.13	5,700	-	5,700	-
1-Link Private Limited	8.14	50,000	78,257	-	-
		66,800	125,753	16,800	43,979

Non-Government debt securities	Note	2020	2019
		Cost/Amortized Cost	
		---------(Rupees in '000)---------	
Listed			
- AAA		240,000	240,000
- AA+, AA, AA-		415,230	415,231
- A+, A, A-		22,916	25,000
- Unrated		850,000	-
		1,528,146	680,231
Unlisted			
- AAA		1,031,251	1,218,750
- AA+, AA, AA-		874,900	1,444,941
- A+, A, A-		476,158	21,428
		2,382,309	2,685,119
		3,910,455	3,365,350

Equity securities

Listed	Note	2020	2019
Adamjee Insurance Company Limited [Nil (2019: 2,170,500) shares]		-	79,795
AGP Limited [1,057,500 (2019: 1,200,000) shares]		113,100	93,736
Agritech Limited [851,560 (2019: 851,560) shares]		29,805	29,805
Aisha Steel Mills Limited [Nil (2019: 13,700,000) shares]		-	146,357
Altern Energy Limited [5,934,500 (2019: 5,707,500) shares]		189,430	183,261
Askari Bank Limited [Nil (2019: 6,800,000) shares]		-	152,138
Bank Alfalah Limited [Nil (2019: 2,700,000) shares]		-	122,834
Cherat Cement Company Limited [400,000 (2019: Nil) shares]		49,346	-
D. G. Khan Cement Company Limited [1,750,000 (2019:Nil) shares]		190,797	-
Dolmen City REIT [Nil (2019: 13,000,000) shares]		-	148,709
Engro Fertilizers Limited [Nil (2019: 5,000,000) shares]		-	342,482
Fauji Fertilizer Bin Qasim Limited [Nil (2019: 3,000,000) shares]		-	62,858
Fauji Fertilizer Company Limited [200,000 (2019: Nil) shares]		21,932	-
Glaxosmithkline Pakistan Limited [575,000 (2019: Nil) shares]		108,796	-
Habib Bank Limited [2,170,000(2019: 1,000,000) shares]		295,800	160,267
Hub Power Company Limited [3,500,000 (2019: 4,000,000) shares]	8.10	298,573	377,615
I.C.I. Pakistan Limited [150,000 (2019: Nil) shares]		107,976	-
International Industries Limited [1,825,000 (2019: Nil) shares]		241,779	-
Kohinoor Textile Mills Limited [Nil (2019: 700,000) shares]		-	21,515
Lotte Chemicals Pakistan Limited [Nil (2019: 7,750,000) shares]		-	117,676
Lucky Cement Limited [30,000 (2019: Nil) shares]		20,318	-
MCB Bank Limited [1,500,000 (2019: 1,700,000) shares]		311,471	360,332
Nishat Chunian Limited [2,325,000 (2019: 6,400,000) shares]		95,383	285,135
Nishat Mills Limited [930,000 (2019: Nil) shares]		77,651	-
Oil and Gas Development Company Limited [2,597,451 (2019: 2,100,000) shares]		315,038	317,085
Pakistan Petroleum Limited [2,690,000 (2019: 700,000) shares]		250,626	81,541
Pakistan State Oil Company Limited [120,000 (2019: 585,000) shares]		22,875	115,600
Pakistan Telecommunication Company Limited [12,300,000 (2019: 12,000,000) shares]		122,051	120,232
Sui Northern Gas Company Limited [1,700,000 (2019: 4,175,000) shares]		86,859	337,618
Tariq Glass Industries Limited [625,000 (2019: Nil) shares]		55,551	-
The Bank Of Punjab [11,750,000 (2019: Nil) shares]		117,338	-
		3,122,495	3,656,591

Unlisted	Note	2020	2019
		Cost/Amortized Cost	
		---------(Rupees in '000)---------	
DHA Cogen Limited [5,853,822 (2019: 5,853,822) shares]	8.11	-	-
ISE Towers REIT Management Company Limited [3,034,603 (2019: 3,034,603) shares]	8.12	11,100	11,100
Pakistan Export Finance Guarantee Agency Limited [569,958 (2019: 569,958) shares]	8.13	5,700	5,700
1-Link Private Limited [4,999,999 (2019: Nil) shares]	8.14	50,000	-
		66,800	16,800

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

	Note	2020	2019
		Cost	
		---------(Rupees in '000)---------	
Federal Government Securities - Government guaranteed			
Pakistan Investment Bonds		13,666,853	9,592,335
Non Government debt Securities			
Listed			
- Unrated		16,269	16,269
Unlisted			
- A+, A, A-		14,285	49,078
- Unrated	8.15	69,825	69,825
		84,110	118,903
Non Government debt Securities - Total		100,379	135,172

8.7.1 The market value of securities classified as held-to-maturity as at 31 December 2020 amounted to Rs. 13,901.468 million (31 December 2019 : Rs. 9,597.332 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 (2019: Rs. 18.400 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 2020, 1,500,000 shares (31 December 2019: 1,500,000 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 and the break-up value of these shares as per the latest available audited financial statements is Rs. (29.10) per share.

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 represents shares of 1-Link Private Limited, issued by the company during the year. Previously, this amount was reported as part of other assets being advance against subscription of shares.

8.15 This includes 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.

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	
	2020	2019	2020	2019	2020	2019
	(Rupees in '000)					
Loans, cash credits, running finances, etc.	148,810,537	185,839,786	9,342,768	10,222,302	158,153,305	196,062,088
Islamic financing and related assets	7,602,553	8,671,248	1,442,638	579,396	9,045,191	9,250,644
Bills discounted and purchased	5,494,147	7,102,282	-	100,900	5,494,147	7,203,182
Advances - gross	161,907,237	201,613,316	10,785,406	10,902,598	172,692,643	212,515,914
Provision against advances						
- Specific	-	-	(8,106,586)	(7,573,063)	(8,106,586)	(7,573,063)
- General	(41,538)	(41,538)	-	-	(41,538)	(41,538)
	(41,538)	(41,538)	(8,106,586)	(7,573,063)	(8,148,124)	(7,614,601)
Advances - net of provision	161,865,699	201,571,778	2,678,820	3,329,535	164,544,519	204,901,313

9.1 Particulars of advances (Gross)

	2020	2019
	(Rupees in '000)	
In local currency	165,360,354	202,463,690
In foreign currencies	7,332,289	10,052,224
	172,692,643	212,515,914

9.2 Advances include Rs. 10,785.406 million (31 December 2019 Rs. 10,902.598 million) which have been placed under non-performing status as detailed below:

Category of Classification	Note	2020 Non-performing loans	2020 Provision	2019 Non-performing loans	2019 Provision
		(Rupees in '000)			
Other Assets Especially Mentioned	9.2.1	28,219	-	23,420	-
Substandard		763,631	99,243	571,577	18,851
Doubtful		141,849	28,580	376,992	50,014
Loss		9,851,707	7,978,763	9,930,609	7,504,198
		10,785,406	8,106,586	10,902,598	7,573,063

9.2.1 The 'Other Assets Especially Mentioned' category pertains to agriculture finance, small enterprise finance and consumer finance amounting to Rs. 4.513 million (31 December 2019: Rs. 10.690 million), Rs. 5.706 million (31 December 2019: Rs. 1.500 million) and Rs. 18.000 million (31 December 2019: Rs. 11.230 million) respectively.

9.3 Particulars of provision against advances

	Note	2020 Specific	2020 General	2020 Total	2019 Specific	2019 General	2019 Total
		(Rupees in '000)					
Opening balance		7,573,063	41,538	7,614,601	8,314,484	41,538	8,356,022
Charge for the year		1,352,331	-	1,352,331	1,155,305	-	1,155,305
Reversals		(678,845)	-	(678,845)	(1,827,932)	-	(1,827,932)
		673,486	-	673,486	(672,627)	-	(672,627)
Amounts written off	9.4	(139,963)	-	(139,963)	(68,794)	-	(68,794)
Transfers		-	-	-	-	-	-
Closing balance		8,106,586	41,538	8,148,124	7,573,063	41,538	7,614,601

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

	2020			2019		
	Specific	General	Total	Specific	General	Total
	----------	----------	(Rupees in '000)	----------	----------	----------
In local currency	8,106,586	41,538	8,148,124	7,573,063	41,538	7,614,601
In foreign currency	-	-	-	-	-	-
Total	8,106,586	41,538	8,148,124	7,573,063	41,538	7,614,601

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. 1,962.296 million (31 December 2019: Rs. 2,643.128 million. The additional profit arising from availing this benefit - net of the tax amounts to Rs. 1,275.492 million (31 December 2019: Rs. 1,718.033 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 (2019: 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.

9.4 Particulars of write offs:

		Note	2020	2019
			---------(Rupees in '000)---------	
9.4.1	Against provisions	9.3	139,963	68,794
	Directly charged to profit and loss account		24	199
			139,987	68,993
9.4.2	Write offs of Rs. 500,000/- and above	9.5	139,938	68,927
	Write offs of below Rs. 500,000/-		49	66
			139,987	68,993

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 2020 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.

10 FIXED ASSETS

	Note	2020	2019
		---------(Rupees in '000)---------	
Capital work-in-progress	10.1	253,914	219,375
Right-of-use assets	10.2	3,094,617	1,943,868
Property and equipment	10.3	8,562,394	6,165,662
		11,910,925	8,328,905

10.1 Capital work-in-progress

	2020	2019
Civil works	122,408	129,310
Advances to suppliers and contractors	118,411	79,269
Consultant's fee and other charges	13,095	10,796
	253,914	219,375

10.2 Right-of-use assets

	Note	2020	2019
Opening balance		1,943,868	1,944,125
Additions during the year		1,700,929	291,340
Depreciation for the year	28	(550,180)	(291,597)
Closing balance		3,094,617	1,943,868

10.3 Property and equipment

	2020								
	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 2020									
Cost / revalued amount	1,333,280	349,047	231,512	4,043,295	1,424,036	469,863	2,895,759	267,237	11,014,029
Accumulated depreciation	-	-	(61,504)	(1,821,303)	(417,040)	(286,307)	(2,065,593)	(196,620)	(4,848,367)
Net book value	1,333,280	349,047	170,008	2,221,992	1,006,996	183,556	830,166	70,617	6,165,662
Year ended 31 December 2020									
Opening net book value	1,333,280	349,047	170,008	2,221,992	1,006,996	183,556	830,166	70,617	6,165,662
Additions	601,915	-	96,394	61,793	241,615	60,464	401,465	84,318	1,547,964
Movement in surplus on assets revalued during the year	385,877	122,511	32,464	870,114	-	-	-	-	1,410,966
Disposals / write-offs - cost	-	-	-	-	(12,277)	(3,492)	(143,938)	(27,085)	(186,792)
Disposals / write-offs - Accumulated Depreciation	-	-	-	-	3,306	3,103	141,659	26,535	174,603
Disposals / write-offs - net	-	-	-	-	(8,971)	(389)	(2,279)	(550)	(12,189)
Depreciation charge	-	-	(8,954)	(114,413)	(76,153)	(38,894)	(300,059)	(35,815)	(574,288)
Impairment reversal against fixed assets	11,220	-	12,168	891	-	-	-	-	24,279
Closing net book value	2,332,292	471,558	302,080	3,040,377	1,163,487	204,737	929,293	118,570	8,562,394
At 31 December 2020									
Cost / revalued amount	2,332,292	471,558	372,538	4,976,093	1,653,374	526,835	3,153,286	324,470	13,810,446
Accumulated depreciation	-	-	(70,458)	(1,935,716)	(489,887)	(322,098)	(2,223,993)	(205,900)	(5,248,052)
Net book value	2,332,292	471,558	302,080	3,040,377	1,163,487	204,737	929,293	118,570	8,562,394
Rate of depreciation (percentage)	-	-	3 - 7	3 - 7	5	10	20 - 33	20	

	2019								
	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 2019									
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
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	6,082,832
Additions	-	-	36,415	11,042	102,649	41,175	419,083	26,049	636,413
Movement in surplus on assets revalued during the year	-	-	-	-	-	-	-	-	-
Disposals / write-offs - cost	-	-	-	-	(23,813)	(6,128)	(114,854)	(20,790)	(165,585)
Disposals / write-offs - Accumulated Depreciation	-	-	-	-	8,826	5,351	111,074	20,694	145,945
Disposals / write-offs - net	-	-	-	-	(14,987)	(777)	(3,780)	(96)	(19,640)
Depreciation charge	-	-	(7,323)	(113,718)	(68,715)	(36,677)	(277,039)	(30,471)	(533,943)
Adjustments / Reclassification - cost	-	-	-	220,828	1	(19)	21	1	220,832
Adjustments / Reclassification - Accumulated Depreciation	-	-	-	(221,271)	442	19	(21)	(1)	(220,832)
Adjustments / Reclassification - net	-	-	-	(443)	443	-	-	-	-
Closing net book value	1,333,280	349,047	170,008	2,221,992	1,006,996	183,556	830,166	70,617	6,165,662
At 31 December 2019									
Cost / revalued amount	1,333,280	349,047	231,512	4,043,295	1,424,036	469,863	2,895,759	267,237	11,014,029
Accumulated depreciation	-	-	(61,504)	(1,821,303)	(417,040)	(286,307)	(2,065,593)	(196,620)	(4,848,367)
Net book value	1,333,280	349,047	170,008	2,221,992	1,006,996	183,556	830,166	70,617	6,165,662
Rate of depreciation (percentage)	-	-	3 - 7	3 - 7	5	10	20 - 33	20	

10.3.1 The cost of fully depreciated property and equipment still in use amounts to Rs.1,783.640 million (2019: Rs. 1,602.437 million).

10.3.2 The Bank's freehold / leasehold land and building on freehold / leasehold land were revalued at 31 December 2020, in line with the Bank's policy, 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.2,803.850 million and building on freehold / leasehold land was determined at Rs. 3,342.457 million.

Had there been no revaluation, the carrying amount of freehold / leasehold land and building on freehold / leasehold land as at 31 December 2020 would have been Rs.1,689.365 million and Rs. 675.204 million respectively (2019: Rs. 1,087.450 million and Rs. 543.489 million respectively).

10.3.3 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.

11 INTANGIBLE ASSETS

	2020		
	Computer software	Trademark	Total
	--------------------(Rupees in '000)-------------------		
At 01 January 2020			
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
Year ended 31 December 2020			
Opening net book value	466,459	227	466,686
Additions:			
- directly purchased	107,478	-	107,478
Amortisation charge	(165,747)	(143)	(165,890)
Closing net book value	408,190	84	408,274
At 31 December 2020			
Cost	1,429,234	6,315	1,435,549
Accumulated amortisation	(1,021,044)	(6,231)	(1,027,275)
Net book value	408,190	84	408,274
Rate of amortisation (percentage)	20 to 33.33	33.33	
Useful life	3 to 5	3	

	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	

11.1 The cost of fully amortised intangible assets still in use amounts to Rs. 712.309 million (2019: Rs. 688.847 million).

12 OTHER ASSETS

	Note	2020	2019
		---------(Rupees in '000)---------	
Income / mark-up accrued in local currency		6,571,289	7,665,866
Income / mark-up accrued in foreign currencies		12,390	22,929
Dividend receivable		6,223	-
Advances, deposits, advance rent and other prepayments		291,067	256,151
Advance taxation (payments less provisions)		1,283,681	1,269,290
Non-banking assets acquired in satisfaction of claims	12.1	1,115,729	843,839
Branch adjustment account		5,870	8,994
Cash margin against margin trading		-	60,000
Stationery and stamps on hand		41,810	35,783
Due from the State Bank of Pakistan		8,678	58,794
Advance against subscription of shares		-	50,000
Advance against subscription of term finance certificates / sukuks	12.2	250,000	25,000
Acceptances		5,471,061	3,999,235
Claims against fraud and forgeries	12.3	143,443	143,443
Others		340,153	271,473
Other assets		15,541,394	14,710,797
Less: provision held against other assets	12.4	(227,311)	(237,160)
Other assets - net of provision		15,314,083	14,473,637
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		23,648	76,041
Other assets - total		15,337,731	14,549,678

		Note	2020	2019
12.1	Market value of non-banking assets acquired in satisfaction of claims	12.1.1	1,139,377	919,880

12.1.1 The non-banking assets acquired in satisfaction of claims by the Bank were revalued by independent and professional valuers in August 2020 and December 2020. 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. Amir Evaluators,M/s Al Hadi Financial and Legal Consultants and M/s Asrem (Private) Limited on the basis of professional assessment of present market values and the revalued amount is disclosed in note 12.1.2 to these financial statements.

12.1.2 Non-banking assets acquired in satisfaction of claims

	Note	2020	2019
		-------(Rupees in '000)---------	
Opening balance		919,880	76,027
Acquired during the year	12.1.3	198,220	770,840
Revaluation	12.1.1	23,648	76,041
Depreciation		(2,371)	(3,028)
Closing balance		1,139,377	919,880

12.1.3 These represent assets acquired as a result of debt asset swap arrangements entered into by the Bank and certain borrowers. Debt asset swap arrangements entered into during the year resulted in provision reversals against non-performing loans amounting to Rs. 57.457 million (2019: Rs. 770.840 million), and a reduction in non-performing loans amounting to Rs. 198.220 million (2019: Rs. 770.840 million).

12.2 This represents advance against subscription of term finance certificates of Bank Alfalah Limited amounting to Rs. 250 million (2019: Bank Islami Pakistan Limited amounting to Rs. 25 million). The term finance certificates are expected to be issued in the year 2021.

12.3 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.

12.4 Provision held against other assets

	2020	2019
	-------(Rupees in '000)---------	
Provision held against receivable against fraud and forgeries	143,443	143,443
Others	83,868	93,717
	227,311	237,160

12.4.1 Movement in provision held against other assets

	2020	2019
Opening balance	237,160	156,077
Charge for the year	-	81,083
Amount written-off	(9,849)	-
Closing balance	227,311	237,160

13 CONTINGENT ASSETS

There were no contingent assets as at the balance sheet date.

14 BILLS PAYABLE

	Note	2020	2019
		---------(Rupees in '000)---------	
In Pakistan		6,707,581	3,960,957
Outside Pakistan		-	-
		6,707,581	3,960,957

15 BORROWINGS

	Note	2020	2019
Secured			
Borrowings from State Bank of Pakistan			
Under export refinance scheme	15.2.1	17,307,129	14,153,891
Long term financing facility for plant and machinery	15.2.2	1,807,212	1,699,827
Refinance scheme for payment of wages and salaries	15.2.3	2,711,913	-
Modernisation of SME-Rice Husking	15.2.4	5,886	7,848
Financing facility for storage of agriculture produce	15.2.5	150,281	152,528
Financing facitlity for Renewable Energy	15.2.6	79,562	-
Repurchase agreement borrowings	15.2.7	-	41,310,410
		22,061,983	57,324,504
Repurchase agreement borrowings - other banks	15.2.8	22,521,876	4,968,895
Borrowings from other financial institutions - local	15.2.9	41,379,320	24,116,589
Borrowings from other financial institutions - foreign	15.2.10	-	4,800,276
Total secured		85,963,179	91,210,264
Unsecured			
Call borrowings	15.2.11	1,008,512	4,405,698
Overdrawn nostro accounts		48,848	89,147
Total unsecured		1,057,360	4,494,845
		87,020,539	95,705,109

15.1 Particulars of borrowings with respect to currencies

	2020	2019
In local currency	86,971,691	90,815,686
In foreign currencies	48,848	4,889,423
	87,020,539	95,705,109

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% to 2% per annum (2019: 1.00% to 2.50% per annum). These are secured against demand promissory notes and are due to mature latest by 29 June 2021 (2019: latest by 29 June 2020).

15.2.2 These represent borrowings from SBP under scheme for long-term financing facility at rates ranging from 2.0% to 4.5% per annum (2019: 3.00% to 6.00% per annum) and have varying long term maturities due by 30 June 2032 (2019: 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 payment of wages and salaries introduced during the year - having 0% rates for Active Tax Payers and 2% for Non-Filer. At present, the Bank does not have above borrowing portfolio of Non-Filers. The facilities are due to mature latest by 02 January 2023.

15.2.4 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 (2019: 4.25% to 6.25% per annum) and are due to mature latest by 29 September 2023 (2019: latest by 29 September 2023).

15.2.5 These represent borrowings from SBP under the scheme for Finance Facility for Storage of Agricultural Produce at the rates of 2.00% (2019: 6.50%) and are due to mature latest by 28 March 2026 (2019: 28 March 2026).

15.2.6 These represent borrowings from SBP under the scheme for renewable energy at rates ranging from 2.00% to 3.00% per annum (2019: Nil) and are due to mature latest by 30 June 2032 (2019: Nil).

15.2.7 As at 31 December 2020, there was no repurchase agreements borrowing with SBP. At 31 December 2019, such borrowing carried mark up rates of 13.38% per annum and were due to mature latest by 03 January 2020.

15.2.8 These represent repurchase agreements borrowings executed with local financial institutions at the rate ranging from 7.00% to 7.02% per annum (2019: 13.30% to 13.80% per annum) and are due to mature latest by 08 January 2021 (2019: latest by 06 January 2020). The market value of securities given as collateral against these borrowings as given in note 8.2.1.

15.2.9 These represent borrowings executed with the local financial institutions secured against government securities which carry mark up at rates ranging between 6.70% to 6.95% per annum (2019: ranging from 12.50% to 13.50% per annum) and are due to mature latest by 10 May 2021 (2019: latest by 08 September 2020). The market value of securities given as collateral against these borrowings as given in note 8.2.1.

15.2.10 As at 31 December 2020, there was no borrowing against foreign bills. At 31 December 2019, such borrowing carried mark up rates ranging from 3.29% to 3.50% per annum and were due to mature latest by 23 June 2020.

15.2.11 This represent borrowings from a commercial bank in the inter bank money market, carrying mark-up at the rate of 6.85% per annum (2019: 12.30% to 12.60% per annum) with maturity due on 11 January 2021 (2019: latest by 30 April 2020).

16 DEPOSITS AND OTHER ACCOUNTS

	2020			2019		
	In local currency	**In foreign currencies**	**Total**	**In local currency**	**In foreign currencies**	**Total**
	---(Rupees in '000)---					
Customers						
Current deposits	78,044,230	7,372,950	85,417,180	62,024,716	6,980,411	69,005,127
Savings deposits	97,777,707	6,339,080	104,116,787	78,036,025	5,947,992	83,984,017
Term deposits	98,963,570	1,754,341	100,717,911	98,240,692	6,491,247	104,731,939
Others	4,921,675	-	4,921,675	3,799,191	-	3,799,191
	279,707,182	15,466,371	295,173,553	242,100,624	19,419,650	261,520,274
Financial Institutions						
Current deposits	1,010,867	420,671	1,431,538	690,437	549,922	1,240,359
Savings deposits	41,310,831	-	41,310,831	33,080,927	-	33,080,927
Term deposits	7,582,846	-	7,582,846	6,241,425	-	6,241,425
	49,904,544	420,671	50,325,215	40,012,789	549,922	40,562,711
	329,611,726	15,887,042	345,498,768	282,113,413	19,969,572	302,082,985

16.1 Composition of deposits

	2020	2019
	---(Rupees in '000)---	
- Individuals	134,957,518	116,173,214
- Government (Federal and Provincial)	33,360,028	36,304,593
- Public Sector Entities	41,829,379	38,817,695
- Banking Companies	5,499,496	8,243,502
- Non-Banking Financial Institutions	44,945,645	15,012,349
- Private Sector	84,906,702	87,531,632
	345,498,768	302,082,985

16.2 Deposits eligible under Insurance arrangements

In 2018, the SBP 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 2020, the deposits eligible to be covered under insurance arrangements amount to Rs. 142,792 million. (2019 : Rs. 122,985 million).

17 SUBORDINATED DEBT

	Note	2020	2019
		-------(Rupees in '000)---------	
Listed Term Finance Certificates - Additional Tier I	17.1	4,000,000	4,000,000
Listed Term Finance Certificates - Tier II	17.2	2,994,000	2,995,200
		6,994,000	6,995,200

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 25 June 2020

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 the Bank 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 18 December 2020
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.

18 DEFERRED TAX LIABILITIES - NET

	2020			
	At 1 January 2020	**Recognised in the profit and loss account**	**Recognised in Other Comprehensive income**	**At 31 December 2020**
	-----------------------------(Rupees in '000)-----------------------------			
Deductible temporary differences on				
- Post retirement employee benefits	(14,471)	-	2,549	(11,922)
- Deficit on revaluation of investments	(340)	-	340	-
- Provision against advances, off balance sheet etc.	(55,307)	(20,632)	-	(75,939)
	(70,118)	(20,632)	2,889	(87,861)
Taxable temporary differences on				
- Surplus on revaluation of fixed assets	645,401	(34,069)	320,473	931,805
- Surplus on revaluation of investments	-	-	283,299	283,299
- Accelerated tax depreciation	376,176	29,846	-	406,022
	1,021,577	(4,223)	603,772	1,621,126
	951,459	(24,855)	606,661	1,533,265

	2019			
	At 1 January 2019	**Recognised in the profit and loss account**	**Recognised in Other Comprehensive income**	**At 31 December 2019**
	-----------------------------(Rupees in '000)-----------------------------			
Deductible temporary differences on				
- Post retirement employee benefits	(13,941)	-	530)	(14,471)
- Deficit on revaluation of investments	(725,166)	-	724,826	(340)
- Provision against advances, off balance sheet etc.	(193,973)	138,666	-	(55,307)
	(933,080)	138,666	724,296	(70,118)
Taxable temporary differences on				
- Surplus on revaluation of fixed assets	683,807	(38,406)	-	645,401
- Accelerated tax depreciation	369,327	6,849	-	376,176
	1,053,134	(31,557)	-	1,021,577
	120,054	107,109	724,296	951,459

19	OTHER LIABILITIES	Note	2020	2019
			---------(Rupees in '000)---------	
	Mark-up / return / interest payable in local currency		3,302,012	4,653,543
	Mark-up / return / interest payable in foreign currencies		28,461	91,281
	Unearned commission and income on bills discounted		113,390	96,134
	Accrued expenses		492,676	476,539
	Acceptances		5,471,061	3,999,235
	Unclaimed dividends		75,613	66,579
	Mark to market loss on forward foreign exchange contracts		201,321	49,196
	Charity fund balance		18	13
	Provision against off-balance sheet obligations	19.1	27,475	-
	Payable to workers' welfare fund		345,763	260,045
	Lease liability against right-of-use assets	19.2	3,350,017	2,023,516
	Sundry deposits		516,018	451,534
	Others		510,207	463,862
			14,434,032	12,631,477

19.1 Movement in provision held against off-balance sheet obligations

		Note	2020	2019
Opening balance			-	-
Charge for the year		19.1.1	27,475	-
Amount written-off			-	-
Closing balance			27,475	-

19.1.1 This represents provision held against non-fund based obligations of a borrower classified as doubtful.

19.2 Movement in lease liability against right-of-use assets

	Note	2020	2019
Opening balance		2,023,516	1,944,125
Additions during the year		1,674,538	291,340
Finance cost of lease liability	24.2	373,470	271,575
Repayments		(721,507)	(483,524)
Closing balance		3,350,017	2,023,516

20 SHARE CAPITAL

20.1 Authorized Capital

2020	2019		2020	2019
----- (Number of shares) -----				
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

2020	2019		2020	2019
----- (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	7,150,659	7,150,659
1,102,463,483	1,102,463,483		11,024,636	11,024,636

21 SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS

	Note	2020	2019
Surplus / (deficit) on revaluation of			
- Available-for-sale securities	8.1	809,426	(972)
- Fixed assets	21.1	3,777,073	2,463,447
- Non-banking assets acquired in satisfaction of claims	21.2	99,608	76,041
		4,686,107	2,538,516
Deferred tax on (surplus) / deficit on revaluation of			
- Available-for-sale securities		(283,299)	340
- Fixed assets	21.1	(931,805)	(645,401)
		(1,215,104)	(645,061)
		3,471,003	1,893,455

21.1 Surplus on revaluation of fixed assets

	Note	2020	2019
		---------(Rupees in '000)---------	
Surplus on revaluation of fixed assets as at 01 January		2,463,447	2,573,180
Recognised during the year	10.3	1,410,966	-
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		(63,271)	(71,327)
Related deferred tax liability on incremental depreciation charged during the year		(34,069)	(38,406)
Related deferred tax liability on surplus realised on disposal		-	-
Surplus on revaluation of fixed assets as at 31 December		3,777,073	2,463,447
Less: related deferred tax liability on			
- revaluation as at 01 January		(645,401)	(683,807)
- revaluation recognised during the year		(320,473)	-
- surplus realised on disposal during the year		-	-
- incremental depreciation charged during the year		34,069	38,406
		(931,805)	(645,401)
		2,845,268	1,818,046

21.2 Surplus on revaluation of non-banking assets acquired in satisfaction of claims

		2020	2019
Surplus on revaluation as at 01 January		76,041	-
Recognised during the year		23,648	76,041
Transferred to unappropriated profit in respect of incremental depreciation charged during the year		(81)	-
Surplus on revaluation as at 31 December		99,608	76,041

22 CONTINGENCIES AND COMMITMENTS

	Note	2020	2019
- Guarantees	22.1	17,677,531	18,230,691
- Commitments	22.2	154,084,937	223,141,435
- Other contingent liabilities	22.3	3,041,804	3,493,455
		174,804,272	244,865,581

22.1 Guarantees

		2020	2019
- Financial guarantees		4,671,493	5,937,446
- Performance guarantees		12,121,177	11,889,655
- Other guarantees		884,861	403,590
		17,677,531	18,230,691

22.2 Commitments

	Note	2020	2019
Documentary credits and short-term trade-related transactions			
- letters of credit		31,755,753	26,348,782
Commitments in respect of			
- forward foreign exchange contracts	22.2.1	114,269,483	187,259,290
- forward lending	22.2.2	2,549,990	5,378,806
Commitments for acquisition of			
- operating fixed assets		399,466	94,274
- intangible assets		17,325	17,401
Other commitments	22.2.3 & 22.2.4	5,092,920	4,042,882
		154,084,937	223,141,435

22.2.1 Commitments in respect of forward foreign exchange contracts

		2020	2019
Purchase		57,715,311	96,944,495
Sale		56,554,172	90,314,795

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

22.2.2 Commitments in respect of forward lending

	Note	2020	2019
		---------(Rupees in '000)---------	
Undrawn formal standby facilities, credit lines and other commitments to lend	22.2.2.1	2,549,990	5,378,806

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

	2020	2019
	---------(Rupees in '000)---------	
Purchase	4,996,920	-
Sale	-	4,042,882

22.2.4 Other commitments

Donation	96,000	-

22.3 Other contingent liabilities	3,041,804	3,493,455

22.3.1

(a) The income tax returns of the Bank have been filed up to tax year 2020 (accounting year ended 31 December 2019). The income tax authorities have issued amended assessment orders for tax years 2011, 2015 and 2016, thereby creating additional tax demands of Rs. 210.72 million against which payments have been made 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, 2017, 2018 and 2019 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 years 2014, 2018 and 2019 with Appellate Tribunal Inland Revenue, which in case of any adverse decision may create an additional tax liability of Rs. 73.78 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 filed appeals against these assessments before Appellate Tribunal Inland Revenue, which have been decided in favor of Bank and tax demand has been deleted in full. However, provision to the extent of Rs. 81.083 million, created on the recommendation of the State Bank of Pakistan, is still being maintained in the accounts. Management is confident that SBP will allow reversal of this provision based on orders passed by Appellate Tribunal Inland Revenue.

(c) Tax authorities have passed order for fiscal years 2016 and 2017, levying sales tax and penalty amounting to Rs. 17.18 million on disposal of fixed assets. The Bank filed appeal against the assessment order before Commissioner Inland Revenue (Appeals), which is currently pending. However, the management is confident that the matter will be ultimately decided in favor of the Bank and the Bank may not be exposed to any additional tax liability in this matter.

(d) Tax authorities have passed order for tax year 2016 under section 161/205 of the Income Tax Ordinance 2001, creating demands of Rs. 43.52 million, for non-deduction of tax at source. Against the said demand, the Bank has already filed appeal before the Commissioner Inland Revenue (Appeals), which is currently pending. The department has filed appeals for tax years 2014, 2015 and 2017 with Appellate Tribunal Inland Revenue which are currently pending and in case of any adverse decision an additional tax liability of Rs. 216.49 million may arise. However, the management is confident that the matter will be ultimately decided in favor of the Bank and the Bank may not be exposed to any additional tax liability in this matter.

(e) Punjab Revenue Authority has passed orders for years 2015 and 2016 under section 14 and 19 of the Punjab Sales Tax on Services Act, 2012, creating demands of Rs. 144.688 million and 46.9 million respectively, on non-deduction of withholding tax. The Bank has filed appeals before Commissioner Inland Revenue (Appeals) against these orders, 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.

(f) Sindh Revenue Board has passed orders for years 2012 and 2014 under section 23 of the Sindh Sales Tax on Services Act, 2011, creating demands of Rs. 213.43 million and Rs.142.18 million respectively, on non-deduction of Sindh Sales Tax. The Bank has filed appeals before Commissioner Inland Revenue (Appeals) against these orders, which are currently pending. Further, Commissioner Appeals has passed order for year 2013 creating a demand of Rs. 19.89 million. Appeal against this order has been filed in Appellate Tribunal, which is still 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.

(g) The income tax authorities in Azad Jammu & Kashmir region have issued amended assessment orders for Tax Years 2013 to Tax Year 2019, thereby creating additional tax demands which have been paid by the Bank as required under the law. The Bank had filed appeals before Commissioner Inland Revenue (Appeals) against these orders which were decided in favour of the Bank except for Tax Years 2013 and 2016. The Bank will file appeal against orders for Tax Year 2013 & 2016 in Appellate Tribunal. In case of any adverse decision, an additional tax liability of Rs. 43.75 million may arise. Department has filed appeals against orders for Tax Year 2014 to 2019 in Appellate Tribunal, which are still pending. 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. 10.832 million (31 December 2019: Rs. 8.133 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 the 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. 213.857 million (upto 31 December 2019: Rs.183.788 million) will become payable by the Bank to the EOBI. The said amount of Rs. 213.857 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.

23	MARK-UP / RETURN / INTEREST EARNED	Note	2020	2019
			-------- (Rupees in '000) --------	
	Loans and advances		18,826,212	23,794,082
	Investments		23,086,990	14,366,048
	Lendings to financial institutions		125,559	466,336
	Balances with banks		8,686	61,443
	Placement and call lendings		73,071	91,132
	Income on bai muajjal placements		107,667	11,372
			42,228,185	38,790,413

24	MARK-UP / RETURN / INTEREST EXPENSED			
	Deposits		21,103,983	22,463,093
	Borrowings		8,562,657	6,474,014
	Subordinated debt		839,616	955,174
	Cost of foreign currency swaps against foreign currency deposits / borrowings	24.1	693,203	700,391
	Finance cost of lease liability	24.2	373,470	271,575
			31,572,929	30,864,247

24.1 A corresponding income of the same amount is recognised in foreign exchange income.

24.2 This represents finance cost of lease liabililty against right-of-use assets.

25	FEE & COMMISSION INCOME			
	Branch banking customer fees		390,667	463,311
	Consumer finance related fees		48,400	45,260
	Debit card related fees		86,119	92,794
	Investment banking / arrangement fees		61,232	57,820
	Credit related fees		88,829	55,076
	Commission on trade		632,560	648,759
	Commission on guarantees		77,530	81,050
	Commission on cash management		4,982	7,563
	Commission on remittances including home remittances		31,322	17,916
	Commission on bancassurance		95,033	159,049
	Rebate income		238,662	227,842
	Others		19,505	18,007
			1,774,841	1,874,447

26	GAIN / (LOSS) ON SECURITIES - NET			
	Realised	26.1	810,043	(526,289)
	Unrealised - held for trading	8.1	8,125	2,139
	Unrealised - forward purchase of government securities		225	319
			818,393	(523,831)

26.1	Realised gain / (loss) on			
	Federal Government securities		458,191	48,857
	Shares		363,285	(551,240)
	Mutual funds		(11,433)	(23,906)
			810,043	(526,289)

27	OTHER INCOME			
	Gain on sale of fixed assets-net		17,193	10,247
	Insurance claim recovered		10,800	9,562
	Staff notice period and other recoveries		12,539	17,002
	Rental income on properties	27.1	2,150	-
			42,682	36,811

27.1 Rental income on properties represents rent earned through certain properties acquired in satisfaction of claim.

28 OPERATING EXPENSES

	Note	2020	2019
		-------- (Rupees in '000) --------	
Total compensation expense	28.1	3,696,675	3,312,917
Property expense			
Rent & taxes		215,409	390,554
Insurance		25,332	23,855
Utilities cost		313,010	355,279
Security (including guards)	28.2	353,080	319,789
Repair & maintenance (including janitorial charges)	28.2	248,381	225,237
Depreciation on right-of-use assets	10.2	550,180	291,597
Depreciation - Property	10.3	199,516	189,752
		1,904,908	1,796,063
Information technology expenses			
Software maintenance		326,308	240,071
Hardware maintenance		163,723	127,126
Depreciation on computer equipments	10.3	181,490	169,979
Amortisation of intangibles	11	165,890	136,649
Network charges		230,123	212,398
Others		89,502	85,666
		1,157,036	971,889
Other operating expenses			
Directors' fees and allowances		18,461	16,469
Fees and allowances to Shariah Board		5,100	5,100
Legal & professional charges		54,440	60,346
Outsourced services costs	28.2 & 38.1	119,415	136,366
Travelling & conveyance		12,705	32,966
NIFT clearing charges		40,780	39,578
Depreciation	10.3	193,279	174,212
Training & development		6,323	13,551
Postage & courier charges		59,480	69,638
Communication		61,470	60,832
Stationery & printing		178,654	208,764
Marketing, advertisement & publicity		66,849	66,060
Donations	28.3	44,000	16,000
Auditors' Remuneration	28.4	10,150	8,794
Brokerage and commission		44,811	27,943
Entertainment		188,608	195,462
Fees and subscription		54,763	62,874
Motor vehicles running expenses		207,935	212,953
Service charges		116,099	115,961
Insurance		74,037	86,355
Repair & maintenance		165,732	167,535
Deposit protection insurance premium	28.5	196,777	170,047
Others		179,055	161,791
		2,098,923	2,109,597
		8,857,542	8,190,466

28.1	Total compensation expense	Note	2020	2019
			-------- (Rupees in '000) --------	
	Fees and Allowances etc.		-	-
	Managerial Remuneration			
	i) Fixed		1,913,913	1,755,098
	ii) Variable			
	a) Cash Bonus / Awards etc.	28.1.1	230,629	225,614
	b) Bonus & Awards in Shares etc.		-	-
	Charge for defined benefit plan		109,956	96,881
	Contribution to defined contribution Plan		140,550	127,229
	Rent & house maintenance		734,968	681,709
	Staff Car Allowance		174,635	158,091
	Utilities		1,616	3,079
	Medical		182,573	166,799
	Conveyance		16	31
	Entertainment		14,409	24,108
	Group Insurance		89,372	69,895
	Staff Welfare		3,119	3,404
	Others		919	979
	Sub-total		3,596,675	3,312,917
	Sign-on Bonus		-	-
	Severance Allowance	28.1.2	100,000	-
	Grand Total		3,696,675	3,312,917

28.1.1 This includes 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, Key Management Personnel and other MRTs / MRCs has been disclosed in note 41.1 to these financial statements.

28.1.2 This represents charge in respect of Ex-gratia, for the Bank's outgoing CEO, as approved by the Board of Directors. The amount paid during the year was subjected to retention criteria in accordance with the Bank's approved remuneration framework.

28.2 Total cost for the year relating to outsourcing activities included in operating activities is Rs. 661.744 million (2019: Rs 639.604 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	2020	2019
		-------- (Rupees in '000) --------	
Prime Human Resource services	Business Development Services	119,415	136,366

28.3 Details of the donations given during the year are as follows:

Donee	2020	2019
The Aga Khan Education Service, Pakistan	5,000	15,000
The Aga Khan Health Service, Pakistan	5,000	-
The Aga Khan Medical & University Hospital	24,000	-
The Aga Khan Foundation, Pakistan	10,000	-
Layton Rahmatullah Benevolent Trust	-	500
Pakistan Red Crescent Society	-	500
	44,000	16,000

28.3.1 Directors or their spouse have no interest in any of the donee in current and prior year. However, the Bank's Deputy CEO is on the Governance Board of the Aga Khan Medical and University Hospital.

28.4	Auditors' remuneration	2020	2019
		-------- (Rupees in '000) --------	
	Audit fee	2,420	2,200
	Fee for other statutory certifications	4,553	4,139
	Fee for audit of employee funds	157	143
	Special certifications and sundry advisory services	1,455	1,322
	Out-of-pocket expenses	1,565	990
		10,150	8,794

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 2019. The premium amount payable for the financial year ending 2021 is determined in accordance with the eligible deposits (note 16.2) as at 31 December 2020 and amounts to Rs. 228.47 million (2019: Rs. 196.77 million).

		Note	2020	2019
29	**WORKERS' WELFARE FUND - NET**		-------- (Rupees in '000)	--------
	Workers' Welfare Fund - net	29.1	85,718	(120,733)

29.1 The bank considers a charge for Workers Welfare Fund (WWF) based on profits earned for respective years, adjusted for any change in expectation of provisions required to be held, in the light of relevant orders / judgements, and legal opinions.

		Note	2020	2019
30	**OTHER CHARGES**		-------- (Rupees in '000)	--------
	Penalties imposed by State Bank of Pakistan (SBP)		83,033	59,748
31	**PROVISIONS / (REVERSALS) & WRITE OFFS - NET**			
	Provisions for diminution in the value of investments	8.4	717,214	2,034
	Provisions / (Reversals) against loans & advances - net	9.3	673,486	(672,627)
	Provision against off-balance sheet obligations		27,475	-
	Fixed assets written off		7,783	412
	Provision against other assets	12.4.1	-	81,083
	Impairment reversal against fixed assets	10.3	(24,279)	-
	Bad debts written off directly	9.4	24	199
			1,401,703	(588,899)
32	**TAXATION**			
	Current	32.1	1,659,338	1,114,113
	Prior years		-	119,500
	Deferred		(24,855)	107,109
			1,634,483	1,340,722

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 2021 (accounting year ended 31 December 2020). Accordingly, an amount of Rs.168.008 million (2019: Rs. 113.972 million) has been recognised in these financial statements.

32.2 Tax related contingencies are disclosed in note 22.3.1 to these financial statements.

		2020	2019
32.3	**Relationship between tax expense and accounting profit**	-------- (Rupees in '000)	--------
	Profit before taxation	4,034,755	3,246,746
	Tax at the applicable tax rate of 35% (2019: 35%)	1,412,164	1,136,361
	Tax effect on permanent differences	50,325	(23,801)
	Super tax / prior years	168,008	233,472
	Others	3,986	(5,310)
		1,634,483	1,340,722

		2020	2019
33	**BASIC EARNINGS PER SHARE**		
	Profit for the year	2,400,272	1,906,024
		------- (Number of Shares)	-------
	Weighted average number of ordinary shares	1,102,463,483	1,102,463,483
		------------- (Rupees)	-------------
	Basic earnings per share	2.1772	1.7289

34 DILUTED EARNINGS PER SHARE

	2020	2019
	------- (Rupees in '000) -------	
Profit for the year	2,400,272	1,906,024
	------- (Number of Shares) -------	
Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)	1,102,463,483	1,102,463,483
	------------- (Rupees) -------------	
Diluted earnings per share	2.1772	1.7289

35 NET DEBT RECONCILIATION

	Sub-Ordinated Loans	Other Liabilities - Mark-up Payable*
	------- (Rupees in '000) -------	
Net debt as at 01 January 2020	6,995,200	254,482
Other non-cash movements		
Mark-up accrued	-	839,616
Cash Flows		
Principal paid	(1,200)	-
Issuance of new debt	-	-
Mark-up paid	-	(949,318)
	(1,200)	(949,318)
Net debt as at 31 December 2020	6,994,000	144,780

* Mark-up is covered under cash flow from operating activities.

36 CASH AND CASH EQUIVALENTS

	Note	2020	2019
		-------- (Rupees in '000) --------	
Cash and balances with treasury banks	5	29,963,954	33,961,308
Balance with other banks	6	4,268,063	2,074,533
Overdrawn nostro accounts	15	(48,848)	(89,147)
		34,183,169	35,946,694

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 25 June 2020 [2019: 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 18 December 2020.

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 25 June 2020.

38 STAFF STRENGTH

	2020	2019
	-- (Number of employees) --	
Permanent	3,097	3,026
On Bank contract	175	87
Bank's own staff strength at the end of the year	3,272	3,113

38.1 In addition to the above, 372 (2019: 403) 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, 737 (2019: 713) 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 4.12.1, 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:

	2020	2019
	-- (Number of employees) --	
- Gratuity fund	3,213	3,031

39.3 Principal actuarial assumptions

The actuarial valuation was carried out as at 31 December 2020 using the following significant assumptions:

	2020	2019
	--------- (Per annum) ---------	
Discount rate	8.5%	12%
Expected rate of return on plan assets	8.5%	12%
Expected rate of salary increase	6.5%	10%
Mortality rates (for death in service)	SLIC (2001-05)-1	SLIC (2001-05)-1
Rate of employee turnover	Special	Special

	Note	2020	2019
39.4 Reconciliation of payable to defined benefit plan		-------- (Rupees in '000) --------	
Present value of obligation		879,604	819,805
Fair value of plan assets		(879,604)	(819,805)
		-	-
39.5 Movement in defined benefit obligation			
Obligation at the beginning of the year		819,805	729,104
Current service cost		109,956	96,881
Interest cost		97,610	71,820
Benefits paid by the Bank		(106,577)	(71,987)
Re-measurement loss / (gain)		(41,190)	(6,013)
Obligation at the end of the year		879,604	819,805
39.6 Movement in fair value of plan assets			
Fair value at the beginning of the year		819,805	729,104
Interest income on plan assets		97,610	71,820
Contribution by the Bank - net		(3,904)	26,408
Re-measurements: net return on plan assets over interest income gain / (loss)	39.8.2	(33,907)	(7,527)
Fair value at the end of the year		879,604	819,805
39.7 Movement in payable under defined benefit schemes			
Opening balance		-	-
Charge for the year		109,956	96,881
Contribution by the Bank - net		(102,673)	(98,395)
Re-measurement loss / (gain) recognised in other comprehensive income during the year	39.8.2	(7,283)	1,514
Closing balance		-	-

39.8 Charge for defined benefit plan

39.8.1 Cost recognised in profit and loss

	2020	2019
	-------- (Rupees in '000) --------	
Current service cost	109,956	96,881
Net interest on defined benefit asset / liability	97,610	71,820
Expected return on plan assets	(97,610)	(71,820)
	109,956	96,881

39.8.2 Re-measurement recognised in other comprehensive income during the year

	2020	2019
Loss / (gain) on obligation		
-Demographic assumptions	-	-
-Financial assumptions	(10,028)	5,205
-Experience adjustment	(31,162)	(11,218)
Return on plan assets over interest income	33,907	7,527
Total re-measurements recognised in other comprehensive income	(7,283)	1,514

39.9 Components of plan assets

	2020	2019
Cash and cash equivalents - net	472,738	451,969
Mutual funds	193,042	175,453
Government securities	130,236	120,078
Shares	40,218	38,935
Term Finance Certificates	43,370	33,370
	879,604	819,805

39.9.1 The funds primarily invests in government securities (Market Treasury Bills, Pakistan 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

	2020	2019
	-------- (Rupees in '000) --------	
1% increase in discount rate	(42,747)	(37,652)
1% decrease in discount rate	47,233	41,471
1 % increase in expected rate of salary increase	49,865	43,815
1 % decrease in expected rate of salary increase	(45,871)	(40,421)

39.11 The expected gratuity expense / contribution to the fund for the next year commencing 01 January 2021 works out to be Rs. 117.432 million (2020: Rs 109.956 million).

39.12 Gratuity expense for the year ended 31 December 2021

	-- (Rupees in '000) --
Service Cost	117,432
Net interest on the net defined benefit liability / (asset)	
(i) Interest cost on defined benefit obligation	73,909
(ii) Interest income on plan assets	(73,909)
(iii) Net interest cost	-
Gratuity cost to be recognised in the profit and loss account	117,432

39.13 Maturity profile

	2020	2019
The weighted average duration of the obligation (in years)	5.10	4.81

39.14 Funding Policy

The Bank's funding policy for the scheme is given in note 4.12.1

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 (2019: 8.33 percent) of basic salaries of the employees. The contribution made by the Bank during the year amounted to Rs. 140.550 million (2019: Rs. 127.229 million). The total number of employees as at 31 December 2020 eligible under the scheme were 2,778 employees (2019: 2,573 employees).

41 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

41.1 Total Compensation Expense

Items	2020						
	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.	2,130	-	16,331	5,100	-	-	-
Managerial Remuneration							
i) Fixed	-	3,703	-	1,936	30,285	91,502	171,244
ii) Variable							
a) Cash Bonus / Awards*	-	-	-	90	85,000	24,143	29,353
b) Bonus & Awards in Shares	-	-	-	-	-	-	-
	-	-	-	90	85,000	24,143	29,353
Charge for defined benefit plan	-	336	-	161	3,620	8,270	15,557
Contribution to defined contribution plan	-	309	-	161	2,523	7,622	14,060
Rent & house maintenance	-	1,482	-	774	13,628	37,426	67,571
Car allowance	-	718	-	182	252	32,881	94,243
Utilities	-	125	-	-	1,491	1,158	-
Medical	-	440	-	194	418	9,362	16,893
Entertainment allowance	-	259	-	136	-	6,405	11,825
Others	-	144	-	27	2,275	1,098	3,037
Total	2,130	7,516	16,331	8,761	139,492	219,867	423,782
Number of Persons	1	1**	6***	3	2****	16	84

* This represents cash bonus for performance year 2019, paid out in the year 2020. In addition to this payout, an amount of Rs. 22.059 million (2019: Rs. Nil) remains accrued and not yet paid, and has been retained as part of deferred remuneration as per the Bank's remuneration policy and framework. This amount will be paid out over the next three years, together with accrued earnings thereon.

**Mr. Amin A Feerasta served as Executive Director till 28 March 2020. His remuneration after being designated as Deputy CEO has been disclosed under Key Management Personnel.

***Number of non-executive directors includes all directors who served on the Board during the year.

****Mr. Aftab Manzoor served as President and CEO till 31 March 2020. Mr. Muhtashim Ahmad Ashai succeeded him as the new President and CEO.

Items	2019						
	Directors						
	Chairman	Executives (other than CEO)	Non-Executives	Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	---------- (Rupees in '000) ----------						
Fees and Allowances etc.	8,125	-	8,345	5,100	-	-	-
Managerial Remuneration							
i) Fixed	-	14,812	-	1,784	36,062	76,336	168,156
ii) Variable							
a) Cash Bonus / Awards	-	5,000	-	75	7,000	21,100	30,904
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

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 and certain key management personnel. The amount charged in respect of club membership fee during the year amounted to Rs. 1.621 million (2019: Rs. 1.708 million).

Also, the Bank's President and Chief Executive Officer and Deputy Chief Executive Officer are also provided with free use of the Bank maintained car in accordance with their entitlements.

Additionally, in line with the SBP's BPRD Circular No. 03 dated 17 August 2009, and as approved by the shareholders of the bank, certain administrative expenses pertaining to the office, staff and security have been allowed to the Chairman of the Board.

Key Management Personnel include all Group Heads, EVPs, and Executives having a direct reporting line to the President and Chief Executive Officer or the Deputy Chief Executive Officer.

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 BHRRC. The inclusion is based on qualitative as well as quantitative criteria and includes the Chief Executive Officer, Deputy Chief Executive Officer, 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. 1,363.930 million (2019: Rs. 1,193.182 million). The remuneration framework policy has been detailed in note 4.12.3 to the financial statements.

41.2 Remuneration paid to Directors for participation in Board and Committee Meetings

		2020							
		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	Total Amount Paid
		---------- (Rupees in '000) ----------							
1	Mr. Alauddin Feerasta	1,440	-	690	-	-	-	-	2,130
2	Mr. Nooruddin Feerasta	1,200	600	720	-	-	-	-	2,520
3	Mr. Ahmed Feerasta	750	-	-	-	450	-	360	1,560
4	Mr. Muhammad Rashid Zahir	1,200	600	600	-	-	-	-	2,400
5	Mr. Manzoor Ahmed	1,200	-	600	720	994	-	300	3,814
6	Mr. Inam Elahi	150	180	-	-	244	-	-	574
7	Mr. Jamil Hassan Hamdani	1,200	690	-	600	843	180	300	3,813
8	Ms. Navin Salim Merchant	750	300	-	450	-	150	-	1,650
	Total Amount Paid	**7,890**	**2,370**	**2,610**	**1,770**	**2,531**	**330**	**960**	**18,461**

		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	Total Amount Paid
		(Rupees in '000)							
1	Mr. Alauddin Feerasta	5,625	-	2,500	-	-	-	-	8,125
2	Mr. Nooruddin Feerasta	469	281	281	-	-	-	-	1,031
3	Mr. Muhammad Rashid Zahir	844	375	375	-	-	-	-	1,594
4	Mr. Manzoor Ahmed	844	-	281	281	281	-	188	1,875
5	Mr. Inam Elahi	844	375	-	281	281	94	188	2,063
6	Mr. Jamil Hassan Hamdani	750	375	-	281	94	94	188	1,782
	Total Amount Paid	9,375	1,406	3,437	843	656	188	564	16,469

41.3 Remuneration paid to Shariah Board Members

	2020			2019		
Items	Chairman	Resident Member	Non-Resident Member(s)	Chairman	Resident Member	Non-Resident Member(s)
	(Rupees in '000)					
a. Meeting Fees and Allowances	2,700	-	2,400	2,700	-	2,400
b. Remuneration (note 41.1)	-	3,661	-	-	3,389	-
Total Amount	2,700	3,661	2,400	2,700	3,389	2,400
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:

On balance sheet financial instruments	2020 Level 1	Level 2	Level 3	Total
	-----------------------	(Rupees in '000)	------------------------	
Financial assets - measured at fair value				
Investments				
Federal Government securities	-	228,765,187	-	228,765,187
Shares	3,043,730	-	61,100	3,104,830
Non-Government debt securities	-	3,954,306	-	3,954,306
Units of mutual fund	416,016	-	-	416,016
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government securities	-	13,887,187	-	13,887,187
Non-Government debt securities	-	-	14,281	14,281
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	56,457,444	-	56,457,444
Forward sale of foreign exchange	-	55,497,626	-	55,497,626
Forward purchase of government securities	-	4,996,695	-	4,996,695
Non - Financial Assets				
Land and Building (operating fixed assets & non-banking assets)*	-	-	7,285,684	7,285,684
	3,459,746	363,558,445	7,361,065	374,379,256

On balance sheet financial instruments	2019 Level 1	Level 2	Level 3	Total
	-----------------------	(Rupees in '000)	------------------------	
Financial assets - measured at fair value				
Investments				
Federal Government securities	-	160,173,913	-	160,173,913
Shares	3,634,681	-	11,100	3,645,781
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	-	-	50,239	50,239
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 purchase of government securities	-	4,042,563	-	4,042,563
Non - Financial Assets				
Land and Building (operating fixed assets & non-banking assets)*	-	-	4,994,207	4,994,207
	3,840,595	360,815,072	5,055,546	369,711,213

* The Bank carries out periodic valuation of these assets for reasons disclosed in note 4.5.1 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 and units of mutual funds.

(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 and Sukuk certificates.

(c) Financial instruments in level 3

Financial instruments included in level 3 comprise of fixed assets (land and building) and unlisted securities.

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 2019 and 31 December 2020 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 2019	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 or loss for depreciation and impairment	-	-	(7,323)	(113,718)	(3,028)	(124,069)
Other adjustments / transfers	-	-	-	(443)	76,041	75,598
Closing balance 31 December 2019	1,333,280	349,047	170,008	2,221,992	919,880	4,994,207
Acquisitions	601,915	-	96,394	61,793	198,220	958,322
Amounts recognised in the profit or loss as depreciation and impairment	-	-	(8,954)	(114,413)	(2,371)	(125,738)
Other adjustments / transfers	397,097	122,511	44,632	871,005	23,648	1,458,893
Closing balance 31 December 2020	2,332,292	471,558	302,080	3,040,377	1,139,377	7,285,684

43 SEGMENT INFORMATION

43.1 Segment details with respect to business activities

	2020					
	Retail Banking	Corporate	Islamic	Trading and Sales	Others	Total
Profit and loss	----------	----------	---------- (Rupees in '000)	----------	----------	----------
Net mark-up / return / profit	(13,483,658)	11,160,536	393,169	13,571,741	(986,532)	10,655,256
Inter segment revenue - net	18,353,502	(9,127,518)	-	(11,060,389)	1,834,405	-
Non mark-up / return / interest income	1,881,817	377,780	81,931	2,259,831	(793,864)	3,807,495
Total income	6,751,661	2,410,798	475,100	4,771,183	54,009	14,462,751
Segment direct expenses	5,734,555	191,229	435,936	172,729	2,491,844	9,026,293
Inter segment expense allocation	182,585	3,004	11,689	701	(197,979)	-
Total expenses	5,917,140	194,233	447,625	173,430	2,293,865	9,026,293
Provision /(Reversal)	561,453	(48,301)	174,596	717,214	(3,259)	1,401,703
Profit before tax	273,068	2,264,866	(147,121)	3,880,539	(2,236,597)	4,034,755
Balance sheet						
Cash & bank balances	27,133,734	1,420,947	1,822,076	3,855,260	-	34,232,017
Investments	-	163	11,098,217	238,857,291	-	249,955,671
Net inter segment lending	239,785,881	-	-	(255,683,508)	15,897,627	-
Lendings to financial institutions	-	-	1,981,286	6,974,800	-	8,956,086
Advances - performing	49,843,017	100,297,671	7,602,553	-	4,122,458	161,865,699
- non-performing	1,168,528	213,386	1,262,458	-	34,448	2,678,820
Others	5,217,854	4,744,848	994,373	3,291,112	13,408,743	27,656,930
Total assets	323,149,014	106,677,015	24,760,963	(2,705,045)	33,463,276	485,345,223
Borrowings	13,289,403	8,228,957	543,623	64,958,556	-	87,020,539
Subordinated debt	-	-	-	-	6,994,000	6,994,000
Deposits & other accounts	293,849,764	29,535,523	22,113,481	-	-	345,498,768
Net inter segment borrowing	-	67,328,379	1,261,824	(68,590,203)	-	-
Others	16,009,847	1,584,156	842,035	926,602	3,312,238	22,674,878
Total liabilities	323,149,014	106,677,015	24,760,963	(2,705,045)	10,306,238	462,188,185
Equity					23,157,038	23,157,038
Total equity & liabilities	323,149,014	106,677,015	24,760,963	(2,705,045)	33,463,276	485,345,223
Contingencies & commitments						
In respect of letter of credit / guarantees	31,586,598	16,833,762	1,012,924	-	-	49,433,284
In respect of forward foreign exchange contracts	-	-	-	114,269,483	-	114,269,483
In respect of forward lendings	-	2,549,990	-	-	-	2,549,990
In respect of fixed assets	-	-	-	-	416,791	416,791
In respect of government securities	-	-	-	4,996,920	-	4,996,920
In respect of other commitments	-	-	-	-	96,000	96,000
In respect of other contingencies	-	-	-	-	3,041,804	3,041,804
Total	31,586,598	19,383,752	1,012,924	119,266,403	3,554,595	174,804,272

	2019					
	Retail Banking	Corporate	Islamic	Trading and Sales	Others	Total
	----------	----------	---------- (Rupees in '000)	----------	----------	----------
Profit and loss						
Net mark-up / return / profit	(12,841,977)	13,858,612	437,634	7,462,098	(990,201)	7,926,166
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	(470,742)	2,861,162
Total income	8,151,098	2,287,455	529,749	(547,788)	366,814	10,787,328
Segment direct expenses	5,162,426	192,052	376,949	146,849	2,251,205	8,129,481
Inter segment expense allocation	196,193	2,913	11,509	400	(211,015)	-
Total expenses	5,358,619	194,965	388,458	147,249	2,040,190	8,129,481
(Reversal) / Provision	(812,034)	136,406	5,646	-	81,083	(588,899)
Profit before tax	3,604,513	1,956,084	135,645	(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

	2019					
	Retail Banking	Corporate	Islamic	Trading and Sales	Others	Total
	------------	------------	------------ (Rupees in '000)	------------	------------	------------
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	1,699,362	(113,610,979)	-	-
Others	10,745,901	2,939,830	783,097	974,392	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

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, neither are these treated as transactions with related parties, except to the extent of actual custodial charges received against such services provided. The following is the list of assets held under trust:

Category	Type	No. of IPS accounts		Face Value	
		2020	2019	2020	2019
				----- (Rupees in '000)	-----
Asset Management Companies	PIB 3 years	8	2	3,919,300	1,750,000
Asset Management Companies	PIB 5 years			858,900	50,000
Asset Management Companies	PIB 10 years			934,000	200,000
Asset Management Companies	MTB 6 months			-	1,000,000
Asset Management Companies	MTB 3 months			174,900	-
Asset Management Companies	MTB 12 months			25,000	1,450,000
Employee Funds / NGO's	PIB 3 years	6	6	147,000	147,000
Employee Funds / NGO's	PIB 5 years			2,151,500	1,451,500
Employee Funds / NGO's	PIB 10 years			3,241,000	3,216,000
Employee Funds / NGO's	MTB 3 months			2,742,035	-
Employee Funds / NGO's	MTB 6 months			100,000	50,000
Employee Funds / NGO's	MTB 12 months			63,500	50,000
Individuals	MTB 3 months	-	1	-	36,000
Individuals	MTB 6 months	1	-	1,400	-
Individuals	MTB 6 months	1	1	-	9,000
Individuals	MTB 12 months			19,000	-
Individuals	PIB 5 years	3	3	45,500	45,500
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	-	250,000	-
Staff retirement funds - related parties	PIB 3 years	2	2	250,000	250,000
Staff retirement funds - related parties	PIB 20 years			10,000	10,000
		24	17	14,948,435	9,730,400

Numbers of IPS Accounts for Assets Management Companies include 2 accounts (2019 : 2 accounts) for funds managed by NIT (Related Party), with securities held under trust having of face value of Rs. 3,325 million (2019 : Rs. 4,450 million)

45 RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its related group companies, major shareholders, staff retirement funds, directors and their close family members (inculding their associates) 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 as disclosed in note 39 & 40. Remuneration to the executives / officers is determined in accordance with the terms of their appointment and is disclosed in note 41 to the financial statements.

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	2020 Directors (a)	2020 Key* management personnel (a)	2020 Other related parties	2019 Directors (a)	2019 Key* management personnel (a)	2019 Other related parties
	---- (Rupees in '000) ----					
Statement of financial position						
Investments						
Opening balance	-	-	215,213	-	-	259,268
Investment made during the year	-	-	573,185	-	-	69,263
Investment redeemed / disposed during the year	-	-	(348,114)	-	-	(113,318)
Closing balance	-	-	440,284	-	-	215,213
Advances						
Opening balance	65,000	176,995	-	3,000	169,576	-
Addition during the year	244,570	59,543	-	65,000	90,327	-
Repaid during the year	(160,570)	(65,968)	-	(3,000)	(77,581)	-
Transfer in / (out) - net	-	(29,217)	-	-	(5,327)	-
Closing balance	149,000	141,353	-	65,000	176,995	-
Other assets						
Interest / mark-up accrued	4,464	56	-	1,136	64	-
Other receivable						
against E-banking settlement	-	-	656,418	-	-	234,818
against investment	-	-	-	-	-	50,000
	4,464	56	656,418	1,136	64	284,818
Deposits and other accounts						
Opening balance	602,994	10,013	5,425,540	247,127	25,704	4,993,206
Received during the year	1,804,933	696,483	87,591,751	2,870,469	506,179	126,202,027
Withdrawn during the year	(1,831,907)	(547,530)	(87,787,473)	(2,514,602)	(523,748)	(125,769,693)
Transfer in / (out) - net	(42,736)	(70,310)	-	-	1,878	-
Closing balance	533,284	88,656	5,229,818	602,994	10,013	5,425,540
Other liabilities						
Interest / mark-up payable	1,981	752	29,424	9,331	139	64,483
Contingencies and Commitments						
Guarantees	-	-	-	-	-	-
Profit and loss account						
Income						
Mark-up / return / interest earned	9,726	11,484	-	1,182	11,804	-
Fee and commission income	42	68	467	36	98	281
Dividend income	-	-	12,155	-	-	4,826
Expense						
Mark-up / return / interest paid	36,406	4,470	469,004	34,680	636	583,281
Directors' fees and allowances	18,461	-	-	16,469	-	-
Rent expense **	-	-	15,225	-	-	12,195
ATM and ADC charges	-	-	8,352	-	-	15,934
Charge for staff retirement funds	-	-	250,506	-	-	224,110

* including President and CEO
(a) including their relatives

** Actual rent expense is disclosed as part of related party transactions. While accounting for branches / locations on lease for the purpose of financial statements, the bank applies the requirements of IFRS 16 - Leases.

46 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2020	2019
	----- (Rupees in '000) -----	
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	19,260,436	17,710,250
Eligible Additional Tier 1 (ADT 1) Capital	3,584,770	3,441,320
Total Eligible Tier 1 Capital	22,845,206	21,151,570
Eligible Tier 2 Capital	4,610,533	3,767,475
Total Eligible Capital (Tier 1 + Tier 2)	27,455,739	24,919,045
Risk Weighted Assets (RWAs):		
Credit Risk	134,385,533	132,201,073
Market Risk	8,610,225	8,492,414
Operational Risk	18,789,518	17,105,251
Total	161,785,276	157,798,738
Common Equity Tier 1 Capital Adequacy ratio	11.90%	11.22%
Tier 1 Capital Adequacy Ratio	14.12%	13.40%
Total Capital Adequacy Ratio	16.97%	15.79%
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	11.50%	12.50%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	22,845,206	21,151,570
Total Exposures	566,685,566	563,698,550
Leverage Ratio - percentage	4.03%	3.75%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	155,353,599	106,798,772
Total Net Cash Outflow	125,268,638	95,942,809
Liquidity Coverage Ratio - percentage	124.02%	111.32%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	235,312,708	224,485,675
Total Required Stable Funding	161,201,255	206,869,663
Net Stable Funding Ratio - percentage	145.97%	108.52%

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 2020 stood at Rs 11.025 billion (2019: 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 2020:

- Common Equity Tier 1 (CET1) ratio of 7.50% including Capital Conservation Buffer (CCB) of 1.50%
- Tier 1 ratio of 9.00% including CCB of 1.50%
- Total Capital Adequacy Ratio (CAR) of 11.50% including CCB of 1.50%

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 shall be placed on the website. The link to the full disclosures shall be short and clear and be provided within this note such as, The link to the full disclosure is available at **https://www.soneribank.com/wp-content/uploads/2021/04/additional information.pdf**

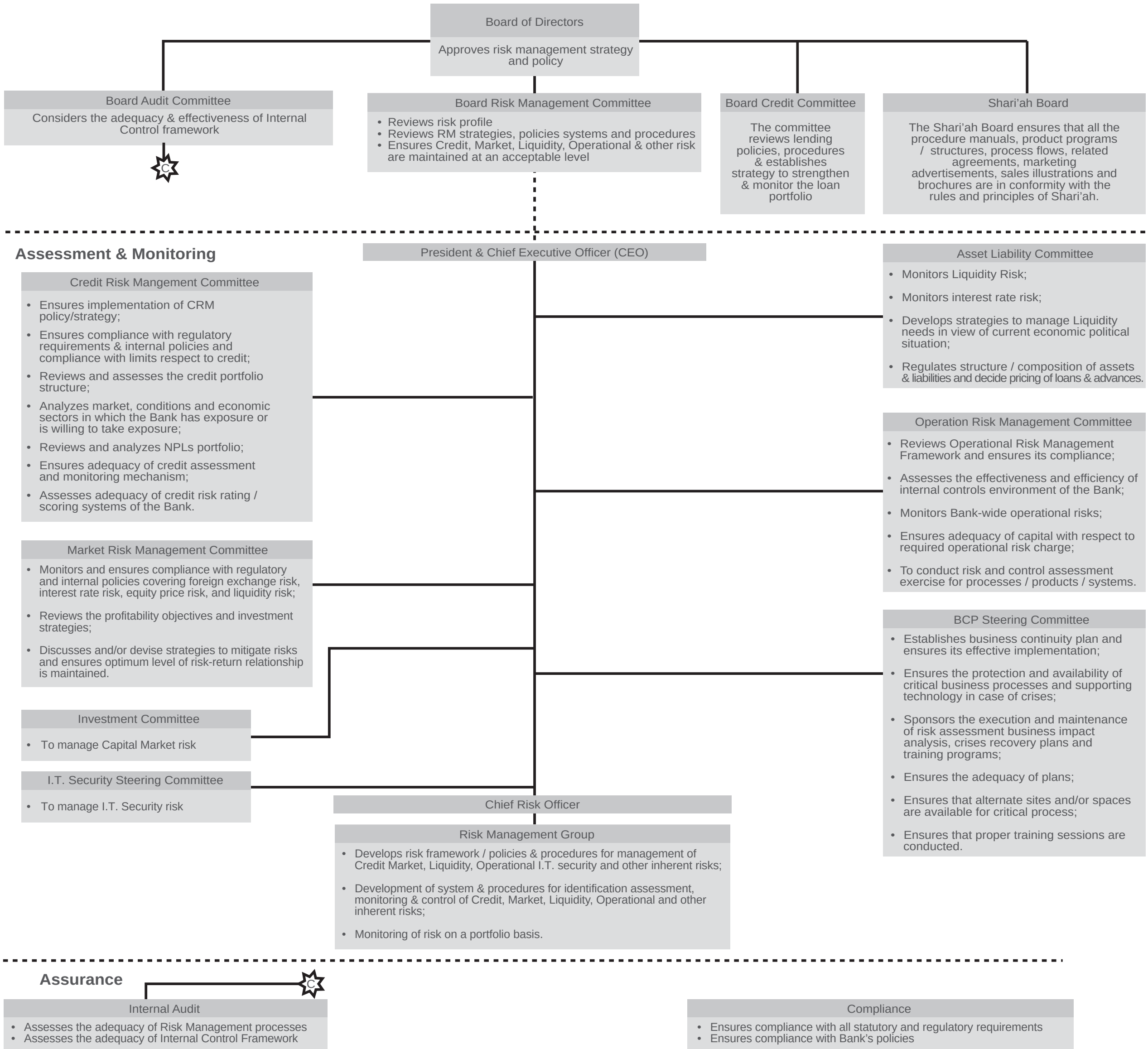
47 RISK MANAGEMENT

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.

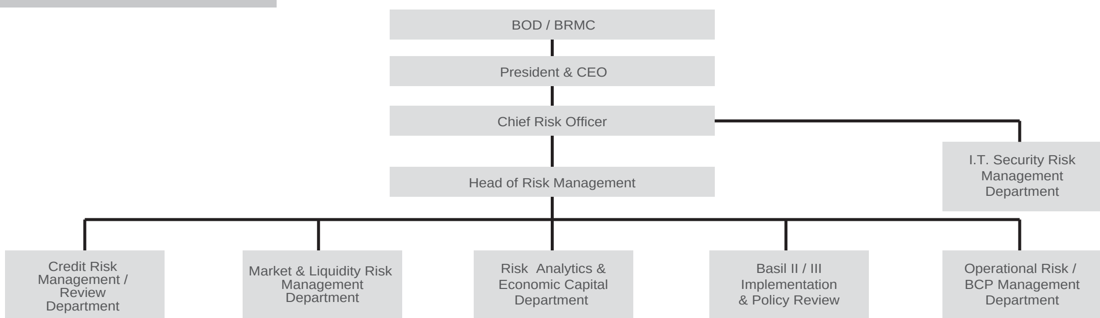
The Board of Directors (BOD) keeps an oversight on the Bank-wide risk management framework and approves the risk management strategy and policies of the Bank. The Board Risk Management Committee (BRMC), ensures that the Bank maintains a complete and prudent integrated risk management framework at all times and ensures that the risk exposures are maintained within acceptable levels. Moreover, the Credit Risk Management Committee (CRMC), 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.

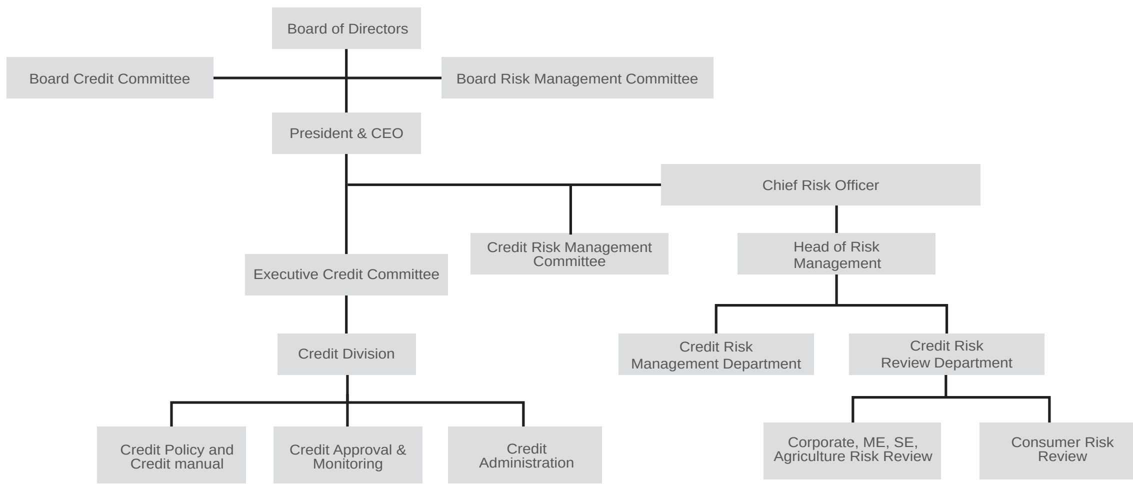
Credit Risk Management Objectives and Organisation

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. 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 mechansim also accounts for Internal Raitng 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. Bank has also signed up recently with a Bahrain based vendor having international repute for validation and development of scorecards and probability of default (P.D) modelling.

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	
	2020	2019	2020	2019	2020	2019
	(Rupees in '000)					
Public / Government	3,000,000	-	-	-	-	-
Private	5,956,086	1,202,243	-	-	-	-
	8,956,086	1,202,243	-	-	-	-

47.1.2 **Investment in debt securities**

Credit risk by industry sector

	Gross investments		Non-performing investments		Provision held	
	2020	2019	2020	2019	2020	2019
	(Rupees in '000)					
Textile	52,234	52,234	52,234	52,234	52,234	52,234
Chemical and Pharmaceuticals	7,440	7,440	7,440	7,440	7,440	7,440
Services	440,444	470,000	-	-	-	-
Construction	6,560	6,560	6,560	6,560	6,560	6,560
Power (electricity), Gas, Water, Sanitary	2,088,662	1,539,814	19,860	19,860	19,860	19,860
Financial	243,925,579	171,214,467	-	-	-	-
	246,520,919	173,290,515	86,094	86,094	86,094	86,094

Credit risk by public / private sector

	Gross investments		Non-performing investments		Provision held	
	2020	2019	2020	2019	2020	2019
	(Rupees in '000)					
Public / Government	243,494,228	171,014,218	-	-	-	-
Private	3,026,691	2,276,297	86,094	86,094	86,094	86,094
	246,520,919	173,290,515	86,094	86,094	86,094	86,094

47.1.3 **Advances**

Credit risk by industry sector

	Gross advances		Non-performing advances		Provision held	
	2020	2019	2020	2019	2020	2019
	(Rupees in '000)					
Agriculture, Forestry, Hunting and Fishing	2,622,705	2,369,292	181,502	179,359	151,185	149,682
Food and Allied	30,709,114	64,450,550	1,452,257	1,237,357	473,791	263,390
Textile	26,940,779	28,748,118	4,428,419	4,773,782	4,006,948	4,127,279
Chemical and Pharmaceuticals	6,942,734	7,128,648	573,804	574,860	552,417	543,795
Cement	1,891,846	2,205,011	-	-	-	-
Sugar	6,768,573	6,895,983	85,704	415,539	85,704	144,420
Footwear and Leather garments	1,673,182	1,840,328	61,321	66,521	61,321	66,521
Automobile and transportation equipment	1,585,306	2,173,810	-	-	-	-
Electronics and electrical appliances	3,709,311	4,014,139	54,312	54,312	54,312	54,312
Construction	4,750,985	4,745,050	33,581	36,908	32,582	34,757
Power (electricity), Gas, Water, Sanitary	25,599,370	27,134,901	839,183	149,871	224,960	149,871
Wholesale and Retail Trade	19,605,766	21,138,428	254,445	266,937	145,442	156,109
Exports/Imports	9,598,205	9,034,293	228,864	443,490	87,148	125,606
Financial	869,791	967,098	132,167	133,499	132,167	133,499
Services	7,148,405	7,887,436	305,466	422,405	245,681	362,620
Individuals	7,928,632	7,649,927	182,263	159,637	133,808	91,698
Education	1,888,895	2,045,478	-	-	-	-
Iron & Steel	5,439,354	4,404,180	340,447	267,842	246,802	215,456
Paper & Printing	1,469,973	1,698,585	48,920	48,920	48,920	48,920
Plastic Products	817,460	1,864,674	364,297	465,368	326,190	236,748
Ship Breaking	1,884,276	1,360,697	1,087,246	1,090,746	1,004,056	585,608
Others	2,847,981	2,759,288	131,208	115,245	93,152	82,772
	172,692,643	212,515,914	10,785,406	10,902,598	8,106,586	7,573,063

Credit risk by public / private sector

	Gross advances		Non-performing advances		Provision held	
	2020	2019	2020	2019	2020	2019
	-- (Rupees in '000) --					
Public/ Government	43,813,940	78,503,801	-	-	-	-
Private	128,878,703	134,012,113	10,785,406	10,902,598	8,106,586	7,573,063
	172,692,643	212,515,914	10,785,406	10,902,598	8,106,586	7,573,063

47.1.4 Contingencies and Commitments

	2020	2019
	------ (Rupees in '000) --------	
Credit risk by industry sector		
Agriculture, Forestry, Hunting and Fishing	233,007	216,548
Food and Allied	9,201,400	6,862,623
Textile	6,335,128	5,159,739
Chemical and Pharmaceuticals	3,560,440	2,345,900
Cement	317,014	1,792,231
Sugar	221,542	1,005,937
Footwear and Leather garments	325,808	215,351
Automobile and transportation equipment	756,562	355,901
Electronics and electrical appliances	2,226,289	1,701,729
Construction	2,618,876	2,766,477
Power (electricity), Gas, Water, Sanitary	6,100,543	6,733,032
Wholesale and Retail Trade	7,475,828	9,139,680
Exports/Imports	1,866,685	1,565,782
Financial	117,332,855	189,949,268
Services	10,812,612	10,686,022
Education	104,571	104,571
Iron & Steel	1,808,043	1,799,597
Paper & Printing	810,454	854,498
Plastic Products	1,588,724	657,317
Ship Breaking	116,707	401,707
Others	991,184	551,671
	174,804,272	244,865,581
Credit risk by public / private sector		
Public / Government	1,232,133	1,693,865
Private	173,572,139	243,171,716
	174,804,272	244,865,581

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. 56,101 million (2019: Rs. 87,780 million) and are as following:

	2020	2019
	------- (Rupees in '000) -------	
Funded	54,219,037	85,048,475
Non-funded	1,881,771	2,731,441
Total exposure	56,100,808	87,779,916

The sanctioned limits against these top 10 exposures aggregated to Rs. 105,476 million (2019: Rs. 104,950 million).

As at 31 December 2020, none of the top 10 exposures are classified and no provision is required / held thereagainst.

47.1.6 Advances - province / region-wise disbursement & utilization

2020

Province / region	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	AJK including Gilgit-Baltistan	Islamabad
	---------- (Rupees in '000) ----------						
Punjab	258,684,087	248,089,300	1,235,310	2,679,552	-	3,744,284	2,935,641
Sindh	298,075,877	6,519,354	285,439,847	1,914,468	3,137,965	-	1,064,243
KPK including FATA	5,379,520	112,229	-	5,229,245	-	-	38,046
Balochistan	228,897	-	-	-	228,897	-	-
AJK including Gilgit-Baltistan	4,519,369	-	-	-	-	4,519,369	-
Islamabad	47,232,195	12,941,102	7,308,875	8,989,237	-	-	17,992,981
Total	614,119,945	267,661,985	293,984,032	18,812,502	3,366,862	8,263,653	22,030,911

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	5,696,058
Sindh	231,706,076	5,777,430	211,057,343	401,167	2,656,962	-	11,813,174
KPK including FATA	3,748,789	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	17,193,187	6,623,192	7,613,013	-	-	16,097,913
Total	538,902,839	262,440,443	221,611,148	14,507,765	2,781,027	3,955,311	33,607,145

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.

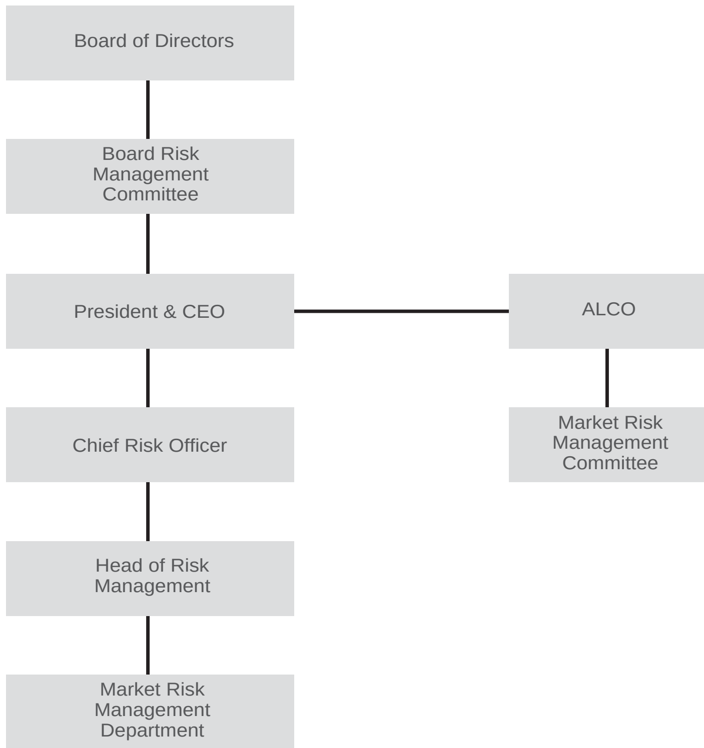
Market risk management objective and organisation

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).

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

	2020			2019		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	(Rupees in '000)					
Cash and balances with treasury banks	29,963,954	-	29,963,954	33,961,308	-	33,961,308
Balances with other banks	4,268,063	-	4,268,063	2,074,533	-	2,074,533
Lendings to financial institutions	8,956,086	-	8,956,086	1,202,243	-	1,202,243
Investments	244,562,058	5,393,613	249,955,671	167,510,061	9,546,055	177,056,116
Advances	164,544,519	-	164,544,519	204,901,313	-	204,901,313
Fixed assets	11,910,925	-	11,910,925	8,328,905	-	8,328,905
Intangible assets	408,274	-	408,274	466,686	-	466,686
Other assets	15,337,731	-	15,337,731	14,549,678	-	14,549,678
	479,951,610	5,393,613	485,345,223	432,994,727	9,546,055	442,540,782

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.

	2020				2019			
	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)							
United States dollar	19,149,249	17,199,154	(1,153,574)	796,521	20,014,429	24,724,332	4,738,536	28,633
Great Britain pound	356,517	2,336,963	1,975,913	(4,533)	616,799	2,357,868	1,744,678	3,609
Japanese Yen	14,210	74	(10,848)	3,288	15,916	21,126	6,415	1,205
Euro	868,402	1,029,297	151,229	(9,666)	1,138,012	907,806	(222,625)	7,581
Chinese Yuan	206,233	199,186	-	7,047	137,875	136,705	(1)	1,169
Other currencies	37,446	20,042	1	17,405	27,001	20,028	3,255	10,228
	20,632,057	20,784,716	962,721	810,062	21,950,032	28,167,865	6,270,258	52,425

	2020		2019	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	-	8,101	-	524
- Other comprehensive income	-	-	-	-

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.

	2020		2019	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 5% change in equity prices on				
- Profit and loss account	-	-	-	-
- Other comprehensive income	-	172,987	-	192,030

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.

	2020		2019	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% change in interest rates on				
- Profit and loss account	2,777,543	24,932	1,312,209	75,839
- Other comprehensive income	-	-	-	-

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.

	2020											
			Exposed to Yield/ Interest risk									
	Effective Yield/ Interest rate	Total	Upton 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	Non-interest bearing financial instruments
		(Rupees in '000)										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	0.00%	29,963,954	2,740,850	-	-	-	-	-	-	-	-	27,223,104
Balances with other banks	7.96%	4,268,063	450	-	-	-	-	-	-	-	-	4,267,613
Lending to financial institutions	8.12%	8,956,086	4,000,000	1,008,777	3,947,309	-	-	-	-	-	-	-
Investments	10.42%	249,955,671	5,308,660	56,741,211	37,595,761	77,339,189	9,156,248	40,373,746	11,934,051	7,985,959	-	3,520,846
Advances	9.89%	164,544,519	118,646,270	20,935,213	9,103,733	4,075,993	2,817,413	230,895	479,836	2,354,547	3,221,799	2,678,820
Other assets	0.00%	15,233,565	-	-	-	-	-	-	-	-	-	15,233,565
		472,921,858	130,696,230	78,685,201	50,646,803	81,415,182	11,973,661	40,604,641	12,413,887	10,340,506	3,221,799	52,923,948
Liabilities												
Bills payable	0.00%	6,707,581	-	-	-	-	-	-	-	-	-	6,707,581
Borrowings	8.02%	87,020,539	33,616,378	38,322,665	10,277,794	2,222	2,761,403	18,635	100,130	1,832,206	40,258	48,848
Deposits and other accounts	6.74%	345,498,768	107,115,229	112,365,892	18,978,772	13,553,775	1,117,879	198,307	398,520	-	-	91,770,394
Liabilities against assets subject to finance lease	0.00%	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	12.00%	6,994,000	2,994,000	-	4,000,000	-	-	-	-	-	-	-
Other liabilities	0.00%	13,070,233	-	-	-	-	-	-	-	-	-	13,070,233
		459,291,121	143,725,607	150,688,557	33,256,566	13,555,997	3,879,282	216,942	498,650	1,832,206	40,258	111,597,056
On-balance sheet gap		13,630,737	(13,029,377)	(72,003,356)	17,390,237	67,859,185	8,094,379	40,387,699	11,915,237	8,508,300	3,181,541	(58,673,108)
Non financial net assets		9,526,301										
Total net assets		23,157,038										

	2020											
	Effective Yield/ Interest rate	Total	Exposed to Yield/ Interest risk									Non-interest bearing financial instruments
			Upton 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	
Off-balance sheet financial instruments	(Rupees in '000)											
Documentary credits and short-term trade-related transactions		49,433,284	15,647,937	15,672,075	4,373,311	5,631,352	4,328,358	1,105,549	978,302	1,108,474	587,926	-
Commitments in respect of:												
- forward foreign exchange contracts purchase		57,715,311	31,633,447	20,369,628	4,886,219	826,017	-	-	-	-	-	-
- forward foreign exchange contracts sale		56,554,172	29,607,346	17,093,843	9,127,151	725,832	-	-	-	-	-	-
- forward government securities transactions		-	-	-	-	-	-	-	-	-	-	-
- forward lending		2,549,990	-	-	-	2,549,990	-	-	-	-	-	-
- acquisition of fixed assets		399,466	-	-	-	399,466	-	-	-	-	-	-
- acquisition of intangibles		17,325	-	-	-	17,325	-	-	-	-	-	-
Off-balance sheet gap		166,669,548	76,888,730	53,135,546	18,386,681	10,149,982	4,328,358	1,105,549	978,302	1,108,474	587,926	-
Total yield/ interest risk sensitivity gap			63,859,353	(18,867,810)	35,776,918	78,009,167	12,422,737	41,493,248	12,893,539	9,616,774	3,769,467	(58,673,108)
Cumulative yield / interest risk sensitivity gap			63,859,353	44,991,543	80,768,461	158,777,628	171,200,365	212,693,613	225,587,152	235,203,926	238,973,393	

	2019											
	Effective Yield/ Interest rate	Total	Exposed to Yield/ Interest risk									Non-interest bearing financial instruments
			Upton 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	
On-balance sheet financial instruments	(Rupees in '000)											
Assets												
Cash and balances with treasury banks	0.56%	33,961,308	2,947,077	-	-	-	-	-	-	-	-	31,014,231
Balances with other banks	2.44%	2,074,533	181,203	-	-	-	-	-	-	-	-	1,893,330
Lending to financial institutions	11.47%	1,202,243	1,020,239	182,004	-	-	-	-	-	-	-	-
Investments	11.09%	177,056,116	6,054,541	20,414,422	20,137,752	73,372,086	46,600,377	2,760,558	3,010,225	854,460	-	3,851,695
Advances	12.38%	204,901,313	163,179,760	18,154,349	11,232,718	3,149,105	68,516	189,026	497,193	2,056,086	3,045,025	3,329,535
Other assets	0.00%	12,229,364	-	-	-	-	-	-	-	-	-	12,229,364
		431,424,877	173,382,820	38,750,775	31,370,470	76,521,191	46,668,893	2,949,584	3,507,418	2,910,546	3,045,025	52,318,155
Liabilities												
Bills payable	0.00%	3,960,957	-	-	-	-	-	-	-	-	-	3,960,957
Borrowings	9.76%	95,705,109	55,337,121	12,030,784	13,376,056	13,023,278	21,630	46,518	71,329	1,709,246	-	89,147
Deposits and other accounts	10.89%	302,082,985	117,144,588	64,834,063	12,727,272	31,497,729	483,703	1,053,652	297,300	-	-	74,044,678
Liabilities against assets subject to finance lease	0.00%	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	13.65%	6,995,200	2,995,200	-	4,000,000	-	-	-	-	-	-	-
Other liabilities	0%	12,258,221	-	-	-	-	-	-	-	-	-	12,258,221
		421,002,472	175,476,909	76,864,847	30,103,328	44,521,007	505,333	1,100,170	368,629	1,709,246	-	90,353,003
On-balance sheet gap		10,422,405	(2,094,089)	(38,114,072)	1,267,142	32,000,184	46,163,560	1,849,414	3,138,789	1,201,300	3,045,025	(38,034,848)
Non financial net assets		9,791,190										
Total net assets		20,213,595										

			2019									
			Exposed to Yield/ Interest risk									
	Effective Yield/ Interest rate	Total	Upton 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	Non-interest bearing financial instruments
Off-balance sheet financial instruments		(Rupees in '000)										
Documentary credits and short-term trade-related transactions		44,579,473	15,377,943	12,872,781	2,942,010	3,675,182	2,651,147	2,229,531	1,256,771	508,563	3,065,545	-
Commitments in respect of:												
- forward foreign exchange contracts purchase		96,944,495	27,202,159	35,717,778	28,215,261	5,809,297	-	-	-	-	-	-
- forward foreign exchange contracts sale		(90,314,795)	(24,980,355)	(34,118,802)	(30,188,012)	(1,027,626)	-	-	-	-	-	-
- forward government securities transactions		4,042,882	4,042,882	-	-	-	-	-	-	-	-	-
- 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		60,742,536	21,642,629	14,471,757	969,259	13,947,334	2,651,147	2,229,531	1,256,771	508,563	3,065,545	-
Total yield/ interest risk sensitivity gap			19,548,540	(23,642,315)	2,236,401	45,947,518	48,814,707	4,078,945	4,395,560	1,709,863	6,110,570	(38,034,848)
Cumulative yield / interest risk sensitivity gap			19,548,540	(4,093,775)	(1,857,374)	44,090,144	92,904,851	96,983,796	101,379,356	103,089,219	109,199,789	

(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 reoccurrence 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.

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

2020

	Total	Upton 1 Day	Over 1 to 7 days	Over 7 to14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 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
	(Rupees in '000)													
Assets														
Cash and balances with treasury banks	29,963,954	29,963,954	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	4,268,063	4,268,063	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	8,956,086	-	3,000,000	-	1,000,000	-	1,008,777	3,947,309	-	-	-	-	-	-
Investments	249,955,671	-	-	3,026,730	-	23,855,096	31,953,054	33,488,398	72,641,967	2,871,054	12,950,593	40,853,188	18,048,661	10,266,930
Advances	164,544,519	59,281,037	1,551,727	2,076,417	4,725,654	13,487,250	8,446,778	12,549,253	3,921,415	2,284,968	8,095,482	14,759,890	12,779,303	20,585,345
Fixed assets	11,910,925	3,029	18,169	21,197	51,478	93,677	93,380	277,022	526,358	268,208	1,036,882	962,067	1,457,338	7,102,120
Intangible assets	408,274	490	2,936	3,425	8,318	15,168	15,126	45,377	44,836	42,529	158,104	67,871	4,094	-
Other assets	15,337,731	7,803,406	295,594	123,774	986,997	1,775,736	1,541,111	226,216	745	1,441,609	2,979	2,979	12,185	1,124,400
	485,345,223	101,319,979	4,868,426	5,251,543	6,772,447	39,226,927	43,058,226	50,533,575	77,135,321	6,908,368	22,244,040	56,645,995	32,301,581	39,078,795
Liabilities														
Bills payable	6,707,581	6,707,581	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	87,020,539	43,948	24,680,911	12,863,251	3,355,685	8,617,216	6,264,399	13,421,690	13,018,585	2,222	2,761,403	18,636	100,130	1,872,463
Deposits and other accounts	345,498,768	238,995,217	11,914,019	4,259,781	16,430,415	19,089,154	20,562,929	18,978,772	3,977,727	9,576,048	1,117,879	198,307	398,520	-
Subordinated debt	6,994,000	-	600	-	-	-	-	-	600	-	1,200	2,991,600	-	4,000,000
Deferred tax liabilities	1,533,265	-	-	-	-	-	-	-	-	1,533,265	-	-	-	-
Other liabilities	14,434,032	5,461,082	304,083	133,678	1,011,050	1,819,680	1,585,055	358,048	132,577	809,068	530,308	517,132	807,342	964,929
	462,188,185	251,207,828	36,899,613	17,256,710	20,797,150	29,526,050	28,412,383	32,758,510	17,129,489	11,920,603	4,410,790	3,725,675	1,305,992	6,837,392
Net assets	23,157,038	(149,887,849)	(32,031,187)	(12,005,167)	(14,024,703)	9,700,877	14,645,843	17,775,065	60,005,832	(5,012,235)	17,833,250	52,920,320	30,995,589	32,241,403
Share capital	11,024,636													
Reserves	2,970,486													
Surplus on revaluation of assets	3,471,003													
Unappropriated profit	5,690,913													
	23,157,038													

2019

	Total	Upton 1 Day	Over 1 to 7 days	Over 7 to14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 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
	(Rupees 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	1,202,243	-	435	-	1,019,804	182,004	-	-	-	-	-	-	-	-
Investments	177,056,116	-	-	-	5,668,805	4,922,245	14,155,950	18,668,086	51,699,881	21,867,361	49,948,791	4,017,313	3,769,525	2,338,159
Advances	204,901,313	101,378,869	1,895,404	2,562,937	4,143,440	11,812,725	8,385,816	15,806,754	3,814,819	2,548,465	3,500,690	7,573,281	19,542,474	21,935,639
Fixed assets	8,328,905	1,513	9,088	10,603	51,393	72,530	72,208	208,632	206,041	422,982	774,963	705,136	1,069,016	4,724,800
Intangible assets	466,686	416	2,483	2,897	7,036	12,830	12,355	36,823	36,778	36,743	142,330	122,231	53,764	-
Other assets	14,549,678	8,607,808	240,405	410,641	1,085,924	1,253,416	636,567	104,314	16,765	1,269,810	2,078	2,078	10,384	909,488
	442,540,782	146,024,447	2,147,815	2,987,078	11,976,402	18,255,750	23,262,896	34,824,609	55,774,284	26,145,361	54,368,852	12,420,039	24,445,163	29,908,086
Liabilities														
Bills payable	3,960,957	3,960,957	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	95,705,109	89,147	47,305,644	7,185,842	845,634	4,337,915	7,685,022	13,097,095	13,275,640	26,599	21,630	46,518	79,177	1,709,246
Deposits and other accounts	302,082,985	191,189,266	6,236,093	3,230,479	14,972,068	17,324,623	23,070,800	12,727,272	27,051,950	4,445,779	483,703	1,053,652	297,300	-
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	6,601,436	240,371	410,602	1,111,472	1,278,886	662,037	180,723	93,174	336,976	307,715	300,069	468,465	639,551
	422,327,187	201,840,806	53,782,708	10,826,923	16,929,174	22,941,424	31,417,859	26,005,090	40,421,364	5,760,813	814,248	1,401,439	3,836,542	6,348,797
Net assets	20,213,595	(55,816,359)	(51,634,893)	(7,839,845)	(4,952,772)	(4,685,674)	(8,154,963)	8,819,519	15,352,920	20,384,548	53,554,604	11,018,600	20,608,621	23,559,289
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													

47.2.10 Maturities of assets and liabilities - based on expected maturities of the assets and liabilities of the Bank

2020

	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	29,963,954	15,210,229	6,222,020	4,001,865	4,529,840	-	-	-	-	-
Balances with other banks	4,268,063	4,268,063	-	-	-	-	-	-	-	-
Lending to financial institutions	8,956,086	4,000,000	1,008,777	3,947,309	-	-	-	-	-	-
Investments	249,955,671	3,026,730	55,808,150	33,488,398	75,513,021	12,950,593	40,853,188	18,048,661	10,266,930	-
Advances	164,544,519	24,000,421	32,268,495	22,309,582	20,559,809	17,281,675	14,759,890	12,779,303	13,542,405	7,042,939
Fixed assets	11,910,925	96,191	191,694	283,977	808,476	1,064,701	989,886	1,512,976	2,213,927	4,749,097
Intangible assets	408,274	15,170	30,293	45,377	87,365	158,104	67,871	4,094	-	-
Other assets	15,337,731	9,209,772	3,316,846	226,216	1,442,354	2,979	2,979	12,185	14,894	1,109,506
	485,345,223	59,826,576	98,846,275	64,302,724	102,940,865	31,458,052	56,673,814	32,357,219	26,038,156	12,901,542
Liabilities										
Bills payable	6,707,581	6,707,581	-	-	-	-	-	-	-	-
Borrowings	87,020,539	40,943,796	14,881,615	13,421,689	13,020,807	2,761,403	18,635	100,130	1,832,206	40,258
Deposits and other accounts	345,498,768	72,689,314	69,992,169	45,017,405	50,956,654	53,195,145	18,837,937	30,508,691	4,301,453	-
Subordinated debt	6,994,000	600	-	-	600	1,200	2,991,600	-	4,000,000	-
Deferred tax liabilities	1,533,265	-	-	-	1,533,265	-	-	-	-	-
Other liabilities	14,434,032	6,909,895	3,404,734	358,048	941,645	530,308	517,132	807,342	964,928	-
	462,188,185	127,251,186	88,278,518	58,797,142	66,452,971	56,488,056	22,365,304	31,416,163	11,098,587	40,258
Net assets	23,157,038	(67,424,610)	10,567,757	5,505,582	36,487,894	(25,030,004)	34,308,510	941,056	14,939,569	12,861,284
Share capital account	11,024,636									
Reserves	2,970,486									
Surplus on revaluation of assets	3,471,003									
Unappropriated profit	5,690,913									
	23,157,038									

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	3,902,696	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	5,668,805	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	37,689,789	33,298,003	30,656,686	17,104,995	7,573,281	19,542,474	11,917,905	10,017,735
Fixed assets	8,328,905	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	73,522	142,330	122,231	53,764	-	-
Other assets	14,549,678	10,344,778	1,889,983	104,314	1,286,575	2,078	2,078	10,384	10,391	899,097
	442,540,782	72,242,148	66,117,786	56,218,554	113,215,848	67,973,157	12,420,039	24,445,163	15,809,494	14,098,593
Liabilities										
Bills payable	3,960,957	3,960,957	-	-	-	-	-	-	-	-
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	302,082,985	59,956,365	61,357,309	33,689,157	60,450,115	41,248,782	17,275,343	28,105,914	-	-
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	430,150	307,715	300,069	468,465	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	14,098,593
Share capital account	11,024,636									
Reserves	2,490,432									
Surplus on revaluation of assets	1,893,455									
Unappropriated profit	4,805,072									
	20,213,595									

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 17 February 2021 has proposed a cash dividend in respect of the year ended 31 December 2020 of Rs. 1.25 per share (2019: 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 2020 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 2021.

50 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 17 February 2021 by the Board of Directors of the Bank.

Alauddin Feerasta	Muhtashim Ahmad Ashai	Mirza Zafar Baig	Muhammad Rashid Zahir	Jamil Hassan Hamdani
Chairman	President & Chief Executive Officer	Chief Financial Officer	Director	Director

STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND RUPEES AND ABOVE PROVIDED

Annexure - I

DURING THE YEAR ENDED 31 DECEMBER 2020

(Rs. in million)

S. No.	Name and address of borrower	Name of Individuals/ partners/ directors (with CNIC No.)	Father/ Husband's Name	Outstanding liabilites at beginning of the year				Principal Written off	Mark-up Written off/ Waived	Other Financial Relief Provided	Total
				Principal	Mark-up	Others	Total				
1	2	3	4	5	6	7	8	9	10	11	12=9+10+11
1	**Huffaz Seamless Pipes Industries Ltd** 207-210, Mashriq Centre, Block 14, Gulshan-e-Iqbal, Karachi	Mr. Hafiz Abdul Majeed CNIC No. 42201-0485927-7 Mr. Hafiz Abdul Waheed CNIC No. 35202-2198501-3 Mr. Hafiz Abdul Aleem CNIC No. 35202-2198613-9 Mr. Hafiz Abdul Haseeb CNIC No. 35200-4203002-1 Mr. Hafiz Abdul Sami CNIC No. 35202-2198502-1 Mr. Muhammad Hafeez CNIC No. 42201-9310167-1 Mr. Arshad Ahmed NICOP. 914000-155402-3 Syed Arslan Saddiq CNIC No. 42101-1364553-1	Mr. Hafiz Muhammad Hussain Mr. Hafiz Muhammad Hussain Mr. Hafiz Muhammad Waheed Mr. Hafiz Abdul Majeed Mr. Hafiz Abdul Waheed Chudhry Fazal Muhammad Mr. Shabir Hussain Mr. Muhammad Sadiq	-	15.210	-	15.210	-	15.210	-	15.210
2	**Elite Screener** Carring Business C-21-22 Block-9, AEECHS, Gulshan-e-Jauhar, Karachi	Mr. Mirajul Shams CNIC No. 42501-3397484-1	Mr. Muhammad Ayub	-	2.668	0.219	2.887	-	2.667	0.219	2.886
3	**Sony Enterprises** Office No. 413, 4th Floor Poonawala Trade Tower, Chabba Street, Opposite City Court, Karachi	Mr. Nand Lal CNIC No. 42301-3075116-5 Mr. Kailash Kumar CNIC No. 43103-1396367-3 Mr. Pars CNIC No. 42301-7441696-9	Mr. Dewan Mr. Dewan Mr. Rooshan Lal	-	0.701	1.049	1.750	-	0.671	1.049	1.720
4	**Reliance Cotton Industries & Oil Mills** Mirpur Khas Road, Deh Rahuki Tappa Tando Qaiser Taluka Hyderabad	Mr. Dayo Mal CNIC No. 41306-3300997-5 Mr. Rajesh Kumar CNIC No. 41306-3792813-7	Mr. Asha Raam Mr. Gurmukh Das	-	4.680	0.337	5.017	-	4.680	0.337	5.017
5	**Stanza Safety Wears** 10KM, Daska Road, Sajo Kala, Model Town, Sialkot	Mr. Arif Mahmood CNIC No. 34603-7965736-9	Mr. Iftikhar Ahmed	2.000	0.805	0.050	2.855	-	0.805	0.050	0.855
6	**IAT Sports Corporation** Ugoki Road, Sialkot	Mr. Imran Mehmood CNIC No. 34603-1449100-3 Mr. Iftikhar Ahmed CNIC No. 34603-9639987-7 Mr. Arif Mehmood CNIC No. 34603-7965736-9 Mr. Tariq Mehmood CNIC No. 34603-1807912-5	Mr. Iftikhar Ahmed Mr. Nazir Ahmed Mr. Iftikhar Ahmed Mr. Iftikhar Ahmed	3.200	1.254	0.065	4.519	-	1.254	0.065	1.319
7	**Shaikh Diagnostic Centre & Seema Ultrasound** Shop No. 3, Plot No.1, Civic Centre, Anwar Central, Unit No.7, Latifabad, Hyderabad	Ms. Seema Shaikh CNIC No. 41304-9533733-8	Mr. Nisar Ahmed Shaikh	-	2.668	-	2.668	-	0.981	-	0.981
8	**Khurshid & Co.** Khurshid Plaza, Chowk Yadgar, Peshawar	Mr. Rana Muhammad Sadiq Khurshid CNIC No. 17301-1639775-7	Mr. Khurshid Muhammad Khan	-	3.157	0.100	3.257	-	2.657	0.100	2.757
9	**Mir Textile Mills** Mir Street, Mir Muhammad Younis Road, Sialkot	Mr. Mir Muhammad Imran CNIC No. 34603-2215566-9	Mr. Mir Muhammad Younas	-	0.540	-	0.540	-	0.540	-	0.540
10	**Haji Hadayat Ali & Company** Ghala Mandi, Sheikhupura	Mr. Noor Ahmed CNIC No. 35404-8447677-5 Mr. Sadat Nawaz CNIC No. 35404-2525871-9 Mr. Shahzad Nawaz CNIC No. 35404-5765789-7	Mr. Haji Hadayat Ali Mr. Haji Hadayat Ali Mr. Noor Ahmed	-	5.131	0.467	5.598	-	4.098	-	4.098
11	**ONM Traders** Chak No. 138/EB, Burewala	Mr. Ali Iqtidar Khalid CNIC No. 366016-038377-5 Mr. Umer Imtiaz CNIC No. 33100-0981461-9	Ch. Manzor Ahmed Lali Mr. Imtiaz Tariq	0.500	0.808	-	1.308	-	0.737	-	0.737
12	**Uzma Mehmood** H # 20, Street No.52, Sant Nagar Hadbust, Khasra Bearing No.1746, Muza Sheesh Mahal, Tehsil City, Distt: Lahore	Ms. Uzma Mehmood CNIC No. 35202-1859768-8	Mr. Mehmood Ahmed	3.128	0.800	-	3.928	-	0.600	-	0.600
13	**Erum Enterprises** Office No. 268/B, Ist Floor Latif Cloth Market M.A. Jinnah Road Karachi	Mr. Abdul Ghaffar CNIC No. 42301-5897263-5	Mr. Haji Habib	8.204	2.386	0.370	10.960	8.204	2.386	0.370	10.960
14	**Muhammad Enterprises** Office No. 268/B, Ist Floor Latif Cloth Market M.A. Jinnah Road Karachi	Mr. Zeeshan Abdul Ghaffar CNIC No. 42301-1614120-9	Mr. Abdul Ghaffar	29.927	1.188	0.313	31.428	29.927	1.188	0.313	31.428
15	**Ghulam Rasool Enterprises** 57/16, Shershah Road, Lake View Homes Multan Cantt.	Mr. Muhammad Aleem CNIC No. 36201-2951654-1 Mr. Kashif Rasool Khan CNIC No. 36302-6725454-9	Mr. Manzoor Ahmed Mr. Ghulam Rasool Khan	111.171	165.789	3.915	280.875	111.171	165.789	3.915	280.875
16	**Sohail Kashif Cotton Factory** Shahnal, Lodhran	Mr. Kashif Rasool Khan CNIC No. 36302-6725454-9 Mrs. Najma Firdous CNIC No. 36302-7537021-0	Mr. Ghulam Rasool Khan W/O. Ghulam Rasool Khan	-	5.288	0.492	5.780	-	5.288	0.492	5.780
17	**Hassan Traders** 55-L, Gulberg II, Ghalib Market, Lahore	Mr. Shahid Mehmood CNIC No. 35202-2209790-5	Sheikh Ahmed Baksh	5.992	1.228	0.245	7.465	-	1.228	0.245	1.473
18	**Rafaqat Marketing** 194/E, Block N, Model Town, Lahore	Mr. Rafaqat Ali CNIC No. 35202-1308254-5	Mr. Rasheed Ahmed	0.754	4.272	-	5.026	-	4.272	-	4.272
19	**United Holding** House No. 224-C, Satellite Town, Gujranwala	Mr. Munib Munir CNIC No. 34101-6651307-1	Sheikh Muhammad Munir	0.485	0.233	0.065	0.783	0.485	0.233	0.065	0.783

(Rs. in million)

S. No.	Name and address of borrower	Name of Individuals/ partners/ directors (with CNIC No.)	Father/ Husband's Name	Outstanding liabilites at beginning of the year				Principal Written off	Mark-up Written off/ Waived	Other Financial Relief Provided	Total
				Principal	Mark-up	Others	Total				
1	2	3	4	5	6	7	8	9	10	11	12=9+10+11
20	**First Capital Equities Ltd** 4th Floor, Lakson Square Building No.1, Sarwar Shaheed Road, Karachi	Mr. Mian Ehsan UL Haq CNIC No. 42301-7045034-9 Mr. Abdul Samad CNIC No. 42101-1950059-7 Mr. Raja Sohail Qurban CNIC No. 42000-7573045-7 Mr. Safeer Raza Awan CNIC No. 35202-3028538-3 Mr. Azhar Ahmed Batla CNIC No. 42301-6334463-3 Mr. Muhammad Ahmed Soraya CNIC No. 35200-7273358-5 Mr. Muhammad Tariq CNIC No. 42501-8784796-9	Mr. Mian Munawar UL Haq Mr. Abdul Wahab Mr. Raja Qurban Hussain Mr. Malik Nawazish Hussain Sheikh Noor Ahmed Mr. Muhammad Arshad Mr. Mian Salahuddin	-	73.861	-	73.861	-	73.861	-	73.861
21	**Pace Pakistan Ltd** 2nd & 3rd Floor, PACE Mall, Fortress Stadium, Lahore	Mrs. Amna Taseer CNIC No. 35201-1566773-0 Mr. Shehryar Ali Taseer CNIC No. 35201-9042306-3 Ms. Shehrbano Taseer CNIC No. 35201-2124264-0 Mr. Shahbad Ali Taseer CNIC No. 35201-7312405-1 Sheikh Suleman Ahmed Said ul Hoqani Passport No. A1395217 Kanwar Latafat Ali Khan CNIC No. 42301-8974036-9 Syed Abid Raza CNIC No. 42101-4651884-1 Mr. Muhammad Imran Chaudhry CNIC No. 35201-9441541-3	W/O. Salman Taseer Mr. Salman Taseer Mr. Salman Taseer Mr. Salman Taseer Mr. Ahmed Bin Said Al Hoqani Mr. Kanwar Liaqat Ali Khan Syed Muhammad Mr. Imran Saeed Chaudhry	13.996	21.645	0.092	35.733	-	21.645	0.092	21.737
22	**Nazir Ahmed Cheema** Kot Banghsa Kalasskay, Tehsil Wazirabad, District Gujranwala	Mr. Nazir Ahmed Cheema CNIC No. 34104-0833673-9	Mr. Ghulam Muhammad Cheema	0.345	1.234	0.045	1.624	-	1.006	-	1.006
23	**Ghulam Fareed** Madina Chowk Classky, Dak Khana Khas, Tehsil Wazirabad, District Gujranwala	Mr. Ghulam Fareed CNIC No. 34104-2340417-7	Mr. Muhammad Ramzan	0.698	1.151	0.075	1.924	-	1.042	-	1.042
24	**Muhammad Amjad Hasan Qureshi** House No. 242-E/48, Street No. 3, Kamalabad, Bakra Mandi, Rawalpindi	Mr. Muhammad Amjad Hasan Qureshi CNIC No. 37405-7929017-1	Mr. Ghulam Dastighir Qurashi	3.497	1.085	-	4.582	-	0.616	-	0.616
25	**Gemtek Associates** 59-A, Street no.17, Cavalary Ground, Lahore	Mr. Khalid Rehman CNIC No. 35201-1535391-1	Ch. Abdul Rehman	3.075	0.520	-	3.595	-	3.719	-	3.719
26	**Kohsar Industries Rice Mills** Plot No. H-5-B, SITE Area, Kotri	Mr. Lal Chand CNIC No. 44203-9781662-5 Mr. Haresh Kumar CNIC No. 41306-7572470-3	Mr. Relu Mal Mr. Lal Chand	14.999	2.381	0.107	17.487	-	5.006	-	5.006
27	**Masood Naseem Tyabji** House No.23, P Street DHA Phase 7, Karachi	Mr. Masood Naseem Tyabji CNIC No. 42000-3428801-5	Mr. Naseem M.H.B. Tyabji	25.750	3.459	0.006	29.215	-	1.459	0.006	1.465
28	**Alam Cotton Mills (Pvt) Ltd** 6KM, Manga Raiwind Road, Lahore	Mr. Shahzada Alam CNIC No. 42201-0547819-5 Mr. Faraz Shafiq Alam CNIC No. 42000-0503055-9 Mr. Shafiq Alam CNIC No. 42201-0547606-5 Mr. Adeel Shafiq Alam CNIC No. 42000-0503449-9 Mr. Hammad Shafiq CNIC No. 42201-7410183-7	Mr. M. Rafique Mr. Shafiq Alam Mr. M. Rafique Mr. Shafiq Alam Mr. Shafiq Alam	27.570	3.168	-	30.738	-	7.300	-	7.300
29	**Asad Ali Sultan** Vinelay Road, Street # 3, Mohallah Taj Colony, Hafizabad	Mr. Asad Ali Sultan CNIC No. 34301-4568747-9	Mr. Sultan Pervaiz	2.446	0.813	-	3.259	-	0.813	-	0.813
30	**Hassan Marketing** P.O Box 17, Lyallpur Cotton Mills, Factory Area, Faisalabad	Mr. Abdul Manan CNIC No. 33100-0549069-5 Mr. Haji Abdul Rehman CNIC No. 33102-1808964-5	Mr. Abdul Rehman Al Rai Mr. Haji Abdul Haq	70.000	53.456	1.003	124.459	-	48.004	1.003	49.007
31	**Muhammad Saleem** Chak No. 507, PO Burewala	Mr. Muhammad Saleem CNIC No. 36601-9819761-3	Mr. Faiz Ahmed Chishti	0.600	0.631	0.065	1.296	-	0.631	-	0.631
32	**Sheikh Muhammad Ali** House No. 19, Timber Market, Khanewal	Sheikh Muhammad Ali CNIC No. 36103-1072059-3	Sheikh Sodagar Ali	1.501	1.539	0.065	3.105	-	1.539	-	1.539
33	**Zaidi Traders** Sahiwal Road, Market Committee, Shop No.7, Okara	Syed Abu Turab Zaidi CNIC No. 35302-1960260-7	Syed Mazhar Hussain Zaidi	-	1.267	0.170	1.437	-	1.100	0.170	1.270
34	**Salman Dairy Farm** Madina Park, Bucheki, Nankana Sahib	Mr. Muhammad Suhail Aslam CNIC No. 35402-1956639-3	Mr. Muhammad Aslam	-	0.691	0.060	0.751	-	0.691	-	0.691
35	**Muhammad Yaseen** P-33, Nasrullah Block, Saeed Colony No. 2, East Canal Road, Faisalabad	Mr. Muhammad Yaseen CNIC No. 33301-8046232-1	Mr. Muhammad Rafique	4.336	1.014	0.040	5.390	-	1.014	-	1.014
	TOTAL			**334.174**	**386.721**	**9.415**	**730.310**	**149.787**	**384.730**	**8.491**	**543.008**

ISLAMIC BANKING BUSINESS

The Bank is operating with 30 Islamic Banking branches (31 December 2019: 25). 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	2020	2019
ASSETS		--------(Rupees in '000)--------	
Cash and balances with treasury banks		1,420,207	1,243,184
Balances with other banks		401,869	321,536
Due from financial institutions	1	1,981,286	1,001,861
Investments	2	11,098,217	5,163,153
Islamic financing and related assets- net	3	8,858,713	9,199,707
Fixed assets		577,849	406,055
Intangible assets		-	-
Due from head office		439,592	2,405,243
Other assets		416,525	452,474
Total assets		25,194,258	20,193,213
LIABILITIES			
Bills payable		318,544	328,765
Due to financial institutions		543,623	364,979
Deposits and other accounts	4	22,113,481	17,362,852
Due to head office		-	-
Other liabilities		529,789	437,255
Total liabilities		23,505,437	18,493,851
NET ASSETS		1,688,821	1,699,362
REPRESENTED BY:			
Islamic banking fund		1,750,000	1,500,000
Accumulated profit*	6	(147,121)	135,645
Surplus on revaluation of assets - net of tax		85,942	63,717
		1,688,821	1,699,362
CONTINGENCIES AND COMMITMENTS	7		

* This represents profit for the year, as last year's profit is remitted back to the head office at the start of the year.

The profit and loss account of the Bank's Islamic banking branches for the year ended 31 December 2020 is as follows:

	Note	2020	2019
		--------(Rupees in '000)--------	
Profit / return earned	8	1,804,347	1,793,786
Profit / return expensed	9	1,411,178	1,356,152
Net profit / return		393,169	437,634
Other income			
Fee and commission Income		62,370	61,843
Foreign exchange income		20,563	29,160
Loss on securities		(2,008)	(238)
Other income		1,006	1,350
Total other income		81,931	92,115
		475,100	529,749
Other expenses			
Operating expenses		445,253	387,978
Other charges		2,372	480
Total other expenses		447,625	388,458
Profit before provisions		27,475	141,291
Provisions and write offs - net		(174,596)	(5,646)
Profit before tax		(147,121)	135,645

1 Due from Financial Institutions

	2020			2019		
	In local Currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	(Rupees in '000)					
Bai Muajjal receivable from other financial institutions	1,981,286	-	1,981,286	501,861	-	501,861
Musharaka placement	-	-	-	500,000	-	500,000
	1,981,286	-	1,981,286	1,001,861	-	1,001,861

2 Investments by segments:

	2020				2019			
	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 sukuks	5,500,000	-	800	5,500,800	385,000	-	(3,850)	381,150
-Bai muajjal from Government of Pakistan (GoP)	2,603,856	-	-	2,603,856	2,338,960	-	-	2,338,960
	8,103,856	-	800	8,104,656	2,723,960	-	(3,850)	2,720,110
Non-Government debt securities								
-Listed	150,000	-	1,515	151,515	250,000	-	1,477	251,477
-Unlisted	2,816,553	(19,860)	45,353	2,842,046	2,183,610	(19,860)	27,816	2,191,566
	2,966,553	(19,860)	46,868	2,993,561	2,433,610	(19,860)	29,293	2,443,043
	11,070,409	(19,860)	47,668	11,098,217	5,157,570	(19,860)	25,443	5,163,153

3 Islamic financing and related assets

	Note	2020	2019
		(Rupees in '000)	
Ijarah	3.1	309,196	381,302
Murabaha	3.2	1,120,620	1,092,299
Musharaka		1,127,082	1,093,421
Diminishing Musharaka		4,245,096	4,156,980
Istisna		469,622	427,358
Salam		162,522	73,268
Other islamic modes		-	5
Advances against islamic assets			
Murabaha		149,476	381,981
Ijarah		81,707	6,897
Diminishing musharakah		-	-
Salam		882,321	1,106,862
Istisna		491,251	513,200
Gross Islamic financing and related assets		9,038,893	9,233,573
Less: Provision against Islamic financing			
- Specific		180,180	33,866
- General		-	-
		180,180	33,866
Islamic financing and related assets - net of provision		8,858,713	9,199,707

3.1 Ijarah

	2020						
	Cost			Depreciation			Book Value as at 31 December 2020
	As at 01 January 2020	Additions/ (deletions)/ adjustment	As at 31 December 2020	As at 01 January 2020	Charge for the year	As at 31 December 2020	
	(Rupees in '000)						
Plant & Machinery	-	- -	-	-	- -	-	-
Vehicles	558,863	89,501 (113,784)	534,580	177,561	120,038 (72,215)	225,384	309,196
Total	558,863	89,501 (113,784)	534,580	177,561	120,038 (72,215)	225,384	309,196

	2019						
	Cost			Depreciation			Book Value as at 31 December 2019
	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	- (24,961)	-	17,864	(17,864)	-	-
Vehicles	596,087	155,974 (193,198)	558,863	179,391	126,402 (128,232)	177,561	381,302
Total	621,048	155,974 (218,159)	558,863	197,255	126,402 (146,096)	177,561	381,302

3.1.1 Future ijarah payments receivable

	2020				2019			
	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	72,772	222,287	14,137	309,196	50,916	330,386	-	381,302

3.2 Murabaha

	Note	2020	2019
		(Rupees in '000)	
Murabaha financing	3.2.1	1,120,620	1,092,299
Advances for Murabaha		149,476	381,981
		1,270,096	1,474,280

3.2.1

	Note	2020	2019
Murabaha receivable - gross	3.2.2	1,126,919	1,109,376
Less: Deferred murabaha income	3.2.4	6,299	17,077
Murabaha financings		1,120,620	1,092,299

3.2.2	The movement in Murabaha financing during the year is as follows:	2020	2019
		---------(Rupees in '000)---------	
	Opening balance	1,109,376	924,334
	Sales during the year	1,989,754	2,813,605
	Adjusted during the year	(1,972,211)	(2,628,563)
	Closing balance	1,126,919	1,109,376
3.2.3	Murabaha sale price	1,989,754	2,813,605
	Murabaha purchase price	(1,928,553)	(2,688,515)
		61,201	125,090
3.2.4	**Deferred murabaha income**		
	Opening balance	17,077	43,854
	Arising during the year	61,201	125,090
	Less: Recognised during the year	(71,979)	(151,867)
	Closing balance	6,299	17,077

4 Deposits and other accounts

	2020			2019		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	---- (Rupees in '000) ----					
Customers						
Current deposits	2,299,835	348,347	2,648,182	1,742,827	375,743	2,118,570
Savings deposits	5,225,076	-	5,225,076	4,124,869	-	4,124,869
Others	356,889	-	356,889	255,224	-	255,224
Term deposits	2,947,308	-	2,947,308	2,249,802	-	2,249,802
	10,829,108	348,347	11,177,455	8,372,722	375,743	8,748,465
Financial Institutions						
Current deposits	30,520	33,442	63,962	23,386	47,085	70,471
Savings deposits	9,349,564	-	9,349,564	7,599,416	-	7,599,416
Term deposits	1,522,500	-	1,522,500	944,500	-	944,500
	10,902,584	33,442	10,936,026	8,567,302	47,085	8,614,387
	21,731,692	381,789	22,113,481	16,940,024	422,828	17,362,852

4.1	**Composition of deposits**	2020	2019
		---------(Rupees in '000)---------	
	- Individuals	5,279,207	4,489,659
	- Government / Public Sector Entities	1,736,487	2,039,805
	- Public Sector Entities	698,246	-
	- Banking Companies	35	33
	- Non-Banking Financial Institutions	10,945,991	6,005,008
	- Private Sector	3,453,515	4,828,347
		22,113,481	17,362,852

4.2 This includes deposits eligible to be covered under insurance arrangements amounting to Rs 5,736 million (2019: 5,288 million) .

5	**Charity Fund**	2020	2019
		---------(Rupees in '000)---------	
	Opening balance	13	-
	Additions during the year		
	Received from customers on account of delayed payment	695	4,731
		708	4,731
	Payments / utilization during the year		
	Health	708	4,718
		708	4,718
	Closing balance	-	13

6	Islamic Banking Business - Unappropriated Profit	2020	2019
		--------(Rupees in '000)--------	
	Opening balance	135,645	129,190
	Add: Islamic Banking profit for the year	(147,121)	135,645
	Less: Transferred / remitted to Head Office	(135,645)	(129,190)
	Closing balance	(147,121)	135,645
7	**CONTINGENCIES AND COMMITMENTS**		
	-Guarantees	306,772	421,517
	-Other contingent liabilities	706,152	630,798
		1,012,924	1,052,315
8	**Profit / Return Earned of Financing, Investments and Placement**		
	Financing	873,988	1,145,635
	Investments	786,193	620,441
	Placements	144,166	27,710
		1,804,347	1,793,786
9	**Profit on Deposits and Other Dues Expensed**		
	Deposits and other accounts	1,352,350	1,248,502
	Due to financial institutions	5,944	2,983
	Others	52,884	104,667
		1,411,178	1,356,152

9.1 Deposits and other accounts include redeemable capital of Rs. 19,044.448 million (31 December 2019: Rs.14,918.587 million) and deposits on Qard basis of Rs. 3,069.033 million (31 December 2019: Rs. 2,444.265 million). Remunerative deposits which are on Mudaraba basis are considered as Redeemable capital and non-remunerative deposits are classified as being on Qard basis.

10 Pool Management

	2020			2019		
	Normal Pool	Special Pool	Total	Normal Pool	Special Pool	Total
	---------- (Rupees in '000) ----------					
Chemical and Pharmaceuticals	488,962	998,060	1,487,022	1,126,285	-	1,126,285
Textile	23,525	410,153	433,678	453,869	-	453,869
Cement	-	87,463	87,463	157,168	-	157,168
Sugar	588,720	120,000	708,720	1,109,818	-	1,109,818
GOP Bai Muajjal / Ijarah Sukuk	4,666,946	8,402,457	13,069,403	-	2,720,110	2,720,110
Automobile and transportation equipment	-	3,800	3,800	8,806	-	8,806
Financial	79,179	2,055	81,234	40,496	473,597	514,093
Electronics and electrical appliances	65,143	171,443	236,586	285,805	-	285,805
Production and transmission of energy	827,722	2,190,284	3,018,006	2,546,883	1,499,447	4,046,330
Exports Imports	-	205,418	205,418	109,896	-	109,896
Wholesale & Retail Trade	94,165	86,791	180,956	88,919	-	88,919
Construction	63,222	176,583	239,805	266,673	-	266,673
Food and allied	787,492	-	787,492	1,194,355	-	1,194,355
Services	-	659,310	659,310	1,214,019	470,000	1,684,019
Iron & Steel	399,600	-	399,600	400,000	-	400,000
Individual	-	-	-	-	-	-
Others	141,139	368,664	509,803	196,476	-	196,476
	8,225,815	13,882,481	22,108,296	9,199,468	5,163,154	14,362,622

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.

10.1 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	861,648	-	-	861,648
Investments	786,193	-	-	786,193
Due from financial institutions	36,499	-	-	36,499
Others	107,667	(7,526)	(2,008)	98,133
	1,792,007	(7,526)	(2,008)	1,782,473

10.2 Incentive profits (Hiba)

The Bank paid an aggregate amount of Rs 74.707 million as incentive profits (Hiba), which includes Rs 3.735 million for normal pool and Rs. 70.973 million for special pool during the year ended 31 December 2020. The following guidelines are approved by the Bank's Sharia 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 encased, 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.

10.3 Contractual maturities of mudaraba based deposit accounts

Particulars	2020							
	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	4,469,808	1,228,500	1,310,400	329,150	1,507,694	78,800	15,264	-
Savings Deposits	12,528,790	12,528,790	-	-	-	-	-	-
Current Account								
- Remunerative	2,045,850	2,045,850	-	-	-	-	-	-
	19,044,448	15,803,140	1,310,400	329,150	1,507,694	78,800	15,264	-

10.4 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	72.13%	3.60%	3,735	11.15%	29,753	24.77%	Monthly	2.65%
Special Pool	79.66%	10.17%	70,973	23.59%	229,861	15.54%	Monthly	8.54%
Total	79.09%	8.92%	74,708	22.35%	259,614	16.24%	Monthly	7.42%

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
Musharaka Pool SBP's Islamic Export Refinance Scheme					
	0.1133	1,669	-	Quarterly	1.63%
	0.1392	2,112	-	Quarterly	1.71%
	0.1488	1,419	-	Quarterly	1.58%
	0.1829	1,833	-	Quarterly	1.69%

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 2020, the Bank charged 21% (2019: 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.

10.5 Allocation of Income and Expenses to Depositors' Pools

a) Following are material items of revenues, expenses, gains and losses

	2020	2019
	------(Rupees in '000)---------	
Profit / return earned on financings, investments and placements	1,792,007	1,789,694
Other income (including other charges)	81,931	92,115
Directly related costs attributable to pool	(7,526)	(5,033)
	1,866,412	1,876,776

The Bank shares all its revenue generated through banking operations with the deposit account (pertaining to Islamic Operation) holders.

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	68%	0.4167	0.9167
Savings - Soneri Bachat Account	1%	0.4167	0.4167
Savings - Assan Account	0%	0.4167	0.4167
Current Account - Remunerative	10%	0.0069	0.0069
Time Deposits - Soneri Meadi	21%	0.4861	1.0139

Disposal of fixed assets (refer note 10.3.3)

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 -------------	1,711	1,416	-	write off	
------------- do -------------	1,382	1,143	-	write off	
------------- do -------------	1,311	1,085	-	write off	
------------- do -------------	1,043	863	-	write off	
------------- do -------------	950	625	681	Insurance Claim	Jubilee General Insurance
------------- do -------------	674	558	-	write off	
------------- do -------------	936	503	-	write off	
------------- do -------------	605	500	-	write off	
------------- do -------------	757	407	-	write off	
------------- do -------------	485	401	-	write off	
------------- do -------------	782	395	256	Insurance Claim	Jubilee General Insurance
------------- do -------------	354	293	-	write off	
Items with WDV of below Rs. 250,000/- and cost of less than Rs. 1,000,000/-	1,287	782	307	various	various
	12,277	**8,971**	**1,244**		
Furniture and fixtures					
Items with WDV of below Rs. 250,000/- and cost of less than Rs. 1,000,000/-	3,492	389	267	various	various
	3,492	**389**	**267**		
Electrical office and computer equipment					
------------- do -------------	20,724	-	30	Tender	Blue Star Traders
------------- do -------------	17,347	-	25	Tender	Blue Star Traders
------------- do -------------	5,646	-	47	Tender	Blue Star Traders
------------- do -------------	1,397	-	94	Tender	Rajab ali and Co.
------------- do -------------	1,311	-	12	Trade off	Touch Point
------------- do -------------	1,175	-	12	Trade off	Touch Point
------------- do -------------	1,050	-	30	Trade off	Power Technology
------------- do -------------	1,050	-	30	Trade off	Power Technology
------------- do -------------	1,044	-	12	Trade off	Touch Point
------------- do -------------	1,042	-	12	Trade off	Touch Point
------------- do -------------	1,042	-	12	Trade off	Touch Point
------------- do -------------	1,038	-	238	Insurance Claim	Jubilee General Insurance
------------- do -------------	1,038	-	12	Trade off	Touch Point
------------- do -------------	1,038	-	12	Trade off	Touch Point
------------- do -------------	1,032	-	12	Trade off	Touch Point
------------- do -------------	1,031	-	12	Trade off	Touch Point
------------- do -------------	1,031	-	12	Trade off	Touch Point
------------- do -------------	1,026	-	12	Trade off	Touch Point
------------- do -------------	1,026	-	12	Trade off	Touch Point
------------- do -------------	1,011	-	12	Trade off	Touch Point
Items with WDV of below Rs. 250,000/- each and cost of less than Rs. 1,000,000/-	81,839	2,279	6,937	various	various
	143,938	**2,279**	**7,587**		

Particulars	Cost	Book value	Sale price/ insurance proceeds	Mode of settlement / disposal	Particulars of buyers / insurance companies
	---------- (Rupees in '000) ----------				
Motor vehicles					
------------- do -------------	8,214	-	-	Bank Policy	Muhammad Aftab Manzoor
------------- do -------------	2,198	550	586	Bank Policy	Muhammad Aftab Manzoor
------------- do -------------	1,838	-	1,330	Tender	M.Asif Rana
------------- do -------------	1,821	-	1,313	Tender	Sajid Qadri
------------- do -------------	1,542	-	1,227	Tender	M.Amir Khan
------------- do -------------	1,497	-	1,159	Tender	Hafiz M.Umais
------------- do -------------	1,014	-	780	Tender	M.Amir Khan
Items with WDV of below Rs. 250,000/- each and cost of less than Rs. 1,000,000/-	8,961	-	6,106	various	various
	27,085	**550**	**12,501**		
	186,792	**12,189**	**21,599**		

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that Twenty Ninth (29th) Annual General Meeting ("AGM") of Soneri Bank Limited will be held on Friday, 26 March 2021 at 10:30 a.m. through video-link (Zoom). Additionally arrangements have also been made to attend the meeting in-person at 1st Floor 90-B/C-II, Liberty Market Gulberg-III, Lahore, to transact the following business:

Ordinary Business

1) To confirm the minutes of last Annual General Meeting held on 26 March 2020.

2) To receive, consider and adopt Annual Audited Accounts together with the Directors' and Auditors' Reports thereon, for the year ended 31 December 2020.

3) To approve and declare the final cash dividend of Rs.1.25/- per share (i.e.12.50%) for the financial year ended 31 December 2020, as recommended by the Board of Directors in its 183rd meeting held on 17 February 2021.

4) To appoint Auditors of the Bank for the year ending 31 December 2021 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.

5) To transact such other ordinary business as may be placed before the meeting with the permission of the Chair.

BY ORDER OF THE BOARD

Muhammad Altaf Butt
Company Secretary

Lahore: 17 February 2021

NOTES:

1. Share Transfer Books of Soneri Bank Limited ("the Bank") will remain closed from 19 March 2021 to 26 March 2021 (both days inclusive). Transfers received in order at the office of our Shares Registrar M/s. THK Associates (Pvt.) Ltd., Plot No. 32-C, Jami Commercial Street 2, DHA, Phase - 7, Karachi-75500, Pakistan, by the close of business on 18 March 2021 will be considered in time for the purpose of attending and voting in AGM as well as entitled to the payment of cash dividend.

2. For Attending the Meeting:

In view of the current situation of COVID-19 pandemic and instructions issued by the Securities and Exchange Commission of Pakistan ("SECP") and Pakistan Stock Exchange Limited ("PSX") vide their Circular No. 5 dated 17 March 2020 and PSX/N-372 dated 19 March 2020 respectively, the AGM will be primarily conducted virtually via video-link (Zoom) for the safety and well-being of participants of the meeting. In order to attend the meeting through video-link, members and their proxies are requested to register themselves by providing the following information along with a valid copy of Computerised National Identity Card ("CNIC") both sides/Passport, attested copy of board resolution/power of attorney (in case of corporate shareholders) through email at cs@soneribank.com by 24 March 2021.

Name of Shareholder	Folio/CDS A/c No.	CNIC No.	Cell No.	Email Address

Post due verification of the information, the members who are registered with us shall be sent a video-link by the Bank along with meeting material including last year's minutes of the meeting, on their registered email address. The Login facility will remain open from start of the meeting till its proceedings are concluded. The shareholders who wish to send their comments/suggestions on the agenda of the AGM can email us at cs@soneribank.com. The Bank shall ensure that the comments/suggestions of the shareholders will be read out at the meeting and the responses will be made part of the minutes of the meeting.

Further, while complying with instructions of the SECP's Circular No. 4 dated 15 February 2021, necessary arrangements have also been made to attend the meeting physically at 1st Floor, 90-B/C-II, Liberty Market, Gulberg-III, Lahore. Complete COVID-19 related SOPs shall be strictly followed.

3. For Appointing Proxies:

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 our email cs@soneribank.com or 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 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. Shareholders are requested to notify change in their addresses, if any, to our Share Registrar M/s. THK Associates (Pvt.) Ltd., Plot No. 32-C, Jami Commercial Street 2, DHA, Phase - 7, Karachi-75500, Pakistan.

5. **CNIC/NTN Number on Electronic Dividend (Mandatory)**

   As per S.R.O.831(1)/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(1)/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 NTN) of the shareholder or the authorised person.

   Accordingly, the shareholders, who have not yet submitted a copy of their valid CNIC or NTN, are once again requested to immediately submit the same to the Share Registrar.

6. **Transmission of Audited Financial Statements and Notice of Annual General Meeting through E-Mail and CD/DVD**

   SECP through its Notification S.R.O. No. 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 AGM ("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 AGM 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.

7. **Deduction of Tax on Cash Dividend Income**

   The shareholders are hereby informed that pursuant to amendments in Section 150 of the Income Tax Ordinance, 2001 through Finance Act, 2020, Income Tax will be deducted at source @15% for person appearing in Active Tax Payer List ("ATL") and @30% for person not appearing in ATL [determined as per ATL available on Federal Board of Revenue's ("FBR") 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 ATL issued by FBR from time to time.

8. **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 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 very 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:
   https://www.soneribank.com/wp-content/uploads/2020/03/Mandate_Form.pdf

9. **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. Post submission of this notice, every year shareholders have been continuously communicated requirements of Section 244 to claim their pending entitlements vide Notice of AGM, but only few shareholders have lodged their claims.

In order to further this process, a "Final Notice of Unclaimed Shares and Dividends to vest with the Federal Government" was published in the daily Business Recorder and the Nawa-i-Waqt on 01 February 2021 in their countrywide circulations. This notice was also posted to the PSX for the information of all the stakeholders in addition to placement of the same on the website of the Bank.

Shareholders are again advised to approach the Bank's Share Registrar to claim their pending entitlements at the earliest, failing which the Bank shall proceed ahead in terms of requirement of Section 244(2) (a) & (b) of the Act. Statement of such unclaimed dividends/shares is available on the Bank's website, which may be accessed by surfing the following link:
https://www.soneribank.com/about-us/investor-relations/shareholders-information/

10. **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 PSX.

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.

11. **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

"I/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).

____
Signature of Member

12. **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.

13. **Placement of AGM Notice on the Bank's website**

Notice of 29th 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 and by PSX through companies announcements.

Inspection of Documents:

The copies of the latest annual audited financial statements, Memorandum & Articles of Association 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 29th AGM.

FINANCIAL CALENDAR

2020

• 1st Quarter Results issued on	23 April 2020
• 2nd Quarter Results issued on	26 August 2020
• 3rd Quarter Results issued on	28 October 2020
• Annual Results issued on	17 February 2021
• 29th Annual General Meeting scheduled for	26 March 2021

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 held on	26 March 2020

PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS
AS ON 31 DECEMBER 2020

No. of Shareholders	From	To	Total Shares Held	Percentage
939	1	100	32,523	0.0030
1252	101	500	347,149	0.0315
1045	501	1000	825,862	0.0749
2026	1001	5000	4,653,638	0.4221
1428	5001	10000	11,700,834	1.0613
575	10001	15000	6,782,944	0.6153
145	15001	20000	2,524,392	0.2290
64	20001	25000	1,461,238	0.1325
41	25001	30000	1,136,894	0.1031
33	30001	35000	1,092,000	0.0991
23	35001	40000	866,745	0.0786
13	40001	45000	560,363	0.0508
18	45001	50000	874,675	0.0793
22	50001	55000	1,165,217	0.1057
11	55001	60000	631,478	0.0573
8	60001	65000	493,839	0.0448
6	65001	70000	399,965	0.0363
7	70001	75000	511,314	0.0464
10	75001	80000	776,916	0.0705
4	80001	85000	330,780	0.0300
1	85001	90000	85,470	0.0078
4	90001	95000	368,389	0.0334
18	95001	100000	1,786,334	0.1620
3	100001	105000	307,229	0.0279
1	105001	110000	107,241	0.0097
4	110001	115000	448,563	0.0407
2	115001	120000	235,791	0.0214
4	120001	125000	488,026	0.0443
3	130001	135000	402,224	0.0365
2	135001	140000	277,875	0.0252
3	140001	145000	426,164	0.0387
3	145001	150000	447,502	0.0406
2	150001	155000	309,976	0.0281
2	155001	160000	318,012	0.0288
3	160001	165000	492,056	0.0446
1	165001	170000	170,000	0.0154
3	170001	175000	515,940	0.0468
2	185001	190000	379,835	0.0345
3	195001	200000	600,000	0.0544
3	200001	205000	606,202	0.0550
1	210001	215000	214,864	0.0195
2	225001	230000	458,571	0.0416
1	230001	235000	232,268	0.0211
1	235001	240000	235,962	0.0214
1	240001	245000	243,269	0.0221
1	250001	255000	254,493	0.0231
1	285001	290000	287,342	0.0261
1	290001	295000	291,035	0.0264
1	295001	300000	295,838	0.0268
1	345001	350000	349,000	0.0317
1	350001	355000	353,709	0.0321

No. of Shareholders	From	To	Total Shares Held	Percentage
1	365001	370000	366,300	0.0332
2	405001	410000	815,134	0.0739
1	435001	440000	440,000	0.0399
1	570001	575000	571,046	0.0518
1	585001	590000	588,500	0.0534
3	600001	605000	1,811,661	0.1643
1	620001	625000	620,500	0.0563
1	635001	640000	636,427	0.0577
1	640001	645000	645,000	0.0585
1	695001	700000	699,000	0.0634
1	795001	800000	800,000	0.0726
1	900001	905000	905,000	0.0821
1	1040001	1045000	1,040,500	0.0944
2	1095001	1100000	2,200,000	0.1996
1	1125001	1130000	1,129,647	0.1025
1	1170001	1175000	1,170,500	0.1062
1	1560001	1565000	1,565,000	0.1420
1	1615001	1620000	1,618,500	0.1468
1	1990001	1995000	1,994,000	0.1809
1	1995001	2000000	2,000,000	0.1814
1	2095001	2100000	2,100,000	0.1905
1	2150001	2155000	2,150,650	0.1951
1	2765001	2770000	2,766,216	0.2509
1	2995001	3000000	3,000,000	0.2721
1	3440001	3445000	3,441,416	0.3122
1	3590001	3595000	3,591,580	0.3258
1	3630001	3635000	3,633,022	0.3295
1	4480001	4485000	4,481,000	0.4065
1	4645001	4650000	4,649,000	0.4217
1	4650001	4655000	4,650,500	0.4218
2	4995001	5000000	10,000,000	0.9071
1	5490001	5495000	5,494,500	0.4984
1	7660001	7665000	7,661,500	0.6949
1	8430001	8435000	8,430,965	0.7647
1	9475001	9480000	9,477,018	0.8596
1	13020001	13025000	13,020,500	1.1810
1	13545001	13550000	13,546,734	1.2288
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	43070001	43075000	43,072,005	3.9069
1	51385001	51390000	51,386,588	4.6611
1	53695001	53700000	53,700,000	4.8709
1	54015001	54020000	54,017,000	4.8997
1	86005001	86010000	86,008,806	7.8015
1	103185001	103190000	103,186,549	9.3596
1	109085001	109090000	109,085,193	9.8947
1	307425001	307430000	307,425,706	27.8853
Total 7,803			**1,102,463,481**	**100.000**

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. Ahmed 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
Ms. Navin Salim Merchant	1	1,000	0.0001
CHIEF EXECUTIVE OFFICER			
Mr. Muhtashim Ahmad Ashai		-	-
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
	9	10,124,615	0.9184
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	2	625,901	0.0568
National Investment Trust Limited (NIT) and ICP			
NIT	2	103,885,549	9.4230
ICP	1	74	0.0000
Banks, Development Financial Institutions, Non Banking Financial Institutions.	11	76,133,947	6.9058
Insurance Companies	3	13,562,912	1.2302
Modarabas	2	1,792	0.0002
Mutual Funds			
CDC - Trustee AKD Opportunity Fund	1	1,994,000	0.1809
Safeway Mutual Fund Ltd.	1	6,820	0.0006
Tri-Star Mutual Fund Ltd.	1	276	0.0000
First Tri-Star Modaraba	1	86	0.0000
Crescent Standard Business Mgt. (Pvt.) Ltd.	1	1	0.0000
Joint Stock Companies	49	85,699,657	7.7735
Foreign Companies	6	45,216	0.0041
Others	9	8,871,558	0.8047
General Public:			
a) Local	6,527	96,273,455	8.7326
b) Foreign	1,169	8,838,452	0.8017
Total:	7,803	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	103,885,623	9.4230%
Trustees Alnu 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 2020:

During the year, the following executive has purchased shares of the Bank:

Mr. Muhammad Merajuddin Ahmed - Head of HR, Legal & General Service	620,500

** 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 and 5.6.4 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

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.

Soneri Bank Limited (Bank) expects all of its employees to act in full compliance with the policies & guidelines set forth in this Code of Conduct. It is employee's responsibility to make oneself familiar with the following and other policies related to their own business unit:

1. 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 endeavors to promote its interest and welfare. Neither 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. 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 inside trading.

3. 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 favor is prohibited.

4. No Employee shall give or take bribe or engage in any form of corruption.

5. 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.

6. 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 election may exercise his/her right to vote.

7. 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. Employee 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.

8. Employee shall not commit any act of subversion or misconduct or misbehaviors; 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.

9. 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.

10. Notwithstanding anything contained hereinabove every employee will abide by all the laws of the land including Labor Laws where applicable.

11. 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.

12. In case of resignation every employee will have to attend his/her duties until the resignation is accepted and employee is properly 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.

13. 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 all employees are required to fully cooperate with any appropriately authorized internal or external investigations.

14. 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. Use of Jeans, Tshirts, shirts without collar, fancy color shirts and see-through fabrics, clothes with advertising logos or logos promoting offensive messages i.e. cigarettes, alcohol and/or drugs, joggers, sandals and slippers are strictly prohibited.

15. All employees are expected to abide with the personal hygiene requirements. This includes taking care of body odor, bad breath, teeth, nails, ears, eyes, nose, hair, hands, feet and health.

16. All employees are responsible for safeguarding the tangible and intangible assets of 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.

17. 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 assets for personal gain or advantage
   - remove bank 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 nonofficial purposes since such implies endorsement from Soneri Bank.

18. Employee at the time of separation from Bank should return Bank assets, facilities (blackberry, laptop, mobile etc.), visiting and Identity cards,
stamps etc.

19. 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.

20. 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 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.

21. Records are very important business assets. The Bank is committed to managing its records in a consistent, systematic and reliable manner; records provides 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.

22. 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.

23. 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 nondiscrimination laws. The Bank prohibits sexual or any other kind of discrimination, harassment or intimidation, whether committed by or against a supervisor, coworker, customer, vendor or visitor.

24. 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.

25. 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.

26. Selling, manufacturing, distributing, possessing, using or being under the influence of illegal drugs on the job is prohibited.

27. To protect the wellbeing of Bank's valued customers and employees, smoking and eating betel leaf within the premises of Bank is strictly prohibited.

28. All employees must comply with all applicable health and safety policies.

29. No employee may take unfair advantage of anyone through manipulation, concealment, abuse of confidential information, misrepresentation of facts or other unfair dealing practices.

30. 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 HR, Head of Compliance and President.

31. 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 provision of the Fixed Asset Management and Expenditure Control Policies of the Bank.

32. 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.

33. Employees should also take steps to ensure that business related paper work and documents are produced, copied and faxed are properly filed and stored or if not needed, should be properly discarded to minimize the risk that an unauthorized person might obtain an access to confidential information. Access to work areas and systems should also be properly controlled.

34. 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.

35. 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 Bank and its customers.

36. 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.

37. An employee must notify 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 drive a benefit. Even if related party or relative is employed, this may raise conflict of interest. Therefore, it should be avoided.

38. Bank employee and their families are encouraged to use Bank for their personal financial services needs.

39. The Code of Conduct is subject to variances, modifications, and amendments, from time to time through the resolution of the Board of Directors.

40. 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.

41. 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.

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.

LIST OF BRANCHES
AS AT 31 DECEMBER 2020

REGISTERED OFFICE
Rupali House, 241-242
Upper Mall Scheme, Anand Road
Lahore-54000 - Pakistan
Tel. No.: (042) 35713101-2 & 35792180

CENTRAL OFFICE
10th Floor, PNSC Building, M. T. Khan Road
Karachi
Tel. No.: (021) 32444401-5 & 111-567-890
Swift: SONEPKKAXXX

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. **Gunpat 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) 35383516-9

23. **Badian Road Branch, Lahore**
Tel. No.: (042) 37165390-2

24. **Mughalpura Branch, Lahore**
Tel. No.: (042) 36880892-4

25. **Upper Mall (Corporate) Branch, Lahore**
Tel. No.: (042) 35789346, 49, 51 & 55

26. **Islampura Branch, Lahore**
Tel. No.: (042) 37214394-7

27. **Garhi Shahu Branch, Lahore**
Tel. No.: (042) 36294201-3 &
(042) 36376096

28. **Zarrar Shaheed Road Branch, Lahore**
Tel. No.: (042) 36635167-8

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. **Sabzazar 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) 37180535-7

38. **Bahria Town Branch, Lahore**
Tel. No.: (042) 35976354 & 0316-8226346-9

39. **Expo Centre Branch, Lahore**
Tel. No.: (042) 35314087, 88, 90 & 91

40. **Wapda Town Branch, Lahore**
Tel. No.: (042) 35187611-2

41. **Shah Alam Market Branch, Lahore**
Tel. No.: (042) 37376213-4 &
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. **Raiwind Branch, District Lahore**
Tel. No.: (042) 35398661-2 &
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.: (042) 35113105

52. **EME Housing Society Branch, Lahore**
Tel. No.: 0318-4178733-4

53. **Lake City Branch, Lahore**
Tel. No.: 0318-4178739

54. **Sundar Industrial Estate Branch, Lahore**
Tel. No.: 0315-4980731 & 0315-4980742

55. **Islamic Banking**
Allama Iqbal Town Branch, Lahore
Tel. No.: 0310-4031793 & 0310-4031781

56. **Canal View Co-Operative Housing Society Branch, Lahore**
Tel. No.: 0315-4304582-5

57. **'K' Block Model Town Branch, Lahore**
Tel. No.: (042) 35880241-5

58. **Muridke Branch**
Tel. No.: (042) 37166511-4 &
(042) 37981100

59. **Main Branch, Gujranwala**
Tel. No.: (055) 3843560-2 &
(055) 111-567-890

60. **Islamic Banking**
Gujranwala Cantt. Branch, Gujranwala
Tel. No.: (055) 3861931-3 & 5

61. **Wapda Town Branch, Gujranwala**
Tel. No.: (055) 4291136-7

62. **Kamokee Branch, District Gujranwala**
Tel. No.: (055) 6813501-6

63. **Wazirabad Branch**
Tel. No.: (055) 6603703-4 & 6608555

64. **Ghakkar Mandi Branch**
Tel. No.: (055) 3832611-2

65. **Main Branch, Faisalabad**
Tel. No.: (041) 2639873, 7-8 &
(041) 111-567-890

66. **Peoples Colony Branch, Faisalabad**
Tel. No.: (041) 8555714 & 8555720

67. **Ghulam Muhammadabad Branch, Faisalabad**
Tel. No.: (041) 2680114, 110 & 117

68. **Islamic Banking**
East Canal Road Branch, Faisalabad
Tel. No.: (041) 2421381-2

69. **Civil Lines Branch, Faisalabad**
Tel. No.: (041) 2648105, 8 & 11

70. **Madina Town Branch, Faisalabad**
Tel. No.: (041) 8735551-2 &
0316-8226451-3

71. **Jaranwala Branch, District Faisalabad**
Tel. No.: (041) 4312201-6

72. **Samundri Branch, District Faisalabad**
Tel. No.: (041) 3423983-4

73. **Painsera Branch, District Faisalabad**
Tel. No.: (041) 2557100-11 & 2574300

74. **Killianwala Branch, Distt. Faisalabad**
Tel. No.: (041) 3214151-5

75. **Khurrianwala Branch**
Tel. No.: (041) 4360701-2

76. **Chiniot Branch**
Tel. No.: (047) 6333840-4

77. **Jhang Branch**
Tel. No.: (047) 7651601-2

78. **Shorkot City Branch, Distt. Jhang**
Tel. No: 0316-8226093, 95, 97 & 98

79. **Small Industrial Estate Branch, Sialkot**
Tel. No.: (052) 3242607-9

80. **Pasrur Road Branch, Sialkot**
Tel. No.: (052) 3521655, 755 & 855 &
(052) 3611655 & 755

Islamic Banking
81. **Sialkot Cantt Branch, Sialkot**
Tel. No.: (052) 4560023-7

82. **Godhpur Branch, Sialkot**
Tel. No.: (052) 4563932-3

83. **Daska Branch, District Sialkot**
Tel. No.: (052) 6617847-8

84. **Daska Road Branch, Addah, District Sialkot**
Tel. No.: (052) 3525337 & 9

85. **Sheikhupura Branch**
Tel. No.: (056) 3810933 & 3813133

86. **Nankana Sahib Branch**
Tel. No.: (056) 2876342-3

87. **Main Branch, Multan**
Tel. No.: (061) 4504018, 4504118,
(061) 4519927 & 4512884

Islamic Banking
88. **Shah Rukn-e-Alam Branch, Multan**
Tel. No.: (061) 6784051-4 & 6782081

89. **Bosan Road Branch, Multan**
Tel. No.: (061) 6210690-2

90. **Mumtazabad Branch, Multan**
Tel. No.: (061) 6760212-4

91. **Gulgasht Colony Branch, Multan**
Tel. No.: (061)-6222701 & 0316-8226393-5

92. **Wapda Town Branch, Multan**
Tel. No.: (061) 6213011 & 0316-8226441-2

93. **Azmat Road Branch, Dera Ghazi Khan**
Tel. No.: (064) 2471630-6

94. **Lodhran Branch**
Tel. No.: (0608) 364766-7

95. **Rahim Yar Khan Branch**
Tel. No.: (068) 5886042-4

96. **Liaqatpur Branch, District Rahim Yar Khan**
Tel. No.: (068) 5792041-4

97. **Sadiqabad Branch**
Tel. No.: (068) 5702162, 5800161,
(068) 5800661 & 5801161

98. **Bahawalpur Branch**
Tel. No.: (062) 2731703-1

99. **Satellite Town Branch, Bahawalpur**
Tel. No.: (062) 2280602-3 -

100. **Ahmedpur Sharqia Branch District Bahawalpur**
Tel. No.: (062) 2271345 &
0316-8226404, 6 & 8

101. **Hasilpur Branch**
Tel. No.: (062) 2441481-7 & 2441478

102. **Club Road Branch, Sargodha**
Tel. No.: (048) 3726021-3

103. **Pull-111 Branch, District Sargodha**
Tel. No.: (048) 3791403-4 & 0316-8226449 & 50

104. **Jauharabad Branch, District Khushab**
Tel. No.: (0454) 723011-2

105. **Khushab Branch, District Khushab**
Tel. No.: (0454) 710294, 5 & 6

106. **Bhalwal Branch**
Tel. No.: (048) 6642224 & 0316-8226331-2

107. **Khanewal Branch**
Tel. No.: (065) 2551560-3

108. **Kabirwala Branch, District Khanewal**
Tel. No.: (065) 2400910-3

109. **Abdul Hakeem Branch, District Khanewal**
Tel. No.: (065) 2441888 & 0316-8226310-2

110. **Mian Channu Branch**
Tel. No.: (065) 2662201-2

111. **Depalpur Branch**
Tel. No.: (044) 4541341-2

112. **Okara Branch**
Tel. No.: (044) 2553012-4 & 2552200

113. **Hujra Shah Muqeem Branch District Okara**
Tel. No.: (044) 4860401-3 &
0316-8226419-21

114. **Haveli Lakha Branch**
Tel. No.: (044) 4775412-3

115. **Sahiwal Branch**
Tel. No.: (040) 4467742-3

116. **Farid Town Branch, Sahiwal**
Tel. No.: (040) 4272173, 4 & 5

117. **Chichawatni Branch, District Sahiwal**
Tel. No.: (040) 5484852-3

118. **Layyah Branch**
Tel. No.: (060) 6414205-7

119. **Jampur Branch, District Rajanpur**
Tel. No.: (060) 4567787 & 4567325

120. **Kharoor Pacca Branch**
Tel. No.: (0608) 341041-2

121. **Muzafargarh Branch**
Tel. No.: (066) 2422901, 3 & 5

122. **Fazal Garh Sanawan Branch, District Muzafargarh**
Tel. No.: (066) 2250214-5

123. **Sheikho Sugar Mills Branch District Muzafargarh**
Tel. No.: 0345-8530242-4

124. **Shahbaz Khan Road Branch, Kasur**
Tel. No.: (0492) 764890-3

125. **Jalalpur Bhattian Branch, District Hafizabad**
Tel. No.: (0547) 500848-50

126. **Hafizabad Branch**
Tel. No.: (0547) 541641-4

127. **Pattoki Branch**
Tel. No.: (049) 4422435-6

128. **Ellahabad Branch**
Tel. No.: (049) 4751130

129. **Khudian Branch**
Tel. No.: (049) 2791595-6

130. **Sambrial Branch**
Tel. No.: (052) 6523451-3

131. **Gagoo Mandi Branch, District Vehari**
Tel. No.: (067) 3500311-2

132. **Mailsi Branch, District Vehari**
Tel. No.: (067) 3750140-5

133. **Burewala Branch, District Vehari**
Tel. No.: (067) 3773110 & 20 &
(067) 3355779

134. **Mandi Bahauddin Branch**
Tel. No.: (0546) 507602, 3 & 8

135. **Bahawalnagar Branch**
Tel. No.: (063) 2274795-6

136. **Haroonabad Branch, District Bahawalnagar**
Tel. No.: (063) 2251664-5

137. **Toba Tek Singh Branch**
Tel. No.: (046) 2513203-4

138. **Gojra Branch, District Toba Tek Singh**
Tel. No.: (046) 3516392 & 3515577

139. **Kamalia Branch, District Toba Tek Singh**
Tel. No.: (046) 3411405-6

140. **Pir Mahal Branch**
Tel. No.: (046) 3361690 & 5

141. **Gujrat Branch**
Tel. No.: (053) 3520591, 2 & 4

142. **Kotla Arab Ali Khan, District Gujrat**
Tel. No.: (053) 7575501 & 3

143. **Kharian Branch**
Tel. No.: (053) 7602904, 5 & 7

144. **Pak Pattan Branch, District Pak Pattan**
Tel. No.: (0457) 371781-5

145. **Arif wala Branch, District Pak Pattan**
Tel. No.: (0457) 834013, 5 & 6

146. **Chishtian Branch**
Tel. No.: (063) 2501141-2 &
0316-8226304-6

147. **Khanpur Branch**
Tel. No.: (068) 5577719-20 &
0316-8226307-9

148. **Narowal Branch**
Tel. No.: (0542) 411405 &
0316-8226328-30

149. **Rajanpur Branch**
Tel. No.: (0604) 688108 & 0316-8226396

150. **Mianwali Branch**
Tel. No.: (0459) 230825, 6 & 7

SOUTH REGION

151. **Main Branch, Karachi**
Tel. No.: (021) 32436990 & 32444401-5 &
(021) 111-567-890

152. **Clifton Branch, Karachi**
Tel. No.: (021) 35877773-4, 35861286 &
(021) 35375448

153. **Garden Branch, Karachi**
Tel. No.: (021) 32232877-8

154. **F. B. Area Branch, Karachi**
Tel. No.: (021) 36373782-3 &
(021) 36811646

155. **Korangi Industrial Area Branch, Karachi**
Tel. No.: (021) 35113898-9,
(021) 35113900-1 & 0316-8226189-92

156. **AKU Branch, Karachi**
Tel. No.: (021) 34852251-3 &
(021) 33102498-9

157. **Haidery Branch, Karachi**
Tel. No.: (021) 36638617,
(021) 36630409-410 & 0316-8226231-8

158. **Jodia Bazar Branch, Karachi**
Tel. No.: (021) 32441786, 32442208 &
(021) 32463894 & 0316-8226202-10

159. **Shahrah-e-Faisal Branch, Karachi**
Tel. No.: (021) 34316128, 34316395,
(021) 34322150, 34398430 &
(021) 34535545-46, 53-54

160. **DHA Branch, Karachi**
Tel. No.: (021) 35852209, 35845211 &
(021) 35340825

161. **Gulshan-e-Iqbal Branch, Karachi**
Tel. No.: (021) 34811830-33 &
0316-8226239-45

162. **SITE Branch, Karachi**
Tel. No.: (021) 32568330, 32550997 &
(021) 32550903-4

163. **Zamzama Branch, Karachi**
Tel. No.: (021) 35375835 & 35293435

164. **Gole Market Branch, Karachi**
Tel. No.: (021) 36618932, 36618925 &
0316-8226154-62

165. **Gulistan-e-Jauhar Branch, Karachi**
Tel. No.: (021) 34020943-5

166. **M. A. Jinnah Road Branch, Karachi**
Tel. No.: (021) 32213972 & 32213498

167. **Gulbahar Branch, Karachi**
Tel. No.: (021) 36607744 &
0316-8226434-5

168. **North Karachi Branch, Karachi**
Tel. No.: (021) 36920140-5 &
0316-8226171-2

169. **Block-7 Gulshan-e-Iqbal Branch, Karachi**
Tel. No.: (021) 34815811-2, 34833728
& 777

Islamic Banking
170. **Cloth Market Branch, Karachi**
Tel. No.: (021) 32442961 & 32442977

171. **Paria Street Kharadar Branch, Karachi**
Tel. No.: (021) 32201059, 60 & 61

172. **Suparco Branch, Karachi**
Tel. No.: (021) 34970560, 34158325-6,
(021) 37080810 & 0316-8226457

173. **Chandni Chowk Branch, Karachi**
Tel. No.: (021) 34937933 & 34141296

174. **Allama Iqbal Road Branch, Karachi**
Tel. No.: (021) 34387673-4

175. **Nishtar Road Branch, Karachi**
Tel. No.: (021) 32239711-3 & 32239678

Islamic Banking
176. **Waterpump Branch, Karachi**
Tel. No.: (021) 36312113 & 36312108,
(021) 36312349 & 36311908

177. **Apwa Complex Branch, Karachi**
Tel. No.: (021) 32253143 & 32253216

178. **Clifton Block-2 Branch, Karachi**
Tel. No.: (021) 35361115-7

179. **Malir Branch, Karachi**
Tel. No.: (021) 34517982-3

180. **Bahadurabad Branch, Karachi**
Tel. No.: (021) 34135842-3

181. **New Challi Branch, Karachi**
Tel. No.: (021) 32625246 & 32625279

182. **Shah Faisal Colony Branch, Karachi**
Tel. No.: (021) 34602446-7

183. **Zaibunissa Street Saddar Branch, Karachi**
Tel. No.: (021) 35220025-7

184. **Liaquatabad Branch, Karachi**
Tel. No.: (021) 34860723-25

185. **Lea Market Branch, Karachi**
Tel. No.: (021) 32526193-4

186. **Korangi Township No: 2 Branch, Karachi**
Tel. No.: (021) 35058041 & 35071181

187. **North Karachi Ind. Area Branch, Karachi**
Tel. No.: (021) 36962851, 52 & 55

188. **F. B. Industrial Area Branch, Karachi**
Tel. No.: (021) 36829961-4

189. **Napier Road Branch, Karachi**
Tel. No.: (021) 32713539-40

190. **Gulshan-e-Hadeed Branch, Karachi**
Tel. No.: (021) 34710252 & 256

191. **Metroville Branch, Karachi**
Tel. No.: (021) 36752206-7

192. **Defence Phase-II Extension Branch, Karachi**
Tel. No.: (021) 35386910-12

193. **North Karachi Township Branch, Karachi**
Tel. No.: (021) 36968604-7

194. **Stock Exchange Branch, Karachi**
Tel. No.: (021) 32414003-4 &
(021) 32415927-8

195. **Gulshan-e-Jamal Branch, Karachi**
Tel. No.: (021) 34682682-4

196. **Alyabad Branch, Karachi**
Tel. No.: (021) 36826727 & 36332517

197. **Saudabad Branch, Malir, Karachi**
Tel. No.: (021) 34111901-5

198. **Shireen Jinnah Colony Branch, Karachi**
Tel. No.: (021) 34166262-4

Islamic Banking
199. **Al-Tijarah Centre Branch, Karachi**
Tel. No.: (021) 34169251-3

200. **Barkat-e-Haidery Branch, Karachi**
Tel. No.: (021) 36645688-9

201. **Shadman Town Branch, Karachi**
Tel. No.: (021) 36903038-9

202. **Enquiry Office Nazimabad No: 2 Branch, Karachi**
Tel. No.: (021) 36601502-5

Islamic Banking
203. **Rashid Minhas Road Branch, Karachi**
Tel. No.: (021) 34983878 & 34837443-4

204. **Timber Market Branch, Karachi**
Tel. No.: (021) 32742491-2

205. **Khayaban-e-Ittehad Branch, Karachi**
Tel. No.: (021) 35347413-6

206. **Bahria Complex-III (Corporate) Branch, Karachi**
Tel. No.: (021) 35640731-6 35640235-7

207. **New M. A. Jinnah Road Branch, Karachi**
Tel. No.: (021) 34894941-3

208. **DHA Phase-IV Branch, Karachi**
Tel. No.: (021) 35311491-2 &
0316-8226285-7

209. **Gulberg Branch, Karachi**
Tel. No.: (021) 36340553, 549 &
0316-8226291-2

210. **New Sabzi Mandi Branch, Karachi**
Tel. No.: (021) 36870506-7 &
0316-8226409-11

211. **Clifton Block-08 Branch, Karachi**
Tel. No.: (021) 35867435-6 &
0316-8226425-7

212. **Block-02 Gulshan-e-Iqbal Branch, Karachi**
Tel. No.: (021) 34988781-2

213. **Garden Market Branch, Karachi**
Tel. No.: (021) 32244195-6 &
0316-8226431-3

214. **Block-N North Nazimabad Branch, Karachi**
Tel. No.: (021) 36641623-4 &
0316-8226436-38

215. **Marriot Road Branch, Karachi**
Tel. No.: (021) 32461840-42 &
0316-8226428-30

216. **Gulshan-e-Maymar Branch, Karachi**
Tel. No.: (021) 36881235-6 &
0316-8226445-47

217. **Shersha Branch, Karachi**
Tel. No.: (021) 32583001-3 &
0317-4484534-6

218. **DHA Phase-VIII Branch, Karachi**
Tel. No.: 0315-4979265, 328 & 445

219. **Khalid Bin Waleed Road Branch, Karachi**
Tel. No.: (021) 34522044, 5 & 6

220. **Bokhari Commercial Branch, Karachi**
Tel. No.: (021) 35170651, 2 & 3

221. **26th Commercial Street Branch, Karachi**
Tel. No.: (021) 35290094, 5 & 6

222. **Bahria Town Branch, Karachi**
Tel. No.: 0318-4304576-7

Islamic Banking
223. **Gulistan-e-Jauhar Branch, Karachi**
Tel. No.: -

Islamic Banking
224. **North Karachi Township Branch, Karachi**
Tel. No.: (021) 36948010-2

Main Branch, Hyderabad
225. Tel. No.: (022) 2781528-9, 2782347 &
(022) 111-567-890

226. **F. J. Road Branch, Hyderabad**
Tel. No.: (022) 2728131 & 2785997
(022) 2780205

227. **Latifabad Branch, Hyderabad**
Tel. No.: (022) 3816309 & 3816625

228. **Qasimabad Branch, Hyderabad**
Tel. No.: (022) 2651968 & 70

Islamic Banking
229. **Isra University Branch, District Hyderabad**
Tel. No.: (022) 2032322 & 2030161-4

230. **Prince Ali Road Branch, Hyderabad**
Tel. No.: (022) 2638514 & 2622122

231. **S.I.T.E. Branch, Hyderabad**
Tel. No.: (022) 3886861-2

232. **Faqir Jo Pir Branch, Hyderabad**
Tel. No.: (022) 2612685-6

233. **Auto Bhan Road Branch, Hyderabad**
Tel. No.: (022) 2100062-3 &
0316-8226313-4

234. **Matyari Branch, District Matyari**
Tel. No.: (022) 2760125-6

235. **Tando Allah Yar Branch**
Tel. No.: (022) 3890260-4

236. **Sultanabad Branch, District Tando Allah Yar**
Tel. No.: (022) 3404101-2

237. **Tando Muhammad Khan Branch**
Tel. No.: (022) 3340371-2 &
0316-8226267-8

238. **Sukkur Branch**
Tel. No.: (071) 5622382, 5622925 &
0316-8226055-63

239. **Pano Aqil Branch, District Sukkur**
Tel. No.: (071) 5690081, 2 & 3

240. **Sanghar Branch, District Sanghar**
Tel. No.: (0235) 543376-7 &
0316-8226246-7

241. **Tando Adam Branch, District Sanghar**
Tel. No.: (0235) 571640-44

242. **Shahdadpur Branch, District Sanghar**
Tel. No.: (0235) 841982-4

243. **Shahpur Chakar Branch, District Sanghar**
Tel. No.: (0235) 846010-12

244. **Golarchi Branch, District Badin**
Tel. No.: (0297) 853192-4

245. **Talhar Branch, District Badin**
Tel. No.: (0297) 830387-9

246. **Deh. Sonhar Branch, District Badin**
Tel. No.: (0297) 870729 & 870781-3

247. **Matli Branch**
Tel. No.: (0297) 840171-2

248. **Tando Bago Branch, District Badin**
Tel. No.: (0297) 854554-6

249. **Buhara Branch, District Thatta**
Tel. No.: 0316-8226439-40

250. **Dhabeji Branch, District Thatta**
Tel. No.: (021) 34420030, 31 & 39

251. **Makli Branch, District Thatta**
Tel. No: (0298) 581807, 8 & 9

252. **Hub Branch, District Lasbela**
Tel. No.: (0853) 310225-7

253. **Umerkot Branch**
Tel. No.: (0238) 571350 & 356

254. **Nawabshah Branch**
Tel. No.: (0244) 363918-9

255. **Nawab Wali Muhammad Branch District Shaheed Benazirabad**
Tel. No.: (0244) 311069, 70 & 71

256. **Mirpurkhas Branch**
Tel. No.: (0233) 821221 & 821317-8

257. **Digri Branch, District Mirpurkhas**
Tel. No.: (0233) 869661-3

258. **Larkana Branch**
Tel. No.: (074) 4058211-13

259. **Panjhatti Branch**
Tel. No.: (0243) 552183-6

260. **Ghotki Branch**
Tel. No.: (0723) 680305-6

261. **Deharki Branch**
Tel. No.: (0723) 644156, 158 & 160

262. **Thull Branch**
Tel. No.: (0722) 610150-1

263. **Kandkhot Branch**
Tel. No.: (0722) 572883-6

264. **Jacobabad Branch**
Tel. No.: (0722) 654041-5

265. **Shahdadkot Branch, District Qamber Shahdadkot**
Tel. No.: (074) 4012401-2

266. **Dadu Branch**
Tel. No.: (025) 4711417-8 &
0316-8226294-6

267. **Mehar Branch, District Dadu**
Tel. No.: -

268. **Bhan Sayedabad Branch, District Jamshoro**
Tel. No.: 0316-8226296-7

269. **Shikarpur Branch**
Tel. No.: (0726) 540381-3 &
0316-8226319-21

270. **Moro Branch, District Naushero Feroze**
Tel. No.: (0242) 4102000, 1 & 2

271. **Mithi Branch, District Tharparkar**
Tel. No.: (0232) 261291-3

272. **Main Branch, Quetta**
Tel. No.: (081) 2821610 & 2821641

Islamic Banking
273. **Shahrah-e-Iqbal Branch, Quetta**
Tel. No.: (081) 2820227-30 & 37

274. **Chamman Branch**
Tel. No.: (0826) 613685 & 0316-8226342-4

275. **Khuzdar Branch**
Tel. No.: (0848) 412861-3 &
0316-8226466-68

276. **Gawadar Branch**
Tel. No.: (0864) 211103-5 & 0316-8226454, 5 & 6

NORTH REGION

277. **Main Branch, Peshawar**
Tel. No.: (091) 5277914-8 & 5277394

278. **Chowk Yadgar Branch, Peshawar**
Tel. No.: (091) 2573335-7 & 2220006

Islamic Banking
279. **Khyber Bazar Branch, Peshawar**
Tel. No.: (091) 2566811-3

280. **Main Branch, Rawalpindi**
Tel. No.: (051) 5123123, 4, 5 & 8 &
(051) 5123136-7

281. **Chandni Chowk Branch, Rawalpindi**
Tel. No.: (051) 4571160, 63, 86 & 87 &
(051) 4571301

282. **22 Number Chungi Branch, Rawalpindi**
Tel. No.: (051) 5563576-7

283. **Muslim Town Branch, Rawalpindi**
Tel. No.: (051) 5405506 & 4931112-3

284. **Pindora Branch, Rawalpindi**
Tel. No.: (051) 4419020-22

285. **Gulraiz Branch, Rawalpindi**
Tel. No.: (051) 5595148-9 & 5974073

Islamic Banking
286. **Peshawar Road Branch, Rawalpindi**
Tel. No.: (051) 5460113-7

287. **Bahria Town Branch, Rawalpindi**
Tel. No.: (051) 5733772-3 & 5733768-9

Islamic Banking
288. **Chaklala Scheme-III Branch, Rawalpindi**
Tel. No.: (051) 5766345-7

289. **Adyala Road Branch, Rawalpindi**
Tel. No.: (051) 5569091, 96, 97 & 99

290. **Bahria Town Phase-VII Branch, Rawalpindi**
Tel. No.: (051) 5400259-60 &
(051) 5400255 & 58

291. **Bahria Town Phase-VIII Branch, Rawalpindi**
Tel. No.: (051) 5195232, 4, 5 & 6

Islamic Banking
292. **Faisal Town Branch, Rawalpindi**
Tel. No.: (051) 2720670-5

293. **Bewal Branch, District Rawalpindi**
Tel. No.: (051) 3360274-5

294. **Wah Cantt. Branch, District Rawalpindi**
Tel. No.: (051) 4511140-1 & 0317-4484551-3

295. **Kallar Syedan Branch, District Rawalpindi**
Tel. No.: (051) 3570903 & 0316-8226106

296. **Main Branch, Islamabad**
Tel. No.: (051) 2348174 & 78 &
(051) 111-567-890

297. **G-9 Markaz Branch, Islamabad**
Tel. No.: (051) 2850171-3

Islamic Banking
298. **I-10 Markaz Branch, Islamabad**
Tel. No.: (051) 4101733-5

299. **I-9 Markaz Branch, Islamabad**
Tel. No.: (051) 4858101-3

300. **E-11 Branch, Islamabad**
Tel. No.: (051) 2228757-8

301. **DHA Phase-II Branch, Islamabad**
Tel. No.: (051) 5161967-9 &
(051) 5161970-72

Islamic Banking
302. **F-8 Markaz Branch, Islamabad**
Tel. No.: (051) 2818019-21

303. **G-11 Markaz Branch, Islamabad**
Tel. No.: (051) 2363366-68

304. **F-11 Markaz Branch, Islamabad**
Tel. No.: (051) 2101076-7 &
0316-8226282-4

305. **DHA Phase-II (Corporate) Branch, Islamabad**
Tel. No.: (051) 2826573-4 & 0316-8226303

306. **PWD Branch, Islamabad**
Tel. No.: (051) 5708789, 90 & 91

307. **I-8 Markaz Branch, Islamabad**
Tel. No.: (051) 2719242-44

308. **Gulberg Greens Branch, Islamabad**
Tel. No.: 0312-4015609, 0312-4019186 &
0312-4015629-30

309. **Lathrar Road Branch, Tarlai, District Islamabad**
Tel. No.: (051) 2241661-5

310. **Soan Garden Branch, District Islamabad**
Tel. No.: (051) 5738940-2

311. **Gujar Khan Branch**
Tel. No.: (051) 3516328, 29 & 30

312. **Waisa Branch, District Attock**
Tel. No.: (057) 2651068-9

Islamic Banking
313. **Swabi Branch, District Swabi**
Tel. No.: (0938) 221741-45

314. **Mirpur Branch, (AJK)**
Tel. No.: (05827) 444488 & 448044

315. **Islamgarh Branch, (AJK)**
Tel. No.: (05827) 423981-2

316. **Jattlan Branch, District Mirpur (AJK)**
Tel. No.: (05827) 403591-4

317. **Gilgit Branch**
Tel. No.: (05811) 453749, 450504, (05811) 450498 & 451838

318. **NLI Market (Sub Branch), Gilgit**
Tel. No.: (05811) 450802, 4 & 5

319. **Denyore Branch, District Gilgit**
Tel. No.: (05811) 459986-7

320. **Jutial Branch, District Gilgit**
Tel. No.: (05811) 457233-5

321. **Aliabad Branch, Hunza**
Tel. No.: (05813) 455000, 455001 & (05813) 455022

322. **Gahkuch Branch**
Tel. No.: (05814) 450409-10

323. **Skardu Branch**
Tel. No.: (05815) 450327 & 450188-9

324. **Abbottabad Branch**
Tel. No.: (0992) 385231-3 & 383073-75

325. **Jhelum Branch**
Tel. No.: (0544) 625794-5

326. **Dina Branch, District Jhelum**
Tel. No: 0310-4755851, 2 & 6

327. **Chitral Branch, District Chitral**
Tel. No.: (0943) 412078-9

328. **Chakwal Branch**
Tel. No.: (0543) 543128-30 & 0316-8226045

329. **Mardan Branch**
Tel. No.: (0937) 864753-7

330. **Muzaffarabad Branch**
Tel. No.: (0582) 2920025-6

Islamic Banking
331. **Chillas Branch, District Diamer**
Tel. No.: (05812) 450631-2

Islamic Banking
332. **Mingora Branch, Swat**
Tel. No.: (0946) 714355, 714400 & 0316-8226273-75

333. **Battagram Branch**
Tel. No.: (0997) 311044-6

334. **Mansehra Branch**
Tel. No.: (0997) 301931-6

Islamic Banking
335. **Dera Ismail Khan Branch**
Tel. No.: (0966) 718010-4

336. **Kohat Branch, District Kohat**
Tel. No.: (0922) 511011 & 511033

Islamic Banking
337. **Nowshera Branch, District Nowshera**
Tel. No.: (0923) 611545-8

Islamic Banking
338. **Shakas Branch, District Khyber Agency**
Tel. No.: 0316-8226101 & 0316-8226091, 92 & 99

339. **Batkhela Branch**
Tel. No.: (0932) 411115, 6 & 7

Islamic Banking
340. **Timergara Branch, District Lower Dir**
Tel. No.: (0945) 822081-3

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 JP Morgan Chase Bank, N.A., Sydney Branch National Australia Bank Limited Standard Chartered Bank, Australia
Austria	Erste Bank Der Oesterreichischen Sparkassen AG Erste Group Bank AG Oberbank AG
Bahrain	Al Baraka Islamic Bank B.S.C Allied Bank Limited, Wholesale Banking Branch Bank Al Habib Limited Bank Alfalah Limited Bahrain Habib Bank Limited United Bank Limited JS Bank Bahrain Branch Askari Bank Bahrain Branch
Bangladesh	Bank Alfalah Limited (Bangladesh - Dhaka Branch) Brac Bank Limited Eastern Bank Limited Habib Bank Limited Jamuna Bank Limited Southeast Bank Limited Standard Chartered Bank United Commercial Bank Limited
Belarus	Belarus Bank
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. Limited Bank of Ningbo Bank of Shanghai Changshu Rural Commercial Bank China Citic Bank China Construction Bank Corporation

Country	Name of Bank
	China Everbright Bank China Merchants Bank Citibank (China) Co., Limited Commerzbank A.G. 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 KBC Bank NV Qilu Bank Co., Limited 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., Limited Zhejiang Tailong Commercial Bank Zhejiang Xiaoshan Rural Commercial Bank Company Limited Zhongshan Rural Commercial Bank Company Limited
Colombia	Bancolombia S.A.
Cyprus	Hellenic Bank Public Company Limited
Czechia	Ceskoslovenska Obchodni Banka, A.S. Citibank Europe PLC, Organizacni Slozka Commerzbank A.G. 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 A.G. (Formerly Dresdner Bank A.G.) Danske Bank DB Privat-Und Firmenkundenbank A.G. (Formerly Deutsche Bank PGK A.G.) Deutsche Bank A.G. DZ Bank A.G. (Formerly WGZ Bank A.G.) Hamburg Commercial Bank A.G. Hamburger Sparkasse A.G. JP Morgan A.G. Landesbank Baden-Wuerttemberg M.M.Warburg U. Co (A.G. U. Co.) KGAA National Bank of Pakistan, Frankfurt Sparkasse Dortmund Sparkasse Krefeld - Zweckverbandssparkasse Der Stadt Krefeld Und Des Kreises Viersen - Sparkasse Westmuensterland Standard Chartered Bank A.G.

Country	Name of Bank
Greece	Alpha Bank AE Citibank Europe PLC Greece Branch Piraeus Bank SA
Hong Kong	Bank of America, N.A. Hong Kong CIMB Bank Berhad Hong Kong Branch Citibank N.A. Deutsche Bank A.G. Habib Bank Zurich (Hong Kong) Limited Hongkong And Shanghai Banking Corporation Limited, The JP Morgan 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 A.G. 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 Limited) Raiffeisen Bank ZRT. Unicredit Bank Hungary ZRT.
India	Citibank N.A. Deutsche Bank A.G. ICICI Bank Limited JP Morgan Chase Bank, N.A., Mumbai Branch Mashreq Bank Punjab National Bank Standard Chartered Bank The Kalupur Commercial Co-Operative Bank Limited
Indonesia	Bank Mandiri (Persero), PT Citibank, N.A. JP Morgan Chase Bank, N.A., Jakarta Branch MUFG Bank, Limited Jakarta Branch 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 Monte Dei Paschi Di Siena Banca Popolare Di Sondrio Banca Ubae S.P.A Banco Bpm S.P.A Bper Banca S.P.A. Cassa Di Risparmio Di Fermo Spa Commerzbank A.G. Credito Valtellinese Deutsche Bank S.P.A. Iccrea Banca - Istituto Centrale Del Credito Cooperativo Odea Bank AS UBL Banca S.P.A. Unicredit S.P.A. Unipol Banca S.P.A
Japan	Citibank N.A., Tokyo Branch JP Morgan Chase Bank, N.A., Tokyo Branch Mizuho Bank, Ltd.

Country	Name of Bank
	MUFG Bank, Ltd. National Bank of Pakistan Resona Bank, Limited, Tokyo Saitama Resona Bank, Limited Standard Chartered Bank Sumitomo Mitsui Banking Corporation
Jordan	Citibank N.A.
Kenya	Habib Bank AG Zurich Kenya KCB Bank Kenya Limited
Republic Of Korea	Busan Bank Citibank Korea INC. Daegu Bank, Limited,The Industrial Bank of Korea JP Morgan 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	SC Citadele Banka
Lebanon	Banque Libano Francaise
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 Limited Mauritius Standard Chartered Bank (Mauritius) Limited
Mexico	Banco Nacional De Mexico S.A.
Morocco	Attijariwafa Bank (Formerly Banque Commerciale Du Maroc)
Nepal	Himalayan Bank Limited
Netherlands	ABN Amro Bank N.V. Citibank Europe PLC Netherlands Branch Commerzbank A.G. Kantoor Amsterdam Deutsche Bank A.G.
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 S.A.O.G

Country	Name of Bank
	Sohar International Bank S.A.O.G Standard Chartered Bank
Panama	Banesco S.A.
Philippines	Asian Development Bank MUFG Bank, Limited, 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 Bank Al Bilad Bank Al-Jazira Emirates NBD PJSC JP Morgan Chase Bank, N.A. Riyadh National Bank of Pakistan National Commercial Bank The Riyad Bank Samba Financial Group The Saudi British Bank
Serbia	Unicredit Bank Srbija A.D.
Singapore	Bank Mandiri (Persero)TBK. PT Bank of America, N.A. Singapore Citibank,N.A. Commerzbank A.G., Singapore Branch Credit Suisse A.G., Singapore Private Banking Deutsche Bank A.G. Habib Bank Limited JP Morgan Chase Bank, N.A. KBC Bank N.V. Singapore Branch Mizuho Bank, Limited Singapore Branch MUFG Bank, Limited Standard Chartered 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 Firstrand Bank Limited

Country	Name of Bank
	HBZ Bank Limited Standard Chartered Bank
Spain	Banco De Sabadell, S.A. Banco Santander S.A. Caixabank, S.A. Citibank Europe PLC Spain Branch Commerzbank A.G. Deutsche Bank Sociedad Anonima Espanola Kutxabank, S.A.
Sri Lanka	Bank of Ceylon Commercial Bank of Ceylon PLC Habib Bank Limited 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) Limited Banque Cantonale Vaudoise Banque De Commerce ET De Placements S.A. Barclays Bank (Suisse) S.A. Ca Indosuez (Switzerland) S.A. Habib Bank A.G. Zurich Luzerner Kantonalbank UBL (Switzerland) A.G. Zuercher Kantonalbank
Taiwan	Citibank Taiwan Limited HSBC Bank (Taiwan) Limited JP Morgan Chase Bank, N.A., Taipei Branch Mizuho Bank, Limited,Taipei Branch Standard Chartered Bank (Taiwan) Limited
Tajikistan	NBP Pakistan Subsidiary Bank
Thailand	Bank of Ayudhya Public Company Limited Citibank N.A. Kasikornbank Public Company Limited Krung Thai Bank Public Company Limited Mizuho Bank, Limited, Bangkok Branch SIAM Commercial Bank PCL., The Standard Chartered Bank (Thai) PCL 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. Denizbank A.S. Habib Bank Limited Kuveyt Turk Katilim Bankasi A.S. QNB Finansbank A.S. Turkiye Cumhuriyeti Ziraat Bankasi A.S. Turkiye Garanti Bankasi A.S. Turkiye Vakiflar Bankasi T.A.O.

Country	Name of Bank
	Yapi VE Kredi Bankasi A.S.
United Arab Emirates	Abu Dhabi Commercial Bank Bank Alfalah Limited (Dubai Branch) Citibank N.A. Deutsche Bank A.G. Dubai Islamic Bank Emirates Islamic Bank 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 Limited
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 A.G. Emirates NBD Bank (P.J.S.C) Habib Bank Zurich PLC HBL Bank UK Limited HSBC Bank PLC HSBC UK Bank PLC JP Morgan Chase Bank, N.A. Mashreq Bank PSC. Northern Bank Limited (Trading As Danske Bank) Standard Chartered Bank United National Bank
United States Of America	Bank of America, N.A. Bokf, N.A. Branch Banking and Trust Company Capital One, N.A. Citibank N.A. Citizens Bank, N.A. Comerica Bank Deutsche Bank Trust Company Americas East-West Bank First Tennessee Bank N.A. Habib American Bank International Finance Corporation Keybank National Association Mashreqbank PSC., New York Branch MUFG Bank Limited. 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.

Country	Name of Bank
Viet Nam	Asia Commercial Bank Citibank N.A. Kookmin Bank Shinhan Bank Vietnam Limited Standard Chartered Bank (Vietnam) Limited Vietnam Export Import Commercial Joint-Stock Bank Vietnam Public Joint Stock Commercial Bank – Pvcombank
Luxembourg	JP Morgan Bank Luxembourg S.A. Luxembourg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Soneri Bank
Roshan Har Qadam

PROXY FORM
29th 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 29th Annual General Meeting of the Bank to be held on 26 March 2021 or at any adjournment thereof.

Affix Rs. 5 Revenue Stamp

(Signatures should agree with the specimen signature registered with the Bank)

Dated this ______ day of ____________ 2021

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
انتیسواں سالانہ عام اجلاس

میں مسمّی / مسماۃ ____________________
ضلع ____________________ بحیثیت ممبر سونیری بینک لمیٹڈ اور حقِ ملکیت رکھتے ہوئے
____________ عام حصص کی جس کا اندراج:

رجسٹرڈ فولیو نمبر: ____________
سی ڈی سی پارٹیسپنٹ نمبر: ____________ سب اکاؤنٹ نمبر: ____________
شناختی کارڈ نمبر: ☐☐☐☐☐-☐☐☐☐☐☐☐-☐ یا پاسپورٹ نمبر: ____________
مسمّی / مسماۃ ____________ ساکن: ____________
____________ یا اُن کے نہ جانے پر، مسمّی / مسماۃ ____________ ساکن: ____________
____________ جو خود بھی سونیری بینک کا / کے رکن ہے / ہیں، کو بطور پراکسی مقرر کرتا ہوں / کرتے ہیں تاکہ وہ میری / ہماری جگہ اور میری / ہماری طرف سے بینک کے انتیسویں سالانہ عام اجلاس جو بتاریخ ۲۶ مارچ ۲۰۲۱ کو منعقد ہو رہا ہے۔ اس میں یا اس کے کسی ملتوی شدہ اجلاس میں شرکت کرے اور ووٹ ڈالے۔

پانچ روپے کا ریونیو اسٹیمپ

(دستخط کا بینک میں رجسٹرڈ نمونے سے مطابقت رکھنا ضروری ہے)

تاریخ ____________ ۲۰۲۱

دستخط حصص داران ____________
دستخط پراکسی ____________

۱۔ گواہی
دستخط: ____________
نام: ____________
پتہ: ____________
شناختی کارڈ نمبر: ☐☐☐☐☐-☐☐☐☐☐☐☐-☐
یا پاسپورٹ نمبر: ____________

۲۔ گواہی
دستخط: ____________
نام: ____________
پتہ: ____________
شناختی کارڈ نمبر: ☐☐☐☐☐-☐☐☐☐☐☐☐-☐
یا پاسپورٹ نمبر: ____________

نوٹ:
۱۔ یہ مکمل پُر کردہ اور دستخط شدہ پراکسی فارم، ہمارے رجسٹرڈ آفس سونیری بینک لمیٹڈ، ۲۴۱-۲۴۲، اَپر مال اسکیم، آنند روڈ، لاہور ۵۴۰۰۰ پر اجلاس کے انعقاد سے ۴۸ 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 کمپنی کا ممبر نہ ہو سوائے کارپوریٹ ادارے کے جو کسی نان ممبر کو بھی پراکسی منتخب کر سکتے ہیں۔

۳۔ اگر ایک رکن ایک سے زائد پراکسی مقرر کرتا ہے اور کمپنی کے پاس رکن کی طرف سے پراکسی فارم کی ایک سے زائد دستاویزات جمع کروائی جاتی ہیں تو پراکسی کی ایسی تمام دستاویزات کالعدم 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 کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی کاپی منسلک کریں۔ (تاہم نامزد شخص کو شناخت کی غرض سے اجلاس میں شرکت کے وقت اپنا اصل قومی شناختی کارڈ یا اصل پاسپورٹ مہیا کرنا ہوگا۔)

۵۔ کارپوریٹ ادارہ ہونے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / مختار نامہ نامزد شخص کے دستخط کے ساتھ پراکسی فارم کمپنی کو جمع کروانا ہوگا۔

سونیری بینک لمیٹڈ

درست رقم کا
ٹکٹ چسپاں کریں

کمپنی سیکریٹری
سونیری بینک لمیٹڈ
روپالی ہاؤس ۲۴۱-۲۴۲
اپر مال اسکیم،
آنند روڈ
لاہور- ۵۴۰۰۰

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.

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-SONERI (766374)

300+ Branches and ATMs

www.soneribank.com

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