



Soneri Bank

ROSHAN
— har —
QADAM
Annual Report 2014



Annual Report 2014

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VISION

TO BETTER SERVE
CUSTOMERS
to help them and the
SOCIETY GROW



MISSION
we provide
INNOVATIVE
and
EFFICIENT FINANCIAL
SOLUTIONS
to our
CUSTOMERS



CORE VALUES

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



PROPELLED
— by a —
SINGLE PURPOSE
TO SERVE YOU
BETTER



BOARD of DIRECTORS



Amar Zafar Khan
Director

Shahid Anwar
Director (NIT Nominee)

Nooruddin Feerasta
Director

Mohammad Aftab Manzoor
President &
Chief Executive Officer

Alauddin Feerasta
Chairman

Muhammad Rashid Zahir
Director

Manzoor Ahmed
Director (NIT Nominee)

Syed Ali Zafar
Director

SENIOR MANAGEMENT

Mohammad Aftab Manzoor
President &
Chief Executive Officer

Abdul Aleem Qureshi
Head of Commercial
and Retail Banking

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

Iqbal Zaidi
Head of Compliance
and Control

Muhammad Qaisar
Head of Corporate &
Investment Banking

Mubarik Ali
Country Credit Head



Amin A. Feerasta
Chief Risk Officer

Anjum Hai
Chief Financial
Officer

Saqib Asad
Chief Information
Officer

Anita Lalani
Head of Human
Resources

Khawaja Mohammad Ahmed
Head of Operations

Shakil Ahmed Jamali
Head of Internal Audit

PRODUCTS AND SERVICES

Soneri Bank offers a diverse range of products & services to cater to the growing banking needs of our customers. Our brand promise “Roshan Har Qadam” manifests our commitment to constantly innovate our product suite for the best match of personal & business needs of our customers, including Commercial, Retail & Corporate segments.

With our Corporate Vision, “to better serve customers to help them and the society grow” and our Mission to “provide innovative and efficient financial solutions to our customers”, we integrate with our valuable customers to provide them convenient and hassle-free product solutions. Empowered by an ever-growing network of branches and ATMs, we strive to become the bank of choice for our existing and potential customers.

PKR Current Accounts:

Customers can open any PKR Current Account for their day-to-day banking needs and enjoy the convenience of Banking offered via 246 online branches and a growing ATM network of 263 machines across the country. Our popular Rupee Current Accounts include:

Soneri Ikhtiar Current Account

Soneri Ikhtiar Current Account is our flagship current account for businesses providing efficient, accessible and convenient banking transactions. Soneri Ikhtiar Business Account gives numerous free facilities without maintaining any average balance requirement, including free issuance of Banker's Cheques, free online banking, free Cheque books, free VISA Debit Classic Card, and much more, to help your business grow without paying for the Banking Services. In addition, Soneri Ikhtiar Account comes with free worldwide accidental insurance cover and ATM withdrawal coverage to help protect your loved ones by keeping their future secure.

Soneri Current Account

Soneri Current Account is a rupee account which lets you enjoy an array of banking services available on Soneri Ikhtiar Account, free of cost, without maintaining any average balance and with no restriction on number of transactions.

PKR Savings Accounts:

Soneri Bank offers a variety of Savings products for salaried persons or those who have a fixed regular income to encourage savings. We also have Savings Accounts for senior citizens and pensioners. Some of our Savings products include:

PLS Savings Account

PLS Savings Account is a basic deposit account with no minimum balance requirement. This account may be opened with an initial deposit of PKR 100 only. We offer Alternate Delivery Channel Services on these accounts, including VISA Debit Card and Soneri Direct Internet Banking.

Soneri Savings Account

Soneri Savings Account is a flexible and fast growing cumulative profit account. The rate of profit on this account increases with your balance without any demand and negotiations with the Bank. Soneri Savings Account has no minimum balance requirement. As with the PLS Savings Account, this account may also be opened with an initial deposit of PKR 100 only. Alternate Delivery Channel Services on this account includes VISA Debit Card and Soneri Direct Internet Banking.

Soneri Sahara Account

Soneri Bank offers a Savings account for its senior account holders so they may retire with a smile. Soneri Sahara Account calculates the profit on the monthly average balances and the profit is credited to the account on the first working day of the following month. We provide the VISA Debit Classic Card and the first Cheque book of 25 leaves for free to our Soneri Sahara Account holders.

PKR Term Deposit Accounts

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.

Diamond Deposits (Monthly Income Scheme)

Soneri Diamond Deposits provide investment opportunities to investors looking for additional monthly income with an attractive return. With terms from 1 year to 3 years, investors earn a monthly profit credited to an associated Current Account for easy withdrawal and use through the VISA Debit Card and over 263 Soneri Bank ATMs across Pakistan.

FCY Deposit Accounts

Soneri Bank also offers FCY Current, Savings & Term Deposit Accounts to cater to the foreign currency transactional needs of our customers.

Financing Products

In addition to our conventional financing products, including Running Finance, Cash Finance, Finance against Imported Merchandise (FIM) and Finance Against Trust Receipts (FATR), the Bank also offers following specific financing products to help the customers grow their business without worrying about funding requirement.

Soneri Speed Finance

In line with our brand promise of “Roshan Har Qadam”, we have introduced “Soneri Speed Finance” which is one of the latest addition to our suite of financing products. It has been designed to provide hassle-free and quick financing solutions to meet both the short and long term financing needs of Consumers, Small & Medium Enterprises, Commercial and Retail businesses. This product allows the customers to avail various financing facilities which are best suited to meet their particular need(s) enabling them to grow and prosper.

Agriculture Financing

Soneri Bank offers various Agriculture Finance Schemes for the farming and rural community that help them advance their agricultural operations, both for Production & Development. The following Agri product suite is available to meet the needs of our customers:

- Soneri Revolving Credit Scheme
- Soneri Farm Mechanizing Support Financing Scheme
- Soneri Tractor Financing Scheme
- Soneri Aabiyari/Tube well (Water Management) Financing Scheme
- Soneri Live-Stock Development Financing Scheme
- Soneri Land Development (Islah-e-Arazi) Financing Scheme
- Soneri Go-Down, Silos, Cold Storage, etc. Construction Financing Scheme

SME Financing

Soneri Bank offers credit facilities to SME sector of the country to facilitate the customers to grow their businesses and also contribute their share towards industrial growth of the country. Our SME Financing covers a wide range of segments including manufacturing and trade-related activities. The Bank is committed to play its role towards strengthening the SME sector by encouraging quality players to avail credit facilities from us, empowering them to grow beyond financial limitations.

Consumer Finance Soneri Car Finance

You can become the owner of a brand new car through Soneri Car Finance Scheme. Soneri Bank offers Car Finance facility up to PKR 2.0 million, repayable up to 5 years in equal monthly installments. Processing of application is fast and hassle-free with partial payment and early settlement options.

Home Remittances

Soneri Bank introduces “Soneri Mehnat Wasool”, the Home Remittance Service. The service provides customers the convenience of collecting their remittances sent from abroad from any of Soneri Bank's 246 Branches in 105 cities across Pakistan. Initially launched with MoneyGram as one of the international money transfer partners, Soneri Bank has signed-up with RIA Financial Services (RIA Money Transfer), Wall Street Finance Canada Ltd., Al Falah Exchange & Golden Money Transfer under PRI to facilitate its customers.

Alternate Delivery Channel Services

Soneri Mobile Banking

Soneri Mobile Banking lets our customers access their accounts anytime and anywhere via their mobile phones. Customers can view their account statements, perform fund transfers, get mobile top-ups and pay their bills conveniently sitting in the comfort of their homes and offices.

Soneri Direct Internet Banking

Soneri Direct Internet Banking provides our customers a hassle-free, simple and secure platform to operate their bank account from the internet 24/7 from anywhere in the world. Customers can access their Soneri Banking account anytime, print account statements, pay utility bills, transfer funds and view the history of their Soneri Internet Banking activities with a single click from their computers.

Soneri VISA Debit Card

Soneri VISA Debit Card brings a cashless experience of spending and making payments countrywide and across the globe. Customers are privileged to avail unmatched opportunities and benefits of the VISA Classic Card and VISA Debit Gold Card.

SMS Alert

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

Phone Banking

Customers can access their account 24/7 with Soneri Phone Banking. With a telephone, VISA Debit Card number and T-pin, customers gain instant access to their accounts and get all the information they need. Simply dial +92-21-111-SONERI (766374)

Protection and Coverage Products

Bancassurance

Soneri Bank offers numerous coverage products to protect customers and their dear ones. Benefit from an array of Bancassurance products to match your specific needs, ranging from your children's education plans to business protection plans:

- Soneri Saver Plan
- Roshan Takmeel Plan
- Roshan Aghaz
- Karobar Muhafiz Product

ATM Withdrawal Coverage - Tahaffuz

Soneri Tahaffuz ATM Withdrawal Coverage is a product that covers you in the event of loss of cash resulting from armed hold-up or forced deprivation on withdrawals from any 1-Link/Mnet ATMs in Pakistan. The coverage is available for both conventional and Islamic account holders.

Soneri Islamic Banking

Soneri Islamic Banking segment “Soneri Mustaqeem” offers a broad range of 100% Shari'ah-Compliant financial solutions. Our Islamic portfolio includes:

Financing Products

- Murabaha
- Ijara
- Salam
- Diminishing Musharaka
- Trade Finance
- Letter of Credit & Guarantees
- Deposit Products
- Soneri Aasaan Business Account
- Soneri Bachat Savings Account
- Soneri Munafa Savings Account
- Soneri Meaadi Term Deposit
- Soneri Jari Current Account (Local and Foreign Currency)

Corporate Advisory

Soneri Bank provides a one-window approach to its valued Corporate customers for their Working Capital, Project Finance, Trade Structuring and Investment Banking needs through our dedicated Relationship Managers and Branch Channels in a seamless manner.

Cash Management

SBL's Cash Management Channel ‘Soneri Trans@act’, provides our valued customers with a comprehensive, end-to-end cash flow management, i.e Receivables and Payables Management, in the most effective and efficient manner.

Our CM service, comprises of a full array of products & services, designed and tailored to enable Corporate, Commercial and SME customers to securely exchange funds and financial information in real-time with their trading partners, for the optimal management of working capital.

CORPORATE INFORMATION

CHAIRMAN

MR. ALAUDDIN FEERASTA

CHIEF EXECUTIVE OFFICER

MR. MOHAMMAD AFTAB MANZOOR

DIRECTORS

MR. NOORUDDIN FEERASTA

MR. MUHAMMAD RASHID ZAHIR

MR. AMAR ZAFAR KHAN

SYED ALI ZAFAR

MR. MANZOOR AHMED (NIT NOMINEE)

MR. SHAHID ANWAR (NIT NOMINEE)

CHIEF FINANCIAL OFFICER

MS. ANJUM HAI

COMPANY SECRETARY

MR. MUHAMMAD ALTAF BUTT

AUDITORS

A.F. FERGUSON & CO.

CHARTERED ACCOUNTANTS

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

REGISTRAR AND SHARE

TRANSFER AGENT

THK ASSOCIATES (PRIVATE) LTD.,

GROUND FLOOR,

STATE LIFE BUILDING NO. 3,

DR. ZIAUDDIN AHMED ROAD

KARACHI - 75530

UAN: (021) 111-000-322

FAX: (021) 3565 5595

LIST OF COMMITTEES OF THE BOARD OF DIRECTORS

AUDIT COMMITTEE OF THE BOARD

1. Mr. Amar Zafar Khan	Chairman
2. Mr. Nooruddin Feerasta	Member
3. Mr. Muhammad Rashid Zahir	Member
4. Mr. Shahid Anwar	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. Amar Zafar Khan	Member
Mr. Muhammad Altaf Butt	Secretary

HUMAN RESOURCE COMMITTEE OF THE BOARD

1. Mr. Manzoor Ahmed	Chairman
2. Mr. Mohammad Aftab Manzoor	Member
3. Mr. Shahid Anwar	Member
4. Mr. Amar Zafar Khan	Member
Ms. Anita Lalani	Secretary

RISK MANAGEMENT COMMITTEE OF THE BOARD

1. Mr. Shahid Anwar	Chairman
2. Mr. Mohammad Aftab Manzoor	Member
3. Mr. Amar Zafar Khan	Member
Mr. Javed Hussain Siddiqi	Secretary

LIST OF COMMITTEES OF THE BOARD OF DIRECTORS

Audit Committee

Constitution:

Mr. Amar Zafar Khan
Chairman

Mr. Nooruddin Feerasta
Member

Mr. Muhammad Rashid Zahir
Member

Mr. Shahid Anwar
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 function 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. Amar Zafar Khan
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 a reasonable setup is put in place, to implement the same. The Committee has 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. Shahid Anwar
Chairman

Mr. Mohammad Aftab Manzoor
Member

Mr. Amar Zafar Khan
Member

Terms of Reference

Primary responsibilities of the Board Risk Management Committee with regard to credit, market, liquidity and operational risk management aspects are to delineate Bank's overall risk tolerance, ensure the maintenance of overall exposure at prudent levels and consistent with the available capital, monitor that the Bank implements sound fundamental principles and ensure appropriate plans and procedures for the management of each category of risk, stated above. It also ensures that resources allocated for risk management are adequate, given the size, nature and volume of the business and the managers and staff that take, monitor and control risk possess sufficient knowledge and expertise. The Committee also monitors the development of appropriate financial models and a system used to calculate each category of risk, and also ensures that the Bank has clear, comprehensive and well documented policies and procedural guidelines relating to risk management and the relevant staff fully understands those policies. The Committee also reviews the counterparty risk limits for call lending, COI, reverse repos and FX (spot/forward).

LIST OF COMMITTEES OF THE BOARD OF DIRECTORS

Human Resource Committee

Terms of Reference

Constitution:

Mr. Manzoor Ahmed
Chairman

Mr. Mohammad Aftab Manzoor
Member

Mr. Amar Zafar Khan
Member

Mr. Shahid Anwar
Member

The Human Resource 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 ensure equal opportunity, gender balance, and transparency. It also reviews the significant HR policies of the Bank and ensure that they are well aligned to the market .

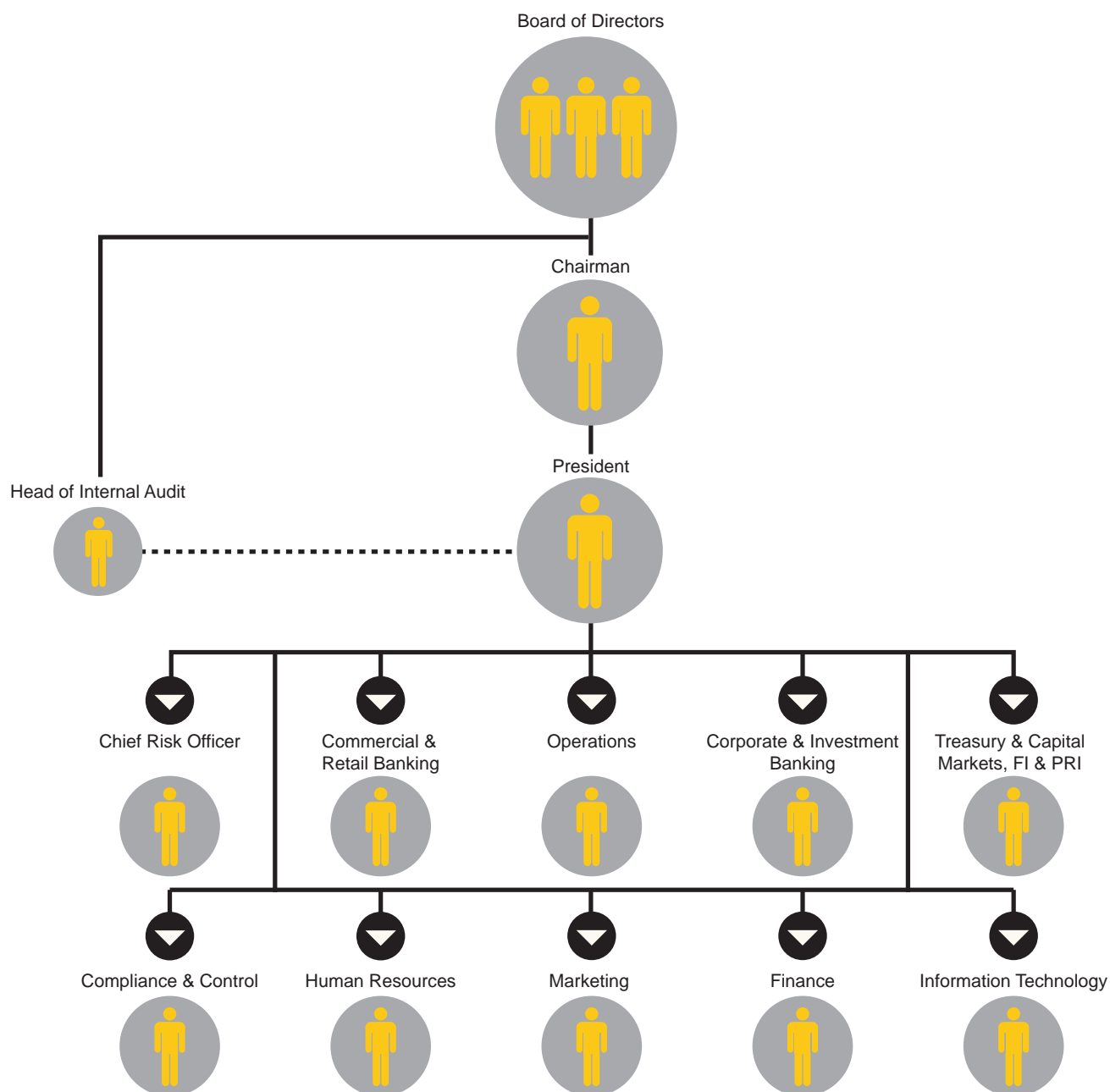
Detail of the Board of Directors and its Committees' meetings held during the year 2014 and the attendance by each director/committee member is given as under.

Sr. No.	Name of Director	Board of Directors Meetings		Board Audit Committee Meetings		Board Credit Committee Meetings		Board Human Resource Committee Meetings		Board Risk Management Committee Meetings	
		Held during the tenor in the year	Attended**	Held during the tenor in the year	Attended**	Held during the tenor in the year	Attended**	Held during the tenor in the year	Attended**	Held during the tenor in the year	Attended**
1	Mr. AlauddinFeerasta	7	7	*	*	4	4	*	*	*	*
2	Mr. Mohammad Aftab Manzoor	7	7	*	*	4	4	4	4	4	4
3	Mr. Nooruddin Feerasta	7	5	4	4	4	3	*	*	*	*
4	Mr. Inam Elahi	2	2	1	1	1	1	1	1	0	0
5	Mr. Muhammad Rashid Zahir	7	6	4	3	4	3	*	*	*	*
6	Mr. Amar Zafar Khan	3	3	1	1	1	1	1	1	2	2
7	Mr. Nadeem Karamat	1	1	1	1	1	1	0	0	1	1
8	Syed Ali Zafar	4	3	*	*	*	*	*	*	*	*
9	Mr. Manzoor Ahmed (NIT Nominee)	7	7	*	*	*	*	4	4	*	*
10	Mr. Shahid Anwar (NIT Nominee)	7	7	4	4	*	*	4	4	4	4
Total Number of meetings held during the year		7		4		4		4		4	

*represents not a member of the Committee

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

ORGANIZATIONAL STRUCTURE



MANAGEMENT COMMITTEES

1. Management Committee

1. Mr. Mohammad Aftab Manzoor, Chairman
2. Mr. Amin A. Feerasta
3. Mr. Iqbal Zaidi
4. Mr. Abdul Aleem Qureshi
5. Mr. Shahid Abdullah
6. Mr. Khawaja Mohammad Ahmed
7. Mr. Muhammad Qaisar
8. Ms. Anjum Hai
9. Ms. Anita Lalani
10. Mr. Mubarak Ali
11. Mr. Ahmed Saqib Asad
- Mr. Abbas Hatim, Secretary

2. Executive Credit Committee

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

3. Assets and Liability Committee

1. Mr. Mohammad Aftab Manzoor, Chairman
2. Mr. Amin A. Feerasta
3. Mr. Abdul Aleem Qureshi
4. Mr. Shahid Abdullah, Secretary
5. Mr. Mubarak Ali
6. Ms. Anjum Hai
7. Mr. Javed Hussain Siddiqi
8. Mr. Muhammad Qaisar

4. Investment Committee

1. Mr. Mohammad Aftab Manzoor, Chairman
2. Mr. Amin A. Feerasta
3. Mr. Shahid Abdullah
4. Mr. Abdul Aleem Qureshi
5. Ms. Anjum Hai
6. Mr. Muhammad Qaisar
7. Mr. Muhammad Imran Khan, Secretary

5. I.T. Steering Committee

1. Mr. Mohammad Aftab Manzoor, Chairman
2. Mr. Amin A. Feerasta
3. Mr. Abdul Aleem Qureshi
4. Mr. Khawaja Mohammad Ahmed
5. Mr. Ahmed Saqib Asad
6. Ms. Anjum Hai
- Mr. Qurban R. Punjwani, Secretary

6. Credit Risk Management Committee

1. Mr. Mohammad Aftab Manzoor, Chairman
2. Mr. Amin A. Feerasta
3. Mr. Mubarak Ali
4. Mr. Abdul Aleem Qureshi
5. Mr. Muhammad Qaisar
6. Ms. Anjum Hai
7. Mr. Javed Hussain Siddiqi, Secretary

7. Market & Liquidity Risk Management Committee

1. Mr. Mohammad Aftab Manzoor, Chairman
2. Mr. Amin A. Feerasta
3. Mr. Shahid Abdullah
4. Mr. Abdul Aleem Qureshi
5. Ms. Anjum Hai
6. Mr. Amer Habib
7. Mr. Muhammad Qaisar
8. Mr. Javed Hussain Siddiqi, Secretary

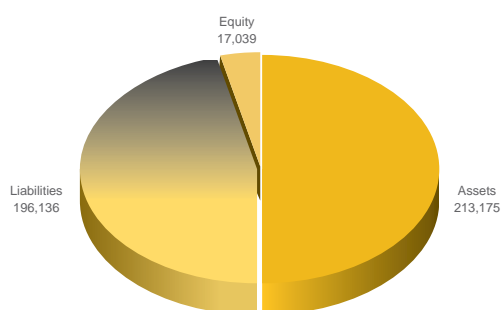
8. Business Continuity Plan Steering Committee

1. Mr. Mohammad Aftab Manzoor, Chairman
2. Mr. Amin A. Feerasta
3. Mr. Iqbal Zaidi
4. Mr. Abdul Aleem Qureshi
5. Mr. Ahmed Saqib Asad
6. Mr. Khawaja Mohammad Ahmed
7. Ms. Anita Lalani
8. Ms. Anjum Hai
9. Mr. Shakil Ahmed Jarnali
10. Col. (Retd.) Zahid Raza
11. Mr. Sohail Omar
12. Mr. Jawed Munshi
13. Mr. Muhammad Khawar Ali Shah
14. Mr. Zia Amjad Hussain
15. Mr. Mir Aamir Nawaz
16. Mr. Javed Hussain Siddiqi, Secretary

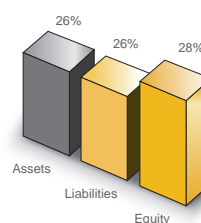
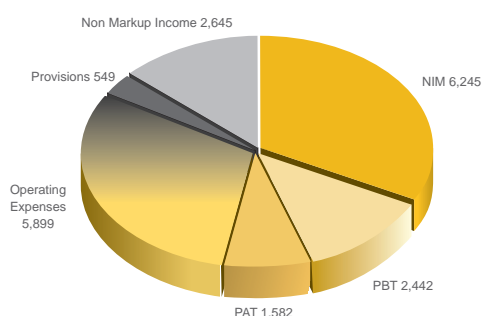
INSPRING GROWTH

AS OF 31 DECEMBER 2014

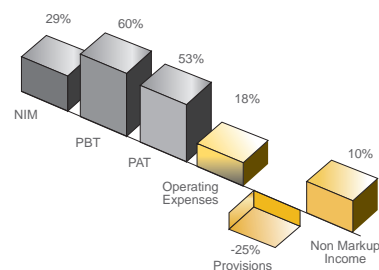
		2014	2013	Growth
Advances - Gross	Rs. In Million	113,729	104,318	9.02%
Deposits	"	163,250	140,580	16.13%
Net Assets	"	17,039	13,283	28.28%
Profit after Tax	"	1,582	1,037	52.56%
Interest Income	"	6,245	4,850	28.76%
Non-markup Income	"	2,645	2,400	10.21%
Earnings per Share	Rs.	1.44	0.94	53.19%
Total Revenue	Rs. In Million	8,890	7,250	22.62%
Return on Equity	%	11.91%	8.70%	36.94%
Return on Capital Employed	%	14.33%	11.60%	23.55%
Trade Business	Rs. In Million	292,241	293,347	-0.38%
Number of Accounts	(In '000)	553	501	10.38%

Statement of Financial Position
(Rs. in Million)

Variance During the FY 14

Profit & Loss
(Rs. in Million)

Variance During the FY 14



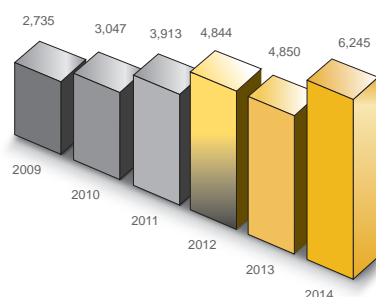
KEY PERFORMANCE INDICATORS

		2014	2013	Variance Compared to 2013	
				Amount	%
Financial					
Investment-Gross	Rs. In Million	75,851	46,837	29,014	62%
Advances-Gross	"	113,729	104,318	9,411	9%
Deposits	"	163,250	140,580	22,670	16%
Shareholders' Equity	"	17,039	13,283	3,756	28%
Net Interest Income	"	6,245	4,850	1,395	29%
Non Interest Income	"	2,645	2,400	245	10%
Operating expenses	"	5,899	4,985	914	18%
Profit before provisions	"	2,991	2,265	726	32%
Provisions	"	549	735	(186)	-25%
Profit Before Taxation	"	2,442	1,530	912	60%
Profit After Taxation	"	1,582	1,037	545	53%
Non Financial					
No. of customers	Absolute	468,352	417,077	51,275	12%
No. of new branches opened	"	12	6	6	100%
No. of branches closed	"	5	-	5	100%
No. of new accounts opened	"	86,261	87,009	(748)	-1%
No of ATM cards issued	"	74,249	54,448	19,801	36%
No of permanent employees	"	2,639	2,835	(196)	-7%
No of virtual banking customers	"	27,576	24,360	3,216	13%
No of mobile banking customers	"	22,535	15,344	7,191	47%
Key Financial Ratios					
Earnings Per Share	Rs.	1.44	0.94		
Book Value Per Share	"	12.80	11.29		
Share Price	"	12.33	10.93		
Market Capitalization	Rs. In Million	13,593	12,050		
Price Earning Ratio	Times	8.56	11.63		
Return on Equity	%	11.91%	8.70%		
Return on Assets	%	0.83%	0.63%		
Capital Adequacy Ratio	%	12.50%	11.93%		

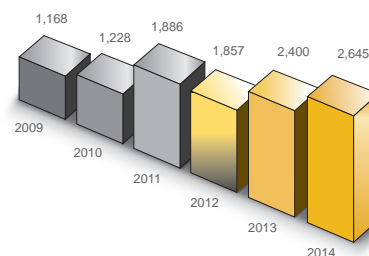
SIX YEARS' FINANCIAL SUMMARY 2009-2014

	2014	2013	2012	2011	2010	2009
Profit & loss account						
Mark-up / Return / Interest Earned	16,871	13,601	13,778	12,910	10,250	9,337
Mark-up / Return / Non Interest Expensed	10,626	8,751	8,934	8,997	7,204	6,603
Net Markup Income	6,245	4,850	4,844	3,913	3,047	2,735
Fee, Commission , Brokerage and Exchange Income	1,939	1,600	1,191	1,194	603	673
Dividend Income and Capital Gain	535	623	528	428	175	120
Other income	171	177	138	264	450	375
Non Markup Income	2,645	2,400	1,857	1,886	1,228	1,168
Total Income	8,890	7,250	6,701	5,799	4,275	3,903
Operating expenses	5,899	4,985	4,459	3,449	2,682	2,079
Profit before tax and provisions	2,991	2,265	2,242	2,350	1,593	1,824
Provisions	549	735	520	1,272	1,452	1,633
Profit before tax	2,442	1,530	1,722	1,078	140	190
Profit after tax	1,582	1,037	1,104	784	125	145
Bonus Shares	-	1,002	993	1,003	-	905
Right Shares	-	-	-	1,001	1,004	-

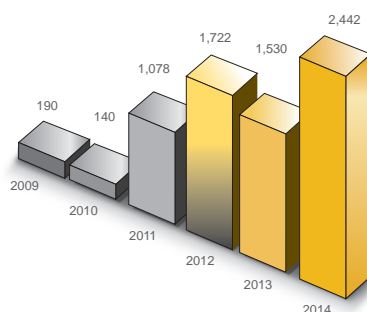
Net Markup Income
(Rs. in Million)



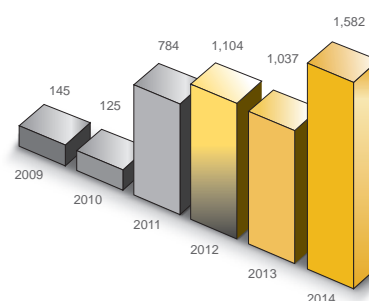
Non-Markup Income
(Rs. in Million)



Profit Before Tax
(Rs. in Million)



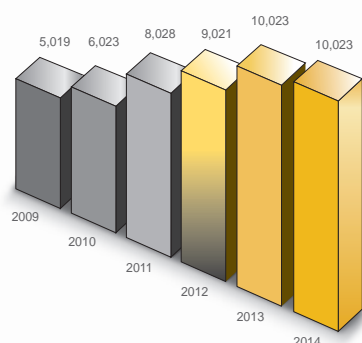
Profit After Tax
(Rs. in Million)



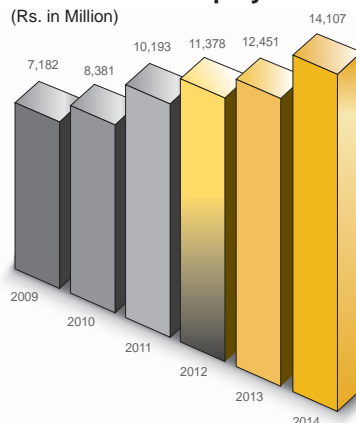
SIX YEARS' FINANCIAL SUMMARY 2009-2014

	2014	2013	2012	2011	2010	2009
Statement of Financial Position						
Paid up Capital (net of discount)	10,023	10,023	9,021	8,028	6,023	5,019
Reserves	934	618	410	1,183	2,029	2,004
Unappropriate Profit	3,150	1,810	1,947	982	329	158
Shareholders' Equity	14,107	12,451	11,378	10,193	8,381	7,182
Surplus on revaluation of assets	2,932	832	954	740	536	622
Net Assets	17,039	13,283	12,332	10,933	8,918	7,803
Total Assets	213,175	169,234	158,629	129,756	108,106	95,310
Earning Assets	181,953	146,620	145,674	111,929	92,194	81,420
Gross Advances	113,729	104,318	83,254	71,072	59,293	51,939
Advances-Net of Provisions	106,084	97,179	76,825	65,340	54,676	48,727
Non-Performing Loans (NPLS)	10,224	10,424	9,927	8,942	7,096	5,002
Investments	75,716	46,703	59,517	45,776	34,986	29,537
Total Liabilities	196,136	155,951	146,297	118,823	99,188	87,507
Deposits and other accounts	163,250	140,580	120,591	99,419	82,017	73,548
Current and Saving deposits (CASA)	110,135	98,633	82,363	62,033	50,179	41,991
Borrowings	25,825	10,485	20,398	14,557	12,371	9,386
Interest bearing liabilities	149,236	116,929	114,209	94,364	77,788	70,300
Contingent and Commitments	64,358	74,136	61,327	41,731	55,550	39,838

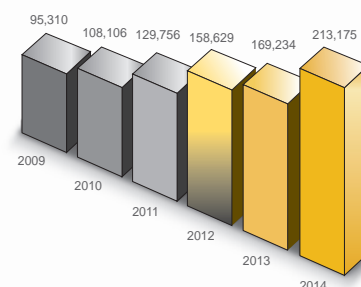
Paid up Capital (net of discount)
(Rs. in Million)



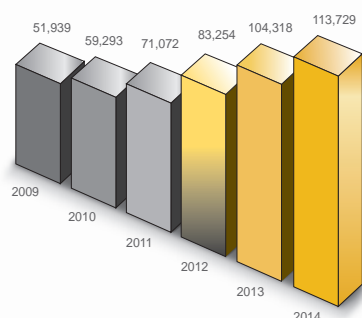
Shareholders' Equity
(Rs. in Million)



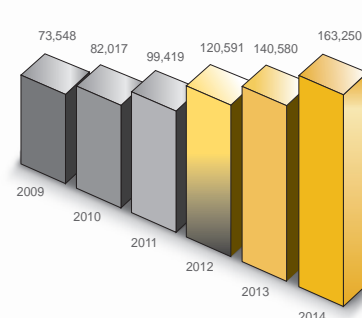
Total Assets
(Rs. in Million)



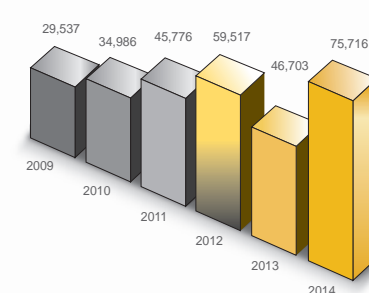
Gross Advances
(Rs. in Million)



Deposits
(Rs. in Million)



Investments
(Rs. in Million)

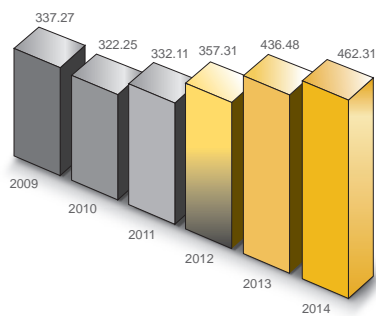


SIX YEARS' FINANCIAL SUMMARY 2009-2014

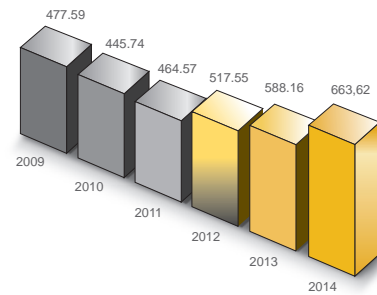
		2014	2013	2012	2011	2010	2009
Financial Ratios							
Profit before tax ratio (PBT/total income)	%	27.47%	21.10%	25.70%	18.59%	3.29%	4.88%
Gross Spread (NIM/Interest Income)	"	37.02%	35.66%	35.16%	30.31%	29.72%	29.29%
Non interest income to total income	"	29.75%	33.10%	27.71%	32.52%	28.73%	29.93%
Income /expense ratio (excluding provisions)	Times	1.51	1.45	1.50	1.68	1.59	1.88
Return on average equity (ROE)	%	11.91%	8.70%	10.24%	8.44%	1.61%	2.05%
Return on average assets (ROA)	"	0.83%	0.63%	0.77%	0.66%	0.12%	0.16%
Return on Capital Employed (ROCE)	"	14.33%	11.60%	14.32%	10.56%	3.07%	4.18%
Earning Per Share (EPS before tax)	Rs.	2.44	1.53	1.91	1.34	0.23	0.38
Earning Per Share (EPS after tax)	Rs.	1.44	0.94	1.00	0.78	0.17	0.29
Gross Advances to deposit ratio	%	69.67%	74.21%	69.04%	71.49%	72.29%	70.62%
Net Advances to deposit ratio	"	64.98%	69.13%	63.71%	65.72%	66.66%	66.25%
Break up value per share (excl. surplus on revaluation of assets)	Rs.	14.07	12.42	12.61	12.70	13.92	14.31
Break up value per share (excl. surplus on revaluation of fixed assets)	"	15.81	12.67	12.96	12.83	13.64	14.14
Break up value per share (incl. surplus on revaluation of assets)	"	17.00	13.25	13.67	13.62	14.81	15.55
Earning Assets to total assets	%	85.35%	86.64%	91.83%	86.26%	85.28%	85.43%
Earning assets to interest bearing liabilities	Times	1.22	1.25	1.28	1.19	1.19	1.16
Weighted average cost of deposits	%	6.18%	5.85%	6.84%	7.88%	7.84%	8.69%
CASA to total deposits	"	67.46%	70.16%	68.30%	62.40%	61.18%	57.09%
NPLs to total advances ratio	"	8.99%	9.99%	11.92%	12.58%	11.97%	9.63%
Coverage ratio (Specific Provisions/NPLs)	"	74.44%	68.20%	64.68%	64.01%	64.95%	63.98%
Assets to Equity	Times	15.11	13.59	13.94	12.73	12.90	13.27
Total assets per share	Times	212.69	168.85	175.84	161.63	179.48	189.89
Deposits to shareholders' equity	Times	11.57	11.29	10.60	9.75	9.79	10.24
Risk Adequacy							
Tier I Capital	Rs.in Million	13,916	12,229	11,240	10,048	8,358	7,169
Risk Weighted Assets (RWA)	"	124,596	106,768	96,176	84,045	73,255	65,358
Tier I to RWA	%	11.17%	11.45%	11.69%	11.96%	11.41%	10.97%
Capital Adequacy Ratio	"	12.50%	11.93%	12.37%	12.64%	12.61%	12.75%
Net Return on Average RWA	"	1.27%	0.97%	1.15%	0.93%	0.17%	0.22%
Stock Dividend -%							
Bonus Shares Issued	%	0%	10.00%	11.00%	12.50%	0%	22%
Share Information							
Market Value per share-31 Dec	Rs.	12.33	10.93	7.09	3.90	8.31	11.07
- High during the year	"	16.73	11.38	9.40	8.01	9.41	19.04
- Low during the year	"	9.50	5.90	3.71	3.56	4.30	10.04
Market Capitalization	Rs.in Million	13,593.37	12,049.93	7,105.88	3,521.38	5,005.30	5,556.42
Price to book value (excl. surplus on revaluation of assets)	Re.	0.88	0.88	0.56	0.31	0.60	0.77
Price Earning Ratio	Times	8.56	11.63	7.09	5.00	48.89	38.23
Industry Share							
Deposits	%	1.77%	1.69%	1.81%	1.70%	1.60%	1.71%
Advances	"	2.31%	2.28%	2.16%	2.03%	1.69%	1.59%
Non Financial Information							
No of branches	Absolute	246	239	233	214	184	154
No of permanent employees	"	2639	2835	2,644	2,286	2,042	1,815
ATMs	"	263	265	251	216	184	154

PER BRANCH PERFORMANCE

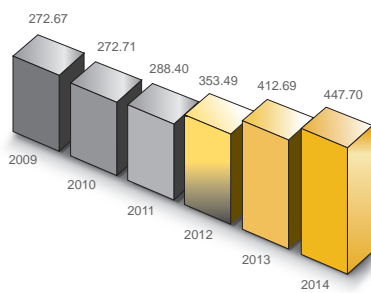
Gross Advances
(Rs. in Million)



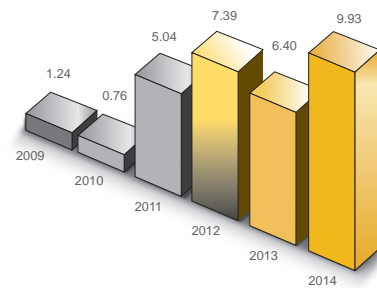
Deposits
(Rs. in Million)



CASA
(Rs. in Million)



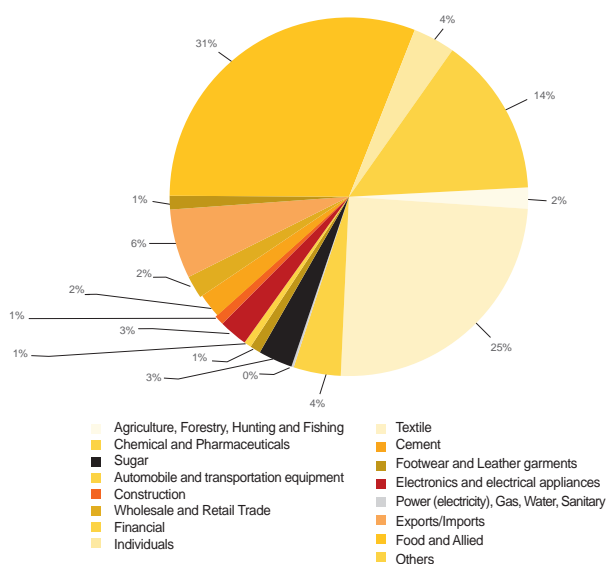
Profit Before Tax
(Rs. in Million)



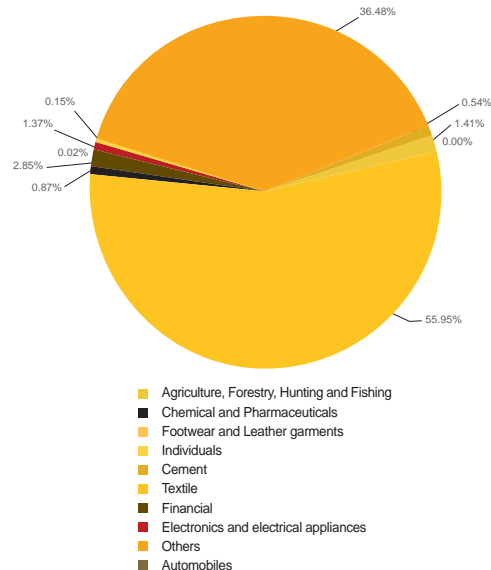
CONCENTRATION OF ADVANCES, NPLs, DEPOSITS AND OFF-BALANCE SHEET ITEMS - 31 DECEMBER 2014

	Advances (Gross)		Classified Advances		Deposits		Contingencies	
	(Rupees in '000)	(Percent)	(Rupees in '000)	(Percent)	(Rupees in '000)	(Percent)	(Rupees in '000)	(Percent)
Agriculture, Forestry, Hunting and Fishing	2,173,638	1.91%	144,184	1.41%	1,605,848	0.98%	-	0.00%
Textile	28,029,040	24.65%	5,720,271	55.95%	2,367,465	1.45%	3,742,194	13.92%
Chemical and Pharmaceuticals	4,841,909	4.26%	89,462	0.87%	2,717,106	1.66%	1,342,566	4.99%
Cement	234,831	0.21%	54,810	0.54%	8,474	0.01%	569,892	2.12%
Sugar	3,498,916	3.08%	-	0.00%	460,565	0.28%	31,385	0.12%
Footwear and Leather garments	1,092,130	0.96%	1,954	0.02%	648,914	0.40%	188,084	0.70%
Automobile and transportation equipment	739,068	0.65%	-	0.00%	789,839	0.48%	334,648	1.24%
Electronics and electrical appliances	2,944,371	2.59%	140,563	1.37%	891,342	0.55%	2,123,218	7.90%
Construction	985,309	0.87%	-	0.00%	1,454,187	0.89%	1,139,328	4.24%
Power (electricity), Gas, Water, Sanitary	2,509,572	2.21%	-	0.00%	4,215,961	2.58%	701,464	2.61%
Wholesale and Retail Trade	2,340,418	2.06%	-	0.00%	4,214,914	2.58%	3,713,812	13.82%
Exports/Imports	7,096,743	6.24%	-	0.00%	1,672,201	1.02%	1,266,161	4.71%
Financial	1,395,073	1.23%	291,153	2.85%	3,738,835	2.29%	350,914	1.31%
Food and Allied	35,145,539	30.90%	-	0.00%	3,929,693	2.41%	3,866,984	14.39%
Individuals	4,323,990	3.80%	52,550	0.51%	87,583,541	53.65%	783,993	2.92%
Others*	16,378,656	14.38%	3,729,458	36.48%	46,951,486	28.77%	6,725,044	25.01%
	113,729,203	100.00%	10,224,405	100.00%	163,250,371	100.00%	26,879,687	100.00%

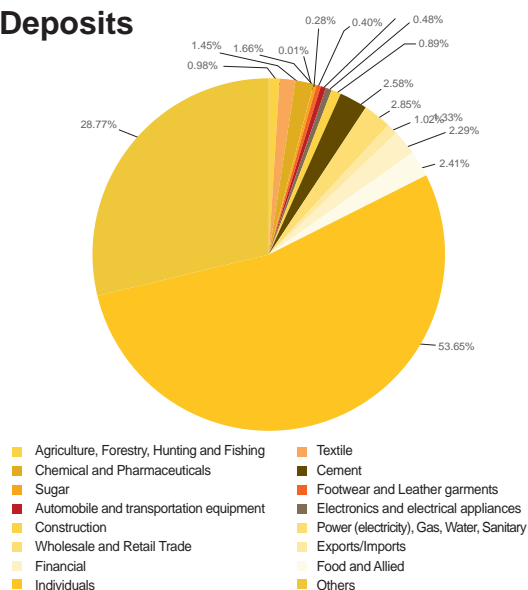
Advances (Gross)



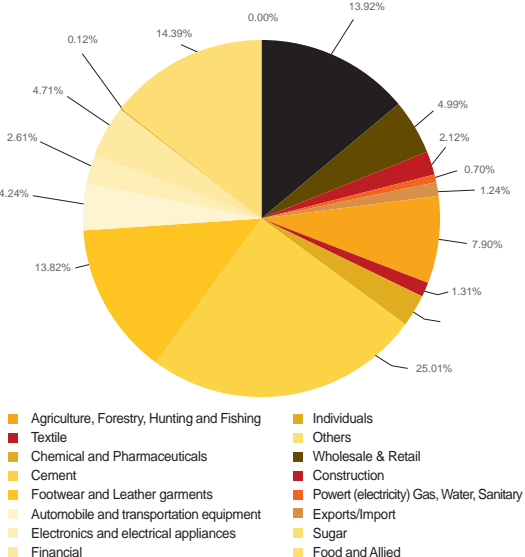
Classified Advances



Deposits



Off Balance Sheet Items

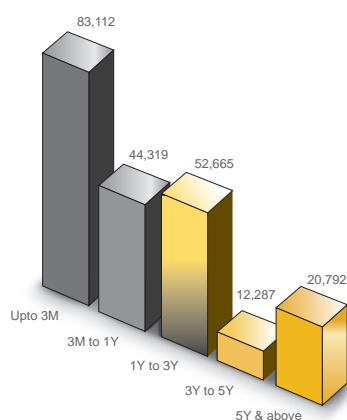


MATURITIES OF ASSETS AND LIABILITIES

	TOTAL	Upto 3M	3M to 1Y	1Y to 3Y	3Y to 5Y	5Y & above
(Rupees in Million)						
Assets						
Cash and balances with treasury banks	15,776	15,776	-	-	-	-
Balances with other banks	1,025	1,025	-	-	-	-
Lending to financial and other institutions	154	154	-	-	-	-
Investments - net	75,716	3,401	17,081	43,503	1,235	10,496
Advances - net	106,084	54,624	24,991	7,941	10,664	7,864
Operating fixed assets	5,217	789	393	1,221	382	2,432
Deferred Tax Assets	-	-	-	-	-	-
Other assets - net	9,203	7,343	1,854	-	6	-
	213,175	83,112	44,319	52,665	12,287	20,792
Liabilities						
Bills payable	2,780	2,780	-	-	-	-
Borrowings	25,825	22,273	2,787	52	52	661
Deposits and other accounts	163,250	55,895	55,759	8,148	7,871	35,577
Sub-ordinated loans	-	-	-	-	-	-
Deferred tax liabilities - net	1,420	-	1,420	-	-	-
Other liabilities	2,861	2,625	236	-	-	-
	196,136	83,573	60,202	8,200	7,923	36,238

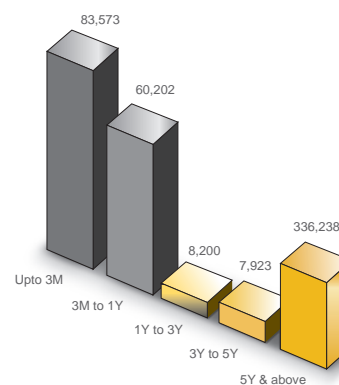
Assets

(Rs. in Million)



Liabilities

(Rs. in Million)



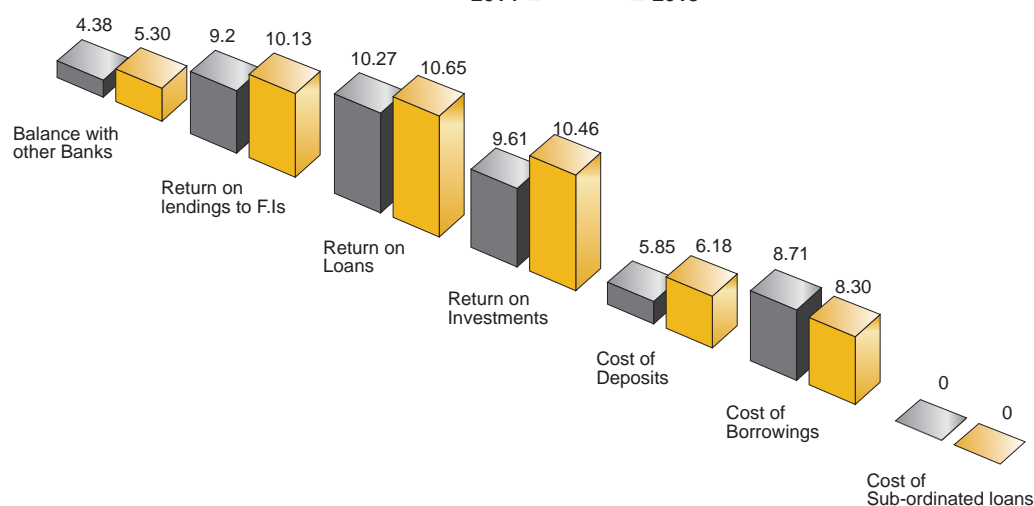
KEY INTEREST BEARING ASSETS AND LIABILITIES

	2014			2013		
	Effective			Effective		
	Avg.Vol (in Million)	Interest Rate %	Interest (in Million)	Avg.Vol (in Million)	Interest Rate %	Interest (in Million)
Interest Bearing Assets						
Balance with other Banks	1,307	4.38	57	558	5.3	30
Lending to Financial and other Institutions	3,008	10.13	305	3,178	9.2	292
Advances (excluding NPLs)	91,165	10.65	9,691	79,443	10.27	8,141
Investments (excluding equity investments)	63,970	10.46	6,690	55,135	9.61	5,117
Interest Bearing Liabilities						
Deposits	148,681	6.18	9,191	131,479	5.85	7,695
Sub-ordinated loan	-	-	-	-	-	-
Borrowings	17,235	8.30	1,431	12,002	8.71	1,045

Effective interest rate on Assets & Liabilities

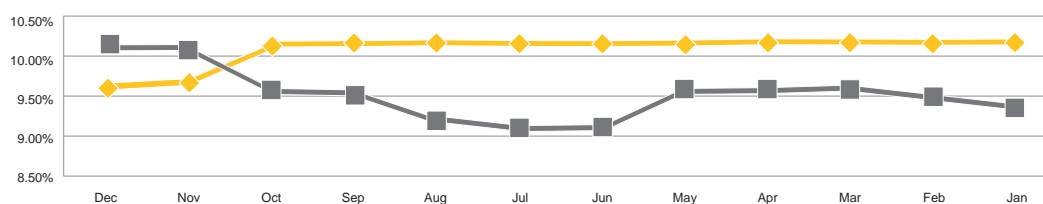
(Rs. in Million)

2014 ■ 2013



KIBOR-6 Months

—◆— 2014 —■— 2013



STATEMENT OF VALUE ADDITION

31 DECEMBER

Value added

Net Interest Income
Non interest income
Operating expenses excluding staff costs, depreciation, amortization, donation and WWF
Provision against advances, investments & others

Value added available for distribution

Distribution of value added:

To employees

-Salaries, allowances and other benefits

To Government

-Income tax

-Worker Welfare fund

To Society

-Donations

To expansion and growth

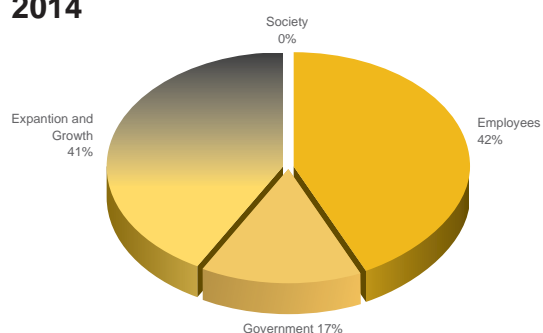
- Depreciation

- Amortization

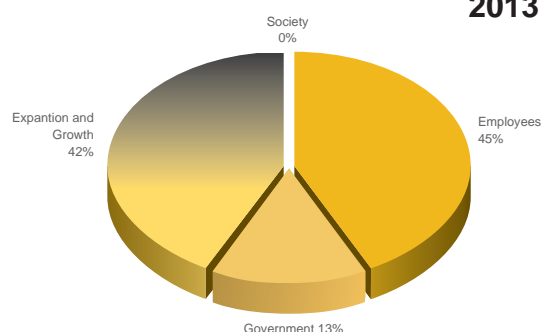
-Retained in business

2014		2013	
(Rs. in Million)	%	(Rs. in Million)	%
6,245		4,850	
2,645		2,400	
(2,888)		(2,386)	
(549)		(705)	
<u>5,452</u>		<u>4,159</u>	
2,282	41.86%	1,870	44.97%
860	15.77%	494	11.93%
55	1.01%	34	0.82%
21	0.39%	11	0.26%
585	10.73%	616	14.81%
67	1.23%	97	2.33%
1,582	29.01%	1,037	24.93%
<u>5,452</u>	100%	<u>4,140</u>	100%

2014



2013



QUARTERLY PERFORMANCE - 2014 & 2013

(Rs. In Million)

	2014				2013			
	4th Quarter	3rd Quarter	2nd Quarter	1st quarter	4th Quarter	3rd Quarter	2nd Quarter	1st quarter
PROFIT & LOSS ACCOUNT								
Mark-up / Return / Interest Earned	4,620	4,348	4,153	3,750	3,546	3,266	3,424	3,365
Mark-up / Return / Interest Expensed	(2,829)	(2,785)	(2,623)	(2,389)	(2,271)	(2,118)	(2,185)	(2,177)
Net Mark-up Interest Income	1,791	1,563	1,530	1,361	1,275	1,148	1,239	1,188
Provisions	(99)	(152)	(131)	(167)	(233)	(56)	(241)	(205)
Non-mark-up / interest income	532	674	768	671	587	728	552	514
Non-mark-up / interest expenses	(1,532)	(1,403)	(1,558)	(1,406)	(1,463)	(1,289)	(1,174)	(1,040)
Profit / (loss) before taxation	692	682	609	459	166	531	376	457
Taxation	(230)	(226)	(246)	(158)	(52)	(159)	(125)	(157)
Profit / (loss) after taxation	462	456	363	301	114	372	251	300
Statement of Financial Position								
ASSETS								
Cash and balances with treasury banks	15,776	15,034	13,372	13,522	12,673	11,541	12,030	9,971
Balances with other banks	1,025	2,857	1,872	436	957	662	705	766
Lending to financial and other institutions	154	3,206	9,219	1,495	2,738	2,333	634	4,490
Investment-net	75,716	65,901	67,801	65,254	46,703	56,725	56,864	64,317
Advances-net	106,084	96,229	90,396	91,603	97,179	81,045	82,951	78,383
Operating Fixed assets	5,217	4,222	3,941	3,938	4,009	3,972	4,016	4,094
Deferred tax assets -net	-	93	126	-	103	112	-	350
Other assets	9,203	6,653	7,125	5,421	4,872	5,981	5,201	4,336
Total Assets	213,175	194,195	193,852	181,669	169,234	162,371	162,401	166,707
Liabilities								
Bills payable	2,780	2,308	3,323	2,864	2,578	4,443	2,942	2,183
Borrowings	25,825	23,729	17,793	14,343	10,485	8,301	9,359	19,387
Customer deposits	163,250	150,426	155,713	147,366	140,580	133,042	134,270	129,451
sub-ordinated loans	-	-	-	-	-	-	-	299
Deferred tax liabilities -net	1,420	-	-	42	-	-	73	-
Other liabilities	2,861	3,381	3,117	3,199	2,308	3,614	2,728	2,825
Total Liabilities	196,136	179,844	179,946	167,814	155,951	149,400	149,372	154,145
Equity								
Share Capital	11,024	11,024	11,024	11,024	11,024	10,022	10,022	10,022
Subscription money received against right share	-	-	-	-	-	-	-	-
Discount on issue of right share	(1,001)	(1,001)	(1,001)	(1,001)	(1,001)	(1,001)	(1,001)	(1,001)
Reserves	934	842	750	678	617	1,595	1,520	1,470
Un-appropriated profit	3,150	2,756	2,377	2,065	1,810	1,723	1,410	1,201
Surplus on revaluation of assets	2,932	730	755	1,089	833	632	1,078	870
Total Equity	17,039	14,351	13,905	13,855	13,283	12,971	13,029	12,562

SIX YEARS' VERTICAL ANALYSIS

STATEMENT OF FINANCIAL POSITION/PROFIT & LOSS

(Rs. In Million)

	2014		2013		2012		2011		2010		2009	
	Rs.in Mln	%	Rs.in Mln	%	Rs.in Mln	%	Rs.in Mln	%	Rs.in Mln	%	Rs.in Mln	%
Statement of Financial Position												
Cash and balances with treasury banks	15,776	7%	12,673	7%	11,491	7%	8,959	7%	7,248	7%	6,471	7%
Balances with other banks	1,025	0%	957	1%	1,249	1%	879	1%	1,400	1%	1,497	2%
Lending to financial and other institutions	154	0%	2,738	2%	1,123	1%	813	1%	2,532	2%	2,755	3%
Investment-net	75,716	36%	46,703	28%	59,517	38%	45,776	35%	34,986	32%	29,537	31%
Advances-net	106,084	50%	97,179	57%	76,825	48%	65,340	50%	54,676	51%	48,727	51%
Operating Fixed assets	5,217	2%	4,009	2%	4,015	3%	3,834	3%	3,469	3%	3,334	3%
Deferred tax assets-net	-	0%	103	0%	304	0%	386	0%	385	0%	108	0%
Other assets	9,203	4%	4,872	3%	4,105	3%	3,769	3%	3,411	3%	2,880	3%
	213,175	100%	169,234	100%	158,629	100%	129,756	100%	108,106	100%	95,310	100%
Liabilities and Equity												
Customer deposits	163,250	77%	140,580	83%	120,591	76%	99,419	77%	82,017	76%	73,548	77%
Borrowings	25,825	12%	10,485	6%	20,398	13%	14,557	11%	12,371	11%	9,386	10%
Bills payable	2,780	1%	2,578	2%	2,522	2%	1,571	1%	1,858	2%	1,763	2%
Other liabilities	2,861	1%	2,308	1%	2,487	2%	2,378	2%	1,745	2%	1,612	2%
Deferred tax liabilities-net	1,420	1%	-	0%	-	0%	-	0%	-	0%	-	0%
sub-ordinated loans	-	0%	-	0%	299	0%	898	1%	1,197	1%	1,198	1%
	196,136	92%	155,951	92%	146,297	92%	118,823	92%	99,188	92%	87,507	92%
Net Assets	17,039	8%	13,283	8%	12,332	8%	10,933	8%	8,918	8%	7,803	8%
Represented by												
Share Capital (net of discount)	10,023	5%	10,023	6%	9,021	6%	8,028	6%	6,023	6%	5,019	5%
Reserves	934	0%	618	0%	410	0%	1,183	1%	2,029	2%	2,004	2%
Un-appropriated profit	3,150	1%	1,810	1%	1,947	1%	982	1%	329	0%	158	0%
Surplus on revaluation of assets	2,932	1%	832	0%	954	1%	740	0%	536	0%	622	1%
	17,039	8%	13,283	8%	12,332	8%	10,933	8%	8,918	8%	7,803	8%
Profit & loss account												
Mark-up / Return / Interest Earned	16,871	86%	13,601	85%	13,778	88%	12,910	87%	10,250	89%	9,337	89%
Fee, Commission , Brokerage and -Exchange income	1,939	10%	1,600	10%	1,191	8%	1,194	8%	603	5%	673	6%
Capital Gain and Dividend Income	535	3%	623	4%	528	3%	428	3%	175	2%	120	1%
Other income	171	1%	177	1%	138	1%	264	2%	450	4%	375	4%
Total Income	19,516	100%	16,001	100%	15,635	100%	14,796	100%	11,479	100%	10,505	100%
Mark-up / Return / Interest Expensed	10,626	54%	8,751	55%	8,934	57%	8,997	61%	7,204	63%	6,603	63%
Operating expenses	5,899	30%	4,985	31%	4,459	29%	3,449	22%	2,682	23%	2,079	20%
Provisions	549	3%	735	5%	520	3%	1,271	9%	1,452	13%	1,633	16%
Taxation	860	4%	493	3%	618	4%	295	2%	15	0%	45	0%
Total Expenses	17,934	92%	14,964	94%	14,531	93%	14,012	95%	11,353	99%	10,360	99%
Profit after taxation	1,582	8%	1,037	6%	1,104	7%	784	5%	125	1%	145	1%

SIX YEARS' HORIZONTAL ANALYSIS

STATEMENT OF FINANCIAL POSITION/PROFIT & LOSS

(Rs. In Million)

	2014	14 vs 13	2013	13 vs 12	2012	12 vs 11	2011	11 vs 10	2010	10 vs 09	2009	09 vs 08
	Rs.in Mn	%	Rs.in Mn	%	Rs.in Mn	%	Rs.in Mn	%	Rs.in Mn	%	Rs.in Mn	%
STATEMENT OF FINANCIAL POSITION												
ASSETS												
Cash and balances with treasury banks	15,776	24%	12,673	10%	11,491	28%	8,959	24%	7,248	12%	6,471	15%
Balances with other banks	1,025	7%	957	-23%	1,249	42%	879	-37%	1,400	-6%	1,497	-62%
Lending to financial and other institutions	154	-94%	2,738	144%	1,123	38%	813	-68%	2,532	-8%	2,755	-31%
Investment-net	75,716	62%	46,703	-22%	59,517	30%	45,776	31%	34,986	18%	29,537	110%
Advances-net	106,084	9%	97,179	26%	76,825	18%	65,340	19%	54,676	12%	48,727	2%
Operating Fixed assets	5,217	30%	4,009	-0%	4,015	5%	3,834	11%	3,469	4%	3,334	7%
Deferred tax assets -net	-	-100%	103	-66%	304	-21%	386	0%	385	255%	108	-14%
Other assets	9,203	89%	4,872	19%	4,105	9%	3,769	11%	3,411	18%	2,880	13%
	213,175	26%	169,234	7%	158,629	22%	129,756	20%	108,106	13%	95,310	18%
Liabilities and Equity												
Customer deposits	163,250	16%	140,580	17%	120,591	21%	99,419	21%	82,017	12%	73,548	19%
Interbank borrowings	25,825	146%	10,485	-49%	20,398	40%	14,557	18%	12,371	32%	9,386	11%
Bills payable	2,780	8%	2,578	2%	2,522	61%	1,571	-15%	1,858	5%	1,763	41%
Other liabilities	2,861	24%	2,308	-7%	2,487	5%	2,378	36%	1,745	8%	1,612	21%
Deferred tax liabilities	1,420	100%	-	0%	-	0%	-	0%	-	0%	-	0%
sub-ordinated loans	-	0%	-	0%	299	-67%	898	-25%	1,197	0%	1,198	0%
	196,136	26%	155,951	7%	146,297	23%	118,823	20%	99,188	13%	87,507	18%
Net Assets	17,039	28%	13,283	8%	12,332	13%	10,933	23%	8,918	14%	7,803	10%
Represented by												
Share Capital (net of discount)	10,023	0%	10,023	11%	9,021	12%	8,028	33%	6,023	20%	5,019	22%
Reserves	934	51%	618	51%	410	-65%	1,183	-42%	2,029	1%	2,004	-1%
Un-appropriated profit	3,150	74%	1,810	-7%	1,947	98%	982	198%	329	108%	158	-81%
Surplus on revaluation of assets	2,932	252%	832	-13%	954	29%	740	38%	536	-14%	622	322%
Total Equity	17,039	28%	13,283	8%	12,332	13%	10,933	23%	8,918	14%	7,803	10%
PROFIT & LOSS ACCOUNT												
Mark-up / Return / Interest Earned	16,871	24%	13,601	-1%	13,778	7%	12,910	26%	10,250	10%	9,337	19%
Fee, Commission, Brokerage and - Exchange income	1,939	21%	1,600	34%	1,191	0%	1,194	98%	603	-10%	673	6%
Capital Gain and Dividend Income	535	-14%	623	18%	528	23%	428	144%	175	46%	120	-55%
Other income	171	-3%	177	28%	138	-48%	264	-41%	450	20%	375	17%
Total Income	19,516	22%	16,001	2%	15,635	6%	14,796	29%	11,479	9%	10,505	16%
Mark-up / Return / Interest Expensed	10,626	21%	8,751	-2%	8,934	-1%	8,997	25%	7,204	9%	6,603	35%
Operating expenses	5,899	18%	4,985	12%	4,459	29%	3,449	29%	2,682	29%	2,079	7%
Provisions	549	-25%	735	41%	520	-59%	1,271	-12%	1,452	-11%	1,633	29%
Taxation	860	74%	493	-20%	618	109%	295	1866%	15	-67%	45	-82%
Profit after taxation	1,582	53%	1,037	-6%	1,104	41%	784	525%	125	-14%	145	-79%

CASH FLOW ANALYSIS

FOR THE YEAR ENDED 31 DECEMBER 2014

DIRECT METHOD

CASH FLOW FROM OPERATING ACTIVITIES

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

(Increase) / decrease in operating assets

Lendings to financial institutions
Advances - net
Others assets - (excluding advance taxation)

Increase / (decrease) in operating liabilities

Bills payable
Borrowings
Deposits and other accounts
Other liabilities

Income tax paid

Net cash flows from / (used in) operating activities

CASH FLOW FROM INVESTING ACTIVITIES

Net investments in securities
Dividend received
Investment in operating fixed assets (including intangible assets)
Proceeds from disposal of fixed assets
Net cash (used in) / flows from investing activities

CASH FLOW FROM FINANCING ACTIVITIES

Sub-ordinated loan
Net cash used in financing activities

Increase in cash and cash equivalents

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

CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD

Cash and balances with treasury banks
Balances with other banks

	2014 (Rupees in '000)	2013
Markup / return / interest and commission receipts	16,663,059	15,370,957
Markup / return / interest payments	(10,323,694)	(8,813,019)
Cash payments to employees, suppliers and others	(5,138,673)	(4,339,866)
	1,200,692	2,218,072
(Increase) / decrease in operating assets		
Lendings to financial institutions	2,583,409	(1,614,684)
Advances - net	(9,452,944)	(21,076,596)
Others assets - (excluding advance taxation)	(1,686,951)	260,284
	(8,556,486)	(22,430,996)
Increase / (decrease) in operating liabilities		
Bills payable	201,772	55,538
Borrowings	15,339,429	(9,913,008)
Deposits and other accounts	22,670,464	19,988,411
Other liabilities	202,780	(67,104)
	38,414,445	10,063,837
Income tax paid	31,058,651	(10,149,087)
	(472,406)	(738,444)
Net cash flows from / (used in) operating activities	30,586,245	(10,887,531)
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in securities	(26,726,031)	12,623,994
Dividend received	161,745	169,610
Investment in operating fixed assets (including intangible assets)	(878,268)	(748,491)
Proceeds from disposal of fixed assets	27,088	31,105
Net cash (used in) / flows from investing activities	(27,415,466)	12,076,218
CASH FLOW FROM FINANCING ACTIVITIES		
Sub-ordinated loan	-	(299,280)
Net cash used in financing activities	-	(299,280)
Increase in cash and cash equivalents	3,170,779	889,407
Cash and cash equivalents at the beginning of the period	13,629,923	12,740,516
Cash and cash equivalents at the end of the period	16,800,702	13,629,923
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
Cash and balances with treasury banks	15,776,136	12,672,753
Balances with other banks	1,024,566	957,170
	16,800,702	13,629,923

INDIRECT METHOD - SUMMARY

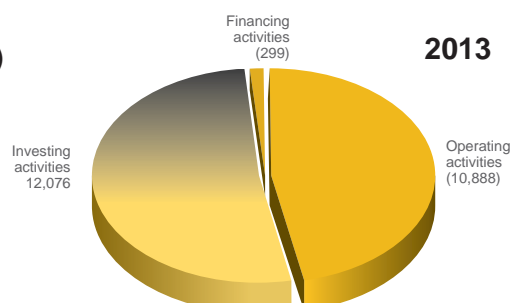
	2014	2013	2012	2011	2010	2009
Cash flow from operating activities	30,586	(10,888)	17,381	11,482	5,497	13,893
Cash flow from investing activities	(27,415)	12,076	(13,881)	(10,994)	(5,820)	(15,480)
Cash flow from financing activities	-	(299)	(599)	702	1,003	-
Cash and cash equivalent at the beginning of the year	13,630	12,741	9,838	8,648	7,968	9,555
Cash and cash equivalent at the end of the year	16,801	13,630	12,739	9,838	8,648	7,968

2014



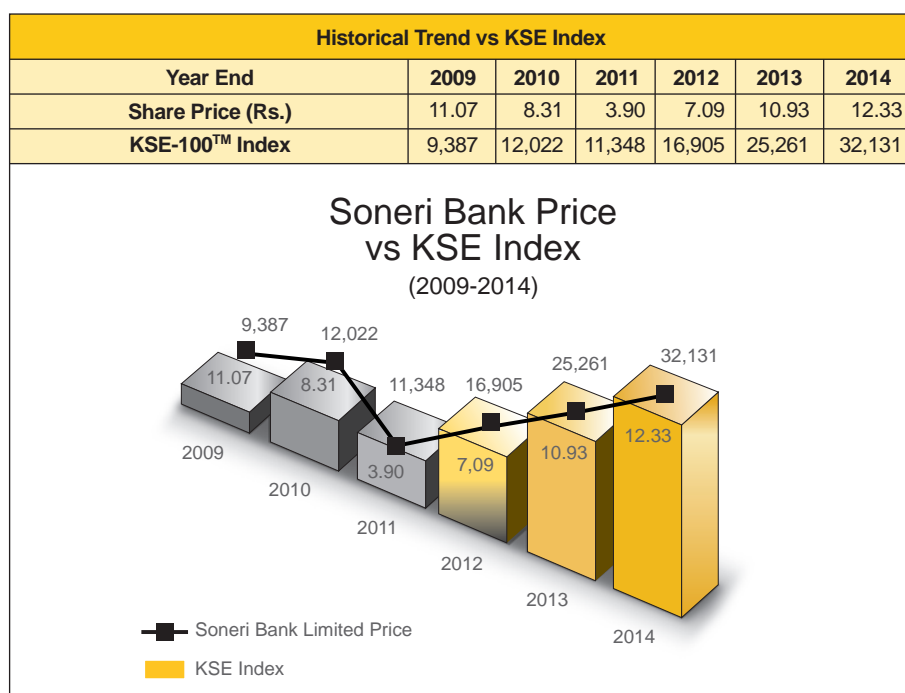
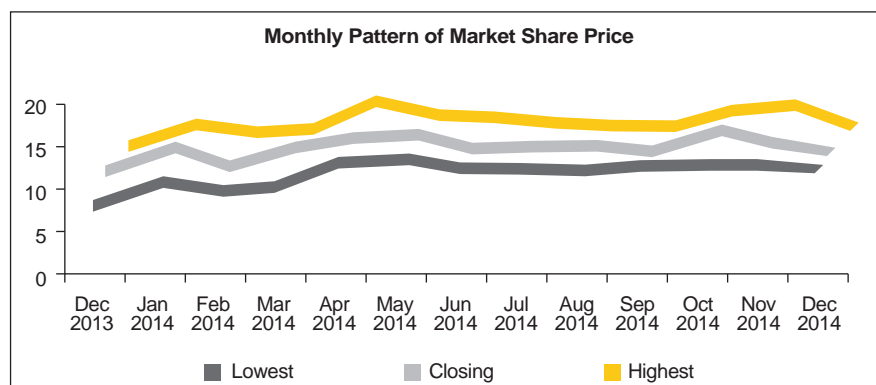
Cash Flow
(Rs. in Million)

2013



MARKET STATISTICS OF SNBL SHARES

Year End	Market Share Price Trend			
	Quarter End	High (Rs.)	Low (Rs.)	Closing (Rs.)
2014	March	13.79	9.50	13.01
	June	16.73	12.50	12.76
	September	13.90	11.80	12.67
	December	16.15	12.28	12.33
2013	March	7.20	5.93	6.15
	June	8.50	5.90	7.50
	September	8.71	7.33	8.56
	December	11.38	7.94	10.93



FINANCIAL CALENDAR

2014

- 1st Quarter Results issued on
- 2nd Quarter Results issued on
- 3rd Quarter Results issued on
- Annual Results issued on
- 23rd Annual General Meeting

23 April 2014
13 August 2014
23 October 2014
14 February 2015
27 March 2015

2013

- 1st Quarter Results issued on
- 2nd Quarter Results issued on
- 3rd Quarter Results issued on
- Annual Results issued on
- 22nd Annual General Meeting

19 April 2013
20 August 2013
25 October 2013
19 February 2014
28 March 2014

DIRECTORS' REPORT TO SHAREHOLDERS

On behalf of the Board of Directors, I am pleased to present the Directors' Report of Soneri Bank Limited (Bank) along with the audited financial statements and auditors' report thereon for the year ended 31 December 2014.

ECONOMY

The year 2014 was full of challenges both on economic and political fronts. Notwithstanding, the country has emerged with better stability and positive outlook on growth, inflation and external account. This has been reinforced by Moody's outlook upgrade on Pakistan sovereign bonds from Negative to Neutral.

The key macroeconomic indicators have improved as compared to 2013. The Gross Domestic Product (GDP) growth in FY 2014 was 4.1 percent as compared to 3.6 percent in FY 2013. Drop in oil prices in the FY 2014 has come through as a major relief for Pakistan with less pressure on external account as well as reduction in inflationary pressure. Central bank has revised the estimated inflation for the current financial year to 4.5-5.5 percent against an annual target of 8 percent.

Further Pakistan has successfully completed International Monetary Fund's (IMF) 4th and 5th reviews and the issuance of international Sukuk has led to an improvement in overall balance of payments position. These foreign exchange inflows have contributed to an upward trajectory in reserves. The fiscal deficit thus far has been contained which is an encouraging sign. The equity markets crossed 34,000 points on the KSE-100 Index providing healthy returns to investors.

Amidst this recovery, year on year growth in private sector credit and deposits was lower than last year. The slowdown in credit growth is attributable to both demand and supply side issues. While the recent 100 basis points cut in discount rate announced in January 2015 monetary policy is expected to provide stimulus to the economy. The prevailing energy crisis and security concerns remain a concern.

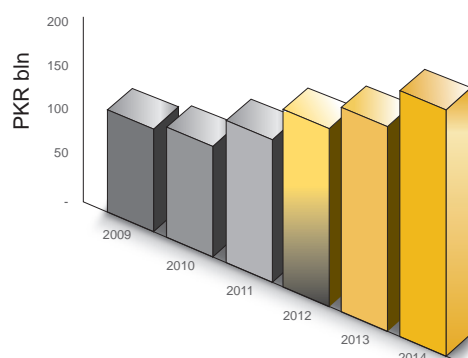
BUSINESS OVERVIEW

Your Bank continues to deliver well against its strategy. All performance targets set for 2014 were met. Most importantly, the Bank adequately meets the SBP Basel III requirements and is well positioned to meet its growth plans. Tier 2 TFC issue is also in the pipeline which is targeted to further strengthen the capital position.

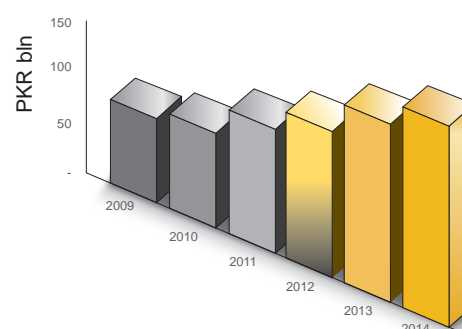
The Bank's strategic focus has been and remains managed business growth, process improvement, and proactive management of cost and delinquent assets. It is noteworthy that over the last four years, the Bank has doubled its deposits and advances portfolio and kept pace with industry growth. Looking at the last six years' performance, the deposits base of the Bank increased to Rs.163.25 billion which translates into compounded annual growth rate (CAGR) of 17.29 percent. The CASA component of deposits shows an impressive growth, with six years CAGR of 21.27 percent. This represents Bank's focus to mobilize low cost deposits. Similarly net advances now stand at Rs.106.08 billion with six year CAGR of 15.36 percent. Bank increased its outreach and now offers banking services from 246 branches and 263 ATMs.

During the year, the Bank focused on improving customer experiences and doing media launches to establish brand value. These were well received by the public, giving the Bank a good market presence.

Deposits



Gross Advances



DIRECTORS' REPORT TO SHAREHOLDERS

OPERATING RESULTS

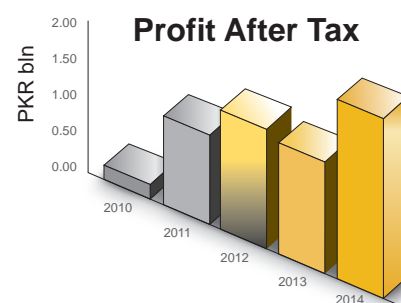
The highlights of financial results for 2014 are presented as follows:

Profit & Loss Account	2014	2013	Variance (%)
----- Rupees in '000 -----			
Net Interest Margin & Non Markup Income	8,889,873	7,250,148	22.62
Non Markup Expenses	5,898,964	4,984,673	18.34
Profit before Tax & Provisions	2,991,009	2,265,475	32.03
Profit before Tax	2,441,896	1,530,395	59.56
Profit after Tax	1,582,055	1,036,857	52.58
Earnings Per Share - Rupee	1.44	0.94	53.19

Statement of Financial Position	2014	2013	Variance (%)
----- Rupees in '000 -----			
Shareholders Equity (excluding surplus)	14,107,371	12,450,416	13.31
Deposits	163,250,371	140,579,907	16.13
Advances - net	106,083,673	97,179,028	9.16
Investments - net	75,715,677	46,702,797	62.12

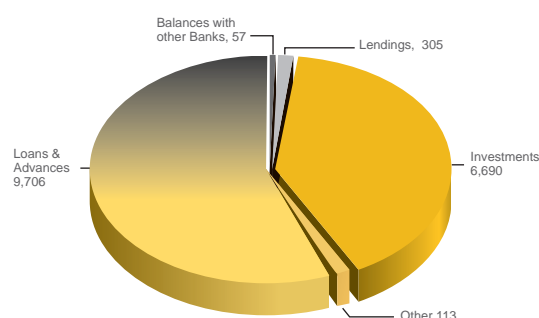
Bank has achieved a profit after tax of Rs.1.58 billion which is 52.58 percent higher than last year and translates into earnings per share of Rs.1.44 (31 December 2013: Re.0.94). Looking over last six years, this is a phenomenal growth making 2014 a record year.

Profit before tax stands at Rs. 2.44 billion being 59.56 percent higher than last year, despite a challenging year for the banking sector.

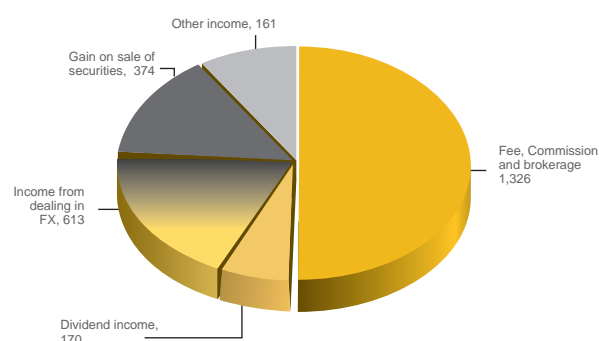


Revenue comprising net markup income and non-markup income has increased by 22.62 percent versus 2013. This is underpinned by higher spread and average net earning assets. This is in spite of regulations enforced towards the end of 2013 which link discount rate to deposit payout, and hence allows restricted flexibility in managing spreads. Non-markup income is higher by 10.21 percent. Fee, commission income contributes to 75 percent of this increase while income from dealing in Foreign Currencies and other Income also show a substantial increase.

Markup Income 2014
(Rs. in Million)



Non-Markup Income 2014
(Rs. in Million)



DIRECTORS' REPORT TO SHAREHOLDERS

Non-markup expenses have registered a growth of 18.34 percent which is in line with the Bank's growth strategy and has also been impacted by inflationary pressure. Seven new branches were added to the network while branches opened last year also added to the cost. Further five non profitable branches were closed during the year due to lack of prospects. The branch network of the Bank now stands at 246 (2013: 239).

Non-performing loans of the Bank decreased by 1.92 percent during the year. The asset quality of the Bank has improved with infection ratio down to 8.99 percent (2013: 9.99 percent). The NPL coverage has been prudently managed and increased to 74.78 percent (2013: 68.48 percent).

The Balance Sheet has significantly grown with total assets increasing by 25.96 percent. Overall deposits show an impressive growth of 16.13 percent with CASA deposits increasing by 11.66 percent while Current deposit increase by 17.88 percent. Consequently the Bank was able to withstand the pressure on cost of deposits due to discount rate increase versus 2013. Advances (net of provisions) grew by 9.16 percent. Bank's net Advances to Deposits ratio decreased to 64.98 percent from 69.13 percent in 2013. This is strategically being managed in this range. Surplus funds continue to be deployed in Government Securities.

DIVIDEND

The Board has recommended a final cash dividend of Rs.1.00 per share (i.e. 10%) for the year ended 31 December 2014 to be approved in the 23rd Annual General Meeting of the Shareholders.

LOOKING AHEAD

Sustaining macroeconomic stability will remain a key challenge for the country. The respite given by plunging oil prices and some foreign inflows need to be backed by structural reforms which address energy shortages, fiscal and current account deficits. Political stability will be necessary to carry forward these reforms.

Banking spreads come under pressure as falling oil prices allow monetary authorities the flexibility to further reduce the policy rate. This will be a factor of duration of PIB holdings held by the banks and consequent re-investment risk, along with the deposit mix and ability to re-price the portfolio. Further recent remarks by SBP governor on the need to 'rationalize' banking spreads hints at possible regulatory measures to 'lower the spread' by June 2015.

On the other hand, capital markets are expected to remain bullish based upon renewed impetus of incremental investment flows. This will provide an opportunity to banks as well. The IMF program remains on track and expected proceeds from privatization leading to strengthening of the SBP's reserve position will lead to further exchange rate stability.

Despite this challenging landscape, your Bank believes that there are beneficial opportunities to be exploited. The Bank is geared up to continue its growth story by increasing core deposits and improving trade volumes. On credit front our strategy is to focus on asset quality and effective management of watch listed relationship. During 2014 there was considerable reduction in NPLs and this focus is expected to be maintained and settlements pursued aggressively. While bank has always supported private sector credit, it will pose a challenge going forward due to declining prices of crude oil, commodities etc.

Bank is well capitalized under the SBP defined BASEL III based capital adequacy ratio. Furthermore, the Bank is committed to investing in building greater efficiencies and creating a secure operating environment. For the purpose of IT infrastructure, upgrade is underway.

In 2014, the Bank focused on rebranding of branches, service quality improvements, website re-design and product launch campaigns. In 2015 we look forward to continue these efforts with the addition of the digital media medium.

CREDIT RATING

The Pakistan Credit Rating Agency (PACRA) maintained the long term credit rating of AA- (Double A Minus) and short term rating of A1+ (A One Plus) through its notification dated: 04 June 2014 [2013: long term AA- (Double A Minus): short term A1+ (A One Plus) and instrument rating A+ (A plus)].

SECOND (2ND) ISSUANCE OF TERM FINANCE CERTIFICATES (TFCs)

The Board of Directors in their 140th meeting held on 11 December 2014 approved issuance of second (2nd) TFCs of the Bank for an amount up to Rs. 3,000 million which is currently in process.

DIRECTORS' REPORT TO SHAREHOLDERS

BOARD OF DIRECTORS

Election of Directors was held in 22nd AGM convened on 28 March 2014. Out of the retiring directors both Mr. Inam Elahi & Syed Ali Zafar opted not to contest the elections and in their place, Mr. Tariq Rehman and Mr. Nadeem Karamat were elected.

During the year Mr. Tariq Rehman resigned on 19 April 2014 and Mr. Nadeem Karamat resigned on 19 May 2014. Both these casual vacancies were filled by appointment of Mr. Amar Zafar Khan on 09 June 2014 and re-appointment of Syed Ali Zafar on 14 October 2014. State Bank of Pakistan clearance to these appointments was duly received under the Fit & Proper Test requirements.

The Board remained compliant with the provision with regard to their training program. One of the directors has completed "Certificate of Director Education" from the Pakistan Institute of Corporate Governance while one director is exempted from directors' training program as mentioned in provision to clause (xi) of the CCG. The directors of the Bank are fully aware of their responsibilities. The directors elected on the Board for the first time were briefed about their role.

BOARD AND COMMITTEES' MEETINGS

Details of the meetings of the Board of Directors and its Committees held during 2014 and the attendance by each director/committee member are given as under:

S. No.	Name of Director	Board of Directors Meetings		Board Audit Committee Meetings		Board Credit Committee Meetings		Board Human Resource Committee Meetings		Board Risk Management Committee Meetings	
		Held during the tenor in the year	Attended**	Held during the tenor in the year	Attended**	Held during the tenor in the year	Attended**	Held during the tenor in the year	Attended**	Held during the tenor in the year	Attended**
1	Mr. Alauddin Feerasta	7	7	*	*	4	4	*	*	*	*
2	Mr. Mohammad Aftab Manzoor	7	7	*	*	4	4	4	4	4	4
3	Mr. Nooruddin Feerasta	7	5	4	4	4	3	*	*	*	*
4	Mr. Inam Elahi	2	2	1	1	1	1	1	1	0	0
5	Mr. Muhammad Rashid Zahir	7	6	4	3	4	3	*	*	*	*
6	Mr. Amar Zafar Khan	3	3	1	1	1	1	1	1	2	2
7	Mr. Nadeem Karamat	1	1	1	1	1	1	0	0	1	1
8	Syed Ali Zafar	4	3	*	*	*	*	*	*	*	*
9	Mr. Manzoor Ahmed (NIT Nominee)	7	7	*	*	*	*	4	4	*	*
10	Mr. Shahid Anwar (NIT Nominee)	7	7	4	4	*	*	4	4	4	4
Total Number of meetings held during the year		7		4		4		4		4	

*represents not a member of the Committee

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

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 are as follows:

	31 December 2014 (Un-audited)	31 December 2013 (Audited)
	(Rupees in '000)	
Investments of Provident Fund	655,617	478,744
Investments of Gratuity Fund	314,764	351,208

DIRECTORS' REPORT TO SHAREHOLDERS

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

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

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

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

STATEMENT ON RISK MANAGEMENT FRAMEWORK

The Board of Directors, through its Board Risk Management Committee (BRMC) ensures that decision making is aligned with the Bank's strategies and risk appetite. The Board receives regular updates on the key risks of the Bank including a quarterly comprehensive summary of the Bank's risk profile and performance of the portfolio against defined goals. Summary is also presented quarterly to the Credit Risk Management Committee (CRMC) and the Market Risk Management Committee (MRMC) which includes senior executives of the Bank, in particular the Chief Executive Officer (CEO) and the Chief Risk Officer (CRO), who are responsible for day to day risk management under the oversight of the Board.

Bank has taken numerous strategic steps to further strengthen the overall risk management framework, salient features of which are summarised below:

- Bank has developed internal Credit Risk Rating models for Corporate, Small & Medium Enterprise, Agriculture and Consumer obligors with the assistance of SAS-Enterprise Miner; the world renowned business analytics software. In order to move towards FIRB approach, these rating models are aligned with the probability of default, duly approved by the Board.
- Another milestone achieved by the Bank was automation of Capital Adequacy Ratio (CAR) calculation through Credit Risk Management Solution (CRMS) and Market Risk Management Solution (MRMS). This automation is duly vetted by our internal auditors.
- Bank has a well-defined Internal Capital Adequacy Policy (ICAAP) to comprehensively evaluate and document all risks and substantially appropriate capital allocation for both regulatory and economic capital.
- Bank has in place a robust mechanism on stress testing and through its Risk Management Group carries out this process regularly so as to estimate the potential impact of extreme events on the Bank's earnings, balance sheet, capital, market liquidity.

DIRECTORS' REPORT TO SHAREHOLDERS

Your Bank devotes considerable resources in managing the risks to which it is exposed. The momentum attained thus far will be continued in the future through significant investments in human resources, technology and training.

STATEMENT ON INTERNAL CONTROLS

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

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

FINANCIAL STATEMENTS

The financial statements of the Bank have been audited without qualification by the auditors of the Bank, M/s. A.F. Ferguson & Co., Chartered Accountants and approved/authorized by the Board in its meeting held on 14 February 2015 for issuance to the shareholders.

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

EXTERNAL AUDITORS

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Bank is committed to serving the society both directly and indirectly and in this regard has contributed in various ways and means. Besides, contributing towards national exchequer and employee benefit schemes, the Bank has been a regular contributor in the philanthropic and sports activities. A summary of Bank's key CSR activities during the year forms part of this Annual Report.

SIX YEARS' OPERATING AND FINANCIAL DATA

Six-year financial performance of the Bank is presented on page No. 26.

PATTERN OF SHAREHOLDING

The pattern of shareholding as required under section 236(2)(d) of the Companies Ordinance, 1984 and Clause (xvi) of the Code of Corporate Governance forms part of this Annual Report.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my sincere appreciation to the customers and shareholders for their continued trust and patronage, the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan and other regulatory bodies for their continued guidance and support. I would also like to record specific appreciation for all employees for their dedication, devotion and hard work throughout the year 2014.

On behalf of the Board of Directors

ALAUDDIN FEERASTA

Chairman

Lahore: 14 February 2015

STATEMENT OF INTERNAL CONTROLS

YEAR ENDED 31 DECEMBER 2014

The Bank's management acknowledges its responsibility for establishing and maintaining a sound system of internal controls to provide reasonable assurance to achieve the following objectives:

- Efficiency and effectiveness of operations
- Compliance with applicable laws and regulations
- Reliability of financial reporting

The Bank's internal control structure comprises of the Internal Control Department, Compliance and Control Group, Internal Audit Division and Risk Management Group. The structure is designed to implement sound control procedures to maintain a suitable control environment and ensure compliance of policies approved by the Board of Directors.

The Bank has adopted the internationally accepted COSO (Committee of Sponsoring Organizations of Treadway Commission) Framework of Internal Control-Integrated Framework. Initially a reputable advisory firm was engaged to provide professional guidance in documenting, assessing and testing the existing key Processes and Controls in line with State Bank of Pakistan (SBP) guidelines on Internal Controls over Financial Reporting (ICFR). However, over the years to further strengthen controls, enhance governance and monitoring, the management established an Internal Control Department which is an integral part of Compliance & Control Group of the Bank. The Bank has developed a comprehensive 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.

Further, Bank has 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.

Compliance & Control Group in order to ensure effective implementation of internal controls as well as to minimize various regulatory, reputational and compliance risks, conducts on-site monitoring of branches through periodical visits. Off-site monitoring is also done through various automated tools such as SAS AML, World Check, Sonaware Dot Net as well as various internally developed systems.

While concerted efforts have always been made to comply with the State Bank of Pakistan Guidelines issued, the identification, evaluation, and management of risks within each of the Bank's key activities, and their continued evaluation and resultant changes remains an ongoing process. It is pertinent to mention that, internal control system is designed to manage rather than eliminate the risk. As such it can only provide reasonable and not absolute assurance against material misstatement or loss.

In accordance with SBP directives, the Bank has completed all the stages of ICFR. Upon satisfactory completion of ICFR roadmap, SBP had granted waiver to the Bank from the submission of Long Form Report (LFR) by external auditors for the years 2012 and 2013. An annual assessment report by Board Audit Committee (BAC) on ICFR duly signed by Chairman BAC was submitted to SBP for the year 2013 based on which exemption for LFR was received from SBP for the year 2014 and beyond.

The Bank has successfully completed the updation and review of Internal Control over Financial Reporting exercise for the Year 2014 as per SBP Internal Control Guidelines. In accordance with the said directives, the Annual Assessment Report for the Year 2014 shall be submitted by Board Audit Committee to the SBP during the year 2015.

MOHAMMED AFTAB MANZOOR

President and Chief Executive Officer

Lahore: 14 February 2015

CORPORATE SOCIAL RESPONSIBILITIES (CSR) ACTIVITIES

In our continued efforts to sustain our brand promise of "Roshan Har Qadam", Soneri Bank enhanced its CSR initiatives in 2014 to enrich relations with the communities, government and our valued customers. Soneri Bank is committed to the improvement of various sectors of our society including healthcare, communities, women empowerment, education and youth.

Contribution to Healthcare:

- NICU & PICU Unit establishment in Aga Khan University Hospital (AKUH)**
 The AKUH provides quality and comprehensive medical care in Pakistan. Soneri Bank has committed to support the 3 year expansion plan of the Neo-natal Intensive Care Unit (NICU) & Pediatric Intensive Care Unit (PICU) at AKUH. All facilities and treatments are made accessible irrespective of financial status. With this philanthropic approach, Soneri Bank aims to play a role in uplifting the socio-economic dynamics of the country by facilitating the expansion plans of this institution.
- National Institute of Children's Health (NICH)**
 In collaboration with the team of Old Associates of Kinnaird Society (OAKS), Soneri Bank provided contribution to the principle laboratory at NICH which houses a number of convalescent and sick children from underprivileged backgrounds.
- Aga Khan Health Services Pakistan (AKHSP)**
 Soneri Bank has contributed to the AKHSP for the improvement of maternal & child health centres of Shah Aly and Khyber in Sindh. AKHSP provides MCH services and aims to improve the nutritional status of children under-five years, which are provided free of cost or on highly subsidized rates.
- The Kidney Centre**
 The Kidney Centre provides free renal impairment treatments to needy patients. Soneri Bank has supported this cause by contributing towards their fund raising event.
- Lady Dufferin Hospital**
 Lady Dufferin is a renowned hospital that provides quality medical care facilities to women at subsidized rates. Soneri Bank took the opportunity to support one of its fund raising event this year.
- Marie Adelaide Leprosy Centre (MALC)**
 MALC, a non-profit organization providing free Tuberculosis and blindness treatments to needy patients. Soneri Bank contributed towards a fund raising event organized by MALC.

Rehabilitation Efforts:

- Flood Relief Fund**
 Soneri Bank contributed towards the "Flood Relief Fund 2014" campaign run by CM Punjab, Mian Shahbaz Sharif for the rehabilitation of the flood victims. The Chief Minister commended the humanitarian spirit of those who contributed their share for national progress and prosperity.
- Thar Relief Camp**
 Soneri Bank extended its support to assist the people displaced by the drought devastation in Thar. The Bank donated approximately 11.25 tons of provisions in the form of 525 food hampers to the drought victims, which were distributed by the Pakistan Army.
- Old Associates of Kinnaird Society (OAKS)**
 The Karachi Chapter of OAKS is the Alumni Association of Kinnaird College for Women, Lahore. For almost three decades, the society has successfully supported the underprivileged women in areas of health and education. Soneri Bank participated in this noble cause by partially sponsoring one of its fund raising event.

CORPORATE SOCIAL RESPONSIBILITIES (CSR) ACTIVITIES

Promoting Education:

- **The Citizen Foundation (TCF)**

TCF is a well-known NGO which financially supports the education of the underprivileged youth of our country. To support TCF in achieving its mission of improving the literacy rate of Pakistan, Soneri Bank extended its support by partially sponsoring two fundraising events Mashal-E-Sabug and Manzil Milay.

Promoting Philanthropy:

- **Pakistan Centre for Philanthropy and other bodies (AKU)**

Soneri Bank extended its support to the research study of Indigenous Individual Philanthropy in Pakistan, designed to update the findings of the research on individual philanthropy conducted by the Aga Khan Development Network. This will enhance the social development objectives by promoting the creation of more social assets through enhanced charitable giving, and would supplement the government's development efforts. In time, it would reduce the burden of poverty via introduction of more schools, clinics and training institutes. Soneri Bank, with its generous contribution has played an integral part in mobilizing Corporate Philanthropy alongside the formulation of enabling policy and administrative environment for enhancing the volume and effectiveness of philanthropy for social development.

Promoting Arts & Culture:

- **TARZ Video**

In efforts to promote Arts & Culture in Pakistan, Soneri Bank in collaboration with TARZ group produced a video covering South Asian music which was showcased and promoted via our digital media.

Energy Conservation Initiative:

- Soneri Bank took a step towards a cleaner, greener environment with its Solar Hybrid Power Systems at Gulbahar Branch, Karachi and Shahrukh-e-Alam Branch, Multan. The ATMs in both branches are now powered by 24/7 operational Solar Power Systems, along with the entire communication infrastructure, CCTV, lighting system and cash computers.

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. Neither shall take up any activity which will bring him/her any reward or remuneration or benefit, directly or indirectly other than from the job at the Bank.

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

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.

CODE OF CONDUCT (SUMMARIZED VERSION)

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 properly relieved by the competent authority. In case he/she fails to attend his/her duty after tendering resignation, the resignation will not be considered and he/she may be dealt according to the relevant HR Policy.

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

12. ETHICS, DISCRIMINATION OR HARASSMENT

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

13. DRESS CODE & PERSONAL HYGIENE

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

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

14. PROTECTING BANK RESOURCES

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

15. FRAUD, THEFT OR ILLEGAL ACTIVITY

An employee must not:

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

CODE OF CONDUCT (SUMMARIZED VERSION)

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.

18. 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.

19. 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.

20. 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.

21. 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.

22. DRUG FREE WORKPLACE

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

23. 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.

24. 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.

25. 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 HR, Head of Compliance and President.

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

27. 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 Bank and its customers.

CODE OF CONDUCT (SUMMARIZED VERSION)

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

28. ACCESS TO BUSINESS INFORMATION

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

29. 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.

30. 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.

31. PERSONAL FINANCIAL NEEDS

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

32. 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.

33. 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 or Head of Human Resources for further guidance and advice.

STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No.35 of Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of Code of Corporate Governance (CCG).

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

1. The Bank encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes seven non-executive directors including two independent directors, and one executive director (President/CEO):

Category	Names
Independent Directors	Mr. Amar Zafar Khan Syed Ali Zafar
Executive Director	Mr. Mohammad Aftab Manzoor (President & CEO)
Non-Executive Directors	Mr. Alauddin Feerasta Mr. Nooruddin Feerasta Mr. Muhammad Rashid Zahir Mr. Manzoor Ahmed Mr. Shahid Anwar

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

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Bank (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Bank are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. New Board was elected in 22nd Annual General Meeting of the Shareholders held on 28 March 2014. Post elections, two casual vacancies occurred on the Board with resignations of Mr. Tariq Rehman & Mr. Nadeem Karamat. The Board filled these casual vacancies with the appointment of Mr. Amar Zafar Khan & Syed Ali Zafar respectively in accordance with CCG requirements. Necessary approvals were also obtained from SECP, where required.
5. The Bank has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Bank along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Bank. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board remained compliant with the provision with regard to their training program. One of the directors received "Certificate of Director Education" from the Pakistan Institute of Corporate Governance while one director is exempt from directors' training program as mentioned in proviso to clause (xi) of the CCG. The directors of the Bank are fully aware of their responsibilities. The directors elected on the Board for the first time were briefed about their role.

STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Bank were duly endorsed by the Chief Executive Officer and Chief Financial Officer before approval of the Board.
13. The directors, Chief Executive Officer and executives do not hold any interest in the shares of the Bank other than that disclosed in the pattern of shareholding.
14. The Bank has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an audit committee. It comprises of four members, all are non-executive directors. The Chairman of the committee is an independent director.
16. The meetings of the audit committee were held once every quarter prior to approval of interim and final results of the Bank and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed an HR Committee. It comprises of 4 members, of whom 3 are non-executive directors and one is an executive director. The Chairman of the committee is also a non-executive director.
18. The Board has set-up an effective internal audit function. The Head of Internal Audit and Audit team are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Bank.
19. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Bank and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Bank's securities, was determined and intimated to directors, employees and stock exchanges.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.
23. The Board has approved a mechanism for Board's Own Performance Evaluation as per the CCG requirements and that the Board's Evaluation is being implemented.
24. We confirm that all other material principles enshrined in the CCG have been fully complied with.

MOHAMMAD AFTAB MANZOOR

President / Chief Executive Officer

Lahore: 14 February 2015

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



A. F. FERGUSON & CO.

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Soneri Bank Limited ('the Bank') for the year ended December 31, 2014 to comply with the requirements of Regulation No. 35 of Chapter XI contained in the Listing Regulations issued by the Karachi Stock Exchange Limited, the Lahore Stock Exchange Limited and the Islamabad Stock Exchange Limited where the Bank is listed.

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

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

The Code requires the Bank to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the best practices contained in the Code as applicable to the Bank for the year ended December 31, 2014.

Chartered Accountants

Karachi: February 20, 2015

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92(21) 32415007/32427938/32424740; <www.pwc.com/pk>

Lahore: 23-C, Aziz Avenue, Canal Bank, Gulberg V, P.O. Box 39, Lahore-34660, Pakistan; Tel: +92(42)35715864-71; Fax: +92(42)35715872
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AUDITORS' REPORT TO THE MEMBERS



A. F. FERGUSON & CO.

We have audited the annexed statement of financial position of Soneri Bank Limited (the Bank) as at December 31, 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the 'financial statements') for the year then ended, in which are incorporated the un-audited certified returns from the branches, except for thirty five branches, which have been audited by us and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of accounts have been kept by the bank as required by the Companies Ordinance, 1984 (XLVII of 1984), and the returns referred to above received from the branches have been found adequate for the purposes of our audit;
- (b) in our opinion:
 - (i) the statement of financial position and profit and loss account together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Bank's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with the approved accounting standards as applicable in Pakistan, and give the information required by the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), in the manner so required and give a true and fair view of the state of the Bank's affairs as at December 31, 2014, and its true balance of profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The financial statements of the Bank for the year ended December 31, 2013 were audited by another firm of Chartered Accountants who had expressed an unqualified opinion thereon vide their report dated February 19, 2014.

Chartered Accountants

Engagement Partner: Salman Hussain

Karachi: February 20, 2015

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STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

	Note	2014 (Rupees in '000)	2013
ASSETS			
Cash and balances with treasury banks	6	15,776,136	12,672,753
Balances with other banks	7	1,024,566	957,170
Lendings to financial and other institutions	8	154,342	2,737,751
Investments - net	9	75,715,677	46,702,797
Advances - net	10	106,083,673	97,179,028
Operating fixed assets	11	5,216,811	4,008,574
Deferred tax assets - net	17	-	103,495
Other assets - net	12	9,204,102	4,872,304
		213,175,307	169,233,872
LIABILITIES			
Bills payable	14	2,779,715	2,577,943
Borrowings	15	25,824,908	10,485,479
Deposits and other accounts	16	163,250,371	140,579,907
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net	17	1,419,963	-
Other liabilities	18	2,861,123	2,307,900
		196,136,080	155,951,229
NET ASSETS		17,039,227	13,282,643
REPRESENTED BY			
Share capital	19	11,024,636	11,024,636
Reserves		933,911	617,500
Discount on issue of right shares		(1,001,361)	(1,001,361)
Unappropriated profit		3,150,185	1,809,641
		14,107,371	12,450,416
Surplus on revaluation of assets - net of tax	20	2,931,856	832,227
		17,039,227	13,282,643
CONTINGENCIES AND COMMITMENTS	21		

The annexed notes 1 to 44 and Annexures I, II, III & IV form an integral part of these financial statements.

ALAUDDIN FEERASTA
CHAIRMAN

MOHAMMAD AFTAB MANZOOR
PRESIDENT AND
CHIEF EXECUTIVE OFFICER

NOORUDDIN FEERASTA
DIRECTOR

MUHAMMAD RASHID ZAHIR
DIRECTOR

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014	2013
		(Rupees in '000)	
Mark-up / return / interest earned	22	16,871,475	13,601,389
Mark-up / return / interest expensed	23	(10,626,395)	(8,751,084)
Net mark-up / return / interest income		6,245,080	4,850,305
Provision against non-performing loans and advances - net	10.2.1	548,195	722,529
Provision for diminution in the value of investments - net	9.3	814	12,506
Bad debts written off directly	10.5	104	45
		549,113	735,080
Net mark-up / return / interest income after provisions		5,695,967	4,115,225
Non mark-up / interest income			
Fee, commission and brokerage income		1,326,122	1,142,429
Dividend income		170,002	169,610
Income from dealing in foreign currencies	24	613,175	457,678
Gain on sale of securities - net	25	364,867	453,754
Unrealised gain / (loss) on revaluation of investments classified as 'held for trading' / future contracts		9,626	(522)
Other income	26	161,101	176,894
Total non-mark-up / interest income		2,644,893	2,399,843
		8,340,860	6,515,068
Non mark-up / interest expenses			
Administrative expenses	27	5,706,924	4,957,263
Provision / (reversal of provision) against other assets - net	12.1	182	(30,328)
Other charges	28	191,858	57,738
Total non-mark-up / interest expenses		5,898,964	4,984,673
		2,441,896	1,530,395
Extraordinary / unusual items		-	-
Profit before taxation		2,441,896	1,530,395
Taxation - Current	29	930,130	542,000
- Prior years	29	(433,151)	(416,458)
- Deferred	29	362,862	367,996
		859,841	493,538
Profit after taxation		1,582,055	1,036,857
		(Rupees)	(Rupee)
Basic and diluted earnings per share	30	1.44	0.94

The annexed notes 1 to 44 and Annexures I, II, III & IV form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014	2013
		(Rupees in '000)	
Profit after taxation for the year		1,582,055	1,036,857
Other comprehensive income			
Item that may not be reclassified to profit and loss account			
Remeasurements of defined benefit plan		6,754	(37,528)
Tax on remeasurements of defined benefit plan		(2,364)	13,135
		4,390	(24,393)
Comprehensive income transferred to statement of changes in equity		1,586,445	1,012,464
Components of comprehensive income not reflected in equity*			
Surplus / (deficit) on revaluation of "available-for-sale securities" - net of tax		1,451,725	(61,994)
Surplus on revaluation of operating fixed assets	(i)	-	-
Total comprehensive income		3,038,170	950,470

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

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

The annexed notes 1 to 44 and Annexures I, II, III & IV form an integral part of these financial statements.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2014

Note	2014	2013
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,441,896	1,530,395
Less: Dividend income	170,002	169,610
	2,271,894	1,360,785
Adjustments:		
Depreciation	585,403	616,055
Amortisation of intangible assets	66,527	96,663
Operating fixed assets written off directly	53,683	29,141
Provision for diminution in the value of investments	814	12,506
Reversal of provision against diminution in the value of investments recognised in capital gains	-	(38,575)
Unrealised (gain) / loss on revaluation of investments classified as held-for-trading	(9,626)	522
Provision against non-performing loans and advances	548,195	722,529
Provision / (reversal of provision) against other assets	182	(30,328)
Gain on sale of operating fixed assets	(9,660)	(17,814)
Gain on pre-mature settlement of Car Ijarah	(3,043)	-
Bad debts written off directly	104	45
	1,232,579	1,390,744
	3,504,473	2,751,529
(Increase) / decrease in operating assets		
Lendings to financial and other institutions	2,583,409	(1,614,684)
Advances	(9,452,944)	(21,076,596)
Others assets (excluding advance taxation)	(4,347,929)	(125,093)
	(11,217,464)	(22,816,373)
Increase / (decrease) in operating liabilities		
Bills payable	201,772	55,538
Borrowings	15,339,429	(9,913,008)
Deposits and other accounts	22,670,464	19,988,411
Other liabilities	559,977	(215,184)
	38,771,642	9,915,757
	31,058,651	(10,149,087)
	(472,406)	(738,444)
Income tax paid		
Net cash generated from / (used in) operating activities	30,586,245	(10,887,531)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in held for trading securities	825,829	(1,552,772)
Net investments in available-for-sale securities	(26,691,096)	13,177,864
Net investments in held-to-maturity securities	(860,764)	998,902
Dividends received	161,745	169,610
Purchase of operating fixed assets	(878,268)	(748,491)
Sale proceeds on disposal of operating fixed assets	27,088	31,105
Net cash (used in) / generated from investing activities	(27,415,466)	12,076,218
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of sub-ordinated loan	-	(299,280)
Net cash used in financing activities	-	(299,280)
Increase in cash and cash equivalents	3,170,779	889,407
Cash and cash equivalents at beginning of the year	13,629,923	12,740,516
Cash and cash equivalents at end of the year	16,800,702	13,629,923

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The annexed notes 1 to 44 and Annexures I, II, III & IV form an integral part of these financial statements.

ALAUDDIN FEERASTA
CHAIRMANMOHAMMAD AFTAB MANZOOR
PRESIDENT AND
CHIEF EXECUTIVE OFFICERNOORUDDIN FEERASTA
DIRECTORMUHAMMAD RASHID ZAHIR
DIRECTOR

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014

	Share capital	Capital reserves			General reserve	Unappropriated profit (b)	Total
		Discount on issue of shares	Share premium	Statutory reserve (a)			
----- (Rupees in '000) -----							
Balance as at 31 December 2012	10,022,396	(1,001,361)	1,405	408,724	-	1,947,135	11,378,299
Transfer to General Reserves	-	-	-	-	1,000,000	(1,000,000)	-
Changes in equity: 2013							
Transactions with owners recognised directly in equity							
Issue of bonus shares	1,002,240	-	-	-	(1,000,000)	(2,240)	-
Comprehensive Income							
Total comprehensive income for the year ended 31 December 2013 - profit after taxation for the year	-	-	-	-	-	1,036,857	1,036,857
Other comprehensive income -net of tax	-	-	-	-	-	(24,393)	(24,393)
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax (note 20.1)	-	-	-	-	-	59,653	59,653
Transfer to statutory reserve	-	-	-	207,371	-	(207,371)	-
Balance as at 31 December 2013	11,024,636	(1,001,361)	1,405	616,095	-	1,809,641	12,450,416
Changes in equity 2014:							
Comprehensive Income							
Total comprehensive income for the year ended 31 December 2014 - profit after taxation for the year	-	-	-	-	-	1,582,055	1,582,055
Other comprehensive income -net of tax	-	-	-	-	-	4,390	4,390
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax (note 20.1)	-	-	-	-	-	70,510	70,510
Transfer to statutory reserve	-	-	-	316,411	-	(316,411)	-
Balance as at 31 December 2014	11,024,636	(1,001,361)	1,405	932,506	-	3,150,185	14,107,371

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

(b) As explained in note 10.4 to these financial statements, unappropriated profit includes an amount of Rs. 1,164.961 million net of tax as at 31 December 2014 (31 December 2013: Rs. 1,253.114 million) representing additional profit arising from availing forced sale value benefit for determining provisioning requirement which is not available for the purpose of distribution of dividend to shareholders.

The annexed notes 1 to 44 and Annexures I, II, III & IV form an integral part of these financial statements.

ALAUDDIN FEERASTA
CHAIRMAN

MOHAMMAD AFTAB MANZOOR
PRESIDENT AND
CHIEF EXECUTIVE OFFICER

NOORUDDIN FEERASTA
DIRECTOR

MUHAMMAD RASHID ZAHIR
DIRECTOR

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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 Companies Ordinance, 1984. Its registered office is situated at Rupali House 241-242, Upper Mall Scheme, Anand Road, Lahore, Punjab and its shares are quoted on all the three stock exchanges in Pakistan. The Bank is engaged in banking services as described in the Banking Companies Ordinance, 1962 and operates with 246 branches including 15 Islamic banking branches (2013: 239 branches including 9 Islamic banking branches) in Pakistan.

The Pakistan Credit Rating Agency Limited (PACRA) has determined the Bank's long-term rating as AA- and short-term rating as A1+.

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 the appropriate portion of mark-up thereon.

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

3 STATEMENT OF COMPLIANCE

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

3.2 The State Bank of Pakistan has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies through BSD Circular No. 10 dated 26 August 2002 till further instructions. In addition, the Securities and Exchange Commission of Pakistan has deferred the applicability of International Financial Reporting Standard 7, Financial Instruments: Disclosures (IFRS 7) vide SRO 411(I) / 2008 dated 28 April 2008 till further orders. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.

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

The Securities and Exchange Commission of Pakistan (SECP) has notified Islamic Financial Accounting Standard (IFAS) 3, 'Profit and Loss Sharing on Deposits' issued by the Institute of Chartered Accountants of Pakistan. The standard is effective from 01 January 2014 and deals with accounting for transaction relating to "Profit and Loss Sharing on Deposits" as defined by the said standard. The standard has resulted in the addition of certain new disclosures in Annexure II.

There are certain other new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 1, 2014 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are, therefore, not disclosed in these financial statements.

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

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 1 January 2015:

IFRS 12, 'Disclosures of interests in other entities', includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. The amendments may impact the financial statements of the Bank by the addition of certain disclosures.

There are certain new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after 1 January 2015 but are considered not to be relevant or do not have any significant effect on the Bank's operations and, therefore, not detailed in these financial statements.

4 BASIS OF MEASUREMENT

4.1 Accounting convention

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

4.2 Functional and presentation currency

These financial statements are presented in Pakistani Rupee which is the currency of primary economic environment in which the Bank operates.

4.3 Critical accounting estimates and judgements

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

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

- i) classification and provisioning against investments (notes 5.3 and 9);
- ii) classification and provisioning against loans and advances (notes 5.4 and 10);
- iii) income taxes and deferred taxation (notes 5.9, 21.9.1 and 29);
- iv) accounting for defined benefit plan (notes 5.11 and 33);
- v) depreciation, amortisation methods, useful lives and revaluation of operating fixed assets (notes 5.5 and 11); and
- vi) fair value of derivatives (note 5.19.2).

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement represent cash and balances with treasury banks and balances with other banks in current and deposit accounts.

5.2 Lendings to / borrowings from financial and other institutions

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

(a) Sale 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 accrued over the period of the contract and recorded as an expense.

(b) Purchase 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 amortised over the period of the contract and recorded as income.

(c) Lending under margin trading system

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

(d) Borrowings

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

5.3 Investments

The Bank classifies its investments as follows:

(a) Held for trading

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

(b) Held to maturity

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

(c) Available for sale

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

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

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

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

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

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

Unquoted equity securities excluding investments in subsidiaries and associates 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. Investments in subsidiaries and associates if any (which qualify for accounting under International Accounting Standard - 28) are carried at cost less impairment, if any.

Impairment loss in respect of investments categorised as available for sale (except term finance certificates) 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 is made as per the requirements of the Prudential Regulations issued by the SBP. In case of impairment of available for sale securities, the cumulative loss that has been recognised directly in surplus / deficit on revaluation of securities on the statement of financial position below equity is removed therefrom and recognised in the profit and loss account. For investments classified as held to maturity, the impairment loss is recognised in the profit and loss account.

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

5.4 Advances

Advances are stated net of specific and general provisions. Specific provision for advances are made in accordance with the requirements of the Prudential Regulations and other directives issued by the 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 the State Bank of Pakistan. Advances are written off when there is no realistic prospect of recovery.

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 agent of the Bank and all documents relating to purchase are in customer name. However, the profit on that sale revenue not due for payment is deferred by recording a credit to the "Deferred Murabaha Income" account. Funds disbursed under Murabaha financing arrangements for purchase of goods are recorded as "Advance Against Murabaha".

Salam financings are reflected as receivables at the invoiced amount. Profit not due for payment is deferred by recording a credit to the "Deferred Salam Income" account. Funds disbursed under Salam financing arrangements for purchase of goods are recorded as "Advance Against Salam".

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

5.5 Operating fixed assets and depreciation

Owned

Property and equipment, other than freehold land, leasehold land and capital work-in-progress are stated at cost or revalued amount less accumulated depreciation and impairment losses, if any. Freehold / leasehold land and capital work-in-progress are stated at cost or revalued amount less impairment losses, if any.

Depreciation on all operating fixed assets is charged using the straight line method in accordance with the rates specified in note 11.2 to the financial statements after taking into account residual value, if any. The residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Lands and buildings are revalued by professionally qualified valuers with sufficient regularity to ensure that the net carrying amount does not differ materially from their fair value.

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

Depreciation on additions is charged from the month the assets are available for use while in the case of assets disposed off, it is charged up to the month of disposal.

Maintenance and normal repairs are charged to income as and when incurred. Renewals and improvements are included in an asset's carrying amount or are 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.

Gains and losses on sale of fixed assets are charged / credited 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.

Leased (under finance lease)

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.

Leased (ijarah)

Assets leased out under 'Ijarah' are stated at cost less accumulated depreciation and impairment losses, if any. Assets under ijarah are depreciated over the period of lease term. However, in the event the asset is expected to be available for re-ijarah, depreciation is charged over the economic life of the asset using straight line basis.

Ijarah income is recognised in income on accrual basis as and when the rental becomes due.

5.6 Operating leases

Lease payments, if any, under operating leases are charged to income on a straight line basis over the lease term.

5.7 Intangible assets

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

5.8 Impairment

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

5.9 Taxation**Current**

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

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities used for financial reporting purposes and amounts used for taxation purposes. Deferred tax is calculated at the rates that are expected to apply to the period when the differences are expected to reverse based on tax rates that have been enacted or substantively enacted by the balance sheet 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 balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

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

5.10 Provisions

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 balance sheet date and are adjusted to reflect the current best estimate.

5.11 Staff retirement benefits**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. The defined benefit obligation is calculated periodically by an independent actuary using the projected unit credit method. Last valuation was conducted as on 31 December 2014.

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

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

5.12 Defined contribution plan

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

5.13 Employees' compensated absences

During 2012, the Bank revised its compensated absences plan such that, henceforth, the outstanding leave balances expires at the end of each financial year. Moreover, the management introduced a scheme to settle the previous outstanding leaves against encashment. The balance on date of change is being accounted for as per transitional option given.

5.14 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 using effective mark-up / interest rate method.

5.15 Revenue recognition

- Mark-up income / interest on advances and return on investments are recognised on a time proportion basis using the effective yield on the arrangement / instrument.
- Mark-up / return on classified advances and investments is recognised on receipt basis. Interest / return / mark-up on rescheduled / restructured advances and investments is recognised as permitted by the Prudential Regulations issued by the State Bank of Pakistan.
- Fee, commission and brokerage income is recognised on an accrual basis 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 operating fixed assets are dealt with through the profit and loss account in the year in which they arise.

5.16 Foreign currencies

(a) Foreign currency transactions

Foreign currency transactions are translated into rupees at the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities in the foreign currencies are expressed in rupee terms at the exchange rates ruling on the balance sheet 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 income.

(b) Translation gains and losses

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

(c) Commitments

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

5.17 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 reasonable certainty exists for the Bank to settle the obligation. Charge to profit and loss account is stated net of expected recoveries.

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

5.19 Financial instruments

5.19.1 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 and other institutions, investments, advances, certain receivables, bills payable, borrowings from financial institutions, deposit accounts and other payables. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

5.19.2 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.

5.19.3 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.

5.20 Segment reporting

A segment is a distinguishable component of the Bank that is engaged either in providing product or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The operations of the Bank are currently based in Pakistan, therefore, geographical segment is not relevant.

Business segments**a) Corporate**

Corporate banking includes financing, deposits and services provided to corporate customers including services in connection with mergers and acquisitions, underwriting, privatisation, securitisation, syndication, IPOs.

b) Trading and sales

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

c) Retail banking

It includes all retail related lendings and deposits and banking services (including staff, consumer and SME financing).

5.21 Dividend and appropriation to reserves

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

5.22 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. There were no convertible dilutive potential ordinary shares in issue at 31 December 2014.

	Note	2014 (Rupees in '000)	2013
6 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency	6.1	3,238,544	3,068,125
Foreign currencies		1,105,763	775,566
In transit			
Local currency		-	-
Foreign currency		-	85,143
With State Bank of Pakistan in			
Local currency current account	6.2	7,434,317	5,133,639
Foreign currency current account	6.3	624,403	604,460
Foreign currency deposit account against foreign currency deposits mobilised	6.4	1,868,841	1,823,288
With National Bank of Pakistan in			
Local currency current account		1,504,268	1,182,532
		<u>15,776,136</u>	<u>12,672,753</u>

- 6.1 This includes National Prize Bonds of Rs. 9.605 million (2013: Rs. 8.819 million).
- 6.2 The local currency current account is maintained with the State Bank of Pakistan (SBP) as per the requirements of Section 36 of the State Bank of Pakistan Act, 1956. This section requires banking companies to maintain a local currency cash reserve in current account opened with the SBP at a sum not less than such percentage of its time and demand liabilities as may be prescribed by SBP.
- 6.3 This represents cash reserve account maintained with SBP at an amount equivalent to at least 5% of the Bank's foreign currency deposits mobilised under FE-25 scheme and carry Nil return (2013: Nil return).
- 6.4 This represents 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 carry Nil return (2013: Nil return).

	Note	2014 (Rupees in '000)	2013
7 BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		78,812	64,484
In deposit accounts	7.1	644,608	409,498
Outside Pakistan			
In current accounts	7.2	301,146	483,188
		<u>1,024,566</u>	<u>957,170</u>

- 7.1 This includes funds placed with Meezan Bank Limited amounting to Rs. 150.026 million (2013: Rs 250.026 million) and Dubai Islamic Bank Pakistan Limited amounting to Rs. 300 million (2013: Rs Nil) under overnight Musharaka agreement carrying mark-up at the rate of 8.60% and 9.20% per annum respectively (2013: 6.50% per annum).
- 7.2 This includes Rs. 74.232 million (2013: Rs. 155.842 million) held in Automated Investment Plan. This balance is current in nature. However, if increased over a specified amount, it entitles the Bank to earn interest income from the correspondent banks at agreed upon rates.

	Note	2014 (Rupees in '000)	2013
8 LENDINGS TO FINANCIAL AND OTHER INSTITUTIONS			
Call money lending		-	1,000,000
Repurchase agreement lending		-	990,954
Margin Trading System	8.3	154,342	46,797
Letter of placement		-	700,000
		<u>154,342</u>	<u>2,737,751</u>
8.1 Particulars of lendings			
In local currency		154,342	2,737,751
In foreign currencies		-	-
		<u>154,342</u>	<u>2,737,751</u>

8.2 Securities held as collateral against lendings to financial and other institutions

	2014			2013		
	Held by bank	Further given as collateral	Total	Held by bank	Further given as collateral	Total
	(Rupees in '000)					
Market Treasury Bills	-	-	-	990,954	-	990,954
	-	-	-	990,954	-	990,954

- 8.3 This represents lendings which carry mark-up at rates ranging from 12.98% to 18.31% per annum (2013: 11.75% to 16.20% per annum) and have a maturity period of upto two months.

9 INVESTMENTS

9.1 Investments by types

Note	2014			2013		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
	(Rupees in '000)					
Held-for-trading securities						
Fully paid-up ordinary shares	-	-	-	8,636	-	8,636
Pakistan Investment Bonds	256,484	-	256,484	-	-	-
Market Treasury Bills	483,373	-	483,373	1,557,050	-	1,557,050
	739,857	-	739,857	1,565,686	-	1,565,686
Available-for-sale securities						
Market Treasury Bills	15,524,738	597,843	16,122,581	32,945,900	1,348,100	34,294,000
Pakistan Investment Bonds	37,523,063	12,275,827	49,798,890	5,956,285	-	5,956,285
Government of Pakistan Ijarah Sukuks	300,200	-	300,200	200,000	-	200,000
Fully paid-up ordinary shares	2,377,920	-	2,377,920	1,434,115	-	1,434,115
Term Finance Certificates	-	-	-	49,095	-	49,095
Units of mutual funds	237,098	-	237,098	212,098	-	212,098
	55,963,019	12,873,670	68,836,689	40,797,493	1,348,100	42,145,593
Held to maturity securities						
Pakistan Investment Bonds	263,257	-	263,257	264,859	-	264,859
Government of Pakistan Ijarah Sukuks	1,900,000	-	1,900,000	1,700,004	-	1,700,004
Term Finance Certificates, Bonds and Sukuks	1,578,746	-	1,578,746	916,376	-	916,376
	3,742,003	-	3,742,003	2,881,239	-	2,881,239
Investments at cost	60,444,879	12,873,670	73,318,549	45,244,418	1,348,100	46,592,518
Less: Provision for diminution in the value of investments	9.3 (135,177)	-	(135,177)	(134,363)	-	(134,363)
Investments (net of provision)	60,309,702	12,873,670	73,183,372	45,110,055	1,348,100	46,458,155
Surplus / (deficit) on revaluation of held-for-trading securities	9.17 8,936	-	8,936	(323)	-	(323)
Surplus / (deficit) on revaluation of available-for-sale securities	20.2 2,081,358	442,011	2,523,369	246,420	(1,455)	244,965
Total investments	62,399,996	13,315,681	75,715,677	45,356,152	1,346,645	46,702,797

9.2 Investments by segments

Federal Government Securities

Note	2014 (Rupees in '000)	2013
9.11	16,605,954	35,851,050
9.5 & 9.11	50,318,631	6,221,144
	<u>2,200,200</u>	<u>1,900,004</u>
	69,124,785	43,972,198

Fully paid-up ordinary shares of Rs. 10 each

Listed companies

9.6	25,539	25,539
	39,861	-
	-	50,805
	-	20,289
	210,370	156,529
	256,493	152,756
	183,584	152,238
	139,449	-
	-	63,086
	22,391	-
	193,623	193,623
	90,297	-
	179,686	-
	101,661	-
	12,224	12,224
	-	23,399
	159,001	136,718
	-	91,331
	127,951	-
	-	11,408
	270,371	185,262
	188,143	81,477
	135,476	31,347
	-	12,920

Un-listed companies

9.13	-	-
9.14	11,100	11,100
9.10	25,000	25,000
9.12	5,700	5,700
	2,377,920	1,442,751

Term Finance Certificates, Debentures, Bonds and Participation Term Certificates

Listed Term Finance Certificates (TFCs) of Rs. 5,000 each

9.8	-	27,319
	64,735	64,761
	34,930	34,944
	16,269	16,269
	19,917	39,503
	-	97,117
	135,851	279,913

	Note	2014 (Rupees in '000)	2013
Listed TFCs Balance brought forward		135,851	279,913
- Engro Fertilizers Limited 4th issue [6,325 (2013: 6,325)]		22,770	26,565
- Escorts Investment Bank Limited [NIL (2013: 2,000)]		-	999
- Faysal Bank Limited [NIL (2013: 6,000)]		-	14,970
- JS-ABAMCO Financial Receivables Securitization Limited [NIL (2013: 5,000)]		-	2,083
- United Bank Limited 3rd issue [NIL (2013: 9,716)]		-	16,161
Un-listed Term Finance Certificates of Rs. 5,000 each, unless otherwise specified			
- Agritech Limited [1,488 (2013: 1,488)]	9.7	7,440	7,440
- Avari Hotels Limited [NIL (2013: 25,000)]		-	46,538
- Azgard Nine Limited [2,150 (2013: 2,150)]	9.8	10,750	10,750
- Bank Alfalah Limited- 4th Issue [10,000 (2013: 10,000)]		49,900	49,920
- Faysal Bank Limited- 2nd Issue [15,000 (2013: 15,000)]		74,880	74,910
- Jahangir Siddiqui & Company Limited 2nd Issue [NIL (2013: 4 certificates of Rs.5,000,000 each)]		-	-
- JDW Sugar Mills Limited [NIL (2013: 16,600)]		-	9,222
- Standard Chartered Bank (Pakistan) Limited 4th Issue [40,000 (2013: 40,000)]		200,000	200,000
Sukuk Certificates and Bonds of Rs. 5,000 each, unless otherwise specified			
- Al Baraka Bank (Pakistan) Limited [100 (2013: NIL)]		100,000	-
- Amreli Steels Limited [10,000 (2013: 10,000)]		38,000	42,000
- Eden Housing Limited [10,000 (2013: 10,000)]		6,560	13,120
- Engro Fertilizers Limited [32,300 (2013: NIL)]		161,500	-
- House Building Finance Company Limited "A" [NIL (2013: 10,000)]		-	5,000
- House Building Finance Company Limited "B" [NIL (2013: 3,000)]		-	1,450
- K- Electric Limited [80,000 (2013: NIL)]		400,000	-
- Liberty Power Tech Limited [1,099,430 certificates of Rs.100 each (2013: 1,099,430 certificates of Rs.100 each)]		87,200	92,942
- Pak Elektron Limited [10,000 (2013: 10,000)]		21,429	21,429
- Pakistan Mobile Communication Limited [43,478 (2013: NIL)]		217,391	-
- Three Star Hosiery Mills (Private) Limited [5,100 (2013: 5,100)]		25,215	25,215
- WAPDA bonds [4,000 (2013: 4,000)]	9.9	19,860	19,860
		1,578,746	965,471
Units of Mutual Funds			
Open ended			
- National Investment Unit Trust [447,067 (2013: NIL)] (Managed by National Investment Trust Limited)		25,000	-
- NIT Income Fund [9,211,835 (2013: 9,211,835)] (Managed by National Investment Trust Limited)		100,000	100,000
Closed-end			
- PICIC Growth Fund [8,000,000 (2013: 8,000,000)] (Managed by PICIC Asset Management Company Limited)		112,098	112,098
		237,098	212,098
Total Investments at cost		73,318,549	46,592,518
Less: Provision for diminution in the value of investments	9.3	(135,177)	(134,363)
		73,183,372	46,458,155
Surplus / (deficit) on revaluation of held-for-trading securities		8,936	(323)
Surplus on revaluation of available-for-sale securities	20.2	2,523,369	244,965
		75,715,677	46,702,797
9.3 Particulars of provision for diminution in the value of investments			
Opening balance		134,363	160,432
Charge for the year		814	12,506
Reversals recognised in capital gains		-	(38,575)
Closing balance		135,177	134,363

	Note	2014 (Rupees in '000)	2013
9.3.1 Particulars of provision for diminution in the value of investments by type and segment			
Available-for-sale securities			
Listed companies			
- Fully paid up ordinary shares of Rs. 10 each	9.6	21,954	21,954
Unlisted companies			
- Fully paid up ordinary shares of Rs. 10 each			
- Pakistan Export Finance Guarantee Agency Limited		5,700	5,700
Held-to-maturity securities			
Term Finance Certificates of Rs. 5,000/- each			
- Agritech Limited	9.7	7,440	7,440
- Azgard Nine Limited	9.8	27,019	22,925
Sukuk Certificates and Bonds of Rs. 5,000/- each			
- Eden Housing Limited		6,560	9,840
- Pak Elektron Limited		21,429	21,429
- Three Stars Hosiery Mills (Private) Limited		25,215	25,215
- WAPDA Sukuk	9.9	19,860	19,860
		<u>135,177</u>	<u>134,363</u>
9.4 Investments include certain approved government securities which are held by the Bank to comply with the Statutory Liquidity Requirement determined on the basis of the Bank's demand and time liabilities as set out under section 29 of the Banking Companies Ordinance, 1962.			
9.5 This includes securities having book value of Rs. 30.700 million (2013: 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.			
9.6 During 2012, the Bank with other lenders of Azgard Nine Limited entered into the Share Transfer and Debt Swap Agreement dated 12 April 2012. The Bank under the agreement acquired 605,138 shares of Agritech Limited at a price of Rs. 35 per share and settled the loan exposure of Rs. 21.180 million against it. The Bank has also acquired additional 124,541 shares against total cash consideration of Rs. 4.359 million. The total shares held with the Bank are 729,679 at Rs. 35 per share. As at 31 December 2014 the Bank has recorded an impairment loss of Rs. 17.278 million on these shares. The State Bank of Pakistan vide circular no. BPRD / BRD - (Policy) / 2013 - 1857 dated 15 February 2013 has clarified that such shares need not to be classified as 'strategic investment'.			
9.7 The State Bank of Pakistan vide through circular no. BPRD / BRD - (Policy) / 2013 - 1857 dated 15 February 2013, allowed the Bank to provide the classified exposure of term finance certificates of Agritech Limited in a phased manner. However, the Bank has fully provided the outstanding amount.			
9.8 The State Bank of Pakistan vide circular no. BPRD / BRD - (Policy) / 2013 - 1857 dated 15 February 2013, allowed the Bank to provide the classified exposure of term finance certificates of Azgard Nine Limited in a phased manner. However, the Bank has made full provision against the outstanding amount.			
9.9 The Bank purchased 4,000 certificates (on 29 September 2009) of WAPDA Sukuk certificates 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 has clarified the position that the Bank has purchased the aforesaid Sukuk Certificates from the market for a valuable consideration when these Sukuks were already entered in the Central Depository Register of seller's account. However the Bank has fully provided the outstanding amount against these Sukuks. The Bank has filed a recovery suit which is pending before the Honorable High Court of Sindh, Karachi.			
9.10 As required under SBP BPRD Circular No. 4 dated 22 May 2008, the shares owned by the Bank have been deposited in a blocked account with the Central Depository Company of Pakistan Limited (CDC). On 26 September 2014 the Bank has entered into a share purchase agreement with the existing shareholders for the sale of its entire holding. However, the sale is subject to the approval of State Bank of Pakistan which is currently pending.			
9.11 Market Treasury Bills and Pakistan Investment Bonds are eligible for discounting with the State Bank of Pakistan.			

- 9.12** This investment is fully provided and as per "shares subscription agreement", can only be sold to an existing investor.
- 9.13** DHA Cogen Limited shares were received under the enforcement of pledge of third party share by the consortium bank. These were recorded at Nil value as the break-up value of shares as of 31 December 2014 is Rs.(29.10) [2013: Rs (24.98)] per share.
- 9.14** This includes shares of Islamabad Stock Exchange Limited (ISEL) acquired in pursuance of corporatization and demutualization of ISEL as a Public Company Limited by shares. Out of total 3,034,603 number of shares so acquired 1,820,762 shares have been deposited in a blocked account with the Central Depository Company of Pakistan Limited (CDC). The said shares and Trading Right Entitlement (TRE) Certificate were received against surrender of Stock Exchange Membership Card. The TRE certificates lapsed on 26 August 2014. Further as the fair value of both the asset transferred and asset obtained can not be determined with reasonable accuracy, the above investment has been recorded at the carrying value of Stock Exchange Membership Card in Bank's books.
- 9.15** Significant particulars relating to government securities, term finance certificates and sukuk bonds are as follows:

Type of investment	Maturity	Principal payments	Yield / Coupon rate (%)	Coupon payments
Market Treasury Bills	January 2015 to November 2015	On maturity	9.44 to 9.99	At maturity
Pakistan Investment Bonds	July 2016 to July 2024	On maturity	7.67 to 13.02	Semi-annually
Term Finance Certificates (Refer Annexure IV)				
Sukuk Bonds (Refer Annexure IV)				

9.16 Quality of available for sale securities

Securities (at market value)

Federal Government Securities

	2014	2013
	Amount (Rupees in '000)	Amount (Rupees in '000)
- Market Treasury Bills	16,164,704	34,216,488
- Pakistan Investment Bonds	52,007,633	5,922,731
- Ijarah Sukuk Bonds	300,810	202,260

Fully paid up ordinary shares of Rs. 10 each

Listed companies

	2014	2013
	Amount (Rupees in '000)	Amount (Rupees in '000)
- Agritech Limited	5,655	9,245
- Altern Energy Limited	36,648	-
- Attock Petroleum Limited	-	61,762
- Bank AL Habib Limited	-	24,847
- Bank Alfalah Limited	275,552	189,280
- D.G.Khan Cement Company Limited	331,590	171,460
- Engro Corporation Limited	221,511	190,056
- Engro Fertilizers Limited	195,249	-
- Fatima Fertilizer Company Limited	-	69,972
- Fauji Fertilizer Bin Qasim Limited	22,605	-
- Fauji Fertilizer Company Limited	210,798	201,528
- Faysal Bank Limited	91,000	-
- Habib Bank Limited	194,634	-
- Lafarge Pakistan Cement Limited	109,305	-
- MCB-Arif Habib Savings and Investments Limited	12,305	7,929
- National Bank of Pakistan	-	23,224
- Nishat Chunian Limited	158,970	144,480
- Nishat Mills Limited	-	159,050
- Oil and Gas Development Company Limited	108,596	-
- Pak Suzuki Motors Company Limited	-	19,255
- Pakistan Oilfields Limited	227,616	211,775
- Pakistan Petroleum Limited	158,868	106,980
- Pakistan State Oil Company Limited	134,216	33,222
- United Bank Limited	-	13,255
Balance carried forward	70,968,265	41,978,799

Securities (at market value)	2014		2013	
	Amount	Rating	Amount	Rating
	(Rupees in '000)		(Rupees in '000)	
Balance brought forward	70,968,265		41,978,799	
Un-listed companies - at cost				
- Islamabad Stock Exchange Limited	11,100	N / A	11,100	N / A
- Khushhali Bank Limited	25,000	A(L), A-1(S)	25,000	A(L), A-1(S)
- Pakistan Export Finance Guarantee Agency Limited	5,700	N / A	5,700	N / A
Units of Mutual Funds				
Open-ended				
- National Investment Unit Trust	29,279	4 Star (L), 5 Star (S)	-	-
- NIT Income Fund	101,560	A+(f)	97,369	A+(f)
Term Finance Certificates				
- Engro Corporation Limited	-	-	49,996	A+
Closed-end				
- PICIC Growth Fund	197,200	MFR 3-Star	200,640	MFR 1-Star
Total	<u>71,338,104</u>		<u>42,368,604</u>	

L represents "long-term rating"

S represents "short-term rating"

N/A represents "Not Available"

	Note	2014 (Rupees in '000)	2013 (Rupees in '000)
9.17 Unrealized Gain / (loss) on revaluation of investments classified as held for trading			
Ordinary shares of listed companies		-	394
Pakistan Investment Bonds		8,910	-
Market Treasury Bills		26	(717)
		<u>8,936</u>	<u>(323)</u>
10 ADVANCES			
Loans, cash credits, running finances, etc.			
In Pakistan		108,965,704	97,397,600
Outside Pakistan		-	-
		<u>108,965,704</u>	<u>97,397,600</u>
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		924,785	707,037
Payable outside Pakistan		3,838,714	6,212,896
		<u>4,763,499</u>	<u>6,919,933</u>
Advances - gross		113,729,203	104,317,533
Provision for non-performing advances	10.2.1	(7,645,530)	(7,138,505)
Advances - net of provision		<u>106,083,673</u>	<u>97,179,028</u>
10.1 Particulars of advances (gross)			
10.1.1 In local currency		102,278,442	94,656,743
In foreign currencies		11,450,761	9,660,790
		<u>113,729,203</u>	<u>104,317,533</u>
10.1.2 Short-term (for upto one year)		87,259,555	80,710,563
Long-term (for over one year)		26,469,648	23,606,970
		<u>113,729,203</u>	<u>104,317,533</u>

10.2 Advances include Rs. 10,224.405 million (2013: Rs. 10,424.111 million) which have been placed under non-performing status as detailed below:

Category of Classification	2014								
	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
(Rupees in '000)									
Other Assets									
Especially									
Mentioned*	42,471	-	42,471	724	-	724	724	-	724
Substandard	404,161	-	404,161	80,984	-	80,984	80,984	-	80,984
Doubtful	659,625	-	659,625	307,620	-	307,620	307,620	-	307,620
Loss	9,118,148	-	9,118,148	7,221,644	-	7,221,644	7,221,644	-	7,221,644
	<u>10,224,405</u>	<u>-</u>	<u>10,224,405</u>	<u>7,610,972</u>	<u>-</u>	<u>7,610,972</u>	<u>7,610,972</u>	<u>-</u>	<u>7,610,972</u>

Category of Classification	2013								
	Classified Advances			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
(Rupees in '000)									
Other Assets									
Especially									
Mentioned*	91,332	-	91,332	850	-	850	850	-	850
Substandard	678,007	-	678,007	98,841	-	98,841	98,841	-	98,841
Doubtful	1,105,755	-	1,105,755	333,796	-	333,796	333,796	-	333,796
Loss	8,549,017	-	8,549,017	6,675,237	-	6,675,237	6,675,237	-	6,675,237
	<u>10,424,111</u>	<u>-</u>	<u>10,424,111</u>	<u>7,108,724</u>	<u>-</u>	<u>7,108,724</u>	<u>7,108,724</u>	<u>-</u>	<u>7,108,724</u>

* The 'Other Assets Especially Mentioned' category pertains to agricultural finance, consumer and small enterprise amounting to Rs 28.385 million (2013: Rs 30.225 million), Rs.0.049 million (2013: Nil) and Rs 14.037 million (2013: Rs 61.108 million) respectively.

10.2.1 Particulars of provision against non-performing loans and advances

Note	2014				2013			
	General				General			
	Specific	Consumer	Small Enterprises	Total	Specific	Consumer	Small Enterprises	Total
(Rupees in '000)								
Opening balance	7,108,724	10,781	19,000	7,138,505	6,420,903	8,454	-	6,429,357
Charge for the year	1,105,669	4,777	-	1,110,446	1,196,205	2,327	19,000	1,217,532
Reversals	(562,251)	-	-	(562,251)	(495,003)	-	-	(495,003)
	<u>543,418</u>	<u>4,777</u>	<u>-</u>	<u>548,195</u>	<u>701,202</u>	<u>2,327</u>	<u>-</u>	<u>722,529</u>
Transfers	-	-	-	-	-	-	-	-
Amount written off	(41,170)	-	-	(41,170)	(13,381)	-	-	(13,381)
Closing balance	<u>7,610,972</u>	<u>15,558</u>	<u>19,000</u>	<u>7,645,530</u>	<u>7,108,724</u>	<u>10,781</u>	<u>19,000</u>	<u>7,138,505</u>

10.3 Provision against consumer financing represents provision maintained at an amount equal to 1.5% of the fully secured performing portfolio and 5% of the unsecured performing portfolio as required under the Prudential Regulations issued by the State Bank of Pakistan.

10.3.1 Provision against small enterprises represents general provision maintained at an amount equal to 1.0% of the fully secured performing portfolio and 2.0% of the unsecured performing portfolio as required under the Prudential Regulations issued by SBP.

10.3.2 Particulars of provision against non-performing loans and advances

	2014				2013			
	General				General			
	Specific	Consumer	Small Enterprises	Total	Specific	Consumer	Small Enterprises	Total
(Rupees in '000)								
In local currency	7,610,972	15,558	19,000	7,645,530	7,108,724	10,781	19,000	7,138,505
In foreign currencies	-	-	-	-	-	-	-	-
	<u>7,610,972</u>	<u>15,558</u>	<u>19,000</u>	<u>7,645,530</u>	<u>7,108,724</u>	<u>10,781</u>	<u>19,000</u>	<u>7,138,505</u>

10.4 The Bank has availed the benefit of forced sales value of pledged stocks and mortgaged residential and commercial properties held as collateral against non-performing advances and investments as allowed under the regulation 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. 1,792.247 million. The additional profit arising from availing this benefit - net of the tax amounts to Rs.1,164.961 million. This profit is not available for distribution either as cash or stock dividend.

10.4.1 Although the Bank has made provision against its non-performing portfolio as per the category of the loans forming part thereof, the Bank still holds enforceable collateral realisable through litigation. These securities comprise of charge against various tangible assets of the borrower including land, building and machinery, stock in trade, etc.

	Note	2014 (Rupees in '000)	2013
10.5 Particulars of write offs:			
10.5.1 Against provisions	10.2.1	41,170	13,381
Directly charged to the profit and loss account		104	45
		<u>41,274</u>	<u>13,426</u>
10.5.2 Write offs of Rs. 500,000 and above	10.6	40,727	12,634
Write offs of below Rs. 500,000		547	792
		<u>41,274</u>	<u>13,426</u>

10.6 Details of loan write offs of Rs. 500,000 and above

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962 the statement in respect of written-off loans or any other financial relief of five hundred thousand rupees or above allowed to a person(s) during the year ended 31 December 2014 is given at Annexure - I. However, this write off does not affect the Bank's right to recover the debts from these customers.

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

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

	2014 (Rupees in '000)	2013
Balance at beginning of the year	1,535,293	1,091,698
Loans granted during the year	1,100,729	662,147
Repayments	(503,120)	(218,552)
Balance at end of the year	<u>2,132,902</u>	<u>1,535,293</u>

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

	Note	2014 (Rupees in '000)	2013
11 OPERATING FIXED ASSETS			
Capital work-in-progress	11.1	30,370	108,217
Property and equipment	11.2	5,125,420	3,823,322
Intangible assets	11.3	61,021	77,035
		<u>5,216,811</u>	<u>4,008,574</u>
11.1 Capital work-in-progress			
Civil works		5,459	70,429
Advances to suppliers and contractors		24,911	35,176
Consultant's fee and other charges		-	2,612
		<u>30,370</u>	<u>108,217</u>

11.2 Property and equipments

	2014				2014					Rate of depreciation
	COST / REVALUATION			At 31 December 2014	ACCUMULATED DEPRECIATION			Book value at 31 December 2014		
	At 01 January 2014	Additions / (deletions) Adjustments*	Revaluation surplus		At 01 January 2014	Charge for the year / (depreciation on deletions) adjustments*	At 31 December 2014			
	(Rupees in '000)								%	
Freehold land	362,778	450,500	114,293	927,571	-	-	-	927,571	-	
Leasehold land	160,689	-	24,677	185,366	-	-	-	185,366	-	
Buildings on freehold land	127,569	7,244	7,962	140,035	12,386	8,829	21,215	118,820	5 - 9	
Buildings on leasehold land	2,077,854	(2,740)* 35,602 (51,247) 1,332*	903,035	2,966,576	773,129	119,358 (28,448)*	864,039	2,102,537	5 - 13	
Leasehold improvements	808,305	186,062 (53,361) 746*	-	941,752	140,831	41,705 (21,470) (325)*	160,741	781,011	5	
Furniture and fixtures	321,432	41,781 (3,962) (10)*	-	359,241	125,973	29,436 (2,875) 31*	152,565	206,676	10	
Electrical, office and computer equipment	2,058,374	124,656 (68,952) 1,271*	-	2,115,349	1,411,912	251,918 (64,351) 4,279*	1,603,758	511,591	20	
Vehicles	186,920	22,762 (9,299) 3,386*	-	203,769	90,858	32,877 (8,971)	114,764	89,005	20	
Assets held under Ijarah										
Motor vehicles	198,052	18,120 (37,439)	-	178,733	99,438	33,226 (30,077)	102,587	76,146	Over the Ijarah period	
Plant and machinery	348,078	18,875 (79,313)	-	287,640	172,202	68,054 (79,313)	160,943	126,697	Over the Ijarah period	
	6,650,051	905,602 (303,573) 3,985*	1,049,967	8,306,032	2,826,729	585,403 (235,505) 3,985*	3,180,612	5,125,420		

	2013				2013					Rate of depreciation
	COST / REVALUATION			At 31 December 2013	ACCUMULATED DEPRECIATION			Book value at 31 December 2013		
	At 01 January 2013	Additions / (deletions)	Revaluation surplus		At 01 January 2013	Charge for the year / (depreciation on deletions)	At 31 December 2013			
	(Rupees in '000)								%	
Freehold land	362,778	-	-	362,778	-	-	-	362,778	-	
Leasehold land	109,209	51,480	-	160,689	-	-	-	160,689	-	
Buildings on freehold land	87,348	40,221	-	127,569	5,720	6,666	12,386	115,183	5 - 9	
Buildings on leasehold land	2,074,931	8,555 (5,632)	-	2,077,854	656,981	118,054 (1,906)	773,129	1,304,725	5 - 13	
Leasehold improvements	660,119	196,407 (48,221)	-	808,305	120,158	36,892 (16,219)	140,831	667,474	5	
Furniture and fixtures	252,550	69,474 (592)	-	321,432	100,568	25,813 (408)	125,973	195,459	10	
Electrical, office and computer equipment	1,895,074	189,989 (26,689)	-	2,058,374	1,155,099	280,168 (23,355)	1,411,912	646,462	20	
Vehicles	174,210	37,762 (25,052)	-	186,920	81,077	31,647 (21,866)	90,858	96,062	20	
Assets held under Ijarah										
Motor vehicles	203,944	5,934 (11,826)	-	198,052	70,943	40,321 (11,826)	99,438	98,614	Over the Ijarah period	
Plant and machinery	174,284	191,276 (17,482)	-	348,078	113,190	76,494 (17,482)	172,202	175,876	Over the Ijarah period	
	5,994,447	791,098 (135,494)	-	6,650,051	2,303,736	616,055 (93,062)	2,826,729	3,823,322		

11.2.1 The cost of fully depreciated property and equipment still in use amounts to Rs. 1,301.605 million (2013: Rs. 838.465 million).

11.2.2 During the year 2014, the Bank's freehold / leasehold land and buildings 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 and buildings on leasehold land were determined at Rs. 3,334.294 million.

Had there been no revaluation, the carrying amount of revalued assets at 31 December 2014 would have been Rs. 1,494.498 million (2013: Rs. 944.812 million).

11.2.3 The Islamic banking branches of the Bank have entered into Ijarah transactions with customers during the year. These Ijarah transactions are in respect of motor vehicles and plant and machinery.

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

	2014 (Rupees in '000)	2013 (Rupees in '000)
Not later than one year	171,877	36,089
Later than one year but not later than five years	46,912	170,368
	<u>218,789</u>	<u>206,457</u>

11.2.4 Disposals / deletion of property and equipment with original cost or book value in excess of Rs. 1 million or Rs. 250,000 respectively (whichever is less) are given in Annexure - III which is an integral part of these financial statements.

11.3 Intangible assets

		2014							
		Cost			Accumulated Amortization			Annual rate of amortisation %	
		At 01 January 2014	Additions	At 31 December 2014	At 01 January 2014	Charge for the year	At 31 December 2014		Net Book value at 31 December 2014
		(Rupees in '000)							
Software		352,628	49,844	402,472	276,069	66,266	342,335	60,137	33.33
Trademark		3,511	669	4,180	3,035	261	3,296	884	33.33
		356,139	50,513	406,652	279,104	66,527	345,631	61,021	
		2013							
		Cost			Accumulated Amortization			Annual rate of amortisation %	
		At 01 January 2013	Additions	At 31 December 2013	At 01 January 2013	Charge for the year	At 31 December 2013		Net Book value at 31 December 2013
Note		(Rupees in '000)							
Software		317,994	34,634	352,628	180,521	95,548	276,069	76,559	33.33
Trademark		2,848	663	3,511	1,920	1,115	3,035	476	33.33
Islamabad Stock Exchange - Trading Rights Entitlement (TRE) Certificates	11.4	-	-	-	-	-	-	-	
		320,842	35,297	356,139	182,441	96,663	279,104	77,035	

11.4 The Trading Right Entitlement Certificate (TRE Certificate) acquired on surrender of Islamabad Stock Exchange Limited Membership Card expired on 26 August 2014.

11.5 The additions mainly represent license fee in respect of acquisition of various softwares amounting to Rs. 49.844 million (2013: Rs. 34.634 million) for support of the new core banking software namely Sonaware Dot Net.

	Note	2014	2013
		(Rupees in '000)	
12 OTHER ASSETS			
Income / mark-up accrued in local currency		4,950,879	2,342,808
Income / mark-up accrued in foreign currency		59,906	5,630
Dividend receivable		8,257	-
Advances, deposits and prepayments		311,488	332,742
Advance taxation (provisions less payments)		1,854,201	1,878,774
Cash Margin against Future Trading		-	428
Cash Margin against Margin Trading		27,500	12,500
Non-banking assets acquired in satisfaction of claim	12.3	17,400	17,400
Stationery and stamps in hand		27,965	96,050
Due from the State Bank of Pakistan		172,977	49,670
Advance against Islamic Financing		1,681,689	80,916
Others	12.2	249,600	212,964
		9,361,862	5,029,882
Less: Provision held against other assets	12.1 & 12.2	(157,760)	(157,578)
Other assets (net of provision)		9,204,102	4,872,304
12.1 Provision against other assets			
Opening balance		157,578	192,244
Charge for the year		182	4,890
Reversal		-	(35,218)
		182	(30,328)
Write-offs		-	(4,338)
Closing balance		157,760	157,578
12.2	This include an amount of Rs. 143.443 million (2013: Rs. 143.964 million) in respect of fraud and forgery claims relating to cash embezzlement made in the Bank. The Bank has initiated legal proceedings against alleged and has also taken necessary steps to further strengthen the internal control system.		
12.3	Book value / market value of non-banking assets acquired in satisfaction of claim	17,400	21,079
	This represents non-banking asset acquired in satisfaction of claims amounting to Rs. 17.4 million classified as held for sale. A formal plan to dispose off the property / asset is in place and it is expected that the process of sale of this property / asset will be completed in the near future.		
13 CONTINGENT ASSETS			
There were no contingent assets at the balance sheet date.			
14 BILLS PAYABLE			
In Pakistan		2,779,715	2,577,943
Outside Pakistan		-	-
		2,779,715	2,577,943
15 BORROWINGS			
In Pakistan		23,885,030	10,116,193
Outside Pakistan		1,939,878	369,286
		25,824,908	10,485,479
15.1 Particulars of borrowings with respect to currencies			
In local currency		23,885,030	10,116,193
In foreign currencies		1,939,878	369,286
		25,824,908	10,485,479

	Note	2014 (Rupees in '000)	2013
15.2 Details of borrowings secured / unsecured			
Secured			
Borrowings from the State Bank of Pakistan			
Under Export Refinance Scheme	15.2.1	8,143,422	6,866,019
Long Term Financing Facility for plant & machinery	15.2.2	838,052	848,067
Long Term Finance - export oriented projects	15.2.3	53,399	182,650
Modernization of SME-Rice Husking	15.2.4	29,669	4,969
Financing facility for storage of agriculture produce	15.2.5	16,578	24,867
Repurchase agreement borrowings	15.2.6	12,681,331	-
Repurchase agreement borrowings - other banks	15.2.7	597,861	1,339,621
Borrowings from other financial institutions	15.2.8	1,690,678	-
		<u>24,050,990</u>	<u>9,266,193</u>
Unsecured			
Call borrowings	15.2.9	1,524,718	850,000
Overdrawn nostro accounts		249,200	369,286
		<u>1,773,918</u>	<u>1,219,286</u>
		<u>25,824,908</u>	<u>10,485,479</u>

- 15.2.1** The Bank has entered into an agreement with the State Bank of Pakistan (SBP) for extending Export Finance to its customers. Borrowings under the Export Refinance Scheme of SBP carry interest at rates ranging from 7.50% to 8.40% per annum (2013: 8.30% to 8.40% per annum). These are secured against demand promissory notes.
- 15.2.2** This represent borrowings from the SBP under scheme for Long-term Financing Facility at rates ranging from 8.40% to 8.80% per annum (2013: 8.40% to 8.80% per annum), and have varying long term maturities as stipulated by the SBP. Under the agreement, SBP has a right to recover the outstanding amount from the Bank at the respective maturity date of each finance by directly debiting the current account of the Bank maintained with SBP.
- 15.2.3** These borrowings have been obtained from the SBP to provide financing facilities to export oriented units for the import of machinery, plant, equipment and accessories thereof (not manufactured locally).
- 15.2.4** This represents borrowings from the SBP under the scheme for Modernisation of SME Rice Husking Mills in Sindh at the rate ranging from 6.00% to 7.00% per annum (2013: 5.50% to 6.25% per annum).
- 15.2.5** This represents borrowings from the SBP under scheme for storage of agriculture produce at the rates ranging from 5.50% to 6.50% per annum (2013: 5.50% to 6.50% per annum).
- 15.2.6** This represents repurchase agreements executed with the State Bank of Pakistan which carry mark up at the rate of 9.50% per annum (2013: Nil), and is due to mature in January 2015.
- 15.2.7** This represents repurchase agreements at rates ranging from 8.50% to 9.45% per annum (2013: 9.50% to 9.70% per annum) and having maturity dates upto six months.
- 15.2.8** This represents borrowings against foreign bills from various foreign banks at rates ranging from 2.52% to 2.77% per annum and have maturity periods upto three months.
- 15.2.9** This represents borrowings from a commercial bank in the inter bank money market. It carries mark-up at the rate of 9.50% per annum (2013: 9.40% to 10.00% per annum) and have a maturity period of upto two months.

	2014 (Rupees in '000)	2013
16 DEPOSITS AND OTHER ACCOUNTS		
Customers		
Remunerative		
Fixed deposits	53,115,400	41,947,218
Savings deposits	69,453,281	64,339,770
Non-Remunerative		
Current Accounts	37,473,928	32,102,977
Call deposits	439,713	214,312
Margin deposits	1,676,337	1,449,775
	<u>162,158,659</u>	<u>140,054,052</u>
Financial Institutions		
Remunerative - savings deposits	1,091,534	525,677
Non-remunerative current deposits	178	178
	<u>1,091,712</u>	<u>525,855</u>
	<u>163,250,371</u>	<u>140,579,907</u>

	Note	2014 (Rupees in '000)	2013 (Rupees in '000)
16.1 Particulars of deposits			
In local currency		150,925,515	128,852,085
In foreign currencies		12,324,856	11,727,822
		<u>163,250,371</u>	<u>140,579,907</u>
17 DEFERRED TAX LIABILITIES / ASSETS			
Deferred credits arising in respect of:			
Accelerated tax depreciation		344,952	367,494
Surplus on revaluation of fixed assets	20.1	607,993	314,407
Surplus on revaluation of securities	20.2	823,317	(3,362)
		<u>1,776,262</u>	<u>678,539</u>
Deferred debits arising in respect of:			
Provision for diminution in the value of investments		-	-
Actuarial loss on defined benefit plan		(21,933)	(24,296)
Provision against non-performing advances		(334,366)	(757,738)
		<u>(356,299)</u>	<u>(782,034)</u>
Deferred tax liability / (asset) - net		<u>1,419,963</u>	<u>(103,495)</u>
18 OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		1,477,062	1,210,088
Mark-up / return / interest payable in foreign currencies		52,050	16,324
Unearned commission and income on bills discounted		60,255	50,966
Unrealised loss on forward foreign exchange contracts		23,406	32,224
Accrued expenses		416,564	362,068
Branch adjustment account - net		126,286	106,289
Provision for employees' compensated absences	18.1	28,336	30,999
Sundry Deposits		342,371	266,414
Others		334,793	232,528
		<u>2,861,123</u>	<u>2,307,900</u>
18.1	This represents provision in respect of certain employees who have opted to carry forward their accumulated leaves until 31 December 2015.		

19 SHARE CAPITAL**19.1 Authorised capital**

2014 (Number of shares)	2013 (Number of shares)		2014 (Rupees in '000)	2013 (Rupees in '000)
<u>1,200,000,000</u>	<u>1,200,000,000</u>	Ordinary shares of Rs. 10/- each	<u>12,000,000</u>	<u>12,000,000</u>

19.2 Issued, subscribed and paid-up capital

	2014			2013			2014	2013
	Issued for cash	Issued as bonus shares	Total	Issued for cash	Issued as bonus shares	Total	(Rupees in '000)	
	Number of shares							
Opening balance	387,397,655	715,065,828	1,102,463,483	387,397,655	614,841,875	1,002,239,530	11,024,636	10,022,395
Shares issued during the year	-	-	-	-	100,223,953	100,223,953	-	1,002,241
Closing balance	<u>387,397,655</u>	<u>715,065,828</u>	<u>1,102,463,483</u>	<u>387,397,655</u>	<u>715,065,828</u>	<u>1,102,463,483</u>	<u>11,024,636</u>	<u>11,024,636</u>

19 Major shareholders as at 31 December 2014 are as follows:

Name of shareholder	Number of shares held	Percentage of shareholding
National Investment (Unit) Trust	155,270,466	14.08%
Trustees - Alauddin Feerasta Trust	387,386,560	35.14%
Trustees - Feerasta Senior Trust	128,006,009	11.61%
Trustees - Alnu Trust	64,067,005	5.81%
Mr. Amir Feerasta	62,140,630	5.64%
	<u>796,870,670</u>	<u>72.28%</u>

Major shareholders as at 31 December 2013 were as follows:

Name of shareholder		
National Investment (Unit) Trust	191,614,966	17.38%
Trustees - Alauddin Feerasta Trust	243,808,049	22.11%
Trustees - Feerasta Senior Trust	240,151,718	21.78%
Trustees - Alnu Trust	120,131,449	10.90%
	<u>795,706,182</u>	<u>72.17%</u>

Note **2014** **2013**
(Rupees in '000)

20 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

Surplus / (deficit) on revaluation (net of tax) of:

- operating fixed assets	20.1	1,231,804	583,900
- available-for-sale securities	20.2	<u>1,700,052</u>	<u>248,327</u>
		<u>2,931,856</u>	<u>832,227</u>

20.1 Surplus on revaluation of fixed assets - net of tax

Surplus on revaluation of operating fixed assets		898,307	990,081
Adjustment arising in respect of revaluation of operating fixed assets		1,049,967	-
Transferred to unappropriated profit in respect of incremental depreciation charge on related assets - net of deferred tax		(70,510)	(59,653)
Related deferred tax liability		<u>(37,967)</u>	<u>(32,121)</u>
		<u>(108,477)</u>	<u>(91,774)</u>
Surplus on revaluation of operating fixed assets		1,839,797	898,307
Less: Related deferred tax liability	17	<u>(607,993)</u>	<u>(314,407)</u>
		<u>1,231,804</u>	<u>583,900</u>

20.2 Surplus on revaluation of available for sale securities - net of tax

Federal Government Securities		2,251,477	(108,806)
Quoted shares / closed end mutual funds		266,053	356,401
Others - open ended mutual funds		<u>5,839</u>	<u>(2,630)</u>
		2,523,369	244,965
Related deferred tax liability	17	<u>(823,317)</u>	<u>3,362</u>
		<u>1,700,052</u>	<u>248,327</u>

21 CONTINGENCIES AND COMMITMENTS

21.1 Direct credit substitutes

Financial guarantees issued favouring:

- Government		1,585,218	1,308,692
- Others		<u>348,196</u>	<u>95,235</u>
		1,933,414	1,403,927

2014 **2013**
(Rupees in '000)

21.2 Transaction-related contingent liabilities

Guarantees issued favouring:

- Government
- Financial institutions
- Others

4,864,566

4,580,937

226,765

160,592

2,093,037

2,645,675

7,184,368

7,387,204

21.3 Trade-related contingent liabilities

Letters of credit

14,464,222

16,497,354

Acceptances

3,297,683

4,637,712

21.4 Commitments in respect of forward lending

Commitments to extend credit

6,831,514

4,950,000

The Bank has certain other commitments to extend credit that represent revocable commitments and will not attract any significant penalty or expense in case the facility is withdrawn unilaterally.

2014 **2013**
(Rupees in '000)

21.5 Commitments in respect of forward exchange contracts

Purchase

- From other banks
- From customers

12,498,268

15,728,958

2,713,877

3,559,891

15,212,145

19,288,849

Sale

- To other banks
- To customers

15,237,683

16,519,673

2,944

2,092,717

15,240,627

18,612,390

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

21.6 Commitments in respect of equity future contracts

Sale

-

8,763

21.7 Commitments in respect of lendings to financial and other institutions

Margin trading system

20,104

13,131

21.8 Commitments in respect of purchase of fixed assets

174,179

1,336,404

21.9 Other contingencies**21.9.1 Taxation**

- (a) For the tax year 2011, the Bank had filed return under self assessment scheme as envisaged in section 120 of the Income Tax Ordinance, 2001. The income tax department has amended the assessment of tax year 2011 under section 122(5A) of the Income Tax Ordinance, 2001. The amended assessment order has been passed by adding / disallowing certain expenses / deductions resulting in additional tax liability of Rs. 313.383 million.

The Bank has filed appeal before the Appellate Tribunal Inland Revenue (ATIR) against these disallowances and deductions.

- (b) The Tax Authorities have passed the orders for tax years 2008, 2009, 2010 and 2011 levying Federal Excise Duty on certain items. The aggregate net amount involved is Rs 64.22 million which the Bank is contesting and the appeals are pending before the Appellate Tribunal Inland Revenue (ATIR).
- (c) The tax department has filed tax references before honourable Lahore High Court, Lahore in respect of certain deductions allowed by the Appellate Tribunal Inland Revenue (ATIR) for assessment year 2000-2001 to tax year 2010.

The tax advisor of the Bank is of the view that the above issues will ultimately be decided in Bank's favour. Therefore no additional provision has been made against the aforementioned matters in these financial statements.

21.9.2 Claims against the Bank not acknowledged as debts amounted to Rs. 2.4 million (2013: Rs. 2.4 million).

21.9.3 A penalty of Rs. 50 million has been imposed by Competition Commission of Pakistan ("the Commission") on the Bank on account of uncompetitive behaviour and imposing uniform cost on cash withdrawal from ATM transaction. The Bank alongwith other 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 pending.

21.9.4 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 (EOBI). The Lahore High Court subsequently nullified the amendments made through the Finance Act, 2008.

As a result several other banks also filed the Constitutional Petition before the Sindh High Court. The Sindh High Court's decision was in favor of the banks. As a result of the decision of the Lahore & Sindh High Courts, the Bank stopped EOBI contribution w.e.f. February 2012. An appeal was subsequently filed by the EOBI in 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.42.03 million upto 31 December 2014 will become payable by the Bank to EOBI. The said amount of Rs.42.03 million has not been provided in these financial statements as the legal advisor of the Bank is fully confident that the case will be decided in Bank's favor.

	2014 (Rupees in '000)	2013
22 MARK-UP / RETURN / INTEREST EARNED		
On loans and advances to customers	9,706,279	8,162,626
On investments:		
- Held-for-trading securities	108,028	119,783
- Available-for-sale securities	6,235,462	4,652,135
- Held-to-maturity securities	346,974	344,975
On deposits with financial institutions	57,261	29,234
On securities purchased under resale agreements	175,679	150,375
On call money lendings	128,971	142,261
Mark-up on delayed tax refunds	112,821	-
	<u>16,871,475</u>	<u>13,601,389</u>
23 MARK-UP / RETURN / INTEREST EXPENSED		
Deposits	9,196,339	7,696,805
Securities sold under repurchase agreements	466,207	376,683
Call borrowings	387,435	11,815
Sub -ordinated loans	-	11,133
Borrowings from the State Bank of Pakistan under various re-finance schemes	576,414	654,648
	<u>10,626,395</u>	<u>8,751,084</u>
24 INCOME FROM DEALING IN FOREIGN CURRENCIES		

This includes conversion cost of foreign currency transactions into / from local currency funds (i.e. swap cost on foreign currency transactions) which amounts to Rs. 51.192 million (2013: Rs. 225.857 million).

	Note	2014 (Rupees in '000)	2013 (Rupees in '000)
25 GAIN ON SALE OF SECURITIES - NET			
Ordinary shares - Listed companies		302,405	260,417
Mutual funds' units		-	46,103
Pakistan Investment Bonds		48,256	107,506
Market Treasury Bills		5,958	37,295
Term Finance Certificates		1,270	2,138
GOP Ijarah Sukuk		6,978	295
		<u>364,867</u>	<u>453,754</u>
26 OTHER INCOME			
Net profit on sale of property and equipment		9,660	17,814
Income on Ijarah		136,203	154,844
Staff notice period and other recoveries		15,238	4,236
		<u>161,101</u>	<u>176,894</u>
27 ADMINISTRATIVE EXPENSES			
Salaries, allowances, etc.	27.5	2,133,962	1,861,911
Charge / (reversal) for employees' compensated absences	27.1	-	(136,106)
Charge for defined benefit plan	33.5	61,644	77,742
Contribution to defined contribution plan	34	86,775	66,973
Non-executive directors' fees, allowances and other expenses		3,200	1,725
Rent, taxes, insurance, electricity, etc.		877,931	773,154
Legal and professional charges		46,165	36,260
Communications		82,596	80,099
Repairs and maintenance		133,216	104,672
Stationery and printing		172,455	88,407
Advertisement and publicity		114,466	95,877
Donations	27.2	21,378	10,550
Auditors' remuneration	27.3	4,372	4,850
Depreciation	11.2	585,403	616,055
Amortisation	11.3	66,527	96,663
Brokerage and commission		23,551	14,691
Automation expenses		374,874	315,708
Entertainment		119,547	103,698
Fees and subscription		24,921	19,726
Motor vehicles running expenses		145,388	138,832
Remittance charges		5,180	8,151
Service charges		427,241	391,444
Training expenses		7,903	10,477
Travelling expenses		23,801	33,568
Others	27.4	164,428	142,136
		<u>5,706,924</u>	<u>4,957,263</u>

- 27.1** During 2012, the Bank revised its compensated absences plan such that going forward the outstanding leaves balances shall expire at the end of each financial year. Moreover the management introduced a scheme to settle the previous outstanding leaves against encashment. This resulted in reduction of the required provision held under this account last year.

	Note	2014 (Rupees in '000)	2013 (Rupees in '000)
27.2 Details of the donations given during the year are as follows:			
Donee			
The Aga Khan Hospital and Medical College Foundation	27.2.1	10,000	10,000
Pakistan Centre for Philanthropy		500	500
Central Ordnance Depot, Pakistan Army - For Thar victims		878	-
Quetta Bankers Club - For earthquake victims		-	50
Chief Minister Punjab Relief Fund		10,000	-
		<u>21,378</u>	<u>10,550</u>

27.2.1 Chief Risk Officer of the Bank is also a member of the Governing Body of The Aga Khan Hospital and Medical College Foundation.

	2014 (Rupees in '000)	2013 (Rupees in '000)
27.3 Auditors' remuneration		
Audit fee	1,100	1,100
Fee for audit of provident and gratuity funds	100	100
Audit of branches and other certifications	2,130	2,630
Fee for half yearly review of financial statements	440	440
Out-of-pocket expenses	602	580
	<u>4,372</u>	<u>4,850</u>
27.4 This includes an amount of Rs. 0.20 million paid to the Kidney Centre Karachi, under Corporate Social Responsibilities activities of the Bank to sponsor its fund raising event. One of the Directors of the Bank is a member of the Board of Governors of the Kidney Centre, Karachi.		
27.5 The aggregate amount of bonus in respect of Executives and President & Chief Executive Officer amounted to Rs. 106.342 million and Rs. 12.000 million respectively (2013: Rs. 88.771 million and Rs. 10.000 million respectively).		

	2014 (Rupees in '000)	2013 (Rupees in '000)
28 OTHER CHARGES		
Penalties imposed by the State Bank of Pakistan	323	45
Operating fixed assets written-off	53,683	29,141
Federal excise duty and other taxes	66,115	-
Workers' Welfare Fund	54,654	33,522
Unreconciled balances written off	17,083	-
Zakat refunded	-	(4,970)
	<u>191,858</u>	<u>57,738</u>
29 TAXATION		
For the year		
Current	930,130	542,000
Deferred	(39,806)	(31,158)
	<u>890,324</u>	<u>510,842</u>
For prior years		
Current	(433,151)	(416,458)
Deferred	402,668	399,154
	<u>(30,483)</u>	<u>(17,304)</u>
	<u>859,841</u>	<u>493,538</u>
29.1 Relationship between tax expense and accounting profit		
Profit before taxation	<u>2,441,896</u>	<u>1,530,395</u>
Tax at the applicable tax rate of 35% (2013: 35%)	854,664	535,638
Income chargeable to tax at reduced rates	(9,163)	(32,614)
Tax effect on permanent differences	29,232	16
Prior years	(30,483)	(17,304)
Others	15,591	7,802
	<u>859,841</u>	<u>493,538</u>

		2014 (Rupees in '000)	2013 (Rupees in '000)
30 BASIC / DILUTED EARNINGS PER SHARE			
Profit for the year after taxation		1,582,055	1,036,857
		Number of shares	
Weighted average number of ordinary shares		1,102,463,483	1,102,463,483
		(Rupees)	(Rupee)
Basic and diluted earnings per share		1.44	0.94
	Note	2014 (Rupees in '000)	2013 (Rupees in '000)
31 CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	6	15,776,136	12,672,753
Balances with other banks	7	1,024,566	957,170
		16,800,702	13,629,923
		2014 (Number of Employees)	2013 (Number of Employees)
32 STAFF STRENGTH			
Permanent		2,639	2,835
Temporary / on contractual basis etc.		28	30
Bank's own staff strength at the end of the year		2,667	2,865
Outsourced	32.1	857	843
Total staff strength at the end of the year		3,524	3,708
32.1	Outsourced represents employees hired by an outside contractor / agency and posted in the Bank to perform various tasks / activities of the Bank.		
33 DEFINED BENEFIT PLAN			
33.1 General description			
As mentioned in note 5.11, 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.			
		2014	2013
33.2 Principal actuarial assumptions			
a) Discount factor used (% per annum)		11.50	13.00
b) Expected rate of salary increase (% per annum)		9.50	11.00
c) Mortality rates (for death in service)*		SLIC (2001-2005)	SLIC (1975-1979)
d) Rate of employee turnover		Heavy	Heavy
* Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in Pakistan. The rates assumed are based on the State Life Insurance Corporation Limited [SLIC (2001 - 2005)] ultimate mortality tables rated down one year.			
	Note	2014 (Rupees in '000)	2013 (Rupees in '000)
33.3 The amount recognised in the statement of financial position			
Present value of defined benefit obligation	33.4	446,315	385,636
Fair value of plan assets	33.4	(446,315)	(385,636)
		-	-

33.4 The movement in the defined benefit obligation over the year is as follows:

	2014		
	Present value of obligation	Fair value of plan assets (Rupees in '000)	Total
As at 01 January	385,636	(385,636)	-
Current service cost	61,644	-	61,644
Interest expense / (income)	51,544	(51,544)	-
	498,824	(437,180)	61,644
Remeasurements:			
- Return on plan assets, excluding amounts included in interest expense	-	(832)	(832)
- Gain from change in demographic assumptions	(34)	-	(34)
- Gain from change in financial assumptions	(2,392)	-	(2,392)
- Gain from change in experience adjustments	(3,496)	-	(3,496)
	(5,922)	(832)	(6,754)
Contribution	-	(54,890)	(54,890)
Benefit payments	(46,587)	46,587	-
As at 31 December	446,315	(446,315)	-

	2013		
	Present value of obligation	Fair value of plan assets (Rupees in '000)	Total
As at 01 January	266,409	(234,635)	31,774
Current service cost	50,342	-	50,342
Prior service cost	22,248	-	22,248
Interest expense / (income)	36,263	(31,111)	5,152
	375,262	(265,746)	109,516
Remeasurements:			
- Return on plan assets, excluding amounts included in interest income	-	4,341	4,341
- (Gain) / loss from change in demographic assumptions	33,187	-	33,187
- (Gain) / loss from change in financial assumptions	-	-	-
- Experience gains	-	-	-
	33,187	4,341	37,528
Contribution	-	(147,044)	(147,044)
Benefit payments	(22,813)	22,813	-
As at 31 December	385,636	(385,636)	-

2014

(Rupees in '000)

2013

(Rupees in '000)

2014 2013
(Rupees in '000)

33.5 Charge for defined benefit plan

Current service cost	61,644	50,342
Interest cost	51,544	36,263
Expected return on plan assets	(51,544)	(31,111)
Past service cost	-	22,248
	61,644	77,742

33.6 Composition of plan assets

	As on 31 December 2014			As on 31 December 2013		
	Quoted	Non-quoted	Total	Quoted	Non-quoted	Total
	(Rupees in '000)			(Rupees in '000)		
Cash and bank balances	-	115,343	115,343	-	203,836	203,836
Equity instruments:						
- Ordinary shares	-	-	-	16,580	-	16,580
- Mutual funds	75,240	-	75,240	-	-	-
Debt instruments:						
- Government	-	240,647	240,647	-	150,256	150,256
- Corporates	15,085	-	15,085	14,964	-	14,964
	90,325	355,990	446,315	31,544	354,092	385,636

2014 2013
(Rupees in '000)

33.7 Analysis of present value of defined benefit obligation

Split by vested / non-vested

(i) Vested benefits	377,121	299,386
(ii) Non-vested benefits	69,194	86,250
	446,315	385,636

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

	2014	2013	2012	2011	2010
	Rupees '000				
33.9 Historical information					
Present value of defined benefit obligation	446,315	385,636	266,409	254,243	183,709
Fair value of plan assets	(446,315)	(385,636)	(234,635)	(186,331)	(142,546)
Surplus / (deficit)	-	-	(31,774)	(67,912)	(41,163)
Experience adjustments on plan liabilities	(5,922)	33,187	18,298	32,130	(1,384)
Experience adjustments on plan assets	(832)	4,341	6,133	(2,519)	2,570
	(6,754)	37,528	24,431	29,611	1,186

33.10 Actual return on plan assets during the year amounted to Rs. 52.376 million (2013: Rs 26.771 million).

The Gratuity scheme exposes the entity to the following risks:

Mortality risks

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

Investment risks

This is the risk of the investment under performing 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 higher 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.

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

----- As at 31 December 2014 -----				----- As at 31 December 2013 -----		
Particular	Change in assumption	Increase / (decrease) in present value of defined benefit obligation		Change in assumption	Increase / (decrease) in present value of defined benefit obligation	
		(%)	Rupees in '000		(%)	Rupees in '000
Discount rate	+1%	-6.79%	(30,311)	+1%	-6.55%	(25,251)
	-1%	7.66%	34,190	-1%	7.47%	28,803
Salary increase rate	+1%	7.98%	35,617	0%	7.78%	30,009
	-1%	-7.18%	(32,040)	-1%	-6.93%	(26,708)

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

33.12 The weighted average duration of the defined benefit obligation is 7.82 years.

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

Particulars	As at 31 December 2014					
	Within a year	Between 2 and 3 years	Between 4 and 5 years	Between 6 and 10 years	Between 11 and 15 years	Over 15 years
Rupees '000						
Defined benefit obligation	44,828	131,553	158,020	530,431	767,820	1,094,260

33.14 The expected gratuity expense for the next year commencing 01 January 2015 works out to be Rs. 71.762 million (2013: Rs 61.644 million).

33.15 The disclosure made in notes 33.1 to 33.14 are based on the information included in the actuarial valuation report of the Bank as at 31 December 2014.

34 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 percent of basic salaries of the employees. The contribution made by the Bank during the year amounted to Rs. 86.775 million (2013: Rs. 66.973 million each). The number of employees as at 31 December 2014 eligible under the scheme were 2,418 (2013: 2,413 employees).

35 COMPENSATION OF DIRECTORS AND EXECUTIVES

	President / Chief Executive Officer		Directors		*Executives	
	2014	2013	2014	2013	2014	2013
	(Rupees in '000)					
Fees	-	-	3,200	1,725	-	-
Managerial remuneration	34,252	31,138	-	-	536,877	401,040
Charge for defined benefit plan	4,381	3,983	-	-	42,094	32,090
Contribution to defined contribution plan	2,853	2,594	-	-	44,722	27,160
Rent and house maintenance	15,413	14,012	-	-	208,687	153,721
Utilities	1,007	1,192	-	-	-	4,494
Medical	193	349	-	-	52,172	37,502
Leave encashment and others	1,076	5,269	-	-	267,769	245,331
	59,175	58,537	3,200	1,725	1,152,321	901,338
Number of persons	1	1	5	5	595	470

The aggregate amount charged to income as fee to directors and remuneration to other key management personnel was Rs. 3.200 million and Rs. 186.564 million (2013: Rs. 1.725 million and Rs. 179.369 million) respectively.

* Executives mean employees, other than the chief executive officer and directors, whose basic salary exceed five hundred thousand rupees in a financial year.

In addition to above, all Executives and President & Chief Executive Officer of the Bank are also entitled to bonus which is disclosed in note 27.5 to these financial statements. Previously, this was shown as part of amounts disclosed in compensation of directors and executives.

36 FAIR VALUE OF FINANCIAL INSTRUMENTS

36.1 Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

The fair value of traded investments is based on quoted market prices, except for tradable securities classified by banks as 'held to maturity'. These securities are being carried at amortised cost in order to comply with the requirements of BSD Circular No.14 dated 24 September 2004.

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

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

The repricing profile, effective rates and maturity are stated in note 41 to these financial statements.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are either short-term in nature or, in the case of customer loans and deposits, are frequently repriced.

36.2 Off-balance sheet financial instruments

	2014		2013	
	Book value	Fair value	Book value	Fair value
	(Rupees in '000)			
Forward purchase of foreign exchange	15,212,145	14,995,802	19,288,849	19,037,209
Forward sale of foreign exchange	15,240,627	15,047,690	18,612,390	18,392,973
Equity future purchase contract	-	-	-	-
Equity future sale contract	-	-	8,763	-

37 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The segment analysis with respect to business activity is as follows:-

	Corporate	Trading & Sales	Retail Banking	Total
	(Rupees in '000)			
31 December 2014				
Total income	6,126,820	7,884,167	5,505,381	19,516,368
Total expenses	5,903,263	6,361,174	4,810,035	17,074,472
Net income	223,557	1,522,993	695,346	2,441,896
Segment assets (gross)	67,501,746	81,252,698	72,359,330	221,113,774
Segment non-performing loans	2,163,897	-	8,060,508	10,224,405
Segment provision required *	1,397,569	44,834	6,496,064	7,938,467
Segment liabilities	13,586,650	17,361,317	165,188,113	196,136,080
Segment return on net assets (ROA) (%)**	0.34	1.88	1.06	1.15
Segment cost of funds (%)***	7.04	8.83	6.20	6.40
31 December 2013				
Total income	5,270,347	6,209,079	4,521,806	16,001,232
Total expenses	5,239,864	4,888,943	4,342,030	14,470,837
Net income	30,483	1,320,136	179,776	1,530,395
Segment assets (gross)	66,445,140	50,701,862	59,517,316	176,664,318
Segment non-performing loans	1,926,695	-	8,497,416	10,424,111
Segment provision required *	1,247,165	10,375	6,172,906	7,430,446
Segment liabilities	13,542,534	2,718,166	139,690,529	155,951,229
Segment return on net assets (ROA) (%)**	0.05	2.60	0.34	0.90
Segment cost of funds (%)***	7.96	9.17	5.83	6.07

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

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

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

37.1 The above analysis includes allocation of items as per the approved mapping policy of the Bank.

38 TRUST ACTIVITIES

The Bank commonly act as trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These are not 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 account		Face Value	
		2014	2013	2014 (Rupees in '000)	2013
Asset Management Companies	Ijarah Sukuk 3 years	19	11	271,900	398,500
Employee Funds / NGO's	PIB 3 years	7	1	152,000	21,000
Employee Funds / NGO's	PIB 5 years	1	3	13,500	18,500
Employee Funds / NGO's	PIB 10 years	1	2	5,000	20,000
Individuals	Tbills 3 months	-	1	-	6,000
Individuals	Tbills 6 months	-	1	-	4,000
Individuals	PIB 3 years	2	-	62,000	-
Individuals	PIB 5 years	1	-	5,000	-
Individuals	PIB 10 years	4	2	40,000	20,000
Individuals	PIB 20 years	1	1	10,000	10,000
Corporate	Tbills 3 months	-	1	-	250,000
Corporate	Tbills 12 months	1	1	200,000	200,000
Corporate	PIB 3 years	3	-	360,000	-
Corporate	PIB 5 years	2	-	14,000	-
Corporate	Ijarah Sukuk 3 years	1	1	50,000	50,000
Associates and other related parties	PIB 3 to 20 years	4	1	343,000	18,000
		<u>47</u>	<u>26</u>	<u>1,526,400</u>	<u>1,016,000</u>

39 RELATED PARTY TRANSACTIONS

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

Usual transactions with related parties include deposits, advances, acceptances and provision of other banking services which are carried out in accordance with agreed terms. Transactions with executives are undertaken at terms in accordance with employment agreements and services rules and includes provision of advances on terms softer than those offered to the customers of the Bank. Contribution to and accruals in respect of staff retirement benefit plan are made in accordance with the actuarial valuation / terms of the benefit plan as disclosed in notes 33 and 34. Remuneration to the key management personnel is disclosed in note 35 to these financial statements.

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

	Key management personnel						Other related parties			
	Bank's Chief Executive / Executives		Directors & their Close Family Members		Related Group Companies		Major Shareholders		Staff Retirement Funds	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	(Rupees in ' 000)									
Deposits										
Balance at beginning of the year	10,612	13,539	1,242,027	1,080,222	701,957	606,467	305,281	121,098	218,752	538,037
Placement during the period	196,863	292,590	3,330,448	2,169,266	50,337,820	48,320,065	1,797,366	5,846,361	1,534,349	1,290,601
Withdrawal during the year	(195,741)	(295,517)	(3,379,544)	(2,007,461)	(50,547,491)	(48,224,575)	(1,502,698)	(5,662,178)	(1,536,755)	(1,609,886)
Balance at end of the year	11,734	10,612	1,192,931	1,242,027	492,286	701,957	599,949	305,281	216,346	218,752
Advances										
Balance at beginning of the year	69,210	127,173	91,132	29,464	279,900	275,846	-	-	-	-
Disbursements during the year	23,479	24,274	52,106	90,944	38,354	11,377	-	-	-	-
Transfer in *	-	-	-	-	39,815	-	-	-	-	-
Repayments during the year	(13,122)	(82,237)	(46,083)	(29,276)	(23,792)	(7,323)	-	-	-	-
Transfer out **	-	-	-	-	(39,815)	-	-	-	-	-
Balance at end of the year	79,567	69,210	97,155	91,132	294,462	279,900	-	-	-	-

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

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

Profit / interest expense on deposits	562	549	126,851	177,230	63,372	47,756	54,214	32,139	17,309	49,127
Mark-up / return / interest earned	5,538	4,253	15,026	9,104	29,295	26,391	-	-	-	-
Commission / brokerage & bank charges recovered	7	22	56	24	717	1727	3	3	9	3
Transaction-related contingent liabilities	-	-	-	-	29,118	29,123	-	-	-	-
Trade-related contingent liabilities	-	-	-	-	64,222	182,443	-	-	-	-
Gain on sale of vehicle	-	-	-	840	-	-	-	-	-	-

Investments

- NIT Income Fund
- National Investment Unit Trust

2014 (Rupees in '000)	2013
100,000	100,000
25,000	-
<u>125,000</u>	<u>100,000</u>
10,200	10,000

Donation / CSR activities

40 CAPITAL ADEQUACY

40.1 Capital Management

The State Bank of Pakistan (SBP) has introduced new guidelines with respect to disclosure of capital adequacy related information in the financial statements of banks vide its communication dated 4 February 2014. These guidelines are based on the requirements of Basel III which were introduced earlier by the SBP in August 2013 for implementation by the banks in Pakistan. The SBP has specified a transitional period till 2018 for implementation of Basel III. During the year, the SBP vide its BPRD Circular No. 11 of 2014 dated 5 November 2014 has revised the disclosure requirements with respect to capital adequacy related information. The disclosures below have been prepared on the basis of the SBP's circular. The comparative information has been restated to facilitate comparison.

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

Goals of managing capital

The goals of capital management are as follows:

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

Statutory minimum capital requirement and management of capital

The State Bank of Pakistan requires all banks to have minimum paid up capital (net of losses) of Rs. 10 billion. The paid up capital of the Bank for the year ended 31 December 2014 stood at Rs. 11,024.636 million. In addition banks are also required to maintain a minimum Capital Adequacy Ratio (CAR) of 10 percent of the risk weighted exposure of the Bank as at 31 December 2014. The Bank's CAR as at 31 December 2014 was approximately 12.50 percent of its risk weighted exposure.

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

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

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

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

Tier 2 Capital includes Subordinated debt / Instruments, Share premium resulting from the issue of instruments included in Tier 2, Revaluation Reserves (net of deficits, if any), General Provisions or General Reserves for loan losses, Foreign Exchange Translation Reserves, Undisclosed Reserves less regulatory adjustments applicable on Tier-2 capital. The bank has not issued any subordinated debt / instruments, therefore its Tier 2 capital comprises of revaluation reserve (upto a maximum of 56% net of taxes of the balance in the related revaluation reserve) and general provisions for loan losses.

The calculation of capital adequacy enables the Bank to assess its long-term soundness. As the Bank carries on the business on a wide area network basis, it is critical that it is able to continuously monitor the exposure across the entire organisation and aggregate the risks so as to take an integrated approach / view. There has been no material change in the Bank's management of capital during the period.

40.2 Capital Adequacy Ratio (CAR) disclosure

	(Restated)	
	2014	2013
Particulars	Amount	
	(Rupees in '000)	
Common Equity Tier 1 capital (CET1): Instruments and reserves		
Fully paid-up capital / capital deposited with the SBP	11,024,636	11,024,636
Balance in share premium account	1,405	1,405
Reserve for issue of bonus shares	-	-
Discount on issue of shares	(1,001,361)	(1,001,361)
General / Statutory Reserves	932,506	616,095
Gain / (Losses) on derivatives held as Cash Flow Hedge		
Unappropriated profits	3,150,185	1,809,641
Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	-	-
CET 1 before Regulatory Adjustments	14,107,371	12,450,416
Total regulatory adjustments applied to CET1 (Note 40.3.1)	(191,860)	(221,517)
Common Equity Tier 1	13,915,511	12,228,899
Additional Tier 1 (AT 1) Capital		
Qualifying Additional Tier-1 capital instruments plus any related share premium of which:	-	-
- classified as equity	-	-
- classified as liabilities	-	-
Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties	-	-
- of which: instrument issued by subsidiaries subject to phase out	-	-
AT1 before regulatory adjustments	-	-
Total of Regulatory Adjustment applied to AT1 capital (Note 40.3.2)	-	-
Additional Tier 1 capital after regulatory adjustments	-	-
Tier 1 Capital (CET1 + admissible AT1)	13,915,511	12,228,899
Tier 2 Capital		
Qualifying Tier 2 capital instruments under Basel III plus any related share premium	-	-
Capital instruments subject to phase out arrangement issued	-	-
Tier 2 capital instruments issued to third parties by consolidated subsidiaries	-	-
- of which: instruments issued by subsidiaries subject to phase out	-	-
General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	34,558	29,781
Revaluation Reserves (net of taxes)		
of which:		
- Revaluation reserves on fixed assets	689,810	404,238
- Unrealized gains / losses on AFS	952,029	110,234
Foreign Exchange Translation Reserves	-	-
Undisclosed/Other Reserves (if any)	-	-
Tier 2 before regulatory adjustments	1,676,397	544,253
Total regulatory adjustment applied to Tier 2 capital (Note 40.3.3)	(19,916)	(39,707)
Tier 2 capital after regulatory adjustments	1,656,481	504,546
Tier 2 capital recognized for capital adequacy	1,656,481	504,546
Portion of Additional Tier 1 capital recognized in Tier 2 capital	-	-
Total Tier 2 capital admissible for capital adequacy	1,656,481	504,546
TOTAL CAPITAL (T1 + admissible T2)	15,571,992	12,733,445
Total Risk Weighted Assets (RWA) {for details refer Note 40.6}	124,596,259	106,768,182

Particulars	2014	(Restated) 2013
	Amount	
	----- (Rupees in '000) -----	
Capital Ratios and buffers (in percentage of risk weighted assets)		
CET1 to total RWA	11.17%	11.45%
Tier-1 capital to total RWA	11.17%	11.45%
Total capital to total RWA	12.50%	11.93%
Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement) of which:	-	-
- capital conservation buffer requirement	-	-
- countercyclical buffer requirement	-	-
- D-SIB or G-SIB buffer requirement	-	-
CET1 available to meet buffers (as a percentage of risk weighted assets)	5.67%	6.45%
National minimum capital requirements prescribed by SBP		
CET1 minimum ratio	5.50%	5.00%
Tier 1 minimum ratio	7.00%	6.50%
Total capital minimum ratio	10.00%	10.00%

* This column highlights items that are still subject to Pre Basel III treatment during the transitional period

Particulars	2014		2013	
	Amount	Pre-Basel III treatment*	Amount	Pre-Basel III treatment*
	----- (Rupees in '000) -----			
40.2.1 Common Equity Tier 1 capital: Regulatory adjustments				
Goodwill (net of related deferred tax liability)	-	-	-	-
All other intangibles (net of any associated deferred tax liability)	61,021	-	77,035	-
Shortfall of provisions against classified assets (Note 39.6.2.1)	-	-	-	-
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-	-	-
Defined-benefit pension fund net assets	-	-	-	-
Reciprocal cross holdings in CET1 capital instruments	130,839	-	144,482	-
Cash flow hedge reserve	-	-	-	-
Investment in own shares / CET1 instruments	-	-	-	-
Securitization gain on sale	-	-	-	-
Capital shortfall of regulated subsidiaries	-	-	-	-
Deficit on account of revaluation from bank's holdings of property / AFS	-	-	-	-
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-	-
Significant investments in the common stocks of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-	-	-
Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-	-	-
Amount exceeding 15% threshold of which:				
- significant investments in the common stocks of financial entities	-	-	-	-
- deferred tax assets arising from temporary differences	-	-	-	-
National specific regulatory adjustments applied to CET1 capital	-	-	-	-
Investment in TFCs of other banks exceeding the prescribed limit	-	-	-	-
Any other deduction specified by SBP	-	-	-	-
Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-	-	-	-
Total regulatory adjustments applied to CET1	191,860	-	221,517	-
40.2.2 Additional Tier 1 Capital: regulatory adjustments				
Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-	-	-	-
Investment in own AT1 capital instruments	-	-	-	-
Reciprocal cross holdings in Additional Tier 1 capital instruments	-	-	-	-

Particulars	2014		2013	
	Amount	Pre-Basel III treatment*	Amount	Pre-Basel III treatment*
----- (Rupees in '000) -----				
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-	-
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-	-
Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-1 capital	-	-	-	-
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-	-	-
Total of Regulatory Adjustment applied to AT1 capital	-	-	-	-

* This column highlights items that are still subject to Pre Basel III treatment during the transitional period

40.2.3 Tier 2 Capital: regulatory adjustments

Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	-	-	-	-
Reciprocal cross holdings in Tier 2 instruments	19,917	-	39,707	-
Investment in own Tier 2 capital instrument	-	-	-	-
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-	-
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-	-
Amount of Regulatory Adjustment applied to T2 capital	19,917	-	39,707	-

* This column highlights items that are still subject to Pre Basel III treatment during the transitional period

	2014	(Restated) 2013
	----- (Rupees in '000) -----	-----

40.2.4 Risk Weighted Assets subject to pre-Basel III treatment

Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre-Basel III Treatment)	-	-
of which: deferred tax assets	-	-
of which: Defined-benefit pension fund net assets	-	-
of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is less than 10% of the issued common share capital of the entity	-	-
of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is more than 10% of the issued common share capital of the entity	-	-
Amounts below the thresholds for deduction (before risk weighting)	-	-
Non-significant investments in the capital of other financial entities	-	-
Significant investments in the common stock of financial entities	-	-
Deferred tax assets arising from temporary differences (net of related tax liability)	-	-
Applicable caps on the inclusion of provisions in Tier 2		
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	-	-
Cap on inclusion of provisions in Tier 2 under standardized approach	-	-
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	-
Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	-

40.3 Capital Structure Reconciliation

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

Particulars	Balance sheet as in published financial statements	Under regulatory scope of reporting
----- (Rupees in '000) -----		
Assets		
Cash and balances with treasury banks	15,776,136	15,776,136
Balances with other banks	1,024,566	1,024,566
Lending to financial and other institutions	154,342	154,342
Investments	75,715,677	75,715,677
Advances	106,083,673	106,083,673
Operating fixed assets	5,216,811	5,216,811
Deferred tax assets	-	-
Other assets	9,204,102	9,204,102
Total assets	213,175,307	213,175,307
Liabilities and Equity		
Bills payable	2,779,715	2,779,715
Borrowings	25,824,908	25,824,908
Deposits and other accounts	163,250,371	163,250,371
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	1,419,963	1,419,963
Other liabilities	2,861,123	2,861,123
Total liabilities	196,136,080	196,136,080
Share capital	11,024,636	11,024,636
Discount on issue of shares	(1,001,361)	(1,001,361)
Reserves	933,911	933,911
Unappropriated profit	3,150,185	3,150,185
Surplus on revaluation of assets - net of tax	2,931,856	2,931,856
Total liabilities and equity	213,175,307	213,175,307

40.3.2 Reconciliation of balance sheet to eligible regulatory capital - Step 2

Particulars	Reference	Balance sheet as in published financial statements	Under regulatory scope of reporting
----- (Rupees in '000) -----			
Assets			
Cash and balances with treasury banks		15,776,136	15,776,136
Balances with other banks		1,024,566	1,024,566
Lending to financial and other institutions		154,342	154,342
Investments		75,715,677	75,715,677
of which:			
- non-significant capital investments in capital of other financial institutions exceeding 10% threshold	a	-	-

Particulars	Reference	Balance sheet as in published financial statements	Under regulatory scope of reporting
----- (Rupees in '000) -----			
- significant capital investments in financial sector entities exceeding regulatory threshold	b	-	-
- mutual Funds exceeding regulatory threshold	c	-	-
- reciprocal crossholding of capital instrument	d	150,754	150,754
- others	e	-	-
Advances		106,083,673	106,083,673
- shortfall in provisions / excess of total EL amount over eligible provisions under IRB	f	-	-
- general provisions reflected in Tier 2 capital	g	-	-
Operating fixed assets		5,216,811	5,216,811
- of which: Intangibles	k	61,021	61,021
Deferred tax assets		-	-
of which:			
- DTAs that rely on future profitability excluding those arising from temporary differences	h	-	-
- DTAs arising from temporary differences exceeding regulatory threshold	i	-	-
Other assets		9,204,102	9,204,102
of which:			
- goodwill	j	-	-
- defined-benefit pension fund net assets	l	-	-
Total assets		213,175,307	213,175,307
Liabilities and Equity			
Bills payable		2,779,715	2,779,715
Due from financial institutions		25,824,908	25,824,908
Deposits and other accounts		163,250,371	163,250,371
Sub-ordinated loans of which:		-	-
- eligible for inclusion in AT1	m	-	-
- eligible for inclusion in Tier 2	n	-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities of which:		1,419,963	1,419,963
- DTLs related to goodwill	o	-	-
- DTLs related to intangible assets	p	-	-
- DTLs related to defined pension fund net assets	q	-	-
- other deferred tax liabilities	r	1,419,963	1,419,963
Other liabilities		2,861,123	2,861,123
Total liabilities		196,136,080	196,136,080
Share capital		11,024,636	11,024,636
- of which: amount eligible for CET1	s	11,024,636	11,024,636
- of which: amount eligible for AT1	t	-	-
Reserves of which:		933,911	933,911
- portion eligible for inclusion in CET1 - Statutory reserve	u	932,506	932,506
- portion eligible for inclusion in CET1 - General reserve		-	-
- portion eligible for inclusion in Tier 2 General reserve	v	-	-
Discount on issue of shares		(1,001,361)	(1,001,361)
Unappropriated profit	w	3,150,185	3,150,185
Minority Interest of which:		-	-
- portion eligible for inclusion in CET1	x	-	-
- portion eligible for inclusion in AT1	y	-	-
- portion eligible for inclusion in Tier 2	z	-	-
Surplus on revaluation of assets of which:		2,931,856	2,931,856
- Revaluation reserves on Fixed Assets		1,231,804	1,231,804
- Unrealized Gains/Losses on AFS	aa	1,700,052	1,700,052
- In case of Deficit on revaluation (deduction from CET1)	ab	-	-
Total liabilities and Equity		213,175,307	213,175,307

40.3.3 Basel III Disclosure (with added column) - Step 3

Particulars		Source based on reference number from step 2	Component of regulatory capital reported by bank
			(Rupees in '000)
Common Equity Tier 1 capital (CET1): Instruments and reserves			
1	Fully Paid-up Capital		11,024,636
2	Balance in share premium account	(s)	-
3	Discount on issue of shares		(1,001,361)
4	Reserve for issue of bonus shares		-
5	General / Statutory Reserves	(u)	933,911
6	Gain / (Losses) on derivatives held as Cash Flow Hedge		-
7	Unappropriated / unremitted profits	(w)	3,150,185
8	Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	(x)	-
9	CET 1 before Regulatory Adjustments		14,107,371
Common Equity Tier 1 capital: Regulatory adjustments			
10	Goodwill (net of related deferred tax liability)	(j) - (s)	-
11	All other intangibles (net of any associated deferred tax liability)	(k) - (p)	61,021
12	Shortfall of provisions against classified assets	(f)	-
13	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	(h) - (r) * x%	-
14	Defined-benefit pension fund net assets	(l) - (q) * x%	-
15	Reciprocal cross holdings in CET1 capital instruments	(d)	130,838
16	Cash flow hedge reserve		-
17	Investment in own shares / CET1 instruments		-
18	Securitization gain on sale		-
19	Capital shortfall of regulated subsidiaries		-
20	Deficit on account of revaluation from bank's holdings of property / AFS	(ab)	-
21	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	(a) - (ac) - (ae)	-
22	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	(b) - (ad) - (af)	-
23	Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	(i)	-
24	Amount exceeding 15% threshold of which:		-
	- significant investments in the common stocks of financial entities		-
	- deferred tax assets arising from temporary differences		-
25	National specific regulatory adjustments applied to CET1 capital		-
26	Investment in TFCs of other banks exceeding the prescribed limit		-
27	Any other deduction specified by SBP (mention details)		-
28	Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions		-
29	Total regulatory adjustments applied to CET1		191,859
Common Equity Tier 1			13,915,512
Additional Tier 1 (AT 1) Capital			
30	Qualifying Additional Tier-1 instruments plus any related share premium of which:		-
31	- Classified as equity	(t)	-
32	- Classified as liabilities	(m)	-
33	Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties	(y)	-
34	- of which: instrument issued by subsidiaries subject to phase out		-
35	AT1 before regulatory adjustments		-

Particulars		Source based on reference number from step 2	Component of regulatory capital reported by bank
			(Rupees in '000)
Additional Tier 1 Capital: regulatory adjustments			
36	Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)		
37	Investment in own AT1 capital instruments		
38	Reciprocal cross holdings in Additional Tier 1 capital instruments		
39	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	(ac)	-
40	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	(ad)	-
41	Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-1 capital		-
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions		-
43	Total of Regulatory Adjustment applied to AT1 capital		-
44	Additional Tier 1 capital		-
45	Additional Tier 1 capital recognised for capital adequacy		-
Tier 1 Capital (CET1 + admissible AT1)			13,915,512
Tier 2 Capital			
46	Qualifying Tier 2 capital instruments under Basel III		-
47	Capital instruments subject to phase out arrangement from Tier 2	(n)	-
48	Tier 2 capital instruments issued to third party by consolidated subsidiaries	(z)	-
	- of which: instruments issued by subsidiaries subject to phase out		-
49	General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	(g)	34,558
50	Revaluation Reserves eligible for Tier 2 of which:		
51	- portion pertaining to Fixed Asset		689,810
52	- portion pertaining to AFS securities	56% of (aa)	952,029
53	Foreign Exchange Translation Reserve	(v)	-
54	Undisclosed / Other Reserves (if any)		-
55	T2 before regulatory adjustments		1,676,397
Tier 2 Capital: regulatory adjustments			
56	Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital		19,917
57	Reciprocal cross holdings in Tier 2 instruments		-
58	Investment in own Tier 2 capital instrument		-
59	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	(ae)	-
60	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	(af)	-
61	Amount of Regulatory Adjustment applied to T2 capital		19,917
62	Tier 2 capital (T2)		1,656,480
63	Tier 2 capital recognised for capital adequacy		1,656,480
64	Excess Additional Tier 1 capital recognised in Tier 2 capital		-
65	Total Tier 2 capital admissible for capital adequacy		1,656,480
TOTAL CAPITAL (T1 + admissible T2)			15,571,992

40.3.4 Risk-weighted exposures

	Note	2014		2013	
Credit Risk		Capital Requirement	Risk adjusted value	Capital Requirement	Risk adjusted value
		----- (Rupees in '000) -----		(Restated) ----- (Rupees in '000) -----	
Portfolios subject to standardised approach (Comprehensive Approach)					
On-Balance Sheet Items:					
Cash and Cash Equivalent		-	-	-	-
Sovereign and central banks		6,068	60,675	-	-
Public Sector Entities (PSEs)		19,090	190,902	328	3,276
Banks and securities firms		71,830	718,296	101,966	1,019,663
Corporate portfolio	40.4	7,041,758	70,417,575	5,848,857	58,488,570
Retail non mortgages	40.4	936,473	9,364,729	820,514	8,205,142
Mortgages – Residential		65,933	659,331	46,792	467,919
Past Due Loans		302,572	3,025,718	338,368	3,383,680
Operating Fixed Assets		515,579	5,155,790	393,154	3,931,539
Other assets		129,848	1,298,479	267,875	2,678,752
		9,089,151	90,891,495	7,817,854	78,178,541
Off balance sheet items:					
Non-Market Related:-					
Direct credit substitutes	40.5	1,101,570	11,015,701	808,232	8,082,316
Performance-related contingencies	40.5	219,745	2,197,447	260,204	2,602,043
Trade-related contingencies	40.5	296,496	2,964,957	292,405	2,924,053
		1,617,811	16,178,105	1,360,841	13,608,412
Market related:-					
Outstanding interest rate contracts		-	-	-	-
Outstanding foreign exchange contracts	40.6	17,142	171,417	40,453	404,527
		17,142	171,417	40,453	404,527
Equity Exposure Risk in the Banking Book					
Listed equity investments held in banking book		304,663	3,046,629	208,930	2,089,297
Unlisted equity investments held in banking book		5,415	54,150	5,415	54,150
Recognised portion of significant investment		-	-	-	-
		310,078	3,100,779	214,345	2,143,447
Total credit risk exposures		11,034,182	110,341,796	9,433,493	94,334,927
Market Risk					
Capital Requirement for portfolios subject to Standardized Approach					
Interest rate risk		22,610	282,619	11,773	147,163
Equity position risk		31,552	394,400	35,008	437,600
Foreign exchange risk		4,296	53,706	7,020	87,742
Position in options		-	-	-	-
Total market risk exposures		58,458	730,725	53,801	672,505
Operational Risk					
Capital Requirement for operational risks		1,081,899	13,523,738	940,860	11,760,750
TOTAL		12,174,539	124,596,259	10,428,154	106,768,182

Capital Adequacy Ratio

	Required	Actual	Required	Actual
	December 2014		December 2013	
CET1 to total RWA	5.50%	11.17%	5.00%	11.45%
Tier-1 capital to total RWA	7.00%	11.17%	6.50%	11.45%
Total capital to total RWA	10.00%	12.50%	10.00%	11.93%

40.4 Cash margin and eligible securities amounting to Rs. 18,787.041 million have been deducted from gross advances using comprehensive approach to credit risk mitigation under Basel III. Advances are not net off with general provision amounting to Rs. 34.558 million which is reported separately in Tier II (supplementary) capital as per BSD circular letter number 03 dated 20 May 2006.

40.5 Cash margin and eligible securities amounting to Rs 1,357.192 million have been deducted from off-balance sheet items.

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

40.7 Main Features of Regulatory Capital Instruments

Main Features	Common Shares
1 Issuer	Soneri Bank Ltd
2 Unique identifier (eg KSE Symbol or Bloomberg identifier etc.)	SNBL
3 Governing law(s) of the instrument	Pakistan
Regulatory treatment	
4 Transitional Basel III rules	Fully Paid Capital
5 Post-transitional Basel III rules	Fully Paid Capital
6 Eligible at solo/ group/ group & solo	Solo
7 Instrument type	Ordinary Shares
8 Amount recognized in regulatory capital (Currency in PKR thousands, as of reporting date)	Rs 11,024,636
9 Par value of instrument	Rs.10
10 Accounting classification	Shareholders' Equity
11 Original date of issuance	Various From 1992
12 Perpetual or dated	Perpetual
13 Original maturity date	N/A
14 Issuer call subject to prior supervisory approval	No
15 Optional call date, contingent call dates and redemption amount	N/A
16 Subsequent call dates, if applicable	N/A
Coupons / dividends	
17 Fixed or floating dividend/ coupon	N/A
18 coupon rate and any related index/ benchmark	N/A
19 Existence of a dividend stopper	No
20 Fully discretionary, partially discretionary or mandatory	Fully Discretionary
21 Existence of step up or other incentive to redeem	No
22 Noncumulative or cumulative	Noncumulative
23 Convertible or non-convertible	Nonconvertible
24 If convertible, conversion trigger (s)	N/A
25 If convertible, fully or partially	N/A
26 If convertible, conversion rate	N/A
27 If convertible, mandatory or optional conversion	N/A
28 If convertible, specify instrument type convertible into	N/A
29 If convertible, specify issuer of instrument it converts into	N/A
30 Write-down feature	No
31 If write-down, write-down trigger(s)	N/A
32 If write-down, full or partial	N/A
33 If write-down, permanent or temporary	N/A
34 If temporary write-down, description of write-up mechanism	N/A
35 Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	N/A
36 Non-compliant transitioned features	No
37 If yes, specify non-compliant features	N/A

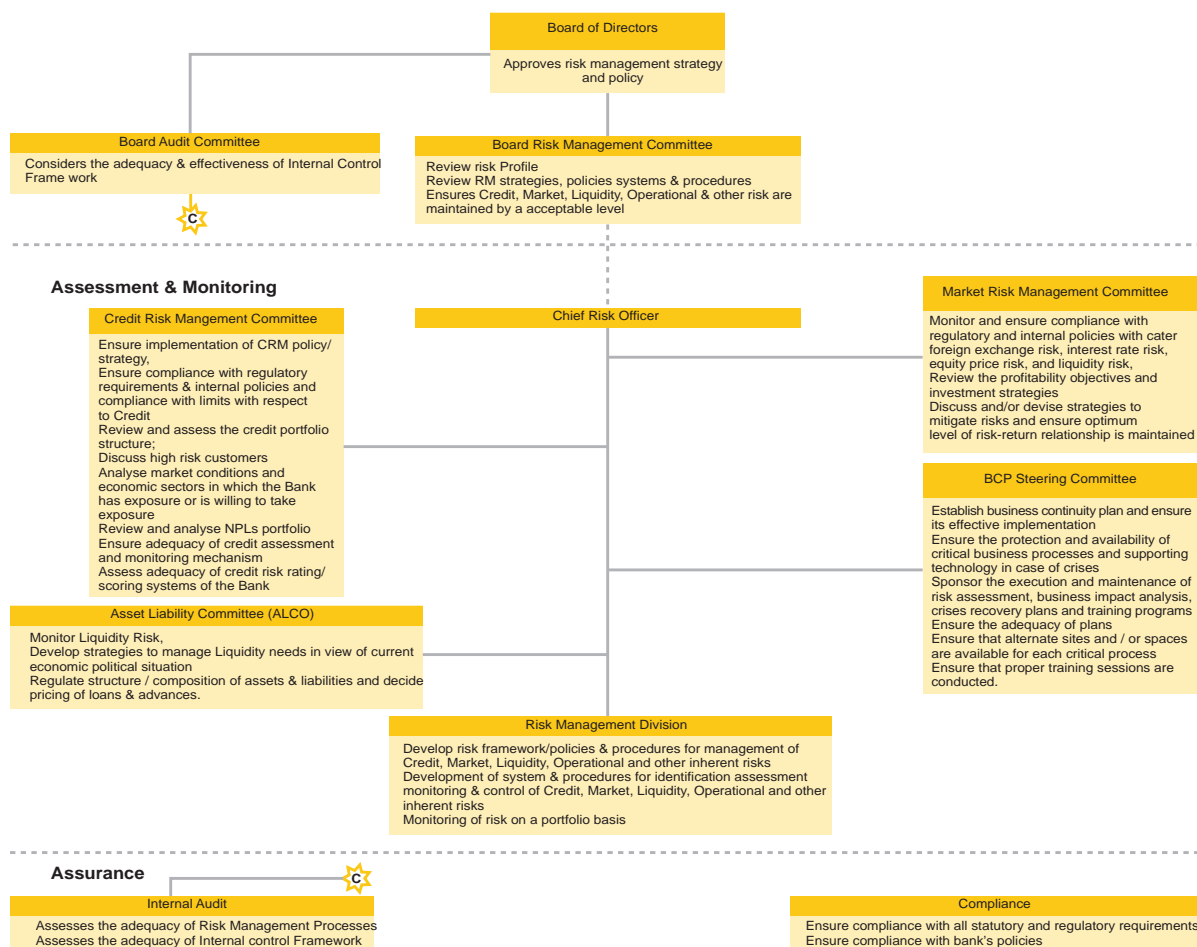
41 RISK MANAGEMENT

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 and 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 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. Furthermore, the Board Risk Management Committee, 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) and Market Risk Management Committee (MRMC), both senior management committees, are mainly responsible for ensuring the compliance of BOD approved risk management policy and monitoring and managing risk levels in each exposure of the Bank.

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



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

Risk Management Function



Bank has undertaken a number of initiatives in 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.

41.1 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 arises from all lending and investing activities i.e. transactions that give rise to actual, contingent or potential claims against any counterparty, borrower or obligor.

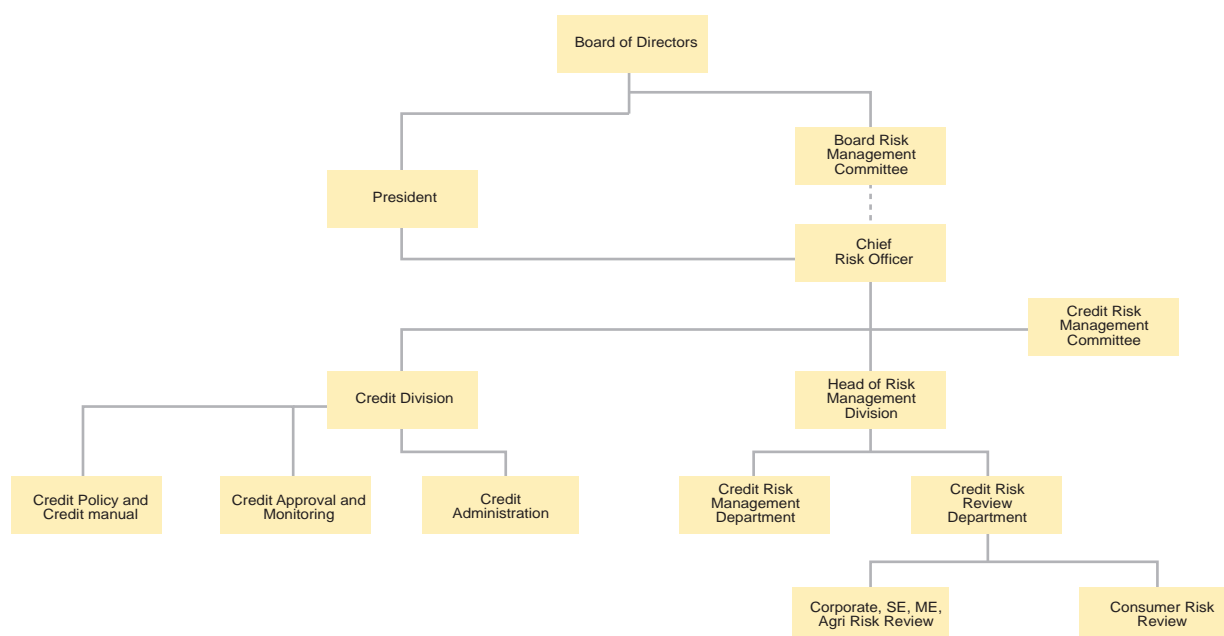
Credit Risk Management Objectives and Organization

Lending of money is the core business activity, a major source of revenue and a significant exposure for the Bank. All lending is mainly funded from depositors' money. Therefore, in order to protect the stakeholders' wealth, the Bank has deployed considerable resources and adequate controls to manage, monitor and control credit risk throughout the Bank.

The main objective of the credit risk management process is to identify, assess, measure and monitor credit risk in all the financial exposures of the Bank. The Bank has established a rigorous credit risk management framework to timely and effectively manage credit risk in each and every credit transaction as well as at portfolio level. In addition to this, the Enterprise Risk Management (ERM) solution of SAS provides adequate grounds 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 a sound organisation structure for managing credit risk, established on strong 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 policy 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 Bank revised and updated Obligor Risk Rating (ORR) systems for Corporate, Small Enterprises & Medium Enterprises, Consumer Finance and Agriculture Finance obligors which has also been approved for implementation on a bank wide basis in Year 2015. The Bank also has BOD approved Facility Risk Rating System (FRR) for its borrowers.

ORR assigns risk grades to customers, in accordance with the regulatory requirement, in twelve (12) grades, out of which top nine (9) grades refer to regular customers whereas remaining three (3) grades pertain to defaulted ones. Whereas, FRR assigns each loan facility in six (6) 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 periodic basis.

Credit Risk Assessment

The Bank has a well established and rigorous pre-approval evaluation process of credit risk embedded in each credit transaction executed by the Business Units. The entire process broadly encompasses, gathering relevant information on the borrower, credit investigations and visits, detailed credit appraisal, and credit risk assessment and measurement.

Credit Risk Limit Structure

In addition to monitoring credit limits specified in the Prudential Regulations of the State Bank of Pakistan, 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, exposure with banks and NBFIs, exposure with insurance companies, and foreign countries. All these limits are monitored on 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 lending 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 regular basis, which are escalated to the concerned authority for necessary action on 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.

Loans that have become uncollectible are required to be referred to Special Asset Management (SAM) Division which initiates recovery proceedings against the borrowers in accordance with the applicable laws.

41.1.1 Segmental information

41.1.1.1 Segments by class of business

	2014					
	Advances (Gross)		Deposits		**Contingencies and commitments	
	(Rupees in '000)	(Percent)	(Rupees in '000)	(Percent)	(Rupees in '000)	(Percent)
Agriculture, Forestry, Hunting and Fishing	2,173,638	1.91%	1,605,848	0.98%	-	0.00%
Textile	28,029,040	24.65%	2,367,465	1.45%	3,742,194	13.92%
Chemical and Pharmaceuticals	4,841,909	4.26%	2,717,106	1.66%	1,342,566	4.99%
Cement	234,831	0.21%	8,474	0.01%	569,892	2.12%
Sugar	3,498,916	3.08%	460,565	0.28%	31,385	0.12%
Footwear and Leather Garments	1,092,130	0.96%	648,914	0.40%	188,084	0.70%
Automobile and Transportation Equipment	739,068	0.65%	789,839	0.48%	334,648	1.24%
Electronics and Electrical Appliances	2,944,371	2.59%	891,342	0.55%	2,123,218	7.90%
Construction	985,309	0.87%	1,454,187	0.89%	1,139,328	4.24%
Power (electricity), Gas, Water, Sanitary	2,509,572	2.21%	4,215,961	2.58%	701,464	2.61%
Wholesale and Retail Trade	2,340,418	2.06%	4,214,914	2.58%	3,713,812	13.82%
Exports / Imports	7,096,743	6.24%	1,672,201	1.02%	1,266,161	4.71%
Financial	1,395,073	1.23%	3,738,835	2.29%	350,914	1.30%
Food and Allied	35,145,539	30.90%	3,929,693	2.41%	3,866,984	14.39%
Individuals	4,323,990	3.80%	87,583,541	53.65%	783,993	2.92%
Others*	16,378,656	14.38%	46,951,486	28.77%	6,725,044	25.02%
	113,729,203	100.00%	163,250,371	100.00%	26,879,687	100.00%

Segments by class of business

	2013					
	Advances (Gross)		Deposits		**Contingencies and commitments	
	(Rupees in '000)	(Percent)	(Rupees in '000)	(Percent)	(Rupees in '000)	(Percent)
Agriculture, Forestry, Hunting and Fishing	1,666,149	1.60%	3,276,699	2.33%	-	0.00%
Textile	28,140,353	26.98%	2,152,481	1.53%	4,395,766	14.69%
Chemical and Pharmaceuticals	3,484,214	3.34%	979,873	0.70%	1,587,489	5.30%
Cement	783,514	0.75%	4,843	0.00%	38,037	0.13%
Sugar	2,147,459	2.06%	214,529	0.15%	64,305	0.21%
Footwear and Leather Garments	1,028,496	0.99%	481,000	0.34%	219,919	0.73%
Automobile and transportation equipment	676,386	0.65%	714,803	0.51%	191,904	0.64%
Electronics and Electrical Appliances	2,973,240	2.85%	761,317	0.54%	2,785,072	9.31%
Construction	712,527	0.68%	1,456,439	1.04%	869,541	2.91%
Power (electricity), Gas, Water, Sanitary	3,324,428	3.19%	2,894,034	2.06%	807,433	2.70%
Wholesale and Retail Trade	2,162,965	2.07%	3,282,010	2.33%	2,205,730	7.37%
Exports / Imports	10,558,698	10.12%	1,969,967	1.40%	1,621,069	5.42%
Financial	1,349,311	1.29%	2,544,465	1.81%	-	0.00%
Food and Allied	27,907,869	26.75%	2,843,688	2.02%	4,883,948	16.32%
Individuals	3,361,352	3.22%	81,543,785	58.01%	970,792	3.24%
Others*	14,040,572	13.46%	35,459,974	25.23%	9,285,192	31.03%
	104,317,533	100.00%	140,579,907	100.00%	29,926,197	100.00%

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

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

41.1.1.2 Segment by sector

	2014					
	Advances (Gross)		Deposits		Contingencies and commitments	
	(Rupees in '000)	(Percent)	(Rupees in '000)	(Percent)	(Rupees in '000)	(Percent)
Public / Government	17,218,983	15.14%	25,780,327	15.79%	49,765	0.19%
Private	96,510,220	84.86%	137,470,044	84.21%	26,829,922	99.81%
	113,729,203	100.00%	163,250,371	100.00%	26,879,687	100.00%

	2013					
	Advances (Gross)		Deposits		Contingencies and commitments	
	(Rupees in '000)	(Percent)	(Rupees in '000)	(Percent)	(Rupees in '000)	(Percent)
Public / Government	18,703,426	17.93%	17,578,981	12.50%	53,865	0.18%
Private	85,614,107	82.07%	123,000,926	87.50%	29,872,332	99.82%
	104,317,533	100.00%	140,579,907	100.00%	29,926,197	100.00%

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

	2014		2013	
	Classified Advances	Specific Provision Held	Classified Advances	Specific Provision Held
	(Rupees in '000)			
Agriculture, Forestry, Hunting and Fishing	144,184	50,528	149,035	11,442
Textile	5,720,271	4,300,271	5,688,415	4,201,952
Chemical and Pharmaceuticals	89,462	55,816	72,606	46,497
Cement	54,810	11,923	86,149	19,164
Sugar	-	-	-	-
Footwear and Leather garments	1,954	1,954	1,954	1,954
Automobile and transportation equipment	-	-	149	-
Electronics and electrical appliances	140,563	121,592	161,973	104,118
Construction	-	-	-	-
Power (electricity), Gas, Water, Sanitary	-	-	-	-
Wholesale and Retail Trade	-	-	-	-
Exports / Imports	-	-	-	-
Financial	291,153	251,093	-	-
Insurance	-	-	-	-
Services	-	-	-	-
Individuals	52,550	48,580	50,981	39,430
Others	3,729,458	2,769,215	4,212,849	2,684,167
	<u>10,224,405</u>	<u>7,610,972</u>	<u>10,424,111</u>	<u>7,108,724</u>

41.1.1.4 Details of non-performing advances and specific provision by sector

	2014		2013	
	Classified Advances	Specific Provision Held	Classified Advances	Specific Provision Held
	(Rupees in '000)			
Public / Government	-	-	-	-
Private	10,224,405	7,610,972	10,424,111	7,108,724
	<u>10,224,405</u>	<u>7,610,972</u>	<u>10,424,111</u>	<u>7,108,724</u>

41.1.1.5 Geographical segment analysis

	2014			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and Commitments
	(Rupees in '000)			
Pakistan	2,441,896	213,175,307	17,039,227	64,184,077
Asia Pacific (including South Asia)	-	-	-	-
Europe	-	-	-	-
United States of America and Canada	-	-	-	-
Middle East	-	-	-	-
Others	-	-	-	-
	<u>2,441,896</u>	<u>213,175,307</u>	<u>17,039,227</u>	<u>64,184,077</u>

	2013			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and Commitments
	(Rupees in '000)			
Pakistan	1,530,395	169,233,872	13,282,643	72,799,330
Asia Pacific (including South Asia)	-	-	-	-
Europe	-	-	-	-
United States of America and Canada	-	-	-	-
Middle East	-	-	-	-
Others	-	-	-	-
	<u>1,530,395</u>	<u>169,233,872</u>	<u>13,282,643</u>	<u>72,799,330</u>

41.2 Credit Risk – General Disclosures, Basel III Specific

The Bank has adopted Standardized Approach of the Basel II accord. According to the regulatory statement submitted under the Standardized Approach, the portfolio has been divided into claims fully secured by residential property, claims on corporate (excluding equity exposure) and claims categorized as retail portfolio. Claims on corporate constitute 83% of the total exposure, 2% represents claims fully secured by residential property and the remaining 15% exposure pertains to claims categorized as retail portfolio.

41.3 Credit Risk: Standardized Approach

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

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

Exposure	JCR-VIS	PACRA	Fitch, Moody's & SNP
Corporate	✓	✓	-
Banks	✓	✓	✓
Sovereigns	-	-	-
SMEs	-	-	-
Securitized	-	-	-

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

For exposure amounts subject to the standardized approach, amount of Bank's outstanding (rated & unrated) in each risk bucket after risk mitigations are as follows:

Exposure	Rating category No.	Amount outstanding	Deduction CRM*	Net Amount
(Rupees in '000)				
Corporate	1-6	6,825,820	-	6,825,820
Banks (local)	1-6	304,101	100,894	203,207
Banks (foreign)	1-6	598,426	69,207	529,219
Sovereigns, central banks, etc.		106,202,445	22,681,331	83,521,114
Unrated		105,238,476	9,165,734	96,072,742
Total		<u>219,169,268</u>	<u>32,017,166</u>	<u>187,152,102</u>

*CRM= Credit Risk Mitigation

Main types of collateral taken by the bank are:

- Cash Margin
- Lien on deposits / government securities

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

41.4 Market Risk

41.4.1 Market risk is the risk that the Bank's earnings or capital, or its ability to meet business objectives, will be adversely affected by changes in the level or volatility of market rates or prices such as interest rates, commodity prices, equity prices and foreign exchange rates. The Bank is exposed to market risk primarily through its trading activities which include equity, fixed income and foreign exchange related transitions. Market risk also arises from facilitation of client business and exposure held against shares and other marketable securities i.e. financing against pledge share, MTS, etc.

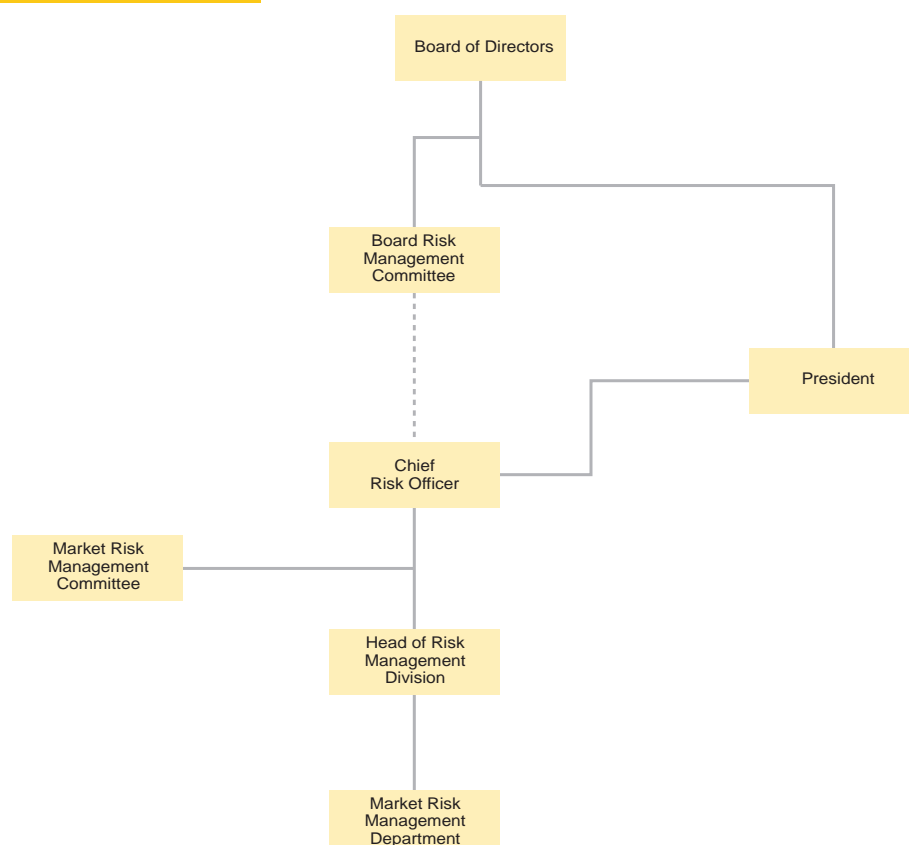
Market Risk Management Objective and Organisation

The main objective of the market risk management is to minimise losses in the financial exposures of the Bank and to facilitate business growth within a controlled environment.

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 will provide adequate analysis to facilitate better investment decisions, measured risk-taking and efficient capital allocation thereagainst; 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 the Risk Management Division and a senior management risk committee namely Market Risk Management Committee (MRMC).

MARKET RISK MANAGEMENT STRUCTURE



Market Risk Monitoring

Besides monitoring regulatory limits, 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, monitor risk limits, report breaches, off market rates, tolerance PV01 limits and assess market risk in money market transactions, investments in equity securities 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. The MRMC in 2014 approved rate reason abilities ranges for FX interbank transactions and the TMO now computes interbank FX transaction's variations against benchmark rates derived from SBP revaluation rates. These are compared against the MRMC approved ranges and the results are reported to MRMC.

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 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, performance ratios, interest rate gap and duration gap. The Bank is using Standardized Approach of the Basel III accord, for exposures in its trading book and derivative financial instruments, 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 holding period and the confidence level of 99% to model the risk in our 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. Penalize or reward depending on net long or net short position in foreign currency exposure.
4. Fall in general equity price upto 50%.

41.4.2 Foreign Exchange Risk

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

	2014			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	(Rupees in '000)			
Pakistan Rupee	197,764,488	181,795,890	1,067,969	17,036,567
United States Dollar	14,624,447	12,161,430	(2,507,289)	(44,272)
Great Britain Pound	310,711	1,464,380	1,164,563	10,894
Japanese Yen	84	2,871	(12)	(2,799)
Euro	434,075	701,261	280,148	12,962
Other currencies	41,502	10,248	(5,379)	25,875
	213,175,307	196,136,080	-	17,039,227

	2013			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	(Rupees in '000)			
Pakistan Rupee	155,795,807	143,806,526	1,216,715	13,205,996
United States Dollar	12,645,790	10,961,373	(1,684,768)	(351)
Great Britain Pound	304,075	638,864	342,741	7,952
Japanese Yen	201	3,468	989	(2,278)
Euro	397,798	519,727	130,212	8,283
Other currencies	90,201	21,271	(5,889)	63,041
	169,233,872	155,951,229	-	13,282,643

41.4.3 Equity Position Risk

The Bank invests in blue chip securities depending up on market mispricing. 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, MRMC and other authorities on a periodical basis.

41.4.4 Mismatch of Interest Rate Sensitive Assets and Liabilities

Yield risk is the risk of decline in earnings due to adverse movement of the yield curve. Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes 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.

2014

Exposed to Yield/ Interest risk

Effective Yield / Interest rate %	Total	Up to 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	Non-Interest bearing financial instruments
(Rupees in '000)											
On-balance sheet financial instruments											
Assets											
Cash and balances with treasury banks	-	15,776,136	-	-	-	-	-	-	-	-	15,776,136
Balances with other banks	7.90%	1,024,566	450,026	-	-	-	-	-	-	-	574,540
Lendings to financial and other institutions	14.19%	154,342	48,243	106,099	-	-	-	-	-	-	-
Investments	11.03%	75,715,677	307,507	967,630	14,690,606	4,354,394	37,202,791	4,273,338	818,075	10,242,079	2,859,257
Advances	10.17%	106,083,673	15,306,572	36,737,079	51,461,147	-	-	-	-	-	2,578,875
Other assets	-	6,993,048	-	-	-	-	-	-	-	-	6,993,048
		205,747,442	16,112,348	37,810,808	66,151,753	4,354,394	37,202,791	4,273,338	818,075	10,242,079	28,781,856
Liabilities											
Bills payable	-	2,779,715	-	-	-	-	-	-	-	-	2,779,715
Borrowings	7.95%	25,824,908	15,026,127	6,998,251	2,692,125	94,564	49,203	2,322	51,702	661,414	249,200
Deposits and other accounts	6.18%	163,250,371	23,502,143	21,589,273	78,568,799	-	-	-	-	-	39,590,156
Sub-ordinated loans	0.00%	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	2,352,348	-	-	-	-	-	-	-	-	2,352,348
		194,207,342	38,528,270	28,587,524	81,260,924	94,564	49,203	2,322	51,702	661,414	44,971,419
On-balance sheet gap		11,540,100	(22,415,922)	9,223,284	(15,109,171)	4,259,830	37,153,588	4,271,016	766,373	9,580,665	(16,189,563)
Non financial net assets		5,499,127									
Total net assets		17,039,227									
Off-balance sheet financial instruments											
Forward purchase of foreign exchange		15,212,145	9,317,457	4,244,806	1,373,527	276,355	-	-	-	-	-
Forward sale of foreign exchange		(15,240,627)	(8,111,690)	(3,526,736)	(3,602,201)	-	-	-	-	-	-
Off-balance sheet gap		(28,482)	1,205,767	718,070	(2,228,674)	276,355	-	-	-	-	-
Total Yield / Interest Risk Sensitivity Gap			(21,210,155)	9,941,354	(17,337,845)	4,536,185	37,153,588	4,271,016	766,373	9,580,665	(16,189,563)
Cumulative Yield / Interest Risk Sensitivity Gap			(21,210,155)	(11,268,801)	(28,606,646)	(24,070,461)	13,083,127	17,354,143	18,120,516	27,701,181	11,511,618

Effective Yield / Interest rate %	2013										Non-Interest bearing financial instruments	
	Exposed to Yield/ Interest risk											
	Total	Up to 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years		
(Rupees in '000)												
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	12,672,753	-	-	-	-	-	-	-	-	-	12,672,753
Balances with other banks	6.50%	957,170	250,026	-	-	-	-	-	-	-	-	707,144
Lending to financial and other institutions	10.08%	2,737,751	2,695,174	42,577	-	-	-	-	-	-	-	-
Investments	9.18%	46,702,797	3,482,040	14,582,360	20,932,165	638,332	2,119,148	2,038,267	470,737	374,664	84,624	1,980,460
Advances	9.93%	97,179,028	39,501,687	21,054,620	33,337,115	-	-	-	-	-	-	3,285,606
Other assets	-	4,314,308	-	-	-	-	-	-	-	-	-	4,314,308
		164,563,807	45,928,927	35,679,557	54,269,280	638,332	2,119,148	2,038,267	470,737	374,664	84,624	22,960,271
Liabilities												
Bills payable	-	2,577,943	-	-	-	-	-	-	-	-	-	2,577,943
Borrowings	7.02%	10,485,479	2,167,292	4,791,601	2,357,953	44,502	89,654	122,514	79,164	463,513	-	369,286
Deposits and other accounts	7.87%	140,579,907	20,003,444	12,131,294	74,677,927	-	-	-	-	-	-	33,767,242
Sub-ordinated loans	0.00%	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	2,098,084	-	-	-	-	-	-	-	-	-	2,098,084
		155,741,413	22,170,736	16,922,895	77,035,880	44,502	89,654	122,514	79,164	463,513	-	38,812,555
On-balance sheet gap		8,822,394	23,758,191	18,756,662	(22,766,600)	593,830	2,029,494	1,915,753	391,573	(88,849)	84,624	(15,852,284)
Non financial net assets		4,460,249										
Total net assets		13,282,643										
Off-balance sheet financial instruments												
Forward purchase of foreign exchange		19,288,849	11,233,771	6,021,511	1,924,367	109,200	-	-	-	-	-	-
Forward sale of foreign exchange		(18,612,390)	(9,925,216)	(6,174,287)	(1,601,297)	(911,590)	-	-	-	-	-	-
Off-balance sheet gap		676,459	1,308,555	(152,776)	323,070	(802,390)	-	-	-	-	-	-
Total Yield / Interest Risk Sensitivity Gap			25,066,746	18,603,886	(22,443,530)	(208,560)	2,029,494	1,915,753	391,573	(88,849)	84,624	(15,852,284)
Cumulative Yield / Interest Risk Sensitivity Gap			25,066,746	43,670,632	21,227,102	21,018,542	23,048,036	24,963,789	25,355,362	25,266,513	25,351,137	9,498,853

- (a) The effective interest rate is a historical rate (for December month) for a fixed rate instrument carried at amortised cost and a current market rate for a floating rate instrument.
- (b) The effective interest rate has been computed by excluding non-performing advances.
- (c) The effective interest rate has been computed by excluding non-remunerative deposits.

41.5 Liquidity Risk

Liquidity risk is the risk that the Bank is unable to meet its obligations when they fall due with consequent failure to repay depositors and fulfil commitments to lend. The risk that the Bank will be unable to do so is inherent in all of its banking operations and can be impacted by a range of institution specific and market-wide events including, but not limited to, credit events, merger and acquisition activity, systemic shocks and natural disasters.

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 thereagainst under repo arrangements. This is further supported by investments in short term securities viz., Certificate of Investments etc. In line with its liquidity risk management policy, the Bank maintains a cushion over and above the minimum statutory liquidity requirement of the SBP, for maintaining liquidity reserves, to ensure continuity of cash flows.

Liquidity Risk Monitoring

The Bank monitors its liquidity risk through various liquidity ratios and liquidity risk indicators and any deviations and breaches are reported to the concerned 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 Committee (ALCO) on a periodic basis. 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.

Stress testing exercise is 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.

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

1. Significant withdrawal 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.

41.5.1 Maturities of assets and liabilities

2014									
Total	Up to 1 month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
(Rupees in '000)									
Assets									
Cash and balances with treasury banks	15,776,136	-	-	-	-	-	-	-	-
Balances with other banks	1,024,566	-	-	-	-	-	-	-	-
Lendings to financial and other institutions	154,342	48,243	106,099	-	-	-	-	-	-
Investments - net	75,715,677	3,166,764	234,016	12,451,680	4,629,647	38,127,495	5,375,203	1,235,106	10,495,766
Advances - net	106,083,673	17,885,446	36,737,079	15,408,072	9,583,427	2,204,999	5,736,290	10,664,223	5,013,986
Operating fixed assets	5,216,811	195,830	593,015	112,391	280,335	456,351	764,869	381,622	1,099,235
Deferred tax assets - net	-	-	-	-	-	-	-	-	-
Other assets - net	9,204,102	7,343,415	-	-	1,854,201	-	6,486	-	-
	213,175,307	45,440,400	37,670,209	27,972,143	16,347,610	40,788,845	11,876,362	12,287,437	16,608,987
									4,183,314
Liabilities									
Bills payable	2,779,715	-	-	-	-	-	-	-	-
Borrowings	25,824,908	15,275,327	6,998,251	2,692,125	94,564	49,203	2,322	51,702	661,414
Deposits and other accounts	163,250,371	29,495,067	26,400,247	22,863,591	32,894,915	5,206,068	2,941,852	7,871,255	8,800,331
Sub-ordinated loans	-	-	-	-	-	-	-	-	-
Deferred tax liabilities - net	1,419,963	-	-	-	1,419,963	-	-	-	-
Other liabilities	2,861,123	2,624,848	-	-	236,275	-	-	-	-
	196,136,080	50,174,957	33,398,498	25,555,716	34,645,717	5,255,271	2,944,174	7,922,957	9,461,745
									26,777,045
Net assets	17,039,227	(4,734,557)	4,271,711	2,416,427	(18,298,107)	35,533,574	8,932,188	4,364,480	7,147,242
									(22,593,731)
Share capital	11,024,636								
Discount on issue of shares	(1,001,361)								
Reserves	933,911								
Unappropriated profit	3,150,185								
Surplus on revaluation of assets	2,931,856								
	17,039,227								
2013									
Total	Up to 1 month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
(Rupees in '000)									
Assets									
Cash and balances with treasury banks	12,672,753	-	-	-	-	-	-	-	-
Balances with other banks	957,170	-	-	-	-	-	-	-	-
Lendings to financial and other institutions	2,737,751	2,695,174	42,577	-	-	-	-	-	-
Investments - net	46,702,797	5,462,499	14,446,606	18,709,948	844,623	2,924,157	2,944,373	587,398	698,568
Advances - net	97,179,028	22,263,469	25,457,984	15,745,653	10,104,952	3,743,439	2,569,551	10,487,456	4,968,804
Operating fixed assets	4,008,574	108,822	163,841	104,092	400,086	906,483	541,383	443,511	626,463
Deferred tax assets - net	103,495	-	-	-	103,495	-	-	-	-
Other assets - net	4,872,304	2,989,380	-	-	1,878,774	-	4,150	-	-
	169,233,872	47,149,267	40,111,008	34,559,693	13,331,930	7,574,079	6,055,307	11,522,515	6,293,835
									2,636,238
Liabilities									
Bills payable	2,577,943	-	-	-	-	-	-	-	-
Borrowings	10,485,479	2,536,578	4,791,601	2,357,953	44,502	89,654	122,514	79,164	463,513
Deposits and other accounts	140,579,907	24,228,815	22,961,426	20,854,530	25,387,175	5,950,525	2,464,949	7,073,834	7,905,213
Sub-ordinated loans	-	-	-	-	-	-	-	-	-
Deferred tax liabilities - net	-	-	-	-	-	-	-	-	-
Other liabilities	2,307,900	2,126,278	-	-	181,622	-	-	-	-
	155,951,229	31,469,614	27,753,027	23,212,483	25,613,299	6,040,179	2,587,463	7,152,998	8,368,726
									23,753,440
Net assets	13,282,643	15,679,653	12,357,981	11,347,210	(12,281,369)	1,533,900	3,467,844	4,369,517	(2,074,891)
									(21,117,202)
Share capital	11,024,636								
Discount on issue of shares	(1,001,361)								
Reserves	617,500								
Unappropriated profit	1,809,641								
Surplus on revaluation of assets	832,227								
	13,282,643								

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

41.5.2 Maturities of assets and liabilities - based on contractual maturity of the assets and liabilities of the bank

2014									
Total	Up to 1 month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
(Rupees in '000)									
Assets									
Cash and balances with treasury banks	15,776,136	-	-	-	-	-	-	-	-
Balances with other banks	1,024,566	-	-	-	-	-	-	-	-
Lendings to financial & other institutions	154,342	48,243	106,099	-	-	-	-	-	-
Investments - net	75,715,677	3,166,764	234,016	12,451,680	4,629,647	38,127,495	5,375,203	1,235,106	10,495,766
Advances - net	106,083,673	35,574,285	32,941,959	11,877,888	4,590,993	940,714	5,135,819	8,432,201	3,856,436
Operating fixed assets	5,216,811	195,830	593,015	112,391	280,335	456,351	764,869	381,622	1,099,235
Deferred tax assets - net	-	-	-	-	-	-	-	-	-
Other assets - net	9,204,102	7,343,415	-	-	1,854,201	-	6,486	-	-
	213,175,307	63,129,239	33,875,089	24,441,959	11,355,176	39,524,560	11,275,891	10,055,415	15,451,437
									4,066,541
Liabilities									
Bills payable	2,779,715	-	-	-	-	-	-	-	-
Borrowings	25,824,908	15,275,327	6,998,251	2,692,125	94,564	49,203	2,322	51,702	661,414
Deposits and other accounts	163,250,371	122,958,454	13,016,705	10,414,349	15,289,029	747,551	824,283	-	-
Sub-ordinated loans	-	-	-	-	-	-	-	-	-
Deferred tax liabilities - net	1,419,963	-	-	-	1,419,963	-	-	-	-
Other liabilities	2,861,123	2,624,848	-	-	236,275	-	-	-	-
	196,136,080	143,638,344	20,014,956	13,106,474	17,039,831	796,754	826,605	51,702	661,414
									-
Net assets	17,039,227	(80,509,105)	13,860,133	11,335,485	(5,684,655)	38,727,806	10,449,286	10,003,713	14,790,023
									4,066,541
Share capital	11,024,636								
Discount on issue of shares	(1,001,361)								
Reserves	933,911								
Unappropriated profit	3,150,185								
Surplus on revaluation of assets	2,931,856								
	17,039,227								
2013									
Total	Up to 1 month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
(Rupees in '000)									
Assets									
Cash and balances with treasury banks	12,672,753	-	-	-	-	-	-	-	-
Balances with other banks	957,170	-	-	-	-	-	-	-	-
Lendings to financial & other institutions	2,737,751	2,695,174	42,577	-	-	-	-	-	-
Investments - net	46,702,797	5,462,499	14,446,606	18,709,948	844,623	2,924,157	2,944,373	587,398	698,568
Advances - net	97,179,028	42,787,293	21,054,620	11,649,687	4,312,382	2,276,528	1,872,842	7,897,709	3,625,734
Operating fixed assets	4,008,574	108,822	163,841	104,092	400,086	906,483	541,383	443,511	626,463
Deferred tax assets - net	103,495	-	-	-	103,495	-	-	-	-
Other assets - net	4,872,304	2,989,380	-	-	1,878,774	-	4,150	-	-
	169,233,872	67,673,091	35,707,644	30,463,727	7,539,360	6,107,168	5,358,598	8,932,768	4,950,765
									2,500,751
Liabilities									
Bills payable	2,577,943	-	-	-	-	-	-	-	-
Borrowings	10,485,479	2,536,578	4,791,601	2,357,953	44,502	89,654	122,514	79,164	463,513
Deposits and other accounts	140,579,907	107,885,653	10,939,179	9,671,552	9,572,056	1,945,503	562,767	3,197	-
Sub-ordinated loans	-	-	-	-	-	-	-	-	-
Deferred tax liabilities - net	-	-	-	-	-	-	-	-	-
Other liabilities	2,307,900	2,126,278	-	-	181,622	-	-	-	-
	155,951,229	115,126,452	15,730,780	12,029,505	9,798,180	2,035,157	685,281	82,361	463,513
									-
Net assets	13,282,643	(47,453,361)	19,976,864	18,434,222	(2,258,820)	4,072,011	4,673,317	8,850,407	4,487,252
									2,500,751
Share capital	11,024,636								
Discount on issue of shares	(1,001,361)								
Reserves	617,500								
Unappropriated profit	1,809,641								
Surplus on revaluation of assets	832,227								
	13,282,643								

The management believes that above maturity analysis does not reveal the expected maturity of saving deposits as a contractual maturity analysis of deposits alone does not provide information about the conditions expected in normal circumstances. The management believes that the maturity profile disclosed in note 41.5.1 that includes maturities of saving deposits determined by the Asset and Liability Management Committee (ALCO) keeping in view historical withdrawal pattern of these deposits reflects a more meaningful analysis of the liquidity risk of the Bank.

41.6 Operational Risk

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

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 made substantial investments to add value to its operational risk management framework by purchasing the license of OpRisk Monitor, part of Enterprise Risk Management (ERM) solution, of SAS. OpRisk monitor is providing a solid forum for efficient and effective management and monitoring of operational risks across the Bank.

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 Risk Management Committee (RMC), a BoD level sub-committee, is primarily responsible to ensure the compliance of the 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. SAS OpRisk monitor is being used for KRI monitoring purposes while all branches, offices, divisions/departments report KRI reports on 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 in SAS OpRisk Monitor with respect to the same which will help the Bank to step towards advanced approach of Basel II accord and also allows the Bank to formulate strategy to rectify the gap to avoid the incident from happening again. A set-up has been created whereby departments and branches across the country are reporting loss events to the RMD. The Bank also gathers external loss events occurring in the banking industry and designs strategies to prevent similar incidents from happening again.

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 trainings and testing have been conducted across the country. Permanent back up sites have also been established and related testing has been carried out to relocate the critical staff on 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.

Transaction Risk Monitoring

Operational Risk Management Department (ORMD) performs transactions risk monitoring activity on Soneri Bank Visa Debit Cards with a help of system generated reports provided by ADC on a different set of parameters designed by RMD. ORMD highlights and identify fraudulent transactions and abnormal usage upon Debit cards and take necessary actions to mitigate exposure & safeguard the Bank from possible financial as well as reputational losses.

42 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 14 February 2015 by the Board of Directors of the Bank.

43 GENERAL

- 43.1** Corresponding figures have been re-arranged and reclassified, wherever necessary, to facilitate comparison. However, there were no significant reclassifications during the current year except for the following:

Reclassification from Profit and loss account	Reclassification to Profit and loss account	2014 (Rupees in '000)	2013 (Rupees in '000)
Administrative expenses	Fee, commission and brokerage income	-	19,422

- 43.2** Figures have been rounded off to the nearest thousand Rupees unless otherwise stated.

44 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on 14 February 2015 has proposed a cash dividend in respect of the year ended 31 December 2014 of Rs. 1.00 per share. This appropriation will be approved in the forthcoming Annual General Meeting. The Directors have also appropriated Rs. 327 million from statutory reserve to unappropriated profit. The financial statements for the year ended 31 December 2014 do not include the effect of these appropriations which will be accounted for in the financial statements for the year ending 31 December 2015.

**STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF
FIVE HUNDRED THOUSAND RUPEES AND ABOVE PROVIDED
DURING THE YEAR ENDED 31 DECEMBER 2014**

Annexure - I

S. No.	Name and address of borrower	Name of individuals/ patners/directors (with CNIC No.)	Father/ Husband's Name	Outstanding liabilities at beginning of the year				Principal Written off	Mark-up Written off	Other Financial Relief Provided	Total
				Principal	Interest / Mark-up	Others	Total				
1	2	3	4	5	6	7	8	9	10	11	12=9+10+11
(Rupees in million)											
1	Rida Industrial Clothing 13 KM Sheikhpura Road, Lahore	Mr. Faisal Khan NIC No. 270-93-264273 Mr. Nasir Hafeez NIC No. 518-75-357076	Mr. M.A. Khan Mr. Muhammad Abdul Hafeez	0.840	0.617	-	1.457	0.840	-	2.397	3.237
2	Malik Sons 1008 Business Centre, Mumtaz Hussain Road, Off: I.I. Chundrigar Road, Karachi	Mr. Mohammad Iqbal Bhatti CNIC No. 35202-7441485-1 Mr. Subhan Khalid Malik CNIC No. 42301-1112901-5	Mr. Safdar Ali Bhatti Mr. Khalil Ahmed Malik	1.750	0.532	-	2.282	-	-	0.550	0.550
3	Nawab Ahmed & Sons Office No.26/67, Block-7&8, Jinnah Co-operative Society, Shahrah-e-Faisal, Karachi	Mr. Irfan Nawab CNIC No. 42201-4422878-9	Mr. Nawab Ahmed	56.378	7.712	-	64.090	31.828	-	10.167	41.995
4	Mehmood Brothers 6-A, Zaman Park, Canal Bank, Lahore	Mr. Mahmood Ahmed CNIC No. 35202-9768932-5	Mr. Chanan Din	29.999	3.713	-	33.712	-	-	14.483	14.483
5	Kahawaja Zafar Hayat Mohalla Bharochi, Tehsil Shahpur, Dist: Sargodha	Mr. Khawaja Zafar Hayat CNIC No. 38404-1679216-7	Mr. Umar Hayat	1.400	1.019	-	2.419	-	-	1.067	1.067
6	Noor Shah Filling Station Aliabad Hunza, District Hunza Nagar	Mr. Karim Ullah Baig CNIC No. 71504-0387960-3	Mr. Muhammad Raza Baig	-	0.560	-	0.560	-	-	0.560	0.560
7	Polo Enterprises 37 Industrial Area, Kotlakhpat, Lahore	Sheikh Tahir Hussain CNIC No. 35202-2903099-5 Mrs. Tehseen Tahir CNIC No. 35202-2720843-4	Sheikh Shareef Hussain Sheikh Tahir Hussain	54.076	4.865	-	58.941	-	-	4.896	4.896
8	Haji Usman Surya Shop No.137, ground Floor, Victoria Road, Preedy Quarter, Karachi	Haji Usman Surya CNIC No. 42101-1854828-1	Mr. Dawood	0.857	0.169	-	1.026	0.857	-	0.668	1.525
9	Ashraf Builders Near Taxi Stand, Adalat Road, Quetta	Mr. Muhammad Ashraf Kakar CNIC No. 42301-3509884-5	Haji Fateh Khan	14.943	3.966	-	18.909	-	-	4.480	4.480
10	Shahrukh Carpets 4-Sundar Das Road, Lahore	Mr. Shahrukh Saeed CNIC No. 35201-1241224-5 Mrs. Ghazala Shahrukh CNIC No. 35201-4820492-8 Mr. Ali Shahzad Saeed CNIC No. 35201-3261562-1	Mr. Saeed Hassan W/o. Shahrukh Saeed Mr. Shahrukh Saeed	28.202	9.883	-	38.085	7.202	-	12.832	20.034
11	Muhammad Juma & Sons Al Madina Centre, 1st Floor, Daryalal Street, Jodia Bazar, Karachi	Mr. Muhammad Anis CNIC No. 42000-6924962-7 Haji Abdul Wahab CNIC No. 42201-0632922-1	Haji Abdul Wahab Haji Abdul Ghani	4.796	1.185	-	5.981	-	-	3.144	3.144
12	Shafi Trade Overseas ST-30, Block -7, F.B. Area, Karachi	Mr. Asif Iqbal CNIC No. 42101-0154178-3	Mr. S. M. Ashiq	7.963	0.747	-	8.710	-	-	2.335	2.335
13	Nazir Industries Suit No-3, 7th Floor, Textile Plaza, M. A. Jinnah Road Karachi	Mrs. Ayesha Kausar CNIC No. 42201-0463138-0	Mr. Kausar Ejaz	3.500	0.326	-	3.826	-	-	0.798	0.798
14	Satellite Gas-II House No. 66, Street No. 96, Sector I-8/4, Islamabad	Mr. Abdul Sattar CNIC No. 37405-1696127-1	Mr. Khushi Muhammad	34.995	2.262	-	37.257	-	-	10.096	10.096
Sub Total				239.699	37.556	-	277.255	40.727	-	68.473	109.200
	Iqbal General Store Shop No. 2, Plot No. 33/423 A, Malir Kalaboard, Karachi	Mr. Muhammad Iqbal CNIC No. 42201-0777304-5	Mr. Haji Muhammad Ibrahim	1.300	0.556	-	1.856	0.035	-	0.506	0.541
TOTAL				240.999	38.112	-	279.111	40.762	-	68.979	109.741

ISLAMIC BANKING BUSINESS

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

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

		2014 (Rupees in '000)	2013
(i) Statement of Financial Position As at 31 December 2014			
ASSETS			
Cash and balances with treasury banks		511,711	330,475
Balances with and due from financial institutions		450,023	250,026
Investments		3,079,901	1,908,714
Islamic Financing and Related Assets	vi	3,282,621	2,407,437
Operating fixed assets		159,678	120,546
Due from Head Office		358,653	252,297
Other assets		124,414	159,864
Total Assets		7,967,001	5,429,359
LIABILITIES			
Bills payable		5,639	5,484
Due to financial institutions		169,010	97,044
Deposits and other accounts	ii.b		
- Current accounts		1,461,516	805,783
- Saving accounts		4,082,466	2,255,074
- Term deposits		1,519,094	1,610,931
- Others		94,216	106,686
Due to Head Office		-	-
Other liabilities		112,776	80,268
Total Liabilities		7,444,717	4,961,270
NET ASSETS		522,284	468,089
REPRESENTED BY:			
Islamic Banking Fund		500,000	400,000
Accumulated profit		13,130	66,252
Surplus on revaluation of assets		513,130	466,252
		9,154	1,837
		522,284	468,089
(ii) Profit And Loss Account For the year ended 31 December 2014			
Profit / return on financing, investments and placements earned		500,049	343,502
Return on deposits and other dues expensed	ii.a	(377,057)	(277,097)
Net income earned before provision		122,992	66,405
Reversal of provision against non-performing financings		21,973	39,742
Provision for diminution in the value of investment		-	-
Net income earned after provision		144,965	106,147
Other income			
Fee, commission and brokerage income		26,524	22,787
Other Income		137,643	156,912
		309,132	285,846
Other expenses			
Administrative expenses		296,002	219,594
Profit before taxation		13,130	66,252

(ii.a) These figures have been adjusted to exclude inter segment profitability charge of Rs. 42.707 million @ 10.03 % (2013: Rs. 36.964 million @ 9.24 %) in line with financial reporting requirement.

(ii.b) Deposits and other accounts include redeemable capital of Rs. 5,695,777 million (31 December 2013: Rs. 3,972,691 million) and deposits on Qard basis of Rs. 1,461,516 million (31 December 2013: Rs. 805,783 million). Remunerative deposits which are on Mudaraba basis are considered as redeemable capital and non-remunerative deposits are classified as being on Qard basis.

Annexure - II

	2014 (Rupees in '000)	2013
(iii) Cash Flow Statement		
For the year ended 31 December 2014		
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	13,130	66,252
Less: Dividend income	-	-
	13,130	66,252
Adjustments:		
Depreciation / amortisation	124,274	132,775
Reversal of provision against non-performing advances	(21,973)	(39,742)
Gain on sale of fixed assets	(561)	(812)
	101,740	92,221
	114,870	158,473
(Increase) / decrease in operating assets		
Islamic Financing and Related Assets-net	(954,490)	215,676
Due from Head Office	(106,356)	11,794
Others assets - (excluding advance taxation)	30,728	(252,297)
	(1,030,118)	(24,827)
Increase / (decrease) in operating liabilities		
Bills payable	155	(807)
Due to financial institutions	71,966	(21,381)
Deposits and other accounts	2,378,818	1,154,659
Other liabilities	(33,744)	(60,954)
	2,417,195	1,071,517
	1,501,947	1,205,163
Income tax paid	-	-
Net cash generated from operating activities	1,501,947	1,205,163
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in securities	(1,172,637)	(677,113)
Dividend received	-	-
Investment in operating fixed assets	(48,785)	(210,373)
Proceeds from disposal of fixed assets	708	850
Net cash used in investing activities	(1,220,714)	(886,636)
CASH FLOW FROM FINANCING ACTIVITIES		
Funds received from Head Office	100,000	-
Net cash generated from financing activities	100,000	-
Increase in cash and cash equivalents	381,233	318,527
Cash and cash equivalents at the beginning of the year	580,501	261,974
Cash and cash equivalents at the end of the year	961,734	580,501
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
Cash and balances with treasury banks	511,711	330,475
Balances with other banks	450,023	250,026
	961,734	580,501
(iv) Remuneration to shariah advisor	1,280	1,200
(v) CHARITY FUND		
Opening balance	-	138
Addition during the year	713	792
Payment / utilization during the year	(713)	(930)
Closing balance	-	-

v.a

- (v.a) This includes an amount of Rs.0.089 million paid to the Kidney Centre, Karachi, in which one of the directors of the Bank is a member of its Board of Governors.

	2014 (Rupees in '000)	2013
(vi) Islamic Modes of Financing		
Murabaha	371,518	525,091
Ijarah	202,662	274,490
Diminishing Musharaka	1,014,705	1,108,522
Salam	-	417,369
Advance against islamic financing:		
- Murabaha	426,108	27,608
- Car Ijarah	16,127	19,617
- Machine Ijarah	-	33,691
- Diminishing Musharaka	374,990	-
- Salam	864,462	-
Other Islamic modes	12,049	1,049
	<u>3,282,621</u>	<u>2,407,437</u>

(vii) Deposits

Deposits are generated on the basis of two modes i.e. Qard and Mudaraba.

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

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

Profits are distributed from the pool such that the depositors (remunerative) only bear the risk of assets in the pool during the profit calculation period. In case of loss in a pool during the profit calculation period, the loss is distributed among the depositors (remunerative) according to their ratio of investments.

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

The Bank maintained the following pools for profit declaration and distribution during the year ended 31 December 2014:

- Mudaraba Pool;
- Musharaka Pool under SBP's Islamic Export Refinance Scheme.

The deposits and funds accepted under the Mudaraba Pool are provided to diversified sectors and avenues of the economy / business mainly to ' Chemical and Pharmaceutical', 'Textile & Allied', 'Food & Allied', 'Automobile and transportation', Shoes and Leather', 'Electronics and electrical appliances', 'Financial' and 'Investment in Government of Pakistan Ijara Sukuk'.

Annexure - II

	2014 (Rupees in '000)	2013
Chemical and Pharmaceuticals	807,036	389,373
Agribusiness	54,088	420,037
Textile	499,408	150,639
GOP Ijarah Sukuk	2,201,010	1,902,265
Shoes and leather garments	-	8,039
Automobile and transportation equipment	1,111	145,223
Financial	1,869,171	256,475
Electronics and electrical appliances	804	24,185
Production and transmission of energy	368,712	-
Carpets & Rugs Manufacturer	233,077	194,607
Glass & Ceramics	-	342,064
Food & Allied	396,942	-
Services	141,464	666,140
Others	239,725	42,906
	<u>6,812,548</u>	<u>4,541,953</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.

(ix) Key features and risk & 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	200,259	-	-	200,259
Investments	236,436	-	-	236,436
Due from financial institutions	51,869	-	-	51,869
Others	164,167	(102,110)	-	62,057
	<u>652,731</u>	<u>(102,110)</u>	<u>-</u>	<u>550,621</u>

* This includes depreciation on ijarah assets of Rs 101.279 million and initial direct cost of Rs 0.831 million.

(x) Incentive profits (Hiba)

The Bank paid an aggregate amount of Rs 154.513 million as incentive profits (Hiba) during the year ended 31 December 2014. The following guidelines are approved by the Bank's Sharia Advisor for determination of incentive profits (Hiba):

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

(xi) Contractual maturities of mudaraba based deposit accounts

	2014								
	Total	Up to 1 month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years
	(Rupees in '000)								
Fixed deposits	1,519,094	202,087	372,421	101,376	835,060	5,750	2,400	-	-
Savings deposits	4,176,683	4,176,683	-	-	-	-	-	-	-
	5,695,777	4,378,770	372,421	101,376	835,060	5,750	-	-	-

Profit / (loss) distribution to depositor's pool

General Remunerative Depositor's Pools	Profit Sharing Ratio	Mudarib Share-Net of Hiba and Including Mudarib Fee (Rupees in '000)	Mudarib Share-Net of Hiba and transferred to Mudarib Fee in %age	Amount of Mudarib share transferred to the depositors through Hiba (Rupees in '000)	% age of Net Mudarib share announcement the depositors through Hiba	Profit Rate and weightage announcement period	Profit rate return earned	Profit rate return distributed
Mudaraba Pool	60.00%	334,362	40.00%	154,513	46.21%	monthly	10.94%	6.48%
Specific pools								
				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 under SBP's Islamic Export Refinance Scheme				0.9147	2,698.634	24.67	Quarterly	8.63%
				0.91	3,382.272	29.991	Quarterly	8.58%
				0.6721	1,368.955	1.263	Quarterly	6.58%
				0.544	491.416	2.687	Quarterly	6.85%

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 ratio of Bank's average equity (pertaining to Islamic banking branches) and average depositors balances commingled in the pool on 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 2014, the Bank charged 40% 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 based on pre-defined basis and accounting principles / standards. Provisions against any non-performing asset of the pool is not passed on to the pool.

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

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

	2014 (Rupees in '000)	2013 (Rupees in '000)
Profit / return earned on financings, investments and placements	488,564	343,502
Other Income (including other charges)	164,167	179,699
Directly related costs attributable to pool	(102,110)	(101,604)
	652,731	421,597

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	65%	0.5833	1.4583
Savings - Soneri Bachat Account	4%	0.6667	0.8333
Savings - Assan Account	4%	0.0167	0.0333
Term Deposits - Soneri Meadi	27%	1.1667	1.5000

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)

Annexure - III

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 Building	8,023	3,192	-	Write off	
----- do -----	5,764	3,452	-	----- do -----	
----- do -----	5,513	1,638	-	----- do -----	
----- do -----	5,482	1,304	-	----- do -----	
----- do -----	3,657	2,208	-	----- do -----	
----- do -----	3,409	1,213	-	----- do -----	
----- do -----	2,713	1,350	-	----- do -----	
----- do -----	2,273	1,211	-	----- do -----	
----- do -----	1,586	618	-	----- do -----	
----- do -----	1,356	597	-	----- do -----	
----- do -----	1,116	762	-	----- do -----	
----- do -----	1,037	774	-	----- do -----	
----- do -----	1,009	195	-	----- do -----	
----- do -----	975	574	-	----- do -----	
----- do -----	960	526	-	----- do -----	
----- do -----	826	294	-	----- do -----	
----- do -----	754	301	-	----- do -----	
----- do -----	474	278	-	----- do -----	
----- do -----	444	261	-	----- do -----	
Items with WDV of below Rs. 250,000/- and cost of less than Rs. 1,000,000	3,875	2,052	-	----- do -----	
	51,247	22,799	-		
Leasehold Improvement					
----- do -----	5,764	4,237	-	Write off	
----- do -----	5,388	831	-	Write off	
----- do -----	5,086	2,117	-	Write off	
----- do -----	1,872	1,338	-	Write off	
----- do -----	1,794	1,499	-	Write off	
----- do -----	1,563	1,235	-	Write off	
----- do -----	1,517	107	-	Write off	
----- do -----	1,433	1,024	-	Write off	
----- do -----	1,385	941	-	Write off	
----- do -----	1,370	1,127	239	Tender	First Micro Finance Bank
----- do -----	1,301	23	-	Write off	
----- do -----	1,130	946	-	Write off	
----- do -----	1,109	938	-	Write off	
----- do -----	931	872	-	Write off	
----- do -----	840	709	-	Write off	
----- do -----	770	633	134	Tender	First Micro Finance Bank
----- do -----	695	373	-	Write off	
----- do -----	645	540	-	Write off	
----- do -----	548	413	-	Write off	
----- do -----	545	461	-	Write off	
----- do -----	523	435	-	Write off	
----- do -----	522	446	-	Write off	
----- do -----	475	396	-	Write off	
----- do -----	455	309	-	Write off	
----- do -----	450	356	-	Write off	
----- do -----	380	317	-	Write off	
----- do -----	374	305	-	Write off	
----- do -----	372	294	-	Write off	
----- do -----	348	305	-	Write off	
----- do -----	344	301	-	Write off	
----- do -----	320	273	-	Write off	
Items with WDV of below Rs. 250,000/- and cost of less than Rs. 1,000,000	13,113	7,790	31	Various	Various
	53,361	31,890	404		

Particulars	Cost	Book value	Sale price / insurance proceeds	Mode of settlement / disposal	Particulars of buyers / insurance companies
----- Rupees in '000 -----					
Furniture and fixtures					
Items with WDV of below Rs. 250,000/- and cost of less than Rs. 1,000,000	3,962	1,087	499	Various	Various
	3,962	1,087	499		
Electrical office and computer equipment					
----- do -----	1,437	-	300	Tender	M/s.S.M.Jaffar & Co.
----- do -----	3,925	131	250	Tender	M/s.Express Courier Link
----- do -----	3,925	196	250	Tender	M/s.Express Courier Link
----- do -----	2,943	-	133	Trade-in	M/s.Touch Point (Pvt) Ltd.
----- do -----	2,943	-	133	Trade-in	M/s.Touch Point (Pvt) Ltd.
----- do -----	2,273	-	133	Trade-in	M/s.Touch Point (Pvt) Ltd.
----- do -----	1,762	-	133	Trade-in	M/s.Touch Point (Pvt) Ltd.
----- do -----	1,225	-	133	Trade-in	M/s.Touch Point (Pvt) Ltd.
----- do -----	1,175	-	133	Trade-in	M/s.Touch Point (Pvt) Ltd.
Items with WDV of below Rs. 250,000/- each and cost of less than Rs. 1,000,000	47,343	4,274	7,587	Various	Various
	68,952	4,601	9,187		
Motor vehicles					
Items with WDV of below Rs. 250,000/- each and cost of less than Rs. 1,000,000	9,299	328	6,594	Various	Various
	9,299	328	6,594		
Ijarah Assets					
Machinery - Ijara	39,597	-	-	Matured	Hilal Confectionery (Private) Ltd.
----- do -----	19,066	-	-	Matured	Hilal Confectionery (Private) Ltd.
----- do -----	20,650	-	-	Matured	Ghani Gases Limited
	79,313	-	-		
Car -Ijara	1,737	-	-	Matured	Maple Pharmaceutical (Pvt) Ltd.
----- do -----	1,556	-	-	Matured	Tourism Promotion Services
----- do -----	1,384	807	939	Premature Settlement	Sidat Hyder Morshed Associates
----- do -----	1,384	807	939	Premature Settlement	Sidat Hyder Morshed Associates
----- do -----	1,241	284	376	Premature Settlement	Sidat Hyder Morshed Associates
----- do -----	1,241	284	376	Premature Settlement	Sidat Hyder Morshed Associates
----- do -----	1,236	556	556	Premature Settlement	Sidat Hyder Morshed Associates
----- do -----	1,222	-	-	Matured	Maple Pharmaceutical (Pvt) Ltd.
----- do -----	1,107	156	156	Premature Settlement	Ms. Gulshan Bano
----- do -----	1,024	-	-	Matured	Tourism Promotion Services
----- do -----	873	509	592	Premature Settlement	Sidat Hyder Morshed Associates
----- do -----	792	403	462	Premature Settlement	Ms. Subah Sadiq
----- do -----	516	253	281	Premature Settlement	Sidat Hyder Morshed Associates
Items with WDV of below Rs. 250,000/- each and cost of less than Rs. 1,000,000	22,127	3,302	5,728	Various	Various
	37,439	7,362	10,405		
	303,573	68,068	27,088		

Particulars of investment in Term Finance Certificates and Sukuk Bonds - (refer note 9.16)

Annexure - IV

Name of Investee	Number of Certificates / units held		Paid up value per certificate / units	Total paid up value before redemption		Principal Redemption	Balance as at 31 December 2014	Balance as at 31 December 2013	Name of Chief Executive Officer
	2014	2013	(Rupees)	(Rupees in '000)	Profit		(Rupees in '000)		
a) Held to maturity securities									
(i) Listed Term Finance Certificates									
Allied Bank Limited - 1st issue	-	11,000	5,000	54,980	6 months Kibor + 1.90%	0.02% of principal amount in the first 72 months and remaining principal in four equal semi annual instalments starting from the 78th month from the date of issue.	-	27,319	Mr. Tariq Mehmood
Allied Bank Limited - 2nd issue	12,973	12,973	5,000	64,865	6 months Kibor + 0.85% (1-5 years) 6 months Kibor + 1.30% (6-10 years)	0.02% of principal amount in the first 114 months and remaining principal paid in 120th month from the date of issue.	64,735	64,761	Mr. Tariq Mehmood
Askari Bank Limited - 3rd issue	7,000	7,000	5,000	35,000	6 months Kibor + 2.50% (1-5 years) 6 months Kibor + 2.95% (6-10 years)	0.02% of principal amount in the first 96 months and remaining principal in four equal semi annual instalments starting from the 102nd month from the date of issue.	34,930	34,944	Mr. Syed Majeedullah Hussaini
Azgard Nine Limited	10,000	10,000	5,000	50,000	6 months Kibor + 1.00% (1-2 years) 6 months Kibor + 1.25% (3-5 years) 6 months Kibor + 1.00% (6-7.5 years)	0.88% of principal amount in 42 month, 1.63% from 48 months to 66 months remaining principal in four equal semi annual instalments starting from the 72nd month from the date of issue.	16,269	16,269	Mr. Ahmed Shaikh
Bank AL Habib Limited - 2nd issue	8,000	8,000	5,000	39,985	6 months Kibor + 1.5%	0.02% of principal amount in the first 84 months and remaining principal in two equal semi annual instalments starting from the 90th month from the date of issue.	19,917	39,503	Mr. Abbas D. Habib
Engro Fertilizers Limited 2nd Issue	-	10,000	5,000	49,980	6 months Kibor + 1.55%	0.02% of principal amount in the first 84 months and remaining principal in two equal semi annual instalments starting from the 90th month from the date of issue.	-	48,022	Mr. Ruhail Muhammad
Engro Fertilizers Limited 3rd Issue	6,325	6,325	5,000	31,625	6 months Kibor + 2.40%	0.02% of principal amount from 24 months, 3.98% from 30 months to 48 months, 6% from 54 months to 72 months remaining principal in two equal semi annual instalments starting from the 78th month from the date of issue.	22,770	26,565	Mr. Ruhail Muhammad
Escorts Investment Bank Limited	-	2,000	5,000	10,000	8.00 % Per Annum	Principal paid in six equal semi annual instalments starting from the 60th month from the date of issue.	-	999	Ms. Shazia Bashir
Faysal Bank Limited	-	6,000	5,000	30,000	6 months Kibor + 1.40%	0.02% of principal amount in the first 60 months and remaining principal in four equal semi annual instalments starting from the 66th month from the date of issue.	-	14,970	Mr. Nauman Ansair
Financial Receivables Securitization Company Limited	-	5,000	5,000	25,000	6 months Kibor + 2.00% with a Floor of 8% and a Cap of 16% per annum	0.02% of principal amount in the first 12 months and remaining principal in twelve equal semi annual instalments starting from the 18th month from the date of issue.	-	2,083	Managed by JS Investments Ltd.
United Bank Limited - 3rd issue	-	9,716	5,000	48,580	6 months Kibor + 1.70%	0.02% of principal amount in the first 60 months and remaining principal in six equal semi annual instalments starting from the 66th month from the date of issue.	-	16,161	Mr. Wajahat Hussain
(ii) Un-listed Term Finance Certificates -									
AgriTech Limited	1,488	1,488	5,000	7,440	11.00 % Per Annum	0.02% of principal amount in the first 60 months and remaining principal paid in 68th month from the date of issue.	7,440	7,440	Mr. Ahmed Jaudet Bilal
Avani Hotels Limited	-	25,000	5,000	125,000	1 year Kibor + 2.5%	56.16% of principal amount in the 60 months 11.23% in 78 months and remaining principal paid in 84th month from	-	46,538	Mr. Byram Dinshawji Avani
Azgard Nine Limited	2,150	2,150	5,000	10,750	NIL	10% of principal amount from 24 months to 36 months , 15% from 42 months to 48 months remaining principal in two l equa semi annual instalments starting from the 54th month from the date of issue.	10,750	10,750	Mr. Ahmed Shaikh
Bank Al Falah Limited - 4th issue	10,000	10,000	5,000	50,000	6 months Kibor + 2.50%	0.02% of principal amount in the first 78 months and remaining principal in three equal semi annual instalments starting from the 84th month from the date of issue.	49,900	49,920	Mr. Atif Bajwa
Faysal Bank Limited	15,000	15,000	5,000	75,000	6 months Kibor + 2.25%	0.02% of principal amount in the first 60 months and remaining principal in four equal semi annual instalments starting from the 66th month from the date of issue.	74,880	74,910	Mr. Nauman Ansair

Particulars of investment in Term Finance Certificates and Sukuk Bonds - (refer note 9.16)

Annexure - IV

Name of Investee	Number of Certificates / units held		Paid up value per certificate / units	Total paid up value before redemption	Profit	Principal Redemption	Balance as at 31 December 2014	Balance as at 31 December 2013	Name of Chief Executive Officer
	2014	2013	(Rupees)	(Rupees in '000)			(Rupees in '000)		
Jahangir Siddiqui & Company Limited - 2nd issue	-	4	5,000	2,000	6 months Kibor + 1.50% (1-5 year) 6 months Kibor + 1.60% (6 year) 6 months Kibor + 1.70% (7 year) 6 months Kibor + 1.80% (8 year) 6 months Kibor + 2.00% (9 year) 6 months Kibor + 2.20% (10 year)	0.02% of principal amount in the first 96 months and remaining principal in four equal semi annual instalments starting from the 102nd month from the date of issue.	-	4,984	Mr. Suleman Lalani
JDW Sugar Mills Limited	-	16,600	5,000	83,000	3 months Kibor + 1.25%	Quarterly instalments starting from 23 March 2010	-	9,222	Mr. Jahangir Khan Tareen
Standard Chartered Bank Limited	40,000	40,000	5,000	200,000	6 months Kibor + 0.75%	Principal paid in two equal semi annual instalments starting from the 114th month from the date of issue.	200,000	200,000	Mr. Mohsin Ali Nathani
(iii) Listed Sukuk Bonds									
Engro Fertilizers Limited	32,300	-	5,000	161,500	6 M Kibor + 1.75%	2.50% of principal amount in 24 months , 10.00% from 30 months to 36 months remaining principal in four equal semi annual instalments starting from the 63rd month from the date of issue.	161,500	-	Mr. Ruhail Muhammad
K-Electric Limited	80,000	-	5,000	400,000	3 M Kibor + 2.25%	Principal paid in 36 months from the date of issue	400,000	-	Mr. Tabish Gauhar
(iv) Un-listed Sukuk Bonds									
AlBaraka Bank (Pakistan) Limited	100	-	1,000,000	100,000	6 M Kibor + 1.25%	Principal paid in fourteen equal semi annual instalments	100,000	-	Mr. Shafqaat Ahmed
Amrell Steels Limited	10,000	10,000	5,000	50,000	3 months Kibor + 2.50%	Principal amount of first instalment due from 27th month to 60th month remaining principal in eight equal quarterly instalments starting from the 63rd month from the date of issue.	38,000	42,000	Mr. Abbas Akber Ali
Eden Housing Limited	10,000	10,000	5,000	50,000	3 months Kibor + 2.5%	12.50% of principal amount from 18 to 24 months, 0.38% in 15 months, 2.27% from 18 to 21 months, 2.60% in 24 months, 4.72% from 27 months to 36 months ,5.62% from 39 months to 48 months and remaining principal in four equal quarterly instalments starting from the 51th month from the date of issue.	6,560	13,120	Mr. Muhammad Amjad
House Building Finance Company Limited	-	13,000	5,000	65,000	6 months Kibor + 1.00%	Principal paid in ten equal semi annual instalments starting from the 18th month from the date of issue.	-	6,450	Mr. Pervaiz Said
Liberty Power Tech Limited	1,099,430	1,099,430	100	109,943	3 months Kibor + 3.00%	Quarterly instalments starting from 01 April 2011	87,200	92,942	Mr. Ashraf Mukati
Pak Elektron Limited	10,000	10,000	5,000	50,000	3 months Kibor + 1.75% with floor of 10% and cap of 25%	Principal paid in six equal quarterly instalments starting from the 93rd month from the date of issue.	21,429	21,429	Mr. Naseem Saigal
Pakistan Mobile Communication Limited	43,478	-	5,000	217,391	3 M Kibor + 2.15%	Principal paid in twelve equal quarterly instalments starting from the 27th month from the date of issue.	217,391	-	Mr. Rashid Khan
Three Star Hosiery Mills (Pvt) Limited	5,100	5,100	5,000	25,500	3 months Kibor + 3.25% with floor of 11% and Cap of 25%	Principal paid in seven equal semi annual instalments starting from the 24th month from the date of issue.	25,215	25,215	Mr. Muhammad Rasheed
WAPDA	4,000	4,000	5,000	20,000	6 months Kibor + 0.35%	Principal paid in 80 months from the date of issue	19,860	19,860	Syed Raghbir Abbas
(b) Available for sale securities									
(i) Listed Term Finance Certificates									
Engro Fertilizers Limited	-	10,000	5,000	49,890	6 months Kibor + 1.55%	0.02% of principal amount in the first 84 months and remaining principal in two equal semi annual instalments starting from the 90th month from the date of issue.	-	49,095	Mr. Ruhail Muhammad

SHARI'AH ADVISOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

The year under review was the tenth year of Soneri Bank Limited, Islamic Banking.

- 1) While the management of Soneri Bank limited is solely responsible to ensure that the operations of the Bank are conducted in a manner that comply with Shari'ah principles at all times, we are required to submit a report based on review of the overall Shari'ah compliance environment conducted by the Bank's Shari'ah Compliance Department .
- 2) To form our opinion as expressed in this report, the Shari'ah Compliance Department carried out reviews, on test check basis, of each class of transactions, the relevant documentation and process flows etc. Further, based on above, we are of the view that:
 - i. The Soneri Bank limited has complied with Shari'ah rules and principles and also with the specific fatawa, rulings, guidelines issued by SBP and by Shari'ah Advisor from time to time.
 - ii. The Bank has a mechanism in place to ensure Shari'ah compliance in their overall operations.
 - iii. The Bank has a system in place which is sound enough to ensure that any earnings realized from sources or by means prohibited by Shari'ah have been credited to charity account and are being properly utilized.
 - iv. The Bank has complied with the SBP instructions on profit and loss distribution and pool management.
 - v. Islamic Banking awareness programs were organized for understanding of the Islamic Banking concepts and products. However, due to staff movement from conventional to Islamic and Islamic to conventional branches, this focus on training and development needs to be carried on continuous basis. The staffs of Islamic Banking branches are also provided knowledge of products and Shariah aspects through lectures and materials. Moreover, staff members of Islamic Banking branches are nominated to participate in workshops and courses conducted on Islamic Banking by various organizations under supervision of SBP and by private institutions.

On the basis of Shari'ah Review of transactions, in our opinion, the general conducts of Islamic banking activities are Shari'ah-compliant. We pray to almighty ALLAH, for the success of Islamic Banking and provide us guidance to adhere to his Shari'ah in day to day operations and forgive our mistakes.

Mufti Nadeem Iqbal

Shari'ah Advisor

Lahore: 14 February 2015

NOTICE OF THE **ANNUAL GENERAL MEETING**

Notice is hereby given that **Twenty Third (23rd) Annual General Meeting** of Soneri Bank Limited will be held at Avari Hotel, Lahore on Friday, 27 March 2015 at 9:00 a.m. to transact the following business:

Ordinary Business

- 1) To confirm the minutes of last Annual General Meeting held on 28 March 2014.
- 2) To receive, consider and adopt Annual Audited Accounts together with the Directors' and Auditors' Reports thereon for the year ended 31 December 2014.
- 3) To approve and declare the final cash dividend of Rs.1/- per share (i.e.10%) for the financial year ended 31 December 2014 as recommended by the Board of Directors in its 141st meeting held on 14 February 2015.
- 4) To appoint Auditors of the Bank for the year ending 31 December 2015 till the conclusion of next Annual General Meeting and fix their remuneration. Retiring Auditors, M/s. A.F. Ferguson & Co., Chartered Accountants, being eligible, have offered themselves for re-appointment.
- 5) To transact such other ordinary business as may be placed before the meeting with the permission of the Chair.

Special Business

- 6) To approve payment of remuneration to Non-Executive Directors for attending the Board and its Committees meetings in compliance with the State Bank of Pakistan BPRD Circular No. 14 of 2009 dated: 07 August 2009.
- 7) To increase the Authorized Share Capital of the Bank from Rs.12.0 billion to Rs.15.0 billion and to pass with or without modification the following resolution as a Special Resolution:
 - a) **"RESOLVED THAT** the Authorized Share Capital of the Bank be and is hereby increased from Rs.12,000,000,000 (Rupees twelve billion) to Rs.15,000,000,000 (Rupees fifteen billion) by the creation of 300,000,000 new ordinary shares of the face value of Rs. 10/- each.
 - b) **FURTHER RESOLVED THAT** clause V of the Memorandum and Articles of Association of the Bank be altered by substituting the words and figures "rupees twelve billion" (Rs. 12,000,000,000) and "one billion two hundred million (1,200,000,000)" appearing respectively in clause V of the Memorandum of Association, with the words and figures "rupees fifteen billion (Rs. 15,000,000,000)" and "one billion five hundred million (1,500,000,000)" respectively."

A statement under Section 160(1)(b) of the Companies Ordinance, 1984 pertaining to Special Business alongwith the Ordinary Resolution / Special Resolution proposed to be passed, is being sent to the shareholders with the Notice.

BY ORDER OF THE BOARD

Muhammad Altaf Butt
Company Secretary

Lahore: 14 February 2015

NOTICE OF THE ANNUAL GENERAL MEETING

NOTES:

1. Share Transfer Books of the Bank will remain closed from 20 March 2015 to 27 March 2015 (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 is enclosed herewith.
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 Ground Floor, State Life Building No.3, Dr. Ziauddin Ahmed Road, 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 at the address mentioned at Sr. No.4 above.

6. **Transmission of Audited Financial Statements & Notice Of Annual General Meeting Through E-Mail**

As per the directives issued by the Securities and Exchange Commission of Pakistan ("SECP") vide S.R.O.787(1)2014 dated 08 September 2014, companies are allowed 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.

In this regard, Bank had already dispatched Circular dated 12.01.2015, however response from very few shareholders was received. If you wish to receive Bank's Annual Report via email in future, you are requested to fill the consent form and return it to our Share Registrar at the address mentioned at Sr. No.4 above. Consent form may be accessed at <http://www.soneribank.com/investor-relations/stock-information/>

7. Increase in withholding tax on dividend income for Non-Filers and dividend mandate

Shareholders are hereby informed that the SECP vide Circular No.19/2014 dated 24 October 2014 communicated that the Government of Pakistan has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 through Finance Act - 2014, whereby 10% and 15% rates were prescribed for deduction of withholding tax on the amount of dividend for filers and non-filers of income tax returns respectively.

The shareholders who are having their shares in physical form are requested to submit a copy of their National Tax Number (NTN) certificate/Computerized National Identity Card (CNIC) to our Share Registrar at the address mentioned at Sr. No.4 above. Whereas, shareholders maintaining their shares in scripless form, should contact to their respective brokers / Central Depository Company of Pakistan Limited (CDC) in this regard. Those shareholders who do not provide copy of their NTN certificate will be subject to 15% withholding tax deduction on dividend amount.

Further, the SECP vide Circular No.18 of 2012 dated 05 June 2012, allowed for payment of Cash Dividend to shareholders electronically. If you wish to exercise this option, please fill the consent form on Dividend Mandate and return it to our Share Registrar at the address mentioned at Sr. No.4 above. Consent form may be accessed at <http://www.soneribank.com/investor-relations/stock-information/>

NOTICE OF THE ANNUAL GENERAL MEETING

Statement under Section 160(1)(b) of the Companies Ordinance, 1984

This statement sets out the material facts concerning the special business to be transacted at Twenty Third (23rd) Annual General Meeting of Soneri Bank Limited to be held on 27 March 2015.

Item No. 6 of the Notice:

The State Bank of Pakistan (SBP), Banking Policy & Regulations Department vide its BPRD Circular No. 14 dated: 07 August 2009 has allowed the Banks to pay a reasonable and appropriate remuneration to their Non Executive Directors for attending the Board or its committees meetings. Such remuneration shall be approved by the shareholders on a pre or post facto basis in the Annual General Meeting (AGM).

For compliance of the SBP's directive, the following draft resolution is proposed to be passed by the shareholders at the 23rd AGM as Ordinary Resolution:

"RESOLVED THAT approval for the payment of remuneration be and is hereby accorded to Non-Executive Directors of Soneri Bank Limited for attending the Board and Board committees meetings @ Rs.75,000 per meeting effective from 13 February 2015 as approved by the Board of Directors in its 141st meeting held on 14 February 2015."

The Directors have no interest in the above resolution that would require further disclosure except to the extent of the meetings fee as disclosed.

Item No. 7 of the Notice:

Board of Directors have proposed to increase the Authorized Share Capital of the Bank from Rs.12.00 billion to Rs.15.00 billion divided into 1,500,000,000 ordinary shares by creation of 300,000,000 new ordinary shares of the face value of Rs.10/- each to facilitate further issue of Capital as and when required by the Bank.

FORM 34

PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS (CDS AND PHYSICAL)
AS AT 31 DECEMBER 2014 (SECTION 236)

No. of Shareholders	Shareholding			Total Shares Held
	From		To	
976	1	-	100	35,572
1368	101	-	500	372,235
1210	501	-	1000	959,642
2466	1001	-	5000	5,705,436
1615	5001	-	10000	13,152,918
684	10001	-	15000	8,045,571
200	15001	-	20000	3,488,680
92	20001	-	25000	2,084,750
59	25001	-	30000	1,613,360
34	30001	-	35000	1,127,936
22	35001	-	40000	826,292
19	40001	-	45000	804,852
18	45001	-	50000	862,678
24	50001	-	55000	1,262,978
9	55001	-	60000	506,718
11	60001	-	65000	679,966
6	65001	-	70000	397,086
6	70001	-	75000	436,440
8	75001	-	80000	621,416
5	80001	-	85000	407,407
5	85001	-	90000	435,387
4	90001	-	95000	366,366
8	95001	-	100000	786,459
2	100001	-	105000	203,298
8	105001	-	110000	865,038
5	110001	-	115000	560,642
4	115001	-	120000	467,649
2	120001	-	125000	245,448
3	125001	-	130000	382,642
4	130001	-	135000	533,372
2	135001	-	140000	275,675
2	140001	-	145000	282,983
5	145001	-	150000	738,591
2	150001	-	155000	305,035
1	155001	-	160000	158,000
2	160001	-	165000	328,736
2	170001	-	175000	341,040
1	175001	-	180000	178,000
1	185000	-	190000	189,835
1	190001	-	195000	191,957
5	195001	-	200000	998,586
1	200001	-	205000	202,000
1	210001	-	215000	210,758
1	215001	-	220000	217,892
2	220001	-	225000	441,650
1	230001	-	235000	232,268
1	235001	-	240000	235,962
1	240000	-	245000	243,269
1	245001	-	250000	250,000
1	270001	-	275000	270,368
3	285001	-	290000	866,804
2	290001	-	295000	584,735
2	295001	-	300000	593,338

FORM 34

PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS (CDS AND PHYSICAL)
AS AT 31 DECEMBER 2014 (SECTION 236)

No. of Shareholders	Shareholding		To	Total Shares Held
	From			
1	330001	-	335000	333,193
1	335001	-	340000	336,500
1	350001	-	355000	353,709
1	360001	-	365000	363,320
2	365001	-	370000	733,246
1	415001	-	420000	416,611
2	430001	-	435000	869,339
1	445001	-	450000	446,427
1	480001	-	485000	481,196
3	495001	-	500000	1,495,610
1	570001	-	575000	571,046
1	600001	-	605000	605,000
1	635001	-	640000	636,427
1	975001	-	980000	976,820
1	985001	-	990000	989,450
1	1125001	-	1130000	1,129,647
1	1210001	-	1215000	1,214,807
1	2765001	-	2770000	2,766,216
1	3380001	-	3385000	3,382,183
1	3435001	-	3440000	3,437,500
1	3590001	-	3595000	3,591,580
1	4715001	-	4720000	4,718,952
1	5490001	-	5495000	5,494,500
1	6600001	-	6605000	6,603,661
1	8430001	-	8435000	8,430,965
1	9475001	-	9480000	9,477,018
1	10885001	-	10890000	10,889,450
1	11580001	-	11585000	11,580,450
1	13545001	-	13550000	13,546,734
1	24630001	-	24635000	24,631,642
1	26785001	-	26790000	26,786,763
1	29025001	-	29030000	29,026,394
1	31495001	-	31500000	31,500,000
1	37280001	-	37285000	37,280,242
1	37505001	-	37510000	37,508,988
1	38295001	-	38300000	38,297,154
1	45065001	-	45070000	45,069,200
1	47105001	-	47110000	47,109,707
1	51385001	-	51390000	51,386,588
1	76615001	-	76620000	76,619,421
1	86005001	-	86010000	86,008,806
1	117410001	-	117415000	117,413,549
1	301375001	-	301380000	301,377,754
8965		Total		1,102,463,481

FORM 34**PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS (CDS AND PHYSICAL)
AS AT 31 DECEMBER 2014 (SECTION 236)**

Categories of Shareholders	No. of Shareholders	Shares Held	Percentage
Directors, Chief Executive Officer and their Spouses and minor Children			
DIRECTORS			
Mr. Alauddin Feerasta	2	16,080,679	1.4586
Mr. Nooruddin Feerasta	1	14,048	0.0013
Mr. Amar Zafar Khan	1	17	0.0000
Mr. Muhammad Rashid Zahir	1	10,065	0.0009
Syed Ali Zafar	1	1,069	0.0001
CHIEF EXECUTIVE OFFICER			
Mr. Mohammad Aftab Manzoor			0.0000
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
	8	16,118,300	1.4620
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	14	52,562	0.0048
National Bank of Pakistan - Trustee Department, NIT and ICP	8	155,270,466	14.0840
Banks Development Financial Institutions, Non Banking Financial Institutions.	11	43,169,422	3.9157
Insurance Companies	4	13,612,912	1.2348
Modarabas and Mutual Funds	11	4,283,842	0.3886
Joint Stock Companies	59	87,005,287	7.8919
Foreign Companies	10	49,126,791	4.4561
General Public:			
a) Local	7,624	141,757,368	12.8582
b) Foreign	1,210	12,606,957	1.1435
Others	-	-	-
Total:	8,965	1,102,463,481	100.00

Shareholders Holding Five Percent or More Voting Interest in the Company

Trustees Alauddin Feerasta Trust	387,386,560	35.1383
National Bank of Pakistan - Trustee Department, NIT and ICP	155,270,466	14.0840
Trustees Feerasta Senior Trust	128,006,009	11.6109
Trustees Alnu Trust	64,067,005	5.8113
Mr. Amir Feerasta	62,140,630	5.6365 *

* Voting rights on shares exceeding five percent are subject to State Bank of Pakistan's approval.

Trading in shares during the year 2014:

Directors, CEO, CFO and Company Secretary

No trading, except restructuring of sponsors' shares with the approval of State Bank of Pakistan and Securities & Exchange Commission of Pakistan, without any monetary consideration.

LIST OF BRANCHES

AS AT 31 DECEMBER 2014

REGISTERED OFFICE

Rupali House 241-242, Upper Mall Scheme,
Anand Road, Lahore, Pakistan
Tel.: (+92-42) 35713101-4, 35792180
Fax: (+92-42) 35713095-6

CENTRAL OFFICE

10th Floor, PNSC Building, M. T. Khan Road
Karachi, Pakistan
Tel.: (+92-21) 32444401-5 & 111-567-890
Fax: (+92-21) 35643314, 35643325 & 6
Swift: SONEPKKAXXX
E-mail: info@soneribank.com

CENTRAL REGION

Main Branch, Lahore

Tel.: (042) 36368141-8 & 111-567-890

Defence Branch, Lahore

Tel.: (042) 35897181-2 & 35691037-8

Gulberg Branch, Lahore

Tel.: (042) 35713445-8, 35759273
& (042) 35772294-5

Circular Road Branch, Lahore

Tel.: (042) 37670486 & 37670489

Model Town Branch, Lahore

Tel.: (042) 35889311-2 & 35915666

Akbar Chowk Branch, Lahore

Tel.: (042) 35177800-2 & 35221410

Cavalry Ground Branch, Lahore

Tel.: (042) 36653728-9 & 36619697

Islamic Banking

Temple Road Branch, Lahore

Tel.: (042) 36376341-2

Allama Iqbal Town Branch, Lahore

Tel.: (042) 37812394-5

Baghbanpura Branch, Lahore

Tel.: (042) 36832811-3

Thokar Niaz Baig Branch, Lahore

Tel.: (042) 35313651, 3 & 4

Ghazi Chowk Branch, Lahore

Tel.: (042) 35188505-7

Islamic Banking

New Garden Town Branch, Lahore

Tel.: (042) 35940611-3

DHA Phase-III Branch, Lahore

Tel.: (042) 35734083-5

Chungi Amer Sadhu Branch, Lahore

Tel.: (042) 35808611-3

Johar Town Branch, Lahore

Tel.: (042) 35204191-3

Wahdat Road Branch, Lahore

Tel.: (042) 37424821-6

Gunpat Road Branch, Lahore

Tel.: (042) 37361607-9

Airport Road Branch, Lahore

Tel.: (042) 35700115-7

Ravi Road Branch, Lahore

Tel.: (042) 37725356-7

Shahdara Chowk Branch, Lahore

Tel.: (042) 37941741-3

Manga Mandi Branch, Lahore

Tel.: (042) 35383517-8

Badian Road Branch, Lahore

Tel.: (042) 37165390 & 3

Mughalpura Branch, Lahore

Tel.: (042) 36880892-4

Upper Mall Branch, Lahore

Tel.: (042) 35789346-9

Islampura Branch, Lahore

Tel.: (042) 37214394-6

Garhi Shahu Branch, Lahore

Tel.: (042) 36294201-2

Zarrar Shaheed Road Branch, Lahore

Tel.: (042) 36635167-8

Hamdard Chowk Kot Lakhpat Branch, Lahore

Tel.: (042) 35140261-5

Kana Kacha Branch, Lahore

Tel.: (042) 36187413

Sabzazar Branch, Multan Road, Lahore

Tel.: (042) 37830881-2

DHA Phase-IV Branch, Lahore

Tel.: (042) 35694156-7

Azam Cloth Market Sub Branch, Lahore

Tel.: (042) 37662203-4

Jail Road Branch, Lahore

Tel.: (042) 37421730-3

Badami Bagh Branch, Lahore

Tel.: (042) 37731601, 2 & 4

Montgomery Road Branch, Lahore

Tel.: (042) 36291013-4

DHA Phase-VI Branch, Lahore

Tel.: (042) 37180536-7

Bahria Town Branch, Lahore

Tel.: (042) 35976352 & 35976356

Muridke Branch

Tel.: (042) 37166511-2

Main Branch, Gujranwala

Tel.: (055) 3843560-2, 111-567-890

Gujranwala Cantt. Branch, Gujranwala

Tel.: (055) 3861932-4

Wapda Town Branch, Gujranwala

Tel.: (055) 4291136-7

Kamokee Branch, Dist. Gujranwala

Tel.: (055) 6813501-6

Main Branch, Faisalabad

Tel.: (041) 2639877-8, 111-567-890

Peoples Colony Branch, Faisalabad

Tel.: (041) 8555715-6

Ghulam Muhammadabad Branch, Faisalabad

Tel.: (041) 2680113-4

Islamic Banking

East Canal Road Branch, Faisalabad

Tel.: (041) 2421381-2

Jaranwala Branch, Dist. Faisalabad

Tel.: (041) 4312201-2

Samundri Branch, Dist. Faisalabad

Tel.: (041) 3423983-4

Painsera Branch, Dist. Faisalabad
Tel.: (041) 2557100-500 & 2574300

Chiniot Branch
Tel.: (047) 6333840-2

Jhang Branch
Tel.: (047) 7651601-2

Small Industrial Estate Branch, Sialkot
Tel.: (052) 3242607-9

Pasrur Road Branch, Sialkot
Tel.: (052) 3521655 & 3521755

Islamic Banking
Sialkot Cantt. Branch, Sialkot
Tel.: (052) 4560023-4

Godhpur Branch, Sialkot
Tel.: (052) 4563932-3

Daska Branch, Dist. Sialkot
Tel.: (052) 6617847-8

Sheikhupura Branch
Tel.: (056) 3613570 & 3813133

Nankana Sahib Branch
Tel.: (056) 2876342-3

Wazirabad Branch
Tel.: (055) 6603703-4 & 6608555

Ghakkar Mandi Branch
Tel.: (055) 3832611-2

Main Branch, Multan
Tel.: (061) 4519927 & 4512884

Islamic Banking
Shah Rukn-e-Alam Branch, Multan
Tel.: (061) 6784052-3 & 6782081

Bosan Road Branch, Multan
Tel.: (061) 6520693 & 6210691

Mumtazabad Branch, Multan
Tel.: (061) 6760213-4

Chowk Shaheedan Branch, Multan
Tel.: (061) 4581281-2

Azmat Road Branch, Dera Ghazi Khan
Tel.: (064) 2471630-7

Lodhran Branch
Tel.: (0608) 364766-7

Rahim Yar Khan Branch
Tel.: (068) 5886042-4

Liaquatpur Branch, Dist. Rahim Yar Khan
Tel.: (068) 5792041-2

Sadiqabad Branch
Tel.: (068) 5702162 & 5800168

Bahawalpur Branch
Tel.: (062) 2731703-1

Hasilpur Branch
Tel.: (062) 2441481-3

Sargodha Branch
Tel.: (048) 3726021-3

Khanewal Branch
Tel.: (065) 2551560-2

Kabirwala Branch, Dist. Khanewal
Tel.: (065) 2400910-3

Abdul Hakeem Branch, Dist. Khanewal

Mian Channu Branch
Tel.: (065) 2662201-2

Burewala Branch
Tel.: (067) 3773110 & 20

Depalpur Branch
Tel.: (044) 4541341-2

Okara Branch
Tel.: (044) 2553012-4

Sahiwal Branch
Tel.: (040) 4467742-3

Chichawatni Branch, Dist. Sahiwal
Tel.: (040) 5484852-3

Layyah Branch
Tel.: (060) 6414207-8

Kharoor Pacca Branch
Tel.: (0608) 341041-2

Muzafargarh Branch
Tel.: (066) 2422901, 3 & 5

Fazal Garh Sanawan Branch,
Dist. Muzafargarh
Tel.: (066) 2250214-5

Sheikhoo Sugar Mills Branch
Dist. Muzafargarh
Tel.: (061) 6006352-7

Shahbaz Khan Road Branch, Kasur
Tel.: (0492) 764891-2

Hafizabad Branch
Tel.: (0547) 541641-2

Jalalpur Branch, Distt Hafizabad
Tel.: (054) 7500847-52

Pattoki Branch
Tel.: (049) 4422435-6

Sambrial Branch
Tel.: (052) 6523451-2

Vehari Branch
Tel.: (067) 3360015, 21 & 22

Gaggoo Mandi Branch, Dist. Vehari
Tel.: (067) 3500311-2

Mandi Bahauddin Branch
Tel.: (0546) 507601-2

Mailsi Branch, Dist. Vehari
Tel.: (067) 3750140-5

Bahawalnagar Branch
Tel.: (063) 2274795-6

Haroonabad Branch, Dist.
Bahawalnagar
Tel.: (063) 2251664-5

Toba Tek Singh Branch
Tel.: (046) 2513203-4

Gojra Branch, Dist. Toba Tek Singh
Tel.: (046) 3516388-9

Kamalia Branch, Dist. Toba Tek Singh
Tel.: (046) 3411405-6

Gujrat Branch
Tel.: (0533) 520591-4

Panjan Kasana Branch, Dist. Gujrat
Tel.: (0537) 533525 & 534525

Kharian Branch

Tel.: (053) 7602905-7

Lalamusa Branch

Tel.: (053) 7511072-3

Pak Pattan Branch, Dist. Pak Pattan**Arif wala Branch, Dist. Pak Pattan****SOUTH REGION****Main Branch, Karachi**

Tel.: (021) 32436990-4 & 32444401-5

UAN: 111 567 890

Clifton Branch, Karachi

Tel.: (021) 35877773-4, 35861386

Garden Branch, Karachi

Tel.: (021) 32232877-8

F. B. Area Branch, Karachi

Tel.: (021) 36373782-3 & 36811646

Korangi Industrial Area Branch, Karachi

Tel.: (021) 35113898-9, 35113900-1

AKUH Branch, Karachi

Tel.: (021) 34852252-3

Haidery Branch, Karachi

Tel.: (021) 36638617 & 36630409-410

Jodia Bazar Branch, Karachi

Tel.: (021) 32413627, 32414920

Shahrah-e-Faisal Branch, Karachi

Tel.: (021) 34535553-4

DHA Branch, Karachi

Tel.: (021) 35852209 & 35845211

Gulshan-e-Iqbal Branch, Karachi

Tel.: (021) 34811831-2

SITE Branch, Karachi

Tel.: (021) 32568213 & 32550997

Zamzama Branch, Karachi

Tel.: (021) 35375836-7

Gole Market Branch, Karachi

Tel.: (021) 36618932 & 36681324

Gulistan-e-Jauhar Branch, Karachi

Tel.: (021) 34020944-5

M. A. Jinnah Road Branch, Karachi

Tel.: (021) 32213972 & 32213498

Gulbahar Branch, Karachi

Tel.: (021) 36607744

North Karachi Branch, Karachi

Tel.: (021) 36920140-1

Block-7 Gulshan-e-Iqbal Branch, Karachi

Tel.: (021) 34815811-2

Islamic Banking**Cloth Market Branch, Karachi**

Tel.: (021) 32442961 & 32442977

Paria Street Kharadar Branch, Karachi

Tel.: (021) 32201059-60

Suparco Branch, Karachi

Tel.: (021) 34970560 & 34158325-6

Chandni Chowk Branch, Karachi

Tel.: (021) 34937933 & 34141296

Allama Iqbal Road Branch, Karachi

Tel.: (021) 34387673-4

Nishtar Road Branch, Karachi

Tel.: (021) 32239711 & 3

Islamic Banking**Waterpump Branch, Karachi**

Tel.: (021) 36312113

Apwa Complex Branch, Karachi

Tel.: (021) 32253143 & 32253216

Clifton Block-2 Branch, Karachi

Tel.: (021) 35361115-6

Malir Branch, Karachi

Tel.: (021) 34518730 & 34517983

Bahadurabad Branch, Karachi

Tel.: (021) 34135842-3

New Challi Branch, Karachi

Tel.: (021) 32625246 & 32625279

Shah Faisal Colony Branch, Karachi

Tel.: (021) 34602446-7

Zaibunissa Street Saddar**Branch, Karachi**

Tel.: (021) 35220026-7

Liaquatabad Branch, Karachi

Tel.: (021) 34860723-6 & 34860725

Lea Market Branch, Karachi

Tel.: (021) 32526193-4

Korangi Township No. 3 Branch, Karachi

Tel.: (021) 36007572, 35071176 & 80

North Karachi Industrial Area Branch, Karachi

Tel.: (021) 36962851-3

F. B. Industrial Area Branch, Karachi

Tel.: (021) 36829961-3

Napier Road Branch, Karachi

Tel.: (021) 32713538-9

Gulshan-e-Hadeed Branch, Karachi

Tel.: (021) 34710252 & 34710256

Metroville Branch, Karachi

Tel.: (021) 36752206-7

Defence Phase-II Extension Branch, Karachi

Tel.: (021) 35386910 & 1

North Karachi Township Branch, Karachi

Tel.: (021) 36968605-6

Karachi Stock Exchange Branch, Karachi

Tel.: (021) 32414003-4

Gulshan-e-Jamal Branch, Karachi

Tel.: (021) 34682682-3

Alyabad Branch, Karachi

Tel.: (021) 36826727 & 36332517

Saudabad Branch, Malir, Karachi

Tel.: (021) 34111904-5

Shireen Jinnah Colony Branch, Karachi

Tel.: (021) 34166263

Islamic Banking**Al-Tijarah Centre Branch, Karachi**

Tel.: (021) 34169252-3

Barkat-e-Haidery Branch, Karachi

Tel.: (021) 36645688-9

Shadman Town Branch, Karachi

Tel.: (021) 36903038-9

New Town Branch, Karachi

Tel.: (021) 32220702 & 4

Enquiry Office Nazimabad**No. 2 Branch, Karachi**

Tel.: (021) 36601504-5

Block 13-D Gulshan-e-Iqbal Branch, Karachi

Tel.: (021) 34983883-4

Timber Market Branch, Karachi

Tel.: (021) 32742491-2

Khayaban-e-Ittehad Branch, Karachi

Tel.: (021) 35347414-5

Sindhi Muslim Co-operative Housing Society Branch, Karachi

Tel.: (021) 34527085-6

Bahria Complex-III Branch, Karachi

Tel.: (021) 35640731, 2 & 3

Main Branch, Hyderabad

Tel.: (022) 2781528-9

UAN: 111-567-890

F. J. Road Branch, Hyderabad

Tel.: (022) 2728131 & 2785997

Latifabad Branch, Hyderabad

Tel.: (022) 3816309

Qasimabad Branch, Hyderabad

Tel.: (022) 2651968

Islamic Banking**Isra University Branch, Dist. Hyderabad**

Tel.: (022) 2032322 & 2030161-4

Prince Ali Road Branch, Hyderabad

Tel.: (022) 2638515-6

S.I.T.E. Branch, Hyderabad

Tel.: (022) 3886861-2

Faqir Jo Pir Branch, Hyderabad

Tel.: (022) 2612685-6

Matyari Branch, Dist. Matyari

Tel.: (022) 2760125-6

Sukkur Branch

Tel.: (071) 5622382 & 5622925

Sanghar Branch, Dist. Sanghar

Tel.: (0235) 543376-8

Tando Adam Branch, Dist. Sanghar

Tel.: (0235) 571640-44

Golarchi Branch, Dist. Badin

Tel.: (0297) 853193-4

Talhar Branch, Dist. Badin

Tel.: (0297) 830389

Deh. Sonhar Branch, Dist. Badin

Tel.: (0297) 810025-6

Matli Branch

Tel.: (0297) 840171-2

Buhara Branch, Dist. Thatta

Tel.: (0298) 613169

Jati Town Branch, Dist. Thatta

Tel.: (0298) 777120 & 129

Hub Branch, Dist. Lasbela

Tel.: (0853) 310225-7

Tando Allahyar Branch

Tel.: (022) 3890262-3

Sultanabad Branch, Dist. Tando Allahyar

Tel.: (0233) 509649

Shahdadpur Branch, Dist. Sanghar

Tel.: (0235) 841982 & 4

Umerkot Branch

Tel.: (0238) 571350 & 571356

Tando Bago Branch, Dist. Badin

Tel.: (0297) 854554-5

Nawabshah Branch

Tel.: (0244) 363919

Mirpurkhas Branch

Tel.: (0233) 876418-9

Larkana Branch

Tel.: (074) 4058601-4

Panjhatti Branch

Tel.: (0243) 552183-4

Ghotki Branch

Tel.: (0723) 680305-6

Deharki Branch

Tel.: (0723) 644157-8

Thull Branch

Tel.: (0722) 610150, 1 & 3

Kandhkot Branch

Tel.: (0722) 572883-4 & 572885

Jacobabad Branch**Shahdadkot Branch, Dist. Qamber
Shahdadkot****Main Branch, Quetta**

Tel.: (081) 2821610 & 2821641

Islamic Banking**Shahrah-e-Iqbal Branch, Quetta**

Tel.: (081) 2820227-30 & 2820237

NORTH REGION**Main Branch, Peshawar**

Tel.: (091) 5277914-6 & 5277394

Chowk Yadgar Branch, Peshawar

Tel.: (091) 2573335-6

Islamic Banking**Khyber Bazar Branch, Peshawar**

Tel.: (091) 2566812-3

Hayatabad Branch, Peshawar

Tel.: (091) 5893365-8

Main Branch, Rawalpindi

Tel.: (051) 5522901-3 & 5700519

Chandni Chowk Branch, Rawalpindi

Tel.: (051) 4455071-3

22 Number Chungi Branch, Rawalpindi

Tel.: (051) 5563577-8

Muslim Town Branch, Rawalpindi

Tel.: (051) 5405514 & 5405509

Pindora Branch, Rawalpindi

Tel.: (051) 4419020-22

Gulraiz Branch, Rawalpindi

Tel.: (051) 5509690-2

Bewal Branch, Dist. Rawalpindi

Tel.: (051) 3360274-5

Islamic Banking**Peshawar Road Branch, Rawalpindi**

Tel.: (051) 5460115-6

Main Branch, Islamabad

Tel.: (051) 2348174 & 2348178

UAN 111-567-890

G-9 Markaz Branch, Islamabad

Tel.: (051) 2850171-3

Islamic Banking**I-10 Markaz Branch, Islamabad**

Tel.: (051) 4101733-5

I-9 Markaz Branch, Islamabad

Tel.: (051) 4858101-3

E-11 Branch, Islamabad

Tel.: (051) 2228756-9

DHA Phase-II Branch, Islamabad

Tel.: (051) 5161969 & 5161970

Islamic Banking**F-8 Markaz Branch, Islamabad**

Tel.: (051) 2818019-21

G-11 Markaz Branch, Islamabad

Tel.: (051) 2830152-4

**Lehtrar Road Branch, Tarlai,
Dist. Islamabad**

Tel.: (051) 2241664-6

Soan Gardens Branch, Dist. Islamabad

Tel.: (051) 5738942-4

Gujar Khan Branch

Tel.: (051) 3516328 - 9

Waisa Branch, Dist. Attock

Tel.: (057) 2651066-8

Swabi Branch, Dist. Swabi

Tel.: (0938) 221741, 3 & 4

Topi Branch, Dist. Swabi

Tel.: (0938) 271614-6

Mirpur Branch, (AJK)

Tel.: (05827) 444488 & 448044

Islamgarh Branch, (AJK)

Tel.: (05827) 423981-2

Dadyal Branch, Dist. Mirpur (AJK)

Tel.: (05827) 465555 & 465560-2

Jatlan Branch, Dist. Mirpur (AJK)

Tel.: (05827) 403591-4

Gilgit Branch

Tel.: (05811) 453749

Danyore Branch, Dist. Gilgit

Tel.: (05811) 459986-7

Jutial Branch, Dist. Gilgit

Tel.: (05811) 457233-5

Aliabad Branch, Hunza

Tel.: (05813) 455000 & 455001

Gahkuch Branch

Tel.: (05814) 450408-10

Skardu Branch

Tel.: (05815) 450327 & 450189

Mansehra Road Branch, Abbottabad

Tel.: (0992) 385231-3

Jhelum Branch

Tel.: (0544) 625794-5

Chitral Branch, Dist. Chitral

Tel.: (0943) 412078-9

Chakwal Branch

Tel.: (0543) 543128-30

Mardan Branch

Tel.: (0937) 864755-7

Muzaffarabad Branch

Tel.: (0582) 2920025-6

Islamic Banking**Chilas Branch, Dist. Diamer**

Tel.: (05812) 450631-2

Hattar Branch, Dist. Haripur

Tel.: (0995) 617152-3

FOREIGN CORRESPONDENTS

AS AT 31 DECEMBER 2014

Country		Name of Bank
Afghanistan	-	Bank Millie Afghan
Argentina	-	Banco Credicoop Cooperativo Limitado
	-	Banco de Galicia Y Buenos Aires
Australia	-	Australia & New Zealand Banking Group Limited
	-	BNP Paribas Australia
	-	CitiGroup PTY Limited
	-	Commonwealth Bank of Australia
	-	HSBC Bank Australia Limited
	-	J. P. Morgan Chase Bank NV
	-	National Australia Bank Ltd.
Austria	-	Oberbank AG
	-	Raiffeisen Bank International AG
	-	Raiffeisenlandes Bank Niederoester
	-	Raiffeisenlandes Bank Vorarlberg
	-	UniCredit Bank Austria AG
Bahrain	-	Al-Baraka Islamic Bank
	-	Arab Investment Company
	-	Bank Al Habib Limited
	-	Citibank N.A.
	-	Habib Bank Limited
	-	Standard Chartered Bank
	-	United Bank Limited
Belarus	-	Belarusbank
Bulgaria	-	UniCredit BulBank AD
Bangladesh	-	Habib Bank Limited
	-	Standard Chartered Bank
	-	Woori Bank
Belgium	-	Belfius Bank SA/NV
	-	BNP Paribas Fortis
	-	Commerzbank AG
	-	Credit Europe Bank NV
	-	Deutsche Bank AG
	-	Habib Bank Limited
	-	ING Belgium NV/SA
	-	KBC Bank NV
Brazil	-	Banco Fibra S.A.
	-	Itau Unibanco S.A
	-	Deutsche Bank SA
Cameron	-	Citi Bank N.A
Canada	-	Banque Nationale Du Canada
	-	Caisse Centrale Desjardins
	-	Canadian Imperial Bank of Commerce
	-	Habib Canadian Bank
	-	HSBC Bank Canada
	-	Royal Bank of Canada
Chile	-	Banco de Credito E Inversiones

FOREIGN CORRESPONDENTS

AS AT 31 DECEMBER 2014

Country		Name of Bank
China	-	Agricultural Bank of China
	-	Agricultural Development Bank of China
	-	Bank of America N.A
	-	Bank of Beijing
	-	Bank of China
	-	Bank of Communications
	-	Bank of Jiangsu Co
	-	Bank of Shanghai
	-	China Citic Bank
	-	China Construction Bank Corporation
	-	China Everbright Bank
	-	China Merchants Bank
	-	Citibank (China) Co. Ltd.
	-	Comercial Bank
	-	Commerzbank AG
	-	DBS Bank (China) Ltd
	-	Deutsche (China) Co
	-	Export Import Bank of China
	-	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 Commerical Bank
	-	Mizuho Bank (China) Co. Ltd.
	-	Ping An Bank Co
	-	Qilu Bank Co., Ltd.
	-	Raiffeisen Bank International AG
	-	Shanghai Pudong Development Bank
	-	Skandinaviska Enskilda Banken AB
	-	Standard Chartered Bank (China) Limited
	-	Zhejiang Mintai Commercial Bank
	-	Zhejiang Tailong Commercial Bank
Colombia	-	BanColombia S.A
Cyprus	-	Bank of Cyprus Public Company Ltd.
	-	Cyprus Popular Bank Public Co
	-	Hellenic Bank Public Company Ltd.
Denmark	-	Danske Bank
	-	Nordea Bank Denmark A.S
Egypt	-	Banque Misr
	-	Citibank Cairo
	-	Mashreq Bank psc
Estonia	-	Nordea Bank Finland PLC
Ethiopia	-	Dashen Bank SC
Finland	-	Danske Bank
	-	Nordea Bank Finland PLC
	-	Pohjola Pankki OYJ
France	-	ABC International Bank Plc
	-	BNP-Paribas S.A.
	-	CM-CIC Banques
	-	Credit Du Nord
	-	Habib Bank Limited
	-	HSBC France (Formerly HSBC CCF)

FOREIGN CORRESPONDENTS

AS AT 31 DECEMBER 2014

Country		Name of Bank
	-	Korea Exchange Bank
	-	National Bank of Pakistan
	-	Societe Generale
	-	Union de Banques Arabes et Francaises - UBAF
Germany	-	Commerzbank AG
	-	Danske Bank
	-	Deutsche Bank AG
	-	Deutsche Bank Private-Und Geschaeftskunden AG
	-	Hamburger Sparkasse
	-	HSH Nordbank AG
	-	ING-DIBA AG
	-	J. P. Morgan Chase Bank
	-	Kreissparkasse Steinfurt
	-	Landesbank Baden-Wuerttemberg
	-	M. M. Warburg U. Co
	-	National Bank of Pakistan
	-	SEB AG
	-	Sparkasse Dortmund
	-	Sparkasse Krefeld
	-	Sparkasse Westmuensterland
	-	Standard Chartered Bank
	-	UniCredit Bank AG (Hypovereinsbank)
	-	WGZ Bank Westdeutsche
Greece	-	Alpha Bank AE
	-	Citibank International
	-	Piraeus Bank S.A.
Hong Kong	-	Bank of America NA
	-	BNP Paribas
	-	Citibank N.A.
	-	Fortis Bank
	-	Habib Finance International Limited
	-	HBZ Finance Limited
	-	HSBC
	-	Industrial and Commercial Bank of China (Asia) Ltd.
	-	J. P. Morgan Chase Bank N.A.
	-	J. P. Morgan Securities (Asia Pacific) Limited
	-	KBC Bank NV,Hongkong Branch
	-	Mashreqbank psc
	-	National Bank of Pakistan
	-	Shinhan Bank, Hong Kong
	-	Standard Chartered Bank (Hong Kong) Limited
	-	Sumitomo Mitsui Banking Corporation
	-	UBAF (HongKong) Limited
	-	Wells Fargo Bank NA
Hungary	-	CIB Bank Ltd.
	-	Citibank Europe PLC
	-	Raiffeisen Bank ZRT
	-	UniCredit Bank Hungary ZRT
India	-	Citibank N.A.
	-	Bank of America
	-	Bank of Ceylon
	-	DCB Bank Limited
	-	Deutsche Bank AG
	-	HongKong and Shanghai Banking Corporation Limited
	-	ICICI Bank Limited
	-	J. P. Morgan Chase Bank NA

FOREIGN CORRESPONDENTS

AS AT 31 DECEMBER 2014

Country		Name of Bank
	-	Kalupur Commercial Co-op
	-	Mashreqbank psc
	-	Punjab and Sind Bank
	-	Punjab National Bank
	-	Standard Chartered Bank
Indonesia	-	Bank ANZ Indonesia P.T
	-	Bank Indonesia
	-	Bank Mandiri (Persero) PT
	-	Bank Mandiri Jakarta
	-	The Bank of Tokyo-Mitsubishi UFJ Ltd.
	-	Citibank N.A.
	-	Hong Kong and Shanghai Banking Corporation Limited
	-	J. P. Morgan Chase Bank NA
	-	PT. Bank Pembangunan Daerah
	-	Standard Chartered Bank
Ireland	-	Citibank Europe plc
	-	Danske Bank A/S
Italy	-	Banca Carige SPA
	-	Banca Delle Marche SPA
	-	Banca di Credito Popolare
	-	Banca di Napoli SpA
	-	Banca di Risparmio in Bologna SPA
	-	Banca Monte Dei Paschi Di Siena
	-	Banca Nuova SPA
	-	Banca Popolare dell' Emilia Romagna SCaRL
	-	Banca Popolare di Vicenza SCPaRL
	-	Banca UBAE Spa
	-	Banco Popolare di Sondrio
	-	Banco Popolare Soc. Coop.
	-	Cassa di Risparmio del Friuli Venezia
	-	Cassa di Risparmio Di Fermo SPA
	-	Commerzbank AG
	-	Credito Bergamasco SPA
	-	Credito Valtellinese
	-	Deutsche Bank SPA
	-	Intesa Sanpaolo S.P.A.
	-	Mediocredito SPA
	-	UBI Banca
	-	Unicredit S.P.A
Japan	-	The Bank of Tokyo-Mitsubishi UFJ Ltd.
	-	Citibank Japan Limited
	-	Deutsche Bank AG
	-	Hong Kong & Shanghai Banking Corporation Limited
	-	J. P. Morgan Chase Bank
	-	Mizuho Corporate Bank
	-	National Bank of Pakistan
	-	Resona Bank Ltd.
	-	Saitama Resona Bank Ltd.
	-	Standard Chartered Bank
	-	Sumitomo Mitsui Banking Corporation
	-	The Tokushima Bank Limited
	-	U.B.A.F - Union di Banques Arabes
Jordan	-	Citibank N.A.

FOREIGN CORRESPONDENTS

AS AT 31 DECEMBER 2014

Country		Name of Bank
Kenya	-	Citibank N.A.
	-	Habib Bank Limited
	-	Kenya Commercial Bank Limited
	-	Standard Chartered Bank Kenya Limited
Korea (South)	-	The Bank of Tokyo-Mitsubishi UFJ Ltd.
	-	Busan Bank
	-	Citibank Korea Inc.
	-	Hana Bank
	-	Hong Kong & Shanghai Banking Corporation Limited
	-	Industrial Bank of Korea
	-	J. P. Morgan Chase Bank
	-	Kookmin Bank
	-	Korea Exchange Bank
	-	National Bank of Pakistan
	-	NongHyup
	-	Shinhan Bank
	-	Standard Chartered Bank
	-	Suhyup Bank
	-	The Daegu Bank Ltd.
	-	Union de Banques Arabes et Francaises - UBAF
	-	Woori Bank
Kuwait	-	Alahli Bank of Kuwait KSC
	-	Citibank NA
	-	Commercial Bank of Kuwait SAK
	-	National Bank of Kuwait
Kyrgyzstan	-	National Bank of Pakistan
Latvia	-	Nordea Bank Finland PLC
Lebanon	-	Banque Libano-Francaise SAL
	-	CitiBank Beirut
	-	First National Bank SAL
Malaysia	-	Bank of Tokyo-Mitsubishi UFJ Ltd.
	-	Citibank Berhad
	-	Hong Leong Bank Bhd
	-	HSBC Bank Malaysia Berhad
	-	J. P. Morgan Chase Bank Berhad
	-	Standard Chartered Bank Malaysia Berhad
Malta	-	AK Bank TAS
	-	Credit Europe Bank NV
Mauritius	-	Habib Bank Limited
	-	The Mauritius Commercial Bank Limited
Mexico	-	Banco Nacional de Mexico SA
Nepal	-	Himalayan Bank
	-	Standard Chartered Bank Nepal

FOREIGN CORRESPONDENTS

AS AT 31 DECEMBER 2014

Country		Name of Bank
Netherlands	-	ABN-AMRO Bank N.V.
	-	Citibank International PLC
	-	CommerzBank AG Kantoor
	-	Credit Europe Bank N.V.
	-	Deutsche Bank AG
	-	Ge Artesia Bank (Formerly Banque Artesia Nederland NV)
	-	Habib Bank Limited
	-	ING Bank NV
	-	Royal Bank of Scotland NV Ge Artesia Bank (Formerly Banque Artesia Nederland NV)
New Zealand	-	ANZ Bank New Zealand
	-	Bank of New Zealand
Norway	-	DNB Bank ASA
	-	Danske Bank AS
	-	Handelsbanken SA
	-	Skandinaviska Enskilda Banken
Oman	-	Bank Sohar SAOG
	-	Bank of Dhofar Piraeus Bank
	-	Standard Chartered Bank
Philippines	-	Asian Development Bank
	-	The Bank of Tokyo-Mitsubishi UFJ Ltd.
Poland	-	Bank Handlowy W Wearszawie SA
	-	BRE Bank SA
	-	Mbank S.A
	-	Nordea Bank Polska S.A PKO Bank Polski
Portugal	-	Banco BPI SA
	-	Novo Banco SA
	-	BNP Paribas Sucursal Em
Prague	-	Ceska Sporitelna AS
	-	Ceskoslovenska Obchodni Banka
	-	Citi Bank Europe PLC
	-	Commerz Bank AG
	-	Komerční Banka AS
	-	Unicredit Bank Czech Republic
Qatar	-	HSBC Bank Middle East Limited
	-	Mashreq Bank
	-	Standard Chartered Bank
	-	United Bank Limited
Romania	-	Banca Comerciala Romana SA
	-	Citibank Europe PLC, Dublin-Sucursala Romania
	-	UniCredit Tiriak Bank SA
Russia	-	Zao Citibank
Saudi Arabia	-	Al Inma Bank
	-	J. P. Morgan Chase Bank
	-	National Bank of Pakistan
	-	National Commercial Bank (The)
	-	Samba Financial Group
	-	Saudi Hollandi Bank
	-	Saudi British Bank

FOREIGN CORRESPONDENTS

AS AT 31 DECEMBER 2014

Country		Name of Bank
Serbia	-	Unicredit Bank Srbija AD
Singapore	-	ABN Amro Bank NV
	-	Banco Santander SA
	-	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
	-	Hong Kong & Shanghai Banking Corporation Limited
	-	HSH Nordbank AG
	-	Intesa Sanpaolo SPA
	-	KBC Bank Singapore Branch
	-	Mizuho Corporate Bank Ltd
	-	National Bank of Kuwait SAK
	-	RaboBank
	-	Shinhan Bank
	-	Skandinaviska Enskilda Banken
	-	Standard Chartered Bank
	-	Sumitomo Mitsui Banking Corporation
	-	Union de Banque Arabes - UBAF
Slovakia	-	Ceskoslovenska Obchodna Banka AS
	-	Slovenska Sporitelna AS
	-	Tatra Bank AS
Slovenia	-	Raiffeisen Banka D.D
	-	UniCredit Banka Slovenija DD
South Africa	-	Citibank South Africa
	-	FirstRand Bank Ltd.
	-	HBZ Bank Limited
	-	Standard Bank of South Africa Limited
Spain	-	Banco Papular Espanol SA
	-	Banco de Sabadell
	-	Bank of Tokyo Mitsubishi UFJ Ltd.
	-	Bankinter SA
	-	CaixaBank SA
	-	Citibank International Limited
	-	Commerzbank AG
	-	Deutsche Bank Sociedad Anonima
	-	HSBC Bank plc
	-	Kutxabank SA
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 Hong Kong & Shanghai Banking Corporation Limited
Sweden	-	Danske Bank
	-	Nordea Bank AB
	-	Skandinaviska Enskilda Banken AB
	-	Svenska Handelsbanken AB

FOREIGN CORRESPONDENTS

AS AT 31 DECEMBER 2014

Country		Name of Bank
Switzerland	-	Arab Bank (Switzerland) Ltd.
	-	Banque Cantonale Vaudoise
	-	Banque de Commerce et de Placements S.A.
	-	Barclays Bank (Suisse) S.A
	-	BNP Paribas (Suisse) SA
	-	Credit Agricole (Suisse) S.A.
	-	Credit Suisse
	-	Deutsche Bank AG
	-	Habib Bank AG Zurich
	-	Hinduja Bank (Switzerland) Ltd.
	-	HSBC Private Bank (Suisse) SA
	-	Neue Aargauer Bank AG
	-	Royal bank of Scotland
	-	UBS AG
	-	United Bank AG (Zurich)
	-	Zurcher Kantonalbank
Taiwan	-	Australia & New Zealand Banking Group Ltd.
	-	Citibank Taiwan Limited
	-	Deutsche Bank AG
	-	Erste Bank Der Oesterreichischen
	-	Erste Group Bank AG
	-	HSBC Bank (Taiwan) Limited
	-	J. P. Morgan Chase Bank NA
	-	Mega International Commercial Bank
	-	Mizuho Corporate Bank
Thailand	-	Standard Chartered Bank (Taiwan) Limited
	-	Sunny Bank Limited
	-	Bank of Tokyo-Mitsubishi UFJ, Ltd.
	-	Citibank N.A.
	-	Deutsche Bank AG
	-	Hong Kong and Shanghai Banking Corporation Ltd.
	-	J. P. Morgan Chase Bank NA
	-	Kasikornbank Public Company Ltd
	-	Mizuho Corporate Bank Ltd.
	-	Standard Chartered Bank (Thai) PLC
Tunis	-	Sumitomo Mitsui Banking Cororation
	-	Thanachart Bank Public Company Limited
	-	The Siam Commercial Bank Public Company Limited
	-	Citi Bank NA
	-	Tunis International Bank
	-	Union Bancaire Pour le Commerce
Turkey	-	Akbank T.A.S.
	-	Albaraka Turk Participation Bank
	-	Alternatifbank A.S.
	-	Citibank A.S.
	-	Denizbank AS
	-	Finansbank
	-	Habib Bank Limited
	-	HSBC Bank A.S.
	-	ING Bank AS
	-	Kuveyt Turk Katilim Bankasi AS
	-	Turkey Garanti Bankasi AS
	-	Turkiye Finans Katilim Bankasi AS
	-	Turkiye Vakiflar Bankasi TAO
	-	Yapi Ve Kredi Bankasi AS
Turkmenistan	-	National Bank of Pakistan

FOREIGN CORRESPONDENTS

AS AT 31 DECEMBER 2014

Country	Name of Bank
U.A.E.	- Abu Dhabi Commercial Bank
	- BNP Paribas Dubai
	- Citibank N.A.
	- Credit Europe Bank (Dubai) Ltd.
	- Deutsche Bank AG
	- Dubai Islamic Bank
	- Emirates Islamic Bank
	- Emirates NBD Bank PJSC
	- First Gulf Bank
	- Habib Bank AG Zurich
	- Habib Bank Limited
	- HSBC Bank Middle East Limited
	- Korea Exchange Bank Abu Dhabi Branch
	- Mashreq Bank psc
	- National Bank of Fujairah
	- Standard Chartered Bank
	- United Bank Limited
U.K.	- Bank Leumi UK PLC
	- Bank Mandiri (Europe) Limited
	- Bank of Cyprus Public Company Limited
	- Bank of Cyprus UK
	- Bank of Ireland (UK) PLC
	- Bank of Ireland Trade Finance
	- BNP Paribas Fortis
	- Citibank N.A.
	- Clydesdale Bank plc
	- Commerzbank AG
	- Deutshce Bank AG
	- Habib - UK PLC
	- Habib Bank AG Zurich
	- Habibsons Bank Limited
	- HSBC Bank plc
	- Israel Discount Bank Ltd.
	- J. P. Morgan Chase Bank NA
	- MashreqBank Psc
	- National Westminster Bank
	- Northern Bank Ltd.
	- Royal Bank of Scotland PLC
	- Sonali Bank (UK) Ltd.
	- Standard Chartered Bank
	- Sumitomo Mitsui Banking Corporation Europe Ltd.
	- United National Bank Ltd.
U.S.A.	- ABN-AMRO Capital USA LLC
	- Bank of America NA
	- Bank of New York Mellon
	- Bank Of Tokyo Mitsubishi UFJ Limited
	- Bank of the West
	- BOKF, NA
	- Branch Banking & Trust Co.
	- Capital One N.A.
	- Citibank N.A.
	- Comerica Bank
	- DBS Bank Limited
	- Deutsche Bank AG
	- Deutsche Bank Trust Company Americas
	- East-West Bank
	- Habib American Bank
	- Habib Bank Limited
	- HSBC Bank USA NA

FOREIGN CORRESPONDENTS

AS AT 31 DECEMBER 2014

Country		Name of Bank
	-	International Finance Corporation
	-	Intesa Sanpaolo SPA
	-	Israel Discount Bank of New York
	-	J. P. Morgan Chase Bank
	-	KeyBank National Association
	-	MashreqBank psc
	-	National Bank of Pakistan
	-	New York Commercial Bank
	-	Citizens NA
	-	Regions Bank
	-	Shinhan Bank America
	-	Standard Chartered Bank
	-	Sumitomo Mitsui Banking Corporation
	-	The Bank of Tokyo-Mitsubishi UFJ Ltd.,
	-	U.S. Bank N.A
	-	UMB Bank NA
	-	MUFG Union Bank NA
	-	United Bank Limited
	-	US Century Bank
	-	Wells Fargo Bank NA
	-	Woori Bank
Ukraine	-	JSC The State Export-Import Bank of Ukraine
	-	PJSC 'CITIBANK'
Uzbekistan	-	National Bank for Foreign Economic
Vietnam	-	An Binh Commercial Joint Stock
	-	Citibank NA
	-	J. P. Morgan Chase Bank NA
	-	Kookmin Bank
	-	Shinhan Bank Vietnam
	-	Standard Chartered Bank
Yemen (Republic of)	-	National Bank of Yemen
	-	Yemen Commercial Bank
Yugoslavia	-	Alpha Bank Skopje

23rd Annual General Meeting

Register Folio No. _____

Sub-Account No.: _____

or Passport No.: _____

Revenue
Stamp

Signature of Shareholder _____

2. WITNESS

Signature : _____

Name: _____

Address: _____

CNIC No.:

--	--	--	--	--	--	--	--	--	--	--	--	--	--

or Passport No: _____

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Bank at SONERI BANK LIMITED, Rupali House, 241-242 Upper Mall Scheme, Anand Road, Lahore-54000, not less than 48 hours before the time of holding the meeting.
2. No person shall act as Proxy unless he / she himself / herself is a member of the Company, except that a corporation may appoint a person who is not a member.
3. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
4. CDC Shareholders and their Proxies should attach an attested photocopy of their Computerized National Identity Card (CNIC) or Passport with the proxy form before submission to the Company. (Original CNIC / Passport is required to be produced at the time of the meeting).
5. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be submitted along with proxy form to the Company.

Soneri Bank Limited

AFFIX
CORRECT
POSTAGE

The Company Secretary
Soneri Bank Limited
Rupali House 241-242
Upper Mall Scheme
Anand Road
Lahore-54000

Soneri Bank 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) 32444401-5

24/7 Phone Banking: 021-111-SONERI (766374)
www.soneribank.com |  SoneriBankPK