

STROKE OF THE HUMAN ELEMENT

ANNUAL
REPORT
2018



Soneri Bank
Roshan Har Qadam

We at Soneri Bank believe that human lives are more than just a set of numbers, they are an amalgamation of dreams, desires and struggles. We understand our customer's journey and aim to simplify their lives by adding a compassionate human touch to banking. Every relationship that we build is not just a financial transaction - it is a connection that lasts for a lifetime.

CONTENTS

Vision, Mission	04	Cash Flow Analysis.....	62
Core Values	06	Market Statistics of SNBL Shares.....	63
Key Financial Highlights.....	08	Chairman’s Review	64
Technology.....	10	Directors’ Report to Shareholders.....	66
An Element of Growth.....	12	Statement of Internal Controls.....	86
CSR	14	Code of Conduct.....	87
Products and Services	18	Mechanism Adopted For Board’s Performance Evaluation.....	90
Board of Directors	30	Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017.....	91
Leadership Team.....	34	Independent Auditor’s Review Report to the Members on the Statement of Compliance Contained in Listed Companies (Code of Corporate Governance) Regulations, 2017.....	95
Quality Initiatives.....	38	Independent Auditors’ Report to the Members	98
Organisational Structure.....	42	Statement of Financial Position	101
Corporate Information.....	44	Profit and Loss Account.....	102
List of Committees of the Board of Directors	45	Statement of Comprehensive Income	103
Board and Committees’ Meetings	47	Cash Flow Statement.....	104
Management Committees.....	48	Statement of Changes in Equity	105
Key Performance Indicators.....	50	Notes to the Financial Statement.....	106
Six Years Financial Summary.....	51	Report of Shari’ah Board	182
Per Branch Performance	54	Notice of the Annual General Meeting	184
Concentration of Advances, NPLs, Deposits and Contingencies & Commitments.....	55	Jama Punji	188
Maturities of Assets and Liabilities.....	56	Pattern of Shareholding	189
Key Interest-Bearing Assets and Liabilities.....	57	List of Branches.....	192
Statement of Value Addition	58	List of Foreign Correspondents	198
Quarterly Performance.....	59		
Six Years’ Vertical Analysis.....	60		
Six Years’ Horizontal Analysis.....	61		

AN ELEMENT OF FOCUS

We at Soneri Bank envision to achieve the right banking solutions and are constantly looking to add a lens of perfection to all our approaches. With the aspiration to create the best financial solutions for our customers, we remain in the quest for excellence through innovation in all our actions.

VISION

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

MISSION

We provide innovative and efficient financial solutions to our customers.



AN ELEMENT OF COLLABORATION

We at Soneri Bank believe in providing best financial solutions that suit the needs of our customers. We hold immense value in the strong bond we create with our customers for a lifetime.

CORE VALUES

We believe in the following principles and core values that maintain uniformity in all our dealings.

WE ARE CUSTOMER CENTRIC

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

WE HAVE HIGH MORAL STANDARDS

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

WE TAKE OWNERSHIP

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

WE ARE PRO-ACTIVE

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

WE COLLABORATE

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



KEY FINANCIAL HIGHLIGHTS



TOTAL ASSETS
Rs. 382.50
BILLION



CAPITAL ADEQUACY RATIO
14.70%



SHAREHOLDERS' EQUITY
Rs. 17.99
BILLION



PROFIT BEFORE TAXATION
Rs. 2.90
BILLION



DEPOSITS
Rs. 262.38
BILLION



EARNINGS PER SHARE
Rs. 1.62



ADVANCES TO DEPOSIT RATIO
74.26%



TRADE VOLUMES
Rs. 367.16
BILLION

AN ELEMENT OF ADVANCEMENT

We at Soneri Bank believe in the culture of maximising technology by employing robust systems, speedy processes and innovative solutions, all of which contribute to the digital advancement of our product offering. These advancements not only help us ensure customer security at the highest level but shall also provide class leading convenience in our imminent digital products.

TECHNOLOGY



AN ELEMENT OF GROWTH



AN ELEMENT OF COMPASSION

We at Soneri Bank consider investing in the future of our people through our health and education initiatives, creating opportunities for people with potential to uplift their lives as well as the community at large.

CORPORATE SOCIAL RESPONSIBILITY



CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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 2018, 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, Education and Community Development. The other areas of focus included promoting Arts, Sports and Women Empowerment.

Contribution To Healthcare

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

The Kidney Centre (TKC)

The Kidney Centre (TKC) is a non-profit organisation 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.

Karwan-e-Hayat – Institute Of Mental Healthcare

Karwan-e-Hayat is a non-profit organisation, dedicated to the cause of mental health in Pakistan. It has been providing free or largely subsidised mental healthcare 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.

Friends of Pink Ribbon Pakistan – United Against Breast Cancer

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

Lady Dufferin Hospital

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

Pakistan Foundation Fighting Blindness

Pakistan Foundation Fighting Blindness (PFFB) has been actively participating in activities to create awareness about partially sighted and Visually Impaired Persons (VIPs) through provision of Education, Training, Assistive Aids and Counseling. Soneri Bank contributed to this cause by participating in their annual fundraising gala dinner.

Roohbaru – Society For Mental Health

Roohbaru is a non-profit organisation founded to create awareness about mental health, provide online consultations with mental health professionals and provide an on-demand mental health and well-being platform to all with an aim to raise awareness on mental health and the stigma associated with it. Soneri Bank supported the cause by participating in their Launch Event.

Empowering Education

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

The Citizens Foundation

The Citizens Foundation (TCF) a non-profit organisation brings positive social change through education. It is one of Pakistan’s leading organisations 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 fundraiser ‘Loh Bhee Tu Qalam Bhee Tu – A Tribute to Allama Iqbal’ to help TCF in its noble cause.

Rotary International

Rotary International have been serving the humanity across the globe through its mission which is to enable Rotarians to advance world understanding, goodwill and peace through improvement of health, support of education and alleviation of poverty. With this spirit, Rotaract Club organised Rotacon 2018 – One Team One Dream. Soneri Bank extended its support by sponsoring the conference to uplift Rotary’s initiatives for the betterment of society.

Development In Literacy (DIL)

DIL educates and empowers underprivileged students, especially girls, by opening student-centred model schools and providing high-quality professional development to teachers and principals throughout Pakistan. Their ideology resonates with Soneri Bank i.e every child should have equal opportunity to reach their full potential and contribute towards the socio-economic betterment of their countries. Soneri Bank further pledged to this cause by participating in their annual fund raising event.

Community Development

Soneri Bank participated in various community development initiatives to further uplift the economy and well-being of our society.

Pakistan Carpet Manufacturers & Exporters Association

In order to uplift the export community, Pakistan Carpet Manufacturers & Exporters Association annually holds an International Exhibition for promotion of exports in Pakistan of hand-knotted carpets. The event is attended by businessmen from all over the globe thus boosting our economy. Soneri Bank supported the association by participating in the event.

Karachi Wholesale Grocers Association

KWGA is an association working towards the betterment of economy through channelising the wholesaler community and emphasising the role of wholesalers in the business fraternity. Soneri Bank believes in the strength of this part of business and sponsored their annual dinner to further extend its support to them.

Maintenance of Water Filtration Plant

Soneri Bank extended its support towards annual maintenance of a water filtration plant located in a village at Nathuwala Chak no 180. This is one of the many small scale initiatives taken by the bank towards elevation of society at grass-root level.

Women Empowerment

Women Empowerment is one of the many causes strongly supported by Soneri Bank over the years. This year as well, Soneri Bank contributed to the cause through various platforms.

International Women Leaders’ Summit

Soneri Bank was part of International Women Leaders’ Summit in 2018. 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.

Behbud Association Karachi

Behbud Association Karachi is a well-known NGO conducting the development programmes in the areas of health, education, women empowerment and vocational trainings for many years. Soneri Bank supported their cause of serving humanity by contributing in their Behbud Spring Fiesta.

Attock Sahara Foundation

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

Karachi Women’s Swimming Association (KWSA)

KWSA is an organisation working towards uplifting sports among women, especially swimming. KWSA hosted a swimming tournament in which Soneri Bank participated. Such events provide a platform for Pakistan’s women swimmers to compete at a national level, and hone their talents to participate in prestigious international swimming events.

Promoting Sports

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

International Squash Tournament

Defence Authority Creek Club (DACC) had organised International Squash Tournament after six years with the vision to promote a positive image of our country through Squash, a sport for which Pakistan is known to produce remarkable players. The tournament helped in further showcasing our country’s talent worldwide. Soneri Bank sponsored this event with the vision to promote the culture of sports within country.

Supporting Golfer

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

Promoting Arts

Keeping the strength of our bond with artist community, Soneri Bank sponsored one of the highlighting art events of 2018.

Karachi Arts Festival

Karachi Arts Festival was organised by Nigaah Arts Magazine with the vision to promote, support and encourage local art and artists from across Pakistan.

AN ELEMENT OF DIVERSITY

Just like a palette of assorted hues, we at Soneri Bank paint the lives of our customers by offering them tailor-made solutions that are designed to provide lucrative products and services catering to all their financial needs.

PRODUCTS AND SERVICES



PRODUCTS AND SERVICES

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.

Current Accounts

Customers can open any current account for their transactional needs and enjoy banking convenience offered via over 290 branches and a growing network of 300+ ATMs across the country. Our current accounts include:

Soneri Ikhtiar Account

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



Soneri Current Account

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

Basic Banking Account

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



Soneri Asaan Account

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



Soneri Pensioners Account

Soneri Bank 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.

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 corporate entities. 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 PKR 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 60 years of age or above. Our customers can enjoy high returns on their savings every month with the flexibility of withdrawing profits anytime.



Soneri Rupee Term Deposits

Soneri Term Deposits are for customers who intend to retain their savings for a fixed period and earn a higher rate of profit. Term Deposits allow customers to save a fixed amount in Rupees for a set period ranging from 1 month to 3 years 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 Roshan Munafa

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



Soneri Foreign Currency Accounts

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



FCY Term Deposits

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

Financing Products for Commercial & Retail Banking

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

Soneri Speed Finance

Soneri Speed Finance is focused towards providing quick and flexible financing solutions to its customers while keeping their savings secure. This product is offered to Individuals, Small & Medium Enterprises, commercial and corporate businesses 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 Youth Business Loan (PMYBL) Scheme

The Government has introduced Prime Minister's Youth Business Loan Scheme with a mark-up 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 the 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.



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 instalments. 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 instalments to meet personal financial needs. Option of partial payment and early payment also available.

Agriculture Financing

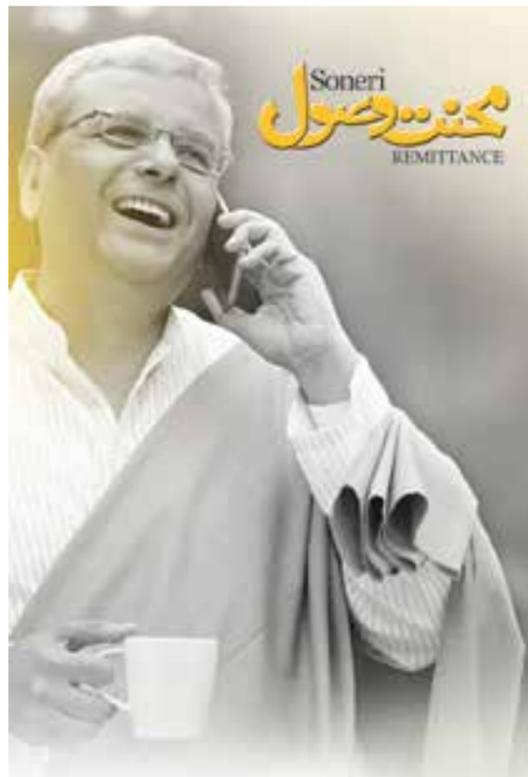


Agriculture contributes a handsome share in GDP of our country & livelihood of a large number of rural population is based on this. Soneri Bank offers various Agriculture Financing Products – conventional as well as Islamic for the Farming/Rural communities to meet their working capital/development needs. All these products help them grow their agriculture produce & 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 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 recognised the potential in Home Remittance business and therefore brands its business with the service name of 'Soneri Mehnat Wasool Remittance'. Soneri Mehnat Wasool Remittance offers unmatched services for overseas Pakistanis to send money home fast and free at no cost across Pakistan. With our branch network of over 290 branches in 130 cities, Soneri Bank has already established the relationship with many Global Exchange Companies i.e. Moneygram, RIA Money Transfer, Cash Express, Small World, Xpress Money in different regions 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, our customers can conveniently withdraw cash and avail ancillary services through our ATMs.

Soneri Debit Card

Shop and pay conveniently throughout more than 25 Million merchants and more than 1 Million ATMs for Cash Withdrawal Facility all around the world.



Internet Banking

Real Time Balances, Account Statements, Funds Transfers, Utility Bills Payments and many more.

Mobile Banking

Mobile Banking services are there so that our customers can have access to their accounts anytime and anywhere via mobile phones. Our customers can view account statements, perform funds transfer, get mobile top-ups and also pay their your utility bills on the go.



SMS Alerts

Our customers can now get SMS Alerts on their Financial Transactions, and can also get an early intimation of any unauthorised transaction to safeguard their hard earned money.



Phone Banking

Customers can meticulously access their accounts 24/7 with distinctive services using Soneri Phone Banking, including ATM Debit Card Replacement, Stop Cheque Request, Banker's Cheque, ATM Debit Card Account Linking/De-Linking, Cheque Book request, E-Statement & Account Statement request. Simply dialling +92-21-111-SONERI (766374) can give a lot of ease to customers and will help fulfill their financial needs with just a call.

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

Sunehra Saver & Sunehra Saver Takaful

These are Soneri Bank's Bancassurance plans that encourage our customers to save at an early stage of their career to cater to their 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 child's higher education and provide protection in case of an eventuality. In the unfortunate event of death of the assured parent during the savings term, the built-in 'Education Continuation' benefit ensures that the targeted fund at maturity is achieved.

Roshan Takmeel

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

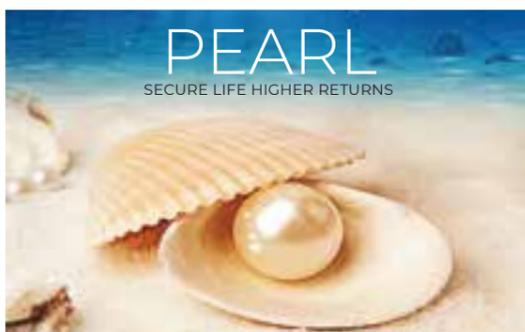
Karobar Muhafiz

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



Pearl & Pearl Takaful

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

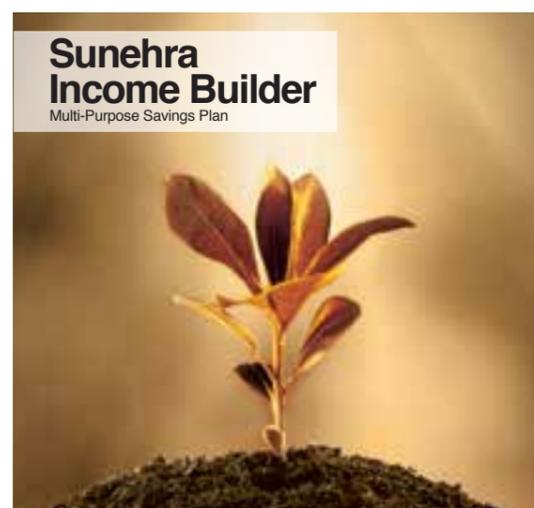


Sunehra Cash Builder

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



Sunehra Ehad Takaful

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

Capital Plus & Capital Plus Takaful

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



Soneri Mustaqeem Islamic Banking

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

CURRENT ACCOUNTS

Soneri Jari Account

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

Rahat Mustaqeem Account

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



SAVINGS ACCOUNTS

Soneri Mustaqeem - Bachat Account

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

Soneri Mustaqeem - Munafa Account

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

Soneri Mustaqeem - Meaadi Account

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

Soneri Mustaqeem - Asaan Account

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



Soneri Car Ijarah

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

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



Corporate & Investment Banking

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

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

Working Capital & Trade Finance Facilities

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



Investment Banking

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

Supply Chain Management

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

Cash Management

Soneri Bank'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 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.

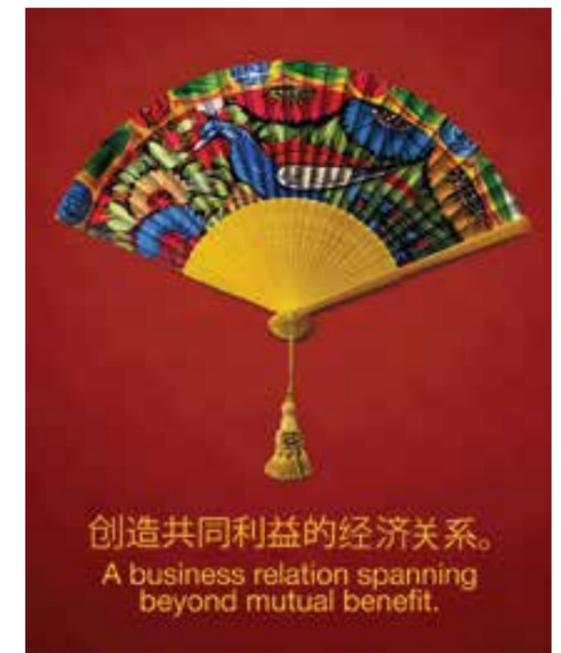
China Desk



China, Pakistan Economic Corridor (CPEC) is a multi-dimensional and mega developmental project, with billions of dollars worth of investment and undoubtedly a game changer with the potential to boost Pakistan's economy, improve infrastructure, expedite trade and commerce activities, overcome energy crisis, alleviate poverty, generate excellent employment opportunities and usher Pakistan in the era of social, economic and

political development. CPEC has the potential to transform Pakistan into a regional hub for trade and investment and provide a unique opportunity to boost its strategic and economic position. Revival of economy in the coming period is bound to make Pakistan an attractive destination for foreign investors.

The present government is also committed to widening the scope of the China-Pakistan Economic Corridor (CPEC). During the Prime Minister's visit to China, Prime Minister Imran Khan commended President Xi Jinping's visionary Belt and Road Initiative (BRI) that aims at enhancing regional and international connectivity. The two sides reaffirmed their complete consensus on the future trajectory of the CPEC, timely completion of its on-going projects and joint efforts for the realisation of



its full potential with a focus on socio-economic development, job creation and accelerating cooperation in industrial development, industrial parks and agriculture.

The bank is also focused on CPEC projects. In addition to a Chinese Business Unit in Islamabad, the bank is going to establish another unit in Karachi and one in Lahore. These units cater to the banking requirements of Chinese customers by providing tailor-made solutions under one roof.

AN ELEMENT OF GUIDANCE

We at Soneri Bank believe in the expertise and the direction of our highly capable and far-sighted team of professionals whose dedication and professionalism have paved the path of our success.

BOARD OF DIRECTORS



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



AN ELEMENT OF LEADERSHIP

We at Soneri Bank stand together as a team and uphold the principles of teamwork, commitment, dedication and trust so that together, we can take the bank to greater heights.

LEADERSHIP TEAM



SENIOR MANAGEMENT

Mubarik Ali Country Credit Head	Amin A. Feerasta Executive Director	Mohammad Aftab Manzoor President and Chief Executive Officer	Mirza Zafar Baig Chief Financial Officer	Shahid Abdullah Head of Treasury, Capital Markets, FI & PRI	Muhammad Salman Ali Chief Information Officer	Ali Hassan Shah Head of Operations	Anita Lalani Head of HR, Legal & General Services	Muhammad Qaisar Head of Corporate and Investment Banking	Abdul Aleem Qureshi Head of Commercial & Retail Banking	Masood Tyabji Head of Islamic, Digital & Products	Syed Asim Ali Head of Audit	Tariq Yar Khan Head of Compliance & Control
------------------------------------	--	--	---	--	--	---------------------------------------	--	--	---	---	--------------------------------	---



AN ELEMENT OF EXCELLENCE

We at Soneri Bank implement service standards that demonstrate respect and consideration for the needs of our customers. Thus further endorsing our value of being a customer centric bank. With our brand promise of Roshan Har Qadam, we believe in providing experiential banking to our customers resulting in long-term brand loyalty.

QUALITY INITIATIVES



QUALITY INITIATIVES

2018 has been a significant year in terms of embedding the customer experience framework across the bank. It has also been a year which has seen noteworthy behavior change across the board regarding ownership of the service health of the business and a rejuvenated will to drive improvement. After achieving the milestone of revamping the base of customer experience structure in 2017, we expanded our ambit by extending the service monitoring to the areas of Operations, Commercial Banking and Consumer Finance Units in 2018.

In line with the State Bank of Pakistan (SBP) guidelines; requisite deliverables related to Financial Consumer Protection (FCP) Framework & Consumer Grievance Handling Mechanism (CGHM) have been timely implemented. As an attestation of "Financial Consumer Protection (FCP) Framework" policy which was earlier approved by Board of Directors in 2015, a self-assessment of same, Conduct Assessment Framework (CAF) was conducted and submitted to the SBP in year 2018. Soneri Bank attained an overall rating of 1.68 (Cautious/Average Zone). Overall the bank has performed well on all indicators and together with our stakeholders we were able to cover significant ground on Financial Consumer Protection (FCP) related deliverables.

Furthermore, as per the SBP directive, inclusion of Prohibited Banking Conduct guidelines in the bank's existing Financial Consumer Protection Policy was completed. The objective was to ensure that adequate awareness measures are in place, to educate the staff and consumers about prohibited banking conduct.

Constant monitoring and rigorous training resulted in the improvement of almost all Key Service indicators. In light of improving customer experience at Soneri Bank, various monitoring mechanisms were launched to assess our strengths and areas where further improvement was required.

In order to keep the bank's service benchmarks robust, Service Recognition Programme was initiated in 2018. The programme consists of strategic recognition of service champions across businesses/operations. This platform assisted in building the necessary drive/momentum and motivation.

COMPLAINT HANDLING

The Bank has a separate function to deal with customer complaints, named as Complaint Management Unit (CMU). This function 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 line with the Consumer Grievance Handling Mechanism (CGHM) guidelines issued by SBP, 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.

Below are the key complaint statistics of Soneri Bank for year 2018:

Total Complaint Received:
19,651

Average within TAT Resolution:
92.27%

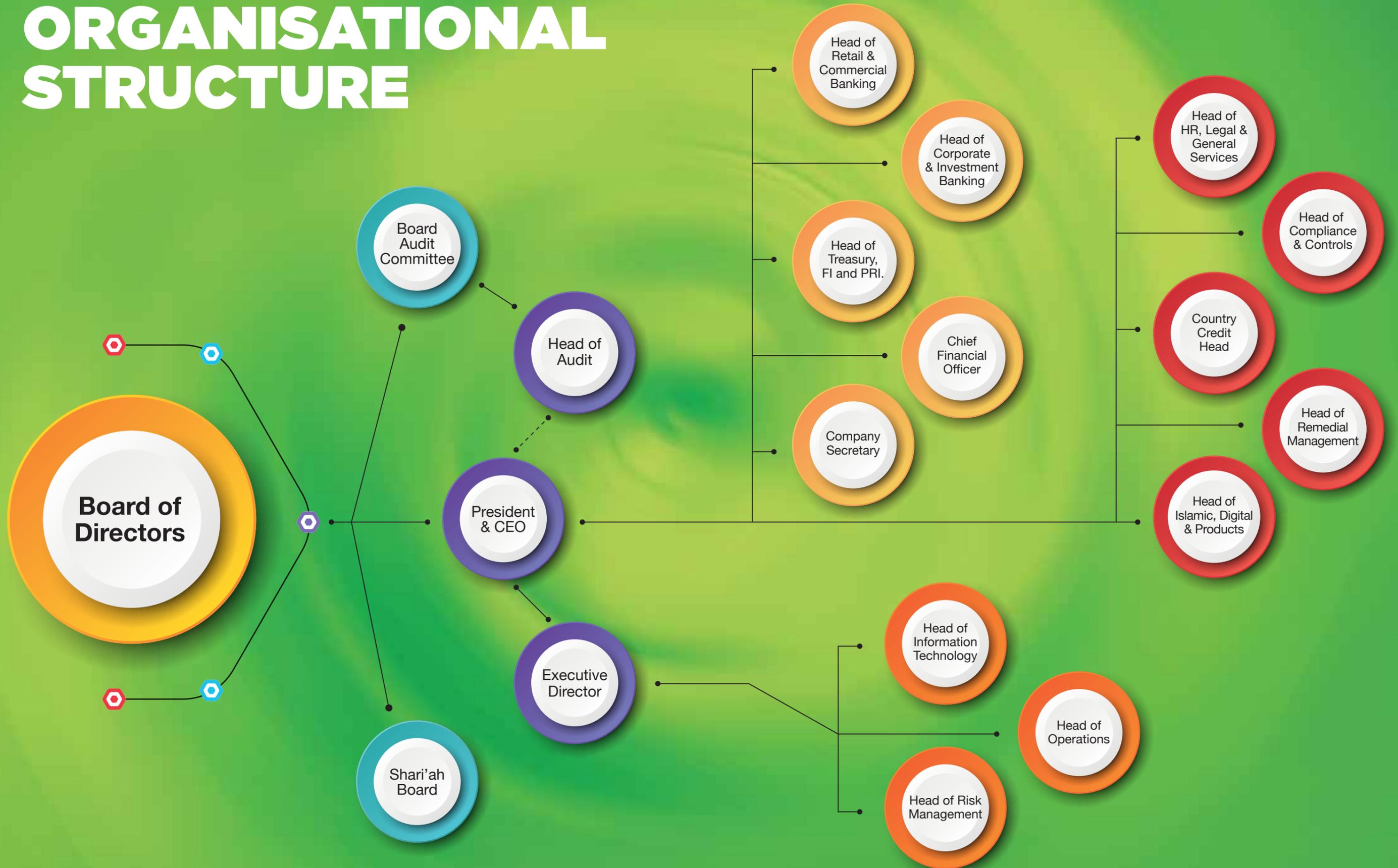
Total Complaint Resolved:
19,414
(As of December 31, 2018)

Average Complaint Resolution Satisfaction ratio (CRS):
85%

Problem Incident ratio (PIR):
3.21%
(Total book)

Average Complaint Resolution Time:
07 Working days

ORGANISATIONAL STRUCTURE



CORPORATE INFORMATION

CHAIRMAN

MR. ALAUDDIN FEERASTA

CHIEF EXECUTIVE OFFICER

MR. MOHAMMAD AFTAB MANZOOR

DIRECTORS

MR. NOORUDDIN FEERASTA

MR. AMIN A. FEERASTA (EXECUTIVE DIRECTOR)

MR. MUHAMMAD RASHID ZAHIR

MR. MANZOOR AHMED (NIT NOMINEE)

MR. INAM ELAHI

MR. JAMIL HASSAN HAMDANI

CHIEF FINANCIAL OFFICER

MR. MIRZA ZAFAR BAIG

COMPANY SECRETARY

MR. MUHAMMAD ALTAF 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

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

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

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

Committee of Independent Directors of the Board

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

IT Committee of the Board

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

BOARD SUB-COMMITTEES

Audit Committee

Constitution:
Mr. Inam Elahi
Chairman

Mr. Nooruddin Feerasta
Member

Mr. Muhammad Rashid Zahir
Member

Mr. Jamil Hassan Hamdani
Member

Terms of Reference

Audit Committee is mandated the responsibilities to determine appropriateness of measures taken by the management to safeguard Bank's assets, ensure consistency of accounting policies, review financial statements and recommend appointment of the external auditors as well as to have close coordination with them so as to comply with 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 Board 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 to risk management are adequate, given the size, nature and volume of the business and managers and staff that take, monitor and control risk possess sufficient knowledge and expertise. The Committee also monitors the development of appropriate financials 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 relation to risk management available at all times and relevant staff fully understand those policies. The Committee also endures 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 Board Human Resource and Remuneration Committee is responsible for overseeing the Human Resources function of the Bank by ensuring development and implementation of HR strategies that 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. The Committee also spearheads the Bank-wide programme for implementation of Guidelines on Remuneration Practices, including necessary awareness and change management initiatives, review, progress against roadmap for implementation of the policy.

Committee of Independent Directors

Constitution:
Mr. Jamil Hassan Hamdani
Chairman

Mr. Inam Elahi
Member

Terms of Reference

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

IT Committee

Constitution:
Mr. Amin A. Feerasta
Chairman

Mr. Manzoor Ahmed
Member

Mr. Inam Elahi
Member

Mr. Jamil Hassan Hamdani
Member

Terms of Reference

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

- Review of IT and digital strategies and policies before submission to the Board.
- Ensuring that risk management strategies are designed and implemented to achieve resilience.
- Regular updates from IT Steering Committee to monitor all Board approved technology related projects.
- Ensuring that technology related procurements are aligned with IT Strategy as approved by the Board.

BOARD AND COMMITTEES' MEETINGS

Details of the meetings of the Board of Directors and its Committees held during 2018 and the attendance by each director/committee member are given as under:

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

*Represents not a member of the Committee

**Leave of absence was duly 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. Tariq Yar Khan
4. Mr. Shahid Abdullah
5. Mr. Ali Hassan Shah
6. Mr. Mirza Zafar Baig
7. Mr. Muhammad Qaisar Riaz
8. Mr. Masood Tyabji
9. Mr. Abdul Aleem Qureshi*
10. Ms. Anita Lalani
11. Mr. Mubarak Ali
12. Mr. Muhammad Salman Ali
13. Mr. Hyder Rahi, Acting Secretary

2. Executive Credit Committee

1. Mr. Mohammad Aftab Manzoor, Chairman
2. Mr. Amin A. Feerasta
3. Mr. Muhammad Qaisar Riaz
4. Mr. Masood Tyabji
5. Mr. Abdul Aleem Qureshi*
6. Mr. 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 Riaz
5. Mr. Masood Tyabji
6. Mr. Abdul Aleem Qureshi*
7. Mr. Mubarak Ali
8. Mr. Javed Hussain Siddiqi
9. 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 Riaz
6. Mr. Abdul Aleem Qureshi*
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. Abdul Aleem Qureshi*
5. Mr. Muhammad Salman Ali
6. Mr. Ali Hassan Shah
7. Mr. Tariq Yar Khan
8. Mr. Javed H. Siddiqi
9. Mr. Qurban R. Punjwani, Secretary

* Joined on 23 January 2019

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 Riaz
7. Mr. Abdul Aleem Qureshi*
8. Mr. Javed H. Siddiqi, Member / Secretary

7. Market & Liquidity Risk Management Committee

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

8. Operational Risk Management Committee

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

9. Business Continuity Plan Steering Committee

1. Mr. Mohammad Aftab Manzoor, Chairman
2. Mr. Amin A. Feerasta
3. Mr. Muhammad Salman Ali
4. Mr. Ali Hassan Shah
5. Mr. Tariq Yar Khan
6. Mr. Muhammad Qaisar Riaz
7. Ms. Anita Lalani
8. Mr. Masood Tyabji
9. Mr. Abdul Aleem Qureshi*
10. Mr. Mirza Zafar Baig
11. Lt. Col(R) Zahid Raza
12. Mr. Mian Asif Iqbal
13. Mr. Muhammad Khawar Ali Shah
14. Mr. Muhammad Azizullah Abid
15. Mr. Javed H. Siddiqi, Secretary

KEY PERFORMANCE INDICATORS

		2018	2017	Variance Compared to 2017	
				Amount	%
Financial					
Investment-Gross	Rs. In Million	146,763	117,546	29,217	25%
Advances-Gross	"	194,831	172,772	22,059	13%
Total Assets	"	382,498	325,219	57,279	18%
Deposits	"	262,379	227,304	35,075	15%
Shareholders' Equity / Net Assets	"	17,989	18,505	(516)	-3%
Net Interest Income	"	6,953	6,472	481	7%
Non Interest Income	"	3,260	3,456	(196)	-6%
Gross Income	"	10,213	9,928	285	3%
Profit before provisions	"	2,833	2,925	(92)	-3%
(Reversal) / Provisions and write-offs - net	"	(71)	78	(149)	-191%
Profit Before Taxation	"	2,904	2,848	56	2%
Profit After Taxation	"	1,784	1,660	124	7%
Trade Volumes	"	367,162	316,990	50,172	16%
Non Financial					
No. of customers	Absolute	550,464	494,205	56,259	11%
No. of new branches opened	"	5	10	(5)	-50%
No. of branches closed	"	-	8	(8)	-100%
No. of new accounts opened	"	72,079	91,220	(19,141)	-21%
No. of VISA cards issued	"	75,630	58,691	16,939	29%
No. of permanent employees	"	2,823	2,847	(24)	-1%
No. of virtual banking customers	"	26,839	37,830	(10,991)	-29%
No. of mobile banking customers	"	36,056	40,500	(4,444)	-11%
Key Financial Ratios					
Earnings Per Share	Rs.	1.62	1.51		
Book Value Per Share	"	16.32	16.78		
Share Price	"	12.67	13.40		
Market Capitalization	Rs. In Million	13,968	14,773		
Price Earning Ratio	Times	7.83	8.99		
Return on Equity	%	9.78%	9.02%		
Return on Assets	%	0.50%	0.55%		
Gross Advances to deposit ratio	%	74.26%	76.01%		
Capital Adequacy Ratio	%	14.70%	12.77%		

SIX YEARS' FINANCIAL SUMMARY 2013-2018

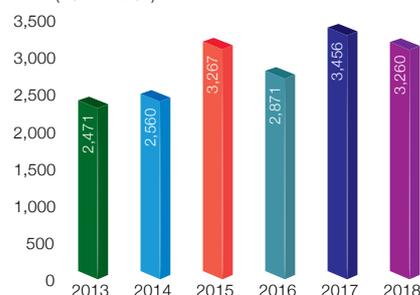
(Rs. In Million)

	2018	2017	2016	2015	2014	2013
Profit & loss account						
Mark-up / Return / Interest Earned	21,600	18,504	17,524	18,320	16,906	13,639
Mark-up / Return / Interest Expensed	14,647	12,032	10,815	10,839	10,677	8,977
Fund based Income	6,953	6,472	6,709	7,481	6,229	4,662
Fee, Commission and Exchange Income	2,694	2,016	1,711	1,926	1,990	1,826
Dividend Income and Capital Gain	519	1,399	1,131	1,284	535	623
Other income	47	41	29	57	35	22
Non Interest Income	3,260	3,456	2,871	3,267	2,560	2,471
Total Income	10,213	9,928	9,580	10,748	8,789	7,133
Non mark-up / interest expenses	7,380	7,003	6,454	6,098	5,744	4,839
Profit before tax and provisions	2,833	2,925	3,126	4,650	3,045	2,294
(Reversal) / Provisions and write-offs - net	(71)	78	49	1,054	603	764
Profit before tax	2,904	2,848	3,077	3,596	2,442	1,530
Profit after tax	1,784	1,660	1,879	2,213	1,582	1,037
Bonus Shares	-	-	-	-	-	1,002
Cash Dividend paid	-	827	1,378	1,378	1,102	-

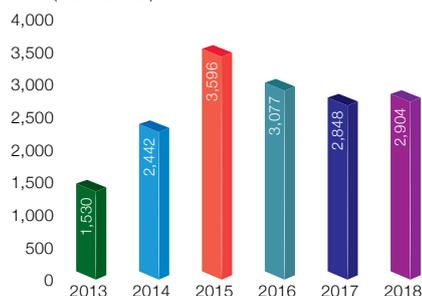
FUND BASED INCOME
(Rs. in Million)



NON-MARKUP INCOME
(Rs. in Million)



PROFIT BEFORE TAXATION
(Rs. in Million)



PROFIT AFTER TAXATION
(Rs. in Million)



SIX YEARS' FINANCIAL SUMMARY 2013-2018

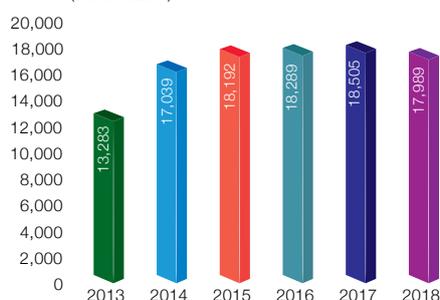
(Rs. In Million)

	2018	2017	2016	2015	2014	2013
Statement of Financial Position						
Paid up Capital - net of discount	11,025	11,025	11,025	10,023	10,023	10,023
Reserves	2,109	1,753	1,424	1,049	934	618
Surplus on revaluation of assets	543	2,095	2,393	2,856	2,932	832
Unappropriate Profit	4,312	3,632	3,447	4,264	3,150	1,810
Shareholders' Equity / Net Assets	17,989	18,505	18,289	18,192	17,039	13,283
Total Assets	382,498	325,219	281,805	255,655	216,473	173,872
Earning Assets	337,042	288,224	248,913	224,015	184,349	147,302
Gross Advances	194,831	172,772	133,753	120,617	115,614	104,673
Advances-Net of Provisions	186,475	164,293	125,306	112,002	107,968	97,534
Non-Performing Loans (NPLS)	11,357	10,245	10,419	11,584	10,224	10,424
Investments	146,646	117,429	117,884	108,846	75,716	46,703
Total Liabilities	364,509	306,714	263,516	237,463	199,434	160,589
Deposits and other accounts	262,379	227,304	209,894	184,847	162,964	140,439
Current and Saving deposits (CASA)	159,404	158,294	142,241	126,798	110,135	98,633
Borrowings	81,963	64,584	38,905	39,876	25,825	10,485
Interest bearing liabilities	285,135	231,438	199,807	184,209	149,236	116,929
Contingent and Commitments	200,522	111,064	80,100	114,988	61,060	69,498

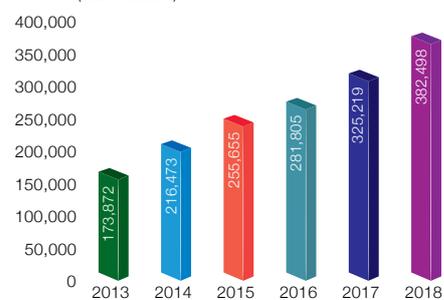
PAID UP CAPITAL
(Rs. in Million)



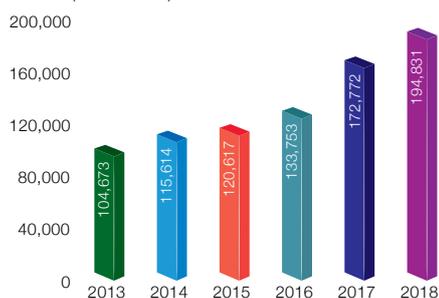
SHAREHOLDERS' EQUITY
(Rs. in Million)



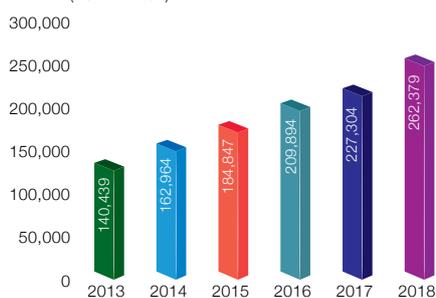
TOTAL ASSETS
(Rs. in Million)



GROSS ADVANCES
(Rs. in Million)



DEPOSITS
(Rs. in Million)



INVESTMENTS
(Rs. in Million)



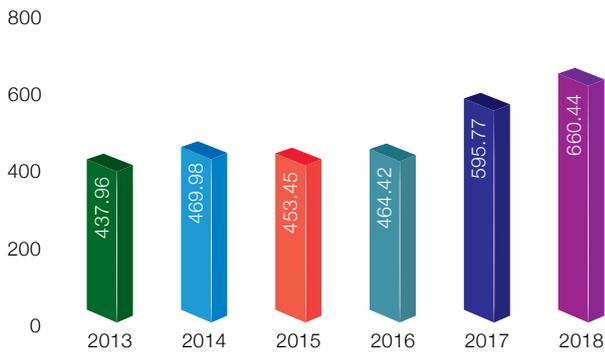
SIX YEARS' FINANCIAL SUMMARY 2013-2018

		2018	2017	2016	2015	2014	2013
FINANCIAL RATIOS							
Profit before tax ratio (PBT/total income)	%	28.43%	28.68%	32.12%	33.46%	27.78%	21.45%
Gross Spread (NIM/Interest Income)	"	32.19%	34.98%	38.28%	40.84%	36.84%	34.18%
Non interest income to total income	"	31.92%	34.81%	29.97%	30.40%	29.13%	34.64%
Income /expense ratio (excluding provisions)	Times	1.38	1.42	1.48	1.76	1.53	1.47
Return on average equity (ROE) (including surplus)	%	9.78%	9.02%	10.30%	12.56%	10.43%	8.41%
Return on average assets (ROA)	"	0.50%	0.55%	0.70%	0.94%	0.81%	0.62%
Earning Per Share (EPS before tax)	Rs.	2.63	2.58	2.79	3.26	2.44	1.53
Earning Per Share (EPS after tax)	Rs.	1.62	1.51	1.70	2.01	1.44	0.94
Gross Advances to deposit ratio	%	74.26%	76.01%	63.72%	65.25%	70.94%	74.53%
Net Advances to deposit ratio	"	71.07%	72.28%	59.70%	60.59%	66.25%	69.45%
Break up value per share (net assets based)	"	16.32	16.78	16.59	18.15	17.00	13.25
Earning Assets to total assets	%	88.12%	88.62%	88.33%	87.62%	85.16%	84.72%
Earning assets to interest bearing liabilities	Times	1.18	1.25	1.25	1.22	1.24	1.26
Weighted average cost of deposits	%	6.12%	3.78%	3.47%	4.42%	6.18%	5.85%
CASA to total deposits	"	60.75%	69.64%	67.77%	68.60%	67.58%	70.23%
NPLs to total advances ratio	"	5.83%	5.93%	7.79%	9.60%	8.84%	9.96%
Coverage ratio (Specific Provisions/NPLs)	"	73.21%	82.39%	80.58%	73.97%	74.44%	68.20%
Assets to Equity	Times	21.26	17.57	15.41	14.05	12.70	13.09
Total assets per share	Times	346.94	294.98	255.61	255.07	215.98	173.40
Deposits to shareholders' equity	Times	14.59	12.28	11.48	10.16	9.56	10.57
Risk Adequacy							
Tier I Capital	Rs.in Million	18,442	15,963	15,329	15,032	13,916	12,229
Risk Weighted Assets (RWA)	"	159,389	161,971	141,609	128,905	124,596	106,768
Tier I to RWA	%	11.57%	9.86%	10.82%	11.66%	11.17%	11.45%
Capital Adequacy Ratio	"	14.70%	12.77%	14.12%	15.39%	12.50%	11.93%
Net Return on Average RWA	"	1.11%	1.09%	1.39%	1.75%	1.37%	1.02%
Stock Dividend -%							
Cash dividend per share	%	10%*	7.50%	12.50%	12.50%	10%	-
Bonus Shares Issued	%	-	-	-	-	-	10.00%
Share Information							
Market Value per share-31 Dec	Rs.	12.67	13.40	17.65	15.13	12.33	10.93
- High during the year	"	14.40	19.20	17.90	15.35	16.73	11.38
- Low during the year	"	11.76	12.25	12.76	10.06	9.50	5.90
Market Capitalization	Rs.in Million	13,968	14,773	19,458	16,680	13,593	12,050
Price to book value (net assets based)	"	0.78	0.80	1.06	0.83	0.73	0.82
Price to Earning Ratio	Times	7.83	8.90	10.36	7.54	8.56	11.63
Industry Share							
Deposits	%	1.86%	1.84%	1.78%	1.99%	1.96%	1.87%
Advances	"	2.36%	2.65%	2.40%	2.52	2.59%	2.57%
Non Financial Information							
No of branches	Absolute	295	290	288	266	246	239
No of permanent employees	"	2,823	2,847	2,715	2,715	2,639	2,835
ATMs	"	316	313	306	274	263	265

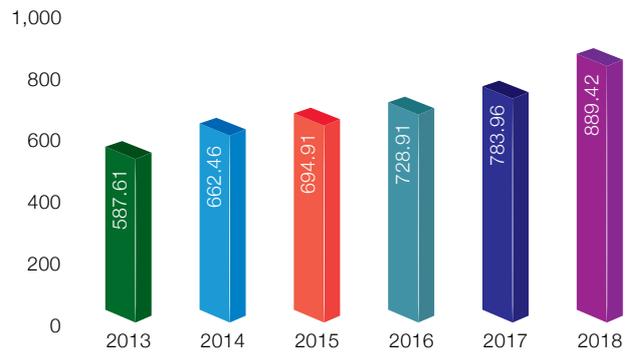
* Subject to shareholders' approval in the forthcoming AGM

PER BRANCH PERFORMANCE

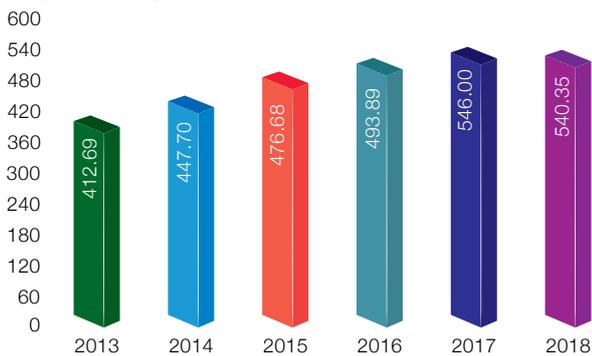
GROSS ADVANCES
(Rs. in Million)



DEPOSITS
(Rs. in Million)



CASA
(Rs. in Million)



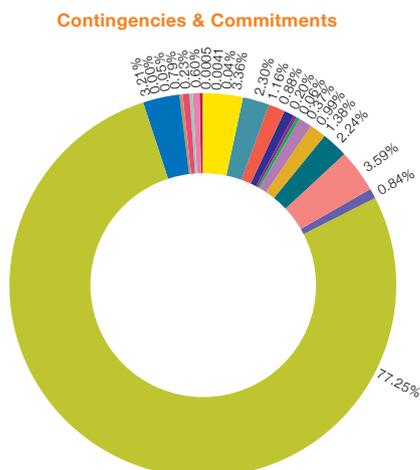
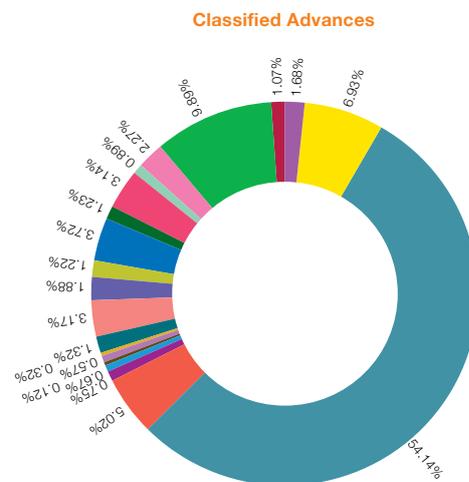
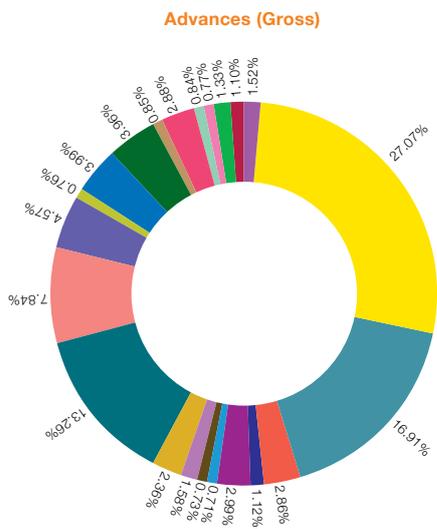
PROFIT BEFORE TAXATION
(Rs. in Million)



CONCENTRATION OF ADVANCES, NPLs AND CONTINGENCIES & COMMITMENTS

31 DECEMBER 2018

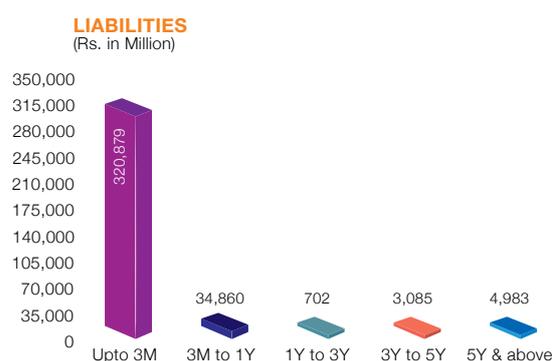
	Advances (Gross)		Classified Advances		Contingencies and Commitments	
	(Rupees in '000)	(Percent)	(Rupees in '000)	(Percent)	(Rupees in '000)	(Percent)
Agriculture, Forestry, Hunting and Fishing	2,954,115	1.52%	190,437	1.68%	73,351	0.04%
Food and Allied	52,744,361	27.07%	787,583	6.93%	6,730,238	3.36%
Textile	32,951,049	16.91%	6,148,322	54.14%	4,605,311	2.30%
Chemical and Pharmaceuticals	5,581,578	2.86%	570,410	5.02%	2,329,627	1.16%
Cement	2,189,801	1.12%	-	-	1,762,543	0.88%
Sugar	5,825,569	2.99%	85,704	0.75%	394,216	0.20%
Footwear and Leather garments	1,384,893	0.71%	76,521	0.67%	129,023	0.06%
Automobile and transportation equipment	1,425,438	0.73%	13,510	0.12%	741,419	0.37%
Electronics and electrical appliances	3,085,517	1.58%	64,214	0.57%	1,978,209	0.99%
Construction	4,606,404	2.36%	36,067	0.32%	2,768,186	1.38%
Power (electricity), Gas, Water, Sanitary	25,833,620	13.26%	149,871	1.32%	4,496,121	2.24%
Wholesale and Retail Trade	15,277,029	7.84%	360,426	3.17%	7,204,398	3.59%
Exports/Imports	8,903,912	4.57%	213,250	1.88%	1,679,084	0.84%
Financial	1,488,929	0.76%	138,959	1.22%	154,900,953	77.25%
Services	7,774,723	3.99%	422,063	3.72%	6,433,354	3.21%
Individuals	7,711,834	3.96%	139,616	1.23%	-	-
Education	1,648,882	0.85%	-	-	104,571	0.05%
Iron & Steel	5,601,775	2.88%	356,225	3.14%	1,591,983	0.79%
Paper & Printing	1,635,406	0.84%	100,538	0.89%	462,564	0.23%
Plastic Products	1,500,142	0.77%	257,848	2.27%	1,201,663	0.60%
Ship Breaking	2,573,619	1.33%	1,123,746	9.89%	105,284	0.05%
Others	2,132,609	1.10%	121,822	1.07%	830,307	0.41%
	194,831,205	100.00%	11,357,132	100.00%	200,522,405	100.00%



- Agriculture, Forestry, Hunting and Fishing
- Food and Allied
- Textile
- Chemical and Pharmaceuticals
- Cement
- Sugar
- Footwear and Leather garments
- Automobile and transportation equipment
- Electronics and electrical appliances
- Construction
- Power (electricity), Gas, Water, Sanitary
- Wholesale and Retail Trade
- Exports/Imports
- Financial
- Services
- Individuals
- Education
- Iron & Steel
- Paper & Printing
- Plastic Products
- Ship Breaking
- Others

MATURITIES OF ASSETS AND LIABILITIES 31 DECEMBER 2018 (CONTRACTUAL)

	Total	Upto 3M	3M to 1Y	1Y to 3Y	3Y to 5Y	5Y & above
----- (Rupees in Million) -----						
Assets						
Cash and balances with treasury banks	26,020	26,020	-	-	-	-
Balances with other banks	1,180	1,180	-	-	-	-
Lending to financial institutions	3,921	3,921	-	-	-	-
Investments - net	146,646	96,413	25,987	21,998	755	1,493
Advances - net	186,475	114,755	22,213	7,628	23,964	17,915
Fixed assets	6,239	125	521	801	552	4,240
Intangible assets	454	41	89	203	121	-
Other assets - net	11,563	7,831	3,726	-	6	-
	382,498	250,286	52,536	30,630	25,398	23,648
Liabilities						
Bills payable	3,994	3,994	-	-	-	-
Borrowings	81,963	70,898	9,919	70	93	983
Deposits and other accounts	262,379	239,812	21,937	630	-	-
Sub-ordinated loans	6,996	1	1	2	2,992	4,000
Deferred tax liabilities - net	120	-	120	-	-	-
Other liabilities	9,057	6,174	2,883	-	-	-
	364,509	320,879	34,860	702	3,085	4,983

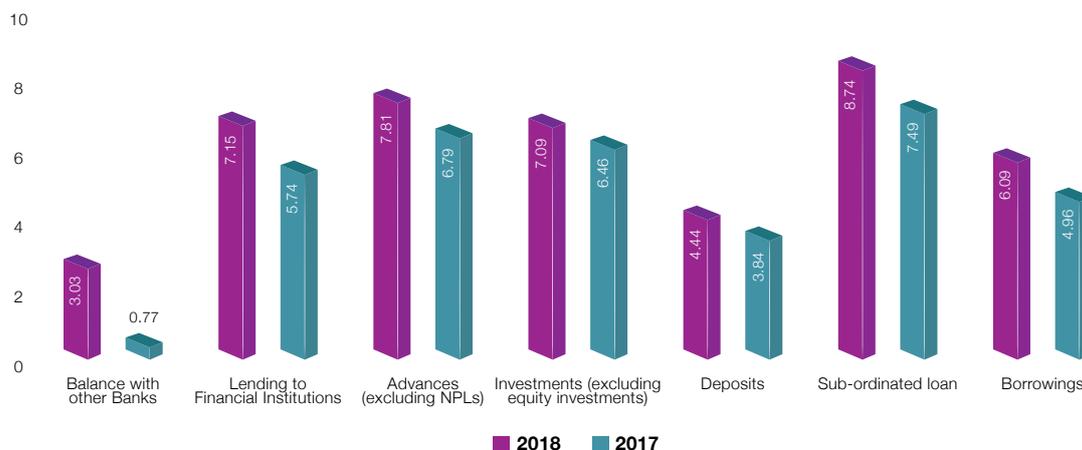


KEY INTEREST BEARING ASSETS AND LIABILITIES

	2018			2017		
	Avg.Vol (Rs. in Million)	Effective Interest Rate %	Interest (Rs. in Million)	Avg.Vol (Rs. in Million)	Effective Interest Rate %	Interest (Rs. in Million)
Interest Bearing Assets						
Balance with other Banks	1,056	3.03	32	1,031	0.77	7
Lending to Financial Institutions	9,324	7.15	667	10,494	5.74	602
Advances (excluding NPLs)	163,208	7.81	12,741	141,761	6.79	9,623
Investments (excluding equity investments)	115,088	7.09	8,160	127,956	6.46	8,272
Interest Bearing Liabilities						
Deposits	229,047	4.44	10,176	217,192	3.84	8,330
Sub-ordinated loan	4,180	8.74	365	2,998	7.49	224
Borrowings*	67,382	6.09	4,106	66,296	4.96	3,478

* Includes FCY swap cost

EFFECTIVE INTEREST RATE ON ASSETS & LIABILITIES



KIBOR-6 MONTHS (AVERAGE)



STATEMENT OF VALUE ADDITION

Value added

Net Interest Income	6,953
Non interest income	3,260
Non-markup expenses excluding staff costs, depreciation, amortization, donation and WWF	(3,821)
Reversal/(Provision) and write off against advances, investments & others	71

Value added available for distribution

To employees

- Salaries, allowances and other benefits

To Govt

- Income tax
- Worker Welfare fund

To providers of capital

- Cash Dividends

To Society

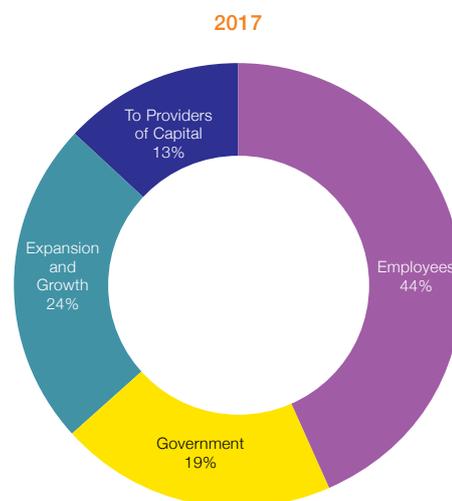
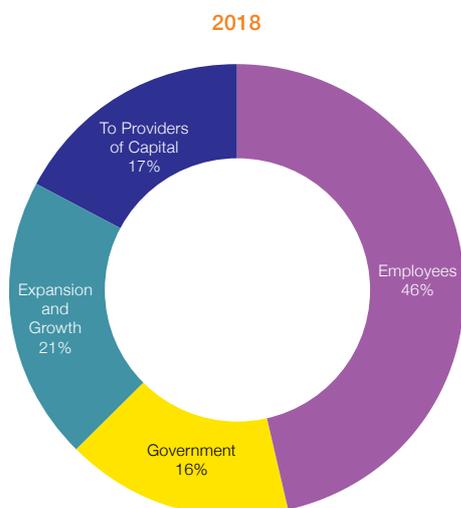
- Donations

To expansion and growth

- Depreciation on Fixed Assets
- Amortization
- Retained in business

2018		2017	
(Rs. in Million)	%	(Rs. in Million)	%
6,953		6,472	
3,260		3,456	
(3,821)		(3,471)	
71		(77)	
6,463		6,380	
2,990	46%	2,796	44%
1,120	17%	1,188	18%
(61)	-1%	59	1%
1,102*	17%	827	13%
15	0%	16	0%
485	8%	567	9%
129	2%	121	2%
683	11%	806	13%
6,463	100%	6,380	100%

* Subject to shareholders' approval in the forthcoming AGM



QUARTERLY PERFORMANCE 2018 & 2017

PROFIT & LOSS ACCOUNT	2018				2017			
	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter
Mark-up / Return / Interest Earned	6,485	5,642	4,815	4,658	4,851	4,954	4,443	4,257
Mark-up / Return / Interest Expensed	(4,397)	(4,022)	(3,252)	(2,976)	(3,043)	(3,435)	(2,874)	(2,680)
Net Mark-up Interest Income	2,088	1,620	1,563	1,682	1,808	1,519	1,569	1,577
Non-mark-up / interest income	790	765	775	930	684	867	692	1,213
Non-mark-up / interest expenses	(1,900)	(1,926)	(1,748)	(1,806)	(1,795)	(1,762)	(1,749)	(1,697)
Provisions and write offs	(242)	84	19	210	50	26	22	(176)
Profit / (loss) before taxation	736	543	609	1,016	747	650	534	917
Taxation	(246)	(225)	(293)	(356)	(318)	(231)	(318)	(321)
Profit / (loss) after taxation	490	318	316	660	429	419	216	596
Statement of Financial Position								
Assets								
Cash and balances with treasury	26,020	22,307	24,302	19,492	19,431	18,968	20,977	15,453
Balances with other banks	1,180	1,716	1,572	884	1,151	875	2,096	1,002
Lending to financial institutions	3,921	5,357	7,550	8,047	6,503	11,651	15,671	12,821
Investment-net	146,646	107,138	157,487	94,971	117,429	132,960	128,581	121,071
Advances-net	186,475	173,666	168,219	161,603	164,293	155,851	149,749	132,596
Fixed assets	6,239	6,334	6,272	6,482	6,464	4,969	4,972	4,960
Intangible assets	454	377	342	96	117	144	171	199
Other assets	11,563	11,215	9,056	8,974	9,831	8,326	8,942	8,789
Total Assets	382,498	328,110	374,800	300,549	325,219	333,744	331,159	296,891
Liabilities								
Bills payable	3,994	3,926	4,465	4,679	4,895	4,305	4,361	3,858
Borrowings	81,963	48,815	98,715	51,059	64,584	87,578	65,447	47,703
Customer deposits	262,379	241,229	243,417	215,188	227,304	214,846	234,426	216,285
Sub-ordinated loans	6,996	2,996	2,997	2,997	2,998	2,998	2,998	2,998
Deferred tax liabilities -net	120	438	628	845	936	701	839	940
Other liabilities	9,057	12,533	6,375	7,550	5,998	6,195	5,874	7,893
Total Liabilities	364,509	309,937	356,597	282,318	306,715	316,623	313,945	279,677
Equity								
Share Capital	11,025	11,025	11,025	11,025	11,025	11,025	11,025	11,025
Reserves	2,109	2,011	1,948	1,884	1,753	1,670	1,586	1,543
Un-appropriated profit	4,312	3,897	3,625	3,418	3,632	3,180	2,824	2,621
Surplus on revaluation of assets	543	1,240	1,605	1,904	2,095	1,246	1,779	2,025
Total Equity	17,989	18,173	18,203	18,231	18,505	17,121	17,214	17,214

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

Statement of Financial Position	2018		2017		2016		2015		2014		2013	
	Rs.in Mln	%										
ASSETS												
Cash and balances with treasury banks	26,020	7%	19,431	6%	18,279	6%	16,718	7%	15,776	7%	12,673	7%
Balances with other banks	1,180	0%	1,151	0%	823	0%	1,635	1%	575	0%	707	0%
Lending to financial institutions	3,921	1%	6,503	2%	5,522	2%	3,094	1%	604	0%	2,988	2%
Investment-net	146,646	38%	117,429	36%	117,884	42%	108,846	43%	75,716	35%	46,703	27%
Advances-net	186,475	49%	164,293	51%	125,306	44%	112,002	44%	107,968	50%	97,534	56%
Fixed assets	6,239	2%	6,464	2%	4,936	2%	4,884	2%	4,953	2%	3,657	2%
Intangible assets	454	0%	117	0%	202	0%	73	0%	61	0%	77	0%
Deferred tax assets-net	-	0%	-	0%	-	0%	-	0%	-	0%	103	0%
Other assets	11,563	3%	9,831	3%	8,853	3%	8,403	3%	10,820	5%	9,430	5%
Total Assets	382,498	100%	325,219	100%	281,805	100%	255,655	100%	216,473	100%	173,872	100%
Liabilities and Equity												
Bills payable	3,994	1%	4,895	2%	4,164	1%	3,077	1%	3,063	1%	2,718	2%
Borrowings	81,963	21%	64,584	20%	38,905	14%	39,876	16%	25,825	12%	10,485	6%
Customer deposits	262,379	69%	227,304	70%	209,894	74%	184,847	72%	162,964	75%	140,439	81%
Subordinated debt	6,996	2%	2,998	1%	2,999	1%	3,000	1%	-	0%	-	0%
Deferred tax liabilities-net	120	0%	936	0%	1,138	0%	1,417	1%	1,420	1%	-	0%
Other liabilities	9,057	2%	5,997	2%	6,416	2%	5,246	2%	6,162	3%	6,947	4%
Total Liabilities	364,509	95%	306,714	94%	263,516	94%	237,463	93%	199,434	92%	160,589	92%
Net Assets	17,989	5%	18,505	6%	18,289	6%	18,192	7%	17,039	8%	13,283	8%
Represented by												
Share Capital - net of discount	11,025	3%	11,025	3%	11,025	4%	10,023	4%	10,023	5%	10,023	6%
Reserves	2,109	1%	1,753	1%	1,424	1%	1,049	0%	934	0%	618	0%
Surplus on revaluation of assets	543	0%	2,095	1%	2,393	1%	2,856	1%	2,932	1%	832	0%
Un-appropriated profit	4,312	1%	3,632	1%	3,447	1%	4,264	2%	3,150	1%	1,810	1%
	17,989	5%	18,505	6%	18,289	6%	18,192	7%	17,039	8%	13,283	8%
Profit & loss account												
Mark-up / Return / Non Interest Income												
Mark-up / Return / Interest Earned	21,600	87%	18,505	84%	17,524	86%	18,320	85%	16,906	87%	13,639	85%
Fee, Commission and Exchange income	2,694	11%	2,016	9%	1,711	8%	1,926	9%	1,990	10%	1,826	11%
Capital Gain and Dividend Income	519	2%	1,399	6%	1,131	6%	1,284	6%	535	3%	623	4%
Other income	47	0%	41	0%	29	0%	57	0%	35	0%	22	0%
Total Income	24,860	100%	21,961	100%	20,395	100%	21,587	100%	19,466	100%	16,110	100%
Mark-up / Return / Non Interest Expense												
Mark-up / Return / Interest Expensed	14,647	59%	12,032	55%	10,815	53%	10,839	50%	10,677	55%	8,977	56%
Non mark-up / interest expenses	7,380	30%	7,003	32%	6,454	32%	6,098	28%	5,744	30%	4,839	30%
(Reversal) / Provisions and write-offs - net	(71)	-0%	78	0%	49	0%	1,054	5%	603	3%	764	5%
Taxation	1,120	5%	1,188	5%	1,198	6%	1,383	6%	860	4%	493	3%
Total Expenses	23,076	93%	20,301	92%	18,516	91%	19,374	90%	17,884	92%	15,073	94%
Profit after taxation	1,784	7%	1,660	8%	1,879	9%	2,213	10%	1,582	8%	1,037	6%

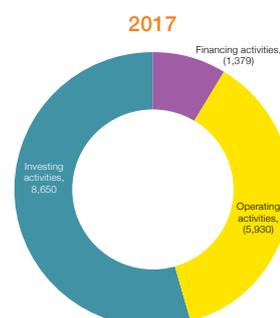
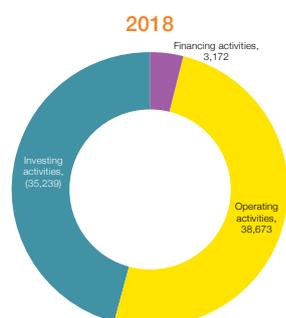
SIX YEARS' HORIZONTAL ANALYSIS STATEMENT OF FINANCIAL POSITION / PROFIT & LOSS ACCOUNT

	2018	2018 vs 2017	2017	2017 vs 2016	2016	2016 vs 2015	2015	2015 vs 2014	2014	2014 vs 2013	2013	2013 vs 2012
Statement of Financial Position	Rs.in Mn	%										
ASSETS												
Cash and balances with treasury banks	26,020	34%	19,431	6%	18,279	9%	16,718	6%	15,776	24%	12,673	10%
Balances with other banks	1,180	3%	1,151	40%	823	-50%	1,635	184%	575	-19%	707	-43%
Lending to financial institutions	3,921	-40%	6,503	18%	5,522	78%	3,094	412%	604	-80%	2,988	166%
Investment-net	146,646	25%	117,429	-0%	117,884	8%	108,846	44%	75,716	62%	46,703	-22%
Advances-net	186,475	14%	164,293	31%	125,306	12%	112,002	4%	107,968	11%	97,534	26%
Fixed assets	6,239	-3%	6,464	31%	4,936	-0%	4,884	-1%	4,953	35%	3,657	-4%
Intangible assets	454	288%	117	-42%	202	177%	73	20%	61	-21%	77	0%
Deferred tax assets-net	-	0%	-	0%	-	0%	-	0%	-		103	-66%
Other assets	11,563	18%	9,831	11%	8,853	5%	8,403	-22%	10,820	15%	9,430	138%
Total Assets	382,498	18%	325,219	15%	281,805	10%	255,655	18%	216,473	25%	173,872	10%
Liabilities and Equity												
Bills payable	3,994	-18%	4,895	18%	4,164	35%	3,077	0%	3,063	13%	2,718	2%
Borrowings	81,963	27%	64,584	66%	38,905	-2%	39,876	54%	25,825	146%	10,485	-49%
Customer deposits	262,379	15%	227,304	8%	209,894	14%	184,847	13%	162,964	16%	140,439	17%
Subordinated debt	6,996	133%	2,998	-0%	2,999	-0%	3,000	0%	-	0%	-	0%
Deferred tax liabilities-net	120	-87%	936	-18%	1,138	-20%	1,417	-0%	1,420	100%	-	0%
Other liabilities	9,057	51%	5,997	-7%	6,416	22%	5,246	-15%	6,162	-11%	6,947	179%
Total Liabilities	364,509	19%	306,714	16%	263,516	11%	237,463	19%	199,434	24%	160,589	10%
Share Capital	11,025	0%	11,025	0%	11,025	10%	10,023	0%	10,023	0%	10,023	11%
Reserves	2,109	20%	1,753	23%	1,424	36%	1,049	12%	934	51%	618	51%
Surplus on revaluation of assets	543	-74%	2,095	-12%	2,393	-16%	2,856	-3%	2,932	252%	832	-13%
Un-appropriated profit	4,312	19%	3,632	5%	3,447	-19%	4,264	35%	3,150	74%	1,810	-7%
Total Equity	17,989	-3%	18,505	1%	18,289	1%	18,192	7%	17,039	28%	13,283	8%
Profit & loss account												
Mark-up / Return / Non Interest Income												
Mark-up / Return / Interest Earned	21,600	17%	18,505	6%	17,524	-4%	18,320	8%	16,906	24%	13,639	-1%
Fee, Commission and Exchange income	2,694	34%	2,016	18%	1,711	-11%	1,926	-3%	1,990	9%	1,826	53%
Capital Gain and Dividend Income	519	-63%	1,399	24%	1,131	-12%	1,284	140%	535	-14%	623	18%
Other income	47	15%	41	41%	29	-49%	57	63%	35	59%	22	83%
Total Income	24,860	13%	21,961	8%	20,395	-6%	21,587	11%	19,466	21%	16,110	4%
Mark-up / Return / Non Interest Expense												
Mark-up / Return / Interest Expensed	14,647	22%	12,032	11%	10,815	-0%	10,839	2%	10,677	19%	8,977	0%
Non mark-up / interest expenses	7,380	5%	7,003	9%	6,454	6%	6,098	6%	5,744	19%	4,839	11%
(Reversal) / Provisions and write-offs - net	(71)	-191%	78	59%	49	-95%	1,054	75%	603	-21%	764	47%
Taxation	1,120	-6%	1,188	-1%	1,198	-13%	1,383	61%	860	74%	493	-20%
Total Expenses	23,076	14%	20,301	10%	18,516	-4%	19,374	8%	17,884	19%	15,073	4%
Profit after taxation	1,784	7%	1,660	-12%	1,879	-15%	2,213	40%	1,582	53%	1,037	-6%

CASH FLOW STATEMENT DIRECT METHOD

	31 December 2018	31 December 2017
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Markup / return / interest and commission receipts	24,094,188	21,500,368
Markup / return / interest payments	(13,028,591)	(11,935,492)
Cash payments to employees, suppliers and others	(6,813,045)	(6,281,347)
	4,252,552	3,283,529
(Increase) / decrease in operating assets		
Lendings to financial institutions	2,581,417	(980,812)
Held-for-trading securities	3,299,502	(10,525,132)
Advances - net	(22,210,061)	(39,133,407)
Others assets - (excluding advance taxation)	(1,280,952)	(378,361)
	(17,610,094)	(51,017,712)
Increase / (decrease) in operating liabilities		
Bills payable	(901,922)	731,938
Borrowings	17,368,132	25,539,709
Deposits and other accounts	35,074,661	17,410,518
Other liabilities	1,456,473	(352,037)
	52,997,344	43,330,128
Income tax paid	39,639,802	(4,404,055)
	(966,397)	(1,525,730)
Net cash flow generated from / (used in) operating activities	38,673,405	(5,929,785)
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in securities	(34,808,501)	9,016,120
Dividend received	278,049	228,166
Investment in operating fixed assets (including intangible assets)	(738,604)	(616,943)
Proceeds from disposal of fixed assets	30,170	23,014
Net cash flow (used in) / generated from investing activities	(35,238,886)	8,650,357
CASH FLOW FROM FINANCING ACTIVITIES		
Receipts / payments of subordinated debt	3,998,800	(1,200)
Dividend paid	(826,848)	(1,378,079)
Net cash flow generated from / (used in) financing activities	3,171,952	(1,379,279)
Increase in cash and cash equivalents		
Cash and cash equivalents at the beginning of the period	6,606,471	1,341,293
Cash and cash equivalents at the end of the period	20,305,022	18,963,729
	26,911,493	20,305,022
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
Cash and balances with treasury banks	26,019,679	19,431,256
Balances with other banks	891,814	873,766
	26,911,493	20,305,022

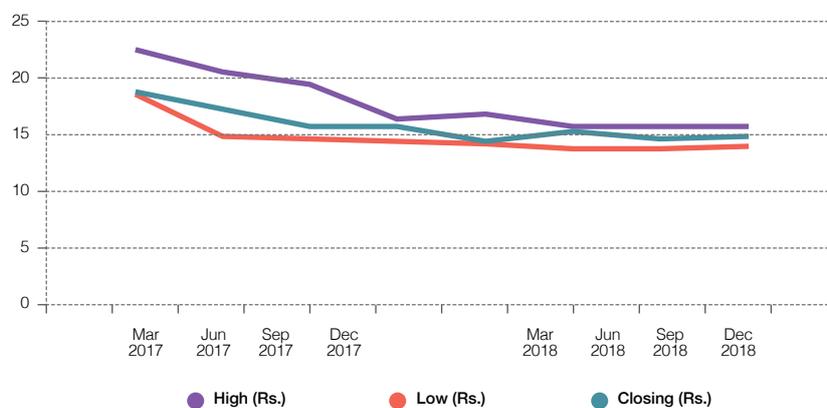
	(Rupees in Million)					
	2018	2017	2016	2015	2014	2013
INDIRECT METHOD - SUMMARY						
Cash flow from operating activities	38,673	(5,930)	12,284	33,745	30,230	(11,213)
Cash flow from investing activities	(35,239)	8,650	(10,288)	(33,398)	(27,389)	12,076
Cash flow from financing activities	3,172	(1,379)	(1,379)	1,898	-	(299)
Cash and cash equivalent at the beginning of the year	20,305	18,964	18,347	16,102	13,261	12,697
Cash and cash equivalent at the end of the year	26,911	20,305	18,964	18,347	16,102	13,261



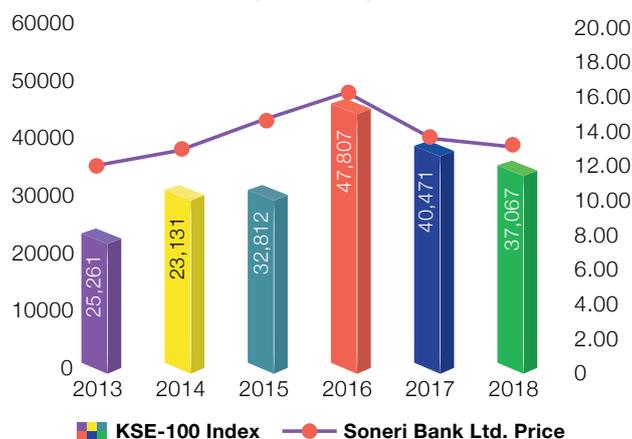
MARKET STATISTICS OF SNBL SHARES

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	12.5	13.45
	December	14.00	12.25	13.40
2018	March	14.40	12.06	12.40
	June	13.35	11.78	12.97
	September	13.49	11.76	12.49
	December	13.36	12.00	12.67

Monthly Pattern of Market Share Price



SONERI BANK PRICE VS KSE INDEX (2013-2018)



Year ended	2013	2014	2015	2016	2017	2018
Share Price (Rs.)	10.93	12.33	15.13	17.65	13.40	12.67
KSE-100TM Index	25,261	32,131	32,812	47,807	40,471	37,067

CHAIRMAN'S REVIEW



The year 2018 proved to be yet another progressive one for Soneri Bank Limited. Despite challenges on the economic front, I am proud to share that the Bank has continued to deliver sound financial results, and grow as a dynamic and forward looking organization.

Having completed a 27-year journey of delivering on our promise to the stakeholders, we continue to navigate forward with renewed zeal and enthusiasm. Keeping abreast with the technological advancements which are rapidly changing the business landscape and industry dynamics, we successfully expanded our technological infrastructure this year, as our Core Banking System (T24) was successfully implemented across the Bank. With this robust platform now in place, I am confident that the Bank is positioned to reap the benefits, through enhanced efficiencies and improved customer experience.

Leveraging on our banking experience and legacy, we remain committed to serve our stakeholders; by providing quality service through innovative and efficient financial solutions aimed at facilitating growth.

Economy

FY 2018 was a challenging year for the economy. The twin deficits remained pronounced over the course of the year, and the newly formed government was compelled to take tough decisions to tackle challenges on the economic fronts. The country's GDP growth in FY 2018 stood at 5.8%, which is highest level in the last 11 years. However, this is expected to slow down in 2019 as a result of tightening fiscal and monetary policies with the shifting of macroeconomic policy towards stabilization.

Over the course of the year, the State Bank of Pakistan gradually increased the policy rate by a cumulative 425 basis points to 10 percent at year end, whereas a further increase of 25 basis points was witnessed at the start of CY2019. The rate increases were made amidst rising inflationary expectations following devaluation of Pak Rupee. Improvement in law and order situation of the country and consistency in the democratic process remain crucial for attracting new foreign investments.

Nonetheless, the new government seems confident that the prevalent economic crisis will gradually be overcome. What must be realized is that structural reforms, including a viable fiscal policy, and tax reforms are pivotal for sustainability and long term growth.

The Bank's Performance

Our Bank's performance indicates that we are moving towards the right direction, where our priorities are customer oriented services, regulatory compliance, technological advancements, meeting corporate social responsibilities and capitalizing on opportunities which are beneficial for our stakeholders.

Reviewing the performance of 2018, our Profit after tax (PAT) amounted to Rs. 1.784 billion, up by 7.4 percent. Normalizing the one off capital gains advantage we had last year, our Bank's net revenue growth for the year stands impressively at 13.5 percent. We successfully managed to achieve our key performance indicators, and given sound asset management strategy in a rising interest rate regime, I am optimistic that in the coming year, we would be able to improve our profitability further.

In 2018, our deposit base increased by 15.4 percent to Rs. 262.38 billion. With the year end gross advances at Rs. 194.83 billion, our advances to deposit ratio (ADR) stands at 74.3 percent.

I am happy to share that the Bank has successfully managed to keep the delinquency (NPL) ratio at 5.8 percent while our NPL coverage stands at 73.6 percent. The Bank's credit rating has been maintained at "AA-", which indicates the sustained business profile and sound lending capacity of the Bank.

It is also heartening to note that the Bank's first ever listed Additional Tier 1 subordinated debt, issued towards the end of the year was received positively by the market, and the Bank successfully closed out the issue, amounting to Rs. 4 billion. The issuance of this instrument has bolstered our Capital Adequacy Ratio, and in turn, our capacity to lend and increase our earning assets.

Board's Performance and effectiveness

I deeply value and recognize the contribution of the Bank's Board of Directors towards the Bank's progress. Over the course of the year, the Board has exhibited high standards of business, professional and ethical conduct in their supervision of the affairs of the Bank.

The Board follows a proactive approach towards achieving sustainable earnings and maximization of shareholders' value by ensuring an appropriate tradeoff between risks and returns. Each sub-committee has a defined scope and a prescribed mandate for efficient oversight and monitoring.

Looking ahead:

Moving forward, we will strive to provide solutions to our customers in an efficient manner, whilst promoting a sound compliance and controls culture within the organization.

The Bank remains committed to make the best use of our new core banking system to provide a more customized banking experience to our customers, through new innovative products and the introduction of state of the art banking processes.

We are determined to facilitate ongoing business and investment activities in the country and be part of an initiative that will further boost the economy of our country.

Conclusion:

I would like to thank the Board of Directors for their continued guidance and stewardship and the Management team at the Bank for their notable contribution to our accomplishments this past year.

Finally, I extend my sincere gratitude to our loyal customers for their trust, our valued shareholders for their support, the regulators for their mentorship and guidance, and our employees for their continued hard work, honesty and sincerity, which makes us what we are today.

Roshan Har Qadam!

Alauddin Feerasta

Chairman

Lahore: 22 February 2019

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 2018.

Economic Review:

Despite significant economic challenges faced in the year 2018, Pakistan's economic outlook remains stable. In 2018, the country witnessed another successful democratic transition, but macroeconomic imbalances continued to hamper overall economic stability. A healthy annual GDP growth of 5.8 percent was recorded in FY18, but the economic activity is expected to slowdown in FY19, with the macroeconomic policy focus shifting towards stabilization.

The balance of payments remained under stress due to a relatively high current account deficit. The deficit for FY18 had clocked in at US\$18.9bn (or 6.0 percent of GDP) - an all-time high. The country's foreign exchange reserves had at one point in time depleted to dangerously low levels as the deficit had to be financed through the country's own resources due to inadequate external inflows. However, the new government has since been successful in timely managing critical bilateral inflows and assistance from friendly countries. In FY19, it is estimated that the deficit would end up lower due to expectation of curtailment in non-essential imports, and measures undertaken to stimulate exports.

Exports are also expected to increase by around 10 percent in FY19 on the back of devaluation and government's announced incentive for the export sector to provide energy tariff at lower rates compared to other sectors. Remittances are also expected to show healthy growth of 10-15 percent due to channeling of flows through formal banking sector.

Managing the fiscal deficit, however would be a bigger challenge. The government is targeting reduction in development spending but current expenditure appears to be on the rise due to higher debt servicing, given expectations of higher interest rates and further rupee devaluation.

The State Bank of Pakistan's policy rate hikes by a cumulative 425 basis points to 10 percent at December 2018 end were driven by rising inflation expectations mainly on account of a 24 percent devaluation of the Pak Rupee since December 2017. The rate hikes also aim to curb demand in FY19. Further rate hikes can be expected based on the inflation expectations in the coming days.

Improvement in law and order situation of the country and consistency in the democratic process shall be crucial for attracting new foreign investments.

At Soneri Bank, we remain optimistic about the economic trend. Despite pressures, credit offtake to the private sector remains on the cards. We are geared to play a key role towards the progress of our great nation by addressing the opportunities of growth available within the economy and providing solutions for our customers in the most efficient manner.

The Bank's Performance and Operating Results:

The Banks' performance during 2018 has remained sound with positive growth in all segments including advances, deposits and investments. The gradual and continual increase in interest rates has reduced some pressure on the margins of the banking sector although other external headwinds still exist.

The highlights of the financial results for 2018 are as follows:

	2018	2017
	Rupees in million	
Advances – net	186,475	164,293
Investments – net	146,646	117,429
Total Assets	382,498	325,219
Total Deposits	262,379	227,304
Shareholders' Equity	17,989	18,505

FINANCIAL PERFORMANCE

	2018	2017
	Rupees in million	
Net Interest Income and Non Markup Income	10,213	9,928
Non Markup Expenses	7,380	7,003
Profit before tax	2,905	2,848
Profit after tax	1,784	1,660
Earnings per share – Rupees	1.6179	1.5056

Overview of the Business:

The Bank posted profit before tax (PBT) of Rs. 2.905 billion and profit after tax (PAT) of Rs. 1.784 billion for the year 2018, as compared to Rs. 2.848 billion and Rs. 1.660 billion respectively in 2017. These results have consequently improved the Bank's EPS from Rs. 1.5056 per share in 2017 to Rs. 1.6179 per share in 2018.

The gradual increase in discount rate over the course of the year contributed in improving bottom line profitability, mainly because of favorable repricing of the loans and advances book. In 2017, due to the low interest rate regime, the Bank had experienced margin compression despite delivering a notable increase in volumes. Total markup income increased by 16.73 percent from Rs. 18.505 billion in 2017 to Rs. 21.600 billion in 2018.

The Bank's gross advances portfolio grew by 12.77 percent i.e. Rs. 22.059 billion in 2018 as compared to the previous year. The non-performing loans increased by 10.86 percent, from Rs. 10.245 billion in 2017 to Rs. 11.375 billion in 2018. Average volumes for advances also showed a similar trend with yields improving by 95bps. On a year on year basis, income from advances increased by 32.40 percent or Rs. 3.118 billion with overall yield of 7.81 percent. The yields are expected to pick up further in Q1 2019 due to repricing impact at the start of 2019.

At the year-end 2018, Investments showed a substantial growth of 26.85 percent or Rs. 31.509 billion, with gross investments reported at Rs. 148.835 billion. The composition of investments remained largely skewed towards government securities, mainly market treasury bills. In terms of averages, volumes remained lower than that of last year. Based on the ALCO's views on interest rates, the Bank's strategy post June 2018 was to run a shorter tenor position, by mainly investing in treasury bills, so as to minimize interest rate risk and to retain the flexibility to re-invest in the shorter term. Investments income was lower than that earned last year, by Rs. 111.679 million, mainly on account of lower average volumes.

The increase in revenue was partially offset by increased costs of deposits and borrowing. Total markup/interest expense in 2018 was recorded at Rs. 14.647 billion as compared to Rs. 12.032 billion in 2017, representing an increase of 21.73 percent. Nonetheless, net interest income increased by 7.43 percent from Rs. 6.472 billion in 2017 to Rs. 6.953 billion in 2018.

Deposits registered an increase of 15.43 percent from Rs. 227.304 billion in 2017 to Rs. 262.379 billion in 2018. In terms of average volumes, a growth of Rs. 11.8 billion was witnessed. The Bank's portfolio mix in 2018 stood at CASA percentage of 60.75 percent. The Bank's cost of deposits on a full year basis stood at 4.44 percent, increasing by 60 bps as compared to 2017, while the discount rate increased by 425 bps over the year. Average current account volumes increased by 8.45 percent year on year, improving from Rs. 56.088 billion in 2017 to Rs. 60.830 billion in 2018.

As at 31 December 2018, gross Advances to Deposits ratio (ADR) of the Bank figured at 74.26 percent as against 76.01 percent in 2017.

During 2018, the Bank's Fee and Commission income increased significantly by Rs. 313.066 million indicating a positive growth of 22.48 percent as compared to 2017. The Bank benefited from currency volatility as foreign exchange income of Rs. 988.637 million was reported this year as compared to Rs. 623.807 million in 2017, indicating a rise of 58.48 percent. Contributions from ADC related income, income from dividends and treasury related activities also positively impacted the bottom line. Dividend income showed positive growth of Rs. 18.611 million as compared to the previous year. The KSE-100 capital markets index followed a declining trend in 2018 resulting in lower realized gains of Rs. 63.652 million in 2018 as against Rs. 91.559 million in 2017. Money Market gains declined by Rs. 1,066.685 million to Rs. 195.330 million in 2018, mainly due to non-recurring gains from the sale of PIBs in the year 2017.

Non markup expenses went up by 5.38 percent from 7.003 billion in 2017 to 7.380 billion in 2018. This increase resulted mainly from expansion in branch network (5 branches opened in 2018) along with moderate increase in staff costs. Expenses were favorably impacted by an accounting estimate change in booking of depreciation on buildings on leasehold and freehold land and cell phones, leading to a positive impact of Rs. 263.612 million, and also by releasing the excess liability held against WWF, resulting in a saving of Rs. 120 million, as fully detailed in notes 3.5 and 29.1 respectively to the financial statements. These cost savings were partially offset in the year by an increase in depreciation caused by revaluation of assets at the end of the last year, which resulted in depreciation cost rising by Rs. 167.068 million, and a fresh levy of insurance premium of Rs. 80.006 million on deposits, under the State Bank of Pakistan's deposit protection scheme introduced during the year.

Total net provision reversal against NPLs were recorded at Rs. 85.749 million in 2018, as against a net charge of Rs. 63.247 million recorded in 2017. Instead of a further footprint expansion, the Bank followed a consolidation approach in 2018, with only 5 new branches opened during the year. The Bank's branch transformation program was successfully conducted throughout the year, with roll out targeted for Q1 2019. The plan intends to build on the core customer base of the Bank through effective portfolio management, and modification of the sales and distribution model / structure.

At 31 December 2018, there are no such loans, TFCs, sukuks or any other debt instruments in which the Bank is in default or likely to default.

Capital Structure of the Bank

During the year, the Bank successfully issued additional Tier-1 Capital in the form of listed, perpetual, unsecured, subordinated, non-cumulative and contingent convertible debt instruments with an issue size of Rs. 4 billion. The issue aims at supplementing the Bank's tier 1 CAR and contributes towards enhancing the lending capacity of the bank. PACRA has assigned the instrument with long term rating of A with a stable outlook.

In terms of overall Capital Adequacy, the Bank remains well positioned, adequately meeting the SBP's requirement of minimum CAR of 11.90 percent at December 2018, with a reported CAR of 14.70 percent.

Human Resource

Soneri Bank considers its employees as an asset and has always worked towards their welfare and betterment. We welcome fresh perspectives and innovative ideas. Training and workshops are offered for capacity building and enhancing efficiencies. We offer market competitive perks and benefits to our employees.

Composition of the Bank's Board of Directors:

The election of the Board of Directors was held at the 25th Annual General Meeting of the Bank's shareholders' meeting convened on 28 March 2017. Out of the elected members, Syed Ali Zafar resigned effective 17 May 2017 and in his place, Mr. Jamil Hassan Hamdani was appointed by the Board. There has been no further change in the composition of the Board of Directors post 17 May 2017.

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

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

Male 08
Female Nil

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

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

The Board has remained fully compliant with the provision with regard to their training program. Four Directors have received "Certificate of Director Education" from the Pakistan Institute of Corporate Governance ("PICG"). Our directors have also attended various courses/workshops in recent years. In the year 2015, one director 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.

Board's Performance Evaluation

During the year, The Pakistan Institute of Corporate Governance ("PICG"), a premier body in the field of promoting good corporate governance practices in Pakistan, was engaged to independently conduct the Board's Performance Evaluation and submit their analysis report for review by the Board, in accordance with the requirements of BPRD Circular No.11 dated 22 August 2016 and Listed Companies (Code of Corporate Governance) Regulations, 2017.

The PICG conducted an independent evaluation of the Board, and finalized their assessment report during the year. This report was reviewed by the Board in its 167th Board Meeting convened on 22 February 2019 and the challenges identified by them have been duly noted to be addressed.

Board and Committees' Meetings:

Details of the meetings of the Board of Directors and its Committees held during 2018 and the attendance by each director/committee member are given as under:

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

*Represents not a member of the Committee

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

Note: The composition of the Board/Committees and their TORs is also shared on page 45 to the Annual Report)

Director's Remuneration

The Remuneration Policy for Non-Executive Directors including Independent Directors of the Bank for attending Board / Committee meetings was approved by the Board in its 159th meeting held on 09 December 2017. The scale of meeting fee for Non-Executive Directors (other than the Chairman) was approved by the Shareholders at Rs. 75,000/- (net of tax) for attending the Board / Committees' Meetings. For the Chairman, this was fixed at Rs. 500,000/- (net of tax) per meeting of the Board and its Committees. The Board also approved that expenses related to boarding and lodging, air ticket and pick and drop of the Non-Executive Directors shall be borne by the Bank. Hotel allowance of Rs.10,000/- per night stay was approved to be paid to non-executive directors who

don't avail the Bank's provided accommodation. Further, as per the Policy no such remuneration is paid to the Executive Directors. However, expenses for boarding and lodging, air ticket and usual TA/DA are paid in accordance with the Bank's approved Travel Policy. Meeting fee paid to the non-executive directors has been disclosed in note 41 to the financial statements under the "fees" category.

This Policy is aimed at adequately remunerating the Non-Executive Directors including Independent Directors of the Bank for devoting their valuable time in providing guidance and oversight to the Bank as well as in framing Policies for smooth functioning of the Bank. It also reflects the Bank's objectives of good Corporate Governance and sustained, long-term value creation for our shareholders and also aims to promote sound and effective risk management.

Statement of Investments of Provident and Gratuity Funds

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

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

Statement on Risk Management Framework

The Risk Management philosophy and policy of the Bank is aligned with regulatory standards, industry best practices and proportional to the scale and complexity of Bank's activities. It includes optimizing returns by striking a balance between the risks and the returns on assets, striving towards increasing market share to enhance shareholders' value, augmenting business through quality assets and ensuring conservation of capital.

Our risk management strategy is targeted at ensuring proper risk governance so as to facilitate ongoing effective discovery, management and mitigation of risks arising from external factors and our business activities and to set aside adequate capital efficiently to address these risks. Risks are managed within levels established by the senior management committees and approved by the Board and its Committees. We have put in place a framework of policies, methodologies, tools and processes that will help us identify, measure, monitor and manage material risks faced by the Bank. This enables us to concentrate our efforts on the fundamentals of banking and to create long-term value for all our stakeholders.

The Bank's risk governance framework, policies and appetite provide the overarching principles and guidance for the Bank's risk management activities. They help to shape our key decisions for capital management, strategic planning and budgeting, and performance management to ensure that the risk dimension is appropriately and sufficiently considered. In particular, the Bank Risk Appetite is part of the Bank's Internal Capital Adequacy Assessment Process (ICAAP), which incorporates stress-testing to ensure that the Bank's capital, risk and return are within acceptable levels under stress scenarios. We also take into consideration the Bank's risk appetite in the development of risk-related key performance indicators (KPIs) for performance measurement. This serves to embed a risk management mindset and culture throughout the organization.

In the interests of all our stakeholders, we only take risks within our risk appetite and risk tolerances, and where consistent with our Board approved risk strategy. Risk Management policies, models, tools and systems are regularly reviewed to improve the framework and reflect market changes. 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.

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.

Statement on Internal Controls

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

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

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

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

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

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

The Board is cognizant of its responsibilities in setting the overall direction of the Bank. During the course of the year, the Board has diligently overseen the progress of the Bank against the strategic objectives and has monitored the overall strategy considered to reach those objectives. The Bank's financial and operational soundness, governance structure, the effectiveness of internal controls and audit functions and risk management framework continues to be monitored regularly. The Board continues to regularly review all significant policies as per the regulatory requirements.

Factors that may potentially affect the Bank's resources, revenues and operations are regularly focused and prioritized by the Board in setting the overall strategic direction. These include:

- Decisions on Discount Rate / Monetary policy;
- Revisions to rate of returns on deposits;
- Repricing on loans and advances;
- New entrants to the competitive landscape; for eg. Fin-tech companies penetrating the retail payments business;
- Investment Strategy in the medium to short term as well as long term;
- Geo-Political risks and uncertainties, including law and order situation;
- Government rules and regulations;
- Inflation, fuel and general commodity prices;
- Corporate taxation measures;
- Technological advancements leading to competitive advantage;
- Dividend decisions and Capital Adequacy;
- The potential impacts of changes in accounting and regulatory framework.

Amongst the significant exercises conducted this year, was the impact assessment of the International Financial Reporting Standard 9, Financial Instruments, on the Bank's financial statements. The Bank has engaged the services of a renowned consultant firm in facilitating this review and eventual implementation of the requirements at the Bank.

Furthermore, the Bank is also performing impact assessments of other financial reporting standards on its financial position, as detailed in note 2.3 to the financial statements. A key standard would be International Financial Reporting Standard 16, Leases, as this would materially change the way rental agreements for the Bank's rented branch premises are treated and accounted for.

While the above factors are regularly reviewed and monitored for any potential impacts, risks and uncertainties, some beyond control, do remain. However, based on the Board's current assessment, there are no significant doubts about the Bank's ability to continue as a going concern.

Financial Statements

The financial statements of the Bank have been audited without qualification by the auditors of the Bank, M/s. A.F. Ferguson & Co., Chartered Accountants and approved / authorized by the Board in its meeting held on 22 February 2019 for issuance to the shareholders.

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

External Auditors

The present auditors, M/s. A.F. Ferguson & Co., Chartered Accountants, have completed their term of five years, from 2014 to 2018, and are not eligible for re-appointment as per the Listed Companies Corporate Governance Regulations.

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

On the recommendation of the Board Audit Committee, the Board has proposed the appointment of M/s. KPMG Taseer Hadi & Co., as statutory external auditors of Bank for the year 2019. The appointment shall be subject to approval in the 27th Annual General Meeting of the Bank's shareholders.

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

Corporate Social Responsibility

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

During the current year, the Board of Directors has approved the Bank's Green Banking Policy, developed in line with the SBP's guidelines issued in this regard. The policy encourages ecological environment friendly initiatives undertaken through adoption of a defined set of principles. Internal structures that provide for administrative procedures have been defined so that employees are in

position to manage green banking requirements. Under the policy, the Bank is in the process of developing a systematic approach to facilitate periodic review the Bank's overall portfolio, its environmental risk positions and reporting to relevant stakeholders.

Six Years' Operating and Financial Data

Six years' financial performance of the bank is presented on page no 51 of this Annual Report.

Credit Rating

The Pakistan Credit Rating Agency (PACRA) has maintained bank's credit rating of AA- for long term and A1+ for short term with stable outlook, through its notification dated 20 December 2018. The rating reflects bank's sustained and stable positions in the market with strong risk profiling and lending capacity.

PACRA has also maintained 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, and the rating of the Bank's unsecured, subordinated, rated, listed, perpetual, non-cumulative and contingent convertible Term Finance Certificates (ADT – 1) issue of worth PKR 4,000 million at A (Single A) with Stable Outlook also vide their notification dated 20 December 2018.

Pattern of Shareholding:

The pattern of shareholding as required under section 227(2)(f) of the Companies Act, 2017 forms part of this Director's Report which has been placed at page 189 of the Annual Report.

Related Party Transactions:

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

Looking ahead

Moving ahead, the Bank aims to revamp its banking operations, technological progression and to bring in structural reforms to remain competitive and to provide efficient and world-class services to its customers.

We will continue to diversify our deposit portfolio mix to further increase CASA percent and improve Cost of deposits. We further aim to increase advance portfolio whilst maintaining controls and risk mitigation mechanism. The focus would be to make good recoveries and thus further bring down NPL ratio.

Effective risk Management remains a top priority to mitigate all potential threats. Board Risk Management Committee is committed to continue monitoring, assessment and management of the risk profile of the Bank.

The Board reiterates its objective to remain compliant with all statutory and regulatory guidelines and policies, to promote the culture of integrity and compliance across the board.

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

Despite external pressures and economic headwinds, the board is confident that 2019 would be an aspiring year for Soneri Bank. We would continue to perform well in all avenues to improve return for our shareholders.

Dividend

The Board of Directors of the Bank, in their meeting held on 22 February 2019, has recommended a final cash dividend (D-10) of Re. 1/- per share (i.e. 10 percent) for the year ended 31 December 2018 to be approved in the 27th Annual General Meeting of the Shareholders.

Acknowledgment:

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

2018 was a year of technological change at the Bank, which presented many challenges. We would like to place on record, our appreciation for the Bank's employees for their relentless commitment, dedication and continued hard work in making this transition possible. We are certain, that with this level of commitment and ownership, the Bank can achieve further accolades in the years to come.

For and on behalf of the Board of Directors,

MOHAMMAD AFTAB MANZOOR
President & Chief Executive Officer

ALAUDDIN FEERASTA
Chairman

Lahore: 22 February 2019

تمام ممکنہ خدشات میں کمی کے لیے خطرات سے مؤثر طور پر نمٹنا اعلیٰ ترین ترجیح رہی۔ بورڈ کی رسک منجمنٹ کمیٹی؛ بینک کی خطرات کی پروفائل کی نگرانی، تجزیے اور نظم و نسق جاری رکھنے کے لیے کوشاں ہے۔ بورڈ؛ پورے ادارے میں خلوص و شفافیت اور تعمیل کی روایت کو فروغ دینے کے لیے، تمام دستوری اور انضباطی ہدایات اور پالیسیوں کی تعمیل جاری رکھنے کے اپنے مقصد کا اعادہ کرتا ہے۔

بینک جدید ڈیجیٹل دور میں اپنا وجود برقرار رکھنے کے لیے اپنے پروسیجرز کو ڈیجیٹل بنیادوں پر استوار کرنے اور نئی پراڈکٹس سامنے لانے کے عمل سے گزر رہا ہے۔ ڈیجیٹل خطوط پر استواریت سے سائبر سیکورٹی کے خدشات اور خطرات لاحق ہو جاتے ہیں۔ ان مسائل سے عہدہ برآ ہونے کے لیے، بینک مضبوط اور مؤثر پروسیجرز کی تشکیل میں مصروف عمل ہے جو اس کے کسٹمرز کو کسی فکرمندی کے بغیر بینکاری کے عمل سے لطف اندوز ہونے میں مدد دیں گے۔

بیرونی دباؤ اور معاشی افق پر گہرے بادل چھاننے کے باوجود، بورڈ پُر اعتماد ہے کہ 2019 سوئیری بینک کے لیے ایک پُر عزم سال ثابت ہوگا۔ ہم اپنے حصص داران کے منافع جات کو بہتر بنانے کے لیے تمام تر شعبوں میں عمدہ کارکردگی دکھاتے رہیں گے۔

ڈیویڈنڈ:

بینک کے بورڈ آف ڈائریکٹرز نے 22 فروری 2019 کو منعقدہ اپنے اجلاس میں برائے اختتام سال 31 دسمبر 2018 کے لیے 1 روپیہ فی حصص (یعنی 10 فیصد) کے حتمی کیش ڈیویڈنڈ (D-10) کی سفارش کی ہے جس کی منظوری حصص داران کے 27 ویں سالانہ عمومی اجلاس میں دی جائے گی۔

ستائشی کلمات:

بورڈ کی طرف سے، ہم اسٹیٹ بینک آف پاکستان، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اور دیگر انضباطی اداروں کی جانب سے فراہم کردہ مسلسل رہنمائی اور تعاون پر ان کے تہہ دل سے شکر گزار ہیں۔ اس کے ساتھ ساتھ، ہم اپنے حصص داران، اپنے معزز کسٹمرز اور بزنس پارٹنرز کو ان کی سرپرستی پر خراج تحسین پیش کرتے ہیں۔

2018 بینک میں ٹیکنالوجی کی تبدیلی کا سال تھا، جس کے نتیجے میں بہت سے مسائل سامنے آئے۔ ہم اس تبدیلی کے عمل کو ممکن بنانے کے لیے بینک کے ملازمین کو ان کے بے لوث خلوص، لگن اور جہد مسلسل پر خراج تحسین پیش کرتے ہیں۔ ہمیں یقین ہے کہ اس سطح کے خلوص اور اپنائیت کے ساتھ، بینک آنے والے سالوں میں مزید سنگ میل عبور کرے گا۔

بورڈ آف ڈائریکٹرز کی جانب سے

علاؤ الدین فراسٹہ

چیئرمین

محمد آفتاب منظور

صدر اور چیف ایگزیکٹو آفیسر

لاہور: 22 فروری 2019

کاروباری سماجی ذمہ داری:

سونیری بینک سماجی معاشی ترقی میں اپنا بھرپور کردار ادا کر رہا ہے۔ بینک، صحت عامہ، تعلیم اور خواتین کو خود مختار بنانے کے شعبوں کے ساتھ ساتھ معاشرتی فروغ، کھیلوں اور بحالی کے دیگر شعبوں کے حوالے سے فلاح و بہبود کی سرگرمیوں میں باقاعدگی سے فعال انداز میں شرکت کرتا ہے۔ دوران سال بینک کی بنیادی CSR سرگرمیوں کا ایک خلاصہ سالانہ رپورٹ میں موجود ہے۔

اس سال کے دوران، بورڈ آف ڈائریکٹرز کی جانب سے بینک کی گرین بینکنگ پالیسی کی منظوری دی گئی ہے، جس کو ایس بی پی کی جاری کردہ ہدایات کے مطابق تیار کیا گیا ہے۔ یہ پالیسی مقرر کردہ اصولوں کو اپناتے ہوئے ماحولیات کو فروغ دینے میں ایک دوستانہ اقدام ہے۔ اندرونی ڈھانچے جو انتظامی طریقہ کار کے لیے فراہم کئے گئے ہیں، انہیں واضح کر دیا گیا ہے تاکہ ملازمین گرین بینکنگ کی ضروریات کو منظم کرنے کی پوزیشن میں رہیں۔ پالیسی کے تحت، بینک کے مجموعی پورٹ فولیو، اس کے ماحولياتی خطرات کے پہلو اور متعلقہ اسٹیک ہولڈرز کو رپورٹنگ کے لیے متواتر نظر ثانی کی سہولت کے حوالے سے بینک ایک منظم نقطہ نظر پر مصروف عمل ہے۔

چھ سالہ عملی اور مالیاتی ڈیٹا:

بینک کی چھ سالہ مالیاتی کارکردگی اس سالانہ رپورٹ کے صفحہ نمبر 51 پر دی گئی ہے۔

ساکھ کی درجہ بندی (کریڈٹ ریٹنگ):

پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے اپنے ایک اعلیٰ مورخہ 20 دسمبر 2018 کے ذریعے طویل المیعاد حوالے سے بینک کی کریڈٹ ریٹنگ کو AA اور قلیل المیعاد بنیاد پر A1+ پر مستحکم منظر نامے کے ساتھ برقرار رکھا ہے۔ یہ درجہ بندی خطرات کی مضبوط پروفائل اور قرض دینے کی مستحکم صلاحیت کے ساتھ مارکیٹ میں بینک کی عمدہ اور مستحکم حیثیتوں کو ظاہر کرتی ہے۔

PACRA نے غیر محفوظ، ذیلی اور لٹل ٹرم فنانس سرٹیفکیٹس (TFC-2) کے 3,000 ملین روپے مالیت کے اجراء کی کریڈٹ ریٹنگ بھی A+ (واحد A پلس) پر مستحکم منظر نامے کے ساتھ برقرار رکھی ہے، اور بینک کے غیر محفوظ، ذیلی، درجہ بند، لٹل، دائمی، غیر مجموعی اور حسب ضرورت قابل منتقلی ٹرم فنانس سرٹیفکیٹس (ADT-1) کے 4,000 ملین روپے مالیت کے اجراء کی درجہ بندی بھی اپنے 20 دسمبر 2018 کے اعلیٰ کے ذریعے A (واحد A) پر مستحکم منظر نامے کے ساتھ کی ہے۔

حصص کی ملکیت کی ترتیب:

کمپنیز ایکٹ، 2017 کے سیکشن (f)(2) 227 کے تحت درکار حصص کی ملکیت کی ترتیب، ڈائریکٹرز رپورٹ کے ایک حصے پر مشتمل ہے جسے سالانہ رپورٹ کے صفحہ 189 پر دیا گیا ہے۔

متعلقہ فریق کے ساتھ لین دین:

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

مستقبل کا منظر نامہ:

مستقبل میں بینک دیگر اداروں سے بہتر سطح پر رہنے اور اپنے کسٹمرز کو موثر اور عالمی معیار کی خدمات فراہم کرنے کے لیے اپنے بینکنگ آپریشنز میں جدت انگیزی، ٹیکنیکی پیش رفت اور ساختی اصلاحات عمل میں لانے کا عزم رکھتا ہے۔

ہم CASA کی شرح کو مزید بڑھانے اور ڈپازٹس کی لاگت کو بہتر بنانے کے لیے اپنے ڈپازٹ پورٹ فولیو کو وسعت دینا جاری رکھیں گے۔ ہم کنٹرولز اور خطرات میں کمی کے طریقہ کار کو برقرار رکھتے ہوئے پیشگی ادائیگیوں کے پورٹ فولیو میں اضافے کا بھی عزم رکھتے ہیں۔ تمام توجہ عمدہ وصولیوں اور نتیجتاً NPL کی شرح کو مزید نیچے لانے پر مبذول ہوگی۔

☆ جغرافیائی سیاسی خطرات اور ناگہانی عوامل، بشمول امن وامان کی صورتحال؛

☆ سرکاری اصول و ضوابط؛

☆ افراط زر، ایندھن اور عمومی اشیائے تجارت کی قیمتیں؛

☆ کاروباری محصول کاری کے اقدامات؛

☆ مسابقتی فائدہ فراہم کرتی ٹیکنالوجی کی پیش رفت؛

☆ ڈیویڈنڈ کے فیصلے اور کیپٹل کی موزونیت؛

☆ اکاؤنٹنگ اور انضباطی دائرہ عمل میں تبدیلیوں کے ممکنہ اثرات

اس سال منعقدہ نمایاں افعال میں، بینک کے مالیاتی گوشواروں پر بین الاقوامی مالیاتی رپورٹنگ کے معیار 9، مالیاتی اثاثوں کی اثر پذیری کا تجزیہ تھا۔ بینک نے اس جائزاتی عمل اور بینک میں لوازمات کے حتمی نفاذ میں سہولت کے لیے ایک معروف کنسلٹنٹ فرم کی خدمات حاصل کر لی ہیں۔

علاوہ ازیں، بینک اپنی مالیاتی حیثیت پر دیگر مالیاتی رپورٹنگ کے معیارات کے اثراتی تجزیے بھی انجام دے رہا ہے، جس کی تفصیل مالیاتی گوشواروں کے نوٹ 2.3 میں دی گئی ہے۔ ایک بنیادی معیار بین الاقوامی مالیاتی رپورٹنگ کا معیار 16، لیزز، ہوگا کیونکہ یہ کرائے کی زمینوں پر موجود بینک کی برانچوں کے کرایہ جاتی معاہدوں کو برتنے اور ان سے عہدہ برآ ہونے کے انداز کو یکسر بدل کر رکھ دے گا۔

اگرچہ کسی بھی ممکنہ اثرات، خطرات اور غیر یقینی حالات کے حوالے سے درج بالا عوامل کا باقاعدگی سے جائزہ لیا اور نگرانی کی جاتی ہے، تاہم پھر بھی کنٹرول سے باہر بعض عوامل موجود رہتے ہیں۔ بہر حال، بورڈ کے موجودہ تجزیے کی بنیاد پر، ایک جاری کاروبار کی حیثیت سے، بینک کی اہلیت پر کوئی نمایاں شکوک و شبہات نہیں ہیں۔

مالیاتی گوشوارے:

بینک کے مالیاتی گوشواروں کو بینک کے آڈیٹرز، میسرز اے۔ ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس کی جانب سے غیر کوالیفائیڈ رپورٹ کے ساتھ آڈٹ کیا گیا اور اسے بورڈ کی جانب سے اس کے اجلاس منعقدہ 22 فروری 2019 کو حصص داران کو اجراء کے لیے منظور کیا گیا/توثیق کی گئی۔

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

ایکسٹرنل آڈیٹرز:

موجودہ آڈیٹرز، میسرز اے۔ ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس، 2014 سے 2018 تک اپنی پانچ سالہ میعاد پوری کر چکے ہیں اور لڈیکلینیز کی کارپوریٹ گورننس ریگولیشنز کے مطابق دوبارہ تقرری کے اہل نہیں ہیں۔

بینک کی مینجمنٹ اور بورڈ کی جانب سے، ہم ریٹائر ہونے والے آڈیٹرز کا تہ دل سے شکر یہ ادا کرتے ہوئے انہیں خراج تحسین پیش کرتے ہیں کہ انہوں نے اپنی تقرری کی مکمل میعاد میں ہمارے لیے بے پناہ خدمات اور معاونت فراہم کیں۔

بورڈ آڈٹ کمیٹی کی سفارش پر، بورڈ نے میسرز M/s. KPMG Taseer Hadi & Co. کی سال 2019 کے لیے بینک کے باضابطہ آڈیٹرز کے طور پر تقرری کی تجویز پیش کی ہے۔

اس تقرری کی منظوری بینک کے حصص داران کے 27 ویں سالانہ عمومی اجلاس میں دی جائے گی۔

موجودہ آڈیٹرز فرم نے تصدیق کی ہے کہ انہیں انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹینٹس آف پاکستان کے کوالٹی کنٹرول کے جائزے کے پروگرام کے تحت اطمینان بخش درجہ بندی فراہم کی گئی ہے، اور یہ کہ فرم اور ان کے تمام شرکاء، انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹینٹس آف پاکستان کی جانب سے اختیار کردہ، ضابطہ اخلاق پر انٹرنیشنل فیڈریشن آف اکاؤنٹینٹس (IFAC) کی ہدایات کی تعمیل کرتے ہیں اور تمام مجوزہ قوانین کے تحت تقرری کے لوازمات پر پورا اترتے ہیں۔

بینک کی حکمت عملی پر عمل درآمد کرتے ہوئے، بینک اندرونی طور پر منظور شدہ متوقع خطرات اور کیپیٹل، سیال پذیری اور قرضوں (لیوریج) کے خطرات سے متعلقہ بیرونی لوازمات کی حد میں رہتے ہوئے اپنی سرگرمیاں انجام دیتا ہے۔ بینک اس بات کو یقینی بنانے کے لیے کوشاں ہے کہ خطرات سے مؤثر طور پر نمٹنا اس کی تمام تر سرگرمیوں کا مرکزی نکتہ ہو اور اس کی بینجمنٹ کی بنیادی صلاحیت ہو۔ مقصد اس بات کو یقینی بنانا ہے کہ خطرات سے نمٹنا بینک کے پراسیسز اور روایت میں رچ بس جائے، اور یوں اس کے بنیادی اہداف کی تکمیل میں اہم سنگ میل ثابت ہو۔

انٹرنل کنٹرولز کا اعلامیہ:

بینک کی بینجمنٹ داخلی کنٹرولز کے مستحکم و مضبوط نظام کو برقرار رکھنے کی ذمہ دار ہے تاکہ آپریشنز، قانونی لوازمات کی تعمیل اور معتبر مالیاتی رپورٹنگ کی استعداد اور مؤثر پذیرگی کو یقینی بنایا جاسکے۔ بینک کے مجموعی اہداف کی تکمیل کے لیے تعطل کے خطرے کی نشاندہی اور خاتمے کے لیے موزوں سسٹمز، پراسیسز اور کنٹرولز کا نفاذ کیا گیا ہے۔ یہ کنٹرولز ان پالیسیوں اور طریقہ عمل کو شامل کرتے ہیں، جو بورڈ آف ڈائریکٹرز کی جانب سے منظور شدہ ہوتے ہیں۔ اور ان کی تعمیل اور مؤثر پذیرگی کا احاطہ کرتے ہیں۔ جس کی تصدیق ایک خود مختار داخلی آڈٹ کا ڈویژن براہ راست بورڈ آڈٹ کمیٹی کو رپورٹ کرتے ہوئے کرتا ہے۔

موجودہ پالیسیاں اور طریقہ عمل کا باقاعدگی کے ساتھ جائزہ لیا جاتا ہے اور حسب ضرورت ان میں وقتاً فوقتاً بہتری لائی جاتی ہے۔ بورڈ نے خطرات سے نمٹنے کے مجموعی دائرہ عمل، مالیات اور حکمت عملی کے عمومی جائزے کے لیے اپنی ذیلی کمیٹیاں تشکیل دی ہیں، جو عملداری کی موزونیت کو یقینی بنانے کے لیے باقاعدگی کے ساتھ ملاقات کرتی ہیں۔

بورڈ آف ڈائریکٹرز اس بات کو یقینی بنانے کے لیے اپنی ذمہ داری کا اعتراف کرتا ہے کہ ہمارے بینکنگ آپریشنز کے تمام تر پہلوؤں کا احاطہ کرنے والا موزوں اور مؤثر داخلی کنٹرول سسٹم نافذ العمل ہے اور سینئر بینجمنٹ کی جانب سے اس پر مستعدی سے عمل کیا جاتا ہے۔

داخلی آڈٹ کے ڈویژن کی مختلف رپورٹس، کمپلائنس کنٹرول اور تفتیشی گروپ، آئی سی آڈیٹرز اور ان کے ساتھ ساتھ مختلف پالیسیوں، طریقہ عمل اور وقتاً فوقتاً جائزے اور منظوری کے لیے پیش کیے جانے والے دیگر معاملات کے ذریعے داخلی کنٹرول سسٹم کے ہمارے جائزے کی بنیاد پر، ہم یقین رکھتے ہیں کہ داخلی کنٹرول کا بینک کا موجودہ سسٹم تخلیق کے اعتبار سے مناسب تصور کیا جاتا ہے اور اس کا مؤثر نفاذ اور نگرانی کی جارہی ہے۔

بورڈ، اس سالانہ رپورٹ کے جزو کے طور پر پیش کردہ داخلی کنٹرولز کے اعلامیے میں بیان کردہ، مجموعی داخلی کنٹرول سسٹم ICFR کی مؤثر پذیرگی پر بینجمنٹ کے تجزیے کی توثیق کرتا ہے۔

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

بورڈ، بینک کی مجموعی سمت متعین کرنے کے عمل میں اپنی ذمہ داریوں کا ادراک رکھتا ہے۔ زیر جائزہ سال کے دوران، بورڈ نے مستقل مزاجی کے ساتھ بینک کی کارکردگی کا حکمت عملی پر مبنی اہداف کے لحاظ سے جائزہ لیا اور ان اہداف کی تکمیل کے لیے مجموعی زیر غور حکمت عملی کی نگرانی کا عمل انجام دیا ہے۔ بینک کے مالیاتی اور عملی استحکام، عملداری کے اسٹریٹجی، داخلی کنٹرولز اور آڈٹ کے افعال کی مؤثر پذیرگی اور خطرات سے نمٹنے کے دائرہ عمل کی باقاعدگی سے مسلسل نگرانی کی جارہی ہے۔ بورڈ انضباطی لوازمات کے مطابق تمام اہم پالیسیوں کا باقاعدگی سے مسلسل جائزہ لے رہا ہے۔

بینک کے وسائل، آمدنیوں اور آپریشنز پر ممکنہ طور پر اثر انداز ہونے والے عوامل کو حکمت عملی کی حامل مجموعی سمت کے تعین کے لیے بورڈ کی جانب سے باقاعدگی کے ساتھ ملحوظ اور ترجیح یافتہ رکھا جاتا ہے۔ ان میں شامل ہیں:

☆ رعایتی شرح / زری پالیسی پر فیصلہ سازی؛

☆ ڈپازٹس پر منافعوں کی شرح پر نظر ثانی؛

☆ قرضوں اور پیشگی ادائیگیوں پر کم نرخ بندی؛

☆ مسابقتی منظر نامے میں نیا داخلہ؛ مثلاً فن ٹیک کمپنیوں کا ریٹیل ادائیگیوں کے کاروبار میں سرایت کرنا؛

☆ متوسط سے قلیل المیعا اور اس کے ساتھ ساتھ طویل المیعا میں سرمایہ کاری کی حکمت عملی؛

کے قیام و طعام، ہوائی ٹکٹ اور پک اینڈ ڈراپ سے متعلقہ اخراجات بینک کی جانب سے برداشت کیے جائیں گے۔ ایسے نان ایگزیکٹو ڈائریکٹرز کو ادائیگی کے لیے ہوٹل میں ایک رات کے قیام کا الٹوئس /10,000 روپے منظور کیا گیا جو بینک کی فراہم کردہ قیام گاہ سے استفادہ نہیں کرتے۔ مزید برآں، پالیسی کے مطابق اس طرح کا مشاہرہ ایگزیکٹو ڈائریکٹرز کو نہیں ادا کیا جائے گا۔ تاہم، قیام و طعام، ہوائی ٹکٹ اور حسب معمول ٹی اے / ڈی اے بینک کی منظور شدہ سفری پالیسی کے مطابق ادا کیا جائے گا۔

اس پالیسی کا مقصد بینک کے نان ایگزیکٹو ڈائریکٹرز بشمول خود مختار ڈائریکٹرز کو، ان کی جانب سے بینک کو فراہم کردہ رہنمائی اور عمومی جائزے اور اس کے ساتھ ساتھ بینک کے روزمرہ افعال کی باسہولت انجام پذیری کی خاطر پالیسیاں مرتب کرنے کے لیے اپنا قیمتی وقت دیے جانے پر انہیں مناسب مشاہرہ ادا کرنا ہے۔ اس سے بینک کے عمدہ کاروباری عملداری اور حصص داران کے لیے مستحکم طویل المیعاد قدر کی تخلیق کے مقصد کی ترجمانی ہونے کے ساتھ ساتھ مضبوط و موثر رسک منجمنٹ کے فروغ کا مقصد بھی ہے۔

پروویڈنٹ اور گریجویٹ فنڈز کی سرمایہ کاریوں کا گوشوارہ:

بینک اپنے تمام مستقل ملازمین کے لیے منظور کردہ رقم کے ساتھ پروویڈنٹ اور گریجویٹ فنڈز اسکیمیں چلاتا ہے۔ فنڈز کے حالیہ ترین آڈٹ شدہ مالیاتی گوشواروں پر مبنی سرمایہ کاری کے میزانیے (بینکوں میں ڈپازٹ کے علاوہ) یہ ہیں:

(روپے '000 میں)

525,730

144,304

پروویڈنٹ فنڈز کی سرمایہ کاری

گریجویٹ فنڈز کی سرمایہ کاری

خطرات سے نمٹنے کے دائرہ عمل پر اعلامیہ:

بینک کا خطرات سے نمٹنے کا فلسفہ اور پالیسی انضباطی معیارات، انڈسٹری کے بہترین طریقہ ہائے کار اور بینک کی سرگرمیوں کے پیمانے اور پیچیدگی کے تناسب سے ہم آہنگ ہے۔ اس میں اثاثوں پر منافعوں اور خطرات کے درمیان توازن قائم رکھنے، حصص داران کی قدر مزید بہتر بنانے کے لیے مارکیٹ شیئر میں اضافے کی کاوشوں، معیاری اثاثوں اور کپٹل کے تحفظ کو یقینی بناتے ہوئے کاروبار کی ترقی کی بدولت منافع جات سے بھرپور استفادہ کرنا شامل ہے۔

خطرات سے نمٹنے کی ہماری حکمت عملی کا ہدف خطرات کے حوالے سے درست عملداری کو یقینی بنانا ہے تاکہ بیرونی عوامل اور ہماری کاروباری سرگرمیوں سے پیدا ہونے والے خطرات کی دریافت، کنٹرول اور ان سے چھٹکارے میں سہولت پیدا کی جائے اور ان خطرات سے نمٹنے کے لیے مناسب کپٹل کو موثر انداز میں محفوظ رکھا جائے۔ خطرات کا حل، سینئر مینجمنٹ کمیٹیوں کی جانب سے مرتب کردہ اور بورڈ اور اس کی کمیٹیوں کی جانب سے منظور کردہ درجوں میں رہتے ہوئے نکالا جاتا ہے۔ ہم نے پالیسیوں، اصول عمل، ٹولز اور پراسیسز کے دائرہ عمل کا نفاذ کر لیا ہے جو بینک کو لاحق حقیقی خطرات کی نشاندہی، پیمائش، نگرانی اور کنٹرول میں ہماری مدد کریں گے۔ اس سے ہمیں بینکاری کے بنیادی عوامل پر اپنی کاوشوں کو مرکوز کرنے اپنے تمام ٹرانسٹیک ہولڈرز کے لیے طویل المیعاد قدر کی تخلیق کے لیے تقویت ملتی ہے۔

بینک کا خطرات کی عملداری کا دائرہ کار، پالیسیاں اور متوقع خطرات؛ بینک کی خطرات سے نمٹنے کی سرگرمیوں کے لیے جامع اصول اور رہنمائی فراہم کرتے ہیں۔ یہ کپٹل منجمنٹ، حکمت عملی پر مبنی منصوبہ سازی، تخمینہ بندی اور کارکردگی کے نظم و نسق کے لیے ہمارے اہم فیصلوں کی تشکیل میں مدد دیتے ہیں تاکہ اس بات کو یقینی بنایا جاسکے کہ خطرات کے حجم کو موزوں اور موثر انداز میں زیرِ غور لایا گیا ہے۔ خصوصاً، بینک کے متوقع خطرات، بینک کے داخلی کپٹل کی موزونیت کے تجزیاتی عمل (ICAAP) کا حصہ ہیں، جو اس بات کو یقینی بنانے کے لیے دباؤ کا معائنہ بروئے کار لاتے ہیں کہ بینک کا کپٹل، خطرات اور منافع، دباؤ کی صورتحال کے تحت قابل قبول درجوں کی حد میں ہیں۔ ہم کارکردگی کی پیمائش کے لیے خطرات سے متعلقہ کارکردگی کے بنیادی علامتی عوامل (KPIs) کی تخلیق میں بینک کے متوقع خطرات کو بھی زیرِ غور لاتے ہیں۔ اس سے پورے ادارے میں خطرات سے نمٹنے کے طرزِ فکر اور روایت کے مکمل فروغ میں مدد ملتی ہے۔

اپنے تمام اسٹیک ہولڈرز کے مفاد میں، ہم صرف وہی خطرات مول لیتے ہیں جو ہماری توقع اور سکت کے مطابق ہوں اور ہمارے بورڈ کی منظور شدہ خطرات کی حکمت عملی کے مطابق ہوں۔ خطرات سے نمٹنے کی پالیسیوں، نمونوں، ٹولز اور سسٹمز کو دائرہ عمل میں بہتری اور بازاری تبدیلیوں سے ہم آہنگ رکھنے کے لیے باقاعدگی سے جانچا جاتا ہے۔ ہم اس بات کو یقینی بناتے ہیں کہ خطرات مول لینے کا عمل شفاف، منضبط اور خطرات سے نمٹنے کے دائرہ عمل سے ہم آہنگ ہو، خطرات کی توقعات اور انہیں برداشت کرنے کی سکت کی حد میں ہو اور صرف وہیں بروئے کار لایا جائے جہاں موزوں انفراسٹرکچر اور وسائل دستیاب ہوں۔

بورڈ اور کمیٹیوں کے اجلاس:

2018 کے دوران بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کے منعقدہ اجلاس اور ہر ڈائریکٹر / کمیٹی کے رکن کی حاضری کی تفصیلات ذیل میں دی گئی ہیں:

نمبر شمار	ڈائریکٹر کا نام	بورڈ آف ڈائریکٹرز کے اجلاس		بورڈ آڈٹ کمیٹی کے اجلاس		بورڈ کریڈٹ کمیٹی کے اجلاس		مشاہرہ پیمن ریٹورس اور مشاہرہ کمیٹی کے اجلاس		بورڈ رسک مینجمنٹ کمیٹی کے اجلاس		بورڈ خود مختار ڈائریکٹرز کی کمیٹی کے اجلاس		بورڈ آئی ٹی کمیٹی کے اجلاس	
		حاضری**	دوران سال منعقدہ	حاضری**	دوران سال منعقدہ	حاضری**	دوران سال منعقدہ	حاضری**	دوران سال منعقدہ	حاضری**	دوران سال منعقدہ	حاضری**	دوران سال منعقدہ	حاضری**	دوران سال منعقدہ
1.	جناب علاؤ الدین فراسی	6	6	*	*	4	4	*	*	*	*	*	*	*	*
2.	جناب محمد آفتاب منظور	6	6	*	*	4	4	*	*	4	4	*	*	*	*
3.	جناب نور الدین فراسی	4	6	2	4	2	4	*	*	*	*	*	*	*	*
4.	جناب ابن اے۔ فراسی	5	6	*	*	*	*	*	*	4	4	*	*	*	*
5.	جناب محمد رشید طاہر	6	6	4	4	4	4	*	*	*	*	*	*	*	*
6.	جناب منظور احمد (این آئی ٹی کے نامزد)	6	6	*	*	4	4	4	4	4	4	*	*	*	*
7.	جناب انعام الہی	6	6	4	4	*	*	4	4	4	4	1	1	1	1
8.	جناب جمیل حسن ہمدانی	6	6	4	4	*	*	4	4	4	4	1	1	1	1
		6		4		4		4		4		1		-	
		دوران سال منعقدہ ہونے والے اجلاسوں کی کل تعداد													

* ظاہر کرتا ہے کہ کمیٹی کا رکن نہیں ہے
** اجلاسوں میں شریک نہ ہو سکنے والے ڈائریکٹرز / ارکان کو بورڈ / کمیٹی کی جانب سے غیر حاضری کی باضابطہ اجازت دی گئی تھی۔

نوٹ: بورڈ / کمیٹیوں کی تشکیل اور ان کے TORs کو بھی سالانہ رپورٹ کے صفحہ 45 پر دیا گیا ہے۔

ڈائریکٹر کا مشاہرہ

بینک کے نان ایگزیکٹو ڈائریکٹرز بشمول خود مختار ڈائریکٹرز کے لیے بورڈ / کمیٹی کے اجلاسوں میں شرکت کے لیے مشاہرہ پالیسی کو بورڈ کی جانب سے 9 دسمبر 2017 کو منعقدہ اس کے 159 ویں اجلاس میں منظور کیا گیا۔ نان ایگزیکٹو ڈائریکٹرز (چیئرمین کے علاوہ) کے لیے بورڈ / کمیٹیوں کے اجلاسوں میں شرکت کے لیے اجلاس کی فیس کا پیمانہ حصص داران کی جانب سے -/75,000 روپے (بعد از ٹیکس) منظور کیا گیا۔ چیئرمین کے لیے، اسے بورڈ اور اس کی کمیٹیوں کے فی اجلاس پر -/500,000 روپے (بعد از ٹیکس) مقرر کیا گیا۔ بورڈ نے اس بات کی بھی منظوری دی کہ نان ایگزیکٹو ڈائریکٹرز

بینک کے بورڈ آف ڈائریکٹرز کی تشکیل:

بورڈ آف ڈائریکٹرز کا انتخاب 28 مارچ 2017 کو منعقدہ بینک کے حصص داران کے اجلاس کے 25 ویں سالانہ عمومی اجلاس میں کیا گیا۔ منتخب شدہ ارکان میں سے، سید علی ظفر 17 مئی 2017 سے مستعفی ہو گئے اور ان کی جگہ جناب جمیل حسن ہمدانی کا بورڈ نے تقریر کیا۔ 17 مئی 2017 کے بعد سے بورڈ آف ڈائریکٹرز کی تشکیل میں کوئی مزید تبدیلی نہیں ہوئی۔

بورڈ آف ڈائریکٹرز کی موجودہ تشکیل کچھ اس طرح ہے: ڈائریکٹرز کی مجموعی تعداد: 08 بشمول صدر اور چیف ایگزیکٹو آفیسر

مرد 08
خواتین کوئی نہیں

کیٹیگری	نام
خود مختار ڈائریکٹرز	جناب انعام الہی جناب جمیل حسن ہمدانی
نان ایگزیکٹو ڈائریکٹرز	جناب علاؤ الدین فراستہ جناب نور الدین فراستہ جناب محمد رشید ظاہر جناب منظور احمد (این آئی ٹی کے نامزد)
ایگزیکٹو ڈائریکٹرز	جناب محمد آفتاب منظور* (صدر اور چیف ایگزیکٹو آفیسر) جناب امین اے۔ فراستہ (چیف آپریٹنگ آفیسر)

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

بورڈ نے اپنے ترقیاتی پروگرام سے متعلقہ شق کی مکمل تعمیل جاری رکھی ہے۔ چار ڈائریکٹرز پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس ("PICG") سے سرٹیفکیٹ آف ڈائریکٹر ایجوکیشن حاصل کر چکے ہیں۔ ہمارے ڈائریکٹرز بھی حالیہ برسوں میں مختلف کورسز اور کٹا پوس میں شرکت کر چکے ہیں۔ سال 2015 میں، ایک ڈائریکٹر نے انسٹیٹیوٹ آف ڈائریکٹرز، برطانیہ کے ایک پروگرام "دی ایکسی لیرینڈ سرٹیفکیٹ ان کمپنی ڈائریکشن" پر ایک ہفتے پر مبنی کورس میں شرکت کی جس کا PICG کی جانب سے پاکستان میں انعقاد کیا گیا تھا۔ علاوہ ازیں، سال 2016 کے دوران، تین دیگر ڈائریکٹرز نے بھی ملائیشیا میں منعقدہ "کارپوریٹ گورننس اور ڈائریکٹرز یوٹیلٹی ایکسی لینس" کے موضوع پر تین مکمل دنوں پر مشتمل ورکشاپ میں شرکت کی۔

بورڈ کی کارکردگی کا تجزیہ

سال کے دوران، پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس ("PICG")، جو کہ پاکستان میں عمدہ کاروباری عملداری کے فروغ کے شعبے میں ایک اولین ادارہ ہے، بی پی آر ڈی مراسلہ نمبر 11 مورخہ 22.08.2016 اور لسٹڈ کمپنیز (ضابطہ برائے کاروباری عملداری) کے ضوابط، 2017 کے لوازمات کے مطابق، بورڈ کی کارکردگی کا تجزیہ کرنے اور اپنی تجزیاتی رپورٹ بورڈ کو پیش کرنے کے لیے رابطہ کیا گیا۔

PICG نے سال کے دوران بورڈ کی کارکردگی کا آزادانہ تجزیہ کیا اور اپنی تجزیاتی رپورٹ کو حتمی شکل دی۔ اس رپورٹ کا بورڈ کی جانب سے 22 فروری 2019 کو منعقدہ اس کے 167 ویں بورڈ اجلاس میں جائزہ لیا گیا اور ان کی جانب سے نشاندہی کردہ چیلنجز سے نمٹنے کے لیے انہیں باضابطہ طور پر نوٹ کیا گیا۔

31 دسمبر 2018 کو، بینک کا مجموعی پیشگی ادا کیے گئے اور ڈپازٹس کا تناسب (ADR) 74.26 فیصد رہا، جو کہ 2017 میں 76.01 فیصد تھا۔

2018 کے دوران، بینک کی فیس اور کمیشن کی آمدنی میں 313.066 ملین روپے کا نمایاں اضافہ ہوا، جو کہ 2017 کے مقابلے میں 22.48 فیصد مثبت بہتری کا اظہار تھا۔ بینک نے کرنسی کے اتار چڑھاؤ سے خاصہ فائدہ حاصل کیا، جس کی بنا پر اس سال غیر ملکی زرمبادلہ کی آمدنی 58.48 فیصد اضافے کے ساتھ 988.637 ملین روپے حاصل ہوئی جو کہ 2017 میں 623.807 ملین روپے تھی۔ ADC سے ذرائع آمدنی، اور ڈیویڈنڈز اور ٹریڈری سے متعلقہ سرگرمیوں نے بھی بنیادی منافع پر مثبت اثرات مرتب کیے۔ ڈیویڈنڈ سے حاصل شدہ آمدنی میں گزشتہ سال کے مقابلے میں 18.611 ملین روپے کی مثبت بہتری دیکھنے میں آئی۔ کے ایس ای۔ 100 کیپٹل مارکیٹ انڈیکس 2018 میں متزلی کا شکار رہا، نتیجتاً 2017 کے 91.559 ملین روپے کے برعکس 2018 میں 63.652 ملین روپے کے پست وصول شدہ منافع جات کی صورت میں برآمد ہوا۔ بازار زر کے منافع جات 2017 کے 1,066.685 ملین روپے کے مقابلے میں 2018 میں 195.330 ملین روپے رہے، جس کی بنیادی وجہ 2017 میں PIBs کی فروخت سے غیر حاصل شدہ منافع جات تھے۔

غیر مارک اپ اخراجات 2017 کے 7.003 بلین روپے کے مقابلے میں 5.38 فیصد سے بڑھ کر 2018 میں 7.380 بلین روپے ہو گئے۔ یہ اضافہ بنیادی طور پر برانچ نیٹ ورک میں توسیع (2018 میں 5 برانچ کھولی گئیں) اور اس کے ساتھ ساتھ عملے کی لاگتوں میں معتدل درجے کے اضافے کے باعث ہوا۔ لیز پر لی ہوئی عمارتوں اور مستقل زیر ملکیت زمین پر عمارتوں اور سیل فونز پر تخفیف قدر کی بلنگ میں آکاؤنٹنگ کے تبدیل شدہ تخمینے نے موافق اثر ڈالا، جس سے 263.612 بلین روپے کے مثبت اثرات مرتب ہوئے، اور اس کے علاوہ WWF کے تحت زیر تحویل اضافی واجب ادائیگی کے اجراء نے بھی اس پر مثبت اثر ڈالا جس کے نتیجے میں 120 ملین روپے کی بچت حاصل ہوئی جس پر مالیاتی گوشواروں کے نوٹس 3.5 اور 29.1 میں بالترتیب مکمل روشنی ڈالی گئی ہے۔ ان لاگت بچتوں کے اثرات کو پچھلے سال کے اختتام پر اثاثوں کی مقرر نرخ بندی کے باعث ہونے والی تخفیف قدر میں اضافے نے جزوی طور پر کم کر دیا، جس کے نتیجے میں تخفیف قدر کی لاگت میں 167.068 ملین روپے سے اضافہ ہوا، اور دوران سال اسٹیٹ بینک آف پاکستان کی ڈپازٹ کے تحفظ کی اسکیم کے تحت ڈپازٹس پر 80.006 ملین روپے کا تازہ ترین انشورنس پریمیئم کا محصول متعارف کروایا گیا۔

NPLs کے تحت مجموعی خالص وصولیاں، 2017 میں 63.247 بلین روپے کے نیٹ چارج کے مقابلے میں 2018 میں 85.749 بلین روپے ریکارڈ کی گئیں۔ اپنے مزید توسیعی منصوبوں کے بجائے، بینک نے 2018 میں حصول استحکام کے طرز فکر پر عمل کیا، اور سال بھر میں صرف 5 نئی برانچ کھولی۔ پورے سال کے دوران بینک کا برانچ کی ہیئت میں تبدیلی کا پروگرام، 2019 کی پہلی سہ ماہی میں نئے اجراء کے ہدف کے ساتھ کامیابی سے بروئے کار لایا گیا۔ یہ منصوبہ پورٹ فولیو کی مؤثر تنظیم، فروخت اور ڈسٹری بیوٹن کے نمونے، ساخت میں تبدیلی کے ذریعے بینک کے بنیادی کسٹمرز میں اضافے کا ارادہ رکھتا ہے۔

31 دسمبر 2018 تک، ایسے کوئی قرضے، TFCs، سکوکس یا کسی بھی قسم کے قرضہ جات نہیں تھے جن کے تحت بینک نا دہندہ ہو یا نا دہندگی کے خطرے کا حامل ہو۔

بینک کا کیپٹل اسٹرکچر:

سال کے دوران، بینک نے کامیابی کے ساتھ لیسڈ، دائمی، غیر محفوظ، ذیلی، غیر اجتماعی اور ضرورت کے تحت قابل منتقلی قرضہ جاتی اثاثوں کی شکل میں ADT-1 کیپٹل 4 بلین روپے کے حجم کے ساتھ جاری کیا۔ اس اجراء کا مقصد بینک کے مرحلہ 1 CAR کو مدد فراہم کرنا اور بینک کی قرض کی فراہمی کی استعداد میں اضافہ کرنا تھا۔ PACRA نے اس اثاثے کو مستحکم منظر نامے کے ساتھ A کی طویل المیعاد درجہ بندی دی ہے۔

کیپٹل کی مجموعی موزونیت کے لحاظ سے، بینک دسمبر 2018 کو اسٹیٹ بینک آف پاکستان کی عائد کردہ 11.90 فیصد کم سے کم CAR کی شرط کی مناسب تعمیل کرتے ہوئے 14.70 فیصد کے بیان کردہ CAR کے ساتھ مستقل استحکام کا حامل ہے۔

ہیومن ریسورس:

سوئیری بینک اپنے ملازمین کو ایک اثاثہ تصور کرتا ہے اور ہمیشہ ان کی فلاح و بہبود کے لیے کام کرتا رہا ہے۔ ہم نئے نئے زاویے نظر اور جدید خیالات کا خیر مقدم کرتے ہیں۔ استعداد کار میں اضافے اور صلاحیتوں کی تخلیق کے لیے تربیت اور ورکشاپس منعقد کی جاتی ہیں۔ ہم اپنے ملازمین کے لیے دیگر اداروں کی طرز پر مراعات و فوائد پیش کرتے ہیں۔

2017 2018
روپے بلین میں

9,928	10,213
7,003	7,380
2,848	2,905
1,660	1,784
1.5056	1.6179

مالیاتی کارکردگی

خالص مارک اپ آمدنی اور بلا مارک اپ آمدنی
بلا مارک اپ اخراجات
منافع قبل از ٹیکس
منافع بعد از ٹیکس
فی حصص آمدنی - روپے میں

کاروباری جائزہ:

بینک نے سال 2018 میں منافع قبل از ٹیکس (PBT) 2.905 بلین روپے اور منافع بعد از ٹیکس (PAT) 1.784 بلین روپے حاصل کیا جو کہ 2017 میں بالترتیب 2.848 بلین روپے اور 1.660 بلین روپے تھا۔ ان نتائج نے بالآخر بینک کے فی حصص آمدنی کو 2017 کے 1.5056 روپے فی حصص سے بڑھا کر 2018 میں 1.6179 روپے پر پہنچا دیا۔

سال کے دوران بنیادی شرح میں مرحلہ وار اضافے نے منافع کو خصوصاً قرضوں اور پیٹنگی قوم کی بگ کے موافق مکررنز بنڈی کے باعث، بہتر بنانے میں کردار ادا کیا۔ 2017 میں، پست سودی شرح کی عملداری کے نتیجے میں، بینک نے حجم میں نمایاں اضافے کے باوجود مارجن (منافع) پر دباؤ کا سامنا کیا۔ مجموعی مارک اپ آمدنی 2017 کی 18.505 بلین روپے کے مقابلے میں 16.73 فیصد سے بڑھ کر 2018 میں 21.600 بلین روپے ہو گئی۔

بینک کی مجموعی پیٹنگی ادائیگیوں کے پورٹ فولیو میں 12.77 فیصد، یا 22.059 بلین روپے اضافہ ہوا۔ غیر فعال قرضے 10.86 فیصد سے بڑھ کر 2017 کے 10.245 بلین روپے کے مقابلے میں 2018 میں 11.375 بلین روپے ہو گئے۔ پیٹنگی ادائیگیوں کے لیے اوسط حجم نے بھی ایسا ہی رجحان ظاہر کیا اور منافع جات 95 بنیادی پوائنٹس سے بہتر ہوئے۔ سال بہ سال کی بنیاد پر، پیٹنگی ادائیگیوں سے حاصل شدہ آمدنی میں 32.40 فیصد یا 3.118 بلین روپے سے اضافہ ہوا جبکہ مجموعی منافع 7.81 فیصد رہا۔ 2019 کے آغاز میں مکررنز بنڈی کے اثرات کی وجہ سے 2019 کی پہلی سہ ماہی میں منافع جات میں مزید اضافے کی توقع ہے۔

2018 کے اختتام پر، سرمایہ کاری میں 26.85 فیصد یا 31.509 بلین روپے کا نمایاں اضافہ دیکھنے میں آیا، جبکہ مجموعی سرمایہ کاری 148.835 بلین روپے رہی۔ سرمایہ کاری کی تشکیل میں زیادہ حصہ سرکاری سیکورٹیز، خصوصاً ٹریژری بلز پر مشتمل رہا۔ اوسطاً حجم گزشتہ سال کے مقابلے میں پست رہے۔ شرح سود پر ALCO کے نظریات کی بنیاد پر، جون 2018 کے بعد بینک کی حکمت عملی زیادہ تر ٹریژری بلز میں سرمایہ کاری کرتے ہوئے قلیل المیعاد پوزیشن کی عملداری تھی، تاکہ شرح سود کے ممکنہ خطرے کو کم سے کم کیا جاسکے اور قلیل تر میعاد میں دوبارہ سرمایہ کاری کے لیے سہولت حاصل رہے۔ سرمایہ کاری کی آمدنی گزشتہ سال کے مقابلے میں 111.679 بلین روپے سے کم رہی، جس کی بنیادی وجہ کم تر اوسط کے حامل حجم تھے۔

آمدنی میں اضافے کے اثرات کو ڈپازٹس اور حاصل شدہ قرضوں کی بڑھتی ہوئی لاگتوں نے جزوی طور پر کم کر دیا۔ 2018 میں مجموعی مارک اپ اخراجات 14.647 بلین روپے رہے جو کہ 2017 میں 12.032 بلین روپے تھے، گویا ان میں 21.73 فیصد اضافہ ہوا۔ تاہم، خالص مارک اپ آمدنی 2017 کی 6.472 بلین روپے کے مقابلے میں 7.43 فیصد سے بڑھ کر 2018 میں 6.953 بلین روپے ہو گئی۔

ڈپازٹس 2017 کے 227.304 بلین روپے کے مقابلے میں 15.43 فیصد کے اضافے کے ساتھ 2018 میں 262.379 بلین روپے ریکارڈ کیے گئے۔ اوسط حجم کے لحاظ سے 11.8 بلین روپے کی بہتری دیکھنے میں آئی۔ بینک کا مخلوط پورٹ فولیو 2018 میں CASA کی شرح 60.75 فیصد رہی۔ مکمل سال کی بنیاد پر بینک کے ڈپازٹس کی لاگت 4.44 فیصد رہی، جس میں 2017 کے مقابلے میں 60 بنیادی پوائنٹس سے اضافہ ہوا، جبکہ رعایتی شرح میں بھی سال بھر میں 425 بنیادی پوائنٹس سے اضافہ دیکھنے میں آیا۔ اوسط کرنٹ اکاؤنٹ حجم سال بہ سال کی بنیاد پر 8.45 فیصد سے بڑھا، یعنی یہ 2017 کے 56.088 بلین روپے کے مقابلے میں بڑھ کر 2018 میں 60.830 بلین روپے ہو گیا ہے۔

ہم نہایت مسرت کے ساتھ بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2018 کو ختم شدہ مالیاتی سال کے لیے، آڈٹ شدہ مالی تفصیلات اور آڈیٹرز رپورٹ کے ساتھ سوئیری بینک لمیٹڈ (بینک) کی ڈائریکٹرز رپورٹ پیش کر رہے ہیں۔

اقتصادی جائزہ:

سال 2018 میں اہم معاشی مسائل کا سامنا کرنے کے باوجود، پاکستان کا معاشی منظر نامہ مستحکم رہا۔ 2018 میں، ملک نے ایک اور کامیاب جمہوری اقتدار کی منتقلی کا مشاہدہ کیا، تاہم کئی معاشی عدم توازن مجموعی اقتصادی استحکام پر منفی اثر ڈالتے رہے۔ مالی سال 2018 میں 5.8 فیصد کی ایک عمدہ سالانہ جی ڈی پی کا اضافہ ریکارڈ کیا گیا، لیکن مالی سال 2019 میں کئی معاشی پالیسی کی توجہ استحکام کے حصول پر مرکوز رہنے کے باعث معاشی سرگرمی سست ہونے کا امکان ہے۔

نہتاً بلند کرنٹ اکاؤنٹ خسارے کے باعث ادائیگیوں کا توازن دباؤ میں رہا۔ مالی سال 2018 میں خسارہ 18.9 بلین امریکی ڈالر (یا جی ڈی پی کا 6.0 فیصد) رہا، جو اب تک کا سب سے زیادہ خسارہ ہے۔ ملک کے غیر ملکی زرمبادلہ کے ذخائر ایک مرحلے پر خطرناک حد تک گر گئے تھے کیونکہ بیرونی رقوم کی ناکافی آمد کے باعث خسارے کو کئی وسائل سے پورا کرنا پڑا۔ تاہم، نئی حکومت انتہائی اہم دوطرفہ رقوم کی منتقلی اور دوستانہ ممالک سے تعاون کو بروقت منظم کرنے میں کامیاب ہو گئی ہے۔ مالی سال 2019 میں یہ اندازہ لگایا گیا ہے کہ غیر ضروری اشیاء کی درآمدات میں متوقع کمی اور برآمدات میں اضافے کے لیے کیے جانے والے اقدامات کے باعث خسارہ کم ہوگا۔

مالی سال 2019 میں روپے کی قدر میں کمی اور حکومت کی جانب سے دیگر شعبوں کے مقابلے میں برآمدی شعبے کے لیے توانائی کا ٹیرف کم نرخوں پر فراہم کرنے کے لیے اعلان کردہ مراعات کے باعث برآمدات میں تقریباً 10 فیصد اضافے کی توقع ہے۔ جبکہ ترسیلات زر میں بھی باضابطہ بینکنگ سیکٹر کے ذریعے رقوم کی منتقلی کے باعث 10 سے 15 فیصد کے کثیر اضافے کی توقع ہے۔

تاہم، مالیاتی خسارے سے نمٹنا ایک بڑا چیلنج ہوگا۔ حکومت تعمیراتی اخراجات میں کمی کو ہدف بنائے ہوئے ہے لیکن پھر بھی موجودہ اخراجات بڑھتے ہوئے نظر آ رہے ہیں جس کی وجہ بلند قرضہ جاتی خدمات، بلند تر سودی شرح کی توقعات اور روپے کی قدر میں ہونے والی مزید کمی ہے۔

اسٹیٹ بینک آف پاکستان کی شرح پالیسی 425 بنیادی پوائنٹس کے مجموعی اضافے کے ساتھ دسمبر کے اختتام پر 10 فیصد سے ہو گئی جس کی بڑی وجہ دسمبر 2017 سے پاکستانی روپے کی قدر میں 24 فیصد کمی کے باعث افراط زر میں اضافے کی توقعات تھیں۔ شرح میں اضافے کا مقصد مالی سال 2019 میں طلب کو روکنا بھی ہے۔ آنے والے دنوں میں افراط زر کی توقعات کے مطابق شرح میں مزید اضافے کی توقع کی جاسکتی ہے۔

ملک میں امن وامان کی صورتحال میں بہتری اور جمہوری عمل میں تسلسل نئی غیر ملکی سرمایہ کاری کو فروغ دینے کا باعث بنے گی۔

سوئیری بینک معاشی رجحان کے حوالے سے پُر امید ہے۔ دباؤ کے باوجود، نئی شعبے میں کریڈٹ کی مجموعی خریداری کا امکان ہے۔ ہم معیشت میں دستیاب ترقی کے مواقع پیدا کرنے کے ساتھ اور اپنے کسٹمرز کو انتہائی موثر انداز میں سہولیات فراہم کرتے ہوئے، اپنی عظیم قوم کی ترقی و خوشحالی کے لیے بنیادی کردار ادا کرنے کے لیے پوری طرح تیار ہیں۔

بینک کی کارکردگی اور کاروباری عملی جائزہ:

2018 کے دوران بینک کی کارکردگی تمام شعبوں بشمول ادائیگیوں، ڈپازٹس اور سرمایہ کاری میں مثبت اضافے کے ساتھ انتہائی مستحکم رہی۔ شرح سود میں بتدریج اور مسلسل اضافے نے بینکنگ کے شعبے کے مارجنز پر کچھ دباؤ کم کیا ہے، اگرچہ دیگر بیرونی باہمی مخالف جیسے حالات اب بھی موجود ہیں۔

2018 میں مالیاتی نتائج کے نمایاں عوامل مندرجہ ذیل ہیں:

2017 2018
روپے بلین میں

164,293	186,475
117,429	146,646
325,219	382,498
227,304	262,379
18,505	17,989

مالیاتی کیفیت

خالص پیٹنگی ادائیگی
خالص سرمایہ کاری
مجموعی اثاثے
مجموعی ڈپازٹس
حصص یافتگان کی ایکویٹی

STATEMENT OF INTERNAL CONTROLS

YEAR ENDED 31 DECEMBER 2018

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 2018.

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

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

The Bank has adopted the internationally accepted COSO (Committee of Sponsoring Organizations of Treadway Commission) Internal Control-Integrated Framework. A reputable advisory firm had been appointed to provide services on implementation of SBP guidelines on Internal Controls over Financial Reporting (ICFR) in the prior years. To further strengthen controls, enhanced governance and monitoring the management had constituted an Internal Control 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 2018 and report will be submitted by Board Audit Committee to the State Bank of Pakistan during the year 2019.

MOHAMMAD AFTAB MANZOOR

President & Chief Executive Officer

Lahore: 22 February 2019

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 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.

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 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 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 2017 in its 160th meeting convened on 20 February 2018.

Further, in line with the requirements of the SBP BPRD Circular No.11 dated 22.08.2016, the Bank engaged Pakistan Institute of Corporate Governance ("PICG") to independently conduct Board's Performance Evaluation. Accordingly, PICG conducted Board Evaluation where it directly collected feedback from each director via online participation. Feedback so collected was then sent by PICG to "the Corporate L.I.F.E Centre International Inc." ("CLCI") – their project partner based at Canada for analysis and assessment. Assessment Report finalized by them was presented to the Board, which it reviewed in its 167th meeting convened on 22 February 2019 and the challenges identified by them have been duly noted to be addressed.

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 LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

YEAR ENDED 31 DECEMBER 2018

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

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

Male	08
Female	Nil

2. The composition of Board is as follows:

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

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

The independent Directors meet the criteria of independence as laid down under Section 166 of the Companies Act, 2017.

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable) except one director who has valid SECP exemption.
4. The Bank has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Bank along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/ Shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board of Directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Board has arranged Directors' Training program for the following:

a) Directors' Training

Name of Director	Category	Director Program
Mr. Mohammad Aftab Manzoor	President & CEO	Certificate of Director Education by PICG
Mr. Amin A. Feerasta	Executive Director	Certificate of Director Education by PICG
Mr. Inam Elahi	Non-Executive Director	Certificate of Director Education by PICG
Mr. Manzoor Ahmed	Non-Executive Director	Certificate of Director Education by PICG

Both M/s Alauddin Feerasta, Chairman and Nooruddin Feerasta, Director had participated in a three full days' workshop on "Corporate Governance & Duties Excellence" held in Malaysia. Further Mr. Muhammad Rashid Zahir had attended a week long course of Institute of Directors, UK held by PICG.

b) Executives' Training

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

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

a) Audit Committee of the Board

Name of Director	Category
Mr. Inam Elahi	Chairman
Mr. Nooruddin Feerasta	Member
Mr. Muhammad Rashid Zahir	Member
Mr. Jamil Hassan Hamdani	Member

b) Credit Committee of the Board

Name of Director	Category
Mr. Nooruddin Feerasta	Chairman
Mr. Alauddin Feerasta	Member
Mr. Mohammad Aftab Manzoor	Member
Mr. Muhammad Rashid Zahir	Member
Mr. Manzoor Ahmed	Member

c) Human Resource & Remuneration Committee of the Board*

Name of Director	Category
Mr. Manzoor Ahmed	Chairman
Mr. Inam Elahi	Member
Mr. Jamil Hassan Hamdani	Member

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

d) Risk Management Committee of the Board

Name of Director	Category
Mr. Manzoor Ahmed	Chairman
Mr. Mohammad Aftab Manzoor	Member
Mr. Amin A. Feerasta	Member
Mr. Inam Elahi	Member

e) Committee of Independent Directors of the Board

Name of Director	Category
Mr. Jamil Hassan Hamdani	Chairman
Mr. Inam Elahi	Member

f) IT Committee of the Board

Name of Director	Category
Mr. Amin A. Feerasta	Chairman
Mr. Manzoor Ahmed	Member
Mr. Inam Elahi	Member
Mr. Jamil Hassan Hamdani	Member

13. The Terms of Reference of the aforesaid Committees have been formed, documented and advised to the Committees for compliance.

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per the followings:

a) Audit Committee of the Board

The Audit Committee shall meet at least once every quarter of the financial year.

b) Credit Committee of the Board

The Credit Committee shall meet at least once every quarter of the financial year.

c) Human Resource & Remuneration Committee of the Board

The Human Resource and Remuneration Committee shall meet once every quarterly and may meet more frequently as it determines or circumstances dictate.

d) Risk Management Committee of the Board

A minimum of four meetings in a financial year should be held on quarterly bases.

e) Committee of Independent Directors of the Board

The Committee of Independent Directors shall meet at least once every financial year.

f) IT Committee of the Board

The IT Committee shall meet biannually on a minimum basis; however it can meet more frequently if required.

- 15.** The Board has set up an effective Internal Audit Function, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
- 16.** The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board 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 ICAP.
- 17.** The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- 18.** We confirm that all other requirements of the Regulations have been complied with.

MOHAMMAD AFTAB MANZOOR
President & Chief Executive Officer

ALAUDDIN FEERASTA
Chairman

Lahore: 22 February 2019

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Soneri Bank Limited ('the Bank') for the year ended December 31, 2018 in accordance with the requirements of regulation 40 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Bank for the year ended December 31, 2018.

Further, we highlight below instance of non-compliance with the requirement of the Regulations as reflected in the paragraph reference where it is stated in the Statement of Compliance:

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

A. F. FERGUSON & CO.,
Chartered Accountants
a member firm of the PwC network
Karachi: March 01, 2019

AN ELEMENT OF PRECISION

We at Soneri Bank symbolise determination, intelligence and precision in all our practices. Our meticulous work and attention to details are the factors that ensure transparency in our financial statements.

FINANCIAL STATEMENTS



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Soneri Bank Limited (the Bank), which comprise the statement of financial position as at December 31, 2018, and the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, along with unaudited certified returns received from the branches except for 35 branches which have been audited by us and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and, give the information required by the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at December 31, 2018 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key Audit Matters:

S.No.	Key Audit Matters	How the matter was addressed in our audit
1	<p>Provision against advances (Refer note 9 to the financial statements)</p> <p>The Bank makes provision against advances on a time based criteria that involves ensuring all non-performing loans and advances are classified in accordance with the ageing criteria specified in the Prudential Regulations (PRs) issued by the State Bank of Pakistan (SBP).</p> <p>In addition to the above time based criteria the PRs require a subjective evaluation of the credit worthiness of borrowers to determine the classification of advances.</p> <p>The PRs also require the creation of general provision for the consumer portfolio.</p> <p>The Bank has recorded net reversal of provision against advances amounting to Rs. 85.749 million in the profit and loss account in the current year. As at December 31, 2018, the Bank holds a provision of Rs. 8,356.022 million against advances.</p> <p>The determination of provision against advances based on the above criteria remains a significant area of judgement and estimation. Because of the significance of the impact of these judgements/estimations and the materiality of advances relative to the overall statement of financial position of the Bank, we considered the area of provision against advances as a key audit matter.</p>	<p>Our audit procedures to verify provision against advances, amongst others, included the following:</p> <p>We reviewed the design and tested the operating effectiveness of key controls established by the Bank to identify loss events and for determining the extent of provisioning required against non-performing loans.</p> <p>The testing of controls included testing of:</p> <ul style="list-style-type: none"> controls over correct classification of non-performing advances on time based criteria; controls over monitoring of advances with higher risk of default and correct classification of non-performing advances on subjective criteria; controls over accurate computation and recording of provisions; and controls over the governance and approval process related to provisions, including continuous reassessment by the management. <p>In accordance with the regulatory requirement, we sampled and tested at least sixty percent of the total advances portfolio and performed the following substantive procedures for sample loan accounts:</p>

S.No.	Key Audit Matters	How the matter was addressed in our audit
2	<p>Change in format of the financial statements (Refer note 4.2 to the financial statements)</p> <p>The State Bank of Pakistan (SBP) has amended the format of annual financial statements of banks. All banks are directed to prepare their annual financial statements on the revised format effective from the accounting year ending December 31, 2018. Accordingly, the Bank has prepared these financial statements on the new format prescribed by the State Bank of Pakistan.</p> <p>As part of this transition to the new requirements, the management performed a gap analysis to identify differences between the previous and current format. The adoption of the new format required certain recognition requirements and reclassification of certain financial information. The amended format also introduced certain new disclosures in the financial statements.</p> <p>In view of the significant impact of the first time adoption of the revised format on these financial statements, we considered this as a key audit matter.</p>	<ul style="list-style-type: none"> verified repayments of loan / mark-up installments and checked that non-performing loans have been correctly classified and categorized based on the number of days overdue. examined watch list accounts and, based on review of the individual facts and circumstances, discussions with management and our assessment of financial conditions of the borrowers, formed a judgement as to whether classification of these accounts as performing was appropriate. <p>We checked the accuracy of specific provision made against non-performing advances and of general provision made against consumer finance by recomputing the provision amount in accordance with the criteria prescribed under the PRs.</p> <p>We reviewed and understood the requirements of the SBP's amended format of annual financial statements for banks. Our audit procedures included the following:</p> <ul style="list-style-type: none"> considered the management's process to identify the changes required in the financial statements to comply with the new format; and obtained relevant underlying supports relating to changes required in the financial statements consequent to the adoption of the new format to assess their appropriateness and verified them on a test basis.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a

guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

The engagement partner on the audit resulting in this independent auditor's report is Noman Abbas Sheikh.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	2018	2017 (Restated)	2016 (Restated)
----- (Rupees in '000) -----				
ASSETS				
Cash and balances with treasury banks	5	26,019,679	19,431,256	18,278,840
Balances with other banks	6	1,179,612	1,151,015	822,689
Lendings to financial institutions	7	3,921,270	6,502,687	5,521,875
Investments	8	146,645,533	117,428,516	117,883,960
Advances	9	186,475,183	164,292,915	125,305,765
Fixed assets	10	6,238,673	6,464,678	4,936,122
Intangible assets	11	454,536	116,787	202,302
Deferred tax assets		-	-	-
Other assets	12	11,563,302	9,831,441	8,853,536
		382,497,788	325,219,295	281,805,089
LIABILITIES				
Bills payable	14	3,993,525	4,895,447	4,163,509
Borrowings	15	81,962,917	64,584,236	38,905,078
Deposits and other accounts	16	262,378,761	227,304,100	209,893,582
Liabilities against assets subject to finance lease		-	-	-
Subordinated debt	17	6,996,400	2,997,600	2,998,800
Deferred tax liabilities	18	120,054	935,711	1,137,530
Other liabilities	19	9,057,257	5,997,602	6,417,363
		364,508,914	306,714,696	263,515,862
NET ASSETS				
		17,988,874	18,504,599	18,289,227
REPRESENTED BY				
Share capital	20	11,024,636	11,024,636	11,024,636
Reserves		2,109,227	1,752,494	1,423,829
Surplus on revaluation of assets	21	542,637	2,095,099	2,393,260
Unappropriated profit		4,312,374	3,632,370	3,447,502
		17,988,874	18,504,599	18,289,227
CONTINGENCIES AND COMMITMENTS				
	22			

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

Mirza Zafar Baig
Chief Financial Officer

Alauddin Feerasta
Chairman

Mohammad Aftab Manzoor
President & Chief Executive Officer

Nooruddin Feerasta
Director

Jamil Hassan Hamdani
Director

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018	2017 (Restated)
----- (Rupees in '000) -----			
Mark-up / return / interest earned	23	21,599,792	18,504,526
Mark-up / return / interest expensed	24	14,646,799	12,032,444
Net mark-up / interest income		6,952,993	6,472,082
Non mark-up / interest income			
Fee and commission income	25	1,705,716	1,392,650
Dividend income		258,938	240,327
Foreign exchange income		988,637	623,807
Gain on securities - net	26	260,127	1,158,278
Other income	27	46,753	41,052
Total non-markup / interest Income		3,260,171	3,456,114
Total income		10,213,164	9,928,196
Non mark-up / interest expenses			
Operating expenses	28	7,420,176	6,942,982
Workers' Welfare Fund - net	29	(61,077)	59,498
Other charges	30	20,484	650
Total non mark-up / interest expenses		7,379,583	7,003,130
Profit before provisions		2,833,581	2,925,066
(Reversals) / provisions and write offs - net	31	(71,072)	77,503
Extraordinary / unusual items		-	-
Profit before taxation		2,904,653	2,847,563
Taxation	32	1,120,989	1,187,644
Profit after taxation		1,783,664	1,659,919
----- Rupees -----			
Basic earnings per share	33	1.6179	1.5056
Diluted earnings per share	34	1.6179	1.5056

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

Mirza Zafar Baig
Chief Financial Officer

Alauddin Feerasta
Chairman

Mohammad Aftab Manzoor
President & Chief Executive Officer

Nooruddin Feerasta
Director

Jamil Hassan Hamdani
Director

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017 (Restated)
	----- (Rupees in '000) -----	
Profit after taxation for the year	1,783,664	1,659,919
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in deficit on revaluation of investments - net of tax	(1,489,708)	(1,274,859)
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement gain on defined benefit obligations - net of tax	17,167	5,999
Movement in surplus on revaluation of operating fixed assets - net of tax	-	1,202,392
	17,167	1,208,391
Total comprehensive income	311,123	1,593,451

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

Mirza Zafar Baig
Chief Financial Officer

Alauddin Feerasta
Chairman

Mohammad Aftab Manzoor
President & Chief Executive Officer

Nooruddin Feerasta
Director

Jamil Hassan Hamdani
Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018	2017 (Restated)
------(Rupees in '000)-----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		2,904,653	2,847,563
Less: dividend income		258,938	240,327
		2,645,715	2,607,236
Adjustments:			
Depreciation on fixed assets	10.2	485,423	566,783
Depreciation on ijarah assets		113,542	82,977
Amortisation	11	129,216	120,787
(Reversals) / provisions and write offs - net	31	(71,072)	77,503
Gain on sale of fixed assets - net	27	(26,398)	(17,897)
Workers' Welfare Fund - net	29	(61,077)	59,498
Unrealised gain on revaluation of investments classified as held-for-trading	26	(1,145)	(34)
		568,489	889,617
		3,214,204	3,496,853
(Increase) / decrease in operating assets			
Lendings to financial institutions		2,581,417	(980,812)
Held-for-trading securities		3,299,502	(10,525,132)
Advances		(22,210,061)	(39,133,407)
Other assets (excluding advance taxation)		(1,933,274)	(473,691)
		(18,262,416)	(51,113,042)
Increase / (decrease) in operating liabilities			
Bills payable		(901,922)	731,938
Borrowings from financial institutions		17,368,132	25,539,709
Deposits		35,074,661	17,410,518
Other liabilities		3,147,143	(470,031)
		54,688,014	43,212,134
Income tax paid		(966,397)	(1,525,730)
Net cash flow generated from / (used in) operating activities		38,673,405	(5,929,785)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(35,258,354)	11,197,279
Net investments in held-to-maturity securities		449,853	(2,181,159)
Dividend received		278,049	228,166
Investments in operating fixed assets		(738,604)	(616,943)
Proceeds from sale of fixed assets		30,170	23,014
Net cash flow (used in) / generated from investing activities		(35,238,886)	8,650,357
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts / payments of subordinated debt		3,998,800	(1,200)
Dividend paid		(826,848)	(1,378,079)
Net cash flow generated from / (used in) financing activities		3,171,952	(1,379,279)
Increase in cash and cash equivalents			
Cash and cash equivalents at beginning of the year		6,606,471	1,341,293
Cash and cash equivalents at end of the year	36	20,305,022	18,963,729
		26,911,493	20,305,022

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

Mirza Zafar Baig
Chief Financial Officer

Alauddin Feerasta
Chairman

Mohammad Aftab Manzoor
President & Chief Executive Officer

Nooruddin Feerasta
Director

Jamil Hassan Hamdani
Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	Share capital	Statutory reserve (a)	Surplus / (deficit) on revaluation of		Unappropriated profit	Total
			Investments	Fixed assets		
----- Rupees in '000 -----						
Balance as at 31 December 2016 as previously reported	11,024,636	1,423,829	-	-	3,496,305	15,944,770
Effect of retrospective change in accounting policy						
- Reclassification of surplus to equity - net of tax (note 4.2)	-	-	1,417,831	926,626		2,344,457
- Deficit on revaluation of fixed assets transferred to unappropriated profit (note 4.1)	-	-	-	48,803	(48,803)	-
Balance as at 31 December 2016 (restated)	11,024,636	1,423,829	1,417,831	975,429	3,447,502	18,289,227
Comprehensive income for the year						
Profit after taxation for the year ended 31 December 2017 (restated)	-	-	-	-	1,659,919	1,659,919
Other comprehensive income / (loss)						
- Movement in surplus / (deficit) on revaluation of investments - net of tax	-	-	(1,274,859)	-	-	(1,274,859)
- Remeasurement gain on defined benefit obligations - net of tax	-	-	-	-	5,999	5,999
- Movement in surplus on revaluation of operating fixed assets - net of tax	-	-	-	1,202,392	-	1,202,392
	-	-	(1,274,859)	1,202,392	1,665,918	1,593,451
Transfer to statutory reserve	-	328,665	-	-	(328,665)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	(225,694)	225,694	-
Transactions with owners recorded directly in equity						
Final cash dividend for the year ended 31 December 2016 at Rs. 1.25 per share	-	-	-	-	(1,378,079)	(1,378,079)
Balance as at 31 December 2017 (restated)	11,024,636	1,752,494	142,972	1,952,127	3,632,370	18,504,599
Comprehensive income for the year						
Profit after taxation for the year ended 31 December 2018	-	-	-	-	1,783,664	1,783,664
Other comprehensive income / (loss)						
- Movement in surplus / (deficit) on revaluation of investments - net of tax	-	-	(1,489,708)	-	-	(1,489,708)
- Remeasurement gain on defined benefit obligations - net of tax	-	-	-	-	17,167	17,167
	-	-	(1,489,708)	-	1,800,831	311,123
Transfer to statutory reserve	-	356,733	-	-	(356,733)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	(62,754)	62,754	-
Transactions with owners recorded directly in equity						
Final cash dividend for the year ended 31 December 2017 at Re 0.75 per share	-	-	-	-	(826,848)	(826,848)
Balance as at 31 December 2018	11,024,636	2,109,227	(1,346,736)	1,889,373	4,312,374	17,988,874

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

(b) As explained in note 9.3.4 to these financial statements, unappropriated profit includes an amount of Rs. 1,107.124 million net of tax as at 31 December 2018 (31 December 2017: Rs. 829.847 million) representing additional profit arising from availing forced sales value benefit for determining provisioning requirement which is not available for distribution either as cash or stock dividend to shareholders and bonus to employees.

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

Mirza Zafar Baig
Chief Financial Officer

Alauddin Feerasta
Chairman

Mohammad Aftab Manzoor
President & Chief Executive Officer

Nooruddin Feerasta
Director

Jamil Hassan Hamdani
Director

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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 295 branches including 21 Islamic banking branches (2017: 290 branches including 19 Islamic banking branches) in Pakistan. The credit rating of the Bank is disclosed in note 37 to the financial statements.

2 BASIS OF PRESENTATION

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.

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

2.1 STATEMENT OF COMPLIANCE

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

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

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

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

2.1.2 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 notified to date. Accordingly, the disclosure requirements under IFAS 3 have not been considered in these financial statements.

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

There are certain new standards, amendments 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 do not have any significant effect on the Bank's operations and are, therefore, not disclosed in these financial statements.

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

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

Standard, Interpretations or Amendments	Effective date (annual periods beginning on or after)
- IFRS 16 - Leases	01-Jan-19
- IFRS 9 - Financial Instruments: Classification and Measurement	01-Jan-20

IFRS 16 replaces existing guidance on accounting for leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an arrangement contains a Lease', SIC-15 'Operating Leases- Incentive and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognizes "a right to use asset" representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. On adoption of IFRS 16, the Bank shall recognize a 'right to use asset' with a corresponding liability for lease payments. The Bank is in the process of assessing the full impact of this standard.

IFRS 9: 'Financial Instruments' addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on an 'Expected Credit Losses' (ECL) approach rather than the 'incurred credit losses' approach. The ECL has impact on all assets of the Bank which are exposed to credit risk. The Bank is in the process of assessing the full impact of this standard.

The SBP vide its Letter no. BPRD/ RPD / 2018-7837 dated 10 April 2018 required all Banks to conduct an impact and readiness assessment of the new standard based on the financial statements for the year ended 31 December 2017. The Bank has carried out an impact and readiness assessment exercise as per the above directive. The readiness and impact assessment exercise highlighted certain systems, policies, process and other gaps. The Bank has also identified additional provisioning requirements based on the requirement of the readiness and impact assessment exercise. The exact impact of additional provisioning requirement will be determined after implementation of certain gaps and the Bank is in the process of assessing the full impact of this standard.

2.3.2 There are certain new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after 01 January 2019 but are considered not to be relevant or will not have any significant effect on the Bank's operations and are therefore not detailed in these financial statements.

3 BASIS OF MEASUREMENT

3.1 Accounting convention

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

3.2 Functional and presentation currency

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

3.3 Critical accounting estimates and judgements

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

3.4 Significant accounting estimates

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

- i) classification and provisioning against investments (notes 4.5 and 8);
- ii) classification and provisioning against loans and advances (notes 4.6 and 9);
- iii) current and deferred taxation (notes 4.14, 18, 22.3.1, 22.3.3 and 32);
- iv) accounting for defined benefit plan (notes 4.11 and 39);
- v) depreciation, amortisation methods, useful lives and revaluation of fixed assets, leased assets and intangibles (notes 4.7.1, 4.7.2, 4.8, 10 and 11);
- vi) ijarah assets (note 4.6)
- vii) provisions and contingent assets and liabilities (note 4.16 and 22)
- viii) impairment of assets (note 4.15); and
- ix) Workers Welfare Fund (note 29).

During the year, the Bank has changed its estimate of the useful lives of certain fixed assets. The impact of this change is disclosed in note 3.5 to these financial statements.

3.5 Change in accounting estimate during the year

During the current year, the management of the Bank has revised its estimate of the useful lives of building on leasehold and freehold land and cell phones. The management has decreased the depreciation rates from 5% per annum to 2.5% per annum in case of building on leasehold and freehold land whereas in case of cell phones the management has revised the depreciation rate of 20% per annum to 33.33% per annum. The revision has been made after taking into account the expected pattern of recovery of economic benefits associated with the use of these assets. The revision has been accounted for as a change in accounting estimate as defined in International Accounting Standard 8, "Accounting Policies, Changes in Accounting Estimate and Errors". Had the revision in useful lives in respect of building on leasehold and freehold land and cell phones not been made depreciation expense for the year would have been higher by Rs. 263.612 million and consequently the profit before tax would have been lower by the same amount.

4 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 except for change mentioned in note 4.1 below.

4.1 Change in accounting policy - surplus / (deficit) on revaluation of fixed assets

The Companies Ordinance, 1984 was repealed through the enactment of the Companies Act, 2017. However, as directed by SECP vide Circular Number 23 dated 4 October, 2017, the financial reporting requirements of the Companies Act, 2017 were only made applicable for reporting periods starting from 1 January, 2018.

As a result of enactment of Companies Act, 2017, the Bank has changed its policy for accounting deficit arising on revaluation of fixed assets. The Bank's previous accounting policy (as described in Note 5.5 of the annual financial statements for the year ended 31 December 2017), in accordance with the repealed Companies Ordinance, 1984, required that a deficit arising on revaluation of a particular property was to be adjusted against the total balance in the surplus account or, if no surplus existed, was to be charged to the profit and loss account as an impairment of the asset. The Companies Act, 2017 removed the specific provisions allowing the above treatment. A deficit arising on revaluation of a particular property in case no surplus existed against the property is now to be accounted for in accordance with IFRS, which require that such deficit is to be taken to the profit and loss account as an impairment.

The effect of this change in accounting policy, which is applied with retrospective application is as follows:

	As at 31 December 2017	As at 31 December 2016
	----- (Rupees in '000) -----	
Impact on Statement of Financial Position		
Increase in surplus on revaluation of assets - gross	43,513	65,035
Less: Tax effect on revaluation	(11,303)	(16,232)
Increase in surplus on revaluation of assets - net of tax	32,210	48,803
Decrease in unappropriated profit - net of tax	(32,210)	(48,803)
		For the year ended 31 December 2017 (Rupees in '000)
Impact on Profit and Loss Account		
(Reversals) / Provisions and write offs - net		16,593
Profit after taxation		16,593
Earnings per share - basic and diluted		0.015
Impact on Statement of Comprehensive Income		
		16,593
Impact on Cash Flow Statement		
Profit before taxation		16,593
(Reversals) / Provisions and write offs - net		16,593

4.2 The State Bank of Pakistan (SBP) through its BPRD Circular No. 02 of 2018 dated 25 January 2018 has amended the format of annual financial statements of banks. All banks are directed to prepare their annual financial statements on the revised format effective from the accounting year ending 31 December 2018. Accordingly, the Bank has prepared these financial statements on the new format prescribed by the State Bank of Pakistan. The adoption of new format contains recognition requirements, reclassification of comparative information and additional disclosures and accordingly a third statement of financial position as at the beginning of the preceding period (i.e. 31 December 2016) has been presented in accordance with the requirements of International Accounting Standard 1 – Presentation of Financial Statements. The amended format also introduced certain new disclosures and has resulted mainly in following significant changes:

- Acceptances amounting to Rs. 4,489.160 million (2017: Rs. 3,126.784 million, 2016: Rs. 3,299.085 million) which were previously shown as part of contingencies and commitments are now recognised on balance sheet both as assets and liabilities. They are included in other assets (note 12) and other liabilities (note 19);
- Surplus on revaluation of assets amounting to Rs. 542.638 million as at 31 December 2018 (2017: Rs. 2,095.009 million, 2016: Rs. 2,393.260 million) which was previously shown below equity has now been included as part of equity (note 21);
- Intangible assets (note 11) amounting to Rs. 454.536 million (2017: Rs. 116.787 million, 2016: Rs. 202.302 million) which were previously shown as part of fixed assets (note 10) are now shown separately on the statement of financial position;
- Cost of foreign currency swaps against foreign currency deposits / borrowings (note 24) amounting to Rs. 242.440 million (2017: Rs. 186.816 million) which was previously shown as part of foreign exchange income / (loss) [shown separately on the face of profit and loss account] has now been shown as part of mark-up / return / profit / interest expense in the statement of profit and loss account;
- Unclaimed dividends amounting to Rs. 55.079 million (2017: Rs. 44.354 million, 2016: Rs. 31.871 million) have been excluded from deposits and other accounts (note 16) and reclassified to other liabilities (note 19); and

- Provision / (reversal of provision) against advances, investments and bad debts written off directly amounting to Rs. (85.749) million (2017: Rs. 63.247 million), Rs. 0.145 million (2017: Rs. 3.168 million) and Nil (2017: Rs. 0.032 million) which were previously shown separately in the profit and loss account have now been shown under "(Reversals) / provisions and write offs - net" under note 31 to these financial statements.

4.3 Cash and cash equivalents

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

4.4 Lendings to / borrowings from financial and other institutions

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

(a) Sale of securities under repurchase agreements

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

(b) Purchase of securities under resale agreements

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

(c) Lending under margin trading system

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

(d) Call lendings / placements

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

(e) Borrowings

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

(f) Bai Muajjal

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

4.5 Investments

The Bank classifies its investments as follows:

(a) Held for trading

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

(b) Held to maturity

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

(c) Available for sale

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

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

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

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 categorised as 'held to maturity', are subsequently remeasured at market values. Surplus / (deficit) arising on revaluation of quoted securities categorised as 'available for sale', is taken to 'statement of changes in equity'. Surplus / (deficit) arising on revaluation of quoted securities which are categorised 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 categorised 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.

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

4.6 Advances

Advances are stated net of specific and general provisions. Specific provision for advances are made in accordance with the requirements of the Prudential Regulations and other directives issued by SBP and charged to the profit and loss account. General provision against consumer and small enterprises financings portfolio is maintained as per the requirements of the Prudential Regulations issued by SBP. Advances are written off when there is no realistic prospect of recovery. In addition to conventional products, the Bank also offers various Islamic financing products which mainly include the following:

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

Istisna

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

Ijarah assets

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

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

4.7 Fixed assets and depreciation

4.7.1 Tangible assets - owned

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

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

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

Land and building 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. A deficit arising on revaluation of a particular property in case no surplus existed against the property is accounted for in accordance with IFRS, which requires that such deficit is to be taken to the profit and loss account as an impairment. 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.

4.7.2 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.

4.7.3 Capital work in progress

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

4.8 Intangible assets and amortisation

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

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

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

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

4.9 Borrowings / deposits and their cost

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

4.9.1 Deposits - Islamic Banking

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

4.10 Sub-ordinated debt

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

4.11 Staff retirement benefits

4.11.1 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 2018.

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. Remeasurement gains / (losses) are not recycled to profit and loss account in subsequent periods.

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

4.11.2 Defined contribution plan

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

4.12 Foreign currencies

4.12.1 Foreign currency transactions

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

4.12.2 Translation gains and losses

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

4.12.3 Commitments

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

4.13 Revenue recognition

- Mark-up income / interest on advances and returns on investments are recognised on a time proportion basis using the effective yield on the arrangement / instrument except that mark-up / return on non-performing advances and investments is recognised on receipt basis. Interest / return / mark-up on rescheduled / restructured advances and investments is recognised as permitted by SBP except where, in the opinion of the management, it would not be prudent to do so.
- Fee, commission and brokerage income is recognised upon performance of 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 taken to the profit and loss account in the year in which they arise.
- Profits on Bai Muajjal lendings are recognised on a straight line basis.

4.14 Taxation

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

4.14.1 Current

Provision for current taxation is based on 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.

4.14.2 Deferred

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

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

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

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

4.15 Impairment

Impairment on investments

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

Impairment on non financial assets

Impairment loss is taken to the profit and loss account for all non financial assets. 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.

4.16 Provisions and contingent assets and liabilities

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

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

4.17 Provision for guarantee claims and other off balance sheet obligations

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

4.18 Acceptances

Acceptances comprise undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be simultaneously settled with the reimbursement from the customers. As explained in note 4.2, acceptances are accounted for as on-balance sheet transactions and are reported in "other assets" and "other liabilities" simultaneously.

4.19 Financial instruments

4.19.1 Financial assets and liabilities

Financial instruments carried on the balance sheet include cash and balances with treasury banks, balances with other banks, lendings to financial institutions, investments, advances, certain receivables, bills payable, borrowings from financial institutions, deposits and other accounts, sub-ordinated debt and other payables. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

4.19.2 Derivative financial instruments

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

4.19.3 Off-setting

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

4.20 Basic and diluted earnings per share

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

4.21 Dividend and appropriation to reserves

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

4.22 Segment reporting

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

(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.

4.23 Non-banking assets acquired in satisfaction of claims

Non-banking assets acquired in satisfaction of claims are initially recorded at cost. These assets are revalued at each year end date of the statement of financial position. An increase in market value over the acquisition cost is recorded as a surplus on revaluation. A decline in the market value is adjusted against the surplus of that asset, if any, or if no surplus exists, is charged to the profit and loss account as an impairment. A subsequent increase in the market value of an impaired asset is reversed through the profit and loss account up to the extent of the original impairment. All direct costs of acquiring title to the asset are charged immediately to the profit and loss account.

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

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

5	CASH AND BALANCES WITH TREASURY BANKS	Note	2018 ------(Rupees in '000)-----	2017
	In hand			
	Local currency		4,801,197	3,762,093
	Foreign currencies		3,897,197	1,706,084
			8,698,394	5,468,177
	With State Bank of Pakistan in			
	Local currency current accounts	5.1	11,253,545	10,548,538
	Foreign currency current accounts	5.2	990,087	582,452
	Foreign currency deposit accounts against foreign currency deposits mobilised	5.3	2,877,854	1,623,784
			15,121,486	12,754,774
	With National Bank of Pakistan in			
	Local currency current accounts		2,185,378	1,202,581
	Prize bonds		14,421	5,724
			26,019,679	19,431,256

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

5.2 This represents cash reserve account maintained with SBP at an amount equivalent to at least 5% of the Bank's foreign currency deposits mobilised under FE-25 scheme and carry NIL return. (2017: NIL return).

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

6	BALANCES WITH OTHER BANKS	Note	2018 ------(Rupees in '000)-----	2017
	In Pakistan			
	In current accounts		12,022	12,115
	In deposit accounts		184,908	206,419
			196,930	218,534
	Outside Pakistan			
	In current account	6.1	982,682	932,481
			<u>1,179,612</u>	<u>1,151,015</u>

6.1 This includes Rs. 430.724 million (2017: Rs. 473.631 million) eligible for Automated Investment Plans. This balance is current in nature with no return on balance. However, if balance is increased over a specified amount, it entitles the Bank to earn interest income from the correspondent banks at agreed rates.

7	LENDINGS TO FINANCIAL INSTITUTIONS	Note	2018 ------(Rupees in '000)-----	2017
	Repurchase agreement lendings (reverse repo)	7.2	3,921,270	985,507
	Bai Muajjal receivable	7.3		
	- with State Bank of Pakistan		-	1,365,890
	- with other financial institutions		-	201,290
	Letters of placements		-	3,950,000
			<u>3,921,270</u>	<u>6,502,687</u>
7.1	Particulars of lendings			
	In local currency		3,921,270	6,502,687
	In foreign currencies		-	-
			<u>3,921,270</u>	<u>6,502,687</u>

7.2 Securities held as collateral against lendings to financial institutions

	2018			2017		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	------(Rupees in '000)-----					
Market Treasury Bills	1,998,324	-	1,998,324	485,507	-	485,507
Pakistan Investment Bonds	1,922,946	-	1,922,946	500,000	-	500,000
Total	<u>3,921,270</u>	<u>-</u>	<u>3,921,270</u>	<u>985,507</u>	<u>-</u>	<u>985,507</u>

7.2.1 The market value of securities held as collateral against repurchase agreement lendings amounted to Rs. 3,922.610 million (2017: Rs. 1,025.534 million).

7.3	Bai Muajjal receivable	2018 ------(Rupees in '000)-----	2017
	Bai Mujjal receivable		
	- with State Bank of Pakistan	-	1,401,734
	- with other financial institutions	-	206,911
		-	1,608,645
	less: deferred income		
	- with State Bank of Pakistan	-	(35,843)
	- with other financial institutions	-	(5,622)
		-	(41,465)
	Bai Mujjal receivable - net	<u>-</u>	<u>1,567,180</u>

8 INVESTMENTS

8.1 Investments by type:

	2018				2017			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
----- (Rupees in '000) -----								
Held-for-trading securities								
Federal Government securities	7,225,664	-	21	7,225,685	10,525,132	-	34	10,525,166
	7,225,664	-	21	7,225,685	10,525,132	-	34	10,525,166
Available-for-sale securities								
Federal Government securities	130,337,353	-	(1,574,373)	128,762,980	96,520,824	-	327,662	96,848,486
Shares	4,471,440	31,503	(565,970)	3,873,967	3,689,607	31,358	(109,502)	3,548,747
Non-Government debt securities	3,011,459	-	117,559	3,129,018	2,142,857	-	29,325	2,172,182
Units of mutual funds	259,267	-	(49,118)	210,149	240,000	-	(27,529)	212,471
Commerical Papers	-	-	-	-	227,877	-	-	227,877
	138,079,519	31,503	(2,071,902)	135,976,114	102,821,165	31,358	219,956	103,009,763
Held-to-maturity securities								
Federal Government securities	3,306,438	-	-	3,306,438	3,337,333	-	-	3,337,333
Non Government debt securities	223,390	86,094	-	137,296	642,348	86,094	-	556,254
	3,529,828	86,094	-	3,443,734	3,979,681	86,094	-	3,893,587
Total investments	148,835,011	117,597	(2,071,881)	146,645,533	117,325,978	117,452	219,990	117,428,516

8.2 Investments by segments:

	2018				2017			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
----- (Rupees in '000) -----								
Federal Government securities:								
Market Treasury Bills	96,248,954	-	(5,889)	96,243,065	52,893,793	-	(490)	52,893,303
Pakistan Investment Bonds	42,145,713	-	(1,561,303)	40,584,410	55,480,392	-	326,170	55,806,562
Bai Muajjal from Government of Pakistan (GoP)	2,074,788	-	-	2,074,788	-	-	-	-
Ijarah sukuks	400,000	-	(7,160)	392,840	2,009,104	-	2,016	2,011,120
	140,869,455	-	(1,574,352)	139,295,103	110,383,289	-	327,696	110,710,985
Units of mutual funds	259,267	-	(49,118)	210,149	240,000	-	(27,529)	212,471
Shares:								
Listed companies	4,454,640	25,803	(565,970)	3,862,867	3,672,807	25,658	(109,502)	3,537,647
Un-listed companies	16,800	5,700	-	11,100	16,800	5,700	-	11,100
	4,471,440	31,503	(565,970)	3,873,967	3,689,607	31,358	(109,502)	3,548,747
Non-Government debt securities								
Listed	622,794	16,269	4,096	610,621	579,319	16,269	10,125	573,175
Unlisted	2,612,055	69,825	113,463	2,655,693	2,433,763	69,825	19,200	2,383,138
	3,234,849	86,094	117,559	3,266,314	3,013,082	86,094	29,325	2,956,313
Total investments	148,835,011	117,597	(2,071,881)	146,645,533	117,325,978	117,452	219,990	117,428,516

8.2.1 Investments given as collateral - market value

	2018	2017
	----- (Rupees in '000) -----	
Market Treasury Bills	48,850,834	15,380,942
Pakistan Investment Bonds	11,518,661	22,130,966
	60,369,495	37,511,908

8.3 Bai Muajjal with Government of Pakistan

Bai Muajjal investment	2,855,000	-
Less: Deferred income	(780,212)	-
Bai Muajjal investment - net	2,074,788	

8.4 Provision for diminution in the value of investments

Opening balance	117,452	114,284
Charge for the year	145	3,168
Closing balance	117,597	117,452

8.5 Particulars of provision against debt securities

Category of classification	2018		2017	
	Non- Performing Investments	Provision	Non- Performing Investments	Provision
	----- (Rupees in '000) -----			
Loss	86,094	86,094	86,094	86,094
Total	86,094	86,094	86,094	86,094

8.6 Quality of available-for-sale securities

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

	2018	2017
	Cost ----- (Rupees in '000) -----	
Federal Government Securities - Government guaranteed		
Market Treasury Bills	89,023,290	42,368,661
Pakistan Investment Bonds	38,839,275	52,143,059
Bai Muajjal with Government of Pakistan (GOP)	2,074,788	-
Ijarah Sukuks	400,000	2,009,104
	130,337,353	96,520,824
Shares		
Listed companies		
- Cable & Electric Goods	77,055	-
- Cement	464,929	618,323
- Chemical	29,805	29,805
- Commercial Banks	919,206	660,866
- Engineering	193,525	-
- Fertilizer	845,870	977,842
- Insurance	87,866	-
- Oil & Gas Exploration Companies	458,000	284,587
- Oil & Gas Marketing Companies	106,875	45,792
- Paper & Board	65,355	99,794
- Pharmaceuticals	38,407	-
- Power Generation & Distribution	567,131	235,144
- Real Estate Investment Trust	26,196	41,866
- Textile Composite	574,420	678,788
	4,454,640	3,672,807

Unlisted companies	2018		2017	
	Cost	Break-up value	Cost	Break-up value
------(Rupees in '000)-----				
ISE Towers REIT Management Company Limited	11,100	42,522	11,100	36,813
DHA Cogen Limited	-	-	-	-
Pakistan Export Finance Guarantee Agency Limited	5,700	-	5,700	-
	<u>16,800</u>	<u>42,522</u>	<u>16,800</u>	<u>36,813</u>
Non-Government debt securities		Note	2018	2017
			Cost	
			------(Rupees in '000)-----	
Listed				
- Unrated			550,000	450,000
Unlisted				
- AAA			1,406,250	975,000
- AA+, AA, AA-		8.10	1,023,066	675,000
- A+, A, A-			32,143	42,857
			<u>2,461,459</u>	<u>1,692,857</u>
			<u>3,011,459</u>	<u>2,142,857</u>
Equity securities				
Listed				
AgriTech Limited [851,560 (2017: 851,560) shares]			29,805	29,805
Adamjee Insurance Company Limited [1,600,000 (2017: NIL) shares]			87,866	-
AGP Limited [478,000 (2017: NIL) shares]			38,407	-
Aisha Steel Mills Limited [7,500,000 (2017: NIL) shares]			105,486	-
Allied Bank Limited [NIL (2017: 2,851,000) shares]			-	272,727
Altern Energy Limited [4,750,500 (2017: 3,311,500) shares]			192,029	136,258
Amreli Steels Limited [1,303,500 (2017: NIL) shares]			88,039	-
Askari Bank Limited [8,548,500 (2017: 5,000,000) shares]			201,280	115,439
Bank Alfalah Limited [1,000,000 (2017: NIL) shares]			48,057	-
Cherat Cement Company Limited [2,976,000 (2017: 2,774,200) shares]			279,856	330,788
Cherat Packaging Limited [NIL (2017: 200,000) shares]			-	40,513
Dawood Lawrencepur Limited [282,000 (2017: 282,000) shares]			53,863	53,863
Dolmen City REIT [2,150,000 (2017: 3,750,000) shares]			26,196	41,866
Engro Corporation Limited [NIL (2017: 920,000) shares]			-	271,719
Engro Fertilizers Limited [8,000,000 (2017: 6,040,000) shares]			547,971	401,360
Fatima Fertilizer Company Limited [NIL (2017: 5,000,000) shares]			-	159,942
Fauji Fertilizer Bin Qasim Limited [7,450,000 (2017: 3,500,000) shares]			297,899	144,821
Habib Metropolitan Bank Limited [NIL (2017: 413,500) shares]			-	13,370
Hub Power Company Limited [3,846,000 (2017: 914,500) shares]		8.11	375,102	98,886
Kohat Cement Company Limited [NIL (2017: 352,700) shares]			-	47,990
Kohinoor Textile Mills Limited [1,100,000 (2017: NIL) shares]			49,163	-
Lucky Cement Limited [305,050 (2017: 412,500) shares]			185,073	239,544
MCB Bank Limited [1,600,000 (2017: 1,052,500) shares]			351,198	242,551
Nishat Chunian Limited [5,500,000 (2017: 3,682,000) shares]			301,115	206,826
Nishat Mills Limited [1,358,600 (2017: 3,370,000) shares]			170,278	418,098
Oil and Gas Development Company Limited [3,000,000 (2017: 1,875,000) shares]			458,000	284,587
Packages Limited [133,000 (2017: 99,450) shares]			65,355	59,282
Pak Elektron Limited [2,312,000 (2017: NIL) shares]			77,055	-
Pakistan State Oil Company Limited [NIL (2017: 6,000) shares]			-	1,670
Sui Southern Gas Company Limited [NIL (2017: 1,200,000) shares]			-	44,122
Sui Northern Gas Company Limited [1,028,000 (2017: NIL) shares]			106,875	-
United Bank Limited [2,000,000 (2017: 100,000) shares]			<u>318,672</u>	<u>16,780</u>
			<u>4,454,640</u>	<u>3,672,807</u>

Unlisted

DHA Cogen Limited [5,853,822 (2017: 5,853,822) shares]
 ISE Towers REIT Management Company Limited [3,034,603
 (2017: 3,034,603) shares]
 Pakistan Export Finance Guarantee Agency Limited [569,958
 (2017: 569,958) shares]

Note	Cost	
	2018	2017
------(Rupees in '000)-----		
8.12	-	-
8.13	11,100	11,100
8.14	5,700	5,700
	<u>16,800</u>	<u>16,800</u>

Note	Cost	
	2018	2017
------(Rupees in '000)-----		

8.7 Particulars relating to held-to-maturity securities are as follows:**Federal Government Securities - Government guaranteed**

Pakistan Investment Bonds

	3,306,438	3,337,333
--	-----------	-----------

Non Government debt Securities**Listed**

- AA+, AA, AA-
 - Unrated

	56,525	113,050
	16,269	16,269
	<u>72,794</u>	<u>129,319</u>

Unlisted

- AA+, AA, AA-
 - A+, A, A-
 - Unrated

	-	333,333
	80,771	109,871
8.15	69,825	69,825
	<u>150,596</u>	<u>513,029</u>

8.7.1 The market value of securities classified as held-to-maturity as at 31 December 2018 amounted to Rs. 3,189.450 million (31 December 2017 : Rs. 3,876.791 million).

8.8 Investments include certain approved government securities which are held by the Bank to comply with the Statutory Liquidity Requirement determined on the basis of the Bank's demand and time liabilities as set out under section 29 of the Banking Companies Ordinance, 1962.

8.9 Federal Government Securities include Pakistan Investment Bonds having book value of Rs. 30.700 million (2017: Rs. 30.700 million) pledged with the State Bank of Pakistan and National Bank of Pakistan to facilitate T. T. discounting facility for the branches of the Bank. Market Treasury Bills and Pakistan Investment Bonds under Federal Government Securities, are eligible for discounting with the State Bank of Pakistan.

8.10 These represent partial payments made by the Bank for subscription of privately placed unlisted Term Finance Certificates of Pakistan Services Limited. The Term Finance Certificates against these subscriptions were not issued by 31 December 2018.

8.11 As at 31 December 2018, 800,000 shares of Hub Power Company Limited have been pledged by the Bank with National Clearing Company of Pakistan Limited as security against its exposure margins in terms of Circular No. 11 dated 23 October 2007 issued by the Securities and Exchange Commission of Pakistan.

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

8.13 This denotes shares of ISE Towers REIT Management Company Limited, [formerly Islamabad Stock Exchange Limited (ISEL)], acquired in pursuance of corporatisation and demutualisation of ISEL as a public company limited by shares.

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

8.15 This included 4,000 certificates of WAPDA. These certificates were purchased by the Bank on 29 September 2009 through a market based transaction for a cash consideration of Rs. 19.8 million having a face value of Rs. 20 million. These certificates were available in the seller's CDC account and on completion of the transaction were transferred to the Bank's CDC account. A periodic Ijarah rental was due on 22 October 2009 which was not paid to the Bank on the plea that certain 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 ADVANCES

	Performing		Non-performing		Total	
	2018	2017	2018	2017	2018	2017
----- (Rupees in '000) -----						
Loans, cash credits, running finances, etc.	170,877,658	151,241,997	11,278,991	10,212,127	182,156,649	161,454,124
Islamic financing and related assets	8,008,498	4,582,807	69,059	29,560	8,077,557	4,612,367
Bills discounted and purchased	4,587,917	6,702,957	9,082	2,982	4,596,999	6,705,939
Advances - gross	183,474,073	162,527,761	11,357,132	10,244,669	194,831,205	172,772,430
Provision against advances						
- Specific	-	-	(8,314,484)	(8,440,840)	(8,314,484)	(8,440,840)
- General	(41,538)	(38,675)	-	-	(41,538)	(38,675)
	(41,538)	(38,675)	(8,314,484)	(8,440,840)	(8,356,022)	(8,479,515)
Advances - net of provision	183,432,535	162,489,086	3,042,648	1,803,829	186,475,183	164,292,915

9.1 Particulars of advances (Gross)

	2018	2017
-----Rupees in '000-----		
In local currency	191,180,048	167,117,315
In foreign currencies	3,651,157	5,655,115
	194,831,205	172,772,430

9.2 Advances include Rs.11,357.132 million (2017: Rs. 10,244.669 million) which have been placed under non-performing status as detailed below:

Category of Classification	Note	2018		2017	
		Non-performing loans	Provision	Non-performing loans	Provision
----- Rupees in '000 -----					
Other Assets Especially Mentioned	9.2.1	45,674	1,418	20,595	411
Substandard		550,195	27,568	193,956	24,557
Doubtful		1,672,610	436,068	592,392	256,746
Loss		9,088,653	7,849,430	9,437,726	8,159,126
		11,357,132	8,314,484	10,244,669	8,440,840

9.2.1 The 'Other Assets Especially Mentioned' category pertains to agriculture finance, small enterprise finance and consumer finance amounting to Rs. 14.456 million (31 December 2017: Rs. 14.161 million), Rs.14.179 million (31 December 2017: Rs. 6.434 million) and Rs. 17.039 million (31 December 2017: Rs. Nil) respectively.

9.3 Particulars of provision against advances

	Note	2018			2017		
		Specific	General	Total	Specific	General	Total
----- (Rupees in '000) -----							
Opening balance		8,440,840	38,675	8,479,515	8,395,931	51,340	8,447,271
Charge for the year		899,550	2,863	902,413	771,168	9,335	780,503
Reversals		(988,162)	-	(988,162)	(695,256)	(22,000)	(717,256)
		(88,612)	2,863	(85,749)	75,912	(12,665)	63,247
Amounts written off	9.4	(37,744)	-	(37,744)	(56,975)	-	(56,975)
Transfers		-	-	-	25,972	-	25,972
Closing balance		8,314,484	41,538	8,356,022	8,440,840	38,675	8,479,515

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

9.3.2 The Bank has maintained general provision against housing finance portfolio at the rate of 0.50% of the performing portfolio. The State Bank of Pakistan vide its circular no. 9 of 2017 dated 22 December 2017 abolished the requirement of maintaining general reserve of 1% against secured Small Enterprise (SE) portfolio, while general reserve to be maintained against unsecured SE portfolio has been reduced from 2% to 1%. Currently, the Bank does not have any unsecured SE portfolio.

9.3.3 Particulars of provision against advances

	2018			2017		
	Specific	General	Total	Specific	General	Total
----- (Rupees in '000) -----						
In local currency	8,314,484	41,538	8,356,022	8,440,840	38,675	8,479,515
In foreign currency	-	-	-	-	-	-
Total	8,314,484	41,538	8,356,022	8,440,840	38,675	8,479,515

9.3.4 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.1,703.268 million (2017: Rs. 1,276.688 million). The additional profit arising from availing this benefit - net of the tax amounts to Rs. 1,107.124 million (2017: Rs. 829.847 million). This profit is not available for distribution either as cash or stock dividend to shareholders and bonus to employees.

9.3.5 The SBP has granted relaxation in provisioning requirements in respect of exposures in Dewan Mushtaq Group (DMG). Had this relaxation not been available, provision against loans and advances would have been higher by Rs 44.930 million (2017: Rs 44.930 million).

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

	Note	2018	2017
		----- Rupees in '000 -----	
9.4 Particulars of write offs:			
9.4.1			
Against provisions	9.3	37,744	56,975
Directly charged to profit & loss account		-	32
		37,744	57,007
9.4.2			
Write offs of Rs. 500,000 and above	9.5	37,605	56,955
Write offs of below Rs. 500,000		139	52
		37,744	57,007

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

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962 the statement in respect of written-off loans or any other financial relief of five hundred thousand rupees or above allowed to a person(s) during the year ended 31 December 2018 is given in Annexure - I. However, these write offs do not affect the Bank's right to recover the outstanding debts from these customers, unless the write off / waiver has been mutually agreed between the borrower and the Bank as part of the settlement terms.

	Note	2018	2017
----- Rupees in '000 -----			
10 FIXED ASSETS			
Capital work-in-progress	10.1	155,841	421,895
Property and equipment	10.2	6,082,832	6,042,783
		<u>6,238,673</u>	<u>6,464,678</u>
10.1 Capital work-in-progress			
Civil works		87,397	15,057
Advances to suppliers and contractors		63,782	17,577
Advances against purchase of premises		-	60,000
Core banking system		-	329,261
Consultant's fee and other charges		4,662	-
		<u>155,841</u>	<u>421,895</u>

10.2 Property and equipment

	2018								
	Freehold land	Leasehold land	Building on Freehold land	Building on Leasehold land	Leasehold Improvements	Furniture and fixtures	Electrical, office and computer equipment	Vehicles	Total
----- Rupees in '000 -----									
At 01 January 2018									
Cost / revalued amount	1,255,970	349,047	187,546	3,808,770	1,300,554	419,952	2,375,457	251,188	9,948,484
Accumulated depreciation	-	-	(48,078)	(1,373,201)	(299,345)	(220,214)	(1,785,826)	(179,037)	(3,905,701)
Net book value	<u>1,255,970</u>	<u>349,047</u>	<u>139,468</u>	<u>2,435,569</u>	<u>1,001,209</u>	<u>199,738</u>	<u>589,631</u>	<u>72,151</u>	<u>6,042,783</u>
Year ended 31 December 2018									
Opening net book value	1,255,970	349,047	139,468	2,435,569	1,001,209	199,738	589,631	72,151	6,042,783
Additions	77,310	-	7,551	2,946	61,667	16,651	338,478	33,090	537,693
Movement in surplus on assets revalued during the year	-	-	-	-	-	-	-	-	-
Disposals / write-offs	-	-	-	-	(8,963)	(205)	(3,053)	-	(12,221)
Depreciation charge	-	-	(6,103)	(113,113)	(66,598)	(36,349)	(233,154)	(30,106)	(485,423)
Other adjustments / transfers	-	-	-	(291)	291	-	-	-	-
Closing net book value	<u>1,333,280</u>	<u>349,047</u>	<u>140,916</u>	<u>2,325,111</u>	<u>987,606</u>	<u>179,835</u>	<u>691,902</u>	<u>75,135</u>	<u>6,082,832</u>
At 31 December 2018									
Cost / revalued amount	1,333,280	349,047	195,097	3,811,425	1,345,199	434,835	2,591,509	261,977	10,322,369
Accumulated depreciation	-	-	(54,181)	(1,486,314)	(357,593)	(255,000)	(1,899,607)	(186,842)	(4,239,537)
Net book value	<u>1,333,280</u>	<u>349,047</u>	<u>140,916</u>	<u>2,325,111</u>	<u>987,606</u>	<u>179,835</u>	<u>691,902</u>	<u>75,135</u>	<u>6,082,832</u>
Rate of depreciation (percentage)	-	-	3 - 7	3 - 7	5	10	20 - 33	20	

	2017								
	Freehold land	Leasehold land	Building on Freehold land	Building on Leasehold land	Leasehold Improvements	Furniture and fixtures	Electrical, office and computer equipment	Vehicles	Total
	Rupees in '000								
At 01 January 2017									
Cost / revalued amount	936,055	186,967	138,296	2,742,286	1,231,522	427,233	2,293,532	257,661	8,213,552
Accumulated depreciation	-	-	(38,179)	(1,175,867)	(242,423)	(213,824)	(1,701,351)	(163,056)	(3,534,700)
Net book value	936,055	186,967	100,117	1,566,419	989,099	213,409	592,181	94,605	4,678,852
Year ended 31 December 2017									
Opening net book value	936,055	186,967	100,117	1,566,419	989,099	213,409	592,181	94,605	4,678,852
Additions	-	-	22,772	28,570	96,734	30,589	224,998	12,986	416,649
Movement in surplus on assets revalued during the year	319,915	162,080	26,478	1,037,961	-	-	-	-	1,546,434
Disposals / write-offs	-	-	-	-	(21,485)	(4,512)	(5,745)	(1,025)	(32,767)
Depreciation charge	-	-	(9,899)	(197,334)	(63,186)	(36,690)	(225,259)	(34,415)	(566,783)
Other adjustments / transfers	-	-	-	(47)	47	(3,058)	3,456	-	398
Closing net book value	1,255,970	349,047	139,468	2,435,569	1,001,209	199,738	589,631	72,151	6,042,783
At 31 December 2017									
Cost / revalued amount	1,255,970	349,047	187,546	3,808,770	1,300,554	419,952	2,375,457	251,188	9,948,484
Accumulated depreciation	-	-	(48,078)	(1,373,201)	(299,345)	(220,214)	(1,785,826)	(179,037)	(3,905,701)
Net book value	1,255,970	349,047	139,468	2,435,569	1,001,209	199,738	589,631	72,151	6,042,783
Rate of depreciation (percentage)	-	-	5-9	5-13	5	10	20	20	

10.2.1 The cost of fully depreciated property and equipment still in use amounts to Rs. 1,551.390 million (2017: Rs. 1,443.967 million).

10.2.2 During the year 2017, the Bank's freehold / leasehold land and building on freehold / leasehold land were 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 building on freehold / leasehold land was determined at Rs. 2,574.086 million.

Had there been no revaluation, the carrying amount of freehold / leasehold land and building on freehold / leasehold land as at 31 December 2018 would have been Rs.1,010.140 million and Rs. 509.310 million respectively (2017: Rs. 1,010.140 million and Rs. 532.398 million respectively).

10.2.2 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. No disposal of fixed assets have been made to any related party during the current year.

	2018		
	Computer software	Trademark	Total
	Rupees in 000		
At 01 January 2018			
Cost	706,223	6,084	712,307
Accumulated amortisation	(590,476)	(5,044)	(595,520)
Net book value	115,747	1,040	116,787
Year ended 31 December 2018			
Opening net book value	115,747	1,040	116,787
Additions:			
- directly purchased	466,965	-	466,965
Amortisation charge	(128,583)	(633)	(129,216)
Closing net book value	454,129	407	454,536
At 31 December 2018			
Cost	1,173,188	6,084	1,179,272
Accumulated amortisation	(719,059)	(5,677)	(724,736)
Net book value	454,129	407	454,536
Rate of amortisation (percentage)	20 to 33.33	33.33	
Useful life	3 to 5	3	

At 01 January 2017

	2017		
	Computer software	Trademark	Total
	-----Rupees in '000-----		
Cost	671,250	5,786	677,036
Accumulated amortisation	(470,419)	(4,314)	(474,733)
Net book value	<u>200,831</u>	<u>1,472</u>	<u>202,303</u>

Year ended 31 December 2017

Opening net book value	200,831	1,472	202,303
Additions:			
- directly purchased	34,973	298	35,271
Amortisation charge	(120,057)	(730)	(120,787)
Closing net book value	<u>115,747</u>	<u>1,040</u>	<u>116,787</u>

At 31 December 2017

Cost	706,223	6,084	712,307
Accumulated amortisation	(590,476)	(5,044)	(595,520)
Net book value	<u>115,747</u>	<u>1,040</u>	<u>116,787</u>

Rate of amortisation (percentage)	<u>33.33</u>	<u>33.33</u>
-----------------------------------	--------------	--------------

Useful life	<u>3</u>	<u>3</u>
-------------	----------	----------

11.1 The cost of fully amortised intangible assets still in use amounts to Rs. 476.635 million (2017: Rs. 444.870 million).

11.2 Major addition in intangibles consist of new core banking system, Temenos T-24 with a carrying value of Rs. 365.938 million and a useful life of 5 years.

12 OTHER ASSETS

Note	2018	2017
	-----Rupees in '000-----	

Income / mark-up accrued in local currency		4,239,379	3,603,349
Income / mark-up accrued in foreign currency		1,629	5,504
Dividend receivable		7,700	26,811
Advances, deposits, advance rent and other prepayments		369,791	349,624
Advance taxation (payments less provisions)		1,410,432	1,587,778
Non-banking assets acquired in satisfaction of claims	12.1	76,027	-
Branch adjustment account		9,548	-
Mark to market gain on forward foreign exchange contracts		335,045	275,173
Cash margin against margin trading		-	3
Stationery and stamps in hand		38,945	34,007
Due from the State Bank of Pakistan		194,330	282,275
Advance against subscription of shares		50,000	50,000
Advance against subscription of term finance certificates		125,000	-
Acceptances		4,489,160	3,126,784
Others	12.2	372,393	646,210
		<u>11,719,379</u>	<u>9,987,518</u>
Less: provision held against other assets	12.3	(156,077)	(156,077)
Other assets - total		<u>11,563,302</u>	<u>9,831,441</u>

12.1 Market value of non-banking assets acquired in satisfaction of claims	12.1.1	<u>76,989</u>	<u>-</u>
---	--------	---------------	----------

12.1.1 The non-banking assets acquired in satisfaction of claims by the Bank have been valued by independent professional valuers as at 03 May 2018. The valuation was carried out by F.K.S Building Services, Harvester Services (Pvt) Ltd and Arch-e-Decon on the basis of professional assessment of present market values.

12.1.2 Non-banking assets acquired in satisfaction of claims	2018	2017
	-----Rupees in '000-----	
Acquired during the year	76,989	-
Depreciation	(962)	-
Closing balance	<u>76,027</u>	<u>-</u>

12.2 This includes an amount of Rs. 143.443 million (2017: 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.

12.3 Provision held against other assets	Note	2018	2017
		-----Rupees in '000-----	
Provision held against receivable against fraud & forgeries		143,443	143,443
Others		12,634	12,634
		<u>156,077</u>	<u>156,077</u>

12.3.1 Movement in provision held against other assets		2018	2017
Opening balance		156,077	156,077
Charge / (reversals) for the year		-	-
Closing balance		<u>156,077</u>	<u>156,077</u>

13 CONTINGENT ASSETS

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

14 BILLS PAYABLE

In Pakistan	3,993,525	4,895,447
Outside Pakistan	-	-
	<u>3,993,525</u>	<u>4,895,447</u>

15 BORROWINGS

Secured

Borrowings from State Bank of Pakistan			
Under export refinance scheme	15.2.1	11,322,048	10,348,288
Long term financing facility for plant and machinery	15.2.2	1,139,389	998,524
Modernisation of SME-Rice Husking	15.2.3	15,810	11,600
Repurchase agreement borrowings	15.2.4	44,865,048	35,035,335
		57,342,295	46,393,747
Repurchase agreement borrowings - other banks	15.2.5	3,931,220	2,474,983
Borrowings from other financial institutions - local	15.2.6	11,860,880	9,999,058
Borrowings from other financial institutions - foreign	15.2.7	7,519,499	2,865,974
Total secured		<u>80,653,894</u>	<u>61,733,762</u>

Unsecured

Call borrowings	15.2.8	1,021,225	2,573,225
Overdrawn nostro accounts		287,798	277,249
Total unsecured		<u>1,309,023</u>	<u>2,850,474</u>
		<u>81,962,917</u>	<u>64,584,236</u>

15.1 Particulars of borrowings with respect to currencies

	2018	2017
	-----Rupees in '000-----	
In local currency	74,155,620	61,441,013
In foreign currencies	7,807,297	3,143,223
	<u>81,962,917</u>	<u>64,584,236</u>

15.2.1 The Bank has entered into an agreement with SBP for extending export finance to its customers. Borrowings under the export refinance scheme of SBP carry interest at rates ranging from 1.00% to 2.50% per annum (2017: 1.00% to 2.50% per annum). These are secured against demand promissory notes and are due to mature latest by 26 June 2019 (2017: latest by 27 June 2018).

15.2.2 These represent borrowings from SBP under scheme for long-term financing facility at rates ranging from 3.00% to 6.00% per annum (2017: 4.50% to 9.70% per annum) and have varying long term maturities due by 20 June 2028 (2017: due by 06 April 2027). Under the agreement, SBP has a right to recover the outstanding amount from the Bank at the respective maturity dates of each finance by directly debiting the current account of the Bank maintained with SBP.

15.2.3 These represent borrowings from SBP under the scheme for Modernisation of SME Rice Husking Mills in Sindh at the rates ranging from 4.25% to 6.25% per annum (2017: 4.75% to 6.25% per annum) and are due to mature latest by 29 September 2023 (2017: latest by 16 December 2019).

15.2.4 These represent repurchase agreements borrowings executed with SBP which carry mark up at the rate of 10.16% per annum (2017: 5.88% per annum) and are due to mature latest by 04 January 2019 (2017: latest by 05 January 2018). The market value of securities given as collateral against these borrowings are given in note 8.2.1.

15.2.5 These represent repurchase agreements borrowings at the rate of 10.15% per annum (2017: 5.70% to 5.90% per annum) and are due to mature latest by 04 January 2019 (2017: latest by 22 January 2018). The market value of securities given as collateral against these borrowings are given in note 8.2.1.

15.2.6 These represent borrowings executed with the local financial institutions secured against government securities which carry mark up at rates ranging between 6.28% to 8.15% per annum (2017: 5.83% per annum) and are due to mature latest by 18 April 2019 (2017: latest by 30 November 2018).

15.2.7 These represent borrowings against foreign bills from various foreign banks at rates ranging from 3.41% to 4.19% per annum (2017: 2.07% to 2.96% per annum) and are due to mature latest by 20 May 2019 (2017: latest by 20 March 2018).

15.2.8 These represent borrowings executed with the local financial institutions secured against government securities which carry mark up at the rate of 9.80% per annum (2017: 5.73% per annum) and are due to mature latest by 21 January 2019 (2017: latest by 06 March 2018). The market value of securities given as collateral against these borrowings as given in note 8.2.1.

16 DEPOSITS AND OTHER ACCOUNTS

	2018			2017		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	-----Rupees in '000-----					
Customers						
Current deposits	54,008,141	5,908,167	59,916,308	54,859,110	4,455,133	59,314,243
Savings deposits	73,435,215	6,325,280	79,760,495	79,289,879	5,644,080	84,933,959
Term deposits	89,046,247	1,183,916	90,230,163	61,886,284	737,579	62,623,863
Others	5,158,255	-	5,158,255	3,769,795	-	3,769,795
	<u>221,647,858</u>	<u>13,417,363</u>	<u>235,065,221</u>	<u>199,805,068</u>	<u>10,836,792</u>	<u>210,641,860</u>
Financial Institutions						
Current deposits	854,351	274,092	1,128,443	313,999	49,919	363,918
Savings deposits	13,440,369	-	13,440,369	9,910,039	2,207	9,912,246
Term deposits	12,744,728	-	12,744,728	6,386,076	-	6,386,076
	<u>27,039,448</u>	<u>274,092</u>	<u>27,313,540</u>	<u>16,610,114</u>	<u>52,126</u>	<u>16,662,240</u>
	<u>248,687,306</u>	<u>13,691,455</u>	<u>262,378,761</u>	<u>216,415,182</u>	<u>10,888,918</u>	<u>227,304,100</u>

16.1 Composition of deposits

	2018	2017
	-----Rupees in '000-----	
- Individuals	102,211,257	104,800,775
- Government (Federal and Provincial)	34,276,428	12,658,757
- Public Sector Entities	32,916,933	36,364,195
- Banking Companies	705,549	2,000,545
- Non-Banking Financial Institutions	27,509,858	14,106,348
- Private Sector	64,758,736	57,373,480
	<u>262,378,761</u>	<u>227,304,100</u>

16.2 Deposits eligible under Insurance arrangements

During the current year, the SBP has set up a fully owned subsidiary – the Deposit Protection Corporation (DPC), with an aim to provide protection to small depositors of banks operating in Pakistan. The Corporation has been set up through promulgation of the Deposit Protection Corporation Act, 2016, (the Act) and commenced its business with effect from 01 June 2018. Membership of the Deposit Protection Corporation is compulsory for all banks scheduled under sub-section (2) of section 37 of the State Bank of Pakistan Act, 1956. Under the arrangement, the objective of DPC would be to protect the depositors to the extent of the guaranteed amount, in case a member bank is notified as a failed institution by SBP.

The framework provided by DPC lays down the methodology for arriving at Eligible Deposits, as well as determining the premium amount payable under the regulations. The premium amount so determined are required to be deposited by all banks with DPC on a quarterly basis.

As at 31 December 2018, the deposits eligible to be covered under insurance arrangements amount to Rs. 106,280 million. (2017 : Rs. 100,007 million).

	Note	2018	2017
		-----Rupees in '000-----	
17 SUBORDINATED DEBT - UNSECURED			
Listed Term Finance Certificates - Additional Tier I	17.1	4,000,000	-
Listed Term Finance Certificates - Tier II	17.2	2,996,400	2,997,600
		<u>6,996,400</u>	<u>2,997,600</u>

17.1 Listed Term Finance Certificates - Additional Tier I

This denotes rated, listed and unsecured Term Finance Certificates (TFCs) issued as instrument of redeemable capital of Rs. 4,000 Million issued under Section 66 of the Companies Act, 2017. The funds raised by the Bank through the issuance of these TFCs have contributed towards the Bank's Additional Tier 1 Capital for meeting capital adequacy requirements as per Basel III Guidelines set by SBP under BPRD Circular No. 6 dated 15 August 2013. The instrument is sub-ordinated as to the payment of principal and profit to all other indebtedness of the Bank (including the listed term finance certificates - Tier II previously issued by the Bank) and is not redeemable before maturity without prior approval of SBP. Furthermore, these funds are intended to be utilized for the Bank's ongoing business operations in accordance with the Bank's Memorandum and Articles of Association. The key features of the issue are as follows:

Issue amount	Rs. 4,000 million
Issue date	06 December 2018
Maturity date	Perpetual
Rating (Note 36)	"A" by PACRA on 20 December 2018
Security	Unsecured
Profit payment frequency	Semi-annually
Redemption	No fixed or final redemption date

Mark-up	6 Months KIBOR + 2.00% per annum
Call option (if any)	The Bank may call the TFCs (either partially or in full), after five (5) years from the date of issuance with the prior approval of SBP. Moreover, and as per Clause iv(b) of Annexure 2 of the Basel III Circular, the Issuer shall not exercise a call option unless the called instrument is replaced with capital of same or better quality. The Call must be subject to a prior notice of not less than 60 days given by SNBL to the investors. The Call Option once announced will not be revocable.
Lock-in-clause (if any)	The TFCs contain a lock-in clause which stipulates that no profit payments would be made if such payments result in a shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Requirement (CAR) or increase any existing shortfalls in MCR and / or CAR.
Loss absorbency clause	The TFCs are also subject to loss absorbency and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a Point of Non-Viability event as defined by SBP's Basel III Capital Rule, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC Holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFC' divided by market value per share of the Bank's common equity on the date of trigger of the non-viability event as declared by SBP, subject to a cap of 360,000,000 shares.

17.2 Listed Term Finance Certificates - Tier II

This denotes rated, listed and unsecured Term Finance Certificates (TFCs) issued as instrument of redeemable capital with a tenor of 8 years. The instrument is sub-ordinated as to the payment of principal and profit to all other indebtedness of the Bank, except Listed Term Finance Certificates - Additional Tier I as recently issued; and is not redeemable before maturity without prior approval of SBP. The key features of the issue are as follows:

Issue amount	Rs. 3,000 million
Issue date	07 July 2015
Maturity date	07 July 2023
Rating (Note 36)	"A+" by PACRA on 20 December 2018
Security	Unsecured
Profit payment frequency	Semi-annually
Redemption	Principal is redeemable semi-annually in such a way that 0.30% of the principal will be redeemed in the first 90 months and the remaining principal of 99.70% at maturity at the end of the 96th month in July 2023.
Mark-up	6 Months KIBOR + 1.35% per annum
Call option (if any)	The Bank may call the TFCs, in part or full, on any profit payment date from the 60th month from last day of public subscription and on all subsequent profit payment dates, subject to SBP's approval and not less than 45 days prior notice being given to the Trustee.
Lock-in-clause (if any)	The TFCs 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.
Loss absorbency clause	The instrument will be subject to loss absorbency and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a Point of Non-Viability event as defined by SBP's Basel III Capital Rule, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC Holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFC' divided by market value per share of the Bank's common equity on the date of trigger of the non-viability event as declared by SBP, subject to the cap of 225,000,000 shares.

DEFERRED TAX LIABILITIES

	2018			
	At 1 January 2018	Recognised in the profit and loss account	Recognised in OCI	At 31 December 2018
-----Rupees in 000-----				
Deductible temporary differences on				
- Post retirement employee benefits	(23,185)	-	9,244	(13,941)
- Deficit on revaluation of investments	76,984	-	(802,150)	(725,166)
- Provision against advances, off balance sheet etc.	(192,567)	(1,406)	-	(193,973)
	(138,768)	(1,406)	(792,906)	(933,080)
Taxable temporary differences on				
- Surplus on revaluation of fixed assets	717,598	(33,791)	-	683,807
- Accelerated tax depreciation	356,881	12,446	-	369,327
	1,074,479	(21,345)	-	1,053,134
	935,711	(22,751)	(792,906)	120,054

	2017			
	At 1 January 2017	Recognised in the profit and loss account	Recognised in OCI	At 31 December 2017
-----Rupees in 000-----				
Deductible temporary differences on				
- Post retirement employee benefits	(26,415)	-	3,230	(23,185)
- Provision against advances, off balance sheet etc.	(368,194)	175,627	-	(192,567)
	(394,609)	175,627	3,230	(215,752)
Taxable temporary differences on				
- Surplus on revaluation of fixed assets	442,284	(97,240)	372,554	717,598
- Surplus on revaluation of investments	763,447	-	(686,463)	76,984
- Accelerated tax depreciation	326,408	30,473	-	356,881
	1,532,139	(66,767)	(313,909)	1,151,463
	1,137,530	108,860	(310,679)	935,711

OTHER LIABILITIES

	Note	2018	2017
-----Rupees in '000 -----			
Mark-up / return / interest payable in local currency		2,528,112	965,633
Mark-up / return / interest payable in foreign currency		83,810	28,081
Unearned commission and income on bills discounted		64,409	25,090
Accrued expenses		476,078	442,935
Acceptances		4,489,160	3,126,784
Unclaimed dividends		55,079	44,354
Branch adjustment account		-	54,333
Payable to workers' welfare fund	29.1	380,778	441,856
Sundry deposits		511,533	453,197
Others		468,298	415,339
		9,057,257	5,997,602

20 SHARE CAPITAL

20.1 Authorized Capital

	2018	2017	Note	2018	2017
	Number of shares			----- Rupees in '000 -----	
	<u>1,800,000,000</u>	<u>1,500,000,000</u>	Ordinary shares of Rs. 10 /- each	<u>18,000,000</u>	<u>15,000,000</u>

20.1.1 During the year, the shareholders of the Bank in their extraordinary general meeting held on 26 October 2018 have approved the increase in authorised share capital of the Bank to Rs.18 billion.

20.2 Issued, subscribed and paid up capital

	2018	2017		2018	2017
	Number of shares			----- Rupees in '000 -----	
			Ordinary shares		
	<u>387,397,655</u>	<u>387,397,655</u>	Fully paid in cash	<u>3,873,977</u>	<u>3,873,977</u>
	<u>715,065,828</u>	<u>715,065,828</u>	Issued as bonus shares	<u>7,150,659</u>	<u>7,150,659</u>
	<u>1,102,463,483</u>	<u>1,102,463,483</u>		<u>11,024,636</u>	<u>11,024,636</u>

21 SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS

	Note	2018	2017 (Restated)
		----- Rupees in '000 -----	
Surplus / (deficit) on revaluation of			
- Available-for-sale securities	8.1	(2,071,902)	219,956
- Fixed assets	21.1	2,573,180	2,669,725
		501,278	2,889,681
Deferred tax on surplus / (deficit) on revaluation of:			
- Available-for-sale securities		725,166	(76,984)
- Fixed assets	21.1	(683,807)	(717,598)
		41,359	(794,582)
		<u>542,637</u>	<u>2,095,099</u>
21.1 Surplus on revaluation of fixed assets			
Surplus on revaluation of fixed assets as at 1 January - as previously reported		2,669,725	1,368,910
Effect of change in accounting policy as disclosed in note 4.1 - net of tax		-	48,803
Recognised during the year		-	1,529,841
Realised on disposal during the year - net of deferred tax		-	(83,766)
Transferred to unappropriated profit in respect of incremental depreciation charged during the year - net of deferred tax		(62,754)	(96,823)
Related deferred tax liability on incremental depreciation charged during the year		(33,791)	(52,135)
Related deferred tax liability on surplus realised on disposal		-	(45,105)
Surplus on revaluation of fixed assets as at 31 December		<u>2,573,180</u>	<u>2,669,725</u>
Less: related deferred tax liability on:			
- revaluation as at 1 January		(717,598)	(442,284)
- revaluation recognised during the year		-	(372,554)
- surplus realised on disposal during the year		-	45,105
- incremental depreciation charged during the year		33,791	52,135
		<u>(683,807)</u>	<u>(717,598)</u>
		<u>1,889,373</u>	<u>1,952,127</u>

	Note	2018	2017 (Restated)
		----- Rupees in '000 -----	
22 CONTINGENCIES AND COMMITMENTS			
- Guarantees	22.1	17,619,705	15,059,057
- Commitments	22.2	180,624,314	93,230,045
- Other contingent liabilities	22.3	2,278,386	2,774,677
		<u>200,522,405</u>	<u>111,063,779</u>
22.1 Guarantees:			
Financial guarantees		2,413,133	2,611,557
Performance guarantees		13,536,585	11,457,912
Other guarantees		1,669,987	989,588
		<u>17,619,705</u>	<u>15,059,057</u>
22.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		23,117,645	20,567,881
Commitments in respect of:			
- forward foreign exchange contracts	22.2.1	152,359,696	61,341,623
- forward lending	22.2.2	3,056,954	10,654,182
Commitments for acquisition of:			
- operating fixed assets		81,102	563,192
- intangible assets		39,971	103,167
Other commitments	22.2.3	1,968,946	-
		<u>180,624,314</u>	<u>93,230,045</u>
22.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		80,729,599	32,938,645
Sale		71,630,097	28,402,978
		<u>152,359,696</u>	<u>61,341,623</u>
The maturities of the above contracts are spread over a period of one year.			
22.2.2 Commitments in respect of forward lending	Note	2018	2017
		----- Rupees in '000 -----	
Undrawn formal standby facilities, credit lines and other commitments to lend	22.2.2.1	<u>3,056,954</u>	<u>10,654,182</u>
22.2.2.1	These represent commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense. The Bank has certain other commitments to extend credit that represent revocable commitments and do not attract any significant penalty or expense in case the facility is withdrawn unilaterally.		
22.2.3 Commitment in respect of forward government securities transactions - Sale		<u>1,968,946</u>	<u>-</u>
22.3 Other contingent liabilities		<u>2,278,386</u>	<u>2,774,677</u>

- 22.3.1** (a) The Income tax returns of the Bank have been filed upto Tax Year 2018 (accounting year ended 31 December 2017). The Income tax authorities have issued amended assessment orders for tax years 2011, 2015 & 2016 thereby creating additional tax demands of Rs. 210.719 million (mainly on account of provision for non-performing loans, allocation of expenses, inadmissibility of expenses etc) which have been paid as required under the law. The Bank has filed appeals before various appellate forums against these amendments. Assessments from Tax Year 2001 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, 2013, 2014 and 2017 have been decided at the level of Commissioner Inland Revenue (Appeals). The department has filed appeals for tax years 2012 and 2013 with Appellate Tribunal Inland Revenue which are currently pending and in case of any adverse decision an additional tax liability of Rs. 866.384 million (which include impact of certain timing differences as well) may arise. The Bank has decided to file appeal for Tax Year 2014 and 2017 with Appellate Tribunal Inland Revenue which in case of any adverse decision may create an additional tax liability of Rs. 100.049 million. However, the management is confident that these matters will be ultimately decided in favor of the Bank and the Bank may not be exposed to any additional tax liability on these accounts.
- (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 order 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. However, the management is confident that these matters will be ultimately decided in favor of the Bank and the Bank may not be exposed to any additional tax liability on these accounts.

22.3.2 Claims against the Bank which are not acknowledged as debts amounted to Rs. 9.760 million (2017: Rs. 8.673 million).

22.3.3 The Assistant Commissioner, Inland Revenue vide orders under section 182/140 of the Income Tax Ordinance, 2001 has levied penalties against staff of the Bank amounting to Rs. 30 million. The action taken by the Bank in this case was backed by legal opinion of the 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. However, the management is confident that these matters will be ultimately decided in favor of the Bank and the Bank may not be exposed to any additional tax liability on these accounts.

22.3.4 A penalty of Rs. 50 million 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. The management of the Bank is confident that the appeal will be decided in the favor of the Bank.

22.3.5 Through the Finance Act, 2008 an amendment was made in the Employees Old Age Benefits Act, 1976 whereby the exemption available to banks and their employees was withdrawn by omission of clause (e) of Section 47 of the said Act and banks and their employees were made liable for contribution to Employee Old Age Benefit Institution. The Lahore High Court, subsequently, nullified the amendments made through the Finance Act, 2008.

Subsequently, several other banks also filed the Constitutional Petition before the Sindh High Court which decided the matter in favor of the banks. As a result of the decision of the Lahore High Court and Sindh High Court, the Bank stopped EOBI contribution w.e.f. February 2012. An appeal was filed by the EOBI in the Supreme Court of Pakistan which has been disposed of by the Honourable 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.155.426 million (upto 31 December 2017: Rs. 128.627 million) will become payable by the Bank to the EOBI. The said amount of Rs. 155.426 million has not been provided in these financial statements, as the Bank is confident that the case may be decided in the Bank's favour.

23 MARK-UP / RETURN / INTEREST EARNED

	2018	2017
	----- Rupees in '000 -----	
Loans and advances	12,740,891	9,623,134
Investments	8,159,912	8,271,591
Lendings to financial institutions	263,141	77,267
Balances with banks	32,129	6,524
On placement and call lendings	352,007	375,578
Income on bai muajjal placements	51,712	150,432
	21,599,792	18,504,526

	Note	2018	2017 (Restated)
		----- Rupees in '000 -----	
24	MARK-UP / RETURN / INTEREST EXPENSED		
	Deposits	10,176,039	8,329,920
	Borrowings	3,863,197	3,291,221
	Subordinated debt	365,123	224,487
	Cost of foreign currency swaps against foreign currency deposits / borrowings	242,440	186,816
		<u>14,646,799</u>	<u>12,032,444</u>
25	FEE & COMMISSION INCOME		
	Branch banking customer fees	374,352	365,548
	Consumer finance related fees	35,841	29,441
	Debit card related fees	108,109	64,470
	Investment banking / arrangement fees	177,799	49,189
	Commission on trade	512,730	450,952
	Commission on guarantees	76,809	96,969
	Commission on cash management	8,464	4,083
	Commission on remittances including home remittances	19,005	23,961
	Commission on bancassurance	179,368	141,989
	Rebate income	163,711	135,583
	Others	49,528	30,465
		<u>1,705,716</u>	<u>1,392,650</u>
26	GAIN ON SECURITIES		
	Realised	26.1 258,982	1,158,244
	Unrealised - held for trading	8.1 21	34
	Unrealised - forward sale of government securities	1,124	-
		<u>260,127</u>	<u>1,158,278</u>
26.1	Realised gain on:		
	Federal Government securities	195,330	1,062,063
	Shares	64,385	61,608
	Mutual funds	(733)	29,951
	Non-Government debt securities	-	4,622
		<u>258,982</u>	<u>1,158,244</u>
27	OTHER INCOME		
	Gain on sale of fixed assets-net	26,398	17,897
	Staff notice period and other recoveries	20,355	23,155
		<u>46,753</u>	<u>41,052</u>

28 OPERATING EXPENSES	Note	2018	2017
----- Rupees in '000 -----			
Total compensation expense	28.1	2,990,429	2,795,985
Property expense			
Rent and taxes		711,922	675,382
Insurance		87,082	77,845
Utilities cost		309,612	290,503
Security (including guards)		294,688	277,604
Repair and maintenance (including janitorial charges) (refer note 38.2)		333,994	339,182
Depreciation	10.2	185,813	270,419
		1,923,111	1,930,935
Information technology expenses			
Software maintenance		235,481	125,473
Hardware maintenance		49,270	48,540
Depreciation	10.2	122,792	110,241
Amortisation	11	129,216	120,787
Network charges		188,200	186,556
Others		116,889	103,203
		841,848	694,800
Other operating expenses			
Directors' fees and allowances		13,378	12,813
Fees and allowances to Shariah Board		6,791	5,715
Legal and professional charges		97,336	53,851
Outsourced services costs (refer note 38.1)	28.1.1	153,732	131,266
Travelling and conveyance		39,612	41,985
NIFT clearing charges		39,080	32,660
Depreciation	10.2	176,818	186,123
Training and development		15,550	23,211
Postage and courier charges		60,293	53,068
Communication		58,488	47,216
Stationery and printing		178,603	169,078
Marketing, advertisement and publicity		92,145	147,783
Donations	28.2	15,000	16,120
Auditors' Remuneration	28.3	20,176	13,217
Brokerage and commission		16,414	24,933
Entertainment		174,131	166,931
Fees and subscription		58,575	45,911
Motor vehicle running expenses		163,904	126,042
Service charges		90,835	77,059
Deposit protection insurance premium	28.4	80,006	-
Others		113,921	146,280
		1,664,788	1,521,262
		7,420,176	6,942,982

28.1 This includes aggregate amount of bonus paid in respect of executives and President and Chief Executive Officer amounting to Rs. 72.108 million and Rs. 7.000 million respectively (2017: Rs. 82.825 million and Rs. 9.000 million respectively).

28.1.1 Total Cost for the year relating to outsourcing activities included in other operating activities is Rs. 605.781 million (2017: Rs. 558.394 million) being paid to companies incorporated in Pakistan. The material outsourcing arrangements as specifically disclosed in note 28 along with their nature of services is as follows:

Name of company	Nature of Service	2018	2017
----- Rupees in '000 -----			
Prime Human Resource Services	Business Development Services	153,732	131,266

28.2	Details of the donations given during the year are as follows:	2018	2017
		----- Rupees in '000 -----	
Donee			
	The Aga Khan Education Service, Pakistan	15,000	10,000
	Institute of Business Administration, Karachi	-	5,000
	Old Associates of Kinnaird Society, Karachi	-	1,120
		<u>15,000</u>	<u>16,120</u>
28.2.1	Directors or their spouse have no interest in any of the donee in current and prior year.		
28.3 Auditors' remuneration			
	Audit fee	2,200	2,210
	Fee for other statutory certifications	4,461	5,016
	Fee for audit of employee funds	143	257
	Special certifications and sundry advisory services	6,180	3,592
	Tax services	6,242	1,315
	Out-of-pocket expenses	950	827
		<u>20,176</u>	<u>13,217</u>

28.4 This represents the insurance premium paid to the State Bank of Pakistan's Depositors Protection Corporation (DPC) during the year. The premium amount was worked out in accordance with the mechanism specified by DPC during the year, based on eligible deposits position of the Bank as at 31 December 2017. The premium amount payable for the financial year ending 2019 is determined in accordance with the eligible deposits (note 16.2) as at 31 December 2018 and amounts to Rs. 170.047 million.

29	WORKERS' WELFARE FUND - NET	Note	2018	2017
		----- Rupees in '000 -----		
	Workers' Welfare Fund	29.1	<u>(61,077)</u>	<u>59,498</u>

29.1 During the year 2016, the Supreme Court of Pakistan had declared that the amendments in the Workers' Welfare Fund (WWF) Ordinance made through Finance Act of 2006 and 2008 were unconstitutional. Accordingly, during the current year, the Bank on the advice of its tax advisor has reversed the provision on account of WWF amounting to Rs. 120 million for the period from January 2008 to December 2012. However, the Bank continues to maintain the provision for subsequent years, as the levy on account of WWF under the new constitution of Sindh Revenue Board in 2012 is currently pending for decision in Sindh High Court. The Bank is of the view that remaining provinces may follow suit regarding the levy of WWF and hence is maintaining full provision from year 2013.

30	OTHER CHARGES	2018	2017
		----- Rupees in '000 -----	
	Penalties imposed by State Bank of Pakistan	<u>20,484</u>	<u>650</u>

31	(REVERSAL) / PROVISIONS & WRITE OFFS - NET	Note	2018	2017 (Restated)
		----- Rupees in '000 -----		
	Provisions for diminution in the value of investments	8.4	145	3,168
	(Reversal) / provisions against loans & advances	9.3	(85,749)	63,247
	Fixed assets written off		8,449	27,649
	Unreconciled balances written off		6,083	-
	Impairment reversal against fixed assets (refer note 4.1)		-	(16,593)
	Bad debts written off directly	9.4	-	32
			<u>(71,072)</u>	<u>77,503</u>

32	TAXATION	Note	2018	2017
----- Rupees in '000 -----				
	Current	32.1	1,143,743	1,016,967
	Prior years	32.2	-	157,743
	Deferred		(22,754)	12,934
			<u>1,120,989</u>	<u>1,187,644</u>

32.1 The Finance Act, 2018 has introduced certain amendments relating to taxation of banking companies. As per these amendments, super tax at the rate of 4 percent of the taxable income has been levied for tax year 2019 (accounting year ended 31 December 2018). Accordingly an amount of Rs. 117.845 million (2017: Nil) has been recognised in these financial statements.

32.2 This includes Rs. Nil (2017: Rs. 122.470 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.

32.3	Relationship between tax expense and accounting profit	2018	2017 (Restated)
----- Rupees in '000 -----			
	Profit before taxation	2,904,653	2,847,563
	Tax at the applicable tax rate of 35% (2017: 35%)	1,016,629	996,647
	Tax effect on permanent differences	(14,208)	2,440
	Super tax / prior years	117,845	157,743
	Others	723	30,814
		<u>1,120,989</u>	<u>1,187,644</u>

33	BASIC EARNINGS PER SHARE	2018	2017 (Restated)
----- Rupees in '000 -----			
	Profit for the year	1,783,664	1,659,919
-----Number of shares-----			
	Weighted average number of ordinary shares	1,102,463,483	1,102,463,483
----- (Rupees) -----			
	Basic earnings per share	1.6179	1.5056

34	DILUTED EARNINGS PER SHARE	2018	2017
----- Rupees in '000 -----			
	Profit for the year	1,783,664	1,659,919
----- Number of shares -----			
	Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)	1,102,463,483	1,102,463,483
----- (Rupees) -----			
	Diluted earnings per share	1.6179	1.5056

35 NET DEBT RECONCILIATION

	Sub-Ordinated Loans	Other Liabilities - Mark-up Payable*
	----- (Rupees in '000) -----	
Net debt as at 01 January 2018	2,997,600	108,877
Other non-cash movements		
Mark-up accrued	-	365,123
Cash Flows		
Principal paid	(1,200)	-
Issuance of new debt	4,000,000	-
Mark-up paid	-	(316,068)
	3,998,800	(316,068)
Net debt as at 31 December 2018	6,996,400	157,932

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

36 CASH AND CASH EQUIVALENTS

	Note	2018	2017
		----- Rupees in '000 -----	
Cash and balances with treasury banks	5	26,019,679	19,431,256
Balance with other banks	6	1,179,612	1,151,015
Overdrawn nostro accounts	15	(287,798)	(277,249)
		26,911,493	20,305,022

37 CREDIT RATING

The Pakistan Credit Rating Agency (PACRA) has maintained the long term credit rating of 'AA-' (Double A Minus) and short term rating of 'A1+' (A One Plus) with Stable Outlook of the Bank through its notification dated 20 December 2018 [2017: long term 'AA-' (Double A Minus); short term 'A1+' (A One Plus)].

PACRA has also maintained the credit rating of the Bank's unsecured, subordinated and listed Term Finance Certificates (TFC – 2) issue of Rs 3,000 million at 'A+' (Single A plus) with Stable Outlook through its notification dated 20 December 2018.

Furthermore the Bank's recently issued unsecured, subordinated, rated, listed perpetual and non-cumulative Term Finance Certificates of Rs 4,000 million. PACRA has assigned a rating of 'A' with Stable Outlook to this instrument through its notification dated 20 December 2018.

38 STAFF STRENGTH

	2018	2017
	--- (Number of employees) ---	
Permanent	2,823	2,847
On Bank contract	34	23
Bank's own staff strength at the end of the year	2,857	2,870

38.1 In addition to the above, 470 (2017: 497) employees of outside contractor / agency were posted in the Bank as at the end of the year to perform services other than guarding and janitorial services.

38.2 Further, 683 (2017: 654) employees of outside contractor / agency were posted in the Bank as at the end of the year to perform janitorial services.

39 DEFINED BENEFIT PLAN

39.1 General description

As mentioned in note 4.11, 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.

39.2 Number of employees under the scheme

The number of employees covered under the following defined benefit schemes are:

	2018	2017
	--- (Number of employees) ---	
- Gratuity fund	2,831	2,797

39.3 Principal actuarial assumptions

The actuarial valuations were carried out as at 31 December 2018 using the following significant assumptions:

	2018	2017
	----- Per annum -----	
Discount rate	10.00	7.75
Expected rate of return on plan assets	10.00	7.75
Expected rate of salary increase	8.00	6.75
Mortality rates (for death in service)	SLIC (2001-05)-1	SLIC (2001-05)-1
Rate of employee turnover	Special	Special

39.4 Reconciliation of payable to defined benefit plans

	2018	2017
	-----Rupees in '000-----	
Present value of obligations	729,104	694,310
Fair value of plan assets	(729,104)	(694,310)
	-	-

39.5 Movement in defined benefit obligations

Obligations at the beginning of the year	694,310	629,630
Current service cost	94,683	97,562
Interest cost	53,198	48,630
Benefits paid by the Bank	(72,000)	(60,589)
Re-measurement loss / (gain)	(41,087)	(20,923)
Obligations at the end of the year	729,104	694,310

	Note	2018	2017
		-----Rupees in '000-----	
39.6	Movement in fair value of plan assets		
	Fair value at the beginning of the year	694,310	629,630
	Interest income on plan assets	53,198	48,630
	Contribution by the Bank - net	(3,728)	27,744
	Re-measurements: net return on plan assets over interest income gain / (loss)	39.8.2 (14,676)	(11,694)
	Fair value at the end of the year	<u>729,104</u>	<u>694,310</u>
39.7	Movement in payable under defined benefit schemes		
	Opening balance	-	-
	Charge for the year	94,683	97,562
	Contribution by the Bank - net	(68,272)	(88,333)
	Re-measurement loss / (gain) recognised in other comprehensive income during the year	39.8.2 (26,411)	(9,229)
	Closing balance	<u>-</u>	<u>-</u>
39.8	Charge for defined benefit plans		
39.8.1	Cost recognised in profit and loss		
	Current service cost	94,683	97,562
	Net interest on defined benefit asset / liability	53,198	48,630
		<u>147,881</u>	<u>146,192</u>
39.8.2	Re-measurements recognised in other comprehensive income during the year		
	Loss / (gain) on obligation		
	- Demographic assumptions	-	7,998
	- Financial assumptions	(34,664)	491
	- Experience adjustment	(6,423)	(29,412)
	Return on plan assets over interest income	14,676	11,694
	Total re-measurements recognised in other comprehensive income	<u>(26,411)</u>	<u>(9,229)</u>
39.9	Components of plan assets		
	Cash and cash equivalents - net	573,544	545,416
	Government securities	6,109	7,419
	Shares	48,915	-
	Mutual funds	100,536	141,475
		<u>729,104</u>	<u>694,310</u>

39.9.1 The funds primarily invest in government securities (Market Treasury Bills, Pakistan Investment Bonds and Special Savings Certificates) and accordingly do not carry any credit risk. These are subject to interest rate risk based on market movements. Equity securities and units of mutual funds are subject to price risk whereas non-government debt securities are subject to credit risk and interest rate risk. These risks are regularly monitored by Trustees of the employee funds.

39.10 Sensitivity analysis

Sensitivity analysis has been disclosed by varying one assumption keeping all other assumptions constant and calculating the impact on the present value of the defined benefit obligations under the employee benefit scheme. The increase / (decrease) in the present value of defined benefit obligations as a result of change in each assumption is summarised below:

	2018	2017
	-----Rupees in '000-----	
1% increase in discount rate	(33,844)	(34,065)
1% decrease in discount rate	37,349	37,812
1 % increase in expected rate of salary increase	39,479	39,520
1 % decrease in expected rate of salary increase	(36,360)	(36,227)

39.11 The expected gratuity expense / contribution to the fund for the next year commencing 01 January 2019 works out to be Rs. 96.881 million (2017: Rs 94.683 million).

39.12 Gratuity expense for the year ended 31 December 2019 **Rupees in '000**

Service Cost	96,881
Net interest on the net defined benefit liability / (asset)	
(i) Interest cost on defined benefit obligation	71,819
(ii) Interest income on plan assets	(71,819)
(iii) Net interest cost	-
Gratuity cost to be recognised in the profit and loss account	<u>96,881</u>

39.13 Maturity profile	2018	2017
The weighted average duration of the obligation (in years)	<u>4.87</u>	<u>5.16</u>

39.14 Funding Policy

As mentioned in note 4.11, 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. For deceased cases, the qualifying period is at least 1 year in service.

39.15 The Gratuity scheme exposes the entity to the following risks:

Mortality risks

This is the risk that the actual mortality experience is different. The effect depends on the beneficiaries' service / age distribution and the benefit.

Investment risks

This is the risk of the investment underperforming and not being sufficient to meet the liabilities.

Final salary risks

This is the risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Withdrawal risks

This is the risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

40 DEFINED CONTRIBUTION PLAN

The Bank operates an approved funded provident fund scheme for all its permanent confirmed employees. Equal monthly contributions are made, both by the Bank and its employees, to the fund at the rate of 8.33 percent (2017: 8.33 percent) of basic salaries of the employees. The contribution made by the Bank during the year amounted to Rs. 116.457 million (2017: Rs. 107.584 million each). The total number of employees as at 31 December 2018 eligible under the scheme were 2,450 (2017: 2,379 employees).

41 COMPENSATION OF DIRECTORS AND EXECUTIVES

	President / Chief Executive Officer		Directors/ Executive Director		* Executives	
	2018	2017	2018	2017	2018	2017
	----- (Rupees in '000) -----					
Fees	-	-	13,378	12,813	-	-
Managerial remuneration	34,345	34,764	13,715	9,744	396,975	348,694
Charge for defined benefit plan	4,345	4,138	1,143	1,011	34,194	27,374
Contribution to defined contribution plan	2,838	2,896	1,142	812	30,695	25,941
Rent and house maintenance	15,455	15,644	5,486	3,897	152,389	132,565
Utilities	1,752	1,416	600	-	-	-
Medical	511	320	1,943	974	38,097	33,141
Leave encashment and others	1,170	1,235	3,890	2,758	213,332	169,202
	<u>60,416</u>	<u>60,413</u>	<u>41,297</u>	<u>32,009</u>	<u>865,682</u>	<u>736,917</u>
Number of persons	<u>1</u>	<u>1</u>	<u>8</u>	<u>8</u>	<u>222</u>	<u>186</u>

* Executives mean employees, other than the Chief Executive Officer and directors, whose basic salary exceed Rs. 1.2 million (previously Rs. 0.5 million in a financial year). Prior year comparatives have been presented in line with the revised threshold applicable this year.

The aggregate amount charged to profit and loss account as remuneration to other key management personnel amounts to Rs. 273.863 million (2017: Rs. 228.896 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 1.387 million (2017: Rs. 0.927 million). Furthermore, the President / Chief Executive Officer and Executive Director are also provided with free use of the Bank maintained car in accordance with their entitlements.

42 FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Quoted securities classified as held to maturity are carried at cost. The fair value of unquoted equity securities, other than investments in associates and subsidiaries, is determined on the basis of the break-up value of these investments as per their latest available audited financial statements.

The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

42.1 Fair value of financial assets

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	2018			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	Rupees in '000			
Financial assets - measured at fair value				
Investments				
Federal Government securities	-	135,988,665	-	135,988,665
Shares - listed	3,862,867	-	-	3,862,867
Non-Government debt securities	-	3,129,018	-	3,129,018
Units of mutual fund	210,149	-	-	210,149
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government securities	-	3,050,630	-	3,050,630
Non-Government debt securities	-	138,820	-	138,820
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	83,572,972	-	83,572,972
Forward sale of foreign exchange	-	74,138,425	-	74,138,425
Non - Financial Assets				
Operating fixed assets (land and buildings)*	-	-	4,148,354	4,148,354
	<u>4,073,016</u>	<u>300,018,530</u>	<u>4,148,354</u>	<u>308,239,900</u>
	2017			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	Rupees in '000			
Financial assets - measured at fair value				
Investments				
Federal Government Securities	-	107,373,652	-	107,373,652
Shares	3,537,647	-	-	3,537,647
Non-Government debt securities	-	2,172,182	-	2,172,182
Units of mutual fund	212,471	-	-	212,471
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government securities	-	3,317,843	-	3,317,843
Non-Government debt securities	-	558,948	-	558,948
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	34,001,944	-	34,001,944
Forward sale of foreign exchange	-	29,191,104	-	29,191,104
Non - financial Assets				
Operating fixed assets (land and buildings)*	-	-	4,180,054	4,180,054
	<u>3,750,118</u>	<u>176,615,673</u>	<u>4,180,054</u>	<u>184,545,845</u>

* The Bank carries out periodic valuation of these assets for reasons disclosed in note 4.7.1 to these financial statements.

The Bank's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred. There were no transfers between levels 1 and 2 during the year.

(a) Financial instruments in level 1

Financial instruments included in level 1 comprise of investments in listed ordinary shares 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 building).

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, 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 building)	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. During the current year the Bank has revisited its estimate in respect of useful life of certain assets as referred to in note 3.5.

	----- 2018 -----				
	Retail Banking	Corporate	Trading and Sales	Others	Total
Contingencies and commitments					
In respect of letter of credit / guarantees	24,119,784	16,617,566	-	-	40,737,350
In respect of forward foreign exchange contracts	-	-	152,359,696	-	152,359,696
In respect of forward lendings	-	3,056,954	-	-	3,056,954
In respect of fixed assets	-	-	-	121,073	121,073
In respect of government securities	-	-	1,968,946	-	1,968,946
In respect of other contingencies	-	-	-	2,278,386	2,278,386
Total	24,119,784	19,674,520	154,328,642	2,399,459	200,522,405

	----- 2017 -----				
	Retail Banking	Corporate	Trading and Sales	Others	Total
Profit and loss					
Net mark-up / return / profit	(3,871,277)	5,468,735	5,099,111	(224,487)	6,472,082
Inter segment revenue - net	7,972,162	(4,320,827)	(4,717,223)	1,065,888	-
Non mark-up / return / interest income	1,096,769	229,164	2,110,633	19,548	3,456,114
Total income	5,197,654	1,377,072	2,492,521	860,949	9,928,196
Segment direct expenses	4,438,564	452,469	171,083	1,941,014	7,003,130
Inter segment expense allocation	113,285	8,054	725	(122,064)	-
Total expenses	4,551,849	460,523	171,808	1,818,950	7,003,130
Provisions	(158,292)	252,388	-	(16,593)	77,503
Profit before tax	804,097	664,161	2,320,713	(941,408)	2,847,563

	----- 2017 -----				
	Retail Banking	Corporate	Trading and Sales	Others	Total
Balance Sheet					
Cash and bank balances	16,878,686	2,722,202	981,383	-	20,582,271
Investments	-	4,473,007	112,955,509	-	117,428,516
Net inter segment lending	136,805,652	-	(153,504,159)	16,698,507	-
Lendings to financial institutions	-	4,067,205	2,435,482	-	6,502,687
Advances - performing	53,016,274	109,472,812	-	-	162,489,086
Advances - non-performing	966,106	837,723	-	-	1,803,829
Others	3,393,809	4,172,039	1,834,877	7,012,181	16,412,906
Total assets	211,060,527	125,744,988	(35,296,908)	23,710,688	325,219,295
Borrowings	7,570,310	3,788,102	53,225,824	-	64,584,236
Subordinated debt	-	-	-	2,997,600	2,997,600
Deposits and other accounts	196,280,660	31,023,440	-	-	227,304,100
Net inter segment borrowing	-	88,655,811	(88,655,811)	-	-
Others	7,209,557	2,277,635	133,079	2,208,489	11,828,760
Total liabilities	211,060,527	125,744,988	(35,296,908)	5,206,089	306,714,696
Equity	-	-	-	18,504,599	18,504,599
Total equity and liabilities	211,060,527	125,744,988	(35,296,908)	23,710,688	325,219,295

	----- 2017 -----				
	Retail Banking	Corporate	Trading and Sales	Others	Total
Contingencies and Commitments					
In respect of letter of credit /guarantees	23,005,212	12,621,726	-	-	35,626,938
In respect of forward foreign exchange contracts	-	-	61,341,623	-	61,341,623
In respect of forward lendings		10,654,182			10,654,182
In respect of fixed assets				666,359	666,359
In respect of government securities	-	-	-	-	-
In respect of other contingencies	-	-	-	2,774,677	2,774,677
Total	<u>23,005,212</u>	<u>23,275,908</u>	<u>61,341,623</u>	<u>3,441,036</u>	<u>111,063,779</u>

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

44 TRUST ACTIVITIES

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

Category	Type	No. of IPS accounts		Face Value	
		2018	2017	2018	2017
----- (Rupees in '000) -----					
Asset Management Companies	Ijarah Sukuk 3 years	1	3	1,000	19,000
Asset Management Companies	MTB 3 months	2	-	500,000	-
Employee Funds / NGO's	PIB 3 years	1	1	133,500	170,500
Employee Funds / NGO's	PIB 5 years	1	-	58,000	-
Employee Funds / NGO's	PIB 10 years	3	-	560,000	-
Employee Funds / NGO's	MTB 6 months	-	2	-	160,000
Individuals	MTB 3 to 6 months	5	1	35,500	10,100
Individuals	PIB 5 years	1	1	5,000	5,000
Individuals	PIB 10 years	1	3	5,400	45,400
Individuals	PIB 20 years	1	1	10,000	10,000
Corporate	MTB 3 months	1	1	500,000	3,150,000
Corporate	PIB 5 years	-	1	-	12,000
Staff retirement funds - related parties	PIB 15 to 20 years	2	2	18,000	18,000
		<u>19</u>	<u>16</u>	<u>1,826,400</u>	<u>3,600,000</u>

45 RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its related group companies, major shareholders, staff retirement funds, directors and their close family members (including their associates) and key management personnel.

The Bank enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan as disclosed in notes 39 and 40. Remuneration to the executives / officers is determined in accordance with the terms of their appointment and is disclosed in note 41 to the financial statements.

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

Particulars	2018			2017		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
----- (Rupees in '000) -----						
Statement of financial position						
Investments						
Opening balance	-	-	240,000	-	-	200,000
Investment made during the year	-	-	50,005	-	-	140,000
Investment redeemed / disposed during the year	-	-	(30,737)	-	-	(100,000)
Closing balance	-	-	259,268	-	-	240,000
Advances						
Opening balance	3,500	111,729	-	4,000	167,260	-
Addition during the year	500	85,361	-	500	31,580	-
Repaid during the year	(1,000)	(33,235)	-	(1,000)	(41,696)	-
Transfer in / (out) - net	-	5,721	-	-	(45,415)	-
Closing balance	3,000	169,576	-	3,500	111,729	-
Other assets						
Interest / mark-up accrued	167	-	-	187	-	-
Other receivable						
against E-banking settlement	-	-	115,100	-	-	387,365
against investment	-	-	50,000	-	-	50,000
Deposits and other accounts						
Opening balance	235,344	46,327	4,323,175	419,458	111,243	2,597,829
Received during the year	1,196,771	380,449	76,961,727	1,363,117	360,800	64,970,100
Withdrawn during the year	(1,184,988)	(375,081)	(76,291,696)	(1,547,590)	(334,961)	(63,222,620)
Transfer in / (out) - net	-	(25,991)	-	359	(90,755)	(22,134)
Closing balance	247,127	25,704	4,993,206	235,344	46,327	4,323,175
Other liabilities						
Interest / mark-up payable	2,204	98	41,278	2,338	-	557
Contingencies and Commitments						
Guarantees	-	-	2,287	-	-	-
Profit and loss account						
Income						
Mark-up / return / interest earned	252	10,192	-	289	8,022	-
Fee and commission income	41	136	257	34	68	292
Expense						
Mark-up / return / interest paid	13,756	1,208	210,376	21,022	1,403	188,449
Rent expense	-	-	10,863	-	-	10,229
ATM and ADC charges	-	-	11,036	-	-	3,664

CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2018	2017
	----- Rupees in '000 -----	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	11,024,636	11,024,636
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	15,359,095	15,962,599
Eligible Additional Tier 1 (ADT 1) Capital	3,082,678	-
Total Eligible Tier 1 Capital	18,441,773	15,962,599
Eligible Tier 2 Capital	4,995,354	4,722,366
Total Eligible Capital (Tier 1 + Tier 2)	23,437,127	20,684,965
Risk Weighted Assets (RWAs):		
Credit Risk	133,719,523	136,884,780
Market Risk	8,246,679	8,125,988
Operational Risk	17,422,308	16,960,088
Total	159,388,510	161,970,856
Common Equity Tier 1 Capital Adequacy ratio	9.64%	9.86%
Tier 1 Capital Adequacy Ratio	11.57%	9.86%
Total Capital Adequacy Ratio	14.70%	12.77%
Notional minimum capital requirements prescribed by SBP:		
CET1 minimum ratio	6.00%	6.00%
Tier 1 minimum ratio	7.50%	7.50%
Total capital minimum ratio	11.90%	11.275%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	18,441,773	15,962,599
Total Exposures	515,189,170	381,613,348
Leverage Ratio - percentage	3.58%	4.18%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	107,190,086	91,189,257
Total Net Cash Outflow	92,037,670	60,989,515
Liquidity Coverage Ratio - percentage	116.46%	149.52%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	204,605,129	187,165,669
Total Required Stable Funding	164,874,965	137,152,075
Net Stable Funding Ratio - percentage	124.10%	136.47%

46.1 The Bank follows the below mentioned approach for determining credit risk, market risk and operational risk exposures in the capital adequacy calculation:

Risk Type	Approach adopted by Bank
Credit Risk	Standardized Approach
Market Risk	Standardized Approach
Operational Risk	Basic Indicator Approach

46.2 Capital Management

The Bank's policy is to maintain a strong capital base so as to maintain investor, depositor, creditor and market confidence and to sustain future development of the business, while providing adequate returns to shareholders.

The SBP sets and monitors capital requirements for the Bank as a whole. The SBP, through BSD Circular No. 07 dated 15 April 2009 has required that Banks should maintain a minimum paid-up capital of Rs. 10 billion (net of accumulated losses). The paid-up capital of the Bank as at 31 December 2018 stood at Rs 11.025 billion (2017: Rs. 11.025 billion) and is in compliance with the SBP requirements. The Bank is also required to maintain the following minimum Capital Adequacy Ratios (CAR) as at 31 December 2018:

- Common Equity Tier 1 (CET1) ratio of 7.90% including Capital Conservation Buffer (CCB) of 1.90%
- Tier 1 ratio of 9.40% including CCB of 1.90%
- Total Capital Adequacy Ratio (CAR) of 11.90% including CCB of 1.90%

The Bank and its individually regulated operations have complied with all capital requirements throughout the year.

The Bank's regulatory capital is classified as follows:

- Tier 1 capital comprises of Common Equity Tier 1 (CET 1) and Additional Tier 1 (AT 1) capital.
 - CET1 capital includes fully paid-up capital, balance in share premium account, reserves (excluding foreign exchange translation reserves) and unappropriated profits meeting the eligibility criteria.
 - AT 1 capital includes instruments meeting the prescribed SBP criteria e.g. perpetual non-cumulative preference shares or term finance certificates.
- Tier 2 capital includes general provisions for loan losses, surplus on revaluation of fixed assets and investments, foreign exchange translation reserves and subordinated debts (meeting the eligibility criteria).

Banking operations are categorised as either trading book or banking book, and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to on and off-balance sheet exposures.

- On and off-balance sheet exposures in the banking book are segregated into various asset classes for the calculation of credit risk. Ratings for assets reflecting the credit worthiness of counterparties are applied using various External Credit Assessment Institutions (ECAIs) and aligned with appropriate risk buckets. Collateral, if any, is used as an outflow adjustment. Risk weights notified, are applied to arrive at net adjusted exposure. Eligible collateral used includes Government of Pakistan guarantees for advances, investments in GOP / PSE, bank guarantees, deposits / margins, lien on deposits and saving certificates.
- The Bank calculates capital requirements for market risk in its trading book based on the methodology provided by the SBP which takes account of specific and general market risk, capital charge for interest rate risk using the maturity method, foreign exchange risk and equity position risk.

46.3 The full disclosures on the capital adequacy, leverage ratio and liquidity requirements as per SBP instructions issued from time to time shall be placed on the website. The link to the full disclosures shall be short and clear and be provided within this note such as, The link to the full disclosure is available at https://www.soneribank.com/wp-content/uploads/2019/03/additional_information.pdf

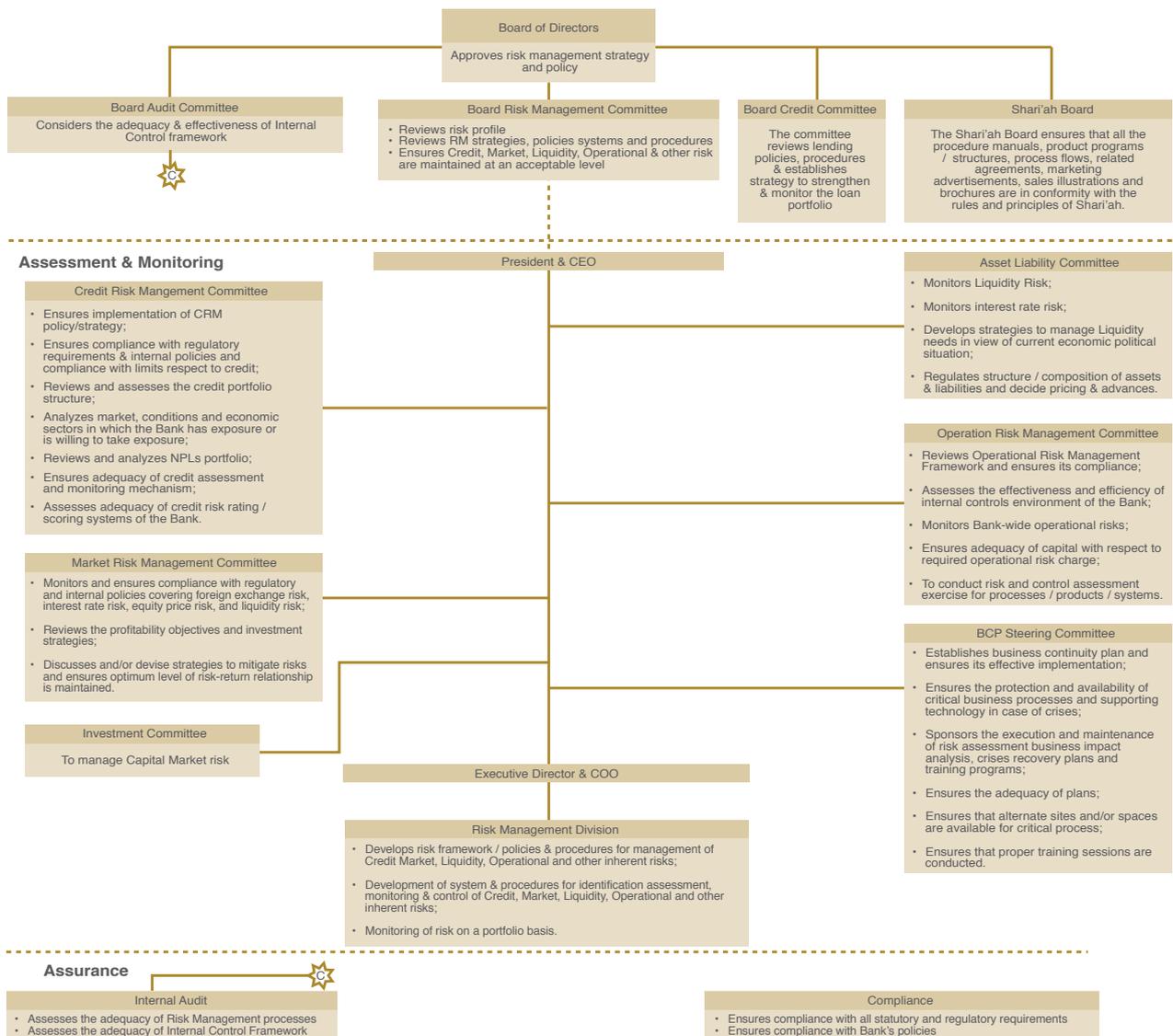
47 RISK MANAGEMENT

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

47.1 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.

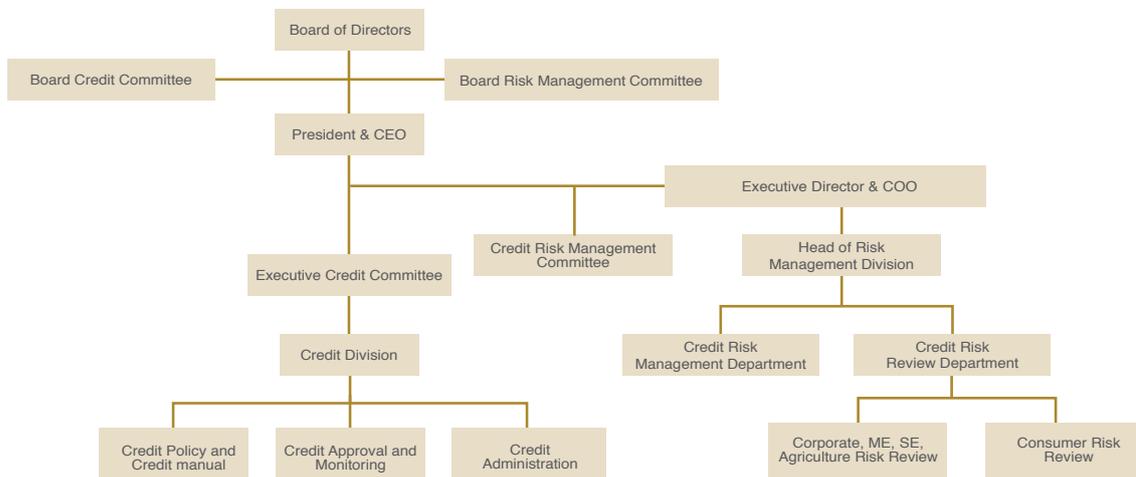
Credit Risk Management Objectives and Organisation

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 act as mitigants in case of default by the borrower. Therefore, most of the facilities extended by the Bank are backed by appropriate and quality collaterals. Similarly, lendings to financial institutions and DFIs are backed by securities viz., Treasury Bills and Pakistan Investment Bonds. Clean facilities are provided, under strict control environment, only to the extent permissible under the Prudential Regulations of the State Bank of Pakistan. The credit manual of the Bank contains list of approved collaterals that the Bank can take and internal control standards for the management of collaterals obtained against credit facilities.

Early Warning System

The Bank has an effective early warning system which enables the Business Units / credit managers / credit administration personnel to identify and report problem loans on a prompt basis. Reports are received from Business Units on a regular basis, which are escalated to the concerned authority for necessary action on a timely basis.

Remedial Management and allowances for impairment

The Bank has standards for identification and classification of credit facilities, restructuring as well as related provisioning requirements and write-off policy, with clear responsibilities pertaining to all processes that are required to be followed.

Non-performing loans beyond certain aging / classification category are required to be referred to Remedial Management Group (RMG) which initiates recovery proceedings against the borrowers in accordance with the applicable laws.

Particulars of Bank's significant on-balance sheet and off-balance sheet credit risk in various sectors are analysed as follows:

47.1.1 Lendings to financial institutions

Credit risk by public / private sector

	Gross lendings		Non-performing lendings		Provision held	
	2018	2017	2018	2017	2018	2017
----- Rupees in '000 -----						
Public / Government	-	-	-	-	-	-
Private	3,921,270	6,502,687	-	-	-	-
	3,921,270	6,502,687	-	-	-	-

47.1.2 Investment in debt securities

Credit risk by industry sector

	Gross investments		Non-performing investments		Provision held	
	2018	2017	2018	2017	2018	2017
----- Rupees in '000 -----						
Textile	52,234	52,234	52,234	52,234	52,234	52,234
Chemical and Pharmaceuticals	63,965	120,490	7,440	7,440	7,440	7,440
Services	248,085	-	-	-	-	-
Construction	6,560	6,560	6,560	6,560	6,560	6,560
Power (electricity), Gas, Water, Sanitary	1,932,075	1,507,713	19,860	19,860	19,860	19,860
Transport, Storage and Communication	-	561,210	-	-	-	-
Financial	140,344,592	111,505,185	-	-	-	-
	142,647,511	113,753,392	86,094	86,094	86,094	86,094

Credit risk by public / private sector

	Gross investments		Non-performing investments		Provision held	
	2018	2017	2018	2017	2018	2017
----- Rupees in '000 -----						
Public / Government	140,835,167	111,705,845	-	-	-	-
Private	1,812,344	2,047,547	86,094	86,094	86,094	86,094
	142,647,511	113,753,392	86,094	86,094	86,094	86,094

47.1.3 Advances

Credit risk by industry sector

	Gross advances		Non-performing advances		Provision held	
	2018	2017	2018	2017	2018	2017
-----Rupees in '000-----						
Agriculture, Forestry, Hunting and Fishing	2,954,115	3,343,280	190,437	198,471	157,411	161,247
Food and Allied	52,744,361	56,128,536	787,583	769,317	298,684	431,175
Textile	32,951,049	32,260,342	6,148,322	6,425,239	5,437,884	5,620,351
Chemical and Pharmaceuticals	5,581,578	4,987,323	570,410	620,343	533,250	540,864
Cement	2,189,801	2,040,717	-	-	-	-
Sugar	5,825,569	5,006,715	85,704	85,704	85,704	85,704
Footwear and Leather garments	1,384,893	1,488,759	76,521	33,466	76,521	29,183
Automobile and transportation equipment	1,425,438	637,260	13,510	13,510	13,510	13,510
Electronics and electrical appliances	3,085,517	2,526,903	64,214	64,464	64,214	58,467
Construction	4,606,404	1,315,202	36,067	38,264	34,726	37,167
Power (electricity), Gas, Water, Sanitary	25,833,620	11,073,435	149,871	166,121	149,871	149,871
Wholesale and Retail Trade	15,277,029	16,324,104	360,426	359,061	178,190	156,460
Exports/Imports	8,903,912	7,580,706	213,250	93,104	84,933	87,112
Financial	1,488,929	1,430,231	138,959	215,947	138,959	215,947
Services	7,774,723	8,238,196	422,063	512,898	297,883	389,014
Individuals	7,711,834	7,840,012	139,616	93,165	70,584	63,405
Education	1,648,882	473,764	-	-	-	-
Iron & Steel	5,601,775	3,849,128	356,225	262,971	181,963	147,119
Paper & Printing	1,635,406	660,984	100,538	101,090	100,538	100,034
Plastic Products	1,500,142	1,137,496	257,848	58,385	15,648	57,946
Ship Breaking	2,573,619	2,989,360	1,123,746	-	288,546	-
Others	2,132,609	1,439,977	121,822	133,149	105,465	96,264
	194,831,205	172,772,430	11,357,132	10,244,669	8,314,484	8,440,840

Credit risk by public / private sector

	Gross advances		Non-performing advances		Provision held	
	2018	2017	2018	2017	2018	2017
-----Rupees in '000-----						
Public/ Government	61,447,095	57,328,349	-	-	-	-
Private	133,384,110	115,444,081	11,357,132	10,244,669	8,314,484	8,440,840
	194,831,205	172,772,430	11,357,132	10,244,669	8,314,484	8,440,840

47.1.4 Contingencies and Commitments

Credit risk by industry sector

	2018	2017
	----- Rupees in '000 -----	
Agriculture, Forestry, Hunting and Fishing	73,351	179,161
Food and Allied	6,730,238	5,497,371
Textile	4,605,311	3,163,650
Chemical and Pharmaceuticals	2,329,627	2,044,122
Cement	1,762,543	1,009,178
Sugar	394,216	53,508
Footwear and Leather garments	129,023	151,152
Automobile and transportation equipment	741,419	921,892
Electronics and electrical appliances	1,978,209	1,585,564
Construction	2,768,186	2,952,526
Power (electricity), Gas, Water, Sanitary	4,496,121	7,272,609
Wholesale and Retail Trade	7,204,398	5,559,668
Exports/Imports	1,679,084	1,377,229
Financial	154,900,953	63,261,396
Services	6,433,354	9,633,197
Education	104,571	104,571
Iron & Steel	1,591,983	2,614,794
Paper & Printing	462,564	221,501
Plastic Products	1,201,663	1,323,392
Ship Breaking	105,284	20,426
Others	830,307	2,116,872
	<u>200,522,405</u>	<u>111,063,779</u>

Credit risk by public / private sector

Public / Government	1,877,150	4,168,345
Private	198,645,255	106,895,434
	<u>200,522,405</u>	<u>111,063,779</u>

47.1.5 Concentration of advances

The Bank's top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs. 67,792 million (2017: Rs. 63,536 million) and are as follows:

	2018	2017
	----- Rupees in '000 -----	
Funded	65,759,617	60,715,890
Non-funded	2,032,210	2,820,595
Total exposure	<u>67,791,827</u>	<u>63,536,485</u>

The sanctioned limits against these top 10 exposures aggregated to Rs. 90,238 million (2017: Rs. 69,791 million)

Total funded classified therein

	2018		2017	
	Amount	Provision held	Amount	Provision held
OAEM	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
Total	-	-	-	-

47.1.6 Advances - province / region-wise disbursement and utilization

Province / region	2018						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	AJK including Gilgit-Baltistan	Islamabad
Punjab	267,448,556	263,723,813	1,540,194	527,863	-	1,656,686	-
Sindh	215,995,540	1,305,120	205,349,147	-	103,673	-	9,237,600
KPK including FATA	4,092,180	58,077	-	4,034,103	-	-	-
Balochistan	202,415	-	-	-	202,415	-	-
AJK including Gilgit-Baltistan	4,931,314	-	-	-	-	4,931,314	-
Islamabad	51,181,258	3,134,360	-	3,338,633	-	-	44,708,265
Total	543,851,263	268,221,370	206,889,341	7,900,599	306,088	6,588,000	53,945,865

Province / region	2017						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	AJK including Gilgit-Baltistan	Islamabad
Punjab	317,170,524	314,984,168	909,865	-	-	1,276,491	-
Sindh	248,678,336	936,288	244,630,708	-	11,340	-	3,100,000
KPK including FATA	3,655,508	121,886	-	3,533,622	-	-	-
Balochistan	169,182	-	-	-	169,182	-	-
AJK including Gilgit-Baltistan	5,210,102	-	-	-	-	5,210,102	-
Islamabad	70,424,782	5,607,543	-	5,992,297	-	-	58,824,942
Total	645,308,434	321,649,885	245,540,573	9,525,919	180,522	6,486,593	61,924,942

47.2 Market Risk

Market Risk is the risk of loss in earnings and capital due to adverse changes in interest rates, foreign exchange rates, equity prices and market conditions. Thus market risk can be further described into interest rate risk, foreign exchange risk and equity position risk.

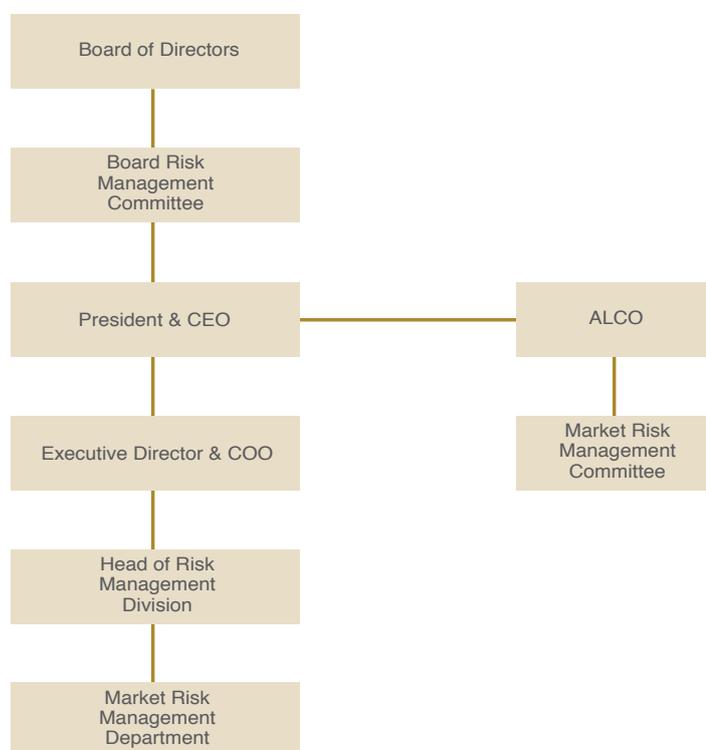
Market risk management objective and organisation

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%.

47.2.2 Statement of financial position split by trading and banking books

	2018			2017		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	----- Rupees in '000 -----					
Cash and balances with treasury banks	26,019,679	-	26,019,679	19,431,256	-	19,431,256
Balances with other banks	1,179,612	-	1,179,612	1,151,015	-	1,151,015
Lendings to financial institutions	3,921,270	-	3,921,270	6,502,687	-	6,502,687
Investments	135,352,532	11,293,001	146,645,533	104,535,497	12,893,019	117,428,516
Advances	186,475,183	-	186,475,183	164,292,915	-	164,292,915
Fixed assets	6,238,673	-	6,238,673	6,464,678	-	6,464,678
Intangible assets	454,536	-	454,536	116,787	-	116,787
Other assets	11,220,557	342,745	11,563,302	9,529,457	301,984	9,831,441
	370,862,042	11,635,746	382,497,788	312,024,292	13,195,003	325,219,295

47.2.3 Foreign exchange risk

Foreign exchange risk is the probability of loss resulting from adverse movements in exchange rates. Exchange position arising from trading activities is monitored through foreign exchange limits on aggregate and individual currency basis. Hedging strategies and mark-to-market valuations are used to mitigate exchange risk resulting from open position. Overall exchange position risk is maintained in accordance with the regulatory requirements prescribed by the State Bank of Pakistan.

Currency	2018				2017			
	Assets	Liabilities	Off-balance sheet items	Net exposure	Assets	Liabilities	Off-balance sheet items	Net exposure
	----- Rupees in '000 -----							
Pakistan rupee	366,450,360	339,111,012	(9,434,638)	17,904,710	311,772,124	289,987,896	(6,038,911)	15,745,317
United States dollar	13,849,073	22,468,408	8,651,808	32,473	11,894,528	13,938,743	4,775,336	2,731,121
Great Britain pound	716,961	2,010,353	1,295,544	2,151	402,156	1,955,973	1,569,218	15,401
Japanese Yen	3,434	36	(2,143)	1,255	23,405	22,977	(504)	(76)
Euro	1,303,631	903,326	(399,936)	369	899,176	746,059	(149,109)	4,008
Chinese Yuan	145,266	4,636	(101,451)	39,179	486	-	-	486
Other currencies	29,062	11,143	(9,183)	8,737	227,420	63,048	(156,030)	8,342
	382,497,788	364,508,914	-	17,988,874	325,219,295	306,714,696	-	18,504,599

Impact of 1% change in foreign exchange rates on

- Profit and loss account
- Other comprehensive income

	----- 2018 -----		----- 2017 -----	
	Banking book	Trading book	Banking book	Trading book
	----- Rupees in '000 -----			
	-	842	-	27,593
	-	-	-	-

47.2.4 Equity position risk

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

Impact of 5% change in equity prices on

- Profit and loss account
- Other comprehensive income

	----- 2018 -----		----- 2017 -----	
	Banking book	Trading book	Banking book	Trading book
	----- Rupees in '000 -----			
	-	-	-	-
	-	203,651	-	187,506

47.2.5 Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in interest rates, including changes in the shape of the yield curve.

Interest rate risk is inherent in the Bank's business and arises due to the mismatches in the contractual maturities or repricing of on- and off-balance sheet assets and liabilities. The Bank is exposed to interest rate risk in both the Trading and Banking Books. The Bank uses duration gap models to measure and monitor the interest rate sensitivity on the potential earnings and the Bank's economic value of equity. Overall potential impact of the mismatches on the earnings in short term is not material and is being managed within the tolerance limits approved by the Board.

Impact of 1% change in interest rates on

- Profit and loss account
- Other comprehensive income

	----- 2018 -----		----- 2017 -----	
	Banking book	Trading book	Banking book	Trading book
	----- Rupees in '000 -----			
	730,511	10,519	785,827	12,732
	-	-	-	-

47.2.6 Mismatch of Interest Rate Sensitive Assets and Liabilities

Yield risk is the risk of decline in earnings due to adverse movement of the yield curve. Interest rate risk represents the risk that value of financial instruments will fluctuate due to change in market interest rates. The Bank is exposed to yield / interest rate risk as a result of mismatches or gaps in the amounts of assets and liabilities and off-balance sheet instruments that mature or re-price in a given period. The Bank manages this risk by matching the re-pricing of assets and liabilities and off-balance sheet instruments. The Bank's yield / interest rate sensitivity position for on-balance sheet instruments is based on the earlier of contractual re-pricing or maturity date and for off-balance sheet instruments is based on settlement date. The Bank quantifies the yield curve risk via duration, PVBP and convexity for rate sensitive assets and liabilities held in banking and trading book. The bank also measure impact on net worth depending on duration gap of rate sensitive assets and liabilities.

		2018											
Effective Yield/ Interest rate	Total	Exposed to Yield/ Interest risk									Non-interest bearing financial instruments		
		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			
On-balance sheet financial instruments													
----- Rupees in '000 -----													
Assets													
Cash and balances with treasury banks	0.43%	26,019,679	2,740,850	-	-	-	-	-	-	-	-	-	23,278,829
Balances with other banks	4.28%	1,179,612	184,908	-	-	-	-	-	-	-	-	-	994,704
Lending to financial institutions	7.08%	3,921,270	3,921,270	-	-	-	-	-	-	-	-	-	-
Investments	6.83%	146,645,533	31,940,426	64,835,464	14,930,851	9,881,334	9,315,447	11,552,611	-	105,283	-	-	4,084,117
Advances	7.80%	186,475,183	147,998,015	16,089,088	8,599,368	5,664,238	98,919	172,932	366,313	1,595,759	2,847,903	-	3,042,648
Other assets	0.00%	11,218,113	-	-	-	-	-	-	-	-	-	-	11,218,113
		375,459,390	186,785,469	80,924,552	23,530,219	15,545,572	9,414,366	11,725,543	366,313	1,701,042	2,847,903	-	42,618,411
Liabilities													
Bills payable	0.00%	3,993,525	-	-	-	-	-	-	-	-	-	-	3,993,525
Borrowings	5.41%	81,962,917	52,577,019	18,032,933	9,598,547	320,548	43,364	27,006	93,035	982,667	-	-	287,798
Deposits and other accounts	6.05%	262,378,761	81,719,291	91,889,501	12,251,452	9,685,540	373,662	256,309	-	-	-	-	66,203,006
Liabilities against assets subject to finance lease	0.00%	-	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	8.74%	6,996,400	600	-	6,995,800	-	-	-	-	-	-	-	-
Other liabilities		8,992,846	-	-	-	-	-	-	-	-	-	-	8,992,846
		364,324,449	134,296,910	109,922,434	28,845,799	10,006,088	417,026	283,315	93,035	982,667	-	-	79,477,175
On-balance sheet gap		11,134,941	52,488,559	(28,997,882)	(5,315,580)	5,539,484	8,997,340	11,442,228	273,278	718,375	2,847,903	-	(36,858,764)
Non financial net assets		6,853,933											
Total net assets		17,988,874											
Off-balance sheet financial instruments													
Documentary credits and short-term trade-related transactions		40,737,350	7,880,038	9,744,300	6,804,501	5,780,361	1,851,905	2,696,314	2,471,614	306,629	3,201,688	-	-
Commitments in respect of:													
- forward foreign exchange contracts purchase		80,729,599	15,827,504	40,523,390	24,315,291	63,414	-	-	-	-	-	-	-
- forward foreign exchange contracts sale		(71,630,097)	(20,388,681)	(19,961,073)	(31,280,343)	-	-	-	-	-	-	-	-
- forward government securities transactions		1,968,946	1,968,946	-	-	-	-	-	-	-	-	-	-
- forward lending		3,056,954	-	-	-	3,056,954	-	-	-	-	-	-	-
- acquisition of fixed assets		81,102	-	-	-	81,102	-	-	-	-	-	-	-
- acquisition of intangibles		39,971	-	-	-	39,971	-	-	-	-	-	-	-
Off-balance sheet gap		54,983,825	5,287,807	30,306,617	(160,551)	9,021,802	1,851,905	2,696,314	2,471,614	306,629	3,201,688	-	-
Total yield/ interest risk sensitivity gap			57,776,366	1,308,735	(5,476,131)	14,561,286	10,849,245	14,138,542	2,744,892	1,025,004	6,049,591	-	(36,858,764)
Cumulative yield / interest risk sensitivity gap			57,776,366	59,085,101	53,608,970	68,170,256	79,019,501	93,158,043	95,902,935	96,927,939	102,977,530	-	-

Effective Yield/ Interest rate	2017										Non-interest bearing financial instruments	
	Total	Exposed to Yield/ Interest risk										
		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 -----												
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	0.00%	19,431,256	1,586,713	-	-	-	-	-	-	-	-	17,844,543
Balances with other banks	4.20%	1,151,015	206,419	-	-	-	-	-	-	-	-	944,596
Lending to financial institutions	5.90%	6,502,687	3,185,507	1,250,000	2,067,180	-	-	-	-	-	-	-
Investments	6.27%	117,428,516	9,492,238	66,637,873	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	127,131,437	17,287,353	8,899,907	7,425,261	34,996	187,310	336,196	904,708	281,918	1,803,829
Other assets	0.00%	9,592,514	-	-	-	-	-	-	-	-	-	9,592,514
		318,398,903	141,602,314	85,175,226	14,419,934	7,858,924	10,684,790	10,550,941	12,867,358	1,010,795	281,918	33,946,703
Liabilities												
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%	227,304,100	59,816,547	78,140,722	15,501,105	9,504,470	486,731	406,568	-	-	-	63,447,957
Liabilities against assets subject to finance lease	0.00%	-	-	-	-	-	-	-	-	-	-	-
Subordinated debt	7.49%	2,997,600	600	-	2,997,000	-	-	-	-	-	-	-
Other liabilities	0.00%	5,900,921	-	-	-	-	-	-	-	-	-	5,900,921
		305,682,304	98,378,042	90,161,105	21,250,701	19,521,484	498,331	478,837	104,841	767,389	-	74,521,574
On-balance sheet gap		12,716,599	43,224,272	(4,985,879)	(6,830,767)	(11,662,560)	10,186,459	10,072,104	12,762,517	243,406	281,918	(40,574,871)
Non financial net assets		5,788,000										
Total net assets		18,504,599										
Off-balance sheet financial instruments												
Documentary credits and short-term trade-related transactions		35,626,938	13,613,886	10,705,213	3,902,504	3,344,004	1,735,128	1,033,141	244,774	25,955	1,022,333	-
Commitments in respect of:												
- forward foreign exchange contracts purchase		32,938,645	14,982,653	13,149,222	4,626,438	180,332	-	-	-	-	-	-
- forward foreign exchange contracts sale		(28,402,978)	(10,851,025)	(9,944,116)	(7,604,477)	(3,360)	-	-	-	-	-	-
- forward government securities transactions		-	-	-	-	-	-	-	-	-	-	-
- forward lending		10,654,182	-	-	-	10,654,182	-	-	-	-	-	-
- acquisition of fixed assets		563,192	-	-	-	563,192	-	-	-	-	-	-
- acquisition of intangibles		103,167	-	-	-	103,167	-	-	-	-	-	-
Off-balance sheet gap		51,483,146	17,745,514	13,910,319	924,465	14,841,517	1,735,128	1,033,141	244,774	25,955	1,022,333	-
Total yield / interest risk sensitivity Gap		60,969,786	8,924,440	(5,906,302)	3,178,957	11,921,587	11,105,245	13,007,291	269,361	1,304,251	(40,574,871)	
Cumulative yield / interest risk sensitivity Gap		60,969,786	69,894,226	63,987,924	67,166,881	79,088,468	90,193,713	103,201,004	103,470,365	104,774,616		

- 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.
- The effective interest rate has been computed by excluding non-performing advances.
- The effective interest rate has been computed by excluding non-remunerative deposits.

47.2.7 Liquidity risk

Liquidity risk is the potential inability to meet contractual and contingent financial obligations, either on or off balance sheet, as they become due. Primary liquidity objective of the Bank is to provide adequate funding for businesses throughout market cycles, including periods of financial stress.

Liquidity Management

Day to day funding, is managed by treasury division through net cash flows from payment systems, fresh deposits mobilised by branches, maturing money market deposits, etc.

The Bank maintains a portfolio of highly marketable assets viz., Market Treasury Bills and Pakistan Investment Bonds, that can either be sold in the open market or funds can be arranged there against under repo arrangements. This is further supported by investments in short term securities viz., Certificate of Investments etc. In line with its liquidity risk management policy, the Bank maintains a cushion over and above the minimum statutory liquidity requirement prescribed by SBP for maintaining liquidity reserves to ensure continuity of cash flows.

Liquidity risk monitoring

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

Liquidity risk assessment

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

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

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

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

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

47.2.8 Operational risk

Operational risk 'OpRisk' is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or external events. This includes legal risk as well as the reputational consequences of failures in operational risk management. The Bank uses Basic Indicator approach for assessing capital charge for operational risk.

Operational Risk Management Objective and Organisation



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

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

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

Operational risk assessment

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

Operational risk monitoring

Operational risk monitoring is conducted through KRIs, identified in the RCSA exercise for each process. All branches, offices, 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.

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

		- 2018 -													
		Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
		----- Rupees in '000 -----													
Assets															
Cash and balances															
with treasury banks	26,019,679	26,019,679	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	1,179,612	1,179,612	-	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	3,921,270	-	3,921,270	-	-	-	-	-	-	-	-	-	-	-	-
Investments	146,645,533	-	31,812,111	28,262	100,052	64,430,953	41,612	15,911,621	3,635,995	6,438,904	10,068,900	11,929,297	755,188	1,492,638	
Advances	186,475,183	88,192,742	1,627,691	1,578,847	3,567,296	8,746,658	11,041,276	13,608,440	6,084,598	2,519,698	2,912,665	4,715,452	23,963,977	17,915,843	
Fixed assets	6,238,673	1,344	8,063	9,407	22,847	41,515	41,386	123,562	122,096	274,959	431,057	369,631	551,786	4,241,020	
Intangible assets	454,536	491	2,955	3,447	8,372	15,265	10,554	30,720	29,266	28,520	104,763	98,733	121,450	-	
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other assets	11,563,302	5,984,788	118,587	74,511	748,938	313,904	590,083	1,699,237	393,009	1,634,018	-	-	6,227	-	
	382,497,788	121,378,656	37,490,677	1,694,474	4,447,505	73,548,295	11,724,911	31,373,580	10,264,964	10,896,099	13,517,385	17,113,113	25,398,628	23,649,501	
Liabilities															
Bills payable	3,993,525	3,993,525	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	81,962,917	287,798	49,490,578	5,626	3,080,815	6,504,899	11,528,034	9,598,547	93,750	226,798	43,364	27,006	93,035	982,667	
Deposits and other accounts	262,378,761	160,970,992	7,259,507	6,613,132	19,679,098	19,213,133	26,075,936	12,251,452	3,249,281	6,436,259	373,662	256,309	-	-	
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Subordinated debt	6,996,400	-	600	-	-	-	-	-	600	-	1,200	1,200	2,992,800	4,000,000	
Deferred tax liabilities	120,054	-	-	-	-	-	-	-	-	120,054	-	-	-	-	
Other liabilities	9,057,257	4,328,462	118,587	74,511	748,938	313,904	590,083	1,699,237	393,009	790,526	-	-	-	-	
	364,508,914	169,580,777	56,869,272	6,693,269	23,508,851	26,031,936	38,194,053	23,549,236	3,736,640	7,573,637	418,226	284,515	3,085,835	4,982,667	
Net assets	17,988,874	(48,202,121)	(19,378,595)	(4,998,795)	(19,061,346)	47,516,359	(26,469,142)	7,824,344	6,528,324	3,322,462	13,099,159	16,828,598	22,312,793	18,666,834	
Share capital	11,024,636														
Reserves	2,109,227														
Unappropriated profit	4,312,374														
Surplus on revaluation of assets	542,637														
	17,988,874														
		----- 2017 -----													
		Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 Months	Over 6 to 9 Months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 Years	Over 5 Years
		----- Rupees in '000 -----													
Assets															
Cash and balances															
with treasury banks	19,431,256	19,431,256	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	1,151,015	1,151,015	-	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	6,502,687	-	700,000	1,485,507	1,000,000	1,000,000	250,000	2,067,180	-	-	-	-	-	-	-
Investments	117,428,516	-	90,155	28,262	9,373,821	20,848,366	45,013,498	3,831,518	544,851	1,710,066	11,137,268	10,631,013	12,960,011	1,259,687	
Advances	164,292,915	80,890,448	989,658	2,853,164	4,890,753	7,295,028	13,497,652	13,886,815	3,050,283	913,099	5,294,988	4,755,007	13,302,730	12,673,290	
Fixed assets	6,464,678	698	3,886	4,426	10,519	64,273	61,611	88,595	87,739	515,554	512,288	428,216	1,086,817	3,600,056	
Intangible assets	116,787	83	500	583	1,333	336	336	1,008	1,343	17,035	88,121	6,081	28	-	
Other assets	9,831,441	5,167,075	167,173	300,490	956,317	1,035,302	417,170	162,683	8,032	1,604,622	6,100	-	6,477	-	
	325,219,295	106,640,575	1,951,372	4,672,432	16,232,743	30,243,305	59,240,267	20,037,799	3,692,248	4,760,376	17,038,765	15,820,317	27,356,063	17,533,033	
Liabilities															
Bills payable	4,895,447	4,895,447	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	64,584,236	305,640	37,014,768	118,400	1,399,336	3,578,060	8,442,323	2,752,596	9,377	10,007,637	11,600	72,269	104,841	767,389	
Deposits and other accounts	227,304,100	158,480,147	2,973,215	1,794,386	7,439,859	13,600,789	17,116,830	15,501,105	5,002,744	4,501,726	486,731	406,568	-	-	
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Subordinated debt	2,997,600	-	600	-	-	-	-	-	600	-	1,200	1,200	2,400	2,991,600	
Deferred tax liabilities	935,711	-	-	-	-	-	-	-	-	935,711	-	-	-	-	
Other liabilities	5,997,602	2,334,494	167,173	300,490	956,317	1,035,302	417,170	162,683	8,032	609,841	6,100	-	-	-	
	306,714,696	166,015,728	40,155,756	2,213,276	9,795,512	18,214,151	25,976,323	18,416,384	5,020,753	16,054,915	505,631	480,037	107,241	3,758,989	
Net assets	18,504,599	(59,375,153)	(38,204,384)	2,459,156	6,437,231	12,029,154	33,263,944	1,621,415	(1,328,505)	(11,294,539)	16,533,134	15,340,280	27,248,822	13,774,044	
Share capital	11,024,636														
Reserves	1,752,494														
Unappropriated profit	3,632,370														
Surplus on revaluation of assets	2,095,099														
	18,504,599														

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

		----- 2018 -----									
		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 -----									
Assets											
Cash and balances with treasury banks	26,019,679	14,575,736	6,027,005	2,572,187	2,844,751	-	-	-	-	-	-
Balances with other banks	1,179,612	1,179,612	-	-	-	-	-	-	-	-	-
Lending to financial institutions	3,921,270	3,921,270	-	-	-	-	-	-	-	-	-
Investments	146,645,533	31,940,425	64,472,565	15,911,621	10,074,899	10,068,900	11,929,297	755,188	1,492,638	-	
Advances	186,475,183	35,375,754	35,391,884	28,900,932	30,231,146	9,980,195	4,715,452	23,963,977	9,491,121	8,424,722	
Fixed assets	6,238,673	41,661	82,901	123,562	397,055	431,057	369,631	551,786	959,005	3,282,015	
Intangible assets	454,536	15,265	25,819	30,720	57,786	104,763	98,733	121,450	-	-	
Other assets	11,563,302	6,926,824	903,987	1,699,237	2,027,027	-	-	6,227	-	-	
	382,497,788	93,976,547	106,904,161	49,238,259	45,632,664	20,584,915	17,113,113	25,398,628	11,942,764	11,706,737	
Liabilities											
Bills payable	3,993,525	3,993,525	-	-	-	-	-	-	-	-	
Borrowings	81,962,917	52,864,817	18,032,933	9,598,547	320,548	43,364	27,006	93,035	982,667	-	
Deposits and other accounts	262,378,761	56,499,016	58,080,238	24,787,307	27,413,916	25,445,372	19,494,509	30,507,384	20,151,019	-	
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	
Subordinated debt	6,996,400	600	-	-	600	1,200	1,200	2,992,800	4,000,000	-	
Deferred tax liabilities	120,054	-	-	-	120,054	-	-	-	-	-	
Other liabilities	9,057,257	5,270,498	903,987	1,699,237	1,183,535	-	-	-	-	-	
	364,508,914	118,628,456	77,017,158	36,085,091	29,038,653	25,489,936	19,522,715	33,593,219	25,133,686	-	
Net assets	17,988,874	(24,651,909)	29,887,003	13,153,168	16,594,011	(4,905,021)	(2,409,602)	(8,194,591)	(13,190,922)	11,706,737	
Share capital account	11,024,636										
Reserves	2,109,227										
Unappropriated profit	4,312,374										
Surplus on revaluation of assets	542,637										
	17,988,874										
----- 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 -----									
Assets											
Cash and balances with treasury banks	19,431,256	9,026,512	4,587,495	2,953,013	2,864,236	-	-	-	-	-	
Balances with other banks	1,151,015	1,151,015	-	-	-	-	-	-	-	-	
Lending to financial institutions	6,502,687	3,185,507	1,250,000	2,067,180	-	-	-	-	-	-	
Investments	117,428,516	9,492,238	65,861,864	3,831,518	2,254,917	11,137,268	10,631,013	12,960,011	1,259,687	-	
Advances	164,292,915	32,656,577	35,709,695	28,506,083	24,638,150	12,051,383	4,755,007	13,302,730	6,316,714	6,356,576	
Fixed assets	6,464,678	19,529	125,884	88,595	603,293	512,288	428,216	1,086,817	1,934,347	1,665,709	
Intangible assets	116,787	2,499	672	1,008	18,378	88,121	6,081	28	-	-	
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	
Other assets	9,831,441	6,591,055	1,452,472	162,683	1,612,654	6,100	-	6,477	-	-	
	325,219,295	62,124,932	108,988,082	37,610,080	31,991,628	23,795,160	15,820,317	27,356,063	9,510,748	8,022,285	
Liabilities											
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	227,304,100	33,624,760	43,419,741	27,949,690	27,109,428	25,383,902	19,510,839	30,295,004	20,010,736	-	
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	
Subordinated debt	2,997,600	600	-	-	600	1,200	1,200	2,400	2,991,600	-	
Deferred tax liabilities	935,711	-	-	-	935,711	-	-	-	-	-	
Other liabilities	5,997,602	3,758,474	1,452,472	162,683	617,873	6,100	-	-	-	-	
	306,714,696	81,117,425	56,892,596	30,864,969	38,680,626	25,402,802	19,584,308	30,402,245	23,769,725	-	
Net assets	18,504,599	(18,992,493)	52,095,486	6,745,111	(6,688,998)	(1,607,642)	(3,763,991)	(3,046,182)	(14,258,977)	8,022,285	
Share capital account	11,024,636										
Reserves	1,752,494										
Unappropriated profit	3,632,370										
Surplus on revaluation of assets	2,095,099										
	18,504,599										

48 GENERAL

48.1 Comparative

Comparative information has been re-classified, re-arranged or additionally incorporated in these financial statements, wherever necessary to facilitate comparison and better presentation. There were no significant reclassifications during the current year except for the reclassifications as mentioned in note 4.2 and note 48.1.1.

48.1.1 An amount of Rs. 41,465 (2016: 14,702 million) pertaining to deferred bai mujjal income has been reclassified from "Other liabilities" to "Lendings to financial institutions".

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

49 EVENTS AFTER THE REPORTING DATE

49.1 The Board of Directors in its meeting held on 22 February 2019 has proposed a cash dividend in respect of the year ended 31 December 2018 of Re. 1 per share (2017: Re. 0.75 per share). This appropriation will be approved in the forthcoming Annual General Meeting. The financial statements for the year ended 31 December 2018 do not include the effect of this appropriation which will be accounted for in the financial statements of the Bank for the year ending 31 December 2019.

49.2 Finance Supplementary (Second Amendment) Bill, 2019 laid down before the National Assembly of Pakistan on 23 January 2019, amended the rate of Super Tax noted in the earlier Finance Act 2018 and prescribed a flat rate of 4% super tax for all accounting years from 2017 to 2020. The changes proposed by the bill are being deliberated and have not yet been enacted.

If the bill is enacted in its proposed form, the potential impact of the revision in the rate of super tax for the accounting year 2017 would amount to Rs. 116,607 million.

50 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 22 February 2019 by the Board of Directors of the Bank.

Mirza Zafar Baig
Chief Financial Officer

Alauddin Feerasta
Chairman

Mohammad Aftab Manzoor
President & Chief Executive Officer

Nooruddin Feerasta
Director

Jamil Hassan Hamdani
Director

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

DURING THE YEAR ENDED DECEMBER 31, 2018

(Rs. in million)

S.No.	Name and address of borrower	Name of Individuals/ partners/ directors (with CNIC No.)	Father/ Husband's Name	Outstanding liabilities at beginning of the year				Principal Written off	Mark-up Written off/ Waived	Other Financial Relief Provided	Total
				Principal	Mark-up	Others	Total				
1	2	3	4	5	6	7	8	9	10	11	12=9+10+11
1	DDFC (Pvt) Ltd 27-28 KM Multan Road, Lahore	Mr. Manzar Shahmim CNIC No. 35200-1496284-5	Mr. Ibrahim Shamim	-	16.420	-	16.420	-	23.524	-	23.524
2	Saeed Buksh (Pvt) Ltd 9-K Empire Centre, Lahore	Mr. Usman Ahmed Buksh CNIC No. 35201-9369028-9	Mr. Saeed Ahmed Buksh	-	1.995	-	1.995	-	2.365	0.085	2.450
3	Waqar & Awais Associates 75-Y, Phase-III DHA, Lahore	Mr. Waqar Asif CNIC No. 35201-1311348-9 Mr. Muhammad Awais Asif CNIC No. 35201-8622088-3	Mr. Asif Mehmood Mr. Asif Mehmood	-	1.830	-	1.830	-	1.866	0.035	1.901
4	Al-Rehman Lights Opposite Benz Factory, Main Multan Road, Lahore	Mr. Muhammad Imran Munir CNIC No. 35200-1503328-5	Mr. Muhammad Munir	-	4.940	-	4.940	-	9.320	0.169	9.489
5	Rafique Traders 35 KM Shouqj Bhattia, Lahore	Mr. Muhammad Rafiq CNIC No. 35202-0221706-5	Mr. Muhammad Hussain	-	0.862	-	0.862	-	1.269	-	1.269
6	Syed Amjad Ali & Associates 180-E-II Johar Town, Lahore	Syed Amjad Ali CNIC No. 35202-9857059-9	Syed Akbar Shah	-	4.784	-	4.784	-	4.683	0.125	4.808
7	Maroof Traders Shop No. 12 Basement Circular Road, Lahore	Mr. Muhammad Maroof CNIC No. 35201-1583797-3	Mr. Muahmmad Fazal	-	0.412	-	0.412	-	0.538	-	0.538
8	AR Steel & Re-Rolling Mills Daghain wala Kharkana Muslimabad Shalimar Town, Lahore	Mr. Muhammad Azam CNIC No. 35201-5042628-9	Mr. Rasheed Ahmed	-	1.167	-	1.167	-	0.976	0.061	1.037
9	Spintex Enterprises (Pvt) Ltd CB-319, Gujjar House, Garden Town, Multan	Mr. Muhammad Sarfraz CNIC No. 61101-3303886-1 Mr. Muhammad Iftikhar CNIC No. 61101-9565469-5	Mr. Muhammad Latif Mr. Muhammad Latif	-	26.303	-	26.303	-	16.545	0.190	16.735
10	Aftab Soap Factory (Pvt) Ltd 9 KM Sargodha Road, Faisalabad	Mr. Zahid Ahmed CNIC No. 33100-7099172-7 Mr. Owais Zahid CNIC No. 33100-2475451-7 Mr. Salman Zahid CNIC No. 33100-9424553-1	Shaikh Ghulam Rasool Shaikh Zahid Ahmed Shaikh Zahid Ahmed	-	2.296	-	2.296	-	1.779	-	1.779
11	Tawab International 20 KM Jaranwala Road, Faisalabad	Mr. Muhammad Kashif Mehmood CNIC No. 33100-8045821-9	Mr. Mehmood Amjad	-	3.189	-	3.189	-	2.559	0.135	2.694
12	Five Star Proteins Chak No 134 RB Maqbool Road, Faisalabad	Mr. Muhammad Asim CNIC No. 33100-0812479-5	Mr. Muhammad Asif	-	0.843	-	0.843	-	10.668	-	10.668
13	Bilal Enterprises 20-Beadon Road, Lahore	Mr. Bilal Rafiq CNIC No. 35202-9345201-7	Mr. Muhammad Rafiq	-	3.253	-	3.253	-	1.678	0.240	1.918
14	Rashid Minhas Secondary School Rashid Minhas School Faisal Colony, Multan	Mr. Allah Nawaz Khan CNIC No. 36302-6194542-9	Mr. Attah Ullah Khan	-	0.550	-	0.550	-	0.538	0.010	0.548
15	Olympia Spinning & Weaving Mills Ltd H-23/3, Landhi Industrial Area, Karachi	Mr. Waqar Monnoo CNIC No. 42201-0645541-7 Mrs. Ghazala Waqar CNIC No. 42201-8157988-8 Mr. Siraj Sadiq Monnoo CNIC No. 42201-3201218-9 Syed Ejaz uddin CNIC No. 42101-1688516-7 Mr. Mohamamd Imran Monnoo CNIC No. 42301-2503659-1 Syed Ayaz uddin CNIC No. 42101-3561787-7 Mr. Mohamamd Anwar Saigal CNIC No. 42000-0463306-7	Mian Mohammad Sadiq Monnoo (Late) W/O. Muhammad Waqar Monnoo Mian Muhammad Waqar Monnoo Syed Qayyam uddin (Late) Mr. Mohammad Mukhtar Monnoo Syed Qayyam uddin (Late) Mr. Muhamamd Zulzar Saigal	210.905	81.886	-	292.791	37.155	46.158	-	83.313

(Rs. in million)

S.No.	Name and address of borrower	Name of Individuals/ partners/ directors (with CNIC No.)	Father/ Husband's Name	Outstanding liabilities at beginning of the year				Principal Written off	Mark-up Written off/ Waived	Other Financial Relief Provided	Total
				Principal	Mark-up	Others	Total				
1	2	3	4	5	6	7	8	9	10	11	12=9+10+11
16	ABC Fishing Corporation Ground Floor, 21-Gulzar Chamber, West Wharf, Karachi	Mr. Shahbaz Anwer CNIC No. 42301-8151544-7 Mr. Hashim Anwer CNIC No. 42301-3674984-1 Mr. Mir Nazar CNIC No. 52101-2262026-9	Mr. Amir Anwer Mr. Amir Anwer Mr. Mir Khudadad	-	3.930	-	3.930	-	4.358	-	4.358
17	Shahzad Corporation Shop No. 51-A, Grain Market, Khanewal	Mr. Muhammad Irfan CNIC No. 36103-5001454-7 Mr. Muhammad Faizan CNIC No. 36103-4295863-1	Mr. Abdul Sattar Mr. Abdul Sattar	4.000	0.732	-	4.732	-	0.502	0.070	0.572
18	Iqbal Khawaja Bardana House No. 73/3, Street No. 11, Mubarak Housing Society, Hyderabad	Mr. Iqbal Khawaja CNIC No. 41303-1524643-1	Mr. Jannat Ali Khawaja	1.995	0.870	-	2.865	-	0.870	-	0.870
19	Sindhu CNG K.M 217-218, National Highway, Babhri Hala, Matari	Mr. Ghulam Abbas Laghari CNIC No. 41301-1236910-5	Mr. Ghulam Shabir Laghari	2.306	1.271	-	3.577	-	1.507	-	1.507
20	Creation House No. F-1/13 Street Mohallah, Block-7, Clifton, Karachi	Mr. Al-Karim CNIC No. 42301-0911411-7	Mr. Noor Ali	6.549	0.701	-	7.250	-	0.593	-	0.593
21	Allah Dino Fertilizer Agency Mohalla Hussainabad Tapal House Tar Khawaja Talka Jati Distt: Thatta	Mr. Noroze Ali CNIC No. 41402-5522500-1	Mr. Sabz Ali	-	0.430	-	0.430	-	0.581	-	0.581
22	Welknit Textile Atta Buksh Road, Attari Saroba, 17-KM Feroze Pur Road, Lahore	Mr. Akbar Ali Awan CNIC No. 35201-1095657-7 Mrs. Tahira Akbar CNIC No. 35201-3709898-0 Mr. Tahir Qayyum Afzal CNIC No. 35201-8114384-9	Mr. Rehmat Ali Awan W/O. Akbar Ali Awan Mr. Muhammad Afzal	-	0.375	-	0.375	-	3.009	0.087	3.096
23	Texcon Sarshar Town, Thokar Niaz Baig Multan Road, Lahore	Mr. Muhammad Razaq Khan CNIC No. 35202-2688940-1	Mr. Sardar Muhammad Ameer Khan	1.110	0.778	-	1.888	-	1.169	-	1.169
24	Abdul Razzak Khan House No.5, Ali Street, Gulraiz Colony, Allah Shafi Road, Braran Road, Multan	Mr. Abdul Razzak Khan CNIC No. 36302-7109130-5	Mr. Muhammad Ishaq Khan	0.600	-	-	0.600	0.450	0.201	0.131	0.782
25	Olympia Power Generation (Pvt) Ltd E-3, Farzana Building, 1st Floor, Block-7&8, Shaheed-e-Millat Road, Karachi	Mr. Waqar Monnoo CNIC No. 42201-0645541-7 Mrs. Ghazala Waqar CNIC No. 42201-8157988-8 Mr. Siraj Sadiq Monnoo CNIC No. 42201-3201218-9	Mian Mohammad Sadiq Monnoo (Late) W/O. Muhammad Waqar Monnoo Mian Muhammad Waqar Monnoo	16.250	5.478	-	21.728	-	5.516	-	5.516
26	Bilal Zarai Corporation Basti Haweli Jhangiwala, PO Khas, Bahawalpur	Mr. Bilal Ahmed CNIC No. 35202-3978847-1	Mr. Muhammad Bux	-	0.964	-	0.964	-	0.516	-	0.516
27	Arif Hussain & Shamas Tabraiz Qamar Badiana P/O Badiana Tehsil Pasroor, Distt: Sialkot	Mr. Arif Hussain CNIC No. 34602-1600538-3 Mr. Shamas Tabraiz Qamar CNIC No. 34602-1088202-3	Chaudhry Abdul Ghani Chaudhry Abdul Ghani	1.999	2.055	-	4.054	-	1.755	-	1.755
28	Tahir Mehmood & Zuliqar Ali Viage Wahndo Khas, Tehsil Karnokee, Distt: Gujranwala	Mr. Tahir Mehmood CNIC No. 34102-9054684-5 Mr. Zulfqar Ali CNIC No. 34102-4313673-5	Mr. Khair Din Mr. Khair Din	1.747	1.013	-	2.760	-	0.823	0.055	0.878
29	Ghulam Abbas Basti Muhammad Khan Wala, PO Qureshi Wala, Teh.&Distt: Lodhran	Mr. Ghulam Abbas CNIC No. 31202-9377767-5	Malik Ghulam Qadir	1.674	0.973	-	2.647	-	0.890	-	0.890
TOTAL				249.135	170.300	-	419.435	37.605	146.756	1.393	185.754

ISLAMIC BANKING BUSINESS

The Bank is operating 21 Islamic Banking branches (31 December 2017: 19). The statement of financial position and profit and loss account of these branches (including Islamic Banking Division) are as follows:

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

	Note	31 December 2018	31 December 2017
------(Rupees in '000)-----			
ASSETS			
Cash and balances with treasury banks		887,183	1,029,113
Balances with other banks		331,273	26
Due from financial institutions	1	-	4,067,180
Investments	2	5,147,722	4,445,932
Islamic financing and related assets- net	3	8,005,364	4,572,125
Fixed assets		208,419	194,194
Intangible assets		-	-
Due from head office	4	-	966,419
Other assets		189,802	272,843
Total assets		14,769,763	15,547,832
LIABILITIES			
Bills payable		161,871	45,598
Due to financial institutions		328,236	97,863
Deposits and other accounts	5	12,237,182	14,012,013
Due to head office		165,587	-
Other liabilities		97,349	163,450
Total liabilities		12,990,225	14,318,924
NET ASSETS		1,779,538	1,228,908
REPRESENTED BY:			
Islamic banking fund		1,500,000	1,000,000
Accumulated profit	7	129,190	160,665
Surplus on revaluation of assets - net of tax		150,348	68,243
		1,779,538	1,228,908
CONTINGENCIES AND COMMITMENTS			
	8		

The profit and loss account of the Bank's Islamic banking branches for the year ended 31 December 2018 is as follows:

		31 December 2018	31 December 2017
------(Rupees in '000)-----			
Profit / return earned	9	1,014,741	879,681
Profit / return expensed	10	636,273	529,440
Net profit / return		378,468	350,241
Other income			
Fee and commission Income		48,607	34,013
Foreign exchange income		21,472	4,600
Loss on securities		(49)	(1,026)
Other income		1,070	1,269
Total other income		71,100	38,856
Other expenses			
Operating expenses		320,231	257,388
Other charges		91	750
Total other expenses		320,322	258,138
Profit before provisions		129,246	130,959
(Provisions) / reversals and write offs - net		(56)	29,706
Profit before taxation		129,190	160,665

1 Due from Financial Institutions

	2018			2017		
	In local Currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
----- Rupees in '000 -----						
Bai Muajjal receivable from other financial institutions	-	-	-	201,290	-	201,290
Bai Muajjal receivable from State Bank of Pakistan (SBP)	-	-	-	1,365,890	-	1,365,890
Mudaraba placement	-	-	-	1,500,000	-	1,500,000
Musharaka placement	-	-	-	1,000,000	-	1,000,000
	-	-	-	4,067,180	-	4,067,180

2 Investments by segments:

	2018				2017			
	Cost/ amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
----- Rupees in '000 -----								
Federal Government securities:								
-Ijarah sukuk	400,000	-	(7,160)	392,840	2,009,104	-	11,120	2,020,224
-Bai muajjal from Government of Pakistan (GoP)	2,074,788	-	-	2,074,788	-	-	-	-
	2,474,788	-	(7,160)	2,467,628	2,009,104	-	11,120	2,020,224
Non-Government debt securities								
-Listed	406,525	-	4,096	410,621	563,050	-	10,125	573,175
-Unlisted	2,174,194	(19,860)	115,139	2,269,473	1,843,068	(19,860)	29,325	1,852,533
	2,580,719	(19,860)	119,235	2,680,094	2,406,118	(19,860)	39,450	2,425,708
Total Investments	5,055,507	(19,860)	112,075	5,147,722	4,415,222	(19,860)	50,570	4,445,932

3 Islamic financing and related assets

	Note	2018	2017
		---- Rupees in '000 ----	
Ijarah	3.1	423,793	301,549
Murabaha	3.2	880,480	561,726
Musharaka		735,531	521,204
Diminishing Musharaka		3,540,549	1,892,336
Salam		72,015	47,068
Other Islamic modes		-	467,398
Advances against Islamic assets			
Murabaha		754,348	416,473
Ijarah		58,193	67,176
Diminishing musharakah		13,471	-
Salam		1,405,323	325,478
Istisna		150,000	-
Gross Islamic financing and related assets		8,033,703	4,600,408
Less: Provision against Islamic financing			
- Specific		28,339	28,283
- General		-	-
		28,339	28,283
Islamic financing and related assets - net of provision		8,005,364	4,572,125

3.1 Ijarah

	2018						Book Value as at 31 December 2018
	Cost			Depreciation			
	As at 01 January 2018	Additions/ (deletions)/ adjustment	As at 31 December 2018	As at 01 January 2018	Charge for the year	As at 31 December 2018	
----- Rupees in 000 -----							
Plant & Machinery	54,072	- (29,111)	24,961	30,753	13,311 (26,200)	17,864	7,097
Vehicles	381,633	247,873 (33,419)	596,087	103,403	100,232 (24,244)	179,391	416,696
Total	435,705	247,873 (62,530)	621,048	134,156	113,543 (50,444)	197,255	423,793

	2017						Book Value as at 31 December 2017
	Cost			Accumulated Depreciation			
	As at 01 January 2017	Additions/ (deletions)/ adjustment	As at 31 December 2017	As at 01 January 2017	Charge for the year	As at 31 December 2017	
----- Rupees in 000 -----							
Plant & Machinery	171,675	- (105,843) (11,760)	54,072	115,566	21,030 (105,843) -	30,753	23,319
Vehicles	292,221	155,329 (42,211) (23,706)	381,633	79,489	61,947 (38,033) -	103,403	278,230
Total	463,896	155,329 (148,054) (35,466)	435,705	195,055	82,977 (143,876)	134,156	301,549

3.1.1 Future ijarah payments receivable

	2018				2017			
	Not later than 1 year	Later than 1 year and less than 5 years	Over five years	Total	Not later than 1 year	Later than 1 year and less than 5 years	Over five years	Total
Ijarah rental receivables	19,019	303,285	-	322,304	110,550	115,322	-	225,872

3.2	Murabaha	Note	2018	2017
			----- Rupees in '000 -----	
	Murabaha financing	3.2.1	880,480	561,726
	Advances for Murabaha		754,348	416,473
			1,634,828	978,199
3.2.1	Murabaha receivable - gross	3.2.2	924,334	573,685
	Less: Deferred murabaha income	3.2.4	43,854	11,959
	Murabaha financings		880,480	561,726
3.2.2	The movement in Murabaha financing during the year is as follows:			
	Opening balance		573,685	500,261
	Sales during the year		3,383,881	2,347,320
	Adjusted during the year		(3,033,232)	(2,273,896)
	Closing balance		924,334	573,685
3.2.3	Murabaha sale price		3,383,881	2,347,320
	Murabaha purchase price		(3,294,589)	(2,288,305)
			89,292	59,015
3.2.4	Deferred murabaha income			
	Opening balance		11,959	15,306
	Arising during the year		89,292	59,015
	Less: Recognised during the year		(57,397)	(62,362)
	Closing balance		43,854	11,959
4	Due from Head Office		-	966,419

5	Deposits and other accounts	----- 2018 -----			----- 2017 -----		
		In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
----- Rupees in '000 -----							
Customers							
	Current deposits	1,811,955	348,471	2,160,426	2,238,068	356,971	2,595,039
	Savings deposits	3,817,937	-	3,817,937	3,721,889	-	3,721,889
	Other	676,152	-	676,152	190,189	-	190,189
	Term deposits	641,477	-	641,477	2,914,815	-	2,914,815
		6,947,521	348,471	7,295,992	9,064,961	356,971	9,421,932
Financial Institutions							
	Current deposits	15,205	7,094	22,299	98,132	11	98,143
	Savings deposits	4,718,891	-	4,718,891	3,464,938	-	3,464,938
	Term deposits	200,000	-	200,000	1,027,000	-	1,027,000
		4,934,096	7,094	4,941,190	4,590,070	11	4,590,081
		11,881,617	355,565	12,237,182	13,655,031	356,982	14,012,013

	2018	2017
	----- Rupees in '000 -----	
5.1 Composition of deposits		
- Individuals	4,555,290	5,327,251
- Government / Public Sector Entities	992,940	2,306,216
- Banking Companies	5,280	200,095
- Non-Banking Financial Institutions	4,935,908	4,389,986
- Private Sector	1,747,764	1,788,465
	<u>12,237,182</u>	<u>14,012,013</u>
5.2	This includes deposits eligible to be covered under insurance arrangements amounting to Rs. 5,725 million (2017: Rs. 6,167 million).	
	2018	2017
	----- Rupees in '000 -----	
6 Charity Fund		
Opening balance	-	-
Additions during the year		
Received from customers on account of delayed payment	-	116
	-	116
Payments / utilization during the year		
Health	-	(116)
	-	(116)
Closing balance	-	-
7 Islamic Banking Business - Unappropriated Profit		
Opening balance	160,665	114,918
Add: Islamic Banking profit for the year	129,190	160,665
Less: Transferred / remitted to Head Office	(160,665)	(114,918)
Closing balance	<u>129,190</u>	<u>160,665</u>
8 CONTINGENCIES AND COMMITMENTS		
-Guarantees	435,565	191,141
-Other contingent liabilities	1,220,138	651,702
	<u>1,655,703</u>	<u>842,843</u>
9 Profit / Return Earned of Financing, Investments and Placement		
Profit earned on:		
Financing	377,838	344,649
Investments	325,049	287,950
Placements	311,854	247,082
	<u>1,014,741</u>	<u>879,681</u>
10 Profit on Deposits and Other Dues Expensed		
Deposits and other accounts	625,556	521,044
Due to financial institutions	1,361	2,374
Others	9,356	6,022
	<u>636,273</u>	<u>529,440</u>

10.1 These figures have been adjusted to exclude inter segment profitability charge of Rs. 99.065 million @ 7.11% (31 December 2017: Rs. 60.752 million @ 6.08% per annum) in line with financial reporting requirement.

10.2 Deposits and other accounts include redeemable capital of Rs.9,378.305 million (31 December 2017: Rs.11,398.642 million) and deposits on Qard basis of Rs. 2,858.877 million (31 December 2017: Rs. 2,883.371 million). Remunerative deposits which are on Mudaraba basis are considered as Redeemable capital and non-remunerative deposits are classified as being on Qard basis.

11 Pool Management

	2018			2017		
	Normal Pool	Special Pool	Total	Normal Pool	Special Pool	Total
	(Rupees in '000)					
Chemical and Pharmaceuticals	924,782	56,526	981,308	189,966	203,651	393,617
Textile	632,739	62,654	695,393	886,818	117,827	1,004,645
Cement	-	232,842	232,842	-	232,842	232,842
Sugar	497,336	270,000	767,336	-	300,000	300,000
GOP Bai Muajjal / Ijarah Sukuk	-	2,467,628	2,467,628	509,778	1,510,446	2,020,224
Automobile and transportation equipment	23,096	-	23,096	20,126	-	20,126
Financial	424,840	501,184	926,024	4,113,708	524,974	4,638,682
Electronics and electrical appliances	201,024	-	201,024	-	-	-
Production and transmission of energy	37,331	4,146,182	4,183,513	67,042	2,200,644	2,267,686
Exports Imports	120,148	-	120,148	148,871	-	148,871
Wholesale & Retail Trade	52,296	-	52,296	55,171	-	55,171
Construction	181,905	-	181,905	69,035	-	69,035
Food and allied	600,702	-	600,702	1,038,741	-	1,038,741
Services	281,161	948,084	1,229,245	90,362	333,333	423,695
Iron & Steel	400,000	-	400,000	-	-	-
Individual	-	-	-	62,377	-	62,377
Others	421,899	-	421,899	130,484	279,068	409,552
	<u>4,799,259</u>	<u>8,685,100</u>	<u>13,484,359</u>	<u>7,382,479</u>	<u>5,702,785</u>	<u>13,085,264</u>

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.

11.1 Key features and risk and reward characteristics of all pools

The 'Mudaraba Pool' for Local Currency caters to all Soneri Bank Limited - Islamic Banking depositors and provides profit / loss based on Mudaraba.

The IERS Pool caters to the 'Islamic Export Refinance' requirements based on the guidelines issued by the SBP.

The risk characteristic of each pool mainly depends on the asset and liability profile of each pool.

Jointly financed by the Bank and unrestricted investments / PLS deposit account holders

This represents all earning assets of the Bank except those tagged to the Islamic Export Refinance Scheme. Major categories include:

	Funded Income	Expenses	Gains / (loss) on sale of securities	Total
	(Rupees in '000)			
Islamic financing and related assets	379,617	-	-	379,617
Investments	325,049	-	-	325,049
Due from financial institutions	308,780	-	-	308,780
Others	71,149	(3,281)	(49)	67,819
	<u>1,084,595</u>	<u>(3,281)</u>	<u>(49)</u>	<u>1,081,265</u>

* This includes initial direct cost of Rs. 3,281 million.

11.2 Incentive profits (Hiba)

The Bank paid an aggregate amount of Rs. 104.413 million as incentive profits (Hiba), which includes Rs. 77.091 million for normal pool and Rs. 27.322 million for special pool during the year ended 31 December 2018. The following guidelines are approved by the Bank's Sharia Advisor for determination of incentive profits (Hiba):

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

11.3 Contractual maturities of mudaraba based deposit accounts

Particulars	2018							
	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	841,477	-	70,770	-	574,909	92,600	98,498	4,700
Savings Deposits	7,747,970	7,747,970	-	-	-	-	-	-
Current Account - Remunerative	788,858	788,858	-	-	-	-	-	-
	9,378,305	8,536,828	70,770	-	574,909	92,600	98,498	4,700

Profit / (loss) distribution to depositor's pool

General Remunerative Depositor's Pools	Profit Sharing Ratio (Depositor: Mudarib)	Profit rate return earned	Mudarib Share transferred to the Depositors through Hiba (Rs in '000)	Mudarib Share transferred to the Depositors through Hiba (Percentage)	Mudarib share Net of Hiba (Rs in '000)	Mudarib share Net of Hiba Percent	Profit rate and weightage announcement period	Profit rate return distributed
Mudaraba Pool								
Normal Pool	75.00%	6.94%	77,091	7.29%	187,335	17.71%	Monthly	3.31%
Special Pool	75.00%	8.18%	27,322	6.20%	82,831	18.80%	Monthly	6.74%
Total	75.00%	7.50%	104,413	6.97%	270,166	18.03%	Monthly	4.64%

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					
	0.1700	313.494	2.281	Quarterly	1.03%
	0.2400	259.374	29.643	Quarterly	1.01%
	0.3300	541.821	5.912	Quarterly	1.19%
	0.2700	612.696	4.817	Quarterly	0.96%

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 2018, the Bank charged 25% (2017: 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.

11.4 Allocation of Income and Expenses to Depositors' Pools

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

	2018	2017
	----- (Rupees in '000) -----	
Profit / return earned on financings, investments and placements	1,013,446	873,503
Other income (including other charges)	71,100	38,856
Directly related costs attributable to pool	(3,281)	(5,534)
	<u>1,081,265</u>	<u>906,825</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	81%	0.3333	1.1850
Savings - Soneri Bachat Account	1%	0.3333	0.3333
Savings - Assan Account	0%	0.3333	0.3333
Current Account - Remunerative	9%	0.0083	0.0083
Time Deposits - Soneri Meadi	9%	0.4583	1.1239

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

DISPOSAL OF FIXED ASSETS (REFER NOTE 11.2.4)

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

Particulars	Cost	Book value	Sale price/ insurance proceeds	Mode of settlement / disposal	Particulars of buyers / insurance companies
----- Rupees in '000 -----					
Leasehold Improvement					
----- do -----	4,676	2,191	-	Write off	
----- do -----	3,808	1,949	-	Write off	
----- do -----	2,553	1,382	-	Write off	
----- do -----	1,760	935	-	Write off	
----- do -----	1,084	521	-	Write off	
----- do -----	844	457	-	Write off	
----- do -----	666	441	414	Insurance Claim	Jubilee General Insurance
----- do -----	605	349	-	Write off	
----- do -----	391	336	-	Write off	
Items with WDV of below Rs. 250,000/- and cost of less than Rs. 1,000,000	588	403	117	various	various
	16,974	8,963	531		
Furniture and fixtures					
Items with WDV of below Rs. 250,000/- and cost of less than Rs. 1,000,000	1,788	205	242	various	various
	1,788	205	242		
Electrical office and computer equipment					
----- do -----	4,279	-	420	Tender	Rajab Ali and Co
----- do -----	1,988	-	195	Tender	Rajab Ali and Co
----- do -----	1,449	-	-	Write off	
----- do -----	1,432	-	9	Trade off	Touch Point (Pvt) Ltd
----- do -----	1,412	-	139	Tender	Rajab Ali and Co
----- do -----	1,398	-	40	Trade off	Power Technology Int
----- do -----	1,387	-	9	Trade off	Touch Point (Pvt) Ltd
----- do -----	1,375	-	9	Trade off	Touch Point (Pvt) Ltd
----- do -----	1,372	-	9	Trade off	Touch Point (Pvt) Ltd
----- do -----	1,346	-	9	Trade off	Touch Point (Pvt) Ltd
----- do -----	1,328	-	120	Tender	Rajab Ali and Co
----- do -----	1,323	-	130	Tender	Rajab Ali and Co
----- do -----	1,314	-	9	Trade off	Touch Point (Pvt) Ltd
----- do -----	1,298	-	127	Tender	Rajab Ali and Co
----- do -----	1,283	-	126	Tender	Rajab Ali and Co
----- do -----	1,272	-	125	Tender	Rajab Ali and Co
----- do -----	1,260	-	9	Trade off	Touch Point (Pvt) Ltd
----- do -----	1,233	-	9	Trade off	Touch Point (Pvt) Ltd
----- do -----	1,228	-	10	Trade off	Touch Point (Pvt) Ltd
----- do -----	1,202	-	9	Trade off	Touch Point (Pvt) Ltd
----- do -----	1,183	-	10	Trade off	Touch Point (Pvt) Ltd
----- do -----	1,183	-	10	Trade off	Touch Point (Pvt) Ltd
----- do -----	1,183	-	10	Trade off	Touch Point (Pvt) Ltd
----- do -----	1,182	-	116	Tender	Rajab Ali and Co

Particulars	Cost	Book value	Sale price/ insurance proceeds	Mode of settlement / disposal	Particulars of buyers / insurance companies
----- do -----	1,177	-	10	Trade off	Touch Point (Pvt) Ltd
----- do -----	1,177	-	10	Trade off	Touch Point (Pvt) Ltd
----- do -----	1,175	-	115	Tender	Rajab Ali and Co
----- do -----	1,152	-	113	Tender	Rajab Ali and Co
----- do -----	1,112	-	9	Trade off	Touch Point (Pvt) Ltd
----- do -----	1,072	-	105	Tender	Rajab Ali and Co
----- do -----	1,071	-	9	Trade off	Touch Point (Pvt) Ltd
----- do -----	1,054	-	103	Tender	Rajab Ali and Co
----- do -----	1,032	-	40	Trade off	Power Technology Int
----- do -----	1,022	-	260	Tender	Rajab Ali and Co
----- do -----	1,021	-	9	Trade off	Touch Point (Pvt) Ltd
----- do -----	1,019	-	10	Trade off	Touch Point (Pvt) Ltd
----- do -----	1,007	-	10	Trade off	Touch Point (Pvt) Ltd
Items with WDV of below Rs. 250,000/- each and cost of less than Rs. 1,000,000	73,426	3,053	11,486	various	various
	122,426	3,053	13,951		
Motor vehicles	1,588	-	1,307	Tender	Mr. Riaz Ahmed
----- do -----	1,538	-	1,175	Tender	Mr. Muhammad Jahangir Khan
----- do -----	1,538	-	1,179	Tender	Mr. Sheraz Khan
----- do -----	1,446	-	1,074	Tender	Mr. Nouman Ahmed Siddqui
----- do -----	1,424	-	1,167	Tender	Mr. Wasim Mirza
----- do -----	1,378	-	1,145	Tender	Mr. Muhammad Zubair Rana
Items with WDV of below Rs. 250,000/- each and cost of less than Rs. 1,000,000	13,390	-	8,490	various	various
	22,301	-	15,537		
	163,489	12,221	30,260		

REPORT OF SHARIAH BOARD TO THE BOARD OF DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2018

In the name of Allah, the Beneficent, the Merciful

By the grace of Almighty Allah, the year under review was the 13th year of Islamic commercial banking for Soneri Bank Limited, while the Board of Directors and Executive Management are solely responsible to ensure that the operations of Soneri Bank Limited – Islamic Banking (Mustaqeem) are conducted in a manner that comply with Shariah principles at all times, we are required to submit a report on the overall Shariah compliance environment of Soneri Bank Limited – Islamic Banking (Mustaqeem).

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

During the year under review, the Shariah Board supervised and analyzed various transactions, processes and their Shariah Compliance as an ongoing practice to ensure that the transactions continue to be valid as per Shariah. The main modes of financing used for the bank's Islamic financing activities consist of Murabaha, Ijarah, Diminishing Musharakah, Istisna, 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 Shariah control, the SCD 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 SCD performed random physical inspections of Islamic financing transactions. Additionally, SCD 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 Shariah Rules and Principles and Pool Management guidelines of State Bank of Pakistan (SBP) with some issues due to Temenos (T-24) core banking implementation.

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

- i. Soneri Bank Limited – Islamic Banking (Mustaqeem) has a mechanism in place to ensure Shariah 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 year.
- ii. The Bank has complied by and large with Shariah rules and principles in the light of fatawa, rulings and guidelines issued by its Shariah Board.
- iii. The Bank has complied with the directives, regulations, instructions and guidelines related to Shariah compliance issued by SBP in accordance with the rulings of SBP's Shariah Board. However, due to non-availability of comprehensive Pool Management Automated System, Shariah Board directed Internal Shariah Audit to conduct a special audit of Profit and loss distribution. The Internal Shariah Audit Report reveals system related issues and the fact that management has addressed them to the maximum possible extent through alternate procedures applied in the absence of the system. This is also a SBP regulatory requirement as per profit and loss distribution Policy therefore; we recommend the management of Soneri Bank to prioritize the implementation of the Pool Management System to have multiple pools with proper asset tagging for effectiveness.
- iv. The 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.
- v. 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. Furthermore, most of the Islamic Banking employees working in Business side were given NIBAF one month comprehensive training for their better understanding and efficiency. 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.
- vi. It is promising to report that the Board of Directors were very responsive in the orientation trainings and are very focused toward expansion of Soneri Islamic Banking. These regular trainings of the Board of Directors will enhance their knowledge and give a better insight. We encourage the Training Division to arrange such trainings for Management Committee also as per regulatory requirement.
- vii. We further recommend that Islamic Banking Staff should be provided with Shariah Compliant Staff Financing Facilities. We hope that the said issue shall be resolved in the coming year.

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

And Allah knows best

Mufti Ehsan Waquar Ahmad
Chairman Shariah Board

Mufti Muhammad Zahid
Resident Shariah Board Member

Mufti Bilal Ahmed Qazi
Shariah Board Member

Karachi: 22 February 2019

بورڈ آف ڈائریکٹرز اور اعلیٰ انتظامیہ اگرچہ اس بات کے یقینی اور حتمی ذمہ دار ہیں کہ مستقیم اسلامک بینکنگ، سونییری 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، سونییری 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 ایساٹ چیک کی بنیاد پر بینک کے ہر طرح کے معاملات سے متعلقہ دستاویزات اور اعلیٰ طریقہ کار کی ترتیب کا جائزہ لینا ہوتا ہے، مزید برآں انٹرنل اور ایکسٹرنل 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 پروموز فلوز کا جائزہ لیا گیا اور انہیں شریعت کے اصولوں کے مطابق پا کر اس کی منظوری دی گئی۔ عام طور پر بینک کے طریقہ عمل مراہجہ، اجارہ، شرکت متناقصہ، استصناع، علم اور رنگ مشارکہ پر مشتمل رہے۔ یہ بات حوصلہ افزاء ہے کہ بینک ہندرتج تجارتی بنیاد پر بنی طریقہ عمل سے مشارکہ کی بنیاد پر بنی طریقہ عمل کی جانب گامزن ہے، جو مستقبل میں اسلامی بینکاری کی ترقی کے لئے مفید ہے۔

شریعی کے کنٹرولر و 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 ان کی بہتر سے بہتر شریعی طریقہ عمل 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 عمومی طور پر تو شریعی کے اصولوں اور اسٹیٹ بینک کی پولیٹیکسٹ گائیڈ لائنز کے مطابق پایا، البتہ T-24 (جو بینک کے معاملات چلانے کا ایک مرکزی سوفٹ ویئر ہے) کی وجہ سے اس میں کچھ مسائل بھی سامنے آئے۔

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

(۱)..... یہ بات یقین کے ساتھ کہی جاسکتی ہے کہ 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 آئے والے سالوں میں اسلامک بینکنگ کے دائرہ کار کو بڑھانے کا ارادہ ہے، لہذا اس 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۔ البتہ پولیٹیکسٹ کے لیے ایک جامع خود کار حل کے موجود نہ ہونے کی وجہ سے شریعی بورڈ نے بینک کے انٹرنل شریعی آڈٹ کو پولیٹیکسٹ کا خصوصی آڈٹ کرنے کی ہدایت کی۔ انٹرنل شریعی آڈٹ کی رپورٹ میں کچھ سسٹم کے مسائل سامنے آئے اور یہ بھی کہ بینک کی انتظامیہ نے نفاذ ذرائع سے ان مسائل کو ممکنہ حد تک حل کیا ہے۔ مزید برآں پولیٹیکسٹ کے لیے ایک جامع خود کار حل کا موجود ہونا اسٹیٹ بینک کی ریگولیشن کے لحاظ سے بھی ضروری ہے۔ اس لیے شریعی بورڈ، سونییری بینک کی انتظامیہ کو تجویز کرتا ہے کہ وہ ترجیحی بنیادوں پر پولیٹیکسٹ کے لیے ایک جامع خود کار حل پیش کرے، جو مختلف پولر کے انتظام اور اثاثہ جات کی ٹیکنیک جیسے مسائل کو حل کرے۔

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

(۵)..... یہ بات قابل ذکر ہے کہ بینک کے لرننگ اینڈ ڈویلپمنٹ ڈپارٹمنٹ نے ہماری ہدایات کے مطابق اسلامک بینکنگ سٹاف کے لئے اسلامک بینکنگ کی مختلف ٹیکنیکل کا انعقاد کیا۔ اس سلسلے میں بینک نے برنس سائیز پر کام کرنے والے اپنے اکثر سٹاف کو ایک مبینہ کا بناف (NIBAF) کا جامع کورس کروایا، تاکہ وہ اچھی طرح سے اسلامک بینکنگ کے معاملات کو سمجھ سکیں۔ البتہ ہم بینک کو یہ تجویز کرتے ہیں کہ وہ اپنے سٹاف کے لیے اختصامی ٹیکنیکل کا انعقاد کرانے، تاکہ بینک کی اسلامی بینکاری کو مزید بہتر کیا جاسکے۔

(۶)..... یہ بات حوصلہ افزاء ہے کہ بینک کے بورڈ آف ڈائریکٹرز نے اسلامک بینکنگ کی ٹیکنیک کے دوران اس میں غیر معمولی دلچسپی لی، اور سونییری بینک کی اسلامک بینکنگ کے دائرہ کار کو بڑھانے کا عزم کیا۔ ہمیں امید ہے کہ مستقل بنیادوں پر بورڈ آف ڈائریکٹرز کے لیے اس طرح کی ٹیکنیکل کا انعقاد ان کی معلومات میں مزید اضافہ کرے گا۔ ہم ٹیکنیک ڈویژن کو تجویز کرتے ہیں کہ وہ ریگولیشنری تقاضوں کو پورا کرتے ہوئے منجھٹ کمیٹی کے لیے بھی اس طرح کی ٹیکنیکل کا انعقاد کرے۔

(۷)..... ہم یہ بھی تجویز کرتے ہیں کہ اسلامک بینکنگ سٹاف کو سٹاف فنانسنگ کی تمام سہولیات شرعی اصولوں کے مطابق مہیا کی جائیں۔ ہم امید کرتے ہیں کہ آئے والے سال میں یہ مسئلہ حل کر لیا جائے گا۔

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

چیرمین شریعی بورڈ
مفتی احسان وقار احمد

شریعی بورڈ ممبر
مفتی بلال احمد قاسمی

ریزیڈنٹ شریعی بورڈ ممبر
مفتی محمد زاہد

کراچی: 22 فروری 2019

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that Twenty Seventh (27th) Annual General Meeting ("AGM") of Soneri Bank Limited will be held at Avari Hotel, Lahore on 28 March 2019 at 9:00 a.m. to transact the following business:

Ordinary Business

- 1) To confirm the minutes of last Extra Ordinary General Meeting held on 26 October 2018.
- 2) To receive, consider and adopt Annual Audited Accounts together with the Directors' and Auditors' Reports thereon for the year ended 31 December 2018.
- 3) To approve and declare the final cash dividend of Re.1.00/- per share (i.e.10%) for the financial year ended 31 December 2018 as recommended by the Board of Directors in its 167th meeting held on 22 February 2019.
- 4) To appoint Auditors of the Bank for the year ending 31 December 2019 till the conclusion of next Annual General Meeting and fix their remuneration. The retiring auditors M/s. A.F. Ferguson & Company, Chartered Accountants, have completed the period of five years; hence, are not eligible for re-appointment as provided in the Listed Companies (Code of Corporate Governance) Regulations, 2017. The Audit Committee has suggested the appointment of M/s. KPMG Taseer Hadi & Company, Chartered Accountants, as auditors of the Bank. The Board of Directors, on the suggestion of Audit Committee, has recommended to the shareholders the appointment of M/s KPMG Taseer Hadi & Company, Chartered Accountants, being eligible, have consented to act as statutory auditors of the Bank for the year ending 31 December 2019.
- 5) To transact such other ordinary business as may be placed before the meeting with the permission of the Chair.

BY ORDER OF THE BOARD

Muhammad Altaf Butt

Company Secretary
Lahore: 22 February 2019

NOTES:

1. Share Transfer Books of Soneri Bank Limited (the "Bank") will remain closed from 21 March 2019 to 28 March 2019 (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 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 may be downloaded from the Bank's website, direct link of which is;

http://www.soneribank.com/wp-content/uploads/2017/10/Dividend_Mandate_form.pdf

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.

Further, Section 72 of the Act states that after the commencement of this Act from a date notified by the Commission, a company having share capital, shall have shares in book-entry form only. Every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of this Act.

11. Video Conference Facility for attending Annual General Meeting

The members who wish to attend 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 seven (7) days prior to date of the meeting, the Bank will arrange video conference facility in that city subject to availability of such facility in that city.

The Bank will intimate members regarding venue of video-link facility at least five (5) days before the date of the AGM along with complete information necessary to enable them to access such facility.

Consent Form for Video Conference Facility

"I/We -----of-----, being a member of Soneri Bank Limited, holder of -----Ordinary shares as per registered Folio/CDC Account No.-----hereby opt for video conference facility at -----(geographical location).

Signature of Member

12. Placement of AGM Notice on the Bank's website

Notice of 27th Annual General Meeting has also been made available on the Bank's website www.soneribank.com in addition to its dispatch to the Shareholders through DVDs as well as publication in the newspapers.

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 27th Annual General Meeting.

FINANCIAL CALENDAR

2018

- 1st Quarter Results issued on 20 April 2018
- 2nd Quarter Results issued on 28 August 2018
- 3rd Quarter Results issued on 26 October 2018
- Annual Results issued on 22 February 2019
- 27th Annual General Meeting scheduled for 28 March 2019

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



**Be aware, Be alert,
Be safe**

**Learn about investing at
www.jamapunji.pk**

Key features:

-  Licensed Entities Verification
-  Scam meter*
-  Jamapunji games*
-  Tax credit calculator*
-  Company Verification
-  Insurance & Investment Checklist
-  FAQs Answered

-  Stock trading simulator
(based on live feed from KSE)
-  Knowledge center
-  Risk profiler*
-  Financial calculator
-  Subscription to Alerts (event notifications, corporate and regulatory actions)
-  Jamapunji application for mobile device
-  Online Quizzes



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

 jamapunji.pk

 @jamapunji_pk

*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 2018

No. of Shareholders	From	To	Total Shares Held	Percentage
971	1	100	33,822	0.0031
1,281	101	500	353,519	0.0321
1,045	501	1,000	823,706	0.0747
2,039	1,001	5,000	4,623,507	0.4194
1,393	5,001	10,000	11,366,240	1.0310
578	10,001	15,000	6,789,427	0.6158
144	15,001	20,000	2,494,440	0.2263
65	20,001	25,000	1,468,020	0.1332
42	25,001	30,000	1,157,295	0.1050
29	30,001	35,000	951,553	0.0863
15	35,001	40,000	566,594	0.0514
12	40,001	45,000	513,556	0.0466
15	45,001	50,000	723,798	0.0657
19	50,001	55,000	997,815	0.0905
10	55,001	60,000	567,748	0.0515
9	60,001	65,000	559,957	0.0508
8	65,001	70,000	535,465	0.0486
4	70,001	75,000	290,550	0.0264
8	75,001	80,000	619,416	0.0562
4	80,001	85,000	328,280	0.0298
3	85,001	90,000	259,397	0.0235
2	90,001	95,000	183,516	0.0166
6	95,001	100,000	590,834	0.0536
2	100,001	105,000	205,448	0.0186
3	105,001	110,000	324,869	0.0295
4	110,001	115,000	448,563	0.0407
2	115,001	120,000	231,233	0.0210
2	120,001	125,000	244,026	0.0221
2	130,001	135,000	266,404	0.0242
1	135,001	140,000	137,875	0.0125
3	140,001	145,000	425,230	0.0386
1	145,001	150,000	147,502	0.0134
1	150,001	155,000	154,000	0.0140
2	155,001	160,000	317,550	0.0288
4	160,001	165,000	657,056	0.0596
1	170,001	175,000	170,940	0.0155
1	185,001	190,000	189,835	0.0172
2	195,001	200,000	400,000	0.0363
1	200,001	205,000	203,002	0.0184
1	210,001	215,000	214,864	0.0195
1	230,001	235,000	232,268	0.0211
1	235,001	240,000	235,962	0.0214
2	240,001	245,000	487,769	0.0442
1	275,001	280,000	280,000	0.0254
1	280,001	285,000	284,493	0.0258
1	285,001	290,000	287,342	0.0261
2	290,001	295,000	584,735	0.0530
2	295,001	300,000	594,838	0.0540

No. of Shareholders	From	To	Total Shares Held	Percentage
2	290,001	295,000	584,735	0.0530
2	295,001	300,000	594,838	0.0540
1	320,001	325,000	322,500	0.0293
1	345,001	350,000	348,500	0.0316
1	350,001	355,000	353,709	0.0321
1	365,001	370,000	366,300	0.0332
1	375,001	380,000	375,134	0.0340
1	490,001	495,000	493,500	0.0448
1	565,001	57,000	569,500	0.0517
1	570,001	575,000	571,046	0.0518
2	600,001	605,000	1,208,661	0.1096
1	635,001	640,000	636,427	0.0577
1	655,001	660,000	657,000	0.0596
1	985,001	990,000	987,500	0.0896
1	995,001	1,000,000	1,000,000	0.0907
1	1,125,001	1,130,000	1,129,647	0.1025
1	1,200,001	1,205,000	1,202,150	0.1090
1	1,210,001	1,215,000	1,214,807	0.1102
1	2,095,001	2,100,000	2,100,000	0.1905
1	2,765,001	2,770,000	2,766,216	0.2509
1	3,440,001	3,445,000	3,441,416	0.3122
1	3,590,001	3,595,000	3,591,580	0.3258
1	4,645,001	4,650,000	4,649,000	0.4217
1	4,650,001	4,655,000	4,650,500	0.4218
1	5,060,001	5,065,000	5,060,452	0.4590
1	5,490,001	5,495,000	5,494,500	0.4984
1	7,995,001	8,000,000	8,000,000	0.7256
1	8,430,001	8,435,000	8,430,965	0.7647
1	9,475,001	9,480,000	9,477,018	0.8596
1	13,545,001	13,550,000	13,546,734	1.2288
1	21,015,001	21,020,000	21,020,000	1.9066
1	22,290,001	22,295,000	22,291,500	2.0220
1	24,630,001	24,635,000	24,631,642	2.2342
1	26,785,001	26,790,000	26,786,763	2.4297
1	37,280,001	37,285,000	37,280,242	3.3815
1	37,505,001	37,510,000	37,508,988	3.4023
1	44,860,001	44,865,000	44,861,500	4.0692
1	45,780,001	45,785,000	45,781,000	4.1526
1	47,105,001	47,110,000	47,109,707	4.2731
1	48,880,001	48,885,000	48,882,000	4.4339
1	51,385,001	51,390,000	51,386,588	4.6611
1	76,615,001	76,620,000	76,619,421	6.9498
1	86,005,001	86,010,000	86,008,806	7.8015
1	103,745,001	103,750,000	103,748,549	9.4106
1	301,375,001	301,380,000	301,377,754	27.3368
Total	7,790		1,102,463,481	100.00

Categories of Shareholders	No. of Shareholders	Shares Held	Percentage
Directors, Chief Executive Officer and their spouses and minor children			
DIRECTORS			
Mr. Alauddin Feerasta	2	10,080,679	0.9144
Mr. Nooruddin Feerasta	1	14,048	0.0013
Mr. Amin A. Feerasta	1	5,401	0.0005
Mr. Muhammad Rashid Zahir	1	10,065	0.0009
Mr. Jamil Hassan Hamdani	1	1,000	0.0001
Mr. Inam Elahi	1	626	0.0001
CHIEF EXECUTIVE OFFICER			
Mr. Mohammad Aftab Manzoor		-	-
DIRECTORS' SPOUSES AND MINOR CHILDREN			
Mrs. Aziza A. Feerasta w/o Mr. Alauddin Feerasta	1	5,401	0.0005
Mrs. Aymna N. Feerasta w/o Mr. Nooruddin Feerasta	1	7,021	0.0006
Mrs. Salima A. Feerasta w/o Amin A. Feerasta	1	5,401	0.0005
	10	10,129,642	0.9188
Associated Companies, undertakings and related parties			
Trustees Alauddin Feerasta Trust	2	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	104,405,549	9.4702
Banks, Development Financial Institutions, Non Banking Financial Institutions.	11	22,434,021	2.0349
Insurance Companies	3	13,562,912	1.2302
Modarabas	2	1,792	0.0002
Mutual Funds			
Safeway Mutual Fund Ltd.	1	6,820	0.0006
First Tri-Star Modaraba	1	86	0.0000
Tri Star Mutual Fund Ltd.	1	276	0.0000
Crescent Standard Business Mgt. (Pvt.) Ltd.	1	1	0.0000
Joint Stock Companies	44	169,374,560	15.3633
Foreign Companies	8	47,209,943	4.2822
Others	9	8,871,558	0.8047
General Public:			
a) Local	6,518	133,757,968	12.1326
b) Foreign	1,173	13,248,779	1.2017
Total:	7,790	1,102,463,481	100.0000

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	104,405,549	9.4702
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.

Trading in shares during the year 2018:

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

LIST OF BRANCHES

AS AT 31 DECEMBER 2018

REGISTERED OFFICE

Rupali House, 241-242
Upper Mall Scheme, Anand Road
Lahore-54000 - Pakistan
Tel. No: (+92-42) 35713101-2 & 35792180

CENTRAL OFFICE

10th Floor, PNSC Building, M. T. Khan Road
Karachi
Tel. No: (+92-21) 32444401-5 & 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) 35730760-1, 3574616 & (042) 35691037-9

03 Gulberg Branch, Lahore

Tel. No: (042) 35713445-8, 35759273 & (042) 35772294-5

04 Circular Road Branch, Lahore

Tel. No: (042) 37670483, 86, 89 & (042) 37379319

05 Model Town Branch, Lahore

Tel. No: (042) 35889311-2 & 35915666

06 Peco Road Branch, Lahore

Tel. No: (042) 35222306-7, 35203050-1, (042) 35177804 & 35173392

07 Cavalry Ground Branch, Lahore

Tel. No: (042) 36653728-30 & 36619702

Islamic Banking

08 Temple Road Branch, Lahore

Tel. No: (042) 36376341, 2 & 6

09 Allama Iqbal Town Branch, Lahore

Tel. No: (042) 37812395-7

10 Baghbanpura Branch, Lahore

Tel. No: (042) 36832811-3

11 Thokar Niaz Baig Branch, Lahore

Tel. No: (042) 35313651, 3 & 4

12 Ghazi Chowk Branch, Lahore

Tel. No: (042) 35188505-7 & 35185661-3

Islamic Banking

13 New Garden Town Branch, Lahore

Tel. No: (042) 35940611-616

14 DHA Phase-III Branch, Lahore

Tel. No: (042) 35734083-5

15 Chungi Amer Sadhu Branch, Lahore

Tel. No: (042) 35922182, 184 & 186

16 Johar Town Branch, Lahore

Tel. No: (042) 35204191-3

17 Wahdat Road Branch, Lahore

Tel. No: (042) 37424821-7 & 37420591

18 Gunpat Road Branch, Lahore

Tel. No: (042) 37361607-9

19 Airport Road Branch, Lahore

Tel. No: (042) 35700115-8

20 Timber Market Branch, Lahore

Tel. No: (042) 37725353-8

21 Shahdara Branch, Lahore

Tel. No: (042) 37920085, 37941741-3 & (042) 37921743-8

22 Manga Mandi Branch, Lahore

Tel. No: (042) 35383516-9

23 Badian Road Branch, Lahore

Tel. No: (042) 37165390-2

24 Mughalpura Branch, Lahore

Tel. No: (042) 36880892-4

25 Upper Mall Branch, Lahore

Tel. No: (042) 35789346, 49, 51 & 55

26 Islampura Branch, Lahore

Tel. No: (042) 37214394-7

27 Garhi Shahu Branch, Lahore

Tel. No: (042) 36294201-3 & 36376096

28 Zarrar Shaheed Road Br., Lahore

Tel. No: (042) 36635167-8

29 Hamdard Chowk Kot Lakhpat Br., Lahore

Tel. No: (042) 35140261-3

30 Kana Kacha Branch, Lahore

Tel. No: (042) 35472222 & 0316-8226316-8

31 Sabzazar Branch, Lahore

Tel. No: (042) 37830881-6

32 DHA Phase-IV Br., Lahore

Tel. No: (042) 35694156-7

33 Azam Cloth Market Branch, Lahore

Tel. No: (042) 37662203-7

34 Jail Road Branch, Lahore

Tel. No: (042) 35408936-8

35 Badami Bagh Branch, Lahore

Tel. No: (042) 37731601, 2 & 4

36 Montgomery Road Branch, Lahore

Tel. No: (042) 36291013-4

Islamic Banking

37 DHA Phase: VI Branch, Lahore

Tel. No: (042) 37180535-7

38 Bahria Town Branch, Lahore

Tel. No: 0316-8226346-9

39 Expo Centre Branch, Lahore

Tel. No: (042) 35314087, 88, 90 & 91

40 Wapda Town Branch, Lahore

Tel. No: (042) 35187611-2

41 Shah Alam Market Branch, Lahore

Tel. No: (042) 37376213-4

42 DHA Phase-V Branch, Lahore

Tel. No: (042) 35695678 & 0316-8226322-3

43 Chauburji Branch, Lahore

Tel. No: (042) 37112228 & 0316-8226325-7

44 Walton Road Branch, Lahore

Tel. No: (042) 36672305 & 0316-8226339, 40 & 41

45 Faisal Town Branch, Lahore

Tel. No: (042) 35170540 & 0316-8226335, 7 & 8

46 Karim Block Branch, Lahore

Tel. No: (042) 35417757 & 0316-8226412, 3 & 4

47 Defence Road Branch, Lahore

Tel. No: 0316-8226415-8

48 Safari Garden Branch, Lahore

Tel. No: 0317-4484537-9

- 49 Raiwind Branch, Lahore**
Tel. No: (042) 35398661-2 & 0317-4484562-4
- 50 Muridke Branch**
Tel. No: (042) 37166511-4 & 37981100
- 51 Main Branch, Gujranwala**
Tel. No: (055) 3843560-2 & 111-567-890
- Islamic Banking**
- 52 Gujranwala Cantt. Branch, Gujranwala**
Tel. No: (055) 3861931-3 & 5
- 53 Wapda Town Branch, Gujranwala**
Tel. No: (055) 4291136-7
- 54 Kamokee Branch, Distt. Gujranwala**
Tel. No: (055) 6813501-6
- 55 Main Branch, Faisalabad**
Tel. No: (041) 2639873, 7-8 & (041) 111-567-890
- 56 Peoples Colony Branch, Faisalabad**
Tel. No: (041) 8555714 & 8555720
- 57 Ghulam Muhammadabad Branch, Faisalabad**
Tel. No: (041) 2680114, 110 & 117
- Islamic Banking**
- 58 East Canal Road Branch, Faisalabad**
Tel. No: (041) 2421381-2
- 59 Civil Lines Branch, Faisalabad**
Tel. No: (041) 2648105, 8 & 11
- 60 Madina Town Branch, Faisalabad**
Tel. No: (041) 8735551-2 & 0316-8226451-3
- 61 Jaranwala Branch, Distt. Faisalabad**
Tel. No: (041) 4312201-6
- 62 Samundri Branch, Distt. Faisalabad**
Tel. No: (041) 3423983-4
- 63 Painsera Branch, Distt. Faisalabad**
Tel. No: (041) 2557100-11 & 2574300
- 64 Khurrianwala Branch**
Tel. No: (041) 4360701-2
- 65 Chiniot Branch**
Tel. No: (047) 6333840-4
- 66 Jhang Branch**
Tel. No: (047) 7651601-2
- 67 Small Industrial Estate Branch, Sialkot**
Tel. No: (052) 3242607-9
- 68 Pasrur Road Branch, Sialkot**
Tel. No: (052) 3521655, 755 & 855 & (052) 3611655 & 755
- Islamic Banking**
- 69 Sialkot Cantt Branch, Sialkot**
Tel. No: (052) 4560023-7
- 70 Godhpur Branch, Sialkot**
Tel. No: (052) 4563932-3
- 71 Daska Branch, Distt. Sialkot**
Tel. No: (052) 6617847-8
- 72 Sheikhpura Branch**
Tel. No: (056) 3810933 & 3813133
- 73 Nankana Sahib Branch**
Tel. No: (056) 2876342-3
- 74 Wazirabad Branch**
Tel. No: (055) 6603703-4 & 6608555
- 75 Ghakkar Mandi Branch**
Tel. No: (055) 3832611-2
- 76 Main Branch, Multan**
Tel. No: (061) 4504018, 4504118, (061) 4519927 & 4512884
- Islamic Banking**
- 77 Shah Rukn-e-Alam Branch, Multan**
Tel. No: (061) 6784051-4 & 6782081
- 78 Bosan Road Branch, Multan**
Tel. No: (061) 6210690-2
- 79 Mumtazabad Branch, Multan**
Tel. No: (061) 6760212-4
- 80 Gulgasht Colony Branch, Multan**
Tel. No: (061)-6222701 & 0316-8226393-5
- 81 Wapda Town Branch, Multan**
Tel. No: (061) 6213011 & 0316-8226441-2
- 82 Azmat Road Br., Dera Ghazi Khan**
Tel. No: (064) 2471630-6
- 83 Lodhran Branch**
Tel. No: (0608) 364766-7
- 84 Rahim Yar Khan Branch**
Tel. No: (068) 5886042-4
- 85 Liaqatpur Br., Distt. Rahim Yar Khan**
Tel. No: (068) 5792041-4
- 86 Sadiqabad Branch**
Tel. No: (068) 5702162, 5800161, (068) 5800661 & 5801161
- 87 Bahawalpur Branch**
Tel. No: (062) 2731703-1
- 88 Ahmedpur Sharqia Branch District Bahawalpur**
Tel. No: (062) 2271345 & 0316-8226404, 6 & 8
- 89 Hasilpur Branch**
Tel. No: (062) 2441481-7 & 2441478
- 90 Club Road Branch, Sargodha**
Tel. No: (048) 3726021-3
- 91 Pull-111 Branch, Distt. Sargodha**
Tel. No: (048) 3791403-4 & 0316-8226449 & 50
- 92 Jauharabad Branch, District Khushab**
Tel. No: (0454) 723011-2
- 93 Bhalwal Branch**
Tel. No: (048) 6642224 & 0316-8226331-2
- 94 Khanewal Branch**
Tel. No: (065) 2551560-3
- 95 Kabirwala Br., Distt. Khanewal**
Tel. No: (065) 2400910-3
- 96 Abdul Hakeem Br., Distt. Khanewal**
Tel. No: (065) 2441888 & 0316-8226310-2
- 97 Mian Channu Branch**
Tel. No: (065) 2662201-2
- 98 Depalpur Branch**
Tel. No: (044) 4541341-2
- 99 Okara Branch**
Tel. No: (044) 2553012-4 & 2552200
- 100 Hujra Shah Muqem Branch District Okara**
Tel. No: (044) 4860401-3 & 0316-8226419-21
- 101 Haveli Lakha Branch**
Tel. No: (044) 4775412-3
- 102 Sahiwal Branch**
Tel. No: (040) 4467742-3
- 103 Chichawatni Br., Distt. Sahiwal**
Tel. No: (040) 5484852-3
- 104 Layyah Branch**
Tel. No: (060) 6414205-7

- 105 Chowk Azam Branch, Distt. Layyah**
Tel. No: (060) 6372103-6 & 0316-8226401-3
- 106 Kharoor Pacca Branch**
Tel. No: (0608) 341041-2
- 107 Muzafargarh Branch**
Tel. No: (066) 2422901, 3 & 5
- 108 Fazal Garh Sanawan Branch, Distt. Muzafargarh**
Tel. No: (066) 2250214-5
- 109 Sheikho Sugar Mills Branch Distt. Muzafargarh**
Tel. No: 0345-8530242-4
- 110 Shahbaz Khan Road Branch, Kasur**
Tel. No: (0492) 764890-3
- 111 Jalalpur Bhattian Br., Distt. Hafizabad**
Tel. No: (0547) 500848-50
- 112 Hafizabad Branch**
Tel. No: (0547) 541641-4
- 113 Pattoki Branch**
Tel. No: (049) 4422435-6
- 114 Ellahabad Branch**
Tel. No: (049) 4751130
- 115 Khudian Branch**
Tel. No: (049) 2791595-6
- 116 Sambrial Branch**
Tel. No: (052) 6523451-3
- 117 Gagoo Mandi Branch, Distt. Vehari**
Tel. No: (067) 3500311-2
- 118 Mailsi Branch, Distt. Vehari**
Tel. No: (067) 3750140-5
- 119 Burewala Branch, Distt. Vehari**
Tel. No: (067) 3773110 & 20 & 3355779
- 120 Mandi Bahauddin Branch**
Tel. No: (0546) 507602, 3 & 8
- 121 Bahawalnagar Branch**
Tel. No: (063) 2274795-6
- 122 Haroonabad Br., Distt. Bahawalnagar**
Tel. No: (063) 2251664-5
- 123 Toba Tek Singh Branch**
Tel. No: (046) 2513203-4
- 124 Gojra Branch, Distt. Toba Tek Singh**
Tel. No: (046) 3516392 & 3515577
- 125 Kamalia Branch, Distt. Toba Tek Singh**
Tel. No: (046) 3411405-6
- 126 Pir Mahal Branch**
Tel. No: (046) 3361690 & 5
- 127 Gujrat Branch**
Tel. No: (053) 3520591, 2 & 4
- 128 Kharian Branch**
Tel. No: (053) 7602904, 5 & 7
- 129 Pak Pattan Br., Distt. Pak Pattan**
Tel.: (0457) 371781-5
- 130 Arif wala Br., Distt. Pak Pattan**
Tel.: (0457) 834013, 5 & 6
- 131 Chishtian Branch**
Tel. No: (063) 2501141-2 & 0316-8226304-6
- 132 Khanpur Branch**
Tel. No: (068) 5577719-20 & 0316-8226307-9
- 133 Narowal Branch**
Tel. No: (0542) 411405 & 0316-8226328-30
- 134 Rajanpur Branch**
Tel. No: (0604) 688108 & 0316-8226396
- SOUTH REGION**
- 135 Main Branch, Karachi**
Tel. No: (021) 32436990 & 32444401-5 & UAN No: (021) 111-567-890
- 136 Clifton Branch, Karachi**
Tel. No: (021) 35877773-4, 35861286 & (021) 35375448
- 137 Garden Branch, Karachi**
Tel. No: (021) 32232877-8
- 138 F. B. Area Branch, Karachi**
Tel. No: (021) 36373782-3 & 36811646
- 139 Korangi Industrial Area Br., Karachi**
Tel. No: (021) 35113898-9, 35113900-1
- 140 AKU Branch, Karachi**
Tel. No: (021) 34852251-3 & 33102498-9
- 141 Haidery Branch, Karachi**
Tel. No: (021) 36638617, 36630409-410 & 0316-8226231-8
- 142 Jodia Bazar Branch, Karachi**
Tel. No: (021) 32441786, 32442208 & (021) 32463894
- 143 Shahrah-e-Faisal Branch, Karachi**
Tel. No: (021) 34316128, 34316395, (021) 34322150, 34398430 & (021) 34535545-46, 53-54
- 144 DHA Branch, Karachi**
Tel. No: (021) 35852209, 35845211 & (021) 35340825
- 145 Gulshan-e-Iqbal Branch, Karachi**
Tel. No: (021) 34811830-33 & 0316-8226239-45
- 146 SITE Branch, Karachi**
Tel. No: (021) 32568330, 32550997 & (021) 32550903-4
- 147 Zamzama Branch, Karachi**
Tel. No: (021) 35375835 & 35293435
- 148 Gole Market Branch, Karachi**
Tel. No: (021) 36618932, 36618925 & 0316-8226154-62
- 149 Gulistan-e-Jauhar Branch, Karachi**
Tel. No: (021) 34020943-5
- 150 M. A. Jinnah Road Branch, Karachi**
Tel. No: (021) 32213972 & 32213498
- 151 Gulbahar Branch, Karachi**
Tel. No: (021) 36607744 & 0316-8226434-5
- 152 North Karachi Branch, Karachi**
Tel. No: (021) 36920140-5
- 153 Block-7 Gulshan-e-Iqbal Branch, Karachi**
Tel. No: (021) 34815811-2, 34833728 & 777
- Islamic Banking**
- 154 Cloth Market Branch, Karachi**
Tel. No: (021) 32442961 & 32442977
- 155 Paria Street Kharadar Branch, Karachi**
Tel. No: (021) 32201059, 60 & 61
- 156 Suparco Branch, Karachi**
Tel. No: (021) 34970560, 34158325-6 & (021) 37080810

- 157 Chandni Chowk Branch, Karachi**
Tel. No: (021) 34937933 & 34141296
- 158 Allama Iqbal Road Branch, Karachi**
Tel. No: (021) 34387673-4
- 159 Nishtar Road Branch, Karachi**
Tel. No: (021) 32239711-3 & 32239678
- Islamic Banking**
- 160 Waterpump Branch, Karachi**
Tel. No: (021) 36312113 & 36312108,
(021) 36312349 & 36311908
- 161 Apwa Complex Branch, Karachi**
Tel. No: (021) 32253143 & 32253216
- 162 Clifton Block-2 Branch, Karachi**
Tel. No: (021) 35361115-7
- 163 Malir Branch, Karachi**
Tel. No: (021) 34517982-3
- 164 Bahadurabad Branch, Karachi**
Tel. No: (021) 34135842-3
- 165 New Challi Branch, Karachi**
Tel. No: (021) 32625246 & 32625279
- 166 Shah Faisal Colony Branch, Karachi**
Tel. No: (021) 34602446-7
- 167 Zaibunissa Street Saddar Br., Karachi**
Tel. No: (021) 35220025-7
- 168 Liaquatabad Branch, Karachi**
Tel No: (021) 34860723-25
- 169 Lea Market Branch, Karachi**
Tel. No: (021) 32526193-4
- 170 Korangi Township No: 2 Branch, Karachi**
Tel. No: (021) 35058041 & 35071181
- 171 North Karachi Ind. Area Branch, Karachi**
Tel. No: (021) 36962851, 52 & 55
- 172 F. B. Industrial Area Branch, Karachi**
Tel. No: (021) 36829961-4
- 173 Napier Road Branch, Karachi**
Tel. No: (021) 32713539-40
- 174 Gulshan-e-Hadeed Branch, Karachi**
Tel. No: (021) 34710252 & 256
- 175 Metroville Branch, Karachi**
Tel. No: (021) 36752206-7
- 176 Defence Phase-II Extension Br., Karachi**
Tel. No: (021) 35386910-12
- 177 North Karachi Township Branch, Karachi**
Tel. No: (021) 36968604-7
- 178 Stock Exchange Branch, Karachi**
Tel. No: (021) 32414003-4 & 32415927-8
- 179 Gulshan-e-Jamal Branch, Karachi**
Tel. No: (021) 34682682-4
- 180 Alyabad Branch, Karachi**
Tel. No: (021) 36826727 & 36332517
- 181 Saudabad Branch, Malir, Karachi**
Tel. No: (021) 34111901-5
- 182 Shireen Jinnah Colony Branch, Karachi**
Tel. No: (021) 34166262-4
- Islamic Banking**
- 183 Al-Tijarah Centre Branch, Karachi**
Tel. No: (021) 34169251-3
- 184 Barkat-e-Haidery Branch, Karachi**
Tel. No: (021) 36645688-9
- 185 Shadman Town Branch, Karachi**
Tel. No: (021) 36903038-9
- 186 Enquiry Office Nazimabad No: 2 Branch, Karachi**
Tel. No: (021) 36601502-5
- Islamic Banking**
- 187 Rashid Minhas Road Br., Karachi**
Tel. No: (021) 34983878 & 34837443-4
- 188 Timber Market Branch, Karachi**
Tel. No: (021) 32742491-2
- 189 Khayaban-e-Ittehad Branch, Karachi**
Tel. No: (021) 35347413-6
- 190 Bahria Complex-III Branch, Karachi**
Tel. No: (021) 35640731-6 35640235-7
- 191 New M. A. Jinnah Road Branch, Karachi**
Tel. No: (021) 34894941-3
- 192 DHA Phase-IV Branch, Karachi**
Tel. No: (021) 35311491-2 & 0316-8226285-7
- 193 Gulberg Branch, Karachi**
Tel. No: (021) 36340553, 549 & 0316-8226291-2
- 194 New Sabzi Mandi Branch, Karachi**
Tel. No: (021) 36870506-7 & 0316-8226409-11
- 195 Clifton Block-08 Branch, Karachi**
Tel. No: (021) 35867435-6 & 0316-8226425-7
- 196 Block-02 Gulshan-e-Iqbal Br., Karachi**
Tel. No: (021) 34988781-2
- 197 Garden Market Branch, Karachi**
Tel. No: (021) 32244195-6 & 0316-8226431-3
- 198 Block-N North Nazimabad Branch, Karachi**
Tel. No: (021) 36641623-4 & 0316-8226436-38
- 199 Marriot Road Branch, Karachi**
Tel. No: (021) 32461840-42 & 0316-8226428-30
- 200 Gulshan-e-Maymar Branch, Karachi**
Tel. No: (021) 36881235-6 & 0316-8226445-47
- 201 Shersha Branch, Karachi**
Tel. No: (021) 32583001-3 & 0317-4484534-6
- 202 Main Branch, Hyderabad**
Tel. No: (022) 2781528-9, 2782347 & UAN: (022) 111-567-890
- 203 F. J. Road Branch, Hyderabad**
Tel. No: (022) 2728131 & 2785997 (022) 2780205
- 204 Latifabad Branch, Hyderabad**
Tel. No: (022) 3816309 & 3816625
- 205 Qasimabad Branch, Hyderabad**
Tel. No: (022) 2651968 & 70
- Islamic Banking**
- 206 Isra University Br., Distt. Hyderabad**
Tel. No: (022) 2032322 & 2030161-4

- 207 Prince Ali Road Branch, Hyderabad**
Tel. No: (022) 2638514 & 2622122
- 208 S.I.T.E. Branch, Hyderabad**
Tel. No: (022) 3886861-2
- 209 Faqir Jo Pir Branch, Hyderabad**
Tel. No: (022) 2612685-6
- 210 Auto Bhan Road Branch, Hyderabad**
Tel. No: (022) 2100062-3 & 0316-8226313-4
- 211 Matyari Branch, Distt. Matyari**
Tel. No: (022) 2760125-6
- 212 Tando Allah Yar Branch**
Tel. No: (022) 3890260-4
- 213 Sultanabad Branch, Distt. Tando Allah Yar**
Tel. No: (022) 3404101-2
- 214 Tando Muhammad Khan Branch**
Tel. No: (022) 3340371-2 & 0316-8226267-8
- 215 Sukkur Branch**
Tel. No: (071) 5622382, 5622925 & 0316-8226055-63
- 216 Sanghar Branch, Distt. Sanghar**
Tel. No: (0235) 543376-7 & 0316-8226246-7
- 217 Tando Adam Branch, Distt. Sanghar**
Tel. No: (0235) 571640-44
- 218 Shahdadpur Br., Distt. Sanghar**
Tel. No: (0235) 841982-4
- 219 Shahpur Chakar Br., Distt. Sanghar**
Tel. No: (0235) 846010-12
- 220 Golarchi Branch, Distt. Badin**
Tel. No: (0297) 853192-4
- 221 Talhar Branch, Distt. Badin**
Tel. No: (0297) 830387-9
- 222 Deh. Sonhar Branch, Distt. Badin**
Tel. No: (0297) 870729 & 870781-3
- 223 Matli Branch**
Tel. No: (0297) 840171-2
- 224 Tando Bago Branch, Distt. Badin**
Tel. No: (0297) 854554-6
- 225 Buhara Branch, Distt. Thatta**
Tel. No: (0298) 613169 & 0316-8226439-40
- 226 Dhabeji Branch, Distt. Thatta**
Tel. No: (021) 34420030, 31 & 39
- 227 Hub Branch, Distt. Lasbela**
Tel. No: (0853) 310225-7
- 228 Umerkot Branch**
Tel. No: (0238) 571350 & 356
- 229 Nawabshah Branch**
Tel. No: (0244) 363918-9
- 230 Mirpurkhas Branch**
Tel. No: (0233) 821221 & 821317-8
- 231 Larkana Branch**
Tel. No: (074) 4058211-13
- 232 Panjhatti Branch**
Tel. No: (0243) 552183-6
- 233 Ghotki Branch**
Tel. No: (0723) 680305-6
- 234 Deharki Branch**
Tel. No: (0723) 644156, 158 & 160
- 235 Thull Branch**
Tel. No: (0722) 610153-4
- 236 Kandkhot Branch**
Tel. No: (0722) 572883-6
- 237 Jacobabad Branch**
Tel. No: (0722) 654041-5
- 238 Shahdadkot Br., Distt. Qamber Shahdadkot**
Tel. No: (074) 4012401-2
- 239 Dadu Branch**
Tel. No: (025) 4711417-8 & 0316-8226294-6
- 240 Shikarpur Branch**
Tel. No: (0726) 540381-3 & 0316-8226319-21
- 241 Main Branch, Quetta**
Tel. No: (081) 2821610 & 2821641
- Islamic Banking**
- 242 Shahrah-e-Iqbal Branch, Quetta**
Tel. No: (081) 2820227-30 & 37
- 243 Chamman Branch**
Tel. No: (0826) 613685 & 0316-8226342-4
- 244 Khuzdar Branch**
Tel. No: (0848) 412861-3 & 0316-8226466-68
- 245 Gawadar Branch**
Tel. No: (0864) 211103-5 & 0316-8226454, 5 & 6
- NORTH REGION**
- 246 Main Branch, Peshawar**
Tel. No: (091) 5277914-8 & 5277394
- 247 Chowk Yadgar Branch, Peshawar**
Tel. No: (091) 2573335-7 & 2220006
- Islamic Banking**
- 248 Khyber Bazar Branch, Peshawar**
Tel. No: (091) 2566811-3
- 249 Main Branch, Rawalpindi**
Tel. No: (051) 5123123, 4, 5 & 8 & (051) 5123136-7
- 250 Chandni Chowk Branch, Rawalpindi**
Tel. No: (051) 4571160, 63, 86 & 87 & (051) 4571301
- 251 22 Number Chungi Branch, Rawalpindi**
Tel. No: (051) 5563576-7
- 252 Muslim Town Branch, Rawalpindi**
Tel. No: (051) 5405506 & 4931112-3
- 253 Pindora Branch, Rawalpindi**
Tel. No: (051) 4419020-22
- 254 Gulraiz Branch, Rawalpindi**
Tel. No: (051) 5595148-9 & 5974073
- Islamic Banking**
- 255 Peshawar Road Br., Rawalpindi**
Tel. No: (051) 5460113-7
- 256 Bahria Town Branch, Rawalpindi**
Tel. No: (051) 5733772-3 & 5733768-9
- 257 Bewal Br., Distt. Rawalpindi**
Tel. No: (051) 3360274-5
- 258 Wah Cantt. Branch, Distt. Rawalpindi**
Tel. No: 0317-4484551-3
- 259 Main Branch, Islamabad**
Tel. No: (051) 2348174 & 78 & UAN: (051) 111-567-890
- 260 G-9 Markaz Branch, Islamabad**
Tel. No: (051) 2850171-3
- Islamic Banking**
- 261 I-10 Markaz Branch, Islamabad**
Tel. No: (051) 4101733-5

- 262 I-9 Markaz Branch, Islamabad**
Tel. No: (051) 4858101-3
- 263 E-11 Branch, Islamabad**
Tel. No: (051) 2228757-8
- 264 DHA Phase-II Br., Islamabad**
Tel. No: (051) 5161967-9 & 5161970-72
- Islamic Banking**
- 265 F-8 Markaz Branch, Islamabad**
Tel. No: (051) 2818019-21
- 266 G-11 Markaz Branch, Islamabad**
Tel. No: (051) 2363366-68
- 267 F-11 Markaz Branch, Islamabad**
Tel No: (051) 2101076-7 & 0316-8226282-4
- 268 F-6 Branch, Islamabad**
Tel. No: (051) 2826573-4 & 0316-8226303
- 269 PWD Branch, Islamabad**
Tel. No: (051) 5708789, 90 & 91
- 270 Lathrar Road Branch, Tarlai, Distt. Islamabad**
Tel. No: (051) 2241661-5
- 271 Soan Garden Br., Distt. Islamabad**
Tel. No: (051) 5738940-2
- 272 Gujar Khan Branch**
Tel. No: (051) 3516328, 29 & 30
- 273 Waisa Branch, Distt. Attock**
Tel. No: (057) 2651068-9
- Islamic Banking**
- 274 Swabi Branch, Distt. Swabi**
Tel. No: (0938) 221741-45
- 275 Mirpur Branch, (AJK)**
Tel. No: (05827) 444488 & 448044
- 276 Islamgarh Branch, (AJK)**
Tel. No: (05827) 423981-2
- 277 Jattlan Branch, Distt. Mirpur (AJK)**
Tel. No: (05827) 403591-4
- 278 Gilgit Branch**
Tel. No: (05811) 453749, 450498 & (05811) 451838
- 279 Denyore Branch, Distt. Gilgit**
Tel. No: (05811) 459986-7
- 280 Jutial Branch, Distt. Gilgit**
Tel. No: (05811) 457233-5
- 281 Aliabad Branch, Hunza**
Tel. No: (05813) 455000, 455001 & (05813) 455022
- 282 Gahkuch Branch**
Tel. No: (05814) 450409-10
- 283 Skardu Branch**
Tel. No: (05815) 450327 & 450188-9
- 284 Abbottabad Branch**
Tel. No: (0992) 385231-3 & 383073-75
- 285 Jhelum Branch**
Tel. No: (0544) 625794-5
- 286 Chitral Branch, Distt. Chitral**
Tel. No: (0943) 412078-9
- 287 Chakwal Branch**
Tel. No: (0543) 543128-30
- 288 Mardan Branch**
Tel. No: (0937) 864753-7
- 289 Muzaffarabad Branch**
Tel. No: (0582) 2920025-6
- Islamic Banking**
- 290 Chillas Branch, Distt. Diامر**
Tel. No: (05812) 450631-2
- Islamic Banking**
- 291 Mingora Branch, Swat**
Tel. No: (0946) 714355, 714400 & 0316-8226273-75
- 292 Battagram Branch**
Tel. No: (0997) 311044-6
- 293 Mansehra Branch**
Tel. No: (0997) 301931-6
- 294 Kohat Branch, Distt. Kohat**
Tel. No: (0922) 511011 & 511033
- 295 IB - Nowshera Branch, Distt. Nowshera**
Tel. No: (0923) 611545-8

FOREIGN CORRESPONDENTS

Country	Name of Bank
Afghanistan	Banke Millie Afghan Habib Bank Limited
Argentina	Banco De Galicia Y Buenos Aires Banco Credicoop Cooperativo Limitado
Australia	Citibank Na Australia Hsbc Bank Australia Limited J. P. Morgan Chase Bank Nv National Australia Bank Ltd. Mizuho Bank, Ltd. Sydney Branch
Austria	Erste Group Bank Ag Austria Oberbank Ag Raiffeisen Bank International Ag Raiffeisenlandes Bank Vorarlberg Raiffeisenlandesbank Niederösterreich-Wien Ag Austria Raiffeisenlandesbank Oberösterreich Aktiengesellschaft Austria Erste Bank Der Oesterreichischen Sparkassen Ag
Bahrain	Al-Baraka Islamic Bank Habib Bank Limited Standard Chartered Bank The Arab Investment Co. United Bank Limited Allied Bank Limited, Wholesale Banking Branch Bank Alfalah Limited Bahrain Bank Al Habib Limited
Bulgaria	Unicredit Bulbank Ad Citibank Europe Plc Bulgaria
Bangladesh	Brac Bank Bangladesh Habib Bank Limited Standard Chartered Bank Woori Bank Bank Alfalah Limited (Bangladesh - Dhaka Branch) Southeast Bank Limited
Belarus	Belarusbank
Belgium	Belfius Bank Sa/Nv Commerzbank Ag Deutsche Bank Ag Habib Bank Limited Kbc Bank Nv Byblos Bank Europe S.a.
Brazil	Banco Fibra Sa Brazil Banco Do Brasil S.a. Itau Unibanco S/A (Successor Of Banco Itau Bba S.a.)
Canada	Canadian Imperial Bank Of Commerce Federation Des Caisses Desjardins Du Quebec Canada Habib Canadian Bank Hsbc Bank Canada Royal Bank Of Canada
Chile	Banco De Credito E Inversiones

Country	Name of Bank
China	<p> Agricultural Bank Of China Bank Of America N.a Bank Of Beijing Bank Of China Bank Of Communications Bank Of Jiangsu Co Bank Of Shanghai China Citic Bank China Construction Bank Corporation China Everbright Bank China Merchants Bank Citibank (China) Co. Ltd. Commerzbank Ag HSBC Bank (China) Company Ltd. Hua Xia Bank Industrial And Commercial Bank Of China J. P. Morgan Chase Bank (China) Company Ltd. Jiangsu Jiangyin Rural Commercial Bank Co Ltd Mizuho Bank (China) Co. Ltd. Qilu Bank Co., Ltd. Shanghai Pudong Development Bank Skandinaviska Enskilda Banken Ab Standard Chartered Bank (China) Limited Zhejiang Tailong Commercial Bank Agricultural Development Bank Of China, The Bank Of Hebei (Formerly Shijiazhuang City Commercial Bank) Export-Import Bank Of China, The Guangdong Huaxing Bank Co.,Ltd Industrial Bank Of Korea (China) Limited Kbc Bank Nv Wells Fargo Bank, Na, Shanghai Branch Jinan Rural Commercial Bank Co.,Ltd(Formerly Shandong Jinan Runfeng Rural Cooperative Bank) Sumitomo Mitsui Banking Corporation (China) Limited Hangzhou Branch Weifang Rural Commercial Bank Co., Ltd Shandong Zhangdian Rural Commercial Bank Zhejiang Mintai Commercial Bank Bank Of Ruifeng </p>
Colombia	Bancolombia S.a.
Cyprus	<p> Bank Of Cyprus Public Company Ltd. Hellenic Bank Public Company Ltd. </p>
Czech Republic	<p> Ceska Sporitelna As Ceskoslovenska Obchodni Banka Citi Bank Europe Plc Commerz Bank Ag Komerčni Banka As Unicredit Bank Czech Republic </p>
Denmark	<p> Danske Bank Sydbank A/S </p>
Egypt	<p> Banque Misr Sae Citibank Cairo Mashreq Bank Psc </p>
Ethiopia	<p> Dashen Bank Sc Cooperative Bank Of Oromia S.c. </p>

Country	Name of Bank
Finland	Danske Bank Op Corporate Bank Plc
France	Banque Palatine France HSBC France (Formerly Hsbc Ccf) Keb Hana Bank France National Bank Of Pakistan Credit Du Nord Societe Generale CM - Cic Banques
Germany	Commerzbank Ag Danske Bank Deutsche Bank Ag DZ Bank Ag Deutsche Zentral Genossenschaftsbank Germany Hamburger Sparkasse HSH Nordbank Ag Landesbank Baden-Wuerttemerg M. M. Warburg U. Co National Bank Of Pakistan Sparkasse Dortmund Sparkasse Krefeld Sparkasse Westmuensterland Standard Chartered Bank J.P.morgan Ag Kreissparkasse Steinfurt
Greece	Alpha Bank Ae Piraeus Bank Sa
Hong Kong	Bank Of America Na Citibank N.a. Deutsche Bank Ag Hongkong Habib Bank Zurich Hongkong Limited Hongkong The Hong Kong And Shanghai Banking Corporation J. P. Morgan Chase Bank N.a. Mashreqbank Psc National Bank Of Pakistan Shinhan Bank, Hong Kong Standard Chartered Bank (Hong Kong) Limited Sumitomo Mitsui Banking Corporation The Bank Of New York Mellon Hongkong Wells Fargo Bank Na Commerzbank Ag Unicredit Bank Ag Hong Kong Branch (Hypovereinsbank Hong Kong Branch) KBC Bank Nv, Hong Kong
Hungary	CIB Bank Ltd. Raiffeisen Bank Zrt Unicredit Bank Hungary Zrt
India	Citibank N.a. Deutsche Bank Ag Hongkong And Shanghai Banking Corporation Limited ICICI Bank Limited J. P. Morgan Chase Bank Na Kalupur Commercial Co-Op Mashreqbank Psc Punjab And Sind Bank Punjab National Bank Standard Chartered Bank

Country	Name of Bank
	Bank Of Ceylon DCB Bank Limited Emirates Nbd Bank (P.j.s.c)
Indonesia	Bank Indonesia Bank Mandiri Jakarta Citibank N.a. J. P. Morgan Chase Bank Na PT Bpd Jawa Barat Dan Banten Indonesia Standard Chartered Bank PT Bank Hsbc Indonesia MUFG Bank, Ltd. Jakarta Branch
Ireland	Citibank Europe Plc Danske Bank A/S
Italy	Banca Carige Spa Banca Di Credito Popolare Banca Ubae Spa Banco Popolare Di Sondrio Bper Banca Spa Italy Cassa Di Risparmio In Bologna Spa Italy Commerzbank Ag Credito Valtellinese Deutsche Bank Spa Intesa Sanpaolo S.p.a. Unicredit S.p.a UBI Banca S.p.a. (Formerly Banca Adriatica S.p.a.) Banco Bpm Spa Cassa Di Risparmio Di Fermo Spa Iccrea Banca - Istituto Centrale Del Credito Cooperativo
Japan	Citibank Japan Limited Deutsche Bank Ag Hong Kong & Shanghai Banking Corporation., (The) 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 MUFG Bank, Ltd.
Jordan	Citibank N.a.
Kenya	Kenya Commercial Bank Limited
Korea (South)	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 National Bank Of Pakistan Nonghyup Shinhan Bank Standard Chartered Bank Korea Ltd Woori Bank

Country	Name of Bank
	MUFG Bank, Ltd., Seoul Branch Suhyup Bank
Kuwait	Citibank Na Commercial Bank Of Kuwait Sak National Bank Of Kuwait
Kyrgyzstan	National Bank Of Pakistan Bishkek Branch
Latvia	JSC Citadele Banka
Lebanon	Banque Libano-Francaise Sal Citibank Na-Beirut Branch First National Bank S.a.l.
Macedonia	Silk Road Bank Ad Skopje
Malaysia	Citibank Berhad Hong Leong Bank Bhd HSBC Bank Malaysia Berhad J. P. Morgan Chase Bank Berhad Standard Chartered Bank Malaysia Berhad MUFG Bank (Malaysia) Berhad Sumitomo Mitsui Banking Corporation Malaysia Berhad
Malta	Akbank T.a.s. (Malta Branch) Credit Europe Bank N.v. Malta Branch
Mauritius	Habib Bank Limited The Mauritius Commercial Bank Limited Standard Chartered Bank (Mauritius) Ltd
Mexico	Banco Nacional De Mexico Sa
Morocco	Attijariwafa Bank Citibank Maghreb
Nepal	Himalayan Bank
Netherlands	Abn-Amro Bank N.v. Credit Europe Bank N.v. Deutsche Bank Ag Habib Bank Limited Commerzbank Ag Kantoor Amsterdam HSBC Bank Plc.
New Zealand	Bank Of New Zealand
Norway	DNB Bank Asa Danske Bank As Skandinaviska Enskilda Banken
Oman	Bank Sohar Saog Bank Dhofar (S.a.o.g.) Standard Chartered Bank
Panama	Banesco S.a.
Philippines	Asian Development Bank The Bank Of Tokyo-Mitsubishi Ufj Ltd. Standard Chartered Bank

Country	Name of Bank
Portugal	Banco Bpi Sa Caixa Central De Credito Agricola Mutuo
Qatar	The Commercial Bank (Q.S.c) Mashreq Bank Standard Chartered Bank United Bank Limited Barwa Bank Doha Bank
Romania	Banca Comerciala Romana Sa Citibank Europe Plc, Dublin-Sucursala Romania Unicredit Bank Sa Romania
Russian Federation	Credit Bank Of Moscow (Public Joint Stock Company) Citibank N.a.
Saudi Arabia	Alawwal Bank Al Inma Bank J. P. Morgan Chase Bank National Bank Of Pakistan National Commercial Bank (The) Samba Financial Group Bank Al-Jazira
Serbia	Unicredit Bank Srbija A.d.
Singapore	Abn Amro Bank Nv Bank Mandiri (Persero) Pt Bank Of America Na Bank Of Tokyo Mitsubishi Ufj Ltd. Citibank N.a. Commerzbank Ag 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 Rabobank Shinhan Bank Standard Chartered Bank Sumitomo Mitsui Banking Corporation Oversea-Chinese Banking Corporation Limited Toronto Dominion Bank
Slovakia	Ceskoslovenska Obchodna Banka As Slovenska Sportelna, A.s. Tatra Banka A.s.
Slovenia	Unicredit Banka Slovenija Dd Nova Kreditna Banka Maribor D.d.
South Africa	Citibank South Africa Firstrand Bank Ltd. HBZ Bank Limited Standard Bank Of South Africa Limited,The Standard Chartered Bank

Country	Name of Bank
Spain	Banco De Sabadell Caixa Bank Sa Spain Commerzbank Ag Deutsche Bank Sae Spain HSBC Bank Plc Kutxabank Sa BMCE Bank International, Sau
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
Sweden	Danske Bank Skandinaviska Enskilda Banken Ab Svenska Handelsbanken Ab
Switzerland	Arab Bank (Switzerland) Ltd. Banque Cantonale Vaudoise Banque De Commerce Et De Placements S.a. CA Indosuez Switzerland Sa Switzerland Habib Bank Ag Zurich UBS Ag United Bank Switzerland Ag Zurcher Kantonalbank Hinduja Bank (Switzerland) Ltd Barclays Bank (Suisse) S.a. HSBC Bank Plc Luzerner Kantonalbank
Taiwan	Citibank Taiwan Limited J. P. Morgan Chase Bank Na Mizuho Corporate Bank Ltd. Standard Chartered Bank (Taiwan) Limited HSBC Bank (Taiwan) Limited Sunny Bank Ltd
Tajikistan	NBP Pakistan Subsidiary Bank
Tanzania	UBL Bank (Tanzania) Limited
Thailand	Citibank N.a. J. P. Morgan Chase Bank Na Kasikornbank Public Company Ltd Krung Thai Bank Public Co Ltd Thailand Standard Chartered Bank (Thai) Plc Sumitomo Mitsui Banking Cororation Thanachart Bank Public Company Limited The Siam Commercial Bank Public Company Limited Bank Of Ayudhya Public Company Limited Mizuho Bank, Ltd., Bangkok Branch
Tunisia	Citi Bank Na Tunis International Bank
Turkey	Akbank T.A.S.

Country	Name of Bank
	<p>Alternatifbank A.S. Citibank A.S. QNB Finansbank Habib Bank Limited Kuveyt Turk Katilim Bankasi A.S Turkiye Cumhuriyeti Ziraat Bankasi A.S. Turkey Turkey Garanti Bankasi A.S. Turkiye Finans Katilim Bankasi A.S. Turkiye Vakiflar Bankasi Tao Yapi Ve Kredi Bankasi A.S. Albaraka Turk Participation Bank Denizbank A.S.</p>
Turkmenistan	National Bank Of Pakistan
U.A.E.	<p>Abu Dhabi Commercial Bank Citibank N.A. Deutsche Bank AG Dubai Islamic Bank Emirates Islamic Bank Emirates Nbd Bank PJSC First Abu Dhabi Bank Habib Bank Ag Zurich Habib Bank Limited Mcb Bank Limited Dubai UAE Mashreq Bank PSC National Bank Of Fujairah Standard Chartered Bank United Bank Limited National Bank Of Ras Al-Khaimah, The Bank Alfalah Limited (Dubai Branch) Keb Hana Bank Abudhabi Branch</p>
U.K.	<p>Bank Mandiri (Europe) Limited Bank Of Cyprus Uk Bank Of Ireland (Uk) Plc Citibank N.a. Habib Bank- Uk Plc Habib Bank Ag Zurich HSBC Bank Plc J. P. Morgan Chase Bank Na Mashreqbank Psc Northern Bank Ltd.uk Standard Chartered Bank Sonal Bank (Uk) Ltd Deutsche Bank Ag Zenith Bank (Uk) Ltd</p>
U.S.A.	<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 & Trust Co. Citibank N.a. Citizen Bank N.a Usa Comerica Bank Deutsche Bank Trust Company Americas East-West Bank Habib American Bank International Finance Corporation J. P. Morgan Chase Bank</p>

Country	Name of Bank
	Mashreqbank PSC MUFG Union Bank National Association USA National Bank Of Pakistan New York Commercial Bank USA PNC Bank National Association USA Regions Bank Shinhan Bank America Standard Chartered Bank UMB Bank NA US Century Bank Wells Fargo Bank NA Woori Bank U.S. Bank N.A. First Tennessee Bank N.A. Nonghyup Bank, New York Branch Peoples United Bank, N.A.
Uzbekistan	National Bank For Foreign Economic Activity Of The Republic Of Uzbekistan
Vietnam	Citibank NA J. P. Morgan Chase Bank NA Shinhan Bank Vietnam Standard Chartered Bank AA Binh Commercial Joint Stock Bank Kookmin Bank / Ho Chi Minh City Branch

Soneri Bank Limited

**AFFIX
CORRECT
POSTAGE**

The Company Secretary
Soneri Bank Limited
Rupali House 241-242
Upper Mall Scheme
Anand Road
Lahore-54000

پراکسی فارم

ستائیسویں سالانہ عام اجلاس

میں مستی / مسماة _____
 ضلع _____
 بحیثیت ممبر سونیئر بینک لمیٹڈ اور حق ملکیت رکھتے ہوئے
 عام حصص کی جس کا اندراج: _____

رجسٹرڈ فولیو نمبر: _____
 سی ڈی سی پارٹیشن نمبر: _____
 شناختی کارڈ نمبر: _____
 مستی / مسماة _____
 ساکن: _____
 ساکن: _____
 ساکن: _____

یا ان کے نہ جانے پر، مستی / مسماة _____
 جو خود بھی سونیئر 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 ستائیسویں سالانہ عام اجلاس جو بتاریخ ۲۸ مارچ ۲۰۱۹ کو منعقد ہو رہا ہے۔ اس میں یا اس کے کسی ملتوی 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 _____ ۲۰۱۹
 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 پر کردہ اور دستخط شدہ پراکسی فارم، ہمارے رجسٹرڈ آفس سونیئر بینک لمیٹڈ، ۲۴۲-۲۴۲، اپر مال اسکیم، آنند روڈ، 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 کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی کاپی منسلک کریں۔ (تاہم نامزد شخص کو شناخت کی غرض سے اجلاس میں شرکت کے وقت اپنا اصل قومی شناختی کارڈ یا اصل پاسپورٹ مہیا کرنا ہوگا۔)
- ۵۔ کارپوریٹ ادارہ ہونے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / مختار نامہ نامزد شخص کے دستخط کے ساتھ پراکسی فارم کمپنی کو جمع کروانا ہوگا۔

سونیری بینک لمیٹڈ

درست رقم کا
ٹکٹ چسپاں کریں

کمپنی سیکریٹری
سونیری بینک لمیٹڈ
روپالی ہاؤس ۲۴۱-۲۴۲
اگرمال اسکیم،
آئینہ روڈ
لاہور-۵۴۰۰۰



Bank Mandate Form

I Mr./ Ms./ Mrs. _____ s/o, d/o, w/o, _____ hereby authorized Soneri Bank Limited to send/ directly credit cash dividends declared by it, in my bank account as detailed below:

(i) Shareholder's Information	
Name of Shareholder	
Folio No./ Participant & Account No./ CDC Investor No.	
CNIC No.	
NTN	
Passport No. (in case of foreign shareholder)	
Address	
Cell Number	
Landline Number	
Email ID	

(ii) Dividend Mandate Information	
Title of Bank Account	
International Bank Account Number (IBAN) - Mandatory	P K
Bank's Name	
Bank's Address	

It is stated that the above particulars given by me are correct to the best of my knowledge and I shall keep the Company/ Share Registrar informed in case of any changes in the said particulars in future.

Shareholder's signature

Note: Bank Mandate details must be verified by the concerned Bank Branch to avoid any error. Shareholders holding shares in physical form should send this form to Share Registrar, THK Associates (Pvt.) Ltd. Whereas CDC Shareholders should send it to Investor Account Services or Broker where shares are placed in electronic form, along with legible photocopy of valid CNIC.

Soneri Bank 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 290 branches & 300+ ATMs

 www.soneribank.com  [SoneriBankPK](https://www.facebook.com/SoneriBankPK)  [@SoneriBank_Pk](https://twitter.com/SoneriBank_Pk)