

Soneri Bank

SBL/Secy/PSX/23/330
21 December 2023

Through PUCAR/By hand

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi.

Subject: **Corporate Briefing Session (CBS) Presentation - 2023**

Dear Sir,

This refers to our earlier letter bearing No. SBL/Secy/PSX/23/321 dated 18 December 2023 through which CBS intimation was given. In this respect, please find attached CBS Presentation – 2023 which will be held on 22 December 2023 at 04:30 p.m. via Zoom.

Moreover, zoom connectivity details are being sent to registered participants via email, details of which are also provided hereunder:

<https://us06web.zoom.us/j/84150972210?pwd=TVWBHz6LBn4g2zPbJZ89JYubq5izMg.1>

Meeting ID: 841 5097 2210

Passcode: 061608

Yours truly,



Muhammad Altaf Butt
Company Secretary

Encls: As stated above

Soneri Bank Limited

Corporate Briefing Session 2023



Soneri Bank

Roshan Har Qadam

Note about forward-looking statements

This document contains or incorporates by reference “forward-looking statements” regarding the belief or current expectations of Soneri Bank Limited (the “Bank”), the Board of Directors, and members of senior management about the strategy, businesses and performance of the Bank.

Such statements are not historical facts; they include statements about our beliefs and expectations and the assumptions underlying them. These statements are based on plans, estimates and projections as they are currently available to the management of the Bank.

Forward-looking statements therefore speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events. By their very nature, such statements involve risks and uncertainties, and therefore should not be taken as a direct representation regarding actual future performance. Actual results in the future may differ from those contained in any forward-looking statement.

Company Brief



Soneri Bank

Roshan Har Qadam

The Bank – At a glance

Commencement of Operations	April 1992
Registered Office	Lahore
Major Sponsors	Feerasta Family
Credit Rating (<i>Long Term / Short Term</i>)	AA- / A1+
Branches	440 (with 45 Islamic Branches; + 15 IBWs)
Market Share*	1.9% of deposits
Assets*	PKR 644 bn
Deposits*	PKR 510 bn
Net Advances*	PKR 183 bn
Total Equity*	PKR 25 bn
Capital Adequacy Ratio*	17.61%
Sub-Debt (<i>including Perpetual ADT 1 of Rs. 4 Bn</i>)	PKR 8 bn
Market Price (as of December 19 th 2023)	PKR 10.60 per share

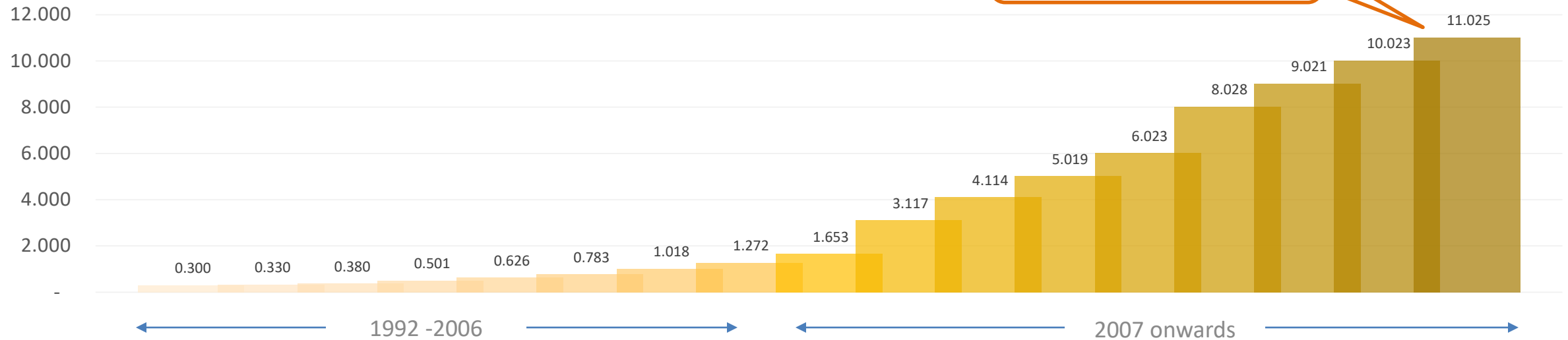
*Data as of September 30, 2023

Governance Structure and Profile:

The Bank's primary sponsors are the Feerasta Family who collectively own majority share in the Bank. The Feerasta Family has diverse commercial interests ranging from manufacturing, exporting, banking and trade financing. The eight-member BoD, with diversified experience, comprises of three independent directors, four non executive directors (including three members representing Sponsors; one NIT nominee), and the CEO, being the deemed executive director.

Equity Progression

Our share capital over the years.....



- Consistent Cash Dividend Payout

- The Bank has a free float at 330.739 Mn or 30.0% (September 2023)

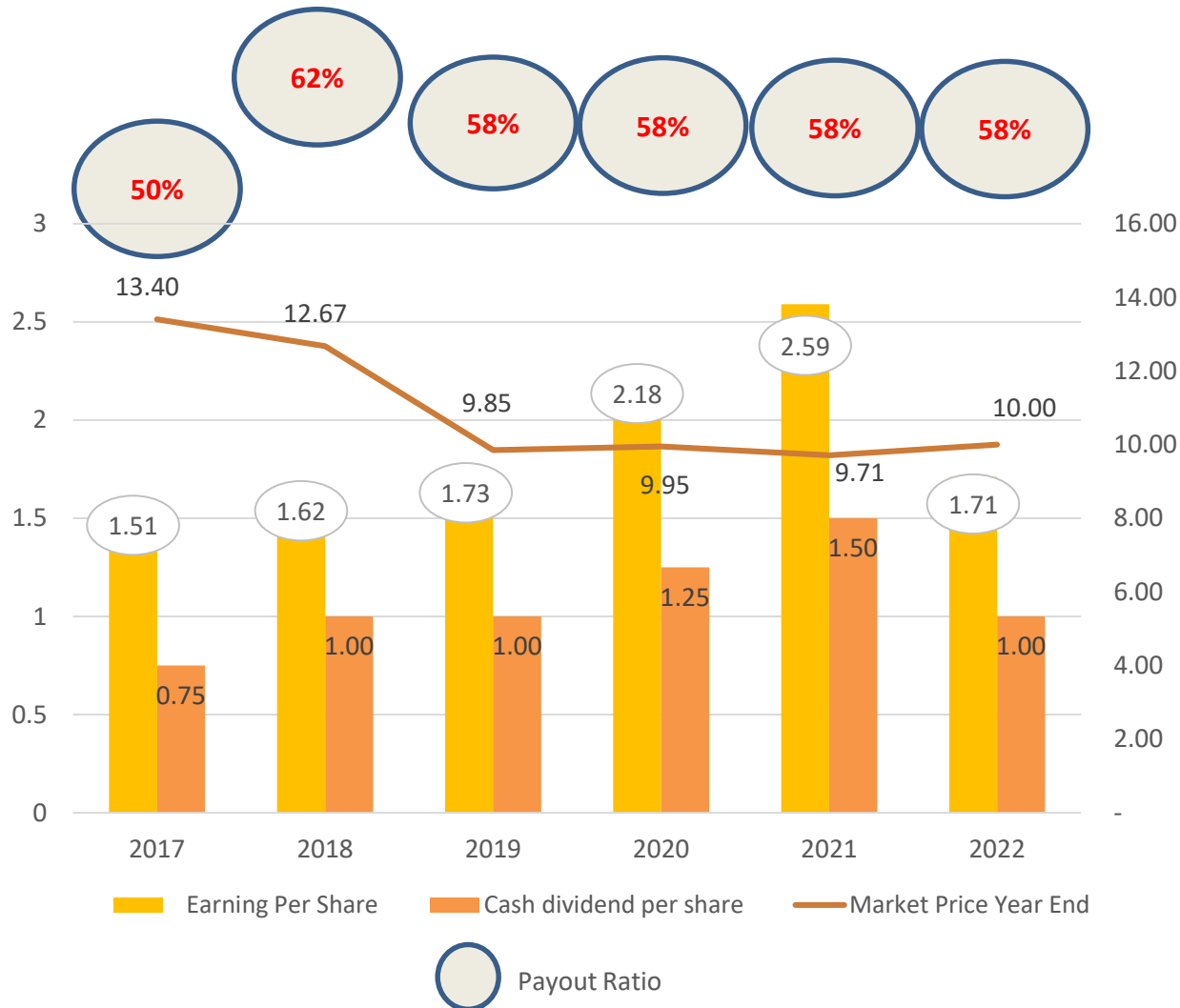
- Historically, our share has been trading at a low BV multiple

Key Indicators	2017	2018	2019	2020	2021	2022	9M2023
Cash dividend per share	7.50%	10.00%	10.00%	12.50%	15.00%	10.00%	-
Earning Per Share (Rs)	1.51	1.62	1.73	2.18	2.59	1.71	3.76
Market Value per share- period end (Rs)*	13.40	12.67	9.85	9.95	9.71	10.00	10.60
Market Value - High during the year (Rs)*	19.20	14.40	13.24	13.80	11.00	11.00	11.70
Market Value - Low during the year (Rs)*	12.25	11.76	9.01	7.76	8.40	8.50	8.14
Book Value per share (Rs)	16.78	16.32	18.33	21.00	19.62	19.18	22.65
Price to book value (net assets based)	0.80	0.78	0.54	0.47	0.49	0.52	0.47
Price to Earning Ratio	8.90	7.83	5.70	4.57	3.75	5.86	2.82
Total Equity (Rs in Bns)	18.51	17.99	20.21	23.16	21.64	21.15	24.97
Sub Debt (Rs in Bns)	3	7	7	7	7	8	8
Capital Adequacy Ratio	12.77	14.70	15.79	16.97	13.82	15.19	17.61

*Data upto December 19, 2023

Earnings, Payouts and Shareholding Pattern

Presented below is the Bank's Dividend payout, as compared to the earnings for the relevant year and the market price of the Bank's share.



Pattern of Shareholding – September 2023

Particulars	Shares (Millions)	Percentage
DIRECTORS, CEO & THEIR SPOUSES AND MINOR CHILDREN	10.12	0.92
ASSOCIATED COMPANIES	634.44	57.55
NIT	100.97	9.16
BANKS, DFI & NBFIs	106.20	9.63
INSURANCE COMPANIES	13.56	1.23
MUTUAL FUNDS	0.01	0.00
GENERAL PUBLIC (LOCAL)	212.60	19.28
GENERAL PUBLIC (FOREIGN)	13.85	1.26
OTHERS	8.90	0.81
JOINT STOCK COMPANIES	1.77	0.16
FOREIGN COMPANIES	0.05	0.00
MODARABAS	0.00	0.00
Total	1,102.46	100.00

Key Developments

Key Developments

Enhanced Outreach through Network Expansion and Regular Sales Drives

Target Branches at year end 2023 are 443 branches with 45 Islamic Branches and 15 Islamic Windows

Till date, **37 new branches** have been added to our network in **2023** taking the total tally to **440**.

During the year, our retail teams successfully initiated drives to tap market potential and further increase the customer base, with a focus on client conversions, walk-in activations and dormancy reactivation.

Our target for 2024 is to add another **100 branches** to our network across Pakistan.

Penetration through focus on Digital Banking Solutions

Registration % of customers out of Eligible Digital Accounts has inched up to 50%

We have continued to focus on customer experience through various enhancements to our digital banking channels:

- Improved Interface for Internet Banking;
- Enhanced Mobile Banking App with additional features;
- One Stop Shop for seamless banking experience

Fresh Issuance of PKR 4 Bn TFCs – replacing previously issued TFCs of PKR 3 Bn

December 2022

In December 2022, the Bank after exercising the Call Back option on its TFC II, raised additional sub-debt of PKR 4 Bn in replacement. The instrument carries a rating of A+ from PACRA. The said instrument has strengthened the Bank's CAR allowing further room for growth.

Key Developments

**Improved / Enhanced /
New Product Offerings**

**The Bank continues to improve its
existing Product Suite to offer tailored
solutions to customers based on their
needs**

Some of the Key Products Introduced / Enhanced this year:

- Soneri Trans@ct Eazy Collect – Cash Management Solution;
- Soneri Employee Banking – Payroll Disbursement Solution;
- Soneri Remit Direct Account – for facilitation of remittances from abroad;
- Soneri Ladies First Car Finance;
- Soneri Forex Plus – Current and Savings Accounts;

**Soneri Enable - E-Learning
Application**

**Includes e-learning modules, calendars,
assessments, surveys, e-library, training
needs analyses (TNA), and other
learning interventions**

Additionally, Soneri Bank continues to provide Hajj Application facilitation – 2nd year running;

Soneri Enable - an application for the Learning Management System (LMS) of the Bank, facilitates online learning for the Bank's staff to acquire the required knowledge and skills; whether they are for the current role or to achieve aspirations.

**Persons with Disabilities
(PWDs)**

**Candidates continue to be on-boarded;
Model branches also in place**

The Bank is compliant with the onboarding requirements for Persons with Disabilities (PWDs).

Specific sessions are conducted in house for awareness and training of our staff with respect to PWDs.

Gender Diversity

**The Bank remains committed to Gender
Equality, providing and equal
opportunity to women across the
workplace**

The SBP has issued directives to all Banks for Gender Diversity at the workplace. The Bank has maintained a significant level of compliance with the directives in this regard, and plans to bridge any gaps through additional batch hirings in the coming days.

Financial Performance Review – 9M2023

Balance Sheet Snapshot – With Average Volumes

Rs'mn	Sep 2023	Dec 2022	Growth vs 2022		Sep 2022	Growth vs CPLY	
AVG DR	20.25%	12.92%	7.33%		12.20%	8.05%	
Deposits EOP	510,477	409,643	100,834	25%	434,017	76,460	18%
CA EOP	165,094	138,319	26,775	19%	126,419	38,675	31%
SA	237,190	186,085	51,104	27%	210,770	26,420	13%
TD	108,193	85,238	22,955	27%	96,828	11,365	12%
CASA - EOP	402,284	324,404	77,879	24%	337,189	65,095	19%
CASA Mix	78.81%	79.19%	-0.39%		77.69%	1.12%	
CA Mix	32.34%	33.77%	-1.42%		29.13%	3.21%	
Deposits - AVG	436,945	395,180	41,765	11%	396,710	40,235	10%
CA - AVG	141,359	112,636	28,723	26%	110,568	30,791	28%
COD%	12.44%	8.85%	3.59%		8.48%	3.96%	
Gross Advances EOP	191,404	215,774	(24,371)	-11%	201,959	(10,555)	-5%
Specific Provision	8,594	7,282	1,312	18%	7,149	1,445	20%
NPL	12,124	10,169	1,955	19%	9,948	2,176	22%
Infection	6.33%	4.71%	1.62%		4.93%	1.41%	
Coverage	70.88%	71.61%	-0.73%		71.86%	-0.98%	
ADR - Gross	37.50%	52.67%	-15.18%		46.53%	-9.04%	
Good Advances Yields* Excluding ERF, FCY & Staff	20.99%	14.53%	6.46%		13.80%	7.19%	
Investments EOP - Net	349,158	258,007	91,150	35%	274,298	74,860	27%
Unrealised Deficit	(3,896)	(5,116)	1,220	-24%	(4,275)	379	-9%
Yields	18.58%	12.13%	6.45%		11.53%	7.05%	
IDR	68.40%	62.98%	5.41%		63.20%	5.20%	
Borrowing	63,858	115,728	(51,870)	-45%	78,442	(14,584)	-19%
Cost of borrowings	16.12%	10.95%	5.17%		10.22%	5.90%	
Total Assets	643,779	579,760	64,019	11%	564,986	78,793	14%
CAR	17.61%	15.19%	2.42%		14.14%	3.47%	
Leverage Ratio	4.00%	3.81%	0.19%		3.65%	0.35%	

Deposits reached a **Landmark high level - exceeding 0.5 Trillion.**

Highest footing for the Bank's Balance Sheet - with Total Assets at **644bn**

Focus remains on **CA Averages** and **Stable Core CASA.**

Despite a significant increase in terms of average DR, **COD** increased by **396bps** to **12.44%** vs CPLY; mainly at the back of improved CA Averages.

Reduction in **Advances** is mainly on account of a cautious approach towards lending; and after considering changes to the external environment.

ADR stands at **37.5%** compared to **52.7%** in Dec'22.

With recoveries and regularizations in the pipeline, infection ratio at YE 2023 is expected to close at **5.5%** and we expect to maintain coverage at a level close to **80%**.

EOP Investments up by 91.2bn (35%) vs Dec'22

- T-Bills Portfolio at **106.8bn** yielding **20.32%** vs Dec'22 **33bn** yielding **11.84%**
- PIBs at **219.9bn** yielding **18.0%** vs Dec'22 **206.8bn** yielding **12.10%**, with mix skewed towards **Floater PIBs**

EOP Borrowings down by 51.9bn (45%) vs Dec'22

Profit & Loss Snapshot – 9M2023

Rs'mn	Q1	Q2	Q3	9M 2023	9M 2022	Growth vs CPLY	
Markup Income	19,701	23,926	25,917	69,545	45,007	24,538	55%
Markup Expense	(14,862)	(18,641)	(19,941)	(53,444)	(37,248)	(16,196)	43%
Net Interest Income	4,839	5,285	5,977	16,101	7,759	8,342	108%
Fee Income	665	682	844	2,192	1,756	436	25%
FX	1,055	390	872	2,318	2,328	(10)	0%
Core Revenue	6,560	6,357	7,693	20,610	11,843	8,767	74%
Capital (Loss) / Gain	(29)	(77)	19	(88)	(257)	169	-66%
Dividends	51	94	24	169	177	(8)	-5%
Other Income	27	29	12	68	62	6	10%
Revenue	6,609	6,403	7,749	20,760	11,825	8,935	76%
Operating Expenses	(3,409)	(3,508)	(3,858)	(10,775)	(8,928)	(1,847)	21%
WWF & Other Charges	(88)	(52)	(90)	(231)	(75)	(156)	207%
Operating Profit	3,112	2,843	3,800	9,755	2,823	6,932	246%
NPL Charge	(542)	(406)	(929)	(1,876)	(376)	(1,500)	399%
NPL Reversal	124	81	358	563	910	(347)	-38%
Net (Provision)/ Reversal	(417)	(325)	(570)	(1,312)	534	(1,846)	-346%
Write off & Others	-	(5)	0	(5)	(9)	4	-43%
PBT	2,694	2,513	3,230	8,437	3,348	5,089	152%
Taxation	(1,205)	(1,475)	(1,612)	(4,293)	(2,053)	(2,240)	109%
PAT	1,489	1,037	1,618	4,145	1,295	2,850	220%
CIR	52.9%	55.6%	50.96%	53.0%	76.1%	-23%	

Highest ever PBT level of 8.4bn – despite **1.8bn** increase in provisioning vs CPLY.

NIM improved by **108%** attributable to CA average growth alongside healthier investment mix.

Fee income up **25%** driven by higher digital income; trade related volumetric income and Branch Banking fee.

Increase in **Operating expenses** contained at **21%** despite inflationary pressures.

Position can be summarized as follows:

	9M23	9M22	Variance
NIM Spread	5.5%	2.6%	2.90%
CIR	53.0%	76.1%	-23.12%
Coverage	70.9%	71.6%	-0.73%
ROE	24.7%	8.99%	15.76%
ROA	0.97%	0.34%	0.64%
EPS	3.76	1.17	2.58

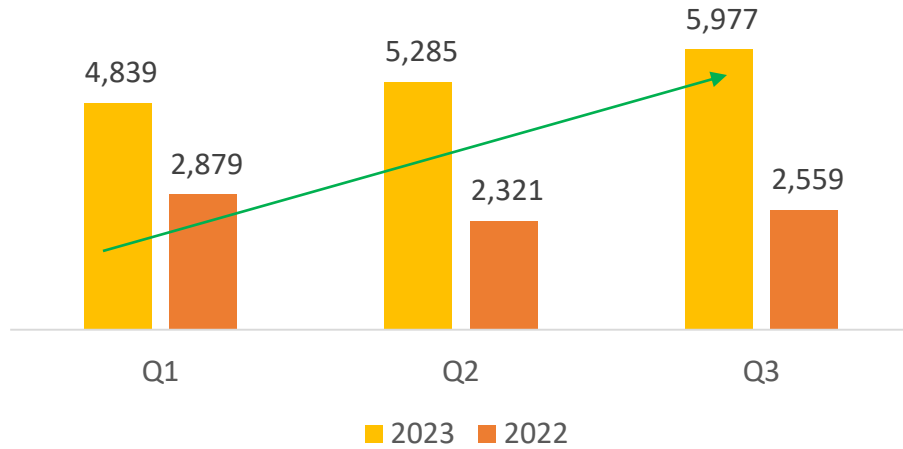
Actual 2022

~3x increase

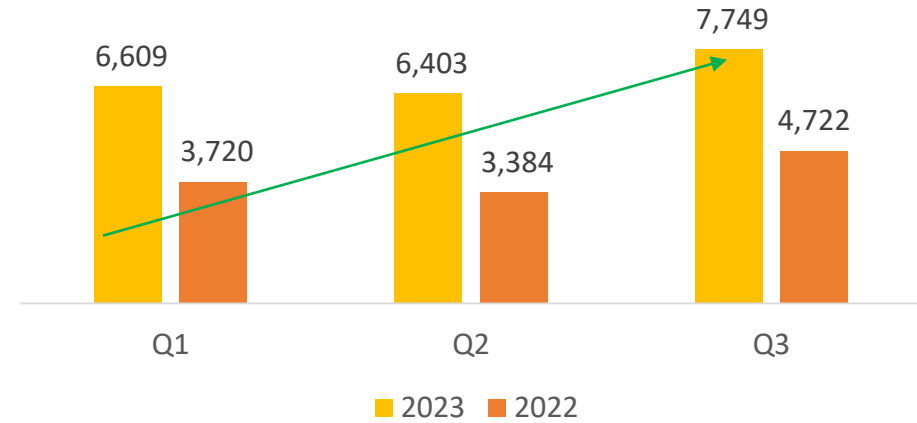
Operational Profitability – Quarterly trend

Rs. in Millions

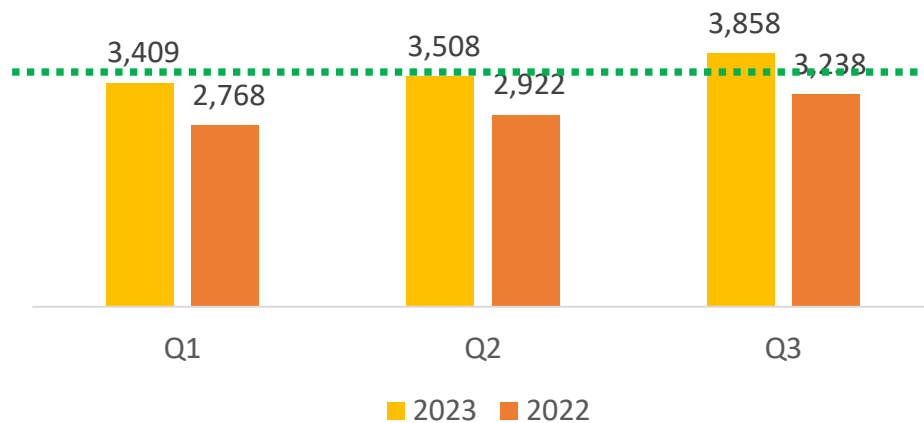
Net Interest Income



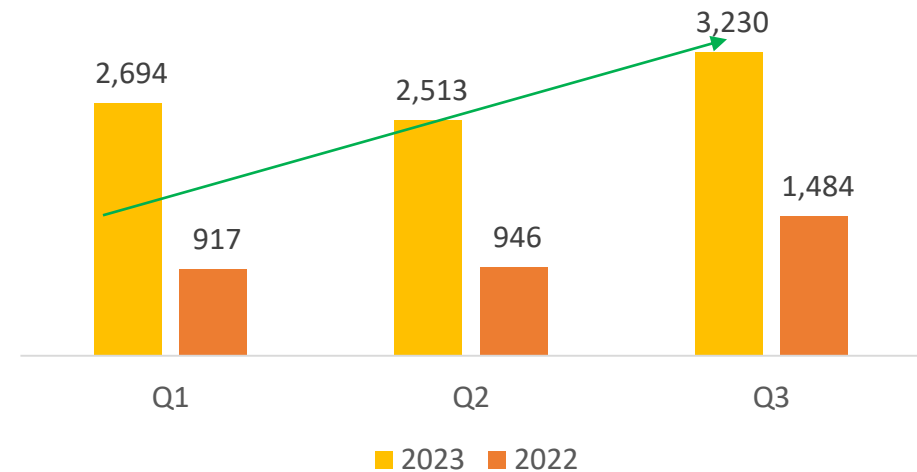
Total Revenue



Operating Expenses



Profit Before Tax



Performance against previous outlook



Soneri Bank

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Progress against previous outlook shared

<p>In 2021, we revised and updated our strategy.</p>	<p>Performance against initiatives continues to be tracked at BOD level. Revised targets based on internal and external factors are considered for revisions to short and medium term targets. This year, the Bank's BOD constituted an interim Committee of the Board with specific focus on targeted Cost Rationalisation initiatives at the Bank.</p>
<p>We targeted a balance sheet footing of half a trillion, entering the mid-sized bank category in 2021;</p>	<p>Achieved. We will continue to target sustainable growth going forward with our expansion plans.</p>
<p>Against peers, catch up was required by focusing on relationship management - with aim to build the overall deposits base of around PKR 500 billion. Our strategy is to enhance Branch Productivity, by building a core and stable Deposits portfolio and maintaining an improved low cost deposit mix (with target CA mix of over 31%), and encouraging cross sell.</p>	<p>Continuously being tracked – our CA Mix has consistently been over 30%, and TD portfolio has gradually been reduced to re-align overall costs. Target landmark of PKR 500bn achieved in September 2023. Focus will remain on low and stable core deposits.</p>
<p>We intend to benefit through establishment of IB Window setups at targeted conventional branches.</p>	<p>15 IBWs operational, and are being monitored regularly.</p>
<p>We shall continue to expand our outreach enabling access to the unbanked, with targeted Branch network of over 400 branches by 2022-23;</p>	<p>Achieved. 100 new branches are further in pipeline for 2024, with a mix of Rural and Urban locations</p>
<p>We intend to deepen our trade business lines by improving the current industry share to 5%;</p>	<p>Currently crossing 4 percent. Impact of trade related income is visible in Fee income Growth for the current period.</p>
<p>Effective NPL and portfolio management;</p>	<p>We are targeting an NPL ratio of 5.5% by YE with Coverage Ratio close to 80%.</p>
<p>Our technology platform continues to be upgraded and digital platform improvements are in the pipeline, including our data warehousing and advanced analytics;</p>	<p>On track – Digital Platform upgraded; DWH has been rolled out in 2023.</p>
<p>Capital Structure of the Bank to allow for growth.</p>	<p>Fresh Tier II of PKR 4 Bn replacing earlier issue of PKR 3 Bn at the end of 2022.</p>

Going forward

Or focus remains on :

- Balance Sheet Growth
- Creating Efficiency and Productivity
- Developing Human Capital
- Improving Shareholder Returns

- BOD approved operational plan is in place for tracking progress against initiatives. This continues to be monitored on a regular basis. Targeted goals continue to be added / realigned in line with the current business needs.
- We remain focused on deepening of existing relations along with on-boarding of new customers, using our digital platform.
- In view of changes to tax laws, regulatory changes and the interest rate environment, the Bank has a process to revisit its KPIs and overall targets to protect the bottom line. Specifically, with respect to windfall taxation, we believe that an overall banking industry consensus will determine the treatment to be adopted for the upcoming year end.
- Additionally, we are working towards enhancing and deepening our existing partnerships and tie ups across the industry so as to establish mutually beneficial relationships with our partners going forward.

We expect to deliver improved returns, through reinforced sustainability measures, and by optimizing capital allocation so as to improve profitability, and enhance distributions to shareholders.

Questions and Answers

Registered Office:

2nd Floor, 307

Upper Mall Scheme, Anand Road, Lahore – 54000, Pakistan

Central Office:

10th Floor, PNSC Building,

M.T. Khan Road, Karachi – 74000, Pakistan

Tel: (021) 111-567-890



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Roshan Har Qadam