




Annual Report 2017



**Soneri Bank**  
Roshan Har Qadam

*The path that leads up to real treasure is paved with shining discoveries and glittering revelations. Just as the real value of gold never escapes the trained eye of a true Gold miner, Soneri Bank identifies the real value of its customers through years of finest banking experience, and continues to evolve as a progressive and trusted financial entity in the region.*

گندن شناس



*Soneri Bank strives to be the*  
**VESSEL OF LIGHT**  
*that shines its beacon of  
transformation on everyone -  
the light of equality and  
diversity, our core ethos.*

سانخپ ٽيبلان

Inspired by one of the most valuable in the world,  
Soneri Bank continuously reinvents itself to cater to  
a diverse customer portfolio and aspires towards  
the golden standard of service quality.

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روشن روشن  
کار معتمدان  
صیقل گر  
کنندن شناس  
آب و تاب

آب و تاب  
کنندن



## VISION

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

*Our brand promise,  
Roshan Har Qadam exudes the  
**PURITY OF GOLD.**  
Whatever we create and offer to our  
customers is an embodiment  
of our philosophy.*

طالمتنا



Like meticulous  
**CRAFTSMEN,**  
our employees shape every  
part of our business, leading  
to achievement and success.

صیقل گر



## MISSION

We provide innovative and efficient financial solutions to our customers.



*Our business is conducted with a  
**GOLDEN TOUCH**  
of excellence and highest  
echelons of integrity  
and transparency.*

مسامع ساز

## CORE VALUES

- We are customer centric
- We have high moral standards
- We take ownership
- We are proactive
- We collaborate

# BOARD OF DIRECTORS

Nooruddin Feerasta  
Director

Alauddin Feerasta  
Chairman

Mohammad Aftab Manzoor  
President & Chief Executive Officer

Amin A. Feerasta  
Executive Director

Muhammad Rashid Zahir  
Director

Manzoor Ahmed  
Director

Inam Elahi  
Director

Jamil Hassan Hamdani  
Director



کاروباری





# SENIOR MANAGEMENT

Mubarak Ali  
Country Credit Head

Amin A. Feerasta  
Executive Director

Mohammad Aftab Manzoor  
President & Chief Executive Officer

Mirza Zafar Baig  
Chief Financial Officer

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

Ahmed Saqib Asad  
Chief Information Officer

Iqbal Zaidi  
Head of Compliance  
& Control

Ali Hassan Shah  
Head of Operations

Anita Lalani  
Head of Human  
Resources

Muhammad Qaisar  
Head of Commercial &  
Retail Banking

Masood Tyabji  
Head of Corporate &  
Investment Banking

Syed Asim Ali  
Head of Audit





At Soneri Bank, we strive to offer the most vibrant range of products and services to exceed our customer's 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.

روشن روشن  
کار شغلی  
کندن شناس  
آب قباب

## CURRENT ACCOUNTS

Customers can open any current account for their transactional needs and enjoy banking convenience offered via over 285 branches and a growing network of 300+ ATMs across the country. Our current accounts include:

### Soneri Ikhtiar Account

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

minimum documentation requirement. It is offered in both current and savings account types and is suitable for self-employed individuals, students, housewives and daily wagers.

### Soneri Pensioners Account

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

### Soneri INSTA PAY Payroll Solution

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

### Soneri Current Account

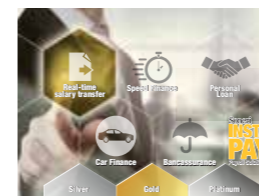
Soneri Current Account lets the customers enjoy a host of free banking services with no restriction on number of transactions. It also provides complete peace of mind with free Worldwide Accidental Insurance and ATM Withdrawal Coverage.

### Basic Banking Account

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

### Soneri Asaan Account

Soneri Asaan Account offers a simple and convenient way to fulfill all banking needs with



Each aspect of our offering  
**GLIMMERS**  
with the scintillating  
diversity that best meets  
the specific needs of our  
customers, ensuring a truly  
splendorous customer  
experience.

آب قباب  
Products & Services



# آپ کا مستقبل روشن کارتھیکی واپاری سونیری

## 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

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

### Soneri Savings Account

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

### Soneri Sahara Account

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

### Soneri Rupee Term Deposits

Soneri Rupee Term Deposits are for customers who intend to retain their savings for a fixed period and earn a higher rate of profit. Term Deposits allow customers to save a fixed

amount in Rupees for a set period ranging from 1 month to 3 years at attractive profit rates. The depositor has the option to reinvest the deposit automatically with or without profit.

### Soneri Diamond Deposits (Monthly Income Scheme)

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

### Soneri Foreign Currency Accounts

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

### FCY Term Deposits

Soneri Bank's Foreign Currency Term Deposit offers competitive profit rates for any selected term of 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

Soneri Bank ensures meeting all banking needs of its customers by offering variety of financing products to facilitate them to grow their businesses and also contribute their share towards industrial growth of the country.

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

### Soneri Speed Finance

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

### Prime Minister's Youth Business Loan (PMYBL) Scheme

The Government has introduced Prime Minister's Youth Business Loan Scheme with a markup subsidy and partial guarantee facility for extension of small business loans. The scheme was launched by the Prime Minister for promoting youth entrepreneurship in the country. The main objective of PMYBL Scheme is to provide loans to the unemployed youth for establishing or extending business enterprises. As an Executing Agency, Soneri Bank is also offering loans under this scheme.





# آپ کا معاشی و ترقیاتی روشن کارنامہ

## سوئیسری

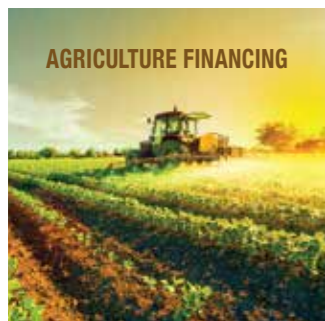
### CONSUMER FINANCE

#### Soneri Car Finance

Now you can become the owner of a brand new car through Soneri Car Finance Scheme. Soneri Bank offers Car Finance facility up to Rs. 3 million, repayable up to 5 years in equal monthly installments. Option of used and reconditioned cars is also available. Processing of application is fast and hassle-free with partial payment and early settlement options.

#### Soneri Personal Finance

An easy solution to your cash needs – now you can turn your dreams into reality via Soneri Personal Finance Scheme. Soneri Bank offers Personal Finance up to Rs. 500,000, repayable up to 5 years in equal monthly installments to meet personal financial needs. Option of partial payment and early payment is also available.



### AGRICULTURE FINANCING

Agriculture contributes a handsome share in the GDP of our country, and the livelihood of a large number of Rural Population is based on this. Soneri Bank offers various Agriculture Financing Products (conventional as well as Islamic) for the farming/rural communities to meet their working capital/development needs. All these products help them grow their agriculture produce and livelihood. Following Agriculture

Financing Products are available for the uplifting of Agri economy:

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

### HOME REMITTANCE

Soneri Bank Limited (SBL), under guidance of Pakistan Remittance Initiative (PRI), (a joint venture of State Bank, Ministry of Finance and Ministry of Overseas Pakistanis, Pakistan), started Home Remittance Payments Disbursement Initiative in July, 2012. In a very short span of time and with exceptional customer support and service delivery standards, Soneri Bank managed to make a positive contribution towards Home Remittance Business. Soneri Bank has recognized the potential in Home Remittance Business and branded its business with the product name “Soneri Mehnat Wasool Remittance” as the Home Remittance Service. This service provides the customer an avenue to receive their money with ease, sent from abroad and over 285 Soneri Bank branches in 130 cities across Pakistan. Soneri Bank has already established cordial relationships with many GLOBAL Exchange Companies operating in different region of Gulf Countries, UK, America and Canada to facilitate its customers.



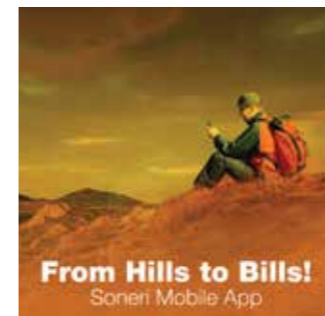
### ALTERNATE DELIVERY CHANNEL

#### ATMs

With a growing network of 300+ ATMs across the country, customer can conveniently withdraw cash and avail ancillary services through our ATMs.

#### Soneri Mobile Banking

With Soneri Mobile Banking, customers can access their accounts anytime and anywhere via their mobile phones. They can view their account statements, perform fund transfers, get



themselves registered for e-statement, enquire about different Soneri products by product info tab, get mobile top-ups and pay their bills conveniently sitting in the comfort of their homes and workplaces. Soneri Mobile App is available for Android/iOS users.

#### Soneri Direct Internet Banking

Soneri Direct Internet Banking provides our customers with a simple, convenient and secure solution to operate their bank account(s) online 24/7 from anywhere in the world. Customers can access their account(s) anytime, print account statements, pay utility bills, transfer funds, get there Soneri Debit Card activated for e-commerce transaction and view the history of their Soneri Internet Banking activities with a single click from their computers.

#### Soneri EMV Master Debit Card

With Soneri EMV Master Debit Card having an upgrade security layer, customers enjoy a cashless experience of spending and making payments anywhere within the country and across the globe. Customers are able to avail unmatched opportunities and benefits of the Mastercard Debit Classic & Gold Cards.

#### SMS Alerts

Soneri Bank offers SMS Alerts Service to all of its customers in order to make them feel secure and in control of their spending. The alerts are instant and keep customers updated about their account transactions.



# آپ کا مستقبل روشن کاروبار عامی و تاجروں کی سہولتیں

## Phone Banking

Customers can not only access their accounts 24/7 with Soneri Phone Banking, but can also request for different services being offered including ATM Debit Card Replacement, Stop Cheque Request, Banker's Cheque, ATM Debit Card Account Linking / De-Linking, Cheque Book request, E-Statement & Account Statement Request. Simply dialing + 92-21-111-SONERI (766374) can give a lot of ease to customers and will help to fulfill their financial needs with just a call.



## FonePay

Straight from digital payment universe, FonePay is an easy app that allow Soneri customers to have a cashless lifestyle and allow them to pay 45,000 online and offline merchants, from the palm of their hands using FonePay on their smartphones.



## PROTECTION AND COVERAGE PRODUCTS

Soneri Bank offers a variety of exclusively designed Bancassurance conventional and Takaful products that cater to the protection, savings and investment needs of its customers. Bancassurance is one of the best purchases for the future of customers' family. SBL offer advice



from certified professionals with expertise to help tailor customized coverage plans for customers' family's individual needs. Few of these products are:

## Sunehra Saver & Sunehra Saver Takaful

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

## Roshan Aghaz & Roshan Aghaz Takaful

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

## Roshan Takmeel

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

## Karobar Muhafiz

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



## 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 and 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.



# آکاربے نامی و تار

## روشنی روشن کار سعت نامی

### سویڈن شناس می

#### SONERI MUSTAQEEM ISLAMIC BANKING

Soneri Mustaqeem Islamic Banking offers a broad range of 100% Shari'ah Compliant financial solutions for the customers. Our Islamic Portfolio includes:

#### CURRENT ACCOUNT

##### Soneri Jari Account

Soneri Jari (Current Account), on the basis of Qard can be opened by any individuals, partnership, joint account holders, companies, corporates, trusts, etc. without any hassle and with many attractive and unique features.

##### Rahat Mustaqeem Account

Rahat Mustaqeem account is a remunerative current account, which is opened on the basis of Mudarabah. In Rahat Mustaqeem Account the customer gets low return on his investments through deployment of funds in Shari'ah Compliant modes, but on the other hand they benefit from a range of free services catering to various banking needs ideal for Business owners.

#### SAVING ACCOUNT

##### Soneri Munafa & Soneri Bachat Account

Soneri Munafa & Soneri Bachat (Saving Accounts) are opened on the basis of "Mudarabah", where Mustaqeem Islamic Banking is the "Mudarib" (manager of the funds) and you, the customers, are the "Rabb-ul-Maal" (owner of funds/depositor). These deposits are deployed in Shari'ah Compliant modes such as Ijarah, Murabaha, Musharakah, Istisna, Musawamah etc.

The depositors enjoy the Shari'ah Compliant halal profit in our Soneri Munafa & Soneri Bachat Accounts.

#### FOREIGN CURRENCY ACCOUNT

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

#### SONERI CAR IJARAH

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

Car Ijarah works through a car rental agreement, under which the Bank purchases the car and rents it out to the customer for a period of 1 to 5 years, agreed at the time of the contract. Upon completion of the Ijarah period, the vehicle will be sold at a token amount or gifted to the customer.

#### CORPORATE & INVESTMENT BANKING

Soneri Bank's Corporate & Investment Banking is well equipped to meet the requirements of Corporate clients having strong presence in Karachi, Lahore and Islamabad with full coverage.

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

#### Working Capital & Trade Finance Facilities

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

#### Investment Banking

The Investment Banking Wing offers structured financial solutions and aims to establish strategic long term relationships with our clientele. 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 customers.

#### Supply Chain Management

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

#### Cash Management

SBL's Cash Management services coupled with our next generation, web-based Cash Management System 'Soneri Trans@ct', provides our valued customers with comprehensive, one stop solution for cash flow management, i.e. Receivables and Payables Management, in the most effective and efficient manner. Our Cash Management services, comprise of a full array of products & services, designed and tailored to enable our Corporate, Commercial and SME customers to securely exchange

funds and financial information in real-time with their trading partners, for optimal management of working capital.

#### CHINA DESK

The China-Pakistan Economic Corridor (CPEC) is a collection of projects currently under construction at a cost of around \$54 billion as part of China's ambitious One Belt, One Road initiative, and is part of Pakistan's Vision 2025. CPEC brings in a number of opportunities. The large influx of investments will work as a strong economic incentive for Pakistan's government and social sectors to improve the business environment and enhance the commercial attractiveness for more foreign investments. Industrialization in Pakistan will also help create jobs for the country's large, under-employed population, turning a social and fiscal burden into an economic and developmental driver. CPEC will create more private-sector opportunities and offer a realistic pathway out of poverty for Pakistan. Economic development will help maintain domestic stability and enhance security in Pakistan for the medium to long term. The core vision of CPEC is to improve infrastructure to facilitate interconnectivity.

In addition to a Chinese Business Unit, Islamabad, the Bank has established another unit in Karachi and is planning to establish one more in Lahore to cater all banking requirements of Chinese customers by providing tailor-made solutions under one roof.





Soneri Bank has aimed to enrich the society in all walks of life by truthfully embracing its brand promise of Roshan Har Qadam. With the spirit of the Sun that universally shines on everyone, in 2017, our CSR activities embodied principle of diversity and making an impact for the betterment of fellow beings. This year the major focus of the Bank was in the field of health care, education and women empowerment along with other areas of community development, sports and rehabilitation.

### CONTRIBUTION TO HEALTH CARE

Soneri Bank believes in providing quality life to individuals of society. In the same spirit, generous contributions were made to various organizations working towards the health sector by the Bank.

#### The Kidney Centre (TKC)

The Kidney Centre (TKC) is a non-profit organization with an up-to-date medical facility which is providing comprehensive and quality renal care to thousands of underprivileged patients. Soneri Bank took the opportunity to support one of its fund raising events of the year.

#### Fatimid Foundation

Fatimid Foundation is a non-profit organization that provides free blood to patients suffering from various chronic blood disorders requiring blood therapy as an essential part of their treatment. To support the cause, Soneri Bank co-sponsored the seminar for International Thalassaemia Day.

#### Patients' Aid Foundation (PAF)

Patients' Aid Foundation (PAF) is a charity based organization committed to provide free quality healthcare to all. In collaboration with JPMC (Jinnah Postgraduate Medical Centre), various patient related activities have been accomplished including reconstructing and renovating buildings, reinstating crucial equipment, and providing free medicine and laboratory tests. PAF is working towards "The Jinnah Institute of Cancer and Research (JIC)" in which technologies like CyberKnife will be used to treat the disease.

The project is expected to be fully functional by 2020. Soneri Bank pledged the cause by sponsoring its annual fund raising event.

#### Karwan-e-Hayat – Institute of Mental Health Care

Karwan-e-Hayat is a non-profit organization, dedicated to the cause of mental health in Pakistan. It has been providing free or largely subsidized mental health care to an underserved section of our society since 1983. The clinics and hospitals provide psychiatric treatment mainly to the poor and underprivileged. Soneri Bank supported the institute by participating in their annual fund raising event.

#### Pink Ribbon Pakistan – United Against Breast Cancer

Pink Ribbon Pakistan – a project of Women's Empowerment Group is a non-funded, self-sustained campaign, mostly supported by contributions through public philanthropy and driven by a large number of volunteers all over the country. The mission of Pink Ribbon Pakistan is to develop Pakistan's first dedicated breast cancer hospital with state-of-the-art medical equipment in order to fulfill the dire need of approximately 9.8 million women who are at a risk of breast cancer in Pakistan. The multistory building will provide a holistic breast cancer management solution; diagnostic and treatment facilities to breast cancer patients with latest technology cure. Soneri Bank pledged to this cause by monetary contribution towards building of the hospital and contribution in annual fund raiser event.

Soneri Bank  
**BRIGHTENS**  
the lives of countless  
deserving families in our  
country by working  
tirelessly to improve lives  
and uplift the spirit of  
the community.

کارِ شمعِ عامی  
Corporate Social Responsibility



# کار معنوی عامی

روش روشن  
ملع ساز  
طلع ناب  
صقل گر  
کندن شناس  
آب قباب

# کار معنوی عامی

روش روشن  
ملع ساز  
طلع ناب  
صقل گر  
کندن شناس  
آب قباب

## Pakistan Parkinson's Society

Pakistan Parkinson's Society was created with the mission of easing the life of people afflicted by this it disease. Not only does it helps in curing the disease, but also provides general understanding and management of the same to patient's care givers and their families. Over the last nine years, the society has taken a patient centric approach to its activities helping to bring significant increase in awareness and options for managing the disease in all segments of the society. Soneri Bank contributed monetarily towards the efforts of the institute so that the quality of life can be improved of those affected by the disease in the country.

## Marie Adelaide Leprosy Centre (MALC)

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

## LRBT

LRBT is the largest provider of free eye care for the poor in the country and a safety net for many visually impaired population in Pakistan. In order to further endorse the efforts of the institute, Soneri Bank participated in the Golf Tournament 2017.

## Children First Society

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

## National Institute of Child Health (NICH) – OAKS

OAKS is the alumni association of Kinnaird College for Women. Both OAKS and NICH have a relationship over the years in which funds have been raised for lifesaving medical equipment for the hospital which includes ventilators, incubators and special thalassemia testing machinery. Soneri Bank supported this cause by participating in the event fund raiser brochure.

## EMPOWERING EDUCATION

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

## The Citizens Foundation (TCF)

The Citizens Foundation (TCF) a non-profit organization brings positive social change through education. It is one of Pakistan's leading organizations in the field of education for the less privileged. To support TCF's cause of improving the literacy rate of Pakistan, Soneri Bank sponsored a fund raiser play. 'Heer Ranjha' to help TCF in its noble cause.

## Rotary Pakistan Literacy Mission (RPLM)

Rotary Pakistan Literacy Mission (RPLM) is part of Rotary Pakistan, striving to overcome the hurdles of class and privileged education by adopting government schools through various Rotary clubs and remodel schools with extensive work on infrastructure and teaching so as to bring them at par with the private sector. Soneri Bank extended its support by sponsoring its fund raising event to uplift RPLM adopted schools in Karachi.

## Habib University Foundation

Habib University is a liberal arts and sciences university that offers an interdisciplinary education drawing from the fields of science, engineering, arts, humanities and the social sciences. Committed to providing the highest standards of excellence in tertiary education and envisioned as a node for intellectual activity

in the region, Habib University hopes to foster a new generation of scholars who can positively impact society. Soneri Bank partly sponsored the first Habib University Model United Nations (HUMUN) event conducted in collaboration with United Nations Information Centre (UNIC) to support the socio-economic understanding amongst the youth.

## SOS Children's Villages of Pakistan

SOS Children's Villages of Pakistan is a social welfare organization affiliated with the world's largest orphan and abandoned children charity. SOS is working for the shelter, education, and job trainings to help them lead a better life in the long-term. Soneri Bank continued to support this cause by sponsoring SOS Children's Carnival 2017.

## REHABILITATION EFFORTS

### Saving Thar – Old Associates of Kinnaird Society (OAKS)

Saving Thar is a life-saving project for building the lives and empowering communities in the drought-prone areas of Tharparkar. Soneri Bank expanded the Village Development Model by adopting a village of Rohaj Halepoto which caters 157 households. Several activities like ber grafting, tree plantation, kitchen gardening training, gift goats and providing solar panels for households are part of the sustainability program. With the continued efforts for this cause, Soneri Bank sponsored Solar lights in households in each village in Rohaj Halepoto and Mithu Paro UC Tagusar.

### Special Olympics Pakistan

Special Olympics Pakistan is committed to transforming the lives of people with intellectual disabilities through the power of sports. A year-round sports training to the intellectually disabled is provided through a wide range of sports competitions, health screenings. Seminars are also conducted to raise awareness and create opportunities for families and community members to help the disabled experience joy, courage and pride. Soneri Bank partly sponsored their paly "Sab Golmaal Hai" and pledge its support to the cause.

## WOMEN EMPOWERMENT

### International Women Leaders Summit

Soneri Bank was part of International Women Leaders' Summit in 2017. The conference was a professional forum to collate successful and diversified professional women leaders across the globe to impart and integrate their experiences at a local forum for an exchange of broader perspectives and learning.

### LADIESFUND® Women Awards

LADIESFUND® is an initiative to provide financial security to women and to promote and train women entrepreneurs. It aims to integrate the entrepreneurial needs based on the economic and social aspects of the local communities, with respect to greater women participation in the workforce. Soneri Bank became part of the 9th LADIESFUND® Women's Awards for Pakistan to support women empowerment initiatives.

### Behbud Association Karachi

Behbud Association Karachi is a well-known NGO conducting development programs in the areas of health, education, women empowerment and vocational trainings for many years. By contributing in their annual fund raising event, Soneri Bank supported their cause of serving humanity.

### Attock Sahara Foundation (ASF)

Attock Sahara Foundation (ASF) welfare based non-profit organization serves the community since 1966. Its aim is to play a vital role in uplifting the socio-economic conditions of the surrounding communities through various welfare projects. Soneri Bank supported their mission by sponsoring an annual fund raising exhibition for this noble cause.

## PROMOTING SPORTS

### Supporting Golfer

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







Soneri Bank's Fair Treatment of Customer makes sure each customer is valued and their grievances are thoroughly dealt with, thus laying down a **BRIGHT WAY** for others to follow.

# روش روشن

**Fair Treatment Of Customer Service Quality Initiatives**



# روش روشن

کارشناسان مطلع ساز می  
طلای ناب  
میکلر  
روکندن شناس  
آب و تاب  
ساختن طمان

2017 has been an intensive Customer Experience journey across the board at Soneri Bank. Together with our business and support function stakeholders, we have managed to cover significant ground on some critical customer experiential indicators across the process monitoring and optimization fronts.

It has also been a year which has seen noteworthy behavioral change across the board regarding ownership of the service health of the business and a rejuvenated will to drive improvement.

Bank also initiated frequent qualitative tests of complaint handling process.

#### 7 Guiding Principles for Fair Treatment of Customers



Impartial and Just Treatment



Clear and Timely Disclosure



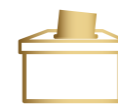
Financial Education and Awareness



Behaviour and Work Ethics



Protection Against Fraud & Invasion of Privacy



Complaints Handling



Competition

In line with SBP guidelines; Board approved Financial Consumer Protection (FCP) and Consumer Grievance Handling Mechanism (CGHM) policies were also implemented. These initiatives were taken as State Bank of Pakistan has rebranded consumer protection as a success proposition for the banks rather than being a compliance issue. Hence, the concept of responsible banking was introduced. In line with the 7 guiding principles of the FCP policy, various initiatives were taken in 2017 to enhance the overall Customer Experience i.e.

- Formation of Service Quality Council which meets on periodic basis to discuss key customer impacting issues and remedies.
- Fair Treatment of Consumers (FTC) / Service Quality trainings 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 handling customers fairly and customer retention skills.
- Fair and transparent pricing mechanism adopted.
- Financial awareness program for customers through social media and bank's website.
- Endorsement of control policies to curb fraud/forges, criminal activities and violation of code of conduct.
- Development of a comprehensive in-house Voice of Customer Platform which delivered insights on customer satisfaction, psychographics and anti-attribution analysis.
- Adopted various mechanisms to ensure that customer complaints are being catered timely and effectively.

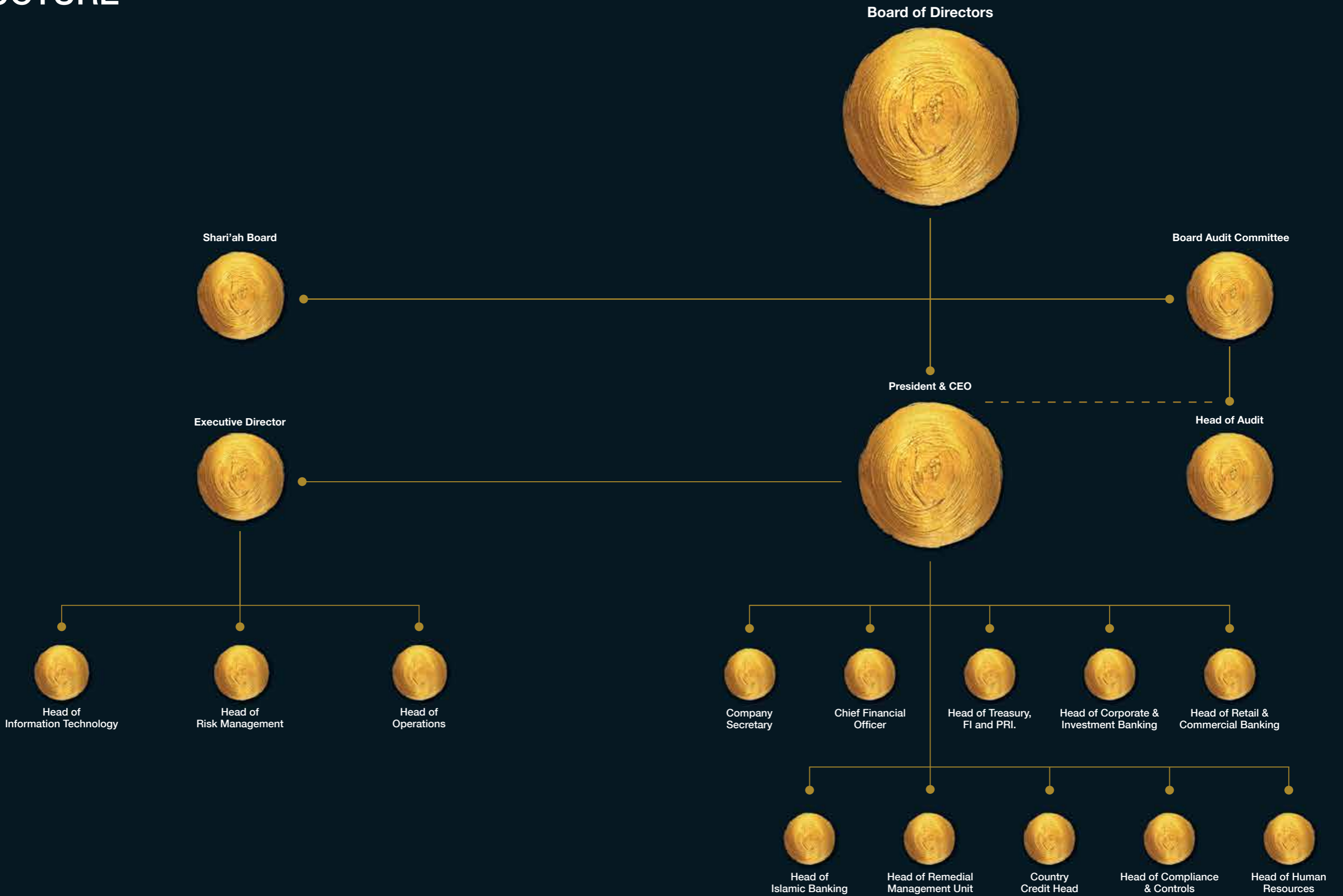
#### Complaint Handling

The Bank has a separate function to deal with customer complaints, named as Complaint Management Unit (CMU). The Bank clearly defines the complaint resolution process, roles and responsibilities of people involved right from the receipt of a complaint to its resolution or disposal. The Bank also has a centralized Complaint Management System that accommodates complaints received through any source of communication channel including regulators. Brief description of complaint handling procedure and details of Key Contact points are available on all customer touch points. In year 2017, various measures were taken to align Soneri Bank with the Consumer Grievance Handling Mechanism (CGHM) guidelines of SBP i.e. revision of complaint resolution turnaround times (TATs), escalations, mystery shopping, Voice of Customer (VoC) and Quality Assurance programs for complaint handling.

Below are the key complaint statistics of Soneri Bank for year 2017:

- Total complaint received: 14,085
- Total complaint resolved: 14,053
- Average Problem Incident Ratio (PIR): 2.48%
- Average within TATs Resolution: 99%
- Average Complaint Resolution Satisfaction Ratio (CRS): 84%

# ORGANIZATIONAL STRUCTURE



# CORPORATE INFORMATION

## **CHAIRMAN**

MR. ALAUDDIN FEERASTA

## **CHIEF EXECUTIVE OFFICER**

MR. MOHAMMAD AFTAB MANZOOR

## **DIRECTORS**

MR. NOORUDDIN FEERASTA

MR. AMIN A. FEERASTA (EXECUTIVE DIRECTOR)

MR. MUHAMMAD RASHID ZAHIR

MR. MANZOOR AHMED (NIT NOMINEE)

MR. INAM ELAHI

MR. JAMIL HASSAN HAMDANI

## **CHIEF FINANCIAL OFFICER**

MR. MIRZA ZAFAR BAIG\*

## **COMPANY SECRETARY**

MR. MUHAMMAD ALTAJ BUTT

## **AUDITORS**

A.F. FERGUSON & CO.

CHARTERED ACCOUNTANTS

## **SHARI'AH BOARD**

MUFTI EHSAN WAQUAR AHMAD (CHAIRMAN)

MUFTI MUHAMMAD ZAHID (RESIDENT MEMBER)

MUFTI BILAL AHMED QAZI (MEMBER)

## **LEGAL ADVISORS**

MANAN ASSOCIATES, ADVOCATES

## **REGISTERED OFFICE**

RUPALI HOUSE 241-242,

UPPER MALL SCHEME,

ANAND ROAD, LAHORE - 54000

## **CENTRAL OFFICE**

10TH FLOOR, PNSC BUILDING,

M.T. KHAN ROAD, KARACHI-74000

## **REGISTRAR AND SHARE TRANSFER AGENT**

THK ASSOCIATES (PRIVATE) LTD.,

1ST FLOOR, 40-C,

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

KARACHI - 75400

UAN: (021) 111-000-322

FAX: (021) 341 68271

\* Assumed charge effective 01 January 2018



# LIST OF COMMITTEES' OF THE BOARD OF DIRECTORS

## Audit Committee of the Board

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

## Credit Committee of the Board

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

## Risk Management Committee of the Board

1.	Mr. Manzoor Ahmed	Chairman
2.	Mr. Mohammad Aftab Manzoor	Member
3.	Mr. Amin A. Feerasta	Member
4.	Mr. Inam Elahi	Member
	Mr. Javed H. Siddiqi	Secretary

## Human Resource & Remuneration Committee of the Board

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

## Committee of Independent Directors of the Board

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

# LIST OF COMMITTEES' OF THE BOARD OF DIRECTORS

## Audit Committee

Constitution:

Mr. Inam Elahi  
*Chairman*

Mr. Nooruddin Feerasta  
*Member*

Mr. Muhammad Rashid Zahir  
*Member*

Mr. Jamil Hassan Hamdani  
*Member*

## Terms of Reference

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

## Credit Committee

Constitution:

Mr. Nooruddin Feerasta  
*Chairman*

Mr. Alauddin Feerasta  
*Member*

Mr. Mohammad Aftab Manzoor  
*Member*

Mr. Muhammad Rashid Zahir  
*Member*

Mr. Manzoor Ahmed  
*Member*

## Terms of Reference

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

## Risk Management Committee

Constitution:

Mr. Manzoor Ahmed  
*Chairman*

Mr. Mohammad Aftab Manzoor  
*Member*

Mr. Amin A. Feerasta  
*Member*

Mr. Inam Elahi  
*Member*

## Terms of Reference

Primary responsibilities of the Board Risk Management Committee is 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 also ensures that an organizational culture that places a high priority required for effective risk management is established by promoting a risk awareness culture within the Bank. It also validates that resources allocated for risk management are adequate, given the size, nature and volume of the business and the 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 a system used to calculate each category of risk, and ensure that the Bank has a clear, comprehensive and well documented policies and procedural guidelines relating to risk management available at all times and the relevant staff fully understand those policies. The Committee also ensures that the Bank's overall exposure to credit, market, liquidity, and operational risk is maintained at prudent levels and consistent with the available capital under rigorous stress tests.

## Human Resource & Remuneration Committee

Constitution:

Mr. Manzoor Ahmed  
*Chairman*

Mr. Inam Elahi  
*Member*

Mr. Jamil Hassan Hamdani  
*Member*

## Terms of Reference

The Human Resource and Remuneration Committee is responsible for overseeing the Human Resources function of the Bank by ensuring development and implementation of HR strategies that recruit, retain and inspire professional excellence in employees of the Bank. It recommends human resource management policies to the Board that ensures equal opportunity, gender balance, and transparency. It also reviews the significant HR policies of the Bank and ensures that they are well aligned to the market.

## Committee of Independent Directors'

Constitution:

Mr. Jamil Hassan Hamdani  
*Chairman*

Mr. Inam Elahi  
*Member*

## Terms of Reference

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



## BOARD AND COMMITTEES' MEETINGS

Details of the meetings of the Board of Directors and its Committees held during 2017 and the attendance by each director/committee member are given as under:-

S.No.	Name of Director	Board of Directors Meetings		Board Audit Committee Meetings		Board Credit Committee Meetings		Board Human Resource & Remuneration Committee Meetings		Board Risk Management Committee Meetings		Board Independent Directors' Committee Meetings	
		Held during the tenor in the year	Attended**	Held during the tenor in the year	Attended**	Held during the tenor in the year	Attended**	Held during the tenor in the year	Attended**	Held during the tenor in the year	Attended**	Held during the tenor in the year	Attended**
1	Mr. Alauddin Feerasta	6	6	*	*	4	4	*	*	*	*	*	*
2	Mr. Mohammad Aftab Manzoor	6	6	*	*	4	4	1	1	4	4	*	*
3	Mr. Nooruddin Feerasta	6	4	4	3	4	3	*	*	*	*	*	*
4	Mr. Amin A. Feerasta (Executive Director)	5	4	*	*	*	*	*	*	4	4	*	*
5	Mr. Muhammad Rashid Zahir	6	6	4	4	4	4	1	1	*	*	*	*
6	Mr. Manzoor Ahmed (NIT Nominee)	6	5	*	*	3	3	5	5	4	4	*	*
7	Mr. Inam Elahi	5	4	3	2	*	*	4	4	4	3	1	1
8	Mr. Jamil Hassan Hamdani	4	4	2	2	*	*	3	1	*	*	1	1
9.	Mr. Amar Zafar Khan	1	1	1	1	1	1	1	1	*	*	*	*
10.	Syed Ali Zafar	2	1	1	1	*	*	*	*	*	*	*	*
11.	Mr. Shahid Anwar (NIT Nominee)	1	1	1	1	*	*	1	0	*	*	*	*
<b>Total Number of meetings held during the year</b>		6		4		4		5		4		1	

\* 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.

# MANAGEMENT COMMITTEES

## 1. Management Committee

1. Mr. Mohammad Aftab Manzoor, Chairman
2. Mr. Amin A. Feerasta
3. Mr. Iqbal Zaidi
4. Mr. Shahid Abdullah
5. Mr. Ali Hassan Shah
6. Mr. Mirza Zafar Baig
7. Mr. Muhammad Qaisar
8. Mr. Masood Tyabji
9. Ms. Anita Lalani
10. Mr. Mubarak Ali
11. Mr. Ahmed Saqib Asad
12. Mr. Abbas Hatim, Secretary

## 2. Executive Credit Committee

1. Mr. Mohammad Aftab Manzoor, Chairman
2. Mr. Amin A. Feerasta
3. Mr. Muhammad Qaisar
4. Mr. Masood Tyabji
5. Mr. Mubarak Ali, Secretary

## 3. Assets and liability Committee

1. Mr. Mohammad Aftab Manzoor, Chairman
2. Mr. Amin A. Feerasta
3. Mr. Mirza Zafar Baig
4. Mr. Muhammad Qaisar
5. Mr. Masood Tyabji
6. Mr. Mubarak Ali
7. Mr. Javed Hussain Siddiqi
8. Mr. Shahid Abdullah, Secretary

## 4. Investment Committee

1. Mr. Mohammad Aftab Manzoor, Chairman
2. Mr. Amin A. Feerasta
3. Mr. Shahid Abdullah
4. Mr. Mirza Zafar Baig
5. Mr. Muhammad Qaisar
6. Mr. Masood Tyabji
7. Mr. Muhammad Imran Khan, Secretary

## 5. I.T. Steering Committee

1. Mr. Mohammad Aftab Manzoor, Chairman
2. Mr. Amin A. Feerasta
3. Mr. Mirza Zafar Baig
4. Mr. Muhammad Qaisar
6. Mr. Ahmed Saqib Asad
7. Mr. Ali Hassan Shah
8. Mr. Mir Tehmeed
9. Mr. Qurban R. Punjwani, Secretary

## 6. Credit Risk Management Committee

1. Mr. Mohammad Aftab Manzoor, Chairman
2. Mr. Amin A. Feerasta
3. Mr. Masood Tyabji
4. Mr. Mubarak Ali
5. Mr. Mirza Zafar Baig
6. Mr. Muhammad Qaisar
7. Mr. Javed H. Siddiqi, Secretary



# MANAGEMENT COMMITTEES

## 7. Market & Liquidity Risk Management Committee

1. Mr. Mirza Zafar Baig, Chairman
2. Mr. Shahid Abdullah
3. Mr. Javed H. Siddiqi
4. Mian Nadeem Aslam
5. Mr. Salman Arshad
6. Mr. Abbas Hatim
7. Mr. Muhammad Imran Khan
8. Mian Umar Farooq, Secretary

## 8. Operational Risk Management Committee

1. Mr. Mohammad Aftab Manzoor, Chairman
2. Mr. Amin A. Feerasta
3. Mr. Iqbal Zaidi
4. Mr. Ali Hassan Shah
5. Mr. Mubarik Ali
6. Mr. Muhammad Qaisar
7. Mr. Ahmed Saqib Asad
8. Mr. Masood Tyabji
9. Mr. Mirza Zafar Baig
10. Mr. Javed H. Siddiqi, Secretary

## 9. Business Continuity Plan Steering Committee

1. Mr. Mohammad Aftab Manzoor, Chairman
2. Mr. Amin A. Feerasta
3. Mr. Iqbal Zaidi
4. Mr. Ali Hassan Shah
5. Mr. Ahmed Saqib Asad
6. Mr. Muhammad Qaisar
7. Ms. Anita Lalani
8. Mr. Masood Tyabji
9. Mr. Mirza Zafar Baig
10. Mr. Amir Hameed Khan
11. Lt. Col(R) Zahid Raza
12. Mian Asif Iqbal
13. Mr. Muhammad Khawar Ali Shah
14. Mr. Muhammad Tanveer
15. Mr. Muhammad Azizullah Abid
16. Mr. Zain-ul-Abydeen Khandwani
17. Mr. Javed H. Siddiqi, Secretary



# KEY PERFORMANCE INDICATORS

		2017	2016	Variance Compared to 2016	
				Amount	%
<b>Financial</b>					
Investments-Gross	Rs. In Million	117,546	117,998	(452)	0%
Advances-Gross	"	172,772	133,753	39,019	29%
Deposits	"	227,348	209,925	17,423	8%
Shareholders' Equity (including surplus)	"	18,505	18,289	216	1%
Net Interest Income	"	6,659	6,844	(185)	-3%
Non Interest Income	"	3,269	2,736	533	19%
Gross Income	"	9,928	9,580	348	4%
Profit before provisions	"	2,897	3,101	(204)	-7%
Provisions	"	66	24	42	175%
Profit Before Taxation	"	2,831	3,077	(246)	-8%
Profit After Taxation	"	1,643	1,879	(236)	-13%
<b>Non Financial</b>					
No. of customers	Absolute	494,205	470,379	23,826	5%
No. of new branches opened	"	10	25	(15)	-60%
No. of branches closed	"	8	3	5	167%
No. of new accounts opened	"	91,220	75,602	15,618	21%
No. of VISA cards issued	"	58,691	84,416	(25,725)	-30%
No. of permanent employees	"	2,847	2,715	132	5%
No. of virtual banking customers	"	37,830	32,841	4,989	15%
No. of mobile banking customers	"	40,500	35,073	5,427	15%
<b>Key Financial Ratios</b>					
Earnings Per Share	Rs.	1.4906	1.7042		
Book Value Per Share	"	14.91	14.46		
Share Price	"	13.40	17.65		
Market Capitalization	Rs. In Million	14,773	19,458		
Price to Earning Ratio	Times	8.99	10.38		
Return on Equity	%	10.15%	12.02%		
Return on Assets	%	0.55%	0.71%		
Capital Adequacy Ratio	%	12.77%	14.12%		

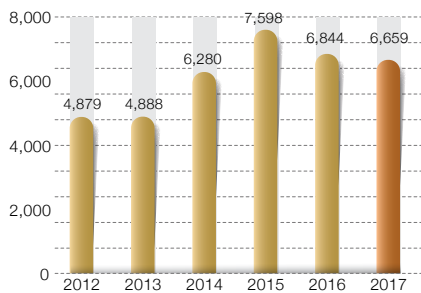


# SIX YEARS' FINANCIAL SUMMARY 2012-2017

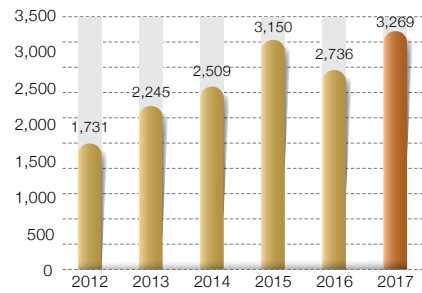
(Rs. In Million)

	2017	2016	2015	2014	2013	2012
<b>Profit &amp; Loss Account</b>						
Mark-up / return / interest earned	18,505	17,524	18,320	16,906	13,639	13,813
Mark-up / return / interest expensed	11,846	10,680	10,722	10,626	8,751	8,934
Fund based income	6,659	6,844	7,598	6,280	4,888	4,879
Fee, commission, brokerage and exchange income	1,829	1,576	1,809	1,939	1,600	1,191
Dividend income and capital gain	1,399	1,131	1,284	535	623	528
Other income	41	29	57	35	22	12
Non interest income	3,269	2,736	3,150	2,509	2,245	1,731
Total income	9,928	9,580	10,748	8,789	7,133	6,610
Operating expenses	7,031	6,479	6,123	5,798	4,868	4,368
Profit before tax and provisions	2,897	3,101	4,625	2,991	2,265	2,242
Provisions	66	24	1,029	549	735	520
Profit before taxation	2,831	3,077	3,596	2,442	1,530	1,722
Profit after taxation	1,643	1,879	2,213	1,582	1,037	1,104
Bonus shares issued	-	-	-	-	1,002	993
Cash dividend paid	-	1,378	1,378	1,102	-	-

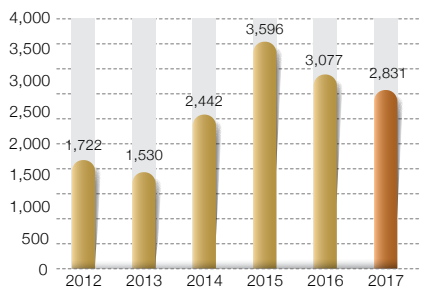
**FUND BASED INCOME**  
(Rs. in Million)



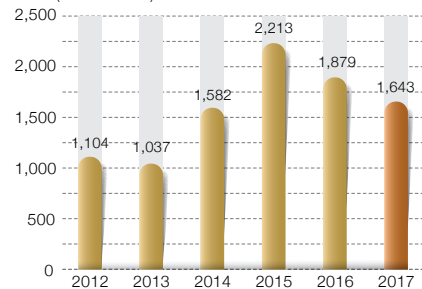
**NON-MARKUP INCOME**  
(Rs. in Million)



**PROFIT BEFORE TAXATION**  
(Rs. in Million)



**PROFIT AFTER TAXATION**  
(Rs. in Million)

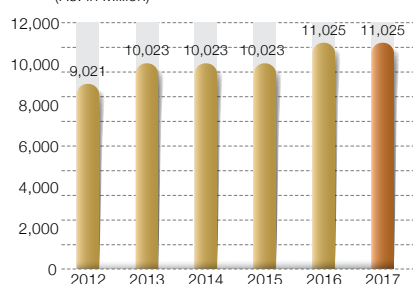


# SIX YEARS' FINANCIAL SUMMARY 2012-2017

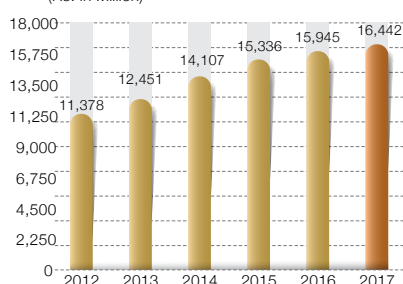
(Rs. In Million)

	2017	2016	2015	2014	2013	2012
<b>Statement of Financial Position</b>						
Paid up capital - net of discount	11,025	11,025	10,023	10,023	10,023	9,021
Reserves	1,752	1,424	1,049	934	618	410
Unappropriate profit	3,665	3,496	4,264	3,150	1,810	1,947
Shareholders' equity	16,442	15,945	15,336	14,107	12,451	11,378
Surplus on revaluation of assets	2,063	2,344	2,856	2,932	832	954
Net assets	18,505	18,289	18,192	17,039	13,283	12,332
Total assets	322,134	278,521	253,342	213,175	169,234	158,629
Earning assets	288,266	248,726	223,942	184,288	147,225	137,810
Gross advances	172,772	133,753	120,617	115,614	104,673	83,599
Advances-net of provisions	164,293	125,306	112,002	107,968	97,534	77,170
Non-Performing Loans (NPL)	10,245	10,419	11,584	10,224	10,424	9,927
Investments	117,429	117,884	108,846	75,716	46,703	59,517
Total liabilities	303,629	260,231	235,150	196,136	155,951	146,297
Deposits and other accounts	227,348	209,925	184,847	162,964	140,439	120,451
Current and Savings accounts (CASA)	158,339	142,241	126,798	110,135	98,633	82,363
Borrowings	64,584	38,905	39,876	25,825	10,485	20,398
Interest bearing liabilities	294,930	199,807	184,209	149,236	116,929	114,209
Contingencies and commitments	111,416	83,399	117,301	64,358	74,136	61,327

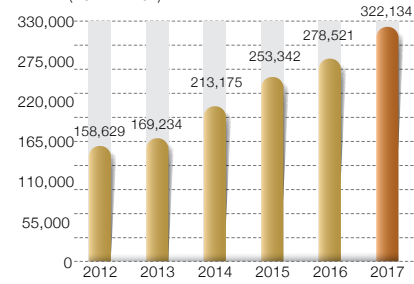
**PAID UP CAPITAL**  
(Rs. in Million)



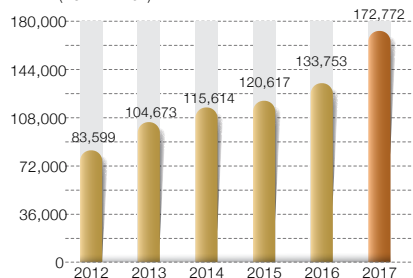
**SHAREHOLDERS' EQUITY**  
(Rs. in Million)



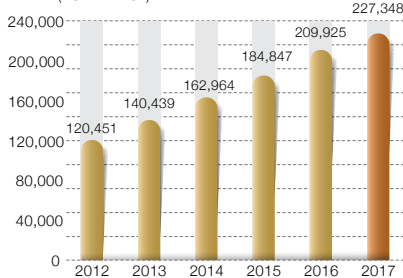
**TOTAL ASSETS**  
(Rs. in Million)



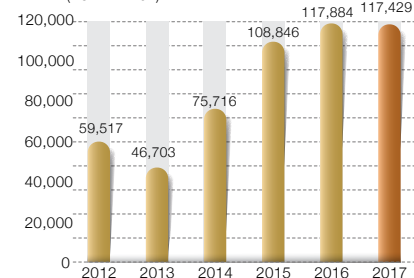
**GROSS ADVANCES**  
(Rs. in Million)



**DEPOSITS**  
(Rs. in Million)



**INVESTMENTS**  
(Rs. in Million)



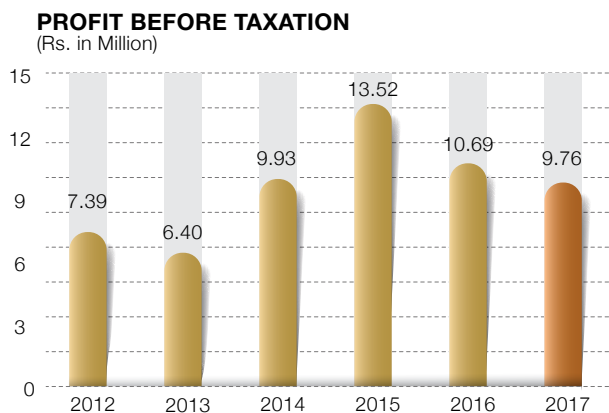
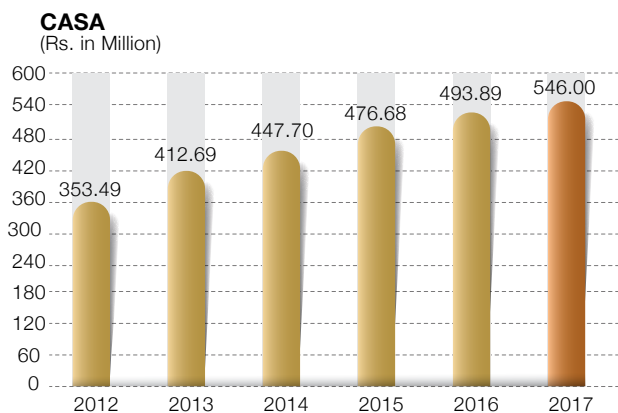
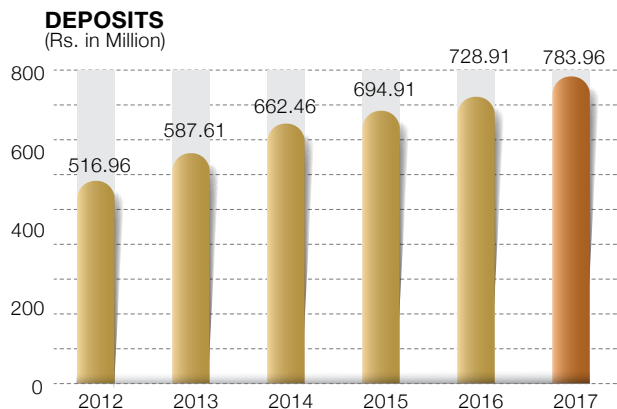
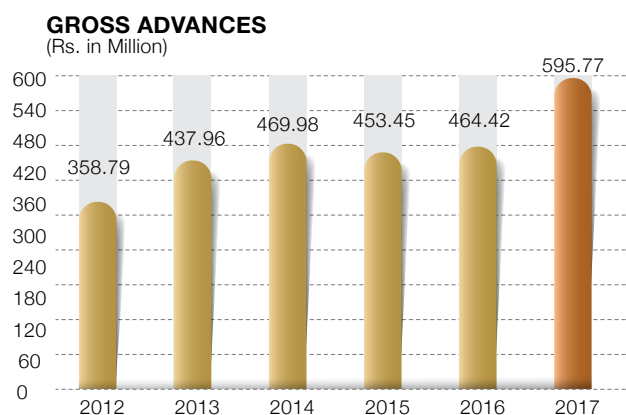


# SIX YEARS' FINANCIAL SUMMARY 2012-2017

		2017	2016	2015	2014	2013	2012
<b>FINANCIAL RATIOS</b>							
Profit before taxation ratio ( PBT/total income)	%	28.52%	32.12%	33.46%	27.78%	21.45%	26.05%
Gross spread (NIM/Interest Income)	"	35.98%	39.06%	41.47%	37.15%	35.84%	35.32%
Non interest income to total income	"	32.93%	28.56%	29.31%	28.55%	31.47%	26.19%
Income /expense ratio ( excluding provisions)	Times	1.41	1.48	1.76	1.52	1.47	1.51
Return on average equity (ROE)	%	10.15%	12.01%	15.03%	11.91%	8.70%	10.24%
Return on average assets (ROA)	"	0.55%	0.71%	0.95%	0.83%	0.63%	0.77%
Return on capital employed ( ROCE)	"	15.30%	16.83%	19.77%	14.33%	11.60%	14.32%
Earnings per share (EPS before taxation)	Rs.	2.57	2.79	3.26	2.44	1.53	1.91
Earnings per share ( EPS after taxation)	Rs.	1.49	1.70	2.01	1.44	0.94	1.00
Gross advances to deposits ratio	%	75.99%	63.71%	65.25%	70.94%	74.53%	69.40%
Net advances to deposits ratio	"	72.26%	59.69%	60.59%	66.25%	69.45%	64.07%
Break up value per share (excl. surplus on revaluation of assets)	Rs.	14.91	14.46	15.30	14.07	12.42	12.61
Break up value per share (excl. surplus on revaluation of fixed assets)	"	15.04	15.75	17.04	15.77	12.67	12.96
Break up value per share (incl. surplus on revaluation of assets)	"	16.78	16.59	18.15	17.00	13.25	13.67
Earning assets to total assets	%	89.49%	89.30%	88.40%	86.45%	86.99%	86.88%
Earning assets to interest bearing liabilities	Times	0.98	1.24	1.22	1.23	1.26	1.21
Weighted average cost of deposits	%	3.78%	3.47%	4.42%	6.18%	5.85%	6.84%
CASA to total deposits	"	69.65%	67.76%	68.60%	67.58%	70.23%	68.38%
NPLs to total advances ratio	"	5.93%	7.79%	9.60%	8.84%	9.96%	11.87%
Coverage ratio (Specific Provisions/NPLs)	"	82.39%	80.58%	73.97%	74.44%	68.20%	64.68%
Assets to equity	Times	19.59	17.47	16.52	15.11	13.59	13.94
Total assets per share	Times	292.19	252.63	252.76	212.69	168.85	175.84
Deposits to shareholders' equity	Times	13.83	13.22	12.05	11.55	11.28	10.59
<b>Risk Adequacy</b>							
Tier I Capital	Rs.in Million	15,963	15,329	15,032	13,916	12,229	11,240
Risk Weighted Assets (RWA)	"	161,971	141,609	128,905	124,596	106,768	96,176
Tier I to RWA	%	9.86%	10.82%	11.66%	11.17%	11.45%	11.69%
Capital Adequacy Ratio	"	12.77%	14.12%	15.39%	12.50%	11.93%	12.37%
Net Return on Average RWA	"	1.01%	1.33%	1.72%	1.27%	0.97%	1.15%
<b>Stock Dividend</b>							
Bonus shares issued	%	-	-	-	-	10.00%	11.00%
<b>Cash dividend</b>	%	7.50% *	12.50%	12.50%	10.00%	-	-
<b>Share Information</b>							
Market Value per share-31 December	Rs.	13.40	17.65	15.13	12.33	10.93	7.09
- High during the year	"	19.20	17.90	15.35	16.73	11.38	9.40
- Low during the year	"	12.25	12.76	10.06	9.50	5.90	3.71
Market Capitalization	Rs.in Million	14,773	19,458	16,680	13,593	12,050	7,106
Price to book value (excl. surplus on revaluation of assets)	Rs.	0.90	1.22	0.99	0.88	0.88	0.56
Price to earning ratio	Times	8.99	10.38	7.54	8.56	11.63	7.09
<b>Industry Share</b>							
Deposits	%	1.84%	1.78%	1.99%	1.96%	1.87%	1.80%
Advances	"	2.65%	2.40%	2.52%	2.59%	2.57%	2.17%
<b>Non Financial Information</b>							
No of branches	Absolute	290	288	266	246	239	233
No of permanent employees	"	2,847	2,715	2,715	2,639	2,835	2,644
No. of ATMs	"	313	306	274	263	265	251

\*Subject to shareholder's approval in the forthcoming AGM

# PER BRANCH PERFORMANCE

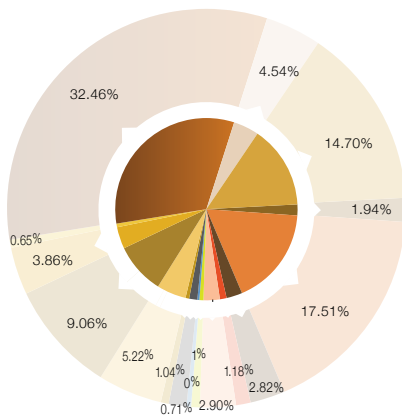




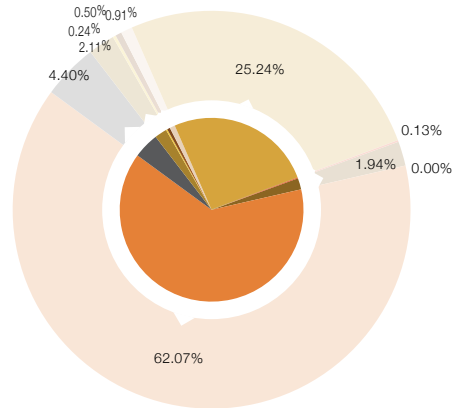
# CONCENTRATION OF ADVANCES, NPL, DEPOSITS AND OFF-BALANCE SHEET ITEMS - 31 DECEMBER 2017

	Advances (Gross)		Classified Advances		Deposits		Off-balance sheet items	
	(Rupees in '000)	(Percent)	(Rupees in '000)	(Percent)	(Rupees in '000)	(Percent)	(Rupees in '000)	(Percent)
Agriculture, Forestry, Hunting and Fishing	3,343,280	1.94%	198,471	1.94%	88,138	0.04%	215,547	0.56%
Textile	30,255,594	17.51%	6,358,479	62.07%	1,992,435	0.88%	3,450,851	8.90%
Chemical and Pharmaceuticals	4,870,844	2.82%	450,871	4.40%	2,190,816	0.96%	2,322,027	5.99%
Cement	2,040,717	1.18%	-	-	106,558	0.05%	1,009,178	2.60%
Sugar	5,006,715	2.90%	85,704	0.84%	111,208	0.05%	34,758	0.09%
Footwear and Leather garments	1,223,719	0.71%	24,900	0.24%	708,860	0.31%	259,790	0.67%
Automobile and transportation equipment	637,260	0.37%	13,510	0.13%	1,963,820	0.86%	683,517	1.76%
Electronics and electrical appliances	2,488,977	1.44%	50,898	0.50%	386,551	0.17%	2,015,374	5.20%
Construction	1,098,535	0.64%	-	-	1,470,364	0.65%	1,876,474	4.84%
Power (electricity), Gas, Water, Sanitary	9,035,625	5.22%	166,121	1.62%	7,349,383	3.23%	1,992,412	5.14%
Wholesale and Retail Trade	15,651,181	9.06%	-	-	5,462,968	2.40%	4,028,291	10.39%
Exports/Imports	6,671,982	3.86%	-	-	1,832,268	0.81%	1,408,330	3.63%
Financial	1,130,320	0.65%	215,947	2.11%	16,662,241	7.33%	1,619,773	4.18%
Food and Allied	56,083,536	32.46%	-	-	2,792,018	1.23%	5,310,887	13.70%
Individuals	7,840,834	4.54%	93,165	0.91%	104,800,775	46.10%	138,719	0.35%
Others	25,393,311	14.70%	2,586,603	25.24%	79,430,051	34.93%	12,387,794	32.00%
<b>Total</b>	<b>172,772,430</b>	<b>100.00%</b>	<b>10,244,669</b>	<b>100.00%</b>	<b>227,348,454</b>	<b>100.00%</b>	<b>38,753,722</b>	<b>100.00%</b>

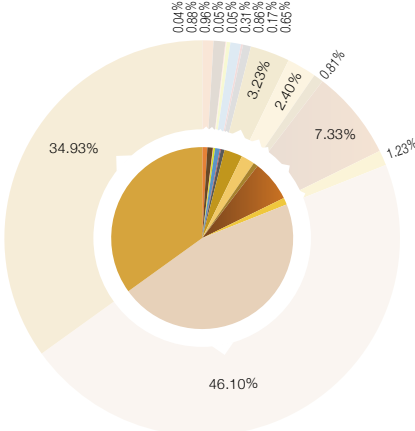
**Advances (Gross)**



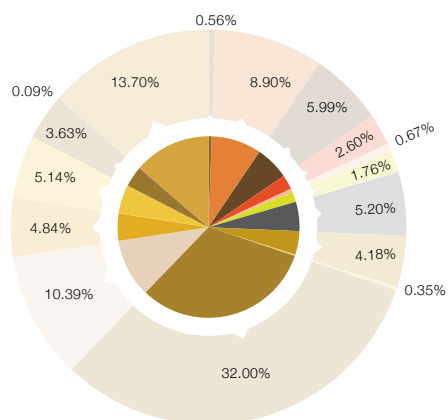
**Classified Advances**



**Deposits**



**Off-Balance Sheet items**

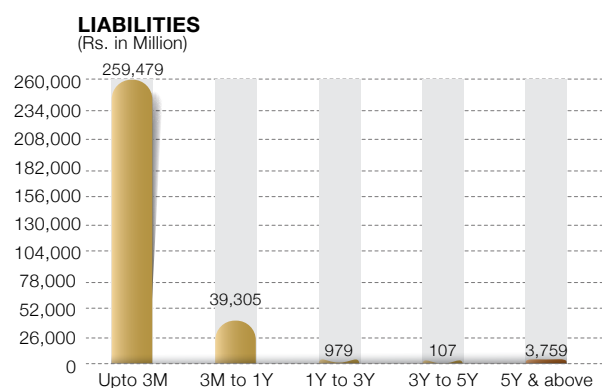
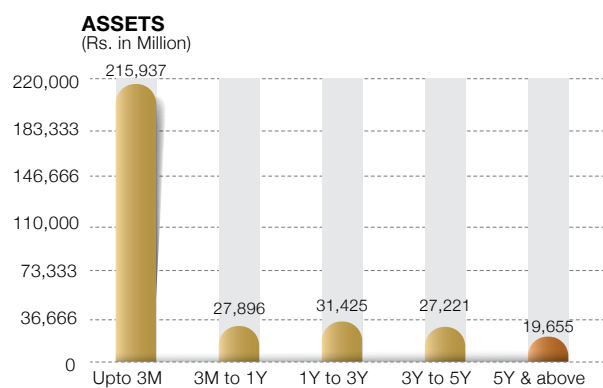


- Agriculture, Forestry, Hunting and Fishing
- Chemical and Pharmaceuticals
- Sugar
- Automobile and transportation equipment
- Construction
- Wholesale and Retail Trade
- Financial
- Individuals

- Textile
- Cement
- Footwear and Leather garments
- Electronics and electrical appliances
- Power (electricity), Gas, Water, Sanitary
- Exports/Imports
- Food and Allied
- Others

# MATURITIES OF ASSETS AND LIABILITIES (CONTRACTUAL)

	Total	Upto 3M	3M to 1Y	1Y to 3Y	3Y to 5Y	5Y & above
	----- (Rupees in Million) -----					
<b>Assets</b>						
Cash and balances with treasury banks	19,431	19,431	-	-	-	-
Balances with other banks	1,151	1,151	-	-	-	-
Lendings to financial institutions	6,544	4,435	2,109	-	-	-
Investments - net	117,429	75,244	5,806	21,460	13,144	1,775
Advances - net	164,293	110,417	17,682	8,930	12,984	14,280
Operating fixed assets	6,581	148	711	1,035	1,087	3,600
Other assets - net	6,705	5,111	1,588	-	6	-
	322,134	215,937	27,896	31,425	27,221	19,655
<b>Liabilities</b>						
Bills payable	4,895	4,895	-	-	-	-
Borrowings	64,584	50,858	12,770	84	105	767
Deposits and other accounts	227,348	201,450	25,005	893	-	-
Sub-ordinated loans	2,998	1	1	2	2	2,992
Deferred tax liabilities - net	936	-	936	-	-	-
Other liabilities	2,868	2,275	593	-	-	-
	303,629	259,479	39,305	979	107	3,759

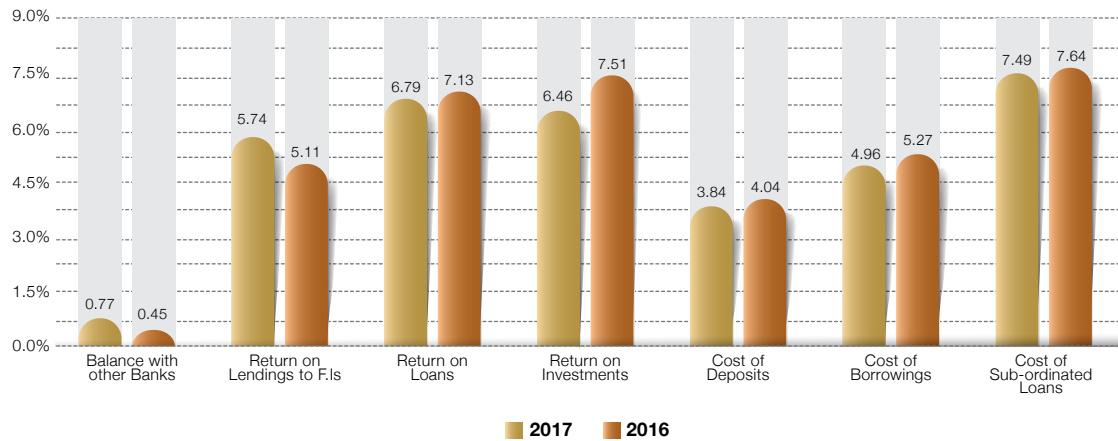




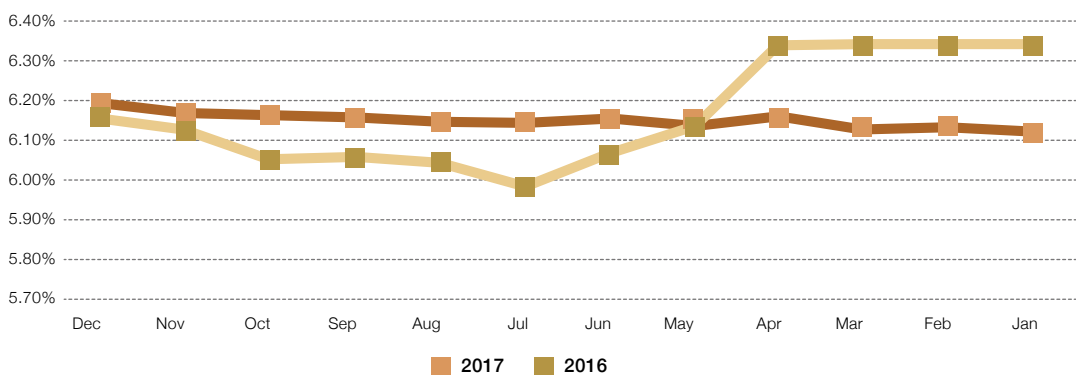
# KEY INTEREST BEARING ASSETS AND LIABILITIES

	2017			2016		
	Avg.Vol (Rs. in Million)	Effective Interest Rate %	Interest (Rs. in Million)	Avg.Vol (Rs. in Million)	Effective Interest Rate %	Interest (Rs. in Million)
<b>Interest Bearing Assets</b>						
Balances with other banks	1,031	0.77	8	816	0.45	4
Lendings to financial institutions	10,494	5.74	602	6,649	5.11	340
Advances (excluding NPLs)	141,761	6.79	9,623	108,467	7.13	7,730
Investments (excluding equity investments)	127,956	6.46	8,272	125,859	7.51	9,451
<b>Interest Bearing Liabilities</b>						
Deposits and other accounts	217,192	3.84	8,330	198,018	4.04	8,006
Sub-ordinated loans	2,998	7.49	224	2,999	7.64	229
Borrowings	66,296	4.96	3,291	46,406	5.27	2,445

**EFFECTIVE INTEREST RATE ON ASSETS & LIABILITIES**



**KIBOR-6 MONTHS**

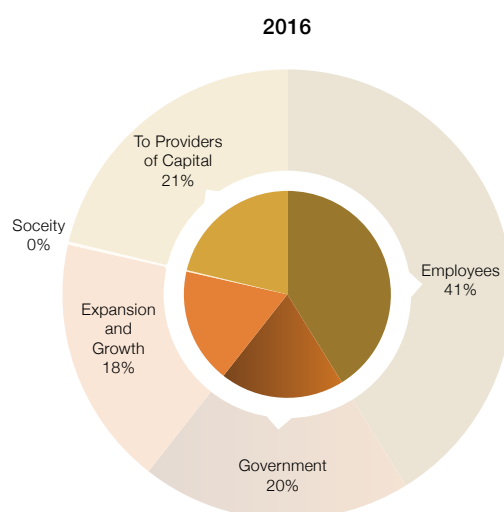
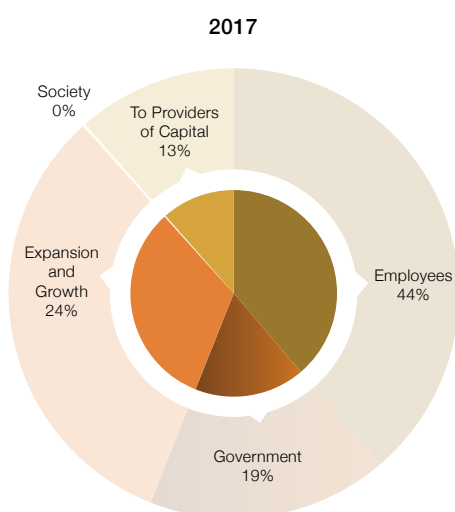




# STATEMENT OF VALUE ADDITION

	2017		2016	
	(Rs. in Million)	%	(Rs. in Million)	%
<b>Value added</b>				
Net Interest Income	6,659		6,844	
Non interest income	3,269		2,736	
Operating expenses excluding staff costs, depreciation, amortization, donations and Workers Welfare Fund	(3,471)		(3,061)	
Provision against advances, investments & others	(66)		(24)	
<b>Value added available for distribution</b>	<b>6,391</b>		<b>6,495</b>	
<b>To Employees</b>				
-Salaries, allowances and other benefits	2,797	43.76%	2,674	41.16%
<b>To Government</b>				
-Income tax	1,188	18.59%	1,198	18.44%
-Worker Welfare fund	59	0.92%	64	0.99%
<b>To Providers of Capital</b>				
-Cash Dividends	827*	12.94%	1,378	21.22%
<b>To Society</b>				
-Donations	16	0.25%	15	0.23%
<b>To Expansion and Growth</b>				
- Depreciation	567	8.87%	576	8.87%
- Amortization	121	1.90%	89	1.37%
- Retained in business	816	12.77%	501	7.72%
	<b>6,391</b>	<b>100%</b>	<b>6,495</b>	<b>100%</b>

\*Subject to shareholder's approval in the forthcoming AGM





# QUARTERLY PERFORMANCE 2017 & 2016

(Rs. in Million)

Profit & Loss Account	2017				2016			
	4th Quarter	3rd Quarter	2nd Quarter	1st quarter	4th Quarter	3rd Quarter	2nd Quarter	1st quarter
Mark-up / return / interest earned	4,851	4,954	4,443	4,257	4,150	4,045	4,796	4,533
Mark-up / return / interest expensed	(3,099)	(3,305)	(2,795)	(2,647)	(2,566)	(2,581)	(2,891)	(2,642)
Net mark-up interest income	1,752	1,649	1,648	1,610	1,584	1,464	1,905	1,891
Provisions	34	30	46	(176)	(51)	92	(9)	(56)
Non-mark-up / interest income	739	737	613	1,180	569	633	965	569
Non-mark-up / interest expenses	(1,795)	(1,766)	(1,773)	(1,697)	(1,644)	(1,618)	(1,635)	(1,582)
Profit before taxation	730	650	534	917	458	571	1,226	822
Taxation	(318)	(231)	(318)	(321)	(120)	(205)	(590)	(283)
<b>Profit after taxation</b>	<b>412</b>	<b>419</b>	<b>216</b>	<b>596</b>	<b>338</b>	<b>366</b>	<b>636</b>	<b>539</b>
<b>Statement of Financial Position</b>								
<b>Assets</b>								
Cash and balances with treasury banks	19,431	18,968	20,977	15,453	18,279	18,212	19,278	13,341
Balances with other banks	1,151	875	2,096	1,002	823	899	1,095	1,090
Lendings to financial institutions	6,544	11,651	15,671	12,821	5,537	10,113	5,486	6,635
Investments-net	117,429	132,960	128,581	121,071	117,884	124,806	151,368	133,334
Advances-net	164,293	155,851	149,749	132,596	125,306	98,606	115,885	112,765
Operating Fixed assets	6,581	5,113	5,143	5,159	5,138	5,232	5,257	5,006
Other assets	6,705	5,788	5,958	4,605	5,554	4,321	6,981	4,333
<b>Total Assets</b>	<b>322,134</b>	<b>331,206</b>	<b>328,175</b>	<b>292,707</b>	<b>278,521</b>	<b>262,189</b>	<b>305,350</b>	<b>276,504</b>
<b>Liabilities</b>								
Bills payable	4,895	4,305	4,361	3,858	4,164	2,680	3,400	2,718
Borrowings	64,584	87,578	65,447	47,703	38,905	31,623	74,775	52,817
Deposits and the other accounts	227,348	214,846	234,426	216,285	209,925	201,967	202,222	195,618
Sub-ordinated loans	2,998	2,998	2,998	2,998	2,999	2,999	2,999	2,999
Deferred tax liabilities -net	936	701	839	940	1,138	1,347	1,448	1,546
Other liabilities	2,868	3,657	2,890	3,709	3,101	3,310	2,432	3,210
<b>Total Liabilities</b>	<b>303,629</b>	<b>314,085</b>	<b>310,961</b>	<b>275,493</b>	<b>260,232</b>	<b>243,926</b>	<b>287,276</b>	<b>258,908</b>
<b>Equity</b>								
Share Capital	11,025	11,025	11,025	11,025	11,025	11,025	11,025	11,025
Reserves	1,752	1,670	1,586	1,543	1,424	1,356	1,283	1,156
Un-appropriated profit	3,665	3,180	2,824	2,621	3,496	3,192	2,868	2,338
Surplus on revaluation of assets	2,063	1,246	1,779	2,025	2,344	2,690	2,898	3,077
<b>Total Equity</b>	<b>18,505</b>	<b>17,121</b>	<b>17,214</b>	<b>17,214</b>	<b>18,289</b>	<b>18,263</b>	<b>18,074</b>	<b>17,596</b>

# SIX YEARS' VERTICAL ANALYSIS

## STATEMENT OF FINANCIAL POSITION/ PROFIT & LOSS ACCOUNT

Statement of Financial Position	2017		2016		2015		2014		2013		2012	
	Rs.in Mln	%	Rs.in Mln	%	Rs.in Mln	%	Rs.in Mln	%	Rs.in Mln	%	Rs.in Mln	%
<b>Assets</b>												
Cash and balances with treasury banks	19,431	6%	18,279	7%	16,718	7%	15,776	7%	12,673	7%	11,491	7%
Balances with other banks	1,151	0%	823	0%	1,635	1%	575	0%	707	0%	1,249	1%
Lendings to financial institutions	6,544	2%	5,537	2%	3,094	1%	604	0%	2,988	2%	1,123	1%
Investments-net	117,429	36%	117,884	42%	108,846	43%	75,716	36%	46,703	28%	59,517	38%
Advances-net	164,293	51%	125,306	45%	112,002	44%	107,968	51%	97,534	58%	77,170	49%
Operating fixed assets	6,581	2%	5,138	2%	4,957	2%	5,014	2%	3,734	2%	3,821	2%
Deferred tax assets-net	-	0%	-	0%	-	0%	-	0%	103	0%	304	0%
Other assets	6,705	2%	5,554	2%	6,090	2%	7,522	4%	4,792	3%	3,954	2%
<b>Total Assets</b>	<b>322,134</b>	<b>100%</b>	<b>278,521</b>	<b>100%</b>	<b>253,342</b>	<b>100%</b>	<b>213,175</b>	<b>100%</b>	<b>169,234</b>	<b>100%</b>	<b>158,629</b>	<b>100%</b>
<b>Liabilities and Equity</b>												
Deposits and other accounts	227,348	71%	209,925	75%	184,847	73%	162,964	76%	140,439	83%	120,451	76%
Borrowings	64,584	20%	38,905	14%	39,876	16%	25,825	12%	10,485	6%	20,398	13%
Bills payable	4,895	2%	4,164	1%	3,077	1%	3,063	1%	2,718	2%	2,659	2%
Other liabilities	2,868	1%	3,101	1%	2,933	1%	2,864	1%	2,309	1%	2,490	2%
Deferred tax liabilities-net	936	0%	1,138	0%	1,417	1%	1,420	1%	-	0%	-	0%
Sub-ordinated loans	2,998	1%	2,999	1%	3,000	1%	-	0%	-	0%	299	0%
<b>Total Liabilities</b>	<b>303,629</b>	<b>94%</b>	<b>260,232</b>	<b>93%</b>	<b>235,150</b>	<b>93%</b>	<b>196,136</b>	<b>92%</b>	<b>155,951</b>	<b>92%</b>	<b>146,297</b>	<b>92%</b>
<b>Net Assets</b>	<b>18,505</b>	<b>6%</b>	<b>18,289</b>	<b>7%</b>	<b>18,192</b>	<b>7%</b>	<b>17,039</b>	<b>8%</b>	<b>13,283</b>	<b>8%</b>	<b>12,332</b>	<b>8%</b>
<b>Represented by</b>												
Share capital - net of discount	11,025	3%	11,025	4%	10,023	4%	10,023	5%	10,023	6%	9,021	6%
Reserves	1,752	1%	1,424	1%	1,049	0%	934	0%	618	0%	410	0%
Un-appropriated profit	3,665	1%	3,496	1%	4,264	2%	3,150	1%	1,810	1%	1,947	1%
Surplus on revaluation of assets	2,063	1%	2,344	1%	2,856	1%	2,932	1%	832	0%	954	1%
	<b>18,505</b>	<b>6%</b>	<b>18,289</b>	<b>7%</b>	<b>18,192</b>	<b>7%</b>	<b>17,039</b>	<b>8%</b>	<b>13,283</b>	<b>8%</b>	<b>12,332</b>	<b>8%</b>
<b>Profit &amp; Loss Account</b>												
<b>Mark-up / Interest / Return / Non Interest Income</b>												
Mark-up / return / interest earned	18,505	85%	17,524	86%	18,320	85%	16,906	87%	13,639	86%	13,813	89%
Fee, commission, brokerage and exchange income	1,829	8%	1,576	8%	1,809	8%	1,939	10%	1,600	10%	1,191	8%
Capital gain and dividend income	1,399	6%	1,131	6%	1,284	6%	535	3%	623	4%	528	3%
Other income	41	0%	29	0%	57	0%	35	0%	22	0%	12	0%
<b>Total income</b>	<b>21,774</b>	<b>100%</b>	<b>20,260</b>	<b>100%</b>	<b>21,470</b>	<b>100%</b>	<b>19,415</b>	<b>100%</b>	<b>15,884</b>	<b>100%</b>	<b>15,544</b>	<b>100%</b>
<b>Mark-up / Interest / Return / Non Interest Expense</b>												
Mark-up / return / interest expensed	11,846	54%	10,680	53%	10,722	50%	10,626	55%	8,751	55%	8,934	57%
Operating expenses	7,031	32%	6,479	32%	6,123	29%	5,798	30%	4,868	31%	4,368	28%
Provisions	66	0%	24	0%	1,029	5%	549	3%	735	5%	520	3%
Taxation	1,188	5%	1,198	6%	1,383	6%	860	4%	493	3%	618	4%
<b>Total expenses</b>	<b>20,131</b>	<b>92%</b>	<b>18,381</b>	<b>91%</b>	<b>19,257</b>	<b>90%</b>	<b>17,833</b>	<b>92%</b>	<b>14,847</b>	<b>93%</b>	<b>14,440</b>	<b>93%</b>
<b>Profit after taxation</b>	<b>1,643</b>	<b>8%</b>	<b>1,879</b>	<b>9%</b>	<b>2,213</b>	<b>10%</b>	<b>1,582</b>	<b>8%</b>	<b>1,037</b>	<b>7%</b>	<b>1,104</b>	<b>7%</b>



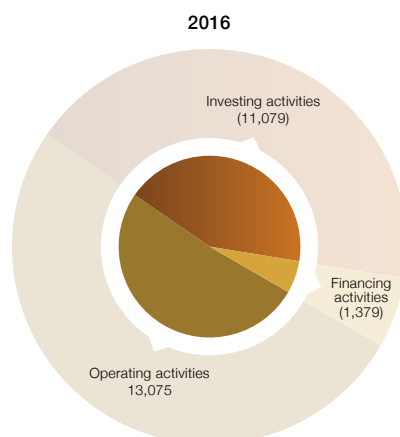
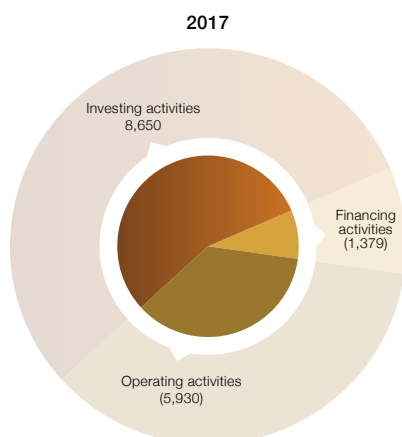
# SIX YEARS' HORIZONTAL ANALYSIS STATEMENT OF FINANCIAL POSITION/ PROFIT & LOSS ACCOUNT

	2017	2017 vs 2016	2016	2016 vs 2015	2015	2015 vs 2014	2014	2014 vs 2013	2013	2013 vs 2012	2012	2012 vs 2011
	Rs.in Mln	%	Rs.in Mln	%	Rs.in Mln	%	Rs.in Mln	%	Rs.in Mln	%	Rs.in Mln	%
<b>Statement of financial position</b>												
<b>Assets</b>												
Cash and balances with treasury	19,431	6%	18,279	9%	16,718	6%	15,776	24%	12,673	10%	11,491	28%
Balances with other banks	1,151	40%	823	-50%	1,635	184%	575	-19%	707	-43%	1,249	42%
Lendings to financial institutions	6,544	18%	5,537	79%	3,094	412%	604	-80%	2,988	166%	1,123	38%
Investments-net	117,429	0%	117,884	8%	108,846	44%	75,716	62%	46,703	-22%	59,517	30%
Advances-net	164,293	31%	125,306	12%	112,002	4%	107,968	11%	97,534	26%	77,170	18%
Operating fixed assets	6,581	28%	5,138	4%	4,957	-1%	5,014	34%	3,734	-2%	3,821	5%
Deferred tax assets -net	-	0%	-	0%	-	0%	-	-100%	103	-66%	304	-21%
Other assets	6,705	21%	5,554	-9%	6,090	-19%	7,522	57%	4,792	21%	3,954	8%
<b>Total Assets</b>	<b>322,134</b>	<b>16%</b>	<b>278,521</b>	<b>10%</b>	<b>253,342</b>	<b>19%</b>	<b>213,175</b>	<b>26%</b>	<b>169,234</b>	<b>7%</b>	<b>158,629</b>	<b>22%</b>
<b>Liabilities and Equity</b>												
Deposits and other accounts	227,348	8%	209,925	14%	184,847	13%	162,964	16%	140,439	17%	120,451	21%
Borrowings	64,584	66%	38,905	-2%	39,876	54%	25,825	146%	10,485	-49%	20,398	40%
Bills payable	4,895	18%	4,164	35%	3,077	0%	3,063	13%	2,718	2%	2,659	69%
Other liabilities	2,868	-8%	3,101	6%	2,933	2%	2,864	24%	2,309	-7%	2,490	5%
Deferred tax liabilities - net	936	-18%	1,138	-20%	1,417	0%	1,420	100%	-	0%	-	0%
Sub-ordinated loans	2,998	0%	2,999	0%	3,000	100%	-	0%	-	-100%	299	-67%
<b>Total Liabilities</b>	<b>303,629</b>	<b>17%</b>	<b>260,232</b>	<b>11%</b>	<b>235,150</b>	<b>20%</b>	<b>196,136</b>	<b>26%</b>	<b>155,951</b>	<b>7%</b>	<b>146,297</b>	<b>23%</b>
Share capital - net of discount	11,025	0%	11,025	10%	10,023	0%	10,023	0%	10,023	11%	9,021	12%
Reserves	1,752	23%	1,424	36%	1,049	12%	934	51%	618	51%	410	-65%
Un-appropriated profit	3,665	5%	3,496	-18%	4,264	35%	3,150	74%	1,810	-7%	1,947	98%
Surplus on revaluation of assets	2,063	-12%	2,344	-18%	2,856	-3%	2,932	252%	832	-13%	954	29%
<b>Total Equity</b>	<b>18,505</b>	<b>1%</b>	<b>18,289</b>	<b>1%</b>	<b>18,192</b>	<b>7%</b>	<b>17,039</b>	<b>28%</b>	<b>13,283</b>	<b>8%</b>	<b>12,332</b>	<b>13%</b>
<b>Profit &amp; Loss Account</b>												
<b>Mark-up / Interest / Return / Non Interest Income</b>												
Mark-up / return / interest earned	18,505	6%	17,524	-4%	18,320	8%	16,906	24%	13,639	-1%	13,813	7%
Fee, commission, brokerage and exchange income	1,829	16%	1,576	-13%	1,809	-7%	1,939	21%	1,600	34%	1,191	0%
Capital gain and dividend income	1,399	24%	1,131	-12%	1,284	140%	535	-14%	623	18%	528	23%
Other income	41	41%	29	-49%	57	63%	35	59%	22	83%	12	-92%
<b>Total Income</b>	<b>21,774</b>	<b>7%</b>	<b>20,260</b>	<b>-6%</b>	<b>21,470</b>	<b>11%</b>	<b>19,415</b>	<b>22%</b>	<b>15,884</b>	<b>2%</b>	<b>15,544</b>	<b>6%</b>
<b>Mark-up / Interest / Return / Non Interest Expense</b>												
Mark-up / return / non interest expensed	11,846	11%	10,680	0%	10,722	1%	10,626	21%	8,751	-2%	8,934	-1%
Operating expenses	7,031	9%	6,479	6%	6,123	6%	5,798	19%	4,868	11%	4,368	30%
Provisions	66	175%	24	-98%	1,029	87%	549	-25%	735	41%	520	-59%
Taxation	1,188	-1%	1,198	-13%	1,383	61%	860	74%	493	-20%	618	109%
<b>Total Expenses</b>	<b>20,131</b>	<b>10%</b>	<b>18,381</b>	<b>-5%</b>	<b>19,257</b>	<b>8%</b>	<b>17,833</b>	<b>20%</b>	<b>14,847</b>	<b>3%</b>	<b>14,440</b>	<b>4%</b>
<b>Profit after taxation</b>	<b>1,643</b>	<b>-13%</b>	<b>1,879</b>	<b>-15%</b>	<b>2,213</b>	<b>40%</b>	<b>1,582</b>	<b>53%</b>	<b>1,037</b>	<b>-6%</b>	<b>1,104</b>	<b>41%</b>

# CASH FLOW STATEMENT DIRECT METHOD

	2017	2016
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Markup / return / interest and commission receipts	21,698,028	21,373,766
Markup / return / interest payments	(11,935,492)	(10,912,123)
Cash payments to employees, suppliers and others	(6,347,845)	(5,735,970)
	3,414,691	4,725,673
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	(1,007,575)	(2,442,639)
Held-for-trading securities	(10,525,132)	790,865
Advances - net	(39,133,407)	(13,433,330)
Others assets (excluding advance taxation)	(741,323)	(147,436)
	(51,407,437)	(15,232,540)
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	731,938	1,086,443
Borrowings	25,539,709	(1,102,159)
Deposits and other accounts	17,423,001	25,078,318
Other liabilities	(105,957)	350,859
	43,588,691	25,413,461
	(4,404,055)	14,906,594
Income tax paid	(1,525,730)	(1,831,964)
<b>Net cash (used in) / generated from operating activities</b>	(5,929,785)	13,074,630
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net investments in securities	9,016,120	(10,321,961)
Dividend received	228,166	194,129
Investment in operating fixed assets (including intangible assets)	(616,943)	(1,004,102)
Proceeds from disposal of fixed assets	23,014	53,526
<b>Net cash generated from / (used in) investing activities</b>	8,650,357	(11,078,408)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Sub-ordinated loans	(1,200)	(1,200)
Dividend paid	(1,378,079)	(1,378,079)
<b>Net cash used in financing activities</b>	(1,379,279)	(1,379,279)
<b>Increase in cash and cash equivalents</b>		
	1,341,293	616,943
Cash and cash equivalents at the beginning of the period	18,963,729	18,346,786
Cash and cash equivalents at the end of the period	20,305,022	18,963,729
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		
Cash and balances with treasury banks	19,431,256	18,278,840
Balances with other banks	873,766	684,889
	20,305,022	18,963,729

	(Rs. in Million)					
<b>INDIRECT METHOD - SUMMARY</b>	2017	2016	2015	2014	2013	2012
Cash flows from operating activities	(5,930)	13,075	33,745	30,230	(11,213)	17,573
Cash flows from investing activities	8,650	(11,079)	(33,398)	(27,389)	12,076	(13,881)
Cash flows from financing activities	(1,379)	(1,379)	1,898	-	(299)	(599)
Cash and cash equivalents at the beginning of the year	18,964	18,347	16,102	13,261	12,697	9,604
Cash and cash equivalents at the end of the year	20,305	18,964	18,347	16,102	13,261	12,697

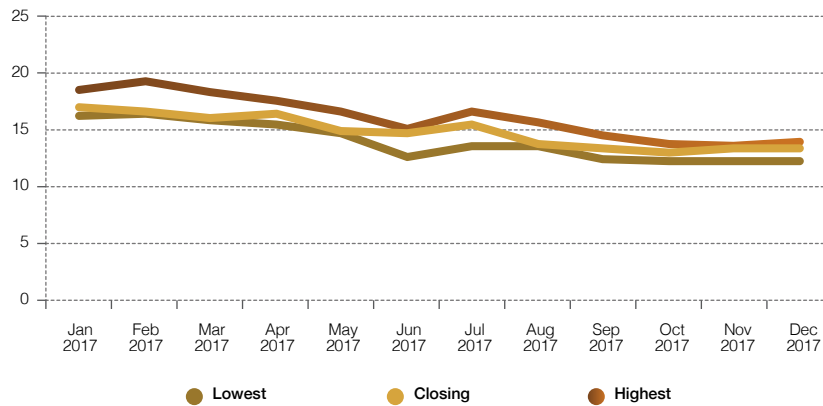




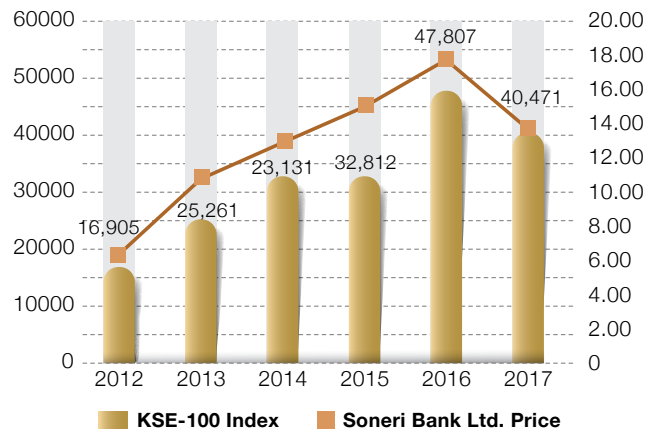
# MARKET STATISTICS OF SNBL SHARES

Year	Market Share Price Trend			
	Quarter end	High (Rs.)	Low (Rs.)	Closing (Rs.)
2017	March	19.20	15.85	16.00
	June	17.60	12.67	14.68
	September	16.54	12.50	13.45
	December	14.00	12.25	13.40
2016	March	15.90	12.76	14.00
	June	14.50	13.00	14.22
	September	15.49	13.40	14.64
	December	17.90	14.10	17.65

Monthly Pattern of Market Share Price



SONERI BANK PRICE VS KSE INDEX (2012-2017)



Year ended	2012	2013	2014	2015	2016	2017
Share Price (Rs.)	7.09	10.93	12.33	15.13	17.65	13.40
KSE-100TM Index	16,905	25,261	32,131	32,812	47,807	40,471

# FINANCIAL CALENDAR

## 2017

- 1st Quarter Results issued on 17 April 2017
- 2nd Quarter Results issued on 21 August 2017
- 3rd Quarter Results issued on 18 October 2017
- Annual Results issued on 20 February 2018
- 26th Annual General Meeting scheduled for 30 March 2018

## 2016

- 1st Quarter Results issued on 20 April 2016
- 2nd Quarter Results issued on 16 August 2016
- 3rd Quarter Results issued on 21 October 2016
- Annual Results issued on 15 February 2017
- 25th Annual General Meeting held on 28 March 2017



## Chairman's Review Report

Soneri Bank's 25-year journey encompasses the challenges and victories we voyaged with our commitment to deliver financial solutions, banking convenience and security for today's banking needs. Despite the challenging landscape and intense market competition, Soneri Bank has managed to deliver on various key performance indicators.

Under the Board's direction, the Management has aligned all its resources to fulfill our strategic business goals, taking ownership and ensuring timely implementation.

Pakistan's macroeconomic outlook is improving continuously and country's Gross Domestic Product (GDP) growth forecasted to be around 5.3 percent - 5.5 percent during FY2018-2019. Pak rupee depreciated by 5 percent against US dollar in the interbank market during December 2017 and completion of some key power projects will serve to buoy the country's export manufacturing base and overall GDP growth. Large Scale Manufacturing (LSM) Index posted strong growth of over 7 percent during the period July-November 2017. Progress on the China Pakistan Economic Corridor Projects (CPEC) coupled with better security situation, will be pivotal and serves as a key differentiating factor compared to previous periods of economic challenges. Outlook on Foreign Direct Investment (FDI) remains positive given continuing CPEC projects.

After remaining stable for almost two and a half years, Pak Rupee has depreciated; currency devaluation was a key event, which will serve to strengthen the country's external account (July-December 2017 current account deficit at US\$7.4 billion vs. US\$4.7 billion previous year). The Government has also introduced additional import tariff for non-essential items in October 2017, which will help to dampen the rise in imports. Depreciation of Pak Rupee will give rise to inflation. State Bank of Pakistan raised interest rates for the first time in 4 years in January 2018

by 25 basis points, increasing the Policy Rate to 6 percent. As a growing financial institution, Soneri Bank with its robust position can capitalize on the economy's positive trends.

Today the banking landscape is undergoing a phenomenal transformation with emerging technologies in the financial sector. Banks are keen on exploring and investing in new technologies to face the dynamics of the market today. This embrace is not just with the digital realm, it's about change of mindsets, culture, habits, disruptive measures of legacy system, visionary leadership and smart-customer engagement.

As we sail into the future our technological infrastructure continues to expand with the launch of our Core Banking System (T24) in the year 2018, which will enhance our efficiencies, leverage our banking experience, excel our customer service and increase our diverse business portfolio.

On behalf of the Board, I would like to express my sincere appreciation to our valuable customers and shareholders for their continued trust and patronage, the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan and other regulatory bodies for their valuable discernment and supportive measures. I would also like to convey my heartfelt gratitude to all Sonerians for their consistent endeavors to make 2017 a successful year. Our employees are pivotal partners in our journey towards excellence, they uphold the brand values to provide enhanced convenience and quality service to our valuable customers, as we reach for even greater milestones.

Roshan Har Qadam!

**Alauddin Feerasta**

Chairman

Karachi: 20 February 2018



# DIRECTORS' REPORT TO 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 2017.

## Economy

In 2017, the economy gained further momentum by posting a decade high GDP increase of 5.3 percent driven by a recovery in agricultural production along with encouraging performance by the services and the manufacturing sectors. Further, infrastructure and CPEC-related projects continued to boost construction related industries. Although there was a decline in capital markets the otherwise reviving economy was supported by improved business sentiment leading to a surge in private sector credit off-take during 2017.

During the year, the country's foreign exchange reserves declined by US\$ 3 billion to US\$ 20.2 billion as total imports could not be financed completely from foreign exchange inflows causing pressure on current account.

Headline CPI inflation remained stable in the first two quarters of FY 2017, but picked up gradually in the third and fourth quarter. The 5 percent PKR depreciation and rising international oil prices are likely to add further to the inflationary pressures.

FY 2018 may prove to be challenging in terms of financing essential imports while raising funds to match loan repayment obligations, but the economy remains on a growth trajectory and will benefit from the visible improvement in security and power supply.

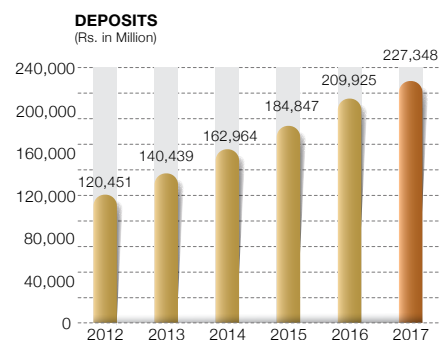
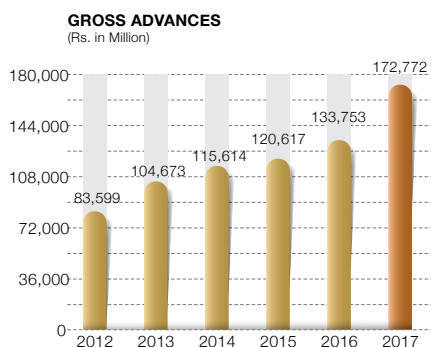
## Business Overview

In 2017, due to the low interest rate regime, the Bank experienced margin compression despite delivering a notable increase in volumes. The 2.70 percent decline in net markup income was more than offset by double digit increase delivered through non-markup income. Non markup expenses grew in line with our expansion and technological advancement while NPL's were managed effectively at sound levels.

In 2017 the Bank grew in terms of geographical footprint, balance sheet size and delivered requisite shareholder return. Serving our customers from 290 branches and 313 ATMs across 133 cities the Bank continues to build its brand by delivering financial solutions and providing banking convenience and security for today's banking needs.

The Bank adequately meets the SBP Basel III requirements and is well positioned to meet its growth plans with Capital Adequacy Ratio of 12.77 percent.

Looking at the last six years' performance, the deposits base of the Bank increased to Rs. 227.35 billion which translates into compounded annual growth rate (CAGR) of 13.55 percent. The CASA component of deposits showed an impressive growth, with six years CAGR of 13.96 percent. This represents the Bank's policy to mobilize low cost deposits. Similarly, net advances rose to Rs. 164.293 billion with six year CAGR of 16.31 percent.





# DIRECTORS' REPORT TO SHAREHOLDERS

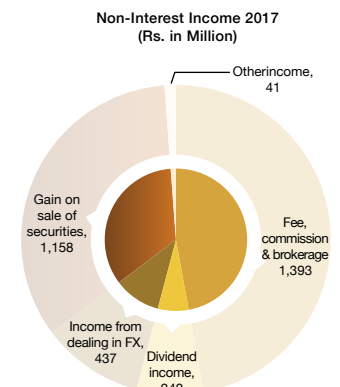
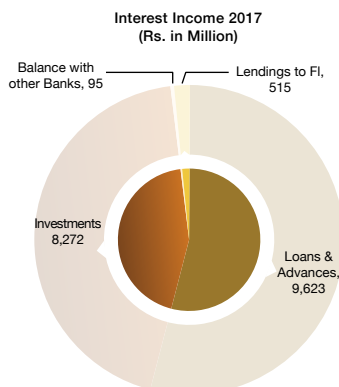
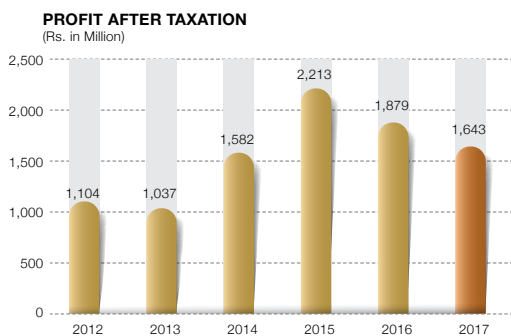
## Operating Results

The highlights of financial results for FY 2017 are presented as follows:

Profit & Loss Account	31 December 2017	31 December 2016	Variance (%)
----- (Rs. in Million) -----			
Net markup income	6,659	6,844	(2.70)
Non Markup Income	3,269	2,736	19.48
Non Markup Expenses	7,031	6,479	8.52
Profit before tax and provisions	2,897	3,102	(6.61)
Profit before taxation	2,831	3,077	(7.99)
Profit after taxation	1,643	1,879	(12.56)
Earnings Per Share (Rupees)	1.4906	1.7042	(12.56)

Statement of Financial Position	31 December 2017	31 December 2016	Variance (%)
----- (Rs. in Million) -----			
Shareholders' Equity (excluding surplus)	16,442	15,945	3.12
Deposits	227,348	209,925	8.30
Advances - net	164,293	125,306	31.11
Investments - net	117,429	117,884	(0.39)

The Bank posted profit after taxation of Rs. 1.643 billion which translates into earnings per share of Rs. 1.4906 (31 December 2016: Rs. 1.7042). Profit before taxation for the year stood at Rs. 2.831 billion against Rs. 3.077 billion last year. Net Markup Income decreased by 2.70 percent year on year owing to overall reduction in margins due to lower interest rates and intense competition, although there is positive volumetric variance. On the other hand, revenue streams of Dividend Income, Exchange Income and Capital Gains were higher by 24.89, 50.50 and 22.55 percent respectively, compared with FY 2016. Greater emphasis on Non Fund Based Income offset the impact of reduced spreads which increased by 19.48 percent and stood at Rs. 3.269 billion as against Rs. 2.736 billion last year. The results incorporate higher tax charge on account of Super tax which was re-imposed this year.



# DIRECTORS' REPORT TO SHAREHOLDERS

Non markup expenses increased by 8.52 percent due to inflationary pressure and the full year impact of branches opened in 2016. The branch network of the Bank now stands at 290 (2016: 288)

The Bank's net assets (including surplus) amounted to Rs. 18,505 billion as at 31 December 2017. Overall deposits showed a growth of 8.30 percent while current deposits increased by 22.37 percent year on year. Advances (net of provisions) grew by 31.11 percent. The Bank's net Advances to Deposits ratio increased to 72.26 percent from 59.69 percent in 2016. The NPL coverage was prudently managed. It increased to 82.77 percent (2016: 81.07 percent). Investments remained flat with major deployment being in government securities.

## Dividend

The Board has recommended a final cash dividend (D-9) of Re. 0.75/- per share (i.e. 7.50%) for the year ended 31 December 2017 to be approved in the 26th Annual General Meeting of the Shareholders.

## Looking Ahead

In FY 2018, the Bank is expected to deliver growth in its core income by increasing spreads. Our focus remains on reducing cost of deposits by improving the deposit mix. This along with the likely increase in discount rate regime will support our margins in 2018.

On non markup income the Bank has strategized to capitalize on our existing relations together with continuing the growth momentum in Trade volumes. In the outgoing year we saw a significant decline in the capital market index, in 2018 a turnaround will benefit us in recovering some lost ground.

The Bank has successfully managed to keep its NPL's at a sound level and will continue its efforts in increasing recoveries in 2018.

Investments have been made on the technological front as we are set to deliver the upgrade of our core banking system which will drive a lot of efficiencies and modernization; overall this will lead the way towards a fundamental shift in the way we do things.

There will be challenges ahead due to mounting political pressure and external sector vulnerabilities. However, the Bank is confident that 2018 will offer opportunities offered by infrastructure development projects and a visible improvement in security and power supply.

## Second (2<sup>nd</sup>) Issuance Of Term Finance Certificates (TFCs)

The Bank had issued its second Term Finance Certificates in the year 2015. It has been regular on meeting its commitments under the agreement and the fifth (5th) redemption and profit payments were duly made to the TFC investors on 05 January 2018.

## Credit Rating

The Pakistan Credit Rating Agency (PACRA) maintained the long term credit rating of AA- (Double A Minus) and short term rating of A1+ (A One Plus) with Stable Outlook through its notification dated: 15 December 2017 [2016: long term AA- (Double A Minus): short term A1+ (A One Plus)]

PACRA has also maintained the credit rating of unsecured, subordinated and listed Term Finance Certificates (TFC – 2) issue of worth PKR 3,000 million at A+ (Single A plus) with Stable Outlook vide its notification dated: 15 December 2017.

## Board of Directors

Election of Directors was held in 25th AGM convened on 28 March 2017. Out of the retiring directors both M/s. Amar Zafar Khan and Shahid Anwar opted not to contest the elections and in their place, M/s. Amin A. Feerasta and Inam Elahi were elected.

Further, during the year Syed Ali Zafar resigned effective 17 May 2017 and in his place, Mr. Jamil Hassan Hamdani was appointed by the Board on 17 May 2017. State Bank of Pakistan clearance to these appointments was duly received under the Fit & Proper Test requirements.

The Board 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"). Four directors are exempt from training as mentioned in Provisio to Regulation No. 5.19.7 of the Rule Book of Pakistan Stock Exchange Limited. Remaining one director was recently appointed against casual vacancy in May 2017.

Our directors have also attended various courses/workshops in recent years. In the year 2015, three directors have attended a week – long course on "The Accelerated Certificate in Company Direction" a program of the Institute of Directors, UK arranged in Pakistan by the PICG. Further during the year 2016, three other directors have also participated in a three full days' workshop on "Corporate Governance & Director Duties Excellence" held in Malaysia.



# DIRECTORS' REPORT TO SHAREHOLDERS

## Board and Committees' Meetings

Details of the meetings of the Board of Directors and its Committees held during 2017 and the attendance by each director/committee member are given as under:-

Sr. No.	Name of Director	Board of Directors Meetings		Board Audit Committee Meetings		Board Credit Committee Meetings		Board Human Resource & Remuneration Committee Meetings		Board Risk Management Committee Meetings		Board Independent Directors' Committee Meetings	
		Held during the tenor in the year	Attended**	Held during the tenor in the year	Attended**	Held during the tenor in the year	Attended**	Held during the tenor in the year	Attended**	Held during the tenor in the year	Attended**	Held during the tenor in the year	Attended**
1	Mr. Alauddin Feerasta	6	6	*	*	4	4	*	*	*	*	*	*
2	Mr. Mohammad Aftab Manzoor	6	6	*	*	4	4	1	1	4	4	*	*
3	Mr. Nooruddin Feerasta	6	4	4	3	4	3	*	*	*	*	*	*
4	Mr. Amin A. Feerasta (Executive Director)	5	4	*	*	*	*	*	*	4	4	*	*
5	Mr. Muhammad Rashid Zahir	6	6	4	4	4	4	1	1	*	*	*	*
6	Mr. Manzoor Ahmed (NIT Nominee)	6	5	*	*	3	3	5	5	4	4	*	*
7	Mr. Inam Elahi	5	4	3	2	*	*	4	4	4	3	1	1
8	Mr. Jamil Hassan Hamdani	4	4	2	2	*	*	3	1	*	*	1	1
9	Mr. Amar Zafar Khan	1	1	1	1	1	1	1	1	*	*	*	*
10	Syed Ali Zafar	2	1	1	1	*	*	*	*	*	*	*	*
11	Mr. Shahid Anwar (NIT Nominee)	1	1	1	1	*	*	1	0	*	*	*	*
<b>Total Number of meetings held during the year</b>		6		4		4		5		4		1	

\* 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.

# DIRECTORS' REPORT TO SHAREHOLDERS

## 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 (do not include deposit with banks) are as follows:

	31 December 2017 (Un-audited)	31 December 2016 (Audited)
	----- (Rupees in '000) -----	
Investments of Provident Fund	<u>381,060</u>	<u>525,730</u>
Investments of Gratuity Fund	<u>229,654</u>	<u>144,304</u>

## Compliance With Code of Corporate Governance

As required by the Code of Corporate Governance (the Code), a prescribed statement by the Board, along with Auditors' Review Report thereon, forms part of this Annual Report.

The directors are pleased to give the following statement as required by clause (xvi) of the Code:

- The financial statements present fairly the state of affairs of the Bank, the results of its operations, cash flows and changes in equity.
- Proper books of account of the Bank have been maintained.
- Accounting policies as stated in the notes to the financial statements have been consistently applied in the preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable to banks in Pakistan, and as stated in note 3 to the financial statements, have been followed in the preparation of the financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Bank's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations contained in the Rule Book of Pakistan Stock Exchange Limited.
- The details of outstanding statutory payments, if any, have been adequately disclosed in the financial statements.

## Statement on Risk Management Framework

The Bank's risk management framework is based on a clear understanding of various risks, disciplined risk assessment and measurement procedures and continuous monitoring. The Bank risk appetite framework sets out the qualitative and quantitative thresholds for risk capacity and tolerance. The Bank risk strategy seeks to balance the risk profile against sustainable returns to achieve the business goals of the Bank. Our Risk appetite is set in line with the overall strategy and approved by the board while the risk management framework identifies and manages current and emerging risks that could materially affect the delivery of the Bank strategy. The policies and procedures established for this purpose are continuously benchmarked with international best practices. The Board of Directors has oversight on all the risks assumed by the Bank. Specific Committees have been constituted to facilitate focused oversight of various risks.

Through our Risk Management Framework, we manage enterprise wide risks with the objective of maximizing risk-adjusted returns while remaining within our risk appetite. As part of this framework, the Board has approved a set of principles which describe the risk management culture prevails in the Bank. The Bank has formulated a comprehensive Stress Testing Policy to measure impact of adverse stress scenarios on the adequacy of capital. The stress scenarios are idiosyncratic, market wide and a combination of both.

In the interests of all our stakeholders, we only take risks within our risk appetite and risk tolerances, and where consistent with our approved risk strategy. Risk Management policies, models, tools and systems are regularly reviewed to improve the framework and reflect market changes. We take individual responsibility to ensure risk-taking is disciplined and focused, particularly within our area of authority. We make sure risk-taking is transparent, controlled and reported in line with the Risk Management Framework, within risk appetite and risk tolerance boundaries and only where there is appropriate infrastructure and resources.

Management of the Bank is well aware of the significance of establishing a meaningful risk management function in the Bank and established different Senior Management Committees to perform business decisions considering risk and returns thereby assist the BRMC/Board. The Bank has persistently invested in human capital, technology, market resources to strengthen the Risk Management Function in the Bank in executing the Bank's strategy, the Bank operates within internally approved risk appetite and external requirements relating to capital, liquidity and leverage risk. The Bank is committed to ensuring that effective risk management remains central to all its activities and is a core management competency. The aim is to ensure that risk management is embedded in the Bank's processes and culture, thus contributing to the achievement of its core objectives.



# DIRECTORS' REPORT TO SHAREHOLDERS

## Statement on Internal Controls

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

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

## Financial Statements

The financial statements of the Bank have been audited without qualification by the auditors of the Bank, M/s. A.F. Ferguson & Co., Chartered Accountants and approved/authorized by the Board in its meeting held on 20 February 2018 for issuance to the shareholders.

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

## External Auditors

The retiring auditors M/s. A.F. Ferguson & Co., Chartered Accountants, being eligible, offer themselves for re-appointment. The audit committee of the Board has recommended their re-appointment.

## Corporate Social Responsibility (CSR)

Soneri Bank endorses its brand promise of Roshan Har Qadam with its philanthropic efforts in the field of healthcare, education and women empowerment along with other areas of community development, sports and rehabilitation. A summary of the bank's key CSR activities during the year forms part of the Annual Report.

## Six Years' Operating and Financial Data

Six years financial performance of the Bank is presented on page No. 41.

## Pattern of Shareholding

The pattern of shareholding as required under section 227(2)(f) of the Companies Act, 2017 and Clause (xvi) of the Code of Corporate Governance, 2012 forms part of this Annual Report.

## Acknowledgment

We would like to take this opportunity to thank the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan and the Ministry of Finance for their continued support and guidance. We are also thankful to our valued customers for their continued patronage and confidence and want to extend our appreciation to the Bank employees as the driving force in the growth of the Bank over the years.

On behalf of the Board of Directors.

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**MOHAMMAD AFTAB MANZOOR**  
President & Chief Executive Officer

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**ALAUDDIN FEERASTA**  
Chairman

Karachi: 20 February 2018

## ڈائریکٹرز رپورٹ برائے مالیاتی سال 2017

سی ای او نے کاروباری فیصلوں میں خطرات اور منافع جات کو مد نظر رکھتے ہوئے معاونت کے لیے سینئر انتظامی کمیٹیاں تشکیل دی ہیں۔ اس میں اہم سینئر انتظامی کمیٹیاں یعنی مینجمنٹ ایگزیکٹو کمیٹی، ایسٹ اینڈ لائبریری کمیٹی (ALCO)، کریڈٹ رسک مینجمنٹ کمیٹی (CRMC)، آپریشنل رسک مینجمنٹ کمیٹی (ORMC) اور مارکیٹ اینڈ لیکویڈٹی رسک مینجمنٹ کمیٹی (MRMC) شامل ہیں۔ یہ کمیٹیاں رسک کے خاص معاملات میں بی آر ایم سی / بورڈ کی بھی معاونت کرتی ہیں۔

بینک نے ضابطے کے رہنما اصولوں کے مطابق اہم خطرے کی نشاندہی کے نظام کو مسلسل فعال رکھا ہوا ہے جس سے خاص خطرے سے نمٹنے میں مدد ملے گی اور سہولتی، استحکام اور منافع میں اضافے کے ساتھ کاروباری ترقی کا حصول یقینی ہوگا۔ بینک نے مستقل مزاجی کے ساتھ اپنے ملازمین اور ٹیکنالوجی کی بہتری کے لیے مارکیٹ میں دستیاب بہترین وسائل، ٹیکنالوجی (SAS) سے رسک مینجمنٹ ڈویژن کے حصے کی تشکیل میں سرمایہ کاری کی ہے۔

بینک اپنے رسک مینجمنٹ فریم ورک کو بین الاقوامی بہترین روایات اور اسٹیٹ بینک آف پاکستان کے رہنما اصولوں کے ذریعے بہتر / جدید بنانے کے لیے ہیومن ریورسز، ٹیکنالوجی اور تربیت کی مدد میں خصوصی سرمایہ کاری میں مصروف عمل ہے۔

### انٹرنل کنٹرولز پر بیان

بورڈ آف ڈائریکٹرز اپنی اس ذمہ داری سے بخوبی آگاہ ہے کہ ہماری بینکاری کے تمام آپریشنز کو برقرار رکھنے کے لیے سینئر انتظامیہ کی جانب سے انٹرنل کنٹرول کے نظام کو مناسب اور منوثر بنایا جائے۔ انٹرنل آڈٹ ڈویژن، انٹرنل کنٹرول کمپلائنس اینڈ کنٹرول گروپ اینڈ اسٹیٹیوٹری آڈیٹرز کی جانب سے انٹرنل کنٹرول سسٹم پر مبنی مختلف رپورٹس کے جائزے، مختلف پالیسیوں، طریقوں اور ہمارے دیگر معاملات کے جائزے اور منظوری کے لیے، وقتاً فوقتاً کیے جانے والے اقدامات کے حوالے سے، انتظامیہ کا یقین ہے کہ بینک کا موجودہ انٹرنل کنٹرول کا نظام اپنی تشکیل اور منوثر عملدرآمد اور نگرانی کے اعتبار سے موزون قرار دیا جاتا ہے۔

### مالیاتی گوشوارے

بینک کے مالیاتی گوشوارے کا آڈٹ بینک کے آڈیٹرز، میسرز، اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے کیا ہے اور بورڈ نے اسے حصص داران کے لیے جاری کرنے کی منظوری اختیار 20 فروری 2018 کو اپنے اجلاس میں دے دیا ہے۔

ڈائریکٹرز رپورٹ کی تاریخ اور مالی سال کے اختتام کے درمیان آپ کے بینک کی مالی حیثیت پر اثر انداز ہونے والی کوئی خاص تبدیلی نہیں آئی۔

### ایکسٹرنل آڈیٹرز

سکبدش ہونے والے آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے، اہل ہونے کی بنیاد پر خود کو دوبارہ تقرری کے لیے پیش کیا ہے۔ بورڈ کی آڈٹ کمیٹی نے ان کی دوبارہ تقرری کی سفارش کر دی ہے۔

### کارپوریٹ سوشل ریسپانسیبلٹی (CSR)

سونی ری بینک نے اپنے ادارے کے عزم "روشن ہر قدم" کے تحت صحت، تعلیم اور خواتین کو بااختیار بنانے کے ساتھ ساتھ کمیونٹی ڈیولپمنٹ، کھیلوں کی سرگرمیوں اور سماجی نوکی سرگرمیوں میں مستقل بنیادوں پر حصہ لیتا رہا ہے۔ اس سال کے دوران بینک کی اہم سی ایس آر (CSR) سرگرمیوں کی تفصیلات اس سالانہ رپورٹ کا حصہ ہیں۔

### چھ سالہ آپریٹنگ اینڈ فنانشل ڈیٹا

بینک کی چھ سالہ فنانشل کارکردگی صفحہ نمبر 41 پر پیش کی جاتی ہے۔

### شیئرز ہولڈنگ کا طریقہ کار

کمپنیز ایکٹ 2017 کے سیکشن (f)(2) اور کوڈ آف کارپوریٹ گورننس کی شق (xvi) کے تحت شیئرز ہولڈنگ کا طریقہ کار اس سالانہ رپورٹ کا حصہ ہے۔

### اظہار تشکر

ہم اس موقع پر اسٹیٹ بینک آف پاکستان، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور منسٹری آف فنانس کا تہہ دل سے مشکور ہیں کہ انہوں نے ہمیں مکمل حمایت اور راہنمائی سے نوازا۔ ہم اپنے معزز کسٹمرز کا بھی شکریہ ادا کرنا چاہیں گے جنہوں نے ہمیشہ اعتماد قائم رکھا۔ اس کے ساتھ ساتھ ہم بینک کے تمام ملازمین کا بھی شکریہ ادا کرتے ہیں جنہوں نے سالہا سال بینک کی ترقی کے لیے انتھک محنت کی اور اپنا کردار بخوبی نبھایا۔

بورڈ آف ڈائریکٹرز کی جانب سے



## ڈائریکٹرز رپورٹ برائے مالیاتی سال 2017

\* کمیٹی کے رکن نہیں

\*\* بورڈ کمیٹی کے ایسے ڈائریکٹرز/ارکان جن کی غیر حاضری پر چھٹی کو بورڈ کمیٹی نے منظور کیا، جو کچھ اجلاسوں میں شرکت نہیں کر سکے۔

### پروویڈنٹ اور گریجویٹ فنڈز کی سرمایہ کاری کا اسٹیٹمنٹ

بینک اپنے تمام مستقل ملازمین کے پروویڈنٹ اور گریجویٹ فنڈ اسکیموں کو چلا رہی ہے۔ انویسٹمنٹ بیلنسز (بینک میں ڈپازٹ شامل نہیں) درج ذیل ہیں

31 دسمبر 2016 (آڈٹ شدہ)	31 دسمبر 2017 (غیر آڈٹ شدہ)
525,730	381,060
144,304	229,654

پروویڈنٹ فنڈ کی سرمایہ کاری  
گریجویٹ فنڈ کی سرمایہ کاری

### کوڈ آف کارپوریٹ گورننس کی پاسداری

کوڈ آف کارپوریٹ گورننس (دی کوڈ) کی ضروریات کے مطابق، بورڈ کی جانب سے مجوزہ اسٹیٹمنٹ، بمع آڈیٹرز جائزہ رپورٹ کو اس سالانہ رپورٹ کا حصہ بنایا گیا ہے۔

ڈائریکٹرز کوڈ کی شق (xvi) کے تحت مطلوبہ درج ذیل اسٹیٹمنٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں:

- مالیاتی تفصیلات میں صاف طور پر بینک کے اسٹیٹ آف افیئرز، اس کے آپریشنز کے نتائج، زیر گردش نقدی اور ایکویٹی میں تبدیلیوں کو ظاہر کیا گیا ہے۔

- بینک کے بکس آف اکاؤنٹس کا مناسب طریقے سے انتظام کیا گیا ہے۔

- مالیاتی تفصیلات کے نوٹس میں درج اکاؤنٹنگ پالیسیوں پر تبدیلی کے علاوہ مالیاتی تفصیلات کی تیاری میں مسلسل عملدرآمد کیا جاتا ہے۔ اکاؤنٹنگ کے تخمینوں کی بنیاد موزوں اور قانونی فیصلے پر ہوتی ہے۔

- پاکستان کے بینکوں میں رائج انٹرنیشنل فنانشل رپورٹنگ کے معیارات کو مالیاتی تفصیلات کی تیاری کے دوران ملحوظ خاطر رکھا گیا ہے، جیسا کہ مالیاتی تفصیلات کے نوٹ 3 میں واضح کیا گیا ہے۔

- اندرونی نگرانی کا نظام موثر اور قابل اعتبار ہے۔

- بینک کے چلتے رہنے کی اہلیت پر کسی قسم کے خاص شکوک نہیں پائے جاتے۔

- کارپوریٹ گورننس کی بہترین روایات میں سے کسی کو بھی نظر انداز نہیں کیا گیا، جیسا کہ قواعد میں تفصیل سے بتایا گیا ہے۔

- قانونی واجبات الادا دیکھنے کی تفصیلات، اگر کوئی ہیں، انہیں مالیاتی تفصیلات میں مناسب طریقے سے ظاہر کیا گیا ہے۔

### رسک مینجمنٹ فریم ورک پر اسٹیٹمنٹ

بینک کے رسک مینجمنٹ فریم ورک کا انحصار مختلف خطرات، خطرے کی مربوط جانچ پڑتال اور معلومات حاصل کرنے کے طریقوں کے علاوہ مسلسل نگرانی پر ہے۔ اس مقصد کے لیے بنائی گئی پالیسیاں اور طریقے بین الاقوامی روایات کے مسلسل امین ہیں۔ بورڈ آف ڈائریکٹرز کی بینک کو درپیش تمام خطرات پر گہری نظر ہے۔ مختلف خطرات کی نگرانی پر توجہ دینے کے لیے خاص کمیٹیاں تشکیل دی گئی ہیں۔

رسک مینجمنٹ کے لیے بینک کی حکمت عملی میں خطرے کو مناسب طریقے سے نمٹنے کو یقینی بنانے پر دھیان دیا جاتا ہے تاکہ خطرے کے سامنے آنے پر اس کے ساتھ موثر طریقے سے نمٹا جائے اور ہماری تجارتی سرگرمیوں کے باعث پیدا ہونے والے خطرات پر قابو پانے کے لیے مناسب رقم کا بھی انتظام موجود ہوتا ہے۔ خطرات سے نمٹنے کے لیے ان کی سطح کے مطابق بورڈ اور ان کی کمیٹیوں کی جانب سے سینئر انتظامی کمیٹیاں تشکیل دی گئی ہیں۔ ہم نے بینک کو درپیش تمام اہم خطرات کی نشاندہی، نگرانی اور ان کے ساتھ نمٹنے میں مددگار جامع پالیسیوں کا فریم ورک، طریقہ کار اور انتظام تشکیل دے دیا ہے۔ اس طرح ہمیں بینک کے بنیادی مقاصد کے حصول کے لیے کوششوں پر توجہ اور ہمارے اسٹیٹک ہولڈرز کے لیے طویل مدتی پالیسیاں بنانے میں آسانی ہوتی ہے۔

بینک کی جانب سے خطرے سے نمٹنے کے لیے پالیسیوں اور انتظامی فریم ورک کی بدولت بینک کی رسک مینجمنٹ سرگرمیوں کے لیے قوانین اور رہنما اصولوں پر عملدرآمد کو یقینی بنایا جاتا ہے۔ اثاثہ جات کو برقرار رکھنے، حکمت عملی کے لیے منصوبہ بندی اور بجٹ کی تیاری کے فیصلوں میں ان سے ہمیں مدد ملتی ہے، اس کے علاوہ خطرات کو مناسب اور موزوں طریقے سے کم کرنے کے لیے یقینی کارکردگی سے فائدہ ہوتا ہے۔ خاص طور پر، بینک رسک اپنی ٹائٹ، بینک کے انٹرنل کیپٹل ایڈیکٹیویٹی اسٹیٹمنٹ پروسیس (ICAAP) کا حصہ ہے، جو کہ باوجود معلوم کرنے کے بعد بینک کے اثاثے، خطرے، اور منافع کو یقینی دباؤ کے حالات میں بھی قابل قبول حد تک برقرار رکھتا ہے۔



## ڈائریکٹرز رپورٹ برائے مالیاتی سال 2017

بورڈ اپنے تریبیٹی پروگرام کے سلسلے میں قوانین کی مکمل پاسداری کرتا ہے۔ دو ڈائریکٹرز نے پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس (PICG) سے ”سرٹیفکیٹ آف ڈائریکٹرز ایجوکیشن“ حاصل کیا ہے۔ پاکستان اسٹاک ایکسچینج کے قواعد کی شق نمبر 5.19.7 کے مطابق چار ڈائریکٹرز تربیت سے مستثنیٰ ہیں۔ جبکہ ایک ڈائریکٹر کی مئی 2017 میں خالی جگہ پر تقرری کی گئی ہے۔

ہمارے ڈائریکٹرز نے مختلف کورسز اور کٹاپس میں بھی شرکت کی ہے۔ سال 2015 میں، تین ڈائریکٹرز نے انسٹی ٹیوٹ آف ڈائریکٹرز، یو کے، کے پروگرام کے تحت، پی آئی سی جی (PICG) کی جانب سے پاکستان میں منعقدہ ایک ہفتے پر محیط کورس ”دی ایکسی لریڈ سرٹیفکیٹ ان کمپنی ڈائریکشن“ میں شرکت کی۔ مزید برآں سال 2016 کے دوران، تین دیگر ڈائریکٹرز نے ملائیشیا میں منعقدہ تین دن کی ورکشاپ ”کارپوریٹ گورننس اینڈ ڈائریکٹرز یوٹیل ایبلیٹی لنس“ میں شرکت کی۔

### بورڈ اور کمیٹیوں کے اجلاس

2017 کے دوران بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کے منعقدہ اجلاسوں اور ہر ڈائریکٹر کمیٹی کے رکن کی جانب سے شرکت کی تفصیلات درج ذیل ہے:

خود مختار ڈائریکٹرز کمیٹی اجلاس	بورڈ ریسک مینجمنٹ کمیٹی کے اجلاس		بورڈ ہبومن ریسورس اور معاوضہ کمیٹی کے اجلاس		بورڈ کریڈٹ کمیٹی کے اجلاس		بورڈ آڈٹ کمیٹیوں کے اجلاس		بورڈ آف ڈائریکٹرز کے اجلاس		ڈائریکٹر کا نام	سیریل نمبر	
	سال کے دوران منعقدہ اجلاس	شرکت	سال کے دوران منعقدہ اجلاس	شرکت	سال کے دوران منعقدہ اجلاس	شرکت	سال کے دوران منعقدہ اجلاس	شرکت	سال کے دوران منعقدہ اجلاس	شرکت			
*	*	*	*	*	4	4	*	*	6	6	محترم علاؤ الدین فراستہ	1	
*	*	4	4	1	1	4	4	*	*	6	6	محترم محمد آفتاب منظور	2
*	*	*	*	*	*	3	4	3	4	6	6	محترم نور الدین فراستہ	3
*	*	4	4	*	*	*	*	*	*	4	5	محترم امین اے۔ فراستہ (ایگزیکٹو ڈائریکٹر)	4
*	*	*	*	1	1	4	4	4	4	6	6	محترم محمد رشید ظاہر	5
*	*	4	4	5	5	3	3	*	*	5	6	محترم منظور احمد (ایم آئی ٹی کے نامزد)	6
1	1	3	4	4	4	*	*	2	3	4	5	محترم انعام الہی	7
1	1	*	*	1	3	*	*	2	2	4	4	محترم جمیل حسن ہمدانی	8
*	*	*	*	1	1	1	1	1	1	1	1	محترم عامر ظفر خان	9
*	*	*	*	*	*	*	*	1	1	1	2	محترم سید علی ظفر	10
*	*	*	*	0	1	*	*	1	1	1	1	محترم شاہد انور (ایم آئی ٹی کے نامزد)	11
1	4	5	4	4	4	6	سال کے دوران منعقدہ اجلاسوں کی تعداد						



## ڈائریکٹرز رپورٹ برائے مالیاتی سال 2017

بینک کے خالص اثاثہ جات (جمع سرپلس) 21 دسمبر 2017 کو 18.505 بلین روپے تک پہنچ گئے ہیں۔ مجموعی طور پر ڈپازٹس میں 8.30 فیصد اضافہ ہوا جبکہ CA ڈپازٹس میں پچھلے سال کے مقابلے میں 22.37 فیصد اضافہ ہوا۔ ایڈوانسز (بعد از تموین) میں 31.11 فیصد اضافہ ہوا۔ اس سال بینک کے نیٹ ایڈوانسز برائے ڈپازٹس کی شرح 72.26 فیصد رہی جو سال 2016 میں 59.69 فیصد تھی۔ غیر فعال قرضوں کی اچھی طرح نگرانی کی گئی اور ان کی کوریج میں 82.77 فیصد اضافہ ہوا (81.07:2016 فیصد)۔ سرمایہ کاری میں پچھلے سال کے مقابلے میں کوئی کمی پیش نہیں دیکھی گئی اور زیادہ سرمایہ کاری حکومتی سیکورٹیز میں کی گئی۔

### ڈیویڈنڈ

بورڈ نے 31 دسمبر، 2017 کو ختم شدہ سال کے لیے 0.75 پیسے فی حصص (یعنی 7.5 فیصد) کے حساب سے حتمی نقد منافع منقسمہ (D-9) کی ادائیگی کی سفارش کی ہے۔ جس کی منظوری حصص داران کی چھبیسویں سالانہ اجلاس عام میں دی جائے گی۔

### مستقبل کی منصوبہ بندی

مالی سال 2018 کے دوران بینک اسپرڈز میں اضافے کے ساتھ اپنی بنیادی آمدنی میں اضافے کی توقع کر رہا ہے۔ ہماری توجہ ڈپازٹس کو بہتر کرنے کی جانب مرکوز ہے جس کے لیے ہم ڈپازٹس کی لاگت کو کم کریں گے۔ اس کے علاوہ جو ممکنہ شرح سود میں اضافہ ہے وہ سال 2018 میں ہمارے مارجن کو سپورٹ مہیا کرے گا۔

بینک نے اپنی نان مارک اپ آمدنی بڑھانے کی حکمت عملی کچھ اس طرح ترتیب دی ہے کہ اپنے موجودہ تعلقات سے فائدہ اٹھانے کے ساتھ ساتھ اپنے تجارتی حجم میں اضافے کو بڑھائے گا۔ ہم نے گزشتہ سال کے دوران کپٹیل انڈیکس مارکیٹ میں واضح کمی دیکھی ہے لیکن سال 2018 میں ہونے والی بہتری سے اس نقصان کو پورا کرنے میں خاطر خواہ مدد ملے گی۔

غیر فعال قرضوں کی وصولیابی کے لیے بہت موثر اقدامات کیے گئے اور بینک کو خاطر خواہ کامیابی بھی حاصل ہوئی ہے۔ اب سال 2018 میں توقع کی جاتی ہے کہ غیر فعال قرضوں کی وصولیابی کے لیے اقدامات مزید موثر انداز میں جاری و ساری رکھے جائیں گے۔

تیکنیکی امور میں خاطر خواہ سرمایہ کاری کی گئی ہے جس سے ہمارا بینکاری کا نظام مکمل طور پر اپ-گریڈ ہو جائے گا اور ہمارے سسٹم میں جدت اور کارکردگی میں اضافہ ہوگا۔ جس کے باعث ہمیں مجموعی طور پر اپنے امور کو مزید بہتر طریقے سے انجام دینے میں معاونت ملے گی۔

سیاسی دباؤ اور بیرونی مشکلات کے سبب بہت سے کٹھن مسائل کا سامنا کرنا پڑے گا تاہم بینک کو مکمل یقین ہے کہ ملک میں ہونے والے انفراسٹرکچر پروجیکٹس، امن و آمان کی بہتر صورتحال اور توانائی کی صورتحال میں واضح بہتری کے سبب سال 2018 میں بہت سے مثبت مواقع میسر آئیں گے۔

### دوسرے (2<sup>ND</sup>) ٹرم فنانس سرٹیفکیٹس (TFCs) کا اجراء

بینک نے اپنے دوسرے ٹرم فنانس سرٹیفکیٹس سال 2015 میں جاری کیے تھے۔ معاہدے کے تحت بینک اپنی ادائیگی بروقت کرتا رہا ہے اور ٹی ایف سی کے سرمایہ کاروں کو پانچویں (5th) ریڈیشن اور منافع کی ادائیگیاں بھی 05 جنوری 2018 کو کر دی گئی ہے۔

### کریڈٹ ریٹنگ

پاکستان کریڈٹ ایجنسی (PACRA) نے اپنے نوٹیفیکیشن جاری کردہ بتاریخ 15 دسمبر 2017 میں بینک کی طویل المدت کریڈٹ ریٹنگ-AA اور مختصر المدت کریڈٹ ریٹنگ A1+ کو مستحکم آؤٹ لک کے ساتھ برقرار رکھا ہے۔ (2016: طویل المدت-AA: مختصر المدت A1+)

PACRA نے اپنے نوٹیفیکیشن جاری کردہ بتاریخ 15 دسمبر 2017 میں 3,000 ملین روپے مالیت کے subordinated, unsecured اور لٹلڈ ٹرم فنانس سرٹیفکیٹ (TFC-2) کی کریڈٹ ریٹنگ A+ کو بھی مستحکم آؤٹ لک کے ساتھ برقرار رکھا ہے۔

### بورڈ آف ڈائریکٹرز

ڈائریکٹرز کا انتخاب پچیسویں سالانہ عام اجلاس مورخہ 28 مارچ 2017 کو ہوا تھا۔ ریٹائر ہونے والے دونوں ڈائریکٹرز جناب عامر ظفر خان اور جناب شاہد انور نے دوبارہ انتخابات میں حصہ نہ لینے کا فیصلہ کیا اور ان کی جگہ جناب امین اے فراستہ اور جناب انعام الہی کو منتخب کیا گیا۔

اس سال کے دوران جناب سعید علی ظفر مورخہ 17 مئی 2017 سے مستعفی ہوئے اور ان کی جگہ بورڈ کی جانب سے مورخہ 17 مئی 2017 کو جناب جمیل حسن ہمدانی کی تقرری کی گئی۔ اسٹیٹ بینک آف پاکستان کی جانب سے ان نامزدگیوں کی منظوری فٹ اینڈ پراپرٹس کے تحت موصول ہو گئی تھی۔

# ڈائریکٹرز رپورٹ برائے مالیاتی سال 2017

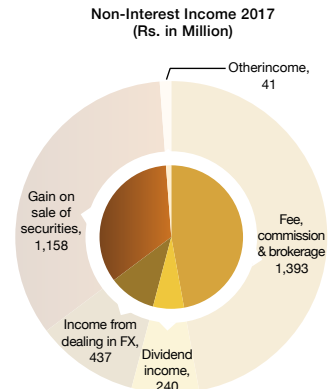
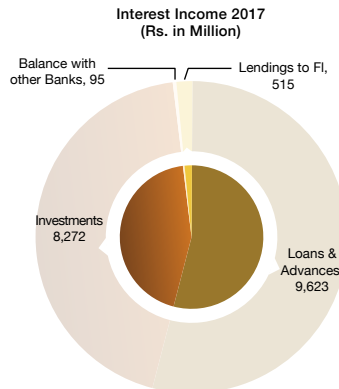
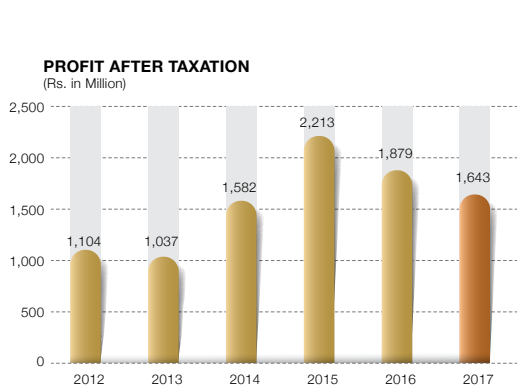
## آپریٹنگ نتائج

مالی سال 2017 کے لیے مالیاتی نتائج کی اہم سرخیاں مندرجہ ذیل ہیں:

فرق %	31 دسمبر 2016	31 دسمبر 2017	نفع و نقصان کا حساب کتاب
	----- روپے بلین میں -----		
(2.70)	6,844	6,659	نیٹ مارک اپ آمدنی
19.48	2,736	3,269	نان مارک اپ آمدنی
8.52	6,479	7,031	نان مارک اپ اخراجات
(6.61)	3,102	2,897	منافع قبل از ٹیکس اور ٹرمین
(7.99)	3,077	2,831	منافع قبل از ٹیکس
(12.56)	1,879	1,643	منافع بعد از ٹیکس
(12.56)	1,7042	1,4906	فی حصص آمدنی (روپے)

فرق %	31 دسمبر 2016	31 دسمبر 2017	اسٹیٹمنٹ برائے مالیاتی
	----- روپے بلین میں -----		
3.12	15,945	16,442	حصص یافتگان ایکویٹی (سرپلس کے بغیر)
8.30	209,925	227,348	ڈپازٹس
31.11	125,306	164,293	خالص ایڈوانسز
(0.39)	117,884	117,429	خالص انویسٹمنٹس

بینک نے بعد از ٹیکس 1,643 بلین روپے منافع حاصل کیا ہے جو کہ 1,4906 روپے فی حصص آمدنی کو ظاہر کرتا ہے (31 دسمبر 2016: 1,7042 روپے)۔ اس سال قبل از ٹیکس منافع گزشتہ سال کے 3,077 بلین روپے کے مقابلے میں 2,831 بلین روپے پر رہا۔ نیٹ مارک اپ آمدنی میں مجموعی طور پر مارجن میں کم شرح سود کے سبب کمی اور سخت مسابقتی رجحان کے سبب 2.70 فیصد کمی واقع ہوئی ہے اگرچہ بینک کے حجم میں خاطر خواہ اضافہ دیکھنے میں آیا ہے۔ دوسری جانب گزشتہ مالی سال 2016 کے مقابلے میں اس سال ریونیو، ڈیویڈنڈ انکم، ایکسچینج انکم اور کپٹل گینز با ترتیب 24.89، 50.50 اور 22.55 فیصد رہے۔ نان فنڈڈ بیسڈ انکم پر توجہ مرکوز رکھی گئی اور وہ گزشتہ سال کی 2,736 بلین روپے کے مقابلے میں 19.48 فیصد اضافے کے ساتھ 3,269 بلین روپے پر موجود ہے۔ جس کی وجہ سے مارجن میں کمی کے اثر کو کم کیا ہے۔ ان نتائج میں زیادہ ادا شدہ ٹیکس شامل ہے جس کی وجہ سے ٹیکس ہے۔ جو اس سال دوبارہ عائد کیا گیا تھا۔



نان مارک اپ اخراجات میں افراط زر کے دباؤ اور سال 2016 میں آغاز کی گئی نئی شناختی امور کے سبب 8.52 فیصد اضافہ ہوا۔ اس وقت بینک کی شناختی کی تعداد 290 ہو چکی ہے (2016:288)۔



## ڈائریکٹرز رپورٹ برائے مالیاتی سال 2017

ہم نہایت مسرت کے ساتھ بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر، 2017 کو ختم شدہ مالیاتی سال کے لیے، آڈٹ شدہ مالی تفصیلات اور آڈیٹرز رپورٹ کے ساتھ سویری بینک لمیٹڈ (بینک) کی ڈائریکٹرز رپورٹ پیش کر رہے ہیں۔

### معیشت

مالی سال 2017 میں ملکی شرح نمو دہائی کی سب سے بلند ترین سطح 5.3 فیصد پر جا پہنچی جس کی وجہ ترقی کے رجحان میں جاری سلسلہ، زرعی پیداوار میں بہتری، خدمات اور مینوفیکچرنگ کے شعبہ جات میں ہونے والا اضافہ ہے۔ مزید یہ کہ، انفراسٹرکچر اور CPEC سے متعلقہ پروجیکٹس میں جاری سرگرمیوں کے سبب تعمیرات سے متعلق شعبوں میں ترقی کا سلسلہ جاری رہا ہے۔ اگرچہ کیپٹل مارکیٹ تنزلی کا شکار رہی ہے لیکن دوسری صورت میں سال 2017 کے دوران معیشت کو نجی شعبے میں قرضوں کی بہتر فراہمی کے سبب ہونے والی ترقی سے بہت معادلت حاصل ہوئی ہے۔ اس سال کے دوران، ملک کے زرمبادلہ کے ذخائر 3 بلین ڈالر کی کمی کے ساتھ 20.2 بلین ڈالر رہے، چونکہ مکمل درآمد کو پوری طرح زرمبادلہ کے ذخائر سے فنڈ نہیں کیا جاسکتا ہے، جس کی وجہ سے موجودہ کاؤنٹ خسارے کو دباؤ کا سامنا کرنا پڑا۔

مالی سال 2017 کی پہلی دوسہ ماہی میں ہیڈ لائن افراط زر مستحکم رہی لیکن تیسری اور چوتھی سہ ماہی میں بتدریج اضافہ ہوا ہے۔ پاکستانی روپیہ کی قدر میں 5 فیصد کمی اور تیل کی عالمی قیمتوں میں اضافے کے سبب افراط زر پر مزید دباؤ متوقع ہے۔

مالی سال 2018 قرضوں کی ادائیگی کے لیے فنڈز کے حصول اور ضروری درآمدات کی فنڈنگ کے سلسلے میں مشکل سال ثابت ہو سکتا ہے لیکن معیشت ترقی کی جانب رواں ہے اور اسے توانائی کی بہتر سپلائی اور امن و آمان کی بہتر صورتحال سے فائدہ حاصل ہوگا۔

### کاروباری جائزہ

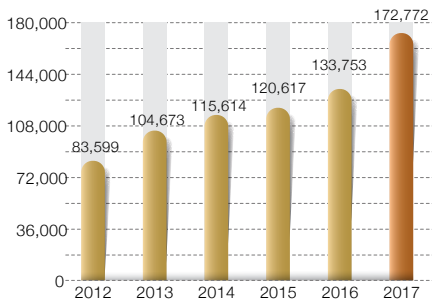
اگرچہ سال 2017 میں بینک کے حجم میں خاطر خواہ اضافہ ہوا لیکن کم شرح سود کے سبب بینک کے مارجن کم رہے۔ نیٹ مارک اپ آمدنی میں 2.70 فیصد کمی کو نان مارک اپ آمدنی میں دوہرے ہندسوں کی ترقی نے خاطر خواہ پورا کیا۔ ہمارے توسیعی اور تکنیکی جدت طرازی امور کے سبب نان مارک اپ اخراجات میں اضافہ ہوا جبکہ غیر فعال قرضوں کی مناسب سطح پر دیکھ بھال کی گئی۔

سال 2017 میں بینک نے جغرافیائی حدود اور بیلنس شیٹ حجم کے لحاظ سے ترقی کی اور حصص داران کو خاطر خواہ منافع فراہم کیا۔ اس وقت سویری بینک اپنی 290 شاخوں اور 313 اے ٹی ایم کے ساتھ ملک کے 133 شہروں میں کسٹمرز کو آج کے دور کی ضروریات کے عین مطابق مالیاتی خدمات و سہولیات، آسانیاں اور مالی تحفظ فراہم کر رہا ہے۔

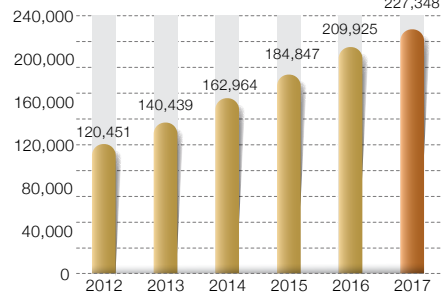
آپ کے بینک نے ایس بی پی پی سیل III کے تقاضے مناسب حد تک پورے کر لیے ہیں اور سرمائے کی قابل قبول شرح یعنی 12.77 فیصد کے ساتھ اپنی ترقی کے منصوبوں میں کامیاب ہونے کے لیے بالکل تیار ہے۔

اگر بینک کی گزشتہ چھ سالہ کارکردگی کا جائزہ لیا جائے تو بینک کے ڈپازٹس 227.35 بلین روپے ہو گئے جو کہ 13.55 فیصد جامع سالانہ شرح ترقی ظاہر کرتے ہیں۔ ڈپازٹس کے CASA جز نے چھ سالہ 13.96 فیصد جامع سالانہ ترقی کے ساتھ متاثر کن ترقی دکھائی ہے۔ یہ بینک کی کم لاگت والے ڈپازٹ کو متحرک رکھنے کی پالیسی کو ظاہر کرتے ہیں۔ اسی طرح نیٹ ایڈوانسز چھ سالہ 16.31 فیصد جامع سالانہ شرح ترقی کے ساتھ بڑھ کر 164.293 بلین روپے ہو گئے۔

**GROSS ADVANCES**  
(Rs. in Million)



**DEPOSITS**  
(Rs. in Million)



# STATEMENT OF INTERNAL CONTROLS

YEAR ENDED 31 DECEMBER 2017

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 31 December 2017.

The Board of Directors has 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 (BAC) 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 conduct on site monitoring of branches through periodical visits and Off-Site monitoring through various automated tools such as SAS AML ,World Check, Sonaware dot net as well as various internally developed systems by Compliance & Control Group.

The Bank has adopted the internationally accepted COSO (Committee of Sponsoring Organizational of Tread way 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 Department which is also an integral part of Compliance & Control Group of the Bank.

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

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

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

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

The Bank has also successfully completed the cycle of SBP's Internal Control over Financial Reporting exercise for the Year 2017 and report will be submitted by BAC to the State Bank of Pakistan during the year 2018.

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**MOHAMMAD AFTAB MANZOOR**

President & Chief Executive Officer

Karachi: 20 February 2018



# CODE OF CONDUCT

(SUMMARIZED VERSION)

This Code of Conduct (Code) outlines the principles, policies and laws that govern the activities of Soneri Bank Limited (Bank), and to which the Board members, employees and others who work with the Bank, or represent the Bank directly or indirectly must adhere. All employees are required to read, understand, sign and follow the Code of Conduct.

## OBJECTIVE

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

### 1. OUTSIDE BUSINESS INTEREST

No employees shall engage directly or indirectly, in any other business but shall faithfully and diligently, perform the duties entrusted to him /her from time to time and devote maximum time and attention to work of the Bank, and ensure his/her best endeavors to promote its interest and welfare. No employee shall take up any activity which will bring him/her any reward or remuneration or benefit, directly or indirectly other than from the job at the Bank.

### 2. FINANCIAL INTEREST

No employee or his/her immediate family shall enter into speculative and trading activity in stocks, shares, bonds, or any other securities or commodities, either on his/her own account or that of any other person, firm, company, nor shall involve in other speculative activity (ies) including betting/gambling. Further, an employee and his/her immediate family shall not derive any benefit or assist others to derive any benefit from the access to and possession of information about the Bank, which is not in the public domain and thus constitutes inside information. All the employees are required to comply with the applicable company law on prevention of insider trading.

### 3. ANTI BRIBERY & CORRUPTION

No employee shall accept any presents either in cash or kind from Bank clients, suppliers, vendors and contractors or others, by way of illegal gratification or otherwise. Any such instance where business judgment has been compromised due to such monetary or non-monetary gifts will be considered as a violation of this code. Accepting gifts and benefits that may appear as engaging others in bribery or influencing for a consideration for an official or business favor is prohibited.

No employee shall give or take bribes or engage in any form of corruption.

### 4. VIOLATION OF LAW

No payment or transaction should be made or undertaken, by an employee or authorized or instructed to be made or undertaken by any other person or the Bank if the consequence of that transaction or payment would be the violation of any law in force.

### 5. POLITICAL PARTICIPATION

No employee shall take part in, subscribe in any aid of, assist in or take part in any political activity whatsoever. No employee shall canvass or otherwise, interfere or use his/her influence in connection with or take part in any election to a legislative or local body, whether in Pakistan or elsewhere. Provided that a Bank employee who is qualified to vote at such elections may exercise his/her right to vote.

### 6. PROTECTING BANKS RESOURCES

An employee must not peruse such outside business activity(ies) and relationships using Banks resources (including but not limited to physical space, office supplies, office communication equipment or time) or allow any outside business, civic or charitable activities to interfere with his/her job performance. Employees must never compromise on integrity, either for personal or professional benefit. Each employee is also personally responsible for the integrity of the information, reports and records under his/her control.

### 7. ACT OF MISCONDUCT

Employee shall not commit any act of subversion or misconduct or misbehavior; and will also not act in any manner, which could be prejudicial or detrimental to the interest of the Bank. The Bank shall be entitled to dispense with the services of any employee, any time per the law of his/her employment and/or repeated negligence, disobedience, dishonesty, breach of trust, acts of any other misconduct or subversion without any notice.

### 8. DATA SECURITY AND CONFIDENTIALITY

All employees shall avoid, during his/her employment or thereafter to disclose or divulge to any person whomsoever any information relating to the Bank or its customers, suppliers, employees or any confidential information which he/she may have access to while being in the service of the Bank. All employees shall be bound to protect the confidentiality of the non-public information at all times.

### 9. ABIDANCE OF LAWS OF THE LAND

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

### 10. PUNCTUALITY

Employees are expected to be at work on time every business day. In the event that employee is absent or late due to illness, accident or personal reasons, he/she is required to inform his/her supervisor as soon as possible so that the department may make other arrangements for substitute help while the employee is away.

### 11. SEPARATION FROM THE BANK

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

# CODE OF CONDUCT

(SUMMARIZED VERSION)

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.

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

## 12. ETHICS, DISCRIMINATION OR HARASSMENT

All employees are expected to comply with ethical standards as a critical element of their responsibilities. It is encouraged to raise possible ethical issues and Bank prohibits any retaliatory action against any individual for raising legitimate concerns regarding ethics, discrimination or harassment matters or for reporting suspected violations. In case of any issue that has been reported, investigation/inquiry shall be held, and all employees are required to fully co-operate with any appropriately authorized internal or external investigations.

## 13. DRESS CODE & PERSONAL HYGIENE

Employees are expected to dress in a manner consistent with the nature of work performed. While at work, all employees are expected to dress neatly and appropriately in normal office as per the Dress code policy of the Bank.

All employees are expected to abide with the personal hygiene requirements.

## 14. PROTECTING BANK RESOURCES

All employees are responsible for safeguarding the tangible and intangible assets of the Bank and its customers, suppliers and distributors that are under their control. Bank assets may be used only for proper company purpose. Misappropriation, carelessness or waste of Bank assets is a breach of one's duty to the Bank and should be avoided at all cost.

## 15. FRAUD, THEFT OR ILLEGAL ACTIVITY

An employee must not:

- steal, embezzle or misappropriate money, funds or anything of value from the Bank, doing so shall subject him/her to potential disciplinary action according to the Bank policy
- use Bank's assets for personal gain or advantage
- remove Bank's assets from their premises and facilities unless properly authorized by the relevant competent authority
- use Bank's stationery or corporate documents, Bank's brand name for non official purposes since such implies endorsement from Soneri Bank

## 16. EMPLOYEE IDENTIFICATION & SECURITY

If employees are supplied with an identification card, this must be worn visibly when on Bank's premises. Each employee is also responsible for the safekeeping of his/her ID card.

## 17. PASSWORD SECURITY

All employees are responsible to safeguard their password and ensure that they maintain honesty and integrity at all times. Password is unique to an individual and its sharing is strictly prohibited. In an event where it is reported that employees have shared their login credentials (User ID/Password) with other employees, both the parties would be accountable and liable to strict disciplinary action which may result in termination from employment.

## 18. USE OF COMMUNICATION TOOLS

Bank's telephone, e-mail, voice-mail, computer, systems etc are primarily for business purposes. Employees may not use these systems in a manner that could be harmful or embarrassing to the Bank. Personal communications using these systems must be kept to a minimum. In case of his/her separation from the Bank, all rights to property and information generated or obtained as part of an employment relationship remains the exclusive property of the Bank only.

An employee must never use Bank systems to transmit or receive electronic images or text of a sexual nature or containing ethnic slurs, racial epithets or any other material of a harassing, offensive or lewd nature.

## 19. RECORD MANAGEMENT

Records are very important business assets. The Bank is committed to managing its records in a consistent, systematic and reliable manner; records provide evidence for business activities and decisions and are often required to meet legal and regulatory requirements. Employees are required to retain the records in accordance with their importance and applicable statutory record retention requirements and Bank policies.

## 20. TAXATION

The Bank is also committed to accuracy in tax related records and tax reporting in compliance with the overall intent and applicable laws. Tax returns must be filed on a timely basis and taxes due paid in time.

## 21. WORKFORCE DIVERSITY

The Bank believes that diversity in the staff is critical to its success and is fully committed to equal employment opportunity, compliance with fair employment practices and non discrimination laws. The Bank prohibits sexual or any other kind of discrimination, harassment or intimidation, whether committed by or against a supervisor, co-worker, customer, vendor or visitor.

## 22. RELATED STAFF MEMBERS

Where husbands, wives or other relatives are employed in the same or related areas, no employee should allow personal and/or domestic circumstances to impinge upon or affect either working relationships or the breach of Bank's employment regulations regarding confidentiality and fidelity.



# CODE OF CONDUCT

## (SUMMARIZED VERSION)

### 23. DRUG FREE WORKPLACE

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

### 24. HEALTH AND SAFETY

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

### 25. UNFAIR DEALING PRACTICES

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

### 26. MEDIA AND PUBLIC SPEAKING

No employee other than the authorized personnel is allowed to publish, make speech, give interviews or make public appearance that are connected to Bank's business interests, else an approval is required from Head of HR, Head of Compliance and President.

### 27. VENDOR RELATIONSHIP

Employees responsible for buying assets on Bank's behalf should purchase all goods and services on the basis of quality, price, availability, terms and service. Employees responsible for customer relationship must never lead a supplier or customer to believe that they can inappropriately influence any procurement decisions at Bank. Employees shall ensure to abide by all the provisions of the Fixed Asset Management and Expenditure Control Policies of the Bank

### 28. CONFLICT OF INTEREST

Real or perceived conflicts of interest in any process or form should be disclosed and avoided. An employee or any of his/her relatives/associates should not derive any undue personal benefit or advantage by virtue of his/her position or relationship with the Bank. Any dealings with a related party must be conducted in such a way that no preferential treatment is given and adequate disclosures are made as required by the law and as per the applicable policies of the Bank.

Employees must be sensitive to any activities, interests or relationships that might interfere with or even appear to interfere with his/her ability to act in the best interests of the Bank and its customers.

An employee must notify an authorized person or HR of any business relationship or proposed business transaction Bank may have with any company in which he/she or a related party has a direct or indirect interest or from which he/she or related party may derive a benefit. Even if related party or relative is employed, this may raise conflict of interest. Therefore, it should be avoided.

### 29. ACCESS TO BUSINESS INFORMATION

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

### 30. CUSTOMER CONFIDENTIALITY

Employees of the Bank are strictly prohibited to disclose the fact to the customer or any other quarter that a suspicious transaction or related information is being or has been reported to any authority, except if required by law.

### 31. PERSONAL INVESTMENTS

If any personal investment that affects or appears to affect an employee's ability to make an unbiased business decision for Bank, should be avoided.

### 32. PERSONAL FINANCIAL NEEDS

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

### 33. MODIFICATIONS AND AMENDMENTS

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

### 34. BREACH OF CODE OF CONDUCT

In case of the breach of any of the above "Code of Conduct", the employee shall be liable to disciplinary action. This shall be without prejudice, to any other rights and remedies of the Bank.

Failure to observe these policies may result in a disciplinary action, up to and including immediate termination of employment or any other relationship with the Bank. Furthermore, violations of this Code may also be violations of the law and may result in civil or criminal penalties.

If an employee has any questions about these policies or would like to report violation of the Code of Conduct, he/she may approach Head of Compliance Division for further guidance and advice.



# MECHANISM ADOPTED FOR BOARD'S OWN PERFORMANCE EVALUATION

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

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

Scale from 1 to 5 (1 being "Strongly disagree" and 5 being "Very strongly agree") is used to rate the assessment criteria given under each section. Feedback so received from each director is then collated and analyzed to denote Performance in percentage terms against each of the above mentioned section.

Final result of the Annual Evaluation of the Board's Own Performance is then presented to the Board of Directors which it accordingly reviews and identifies any issues, weaknesses or challenges along with how these can be adequately addressed. Accordingly, Board has reviewed its Performance Evaluation for the year 2016 in its 159th meeting convened on 09 December 2017.

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



# STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 5.19 of the Rule Book of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Bank has applied the principles contained in the CCG in the following manner:

1. The Bank encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present, the Board comprises of seven members, of whom six are non-executive directors including two independent directors and one is executive director. Further, the President and CEO is also deemed executive director:

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

The independent directors meet the criteria of independence under clause 5.19.1.(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Bank (excluding the listed subsidiaries of listed holding companies where applicable), except one director who has valid SECP exemption.
3. All the resident directors of the Bank are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFC or, being a Broker of the stock exchange, has been declared as a defaulter by that stock exchange.
4. New Board was elected in Twenty-Fifth Annual General Meeting of the Shareholders held on 28 March 2017. Post elections, one casual vacancy occurred on the Board with resignation of Syed Ali Zafar. The Board filled the casual vacancy with the appointment of Mr. Jamil Hassan Hamdani in accordance with CCG requirements.
5. 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.
6. The Board has developed a vision/ mission statement, overall corporate strategy and significant policies of the Bank. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board 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"). Four directors are exempt from training as mentioned in proviso to Regulation No. 5.19.7 of the Rule Book of Pakistan Stock Exchange Limited. Remaining one director was recently appointed against casual vacancy in May 2017.

# STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

- 9.1 Our directors have also attended various courses/workshops in recent years. In the year 2015, three directors have attended a week – long course on “The Accelerated Certificate in Company Direction” a program of the Institute of Directors, UK arranged in Pakistan by the PICG. Further during the year 2016, three other directors have also participated in a three full days’ workshop on “Corporate Governance & Director Duties Excellence” held in Malaysia.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment. During the year, the Board filled up the casual vacancy with the appointment of new CFO on recommendation of Human Resource and Remuneration Committee (HRRC).
11. The directors’ report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Bank were duly endorsed by the Chief Executive Officer and Chief Financial Officer before approval of the Board.
13. The directors, Chief Executive Officer and executives do not hold any interest in the shares of the Bank other than that disclosed in the pattern of shareholding.
14. The Bank has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an audit committee. It comprises of four members, all are non-executive directors including two independent directors. The Chairman of the committee is also an independent director.
16. The meetings of the audit committee were held once every quarter prior to approval of interim and final results of the Bank as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed Human Resource and Remuneration Committee (HRRC). It comprises of three members, of whom two are independent directors and one is non-executive director. The Chairman of the committee is also a non-executive director.
18. The Board has set-up an effective internal audit function. The Head of Internal Audit and Audit team are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Bank.
19. 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, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Bank and that the firm and all its 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.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The ‘closed period’, prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Bank’s securities, was determined and intimated to directors, employees and the stock exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through the stock exchange.
23. During the year, Board has conducted “Own Performance Evaluation” as per the CCG requirements and the result of which was also reviewed by the Board.
24. We confirm that all other material principles enshrined in the CCG have been fully complied with.

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**MOHAMMAD AFTAB MANZOOR**  
President & Chief Executive Officer

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**ALAUDDIN FEERASTA**  
Chairman



# AUDITORS' REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE



**A. F. FERGUSON & CO.**

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Soneri Bank Limited ('the Bank') for the year ended December 31, 2017 to comply with the requirements of Rule 5.19 of the Pakistan Stock Exchange Regulations issued by the Pakistan Stock Exchange Limited where the Bank is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Bank. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Bank's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

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 Code requires 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. 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 any procedures to determine 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 best practices contained in the Code as applicable to the Bank for the year ended December 31, 2017.

**Chartered Accountants  
Karachi: March 03, 2018**

*A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan  
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# AUDITORS' REPORT TO THE MEMBERS



**A. F. FERGUSON & CO.**

We have audited the annexed statement of financial position of Soneri Bank Limited (the Bank) as at December 31, 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the 'financial statements') for the year then ended, in which are incorporated the unaudited certified returns from the branches except for thirty five branches which have been audited by us 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 our audit.

It is the responsibility of the Bank's Management to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with approved accounting standards and the requirements of the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984). Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting amounts and disclosures in the financial statements. An audit also includes assessing accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and after due verification, which in case of loans and advances covered more than sixty percent of the total loans and advances of the Bank, we report that:

- (a) in our opinion, proper books of accounts have been kept by the Bank as required by the Companies Ordinance, 1984 (XLVII of 1984), and the returns referred to above received from the branches have been found adequate for the purposes of our audit;
- (b) in our opinion:
  - (i) the statement of financial position and profit and loss account together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - (ii) the expenditure incurred during the year was for the purpose of the Bank's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank;
- (c) in our opinion and to the best of our information and according to the explanations given to us the statement of financial position, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), in the manner so required and give a true and fair view of the state of the Bank's affairs as at December 31, 2017, and its true balance of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion 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.

## **Chartered Accountants**

**Engagement Partner: Noman Abbas Sheikh**

**Karachi: March 03, 2018**

*A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan  
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# STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Note	2017	2016
		----- (Rupees in '000) -----	
<b>ASSETS</b>			
Cash and balances with treasury banks	6	19,431,256	18,278,840
Balances with other banks	7	1,151,015	822,689
Lendings to financial institutions	8	6,544,152	5,536,577
Investments - net	9	117,428,516	117,883,960
Advances - net	10	164,292,915	125,305,765
Operating fixed assets	11	6,581,465	5,138,424
Deferred tax assets - net	18	-	-
Other assets - net	12	6,704,657	5,554,451
		322,133,976	278,520,706
<b>LIABILITIES</b>			
Bills payable	14	4,895,447	4,163,509
Borrowings	15	64,584,236	38,905,078
Deposits and other accounts	16	227,348,454	209,925,453
Sub-ordinated loans	17	2,997,600	2,998,800
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net	18	935,711	1,137,530
Other liabilities	19	2,867,929	3,101,109
		303,629,377	260,231,479
<b>NET ASSETS</b>			
		18,504,599	18,289,227
<b>REPRESENTED BY</b>			
Share capital	20	11,024,636	11,024,636
Reserves		1,752,494	1,423,829
Unappropriated profit		3,664,580	3,496,305
		16,441,710	15,944,770
Surplus on revaluation of assets - net of tax	21	2,062,889	2,344,457
		18,504,599	18,289,227
<b>CONTINGENCIES AND COMMITMENTS</b>			
	22		

The annexed notes 1 to 46 and Annexures I, II, III and IV form an integral part of these financial statements.

**Mirza Zafar Baig**  
Chief Financial Officer

**Alauddin Feerasta**  
Chairman

**Mohammad Aftab Manzoor**  
President & Chief Executive Officer

**Inam Elahi**  
Director

**Muhammad Rashid Zahir**  
Director

# PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 ----- (Rupees in '000) -----	2016
Mark-up / return / interest earned	23	18,504,526	17,524,408
Mark-up / return / interest expensed	24	(11,845,628)	(10,680,270)
Net mark-up / return / interest income		6,658,898	6,844,138
Provision against loans and advances - net	10.4.1	63,247	31,072
Provision / (reversal of provision) against diminution in the value of investments - net	9.3	3,168	(6,941)
Bad debts written off directly - net	10.8	32	276
		66,447	24,407
Net mark-up / return / interest income after provisions		6,592,451	6,819,731
<b>Non mark-up / interest income</b>			
Fee, commission and brokerage income		1,392,650	1,286,185
Dividend income		240,327	192,429
Income from dealing in foreign currencies - net	25	436,991	290,364
Gain on sale of securities - net	26	1,158,244	945,150
Unrealised gain / (loss) on revaluation of investments classified as 'held for trading' - net		34	(6,484)
Other income	27	41,052	28,593
Total non-mark-up / interest income		3,269,298	2,736,237
		9,861,749	9,555,968
<b>Non mark-up / interest expenses</b>			
Administrative expenses	28	6,942,982	6,388,894
Provision against other assets - net	12.4	-	30
Other charges	29	87,797	89,705
Total non-mark-up / interest expenses		7,030,779	6,478,629
		2,830,970	3,077,339
Extraordinary / unusual items		-	-
<b>Profit before taxation</b>		2,830,970	3,077,339
Taxation - Current	30	1,016,967	1,099,377
- Prior years	30	157,743	161,371
- Deferred	30	12,934	(62,253)
		1,187,644	1,198,495
<b>Profit after taxation</b>		1,643,326	1,878,844
		----- (Rupees) -----	
<b>Basic and diluted earnings per share</b>	31	1.4906	1.7042

The annexed notes 1 to 46 and Annexures I, II, III and IV form an integral part of these financial statements.

**Mirza Zafar Baig**  
Chief Financial Officer

**Alauddin Feerasta**  
Chairman

**Mohammad Aftab Manzoor**  
President & Chief Executive Officer

**Inam Elahi**  
Director

**Muhammad Rashid Zahir**  
Director



# STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
<b>Profit after taxation for the year</b>		1,643,326	1,878,844
<b>Other comprehensive income:</b>			
<b>Item that will not be reclassified to profit and loss account</b>			
<b>Components of comprehensive income reflected in equity</b>			
- Remeasurements of defined benefit plan		9,229	(18,537)
- Tax on remeasurements of defined benefit plan		(3,230)	6,488
		5,999	(12,049)
<b>Comprehensive income transferred to equity</b>		1,649,325	1,866,795
<b>Items that may be reclassified subsequently to profit and loss account</b>			
<b>Components of comprehensive income not reflected in equity</b>			
- Net change in value of "available-for-sale" securities		(1,961,322)	(493,705)
- Net deferred tax asset on changes in value of "available-for-sale" securities		686,463	172,797
	(i)	(1,274,859)	(320,908)
Surplus on revaluation of operating fixed assets	(ii)	-	-
<b>Total comprehensive income</b>		374,466	1,545,887

(i) Surplus / (deficit) on revaluation of "available-for-sale securities - net of tax" has been shown in the Statement of Comprehensive Income in order to comply with the revised "Prudential Regulations for Corporate / Commercial Banking" issued by the State Bank of Pakistan.

(ii) Surplus on revaluation of operating fixed assets net of tax is presented under the head "Surplus / (deficit) on revaluation of assets" below equity in accordance with the requirements of section 235 of the Companies Ordinance, 1984.

The annexed notes 1 to 46 and Annexures I, II, III and IV form an integral part of these financial statements.

**Mirza Zafar Baig**  
Chief Financial Officer

**Alauddin Feerasta**  
Chairman

**Mohammad Aftab Manzoor**  
President & Chief Executive Officer

**Inam Elahi**  
Director

**Muhammad Rashid Zahir**  
Director



# CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 ----- (Rupees in '000) -----	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		2,830,970	3,077,339
Less: Dividend income		240,327	192,429
		2,590,643	2,884,910
<b>Adjustments:</b>			
Depreciation on operating fixed assets	11.2	566,783	575,700
Depreciation on ijarah assets	10.2	82,977	97,969
Amortisation of intangible assets	11.3	120,787	89,382
Operating fixed assets written off directly	29	27,649	24,871
Provision / (reversal of provision) against diminution in the value of investments - net	9.3	3,168	(6,941)
Unrealised (gain) / loss on revaluation of investments classified as held-for-trading - net		(34)	6,484
Provision against non-performing loans and advances	10.4.1	63,247	31,072
Provision against other assets	12.4	-	30
Gain on sale of operating fixed assets	27	(17,897)	(11,565)
Gain on sale of non-banking assets		-	(600)
Bad debts written off directly	10.8	32	276
		846,712	806,678
		3,437,355	3,691,588
<b>(Increase) / decrease in operating assets</b>			
Lendings to financial institutions		(1,007,575)	(2,442,639)
Held-for-trading securities		(10,525,132)	790,865
Advances - net		(39,133,407)	(13,433,330)
Others assets (excluding advance taxation)		(645,993)	1,087,957
		(51,312,107)	(13,997,147)
<b>Increase / (decrease) in operating liabilities</b>			
Bills payable		731,938	1,086,443
Borrowings		25,539,709	(1,102,159)
Deposits and other accounts		17,423,001	25,078,318
Other liabilities		(223,951)	149,551
		43,470,697	25,212,153
		(4,404,055)	14,906,594
Income tax paid		(1,525,730)	(1,831,964)
<b>Net cash (used in) / generated from operating activities</b>		(5,929,785)	13,074,630
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net investments in available-for-sale securities		11,197,279	(11,740,670)
Net investments in held-to-maturity securities		(2,181,159)	1,418,709
Dividends received		228,166	194,129
Purchase of operating fixed assets		(616,943)	(1,004,102)
Sale proceeds on disposal of non-banking assets		-	18,000
Sale proceeds on disposal of operating fixed assets		23,014	35,526
<b>Net cash generated from / (used in) investing activities</b>		8,650,357	(11,078,408)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payments for sub-ordinated loans	32	(1,200)	(1,200)
Dividends paid		(1,378,079)	(1,378,079)
<b>Net cash used in financing activities</b>		(1,379,279)	(1,379,279)
<b>Increase in cash and cash equivalents</b>			
		1,341,293	616,943
Cash and cash equivalents at the beginning of the year		18,963,729	18,346,786
<b>Cash and cash equivalents at the end of the year</b>	33	20,305,022	18,963,729

The annexed notes 1 to 46 and Annexures I, II, III and IV form an integral part of these financial statements.

**Mirza Zafar Baig**  
Chief Financial Officer

**Alauddin Feerasta**  
Chairman

**Mohammad Aftab Manzoor**  
President & Chief Executive Officer

**Inam Elahi**  
Director

**Muhammad Rashid Zahir**  
Director



# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

Particulars	Share capital	Capital reserves			General reserve	Unappropriated profit (b)	Total
		Discount on issue of shares	Share premium	Statutory reserve (a)			
----- (Rupees in '000) -----							
<b>Balance as at 1 January 2016</b>	<b>11,024,636</b>	<b>(1,001,361)</b>	<b>1,405</b>	<b>1,048,060</b>	<b>-</b>	<b>4,263,217</b>	<b>15,335,957</b>
Discount on issue of shares adjusted against share premium / unappropriated profit	-	1,001,361	(1,405)	-	-	(999,956)	-
Profit after taxation for the year	-	-	-	-	-	1,878,844	1,878,844
<b>Other comprehensive income for the year</b>							
- Remeasurements of defined benefit plan	-	-	-	-	-	(18,537)	(18,537)
- Tax on remeasurements of defined benefit plan	-	-	-	-	-	6,488	6,488
	-	-	-	-	-	(12,049)	(12,049)
<b>Transactions with owners recognised directly in equity</b>							
Final cash dividend for the year ended 31 December 2015 at Rs.1.25 per share	-	-	-	-	-	(1,378,079)	(1,378,079)
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax (note 21)	-	-	-	-	-	120,097	120,097
Transfer from unappropriated profit to statutory reserve	-	-	-	375,769	-	(375,769)	-
<b>Balance as at 31 December 2016</b>	<b>11,024,636</b>	<b>-</b>	<b>-</b>	<b>1,423,829</b>	<b>-</b>	<b>3,496,305</b>	<b>15,944,770</b>
Profit after taxation for the year	-	-	-	-	-	1,643,326	1,643,326
<b>Other comprehensive income for the year</b>							
- Remeasurements of defined benefit plan	-	-	-	-	-	9,229	9,229
- Tax on remeasurements of defined benefit plan	-	-	-	-	-	(3,230)	(3,230)
	-	-	-	-	-	5,999	5,999
<b>Transactions with owners recognised directly in equity</b>							
Final cash dividend for the year ended 31 December 2016 at Rs 1.25 per share	-	-	-	-	-	(1,378,079)	(1,378,079)
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax (note 21)	-	-	-	-	-	225,694	225,694
Transfer from unappropriated profit to statutory reserve	-	-	-	328,665	-	(328,665)	-
<b>Balance as at 31 December 2017</b>	<b>11,024,636</b>	<b>-</b>	<b>-</b>	<b>1,752,494</b>	<b>-</b>	<b>3,664,580</b>	<b>16,441,710</b>

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

(b) As explained in note 10.5 to these financial statements, unappropriated profit includes an amount of Rs. 829.847 million net of tax as at 31 December 2017 (31 December 2016: Rs. 716.711 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 46 and Annexures I, II, III and IV form an integral part of these financial statements.

**Mirza Zafar Baig**  
Chief Financial Officer

**Alauddin Feerasta**  
Chairman

**Mohammad Aftab Manzoor**  
President & Chief Executive Officer

**Inam Elahi**  
Director

**Muhammad Rashid Zahir**  
Director

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

## **1 STATUS AND NATURE OF BUSINESS**

Soneri Bank Limited ("the Bank") was incorporated in Pakistan on 28 September 1991 as a public limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). Its registered office is situated at Rupali House 241-242, Upper Mall Scheme, Anand Road, Lahore, Punjab and its shares 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 290 branches including 19 Islamic banking branches (2016: 288 branches including 16 Islamic banking branches) in Pakistan.

Based on the financial statements of the Bank for the year ended 31 December 2016 the Pakistan Credit Rating Agency Limited (PACRA) has maintained the Bank's long-term rating as AA- (31 December 2015: AA-) and short-term rating as A1+ (31 December 2015: A1+).

## **2 BASIS OF PRESENTATION**

**2.1** 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.

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

## **3 STATEMENT OF COMPLIANCE**

**3.1** These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. The approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Ordinance, 1984, provisions of and the directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, and the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). Wherever the requirements of provisions and directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, the IFASs notified under the Companies Ordinances, 1984 and the directives issued by the SECP and the SBP differ from the requirements of the IFRSs, the provisions and the directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, IFASs notified under the Companies Ordinance, 1984 and the directives issued by SECP and SBP prevail.

**3.2** The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017. However, as allowed by the SECP vide its circular No. 23 dated 04 October 2017, these financial statements have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.

**3.3** The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies through BSD Circular No. 10 dated: 26 August 2002 till further instructions. In addition, the Securities and Exchange Commission of Pakistan has deferred the applicability of International Financial Reporting Standard 7, Financial Instruments: Disclosures (IFRS 7) vide SRO 411(I) / 2008 dated: 28 April 2008 till further orders. 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 SBP through various circulars.

**3.4** The SBP vide its BSD Circular No. 07 dated: 20 April 2010 has clarified that for the purpose of preparation of financial statements in accordance with International Accounting Standard - 1 (Revised), 'Presentation of Financial Statements', two statement approach shall be adopted i.e. separate 'Profit and Loss Account' and 'Statement of Comprehensive Income' shall be presented, and Balance Sheet shall be renamed as 'Statement of Financial Position'. Furthermore, the surplus / deficit on revaluation of available for sale (AFS) securities shall be included in the 'Statement of Comprehensive Income'. However, it should continue to be shown separately in the Statement of Financial Position below equity. Accordingly, the above requirements have been adopted in the preparation of these financial statements.

**3.5** The SBP vide its BPRD Circular No. 04 dated: 25 February 2015 has clarified that the reporting requirements of IFAS-3 for Islamic Banking Institutions (IBIs) relating to annual, half yearly and quarterly financial statements would be notified by SBP through issuance of specific instructions and uniform disclosure formats in consultation with IBIs. These reporting requirements have not been ratified to date. Accordingly, the disclosures requirements under IFAS 3 have not been considered in these financial statements.



### 3.6 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year:

3.6.1 The Bank has applied the following amendments for the first time for their accounting period commencing 01 January 2017:

- Disclosure initiative – amendments to IAS 7. The amendments to IAS 7 require disclosure of changes in liabilities arising from financing activities. This has been disclosed in note 32 to the financial statements.

In addition to the above there are certain other new standards, amendments and interpretations that are mandatory for the Bank's accounting periods beginning on or after 01 January 2017 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are, therefore, not disclosed in these financial statements.

### 3.7 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

3.7.1 The following revised standards, amendments and interpretations with respect to the approved accounting standards would be effective from the dates mentioned below against the respective standard, amendments or interpretation:

Standard, Interpretations or Amendments	Effective date (accounting periods beginning on or after)
- IFRS 9 - Financial Instruments	01 July, 2018
- IFRS 15 - Revenue from contracts	01 July, 2018
- IFRS 16 - Leases	01 January, 2019

The management is in the process of assessing the impact of these standards on the financial statements of the Bank.

3.7.2 The SBP vide its circular 2 of 2018 dated: 25 January, 2018 has specified the new reporting format for financial statements of banking companies. The new format has revised the disclosure requirements and will become applicable for the annual financial statements of the Bank for the year ending 31 December 2018.

3.7.3 There are certain new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after 01 January 2018 but are considered not to be relevant or will not have any significant effect on the Bank's operations and are therefore not detailed in these financial statements.

## 4 BASIS OF MEASUREMENT

### 4.1 Accounting convention

These financial statements have been prepared under the historical cost convention, except that certain operating fixed assets are stated at revalued amounts, certain investments and commitments in respect of forward exchange contracts have been marked to market and are carried at fair values and staff retirement benefits are carried at present value.

### 4.2 Functional and presentation currency

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

### 4.3 Critical accounting estimates and judgements

The preparation of the financial statements in conformity with the approved accounting 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.

### 4.4 Significant accounting estimates

Significant accounting estimate 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 5.3 and 9);
- ii) classification and provisioning against loans and advances (notes 5.4 and 10);
- iii) current and deferred taxation (notes 5.7, 18, 22.8.1, 22.8.3 and 30);
- iv) accounting for defined benefit plan (notes 5.9 and 35);
- v) depreciation, amortisation methods, useful lives and revaluation of operating fixed assets notes 5.5 and 11);
- vi) impairment of assets (note 5.6); and
- vii) workers' welfare fund (notes 19.1 and 29).

## 5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

## 5.1 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.

## 5.2 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.

### (c) Lending under margin trading system

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

### (d) 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.

### (e) Bai Muajjal

Bai Muajjal transactions with the SBP is classified under "investments" and with other financial institutions is classified under "lendings to financial institutions". In Bai Muajjal, 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 sale and the credit price is recognised over the credit period and recorded as income.

## 5.3 Investments

The Bank classifies its investments as follows:

### (a) Held for trading

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

### (b) Held to maturity

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

### (c) Available for sale

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

Investments other than those categorised as held for trading are initially recognised at fair value which includes transaction costs associated with the investment. Investments classified 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.

Premium or discount on acquisition of investments is amortised through the profit and loss account over the remaining period till maturity using effective interest method.



In accordance with the requirements of the State Bank of Pakistan, quoted securities, other than those classified as 'held to maturity', are subsequently remeasured at market values. Surplus / (deficit) arising on revaluation of quoted securities classified as 'available for sale', is taken to a separate account shown in the Statement of Financial Position below equity. Surplus / (deficit) arising on revaluation of quoted securities which are classified as 'held for trading', is taken to the profit and loss account. Cost of investment is determined on a weighted average basis.

In accordance with the BSD circular No. 14 dated: 24 September 2004 issued by SBP, investments classified as 'held to maturity' are carried at amortised cost less impairment, if any.

Unquoted equity securities, excluding investments in subsidiaries and associates, if any, are valued at the lower of cost and break-up value. Break-up value of unquoted equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements.

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

Gain / loss on sale of investments is credited / charged to the profit and loss account.

#### 5.4 **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:

##### **Murabaha**

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

##### **Salam**

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

##### **Diminishing Musharaka**

In Diminishing Musharaka based financing, the Bank enters into a Musharaka based on Shirkat-ul-milk for financing an agreed share of fixed asset (e.g. house, land, plant or machinery) with its customers and enters into periodic rental payment agreement for the utilisation of the Bank's Musharaka share by the customer.

##### **Ijarah assets**

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

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

#### 5.5 **Operating fixed assets and depreciation**

##### **(a) Tangible assets - owned**

Operating fixed assets (other than land and buildings) are stated at cost less accumulated depreciation and impairment losses, if any. Buildings are 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 operating fixed assets (excluding land which is not depreciated) is charged using the straight line method in accordance with the rates specified in note 11.2 to the financial statements after taking into account residual values, if any. 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 month 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 professionally qualified valuers with sufficient regularity to ensure that the net carrying amount does not differ materially from their fair value.

Surplus arising on revaluation is credited to the surplus on revaluation of fixed assets account. Deficit arising on subsequent revaluation of fixed assets is adjusted against the balance in the above mentioned surplus account as allowed under the provisions of the Companies Ordinance, 1984. The surplus on revaluation of fixed assets to the extent of 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.

#### **(b) Tangible assets - leased**

Leases are classified as finance lease wherever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating lease. Lease payments, if any, under operating lease are charged to income on a straight line basis over the lease term.

Assets held under finance lease, if any, are stated at lower of fair value or present value of minimum lease payments at inception less accumulated depreciation. The outstanding obligations under the lease agreements are shown as a liability net of finance charges allocable to future periods.

The finance charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of return on the outstanding liability.

Depreciation on assets held under finance lease is charged in a manner consistent with that for depreciable assets which are owned by the Bank.

#### **(c) Intangible assets**

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 is 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.

#### **(d) 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.

### **5.6 Impairment**

The carrying amount of assets are reviewed at each reporting date to determine whether there is any indication of impairment of any asset or group of assets. If any such indication exists, the recoverable amount of such assets is estimated and impairment losses are recognised immediately in the financial statements. The resulting impairment loss is taken to the profit and loss account except for impairment loss on revalued assets, which is adjusted against related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

An impairment loss is reversed (except for impairment loss relating to goodwill), if there has been a change in the estimate used to determine the recoverable amount. Such reversals are only made to the extent that the asset's carrying amount does not exceed the amount that would have been determined if no impairment loss had been recognised.

### **5.7 Taxation**

Income tax expense comprises of 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 or below equity, in which case it is recognised in equity or below equity.

#### **Current**

Provision for current taxation is based on the taxable income at the current rates of taxation after taking into account available tax credit and rebates. The charge for current tax also includes adjustments, where considered necessary relating to prior years, which arises from assessments / developments made during the year.



## 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 by the reporting date.

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

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

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

## 5.8 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.

## 5.9 Staff retirement benefits

### (a) Defined benefit plan

The Bank operates an approved funded gratuity scheme for its permanent employees. The liability recognised in the statement of financial position in respect of defined benefit gratuity scheme, is the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets. Contributions to the fund are made on the basis of actuarial recommendations using the Projected Unit Credit Method. Valuations are conducted by an independent actuary with the last valuation conducted on 31 December 2017.

Amounts arising as a result of "remeasurements", representing the actuarial gains and losses and the difference between the actual investment returns and the return implied by the net interest cost are recognised in the Statement of Financial Position immediately, with a charge or credit to "Other Comprehensive Income" in the periods in which they occur.

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

### (b) 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.

## 5.10 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 to the extent that they are not directly attributable to the acquisition of or construction of qualifying assets. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) are capitalised as part of the cost of the asset.

## 5.11 Sub-ordinated loans

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

## 5.12 Revenue recognition

- Mark-up income / interest on advances and return 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 services.
- Dividend income from investments is recognised when the Bank's right to receive the dividend is established.
- Premium or discount on acquisition of investments is amortised using effective yield method and taken to profit and loss account.



- Gains and losses on disposal of investments and certain operating fixed assets are dealt with through the profit and loss account in the year in which they arise (also refer note 5.5).
- Profits on Bai Muajjal lendings are recognised on a straight line basis.

## **5.13 Foreign currencies**

### **(a) 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.

### **(b) Translation gains and losses**

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

## **5.14 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.

## **5.15 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.

## **5.16 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. Acceptances are accounted for as off-balance sheet transactions and are disclosed under "Contingencies and Commitments".

## **5.17 Financial instruments**

### **5.17.1 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 and other institutions, investments, advances, certain receivables, bills payable, borrowings from financial institutions, deposits and other accounts, sub-ordinated loans 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.

### **5.17.2 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.

### **5.17.3 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.

## **5.18 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.

## **5.19 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.



## 5.20 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) Corporate finance

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.

#### (ii) Trading and sales

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

#### (iii) Retail banking

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

#### (iv) 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.

## 5.21 Non Banking Assets

The non banking assets acquired in satisfaction of claims, if any, are carried at revalued amounts less accumulated depreciation and accumulated impairment losses, if any. These assets are to be revalued by professionally qualified valuers with sufficient regularity to ensure their net carrying value does not differ materially from their fair value. A surplus arising on revaluation of non-banking assets acquired in satisfaction of claims is required to be credited to the 'surplus on revaluation of assets' account appearing on the Statement of Financial Position below equity. Any deficit arising on revaluation is first set off against the surplus account for that non-banking asset, if any, or if no surplus exists, is charged to the profit and loss account directly. Legal fees, transfer cost and direct cost of acquiring title to property is charged to the profit and loss account.

	Note	2017	2016
		----- (Rupees in '000) -----	
<b>6 CASH AND BALANCES WITH TREASURY BANKS</b>			
In hand			
Local currency	6.1	3,766,397	3,818,859
Foreign currencies		1,458,786	976,734
In transit			
Local currency		1,420	-
Foreign currency		247,298	-
With State Bank of Pakistan in			
Local currency current accounts	6.2	10,548,538	9,225,205
Foreign currency current accounts	6.3	582,452	697,883
Foreign currency deposit accounts against foreign currency deposits mobilised	6.4	1,623,784	2,000,422
With National Bank of Pakistan in			
Local currency current accounts		1,202,581	1,559,737
		<u>19,431,256</u>	<u>18,278,840</u>

- 6.1** This includes National Prize Bonds of Rs. 5.724 million (2016: Rs. 4.047 million).
- 6.2** The local currency current accounts are maintained with the State Bank of Pakistan (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 the SBP at a sum not less than such percentage of its time and demand liabilities as may be prescribed by the SBP.
- 6.3** 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 (2016: NIL return).
- 6.4** These represent special cash reserve maintained with SBP at an amount equivalent to at least 15% of the Bank's foreign currency deposits mobilised under FE-25 scheme and 6% special cash reserve requirement on FE-25 deposits maintained by Islamic banking branches.

<b>7</b>	<b>Note</b>	<b>2017</b>	<b>2016</b>
		----- (Rupees in '000) -----	
<b>BALANCES WITH OTHER BANKS</b>			
In Pakistan			
In current accounts		12,115	32,110
In deposit accounts		206,419	141,130
Outside Pakistan			
In current accounts	7.1	932,481	649,449
		1,151,015	822,689

- 7.1** This includes Rs. 473.631 million (2016: Rs. 636.305 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.

<b>8</b>	<b>Note</b>	<b>2017</b>	<b>2016</b>
		----- (Rupees in '000) -----	
<b>LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Call money lendings			
Repurchase agreement lendings	8.2	985,507	-
Letters of placement	8.3	3,950,000	300,000
Foreign currency placements		-	1,045,985
Bai Muajjal	8.4	1,608,645	1,690,592
		6,544,152	5,536,577
<b>8.1 Particulars of lendings</b>			
In local currency			
In foreign currencies		6,544,152	4,490,592
		-	1,045,985
		6,544,152	5,536,577

- 8.2** These represent lending under repurchase agreement which is secured against government securities and carries mark-up at the rate of 6.00% (2016: NIL).
- 8.3** These represent lending to financial institutions which carry mark-up at the rate ranging from 5.70% to 6.25% per annum (2016: 6.30% per annum) and is due to mature on 04 June 2018 (2016: 10 February 2017).
- 8.4** These carry profit at rates ranging between 5.73% to 7.18% per annum (2016: 5.90% to 7.04% per annum) and are due to mature latest by 21 June 2018.



## 9

## INVESTMENTS - NET

## 9.1

## Investments by types

Note	2017			2016		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
----- (Rupees in '000) -----						
<b>Held-for-trading securities</b>						
Market Treasury Bills	10,525,132	-	10,525,132	-	-	-
	10,525,132	-	10,525,132	-	-	-
<b>Available-for-sale securities</b>						
Market Treasury Bills	26,987,270	15,381,391	42,368,661	37,857,303	6,304,140	44,161,443
Pakistan Investment Bonds Government of Pakistan	30,034,160	22,108,899	52,143,059	41,508,591	20,537,270	62,045,861
Ijarah Sukuks	2,009,104	-	2,009,104	2,118,675	-	2,118,675
Commercial Papers	227,877	-	227,877	-	-	-
Term Finance Certificates and Sukuks	2,142,857	-	2,142,857	2,503,559	-	2,503,559
Fully paid-up ordinary shares	3,689,607	-	3,689,607	2,988,906	-	2,988,906
Units of mutual funds	240,000	-	240,000	200,000	-	200,000
	65,330,875	37,490,290	102,821,165	87,177,034	26,841,410	114,018,444
<b>Held-to-maturity securities</b>						
Pakistan Investment Bonds	3,337,333	-	3,337,333	259,643	-	259,643
Term Finance Certificates and Sukuks	642,348	-	642,348	1,538,879	-	1,538,879
	3,979,681	-	3,979,681	1,798,522	-	1,798,522
Investments at cost	79,835,688	37,490,290	117,325,978	88,975,556	26,841,410	115,816,966
Less: provision for diminution in the value of investments	9.3 (117,452)	-	(117,452)	(114,284)	-	(114,284)
Investments (net of provision)	79,718,236	37,490,290	117,208,526	88,861,272	26,841,410	115,702,682
Net surplus on revaluation of held-for-trading securities	9.12 34	-	34	-	-	-
Net surplus on revaluation of available-for-sale securities	21.2 198,338	21,618	219,956	2,109,200	72,078	2,181,278
Total investments	79,916,608	37,511,908	117,428,516	90,970,472	26,913,488	117,883,960

9.2 Investments by segments

**Federal Government Securities**

	Note	2017 ----- (Rupees in '000) -----	2016
- Market Treasury Bills	9.5	52,893,793	44,161,443
- Pakistan Investment Bonds	9.5	55,480,392	62,305,504
- Government of Pakistan Ijarah Sukuks		2,009,104	2,118,675
		110,383,289	108,585,622

**Fully paid-up ordinary shares of Rs. 10 each**

**Listed companies**

- Agritech Limited [851,560 (2016: 851,560) shares]		29,805	29,805
- Allied Bank Limited [2,851,000 (2016: 534,500) shares]		272,727	53,190
- Altern Energy Limited [3,311,500 (2016: 2,100,000) shares]		136,258	77,142
- Askari Bank Limited [5,000,000 (2016: NIL) shares]		115,439	-
- Bank AL Habib Limited [NIL (2016: 2,000,000) shares]		-	85,731
- Bank Alfalah Limited [NIL (2016: 4,000,000) shares]		-	113,993
- Cherat Cement Company Limited [2,774,200 (2016: NIL) shares]		330,788	-
- Cherat Packaging Limited [200,000 (2016: NIL) shares]		40,513	-
- Dawood Lawrancepur Limited [282,000 (2016:257,500) shares]		53,863	48,971
- Dolmen City REIT [3,750,000 (2016: NIL) shares]		41,866	-
- Engro Corporation Limited [920,000 (2016: 1,400,000) shares]		271,719	420,426
- Engro Fertilizers Limited [6,040,000 (2016: 3,649,500) shares]		401,360	265,233
- Fatima Fertilizer Company Limited [5,000,000 (2016: 5,000,000) shares]		159,942	160,180
- Fauji Fertilizer Bin Qasim Limited [3,500,000 (2016: 2,210,500) shares]		144,821	120,017
- Habib Bank Limited [NIL (2016: 590,100) shares]		-	129,117
- Habib Metropolitan Bank Limited [413,500 (2016: NIL) shares]		13,370	-
- Hub Power Company Limited [914,500 (2016: NIL) shares]		98,886	-
- Kohat Cement Company Limited [352,700 (2016: NIL) shares]		47,990	-
- Lucky Cement Limited [412,500 (2016: NIL) shares]		239,544	-
- MCB Bank Limited [1,052,500 (2016: 1,080,300) shares]		242,551	250,219
- NIB Bank Limited [NIL (2016: 2,758,000) shares]		-	4,615
- Nishat Chunian Limited [3,682,000 (2016: 2,150,000) shares]		206,826	86,278
- Nishat Mills Limited [3,370,000 (2016: 3,300,000) shares]		418,098	361,864
- Oil and Gas Development Company Limited [1,875,000 (2016: 2,300,000) shares]		284,587	324,727
- Packages Limited [99,450 (2016: NIL) shares]		59,282	-
- Pakistan International Bulk Terminal Limited [NIL (2016: 1,000,000) shares]		-	32,800
- Pakistan State Oil Company Limited [6,000 (2016: 1,100,000) shares]		1,670	407,798
- Sui Southern Gas Company Limited [1,200,000 (2016: NIL) shares]		44,122	-
- United Bank Limited [100,000 (2016: NIL) shares]		16,780	-

**Un-listed companies**

- DHA Cogen Limited [5,853,822 (2016: 5,853,822) shares] (Chief Executive: Mr. Siraj ul Haq)	9.6	-	-
- ISE Towers REIT Management Company Limited (formerly Islamabad Stock Exchange Limited) [3,034,603 (2016: 3,034,603) shares] (Chief Executive: Mian Ayyaz Afzal)	9.7	11,100	11,100
- Pakistan Export Finance Guarantee Agency Limited [569,958 (2016: 569,958) shares] (Liquidator: Mr. Usman Khawaja)	9.8	5,700	5,700
		3,689,607	2,988,906

**Term Finance Certificates, Debentures, Bonds and Participation Term Certificates**

**Listed Term Finance Certificates of Rs. 5,000 each**

- Azgard Nine Limited [10,000 (2016: 10,000) certificates]		16,269	16,269
		16,269	16,269

**Balance carried forward**

	114,089,165	111,590,797
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	Note	2017 ----- (Rupees in '000) -----	2016
<b>Balance brought forward</b>		114,089,165	111,590,797
<b>Un-listed Term Finance Certificates of Rs. 5,000 each, unless otherwise specified</b>			
- Agritech Limited [1,488 (2016: 1,488) certificates]		7,440	7,440
- Azgard Nine Limited [2,150 (2016: 2,150) certificates]		10,750	10,750
- Bank Al Habib Limited - 6th issue [50,000 (2016: NIL) certificates]		250,000	-
- Bank Alfalah Limited - 4th issue [NIL (2016: 10,000) certificates]		-	33,247
- Faysal Bank Limited - 2nd issue [NIL (2016: 15,000) certificates]		-	37,425
- Habib Bank Limited [NIL (2016: 1,000) certificates]		-	99,988
- JS Bank Limited [NIL (2016: 50,000) certificates]		-	450,000
- Standard Chartered Bank (Pakistan) Limited - 4th issue [NIL (2016: 40,000) certificates]		-	200,000
<b>Sukuk Certificates and Bonds of Rs. 5,000 each, unless otherwise specified</b>			
- Al Baraka Bank (Pakistan) Limited [175 (2016: 175) certificates of Rs 1,000,000 each]		100,000	124,999
- Eden Housing Limited [10,000 (2016: 10,000) certificates]		6,560	6,560
- Engro Fertilizers Limited [32,300 (2016: 32,300) certificates]		113,050	145,350
- K- Electric Limited (Al-Shirkah) [100,000 (2016: 100,000) certificates]		450,000	500,000
- K- Electric Limited [NIL (2016: 80,000) certificates]		-	400,000
- Liberty Power Tech Limited [1,099,430 (2016: 1,099,430) certificates of Rs.100 each]		52,728	65,335
- Pakistan Mobile Communication Limited [100,000 (2016: 100,000) certificates]		333,333	500,000
- Meezan Bank Limited [425 (2016: 425) certificates of Rs. 1,000,000 each]		425,000	425,000
- Neelum Jhelum Hydro Power Company (Private) Limited [9,750 (2016: 9,750) certificates of Rs. 100,000 each]		975,000	975,000
- Three Star Hosiery Mills (Private) Limited [5,100 (2016: 5,100) certificates]		25,215	25,215
- Water and Power Development Authority (WAPDA) Sukuk [4,000 (2016: 4,000 certificates)]	9.9	19,860	19,860
		2,768,936	4,026,169
<b>Units of Mutual Funds</b>			
<b>Open-ended</b>			
- NIT Islamic Equity Fund [11,530,775 (2016: 9,756,098) units] (Managed by National Investment Trust Limited)		140,000	100,000
- NIT Income Fund [9,211,835 (2016: 9,211,835) units] (Managed by National Investment Trust Limited)		100,000	100,000
		240,000	200,000
<b>Commercial Papers</b>			
- U Microfinance Bank [2,400 (2016: NIL) units]		227,877	-
<b>Total investments at cost</b>		117,325,978	115,816,966
Less: Provision against diminution in the value of investments	9.3	(117,452)	(114,284)
<b>Total investments - net of provision</b>		117,208,526	115,702,682
Surplus on revaluation of held-for-trading securities- net	9.12	34	-
Surplus on revaluation of available-for-sale securities - net	21.2	219,956	2,181,278
<b>Total investments at market value</b>		117,428,516	117,883,960

	Note	2017	2016
		----- (Rupees in '000) -----	
<b>9.3 Particulars of provision against diminution in the value of investments</b>			
Opening balance		114,284	125,900
Charge for the year		3,168	3,773
Reversals made during the year		-	(10,714)
		3,168	(6,941)
Provision reversed on disposal		-	(4,675)
Closing balance		117,452	114,284
<b>9.3.1 Particulars of provision against diminution in the value of investments by type and segment</b>			
<b>Available-for-sale securities</b>			
<b>Listed companies</b>			
- Fully paid up ordinary shares of Rs. 10 each		25,658	22,490
<b>Unlisted companies</b>			
- Fully paid up ordinary shares of Rs. 10 each			
- Pakistan Export Finance Guarantee Agency Limited		5,700	5,700
<b>Held-to-maturity securities</b>			
<b>Term Finance Certificates of Rs 5,000 each</b>			
- Agritech Limited		7,440	7,440
- Azgard Nine Limited		27,019	27,019
<b>Sukuk Certificates and Bonds of Rs 5,000 each</b>			
- Eden Housing Limited		6,560	6,560
- Three Stars Hosiery Mills (Private) Limited		25,215	25,215
- Water and Power Development Authority (WAPDA) sukuk	9.9	19,860	19,860
		117,452	114,284

**9.4** 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.

**9.5** Pakistan Investment Bonds include securities having book value of Rs. 30.700 million (2016: Rs. 30.700 million) pledged with the State Bank of Pakistan and National Bank of Pakistan to facilitate T. T. discounting facility for the branches of the Bank. Market Treasury Bills and Pakistan Investment Bonds are eligible for discounting with the State Bank of Pakistan.

**9.6** DHA Cogen Limited shares were received under the enforcement of a pledge of third party shares by the consortium banks. These shares were recorded at NIL value as the break-up value of these shares as per the available audited financial statements is Rs. (29.10).

**9.7** 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.

**9.8** This investment is fully provided. As per the "shares subscription agreement", it can only be sold to an existing investor.

**9.9** The Bank purchased 4,000 certificates (on 29 September 2009) of WAPDA through a market based transaction for a cash consideration of Rs. 19.8 million having a face value of Rs. 20 million. These certificates were available in the seller's CDC account and on completion of the transaction were transferred to the Bank's CDC account. A periodic Ijarah rental was due on 22 October 2009 which was not paid to the Bank on the plea that certain discrepancy in the Central Depository Register was the reason for non-payment.

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



**9.10** Significant particulars relating to government securities, term finance certificates and sukuk certificates are as follows:

Type of investment	Maturity	Principal payments	Yield / Coupon rate (%)	Coupon payments
Market Treasury Bills	January 2018 to March 2018	On maturity	5.98 to 6.14	At maturity
Pakistan Investment Bonds	March 2018 to January 2024	On maturity	7.00 to 12.00	Semi-annually
GoP Ijarah Sukuks	December 2018 to June 2020	On maturity	5.24 to 5.51	Semi-annually
Term Finance Certificates (Refer Annexure IV)				
Sukuk Certificates (Refer Annexure IV)				

**9.11 Quality of available-for-sale securities**

Securities (at market value - net of provision)	2017		2016	
	Amount (Rupees in '000)	Latest available rating	Amount (Rupees in '000)	Latest available rating
<b>Federal Government Securities</b>				
- Market Treasury Bills	42,368,137	Sovereign	44,147,931	Sovereign
- Pakistan Investment Bonds	52,469,229	Sovereign	63,679,488	Sovereign
- GoP Ijarah sukuks	2,011,120	Sovereign	2,139,500	Sovereign
<b>Fully paid up ordinary shares of Rs. 10 each</b>				
<b>Listed companies</b>				
- Agritech Limited	4,147	D	10,798	D
- Allied Bank Limited	242,278	AA+(L) A1+(S)	63,718	AA+(L) A1+(S)
- Altern Energy Limited	142,461	Unrated	86,625	Unrated
- Askari Bank Limited	96,550	AA+(L) A1+(S)	-	-
- Bank AL Habib Limited	-	-	117,980	AA+(L) A1+(S)
- Bank Alfalah Limited	-	-	151,840	AA(L) A1+(S)
- Cherat Cement Company Limited	307,685	A(L) A1(S)	-	-
- Cherat Packaging Limited	39,800	Unrated	-	-
- Dawood Lawrancepur Limited	53,016	Unrated	65,148	Unrated
- Dolmen City REIT	41,250	RR1	-	-
- Engro Corporation Limited	252,770	AA(L) A1+(S)	442,526	AA(L) A1+(S)
- Engro Fertilizers Limited	409,029	AA-(L) A1+(S)	248,093	AA-(L) A1+(S)
- Fatima Fertilizer Company Limited	154,400	AA-(L) A1+(S)	184,450	AA-(L) A1+(S)
- Fauji Fertilizer Bin Qasim Limited	124,390	Unrated	113,200	AA(L) A1+(S)
- Habib Bank Limited	-	-	161,245	AAA(L) A1+(S)
- Habib Metropolitan Bank Limited	14,266	AA+(L) A1+(S)	-	-
- Hub Power Company Limited	83,220	AA+(L) A1+(S)	-	-
- Kohat Cement Company Limited	50,069	A(L) A1(S)	-	-
- Lucky Cement Limited	213,432	Unrated	-	-
- MCB Bank Limited	223,467	AAA(L) A1+(S)	256,917	AAA(L) A1+(S)
- NIB Bank Limited	-	-	4,992	AA-(L) A1+(S)
- Nishat Chunian Limited	168,525	Unrated	134,224	Unrated
- Nishat Mills Limited	503,815	AA(L) A1+(S)	502,490	AA(L) A1+(S)
- Oil and Gas Development Company Limited	305,231	AAA(L) A1+(S)	380,305	AAA(L) A1+(S)
- Packages Limited	50,703	AA(L) A1+(S)	-	-
- Pakistan International Bulk Terminal Limited	-	-	32,990	Unrated
- Pakistan State Oil Company Limited	1,759	AA(L) A1+(S)	477,631	AA(L) A1+(S)
- Sui Southern Gas Company Limited	36,587	A+(L) A1(S)	-	-
- United Bank Limited	18,797	AAA(L) A1+(S)	-	-
<b>Un-listed companies - at cost</b>				
- ISE Towers REIT Management Company Limited (formerly Islamabad Stock Exchange Limited)	11,100	Unrated	11,100	Unrated
- Pakistan Export Finance Guarantee Agency Limited	5,700	Unrated	5,700	Unrated
<b>Units of mutual funds</b>				
<b>Open-ended</b>				
- NIT Islamic Equity Fund	115,192	AA-(f)	125,171	Unrated
- NIT Income Fund	97,279	A+(f)	96,987	A+(f)
<b>Balance carried forward</b>	100,615,404		113,641,049	



Securities (at market value-net of provision)	2017		2016	
	Amount (Rupees in '000)	Latest available rating	Amount (Rupees in '000)	Latest available rating
Balance brought forward	100,615,404		113,641,049	
<b>Commercial Papers</b>				
- U Microfinance Bank	227,877	Unrated	-	-
<b>Term Finance Certificates</b>				
- Bank Al Habib	250,000	AA	-	-
- Habib Bank Limited	-	-	100,230	AAA
- JS Bank Limited	-	-	450,000	A+
<b>Sukuk certificates</b>				
- Al Baraka Bank (Pakistan) Limited	42,832	A	52,978	A
- K-Electric Limited	460,125	AA+	515,337	AA+
- Meezan Bank Limited	444,225	AA-	442,638	AA-
- Neelum Jhelum Hydropower Company (Private) Limited	975,000	AAA	975,000	AAA
<b>Total</b>	<b>103,015,463</b>		<b>116,177,232</b>	

L represents "long-term rating"

S represents "short-term rating"

D represents "default"

f represents "fund's stability rating"

Sovereign represent Government Securities. The international rating of Pakistan is B- (as per Moodys).

	Note	2017	2016
		----- (Rupees in '000) -----	
<b>9.12 Unrealised gain / (loss) on revaluation of investments classified as held for trading</b>			
Market Treasury Bills		34	-
<b>10 ADVANCES - NET</b>			
Loans, cash credits, running finances, etc. In Pakistan		164,955,815	124,932,351
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		2,136,425	1,631,223
Payable outside Pakistan		4,569,514	4,912,059
		6,705,939	6,543,282
Assets held under Ijarah (IFAS-2)	10.2	301,549	268,841
Advance against Islamic financings	10.3	809,127	2,008,562
Advances - gross		172,772,430	133,753,036
Provision against non-performing advances - specific	10.4.1	(8,440,840)	(8,395,931)
Provision against consumer and small enterprise loans - general	10.4.1	(38,675)	(51,340)
		(8,479,515)	(8,447,271)
Advances - net of provision		164,292,915	125,305,765
<b>10.1 Particulars of advances (gross)</b>			
<b>10.1.1</b> In local currency		167,117,315	126,123,910
In foreign currencies		5,655,115	7,629,126
		172,772,430	133,753,036
<b>10.1.2</b> Short-term (upto one year)		129,821,396	99,247,530
Long-term (over one year)		42,951,034	34,505,506
		172,772,430	133,753,036



## 10.2 Assets held under Ijarah (IFAS-2)

	2017							Rate of depreciation %
	Cost			Accumulated Depreciation			Net investment in Ijarah as at 31 December 2017	
	At 1 January 2017	Additions / (Deletions) / (Adjustments)	At 31 December 2017	At 01 January 2017	Charge for the year / (depreciation on deletions) / (Adjustments)	At 31 December 2017		
------(Rupees in '000)-----								
<b>Motor vehicles</b>	292,221	155,329 (42,211) (23,706)	381,633	79,489	61,947 (38,033) -	103,403	278,230	20 to 33.33
<b>Plant and machinery</b>	171,675	- (105,843) (11,760)	54,072	115,566	21,030 (105,843) -	30,753	23,319	20 to 33.33
	463,896	155,329 (148,054) (35,466)	435,705	195,055	82,977 (143,876) -	134,156	301,549	

	2016							Rate of depreciation %
	Cost			Accumulated Depreciation			Net investment in Ijarah as at 31 December 2016	
	At 1 January 2016	Additions / (Deletions) / (Adjustments)	At 31 December 2016	At 01 January 2016	Charge for the year / (depreciation on deletions) / (Adjustments)	At 31 December 2016		
------(Rupees in '000)-----								
<b>Motor vehicles</b>	231,270	119,229 (43,150) (15,128)	292,221	82,367	49,995 (25,632) (27,241)	79,489	212,732	20 to 33.33
<b>Plant and machinery</b>	302,681	24,961 (113,809) (42,158)	171,675	221,661	47,974 (102,428) (51,641)	115,566	56,109	20 to 33.33
	533,951	144,190 (156,959) (57,286)	463,896	304,028	97,969 (128,060) (78,882)	195,055	268,841	

The Ijarah payments receivable from customers for each of the following periods under the terms of the respective arrangements are given below:

	2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
Not later than one year*	110,550	88,183
Later than one year but not later than five years*	115,322	111,916
	225,872	200,099

\*This excludes the amount of security deposit received from customers.

## 10.3 Advance against Islamic financings

Car Ijarah	67,176	57,543
Diminishing musharaka	-	1,008,948
Murabaha	416,473	580,556
Salam	325,478	361,515
	809,127	2,008,562

10.4 Advances include Rs. 10,244.669 million (2016: Rs. 10,419.420 million) which have been placed under non-performing status as detailed below:

Category of Classification	2017								
	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	----- (Rupees in '000) -----								
Other Assets Especially Mentioned*	20,595	-	20,595	411	-	411	411	-	411
Substandard	193,956	-	193,956	24,557	-	24,557	24,557	-	24,557
Doubtful	592,392	-	592,392	256,746	-	256,746	256,746	-	256,746
Loss	9,437,726	-	9,437,726	8,159,126	-	8,159,126	8,159,126	-	8,159,126
	<u>10,244,669</u>	<u>-</u>	<u>10,244,669</u>	<u>8,440,840</u>	<u>-</u>	<u>8,440,840</u>	<u>8,440,840</u>	<u>-</u>	<u>8,440,840</u>

Category of Classification	2016								
	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	----- (Rupees in '000) -----								
Other Assets Especially Mentioned*	68,938	-	68,938	1,859	-	1,859	1,859	-	1,859
Substandard	698,888	-	698,888	121,947	-	121,947	121,947	-	121,947
Doubtful	564,124	-	564,124	107,106	-	107,106	107,106	-	107,106
Loss	9,087,470	-	9,087,470	8,165,019	-	8,165,019	8,165,019	-	8,165,019
	<u>10,419,420</u>	<u>-</u>	<u>10,419,420</u>	<u>8,395,931</u>	<u>-</u>	<u>8,395,931</u>	<u>8,395,931</u>	<u>-</u>	<u>8,395,931</u>

\* The 'Other Assets Especially Mentioned' category pertains to agricultural finance and small enterprise amounting to Rs. 14.161 million (2016: Rs. 50.356 million) and Rs. 6.434 million (2016: Rs. 18.582 million) respectively.

#### 10.4.1 Particulars of provision against non-performing loans and advances

Note	2017				2016			
	Specific	General		Total	Specific	General		Total
		Consumer	Small Enterprises			Consumer	Small Enterprises	
	----- (Rupees in '000) -----							
Opening balance	8,395,931	29,340	22,000	8,447,271	8,568,984	27,224	19,000	8,615,208
Charge for the year	771,168	9,335	-	780,503	1,352,429	2,116	3,000	1,357,545
Reversals	(695,256)	-	(22,000)	(717,256)	(1,326,473)	-	-	(1,326,473)
	75,912	9,335	(22,000)	63,247	25,956	2,116	3,000	31,072
Transfers	25,972	-	-	25,972	5,852	-	-	5,852
Amount written off	(56,975)	-	-	(56,975)	(204,861)	-	-	(204,861)
Closing balance	<u>8,440,840</u>	<u>38,675</u>	<u>-</u>	<u>8,479,515</u>	<u>8,395,931</u>	<u>29,340</u>	<u>22,000</u>	<u>8,447,271</u>

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

10.4.1.2 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.



### 10.4.1.3 Particulars of provision against non-performing loans and advances

	2017				2016			
	Specific	General		Total	Specific	General		Total
		Consumer	Small Enterprises			Consumer	Small Enterprises	
	----- (Rupees in '000) -----							
In local currency	8,440,840	38,675	-	8,479,515	7,946,650	29,340	22,000	7,997,990
In foreign currencies	-	-	-	-	449,281	-	-	449,281
	<u>8,440,840</u>	<u>38,675</u>	<u>-</u>	<u>8,479,515</u>	<u>8,395,931</u>	<u>29,340</u>	<u>22,000</u>	<u>8,447,271</u>

- 10.5** The Bank has availed the benefit of forced sales 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.1,276.688 million (2016: Rs. 1,102.633 million). The additional profit arising from availing this benefit - net of tax amounts to Rs. 829.847 million (2016: Rs. 716.711 million). This profit is not available for distribution either as cash or stock dividend to shareholders and bonus to employees.
- 10.6** 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 (2016: Rs. 44.930 million).
- 10.7** 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. These securities comprise of charge against various tangible assets of the borrower including land, building and machinery, stock in trade, etc.

	Note	2017	2016
		----- (Rupees in '000) -----	
<b>10.8 Particulars of write offs:</b>			
<b>10.8.1</b> Against provisions	10.4.1	56,975	204,861
Directly charged to the profit and loss account - net		32	276
		<u>57,007</u>	<u>205,137</u>
<b>10.8.2</b> Write offs of Rs. 500,000 and above	10.8.2.1	56,955	204,683
Write offs of below Rs. 500,000		52	454
		<u>57,007</u>	<u>205,137</u>

#### 10.8.2.1 Details of loan write offs 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 2017 is given in Annexure - I. However, these write offs do not affect the Bank's right to recover the outstanding debts from these customers.

### 10.9 Particulars of loans and advances to directors, associated companies, etc.

Debts due by directors, executives or officers of the Bank or any of them either severally or jointly with any other persons\*.

	2017	2016
	----- (Rupees in '000) -----	
Balance at beginning of the year	3,183,003	2,783,602
Loans granted during the year	1,055,977	1,267,149
Repayments	(923,267)	(867,748)
Balance at end of the year	<u>3,315,713</u>	<u>3,183,003</u>

\* Represents loans given by the Bank to its executives and other employees as per the terms of their employment.

	Note	2017	2016
		----- (Rupees in '000) -----	
<b>11 OPERATING FIXED ASSETS</b>			
Capital work-in-progress	11.1	421,895	257,269
Property and equipment	11.2	6,042,783	4,678,852
Intangible assets	11.3	116,787	202,303
		<u>6,581,465</u>	<u>5,138,424</u>
<b>11.1 Capital work-in-progress</b>			
Civil works		15,057	44,885
Advances to suppliers and contractors		17,577	10,017
Advances against purchase of premises		60,000	-
Core banking system		329,261	200,404
Consultant's fee and other charges		-	1,963
		<u>421,895</u>	<u>257,269</u>

## 11.2 Property and equipment

	2017								
	COST / REVALUED AMOUNT				ACCUMULATED DEPRECIATION				
	At 1 January 2017	Additions / (deletions) / adjustments*	Revaluation surplus	At 31 December 2017	At 1 January 2017	Charge for the year / (depreciation on deletions) / adjustments*	At 31 December 2017	Book value at 31 December 2017	Rate of depreciation %
	----- (Rupees in '000) -----								
Freehold land	936,055	-	319,915	1,255,970	-	-	-	1,255,970	-
Leasehold land	186,967	-	162,080	349,047	-	-	-	349,047	-
Buildings on freehold land	138,296	22,772	26,478	187,546	38,179	9,899	48,078	139,468	5 - 9
Buildings on leasehold land	2,742,286	28,570	1,037,961	3,808,770	1,175,867	197,334	1,373,201	2,435,569	5 - 13
Leasehold improvements	1,231,522	(47)*	-	1,300,554	242,423	63,186	299,345	1,001,209	5
Furniture and fixtures	427,233	96,734	-	419,952	213,824	36,690	220,214	199,738	10
Electrical, office and computer equipment	2,293,532	(27,749)	-	2,375,457	1,701,351	225,259	1,785,826	589,631	20
Vehicles	257,661	47*	-	251,188	163,056	7,016*	179,037	72,151	20
		(10,019)*				(6,961)*			
		(153,545)				(147,800)			
		10,472*				7,016*			
		(19,459)				(18,434)			
	<u>8,213,552</u>	<u>416,649</u>	<u>1,546,434</u>	<u>9,948,484</u>	<u>3,534,700</u>	<u>566,783</u>	<u>3,905,701</u>	<u>6,042,783</u>	
		<u>(228,604)</u>				<u>(195,837)</u>			
		<u>453*</u>				<u>55*</u>			



	2017			2016					
	COST / REVALUED AMOUNT			ACCUMULATED DEPRECIATION					
	At 1 January 2017	Additions / (deletions) / adjustments*	Revaluation surplus	At 31 December 2017	At 1 January 2016	Charge for the year / (depreciation on deletions) / adjustments*	At 31 December 2016	Book value at 31 December 2016	Rate of depreciation %
----- (Rupees in '000) -----									
Freehold land	923,215	12,840	-	936,055	-	-	-	936,055	-
Leasehold land	186,967	-	-	186,967	-	-	-	186,967	
Buildings on freehold land	138,136	160	-	138,296	28,632	9,547	38,179	100,117	5 - 9
Buildings on leasehold land	2,968,500	13,290 (239,504)	-	2,742,286	1,071,811	205,355 (101,299)	1,175,867	1,566,419	5 - 13
Leasehold improvements	1,031,999	221,999 (22,476)	-	1,231,522	193,194	56,327 (7,098)	242,423	989,099	5
Furniture and fixtures	385,965	47,240 (5,972)	-	427,233	183,051	35,480 (4,707)	213,824	213,409	10
Electrical, office and computer equipment	2,336,813	267,682 (311,460) 497 *	-	2,293,532	1,779,687	230,147 (308,980) 497 *	1,701,351	592,181	20
Vehicles	230,160	44,970 (17,469)	-	257,661	141,681	38,844 (17,469)	163,056	94,605	20
	8,201,755	608,181 (596,881) 497 *	-	8,213,552	3,398,056	575,700 (439,553) 497 *	3,534,700	4,678,852	

\* These represent reclassification adjustments.

**11.2.1** The cost of fully depreciated property and equipment still in use amounts to Rs. 1,888.837 million (2016: Rs. 1,651.181 million).

**11.2.2** During the year 2017, the Bank's freehold / leasehold land and buildings on freehold / leasehold land have been revalued by M/s Harvester Services (Private) Limited (Valuation and Engineering Consultants) on the basis of their professional assessment of the present market value. As a result of revaluation, the market value of freehold / leasehold land was determined at Rs. 1,605.017 million and buildings on freehold / leasehold land was determined at Rs. 2,575.037 million.

Had there been no revaluation, the carrying amount of freehold / leasehold land and buildings on freehold / leasehold land as at 31 December 2017 would have been Rs. 1,010.140 million and Rs. 532.398 million respectively (2016: Rs. 1,012.706 million and Rs. 407.942 million respectively).

**11.2.3** Details of disposals / deletion 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.

### 11.3 Intangible assets

	2017							Annual rate of amortisation (%)
	Cost			Accumulated amortisation			Net book value at 31 December 2017	
	At 1 January 2017	Additions / (deletions) / adjustments*	At 31 December 2017	At 1 January 2017	Charge for the year / (amortisation on deletion) / adjustments*	At 31 December 2017		
----- (Rupees in '000) -----								
Software	671,250	34,973	706,223	470,419	120,057	590,476	115,747	33.33
		-			-			
Trademark	5,786	298	6,084	4,314	730	5,044	1,040	33.33
		-			-			
	677,036	35,271	712,307	474,733	120,787	595,520	116,787	
		-			-			

	2016							Annual rate of amortisation (%)
	Cost			Accumulated amortisation			Net book value at 31 December 2016	
	At 1 January 2016	Additions / (deletions) / adjustments*	At 31 December 2016	At 1 January 2016	Charge for the year / (amortisation on deletion) / adjustments*	At 31 December 2016		
----- (Rupees in '000) -----								
Software	454,291	217,456	671,250	382,105	88,811	470,419	200,831	33.33
		-			-			
		(497) *			(497) *			
Trademark	4,208	1,578	5,786	3,743	571	4,314	1,472	33.33
	458,499	219,034	677,036	385,848	89,382	474,733	202,303	
		-			-			
		(497) *			(497) *			

\* These represent reclassification adjustments.

**11.3.1** The cost of fully amortised intangible assets still in use amounts to Rs. 444.870 million (2016: Rs. 359.741 million).



	Note	2017	2016
		----- (Rupees in '000) -----	
<b>12 OTHER ASSETS</b>			
Income / mark-up accrued in local currency	12.1	3,603,349	3,499,946
Income / mark-up accrued in foreign currencies		5,504	10,077
Dividend receivable		26,811	14,650
Unrealised gain on forward foreign exchange contracts		275,173	-
Advances, deposits, advance rent and prepayments		349,624	353,124
Advance taxation (provisions less payments)		1,587,778	1,095,725
Cash margin against future trading		3	-
Stationery and stamps in hand		34,007	33,650
Due from the State Bank of Pakistan		282,275	53,250
Advance against subscription of shares	12.2	50,000	-
Advance against subscription of Term Finance Certificates		-	253,000
Others	12.3	646,210	397,106
		6,860,734	5,710,528
Less: provision held against other assets	12.3 & 12.4	(156,077)	(156,077)
Other assets (net of provision)		6,704,657	5,554,451
<b>12.1</b>	State Bank of Pakistan vide its Circular no. 13 of 2016 dated: 7 October 2016 has made certain amendments to regulation R-8 of Prudential Regulations requiring the banks to suspend the mark-up of borrowers which have been rescheduled / restructured for more than once and have been classified as regular by the Bank. As a consequence of the above, the Bank has suspended mark-up amounting to Rs. 14.9 million.		
<b>12.2</b>	This amount represents advance paid to 1 Link for the subscription of shares during the year in respect of Bank's portion of investment.		
<b>12.3</b>	This includes an amount of Rs. 143.443 million (2016: Rs.143.443 million) 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.		
<b>12.4</b>	<b>Provision against other assets</b>	<b>2017</b>	<b>2016</b>
		----- (Rupees in '000) -----	
	Opening balance	156,077	157,826
	Charge for the year	-	30
	Transfers	-	(248)
	Write-offs	-	(1,531)
	Closing balance	156,077	156,077
<b>13</b>	<b>CONTINGENT ASSETS</b>		
	There were no contingent assets as at the balance sheet date.		
<b>14</b>	<b>BILLS PAYABLE</b>		
	In Pakistan	4,895,447	4,163,509
	Outside Pakistan	-	-
		4,895,447	4,163,509
<b>15</b>	<b>BORROWINGS</b>		
	In Pakistan	61,441,013	36,256,914
	Outside Pakistan	3,143,223	2,648,164
		64,584,236	38,905,078



	Note	2017	2016
		----- (Rupees in '000) -----	
<b>15.1</b>	<b>Particulars of borrowings with respect to currencies</b>		
	In local currency	61,441,013	36,256,914
	In foreign currencies	3,143,223	2,648,164
		64,584,236	38,905,078
<b>15.2</b>	<b>Details of borrowings secured / unsecured</b>		
	<b>Secured</b>		
	Borrowings from the State Bank of Pakistan		
	Under Export Refinance Scheme	15.2.1 10,348,288	8,139,378
	Long term Financing Facility for plant and machinery	15.2.2 998,524	880,459
	Modernisation of SME-Rice Husking	15.2.3 11,600	17,200
	Financing facility for storage of agriculture produce	-	11,250
	Repurchase agreement borrowings	15.2.4 35,035,335	20,561,740
	Repurchase agreement borrowings - other banks	15.2.5 2,474,983	6,299,081
	Borrowings from other financial institutions - Foreign	15.2.6 2,865,974	2,510,364
	Borrowings from other financial institutions - Local	15.2.7 9,999,058	-
		61,733,762	38,419,472
	<b>Unsecured</b>		
	Call borrowings	15.2.8 2,573,225	347,806
	Overdrawn nostro accounts	277,249	137,800
		2,850,474	485,606
		64,584,236	38,905,078

**15.2.1** The Bank has entered into an agreement with the State Bank of Pakistan (SBP) for extending Export Finance to its customers. Borrowings under the Export Refinance Scheme of SBP carry interest at rates ranging from 1.00% to 2.50% per annum (2016: 1.00% to 2.50% per annum). These are secured against demand promissory notes and are due to mature latest by 27 June 2018 (2016: latest by 28 June 2017).

**15.2.2** These represent borrowings from the SBP under scheme for Long-term Financing Facility at rates ranging from 4.50% to 9.70% per annum (2016: 4.50% to 9.70% per annum), and have varying long term maturities due by 06 April 2027 (2016: due by 10 September 2025). Under the agreement, SBP has a right to recover the outstanding amount from the Bank at the respective maturity date of each finance by directly debiting the current account of the Bank maintained with SBP.

**15.2.3** These represent borrowings from the SBP under the scheme for Modernisation of SME Rice Husking Mills in Sindh at the rate ranging from 4.75% to 6.25% per annum (2016: 4.75% to 6.25% per annum) and are due to mature latest by 16 December 2019 (2016: latest by 16 December 2019).

**15.2.4** These represent repurchase agreements executed with the State Bank of Pakistan which carry mark up at the rate of 5.88% per annum (2016: 5.95% per annum) and are due to mature latest by 05 January 2018 (2016: latest by 06 January 2017).

**15.2.5** These represent repurchase agreements at rates ranging from of 5.70% to 5.90% per annum (2016: 5.50% to 5.95% per annum) and are due to mature latest by 22 January 2018 (2016: latest by 22 May 2017).

**15.2.6** These represent borrowings against foreign bills from various foreign banks at rates ranging from 2.07% to 2.96% per annum (2016: 1.60% to 1.75% per annum) and are due to mature latest by 20 March 2018 (2016: latest by 06 June 2017).

**15.2.7** These represent borrowings executed with the local financial institutions secured against government securities which carry mark up at the rate of 5.83% per annum (2016: NIL) and are due to mature latest by 30 November 2018.

**15.2.8** These represent borrowings from a commercial bank in the inter bank money market. These carry mark-up at the rate of 5.73% per annum (2016: 5.60% per annum) and are due to mature latest by 06 March 2018 (2016: latest by 08 March 2017).



16	<b>DEPOSITS AND OTHER ACCOUNTS</b>	<b>2017</b>	<b>2016</b>
		----- (Rupees in '000) -----	
	<b>Customers</b>		
	Remunerative		
	Fixed deposits	62,623,863	59,765,887
	Savings deposits	84,278,761	85,444,378
	Current accounts	655,198	496,159
	Non-remunerative		
	Current accounts	59,358,597	49,164,840
	Call deposits	391,435	148,911
	Margin deposits	3,378,360	2,316,868
		<u>210,686,214</u>	<u>197,337,043</u>
	<b>Financial institutions</b>		
	Remunerative deposits	16,298,322	12,335,522
	Non-remunerative deposits	363,918	252,888
		<u>16,662,240</u>	<u>12,588,410</u>
		<u>227,348,454</u>	<u>209,925,453</u>
<b>16.1</b>	<b>Particulars of deposits</b>		
	In local currency	216,459,536	196,619,654
	In foreign currencies	10,888,918	13,305,799
		<u>227,348,454</u>	<u>209,925,453</u>
<b>17</b>	<b>SUB-ORDINATED LOANS</b>		
	<b>Unsecured - non-participatory</b>		
	Listed Term Finance Certificates	2,997,600	2,998,800
<b>17.1</b>	<p>This denotes rated, listed and unsecured Term Finance Certificates (TFCs) issued as instrument of redeemable capital with a tenor of 8 years. The Pakistan Credit Rating Agency Limited (PACRA) has assigned a credit rating of A+ to the instrument as on 15 December 2017. The instrument is sub-ordinated as to the payment of principal and profit to all other indebtedness of the Bank (including deposits) and is not redeemable before maturity without prior approval of the State Bank of Pakistan. 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.</p> <p>Mark-up is payable semi-annually in arrears calculated on a 365 days period on the outstanding principal amount and is chargeable at a floating rate of six months KIBOR (prevailing immediately preceding the date before the start of each six month period) plus 1.35% per annum (subject to no floor and cap).</p> <p>The TFCs contains 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.</p> <p>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.</p>		
<b>18</b>	<b>DEFERRED TAX LIABILITIES - NET</b>	<b>Note</b>	<b>2017</b>
		----- (Rupees in '000) -----	
	<b>Deferred credits arising in respect of:</b>		
	Accelerated tax depreciation		356,881
	Surplus on revaluation of operating fixed assets	21.1	717,598
	Surplus on revaluation of available for sale securities	21.2	76,984
			<u>1,151,463</u>
	<b>Deferred debits arising in respect of:</b>		
	Actuarial loss on defined benefit plan		(23,185)
	Provision against non-performing advances		(192,567)
			<u>(215,752)</u>
	<b>Deferred tax liabilities - net</b>		<u>935,711</u>
			<u>1,137,530</u>

19	<b>OTHER LIABILITIES</b>	<b>Note</b>	<b>2017</b>	<b>2016</b>
			----- (Rupees in '000) -----	
	Mark-up / return / interest payable in local currency		965,633	1,046,386
	Mark-up / return / interest payable in foreign currencies		28,081	37,192
	Unearned commission and income on bills discounted		25,090	24,435
	Unrealised loss on forward foreign exchange contracts		-	6,911
	Accrued expenses		442,935	471,720
	Branch adjustment account - net		54,333	336,312
	Payable to Workers' Welfare Fund	19.1	441,856	382,357
	Sundry deposits		453,197	370,072
	Others		456,804	425,724
			<u>2,867,929</u>	<u>3,101,109</u>

**19.1** The Bank has made full provision for Workers Welfare Fund (WWF) based on profit for the respective years (2008-2017). The Supreme Court of Pakistan vide its order dated: 10 November, 2016 had held that the amendments made in the law introduced by the Federal Government for the levy of Workers Welfare Fund were not lawful. The Federal Board of Revenue has filed review petitions against this order which are currently pending. Legal advice obtained on the matter indicates that consequent to filing of these review petitions the judgment may not currently be treated as conclusive. Accordingly, the Bank continues to maintain the provision in respect of WWF.

## 20 SHARE CAPITAL

### 20.1 Authorised capital

<b>2017</b>	<b>2016</b>		<b>2017</b>	<b>2016</b>
(Number of shares)			----- (Rupees in '000) -----	
<u>1,500,000,000</u>	<u>1,500,000,000</u>	Ordinary shares of Rs. 10/- each	<u>15,000,000</u>	<u>15,000,000</u>

### 20.2 Issued, subscribed and paid-up capital

	<b>2017</b>			<b>2016</b>			<b>2017</b>	<b>2016</b>
	Issued for cash	Issued as bonus shares	Total	Issued for cash	Issued as bonus shares	Total	---- (Rupees in '000) ----	
----- Number of shares -----								
Opening balance	387,397,655	715,065,828	1,102,463,483	387,397,655	715,065,828	1,102,463,483	11,024,636	11,024,636
Shares issued during the year	-	-	-	-	-	-	-	-
Closing balance	<u>387,397,655</u>	<u>715,065,828</u>	<u>1,102,463,483</u>	<u>387,397,655</u>	<u>715,065,828</u>	<u>1,102,463,483</u>	<u>11,024,636</u>	<u>11,024,636</u>

### 20.3 Major shareholders as at 31 December 2017 are as follows:

<b>Name of shareholder</b>	<b>Number of shares held</b>	<b>Percentage of shareholding</b>
National Investment (Unit) Trust	108,015,049	9.80%
Trustees - Alauddin Feerasta Trust	387,386,560	35.14%
Trustees - Feerasta Senior Trust	128,006,009	11.61%
Trustees - Alnu Trust	64,067,005	5.81%
Mr. Amir Feerasta	62,140,630	5.64%
	<u>749,615,253</u>	<u>68.00%</u>

### Major shareholders as at 31 December 2016 were as follows:

<b>Name of shareholder</b>	<b>Number of shares held</b>	<b>Percentage of shareholding</b>
National Investment (Unit) Trust	117,680,572	10.67%
Trustees - Alauddin Feerasta Trust	387,386,560	35.14%
Trustees - Feerasta Senior Trust	128,006,009	11.61%
Trustees - Alnu Trust	64,067,005	5.81%
Mr. Amir Feerasta	62,140,630	5.64%
	<u>759,280,776</u>	<u>68.87%</u>



21	<b>SURPLUS ON REVALUATION OF ASSETS (NET OF TAX)</b>	<b>Note</b>	<b>2017</b>	<b>2016</b>
			----- (Rupees in '000) -----	
	- Operating fixed assets	21.1	1,919,917	926,626
	- Available-for-sale securities	21.2	142,972	1,417,831
			<u>2,062,889</u>	<u>2,344,457</u>
<b>21.1</b>	<b>Surplus on revaluation of operating fixed assets - net of tax</b>			
	Surplus on revaluation of operating fixed assets at 01 January		1,368,910	1,662,172
	Adjustments arising in respect of revaluation of operating fixed assets		1,546,434	-
	Transferred to unappropriated profit in respect of incremental depreciation charged on related assets - net of deferred tax		(96,823)	(120,097)
	Related deferred tax liability		(52,135)	(64,669)
			<u>(148,958)</u>	<u>(184,766)</u>
	Realised on adjustment / disposal / write off during the year - net of deferred tax		(83,766)	(70,523)
	Related deferred tax liability on surplus reversed on adjustment / disposal / write off		(45,105)	(37,973)
			<u>(128,871)</u>	<u>(108,496)</u>
			<u>2,637,515</u>	<u>1,368,910</u>
	Related deferred tax liability on surplus at 01 January		(442,284)	(544,926)
	Related deferred tax liability in respect of incremental depreciation:			
	- Charged during the year		52,135	64,669
	- In Respect of revaluation of operating fixed assets during the year		(372,554)	-
	Related deferred tax liability on surplus reversed on adjustment / disposal / write off		45,105	37,973
	Less: related deferred tax liability		(717,598)	(442,284)
	Surplus on revaluation of operating fixed assets at 31 December		<u>1,919,917</u>	<u>926,626</u>
<b>21.2</b>	<b>Surplus / (deficit) on revaluation of available for sale securities - net of tax</b>			
	Federal government securities		327,662	1,640,940
	Sukuk certificates		29,325	32,624
	Quoted shares		(109,502)	485,556
	Others - open ended mutual funds		(27,529)	22,158
			<u>219,956</u>	<u>2,181,278</u>
	Related deferred tax liability		(76,984)	(763,447)
			<u>142,972</u>	<u>1,417,831</u>
<b>22</b>	<b>CONTINGENCIES AND COMMITMENTS</b>			
<b>22.1</b>	<b>Direct credit substitutes</b>			
	Financial guarantees issued favouring:			
	- Government		1,549,322	1,972,010
	- Others		1,062,235	1,983,754
			<u>2,611,557</u>	<u>3,955,764</u>
<b>22.2</b>	<b>Transaction-related contingent liabilities</b>			
	Guarantees issued favouring:			
	- Government		6,704,027	6,561,129
	- Financial institutions		467,043	112,714
	- Others		5,276,430	4,276,255
			<u>12,447,500</u>	<u>10,950,098</u>
<b>22.3</b>	<b>Trade-related contingent liabilities</b>			
	Letters of credit		20,567,881	27,450,143
	Acceptances		3,126,784	3,299,085
<b>22.4</b>	<b>Commitments in respect of forward lendings</b>			
	Commitments to extend credit		10,654,182	5,595,318

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.

	2017	2016
	----- (Rupees in '000) -----	
<b>22.5</b>	<b>Commitments in respect of forward foreign exchange contracts</b>	
Purchase		
- From other banks	30,295,305	13,910,917
- From customers	2,643,340	4,250,556
	<u>32,938,645</u>	<u>18,161,473</u>
Sale		
- To other banks	28,212,490	13,246,036
- To customers	190,488	547,268
	<u>28,402,978</u>	<u>13,793,304</u>
The maturities of the above contracts are spread over a period of one year.		
<b>22.6</b>	<u>666,359</u>	<u>194,207</u>
<b>22.7</b>	<b>Other contingencies</b>	
<b>22.7.1</b>	<b>Taxation</b>	

(a) The Income tax returns of the Bank have been filed upto tax year 2017 (accounting year ended 31 December 2016). The Income tax authorities have issued amended assessment orders for tax years 2011, 2014, 2015 and 2016 and created additional tax demands of Rs. 588.931 million which have been fully paid as required under the law. The Bank has filed appeals before the various appellate forums against these amendments. Assessments from Tax Year 2001-2002 upto Tax Year 2010 have been decided at the level of Appellate Tribunal Inland Revenue. The department has filed tax references in respect of certain matters with the Honourable Lahore High Court which are currently pending. In case of any adverse decision an additional tax liability of Rs. 617.120 million (which includes impact of certain timing differences as well) may arise. Further, assessments for tax years 2012 and 2013 have been decided at the level of Commissioner Inland Revenue (Appeals). The department has filed appeals with Appellate Tribunal Inland Revenue which are, currently pending. In case of any adverse decision an additional tax liability of Rs. 866.384 million (which includes impact of certain timing differences as well) may arise. However, the management is confident that these matters will be ultimately decided in favor of the Bank and the Bank will not be exposed to any additional tax liability on these account.

(b) Tax Authorities have passed orders for tax years 2008 to 2012 levying Federal Excise Duty on certain items. The Bank has filed appeals against these assessments which are pending before various appellate forums. The aggregate net amount involved is Rs. 64.571 million. The management of the Bank is confident that the appeals will be decided in the favor of the Bank.

(c) Tax Authorities have passed orders for tax years 2014 and 2015 under section 161/205 of the Income Tax Ordinance 2001, creating a demand of Rs. 106.685 million and Rs. 67.672 million respectively for non-deduction of tax at source. Against the said demands, the Bank has already filed appeals before the Commissioner Inland Revenue (Appeals) which are currently pending.

**22.7.2** Claims against the Bank not acknowledged as debts amounted to Rs 8.673 million (2016: Rs 2.400 million).

**22.7.3** The Assistant Commissioner, Inland Revenue vide orders under section 182/140 of the Income Tax Ordinance, 2001 and under section 19 (6) of the Federal Excise Act, 2005 has levied penalties, against staff of the Bank amounting to Rs. 30 million and Rs. 246.014 million respectively. The action taken by the Bank in these cases were backed by legal opinion of the customer's lawyer / stay order of the Islamabad High Court. Currently, the matter is pending before Commissioner Inland Revenue (Appeals) subsequent to appeal filed by the staff. In case of any adverse decision in appeals, the Bank reserves the right of recourse on customers for re-imburement.

**22.7.4** A penalty of Rs 50 million has 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.

**22.7.5** 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 off by the Honorable Court vide its order dated: 10 November 2016 in favor of the banks. However, EOBI has filed review Petition on 09 December 2016 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.128.627 million (upto 31 December 2016: Rs. 102.489 million) will become payable by the Bank to the EOBI. The said amount of Rs.128.627 million has not been provided in these financial statements as the Bank is fully confident that the case will be decided in the Bank's favour.

	2017	2016
	----- (Rupees in '000) -----	
<b>23 MARK-UP / RETURN / INTEREST EARNED</b>		
On loans and advances to customers	9,597,777	7,719,754
Ijarah income - net	25,357	10,206
On investments:		
- Held-for-trading securities	1,045,371	141,630
- Available-for-sale securities	6,991,156	9,168,548
- Held-to-maturity securities	235,064	140,768
On deposits with financial institutions	94,513	30,907
On securities purchased under resale agreements	77,267	47,178
On placements and call money lendings	287,589	143,058
Income on bai muajjal placements	150,432	122,359
	18,504,526	17,524,408
<b>24 MARK-UP / RETURN / INTEREST EXPENSED</b>		
Deposits	8,329,920	8,006,336
Securities sold under repurchase agreements	2,812,472	2,124,075
Borrowings from the State Bank of Pakistan under various re-finance schemes	226,780	242,784
Borrowings from other financial institutions - Foreign	82,785	11,528
Borrowings from other financial institutions - Local	57,204	-
Call borrowings	111,980	66,447
Sub-ordinated loans	224,487	229,100
	11,845,628	10,680,270
<b>25 INCOME FROM DEALING IN FOREIGN CURRENCIES - NET</b>		
This includes conversion cost of foreign currency transactions into local currency funds (i.e. swap cost on foreign currency transactions) which amounts to Rs. 186.816 million (2016: Rs. 134.558 million).		
	2017	2016
	----- (Rupees in '000) -----	
<b>26 GAIN ON SALE OF SECURITIES - NET</b>		
Gain / (loss) in respect of:		
- Ordinary shares - listed equity securities	61,608	379,739
- Units of mutual funds	29,951	77,094
- Pakistan Investment Bonds	1,057,407	438,461
- Market Treasury Bills	5,680	16,456
- Term Finance Certificates	4,622	3,327
- GoP Ijarah Sukuks	(1,024)	30,073
	1,158,244	945,150
<b>27 OTHER INCOME</b>		
Gain on sale of property and equipment	17,897	11,565
Gain on sale of non-banking assets	-	600
Staff notice period and other recoveries	23,155	16,428
	41,052	28,593

	Note	2017 ----- (Rupees in '000) -----	2016 ----- (Rupees in '000) -----
<b>28 ADMINISTRATIVE EXPENSES</b>			
Salaries, allowances, etc.	28.1	2,590,853	2,489,237
Charge for defined benefit plan	35.5	97,562	84,176
Contribution to defined contribution plan	36	107,570	100,376
Non-executive directors' fees, allowances and other expenses		12,813	11,725
Rent, taxes, insurance, electricity, etc.		1,043,729	954,808
Legal and professional charges		59,566	50,845
Communications		100,284	87,007
Repairs and maintenance		189,658	184,348
Stationery and printing		132,705	114,648
Advertisement and publicity		147,783	147,646
Donations	28.2	16,120	15,221
Auditors' remuneration	28.3	13,217	9,759
Depreciation	11.2	566,783	575,700
Amortisation	11.3	120,787	89,382
Brokerage and commission		24,933	25,144
Automation expenses		500,145	407,977
Entertainment		166,931	153,643
Fees and subscription		45,911	51,303
Motor vehicles running expenses		126,042	106,822
Remittance charges		2,621	2,300
Service charges		635,453	548,137
Training expenses		23,211	27,690
Travelling expenses		41,985	34,945
Others		176,320	116,055
		6,942,982	6,388,894
<b>28.1</b>	This includes aggregate amount of bonus paid in respect of executives and President and Chief Executive Officer amounting to Rs. 124.651 million and Rs. 9.000 million respectively (2016: Rs. 151.785 million and Rs. 18.000 million respectively).		
<b>28.2</b>	<b>Details of donations given during the year are as follows:</b>		
		<b>2017</b>	<b>2016</b>
		----- (Rupees in '000) -----	
<b>Donee</b>			
The Aga Khan Education Service, Pakistan		10,000	2,500
The Aga Khan Planning and Building Service, Pakistan		-	7,500
Institute of Business Administration, Karachi		5,000	5,000
Old Associates of Kinnaird Society, Karachi		1,120	221
		16,120	15,221
<b>28.2.1</b>	Donations were not made to any donee in which a Director or his spouse had any interest.		
<b>28.3</b>	<b>Auditors' remuneration</b>		
Audit fee		1,571	1,341
Fee for audit of provident and gratuity funds		257	130
Audit of branches and other certifications		8,512	6,058
Fee for half yearly review of financial information		639	536
Taxation services		1,411	1,039
Out-of-pocket expenses		827	655
		13,217	9,759
<b>29 OTHER CHARGES</b>			
Penalties imposed by the State Bank of Pakistan		650	530
Operating fixed assets written-off		27,649	24,871
Workers' Welfare Fund		59,498	64,304
		87,797	89,705



	Note	2017 ----- (Rupees in '000) -----	2016
<b>30 TAXATION</b>			
<b>For the year</b>			
Current		1,016,967	1,099,377
Deferred		12,934	(62,253)
		1,029,901	1,037,124
<b>For prior years</b>			
Current	30.1	16,711	161,371
Deferred		141,032	-
		157,743	161,371
		1,187,644	1,198,495

**30.1** This includes Rs. 122.470 million (2016: Rs. 161.371 million) on account of super tax for rehabilitation of temporarily displaced person at the rate 4% of the taxable income for the tax year 2017 (accounting year ended 31 December 2016), which was re-imposed by Finance Act, 2017.

	Note	2017 ----- (Rupees in '000) -----	2016
<b>30.2 Relationship between tax expense and accounting profit</b>			
Profit before taxation		2,830,970	3,077,339
Tax at the applicable tax rate of 35% (2016: 35%)		990,840	1,077,069
Tax effect on permanent differences		2,440	2,013
Prior years		157,743	161,371
Others		36,621	(41,958)
		1,187,644	1,198,495

### 31 BASIC AND DILUTED EARNINGS PER SHARE

Profit for the year after taxation		1,643,326	1,878,844
		----- (Number of shares) -----	
Weighted average number of ordinary shares		1,102,463,483	1,102,463,483
		----- (Rupees) -----	
Basic and diluted earnings per share	31.1	1.4906	1.7042

**31.1** There were no convertible dilutive potential ordinary shares outstanding on 31 December 2017 and 2016.

		Sub-Ordinated Loans	Other Liabilities - Mark-up Payable*
<b>32 NET DEBT RECONCILIATION</b>		----- (Rupees in '000) -----	
Net debt as at 01 January 2017		2,998,800	107,463
<b>Other non-cash movements</b>			
Mark-up accrued		-	224,487
<b>Cash flows</b>			
Principal paid		(1,200)	-
Mark-up paid		-	(223,073)
		(1,200)	(223,073)
Net debt as at 31 December 2017		2,997,600	108,877

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



33	<b>CASH AND CASH EQUIVALENTS</b>	<b>Note</b>	<b>2017</b> ----- (Rupees in '000) -----	<b>2016</b>
	Cash and balances with treasury banks	6	19,431,256	18,278,840
	Balances with other banks	7	1,151,015	822,689
	Overdrawn nostro accounts	15.2	(277,249)	(137,800)
			20,305,022	18,963,729

34	<b>STAFF STRENGTH</b>		<b>2017</b> (Numbers of employees)	<b>2016</b>
	Permanent		2,847	2,715
	Temporary / on contractual basis		23	29
	Bank's own staff strength at the end of the year		2,870	2,744
	Outsourced	34.1	1,151	981
	Total staff strength at the end of the year		4,021	3,725

**34.1** Outsourced represents employees hired by an outside contractor / agency and posted in the Bank to perform various tasks / activities of the Bank.

### 35 DEFINED BENEFIT PLAN

#### 35.1 General description

As mentioned in note 5.9, the Bank operates a 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.

#### 35.2 Principal actuarial assumptions

	<b>2017</b>	<b>2016</b>
a) Discount factor used (% per annum)	7.75	7.50
b) Expected rate of salary increase (% per annum)	6.75	6.50
c) Mortality rates (for death in service)*	SLIC (2001-05)-1	SLIC (2001-05)-1
d) Rate of employee turnover	Ultra-Heavy	Heavy

\* Assumptions regarding future mortality are set based on actuarial advice in accordance with the published statistics and experience in Pakistan. The rates assumed are based on the State Life Insurance Corporation Limited [SLIC (2001 - 2005)] ultimate mortality tables rated down one year.

35.3	<b>Reconciliation of payable to defined benefit plan</b>	<b>Note</b>	<b>2017</b> ----- (Rupees in '000) -----	<b>2016</b>
	Present value of defined benefit obligation	35.4	694,310	629,630
	Fair value of plan assets	35.4	(694,310)	(629,630)
			-	-

#### 35.4 The movement in the defined benefit obligation is as follows:

	<b>2017</b>		
	<b>Present value of obligation</b>	<b>Fair value of plan assets</b>	<b>Total</b>
	----- (Rupees in '000) -----		
As at 01 January	629,630	(629,630)	-
Current service cost	97,562	-	97,562
Interest expense / (income)	48,630	(48,630)	-
	775,822	(678,260)	97,562
Remeasurements:			
- Return on plan assets, excluding amounts included in interest expense	-	11,694	11,694
- (Gain) / loss from change in financial assumptions	491	-	491
- (Gain) / loss from change in demographic assumptions	7,998	-	7,998
- (Gain) / loss from change in experience adjustments	(29,412)	-	(29,412)
	(20,923)	11,694	(9,229)
Contributions during the year	-	(88,333)	(88,333)
Benefit payments	(60,589)	60,589	-
As at 31 December	694,310	(694,310)	-



	2016		
	Present value of obligation	Fair value of plan assets	Total
----- (Rupees in '000) -----			
As at 01 January	523,705	(523,705)	-
Current service cost	84,176	-	84,176
Interest expense / (income)	48,537	(48,537)	-
	<u>656,418</u>	<u>(572,242)</u>	<u>84,176</u>
Remeasurements:			
- Return on plan assets, excluding amounts included in interest income	-	(18,549)	(18,549)
- (Gain) / loss from change in financial assumptions	43,348	-	43,348
- (Gain) / loss from change in experience adjustments	(6,262)	-	(6,262)
	37,086	(18,549)	18,537
Contributions during the year	-	(102,713)	(102,713)
Benefit payments	(63,874)	63,874	-
As at 31 December	<u>629,630</u>	<u>(629,630)</u>	<u>-</u>

### 35.5 Charge for defined benefit plan

	2017	2016
	----- (Rupees in '000) -----	
Current service cost	97,562	84,176
Interest cost	48,630	48,537
Expected return on plan assets	(48,630)	(48,537)
	<u>97,562</u>	<u>84,176</u>

### 35.6 Composition of plan assets

	As at 31 December 2017			As at 31 December 2016		
	Quoted	Non-quoted	Total	Quoted	Non-quoted	Total
----- (Rupees in '000) -----						
Cash and bank balances	-	545,416	545,416	-	490,544	490,544
Equity instruments:						
- Mutual funds units and shares	141,474	-	141,474	131,556	-	131,556
Debt instruments:						
- Government	-	7,420	7,420	-	7,530	7,530
- Corporates	-	-	-	-	-	-
	<u>141,474</u>	<u>552,836</u>	<u>694,310</u>	<u>131,556</u>	<u>498,074</u>	<u>629,630</u>

### 35.7 Analysis of present value of defined benefit obligation

	2017	2016
	----- (Rupees in '000) -----	
Split by vested / non-vested		
(i) Vested benefits	622,730	543,514
(ii) Non-vested benefits	71,580	86,116
	<u>694,310</u>	<u>629,630</u>

35.8 The plan assets and defined benefit obligations are based in Pakistan.

### 35.9 Historical information

	2017	2016	2015	2014	2013
	----- (Rupees in '000) -----				
Present value of defined benefit obligation	694,310	629,630	523,705	446,315	385,636
Fair value of plan assets	(694,310)	(629,630)	(523,705)	(446,315)	(385,636)
Surplus / (deficit)	-	-	-	-	-
Experience adjustments on plan liabilities	(20,923)	37,086	507	(5,922)	33,187
Experience adjustments on plan assets	11,694	(18,549)	(6,237)	(832)	4,341
	<u>(9,229)</u>	<u>18,537</u>	<u>(5,730)</u>	<u>(6,754)</u>	<u>37,528</u>

**35.10** Actual return on plan assets during the year amounted to Rs 29.127 million (2016: Rs 76.163 million).

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.

**35.11** The sensitivities of the defined benefit obligation to changes in the principal actuarial assumptions are as under:

Particulars	Change in assumption	As at 31 December 2017		Change in assumption	As at 31 December 2016	
		Increase / (decrease) in present value of defined benefit obligation			Increase / (decrease) in present value of defined benefit obligation	
		(%)	(Rupees in '000)		(%)	(Rupees in '000)
Discount rate	+1%	-4.91%	(34,065)	+1%	-7.06%	(44,422)
	-1%	5.45%	37,812	-1%	16.28%	102,492
Salary increase rate	+1%	5.69%	39,520	+1%	8.37%	52,678
	-1%	-5.22%	(36,227)	-1%	4.52%	28,453
Mortality rate	1 year set back	0.00%	0.024	1 year set back	0.02%	115.28
	1 year set forward	-0.00%	(24.551)	1 year set forward	-0.02%	(115.08)

The above sensitivities analyses are based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied when calculating the gratuity liability recognised within the statement of financial position.

**35.12** The weighted average duration of the defined benefit obligation is 5.16 years (31 December 2016: 7.55 years).

**35.13** Expected maturity analysis of undiscounted defined benefit obligation for the gratuity scheme is as follows:

Particulars	As at 31 December 2017			
	Within a year	Between 2 and 3 years	Between 4 and 5 years	Between 6 and 10 years
	----- (Rupees in '000) -----			
Defined benefit obligation	110,755	263,264	237,967	635,800

**35.14** The expected gratuity expense for the next year commencing 01 January 2018 works out to be Rs 94.683 million (2016: Rs 97.562 million).

**35.14.1** Gratuity expense for the year ended 31 December 2018

	(Rupees in '000)
Service cost	94,683
Net Interest on the net defined benefit liability / (asset)	
(i) Interest cost on defined benefit obligation	53,198
(ii) Interest income on plan assets	(53,198)
(iii) Net Interest cost	-
Gratuity cost to be recognised in the profit and loss account	94,683



**35.15** The disclosures made in notes 35.1 to 35.14.1 are based on the information included in the independent actuarial valuation report of the Bank as of 31 December 2017.

### 36 DEFINED CONTRIBUTION PLAN

The Bank operates an approved funded provident fund scheme for all its permanent and confirmed employees. Equal monthly contributions are made, both by the Bank and its employees, to the fund at the rate of 8.33 percent (2016: 8.33 percent) of basic salaries of the employees. The contribution made by the Bank during the year amounted to Rs. 107.584 million (2016: Rs. 100.376 million each). The total number of employees as at 31 December 2017 eligible under the scheme were 2,379 (2016: 2,370 employees).

### 37 COMPENSATION OF DIRECTORS AND EXECUTIVES

	President / Chief Executive Officer		Directors/ Executive Director		* Executives	
	2017	2016	2017	2016	2017	2016
	----- (Rupees in '000) -----					
Fees	-	-	12,813	11,725	-	-
Managerial remuneration	34,764	39,272	9,744	-	831,618	687,860
Charge for defined benefit plan	4,138	4,968	1,011	-	74,445	66,910
Contribution to defined contribution plan	2,896	3,271	812	-	62,512	51,939
Rent and house maintenance	15,644	17,672	3,897	-	324,922	269,675
Utilities	1,416	1,144	-	-	-	-
Medical	320	752	974	-	81,231	67,429
Leave encashment and others	1,235	1,279	2,758	-	334,222	273,351
	60,413	68,358	32,009	11,725	1,708,950	1,417,164
Number of persons	1	1	8	7	965	738

\* Executives mean employees, other than the Chief Executive Officer and directors, whose basic salary exceed five hundred thousand rupees in a financial year.

The aggregate amount charged to profit and loss account as remuneration to other key management personnel amounts to Rs. 228.896 million (2016: Rs. 221.340 million) respectively.

In addition to above, all executives and President / Chief Executive Officer of the Bank are also entitled to bonus which is disclosed in note 28.1 to these financial statements.

In addition, the Bank also provides club membership fee to its President / Chief Executive Officer, Executive Director and certain executives. The amount charged on account of club membership fee during the year amounted to Rs 0.927 million (2016: Rs 0.881 million). Furthermore, the President / Chief Executive Officer and Executive Director are also provided with free use of Bank maintained car in accordance with their entitlements.

### 38 FAIR VALUE MEASUREMENTS

**38.1** Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair values of traded investments are based on quoted market prices, except for tradable securities classified as 'held-to-maturity' which are carried at amortised cost.

The fair values of unquoted equity investments are determined on the basis of break-up values of these investments as per the latest available audited financial statements.

The fair values of fixed-term loans and deposits, other assets and other liabilities cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances and investments have been calculated in accordance with the Bank's accounting policy as stated in note 5.3 and 5.4 to these financial statements.

The repricing profile, effective interest rates and maturities are stated in note 43 to these financial statements.

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 assets and liabilities are either short-term in nature or, in the case of financings and deposits, are periodically repriced.

	2017		2016	
	Book value	Fair value	Book value	Fair value
	----- (Rupees in '000) -----			
Forward purchase of foreign exchange	32,938,645	34,001,944	18,161,473	18,049,972
Forward sale of foreign exchange	28,402,978	29,191,104	13,793,304	13,688,715

### 38.2 Off-balance sheet financial instruments

**38.3** The table below analyses the financial and non-financial assets carried at fair values, by valuation methods. For financial assets, the Bank essentially carries its investments in debt and equity securities at fair values. Valuation of these investments is carried out as per guidelines specified by the SBP. In case of non-financial assets, such as land and building, the Bank has adopted revaluation model as per IAS 16.

The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs e.g. estimated future cash flows) (level 3).

	<b>2017</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>RECURRING FAIR VALUE MEASUREMENTS</b>	----- (Rupees in '000) -----			
<b>Financial Assets - on balance sheet</b>				
<b>INVESTMENTS - NET</b>				
<b>Held-for-trading securities</b>				
Market Treasury Bills	-	10,525,166	-	10,525,166
<b>Available-for-sale securities</b>				
Market Treasury Bills	-	42,368,137	-	42,368,137
Pakistan Investment Bonds	-	52,469,229	-	52,469,229
Government of Pakistan Ijarah Sukuks	-	2,011,120	-	2,011,120
Sukuk certificates	-	1,922,182	-	1,922,182
Term Finance Certificates	-	250,000	-	250,000
Commercial Papers	-	227,877	-	227,877
Fully paid-up ordinary shares				
- Listed	3,537,647	-	-	3,537,647
Units of mutual funds	212,471	-	-	212,471
<b>Financial Assets - off balance sheet</b>				
Forward purchase of foreign exchange	-	34,001,944	-	34,001,944
Forward sale of foreign exchange	-	29,191,104	-	29,191,104
<b>Non - Financial Assets</b>				
Operating fixed assets (land and buildings)*	-	-	4,180,054	4,180,054
	<u>3,750,118</u>	<u>172,966,759</u>	<u>4,180,054</u>	<u>180,896,931</u>
	<b>2016</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>RECURRING FAIR VALUE MEASUREMENTS</b>	----- (Rupees in '000) -----			
<b>Financial Assets - on balance sheet</b>				
<b>INVESTMENTS - NET</b>				
<b>Available-for-sale securities</b>				
Market Treasury Bills	-	44,147,931	-	44,147,931
Pakistan Investment Bonds	-	63,679,488	-	63,679,488
Government of Pakistan Ijarah Sukuks	-	2,139,500	-	2,139,500
Sukuk certificates	-	1,985,953	-	1,985,953
Term Finance Certificates	-	550,230	-	550,230
Fully paid-up ordinary shares				
- Listed	3,435,171	-	-	3,435,171
Units of mutual funds	222,158	-	-	222,158
<b>Financial Assets - off balance sheet</b>				
Forward purchase of foreign exchange	-	18,049,972	-	18,049,972
Forward sale of foreign exchange	-	13,688,715	-	13,688,715
<b>Non - Financial Assets</b>				
Operating fixed assets(land and buildings)*	-	-	2,789,558	2,789,558
	<u>3,657,329</u>	<u>144,241,789</u>	<u>2,789,558</u>	<u>150,688,676</u>

\* The Bank carries out periodic valuation of these assets for reasons disclosed in note 5.5 (a) 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 operating fixed assets (land and buildings).

**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 derived using the PKRV rates (Reuters page).
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 nine different 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, the 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 redemption prices as at the close of the business day.
Operating fixed assets (land and buildings)	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.

**38.4** The following table presents the changes in level 3 items for the years ended 31 December 2016 and 31 December 2017 for recurring fair value measurements:

	Freehold land	Leasehold land	Building on freehold land	Building on leasehold land	Total
<b>Opening balance 01 January 2016</b>	923,215	186,967	109,504	1,896,689	3,116,375
Acquisitions	12,840	-	160	13,290	26,290
Disposals	-	-	-	(239,504)	(239,504)
Amounts recognised in profit and loss account for depreciation and impairment	-	-	(9,547)	(104,056)	(113,603)
Gains recognised in "Surplus on Revaluation of Operating Fixed Assets"	-	-	-	-	-
<b>Closing balance 31 December 2016</b>	<u>936,055</u>	<u>186,967</u>	<u>100,117</u>	<u>1,566,419</u>	<u>2,789,558</u>
Acquisitions	-	-	22,772	28,523	51,295
Disposals	-	-	-	-	-
Amounts recognised in profit and loss account for depreciation and impairment	-	-	(9,899)	(197,334)	(207,233)
Gains recognised in "Surplus on Revaluation of Operating Fixed Assets"	319,915	162,080	26,478	1,037,961	1,546,434
<b>Closing balance 31 December 2017</b>	<u>1,255,970</u>	<u>349,047</u>	<u>139,468</u>	<u>2,435,569</u>	<u>4,180,054</u>

## SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The segment analysis with respect to business activities is as follows:

	Corporate	Trading and Sales	Retail Banking	Others	Total
	----- (Rupees in '000) -----				
<b>31 December 2017</b>					
Total income	6,339,813	10,274,190	5,140,273	19,548	21,773,824
Total expenses (excluding provisions)	5,419,506	7,987,205	4,508,730	960,966	18,876,407
Profit / (loss) before provisions and taxation	920,307	2,286,985	631,543	(941,418)	2,897,417
Provisions / (reversal of provision)	281,493	-	(215,046)	-	66,447
Profit / (loss) before taxation	638,814	2,286,985	846,589	(941,418)	2,830,970
Segment assets (gross)	114,478,717	118,256,543	91,129,090	7,022,670	330,887,020
Segment non-performing assets	3,404,204	40,159	7,061,230	12,605	10,518,198
Segment provision required *	2,567,759	40,159	6,132,521	12,605	8,753,044
Segment liabilities	18,532,477	53,358,903	226,684,034	5,053,963	303,629,377
Segment return on net assets (ROA) (%)**	0.57%	1.93%	1.00%	(13.43%)	0.88%
Segment cost of funds (%)***	4.08%	5.49%	3.73%	7.49%	4.13%

	Corporate	Trading and Sales	Retail Banking	Others	Total
	----- (Rupees in '000) -----				
<b>31 December 2016</b>					
Total income	4,873,143	10,860,845	4,507,613	19,044	20,260,645
Total expenses (excluding provisions)	4,428,198	7,765,688	3,833,912	1,131,101	17,158,899
Profit / (loss) before provisions and taxation	444,945	3,095,157	673,701	(1,112,057)	3,101,746
Provisions / (reversal of provision)	353,245	-	(328,838)	-	24,407
Profit / (loss) before taxation	91,700	3,095,157	1,002,539	(1,112,057)	3,077,339
Segment assets (gross)	83,937,044	119,143,711	79,330,566	4,827,017	287,238,338
Segment non-performing assets	3,096,799	40,159	7,540,218	12,605	10,689,781
Segment provision required *	2,260,294	40,159	6,404,574	12,605	8,717,632
Segment liabilities	19,903,826	29,924,207	205,911,614	4,491,832	260,231,479
Segment return on net assets (ROA) (%)**	0.11%	2.60%	1.37%	(23.10%)	1.10%
Segment cost of funds (%)***	4.78%	5.98%	3.92%	7.64%	4.33%

\* The provision against each segment represents provision held against advances, investments and other assets.

\*\* Segment ROA= Net income / (Segment Assets - Segment Provisions) computed on cut-off balances.

\*\*\* Segment cost of funds have been computed based on the average balances.

**39.1** The above analysis includes allocation of items as per the approved mapping policy of the Bank. Prior year figures have been re-arranged for comparison.

#### 40 TRUST ACTIVITIES

The Bank commonly acts as a trustee and in other fiduciary capacity that results in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These are not the assets of the Bank and, therefore, are not included in the Statement of Financial Position. The following is the list of assets held under trust:

Category	Type	No. of IPS accounts		Face Value	
		2017	2016	2017	2016
----- (Rupees in '000) -----					
Asset Management Companies	Ijarah Sukuk 3 years	3	3	19,000	19,000
Employee Funds / NGO's	PIB 3 years	1	5	170,500	217,500
Employee Funds / NGO's	MTB 6 months	2	2	160,000	120,000
Individuals	MTB 3 to 6 months	1	-	10,100	-
Individuals	MTB 12 months	-	1	-	330,000
Individuals	PIB 3 years	-	2	-	62,000
Individuals	PIB 5 years	1	1	5,000	5,000
Individuals	PIB 10 years	3	3	45,400	45,400
Individuals	PIB 20 years	1	1	10,000	10,000
Corporate	MTB 3 months	1	-	3,150,000	-
Corporate	PIB 3 years	-	1	-	20,000
Corporate	PIB 5 years	1	1	12,000	12,000
Staff retirement funds - related party	PIB 15 to 20 years	2	2	18,000	18,000
Bank's executive - related party	MTB 3 to 6 months	-	1	-	10,000
		16	23	3,600,000	868,900



## 41 RELATED PARTY TRANSACTIONS

The related parties of the Bank comprise related group companies, major shareholders, directors and their close family members (including their associates), staff retirement funds and key management personnel.

Usual transactions with related parties include deposits, advances, acceptances and provision of other banking services which are carried out in accordance with agreed terms. Transactions with executives are undertaken at terms in accordance with employment agreements and services rules and include provision of advances on terms softer than those offered to the customers of the Bank. Contributions to and accruals in respect of staff retirement benefit plans are made in accordance with the actuarial valuation / terms of the benefit plan as disclosed in notes 35 and 36. Remuneration to the key management personnel is disclosed in note 37 to these financial statements. Assets held under trust are disclosed in note 40 to these financial statements. Loans and advances to directors and associated companies are disclosed in note 10.9 to these financial statements.

The details of transactions with related parties during the year other than those which have been disclosed elsewhere in these financial statements, are as follows:

	Key management personnel				Other related parties					
	Bank's Chief Executive Officer / Executives		Directors and their close family members		Related Group Companies		Major Shareholders		Staff retirement funds	
	2017	2016***	2017	2016***	2017	2016***	2017	2016***	2017	2016***
----- (Rupees in ' 000) -----										
<b>Deposits</b>										
Balance at the beginning of the year	111,243	102,166	419,458	389,299	698,357	614,015	943,607	930,734	955,865	307,666
Placement during the year	360,800	461,622	1,363,117	1,064,973	55,578,161	48,430,789	7,958,523	6,662,800	1,433,416	1,682,409
Transfer in *	-	71	85,040	-	-	-	-	-	-	-
Withdrawal during the year	(334,961)	(452,599)	(1,547,590)	(1,034,814)	(55,403,427)	(48,346,447)	(6,714,214)	(6,649,927)	(1,104,979)	(1,034,210)
Transfer out **	(90,755)	(17)	(84,681)	-	(22,134)	-	-	-	-	-
Balance at the end of the year	46,327	111,243	235,344	419,458	850,957	698,357	2,187,916	943,607	1,284,302	955,865
<b>Advances</b>										
Balance at the beginning of the year	167,260	168,716	4,000	12,300	-	-	-	-	-	-
Disbursements during the year	30,380	22,715	500	4,000	-	-	-	-	-	-
Transfer in *	-	8,841	-	-	-	-	-	-	-	-
Repayments during the year	(41,370)	(24,588)	(1,000)	(12,300)	-	-	-	-	-	-
Transfer out **	(45,415)	(8,424)	-	-	-	-	-	-	-	-
Balance at the end of the year	110,855	167,260	3,500	4,000	-	-	-	-	-	-
Profit / interest expense on deposits	1,403	5,817	21,022	25,684	56,000	58,639	74,612	79,777	57,837	38,739
Mark-up / return / interest earned	8,022	9,278	289	295	-	-	-	-	-	-
Commission / brokerage bank charges recovered	68	55	34	38	286	321	6	6	-	-
Transaction-related contingent liabilities	-	-	-	-	-	763	-	-	-	-
Other administrative expenses	-	-	-	-	13,893	9,009	-	-	-	-
Investments	-	-	-	-	-	-	240,000	200,000	-	-
Other receivables	-	-	-	-	437,365	-	-	-	-	-
Donation	-	-	-	-	-	345	-	-	-	-

\* This represents balances pertaining to parties that became related during the current year.

\*\* This represents balances pertaining to parties that ceased to be related during any part of the current year.

\*\*\* During the current year, the scope of related party definition was internally examined by the management in the light of applicable regulations and necessary adjustments have been made in the prior period balances / transactions.



## 42 CAPITAL ADEQUACY

### 42.1 Capital Management

The State Bank of Pakistan (SBP) introduced guidelines with respect to disclosure of capital adequacy related information in the financial statements of banks vide its communication dated: 04 February 2014. These guidelines are based on the requirements of Basel III which were introduced earlier by the SBP in August 2013 for implementation by the banks in Pakistan. The SBP has specified a transitional period till 2018 for implementation of Basel III guidelines. The SBP vide its BPRD Circular No. 11 of 2014 dated: 05 November 2014 revised the disclosure requirements with respect to capital adequacy related information. The disclosures below have been prepared on the basis of the SBP's circular.

The objective of managing capital is to safeguard the Bank's ability to continue as a going concern, so that it could continue to provide adequate returns to shareholders by pricing products and services commensurating with the level of risk. It is the policy of the Bank to maintain adequate capital base so as to maintain investor, creditor and market confidence and to support future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Bank recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

#### Goals of managing capital

The goals of capital management are as follows:

- To be an appropriately capitalised institution, as defined by regulatory authorities and in accordance with risk profile;
- Maintain strong ratings and protect the Bank against unexpected events;
- Ensure availability of adequate capital (including the quantum) at a reasonable cost so as to enable the Bank to expand; and achieve overall low cost of capital with appropriate mix of capital elements.

#### Statutory minimum capital requirement and management of capital

The State Bank of Pakistan requires all banks to have minimum paid up capital (net of losses) of Rs. 10 billion. The paid up capital of the Bank for the year ended 31 December 2017 stood at Rs. 11,024.636 million. In addition banks are also required to maintain a minimum Capital Adequacy Ratio (CAR) of 11.275 percent of the risk weighted exposure of the Bank as at 31 December 2017. The Bank's CAR as at 31 December 2017 was approximately 12.77 percent of its risk weighted exposure.

The capital of the Bank is managed keeping in view the minimum "Capital Adequacy Ratio" required by the SBP through BPRD Circular No. 06 dated: 15 August 2013. The adequacy of the capital is measured with reference to the risk-weighted assets of the Bank.

The required capital adequacy ratio is achieved by the Bank through improvement in the asset quality, ensuring better recovery management and striking balance with low risk assets. Banking operations are categorised as either trading book or banking book and risk-weighted assets are determined according to specified requirements of the State Bank of Pakistan that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures. The total risk-weighted exposures comprise the credit risk, market risk and operational risk.

For the purpose of calculating capital under the capital adequacy framework, the capital of the bank is classified in two tiers as per the Basel III framework. The total regulatory capital consists of the sum of Tier 1 Capital and Tier 2 Capital. Tier 1 Capital includes Common Equity Tier 1 (CET1) and Additional Tier 1 Capital (AT1). CET1 of the Bank includes the sum of fully paid up capital, balance in share premium, reserves for issuance of bonus share, general / statutory reserves as disclosed in the balance sheet, un-appropriated profit, less regulatory adjustments. The Bank's common shares are perpetual in nature and have the last subordination in case of liquidation.

AT1 capital includes instruments issued by the banks that meet the qualifying criteria for AT1, share premium resulting from the issuance of AT1 instruments less regulatory adjustments applicable on AT1 capital. The Bank has not allocated any AT1 capital.

Tier 2 capital includes subordinated debt / Instruments, share premium resulting from the issue of instruments included in Tier 2, Revaluation Reserves (net of deficits, if any), General Provisions or General Reserves for loan losses, Foreign Exchange Translation Reserves, Undisclosed Reserves less regulatory adjustments applicable on Tier-2 capital. The Bank Tier-2 capital comprises subordinated Term Finance Certificates (TFCs) of Rs. 2.998 billion, revaluation reserve (upto a maximum of 89% net of taxes of the balance in the related revaluation reserve) and general provisions for loan losses.

The calculation of capital adequacy enables the Bank to assess its long-term soundness. As the Bank carries on the business on a wide area network basis, it is critical that it is able to continuously monitor the exposure across the entire organisation and aggregate the risks so as to take an integrated approach / view.



## 42.2 Capital Adequacy Ratio (CAR) disclosure

Particulars	2017	2016
	Amount ----- (Rupees in '000) -----	
<b>Common Equity Tier 1 capital (CET1): Instruments and reserves</b>		
Fully paid-up capital / capital deposited with the SBP	11,024,636	11,024,636
Balance in share premium account	-	-
Reserve for issue of bonus shares	-	-
Discount on issue of shares	-	-
General / Statutory Reserves	1,752,494	1,423,829
Gain / (Losses) on derivatives held as Cash Flow Hedge	-	-
Unappropriated profits	3,664,580	3,496,305
Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	-	-
<b>CET 1 before Regulatory Adjustments</b>	<b>16,441,710</b>	<b>15,944,770</b>
<b>Total regulatory adjustments applied to CET1 (Note 42.2.1)</b>	<b>(479,111)</b>	<b>(615,993)</b>
<b>Common Equity Tier 1</b>	<b>15,962,599</b>	<b>15,328,777</b>
<b>Additional Tier 1 (AT 1) Capital</b>		
Qualifying Additional Tier-1 capital instruments plus any related share premium of which:	-	-
- classified as equity	-	-
- classified as liabilities	-	-
Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties	-	-
- of which: instrument issued by subsidiaries subject to phase out	-	-
<b>AT1 before regulatory adjustments</b>	<b>-</b>	<b>-</b>
<b>Total of Regulatory Adjustment applied to AT1 capital (Note 42.2.2)</b>	<b>-</b>	<b>-</b>
<b>Additional Tier 1 capital after regulatory adjustments</b>	<b>-</b>	<b>-</b>
<b>Tier 1 Capital (CET1 + admissible AT1)</b>	<b>15,962,599</b>	<b>15,328,777</b>
<b>Tier 2 Capital</b>		
Qualifying Tier 2 capital instruments under Basel III plus any related share premium	-	-
Capital instruments subject to phase out arrangement issued	2,997,600	2,998,800
Tier 2 capital instruments issued to third parties by consolidated subsidiaries	-	-
- of which: instruments issued by subsidiaries subject to phase out	-	-
General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	38,675	51,340
Revaluation Reserves (net of taxes)		
of which:		
- Revaluation reserves on fixed assets	1,708,726	722,768
- Unrealized gains / losses on AFS	127,245	1,105,908
Foreign Exchange Translation Reserves	-	-
Undisclosed/Other Reserves (if any)	-	-
<b>T2 before regulatory adjustments</b>	<b>4,872,246</b>	<b>4,878,816</b>
Total regulatory adjustment applied to T2 capital (Note 42.2.3)	(149,880)	(208,871)
Tier 2 capital (T2) after regulatory adjustments	4,722,366	4,669,945
Tier 2 capital recognized for capital adequacy	4,722,366	4,669,945
Portion of Additional Tier 1 capital recognized in Tier 2 capital	-	-
Total Tier 2 capital admissible for capital adequacy	4,722,366	4,669,945
<b>TOTAL CAPITAL (T1 + admissible T2)</b>	<b>20,684,965</b>	<b>19,998,722</b>
<b>Total Risk Weighted Assets (RWA) {for details refer Note 42.3.4}</b>	<b>161,970,856</b>	<b>141,609,046</b>
<b>Capital Ratios and buffers (in percentage of risk weighted assets)</b>		
CET1 to total RWA	9.86%	10.82%
Tier-1 capital to total RWA	9.86%	10.82%
Total capital to total RWA	12.77%	14.12%
Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement) of which:	-	-
- capital conservation buffer requirement	-	-
- countercyclical buffer requirement	-	-
- D-SIB or G-SIB buffer requirement	-	-
CET1 available to meet buffers (as a percentage of risk weighted assets)	3.86%	4.82%

Particulars	2017	2016
	Amount	
	----- (Rupees in '000) -----	
<b>National minimum capital requirements prescribed by SBP</b>		
CET1 minimum ratio	6.00%	6.00%
Tier 1 minimum ratio	7.50%	7.50%
Total capital minimum ratio	11.275%	10.65%

Particulars	2017		2016	
	Amount	Pre-Basel III treatment*	Amount	Pre-Basel III treatment*
	----- (Rupees in '000) -----			

#### 42.2.1 Common Equity Tier 1 capital: Regulatory adjustments

Goodwill (net of related deferred tax liability)	-	-	-	-
All other intangibles (net of any associated deferred tax liability)	446,048	-	403,363	-
Shortfall of provisions against classified assets**	-	-	-	-
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-	-	-
Defined-benefit pension fund net assets	-	-	-	-
Reciprocal cross holdings in CET1 capital instruments	33,063	-	117,980	-
Cash flow hedge reserve	-	-	-	-
Investment in own shares / CET1 instruments	-	-	-	-
Securitization gain on sale	-	-	-	-
Capital shortfall of regulated subsidiaries	-	-	-	-
Deficit on account of revaluation from Bank's holdings of property / AFS	-	-	-	-
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	94,650	-
Significant investments in the common stocks of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-	-	-
Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-	-	-
Amount exceeding 15% threshold of which:				
- significant investments in the common stocks of financial entities	-	-	-	-
- deferred tax assets arising from temporary differences	-	-	-	-
National specific regulatory adjustments applied to CET1 capital	-	-	-	-
Investment in TFCs of other banks exceeding the prescribed limit	-	-	-	-
Any other deduction specified by SBP	-	-	-	-
Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-	-	-	-
<b>Total regulatory adjustments applied to CET1</b>	<b>479,111</b>	<b>-</b>	<b>615,993</b>	<b>-</b>

#### 42.2.2 Additional Tier 1 Capital: regulatory adjustments

Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-	-	-	-
Investment in own AT1 capital instruments	-	-	-	-
Reciprocal cross holdings in Additional Tier 1 capital instruments	-	-	-	-
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-	-
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-	-
Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-1 capital	-	-	-	-
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-	-	-
<b>Total of Regulatory Adjustment applied to AT1 capital</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



Particulars	2017	2016
	---- (Rupees in '000) ----	
<b>On balance sheet exposures</b>		
1 On-balance sheet items (excluding derivatives but including collateral)	321,693,540	278,520,706
2 Derivatives (forward contracts and currency swaps)	1,019,454	114,609
<b>3 Total on balance sheet exposures</b>	<b>322,712,994</b>	<b>278,635,315</b>
<b>Off balance sheet exposures</b>		
4 Off-balance sheet items (excluding derivatives)	58,309,244	58,948,414
5 Commitment in respect of derivatives (derivatives having negative fair value are also included)	591,110	308,766
<b>6 Total off balance sheet exposures</b>	<b>58,900,354</b>	<b>59,257,180</b>
<b>Capital and total exposures</b>		
<b>7 Tier 1 capital (Note 42.2)</b>	<b>15,962,599</b>	<b>15,328,777</b>
<b>8 Total exposures (sum of lines 3 and 6)</b>	<b>381,613,348</b>	<b>337,892,495</b>
<b>Basel III leverage ratio</b>	<b>4.18%</b>	<b>4.54%</b>

The current year's leverage ratio is 4.18% (2016: 4.54%) whereas total tier 1 capital and total exposures are Rs. 15,962.599 million and Rs 381,613.348 million respectively.

#### 42.3 Capital Structure Reconciliation

##### 42.3.1 Reconciliation of each financial statement line item to item under regulatory scope of reporting - Step 1

Particulars	Balance sheet as in published financial statements	Under regulatory scope of reporting
	---- (Rupees in '000) ----	
<b>Assets</b>		
Cash and balances with treasury banks	19,431,256	19,431,256
Balances with other banks	1,151,015	1,151,015
Lending to financial institutions	6,544,152	6,544,152
Investments	117,428,516	117,428,516
Advances	164,292,915	164,292,915
Operating fixed assets	6,581,465	6,581,465
Deferred tax assets	-	-
Other assets	6,704,657	6,704,657
<b>Total assets</b>	<b>322,133,976</b>	<b>322,133,976</b>
<b>Liabilities and Equity</b>		
Bills payable	4,895,447	4,895,447
Borrowings	64,584,236	64,584,236
Deposits and other accounts	227,348,454	227,348,454
Sub-ordinated loans	2,997,600	2,997,600
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	935,711	935,711
Other liabilities	2,867,929	2,867,929
<b>Total liabilities</b>	<b>303,629,377</b>	<b>303,629,377</b>
Share capital	11,024,636	11,024,636
Reserves	1,752,494	1,752,494
Unappropriated profit	3,664,580	3,664,580
Surplus on revaluation of assets - net of tax	2,062,889	2,062,889
<b>Total liabilities and equity</b>	<b>322,133,976</b>	<b>322,133,976</b>



#### 42.3.2 Reconciliation of balance sheet to eligible regulatory capital - Step 2

Particulars	Reference	Balance sheet as in published financial statements	Under regulatory scope of reporting
---- (Rupees in '000) ----			
<b>Assets</b>			
Cash and balances with treasury banks		19,431,256	19,431,256
Balances with other banks		1,151,015	1,151,015
Lending to financial institutions		6,544,152	6,544,152
Investments		117,428,516	117,428,516
of which:			
- non-significant capital investments in capital of other financial institutions exceeding 10% threshold	a	-	-
- significant capital investments in financial sector entities exceeding regulatory threshold	b	-	-
- mutual funds exceeding regulatory threshold	c	-	-
- reciprocal crossholding of capital instrument	d	182,943	182,943
- others	e	-	-
Advances		164,292,915	164,292,915
- shortfall in provisions / excess of total EL amount over eligible provisions under IRB	f	-	-
- general provisions reflected in Tier 2 capital	g	-	-
Operating fixed assets		6,581,465	6,581,465
- of which: Intangibles	k	446,048	446,048
Deferred tax assets		-	-
of which:			
- DTAs that rely on future profitability excluding those arising from temporary differences	h	-	-
- DTAs arising from temporary differences exceeding regulatory threshold	i	-	-
Other assets		6,704,657	6,704,657
of which:			
- goodwill	j	-	-
- defined-benefit pension fund net assets	l	-	-
<b>Total assets</b>		<b>322,133,976</b>	<b>322,133,976</b>
<b>Liabilities and Equity</b>			
Bills payable		4,895,447	4,895,447
Due from financial institutions		64,584,236	64,584,236
Deposits and other accounts		227,348,454	227,348,454
Sub-ordinated loans of which:		2,997,600	2,997,600
- eligible for inclusion in AT1	m	-	-
- eligible for inclusion in Tier 2	n	2,997,600	2,997,600
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities of which:		935,711	935,711
- DTLs related to goodwill	o	-	-
- DTLs related to intangible assets	p	-	-
- DTLs related to defined pension fund net assets	q	-	-
- other deferred tax liabilities	r	935,711	935,711
Other liabilities		2,867,929	2,867,929
<b>Total liabilities</b>		<b>303,629,377</b>	<b>303,629,377</b>
<b>Share capital</b>			
- of which: amount eligible for CET1	s	11,024,636	11,024,636
- of which: amount eligible for AT1	t	-	-
Reserves of which:		1,752,494	1,752,494
- portion eligible for inclusion in CET1 - Statutory reserve	u	1,752,494	1,752,494
- portion eligible for inclusion in CET1 - General reserve		-	-
- portion eligible for inclusion in Tier 2 - General reserve	v	-	-
Discount on issue of shares		-	-

Particulars	Reference	Balance sheet as in published financial statements	Under regulatory scope of reporting
---- (Rupees in '000) ----			
Unappropriated profit	w	3,664,580	3,664,580
Minority Interest of which:			
- portion eligible for inclusion in CET1	x	-	-
- portion eligible for inclusion in AT1	y	-	-
- portion eligible for inclusion in Tier 2	z	-	-
Surplus on revaluation of assets of which:		2,062,889	2,062,889
- revaluation reserves on fixed assets		1,919,917	1,919,917
- unrealized gains/losses on AFS	aa	142,972	142,972
- in case of deficit on revaluation (deduction from CET1)	ab	-	-
<b>Total liabilities and equity</b>		<b>322,133,976</b>	<b>322,133,976</b>

#### 42.3.3 Basel III Disclosure (with added column) - Step 3

Particulars	Source based on reference number from step 2	Component of regulatory capital reported by Bank
----- (Rupees in '000) -----		
<b>Common Equity Tier 1 capital (CET1): Instruments and reserves</b>		
1 Fully paid-up capital		11,024,636
2 Balance in share premium account	(s)	-
3 Discount on issue of shares		-
4 Reserve for issue of bonus shares		-
5 General / Statutory Reserves	(u)	1,752,494
6 Gain / (Losses) on derivatives held as cash flow hedge		-
7 Unappropriated / unremitted profits	(w)	3,664,580
8 Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	(x)	-
9 <b>CET 1 before regulatory adjustments</b>		<b>16,441,710</b>
<b>Common Equity Tier 1 capital: Regulatory adjustments</b>		
10 Goodwill (net of related deferred tax liability)	(j) - (s)	-
11 All other intangibles (net of any associated deferred tax liability)	(k) - (p)	446,048
12 Shortfall of provisions against classified assets	(f)	-
13 Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	(h) - (r) * x%	-
14 Defined-benefit pension fund net assets	(l) - (q) * x%	-
15 Reciprocal cross holdings in CET1 capital instruments	(d)	33,063
16 Cash flow hedge reserve		-
17 Investment in own shares / CET1 instruments		-
18 Securitization gain on sale		-
19 Capital shortfall of regulated subsidiaries		-
20 Deficit on account of revaluation from Bank's holdings of property / AFS	(ab)	-
21 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued share capital (amount above 10% threshold)	(a) - (ac) - (ae)	-
22 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	(b) - (ad) - (af)	-
23 Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	(i)	-
24 Amount exceeding 15% threshold of which:		-
- significant investments in the common stocks of financial entities		-
- deferred tax assets arising from temporary differences		-
25 National specific regulatory adjustments applied to CET1 capital		-
26 Investment in TFCs of other banks exceeding the prescribed limit		-
27 Any other deduction specified by SBP (mention details)		-
28 Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions		-
29 <b>Total regulatory adjustments applied to CET1</b>		<b>479,111</b>
<b>Common Equity Tier 1</b>		<b>15,962,599</b>



Particulars	Source based on reference number from step 2	Component of regulatory capital reported by Bank
<b>---- (Rupees in '000) ----</b>		
<b>Additional Tier 1 (AT 1) Capital</b>		
30		-
Qualifying Additional Tier-1 instruments plus any related share premium of which:		
31	(t)	-
32	(m)	-
33		-
Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties		
34	(y)	-
35		-
- of which: instrument issued by subsidiaries subject to phase out		
<b>AT1 before regulatory adjustments</b>		
<b>Additional Tier 1 Capital: Regulatory adjustments</b>		
36		-
Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)		
37		-
Investment in own AT1 capital instruments		
38		-
Reciprocal cross holdings in Additional Tier 1 capital instruments		
39		-
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued share capital (amount above 10% threshold)		
40	(ac)	-
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation		
41	(ad)	-
Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from Tier-1 capital		
42		-
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions		
43		-
Total of regulatory adjustment applied to AT1 capital		
44		-
Additional Tier 1 capital		
45		-
<b>Additional Tier 1 capital recognised for capital adequacy</b>		
<b>Tier 1 capital (CET1 + admissible AT1)</b>		<b>15,962,599</b>
<b>Tier 2 capital</b>		
46		-
Qualifying Tier 2 capital instruments under Basel III		
47	(n)	2,997,600
Capital instruments subject to phase out arrangement from Tier 2		
48		-
Tier 2 capital instruments issued to third party by consolidated subsidiaries		
49	(z)	-
- of which: instruments issued by subsidiaries subject to phase out		
49		-
General provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets		
50	(g)	38,625
Revaluation Reserves eligible for Tier 2 of which:		
51		-
- portion pertaining to fixed asset		
52		1,708,726
- portion pertaining to AFS securities		
53	56% of (aa)	127,245
54	(v)	-
Foreign Exchange Translation Reserves		
55		-
Undisclosed / Other Reserves (if any)		
<b>T2 before regulatory adjustments</b>		<b>4,872,246</b>
<b>Tier 2 capital: Regulatory adjustments</b>		
56		-
Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital		
57		-
Reciprocal cross holdings in Tier 2 instruments		
58		-
Investment in own Tier 2 capital instrument		
59		-
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the Bank does not own more than 10% of the issued share capital (amount above 10% threshold)		
60	(ae)	149,880
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation		
61	(af)	-
Amount of regulatory adjustment applied to T2 capital		
62		149,880
Tier 2 capital (T2)		
63		4,722,366
Tier 2 capital recognised for capital adequacy		
64		4,722,366
Excess Additional Tier 1 capital recognised in Tier 2 capital		
65		-
Total Tier 2 capital admissible for capital adequacy		
<b>TOTAL CAPITAL (T1 + admissible T2)</b>		<b>20,684,965</b>



#### 42.3.4 Risk-weighted exposures

##### Credit risk

##### Portfolios subject to standardised approach (Comprehensive Approach)

##### On-balance sheet items:

	Note	2017	2016
		Capital requirement	Risk adjusted value
		Capital requirement	Risk adjusted value
----- (Rupees in '000) -----			
Cash and cash equivalent		-	-
Sovereign and central banks		4,180	37,071
Public sector entities (PSEs)		131,972	1,170,480
Banks and securities firms		127,031	1,126,663
Corporate portfolio	42.4	9,954,907	88,291,858
Retail non mortgages	42.4	1,125,027	9,978,066
Mortgages – Residential		117,719	1,044,075
Past due loans		249,385	2,211,838
Operating fixed assets		691,768	6,135,417
Other assets		170,792	1,514,788
		12,572,781	111,510,256
		10,315,180	96,856,142

##### Off balance sheet items:

##### Non-market related:-

Direct credit substitutes	42.5	1,718,882	15,245,069	1,351,145	12,686,804
Performance-related contingencies	42.5	563,409	4,996,972	452,785	4,251,507
Trade-related contingencies	42.5	444,993	3,946,720	600,374	5,637,316
		2,727,284	24,188,761	2,404,304	22,575,627

##### Market related:-

Outstanding interest rate contracts		-	-	-	-
Outstanding foreign exchange contracts		57,033	505,833	17,472	164,056
		57,033	505,833	17,472	164,056

Portfolios subject to Internal Rating Based (IRB) Approach

e.g. Corporate,  
Sovereign ,  
Retail ,  
Securitization etc.

##### Equity Exposure Risk in the Banking Book

Equity portfolio subject to market-based approaches

Under simple risk weight method  
Under internal models approach

Equity portfolio subject to PD / LGD

##### Equity Exposure Risk in the Banking Book

Listed equity investments held in banking book		74,785	663,280	472,628	4,437,820
Unlisted equity investments held in banking book		1,877	16,650	1,773	16,650
Recognised portion of significant investment		-	-	-	-
		76,662	679,930	474,401	4,454,470

##### Total credit risk exposures

##### Market Risk

Capital requirement for portfolios subject to Standardised Approach

Interest rate risk		30,608	382,600	11,940	149,250
Equity position risk		594,728	7,434,100	35,545	444,313
Foreign exchange risk		24,743	309,288	14,926	186,575
Position in options		-	-	-	-
<b>Total market risk exposures</b>		650,079	8,125,988	62,411	780,138



	2017		2016	
	Capital requirement	Risk adjusted value	Capital requirement	Risk adjusted value
----- (Rupees in '000) -----				
Capital Requirement for portfolios subject to Internal Models Approach Interest rate risk Foreign exchange risk etc.				
<b>Operational Risk</b>				
Capital requirement for operational risks	1,356,807	16,960,088	1,342,289	16,778,613
<b>Total</b>	<b>17,440,646</b>	<b>161,970,856</b>	<b>14,616,057</b>	<b>141,609,046</b>
<b>Capital Adequacy Ratio</b>	<b>Required</b>	<b>Actual</b>	<b>Required</b>	<b>Actual</b>
	<b>December 2017</b>		<b>December 2016</b>	
CET1 to total RWA	6.00%	9.86%	6.00%	10.82%
Tier-1 capital to total RWA	7.50%	9.86%	7.50%	10.82%
Total capital to total RWA	11.275%	12.77%	10.65%	14.12%

**42.4** Cash margin and eligible securities amounting to Rs.55,599 million (2016: Rs.33,770 million) have been deducted from gross advances using comprehensive approach to credit risk mitigation under Basel III. Advances are not net off with general provision amounting to Rs.38.675 million (2016: Rs. 51.340 million) which is reported separately in Tier II (supplementary) capital as per BSD Circular Letter no. 03 dated: 20 May 2006.

**42.5** Cash margin and eligible securities amounting to Rs. 661.910 million (2016: Rs.727.996 million) have been deducted from off-balance sheet items.

**42.6** Contracts having original maturities of 14 days or less have been excluded.

#### **42.7 Main Features of Regulatory Capital Instruments**

	Main Features	Common Shares	Instrument 1
1	Issuer	Soneri Bank Limited	Soneri Bank Limited
2	Unique identifier (e.g. PSX Symbol or Bloomberg identifier etc.)	SNBL	SNBL - TFCs
3	Governing law(s) of the instrument	Laws of Islamic Republic of Pakistan	Laws of Islamic Republic of Pakistan
4	Regulatory treatment		
4.1	Transitional Basel III rules	Common Equity Tier 1	Tier 2
4.2	Post-transitional Basel III rules	Common Equity Tier 1	Tier 2
4.3	Eligible at solo/ group/ group & solo	Solo	Solo
4.4	Instrument type	Ordinary Shares	Subordinated Debt
5	Amount recognized in regulatory capital (Currency in PKR thousands, as of reporting date)	Rs. 11,024,636	Rs. 2,997,600
6	Par value of instrument	Rs.10	Rs.5,000
7	Accounting classification	Shareholders' Equity	Liability
8	Original date of issuance	Various From 1992	July 2015
9	Perpetual or dated	Perpetual	Dated
9.1	Original maturity date	N/A	July 2023
10	Issuer call subject to prior supervisory approval	No	Yes, after 5 years from last day of public subscription
10.1	Optional call date, contingent call dates and redemption amount	N/A	N/A
10.2	Subsequent call dates, if applicable	N/A	N/A
11	Coupons / dividends		
11.1	Fixed or floating dividend/ coupon	N/A	Floating
11.2	Coupon rate and any related index/ benchmark	N/A	Floating rate at 6 month KIBOR plus 1.35%
11.3	Existence of a dividend stopper	No	Yes
11.4	Fully discretionary, partially discretionary or mandatory	Fully Discretionary	Mandatory
11.5	Existence of step up or other incentive to redeem	No	No
11.6	Non-cumulative or cumulative	Non-cumulative	Cumulative
12	Convertible or non-convertible	Non-convertible	Convertible in case of PONV

	<b>Main Features</b>	<b>Common Shares</b>	<b>Instrument 1</b>
12.1	If convertible, conversion trigger (s)	N/A	At the option of supervisor it can be converted into common equity upon occurrence of certain trigger events , called point of non viability (PONV). The PONV is the earlier of;  1. A decision made by SBP that a conversion or temporary/ permanent write off is necessary without which the Bank would become non viable.  2. The decision to make a public sector injection of capital, or equivalent support, without which the Bank would have become non viable, as determined by SBP.
12.2	If convertible, fully or partially	N/A	May convert fully or partially in case of PONV
12.3	If convertible, conversion rate	N/A	To be determined in the case of trigger event
12.4	If convertible, mandatory or optional conversion	N/A	Convertible at the discretion of SBP in case of PONV
12.5	If convertible, specify instrument type convertible into	N/A	Common Equity Tier 1
12.6	If convertible, specify issuer of instrument it converts into	N/A	SNBL (Ordinary shares)
13	Write-down feature	No	Yes
14	If write-down, write-down trigger(s)	N/A	At the option of supervisor it can be either written off upon occurrence of a certain trigger events, called point of non viability(PONV). The PONV is the earlier of:  1. A decision made by SBP that a conversion or temporary/ permanent write off is necessary without which the Bank would become non viable.  2. The decision to make a public sector injection of capital, or equivalent support, without which the Bank would have become non viable, as determined by SBP.
15	If write-down, full or partial	N/A	May be written-down fully or partially;
16	If write-down, permanent or temporary	N/A	N/A
17	If temporary write-down, description of write-up mechanism	N/A	As may be determined by reversal of trigger events and subject to regulator's approval
18	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument	N/A	Senior to ordinary shareholders
19	Non-compliant transitioned features	No	No
20	If yes, specify non-compliant features	N/A	N/A

## 43 RISK MANAGEMENT

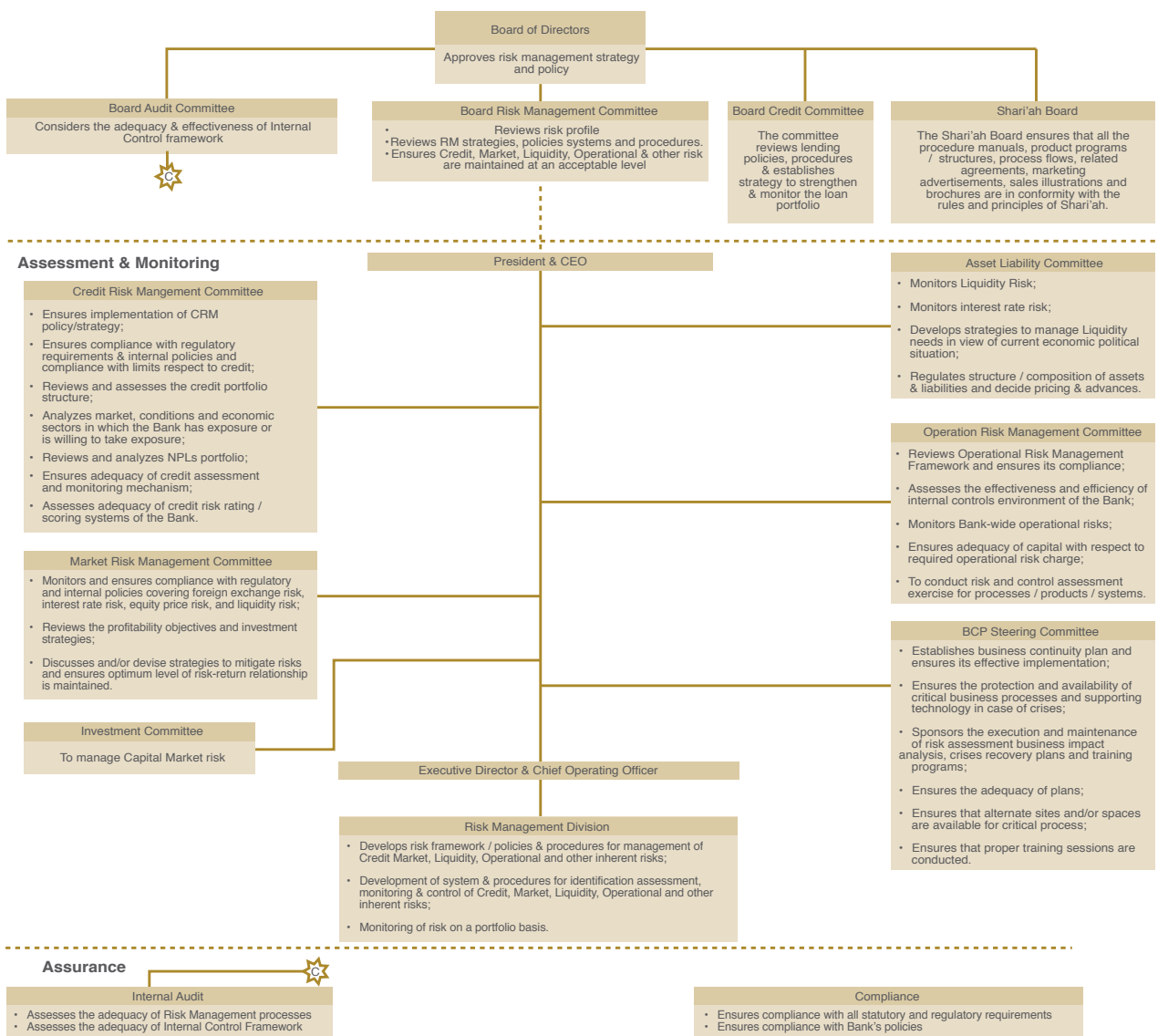
The primary goal of risk management is to identify, assess and monitor risks inherent in the activities of the Bank and take adequate measures to manage and control these risks on a timely basis. This will help in achieving sustainable business growth, financial and non-financial targets with better protection and soundness. The Bank's aim is to achieve an appropriate balance between risk and return and to minimise potential adverse effects on the Bank's financial performance.



The Bank's risk management framework encompasses the culture, processes and structure and is directed towards the effective management of potential opportunities and threats to the Bank. The prime objective of the Bank's risk management strategy is to abandon the traditional approach of 'managing risk by silos' and to put in place integrated risk and economic capital management capabilities that will enable the Bank to achieve integrated view of risks across its various business operations and to gain strategic advantage from its risk management capabilities.

The Board of Directors (BOD) keeps an oversight on the Bank-wide risk management framework and approves the risk management strategy and policies of the Bank. The Board Risk Management Committee (BRMC), ensures that the Bank maintains a complete and prudent integrated risk management framework at all times and ensures that the risk exposures are maintained within acceptable levels. Moreover, the Credit Risk Management Committee (CRMC), Market Risk Management Committee (MRMC) and the Operational Risk Management Committee (ORMC) and all other senior management committees are mainly responsible for ensuring the compliance of the BOD approved risk management policy and for monitoring and managing risk levels in relevant areas of the Bank.

The Bank's risk management policy, formulated on regulatory guidelines, covers all major types of risk that the Bank is exposed to. The policy is laid down on key risk management principles which includes management oversight and control culture, risk recognition and assessment, control activities and segregation of duties, information and communication and monitoring activities and correcting deficiencies.



The Bank has a well-established risk management structure, with an active Board of Directors and Board Risk Management Committee supported by an experienced senior management team and a centralised risk management group which is independent of the business lines.

### RISK MANAGEMENT FUNCTION



The Bank has undertaken a number of initiatives in the areas of assessment, measurement and monitoring of credit risk, market risk, funding liquidity risk and operational risk. These measures are providing competitive advantage to the Bank besides preparing the Bank for the full implementation of Basel-III.

### 43.1 Credit risk

Credit risk is a risk arising from the potential that an obligor is either unwilling to perform on an obligation or its ability to perform is impaired resulting in financial loss to the Bank. Credit risk mainly arises from all placement of deposits, lending and investing activities i.e. transactions that give rise to actual, contingent or potential claims against any counterparty, borrower or obligor.

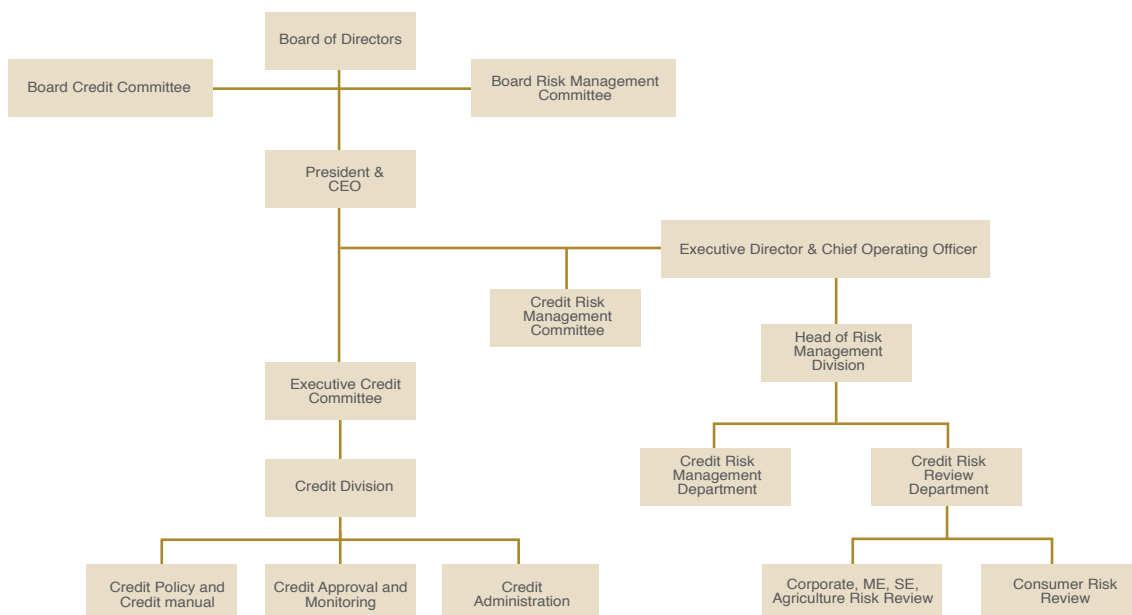
#### Credit Risk Management Objectives and Organisation

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 at transaction as well as at portfolio level. In addition to this, the Enterprise Risk Management (ERM) solution of SAS provides information / analysis in making better credit decisions, measured risk-taking, better loan pricing and efficient capital allocation thereagainst thus resulting in efficient and effective use of funds and increase in profitability of the Bank.

The Bank has an organisational structure for managing credit risk, established on internal control environment and equipped with adequate level of expertise and resources.

### CREDIT RISK MANAGEMENT STRUCTURE





### **Credit Approval Authorities and Credit Standards**

The Board of Directors has delegated lending powers to different tiers of credit approving authorities, constituted at central and regional levels. Extension of credit is executed, in strong internal control environment, in the light of the Bank's credit policies and procedures and regulatory requirements.

### **Credit Portfolio Management**

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

### **Credit Risk Rating**

The Credit Risk Rating System provides solid grounds for the assessment and measurement of credit risk against each obligor in addition to fulfilling regulatory requirements. The SAS based Internal Obligor Risk Rating System for Agriculture, Corporate, ME/SE and Consumer borrowers has 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 requirements of SBP / Basel Accords and also has the capability to track historical defaults and loss experiences.

These Credit Risk Rating Systems are now incorporated with Bank's Credit Approval Processing Systems (CAPs) for its Corporate, ME/SE and Consumer borrowers; resultantly this facility reduces the TAT in Credit Risk Review process and approvals and establishes 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 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 acts 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., Market 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 (RMG) which initiates recovery proceedings against the borrowers in accordance with the applicable laws.

### 43.1.1 Segmental information

#### 43.1.1.1 Segments by class of business

	2017					
	Advances (Gross)		Deposits		**Contingencies and commitments	
	(Rupees in '000)	(Percent)	(Rupees in '000)	(Percent)	(Rupees in '000)	(Percent)
Agriculture, Forestry, Hunting and Fishing	3,343,280	1.94%	88,138	0.04%	215,547	0.56%
Textile	30,255,594	17.51%	1,992,435	0.88%	3,450,851	8.90%
Chemical and Pharmaceuticals	4,870,844	2.82%	2,190,816	0.96%	2,322,027	5.99%
Cement	2,040,717	1.18%	106,558	0.05%	1,009,178	2.60%
Sugar	5,006,715	2.90%	111,208	0.05%	34,758	0.09%
Footwear and Leather Garments	1,223,719	0.71%	708,860	0.31%	259,790	0.67%
Automobile and Transportation Equipment	637,260	0.37%	1,963,820	0.86%	683,517	1.76%
Electronics and Electrical Appliances	2,488,977	1.44%	386,551	0.17%	2,015,374	5.20%
Construction	1,098,535	0.64%	1,470,364	0.65%	1,876,474	4.84%
Power (electricity), Gas, Water, Sanitary	9,035,625	5.22%	7,349,383	3.23%	1,992,412	5.14%
Wholesale and Retail Trade	15,651,181	9.06%	5,462,968	2.40%	4,028,291	10.39%
Exports / Imports	6,671,982	3.86%	1,832,268	0.81%	1,408,330	3.63%
Financial	1,130,320	0.65%	16,662,241	7.33%	1,619,773	4.18%
Food and Allied	56,083,536	32.46%	2,792,018	1.23%	5,310,887	13.70%
Individuals	7,840,834	4.54%	104,800,775	46.10%	138,719	0.35%
Others*	25,393,311	14.70%	79,430,051	34.93%	12,387,794	32.00%
	<u>172,772,430</u>	<u>100.00%</u>	<u>227,348,454</u>	<u>100.00%</u>	<u>38,753,722</u>	<u>100.00%</u>
	2016					
	Advances (Gross)		Deposits		**Contingencies and commitments	
	(Rupees in '000)	(Percent)	(Rupees in '000)	(Percent)	(Rupees in '000)	(Percent)
Agriculture, Forestry, Hunting and Fishing	3,222,913	2.41%	83,271	0.04%	434,278	0.95%
Textile	28,707,232	21.46%	2,033,721	0.97%	4,906,597	10.75%
Chemical and Pharmaceuticals	4,844,065	3.62%	2,682,125	1.28%	3,372,462	7.39%
Cement	1,215,055	0.91%	73,336	0.03%	551,519	1.21%
Sugar	2,837,320	2.12%	233,554	0.11%	9,390	0.02%
Footwear and Leather Garments	954,568	0.71%	788,401	0.38%	264,313	0.58%
Automobile and Transportation Equipment	891,890	0.67%	7,843,582	3.74%	714,212	1.56%
Electronics and Electrical Appliances	1,381,090	1.03%	810,801	0.39%	2,840,490	6.22%
Construction	900,940	0.67%	1,694,297	0.81%	2,371,761	5.19%
Power (electricity), Gas, Water, Sanitary	7,358,320	5.50%	6,407,546	3.05%	2,137,140	4.68%
Wholesale and Retail Trade	17,879,883	13.37%	3,396,733	1.62%	6,323,110	13.85%
Exports / Imports	6,842,185	5.12%	1,915,437	0.91%	2,495,322	5.47%
Financial	999,275	0.75%	12,588,410	6.00%	1,578,513	3.46%
Food and Allied	31,175,457	23.31%	4,771,451	2.27%	7,277,675	15.94%
Individuals	6,788,432	5.08%	100,200,089	47.73%	156,732	0.34%
Others*	17,754,411	13.27%	64,402,699	30.67%	10,221,576	22.39%
	<u>133,753,036</u>	<u>100.00%</u>	<u>209,925,453</u>	<u>100.00%</u>	<u>45,655,090</u>	<u>100.00%</u>

\* All other business classes are less than ten percent of the total exposure.

\*\* Contingencies only include direct credit substitutes, transaction related contingent liabilities and trade related contingent liabilities.



#### 43.1.1.2 Segment by sector

	2017					
	Advances (Gross)		Deposits		Contingencies and commitments	
	(Rupees in '000)	(Percent)	(Rupees in '000)	(Percent)	(Rupees in '000)	(Percent)
Public / Government	57,328,349	33.18%	49,022,952	21.56%	1,614,107	4.17%
Private	115,444,081	66.82%	178,325,502	78.44%	37,139,615	95.83%
	172,772,430	100.00%	227,348,454	100.00%	38,753,722	100.00%

	2016					
	Advances (Gross)		Deposits		Contingencies and commitments	
	(Rupees in '000)	(Percent)	(Rupees in '000)	(Percent)	(Rupees in '000)	(Percent)
Public / Government	34,526,634	25.81%	39,209,705	18.68%	1,646,373	3.61%
Private	99,226,402	74.19%	170,715,748	81.32%	44,008,717	96.39%
	133,753,036	100.00%	209,925,453	100.00%	45,655,090	100.00%

#### 43.1.1.3 Details of non-performing advances and specific provisions by class of business segment

	2017		2016	
	Classified Advances	Specific Provision Held	Classified Advances	Specific Provision Held
	----- (Rupees in '000) -----			
Agriculture, Forestry, Hunting and Fishing	198,471	161,247	240,810	140,103
Textile	6,358,479	5,601,600	6,304,340	5,582,698
Chemical and Pharmaceuticals	450,871	435,670	450,871	430,264
Production and Transmission of energy	166,121	149,871	166,121	166,121
Sugar	85,704	85,704	86,454	86,454
Footwear and Leather garments	24,900	24,900	24,900	24,900
Automobile and Transportation Equipment	13,510	13,510	49,310	49,310
Electronics and Electrical Appliances	50,898	50,898	50,898	50,898
Construction	-	-	-	-
Power (electricity), Gas, Water, Sanitary	-	-	-	-
Wholesale and Retail Trade	-	-	-	-
Exports / Imports	-	-	-	-
Financial	215,947	215,947	233,301	233,301
Insurance	-	-	-	-
Services	-	-	-	-
Individuals	93,165	63,405	70,498	48,935
Others	2,586,603	1,638,088	2,741,917	1,582,947
	10,244,669	8,440,840	10,419,420	8,395,931

#### 43.1.1.4 Details of non-performing advances and specific provision by sector

	2017		2016	
	Classified Advances	Specific Provision Held	Classified Advances	Specific Provision Held
	----- (Rupees in '000) -----			
Public / Government	-	-	-	-
Private	10,244,669	8,440,840	10,419,420	8,395,931
	10,244,669	8,440,840	10,419,420	8,395,931



#### 43.1.1.5 Geographical segment analysis

	2017			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and Commitments
	----- (Rupees in '000) -----			
Pakistan	2,830,970	322,133,976	18,504,599	111,415,886
Asia Pacific (including South Asia)	-	-	-	-
Europe	-	-	-	-
United States of America and Canada	-	-	-	-
Middle East	-	-	-	-
Others	-	-	-	-
	2,830,970	322,133,976	18,504,599	111,415,886

	2016			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and Commitments
	----- (Rupees in '000) -----			
Pakistan	3,077,339	278,520,706	18,289,227	83,399,392
Asia Pacific (including South Asia)	-	-	-	-
Europe	-	-	-	-
United States of America and Canada	-	-	-	-
Middle East	-	-	-	-
Others	-	-	-	-
	3,077,339	278,520,706	18,289,227	83,399,392

#### 43.2 Credit Risk – General Disclosures, Basel III Specific

The Bank has adopted the Standardised Approach of the Basel II Accord. According to the regulatory statement submitted under the Standardised Approach, the portfolio has been divided into claims fully secured by residential property, claims on corporate (excluding equity exposure) and claims categorised as retail portfolio. Claims on corporate constitute 84% (2016: 83%) of the total exposure, 3% (2016: 3%) represent claims that are fully secured against residential property and the remaining 13% (2016: 14%) exposure pertains to claims categorised as retail portfolio.

#### 43.3 Credit Risk: Standardised Approach

Currently, the Bank does not have any policy whereby customers have to be rated by a rating agency. Therefore, the Bank uses unsolicited / solicited ratings of JCR-VIS, PACRA and other foreign agencies approved by the SBP, wherever applicable.

Following are the types of exposure for which each agency is used:

Exposure	JCR-VIS	PACRA	Fitch, Moody's & S&P
Corporate	✓	✓	-
Banks	✓	✓	✓
Sovereigns	-	-	✓
SMEs	-	-	-
Securizations	-	-	-

Most of the Bank's asset base is short or medium term. Therefore, the Bank uses the entity's rating to assess the risk of exposure without any adjustments.

For exposure amounts after risk mitigation subject to the standardised approach, amount of Bank's / DFI's outstanding (rated and unrated) in each risk bucket as well as those that are deducted are as follows:



Exposures	Rating Category	Amount Outstanding	Deduction CRM	Net Amount
----- (Rupees in '000) -----				
- Cash and Cash Equivalent		5,473,901	5,473,901	-
- Corporate	1	8,841,542	982,936	1,571,721
	2	7,423,071	187,500	3,617,786
	3,4	59,127	-	59,127
	5,6	-	-	-
	Unrated	46,640,474	319,240	46,321,234
	Unrated-2	30,063,972	686,380	36,721,990
- Public Sector Entities	1	-	-	-
	2,3	1,003,121	-	501,561
	4, 5	-	-	-
	6	-	-	-
	Unrated	43,165,860	41,828,022	668,919
- Banks	1,2,3	7,063,239	2,535,672	905,513
	4,5,6	55,615	-	30,350
	Unrated	941,087	-	190,800
- Sovereigns etc.	1	-	-	-
	2	-	-	-
	3	-	-	-
	4,5	-	-	-
	6	37,071	-	37,071
	Unrated	-	-	-
- Government of Pakistan		165,161,767	130,271,535	-
- State Bank of Pakistan		2,169,165	2,169,165	-
- Retail		13,615,190	311,102	9,978,066
- Residential Mortgage		2,983,071	-	1,044,075
- Past Dues Loans		1,835,958	-	2,200,523
- Past Dues against Residential Mortgage		22,630	-	11,315
- Significant investment in Commercial entities		-	-	-
- Significant investment and DTAs above 15% threshold		-	-	-
- Unlisted Equity Investments		11,100	-	16,650
- Listed Equity Investments		663,280	-	663,280
- Operating Fixed Assets		6,135,417	-	6,135,417
- Other Assets		1,514,788	-	1,514,788
		344,880,446	184,765,453	112,190,186

The Bank has adopted the comprehensive approach to credit risk mitigation under Basel III and, therefore, has applied haircuts to the collateral. Moreover, all eligible collaterals that includes cash / liquid securities have been taken into account with respect to credit risk mitigation.

#### 43.4 Market risk

**43.4.1** 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.

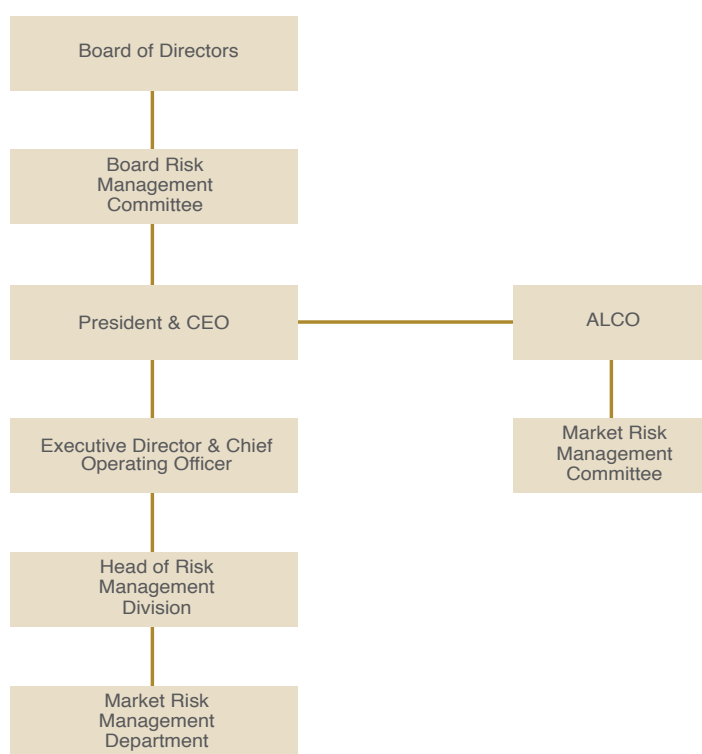
## Market Risk Management Objective and Organisation

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 at portfolio level. The Bank has made substantial investment to add value to its market risk management framework by purchasing the license of Market Risk Management System (MRMS), part of Enterprise Risk Management (ERM) solution, of SAS. The said solution provides adequate analysis to facilitate better investment decisions, measured risk-taking and efficient capital allocation there against; thus, leading to efficient and effective use of funds.

The Bank has a sound organisation structure for managing market risk, established on strong internal control environment and equipped with adequate level of expertise and resources. The Risk Management Committee (RMC), a BOD level sub-committee, is primarily responsible to monitor and manage market risk in all the financial exposures of the Bank, supported by senior management committees namely Asset and Liability Management Committee (ALCO) and Market Risk Management Committee (MRMC).

### MARKET RISK MANAGEMENT STRUCTURE



## Market Risk Monitoring

The Bank's market risk policies set out risk management parameters, governance and control frameworks as well as reporting arrangements for key risk indicators. The Bank has a well-established structure of internal limits with respect to its treasury and investment operations. The Treasury Middle Office (TMO), within the Market Risk Management Department, monitors each and every transaction executed through treasury, monitors risk limits, reports breaches, off market rates, rate reasonability against benchmark rates, tolerance PV01 limits and assesses market risk in money market transactions, investments in equity securities, monitors impairments in equity securities and its stop loss limit and foreign exchange transactions. In order to mitigate unnecessary risk and ensure minimum business losses, Earmarking Policy has also been implemented to ensure risk migration from high risk to low risk transactions.

## Portfolio Analysis and Management

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

## Marking-to-Market

The Bank is marking-to-market (MTM) its investment in tradable and available for sale securities, i.e., equity securities, debt securities and foreign exchange ready and forward transactions, on a regular basis. The same is independently reviewed by the Risk Management Division.



## 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. Penalty or reward depending on net long or net short position in foreign currency exposure.
4. Fall in general equity price upto 50%.

### 43.4.2 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.

	2017			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	----- (Rupees in '000) -----			
Pakistan Rupee	311,353,383	289,569,155	(3,587,357)	18,196,871
United States Dollar	9,442,974	11,487,189	2,323,782	279,567
Great Britain Pound	378,339	1,932,156	1,569,218	15,401
Japanese Yen	457	29	(504)	(76)
Euro	793,965	640,848	(149,109)	4,008
Other currencies	164,858	-	(156,030)	8,828
	<b>322,133,976</b>	<b>303,629,377</b>	<b>-</b>	<b>18,504,599</b>

	2016			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	----- (Rupees in '000) -----			
Pakistan Rupee	265,511,030	244,232,697	(3,174,354)	18,103,979
United States Dollar	12,338,889	13,739,985	1,575,300	174,204
Great Britain Pound	300,331	1,497,250	1,199,866	2,947
Japanese Yen	4	637	(13)	(646)
Euro	352,672	760,898	409,660	1,434
Other currencies	17,780	12	(10,459)	7,309
	<b>278,520,706</b>	<b>260,231,479</b>	<b>-</b>	<b>18,289,227</b>

### 43.4.3 Equity Position Risk

The Bank invests mainly in blue chip securities depending upon market mispricing through arbitrage. Further, the risk arising from investments in equity securities lies in both its banking and trading books which is measured and assessed using the Value at Risk (VaR) approach. The VaR of the portfolio is reported to the BRMC, ALCO/MRMC and other authorities on a periodical basis.

#### 43.4.4 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.

2017												
Effective yield/ interest rate	Exposed to yield/ interest rate risk										Non-interest bearing financial instruments	
	Total	Upto 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)-----											
<b>On-balance sheet financial instruments</b>												
<b>Assets</b>												
Cash and balances with treasury banks	0.00%	19,431,256	-	-	-	-	-	-	-	-	-	19,431,256
Balances with other banks	3.10%	1,151,015	206,419	-	-	-	-	-	-	-	-	944,596
Lendings to financial institutions	5.90%	6,544,152	3,185,507	1,250,000	2,108,645	-	-	-	-	-	-	-
Investments	6.27%	117,428,516	10,785,616	65,344,495	3,452,847	433,663	10,649,794	10,363,631	12,531,162	106,087	-	3,761,221
Advances	6.85%	164,292,915	18,644,624	89,327,636	54,078,233	438,593	-	-	-	-	-	1,803,829
Other assets	0.00%	6,465,730	-	-	-	-	-	-	-	-	-	6,465,730
		315,313,584	32,822,166	155,922,131	59,639,725	872,256	10,649,794	10,363,631	12,531,162	106,087	-	32,406,632
<b>Liabilities</b>												
Bills payable	0.00%	4,895,447	-	-	-	-	-	-	-	-	-	4,895,447
Borrowings	5.02%	64,584,236	38,560,895	12,020,383	2,752,596	10,017,014	11,600	72,269	104,841	767,389	-	277,249
Deposits and other accounts	5.17%	227,348,454	59,694,790	78,262,480	12,065,207	12,940,368	486,731	406,568	-	-	-	63,492,310
Sub-ordinated loans	7.49%	2,997,600	2,997,600	-	-	-	-	-	-	-	-	-
Other liabilities	0.00%	2,771,059	-	-	-	-	-	-	-	-	-	2,771,059
		302,596,796	101,253,285	90,282,863	14,817,803	22,957,382	498,331	478,837	104,841	767,389	-	71,436,065
<b>On-balance sheet gap</b>		12,716,788	(68,431,119)	65,639,268	44,821,922	(22,085,126)	10,151,463	9,884,794	12,426,321	(661,302)	-	(39,029,433)
<b>Non financial net assets</b>		5,787,811	-	-	-	-	-	-	-	-	-	-
<b>Total net assets</b>		18,504,599	-	-	-	-	-	-	-	-	-	-
<b>Off-balance sheet financial instruments</b>												
Forward purchase of foreign exchange		32,938,645	14,982,653	13,149,222	4,626,438	180,332	-	-	-	-	-	-
Forward sale of foreign exchange		(28,402,978)	(10,851,025)	(9,944,116)	(7,604,477)	(3,360)	-	-	-	-	-	-
<b>Off-balance sheet gap</b>		4,535,667	4,131,628	3,205,106	(2,978,039)	176,972	-	-	-	-	-	-
<b>Total Yield / Interest Risk Sensitivity Gap</b>			(64,299,491)	68,844,374	41,843,883	(21,908,154)	10,151,463	9,884,794	12,426,321	(661,302)	-	(39,029,433)
<b>Cumulative Yield / Interest Risk Sensitivity Gap</b>			(64,299,491)	4,544,883	46,388,766	24,480,612	34,632,075	44,516,869	56,943,190	56,281,888	56,281,888	-

2016												
Effective yield/ interest rate	Exposed to yield/ interest rate risk										Non-interest bearing financial instruments	
	Total	Upto 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)-----											
<b>On-balance sheet financial instruments</b>												
<b>Assets</b>												
Cash and balances with treasury banks	0.00%	18,278,840	-	-	-	-	-	-	-	-	-	18,278,840
Balances with other banks	3.49%	822,689	141,130	-	-	-	-	-	-	-	-	681,559
Lendings to financial institutions	5.14%	5,536,577	2,603,228	1,887,364	1,045,985	-	-	-	-	-	-	-
Investments	6.51%	117,883,960	11,459,986	5,947,345	24,156,770	12,943,977	23,110,725	9,215,467	19,505,899	7,875,361	-	3,668,430
Advances	6.67%	125,305,765	15,034,097	58,565,049	49,626,843	56,287	-	-	-	-	-	2,023,489
Other assets	0.00%	5,317,284	-	-	-	-	-	-	-	-	-	5,317,284
		273,145,115	29,238,441	66,399,758	74,829,598	13,000,264	23,110,725	9,215,467	19,505,899	7,875,361	-	29,969,602
<b>Liabilities</b>												
Bills payable	0.00%	4,163,509	-	-	-	-	-	-	-	-	-	4,163,509
Borrowings	4.96%	38,905,078	27,487,185	5,669,245	4,739,121	-	52,449	17,200	340,919	461,159	-	137,800
Deposits and other accounts	4.59%	209,925,453	60,538,305	68,981,558	13,383,725	13,246,397	1,573,169	316,614	-	-	-	51,885,685
Sub-ordinated loans	7.41%	2,998,800	2,998,800	-	-	-	-	-	-	-	-	-
Other liabilities	0.00%	3,017,562	-	-	-	-	-	-	-	-	-	3,017,562
		259,010,402	91,024,290	74,650,803	18,122,846	13,246,397	1,625,618	333,814	340,919	461,159	-	59,204,556
<b>On-balance sheet gap</b>		14,134,713	(61,785,849)	(8,251,045)	56,706,752	(246,133)	21,485,107	8,881,653	19,164,980	7,414,202	-	(29,234,954)
<b>Non financial net assets</b>		4,154,514	-	-	-	-	-	-	-	-	-	-
<b>Total net assets</b>		18,289,227	-	-	-	-	-	-	-	-	-	-
<b>Off-balance sheet financial instruments</b>												
Forward purchase of foreign exchange		18,161,473	6,899,877	8,189,838	3,010,609	61,149	-	-	-	-	-	-
Forward sale of foreign exchange		(13,793,304)	(7,473,778)	(4,245,629)	(2,073,897)	-	-	-	-	-	-	-
<b>Off-balance sheet gap</b>		4,368,169	(573,901)	3,944,209	936,712	61,149	-	-	-	-	-	-
<b>Total Yield / Interest Risk Sensitivity Gap</b>			(62,359,750)	(4,306,836)	57,643,464	(184,984)	21,485,107	8,881,653	19,164,980	7,414,202	-	(29,234,954)
<b>Cumulative Yield / Interest Risk Sensitivity Gap</b>			(62,359,750)	(66,666,586)	(9,023,122)	(9,208,106)	12,277,001	21,158,654	40,323,634	47,737,836	47,737,836	-



- (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.

#### **43.5 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 of the SBP, for maintaining liquidity reserves, to ensure continuity of cash flows.

##### **Liquidity Risk Monitoring**

The Bank monitors its liquidity risk through various liquidity ratios and liquidity risk indicators and any deviations or breaches are reported to the relevant authorities for timely action. Moreover, Asset and Liability Management Committee (ALCO), a senior management committee, also reviews the liquidity position of the Bank on at least monthly basis and takes appropriate measures where required.

##### **Liquidity Risk Assessment**

The Bank uses liquidity gap ladder to assess the liquidity gaps and liquidity needs in different time buckets, under normal and stressed scenarios. Whereas, the Contingency Funding Plan (CFP) of the Bank is also tested on the basis of the results of liquidity stress testing.

Sources of liquidity are regularly reviewed / monitored by the Asset and Liability Management Committee (ALCO). The ALCO reviews the current economic situation, projected cash flows and asset / liability mix and approves strategy for managing appropriate liquidity. The liquidity risk management policy of the Bank encompasses liquidity contingency plan for actions to be taken in case of liquidity crises.

Mandatory stress tests of SBP are conducted, on a periodic basis, to test the adequacy of liquidity contingency plan and to identify the extent of liquidity stress that the Bank is able to take in current conditions.

Liquidity management framework allows the Bank to run stress analysis on the balance sheet and off-balance positions, which include, but are not limited to, the following:

1. Significant withdrawals from corporate clients deposits.
2. Withdrawal of top ten, top fifteen, and top twenty deposits.
3. Loss in the funding value of unencumbered assets.
4. Availability of secure lending is subject to significant over collateralisation.





Cash and balances with treasury banks, savings and current deposits and running finance do not have any contractual maturities. However, these have been allocated into the above time bands based on historical withdrawal pattern of the said cash and balances with treasury banks, deposits and running finances. Furthermore, it has been assumed that on a going concern basis, these are not expected to fall below the current year's level.

#### 43.5.2 Maturities of assets and liabilities - based on contractual maturity of the assets and liabilities of the Bank

	2017									
	Total	Upto 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)										
<b>Assets</b>										
Cash and balances with treasury banks	19,431,256	19,431,256	-	-	-	-	-	-	-	-
Balances with other banks	1,151,015	1,151,015	-	-	-	-	-	-	-	-
Lendings to financial institutions	6,544,152	3,185,507	1,250,000	2,108,645	-	-	-	-	-	-
Investments - net	117,428,516	10,757,354	64,485,809	3,761,221	2,045,023	11,096,177	10,363,631	13,143,989	1,775,312	-
Advances - net	164,292,915	89,353,510	21,063,194	13,546,215	4,135,356	5,098,600	3,831,855	12,984,391	7,908,981	6,370,813
Operating fixed assets	6,581,465	22,028	126,556	89,603	621,671	600,409	434,297	1,086,845	1,934,347	1,665,709
Deferred tax assets - net	-	-	-	-	-	-	-	-	-	-
Other assets - net	6,704,657	5,110,402	-	-	1,587,778	-	-	6,477	-	-
	322,133,976	129,011,072	86,925,559	19,505,684	8,389,828	16,795,186	14,629,783	27,221,702	11,618,640	8,036,522
<b>Liabilities</b>										
Bills payable	4,895,447	4,895,447	-	-	-	-	-	-	-	-
Borrowings	64,584,236	38,838,144	12,020,383	2,752,596	10,017,014	11,600	72,269	104,841	767,389	-
Deposits and other accounts	227,348,454	170,610,202	30,839,378	12,065,207	12,940,368	486,731	406,568	-	-	-
Sub-ordinated loans	2,997,600	600	-	-	600	1,200	1,200	2,400	2,991,600	-
Deferred tax liabilities - net	935,711	-	-	-	935,711	-	-	-	-	-
Other liabilities	2,867,929	2,274,932	-	-	592,997	-	-	-	-	-
	303,629,377	216,619,325	42,859,761	14,817,803	24,486,690	499,531	480,037	107,241	3,758,989	-
<b>Net assets</b>	18,504,599	(87,608,253)	44,065,798	4,687,881	(16,096,862)	16,295,655	14,149,746	27,114,461	7,859,651	8,036,522
Share capital	11,024,636									
Reserves	1,752,494									
Unappropriated profit - net	3,664,580									
Surplus on revaluation of assets	2,062,889									
	18,504,599									

	2016									
	Total	Upto 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)										
<b>Assets</b>										
Cash and balances with treasury banks	18,278,840	18,278,840	-	-	-	-	-	-	-	-
Balances with other banks	822,689	822,689	-	-	-	-	-	-	-	-
Lendings to financial institutions	5,536,577	2,603,228	1,887,364	1,045,985	-	-	-	-	-	-
Investments - net	117,883,960	11,459,986	8,579,767	20,095,305	13,144,599	25,192,173	9,702,467	20,124,610	9,585,053	-
Advances - net	125,305,765	43,738,573	18,077,744	30,177,733	1,952,728	2,127,763	6,781,159	8,696,314	5,667,930	8,085,821
Operating fixed assets	5,138,424	44,648	177,272	199,739	632,504	474,315	764,204	961,649	536,401	1,347,692
Deferred tax assets - net	-	-	-	-	-	-	-	-	-	-
Other assets - net	5,554,451	4,452,247	-	-	1,095,725	-	-	6,479	-	-
	278,520,706	81,400,211	28,722,147	51,518,762	16,825,556	27,794,251	17,247,830	29,789,052	15,789,384	9,433,513
<b>Liabilities</b>										
Bills payable	4,163,509	4,163,509	-	-	-	-	-	-	-	-
Borrowings	38,905,078	27,624,985	5,669,245	4,739,121	-	52,449	17,200	340,919	461,159	-
Deposits and other accounts	209,925,453	157,602,976	23,802,572	13,383,725	13,246,397	1,573,169	316,614	-	-	-
Sub-ordinated loans	2,998,800	600	-	-	600	1,200	1,200	2,400	2,992,800	-
Deferred tax liabilities - net	1,137,530	-	-	-	1,137,530	-	-	-	-	-
Other liabilities	3,101,109	2,618,343	-	-	482,766	-	-	-	-	-
	260,231,479	192,010,413	29,471,817	18,122,846	14,867,293	1,626,818	335,014	343,319	3,453,959	-
<b>Net assets</b>	18,289,227	(110,610,202)	(749,670)	33,395,916	1,958,263	26,167,433	16,912,816	29,445,733	12,335,425	9,433,513
Share capital	11,024,636									
Reserves	1,423,829									
Unappropriated profit - net	3,496,305									
Surplus on revaluation of assets	2,344,457									
	18,289,227									

The management believes that the above maturity analysis does not reveal the expected maturity of cash and balances with treasury banks, current and saving deposits and running finance, as contractual maturity analysis alone does not provide information about the conditions expected in normal circumstances. The management believes that the maturity profile disclosed in note 43.5.1 that includes maturities of cash and balances with treasury banks, current and saving deposits and running finance determined by the Asset and Liability Management Committee (ALCO) keeping in view historical behaviour of these balances reflects a more meaningful analysis of the liquidity risk of the Bank.



### 43.5.3 Liquidity Coverage Ratio (LCR)

According to Basel III instructions issued by the State Bank of Pakistan (BPRD Circular No. 08 dated: 23 June 2016), it is mandatory for all the banks to calculate and report the LCR statement on monthly frequency with the minimum benchmark of 90% as of 31 December 2017.

The Liquidity Coverage Ratio (LCR) is a quantitative requirement which aims to ensure that a Bank maintains an adequate level of unencumbered high quality liquid assets which can easily be converted into cash at little or no loss of value in private markets, to withstand an acute liquidity stress scenario over a 30-day horizon at both the entity and consolidated level.

The LCR has two components:

- Value of the stock of High Quality Liquid Assets (HQLA) in stressed conditions; and
- Total net cash outflows, calculated according to the stress scenario for which a Bank would need sufficient liquidity on hand to survive for up to 30 days.

Particulars	TOTAL UNWEIGHTED <sup>a</sup> VALUE (average)	TOTAL WEIGHTED <sup>b</sup> VALUE (average)
	------(Rupees in '000)-----	
<b>HIGH QUALITY LIQUID ASSETS</b>		
1 Total high quality liquid assets (HQLA)		<b>91,189,257</b>
<b>CASH OUTFLOWS</b>		
2 Retail deposits and deposits from small business customers of which:		
2.1 stable deposit		
2.2 less stable deposit	107,155,255	10,715,523
3 Unsecured wholesale funding of which:	-	-
3.1 operational deposits (all counterparties)	-	-
3.2 non-operational deposits (all counterparties)	96,840,527	29,621,924
3.3 unsecured debt	20,758,152	20,758,152
4 Secured wholesale funding		
5 Additional requirements of which:		
5.1 outflows related to derivative exposures and other collateral requirements	4,928,952	4,928,952
5.2 outflows related to loss of funding on debt products	-	-
5.3 credit and Liquidity facilities		
6 Other contractual funding obligations	121,199,035	9,269,532
7 Other contingent funding obligations	44,581,270	2,229,063
8 <b>TOTAL CASH OUTFLOWS</b>	<b>395,463,191</b>	<b>77,523,146</b>
<b>CASH INFLOWS</b>		
9 Secured lending	23,332,473	11,719,602
10 Inflows from fully performing exposures	4,814,029	4,814,029
11 Other cash inflows		
12 <b>TOTAL CASH INFLOWS</b>	<b>28,146,502</b>	<b>16,533,631</b>
		<b>TOTAL ADJUSTED VALUE</b>
21 <b>TOTAL HQLA</b>		<b>91,189,257</b>
22 <b>TOTAL NET CASH OUTFLOWS</b>		<b>60,989,515</b>
23 <b>LIQUIDITY COVERAGE RATIO</b>		<b>149.52%</b>

- Unweighted values must be calculated as outstanding balances maturing or callable within 30 days (for inflows and outflows).
- Weighted values must be calculated after the application of respective haircuts (for HQLA) or inflow and outflow rates (for inflows and outflows).
- Adjusted values must be calculated after the application of both (i) haircuts and inflow and outflow rates and (ii) any applicable caps (i.e. cap on level 2B and level 2 assets for HQLA and cap on inflows).



#### 43.5.4 Net Stable Funding Ratio (NSFR)

According to Basel III instructions issued by the State Bank of Pakistan (BPRD Circular No. 08 dated: 23 June 2016), it is mandatory for all the banks to calculate and report the Leverage Ratio on a quarterly basis with the minimum of 100% on an ongoing basis from 31 December 2017.

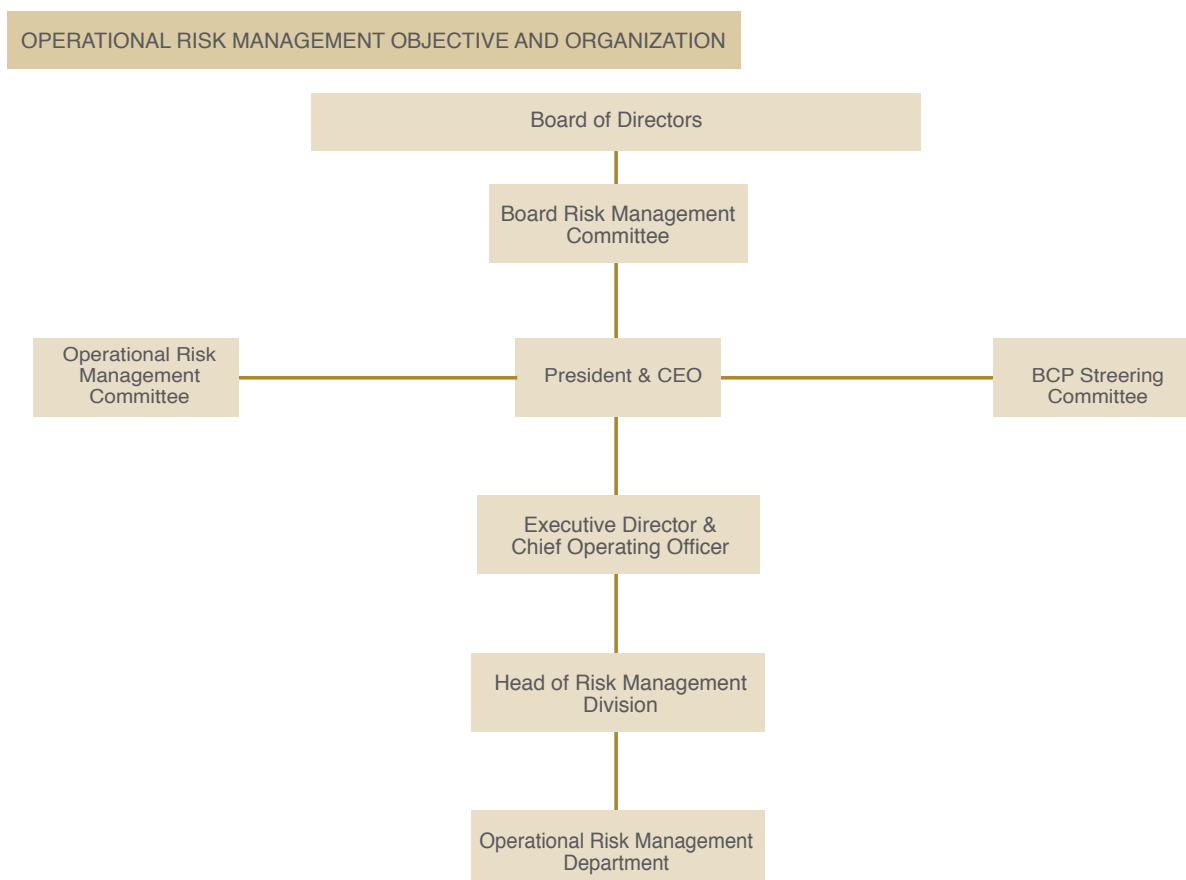
The purpose of the net stable funding ratio ("NSFR") is to ensure that banks hold a minimum amount of stable funding based on the liquidity characteristics of their assets and off-balance sheet activities over a one year horizon.

The NSFR limits overreliance on short-term wholesale funding, encourages better assessment of funding risk across all on- and off-balance sheet items and promotes funding stability. The objective is to reduce maturity mismatches between the asset and liability items on the balance sheet and thereby reduce funding and rollover risk.

Particulars	Unweighted value by residual maturity				Weighted value
	No Maturity	< 6 months	6 months to < 1 yr	≥ 1 yr	
----- (Rupees in '000) -----					
<b>Available Stable Funding (ASF) Item</b>					
1	Capital:				
2	Regulatory capital	15,962,599	-	-	15,962,599
3	Other capital instruments	4,722,366	-	-	4,722,366
4	Retail deposits and deposit from small business customers:	-	-	-	-
5	Stable deposits	-	-	-	-
6	Less stable deposits	-	-	142,401,749	128,161,574
7	Wholesale funding:	-	-	-	-
8	Operational deposits	-	-	-	-
9	Other wholesale funding	-	-	69,757,407	34,878,704
10	Other liabilities:	-	-	935,711	467,856
11	NSFR derivative liabilities	-	-	29,191,103	-
12	All other liabilities and equity not included in other categories	-	85,092,036	579,076	2,683,032
13	<b>Total ASF</b>				<b>187,165,669</b>
<b>Required Stable Funding (RSF) Item</b>					
14	Total NSFR high-quality liquid assets (HQLA)			93,218,240	1,469,072
15	Deposits held at other financial institutions for operational purposes	-	-	-	-
16	Performing loans and securities:				
17	Performing loans to financial institutions secured by Level 1 HQLA	-	37,510,318	-	1,875,516
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	633,638	150,000	170,046
19	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	-	-	28,791,839	24,473,063
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	7,120,515	4,628,335
21	Securities that are not in default and do not qualify as HQLA including exchange-traded equities.	-	-	2,606,478	3,896,281
22	Other assets:	-	-	135,729,558	67,864,779
23	Physical traded commodities, including gold	-	-	-	-
24	Assets posted as initial margin for derivative contracts	-	-	-	-
25	NSFR derivative assets	-	-	3,883,510	3,883,510
26	NSFR derivative liabilities before deduction of variation margin posted	-	-	5,838,221	5,838,221
27	All other assets not included in the above categories	-	-	12,477,110	12,477,110
28	Off-balance sheet items	-	-	167,212,728	8,360,636
29	<b>Total RSF</b>				<b>137,152,075</b>
30	<b>Net Stable Funding Ratio (%)</b>				<b>136.47%</b>

## 43.6 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.



The main objective of the operational risk management is to minimise expected and unexpected losses arising out of operational activities of the Bank.

The Bank has established a rigorous operational risk management framework to efficiently and effectively monitor and manage operational risk in each business and support activity of the Bank as well as those arising from external events like from natural disasters, outsourcing, etc.

The Bank has a sound organisation structure for managing operational risk, established on strong internal control environment and equipped with adequate level of expertise and resources. The Bank has also formed an Operational Risk Management Committee (ORMC), a senior management committee to assist the Board Risk Management Committee (RMC), to ensure the compliance of BoD approved operational risk management framework, supported by the Risk Management Division (RMD).

### Operational Risk Assessment

The Bank has been conducting risk and control self assessment (RCSA) exercise for each business and support function of the Bank in order to identify and assess operational risks inherent in existing activities, processes and systems. Through the RCSA exercise, the Bank has been able to develop inventory of risks, controls and key risk indicators (KRI) and has identified gaps in its operating activities which are rectified on a priority basis.

### Operational Risk Monitoring

Operational risk monitoring is conducted through KRIs, identified in the RCSA exercise for each process. All branches, offices, divisions / departments furnish KRI reports on a periodical basis to the Operational Risk Management Department (within the Risk Management Division).

### 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. The Bank also gathers external loss events occurring in the banking industry and designs strategies to prevent occurrence of similar incidents in the Bank.

#### **Operational Risk Assessment for New Products and Services**

Operational risk in all new products, systems and processes are identified and assessed by the RMD 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.

#### **44 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on 20 February 2018 by the Board of Directors of the Bank.

#### **45 GENERAL**

##### **45.1 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 reclassification during the current year except for the reclassification as mentioned below:

**45.1.2** An amount of Rs. 914.193 million has been reclassified from "Deposits and other accounts" to "Bills payable". Furthermore, an amount of Rs. 4.927 million has been reclassified from "Bills payable" to "Other liabilities".

**45.2** Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

#### **46 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE**

The Board of Directors in its meeting held on 20 February 2018 has proposed a cash dividend in respect of the year ended 31 December 2017 of Re. 0.75 per share (2016: 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 2017 do not include the effect of these appropriations which will be accounted for in the financial statements of the Bank for the year ending 31 December 2018.

**STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF  
OF FIVE HUNDRED THOUSAND RUPEES AND ABOVE PROVIDED  
DURING THE YEAR ENDED 31 DECEMBER 2017**

**Annexure - I**

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= 5+6+7	9	10	11	12=9+10+11
----- (Rupees in Million) -----											
1	<b>Syed Akhtar Shah Bukhari</b> Mouza Lai Wahin, Lodhran	Syed Akhtar Shah Bukhari CNIC No. 31202-3630093-3	Mr. Muhammad Shah Bukhari	2.299	0.942	-	3.241	-	0.757	-	0.757
2	<b>Al Sheraz Enterprises</b> Shop # H-849, Inside Akbari Mandi, Lahore	Mr. Sheraz Tallat CNIC No. 35201-5211790-3	Mr. Sheikh Tallat Mahmood	9.478	0.940	-	10.418	-	3.818	0.007	3.825
3	<b>Mudassar Brothers</b> Shop # H-1275, Inside Akbari Mandi, Lahore	Mr. Muhammad Gulzar CNIC No. 35202-2439483-3	Sheikh Muhammad Bashir	-	5.207	-	5.207	-	22.226	0.415	22.641
4	<b>Parveen Akhtar Hussain</b> Mohallah Mason Road, C-II, House No.36, Lahore	Mrs. Parveen Akhtar Hussain CNIC No. 35202-4148851-2	W/o. Ashiq Hussain	0.603	0.306	-	0.909	0.152	1.491	0.565	2.208
5	<b>Shahid Mehmood Rana &amp; Tanvir Ahmed</b> Wando P.O. Khas, Tehsil Karnoke, Gujranwala	Mr. Shahid Mehmood Rana CNIC No. 34102-2282800-7 Mr. Tanvir Ahmed CNIC No. 34102-6413904-5	Mr. Khair Din  Mr. Khair Din	1.747	0.898	-	2.645	-	0.684	-	0.684
6	<b>Iqbal Rice Mills</b> Iqbal Rice Mills, G.T.Road Sadhoke, Distt: Gujranwala	Mr. Muhammad Iqbal CNIC No. 34101-3176831-7	Mr. Muhammad Shareef	25.728	5.648	-	31.376	-	9.997	0.637	10.634
7	<b>SNI Trading Company (Pvt) Limited</b> 85 Hafeez Chamber , Mall Lahore	Mr. Nauman Hafeez CNIC No. 35202-6191931-1 Mr. Imran Hafeez CNIC No. 35202-9231828-9 Mr. Salman Hafeez CNIC No. 35202-6190981-1	Sheikh Abdul Hafeez  Sheikh Abdul Hafeez  Sheikh Abdul Hafeez	-	1.347	-	1.347	-	0.972	-	0.972
8	<b>Saloos Industries Limited</b> 85 Hafeez Chamber, Mall Lahore	Sheikh Abdul Hafeez CNIC No. 35202-9146423-9 Mr. Imran Hafeez CNIC No. 35202-9231828-9 Mr. Salman Hafeez CNIC No. 35202-6190981-1 Mr. Nauman Hafeez CNIC No. 35202-6191931-1 Ms. Hina Sami CNIC No. 35202-7190458-2	Sheikh Abdul Ghafoor  Sheikh Abdul Hafeez  Sheikh Abdul Hafeez  Sheikh Abdul Hafeez  D/o. Mr. Sami Ullah	-	8.109	-	8.109	-	5.422	-	5.422
9	<b>Rajput Poly (Pvt) Limited</b> 93-Sundar Estate, Multan Road, Lahore	Mr. Rana Muhammad Shahzad CNIC No. 35202-8227846-5 Mrs. Sumaira Ashraf CNIC No. 35401-1765569-4	Mr. Muhammad Ashraf  W/o. Muhammad Ashraf	21.493	7.721	-	29.214	-	2.304	-	2.304
10	<b>Abdullah Protein Farms</b> Mouza Kot Karam Buksh, Tehsil Daska, Distt: Sialkot	Mr. Muhamamd Ali Ghuman CNIC No. 35201-0419575-7	Mr. Muhammad Iqbal	4.947	1.737	-	6.684	-	1.347	0.017	1.364
11	<b>Shan Wears</b> Dar House Jinnah Street Muradiala Road, Sialkot	Mrs. Parveen Nazim CNIC No. 34603-2135693-6 Mr. Nazim Ud Din Dar CNIC No. 34603-2206639-1	W/o. Nazim uddin Dar  Mr. Muhammad Saeed Dar	-	2.733	-	2.733	-	2.236	0.105	2.341
12	<b>Ghazi &amp; Company</b> House No.38, Al-Hamra Society, Karachi	Mr. Imtiaz Ahmed CNIC No. 42201-6240233-5	Mr. Haji Dost Muhammad	-	1.302	-	1.302	-	4.331	-	4.331
13	<b>Dewan Motors (Pvt) Ltd.</b> 7th Floor, Block-A, FTC Building, Shahrah-e-Faisal, Karachi	Hina Yousuf CNIC No. 42301-7944605-4 Dewan M. Yousuf Farooque CNIC No. 42301-6948978-9 Dewan Abdullah Ahmed Saleh CNIC No. 42301-7511974-1 Dewan Abdul Baqi Farooque CNIC No. 42301-7130155-5 Dewan Asim Mushfiq Farooque CNIC No. 42301-4927084-9 M. Naeem Uddin Malik CNIC No. 42201-5195341-7 Syed Monis Abdullah Alvi CNIC No. 42201-6886191-3	W/o. Dewan M. Yousuf Farooque Dewan M. Umer Farooque  Dewan M. Umer Farooque  Dewan M. Umer Farooque  Dewan M. Umer Farooque  Dewan M. Umer Farooque  M. Saeeduddin Malik  Syed Riaz uddin Alvi	-	1.063	-	1.063	-	17.868	0.961	18.829
14	<b>NHN Petro Industries</b> Plot No.44, Sector No.24, Korangi Industrial Area, Karachi	Mr. Hussain Hashim Ali CNIC No. 42000-2051581-5 Mrs. Amyra Hashim Ali CNIC No. 42000-8232434-6	Mr. Hashim Ali  W/o. Hussain Hashim Ali	20.389	1.955	-	22.344	-	6.912	0.222	7.134
15	<b>Quality Autos &amp; Car Decoration</b> Shop # 3, Al Siraj Square, Main Super Highway, Waterpump, F.B.Area Block # 14, Karachi	Mr. Kamran Hussain CNIC No. 42101-8037228-3	Mr. Zahoor Hussain	-	1.660	-	1.660	-	1.831	0.036	1.867
16	<b>AK Textile Mills</b> House No.262, Amynabad Colony, off Martin Road, Karachi	Mr. Mansoor Sadruddin CNIC No. 42201-8893280-5	Mr. Sadruddin	-	1.365	-	1.365	-	1.425	0.246	1.671



**STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF  
OF FIVE HUNDRED THOUSAND RUPEES AND ABOVE PROVIDED  
DURING THE YEAR ENDED 31 DECEMBER 2017**

Annexure - I

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= 5+6+7	9	10	11	12=9+10+11
(Rupees in Million)											
17	<b>Pearl Fabrics Corporation</b> Plot # 20, Sector-27 Korangi Industrial Area, Karachi	Shaikh Manzar Alam CNIC No. 42301-8070436-3 Mr. Adnan Manzar CNIC No. 42301-5414509-7 Mrs. Nazia Manzar (Retired Partner) CNIC No. 42301-0868993-0	Mr. S. M. Sadiq  Shaikh Manzar Alam  Shaikh Manzar Alam	32.600	28.037	-	60.637	32.600	73.954	1.217	107.771
18	<b>Tek Chand Grain Traders</b> Shahpur chakar Taluka Matyari	Mr. Tek Chand CNIC No. 41303-2454169-9	Mr. Hemraj	-	3.549	-	3.549	-	2.613	-	2.613
19	<b>Golden Industries</b> Plot No. A-29, SITE Area, Hyderabad	Mr. Dayo Mal Daya Ram CNIC No. 41306-3300997-5 Mr. Nand Lal CNIC No. 41306-0810738-5 Mr. Chocho Mal CNIC No. 41207-2369355-9	Mr. Asha Ram  Mr. Asha Ram  Mr. Asha Ram	102.647	48.683	-	151.330	20.147	48.683	0.522	69.352
20	<b>Amar Trucking Station</b> By-pass, Main Hyderabad Road, Tando Allahyar	Mr. Kishor Kumar CNIC No. 41307-5356972-5 Mr. Dileep Kumar CNIC No. 41307-7369643-9	Mr. Thanwar Dass  Mr. Ratan Lal	-	3.115	-	3.115	-	5.103	0.143	5.246
21	<b>Amar CNG Filling Station</b> By-pass, Main Hyderabad Road, Tando Allahyar	Mr. Kishor Kumar CNIC No. 41307-5356972-5 Mr. Dileep Kumar CNIC No. 41307-7369643-9	Mr. Thanwar Dass  Mr. Ratan Lal	3.709	4.897	-	8.606	3.709	3.882	0.163	7.754
22	<b>Mirza Ali Baig</b> House # 4-A, Gulgasht Colony, Bosan Road, Multan	Mirza Ali Baig CNIC No. 61101-9006844-7	Mirza Muhammad Nasir Baig	2.500	1.604	-	4.104	-	1.193	0.033	1.226
23	<b>Mehmood Hussain</b> Mouza Pannau, Bahawalpur	Mr. Mehmood Hussain CNIC No. 31202-4981488-3	Mr. Hussain Bukhsh	0.996	1.162	-	2.158	-	0.734	-	0.734
24	<b>Super Sportif</b> 17/A, Fazal ul Qadir Road, Sialkot Cantt.	Mrs. Khizra Nokhaiz CNIC No. 34603-6421827-8	Mr. Nokhaiz Afzal Sandal	6.500	-	-	6.500	-	1.130	-	1.130
25	<b>Sunny Poultry Breeders</b> 2nd Floor, Gulistan Chamber, Block 7-8, Shabirabad, Off Shaheed-e-Millat Road, Karachi	Mr. Muhammad Hussain Patel CNIC No. 42301-7093516-3	Mr. Suleman Patel	0.567	0.220	-	0.787	-	0.800	0.179	0.979
26	<b>Deedar &amp; Sons</b> Flat No.6, III-E/4, Gulshan-e-Ali, Nazimabad No.3, Karachi	Mr. Deedar Ali Bhai CNIC No. 42201-0467876-5	Mr. Ali Bhai	1.847	2.182	-	4.029	0.347	2.239	0.176	2.762
27	<b>Pakistan Airconditioning &amp; Refrigeration Corporation (Pvt) Limited</b> 311-314, Muhammad House, I.I. Chundrigar Road, Karachi	Sheikh Arshad Farooq CNIC No. 42000-0497406-1 Mr. Amjad Farooq CNIC No. 42000-0397564-5 Mr. Abid Farooq CNIC No. 35202-4085641-3 Mrs. Surriya Farooq CNIC No. 42000-0389449-6 Mr. Asad Amjad Farooq CNIC No. 42000-0397565-5	Sheikh Muhammad Farooq  Sheikh Muhammad Farooq  Sheikh Muhammad Farooq  Sheikh Muhammad Farooq  Mr. Amjad Farooq	-	30.037	-	30.037	-	22.093	-	22.093
28	<b>Quality Autos</b> Shop No.A-1/2, Al-Siraj Square, FB Area, Karachi	Mr. Farhan Hussain CNIC No. 42201-2157861-1	Mr. Zahoor Hussain	2.297	0.519	-	2.816	-	0.744	-	0.744
29	<b>Shahid Ansari &amp; Company</b> Bungalow No.14/B, Civil Lines Tarique Road, Near Gul Medicare, Saddar, Hyderabad	Mr. Shahid Ansari CNIC No. 41303-9016607-3	Mr. Gulrez Ahmed Ansari	8.414	5.643	-	14.057	-	3.248	0.370	3.618
30	<b>Dream Departmental Store</b> G-1,1,2,3 Sector-22, Rufi Shopping Paradise, Scheme No.33, University Road, Karachi	Mr. Farrukh Anwer Ali CNIC No. 42501-9458192-1 Mr. Amir Ali CNIC No. 42501-8095380-9	Mr. Anwer Ali  Mr. Anwer Ali	6.899	0.862	-	7.761	-	1.552	0.159	1.711
31	<b>Habib &amp; Habib (Pvt) Ltd</b> 216-217, 2nd Floor, The Forum, Plot No. G-20, Block-9, Khayaban-e-Jami, Clifton, Karachi	Mr. Muhammad Ahmed Siddiqui CNIC No. 42301-1079656-9 Mr. Munir Ahmed Siddiqui CNIC No. 42301-6622548-1 Mr. Mubashir Ahmed Siddiqui CNIC No. 42000-0513848-5 Mrs. Razia Begum CNIC No. 42101-1725279-8	Mr. Taskhir Ahmed  Mr. Muhammad Ahmed Siddiqui  Mr. Muhammad Ahmed Siddiqui  Mr. Muhammad Ahmed Siddiqui	-	9.588	-	9.588	-	0.700	-	0.700
<b>Total</b>				<b>255.660</b>	<b>183.031</b>	<b>-</b>	<b>438.691</b>	<b>56.955</b>	<b>252.289</b>	<b>6.173</b>	<b>315.417</b>

**Islamic Banking Division**
**Annexure - II**

The Bank is operating nineteen Islamic banking branches at the end of current year (2016: sixteen branches). The statement of financial position, profit and loss account and cash flow statement of these branches (including Islamic Banking Division) are as follows:

BSD circular letter No. 03 dated: 22 January, 2013 requires all Islamic Banks and Banks with Islamic Banking Branches to present all financing, advances for assets under Islamic modes of financing and any other related items pertaining to Islamic mode of financing under the caption Islamic Financing and Related Assets in the Statement of Financial Position.

(i) <b>Statement of Financial Position</b>	<b>31 December 2017</b>	<b>31 December 2016</b>
	------(Rupees in '000)-----	
<b>ASSETS</b>		
Cash and balances with treasury banks	1,029,113	646,512
Balances with other banks	26	26
Due from financial institutions	4,108,645	1,690,592
Investments	4,445,932	5,265,057
Islamic financing and related assets	4,584,085	3,727,219
Operating fixed assets	194,194	157,391
Due from head office	966,419	167,209
Other assets	252,493	225,276
<b>Total Assets</b>	<b>15,580,907</b>	<b>11,879,282</b>
<b>LIABILITIES</b>		
Bills payable	45,598	108,521
Due to financial institutions	97,863	71,538
Deposits and other accounts		
- Current accounts	3,348,379	2,326,188
- Saving accounts	6,531,630	4,866,902
- Term deposits	3,941,815	2,896,033
- Others	190,189	160,317
Other liabilities	196,525	250,489
<b>Total Liabilities</b>	<b>14,351,999</b>	<b>10,679,988</b>
<b>NET ASSETS</b>	<b>1,228,908</b>	<b>1,199,294</b>
<b>REPRESENTED BY:</b>		
Islamic Banking Fund	1,000,000	1,000,000
Accumulated profit	160,665	114,918
	<b>1,160,665</b>	<b>1,114,918</b>
Surplus on revaluation of assets	68,243	84,376
	<b>1,228,908</b>	<b>1,199,294</b>
<b>(ii) Profit and Loss Account</b>		
Profit / return on financing, investments and placements earned	879,681	687,317
Return on deposits and other dues expensed	(529,440)	(415,927)
Net income earned before provision	350,241	271,390
Reversal of provision against non-performing financings	29,706	9,798
Net income earned after provision	379,947	281,188
<b>Other income</b>		
Fee, commission and brokerage income	34,013	32,841
Gain on sale of securities - net	(1,026)	22,194
Other income	5,869	2,674
	<b>418,803</b>	<b>338,897</b>
<b>Other expenses</b>		
Administrative expenses	257,388	222,290
Other charges	750	1,689
	<b>258,138</b>	<b>223,979</b>
<b>Profit before taxation</b>	<b>160,665</b>	<b>114,918</b>



## Annexure - II

(ii.a) These figures have been adjusted to exclude inter segment profitability charge of Rs. 60.752 million @ 6.08% per annum (2016: Rs. 48.087 million @ 6.35% per annum) in line with financial reporting requirement.

(ii.b) Deposits and other accounts include redeemable capital of Rs.11,398.643 million (31 December 2016: Rs. 8,259.094 million) and deposits on Qard basis of Rs. 2,883.370 million (31 December 2016: Rs. 1,990.346 million). Remunerative deposits which are on Mudaraba basis are considered as redeemable capital and non-remunerative deposits are classified as being on Qard basis.

(iii) Cash Flow Statement	31 December 2017	31 December 2016
	------(Rupees in '000)-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	160,665	114,918
<b>Adjustments:</b>		
Depreciation / amortisation	107,206	120,823
Reversal of provision against non-performing islamic financing & related assets	(29,706)	(9,798)
Operating fixed assets written off directly	504	1,685
Gain on sale of fixed assets	(661)	(1,180)
	77,343	111,530
	238,008	226,448
<b>(Increase) / decrease in operating assets</b>		
Due from financial institutions	(2,418,053)	(1,166,211)
Islamic financing and related assets-net	(910,138)	(170,492)
Due from Head Office	(638,545)	96,910
Others assets - (excluding advance taxation)	(27,217)	(31,024)
	(3,993,953)	(1,270,817)
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	(62,923)	58,670
Due to financial institutions	26,325	(168,664)
Deposits and other accounts	3,762,573	1,295,801
Other liabilities	(168,882)	(41,282)
	3,557,093	1,144,525
<b>Net cash (used in) / generated from operating activities</b>	(198,852)	100,156
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net investments in securities	802,992	(357,009)
Investment in operating fixed assets	(62,214)	(37,328)
Proceeds from disposal of fixed assets	1,340	1,180
<b>Net cash generated from / (used in) investing activities</b>	742,118	(393,157)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Funds received from Head Office	-	400,000
Profit remitted to head office	(160,665)	(114,918)
<b>Net cash (used in) / generated from financing activities</b>	(160,665)	285,082
<b>Increase / (Decrease) in cash and cash equivalents</b>	382,601	(7,919)
Cash and cash equivalents at the beginning of the year	646,538	654,457
Cash and cash equivalents at the end of the year	1,029,139	646,538
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		
Cash and balances with treasury banks	1,029,113	646,512
Balances with other banks	26	26
	1,029,139	646,538
<b>(iv) Remuneration to shariah advisor</b>	5,715	5,290
<b>(v) Charity Fund</b>		
Opening balance	-	-
Addition during the year	116	952
Payment / utilisation during the year	(116)	(952)
Closing balance	-	-



## Annexure - II

	31 December 2017	31 December 2016
	------(Rupees in '000)-----	
<b>(vi) Islamic financing and related assets</b>		
Murabaha	573,685	500,261
Musharakah	521,204	-
Assets held under Ijarah ( IFAS- 2)	301,549	268,841
Diminishing Musharaka	1,892,336	958,966
Salam	47,068	48,578
Advance against islamic financing:		
- Murabaha	416,473	580,556
- Car Ijarah	67,176	57,543
- Diminishing Musharaka	-	1,008,948
- Salam	325,478	361,515
Other Islamic modes of financing	467,398	-
Islamic financing and related assets - Gross	4,612,367	3,785,208
Provision against non-performing financing	(28,283)	(57,989)
Islamic financing and related assets - net of provision	4,584,084	3,727,219
<b>(vi) a Assets held under Ijarah - Ijarah accounted for under IFAS-2</b>		
Motor vehicles	278,231	212,732
Plant and machinery	23,318	56,109
	301,549	268,841
<b>(vii) Deposits</b>		

Deposits are generated through the following pools:

**(i) Normal pool**

Deposits generated under this pool are on the basis of Qard and Mudaraba

**(ii) Special pool**

Deposits generated under this pool are on the basis of Mudaraba from high net worth customers.

Deposits taken on a Qard basis are classified as 'Current Accounts' and deposits generated on 'Modaraba basis' are classified as 'Savings Deposits' and 'Fixed Deposits'. No profit or loss is passed on to current account depositors. While the product features of each product differ, there is usually no restriction on withdrawals or number of transactions in current and saving accounts. In case of fixed deposits, pre-mature withdrawals can be made as per approved terms only.

**(viii) Profit / (loss) distribution to depositor's pool**

The Bank maintained the following pools for profit declaration and distribution during the year ended 31 December 2017:

- i) Mudaraba Pool;
- ia) Normal pool;
- ib) Special pool;
- ii) Musharaka Pool under SBP's Islamic Export Refinance Scheme.

Profits realised through normal / special pool are distributed between the Bank and the depositors in proportion to their respective share in the pool. All Mudaraba based deposits are fully invested in accordance with their respective Pool to produce returns for them. In case where the Bank is unable to utilise all funds available for investment, priority is given to the deposit account holders. Rab-ul-Maal share is distributed among depositors according to weightages assigned at the inception of profit calculation period. Mudarib can distribute its share of profit to Rab-ul-Maal upto a maximum of 60% of their profit as incentive profits (Hiba).

Profits are distributed from the pool such that the depositors (remunerative) only bear the risk of assets in accordance with their respective pool during the profit calculation period. 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.

The deposits and funds accepted under the Mudaraba Pool are provided to diversified sectors and avenues of the economy / business mainly to 'Chemical and Pharmaceutical', 'Textile and Allied', 'Food and Allied', 'Automobile and Transportation', 'Shoes and Leather', 'Electronics and Electrical Appliances', 'Financial' and 'Investment in Government of Pakistan Ijarah Sukuks'.



## Annexure - II

	2017			2016		
	Normal Pool	Special Pool	Total	Normal Pool	Special Pool	Total
------(Rupees in '000)-----						
Chemical and Pharmaceuticals	189,966	203,651	393,617	102,975	296,964	399,939
Textile	886,818	117,827	1,004,645	527,129	-	527,129
Cement	-	232,842	232,842	553,737	-	553,737
Sugar	-	300,000	300,000	-	300,000	300,000
GOP Bai Muajjal / Ijarah Sukuk	509,778	1,510,446	2,020,224	58,175	2,100,000	2,158,175
Automobile and transportation equipment	20,126	-	20,126	4,364	-	4,364
Financial	4,155,173	524,974	4,680,147	1,732,679	554,037	2,286,716
Production and transmission of energy	67,042	2,200,644	2,267,686	827,206	1,875,000	2,702,206
Food and allied	1,050,700	-	1,050,700	601,009	-	601,009
Services	90,362	333,333	423,695	76,662	500,000	576,662
Exports Imports	148,871	-	148,871	160,394	-	160,394
Individual	62,377	-	62,377	38,773	-	38,773
Wholesale & Retail Trade	55,171	-	55,171	48,776	-	48,776
Construction	69,035	-	69,035	76,220	-	76,220
Others	130,484	279,068	409,552	248,794	-	248,794
	<b>7,435,903</b>	<b>5,702,785</b>	<b>13,138,688</b>	<b>5,056,893</b>	<b>5,626,001</b>	<b>10,682,894</b>

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.

**(ix) 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	338,472	-	-	338,472
Investments	287,949	-	-	287,949
Due from financial institutions	247,082	-	-	247,082
Others	39,882	(5,534)	(1,026)	33,322
	<b>913,385</b>	<b>(5,534)</b>	<b>(1,026)</b>	<b>906,825</b>

\* This includes initial direct cost of Rs. 5.534 million.

**(x) Incentive profits (Hiba)**

The Bank paid an aggregate amount of Rs 95.138 million as incentive profits (Hiba), which includes Rs. 61.278 million for normal pool and Rs. 33.860 million for special pool during the year ended 31 December 2017. The following guidelines are approved by the Bank's Sharia Advisor for determination of incentive profits (Hiba):

- Special weightage deposits in designated tiers / slabs in Mudaraba Pool shall be offered extra weightages outside the Mudaraba Pool, provided the specified parameters are met ;
- The deposit deal shall be at least of Rs. 100 thousands ;
- In case a Term Deposit is pre-maturely encased, profit shall be paid at the expected rate of completed tenor;
- The payment of Hiba on deposits will be at the sole discretion of the Bank and could be decreased or / and removed any time during the tenure of the deposit, under intimation to the customer, if the customer fails to meet the prerequisites at any time during the tenure of the deposit and / or the profit rate no longer remains sustainable from Bank's share; and
- The Bank shall ensure that all the operational procedures and controls to the satisfaction of Sharia are in place.

## (xi) Contractual maturities of mudaraba based deposit accounts

Particulars	2017							
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years
	------(Rupees in '000)-----							
Fixed Deposits	3,941,815	49,000	2,625,160	18,050	-	1,241,992	4,100	3,513
Savings Deposits	7,186,828	7,186,828	-	-	-	-	-	-
Current Deposits - Remunerative	655,198	655,198	-	-	-	-	-	-
	11,783,841	7,891,026	2,625,160	18,050	-	1,241,992	4,100	3,513

## 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 (Rupees in '000)	Mudarib Share transferred to the Depositors through Hiba (Percent)	Mudarib share Net of Hiba (Rupees in '000)	Mudarib share Net of Hiba (Percent)	Profit rate and weightage announcement period	Profit rate return distributed
<b>Mudaraba Pool</b>								
Normal Pool	75.00%	7.25%	61,278	5.39%	222,841	19.61%	Monthly	4.42%
Special Pool	75.00%	6.70%	33,860	10.30%	48,337	14.70%	Monthly	5.67%
Total	75.00%	7.02%	95,138	6.49%	271,178	18.51%	Monthly	5.01%

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	0.3244	672.564	3.968	Quarterly	2.21%
	0.3468	1,598.848	5.719	Quarterly	1.80%
	0.2400	608.912	18.153	Quarterly	1.00%
	0.1425	143.693	1.616	Quarterly	1.08%

Parameters used for allocation of profit, charging expenses and provisions, etc. along with a brief description of their major components:

Income generated from relevant assets, calculated at the end of each month is first set aside for the Musharaka pool arrangement between the Bank and the State Bank of Pakistan. It is then allocated between the participants of the pool as per the agreed weightages and rates.

The Mudaraba Pool profit is divided between the Bank and depositors in the ratio of Bank's average equity (pertaining to Islamic banking branches) and average depositors balances commingled in each pool on a pro-rata basis. The depositors' share of profit is allocated amongst them on the basis of weightages declared before start of each month, after deduction of a mudarib fee. During the year ended 31 December 2017, the Bank charged 25% (2016: 25%) of the profit as Mudarib fee. These weightages are declared by the Bank in compliance with the requirements of the SBP and Shariah.

The allocation (of income and expenses to different pools) is made on a pre-defined basis and accounting principles / standards. Provisions against any non-performing assets of the pool are not passed on to the pool.

## (xii) Allocation of Income and Expenses to Depositors' Pools

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

	2017	2016
	------(Rupees in '000)-----	
Profit / return earned on financings, investments and placements	873,503	673,218
Other income (including other charges)	38,856	57,799
Directly related costs attributable to pool	(5,534)	(4,674)
	<u>906,825</u>	<u>726,343</u>

## b) Following weightages have been assigned to different products under the Mudaraba Pool during the year:

	Percentage of total Mudaraba based deposits	Minimum weightage	Maximum weightage
Savings - Soneri Munafa Account	67%	0.3333	0.9667
Savings - Soneri Bachat Account	2%	0.3333	0.3333
Current Remunerative - Soneri Rahat Account	4%	0.0083	0.0083
Savings - Assan Account	0%	0.3333	0.3333
Time Deposits - Soneri Meadi	27%	0.4833	0.9750

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



## Annexure - III

**Disposal of fixed assets (refer note 11.2.3)**

Disposals / deletions of property and equipment with original cost or book value in excess of rupees one million or two hundred fifty thousand respectively (whichever is less):

Particulars	Cost	Book value	Sale price / insurance proceeds	Mode of settlement / disposal	Particulars of buyers / insurance companies
-------------	------	------------	---------------------------------	-------------------------------	---

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

**Leasehold Improvement**

----- do -----	2,389	1,812	-	Written off	
----- do -----	2,285	1,707	-	Written off	
----- do -----	1,934	1,523	-	Written off	
----- do -----	1,469	1,288	-	Written off	
----- do -----	1,450	1,100	-	Written off	
----- do -----	1,434	1,177	-	Written off	
----- do -----	1,390	984	-	Written off	
----- do -----	1,354	959	-	Written off	
----- do -----	1,183	879	-	Written off	
----- do -----	1,167	875	-	Written off	
----- do -----	1,023	916	-	Written off	
----- do -----	881	773	-	Written off	
----- do -----	799	655	-	Written off	
----- do -----	735	579	-	Written off	
----- do -----	648	571	-	Written off	
----- do -----	637	559	-	Written off	
----- do -----	648	481	-	Written off	
----- do -----	678	480	-	Written off	
----- do -----	739	440	-	Written off	
----- do -----	536	379	-	Written off	
----- do -----	428	375	-	Written off	
----- do -----	368	322	-	Written off	
----- do -----	401	304	-	Written off	
----- do -----	331	297	-	Written off	
----- do -----	385	292	-	Written off	
----- do -----	431	257	-	Written off	
Items with WDV of below Rs. 250,000/- and cost of less than Rs. 1,000,000	2,026	1,501	397	Various	Various
	<b>27,749</b>	<b>21,485</b>	<b>397</b>		

**Furniture and fixtures**

----- do -----	1,781	348	-	Written off	
----- do -----	1,286	-	-	Written off	
----- do -----	1,279	-	-	Written off	
----- do -----	1,125	89	-	Written off	
----- do -----	1,116	116	-	Written off	
----- do -----	1,095	-	-	Written off	
----- do -----	1,051	48	-	Written off	
----- do -----	531	400	-	Written off	
Items with WDV of below Rs. 250,000/- and cost of less than Rs. 1,000,000	18,587	3,511	609	Various	Various
	<b>27,851</b>	<b>4,512</b>	<b>609</b>		

## Annexure - III

## Disposal of fixed assets (refer note 11.2.3)

Particulars	Cost	Book value	Sale price / insurance proceeds	Mode of settlement / disposal	Particulars of buyers / insurance companies
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----- (Rupees in '000) -----

**Electrical, office and computer equipment**

----- do -----	3,610	-	134	Tender	Mujeeb Alam & Co
----- do -----	2,240	-	83	Tender	Mujeeb Alam & Co
----- do -----	2,225	1,113	834	Tender	Infotel Pak Pvt Ltd
----- do -----	1,448	-	-	Written off	
----- do -----	1,359	-	-	Written off	
----- do -----	1,323	-	9	Tender	Touch Point (Pvt) Ltd
----- do -----	1,237	-	9	Tender	Touch Point (Pvt) Ltd
----- do -----	1,183	-	7	Tender	Touch Point (Pvt) Ltd
----- do -----	1,183	-	-	Written off	
----- do -----	1,119	-	9	Tender	Touch Point (Pvt) Ltd
----- do -----	1,111	-	9	Tender	Touch Point (Pvt) Ltd
----- do -----	1,107	-	7	Tender	Touch Point (Pvt) Ltd
----- do -----	1,107	-	7	Tender	Touch Point (Pvt) Ltd
----- do -----	1,082	-	7	Tender	Touch Point (Pvt) Ltd
----- do -----	1,082	-	7	Tender	Touch Point (Pvt) Ltd
----- do -----	1,082	-	7	Tender	Touch Point (Pvt) Ltd
----- do -----	1,082	-	7	Tender	Touch Point (Pvt) Ltd
----- do -----	1,077	-	-	Written off	
----- do -----	1,071	-	7	Tender	Touch Point (Pvt) Ltd
----- do -----	1,039	-	-	Written off	
----- do -----	1,039	17	-	Written off	
Items with WDV of below Rs. 250,000/- each or cost of less than Rs. 1,000,000	124,739	4,615	6,805	Various	Various
	<b>153,545</b>	<b>5,745</b>	<b>7,948</b>		

**Vehicles**

----- do -----	1,445	-	1,050	Tender	Sohail Ahmed
----- do -----	1,269	-	1,058	Tender	Wasim Mirza
----- do -----	1,269	-	1,064	Tender	Wasim Mirza
----- do -----	1,124	974	1,020	Tender	Jubilee General Insurance Company Limited
Items with WDV of below Rs. 250,000/- each or cost of less than Rs. 1,000,000	14,352	51	9,868	Various	Various
	<b>19,459</b>	<b>1,025</b>	<b>14,060</b>		

<b>228,604</b>	<b>32,767</b>	<b>23,014</b>
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## Annexure - IV

## Particulars of investment in Term Finance Certificates and Sukuk Certificates - (refer note 9.11)

Name of Investee	Number of certificates held		Paid up value per certificate (Rupees)	Total paid up value (before redemption) (Rs. in '000)	Profit	Principal redemption	Balance as at 31 December 2017	Balance as at 31 December 2016	Name of Chief Executive
	2017	2016					(Rupees in '000)	(Rupees in '000)	
<b>(a) Held to maturity securities</b>									
<b>(i) Listed Term Finance Certificates</b>									
Azgard Nine Limited	10,000	10,000	5,000	50,000	- 6 months Kibor + 1.00% (1-2 years) - 6 months Kibor + 1.25% (3-5 years) - 6 months Kibor + 1.00% (6-7.5 years)	0.88% of principal amount in 42 months, 1.63% from 48 months to 66 months remaining principal in four equal semi annual instalments starting from the 72nd month from the date of issue.	16,269	16,269	Mr. Ahmed Shaikh
<b>(ii) Un-listed Term Finance Certificates</b>									
AgriTech Limited	1,488	1,488	5,000	7,440	11.00% Per Annum	0.02% of principal amount in the first 60 months and remaining principal paid in 66th month from the date of issue.	7,440	7,440	Mr. Faisal Muzammil
Azgard Nine Limited	2,150	2,150	5,000	10,750	NIL	10% of principal amount from 24 months to 36 months, 15% from 42 months to 48 months remaining principal in two equal semi annual instalments starting from the 54th month from the date of issue.	10,750	10,750	Mr. Ahmed Shaikh
Bank Al Falah Limited - 4th issue	-	10,000	5,000	50,000	6 months Kibor + 2.50%	0.02% of principal amount in the first 78 months and remaining principal in three equal semi annual instalments starting from the 84th month from the date of issue.	-	33,247	Mr. Nauman Ansari
Faysal Bank Limited - 2nd Issue	-	15,000	5,000	75,000	6 months Kibor + 2.25%	0.02% of principal amount in the first 60 months and remaining principal in four equal semi annual instalments starting from the 66th month from the date of issue.	-	37,425	Mr. Yousaf Hussain
Standard Chartered Bank (Pakistan) Limited	-	40,000	5,000	200,000	6 months Kibor + 0.75%	Principal paid in two equal semi annual instalments starting from the 114th month from the date of issue.	-	200,000	Mr. Shahzad Dada
<b>(iii) Listed Sukuk Certificates</b>									
Engro Fertilizers Limited	32,300	32,300	5,000	161,500	6 months Kibor + 1.75%	2.50% of principal amount in 24 months, 10.00% from 30 months to 36 months remaining principal in four equal semi annual instalments starting from the 42nd month from the date of issue.	113,050	145,350	Mr. Ruhail Muhammad
K-Electric Limited AZM Sukuk	-	80,000	5,000	400,000	3 months Kibor + 2.25%	Principal paid in 36 months from the date of issue.	-	400,000	Mr. Tayyab Tareen
<b>(iv) Un-listed Sukuk Certificates</b>									
Al Baraka Bank (Pakistan) Limited	100	100	1,000,000	100,000	6 months Kibor + 1.25%	Principal paid in fourteen equal semi annual instalments.	57,143	71,428	Mr. Shafiqat Ahmed
Eden Housing Limited	10,000	10,000	5,000	50,000	3 months Kibor + 2.5%	12.50% of principal amount from 18 to 24 months, 0.38% in 15 months, 2.27% from 18 to 21 months, 2.60% in 24 months, 4.72% from 27 months to 36 months, 5.62% from 39 months to 48 months and remaining principal in four equal quarterly instalments starting from the 51th month from the date of issue.	6,560	6,560	Mr. Muhammad Anjad
Liberty Power Tech Limited	1,099,430	1,099,430	100	109,943	3 months Kibor + 3.00%	Quarterly instalments starting from 01 April 2011.	52,728	65,335	Mr. Ashraf Salm Mukaty
Pakistan Mobile Communication Limited	100,000	100,000	5,000	500,000	3 months Kibor + 0.88%	Principal paid in twelve equal quarterly instalments starting from the 27th month from the date of issue.	333,333	500,000	Mr. Aamir Ibrahim
Three Star Hosiery Mills (Private) Limited	5,100	5,100	5,000	25,500	3 months Kibor + 3.25% with floor of 11% and Cap of 25%	Principal paid in seven equal semi annual instalments starting from the 24th month from the date of issue.	25,215	25,215	Mr. Muhammad Rasheed
WAPDA	4,000	4,000	5,000	20,000	6 months Kibor + 0.35%	Principal paid in 80 months from the date of issue.	19,860	19,860	Lt. Gen./R) Muzammil Hussain
<b>(b) Available for sales securities</b>									
<b>(i) Un-listed Term Finance Certificates</b>									
Bank Al Habib Limited	50,000	-	5,000	250,000	6 months Kibor + 1.50%	Perpetual.	250,000	-	Mr. Mansoor Ali Khan
Habib Bank Limited	-	1,000	100,000	99,980	6 months Kibor + 0.50%	0.02% of principal amount in the first 108 months and remaining principal in two equal semi annual instalments starting from the 114th month from the date of issue.	-	99,988	Mr. Paymond Kotwal
JS Bank Limited	-	90,000	5,000	450,000	6 months Kibor + 1.40%	0.02% of principal amount in the first 72 months and remaining principal in two equal semi annual instalments starting from the 78th month from the date of issue.	-	450,000	Mr. Khalid Imran
<b>(ii) Listed Sukuk Certificate</b>									
K-Electric Limited Sukuk-ul-Shirkah	100,000	100,000	5,000	500,000	3 months Kibor + 1.00%	Principal paid in twenty equal quarterly instalments starting from the 27th month from the date of issue.	450,000	500,000	Mr. Tayyab Tareen
<b>(iii) Un-listed Sukuk Certificates</b>									
AlBaraka Bank (Pakistan) Limited	75	75	1,000,000	75,000	6 months Kibor + 1.25%	Principal paid in fourteen equal semi annual instalments.	42,857	53,571	Mr. Shafiqat Ahmed
Mezzan Bank Limited	425	425	1,000,000	425,000	6 months Kibor + 0.50%	Principal paid in 120 months from the date of issue.	425,000	425,000	Mr. Irfan Siddiqui
Neelum Jhelum Hydro Power Company (Private) Limited	9,750	9,750	100,000	975,000	6 months Kibor + 1.10%	Principal paid in sixteen equal semi annual instalments starting from the 30th month from the date of issue.	975,000	975,000	Brig (Retd.) Muhammad Zareen
<b>Total</b>							<b>2,785,205</b>	<b>4,042,438</b>	

# REPORT OF SHARI'AH BOARD

FOR THE YEAR ENDED 31 DECEMBER 2017

In the name of Allah, the Beneficent, the Merciful

By the grace of Almighty Allah, the year under review was the 12th year of Islamic commercial banking for Soneri Bank Limited, while the Board of Directors and Executive Management are solely responsible to ensure that the operations of Soneri Bank Limited – Islamic Banking (Mustaqeem) are conducted in a manner that comply with Shari'ah principles at all times, we are required to submit a report on the overall Shari'ah compliance environment of Soneri Bank Limited – Islamic Banking (Mustaqeem).

To form an opinion on the overall Shariah Compliance environment as required by the regulatory framework, the Shari'ah Compliance Department 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 Shari'ah audit and external Shari'ah audit also form the basis of this report.

During the year under review, the Shari'ah Board supervised and analyzed various transactions, processes and their Shari'ah Compliance as an ongoing practice to ensure that the transactions continue to be valid as per Shari'ah. The main modes of financing used for the Bank's Islamic financing activities consist of Murabaha, Ijarah, Diminishing Musharakah, Salam and Running Musharakah. It is encouraging to report that the Bank has been gradually moving from trade based to Participatory modes which is beneficial for the development of Islamic Banking in long run.

To strengthen and broaden the functions of Shari'ah control, the Shari'ah Compliance Department of the Bank goes the extra mile to facilitate the customers accompanying the business teams on their visits to understand and assess the customers' business needs and giving their due feedback on the process flows.

Additionally, to maintain the high level of compliance, the Shariah Compliance department performed random physical inspections of Islamic financing transactions. Additionally, Shariah Compliance is also involved in the review process of profit distribution to the depositors on monthly basis with their utmost best efforts and it was generally found in conformity with Shari'ah Rules & Principles and Pool Management guidelines of the State Bank of Pakistan.

Based on above, we are of the view that:

- i. The Soneri Bank Limited – Islamic Banking (Mustaqeem) has a mechanism in place to ensure Shari'ah compliance in their overall operations. We hope to improve this mechanism with adequately staffed SCD. Moreover, the Board of Directors has considered expanding Islamic Banking Business in the coming years with very aggressive targets, where adequately staffed SCD is essential in the coming years.
- ii. The Bank has complied by and large with Shari'ah rules and principles in the light of fatawa, rulings and guidelines issued by its Shari'ah Board.
- iii. The Bank has complied with the directives, regulations, instructions and guidelines related to Shari'ah compliance issued by SBP in accordance with the rulings of SBP's Shari'ah Board. The Bank has complied with the SBP instructions on profit and loss distribution and pool management. A comprehensive automated solution for profit distribution on multiple pools with proper asset tagging is still under development. The management of Soneri Bank must complete this development to ensure smooth profit distribution.
- iv. 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. In this regards, few discrepancies have been found in some Salam transactions which warrants further research to denounce it as Shariah Compliant. The same shall be finalized in the subsequent Shariah Board meetings.
- v. During the year, an amount of Rupees one hundred sixteen thousand one hundred ninety nine only (PKR 116,199/-) was recovered from the customers as charity on account of delay in payments which has been disbursed in charitable purposes.
- vi. It is encouraging to note that the Bank's learning and Development Department on our advice carried out Islamic Banking training for almost all the employees posted in Islamic Banking group. However, we advise that the Bank should now focus on specialized Islamic Banking certification courses including Shariah documentation enabling the Islamic banking employees to have more dedicated approach.

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

And Allah knows best

**Mufti Ehsan Waqar Ahmad**  
Chairman Shari'ah Board

**Mufti Muhammad Zahid**  
Resident Shari'ah Board

**Mufti Bilal Ahmed Qazi**  
Shari'ah Board Member



## شریعی بورڈ رپورٹ

برائے مالیاتی سال 2017

بسم اللہ الرحمن الرحیم

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

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

اس سال کے دوران شریعی بورڈ کے زیر نگرانی مختلف معاملات اور پروسیجر فلوز کا جائزہ لیا گیا اور اسے شریعت کے اصولوں کے مطابق پا کر اس کی منظوری دی گئی۔ عام طور پر بینک کے طرق تمویل مراجمہ، اجارہ، شرکت متناقصہ، مسلم اور رنگ مشارکہ پر مشتمل رہے۔ یہ بات حوصلہ افزاء ہے کہ بینک بتدریج تجارتی بنیاد پر مبنی طرق تمویل سے مشارکہ کی بنیاد پر مبنی طرق تمویل کی جانب گامزن ہے جو مستقبل میں اسلامی بینکاری کی ترقی کے لئے مفید ہے۔

شریعی کے کنٹرول کو مضبوط کرنے کے لیے شریعی کمپلائنس ڈپارٹمنٹ نے بڑھ چڑھ کر اپنا کردار ادا کیا اور اس سلسلے میں برنس ٹیم کے ساتھ مل کر مختلف کسٹمرز سے ملے، اور ان کی ضروریات اور برنس ماڈل کو سمجھ کر انہیں بہتر سے بہتر شرعی طریق تمویل کی طرف رہنمائی کی۔

مزید برآں شریعی کمپلائنس کے معیار کو بہتر اور مضبوط بنانے کے لیے شریعی کمپلائنس ڈپارٹمنٹ نے مختلف مواقع پر بعض معاملات کا باقاعدہ مشاہدہ بھی کیا۔ اس کے ساتھ ساتھ شریعی ڈپارٹمنٹ نے منافع کی ماہانہ تقسیم کے طریقہ کار کا بھی معائنہ کیا اور اس کو مجموعی طور پر شریعی کے اصولوں اور اسٹیٹ بینک کے پول پالیسی کے مطابق پایا۔

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

(۱)..... یہ بات یقین کے ساتھ کہی جاسکتی ہے کہ ماشاء اللہ، بینک میں مجموعی معاملات کو شریعت کے مطابق چلانے کا ایک مکمل نظام موجود ہے۔ ہمیں امید ہے کہ ہم شریعی کمپلائنس ڈپارٹمنٹ کی افرادی قوت کو بڑھا کر اس نظام کو مزید بہتر کر سکتے ہیں۔ چونکہ بورڈ آف ڈائریکٹرز کا آنے والے سالوں میں اسلامک بینکنگ کے دائرہ کار کو بڑھانے کا ارادہ ہے، جس کے لیے ان کے پاس ایک مضبوط شریعی ڈپارٹمنٹ کا ہونا بے حد ضروری ہے۔

(۲)..... 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۔

(۳)..... بینک، اسٹیٹ بینک آف پاکستان کے شریعی بورڈ کے قوانین کے مطابق جاری کردہ شریعی کمپلائنس سے متعلق احکامات، ریگولیشنز، ہدایات اور گائیڈ لائنز پر عمل پیرا ہے۔

(۴)..... بینک کے نفع و نقصان کی تقسیم اور پول منجمنٹ اسٹیٹ بینک کی ہدایات کے مطابق ہے، تاہم مختلف پلاز پر نفع کی تقسیم اور اخراجات کی ٹیکس کے لئے ایک جامع خود کار حل تکمیل کے مراحل میں ہے۔ بینک کی انتظامیہ کے لئے منافع کی تقسیم کو مزید موثر اور ہموار بنانے کے لئے اس عمل کو مکمل کرنا ضروری ہے۔

(۵)..... بینک کے پاس شریعی کمپلائنس ریویو اور انٹرنل 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۔ اس سلسلے میں مسلم کے کچھ معاملات میں شرعی طور پر چھوٹی نشاندہی کی گئی ہے، جس کی شرعی حیثیت مزید تحقیق کی متقاضی ہے، بہر حال، آئندہ ہونے والی شریعی بورڈ کی مجال میں اس مسئلے سے متعلق شرعی تحقیق کے پیش نظر کوئی حتمی فیصلہ کر لیا جائے گا، ان شاء اللہ۔

(۶)..... اس سال کسٹمرز کی نذر شدہ وہ رقم جو کسٹمرز کی طرف سے تاخیر سے ادائیگی کی صورت میں بینک کو موصول ہوئی، وہ مبلغ 116199 (ایک لاکھ سولہ ہزار ایک سو ننانوے روپے) تھی، جو مختلف خیراتی مقاصد میں خرچ کر دی گئی۔

(۷)..... یہ بات قابل ذکر ہے کہ بینک کے لرننگ اینڈ ڈویلپمنٹ ڈپارٹمنٹ نے ہماری ہدایات کے مطابق اسلامک بینکنگ اسٹاف کے لئے اسلامک بینکنگ کی مختلف ٹیکنیکل کا انعقاد کیا۔ البتہ بینک کو یہ ہدایت کی جاتی ہے کہ وہ اپنے اسٹاف کے لیے اختصاصی ٹیکنیکل کا انعقاد کرائے، تاکہ بینک کی اسلامی بینکاری کو مزید بہتر کیا جاسکے۔

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

واللہ اعلم بالصواب

مفتی احسان وقار احمد

چیئر مین شریعی بورڈ

مفتی بلال احمد قاضی

ممبر شریعی بورڈ

مفتی محمد زاہد

ریزیڈنٹ شریعی بورڈ ممبر



# NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that Twenty Sixth (26th) Annual General Meeting of Soneri Bank Limited will be held at Avari Hotel, Lahore on Friday, 30 March 2018 at 9:00 a.m. to transact the following business:

## Ordinary Business

- 1) To confirm the minutes of last Annual General Meeting held on 28 March 2017.
- 2) To receive, consider and adopt Annual Audited Accounts together with the Directors' and Auditors' Reports thereon for the year ended 31 December 2017.
- 3) To approve and declare the final cash dividend of Re.0.75/- per share (i.e. 7.5%) for the financial year ended 31 December 2017 as recommended by the Board of Directors in its 160th meeting held on 20 February 2018.
- 4) To appoint Auditors of the Bank for the year ending 31 December 2018 till the conclusion of next Annual General Meeting and fix their remuneration. Retiring Auditors, M/s. A.F. Ferguson & Co., Chartered Accountants, being eligible, have offered themselves for re-appointment.
- 5) To transact such other ordinary business as may be placed before the meeting with the permission of the Chair.

BY ORDER OF THE BOARD

## Muhammad Altaf Butt

Company Secretary  
Karachi: 20 February 2018

## NOTES:

1. Share Transfer Books of Soneri Bank Limited (the "Bank") will remain closed from 23 March 2018 to 30 March 2018 (both days inclusive).
2. A member entitled to attend and vote at this meeting may appoint another member as his or her proxy to attend and vote. Proxies, in order to be effective, must be received at the registered office of the Bank not less than 48 hours before the time of holding the meeting. Proxy form shall be witnessed by two persons whose names, addresses and Computerized National Identity Card (CNIC) numbers shall be mentioned on the form. Proxy form, both in English and Urdu language is being separately sent to the shareholders, along with Notice of AGM.
3. The CDC account/sub account holders shall have to produce their original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting for identification purpose, alongwith participant's I.D Number and their Account No. in CDS.

In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee together with the original proxy form duly filled in must be received at the registered office of the Bank not less than 48 hours before the time of holding the meeting. The nominees shall produce their original CNIC or original passport at the time of attending the meeting for identification purpose.

4. Shareholders are requested to notify change in their addresses, if any, to our Share Registrar, M/s. THK Associates (Pvt.) Ltd, 1st Floor, 40-C, Block-6, P.E.C.H.S. Karachi.
5. **Mandatory submission of CNIC**

Those shareholders who have not yet submitted a valid copy of their CNIC, are once again requested to submit the same immediately to our Share Registrar so as to comply with the mandatory requirement of the Securities and Exchange Commission of Pakistan ("SECP") Notification No.S.R.O.831(I)/2012 dated 05 July 2012 which requires that the dividend warrant should bear CNIC number of the member.

6. **Transmission of Audited Financial Statements & Notice Of Annual General Meeting Through E-Mail**

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



# NOTICE OF THE ANNUAL GENERAL MEETING

Meeting ("Notice") to their shareholders through email. The shareholders who wish to receive Annual Audited Financial Statements and Notice of AGM through email are requested to fill the consent form given in below link and return it to our Share Registrar. <http://www.soneribank.com/investor-relations/stock-information/>

## 7. Increase in withholding tax on dividend income for Non-Filers and payment of cash dividend through electronic mode

The Shareholders are hereby informed that pursuant to amendments in Section 150 of the Income Tax Ordinance, 2001 through Finance Act, 2017, Income Tax will be deducted at source @15% for filers and @20.00% for non-filers of income tax return (determined as per "Active Tax Payer List (ATL)" available on Federal Board of Revenue's website) from the dividend amount, if any.

In case of joint account, each holder is to be treated individually as either a filer or non-filer and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder, in writing as follows, to our Share Registrar. In case no such notification is received by us, equal deduction of tax will be made where proportionate holding is not available with us.

Company Name	Folio/CDS A/c. No.	Total Shares	Principal Shareholder		Joint Shareholder	
			Name & CNIC No.	Shareholding proportion (No. of Shares)	Name & CNIC No.	Shareholding proportion (No. of Shares)

The CNIC number/NTN details is now mandatory and is required for checking the tax status as per the Active Taxpayers List (ATL) issued by Federal Board of Revenue (FBR) from time to time.

## 8. E-Dividend Mandate (Mandatory)

In terms of Section 242 of the Companies Act, 2017 ("Act") and Companies (Distribution of Dividends) Regulations, 2017, every listed company is required to pay dividend, if any, to their shareholders compulsorily through electronic mode directly crediting the same in their bank account.

In this respect, the Bank has already communicated through its letter dated 25 October 2017 addressed to the shareholders individually along with newspapers 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 is given at page no. 185 or can be downloaded from the Bank's website, direct link of which is;

[http://www.soneribank.com/wp-content/uploads/2017/10/Dividend\\_Mandate\\_form.pdf](http://www.soneribank.com/wp-content/uploads/2017/10/Dividend_Mandate_form.pdf)

## 9. Unclaimed Dividend and Shares

Pursuant to Section 244 of the Act, any shares issued or dividend declared by the Bank, which remain unclaimed or unpaid for a period of three years from the date it 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 04.10.2017 to claim their unclaimed dividend/Shares. However, only few shareholders have claimed their pending entitlements so far. Statement of such unclaimed dividend/shares is available on the Bank's website which may be accessed by surfing the link: <http://www.soneribank.com/about-us/investor-relations/shareholders-information/>

Shareholders are again advised to approach the Bank's Share Registrar to claim their pending dividend/shares at the earliest failing which the Bank shall proceed ahead in terms of requirement of Section 244(2) (a) & (b) of the Act.

## 10. Deposit of Physical shares into CDC Account

The Shareholders having shares in physical form are advised to open CDC sub-account with any of the brokers or Investor Account directly with the CDC to place their shares in scrip-less form, this will facilitate them in many ways including safe custody and sale of shares at any time they want, as the trading of physical shares is not permitted as per existing regulations of Pakistan Stock Exchange Limited.

# NOTICE OF THE ANNUAL GENERAL MEETING

Further, Section 72 of the Act states that after the commencement of this Act from a date notified by the Commission, a company having share capital, shall have shares in book-entry form only. Every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of this Act.

## 11. Video Conference Facility for attending Annual General Meeting

As per the SECP's Circular No.10 dated 21.05.2014, members may avail video conference facility subject to fulfillment of certain requirements & procedures.

The members who wish to attend Annual General Meeting 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 10 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.

<b>Consent Form for Video Conference Facility</b>	
"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. Availability of Audited Financial Statements on the Bank's website

The audited financial statements of the Bank for the year ended 31 December 2017 have been made available on the Bank's website [www.soneribank.com](http://www.soneribank.com), in addition to annual and quarterly financial statements for the prior years. Notice of 26th Annual General Meeting is also placed on the web portal of the Bank.

Inspection of Documents:








The copies of the latest annual audited financial statements, Memorandum & Articles of Association and other documents/information have been kept at the registered office of the Bank which may be inspected on any working day during business hours till the date of 26th Annual General Meeting.



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-  Online Quizzes



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\*Mobile apps are also available for download for android and ios devices

**FORM 34**  
**PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS**  
**AS ON 31 DECEMBER 2017**

No. of Shareholders	From	Shareholding	To	Total Shares Held	Percentage
971	1	-	100	33,854	0.003
1284	101	-	500	352,160	0.032
1067	501	-	1000	839,178	0.076
2066	1001	-	5000	4,675,680	0.424
1425	5001	-	10000	11,620,762	1.054
597	10001	-	15000	7,005,558	0.635
143	15001	-	20000	2,475,632	0.225
64	20001	-	25000	1,437,515	0.130
43	25001	-	30000	1,177,700	0.107
25	30001	-	35000	821,814	0.075
13	35001	-	40000	490,232	0.045
10	40001	-	45000	424,673	0.039
12	45001	-	50000	569,150	0.052
20	50001	-	55000	1,055,315	0.096
9	55001	-	60000	511,728	0.046
8	60001	-	65000	494,957	0.045
7	65001	-	70000	468,965	0.043
7	70001	-	75000	513,497	0.047
9	75001	-	80000	696,436	0.063
3	80001	-	85000	247,084	0.022
5	85001	-	90000	432,964	0.039
2	90001	-	95000	183,516	0.017
6	95001	-	100000	590,834	0.054
2	100001	-	105000	205,916	0.019
3	105001	-	110000	324,869	0.030
5	110001	-	115000	560,293	0.051
3	115001	-	120000	348,233	0.032
2	120001	-	125000	244,026	0.022
2	130001	-	135000	266,404	0.024
1	135001	-	140000	137,875	0.013
3	140001	-	145000	425,230	0.039
1	145001	-	150000	147,502	0.013
1	150001	-	155000	154,000	0.014
3	155001	-	160000	476,550	0.043
3	160001	-	165000	492,056	0.045
1	170001	-	175000	170,940	0.016
1	185001	-	190000	189,835	0.017
2	195001	-	200000	400,000	0.036
1	200001	-	205000	203,002	0.018
1	210001	-	215000	214,864	0.020
1	230001	-	235000	232,268	0.021
2	235001	-	240000	472,573	0.043
1	240001	-	245000	243,269	0.022
1	245001	-	250000	250,000	0.023
2	280001	-	285000	565,689	0.051
1	285001	-	290000	287,342	0.026
2	290001	-	295000	584,735	0.053
1	295001	-	300000	295,838	0.027



## FORM 34 PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS AS ON 31 DECEMBER 2017

No. of Shareholders	From	Shareholding	To	Total Shares Held	Percentage
1	350001	-	355000	353,709	0.032
1	365001	-	370000	366,300	0.033
1	375001	-	380000	375,134	0.034
1	415001	-	420000	420,000	0.038
1	490001	-	495000	493,500	0.045
1	495001	-	500000	500,000	0.045
1	500001	-	505000	501,500	0.046
1	570001	-	575000	571,046	0.052
3	600001	-	605000	1,811,000	0.164
1	635001	-	640000	636,427	0.058
1	720001	-	725000	722,000	0.066
1	995001	-	1000000	1,000,000	0.091
1	1040001	-	1045000	1,040,150	0.094
1	1125001	-	1130000	1,129,647	0.103
1	1210001	-	1215000	1,214,807	0.110
1	2095001	-	2100000	2,100,000	0.191
1	2765001	-	2770000	2,766,216	0.251
1	3440001	-	3445000	3,441,416	0.312
1	3590001	-	3595000	3,591,580	0.326
1	4445001	-	4450000	4,449,000	0.404
1	4450001	-	4455000	4,450,500	0.404
1	4990001	-	4995000	4,990,500	0.453
1	5060001	-	5065000	5,060,452	0.459
1	5490001	-	5495000	5,494,500	0.498
1	8430001	-	8435000	8,430,965	0.765
1	9475001	-	9480000	9,477,018	0.860
1	10905001	-	10910000	10,907,450	0.989
1	13545001	-	13550000	13,546,734	1.229
1	19735001	-	19740000	19,739,759	1.791
1	22290001	-	22295000	22,291,500	2.022
1	24630001	-	24635000	24,631,642	2.234
1	26785001	-	26790000	26,786,763	2.430
1	37280001	-	37285000	37,280,242	3.382
1	37505001	-	37510000	37,508,988	3.402
1	38285001	-	38290000	38,288,654	3.473
1	45140001	-	45145000	45,143,700	4.095
1	45840001	-	45845000	45,840,844	4.158
1	47105001	-	47110000	47,109,707	4.273
1	51385001	-	51390000	51,386,588	4.661
1	76615001	-	76620000	76,619,421	6.950
1	86005001	-	86010000	86,008,806	7.802
1	107595001	-	107600000	107,595,049	9.760
1	301375001	-	301380000	301,377,754	27.337
7887		Total		1,102,463,481	100

**FORM 34**  
**PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS**  
**AS ON 31 DECEMBER 2017**

Categories of Shareholders	No. of Shareholders	Shares Held	Percentage
Directors, Chief Executive Officer and their spouses and minor children			
<b>DIRECTORS</b>			
Mr. Alauddin Feerasta	2	10,080,679	0.9144
Mr. Nooruddin Feerasta	1	14,048	0.0013
Mr. Amin A. Feerasta	1	5,401	0.0005
Mr. Muhammad Rashid Zahir	1	10,065	0.0009
Mr. Jamil Hassan Hamdani	1	1,000	0.0001
Mr. Inam Elahi	1	626	0.0001
<b>CHIEF EXECUTIVE OFFICER</b>			
Mr. Mohammad Aftab Manzoor			0.0000
<b>DIRECTORS' SPOUSES AND MINOR CHILDREN</b>			
Mrs. Aziza A. Feerasta w/o Mr. Alauddin Feerasta	1	5,401	0.0005
Mrs. Aymna N. Feerasta w/o Mr. Nooruddin Feerasta	1	7,021	0.0000
Mrs. Salima A. Feerasta w/o Amin A. Feerasta	1	5,401	0.0005
	10	10,129,642	0.9182
Associated Companies, undertakings and related parties			
Trustees Alauddin Feerasta Trust	2	387,386,560	35.1383
Trustees Feerasta Senior Trust	2	128,006,009	11.6109
Trustees Alnu Trust	2	64,067,005	5.8113
Executives	-	-	-
National Investment Trust Limited	2	108,015,049	9.7976
Banks, Development Financial Institutions, Non Banking Financial Institutions.	14	31,660,824	2.8718
Insurance Companies	3	13,562,912	1.2302
Modarabas	4	4,899	0.0004
Mutual Funds			
AKD Index Tracker Fund	1	72,947	0.0066
Safeway Mutual Fund Limited	1	6,820	0.0006
TRI Star Mutual Fund Limited	1	276	0.0000
Joint Stock Companies	50	165,659,646	15.0263
Foreign Companies	8	47,229,943	4.2840
Others	6	149,028	0.0135
<b>General Public:</b>			
a) Local	6,592	133,312,574	12.0922
b) Foreign	1,189	13,199,347	1.1973
<b>Total:</b>	7,887	1,102,463,481	100.00

**Shareholders Holding Five Percent or More Voting Interest in the Bank**

Trustees Alauddin Feerasta Trust	387,386,560	35.1383
Trustees Feerasta Senior Trust	128,006,009	11.6109
National Investment Trust Limited	108,015,049	9.7976
Trustees Alnu Trust	64,067,005	5.8113
Mr. Amir Feerasta	62,140,630	5.6365

\* Voting rights on shares are restricted upto five percent only.

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**Trading in shares during the year 2017:**

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



# LIST OF BRANCHES

AS AT 31 DECEMBER 2017

## REGISTERED OFFICE

Rupali House, 241-242  
Upper Mall Scheme, Anand Road  
Lahore-54000, Pakistan.  
Tel. No: (+92-42) 35713101-4 & 35792180

## CENTRAL OFFICE

10th Floor, PNSC Building, M. T. Khan Road  
Karachi-74000, Pakistan.  
Tel. No: (+92-21) 111-567-890  
Swift: SONEPKKAXXX

## CENTRAL REGION

- 01 Main Branch, Lahore**  
Tel: (042) 36368141-8 & 111-567-890
- 02 Defence Branch, Lahore**  
Tel. No: (042) 35897181-2 & 35691037-8
- 03 Gulberg Branch, Lahore**  
Tel. No: (042) 35713445-8, 35759273 & (042) 35772294-5
- 04 Circular Road Branch, Lahore**  
Tel. No: (042) 37670486 & 37670489
- 05 Model Town Branch, Lahore**  
Tel. No: (042) 35889311-2 & 35915666
- 06 Peco Road Branch, Lahore**  
Tel. No: (042) 35177800-2, 35222306-7
- 07 Cavalry Ground Branch, Lahore**  
Tel. No: (042) 36653728-9 & 36619697
- 08 Islamic Banking Temple Road Branch, Lahore**  
Tel. No: (042) 36376341, 2 & 6
- 09 Allama Iqbal Town Branch, Lahore**  
Tel. No: (042) 37812394-5
- 10 Baghbanpura Branch, Lahore**  
Tel. No: (042) 36832811-3
- 11 Thokar Niaz Baig Branch, Lahore**  
Tel. No: (042) 35313651, 3 & 4
- 12 Ghazi Chowk Branch, Lahore**  
Tel. No: (042) 35188505-7
- Islamic Banking New Garden Town Branch, Lahore**  
Tel. No: (042) 35940611, 3 & 8
- 14 DHA Phase-III Branch, Lahore**  
Tel. No: (042) 35734083-5
- 15 Chungi Amer Sadhu Branch, Lahore**  
Tel. No: (042) 35922182-4
- 16 Johar Town Branch, Lahore**  
Tel. No: (042) 35204191-3
- 17 Wahdat Road Branch, Lahore**  
Tel. No: (042) 37424821-6 & 37420591
- 18 Gunpat Road Branch, Lahore**  
Tel. No: (042) 37361607-9
- 19 Airport Road Branch, Lahore**  
Tel. No: (042) 35700115-7
- 20 Ravi Road Branch, Lahore**  
Tel. No: (042) 37725356-7
- 21 Shahdara Branch, Lahore**  
Tel. No: (042) 37920085 & 37941741-3
- 22 Manga Mandi Branch, Lahore**  
Tel. No: (042) 35383517-8

- 23 Badian Road Branch, Lahore**  
Tel. No: (042) 37165390 & 3
- 24 Mughalpura Branch, Lahore**  
Tel. No: (042) 36880892-4
- 25 Upper Mall Branch, Lahore**  
Tel. No: (042) 35789346-9
- 26 Islampura Branch, Lahore**  
Tel. No: (042) 37214394-6
- 27 Garhi Shahu Branch, Lahore**  
Tel. No: (042) 36294201-2
- 28 Zarrar Shaheed Road Br., Lahore**  
Tel. No: (042) 36635167-8
- 29 Hamdard Chowk Kot Lakhpat Br., Lahore**  
Tel. No: (042) 35140261-5
- 30 Kana Kacha Branch, Lahore**  
Tel. No: (042) 35472222 & 0316-8226116-18
- 31 Sabzazar Branch, Lahore**  
Tel. No: (042) 37830881-2
- 32 DHA Phase-IV Br., Lahore**  
Tel. No: (042) 35694156-7
- 33 Azam Cloth Market Branch, Lahore**  
Tel. No: (042) 37662203-4
- 34 Jail Road Branch, Lahore**  
Tel. No: (042) 35408935-7
- 35 Badami Bagh Branch, Lahore**  
Tel. No: (042) 37731601, 2 & 4
- 36 Montgomery Road Branch, Lahore**  
Tel. No: (042) 36291013-4
- Islamic Banking DHA Phase: VI Branch, Lahore**  
Tel. No: (042) 37180535, 6 & 7
- 38 Bahria Town Branch, Lahore**  
Tel. No: 0316-8226348 & 9
- 39 Expo Centre Branch, Lahore**  
Tel. No: (042) 35314087-8 & 35314090-1
- 40 Wapda Town Branch, Lahore**  
Tel. No: (042) 35187611, 2 & 5
- 41 Shah Alam Market Branch, Lahore**  
Tel. No: (042) 37376212 & 5
- 42 DHA Phase-V Branch, Lahore**  
Tel. No: (042) 35695678 & 0316-8226322-3
- 43 Chauburji Branch, Lahore**  
Tel. No: (042) 37112228 & 0316-8226325-7
- 44 Walton Road Branch, Lahore**  
Tel. No: (042) 36672305 & 0316-8226339, 40 & 41
- 45 Faisal Town Branch, Lahore**  
Tel. No: (042) 35170540 & 0316-8226335, 7 & 8

- 46 Karim Block Branch, Lahore**  
Tel. No: (042) 35417757 & 0316-8226412, 3 & 4
- 47 Defence Road Branch, Lahore**  
Tel. No: 0316-8226415-8
- 48 Safari Garden Branch, Lahore**
- 49 Muridke Branch**  
Tel. No: (042) 37166511-2
- 50 Main Branch, Gujranwala**  
Tel. No: (055) 3843560-2, 111-567-890
- Islamic Banking Gujranwala Cantt. Branch, Gujranwala**  
Tel. No: (055) 3861931, 3 & 5
- 52 Wapda Town Branch, Gujranwala**  
Tel. No: (055) 4291136-7
- 53 Kamokee Branch, Distt. Gujranwala**  
Tel. No: (055) 6813501-6
- 54 Main Branch, Faisalabad**  
Tel. No: (041) 2639873, 7 & 8 & (041) 111-567-890
- 55 Peoples Colony Branch, Faisalabad**  
Tel. No: (041) 8555715-6
- 56 Ghulam Muhammadabad Branch, Faisalabad**  
Tel. No: (041) 2680113-4
- Islamic Banking East Canal Road Branch, Faisalabad**  
Tel. No: (041) 2421381-2
- 58 Civil Lines Branch, Faisalabad**  
Tel. No: (041) 2648111 & 2648105
- 59 Madina Town Branch, Faisalabad**  
Tel. No: (041) 8735551 & 0316-8226453 & 0316-8226451
- 60 Jaranwala Branch, Distt. Faisalabad**  
Tel. No: (041) 4312201-2
- 61 Samundri Branch, Distt. Faisalabad**  
Tel. No: (041) 3423983-4
- 62 Painsera Branch, Distt. Faisalabad**  
Tel. No: (041) 2557100-500 & 2574300
- 63 Khurrianwala Branch**  
Tel. No: (041) 4360701, 2, 4 & 5
- 64 Chiniot Branch**  
Tel. No: (047) 6333840-2
- 65 Jhang Branch**  
Tel. No: (047) 7651601-2
- 66 Small Industrial Estate Branch, Sialkot**  
Tel. No: (052) 3242607-9
- 67 Pasrur Road Branch, Sialkot**  
Tel. No: (052) 3521655 & 3521755



# LIST OF BRANCHES

AS AT 31 DECEMBER 2017

- 68 Islamic Banking  
Sialkot Cantt Branch, Sialkot**  
Tel. No: (052) 4560023-4
- 69 Godhpur Branch, Sialkot**  
Tel. No: (052) 4563932-3
- 70 Daska Branch, Distt. Sialkot**  
Tel. No: (052) 6617847-8
- 71 Sheikhpura Branch**  
Tel. No: (056) 3613570 & 3813133
- 72 Nankana Sahib Branch**  
Tel. No: (056) 2876342-3
- 73 Wazirabad Branch**  
Tel. No: (055) 6603703-4 & 6608555
- 74 Ghakkar Mandi Branch**  
Tel. No: (055) 3832611-2
- 75 Main Branch, Multan**  
Tel. No: (061) 4519927 & 4512884
- 76 Islamic Banking  
Shah Rukn-e-Alam Branch, Multan**  
Tel. No: (061) 6784052-3 & 6782081
- 77 Bosan Road Branch, Multan**  
Tel. No: (061) 6210690-3 & 6520693
- 78 Mumtazabad Branch, Multan**  
Tel. No: (061) 6760212, 3 & 4
- 79 Gulgasht Colony Branch, Multan**  
Tel. No: (061)-6222701 & 0316-8226393-5
- 80 Wapda Town Branch, Multan**  
Tel. No: (061) 6213011 & 0316-8226441-2
- 81 Azmat Road Br., Dera Ghazi Khan**  
Tel. No: (064) 2471630-7
- 82 Lodhran Branch**  
Tel. No: (0608) 364766-7
- 83 Rahim Yar Khan Branch**  
Tel. No: (068) 5886042-4
- 84 Liaquatpur Br., Distt. Rahim Yar Khan**  
Tel. No: (068) 5792041-2
- 85 Sadiqabad Branch**  
Tel. No: (068) 5702162 & 5800168
- 86 Bahawalpur Branch**  
Tel. No: (062) 2731703-1
- 87 Ahmedpur Sharqia Branch  
District Bahawalpur**  
Tel. No: (062) 2271345 &  
0316-8226404, 6 & 8
- 88 Hasilpur Branch**  
Tel. No: (062) 2441481-3
- 89 Sargodha Branch**  
Tel. No: (048) 3726021-3
- 90 Pull-111 Branch, Distt. Sargodha**  
Tel. No: (048) 3791403-4 & 0316-8226449 & 50
- 91 Bhalwal Branch**  
Tel. No: (048) 6642224 & 0316-8226331-2
- 92 Khanewal Branch**  
Tel. No: (065) 2551560-2
- 93 Kabirwala Br., Distt. Khanewal**  
Tel. No: (065) 2400910-3
- 94 Abdul Hakeem Br., Distt. Khanewal**  
Tel. No: (065) 2441888
- 95 Mian Channu Branch**  
Tel. No: (065) 2662201-2
- 96 Depalpur Branch**  
Tel. No: (044) 4541341-2
- 97 Okara Branch**  
Tel. No: (044) 2553012-4
- 98 Hujra Shah Muqem Branch  
District Okara**  
Tel. No: (044) 4860401-3 & 0316-8226419, 20 & 21
- 99 Haveli Lakha Branch**  
Tel. No: (044) 4775412
- 100 Sahiwal Branch**  
Tel. No: (040) 4467742-3
- 101 Chichawatni Br., Distt. Sahiwal**  
Tel. No: (040) 5484852-3
- 102 Layyah Branch**  
Tel. No: (060) 6414207-8
- 103 Chowk Azam Branch, Distt. Layyah**  
Tel. No: (060) 6372103 & 0316-8226401, 2 & 3
- 104 Kharoor Pacca Branch**  
Tel. No: (0608) 341041-2
- 105 Muzafargarh Branch**  
Tel. No: (066) 2422901, 3 & 5
- 106 Fazal Garh Sanawan Branch,  
Distt. Muzafargarh**  
Tel. No: (066) 2250214-5
- 107 Sheikho Sugar Mills Branch  
Distt. Muzafargarh**  
Tel. No: (061) 6006257
- 108 Shahbaz Khan Road Branch, Kasur**  
Tel. No: (0492) 764891-2
- 109 Jalalpur Bhattian Br., Distt. Hafizabad**  
Tel. No: (0547) 500847-52
- 110 Hafizabad Branch**  
Tel. No: (0547) 541641-2
- 111 Pattoki Branch**  
Tel. No: (049) 4422435-6
- 112 Ellahabad Branch**  
Tel. No: (049) 4751130
- 113 Khudian Branch**  
Tel. No: (049) 2791595
- 114 Sambrial Branch**  
Tel. No: (052) 6523451-2
- 115 Gagoo Mandi Branch, Distt. Vehari**  
Tel. No: (067) 3500311-2
- 116 Mailsi Branch, Distt. Vehari**  
Tel. No: (067) 3750140-5
- 117 Burewala Branch, Distt. Vehari**  
Tel. No: (067) 3773110 & 20
- 118 Mandi Bahauddin Branch**  
Tel. No: (0546) 507601-2
- 119 Bahawalnagar Branch**  
Tel. No: (063) 2274795-6
- 120 Haroonabad Br., Distt. Bahawalnagar**  
Tel. No: (063) 2251664-5
- 121 Toba Tek Singh Branch**  
Tel. No: (046) 2513203-4
- 122 Gojra Branch, Distt. Toba Tek Singh**  
Tel. No: (046) 3516388-9
- 123 Kamalia Branch, Distt. Toba Tek Singh**  
Tel. No: (046) 3411405-6
- 124 Pir Mahal Branch**  
Tel. No: (046) 3361690 & 5
- 125 Gujrat Branch**  
Tel. No: (053) 3520591, 2 & 4
- 126 Kharian Branch**  
Tel. No: (053) 7602904, 5 & 7
- 127 Pak Pattan Br., Distt. Pak Pattan**  
Tel.: (0457) 371781 & 2
- 128 Arif wala Br., Distt. Pak Pattan**  
Tel.: (0457) 834015 & 6
- 129 Chishtian Branch**  
Tel. No: (063) 2501141 & 0316-8226305
- 130 Khanpur Branch**  
Tel. No: (068) 5577719-20 & 0316-8226307-9
- 131 Narowal Branch**  
Tel. No: (0542) 411405 & 0316-8226328-30
- 132 Rajanpur Branch**  
Tel. No: (0604) 688108 & 0316-8226396
- SOUTH REGION**
- 133 Main Branch, Karachi**  
Tel. No: (021) 32436990-4 & 32444401-5  
& UAN:(021) 111 567 890
- 134 Clifton Branch, Karachi**  
Tel. No: (021) 35877773-4, 35861286
- 135 Garden Branch, Karachi**  
Tel. No: (021) 32232877-8
- 136 F. B. Area Branch, Karachi**  
Tel. No: (021) 36373782-3 & 36811646
- 137 Korangi Industrial Area Br., Karachi**  
Tel. No: (021) 35113898-9, 35113900-1
- 138 AKU Branch, Karachi**  
Tel. No: (021) 34852252-3
- 139 Haidery Branch, Karachi**  
Tel. No: (021) 36638617 & 36630409-410
- 140 Jodia Bazar Branch, Karachi**  
Tel. No: (021) 32413627, 32414920 & 32441786
- 141 Shahrah-e-Faisal Branch, Karachi**  
Tel. No: (021) 34535553-4 & 34322150
- 142 DHA Branch, Karachi**  
Tel. No: (021) 35852209 & 35845211
- 143 Gulshan-e-Iqbal Branch, Karachi**  
Tel. No: (021) 34811831-2



# LIST OF BRANCHES

AS AT 31 DECEMBER 2017

- |   |   |   |
|---|---|---|
| <b>144 SITE Branch, Karachi</b><br>Tel. No: (021) 32568213 & 0316-8226193-9                             | <b>169 North Karachi Ind. Area Branch, Karachi</b><br>Tel. No: (021) 36962851-3               | <b>195 Garden Market Branch, Karachi</b><br>Tel. No: (021) 32244195-6 & 0316-8226431-3              |
| <b>145 Zamzama Branch, Karachi</b><br>Tel. No: (021) 35375836-7   | <b>170 F. B. Industrial Area Branch, Karachi</b><br>Tel. No: (021) 36829961-3                 | <b>196 Block-N North Nazimabad Branch, Karachi</b><br>Tel. No: (021) 36641623-4 & 0316-8226436 & 38 |
| <b>146 Gole Market Branch, Karachi</b><br>Tel. No: (021) 36618932 & 36681324                            | <b>171 Napier Road Branch, Karachi</b><br>Tel. No: (021) 32713538-9                           | <b>197 Marriot Road Branch, Karachi</b><br>Tel. No: (021) 32461840 & 42                             |
| <b>147 Gulistan-e-Jauhar Branch, Karachi</b><br>Tel. No: (021) 34020944-5                               | <b>172 Gulshan-e-Hadeed Branch, Karachi</b><br>Tel. No: (021) 34710252 & 34710256             | <b>198 Gulshan-e-Maymar Branch, Karachi</b><br>Tel. No: (021) 36881235-6 & 0316-8226445, 6 & 7      |
| <b>148 M. A. Jinnah Road Branch, Karachi</b><br>Tel. No: (021) 32213972 & 32213498                      | <b>173 Metroville Branch, Karachi</b><br>Tel. No: (021) 36752206-7                            | <b>199 Shersha Branch, Karachi</b>  |
| <b>149 Gulbahar Branch, Karachi</b><br>Tel. No: (021) 36607744 & 36682701                               | <b>174 Defence Phase-II Extension Br., Karachi</b><br>Tel. No: (021) 35386910 & 1             | <b>200 Main Branch, Hyderabad</b><br>Tel. No: (022) 2781528-9 &<br>UAN: (022) 111-567-890           |
| <b>150 North Karachi Branch, Karachi</b><br>Tel. No: (021) 36920140-1                                   | <b>175 North Karachi Township Branch, Karachi</b><br>Tel. No: (021) 36968605-6                | <b>201 F. J. Road Branch, Hyderabad</b><br>Tel. No: (022) 2728131 & 2785997<br>(022) 2780205        |
| <b>151 Block-7 Gulshan-e-Iqbal Branch, Karachi</b><br>Tel. No: (021) 34815811-2 & 34833728              | <b>176 Stock Exchange Branch, Karachi</b><br>Tel. No: (021) 32414003-4 & 32415927-8           | <b>202 Latifabad Branch, Hyderabad</b><br>Tel. No: (022) 3816309 & 3816625                          |
| <b>Islamic Banking</b>  | <b>177 Gulshan-e-Jamal Branch, Karachi</b><br>Tel. No: (021) 34682682-3                       | <b>203 Qasimabad Branch, Hyderabad</b><br>Tel. No: (022) 2651968-69                                 |
| <b>152 Cloth Market Branch, Karachi</b><br>Tel. No: (021) 32442961 & 32442977                           | <b>178 Alyabad Branch, Karachi</b><br>Tel. No: (021) 36826727 & 36332517                      | <b>Islamic Banking</b>  |
| <b>153 Paria Street Kharadar Branch, Karachi</b><br>Tel. No: (021) 32201059-60                          | <b>179 Saudabad Branch, Malir, Karachi</b><br>Tel. No: (021) 34111901-2                       | <b>204 Isra University Br., Distt. Hyderabad</b><br>Tel. No: (022) 2032322 & 2030161-4              |
| <b>154 Suparco Branch, Karachi</b><br>Tel. No: (021) 34970560 & 34158325-6                              | <b>180 Shireen Jinnah Colony Branch, Karachi</b><br>Tel. No: (021) 34166262-4                 | <b>205 Prince Ali Road Branch, Hyderabad</b><br>Tel. No: (022) 2638515-6                            |
| <b>155 Chandni Chowk Branch, Karachi</b><br>Tel. No: (021) 34937933 & 34141296                          | <b>Islamic Banking</b>  | <b>206 S.I.T.E. Branch, Hyderabad</b><br>Tel. No: (022) 3886861-2                                   |
| <b>156 Allama Iqbal Road Branch, Karachi</b><br>Tel. No: (021) 34387673-4                               | <b>181 Al-Tijarah Centre Branch, Karachi</b><br>Tel. No: (021) 34169252-3                     | <b>207 Faqir Jo Pir Branch, Hyderabad</b><br>Tel. No: (022) 2612685-6                               |
| <b>157 Nishtar Road Branch, Karachi</b><br>Tel. No: (021) 32239713 & 32239678                           | <b>182 Barkat-e-Haidery Branch, Karachi</b><br>Tel. No: (021) 36645688-9                      | <b>208 Auto Bhan Road Branch, Hyderabad</b><br>Tel. No: (022) 2100062-3 & 0316-8226313-4            |
| <b>Islamic Banking</b>  | <b>183 Shadman Town Branch, Karachi</b><br>Tel. No: (021) 36903038-9                          | <b>209 Matyari Branch, Distt. Matyari</b><br>Tel. No: (022) 2760125-6                               |
| <b>158 Waterpump Branch, Karachi</b><br>Tel. No: (021) 36312113 & 36312108                              | <b>184 Enquiry Office Nazimabad No: 2 Branch, Karachi</b><br>Tel. No: (021) 36601504-5        | <b>210 Tando Allah Yar Branch</b><br>Tel. No: (022) 3890262-3                                       |
| <b>159 Apwa Complex Branch, Karachi</b><br>Tel. No: (021) 32253143 & 32253216                           | <b>185 Blk 13-D Gulshan-e-Iqbal Br., Karachi</b><br>Tel. No: (021) 34983878                   | <b>211 Sultanabad Branch, Distt. Tando Allah Yar</b><br>Tel. No: (022) 3404101-2                    |
| <b>160 Clifton Block-2 Branch, Karachi</b><br>Tel. No: (021) 35361115-6                                 | <b>186 Timber Market Branch, Karachi</b><br>Tel. No: (021) 32742491-2                         | <b>212 Tando Muhammad Khan Branch</b><br>Tel. No: (022) 3340371 & 2                                 |
| <b>161 Malir Branch, Karachi</b><br>Tel. No: (021) 34517982-3   | <b>187 Khayaban-e-Ittehad Branch, Karachi</b><br>Tel. No: (021) 35347414-5                    | <b>213 Sukkur Branch</b><br>Tel. No: (071) 5622382 & 5622925  |
| <b>162 Bahadurabad Branch, Karachi</b><br>Tel. No: (021) 34135842-3                                     | <b>188 Bahria Complex-III Branch, Karachi</b><br>Tel. No: (021) 35640730-1 & 35640490-4       | <b>214 Sanghar Branch, Distt. Sanghar</b><br>Tel. No: (0235) 543376-8                               |
| <b>163 New Challi Branch, Karachi</b><br>Tel. No: (021) 32625246 & 32625279                             | <b>189 New M. A. Jinnah Road Branch, Karachi</b><br>Tel. No: (021) 34894941-2                 | <b>215 Tando Adam Branch, Distt. Sanghar</b><br>Tel. No: (0235) 571640-44                           |
| <b>164 Shah Faisal Colony Branch, Karachi</b><br>Tel. No: (021) 34602446-7                              | <b>190 DHA Phase-IV Branch, Karachi</b><br>Tel. No: (021) 35311491                            | <b>216 Shahdadpur Br., Distt. Sanghar</b><br>Tel. No: (0235) 841982 & 4                             |
| <b>165 Zaibunissa Street Saddar Branch, Karachi</b><br>Tel. No: (021) 35220026-7                        | <b>191 Gulberg Branch, Karachi</b><br>Tel. No: (021) 36340553 & 0316-8226291-2                | <b>217 Golarchi Branch, Distt. Badin</b><br>Tel. No: (0297) 853193-4                                |
| <b>166 Liaquatnagar Branch, Karachi</b><br>Tel. No: (021) 34860723-6 & 34860725                         | <b>192 New Sabzi Mandi Branch, Karachi</b><br>Tel. No: (021) 36870506 & 0316-8226409, 10 & 11 | <b>218 Talhar Branch, Distt. Badin</b><br>Tel. No: (0297) 830389                                    |
| <b>167 Lea Market Branch, Karachi</b><br>Tel. No: (021) 32526193-4                                      | <b>193 Clifton Block-08 Branch, Karachi</b><br>Tel. No: (021) 35867435                        | <b>219 Deh. Sonhar Branch, Distt. Badin</b><br>Tel. No: (0297) 870729 & 870783                      |
| <b>168 Korangi Township No: 2 Branch, Karachi</b><br>Tel. No: (021) 35071176, 80 & 81<br>(021) 35058041 | <b>194 Block-02 Gulshan-e-Iqbal Br., Karachi</b><br>Tel. No: (021) 34988781-2                 |   |

# LIST OF BRANCHES

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- 220 Matli Branch**  
Tel. No: (0297) 840171-2
- 221 Tando Bago Branch, Distt. Badin**  
Tel. No: (0297) 854554-5
- 222 Buhara Branch, Distt. Thatta**  
Tel. No: (0298) 613169 & 0316-8226439-40
- 223 Dhabeji Branch, Distt. Thatta**
- 224 Hub Branch, Distt. Lasbela**  
Tel. No: (0853) 310225-7
- 225 Umerkot Branch**  
Tel. No: (0238) 571350 & 571356
- 226 Nawabshah Branch**  
Tel. No: (0244) 363919
- 227 Mirpurkhas Branch**  
Tel. No: (0233) 876418-9
- 228 Larkana Branch**  
Tel. No: (074) 4058601-4
- 229 Panjhatti Branch**  
Tel. No: (0243) 552183-4
- 230 Ghotki Branch**  
Tel. No: (0723) 680305-6
- 231 Deharki Branch**  
Tel. No: (0723) 644157-8
- 232 Thull Branch**  
Tel. No: (0722) 610150, 1 & 3
- 233 Kandkhot Branch**  
Tel. No: (0722) 572883, 4 & 5
- 234 Jacobabad Branch**  
Tel. No: (0722) 654041 & 5
- 235 Shahdadkot Br., Distt. Qamber Shahdadkot**  
Tel. No: (074) 4012402 & 3
- 236 Dadu Branch**  
Tel. No: (025) 4711417 & 0316-8226294-6
- 237 Shikarpur Branch**  
Tel. No: (0726) 540381-3 & 0316-8226319-21
- 238 Main Branch, Quetta**  
Tel. No: (081) 2821610 & 2821641
- Islamic Banking**
- 239 Shahrah-e-Iqbal Branch, Quetta**  
Tel. No: (081) 2820227-30 & 2820237
- 240 Chamman Branch**  
Tel. No: (0826) 613685 & 0316-8226342-3
- 241 Khuzdar Branch**  
Tel. No: (0848) 412861, 2 & 3 & 0316-8226466-68
- 242 Gawadar Branch**  
Tel. No: (0864) 211103-5 & 0316-8226454-6
- NORTH REGION**
- 243 Main Branch, Peshawar**  
Tel. No: (091) 5277914-6 & 5277394
- 244 Chowk Yadgar Branch, Peshawar**  
Tel. No: (091) 2573335-6
- Islamic Banking**
- 245 Khyber Bazar Branch, Peshawar**  
Tel. No: (091) 2566812-3
- 246 Main Branch, Rawalpindi**  
Tel. No: (051) 5123123, 5 & 8 & (051) 5123132, 4 & 6
- 247 Chandni Chowk Branch, Rawalpindi**  
Tel. No: (051) 4571186-7 & (051) 4571160, 3, 5, & 8
- 248 22 Number Chungi Branch, Rawalpindi**  
Tel. No: (051) 5563576, 7 & 8
- 249 Muslim Town Branch, Rawalpindi**  
Tel. No: (051) 5405514 & 4931112
- 250 Pindora Branch, Rawalpindi**  
Tel. No: (051) 4419019-22
- 251 Gulraiz Branch, Rawalpindi**  
Tel. No: (051) 5509690-2
- Islamic Banking**
- 252 Peshawar Road Br., Rawalpindi**  
Tel. No: (051) 5460115-6
- 253 Bahria Town Branch, Rawalpindi**  
Tel. No: (051) 5733772-3
- 254 Bewal Br., Distt. Rawalpindi**  
Tel. No: (051) 3360274-5
- 255 Main Branch, Islamabad**  
Tel. No: (051) 2348174 & 2348178 & UAN: (051) 111-567-890
- 256 G-9 Markaz Branch, Islamabad**  
Tel. No: (051) 2850171-3
- Islamic Banking**
- 257 I-10 Markaz Branch, Islamabad**  
Tel. No: (051) 4101733-5
- 258 I-9 Markaz Branch, Islamabad**  
Tel. No: (051) 4858101-3
- 259 E-11 Branch, Islamabad**  
Tel. No: (051) 2228756-9
- 260 DHA Phase-II Br., Islamabad**  
Tel. No: (051) 5161969 & 5161970
- Islamic Banking**
- 261 F-8 Markaz Branch, Islamabad**  
Tel. No: (051) 2818019-21
- 262 G-11 Markaz Branch, Islamabad**  
Tel. No: (051) 2363366-67
- 263 F-11 Markaz Branch, Islamabad**  
Tel. No: (051) 2101076 & 7
- 264 F-6 Branch, Islamabad**  
Tel. No: (051) 2826573-4 & 0316-8226303
- 265 PWD Branch, Islamabad**  
Tel. No: (051) 5708789, 90 & 91
- 266 Lathrar Road Branch, Tarlai, Distt. Islamabad**  
Tel. No: (051) 2241664-6
- 267 Soan Garden Br., Distt. Islamabad**  
Tel. No: (051) 5738942-4
- 268 Gujar Khan Branch**  
Tel. No: (051) 3516327, 29 & 30
- 269 Waisa Branch, Distt. Attock**  
Tel. No: (057) 2651066-8
- Islamic Banking**
- 270 Swabi Branch, Distt. Swabi**  
Tel. No: (0938) 221741, 3 & 4
- 271 Mirpur Branch, (AJK)**  
Tel. No: (05827) 444488 & 448044
- 272 Islamgarh Branch, (AJK)**  
Tel. No: (05827) 423981-2
- 273 Jattlan Branch, Distt. Mirpur (AJK)**  
Tel. No: (05827) 403591-4
- 274 Gilgit Branch**  
Tel. No: (05811) 453749
- 275 Denyore Branch, Distt. Gilgit**  
Tel. No: (05811) 459986-7
- 276 Juttial Branch, Distt. Gilgit**  
Tel. No: (05811) 457233-5
- 277 Aliabad Branch, Hunza**  
Tel. No: (05813) 455000 & 455001
- 278 Gahkuch Branch**  
Tel. No: (05814) 450408-10
- 279 Skardu Branch**  
Tel. No: (05815) 450327 & 450189
- 280 Abbottabad Branch**  
Tel. No: (0992) 385231-3 & 383073-75
- 281 Jhelum Branch**  
Tel. No: (0544) 625794-5
- 282 Chitral Branch, Distt. Chitral**  
Tel. No: (0943) 412078-9
- 283 Chakwal Branch**  
Tel. No: (0543) 543128-30
- 284 Mardan Branch**  
Tel. No: (0937) 864755-7
- 285 Muzaffarabad Branch**  
Tel. No: (0582) 2920025-6
- Islamic Banking**
- 286 Chillas Branch, Distt. Diamer**  
Tel. No: (05812) 450631-2
- 287 Islamic Banking Mingora Branch, Swat**  
Tel. No: (0946) 714355
- 288 Battagram Branch**  
Tel. No: (0997) 311045-7
- 289 Mansehra Branch**  
Tel. No: (0997) 301931, 2, 5 & 6
- 290 Kohat Branch, Distt. Kohat**



# FOREIGN CORRESPONDENTS

AS AT 31 DECEMBER 2017

Country	Name of Bank
01 Afghanistan	Bank Alfalah Limited Afghanistan Bank E Millie Afghanistan Habib Bank Limited Afghanistan National Bank Of Pakistan
02 Algeria	Citibank NA Algeria
03 Argentina	Banco Credicoop Cooperativo Limitado Banco de Galicia Y Buenos Aires
04 Australia	Australia And Newzealand Banking Group Ltd. Australia BNP Paribas Australia Citibank NA Australia Commonwealth Bank of Australia HSBC Bank Australia Limited J. P. Morgan Chase Bank NV Mizuho Bank Limited Australia National Australia Bank Ltd.
05 Austria	Erste Group Bank AG Austria Oberbank AG Raiffeisen Bank International AG Raiffeisenlandes Bank Vorarlberg Raiffeisenlandesbank Niederösterreich-Wien AG Austria Raiffeisenlandesbank Oberösterreich Aktiengesellschaft Austria UniCredit Bank Austria AG
06 Bahrain	Al-Baraka Islamic Bank Allied Bank Limited Bahrain Bank Alfalah Limited Bahrain Bank Al Habib Limited Citibank N.A. Habib Bank Limited JS bank Limited Bahrain Standard Chartered Bank The Arab Investment Co. United Bank Limited
07 Bulgaria	UniCredit BulBank AD Citibank Europe Plc Bulgaria
08 Bangladesh	Bank Asia Limited Bangladesh Brac Bank Bangladesh Dhaka Bank Ltd. Bangladesh Eastern Bank Limited Bangladesh Habib Bank Limited Jamuna Bank Limited Bangladesh National Bank Limited Bangladesh Standard Chartered Bank Woori Bank Southeast Bank Ltd. Bangladesh The City Bank Ltd. Bangladesh United Commercial Bank Ltd. Bangladesh
09 Belgium	Bank Of America NA Belgium Belfius Bank SA/NV BNP Paribas Fortis Citibank Europe Plc Belgium Commerzbank AG

# FOREIGN CORRESPONDENTS

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Country	Name of Bank
	Credit Europe Bank NV Deutsche Bank AG Habib Bank Limited KBC Bank NV
10 Brazil	Banco Do Brasil SA Brazil Banco Fibra SA Brazil Banco Santander (Brasil) SA Brazil Banco Itaú BBA SA Brazil Deutsche Bank SA
11 Canada	Bank Of Montreal Canada Canadian Imperial Bank of Commerce Federation Des Caisses Desjardins Du Quebec Canada Habib Canadian Bank HSBC Bank Canada Royal Bank of Canada
12 Chile	Banco de Credito E Inversiones
13 China	Agricultural Bank of China Agricultural Development Bank of China Bank of America N.A Bank of Beijing Bank of China Bank of Communications Bank of Guiyang Co Ltd Bank Of Hebei Co. Limited China Bank of Jiangsu Co Bank Of Ningbo co. Ltd. China Bank Of Ningxia China Bank Of Ruifeng China Bank of Shanghai China Citic Bank China Construction Bank Corporation China Everbright Bank China Guangfa Bank co. Ltd. China China Merchants Bank China Minsheng Banking Corporation Ltd. China Citibank (China) Co. Ltd. Commerzbank AG Export Import Bank of China Guangdong Huaxing Bank Co Ltd Guangdong Nanhai Rural Commercial Bank Co. Ltd. China HSBC Bank (China) Company Ltd. Hua Xia Bank Industrial Bank Co. Ltd. China Industrial and Commercial Bank of China Industrial Bank Of Korea (China) Limited Jinan Rural Commercial Bank Co. Ltd. China J. P. Morgan Chase Bank (China) Company Ltd. Jiangsu Jianguyin Rural Commercial Bank Co Ltd KBC Bank NV Mizuho Bank (China) Co. Ltd. Ping An Bank Co Qilu Bank Co., Ltd. Shandong Zhangdian Rural Commercial Bank Co Ltd Shanghai Pudong Development Bank Shengjing Bank China



# FOREIGN CORRESPONDENTS

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Country	Name of Bank
	Skandinaviska Enskilda Banken AB Standard Chartered Bank (China) Limited Sumitomo Mitsui Banking Corporation (China) Limited Unicredit Spa China Weifang Rural Commercial Bank Co Ltd Woori Bank China Zhejiang Mintai Commercial Bank Zhejiang Tailong Commercial Bank
14 Cyprus	Bank of Cyprus Public Company Ltd. Hellenic Bank Public Company Ltd.
15 Czech Republic	Ceska Sporitelna AS Ceskoslovenska Obchodni Banka Citi Bank Europe PLC Commerz Bank AG Komerčni Banka AS Unicredit Bank Czech Republic
16 Denmark	Danske Bank
17 Egypt	Banque Misr SAE Citibank Cairo HSBC Bank Egypt SAE Egypt Mashreq Bank psc Societe Arabe Internationale De Banque Egypt Suez Canal Bank Sae Egypt
18 Ethiopia	Bank Of Abyssinia SC Ethiopia Dashen Bank SC Cooperative Bank of Oromia SC Ethiopia
19 Finland	Danske Bank OP Corporate Bank Plc Finland
20 France	Banque Federative Du Credit Mutuel France Banque Palatine France BNP-Paribas S.A. Citibank Europe Plc France Habib Bank Limited HSBC France (Formerly HSBC CCF) KEB Hana Bank France National Bank of Pakistan Credit Du Nord Societe Generale
21 Germany	Bank Of America NA Germany Commerzbank AG Danske Bank Deutsche Bank AG DZ Bank AG Deutsche Zentral Genossenschaftsbank Germany Hamburger Sparkasse HSH Nordbank AG JP Morgan Chase Bank Kreissparkasse Steinfurt Landesbank Baden-Wuerttemberg M. M. Warburg U. Co National Bank of Pakistan SEB AG

# FOREIGN CORRESPONDENTS

AS AT 31 DECEMBER 2017

Country	Name of Bank
	Sparkasse Dortmund Sparkasse Krefeld Sparkasse Westmuensterland Standard Chartered Bank UniCredit Bank AG (Hypovereinsbank)
22 Greece	Alpha Bank AE Citibank Europe PLC
23 Hong Kong	ABN Amro Bank NV Hongkong Bank of America NA BNP Paribas Citibank N.A. Commerzbank AG Deutsche Bank AG Hongkong Habib Bank Zurich Hongkong Limited Hongkong The Hong Kong and Shanghai Banking Corporation HBZ Finance Hongkong Limited Hongkong J. P. Morgan Chase Bank N.A. KBC Bank NV,Hongkong Branch Mashreqbank psc National Bank of Pakistan Punjab National Bank Hongkong Shinhan Bank, Hong Kong Standard Chartered Bank (Hong Kong) Limited Sumitomo Mitsui Banking Corporation The Bank of New York Mellon Hongkong UniCredit Bank AG Hongkong Wells Fargo Bank NA
24 Hungary	CIB Bank Ltd. Citibank Europe PLC Raiffeisen Bank ZRT UniCredit Bank Hungary ZRT
25 India	Citibank N.A. Bank of America DCB Bank Limited Deutsche Bank AG HongKong and Shanghai Banking Corporation Limited ICICI Bank Limited Indusind Bank Ltd.India J. P. Morgan Chase Bank NA Kalapur Commercial Co-op Mashreqbank psc Punjab and Sind Bank Punjab National Bank Standard Chartered Bank
26 Indonesia	Bank Indonesia Bank Mandiri Jakarta The Bank of Tokyo-Mitsubishi UFJ Ltd. Citibank N.A. HongKong and Shanghai Banking Corporation Limited J. P. Morgan Chase Bank NA PT BPD Jawa Barat Dan Banten Indonesia Standard Chartered Bank
27 Ireland	Citibank Europe plc



# FOREIGN CORRESPONDENTS

AS AT 31 DECEMBER 2017

Country	Name of Bank
	Danske Bank A/S
28 Italy	Banca Carige SPA Banca di Credito Popolare Banca di Napoli SpA Banca Monte Dei Paschi Di Siena Banca Nuova SPA Banca Popolare di Vicenza Banca UBAE Spa Banco Popolare di Sondrio Bper Banca Spa Italy Cassa di Risparmio Di Fermo SPA Cassa di Risparmio del Friuli Venezia Giulia SpA Italy Cassa Di Risparmio in Bologna Spa Italy Commerzbank AG Citibank NA Italy Credito Valtellinese Deutsche Bank SPA Intesa Sanpaolo S.P.A. Unicredit S.P.A Union Di Banche Italiane SPA Italy
29 Japan	The Bank of Tokyo-Mitsubishi UFJ Ltd. Citibank Japan Limited Deutsche Bank AG Hong Kong & Shanghai Banking Corporation., (The) JP Morgan Chase Bank Mizuho Corporate Bank National Bank of Pakistan Resona Bank Ltd. Saitama Resona Bank Ltd. Standard Chartered Bank Sumitomo Mitsui Banking Corporation The Tokushima Bank Limited
30 Kenya	Citibank N.A. Habib Bank Limited Kenya Commercial Bank Limited Standard Chartered Bank Kenya Limited
31 Korea (South)	The Bank of Tokyo-Mitsubishi UFJ Ltd. Busan Bank Citibank Korea Inc. Daegu Bank Korea KEB Hana Bank HongKong & Shanghai Banking Corporation Limited Industrial Bank of Korea JPMorgan Chase Bank Kookmin Bank Korea Development Bank Korea National Bank of Pakistan National Federation of Fisheries Corp. Korea NongHyup Shinhan Bank Standard Chartered Bank Korea Ltd The Export Import Bank Of Korea The Bank Of Newyork Mellon Korea Woori Bank Wells Fargo Bank N.A Korea



# FOREIGN CORRESPONDENTS

AS AT 31 DECEMBER 2017

	Country	Name of Bank
32	Kuwait	Citibank NA Commercial Bank of Kuwait SAK National Bank of Kuwait
33	Lebanon	Banque Libano-Francaise SAL CitiBank Beirut First National Bank SAL
34	Macau	Standard Chartered Bank Macau
35	Malaysia	Ambank (M) Berhad Malaysia Bank of Tokyo-Mitsubishi UFJ Ltd. Bank Pertanian Malaysia/ Agro Bank Citibank Berhad Hong Leong Bank Bhd HSBC Bank Malaysia Berhad J. P. Morgan Chase Bank Berhad Standard Chartered Bank Malaysia Berhad
36	Mauritius	Habib Bank Limited The Mauritius Commercial Bank Limited
37	Mexico	Banco Nacional de Mexico SA
38	Morocco	Citibank Maghreb Attijariwafa Bank
39	Nepal	Himalayan Bank
40	Netherlands	ABN-AMRO Bank N.V. Citibank Europe PLC CommerzBank AG Kantoer Credit Europe Bank N.V. Deutsche Bank AG HSBC Netherlands Habib Bank Limited
41	New Zealand	Australia And Newzealand Banking Group Ltd. Bank of New Zealand
42	Norway	DNB Bank ASA Danske Bank AS Skandinaviska Enskilda Banken
43	Oman	Bank Sohar SAOG Bank of Dhofar Piraeus Bank Oman International SAOG Oman Standard Chartered Bank
44	Philippines	Asian Development Bank Standard Chartered Bank Phillipines Limited The Bank of Tokyo-Mitsubishi UFJ Ltd.
45	Poland	Bank Handlowy W Wearszawie SA Mbank S.A Danske Bank A/S Poland Bank Zachodni WBK SA Poland



# FOREIGN CORRESPONDENTS

AS AT 31 DECEMBER 2017

Country	Name of Bank
46 Portugal	Banco BPI SA Novo Banco SA Caixa Central De Credito Agricola Mutuo Crl Portugal Banco Popular Portugal SA Portugal BNP Paribas Fortis SA/NV Portugal Banco Santander Totta SA Portugal
47 Qatar	HSBC Bank Middle East Limited Mashreq Bank Standard Chartered Bank United Bank Limited
48 Romania	Banca Comerciala Romana SA Citibank Europe PLC, Dublin-Sucursala Romania Unicredit Bank SA Romania
59 Russia	Credit Bank Of Moscow Joint Stock Company Commercial Bank Citibank Russia
50 Saudi Arabia	Alawwal Bank Al Inma Bank Bank Al Jazira Saudi Arabia J. P. Morgan Chase Bank National Bank of Pakistan National Commercial Bank (The) Samba Financial Group
51 Singapore	ABN Amro Bank NV Bank Mandiri (Persero) PT Bank of America NA Bank of Tokyo Mitsubishi UFJ Ltd. Citibank N.A. Commerzbank AG Cooperatieve Rabobank UA Singapore Deutsche Bank AG Habib Bank Limited HongKong & Shanghai Banking Corporation Limited HSH Nordbank AG Intesa Sanpaolo SPA JPMorgan Chase Bank National Association Singapore KBC Bank Singapore Branch Mizuho Corporate Bank Ltd National Bank of Kuwait SAK RaboBank Shinhan Bank Standard Chartered Bank Sumitomo Mitsui Banking Corporation Woori Bank Singapore Wells Fargo Bank N.A Singapore
52 Slovakia	Ceskoslovenska Obchodna Banka AS Ceska Sportelna as Slovakia Tatra Bank AS
53 Slovenia	UniCredit Banka Slovenija DD Nova Kreditna Banka Maribor DD Slovenia
54 South Africa	Citibank South Africa FirstRand Bank Ltd.

# FOREIGN CORRESPONDENTS

AS AT 31 DECEMBER 2017

Country	Name of Bank
	HBZ Bank Limited Mercantile Bank Limited South Africa Standard Bank of South Africa Limited Standard Chartered Bank South Africa
55 Spain	Banco Popular Espanol SA Banco de Sabadell Banco Santander SA Spain Bankia SA Spain Banque Marocaine du Commerce Extérieur International SA Spain Bank of Tokyo Mitsubishi UFJ Ltd. Caixa Bank SA Spain Citibank Europe Plc Spain Commerzbank AG Deutsche Bank SAE Spain HSBC Bank plc Kutxabank SA
56 Sri-Lanka	Bank of Ceylon Commercial Bank of Ceylon Limited Habib Bank Limited Hatton National Bank Limited MCB Bank Limited People's Bank Standard Chartered Bank The HongKong & Shanghai Banking Corporation Limited
57 Sweden	Citibank Europe Plc Sweden Danske Bank Skandinaviska Enskilda Banken AB Svenska Handelsbanken AB
58 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 Switzerland Citibank NA Switzerland Credit Agricole (Suisse) S.A. Deutsche Bank AG Habib Bank AG Zurich Hinduja Bank (Switzerland) Ltd. HSBC Bank Plc Switzerland Royal bank of Scotland UBS AG United Bank Switzerland AG Zurcher Kantonalbank
59 Taiwan	Citibank Taiwan Limited Deutsche Bank AG J. P. Morgan Chase Bank NA Mega International Commercial Bank Mizuho Corporate Bank Ltd. Standard Chartered Bank (Taiwan) Limited Sunny Bank Limited Wells Fargo Bank N.A Taiwan
60 Tanzania	UBL Bank Tanzania Ltd.



# FOREIGN CORRESPONDENTS

AS AT 31 DECEMBER 2017

	Country	Name of Bank
61	Thailand	Citibank N.A. J. P. Morgan Chase Bank NA Kasikornbank Public Company Ltd Krung Thai Bank Public Co Ltd Thailand Mizuho Corporate Bank Ltd. Standard Chartered Bank (Thai) PLC Sumitomo Mitsui Banking Cororation Thanachart Bank Public Company Limited The Siam Commercial Bank Public Company Limited
62	Tunisia	Citi Bank NA Tunis International Bank
63	Turkey	Akbank T.A.S. Albaraka Turk Participation Bank Alternatifbank A.S. Citibank A.S. Denizbank AS QNB Finansbank Habib Bank Limited Kuveyt Turk Katilim Bankasi AS Turkiye Cumhuriyeti Ziraat Bankasi AS Turkey Turkey Garanti Bankasi AS Turkiye Finans Katilim Bankasi AS Turkiye Vakiflar Bankasi TAO Vakif Katilim Bankasi AS Turkey Yapi Ve Kredi Bankasi AS
64	U.A.E.	Abu Dhabi Commercial Bank Citibank N.A. Credit Europe Bank (Dubai) Ltd. Deutsche Bank AG Dubai Islamic Bank Emirates Islamic Bank Emirates NBD Bank PJSC First Abu Dhabi Bank Habib Bank AG Zurich Habib Bank Limited HSBC Bank Middle East Limited KEB Hana Bank UAE MCB Bank Limited Dubai UAE Mashreq Bank psc National Bank of Fujairah Standard Chartered Bank United Bank Limited
65	U.K.	Bank Of America NA UK Bank Mandiri (Europe) Limited Bank of Cyprus UK Bank of Ireland (UK) PLC Citibank N.A. Clydesdale Bank plc Commerzbank AG Habib - UK PLC Habib Bank AG Zurich Hongkong & Shanghai Banking Corp. LTD. UK HSBC Bank plc Intesa Sanpaolo SPA UK J. P. Morgan Chase Bank NA

# FOREIGN CORRESPONDENTS

AS AT 31 DECEMBER 2017

Country	Name of Bank
	<p>MashreqBank Psc  Mizuho Bank China Limited UK  Northern Bank Ltd.UK  Santander UK Plc UK  Standard Chartered Bank  Sumitomo Mitsui Banking Corporation Europe Ltd.  United Bank UK</p>
<p>66 U.S.A.</p>	<p>ABN-AMRO Capital USA LLC  Bank of America NA  Bank of New York Mellon  Bank Of Tokyo Mitsubishi UFJ Limited  BOKF,NA  Branch Banking &amp; Trust Co.  Citibank N.A.  Citizen Bank N.A USA  Comerica Bank  Commerzbank AG USA  Deutsche Bank Trust Company Americas  East-West Bank  First Tennessee Bank National Association USA  Habib American Bank  International Finance Corporation  Intesa Sanpaolo SPA  J. P. Morgan Chase Bank  MashreqBank psc  Metro City Bank USA  MUFG Union Bank National Association USA  National Bank of Pakistan  New York Commercial Bank USA  Nonghyup Bank USA  PNC Bank National Association USA  Peoples United Bank National Association USA  Citizens Bank NA  Regions Bank  Shinhan Bank America  Standard Chartered Bank  Sumitomo Mitsui Banking Corporation  The Bank of Tokyo-Mitsubishi UFJ Ltd.,  UMB Bank NA  United Bank Limited  US Century Bank  Wells Fargo Bank NA  Woori Bank</p>
<p>67 Vietnam</p>	<p>An Binh Commercial Joint Stock  Citibank NA  J. P. Morgan Chase Bank NA  Kookmin Bank  Military Commercial Joint Stock Bank Vietnam  Shinhan Bank Vietnam  Standard Chartered Bank  Vietnam Export Import Commercial Joint Stock Bank Vietnam</p>



Soneri Bank Limited

**AFFIX  
CORRECT  
POSTAGE**

The Company Secretary  
Soneri Bank Limited  
Rupali House 241-242  
Upper Mall Scheme  
Anand Road  
Lahore-54000

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## پراکسی فارم چھبیسویں سالانہ عام اجلاس

میں مستی / مسماة \_\_\_\_\_  
ضلع \_\_\_\_\_  
بجائیت ممبر سوئیری بینک لمیٹڈ اور حق ملکیت رکھتے ہوئے \_\_\_\_\_  
عام حصص کی جس کا اندراج: \_\_\_\_\_

رجسٹرڈ فولیو نمبر: \_\_\_\_\_  
سی ڈی سی پارٹیسپنٹ نمبر: \_\_\_\_\_  
شناختی کارڈ نمبر: \_\_\_\_\_  
مستی / مسماة \_\_\_\_\_  
سب اکاؤنٹ نمبر: \_\_\_\_\_  
یا پاسپورٹ نمبر: \_\_\_\_\_  
ساکن: \_\_\_\_\_  
یا اُن کے نہ جانے پر، مستی / مسماة \_\_\_\_\_  
ساکن: \_\_\_\_\_

جو خود بھی سوئیری بینک کے رکن ہے / ہیں، کو بطور پراکسی مقرر کرتا ہوں / کرتے ہیں تاکہ وہ میری / ہماری جگہ اور میری / ہماری طرف سے بینک کے چھبیسویں سالانہ عام اجلاس جو بتاریخ ۳۰ مارچ ۲۰۱۸ 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 \_\_\_\_\_ ۲۰۱۸ \_\_\_\_\_  
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 سوئیری بینک لمیٹڈ، ۲۴۱-۲۴۲، اپر مال اکیڈم، آئندروڈ، لاہور ۵۴۰۰۰ پر اجلاس کے 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 ادارہ 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 کمپیوٹر انڈتومی شناختی کارڈ یا پاسپورٹ کی کاپی منسلک کریں۔ (تاہم نامزد شخص کو شناخت کی غرض سے اجلاس میں شرکت کے وقت اپنا اصل قومی شناختی کارڈ یا اصل پاسپورٹ مہیا کرنا ہوگا۔

۵۔ کارپوریٹ ادارہ ہونے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / مختار نامہ نامزد شخص کے دستخط کے ساتھ پراکسی فارم کمپنی کو جمع کروانا ہوگا۔



سونیری بینک لمیٹڈ

درست رقم کا  
ٹکٹ چسپاں کریں

کمپنی سیکریٹری  
سونیری بینک لمیٹڈ  
روپالی ہاؤس ۲۴۱-۲۴۲  
اپر مال اسکیم،  
آئنڈ روڈ  
لاہور-۵۴۰۰۰





## Glossary:

کُنْدن شناس  
*Master of handling gold*

ساختہ تاباں  
*Mould of light*

طلائے ناب  
*Extraordinary gold*

صیقل گر  
*A person who polishes gold*

مُلَاعَّ ساز  
*A person who coats gold*

آب و تاب  
*Brilliance, splendor*



کارِ شِعی  
*A bright action or duty*

روشِ روشن  
*A bright way or behavior*

## Soneri Bank Limited

Registered Office: Rupali House 241-242,  
Upper Mall Scheme, Anand Road, Lahore - 54000, Pakistan  
Tel: (042) 35713101-04

Central Office: 10th Floor, PNSC Building,  
M.T. Khan Road, Karachi - 74000, Pakistan  
Tel: (021) 111-567-890

24/7 Phone Banking: 021-111-SONERI (766374)  
Over 285 branches & 300+ ATMs  
[www.soneribank.com](http://www.soneribank.com) |  SoneriBankPK |  @SoneriBank\_Pk