



Soneri Bank

Roshan Har Qadam



ANNUAL REPORT 2021

BASKING IN THE GLORY

GEOGRAPHICAL PRESENCE

From the shores of Karachi in the south to the snow-covered mountains of Gilgit in the north, Soneri Bank is committed to providing access to financial solutions for Pakistan's population. Our network of over 360 branches both conventional and Islamic, and ATMs provides ease of access even in the most distant corners of the country, ensuring everyone can stay, Roshan Har Qadam.



Pakistan's physical map, as seen from a satellite view of the planet Earth.

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THE SUNLIT PATH

ABOUT US

Three decades ago, we began our journey, aiming for the sun. Today, we take pride in being the institution supporting economic empowerment for millions and enabling possibilities through innovation, as we strive to achieve financial inclusion for the unbanked masses. After 30 years of doing our best to serve our customers, we renew our commitment to doing even better in the coming years. Remaining true to our watchwords of 'Roshan Har Qadam', we look forward to making the future even brighter for you, your company, and Pakistan.

The Alexandra Bridge, built over the Chenab River, Punjab.



CONCENTRIC FRAMEWORK

Ingrained in our structure, we strive to improve the quality of life for the communities and customers we serve. We leverage technology to provide innovative financial products and services and deliver them effectively and responsibly.

VISION

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

MISSION

To provide innovative and efficient financial solutions to our customers.

The third largest mosque in Pakistan, the Grand Jamia mosque in Lahore, Punjab.



RADIATING THROUGH THE DARKNESS

Our values serve as a guiding light and a framework for Soneri Bank to maintain a healthy workplace and a dynamic company culture, reflecting our philosophy of Roshan Har Qadam in all aspects of the business.

CORE VALUES

We are customer-centric

We have high moral standards

We take ownership

We are proactive

We collaborate



The Pakistan Monument, located atop the Shakarparian Hills, Islamabad.



BEACON OF INNOVATION

TECHNOLOGY

Soneri Bank is always on the lookout for emerging technology trends that have the potential to revolutionize. Businesses and industries. We want to thrive and keep on growing by delivering innovative and sustainable banking solutions. We believe in transforming lives on an unprecedented scale, and we have ambitious growth goals, thanks to innovations that are reimagining the banking industry.

Charminar Chowranghi, an iconic roundabout in Bahadurabad, Karachi, Sindh



THE GOLDEN TOUCH

CORPORATE SOCIAL RESPONSIBILITY

Anchored by our strong ethical culture, we at the Bank are predominantly aimed at preserving culture and the welfare of our people and communities. Our purpose of being a socially responsible and sustainable organization makes us committed to leaving a positive imprint on the lives of individuals, businesses, and the society as a whole.



A child leaves handprints on a mud wall, Punjab.

CORPORATE SOCIAL RESPONSIBILITY

(CSR) ACTIVITIES

Initiatives of Green Banking Office (RMD)

The Green Banking Office, under the ambit of the Risk Management Division, has been established in line with the State Bank of Pakistan's instructions and guidelines. The GB Office has successfully developed a green banking policy that has been approved by the Board of Directors. The following are the measures that have been taken to comply with the guidelines:

Environmental awareness through email circulation

The Green Banking Office is circulating emails bank-wide with respect to the Green Banking Guidelines to educate the bank staff on environmental issues.

Green Advisory Services

We have incorporated details of the Green Banking Office and green advisory services on Soneri Bank's official website, to create awareness amongst the visitors, of our going Green activities.

Green Business Facilitation

We have developed a Green Business Facilitation product, i.e., renewable energy financing. The tentative plan for the launch of this product is March end 2022.

Environmental Trainings

Green Banking Office has conducted trainings through HR Learning and Development to educate employees to apply an own-impact reduction in their workplace, keep emphasising the customers to use more of digital tools, to discourage paper-based documents for the betterment of the environment.

Resource consumption targets

We have assigned resource consumption targets to one of our branches, under which electricity, water, fuel, and paper were covered. Furthermore, the Green Banking Office has prepared a Key Performance Indicators report for the branches, head offices, and regional offices for dissemination of the knowledge that is essential for the Bank's staff to comply with the allocated targets.

Environmental Risk Rating (ERR)

The Environmental Risk Rating (ERR) Model has been deployed and implemented on CAPS. Credit approvals are being rated by the ERR Model, under which around 856 cases have been performed according to the Green Banking Guidelines.

Pledge for Kindness

Like every year, this year too Soneri Bank continued its Pledge for Kindness Campaign which embodies the spirit of giving in the holy month of Ramadan. We partnered with multiple NGOs, such as Layton Rahmatulla Benevolent Trust (LRBT), Aga Khan University Hospital (AKUH), Shaikat Khanum Memorial Cancer Hospital (SKMCH), and Make a Wish Foundation, to create a difference in the lives of those in need.

To initiate the campaign, Soneri Bank integrated a pledge counter on its official website where anyone visiting the site could mark their pledge by clicking on the counter. For every pledge received, Soneri Bank donated Rs. 10/- to each NGO. Through this campaign, we were able to generate 59,331 pledges and Soneri Bank donated PKR 593,310/- to the respective NGOs to bring a smile to the faces of many.

The campaign was advertised on our social media pages and several emailers were sent out to raise awareness for the good cause.

Layton Rahmatulla Benevolent Trust

LRBT, through its purpose-built and appropriately-equipped hospitals, provides comprehensive eye treatments for the visually impaired. The Trust aims to provide those in need with quality eye treatment facilities and help them lead a normal life. Soneri Bank, through its Pledge for Kindness campaign, supported the organisation to bring light to the lives of many underprivileged people.

The Aga Khan University Hospital

The Aga Khan University Hospital in Karachi, established in 1985, was founded by the Aga Khan. The hospital provides a broad range of secondary and tertiary care, including diagnosis of disease and team management of patient care. Soneri Bank contributed to the organisation's cause through its digital campaign #PledgeForKindness, whereby generous funds were donated for welfare.



Shaukat Khanum Memorial Cancer Hospital

The Shaukat Khanum Memorial Trust has established a number of centres all over Pakistan that help in the awareness, diagnosis, and treatment of cancer in Pakistan. Soneri Bank supported them through its digital campaign #PledgeForKindness where it generously donated to the organisation and helped raise awareness about cancer.

Make-A-Wish Foundation

Make-A-Wish Pakistan is an affiliate member of Make-A-Wish Foundation Int'l, dedicated to granting the most cherished wishes of critically ill children. Since its inception, Make-A-Wish Foundation, Pakistan, has granted thousands of wishes of critically ill children, thereby enriching their lives with hope, strength, and joy. Soneri Bank's Pledge for Kindness Campaign helped generate funds to sponsor and fulfil the wishes of many terminally ill children and bring a smile on their faces.

Pakistan Hindu Council

The Pakistan Hindu Council represents the Pakistani Hindu community on social and political issues and aims to protect the basic rights and freedom, especially of worship and assembly, of Hindus all over Pakistan. Soneri Bank made a generous contribution to the Combined Marriages Program hosted by the Pakistan Hindu Council, showcasing the open and progressive culture of the Bank and its forward vision for a diverse and inclusive Pakistan.

Supporting a Golfer

In the spirit of promoting new talent and helping ambitious people to achieve their dreams, Soneri Bank continued its sponsorship of an inspiring golfer, who would represent the Bank in various tournaments nationwide, and unite people through sport.

Sindh Literature Festival

The 4th Sindh Literature Festival was held at the Arts Council of Pakistan and was open for all. The festival continued for three days. It was packed with informative sessions on literature, cultural and political developments, and Pakistan's economic prosperity. Book launches, musical performances, dance, and poetry were also part of the event. Soneri Bank supported and sponsored this festival wholeheartedly, to showcase our rich culture and heritage.

Breast Cancer Awareness

Soneri Bank donated generously to the Shaukat Khanum Memorial Hospital for the treatment of Breast Cancer patients as part of its Pinktober campaign, to prevent and fight Breast cancer in Pakistan. It also partnered with the hospital for an awareness session to spread awareness about the prevention, symptoms, and treatment of Breast Cancer in Pakistan.



A SPECTRUM OF SOLUTIONS

PRODUCTS AND SERVICES

Soneri Bank provides a suite of financial products and services to meet our customers evolving and individual needs. We are continuously widening our service portfolio and seeking new ways to further strengthen our relationship with our customers and conquer even higher peaks. With our expertise, you can rest assured that your assets are protected and nurtured at the same time.



A bird's eye view of boats docked at the Khanpur Dam on the Haro River, Khyber Pakhtunkhwa.

PRODUCT & SERVICES

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

Current Account

Customers can open any current account for their transactional needs and enjoy banking convenience offered from over 360 branches and ATMs across the country. Our current accounts include:



Soneri Ikhtiar Account

Soneri Ikhtiar is the flagship current account, which is ideally suited for businesses in search of a convenient and feature-rich bank account to fulfil their daily banking needs. This account offers numerous free facilities, including: Issuance of Banker's Cheques, Online Banking, Cheque Books, Debit Cards 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

An exclusive banking platform is one such current account targeted 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 that is truly accessible for all the Pakistani Ladies.



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 Asaan Remittance Account

Customers can now instantly receive remittance from their loved ones living anywhere around the globe, directly in their Soneri Asaan Remittance Account. This account can be opened with utmost ease through a simplified account opening process and is designed as a secure and reliable means, for the purpose of receiving home remittances.





Basic Banking Account

It is a non-profit bearing account with no minimum balance requirement. Initial deposit for account opening is PKR 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 Pensioners Account

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

Savings Accounts

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

PLS Savings Account

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 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 on this account.

Soneri Youngsters Minor Savings Account

Soneri Bank offers Youngsters Minor Savings Account to attract the children of today, so they can obtain their first debit card, learn about budgeting and take their first steps towards financial independence.



Soneri Sahara Account

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



Soneri Rupee Term Deposits

Soneri 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, with attractive profit rates. The depositor has the option to reinvest the deposit automatically with or without the profit.



Soneri Ladies First Term Deposit (TDR)

A product for ladies to invest in long-term savings, ranging from 1 year to 3 years. Soneri Ladies First Term Deposit not only offers high returns, but is also bundled with Free Pink Ribbon Insurance cover (of up to PKR 500,000) to make it more useful for our female customers.

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, up to 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

Dealing in foreign currencies is no more a hassle. Soneri Bank offers FCY Current, Savings and Term Deposit accounts to cater to the foreign currency transactional and savings' 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 and Retail Banking

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

Soneri Speed Finance

Soneri Speed Finance is focused on providing quick and flexible financing solutions to its customers while keeping their savings secure. This product is offered to Individuals, Small and Medium Enterprises, Commercial/Corporate businesses, to meet their financing 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 customers. It is primarily secured against liquid security, including Soneri Bank's deposits (LCY and FCY Term Deposits, Cash Margin, Lien on Account) and Government Securities (DSC/SSC/RIC).



SBP's Incentive Schemes

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

- PM's Kamyab Jawan Youth Entrepreneurship Scheme
- Credit Guarantee Scheme for Small and Rural Enterprises
- Refinancing Facility for Modernisation of SMEs
- Refinance and Credit Guarantee Scheme for Women Entrepreneurs
- SE Financing and Credit Guarantee Scheme for Special Persons
- Mark-up Subsidy and Guarantee Facility for the Rice Husking Mills in Sindh
- Financing Facility for Storage of Agricultural Produce
- Export Refinance Scheme
- SBP Financing Scheme for Renewable Energy
- Refinancing Scheme for Working Capital Financing
- Long-Term Financing Facility for Plant and Machinery

Consumer Financing

Soneri Bank Limited offers various kinds of financing options to choose from to its customers, depending on their needs. Our range of consumer financing products includes Soneri Car Finance, Soneri Ghar Finance, Mera Pakistan Mera Ghar (a Government Mark-up Subsidy Scheme for Low-Cost Housing Finance), and Soneri Personal Finance.



Soneri Car Finance

Soneri Car Finance is designed to let the customers regulate their plan, to select a new or used locally assembled/manufactured vehicle, at a reasonable mark-up rate. The Car Finance facility is available for up to PKR 3 million, with a repayment plan of up to 5 years in equal monthly instalments for vehicles that are above 1000cc engine capacity. For locally assembled/manufactured vehicles that are 1000cc and below, the repayment plan of up to 7 years in equal monthly instalments is available. Processing of applications is fast and hassle-free. Partial payment and early settlement options are also available, to lower the customer's burden, at any point in time. Moreover, insurance coverage along with a tracker makes the facility secured, which is very lucrative for Soneri Bank's valuable customers.

Soneri Ghar Finance

Now the dream of owning a beautiful house can become a reality with Soneri Ghar Finance, with comfort, peace, and security. 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 a maximum financing limit of up to PKR 75 million, with flexible tenors for repayment of up to 20 years, can be availed.



Mera Pakistan, Mera Ghar

(Government Mark-up Subsidy Scheme for Low-Cost Housing Finance)

Soneri Bank promotes the spirit of patriotism and advocates an affordable government mark-up subsidy scheme by the State Bank of Pakistan for low-cost housing finance 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 PKR 2 million with flexible repayment tenors of up to 4 years. It is an easy solution to the customers' cash/liquid requirement for emergency funds, plan their children's higher education, make their daughter's wedding the talk of the town, or take that dream vacation.

Agriculture Financing

Agriculture contributes a handsome share in the GDP of our country and the livelihood of a large number of rural populations is based on this. Soneri Bank's wide range of Agri Products is available to support the Agri Economy and to grow Agriculture Produce as well as the livelihood of the Farming Community. Farmers may avail any facility to fulfil their needs out of the below given Agriculture Financing Products:



- Farm Production Loans -Revolving Credit
- Farm Development Loans for Farm Machinery
- Tractor and Implements Loans
- Non-Farm Working Capital Loan- Dairy Farming
- Non-Farm Development Loan- Dairy Farming
- Non-Farm Working Capital Loan- Poultry Farming
- Non-Farm Development Loan- Poultry Farming
- Non-Farm Working Capital Loan- Fish Farming
- Non-Farm Development Loan- Fish Farming
- Non-Farm Working Capital Loan- Cattle Farming
- Non-Farm Development Loan- Cattle Farming
- Value Chain - Contract Farmer Financing
- Financing against Ware House Receipts

Home Remittance

Soneri Bank Limited (SBL) under the guidance of Pakistan Remittance Initiative (PRI) (a joint venture of the State Bank of Pakistan, Ministry of Finance, and Ministry of Overseas Pakistanis) started Home Remittance Payments' Disbursement Initiative in July 2012. With exceptional customer support and meeting service delivery standards, the Bank managed to make a significant contribution towards the Home Remittance business. Soneri Bank recognised the potential in the Home Remittance business and thereby brands this business with the service name of **"Soneri Mehnat Wasool Remittance"**.



Soneri Mehnat Wasool Remittance rendered unmatched services for overseas Pakistanis, who are sending money to their family members across Pakistan through their extensive network of over 360 branches in more than 175 cities. To facilitate the overseas Pakistanis, Soneri Bank has tie-ups with renowned money service providers i.e., MoneyGram, RIA Money Transfer, Al Ansari Exchange, Small World, Xpress Money, Ebixcash, Worldwide Cash Express, and Trans-Fast, covering GCC, UK, Europe, and North American regions, including Canada. In a further step towards this initiative, the Bank has launched a deposit product titled **"Soneri Asaan Remittance Account"**. The account can be opened with utmost ease through a simplified account opening process and is designed as a secure and reliable means for the purpose of receiving home remittance directly into the account.

Please find the features of the account.

- PayPak Debit Card for One Year
- First Cheque Book of 25 Leaves
- SMS Alert and e-Statements for staying informed
- Soneri Digital (Internet and Mobile Banking)
- No Service Charges
- No Withholding Tax on Cash Withdrawal
- ATM Cash Withdrawal Insurance - Soneri Tahaffuzuz



Alternate Delivery Channel

ATMs

With the growing number of 360+ 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 Points of Sale around the world.

Soneri Bank PayPak Debit Card is accepted at all ATMs and Points of Sale across Pakistan.

Internet Banking

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



Mobile Banking

Talk about convenience at your fingertips, Soneri Mobile App is the right choice. Manage your account, transfer funds to any domestic bank account, Mobile Top-Ups, Bill Payments, School Fees, Govt. Payments and a 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 through Soneri Phone Banking, including ATM Debit Card Replacement, Stop Cheque Request, Banker's Cheque, ATM Debit Card Account Linking/De-Linking, Cheque Book Request, and e-Statement request. Simply dial +92-21-111-SONERI (766374) to avail easy access to your account-based services.

Bancassurance - Protection & Coverage products

We can't predict the future but we can help you protect you or your loved ones. Our customers can get peace of mind with a variety of exclusively designed Bancassurance conventional and Takaful products that cater to their protection, savings and investment needs. Bancassurance is one of the best purchases for the future of customers' family. Soneri Bank offers advice from certified professionals with expertise to help customize coverage plans for customers' family's individual needs. Few of these products are:



Sunehra Saver & Sunehra Saver Takaful

These 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.

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 Shari'ah Principles. Sunehra Ehad enables customers to build income for events like child education, daughter's marriage, building / renovation of house or planning for carefree life after retirement.

Capital Plus & Capital Plus Takaful

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



Wealth Management

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

Currently, we are offering All Open Ended Mutual Funds in which an investor can invest and Redeem as and when he or she desires.

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

- Professional Management
- Diversification
- Small Amount of Investments
- Less Volatility
- Mix 'n' Match Risk and Rewards
- Advantage of huge funds
- liquidity
- Regulatory protection
- Protection through Trustee

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 realized 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.

Income Scheme

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

Pension Fund

These funds focus on providing a secure source of savings and regular income after retirement to the investor.

Soneri Bank Wealth Management – Product Menu

In partnership with reliable Asset Management Company, we offer you 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

Voluntary Pension Schemes (VPS)

- HBL Pension Fund
- HBL Islamic Pension Fund



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

Soneri Mustaqeem Islamic Banking

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

Deposit Products

Current Accounts

Soneri Mustaqeem - Jari Account

Jari Account is the kind of Current Account (No Profit and Loss account) that provides the convenience of putting your money in an account and accessing it without any restrictions on withdrawals, and at the same time 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 fulfil their daily banking needs. This account offers numerous free facilities.

Soneri Mustaqeem - Jari Foreign Currency Accounts

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

Savings Accounts

Soneri Mustaqeem - Bachat Account

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

Soneri Mustaqeem - Munafa Account

Soneri Mustaqeem - Munafa account provides a regular stream of monthly income with the same convenience and service as 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 to 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.

The product has been structured on the Islamic principles of Mudarabah.

Soneri Mustaqeem - Asaan Account

Soneri Asaan Account offers a simple and convenient way to fulfill 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.



Consumer Products



Soneri Mustaqeem - Car Ijarah

Soneri Mustaqeem Car Ijarah is an excellent auto financing facility that enables our valuable customers to get a car not only quickly and conveniently, but also in a Shari'ah-compliant manner.

Soneri Mustaqeem - Car Ijarah is an interest-free car financing product, which 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 dreams. Soneri Mustaqeem - Ghar Finance is based on the concept of Diminishing Musharakah, where the customer participates with Soneri Bank in joint ownership of property. The Bank's ownership share of the house/flat/land is divided into a number of units. The customer undertakes to purchase the bank's share in the property periodically until the ownership of the property is completely transferred to the customer. Till the complete ownership is transferred, the customer is required to pay agreed rentals for using the bank's share in the house/flat/land.



Soneri Mustaqeem - Mera Pakistan Mera Ghar

Soneri Mustaqeem - Mera Pakistan Mera Ghar is a Shariah-compliant home finance facility that will enable every Pakistani to own a house at subsidised rental rates, as per the vision of our honourable Prime Minister. The said product has been designed and developed in line with the instructions laid down by the State Bank of Pakistan (SBP) and Pakistan Banks' Association (PBA) from time to time. The purpose of the product is to facilitate our low-income segment group.

Corporate and Investment Banking

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

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



Working Capital and Trade Finance Facilities

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

Investment Banking

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

Supply Chain Management

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

Cash Management

SNBL's Cash Management services coupled with our web-based Cash Management System '**Soneri Trans@ct**', provides our valued customers with a 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 a full array of products and services, designed and tailored to enable our Corporate, Commercial, and SE/ME customers to securely exchange funds and financial information in real-time with their trading partners, for optimal management of working capital.



China Desk

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

The Bank is very much focused on developing new business relationships under CPEC. The Bank's Chinese Business Unit in Islamabad and Lahore have witnessed progressive growth over the period.






REACHING THE ZENITH

CUSTOMER EXPERIENCE

A positive customer experience is crucial to the success of Soneri Bank. With customer understanding and clear market focus as our driving forces, we have been able to establish ourselves as a high-quality solution provider in the financial industry. We aim to reach the highest point of customer satisfaction by providing industry-leading solutions, no matter where our customers are.

A woman in traditional Kalash attire, wearing a dark patterned dress with yellow embroidery and a large yellow beaded necklace. She is sitting and working on a piece of fabric with cowrie shells. The background is a blurred outdoor setting.

A traditionally dressed Kalash woman in Bumburet Village embellishes fabric with cowrie shells, Kalash Valley, Gilgit-Baltistan.

CUSTOMER EXPERIENCE

Customer experience has changed quite a bit over the past year. With social distancing norms and lockdown restrictions becoming commonplace, there's been a drastic shift in how banks and customers interact. A major trend for 2021 was the use of a digital customer experience. COVID-19 accelerated the use of technology, putting us three to five years ahead into the future.

Soneri Bank is also on the way to digitising and automating its customer experience. The Bank is pushing to use digital and self-service solutions to create an easier, low-or-no friction process for its customers. The Bank is always striving to enhance the customer experience. Relatable and convenient interactions are key to winning over customer loyalty and standing out amidst the competition.

In the year 2021, the Customer Experience Department has devised and initiated various programs.

DIGITAL BANKING-A NEW ERA

Digital Banking Survey: An in-house comprehensive survey was conducted from SNBL customers in 2021 to analyse their interaction with the Bank, usage of branches or alternate delivery channels (ADCs), and their reception to new age banking. A significant rise of 58% ADC user enrolment was observed.

Queue Management System (QMS): Live portal access has been given to the branches, which allows live monitoring of the cash counter-performance. In the Year 2021, 26 new Qmatic machines were installed, making the total of 126 branches having Qmatic machines installed pan country.

Online Product Knowledge: CE has introduced a dynamic **online portal, "INFOPEDIA"** to enable the front desk staff to keep our products/services suite available/updated at all times and work in a paper-free environment. Further to keep our front-liners "up-to-date" about new products, an intensive online product knowledge quiz has also been initiated by the CE team in 2021.

Competitive Scan - Soneri Digital Banking App: A Competitive Scan was conducted after the launch of the Soneri Bank Digital App for customers in November 2021. The objective of this exercise was to gauge the experience of Soneri Bank Digital App viz-a-viz competitor banks' app in real-time. The exercise consisted of users logging the app and going through the paces on each experiential indicator. The SNBL app's performance is found at par with the industry. SNBL users' overall experience has logged at 0:24 seconds compared to other banks who logged at 0:28 seconds.

CUSTOMER SATISFACTION SURVEY (CSS): With reference to the CPD Circular No. 4 of 2014 on Conduct Assessment Framework, all the banks were advised to conduct independent research, undertaken to probe customers' perception about being fair and honest with its customers. SNBL partnered with one of the leading agencies, to execute CSS where ~3,000 customers were surveyed from different segments. Overall, the Bank's loyalty has logged at **75%** and Net Promoter Score at **40%**. Soneri Bank has been rated **95%** on the perception of being Fair and Honest with its customers.

EMPLOYEE SATISFACTION SURVEY (ESS): As per the SBP directive via BC and CPD Circular No. 3 of 2016 on "Conduct Assessment Framework" which instructed the banks to conduct "Employee Satisfaction Survey" periodically, in order to gauge staff satisfaction towards their work environment and awareness regarding fair treatment of customers. An online survey was conducted to gauge the gaps and devise a strategy to improve key aspects that affect overall employee satisfaction. The overall employee satisfaction score in 2021 logged at **92.56%**.

CONDUCT ASSESSMENT FRAMEWORK (CAF):

In line with the SBP Circular No. 4 of 2014; requisite deliverables related to Financial Consumer Protection (FCP) and Prohibited Banking Conduct (PBC) Framework were further strengthened. FCP and PBC framework trainings were conducted for all front-end and relevant support functions across the country, the objective was to ensure that staff is conversant with the fundamentals of customer handling, fair treatment of customers, and customer retention skills. A robust financial literacy program is running through our social media and the Bank's website for customer awareness. Furthermore, the Customer Experience team has circulated FCP and PBC guidelines' bulletins as an internal communication to enhance employees' awareness with the key learning and action points.

As an attestation of FCP and PBC Framework, an annual self-assessment (CAF) is conducted and submitted to the regulator. SNBL attained an overall rating of **1.84 (Cautious/Average Zone)** in CAF for the year 2021.

COMPLAINT STATISTICS 2021:

To further strengthen the existing controls, SBP has introduced certain changes via BC and CPD Circular Letter No. 02 of 2021 dated July 13, 2021, regarding Consumer Grievances Handling Mechanism (CGHM). The circular reinforced to adhere the key components; 'ease of lodgement', 'capacity and resources', 'recording and processing' and 'monitoring'. All the required components have been complied successfully by Soneri Bank in 2021.



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

Total Complaints Received:
19,958

Problem Incident Ratio (PIR):
3.2%
(Total Book)

Average Complaint Resolution
Satisfaction Ratio (CRS):
85.6%

Total Complaints Resolved:
19,953
(As of December 31, 2021)

Average within TAT Resolution:
94%

Average Complaint Resolution
Time:
4.1
(working days)

CUSTOMER EXPERIENCE (CE) CLINIC PROGRAM:

As part of the SNBL Customer Experience (CE) mandate, we have relaunched the “Customer Experience (CE) Clinics” in 2021. CE Clinics were conducted for all the front-end and relevant support functions across the country. The objective is to ensure the staff is conversant with the fundamentals of customer handling and retention skills

The workshop covered Grooming Guidelines, Customer Handling, Internal Customer/Stakeholder Management, SNBL Service Standards, Complaint Management, Customer Engagement, SNBL Service Evaluation Platform and provide an in-depth understanding of how the customer experience cycle works at SNBL and how our Front-End and Support staff is expected to make a difference.

CONTACT CENTRE:

In 2021, SBP had conducted a thematic review to further assess the call centre management of banks. In light of the findings of the review, consolidated regulatory instructions were issued on call centre management via BC and CPD Circular No. 03 of 2021. The key features attributed to this circular were; Policy and Standard Operating Procedures (SOPs) on Call Centre Management, Ease of Lodgement/Convenience/Fairness, Integration with Complaint Management, Confidentiality of Customers' Data, Call Centre Resources and Performance Review/Management of Call Centre. Most of the requisite components have been complied successfully by Soneri Bank in 2021.

Below are the key statistics of the Contact Centre for the year 2021:

Service Level:
83.13%

Total Calls Answered:
429,095

Average Call Handling Time:
0:03:50
(HH:MM:SS)

Average Speed of Call Answering:
83.13%

Total Calls Landed:
462,505

Abandoned Call Ratio:
2.05%

Customer Satisfaction Score
via IVR:
96.42%

Average Queue Wait Time
(Card Blocking and Cheque Stop):
0:00:04
(HH:MM:SS)

ELEVATING THE EXPERIENCE

JOURNEY THROUGH THE YEAR

During the 2021 expedition, we at Soneri Bank have pushed boundaries and enhanced our scale of operations and geographic reach. We are well-positioned for the future, with a broad, diverse, and highly complementary product portfolio and a skilled talent pool. Together, we will elevate the bank to greater heights.

The northern border of Pakistan-China,
the Khunjerab Pass, Hunza, Gilgit Baltistan.

YEAR AT A GLANCE



Soneri Bank Secures Certificate of Merit

Soneri Bank is proud to have been awarded the prestigious Certificate of Merit in the Banking category for the Best Corporate Report 2020 Awards. The awards are presented jointly by the Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountants of Pakistan (ICMAP). Soneri Bank received this appreciation for soundness of financial reporting for the Banking Sector category. This certificate of merit reflects the Bank's commitment to establishing active corporate governance and projecting reliability, responsibility, and transparency in its communications.



Pledge for Kindness Campaign

Each year in Ramadan, under its #PledgeforKindness campaign, Soneri Bank sponsors multiple NGOs dedicated to the welfare of society in the fields of education and health. This year, the campaign embodied the spirit of giving in the holy month of Ramadan. The Bank sponsored various organisations such as Aga Khan University Hospital (AKUH), Shaikat Khanum Memorial Hospital, LRBT, and Make a Wish Foundation, to aid them in their continuous efforts towards the betterment of society. To initiate this activity a pledge counter was set up in which people voluntarily pledged online and Soneri Bank donated the equivalent funds for every pledge received.



Pinktober- Breast Cancer Awareness

The month of October was marked as Pinktober at Soneri Bank, where all employees were requested to wear Pink ribbons in order to show solidarity with Breast Cancer victims. The Bank also partnered with Shaikat Khanum Memorial Hospital for an informative session directed at disseminating awareness about the prevention, symptoms, and treatment of Breast Cancer amongst employees. The Soneri Bank Head Office was also illuminated in Pink, to mark Breast Cancer Awareness month and informative emailers were circulated amongst employees and customers. In addition, social media competitions were held to encourage viewers to spread awareness about the cause, participate in quizzes, and win exciting prizes.



Launch of Soneri Digital

Soneri Bank proudly launched Soneri Digital - a new chapter in the Bank's ongoing journey towards digitalisation. This digital platform was launched focusing on providing customers with a seamless, secure, and convenient banking experience. With an increased demand for digital banking solutions, the Bank has been swift in redefining its strategy and adapting to changing consumer needs by keeping customer experience as a top priority. The new digital platform offers customers a full suite of digital banking services including Seamless Registration, Account Management, Card Management, Account Statements, Funds Transfers, Utility Bill Payments, and various school/university and government payments.



Women's Day Celebrations

Soneri Bank believes in promoting and appreciating women at work. Gender equality remains a priority for us to ensure that we live in an environment free of discrimination. This year we celebrated Women's Day with full zeal and zest and the day was all about promoting equality within the workplace and appreciating women in line with the global campaign #ChoosetoChallenge. The Bank offered exclusive Women's Day discounts to all customers and distributed giveaways to employees as a token of appreciation to acknowledge their contribution towards a better work environment.



Covid-19 Vaccination Drive

To combat the spread of Covid-19 and ensure the safety and good health of its employees and their family members, Soneri Bank, in collaboration with the Government of Pakistan, organised a vaccination drive at its Central Office in Karachi. #VaccinatetoEradicate was the initiative taken by Soneri Bank to certify the well-being of all. Health workers were available for three days at the PNSC Building to guide visitors on how to stay safe during the pandemic and vaccinate them on the spot. Soneri Bank encouraged its employees and all customers to stay safe during the pandemic and follow all Covid-19 protocols in order to prevent the spread of the deadly virus.



14th August Celebrations

With the spirits of patriotism soaring high for Independence Day, Soneri Bank launched the #HarQadamHumAzadHain social media campaign, encouraging viewers to participate in our online quiz and get a chance to win exciting prizes. Internally, the Bank celebrated the spirit of independence by distributing flag badges amongst employees and dressing up in green and white to showcase the festive spirit.



Soneri Bank Continues Its Partnership with Quetta Gladiators for PSL 6

Sports can act as a foundation for building healthier and more diverse societies and can generate energy and solidarity amongst people. This year, Soneri Bank continued its partnership with the Quetta Gladiators for Season 6 of PSL. We believe resilience, passion, and commitment to a cause are what steer any team towards success and that is what Soneri Bank stands for.



New year Employee Testimonials

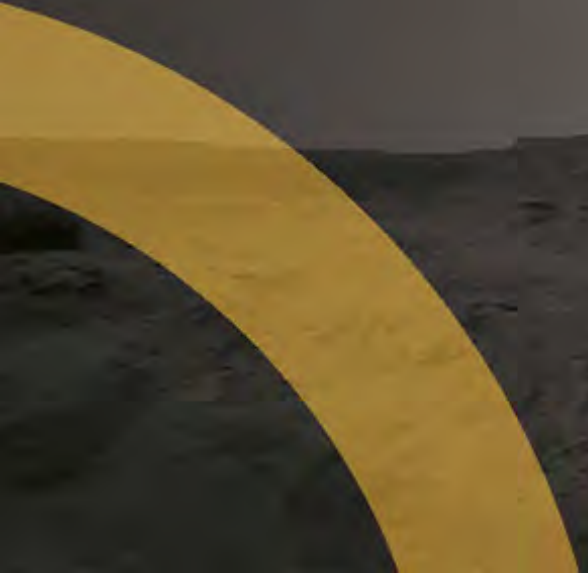
Soneri Bank celebrated the New Year by encouraging customers and social media visitors to share their New Year's resolutions. Employee testimonials were filmed and shared on social media in which Sonerians revealed their New Year's resolutions and pledged to improve their personal lives, work environment, and country. The viewers participated wholeheartedly in this campaign and shared their resolutions promising to contribute positively towards society.



ENLIGHTENED PATH

BOARD OF DIRECTORS

Routing the strategic direction of the Bank, our Board of Directors are responsible for leading and directing the business, establishing a management structure, and discharging regulatory responsibilities in an effective manner that promotes accountability and transparency in all that we do.



The bastions of Derawar Fort, located in Ahmadpur East Tehsil, Punjab.

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 Fibre, 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 was set up to meet the ever-growing demand for 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 & Chief Executive Officer of MCB Islamic Bank Limited. He is a seasoned banker with an overall experience of more than 29 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 Finance 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 the 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 the industry's operational activities, such as marketing, finance, manufacturing, plant operations, and legal and corporate management. He is the Chairman of the Board's Credit Committee and a 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 setup. After completion of his graduation in the Bachelors 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 the sale of Polyester Yarn with an 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 a Member of 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 the re-organisation of Public Sector Enterprises in 1978. Mr. Zahir is an Advisor at JCR-VIS Credit Rating Company Limited, as well as a Director on the Board of Rupali Polyester Limited. He is the author of the book, Legacy of a Manager. He did his MBA from the 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 the National Investment Trust ("NIT") as its nominee on the Board of the Bank. He is Chief Operating Officer (COO) of National Investment Trust Limited (NIT). As COO, he has been successfully managing the operations and investment portfolio worth over Rs. 150bn. He has experience of over 30 years of the Mutual Fund industry and has been placed at many key positions within NIT that include capital market operations, investment management, research, and liaising with the regulatory authorities. He has also served NIT as its Managing Director (Acting) twice from May 2013 to May 2014 and September 2017 to February 2019. He is M.B.A. and also holds D.A.I.B.P. He has also been the Council Member of The Institute of Bankers Pakistan. Presently, he is pursuing the Chartered Financial Analyst (CFA) qualification - Level III.

Mr. Manzoor Ahmed has vast experience of serving on the Boards of various top-ranking companies of Pakistan, belonging to the diverse sectors of the economy.

Mr. Ahmed has also attended various training courses organised by institutions of international repute, like the London Business School (LBS), UK, Institute of Directors, London and Financial Markets World, New York (USA).

Represents NIT as Nominee Director on the Board of Directors of many leading national and multinational companies of Pakistan. Mr. Ahmed is also a Certified Director from the Pakistan Institute of Corporate Governance, and a member of the Defence Authority Country and Golf Club - Karachi.

At Soneri, he chairs the Board's Human Resource and Remuneration Committee and the Board's Risk Management Committee. He is also a member of the Board's Credit and IT Committees.



Mr. Jamil Hassan Hamdani
Independent Director

Mr. Hamdani is an Independent Director of the Bank. He has 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 a 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-five years of experience in the practice of law. She has also worked internationally for 7 years as an ADR Expert with as International Finance Corporation (Member of the World Bank Group) and successfully undertook the task of establishing effective dispute resolutions systems in the Middle East and North Africa (MENA). She received her Bachelors of Law and Bachelors of Art from S.M. Law College and the University of Karachi, 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 Directorships in Soneri Bank Limited, Otsuka Pakistan Limited, and Exide 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 Honorary Secretary of the Board of Governors of the Aga Khan Hospital and 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.



SHAPING THE GOLD

SENIOR MANAGEMENT

True progress is often dictated by those who welcome change and our team embraces it. Our Senior Management guides us through complex situations and enables the Bank to thrive by providing centered and measured stability, employing skilled techniques and shaping a variety of financial services that help us establish even stronger partnerships.



A Kashi artisan moulding raw clay in the quaint town of Hala, Sindh.

SENIOR MANAGEMENT



From left to right

1. Ali Hassan Shah
Head of Operations

2. Mohammad Amin Tejani
Head of Islamic Banking

3. Aamir Nawaz Karim
Head of Audit

4. Muhtashim Ahmad Ashai
Deputy Chief Executive Officer

8. Mirza Zafar Baig
Chief Financial Officer

9. Muhammad Qaisar
Head of Corporate & Investment
Banking Group

10. Amin A. Feerasta
Deputy Chief Executive Officer

5. Tariq Yar Khan
Chief Compliance Officer

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

7. Muhammad Salman Ali
Chief Information Officer

11. Abdul Aleem Qureshi
Head of Commercial & Retail
Banking Group

12. Mubarik Ali
Chief Risk Officer

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



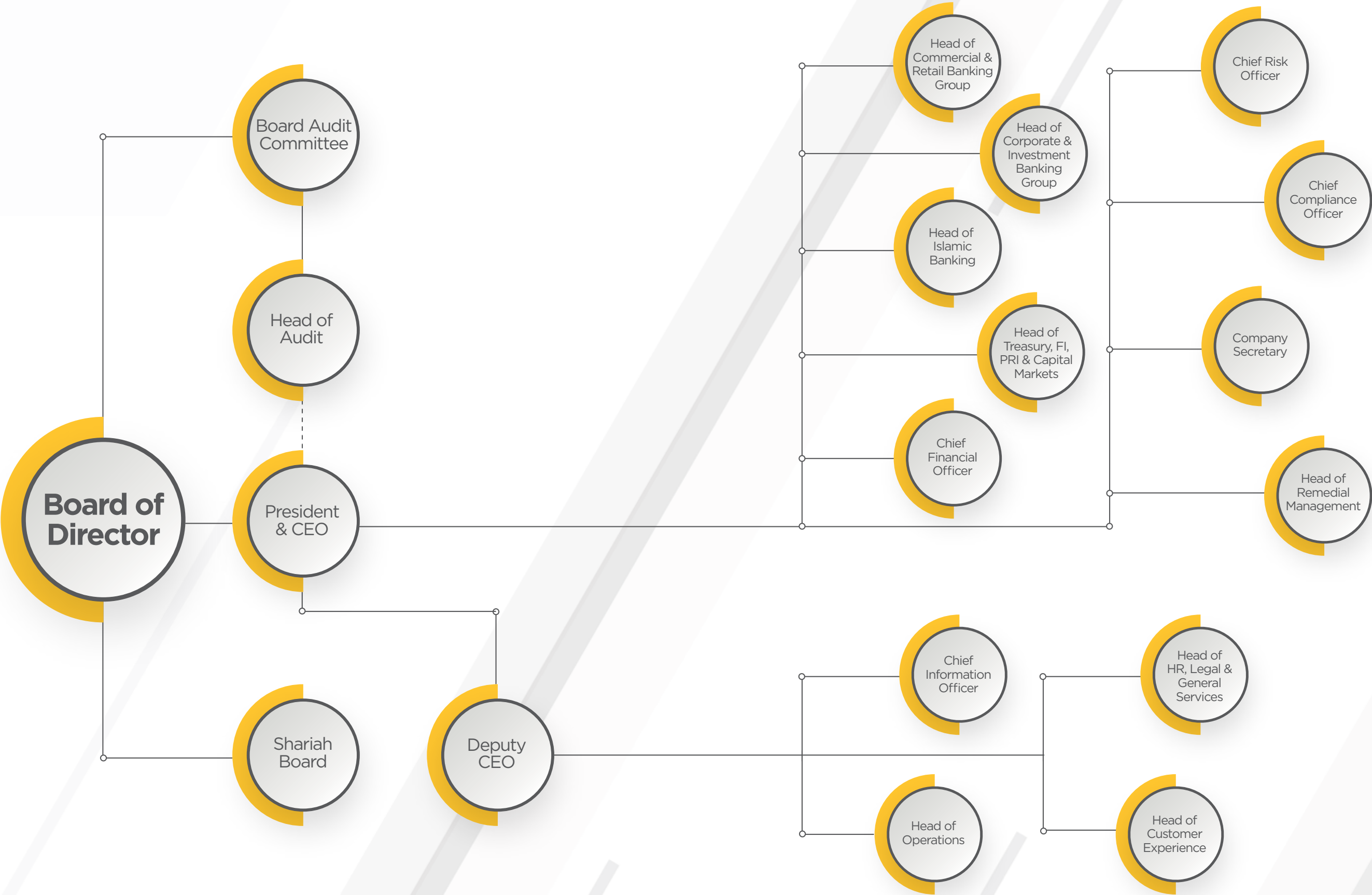
ILLUMINATING THE WAY

ORGANIZATIONAL CHART

To maximize the quality of operations and achieve greater organizational goals, we at the Bank rely on the expertise of our team who relentlessly construct a path through their dedication, principles, and commitment, so together we can climb the steps to success.



ORGANISATIONAL
STRUCTURE



RISING FROM THE DEPTHS

ORGANIZATIONAL OVERVIEW

Since its inception, the Bank has aimed to be a leading full-service commercial bank. We aim for inclusivity and ease of transactions through our products and services. For a prosperous Pakistan, we operate with a growth mindset that values diversity as part of our company culture.



Aerial view of the Minar-e-Pakistan, a national monument in Lahore, Punjab.

CORPORATE INFORMATION

CHAIRMAN

MR. ALAUDDIN FEERASTA

PRESIDENT & 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 - RSBM

MUFTI BILAL AHMED QAZI

MUFTI SYED ABID SHAH

MUFTI SAMI ULLAH

LEGAL ADVISORS

M/S MANNAN LAW ASSOCIATES

REGISTERED OFFICE

2ND FLOOR, 307 - UPPER MALL SCHEME,
LAHORE, PUNJAB - 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. Mubarak 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
4.	Mr. Muhtashim Ahmad Ashai	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 has been mandated the responsibilities to determine the appropriateness of measures taken by the management to safeguard the Bank's assets, ensure consistency of accounting policies, review financial statements and recommend the 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 effective internal audit functions are 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 the strategies for their further strengthening, and monitor 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 the implementation of IFRS-9, as per the regulatory requirement. The Committee also ensures that an organisational culture that places a high priority required for effective risk management is established, by promoting a risk awareness culture within the Bank. It also validates the 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 the 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 ensure 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 program 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

The Committee of Independent Directors is responsible for providing an independent opinion on the 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

Mr. Muhtashim Ahmad Ashai
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 the 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 2021 and the attendance by each Director/Committee member is given as under:-

Sr. No.	Name of Director	Board of Directors Meetings		Board Audit Committee Meetings		Board Credit Committee Meetings		Board Human Resource and Remuneration Committee Meetings		Board Risk Management Committee Meetings		Board Independent Directors' Committee Meetings		Board I.T Committee Meetings	
		Held during the year	Attended**	Held during the year	Attended**	Held during the year	Attended**	Held during the year	Attended**	Held during the year	Attended**	Held during the year	Attended**	Held during the year	Attended**
1	Mr. Alauddin Feerasta	7	7	*	*	4	4	*	*	*	*	*	*	*	*
2	Mr. Muhtashim Ahmad Ashai	7	7	*	*	4	4	*	*	4	4	*	*	2	1
3	Mr. Nooruddin Feerasta	7	6	4	3	4	4	*	*	*	*	*	*	*	*
4	Mr. Ahmed A. Feerasta	7	6	*	*	*	*	*	*	4	4	*	*	2	2
5	Mr. Muhammad Rashid Zahir	7	7	4	4	4	4	*	*	*	*	*	*	*	*
6	Mr. Manzoor Ahmed (NIT Nominee)	7	7	*	*	4	4	4	4	4	4	*	*	2	2
7	Mr. Jamil Hassan Hamdani	7	7	4	4	*	*	4	4	4	4	1	1	2	2
8	Ms. Navin Salim Merchant	7	6	4	4	*	*	4	4	*	*	1	1	*	*
Total Number of meetings held during the year		7		4		4		4		4		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. Also, the CEO was onboarded as a member of the Board's IT Committee effective 15 July 2021 and his attendance is reflected in the above table accordingly.

(Note: The Profiles of the Board Members and the composition of the Board/Committees and their TOR, forms part of this Annual Report).

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 the 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 Policymaking. 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. Board reviews 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 the Chief Executive Officer have separate and distinct roles.

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

Other responsibilities include:

- Serving as a leader and a driving agent of the Board of Directors (BOD), monitoring and managing all of its activities, aligning the Board's goals and decisions with that of the management. The Chairman also ensures that the Board stays in the right direction with respect to achieving its objectives;
- Presiding over Board meetings and General meetings, 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/her under enabling laws and promoting to the highest standards of corporate governance.

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

Key responsibilities include:

- Managing and administrating the affairs of the Bank in accordance with the laws, rules and regulations and the Memorandum and Articles of Association of the Bank;
- Complying with and arranging for implementation and compliance within the Bank, of all policies, procedures, and manuals approved by the Board of Directors and any directives given by the Board of Directors or Board Committee(s);
- Preparation of corporate strategy for growth and expansion of the Bank's operations and submitting the same for consideration and approval of the Board of Directors;
- To appoint, promote, transfer, suspend or dismiss employees of the Bank and fix their remuneration and other entitlements in accordance with the policies and procedures approved by the Board of Directors; and
- To deal with, represent and act on behalf of the Bank before the State Bank of Pakistan, Securities and Exchange Commission of Pakistan, Federal and Provincial Ministries, Government Departments, Courts, Stock Exchange, and any other competent authority.
- To evaluate asset utilisation and for deployment 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 (the Bank) has put in place a mechanism whereby the Performance of the overall Board is evaluated annually. The 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 “Strongly Agree”) is used to rate the assessment criteria given under each section. Feedback, so received, from each director, is then collated and analysed to denote performance in percentage terms against each of the abovementioned sections. After which, the final result is presented to the Board for their review.

This year, Board evaluation was due to be carried out externally in line with the requirements of the SBP BPRD Circular No. 11 dated 22 August 2016, as well as the Listed Companies (Code of Corporate Governance) Regulations, 2019. Accordingly, the Bank engaged the Pakistan Institute of Corporate Governance (PICG) to independently conduct Board's Performance Evaluation. PICG conducted Board Evaluation where it directly collected feedback from each director via online participation. Feedback so collected was then sent by PICG to the “Corporate L.I.F.E. Centre International Inc.” (“CLCI”) – their project partner based in Canada for analysis and assessment. Performance Evaluation report for the year 2021 received from PICG, was then presented to the Board in its 190th meeting convened on 17 February 2022 and the challenges identified by them have been duly noted to be addressed.

This mechanism disclosure on the evaluation process adopted by the Bank, is being published for all the stakeholders in compliance with the BPRD Circular No.11, dated 22 August 2016 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 and shall form part of the Director's Report to the Shareholders.

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 a 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.
- 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, the number of shares, form of share certificates (i.e., whether physical or electronic within the Central Depository System), and nature of the 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 at half-yearly intervals 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 a 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 a personal conflict of interest, or which may appear to be in conflict with any of the stakeholders as prescribed by the statutes and in probable cases, 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 the 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/her 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 decisions 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/her official capacity or in the due performance of the duties assigned to him/her.
- 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 encouraged 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 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 to the investors about the business environment and economic indicators of the country, explain its financial performance, competitive environment in which the Bank operates, investment decisions, challenges faced as well as business outlook.

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

Accordingly, the Bank's Corporate Briefing Session for the year 2021 was arranged on 24 December 2021 in compliance with 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 2021. 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

The Shariah Board is comprised of Five qualified Shariah Scholars namely Mufti Ehsan Waquar Ahmad (Chairman Shariah Board), Mufti Bilal Ahmed Qazi (Shariah Board Member), Mufti Syed Abid Shah (Shariah Board Member), Mufti Sami Ullah (Shariah Board Member), and Mufti Muhammad Zahid (Resident Shariah Board Member-RSBM).

Mufti Ehsan Waquar Ahmad (Chairman Shariah Board)

Mufti Ehsan has 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 in people and projects management, with a rich experience of working with the board of directors and senior management of banks, regulators, auditors, and legal counsels.

Alhamdulillah, Mufti Ehsan has exclusively served Islamic Financial Industry with institutions like World Bank-IFC, National Bank of Pakistan, ABL, Soneri Bank, NAFA, Askari General Insurance Company Takaful Window (AGICO), Emirates Global Islamic Bank, now Al Baraka Bank Pakistan, UBL, Yasaar Ltd.-UAE and UK, Minhaj Advisory-UAE, Arif Habib, for more than a decade now. He has structured several Sukuk 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.

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

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

He possesses a unique combination of religious and contemporary education that is very relevant to Islamic Banking. He has strong communication skills combined with knowledge of several languages. He graduated and accomplished Masters in Business Administration (MBA) with specialisation in Finance and Masters in Economics (MA) from IoBM and Karachi University respectively. He also completed traditional Islamic studies and graduated as a Mufti, achieving Masters in Islamic Studies (MA) and specialising in Islamic Jurisprudence (PGD-Mufti) from a leading Islamic School in Pakistan, Jamia-tur-Rasheed. He has also accomplished Bachelors in Law and Legislation (LLB). This unique blend of educational combination gives him an edge over many others to understand, correlate and align modern-day banking practices with Shariah principles.

Besides this, he conducts courses and sessions on Islamic Banking, Capital Markets, Derivatives, Takaful, and Risk Management in renowned Business schools like CBM, IBA, and KUBS.

Mufti Bilal Ahmed Qazi (Shariah Board Member)

Mufti Bilal Ahmed Qazi has done his Al-Aalamiyyah (a degree recognised by the Higher Education Commission Pakistan, as a Masters in Arabic and Islamic Studies) in 2003 from Jamia-tul-Uloom-ul-Islamiyah Banori Town. Then he completed his specialisation in Islamic Jurisprudence from Jamia Darul-Uloom, Karachi. He has also completed his MBA from IBA (Institute of Business Administration) in Karachi, Pakistan. Prior to joining SNBL Islamic Banking, he used to work for Meezan Bank Ltd as Shariah Scholar. He was the Shariah Advisor of NAFA Islamic Mutual Funds and the Shariah Board Member at Albaraka Bank. He is currently Shariah Board Member of Soneri Bank Islamic Banking and Summit Bank. He is also associated as Shariah Advisor with Shaheen and TPL Life Window Takaful Operations.

Mufti Muhammad Zahid (Resident Shariah Board Member-RSBM)

Mufti Muhammad Zahid completed his dissertation in Islamic Jurisprudence with an outstanding record throughout his academic career, winning numerous awards. Well-versed in the sciences of Islamic Jurisprudence. He has done his Al-Aalamiyyah (a degree recognised by the Higher Education Commission Pakistan as a Masters in Arabic and Islamic Studies) in 2005 from Jamia Darul-Uloom, Karachi. Then he completed his specialisation in Islamic Jurisprudence (Al-Takhassus fi al-Iftaa) in 2008 from the same institution i.e., Jamia Darul-Uloom, Karachi. Currently, He is pursuing his M.Phil. degree in Islamic Studies from the Quran-o-Sunnah Department at Karachi University.

Prior to joining Soneri Bank Limited Islamic Banking, he used to work for Pak-Qatar Family Takaful Ltd. as a Head of Shariah Compliance from 2008 till Oct-2016. He has been the Shariah Board Member of Pak-Qatar Family Takaful Ltd. till September 2018.

Mufti Muhammad Zahid is a visiting faculty at the Institution of Business Administration-IBA and Al-Emaan and Al-Hikmah Institute, Karachi. he focuses on presenting Islamic solutions to problems related to modern existence, thereby applying his acumen in bringing the modern world abreast with the Shariah. He provides Islamic Finance, Takaful, and Risk Management trainings at different forums. At the same time, he is responsible as Resident Shariah Board Member (RSBM) at Soneri Bank, Islamic Banking, as well as serves as Shariah Board Member at TPL Life and Shaheen, Window Takaful Operations.



Mufti Syed Abid Shah (Shariah Board Member)

Mufti Syed Abid Shah is a recognised Shariah Scholar and researcher having a strong comprehension of all aspects of Islamic Law, specialised in Islamic Jurisprudence and Islamic Finance. He has done his Al-Aalamiyyah (a degree recognised by the Higher Education Commission Pakistan as a Masters in Arabic and Islamic Studies) and Al-Takhassus fi al-Iftaa (specialisation in Islamic Jurisprudence) from Jamia Darul-Uloom, Karachi. Further, he is currently pursuing his M.Phil. degree from Karachi University.

He is associated with Jamia-tur-Rasheed, Karachi as a senior Mufti in Darul Iftaa and lecturer in the Department of Fiqh ul Muamlat. He has been teaching Islamic studies including Fiqh and Fatwa for years. He has undertaken research work in various topics, including economic thoughts in Islam, modern economics, Islamic banking and finance, and Halal Food Standards. His research works include Islamic Laws of Trade and Business in the light of Majallatul Ahkam Al-Adaliya (The Ottoman Law of Economics), Sale and Purchase of Money in Islam” under the supervision of Mufti Muhammad Taqi Usmani, and Basic Islamic Laws/Principles regarding Halal and Haram.

Mufti Sami Ullah (Shariah Board Member)

Sami Ullah graduated from Jamia Darul-Uloom, Karachi. He obtained Shahadat-ul-Aalamia (Masters in Arabic and Islamic Studies) from Jamia Darul-Uloom, Karachi, and Takhassus Fil Fiqh il Muamlat (Specialisation in Islamic Commercial Law from Jamia-tur-Rasheed, Karachi. He has also completed his MBA (Finance) from the University of Karachi and currently pursuing his MS in Islamic Banking and Finance from the Institute of Business Administration (IBA), Karachi.

He has about five years’ experience of working in the Islamic Banking Industry, along with approximately eight years’ experience in research and issuing Fatawa. He has drafted more than a hundred fatawa regarding trade, banking, finance, inheritance, etc. He has also conducted in depth research of several practical issues in Islamic Banking from the Shariah aspect.

HUMAN RESOURCE PRACTICES

At Soneri Bank Ltd., we value staff's experience and strive to take steps that improve staff's satisfaction. Our HR policies aim to promote a climate where the 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 the staff's well-being, we enacted Coronavirus protocols, which helped ensure the safety of our staff and customers, and minimised the disruption to the business. To avoid close interaction, 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, we have supported staff in avoiding and detecting Covid-19 infection by investing in all advisable protocols.

In collaboration with IT, HR Learning and Development developed the infrastructure required to conduct online training sessions using e-learning systems, developed user guides, and distributed I.T. equipment to branches, where it was required. This made it possible for all the trainings to be conducted online. Furthermore, the Bank invested in a Learning Management System (LMS), which will be launched in February 2022. This LMS will allow staff the flexibility to undergo training at their available time.

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. To boost staff 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.

The Bank has successfully implemented an online testing system to assess candidates on their technical knowledge resulting in a substantial reduction in the turnaround time and costs.

Despite the uncertainty and obstacles faced in 2021, we were able to prove our resilience. Through quick and effective adjustments, we were able to circumvent the negative impact of Covid-19.

The Human Resources Department will continue to contribute to the success of the Bank.

Headcount status

Permanent Headcount

Headcount December 2021	3,477
Average HC 2021	3,358

Outsourced Headcount

Headcount December 2021	1,112
Average HC 2021	1,133

As of 31 December 2021



I.T. GOVERNANCE



Soneri Bank's I.T. Governance Policy has been developed as a guide, model and decision-making reference for the Bank's I.T. Division to accomplish all level(s) of regulatory compliance. Our Policy is an integral part of enterprise governance and consists of leadership and organisational structure and processes that ensure that the Bank's I.T. Division sustains and extends the organisation's strategies and objectives. This Policy provides a platform for the attainment of the strategic objectives of the core business streams and to align I.T. with the Business Strategy.

The management of I.T. 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, I.T. Steering Committee, Board I.T. 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 ensure 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 I.T. Infrastructure with adequate hardware and high availability of the 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 I.T. Services are designed to benefit 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, an independent I.T. audit of I.T. infrastructure services, policies, and operations is being conducted to evaluate that all I.T. 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, processes and technology is the foundation of effective information governance. In these emerging technological trends, our I.T. people are equipped with the necessary skillset and tools and regularly go 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 the successful implementation of information and technology. They create, use, and interpret data. They manage information systems and administer access rights and pre-emptively identify risks to prevent incidents and crises from occurring.

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

SUCCESSION PLANNING POLICY

Policy Statement

To provide continuity in smooth functioning of business, Soneri Bank Limited has put in place a Succession Planning Policy, which identifies successors for senior roles within the organisation, thus encouraging movement of internal resources to fill in high-level management positions that become vacant due to retirement, resignation, or new business opportunities.

Frequency/Applicability

The succession plan will be reviewed annually and shall be put in place for positions of Mancom level and their one downs.

Approving Authority

The Succession Plan Document shall be approved as under:

Nomination	Co - Nomination	Recommendation	Approval
Group Head	Head of HR	President	Human Resource and Remuneration Committee

Annual Succession Plan Document

The Annual Succession Plan Document shall comprise of the following details for each job role:

Position/Incumbent	Successor Details
<ul style="list-style-type: none">• Name of Current Incumbent• Job Title• Grade• SNBL Experience• Overall Experience• Education• Date of Joining• Date of Birth	<ul style="list-style-type: none">• Name of Successor• Name of Current Incumbent• Grade• Overall Experience• Education• Readiness of Successor



GOVERNANCE TRAININGS



Having good governance practices in place is a key focus area for the Bank. Apart from the policies and control procedures in place, the Bank also invests in employee development and ensures that the importance of good governance is understood by Senior Management and staff alike.

During 2021, senior officials from I.T. and Security Departments attended the trainings on Enterprise Technology Governance and Fraud Examination, Risk Management, and Governance Trainings. Head of Risk and Head of Operational Risk also attended Enterprise Risk Management Training that was offered by NIBAF.

The Bank also scheduled an in-house training on Environmental Risk Rating (ERR) that was attended by more than 50 participants.



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 the highest standards of professionalism, honesty, integrity, and ethical behaviour.

Whistle-blowing Policy (WBP) provides a framework enabling the Bank's staff and outside parties such as shareholders, vendors, customers, etc., to report their concerns against irregularities, financial malpractices, frauds and forgeries, harassment, improper conduct, or wrongdoing 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 wrongdoing/improper conduct.

Independence of Whistle-Blowing (WB) Unit

To ensure independence, WB Unit has been established at the Internal Audit and 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 mechanisms 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 incidents which may have impacted the Bank's reputation will be suitably rewarded, at the discretion of the management considering all facts and circumstances.

Communication Channel for Lodging Complaint

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

Number of Whistle-Blowing Incidences Reported to BAC

Two (2) whistle-blowing incidences were reported to BAC in the year 2021.



INVESTORS' GRIEVANCE



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

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

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

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

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. Muhammad Merajuddin Ahmed
9. Mr. Ali Hassan Shah
10. Mr. Mubarik Ali
11. Mr. Muhammad Salman Ali
12. Mr. Muhammad Amin Tejani
13. Syed Adeel Ehtesham, 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, 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. Mubarik Ali
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. Mr. Tariq Yar Khan, 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. Shahid Abdullah, Secretary

5. Investment Committee

1. Mr. Muhtashim Ahmad Ashai, Chairman
2. Mr. Amin A. Feerasta
3. Mr. Shahid Abdullah
4. Mr. Mirza Zafar Baig
5. Mr. Mubarik Ali
6. Mr. Muhammad Rehan 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. Muhammad Salman Ali
6. Mr. Abdul Aleem Qureshi
7. Mr. Tariq Yar Khan
8. Mr. Mubarik Ali
9. Mr. Muhammad Qaisar Riaz
10. Mr. Mohammad Amin Tejani
11. Mr. Akber Sultan
12. Mr. Qurban R. Punjwani
13. Mr. Muhammad Imran, Secretary

7. Credit Risk Management Committee

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

9. Business Continuity Plan Steering Committee

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

CHAIRMAN'S REVIEW

Dear Stakeholders,

On behalf of the Board of Directors, it is my privilege to present the Annual Report of Soneri Bank Limited for the financial year ended 31 December 2021.

The challenges posed by the COVID-19 pandemic persisted over the course of the year 2021, as the lives of many people around the world, including members of the SNBL family, were affected. My heartfelt condolences go out to all those who have lost their dear ones during this difficult time. Timely initiation of vaccination drives, travel restrictions, imposition of smart lockdowns and packages in support of businesses were key factors that helped in managing the health and economic challenges.

I am pleased to share that our staff achieved 100 percent vaccination status over the course of the year. The Bank joined hands and took part in conducting vaccination drives across key locations to facilitate the Bank's staff and public at large.

Despite these unprecedented challenges, our Bank's performance remained strong, and we continued to deliver on our key performance indicators. While we were forced to change the way we work, our staff maintained the highest levels of service quality for customers, whilst supporting the well-being of their families and colleagues. Considering the well-being of all our staff members, as well as our Board members and other stakeholders, we encouraged and preferred virtual meetings over the course of the year. With strictly enforced SOPs, we ensured the safety of our employees as well as our customers. Amidst these challenging times, we are continually re-assessing and re-aligning our operational strategies for serving our customers.

I am extremely proud of the fact that the Bank celebrated its 30th year of operations in 2021. A number of key milestones were achieved this year, as we continued to deliver on our strategic objectives, and were able to achieve record levels of

revenues and profits. Our upgraded mobile banking and internet banking platforms are now state of the art, and put the customers' ease of doing business at the forefront. With more developments and refinements in the pipeline, I am optimistic that the digitization of the processes at the Bank will continue to benefit our customers in the days to come.

At the same time, our branch outreach now extends to 367 branches across the country. Deposits at the year-end crossed the Rs. 400 Billion land mark, as we closed the year with overall deposits at Rs. 403.037 Billion, indicating a year on year growth of 17 percent. Our current accounts registering an impressive growth of 19 percent, and the Bank's CASA mix has improved to 70 percent. Our balance sheet size crossed the half a trillion mark, with total assets reported at Rs. 579.489 Billion at 31 December 2021. In terms of Profitability, our Profit before tax grew by 28%, crossing the Rs. 5 Billion mark for 2021.

During the course of the year, the Bank actively participated in the Government led schemes and initiatives for low cost housing as well as youth entrepreneurship programs. The Bank successfully met the overall regulatory housing and construction targets set by the State Bank of Pakistan for the year. We also revisited our strategy for Consumer Banking this year, which led to a year on year growth of 71 percent for the segment.

Our Bank's 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 remained compliant with the provision with regard to their training program. Also, as required under the regulations, the Board's Performance Evaluation for the year 2021 was conducted independently by the Pakistan Institute of Corporate Governance ("PICG"), a premier body in the field of promoting good corporate governance practices in Pakistan. The challenges identified by them were deliberated by the Board and have been duly noted to be addressed.



I would like to thank the Bank's shareholders and our valued customers for their continued trust in the Bank. I am also grateful to the State Bank of Pakistan, and the Securities and Exchange Commission of Pakistan and other regulatory authorities for their support and guidance. Also, I would like to express my appreciation to the members of the Bank's Board of Directors, and the Shariah Board, the Management team and employees of the Bank, especially our front line staff for their hard work and contributions towards achieving the objectives of the Bank.

Alauddin Feerasta

Chairman

Lahore: 17 February 2022



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 2021.

Economic Review:

Over the course of FY 2020-21, Pakistan's economy indicated visible signs of recovery as the GDP growth rate approached close to 4 percent, following a negative growth period of 0.5 percent in 2020. Recovery was reflected in most high-frequency indicators of domestic demand – including automobile sales, POL (petroleum, oil and lubricants) sales, and electricity generation – as well as the strength of imports and tax revenues. Initially aided by lifting of Covid19 restrictions, the low base effect, supported by relaxed fiscal and monetary policy, the growth in 2021 was as per expectations. However, with the robust recovery in domestic demand amidst the backdrop of rising international commodity prices post opening up of global economies, the country's external account remained under pressure.

Over the course of the last few months, the government has taken certain necessary policy measures to address key concerns, and as a result, the economy now appears to be on the path of stabilization. Analysts anticipate further accelerated growth in FY2021-22, driven by falling Covid-19 cases, un-interrupted service sector activity, and moderate demand in some sectors of the economy.

Although exports have also rebounded, concerns still remain on the country's Balance of Payment (BoP) position. The current account deficit (CAD) has risen sharply to USD 9 billion during the 1H FY22, compared to a surplus of USD 1.247 billion at end of 1H FY21. Recently enacted policy actions such as large currency devaluation, broadening of the scope of 100% cash margin requirement on imports, temporarily banning / levying of regulatory duties on non-essential imported items, and tapering of monetary stimulus by the SBP are expected to contain the import bill going forward. The SBP is also geared to contain the domestic demand, as the Cash Reserve Requirement (CRR) of the banking industry has been raised from 5% to 6% to curtail the money supply. Analysts expect the CAD to increase to USD 13.5 billion for FY2022 due to pick-up in economy and increased commodity prices in international markets.

Exports grew by nearly 25 percent year on year, to reach USD 15.1 billion, buoyed by record-high shipments of textiles as well as strong rice exports. Meanwhile, remittances rose by 11.3 percent year on year, to an all-time high of USD 15.8 billion during the first half of the fiscal year.

The Foreign exchange reserves of SBP improved from USD 13.4 billion at CY20 end to around USD 17.9 billion at CY21 end on the back of flows from multilateral agencies such as ADB & World Bank and Kingdom of Saudi Arabia. FX reserves are expected to remain stable due to expected resumption of IMF Program which will make available 750 million in Special Drawing Rights (equivalent to USD 1,059 million), and the planned issuance of International Bonds in the first half of CY22.

Inflation numbers have overshoot the market consensus where the CPI has jumped to double digits, clocking in at 12.3% for the month of Dec-2021. Inflation is expected to remain elevated in the first half of CY22, driven by removal of subsidies in mini budget, upward adjustments in utility prices, and increase in commodity prices in international markets.

During the first half of FY22, FBR tax collections grew strongly by 32.5 percent year on year. As a result, the fiscal deficit shrank to 1.1 percent of GDP during July-October FY22, compared to 1.7 percent of GDP during the same period last year. The primary surplus also improved by 0.1 percentage points to 0.4 percent of GDP.

Private sector credit cumulatively grew by 13.4 percent during the first half of FY22, largely driven by increased demand for working capital loans especially by rice, textile, petroleum and steel industries. At the start of CY22, both short and long-term secondary market yields, benchmark rates and cut-off rates in the government's auctions declined significantly, in line with the forward guidance provided by the SBP's Monetary Policy Committee (MPC) and the conduct of 2-month open market operations by the SBP.

In the last MPC meeting held in January 2022, the SBP's MPC decided to maintain the policy rate at 9.75 percent, in line with the forward guidance provided in the last monetary policy statement. At that time, the MPC had considered the measures taken, as cited above, to lower inflation and keep the ongoing economic recovery sustainable. In the last four months of CY2021, we saw a cumulative 275 basis point increase in the policy rate.

The MPC in its latest policy statement, shared its view that recent developments suggest that the demand moderating measures are gaining traction and have improved the outlook for inflation. The current account deficit appears to have stopped growing since November and the non-oil current account balance is expected to achieve a small surplus for FY22. Finally, and importantly, the enactment of the recent Finance (Supplementary) Act, 2022 represents significant additional fiscal consolidation compared to the budget and has lowered the outlook for inflation in FY23. Looking ahead, and against the backdrop of these developments that have improved the inflation outlook, the MPC remains of the view that current real interest rates on a forward-looking basis are appropriate to guide inflation to the medium-term range of 5-7 percent, support growth, and maintain external stability.



The Bank's Performance and Operating Results:

The summarized financial position and operating results of the Bank for year ended 31 December 2021 are as follows:

FINANCIAL POSITON	2021	2020
	---(Rupees in millions)---	
Advances – net	165,495	164,545
Investments – net	327,425	249,956
Total Assets	579,489	485,345
Deposits and other accounts	403,037	345,499
Shareholders' Equity	21,636	23,157

FINANCIAL PERFORMANCE	2021	2020
	---(Rupees in millions)---	
Net Markup Income	10,938	10,655
Non Markup Income	4,290	3,808
Total Revenue	15,228	14,463
Non-Markup Expenses	10,191	9,026
Profit before provisions and taxation	5,037	5,437
(Reversals) / provisions and impairment	(112)	1,402
Profit before taxation	5,149	4,035
Profit after taxation	2,854	2,400
Earnings per share (Rupees)	2.5889	2.1772

Overview of the Business:

The Bank posted Profit before tax (PBT) of Rs. 5,149.219 million and Profit after tax (PAT) of Rs. 2,854.147 million for the year ended 31 December 2021, as compared to Rs. 4,034.755 million and Rs. 2,400.272 million respectively for the prior year, indicating an improvement of 27.62 percent and 18.91 percent respectively. As a result, earnings per share (EPS) was recorded at Rs. 2.5889 per share for the year 2021, as compared to Rs. 2.1772 per share for the year 2020.

The Bank's net markup income for the year ended 31 December 2021 improved to Rs. 10,937.534 million from Rs. 10,655.256 million reported for the year ended 31 December 2020, improving by 2.65 percent as spreads continued to remain under pressure. Average net investments improved notably to Rs. 276,334.220 million for the current year as against Rs. 223,132.229 million for the prior year. While yields on investments reduced to 8.19 percent in 2021 from 10.35 percent in 2020, this volumetric increase kept the Bank's income from investments intact at Rs. 22,619.325 million for the year, ending only slightly lower than Rs. 23,086.990 million reported in the year 2020.

On a year on year comparison, yields on advances also remained noticeably lower, at 7.63 percent for the year ended 31 December 2021 as against 9.74 percent for the prior year, as the gradual reduction in policy rates by the State Bank of Pakistan over the course of the last year took full effect this year. The Bank's average net advances also reduced to Rs. 175,221.482 million for the year ended 31 December 2021, as against Rs. 193,261.875 million for the prior year. Due to decline in volumes, but primarily driven by reduction in yields, income from advances ended lower at Rs. 13,373.990 million for the current year as against Rs. 18,826.212 million for the prior year.

The Bank's period end deposits, after witnessing a decline at June 2021 end, picked up at September 2021, and were reported at Rs. 403,036.554 million at 31 December 2021, improving by Rs. 57,537.786 million or 16.65 percent against the year-end 2020 position. In terms of averages, the overall portfolio grew by Rs. 30,887.591 million, or 9.87 percent year on year. More importantly, CA averages grew by Rs. 18,427.399 million or 23.84 percent year on year, as the Bank continued to maintain its focus on CASA mix improvement and retention of current accounts, rationalizing of funding costs and improvement of overall margins.

As a result of this strategy, the Bank's End of Period CASA growth was recorded at an impressive Rs. 44,113.100 million, or 18.60 percent year on year, with mix improving to 69.80 percent at 31 December 2021 (31 December 2020: 68.65 percent). With improved CA averages, the Bank's overall cost of deposits reduced by 188 bps, ending at 4.86 percent for the current year, as against 6.74 percent for last year, and overall deposit expense reduced to Rs. 16,719.062 million for the current year as against Rs. 21,103.983 million for the prior year.



On the borrowings side, the Bank's average borrowings increased by Rs. 19,417.682 million from December 2020 levels, while cost decreased to 6.22 percent for the current year as against 7.99 percent for the prior year. The Bank's overall Cost of funds decreased to 5.08 percent for the year ended 31 December 2021 as against 6.89 percent for the prior year.

Non markup income for the year 2021 was reported at Rs. 4,290.235 million, improving by 12.68 percent from Rs. 3,807.495 million reported for the year 2020. Core fee and commission income registered an increase of Rs. 298.762 million or 16.83 percent year on year, while Dividend income also indicated a healthy increase of Rs. 216.207 million year on year. The Bank's foreign exchange income witnessed an increase of Rs. 123.981 million year on year, and the overall income was further augmented by a capital gain booked on disposal of property amounting to Rs. 281.800 million in the current year. In terms of overall revenue, the Bank reported a growth of Rs. 765.018 million, or 5.29 percent year on year.

Non-Markup expenses were reported at Rs. 10,190.506 million for the year ended 31 December 2021 as against Rs. 9,026.293 million in the year 2020, indicating a growth of 12.90 percent. Out of this growth, which includes expenses on account of branch expansion as well as development expenditure on systems and new initiatives, growth attributable as business as usual was 6.6 percent. The management remains committed on pursuing stringent cost discipline measures to keep overall costs in check.

Under the head of provisions, with the absence of one off additional equity investment impairment charge of Rs. 717.214 million booked in the prior year, coupled with decent recoveries against classified advances in the current year, a positive year on year variance was observed. The Bank booked a net provision reversal of Rs. 129.974 million for the current year against classified advances, while a net charge of Rs. 673.486 million had been considered last year.

The Bank continues to carefully and prudently monitor its portfolio. With the recent changes to the SBP policy rate, the Bank's Money Market Desk continues to assess the portfolio yields and durations so that timely decisions are taken at the right time. Furthermore, as per SBP and GOP directives, all Banks have been assigned with targets for housing and construction finance as well as other programs and initiatives which continue to be tracked and monitored. 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 2021 was reported at 43.03 percent as against 49.98 percent in 2020. The Non-performing loans to total Advances ratio stood at 5.95 percent at 31 December 2021 (31 December 2020: 6.25 percent), with specific coverage maintained at 76.51 percent (December 2020: 75.16 percent).

Capital Structure of the Bank:

The Bank remains adequately capitalized, with a capital base above the regulatory limits and Basel capital requirements. As part of its regulatory relief measures post the COVID-19 outbreak, the State Bank of Pakistan had relaxed the regulatory requirements for Capital Adequacy for Banks in general. These relaxations continued throughout the course of the year 2021.

As at 31 December 2021, the Bank's total Capital Adequacy Ratio was at 13.82 percent against the revised requirement of 11.50 percent (including Capital Conservation Buffer). Prior to the relaxation in this regard, the regulatory requirement was set at 12.50 percent with a CCB of 2.50 percent. Also, the Bank's Common Equity Tier 1 (CET-1) to total Risk Weighted Assets ratio at 31 December 2021 was at 10.22 percent, well above the requirement of 6.00 percent.

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 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 behaviors to create that enabling climate.

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 organization, thus allowing upward career mobility to the right talent, and help them in fulfilling their career growth aspirations. Organizational 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. Our focus is on maintaining constructive employee relations, and fostering a culture of transparency and good behavior.

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.

The Coronavirus outbreak gave birth to a new set of challenges and the role of HR increased significantly. Focusing on staffs' well-being, we enacted Coronavirus protocols, which helped ensure the safety of our staff and customers, and minimized the disruption to business. To avoid close interaction, 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. The Bank however, ensured that no position was made redundant and no salary deductions were made. Moreover, we have supported staff in avoiding and detecting covid-19 infection by investing in all advisable protocols.

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

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 organization as a whole. The Board of Directors is committed to ensuring that the requirements of Corporate Governance set by the Securities and Exchange Commission of Pakistan are fully met. The Board of Directors is entrusted to provide strategic leadership to the management of the Bank. The Bank has fully complied with all the mandatory regulations of the Code of Corporate Governance, and the Bank's Statement of Compliance with the Code to this effect forms part of this Annual Report.

Composition of the Bank's Board of Directors:

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. The Bank is also 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 most recent 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. There were no changes to the composition of the Board during the current year, and no casual vacancies occurred during the period. 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*

*President & CEO is a 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 organization.

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, The Pakistan Institute of Corporate Governance ("PICG"), a premier and independent body in the field of promoting good corporate governance practices in Pakistan, was engaged to independently conduct the Board's Performance Evaluation for the year 2021, and submit their analysis report for review by the Board, in line with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and BPRD Circular No. 11 dated 22 August 2016 that requires for external evaluations once every three years.

Accordingly, The PICG conducted an independent evaluation of the Board, and finalized their assessment report. This report was reviewed by the Board in its 190th meeting convened on 17 February 2022 and the challenges identified by them have been duly noted to be addressed.



Board and Committees' Meetings:

Details of the meetings of the Board of Directors and its Committees held during 2021 and the attendance by each director/committee member are given as under:

Sr. No.	Names of Directors	Board of Directors Meetings		Board Audit Committee Meetings		Board Credit Committee Meetings		Board Human Resource and Remuneration Committee Meetings		Board Risk Management Committee Meetings		Board Independent Directors' Committee Meetings		Board I.T. Committee Meetings	
		Held during the year	Attended**	Held during the year	Attended**	Held during the year	Attended**	Held during the year	Attended**	Held during the year	Attended**	Held during the year	Attended**	Held during the year	Attended**
1	Mr. Alauddin Feerasta	7	7	*	*	4	4	*	*	*	*	*	*	*	*
2	Mr. Muhtashim Ahmad Ashai	7	7	*	*	4	4	*	*	4	4	*	*	2	1
3	Mr. Nooruddin Feerasta	7	6	4	3	4	4	*	*	*	*	*	*	*	*
4	Mr. Ahmed A. Feerasta	7	6	*	*	*	*	*	*	4	4	*	*	2	2
5	Mr. Muhammad Rashid Zahir	7	7	4	4	4	4	*	*	*	*	*	*	*	*
6	Mr. Manzoor Ahmed (NIT Nominee)	7	7	*	*	4	4	4	4	4	4	*	*	2	2
7	Mr. Jamil Hassan Hamdani	7	7	4	4	*	*	4	4	4	4	1	1	2	2
8	Ms. Navin Salim Merchant	7	6	4	4	*	*	4	4	*	*	1	1	*	*
Total number of meetings held during the year		7		4		4		4		4		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. Also, the CEO was onboarded as a member of the Board's IT Committee effective 15th July 2021 and his attendance is reflected in the above table accordingly.

(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 2021 has been disclosed in note 41 to the financial statements under the "fees" category, and the remuneration details of the Chief Executive Officer of the Bank have also been disclosed as part of the said note.

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)
Investments of Provident Fund	384,312
Investments of Gratuity Fund	157,505

Statement on Risk Management Framework:

Risk Management is an integral component of Soneri Bank's strategy. The Risk Management Framework aims at optimizing the value for all stakeholders via identifying, measuring, monitoring and reporting the multitudes of risky exposures. The risk management policies and 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 later is crucial in terms of the risk appetite. The Risk Management function in the Bank is equipped with latest models, tools and systems which are regularly reviewed/updated to strengthen the Risk Management framework in the Bank.

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 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 organization 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 Board 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 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, IT security risk and reputational risk, are managed via risk management processes. Modeling and measurement approaches for quantifying risk and capital demand are implemented across the material risk types.

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 behavior that supports a strong risk culture in line with our Code of Business Conduct and Ethics. Our policies require that risk-related behavior 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 cognizant 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 prioritized 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;
- 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 for which has been set by the SBP at 01 January 2022. As per SBP instructions, all banks were required to report results of impact assessment over an extended parallel run reporting period. As at 31 December 2021, Banks await final 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. The Bank's Risk Management Division also performs stress testing against various pre-determined scenarios to analyse the Bank's ability to withstand potential shocks from adverse developments.

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

External Auditors:

The financial statements of the Bank for the year ended 31 December 2021 have been audited without qualification by the auditors of the Bank, M/s. KPMG Taseer Hadi & Co., Chartered Accountants.

M/s. KPMG Taseer Hadi and Co, Chartered Accountants, the existing auditors, have given their consent to continue to act as auditors of the Bank for the year 2022, if so appointed. The Board Audit Committee has recommended the re-appointment of the existing auditors as statutory external auditors of Bank for the next year. 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.

Subsequent Events:

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.

Corporate Social Responsibility:

Soneri Bank remains firm in its commitment to actively contribute to socio-economic development. During the year, the Bank actively and regularly participated in several CSR activities and philanthropic efforts in the field of healthcare, education and women empowerment along with other areas of community development, sports and rehabilitation. Keeping the 'Roshan Har Qadam' spirit intact, the Bank ensured that it fulfilled its social responsibility towards the country and its people. A summary of the Bank's key CSR activities during the year forms part of the Annual Report.



Six Years' Operating and Financial Data:

Six years' financial performance of the bank is presented on page no. 109 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 2021 [2020: 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 15 December 2021.

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 2021.

The rating reflects the Bank's sustained and stable positions in the market with strong risk profiling and lending capacity. These ratings denote a low expectation of credit risk, and adequate capacity for timely payment of financial commitments.

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. 216 of the Annual Report.

Related Party Transactions:

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

Looking ahead:

At Soneri Bank, we remain optimistic about the future. Effective risk Management continues to remain a top priority at our Bank. 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.

With a renewed business strategy and operational plan, the Bank is well-positioned for sustainable growth and building long-term shareholder value. We remain committed to expanding our footprint further as we continue to invest in our branch network, our technology infrastructure, our human capital, whilst strengthening our overall control environment. Going forward, our focus remains on building a stable deposit base, improving customer experience, and optimizing returns through growth strategies and by enforcing a strong cost discipline across the Bank.

We celebrated our 30th Anniversary of operations this year, and embarked on a journey of digitalizing our processes. Our focus is on facilitating and enhancing our customer experience through the use of technology. The year 2021 has been a year of strategy refresh for the Bank, and we look forward to building on our core strengths as we move forward.

We remain cognizant of the threat that COVID-19 has and continues to pose to businesses and the economy in general, and shall continue to work with our customers and partner with them amidst these challenging times.

Dividend:

The Board of Directors of the Bank, in their meeting held on 17 February 2022, has recommended a final cash dividend (D-13) of Rs. 1.50/- per share (i.e. 15% percent) for the year ended 31 December 2021 to be approved in the 30th Annual General Meeting of the Shareholders.

**Acknowledgment:**

On behalf of the Board, we thank the State Bank of Pakistan, the Ministry of Finance, the Securities and Exchange Commission of Pakistan, and other regulatory authorities for their continued guidance. We remain indebted to our valued customers for their patronage, and express our gratitude to our shareholders for their unwavering trust and support.

As we celebrate our 30th Anniversary this year, we take this opportunity to appreciate the commitment and hard work of our dedicated employees. It is this exemplary dedication and passion that has enabled us to serve and satisfy our customers over the course of our Banking journey. We expect the same level of commitment towards excellence, and look forward to achieving many more milestones together.

While there are challenging times ahead, we remain optimistic and confident about the future, and assure our stakeholders that the Bank shall continue with its efforts aimed at ceaselessly serving the growing needs of our society.

For and on behalf of the Board of Directors,

MUHTASHIM AHMAD ASHAI
President & Chief Executive Officer

ALAUDDIN FEERASTA
Chairman

Lahore: 17 February 2022

تجدید شدہ کاروباری حکمت عملی اور آپریشنل پلان کے ساتھ، بینک پائیدار ترقی اور شیئر ہولڈرز کی طویل مدتی قدر میں اضافے کیلئے اچھی پوزیشن میں ہے۔ ہم اپنی حیثیت کو مزید وسعت دینے کیلئے پرعزم ہیں۔ اپنے مجموعی کنٹرول کے ماحول کو مضبوط بناتے ہوئے ہم اپنے براؤنچ نیٹ ورک، ٹیکنالوجی کے بنیادی ڈھانچے اور افرادی قوت میں سرمایہ کاری کر رہے ہیں، ہماری توجہ ایک مستحکم ڈپازٹ بیس، کسٹمر کے تجربے کو بہتر بنانے، اور ترقی کی حکمت عملیوں سے منافع کو بہتر بنانے اور بینک میں لاگت کے مضبوط نظم و ضبط کو نافذ کرنے پر مرکوز ہے۔

ہم نے اس سال اپنی 30 ویں سالگرہ منائی، اور ڈیجیٹل نیشن کی طرف قدم بڑھایا۔ ہماری توجہ ٹیکنالوجی کے استعمال سے اپنے صارفین کے تجربے کو آسان بنانے اور اس میں اضافے پر ہے۔ 2021 بینک کی حکمت عملی کی تجدید کا سال رہا ہے، اور ہم آگے بڑھنے کے ساتھ ساتھ اپنی بنیادیں مزید مستحکم بنانے کیلئے پرامید ہیں۔

ہم کوڈ 19 سے کاروبار اور معیشت کو لاحق وسیع تر خطرات سے باخبر ہیں اور ان مشکل وقتوں میں اپنے صارفین کے ساتھ کام اور شراکت داری جاری رکھیں گے۔

ڈیویڈنڈ:

بینک کے بورڈ آف ڈائریکٹرز نے 17 فروری 2022 کو منعقدہ اپنے اجلاس میں 31 دسمبر 2021 کو ختم ہونے والے سال کیلئے 1.50 روپے فی حصص (یعنی 15 فیصد) کے حتمی کیش ڈیویڈنڈ (D-13) کی سفارش کی ہے جس کی منظوری حصص یافتگان کی طرف سے 30 ویں سالانہ عمومی اجلاس میں متوقع ہے۔

ستائش کلمات:

بینک کی جانب سے ہم اسٹیٹ بینک آف پاکستان، وزارت خزانہ، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر ریگولیٹری اتھارٹیز کی مسلسل رہنمائی اور سرپرستی کیلئے ان کے شکر گزار ہیں۔ اپنے صارفین کی سرپرستی کیلئے ہم ان کے مقروض ہیں اور اپنے شیئر ہولڈرز کے غیر متزلزل اعتماد اور تعاون کیلئے ان کا شکریہ ادا کرتے ہیں۔

جیسا کہ ہم اس سال اپنی 30 ویں سالگرہ منا رہے ہیں، اس موقع پر ہم اپنے وفادار ملازمین کی وابستگی اور محنت کو سراہتے ہیں۔ یہی وہ مثالی لگن اور جذبہ ہے جس نے بینکنگ کے سفر میں ہمیں اپنے صارفین کی خدمت کرنے اور ان کی توقعات پر پورا اترنے کے قابل بنایا ہے۔ ہم فضیلت کے لیے اسی سطح کے عزم کی توقع رکھتے ہیں، اور ساتھ مل کر مزید کئی سنگ میل عبور کرنے کیلئے پرامید ہیں۔

اگرچہ آگے مشکل وقت ہے، ہم مستقبل کے بارے میں پرامید اور پراعتماد ہیں اور اپنے اسٹیک ہولڈرز کو یقین دلاتے ہیں کہ بینک ہمارے معاشرے کی بڑھتی ہوئی ضروریات کو پورا کرنے کیلئے انتھک کوششیں جاری رکھے گا۔

منجانب بورڈ آف ڈائریکٹرز۔

علاء الدین فیراستہ

چیرمین

محترم احمد شانی

صدر اور چیف ایگزیکٹو آفیسر

لاہور: 17 فروری 2022

آڈیٹرز کی فرم نے انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان کے کوالٹی کنٹرول کے جائزہ پروگرام کے تحت قابل اطمینان ریٹنگ کی تصدیق کی 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 تفری کی شرائط پر پورا اترتے ہیں۔

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

مالی سال کے بعد کے واقعات:

آپ کے بینک کی مالی حالت کو متاثر کرنے والی کوئی مادی تبدیلیاں اور وعدے مالی سال کے اختتام اور ڈائریکٹرز کی رپورٹ کی تاریخ کے درمیان نہیں ہوئے ہیں۔

کارپوریٹ سماجی ذمہ داری:

سویری بینک سماجی اور اقتصادی ترقی میں فعال کردار ادا کرنے کے اپنے عزم سے مضبوطی سے وابستہ ہے۔ دوران سال، بینک نے صحت، تعلیم اور خواتین کو بااختیار بنانے کے ساتھ ساتھ کمیونٹی ڈویلپمنٹ، کھیلوں اور بحالی کے دیگر شعبوں میں کئی سی ایس آر ایپٹس اور خیراتی کاموں میں فعال انداز اور باقاعدگی سے حصہ لیا۔ "روشن ہر قدم" کے جذبے کو برقرار رکھتے ہوئے بینک نے ملک اور اس کے لوگوں کیلئے اپنی سماجی ذمہ داری کی تکمیل کو یقینی بنایا۔ سال کے دوران بینک کی اہم سی ایس آر سرگرمیوں کا خلاصہ سالانہ رپورٹ کا حصہ ہے۔

چھ سالہ عملی اور مالیاتی ڈیٹا:

اس سالانہ رپورٹ کے صفحہ نمبر 109 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 2021 کے ذریعے بینک کی طویل المیعاد کریڈٹ ریٹنگ کو 'AA' (ڈبل اے مائنس) اور قلیل المیعاد ریٹنگ 'A1+' (اے ون پلس) پر مستحکم اندازے کے ساتھ برقرار رکھا ہے۔ [2020: طویل المیعاد 'AA' (ڈبل اے مائنس)، قلیل المیعاد 'A1+' (اے ون پلس)]۔

پاکرا نے 15 دسمبر 2021 کے نوٹیفیکیشن کے ذریعے بینک کے غیر محفوظ، ذیلی اور سلفڈ فرم فنانس سرٹیفکیٹ (TFC-2) کے 3,000 ملین روپے مالیت کے اجراء کی کریڈٹ ریٹنگ بھی 'A+' (سنگل اے پلس) مستحکم منظر نامے کے ساتھ برقرار رکھی ہے۔

مزید برآں پاکرا نے بذریعہ نوٹیفیکیشن 25 جون 2021 بینک کے 4,000 ملین روپے کے غیر محفوظ، ذیلی، درجہ بند، دائمی اور غیر مجموعی فرم فنانس سرٹیفکیٹ کے اجراء کو مستحکم منظر نامے کے ساتھ 'A' ریٹنگ تفویض کی ہے۔

یہ درجہ بندی مضبوط رسک پروفائلنگ اور قرض دینے کی صلاحیت کے ساتھ مارکیٹ میں بینک کی پائیدار اور مستحکم پوزیشن کی عکاسی کرتی ہے۔ یہ درجہ بندی کریڈٹ رسک کی کم توقع اور مالی وعدوں کی بروقت ادائیگی کی کافی صلاحیت کی نشاندہی کرتی ہے۔

حصص کی ملکیت کی ترتیب:

کمپنیز ایکٹ 2017 کے سیکشن (f)(2) 227 کے تحت درکار ملکیت کا ڈھانچہ جمع حصص کی ملکیت کی ترتیب اور شیئر ہولڈرز کی لیگل یز اس ڈائریکٹرز رپورٹ کا حصہ ہیں جو سالانہ رپورٹ کے صفحہ نمبر 216 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 منظر نامہ:

سویری بینک میں، ہم مستقبل کے بارے میں پر امید ہیں۔ خطروں سے نمٹنے کا موثر نظام بینک کی اولین ترجیح کے طور پر برقرار ہے۔ بورڈ تمام قانونی اور ریگولیٹری ہدایات اور پالیسیوں کی تعمیل کرنے اور تمام شعبوں میں دیانتداری اور تعمیل کے کلچر کو فروغ دینے کے اپنے عزم کا اعادہ کرتا ہے۔

اندرونی آڈٹ ڈویژن، کمپلائنس کنٹرول اور انویسٹی گیشن 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 کنٹرول سسٹم ICFR کے مؤثر ہونے کا مینجمنٹ کی طرف سے لگایا گیا اندازہ، جس کی تفصیل اندرونی کنٹرولز کے بیان میں دی گئی اور اس سالانہ رپورٹ کا حصہ ہے، بورڈ اس کی توثیق کرتا ہے۔

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، گورنس 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 ریویو لیسٹ شرائط کے مطابق باقاعدگی سے جائزہ بھی لے رہا ہے۔

وہ عوامل جو ممکنہ طور پر بینک کے وسائل و محصولات اور کاموں کو متاثر کر سکتے ہیں بورڈ کی مرکزی توجہ کے حامل اور اس کی ترجیح ہیں تاکہ مجموعی اسٹریٹجک سمت کا تعین کیا جاسکے۔ حساسیت کے تجزیے اور اہداف کا تعین کرنے اور مختصر مدت کی پیش گوئی پر نظر ثانی کے وقت ان تمام عوامل پر غور کیا جاتا ہے۔ ان میں درج ذیل شامل ہیں:

- رعایتی شرح / مانیٹری پالیسی پر فیصلہ سازی؛
- ڈپازٹس پر منافع کی شرح پر نظر ثانی؛
- قرضوں اور ادائیگیوں پر مرکز بندی اور تبدیلی؛
- سرمایہ کاری کی حکمت عملی اور ٹائم ہاریزن؛
- جیو پالیٹیکل 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 و ضوابط؛
- 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، مالیاتی دستاویزات کا بینک کی فنانشل اسٹیمٹس پر اثر کا اندازہ لگانا ہے جس کی مؤثر تاریخ اسٹیٹ بینک آف پاکستان نے یکم جنوری 2022 مقرر کی ہے۔ اسٹیٹ بینک کی ہدایات کے مطابق، تمام بینکوں کو ایک طویل متوازی مدت کے دوران اثرات کی تشخیص کے نتائج ایس بی پی کو بتانے کی ضرورت تھی۔ 31 دسمبر 2021 کو، بینک مذکورہ معیار کے نفاذ کیلئے اسٹیٹ بینک کی حتمی 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۔ بینک کا رسک مینجمنٹ ڈویژن منفی پیش رفت سے ممکنہ جھکوں کو برداشت کرنے کی بینک کی صلاحیت کا تجزیہ کرنے کیلئے پہلے سے طے شدہ مختلف منظر ناموں کے خلاف تناؤ کی جانچ بھی کرتا ہے۔

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

بیرونی آڈیٹرز:

31 دسمبر 2021 کو ختم ہونے والے سال کیلئے بینک کے مالیاتی گوشواروں کا آڈٹ کسی اعتراض کے بغیر بینک کے آڈیٹرز میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی طرف سے کیا گیا ہے۔

موجودہ آڈیٹرز میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے سال 2022 کیلئے منظوری سے مشروط بینک آڈیٹرز کے طور پر کام جاری رکھنے کیلئے اپنی رضامندی دی ہے۔ بورڈ آڈٹ کمیٹی نے موجودہ آڈیٹرز کو اگلے سال کیلئے بینک کے قانونی بیرونی آڈیٹرز کے طور پر دوبارہ تعینات کرنے کی سفارش کی ہے۔ تقرری بینک کے شیئر ہولڈرز کے آئندہ سالانہ اجلاس عام میں منظوری سے مشروط ہوگی۔

ہمارے متنوع کاروباری ماڈل کا تقاضا ہے کہ ہم اپنے خطرات کی نشاندہی، تشخیص، پیمائش اور مجموعہ کا انتظام کریں اور اپنے کاروبار میں سرمائے کو بخش کریں۔ ہمارا مقصد رسک مینجمنٹ کیلئے ایک جامع نقطہ نظر کی حوصلہ افزائی اور پورے ادارے میں ریٹرن کے ساتھ ساتھ رسک کی موثر مینجمنٹ، کیپٹل اور ریپوٹیشنل پروفاٹل کے موثر 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 کی رسک مینجمنٹ فریم ورک کے تحت منظوری کی ضرورت ہوتی ہے؛
- رسک کی مناسب تلافی کی ضرورت ہوتی ہے؛ اور
- رسک کی مستقل نگرانی اور انتظام ہونا چاہئے

بورڈ بینک کے وسیع رسک مینجمنٹ فریم ورک پر نظر رکھتا ہے اور بینک کی رسک مینجمنٹ حکمت عملی اور پالیسیوں کی منظوری دیتا ہے۔ بورڈ رسک مینجمنٹ کمیٹی (BRMC) اس بات کو یقینی بناتی ہے کہ بینک ہر وقت ایک مکمل اور محتاط مریوط رسک مینجمنٹ فریم ورک کو برقرار رکھے اور رسک کو قابل قبول سطحوں کے اندر برقرار رکھا جائے۔ مزید برآں، کریڈٹ رسک مینجمنٹ کمیٹی (CRMC)، آپریشنل رسک مینجمنٹ کمیٹی (ORMC) اور دیگر تمام سینئر مینجمنٹ کمیٹیاں بنیادی طور پر BOD کی منظور شدہ رسک مینجمنٹ پالیسی کی تعمیل کو یقینی بنانے اور بینک کے متعلقہ شعبوں میں خطرے کی سطح کی نگرانی اور انتظام کی ذمہ دار ہیں۔

رسک اسٹریٹجی بورڈ کی جانب سے سالانہ کی بنیاد پر منظوری جاتی ہے اور رسک، کیپٹل اور کارکردگی کے اہداف کے تسلسل کیلئے رسک ایپ نائٹ اور اسٹریٹجک اور کیپٹل پلان پڑنی وضاحت کی جاتی ہے۔ کراس رسک تجزیے کا جائزہ پورے گروپ میں کیا جاتا ہے تاکہ اس بات کی توثیق کی جاسکے کہ رسک مینجمنٹ کا موثر نظام اور جامع آگاہی موجود ہے۔

رسک مینجمنٹ کے عمل کے ذریعے کریڈٹ رسک، مارکیٹ رسک، آپریشنل رسک، لیکویڈیٹی رسک، برنس رسک اور ریپوٹیشنل رسک سمیت میٹریل رسک کی تمام اقسام کا انتظام کیا جاتا ہے۔ رسک اور کیپٹل ڈیٹا کیلئے باڈنگ اور پیمائش کے طریقوں کو میٹریل رسک کی تمام اقسام پر لاگو کیا جاتا ہے۔

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

ہم ایک مریوط رسک کلچر 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 برنس کنڈکٹ اور اخلاقیات کے مطابق مضبوط رسک کلچر کی نمائندگی کرتا ہے۔ ہماری پالیسیوں کا تقاضا ہے کہ ہماری کارکردگی کے تجزیے کے عمل کے دوران رسک سے متعلق رویے کو مد نظر رکھا جائے۔ اس کے علاوہ، ہمارے بورڈ ممبران اور سینئر مینجمنٹ مستقل مزاجی کے فروغ کیلئے 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 موثر ہونے، قانونی شرائط کی تعمیل اور فنانسل 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 خود مختار 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 تجزیے 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 موثر 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۔

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 ایگزیکٹو ڈائریکٹرز بشمول خود مختار ڈائریکٹرز کی بورڈ/کمیٹی کے اجلاسوں میں شرکت کیلئے مشاہرے کی نظر ثانی شدہ پالیسی کی منظوری بورڈ نے 13 فروری 2020 کو منعقد ہونے والے 175 ویں اجلاس میں دی۔ نان ایگزیکٹو ڈائریکٹرز کی 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 مد نظر رکھتے ہوئے، بینک کے چیئرمین (بورڈ اور کمیٹی کے اجلاس کیلئے) اور کمیٹی چیئرمینوں کا اپنی متعلقہ کمیٹیوں کے ہر اجلاس کی صدارت کیلئے 180,000/- روپے معاوضہ مقرر کیا گیا ہے، جو شیئر ہولڈرز کی جانب سے منظور شدہ ہے۔

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

اجلاس کی فیس کے حوالے سے ایگزیکٹو 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 2021 کیلئے نان ایگزیکٹو ڈائریکٹرز کی اجلاس کی فیس مالیاتی گوشواروں کے نوٹ 41 میں ”فیس“ کی کٹگری میں بیان کی گئی ہے۔

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

شیئر ہولڈرز نے یہ بھی منظور کیا ہے کہ کوئی مشاورتی خدمات یا شرکاتی کام کسی ڈائریکٹر یا فرمز/اداروں/کمپنیوں وغیرہ کو نہیں دیا جائے گا، جس میں وہ آزادانہ طور پر اور/یا بینک کے دیگر ڈائریکٹرز کے ساتھ مل کر ملکیٹی 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 پر فائمنس ریٹنگ“ ہونے پر اس کی کارکردگی اور مشاہرے کے حوالے سے فیصلے کا اختیار بورڈ کو ہوگا۔

پروویڈنٹ اور گریجویٹ فنڈ کی سرمایہ کاریوں کا خلاصہ

بینک اپنے تمام مستقل ملازمین کیلئے منظور شدہ پروویڈنٹ اور گریجویٹ فنڈ اسکیمر چلاتا ہے۔ فنڈز کے حالیہ ترین آڈٹ شدہ مالیاتی گوشواروں پر مبنی سرمایہ کاری کے میز اسے (ٹیکس میں ڈپازٹ کے علاوہ) یہ ہیں:

(’000 روپے میں)

384,312/-

157,505/-

پروویڈنٹ فنڈ کی سرمایہ کاری

گریجویٹ فنڈ کی سرمایہ کاری

رہسک مینجمنٹ فریم ورک پر بیان:

خطرات سے نمٹنے کا دائرہ عمل سویری 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۔ رہسک ایپ ٹائٹ کے حوالے سے ثانی الذکر کی رائے اہم ہے۔ بینک کا خطرات سے نمٹنے کا طریقہ کار جدید ماڈل، ٹولز اور سسٹمز پر مشتمل ہے جس کی باقاعدگی سے نظر ثانی/تجدید کی جاتی ہے تاکہ بینک میں خطرات سے نمٹنے کے دائرہ عمل کو مضبوط بنایا جاسکے۔

بینک کی رہسک مینجمنٹ کی حکمت عملی کا بنیادی مقصد سیلوز کے ذریعے رہسک کا انتظام کے روایتی انداز کو ترک کرنا اور مرہوط رہسک اور معاشی سرمائے کے انتظام کی صلاحیتوں کو بروئے کار لانا ہے جن سے بینک کو اپنے مختلف کاروباری آپریشنز میں خطرات کا مرہوط نقطہ نظر اور اس کی رہسک مینجمنٹ کی صلاحیتوں سے اسٹرٹجک فائدہ حاصل ہوتا ہے۔

مزید یہ کہ ہمارے ڈائریکٹرز نے مختلف ورک شاپس، سیمینارز اور کورسز میں شرکت کی ہے۔ چیئرمین، جناب علاؤ الدین فیراستہ اور ڈائریکٹر جناب نور الدین فیراستہ نے ”کارپوریٹ گورننس اینڈ ڈیویڈنڈ پالیسی“ پر مابینیا میں منعقد ہونے والی تین دن کی ورکشاپ میں شرکت کی تھی۔ جناب محمد رشید طاہر نے PICG کی جانب سے منعقدہ انٹینیوٹ آف ڈائریکٹرز، یو کے، کے سات دن پر مشتمل کورس میں بھی شرکت کی۔

بورڈ آف ڈائریکٹرز کی کارکردگی کا اندازہ:

سال کے دوران، پاکستان انٹینیوٹ آف کارپوریٹ گورننس (”PICG“) پاکستان میں کارپوریٹ گورننس کے اچھے طریقوں کو فروغ دینے کے شعبے میں ایک اہم اور خود مختار ادارہ ہے، پاکستان انٹینیوٹ آف کارپوریٹ گورننس (”PICG“) نے آزادانہ طور پر سال 2021 کیلئے بورڈ کی کارکردگی کا جائزہ لیا اور اس پر اپنی تجویزاتی رپورٹ پیش کی۔ لسٹڈ کمپنیوں (کوڈ آف کارپوریٹ گورننس) کے ضوابط، 2019 اور BPRD سرکلر نمبر 11 مورخہ 22 اگست 2016 کی تعمیل میں، جس کی شرط ہے کہ ہر تین سال بعد بیرونی جائزہ کی ضرورت ہوتی ہے۔

اس کے مطابق، PICG نے بورڈ کا ایک آزادانہ جائزہ لیا، اور اپنی تجویزاتی رپورٹ کو حتمی شکل دی۔ بورڈ نے 17 فروری 2022 کو ہونے والی 190 ویں میٹنگ میں کارکردگی کے جائزے کا تجزیہ کیا اور ان کی جانب سے بتائے گئے چیلنجز کو باضابطہ نوٹ کیا تاکہ ان کو حل کیا جاسکے۔

بورڈ اور کمیٹی کے اجلاس:

2021 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		کمیٹی کے اجلاس		بورڈ آڈٹ کمیٹی کے اجلاس		بورڈ کریڈٹ کمیٹی کے اجلاس		بورڈ ایمن ریسورس اور مشاہرہ کمیٹی کے اجلاس		بورڈ رسک مینجمنٹ کمیٹی کے اجلاس		بورڈ خود مختار ڈائریکٹرز کے اجلاس		بورڈ آئی ٹی 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	دوران سال منعقدہ	**حاضری
1	جناب علاؤ الدین فیراستہ	7	7	*	*	4	4	*	*	*	*	*	*	*	*	*	*
2	جناب ہشتم احمد راشدی	7	7	*	*	4	4	*	*	*	*	4	4	*	*	1	2
3	جناب نور الدین فیراستہ	7	6	4	3	4	4	*	*	*	*	*	*	*	*	*	*
4	جناب احمد اے فیراستہ	7	6	*	*	*	*	*	*	*	*	4	4	*	*	2	2
5	جناب محمد رشید طاہر	7	7	4	4	4	4	*	*	*	*	*	*	*	*	*	*
6	جناب منظور احمد (این آئی ٹی نامزدگی)	7	7	*	*	4	4	4	4	4	4	4	4	*	*	2	2
7	جناب جمیل حسن ہمدانی	7	7	4	4	*	*	*	*	4	4	4	4	1	1	2	2
8	محترم نوین سلیم ہرچنٹ	7	6	4	4	*	*	*	*	4	4	*	*	1	1	*	*
	دوران سال منعقدہ کل اجلاس	7	4	4	4	4	4	4	4	4	4	4	1	2			

* کمیٹی کے رکن کی نمائندگی نہیں کرتا

** بورڈ/کمیٹی کی طرف سے آن ڈائریکٹرز/ممبران کو غیر حاضری کی چھٹی دی گئی تھی، جو کچھ اجلاسوں میں شرکت نہیں کر سکے تھے۔ نیز، ہی ای او کو 15 جولائی 2021 سے بورڈ کی آئی ٹی کمیٹی کے رکن کے طور پر شامل کیا گیا تھا اور درجہ بالا جدول میں اس کے مطابق ان کی حاضری ظاہر کی گئی ہے۔

(نوٹ: بورڈ/ممبران کے پروفائز اور بورڈ/کمیٹیوں کی تشکیل اور ان کے ITORS اس سالانہ رپورٹ کا حصہ ہیں)

بینک کے بورڈ آف ڈائریکٹرز کی ساخت:

بینک نے ڈائریکٹرز (بشمول ایگزیکٹو ڈائریکٹر) کی تقرری کیلئے حصص یافتگان کی جانب سے سالانہ اجلاس عام میں ڈائریکٹرز کی نامزدگی سے لے کر ان کی تقرری اور SBP کی جانب سے موزوں اور مناسب ٹیسٹ کلیننس تک ایس ای سی پی اور اسٹیٹ بینک کے انضامی تقاضوں کی تعمیل کی ہے۔ بینک لٹھ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کی بھی تعمیل کرتا ہے، جس کے تحت کمپنیوں کے بورڈ میں کم از کم ایک خاتون ڈائریکٹر کی نمائندگی ضروری ہے۔

بورڈ آف ڈائریکٹرز کا تازہ ترین انتخاب 26 مارچ 2020 کو منعقد ہونے والے شیئرز ہولڈرز کے 28 ویں سالانہ اجلاس عام میں ہوا۔ موجودہ سال میں بورڈ کی ساخت میں کوئی تبدیلی نہیں ہوئی ہے اور اس مدت میں کوئی عام آسامیاں نہیں ہوئیں۔ بورڈ آف ڈائریکٹرز کی موجودہ ساخت یہ ہے:

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

مرد 07

عورت 01

کیٹگری	نام
خود مختار ڈائریکٹرز	جناب جمیل حسن ہمدانی محترمہ نوین سلیم مرچنٹ
نان ایگزیکٹو ڈائریکٹرز	جناب علاؤ الدین فیراستہ جناب نور الدین فیراستہ جناب احمد اے فیراستہ جناب محمد رشید ظاہر جناب منظور احمد (این آئی ٹی کے نمائندے)
ایگزیکٹو ڈائریکٹر	جناب مختتم احمد اشانی*

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

غیر ملکی ڈائریکٹرز:

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

ایگزیکٹو ڈائریکٹر کی دیگر ڈائریکٹرز:

جناب مختتم احمد اشانی 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 ڈائریکٹر ایجوکیشن" وصول کیا اور ایک ڈائریکٹر نے انسٹیٹیوٹ آف بزنس ایڈمنسٹریشن ("IBA") کی جانب سے ڈائریکٹرز ٹریننگ پروگرام مکمل کیا۔

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

بینک کا کپٹل اسٹرکچر:

اپنے کپٹل کو ریگولیٹری ٹیسٹس اور بیسل کپٹل (Basel Capital) کے تقاضوں سے بالاتر رکھ کر بینک اچھے کپٹل کا حامل رہا۔ اسٹیٹ بینک آف پاکستان نے کوڈ 19 پھیلنے کے بعد ریگولیٹری ریلیف اقدامات میں بینکوں کیلئے کپٹل ایڈویسی کے لئے عمومی ریگولیٹری ضروریات کو زمرہ کر دیا تھا، جو کہ اس سال بھی جاری رہا۔

31 دسمبر 2021 کو، بینک کا کل کپٹل ایڈیوکیٹڈ ریشو (بشمول کپٹل کنزرویشن بفر) 11.50 فیصد کی نظر ثانی شدہ شرط کے عوض 13.82 فیصد تھا۔ اس سلسلے میں نرمی سے پہلے، ریگولیٹری شرط 2.50 فیصد سی بی کے ساتھ 12.50 فیصد مقرر کی گئی تھی۔ نیز، 31 دسمبر 2021 کو بینک کا کامن ایکٹیوٹی ٹیسٹ (CET-1) سے کل رسک ویٹڈ اثاثوں کا تناسب 10.22 فیصد تھا، جو کہ 6.00 فیصد کی شرط سے کافی زیادہ ہے۔

ہیومن ریسورس:

سویری 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۔ ہماری ایچ آر پالیسیوں کا مقصد ایک ایسے ماحول کو فروغ دینا ہے جہاں عملہ کو عزت، قدر، حوصلہ افزائی، اور مناسب سلوک کا احساس ہو۔ ایسے ماحول کی تشکیل کیلئے ہمارے قائدین رول ماڈل ہیں۔

ہمارا ہیومن ریسورس کے انتخاب کا عمل اہلیت پر مبنی اور بلا امتیاز ہے۔ ہمارا یقین ہے کہ مکمل وابستگی رکھنے والے ملازمین زیادہ پر عزم 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 رولز کیلئے لوگوں کی شناخت کرتے ہیں جس سے اچھے ٹیلنٹ کو اوپر آنے کا موقع ملتا ہے اور اپنے کیریئر میں ترقی کا خواب کو پورا کرنے میں معاون ہوتا ہے۔ ہم ناصرف بہترین ٹیلنٹ کی بھرتی اور شمولیت کیلئے پر عزم ہیں، بلکہ بہترین کارکردگی کا مظاہرہ کرنے والے اپنے افراد کو برقرار رکھنے پر بھی توجہ دیتے ہیں۔ ہم ملازمین کے ساتھ تعمیری تعلقات کو برقرار رکھنے، شفافیت اور اچھے رویے کی ثقافت کو فروغ دینے کیلئے کوشاں ہیں۔

بینک کے معاوضے کا فریم ورک، جو اسٹیٹ بینک کے رہنما خطوط کے مطابق تیار کیا گیا ہے، مؤثر 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، مالیاتی ثالثی کے خطرات اور ذمہ داریوں سے منسلک ایک منصفانہ، معروضی، شفاف اور مستحکم معاوضہ پالیسی رکھی گئی ہے۔ معاوضے کے طریقوں سے متعلق اسٹیٹ بینک کے رہنما خطوط کے تحت ضروری انکشافات مالیاتی گوشواروں کے نوٹ نمبر 28.1 اور 41 میں دیئے گئے ہیں اور اس سالانہ رپورٹ کے گورننس سیکشن کا بھی جز ہیں۔

بینک کے پاس ایک بہترین وضع شدہ اور منظم ضابطہ اخلاق موجود ہے۔ بینک کی ماہر انڈسٹری ایکشن پالیسی اصلاحی عمل اور معاملات کو مضامند اور تیزی سے نمٹانے کیلئے 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۔

کورونائزس کی وبا نے نئے چیلنجز کو جنم دیا ہے اور ایچ آر کے کردار میں نمایاں اضافہ ہوا ہے۔ عملے کی فلاح و بہبود پر توجہ مرکوز کرتے ہوئے، ہم نے کورونائزس پروٹوکول بنائے، جس نے ہمارے عملے اور صارفین کی حفاظت کو یقینی بنانے میں مدد کی، اور کاروباری رکاوٹ کو کم کیا۔ قریبی رابطے سے بچنے کیلئے، ایچ آر انٹرویوز اور چوکی کے گئے اور کانفرنسنگ ٹولز کا استعمال کرتے ہوئے ملاقاتیں کی گئیں۔ اس مشکل وقت میں دنیا بھر میں بڑے پیمانے پر چھائی ہوئی ہے۔ تاہم، بینک نے اس بات کو یقینی بنایا کہ کوئی بھی عہدہ خالی نہ ہو اور تنخواہ میں کوئی کمی نہ کی جائے۔ مزید برآں، ہم تمام جمویز کردہ پروٹوکولز پر توجہ دے کر کوڈ 19 انفیکشن سے بچاؤ اور تشخیص میں عملے کی مدد کی ہے۔

ہماری عمل بلور پالیسی لوگوں (اندرونی اور بیرونی) کو اپنے تحفظات کا اظہار کرنے، بے ضابطگیوں/غلطیوں/CFT/AML/بدعنوانی سے متعلق امور کو بے نقاب کرنے، مالی بدعنوانیوں کو سامنے لانے میں مدد دینے، دھوکہ دہی کی روک تھام وغیرہ سے بلا خوف و خطر نامزد شدہ اہلکار کو آگاہ کرنے کا موقع فراہم کرتی ہے۔

کارپوریٹ گورننس:

سویری 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 محاسبہ کو مد نظر رکھتے ہوئے طے کی گئی ہیں۔ بورڈ آف ڈائریکٹرز اس بات کے لئے پر عزم ہیں کہ سیکورٹیز اینڈ ایکسچینج کمیشن کی جانب سے کارپوریٹ گورننس کی طے شدہ شرائط پر عمل درآمد کو یقینی بنائیں۔ بورڈ آف ڈائریکٹرز بینک مینجمنٹ کو اسٹرکچرل لیڈرشپ 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۔

سال بسال موازنے پر، ایڈوانسز پر آمدنی کی شرح بھی نمایاں طور پر کم رہی اور گزشتہ سال کے 9.74 فیصد کے مقابلے میں 31 دسمبر 2021 کو ختم ہونے والے سال کیلئے 7.63 فیصد پر آگئی، کیونکہ اسٹیٹ بینک آف پاکستان کی جانب سے گزشتہ سال کے دوران پالیسی کی شرح میں بتدریج کمی نے اس سال پورا اثر اڑا لیا۔ بینک کے اوسط خالص ایڈوانسز بھی گزشتہ سال کے 193,261.875 ملین روپے کے مقابلے میں 31 دسمبر 2021 کو ختم ہونے والے سال کیلئے کم ہو کر 175,221.482 ملین روپے ہو گئے۔ حجم میں کمی لیکن بنیادی طور پر سیلڈ میں کمی کی وجہ سے ایڈوانسز پر آمدنی گزشتہ سال کے 18,826.212 ملین روپے کے مقابلے میں کم ہو کر اس سال 13,373.990 ملین روپے رہی۔

جون 2021 کے اختتام پر گراؤٹ نظر آنے کے بعد ستمبر 2021 سے بہتری آنا شروع ہو گئی اور بینک کے ڈپازٹس مدت کے اختتام پر 31 دسمبر 2021 کو 403,036.554 ملین روپے رپورٹ ہوئے، جو سال 2020 کے آخر کی پوزیشن کے مقابلے میں 57,537.786 ملین روپے یا 16.65 فیصد کا اضافہ ہے۔ اوسط کے لحاظ سے، مجموعی پورٹ فولیو میں 30,887.591 ملین روپے تک یا 9.87 فیصد سال بسال اضافہ ہوا۔ سب سے اہم یہ کہ کرنٹ اکاؤنٹ کے اوسط میں 18,427.399 روپے تک یا 23.84 فیصد سال بسال اضافہ ہوا کیونکہ بینک نے CASA کس میں بہتری اور کرنٹ اکاؤنٹس کو برقرار رکھنے، فنڈنگ کے اخراجات کو معقول بنانے اور مجموعی مارجن کی بہتری پر اپنی توجہ مرکوز رکھی۔

اس حکمت عملی کے نتیجے میں، مدت کے اختتام پر بینک کے CASA ڈپازٹس میں سال بسال 44,113.100 ملین روپے یا 18.60 فیصد کا شاندار اضافہ ہوا اور 31 دسمبر 2021 کو کس بہتر ہو کر 69.8 فیصد ہو گیا۔ (31 دسمبر 2021: 68.65 فیصد)۔ کرنٹ اکاؤنٹ اوسط میں بہتری کے ساتھ بینک ڈپازٹس کی مجموعی لاگت 188 بی پی ایس تک کم ہو کر سال کے اختتام پر گزشتہ سال کے 6.74 فیصد مقابلے میں 4.86 فیصد پر آگئی اور موجودہ سال کل ڈپازٹس کی لاگت گزشتہ سال 21,103.983 ملین روپے کے مقابلے میں کم ہو کر 16,719.062 ملین روپے ہو گئی۔

قرضہ جات کی سائیڈ پر، بینک کے اوسط قرضوں میں دسمبر 2020 کی سطح سے 19,417.682 ملین روپے تک کا اضافہ ہوا، جبکہ موجودہ سال کی لاگت گزشتہ سال کے 7.99 فیصد کے مقابلے میں کم ہو کر 6.22 فیصد ہے۔ بینک کے فنڈز کی مجموعی لاگت 31 دسمبر 2021 کو ختم ہونے والے سال کیلئے کم ہو کر 5.08 فیصد ہے جو گزشتہ سال 6.89 فیصد تھی۔

سال 2021 کیلئے نان مارک اپ آمدنی 12.68 فیصد کے اضافے کے ساتھ 4,290.235 ملین روپے ہے جو سال 2020 میں 3,807.495 ملین روپے تھی۔ مزید برآں بنیادی فیس اور کمیشن کی آمدنی میں 298.762 ملین روپے یا 16.83 فیصد سال بسال اضافہ ریکارڈ کیا گیا۔ جبکہ ڈیویڈنڈ آمدنی میں بھی 216.207 ملین روپے سال بسال اضافہ ہوا ہے۔ بینک کی زرمبادلہ کی آمدنی میں 123.981 ملین روپے سال بسال اضافہ دیکھا گیا۔ اور اس سال مجموعی آمدنی میں جائیداد کے تصرف پر کسٹنٹ گین سے 281.800 ملین روپے کا اضافہ ہوا۔ بینک کی کل آمدنی میں 765.018 ملین روپے یا 5.29 فیصد سال بسال اضافہ رپورٹ کیا گیا ہے۔

31 دسمبر 2021 کو ختم ہونے والے سال کیلئے نان مارک اپ اخراجات سال 2020 کے 9,026.293 ملین روپے کے مقابلے میں 10,190.506 ملین روپے رہے جو 12.90 فیصد کی نمو ظاہر کرتا ہے۔ اس نمو میں سے جس میں برانچ کی توسیع کے اخراجات کے ساتھ ساتھ نئے سسٹمز اور اقدامات پر ترقیاتی اخراجات شامل ہیں، معمول کے کاروبار سے منسوب نمو 6.6 فیصد تھی۔ انتظامیہ مجموعی اخراجات کو قابو میں رکھنے کیلئے لاگت کے سخت نظم و ضبط کے اقدامات پر عمل پیرا ہے۔

پروویژنز پر نظر ڈالی جائے تو گزشتہ سال 717.214 ملین روپے کا ایکویٹی سرمایہ کاری کی خرابی کا ایک اضافی چارج نہ ہونے اور کلاسیفائیڈ ایڈوانسز پر معقول وصولیوں سے اس سال ایک مثبت سال بسال فرق نظر آیا۔ بینک نے موجودہ سال کلاسیفائیڈ ایڈوانسز کیلئے 129.974 ملین روپے کا خالص پروویژن رپورٹل رجز کیا جبکہ گزشتہ سال 673.486 ملین روپے کے خالص چارج پر غور کیا گیا تھا۔

بینک اپنے پورٹ فولیو کی احتیاط اور تدبیر سے نگرانی کر رہا ہے۔ اسٹیٹ بینک کی پالیسی ریف میں حالیہ تبدیلیوں کے ساتھ، بینک کا مینی مارکیٹ ڈیک پورٹ فولیو کی سیلڈ ز اور دورانیے کا جائزہ لیتا رہتا ہے تاکہ بروقت فیصلے کئے جاسکیں۔ مزید برآں SBP اور GOP کی ہدایات کے مطابق، تمام بینکوں کو ہاؤسنگ اور کنسٹرکشن فنڈس کے ساتھ ساتھ دیگر پروگراموں اور اقدامات کے اہداف تفویض کئے گئے ہیں جن کا جائزہ اور نگرانی جاری ہے۔ مؤثر رسک مینجمنٹ فریم ورک کے ساتھ، بینک تمام قابل اطلاق قوانین اور بہترین انداز سے ریگولیٹری تعمیل کر رہا ہے اور معیشت کی بحالی کو آسان بنانے کیلئے پرعزم ہے۔

سال 2021 کے آخر میں بینک کا مجموعی ایڈوانسز نو ڈپازٹس کا تناسب (ADR) 43.03 فیصد رپورٹ کیا گیا جو 2020 میں 49.98 فیصد تھا۔ 31 دسمبر 2021 کو نان پرفارمنگ ایڈوانسز ٹوٹل ایڈوانسز ریٹو 5.95 فیصد (31 دسمبر 2020: 6.25 فیصد) رہا، جبکہ مخصوص کوریج 76.51 فیصد (31 دسمبر 2020: 75.16 فیصد) رہی۔

ایم پی سی نے اپنے تازہ ترین پالیسی بیان میں، اپنا نقطہ نظر پیش کیا کہ حالیہ پیش رفت سے پتہ چلتا ہے کہ طلب پر قابو پانے کے اقدامات زور پکڑ رہے ہیں اور افراط زر کے منظر نامے میں بہتری آئی ہے۔ ایسا لگتا ہے کہ کرنٹ اکاؤنٹ خسارہ نومبر سے بڑھنا بند ہو گیا ہے اور نان آئل کرنٹ اکاؤنٹ بیلنس میں مالی سال 22 کیلئے ایک چھوٹا سرپلس حاصل ہونے کی امید ہے۔ آخر میں، اور اہم بات یہ ہے کہ حالیہ مالیاتی (ضمنی) ایکٹ، 2022 کا نفاذ بجٹ کے مقابلے میں اہم اضافی مالی استحکام کی نمائندگی کرتا ہے اور اس نے مالی سال 2023 میں افراط زر کے امکانات کو کم کر دیا ہے۔ آگے دیکھتے ہوئے، اور ان پیش رفتوں کے پس منظر میں جنہوں نے افراط زر کے منظر نامہ کو بہتر بنایا ہے، ایم پی سی کا یہ خیال ہے کہ افراط زر کو 5 سے 7 فیصد کی درمیانی مدت کی حد تک لے جانے، بہتری میں معاونت اور بیرونی استحکام کو برقرار رکھنے کیلئے موجودہ ریکل انٹرسٹ شرحیں موزوں ہیں۔

بینک کی کارکردگی اور کاروبار کا عملی جائزہ:

31 دسمبر 2021 کو ختم ہونے والے سال کیلئے بینک کی مالی پوزیشن کا خلاصہ اور آپریٹنگ نتائج کا خلاصہ مندرجہ ذیل ہے:

2020	2021	مالیاتی کیفیت
----- (روپے ملین میں) -----	----- (روپے ملین میں) -----	
164,545	165,495	نیٹ ایڈوانسز
249,956	327,425	خالص سرمایہ کاری
485,345	579,489	مجموعی اثاثے
345,499	403,037	ڈپازٹس اور دیگر گھاتے
23,157	21,636	حصص یا فنڈنگ کی ایکویٹی
2020	2021	مالیاتی کارکردگی
----- (روپے ملین میں) -----	----- (روپے ملین میں) -----	
10,655	10,938	خالص مارک اپ آمدنی
3,808	4,290	نان مارک اپ آمدنی
14,463	15,228	کل آمدنی
9,026	10,191	نان مارک اپ اخراجات
5,437	5,037	پروویژنز اور ریکسیشن سے قبل منافع
1,402	(112)	(ریویرسلز) پروویژنز اور نقصانات
4,035	5,149	منافع قبل از ٹیکس
2,400	2,854	منافع بعد از ٹیکس
2.1772	2.5889	فی حصص آمدنی (روپے میں)

کاروباری جائزہ:

بینک نے 31 دسمبر 2021 کو ختم ہونے والے سال میں منافع قبل از ٹیکس (PBT) 5,149.219 ملین روپے اور منافع بعد از ٹیکس (PAT) 2,854.147 ملین روپے حاصل کیا جو گذشتہ سال 2020 میں بالترتیب 4,034.755 ملین روپے اور 2,400.272 ملین روپے تھا، جو کہ بالترتیب 27.62 فیصد اور 18.91 فیصد بہتری ظاہر کرتا ہے۔ ان نتائج کی وجہ سے بینک کی فی حصص آمدنی 2020 کے 2.1772 روپے فی حصص کے مقابلے میں 2.5889 روپے فی حصص ریکارڈ کی گئی۔

31 دسمبر 2021 کو ختم ہونے والے سال کیلئے بینک کی نیٹ مارک اپ آمدنی 31 دسمبر 2020 کے 10,655.256 ملین روپے سے بڑھ کر 10,937.534 ملین روپے رہی جو 2.65 فیصد اضافہ ہے کیونکہ اسپریڈ بدستور دباؤ کا شکار رہے۔ اوسط خالص سرمایہ کاری میں گذشتہ سال کے 223,132.229 ملین روپے کے مقابلے میں موجودہ سال میں 276,334.220 ملین روپے کی نمایاں بہتری آئی ہے۔ سرمایہ کاری پر منافع 2020 کے 10.35 فیصد سے کم ہو کر 8.19 فیصد ہو گیا، حجم میں اس اضافے سے بینک کی سال کی سرمایہ کاری پر آمدنی گذشتہ سال کے 23,086.990 ملین روپے کے مقابلے میں معمولی کمی کے ساتھ 22,619.325 ملین روپے رہی۔

ڈائریکٹرز رپورٹ

برائے مالیاتی سال 2021

ہم نہایت مسرت کے ساتھ سوئیری بینک لمیٹڈ (بینک) کے بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2021 کو ختم ہونے والے سال کیلئے آڈٹ شدہ مالیاتی گوشواروں اور آڈیٹرز رپورٹ کے ساتھ سوئیری بینک لمیٹڈ (بینک) کی ڈائریکٹرز رپورٹ پیش کر رہے ہیں۔

اقتصادی جائزہ:

مالی سال 2019-20 میں 0.5 فیصد کی منفی شرح نمو کے بعد مالی سال 2020-21 کے دوران جی ڈی پی کی شرح نمو 4 فیصد کے قریب پہنچنے سے پاکستانی معیشت میں بحالی کے واضح آثار ظاہر ہوئے ہیں۔ بحالی گھریلو طلب بشمول آٹوموبائل کی فروخت، پی او ایل (پٹرولیم، تیل اور گیس) کی فروخت، اور بجلی کی پیداوار نیز درآمدات اور ٹیکس محصولات میں مضبوطی میں بہترین اشاریوں کی وجہ سے ہوئی۔ ابتداء میں کووڈ 19 پابندیوں کو چیلانے اور بعد ازاں نرم مالی اور زری پالیسی کی مدد سے 2021 میں ترقی توقعات کے مطابق تھی۔ تاہم، گھریلو طلب میں مضبوط بحالی کے ساتھ عالمی معیشتوں کے کھلنے کے بعد بین الاقوامی اجناس کی قیمتوں میں اضافے کے پس منظر میں ملک کا بیرونی کھاتہ بادل کا شکار رہا۔

گزشتہ چند مہینوں کے دوران، حکومت نے اہم خدشات کو دور کرنے کیلئے کچھ ضروری پالیسی اقدامات کئے ہیں جن کے نتیجے میں معیشت اب استحکام کی راہ پر گامزن دکھائی دیتی ہے۔ کووڈ 19 کے کم ہوتے ہوئے کمیز، سروس سیکٹر کی بحالی سرگرمی، اور معیشت کے کچھ شعبوں میں معتدل طلب کی وجہ سے تجزیہ کار مالی سال 2021-22 میں مزید تیز رفتار نمو کی توقع رکھتے ہیں۔

اگرچہ برآمدات میں بھی تیزی آئی ہے، لیکن ملک کے بیلنس آف پیمنٹس (BoP) کی پوزیشن پر خدشات اب بھی برقرار ہیں۔ کرنٹ اکاؤنٹ کا خسارہ (CAD) سال 21 کی پہلی ششماہی کے آخر میں 1.247 بلین ڈالر کے سرپلس کے مقابلے میں سال 22 کی پہلی ششماہی کے دوران تیزی سے بڑھ کر 9 بلین امریکی ڈالر کے خسارے پر آکھڑا ہوا۔ حال ہی کے جانے والے پالیسی اقدامات جیسے کرنسی کی قدر میں بڑی کمی، درآمدات پر 100% نقد مارجن کی ضرورت کے دائرہ کار میں وسعت، غیر ضروری درآمدی اشیاء پر عارضی پابندی/ریگولیٹری ڈیوٹیز کا نفاذ اور اسٹیٹ بینک کی طرف سے مانیٹری محرک کو کم کرنے سے درآمدی بل میں اضافے کی توقع ہے۔ اسٹیٹ بینک گھریلو طلب پر قابو پانے کیلئے بھی تیار ہے، کیونکہ بینکنگ انڈسٹری کی کیش ریزرو کیونکر (CRR) کو کم کی فراہمی کیلئے 5 فیصد سے بڑھا کر 6 فیصد کر دیا گیا ہے۔ تجزیہ کاروں کو توقع ہے کہ معیشت میں تیزی اور بین الاقوامی منڈیوں میں اشیاء کی قیمتوں میں اضافے کی وجہ سے مالی سال 2022 میں کرنٹ اکاؤنٹ کا خسارہ 13.5 بلین ڈالر تک پہنچ سکتا ہے۔

ٹیکسٹائل کی ریکارڈ ترسیل اور چاول کی مضبوط برآمدات کی وجہ سے برآمدات میں تقریباً 25 فیصد سال بسال اضافہ ہوا، جو کہ 15.1 بلین امریکی ڈالر تک پہنچ گئیں۔ دریں اثنا، ترسیلات زرمیں سال بسال 11.3 فیصد اضافہ ہوا جو مالی سال کی پہلی ششماہی کے دوران 15.8 بلین ڈالر کی بلند ترین سطح پر پہنچ گئیں۔

کثیر جہتی ایجنسیوں جیسے کہ اے ڈی بی، عالمی بینک اور مملکت سعودی عرب کے تعاون کی بدولت اسٹیٹ بینک آف پاکستان کے زرمبادلہ کے ذخائر مالی سال 2020 کے اختتام پر 13.4 بلین ڈالر سے بڑھ کر مالی سال 2021 کے آخر میں تقریباً 17.9 بلین ڈالر تک پہنچ گئے۔ آئی ایم ایف پروگرام کے دوبارہ آغاز کی وجہ سے زرمبادلہ کے ذخائر مستحکم رہنے کی توقع ہے جو 750 بلین خصوصی ڈرائنگ رائٹس (1,059 بلین ڈالر کے برابر) فراہم کرے گا اور سال 2022 کی پہلی ششماہی میں طے شدہ بین الاقوامی بانڈز کے اجراء سے بھی ان ذخائر کو تقویت ملے گی۔

افراط زر کے اعداد و شمار نے مارکیٹ میں موافقت کو مات دے دی کیونکہ CPI ماہ دسمبر 2021 میں بڑھ کر دو ہرے ہندسوں 12.3 فیصد پہنچ گیا۔ مٹی بجٹ میں سبسڈیز کے خاتمے، ٹیلیٹھ قیمتوں میں اضافے اور بین الاقوامی منڈیوں میں اشیاء کی بلند قیمتوں کی وجہ سے سال 2022 کی پہلی ششماہی میں افراط زر بلند رہنے کی توقع ہے۔

مالی سال 22 کی پہلی ششماہی میں ایف بی آر ٹیکس وصولیوں میں 32.5 فیصد سال بسال کا مضبوط اضافہ ہوا۔ نتیجتاً، مالی سال 22 کے جولائی سے اکتوبر کے دوران بجٹ خسارہ کم ہو کر جی ڈی پی کا 1.1 فیصد رہ گیا، جو گزشتہ سال کی اسی مدت میں جی ڈی پی کا 1.7 فیصد تھا۔ بنیادی سرپلس بھی 0.1 فیصد پوائنٹ سے بڑھ کر جی ڈی پی کے 0.4 فیصد تک پہنچ گیا۔

بنیادی طور پر چاول، ٹیکسٹائل، تیل اور اسٹیل کی صنعتوں میں ورکنگ کپٹل قرضوں کی بڑھتی ہوئی مانگ کی وجہ سے مالی سال 22 کی پہلی ششماہی میں پرائیویٹ سیکٹر کے قرضوں میں مجموعی طور پر 13.4 فیصد تک اضافہ ہوا۔ مالی سال 22 کے آغاز میں، اسٹیٹ بینک آف پاکستان کی مانیٹری پالیسی کمیٹی (MPC) کی فراہم کردہ آگے کی رہنمائی اور اسٹیٹ بینک کی طرف سے 2 ماہ کے اوپن مارکیٹ آپریشنز کے انعقاد کی وجہ سے قلیل مدتی اور طویل مدتی ثانوی مارکیٹ سیلڈ، شیئ مارک کی شرحوں اور سرکاری ٹیلای کے کٹ آف کی شرحوں میں نمایاں کمی واقع ہوئی۔

جنوری 2022 میں ہونے والی ایم پی سی کی آخری میٹنگ میں، اسٹیٹ بینک آف پاکستان کی مانیٹری پالیسی کمیٹی (ایم پی سی) نے آخری مانیٹری پالیسی اسٹینڈنٹ میں فراہم کی گئی آئندہ رہنمائی کے مطابق پالیسی ریٹ کو 9.75 فیصد پر برقرار رکھنے کا فیصلہ کیا۔ اس وقت، ایم پی سی نے افراط زر کو کم کرنے اور جاری اقتصادی بحالی کو پائیدار رکھنے کیلئے جیسا کہ اوپر بتایا گیا ہے ان اقدامات پر غور کیا تھا۔ سال 2021 کے آخری چار مہینوں میں، ہم نے پالیسی ریٹ میں مجموعی طور پر 275 بیس پوائنٹ اضافہ دیکھا۔

REPORT OF SHARIAH BOARD TO THE BOARD OF DIRECTORS

FOR THE YEAR ENDED 31ST DECEMBER 2021

By the grace of Almighty Allah, the year under review was the 16th year of Islamic commercial banking for Soneri Bank Limited. The Board of Directors and Executive Management are solely responsible to ensure that the operations of Soneri Bank Limited – Mustaqeem Islamic Banking which are conducted in a manner that comply with Shariah principles at all times. We are required to submit a report on the overall Shariah Compliance environment of Soneri Bank Limited – Mustaqeem Islamic Banking.

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

The year 2021 had been a challenging year for the world specially emerging countries including Pakistan as the smaller economies takes desperate measures to recover from the effect of the global supply chain. The govt. has taken various measures to control the food inflation; document the economy with limited resources, the reliance on the banking services became all more important. The Islamic Banking overall showed the resilience, stability and in return contributed to the society.

Soneri Islamic Banking was no different, the Board of Directors, the Management and overall staff ensure that we remain focus on shariah compliance, growth and overall Islamic Banking structure.

During the year, the management strengthens the Shariah Board effective from July 01, 2021 by adding two new unique members to the existing Shariah Board with the vision to enhance the effective decision making with respect to Shariah and to comply with the Shariah Governance Framework issued by State Bank of Pakistan.

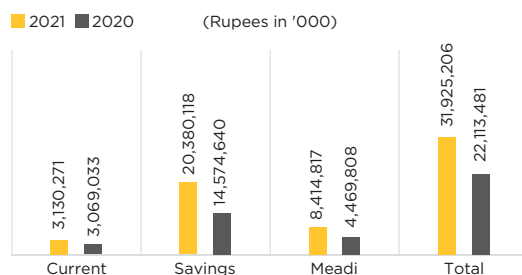
The Shariah Board hereby presents the Annual Shariah Board report regarding affairs of the Soneri Bank Mustaqeem Islamic Banking:

During the year ended December 31, 2021, Shariah Board of Soneri Bank Mustaqeem Islamic Banking held four meetings to review various matters which included, among others, new products and services, product modifications, concepts, transactions, structures, processes, and Shariah issues referred to us. To ensure that, apart from the quarterly meetings, SCD remained in close coordination with Shariah Board.

Deposit Composite:

It is very encouraging-g to report that the Islamic Banking deposit has increased by 45%, the composition of the deposit is dominated by savings accounts which stood at 65% of the total deposits. The same can be viewed as follows:

Deposit Composition

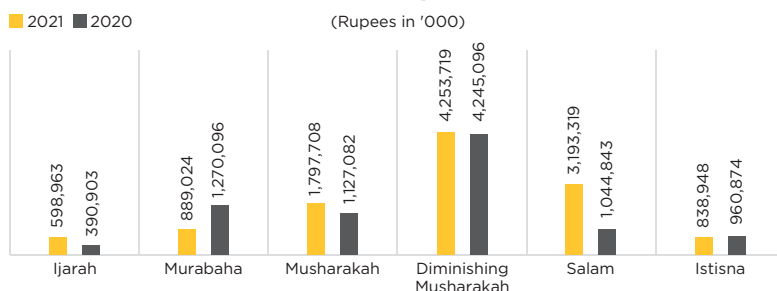


The Board of Directors are focused on enhancing the foot print of the Soneri Mustaqeem Islamic Banking. In this regard, 15 Islamic Banking Windows are launched in the main conventional branches across Pakistan in order to better serve the Islamic Banking customers and helps the Islamic Banking Group to mobilize the core deposits which plays a pivotal role for the growth of the Islamic business. In addition to the Islamic banking windows, the Islamic Banking Group also added 5 new dedicated branches to make a total of 35 dedicated Islamic branches and 15 Islamic Windows.

Asset Review:

The asset portfolio has also shown 28% at PKR 11.57 Bn as compare to 2020. The main modes of financing used for the bank's Islamic financing consist of Diminishing Musharakah (37%), Murabaha (8%), Salam (28%), Running Musharakah (15%), Istisna (7%) and Ijarah (5%). We hope to see the trend continue to remain in the upward direction as shown in the trend line.

Asset Composition



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

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

Shariah Compliance:

The commitment of the Board of Directors and Management in building the overall Shariah compliance environment of the Bank is commendable. The Bank's Shariah Compliance Department (SCD) experienced the management's utmost support in discharging its functions.

The SCD strives to bring about continuous improvement in the Shariah compliance environment of the Bank. In this regard, SCD, in compliance of the SBP and Shariah Board directives in coordination with IBD and Risk Management Department devised a mechanism for identifying and reporting Shariah non-compliance risk to Board of Directors and its sub-committee. During the year, RSBM supported the SCD in issuing different Shariah guidelines which include, among others, guidelines regarding obtaining Shariah Approval in various Cases, operational policies, and various day to day activities.

The function of Shariah Review of transactions is carried out by SCD in two different levels i.e. Pre-Execution review through process flows, visits to the customers and monitoring the disbursement if necessary and post execution review on a sample check basis through its annual review. It is necessary to mention that Resident Shariah Board Member also visited branches to assess the overall shariah compliant environment.



SCD carried out Shariah Review of different departments/functions of Head office and Branches across the country during the year. The SCD presented Shariah Review reports, Internal and External Shariah Audit reports, and SBP Inspection report to Shariah Board for determining corrective actions.

Shariah Board also reviewed various operational manuals to ensure IBD operations are continued to remain Shariah Compliant. In addition to this, Shariah board also approved revised manuals including but not limited to revised Shariah Compliance manual.

Product Developments:

During the year, following products were reviewed by SCD and approved by Shariah Board:

1. Mustaqeem Ghar Finance based on Diminishing Musharakah
2. Mera Pakistan Mera Ghar (A Subsidized Scheme based on Diminishing Musharakah) (All variants)
3. Mustaqeem Low Cost Housing Scheme
4. Staff Vehicle Finance
5. Staff House Finance

It is necessary to state that the management vision and commitment toward Islamic Banking resulted in strengthen the product department with qualified resources enabling them to develop products based on the market requirement and to provide better services.

Trainings of Islamic Staff:

It is encouraging to note that the Bank's learning and development Department on our advice conducted various Islamic Banking training for almost all the employees posted in Islamic Banking Group. It is imperative to report that Shariah compliance department facilitated the HR-Learning & development in developing Learning Management System (LMS) having Voice Overs which will help the Islamic Banking staff to enhance their learning experience at the desks.

Board of Directors, Shariah Board and Executives Trainings:

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

Last but not least, we appreciate State Bank of Pakistan - Islamic Banking Department for their continuous support and efforts for the expansion of Islamic Banking. Open Market Operations (OMO) discount window for Islamic Banks and Islamic Banking Windows is a long step in the right direction enabling the Islamic operations to have an opportunity to better manage their liquidity.

Conclusion:

Based on the reports of Internal Shariah Audit, External Shariah Audit and different Shariah compliance checks carried out from time to time and according to best of our knowledge, we are of the view that:

- i. The Bank has complied by and large with Shariah rules and principles in the light of fatawa, rulings and guidelines issued by its Shariah Board.
- ii. The Bank has complied with the directives, regulations, instructions and guidelines related to Shariah compliance issued by SBP in accordance with the rulings of SBP's Shariah Board.
- 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 three hundred fourteen thousand seventeen and sixty-four paise only (PKR 314,017.64) were collected as charity from various customers on account of delay in payments. Further, an income of Rupees four hundred and six thousand one hundred fifteen and forty-three paise only (PKR 406,115.43) 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 twenty thousand one hundred thirty-three and seven paise only (PKR 720,133.07) was disbursed for charitable purposes as per the Charity Policy approved by 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 generally found in conformity with Shariah rules & principles. We expect, with the automation of the pool management system, the bank will also comply with the regulatory guidelines more efficient.

Recommendation

Pool Management System (PMS):

We appreciate the Bank's Management that it acquired the comprehensive Pool Management System (PMS) on Shariah Board recommendation to safeguard the interest of Investment account holders and the automated pool management system bring more transparency and increase trust of the account holders on the profit distribution. However, the implementation process has consumed a considerable time and efforts and the delays due to COVID related issues. It is also imperative to report that the management constantly updated the Shariah Board regarding the implementation progress and we expect the implementation process shall be completed on the most urgent basis.

Capacity Building:

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

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

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

“اللهم أرنا الحق حقا وارزقنا اتباعه وأرنا الباطل باطلا وارزقنا اجتنابه”

Mufti Muhammad Zahid
Resident Shari'ah Board Member

Mufti Samiullah Arif
Shari'ah Board Member

Mufti Abid Shah
Shariah Board Member

Mufti Bilal Ahmed Qazi
Shariah Board Member

Mufti Ehsan Waquar Ahmad
Chairman Shari'ah Board

Dated: 02 February 2022

ٹرانزیکشنز کے شریعہ یو یو کا کام شریعہ کمپلائنس ڈپارٹمنٹ (SCD) کے ذریعے مختلف درجوں میں کیا جاتا ہے یعنی پری ٹرانزیکشن ریویو، جس میں ٹرانزیکشنز کا طریقہ کار، کسٹمرز سے ملاقاتیں اور اگر ضروری ہو تو فنڈز کی ادائیگی کی نگرانی شامل ہیں۔ اور پوسٹ ٹرانزیکشن ریویو پیمپل کی بنیاد پر سالانہ جائزہ کے ذریعے کیا جاتا ہے۔ یہاں یہ بات قابل ذکر ہے کہ ریڈیٹنٹ شریعہ بورڈ ممبر نے بھی برانچوں کا دورہ کیا تاکہ شریعہ کمپلائنس ماحول کا جائزہ لے سکیں۔

شریعی کمپلائنس ڈپارٹمنٹ (SCD) نے دوران سال مہر میں موجود برانچز اور ہیڈ آفس کے مختلف شعبوں اور کاموں کا شرعی جائزہ لیا۔ شریعی کمپلائنس ڈپارٹمنٹ (SCD) نے شریعہ ریویو ریپورٹس، انٹرنل اور ایکسٹرنل شریعہ آڈٹ ریپورٹس اور اسٹیٹ بینک آف پاکستان کی انکسشن رپورٹ شریعہ بورڈ کو پیش کی تاکہ شریعہ بورڈ کی رائے لے کر اصلاحی اقدامات کا تعین کیا جاسکے۔

شریعی بورڈ نے مختلف آپریشنل مینوز کا بھی جائزہ لیا تاکہ اس بات کو یقینی بنایا جاسکے کہ اسلامک بینکنگ ڈویژن (IBD) کے آپریشنز شریعت کے مطابق ہیں۔ اس کے علاوہ شریعہ بورڈ نے نظر ثانی شدہ مینوز کی بھی منظوری دی جس میں اور چیزوں کے ساتھ ساتھ نظر ثانی شدہ شریعی کمپلائنس مینوز بھی شامل ہے۔

پروڈکٹ ڈیولپمنٹ:

اس سال، درج ذیل پراڈکٹس کا شریعی کمپلائنس ڈپارٹمنٹ (SCD) نے جائزہ لیا اور شریعی بورڈ نے ان کی باقاعدہ منظوری دی:

1. مستقیم گھرنٹس جس کی بنیاد شریعت متناقصہ پر ہے۔
2. میرا پاکستان میرا گھر (شرکت متناقصہ پرائیویٹ لمیٹڈ) (تمام اقسام)
3. مستقیم لوکاسٹ ہاؤسنگ سکیم
4. اسٹاف ویبل فنڈس
5. اسٹاف ہاؤس فنڈس

یہاں یہ بتانا ضروری ہے کہ اسلامک بینکنگ کے حوالے سے انتظامیہ کے ڈیٹن اور عزم کے نتیجے میں پراڈکٹ ڈپارٹمنٹ کو مستند افراد کی قوت کے ذریعے مضبوط بنایا گیا جس سے وہ مارکیٹ کی ضروریات کے مطابق پراڈکٹس بنانے اور بہتر خدمات فراہم کرنے کے قابل ہوئے۔

اسلامک بینکنگ اسٹاف کی ٹریننگ:

یہ بات حوصلہ افزاء ہے کہ بینک کے لرننگ اینڈ ڈیولپمنٹ ڈپارٹمنٹ نے ہماری ہدایات کے مطابق اسلامک بینکنگ کی مختلف ٹریننگز کا انعقاد کرایا۔ یہ بات بھی قابل ذکر ہے کہ شریعی کمپلائنس ڈپارٹمنٹ نے لرننگ مینجمنٹ سسٹم (LMS) کی تیار میں بینک کے لرننگ اینڈ ڈیولپمنٹ ڈپارٹمنٹ کے ساتھ بھرپور تعاون کیا اور انہیں اسلامک بینکنگ سے متعلق ریکارڈنگز فراہم کیں جس سے اسلامک بینکنگ کے عمل کو اپنی ڈیک پر ہی کیجئے کا موقع ملے گا۔

بورڈ آف ڈائریکٹرز، شریعی بورڈ اور اعلیٰ انتظامیہ (مینجمنٹ) کی ٹریننگ:

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

آخر میں، ہم اسٹیٹ بینک آف پاکستان کے اسلامک بینکنگ ڈپارٹمنٹ کی مسلسل سرپرستی اور اسلامی بینکاری کی ترویج کیلئے کی جانے والی کوششوں کو سراہتے ہیں۔ اسلامی بینکوں اور اسلامک بینکنگ ونڈوز کیلئے اوپن مارکیٹ آپریشنز (OMO) ڈسکاؤنٹ ونڈوز درست سمت کی طرف ایک بڑا قدم ہے جس سے اسلامک بینکنگ آپریشنز کو اپنی ٹیکنالوجی پر بہتر طریقے سے منظم کرنے کا موقع ملے گا۔

خلاصہ:

وقت فوقتہ کئے گئے انٹرنل شریعی آڈٹ، ایکسٹرنل شریعی آڈٹ اور مختلف شریعی کمپلائنس ریویو ریپورٹوں کی بنیاد پر اور ہماری بہترین معلومات کے مطابق ہم اس نتیجے پر پہنچے ہیں کہ:

- (i) بینک، شریعی 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 شریعی بورڈ کے قوانین کے مطابق جاری کردہ شریعی کمپلائنس سے متعلق احکامات، ریکولیشنز، ہدایات اور گائیڈ لائنز پر عمل پیرا ہے۔
- (iii) بینک کے پاس شریعی کمپلائنس ریویو اور انٹرنل شریعی آڈٹ کی صورت میں ایک قابل اعتماد نظام موجود ہے جس کی بنیاد پر ممنوع یا غیر شرعی ذرائع سے حاصل ہونے والی آمدنی کی نشاندہی کی جاتی ہے۔
- (iv) اسلامک مختلف کسٹمرز نے لیت جمنٹ کی مددیں مبلغ تین لاکھ چودہ ہزار ستر روپے چونسٹھ پیسے (314017.64 روپے) بطور چیریٹی بینک کو دیے، مزید برآں شریعی کے اصولوں کی خلاف ورزی کی وجہ سے مبلغ چار لاکھ چھ ہزار ایک سو پندرہ روپے تینتالیس پیسے کی آمدنی کو شریعی بورڈ کے حکم پر چیریٹی اکاؤنٹ میں منتقل کیا گیا۔ اس طرح کل سات لاکھ تیس ہزار ایک سو تینتالیس روپے سات پیسے (720133.07) شریعی بورڈ اور بورڈ آف ڈائریکٹرز کی منظور کردہ چیریٹی پالیسی کے مطابق خیراتی مقاصد میں خرچ کر دیے گئے۔
- (v) شریعی کمپلائنس ریویو اور شریعی 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 ریکوائرنمنٹ بھی پوری کر لے گا۔

سفارشات

پول مینجمنٹ سسٹم (PMS):

یہ بات حوصلہ افزاء ہے کہ بینک کی مینجمنٹ نے شریعی بورڈ کی ہدایت پر پول مینجمنٹ سسٹم حاصل کر لیا ہے، تاکہ انویسٹمنٹ اکاؤنٹ ہولڈرز کے مفاد کا تحفظ کیا جاسکے، نیز خود کار پول مینجمنٹ سسٹم زیادہ شفافیت لائے گا جس سے منافع کی تقسیم پر انویسٹمنٹ اکاؤنٹ ہولڈرز کا اعتماد مزید بڑھے گا۔ البتہ اس سسٹم کے عملی نفاذ میں کووڈ کی وجہ سے کافی تاخیر ہوئی ہے۔ یہ بات بھی قابل ذکر ہے کہ انتظامیہ پول مینجمنٹ کے عملی نفاذ کی پیشرفت کے حوالے سے شریعی بورڈ کو مسلسل اپ ڈیٹ کرتی رہی ہے اور ہم توقع کرتے ہیں کہ عملی نفاذ کا عمل انتہائی بگامی بنیادوں پر جلد مکمل کر لیا جائے گا۔

صلاحیت سازی (کسیٹو بلڈنگ):

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

سویریٹی مستقیم اسلامی بینکاری 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 شریعی 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

”اللهم أرنا الحق حقا وارزقنا اتباعه وأرنا الباطل باطلا وارزقنا اجتنابه“

مفتی منیر عابد شاہ
شریعی بورڈ ممبر

مفتی سید محمد عارف
شریعی بورڈ ممبر

مفتی محمد زاہد
ریڈیٹنٹ شریعی بورڈ ممبر

مفتی احسان وقار احمد
چیئر مین شریعی بورڈ

مفتی بلال احمد قاضی
شریعی بورڈ ممبر

تاریخ: 02 فروری 2022

شریعی بورڈ رپورٹ

برائے مالیاتی سال 2021

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

ریگولیٹری قوانین کی بنیاد پر بینک کے معاملات کے مجموعی طور پر شریعت کے مطابق ہونے پر رائے پیش کرنے کے لئے بینک کے شریعہ کمپلائنس ڈپارٹمنٹ کو اسپاٹ چیک بنیاد پر بینک کے ہر طرح کے معاملات سے متعلقہ دستاویزات اور عملی طریقہ کار کی ترتیبات کا جائزہ لیا ہوتا ہے، مزید برآں انٹرنل اور ایکسٹرنل شریعہ آڈٹ کی رپورٹ کو بھی اس رپورٹ کی بنیاد بنایا جاتا ہے۔

سال 2021 پوری دنیا، بالخصوص اُچھڑتے ہوئے ممالک بشمول پاکستان کیلئے ایک مشکل سال رہا۔ کیونکہ چھوٹی معیشتیں عالمی سپلائی چین کے اثرات سے نکلنے کے لئے ہر طرح کے اقدامات اٹھاتی رہیں، حکومت نے اشیائے خورد و نوش کی مہنگائی کو کنٹرول کرنے کیلئے مختلف اقدامات کئے، معیشت کو محدود وسائل کے ساتھ دستاویزی شکل دیتے ہوئے بینکنگ خدمات پر انحصار اور زیادہ اہم ہو گیا۔ اسلامی بینکاری نے مجموعی طور پر بہتری اور استحکام کا مظاہرہ کیا اور معاشرے میں اپنا کردار ادا کیا۔

سوئیری اسلامک بینکنگ بھی مندرجہ بالا صورتحال سے کچھ مختلف نہیں تھی، ڈائریکٹرز، اعلیٰ انتظامیہ اور مجموعی عملہ نے شریعہ کمپلائنس، بزنس کی بڑھوتری اور اسلامی بینکاری کے مجموعی ڈھانچے پر اپنی توجہ مرکوز رکھنے کو یقینی بنایا۔

دوران سال بینک کی انتظامیہ نے شریعہ بورڈ کو مضبوط بنانے کیلئے یکم جولائی 2021 سے موجودہ شریعہ بورڈ میں دو مزید یونیک (منفرد) ممبران کو شامل کیا ہے تاکہ شرعی مسائل کے حوالہ سے مؤثر فیصلہ سازی کو نہ صرف بہتر بنایا جاسکے بلکہ اسٹیٹ بینک آف پاکستان کی جانب سے جاری کردہ شریعہ گورننس فریم ورک کی بھی تعمیل کی جاسکے۔

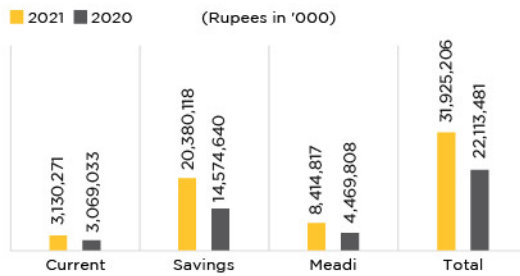
شریعی بورڈ بذریعہ سوئیری مستقیم اسلامک بینکنگ کے امور سے متعلق ذیل میں درج اپنی سالانہ شریعہ بورڈ رپورٹ پیش کرتا ہے:

31 دسمبر 2021 کو ختم ہونے والے سال کے دوران، بینک کے شریعہ بورڈ نے مختلف معاملات کا جائزہ لینے کیلئے چار مینٹنڈ منعقد کیے، جن میں دیگر معاملات کے ساتھ ساتھ نئی پراڈکٹس، خدمات، پراڈکٹس میں کی گئی تبدیلیاں، نئے تصورات، مختلف ٹرانزیکشنز، ٹرانزیکشنز کے عملی ڈھانچے، طریقہ کار اور شرعی مسائل شامل تھے جو شریعہ بورڈ کو پیچھے گئے تھے۔ سہ ماہی شریعہ بورڈ مینٹنڈ کے علاوہ بھی شریعہ کمپلائنس ڈپارٹمنٹ شرعی رہنمائی کیلئے مستقل طور پر شریعہ بورڈ کے ساتھ مشاورت میں رہا۔

ڈپازٹ کی صورتحال:

یہ بات حوصلہ افزاء ہے کہ سوئیری مستقیم اسلامک بینک کے ڈپازٹ میں پچھلے سال کے مقابلے میں پینتالیس (45%) اضافہ ہوا۔ ڈپازٹ کا بڑا حصہ سیویگ اکاؤنٹ پر مشتمل رہا، جس کی مقدار پینتھ (65%) رہی۔ جس کی بھلک مندرجہ ذیل چارٹ میں دیکھی جاسکتی ہے:

ڈپازٹ کی صورتحال



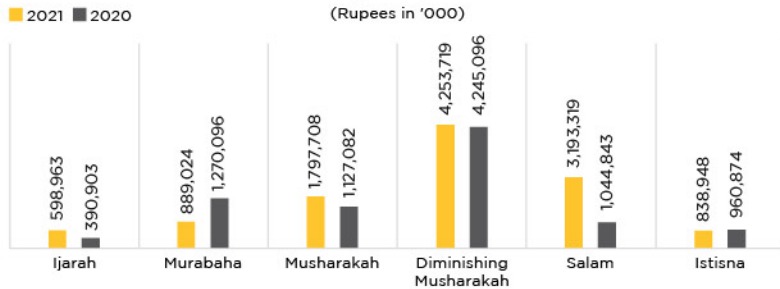
بورڈ آف ڈائریکٹرز کی توجہ سوئیری مستقیم اسلامک بینکنگ کی بڑھوتری پر مرکوز رہی ہے۔ اس سلسلے میں اسلامی بینکاری کے صارفین کی بہتر خدمت اور اسلامی بینکاری کی ترقی کو مدنظر رکھتے ہوئے اسلامک بینکنگ گروپ کے ڈپازٹ میں بہتری لانے کے لئے پاکستان بھر کی روایتی برانچز میں اسلامک بینکنگ ونڈوز کا باقاعدہ آغاز کر دیا گیا ہے۔ اسلامک بینکنگ ونڈوز کے علاوہ اسلامک بینکنگ گروپ نے اپنی موجودہ برانچز میں 5 نئی مخصوص اسلامک بینکنگ برانچز بھی شامل کی ہیں، اس طرح سوئیری مستقیم اسلامی بینکاری کی کل 35 اسلامک بینکنگ برانچز اور 115 اسلامک بینکنگ ونڈوز ہو گئی ہیں۔

اثاثہ جات کی صورتحال:

اثاثہ جات کے پورٹ فولیو میں بھی 18% کا اضافہ رہا اور یہ اضافہ 2020 کے مقابلے میں 11.57 ارب روپے ہے۔ بینک کے اہم بنیادی اسلامی طریقہ متحمل میں مشارکہ (37%)، مراسہ (8%)، سلم (28%)، رنگ مشارکہ (16%)، اصصناع (7%) اور جارہ (5%) رہا۔ ہم امید کرتے ہیں کہ اثاثہ جات میں یہ اضافہ آگے بھی جاری رہے گا۔

اثاثہ جات کی تفصیلی بھلک مندرجہ ذیل چارٹ میں دیکھی جاسکتی ہے:

اثاثہ جات کا جائزہ



شریعی کنٹرولز کو مضبوط کرنے کیلئے شریعہ کمپلائنس ڈپارٹمنٹ نے ریڈینٹ شریعہ بورڈ ممبر کی قیادت میں اپنا کردار ادا کیا اور اس سلسلے میں بزنس ٹیم کے ساتھ مل کر کنسٹرز کی کاروباری ضروریات اور بزنس ماڈل کو سمجھ کر ان کی بہتر سے بہتر شرعی طریقہ متحمل کی طرف رہنمائی کی۔

مزید برآں، شریعہ کمپلائنس کے معیار کو بہتر اور مضبوط بنانے کیلئے شریعہ کمپلائنس ڈپارٹمنٹ نے مختلف مواقع پر بعض معاملات کی انکیشن بھی کی۔

شریعی کمپلائنس:

بینک کے مجموعی شریعہ کمپلائنس کے ماحول کی تعمیر و ترقی میں بورڈ آف ڈائریکٹرز اور انتظامیہ کا عزم قابل تحریف ہے۔ بینک کے شریعہ کمپلائنس ڈپارٹمنٹ (SCD) نے اپنی ذمہ داریوں کی انجام دہی میں انتظامیہ کی جانب سے بھرپور تعاون محسوس کیا۔ شریعہ کمپلائنس ڈپارٹمنٹ (SCD) بینک کے شریعہ کمپلائنس ماحول میں مسلسل بہتری لانے کی کوشش کرتا ہے۔ اس سلسلے میں SCD نے اسٹیٹ بینک آف پاکستان اور شریعہ بورڈ کی ہدایات کی تعمیل میں اسلامک بینکنگ ڈویژن اور رسک مینجمنٹ ڈپارٹمنٹ کے ساتھ مل کر بورڈ آف ڈائریکٹرز اور اس کی ذیلی کمیٹی کو شریعہ ناان کمپلائنس رسک کی نشاندہی اور پورننگ کا طریقہ کار وضع کرنے میں اپنا کردار ادا کیا۔ دوران سال ریڈینٹ شریعہ بورڈ ممبر (RSBM) نے مختلف شریعہ گائیڈ لائنز جاری کرنے میں شریعہ کمپلائنس ڈپارٹمنٹ (SCD) کے ساتھ تعاون کیا جن میں مختلف معاملات کے ساتھ ساتھ آپریشنل پالیسیوں اور روزمرہ کی مختلف سرگرمیوں کی شرعی منظوری شامل ہیں۔

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

YEAR ENDED 31 DECEMBER 2021

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
Mr. Muhtashim Ahmad Ashai	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 2022

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 2021 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. 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 2021.

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 2022

STATEMENT OF INTERNAL CONTROLS

YEAR ENDED 31 DECEMBER 2021

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, 2021.

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

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

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

In order to ensure consistency in the process of compliance with the relevant guidelines the Bank followed a structured roadmap. Accordingly, the Bank had completed a detailed documentation of the existing processes and controls, together with a comprehensive gap analysis of 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 had 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.

For the Year 2021, the Bank has also successfully completed the cycle of SBP's Internal Control over Financial Reporting roadmap. As per latest SBP directives of July 06, 2021, the banks which have completed all the stages of ICFR roadmap will continue to prepare Annual Assessment Report but they are allowed to discontinue its yearly submission to SBP. However, as part of SBP supervisory assessments, these reports may be required by SBP for evaluation purposes. Accordingly, the bank will prepare aforementioned Report for the Year 2021 and the same will be presented to Board Audit Committee during the year 2022.

MUHTASHIM AHMAD ASHAI

President & Chief Executive Officer

Lahore: 17 February 2022

REPORT OF AUDIT COMMITTEE

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

The following are the members of the Audit Committee:

- | | | | |
|----|---------------------------|----------|--------------------------|
| 1. | Mr. 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 skillsets, 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 the 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 the independence and objectivity of the external auditors.

The Audit Committee recommends to the Board of Directors re-appointment of M/s KPMG Taseer Hadi & Co. Chartered Accountants, as statutory auditors of the Bank for the year ending 31 December 2022 for the 4th term, subject to the approval of the Bank's shareholders in the forthcoming Annual General Meeting.

The Committee's Performance for the year 2021 was also evaluated externally by the Pakistan Institute of Corporate Governance and assigned a "Satisfactory Rating" to the Committee.



STEP INTO THE LIGHT

STAKEHOLDERS INFORMATION

The Board has always placed great emphasis on cooperating with our stakeholders and taking the time to understand their various points of view. Our commitment to stakeholder involvement is based on the belief that sharing knowledge, broadening experiences, and adopting a learner mindset will aid us in achieving our commercial and social goals.



GLEAMING HIGHLIGHTS

KEY FINANCIAL HIGHLIGHTS

With every spark, we continue to ignite resilience and aim for our goals with unwavering leadership and a unique combination of financing knowledge. Our financial soundness gives us a competitive edge as we aim to thrive and keep our monetary affairs alight.

CAPITAL
ADEQUACY
RATIO
13.82%

NUMBER OF
BRANCHES
367

DEPOSITS
Rs. 403.04
BILLION

EARNINGS PER
SHARE
Rs. 2.59

SHARE
HOLDERS' EQUITY
21.64
BILLION

TOTAL ASSETS
Rs. 579.49
BILLION

ADVANCES TO
DEPOSITS RATIO
43.03%

TRADE
VOLUMES
Rs. 554.40
BILLION

PROFIT
BEFORE
TAXATION
Rs. 5.15
BILLION



A candle lit on the eve of a Holy festival, at a local Church in Karachi.

KEY PERFORMANCE INDICATORS

		2021	2020	Variance Compared to 2020	
				Amount	%
Financial					
Investments-Gross	Rs. In Millions	327,518	250,164	77,353	31%
Advances-Gross	"	173,442	172,693	749	0%
Total Assets	"	579,489	485,345	94,144	19%
Deposits	"	403,037	345,499	57,538	17%
Shareholders' Equity / Net Assets	"	21,636	23,157	(1,521)	-7%
Net Interest Income	"	10,938	10,655	283	3%
Non Interest Income	"	4,290	3,808	482	13%
Gross Income	"	15,228	14,463	765	5%
Profit Before Provisions	"	5,037	5,437	(400)	-7%
(Reversals) / Provisions and write-offs - net	"	(112)	1,402	(1,514)	-108%
Profit Before Taxation	"	5,149	4,035	1,114	28%
Profit After Taxation	"	2,854	2,400	454	19%
Trade Volumes	"	544,403	418,242	126,161	30%
Non Financial					
No. of customers	Absolute	573,256	533,083	40,173	8%
No. of new branches opened	"	28	32	(4)	-13%
No. of branches closed	"	1	-	1	100%
No. of new accounts opened	"	74,350	64,150	10,200	16%
No. of debit cards issued	"	196,510	51,776	144,734	280%
No. of permanent employees	"	3,290	3,097	193	6%
No. of virtual/mobile banking customers	"	19,841	35,090	(15,249)	-43%
Key Financial Ratios					
Earnings Per Share	Rs.	2.59	2.18		
Book Value Per Share	"	19.62	21.00		
Share Price	"	9.71	9.95		
Market Capitalization	Rs. In Millions	10,705	10,970		
Price Earning Ratio	Times	3.75	4.57		
Return on Equity	%	12.74%	11.07%		
Return on Assets	%	0.54%	0.52%		
Gross Advances to deposits ratio	%	43.03%	49.98%		
Capital Adequacy Ratio	%	13.82%	16.97%		

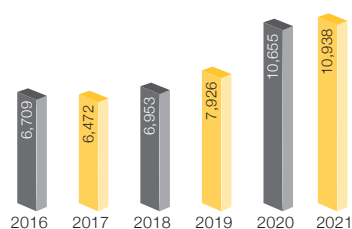
SIX YEARS'

FINANCIAL SUMMARY 2016-2021

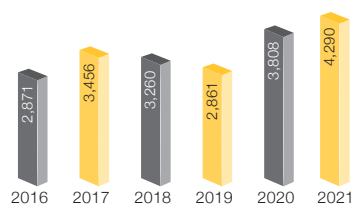
(Rs. In Millions)

	2021	2020	2019	2018	2017	2016
Profit & loss account						
Mark-up / Return / Interest Earned	37,133	42,228	38,790	21,600	18,504	17,524
Mark-up / Return / Non Interest Expensed	26,196	31,573	30,864	14,647	12,032	10,815
Fund based Income	10,938	10,655	7,926	6,953	6,472	6,709
Fee, Commission and exchange Income	3,235	2,812	3,016	2,694	2,016	1,711
Dividend Income and Capital Gain	714	953	(192)	519	1,399	1,131
Other income	341	43	37	47	41	29
Non Interest Income	4,290	3,808	2,861	3,260	3,456	2,871
Total Income	15,228	14,463	10,787	10,213	9,928	9,580
Non mark-up / interest expenses	10,191	9,026	8,129	7,380	7,003	6,454
Profit before tax and provisions	5,037	5,437	2,658	2,833	2,925	3,126
(Reversals) / Provisions and write-offs - net	(112)	1,402	(589)	(71)	78	49
Profit before tax	5,149	4,035	3,247	2,904	2,848	3,077
Profit after tax	2,854	2,400	1,906	1,784	1,660	1,879
Cash Dividend paid	-	1,378	1,102	1,102	827	1,378

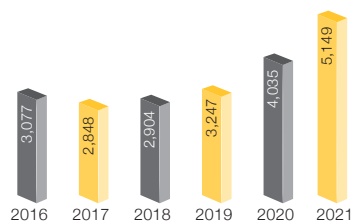
FUND BASED INCOME
(Rs. in Millions)



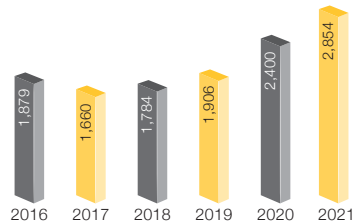
NON-MARKUP INCOME
(Rs. in Millions)



PROFIT BEFORE TAX
(Rs. in Millions)



PROFIT AFTER TAX
(Rs. in Millions)



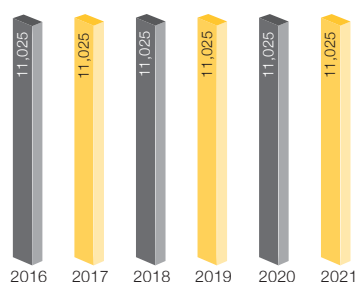
SIX YEARS'

FINANCIAL SUMMARY 2016-2021

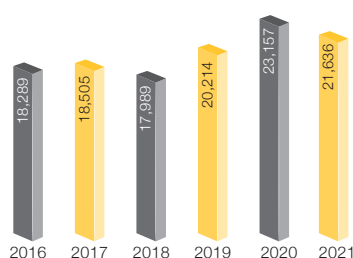
(Rs. In Millions)

	2021	2020	2019	2018	2017	2016
Statement of Financial Position						
Paid up Capital	11,025	11,025	11,025	11,025	11,025	11,025
Reserves	3,541	2,970	2,490	2,109	1,753	1,424
Surplus / (deficit) of assets	(12)	3,471	1,894	543	2,095	2,393
Unappropriate Profit	7,082	5,691	4,805	4,312	3,632	3,447
Shareholders' Equity / Net Assets	21,636	23,157	20,214	17,989	18,505	18,289
Total Assets	579,489	485,345	442,541	382,498	325,219	281,805
Earning Assets	515,033	423,456	383,160	337,042	288,224	248,913
Gross Advances	173,442	172,693	212,516	194,831	172,772	133,753
Advances-Net of Provisions	165,495	164,545	204,901	186,475	164,293	125,306
Non-Performing Loans (NPLS)	10,314	10,785	10,903	11,357	10,245	10,419
Investments	327,425	249,956	177,056	146,646	117,429	117,884
Total Liabilities	557,853	462,188	422,327	364,509	306,714	263,516
Deposits and other accounts	403,037	345,499	302,083	262,379	227,304	209,894
Current and Saving deposits (CASA)	281,311	237,198	191,110	159,404	158,294	142,241
Borrowings	124,585	87,021	95,705	81,963	64,584	38,905
Interest bearing liabilities	425,121	347,743	330,739	285,135	231,438	199,807
Contingent and Commitments	228,145	174,804	244,866	200,522	111,064	80,100

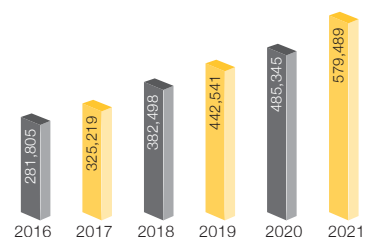
PAID UP CAPITAL
(Rs. in Millions)



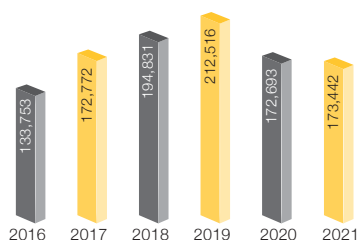
SHAREHOLDERS' EQUITY
(Rs. in Millions)



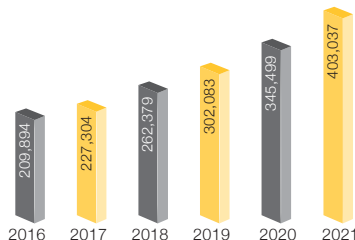
TOTAL ASSETS
(Rs. in Millions)



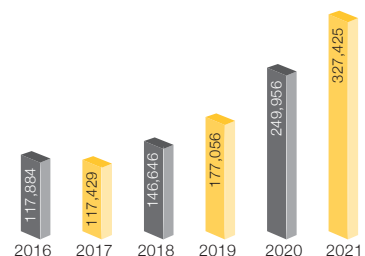
GROSS ADVANCES
(Rs. in Millions)



DEPOSITS
(Rs. in Millions)



INVESTMENTS
(Rs. in Millions)



SIX YEARS'

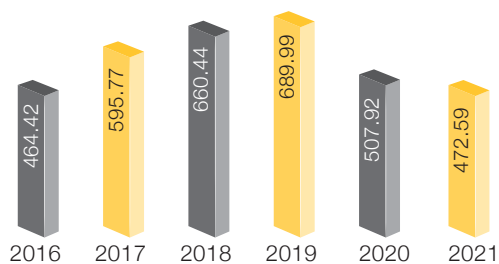
FINANCIAL SUMMARY 2016-2021

		2021	2020	2019	2018	2017	2016
FINANCIAL RATIOS							
Profit before tax ratio (PBT/total income)	%	33.81%	27.90%	30.09%	28.43%	28.68%	32.12%
Gross Spread (NIM/Interest Income)	"	29.45%	25.23%	20.43%	32.19%	34.98%	38.28%
Non interest income to total income	"	28.17%	26.33%	26.52%	31.92%	34.81%	29.97%
Income /expense ratio (excluding provisions)	Times	1.49	1.60	1.33	1.38	1.42	1.48
Return on average equity (ROE) (including surplus)	%	12.74%	11.07%	9.98%	9.78%	9.02%	10.30%
Return on average assets (ROA)	"	0.54%	0.52%	0.46%	0.50%	0.55%	0.70%
Earning Per Share (EPS before tax)	Rs.	4.67	3.66	2.94	2.63	2.58	2.79
Earning Per Share (EPS after tax)	Rs.	2.59	2.18	1.73	1.62	1.51	1.70
Gross Advances to deposit ratio	%	43.03%	49.98%	70.35%	74.26%	76.01%	63.72%
Net Advances to deposit ratio	"	41.06%	47.63%	67.83%	71.07%	72.28%	59.70%
Break up value per share (net assets based)	Rs.	19.62	21.00	18.33	16.32	16.78	16.59
Earning Assets to total assets	%	88.88%	87.25%	86.58%	88.12%	88.62%	88.33%
Earning assets to interest bearing liabilities	Times	1.21	1.22	1.16	1.18	1.25	1.25
Weighted average cost of deposits	%	6.15%	5.21%	9.37%	6.12%	3.78%	3.47%
CASA to total deposits	"	69.80%	68.65%	63.26%	60.75%	69.64%	67.77%
NPLs to total advances ratio	"	5.95%	6.25%	5.13%	5.83%	5.93%	7.79%
Coverage ratio (Specific Provisions/NPLs)	"	76.51%	75.17%	69.46%	73.21%	82.39%	80.58%
Assets to Equity	Times	26.78	20.96	21.89	21.26	17.57	15.41
Total assets per share	Times	525.61	440.22	401.40	346.94	294.98	255.61
Deposits to shareholders' equity	Times	18.63	14.92	14.94	14.58	12.28	11.48
Risk Adequacy							
Tier I Capital	Rs.in Millions	22,434	22,845	21,152	18,442	15,963	15,329
Risk Weighted Assets (RWA)	"	183,399	161,785	157,799	159,389	161,971	141,609
Tier I to RWA	%	12.23%	14.12%	13.40%	11.57%	9.86%	10.82%
Capital Adequacy Ratio	"	13.82%	16.97%	15.79%	14.70%	12.77%	14.12%
Net Return on Average RWA	"	1.65%	1.50%	1.20%	1.11%	1.09%	1.39%
Stock Dividend -%							
Cash dividend per share	%	15%*	12.50%	10%	10%	7.50%	12.50%
Bonus Shares Issued		-	-	-	-	-	-
Share Information							
Market Value per share-31 Dec	Rs.	9.71	9.95	9.85	12.67	13.40	17.65
- High during the year	"	11.00	13.80	13.24	14.40	19.20	17.90
- Low during the year	"	8.40	7.76	9.01	11.76	12.25	12.76
Market Capitalization	Rs.in Millions	10,705	10,970	10,859	13,968	14,773	19,458
Price to book value (net assets based)	Rs.	0.49	0.47	0.54	0.78	0.80	1.06
Price to Earning Ratio	Times	3.75	4.57	5.70	7.83	8.90	10.36
Industry Share							
Deposits	%	1.92%	1.93%	2.06%	1.86%	1.84%	1.78%
Advances	"	1.71%	1.94%	2.51%	2.36%	2.65%	2.40%
Non Financial Information							
No of branches	Absolute	367	340	308	295	290	288
No of permanent employees	"	3,290	3,097	3,026	2,823	2,847	2,715
ATMs	"	351	338	323	316	313	306

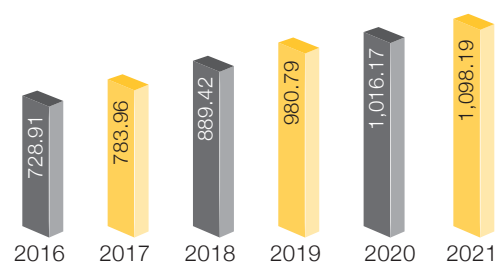
* Subject to shareholders' approval in the forthcoming AGM

PER BRANCH PERFORMANCE

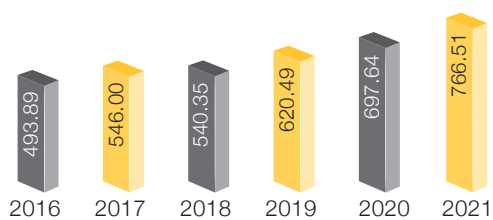
GROSS ADVANCES (Rs. in Millions)



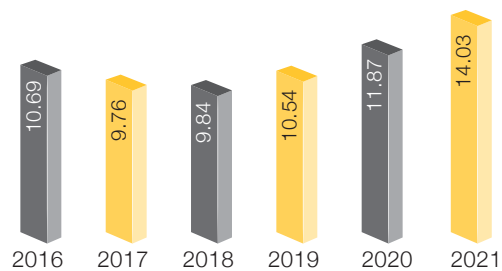
DEPOSITS (Rs. in Millions)



CASA (Rs. in Millions)



PROFIT BEFORE TAX (Rs. in Millions)

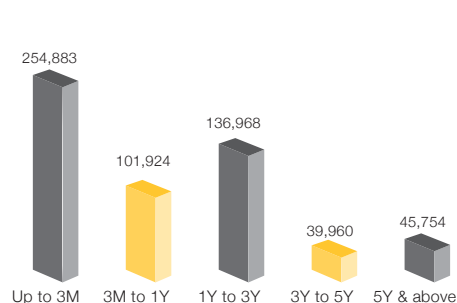


MATURITIES OF ASSETS AND LIABILITIES

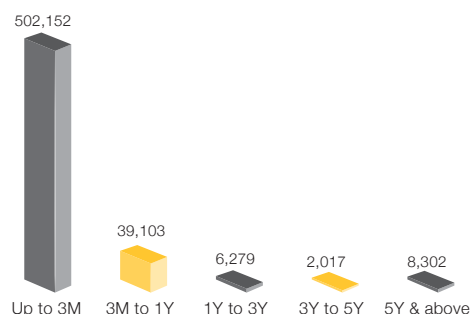
31 DECEMBER 2021 (CONTRACTUAL)

	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	35,197	35,197	-	-	-	-
Balances with other banks	2,427	2,427	-	-	-	-
Lending to financial institutions	22,113	22,113	-	-	-	-
Investments - net	327,425	101,483	70,711	119,309	25,415	10,507
Advances - net	165,495	80,704	28,363	15,365	13,002	28,061
Fixed assets	11,145	294	1,179	2,099	1,513	6,060
Intangible assets	433	58	172	187	16	-
Deferred tax assets	178	-	178	-	-	-
Other assets - net	15,076	12,607	1,321	8	14	1,126
	579,489	254,883	101,924	136,968	39,960	45,754
Liabilities						
Bills payable	6,901	6,901	-	-	-	-
Borrowings	124,585	110,298	9,078	1,110	782	3,317
Deposits and other accounts	403,037	372,711	28,806	1,109	411	-
Sub-ordinated loans	6,993	1	1	2,991	-	4,000
Deferred tax liabilities - net	-	-	-	-	-	-
Other liabilities	16,337	12,241	1,218	1,069	824	985
	557,853	502,152	39,103	6,279	2,017	8,302

ASSETS
(Rs. in Millions)



LIABILITIES
(Rs. in Millions)

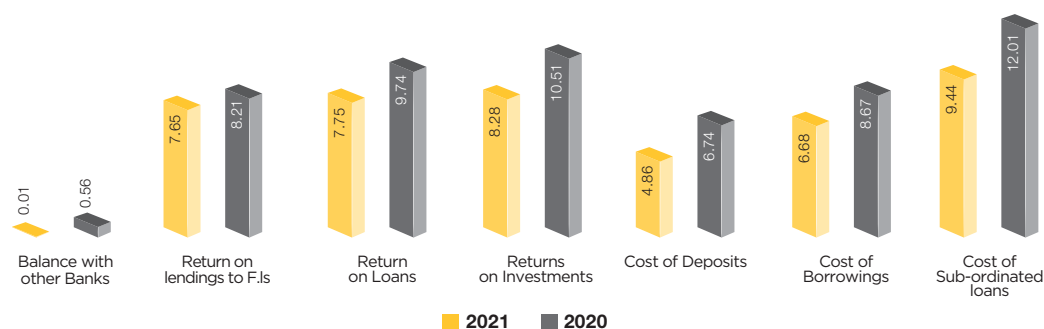


KEY INTEREST BEARING ASSETS AND LIABILITIES

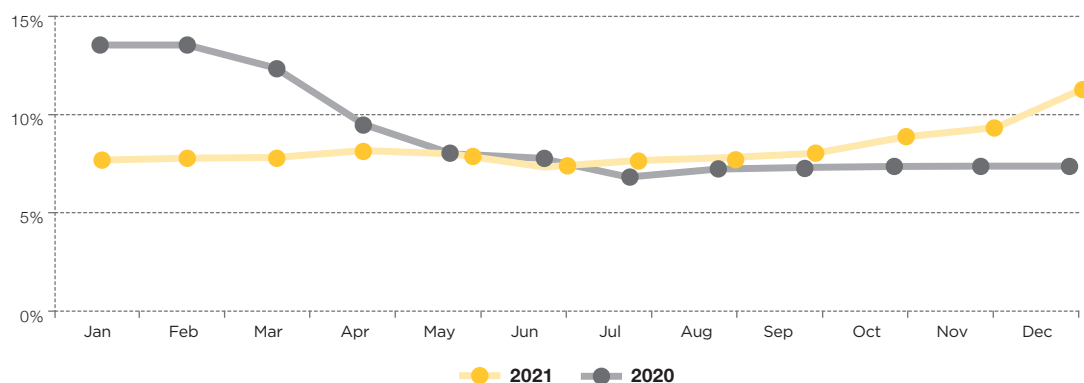
	2021			2020		
	Avg. Vol. (Rs. in Millions)	Effective Interest Rate %	Interest (Rs. in Millions)	Avg. Vol. (Rs. in Millions)	Effective Interest Rate %	Interest (Rs. in Millions)
Interest Bearing Assets						
Balances with other banks	2,247	0.01	0	1,613	0.56	9
Lendings and other placements	14,893	7.65	1,140	3,727	8.21	306
Advances (excluding NPLs)	172,663	7.75	13,374	193,261	9.74	18,826
Investments (excluding equity investments)	273,126	8.28	22,619	219,598	10.51	23,087
Interest Bearing Liabilities						
Deposits and other accounts	343,931	4.86	16,719	313,044	6.74	21,104
Sub-ordinated loan	6,993	9.44	660	6,994	12.01	840
Borrowings*	125,967	6.68	8,415	106,752	8.67	9,256

* Includes FCY swap cost

EFFECTIVE INTEREST RATE ON ASSETS AND LIABILITIES



KIBOR-6 MONTHS



STATEMENT OF VALUE ADDITION

Value added

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

Value added available for distribution

To employees

-Salaries, allowances and other benefits

To Government

-Income tax

-Worker Welfare fund

To providers of capital

-Cash Dividends

To Society

-Donations

To expansion and growth

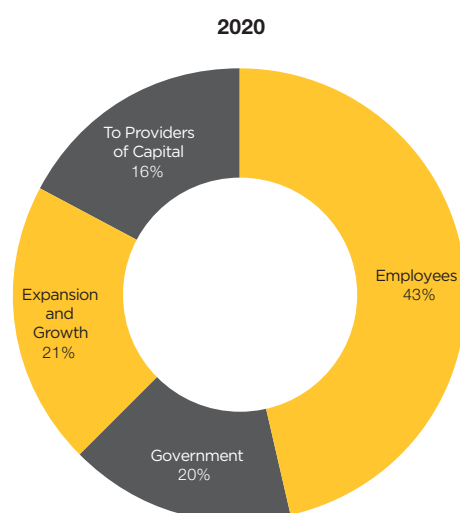
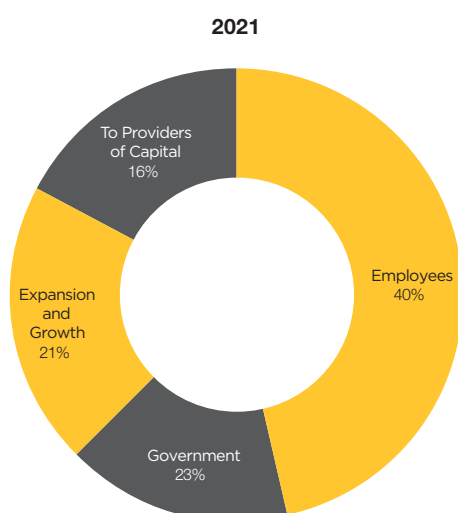
- Depreciation on Fixed Assets

- Amortization

-Retained in business

2021		2020	
(Rs. in Millions)	%	(Rs. in Millions)	%
10,938		10,655	
4,290		3,808	
(5,058)		(4,459)	
112		(1,402)	
10,282		8,602	
4,065	40%	3,697	43%
2,294	22%	1,635	19%
120	1%	86	1%
1,654*	16%	1,378	16%
46	0%	44	0%
693	7%	574	7%
208	2%	166	2%
1,202	12%	1,022	12%
10,282	100%	8,602	100%

* Subject to shareholders' approval in the fifthcoming AGM



QUARTERLY PERFORMANCE

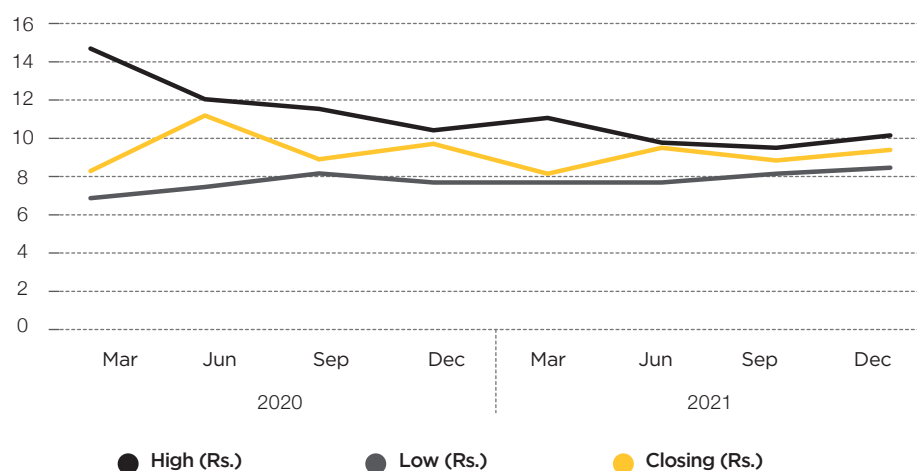
2021 & 2020 (Rupees in Million)

Profit & Loss Account	2021				2020			
	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Interest / Return / Non Interest Income								
Mark-up / Return / Interest Earned	8,932	9,633	9,729	8,839	8,773	10,067	11,563	11,825
Mark-up / Return / Interest Expensed	(6,431)	(6,901)	(6,744)	(6,119)	(6,258)	(7,281)	(8,317)	(9,717)
Net Mark-up Interest Income	2,500	2,732	2,985	2,720	2,515	2,786	3,246	2,108
Non-mark-up / interest income	1,251	988	1,090	961	880	866	894	1,168
Non-mark-up / interest expenses	(2,672)	(2,519)	(2,472)	(2,528)	(2,351)	(2,219)	(2,197)	(2,259)
Reversals / (Provision) and write offs	(129)	(29)	147	123	(102)	(271)	(696)	(333)
Profit before taxation	951	1,172	1,750	1,276	942	1,162	1,247	684
Taxation	(454)	(636)	(710)	(494)	(353)	(480)	(525)	(277)
Profit after taxation	497	536	1,040	782	589	682	722	407
Statement of Financial Position								
Assets								
Cash and balances with treasury	35,197	39,048	29,481	21,244	29,964	31,893	29,543	28,011
Balances with other banks	2,427	2,092	1,937	1,177	4,268	1,660	1,198	1,959
Lending to financial institutions	22,113	21,892	10,108	20,038	8,956	11,328	2,216	2,014
Investment-net	327,425	239,788	291,521	275,773	249,956	229,875	224,817	184,732
Advances-net	165,495	179,208	175,127	199,787	164,545	187,243	198,542	196,785
Fixed assets	11,145	11,157	11,926	11,942	11,911	9,376	9,383	8,277
Intangible assets	433	434	447	386	408	436	457	449
Deferred tax assets	178	-	-	-	-	-	-	-
Other assets	15,076	16,288	15,660	14,131	15,337	15,070	15,953	14,497
Total Assets	579,489	509,907	536,207	544,478	485,345	486,881	482,109	436,724
Liabilities								
Bills payable	6,901	6,970	7,462	5,671	6,708	5,420	5,197	4,662
Borrowings	124,585	95,603	146,011	157,127	87,020	105,009	105,638	85,863
Deposits and other accounts	403,037	359,925	336,819	337,569	345,499	330,650	323,454	301,643
Sub-ordinated loans	6,993	6,993	6,993	6,993	6,994	6,994	6,995	6,995
Deferred tax liabilities -net	-	738	1,101	1,079	1,533	1,454	2,299	1,438
Other liabilities	16,337	16,909	14,901	14,216	14,434	15,457	15,727	15,673
Total Liabilities	557,853	487,138	513,287	522,655	462,188	464,984	459,310	416,274
Equity								
Share Capital	11,025	11,025	11,025	11,025	11,025	11,025	11,025	11,025
Reserves	3,541	3,442	3,335	3,127	2,970	2,853	2,716	2,572
Un-appropriated profit	7,082	6,670	5,818	4,962	5,691	5,199	4,637	4,044
Surplus on revaluation of assets	(12)	1,632	2,742	2,709	3,471	2,820	4,421	2,809
Total Equity	21,636	22,769	22,920	21,823	23,157	21,897	22,799	20,450

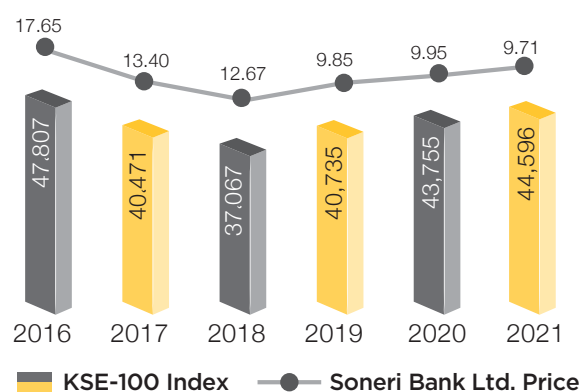
MARKET STATISTICS OF SNBL SHARES

Year	Market Share Price Trend			
	Quarter end	High (Rs.)	Low (Rs.)	Closing (Rs.)
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
2021	March	11.00	8.40	8.75
	June	10.00	8.40	9.80
	September	9.80	8.75	9.29
	December	10.30	9.00	9.71

Market Share Price Trend



Historical Trend vs KSE Index
(2016-2021)



Year ended	2016	2017	2018	2019	2020	2021
Share Price (Rs.)	17.65	13.40	12.67	9.85	9.95	9.71
KSE-100TM Index	47,807	40,471	37,067	40,735	43,755	44,596

SIX YEARS' VERTICAL ANALYSIS

STATEMENT OF FINANCIAL POSITION / PROFIT & LOSS

	2021		2020		2019		2018		2017		2016	
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	35,197	6%	29,964	6%	33,961	8%	26,020	7%	19,431	6%	18,279	6%
Balances with other banks	2,427	0%	4,268	1%	2,075	0%	1,180	0%	1,151	0%	823	0%
Lending to financial institutions	22,113	4%	8,956	2%	1,202	0%	3,921	1%	6,503	2%	5,522	2%
Investment-net	327,425	57%	249,956	52%	177,056	41%	146,646	38%	117,429	36%	117,884	43%
Advances-net	165,495	29%	164,545	34%	204,901	46%	186,475	49%	164,293	51%	125,306	44%
Fixed assets	11,145	2%	11,911	2%	8,329	2%	6,239	2%	6,464	2%	4,936	2%
Intangible assets	433	0%	408	0%	467	0%	454	0%	117	0%	202	0%
Deferred tax assets-net	178	0%	-	-	-	-	-	-	-	-	-	-
Other assets	15,076	3%	15,337	3%	14,550	3%	11,563	3%	9,831	3%	8,853	3%
Total Assets	579,489	100%	485,345	100%	442,541	100%	382,498	100%	325,219	100%	281,805	100%
Liabilities and Equity												
Bills payable	6,901	1%	6,708	1%	3,961	1%	3,994	1%	4,895	2%	4,164	1%
Borrowings	124,585	21%	87,020	18%	95,705	22%	81,963	21%	64,584	20%	38,905	15%
Deposits and other accounts	403,037	70%	345,499	71%	302,083	67%	262,379	69%	227,304	69%	209,894	75%
Subordinated debt	6,993	1%	6,994	1%	6,995	2%	6,996	2%	2,998	1%	2,999	1%
Deferred tax liabilities-net	-	0%	1,533	0%	951	0%	120	0%	936	0%	1,138	0%
Other liabilities	16,337	3%	14,434	3%	12,632	3%	9,057	2%	5,997	2%	6,416	2%
Total Liabilities	557,853	96%	462,188	95%	422,327	95%	364,509	95%	306,714	94%	263,516	94%
Net Assets	21,636	4%	23,157	5%	20,214	5%	17,989	5%	18,505	6%	18,289	6%
Represented by												
Share Capital - net of discount	11,025	2%	11,025	2%	11,025	2%	11,025	3%	11,025	3%	11,025	4%
Reserves	3,541	1%	2,970	1%	2,490	1%	2,109	1%	1,753	1%	1,424	0%
Surplus / (deficit) on revaluation of assets	(12)	0%	3,471	1%	1,894	0%	543	0%	2,095	1%	2,393	1%
Un-appropriated profit	7,082	1%	5,691	1%	4,805	2%	4,312	1%	3,632	1%	3,447	1%
	21,636	4%	23,157	5%	20,214	5%	17,989	5%	18,505	6%	18,289	6%
Profit & loss account												
Interest / Return / Non Interest Income												
Mark-up / Return / Interest Earned	37,133	90%	42,228	92%	38,790	93%	21,600	87%	18,504	84%	17,524	86%
Fee, Commission and Exchange income	3,235	8%	2,812	6%	3,016	7%	2,694	11%	2,016	10%	1,711	8%
Capital Gain and Dividend Income	714	2%	953	2%	(192)	0%	519	2%	1,399	6%	1,131	6%
Other income	341	1%	43	0%	37	0%	47	0%	41	0%	29	0%
Total Income	41,423	100%	46,036	100%	41,651	100%	24,860	100%	21,960	100%	20,395	100%
Mark-up / Return / Non Interest Expense												
Mark-up / Return / Non Interest Expensed	26,196	63%	31,573	69%	30,864	74%	14,647	59%	12,032	55%	10,815	53%
Non mark-up / interest expenses	10,191	25%	9,026	20%	8,129	20%	7,380	29%	7,003	32%	6,454	32%
(Reversal) / Provisions and write-offs - net	(112)	0%	1,402	3%	(589)	-1%	(71)	0%	78	0%	49	0%
Taxation	2,294	6%	1,635	4%	1,341	3%	1,120	5%	1,187	5%	1,198	6%
Total Expenses	38,569	93%	43,636	95%	39,745	95%	23,076	93%	20,300	92%	18,516	91%
Profit after taxation	2,854	7%	2,400	5%	1,906	5%	1,784	7%	1,660	8%	1,879	9%

SIX YEARS' HORIZONTAL ANALYSIS

STATEMENT OF FINANCIAL POSITION / PROFIT & LOSS

	2021	2021 vs 2020	2020	2020 vs 2019	2019	2019 vs 2018	2018	2018 vs 2017	2017	2017 vs 2016	2016	2016 vs 2015
	Rs. in Mn	%	Rs. in Mn	%	Rs. in Mn	%	Rs. in Mn	%	Rs. in Mn	%	Rs. in Mn	%
Statement of Financial Position												
Assets												
Cash and balances with treasury banks	35,197	17%	29,964	-12%	33,961	31%	26,020	34%	19,431	6%	18,279	9%
Balances with other banks	2,427	-43%	4,268	106%	2,075	76%	1,180	3%	1,151	40%	823	-50%
Lending to financial institutions	22,113	147%	8,956	645%	1,202	-69%	3,921	-40%	6,503	18%	5,522	78%
Investment-net	327,425	31%	249,956	41%	177,056	21%	146,646	25%	117,429	0%	117,884	8%
Advances-net	165,495	1%	164,545	-20%	204,901	10%	186,475	14%	164,293	31%	125,306	12%
Fixed assets	11,145	-6%	11,911	43%	8,329	33%	6,239	-3%	6,464	31%	4,936	0%
Intangible assets	433	6%	408	-13%	467	3%	454	288%	117	-42%	202	177%
Deferred tax assets-net	178	-	-	-	-	-	-	-	-	-	-	-
Other assets	15,076	-2%	15,337	5%	14,550	26%	11,563	18%	9,831	11%	8,853	5%
Total Assets	579,489	19%	485,345	10%	442,541	16%	382,498	18%	325,219	15%	281,805	10%
Liabilities and Equity												
Bills payable	6,901	3%	6,708	69%	3,961	-1%	3,994	-18%	4,895	18%	4,164	35%
Borrowings	124,585	43%	87,020	-9%	95,705	17%	81,963	27%	64,584	66%	38,905	-2%
Deposits and other accounts	403,037	17%	345,499	14%	302,083	15%	262,379	15%	227,304	8%	209,894	14%
Subordinated debt	6,993	0%	6,994	0%	6,995	0%	6,996	133%	2,998	0%	2,999	0%
Deferred tax liabilities-net	-	-100%	1,533	61%	951	693%	120	-87%	936	-18%	1,138	-20%
Other liabilities	16,337	13%	14,434	14%	12,632	39%	9,057	51%	5,997	-7%	6,416	22%
Total Liabilities	557,853	21%	462,188	9%	422,327	16%	364,509	19%	306,714	16%	263,516	11%
Share Capital	11,025	0%	11,025	0%	11,025	0%	11,025	0%	11,025	0%	11,025	10%
Reserves	3,541	19%	2,970	19%	2,490	18%	2,109	20%	1,753	23%	1,424	36%
Surplus / (deficit) on revaluation of assets	(12)	-100%	3,471	83%	1,894	249%	543	-74%	2,095	-12%	2,393	-16%
Un-appropriated profit	7,082	24%	5,691	18%	4,805	11%	4,312	19%	3,632	5%	3,447	-19%
Total Equity	21,636	-7%	23,157	15%	20,214	12%	17,989	-3%	18,505	1%	18,289	1%
Profit & loss account												
Mark-up / Return / Interest Earned	37,133	-12%	42,228	9%	38,790	80%	21,600	17%	18,504	6%	17,524	-4%
Fee, Commission and Exchange income	3,235	15%	2,812	-7%	3,016	12%	2,694	34%	2,016	18%	1,711	-11%
Capital Gain and Dividend Income	714	-25%	953	-596%	(192)	-137%	519	-63%	1,399	24%	1,131	-12%
Other income	341	693%	43	16%	37	-21%	47	15%	41	41%	29	-49%
Total Income	41,423	-10%	46,036	11%	41,651	68%	24,860	13%	21,960	8%	20,395	-6%
Mark-up / Return / Non Interest Expense												
Mark-up / Return / Non Interest Expensed	26,196	-17%	31,573	2%	30,864	111%	14,647	22%	12,032	11%	10,815	0%
Non mark-up / interest expenses	10,191	13%	9,026	11%	8,129	10%	7,380	5%	7,003	9%	6,454	6%
(Reversal) / Provisions and write-offs - net	(112)	-108%	1,402	-338%	(589)	730%	(71)	-191%	78	59%	49	-95%
Taxation	2,294	40%	1,635	22%	1,341	20%	1,120	-6%	1,187	-1%	1,198	-13%
Total Expenses	38,569	-12%	43,636	10%	39,745	72%	23,076	14%	20,300	10%	18,516	-4%
Profit after taxation	2,854	19%	2,400	26%	1,906	7%	1,784	7%	1,660	-12%	1,879	-15%

CASH FLOW STATEMENT

DIRECT METHOD

CASH FLOW FROM OPERATING ACTIVITIES

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

(Increase) / decrease in operating assets

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

Increase / (decrease) in operating liabilities

Bills payable
 Borrowings
 Deposits and other accounts
 Other liabilities

Income tax paid

Net cash flow generated from operating activities

CASH FLOW FROM INVESTING ACTIVITIES

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

Net cash flow used in investing activities

CASH FLOW FROM FINANCING ACTIVITIES

Receipts / payments of subordinated debt
 Dividend paid

Net cash flow used in financing activities

Increase / (decrease) in cash and cash equivalents

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

CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD

Cash and balances with treasury banks
 Balances with other banks

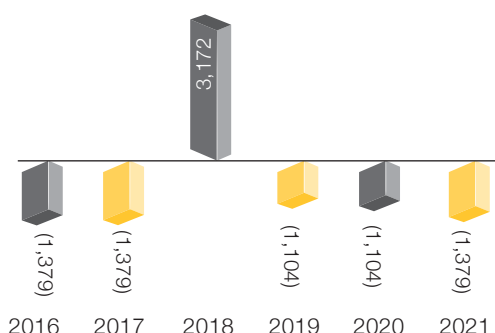
2021	2020
----- (Rupees in '000) -----	
42,358,327	47,413,644
(24,744,276)	(32,987,280)
(9,293,477)	(8,219,176)
8,320,574	6,207,188
(13,157,035)	(7,753,843)
(17,684,076)	3,834,066
(949,775)	39,563,246
(154,228)	(1,813,766)
(31,945,114)	33,829,703
193,316	2,746,624
36,929,962	(8,644,271)
57,537,786	43,415,783
(57,784)	2,704,133
94,603,280	40,222,269
70,978,740	80,259,160
(2,264,263)	(1,673,729)
68,714,477	78,585,431
(64,287,864)	(76,003,892)
249,550	127,910
(1,699,431)	(3,390,910)
1,160,539	21,599
(64,577,206)	(79,245,293)
(1,200)	(1,200)
(1,378,079)	(1,102,463)
(1,379,279)	(1,103,663)
2,757,992	(1,763,525)
34,183,169	35,946,694
36,941,161	34,183,169
35,196,898	29,963,954
1,744,263	4,219,215
36,941,161	34,183,169

CASH FLOW STATEMENT

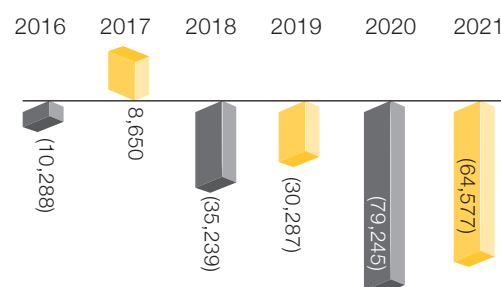
INDIRECT METHOD

INDIRECT METHOD - SUMMARY	(Rupees in Million)					
	2021	2020	2019	2018	2017	2016
Cash flow from financing activities	(1,379)	(1,104)	(1,104)	3,172	(1,379)	(1,379)
Cash flow from investing activities	(64,577)	(79,245)	(30,287)	(35,239)	8,650	(10,288)
Cash flow from operating activities	68,714	78,586	40,426	38,673	(5,930)	12,284
Cash and cash equivalent at the beginning of the year	34,183	35,946	26,911	20,305	18,964	18,347
Cash and cash equivalent at the end of the year	36,941	34,183	35,946	26,911	20,305	18,964

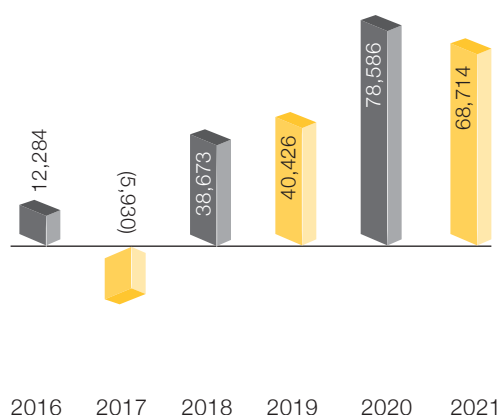
Financing Activities (Rs. in Millions)



Investing Activities (Rs. in Millions)



Operating Activities (Rs. in Millions)





THE FOCAL POINT

FINANCIAL STATEMENTS

We respond with speed and agility as we warp and weft livelihoods and business in a relentless pursuit to empower both. Above all, we reaffirm our commitment as we interlace resilience and sustainability to weave superior results for our customers and stakeholders.



Close-up of a traditional yarn machine in Charsadda, Khyber Pakhtunkhwa.

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 2021, 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 2021 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 Auditor's 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)	
	<p>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).</p> <p>In addition to the above time based criteria the PRs require a subjective evaluation of the credit worthiness of borrowers to determine the classification of advances.</p> <p>The PRs also require the creation of general provision for the consumer portfolio.</p> <p>The Bank has recognized a net reversal against advances amounting to Rs. 129.97 million in the profit and loss account in the current year. As at 31 December 2021, the Bank holds a provision of Rs. 7,891.69 million against advances.</p> <p>The determination of provision against advances based on the above criteria remains a significant area of judgement and estimation. Because of the significance of the impact of these judgements / estimations and the materiality of advances relative to the overall statement of financial position of the Bank, we considered the area of provision against advances as a key audit matter.</p>	<p>Our audit procedures to verify provision against advances, amongst others, included the following:</p> <ul style="list-style-type: none"> 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. <p>The testing of controls included testing of:</p> <ul style="list-style-type: none"> automated (IT system based) controls over correct classification of non-performing advances on time based criteria; controls over monitoring of advances with higher risk of default and correct classification of non-performing advances on subjective criteria; controls over accurate computation and recording of provisions; and controls over the governance and approval process related to provisions, including continuous reassessment by the management. <ul style="list-style-type: none"> 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
		<ul style="list-style-type: none"> • 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. • Analyzed 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)	
	<p>The carrying value of investments held by the Bank amounted to Rs. 327,425 million, which constitutes 56.5% of the Bank's total assets as at 31 December 2021.</p> <p>The significant portion of the investments comprise of equity, debt and government securities.</p> <p>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.</p> <p>We identified assessing the carrying value of the investment as a key audit matter because of its significance to the financial statements and because assessing the key impairment assumptions involves a significant degree of management judgment</p>	<p>Our audit procedures to verify valuation of investments, amongst others, included the following:</p> <ul style="list-style-type: none"> • Assessed the design and tested operating effectiveness of the relevant controls in place relating to valuation of investments; • 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 2021 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 Auditor's 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 auditor's 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.

Auditor's 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 auditor's 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 auditor's 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 auditor's 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 auditor's 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 comprehensive income, statement of changes in equity and statement of cash flows 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 / branches and the transactions of the Bank / branches which have come to our notice have been within the powers of the Bank / branches; 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 2022

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

Note 2021 2020

----- (Rupees in '000) -----

ASSETS

Cash and balances with treasury banks	5	35,196,898	29,963,954
Balances with other banks	6	2,427,478	4,268,063
Lendings to financial institutions	7	22,113,121	8,956,086
Investments	8	327,425,187	249,955,671
Advances	9	165,494,796	164,544,519
Fixed assets	10	11,145,057	11,910,925
Intangible assets	11	432,894	408,274
Deferred tax assets - net	12	178,221	-
Other assets	13	15,074,897	15,337,731
		579,488,549	485,345,223

LIABILITIES

Bills payable	15	6,900,897	6,707,581
Borrowings	16	124,584,868	87,020,539
Deposits and other accounts	17	403,036,554	345,498,768
Liabilities against assets subject to finance lease		-	-
Subordinated debt	18	6,992,800	6,994,000
Deferred tax liabilities - net	12	-	1,533,265
Other liabilities	19	16,337,889	14,434,032
		557,853,008	462,188,185

NET ASSETS

21,635,541 23,157,038

REPRESENTED BY

Share capital	20	11,024,636	11,024,636
Reserves		3,541,315	2,970,486
Surplus / (deficit) on revaluation of assets - net	21	(12,164)	3,471,003
Unappropriated profit		7,081,754	5,690,913
		21,635,541	23,157,038

CONTINGENCIES AND COMMITMENTS

22

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

Alauddin Feerasta
Chairman

Muhtashim Ahmad Ashai
President & Chief Executive Officer

Mirza Zafar Baig
Chief Financial Officer

Ahmed A. Feerasta
Director

Navin Salim Merchant
Director

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2021

Note	2021	2020
----- (Rupees in '000) -----		
Mark-up / return / interest earned	23 37,133,146	42,228,185
Mark-up / return / interest expensed	24 26,195,612	31,572,929
Net mark-up / interest income	10,937,534	10,655,256
Non mark-up / interest income		
Fee and commission income	25 2,073,603	1,774,841
Dividend income	350,340	134,133
Foreign exchange income	1,161,427	1,037,446
Income / (loss) from derivatives	-	-
Gain / (loss) on securities - net	26 364,109	818,393
Other income	27 340,756	42,682
Total non-markup / interest Income	4,290,235	3,807,495
Total income	15,227,769	14,462,751
Non mark-up / interest expenses		
Operating expenses	28 10,038,717	8,857,542
Workers' Welfare Fund - net	29 120,333	85,718
Other charges	30 31,456	83,033
Total non mark-up / interest expenses	10,190,506	9,026,293
Profit before provisions	5,037,263	5,436,458
(Reversals) / provision and write offs - net	31 (111,956)	1,401,703
Extraordinary / unusual items	-	-
Profit before taxation	5,149,219	4,034,755
Taxation	32 2,295,072	1,634,483
Profit after taxation	2,854,147	2,400,272
----- (Rupees) -----		
Basic earnings per share	33 2.5889	2.1772
Diluted earnings per share	34 2.5889	2.1772

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

Alauddin Feerasta
Chairman

Muhtashim Ahmad Ashai
President & Chief Executive Officer

Mirza Zafar Baig
Chief Financial Officer

Ahmed A. Feerasta
Director

Navin Salim Merchant
Director

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

Note	2021	2020
----- (Rupees in '000) -----		
Profit after taxation for the year	2,854,147	2,400,272
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	(2,855,364)	526,759
Items that will not be reclassified to profit and loss account in subsequent periods		
Remeasurement (loss) / gain on defined benefit obligations - net of tax	39.8.2 (2,828)	4,734
Movement in surplus on revaluation of fixed assets - net of tax	21.1 (106,492)	1,090,493
Movement in surplus on revaluation of non banking assets - net of tax	21.2 5,909	23,648
	(103,411)	1,118,875
Total comprehensive income / (loss)	(104,628)	4,045,906

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

Alauddin Feerasta
Chairman

Muhtashim Ahmad Ashai
President & Chief Executive Officer

Mirza Zafar Baig
Chief Financial Officer

Ahmed A. Feerasta
Director

Navin Salim Merchant
Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

Note	2021	2020
----- (Rupees in '000) -----		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	5,149,219	4,034,755
Less: dividend income	350,340	134,133
	4,798,879	3,900,622
Adjustments:		
Depreciation on fixed assets	10.3 693,408	574,288
Depreciation on ijarah assets	129,472	120,038
Depreciation on right-of-use assets	672,032	550,180
Amortisation	11 208,338	165,890
Finance charge on lease liability against right-of-use assets	401,580	373,470
(Reversals) / provision and write offs - net	31 (111,956)	1,401,703
Reversal of provision for diminution in the value of investments	8.4 (112,298)	(628,420)
Gain on sale of fixed assets - net	27 (303,671)	(17,193)
Provision for Workers' Welfare Fund - net	29 120,333	85,718
Unrealised gain on revaluation of investments classified as held-for-trading	26 (6,643)	(8,350)
	1,690,595	2,617,324
	6,489,474	6,517,946
(Increase) / decrease in operating assets		
Lendings to financial institutions	(13,157,035)	(7,753,843)
Held-for-trading securities	(17,684,076)	3,834,066
Advances	(949,775)	39,563,246
Others assets (excluding advance taxation)	244,012	(743,566)
	(31,546,874)	34,899,903
Increase / (decrease) in operating liabilities		
Bills payable	193,316	2,746,624
Borrowings	36,929,962	(8,644,271)
Deposits	57,537,786	43,415,783
Other liabilities	1,375,076	1,323,175
	96,036,140	38,841,311
	(2,264,263)	(1,673,729)
Income tax paid		
Net cash flow generated from operating activities	68,714,477	78,585,431
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(64,382,848)	(71,964,167)
Net investments in held-to-maturity securities	94,984	(4,039,725)
Dividends received	249,550	127,910
Investments in fixed assets	(1,699,431)	(3,390,910)
Proceeds from sale of fixed assets	1,160,539	21,599
Net cash flow used in investing activities	(64,577,206)	(79,245,293)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of subordinated debt	(1,200)	(1,200)
Dividend paid	(1,378,079)	(1,102,463)
Net cash flow used in financing activities	(1,379,279)	(1,103,663)
Increase / (Decrease) in cash and cash equivalents	2,757,992	(1,763,525)
Cash and cash equivalents at beginning of the year	34,183,169	35,946,694
Cash and cash equivalents at end of the year	36 36,941,161	34,183,169

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

Alauddin Feerasta
Chairman

Muhtashim Ahmad Ashai
President & Chief Executive Officer

Mirza Zafar Baig
Chief Financial Officer

Ahmed A. Feerasta
Director

Navin Salim Merchant
Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

Note	Share capital	Statutory reserve (a)	Surplus / (deficit) on revaluation of		Unappropriated profit	Total
			Investments	Fixed assets / Non Banking assets		
----- (Rupees in '000) -----						
	11,024,636	2,490,432	(632)	1,894,087	4,805,072	20,213,595
	-	-	-	-	2,400,272	2,400,272
	-	-	526,759	-	-	526,759
	-	-	-	-	4,734	4,734
	-	-	-	1,090,493	-	1,090,493
	-	-	-	23,648	-	23,648
	-	-	526,759	1,114,141	2,405,006	4,045,906
	-	480,054	-	-	(480,054)	-
21.1	-	-	-	(63,352)	63,352	-
	-	-	-	-	(1,102,463)	(1,102,463)
	11,024,636	2,970,486	526,127	2,944,876	5,690,913	23,157,038
	-	-	-	-	2,854,147	2,854,147
	-	-	(2,855,364)	-	-	(2,855,364)
	-	-	-	-	(2,828)	(2,828)
	-	-	-	(106,492)	-	(106,492)
21.2	-	-	-	(32,881)	-	(32,881)
	-	-	(2,855,364)	(139,373)	2,851,319	(143,418)
	-	570,829	-	-	(570,829)	-
	-	-	-	(398,500)	398,500	-
21.1	-	-	-	(89,930)	89,930	-
49.1	-	-	-	-	(1,378,079)	(1,378,079)
	11,024,636	3,541,315	(2,329,237)	2,317,073	7,081,754	21,635,541

(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. 1,101,221 million - net of tax as at 31 December 2021 (31 December 2020: Rs. 1,275,492 million) representing additional profit arising from availing forced sales value benefit for determining provisioning requirement which is not available for distribution either as cash or stock dividend to shareholders and bonus to employees.

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

Alauddin Feerasta
Chairman

Muhtashim Ahmad Ashai
President & Chief Executive Officer

Mirza Zafar Baig
Chief Financial Officer

Ahmed A. Feerasta
Director

Navin Salim Merchant
Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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 2nd Floor, 307- Upper Mall Scheme, 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 367 branches including 35 Islamic banking branches, 15 Islamic banking windows. and 01 sub branch (2020: 340 branches including 30 Islamic banking branches and 01 sub branch) 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 and windows of the Bank have been consolidated in these financial statements for reporting purposes, after eliminating material intra branch transactions / balances. The same 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 2022 vide BPRD Circular Letter No. 24 of 2021 dated 25 July 2021. 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 final implementation instructions from the SBP on applicability of IFRS 9 as also detailed in note 2.3.1 of these financial statements.

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

2.2.1 There are certain new standards, amendments and interpretations of and to existing accounting standards that are mandatory for the Bank's accounting periods beginning on or after 1 January 2021. These are considered not to be relevant or do not have any significant impact 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 IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation – As per State Bank of Pakistan (SBP) BPRD Circular Letter No. 24 of 2021, IFRS 9 'Financial Instruments' is applicable to banks/DFIs/MFBs effective 1 January 2022. The standard 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.

2.3.1.1 The aforementioned SBP circular letter contained instructions for quarterly parallel reporting purposes to the SBP only and it was stated that final instructions will be issued based on the results of parallel reporting. However, banks have submitted their reservations on instructions issued for parallel reporting through the Pakistan Banks Association (PBA) and requested that they are addressed in the final instructions to be issued. The reservations are pervasive and points of contention inter alia include, retaining some relaxations given presently in the Prudential Regulations, prescription of macro-economic variables, retaining local regulatory requirements related to IFRS 9 related areas on overseas branches, impact on capital adequacy ratio, adequacy of significant increase in credit risk criteria, future tax impact of any reversals, recording of expected credit loss on local currency denominated Government securities, together with further clarifications required in certain areas. Due to the fact that final instructions have not yet been issued and the reservations shared by the industry over the draft instructions are still to be addressed, the impact of application of IFRS 9 on Bank's financial statements is presently being assessed. Banks are collectively of the opinion that impact on initial application of IFRS 9 will only be reasonably estimated subsequent to issuance of final application guidelines by SBP.

2.3.2 Furthermore, following standards, amendments and interpretations of approved accounting standards will be effective for the accounting periods as stated below:

Standard, Interpretation or Amendment

Effective date (annual periods beginning on or after)

Annual improvement process IFRS 9 Financial Instruments – Fees in the '10 percent' test for de-recognition of financial liabilities	January 01, 2022
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	January 01, 2023
Definition of Accounting Estimates - Amendments to IAS 8	January 01, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	January 01, 2022
Reference to the Conceptual Framework – Amendments to IFRS 3	January 01, 2022
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	January 01, 2022
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	January 01, 2022
Annual improvement process IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter	January 01, 2022
Annual improvement process IAS 41 Agriculture – Taxation in fair value measurements	January 01, 2022
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Not yet finalized

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard

IASB Effective date (annual periods beginning on or after)

IFRS 1 – First time adoption of International Financial Reporting Standards	January 01, 2014
IFRS 17 – Insurance Contracts	January 01, 2023

2.3.2.1 Amendment to IFRS 9 - The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 percent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

2.3.2.2 Amendments to IAS 1 - Classification of liabilities as current or non-current - The amendments apply retrospectively for the annual periods beginning on or after 1 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.



Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies - the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

2.3.2.3 Amendments to IAS 8 - Definition of Accounting Estimates - The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023 and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

2.3.2.4 Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction - The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.


2.3.2.5 Amendments to IFRS 3 - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.

2.3.2.6 Amendments to IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use - effective for annual periods beginning on or after 1 January 2022 clarifies that sales proceeds and costs 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.

Furthermore, an additional amendment has been made to Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

2.3.2.7 Amendments to IAS 37 - Onerous Contracts – Cost of Fulfilling a Contract, effective for the annual periods beginning on or after 1 January 2022 amend IAS 1 by mainly adding paragraphs which clarifies what comprises the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to 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 date of initial application.

2.3.2.8 Amendment to IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.



2.3.2.9 Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

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. Besides considering periodic revisions to policy rates, the SBP introduced certain regulatory measures to maintain banking system soundness & 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. The SBP had initially relaxed the classification and provisioning requirements for such borrowers. The bank continues to monitor the portfolio of clients that availed the deferment / restructuring & rescheduling relief for repayments for the purpose of deterring their classification and measurements.

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 (COB) 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 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, 12, 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 (notes 4.4.1 and Annexure II - note 3);
- vii) right of use assets and related lease liabilities (notes 4.7 and 19.2);
- viii) provisions and contingent assets and liabilities (notes 4.17, 14 and 22);
- ix) impairment of assets (notes 4.16 and 8.4);
- x) workers welfare fund (note 29);
- xi) Valuation of non-banking assets acquired in satisfaction of claims (notes 4.9 and 13.1.2); and
- xii) Remuneration framework and related disclosures (note 4.12.3, 28.1 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 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 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 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 is subjected 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 years 2019 and 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 associated 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 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 criterias 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 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	2021 ------(Rupees in '000)-----	2020
In hand			
Local currency		6,767,308	6,393,784
Foreign currencies		618,813	1,788,180
		7,386,121	8,181,964
With State Bank of Pakistan in			
Local currency current accounts	5.1	22,894,073	17,083,273
Foreign currency current accounts	5.2	924,051	871,899
Foreign currency deposit accounts against foreign currency deposits mobilised	5.3	1,717,847	1,585,852
		25,535,971	19,541,024
With National Bank of Pakistan in			
Local currency current accounts		2,150,059	1,669,585
Prize bonds		124,747	571,381
		35,196,898	29,963,954

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.

5.1.1 In addition to the standard regulatory cash reserve requirements, the SBP required all Banks to maintain additional reserves against quarterly shortfalls (if any) against SBP assigned quarterly disbursement targets for Housing and Construction Finance. Additional reserve requirements were also introduced during the year by the SBP, after taking into consideration the efforts put in by the Banks for achievement of targets in terms of disbursement amounts as well as number of units for the Government's Mark up Subsidy Scheme (GMSS) for Housing. Although the Bank has met its overall target for Housing and Construction as at 31 December 2021, an amount of Rs. 908.893 million (December 2020 : Rs. NIL) is being maintained over and above the standard requirement, based on previous quarterly shortfalls during the year, and shortfall against GMSS targets. The said amount will be made available for use of the Bank in the year 2022.

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. (2020: NIL return).

5.3 This represents special cash reserve maintained with SBP at an amount equivalent to at least 10% (2020 : 10%) of the Bank's foreign currency deposits mobilised under FE-25 scheme, which currently carries mark-up at NIL rates (2020 :NIL per annum) and 6% special cash reserve requirement on FE-25 deposits maintained by Islamic Banking branches.

6 BALANCES WITH OTHER BANKS

	Note	2021 ------(Rupees in '000)-----	2020
In Pakistan			
In current accounts		11,846	12,041
In deposit accounts		32	450
		11,878	12,491
Outside Pakistan			
In current accounts	6.1	2,415,600	4,255,572
		2,427,478	4,268,063



- 6.1** This includes Rs. 1,065.070 million (2020: Rs. 2,076.008 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 **2021** **2020**
----- (Rupees in '000) -----

Call / clean money lendings	7.4	6,000,000	-
Repurchase agreement lendings (reverse repo)	7.2	11,020,612	6,974,800
Bai Muajjal receivable			
- with other financial institutions	7.3. & 7.5	1,892,509	1,981,286
Letters of placements	7.6	3,200,000	-
		<u>22,113,121</u>	<u>8,956,086</u>

7.1 Particulars of lendings

In local currency	22,113,121	8,956,086
In foreign currency	-	-
	<u>22,113,121</u>	<u>8,956,086</u>

7.2 Securities held as collateral against lendings to financial institutions

	2021			2020		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	----- (Rupees in '000) -----					
Market Treasury Bills	670,998	-	670,998	-	-	-
Pakistan Investment Bonds	10,349,614	-	10,349,614	6,974,800	-	6,974,800
Total	<u>11,020,612</u>	<u>-</u>	<u>11,020,612</u>	<u>6,974,800</u>	<u>-</u>	<u>6,974,800</u>

- 7.2.1** The market value of securities held as collateral against repurchase agreement lendings amounted to Rs. 11,048.64 million (2020: Rs. 6,968.57 million).

7.3 Bai Muajjal receivable

	2021	2020
	----- (Rupees in '000) -----	
Bai Muajjal receivable		
- with other financial institutions	1,944,541	2,020,185
less: deferred income		
- with other financial institutions	(52,032)	(38,899)
Bai Muajjal receivable - net	<u>1,892,509</u>	<u>1,981,286</u>

- 7.4** This represents lendings to a financial institution carrying mark-up at 10.60% per annum (2020: NIL) due to mature on 04 January 2022.

- 7.5** This represents Bai Muajjal placements entered into with financial institutions whereby the Bank has sold sukuks having carrying value of Rs. 1,839.432 million (2020: Rs. 1,952.524 million) on deferred payment basis. The average return on these transactions is ranging from 7.10% to 7.25% per annum (2020: 7% per annum).

- 7.6** This represents lending through letters of placement to financial institutions carrying mark-up at rates ranging from 10% to 11% (2020: NIL) and are due to mature on 28 January 2022.

8 INVESTMENTS

8.1 Investments by type:

Held-for-trading securities

Federal Government securities
Shares

	2021				2020			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
----- (Rupees in '000) -----								
	19,617,943	-	9,611	19,627,554	1,925,742	-	8,125	1,933,867
	-	-	-	-	-	-	-	-
	19,617,943	-	9,611	19,627,554	1,925,742	-	8,125	1,933,867
Available-for-sale securities								
Federal Government securities	291,090,171	-	(3,467,242)	287,622,929	226,129,343	-	701,977	226,831,320
Shares	3,239,896	(33,537)	(426,972)	2,779,387	3,189,295	(122,331)	37,866	3,104,830
Non-Government debt securities	3,317,480	-	65,865	3,383,345	3,910,455	-	43,851	3,954,306
Units of mutual funds	239,298	-	9,927	249,225	390,284	-	25,732	416,016
Commercial Papers	149,574	-	-	149,574	34,194	-	-	34,194
	298,036,419	(33,537)	(3,818,422)	294,184,460	233,653,571	(122,331)	809,426	234,340,666
Held-to-maturity securities								
Federal Government securities	13,613,173	-	-	13,613,173	13,666,853	-	-	13,666,853
Non Government debt securities	59,075	(59,075)	-	-	100,379	(86,094)	-	14,285
	13,672,248	(59,075)	-	13,613,173	13,767,232	(86,094)	-	13,681,138
	331,326,610	(92,612)	(3,808,811)	327,425,187	249,346,545	(208,425)	817,551	249,955,671

Total investments

8.2 Investments by segments:

Federal Government securities

Market Treasury Bills
Pakistan Investment Bonds
Bai Muajjal with Government
of Pakistan (GoP)
Ijarah sukuks

Units of mutual funds

Shares

Listed companies
Unlisted companies

Non-Government debt securities

Listed
Unlisted

Total investments

	2021				2020			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
----- (Rupees in '000) -----								
	133,978,413	-	22,895	134,001,308	103,316,207	-	27,005	103,343,212
	175,342,874	-	(3,423,326)	171,919,548	130,301,875	-	682,297	130,984,172
	-	-	-	-	2,603,856	-	-	2,603,856
	15,000,000	-	(57,200)	14,942,800	5,500,000	-	800	5,500,800
	324,321,287	-	(3,457,631)	320,863,656	241,721,938	-	710,102	242,432,040
	239,298	-	9,927	249,225	390,284	-	25,732	416,016
	3,173,096	(27,837)	(426,972)	2,718,287	3,122,495	(116,631)	37,866	3,043,730
	66,800	(5,700)	-	61,100	66,800	(5,700)	-	61,100
	3,239,896	(33,537)	(426,972)	2,779,387	3,189,295	(122,331)	37,866	3,104,830
	1,440,230	-	40,056	1,480,286	1,346,499	(16,269)	1,373	1,331,603
	2,085,899	(59,075)	25,809	2,052,633	2,698,529	(69,825)	42,478	2,671,182
	3,526,129	(59,075)	65,865	3,532,919	4,045,028	(86,094)	43,851	4,002,785
	331,326,610	(92,612)	(3,808,811)	327,425,187	249,346,545	(208,425)	817,551	249,955,671



8.2.1 Investments given as collateral

Market Treasury Bills
Pakistan Investment Bonds

2021	2020
----- (Rupees in '000) -----	
42,574,802	25,533,895
45,908,049	39,434,851
88,482,851	64,968,746

8.3 Bai Muajjal with Government of Pakistan

Bai Muajjal investment
Less: deferred income
Bai Muajjal investment - net

-	2,855,000
-	(251,144)
-	2,603,856

8.4 Provision for diminution in the value of investments

Opening balance
Charge for the year
Reversal recognised in capital gains for the year
Reversal during the year
Amounts written off
Closing balance

208,425	119,631
-	717,214
(88,794)	(628,420)
(3,515)	-
(23,504)	-
92,612	208,425

8.5 Particulars of provision against debt securities

Category of classification	2021		2020	
	Non-Performing Investments	Provision	Non-Performing Investments	Provision
	----- (Rupees in '000) -----			
Loss	59,075	59,075	86,094	86,094
Total	59,075	59,075	86,094	86,094

8.6 Quality of available-for-sale securities

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

	2021	2020
	Cost/Amortized Cost	
	----- (Rupees in '000) -----	
Federal Government Securities - Government guaranteed		
Market Treasury Bills	114,360,470	103,316,207
Pakistan Investment Bonds	161,729,701	114,709,280
Bai Muajjal with Government of Pakistan (GOP)	-	2,603,856
Ijarah Sukuks	15,000,000	5,500,000
	291,090,171	226,129,343
Shares		
Listed companies		
- Cement	202,350	260,461
- Chemical	29,805	137,781
- Commercial Banks	697,067	724,609
- Engineering	-	241,779
- Fertilizer	201,935	21,932
- Glass & Ceramics	-	55,551
- Oil & Gas Exploration Companies	500,601	565,664
- Oil & Gas Marketing Companies	101,399	109,734
- Pharmaceuticals	94,224	221,896
- Power Generation & Distribution	464,649	488,003
- Real Estate Investment Trusts	396,946	-
- Technology & Communication	91,588	122,051
- Textile Composite	392,532	173,034
	3,173,096	3,122,495

Unlisted companies

Unlisted companies	Note	2021		2020	
		Cost	Break-up value	Cost	Break-up value
		----- (Rupees in '000) -----			
DHA Cogen Limited	8.11	-	-	-	-
ISE Towers REIT Management Company Limited	8.12	11,100	50,902	11,100	47,496
Pakistan Export Finance Guarantee Agency Limited	8.13	5,700	-	5,700	-
1-Link Private Limited		50,000	267,895	50,000	202,032
		66,800	318,797	66,800	249,528

Non-Government debt securities

Non-Government debt securities	Note	2021	2020
		Cost/Amortized Cost	
		----- (Rupees in '000) -----	
Listed			
- AAA		-	240,000
- AA+, AA, AA-		555,230	415,230
- A+, A, A-		14,583	22,916
- Unrated		850,000	850,000
		1,419,813	1,528,146
Unlisted			
- AAA		843,750	1,031,251
- AA+, AA, AA-		599,860	874,900
- A+, A, A-		454,057	476,158
		1,897,667	2,382,309
		3,317,480	3,910,455

Equity securities

Listed			
AGP Limited [Nil (2020: 1,057,500) shares]		-	113,100
Agritech Limited [851,560 (2020: 851,560) shares]		29,805	29,805
Altern Energy Limited [5,784,500 (2020: 5,934,500) shares]		166,076	189,430
Cherat Cement Company Limited [Nil (2020: 400,000) shares]		-	49,346
D. G. Khan Cement Company Limited [Nil (2020: 1,750,000) shares]		-	190,797
Dolmen City REIT [33,000,000 (2020: Nil) shares]		396,946	-
Fauji Fertilizer Company Limited [1,900,000 (2020: 200,000) shares]		201,935	21,932
Glaxosmithkline Pakistan Limited [557,500 (2020: 575,000) shares]		94,224	108,796
Habib Bank Limited [2,095,000 (2020: 2,170,000) shares]		285,577	295,800
Hub Power Company Limited [3,500,000 (2020: 3,500,000) shares]	8.10	298,573	298,573
I.C.I. Pakistan Limited [Nil (2020: 150,000) shares]		-	107,976
International Industries Limited [Nil (2020: 1,825,000) shares]		-	241,779
Lucky Cement Limited [Nil (2020: 30,000) shares]		-	20,318
MCB Bank Limited [1,500,000 (2020: 1,500,000) shares]		297,601	311,471
Nishat Chunian Limited [3,103,000 (2020: 2,325,000) shares]		144,031	95,383
Nishat Mills Limited [2,415,000 (2020: 930,000) shares]		248,501	77,651
Oil and Gas Development Company Limited [2,597,451 (2020: 2,597,451) shares]		254,749	315,038
Pakistan Petroleum Limited [2,690,000 (2020: 2,690,000) shares]		245,852	250,626
Pakistan State Oil Company Limited [Nil (2020: 120,000) shares]		-	22,875
Pakistan Telecommunication Company Limited [9,230,000 (2020: 12,300,000) shares]		91,588	122,051
Pioneer Cement Limited [1,850,000 (2020: Nil) shares]		202,350	-
Sui Northern Gas Company Limited [2,500,000 (2020: 1,700,000) shares]		101,399	86,859
Tariq Glass Industries Limited [Nil (2020: 625,000) shares]		-	55,551
The Bank Of Punjab [11,750,000 (2020: 11,750,000) shares]		113,889	117,338
		<u>3,173,096</u>	<u>3,122,495</u>



Unlisted

DHA Cogen Limited [5,853,822 (2020: 5,853,822) shares]
 ISE Towers REIT Management Company Limited [3,034,603
 (2020: 3,034,603) shares]
 Pakistan Export Finance Guarantee Agency Limited [569,958
 (2020: 569,958) shares]
 1-Link Private Limited [4,999,999 (2020: 4,999,999) shares]

Note	2021	2020
	Cost/Amortized Cost	
	----- (Rupees in '000) -----	
8.11	-	-
8.12	11,100	11,100
8.13	5,700	5,700
	50,000	50,000
	66,800	66,800

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

Federal Government Securities - Government guaranteed

Pakistan Investment Bonds

Non Government debt Securities

Listed

- Unrated

Unlisted

- A+, A, A-

- Unrated

Note	2021	2020
	Cost	
	----- (Rupees in '000) -----	
	13,613,173	13,666,853
	-	16,269
8.14	-	14,285
	59,075	69,825
	59,075	84,110
	59,075	100,379

Non Government debt Securities - Total

- 8.7.1** The market value of securities classified as held-to-maturity as at 31 December 2021 amounted to Rs. 12,628.519 million (31 December 2020 : Rs. 13,901.468 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 (2020: 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 2021, 1,500,000 shares (31 December 2020: 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 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. SNBL had filed a civil suit before civil court Lahore along with other FIs/banks claiming to be the lawful owners of the disputed sukuk bonds and right to receive ijara rentals alongwith profit/mark-up thereon. The said suit was dismissed vide judgement dated 14 April 2017 against which an appeal/ RFA No.50966/2017 was filed by SNBL before Lahore High court. The said appeal/RFA has been accepted vide judgement dated 1 December 2021 with the result that judgement passed by the civil court has been reversed/set aside. WAPDA First Sukuk Company Limited has approached the Supreme Court of Pakistan against the judgement of Lahore High Court, however, the notice of appeal has not been received as yet. Accordingly, the Bank continues to retain full provision against the same.

9 ADVANCES

	Performing		Non-performing		Total	
	2021	2020	2021	2020	2021	2020
----- (Rupees in '000) -----						
Loans, cash credits, running finances, etc.	146,318,507	148,810,537	8,867,739	9,342,768	155,186,246	158,153,305
Islamic financing and related assets	10,178,861	7,602,553	1,446,285	1,442,638	11,625,146	9,045,191
Bills discounted and purchased	6,631,050	5,494,147	-	-	6,631,050	5,494,147
Advances - gross	163,128,418	161,907,237	10,314,024	10,785,406	173,442,442	172,692,643
Provision against advances						
- Specific	-	-	(7,891,691)	(8,106,586)	(7,891,691)	(8,106,586)
- General	(55,955)	(41,538)	-	-	(55,955)	(41,538)
	(55,955)	(41,538)	(7,891,691)	(8,106,586)	(7,947,646)	(8,148,124)
Advances - net of provision	163,072,463	161,865,699	2,422,333	2,678,820	165,494,796	164,544,519

9.1 Particulars of advances (Gross)

	2021	2020
----- (Rupees in '000) -----		
In local currency	165,517,244	165,360,354
In foreign currencies	7,925,198	7,332,289
	173,442,442	172,692,643

9.2 Advances include Rs. 10,314.024 million (31 December 2020 Rs. 10,785.406 million) which have been placed under non-performing status as detailed below:

Category of Classification	Note	2021		2020	
		Non-	Provision	Non-	Provision
		performing		performing	
		loans		loans	
----- (Rupees in '000) -----					
Other Assets Especially Mentioned	9.2.1	51,810	591	28,219	-
Substandard		188,029	19,741	763,631	99,243
Doubtful		759,452	234,797	141,849	28,580
Loss		9,314,733	7,636,562	9,851,707	7,978,763
		10,314,024	7,891,691	10,785,406	8,106,586

9.2.1 The 'Other Assets Especially Mentioned' category pertains to agriculture finance, small enterprise finance and consumer finance amounting to Rs.15.887 million (31 December 2020: Rs. 4.513 million), Rs. 7.632 million (31 December 2020: Rs. 5.706 million) and Rs. 28.291 million (31 December 2020: Rs. 18.000 million) respectively.

9.3 Particulars of provision against advances

	Note	2021			2020		
		Specific	General	Total	Specific	General	Total
		----- (Rupees in '000) -----					
Opening balance		8,106,586	41,538	8,148,124	7,573,063	41,538	7,614,601
Charge for the year		716,019	14,417	730,436	1,352,331	-	1,352,331
Reversals		(860,410)	-	(860,410)	(678,845)	-	(678,845)
		(144,391)	14,417	(129,974)	673,486	-	673,486
Amounts written off	9.4	(70,504)	-	(70,504)	(139,963)	-	(139,963)
Transfers		-	-	-	-	-	-
Closing balance		7,891,691	55,955	7,947,646	8,106,586	41,538	8,148,124

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 are 1% for secured and 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

	2021			2020		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
In local currency	7,891,691	55,955	7,947,646	8,106,586	41,538	8,148,124
In foreign currency	-	-	-	-	-	-
Total	7,891,691	55,955	7,947,646	8,106,586	41,538	8,148,124

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. 1,805.281 million (31 December 2020: Rs. 1,962.296 million). The additional profit arising from availing this benefit - net of the tax amounts to Rs. 1,101.221 million (31 December 2020: Rs. 1,275.492 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 (31 December 2020: Rs. 44.930 million).

9.3.6 The Bank has made provision against its non-performing portfolio as per the category of classification of the loans. However, the Bank still holds enforceable collateral realisable through litigation. This enforceable collateral includes mortgage charge etc. against various tangible assets of the borrower including land, building and machinery, stock in trade, etc.

	Note	2021	2020
		(Rupees in '000)	
9.4 Particulars of write offs:			
9.4.1 Against provisions	9.3	70,504	139,963
Directly charged to profit and loss account		-	24
		<u>70,504</u>	<u>139,987</u>
9.4.2 Write offs of Rs. 500,000/- and above	9.5	70,504	139,938
Write offs of below Rs. 500,000/-		-	49
		<u>70,504</u>	<u>139,987</u>

9.5 Details of loan write off of Rs. 500,000/- and above

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962 the statement in respect of written-off loans or any other financial relief of five hundred thousand rupees or above allowed to a person(s) during the year ended 31 December 2021 is given in Annexure - I to the financial statements. However, these write offs do not affect the Bank's right to recover the outstanding debts from these customers, unless the write off / waiver has been mutually agreed between the borrower and the Bank as part of the settlement terms.

	Note	2021	2020
		(Rupees in '000)	
10 FIXED ASSETS			
Capital work-in-progress	10.1	314,133	253,914
Right-of-use assets	10.2	2,957,843	3,094,617
Property and equipment	10.3	7,873,081	8,562,394
		<u>11,145,057</u>	<u>11,910,925</u>
10.1 Capital work-in-progress			
Civil works		93,416	122,408
Advances to suppliers and contractors		200,664	118,411
Consultant's fee and other charges		20,053	13,095
		<u>314,133</u>	<u>253,914</u>
10.2 Right-of-use assets			
Opening balance		3,094,617	1,943,868
Additions during the year		535,258	1,700,929
Depreciation for the year	28	(672,032)	(550,180)
Closing balance		<u>2,957,843</u>	<u>3,094,617</u>

10.3 Property and equipment

	2021								
	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 2021									
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
Year ended 31 December 2021									
Opening 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
Additions	-	-	24,139	14,378	280,660	67,719	424,858	59,242	870,996
Movement in surplus on assets revalued during the year	(398,500)	-	-	-	-	-	-	-	(398,500)
Disposals / write-offs - cost	(451,500)	-	-	-	(21,722)	(8,671)	(101,434)	(19,934)	(603,261)
Disposals / write-offs - Accumulated Depreciation	-	-	-	-	8,264	7,908	98,754	19,934	134,860
Disposals / write-offs - net	(451,500)	-	-	-	(13,458)	(763)	(2,680)	-	(468,401)
Depreciation charge	-	-	(12,477)	(164,369)	(88,232)	(42,543)	(346,279)	(39,508)	(693,408)
Other transfer	-	-	-	-	-	-	-	-	-
Closing net book value	1,482,292	471,558	313,742	2,890,386	1,342,457	229,150	1,005,192	138,304	7,873,081
At 31 December 2021									
Cost / revalued amount	1,482,292	471,558	396,677	4,990,471	1,912,312	585,883	3,476,710	363,778	13,679,681
Accumulated depreciation	-	-	(82,935)	(2,100,085)	(569,855)	(356,733)	(2,471,518)	(225,474)	(5,806,600)
Net book value	1,482,292	471,558	313,742	2,890,386	1,342,457	229,150	1,005,192	138,304	7,873,081
Rate of depreciation (years / percentage)	-	-	40 years	40 years	20 years	10 %	20% - 33%	20%	
	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)	(674,288)
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 (years / percentage)	-	-	40 years	40 years	20 years	10 %	20% - 33%	20%	

10.3.1 The cost of fully depreciated property and equipment still in use amounts to Rs.1,989.284 million (2020: Rs.1,783.640 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 2021 would have been Rs. 1,237.865 million and Rs. 684.060 million respectively (2020: Rs. 1,689.365 million and Rs. 675.204 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

At 01 January 2021

Cost
Accumulated amortisation
Net book value

Year ended 31 December 2021

Opening net book value
Additions:
- directly purchased
Amortisation charge
Closing net book value

At 31 December 2021

Cost
Accumulated amortisation
Net book value

Rate of amortisation (percentage)

Useful life

2021		
Computer software	Trademark	Total
----- (Rupees in '000) -----		
1,429,234	6,315	1,435,549
(1,021,044)	(6,231)	(1,027,275)
408,190	84	408,274
408,190	84	408,274
232,958	-	232,958
(208,254)	(84)	(208,338)
432,894	-	432,894
1,662,192	6,315	1,668,507
(1,229,298)	(6,315)	(1,235,613)
432,894	-	432,894
20 to 33.33	33.33	
3 to 5	3	

At 01 January 2020

Cost
Accumulated amortisation
Net book value

Year ended 31 December 2020

Opening net book value
Additions:
- directly purchased
Amortisation charge
Closing net book value

At 31 December 2020

Cost
Accumulated amortisation
Net book value

Rate of amortisation (percentage)

Useful life

2020		
Computer software	Trademark	Total
----- (Rupees in '000) -----		
1,321,756	6,315	1,328,071
(855,297)	(6,088)	(861,385)
466,459	227	466,686
466,459	227	466,686
107,478	-	107,478
(165,747)	(143)	(165,890)
408,190	84	408,274
1,429,234	6,315	1,435,549
(1,021,044)	(6,231)	(1,027,275)
408,190	84	408,274
20 to 33.33	33.33	
3 to 5	3	

11.1 The cost of fully amortised intangible assets still in use amounts to Rs.780.139 million (2020: Rs. 712.309 million).

DEFERRED TAX ASSETS - NET

Deductible temporary differences on

- Post retirement employee benefits
- Deficit on revaluation of investments
- Provision against advances, off balance sheet etc.

Taxable temporary differences on

- Surplus on revaluation of fixed assets
- Surplus on revaluation of non banking assets
- Surplus on revaluation of investments
- Accelerated tax depreciation

2021			
At 1 January 2021	Recognised in the profit and loss account	Recognised in other comprehensive income	At 31 December 2021
(Rupees in '000)			
11,922	-	4,040	15,962
-	-	1,489,185	1,489,185
75,939	58,329	-	134,268
87,861	58,329	1,493,225	1,639,415
(931,805)	57,402	(106,492)	(980,895)
-	-	(42,568)	(42,568)
(283,299)	-	283,299	-
(406,022)	(31,709)	-	(437,731)
(1,621,126)	25,693	134,239	(1,461,194)
(1,533,265)	84,022	1,627,464	178,221

Deductible temporary differences on

- Post retirement employee benefits
- Deficit on revaluation of investments
- Provision against advances, off balance sheet etc.

Taxable temporary differences on

- Surplus on revaluation of fixed assets
- Surplus on revaluation of investments
- Accelerated tax depreciation

2020			
At 1 January 2020	Recognised in the profit and loss account	Recognised in other comprehensive income	At 31 December 2020
(Rupees in '000)			
14,471	-	(2,549)	11,922
340	-	(340)	-
55,307	20,632	-	75,939
70,118	20,632	(2,889)	87,861
(645,401)	34,069	(320,473)	(931,805)
-	-	(283,299)	(283,299)
(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)

OTHER ASSETS

Income / mark-up accrued in local currency

Income / mark-up accrued in foreign currencies

Dividend receivable

Advances, deposits, advance rent and other prepayments

Advance taxation (payments less provisions)

Non-banking assets acquired in satisfaction of claims

Branch adjustment account

Cash margin against margin trading

Stationery and stamps on hand

Due from the State Bank of Pakistan

Advance against subscription of term finance certificates

Acceptances

Claims against fraud and forgeries

Others

Other assets

Less: provision held against other assets

Other assets - net of provision

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

Other assets - total

Note

2021

2020

----- (Rupees in '000) -----

		6,084,195	6,571,289
		10,703	12,390
		107,013	6,223
		381,608	291,067
		1,168,850	1,283,681
	13.1	1,036,162	1,039,769
		-	5,870
		333	-
		44,320	41,810
		142,382	8,678
		-	250,000
		5,605,872	5,471,061
	13.2	143,443	143,443
		479,679	340,153
		15,204,560	15,465,434
	13.3	(238,811)	(227,311)
		14,965,749	15,238,123
		109,148	99,608
		15,074,897	15,337,731
13.1	Market value of non-banking assets acquired in satisfaction of claims	13.1.1	1,145,310
			1,139,377



13.1.1 The non-banking assets acquired in satisfaction of claims by the Bank were revalued by independent and professional valuers in October 2021 and December 2021. 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 and M/s Al Hadi Financial and Legal Consultants on the basis of professional assessment of present market values and the revalued amount is disclosed in note 13.1.2 to these financial statements.

13.1.2 Non-banking assets acquired in satisfaction of claims

Note	2021	2020
	----- (Rupees in '000) -----	
Opening balance	1,139,377	919,880
Acquired	13.1.3 -	198,220
Revaluation	13.1.1 9,687	23,648
Depreciation	(3,754)	(2,371)
Closing balance	<u>1,145,310</u>	<u>1,139,377</u>

13.1.3 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 in previous year resulted in provision reversals against non-performing loans amounting to Rs. NIL (2020: Rs. 57.457 million), and a reduction in non-performing loans amounting to Rs. NIL (2020: Rs. 198.220 million).

13.2 This represents amount in respect of fraud and forgery claims relating to cash embezzlement made in the Bank. The Bank has initiated legal proceedings against the alleged and has also taken necessary steps to further strengthen its internal control system.

13.3 Provision held against other assets

2021	2020
----- (Rupees in '000) -----	
Provision held against receivable against fraud and forgeries	143,443
Others	95,368
	<u>238,811</u>
	<u>227,311</u>

13.3.1 Movement in provision held against other assets

Opening balance	227,311	227,311
Charge for the year	11,500	-
Amount written-off	-	-
Closing balance	<u>238,811</u>	<u>227,311</u>

14 CONTINGENT ASSETS

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

15 BILLS PAYABLE

In Pakistan	6,900,897	6,707,581
Outside Pakistan	-	-
	<u>6,900,897</u>	<u>6,707,581</u>



16	BORROWINGS	Note	2021 ------(Rupees in '000)-----	2020 ------(Rupees in '000)-----
	Secured			
	Borrowings from State Bank of Pakistan			
	Under export refinance scheme	16.2.1	17,994,560	17,307,129
	Long term financing facility for plant and machinery	16.2.2	1,908,405	1,807,212
	Refinance scheme for payment of wages and salaries	16.2.3	1,604,953	2,711,913
	Temporary economic refinance scheme	16.2.4	1,375,723	-
	Modernisation of SME-Rice Husking	16.2.5	3,924	5,886
	Financing facility for storage of agriculture produce	16.2.6	161,472	150,281
	Financing facility for Renewable Energy	16.2.7	808,519	79,562
	Repurchase agreement borrowings	16.2.8	47,980,825	-
			71,838,381	22,061,983
	Repurchase agreement borrowings - other banks	16.2.9	15,418,248	22,521,876
	Borrowings from other financial institutions - local	16.2.10	24,910,909	41,379,320
	Refinance from Pakistan Mortgage Refinance Company Limited	16.2.11	980,560	-
	Total secured		113,148,098	85,963,179
	Unsecured			
	Call borrowings	16.2.12	2,993,580	1,008,512
	Borrowings from other financial institutions - foreign	16.2.13	7,759,975	-
	Overdrawn nostro accounts		683,215	48,848
	Total unsecured		11,436,770	1,057,360
			124,584,868	87,020,539
16.1	Particulars of borrowings with respect to currencies			
	In local currency		116,141,678	86,971,691
	In foreign currencies		8,443,190	48,848
			124,584,868	87,020,539
16.2.1	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 (2020: 1% to 2% per annum). These are secured against demand promissory notes and are due to mature latest by 27 June 2022 (2020: latest by 29 June 2021).			
16.2.2	These represent borrowings from SBP under scheme for long-term financing facility at rates ranging from 2.0% to 4.5% per annum (2020: 2.0% to 4.5% per annum) and have varying long term maturities due by 30 June 2032 (2020: due by 30 June 2032). 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.			
16.2.3	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.			
16.2.4	These represent borrowings from SBP under the scheme for Temporary Economic Refinance (TERF) at the rates of 1% (2020: NIL) and are due to mature latest by 08 December 2031 (2020: NIL).			
16.2.5	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 (2020: 4.25% to 6.25% per annum) and are due to mature latest by 29 September 2023 (2020: latest by 29 September 2023).			
16.2.6	These represent borrowings from SBP under the scheme for Finance Facility for Storage of Agricultural Produce at the rates of 2% (2020: 2%) and are due to mature latest by 28 March 2026 (2020: 28 March 2026).			
16.2.7	These represent borrowings from SBP under the scheme for renewable energy at rates ranging from 2% to 3% per annum (2020: 2% to 3% per annum) and are due to mature latest by 30 June 2032 (2020: 30 June 2032).			
16.2.8	These represent repurchase agreements borrowing with SBP at the rate ranging from 9.85% to 10.26% per annum (2020: NIL) and are due to mature latest by 04 March 2022 (2020: NIL). The market value of securities given as collateral against these borrowings as given in note 8.2.1.			



- 16.2.9** These represent repurchase agreements borrowings executed with local financial institutions at the rate ranging from 9.75% to 10.70% per annum (2020: 7.00% to 7.02% per annum) and are due to mature latest by 04 January 2022 (2020: latest by 08 January 2021). The market value of securities given as collateral against these borrowings as given in note 8.2.1.
- 16.2.10** These represent borrowings executed with the local financial institutions secured against government securities which carry mark up at rates ranging between 7.20% to 7.65% per annum (2020: ranging from 6.70% to 6.95% per annum) and are due to mature latest by 05 August 2022 (2020: latest by 10 May 2021). The market value of securities given as collateral against these borrowings as given in note 8.2.1.
- 16.2.11** This is secured against mortgage finance portfolio of the Bank and carrying mark-up at the rate of 8.89% per annum (2020: NIL) with maturity due on 01 April 2024 (2020: NIL).
- 16.2.12** This represent borrowings from a commercial bank in the inter bank money market, carrying mark-up at the rate of at rates ranging from 7.50% to 10.70% per annum (2020: 6.85% per annum) with maturity due on 13 January 2022 (2020: latest by 11 January 2021).
- 16.2.13** These represent borrowings against foreign bills from various foreign banks at rates ranging from 1.40% to 2.10% per annum (2020: NIL) and are due to mature latest by 09 March 2022 (2020: NIL).

17	DEPOSITS AND OTHER ACCOUNTS	2021			2020		
		In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
		------(Rupees in '000)-----					
	Customers						
	Current deposits	92,089,254	8,465,917	100,555,171	78,044,230	7,372,950	85,417,180
	Savings deposits	111,279,683	6,287,664	117,567,347	97,777,707	6,339,080	104,116,787
	Term deposits	106,879,226	1,361,179	108,240,405	98,963,570	1,754,341	100,717,911
	Others	7,095,761	-	7,095,761	4,921,675	-	4,921,675
		317,343,924	16,114,760	333,458,684	279,707,182	15,466,371	295,173,553
	Financial Institutions						
	Current deposits	965,374	877,367	1,842,741	1,010,867	420,671	1,431,538
	Savings deposits	54,250,091	-	54,250,091	41,310,831	-	41,310,831
	Term deposits	13,485,038	-	13,485,038	7,582,846	-	7,582,846
		68,700,503	877,367	69,577,870	49,904,544	420,671	50,325,215
		386,044,427	16,992,127	403,036,554	329,611,726	15,887,042	345,498,768

17.1	Composition of deposits	2021	2020
		------(Rupees in '000)-----	
	- Individuals	145,856,032	134,957,518
	- Government (Federal and Provincial)	38,456,089	33,360,028
	- Public Sector Entities	36,054,751	41,829,379
	- Banking Companies	8,262,407	5,499,496
	- Non-Banking Financial Institutions	60,722,382	44,945,645
	- Private Sector	113,684,893	84,906,702
		403,036,554	345,498,768

17.2 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 2021, the deposits eligible to be covered under insurance arrangements amount to Rs.167,114 million. (2020 : Rs. 142,792 million).



18	SUBORDINATED DEBT	Note	2021	2020
			------(Rupees in '000)-----	
	Listed Term Finance Certificates - Additional Tier I	18.1	4,000,000	4,000,000
	Listed Term Finance Certificates - Tier II	18.2	2,992,800	2,994,000
			<u>6,992,800</u>	<u>6,994,000</u>

18.1 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 2021
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.

18.2 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 15 December 2021
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.

19	OTHER LIABILITIES	Note	2021 ------(Rupees in '000)-----	2020
	Mark-up / return / interest payable in local currency		4,738,903	3,302,012
	Mark-up / return / interest payable in foreign currencies		42,906	28,461
	Unearned commission and income on bills discounted		129,423	113,390
	Accrued expenses		458,167	492,676
	Acceptances		5,605,872	5,471,061
	Unclaimed dividends		93,903	75,613
	Mark to market loss on forward foreign exchange contracts - net		8,422	201,321
	Charity fund balance		-	18
	Provision against off-balance sheet obligations	19.1	27,475	27,475
	Payable to workers' welfare fund		466,096	345,763
	Lease liability against right-of-use assets	19.2	3,419,465	3,350,017
	Sundry deposits		583,335	516,018
	Others		763,922	510,207
			<u>16,337,889</u>	<u>14,434,032</u>
19.1	Movement in provision held against off-balance sheet obligations			
	Opening balance	19.1.1	<u>27,475</u>	<u>27,475</u>
	Closing balance		<u>27,475</u>	<u>27,475</u>
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			
	Opening balance		3,350,017	2,023,516
	Additions during the year		539,568	1,674,538
	Finance cost of lease liability	24.2	401,580	373,470
	Repayments		(871,700)	(721,507)
	Closing balance		<u>3,419,465</u>	<u>3,350,017</u>

20 SHARE CAPITAL

20.1 Authorized Capital

2021	2020	Note	2021	2020
----- (Number of shares) -----			----- (Rupees in '000) -----	
<u>1,800,000,000</u>	<u>1,800,000,000</u>	Ordinary shares of Rs. 10 /- each	<u>18,000,000</u>	<u>18,000,000</u>

20.2 Issued, subscribed and paid-up capital

2021	2020		2021	2020
----- (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
<u>1,102,463,483</u>	<u>1,102,463,483</u>		<u>11,024,636</u>	<u>11,024,636</u>

21 SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS

Surplus / (deficit) on revaluation of				
- Available-for-sale securities	8.1	(3,818,422)	809,426	
- Fixed assets	21.1	3,231,388	3,777,073	
- Non-banking assets acquired in satisfaction of claims	21.2	109,148	99,608	
		(477,886)	4,686,107	

Deferred tax on surplus / (deficit) on revaluation of				
- Available-for-sale securities		1,489,185	(283,299)	
- Fixed assets	21.1	(980,895)	(931,805)	
- Non-banking assets acquired in satisfaction of claims	21.2	(42,568)	-	
		465,722	(1,215,104)	
		(12,164)	3,471,003	

21.1 Surplus on revaluation of fixed assets

Surplus on revaluation of fixed assets as at 01 January		3,777,073	2,463,447	
Recognised during the year	10.3	-	1,410,966	
Realised on disposal of land during the year		(398,500)	-	
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		(89,783)	(63,271)	
Related deferred tax liability on incremental depreciation charged during the year		(57,402)	(34,069)	
Related deferred tax liability on surplus realised on disposal		-	-	
Surplus on revaluation of fixed assets as at 31 December		3,231,388	3,777,073	

Less: related deferred tax liability:				
- revaluation as at 01 January		(931,805)	(645,401)	
- revaluation recognised during the year		-	(320,473)	
- effect of rate change		(106,492)	-	
- incremental depreciation charged during the year		57,402	34,069	
		(980,895)	(931,805)	
		2,250,493	2,845,268	

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

Surplus on revaluation as at 01 January		99,608	76,041	
Recognised during the year		9,687	23,648	
Transferred to unappropriated profit in respect of incremental depreciation charged during the year		(147)	(81)	
Related deferred tax liability		(42,568)	-	
Surplus on revaluation as at 31 December		66,580	99,608	



22	CONTINGENCIES AND COMMITMENTS	Note	2021	2020
			----- (Rupees in '000) -----	
	- Guarantees	22.1	22,154,817	17,677,531
	- Commitments	22.2	203,599,487	154,084,937
	- Other contingent liabilities	22.3	2,390,628	3,041,804
			<u>228,144,932</u>	<u>174,804,272</u>
22.1	Guarantees			
	- Financial guarantees		5,664,947	4,671,493
	- Performance guarantees		15,410,184	12,121,177
	- Other guarantees		1,079,686	884,861
			<u>22,154,817</u>	<u>17,677,531</u>
22.2	Commitments			
	Documentary credits and short-term trade-related transactions			
	- letters of credit		38,680,125	31,755,753
	Commitments in respect of			
	- forward foreign exchange contracts	22.2.1	161,787,971	114,269,483
	- forward lending	22.2.2	2,675,230	2,549,990
	- forward government securities transactions	22.2.3	249,104	4,996,920
	- future equity securities	22.2.4	1,903	-
	Commitments for acquisition of			
	- fixed assets		117,194	399,466
	- intangible assets		15,960	17,325
	Other commitments	22.2.5	72,000	96,000
			<u>203,599,487</u>	<u>154,084,937</u>
22.2.1	Commitments in respect of forward foreign exchange contracts			
	Purchase		86,975,369	57,715,311
	Sale		<u>74,812,602</u>	<u>56,554,172</u>
	The maturities of the above contracts are spread over a period of one year.			
22.2.2	Commitments in respect of forward lending			
	Undrawn formal standby facilities, credit lines and other commitments to lend	22.2.2.1	<u>2,675,230</u>	<u>2,549,990</u>
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 government securities transactions			
	Purchase		<u>249,104</u>	<u>4,996,920</u>
22.2.4	Commitments in respect of equity future contracts			
	Sale		<u>1,903</u>	<u>-</u>
22.2.5	Other commitments			
	Donation		<u>72,000</u>	<u>96,000</u>
22.3	Other contingent liabilities		<u>2,390,628</u>	<u>3,041,804</u>



22.3.1

- (a) The income tax returns of the Bank have been filed up to tax year 2021 (accounting year ended 31 December 2020). The income tax authorities have issued amended assessment orders against different tax years, thereby creating additional tax demands 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 2013 to 2020 have been decided at the level of Commissioner Inland Revenue (Appeals). The department has filed appeal for tax year 2013 with Appellate Tribunal Inland Revenue which is currently pending and in case of any adverse decision, an additional tax liability of Rs. 470.11 million (which include impact of certain timing differences as well) may arise. The Bank has decided to file appeal for tax years 2014, 2015, 2016, 2018 and 2019 with Appellate Tribunal Inland Revenue, which in case of any adverse decision may create an additional tax liability of Rs. 131.11 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. The department has filed tax reference with Honourable High Court Lahore against the order issued by Appellate Tribunal Inland Revenue, which is still pending. 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. Management is also confident that Honourable High Court Lahore will decide the case in favor of the Bank and the Bank may not be exposed to any additional tax liability in these matters.
- (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 Appellate Tribunal Inland Revenue, 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) The department has filed appeals against orders passed under section 161/205 of the Income Tax Ordinance, 2001 for tax years 2014 and 2017 with Appellate Tribunal Inland Revenue. These are currently pending and in case of any adverse decision an additional tax liability of Rs. 109.38 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 these matters.
- (e) Punjab Revenue Authority has passed orders for years 2015, 2016 and 2017 under section 14 and 19 of the Punjab Sales Tax on Services Act, 2012, creating demands of Rs. 144.688 million, Rs. 46.900 million and Rs. 24.790 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. 3.665 million (31 December 2020: Rs. 10.832 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 and Rs. 0.06 million. Currently, these matter are 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 these accounts.
- 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. 245.290 million (upto 31 December 2020: Rs. 213.857 million) will become payable by the Bank to the EOBI. The said amount of Rs. 245.290 million has not been provided in these financial statements as the Bank is confident that the case will be decided in the Bank's favour.

23	MARK-UP / RETURN / INTEREST EARNED	Note	2021	2020
			------(Rupees in '000)-----	
	Loans and advances		13,373,990	18,826,212
	Investments		22,619,325	23,086,990
	Lendings to financial institutions		499,869	125,559
	Balances with banks		232	8,686
	Placement and call lendings		338,188	73,071
	Income on bai muajjal placements		301,542	107,667
			<u>37,133,146</u>	<u>42,228,185</u>
24	MARK-UP / RETURN / INTEREST EXPENSED			
	Deposits		16,719,062	21,103,983
	Borrowings		7,866,011	8,562,657
	Subordinated debt		660,117	839,616
	Cost of foreign currency swaps against foreign currency deposits / borrowings	24.1	548,842	693,203
	Finance cost of lease liability	24.2	401,580	373,470
			<u>26,195,612</u>	<u>31,572,929</u>
24.1	A corresponding income of the same amount is recognised in foreign exchange income.			
24.2	This represents finance cost of lease liability against right-of-use assets.			



25	FEE & COMMISSION INCOME	Note	2021	2020
			----- (Rupees in '000) -----	
	Branch banking customer fees		440,776	390,667
	Consumer finance related fees		54,200	48,400
	Debit card related fees		89,967	86,119
	Investment banking / arrangement fees		28,902	61,232
	Credit related fees		108,421	88,829
	Commission on trade		783,320	632,560
	Commission on guarantees		130,604	77,530
	Commission on cash management		10,629	4,982
	Commission on remittances including home remittances		31,159	31,322
	Commission on bancassurance		99,367	95,033
	Rebate income		275,096	238,662
	Others		21,162	19,505
			<u>2,073,603</u>	<u>1,774,841</u>
26 GAIN / (LOSS) ON SECURITIES - NET				
	Realised	26.1	357,466	810,043
	Unrealised - held for trading	8.1	9,611	8,125
	Unrealised - forward purchase of government securities		(3,013)	225
	Unrealised - forward of equity securities		45	-
			<u>364,109</u>	<u>818,393</u>
26.1 Realised gain / (loss) on				
	Federal Government securities		144,885	458,191
	Shares		210,410	363,285
	Mutual funds		1,171	(11,433)
	Non-Government debt securities		1,000	-
			<u>357,466</u>	<u>810,043</u>
27 OTHER INCOME				
	Gain on sale of fixed assets-net		303,671	17,193
	Insurance claim recovered		4,893	10,800
	Staff notice period and other recoveries		18,597	12,539
	Rental income on properties	27.1	13,595	2,150
			<u>340,756</u>	<u>42,682</u>
27.1 This represents rent earned through certain spaces / floors of Bank's properties let out on rental basis.				



OPERATING EXPENSES

	Note	2021	2020
		------(Rupees in '000)-----	
Total compensation expense	28.1	4,064,883	3,696,675
Property expense			
Rent & taxes		153,570	215,409
Insurance		35,347	25,332
Utilities cost		399,933	313,010
Security (including guards)	28.2	406,739	353,080
Repair & maintenance (including janitorial charges)	28.2	280,311	248,381
Depreciation on non-banking assets		3,755	2,370
Depreciation on right-of-use assets	10.2	672,032	550,180
Depreciation on property	10.3	265,078	199,516
		2,216,765	1,907,278
Information technology expenses			
Software maintenance		432,630	326,308
Hardware maintenance		190,188	163,723
Depreciation on computer equipments	10.3	212,175	181,490
Amortisation of intangibles	11	208,338	165,890
Network charges		234,444	230,123
Others		108,790	89,502
		1,386,565	1,157,036
Other operating expenses			
Directors' fees and allowances		17,250	18,461
Fees and allowances to Shariah Board		6,610	5,100
Legal & professional charges		50,506	54,440
Outsourced services costs	28.2 & 38.1	138,352	119,415
Travelling & conveyance		11,299	12,705
NIFT clearing charges		41,746	40,780
Depreciation	10.3	216,155	193,279
Training & development		12,789	6,323
Postage & courier charges		54,082	59,480
Communication		64,854	61,470
Stationery & printing		242,916	178,654
Marketing, advertisement & publicity		94,306	66,849
Donations	28.3	45,550	44,000
Auditors' Remuneration	28.4	11,841	10,150
Brokerage and commission		46,229	44,811
Entertainment		214,413	188,608
Fees and subscription		61,088	54,763
Motor vehicles running expenses		263,924	207,935
Service charges		135,880	116,099
Insurance		60,378	74,037
Repair & maintenance		185,891	165,732
Deposit protection insurance premium	28.5	228,467	196,777
Others		165,978	176,685
		2,370,504	2,096,553
		10,038,717	8,857,542



28.1	Total compensation expense	Note	2021 ------(Rupees in '000)-----	2020
	Managerial Remuneration			
	i) Fixed		2,126,228	1,913,913
	ii) Variable			
	a) Cash Bonus / Awards etc.	28.1.1	296,763	230,629
	b) Bonus & Awards in Shares etc.		-	-
	Charge for defined benefit plan		117,432	109,956
	Contribution to defined contribution Plan		154,318	140,550
	Rent & house maintenance		812,712	734,968
	Staff Car Allowance		218,188	174,635
	Utilities		2,247	1,616
	Medical		200,875	182,573
	Conveyance		355	16
	Entertainment		19,692	14,409
	Group Insurance		111,903	89,372
	Staff Welfare		3,174	3,119
	Others		996	919
	Sub-total		4,064,883	3,596,675
	Severance Allowance	28.1.2	-	100,000
	Grand Total		4,064,883	3,696,675

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 No severance allowance was paid / accrued during the current year. Prior year amount represents charge in respect of Ex-gratia, for the Bank's outgoing CEO in the year 2020, as approved by the Board of Directors.

28.2 Total cost for the year relating to outsourcing activities included in operating activities is Rs. 639.604 million (2020: Rs 661.744 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	2021 ------(Rupees in '000)-----	2020
Prime Human Resource services	Business Development Services	138,352	119,415
28.3	Details of the donations given during the year are as follows:		
Donee			
The Aga Khan Education Service, Pakistan		10,000	5,000
The Aga Khan Health Service, Pakistan		-	5,000
The Aga Khan Medical & University Hospital		24,000	24,000
Aga Khan Foundation Pakistan		10,000	10,000
Family Education Services Foundation		1,350	-
Pakistan Eye Bank Society Hospital		200	-
		45,550	44,000

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	2021 ----- (Rupees in '000) -----	2020
	Audit fee	2,589	2,420
	Fee for other statutory certifications	4,871	4,553
	Fee for audit of employee funds	168	157
	Special certifications and sundry advisory services	2,413	1,455
	Out-of-pocket expenses	1,800	1,565
		11,841	10,150



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 2021. The premium amount payable for the financial year ending 2022 is determined in accordance with the eligible deposits (note 17.2) as at 31 December 2021 and amounts to Rs. 267.38 million (2020: Rs. 228.47 million).

	Note	2021	2020
		------(Rupees in '000)-----	
29 WORKERS' WELFARE FUND - NET			
Workers' Welfare Fund - net	29.1	120,333	85,718

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	2021	2020
		------(Rupees in '000)-----	
30 OTHER CHARGES			
Penalties imposed by State Bank of Pakistan (SBP)		31,456	83,033

31 (REVERSALS) / PROVISIONS & WRITE OFFS - NET

(Reversals) / provisions for diminution in the value of investments - net	8.4	(3,515)	717,214
(Reversals) / provisions against loans & advances - net	9.3	(129,974)	673,486
Provision against off-balance sheet obligations		-	27,475
Fixed assets written off		10,033	7,783
Provision against other assets	13.3.1	11,500	-
Impairment reversal against fixed assets	10.3	-	(24,279)
Bad debts written off directly	9.4	-	24
		(111,956)	1,401,703

32 TAXATION

Current	32.1	2,379,094	1,659,338
Prior years		-	-
Deferred		(84,022)	(24,855)
		2,295,072	1,634,483

32.1 The Finance Act, 2021 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 2022 (accounting year ended 31 December 2021) and onwards. Accordingly, an amount of Rs. 235.852 million (2020: Rs. 168.008 million) has been recognised in these financial statements as super tax. Moreover, as the same has been imposed for future years, the Bank has decided to book the Deferred tax asset/liabilities at 39% considering the same as the enacted rate for foreseeable future, the impact of the same has been considered from the beginning of the current year

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

32.3 Relationship between tax expense and accounting profit

	2021	2020
	------(Rupees in '000)-----	
Profit before taxation	5,149,219	4,034,755
Tax at the applicable tax rate of 39% (2020: 35%)	2,008,195	1,412,164
Super Tax	-	168,008
Tax effect on permanent differences	167,683	29,062
Effect of rate change from 35% to 39%	37,724	-
Additional charge due to investment in government securities - Rule 6c	79,536	21,263
Others	1,934	3,986
	2,295,072	1,634,483

		2021	2020
		----- (Rupees in '000) -----	
33	BASIC EARNINGS PER SHARE		
	Profit for the year	2,854,147	2,400,272
		----- (Number of Shares) -----	
	Weighted average number of ordinary shares	1,102,463,483	1,102,463,483
		----- (Rupees) -----	
	Basic earnings per share	2.5889	2.1772
34	DILUTED EARNINGS PER SHARE		
	Profit for the year	2,854,147	2,400,272
		----- (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	2.5889	2.1772
35	NET DEBT RECONCILIATION		
	Net debt as at 01 January 2021	6,994,000	144,780
	Other non-cash movements		
	Mark-up accrued	-	660,117
	Cash Flows		
	Principal paid	(1,200)	-
	Issuance of new debt	-	-
	Mark-up paid	-	(634,334)
		(1,200)	(634,334)
	Net debt as at 31 December 2021	6,992,800	170,563
	* Mark-up is covered under cash flow from operating activities.		
36	CASH AND CASH EQUIVALENTS		
		Note	
	Cash and balances with treasury banks	5	35,196,898
	Balance with other banks	6	2,427,478
	Overdrawn nostro accounts	16	(683,215)
			36,941,161
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 2021 [2020: 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 15 December 2021.		
	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 2021		



38	STAFF STRENGTH	2021	2020
		-- (Number of employees) --	
	Permanent	3,290	3,097
	On Bank contract	187	175
	Bank's own staff strength at the end of the year	3,477	3,272
38.1	In addition to the above, 425 (2020: 372) 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, 687 (2020: 737) 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 defined benefit scheme are:	2021	2020
		-- (Number of employees) --	
	- Gratuity fund	3,242	3,213
39.3	Principal actuarial assumptions		
	The actuarial valuation was carried out as at 31 December 2021 using the following significant assumptions:		
		2021	2020
		----- (Per annum) -----	
	Discount rate	11.75%	8.5%
	Expected rate of return on plan assets	7.0%	8.5%
	Expected rate of salary increase	7.0%	6.5%
	Mortality rates (for death in service)	SLIC	SLIC
		(2001-05)-1	(2001-05)-1
	Rate of employee turnover	Special	Special
39.4	Reconciliation of payable to defined benefit plan		
		2021	2020
		----- (Rupees in '000) -----	
	Present value of obligation	927,320	879,604
	Fair value of plan assets	(927,320)	(879,604)
		-	-
39.5	Movement in defined benefit obligation		
	Obligation at the beginning of the year	879,604	819,805
	Current service cost	117,432	109,956
	Interest cost	73,909	97,610
	Benefits paid by the Bank	(105,619)	(106,577)
	Re-measurement loss / (gain)	(38,006)	(41,190)
	Obligation at the end of the year	927,320	879,604



	Note	2021	2020
		------(Rupees in '000)-----	
39.6	Movement in fair value of plan assets		
Fair value at the beginning of the year		879,604	819,805
Interest income on plan assets		73,909	97,610
Contribution by the Bank - net		18,681	(3,904)
Re-measurements: net return on plan assets over interest income gain / (loss)	39.8.2	(44,874)	(33,907)
Fair value at the end of the year		927,320	879,604
39.7	Movement in payable under defined benefit schemes		
Opening balance		-	-
Charge for the year		117,432	109,956
Contribution by the Bank - net		(124,300)	(102,673)
Re-measurement loss / (gain) recognised in other comprehensive income during the year	39.8.2	6,868	(7,283)
Closing balance		-	-
39.8	Charge for defined benefit plan		
39.8.1	Cost recognised in profit and loss		
Current service cost		117,432	109,956
Net interest on defined benefit asset / liability		73,909	97,610
Expected return on plan assets		(73,909)	(97,610)
		117,432	109,956
39.8.2	Re-measurement recognised in other comprehensive income during the year		
Loss / (gain) on obligation			
-Demographic assumptions		-	-
-Financial assumptions		(46,426)	(10,028)
-Experience adjustment		8,420	(31,162)
Return on plan assets over interest income		44,874	33,907
Total re-measurements recognised in other comprehensive income		6,868	(7,283)
39.9	Components of plan assets		
Cash and cash equivalents - net		186,139	472,738
Mutual funds		24,367	193,042
Government securities		473,751	130,236
Shares		199,693	40,218
Term Finance Certificates		43,370	43,370
		927,320	879,604
39.9.1	The fund primarily invests in government securities (Market Treasury Bills, Pakistan Investment Bonds and Special Savings Certificates) and accordingly does 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	2021	2020
		------(Rupees in '000)-----	
1% increase in discount rate		(43,146)	(42,747)
1% decrease in discount rate		47,498	47,233
1 % increase in expected rate of salary increase		29,565	49,865
1 % decrease in expected rate of salary increase		(27,408)	(45,871)
39.11	The expected gratuity expense / contribution to the fund for the next year commencing 01 January 2022 works out to be Rs. 122.767 million (2021: Rs 117.432 million).		

**39.12 Gratuity expense for the year ended 31 December 2022****-- (Rupees in '000) --**

Service Cost	122,767
Net interest on the net defined benefit liability / (asset)	
(i) Interest cost on defined benefit obligation	107,671
(ii) Interest income on plan assets	(107,671)
(iii) Net interest cost	-
Gratuity cost to be recognised in the profit and loss account	122,767

39.13 Maturity profile

The weighted average duration of the obligation (in years)

2021

4.87

2020

5.10

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 (2020: 8.33 percent) of basic salaries of the employees. The contribution made by the Bank during the year amounted to Rs. 154.318 million (2020: Rs. 140.550 million). The total number of employees as at 31 December 2021 eligible under the scheme were 2,700 employees (2020: 2,778 employees).

41 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

41.1 Total Compensation Expense

2021							
Items	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Executives (other than CEO)	Non- Executives				
	----- (Rupees in '000) -----						
Fees and Allowances etc. Managerial Remuneration	1,980	-	15,270	6,610	-	-	-
i) Fixed	-	-	-	2,562	31,198	126,786	153,119
ii) Variable							
a) Cash Bonus / Awards*	-	-	-	132	7,801	34,149	34,984
b) Bonus & Awards in Shares	-	-	-	-	-	-	-
	-	-	-	132	7,801	34,149	34,984
Charge for defined benefit plan	-	-	-	257	3,856	11,248	14,281
Contribution to defined contribution plan	-	-	-	213	2,570	10,561	12,739
Rent & house maintenance	-	-	-	1,024	13,882	52,814	61,948
Car allowance	-	-	-	966	368	53,004	95,633
Utilities	-	-	-	-	2,247	2,410	-
Medical	-	-	-	256	428	13,263	15,312
Entertainment allowance	-	-	-	179	-	8,875	10,718
Others	-	-	-	45	2,645	1,839	3,225
Total	1,980	-	15,270	12,245	64,995	314,949	401,959
Number of Persons	1	-	6	5	1	22	79

* This represents cash bonus for performance year 2020, paid out in the year 2021. In addition to this payout, an amount of Rs. 25.559 million 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.

2020							
Items	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Executives (other than CEO)	Non- Executives				
	(Rupees in '000)						
Fees and Allowances etc. Managerial Remuneration	2,130	-	16,331	5,100	-	-	-
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	67,572
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	423,784
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 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.



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

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. 1.201 million (2020: Rs. 1.621 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. 1,531.915 million (2020: Rs. 1,363.930 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

2021									
Sr. No.	Name of Director	Meeting Fees and Allowances Paid							
		For Board Meetings	For Board Committee Meetings						Total Amount Paid
			Board Audit Committee	Board Credit Committee	Board Human Resource and Remuneration Committee	Board Risk Management Committee	Committee of Independent Directors	Board Information Technology Committee	
		----- (Rupees in '000) -----							
1	Mr. Alauddin Feerasta	1,260	-	720	-	-	-	-	1,980
2	Mr. Nooruddin Feerasta	900	450	720	-	-	-	-	2,070
3	Mr. Ahmed Feerasta	900	-	-	-	600	-	360	1,860
4	Mr. Muhammad Rashid Zahir	1,050	600	600	-	-	-	-	2,250
5	Mr. Manzoor Ahmed	1,050	-	600	720	720	-	300	3,390
6	Mr. Jamil Hassan Hamdani	1,050	720	-	600	600	180	300	3,450
7	Ms. Navin Salim Merchant	900	600	-	600	-	150	-	2,250
	Total Amount Paid	7,110	2,370	2,640	1,920	1,920	330	960	17,250

2020									
Sr. No.	Name of Director	Meeting Fees and Allowances Paid							Total Amount Paid
		For Board Meetings	For Board Committee Meetings						
			Board Audit Committee	Board Credit Committee	Board Human Resource and Remuneration Committee	Board Risk Management Committee	Committee of Independent Directors	Board Information Technology Committee	
		----- (Rupees in '000) -----							
1	Mr. Alauddin Feerasta	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

41.3 Remuneration paid to Shariah Board Members

Items	2021			2020		
	Chairman	Resident Member	Non-Resident Member(s)	Chairman	Resident Member	Non-Resident Member(s)
----- (Rupees in '000) -----						
a. Meeting Fees and Allowances	2,810	-	3,800	2,700	-	2,400
b. Remuneration (note 41.1)	-	5,635	-	-	3,661	-
Total Amount	2,810	5,635	3,800	2,700	3,661	2,400
Total Number of Persons	1	2	2	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:

	2021			
	Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----				
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government securities	-	307,250,483	-	307,250,483
Shares	2,718,287	-	61,100	2,779,387
Non-Government debt securities	-	3,383,345	-	3,383,345
Units of mutual fund	249,225	-	-	249,225
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government securities	-	12,628,519	-	12,628,519
Non-Government debt securities	-	-	-	-
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	86,975,369	-	86,975,369
Forward sale of foreign exchange	-	74,812,602	-	74,812,602
Forward purchase of government securities	-	246,091	-	246,091
Forward sale of equity securities	-	1,858	-	1,858
Non - Financial Assets				
Land and Building (operating fixed assets & non-banking assets)*	-	-	6,303,288	6,303,288
	<u>2,967,512</u>	<u>485,298,267</u>	<u>6,364,388</u>	<u>494,630,167</u>



	2020			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
On balance sheet financial instruments				
Financial assets - measured at fair value				
Investments				
Federal Government securities	-	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

* 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 2021 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 2020	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	<u>2,332,292</u>	<u>471,558</u>	<u>302,080</u>	<u>3,040,377</u>	<u>1,139,377</u>	<u>7,285,684</u>
Acquisitions	-	-	24,139	14,378	-	38,517
Amounts recognised in the profit or loss as depreciation and impairment	-	-	(12,477)	(164,369)	(3,754)	(180,600)
Other adjustments / transfers	(850,000)	-	-	-	9,687	(840,313)
Closing balance 31 December 2021	<u>1,482,292</u>	<u>471,558</u>	<u>313,742</u>	<u>2,890,386</u>	<u>1,145,310</u>	<u>6,303,288</u>



43 SEGMENT INFORMATION

43.1 Segment details with respect to business activities

2021

	Retail Banking	Corporate	Islamic	Trading and Sales	Others	Total
----- (Rupees in '000) -----						
Profit and loss						
Net mark-up / return / profit	(10,272,827)	6,956,528	659,236	14,385,012	(790,415)	10,937,534
Inter segment revenue - net	17,698,994	(5,985,236)	-	(12,989,385)	1,275,627	-
Non mark-up / return / interest income	2,251,907	451,605	109,225	2,170,452	(692,954)	4,290,235
Total income	9,678,074	1,422,897	768,461	3,566,079	(207,742)	15,227,769
Segment direct expenses	6,701,416	238,847	581,274	183,260	2,485,709	10,190,506
Inter segment expense allocation	103,816	1,764	7,016	420	(113,016)	-
Total expenses	6,805,232	240,611	588,290	183,680	2,372,693	10,190,506
(Reversal)/ provision	(136,827)	(234,302)	252,448	(3,515)	10,240	(111,956)
Profit before tax	3,009,669	1,416,588	(72,277)	3,385,914	(2,590,675)	5,149,219
Balance sheet						
Cash & bank balances	31,265,061	1,962,300	2,207,198	2,189,817	-	37,624,376
Investments	-	396,000	17,220,848	309,808,339	-	327,425,187
Net inter segment lending	265,598,191	-	-	(280,374,441)	14,776,250	-
Lendings to financial institutions	-	-	4,592,509	17,520,612	-	22,113,121
Advances - performing	58,890,757	89,352,989	10,162,675	-	4,666,042	163,072,463
- non-performing	1,235,085	119,577	1,013,659	-	54,012	2,422,333
Others	5,092,646	2,107,327	1,659,357	3,359,002	14,612,737	26,831,069
Total assets	362,081,740	93,938,193	36,856,246	52,503,329	34,109,041	579,488,549
Borrowings	11,585,729	11,566,486	705,360	99,746,733	980,560	124,584,868
Subordinated debt	-	-	-	-	6,992,800	6,992,800
Deposits & other accounts	337,761,115	33,350,233	31,925,206	-	-	403,036,554
Net inter segment borrowing	-	46,060,906	2,804,319	(48,865,225)	-	-
Others	12,734,896	2,960,568	1,421,361	1,621,821	4,500,140	23,238,786
Total liabilities	362,081,740	93,938,193	36,856,246	52,503,329	12,473,500	557,853,008
Equity	-	-	-	-	21,635,541	21,635,541
Total equity & liabilities	362,081,740	93,938,193	36,856,246	52,503,329	34,109,041	579,488,549
Contingencies & commitments						
In respect of letter of credit / guarantees	35,882,154	23,174,145	1,778,643	-	-	60,834,942
In respect of forward foreign exchange contracts	-	-	-	161,787,971	-	161,787,971
In respect of forward lendings	-	2,675,230	-	-	-	2,675,230
In respect of fixed assets	-	-	-	-	133,154	133,154
In respect of government securities	-	-	-	249,104	-	249,104
In respect of equity securities	-	-	-	1,903	-	1,903
In respect of other commitments	-	-	-	-	72,000	72,000
In respect of other contingencies	-	-	-	-	2,390,628	2,390,628
Total	35,882,154	25,849,375	1,778,643	162,038,978	2,595,782	228,144,932

2020

	Retail Banking	Corporate	Islamic	Trading and Sales	Others	Total
----- (Rupees in '000) -----						
Profit and loss						
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

2020

	Retail Banking	Corporate	Islamic	Trading and Sales	Others	Total
----- (Rupees in '000) -----						
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

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	
		2021	2020	2021	2020
----- (Rupees in '000) -----					
Asset Management Companies	PIB 3 years	2	8	-	3,919,300
Asset Management Companies	PIB 5 years			-	858,900
Asset Management Companies	PIB 10 years			-	934,000
Asset Management Companies	MTB 6 months			250,000	-
Asset Management Companies	MTB 3 months			-	174,900
Asset Management Companies	MTB 12 months			-	25,000
Employee Funds / NGO's	PIB 3 years	6	6	22,000	147,000
Employee Funds / NGO's	PIB 5 years			2,113,500	2,151,500
Employee Funds / NGO's	PIB 10 years			3,241,000	3,241,000
Employee Funds / NGO's	MTB 3 months			57,350	2,742,035
Employee Funds / NGO's	MTB 6 months			200,000	100,000
Employee Funds / NGO's	MTB 12 months			-	63,500
Individuals	MTB 3 months	1	-	60,000	-
Individuals	MTB 6 months	-	1	-	1,400
Individuals	MTB 6 months	1	1	53,000	-
Individuals	MTB 12 months			-	19,000
Individuals	PIB 5 years	2	3	20,500	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	1	250,000	250,000
Staff retirement funds - related parties	PIB 3 years	2	2	1,500,000	250,000
Staff retirement funds - related parties	PIB 20 years			10,000	10,000
		17	24	7,792,750	14,948,435

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 (including 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	2021			2020		
	Directors (a)	Key* management personnel (a)	Other related parties	Directors (a)	Key* management personnel (a)	Other related parties

----- (Rupees in '000) -----

Statement of financial position						
Investments						
Opening balance	-	-	440,284	-	-	215,213
Investment made during the year	-	-	100,000	-	-	573,185
Investment redeemed / disposed during the year	-	-	(250,986)	-	-	(348,114)
Closing balance	-	-	289,298	-	-	440,284
Advances						
Opening balance	149,000	141,353	-	65,000	176,995	-
Addition during the year	150,175	313,174	-	244,570	59,543	-
Repaid during the year	(165,175)	(285,697)	-	(160,570)	(65,968)	-
Transfer in / (out) - net	-	38,053	-	-	(29,217)	-
Closing balance	134,000	206,883	-	149,000	141,353	-
Statement of financial position						
Other assets						
Interest / mark-up accrued	3,981	192	-	4,464	56	-
Other receivable	-	-	-	-	-	-
against E-banking settlement	-	-	136,346	-	-	656,418
against investment	-	-	-	-	-	-
	3,981	192	136,346	4,464	56	656,418
Deposits and other accounts						
Opening balance	533,284	88,656	5,229,818	602,994	10,013	5,425,540
Received during the year	1,484,976	1,656,304	112,144,205	1,804,933	696,483	87,591,751
Withdrawn during the year	(1,455,560)	(1,647,653)	(113,027,565)	(1,831,907)	(547,530)	(87,787,473)
Transfer in / (out) - net	-	2,323	-	(42,736)	(70,310)	-
Closing balance	562,700	99,630	4,346,458	533,284	88,656	5,229,818
Other liabilities						
Interest / mark-up payable	4,322	1,925	28,711	1,981	752	29,424
Profit and loss account						
Income						
Mark-up / return / interest earned	11,022	18,788	-	9,726	11,484	-
Fee and commission income	31	139	536	42	68	467
Dividend income	-	-	24,933	-	-	12,155
Rent Income	-	-	10,120	-	-	-
Net gain on sale of securities	-	-	1,171	-	-	(11,433)
Expense						
Mark-up / return / interest paid	20,098	5,916	322,088	36,406	4,470	469,004
Rent expense **	-	-	17,027	-	-	15,225
Computer expense	-	-	17,638	-	-	8,352
Charge for staff retirement funds	-	-	271,750	-	-	250,506

* 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.

CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS**Minimum Capital Requirement (MCR):**

Paid-up capital (net of losses)

2021 **2020**
 ----- (Rupees in '000) -----

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital

Eligible Additional Tier 1 (ADT 1) Capital

Total Eligible Tier 1 Capital

Eligible Tier 2 Capital

Total Eligible Capital (Tier 1 + Tier 2)

Risk Weighted Assets (RWAs):

Credit Risk

Market Risk

Operational Risk

Total

Common Equity Tier 1 Capital Adequacy ratio

Tier 1 Capital Adequacy Ratio

Total Capital Adequacy Ratio

National minimum capital requirements prescribed by SBP

CET1 minimum ratio

Tier 1 minimum ratio

Total capital minimum ratio

Leverage Ratio (LR):

Eligible Tier-1 Capital

Total Exposures

Leverage Ratio - percentage

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets

Total Net Cash Outflow

Liquidity Coverage Ratio - percentage

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding

Total Required Stable Funding

Net Stable Funding Ratio - percentage

11,024,636	11,024,636
18,749,210	19,260,436
3,684,770	3,584,770
22,433,980	22,845,206
2,905,008	4,610,533
25,338,988	27,455,739
154,826,990	134,385,533
6,607,437	8,610,225
21,964,183	18,789,518
183,398,610	161,785,276
10.22%	11.90%
12.23%	14.12%
13.82%	16.97%
6.00%	6.00%
7.50%	7.50%
11.50%	11.50%
22,433,980	22,845,206
713,553,593	566,685,566
3.14%	4.03%
198,521,926	155,353,599
118,370,009	125,268,638
167.71%	124.02%
261,913,644	235,312,708
150,992,810	161,201,255
173.46%	145.97%

- 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 2021 stood at Rs 11.025 billion (2020: 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 2021:



- 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/2022/04/additional_information.pdf"

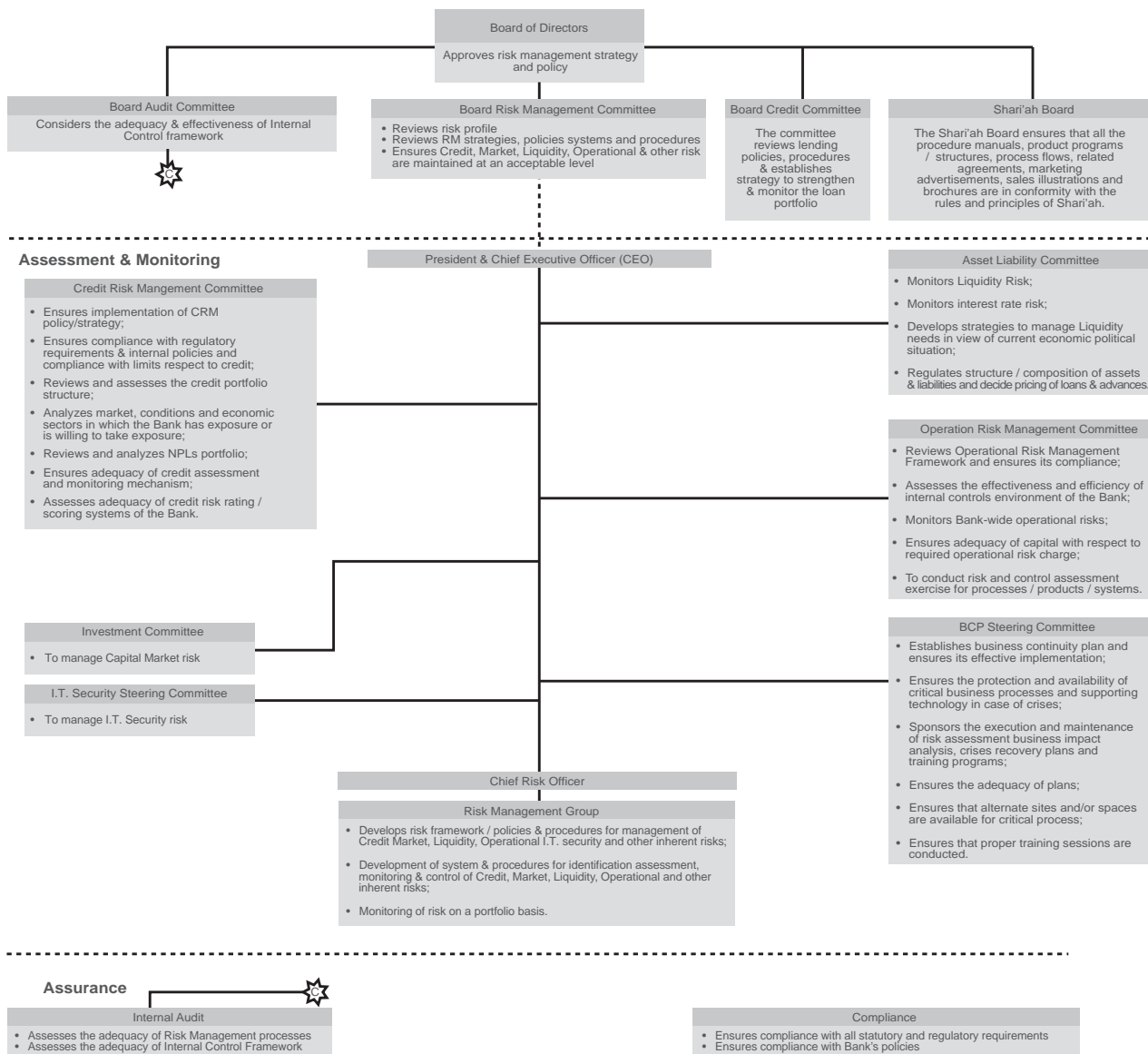
47 RISK MANAGEMENT

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.

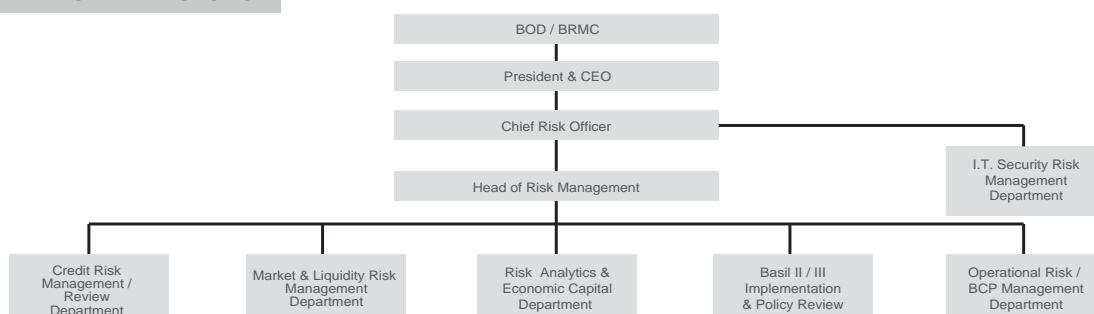
The Board of Directors (BOD) keeps an oversight on the Bank-wide risk management framework and approves the risk management strategy and policies of the Bank. The Board Risk Management Committee (BRMC), ensures that the Bank maintains a complete and prudent integrated risk management framework at all 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.

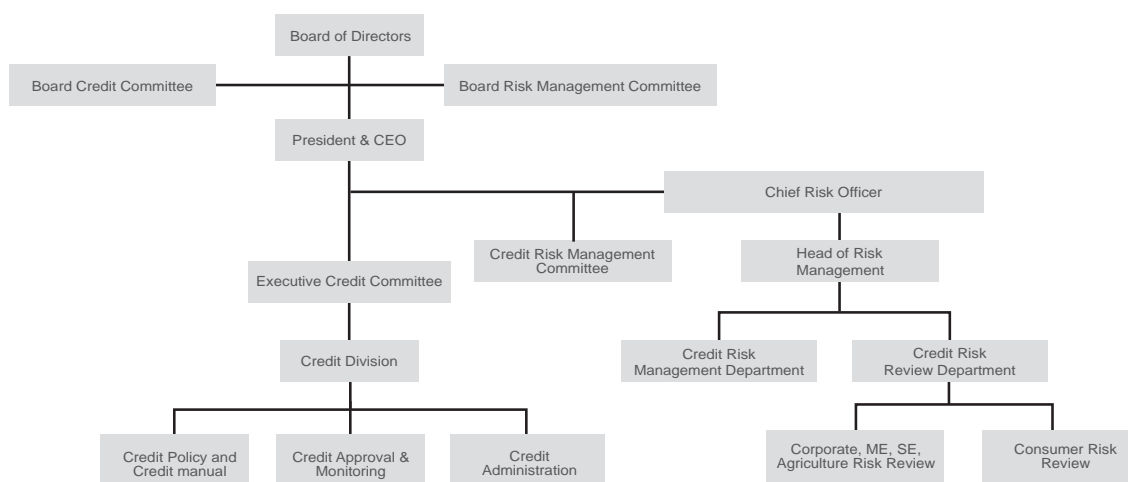
Credit Risk Management Objectives and Organisation

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. The automated loan originating system coupled with credit risk ratings developed on Avra by AFS 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 have delegated lending powers to different tiers of credit approving authorities, constituted at central and regional levels. Extension of credit is executed, in strong internal control environment, in the light of the Bank's credit policies and procedures and regulatory requirements. The approval mechanism also accounts for Internal Rating of the borrower, thus high risk clients are only approved at senior level.

Credit Portfolio Management

Besides managing credit risk at transaction level, the Bank regularly monitors credit risk at portfolio level and ensures that no undue concentration of risk is present in the overall credit exposure at Bank level. The Bank has a well established and rigorous management information set-up which allows efficient and effective assessment, monitoring and management of its credit risk profile in various dimensions.

Credit Risk Rating

The Credit risk Rating System provides solid grounds for the assessment and measurement of credit risk against each obligor in addition to fulfilling regulatory requirements. 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 completed validation of scorecards and probability of default (P.D) modelling through a Bahrain based vendor having international repute.

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.

47.1.1 Lendings to financial institutions

Credit risk by public / private sector

	Gross lendings		Non-performing lendings		Provision held	
	2021	2020	2021	2020	2021	2020
----- (Rupees in '000) -----						
Public / Government	-	3,000,000	-	-	-	-
Private	22,113,121	5,956,086	-	-	-	-
	22,113,121	8,956,086	-	-	-	-



47.1.2 Investment in debt securities

Credit risk by industry sector

	Gross investments		Non-performing investments		Provision held	
	2021	2020	2021	2020	2021	2020
	----- (Rupees in '000) -----					
Textile	25,215	52,234	25,215	52,234	25,215	52,234
Chemical and Pharmaceuticals	7,440	7,440	7,440	7,440	7,440	7,440
Services	578,629	440,444	-	-	-	-
Construction	6,560	6,560	6,560	6,560	6,560	6,560
Power (electricity), Gas, Water, Sanitary	1,843,853	2,088,662	19,860	19,860	19,860	19,860
Financial	321,993,953	243,925,579	-	-	-	-
	324,455,650	246,520,919	59,075	86,094	59,075	86,094

Credit risk by public / private sector

	Gross investments		Non-performing investments		Provision held	
	2021	2020	2021	2020	2021	2020
	----- (Rupees in '000) -----					
Public / Government	322,637,198	243,494,228	-	-	-	-
Private	1,818,452	3,026,691	59,075	86,094	59,075	86,094
	324,455,650	246,520,919	59,075	86,094	59,075	86,094

47.1.3 Advances

Credit risk by industry sector

	Gross advances		Non-performing advances		Provision held	
	2021	2020	2021	2020	2021	2020
	----- (Rupees in '000) -----					
Agriculture, Forestry, Hunting and Fishing	3,209,024	2,622,705	158,647	181,502	136,104	151,185
Food and Allied	18,409,467	30,709,114	1,448,696	1,452,257	653,802	473,791
Textile	36,244,688	26,940,779	4,202,405	4,428,419	3,777,084	4,006,948
Chemical and Pharmaceuticals	8,287,524	6,942,734	545,109	573,804	537,869	552,417
Cement	1,643,924	1,891,846	-	-	-	-
Sugar	10,206,622	6,768,573	-	85,704	-	85,704
Footwear and Leather garments	2,372,867	1,673,182	56,321	61,321	56,321	61,321
Automobile and transportation equipment	2,213,936	1,585,306	-	-	-	-
Electronics and electrical appliances	4,753,615	3,709,311	53,312	54,312	53,312	54,312
Construction	7,684,309	4,750,985	102,192	33,581	29,804	32,582
Power (electricity), Gas, Water, Sanitary	23,097,233	25,599,370	833,216	839,183	362,946	224,960
Wholesale and Retail Trade	7,952,075	19,605,766	423,715	254,445	224,674	145,442
Exports/Imports	11,680,653	9,598,205	216,089	228,864	97,317	87,148
Financial	1,185,802	869,791	132,167	132,167	132,167	132,167
Services	7,022,135	7,148,405	198,587	305,466	150,696	245,681
Individuals	11,219,069	7,928,632	196,734	182,263	134,380	133,808
Education	2,111,837	1,888,895	-	-	-	-
Iron & Steel	7,347,801	5,439,354	226,256	340,447	154,213	246,802
Paper & Printing	1,550,698	1,469,973	48,669	48,920	48,669	48,920
Plastic Products	1,528,160	817,460	350,277	364,297	312,170	326,190
Ship Breaking	1,182,786	1,884,276	1,057,246	1,087,246	974,056	1,004,056
Others	2,538,217	2,847,981	64,386	131,208	56,107	93,152
	173,442,442	172,692,643	10,314,024	10,785,406	7,891,691	8,106,586

Credit risk by public / private sector

	Gross advances		Non-performing advances		Provision held	
	2021	2020	2021	2020	2021	2020
	----- (Rupees in '000) -----					
Public/ Government	13,206,447	43,813,940	-	-	-	-
Private	160,235,995	128,878,703	10,314,024	10,785,406	7,891,691	8,106,586
	173,442,442	172,692,643	10,314,024	10,785,406	7,891,691	8,106,586

47.1.4 Contingencies and Commitments

Credit risk by industry sector

	2021	2020
	----- (Rupees in '000) -----	----- (Rupees in '000) -----
Agriculture, Forestry, Hunting and Fishing	217,391	233,007
Food and Allied	9,231,506	9,201,400
Textile	8,766,096	6,335,128
Chemical and Pharmaceuticals	2,245,330	3,560,440
Cement	3,173,418	317,014
Sugar	446,450	221,542
Footwear and Leather garments	223,518	325,808
Automobile and transportation equipment	2,169,904	756,562
Electronics and electrical appliances	3,367,053	2,226,289
Construction	3,879,980	2,618,876
Power (electricity), Gas, Water, Sanitary	5,615,426	6,100,543
Wholesale and Retail Trade	8,675,826	7,475,828
Exports/Imports	1,908,089	1,866,685
Financial	166,853,435	117,332,855
Services	5,100,641	10,812,612
Education	54,571	104,571
Iron & Steel	1,909,577	1,808,043
Paper & Printing	756,160	810,454
Plastic Products	1,482,207	1,588,724
Ship Breaking	834,485	116,707
Others	1,233,869	991,184
	<u>228,144,932</u>	<u>174,804,272</u>

Credit risk by public / private sector

Public / Government	262,569	1,232,133
Private	227,882,363	173,572,139
	<u>228,144,932</u>	<u>174,804,272</u>

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. 31,149 million (2020: Rs. 56,101 million) and are as following:

	2021	2020
	----- (Rupees in '000) -----	----- (Rupees in '000) -----
Funded	24,028,154	54,219,037
Non-funded	7,120,843	1,881,771
Total exposure	<u>31,148,997</u>	<u>56,100,808</u>

The sanctioned limits against these top 10 exposures aggregated to Rs. 36,996 million (2020: Rs. 105,476 million).

As at 31 December 2021, none of the top 10 exposures are classified and no provision is required / held thereagainst.

47.1.6 Advances - province / region-wise disbursement & utilization

Province / region	2021						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	AJK including Gilgit-Baltistan	Islamabad
		----- (Rupees in '000) -----					
Punjab	272,713,032	253,892,573	1,807,140	8,148,277	-	4,333,801	4,531,241
Sindh	332,778,161	13,750,658	315,153,054	1,661,792	2,174,687	-	37,970
KPK including FATA	4,591,022	106,063	-	4,484,959	-	-	-
Balochistan	321,689	-	-	-	321,689	-	-
AJK including Gilgit-Baltistan	5,557,543	-	12	-	-	5,557,531	-
Islamabad	51,727,288	13,765,553	5,352,326	13,656,055	-	-	18,953,354
Total	667,688,735	281,514,847	322,312,532	27,951,083	2,496,376	9,891,332	23,522,565



Province / region	2020						
	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

47.2 Market Risk

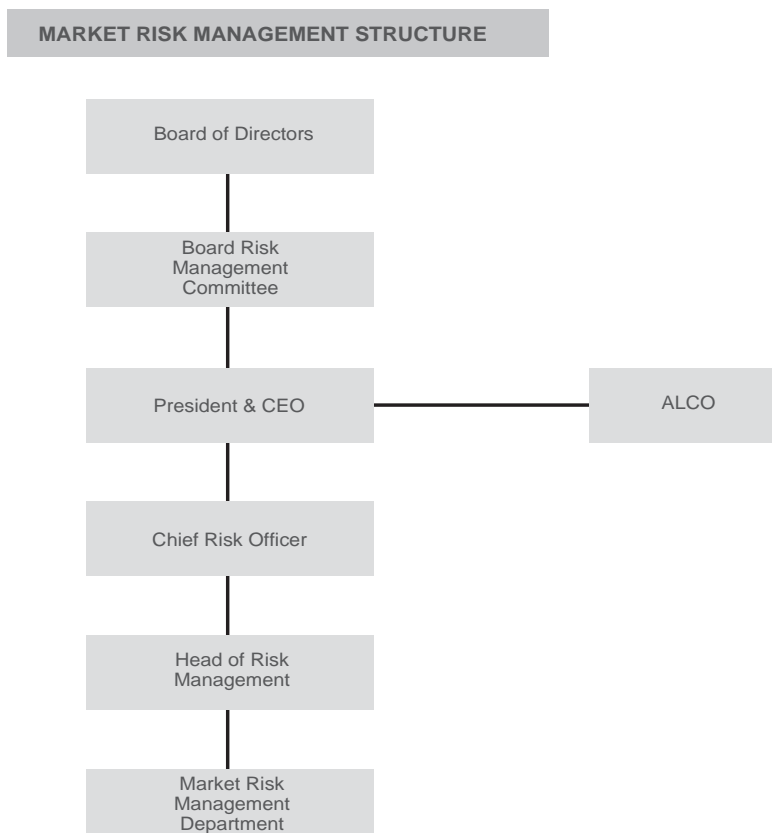
47.2.1 Market risk is the risk that the value of on and off-balance sheet positions of a financial institution will be adversely affected by movements in market rates or prices such as interest rates, foreign exchange rates, equity prices and / or commodity prices resulting in a loss to earnings and 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 Board Risk Management Committee (BRMC), 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 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

	2021			2020		
	Banking book	Trading book	Total	Banking book	Trading book	Total
----- (Rupees in '000) -----						
Cash and balances with treasury banks	35,196,898	-	35,196,898	29,963,954	-	29,963,954
Balances with other banks	2,427,478	-	2,427,478	4,268,063	-	4,268,063
Lendings to financial institutions	22,113,121	-	22,113,121	8,956,086	-	8,956,086
Investments	304,830,121	22,595,066	327,425,187	244,562,058	5,393,613	249,955,671
Advances	165,494,796	-	165,494,796	164,544,519	-	164,544,519
Fixed assets	11,145,057	-	11,145,057	11,910,925	-	11,910,925
Intangible assets	432,894	-	432,894	408,274	-	408,274
Deferred tax assets	178,221	-	178,221	-	-	-
Other assets	15,074,897	-	15,074,897	15,337,731	-	15,337,731
	556,893,483	22,595,066	579,488,549	479,951,610	5,393,613	485,345,223



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.

	2021				2020			
	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	12,559,483	21,927,051	9,542,112	174,544	19,149,249	17,199,154	(1,153,574)	796,521
Great Britain pound	398,057	2,737,474	2,341,144	1,727	356,517	2,336,963	1,975,913	(4,533)
Japanese Yen	19,971	73	(18,396)	1,502	14,210	74	(10,848)	3,288
Euro	489,974	836,432	357,648	11,190	868,402	1,029,297	151,229	(9,666)
Chinese Yuan	93,355	-	(92,617)	738	206,233	199,186	-	7,047
Other currencies	51,373	6,912	(2)	44,459	37,446	20,042	1	17,405
	13,612,213	25,507,942	12,129,889	234,160	20,632,057	20,784,716	962,721	810,062

	2021		2020	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% change in foreign exchange rates on				
- Profit and loss account	-	2,342	-	8,101
- 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/IC and other authorities on a periodical basis.

	2021		2020	
	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	-	148,376	-	172,987

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.

	2021		2020	
	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000)			
Impact of 1% change in interest rates on				
- Profit and loss account	2,383,724	62,224	2,777,543	24,932
- 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.

2021											
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	
----- (Rupees in '000) -----											
On-balance sheet financial instruments											
Assets											
Cash and balances with treasury banks	0.00%	35,196,898	-	-	-	-	-	-	-	-	35,196,898
Balances with other banks	0.00%	2,427,478	32	-	-	-	-	-	-	-	2,427,446
Lending to financial institutions	8.99%	22,113,121	20,729,439	1,383,682	-	-	-	-	-	-	-
Investments	8.99%	327,425,187	69,714,124	74,730,851	75,741,632	46,774,306	19,057,589	19,490,671	10,000,473	8,886,929	3,028,612
Advances	8.84%	165,494,796	107,983,810	21,199,920	12,264,399	9,776,188	384,082	611,741	2,726,746	4,046,634	4,134,898
Other assets	0.00%	14,888,517	-	-	-	-	-	-	-	-	14,888,517
		567,545,997	198,427,405	97,314,453	88,006,031	56,550,494	19,441,671	20,102,412	12,727,219	12,933,563	4,134,898
											57,907,851
Liabilities											
Bills payable	0.00%	6,900,897	-	-	-	-	-	-	-	-	6,900,897
Borrowings	6.34%	124,584,868	21,642,449	87,972,460	4,965,406	4,112,727	77,943	1,031,866	781,610	2,747,351	569,841
Deposits and other accounts	8.44%	403,036,554	134,118,496	129,098,347	10,349,408	18,456,727	460,973	648,408	410,520	-	109,493,675
Liabilities against assets subject to finance lease	0.00%	-	-	-	-	-	-	-	-	-	-
Subordinated debt	11.29%	6,992,800	2,992,800	4,000,000	-	-	-	-	-	-	-
Other liabilities	0.00%	16,172,923	-	-	-	-	-	-	-	-	16,172,923
		557,688,042	158,753,745	217,070,807	19,314,814	22,569,454	538,916	1,680,274	1,192,130	2,747,351	569,841
											133,250,710
On-balance sheet gap		9,857,955	39,673,660	(119,756,354)	68,691,217	33,981,040	18,902,755	18,422,138	11,535,089	10,186,212	3,565,057
											(75,342,859)
Non financial net assets											
		11,777,586									
Total net assets		21,635,541									
Off-balance sheet financial instruments											
Documentary credits and short-term trade-related transactions		60,834,942	22,189,498	14,140,126	9,599,640	6,847,140	5,535,836	1,140,143	358,249	737,216	287,094
Commitments in respect of:											
- forward foreign exchange contracts purchase		86,975,369	32,575,649	34,424,581	19,184,159	790,980	-	-	-	-	-
- forward foreign exchange contracts sale		(74,812,602)	(23,126,728)	(29,873,108)	(21,812,766)	-	-	-	-	-	-
- forward government securities transactions		249,104	249,104	-	-	-	-	-	-	-	-
- forward equities securities transactions		1,903	1,903	-	-	-	-	-	-	-	-
- forward lending		2,675,230	-	-	-	2,675,230	-	-	-	-	-
- acquisition of fixed assets		117,194	-	-	-	117,194	-	-	-	-	-
- acquisition of intangibles		15,960	-	-	-	15,960	-	-	-	-	-
Off-balance sheet gap		76,057,100	31,889,426	18,691,599	6,971,033	10,446,504	5,535,836	1,140,143	358,249	737,216	287,094
											-
Total yield/ interest risk sensitivity gap		71,563,086	(101,064,755)	75,662,250	44,427,544	24,438,591	19,562,281	11,893,338	10,923,428	3,852,151	(75,342,859)
Cumulative yield / interest risk sensitivity gap		71,563,086	(29,501,669)	46,160,581	90,588,125	115,026,716	134,588,997	146,482,335	157,405,763	161,257,914	



2020

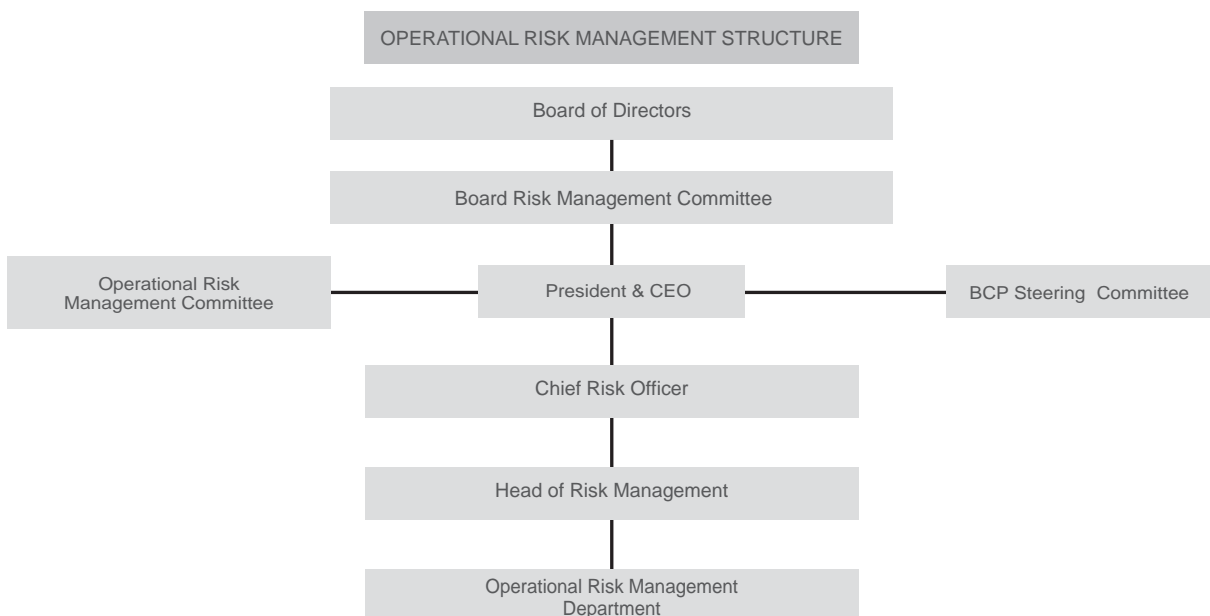
	Effective Yield/ Interest rate	Exposed to Yield/ Interest risk										Non-interest bearing financial instruments
		Total	Upton 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
----- (Rupees 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										
Off-balance sheet financial instruments												
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		4,996,920	-	-	-	4,996,920	-	-	-	-	-	-
- 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		58,558,124	17,674,038	18,947,860	132,379	13,695,238	4,328,358	1,105,549	978,302	1,108,474	587,926	-
Total yield/ interest risk sensitivity gap		4,644,661	(53,055,496)	17,522,616	81,554,423	12,422,737	41,493,248	12,893,539	9,616,774	3,769,467	(58,673,108)	
Cumulative yield / interest risk sensitivity gap		4,644,661	(48,410,835)	(30,888,219)	50,666,204	63,088,941	104,582,189	117,475,728	127,092,502	130,861,969		

- (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 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 (BRMC), 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.

47.2.8 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's ALCO is responsible for the formulation of overall strategy and oversight of asset and liability management. Liquidity Risk measures are chosen using a range of metrics, including Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), liquidity gaps and various liquidity ratios.

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. Shock to Liquidity Coverage Ratio and Net Stable Funding Ratio



47.2.9 Maturities of Assets and Liabilities - based on contractual maturity of the assets and liabilities of the Bank

2021													
Total	Upton 1 Day	Over 1 to 7 days	Over 7 to 14 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	35,196,898	35,196,898	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	2,427,478	2,427,478	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	22,113,121	-	17,831,908	508,827	2,388,704	1,383,682	-	-	-	-	-	-	-
Investments	327,425,187	-	-	27,459,263	-	11,820,984	62,202,717	23,812,386	37,798,580	9,099,773	99,279,431	20,029,807	25,414,965
Advances	165,494,796	45,055,403	1,615,904	3,482,662	5,393,502	14,795,269	10,361,474	19,006,780	2,852,234	6,504,238	8,249,361	7,115,536	13,001,587
Fixed assets	11,145,057	3,189	19,140	22,330	54,231	97,612	97,369	290,712	602,740	285,748	1,097,075	1,001,802	1,512,823
Intangible assets	432,894	622	3,718	4,338	10,534	19,203	19,203	57,530	57,496	57,087	137,925	48,983	16,255
Deferred tax assets	178,221	-	-	-	-	-	-	-	178,221	-	-	-	-
Other assets	15,074,897	7,876,350	471,720	280,072	1,058,552	1,498,520	1,420,661	143,108	8,376	1,169,799	3,797	3,797	13,823
	579,488,549	90,559,940	19,942,390	31,757,492	8,905,523	29,615,270	74,101,424	43,310,516	41,319,426	17,294,866	108,767,589	28,199,925	39,959,453
Liabilities													
Bills payable	6,900,897	6,900,897	-	-	-	-	-	-	-	-	-	-	-
Borrowings	124,584,868	683,215	17,830,352	2,886,149	925,948	52,974,853	34,997,607	4,965,406	2,528,008	1,584,719	77,943	1,031,867	781,610
Deposits and other accounts	403,036,554	281,812,851	7,853,942	8,990,384	30,863,713	13,250,396	29,939,232	10,349,408	6,995,505	11,461,222	460,973	648,408	410,520
Subordinated debt	6,992,800	-	600	-	-	-	-	-	600	-	2,991,600	-	4,000,000
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	16,337,889	7,379,500	480,390	290,187	1,083,115	1,543,312	1,465,453	277,484	142,752	797,532	541,302	527,852	824,078
	557,853,008	296,776,463	26,165,284	12,166,720	32,872,776	67,768,561	66,402,292	15,592,298	9,666,865	13,843,473	4,071,818	2,208,127	2,016,208
Net assets													
	21,635,541	(206,216,523)	(6,222,894)	19,590,772	(23,967,253)	(38,153,291)	7,699,132	27,718,218	31,652,561	3,451,393	104,695,771	25,991,798	37,943,245
Share capital	11,024,636												
Reserves	3,541,315												
Surplus on revaluation of assets	(12,164)												
Unappropriated profit	7,081,754												
	21,635,541												
2020													
Total	Upton 1 Day	Over 1 to 7 days	Over 7 to 14 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
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	22,779,303
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
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
	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
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
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	-
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
	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
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
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												

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

2021										
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	35,196,898	16,866,631	7,928,043	4,121,675	6,280,549	-	-	-	-	-
Balances with other banks	2,427,478	2,427,478	-	-	-	-	-	-	-	-
Lending to financial institutions	22,113,121	20,729,439	1,383,682	-	-	-	-	-	-	-
Investments	327,425,187	27,459,263	74,023,701	23,812,386	46,898,353	99,279,431	20,029,807	25,414,965	10,507,281	-
Advances	165,494,796	23,693,186	35,256,883	25,610,717	19,068,144	13,687,897	7,115,536	13,001,587	18,008,180	10,052,666
Fixed assets	11,145,057	98,891	194,980	290,712	888,488	1,097,075	1,001,802	1,512,823	2,244,115	3,816,171
Intangible assets	432,894	19,212	38,406	57,530	114,583	137,925	48,983	16,255	-	-
Deferred tax assets	178,221	-	-	-	178,221	-	-	-	-	-
Other assets	15,074,897	9,686,694	2,919,181	143,108	1,178,175	3,797	3,797	13,823	18,987	1,107,335
	579,488,549	100,980,794	121,744,876	54,036,128	74,606,513	114,206,125	28,199,925	39,959,453	30,778,563	14,976,172
Liabilities										
Bills payable	6,900,897	6,900,897	-	-	-	-	-	-	-	-
Borrowings	124,584,868	22,325,664	87,972,460	4,965,406	4,112,727	77,943	1,031,866	781,610	2,747,351	569,841
Deposits and other accounts	403,036,554	93,388,178	79,136,834	41,142,092	62,691,729	62,046,341	22,984,675	36,492,182	5,154,523	-
Subordinated debt	6,992,800	600	-	-	600	2,991,600	-	-	-	4,000,000
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	16,337,889	9,233,193	3,008,765	277,484	940,284	541,302	527,852	824,078	984,931	-
	557,853,008	131,848,532	170,118,059	46,384,982	67,745,340	65,657,186	24,544,393	38,097,870	8,886,805	4,569,841
Net assets										
	21,635,541	(30,867,738)	(48,373,183)	7,651,146	6,861,173	48,548,939	3,655,532	1,861,583	21,891,758	10,406,331
Share capital account	11,024,636									
Reserves	3,541,315									
Surplus on revaluation of assets	(12,164)									
Unappropriated profit	7,081,754									
	21,635,541									
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	7,098,587	4,040,258
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	18,939,569	8,861,284
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									



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 2022 has proposed a cash dividend in respect of the year ended 31 December 2021 of Rs. 1.50 per share (2020: Rs. 1.25 per share). This appropriation will be approved in the forthcoming Annual General Meeting. The financial statements for the year ended 31 December 2021 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 2022.

50 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 17 February 2022 by the Board of Directors of the Bank.

Alauddin Feerasta
Chairman

Muhtashim Ahmad Ashai
President & Chief Executive Officer

Mirza Zafar Baig
Chief Financial Officer

Ahmed A. Feerasta
Director

Navin Salim Merchant
Director

STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND RUPEES AND ABOVE PROVIDED DURING THE YEAR ENDED 31 DECEMBER 2021

(Rs. in million)

S. No.	Name and address of borrower	Name of Individuals/ partners/ directors (with CNIC No.)	Father/ Husband's Name	Outstanding liabilities 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	Global Touch 75-A, D/1, Main Boulevard Gulberg III, Lahore	Chaudhary Muhammad Nawaz CNIC No. 35202-6447149-1	Chaudhary Wali Muhammad	-	8.116	0.450	8.566	-	8.116	0.450	8.566
2	Khurram Shehzad House # 08, Sharif Pura Colony M.A. Jinnah Road, Okara	Mr. Khurram Shehzad CNIC No. 35302-1866239-1	Mr. Zafar Iqbal	5.609	2.009	0.156	7.774	-	2.009	0.156	2.165
3	Muhammad Ibrahim Chak 202-G B Goband Ghar Sumandri, Faisalabad	Mr. Muhammad Ibrahim CNIC No. 33105-0758468-7	Mr. Manzoor Ahmed	2.328	0.669	0.625	3.622	-	0.669	0.503	1.172
4	Trans Asia Travel (Pvt) Ltd 114 Shahrah-e-Faisal Anum Estate Building, Karachi	Syed Shahid Hussain CNIC No. 42501-7297177-5 Syed Rashid Hussain CNIC No. 42201-5443389-3	Syed Fida Hussain Syed Fida Hussain	-	4.997	0.395	5.392	-	3.203	0.395	3.598
5	Dairy One (Pvt) Ltd 8 KM, Salam Bhera Road, Chak no. 7,M-L, Tehsil Bhalwal, District Okara	Malik Muhammad Azam CNIC No. 61101-6491339-1 Mrs. Maleeha Azam CNIC No. 37405-0264264-0	Malik Muhammad Akbar W/o. Malik Muhammad Azam	1.897	1.674	0.364	3.935	-	1.674	0.162	1.836
6	Chaudhary Cotton Industries Mouza Saldara, Luddon Road, Burewala	Mr. Salman Javed CNIC No. 36601-9212639-7 Mr. Nadeem Akhtar CNIC No. 36601-7937300-9 Mr. Muhammad Yamin CNIC No. 36601-9182586-5	Mr. Muhamamd Javed Mr. Muhammad Yaqoob Mr. Muhammad Javed	-	1.683	-	1.683	-	1.683	-	1.683
7	Exporient Knitters (Pvt) Ltd T-65 3rd Floor, Hafiz Centre, 75 E1, Main Boulevard Gulberg III, Lahore	Mr. Zafar Mehmood CNIC No. 35202-3629295-7 Mr. Muhammad Shah Anjum CNIC No. 35201-5451203-7 Mr. Muhammad Aslam CNIC No. 35201-0838245-5	Mr. Abdul Ghani Mr. Allah Jawayah Shah Mr. Abdul Sattar	-	8.686	-	8.686	-	2.149	-	2.149
8	Spirit Furnishing Industries (Pvt) Ltd 113/11, Quaid e Azam Industrial Estate, Lahore	Mr. Qaiser Javed CNIC No. 35202-9920249-3 Mr. Muhammad Waseem CNIC No. 35201-9904356-7	Ch. Muhammad Shareef Mr. Qaiser Javed	-	3.543	-	3.543	-	0.757	-	0.757
9	Rustam Enterprises Shop No. 566 Sheet No. M-A-C-3 Liaquat Ashraf Colony No.1 Near Ali Clinic Mehmoodabad, Karachi	Mr. Rustam Ali CNIC No. 42301-0812040-5	Mr. Din Muhammad	-	7.414	0.118	7.532	-	7.414	0.103	7.517
10	Aman Cold Storage Ratta Khanna Road, Tehsil Depalpur, District Okara	Mr. Asad Ullah Khan CNIC No. 35301-2004675-7	Mr. Aman Ullah Khan	13.119	16.188	0.262	29.569	-	16.188	-	16.188
11	N.P. Spinning Mills Ltd 703, UNI Towers, I.I.chundrigar Road, Karachi	Mr. Khalid Inam CNIC No. 42201-7725927-7 Mrs. Asma Khalid CNIC No. 42201-3459907-8 Mr. Noor Muhammad CNIC No. 42401-2084918-3 Mr. Fakher Mohiuddin CNIC No. 42101-0670936-1 Mrs. Summayya Rehman CNIC No. 42201-6673184-0 Mr. Shaikh Inam Ur Rehman CNIC No. 42201-9016249-1 Mr. Ziauddin Zubairi CNIC No. 42201-5157044-7	Mr. Shaikh Inam UR Rehman W/O. Khalid Inam Mr. Shaban Ali Late M. Ubaidullah W/O. Shaikh Inam Ur Rehman S.M.Yahya (Late) Mr. Barkat Zubairi	70.504	101.167	0.874	172.545	70.504	103.056	0.874	174.434
12	Choudhary Motor Bikes Centre Church Road, Okara	Mr. Muhammad Akram Asim CNIC No. 35302-1869510-9	Chaudhary Wali Muhammad	3.481	1.239	0.160	4.880	-	1.239	0.141	1.380
13	Tahir Rajput Caterers Hsoue No.37, Street No.1, Block 11, Khanewal	Mr. Tahir Saeed CNIC No. 33203-1395135-3	Mr. Kanwar Saeed Akhtar	1.370	1.012	-	2.382	-	1.012	-	1.012
14	Muhammad Ilyas Moza Murad Ali, Post Office Sahooka, Burewala	Mr. Muhammad Ilyas CNIC No. 36601-1476042-5	Mr. Ali Ahmed Shah Naqvi	0.900	0.789	0.063	1.752	-	0.653	-	0.653

(Rs. in million)

S. No.	Name and address of borrower	Name of Individuals/ partners/ directors (with CNIC No.)	Father/ Husband's Name	Outstanding liabilities 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
15	Top Star Seafood International Plot # A-33 Lane 1 , West Wharf Industrial Area, Behind Glaxo Smith, Karachi	Mr. Muhammad Rasheed Khan CNIC No. 82303-3289573-1 Mr. Nizakat Hussain CNIC No. 42301-8332138-9	Mr. Alam Khan Mr. Sardar Pehlwan Khan	2.500	2.809	-	5.309	-	2.809	-	2.809
16	F. Rabbi Steel (Pvt) Ltd 19-Sir Jehangir Kothari Building, M.A. Jinnah Road, Karachi	Shaikh Khalid Tawab CNIC No. 42301-1123116-9 Mr. Ahmed Sadiq Tawab CNIC No. 42301-0158244-9 Mr. Mahmood Tawab CNIC No. 42201-4104306-1	Shaikh Abdul Tawab Shaikh Abdul Tawab Shaikh Abdul Tawab	-	3.342	0.020	3.362	-	3.342	0.020	3.362
17	Ubaid Ur Rehman H # 6, ST # 1, Mohalla Touheed Park, Gulshan Ravi, Lahore	Mr. Ubaid Ur Rehman CNIC No. 35202-2826053-5	Mr. Muhammad Aslam	1.703	0.326	0.232	2.261	-	0.326	0.204	0.530
18	Waseem Ahmed R/O Kot Mahender Singh, PO Nanak Pur, Tehsil PakPattan	Mr. Waseem Ahmed CNIC No. 36402-4306366-1	Mr. Ali Sher	3.880	0.920	0.150	4.950	-	0.920	0.150	1.070
19	New Auto Scan Mouza Ama Kot Din Nath, 1.5KM, Thokar Niaz Baig, Lahore	Mr. Sohail Ahmed CNIC No. 35202-1704886-7 Mr. Awais Shamshair Ali Baig CNIC No. 35202-1704981-7	Mr. Shamshair Ali Mr. Shamshair Ali	2.056	0.439	-	2.495	-	2.056	0.439	2.495
20	Faizan e Madina Marble Factory Nasir Market, House No. E-369, Main Bedian Road, Lahore	Mr. Muhammad Nadeem CNIC No. 35201-4666738-7	Mr. Muhammad Arshad	-	0.495	0.370	0.865	-	0.468	0.370	0.838
21	Gujjar Dairy Farm Saddar Hameed Ullah Colony, Sahiwal	Mr. Muhammad Anwar CNIC No. 36502-8121854-9	Mr. Muhammad Ghulam Muhammad	1.500	0.690	0.076	2.266	-	0.645	-	0.645
22	Muhammad Nawaz Chak Ahmed Khan Khokhar, District Okara	Mr. Muhammad Nawaz CNIC No. 35301-4928198-5	Mr. Malik Noor Hassan	1.200	0.647	0.050	1.897	-	0.647	-	0.647
23	A One Rice Mills Dhorkal More, Wazirabad	Mr. Muhamad Siddique CNIC No. 34101-2315610-9 Mr. Muhammad Rehman CNIC No. 34104-7530498-1	Mr. Nazir Ahmed Mr. Muhamamd Siddique	1.946	0.825	0.027	2.798	-	0.629	-	0.629
24	Touseef Meo House # L1194, Street # 08, Sector 32 A, Zia Colony, Korangi # 1, Karachi	Mr. Touseef Meo CNIC No. 42201-8371913-1	Mr. Muhammad Ishaq Meo	1.916	0.413	0.531	2.860	-	0.393	0.184	0.577
25	Odero Lal Cotton Ginning Pressing Factory & Oil Mills Plot No. 219, 223 , 239 & 240 Deh Khadi Tapo A Naubat Mari District Matyari	Mr. Ghulam Muhammad Dahiri CNIC No. 45401-6278935-1 Mr. Bhojo Mal CNIC No. 44204-1927286-7	Mr. Muhammad Urs Dahiri Mr. Moolo Mal	3.495	1.537	0.213	5.245	-	1.537	-	1.537
TOTAL				119.404	171.629	5.136	296.169	70.504	163.594	4.151	238.249

ISLAMIC BANKING BUSINESS

The Bank is operating with 35 Islamic Banking Branches (31 December 2020: 30) and 15 Islamic Banking Windows (31 December 2020: Nil). The statement of financial position and profit and loss account of these branches and windows (including Islamic Banking Division) are as follows:

	Note	2021 ------(Rupees in '000)-----	2020 ------(Rupees in '000)-----
ASSETS			
Cash and balances with treasury banks		1,969,622	1,420,207
Balances with other banks		237,576	401,869
Due from financial institutions	1	4,592,509	1,981,286
Investments	2	17,220,848	11,098,217
Islamic financing and related assets- net	3	11,184,427	8,858,713
Fixed assets		624,710	577,849
Intangible assets		-	-
Due from head office		-	439,592
Other assets		1,034,647	416,525
Total assets		36,864,339	25,194,258
LIABILITIES			
Bills payable		399,583	318,544
Due to financial institutions		705,360	543,623
Deposits and other accounts	4	31,925,206	22,113,481
Due to head office		815,280	-
Other liabilities		1,029,871	529,789
Total liabilities		34,875,300	23,505,437
NET ASSETS		1,989,039	1,688,821
REPRESENTED BY:			
Islamic banking fund		2,000,000	1,750,000
Accumulated loss *	6	(72,277)	(147,121)
Surplus on revaluation of assets - net of tax		61,316	85,942
		1,989,039	1,688,821
CONTINGENCIES AND COMMITMENTS			
	7		
Profit / return earned	8	2,141,090	1,804,347
Profit / return expensed	9	1,481,854	1,411,178
Net profit / return		659,236	393,169
Other income			
Fee and commission Income		72,438	62,370
Foreign exchange income		36,956	20,563
Loss on securities		(1,135)	(2,008)
Other income		966	1,006
Total other income		109,225	81,931
Other expenses			
Operating expenses		588,210	445,253
Other charges		80	2,372
Total other expenses		588,290	447,625
Profit before provisions		180,171	27,475
Provision and write offs - net		(252,448)	(174,596)
Loss before tax		(72,277)	(147,121)

1 Due from Financial Institutions

	2021			2020		
	In local Currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
----- (Rupees in '000) -----						
Bai Muajjal receivable from other financial institutions	1,892,509	-	1,892,509	1,981,286	-	1,981,286
Musharaka placement	2,700,000	-	2,700,000	-	-	-
	<u>4,592,509</u>	<u>-</u>	<u>4,592,509</u>	<u>1,981,286</u>	<u>-</u>	<u>1,981,286</u>

2 Investments by segments:

	2021				2020			
	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	15,000,000	-	(57,200)	14,942,800	5,500,000	-	800	5,500,800
-Bai muajjal from Government of Pakistan (GoP)	-	-	-	-	2,603,856	-	-	2,603,856
	<u>15,000,000</u>	<u>-</u>	<u>(57,200)</u>	<u>14,942,800</u>	<u>8,103,856</u>	<u>-</u>	<u>800</u>	<u>8,104,656</u>
Non-Government debt securities								
-Listed	925,000	-	57,825	982,825	1,025,000	-	6,615	1,031,615
-Unlisted	1,292,666	(19,860)	22,417	1,295,223	1,941,553	(19,860)	40,253	1,961,946
	<u>2,217,666</u>	<u>(19,860)</u>	<u>80,242</u>	<u>2,278,048</u>	<u>2,966,553</u>	<u>(19,860)</u>	<u>46,868</u>	<u>2,993,561</u>
Total Investments	<u>17,217,666</u>	<u>(19,860)</u>	<u>23,042</u>	<u>17,220,848</u>	<u>11,070,409</u>	<u>(19,860)</u>	<u>47,668</u>	<u>11,098,217</u>

3 Islamic financing and related assets

	Note	2021	2020
----- (Rupees in '000) -----			
Ijarah	3.1	519,339	309,196
Murabaha	3.2	565,514	1,120,620
Musharaka		1,797,708	1,127,082
Diminishing Musharaka		4,103,748	4,245,096
Istisna		568,838	469,622
Salam		124,515	162,522
Other islamic modes		45,374	-
Advances against islamic assets			
Murabaha		323,510	149,476
Ijarah		79,624	81,707
Diminishing musharakah		149,971	-
Salam		3,068,804	882,321
Istisna		270,110	491,251
Gross Islamic financing and related assets		<u>11,617,055</u>	<u>9,038,893</u>
Less: Provision against Islamic financing			
- Specific		432,628	180,180
- General		-	-
		<u>432,628</u>	<u>180,180</u>
Islamic financing and related assets - net of provision		<u>11,184,427</u>	<u>8,858,713</u>

3.1 Ijarah

	2021					
	Cost			Depreciation		
	As at 01 January 2021	Additions/ (deletions)/ adjustment	As at 31 December 2021	As at 01 January 2021	Charge for the year	As at 31 December 2021
	(Rupees in '000)					
Plant & Machinery	-	-	-	-	-	-
Vehicles	534,580	377,396 (164,276)	747,700	225,384	129,472 (126,495)	228,361
Total	534,580	377,396 (164,276)	747,700	225,384	129,472 (126,495)	228,361

	2020					
	Cost			Depreciation		
	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
Total	558,863	89,501 (113,784)	534,580	177,561	120,038 (72,215)	225,384

3.1.1 Future ijarah payments receivable

	2021				2020			
	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	71,908	434,444	12,987	519,339	72,772	222,287	14,137	309,196

3.2 Murabaha

Note 2021 2020
----- (Rupees in '000) -----

Murabaha financing	3.2.1	565,514	1,120,620
Advances for Murabaha		323,510	149,476
		889,024	1,270,096
3.2.1 Murabaha receivable - gross	3.2.2	573,606	1,126,919
Less: Deferred murabaha income	3.2.4	8,092	6,299
Murabaha financings		565,514	1,120,620

3.2.2 The movement in Murabaha financing during the year is as follows:

	2021	2020
	------(Rupees in '000)-----	
Opening balance	1,126,919	1,109,376
Sales during the year	1,998,982	1,989,754
Adjusted during the year	(2,552,295)	(1,972,211)
Closing balance	573,606	1,126,919

3.2.3 Murabaha sale price
Murabaha purchase price

	1,998,982	1,989,754
	(1,934,902)	(1,928,553)
	64,080	61,201

3.2.4 **Deferred murabaha income**

Opening balance
Arising during the year
Less: Recognised during the year
Closing balance

	6,299	17,077
	64,080	61,201
	(62,287)	(71,979)
	8,092	6,299

4 **Deposits and other accounts**

	2021			2020		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	------(Rupees in '000)-----					

Customers

Current deposits	2,123,492	438,219	2,561,711	2,299,835	348,347	2,648,182
Savings deposits	10,199,614	-	10,199,614	5,225,076	-	5,225,076
Others	462,789	-	462,789	356,889	-	356,889
Term deposits	4,761,117	-	4,761,117	2,947,308	-	2,947,308
	17,547,012	438,219	17,985,231	10,829,108	348,347	11,177,455

Financial Institutions

Current deposits	63,509	42,262	105,771	30,520	33,442	63,962
Savings deposits	10,180,504	-	10,180,504	9,349,564	-	9,349,564
Term deposits	3,653,700	-	3,653,700	1,522,500	-	1,522,500
	13,897,713	42,262	13,939,975	10,902,584	33,442	10,936,026
	31,444,725	480,481	31,925,206	21,731,692	381,789	22,113,481

4.1 **Composition of deposits**

- Individuals
- Government / Public Sector Entities
- Public Sector Entities
- Banking Companies
- Non-Banking Financial Institutions
- Private Sector

	2021	2020
	------(Rupees in '000)-----	
	6,738,976	5,279,207
	1,747,711	1,736,487
	3,782	698,246
	2,350,036	35
	11,570,140	10,945,991
	9,514,561	3,453,515
	31,925,206	22,113,481

4.2 This includes deposits eligible to be covered under insurance arrangements amounting to Rs 8,013 million (2020: 5,736 million) .**5** **Charity Fund**

Opening balance

Additions during the year
Received from customers on account of delayed payment

Payments / utilization during the year
Health

Closing balance

	2021	2020
	------(Rupees in '000)-----	
	-	13
	720	695
	720	708
	720	708
	720	708
	-	-

6	Islamic Banking Business - Unappropriated (Loss) / Profit	2021	2020
		----- (Rupees in '000) -----	
	Opening balance	(147,121)	135,645
	Add: Islamic Banking loss for the year	(72,277)	(147,121)
	Less: Transferred / remitted to Head Office	147,121	(135,645)
	Closing balance	<u>(72,277)</u>	<u>(147,121)</u>
7 CONTINGENCIES AND COMMITMENTS			
	-Guarantees	802,184	306,772
	-Other contingent liabilities	976,459	706,152
		<u>1,778,643</u>	<u>1,012,924</u>
8 Profit / Return Earned of Financing, Investments and Placement			
	Financing	744,867	873,988
	Investments	1,039,317	786,193
	Placements	356,906	144,166
		<u>2,141,090</u>	<u>1,804,347</u>
9 Profit on Deposits and Other Dues Expensed			
	Deposits and other accounts	1,334,836	1,352,350
	Due to financial institutions	7,009	5,944
	Others	140,009	52,884
		<u>1,481,854</u>	<u>1,411,178</u>

9.1 Deposits and other accounts include redeemable capital of Rs. 28,794.935 million (31 December 2020: Rs.19,044.448 million) and deposits on Qard basis of Rs. 3,130.271 million (31 December 2020: Rs. 3,069.033 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	2021			2020		
		Normal Pool	Special Pool	Total	Normal Pool	Special Pool	Total
		----- (Rupees in '000) -----					
	Chemical and Pharmaceuticals	834,751	731,471	1,566,222	488,962	998,060	1,487,022
	Textile	-	995,697	995,697	23,525	410,153	433,678
	Cement	-	-	-	-	87,463	87,463
	Sugar	2,482,026	60,000	2,542,026	588,720	120,000	708,720
	GOP Bai Muajjal / Ijarah Sukuk	5,876,693	15,933,482	21,810,175	4,666,946	8,402,457	13,069,403
	Automobile and transportation equipment	-	153,408	153,408	-	3,800	3,800
	Financial	2,753	-	2,753	79,179	2,055	81,234
	Electronics and electrical appliances	80,414	284,235	364,649	65,143	171,443	236,586
	Production and transmission of energy	813,431	1,977,418	2,790,849	827,722	2,190,284	3,018,006
	Exports Imports	-	-	-	-	205,418	205,418
	Wholesale & Retail Trade	-	-	-	94,165	86,791	180,956
	Construction	7,999	22,736	30,735	63,222	176,583	239,805
	Food and allied	781,429	-	781,429	787,492	-	787,492
	Services	581,030	645,562	1,226,592	-	659,310	659,310
	Iron & Steel	-	-	-	399,600	-	399,600
	Individual	-	-	-	-	-	-
	Others	530,552	632,142	1,162,694	141,139	368,664	509,803
		11,991,078	21,436,151	33,427,229	8,225,815	13,882,481	22,108,296

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	737,886	-	-	737,886
Investments	1,039,317	-	-	1,039,317
Due from financial institutions	55,364	-	-	55,364
Others	301,542	(7,013)	(1,135)	293,394
	<u>2,134,109</u>	<u>(7,013)</u>	<u>(1,135)</u>	<u>2,125,961</u>

10.2 Incentive profits (Hiba)

The Bank paid an aggregate amount of Rs. 117.618 million as incentive profits (Hiba), which includes Rs. 54.819 million for normal pool and Rs. 62.799 million for special pool during the year ended 31 December 2021. 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 encashed, profit shall be paid at the expected rate of completed tenor;
- The payment of Hiba on deposits will be at the sole discretion of the Bank and could be decreased or / and removed any time during the tenure of the deposit, under intimation to the customer, if the customer fails to meet the prerequisites at any time during the tenure of the deposit and / or the profit rate no longer remains sustainable from Bank's share; and
- The Bank shall ensure that all the operational procedures and controls to the satisfaction of Shariah are in place.

10.3 Contractual maturities of mudaraba based deposit accounts

Particulars	2021							
	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	8,414,817	3,812,000	3,256,000	178,550	1,032,555	100,299	35,413	-
Savings Deposits	17,127,779	17,127,779	-	-	-	-	-	-
Current Account								
- Remunerative	3,252,339	3,252,339	-	-	-	-	-	-
	<u>28,794,935</u>	<u>24,192,118</u>	<u>3,256,000</u>	<u>178,550</u>	<u>1,032,555</u>	<u>100,299</u>	<u>35,413</u>	<u>-</u>

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	57:43%	6.11%	62,799	20.34%	214,636	33.92%	Monthly	4.04%
Special Pool	77:23%	8.42%	54,819	24.07%	198,151	17.68%	Monthly	6.96%
Total	70:30%	7.42%	117,618	22.18%	412,787	23.54%	Monthly	5.68%

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%
0.1636	1,716	-	Quarterly	1.59%
0.1956	1,805	-	Quarterly	1.67%
0.1551	1,864	-	Quarterly	1.68%

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 period ended 31 December 2021, the Bank charged 30.25% (2020: 20.91%) 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

	2021 ------(Rupees in '000)-----	2020 ------(Rupees in '000)-----
Profit / return earned on financings, investments and placements	1,834,449	1,681,923
Other income (including other charges)	-	-
Directly related costs attributable to pool	(54,432)	(71,630)
	<u>1,780,017</u>	<u>1,610,293</u>

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	59%	0.4843	1.4225
Savings - Soneri Bachat Account	1%	0.4843	0.4843
Savings - Assan Account	0%	0.4843	0.4843
Current Account - Remunerative	11%	0.0061	0.0061
Time Deposits - Soneri Meadi	29%	0.5448	1.4467

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

Disposal of fixed assets (refer note 10.3.3)

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) -----					
Freehold Land	451,500	850,000	1,131,801	Negotiated	Habib Metropolitan Bank Limited
Leasehold Improvements					
----- do -----	4,164	291	-	Write off	
----- do -----	1,675	1,401	-	Write off	
----- do -----	1,429	1,195	-	Write off	
----- do -----	1,235	807	-	Write off	
----- do -----	1,137	951	-	Write off	
----- do -----	1,009	773	844	Insurance Claim	Jubilee General Insurance Company
----- do -----	874	731	-	Write off	
----- do -----	818	684	-	Write off	
----- do -----	622	520	-	Write off	
----- do -----	645	494	539	Insurance Claim	Jubilee General Insurance Company
----- do -----	560	468	-	Write off	
----- do -----	597	457	499	Insurance Claim	Jubilee General Insurance Company
----- do -----	558	428	467	Insurance Claim	Jubilee General Insurance Company
----- do -----	557	427	466	Insurance Claim	Jubilee General Insurance Company
----- do -----	541	415	453	Insurance Claim	Jubilee General Insurance Company
----- do -----	492	412	-	Write off	
----- do -----	413	317	346	Insurance Claim	Jubilee General Insurance Company
----- do -----	480	314	-	Write off	
----- do -----	477	312	-	Write off	
----- do -----	342	262	286	Insurance Claim	Jubilee General Insurance Company
Items with WDV of below Rs. 250,000/- and cost of less than Rs. 1,000,000	3,097	1,799	61	Various	Various
	21,722	13,458	3,961		
Furniture and fixtures					
Items with WDV of below Rs. 250,000/- and cost of less than Rs. 1,000,000	8,671	763	1,256	Various	Various
	8,671	763	1,256		
Electrical office and computer equipment					
----- do -----	2,872	-	125	Tender	Zahid Engineering
----- do -----	1,259	-	8	Trade off	Touchpoint
----- do -----	1,250	-	40	Tender	Power Technology
----- do -----	1,241	-	172	Tender	Fayyaz And Company
----- do -----	1,230	-	170	Tender	Fayyaz And Company
----- do -----	1,207	-	117	Tender	Rajab Ali And Company
----- do -----	1,184	-	164	Tender	Fayyaz And Company
----- do -----	1,087	-	8	Trade off	Touchpoint
----- do -----	1,082	-	8	Trade off	Touchpoint
----- do -----	1,082	-	8	Trade off	Touchpoint
----- do -----	1,030	-	8	Trade off	Touchpoint
----- do -----	1,029	-	8	Trade off	Touchpoint
----- do -----	1,021	-	8	Trade off	Touchpoint

Particulars	Cost	Book value	Sale price/ insurance proceeds	Mode of settlement / disposal	Particulars of buyers / insurance companies
----- (Rupees in '000) -----					
Electrical office and computer equipment					
----- do -----	1,021	-	8	Trade off	Touchpoint
----- do -----	1,021	-	8	Trade off	Touchpoint
----- do -----	1,021	-	8	Trade off	Touchpoint
----- do -----	1,021	-	8	Trade off	Touchpoint
----- do -----	1,010	-	8	Trade off	Touchpoint
----- do -----	1,010	-	8	Trade off	Touchpoint
----- do -----	1,010	-	8	Trade off	Touchpoint
----- do -----	1,010	-	8	Trade off	Touchpoint
----- do -----	1,010	-	8	Trade off	Touchpoint
----- do -----	1,008	-	8	Trade off	Touchpoint
----- do -----	1,009	-	8	Trade off	Touchpoint
----- do -----	1,009	-	8	Trade off	Touchpoint
----- do -----	1,009	-	8	Trade off	Touchpoint
----- do -----	1,007	-	8	Trade off	Touchpoint
----- do -----	1,007	-	9	Trade off	Touchpoint
----- do -----	1,007	-	9	Trade off	Touchpoint
----- do -----	1,007	-	16	Trade off	Touchpoint
----- do -----	1,007	-	16	Trade off	Touchpoint
----- do -----	1,007	-	16	Trade off	Touchpoint
----- do -----	1,007	-	16	Trade off	Touchpoint
----- do -----	1,007	-	17	Trade off	Touchpoint
----- do -----	1,004	-	8	Trade off	Touchpoint
----- do -----	1,004	-	8	Trade off	Touchpoint
----- do -----	1,004	-	8	Trade off	Touchpoint
----- do -----	1,004	-	8	Trade off	Touchpoint
----- do -----	1,004	-	8	Trade off	Touchpoint
Items with WDV of below Rs. 250,000/- and cost of less than Rs. 1,000,000	58,615	2,680	6,611	Various	Various
	101,434	2,680	7,706		
Motor vehicles					
----- do -----	1,497	-	1,557	Tender	Muhammad Umair
----- do -----	1,507	-	1,412	Tender	Muhammad Umair
----- do -----	1,034	-	825	Tender	M. Aamir Khan
----- do -----	1,034	-	1,080	Tender	Wasim Mirza
----- do -----	1,034	-	645	Tender	Shahzad Abdul
----- do -----	1,014	-	715	Tender	M. Aamir Khan
Items with WDV of below Rs. 250,000/- and cost of less than Rs. 1,000,000	12,814	-	9,581	Various	Various
	19,934	-	15,815		
	603,261	866,901	1,160,539		

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that Thirtieth (30th) Annual General Meeting (AGM) of Soneri Bank Limited will be held on Friday, 25 March 2022 at 10:00 a.m. through video-link (Zoom). Additionally, arrangements have also been made to attend the meeting in-person at 2nd Floor, 307-Upper Mall Scheme, Lahore, to transact the following business:

Ordinary Business

- 1) To confirm the minutes of 29th Annual General Meeting held on 26 March 2021.
- 2) To receive, consider and adopt Annual Audited Accounts together with the Directors' and Auditors' Reports thereon, for the year ended 31 December 2021.
- 3) To approve and declare the final cash dividend of Rs 1.5/- per share (i.e. 15%) for the financial year ended 31 December 2021, as recommended by the Board of Directors in its 190th meeting held on 17 February 2022.
- 4) To appoint Auditors of the Bank for the year ending 31 December 2022 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.

Special Business

- 6) To consider and approve amendment made to existing Remuneration Policy for Non-Executive Directors in compliance of the Corporate Governance Regulatory Framework issued by the State Bank of Pakistan vide BPRD Circular No. 05 dated 22 November 2021 and if thought fit, to pass the following resolution as Ordinary Resolution:

"RESOLVED THAT on recommendation of the Board of Directors made in its 187th meeting convened on 13 September 2021, amendment made to existing Remuneration Policy for Non-Executive Directors be and is hereby reviewed and approved in compliance of the Corporate Governance Regulatory Framework issued by the State Bank of Pakistan vide BPRD Circular No. 05 dated 22 November 2021."

Statement under Section 134(3) of the Companies Act, 2017 in respect of the special business contained in Item No.6, is annexed to the Notice of AGM.

BY ORDER OF THE BOARD

Muhammad Altaf Butt
Company Secretary

Lahore: 17 February 2022

NOTES:

1. Closure of Share Transfer Books

Share Transfer Books of Soneri Bank Limited ("the Bank") will remain closed from 18 March 2022 to 25 March 2022 (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 17 March 2022 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. Participation in the Meeting

a) Via Video-link Facility (Zoom)

In order to ensure safety and well-being of participants under rising COVID-19 cases, the AGM may be attended virtually via video-link (Zoom).

For attending the meeting through Zoom, 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) by sending an e-mail with subject "Registration for AGM" at cs@soneribank.com maximum by 22 March 2022.

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 or WhatsApp/SMS on 0321-4001427. The Bank shall ensure that 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.

b) Physical attendance

While complying with instructions of the SECP Circular No.4 dated 15 February 2021 and Circular No.6 dated 03 March 2021 read with clarification issued by SECP vide their letter No.SMD/SE/2/(20)/2021/117 dated 15.12.2021, necessary arrangements have also been made to attend the meeting physically at 2nd Floor, 307-Upper Mall Scheme, Lahore. It is highlighted that complete COVID-19 related SOPs issued by the Government 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 2nd Floor, 307-Upper Mall Scheme, Lahore-54000 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. Further, proxy form may also be downloaded from the following link:-
<https://www.soneribank.com/about-us/investor-relations/shareholders-information/>



4. Change in Address

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 & Notice of Annual General Meeting Through E-Mail and CD/DVD

SECP through its Notification No.S.R.O.787(1)2014 dated 08 September 2014, has allowed companies to circulate their annual balance sheet and profit & loss account, auditor's report and directors' report etc. ("Audited Financial Statements") along with Notice of 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(1)/ 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 by directly crediting the same in their bank account.

In this respect, the Bank has previously communicated this requirement to the shareholders individually along with newspaper publications requesting to provide the International Bank Account Number ("IBAN"); however response from 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 followed by a reminder on 08 June 2021, 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 country wide circulations. This notice was also posted to the PSX for 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 SECP, through its letter No.CSD/ED/Misc/2016-639-640 dated 26 March 2021, has advised the listed companies to adhere with the provisions of the Section 72 of the Act, which requires all the existing companies to replace shares issued by them in Physical Form with shares to be issued in Book-Entry Form in a manner as may be specified and from the date notified by the SECP but not exceeding four years from the date of promulgation of the Act.

Shareholders were apprised about this requirement vide our letter dated 08 June 2021. Further, we are also continuously informing our shareholders, since this requirement was first inserted in the Act, along with benefits of maintaining their shares in scrip-less form vide AGM Notices, are hereby again 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 and avoidance of formalities required for issuance of duplicate shares.

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 and Financial Statements on the Bank's website

Notice of 30th AGM and Financial Statements and other reports of the Bank for the year ended 31 December 2021, have also been made available on the Bank's website www.soneribank.com, in addition to its dispatch to the shareholders through CD/DVDs. AGM notice was also published in the newspapers and sent to the PSX through companies' announcements.

Statement under Section 134(3) of the Companies Act, 2017

This statement sets out the material facts concerning the special business to be transacted at Thirtieth (30th) Annual General Meeting of Soneri Bank Limited to be held on 25 March 2022.

Agenda Item No. 6

Approval of amendment made in existing Remuneration Policy for Non-Executive Directors

In compliance with the requirements of BPRD Circular No. 3 dated 17 August 2019 (now superseded by Corporate Governance Regulatory Framework) issued by State Bank of Pakistan, the Bank had formed the "Remuneration Policy for Non - Executive Directors" which was approved by the Shareholders in their 28th AGM convened on 26 March 2020 upon recommendations of the Board of Directors approved by them in their 175th meeting held on 13 February 2020.

In that approved policy, an amendment is being proposed to be made by which a proviso to clause 3.2 that "authorizes the President to approve exceptions, if any, relating to certain expenses", is being withdrawn.

This amendment was reviewed and approved by the Board of Directors in their 187th meeting convened on 13 September 2021 subject to final approval by the Shareholders, in compliance of the Corporate Governance Regulatory Framework issued by the State Bank of Pakistan vide BPRD Circular No. 05 dated 22 November 2021.

We confirm that there is no other change being proposed in this policy for approval of the Shareholders.

Inspection of Documents

The copies of the latest Annual Audited Financial Statements, Memorandum & Articles of Association, Remuneration Policy for Non-Executive Directors and other documents/information have been kept at the registered office of the Bank, which may be inspected on any working day during business hours till the date of 30th AGM.

Interest of Directors

The Directors of the Bank have no direct or indirect interest with regard to above-mentioned special business that would require disclosure except to the extent of their remuneration fee as well as shareholding in the Bank.



FINANCIAL CALENDAR



Financial Calendar for the Year 2021:

1st Quarter Results issued on	28 April 2021
2nd Quarter Results issued on	24 August 2021
3rd Quarter Results issued on	26 October 2021
Annual Results issued on	17 February 2022
30th Annual General Meeting scheduled to be held on	25 March 2022

Financial Calendar for the Year 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 held on	26 March 2021

PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS

AS ON 31 DECEMBER 2021

No. of Shareholders	From	To	Total Shares Held	Percentage
917	1	100	31,905	0.0029
1245	101	500	344,344	0.0312
1047	501	1000	829,521	0.0752
2021	1001	5000	4,643,618	0.4212
1398	5001	10000	11,474,331	1.0408
561	10001	15000	6,597,924	0.5985
143	15001	20000	2,489,310	0.2258
72	20001	25000	1,652,415	0.1499
40	25001	30000	1,105,855	0.1003
40	30001	35000	1,323,131	0.1200
23	35001	40000	875,112	0.0794
15	40001	45000	646,453	0.0586
21	45001	50000	1,021,039	0.0926
23	50001	55000	1,211,173	0.1099
11	55001	60000	630,884	0.0572
10	60001	65000	627,812	0.0569
6	65001	70000	397,965	0.0361
6	70001	75000	436,634	0.0396
8	75001	80000	624,493	0.0566
5	80001	85000	412,134	0.0374
1	85001	90000	85,470	0.0078
4	90001	95000	371,402	0.0337
15	95001	100000	1,488,334	0.1350
3	100001	105000	306,229	0.0278
4	105001	110000	431,108	0.0391
4	110001	115000	448,563	0.0407
2	115001	120000	235,791	0.0214
4	120001	125000	488,026	0.0443
2	125001	130000	259,000	0.0235
3	130001	135000	398,224	0.0361
1	135001	140000	137,875	0.0125
2	140001	145000	283,664	0.0257
5	145001	150000	745,002	0.0676
3	155001	160000	475,949	0.0432
4	160001	165000	652,170	0.0592
2	170001	175000	345,940	0.0314
1	175001	180000	177,000	0.0161
1	185001	190000	189,835	0.0172
6	195001	200000	1,200,000	0.1088
2	200001	205000	403,502	0.0366
1	210001	215000	214,864	0.0195
1	220001	225000	222,500	0.0202
1	225001	230000	226,000	0.0205
1	230001	235000	232,268	0.0211
1	235001	240000	235,962	0.0214
2	240001	245000	488,142	0.0443
1	245001	250000	248,000	0.0225
1	250001	255000	254,493	0.0231
1	260001	265000	264,000	0.0239
2	285001	290000	577,342	0.0524
1	290001	295000	291,035	0.0264



No. of Shareholders	From	To	Total Shares Held	Percentage
1	295001	300000	295,838	0.0268
2	325001	330000	658,571	0.0597
1	350001	355000	353,709	0.0321
2	365001	370000	732,300	0.0664
1	390001	395000	393,500	0.0357
1	405001	410000	405,585	0.0368
1	445001	450000	449,000	0.0407
1	460001	465000	461,500	0.0419
1	500001	505000	504,134	0.0457
1	560001	565000	560,500	0.0508
1	570001	575000	571,046	0.0518
2	595001	600000	1,200,000	0.1088
2	600001	605000	1,208,661	0.1096
1	620001	625000	620,500	0.0563
1	635001	640000	636,427	0.0577
2	695001	700000	1,399,000	0.1269
1	1040001	1045000	1,040,500	0.0944
1	1125001	1130000	1,129,647	0.1025
1	1220001	1225000	1,225,000	0.1111
1	1450001	1455000	1,454,000	0.1319
1	1580001	1585000	1,584,500	0.1437
1	1615001	1620000	1,618,500	0.1468
1	1945001	1950000	1,948,500	0.1767
1	2765001	2770000	2,766,216	0.2509
1	2995001	3000000	3,000,000	0.2721
1	3130001	3135000	3,134,650	0.2843
1	3440001	3445000	3,441,416	0.3122
1	3590001	3595000	3,591,580	0.3258
1	4130001	4135000	4,134,500	0.3750
1	4645001	4650000	4,649,000	0.4217
1	4650001	4655000	4,650,500	0.4218
1	4995001	5000000	5,000,000	0.4535
1	5490001	5495000	5,494,500	0.4984
1	5995001	6000000	5,996,522	0.5439
1	6505001	6510000	6,506,500	0.5902
1	8430001	8435000	8,430,965	0.7647
1	9475001	9480000	9,477,018	0.8596
1	12395001	12400000	12,400,000	1.1248
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	43130001	43135000	43,133,684	3.9125
1	48480001	48485000	48,483,000	4.3977
1	51385001	51390000	51,386,588	4.6611
1	53695001	53700000	53,700,000	4.8709
1	86005001	86010000	86,008,806	7.8015
1	101955001	101960000	101,959,549	9.2483
1	109205001	109210000	109,208,514	9.9059
1	307425001	307430000	307,425,706	27.8853
Total	7751		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	160,595,102	14.5669
Trustees Alnu Trust	2	80,413,926	7.2940
Mr. Amir Feerasta	2	62,140,630	5.6365
Executives	2	625,901	0.0568
<u>National Investment Trust Limited (NIT) and ICP</u>			
NIT	2	102,658,549	9.3117
ICP & IDBP (ICP unit)	2	807	0.0001
Banks, Development Financial Institutions, Non Banking Financial Institutions.	11	88,692,213	8.0449
Insurance Companies	3	13,562,912	1.2302
Modarabas	2	1,792	0.0002
<u>Mutual Funds</u>			
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	43	62,860,652	5.7018
Foreign Companies	6	45,216	0.0041
Others	13	9,435,884	0.8559
General Public:			
a) Local	6,481	110,044,559	9.9817
b) Foreign	1,164	7,819,028	0.7092
Total:	7,751	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	160,595,102	14.5557%
National Investment Trust Limited (NIT) and ICP	102,659,356	9.4230%
Trustees Alnu Trust	80,413,926	7.2884%
Mr. Amir Feerasta*	62,140,630	5.6365%
Total:	<u>799,243,526</u>	<u>72.5906%</u>

* Voting rights on shares are restricted up to five percent only.

Trading in shares during the year 2021:

Directors CEO, CFO, HOA, Company Secretary and Executives-NIL.

Notes:

- 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 and guidelines set forth in this Code of Conduct. It is employees' responsibility to make themselves 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.

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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 2021

REGISTERED OFFICE

2nd Floor, 307-Upper Mall Scheme,
Lahore-54000 - Pakistan
Tel. No.: (021) 32444401-05 & 111-567-890

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 & 111-567-890
2. **Defence Branch, Lahore**
Tel. No.: (042) 35730760-1, 3574616 & 35691037-9
3. **Gulberg Branch, Lahore**
Tel. No.: (042) 35713445-8, 35759273 & 35772294-5
4. **Circular Road Branch, Lahore**
Tel. No.: (042) 37670483, 86, 89 & 37379319
5. **Model Town Branch, Lahore**
Tel. No.: (042) 35889311-2 & 35915666
6. **PECO Road Branch, Lahore**
Tel. No.: (042) 35222306-7, 35203050-1, 35177804 & 35173392
7. **Cavalry Ground Branch, Lahore**
Tel. No.: (042) 36653728-30 & 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 & 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 & 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 & 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 & 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. **Block-L Gulberg-III Branch, Lahore**
Tel. No.: (042) 35861052-4 & 0316-8226326-7
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, District 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. **Lalik Chowk Branch, Lahore**
Tel. No.: (042) 35749534-5 & 35707640-1
59. **Valencia Town Branch, Lahore**
Tel. No.: (042) 35210593-5
60. **Shadbagh Branch, Lahore**
Tel. No.: (042) 37608161-2
61. **DHA Phase-VIII Branch, Lahore**
Tel. No.: -
62. **Park Avenue Branch, Lahore**
Tel. No.: -
63. **Islamic Banking Johar Town Branch, Lahore**
Tel. No.: -
64. **State Life Housing Society Branch, Lahore**
Tel. No.: -
65. **Muridke Branch**
Tel. No.: (042) 37166511-4 & 37981100
66. **Main Branch, Gujranwala**
Tel. No.: (055) 3843560-2 & 111-567-890
67. **Islamic Banking Gujranwala Cantt. Branch, Gujranwala**
Tel. No.: (055) 3861931-3 & 5
68. **WAPDA Town Branch, Gujranwala**
Tel. No.: (055) 4291136-7
69. **Kamokee Branch, District Gujranwala**
Tel. No.: (055) 6813501-6
70. **Sheikhupura Road Branch, Gujranwala**
Tel. No.: (055) 4219661-5
71. **Wazirabad Branch**
Tel. No.: (055) 6603703-4 & 6608555
72. **Ghakkar Mandi Branch**
Tel. No.: (055) 3832611-2
73. **Main Branch, Faisalabad**
Tel. No.: (041) 2639873, 7-8 & 111-567-890
74. **Peoples Colony Branch, Faisalabad**
Tel. No.: (041) 8555714 & 8555720



75. **Ghulam Muhammadabad Branch, Faisalabad**
Tel. No.: (041) 2680114, 110 & 117
76. **Islamic Banking East Canal Road Branch, Faisalabad**
Tel. No.: (041) 2421381-2
77. **Civil Lines Branch, Faisalabad**
Tel. No.: (041) 2648105, 8 & 11
78. **Madina Town Branch, Faisalabad**
Tel. No.: (041) 8735551-2 & 0316-8226451-3
79. **Jaranwala Branch, District Faisalabad**
Tel. No.: (041) 4312201-6
80. **Samundri Branch, District Faisalabad**
Tel. No.: (041) 3423983-4
81. **Painsera Branch, District Faisalabad**
Tel. No.: (041) 2557100-11 & 2574300
82. **Killianwala Branch, District Faisalabad**
Tel. No.: (041) 3214151, 2 & 3
83. **Adda Zafar Chowk Branch, District Faisalabad**
Tel. No.: -
84. **Khurrianwala Branch**
Tel. No.: (041) 4360701-2
85. **Chiniot Branch**
Tel. No.: (047) 6333840-4
86. **Jhang Branch**
Tel. No.: (047) 7651601-2
87. **Shorkot City Branch, District Jhang**
Tel. No.: 0316-8226093, 95, 97 & 98
88. **Small Industrial Estate Branch, Sialkot**
Tel. No.: (052) 3242607-9
89. **Pasrur Road Branch, Sialkot**
Tel. No.: (052) 3521655, 755 & 855 & 3611655 & 755
90. **Islamic Banking Sialkot Cantt Branch, Sialkot**
Tel. No.: (052) 4560023-7
91. **Godhpur Branch, Sialkot**
Tel. No.: (052) 4563932-3
92. **Daska Branch, District Sialkot**
Tel. No.: (052) 6617847-8
93. **Daska Road Branch, Addah, District Sialkot**
Tel. No.: (052) 3525337 & 9
94. **Wazirabad Road Branch, Sialkot**
Tel. No.: (052) 3253752-4
95. **Sheikhupura Branch**
Tel. No.: (056) 3810933 & 3813133
96. **Sharaqpur Sharif Branch, District Sheikhupura**
Tel. No.: -
97. **Nankana Sahib Branch**
Tel. No.: (056) 2876342-3
98. **Main Branch, Multan**
Tel. No.: (061) 4504018, 4504118, 4519927 & 4512884
99. **Islamic Banking Shah Rukn-e-Alam Branch, Multan**
Tel. No.: (061) 6784051-4 & 6782081
100. **Bosan Road Branch, Multan**
Tel. No.: (061) 6210690-2
101. **Mumtazabad Branch, Multan**
Tel. No.: (061) 6760212-4
102. **Gulgasht Colony Branch, Multan**
Tel. No.: (061)-6222701 & 0316-8226393-5
103. **WAPDA Town Branch, Multan**
Tel. No.: (061) 6213011 & 0316-8226441-2
104. **Azmat Road Branch, Dera Ghazi Khan**
Tel. No.: (064) 2471630-6
105. **Lodhran Branch**
Tel. No.: (0608) 364766-7
106. **Rahim Yar Khan Branch**
Tel. No.: (068) 5886042-4
107. **Factory Area Branch, Rahim Yar Khan**
Tel. No.: (068) 5906032, 4 & 5
108. **Liaqatpur Branch, District Rahim Yar Khan**
Tel. No.: (068) 5792041-4
109. **Sadiqabad Branch**
Tel. No.: (068) 5702162, 5800161, 5800661 & 5801161
110. **Bahawalpur Branch**
Tel. No.: (062) 2731703-1
111. **Satellite Town Branch, Bahawalpur**
Tel. No.: (062) 2280602-3
112. **Ahmedpur Sharqia Branch District Bahawalpur**
Tel. No.: (062) 2271345 & 0316-8226404, 6 & 8
113. **Hasilpur Branch**
Tel. No.: (062) 2441481-7 & 2441478
114. **Club Road Branch, Sargodha**
Tel. No.: (048) 3726021-3
115. **Pull-111 Branch, District Sargodha**
Tel. No.: (048) 3791403-4 & 0316-8226449 & 50
116. **Sillanwali Branch, District Sargodha**
Tel. No.: 048-6532292-3
117. **Jauharabad Branch, District Khushab**
Tel. No.: (0454) 723011-2
118. **Khushab Branch, District Khushab**
Tel. No.: (0454) 710294, 5 & 6
119. **Bhalwal Branch**
Tel. No.: (048) 6642224 & 0316-8226331-2
120. **Khanewal Branch**
Tel. No.: (065) 2551560-3
121. **Kabirwala Branch, District Khanewal**
Tel. No.: (065) 2400910-3
122. **Abdul Hakeem Branch, District Khanewal**
Tel. No.: (065) 2441888 & 0316-8226310-2
123. **Mian Channu Branch**
Tel. No.: (065) 2662201-2
124. **Depalpur Branch**
Tel. No.: (044) 4541341-2
125. **Okara Branch**
Tel. No.: (044) 2553012-4 & 2552200
126. **Hujra Shah Muqeem Branch, District Okara**
Tel. No.: (044) 4860401-3 & 0316-8226419-21
127. **Haveli Lakha Branch, District Okara**
Tel. No.: (044) 4775412-3
128. **Renala Khurd Branch, District Okara**
Tel. No.: 044-2621501, 2 & 3
129. **Sahiwal Branch**
Tel. No.: (040) 4467742-3
130. **Farid Town Branch, Sahiwal**
Tel. No.: (040) 4272173, 4 & 5
131. **Chichawatni Branch, District Sahiwal**
Tel. No.: (040) 5484852-3
132. **Layyah Branch**
Tel. No.: (060) 6414205-7
133. **Jampur Branch, District Rajanpur**
Tel. No.: (060) 4567787 & 4567325
134. **Kharoor Pacca Branch**
Tel. No.: (0608) 341041-2
135. **Muzafargarh Branch**
Tel. No.: (066) 2422901, 3 & 5
136. **Fazal Garh Sanawan Branch, District Muzafargarh**
Tel. No.: (066) 2250214-5
137. **Sheikho Sugar Mills Branch District Muzafargarh**
Tel. No.: 0345-8530242-4
138. **Kot Addu Branch**
Tel. No.: (066) 2239161-3
139. **Shahbaz Khan Road Branch, Kasur**
Tel. No.: (0492) 764890-3
140. **Jalalpur Bhattian Branch, District Hafizabad**
Tel. No.: (0547) 500848-50
141. **Hafizabad Branch**
Tel. No.: (0547) 541641-4
142. **Pattoki Branch**
Tel. No.: (049) 4422435-6
143. **Ellahabad Branch**
Tel. No.: (049) 4751130
144. **Khudian Branch**
Tel. No.: (049) 2791595-6
145. **Sambrial Branch**
Tel. No.: (052) 6523451-3
146. **Gagoo Mandi Branch, District Vehari**
Tel. No.: (067) 3500311-2
147. **Mailsi Branch, District Vehari**
Tel. No.: (067) 3750140-5
148. **Burewala Branch, District Vehari**
Tel. No.: (067) 3773110 & 20 & 3355779
149. **Vehari Branch**
Tel. No.: (067) 3361370-2
150. **Tibba Sultanpur Branch, District Vehari**
Tel. No.: -
151. **Mandi Bahauddin Branch**
Tel. No.: (0546) 507602, 3 & 8
152. **Bahawalnagar Branch**
Tel. No.: (063) 2274795-6
153. **Haroonabad Branch, District Bahawalnagar**
Tel. No.: (063) 2251664-5
154. **Toba Tek Singh Branch**
Tel. No.: (046) 2513203-4
155. **Gojra Branch, District Toba Tek Singh**
Tel. No.: (046) 3516392 & 3515577
156. **Kamalia Branch, District Toba Tek Singh**
Tel. No.: (046) 3411405-6
157. **Pir Mahal Branch**
Tel. No.: (046) 3361690 & 5
158. **Gujrat Branch**
Tel. No.: (053) 3520591, 2 & 4
159. **Kotla Arab Ali Khan, District Gujrat**
Tel. No.: (053) 7575501 & 3



160. **Kharian Branch**
Tel. No.: (053) 7602904, 5 & 7
161. **Pak Pattan Branch, District Pak Pattan**
Tel. No.: (0457) 371781-5
162. **Arif wala Branch, District Pak Pattan**
Tel. No.: (0457) 834013, 5 & 6
163. **Chishtian Branch**
Tel. No.: (063) 2501141-2 & 0316-8226304-6
164. **Khanpur Branch**
Tel. No.: (068) 5577719-20 & 0316-8226307-9
165. **Narowal Branch**
Tel. No.: (0542) 411405 & 0316-8226328-30
166. **Rajanpur Branch**
Tel. No.: (0604) 688108 & 0316-8226396
167. **Mianwali Branch**
Tel. No.: (0459) 230825, 6 & 7
- SOUTH REGION**
168. **Main Branch, Karachi**
Tel. No.: (021) 32436990 & 32444401-5 & 111-567-890
169. **Clifton Branch, Karachi**
Tel. No.: (021) 35877773-4, 35861286 & 35375448 & 0316-8226066-71
170. **Garden Branch, Karachi**
Tel. No.: (021) 32232877-8
0316-8226125-30
171. **F. B. Area Branch, Karachi**
Tel. No.: (021) 36373782-3 & 36811646
172. **Korangi Industrial Area Branch, Karachi**
Tel. No.: (021) 35113898-9, 35113900-1 & 0316-8226189-92
173. **AKU Branch, Karachi**
Tel. No.: (021) 34852251-3 & 33102498-9
174. **Haidery Branch, Karachi**
Tel. No.: (021) 36638617, 36630409-410 & 0316-8226231-8
175. **Jodia Bazar Branch, Karachi**
Tel. No.: (021) 32441786, 32442208, 32463894 & 0316-8226202-10
176. **Shahrah-e-Faisal Branch, Karachi**
Tel. No.: (021) 34316128, 34316395, 34322150, 34398430 & 34535545-46, 53-54
177. **DHA Branch, Karachi**
Tel. No.: (021) 35852209, 35845211 & 35340825
178. **Gulshan-e-Iqbal Branch, Karachi**
Tel. No.: (021) 34811830-33 & 0316-8226239-45
179. **SITE Branch, Karachi**
Tel. No.: (021) 32568330, 32550997 & 32550903-4
180. **Zamzama Branch, Karachi**
Tel. No.: (021) 35375835 & 35293435
181. **Gole Market Branch, Karachi**
Tel. No.: (021) 36618932, 36618925 & 0316-8226154-62
182. **Gulistan-e-Jauhar Branch, Karachi**
Tel. No.: (021) 34020943-5
183. **M. A. Jinnah Road Branch, Karachi**
Tel. No.: (021) 32213972 & 32213498
184. **Gulbahar Branch, Karachi**
Tel. No.: (021) 36607744 & 0316-8226434-5
185. **North Karachi Branch, Karachi**
Tel. No.: (021) 36920140-5 & 0316-8226171-2
186. **Block-7 Gulshan-e-Iqbal Branch, Karachi**
Tel. No.: (021) 34815811-2, 34833728 & 777
- Islamic Banking**
187. **Cloth Market Branch, Karachi**
Tel. No.: (021) 32442961 & 32442977
188. **Paria Street Kharadar Branch, Karachi**
Tel. No.: (021) 32201059, 60 & 61
189. **SUPARCO Branch, Karachi**
Tel. No.: (021) 34970560, 34158325-6, 37080810 & 0316-8226457
190. **Chandni Chowk Branch, Karachi**
Tel. No.: (021) 34937933 & 34141296
191. **Allama Iqbal Road Branch, Karachi**
Tel. No.: (021) 34387673-4
192. **Nishtar Road Branch, Karachi**
Tel. No.: (021) 32239711-3 & 32239678
- Islamic Banking**
193. **Waterpump Branch, Karachi**
Tel. No.: (021) 36312113 & 36312108, 36312349 & 36311908
194. **APWA Complex Branch, Karachi**
Tel. No.: (021) 32253143 & 32253216
195. **Clifton Block-2 Branch, Karachi**
Tel. No.: (021) 35361115-7
196. **Malir Branch, Karachi**
Tel. No.: (021) 34517982-3
197. **Bahadurabad Branch, Karachi**
Tel. No.: (021) 34135842-3
198. **New Challi Branch, Karachi**
Tel. No.: (021) 32625246 & 32625279
199. **Shah Faisal Colony Branch, Karachi**
Tel. No.: (021) 34602446-7
200. **Zaibunissa Street Saddar Branch, Karachi**
Tel. No.: (021) 35220025-7
201. **Liaquatabad Branch, Karachi**
Tel. No.: (021) 34860723-25
202. **Lea Market Branch, Karachi**
Tel. No.: (021) 32526193-4
203. **Korangi Township No.: 2 Branch, Karachi**
Tel. No.: (021) 35058041 & 35071181
204. **North Karachi Ind. Area Branch, Karachi**
Tel. No.: (021) 36962851, 52 & 55
205. **F. B. Industrial Area Branch, Karachi**
Tel. No.: (021) 36829961-4
206. **Napier Road Branch, Karachi**
Tel. No.: (021) 32713539-40
207. **Gulshan-e-Hadeed Branch, Karachi**
Tel. No.: (021) 34710252 & 256
208. **Metroville Branch, Karachi**
Tel. No.: (021) 36752206-7
209. **Defence Phase-II Extension Branch, Karachi**
Tel. No.: (021) 35386910-12
210. **North Karachi Township Branch, Karachi**
Tel. No.: (021) 36968604-7
211. **Stock Exchange Branch, Karachi**
Tel. No.: (021) 32414003-4 & 32415927-8
212. **Gulshan-e-Jamal Branch, Karachi**
Tel. No.: (021) 34682682-4
213. **Alyabad Branch, Karachi**
Tel. No.: (021) 36826727 & 36332517
214. **Saudabad Branch, Malir, Karachi**
Tel. No.: (021) 34111901-5
215. **Shireen Jinnah Colony Branch, Karachi**
Tel. No.: (021) 34166262-4
- Islamic Banking**
216. **Al-Tijarah Centre Branch, Karachi**
Tel. No.: (021) 34169251-3
217. **Barkat-e-Haidery Branch, Karachi**
Tel. No.: (021) 36645688-9
218. **Shadman Town Branch, Karachi**
Tel. No.: (021) 36903038-9
219. **Enquiry Office Nazimabad No.: 2 Branch, Karachi**
Tel. No.: (021) 36601502-5
- Islamic Banking**
220. **Rashid Minhas Road Branch, Karachi**
Tel. No.: (021) 34983878 & 34837443-4
221. **Timber Market Branch, Karachi**
Tel. No.: (021) 32742491-2
222. **Khayaban-e-Ittehad Branch, Karachi**
Tel. No.: (021) 35347413-6
223. **Bahria Complex-III (Corporate) Branch, Karachi**
Tel. No.: (021) 35640731-6 35640235-7
224. **New M. A. Jinnah Road Branch, Karachi**
Tel. No.: (021) 34894941-3
225. **DHA Phase-IV Branch, Karachi**
Tel. No.: (021) 35311491-2 & 0316-8226285-7
226. **Gulberg Branch, Karachi**
Tel. No.: (021) 36340553, 549 & 0316-8226291-2
227. **New Sabzi Mandi Branch, Karachi**
Tel. No.: (021) 36870506-7 & 0316-8226409-11
228. **Clifton Block-08 Branch, Karachi**
Tel. No.: (021) 35867435-6 & 0316-8226425-7
229. **Block-02 Gulshan-e-Iqbal Branch, Karachi**
Tel. No.: (021) 34988781-2
230. **Garden Market Branch, Karachi**
Tel. No.: (021) 32244195-6 & 0316-8226431-3
231. **Block-N North Nazimabad Branch, Karachi**
Tel. No.: (021) 36641623-4 & 0316-8226436-38
232. **Marriot Road Branch, Karachi**
Tel. No.: (021) 32461840-42 & 0316-8226428-30
233. **SITE-II Branch, Karachi**
Tel. No.: (021) 36881235-6 & 0316-8226445-47
234. **Shersha Branch, Karachi**
Tel. No.: (021) 32583001-3 & 0317-4484534-6
235. **DHA Phase-VIII Branch, Karachi**
Tel. No.: 0315-4979265, 328 & 445
236. **Khalid Bin Waleed Road Branch, Karachi**
Tel. No.: (021) 34522044, 5 & 6
237. **Bokhari Commercial Branch, Karachi**
Tel. No.: (021) 35170651, 2 & 3
238. **26th Commercial Street Branch, Karachi**
Tel. No.: (021) 35290094, 5 & 6



239. Bahria Town Branch, Karachi
Tel. No.: 0318-4304576-7
240. Islamic Banking
Gulistan-e-Jauhar Branch, Karachi
Tel. No.: 0318-4304615, 7 & 8
241. Islamic Banking
North Karachi Township Branch, Karachi
Tel. No.: 021-36948010, 1 & 2
242. Islamic Banking
Korangi Industrial Area Branch, Karachi
Tel. No.: -
243. Islamic Banking
Dhoraji Colony Branch, Karachi
Tel. No.: (021) 34120053-4
244. Main Branch, Hyderabad
Tel. No.: (022) 2781528-9, 2782347 &
111-567-890, 0316-8226044-5
245. F. J. Road Branch, Hyderabad
Tel. No.: (022) 2728131, 2785997 &
2780205
246. Latifabad Branch, Hyderabad
Tel. No.: (022) 3816309 & 3816625
247. Qasimabad Branch, Hyderabad
Tel. No.: (022) 2651968 & 70
248. Islamic Banking
Isra University Branch, District Hyderabad
Tel. No.: (022) 2032322 & 2030161-4
249. Prince Ali Road Branch, Hyderabad
Tel. No.: (022) 2638514 & 2622122
250. S.I.T.E. Branch, Hyderabad
Tel. No.: (022) 3886861-2
251. Faqir Jo Pir Branch, Hyderabad
Tel. No.: (022) 2612685-6 &
0316-8226096
252. Auto Bhan Road Branch, Hyderabad
Tel. No.: (022) 2100062-3 & 0316-8226313-4
253. Matyari Branch, District Matyari
Tel. No.: (022) 2760125-6
254. Tando Allah Yar Branch
Tel. No.: (022) 3890260-4
255. Sultanabad Branch, District
Tando Allah Yar
Tel. No.: (022) 3404101-2
256. Tando Muhammad Khan Branch
Tel. No.: (022) 3340371-2 & 0316-8226267-8
257. Pano Aqil Branch, District Sukkur
Tel. No.: (071) 5690081, 2 & 3
258. Sukkur Branch
Tel. No.: (071) 5622382, 5622925 &
0316-8226055-63
259. Sanghar Branch, District Sanghar
Tel. No.: (0235) 543376-7 &
0316-8226246-7
260. Tando Adam Branch, District Sanghar
Tel. No.: (0235) 571640-44
261. Shahdadpur Branch, District Sanghar
Tel. No.: (0235) 841982-4
262. Shahpur Chakar Branch, District Sanghar
Tel. No.: (0235) 846010-12
263. Golarchi Branch, District Badin
Tel. No.: (0297) 853192-4
264. Talhar Branch, District Badin
Tel. No.: (0297) 830387-9

265. Deh. Sonhar Branch, District Badin
Tel. No.: (0297) 870729 & 870781-3
266. Matli Branch
Tel. No.: (0297) 840171-2
267. Tando Bago Branch, District Badin
Tel. No.: (0297) 854554-6
268. Buhara Branch, District Thatta
Tel. No.: 0316-8226439-40
269. Dhabaji Branch, District Thatta
Tel. No.: (021) 34420030, 31 & 39
270. Makli Branch, District Thatta
Tel. No.: (0298) 581807, 8 & 9
271. Hub Branch, District Lasbela
Tel. No.: (0853) 310225-7
272. Umerkot Branch
Tel. No.: (0238) 571350 & 356
273. Nawabshah Branch
Tel. No.: (0244) 363918-9
274. Sakrand Branch, District Nawabshah
Tel. No.: 0318-4244919 &
0318-4244922 & 3
275. Nawab Wali Muhammad Branch
District Shaheed Benazirabad
Tel. No.: (0244) 311069, 70 & 71
276. Mirpurkhas Branch
Tel. No.: (0233) 821221 & 821317-8
277. Digri Branch, District Mirpurkhas
Tel. No.: (0233) 869661, 2 & 3
278. Larkana Branch
Tel. No.: (074) 4058211-13
279. Panjhatti Branch
Tel. No.: (0243) 552183-6
280. Ghotki Branch
Tel. No.: (0723) 680305-6
281. Deharki Branch
Tel. No.: (0723) 644156, 158 & 160
282. Thull Branch
Tel. No.: (0722) 610153-4
283. Kandkhot Branch
Tel. No.: (0722) 572883-6
284. Jacobabad Branch
Tel. No.: (0722) 654041-5
285. Shahdadkot Branch, District Qamber
Shahdadkot
Tel. No.: (074) 4012401-2
286. Dadu Branch
Tel. No.: (025) 4711417-8 & 0316-8226294-6
287. Mehar Branch, District Dadu
Tel. No.: (025) 4731113-4
288. Bhan Sayedabad Branch, District Jamshoro
Tel. No.: 0316-8226296-7
289. Shikarpur Branch
Tel. No.: (0726) 540381-3 &
0316-8226319-21
290. Moro Branch, District Naushero Feroze
Tel. No.: (0242) 4102000, 4102001 &
4102002
291. Mith Branch, District Tharparkar
Tel. No.: (0232) 261291, 2 & 3
292. Main Branch, Quetta
Tel. No.: (081) 2821610 & 2821641

293. Islamic Banking
Shahrah-e-Iqbal Branch, Quetta
Tel. No.: (081) 2820227-30 & 37
294. Chamman Branch
Tel. No.: (0826) 613685 & 0316-8226342-4
295. Khuzdar Branch
Tel. No.: (0848) 412861-3 &
0316-8226466-68

NORTH REGION

296. Main Branch, Peshawar
Tel. No.: (091) 5277914-8 & 5277394
297. Chowk Yadgar Branch, Peshawar
Tel. No.: (091) 2573335-7 & 2220006
- Islamic Banking
298. Khyber Bazar Branch, Peshawar
Tel. No.: (091) 2566811-3
- Islamic Banking
299. G. T. Road Branch, Peshawar
Tel. No.: (091) 2263347, 2263323 & 53
300. Main Branch, Rawalpindi
Tel. No.: (051) 5123123, 4, 5 & 8 &
5123136-7
301. Chandni Chowk Branch, Rawalpindi
Tel. No.: (051) 4571160, 63, 86 & 87 &
4571301
302. 22 Number Chungi Branch, Rawalpindi
Tel. No.: (051) 5563576-7
303. Muslim Town Branch, Rawalpindi
Tel. No.: (051) 5405506 & 4931112-3
304. Pindora Branch, Rawalpindi
Tel. No.: (051) 4419020-22
305. Gulraiz Branch, Rawalpindi
Tel. No.: (051) 5595148-9 & 5974073
- Islamic Banking
306. Peshawar Road Branch, Rawalpindi
Tel. No.: (051) 5460113-7
307. Bahria Town Branch, Rawalpindi
Tel. No.: (051) 5733772-3 & 5733768-9
- Islamic Banking
308. Chaklala Scheme-III Branch, Rawalpindi
Tel. No.: (051) 5766345-7
309. Adyala Road Branch, Rawalpindi
Tel. No.: (051) 5569091, 96, 97 & 99
310. Bahria Town Phase-VII Branch, Rawalpindi
Tel. No.: (051) 5400259-60 & 5400255 & 58
311. Bahria Town Phase-VIII Branch, Rawalpindi
Tel. No.: (051) 5195232, 4, 5 & 6
- Islamic Banking
312. Faisal Town Branch, Rawalpindi
Tel. No.: (051) 2720670-5
313. Bewal Branch, District Rawalpindi
Tel. No.: (051) 3360274-5
314. Wah Cantt. Branch, District Rawalpindi
Tel. No.: (051) 4511140-1 & 0317-4484551-3
315. Kallar Syedan Branch, District Rawalpindi
Tel. No.: (051) 3570903
- Islamic Banking
316. Satellite Town Branch, Rawalpindi
Tel. No.: 0310-8143237 & 0310-8153237
317. Main Branch, Islamabad
Tel. No.: (051) 2348174 & 78 &
111-567-890
318. G-9 Markaz Branch, Islamabad
Tel. No.: (051) 2850171-3



319. **Islamic Banking
I-10 Markaz Branch, Islamabad**
Tel. No.: (051) 4101733-5
320. **I-9 Markaz Branch, Islamabad**
Tel. No.: (051) 4858101-3
321. **E-11 Branch, Islamabad**
Tel. No.: (051) 2228757-8
322. **DHA Phase-II Branch, Islamabad**
Tel. No.: (051) 5161967-9 & 5161970-72
323. **Islamic Banking
F-8 Markaz Branch, Islamabad**
Tel. No.: (051) 2818019-21
324. **G-11 Markaz Branch, Islamabad**
Tel. No.: (051) 2363366-68
325. **F-11 Markaz Branch, Islamabad**
Tel. No.: (051) 2101076-7 & 0316-8226282-4
326. **DHA Phase-II (Corporate) Branch,
Islamabad**
Tel. No.: (051) 2826573-4 & 0316-8226303
327. **PWD Branch, Islamabad**
Tel. No.: (051) 5708789, 90 & 91
328. **I-8 Markaz Branch, Islamabad**
Tel. No.: (051) 2719242-44
329. **Gulberg Greens Branch, Islamabad**
Tel. No.: 0312-4015609, 0312-4019186
330. **Lehtrar Road Branch, Tarlai,
District Islamabad**
Tel. No.: (051) 2241661-5
331. **Soan Garden Branch, District Islamabad**
Tel. No.: (051) 5738940-2
332. **Bahria Enclave Branch, Islamabad**
Tel. No.: 0310-4755851-2 & 6 &
0316-8226091
333. **G-13 Markaz Branch, Islamabad**
Tel. No.: (051) 2301101-3
334. **Bhara Kahu Branch, District Islamabad**
Tel. No.: 0316-8226092, 0311-4463237 &
0311-4883237 & 0311-4993237
335. **Rawat Branch, District Islamabad**
Tel. No.: 0311-6203237 & 0311-6903237
336. **Gujar Khan Branch**
Tel. No.: (051) 3516328, 29 & 30
337. **Waisa Branch, District Attock**
Tel. No.: (057) 2651068-9
338. **Attock Branch**
Tel. No.: 0316-8226540-2
339. **Islamic Banking
Swabi Branch, District Swabi**
Tel. No.: (0938) 221741-45
340. **Mirpur Branch, (AJK)**
Tel. No.: (05827) 444488 & 448044
341. **Islamgarh Branch, (AJK)**
Tel. No.: (05827) 423981-2
342. **Jattlan Branch, District Mirpur (AJK)**
Tel. No.: (05827) 403591-4
343. **Gilgit Branch**
Tel. No.: (05811) 453749, 450504,
450498 & 451838
344. **NLI Market (Sub Branch), Gilgit**
Tel. No.: (05811) 450802, 4 & 5
345. **Denyore Branch, District Gilgit**
Tel. No.: (05811) 459986-7
346. **Jutial Branch, District Gilgit**
Tel. No.: (05811) 457233-5
347. **Aliabad Branch, Hunza**
Tel. No.: (05813) 455000, 455001 & 455022
348. **Gahkuch Branch**
Tel. No.: (05814) 450409-10
349. **Skardu Branch**
Tel. No.: (05815) 450327 & 450188-9
350. **Abbottabad Branch**
Tel. No.: (0992) 385231-3 & 383073-75
351. **Jhelum Branch**
Tel. No.: (0544) 625794-5
352. **Dina Branch, District Jhelum**
Tel. No.: 0310-4755851, 2 & 6
353. **Chitral Branch, District Chitral**
Tel. No.: (0943) 412078-9
354. **Chakwal Branch**
Tel. No.: (0543) 543128-30 & 0316-8226045
355. **Mardan Branch**
Tel. No.: (0937) 864753-7
356. **Muzaffarabad Branch**
Tel. No.: (0582) 2920025-6
357. **CMH Road Branch, Muzaffarabad (AJK)**
Tel. No.: (0582) 2443535-7
358. **Islamic Banking
Chillas Branch, District Diamer**
Tel. No.: (05812) 450631-2
359. **Islamic Banking
Mingora Branch, Swat**
Tel. No.: (0946) 714355, 714400 &
0316-8226273-75
360. **Battagram Branch**
Tel. No.: (0997) 311044-6
361. **Mansehra Branch**
Tel. No.: (0997) 301931-6
362. **Islamic Banking
Dera Ismail Khan Branch**
Tel. No.: (0966) 718010-4 & 718091-4
363. **Kohat Branch, District Kohat**
Tel. No.: (0922) 511011 & 511033
364. **Islamic Banking
Nowshera Branch, District Nowshera**
Tel. No.: (0923) 611545-8
365. **Islamic Banking
Shakas Branch, District Khyber Agency**
Tel. No.: 0316-8226101 & 0316-8226091,
2 & 9
366. **Batkheela Branch**
Tel. No.: (0932) 411115, 6 & 7
367. **Islamic Banking
Timergara Branch, District Lower Dir.**
Tel. No.: (0945) 822081, 2 & 3

FOREIGN CORRESPONDENTS

Country	Name of Bank
Argentina	Banco Credicoop Cooperativo Limitado Banco De Galicia Y Buenos Aires
Australia	Citigroup Pty Limited, Sydney 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 Alfalah Limited Bahrain Askari Bank Limited, Bahrain Branch Bank Al Habib Limited Habib Bank Ltd. JS Bank Limited Bahrain MCB Bank Limited Bahrain United Bank Limited Bahrian
Bangladesh	Bank Alfalah Limited (Bangladesh - Dhaka Branch) Brac Bank Limited Eastern Bank Ltd. Habib Bank Ltd. Jamuna Bank Limited Southeast Bank Limited Standard Chartered Bank United Commercial Bank Ltd
Belgium	Byblos Bank Europe S.A. Commerzbank AG, The, Brussels Branch Deutsche Bank A.G. Belfius Bank SA/NV Habib Bank Ltd. 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	Citibank Canada Federation Des Caisses Desjardins Du Quebec Habib Canadian Bank Royal Bank Of Canada
Chile	Banco De Credito E Inversiones
China	Agricultural Bank Of China, The Agricultural Development Bank Of China, The Bank Of Beijing Bank Of China Bank Of Communications Bank Of Jiangsu Co Ltd Bank Of Ningbo Bank Of Shanghai Changshu Rural Commercial Bank



Country	Name of Bank
	China Citic Bank China Construction Bank Corporation China Everbright Bank China Merchants Bank Citibank (China) Co., Ltd. Habib Bank Limited Urumqi Branch 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., Ltd. Shandong Zhangdian Rural Commercial Bank Shanghai Pudong Development Bank Standard Chartered Bank (China) Limited Sumitomo Mitsui Banking Corporation (China) Limited Hangzhou Branch Weifang Rural Commercial Bank Co., Ltd Zhejiang Tailong Commercial Bank Zhejiang Xiaoshan Rural Commercial Bank Company Limited Zhongshan Rural Commercial Bank Company Limited
Colombia	Bancolombia S.A.
Cyprus	Hellenic Bank Public Company Ltd.
Czechia	Ceskoslovenska Obchodni Banka, A.S. Citibank Europe Plc, Organizacni Slozka Commerzbank AG Unicredit Bank Czech Republic And Slovakia, A.S.
Denmark	Danske Bank A/S
Egypt	Banque Misr Citibank Cairo Mashreq Bank
Ethiopia	Dashen Bank S.C.
Finland	Danske Bank A/S, Finland Branch Op Corporate Bank Plc
France	Banque Palatine CM - CIC Banques Credit Du Nord Credit Mutuel - CIC Banques Habib Bank Limited, France National Bank Of Pakistan Societe Generale
Germany	Commerzbank AG Commerzbank AG (Formerly Dresdner Bank AG) Danske Bank Deutsche Bank AG DZ Bank AG (Formerly WBZ Bank AG) Hamburg Commercial Bank AG Hamburger Sparkasse AG JP Morgan AG Landesbank Baden-Wuerttemberg M.M.Warburg U. Co (Ag U. Co.) KGAA



Country	Name of Bank
	National Bank Of Pakistan, Frankfurt Sparkasse Dortmund Sparkasse Krefeld - Zweckverbandssparkasse Der Stadt Krefeld Und Des Kreises Viersen - Sparkasse Westmuensterland Standard Chartered Bank AG
Greece	Alpha Bank AE Citibank Europe Plc Greece Branch Piraeus Bank SA
Hong kong	Bank Of America, N.A. Hong Kong Citibank N.A. Deutsche Bank AG Habib Bank Zurich (Hong Kong) Limited 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 Unicredit Bank AG Hong Kong Branch Wells Fargo Bank, N.A., Hong Kong Branch (Organized Under The Laws Of U.S.A. With Limited Liability)
Hungary	Raiffeisen Bank Zrt. Unicredit Bank Hungary Zrt.
India	Citibank N.A. Deutsche Bank Ag 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, Ltd. Jakarta Branch Standard Chartered Bank
Ireland	Citibank Europe Plc Danske Bank A/S J.P. Morgan Bank Luxembourg S.A., Dublin Branch
Italy	Banca Carige Spa - Cassa Di Risparmio Di Genova E Imperia Banca Di Credito Popolare Banca Monte Dei Paschi Di Siena S.P.A. Banca Popolare Di Sondrio Banca Ubae Spa Banco Bpm Spa Bper Banca S.P.A. Cassa Di Risparmio Di Fermo Spa Commerzbank AG Deutsche Bank S.P.A. Iccrea Banca - Istituto Centrale Del Credito Cooperativo Unicredit S.P.A.
Japan	Citibank N.A., Tokyo Branch JP Morgan Chase Bank, N.A., Tokyo Branch



Country	Name of Bank
	Mizuho Bank, Ltd. MUFG Bank, Ltd. National Bank Of Pakistan Resona Bank, Ltd., Tokyo Saitama Resona Bank, Limited Standard Chartered Bank Sumitomo Mitsui Banking Corporation
Jordan	Citibank N.A.
Kenya	Habib Bank AG Zurich Kenya Habib Bank Limited KCB Bank Kenya Limited
Republic of Korea	Busan Bank Citibank Korea Inc Daegu Bank, Ltd., 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	JSC Citadele Banka
Lebanon	Banque Libano Francaise
Malaysia	Citibank Berhad Hong Leong Bank Berhad JP Morgan Chase Bank Berhad MUFG Bank (Malaysia) Berhad Standard Chartered Bank Malaysia Berhad
Mauritius	Habib Bank Ltd Mauritius Standard Chartered Bank (Mauritius) Ltd
Mexico	Banco Nacional De Mexico S.A.
Morocco	Attijariwafa Bank (Formerly Banque Commerciale Du Maroc)
Nepal	Himalayan Bank Ltd.
Netherlands	ABN Amro Bank N.V. Citibank Europe Plc Netherlands Branch Commerzbank AG Kantoor Amsterdam Deutsche Bank AG
New Zealand	Bank Of New Zealand
Norway	Danske Bank A/S DNB Bank Asa



Country	Name of Bank
Oman	Bank Dhofar (S.A.O.G.) Habib Bank Oman Sohar International Bank S.A.O.G Standard Chartered Bank
Panama	Banesco S.A.
Philippines	Asian Development Bank MUFG Bank, Ltd., Manila Branch Standard Chartered Bank
Poland	Bank Handlowy W Warszawie Sa
Portugal	Banco Bpi SA Caixa Central Credito Agricola Mutuo
Qatar	Dukhan Bank (Formerly 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 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 AG, Singapore Branch Credit Suisse Ag, Singapore Private Banking Deutsche Bank Ag Habib Bank Limited JP Morgan Chase Bank, N.A. KBC Bank N.V. Singapore Branch Mizuho Bank, Ltd. Singapore Branch Standard Chartered Bank (Singapore) Limited Sumitomo Mitsui Banking Corporation 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
Spain	HBZ Bank Limited Standard Chartered Bank Banco De Sabadell, S.A. Caixabank, S.A. Citibank Europe Plc Spain Branch Commerzbank AG Deutsche Bank Sociedad Anonima Espanola Kutxabank, S.A.
Sri Lanka	Bank Of Ceylon Commercial Bank Of Ceylon Plc Habib Bank Ltd. Hatton National Bank Plc MCB Bank Ltd. People's Bank, Head Office Standard Chartered Bank
Sweden	Danske Bank Svenska Handelsbanken Ab
Switzerland	Arab Bank (Switzerland) Ltd Banque Cantonale Vaudoise Banque De Commerce Et De Placements S.A. Barclays Bank (Suisse) S.A. CA Indosuez (Switzerland) SA Habib Bank AG Zurich Luzerner Kantonalbank UBL (Switzerland) AG Zuercher Kantonalbank Banque Cantonale De Geneve
Taiwan	Citibank Taiwan Limited JP Morgan Chase Bank, N.A., Taipei Branch Mizuho Bank, Ltd., 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, Ltd., 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 Ltd. Kuveyt Turk Katilim Bankasi A.S. Odeabank A.S. Qnb Finansbank A.S. Turkiye Cumhuriyeti Ziraat Bankasi A.S. Turkiye Vakiflar Bankasi T.A.O. Turkland Bank AS



Country	Name of Bank
United Arab Emirates	Turkiye Finans Katilim Bankasi A.S. Yapi Ve Kredi Bankasi A.S. Abu Dhabi Commercial Bank Bank Alfalah Limited (Dubai Branch) Citibank N.A. Deutsche Bank AG, Abu Dhabi 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 Ltd.
United Kingdom	Bank Of America, N.A. London Bank Of Ireland (Trade Finance Belfast) Bank Of Ireland (UK) Plc Citibank N.A. Danske Bank Deutsche Bank AG Habib Bank Zurich Plc HBL Bank Uk Limited 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, Na Citibank N.A. Citizens Bank, NA Comerica Bank Deutsche Bank Trust Company Americas Deutsche Bank AG East-West Bank First Horizon Bank Habib American Bank International Finance Corporation JP Morgan Chase Bank, N.A. Keybank National Association Mashreqbank PSC., New York Branch MUFG Bank Ltd. MUFG Union Bank N.A. National Bank Of Pakistan New York Community Bank Peoples United Bank, N.A. PNC Bank, N.A. Regions Bank Standard Chartered Bank The Bank Of New York Mellon Truist Bank U.S. Bank N.A. Wells Fargo Bank, N.A.










Country	Name of Bank
Viet Nam	Asia Commercial Bank Citibank N.A. Kookmin Bank JP Morgan Chase Bank, N.A., Ho Chi Minh City Branch Shinhan Bank Vietnam Limited Standard Chartered Bank (Vietnam) Limited Vietnam Export Import Commercial Joint-Stock Bank Vietnam Public Joint Stock Commercial Bank – Pvcombank
Luxembourg	J.P. Morgan Bank Luxembourg S.A. Luxembourg



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Soneri Bank
Roshan Har Qadam

PROXY FORM

30th 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 30th Annual General
Meeting of the Bank to be held on 25 March 2022 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 _____ 2022

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, 2nd Floor, 307-Upper Mall Scheme 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
2nd Floor, 307-Upper
Mall Scheme Lahore
54000



Soneri Bank

روشن ہر قدم!

پراکسی فارم

تیسواں سالانہ عام اجلاس

میں مسمیٰ / مسماۃ _____
ضلع _____
بجائیت نمبر سونی ری بینک لمیٹڈ اور حق ملکیت رکھتے ہوئے _____
عام حصص کی جس کا اندراج: _____

رجسٹرڈ فوئیو نمبر: _____
سی ڈی سی پارٹیشن نمبر: _____
شناختی کارڈ نمبر: _____
مسمیٰ / مسماۃ _____
سب اکاؤنٹ نمبر: _____
یا پاسپورٹ نمبر: _____
ساکن: _____
یا اُن کے نہ جانے پر، مسمیٰ / مسماۃ _____
ساکن: _____

جو خود بھی سونی ری 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 تیسواں سالانہ عام اجلاس جو بتاریخ ۲۵ مارچ ۲۰۲۲ کو منعقد ہو رہا ہے۔ اس میں یا اس کے کسی ملتی شدہ اجلاس میں شرکت کرے اور ووٹ ڈالے۔

(دستخط کا بینک میں رجسٹرڈ نمونے سے
مطابقت رکھنا ضروری ہے)

پانچ روپے کا
ریونیو اسٹیپ

تاریخ _____ ۲۰۲۲
دستخط حصص داران _____
دستخط پراکسی _____

۲۔ گواہی

دستخط: _____
نام: _____
پتہ: _____
شناختی کارڈ نمبر: _____
یا پاسپورٹ نمبر: _____

۱۔ گواہی

دستخط: _____
نام: _____
پتہ: _____
شناختی کارڈ نمبر: _____
یا پاسپورٹ نمبر: _____

نوٹ:

- ۱۔ یہ مکمل پُر کردہ اور دستخط شدہ پراکسی فارم، ہمارے رجسٹرڈ آفس سونی ری بینک لمیٹڈ، دوسری منزل، 307، اپر مال، اسکیم، لاہور-54000، پر اجلاس انعقاد سے ۲۸ 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 کا عدم تصور ہوں گی۔
- ۴۔ سی ڈی سی حصص داران اور ان کے نامزد اشخاص کے لیے ضروری ہوگا کہ وہ اپنا پراکسی فارم جمع کروانے سے قبل اس کے ساتھ اپنا تصدیق شدہ 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 رتم کا
ٹکٹ چپاں کریں

کمپنی سیکریٹری
سونیری بینک لمیٹڈ
دوسری منزل، 307،
اپر مال، اسکیم،
لاہور-54000



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: 2nd Floor, 307 - Upper Mall
Scheme, Lahore-54000.
Phone No.: (021) 32444401-05
UAN: (021) 111-567-890

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)

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