

# Journey of excellence

Annual Report 2016



**Soneri Bank**  
Roshan Har Qadam

# Annual Report 2016



Soneri Bank's 25 year journey encompasses the challenges we resiliently faced through a commitment to deliver innovative financial solutions, state-of-the-art banking convenience and security. Our ethos of Roshan Har Qadam remains a guiding light for all our initiatives for products and services as we now embark on the journey ahead.



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## Vision

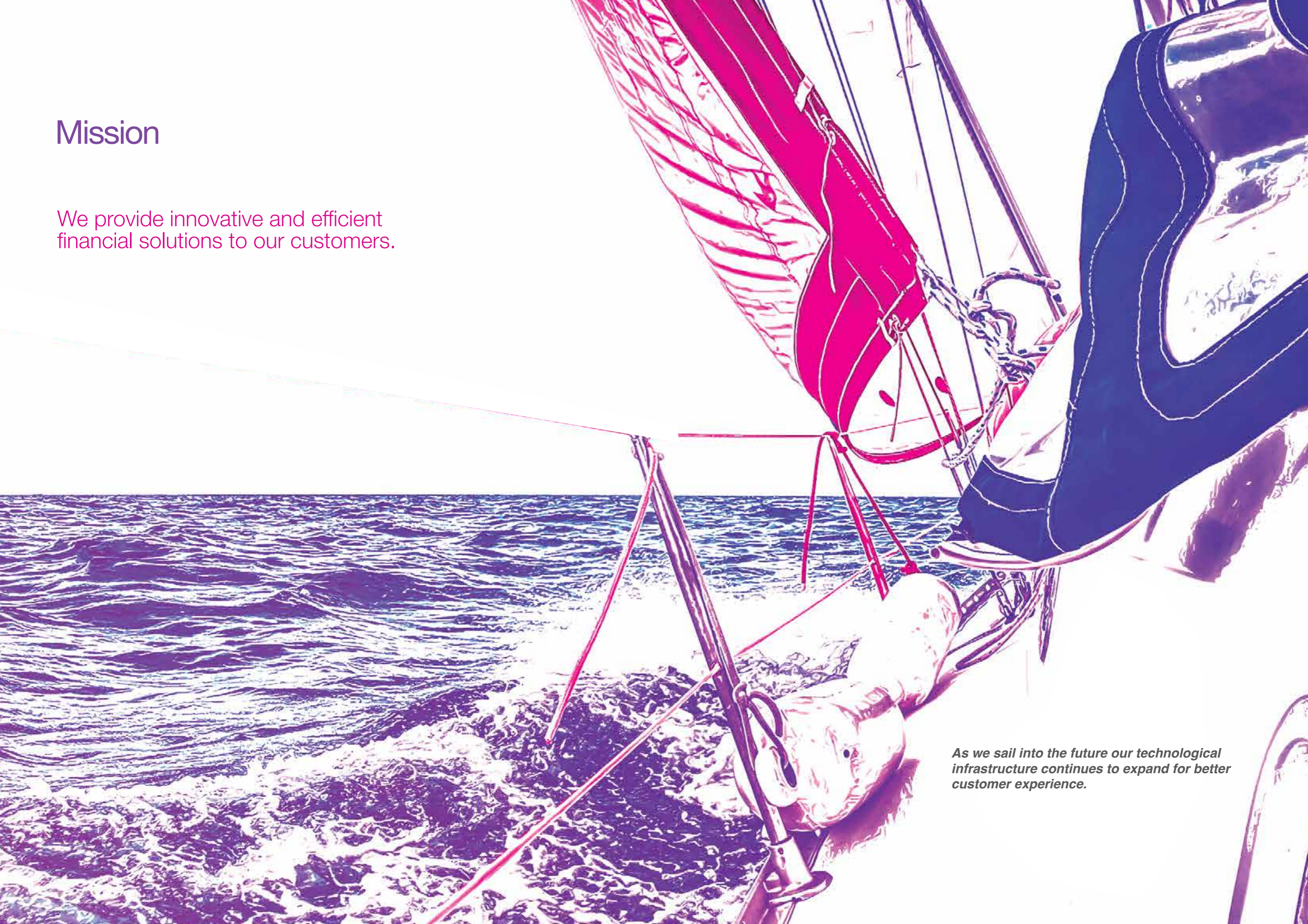
To better serve customers  
to help them and the society grow.

*Ours is a journey enlightened by the philosophy of the majestic sun. Inspired by a vision to provide superior customer service, Soneri Bank offers a full range of financial solutions that cater to our retail and corporate clients.*

# Mission

We provide innovative and efficient financial solutions to our customers.

*As we sail into the future our technological infrastructure continues to expand for better customer experience.*



# Core Values

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

*Our employees are important partners in our journey towards excellence. They uphold the brand values to provide enhanced convenience and quality customer service, as we reach for even greater milestones.*



# Board of Directors



Muhammad Rashid Zahir  
Director



Amar Zafar Khan  
Director



Shahid Anwar  
Director (NIT Nominee)



Syed Ali Zafar  
Director

Alauddin Feerasta  
Chairman



Mohammad Aftab Manzoor  
President &  
Chief Executive Officer

Nooruddin Feerasta  
Director



Manzoor Ahmed  
Director (NIT Nominee)





# Senior Management



Mohammad Aftab Manzoor  
President &  
Chief Executive Officer



Amin A. Feerasta  
Chief Operating Officer



Mubarik Ali  
Country Credit Head



Anita Lalani  
Head of Human Resources



Abdul Aleem Qureshi  
Head of Commercial  
& Retail Banking



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



Ali Hassan Shah  
Head of Operations



Ahmed Saqib Asad  
Chief Information Officer



Muhammad Qaisar  
Head of Corporate &  
Investment Banking



Anjum Hai  
Chief Financial Officer



Iqbal Zaidi  
Head of Compliance  
& Control



Syed Asim Ali  
Head of Internal Audit

# Products and Services

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

Our commitment to the customers is to leverage our brand promise "Roshan Har Qadam" by constantly innovating our product suite to best match the personal & business needs of our customers, including Commercial, Retail & Corporate and Islamic segments.



## Current Accounts

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

### *Soneri Ikhtiar Account*

Soneri Ikhtiar is the flagship current account which is ideally suited for businesses who need a bank account with features that fulfill their daily banking needs with convenience. This account offers numerous free facilities, including: Banker's Cheque Issuance, Online Banking, Cheque Books, VISA Classic Debit Card and much more. In addition, Soneri Ikhtiar Account offers free Worldwide Accidental Insurance and ATM Withdrawal Coverage to help protect customers and their loved ones.

### *Soneri Current Account*

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

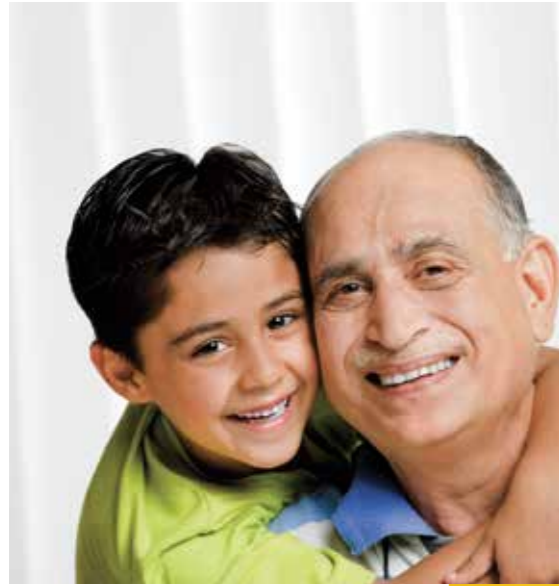
## Savings Accounts

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

### *PLS Savings Account*

Basic deposit account with no minimum balance requirement. It can be opened with an initial deposit of just PKR 100/-. The complete range of ADC services are offered on this account, i.e. VISA Debit Card, Internet/Mobile Banking, Online Banking and SMS Alerts.





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

**Soneri Sahara Account**  
It is a savings account for senior citizens, retired individuals and pensioners aged 60 years and above, for meeting their basic banking needs, while offering them high monthly returns. The complete range of ADC services are offered on this account.

**Soneri Asaan Account**  
Soneri Asaan Account offers a simple and convenient way to fulfill all banking needs with minimum documentation requirement. It is offered in both current & savings account types and is suitable for self-employed individuals, students, housewives & daily wagers. The complete range of ADC services are available on these accounts.



**Rupee 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.

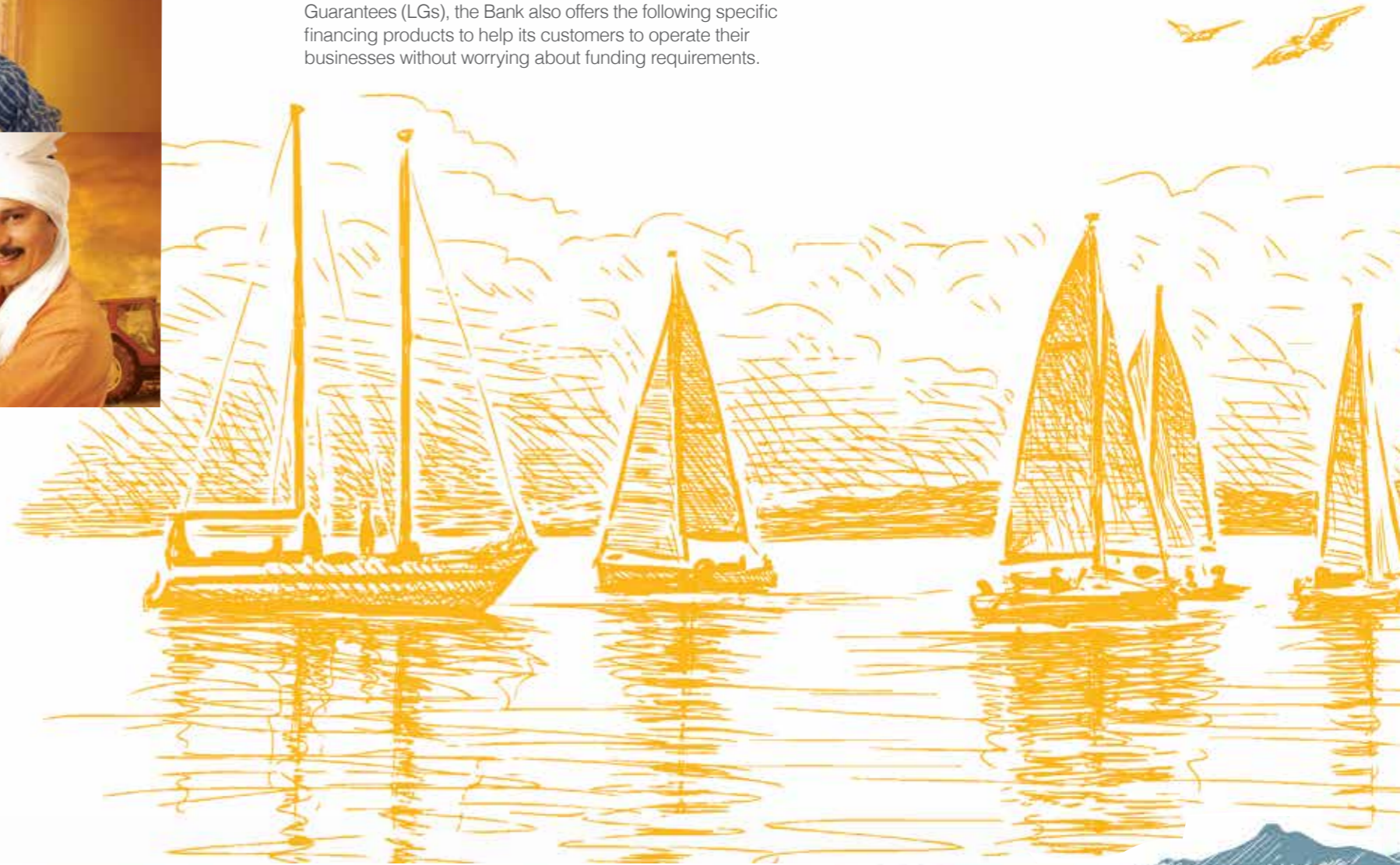
**Diamond Deposits (Monthly Income Scheme)**  
Soneri Diamond Deposits provide investment opportunities to investors looking for additional monthly income with an attractive return. With terms from 1 year to 3 years, investors earn a monthly profit credited to an associated current account for easy withdrawal and use.

**Foreign Currency Accounts**

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

**Financing Products**

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



**Soneri Speed Finance**

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

**Prime Minister Youth Business Loan (PMYBL) Scheme**

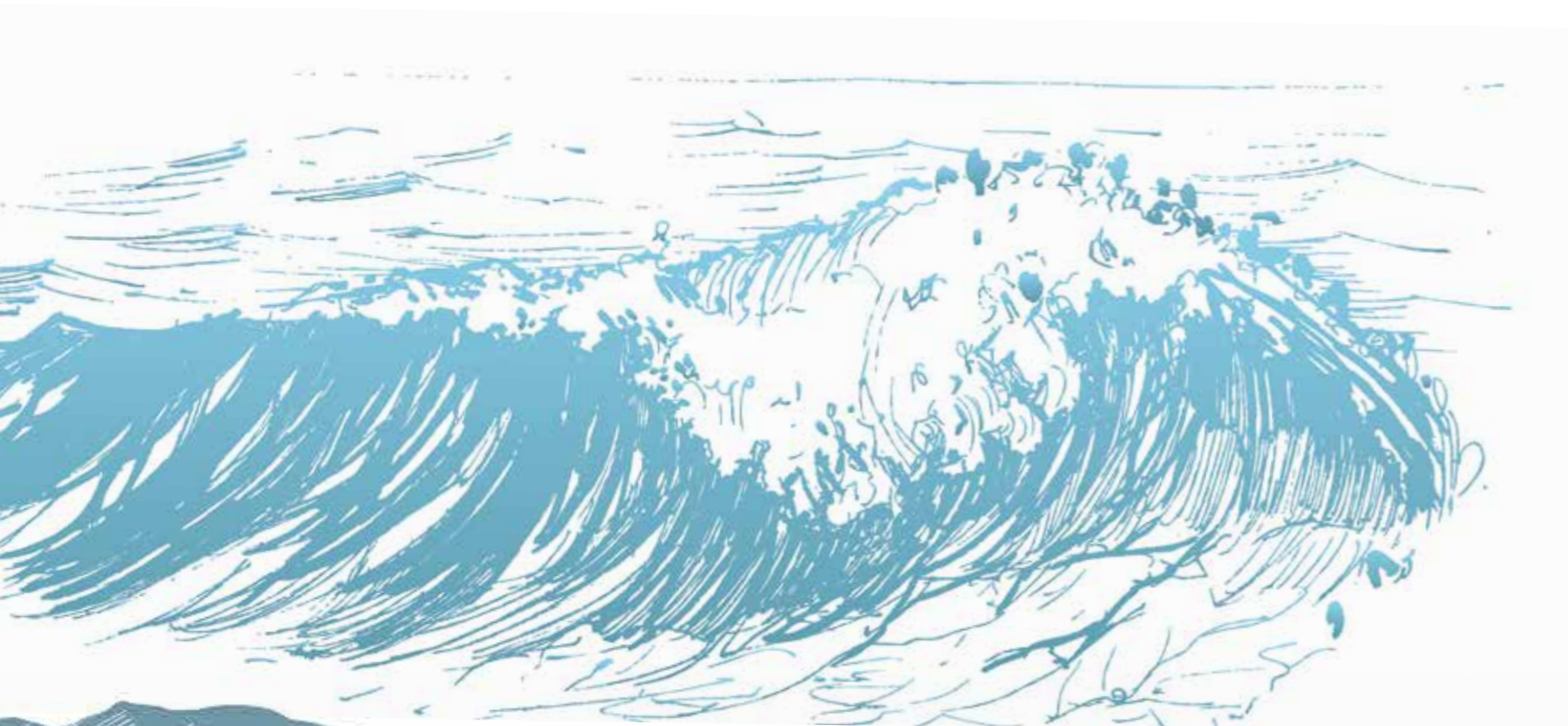
The Government has introduced Prime Minister's Youth Business Loan Scheme with a markup subsidy and partial guarantee facility for extension of small business loans. The scheme was launched by the Prime Minister for promoting youth entrepreneurship in the country. The main objective of the PMYBL Scheme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



**Agriculture Financing**

Agriculture contributes a handsome share in GDP of our country & livelihood of a large number of rural population is based on this. Soneri Bank offers various Agriculture Financing Products in conventional as well as Islamic domains for the farming/rural communities to meet their working capital/development needs. All these products help them grow their agricultural produce & livelihood. Following Agriculture Financing Products are available for the uplifting of Agri-Economy:

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



**Consumer Finance**

**Soneri Car Finance**

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

**Soneri Personal Finance**

Applicants of Soneri Personal Finance are offered up to Rs. 500,000 with amount repayable in 5 years in equal monthly installments.

**Soneri Ghar Finance**

To facilitate customers to realize their dream of a beautiful house, Soneri Bank offers Soneri Ghar Finance of up to Rs. 10 million, repayable in 20 years in equal monthly installments.



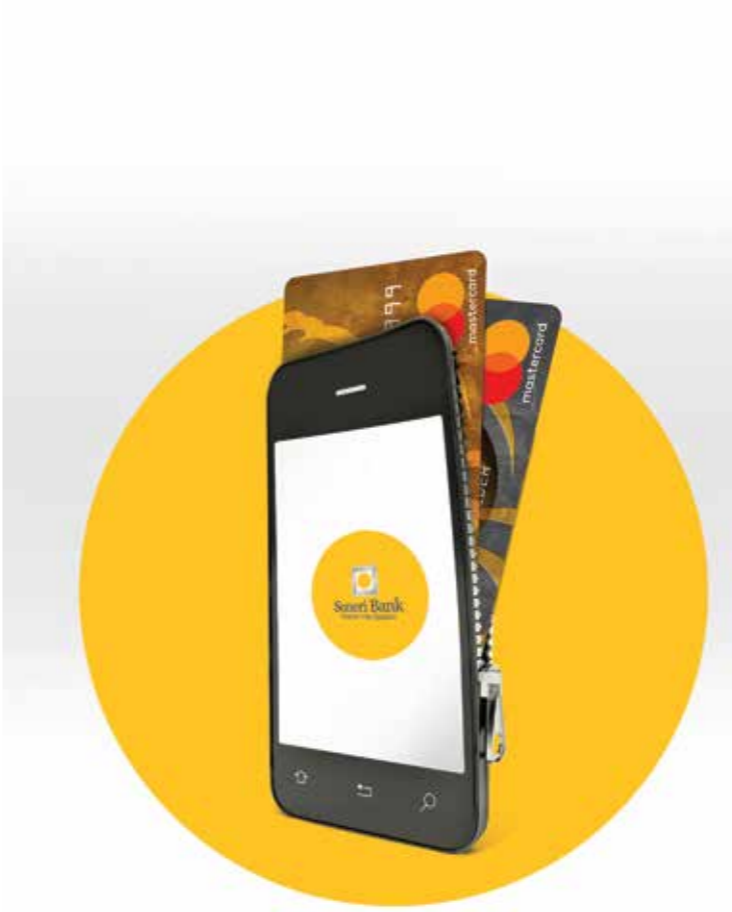


### Home Remittance

Soneri Bank Limited (SBL) under guidance of Pakistan Remittance Initiative (PRI) (a joint venture of State Bank, Ministry of Finance and Ministry of Overseas Pakistanis, Pakistan), started Home Remittance Payments Disbursement Initiative in July – 2012.

In a very short span of time and with exceptional customer support and service delivery standards, Soneri Bank managed to make a positive contribution towards Home Remittance Business.

Soneri Bank has recognized the potential in Home Remittance business and therefore brands its business with the product name of "Soneri Mehnat Wasool Remittance" the Home Remittance Service. This service provides the customer avenue to receive their money with ease sent from abroad and over 285 Soneri Bank branches in 130 cities across Pakistan. Soneri Bank has already established the relationships with many Exchange Companies operating in different region of Gulf Countries, UK, America and Canada to facilitate its customers.



### Alternate Delivery Channel

#### ATMs

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

#### Soneri Mobile Banking

With Soneri Mobile Banking, customers can access their accounts anytime and anywhere via their mobile phones. They can view their account statements, perform fund transfers, get mobile top-ups and pay their bills conveniently sitting in the comfort of their homes and workplaces. Soneri Direct Internet Banking's app is also available for Android/iOS users.

#### Soneri Direct Internet Banking

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



#### Soneri VISA Debit Card

With Soneri VISA Debit Card, customers enjoy a cashless experience of spending and making payments anywhere within the country and across the globe. Customers are able to avail unmatched opportunities and benefits of the VISA Debit Classic & Gold Cards.

#### SMS Alerts

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

#### Phone Banking

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



## Protection and Coverage Products

### *Bancassurance*

Soneri Bank offers numerous coverage products to protect customers and their dear ones. These include an array of Bancassurance products to match your specific needs, ranging from children's education, retirement, middle-age saving and business protection planning:

### *Sunehra Saver Plan & Sunehra Saver Takaful Plan*

This bancassurance plan is designed for young executives, entrepreneurs, middle-aged professionals, working ladies and housewives to meet their future financial needs. Sunehra Saver lets you save money in different stages of your career, which helps augment funds later when your expenses exceed your income, letting you enjoy life with less worries.

### *Roshan Takmeel Plan*

A bancassurance plan designed for self-employed professionals, business people, lower and middle management employees who wish to have financial independence after retirement or wish to retire early.

### *Roshan Aghaz & Roshan Aghaz Takaful Plan*

A bancassurance plan designed for parents to plan for their children's educational expenses and marriage of daughters.

### *Karobar Muhafiz*

A bancassurance plan designed to enable you to save regular amounts and safeguard you and your family against unforeseen circumstances, such as death of a key person running the business. SMEs, large enterprises and partnerships can avail this plan to ensure stability of their businesses.

### *ATM Withdrawal Coverage – Soneri Tahaffuz*

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

## Soneri Mustaqeem Islamic Banking

"Soneri Mustaqeem Islamic Banking" offers a broad range of 100% Shari'ah-compliant financial solutions for the customers. Our Islamic portfolio includes:

### *Financing Products*

- Murabaha
- Commercial Ijarah
- Consumer Car Ijarah
- Salam
- Istisna
- Diminishing Musharakah
- Running Musharakah
- Letter of Credit & Guarantees
- Islamic Export Refinance

### *Deposit Products*

- Soneri Rahat Business Account
- Soneri Asaan Account
- Soneri Bachat Savings Account
- Soneri Munafa Savings Account
- Soneri Meaadi Term Deposit
- Soneri Jari Current Account (Local & Foreign Currency)

## Corporate & Investment Banking

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

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

### *Working Capital & Trade Finance Facilities*

Our Corporate Banking teams offer working capital funding solutions for efficient financing of business cycles through pre & post shipment facilities alongside trade finance products which are structured as per our clients' specific requirements.

These are instrumental in improving liquidity and cost efficiency of business activity of our clientele.

### *Investment Banking*

Our Investment Banking wing offers medium & long term loans under bilateral as well as syndicate arrangements for financing of CAPEX, BMR & Project funding activity. Investment Banking team is also carrying out Advisory Services for our clients besides giving the best solutions for the financial modeling and effective structuring of their funding requirements.

### *Supply Chain Management*

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

### *Cash Management*

SBL's Cash Management coupled with our next generation, web-based Cash Management System 'Soneri Trans@ct', provides our valued customers with comprehensive, one stop solution for cash flow management, i.e. Receivables and Payables Management, in the most effective and efficient manner.

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

### *Underwriting*

Underwriting commitment business maintained its momentum in 2016 as well. Going forward our focus will be to increase this business and capture opportunities as per

the risk appetite of the Bank. Further, we continued to facilitate our clients and retail investors as a banker to the issue in 2016.

### *China Desk*

The China-Pakistan Economic Corridor is a collection of projects currently under construction at a cost of \$54 billion as part of China's ambitious One Belt, One Road initiative, and is part of Pakistan's Vision 2025. Projects under CPEC are intended to strengthen the Pakistani economy by the rapid overhaul and construction of major infrastructure projects, establishment of special economic zones, power generating projects and Gwadar Port which will connect China's northwestern region via network of highways and railways.

We have established a Chinese Business Unit at Blue Area, Islamabad to cater all banking requirements of Chinese customers via our tailor-made product suite under one roof.

### *Trade*

We are offering trade solutions such as, LC Advising, LC Confirmation, LC Negotiation/Discounting, Letter of Guarantees, Risk Participation and others. SBL also facilitates their correspondents by catering foreign guarantee business against their counter guarantees favoring beneficiaries in Pakistan.



# Corporate Social Responsibility (CSR) Activities

To ensure the spirit of its brand promise of 'Roshan Har Qadam' Soneri Bank aims to enrich the society in all walks of life. In 2016, our CSR activities embodied principle of inclusiveness for the betterment of fellow beings in the field of education, healthcare, community, arts and culture, women empowerment, environment, sports and rehabilitation.

## Contribution to Healthcare

Soneri Bank has generously contributed to healthcare organizations, to serve the purpose of humanity.

### *The Kidney Centre (TKC)*

The Kidney Centre (TKC), a non-profit organization provides comprehensive quality renal care to patients suffering from kidney problems. Soneri Bank took the opportunity to support one of its fundraising events of the year.

### *Lady Dufferin Hospital*

Lady Dufferin, Pakistan's largest and well known women's hospital provides quality healthcare to all socio-economic groups at subsidized rates. To improve the healthcare facilities of the organization, Soneri Bank extended its support by sponsoring its annual fundraising event for society's prosperity.

### *Fatimid Foundation*

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

### *Patient's Aid Foundation*

Patient's Aid Foundation is a charity based organization committed to provide free quality healthcare to all. In collaboration with JPMC (Jinnah Postgraduate Medical Centre) various patient related activities have been accomplished which includes reconstructing and renovating buildings, reinstating crucial equipment, and providing free medicine and laboratory tests. PAF also brought CyberKnife technology in Pakistan that treats cancer. Soneri Bank pledged to the cause by sponsoring its annual fundraising event.

### *Installation of RO Water Plant for Public Use*

The need of clean water is a necessity for every human being, thus, to support this noble cause, Soneri Bank installed an RO water plant in a village called Nathuwala Chak, Tehsil Shahkot, District Nankana Sahib to provide clean drinking water for the villagers.

## Promoting Arts and Culture

### *Gallery 6, Islamabad*

Gallery 6, Islamabad, a well-known Art Gallery, promotes and awards young Pakistani artists with "Arjumand Painting Award". The objective is to highlight the importance of classical painting and generate interest in classical art. Soneri Bank supported the cause to revive the culture of classical arts.

### *SIACHEN – A Pakistani Theatrical Masterpiece*

Siachen has been one of the most popular patriotic plays staged over a hundred shows in the country. As part of its Employee Engagement Drive 2016, Soneri Bank reserved three consecutive staff shows that received a heartening response.

### *Mauseeqar-e-Azam Memorial Society*

Soneri bank packaged and partly sponsored Pakistani classic music arranged by Mauseeqar-e-Azam Memorial Society, a Lahore based music academy to pay tribute to late "Master Ghulam Haider" to preserve the classical music of the sub-continent.

## Empowering Education

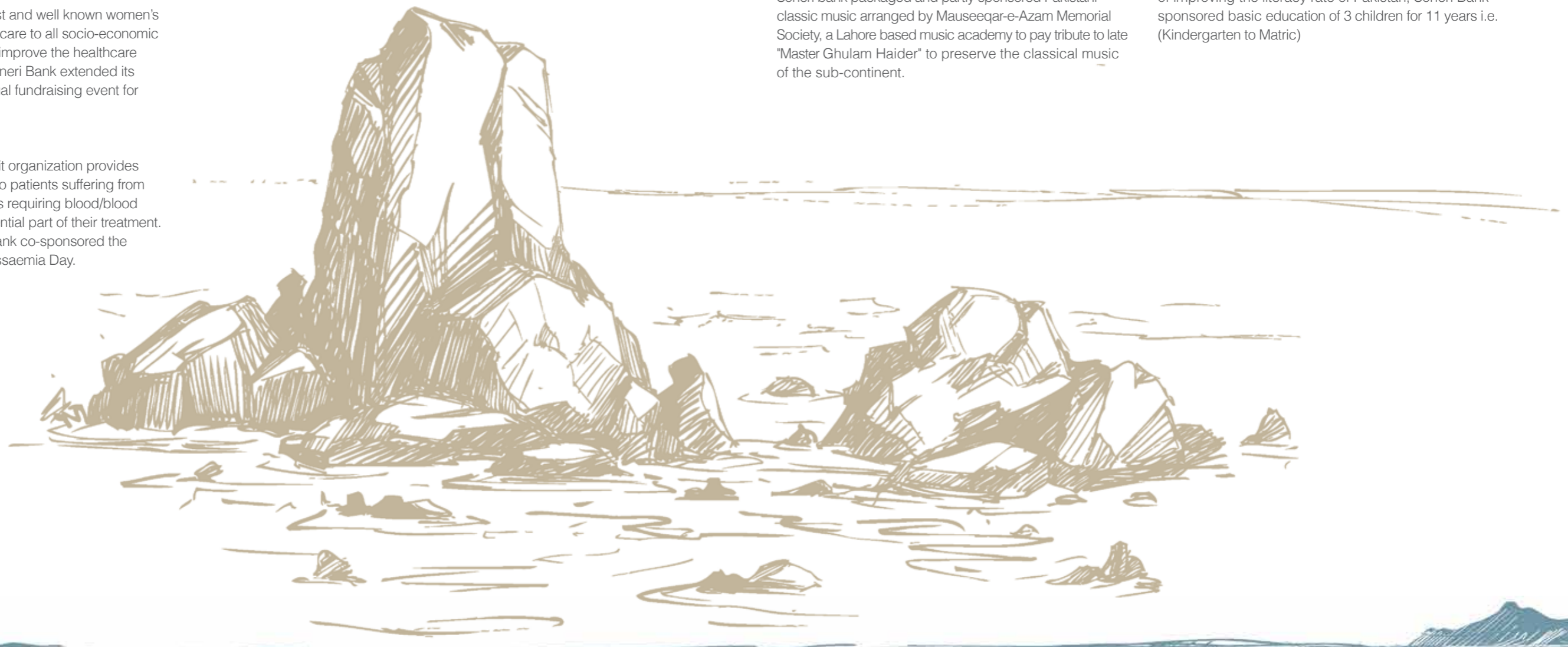
With the focus in the field of education, Soneri Bank has generously supported and promoted various educational organizations for its development.

### *Aga Khan Education Service, Pakistan*

The Aga Khan Education Service, Pakistan is amongst the largest private network of education institutions in Pakistan. The institutions working under AKESP works to eradicate illiteracy. Soneri Bank has sponsored several educational programs for the enhancement and improvement of education.

### *The Citizens Foundation*

The Citizens Foundation (TCF), a non-profit organization brings positive social change through education. It is one of Pakistan's leading organizations in the field of education for the less privileged. To support TCF's cause of improving the literacy rate of Pakistan, Soneri Bank sponsored basic education of 3 children for 11 years i.e. (Kindergarten to Matric)



**Institute of Business Administration, Karachi**

Institute of Business Administration (IBA) is the oldest educational institution in Karachi. IBA has maintained its position as the premier institution of higher learning in the field of Management and Business Administration. Soneri Bank widened its support by partially sponsoring a CPEC Business Conference in order to create awareness for China-Pakistan Economic Corridor (CPEC) Program among public/private sector investors, policy makers, government officials and others.

**Family Education Services Foundation**

Family Educational Services Foundation (FESF) is a non-profit educational organization active in Pakistan since 1984. FESF is dedicated to enhance the quality of life for all members of the community, especially those who are disadvantaged. Soneri Bank supported generously in their educational development training programs in order to empower the underprivileged to reach their full potential.

**Citizens Archive of Pakistan (CAP)**

CAP, a non-profit organization dedicated to cultural and historic preservation, aims at educating the community and creates quality awareness about our nation's history. To support CAP in achieving its mission to build and support educational programs and develop educational product-based testimonies, Soneri Bank supported the cause by providing sponsorship for the fundraiser carnival in 2016.

**Development in Literacy**

Developments in Literacy, educates and empowers underprivileged students, especially girls, by operating student-centered model schools; and provides a high-quality professional development to teachers and principals across Pakistan. Soneri Bank has supported this cause by sponsoring the fundraising event for the development of education and literacy.

**SOS Children's Villages Pakistan**

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

**Rehabilitation Efforts**

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

Saving Thar is a life-saving project for building the lives and empowering communities in the drought-prone areas of Tharparkar. Soneri Bank expanded the Village Development Model by adopting a village of Rohaj Halepoto which caters 157 households. Several activities like ber grafting, tree plantation, kitchen gardening training, gifting goats and providing solar panels for households are part of the sustainability program.

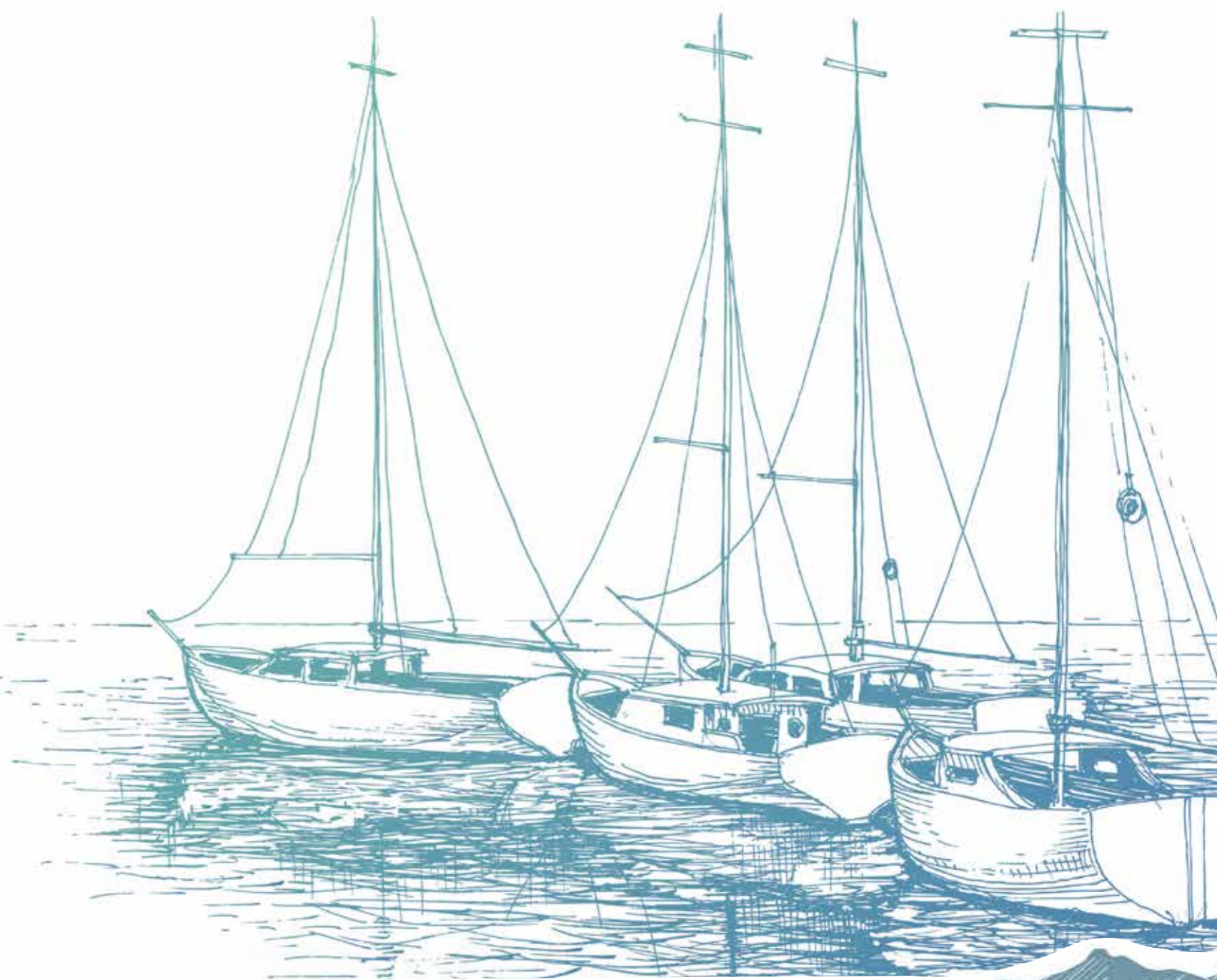


**NOWPDP**

Network of Organizations Working with People with Disabilities, Pakistan (NOWPDP) raises awareness in the society about the rights of persons with disabilities. For this noble cause, the Bank has sponsored 25 Baithaks to the well-being of the disabled.

**Rotary Metropolitan Trust**

Rotary Metropolitan Trust is a non-profit organization working for the development of community. Their projects are focused in the field of health, basic education and skill development in Karachi and across Sindh. Soneri Bank extended its support by sponsoring its annual fundraising event for community development projects.







**Women Empowerment**

*International Women Leaders Summit*

Soneri Bank was part of International Women Leaders Summit in 2016. The conference was a professional forum to collate successful and diversified professional women leaders across the globe to impart and integrate their experiences at a local forum for an exchange of broader perspectives and learning.

*Attock Sahara Foundation*

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

*Behbud Association Karachi*

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

**Environment Care**

*WWF, Pakistan*

WWF is one of the world's largest and recognized nature conservation organization. For this noble cause of saving nature and environment, SBL contributed through employee activities which included beach cleaning, planting mangrove sapling, transit walk, web yarn and various environment preservation for the protection and conservation of nature.

*Seeding Hope*

With the objective to support environment preservation, Soneri Bank metaphorically depicted the journey of the Bank via a 'Seed Concept', a harbinger for growth, happiness and celebration of 25 Years of Silver Jubilee. With the provision of a seed bag as part of the concept and design, it motivated people to plant a 'Seed of Hope' for environmental nurturance.

**Promoting Sports**

*Karachi Golf Club*

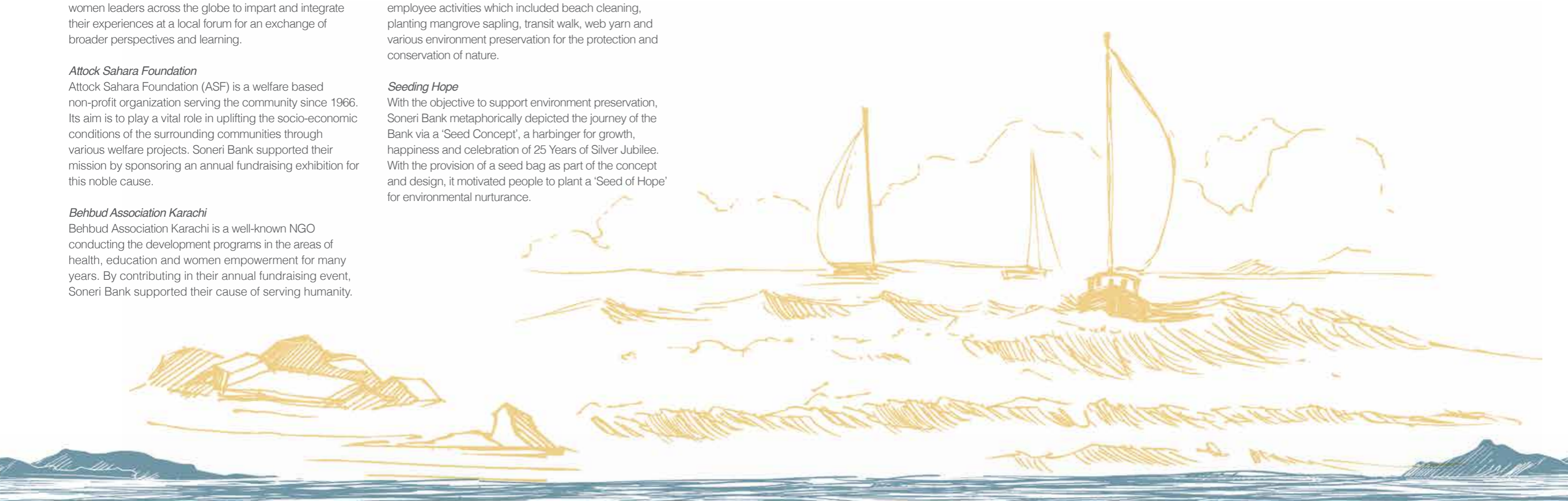
The Karachi Golf Club is the oldest golf club in Pakistan. To promote and support Golf in Karachi, Soneri Bank sponsored a Golf Tournament which provided a recreational sports forum for corporate clientele and staff.

*Airmen Golf Club*

The Airmen Golf Course is one of the largest golf courses in the country spread over hundreds of acres. To promote sports and recreational activities, the Bank sponsored a golf event at the Club.

*Supporting Golfer*

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



# Complaint Handling

Soneri Bank Limited (SBL) is committed to provide outstanding banking services to its customers and aims to offer services at par with international banking standards. Complaint Management Unit (CMU) owns the Service Pledges completely and has inculcated it into all stages of complaint handling. These service pledges are:

- We manage time
- We provide equality
- We know customers
- We think forward
- We listen more

CMU has been established for thorough evaluation of customers' complaints and to address customer grievances along with the timely resolution in compliance with all regulatory requirements. CMU plays an integral role between customers and core units of SBL to get feedback properly addressed and answered. All feedback received are classified into 3 category i.e. complaints, queries and dispute, and are worked on according to their nature.

Following channels are available for customers to register their complaints:

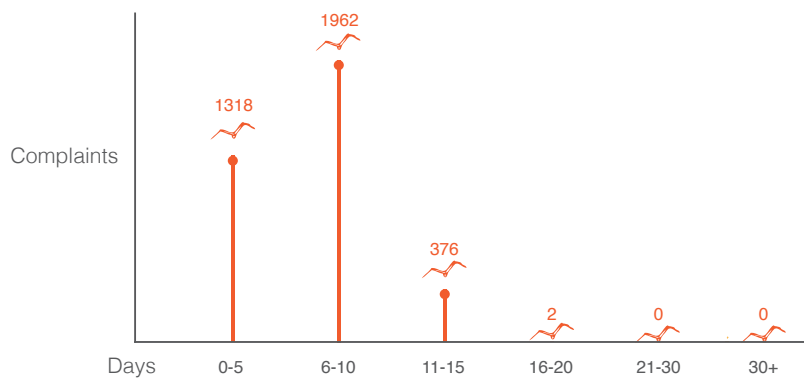
- Phone Banking
- Branches
- Soneri Bank Website
- Emails

CMU monitors, investigates and responds to the complaints based on their findings and feedback received; keeping in view the regulatory guidelines. The unit also maintains full record of complaints including action that has been taken to resolve them.

In order to enhance control environment and to improve the review regarding customer complaints, we have implemented Complaints System in 2016 through which proper record of customer complaints are obtained.

During the year 2016, 3,658 complaints were received through different channels, out of which 100% were investigated and resolved within the prescribed timeline, which is reflected in the following bar chart:

Year 2016: Turn around time





# 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 ALTAJ BUTT

**AUDITORS**

A.F. FERGUSON & CO.

CHARTERED ACCOUNTANTS

**SHARIAH BOARD**

MUFTI EHSAN WAQUAR AHMAD (CHAIRMAN)

MUFTI MUHAMMAD ZAHID (RESIDENT MEMBER)

MUFTI BILAL QAZI (MEMBER)

**LEGAL ADVISORS**

MANAN ASSOCIATES, ADVOCATES

**REGISTERED OFFICE**

RUPALI HOUSE 241-242,  
UPPER MALL SCHEME,  
ANAND ROAD, LAHORE - 54000

**CENTRAL OFFICE**

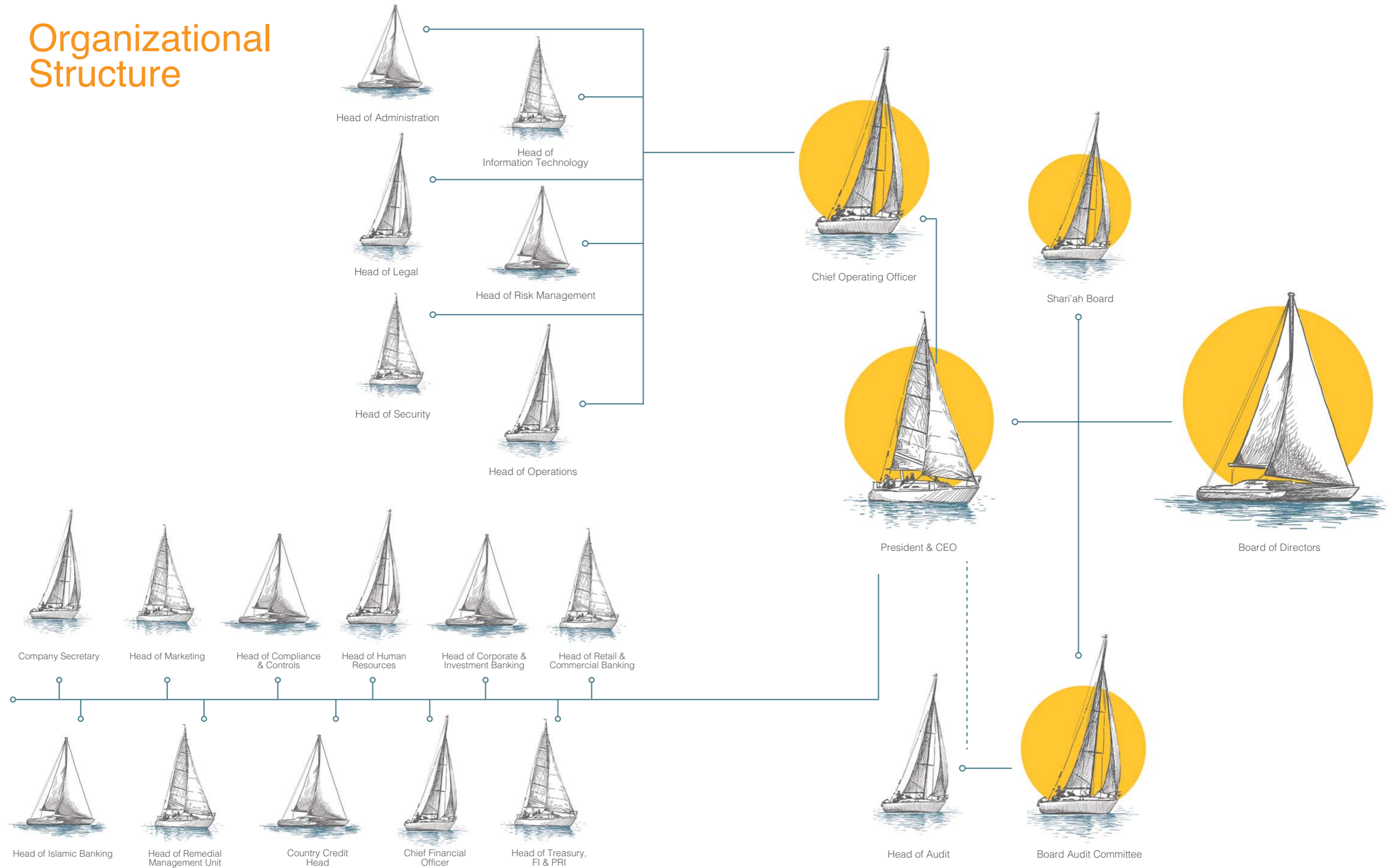
10TH FLOOR, PNSC BUILDING,  
M.T. KHAN ROAD, KARACHI

**REGISTRAR AND SHARE  
TRANSFER AGENT**

THK ASSOCIATES (PRIVATE) LTD.,  
1ST FLOOR, 40-C,  
BLOCK-6, P.E.C.H.S.,  
KARACHI - 75400  
UAN: (021) 111-000-322  
FAX: (021) 341 68271



# Organizational Structure



# 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 |

## **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 H. Siddiqi       | 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    |
|    | Mr. Muhammad Altaf Butt    | 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 functions is in place.

## Credit Committee

Constitution:

Mr. Nooruddin Feerasta  
*Chairman*

Mr. Alauddin Feerasta  
*Member*

Mr. Mohammad Aftab Manzoor  
*Member*

Mr. Muhammad Rashid Zahir  
*Member*

Mr. 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 put in place a reasonable setup 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 is to provide oversight and advice to the BoD of Soneri Bank Limited in relation to current and potential future risk exposures of the Bank and future risk strategy, including approval of risk appetite and tolerance. The Committee also ensures that an organizational culture that places a high priority required for effective risk management is established by promoting a risk awareness culture within the bank. It also validates that resources allocated for risk management are adequate, given the size, nature and volume of the business and the managers and staff that take, monitor and control risk possess sufficient knowledge and expertise. The Committee also monitors the development of appropriate financial models and a system used to calculate each category of risk, and ensure that the Bank has a clear, comprehensive and well documented policies and procedural guidelines relating to risk management available at all times and the relevant staff fully understand those policies. The Committee also ensures that the Bank's overall exposure to credit, market, liquidity, and operational risk is maintained at prudent levels and consistent with the available capital under rigorous stress tests.

## Human Resource Committee

Constitution:

Mr. Manzoor Ahmed  
*Chairman*

Mr. Mohammad Aftab Manzoor  
*Member*

Mr. Amar Zafar Khan  
*Member*

Mr. Shahid Anwar  
*Member*

## Terms of Reference

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



# Board and Committees' Meetings

Details of the meetings of the Board of Directors and its Committees held during 2016 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 year        | Attended** | Held during the year           | Attended** | Held during the year            | Attended** | Held during the year                    | Attended** | Held during the year                     | Attended** |
| 1  | Mr. Alauddin Feerasta           | 6                           | 6          | *                              | *          | 4                               | 4          | *                                       | *          | *  | *          |
| 2  | Mr. Mohammad Aftab Manzoor      | 6                           | 6          | *                              | *          | 4                               | 4          | 4                                       | 4          | 3  | 3          |
| 3  | Mr. Nooruddin Feerasta          | 6                           | 5          | 4                              | 2          | 4                               | 3          | *                                       | *          | *  | *          |
| 4  | Mr. Muhammad Rashid Zahir       | 6                           | 6          | 4                              | 4          | 4                               | 4          | *                                       | *          | *  | *          |
| 5  | Mr. Amar Zafar Khan             | 6                           | 6          | 4                              | 4          | 4                               | 4          | 4                                       | 3          | 3  | 2          |
| 6  | Syed Ali Zafar                  | 6                           | 3          | *                              | *          | *                               | *          | *                                       | *          | *  | *          |
| 7  | Mr. Manzoor Ahmed (NIT Nominee) | 6                           | 6          | *                              | *          | *                               | *          | 4                                       | 4          | *  | *          |
| 8  | Mr. Shahid Anwar (NIT Nominee)  | 6                           | 6          | 4                              | 4          | *                               | *          | 4                                       | 4          | 3  | 3          |
| <b>Total Number of meetings held during the year</b> |                                 | <b>6</b>                    |            | <b>4</b>                       |            | <b>4</b>                        |            | <b>4</b>                                |            | <b>3</b>                                 |            |

\* Not a member of the Committee

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





# Management Committees

## 1. Management Committee

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

## 2. Executive Credit Committee

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

## 3. Assets and liability Committee

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

## 4. Investment Committee

1. Mr. Mohammad Aftab Manzoor, Chairman
2. Mr. Amin A. Feerasta
3. Mr. Shahid Abdullah
4. Mr. 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. Ms. Anjum Hai
5. Mr. Ahmed Saqib Asad
6. Mr. Ali Hassan Shah
7. Mr. Mir Tehmeed
8. Mr. Qurban R. Punjwani, Secretary

## 6. Credit Risk Management Committee

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





# Management Committees

## 7. Market & Liquidity Risk Management Committee

1. Ms. Anjum Hai, Chairperson
2. Mr. Javed H. Siddiqi
3. Mr. Shahid Abdullah
4. Mian Nadeem Aslam
5. Mr. Junaid Qamar
6. Mr. Muhammad Imran Khan
7. Syed Ahmed Ali Jafari
8. Mian Umar Farooq, Secretary

## 8. Operational Risk Management Committee

1. Mr. Mohammad Aftab Manzoor, Chairman
2. Mr. Amin A. Feerasta
3. Mr. Abdul Aleem Qureshi
4. Mr. Iqbal Zaidi
5. Mr. Ali Hassan Shah
6. Ms. Anjum Hai
7. Syed Asim Ali
8. Mr. Muhammad Qaiser
9. Mr. Mubarak Ali
10. Mr. Ahmed Saqib Asad
11. Mr. Javed H. Siddiqi, Secretary

## 9. Business Continuity Plan Steering Committee

1. Mr. Mohammad Aftab Manzoor, Chairman
2. Mr. Amin A. Feerasta
3. Mr. Abdul Aleem Qureshi
4. Mr. Iqbal Zaidi
5. Ms. Anjum Hai
6. Mr. Ahmed Saqib Asad
7. Mr. Ali Hassan Shah
8. Ms. Anita Lalani
9. Syed Asim Ali
10. Lt. Col(R) Zahid Raza
11. Mr. Javed Munshi
12. Mr. Muhammad Azizullah Abid
13. Mian Asif Iqbal
14. Mr. Muhammad Khawar Ali Shah
15. Mr. Gul Husnain
16. Mr. Javed H. Siddiqi, Secretary



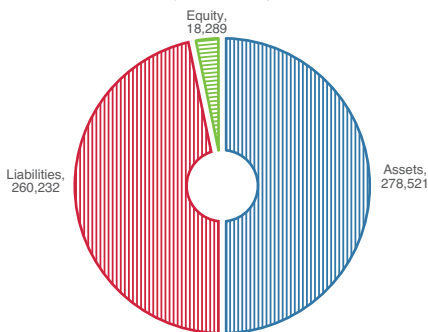


# Inspiring Growth

As of 31 December 2016

|                            |                | 2016    | 2015    | Growth  |
|----------------------------|----------------|---------|---------|---------|
| Advances - Gross           | Rs. In Million | 133,753 | 120,617 | 10.89%  |
| Deposits                   | "              | 210,840 | 185,222 | 13.83%  |
| Net assets                 | "              | 18,289  | 18,192  | 0.53%   |
| Profit after tax           | "              | 1,879   | 2,213   | -15.09% |
| Interest income            | "              | 6,844   | 7,597   | -9.91%  |
| Non-markup income          | "              | 2,736   | 3,150   | -13.14% |
| Earnings per share         | Rs.            | 1.7042  | 2.0071  | -15.09% |
| Total revenue              | Rs. In Million | 9,580   | 10,748  | -10.87% |
| Return on equity           | %              | 12.01%  | 15.03%  | -20.03% |
| Return on capital employed | %              | 16.83%  | 19.77%  | -14.87% |
| Trade business             | Rs. In Million | 276,512 | 269,312 | 2.67%   |
| Number of accounts         | (In '000)      | 542     | 510     | 6.27%   |

Statement of Financial Position  
(Rs. in Million)



Variance during the FY 16



# Key Performance Indicators

|  |                | 2016    | 2015    | Variance<br>Compared to 2015 |      |
|--|----------------|---------|---------|------------------------------|------|
|  |                |         |         | Amount                       | %    |
| <b>Financial</b>                         |                |         |         |                              |      |
| Investment-Gross                         | Rs. In Million | 117,998 | 108,972 | 9,026                        | 8%   |
| Advances-Gross                           | "              | 133,753 | 120,617 | 13,136                       | 11%  |
| Deposits                                 | "              | 210,840 | 185,222 | 25,618                       | 14%  |
| Shareholders' equity (including surplus) | "              | 18,289  | 18,192  | 97                           | 1%   |
| Net-interest income                      | "              | 6,844   | 7,597   | (753)                        | -10% |
| Non-interest income                      | "              | 2,736   | 3,150   | (414)                        | -13% |
| Profit before provisions                 | "              | 3,102   | 4,625   | (1,523)                      | -33% |
| Provisions                               | "              | 24      | 1,029   | (1,005)                      | -98% |
| Profit before taxation                   | "              | 3,077   | 3,596   | (519)                        | -14% |
| Profit after taxation                    | "              | 1,879   | 2,213   | (334)                        | -15% |
| <b>Non Financial</b>                     |                |         |         |                              |      |
| No. of customers                         | Absolute       | 470,379 | 438,245 | 32,134                       | 7%   |
| No. of new branches opened               | "              | 25      | 20      | 5                            | 20%  |
| No. of branches closed                   | "              | 3       | -       | 3                            | 100% |
| No. of new accounts opened               | "              | 75,602  | 80,171  | (4,569)                      | -6%  |
| No. of ATM cards issued                  | "              | 84,416  | 104,556 | (20,140)                     | -19% |
| No. of permanent employees               | "              | 2,715   | 2,715   | -                            | 0%   |
| No. of virtual banking customers         | "              | 32,841  | 30,344  | 2,497                        | 8%   |
| No. of mobile banking customers          | "              | 35,073  | 27,726  | 7,347                        | 26%  |
| <b>Key Financial Ratios</b>              |                |         |         |                              |      |
| Earnings per share                       | Rs.            | 1.7042  | 2.0071  |                              |      |
| Book value per share                     | "              | 14.46   | 13.91   |                              |      |
| Share price                              | "              | 17.65   | 15.13   |                              |      |
| Market capitalization                    | Rs. In Million | 19,458  | 16,680  |                              |      |
| Price earning ratio                      | Times          | 10.38   | 7.53    |                              |      |
| Return on equity                         | %              | 12.01%  | 15.03%  |                              |      |
| Return on assets                         | %              | 0.71%   | 0.95%   |                              |      |
| Capital adequacy ratio                   | %              | 14.12%  | 15.39%  |                              |      |

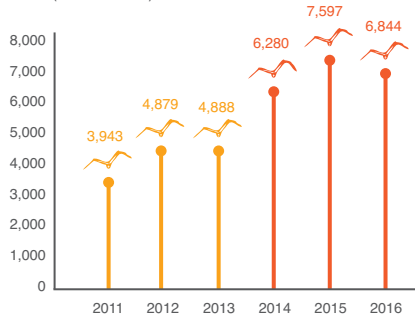


# Six Years' Financial Summary 2011-2016

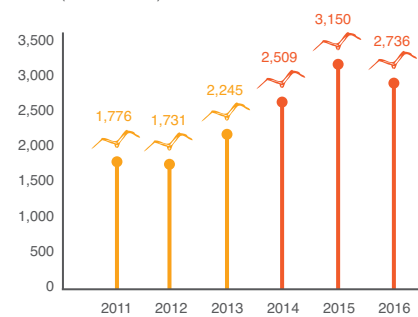
(Rs. In Million)

|  | 2016   | 2015   | 2014   | 2013   | 2012   | 2011   |
|--|--------|--------|--------|--------|--------|--------|
| <b>Profit &amp; loss account</b>               |        |        |        |        |        |        |
| Mark-up / return / interest earned             | 17,524 | 18,319 | 16,906 | 13,639 | 13,813 | 12,940 |
| Mark-up / return / non interest expensed       | 10,680 | 10,722 | 10,626 | 8,751  | 8,934  | 8,997  |
| Fund based income                              | 6,844  | 7,597  | 6,280  | 4,888  | 4,879  | 3,943  |
| Fee, commission, brokerage and exchange income | 1,577  | 1,809  | 1,939  | 1,600  | 1,191  | 1,194  |
| Dividend income and capital gain               | 1,131  | 1,284  | 535    | 623    | 528    | 428    |
| Other income                                   | 29     | 57     | 35     | 22     | 12     | 154    |
| Non interest income                            | 2,737  | 3,150  | 2,509  | 2,245  | 1,731  | 1,776  |
| Total income                                   | 9,581  | 10,747 | 8,789  | 7,133  | 6,610  | 5,719  |
| Operating expenses                             | 6,480  | 6,123  | 5,798  | 4,868  | 4,368  | 3,369  |
| Profit before tax and provisions               | 3,101  | 4,624  | 2,991  | 2,265  | 2,242  | 2,350  |
| Provisions                                     | 24     | 1,029  | 549    | 735    | 520    | 1,272  |
| Profit before tax                              | 3,077  | 3,595  | 2,442  | 1,530  | 1,722  | 1,078  |
| Profit after tax                               | 1,879  | 2,213  | 1,582  | 1,037  | 1,104  | 784    |
| Bonus shares issued                            | -      | -      | -      | 1,002  | 993    | 1003   |
| Right shares issued                            | -      | -      | -      | -      | -      | 1001   |
| Cash dividend paid                             | -      | 1,378  | 1,102  | -      | -      | -      |

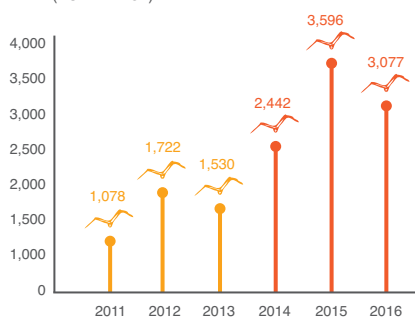
**Fund based income**  
(Rs. in Million)



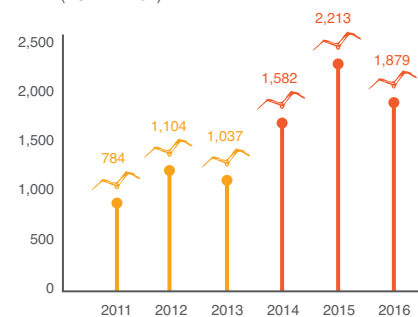
**Non-Markup Income**  
(Rs. in Million)



**Profit before tax**  
(Rs. in Million)



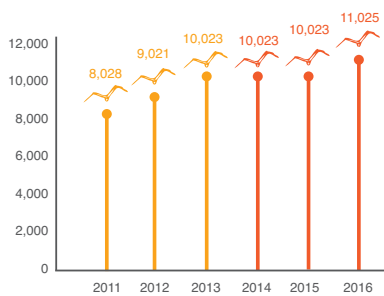
**Profit after tax**  
(Rs. in Million)



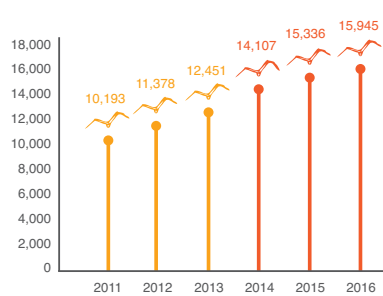
# Six Years' Financial Summary 2011-2016

|  | (Rs. In Million) |         |         |         |         |         |
|--|------------------|---------|---------|---------|---------|---------|
|  | 2016             | 2015    | 2014    | 2013    | 2012    | 2011    |
| <b>Statement of Financial Position</b> |                  |         |         |         |         |         |
| Paid up capital - net of discount      | 11,025           | 10,023  | 10,023  | 10,023  | 9,021   | 8,028   |
| Reserves                               | 1,424            | 1,049   | 934     | 618     | 410     | 1,183   |
| Unappropriate profit                   | 3,496            | 4,264   | 3,150   | 1,810   | 1,947   | 982     |
| Shareholders' equity                   | 15,945           | 15,336  | 14,107  | 12,451  | 11,378  | 10,193  |
| Surplus on revaluation of assets       | 2,344            | 2,856   | 2,932   | 832     | 954     | 740     |
| Net assets                             | 18,289           | 18,192  | 17,039  | 13,283  | 12,332  | 10,933  |
| Total assets                           | 278,521          | 253,342 | 213,175 | 169,234 | 158,629 | 129,756 |
| Earning assets                         | 248,727          | 223,942 | 184,288 | 147,225 | 137,810 | 112,212 |
| Gross advances                         | 133,753          | 120,617 | 115,614 | 104,673 | 83,599  | 71,355  |
| Advances-Net of provisions             | 125,306          | 112,002 | 107,968 | 97,534  | 77,170  | 65,623  |
| Non-performing loans (NPLs)            | 10,419           | 11,584  | 10,224  | 10,424  | 9,927   | 8,942   |
| Investments                            | 117,884          | 108,846 | 75,716  | 46,703  | 59,517  | 45,776  |
| Total liabilities                      | 260,232          | 235,150 | 196,136 | 155,951 | 146,297 | 118,823 |
| Deposits and other accounts            | 210,840          | 185,222 | 163,250 | 140,580 | 120,591 | 99,419  |
| Current and saving deposits (CASA)     | 151,076          | 132,461 | 110,135 | 98,633  | 82,363  | 62,033  |
| Borrowings                             | 38,905           | 39,876  | 25,825  | 10,485  | 20,398  | 14,557  |
| Interest bearing liabilities           | 199,807          | 184,209 | 149,236 | 116,929 | 114,209 | 94,364  |
| Contingent and commitments             | 83,398           | 117,301 | 64,358  | 74,136  | 61,327  | 41,731  |

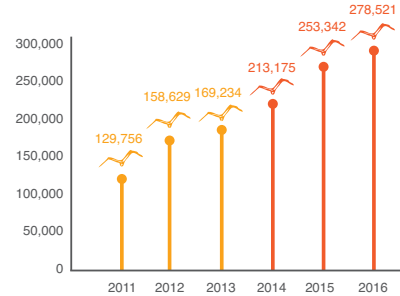
**Paid up Capital**  
(Rs. in Million)



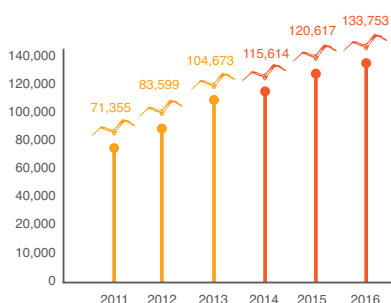
**Shareholders' Equity (excluding surplus)**  
(Rs. in Million)



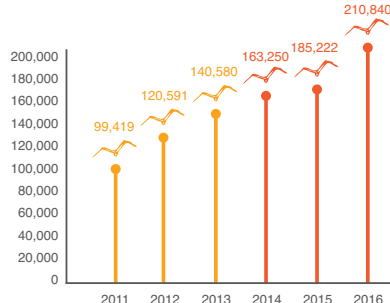
**Total Assets**  
(Rs. in Million)



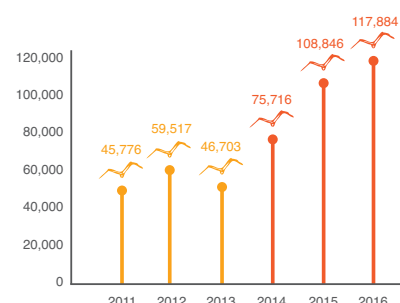
**Gross Advances**  
(Rs. in Million)



**Deposits**  
(Rs. in Million)



**Investments**  
(Rs. in Million)



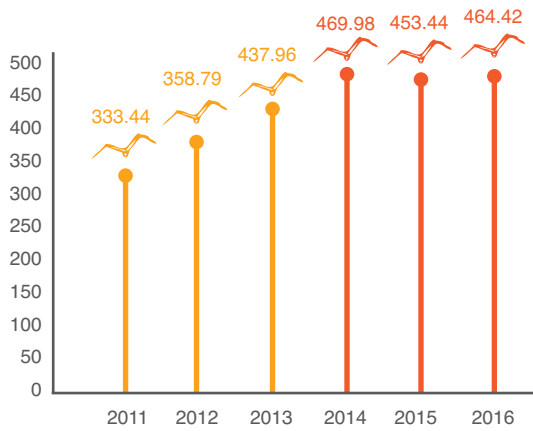
# Six Years' Financial Summary 2011-2016

|   |               | 2016      | 2015      | 2014      | 2013      | 2012     | 2011     |
|---|---------------|-----------|-----------|-----------|-----------|----------|----------|
| <b>Financial Ratios</b>   |               |           |           |           |           |          |          |
| Profit before tax ratio (PBT/total income)                              | %             | 32.12%    | 33.45%    | 27.78%    | 21.45%    | 26.05%   | 18.85%   |
| Gross spread (NIM/Interest income)                                      | "             | 39.06%    | 41.47%    | 37.15%    | 35.84%    | 35.32%   | 30.47%   |
| Non interest income to total income                                     | "             | 28.57%    | 29.31%    | 28.55%    | 31.47%    | 26.19%   | 31.05%   |
| Income /expense ratio (excluding provisions)                            | Times         | 1.48      | 1.76      | 1.52      | 1.47      | 1.51     | 1.70     |
| Return on average equity (ROE)  | %             | 12.01%    | 15.03%    | 11.91%    | 8.70%     | 10.24%   | 8.44%    |
| Return on average assets (ROA)  | "             | 0.71%     | 0.95%     | 0.83%     | 0.63%     | 0.77%    | 0.66%    |
| Return on capital employed (ROCE)                                       | "             | 16.82%    | 19.76%    | 14.33%    | 11.60%    | 14.32%   | 10.56%   |
| Earning per share (EPS before tax)                                      | Rs.           | 2.79      | 3.59      | 2.44      | 1.53      | 1.91     | 1.34     |
| Earning per share (EPS after tax)                                       | Rs.           | 1.7       | 2.01      | 1.44      | 0.94      | 1.00     | 0.78     |
| Gross advances to deposit ratio   | %             | 63.44%    | 65.12%    | 70.82%    | 74.46%    | 69.32%   | 71.77%   |
| Net advances to deposit ratio   | "             | 59.43%    | 60.47%    | 66.14%    | 69.38%    | 63.99%   | 66.01%   |
| Break up value per share (excl. surplus on revaluation of assets)       | Rs.           | 14.46     | 15.30     | 14.07     | 12.42     | 12.61    | 12.70    |
| Break up value per share (excl. surplus on revaluation of fixed assets) | "             | 15.75     | 17.04     | 15.77     | 12.67     | 12.96    | 12.83    |
| Break up value per share (incl. surplus on revaluation of assets)       | "             | 16.59     | 18.15     | 17.00     | 13.25     | 13.67    | 13.62    |
| Earning assets to total assets  | %             | 89.30%    | 88.40%    | 86.45%    | 86.99%    | 86.88%   | 86.48%   |
| Earning assets to interest bearing liabilities                          | Times         | 1.24      | 1.22      | 1.23      | 1.26      | 1.21     | 1.19     |
| Weighted average cost of deposits                                       | %             | 3.47%     | 4.42%     | 6.18%     | 5.85%     | 6.84%    | 7.88%    |
| CASA to total deposits  | "             | 71.65%    | 71.51%    | 67.46%    | 70.16%    | 68.30%   | 62.40%   |
| NPLs to total advances ratio  | "             | 7.79%     | 9.60%     | 8.84%     | 9.96%     | 11.87%   | 12.53%   |
| Coverage ratio (Specific provisions/NPLs)                               | "             | 80.58%    | 73.97%    | 74.44%    | 68.20%    | 64.68%   | 64.01%   |
| Assets to equity  | Times         | 17.47     | 16.52     | 15.11     | 13.59     | 13.94    | 12.73    |
| Total assets per share  | Times         | 252.63    | 252.76    | 212.69    | 168.85    | 175.84   | 161.63   |
| Deposits to shareholders' equity  | Times         | 13.22     | 12.08     | 11.57     | 11.29     | 10.60    | 9.75     |
| <b>Risk Adequacy</b>  |               |           |           |           |           |          |          |
| Tier I Capital  | Rs.in Million | 15,329    | 15,032    | 13,916    | 12,229    | 11,240   | 10,048   |
| Risk Weighted Assets (RWA)  | "             | 141,609   | 128,905   | 124,596   | 106,768   | 96,176   | 84,045   |
| Tier I to RWA   | %             | 10.82%    | 11.66%    | 11.17%    | 11.45%    | 11.69%   | 11.96%   |
| Capital Adequacy Ratio  | "             | 14.12%    | 15.39%    | 12.50%    | 11.93%    | 12.37%   | 12.64%   |
| Net Return on Average RWA   | "             | 1.33%     | 1.72%     | 1.27%     | 0.97%     | 1.15%    | 0.93%    |
| <b>Stock Dividend</b>   |               |           |           |           |           |          |          |
| Bonus shares issued   | %             | 0%        | 0%        | 0%        | 10.00%    | 11.00%   | 12.50%   |
| <b>Cash Dividend</b>  |               |           |           |           |           |          |          |
|   | %             | *12.50%   | 12.50%    | 10.00%    | -         | -        | -        |
| <b>Share Information</b>  |               |           |           |           |           |          |          |
| Market Value per share-31 December                                      | Rs.           | 17.65     | 15.13     | 12.33     | 10.93     | 7.09     | 3.90     |
| - High during the year  | "             | 17.90     | 15.35     | 16.73     | 11.38     | 9.40     | 8.01     |
| - Low during the year   | "             | 12.76     | 10.06     | 9.50      | 5.90      | 3.71     | 3.56     |
| Market Capitalization   | Rs.in Million | 19,458.48 | 16,680.27 | 13,593.37 | 12,049.93 | 7,105.88 | 3,521.38 |
| Price to book value (excl. surplus on revaluation of assets)            | Rs.           | 1.22      | 0.99      | 0.88      | 0.88      | 0.56     | 0.31     |
| Price earning ratio   | Times         | 10.38     | 7.53      | 8.56      | 11.63     | 7.09     | 5.00     |
| <b>Industry Share</b>   |               |           |           |           |           |          |          |
| Deposits  | %             | 1.88%     | 1.99%     | 1.96%     | 1.87%     | 1.80%    | 1.69%    |
| Advances  | "             | 2.40%     | 2.52%     | 2.59%     | 2.57%     | 2.17%    | 2.04%    |
| <b>Non Financial Information</b>  |               |           |           |           |           |          |          |
| No. of branches   | Absolute      | 288       | 266       | 246       | 239       | 233      | 214      |
| No. of permanent employees  | "             | 2,715     | 2,715     | 2,639     | 2,835     | 2,644    | 2,286    |
| No. of ATMs   | "             | 306       | 274       | 263       | 265       | 251      | 216      |

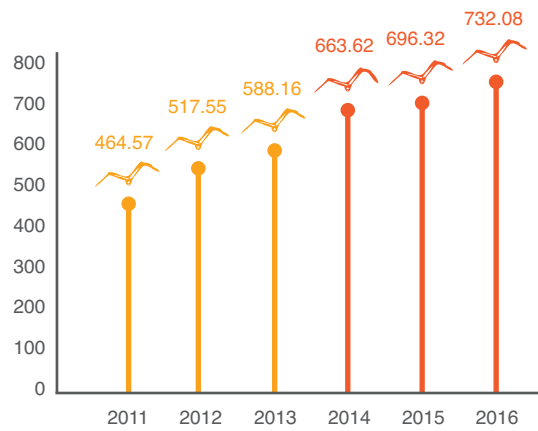
\* Subject to shareholder's approval in the forthcoming AGM.

# Per Branch Performance

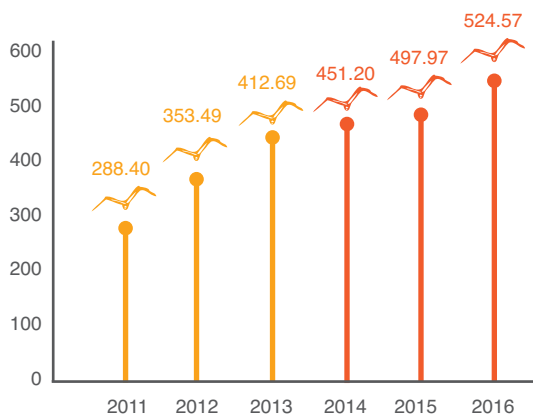
**Gross Advances**  
(Rs. in Million)



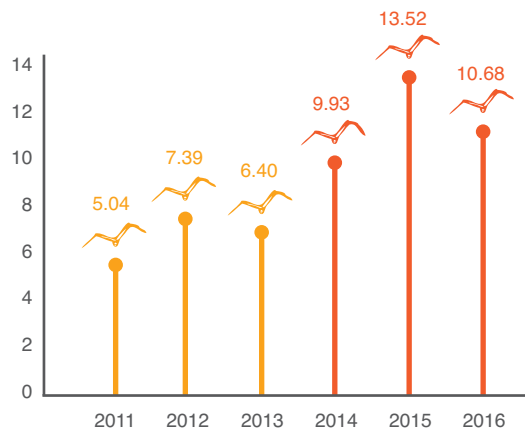
**Deposits**  
(Rs. in Million)



**CASA**  
(Rs. in Million)



**Profit Before Tax**  
(Rs. in Million)

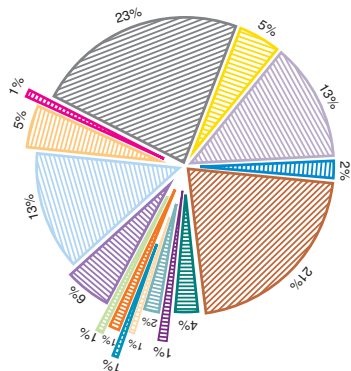




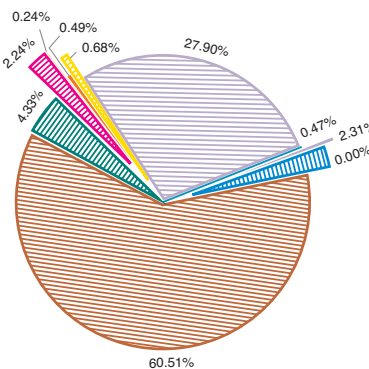
# Concentration of Advances, NPLs, Deposits and Off-Balance Sheet Items - 31 December 2016

|  | 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 | 3,222,913        | 2.41%     | 240,810             | 2.31%     | 83,271           | 0.04%     | 434,278          | 0.95%     |
| Textile                                    | 28,707,232       | 21.46%    | 6,304,340           | 60.51%    | 2,033,721        | 0.96%     | 4,906,597        | 10.75%    |
| Chemical and Pharmaceuticals               | 4,844,065        | 3.62%     | 450,871             | 4.33%     | 2,682,125        | 1.27%     | 3,372,462        | 7.39%     |
| Cement                                     | 1,215,055        | 0.91%     | -                   | 0.00%     | 73,336           | 0.03%     | 551,519          | 1.21%     |
| Sugar                                      | 2,837,320        | 2.12%     | 86,454              | 0.83%     | 233,554          | 0.11%     | 9,390            | 0.02%     |
| Footwear and Leather garments              | 954,568          | 0.71%     | 24,900              | 0.24%     | 788,401          | 0.37%     | 264,313          | 0.58%     |
| Automobile and transportation equipment    | 891,890          | 0.67%     | 49,310              | 0.47%     | 7,843,582        | 3.72%     | 714,212          | 1.56%     |
| Electronics and electrical appliances      | 1,381,090        | 1.03%     | 50,898              | 0.49%     | 810,801          | 0.38%     | 2,840,490        | 6.22%     |
| Construction                               | 900,940          | 0.67%     | -                   | 0.00%     | 1,694,297        | 0.80%     | 2,371,761        | 5.19%     |
| Power (electricity), Gas, Water, Sanitary  | 7,358,320        | 5.50%     | -                   | 0.00%     | 6,407,546        | 3.04%     | 2,137,140        | 4.68%     |
| Wholesale and Retail Trade                 | 17,879,883       | 13.37%    | -                   | 0.00%     | 3,396,733        | 1.61%     | 6,323,110        | 13.85%    |
| Exports/Imports                            | 6,842,185        | 5.12%     | -                   | 0.00%     | 1,915,437        | 0.91%     | 2,495,322        | 5.47%     |
| Financial                                  | 999,275          | 0.75%     | 233,301             | 2.24%     | 12,588,410       | 5.97%     | 1,578,513        | 3.46%     |
| Food and Allied                            | 31,175,457       | 23.31%    | -                   | 0.00%     | 4,771,451        | 2.26%     | 7,277,675        | 15.94%    |
| Individuals                                | 6,788,432        | 5.08%     | 70,498              | 0.68%     | 101,114,282      | 47.96%    | 156,732          | 0.34%     |
| Others                                     | 17,754,411       | 13.27%    | 2,908,038           | 27.90%    | 64,402,699       | 30.57%    | 10,221,576       | 22.39%    |
|  | 133,753,036      | 100.00%   | 10,419,420          | 100.00%   | 210,839,646      | 100.00%   | 45,655,090       | 100.00%   |

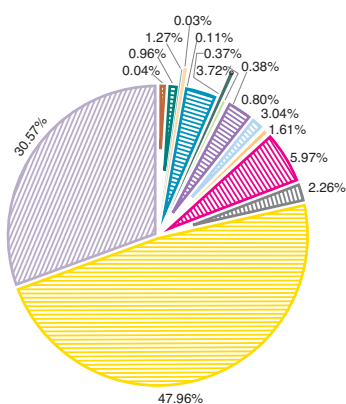
Advances (Gross)



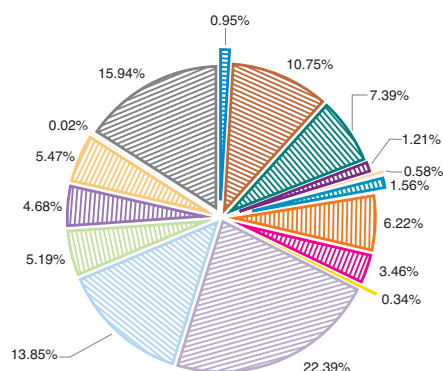
Classified Advances



Deposits



Off-Balance Sheet items



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

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

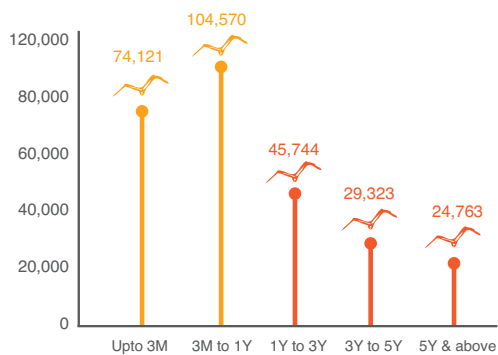




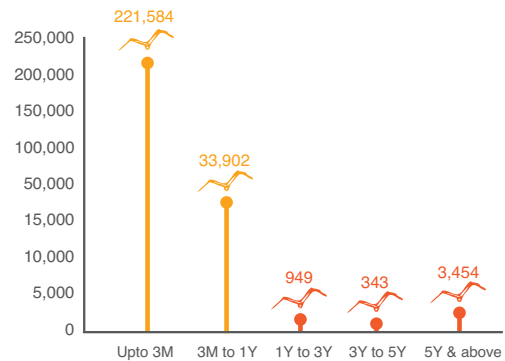
# Maturities of Assets and Liabilities (Contractual)

|  | TOTAL   | Upto 3M | 3M to 1Y | 1Y to 3Y | 3Y to 5Y | 5Y & above |
|--|---------|---------|----------|----------|----------|------------|
| ----- (Rupees in Million) -----              |         |         |          |          |          |            |
| <b>Assets</b>                                |         |         |          |          |          |            |
| Cash and balances with treasury banks        | 18,279  | 18,279  | -        | -        | -        | -          |
| Balances with other banks                    | 823     | 823     | -        | -        | -        | -          |
| Lendings to financial and other institutions | 5,537   | 4,491   | 1,046    | -        | -        | -          |
| Investments - net                            | 117,884 | 20,039  | 33,240   | 34,895   | 20,125   | 9,585      |
| Advances - net                               | 125,306 | 25,815  | 68,356   | 9,610    | 8,230    | 13,295     |
| Operating fixed assets                       | 5,138   | 222     | 832      | 1,239    | 962      | 1,883      |
| Deferred tax assets                          | -       | -       | -        | -        | -        | -          |
| Other assets - net                           | 5,554   | 4,452   | 1,096    | -        | 6        | -          |
|  | 278,521 | 74,121  | 104,570  | 45,744   | 29,323   | 24,763     |
| <b>Liabilities</b>                           |         |         |          |          |          |            |
| Bills payable                                | 3,254   | 3,254   | -        | -        | -        | -          |
| Borrowings                                   | 38,905  | 33,294  | 4,739    | 70       | 341      | 461        |
| Deposits and other accounts                  | 210,840 | 182,320 | 27,643   | 877      | -        | -          |
| Sub-ordinated loans                          | 2,999   | 1       | 1        | 2        | 2        | 2,993      |
| Deferred tax liabilities - net               | 1,138   | -       | 1,138    | -        | -        | -          |
| Other liabilities                            | 3,096   | 2,715   | 381      | -        | -        | -          |
|  | 260,232 | 221,584 | 33,902   | 949      | 343      | 3,454      |

**Assets**  
(Rs. in Million)



**Liabilities**  
(Rs. in Million)

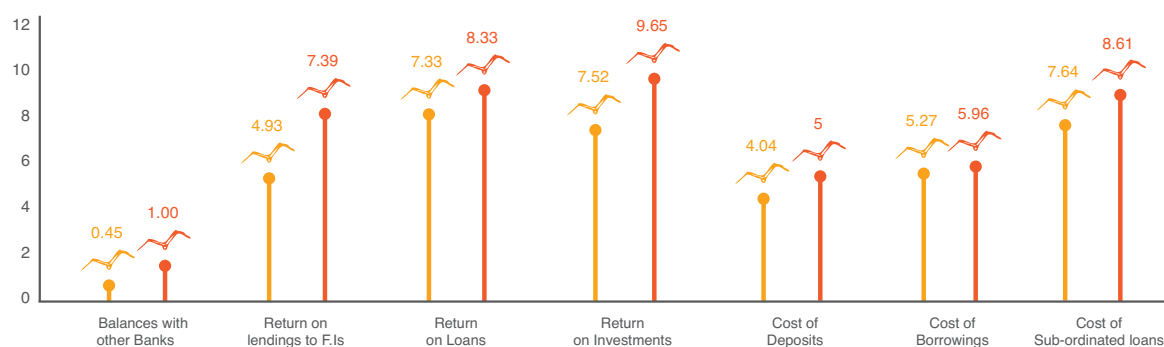


# Key Interest Bearing Assets and Liabilities

|  | 2016                      |                           |                           | 2015                      |                           |                           |
|--|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
|  | Avg. Vol (Rs. in Million) | Effective Interest Rate % | Interest (Rs. in Million) | Avg. Vol (Rs. in Million) | Effective Interest Rate % | Interest (Rs. in Million) |
| <b>Interest Bearing Assets</b>               |                           |                           |                           |                           |                           |                           |
| Balances with other banks                    | 816                       | 0.45                      | 4                         | 427                       | 1                         | 4                         |
| Lendings to financial and other institutions | 6,649                     | 4.93                      | 328                       | 3,348                     | 7.39                      | 247                       |
| Advances (excluding NPLs)                    | 129,093                   | 7.33                      | 9,463                     | 103,168                   | 8.33                      | 8,594                     |
| Investments (excluding equity investments)   | 125,859                   | 7.52                      | 9,465                     | 98,209                    | 9.65                      | 9,477                     |
| <b>Interest Bearing Liabilities</b>          |                           |                           |                           |                           |                           |                           |
| Deposits                                     | 171,134                   | 4.04                      | 6,914                     | 171,134                   | 5.00                      | 8,557                     |
| Sub-ordinated loans                          | 2,080                     | 7.64                      | 159                       | 2,080                     | 8.61                      | 179                       |
| Borrowings                                   | 33,200                    | 5.27                      | 1,750                     | 33,226                    | 5.96                      | 1,980                     |

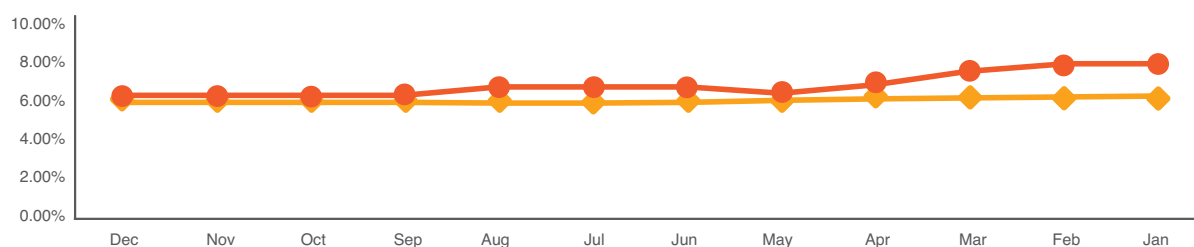
## Effective interest rate on Assets & Liabilities

● 2016 ● 2015



## KIBOR-6 Months

◆ 2016 ● 2015



# Statement of Value Addition

31 DECEMBER

**Value added**

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

**Value added available for distribution**

**To employees**

-Salaries, allowances and other benefits

**To Government**

-Income tax  
 -Workers Welfare Fund

**To providers of capital**

-Cash dividends

**To Society**

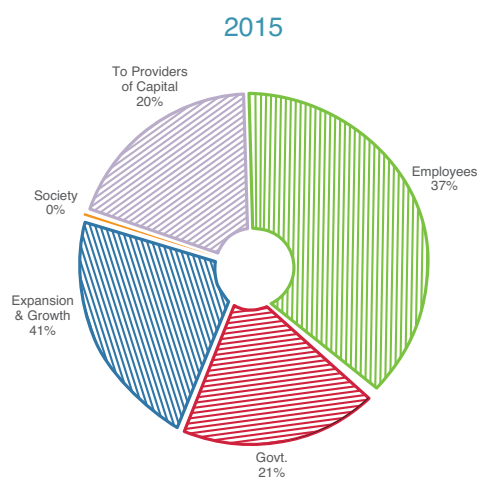
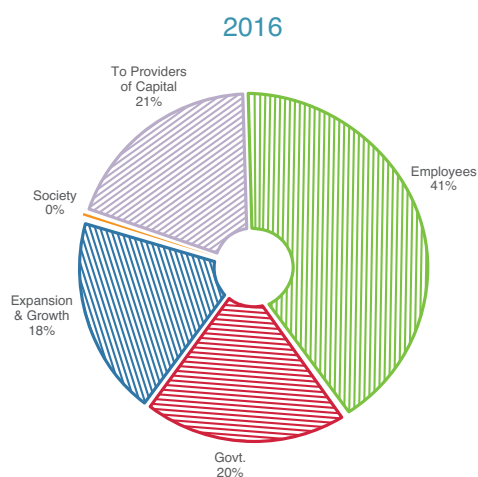
-Donations

**To expansion and growth**

- Depreciation  
 - Amortization  
 -Retained in business

|  | 2016             |        | 2015             |        |
|--|------------------|--------|------------------|--------|
|  | (Rs. in Million) | %      | (Rs. in Million) | %      |
| Net Interest Income  | 6,844            |        | 7,597            |        |
| Non interest income  | 2,737            |        | 3,150            |        |
| Operating expenses excluding staff costs, depreciation,<br>amortization, donation and Workers Welfare Fund | (3,062)          |        | (2,885)          |        |
| Provision against advances, investments & others   | (24)             |        | (1,029)          |        |
| <b>Value added available for distribution</b>  | <u>6,495</u>     |        | <u>6,834</u>     |        |
| <b>To employees</b>  |                  |        |                  |        |
| -Salaries, allowances and other benefits   | 2,674            | 41.17% | 2,519            | 36.86% |
| <b>To Government</b>   |                  |        |                  |        |
| -Income tax  | 1,198            | 18.44% | 1,382            | 20.22% |
| -Workers Welfare Fund  | 64               | 0.99%  | 82               | 1.20%  |
| <b>To providers of capital</b>   |                  |        |                  |        |
| -Cash dividends  | *1,378           | 21.22% | 1,378            | 20.16% |
| <b>To Society</b>  |                  |        |                  |        |
| -Donations   | 15               | 0.23%  | 15               | 0.22%  |
| <b>To expansion and growth</b>   |                  |        |                  |        |
| - Depreciation   | 576              | 8.87%  | 584              | 8.55%  |
| - Amortization   | 89               | 1.37%  | 38               | 0.56%  |
| -Retained in business  | 501              | 7.71%  | 836              | 12.23% |
|  | <u>6,495</u>     | 100%   | <u>6,834</u>     | 100%   |

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



# Quarterly Performance 2016 & 2015

(Rs. In Million)

|  | 2016           |                |                |                | 2015           |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|  | 4th Quarter    | 3rd Quarter    | 2nd Quarter    | 1st quarter    | 4th Quarter    | 3rd Quarter    | 2nd Quarter    | 1st quarter    |
| <b>Profit &amp; Loss Account</b>               |                |                |                |                |                |                |                |                |
| <b>Interest / Return / Non Interest Income</b> |                |                |                |                |                |                |                |                |
| Mark-up / return / interest earned             | 4,150          | 4,045          | 4,796          | 4,533          | 4,484          | 4,657          | 4,517          | 4,661          |
| Mark-up / return / interest expensed           | (2,566)        | (2,581)        | (2,891)        | (2,642)        | (2,509)        | (2,760)        | (2,619)        | (2,834)        |
| Net mark-up / interest income                  | 1,584          | 1,464          | 1,905          | 1,891          | 1,975          | 1,897          | 1,898          | 1,827          |
| Provisions                                     | (51)           | 92             | (9)            | (56)           | (235)          | (374)          | (237)          | (183)          |
| Non-mark-up / interest income                  | 569            | 633            | 965            | 569            | 775            | 726            | 891            | 758            |
| Non-mark-up / interest expenses                | (1,644)        | (1,618)        | (1,635)        | (1,582)        | (1,543)        | (1,540)        | (1,588)        | (1,452)        |
| Profit before taxation                         | 458            | 571            | 1,226          | 822            | 972            | 709            | 964            | 950            |
| Taxation                                       | (120)          | (205)          | (590)          | (283)          | (348)          | (227)          | (470)          | (337)          |
| <b>Profit after taxation</b>                   | <b>338</b>     | <b>366</b>     | <b>636</b>     | <b>539</b>     | <b>624</b>     | <b>482</b>     | <b>494</b>     | <b>613</b>     |
| <b>Statement of Financial Position</b>         |                |                |                |                |                |                |                |                |
| <b>Assets</b>                                  |                |                |                |                |                |                |                |                |
| Cash and balances with treasury banks          | 18,279         | 18,212         | 19,278         | 13,341         | 16,718         | 14,213         | 13,251         | 11,599         |
| Balances with other banks                      | 823            | 899            | 1,095          | 1,090          | 1,635          | 547            | 1,966          | 1,060          |
| Lendings to financial & other institutions     | 5,537          | 10,113         | 5,486          | 6,635          | 3,094          | 4,818          | 3,345          | 1,390          |
| Investment-net                                 | 117,884        | 124,806        | 151,368        | 133,334        | 108,846        | 114,493        | 99,976         | 99,779         |
| Advances-net                                   | 125,306        | 98,606         | 115,885        | 112,765        | 112,002        | 101,713        | 104,598        | 100,148        |
| Operating fixed assets                         | 5,138          | 5,232          | 5,257          | 5,006          | 4,957          | 4,989          | 5,044          | 5,089          |
| Deferred tax assets -net                       | -              | -              | -              | -              | -              | -              | -              | -              |
| Other assets                                   | 5,554          | 4,321          | 6,981          | 4,333          | 6,090          | 4,872          | 6,735          | 6,134          |
| <b>Total assets</b>                            | <b>278,521</b> | <b>262,189</b> | <b>305,350</b> | <b>276,504</b> | <b>253,342</b> | <b>245,645</b> | <b>234,915</b> | <b>225,199</b> |
| <b>Liabilities</b>                             |                |                |                |                |                |                |                |                |
| Bills payable                                  | 3,254          | 2,680          | 3,399          | 2,718          | 2,706          | 2,375          | 3,354          | 2,485          |
| Borrowings                                     | 38,905         | 31,623         | 74,775         | 52,817         | 39,876         | 41,062         | 27,423         | 33,998         |
| Customer deposits                              | 210,840        | 201,967        | 202,222        | 195,618        | 185,222        | 176,114        | 179,339        | 162,731        |
| Sub-ordinated loans                            | 2,999          | 2,999          | 2,999          | 2,999          | 3,000          | 3,000          | -              | -              |
| Deferred tax liabilities -net                  | 1,138          | 1,347          | 1,448          | 1,546          | 1,417          | 1,687          | 1,850          | 1,871          |
| Other liabilities                              | 3,096          | 3,310          | 2,432          | 3,210          | 2,929          | 3,338          | 5,128          | 6,849          |
| <b>Total liabilities</b>                       | <b>260,232</b> | <b>243,926</b> | <b>287,275</b> | <b>258,908</b> | <b>235,150</b> | <b>225,889</b> | <b>217,094</b> | <b>207,934</b> |
| <b>Equity</b>                                  |                |                |                |                |                |                |                |                |
| Share capital - net of discount                | 11,025         | 11,025         | 11,025         | 11,025         | 10,023         | 10,023         | 10,023         | 10,023         |
| Reserves                                       | 1,424          | 1,356          | 1,283          | 1,156          | 1,049          | 925            | 828            | 730            |
| Un-appropriated profit                         | 3,496          | 3,192          | 2,868          | 2,338          | 4,264          | 3,739          | 3,321          | 2,889          |
| Surplus on revaluation of assets               | 2,344          | 2,690          | 2,898          | 3,077          | 2,856          | 3,382          | 3,649          | 3,623          |
| <b>Total equity</b>                            | <b>18,289</b>  | <b>18,263</b>  | <b>18,074</b>  | <b>17,596</b>  | <b>18,192</b>  | <b>18,069</b>  | <b>17,821</b>  | <b>17,265</b>  |

# Six Years' Vertical Analysis Statement of Financial Position/ Profit & Loss Account

|   | 2016           |             | 2015           |             | 2014           |             | 2013           |             | 2012           |             | 2011           |             |
|---|----------------|-------------|----------------|-------------|----------------|-------------|----------------|-------------|----------------|-------------|----------------|-------------|
|   | Rs.in Mln      | %           | Rs.in Mln      | %           | Rs.in Mln      | %           | Rs.in Mln      | %           | Rs.in Mln      | %           | Rs.in Mln      | %           |
| <b>Statement of Financial Position</b>          |                |             |                |             |                |             |                |             |                |             |                |             |
| <b>Assets</b>                                   |                |             |                |             |                |             |                |             |                |             |                |             |
| Cash and balances with treasury banks           | 18,279         | 7%          | 16,718         | 7%          | 15,776         | 7%          | 12,673         | 7%          | 11,491         | 7%          | 8,959          | 7%          |
| Balances with other banks                       | 823            | 0%          | 1,635          | 1%          | 575            | 0%          | 707            | 0%          | 1,249          | 1%          | 879            | 1%          |
| Lendings to financial & other institutions      | 5,537          | 2%          | 3,094          | 1%          | 604            | 0%          | 2,988          | 2%          | 1,123          | 1%          | 813            | 1%          |
| Investment-net                                  | 117,884        | 42%         | 108,846        | 43%         | 75,716         | 36%         | 46,703         | 28%         | 59,517         | 38%         | 45,776         | 35%         |
| Advances-net                                    | 125,306        | 45%         | 112,002        | 44%         | 107,968        | 51%         | 97,534         | 58%         | 77,170         | 49%         | 65,623         | 51%         |
| Operating fixed assets                          | 5,138          | 2%          | 4,957          | 2%          | 5,014          | 2%          | 3,734          | 2%          | 3,821          | 2%          | 3,651          | 3%          |
| Deferred tax assets-net                         | -              | 0%          | -              | 0%          | -              | 0%          | 103            | 0%          | 304            | 0%          | 386            | 0%          |
| Other assets                                    | 5,554          | 2%          | 6,090          | 2%          | 7,522          | 4%          | 4,792          | 3%          | 3,954          | 2%          | 3,669          | 3%          |
| <b>Total assets</b>                             | <b>278,521</b> | <b>100%</b> | <b>253,342</b> | <b>100%</b> | <b>213,175</b> | <b>100%</b> | <b>169,234</b> | <b>100%</b> | <b>158,629</b> | <b>100%</b> | <b>129,756</b> | <b>100%</b> |
| <b>Liabilities and Equity</b>                   |                |             |                |             |                |             |                |             |                |             |                |             |
| Customer deposits                               | 210,840        | 76%         | 185,222        | 73%         | 163,250        | 77%         | 140,580        | 83%         | 120,591        | 76%         | 99,419         | 77%         |
| Borrowings                                      | 38,905         | 14%         | 39,876         | 16%         | 25,825         | 12%         | 10,485         | 6%          | 20,398         | 13%         | 14,557         | 11%         |
| Bills payable                                   | 3,254          | 1%          | 2,706          | 1%          | 2,780          | 1%          | 2,578          | 2%          | 2,522          | 2%          | 1,571          | 1%          |
| Other liabilities                               | 3,096          | 1%          | 2,929          | 1%          | 2,861          | 1%          | 2,308          | 1%          | 2,487          | 2%          | 2,378          | 2%          |
| Deferred tax liabilities-net                    | 1,138          | 0%          | 1,417          | 1%          | 1,420          | 1%          | -              | 0%          | -              | 0%          | -              | 0%          |
| Sub-ordinated loans                             | 2,999          | 1%          | 3,000          | 1%          | -              | 0%          | -              | 0%          | 299            | 0%          | 898            | 1%          |
| <b>Total liabilities</b>                        | <b>260,232</b> | <b>93%</b>  | <b>235,150</b> | <b>93%</b>  | <b>196,136</b> | <b>92%</b>  | <b>155,951</b> | <b>92%</b>  | <b>146,297</b> | <b>92%</b>  | <b>118,823</b> | <b>92%</b>  |
| <b>Net assets</b>                               | <b>18,289</b>  | <b>7%</b>   | <b>18,192</b>  | <b>7%</b>   | <b>17,039</b>  | <b>8%</b>   | <b>13,283</b>  | <b>8%</b>   | <b>12,332</b>  | <b>8%</b>   | <b>10,933</b>  | <b>8%</b>   |
| <b>Represented by:-</b>                         |                |             |                |             |                |             |                |             |                |             |                |             |
| Share capital - net of discount                 | 11,025         | 4%          | 10,023         | 4%          | 10,023         | 5%          | 10,023         | 6%          | 9,021          | 6%          | 8,028          | 6%          |
| Reserves  | 1,424          | 1%          | 1,049          | 0%          | 934            | 0%          | 618            | 0%          | 410            | 0%          | 1,183          | 1%          |
| Un-appropriated profit                          | 3,496          | 1%          | 4,264          | 2%          | 3,150          | 1%          | 1,810          | 1%          | 1,947          | 1%          | 982            | 1%          |
| Surplus on revaluation of assets                | 2,344          | 1%          | 2,856          | 1%          | 2,932          | 1%          | 832            | 0%          | 954            | 1%          | 740            | 0%          |
|   | <b>18,289</b>  | <b>7%</b>   | <b>18,192</b>  | <b>7%</b>   | <b>17,039</b>  | <b>8%</b>   | <b>13,283</b>  | <b>8%</b>   | <b>12,332</b>  | <b>8%</b>   | <b>10,933</b>  | <b>8%</b>   |
| <b>Profit &amp; loss account</b>                |                |             |                |             |                |             |                |             |                |             |                |             |
| <b>Interest / Return / Non Interest Income</b>  |                |             |                |             |                |             |                |             |                |             |                |             |
| Mark-up / return / interest earned              | 17,524         | 86%         | 18,320         | 85%         | 16,906         | 87%         | 13,639         | 86%         | 13,813         | 89%         | 12,940         | 88%         |
| Fee, commission, brokerage and exchange income  | 1,577          | 8%          | 1,809          | 8%          | 1,939          | 10%         | 1,600          | 10%         | 1,191          | 8%          | 1,194          | 8%          |
| Capital gain and dividend income                | 1,131          | 6%          | 1,284          | 6%          | 535            | 3%          | 623            | 4%          | 528            | 3%          | 428            | 3%          |
| Other income                                    | 29             | 0%          | 57             | 0%          | 35             | 0%          | 22             | 0%          | 12             | 0%          | 154            | 1%          |
| <b>Total Income</b>                             | <b>20,261</b>  | <b>100%</b> | <b>21,470</b>  | <b>100%</b> | <b>19,415</b>  | <b>100%</b> | <b>15,884</b>  | <b>100%</b> | <b>15,544</b>  | <b>100%</b> | <b>14,716</b>  | <b>100%</b> |
| <b>Mark-up / Return / Non Interest Expenses</b> |                |             |                |             |                |             |                |             |                |             |                |             |
| Mark-up / return / non interest expensed        | 10,680         | 53%         | 10,722         | 50%         | 10,626         | 55%         | 8,751          | 55%         | 8,934          | 57%         | 8,997          | 61%         |
| Operating expenses                              | 6,480          | 32%         | 6,123          | 29%         | 5,798          | 30%         | 4,868          | 31%         | 4,368          | 28%         | 3,369          | 22%         |
| Provisions                                      | 24             | 0%          | 1,029          | 5%          | 549            | 3%          | 735            | 5%          | 520            | 3%          | 1,271          | 9%          |
| Taxation  | 1,198          | 6%          | 1,383          | 6%          | 860            | 4%          | 493            | 3%          | 618            | 4%          | 295            | 2%          |
| <b>Total expenses</b>                           | <b>18,382</b>  | <b>91%</b>  | <b>19,257</b>  | <b>90%</b>  | <b>17,833</b>  | <b>92%</b>  | <b>14,847</b>  | <b>93%</b>  | <b>14,440</b>  | <b>93%</b>  | <b>13,932</b>  | <b>95%</b>  |
| <b>Profit after taxation</b>                    | <b>1,879</b>   | <b>9%</b>   | <b>2,213</b>   | <b>10%</b>  | <b>1,582</b>   | <b>8%</b>   | <b>1,037</b>   | <b>7%</b>   | <b>1,104</b>   | <b>7%</b>   | <b>784</b>     | <b>5%</b>   |

# Six Years' Horizontal Analysis Statement of Financial Position/ Profit & Loss Account

|   | 2016           | 16 vs 15    | 2015           | 15 vs 14   | 2014           | 14 vs 13   | 2013           | 13 vs 12   | 2012           | 12 vs 11   | 2011           | 11 vs 10    |
|---|----------------|-------------|----------------|------------|----------------|------------|----------------|------------|----------------|------------|----------------|-------------|
|   | Rs.in Mln      | %           | Rs.in Mln      | %          | Rs.in Mln      | %          | Rs.in Mln      | %          | Rs.in Mln      | %          | Rs.in Mln      | %           |
| <b>BALANCE SHEET</b>                            |                |             |                |            |                |            |                |            |                |            |                |             |
| <b>Assets</b>                                   |                |             |                |            |                |            |                |            |                |            |                |             |
| Cash and balances with treasury banks           | 18,279         | 9%          | 16,718         | 6%         | 15,776         | 24%        | 12,673         | 10%        | 11,491         | 28%        | 8,959          | 24%         |
| Balances with other banks                       | 823            | -50%        | 1,635          | 184%       | 575            | -19%       | 707            | -43%       | 1,249          | 42%        | 879            | -37%        |
| Lendings to financial & other institutions      | 5,537          | 79%         | 3,094          | 412%       | 604            | -80%       | 2,988          | 166%       | 1,123          | 38%        | 813            | -68%        |
| Investment-net                                  | 117,884        | 8%          | 108,846        | 44%        | 75,716         | 62%        | 46,703         | -22%       | 59,517         | 30%        | 45,776         | 31%         |
| Advances-net                                    | 125,306        | 12%         | 112,002        | 4%         | 107,968        | 11%        | 97,534         | 26%        | 77,170         | 18%        | 65,623         | 19%         |
| Operating fixed assets                          | 5,138          | 4%          | 4,957          | -1%        | 5,014          | 34%        | 3,734          | -2%        | 3,821          | 5%         | 3,651          | 12%         |
| Deferred tax assets -net                        | -              | 0%          | -              | 0%         | -              | -100%      | 103            | -66%       | 304            | -21%       | 386            | 0%          |
| Other assets                                    | 5,554          | -9%         | 6,090          | -19%       | 7,522          | 57%        | 4,792          | 21%        | 3,954          | 8%         | 3,669          | 9%          |
| <b>Total assets</b>                             | <b>278,521</b> | <b>10%</b>  | <b>253,342</b> | <b>19%</b> | <b>213,175</b> | <b>26%</b> | <b>169,234</b> | <b>7%</b>  | <b>158,629</b> | <b>22%</b> | <b>129,756</b> | <b>20%</b>  |
| <b>Liabilities and equity</b>                   |                |             |                |            |                |            |                |            |                |            |                |             |
| Customer deposits                               | 210,840        | 14%         | 185,222        | 13%        | 163,250        | 16%        | 140,580        | 17%        | 120,591        | 21%        | 99,419         | 21%         |
| Interbank borrowings                            | 38,905         | -2%         | 39,876         | 54%        | 25,825         | 146%       | 10,485         | -49%       | 20,398         | 40%        | 14,557         | 18%         |
| Bills payable                                   | 3,254          | 20%         | 2,706          | -3%        | 2,780          | 8%         | 2,578          | 2%         | 2,522          | 61%        | 1,571          | -15%        |
| Other liabilities                               | 3,096          | 6%          | 2,929          | 2%         | 2,861          | 24%        | 2,308          | -7%        | 2,487          | 5%         | 2,378          | 36%         |
| Deferred tax liabilities                        | 1,138          | -20%        | 1,417          | 0%         | 1,420          | 100%       | -              | 0%         | -              | 0%         | -              | 0%          |
| Sub-ordinated loans                             | 2,999          | 0%          | 3,000          | 0%         | -              | 0%         | -              | 0%         | 299            | -67%       | 898            | -25%        |
| <b>Total liabilities</b>                        | <b>260,232</b> | <b>11%</b>  | <b>235,150</b> | <b>20%</b> | <b>196,136</b> | <b>26%</b> | <b>155,951</b> | <b>7%</b>  | <b>146,297</b> | <b>23%</b> | <b>118,823</b> | <b>20%</b>  |
| Share capital - net of discount                 | 11,025         | 10%         | 10,023         | 0%         | 10,023         | 0%         | 10,023         | 11%        | 9,021          | 12%        | 8,028          | 33%         |
| Reserves  | 1,424          | 36%         | 1,049          | 12%        | 934            | 51%        | 618            | 51%        | 410            | -65%       | 1,183          | -42%        |
| Un-appropriated profit                          | 3,496          | -18%        | 4,264          | 35%        | 3,150          | 74%        | 1,810          | -7%        | 1,947          | 98%        | 982            | 198%        |
| Surplus on revaluation of assets                | 2,344          | -18%        | 2,856          | -3%        | 2,932          | 252%       | 832            | -13%       | 954            | 29%        | 740            | 38%         |
| <b>Total equity</b>                             | <b>18,289</b>  | <b>1%</b>   | <b>18,192</b>  | <b>7%</b>  | <b>17,039</b>  | <b>28%</b> | <b>13,283</b>  | <b>8%</b>  | <b>12,332</b>  | <b>13%</b> | <b>10,933</b>  | <b>23%</b>  |
| <b>PROFIT &amp; LOSS ACCOUNT</b>                |                |             |                |            |                |            |                |            |                |            |                |             |
| Mark-up / return / interest earned              | 17,524         | -4%         | 18,320         | 8%         | 16,906         | 24%        | 13,639         | -1%        | 13,813         | 7%         | 12,940         | 26%         |
| Fee, commission , brokerage and exchange income | 1,577          | -13%        | 1,809          | -7%        | 1,939          | 21%        | 1,600          | 34%        | 1,191          | 0%         | 1,194          | 98%         |
| Capital gain and dividend income                | 1,131          | -12%        | 1,284          | 140%       | 535            | -14%       | 623            | 18%        | 528            | 23%        | 428            | 144%        |
| Other income                                    | 29             | -49%        | 57             | 64%        | 35             | 59%        | 22             | 83%        | 12             | -92%       | 154            | -59%        |
| <b>Total income</b>                             | <b>20,261</b>  | <b>-6%</b>  | <b>21,470</b>  | <b>11%</b> | <b>19,415</b>  | <b>22%</b> | <b>15,884</b>  | <b>2%</b>  | <b>15,544</b>  | <b>6%</b>  | <b>14,716</b>  | <b>29%</b>  |
| <b>Mark-up / Return / Non Interest Expenses</b> |                |             |                |            |                |            |                |            |                |            |                |             |
| Mark-up / return / non interest expensed        | 10,680         | 0%          | 10,722         | 1%         | 10,626         | 21%        | 8,751          | -2%        | 8,934          | -1%        | 8,997          | 25%         |
| Operating expenses                              | 6,479          | 6%          | 6,123          | 6%         | 5,798          | 19%        | 4,868          | 11%        | 4,368          | 30%        | 3,369          | 28%         |
| Provisions                                      | 24             | -98%        | 1,029          | 87%        | 549            | -25%       | 735            | 41%        | 520            | -59%       | 1,271          | -12%        |
| Taxation  | 1,198          | -13%        | 1,383          | 61%        | 860            | 74%        | 493            | -20%       | 618            | 109%       | 295            | 1866%       |
| <b>Total expenses</b>                           | <b>18,382</b>  | <b>-5%</b>  | <b>19,257</b>  | <b>8%</b>  | <b>17,833</b>  | <b>20%</b> | <b>14,847</b>  | <b>3%</b>  | <b>14,440</b>  | <b>4%</b>  | <b>13,932</b>  | <b>23%</b>  |
| <b>Profit after taxation</b>                    | <b>1,879</b>   | <b>-15%</b> | <b>2,213</b>   | <b>40%</b> | <b>1,582</b>   | <b>53%</b> | <b>1,037</b>   | <b>-6%</b> | <b>1,104</b>   | <b>41%</b> | <b>784</b>     | <b>527%</b> |

# Cash Flow Statement Direct Method

## CASH FLOW FROM OPERATING ACTIVITIES

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

### (Increase) / decrease in operating assets

Lendings to financial & other 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 (used in) / flows from 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 flows from / (used in) investing activities

## CASH FLOW FROM FINANCING ACTIVITIES

Sub-ordinated loans  
Dividend paid

### Net cash (used in) financing activities

### (Decrease) / increase in cash and cash equivalents

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

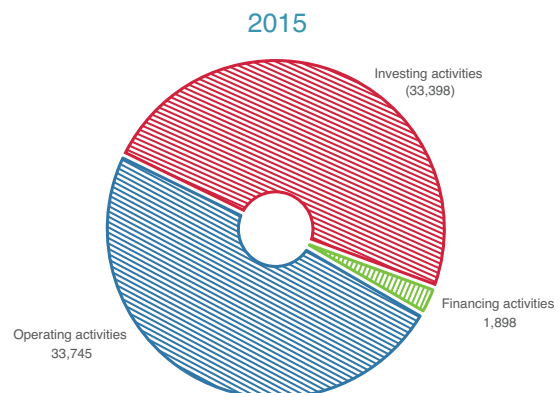
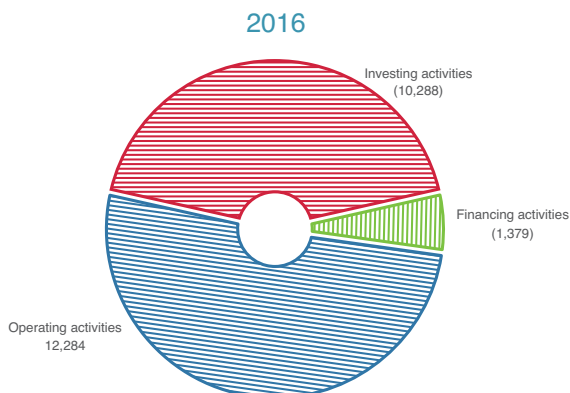
## CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR

Cash and balances with treasury banks  
Balances with other banks

|  | 2016<br>(Rupees in ₹000) | 2015<br>(Rupees in ₹000) |
|--|--------------------------|--------------------------|
| Markup / return / interest and commission receipts                 | 21,382,925               | 21,660,092               |
| Markup / return / interest payments                                | (10,912,123)             | (10,935,947)             |
| Cash payments to employees, suppliers and others                   | (5,746,743)              | (5,462,457)              |
|  | 4,724,059                | 5,261,688                |
| (Increase) / decrease in operating assets                          |                          |                          |
| Lendings to financial & other institutions                         | (2,442,639)              | (2,489,596)              |
| Advances - net   | (13,433,330)             | (5,153,607)              |
| Others assets - (excluding advance taxation)                       | (134,464)                | (167,914)                |
|  | (16,010,433)             | (7,811,117)              |
| Increase / (decrease) in operating liabilities                     |                          |                          |
| Bills payable  | 547,969                  | (28,631)                 |
| Borrowings   | (1,102,159)              | 14,293,729               |
| Deposits and other accounts  | 25,617,263               | 21,972,012               |
| Other liabilities  | 339,030                  | 228,790                  |
|  | 25,402,103               | 36,465,900               |
| Income tax paid  | (1,831,964)              | (171,001)                |
|  | 14,115,729               | 33,916,471               |
|  | (1,831,964)              | (171,001)                |
|  | 12,283,765               | 33,745,470               |
| CASH FLOW FROM INVESTING ACTIVITIES                                |                          |                          |
| Net investments in securities                                      | (9,531,096)              | (32,971,998)             |
| Dividend received  | 194,129                  | 152,160                  |
| Investment in operating fixed assets (including intangible assets) | (1,004,102)              | (610,461)                |
| Proceeds from disposal of fixed assets                             | 53,526                   | 32,577                   |
|  | (10,287,543)             | (33,397,722)             |
| CASH FLOW FROM FINANCING ACTIVITIES                                |                          |                          |
| Sub-ordinated loans  | (1,200)                  | 3,000,000                |
| Dividend paid  | (1,378,079)              | (1,102,464)              |
|  | (1,379,279)              | 1,897,536                |
| (Decrease) / increase in cash and cash equivalents                 | 616,943                  | 2,245,284                |
| Cash and cash equivalents at the beginning of the year             | 18,346,786               | 16,101,502               |
| Cash and cash equivalents at the end of the year                   | 18,963,729               | 18,346,786               |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR                   |                          |                          |
| Cash and balances with treasury banks                              | 18,278,840               | 16,718,428               |
| Balances with other banks  | 684,889                  | 1,628,358                |
|  | 18,963,729               | 18,346,786               |

## INDIRECT METHOD - SUMMARY

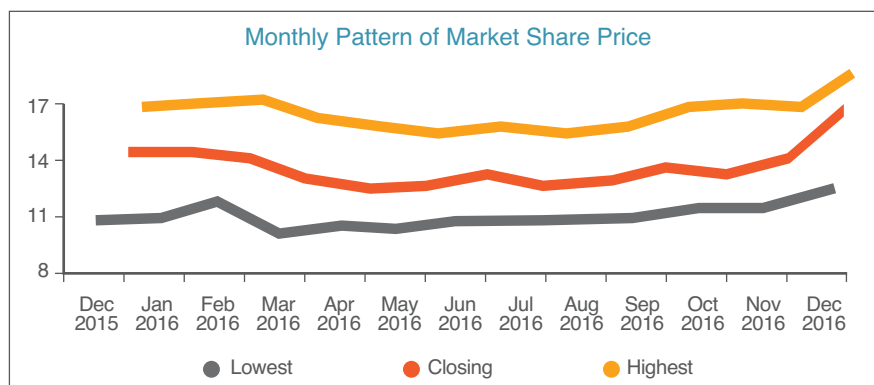
|   | 2016     | 2015     | 2014     | 2013     | 2012     | 2011     |
|---|----------|----------|----------|----------|----------|----------|
| Cash flow from operating activities                   | 12,284   | 33,745   | 30,230   | (11,213) | 17,573   | 11,373   |
| Cash flow from investing activities                   | (10,288) | (33,398) | (27,389) | 12,076   | (13,881) | (10,994) |
| Cash flow from financing activities                   | (1,379)  | 1,898    | -        | (299)    | (599)    | 702      |
| Cash and cash equivalent at the beginning of the year | 18,347   | 16,102   | 13,261   | 12,697   | 9,604    | 8,523    |
| Cash and cash equivalent at the end of the year       | 18,964   | 18,347   | 16,102   | 13,261   | 12,697   | 9,604    |



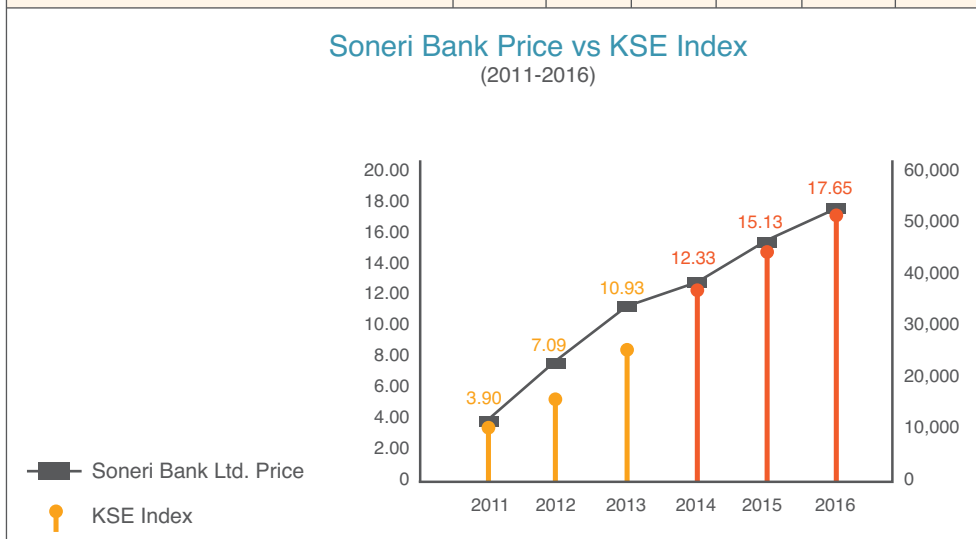


# Market Statistics of SNBL Shares

| Year | Market Share Price Trend |            |           |               |
|------|--------------------------|------------|-----------|---------------|
|      | Quarter end              | High (Rs.) | Low (Rs.) | Closing (Rs.) |
| 2016 | March                    | 15.90      | 12.76     | 14.00         |
|      | June                     | 14.50      | 13.00     | 14.22         |
|      | September                | 15.49      | 13.40     | 14.64         |
|      | December                 | 17.90      | 14.10     | 17.65         |
| 2015 | March                    | 14.30      | 10.06     | 11.25         |
|      | June                     | 13.70      | 10.99     | 12.43         |
|      | September                | 14.62      | 11.92     | 13.30         |
|      | December                 | 15.35      | 13.01     | 15.13         |



| Historical Trend vs KSE Index |        |        |        |        |        |        |
|-------------------------------|--------|--------|--------|--------|--------|--------|
| Year end                      | 2011   | 2012   | 2013   | 2014   | 2015   | 2016   |
| Share Price (Rs.)             | 3.90   | 7.09   | 10.93  | 12.33  | 15.13  | 17.65  |
| KSE-100™ Index                | 11,348 | 16,905 | 25,261 | 32,131 | 32,812 | 47,807 |





# Financial Calendar

## 2016

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

## 2015

- 1st Quarter Results issued on 17 April 2015
- 2nd Quarter Results issued on 13 August 2015
- 3rd Quarter Results issued on 20 October 2015
- Annual Results issued on 11 February 2016
- 24th Annual General Meeting held on 25 March 2016



# 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, 2016.

## ECONOMY

FY 2016 was another consecutive year of macroeconomic improvement for Pakistan. Country met most of the key economic milestones with hallmark being successful completion of the US\$ 6.4 billion IMF Extended Fund Facility (EFF) program and issuance of US\$ 1 billion five-year dollar denominated international Sukuk bonds.

During the year, the Country's FX reserves increased by US\$ 2.4 billion to US\$ 23.2 billion at December 2016. A stable reserves position supported stability in the exchange rate. Headline CPI inflation was also contained during the year at 3.7 percent (CY 2015: 3.2 percent), allowing the State Bank of Pakistan (SBP) to keep interest rates low. SBP made only one rate cut of 25bp in May-16. Growth momentum also picked up, with GDP growth of 4.71 percent in 2016 compared to 4.04 percent during FY 2015. It was supported mainly by strengthening of service and manufacturing sectors.

China Pakistan Economic Corridor (CPEC) related initiatives remained at the forefront adding stimulus to the economy. Domestic business sentiment improved, with expansion planned in cement, autos, and steel sectors announced. Major concerns that linger include current account deficit which rose sharply towards the end of 2016 (1HFY17 deficit of US\$ 3.6 billion, a 100% increase over the previous year) due to the impact of increase in oil prices and decline in exports and remittances.

Other factors which can be an impediment going forward are persistent power outages, which though having declined over the last three years, still persist. The chronic issue of fiscal deficit and financial losses of ailing public sector enterprises also needs to be tackled for long term sustainability.

## BUSINESS OVERVIEW

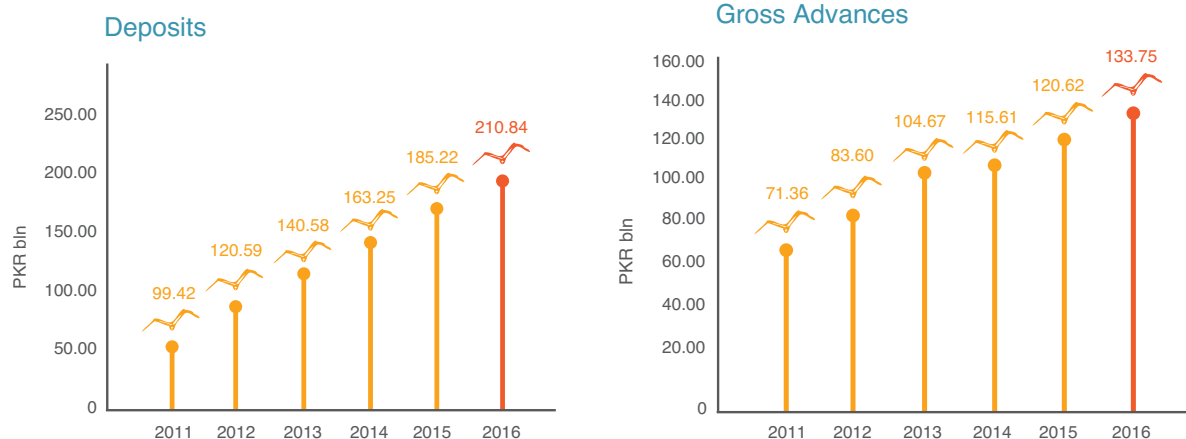
FY 2016 marked the year of Soneri Bank's 25th anniversary. The Bank has since grown from strength to strength to attain a position which is synonymous with a seasoned banking practices and financial stability.

Bank continues to make progress on its strategic objectives. The year unfolded many challenges resulting from reduced margins and intense competition due to low interest rate environment. Notwithstanding, the Bank grew in terms of branch footprint, balance sheet footing and delivered requisite shareholder return. The Bank is presently providing banking services from 288 branches and 306 ATMs across 132 cities. The Bank has been focusing on improving customer experience and brand building through various initiatives like launching of new products, implementation of new complaint management/ phone banking software and staff trainings.

Further your Bank adequately meets the SBP Basel III requirements and is well positioned to meet its growth plans with Capital Adequacy ratio of 14.12 percent.

The Bank's strategic focus has been and remains on managed business growth, process improvement, and proactive management of cost and delinquent assets. The Bank has an ADR which has been consistently above industry average and reflects bank's focus and contribution to the economy.

Looking at the last six years' performance, the deposits base of the Bank increased to Rs. 210.84 billion which translates into compounded annual growth rate (CAGR) of 16.15 percent. The CASA component of deposits showed an impressive growth, with six years CAGR of 18.21 percent. This represents the bank's policy to mobilize low cost deposits. Similarly, net advances rose to Rs. 125.31 billion with six year CAGR of 13.91 percent.



# Directors' Report to Shareholders

## OPERATING RESULTS

The highlights of financial results for FY 2016 are presented as follows:

| Profit & Loss Account                   | 31 December 2016 | 31 December 2015 | Variance (%) |
|---|------------------|------------------|--------------|
| ----- (Rs. in million) -----            |                  |                  |              |
| Net Interest Margin & Non Markup Income | 9,580.38         | 10,747.85        | (10.86)      |
| Non Markup Expenses                     | 6,478.63         | 6,123.00         | 5.81         |
| Profit before tax & provisions          | 3,101.75         | 4,624.85         | (32.93)      |
| Profit before tax                       | 3,077.34         | 3,595.61         | (14.41)      |
| Profit after tax                        | 1,878.84         | 2,212.77         | (15.09)      |
| Earnings Per Share - Rupees             | 1.7042           | 2.0071           | (15.09)      |

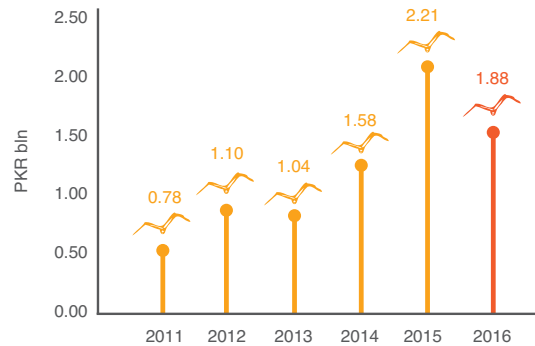
| Statement of Financial Position         | 31 December 2016 | 31 December 2015 | Variance (%) |
|---|------------------|------------------|--------------|
| ----- (Rs. in million) -----            |                  |                  |              |
| Shareholders Equity (excluding surplus) | 15,944.77        | 15,335.96        | 3.97         |
| Deposits                                | 210,839.65       | 185,222.38       | 13.83        |
| Advances - net                          | 125,305.77       | 112,001.75       | 11.88        |
| Investments - net                       | 117,883.96       | 108,846.11       | 8.30         |

The Bank has posted a profit after tax of Rs.1.88 billion which translates into earnings per share of Rs.1.7042 (31 December, 2015: Rs. 2.0071). Profit before tax for the year stands at Rs.3.08 billion against Rs. 3.59 billion last year.

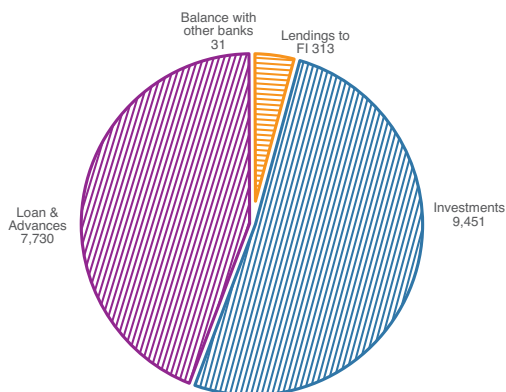
The reduction in earnings is mainly a factor of industry predicament due to lower interest rates versus 2015. This pressure was offset by higher recovery of non-performing loans. The provision against non-performing loans for the year thus stands at Rs. 24.4 million only versus Rs. 1.03 billion last year.

The results incorporate higher tax charge on account of super tax which was re-imposed this year. Revenue comprising net mark-up income and non-mark-up income has decreased by 10.86 percent versus 2015. The key reasons are pressure on net mark-up income which is down by 9.91 percent, lower exchange earnings which

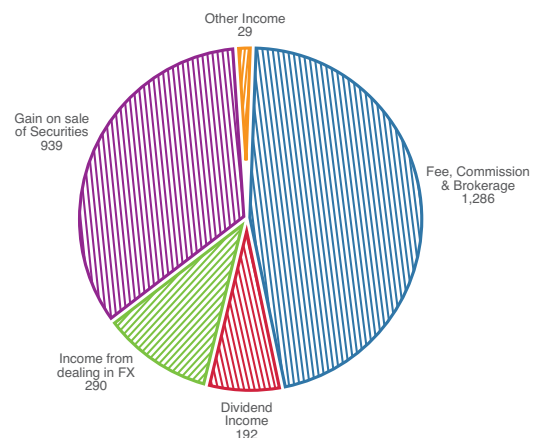
### Profit After Tax



### Interest Income 2016 (Rs in Million)



### Non-Interest Income 2016 (Rs in Million)





# Directors' Report to Shareholders

are down by 38.58 percent as well as lower capital gains by 16.09 percent. The impact on net mark-up income is due to maturity of high yielding PIBs during third quarter of the year topped with overall reduction in margins/fee due to lower interest rates and stiff competition.

Non-markup expenses increased by 5.81 percent in spite of inflationary pressure and new branches opened during the year. The branch network of the Bank now stands at 288 (2015: 266)

The Bank's net assets (including surplus) amounted to Rs.18.29 billion as at 31 December, 2016. Overall deposits show an impressive growth of 13.83 percent with CASA deposits increasing by 12.90 percent. Contributing to CASA growth is growth in current deposits of 20.32 percent. Advances (net of provisions) grew by 11.88 percent. The Bank's net Advances to Deposits ratio decreased to 59.43 percent from 60.47 percent in 2015. The NPL coverage has been prudently managed and increased to 81.07 percent (2015: 74.37 percent). Investments grew by 8.30 percent with main deployment being in government securities. The gross surplus on revaluation of securities being Rs. 2.18 billion is lower than last year's position of Rs. 2.67 billion which is a factor of gains realized and market yield increasing in December, 2016.

## DIVIDEND

The Board has recommended a final cash dividend (D-8) of Rs. 1.25/- per share (i.e. 12.50%) for the year ended 31 December, 2016 to be approved in the 25th Annual General Meeting of the Shareholders.

## LOOKING AHEAD

On the core profitability front, 2017 is likely to be another challenging year for the banking sector. Continued maturity of high yielding PIBs, falling credit spreads on lending and low likelihood of an interest rate increase as an election year approaches are the key factors that are likely to keep net interest income growth subdued.

The Bank's strategy will be to capitalize on the improvement in economic growth, and the rising trend of both investment and consumption in the economy. A key focus will be to improve fee income through trade as well as accentuating consumer finance business. Expanding the loan portfolio is also a priority, both on the corporate and commercial side, keeping a prudent approach with regards to risk.

Management is cognizant of the downside risks to macroeconomic stability, in particular on the balance of payments front. The current account has deteriorated sharply in the last few months, as a result of rising imports, whilst exports and remittances have fallen. As a result, our approach to lending will remain prudent. On the deposit front, management will keep a focus on increasing low cost deposits, through existing as well as new branches.

Despite the challenging headwinds, your Bank believes that there are beneficial opportunities to be exploited and it is geared up for the course. The Bank is well capitalized under the SBP defined Basel III based Capital Adequacy ratio.

During 2016, the Bank embarked on the upgrade of core banking system which is expected to culminate in 2017 thus improving the back end efficiency as well customer experience. Furthermore, the Bank is committed to investing in digital solutions, the first of which was launched in form of Soneri mobile application during the year.

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

The Bank had issued its second Term Finance Certificates in the year 2015. It has been regular on meeting its commitments under the agreement and the third (3rd) redemption and profit payments were duly made to the TFC investors on 06 January, 2017.

## 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: 17 June, 2016 [2015: long term AA- (Double A Minus): short term A1+ (A One Plus)]

PACRA has also maintained credit rating of unsecured, subordinated and listed Term Finance Certificates (TFC-2) issue of worth PKR 3,000 million at A+ (Single A plus) vide its notification dated 16.12.2016.

## BOARD OF DIRECTORS

The existing Board which was elected on 28 March, 2014 will complete its three years' term on 28 March, 2017. New Board of Directors shall be elected in 25th Annual General Meeting scheduled to be held on 28 March, 2017.

The Board remained fully compliant with the provision with regard to their training program. Two directors have received "Certificate of Director Education" from the Pakistan Institute of Corporate Governance ("PICG"). One director has also received "Certificate in Company Direction (International)" from Institute of Directors, UK. Four directors are exempt from training as mentioned in proviso to clause 5.19.7 of the Pakistan Stock Exchange Regulations.



# Directors' Report to Shareholders

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

## BOARD AND COMMITTEES. MEETINGS

Details of the meetings of the Board of Directors and its Committees held during 2016 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 year        | Attended** | Held during the year           | Attended** | Held during the year            | Attended** | Held during the year                    | Attended** | Held during the year                     | Attended** |
| 1  | Mr. Alauddin Feerasta           | 6                           | 6          | *                              | *          | 4                               | 4          | *                                       | *          | *  | *          |
| 2.   | Mr. Mohammad Aftab Manzoor      | 6                           | 6          | *                              | *          | 4                               | 4          | 4                                       | 4          | 3  | 3          |
| 3.   | Mr. Nooruddin Feerasta          | 6                           | 5          | 4                              | 2          | 4                               | 3          | *                                       | *          | *  | *          |
| 4.   | Mr. Muhammad Rashid Zahir       | 6                           | 6          | 4                              | 4          | 4                               | 4          | *                                       | *          | *  | *          |
| 5  | Mr. Amar Zafar Khan             | 6                           | 6          | 4                              | 4          | 4                               | 4          | 4                                       | 3          | 3  | 2          |
| 6  | Syed Ali Zafar                  | 6                           | 3          | *                              | *          | *                               | *          | *                                       | *          | *  | *          |
| 7  | Mr. Manzoor Ahmed (NIT Nominee) | 6                           | 6          | *                              | *          | *                               | *          | 4                                       | 4          | *  | *          |
| 8  | Mr. Shahid Anwar (NIT Nominee)  | 6                           | 6          | 4                              | 4          | *                               | *          | 4                                       | 4          | 3  | 3          |
| <b>Total Number of meetings held during the year</b> |                                 | <b>6</b>                    |            | <b>4</b>                       |            | <b>4</b>                        |            | <b>4</b>                                |            | <b>3</b>                                 |            |

\* 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 (doesn't include deposit with banks) are as follows:

|                               | 31 December<br>2016<br>(Un-audited) | 31 December<br>2015<br>(Audited) |
|-------------------------------|-------------------------------------|----------------------------------|
|                               | ----- (Rupees in ₨000) -----        |                                  |
| Investments of Provident Fund | 525,730                             | 681,956                          |
| Investments of Gratuity Fund  | 144,304                             | 358,793                          |





# 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 except for change referred to in note 3.5 to the accounts which has no effect on these financials. 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 Bank's risk management framework is based on a clear understanding of various risks, disciplined risk assessment and measurement procedures and continuous monitoring. The policies and procedures established for this purpose are continuously benchmarked with international best practices. The Board of Directors has oversight on all the risks assumed by the Bank. Specific Committees have been constituted to facilitate focused oversight of various risks.

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

The Bank's risk appetite, policies and governance frameworks provide the overarching principles and guidance for the Bank's risk management activities. They help to shape our key decisions for capital management, strategic planning and budgeting, and performance management to ensure that the risk dimension is appropriately and sufficiently considered. In particular, the Bank Risk Appetite is part of the Bank's Internal Capital Adequacy Assessment Process (ICAAP), which incorporates stress testing to ensure that the Bank's capital, risk and return are within acceptable levels under stress scenarios.

The CEO has established senior management committees to assist in making business decisions with due consideration to risks and returns. The main senior management committees involved in this are the Management Executive Committee, Asset and Liability Committee (ALCO), Credit Risk Management Committee (CRMC), Operational Risk Management Committee (ORMC) and Market and Liquidity Risk Management Committee (MRMC). These committees also assist the BRMC/Board in specific risk areas.

The Bank has continued with the system of comprehensive risk profiling of the Bank in line with regulatory guidelines that will facilitate integrated risk management and to achieve business growth with improved safety, soundness and profitability. The Bank has persistently invested in human capital and technology; best available market resources, technology (SAS) have been made part of Risk Management Division.

The Bank continuously improves/updated its Risk Management Framework in the light of the international best practices and State Bank of Pakistan guidelines 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.



# Directors' Report to Shareholders

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 15 February, 2017 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 years financial performance of the bank is presented on page No. 43.

## **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 2016.

On behalf of the Board of Directors

## **ALAUDDIN FEERASTA**

Chairman

Lahore: 15 February, 2017





# ڈائریکٹرز رپورٹ برائے مالیاتی سال 2016

## مالیاتی ایشیمنٹس

بینک کے مالیاتی ایشیمنٹس کا آڈٹ بینک کے آڈیٹرز میسرز، اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے کیا ہے اور بورڈ نے اسے شیئرز ہولڈرز کے لیے جاری کرنے کی منظوری/اختیار 15 فروری 2017 کو اپنے اجلاس میں دے دیا ہے۔  
ڈائریکٹرز رپورٹ کی تاریخ اور مالی سال کے اختتام کے درمیان آپ کے بینک کی مالی حیثیت پر اثر انداز ہونے والی کوئی خاص تبدیلی نہیں آئی۔

## ایکسٹرنل آڈیٹرز

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

## کارپوریٹ سوشل ریسپانسیبلٹی (CSR)

بینک پر عزم ہے کہ معاشرے کی بالواسطہ یا بلاواسطہ خدمت کی جائے اس سلسلے میں ہم نے مختلف طریقوں سے اپنا کردار ادا کیا ہے۔ قومی معیشت کو مستحکم بنانے اور ملازمین کے لیے فائدہ مند آئیٹیموں کے علاوہ، بینک امدادی اور کھیلوں کی سرگرمیوں میں مشغول بنیادوں پر حصہ لیتا رہا ہے۔ اس سال کے دوران بینک کی اہم سی ایس آر (CSR) سرگرمیوں کی تفصیلات اس سالانہ رپورٹ کا حصہ ہیں۔

## چھ سالہ آپریٹنگ اینڈ فنانشل ڈیٹا

بینک کی چھ سالہ فنانشل کارکردگی صفحہ نمبر 43 پر پیش کی جاتی ہے۔

## شیئر ہولڈنگ کا طریقہ کار

چیئر آؤٹینس، 1984 کے سیکشن (d)(2) اور کوڈ آف کارپوریٹ گورننس کی شق (xvi) کے تحت شیئر ہولڈنگ کا طریقہ کار اس سالانہ رپورٹ کا حصہ ہے۔

## اظہار تشکر

میں اس موقع پر ایٹمیٹ بینک آف پاکستان، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور وزارت خزانہ کا تہہ دل سے مشکور ہوں کہ انہوں نے زمیں مکمل حمایت اور راہنمائی سے نوازا۔ میں اپنے معزز کسٹمرز کا بھی شکریہ ادا کرنا چاہوں گا جنہوں نے ہمیشہ اعتماد قائم رکھا۔ اس کے ساتھ ساتھ میں بینک کے اُن تمام ملازمین کا بھی شکریہ ادا کرتا ہوں جنہوں نے سالوں میں بینک کی ترقی کے لیے انتھک محنت کی اور اپنا کردار بخوبی نبھایا۔

بورڈ آف ڈائریکٹرز کی جانب سے

علاؤ الدین فراستہ  
چیئر مین

لاہور: 15 فروری 2017



# ڈائریکٹرز رپورٹ برائے مالیاتی سال 2016

## کوڈ آف کارپوریٹ گورننس کی پاسداری

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

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

- مالیاتی تفصیلات میں صاف طور پر بینک کے اسٹیٹ آف افیئرز، اس کے آپریشنز کے نتائج، زیر گردش نقدی اور ایکویٹی میں تبدیلیوں کو ظاہر کیا گیا ہے۔
- بینک کے کس آف کارپوریٹ گورننس کا مناسب طریقے سے انتظام کیا گیا ہے۔
- مالیاتی تفصیلات کے نوٹس میں درج اکاؤنٹنگ پالیسیوں پر نوٹ 3.5 میں تبدیلی کے علاوہ مالیاتی تفصیلات کی تیاری میں مسلسل عملدرآمد کیا جاتا ہے۔ اکاؤنٹنگ کے تخمینوں کی بنیاد موزوں اور قانونی فیصلے پر ہوتی ہے۔
- پاکستان کے بینکوں میں رائج انٹرنیشنل فنانشل رپورٹنگ کے معیارات کو مالیاتی تفصیلات کی تیاری کے دوران ملحوظ خاطر رکھا گیا ہے، جیسا کہ مالیاتی تفصیلات کے نوٹ 3 میں واضح کیا گیا ہے۔
- اندرونی نگرانی کا نظام موثر اور قابل اعتبار ہے۔
- بینک کے چلنے رہنے کی اہلیت پر کسی قسم کے خاص شکوک نہیں پائے جاتے۔
- کارپوریٹ گورننس کی بہترین روایات میں سے کسی کو بھی نظر انداز نہیں کیا گیا، جیسا کہ قواعد میں تفصیل سے بتایا گیا ہے۔
- قانونی واجب الادا ادائیگیوں کی تفصیلات، اگر کوئی ہیں، انھیں مالیاتی تفصیلات میں مناسب طریقے سے ظاہر کیا جائے۔

## رسک مینجمنٹ فریم ورک پر اسٹیٹمنٹ

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

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

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

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

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

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

## انٹرنل کنٹرول پر اسٹیٹمنٹ

بورڈ آف ڈائریکٹرز اپنی اس ذمہ داری سے بخوبی آگاہ ہے کہ ہماری بینکاری کے تمام آپریشنز کو برقرار رکھنے کے لیے سینئر انتظامیہ کی جانب سے انٹرنل کنٹرول کے نظام کو مناسب اور موثر بنایا جائے۔

انٹرنل آڈٹ ڈویژن، انٹرنل کنٹرول کمیٹیاں اینڈ کنٹرول گروپ اینڈ اسٹیٹیوٹری آڈیٹرز کی جانب سے انٹرنل کنٹرول سسٹم پر مبنی مختلف رپورٹس کے جائزے، مختلف پالیسیوں، طریقوں اور ہمارے دیگر معاملات کے جائزے اور منظوری کے لیے، وقتاً فوقتاً کیے جانے والے اقدامات کے حوالے سے، انتظامیہ کا یقین ہے کہ بینک کا موجودہ انٹرنل کنٹرول کا نظام اپنی تشکیل اور موثر عملدرآمد اور نگرانی کے اعتبار سے موزوں قرار دیا جاتا ہے۔



# ڈائریکٹرز رپورٹ برائے مالیاتی سال 2016

ہمارے ڈائریکٹرز مختلف کورسز اور کٹاپس میں بھی شرکت کی ہے۔ سال 2015 میں، تین ڈائریکٹرز نے انسٹی ٹیوٹ آف ڈائریکٹرز، یو کے، کے پروگرام کے تحت، پی آئی سی جی (PICG) کی جانب سے پاکستان میں منعقدہ ایک ہفتے پر محیط کورس 'دی ایکٹیو لریڈر شپ کیٹیگوری' میں شرکت کی۔ مزید برآں، سال کے دوران، تین دیگر ڈائریکٹرز نے ملائیشیا میں منعقدہ تین دن کی ورکشاپ 'کارپوریٹ گورننس اینڈ ڈائریکٹرز یوٹیلٹی ایگزیکیوٹس' میں شرکت کی۔

## بورڈ اور کمیٹیوں کے اجلاس

2016 کے دوران بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کے منعقدہ اجلاسوں اور ہر ڈائریکٹر / کمیٹی کے رکن کی جانب سے شرکت کی تفصیلات درج ذیل ہے:

| سیریل نمبر | ڈائریکٹر کا نام                          | بورڈ آف ڈائریکٹرز کے اجلاس   |                              | بورڈ آڈٹ کمیٹی کے اجلاس      |                              | بورڈ کریڈٹ کمیٹی کے اجلاس    |                              | بورڈ ہیومن ریسورس کمیٹی کے اجلاس |                              | بورڈ ریسک مینجمنٹ کمیٹی کے اجلاس |                              |
|------------|--|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|----------------------------------|------------------------------|----------------------------------|------------------------------|
|            |  | سال کے دوران کل منعقدہ اجلاس | سال کے دوران کل منعقدہ اجلاس | سال کے دوران کل منعقدہ اجلاس | سال کے دوران کل منعقدہ اجلاس | سال کے دوران کل منعقدہ اجلاس | سال کے دوران کل منعقدہ اجلاس | سال کے دوران کل منعقدہ اجلاس     | سال کے دوران کل منعقدہ اجلاس | سال کے دوران کل منعقدہ اجلاس     | سال کے دوران کل منعقدہ اجلاس |
| 1          | محترم علاؤ الدین فراستہ                  | 6                            | 6                            | *                            | *                            | 4                            | 4                            | *                                | *                            | *                                | *                            |
| 2          | محترم محمد آفتاب منظور                   | 6                            | 6                            | *                            | *                            | 4                            | 4                            | 4                                | 4                            | 4                                | 4                            |
| 3          | محترم نور الدین فراستہ                   | 6                            | 5                            | 4                            | 2                            | 4                            | 3                            | *                                | *                            | *                                | *                            |
| 4          | محترم محمد رشید ظاہر                     | 6                            | 6                            | 4                            | 4                            | 4                            | 4                            | *                                | *                            | *                                | *                            |
| 5          | محترم عامر ظفر خان                       | 6                            | 6                            | 4                            | 4                            | 4                            | 4                            | 4                                | 4                            | 3                                | 2                            |
| 6          | محترم سید علی ظفر                        | 6                            | 3                            | *                            | *                            | *                            | *                            | *                                | *                            | *                                | *                            |
| 7          | محترم منظور احمد (این آئی ٹی کے نمائندے) | 6                            | 6                            | *                            | *                            | *                            | *                            | 4                                | 4                            | *                                | *                            |
| 8          | محترم شاہد انور (این آئی ٹی کے نمائندے)  | 6                            | 6                            | *                            | *                            | *                            | *                            | 4                                | 4                            | 3                                | 3                            |
|            |  | 6                            | 6                            | 4                            | 4                            | 4                            | 4                            | 4                                | 4                            | 3                                | 3                            |

\* کمیٹی کے رکن نہیں

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

## پروویڈنٹ اور گریجویٹ فنڈز کی سرمایہ کاری کا اسٹیٹمنٹ

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

| 31 دسمبر<br>2015<br>(آڈٹ شدہ) | 31 دسمبر<br>2016<br>(غیر آڈٹ شدہ) |
|-------------------------------|-----------------------------------|
| 681,956                       | 525,730                           |
| 358,793                       | 144,304                           |

پروویڈنٹ فنڈ کی سرمایہ کاری  
گریجویٹ فنڈ کی سرمایہ کاری

# ڈائریکٹرز رپورٹ برائے مالیاتی سال 2016

افراط زر کے دباؤ اور اسمال ٹی شاخوں کے کھلنے سے نان مارک اپ اخراجات میں 5.81 فیصد تک اضافہ ہوا ہے۔ اب بینک کی شاخوں کی تعداد 288 (2015: 266) ہو گئی ہے۔

بینک کے خالص اثاثہ جات (مجموع سرمایہ) 31 دسمبر 2016 کو 18.29 بلین روپے تک پہنچ گئے ہیں۔ مجموعی ڈپازٹس میں 13.83 فیصد کا شاندار اضافہ ہوا ہے جبکہ CASA ڈپازٹس 12.90 فیصد تک بڑھ گئے ہیں۔ اس اضافے کے باعث CASA میں شامل کرنٹ ڈپازٹس میں جن میں 20.32 فیصد اضافہ ریکارڈ کیا گیا ہے۔ ایڈوانسز (بعد از مین) میں 11.88 فیصد اضافہ ہوا ہے۔ بینک کے نیٹ ایڈوانسز برائے ڈپازٹس کی شرح میں 59.43 فیصد تک کمی آئی ہے جبکہ 2015 میں یہ شرح 60.47 فیصد تھی۔ غیر فعال قرضوں کی اچھی طرح نگرانی کی گئی اور ان کی کوریج میں 80.07 فیصد اضافہ ہوا ہے (نی ص 74.37: 2015)۔ بینک کی سرمایہ کاری میں 8.30 فیصد اضافہ ہوا ہے اور اس سب سے زیادہ سرمایہ کاری حکومتی سیکورٹیز میں کی گئی۔ دسمبر 2016 میں مارکیٹ کی آمدنی اور منافع جات کی وصولی کے باعث سیکورٹیز کی قدر پر نظر ثانی کی گئی اور مجموعی سرمایہ 2.18 بلین روپے آیا جو پچھلے سال (2015: 2.67 بلین) کے مقابلے میں کم ہے۔

## منافع منقسمہ

یورڈ نے 31 دسمبر 2016 کو ختم شدہ سال کے لیے 1 روپیہ 25 پیسے فی شیئر (یعنی 12.50 فیصد) کے حساب سے حتمی نقد منافع منقسمہ (D-8) کی ادائیگی کی سفارش کی ہے، جس کی منظوری شیئر ہولڈرز کے پچیسویں سالانہ اجلاس عام میں دی جائے گی۔

## مستقبل کی منصوبہ بندی

بینکاری کے شعبے میں منافع جات کے حوالے سے 2017 ایک اور مشکل سال ثابت ہوگا۔ مسلسل پیچورہوتے زیادہ منافع بخش PIBs، گرتے ہوئے بینک کے مارجن، بہت کم امید ہے کہ شرح سود میں اضافہ ہو اور اس کے ساتھ بینک میں حکومتی چٹاؤ کا سال بھی قریب آ رہا ہے۔ یہ وہ عناصر ہیں جو خالص سودی آمدن میں دباؤ کا باعث بنیں گے۔

بینک کی حکمت عملی میں شامل بہتر ہوتی معاشی صورتحال سے فائدہ اٹھانا ہے۔ تجارت اور کرنزیومرفانس کے کاروبار کے ذریعے فیئس آمدنی میں اضافہ پر توجہ مرکوز کی جائے گی۔ کارپوریٹ اور کمرشل دونوں شعبوں میں قرضہ جات کے پورٹ فولیو میں توسیع بھی ترجیحات میں شامل ہوگی، تاہم خطرات کے حوالے سے احتیاط کا دامن نہیں چھوڑا جائے گا۔

بینک کی انتظامیہ معاشی استحکام سے بڑے خطرات سے بخوبی آگاہ ہے خاص طور پر ادائیگی کے توازن پر توجہ دینا ہوگی۔ گزشتہ چند مہینوں میں کرنٹ اکاؤنٹ کی صورتحال تیزی کے ساتھ خراب ہو چکی ہے، جس کی وجوہات میں درآمدات میں اضافہ، اور درآمدات کے علاوہ سہولت زریں کی شامل ہیں۔ اس کے نتیجے میں قرضوں کے حوالے سے ہماری پالیسی محتاط ہوگی۔ ڈپازٹس کے حوالے سے، انتظامیہ کم شرح ڈپازٹس پر توجہ دے گی، اس کے لیے موجودہ اور نئی برانچز میں بھی منصوبہ بندی کی جائے گی۔

تمام تر مشکلات کے باوجود، آپ کا بینک اس بات پر یقین رکھتا ہے کہ منافع بخش مواقع بھی موجود ہیں، لیکن صرف انہیں تلاش کرنے کی ضرورت ہے۔ بینک کے پاس ایس بی پی کی جانب سے ایس III کے تقاضوں کے مطابق سرمائے کی قابل قبول شرح موجود ہے۔

2016 کے دوران، بینک نے اپنے اہم بینکاری نظام کو ترقی دینے کا آغاز کیا جس کے 2017 میں مکمل ہونے کی توقع ہے، جس سے بینکاری کے نظام میں بہتری کے ساتھ گسٹمز کو زیادہ ہولیات میسر آئیں گی۔ علاوہ ازیں، بینک اپنے ڈیجیٹل مسائل کے حل میں سرمایہ کاری کے لیے پرعزم ہے، جس کی شروعات گزشتہ سال کے دوران سویری موہائل اپیلی کیشن کی صورت میں ہو چکی ہے۔

## دوسرے (2ND) ٹرم فننس سرٹیفکیٹس (TFCs) کا اجراء

بینک نے اپنے دوسرے ٹرم فننس سرٹیفکیٹس سال 2015 میں جاری کیے تھے۔ معاہدے کے تحت بینک اپنی ادائیگی بروقت کرتا رہا ہے اور ٹی ایف سی کے سرمایہ کاروں کو تیسری (3rd) ریڈیشن اور منافع کی ادائیگیاں بھی 06 جنوری 2017 وکرو دی گئی ہے۔

## کریڈٹ ریٹنگ

پاکستان کریڈٹ ایجنسی (PACRA) نے اپنے نوٹیفیکیشن جاری کردہ بتاریخ 17 جون 2016 میں بینک کی طویل المدت کریڈٹ ریٹنگ AA اور مختصر المدت کریڈٹ ریٹنگ A1+ کو برقرار رکھا ہے۔ (2015: طویل المدت-AA، مختصر المدت-A1+)

PACRA نے اپنے نوٹیفیکیشن جاری کردہ بتاریخ 16 دسمبر 2016 میں 3,000 ملین روپے مالیت کے subordinated & unsecured اور لٹل ٹرم فننس سرٹیفکیٹ (TFC-2) کی کریڈٹ ریٹنگ A+ کو بھی برقرار رکھا ہے۔

## یورڈ آف ڈائریکٹرز

موجودہ یورڈ کا انتخاب 28 مارچ 2014 کو ہوا تھا اور یہ اپنی تین سالہ مدت 28 مارچ 2017 کو پوری کرے گا۔ نئے یورڈ آف ڈائریکٹرز کا انتخاب آئندہ 28 مارچ 2017 کو ہونے والے پچیسویں سالانہ اجلاس عام میں کیا جائے گا۔

یورڈ اپنے ترقی پزیر پروگرام کے سلسلے میں قوانین کی مکمل پاسداری کرتا ہے۔ دو ڈائریکٹرز نے پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس ("PICG") سے "سرٹیفکیٹ آف ڈائریکٹرز ایجوکیشن" حاصل کیا ہے۔ ایک ڈائریکٹر نے انسٹی ٹیوٹ آف ڈائریکٹرز، یو کے، سے "سرٹیفکیٹ ان کمپنی ڈائریکشن (انٹرنیشنل)" حاصل کیا ہے۔ پاکستان انسٹا کی پیچھے ریگولیشنز کے قواعد کی شرح 5.19.7 کے مطابق چار ڈائریکٹرز تربیت سے مستثنیٰ ہیں۔



# ڈائریکٹرز رپورٹ برائے مالیاتی سال 2016

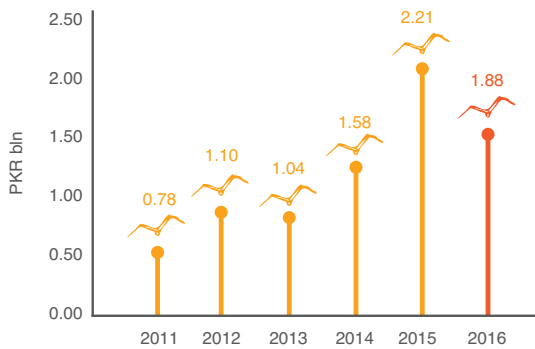
## آپریٹنگ نتائج

مالیاتی سال 2016 کے مالیاتی نتائج کی جھلکیاں درج ذیل ہیں:

| تفصیل و نقصان کا حساب کتاب              | 31 دسمبر 2015 | 31 دسمبر 2016 | فرق (%) |
|---|---------------|---------------|---------|
| ---(روپے ملین میں)---                   |               |               |         |
| نیٹ انٹریسٹ مارجن اور نان مارک اپ آمدنی | 10,747.85     | 9,580.38      | (10.86) |
| نان مارک اپ اخراجات                     | 6,123.00      | 6,478.63      | 5.81    |
| کاروباری منافع قبل از ٹیکس اور ٹیکس     | 4,624.85      | 3,101.75      | (32.93) |
| منافع قبل از ٹیکس                       | 3,595.61      | 3,077.34      | (14.41) |
| منافع بعد از ٹیکس                       | 2,212.77      | 1,878.84      | (15.09) |
| فی حصص آمدنی (روپے)                     | 2.0071        | 1.7042        | (15.09) |

| اسٹیٹمنٹ برائے مالیاتی صورتحال         | 31 دسمبر 2015 | 31 دسمبر 2016 | فرق (%) |
|--|---------------|---------------|---------|
| ---(روپے ملین میں)---                  |               |               |         |
| حصص یافتگان کی ایکویٹی (سرپلس کے بغیر) | 15,335.96     | 15,944.77     | 3.97    |
| ڈپازٹس                                 | 185,222.38    | 210,839.65    | 13.83   |
| خالص ایڈوانسز                          | 112,001.75    | 125,305.77    | 11.88   |
| خالص انویسٹمنٹس                        | 108,846.11    | 117,883.96    | 8.30    |

## منافع بعد از ٹیکس

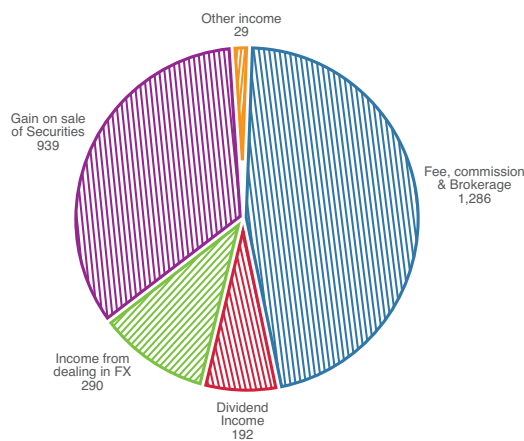


بنیک کو بعد از ٹیکس 1.88 بلین روپے کا منافع ہوا جو کہ 1.7042 روپے فی شیئر بنتا ہے (31 دسمبر 2015: 2.0071 روپے)۔ اس سال قبل از ٹیکس منافع 3.08 بلین روپے رہا جبکہ گزشتہ سال 3.59 بلین روپے تھا۔ منافع جات میں کمی کی بڑی وجہ 2015 کے مقابلے میں شرح سود میں کمی کے باعث بینکاری صنعت کو پھینک آنے والے مشکل حالات ہیں۔ اس کا اثر غیر فعال قرضہ جات کی واپسی کے باعث کافی حد تک کم ہوا۔ اس طرح اس سال غیر فعال قرضوں کی مد میں 1.03 بلین روپے کے مقابلے میں صرف 24.4 بلین روپے تمویں مختص کی گئی۔

یہ نتائج سہولتوں کی مد میں زیادہ ٹیکس وصولی کے باعث بھی ہیں جو کہ اس سال دوبارہ لاگو کی گئی ہے۔ خالص مارک اپ آمدنی اور نان مارک اپ آمدن پر مشتمل آمدنی میں 2015 کے مقابلے میں 10.86 فیصد کمی آئی۔ اس کا بڑا سبب خالص مارک اپ آمدن کا دباؤ ہے جو کہ 9.91 فیصد تک نیچے آ گیا ہے، زرمبادلہ کی کم شرح کے باعث آمدنی میں 38.58 فیصد کمی اور اس کے ساتھ ہیٹل گینٹرز میں بھی 16.09 کمی آئی ہے۔ خالص مارک اپ آمدنی میں کمی کا باعث سال کی تیسری سہ ماہی زیادہ منافع بخش PIBs کی مدت پوری ہونا ہے اور اس کے ساتھ ساتھ شرح سود میں کمی اور سخت مقابلے کے باعث منافع جات میں کمی ہے۔

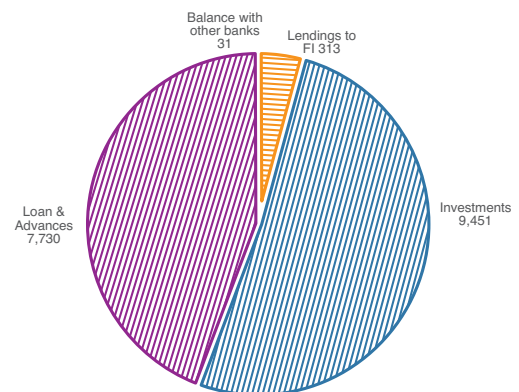
## 2016 انٹریسٹ انکم

(روپے ملین میں)



## 2016 انٹریسٹ انکم

(روپے ملین میں)



# ڈائریکٹرز رپورٹ برائے مالیاتی سال 2016

میں نہایت مسرت کے ساتھ بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر، 2016 کو ختم شدہ مالیاتی سال کے لیے، آڈٹ شدہ مالی تفصیلات اور آڈیٹرز رپورٹ کے ساتھ سویری بینک لمیٹڈ (بینک) کی ڈائریکٹرز رپورٹ پیش کر رہے ہیں۔

## معیشت

مالی سال 2016 پاکستان میں مجموعی معاشی صورتحال میں بہتری کا مسلسل دوسرا سال تھا۔ ہمارے ملک نے زیادہ تر اہم معاشی سنگ میل عبور کر لیے ہیں جن میں آئی ایم ایف کے توسیعی فنڈ فیسلٹی (EFF) پروگرام کی کامیاب تکمیل اور پانچ سالہ مدتی ارب امریکی ڈالرز بین الاقوامی سکوک بانڈز کا اجراء شامل ہے۔

گزشتہ سال کے دوران دسمبر 2016 کے مطابق ملک میں غیر ملکی زرمبادلہ کے ذخائر 2.4 بلین امریکی ڈالرز سے بڑھ کر 23.2 بلین امریکی ڈالرز تک بڑھ گئے۔ زرمبادلہ کے مستحکم ذخائر کی بدولت ایکسیچ ریٹ کو بھی استحکام ملا۔ موبگائی کی شرح میں سال کے دوران 3.7 فیصد کمی ہوئی (مالی سال 2015: 3.2 فیصد کمی)، جس کی وجہ سے بینک دولت پاکستان (ایس بی پی) نے شرح سود کم رکھی۔ بینک دولت پاکستان نے مئی 2016 میں صرف ایک مہینہ شرح سود میں 25bp تک کمی کی۔ معاشی نمو کی رفتار میں بھی بہتری آئی، مالی سال 2015 کے دوران جی ڈی پی کی شرح نمو 4.04 فیصد کے مقابلے میں 2016 میں شرح نمو 4.71 فیصد رہی۔ اس استحکام کی وجہ خدمات اور مینوفیکچرنگ کے شعبوں میں ترقی کو قرار دیا جا رہا ہے۔

چائنا پاکستان اکنامک کوریڈور (سی پیک) سے متعلق اقدامات سے معیشت میں بہتری آئی ہے۔ ملک میں تجارتی رجحان میں اضافہ ہوا، جبکہ سیمنٹ، آئرن اور اسٹیل کے شعبوں میں توسیعی منصوبہ بندی کا اعلان کیا گیا۔ ملکی معیشت کو درپیش اہم مسائل میں کرنٹ اکاؤنٹ خسارہ سر فہرست ہے جو کہ 2016 کے اختتام پر تیزی سے بڑھتا جا رہا ہے (1HFY17 کا خسارہ 3.6 امریکی ڈالرز ہے، جو کہ پچھلے سال کے مقابلے میں 100 فیصد سے زیادہ ہے)، جس کی وجوہات میں تیل کی قیمتوں میں اضافے کے علاوہ برآمدات اور سیالات زرمین کی شامل ہیں۔

معاشی ترقی کی راہ میں رکاوٹوں کے دیگر اسباب میں توانائی کی مسلسل کمی، بجلی کی بندش شامل ہے، حالانکہ گزشتہ تین سالوں میں کچھ کمی آئی ہے لیکن مسئلہ اب بھی برقرار ہے۔ کمزور سرکاری اداروں کو مالیاتی خسارے اور اقتصادی نقصانات سے نکلانے کے لیے طویل المدت اور پائیدار منصوبہ بندی کی ضرورت ہے۔

## تجارتی جائزہ

مالی سال 2016 میں سویری بینک نے اپنی بیسیویں سالگرہ منائی۔ بینک نے اس عرصے کے دوران مستحکم درمستحکم کی روایت کے ساتھ ترقی کی اور وہ مقام حاصل کیا جو کہ بینکاری کی روایات اور مالیاتی استحکام کے مترادف ہے۔

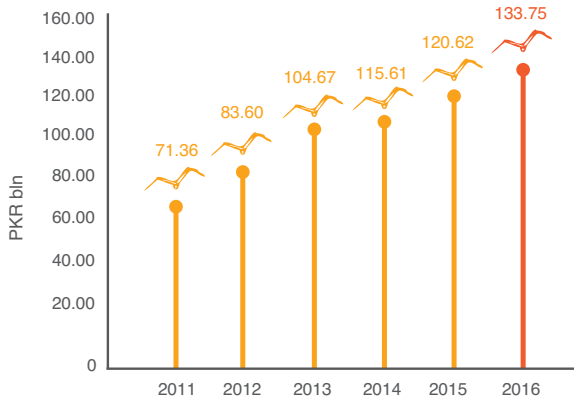
بینک اپنی حکمت عملی کے ساتھ مقاصد حاصل کرنے کے لیے ترقی کے سفر پر گامزن ہے۔ گزشتہ سال شرح سود میں کٹوتی کے باعث منافع جات میں کمی اور شدید مقابلے کے ماحول نے کئی مشکلات سے پردہ اٹھایا۔ اس امر کے باوجود بینک نے برائے پھر کی تعداد، بیننس شیٹ اور شیئر ہولڈرز کو منافع جات کی فراہمی کے اعتبار سے ترقی کو برقرار رکھا۔ اس وقت بینک 132 شہروں میں 288 برانچز اور 306 اے ٹی ایمز کے ذریعے بینکاری کی سہولیات فراہم کر رہا ہے۔ بینک نے نئی پروڈکٹس کے اجراء، شکایات کے نئے نظام / فون بینکنگ سافٹ ویئر پر عملدرآمد اور ملازمین کی تربیت سمیت مختلف اقدامات کے ذریعے صارفین کی خدمات میں بہتری اور برانچ کو مستحکم بنانے پر توجہ مرکوز کر رکھی ہے۔

علاوہ ازیں، آپ کے بینک نے ایس بی پی بیسل III کے تقاضے مناسبتاً حد تک پورے کر لیے ہیں اور سرمائے کی قابل قبول شرح یعنی 14.12 فیصد کے ساتھ اپنی ترقی کے منصوبوں میں کامیاب ہونے کے لیے بالکل تیار ہے۔

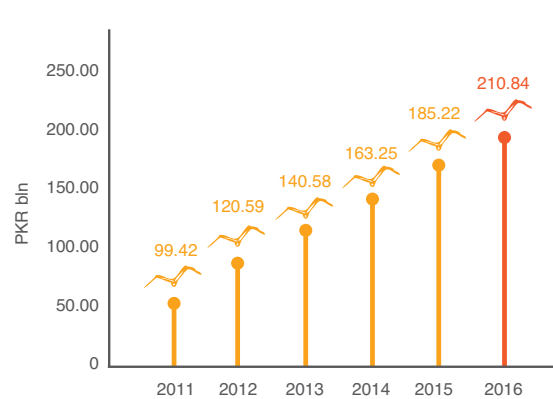
بینک کی حکمت عملی یہ ہے کہ کاروباری ترقی پر دھیان دیا جائے، بہتری کے سلسلے کو فروغ دیا جائے اس کے علاوہ اخراجات میں کمی لائی جائے اور ڈوبے ہوئے اثاثے بحال کرائے جائیں۔ بینک کی ایڈوانسز۔ ڈپازٹ شرح صنعتی تناسب سے متواتر زیادہ رہی ہے اور اس سے بینک کی جانب سے معیشت کی مضبوطی کے لیے کاروبار اور توجہ کا اندازہ لگایا جاسکتا ہے۔

بینک کی گزشتہ چھ برس کی کارکردگی پر نظر ڈالیں تو بینک کے ڈپازٹس 210.84 بلین روپے تک بڑھ چکے ہیں جس کا سالانہ شرح نمو (CAGR) 16.15 فیصد بنتا ہے۔ ڈپازٹس کے CASA مجموعہ میں زیادہ بہتری نظر آئی ہے، جس کا سالانہ شرح نمو (CAGR) 18.21 فیصد بنتا ہے۔ اس سے کم قیمت ڈپازٹس کو فروغ دینے کی پالیسی عیاں ہوتی ہے۔ اسی طرح، نیٹ ایڈوانسز 125.31 بلین روپے تک پہنچ گئے ہیں جس کا چھ سالہ سالانہ شرح نمو (CAGR) 13.91 فیصد بنتا ہے۔

### مجموعی ایڈوانسز



### ڈپازٹس





# Statement of Internal Controls

Year ended 31 December 2016

This Statement of Internal Controls is based on an ongoing process designed to:

- Identify the significant risks in achieving the Bank's policies, aims and objectives;
- Evaluate the nature and extent of those risks;
- Manage these risks efficiently, effectively and economically.

This process was in place for the year ended 31 December 2016.

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

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

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

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

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

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

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

The Bank has also successfully completed the cycle of SBP's Internal Control over Financial Reporting exercise for the Year 2016 and report will be submitted by Board Audit Committee to the State Bank of Pakistan during the year 2017.

## **MOHAMMED AFTAB MANZOOR**

President & Chief Executive Officer

Lahore: 15 February 2017



# Code of Conduct

## (Summarized Version)

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

### OBJECTIVE

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

#### 1. OUTSIDE BUSINESS INTEREST

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

#### 2. FINANCIAL INTEREST

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

#### 3. ANTI BRIBERY & CORRUPTION

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

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

#### 4. VIOLATION OF LAW

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

#### 5. POLITICAL PARTICIPATION

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

#### 6. PROTECTING BANKS RESOURCES

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

#### 8. DATA SECURITY AND CONFIDENTIALITY

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

#### 9. ABIDANCE OF LAWS OF THE LAND

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

#### 10. PUNCTUALITY

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

#### 11. SEPARATION FROM THE BANK

In case of resignation every employee will have to attend his/her duties until the resignation is accepted and employee is properly relieved by the competent authority. In case he/she fails to attend his/her duty after tendering resignation,





# Code of Conduct

## (Summarized Version)

the resignation will not be considered and he/she may be dealt according to the relevant HR Policy.

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

### 12. ETHICS, DISCRIMINATION OR HARASSMENT

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

### 13. DRESS CODE & PERSONAL HYGIENE

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

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

### 14. PROTECTING BANK RESOURCES

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

### 15. FRAUD, THEFT OR ILLEGAL ACTIVITY

An employee must not:

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

### 16. EMPLOYEE IDENTIFICATION & SECURITY

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

### 17. USE OF COMMUNICATION TOOLS

Bank's telephone, e-mail, voice-mail, computer, systems

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

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

### 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





# Code of Conduct

(Summarized Version)

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 Head of 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 provisions 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 the Bank and its customers.

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

**28. ACCESS TO BUSINESS INFORMATION**

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

**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 for further guidance and advice.





# Mechanism adopted for Board's own Performance Evaluation

Soneri Bank Limited has put in place a mechanism whereby performance of overall Board is evaluated annually. Quantitative technique is used where scaled questionnaire is provided to each Director to obtain their feedback. This questionnaire consists of the following main sections:-

- a) Strategic Plan and Performance
- b) Management Interaction
- c) Board of Directors' Operations
- d) Board Committees

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

Final result of the annual evaluation of the Board's own performance is then presented to the Board of Directors which it accordingly reviews and identifies any issues, weaknesses or challenges along with how these can be adequately addressed.

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



# Statement of Compliance with the Best Practices of Code of Corporate Governance

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

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

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

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

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

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Bank (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the Bank are registered as taxpayers and none of them have defaulted in payment of any loan to a banking company, a DFI or an NBFC or, being a broker of the stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred on the Board during the year.
5. The Bank has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Bank along with its supporting policies and procedures.
6. The Board has developed a vision/ mission statement, overall corporate strategy and significant policies of the Bank. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board remained fully compliant with the provision with regard to their training program. Two directors have received "Certificate of Director Education" from the Pakistan Institute of Corporate Governance ("PICG"). One director has also received "Certificate in Company Direction (International)" from Institute of Directors, UK. Four directors are exempt from training as mentioned in proviso to clause 5.19.7 of the Pakistan Stock Exchange Regulations.
- 9.1 Our directors have also attended various courses/workshops. In the year 2015, three directors have attended a week - long course on "The Accelerated Certificate in Company Direction" a program of the Institute of Directors, UK arranged in Pakistan by the PICG. Further during the year under review, three other directors have also participated in a three full days' workshop on "Corporate Governance & Director Duties Excellence" held in Malaysia.





# Statement of Compliance with the 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. There were no changes in these positions during the year.
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 four members, of whom three 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 the stock exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through the stock exchange.
23. During the year, Board has conducted "Own Performance Evaluation" as per the CCG requirements and the result of which was also reviewed by the Board.
24. The Bank has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
25. We confirm that all other material principles enshrined in the CCG have been fully complied with.

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

Lahore: 15 February 2017



# 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, 2016 to comply with the requirements of Rule 5.19 of the Pakistan Stock Exchange Regulations issued by the Pakistan Stock Exchange Limited where the Bank is listed.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the best practices contained in the Code as applicable to the Bank for the year ended December 31, 2016.

**Chartered Accountants**  
**Karachi: February 27, 2017**

*A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan  
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■ KARACHI ■ LAHORE ■ ISLAMABAD





# 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, 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the 'financial statements') for the year then ended, in which are incorporated the unaudited certified returns from the branches, except for thirty five branches, which have been audited by us and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit.

It is the responsibility of the Bank's Management to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with 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 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 except for the change as disclosed in note 3.5 to the financial statements with which we concur;
  - (ii) the expenditure incurred during the year was for the purpose of the Bank's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank;
- (c) in our opinion and to the best of our information and according to the explanations given to us the statement of financial position, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), in the manner so required and give a true and fair view of the state of the Bank's affairs as at December 31, 2016, and its true balance of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

**Chartered Accountants**  
**Engagement Partner: Noman Abbas Sheikh**  
**Karachi: February 27, 2017**

*A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network*  
*State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan*  
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■ KARACHI ■ LAHORE ■ ISLAMABAD



# Statement of Financial Position

As at 31 December 2016

|   | Note | 2016<br>(Rupees in '000) | 2015        |
|---|------|--------------------------|-------------|
| <b>ASSETS</b>                                       |      |                          |             |
| Cash and balances with treasury banks               | 6    | 18,278,840               | 16,718,428  |
| Balances with other banks                           | 7    | 822,689                  | 1,634,544   |
| Lendings to financial and other institutions        | 8    | 5,536,577                | 3,093,938   |
| Investments - net                                   | 9    | 117,883,960              | 108,846,113 |
| Advances - net                                      | 10   | 125,305,765              | 112,001,752 |
| Operating fixed assets                              | 11   | 5,138,424                | 4,956,732   |
| Deferred tax assets - net                           | 18   | -                        | -           |
| Other assets - net                                  | 12   | 5,554,451                | 6,090,322   |
|   |      | 278,520,706              | 253,341,829 |
| <b>LIABILITIES</b>                                  |      |                          |             |
| Bills payable                                       | 14   | 3,254,243                | 2,706,274   |
| Borrowings  | 15   | 38,905,078               | 39,875,623  |
| Deposits and other accounts                         | 16   | 210,839,646              | 185,222,383 |
| Sub-ordinated loans                                 | 17   | 2,998,800                | 3,000,000   |
| Liabilities against assets subject to finance lease |      | -                        | -           |
| Deferred tax liabilities - net                      | 18   | 1,137,530                | 1,417,042   |
| Other liabilities                                   | 19   | 3,096,182                | 2,928,565   |
|   |      | 260,231,479              | 235,149,887 |
| <b>NET ASSETS</b>                                   |      |                          |             |
|   |      | 18,289,227               | 18,191,942  |
| <b>REPRESENTED BY</b>                               |      |                          |             |
| Share capital                                       | 20   | 11,024,636               | 11,024,636  |
| Reserves  |      | 1,423,829                | 1,049,465   |
| Discount on issue of right shares                   |      | -                        | (1,001,361) |
| Unappropriated profit                               |      | 3,496,305                | 4,263,217   |
|   |      | 15,944,770               | 15,335,957  |
| Surplus on revaluation of assets - net of tax       | 21   | 2,344,457                | 2,855,985   |
|   |      | 18,289,227               | 18,191,942  |
| <b>CONTINGENCIES AND COMMITMENTS</b>                |      |                          |             |
|   | 22   |                          |             |

The annexed notes 1 to 45 and Annexures I, II, III and IV form an integral part of these financial statements.

**Alauddin Feerasta**  
Chairman

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

**Manzoor Ahmed**  
Director

**Shahid Anwar**  
Director





# Profit & Loss Account

For the year ended 31 December 2016

|  | Note   | 2016<br>(Rupees in '000) | 2015         |
|--|--------|--------------------------|--------------|
| Mark-up / return / interest earned   | 23     | 17,524,408               | 18,319,732   |
| Mark-up / return / interest expensed   | 24     | (10,680,270)             | (10,722,265) |
| Net mark-up / return / interest income   |        | 6,844,138                | 7,597,467    |
| Provision against loans and advances - net   | 10.4.1 | 31,072                   | 1,034,602    |
| Reversal of provision against diminution in the value of investments - net           | 9.3    | (6,941)                  | (9,277)      |
| Bad debts written off directly - net   | 10.8   | 276                      | 3,916        |
|  |        | 24,407                   | 1,029,241    |
| Net mark-up / return / interest income after provisions                              |        | 6,819,731                | 6,568,226    |
| <b>Non mark-up / interest income</b>   |        |                          |              |
| Fee, commission and brokerage income   |        | 1,286,185                | 1,336,066    |
| Dividend income  |        | 192,429                  | 160,253      |
| Income from dealing in foreign currencies - net                                      | 25     | 290,364                  | 472,787      |
| Gain on sale of securities - net   | 26     | 945,150                  | 1,126,369    |
| Unrealised loss on revaluation of investments classified as 'held for trading' - net |        | (6,484)                  | (2,453)      |
| Other income   | 27     | 28,593                   | 57,361       |
| Total non-mark-up / interest income  |        | 2,736,237                | 3,150,383    |
|  |        | 9,555,968                | 9,718,609    |
| <b>Non mark-up / interest expenses</b>   |        |                          |              |
| Administrative expenses  | 28     | 6,388,894                | 5,972,315    |
| Provision against other assets - net   | 12.1   | 30                       | 66           |
| Other charges  | 29     | 89,705                   | 150,621      |
| Total non-mark-up / interest expenses  |        | 6,478,629                | 6,123,002    |
|  |        | 3,077,339                | 3,595,607    |
| Extraordinary / unusual items  |        | -                        | -            |
| <b>Profit before taxation</b>  |        | 3,077,339                | 3,595,607    |
| Taxation - Current   | 30     | 1,099,377                | 1,402,494    |
| - Prior years  | 30     | 161,371                  | 98,199       |
| - Deferred   | 30     | (62,253)                 | (117,854)    |
|  |        | 1,198,495                | 1,382,839    |
| <b>Profit after taxation</b>   |        | 1,878,844                | 2,212,768    |
|  |        |                          | (Rupees)     |
| <b>Basic and diluted earnings per share</b>  | 31     | 1.7042                   | 2.0071       |

The annexed notes 1 to 45 and Annexures I, II, III and IV form an integral part of these financial statements.

Alauddin Feerasta  
Chairman

Mohammad Aftab Manzoor  
President & Chief Executive Officer

Manzoor Ahmed  
Director

Shahid Anwar  
Director





# Statement of Comprehensive Income

For the year ended 31 December 2016

| Note  | 2016<br>-----<br>(Rupees in ₨000) | 2015<br>-----    |
|---|-----------------------------------|------------------|
| <b>Profit after taxation for the year</b>   | 1,878,844                         | 2,212,768        |
| <b>Other comprehensive income:</b>  |                                   |                  |
| <b>Item that will not be reclassified to profit and loss account</b>                    |                                   |                  |
| <b>Components of comprehensive income reflected in equity</b>                           |                                   |                  |
| - Remeasurements of defined benefit plan  | (18,537)                          | 5,730            |
| - Tax on remeasurements of defined benefit plan   | 6,488                             | (2,006)          |
|   | (12,049)                          | 3,724            |
| <b>Comprehensive income transferred to equity</b>                                       | 1,866,795                         | 2,216,492        |
| <b>Items that may be reclassified subsequently to profit and loss account</b>           |                                   |                  |
| <b>Components of comprehensive income not reflected in equity</b>                       |                                   |                  |
| Net change in value of "available-for-sale" securities                                  | (493,705)                         | 151,614          |
| Deferred tax asset / (liability) on changes in value of "available-for-sale" securities | 172,797                           | (112,927)        |
|   | (i) (320,908)                     | 38,687           |
| Surplus on revaluation of operating fixed assets  | (ii) -                            | -                |
| <b>Total comprehensive income</b>   | <u>1,545,887</u>                  | <u>2,255,179</u> |

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

(ii) Surplus on revaluation of operating fixed assets-net of tax is presented under 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 45 and Annexures I, II, III and IV form an integral part of these financial statements.

Alauddin Feerasta  
Chairman

Mohammad Aftab Manzoor  
President & Chief Executive Officer

Manzoor Ahmed  
Director

Shahid Anwar  
Director



# Cash Flow Statement

For the year ended 31 December 2016

| Note   | 2016<br>----- (Rupees in ₨000) ----- | 2015<br>----- (Rupees in ₨000) ----- |
|--|--------------------------------------|--------------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                      |                                      |                                      |
| Profit before taxation   | 3,077,339                            | 3,595,607                            |
| Less: Dividend income  | 192,429                              | 160,253                              |
|  | <u>2,884,910</u>                     | <u>3,435,354</u>                     |
| <b>Adjustments:</b>  |                                      |                                      |
| Depreciation on operating fixed assets   | 575,700                              | 584,034                              |
| Depreciation on ijarah assets  | 97,969                               | 81,542                               |
| Amortisation of intangible assets  | 89,382                               | 38,322                               |
| Operating fixed assets written off directly                                      | 24,871                               | 24,870                               |
| Reversal of provision for diminution in the value of investments-net             | (6,941)                              | (9,277)                              |
| Unrealised loss on revaluation of investments classified as held-for-trading-net | 6,484                                | 2,453                                |
| Provision against non-performing loans and advances                              | 31,072                               | 1,034,602                            |
| Provision against other assets   | 30                                   | 66                                   |
| Gain on sale of operating fixed assets   | (11,565)                             | (12,106)                             |
| Gain on sale of non-banking assets   | (600)                                | -                                    |
| Bad debts written off directly   | 276                                  | 3,916                                |
|  | <u>806,678</u>                       | <u>1,748,422</u>                     |
|  | 3,691,588                            | 5,183,776                            |
| <b>(Increase) / decrease in operating assets</b>                                 |                                      |                                      |
| Lendings to financial and other institutions                                     | (2,442,639)                          | (2,489,596)                          |
| Advances - net   | (13,433,330)                         | (5,153,607)                          |
| Others assets (excluding advance taxation)                                       | 1,087,957                            | 110,426                              |
|  | <u>(14,788,012)</u>                  | <u>(7,532,777)</u>                   |
| <b>Increase / (decrease) in operating liabilities</b>                            |                                      |                                      |
| Bills payable  | 547,969                              | (28,631)                             |
| Borrowings   | (1,102,159)                          | 14,293,729                           |
| Deposits and other accounts  | 25,617,263                           | 21,972,012                           |
| Other liabilities  | 149,080                              | 28,362                               |
|  | <u>25,212,153</u>                    | <u>36,265,472</u>                    |
|  | 14,115,729                           | 33,916,471                           |
| Income tax paid  | (1,831,964)                          | (171,001)                            |
| <b>Net cash generated from operating activities</b>                              | <u>12,283,765</u>                    | <u>33,745,470</u>                    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                      |                                      |                                      |
| Net investments in held-for-trading securities                                   | 790,865                              | (51,008)                             |
| Net investments in available-for-sale securities                                 | (11,740,670)                         | (33,445,762)                         |
| Net investments in held-to-maturity securities                                   | 1,418,709                            | 524,772                              |
| Dividends received   | 194,129                              | 152,160                              |
| Purchase of operating fixed assets   | (1,004,102)                          | (610,461)                            |
| Sale proceeds on disposal of non-banking assets                                  | 18,000                               | -                                    |
| Sale proceeds on disposal of operating fixed assets                              | 35,526                               | 32,577                               |
| <b>Net cash used in investing activities</b>                                     | <u>(10,287,543)</u>                  | <u>(33,397,722)</u>                  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                      |                                      |                                      |
| (Payments) / proceeds from sub-ordinated loans                                   | (1,200)                              | 3,000,000                            |
| Dividends paid   | (1,378,079)                          | (1,102,464)                          |
| <b>Net cash (used in) / generated from financing activities</b>                  | <u>(1,379,279)</u>                   | <u>1,897,536</u>                     |
| <b>Increase in cash and cash equivalents</b>                                     | <u>616,943</u>                       | <u>2,245,284</u>                     |
| Cash and cash equivalents at the beginning of the year                           | 18,346,786                           | 16,101,502                           |
| <b>Cash and cash equivalents at the end of the year</b>                          | <u>18,963,729</u>                    | <u>18,346,786</u>                    |

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The annexed notes 1 to 45 and Annexures I, II, III and IV form an integral part of these financial statements.

Alauddin Feerasta  
Chairman

Mohammad Aftab Manzoor  
President & Chief Executive Officer

Manzoor Ahmed  
Director

Shahid Anwar  
Director

# Statement of Changes in Equity

For the year ended 31 December 2016

| Particulars  | Share capital | Capital reserves            |               |                       | General reserve | Unappropriated profit (b) | Total       |
|--|---------------|-----------------------------|---------------|-----------------------|-----------------|---------------------------|-------------|
|  |               | Discount on issue of shares | Share premium | Statutory reserve (a) |                 |                           |             |
| (Rupees in „000)   |               |                             |               |                       |                 |                           |             |
| <b>Balance as at 1 January 2015</b>  | 11,024,636    | (1,001,361)                 | 1,405         | 932,506               | -               | 3,150,185                 | 14,107,371  |
| Profit after taxation for the year   | -             | -                           | -             | -                     | -               | 2,212,768                 | 2,212,768   |
| <b>Other comprehensive income for the year</b>   |               |                             |               |                       |                 |                           |             |
| - Remeasurements of defined benefit plan   | -             | -                           | -             | -                     | -               | 5,730                     | 5,730       |
| - Tax on remeasurements of defined benefit plan  | -             | -                           | -             | -                     | -               | (2,006)                   | (2,006)     |
|  | -             | -                           | -             | -                     | -               | 3,724                     | 3,724       |
| <b>Transactions with owners recognised directly in equity</b>  |               |                             |               |                       |                 |                           |             |
| Final cash dividend for the year ended 31 December 2014 at Rs.1 per share                              | -             | -                           | -             | -                     | -               | (1,102,464)               | (1,102,464) |
| Transfer from statutory reserve to unappropriated profit   | -             | -                           | -             | (327,000)             | -               | 327,000                   | -           |
| Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax (note 21.1) | -             | -                           | -             | -                     | -               | 114,558                   | 114,558     |
| Transfer from unappropriated profit to statutory reserve   | -             | -                           | -             | 442,554               | -               | (442,554)                 | -           |
| <b>Balance as at 31 December 2015</b>  | 11,024,636    | (1,001,361)                 | 1,405         | 1,048,060             | -               | 4,263,217                 | 15,335,957  |
| Discount on issue of shares adjusted against share premium / unappropriated profit                     | -             | 1,001,361                   | (1,405)       | -                     | -               | (999,956)                 | -           |
| Profit after taxation for the year   | -             | -                           | -             | -                     | -               | 1,878,844                 | 1,878,844   |
| <b>Other comprehensive income for the year</b>   |               |                             |               |                       |                 |                           |             |
| - Remeasurements of defined benefit plan   | -             | -                           | -             | -                     | -               | (18,537)                  | (18,537)    |
| - Tax on remeasurements of defined benefit plan  | -             | -                           | -             | -                     | -               | 6,488                     | 6,488       |
|  | -             | -                           | -             | -                     | -               | (12,049)                  | (12,049)    |
| <b>Transactions with owners recognised directly in equity</b>  |               |                             |               |                       |                 |                           |             |
| Final cash dividend for the year ended 31 December 2015 at Rs 1.25 per share                           | -             | -                           | -             | -                     | -               | (1,378,079)               | (1,378,079) |
| Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax (note 21.1) | -             | -                           | -             | -                     | -               | 120,097                   | 120,097     |
| Transfer from unappropriated profit to statutory reserve   | -             | -                           | -             | 375,769               | -               | (375,769)                 | -           |
| <b>Balance as at 31 December 2016</b>  | 11,024,636    | -                           | -             | 1,423,829             | -               | 3,496,305                 | 15,944,770  |

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

(b) As explained in note 10.5 to these financial statements, unappropriated profit includes an amount of Rs. 716.711 million net of tax as at 31 December 2016 (31 December 2015: Rs. 972.681 million) representing additional profit arising from availing forced sales value benefit for determining provisioning requirement which is not available for distribution either as cash or stock dividend to shareholders and bonus to employees.

The annexed notes 1 to 45 and Annexures I, II, III and IV form an integral part of these financial statements.

Alauddin Feerasta  
Chairman

Mohammad Aftab Manzoor  
President & Chief Executive Officer

Manzoor Ahmed  
Director

Shahid Anwar  
Director



# Notes to and Forming Part of the Financial Statements

For the year ended 31 December 2016

## 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 Pakistan Stock Exchange Limited. The Bank is engaged in banking services as described in the Banking Companies Ordinance, 1962 and operates with 288 branches including 16 Islamic banking branches (2015: 266 branches including 16 Islamic banking branches) in Pakistan.

Based on the financial statements of the Bank for the year ended 31 December 2015, the Pakistan Credit Rating Agency Limited (PACRA) has maintained the Bank's long-term rating as AA- (31 December 2014: AA-) and short-term rating as A1+ (31 December 2014: A1+).

## 2. BASIS OF PRESENTATION

- 2.1** In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these financial statements as such but are restricted to the amount of facility actually utilised and appropriate portion of mark-up thereon.
- 2.2** The financial results of the Islamic banking branches of the Bank have been consolidated in these financial statements for reporting purposes, after eliminating material intra branch transactions / balances. The financial results of the Islamic banking branches are disclosed in Annexure II to these financial statements.

## 3. STATEMENT OF COMPLIANCE

- 3.1** These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. The approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Ordinance, 1984, provisions of and the directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, and the directives issued by the 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 and 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 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 and non-banking assets have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.
- 3.3** The SBP vide its BSD Circular No. 07 dated 20 April 2010 has clarified that for the purpose of preparation of financial statements in accordance with International Accounting Standard - 1 (Revised), 'Presentation of Financial Statements', two statement approach shall be adopted i.e. separate 'Profit and Loss Account' and 'Statement of Comprehensive Income' shall be presented, and Balance Sheet shall be renamed as 'Statement of Financial Position'. Furthermore, the surplus / deficit on revaluation of available for sale (AFS) securities shall be included in the 'Statement of Comprehensive Income'. However, it should continue to be shown separately in the Statement of Financial Position below equity. Accordingly, the above requirements have been adopted in the preparation of these financial statements.
- 3.4** The SBP vide its BPRD Circular No. 04 dated 25 February 2015 has clarified that the reporting requirements of IFAS-3 for Islamic Banking Institutions (IBIs) relating to annual, half yearly and quarterly financial statements would be notified by SBP through issuance of specific instructions and uniform disclosure formats in consultation with IBIs. These reporting requirements have not been ratified to date. Accordingly, the disclosures requirements under IFAS 3 have not been considered in these financial statements.

### 3.5 Change in accounting policy

The Bank has changed its accounting policy effective from 1 January 2016 for recording of non-banking assets acquired in satisfaction of claims to comply with the requirements of the 'Regulations for Debt Property Swap' (the regulations) issued by SBP vide its BPRD Circular No. 1 of 2016, dated: 1 January 2016. In line with the guidance provided in the Regulations, the non banking assets acquired in satisfaction of claims are required to be carried at revalued amounts less accumulated depreciation and accumulated impairment losses, if any. These assets are to be revalued by professionally qualified valuers with sufficient regularity to ensure their net carrying value does not differ materially from their fair value. A surplus arising on revaluation of non-banking assets acquired in satisfaction of claims is required to be credited to the 'surplus on revaluation of assets' account appearing on the Statement of Financial Position below equity. Any deficit arising on revaluation is first set off against the surplus account for that non-banking asset, if any, or if no surplus exists, is charged to the profit and loss account directly. Legal fees, transfer cost and direct cost of acquiring title to property is charged to the profit and loss account. Previously, non-banking assets acquired in satisfaction of claims were carried at cost (including legal fees, transfer costs and direct cost) less accumulated impairment, if any.

The above change in accounting policy does not have any impact on these financial statements.

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

3.6.1 There are certain new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after 01 January 2016 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are, therefore, not disclosed in these financial statements.

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

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

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

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

3.7.2 There are certain new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after 01 January 2017 but are considered not to be relevant or will not have any significant effect on the Bank's operations and are therefore not detailed in these financial statements.

## 4. BASIS OF MEASUREMENT

### 4.1 Accounting convention

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

### 4.2 Functional and presentation currency

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

### 4.3 Critical accounting estimates and judgements

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





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

- i) classification and provisioning against investments (notes 5.3 and 9);
- ii) classification and provisioning against loans and advances (notes 5.4 and 10);
- iii) current and deferred taxation (notes 5.7, 18, 22.9.1, 22.9.3 and 30);
- iv) accounting for defined benefit plan (notes 5.9 and 34);
- v) depreciation, amortisation methods, useful lives and revaluation of operating fixed assets (notes 5.5 and 11); and
- vi) impairment of assets (note 5.6).

### **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 except for the change in accounting policy as disclosed in note 3.5 to these financial statements.

#### **5.1 Cash and cash equivalents**

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

#### **5.2 Lendings to / borrowings from financial and other institutions**

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

##### **(a) Sale of securities under repurchase agreements**

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

##### **(b) Purchase of securities under resale agreements**

Securities purchased under agreement to resell (reverse repo) are included in lendings to financial and other 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 a time proportion basis to the profit and loss account over the period of borrowings.

##### **(e) Bai Muajjal**

Bai Muajjal transactions with the SBP and other financial institutions are classified under lendings. In Bai Muajjal, the Bank sells shariah compliant instruments on credit to customers. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period. The difference between the sale and the credit price is recognised over the credit period and recorded as income.

#### **5.3 Investments**

The Bank classifies its investments as follows:

##### **(a) Held for trading**

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



**(b) Held to maturity**

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

**(c) Available for sale**

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

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

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

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

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

In accordance with the BSD circular No. 14 dated 24 September 2004 issued by 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, if any are valued at the lower of cost and break-up value. Break-up value of unquoted equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements.

Impairment loss in respect of investments categorised as available for sale (except term finance certificates) and 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.

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

**5.4 Advances**

Advances are stated net of specific and general provisions. Specific provision for advances are made in accordance with the requirements of the Prudential Regulations and other directives issued by 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. In addition to conventional products, the Bank also offers various Islamic financing products which among others include:

**Murabaha**

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





### **Salam**

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

### **Diminishing Musharaka**

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

### **Ijarah assets**

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

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

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

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

Operating fixed assets (other than land and buildings) are stated at cost less accumulated depreciation and impairment losses, if any. Buildings are carried at revalued amount less any accumulated depreciation and subsequent impairment losses, if any. Land is carried at revalued amount less subsequent impairment losses, if any.

Depreciation on all operating fixed assets (excluding land which is not depreciated) is charged using the straight line method in accordance with the rates specified in note 11.1 to the financial statements after taking into account residual values, if any. The residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date. Depreciation on additions is charged from the month the assets are available for use while in the case of assets disposed of, it is charged upto the date of disposal.

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

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.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of fixed assets are 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.

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

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

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

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





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

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

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

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

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

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

#### **(d) Capital work in progress**

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

### **5.6 Impairment**

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

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

### **5.7 Taxation**

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

#### **Current**

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

#### **Deferred**

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

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

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





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

#### **5.8 Provisions and contingent assets and liabilities**

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

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

#### **5.9 Staff retirement benefits**

##### **Defined benefit plan**

The Bank operates an approved funded gratuity scheme for its permanent employees. The liability recognised in the statement of financial position in respect of defined benefit gratuity scheme, is the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets. Contributions to the fund are made on the basis of actuarial recommendations using the Projected Unit Credit Method. Valuations are conducted by an independent actuary with the last valuation conducted on 31 December 2016.

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.

##### **Defined contribution plan**

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

#### **5.10 Borrowings / deposits and their cost**

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

#### **5.11 Sub-ordinated loans**

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

#### **5.12 Revenue recognition**

- Mark-up income / interest on advances and return on investments are recognised on a time proportion basis using the effective yield on the arrangement / instrument except that mark-up / return on non-performing advances and investments is recognised on receipt basis. Interest / return / mark-up on rescheduled / restructured advances and investments is recognised as permitted by the State Bank of Pakistan except where, in the opinion of the management, it would not be prudent to do so.
- Fee, commission and brokerage income is recognised upon performance of services.
- Dividend income from investments is recognised when the Bank's right to receive the dividend is established.
- Premium or discount on acquisition of investments is amortised using effective yield method and taken to profit and loss account.



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

### **5.13 Foreign currencies**

#### **(a) Foreign currency transactions**

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

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

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

### **5.14 Commitments**

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

### **5.15 Provision for guarantee claims and other off balance sheet obligations**

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

### **5.16 Acceptances**

Acceptances comprise undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be simultaneously settled with the reimbursement from the customers. Acceptances are accounted for as off-balance sheet transactions and are disclosed under "Contingencies and Commitments".

### **5.17 Financial instruments**

#### **5.17.1 Financial assets and liabilities**

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

#### **5.17.2 Derivative financial instruments**

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

#### **5.17.3 Off-setting**

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

### **5.18 Basic and diluted earnings per share**

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





### 5.19 Dividend and appropriation to reserves

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

### 5.20 Segment reporting

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

#### (a) Business segments

##### (i) Corporate finance

Corporate banking includes financing and services provided to corporate customers including services in connection with mergers and acquisitions, underwriting, privatisation, securitisation, syndication, Initial Public Offers (IPOs), etc. It also includes deposits mobilized from Corporate branches.

##### (ii) Trading and sales

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

##### (iii) Retail banking

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

#### (b) Geographical segment

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

|  | Note | 2016<br>(Rupees in .000) | 2015<br>(Rupees in .000) |
|--|------|--------------------------|--------------------------|
| <b>6. CASH AND BALANCES WITH TREASURY BANKS</b>                                  |      |                          |                          |
| In hand  |      |                          |                          |
| Local currency   | 6.1  | 3,818,859                | 3,599,650                |
| Foreign currencies   |      | 976,734                  | 1,048,364                |
| In transit   |      |                          |                          |
| Local currency   |      | -                        | -                        |
| Foreign currency   |      | -                        | 91,544                   |
| With State Bank of Pakistan in   |      |                          |                          |
| Local currency current accounts  | 6.2  | 9,225,205                | 8,529,943                |
| Foreign currency current accounts  | 6.3  | 697,883                  | 534,809                  |
| Foreign currency deposit accounts against foreign<br>currency deposits mobilised | 6.4  | 2,000,422                | 1,530,053                |
| With National Bank of Pakistan in  |      |                          |                          |
| Local currency current accounts  |      | 1,559,737                | 1,384,065                |
|  |      | <u>18,278,840</u>        | <u>16,718,428</u>        |

- 6.1** This includes National Prize Bonds of Rs. 4.047 million (2015: Rs. 5.226 million).
- 6.2** The local currency current accounts are maintained with the State Bank of Pakistan (SBP) as per the requirements of Section 36 of the State Bank of Pakistan Act, 1956. This section requires banking companies to maintain a local currency cash reserve in current accounts opened with the SBP at a sum not less than such percentage of its time and demand liabilities as may be prescribed by the SBP.
- 6.3** This represents cash reserve account maintained with SBP at an amount equivalent to at least 5% of the Bank's foreign currency deposits mobilised under FE-25 scheme and carry Nil return (2015: Nil return).
- 6.4** These represent special cash reserve maintained with SBP at an amount equivalent to atleast 15% of the Bank's foreign currency deposits mobilised under FE-25 scheme and 6% special cash reserve requirement on FE-25 deposits maintained by Islamic banking branches. These carry Nil return (2015: Nil return).

|                                     | Note | 2016<br>(Rupees in ₨000) | 2015             |
|-------------------------------------|------|--------------------------|------------------|
| <b>7. BALANCES WITH OTHER BANKS</b> |      |                          |                  |
| In Pakistan                         |      |                          |                  |
| In current accounts                 |      | 32,110                   | 31,474           |
| In deposit accounts                 |      | 141,130                  | 182,555          |
| Outside Pakistan                    |      |                          |                  |
| In current accounts                 | 7.1  | 649,449                  | 1,420,515        |
|                                     |      | <u>822,689</u>           | <u>1,634,544</u> |

- 7.1** This includes Rs 636.305 million (2015: Rs 1,297.630 million) eligible for Automated Investment Plans. 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 | 2016<br>(Rupees in ₨000) | 2015             |
|--|------|--------------------------|------------------|
| <b>8. LENDINGS TO FINANCIAL AND OTHER INSTITUTIONS</b> |      |                          |                  |
| Call money lending                                     | 8.2  | 2,500,000                | 1,800,000        |
| Margin Trading System                                  |      | -                        | 69,557           |
| Letter of placement                                    | 8.3  | 300,000                  | 700,000          |
| Foreign currency placement                             | 8.4  | 1,045,985                | -                |
| Bai Muajjal  | 8.5  | 1,690,592                | 524,381          |
|  |      | <u>5,536,577</u>         | <u>3,093,938</u> |
| <b>8.1 Particulars of lendings</b>                     |      |                          |                  |
| In local currency                                      |      | 4,490,592                | 3,093,938        |
| In foreign currencies                                  |      | 1,045,985                | -                |
|  |      | <u>5,536,577</u>         | <u>3,093,938</u> |

- 8.2** This represents lending to a commercial bank which carries mark-up at the rate of 6.25% per annum (2015: 6.50%) and is due to mature on 03 January 2017.
- 8.3** This represents lending to a financial institution which carries mark-up at the rate of 6.30% per annum (2015: 7.00%) and is due to mature on 10 February 2017.
- 8.4** This represents lending to a overseas branch of a commercial bank which carries interest at the rate of 2.15% per annum (2015: Nil) and is due to mature on 22 May 2017.
- 8.5** These carry mark-up at rates ranging between 5.90% to 7.04% per annum (2015: 5.99% to 6.00%) and are due to mature latest by 20 March 2017.





## 9. INVESTMENTS - NET

### 9.1 Investments by types

| Note   | 2016         |                     |             | 2015         |                     |             |           |
|--|--------------|---------------------|-------------|--------------|---------------------|-------------|-----------|
|  | Held by bank | Given as collateral | Total       | Held by bank | Given as collateral | Total       |           |
| ----- (Rupees in ₨000) -----                                   |              |                     |             |              |                     |             |           |
| <b>Held-for-trading securities</b>                             |              |                     |             |              |                     |             |           |
| Fully paid-up ordinary shares                                  | -            | -                   | -           | 55,106       | -                   | 55,106      |           |
| Pakistan Investment Bonds                                      | -            | -                   | -           | 310,721      | -                   | 310,721     |           |
| Market Treasury Bills  | -            | -                   | -           | -            | -                   | -           |           |
| Government of Pakistan -Ijarah Sukuks                          | -            | -                   | -           | 400,000      | -                   | 400,000     |           |
| Term Finance Certificates                                      | -            | -                   | -           | 25,038       | -                   | 25,038      |           |
|  | -            | -                   | -           | 790,865      | -                   | 790,865     |           |
| <b>Available-for-sale securities</b>                           |              |                     |             |              |                     |             |           |
| Market Treasury Bills  | 37,857,303   | 6,304,140           | 44,161,443  | 37,466,249   | 609,762             | 38,076,011  |           |
| Pakistan Investment Bonds                                      | 41,508,591   | 20,537,270          | 62,045,861  | 35,983,103   | 22,914,274          | 58,897,377  |           |
| Government of Pakistan-<br>Ijarah Sukuks                       | 2,118,675    | -                   | 2,118,675   | 1,600,000    | -                   | 1,600,000   |           |
| Bai Muajjal with Government of Pakistan                        | -            | -                   | -           | 212,306      | -                   | 212,306     |           |
| Term Finance Certificates and Sukuks                           | 2,503,559    | -                   | 2,503,559   | 704,001      | -                   | 704,001     |           |
| Fully paid-up ordinary shares                                  | 2,988,906    | -                   | 2,988,906   | 2,471,373    | -                   | 2,471,373   |           |
| Units of mutual funds  | 200,000      | -                   | 200,000     | 321,383      | -                   | 321,383     |           |
|  | 87,177,034   | 26,841,410          | 114,018,444 | 78,758,415   | 23,524,036          | 102,282,451 |           |
| <b>Held-to-maturity securities</b>                             |              |                     |             |              |                     |             |           |
| Pakistan Investment Bonds                                      | 259,643      | -                   | 259,643     | 261,521      | -                   | 261,521     |           |
| Government of Pakistan<br>Ijarah Sukuks                        | -            | -                   | -           | 1,300,000    | -                   | 1,300,000   |           |
| Term Finance Certificates, Bonds<br>and Sukuks                 | 1,538,879    | -                   | 1,538,879   | 1,655,710    | -                   | 1,655,710   |           |
|  | 1,798,522    | -                   | 1,798,522   | 3,217,231    | -                   | 3,217,231   |           |
| Investments at cost  | 88,975,556   | 26,841,410          | 115,816,966 | 82,766,511   | 23,524,036          | 106,290,547 |           |
| Less: Provision for diminution<br>in the value of investments  | 9.3          | (114,284)           | -           | (114,284)    | (125,900)           | -           | (125,900) |
| Investments (net of provision)                                 | 88,861,272   | 26,841,410          | 115,702,682 | 82,640,611   | 23,524,036          | 106,164,647 |           |
| Net surplus on revaluation<br>of held-for-trading securities   | 9.13         | -                   | -           | 6,483        | -                   | 6,483       |           |
| Net surplus on revaluation<br>of available-for-sale securities | 21.2         | 2,109,200           | 72,078      | 2,181,278    | 1,998,687           | 676,296     | 2,674,983 |
| Total investments  | 90,970,472   | 26,913,488          | 117,883,960 | 84,645,781   | 24,200,332          | 108,846,113 |           |

|   | Note | 2016<br>(Rupees in ₨000) | 2015               |
|---|------|--------------------------|--------------------|
| <b>9.2 Investments by segments</b>  |      |                          |                    |
| <b>Federal Government Securities</b>  |      |                          |                    |
| - Market Treasury Bills   | 9.5  | 44,161,443               | 38,076,011         |
| - Pakistan Investment Bonds   | 9.5  | 62,305,504               | 59,469,619         |
| - Government of Pakistan Ijarah Sukuks  |      | 2,118,675                | 3,300,000          |
| - Government of Pakistan Bai Muajjal  |      | -                        | 212,306            |
|   |      | <u>108,585,622</u>       | <u>101,057,936</u> |
| <b>Fully paid-up ordinary shares of Rs. 10 each</b>   |      |                          |                    |
| <b>Listed companies</b>   |      |                          |                    |
| - Agritech Limited [851,560 (2015: 729,679) shares]   |      | 29,805                   | 25,539             |
| - Altern Energy Limited [2,100,000 (2015: 2,000,000) shares]  |      | 77,142                   | 73,316             |
| - Bank AL Habib Limited [2,000,000 (2015: 1,727,000) shares]  |      | 85,731                   | 72,756             |
| - Bank Alfalah Limited [4,000,000 (2015: 5,500,000) shares]   |      | 113,993                  | 157,072            |
| - D.G. Khan Cement Company Limited [Nil (2015: 1,000,000) shares]   |      | -                        | 136,818            |
| - Engro Corporation Limited [1,400,000 (2015: 1,370,000) shares]  |      | 420,426                  | 359,076            |
| - Engro Fertilizers Limited [3,649,500 (2015: 900,000) shares]  |      | 265,233                  | 83,786             |
| - Fauji Fertilizer Bin Qasim Limited [2,210,500 (2015: Nil) shares]   |      | 120,017                  | -                  |
| - Fauji Fertilizer Company Limited [Nil (2015: 200,000) shares]   |      | -                        | 24,670             |
| - Faysal Bank Limited [Nil (2015: 3,000,000) shares]  |      | -                        | 52,042             |
| - Habib Bank Limited [590,100 (2015: Nil) shares]   |      | 129,117                  | -                  |
| - Habib Metropolitan Bank Limited [Nil (2015: 3,500,000) shares]  |      | -                        | 104,990            |
| - Fatima Fertilizer Company Limited [5,000,000 (2015: Nil) shares]  |      | 160,180                  | -                  |
| - Dawood Lawrancepur Limited [257,500 (2015: Nil) shares]   |      | 48,971                   | -                  |
| - Allied Bank Limited [534,500 (2015: Nil) shares]  |      | 53,190                   | -                  |
| - NIB Bank Limited [2,758,000 (2015: Nil) shares]   |      | 4,615                    | -                  |
| - Lucky Cement Limited [Nil (2015: 260,000) shares]   |      | -                        | 144,006            |
| - MCB - Arif Habib Savings and Investments Limited [Nil (2015: 535,000) shares]   |      | -                        | 12,224             |
| - MCB Bank Limited [1,080,300 (2015: 780,000) shares]   |      | 250,219                  | 198,156            |
| - Nishat Chunian Limited [2,150,000 (2015: Nil) shares]   |      | 86,278                   | -                  |
| - Nishat Mills Limited [3,300,000 (2015: 3,000,000) shares]   |      | 361,864                  | 317,576            |
| - Oil and Gas Development Company Limited [2,300,000 (2015: 900,000) shares]  |      | 324,727                  | 129,089            |
| - Pakistan International Bulk Terminal Limited [1,000,000 (2015: Nil) shares]   |      | 32,800                   | -                  |
| - Pakistan Petroleum Limited [Nil (2015: 350,000) shares]   |      | -                        | 47,743             |
| - Pakistan State Oil Company Limited [1,100,000 (2015: 900,000) shares]   |      | 407,798                  | 320,023            |
| - Pakistan Telecommunication Company Limited [Nil (2015: 2,000,000) shares]   |      | -                        | 37,919             |
| - Tariq Glass Limited [Nil (2015: 600,500) shares]  |      | -                        | 43,256             |
| - United Bank Limited [Nil (2015: 1,025,000) shares]  |      | -                        | 169,622            |
|   |      | <u>2,988,906</u>         | <u>2,526,479</u>   |
| <b>Un-listed companies</b>  |      |                          |                    |
| - DHA Cogen Limited<br>[5,853,822 (2015: 5,853,822) shares]<br>(Chief Executive: Mr. Siraj ul Haq)  | 9.6  | -                        | -                  |
| - ISE Towers REIT Management Company Limited (formerly<br>Islamabad Stock Exchange Limited) [3,034,603 (2015: 3,034,603)<br>shares] (Chief Executive: Mian Ayyaz Afzal) | 9.7  | 11,100                   | 11,100             |
| - Pakistan Export Finance Guarantee Agency Limited<br>[569,958 (2015: 569,958) shares]<br>(Liquidator: Mr. Usman Khawaja)   | 9.8  | 5,700                    | 5,700              |
|   |      | <u>2,988,906</u>         | <u>2,526,479</u>   |
| <b>Term Finance Certificates, Debentures, Bonds and Participation Term Certificates</b>   |      |                          |                    |
| <b>Listed Term Finance Certificates of Rs. 5,000 each</b>   |      |                          |                    |
| - Azgard Nine Limited [10,000 (2015: 10,000) certificates]  |      | 16,269                   | 16,269             |
| Balance carried forward   |      | <u>111,590,797</u>       | <u>103,600,684</u> |



|   | Note | 2016<br>(Rupees in #000) | 2015        |
|---|------|--------------------------|-------------|
| Balance brought forward   |      | 111,590,797              | 103,600,684 |
| <b>Un-listed Term Finance Certificates of Rs. 5,000 each, unless otherwise specified</b>                      |      |                          |             |
| - Agritech Limited [1,488 (2015: 1,488) certificates]   |      | 7,440                    | 7,440       |
| - Askari Bank Limited 5th issue [Nil (2015: 5,000) certificates]  |      | -                        | 25,038      |
| - Azgard Nine Limited [2,150 (2015: 2,150) certificates]  |      | 10,750                   | 10,750      |
| - Bank Alfalah Limited- 4th issue [10,000 (2015: 10,000) certificates]  |      | 33,247                   | 49,880      |
| - Faysal Bank Limited - 2nd issue [15,000 (2015: 15,000) certificates]  |      | 37,425                   | 74,850      |
| - Habib Bank Limited [1,000 (2015: Nil) certificates]   |      | 99,988                   | -           |
| - JS Bank Limited [50,000 (2015: Nil) certificates]   |      | 450,000                  | -           |
| - Standard Chartered Bank (Pakistan) Limited 4th issue [40,000 (2015: 40,000) certificates]                   |      | 200,000                  | 200,000     |
| <b>Sukuk Certificates and Bonds of Rs. 5,000 each, unless otherwise specified</b>                             |      |                          |             |
| - Al Baraka Bank (Pakistan) Limited [175 (2015: 194) certificates of Rs 1,000,000 each]                       |      | 124,999                  | 166,286     |
| - Amreli Steels Limited [10,000 (2015: 10,000) units]   |      | -                        | 19,000      |
| - Eden Housing Limited [10,000 (2015: 10,000) certificates]   |      | 6,560                    | 6,560       |
| - Engro Fertilizers Limited [32,300 (2015: 32,300) certificates]  |      | 145,350                  | 153,425     |
| - K- Electric Limited (Al-Shirkah) [100,000 (2015: 124,686) certificates]                                     |      | 500,000                  | 623,430     |
| - K- Electric Limited [80,000 (2015: 80,000) certificates]  |      | 400,000                  | 400,000     |
| - Liberty Power Tech Limited [1,099,430 (2015: 1,099,430) certificates of Rs. 100 each]                       |      | 65,335                   | 76,032      |
| - Pak Elektron Limited [Nil (2015: 10,000) certificates]  |      | -                        | 10,714      |
| - Pakistan Mobile Communication Limited [100,000 (2015: 100,000) certificates]                                |      | 500,000                  | 500,000     |
| - Meezan Bank Limited [425 (2015: Nil) certificates of Rs. 1,000,000 each]                                    |      | 425,000                  | -           |
| - Nelum Jhelum Hydro Power Company (Pvt) Limited [9,750 (2015: Nil) certificates of Rs. 100,000 each]         |      | 975,000                  | -           |
| - Three Star Hosiery Mills (Private) Limited [5,100 (2015: 5,100) certificates]                               |      | 25,215                   | 25,215      |
| - Water and Power Development Authority (WAPDA) bonds [4,000 (2015: 4,000) certificates]                      | 9.9  | 19,860                   | 19,860      |
|   |      | 4,026,169                | 2,368,480   |
| <b>Units of Mutual Funds</b>  |      |                          |             |
| <b>Open-ended</b>   |      |                          |             |
| - NIT Islamic Equity Fund [9,756,098 (2015: 10,022,257) units] (Managed by National Investment Trust Limited) |      | 100,000                  | 100,223     |
| - NIT Income Fund [9,211,835 (2015: 9,211,835) units] (Managed by National Investment Trust Limited)          |      | 100,000                  | 100,000     |
| <b>Closed-end</b>   |      |                          |             |
| - PICIC Growth Fund [ Nil (2015: 7,500,000) certificates] (Managed by HBL Asset Management Company Limited)   |      | -                        | 121,160     |
|   |      | 200,000                  | 321,383     |
| <b>Total investments at cost</b>  |      | 115,816,966              | 106,290,547 |
| Less: Provision for diminution in the value of investments  | 9.3  | (114,284)                | (125,900)   |
|   |      | 115,702,682              | 106,164,647 |
| Surplus on revaluation of held-for-trading securities- net  |      | -                        | 6,483       |
| Surplus on revaluation of available-for-sale securities - net   | 21.2 | 2,181,278                | 2,674,983   |
|   |      | 117,883,960              | 108,846,113 |



|   | Note | 2016<br>(Rupees in ₨000) | 2015     |
|---|------|--------------------------|----------|
| <b>9.3 Particulars of provision for diminution in the value of investments</b>  |      |                          |          |
| Opening balance   |      | 125,900                  | 135,177  |
| Charge for the year   |      | 3,773                    | 1,438    |
| Reversals made during the year  |      | (10,714)                 | (10,715) |
|   |      | (6,941)                  | (9,277)  |
| Provision reversed on disposal  |      | (4,675)                  | -        |
| Closing balance   |      | 114,284                  | 125,900  |
| <b>9.3.1 Particulars of provision for diminution in the value of investments by type and segment</b>  |      |                          |          |
| <b>Available-for-sale securities</b>  |      |                          |          |
| <b>Listed companies</b>   |      |                          |          |
| - Fully paid up ordinary shares of Rs. 10 each  |      | 22,490                   | 23,392   |
| <b>Unlisted companies</b>   |      |                          |          |
| - Fully paid up ordinary shares of Rs. 10 each  |      |                          |          |
| - Pakistan Export Finance Guarantee Agency Limited  |      | 5,700                    | 5,700    |
| <b>Held-to-maturity securities</b>  |      |                          |          |
| <b>Term Finance Certificates of Rs 5,000 each</b>   |      |                          |          |
| - Agritech Limited  |      | 7,440                    | 7,440    |
| - Azgard Nine Limited   |      | 27,019                   | 27,019   |
| <b>Sukuk Certificates and Bonds of Rs 5,000 each</b>  |      |                          |          |
| - Eden Housing Limited  |      | 6,560                    | 6,560    |
| - Pak Elektron Limited  |      | -                        | 10,714   |
| - Three Stars Hosiery Mills (Private) Limited   |      | 25,215                   | 25,215   |
| - Water and Power Development Authority (WAPDA)   | 9.9  | 19,860                   | 19,860   |
|   |      | 114,284                  | 125,900  |
| <b>9.4</b> 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.   |      |                          |          |
| <b>9.5</b> Pakistan Investment Bonds include securities having book value of Rs. 30.700 million (2015: Rs. 30.700 million) pledged with the State Bank of Pakistan and National Bank of Pakistan to facilitate T. T. discounting facility for the branches of the Bank. Market Treasury Bills and Pakistan Investment Bonds are eligible for discounting with the State Bank of Pakistan.   |      |                          |          |
| <b>9.6</b> DHA Cogen Limited shares were received under the enforcement of a pledge of third party shares by the consortium banks. These shares were recorded at Nil value as the break-up value of these shares as per the available audited financial statements is Rs. (29.10).  |      |                          |          |
| <b>9.7</b> This denotes shares of ISE Towers REIT Management Company Limited, formerly Islamabad Stock Exchange Limited (ISEL), acquired in pursuance of corporatization and demutualization of ISEL as a public company limited by shares.   |      |                          |          |
| <b>9.8</b> This investment is fully provided and as per "shares subscription agreement", can only be sold to an existing investor.  |      |                          |          |
| <b>9.9</b> The Bank purchased 4,000 certificates (on 29 September 2009) of WAPDA through a market based transaction for a cash consideration of Rs. 19.8 million having a face value of Rs. 20 million. These certificates were available in the seller's CDC account and on completion of the transaction were transferred to the Bank's CDC account. A periodic Ijarah rental was due on 22 October 2009 which was not paid to the Bank on the plea that certain discrepancy in the Central Depository Register was the reason for non-payment.<br><br>The Bank through a legal notice clarified the position that it had purchased the aforesaid sukuk certificates from the market for a valuable consideration when these sukuks were already entered in the CDC's Register of seller's account. However, the Bank has made full provision against these certificates. The Bank has filed a recovery suit which is currently pending before the Honourable High Court of Sindh, Karachi. |      |                          |          |
| <b>9.10</b> During the year, the Bank transferred Rs. 1,300 million Government of Pakistan Ijarah Sukuks from 'held to maturity' to 'available for sale' category after obtaining the required internal and State Bank of Pakistan's approvals. Subsequently, out of total transferred amount of Rs. 1,300 million, sukuks amounting to Rs. 800 million have matured during the year.   |      |                          |          |



9.11 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                         | March 2017 to July 2017    | On maturity        | 5.77 to 6.21            | At maturity     |
| Pakistan Investment Bonds                     | July 2017 to January 2024  | On maturity        | 6.00 to 12.90           | Semi-annually   |
| Ijarah sukuks                                 | June 2017 to December 2018 | On maturity        | 3.98 to 5.45            | Semi-annually   |
| Term Finance Certificates (Refer Annexure IV) |                            |                    |                         |                 |
| Sukuk Bonds (Refer Annexure IV)               |                            |                    |                         |                 |

9.12 Quality of available-for-sale securities

| Securities (at market value)   | 2016               |                         | 2015               |                         |
|--|--------------------|-------------------------|--------------------|-------------------------|
|  | Amount             | Latest Available Rating | Amount             | Latest Available Rating |
|  | (Rupees in ₨000)   |                         | (Rupees in ₨000)   |                         |
| <b>Federal Government Securities</b>   |                    |                         |                    |                         |
| - Market Treasury Bills  | 44,147,931         | N / A                   | 38,144,282         | N / A                   |
| - Pakistan Investment Bonds  | 63,679,488         | N / A                   | 61,550,414         | N / A                   |
| - Ijarah sukuks  | 2,139,500          | N / A                   | 1,618,080          | N / A                   |
| <b>Fully paid up ordinary shares of Rs. 10 each</b>                                      |                    |                         |                    |                         |
| <b>Listed companies</b>  |                    |                         |                    |                         |
| - Agritech Limited   | 10,798             | D                       | 6,822              | D                       |
| - Allied Bank Limited  | 63,718             | AA(L) A1+(S)            | -                  | N / A                   |
| - Altern Energy Limited  | 86,625             | N / A                   | 65,000             | N / A                   |
| - Bank AL Habib Limited  | 117,980            | AA+(L) A1+(S)           | 71,844             | AA+(L) A1+(S)           |
| - Bank Alfalah Limited   | 151,840            | AA(L) A1+(S)            | 158,510            | AA(L) A1+(S)            |
| - D.G.Khan Cement Company Limited  | -                  | -                       | 147,590            | N / A                   |
| - Dawood Lawrancepur Limited   | 65,148             | N / A                   | -                  | N / A                   |
| - Engro Corporation Limited  | 442,526            | AA(L) A1+(S)            | 335,268            | AA(L) A1+(S)            |
| - Engro Fertilizers Limited  | 248,093            | AA-(L) A1+(S)           | 75,717             | AA-(L) A1+(S)           |
| - Fatima Fertilizer Company Limited  | 184,450            | AA-(L) A1+(S)           | -                  | -                       |
| - Fauji Fertilizer Bin Qasim Limited   | 113,200            | AA(L) A1+(S)            | -                  | -                       |
| - Fauji Fertilizer Company Limited   | -                  | -                       | 23,596             | N / A                   |
| - Faysal Bank Limited  | -                  | -                       | 46,290             | AA(L) A1+(S)            |
| - Habib Bank Limited   | 161,245            | AAA(L) A1+(S)           | -                  | -                       |
| - Habib Metropolitan Bank Limited  | -                  | -                       | 106,645            | AA+(L) A1+(S)           |
| - Lucky Cement Limited   | -                  | -                       | 128,710            | N / A                   |
| - MCB Bank Limited   | 256,917            | AAA(L) A1+(S)           | 162,638            | AAA(L) A1+(S)           |
| - MCB-Arif Habib Savings and Investments Limited   | -                  | -                       | 16,211             | AM2+                    |
| - NIB Bank Limited   | 4,992              | AA-(L) A1+(S)           | -                  | -                       |
| - Nishat Chunian Limited   | 134,224            | N / A                   | -                  | -                       |
| - Nishat Mills Limited   | 502,490            | AA(L) A1+(S)            | 284,610            | AA(L) A1+(S)            |
| - Oil and Gas Development Company Limited  | 380,305            | AAA(L) A1+(S)           | 105,606            | AAA(L) A1+(S)           |
| - Pakistan International Bulk Terminal Limited   | 32,990             | N / A                   | -                  | -                       |
| - Pakistan Petroleum Limited   | -                  | -                       | 42,634             | N / A                   |
| - Pakistan State Oil Company Limited   | 477,631            | AA(L) A1+(S)            | 293,193            | AA(L) A1+(S)            |
| - Pakistan Telecommunication Company Limited   | -                  | -                       | 32,980             | N / A                   |
| - Tariq Glass Limited  | -                  | -                       | 41,945             | N / A                   |
| - United Bank Limited  | -                  | -                       | 158,824            | AA+(L) A1+(S)           |
| <b>Un-listed companies - at cost</b>   |                    |                         |                    |                         |
| - ISE Towers REIT Management Company Limited (formerly Islamabad Stock Exchange Limited) | 11,100             | N / A                   | 11,100             | N / A                   |
| - Pakistan Export Finance Guarantee Agency Limited                                       | 5,700              | N / A                   | 5,700              | N / A                   |
| <b>Units of mutual funds</b>   |                    |                         |                    |                         |
| <b>Open-ended</b>  |                    |                         |                    |                         |
| - NIT Islamic Equity Fund  | 125,171            | N / A                   | 98,920             | N / A                   |
| - NIT Income Fund  | 96,987             | A+(f)                   | 99,095             | A+(f)                   |
| <b>Balance carried forward</b>   | <b>113,641,049</b> |                         | <b>103,832,224</b> |                         |

| Securities (at market value)                   | 2016               |                         | 2015               |                         |
|--|--------------------|-------------------------|--------------------|-------------------------|
|  | Amount             | Latest Available Rating | Amount             | Latest Available Rating |
|  | (Rupees in ₨000)   |                         | (Rupees in ₨000)   |                         |
| Balance brought forward                        | 113,641,049        |                         | 103,832,224        |                         |
| <b>Closed-end</b>                              |                    |                         |                    |                         |
| - PICIC Growth Fund                            | -                  | -                       | 168,975            | MFR 3-Star              |
| <b>Term Finance Certificates</b>               |                    |                         |                    |                         |
| - Habib Bank Limited                           | 100,230            | AAA                     | -                  | -                       |
| - JS Bank Limited                              | 450,000            | A+                      | -                  | -                       |
| <b>Sukuk certificates</b>                      |                    |                         |                    |                         |
| - Al Baraka Bank (Pakistan) Limited            | 52,978             | A                       | 79,963             | AA-1                    |
| - K-Electric Limited                           | 515,337            | AA                      | 640,574            | AA                      |
| - Meezan Bank Limited                          | 442,638            | AA-                     | -                  | -                       |
| - Nelum Jhelum Hydro Power Company (Pvt.) Ltd. | 975,000            | AAA                     | -                  | -                       |
| <b>Total</b>                                   | <b>116,177,232</b> |                         | <b>104,721,736</b> |                         |

L represents "long-term rating"  
S represents "short-term rating"  
N/A represents "Not Available"

|   | Note   | 2016             | 2015        |
|---|--------|------------------|-------------|
|   |        | (Rupees in ₨000) |             |
| <b>9.13 Unrealised gain / (loss) on revaluation of investments classified as held for trading</b> |        |                  |             |
| Ordinary shares of listed companies   |        | -                | (1,105)     |
| Term Finance Certificates   |        | -                | (103)       |
| Government of Pakistan - ijarah Sukuks  |        | -                | 4,520       |
| Pakistan Investment Bonds   |        | -                | 3,171       |
|   |        | -                | 6,483       |
| <b>10. ADVANCES - NET</b>   |        |                  |             |
| Loans, cash credits, running finances, etc.<br>In Pakistan  |        | 124,932,351      | 111,921,349 |
| Bills discounted and purchased (excluding treasury bills)   |        |                  |             |
| Payable in Pakistan   |        | 1,631,223        | 3,761,206   |
| Payable outside Pakistan  |        | 4,912,059        | 3,438,619   |
|   |        | 6,543,282        | 7,199,825   |
| Assets held under Ijarah (IFAS-2)   | 10.2   | 268,841          | 229,923     |
| Advance against Islamic financings  | 10.3   | 2,008,562        | 1,265,863   |
| Advances - gross  |        | 133,753,036      | 120,616,960 |
| Provision against non-performing advances - specific  | 10.4.1 | (8,395,931)      | (8,568,984) |
| Provision against consumer and small enterprise loans - general                                   | 10.4.1 | (51,340)         | (46,224)    |
|   |        | (8,447,271)      | (8,615,208) |
| Advances - net of provision   |        | 125,305,765      | 112,001,752 |
| <b>10.1 Particulars of advances (gross)</b>   |        |                  |             |
| <b>10.1.1</b> In local currency   |        | 126,123,910      | 115,173,189 |
| In foreign currencies   |        | 7,629,126        | 5,443,771   |
|   |        | 133,753,036      | 120,616,960 |
| <b>10.1.2</b> Short-term (upto one year)  |        | 102,618,230      | 94,001,203  |
| Long-term (over one year)   |        | 31,134,806       | 26,615,757  |
|   |        | 133,753,036      | 120,616,960 |



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

|                     | 2016               |                                      |                     |                          |   |                     |   | Rate of depreciation % |
|---------------------|--------------------|--------------------------------------|---------------------|--------------------------|---|---------------------|---|------------------------|
|                     | Cost               |                                      |                     | Accumulated Depreciation |   |                     | Net investment in Ijarah as at 31 December 2016 |                        |
|                     | At 01 January 2016 | Additions/ (Deletions)/ (Adjustment) | At 31 December 2016 | At 01 January 2016       | Charge for the year/(depreciation on deletions)/ (Adjustment) | At 31 December 2016 |   |                        |
| (Rupees in .000)    |                    |                                      |                     |                          |   |                     |   |                        |
| Motor vehicles      | 231,270            | 119,229<br>(43,150)<br>(15,128)      | 292,221             | 82,367                   | 49,995<br>(25,632)<br>(27,241)                                | 79,489              | 212,732   | 20 to 100              |
| Plant and machinery | 302,681            | 24,961<br>(113,809)<br>(42,158)      | 171,675             | 221,661                  | 47,974<br>(102,428)<br>(51,641)                               | 115,566             | 56,109  | 20 to 33.33            |
|                     | 533,951            | 144,190<br>(156,959)<br>(57,286)     | 463,896             | 304,028                  | 97,969<br>(128,060)<br>(78,882)                               | 195,055             | 268,841   |                        |

|                     | 2015               |                        |                     |                          |   |                     |   | Rate of depreciation % |
|---------------------|--------------------|------------------------|---------------------|--------------------------|---|---------------------|---|------------------------|
|                     | Cost               |                        |                     | Accumulated Depreciation |   |                     | Net investment in Ijarah as at 31 December 2015 |                        |
|                     | At 01 January 2015 | Additions/ (Deletions) | At 31 December 2015 | At 01 January 2015       | Charge for the year/(depreciation on deletions) | At 31 December 2015 |   |                        |
| (Rupees in .000)    |                    |                        |                     |                          |   |                     |   |                        |
| Motor vehicles      | 178,733            | 94,120<br>(41,583)     | 231,270             | 102,587                  | 20,339<br>(40,559)                              | 82,367              | 148,903   | 20 to 50               |
| Plant and machinery | 287,640            | 15,526<br>(485)        | 302,681             | 160,943                  | 61,203<br>(485)                                 | 221,661             | 81,020  | 20 to 33.33            |
|                     | 466,373            | 109,646<br>(42,068)    | 533,951             | 263,530                  | 81,542<br>(41,044)                              | 304,028             | 229,923   |                        |

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

|  | 2016<br>(Rupees in .000) | 2015<br>(Rupees in .000) |
|--|--------------------------|--------------------------|
| Not later than one year*                           | 88,183                   | 250,816                  |
| Later than one year but not later than five years* | 111,916                  | 30,313                   |
|  | <u>200,099</u>           | <u>281,129</u>           |

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

## 10.3 Advance against Islamic financings

|                       |                  |                  |
|-----------------------|------------------|------------------|
| Car Ijarah            | 57,543           | 28,044           |
| Diminishing musharaka | 1,008,948        | 791,322          |
| Machine Ijarah        | -                | 23,122           |
| Murabaha              | 580,556          | 89,108           |
| Salam                 | 361,515          | 334,267          |
|                       | <u>2,008,562</u> | <u>1,265,863</u> |

**10.4** Advances include Rs. 10,419.420 million (2015: Rs. 11,584.107 million) which have been placed under non-performing status as detailed below:

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

| Category of Classification | 2015                |          |                   |                    |          |                  |                  |          |                  |
|----------------------------|---------------------|----------|-------------------|--------------------|----------|------------------|------------------|----------|------------------|
|                            | Classified Advances |          |                   | Provision Required |          |                  | Provision Held   |          |                  |
|                            | Domestic            | Overseas | Total             | Domestic           | Overseas | Total            | Domestic         | Overseas | Total            |
|                            | (Rupees in ₨000)    |          |                   |                    |          |                  |                  |          |                  |
| Other Assets               |                     |          |                   |                    |          |                  |                  |          |                  |
| Especially Mentioned*      | 48,738              | -        | 48,738            | 1,545              | -        | 1,545            | 1,545            | -        | 1,545            |
| Substandard                | 1,368,932           | -        | 1,368,932         | 223,235            | -        | 223,235          | 223,235          | -        | 223,235          |
| Doubtful                   | 796,814             | -        | 796,814           | 368,966            | -        | 368,966          | 368,966          | -        | 368,966          |
| Loss                       | 9,369,623           | -        | 9,369,623         | 7,975,238          | -        | 7,975,238        | 7,975,238        | -        | 7,975,238        |
|                            | <u>11,584,107</u>   | <u>-</u> | <u>11,584,107</u> | <u>8,568,984</u>   | <u>-</u> | <u>8,568,984</u> | <u>8,568,984</u> | <u>-</u> | <u>8,568,984</u> |

\* The 'Other Assets Especially Mentioned' category pertains to agricultural finance, consumer and small enterprises amounting to Rs 50.356 million (2015: Rs 33.191 million), Rs NIL (2015: Rs. 0.087 million) and Rs 18.582 million (2015: Rs 15.460 million) respectively.

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

| Note                | 2016             |               |                   |                  | 2015             |               |                   |                  |
|---------------------|------------------|---------------|-------------------|------------------|------------------|---------------|-------------------|------------------|
|                     | Specific         | General       |                   | Total            | Specific         | General       |                   | Total            |
|                     |                  | Consumer      | Small Enterprises |                  |                  | Consumer      | Small Enterprises |                  |
|                     | (Rupees in ₨000) |               |                   |                  |                  |               |                   |                  |
| Opening balance     | 8,568,984        | 27,224        | 19,000            | 8,615,208        | 7,610,972        | 15,558        | 19,000            | 7,645,530        |
| Charge for the year | 1,352,429        | 2,116         | 3,000             | 1,357,545        | 1,814,735        | 11,666        | -                 | 1,826,401        |
| Reversals           | (1,326,473)      | -             | -                 | (1,326,473)      | (791,799)        | -             | -                 | (791,799)        |
|                     | 25,956           | 2,116         | 3,000             | 31,072           | 1,022,936        | 11,666        | -                 | 1,034,602        |
| Transfers           | 5,852            | -             | -                 | 5,852            | -                | -             | -                 | -                |
| Amount written off  | (204,861)        | -             | -                 | (204,861)        | (64,924)         | -             | -                 | (64,924)         |
| Closing balance     | <u>8,395,931</u> | <u>29,340</u> | <u>22,000</u>     | <u>8,447,271</u> | <u>8,568,984</u> | <u>27,224</u> | <u>19,000</u>     | <u>8,615,208</u> |

**10.4.1.1** The SBP vide circular 10 of 2016 has revised the Prudential Regulations for consumer financing. In the revised Regulations, SBP has specified that general provision against consumer financing should be maintained at varying percentages based on the non-performing loan ratio present in the portfolio. These percentages range from 1% to 2.5% for secured and 4% to 7% for unsecured portfolio. Previously, the Regulations required provision to be maintained at 1.5% for secured portfolio and 5% for unsecured portfolio. As a consequence of the above change, the Bank's general provisioning requirement against consumer portfolio has reduced by Rs 10.071 million.

**10.4.1.2** The Bank has maintained general provision against housing finance portfolio @ 0.50% of the performing portfolio and 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 the State Bank of Pakistan.



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

|                       | 2016                         |               |                   |                  | 2015             |               |                   |                  |
|-----------------------|------------------------------|---------------|-------------------|------------------|------------------|---------------|-------------------|------------------|
|                       | Specific                     | General       |                   | Total            | Specific         | General       |                   | Total            |
|                       |                              | Consumer      | Small Enterprises |                  |                  | Consumer      | Small Enterprises |                  |
|                       | ----- (Rupees in .000) ----- |               |                   |                  |                  |               |                   |                  |
| In local currency     | 7,946,650                    | 29,340        | 22,000            | 7,997,990        | 8,119,093        | 27,224        | 19,000            | 8,165,317        |
| In foreign currencies | 449,281                      | -             | -                 | 449,281          | 449,891          | -             | -                 | 449,891          |
|                       | <u>8,395,931</u>             | <u>29,340</u> | <u>22,000</u>     | <u>8,447,271</u> | <u>8,568,984</u> | <u>27,224</u> | <u>19,000</u>     | <u>8,615,208</u> |

- 10.5** 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 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.1,102.633 million (2015: Rs. 1,496.433 million). The additional profit arising from availing this benefit - net of the tax amounts to Rs. 716.711 million (2015: 972.681 million). This profit is not available for distribution either as cash or stock dividend to shareholders and bonus to employees.
- 10.6** The SBP has granted relaxation in provisioning requirements in respect of exposures in Dewan Mushtaq Group (DMG). Had this relaxation not been available, provision against loans and advances would have been higher by Rs 44.930 million (2015: Rs 44.930 million).
- 10.7** Although the Bank has made provision against its non-performing portfolio as per the category of classification of the loans, however, the Bank still holds enforceable collateral realisable through litigation. These securities comprise of charge against various tangible assets of the borrower including land, building and machinery, stock in trade, etc.

|   | Note     | 2016<br>(Rupees in .000) | 2015<br>(Rupees in .000) |
|---|----------|--------------------------|--------------------------|
| <b>10.8 Particulars of write offs:</b>                |          |                          |                          |
| <b>10.8.1</b> Against provisions                      | 10.4.1   | 204,861                  | 64,924                   |
| Directly charged to the profit and loss account - net |          | 276                      | 3,916                    |
|   |          | <u>205,137</u>           | <u>68,840</u>            |
| <b>10.8.2</b> Write offs of Rs. 500,000 and above     | 10.8.2.1 | 204,683                  | 68,361                   |
| Write offs of below Rs. 500,000                       |          | 454                      | 479                      |
|   |          | <u>205,137</u>           | <u>68,840</u>            |

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

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962 the statement in respect of written-off loans or any other financial relief of five hundred thousand rupees or above allowed to a person(s) during the year ended 31 December 2016 is given in Annexure - I. However, this write off does not affect the Bank's right to recover the outstanding debts from these customers.

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

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

|                                  | 2016<br>(Rupees in .000) | 2015<br>(Rupees in .000) |
|----------------------------------|--------------------------|--------------------------|
| Balance at beginning of the year | 2,783,602                | 2,132,902                |
| Loans granted during the year    | 1,267,149                | 1,236,538                |
| Repayments                       | (867,748)                | (585,838)                |
| Balance at end of the year       | <u>3,183,003</u>         | <u>2,783,602</u>         |

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

|                                   | Note | 2016<br>(Rupees in ₹000) | 2015             |
|-----------------------------------|------|--------------------------|------------------|
| <b>11. OPERATING FIXED ASSETS</b> |      |                          |                  |
| Property and equipment            | 11.1 | 4,678,852                | 4,803,699        |
| Intangible assets                 | 11.2 | 202,303                  | 72,651           |
| Capital work-in-progress          | 11.3 | 257,269                  | 80,382           |
|                                   |      | <u>5,138,424</u>         | <u>4,956,732</u> |

**11.1 Property and equipments**

|   | 2016               |   |             |                  | 2016                     |   |                  |                  |              |
|---|--------------------|---|-------------|------------------|--------------------------|---|------------------|------------------|--------------|
|   | COST / REVALUATION |   |             | At               | ACCUMULATED DEPRECIATION |   |                  |                  |              |
|   | At                 | Additions /                                       | Revaluation | At               | At                       | Charge  | At               | Book value at    | Rate of      |
|   | 01 January         | (deletions)                                       | surplus     | 31 December      | 01 January               | for the year /                                    | 31 December      | 31 December      | depreciation |
|   | 2016               | adjustments*                                      |             | 2016             | 2016                     | (depreciation                                     | 2016             | 2016             | %            |
|   |                    |   |             |                  |                          | on deletions) /                                   |                  |                  |              |
|   |                    |   |             |                  |                          | adjustments*                                      |                  |                  |              |
|   | (Rupees in ₹000)   |   |             |                  |                          |   |                  |                  |              |
| Freehold land                             | 923,215            | 12,840  | -           | 936,055          | -                        | -   | -                | 936,055          | -            |
| Leasehold land                            | 186,967            | -   | -           | 186,967          | -                        | -   | -                | 186,967          | -            |
| Building on freehold land                 | 138,136            | 160   | -           | 138,296          | 28,632                   | 9,547   | 38,179           | 100,117          | 5 - 9        |
| Building on leasehold land                | 2,968,500          | 13,290<br>(239,504)                               | -           | 2,742,286        | 1,071,811                | 205,355<br>(101,299)                              | 1,175,867        | 1,566,419        | 5 - 13       |
| Leasehold improvements                    | 1,031,999          | 221,999<br>(22,476)                               | -           | 1,231,522        | 193,194                  | 56,327<br>(7,098)                                 | 242,423          | 989,099          | 5            |
| Furniture and fixtures                    | 385,965            | 47,240<br>(5,972)                                 | -           | 427,233          | 183,051                  | 35,480<br>(4,707)                                 | 213,824          | 213,409          | 10           |
| Electrical, office and computer equipment | 2,336,813          | 267,682<br>(311,460)<br>497*                      | -           | 2,293,532        | 1,779,687                | 230,147<br>(308,980)<br>497*                      | 1,701,351        | 592,181          | 20           |
| Vehicles                                  | 230,160            | 44,970<br>(17,469)                                | -           | 257,661          | 141,681                  | 38,844<br>(17,469)                                | 163,056          | 94,605           | 20           |
|   | <u>8,201,755</u>   | <u>608,181</u><br><u>(596,881)</u><br><u>497*</u> | <u>-</u>    | <u>8,213,552</u> | <u>3,398,056</u>         | <u>575,700</u><br><u>(439,553)</u><br><u>497*</u> | <u>3,534,700</u> | <u>4,678,852</u> |              |





|  | 2015                     |  |                        |                           | 2015                     |  |                           |                                      |                              |
|--|--------------------------|--|------------------------|---------------------------|--------------------------|--|---------------------------|--------------------------------------|------------------------------|
|  | COST / REVALUATION       |  |                        | At<br>31 December<br>2015 | ACCUMULATED DEPRECIATION |  |                           |                                      | Rate of<br>depreciation<br>% |
|  | At<br>01 January<br>2015 | Additions /<br>(deletions)<br>adjustments* | Revaluation<br>surplus |                           | At<br>01 January<br>2015 | Charge<br>for the year /<br>(depreciation<br>on deletions) /<br>adjustments* | At<br>31 December<br>2015 | Book value at<br>31 December<br>2015 |                              |
|  | (Rupees in ₹,000)        |  |                        |                           |                          |  |                           |                                      |                              |
| Freehold land                                | 927,571                  | 1,000<br>(5,356)                           | -                      | 923,215                   | -                        | -  | -                         | 923,215                              | -                            |
| Leasehold land                               | 185,366                  | 1,601                                      | -                      | 186,967                   | -                        | -  | -                         | 186,967                              |                              |
| Building on freehold land                    | 140,035                  | 1,677<br>(3,576)*                          | -                      | 138,136                   | 21,215                   | 9,151<br>(1,734)   | 28,632                    | 109,504                              | 5 - 9                        |
| Building on leasehold land                   | 2,966,576                | 15,003<br>(13,079)                         | -                      | 2,968,500                 | 864,039                  | 212,280<br>(4,508)   | 1,071,811                 | 1,896,689                            | 5 - 13                       |
| Leasehold improvements                       | 941,752                  | 130,561<br>(40,314)                        | -                      | 1,031,999                 | 160,741                  | 48,233<br>(15,780)   | 193,194                   | 838,805                              | 5                            |
| Furniture and fixtures                       | 359,241                  | 28,939<br>(2,215)                          | -                      | 385,965                   | 152,565                  | 32,059<br>(1,573)  | 183,051                   | 202,914                              | 10                           |
| Electrical, office and<br>computer equipment | 2,115,349                | 295,374<br>(69,682)<br>(4,228)*            | -                      | 2,336,813                 | 1,603,758                | 245,321<br>(67,209)<br>(2,183)*  | 1,779,687                 | 557,126                              | 20                           |
| Vehicles                                     | 203,769                  | 37,125<br>(10,734)                         | -                      | 230,160                   | 114,764                  | 36,990<br>(10,073)   | 141,681                   | 88,479                               | 20                           |
|  | 7,839,659                | 511,280<br>(144,956)<br>(4,228)*           | -                      | 8,201,755                 | 2,917,082                | 584,034<br>(100,877)<br>(2,183)*   | 3,398,056                 | 4,803,699                            |                              |

\* These represent reclassification adjustments.

**11.1.1** The cost of fully depreciated property and equipment still in use amounts to Rs. 1,651.181 million (2015: Rs. 1,555.060 million).

**11.1.2** 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 was determined at Rs. 1,112.937 million and buildings on freehold / leasehold land was determined at Rs. 2,221.357 million.

Had there been no revaluation, the carrying amount of freehold / leasehold land and buildings on freehold / leasehold land as at 31 December 2016 would have been Rs. 1,012.706 million and Rs. 407.942 million respectively (2015: Rs. 999.866 and Rs. 454.337 million respectively).

**11.1.3** Details of disposals / deletion of property and equipment to executives and other persons with original cost or book value in excess of Rs. 1 million or Rs. 250,000 respectively (whichever is less) are given in Annexure - III which is an integral part of these financial statements.



## 11.2 Intangible assets

|           | 2016               |                                      |                     |                          |   |                     |                                    | Annual rate of amortisation % |
|-----------|--------------------|--------------------------------------|---------------------|--------------------------|---|---------------------|------------------------------------|-------------------------------|
|           | Cost               |                                      |                     | Accumulated Amortization |   |                     | Net Book value at 31 December 2016 |                               |
|           | At 01 January 2016 | Additions/ (deletions)/ adjustments* | At 31 December 2016 | At 01 January 2016       | Charge for the year/ (amortisation on deletion)/ adjustments* | At 31 December 2016 |                                    |                               |
|           | (Rupees in ₨000)   |                                      |                     |                          |   |                     |                                    |                               |
| Software  | 454,291            | 217,456<br>-<br>(497)*               | 671,250             | 382,105                  | 88,811<br>-<br>(497)*   | 470,419             | 200,831                            | 33.33                         |
| Trademark | 4,208              | 1,578                                | 5,786               | 3,743                    | 571   | 4,314               | 1,472                              | 33.33                         |
|           | 458,499            | 219,034<br>-<br>(497)*               | 677,036             | 385,848                  | 89,382<br>-<br>(497)*   | 474,733             | 202,303                            |                               |

|           | 2015               |                                      |                     |                          |   |                     |                                    | Annual rate of amortisation % |
|-----------|--------------------|--------------------------------------|---------------------|--------------------------|---|---------------------|------------------------------------|-------------------------------|
|           | Cost               |                                      |                     | Accumulated Amortization |   |                     | Net Book value at 31 December 2015 |                               |
|           | At 01 January 2015 | Additions/ (deletions)/ adjustments* | At 31 December 2015 | At 01 January 2015       | Charge for the year/ (amortisation on deletion)/ adjustments* | At 31 December 2015 |                                    |                               |
|           | (Rupees in ₨000)   |                                      |                     |                          |   |                     |                                    |                               |
| Software  | 402,472            | 49,141<br>(1,550)<br>4,228*          | 454,291             | 342,335                  | 37,875<br>(288)<br>2,183*                                     | 382,105             | 72,186                             | 33.33                         |
| Trademark | 4,180              | 28                                   | 4,208               | 3,296                    | 447   | 3,743               | 465                                | 33.33                         |
|           | 406,652            | 49,169<br>(1,550)<br>4,228*          | 458,499             | 345,631                  | 38,322<br>(288)<br>2,183*                                     | 385,848             | 72,651                             |                               |

\* These represent reclassification adjustments.

**11.2.1** The additions mainly represent Microsoft license fee in respect of various softwares amounting to Rs. 150.768 million (2015: Rs. 49.141 million).

|   | Note        | 2016<br>(Rupees in ₨000) | 2015             |
|---|-------------|--------------------------|------------------|
| <b>11.3 Capital work-in-progress</b>                      |             |                          |                  |
| Civil works   |             | 44,885                   | 45,574           |
| Advances to suppliers and contractors                     |             | 210,421                  | 31,262           |
| Consultant's fee and other charges                        |             | 1,963                    | 3,546            |
|   |             | <u>257,269</u>           | <u>80,382</u>    |
| <b>12. OTHER ASSETS</b>                                   |             |                          |                  |
| Income / mark-up accrued in local currency                |             | 3,499,946                | 4,726,676        |
| Income / mark-up accrued in foreign currency              |             | 10,077                   | 5,768            |
| Dividend receivable                                       |             | 14,650                   | 16,350           |
| Advances, deposits and prepayments                        |             | 353,124                  | 340,152          |
| Advance taxation (provisions less payments)               |             | 1,095,725                | 524,509          |
| Cash margin against margin trading                        |             | -                        | 5,500            |
| Non-banking assets acquired in satisfaction of claim      | 12.3        | -                        | 17,400           |
| Stationery and stamps in hand                             |             | 33,650                   | 29,330           |
| Due from the State Bank of Pakistan                       |             | 53,250                   | 61,493           |
| Advance against subscription of Term Finance Certificates |             | 253,000                  | 250,000          |
| Others  | 12.2        | 397,106                  | 270,970          |
|   |             | <u>5,710,528</u>         | <u>6,248,148</u> |
| Less: Provision held against other assets                 | 12.1 & 12.2 | (156,077)                | (157,826)        |
| Other assets (net of provision)                           |             | <u>5,554,451</u>         | <u>6,090,322</u> |

|  | 2016<br>(Rupees in ₨000) | 2015<br>(Rupees in ₨000) |
|--|--------------------------|--------------------------|
| <b>12.1 Provision against other assets</b>   |                          |                          |
| Opening balance  | 157,826                  | 157,760                  |
| Charge for the year  | 30                       | 66                       |
| Reversal   | -                        | -                        |
|  | 30                       | 66                       |
| Transfer   | (248)                    | -                        |
| Write-offs   | (1,531)                  | -                        |
| Closing balance  | <u>156,077</u>           | <u>157,826</u>           |
| <b>12.2</b>  |                          |                          |
| This includes an amount of Rs.143.443 million (2015: Rs.143.443 million) in respect of fraud and forgery claims relating to cash embezzlement made in the Bank. The Bank has initiated legal proceedings against the alleged and has also taken necessary steps to further strengthen its internal control system. |                          |                          |
|  | 2016<br>(Rupees in ₨000) | 2015<br>(Rupees in ₨000) |
| <b>12.3</b>  |                          |                          |
| Book value / market value of non-banking asset acquired in satisfaction of claim   | <u>-</u>                 | <u>17,400</u>            |
| The non-banking asset was disposed of during the year.   |                          |                          |
| <b>13. CONTINGENT ASSETS</b>   |                          |                          |
| There were no contingent assets as at the balance sheet date.  |                          |                          |
| <b>14. BILLS PAYABLE</b>   |                          |                          |
| In Pakistan  | 3,254,243                | 2,706,274                |
| Outside Pakistan   | -                        | -                        |
|  | <u>3,254,243</u>         | <u>2,706,274</u>         |
| <b>15. BORROWINGS</b>  |                          |                          |
| In Pakistan  | 36,256,914               | 37,320,678               |
| Outside Pakistan   | 2,648,164                | 2,554,945                |
|  | <u>38,905,078</u>        | <u>39,875,623</u>        |
| <b>15.1 Particulars of borrowings with respect to currencies</b>   |                          |                          |
| In local currency  | 36,256,914               | 37,320,678               |
| In foreign currencies  | 2,648,164                | 2,554,945                |
|  | <u>38,905,078</u>        | <u>39,875,623</u>        |



|   | Note   | 2016<br>(Rupees in ₨000) | 2015       |
|---|--------|--------------------------|------------|
| <b>15.2 Details of borrowings secured / unsecured</b> |        |                          |            |
| <b>Secured</b>  |        |                          |            |
| Borrowings from the State Bank of Pakistan            |        |                          |            |
| Under Export Refinance Scheme                         | 15.2.1 | 8,139,378                | 8,582,028  |
| Long term Financing Facility for plant and machinery  | 15.2.2 | 880,459                  | 985,892    |
| Long term Finance - export oriented projects          | 15.2.3 | -                        | 602        |
| Modernisation of SME-Rice Husking                     | 15.2.4 | 17,200                   | 22,800     |
| Financing facility for storage of agriculture produce | 15.2.5 | 11,250                   | 27,472     |
| Repurchase agreement borrowings                       | 15.2.6 | 20,561,740               | 23,591,859 |
| Repurchase agreement borrowings - other banks         | 15.2.7 | 6,299,081                | 610,025    |
| Borrowings from other financial institutions          | 15.2.8 | 2,510,364                | 2,548,759  |
|   |        | 38,419,472               | 36,369,437 |
| <b>Unsecured</b>                                      |        |                          |            |
| Call borrowings                                       | 15.2.9 | 347,806                  | 3,500,000  |
| Overdrawn nostro accounts                             |        | 137,800                  | 6,186      |
|   |        | 485,606                  | 3,506,186  |
|   |        | 38,905,078               | 39,875,623 |

**15.2.1** The Bank has entered into an agreement with the State Bank of Pakistan (SBP) for extending Export Finance to its customers. Borrowings under the Export Refinance Scheme of SBP carry interest at rates ranging from 1.00% to 2.50% per annum (2015: 2.50% to 3.50%). These are secured against demand promissory notes and are due to mature latest by 28 June 2017.

**15.2.2** These represent borrowings from the SBP under scheme for Long-term Financing Facility at rates ranging from 4.50% to 9.70% per annum (2015: 3.00% to 9.70%), and have varying long term maturities due by 10 September 2025. Under the agreement, SBP has a right to recover the outstanding amount from the Bank at the respective maturity date of each finance by directly debiting the current account of the Bank maintained with SBP.

**15.2.3** These borrowings are 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** These represent borrowings from the SBP under the scheme for Modernisation of SME Rice Husking Mills in Sindh at the rate ranging from 4.75% to 6.25% per annum (2015: 4.75% to 6.25%) and are due to mature latest by 16 December 2019.

**15.2.5** These represent borrowings from the SBP under scheme for storage of agriculture produce at the rates ranging from 3.50% to 4.75% per annum (2015: 4.75% to 6.25%) and are due to mature latest by 20 March 2018.

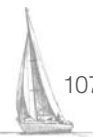
**15.2.6** This represents repurchase agreements executed with the State Bank of Pakistan which carry mark up at the rate of 5.95% per annum (2015: 6.11%) and are due to mature latest by 06 January 2017.

**15.2.7** These represents repurchase agreements at rates ranging from of 5.50% to 5.95% per annum (2015: 5.75% to 6.50%) and are due to mature latest by 22 May 2017.

**15.2.8** This represents borrowings against foreign bills from various foreign banks at rates ranging from 1.60% to 1.75% per annum (2015: 1.60% to 1.71%) and are due to mature latest by 06 June 2017.

**15.2.9** This represents borrowings from a commercial bank in the inter bank money market. It carries mark-up at the rate of 5.60% per annum (2015: 6.05%) and is due to mature latest by 08 March 2017.





|  | 2016               | 2015                             |
|--|--------------------|----------------------------------|
|  | (Rupees in #000)   |                                  |
| <b>16. DEPOSITS AND OTHER ACCOUNTS</b>   |                    |                                  |
| <b>Customers</b>   |                    |                                  |
| Remunerative   |                    |                                  |
| Fixed deposits   | 59,765,887         | 52,761,956                       |
| Savings deposits   | 85,940,537         | 74,784,165                       |
| Non-remunerative   |                    |                                  |
| Current accounts   | 49,164,840         | 41,505,296                       |
| Call deposits  | 1,063,104          | 471,170                          |
| Margin deposits  | 2,316,868          | 1,648,294                        |
|  | <u>198,251,236</u> | <u>171,170,881</u>               |
| <b>Financial institutions</b>  |                    |                                  |
| Remunerative - savings deposits  | 12,335,522         | 13,793,944                       |
| Non-remunerative - current deposits  | 252,888            | 257,558                          |
|  | <u>12,588,410</u>  | <u>14,051,502</u>                |
|  | <u>210,839,646</u> | <u>185,222,383</u>               |
| <b>16.1 Particulars of deposits</b>  |                    |                                  |
| In local currency  | 197,533,847        | 175,093,333                      |
| In foreign currencies  | 13,305,799         | 10,129,050                       |
|  | <u>210,839,646</u> | <u>185,222,383</u>               |
| <b>17. SUB-ORDINATED LOANS - UNSECURED (NON-PARTICIPATORY)</b>   |                    |                                  |
| Listed Term Finance Certificates   | 2,998,800          | 3,000,000                        |
| <b>17.1</b> This denotes rated, listed and unsecured Term Finance Certificates (TFCs) issued as instrument of redeemable capital with a tenor of 8 years. The Pakistan Credit Rating Agency Limited (PACRA) has assigned a credit rating of A+ to the instrument as on 16 December 2016. The instrument is sub-ordinated as to the payment of principal and profit to all other indebtedness of the Bank (including deposits) and is not redeemable before maturity without prior approval of the State Bank of Pakistan. Principal is redeemable semi-annually in such a way that 0.30% of the principal will be redeemed in the first 90 months and the remaining principal of 99.70% at maturity at the end of the 96th month in July 2023. |                    |                                  |
| Mark-up is payable semi-annually in arrears calculated on a 365 days period on the outstanding principal amount and is chargeable at a floating rate of six months KIBOR (prevailing immediately preceding the date before the start of each six months period) plus 1.35% per annum (subject to no floor and cap).  |                    |                                  |
| The TFCs contains a lock-in clause which stipulates that neither mark-up nor principal may be paid (even at maturity) if such payments will result in shortfall in the Bank's MCR or CAR or increase any existing shortfall in MCR and CAR.  |                    |                                  |
| The instrument will be subject to loss absorbency and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a Point of Non-Viability event as defined by SBP's Basel III Capital Rules, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC Holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFC' divided by market value per share of the Bank's common equity on the date of trigger of the non-viability event as declared by SBP, subject to the cap of 225,000,000 shares.                                 |                    |                                  |
|  | Note               | 2016<br>2015<br>(Rupees in #000) |
| <b>18. DEFERRED TAX LIABILITIES - NET</b>  |                    |                                  |
| <b>Deferred credits arising in respect of:</b>   |                    |                                  |
| Accelerated tax depreciation   |                    | 326,408                          |
| Surplus on revaluation of fixed assets   | 21.1               | 442,284                          |
| Surplus on revaluation of securities   | 21.2               | 763,447                          |
|  |                    | <u>1,532,139</u>                 |
| <b>Deferred debits arising in respect of:</b>  |                    |                                  |
| Actuarial loss on defined benefit plan   |                    | (26,415)                         |
| Provision against non-performing advances  |                    | (368,194)                        |
|  |                    | <u>(394,609)</u>                 |
| <b>Deferred tax liabilities - net</b>  |                    | <u>1,137,530</u>                 |
|  |                    | <u>1,417,042</u>                 |

|   | Note | 2016<br>(Rupees in ₨000) | 2015             |
|---|------|--------------------------|------------------|
| <b>19. OTHER LIABILITIES</b>                              |      |                          |                  |
| Mark-up / return / interest payable in local currency     |      | 1,046,386                | 1,289,242        |
| Mark-up / return / interest payable in foreign currencies |      | 37,192                   | 26,189           |
| Unearned commission and income on bills discounted        |      | 24,435                   | 33,594           |
| Unrealised loss on forward foreign exchange contracts     |      | 6,911                    | 27,921           |
| Accrued expenses  |      | 471,720                  | 432,016          |
| Branch adjustment account - net                           |      | 336,312                  | 170,797          |
| Payable to Workers' Welfare Fund                          | 19.1 | 382,357                  | 318,053          |
| Sundry deposits   |      | 370,072                  | 307,327          |
| Others  |      | 420,797                  | 323,426          |
|   |      | <u>3,096,182</u>         | <u>2,928,565</u> |

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

**20. SHARE CAPITAL**

**20.1 Authorised capital**

| 2016<br>(Number of shares) | 2015                 |                                  | 2016<br>(Rupees in ₨000) | 2015              |
|----------------------------|----------------------|----------------------------------|--------------------------|-------------------|
| <u>1,500,000,000</u>       | <u>1,500,000,000</u> | Ordinary shares of Rs. 10/- each | <u>15,000,000</u>        | <u>15,000,000</u> |

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

|                               | 2016               |                        |                      | 2015               |                        |                      | 2016<br>(Rupees in ₨000) | 2015              |
|-------------------------------|--------------------|------------------------|----------------------|--------------------|------------------------|----------------------|--------------------------|-------------------|
|                               | Issued for cash    | Issued as bonus shares | Total                | Issued for cash    | Issued as bonus shares | Total                |                          |                   |
|                               | Number of shares   |                        |                      |                    |                        |                      |                          |                   |
| Opening balance               | 387,397,655        | 715,065,828            | 1,102,463,483        | 387,397,655        | 715,065,828            | 1,102,463,483        | 11,024,636               | 11,024,636        |
| Shares issued during the year | -                  | -                      | -                    | -                  | -                      | -                    | -                        | -                 |
| Closing balance               | <u>387,397,655</u> | <u>715,065,828</u>     | <u>1,102,463,483</u> | <u>387,397,655</u> | <u>715,065,828</u>     | <u>1,102,463,483</u> | <u>11,024,636</u>        | <u>11,024,636</u> |

**20.3 Major shareholders as at 31 December 2016 are as follows:**

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

Major shareholders as at 31 December 2015 were as follows:

| Name of shareholder                | Number of shares held | Percentage of shareholding |
|------------------------------------|-----------------------|----------------------------|
| National Investment (Unit) Trust   | 145,033,966           | 13.16%                     |
| 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>786,634,170</u>    | <u>71.36%</u>              |





|   | Note | 2016<br>(Rupees in #000) | 2015             |
|---|------|--------------------------|------------------|
| <b>21. SURPLUS ON REVALUATION OF ASSETS (NET OF TAX)</b>  |      |                          |                  |
| - Operating fixed assets  | 21.1 | 926,626                  | 1,117,246        |
| - Available-for-sale securities   | 21.2 | 1,417,831                | 1,738,739        |
|   |      | <u>2,344,457</u>         | <u>2,855,985</u> |
| <b>21.1 Surplus on revaluation of fixed assets - net of tax</b>   |      |                          |                  |
| Surplus on revaluation of operating fixed assets - opening  |      | 1,662,172                | 1,839,797        |
| Transferred to unappropriated profit in respect of incremental depreciation charged on related assets - net of deferred tax |      | (120,097)                | (114,558)        |
| Related deferred tax liability  |      | (64,669)                 | (63,067)         |
|   |      | <u>(184,766)</u>         | <u>(177,625)</u> |
| Realised on disposal / write off during the year - net of deferred tax  |      | (70,523)                 | -                |
| Related deferred tax liability on surplus reversed on disposal / write off  |      | (37,973)                 | -                |
|   |      | <u>(108,496)</u>         | <u>-</u>         |
| Surplus on revaluation of operating fixed assets  |      | 1,368,910                | 1,662,172        |
| Related deferred tax liability on surplus at 01 January   |      | (544,926)                | (607,993)        |
| Related deferred tax liability in respect of incremental depreciation charged during the year                               |      | 64,669                   | 63,067           |
| Related deferred tax liability on surplus reversed on disposal / write off  |      | 37,973                   | -                |
| Less: Related deferred tax liability  |      | (442,284)                | (544,926)        |
|   |      | <u>926,626</u>           | <u>1,117,246</u> |
| <b>21.2 Surplus on revaluation of available for sale securities - net of tax</b>  |      |                          |                  |
| Federal government securities   |      | 1,640,940                | 2,739,389        |
| Sukuk certificates  |      | 32,624                   | 16,537           |
| Quoted shares / closed end mutual funds   |      | 485,556                  | (78,736)         |
| Others - open ended mutual funds  |      | 22,158                   | (2,207)          |
|   |      | <u>2,181,278</u>         | <u>2,674,983</u> |
| Related deferred tax liability  |      | (763,447)                | (936,244)        |
|   |      | <u>1,417,831</u>         | <u>1,738,739</u> |
| <b>22. CONTINGENCIES AND COMMITMENTS</b>  |      |                          |                  |
| <b>22.1 Direct credit substitutes</b>   |      |                          |                  |
| Financial guarantees issued favouring:  |      |                          |                  |
| - Government  |      | 1,972,010                | 1,869,017        |
| - Others  |      | 1,983,754                | 348,968          |
|   |      | <u>3,955,764</u>         | <u>2,217,985</u> |
| <b>22.2 Transaction-related contingent liabilities</b>  |      |                          |                  |
| Guarantees issued favouring:  |      |                          |                  |
| - Government  |      | 6,561,129                | 4,444,972        |
| - Financial institutions  |      | 112,714                  | 89,254           |
| - Others  |      | 4,276,255                | 2,060,428        |
|   |      | <u>10,950,098</u>        | <u>6,594,654</u> |
| <b>22.3 Trade-related contingent liabilities</b>  |      |                          |                  |
| Letters of credit   |      | 27,450,143               | 17,219,009       |
| Acceptances   |      | 3,299,085                | 2,312,668        |
| <b>22.4 Commitments in respect of forward lendings</b>  |      |                          |                  |
| Commitments to extend credit  |      | 5,595,318                | 5,212,790        |

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

|  | 2016<br>(Rupees in ₨000) | 2015              |
|--|--------------------------|-------------------|
| <b>22.5 Commitments in respect of forward exchange contracts</b>   |                          |                   |
| Purchase   |                          |                   |
| - From other banks   | 13,910,917               | 41,950,008        |
| - From customers   | 4,250,556                | 2,013,518         |
|  | <u>18,161,473</u>        | <u>43,963,526</u> |
| Sale   |                          |                   |
| - To other banks   | 13,246,036               | 39,355,948        |
| - To customers   | 547,268                  | 393,506           |
|  | <u>13,793,304</u>        | <u>39,749,454</u> |
| The maturities of the above contracts are spread over a period of one year.  |                          |                   |
| <b>22.6 Commitments in respect of lendings to financial &amp; other institutions</b>   |                          |                   |
| Margin trading system  | -                        | 7,775             |
| <b>22.7 Commitments in respect of purchase of fixed assets</b>   |                          |                   |
|  | <u>194,207</u>           | <u>22,337</u>     |
| <b>22.8 Other contingencies</b>  |                          |                   |
| <b>22.9 Taxation</b>   |                          |                   |
| <b>22.9.1 (a)</b> The Income tax returns of the Bank have been filed upto tax year 2016 (accounting year ended 31 December 2015). The Income tax authorities have amended assessment orders for tax years 2011, 2014 and 2015 and created an additional tax demands of Rs 846.668 million which have been fully paid as required under the law. The Bank has filed appeals before the various appellate forums against these amendments. Assessments from Tax Year 2001-2002 upto Tax Year 2010 have been decided at the level of Appellate Tribunal Inland Revenue. The department has filed tax references in respect of certain matters with the Honourable Lahore High Court which are currently pending. In case of any adverse decision an additional tax liability of Rs 617.120 million (which includes impact of certain timing differences as well) may arise. Further, assessments for tax years 2012 and 2013 have been decided at the level of Commissioner Inland Revenue (Appeals). The department has filed appeals with Appellate Tribunal Inland Revenue which are currently pending. In case of any adverse decision an additional tax liability of Rs 866.384 million (which include impact of certain timing differences as well) may arise. However, the management is confident that these matters will be ultimately decided in favor of the Bank and the Bank will not be exposed to any additional tax liability on these account. |                          |                   |
| <b>(b)</b> Tax Authorities have passed orders for tax years 2008 to 2012 levying Federal Excise Duty on certain items. The Bank has filed appeals against these assessments which are pending before various Appellate forums. The aggregate net amount involved is Rs 71.376 million. The management of the Bank is confident that the appeals will be decided in the favor of the Bank.  |                          |                   |
| <b>(c)</b> Tax Authorities have passed order for tax years 2014 and 2015 under section 161/205 of the Income Tax Ordinance 2001, creating a demand of Rs 106.685 million and Rs 67.672 million respectively for non-deduction of tax at source. Against the said demands, the Bank has already filed an appeals before the Commissioner Inland Revenue (Appeals), which are currently pending .  |                          |                   |
| <b>22.9.2</b> Claims against the Bank not acknowledged as debts amounted to Rs 2.4 million (2015: Rs 2.4 million).   |                          |                   |
| <b>22.9.3</b> During the current period the Assistant Commissioner Inland Revenue vide order under Section 182 / 140 of the Income Tax Ordinance, 2001 has levied a penalty against one of the staff of the Bank, amounting to Rs. 30 million. The action taken by the Bank in this case was backed by legal opinion of the customer's lawyer. An appeal has been filed by the staff before the Commissioner Inland Revenue (Appeals), which is currently pending. In case of any adverse decision in appeal Bank reserves right of recourse on the customer for re-imburement.  |                          |                   |
| <b>22.9.4</b> 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 the Bank's ATM transactions. The Bank, alongwith other Banks, had filed a constitutional petition before the Competition Appellate Tribunal which has set aside the order of the Commission. Against the said order of the Competition Appellate Tribunal, the Commission has filed an appeal before the Supreme Court of Pakistan, the hearing of which is currently pending.   |                          |                   |



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

Subsequently, several other banks also filed the Constitutional Petition before the Sindh High Court which decided the matter in favor of the banks. As a result of the decision of the Lahore and Sindh High Courts, the Bank stopped EOBI contribution w.e.f. February 2012. An appeal was filed by the EOBI in the Supreme Court of Pakistan which has been disposed off by the Honorable Court during the current period vide its order dated: 10 November 2016 in favor of the banks. However, EOBI has filed review Petition on 09 December 2016 before the Supreme Court of Pakistan which is currently pending.

In case of any adverse decision by the Supreme Court of Pakistan, a contribution of Rs.102.489 million (upto 31 December 2015: Rs. 77.047 million) will become payable by the Bank to the EOBI. The said amount of Rs.102.489 million has not been provided in these financial statements as the Bank is fully confident that the case will be decided in the Bank's favour.

|   | 2016<br>(Rupees in ₨000) | 2015<br>(Rupees in ₨000) |
|---|--------------------------|--------------------------|
| <b>23. MARK-UP / RETURN / INTEREST EARNED</b>   |                          |                          |
| On loans and advances to customers  | 7,719,754                | 8,562,444                |
| Ijarah income - net   | 10,206                   | 32,284                   |
| On investments:   |                          |                          |
| - Held-for-trading securities   | 141,630                  | 116,720                  |
| - Available-for-sale securities   | 9,168,548                | 9,066,772                |
| - Held-to-maturity securities   | 140,768                  | 289,262                  |
| On deposits with financial institutions   | 30,907                   | 75,085                   |
| On securities purchased under resale agreements   | 47,178                   | 95,026                   |
| On placements and call money lendings   | 143,058                  | 77,115                   |
| Income on bai muajjal placements  | 122,359                  | 5,024                    |
|   | <u>17,524,408</u>        | <u>18,319,732</u>        |
| <b>24. MARK-UP / RETURN / INTEREST EXPENSED</b>   |                          |                          |
| Deposits  | 8,006,336                | 8,562,621                |
| Securities sold under repurchase agreements   | 2,124,075                | 1,426,662                |
| Borrowings from the State Bank of Pakistan under various re-finance schemes   | 242,784                  | 405,195                  |
| Call borrowings   | 77,975                   | 148,791                  |
| Sub-ordinated loans   | 229,100                  | 178,996                  |
|   | <u>10,680,270</u>        | <u>10,722,265</u>        |
| <b>25. INCOME FROM DEALING IN FOREIGN CURRENCIES - NET</b>  |                          |                          |
| 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. 134.558 million (2015: Rs. 117.117 million). |                          |                          |
|   | 2016<br>(Rupees in ₨000) | 2015<br>(Rupees in ₨000) |
| <b>26. GAIN ON SALE OF SECURITIES - NET</b>   |                          |                          |
| Ordinary shares - listed equity securities  | 379,739                  | 373,768                  |
| Ordinary shares - unlisted equity securities  | -                        | 18,750                   |
| Units of mutual funds   | 77,094                   | 24,280                   |
| Pakistan Investment Bonds   | 438,461                  | 630,484                  |
| Market Treasury Bills   | 16,456                   | 73,234                   |
| Term Finance Certificates   | 3,327                    | 200                      |
| GOP Ijarah Sukuks   | 30,073                   | 5,653                    |
|   | <u>945,150</u>           | <u>1,126,369</u>         |
| <b>27. OTHER INCOME</b>   |                          |                          |
| Gain on sale of property and equipment  | 11,565                   | 12,106                   |
| Gain on sale of non-banking assets  | 600                      | -                        |
| Provision no longer required written back   | -                        | 24,351                   |
| Staff notice period and other recoveries  | 16,428                   | 20,904                   |
|   | <u>28,593</u>            | <u>57,361</u>            |



|  | Note | 2016<br>(Rupees in ₨000) | 2015             |
|--|------|--------------------------|------------------|
| <b>28. ADMINISTRATIVE EXPENSES</b>                           |      |                          |                  |
| Salaries, allowances, etc.                                   | 28.4 | 2,489,237                | 2,353,153        |
| Charge for defined benefit plan                              | 34.5 | 84,176                   | 71,762           |
| Contribution to defined contribution plan                    | 35   | 100,376                  | 94,247           |
| Non-executive directors' fees, allowances and other expenses |      | 11,725                   | 9,975            |
| Rent, taxes, insurance, electricity, etc.                    |      | 954,808                  | 910,204          |
| Legal and professional charges                               |      | 50,845                   | 57,472           |
| Communications   |      | 87,007                   | 78,351           |
| Repairs and maintenance                                      |      | 184,348                  | 167,021          |
| Stationery and printing                                      |      | 114,648                  | 127,586          |
| Advertisement and publicity                                  |      | 147,646                  | 117,086          |
| Donations  | 28.1 | 15,221                   | 15,000           |
| Auditors' remuneration                                       | 28.2 | 9,759                    | 7,090            |
| Depreciation   | 11.1 | 575,700                  | 584,034          |
| Amortisation   | 11.2 | 89,382                   | 38,322           |
| Brokerage and commission                                     |      | 25,144                   | 27,265           |
| Automation expenses  |      | 407,977                  | 350,443          |
| Entertainment  |      | 153,643                  | 144,156          |
| Fees and subscription  |      | 51,303                   | 60,992           |
| Motor vehicles running expenses                              |      | 106,822                  | 109,837          |
| Remittance charges   |      | 2,300                    | 2,359            |
| Service charges  |      | 548,137                  | 488,193          |
| Training expenses  |      | 27,690                   | 18,615           |
| Travelling expenses  |      | 34,945                   | 23,488           |
| Others   | 28.3 | 116,055                  | 115,664          |
|  |      | <u>6,388,894</u>         | <u>5,972,315</u> |

**28.1 Details of the donations given during the year are as follows:****Donee**

|  |               |               |
|--|---------------|---------------|
| The Aga Khan Hospital and Medical College Foundation | -             | 10,000        |
| The Aga Khan Education Service, Pakistan             | 2,500         | -             |
| The Aga Khan Planning and Building Service, Pakistan | 7,500         | -             |
| Institute of Business Administration - Karachi       | 5,000         | 5,000         |
| Old Associates of Kinnaird Society, Karachi          | 221           | -             |
|  | <u>15,221</u> | <u>15,000</u> |

Directors or their spouse have no interest in any of the donee in current year. Last year donation was given to Aga Khan Hospital and Medical College Foundation, where the Chief Operating Officer of the Bank is a member of the Governing Body.

|  | 2016<br>(Rupees in ₨000) | 2015         |
|--|--------------------------|--------------|
| <b>28.2 Auditors' remuneration</b>                 |                          |              |
| Audit fee  | 1,341                    | 1,265        |
| Fee for audit of provident and gratuity funds      | 130                      | 118          |
| Audit of branches and other certifications         | 7,097                    | 4,561        |
| Fee for half yearly review of financial statements | 536                      | 536          |
| Out-of-pocket expenses                             | 655                      | 610          |
|  | <u>9,759</u>             | <u>7,090</u> |

**28.3** This includes an amount of Rs. 0.345 million (2015: Rs 0.244 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.

**28.4** This includes aggregate amount of bonus paid in respect of executives and President and Chief Executive Officer amounting to Rs 151.785 million and Rs 18.000 million respectively (2015: Rs 143.935 million and Rs 16.000 million respectively).





|   | 2016                    | 2015          |
|---|-------------------------|---------------|
|   | (Rupees in #000)        |               |
| <b>29. OTHER CHARGES</b>  |                         |               |
| Penalties imposed by the State Bank of Pakistan   | 530                     | 43,467        |
| Operating fixed assets written-off  | 24,871                  | 24,870        |
| Fraud and forgery   | -                       | 500           |
| Workers' Welfare Fund   | 64,304                  | 81,778        |
| Unreconciled balances written off   | -                       | 6             |
|   | 89,705                  | 150,621       |
| <b>30. TAXATION</b>   |                         |               |
| <b>For the year</b>   |                         |               |
| Current   | 1,099,377               | 1,402,494     |
| Deferred  | (62,253)                | (117,854)     |
|   | 1,037,124               | 1,284,640     |
| <b>For prior years</b>  |                         |               |
| Current   | 161,371                 | 98,199        |
| Deferred  | -                       | -             |
|   | 161,371                 | 98,199        |
|   | 1,198,495               | 1,382,839     |
| <b>30.1</b> The Finance Act, 2016 re-imposed one time levy of super tax for rehabilitation of temporarily displaced person at the rate of 4% of the taxable income for the tax year 2016. Accordingly, an amount of Rs 161.371 million has been recognised in these financial statements as prior year taxation charge. |                         |               |
|   | <b>Note</b>             |               |
|   | <b>2016</b>             | <b>2015</b>   |
|   | (Rupees in #000)        |               |
| <b>30.2 Relationship between tax expense and accounting profit</b>  |                         |               |
| Profit before taxation  | 3,077,339               | 3,595,607     |
| Tax at the applicable tax rate of 35% (2015: 35%)   | 1,077,069               | 1,258,462     |
| Tax effect on permanent differences   | 2,013                   | 15,213        |
| Prior years   | 161,371                 | 98,199        |
| Others  | (41,958)                | 10,965        |
|   | 1,198,495               | 1,382,839     |
| <b>31. BASIC / DILUTED EARNINGS PER SHARE</b>   |                         |               |
| Profit for the year after taxation  | 1,878,844               | 2,212,768     |
|   | <b>Number of shares</b> |               |
| Weighted average number of ordinary shares  | 1,102,463,483           | 1,102,463,483 |
|   | <b>(Rupees)</b>         |               |
| Basic and diluted earnings per share  | 1.7042                  | 2.0071        |
| <b>32. CASH AND CASH EQUIVALENTS</b>  |                         |               |
| Cash and balances with treasury banks   | 6 18,278,840            | 16,718,428    |
| Balances with other banks   | 7 822,689               | 1,634,544     |
| Overdrawn nostro accounts   | 15.2 (137,800)          | (6,186)       |
|   | 18,963,729              | 18,346,786    |

|  | Note | 2016<br>(Number of employees) | 2015  |
|--|------|-------------------------------|-------|
| <b>33. STAFF STRENGTH</b>                        |      |                               |       |
| Permanent  |      | 2,715                         | 2,715 |
| Temporary / on contractual basis                 |      | 29                            | 38    |
| Bank's own staff strength at the end of the year |      | 2,744                         | 2,753 |
| Outsourced                                       | 33.1 | 981                           | 923   |
| Total staff strength at the end of the year      |      | 3,725                         | 3,676 |

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

### 34 DEFINED BENEFIT PLAN

#### 34.1 General description

As mentioned in note 5.9, the Bank operates a funded gratuity scheme for all its permanent employees. The benefits under the gratuity scheme are payable on retirement at the age of 60 or earlier cessation of service, in lump sum. The benefit (for all employees other than the President) is equal to one month's last drawn basic salary for each year of eligible service with the Bank subject to a minimum qualifying period of service of five years. For the President, the benefit is determined as per the terms of his employment. The plan assets and defined benefit obligations are based in Pakistan.

|   | 2016             | 2015             |
|---|------------------|------------------|
| <b>34.2 Principal actuarial assumptions</b>       |                  |                  |
| a) Discount factor used (% per annum)             | 7.50             | 9.00             |
| b) Expected rate of salary increase (% per annum) | 6.50             | 7.00             |
| c) Mortality rates (for death in service)*        | SLIC (2001-2005) | SLIC (2001-2005) |
| d) Rate of employee turnover                      | Heavy            | Heavy            |

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

|  | Note | 2016<br>(Rupees in #000) | 2015      |
|--|------|--------------------------|-----------|
| <b>34.3 The amount recognised in the statement of financial position</b> |      |                          |           |
| Present value of defined benefit obligation                              | 34.4 | 629,630                  | 523,705   |
| Fair value of plan assets  | 34.4 | (629,630)                | (523,705) |
|  |      | -                        | -         |



**34.4 The movement in the defined benefit obligation is as follows:**

|   | 2016                        |                           |           |
|---|-----------------------------|---------------------------|-----------|
|   | Present value of obligation | Fair value of plan assets | Total     |
|   | (Rupees in .000)            |                           |           |
| As at 1 January   | 523,705                     | (523,705)                 | -         |
| Current service cost  | 84,176                      | -                         | 84,176    |
| Interest expense / (income)   | 48,537                      | (48,537)                  | -         |
|   | 656,418                     | (572,242)                 | 84,176    |
| Remeasurements:   |                             |                           |           |
| - Return on plan assets, excluding amounts included in interest expense | -                           | (18,549)                  | (18,549)  |
| - Gain from change in financial assumptions                             | 43,348                      | -                         | 43,348    |
| - Loss from change in experience adjustments                            | (6,262)                     | -                         | (6,262)   |
|   | 37,086                      | (18,549)                  | 18,537    |
| Contributions during the year   | -                           | (102,713)                 | (102,713) |
| Benefit payments  | (63,874)                    | 63,874                    | -         |
| As at 31 December   | 629,630                     | (629,630)                 | -         |

|  | 2015                        |                           |          |
|--|-----------------------------|---------------------------|----------|
|  | Present value of obligation | Fair value of plan assets | Total    |
|  | (Rupees in .000)            |                           |          |
| As at 1 January  | 446,315                     | (446,315)                 | -        |
| Current service cost   | 71,762                      | -                         | 71,762   |
| Interest expense / (income)  | 52,824                      | (52,824)                  | -        |
|  | 570,901                     | (499,139)                 | 71,762   |
| Remeasurements:  |                             |                           |          |
| - Return on plan assets, excluding amounts included in interest income | -                           | (6,237)                   | (6,237)  |
| - Gain from change in financial assumptions                            | (4,787)                     | -                         | (4,787)  |
| - Loss from change in experience adjustments                           | 5,294                       | -                         | 5,294    |
|  | 507                         | (6,237)                   | (5,730)  |
| Contributions during the year  | -                           | (66,032)                  | (66,032) |
| Benefit payments   | (47,703)                    | 47,703                    | -        |
| As at 31 December  | 523,705                     | (523,705)                 | -        |

**2016**                      **2015**  
(Rupees in .000)

**34.5 Charge for defined benefit plan**

|                                |          |          |
|--------------------------------|----------|----------|
| Current service cost           | 84,176   | 71,762   |
| Interest cost                  | 48,537   | 52,824   |
| Expected return on plan assets | (48,537) | (52,824) |
|                                | 84,176   | 71,762   |

**34.6 Composition of plan assets**

|                           | As on 31 December 2016 |                |                | As on 31 December 2015 |                |                |
|---------------------------|------------------------|----------------|----------------|------------------------|----------------|----------------|
|                           | Quoted                 | Non-quoted     | Total          | Quoted                 | Non-quoted     | Total          |
|                           | (Rupees in ₨000)       |                |                |                        |                |                |
| Cash and bank balances    | -                      | 490,544        | 490,544        | -                      | 147,759        | 147,759        |
| Equity instruments:       |                        |                |                |                        |                |                |
| - Mutual funds and shares | 131,556                | -              | 131,556        | 93,168                 | -              | 93,168         |
| Debt instruments:         |                        |                |                |                        |                |                |
| - Government              | -                      | 7,530          | 7,530          | -                      | 282,778        | 282,778        |
| - Corporates              | -                      | -              | -              | -                      | -              | -              |
|                           | <u>131,556</u>         | <u>498,074</u> | <u>629,630</u> | <u>93,168</u>          | <u>430,537</u> | <u>523,705</u> |

**2016**                      **2015**  
(Rupees in ₨000)

**34.7 Analysis of present value of defined benefit obligation**

Split by vested / non-vested

|                          |                |                |
|--------------------------|----------------|----------------|
| (i) Vested benefits      | 543,514        | 433,304        |
| (ii) Non-vested benefits | 86,116         | 90,401         |
|                          | <u>629,630</u> | <u>523,705</u> |

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

**34.9 Historical information**

|   | 2016             | 2015           | 2014           | 2013          | 2012          |
|---|------------------|----------------|----------------|---------------|---------------|
|   | (Rupees in ₨000) |                |                |               |               |
| Present value of defined benefit obligation | 629,630          | 523,705        | 446,315        | 385,636       | 266,409       |
| Fair value of plan assets                   | (629,630)        | (523,705)      | (446,315)      | (385,636)     | (234,635)     |
| Surplus / (deficit)                         | -                | -              | -              | -             | (31,774)      |
| Experience adjustments on plan liabilities  | 37,086           | 507            | (5,922)        | 33,187        | 18,298        |
| Experience adjustments on plan assets       | (18,549)         | (6,237)        | (832)          | 4,341         | 6,133         |
|   | <u>18,537</u>    | <u>(5,730)</u> | <u>(6,754)</u> | <u>37,528</u> | <u>24,431</u> |

**34.10** Actual return on plan assets during the year amounted to Rs 76.163 million (2015: Rs 51.452 million).

The Gratuity scheme exposes the entity to the following risks:

**Mortality risks**

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

**Investment risks**

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

**Final salary risks**

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

**Withdrawal risks**

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



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

| Particular           | Change in assumption | ----- As at 31 December 2016 -----                                   |                  | ----- As at 31 December 2015 -----                                   |                  |
|----------------------|----------------------|--|------------------|--|------------------|
|                      |                      | Increase / (decrease) in present value of defined benefit obligation |                  | Increase / (decrease) in present value of defined benefit obligation |                  |
|                      |                      | (%)  | (Rupees in ₹000) | (%)  | (Rupees in ₹000) |
| Discount rate        | +1%                  | -7.06%   | (44,422)         | +1%  | (35,641)         |
|                      | -1%                  | 8.11%  | 51,085           | -1%  | 40,806           |
| Salary increase rate | +1%                  | 8.37%  | 52,678           | +1%  | 42,527           |
|                      | -1%                  | -7.40%   | (46,584)         | -1%  | (37,725)         |

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

34.12 The weighted average duration of the defined benefit obligation is 7.55 years (31 December 2015: 7.26 years).

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

| Particulars                | ----- As at 31 December 2016 ----- |                       |                       |                        |
|----------------------------|------------------------------------|-----------------------|-----------------------|------------------------|
|                            | Within a year                      | Between 2 and 3 years | Between 4 and 5 years | Between 6 and 10 years |
|                            | ----- (Rupees in ₹000) -----       |                       |                       |                        |
| Defined benefit obligation | 59,335                             | 200,502               | 165,691               | 565,904                |

34.14 The expected gratuity expense for the next year commencing 1 January 2017 works out to be Rs 97.562 million (2015: Rs 84.176 million).

34.15 The disclosure made in notes 34.1 to 34.14 are based on the information included in the actuarial valuation report of the Bank as of 31 December 2016.

### 35. 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. 100.376 million (2015: Rs. 94.247 million each). The total number of employees as at 31 December 2016 eligible under the scheme were 2,370 (2015: 2,379 employees).

### 36. COMPENSATION OF DIRECTORS AND EXECUTIVES

|   | President / Chief Executive Officer |        | Directors |       | **Executives |           |
|---|-------------------------------------|--------|-----------|-------|--------------|-----------|
|   | 2016                                | 2015   | 2016      | 2015  | 2016         | 2015      |
|   | ----- (Rupees in ₹000) -----        |        |           |       |              |           |
| Fees                                      | -                                   | -      | 11,725    | 9,975 | -            | -         |
| Managerial remuneration                   | 39,272                              | 37,151 | -         | -     | 687,860      | 618,761   |
| Charge for defined benefit plan           | 4,968                               | 4,732  | -         | -     | 66,910       | 47,607    |
| Contribution to defined contribution plan | 3,271                               | 3,095  | -         | -     | 51,939       | 48,227    |
| Rent and house maintenance                | 17,672                              | 16,718 | -         | -     | 269,675      | 246,049   |
| Utilities                                 | 1,144                               | 1,417  | -         | -     | -            | -         |
| Medical                                   | 752                                 | 275    | -         | -     | 67,429       | 61,533    |
| Leave encashment and others               | 1,279                               | 1,053  | -         | -     | 273,351      | 362,266   |
|   | 68,358                              | 64,441 | 11,725    | 9,975 | 1,417,164    | 1,384,443 |
| Number of persons                         | 1                                   | 1      | 7         | 7     | 738          | 626       |

The aggregate amount charged to income as fee to directors and remuneration to other key management personnel was Rs. 11.725 million and Rs. 221.340 million (2015: Rs. 9.975 million and Rs. 197.671 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 28.4 to these financial statements.

In addition, the Bank also provide club membership fee to its President / Chief Executive Officer and certain executives. The amount charged on account of club membership fee during the year amounted to Rs 0.881 million (2015: Rs 0.681 million). Furthermore, the President / Chief Executive Officer and certain other executives are also provided with free use of Bank maintained car in accordance with their entitlements.

### 37. FAIR VALUE MEASUREMENTS

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

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

The fair values of fixed-term loans and deposits, other assets and other liabilities cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances 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 interest rates and maturities are stated in note 42 to these financial statements.

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

#### 37.2 Off-balance sheet financial instruments

|                                      | 2016             |            | 2015       |            |
|--------------------------------------|------------------|------------|------------|------------|
|                                      | Book value       | Fair value | Book value | Fair value |
|                                      | (Rupees in ,000) |            |            |            |
| Forward purchase of foreign exchange | 18,161,473       | 18,049,972 | 43,963,526 | 43,794,450 |
| Forward sale of foreign exchange     | 13,793,304       | 13,688,715 | 39,749,454 | 39,608,299 |

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

The different levels have been defined as follows:

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





## RECURRING FAIR VALUE MEASUREMENTS

### Financial Assets - on balance sheet

#### INVESTMENTS - Net

##### Available-for-sale securities

|                                      | 2016             |            |         | Total      |
|--------------------------------------|------------------|------------|---------|------------|
|                                      | Level 1          | Level 2    | Level 3 |            |
|                                      | (Rupees in ₨000) |            |         |            |
| Market Treasury Bills                | -                | 44,147,931 | -       | 44,147,931 |
| Pakistan Investment Bonds            | -                | 63,679,488 | -       | 63,679,488 |
| Government of Pakistan Ijarah Sukuks | -                | 2,139,500  | -       | 2,139,500  |
| Sukuk certificates                   | -                | 1,985,953  | -       | 1,985,953  |
| Term Finance Certificate             | -                | 550,230    | -       | 550,230    |
| Fully paid-up ordinary shares        |                  |            |         |            |
| - Listed                             | 3,435,172        | -          | -       | 3,435,172  |
| Units of mutual funds                | 222,158          | -          | -       | 222,158    |

##### Financial Assets - off balance sheet

|                                      |   |            |   |            |
|--------------------------------------|---|------------|---|------------|
| Forward purchase of foreign exchange | - | 18,049,972 | - | 18,049,972 |
| Forward sale of foreign exchange     | - | 13,688,715 | - | 13,688,715 |

##### Non - Financial Assets

|  |                  |                    |                  |                    |
|--|------------------|--------------------|------------------|--------------------|
| Operating fixed assets (land and buildings)* | -                | -                  | 2,789,558        | 2,789,558          |
|  | <b>3,657,330</b> | <b>144,241,789</b> | <b>2,789,558</b> | <b>150,688,677</b> |

## RECURRING FAIR VALUE MEASUREMENTS

### Financial Assets - on balance sheet

#### INVESTMENTS - Net

##### Held-for-trading securities

|  | 2015             |         |         | Total   |
|--|------------------|---------|---------|---------|
|  | Level 1          | Level 2 | Level 3 |         |
|  | (Rupees in ₨000) |         |         |         |
| Fully paid-up ordinary shares          | 54,001           | -       | -       | 54,001  |
| Pakistan Investment Bonds              | -                | 313,892 | -       | 313,892 |
| Market Treasury Bills                  | -                | -       | -       | -       |
| Government of Pakistan - Ijarah Sukuks | -                | 404,520 | -       | 404,520 |
| Term Finance Certificates              | -                | 24,935  | -       | 24,935  |

##### Available-for-sale securities

|                                      |           |            |   |            |
|--------------------------------------|-----------|------------|---|------------|
| Market Treasury Bills                | -         | 38,144,282 | - | 38,144,282 |
| Pakistan Investment Bonds            | -         | 61,550,414 | - | 61,550,414 |
| Government of Pakistan Ijarah Sukuks | -         | 1,618,080  | - | 1,618,080  |
| Sukuk certificates                   | -         | 720,537    | - | 720,537    |
| Fully paid-up ordinary shares        |           |            |   |            |
| - Listed                             | 2,304,633 | -          | - | 2,304,633  |
| Units of mutual funds                | 366,990   | -          | - | 366,990    |

##### Financial Assets - off balance sheet

|                                      |   |            |   |            |
|--------------------------------------|---|------------|---|------------|
| Forward purchase of foreign exchange | - | 43,794,450 | - | 43,794,450 |
| Forward sale of foreign exchange     | - | 39,608,299 | - | 39,608,299 |

##### Non - Financial Assets

|   |                  |                    |                  |                    |
|---|------------------|--------------------|------------------|--------------------|
| Operating fixed assets(land and buildings)* | -                | -                  | 3,116,375        | 3,116,375          |
|   | <b>2,725,624</b> | <b>186,179,409</b> | <b>3,116,375</b> | <b>192,021,408</b> |

\* The Bank carries out periodic valuation of these assets for reasons disclosed in note 5.5 (a) to these financial statements.

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

#### (a) Financial instruments in level 1

Financial instruments included in level 1 comprise of investments in listed ordinary shares and units of mutual funds.

#### (b) Financial instruments in level 2

Financial instruments included in level 2 comprise of GoP Ijarah Sukuks, Pakistan Investment Bonds, Market Treasury Bills, corporate bonds, term finance and sukuk certificates.

#### (c) Financial instruments in level 3

Financial instruments included in level 3 comprise of operating fixed assets (land and building) and non-banking assets.



**Valuation techniques and inputs used in determination of fair values**

| Item  | Valuation techniques and input used  |
|---|--|
| Fully paid-up ordinary shares                     | Fair values of investments in listed equity securities are valued on the basis of closing quoted market prices available at the stock exchange.  |
| Pakistan Investment Bonds / Market Treasury Bills | Fair values of Pakistan Investment Bonds and Treasury Bills are derived using the PKRV rates (Reuters page).   |
| Government of Pakistan - Ijarah Sukuks            | Fair values of GoP Ijarah Sukuks are derived using the PKISRV rates announced by the Financial Market Association (FMA) through Reuters. These rates denote an average of quotes received from eight different pre-defined / approved dealers / brokers.   |
| Term Finance, Bonds and Sukuk certificates        | Investments in debt securities (comprising term finance certificates, bonds, sukuk certificates and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan. In the determination of the rates, the MUFAP takes into account the holding pattern of these securities and categorises there as traded, thinly traded and non-traded securities. |
| Units of mutual funds                             | Fair values of investments in units of mutual funds are determined based on redemption prices as at the close of the business day.   |
| Operating fixed assets (land and building)        | Land and buildings are revalued on a periodic basis using professional valuers. The valuation is based on their assessment of the market value of the assets. The effect of changes in the unobservable inputs used in the valuations cannot be determined with uncertainty. Accordingly, a qualitative disclosure of sensitivity has not been presented in these financial statements.  |

**38 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) |                 |                |             |
| <b>31 December 2016</b>                  |                   |                 |                |             |
| Total income                             | 4,879,491         | 10,867,195      | 4,513,959      | 20,260,645  |
| Total expenses (excluding provisions)    | 4,667,908         | 7,856,431       | 4,634,560      | 17,158,899  |
| Profit before provisions and taxes       | 211,583           | 3,010,764       | (120,601)      | 3,101,746   |
| Provisions                               | 353,245           | -               | (328,838)      | 24,407      |
| Profit before tax                        | (141,662)         | 3,010,764       | 208,237        | 3,077,339   |
| Segment assets (gross)                   | 84,691,703        | 123,887,413     | 78,659,222     | 287,238,338 |
| Segment non-performing assets            | 3,096,799         | 40,159          | 7,396,746      | 10,533,704  |
| Segment provision required *             | 2,260,294         | 40,159          | 6,417,179      | 8,717,632   |
| Segment liabilities                      | 19,974,518        | 30,507,544      | 209,749,417    | 260,231,479 |
| Segment return on net assets (ROA) (%)** | (0.17)            | 2.43            | 0.29           | 1.11        |
| Segment cost of funds (%)***             | 4.78              | 5.98            | 3.92           | 4.29        |

|  | Corporate         | Trading & Sales | Retail Banking | Total       |
|--|-------------------|-----------------|----------------|-------------|
|  | (Rupees in ₨.000) |                 |                |             |
| <b>31 December 2015</b>                  |                   |                 |                |             |
| Total income                             | 5,368,991         | 11,201,920      | 4,899,204      | 21,470,115  |
| Total expenses (excluding provisions)    | 4,904,722         | 7,373,613       | 4,566,932      | 16,845,267  |
| Profit before provisions and taxes       | 464,269           | 3,828,307       | 332,272        | 4,624,848   |
| Provisions                               | 509,479           | -               | 519,762        | 1,029,241   |
| Profit before tax                        | (45,210)          | 3,828,307       | (187,490)      | 3,595,607   |
| Segment assets (gross)                   | 75,885,599        | 113,209,981     | 73,145,183     | 262,240,763 |
| Segment non-performing assets            | 3,354,382         | 44,834          | 8,468,617      | 11,867,833  |
| Segment provision required *             | 1,907,049         | 44,834          | 6,947,051      | 8,898,934   |
| Segment liabilities                      | 11,301,969        | 31,054,753      | 192,793,166    | 235,149,887 |
| Segment return on net assets (ROA) (%)** | (0.06)            | 3.38            | 0.28           | 1.42        |
| Segment cost of funds (%)***             | 4.74              | 6.49            | 5.00           | 5.16        |

\* 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.

**38.1** The above analysis includes allocation of items as per the approved mapping policy of the Bank. The responsibility domain of deposits between corporate and retail has been redefined in 2016. Prior year figures have been changed for comparison.



### 39. TRUST ACTIVITIES

The Bank commonly acts as a trustee and in other fiduciary capacity that results in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These are not 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 |           |
|--|-----------------------|--------------------|------|------------|-----------|
|  |                       | 2016               | 2015 | 2016       | 2015      |
|  |                       | (Rupees in .000)   |      |            |           |
| Asset Management Companies               | Ijarah Sukuks 3 years | -                  | 8    | -          | 191,100   |
| Asset Management Companies               | Sukuks 3 years        | 3                  | -    | 19,000     | -         |
| Asset Management Companies               | PIB 5 years           | -                  | 1    | -          | 105,000   |
| Asset Management Companies               | MTB 12 months         | -                  | 2    | -          | 950,000   |
| Asset Management Companies               | MTB 6 months          | -                  | 2    | -          | 500,000   |
| Employee Funds / NGO's                   | PIB 3 years           | 5                  | 6    | 217,500    | 278,000   |
| Employee Funds / NGO's                   | PIB 5 years           | -                  | 1    | -          | 13,500    |
| Employee Funds / NGO's                   | PIB 10 years          | -                  | 1    | -          | 5,000     |
| Employee Funds / NGO's                   | MTB 6 months          | 3                  | 2    | 120,000    | 65,000    |
| Individuals                              | MTB 12 months         | 2                  | 2    | 330,000    | 303,500   |
| Individuals                              | PIB 3 years           | 2                  | 2    | 62,000     | 62,000    |
| Individuals                              | PIB 5 years           | 1                  | 1    | 5,000      | 5,000     |
| Individuals                              | PIB 10 years          | 3                  | 2    | 45,400     | 40,000    |
| Individuals                              | PIB 20 years          | 1                  | 1    | 10,000     | 10,000    |
| Corporate                                | MTB 12 months         | -                  | 1    | -          | 85,000    |
| Corporate                                | PIB 3 years           | 1                  | 2    | 20,000     | 230,000   |
| Corporate                                | PIB 5 years           | 1                  | 3    | 12,000     | 39,000    |
| Staff retirement funds - related parties | PIB 3 to 20 years     | 4                  | 7    | 18,000     | 343,000   |
| Bank's executive - related party         | MTB 3 months          | 2                  | 1    | 10,000     | 3,500     |
|  |                       | 28                 | 45   | 868,900    | 3,228,600 |

### 40. RELATED PARTY TRANSACTIONS

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

Usual transactions with related parties include deposits, advances, acceptances and provision of other banking services which are carried out in accordance with agreed terms. Transactions with executives are undertaken at terms in accordance with employment agreements and services rules and include provision of advances on terms softer than those offered to the customers of the Bank. Contributions to and accruals in respect of staff retirement benefit plan are made in accordance with the actuarial valuation / terms of the benefit plan as disclosed in notes 34 and 35. Remuneration to the key management personnel is disclosed in note 36 to these financial statements. Assets held under trust are disclosed in note 39 to these financial statements.

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

|                                  | Key management personnel            |           |  |             |                         |              | Other related parties |              |                        |           |
|----------------------------------|-------------------------------------|-----------|--|-------------|-------------------------|--------------|-----------------------|--------------|------------------------|-----------|
|                                  | Bank's Chief Executive / Executives |           | Directors & their Close Family Members |             | Related Group Companies |              | Major Shareholders    |              | Staff Retirement Funds |           |
|                                  | 2016                                | 2015      | 2016                                   | 2015        | 2016                    | 2015         | 2016                  | 2015         | 2016                   | 2015      |
| (Rupees in .000)                 |                                     |           |  |             |                         |              |                       |              |                        |           |
| <b>Deposits</b>                  |                                     |           |  |             |                         |              |                       |              |                        |           |
| Balance at beginning of the year | 102,216                             | 69,900    | 880,074                                | 950,311     | 623,401                 | 492,286      | 930,734               | 784,405      | 307,666                | 216,346   |
| Placement during the year        | 444,951                             | 533,898   | 2,103,422                              | 1,978,938   | 48,819,248              | 49,568,894   | 6,662,800             | 10,341,929   | 1,682,409              | 1,031,283 |
| Transfer in *                    | 71                                  | 70        | -                                      | -           | -                       | -            | -                     | -            | -                      | -         |
| Withdrawal during the year       | (436,925)                           | (498,774) | (2,020,947)                            | (2,049,175) | (48,709,090)            | (49,437,779) | (6,649,927)           | (10,195,600) | (1,034,210)            | (939,963) |
| Transfer out **                  | (17)                                | (2,878)   | -                                      | -           | -                       | -            | -                     | -            | -                      | -         |
| Balance at end of the year       | 110,296                             | 102,216   | 962,549                                | 880,074     | 733,559                 | 623,401      | 943,607               | 930,734      | 955,865                | 307,666   |
| <b>Advances</b>                  |                                     |           |  |             |                         |              |                       |              |                        |           |
| Balance at beginning of the year | 168,716                             | 123,817   | 37,597                                 | 97,155      | 345,412                 | 294,462      | -                     | -            | -                      | -         |
| Disbursements during the year    | 22,715                              | 73,665    | 25,002                                 | 20,544      | 103,662                 | 197,264      | -                     | -            | -                      | -         |
| Transfer in *                    | 8,841                               | 610       | -                                      | -           | -                       | -            | -                     | -            | -                      | -         |
| Repayments during the year       | (24,588)                            | (20,148)  | (57,533)                               | (80,102)    | (122,830)               | (146,314)    | -                     | -            | -                      | -         |
| Transfer out **                  | (8,424)                             | (9,228)   | -                                      | -           | -                       | -            | -                     | -            | -                      | -         |
| Balance at end of the year       | 167,260                             | 168,716   | 5,066                                  | 37,597      | 326,244                 | 345,412      | -                     | -            | -                      | -         |

\* 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.

|   | Key management personnel            |       |  |         |                         |        | Other related parties |        |                        |        |
|---|-------------------------------------|-------|--|---------|-------------------------|--------|-----------------------|--------|------------------------|--------|
|   | Bank's Chief Executive / Executives |       | Directors & their Close Family Members |         | Related Group Companies |        | Major Shareholders    |        | Staff Retirement Funds |        |
|   | 2016                                | 2015  | 2016                                   | 2015    | 2016                    | 2015   | 2016                  | 2015   | 2016                   | 2015   |
|   | (Rupees in ₨000)                    |       |  |         |                         |        |                       |        |                        |        |
| Profit / interest expense on deposits           | 6,134                               | 7,475 | 101,329                                | 107,773 | 55,613                  | 44,970 | 96,139                | 89,271 | 38,739                 | 18,216 |
| Mark-up / return / interest earned              | 9,278                               | 7,491 | 4,715                                  | 8,239   | 21,404                  | 37,334 | -                     | -      | -                      | -      |
| Commission / brokerage & bank charges recovered | 55                                  | 45    | 80                                     | 47      | 2,615                   | 918    | 5                     | 10     | 1                      | 7      |
| Transaction-related contingent liabilities      | -                                   | 900   | -                                      | -       | 1,733                   | 29,623 | -                     | -      | -                      | -      |
| Trade-related contingent liabilities            | -                                   | -     | -                                      | -       | 64,350                  | 65,509 | -                     | -      | -                      | -      |
| Other administrative expenses                   | -                                   | -     | 8,343                                  | 11,529  | 9,009                   | 8,034  | -                     | -      | -                      | -      |

**2016**  
**(Rupees in ₨000)**

#### Investments

- NIT Income Fund
- NIT Islamic Equity Fund

|                |                |
|----------------|----------------|
| 100,000        | 100,000        |
| 100,000        | 100,223        |
| <u>200,000</u> | <u>200,223</u> |
| <u>345</u>     | <u>10,244</u>  |

#### Donation / CSR activities

### 41. CAPITAL ADEQUACY

#### 41.1 Capital Management

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

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

#### Goals of managing capital

The goals of capital management are as follows:

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

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

The State Bank of Pakistan requires all banks to have minimum paid up capital (net of losses) of Rs. 10 billion. The paid up capital of the Bank for the year ended 31 December 2016 stood at Rs. 11,024.636 million. In addition banks are also required to maintain a minimum Capital Adequacy Ratio (CAR) of 10.65 percent of the risk weighted exposure of the Bank as at 31 December 2016. The Bank's CAR as at 31 December 2016 was approximately 14.12 percent of its risk weighted exposure.

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





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

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

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

Tier 2 Capital includes Subordinated debt / Instruments, share premium resulting from the issue of instruments included in Tier 2, Revaluation Reserves (net of deficits, if any), General Provisions or General Reserves for loan losses, Foreign Exchange Translation Reserves, Undisclosed Reserves less regulatory adjustments applicable on Tier-2 capital. The Bank Tier-2 capital comprises subordinated Term Finance Certificates (TFCs) of Rs 2.998 billion, revaluation reserve (upto a maximum of 78% 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.

#### 41.2 Capital Adequacy Ratio (CAR) disclosure

| Particulars  | 2016                         | 2015              |
|--|------------------------------|-------------------|
|  | Amount                       |                   |
|  | ----- (Rupees in #000) ----- |                   |
| <b>Common Equity Tier 1 capital (CET1): Instruments and reserves</b>   |                              |                   |
| Fully paid-up capital / capital deposited with the SBP   | 11,024,636                   | 11,024,636        |
| Balance in share premium account   | -                            | 1,405             |
| Reserve for issue of bonus shares  | -                            | -                 |
| Discount on issue of shares  | -                            | (1,001,361)       |
| General / Statutory Reserves   | 1,423,829                    | 1,048,060         |
| Gain / (Losses) on derivatives held as Cash Flow Hedge   | -                            | -                 |
| Unappropriated profits   | 3,496,305                    | 4,263,217         |
| Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group) | -                            | -                 |
| <b>CET 1 before Regulatory Adjustments</b>   | <u>15,944,770</u>            | <u>15,335,957</u> |
| <b>Total regulatory adjustments applied to CET1 (Note 41.2.1)</b>  | <u>(615,993)</u>             | <u>(303,494)</u>  |
| <b>Common Equity Tier 1</b>  | <u>15,328,777</u>            | <u>15,032,463</u> |
| <b>Additional Tier 1 (AT 1) Capital</b>  |                              |                   |
| Qualifying Additional Tier-1 capital instruments plus any related share premium of which:  |                              |                   |
| - classified as equity   | -                            | -                 |
| - classified as liabilities  | -                            | -                 |
| Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties  | -                            | -                 |
| - of which: instrument issued by subsidiaries subject to phase out   | -                            | -                 |
| <b>AT1 before regulatory adjustments</b>   | -                            | -                 |
| <b>Total of Regulatory Adjustment applied to AT1 capital (Note 41.2.2)</b>   | -                            | -                 |
| <b>Additional Tier 1 capital after regulatory adjustments</b>  | -                            | -                 |
| <b>Tier 1 Capital (CET1 + admissible AT1)</b>  | <u>15,328,777</u>            | <u>15,032,463</u> |

| Particulars  | 2016                         | 2015        |
|--|------------------------------|-------------|
|  | Amount                       |             |
|  | ----- (Rupees in ₹000) ----- |             |
| <b>Tier 2 Capital</b>  |                              |             |
| Qualifying Tier 2 capital instruments under Basel III plus any related share premium   | -                            | -           |
| Capital instruments subject to phase out arrangement issued  | 2,998,800                    | 3,000,000   |
| 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                             | 51,340                       | 46,224      |
| Revaluation Reserves (net of taxes)  |                              |             |
| of which:  |                              |             |
| - Revaluation reserves on fixed assets   | 722,768                      | 748,555     |
| - Unrealized gains / losses on AFS   | 1,105,908                    | 1,164,955   |
| Foreign Exchange Translation Reserves  | -                            | -           |
| Undisclosed/Other Reserves (if any)  | -                            | -           |
| <b>T2 before regulatory adjustments</b>  | 4,878,816                    | 4,959,734   |
| Total regulatory adjustment applied to T2 capital (Note 41.2.3)  | (208,871)                    | (156,469)   |
| Tier 2 capital (T2) after regulatory adjustments   | 4,669,945                    | 4,803,265   |
| Tier 2 capital recognized for capital adequacy   | 4,669,945                    | 4,803,265   |
| Portion of Additional Tier 1 capital recognized in Tier 2 capital  | -                            | -           |
| Total Tier 2 capital admissible for capital adequacy   | 4,669,945                    | 4,803,265   |
| <b>TOTAL CAPITAL (T1 + admissible T2)</b>  | 19,998,722                   | 19,835,728  |
| <b>Total Risk Weighted Assets (RWA) {for details refer Note 41.3.4}</b>  | 141,609,046                  | 128,904,908 |
| <b>Capital Ratios and buffers (in percentage of risk weighted assets)</b>  |                              |             |
| CET1 to total RWA  | 10.82%                       | 11.66%      |
| Tier-1 capital to total RWA  | 10.82%                       | 11.66%      |
| Total capital to total RWA   | 14.12%                       | 15.39%      |
| 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)   | 4.82%                        | 5.66%       |
| <b>National minimum capital requirements prescribed by SBP</b>   |                              |             |
| CET1 minimum ratio   | 6.00%                        | 6.00%       |
| Tier 1 minimum ratio   | 7.50%                        | 7.50%       |
| Total capital minimum ratio  | 10.65%                       | 10.25%      |





| Particulars  | 2016           |                          | 2015           |                          |
|--|----------------|--------------------------|----------------|--------------------------|
|  | Amount         | Pre-Basel III treatment* | Amount         | Pre-Basel III treatment* |
| ----- (Rupees in ,000) -----   |                |                          |                |                          |
| <b>41.2.1 Common Equity Tier 1 capital: Regulatory adjustments</b>   |                |                          |                |                          |
| Goodwill (net of related deferred tax liability)   | -              | -                        | -              | -                        |
| All other intangibles (net of any associated deferred tax liability)   | 403,363        | -                        | 72,651         | -                        |
| Shortfall of provisions against classified assets**  | -              | -                        | -              | -                        |
| Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)  | -              | -                        | -              | -                        |
| Defined-benefit pension fund net assets  | -              | -                        | -              | -                        |
| Reciprocal cross holdings in CET1 capital instruments  | 117,980        | -                        | 230,843        | -                        |
| Cash flow hedge reserve  | -              | -                        | -              | -                        |
| Investment in own shares / CET1 instruments  | -              | -                        | -              | -                        |
| Securitization gain on sale  | -              | -                        | -              | -                        |
| Capital shortfall of regulated subsidiaries  | -              | -                        | -              | -                        |
| Deficit on account of revaluation from bank's holdings of property / AFS   | -              | -                        | -              | -                        |
| Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold) | 94,650         | -                        | -              | -                        |
| Significant investments in the common stocks of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)  | -              | -                        | -              | -                        |
| Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)  | -              | -                        | -              | -                        |
| Amount exceeding 15% threshold of which:   |                |                          |                |                          |
| - significant investments in the common stocks of financial entities   | -              | -                        | -              | -                        |
| - deferred tax assets arising from temporary differences   | -              | -                        | -              | -                        |
| National specific regulatory adjustments applied to CET1 capital   | -              | -                        | -              | -                        |
| Investment in TFCs of other banks exceeding the prescribed limit   | -              | -                        | -              | -                        |
| Any other deduction specified by SBP   | -              | -                        | -              | -                        |
| Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions   | -              | -                        | -              | -                        |
| <b>Total regulatory adjustments applied to CET1</b>  | <b>615,993</b> | <b>-</b>                 | <b>303,494</b> | <b>-</b>                 |



| Particulars  | 2016   |                          | 2015   |                          |
|--|--------|--------------------------|--------|--------------------------|
|  | Amount | Pre-Basel III treatment* | Amount | Pre-Basel III treatment* |
| ----- (Rupees in ,000) -----   |        |                          |        |                          |
| <b>41.2.2 Additional Tier 1 Capital: regulatory adjustments</b>  |        |                          |        |                          |
| Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)  | -      | -                        | -      | -                        |
| Investment in own AT1 capital instruments  | -      | -                        | -      | -                        |
| Reciprocal cross holdings in Additional Tier 1 capital instruments   | -      | -                        | -      | -                        |
| Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold) | -      | -                        | -      | -                        |
| Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation  | -      | -                        | -      | -                        |
| Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-1 capital   | -      | -                        | -      | -                        |
| Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions   | -      | -                        | -      | -                        |
| <b>Total of Regulatory Adjustment applied to AT1 capital</b>   | -      | -                        | -      | -                        |

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

\*\* State Bank of Pakistan has granted relaxation in respect of provision held against a customer as disclosed in note 10.6. State Bank of Pakistan has allowed the bank to avail this relaxation in calculation of capital adequacy ratio.

| Particulars  | 2016           |                          | 2015           |                          |
|--|----------------|--------------------------|----------------|--------------------------|
|  | Amount         | Pre-Basel III treatment* | Amount         | Pre-Basel III treatment* |
| ----- (Rupees in ,000) -----   |                |                          |                |                          |
| <b>41.2.3 Tier 2 Capital: regulatory adjustments</b>   |                |                          |                |                          |
| 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  | -              | -                        | 156,469        | -                        |
| 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) | 208,871        | -                        | -              | -                        |
| Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation  | -              | -                        | -              | -                        |
| <b>Amount of Regulatory Adjustment applied to T2 capital</b>   | <b>208,871</b> | -                        | <b>156,469</b> | -                        |

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





|  | 2016<br>(Rupees in ₨000) | 2015 |
|--|--------------------------|------|
| <b>41.2.4 Risk Weighted Assets subject to pre-Basel III treatment</b>  |                          |      |
| 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 | -                        | -    |
| <b>Amounts below the thresholds for deduction (before risk weighting)</b>  |                          |      |
| 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)  | -                        | -    |
| <b>Applicable caps on the inclusion of provisions in Tier 2</b>  |                          |      |
| 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  | -                        | -    |

#### 41.2.5 Leverage ratio

According to Basel III instructions issued by State Bank of Pakistan (BPRD circular # 06 dated August 15, 2013), it is mandatory for all the banks to calculate and report the Leverage Ratio on a quarterly basis with the minimum benchmark of 3%.

The reason for calculating leverage ratio is to avoid excessive on- and off-balance sheet leverage in the banking system. A simple, transparent and non-risk based ratio has been introduced with the following objectives:

- Constrain the build-up of leverage in the banking sector which can damage the broader financial system and the economy; and
- Reinforce the risk based requirements with an easy to understand and a non-risk based measure.

| Particulars   | 2016                         | 2015               |
|---|------------------------------|--------------------|
|   | ----- (Rupees in ₨000) ----- |                    |
| <b>On balance sheet exposures</b>   |                              |                    |
| 1 On-balance sheet items (excluding derivatives but including collateral)                         | 278,520,706                  | 253,341,829        |
| 2 Derivatives (Forward contracts and currency swaps)  | 114,609                      | 235,143            |
| 3 <b>Total On balance sheet exposures</b>   | <b>278,635,315</b>           | <b>253,576,972</b> |
| <b>Off balance sheet exposures</b>  |                              |                    |
| 4 Off-balance sheet items (excluding derivatives)   | 58,948,414                   | 40,230,763         |
| 5 Commitment in respect of derivatives (derivatives having negative fair value are also included) | 308,766                      | 824,649            |
| 6 <b>Total Off balance sheet exposures</b>  | <b>59,257,180</b>            | <b>41,055,412</b>  |
| <b>Capital and total exposures</b>  |                              |                    |
| 7 <b>Tier 1 capital (Note 41.2)</b>   | <b>15,328,777</b>            | <b>15,032,463</b>  |
| 8 <b>Total exposures (sum of lines 3 and 6)</b>   | <b>337,892,495</b>           | <b>294,632,384</b> |
| <b>Basel III leverage ratio</b>   | <b>4.54%</b>                 | <b>5.10%</b>       |

The current year's leverage ratio is 4.54% (2015: 5.10%) whereas total tier 1 capital and total exposures are Rs 15,328.777 million and Rs 337,892.495 million respectively.



**41.3 Capital Structure Reconciliation**

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

| Particulars   | Balance sheet<br>as in<br>published<br>financial<br>statements | Under<br>regulatory<br>scope of<br>reporting |
|---|--|--|
| ----- (Rupees in „000) -----                        |  |  |
| <b>Assets</b>                                       |  |  |
| Cash and balances with treasury banks               | 18,278,840   | 18,278,840                                   |
| Balances with other banks                           | 822,689  | 822,689                                      |
| Lending to financial and other institutions         | 5,536,577  | 5,536,577                                    |
| Investments   | 117,883,960  | 117,883,960                                  |
| Advances  | 125,305,765  | 125,305,765                                  |
| Operating fixed assets                              | 5,138,424  | 5,138,424                                    |
| Deferred tax assets                                 | -  | -  |
| Other assets  | 5,554,451  | 5,554,451                                    |
| <b>Total assets</b>                                 | <u>278,520,706</u>   | <u>278,520,706</u>                           |
| <b>Liabilities and equity</b>                       |  |  |
| Bills payable                                       | 3,254,243  | 3,254,243                                    |
| Borrowings  | 38,905,078   | 38,905,078                                   |
| Deposits and other accounts                         | 210,839,646  | 210,839,646                                  |
| Sub-ordinated loans                                 | 2,998,800  | 2,998,800                                    |
| Liabilities against assets subject to finance lease | -  | -  |
| Deferred tax liabilities                            | 1,137,530  | 1,137,530                                    |
| Other liabilities                                   | 3,096,182  | 3,096,182                                    |
| <b>Total liabilities</b>                            | <u>260,231,479</u>   | <u>260,231,479</u>                           |
| Share capital                                       | 11,024,636   | 11,024,636                                   |
| Reserves  | 1,423,829  | 1,423,829                                    |
| Unappropriated profit                               | 3,496,305  | 3,496,305                                    |
| Surplus on revaluation of assets - net of tax       | 2,344,457  | 2,344,457                                    |
| <b>Total liabilities and equity</b>                 | <u>278,520,706</u>   | <u>278,520,706</u>                           |

**41.3.2 Reconciliation of balance sheet to eligible regulatory capital - Step 2**

| Particulars  | Reference | Balance sheet<br>as in<br>published<br>financial<br>statements | Under<br>regulatory<br>scope of<br>reporting |
|--|-----------|--|--|
| ----- (Rupees in „000) -----   |           |  |  |
| <b>Assets</b>  |           |  |  |
| Cash and balances with treasury banks  |           | 18,278,840   | 18,278,840                                   |
| Balances with other banks  |           | 822,689  | 822,689                                      |
| Lending to financial and other institutions  |           | 5,536,577  | 5,536,577                                    |
| Investments  |           | 117,883,960  | 117,883,960                                  |
| of which:  |           |  |  |
| - non-significant capital investments in capital of other financial institutions exceeding 10% threshold | a         | 303,521  | 303,521                                      |
| - significant capital investments in financial sector entities exceeding regulatory threshold            | b         | -  | -  |
| - mutual Funds exceeding regulatory threshold  | c         | -  | -  |
| - reciprocal crossholding of capital instrument  | d         | 117,980  | 117,980                                      |
| - others   | e         | -  | -  |
| Advances   |           | 125,305,765  | 125,305,765                                  |
| - 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   |           | 5,138,424  | 5,138,424                                    |
| - of which: Intangibles  | k         | 403,363  | 403,363                                      |
| 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   |           | 5,554,451  | 5,554,451                                    |
| of which:  |           |  |  |
| - goodwill   | j         | -  | -  |
| - defined-benefit pension fund net assets  | l         | -  | -  |
| <b>Total assets</b>  |           | <u>278,520,706</u>   | <u>278,520,706</u>                           |





| Particulars  | Reference | Balance sheet<br>as in<br>published<br>financial<br>statements | Under<br>regulatory<br>scope of<br>reporting |
|--|-----------|--|--|
|  |           | ----- (Rupees in ₹000) -----                                   |  |
| <b>Liabilities and equity</b>                                |           |  |  |
| Bills payable  |           | 3,254,243  | 3,254,243                                    |
| Due from financial institutions                              |           | 38,905,078   | 38,905,078                                   |
| Deposits and other accounts                                  |           | 210,839,646  | 210,839,646                                  |
| Sub-ordinated loans of which:                                |           | 2,998,800  | 2,998,800                                    |
| - eligible for inclusion in AT1                              | m         | -  | -  |
| - eligible for inclusion in Tier 2                           | n         | 2,998,800  | 2,998,800                                    |
| Liabilities against assets subject to finance lease          |           | -  | -  |
| Deferred tax liabilities of which:                           |           | 1,137,530  | 1,137,530                                    |
| - 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         | 1,137,530  | 1,137,530                                    |
| Other liabilities  |           | 3,096,182  | 3,096,182                                    |
| <b>Total liabilities</b>                                     |           | <b>260,231,479</b>   | <b>260,231,479</b>                           |
| <b>Share capital</b>   |           |  |  |
| - of which: amount eligible for CET1                         | s         | 11,024,636   | 11,024,636                                   |
| - of which: amount eligible for AT1                          | t         | -  | -  |
| Reserves of which:   |           | 1,423,829  | 1,423,829                                    |
| - portion eligible for inclusion in CET1 - Statutory reserve | u         | 1,423,829  | 1,423,829                                    |
| - portion eligible for inclusion in CET1 - General reserve   |           | -  | -  |
| - portion eligible for inclusion in Tier 2 General reserve   | v         | -  | -  |
| Discount on issue of shares                                  |           | -  | -  |
| Unappropriated profit  | w         | 3,496,305  | 3,496,305                                    |
| 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:                   |           | 2,344,457  | 2,344,457                                    |
| - Revaluation reserves on Fixed Assets                       |           | 926,626  | 926,626                                      |
| - Unrealized Gains/Losses on AFS                             | aa        | 1,417,831  | 1,417,831                                    |
| - In case of Deficit on revaluation (deduction from CET1)    | ab        | -  | -  |
| <b>Total liabilities and equity</b>                          |           | <b>278,520,706</b>   | <b>278,520,706</b>                           |

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

| Particulars  | Source based<br>on reference<br>number from<br>step 2 | Component of<br>regulatory<br>capital reported<br>by bank |
|--|---|---|
|  |   | (Rupees in ₹000)  |
| <b>Common Equity Tier 1 capital (CET1): Instruments and reserves</b>   |   |   |
| 1 Fully Paid-up Capital  | (s)   | 11,024,636  |
| 2 Balance in share premium account   |   | -   |
| 3 Discount on issue of shares  |   | -   |
| 4 Reserve for issue of bonus shares  |   | -   |
| 5 General / Statutory Reserves   | (u)   | 1,423,829   |
| 6 Gain / (Losses) on derivatives held as Cash Flow Hedge   |   | -   |
| 7 Unappropriated / unremitted profits  | (w)   | 3,496,305   |
| 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)   | -   |
| <b>9 CET 1 before Regulatory Adjustments</b>   |   | <b>15,944,770</b>   |
| <b>Common Equity Tier 1 capital: Regulatory adjustments</b>  |   |   |
| 10 Goodwill (net of related deferred tax liability)  | (j) - (s)   | -   |
| 11 All other intangibles (net of any associated deferred tax liability)  | (k) - (p)   | 403,363   |
| 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)   | 117,980   |
| 16 Cash flow hedge reserve   |   | -   |

| Particulars |  | Source based on reference number from step 2 | Component of regulatory capital reported by bank |
|-------------|--|--|--|
|             |  |  | (Rupees in .000)                                 |
| 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)                            | 94,650   |
| 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   |  | -  |
| <b>29</b>   | <b>Total regulatory adjustments applied to CET1 Common Equity Tier 1</b>   |  | <b>615,993</b>                                   |
|             | <b>Additional Tier 1 (AT 1) Capital</b>  |  | <b>15,328,777</b>                                |
| 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          | <b>AT1 before regulatory adjustments</b>   |  |  |
|             | <b>Additional Tier 1 Capital: regulatory adjustments</b>   |  |  |
| 36          | Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)  |  | -  |
| 37          | Investment in own AT1 capital instruments  |  | -  |
| 38          | Reciprocal cross holdings in Additional Tier 1 capital instruments   |  | -  |
| 39          | Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold) | (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   |  | -  |



| Particulars   | Source based on reference number from step 2 | Component of regulatory capital reported by bank |
|---|--|--|
|   |  | (Rupees in .000)                                 |
| 43 Total of Regulatory Adjustment applied to AT1 capital  |  | -  |
| 44 Additional Tier 1 capital  |  | -  |
| 45 <b>Additional Tier 1 capital recognised for capital adequacy</b>   |  | -  |
| <b>Tier 1 Capital (CET1 + admissible AT1)</b>   |  | <b>15,328,777</b>                                |
| <b>Tier 2 Capital</b>   |  |  |
| 46 Qualifying Tier 2 capital instruments under Basel III  |  | -  |
| 47 Capital instruments subject to phase out arrangement from Tier 2   | (n)  | 2,998,800  |
| 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)  | 51,340   |
| 50 Revaluation Reserves eligible for Tier 2 of which:   |  |  |
| 51 - portion pertaining to Fixed Asset  |  | 722,768  |
| 52 - portion pertaining to AFS securities   | 56% of (aa)                                  | 1,105,908  |
| 53 Foreign Exchange Translation Reserves  | (v)  | -  |
| 54 Undisclosed / Other Reserves (if any)  |  | -  |
| 55 <b>T2 before regulatory adjustments</b>  |  | <b>4,878,816</b>                                 |
| <b>Tier 2 Capital: regulatory adjustments</b>   |  |  |
| 56 Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital   |  |  |
| 57 Reciprocal cross holdings in Tier 2 instruments  |  | -  |
| 58 Investment in own Tier 2 capital instrument  |  | -  |
| 59 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold) | (ae)   | 208,871  |
| 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  |  | 208,871  |
| 62 Tier 2 capital (T2)  |  | 4,669,945  |
| 63 Tier 2 capital recognised for capital adequacy   |  | 4,669,945  |
| 64 Excess Additional Tier 1 capital recognised in Tier 2 capital  |  | -  |
| 65 Total Tier 2 capital admissible for capital adequacy   |  | <b>4,669,945</b>                                 |
| <b>TOTAL CAPITAL (T1 + admissible T2)</b>   |  | <b>19,998,722</b>                                |

41.3.4 Risk-weighted exposures

|   | Note | 2016                         |                     | 2015                         |                     |
|---|------|------------------------------|---------------------|------------------------------|---------------------|
|   |      | Capital Requirement          | Risk adjusted value | Capital Requirement          | Risk adjusted value |
|   |      | ----- (Rupees in ₹000) ----- |                     | ----- (Rupees in ₹000) ----- |                     |
| <b>Credit Risk</b>  |      |                              |                     |                              |                     |
| <b>Portfolios subject to standardised approach (Comprehensive Approach)</b> |      |                              |                     |                              |                     |
| <b>On-balance sheet items:</b>  |      |                              |                     |                              |                     |
| Cash and cash equivalent  |      | -                            | -                   | -                            | -                   |
| Sovereign and central banks   |      | 3,997                        | 39,972              | 1,759                        | 17,592              |
| Public sector entities (PSEs)   |      | 105,351                      | 1,053,514           | 4,631                        | 46,305              |
| Banks and securities firms  |      | 286,309                      | 2,863,094           | 160,647                      | 1,606,473           |
| Corporate portfolio   | 41.4 | 7,438,417                    | 74,384,170          | 7,163,241                    | 71,632,408          |
| Retail non mortgages  | 41.4 | 924,066                      | 9,240,663           | 1,008,687                    | 10,086,867          |
| Mortgages – Residential   |      | 103,854                      | 1,038,542           | 88,024                       | 880,241             |
| Past due loans  |      | 254,519                      | 2,545,187           | 365,590                      | 3,655,900           |
| Operating fixed assets  |      | 473,506                      | 4,735,061           | 488,408                      | 4,884,081           |
| Other assets  |      | 95,594                       | 955,939             | 94,413                       | 944,131             |
|   |      | 9,685,613                    | 96,856,142          | 9,375,400                    | 93,753,998          |
| <b>Off balance sheet items:</b>   |      |                              |                     |                              |                     |
| <b>Non-market related:-</b>   |      |                              |                     |                              |                     |
| Direct credit substitutes   | 41.5 | 1,268,680                    | 12,686,804          | 1,002,450                    | 10,024,503          |
| Performance-related contingencies   | 41.5 | 425,151                      | 4,251,507           | 225,951                      | 2,259,505           |
| Trade-related contingencies   | 41.5 | 563,732                      | 5,637,316           | 342,110                      | 3,421,103           |
|   |      | 2,257,563                    | 22,575,627          | 1,570,511                    | 15,705,111          |
| <b>Market related:-</b>   |      |                              |                     |                              |                     |
| Outstanding interest rate contracts   |      | -                            | -                   | -                            | -                   |
| Outstanding foreign exchange contracts                                      | 41.6 | 16,406                       | 164,056             | 27,272                       | 272,721             |
|   |      | 16,406                       | 164,056             | 27,272                       | 272,721             |
| <b>Equity Exposure Risk in the Banking Book</b>                             |      |                              |                     |                              |                     |
| Listed equity investments held in banking book                              |      | 443,782                      | 4,437,820           | 242,772                      | 2,427,715           |
| Unlisted equity investments held in banking book                            |      | 1,665                        | 16,650              | 1,665                        | 16,650              |
| Recognised portion of significant investment                                |      | -                            | -                   | -                            | -                   |
|   |      | 445,447                      | 4,454,470           | 244,437                      | 2,444,365           |
| <b>Total credit risk exposures</b>  |      | <b>12,405,029</b>            | <b>124,050,295</b>  | <b>11,217,620</b>            | <b>112,176,195</b>  |
| <b>Market risk</b>  |      |                              |                     |                              |                     |
| Capital Requirement for portfolios subject to Standardized Approach         |      |                              |                     |                              |                     |
| Interest rate risk  |      | 11,940                       | 149,250             | 34,122                       | 426,525             |
| Equity position risk  |      | 35,545                       | 444,313             | 59,359                       | 741,988             |
| Foreign exchange risk   |      | 14,926                       | 186,575             | 8,784                        | 109,800             |
| Position in options   |      | -                            | -                   | -                            | -                   |
| <b>Total market risk exposures</b>  |      | <b>62,411</b>                | <b>780,138</b>      | <b>102,265</b>               | <b>1,278,313</b>    |
| <b>Operational risk</b>   |      |                              |                     |                              |                     |
| Capital requirement for operational risks                                   |      | 1,342,289                    | 16,778,613          | 1,236,032                    | 15,450,400          |
| <b>TOTAL</b>  |      | <b>13,809,729</b>            | <b>141,609,046</b>  | <b>12,555,917</b>            | <b>128,904,908</b>  |
| <b>Capital Adequacy Ratio</b>   |      |                              |                     |                              |                     |
|   |      | <b>Required</b>              | <b>Actual</b>       | <b>Required</b>              | <b>Actual</b>       |
|   |      | <b>31 December 2016</b>      |                     | <b>31 December 2015</b>      |                     |
| CET1 to total RWA   |      | 6.00%                        | <b>10.82%</b>       | 6.00%                        | <b>11.66%</b>       |
| Tier-1 capital to total RWA   |      | 7.50%                        | <b>10.82%</b>       | 7.50%                        | <b>11.66%</b>       |
| Total capital to total RWA  |      | 10.65%                       | <b>14.12%</b>       | 10.25%                       | <b>15.39%</b>       |





- 41.4** Cash margin and eligible securities amounting to Rs. 33,769.638 million (2015: Rs. 22,965.012 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.51.340 million (2015: 46 million) which is reported separately in Tier II (supplementary) capital as per BSD circular letter number 03 dated 20 May 2006.
- 41.5** Cash margin and eligible securities amounting to Rs. 727.996 million (2015: Rs. 894.745 million) have been deducted from off-balance sheet items.
- 41.6** Contracts having original maturities of 14 days or less have been excluded.

#### 41.7 Main Features of Regulatory Capital Instruments

| Main Features   | Common Shares                        | Instrument 1  |
|---|--------------------------------------|---|
| 1 Issuer  | Soneri Bank Ltd                      | Soneri Bank Ltd   |
| 2 Unique identifier (e.g. KSE Symbol or Bloomberg identifier etc.)  | SNBL                                 | SNBL - TFCs   |
| 3 Governing law(s) of the instrument  | Laws of Islamic Republic of Pakistan | Laws of Islamic Republic of Pakistan  |
| 4 Regulatory treatment  |                                      |   |
| 4.1 Transitional Basel III rules  | Common Equity Tier 1                 | Tier 2  |
| 4.2 Post-transitional Basel III rules   | Common Equity Tier 1                 | Tier 2  |
| 4.3 Eligible at solo/ group/ group & solo   | Solo                                 | Solo  |
| 4.4 Instrument type   | Ordinary Shares                      | Subordinated Debt   |
| 5 Amount recognized in regulatory capital (Currency in PKR thousands, as of reporting date)                     | Rs 11,024,636                        | Rs 2,998,800  |
| 6 Par value of instrument   | Rs.10                                | Rs.5,000  |
| 7 Accounting classification   | Shareholders' Equity                 | Liability   |
| 8 Original date of issuance   | Various From 1992                    | July 2015   |
| 9 Perpetual or dated  | Perpetual                            | Dated   |
| 9.1 Original maturity date  | N/A                                  | July 2023   |
| 10 Issuer call subject to prior supervisory approval  | No                                   | Yes, after 5 years from last day of public subscription   |
| 10.1 Optional call date, contingent call dates and redemption amount  | N/A                                  | N/A   |
| 10.2 Subsequent call dates, if applicable   | N/A                                  | N/A   |
| 11 Coupons / dividends  |                                      |   |
| 11.1 Fixed or floating dividend/ coupon   | N/A                                  | Floating  |
| 11.2 coupon rate and any related index/ benchmark   | N/A                                  | Floating rate at 6 month KIBOR plus 1.35%   |
| 11.3 Existence of a dividend stopper  | No                                   | Yes   |
| 11.4 Fully discretionary, partially discretionary or mandatory  | Fully Discretionary                  | Mandatory   |
| 11.5 Existence of step up or other incentive to redeem  | No                                   | No  |
| 11.6 Non-cumulative or cumulative   | Non-cumulative                       | Cumulative  |
| 12 Convertible or non-convertible   | Non-convertible                      | Convertible in case of PONV   |
| 12.1 If convertible, conversion trigger (s)   | N/A                                  | *At the option of supervisor it can be converted trigger events , called point of non viability (PONV). The PONV is the earlier of;<br>1. A decision made by SBP that a conversion or temporary/ permanent write off is necessary without which the bank would become non viable.<br>2. the decision to make a public sector injection of capital, or equivalent support, without which the bank would have become non viable, as determined by SBP.*                                     |
| 12.2 If convertible, fully or partially   | N/A                                  | May convert fully or partially in case of PONV  |
| 12.3 If convertible, conversion rate  | N/A                                  | To be determined in the case of trigger event   |
| 12.4 If convertible, mandatory or optional conversion   | N/A                                  | Convertible at the discretion of SBP in case of PONV  |
| 12.5 If convertible, specify instrument type convertible into   | N/A                                  | Common Equity Tier 1  |
| 12.6 If convertible, specify issuer of instrument it converts into  | N/A                                  | SNBL (Ordinary shares)  |
| 13 Write-down feature   | No                                   | Yes   |
| 14 If write-down, write-down trigger(s)   | N/A                                  | *At the option of supervisor it can be either written off upon occurrence of a certain trigger events, called point of non viability(PONV). The PONV is the earlier of:<br>1. A decision made by SBP that a conversion or temporary/ permanent write off is necessary without which the Bank would become non viable.<br>2. the decision to make a public sector injection of capital, or equivalent support, without which the Bank would have become non viable, as determined by SBP.* |
| 15 If write-down, full or partial   | N/A                                  | May be written-down fully or partially;   |
| 16 If write-down, permanent or temporary  | N/A                                  | N/A   |
| 17 If temporary write-down, description of write-up mechanism   | N/A                                  | As may be determined by reversal of trigger events and subject to regulator's approval  |
| 18 Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument | N/A                                  | Senior to ordinary shareholders   |
| 19 Non-compliant transitioned features  | No                                   | No  |
| 20 If yes, specify non-compliant features   | N/A                                  | N/A   |

## 42. RISK MANAGEMENT

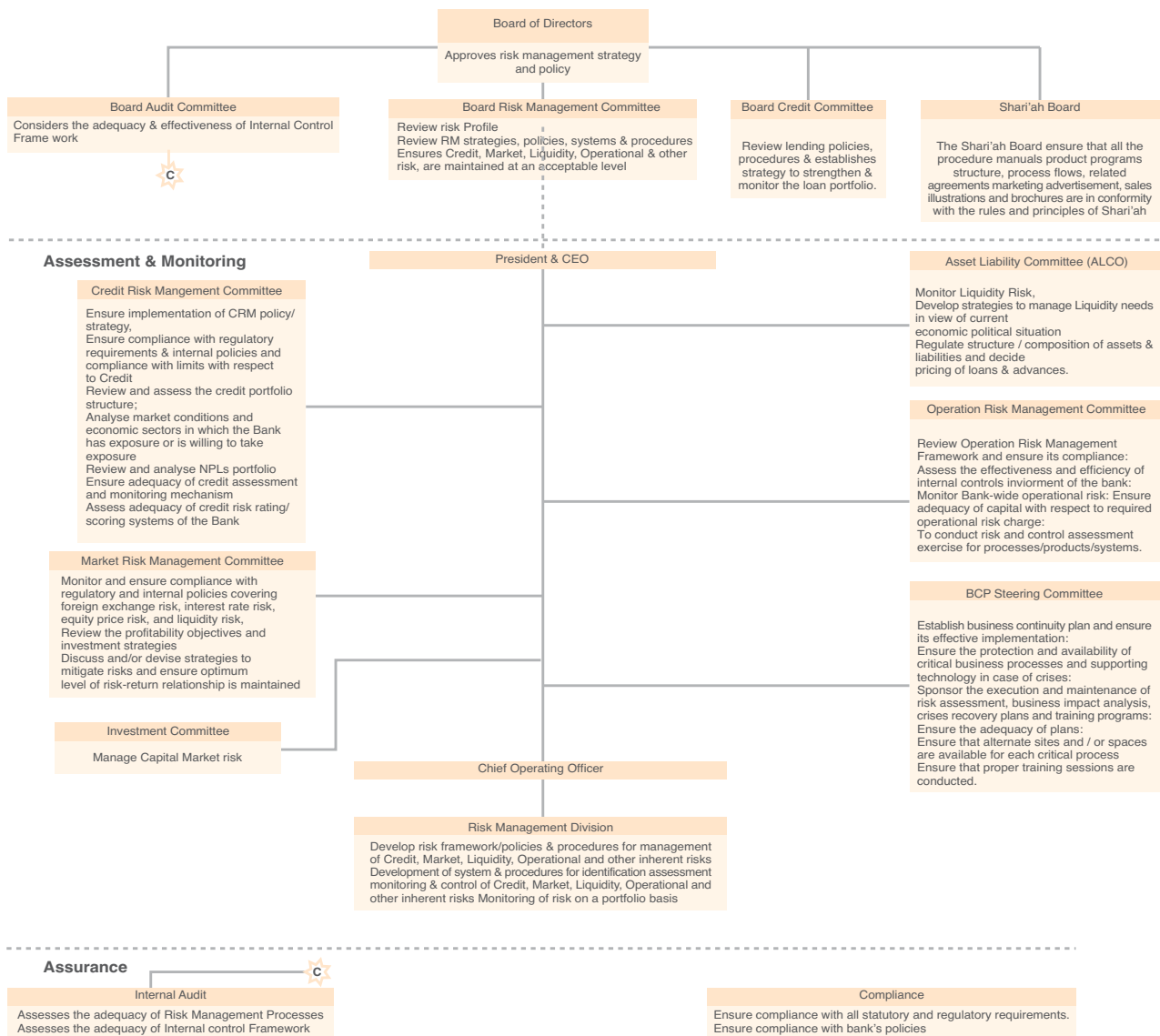
The primary goal of risk management is to identify, assess and monitor risks inherent in the activities of the Bank and take adequate measures to manage and control these risks on a timely basis. This will help in achieving sustainable business growth, financial and non-financial targets with better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



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

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

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



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



**Risk Management Function**



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

**42.1 Credit risk**

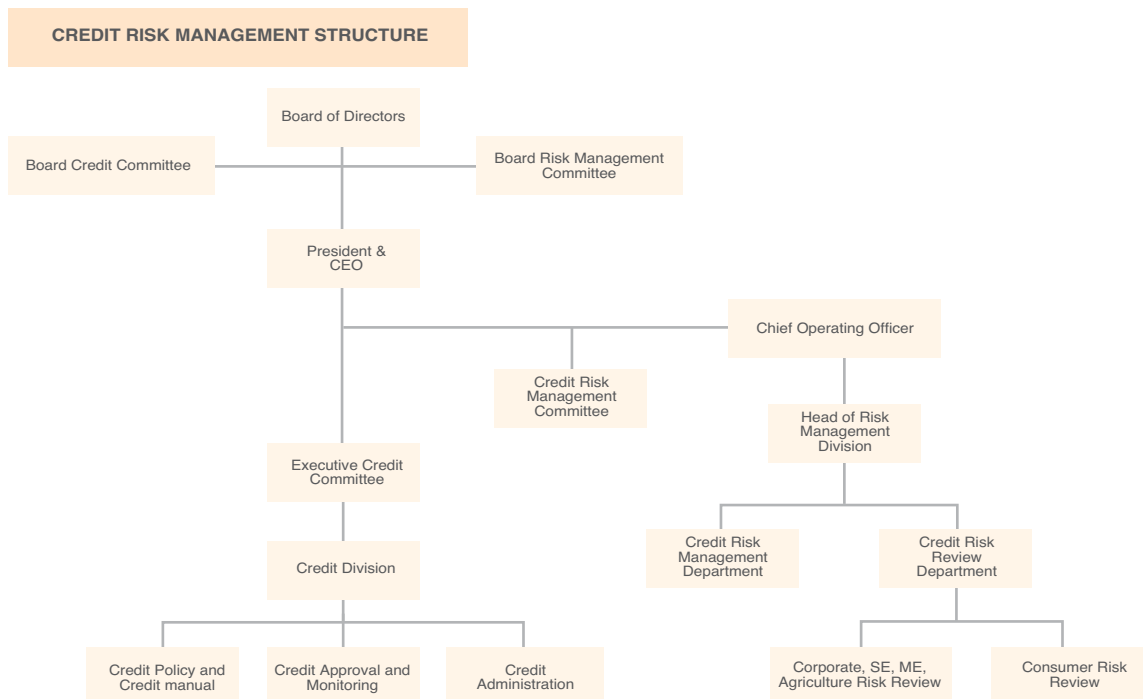
Credit risk is a risk arising from the potential that an obligor is either unwilling to perform on an obligation or its ability to perform is impaired resulting in financial loss to the Bank. Credit risk mainly arises from all placement of deposits, lending and investing activities i.e. transactions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

**Credit Risk Management Objectives and Organisation**

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

The main objective of the credit risk management process is to identify, assess, measure and monitor credit risk in all the financial exposures of the Bank. The Bank has established a rigorous credit risk management framework to timely and effectively manage credit risk 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 information / analysis in making better credit decisions, measured risk-taking, better loan pricing and efficient capital allocation thereagainst thus resulting in efficient and effective use of funds and increase in profitability of the Bank.

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





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

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

### **Credit Portfolio Management**

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

### **Credit Risk Rating**

The Credit risk Rating System provides solid grounds for the assessment and measurement of credit risk against each obligor in addition to fulfilling regulatory requirements. The Bank has revised and updated / in the process of updation Obligor Risk Rating (ORR) systems for its Corporate, Small and Medium Enterprises (SMEs), Consumer and Agriculture Finance borrowers which are duly approved by the Board of Directors (BOD). The automated and updated Obligor Risk Rating (ORR) systems for Corporate and Agriculture Finance obligors were implemented on a bank wide basis in Year 2015 while the updated ORR of Small and Medium Enterprises (SMEs) and Consumer Finance will be automated on a Bank wide basis upon completion of its testing. Through automation of the ORR process, the Bank plans to ensure review of 100% ORR by the Risk Management Division so as to ensure the integrity of data and consistency in generation of accurate obligor risk ratings, while giving due importance to the turnaround time. The Bank also has a BOD approved Facility Risk Rating System (FRR) for its borrowers.

The ORR assigns risk grades to customers, in accordance with the regulatory requirements, 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 a periodic basis.

### **Credit Risk Assessment**

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

### **Credit Risk Limit Structure**

In addition to monitoring credit limits specified in the Prudential Regulations of the State Bank of Pakistan, the credit limit structure of the Bank includes internal limits as established by the senior management and the BOD. Internal limits include limits with respect to BOD approved risk appetite, industry / sector, credit approval authority, large exposures limits, linkage ratio limits for corporate borrowers, exposure with banks and NBFIs, exposure with insurance companies and foreign countries. All these limits are monitored on a regular basis and any exceptions are reported to the relevant authorities for their timely action where necessary.

### **Collateral**

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

### **Early Warning System**

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

### **Remedial Management and allowances for impairment**

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

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



## 42.1.1 Segmental information

### 42.1.1.1 Segments by class of business

|  | 2016             |           |                  |           |                                 |           |
|--|------------------|-----------|------------------|-----------|---------------------------------|-----------|
|  | Advances (Gross) |           | Deposits         |           | **Contingencies and commitments |           |
|  | (Rupees in ₹000) | (Percent) | (Rupees in ₹000) | (Percent) | (Rupees in ₹000)                | (Percent) |
| Agriculture, Forestry, Hunting and Fishing | 3,222,913        | 2.41%     | 83,271           | 0.04%     | 434,278                         | 0.95%     |
| Textile                                    | 28,707,232       | 21.46%    | 2,033,721        | 0.96%     | 4,906,597                       | 10.75%    |
| Chemical and Pharmaceuticals               | 4,844,065        | 3.62%     | 2,682,125        | 1.27%     | 3,372,462                       | 7.39%     |
| Cement                                     | 1,215,055        | 0.91%     | 73,336           | 0.03%     | 551,519                         | 1.21%     |
| Sugar                                      | 2,837,320        | 2.12%     | 233,554          | 0.11%     | 9,390                           | 0.02%     |
| Footwear and Leather Garments              | 954,568          | 0.71%     | 788,401          | 0.37%     | 264,313                         | 0.58%     |
| Automobile and Transportation Equipment    | 891,890          | 0.67%     | 7,843,582        | 3.72%     | 714,212                         | 1.56%     |
| Electronics and Electrical Appliances      | 1,381,090        | 1.03%     | 810,801          | 0.38%     | 2,840,490                       | 6.22%     |
| Construction                               | 900,940          | 0.67%     | 1,694,297        | 0.80%     | 2,371,761                       | 5.19%     |
| Power (electricity), Gas, Water, Sanitary  | 7,358,320        | 5.50%     | 6,407,546        | 3.04%     | 2,137,140                       | 4.68%     |
| Wholesale and Retail Trade                 | 17,879,883       | 13.37%    | 3,396,733        | 1.61%     | 6,323,110                       | 13.85%    |
| Exports / Imports                          | 6,842,185        | 5.12%     | 1,915,437        | 0.91%     | 2,495,322                       | 5.47%     |
| Financial                                  | 999,275          | 0.75%     | 12,588,410       | 5.97%     | 1,578,513                       | 3.46%     |
| Food and Allied                            | 31,175,457       | 23.31%    | 4,771,451        | 2.26%     | 7,277,675                       | 15.94%    |
| Individuals                                | 6,788,432        | 5.08%     | 101,114,282      | 47.96%    | 156,732                         | 0.34%     |
| Others*                                    | 17,754,411       | 13.27%    | 64,402,699       | 30.57%    | 10,221,576                      | 22.39%    |
|  | 133,753,036      | 100.00%   | 210,839,646      | 100.00%   | 45,655,090                      | 100.00%   |

|  | 2015             |           |                  |           |                                 |           |
|--|------------------|-----------|------------------|-----------|---------------------------------|-----------|
|  | Advances (Gross) |           | Deposits         |           | **Contingencies and commitments |           |
|  | (Rupees in ₹000) | (Percent) | (Rupees in ₹000) | (Percent) | (Rupees in ₹000)                | (Percent) |
| Agriculture, Forestry, Hunting and Fishing | 3,330,928        | 2.76%     | 369,461          | 0.20%     | 95,283                          | 0.34%     |
| Textile                                    | 28,416,076       | 23.56%    | 4,015,305        | 2.17%     | 3,378,255                       | 11.92%    |
| Chemical and Pharmaceuticals               | 5,857,102        | 4.86%     | 3,855,220        | 2.08%     | 1,539,977                       | 5.43%     |
| Cement                                     | 2,090,678        | 1.73%     | 510,985          | 0.28%     | 298,194                         | 1.05%     |
| Sugar                                      | 2,793,818        | 2.32%     | 673,822          | 0.36%     | 4,269                           | 0.02%     |
| Footwear and Leather Garments              | 1,166,362        | 0.97%     | 608,273          | 0.33%     | 207,631                         | 0.73%     |
| Automobile and transportation equipment    | 878,896          | 0.73%     | 1,035,718        | 0.56%     | 558,466                         | 1.97%     |
| Electronics and Electrical Appliances      | 1,125,632        | 0.93%     | 644,907          | 0.35%     | 1,431,378                       | 5.05%     |
| Construction                               | 868,992          | 0.72%     | 1,263,340        | 0.68%     | 1,480,201                       | 5.22%     |
| Power (electricity), Gas, Water, Sanitary  | 5,762,384        | 4.77%     | 3,250,732        | 1.76%     | 1,385,452                       | 4.89%     |
| Wholesale and Retail Trade                 | 3,482,537        | 2.89%     | 2,530,585        | 1.37%     | 3,134,219                       | 11.06%    |
| Exports / Imports                          | 5,043,102        | 4.18%     | 838,337          | 0.45%     | 1,410,286                       | 4.98%     |
| Financial                                  | 1,421,015        | 1.18%     | 14,051,502       | 7.59%     | 278,709                         | 0.98%     |
| Food and Allied                            | 36,652,402       | 30.39%    | 3,022,863        | 1.63%     | 5,112,160                       | 18.04%    |
| Individuals                                | 4,896,896        | 4.06%     | 95,837,423       | 51.74%    | 531,764                         | 1.87%     |
| Others*                                    | 16,830,140       | 13.95%    | 52,713,910       | 28.45%    | 7,498,072                       | 26.45%    |
|  | 120,616,960      | 100.00%   | 185,222,383      | 100.00%   | 28,344,316                      | 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.

## 42.1.1.2 Segment by sector

|                     | 2016             |           |                  |           |                               |           |
|---------------------|------------------|-----------|------------------|-----------|-------------------------------|-----------|
|                     | Advances (Gross) |           | Deposits         |           | Contingencies and commitments |           |
|                     | (Rupees in ₹000) | (Percent) | (Rupees in ₹000) | (Percent) | (Rupees in ₹000)              | (Percent) |
| Public / Government | 34,526,634       | 25.81%    | 39,209,705       | 18.60%    | 1,646,373                     | 3.61%     |
| Private             | 99,226,402       | 74.19%    | 171,629,941      | 81.40%    | 44,008,717                    | 96.39%    |
|                     | 133,753,036      | 100.00%   | 210,839,646      | 100.00%   | 45,655,090                    | 100.00%   |

|                     | 2015             |           |                  |           |                               |           |
|---------------------|------------------|-----------|------------------|-----------|-------------------------------|-----------|
|                     | Advances (Gross) |           | Deposits         |           | Contingencies and commitments |           |
|                     | (Rupees in ₹000) | (Percent) | (Rupees in ₹000) | (Percent) | (Rupees in ₹000)              | (Percent) |
| Public / Government | 21,405,443       | 17.75%    | 32,794,375       | 17.71%    | 1,690,695                     | 5.96%     |
| Private             | 99,211,517       | 82.25%    | 152,428,008      | 82.29%    | 26,653,621                    | 94.04%    |
|                     | 120,616,960      | 100.00%   | 185,222,383      | 100.00%   | 28,344,316                    | 100.00%   |

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

|  | 2016                |                         | 2015                |                         |
|--|---------------------|-------------------------|---------------------|-------------------------|
|  | Classified Advances | Specific Provision Held | Classified Advances | Specific Provision Held |
|  | (Rupees in ₹000)    |                         |                     |                         |
| Agriculture, Forestry, Hunting and Fishing | 240,810             | 140,103                 | 175,325             | 93,582                  |
| Textile                                    | 6,304,340           | 5,582,698               | 6,087,210           | 4,685,026               |
| Chemical and Pharmaceuticals               | 450,871             | 430,264                 | 94,643              | 59,117                  |
| Production and Transmission of energy      | 166,121             | 166,121                 | -                   | -                       |
| Sugar                                      | 86,454              | 86,454                  | 86,454              | 86,454                  |
| Footwear and Leather garments              | 24,900              | 24,900                  | 1,954               | 1,954                   |
| Automobile and transportation equipment    | 49,310              | 49,310                  | -                   | -                       |
| Electronics and electrical appliances      | 50,898              | 50,898                  | 119,527             | 108,559                 |
| Construction                               | -                   | -                       | -                   | -                       |
| Power (electricity), Gas, Water, Sanitary  | -                   | -                       | -                   | -                       |
| Wholesale and Retail Trade                 | -                   | -                       | -                   | -                       |
| Exports / Imports                          | -                   | -                       | -                   | -                       |
| Financial                                  | 233,301             | 233,301                 | 257,636             | 243,719                 |
| Insurance                                  | -                   | -                       | -                   | -                       |
| Services                                   | -                   | -                       | -                   | -                       |
| Individuals                                | 70,498              | 48,935                  | 40,136              | 35,240                  |
| Others                                     | 2,741,917           | 1,582,947               | 4,721,222           | 3,255,333               |
|  | 10,419,420          | 8,395,931               | 11,584,107          | 8,568,984               |

**42.1.1.4 Details of non-performing advances and specific provision by sector**

|                     | 2016                         |                         | 2015                |                         |
|---------------------|------------------------------|-------------------------|---------------------|-------------------------|
|                     | Classified Advances          | Specific Provision Held | Classified Advances | Specific Provision Held |
|                     | ----- (Rupees in ₨000) ----- |                         |                     |                         |
| Public / Government | -                            | -                       | -                   | -                       |
| Private             | 10,419,420                   | 8,395,931               | 11,584,107          | 8,568,984               |
|                     | <u>10,419,420</u>            | <u>8,395,931</u>        | <u>11,584,107</u>   | <u>8,568,984</u>        |

**42.1.1.5 Geographical segment analysis**

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

|                                     | 2015                         |                       |                     |                               |
|-------------------------------------|------------------------------|-----------------------|---------------------|-------------------------------|
|                                     | Profit before taxation       | Total assets employed | Net assets employed | Contingencies and Commitments |
|                                     | ----- (Rupees in ₨000) ----- |                       |                     |                               |
| Pakistan                            | 3,595,607                    | 253,341,829           | 18,191,942          | 117,300,198                   |
| Asia Pacific (including South Asia) | -                            | -                     | -                   | -                             |
| Europe                              | -                            | -                     | -                   | -                             |
| United States of America and Canada | -                            | -                     | -                   | -                             |
| Middle East                         | -                            | -                     | -                   | -                             |
| Others                              | -                            | -                     | -                   | -                             |
|                                     | <u>3,595,607</u>             | <u>253,341,829</u>    | <u>18,191,942</u>   | <u>117,300,198</u>            |

**42.2 Credit risk - General Disclosures, Basel III Specific**

The Bank has adopted the Standardised Approach of the Basel II Accord. According to the regulatory statement submitted under the Standardised Approach, the portfolio has been divided into claims fully secured by residential property, claims on corporate (excluding equity exposure) and claims categorised as retail portfolio. Claims on corporate constitute 83% (2015: 82%) of the total exposure, 3% (2015: 3%) represent claims that are fully secured against residential property and the remaining 14% (2015: 15%) exposure pertains to claims categorised as retail portfolio.

### 42.3 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 the SBP, wherever applicable.

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

| Exposure    | JCR-VIS | PACRA | Fitch, Moody's & S&P |
|-------------|---------|-------|----------------------|
| Corporate   | ✓       | ✓     | -                    |
| Banks       | ✓       | ✓     | ✓                    |
| Sovereigns  | -       | -     | -                    |
| SMEs        | -       | -     | -                    |
| 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 after risk mitigation subject to the standardised approach, amount of Bank's / DFI's outstanding (rated and unrated) in each risk bucket as well as those that are deducted are as follows:

| Exposure  | Rating category No. | Amount outstanding | Deduction CRM* | Net Amount  |
|---|---------------------|--------------------|----------------|-------------|
| (Rupees in '000)                                      |                     |                    |                |             |
| - Cash and Cash Equivalent                            |                     | 4,795,592          | -              | 4,795,592   |
| - Corporate   | 1                   | 9,845,578          | 2,079,183      | 7,766,395   |
|   | 2                   | 1,556,662          | 202,000        | 1,354,662   |
|   | 3,4                 | 15,001             | -              | 15,001      |
|   | 5,6                 | -                  | -              | -           |
|   | Unrated             | 42,533,342         | 385,196        | 42,148,146  |
|   | Unrated-2           | 24,240,066         | 247,736        | 23,992,330  |
| - Public Sector Entities                              | 1                   | 724,182            | -              | 724,182     |
|   | 2,3                 | 1,003,084          | -              | 1,003,084   |
|   | Unrated             | 18,100,671         | 17,286,398     | 814,273     |
| - Banks   | 1,2,3               | 755,044            | 83,513         | 671,531     |
|   | 4,5,6               | 1,140,571          | -              | 1,140,571   |
|   | Unrated             | 9,265,534          | 4,172,737      | 5,092,797   |
| - Sovereigns etc.                                     | 1                   | -                  | -              | -           |
|   | 2                   | -                  | -              | -           |
|   | 3                   | -                  | -              | -           |
|   | 4,5                 | -                  | -              | -           |
|   | 6                   | 26,648             | -              | 26,648      |
|   | Unrated             | -                  | -              | -           |
| - Government of Pakistan                              |                     | 159,926,345        | 35,645,574     | 124,280,771 |
| - SBP   |                     | 2,671,657          | -              | 2,671,657   |
| - Retail  |                     | 12,640,215         | 319,332        | 12,320,883  |
| - Residential Mortgage                                |                     | 2,967,263          | -              | 2,967,263   |
| - Past Dues Loans                                     |                     | 2,073,012          | -              | 2,073,012   |
| - Past Dues against Residential Mortgage              |                     | 18,121             | -              | 18,121      |
| - Significant investment in Commercial entities       |                     | -                  | -              | -           |
| - Significant investment and DTAs above 15% threshold |                     | -                  | -              | -           |
| - Unlisted Equity Investments                         |                     | 11,100             | -              | 11,100      |
| - Listed Equity Investments                           |                     | 4,437,820          | -              | 4,437,820   |
| - Operating Fixed Assets                              |                     | 4,735,061          | -              | 4,735,061   |
| - Other Assets  |                     | 955,939            | -              | 955,939     |
|   |                     | 304,438,508        | 60,421,669     | 244,016,839 |





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.

#### 42.4 Market risk

**42.4.1** Market risk is the risk that the value of on and off-balance sheet positions of a financial institution will be adversely affected by movements in market rates or prices such as interest rates, foreign exchange rates, equity prices and / or commodity prices resulting in a loss to earnings and capital.

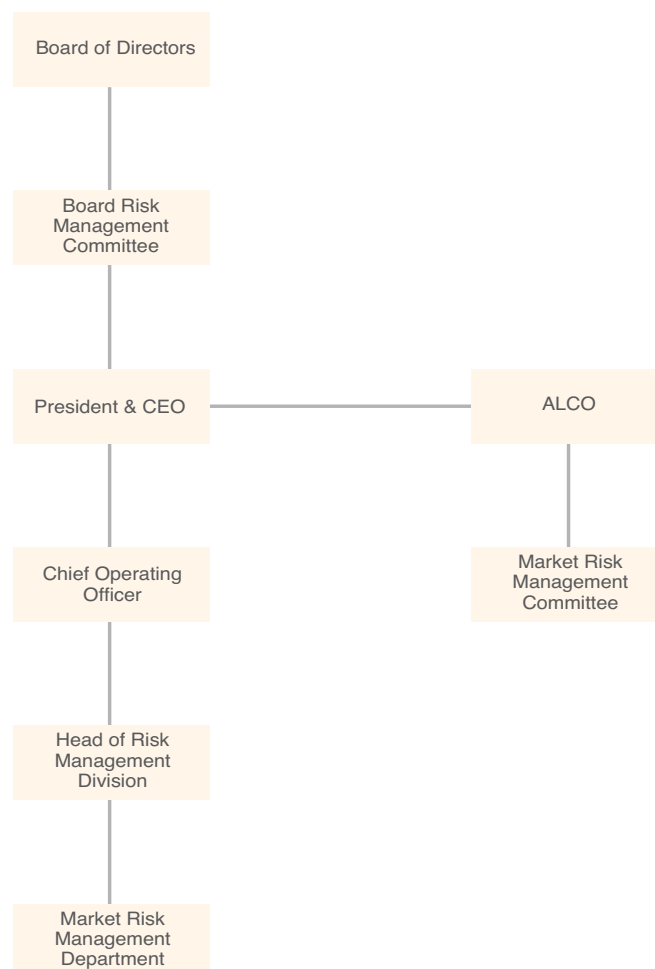
##### Market Risk Management Objective and Organisation

The Risk Management Framework requires that strong risk management practices are integrated in key strategic, capital and financial planning processes and day-to-day business processes across the Bank.

The Bank has established a rigorous market risk management framework to efficiently and effectively monitor and manage market risk in every transaction as well as on a portfolio level. The Bank has made substantial investment to add value to its market risk management framework by purchasing the license of Market Risk Management System (MRMS), part of Enterprise Risk Management (ERM) solution, of SAS. The said solution provides adequate analysis to facilitate better investment decisions, measured risk-taking and efficient capital allocation 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 senior management committees namely Asset and Liability Management Committee (ALCO) and Market Risk Management Committee (MRMC).

#### MARKET RISK MANAGEMENT STRUCTURE



### **Market Risk Monitoring**

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

### **Portfolio Analysis and Management**

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

### **Marking-to-Market**

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

### **Market Risk Assessment and Measurement**

The Bank is assessing and measuring market risk in all of its financial exposures using various types of measurement and analytical tools like Value at Risk (VaR), duration and convexity, interest rate gap and duration gap. The Bank is using Standardized Approach for exposures in its balance sheet, to calculate market risk capital charge and risk weighted asset for Capital Adequacy Ratio (CAR) calculation purposes.

The Bank's principle market risk measurement methodology are VAR and stress testing. Historical financial market rates, prices and volatility serve as the basis for the statistical VAR model underlying the potential loss estimation. The Bank uses ten days as well as 30 days holding period at 99% confidence level to model risk in different portfolios. The main assumptions and scenarios of our stress analysis includes:

1. Parallel shift in yield curve by 2%, 3% and 4%.
2. Change in the slope of yield curve by changing short-term, medium-term and long-term maturities by different rates.
3. Penalty or reward depending on net long or net short position in foreign currency exposure.
4. Fall in general equity price upto 50%.

#### **42.4.2 Foreign Exchange Risk**

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





|                              | 2016        |             |                         |                               |
|------------------------------|-------------|-------------|-------------------------|-------------------------------|
|                              | Assets      | Liabilities | Off-balance sheet items | Net foreign currency exposure |
| ----- (Rupees in ,000) ----- |             |             |                         |                               |
| Pakistan Rupee               | 265,511,030 | 244,233,413 | (3,173,638)             | 18,103,979                    |
| United States Dollar         | 12,338,889  | 13,739,269  | 1,574,584               | 174,204                       |
| Great Britain Pound          | 300,331     | 1,497,250   | 1,199,866               | 2,947                         |
| Japanese Yen                 | 4           | 637         | (13)                    | (646)                         |
| Euro                         | 352,672     | 760,898     | 409,660                 | 1,434                         |
| Other currencies             | 17,780      | 12          | (10,459)                | 7,309                         |
|                              | 278,520,706 | 260,231,479 | -                       | 18,289,227                    |

|                              | 2015        |             |                         |                               |
|------------------------------|-------------|-------------|-------------------------|-------------------------------|
|                              | Assets      | Liabilities | Off-balance sheet items | Net foreign currency exposure |
| ----- (Rupees in ,000) ----- |             |             |                         |                               |
| Pakistan Rupee               | 243,267,005 | 222,411,781 | (2,769,899)             | 18,085,325                    |
| United States Dollar         | 9,318,777   | 10,312,566  | 1,079,179               | 85,390                        |
| Great Britain Pound          | 282,593     | 1,568,293   | 1,285,022               | (678)                         |
| Japanese Yen                 | 87          | 4,426       | 8,805                   | 4,466                         |
| Euro                         | 440,487     | 850,863     | 411,365                 | 989                           |
| Other currencies             | 32,880      | 1,958       | (14,472)                | 16,450                        |
|                              | 253,341,829 | 235,149,887 | -                       | 18,191,942                    |

#### 42.4.3 Equity Position Risk

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

#### 42.4.4 Mismatch of Interest Rate Sensitive Assets and Liabilities

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





| Effective Yield / Interest rate %                       | 2016  |                                 |                    |                    |                         |                   |                   |                   |                    |                | Non-Interest bearing financial instruments |              |
|---|-------|---------------------------------|--------------------|--------------------|-------------------------|-------------------|-------------------|-------------------|--------------------|----------------|--|--------------|
|   | Total | Exposed to Yield/ Interest risk |                    |                    |                         |                   |                   |                   |                    |                |  |              |
|   |       | 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)  |       |                                 |                    |                    |                         |                   |                   |                   |                    |                |  |              |
| <b>On-balance sheet financial instruments</b>           |       |                                 |                    |                    |                         |                   |                   |                   |                    |                |  |              |
| <b>Assets</b>   |       |                                 |                    |                    |                         |                   |                   |                   |                    |                |  |              |
| Cash and balances with treasury banks                   | 0.00% | 18,278,840                      | -                  | -                  | -                       | -                 | -                 | -                 | -                  | -              | -  | 18,278,840   |
| Balances with other banks                               | 3.49% | 822,689                         | 141,130            | -                  | -                       | -                 | -                 | -                 | -                  | -              | -  | 681,559      |
| Lendings to financial and other institutions            | 5.14% | 5,536,577                       | 2,603,228          | 1,887,364          | 1,045,985               | -                 | -                 | -                 | -                  | -              | -  | -            |
| Investments   | 6.51% | 117,883,960                     | 11,459,986         | 5,947,345          | 24,156,770              | 12,943,977        | 23,110,725        | 9,215,467         | 19,505,899         | 7,875,361      | -  | 3,668,430    |
| Advances  | 6.67% | 125,305,765                     | 8,286,819          | 54,470,728         | 60,327,404              | 15,720            | 83,543            | 106,703           | 42,699             | -              | -  | 1,972,149    |
| Other assets  | 0.00% | 5,090,321                       | -                  | -                  | -                       | -                 | -                 | -                 | -                  | -              | -  | 5,090,321    |
|   |       | 272,918,152                     | 22,491,163         | 62,305,437         | 85,530,159              | 12,959,697        | 23,194,268        | 9,322,170         | 19,548,598         | 7,875,361      | -  | 29,691,299   |
| <b>Liabilities</b>                                      |       |                                 |                    |                    |                         |                   |                   |                   |                    |                |  |              |
| Bills payable   | 0.00% | 3,254,243                       | -                  | -                  | -                       | -                 | -                 | -                 | -                  | -              | -  | 3,254,243    |
| Borrowings  | 4.96% | 38,905,078                      | 27,487,185         | 5,669,245          | 4,739,121               | -                 | 52,449            | 17,200            | 340,919            | 461,159        | -  | 137,800      |
| Deposits and other accounts                             | 4.59% | 210,839,646                     | 61,045,855         | 68,474,009         | 14,588,471              | 13,054,100        | 560,719           | 316,614           | -                  | -              | -  | 52,799,878   |
| Sub-ordinated loans                                     | 7.41% | 2,998,800                       | 2,998,800          | -                  | -                       | -                 | -                 | -                 | -                  | -              | -  | -            |
| Other liabilities                                       | 0.00% | 2,522,481                       | -                  | -                  | -                       | -                 | -                 | -                 | -                  | -              | -  | 2,522,481    |
|   |       | 258,520,248                     | 91,531,840         | 74,143,254         | 19,327,592              | 13,054,100        | 613,168           | 333,814           | 340,919            | 461,159        | -  | 58,714,402   |
| <b>On-balance sheet gap</b>                             |       | 14,397,904                      | (69,040,677)       | (11,837,817)       | 66,202,567              | (94,403)          | 22,581,100        | 8,988,356         | 19,207,679         | 7,414,202      | -  | (29,023,103) |
| <b>Non financial net assets</b>                         |       | 3,891,323                       |                    |                    |                         |                   |                   |                   |                    |                |  |              |
| <b>Total net assets</b>                                 |       | 18,289,227                      |                    |                    |                         |                   |                   |                   |                    |                |  |              |
| <b>Off-balance sheet financial instruments</b>          |       |                                 |                    |                    |                         |                   |                   |                   |                    |                |  |              |
| Forward purchase of foreign exchange                    |       | 18,161,473                      | 6,899,877          | 8,189,838          | 3,010,609               | 61,149            | -                 | -                 | -                  | -              | -  | -            |
| Forward sale of foreign exchange                        |       | (13,793,304)                    | (7,473,778)        | (4,245,629)        | (2,073,897)             | -                 | -                 | -                 | -                  | -              | -  | -            |
| <b>Off-balance sheet gap</b>                            |       | 4,368,169                       | (573,901)          | 3,944,209          | 936,712                 | 61,149            | -                 | -                 | -                  | -              | -  | -            |
| <b>Total Yield / Interest Risk Sensitivity Gap</b>      |       |                                 | (69,614,578)       | (7,893,608)        | 67,139,279              | (33,254)          | 22,581,100        | 8,988,356         | 19,207,679         | 7,414,202      | -  | (29,023,103) |
| <b>Cumulative Yield / Interest Risk Sensitivity Gap</b> |       |                                 | (69,614,578)       | (77,508,186)       | (10,368,907)            | (10,402,161)      | 12,178,939        | 21,167,295        | 40,374,974         | 47,789,176     | 47,789,176                                 | (29,023,103) |





| 2015  |        |                                 |                    |                    |                         |                   |                   |                   |                    |                |  |              |
|---|--------|---------------------------------|--------------------|--------------------|-------------------------|-------------------|-------------------|-------------------|--------------------|----------------|--|--------------|
| Effective Yield / Interest rate %                       | Total  | Exposed to Yield/ Interest risk |                    |                    |                         |                   |                   |                   |                    |                | Non-Interest bearing financial instruments |              |
|   |        | 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)  |        |                                 |                    |                    |                         |                   |                   |                   |                    |                |  |              |
| <b>On-balance sheet financial instruments</b>           |        |                                 |                    |                    |                         |                   |                   |                   |                    |                |  |              |
| <b>Assets</b>   |        |                                 |                    |                    |                         |                   |                   |                   |                    |                |  |              |
| Cash and balances with treasury banks                   | -      | 16,718,428                      | -                  | -                  | -                       | -                 | -                 | -                 | -                  | -              | -  | 16,718,428   |
| Balances with other banks                               | 2.14%  | 1,634,544                       | 182,555            | -                  | -                       | -                 | -                 | -                 | -                  | -              | -  | 1,451,989    |
| Lending to financial and other institutions             | 12.10% | 3,093,938                       | 1,800,000          | 769,557            | 524,381                 | -                 | -                 | -                 | -                  | -              | -  | -            |
| Investments   | 9.60%  | 108,846,113                     | 7,496,236          | 23,067,029         | 3,173,469               | 50,664,788        | 4,394,756         | 2,035,890         | 6,904,935          | 8,372,286      | -  | 2,736,724    |
| Advances  | 7.63%  | 112,001,752                     | 10,473,690         | 50,445,584         | 48,060,669              | 22,537            | 19,882            | 10,491            | -                  | -              | -  | 2,968,899    |
| Other assets  | 0.00%  | 5,357,696                       | -                  | -                  | -                       | -                 | -                 | -                 | -                  | -              | -  | 5,357,696    |
|   |        | 247,652,471                     | 19,952,481         | 74,282,170         | 51,758,519              | 50,687,325        | 4,414,638         | 2,046,381         | 6,904,935          | 8,372,286      | -  | 29,233,736   |
| <b>Liabilities</b>                                      |        |                                 |                    |                    |                         |                   |                   |                   |                    |                |  |              |
| Bills payable   | -      | 2,706,274                       | -                  | -                  | -                       | -                 | -                 | -                 | -                  | -              | -  | 2,706,274    |
| Borrowings  | 4.86%  | 39,875,623                      | 28,502,779         | 8,081,390          | 2,291,549               | 31,222            | -                 | 70,882            | 172,349            | 719,266        | -  | 6,186        |
| Deposits and other accounts                             | 5.73%  | 185,222,383                     | 56,715,448         | 61,647,128         | 11,782,450              | 9,705,887         | 976,498           | 512,654           | -                  | -              | -  | 43,882,318   |
| Sub-ordinated loans                                     | 8.39%  | 3,000,000                       | 3,000,000          | -                  | -                       | -                 | -                 | -                 | -                  | -              | -  | -            |
| Other liabilities                                       | 0.00%  | 2,520,975                       | -                  | -                  | -                       | -                 | -                 | -                 | -                  | -              | -  | 2,520,975    |
|   |        | 233,325,255                     | 88,218,227         | 69,728,518         | 14,073,999              | 9,737,109         | 976,498           | 583,536           | 172,349            | 719,266        | -  | 49,115,753   |
| <b>On-balance sheet gap</b>                             |        | 14,327,216                      | (68,265,746)       | 4,553,652          | 37,684,520              | 40,950,216        | 3,438,140         | 1,462,845         | 6,732,586          | 7,653,020      | -  | (19,882,017) |
| <b>Non financial net assets</b>                         |        | 3,864,726                       |                    |                    |                         |                   |                   |                   |                    |                |  |              |
| <b>Total net assets</b>                                 |        | 18,191,942                      |                    |                    |                         |                   |                   |                   |                    |                |  |              |
| <b>Off-balance sheet financial instruments</b>          |        |                                 |                    |                    |                         |                   |                   |                   |                    |                |  |              |
| Forward purchase of foreign exchange                    |        | 43,963,526                      | 23,355,343         | 14,131,437         | 6,464,339               | 12,407            | -                 | -                 | -                  | -              | -  | -            |
| Forward sale of foreign exchange                        |        | (39,749,454)                    | (23,697,959)       | (14,164,898)       | (1,886,597)             | -                 | -                 | -                 | -                  | -              | -  | -            |
| <b>Off-balance sheet gap</b>                            |        | 4,214,072                       | (342,616)          | (33,461)           | 4,577,742               | 12,407            | -                 | -                 | -                  | -              | -  | -            |
| <b>Total Yield / Interest Risk Sensitivity Gap</b>      |        |                                 | (68,608,362)       | 4,520,191          | 42,262,262              | 40,962,623        | 3,438,140         | 1,462,845         | 6,732,586          | 7,653,020      | -  | (19,882,017) |
| <b>Cumulative Yield / Interest Risk Sensitivity Gap</b> |        |                                 | (68,608,362)       | (64,088,171)       | (21,825,909)            | 19,136,714        | 22,574,854        | 24,037,699        | 30,770,285         | 38,423,305     | 38,423,305                                 | (19,882,017) |

- (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.

## 42.5 Liquidity Risk

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

### Liquidity Management

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

The Bank maintains a portfolio of highly marketable assets viz., Market Treasury Bills and Pakistan Investment Bonds, that can either be sold in the open market or funds can be arranged 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 or breaches are reported to the relevant authorities for timely action. Moreover, Asset and Liability Management Committee (ALCO), a senior management committee, also reviews the liquidity position of the Bank on at least monthly basis and takes appropriate measures where required.

### Liquidity Risk Assessment

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

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

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

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

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



## 42.5.1 Maturities of assets and liabilities

|  | 2016               |                     |                     |                     |                         |                   |                   |                    |                    |                   |
|--|--------------------|---------------------|---------------------|---------------------|-------------------------|-------------------|-------------------|--------------------|--------------------|-------------------|
|  | 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)                             |                    |                     |                     |                     |                         |                   |                   |                    |                    |                   |
| <b>Assets</b>                                |                    |                     |                     |                     |                         |                   |                   |                    |                    |                   |
| Cash and balances with treasury banks        | 18,278,840         | 9,506,922           | 3,222,322           | 2,540,546           | 3,009,050               | -                 | -                 | -                  | -                  | -                 |
| Balances with other banks                    | 822,689            | 822,689             | -                   | -                   | -                       | -                 | -                 | -                  | -                  | -                 |
| Lendings to financial and other institutions | 5,536,577          | 2,603,228           | 1,887,364           | 1,045,985           | -                       | -                 | -                 | -                  | -                  | -                 |
| Investments - net                            | 117,883,960        | 11,459,986          | 8,579,767           | 20,095,305          | 13,144,599              | 25,192,173        | 9,702,467         | 20,124,610         | 9,585,053          | -                 |
| Advances - net                               | 125,305,765        | 19,827,022          | 23,277,763          | 33,098,765          | 3,559,380               | 3,408,227         | 9,083,542         | 11,112,023         | 7,390,442          | 14,548,601        |
| Operating fixed assets                       | 5,138,424          | 44,648              | 177,272             | 199,739             | 632,504                 | 474,315           | 764,204           | 961,649            | 536,401            | 1,347,692         |
| Deferred tax assets - net                    | -                  | -                   | -                   | -                   | -                       | -                 | -                 | -                  | -                  | -                 |
| Other assets - net                           | 5,554,451          | 4,452,247           | -                   | -                   | 1,095,725               | -                 | -                 | 6,479              | -                  | -                 |
|  | <u>278,520,706</u> | <u>48,716,742</u>   | <u>37,144,488</u>   | <u>56,980,340</u>   | <u>21,441,258</u>       | <u>29,074,715</u> | <u>19,550,213</u> | <u>32,204,761</u>  | <u>17,511,896</u>  | <u>15,896,293</u> |
| <b>Liabilities</b>                           |                    |                     |                     |                     |                         |                   |                   |                    |                    |                   |
| Bills payable                                | 3,254,243          | 3,254,243           | -                   | -                   | -                       | -                 | -                 | -                  | -                  | -                 |
| Borrowings                                   | 38,905,078         | 27,624,985          | 5,669,245           | 4,739,121           | -                       | 52,449            | 17,200            | 340,919            | 461,159            | -                 |
| Deposits and other accounts                  | 210,839,646        | 43,102,348          | 44,780,120          | 35,305,588          | 41,816,319              | 7,844,465         | 3,776,024         | 34,214,782         | -                  | -                 |
| Sub-ordinated loans                          | 2,998,800          | 600                 | -                   | -                   | 600                     | 1,200             | 1,200             | 2,400              | 2,992,800          | -                 |
| Deferred tax liabilities - net               | 1,137,530          | -                   | -                   | -                   | 1,137,530               | -                 | -                 | -                  | -                  | -                 |
| Other liabilities                            | 3,096,182          | 2,713,825           | -                   | -                   | 382,357                 | -                 | -                 | -                  | -                  | -                 |
|  | <u>260,231,479</u> | <u>76,696,001</u>   | <u>50,449,365</u>   | <u>40,044,709</u>   | <u>43,336,806</u>       | <u>7,898,114</u>  | <u>3,794,424</u>  | <u>34,558,101</u>  | <u>3,453,959</u>   | <u>-</u>          |
| <b>Net assets</b>                            | <u>18,289,227</u>  | <u>(27,979,259)</u> | <u>(13,304,877)</u> | <u>16,935,631</u>   | <u>(21,895,548)</u>     | <u>21,176,601</u> | <u>15,755,789</u> | <u>(2,353,340)</u> | <u>14,057,937</u>  | <u>15,896,293</u> |
| Share capital                                | 11,024,636         |                     |                     |                     |                         |                   |                   |                    |                    |                   |
| Discount on issue of shares                  | -                  |                     |                     |                     |                         |                   |                   |                    |                    |                   |
| Reserves                                     | 1,423,829          |                     |                     |                     |                         |                   |                   |                    |                    |                   |
| Unappropriated profit - net                  | 3,496,305          |                     |                     |                     |                         |                   |                   |                    |                    |                   |
| Surplus on revaluation of assets             | <u>2,344,457</u>   |                     |                     |                     |                         |                   |                   |                    |                    |                   |
|  | <u>18,289,227</u>  |                     |                     |                     |                         |                   |                   |                    |                    |                   |
| 2015   |                    |                     |                     |                     |                         |                   |                   |                    |                    |                   |
|  | 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)                             |                    |                     |                     |                     |                         |                   |                   |                    |                    |                   |
| <b>Assets</b>                                |                    |                     |                     |                     |                         |                   |                   |                    |                    |                   |
| Cash and balances with treasury banks        | 16,718,428         | 9,034,947           | 2,882,802           | 2,214,806           | 2,585,873               | -                 | -                 | -                  | -                  | -                 |
| Balances with other banks                    | 1,634,544          | 1,634,544           | -                   | -                   | -                       | -                 | -                 | -                  | -                  | -                 |
| Lendings to financial and other institutions | 3,093,938          | 1,800,000           | 769,556             | 524,382             | -                       | -                 | -                 | -                  | -                  | -                 |
| Investments - net                            | 108,846,113        | 7,496,236           | 24,172,897          | 26,002              | 50,732,868              | 5,666,567         | 4,448,316         | 7,469,290          | 8,833,937          | -                 |
| Advances - net                               | 112,001,752        | 20,484,608          | 40,150,231          | 14,349,262          | 1,408,483               | 5,023,510         | 4,203,686         | 12,400,081         | 5,646,941          | 8,334,950         |
| Operating fixed assets                       | 4,956,732          | 74,361              | 129,724             | 89,281              | 430,632                 | 824,246           | 357,000           | 980,721            | 613,076            | 1,457,691         |
| Deferred tax assets - net                    | -                  | -                   | -                   | -                   | -                       | -                 | -                 | -                  | -                  | -                 |
| Other assets - net                           | 6,090,322          | 5,559,328           | -                   | -                   | 524,509                 | -                 | -                 | 6,485              | -                  | -                 |
|  | <u>253,341,829</u> | <u>46,084,024</u>   | <u>68,105,210</u>   | <u>17,203,733</u>   | <u>55,682,365</u>       | <u>11,514,323</u> | <u>9,009,002</u>  | <u>20,856,577</u>  | <u>15,093,954</u>  | <u>9,792,641</u>  |
| <b>Liabilities</b>                           |                    |                     |                     |                     |                         |                   |                   |                    |                    |                   |
| Bills payable                                | 2,706,274          | 2,706,274           | -                   | -                   | -                       | -                 | -                 | -                  | -                  | -                 |
| Borrowings                                   | 39,875,623         | 28,508,965          | 8,081,390           | 2,291,549           | 31,222                  | -                 | 70,882            | 172,349            | 719,266            | -                 |
| Deposits and other accounts                  | 185,222,383        | 39,402,606          | 39,214,936          | 30,128,148          | 35,175,789              | 7,426,498         | 3,576,077         | 30,298,329         | -                  | -                 |
| Sub-ordinated loans                          | 3,000,000          | 600                 | -                   | -                   | 600                     | 1,200             | 1,200             | 2,400              | 2,994,000          | -                 |
| Deferred tax liabilities - net               | 1,417,042          | -                   | -                   | -                   | 1,417,042               | -                 | -                 | -                  | -                  | -                 |
| Other liabilities                            | 2,928,565          | 2,610,512           | -                   | -                   | 318,053                 | -                 | -                 | -                  | -                  | -                 |
|  | <u>235,149,887</u> | <u>73,228,957</u>   | <u>47,296,326</u>   | <u>32,419,697</u>   | <u>36,942,706</u>       | <u>7,427,698</u>  | <u>3,648,159</u>  | <u>30,473,078</u>  | <u>3,713,266</u>   | <u>-</u>          |
| <b>Net assets</b>                            | <u>18,191,942</u>  | <u>(27,144,933)</u> | <u>20,808,884</u>   | <u>(15,215,964)</u> | <u>18,739,659</u>       | <u>4,086,625</u>  | <u>5,360,843</u>  | <u>(9,616,501)</u> | <u>11,380,688</u>  | <u>9,792,641</u>  |
| Share capital                                | 11,024,636         |                     |                     |                     |                         |                   |                   |                    |                    |                   |
| Discount on issue of shares                  | (1,001,361)        |                     |                     |                     |                         |                   |                   |                    |                    |                   |
| Reserves                                     | 1,049,465          |                     |                     |                     |                         |                   |                   |                    |                    |                   |
| Unappropriated profit - net                  | 4,263,217          |                     |                     |                     |                         |                   |                   |                    |                    |                   |
| Surplus on revaluation of assets             | <u>2,855,985</u>   |                     |                     |                     |                         |                   |                   |                    |                    |                   |
|  | <u>18,191,942</u>  |                     |                     |                     |                         |                   |                   |                    |                    |                   |

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

**42.5.2 Maturities of assets and liabilities - based on contractual maturity of the assets and liabilities of the Bank**

|  |                    | 2016                 |                   |                    |                    |                         |                   |                   |                   |                    |                |
|--|--------------------|----------------------|-------------------|--------------------|--------------------|-------------------------|-------------------|-------------------|-------------------|--------------------|----------------|
|  |                    | 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)    |                   |                    |                    |                         |                   |                   |                   |                    |                |
| <b>Assets</b>                              |                    |                      |                   |                    |                    |                         |                   |                   |                   |                    |                |
| Cash and balances with treasury banks      | 18,278,840         | 18,278,840           | -                 | -                  | -                  | -                       | -                 | -                 | -                 | -                  | -              |
| Balances with other banks                  | 822,689            | 822,689              | -                 | -                  | -                  | -                       | -                 | -                 | -                 | -                  | -              |
| Lendings to financial & other institutions | 5,536,577          | 2,603,228            | 1,887,364         | 1,045,985          | -                  | -                       | -                 | -                 | -                 | -                  | -              |
| Investments - net                          | 117,883,960        | 11,459,986           | 8,579,767         | 20,095,305         | 13,144,599         | 25,192,173              | 9,702,467         | 20,124,610        | 9,585,053         | -                  | -              |
| Advances - net                             | 125,305,765        | 8,300,600            | 17,514,552        | 30,217,159         | 38,138,648         | 1,967,424               | 7,642,739         | 8,230,417         | 5,229,238         | 8,064,988          |                |
| Operating fixed assets                     | 5,138,424          | 44,648               | 177,272           | 199,739            | 632,504            | 474,315                 | 764,204           | 961,649           | 536,401           | 1,347,692          |                |
| Deferred tax assets - net                  | -                  | -                    | -                 | -                  | -                  | -                       | -                 | -                 | -                 | -                  | -              |
| Other assets - net                         | 5,554,451          | 4,452,247            | -                 | -                  | 1,095,725          | -                       | -                 | 6,479             | -                 | -                  | -              |
|  | <u>278,520,706</u> | <u>45,962,238</u>    | <u>28,158,955</u> | <u>51,558,188</u>  | <u>53,011,476</u>  | <u>27,633,912</u>       | <u>18,109,410</u> | <u>29,323,155</u> | <u>15,350,692</u> | <u>9,412,680</u>   |                |
| <b>Liabilities</b>                         |                    |                      |                   |                    |                    |                         |                   |                   |                   |                    |                |
| Bills payable                              | 3,254,243          | 3,254,243            | -                 | -                  | -                  | -                       | -                 | -                 | -                 | -                  | -              |
| Borrowings                                 | 38,905,078         | 27,624,985           | 5,669,245         | 4,739,121          | -                  | 52,449                  | 17,200            | 340,919           | 461,159           | -                  | -              |
| Deposits and other accounts                | 210,839,646        | 159,024,762          | 23,294,980        | 14,588,471         | 13,054,100         | 560,719                 | 316,614           | -                 | -                 | -                  | -              |
| Sub-ordinated loans                        | 2,998,800          | 600                  | -                 | -                  | 600                | 1,200                   | 1,200             | 2,400             | 2,992,800         | -                  | -              |
| Deferred tax liabilities - net             | 1,137,530          | -                    | -                 | -                  | 1,137,530          | -                       | -                 | -                 | -                 | -                  | -              |
| Other liabilities                          | 3,096,182          | 2,713,825            | -                 | -                  | 382,357            | -                       | -                 | -                 | -                 | -                  | -              |
|  | <u>260,231,479</u> | <u>192,618,415</u>   | <u>28,964,225</u> | <u>19,327,592</u>  | <u>14,574,587</u>  | <u>614,368</u>          | <u>335,014</u>    | <u>343,319</u>    | <u>3,453,959</u>  | <u>-</u>           | <u>-</u>       |
| <b>Net assets</b>                          | <u>18,289,227</u>  | <u>(146,656,177)</u> | <u>(805,270)</u>  | <u>32,230,596</u>  | <u>38,436,889</u>  | <u>27,019,544</u>       | <u>17,774,396</u> | <u>28,979,836</u> | <u>11,896,733</u> | <u>9,412,680</u>   |                |
| Share capital                              | 11,024,636         |                      |                   |                    |                    |                         |                   |                   |                   |                    |                |
| Discount on issue of shares                | -                  |                      |                   |                    |                    |                         |                   |                   |                   |                    |                |
| Reserves                                   | 1,423,829          |                      |                   |                    |                    |                         |                   |                   |                   |                    |                |
| Unappropriated profit - net                | 3,496,305          |                      |                   |                    |                    |                         |                   |                   |                   |                    |                |
| Surplus on revaluation of assets           | <u>2,344,457</u>   |                      |                   |                    |                    |                         |                   |                   |                   |                    |                |
|  | <u>18,289,227</u>  |                      |                   |                    |                    |                         |                   |                   |                   |                    |                |
|  |                    | 2015                 |                   |                    |                    |                         |                   |                   |                   |                    |                |
|  |                    | 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)    |                   |                    |                    |                         |                   |                   |                   |                    |                |
| <b>Assets</b>                              |                    |                      |                   |                    |                    |                         |                   |                   |                   |                    |                |
| Cash and balances with treasury banks      | 16,718,428         | 16,718,428           | -                 | -                  | -                  | -                       | -                 | -                 | -                 | -                  | -              |
| Balances with other banks                  | 1,634,544          | 1,634,544            | -                 | -                  | -                  | -                       | -                 | -                 | -                 | -                  | -              |
| Lendings to financial & other institutions | 3,093,938          | 1,800,000            | 769,556           | 524,382            | -                  | -                       | -                 | -                 | -                 | -                  | -              |
| Investments - net                          | 108,846,113        | 7,496,236            | 24,172,897        | 26,002             | 50,732,868         | 5,666,567               | 4,448,316         | 7,469,290         | 8,833,937         | -                  | -              |
| Advances - net                             | 112,001,752        | 10,752,819           | 36,552,866        | 12,550,580         | 25,529,730         | 4,124,169               | 3,304,345         | 10,601,399        | 4,297,929         | 4,287,915          |                |
| Operating fixed assets                     | 4,956,732          | 74,361               | 129,724           | 89,281             | 430,632            | 824,246                 | 357,000           | 980,721           | 613,076           | 1,457,691          |                |
| Deferred tax assets - net                  | -                  | -                    | -                 | -                  | -                  | -                       | -                 | -                 | -                 | -                  | -              |
| Other assets - net                         | 6,090,322          | 5,559,328            | -                 | -                  | 524,509            | -                       | -                 | 6,485             | -                 | -                  | -              |
|  | <u>253,341,829</u> | <u>44,035,716</u>    | <u>61,625,043</u> | <u>13,190,245</u>  | <u>77,217,739</u>  | <u>10,614,982</u>       | <u>8,109,661</u>  | <u>19,057,895</u> | <u>13,744,942</u> | <u>5,745,606</u>   |                |
| <b>Liabilities</b>                         |                    |                      |                   |                    |                    |                         |                   |                   |                   |                    |                |
| Bills payable                              | 2,706,274          | 2,706,274            | -                 | -                  | -                  | -                       | -                 | -                 | -                 | -                  | -              |
| Borrowings                                 | 39,875,623         | 28,508,965           | 8,081,390         | 2,291,549          | 31,222             | -                       | 70,882            | 172,349           | 719,266           | -                  | -              |
| Deposits and other accounts                | 185,222,383        | 142,055,764          | 20,189,129        | 11,782,451         | 9,705,887          | 976,498                 | 512,654           | -                 | -                 | -                  | -              |
| Sub-ordinated loans                        | 3,000,000          | 600                  | -                 | -                  | 600                | 1,200                   | 1,200             | 2,400             | 2,994,000         | -                  | -              |
| Deferred tax liabilities - net             | 1,417,042          | -                    | -                 | -                  | 1,417,042          | -                       | -                 | -                 | -                 | -                  | -              |
| Other liabilities                          | 2,928,565          | 2,610,512            | -                 | -                  | 318,053            | -                       | -                 | -                 | -                 | -                  | -              |
|  | <u>235,149,887</u> | <u>175,882,115</u>   | <u>28,270,519</u> | <u>14,074,000</u>  | <u>11,472,804</u>  | <u>977,698</u>          | <u>584,736</u>    | <u>174,749</u>    | <u>3,713,266</u>  | <u>-</u>           | <u>-</u>       |
| <b>Net assets</b>                          | <u>18,191,942</u>  | <u>(131,846,399)</u> | <u>33,354,524</u> | <u>(883,755)</u>   | <u>65,744,935</u>  | <u>9,637,284</u>        | <u>7,524,925</u>  | <u>18,883,146</u> | <u>10,031,676</u> | <u>5,745,606</u>   |                |
| Share capital                              | 11,024,636         |                      |                   |                    |                    |                         |                   |                   |                   |                    |                |
| Discount on issue of shares                | (1,001,361)        |                      |                   |                    |                    |                         |                   |                   |                   |                    |                |
| Reserves                                   | 1,049,465          |                      |                   |                    |                    |                         |                   |                   |                   |                    |                |
| Unappropriated profit - net                | 4,263,217          |                      |                   |                    |                    |                         |                   |                   |                   |                    |                |
| Surplus on revaluation of assets           | <u>2,855,985</u>   |                      |                   |                    |                    |                         |                   |                   |                   |                    |                |
|  | <u>18,191,942</u>  |                      |                   |                    |                    |                         |                   |                   |                   |                    |                |

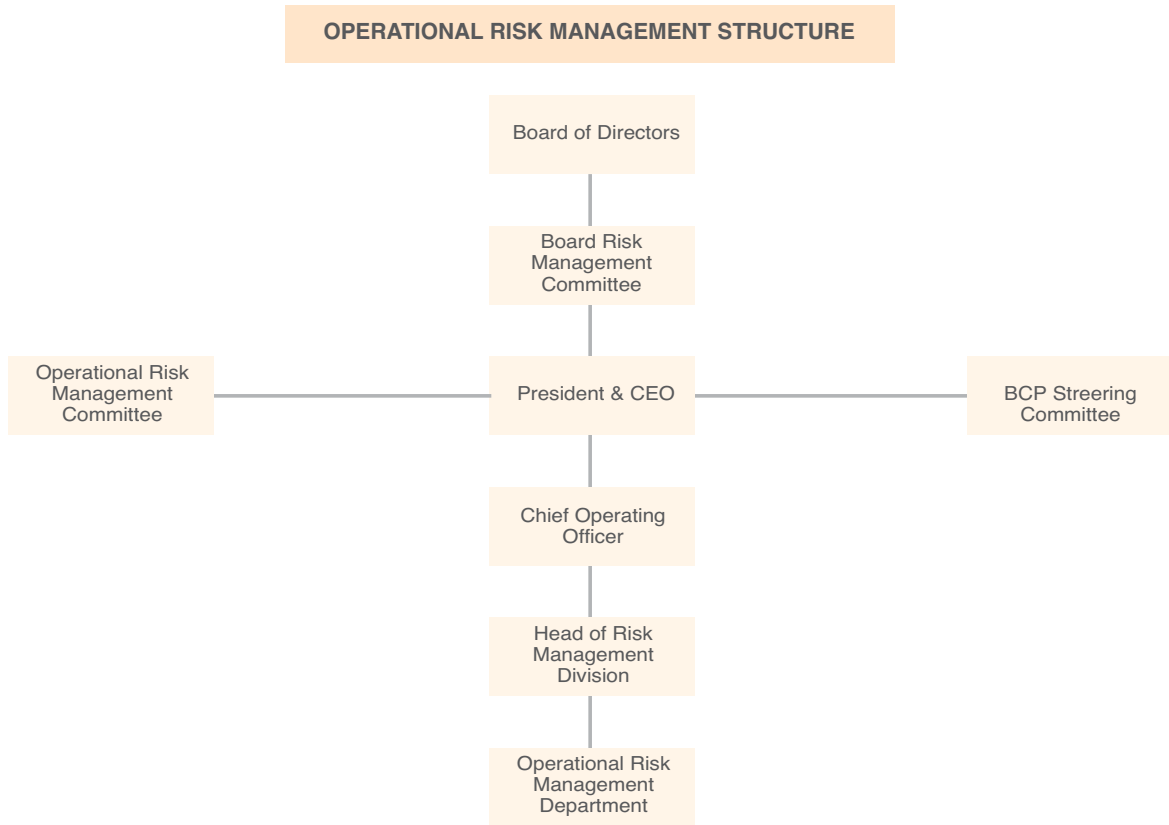
The management believes that the above maturity analysis does not reveal the expected maturity of cash and balances with treasury banks, current and saving deposits and running finance, as contractual maturity analysis alone does not provide information about the conditions expected in normal circumstances. The management believes that the maturity profile disclosed in note 42.5.1 that includes maturities of cash and balances with treasury banks, current and saving deposits and running finance determined by the Asset and Liability Management Committee (ALCO) keeping in view historical behaviour of these balances reflects a more meaningful analysis of the liquidity risk of the Bank.



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

**Operational Risk Assessment**

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

**Operational Risk Monitoring**

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



### Operational Risk Measurement

The Bank keeps a detailed track of its operational loss events and maintains a database in SAS OpRisk Monitor. This helps the Bank to step towards advanced approach of Basel II accord and also allows the Bank to formulate strategy to rectify the gap of reoccurrence of the incident. The Bank has, in compliance of BPRD Circular No. 04 of 2014 "Implementation of Operational Risk Management Framework" created separate Op-Loss general ledgers in the Bank's system which are being used for reporting of operational losses and are bifurcated into 7 operational loss categories as per the requirement of Basel II accord. The Bank also gathers external loss events occurring in the banking industry and designs strategies to prevent occurrence of similar incidents in the Bank.

### Operational Risk Assessment for New Products and Services

Operational risk in all new products, systems and processes are identified and assessed by the RMD so that risk associated can be mitigated to an acceptable level. Assessment comprises of:

- review of new process flows and their control activities;
- conduct RCSA exercise; and
- identification, adequate assessment and ranking of all risks and controls.

### Business Continuity Plan

In order to ensure continuity of the Bank's operations, the Bank has in place a well developed, BoD approved Business Continuity Plan (BCP) which has been implemented across the Bank. The BCP has been well communicated down the line and regular trainings and testing is conducted across the country. Permanent back up sites have also been established and related testing carried out by critical staff to their designated back up sites. The BCP Steering Committee, a senior management committee, is responsible to ensure the adequacy of the BCP of the Bank as well as to ensure its effective implementation and compliance. The committee reports to the Board Risk Management Committee.

## 43. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 15 February 2017 by the Board of Directors of the Bank.

## 44. GENERAL

### 44.1 Comparative

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

**44.1.1** State Bank of Pakistan through the BPRD Circular Letter No. 05 dated 29 February 2016, has advised all banks having Islamic Banking operations to report Bai Muajjal transactions with Government of Pakistan under Investment as "Other Federal Government Securities". Accordingly the Bai Muajjal Transaction with Government of Pakistan amounting to Rs. 212.306 million has been reclassified from "Lendings to Financial and Other Institutions" to "Investments". There was no reclassification for the year 2015 as the amount outstanding as at 31 December 2015 was Rs Nil.

**44.1.2** An amount of Rs 44.810 million has been reclassified from "Bills payables" to "Other Liabilities". There was no reclassification for the year 2015 as the amount outstanding as at 31 December 2015 was Rs Nil.

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

## 45. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on 15 February 2017 has proposed a cash dividend in respect of the year ended 31 December 2016 of Rs.1.25 per share. This appropriation will be approved in the forthcoming Annual General Meeting. The financial statements for the year ended 31 December 2016 do not include the effect of these appropriations which will be accounted for in the financial statements of the Bank for the year ending 31 December 2017.

Alauddin Feerasta  
Chairman

Mohammad Aftab Manzoor  
President & Chief Executive Officer

Manzoor Ahmed  
Director

Shahid Anwar  
Director



**STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF  
OF FIVE HUNDRED THOUSAND RUPEES AND ABOVE PROVIDED  
DURING THE YEAR ENDED 31 DECEMBER 2016**

Annexure - I

| S. No.              | Name and address of borrower  | Name of individuals/partners/directors (with CNIC No.)  | Father/ Husband's Name   | Outstanding liabilities at beginning of the year |         |        |        | Principal Written off | Mark-up Written off / Waived | Other Financial Relief Provided | Total      |
|---------------------|---|---|--|--|---------|--------|--------|-----------------------|------------------------------|---------------------------------|------------|
|                     |   |   |  | Principal  | Mark-up | Others | Total  |                       |                              |                                 |            |
| 1                   | 2   | 3   | 4  | 5  | 6       | 7      | 8      | 9                     | 10                           | 11                              | 12=9+10+11 |
| (Rupees in million) |   |   |  |  |         |        |        |                       |                              |                                 |            |
| 1                   | <b>Bukhari Commercial Exporters</b><br>Flat No. 1/114, Street No. 5<br>Khayaban-e-Faiz<br>DHA Phase-VI, Karachi | Mr. Abdul Qadir<br>CNIC No. 42301-5862447-7   | Mr. Abdul Razzak   | 57.851   | 31.271  | -      | 89.122 | 57.851                | 90.277                       | 0.218                           | 148.346    |
| 2                   | <b>Shafqat Copy House</b><br>Shop No.7, Student Urdu Bazar,<br>M.A.Jinnah Road, Karachi                         | Mr. Shafqat Ali<br>CNIC No. 36301-0967305-1   | Mr. Hashim Ali   | 0.399  | 0.400   | -      | 0.799  | 0.399                 | 0.390                        | 0.075                           | 0.864      |
| 3                   | <b>Muddassar Hayat</b><br>Mouza Jalpana & Kot Bhai Khan<br>Teh:Shahpur, Dist: Sargodha                          | Mr. Muddassar Hayat<br>CNIC No. 38404-65496254-9  | Mr. Umer Hayat   | -  | 0.983   | -      | 0.983  | -                     | 0.983                        | 0.058                           | 1.041      |
| 4                   | <b>Muhammad Saeed Babar</b><br>P-152,Ghousia Gole<br>Bhowana Bazar, Near Anarkali<br>Bazar, Faisalabad          | Mr. Muhammad Saeed Babar<br>CNIC No. 33100-6707246-5  | Mr. Abdul Hameed   | -  | 0.664   | -      | 0.664  | -                     | 0.616                        | -                               | 0.616      |
| 5                   | <b>K.K. Trading Co.</b><br>T-20, Rafi Plaza, Hall Road,<br>Lahore   | Mr. Khadim Hussain<br>CNIC No. 35200-1429849-5  | Mr. Talib Hussain  | 0.400  | 0.410   | -      | 0.810  | 0.400                 | 1.375                        | 0.467                           | 2.242      |
| 6                   | <b>Al-Hasnain Jewellers</b><br>House No. 15/1 KC,<br>Qadir Colony, Okara  | Mr. Abdul Ghaffar<br>CNIC No. 35302-1930117-3   | Mr. Muhammad Bashir Naaz   | 0.100  | 0.693   | -      | 0.793  | 0.100                 | 0.925                        | 0.095                           | 1.120      |
| 7                   | <b>Alpha Tex</b><br>C-148, Sector 6-B, North Karachi<br>Industrial Area, Karachi                                | Mrs. Tasneem Javed<br>CNIC No. 42201-9464461-2  | W/o. Javed Akhter  | 1.123  | 5.264   | -      | 6.387  | 1.123                 | 5.275                        | 0.144                           | 6.542      |
| 8                   | <b>Taha Enterprises</b><br>84, Mirza Kalem Baig Road,<br>J.M.No.1, Soldier Road, Karachi                        | Mr. Shoukat Husein<br>CNIC No. 42201-1853547-9  | Mr. Husein Ali   | 1.954  | 0.921   | -      | 2.875  | 1.954                 | 6.241                        | 0.041                           | 8.236      |
| 9                   | <b>Mahmood (Pvt) Ltd.</b><br>Seher House Plot ST-5, Block-4,<br>Metroville, SITE, Karachi                       | Mr. Nayyar Mahmood<br>CNIC No. 505-90-179695<br><br>Mrs. Yasmin Mahmood<br>CNIC No. 270-55-348801<br><br>Mr. Hussain Akhtar Kazmi<br>CNIC No.35202-6379818-5<br><br>Mr.Syed Irfan Ullah<br>CNIC No. 42101-2915523-9   | Mr. Mahmood Ahmed<br><br>W/o. Nayyar Mahmood<br><br>Mr. Syed Muhammad Akber<br><br>Mr. Syed Hafeezullah  | 51.957   | 1.347   | -      | 53.304 | 51.957                | 149.074                      | 1.699                           | 202.730    |
| 10                  | <b>Ocean Tex</b><br>M-155, Jilani Center, M.W.Tower,<br>M.A.Jinnah Road, Karachi                                | Mr. Mohammad Rafiq<br>CNIC No. 42101-5236478-6  | Mr. Mohammad Ibrahim   | 1.176  | -       | -      | 1.176  | 1.176                 | 1.906                        | 0.117                           | 3.199      |
| 11                  | <b>Khalid Javed &amp; Brothers</b><br>52-57, Awan-e-Tijarat Building,<br>Awan-e-Tijarat Road, Karachi           | Mr. Shahid Ahmed<br>CNIC No. 42301-0889594-7<br><br>Mr. Faisal Imran<br>CNIC No. 42301-0889596-9<br><br>Mr. Haroon Rashid<br>CNIC No. 36302-0412269-9<br><br>Mr. Javid Iqbal<br>CNIC No. 42301-0910340-5<br><br>Mr. Zaem Javid<br>CNIC No. 42101-1664282-8<br><br>Mrs. Noor Jehan<br>CNIC No. 42101-1664282-8<br><br>Mr. Tariq Ahmed<br>CNIC No. 42000-0549111-5  | Mr. Manzoor Ahmed<br><br>Mr. Javid Iqbal<br><br>Mr. Shaikh Mian Manzoor Ahmed<br><br>Mr. Shaikh Manzoor Ahmed<br><br>Mr. Javid Iqbal<br><br>Mr. Shaikh Manzoor Ahmed<br><br>Mr. Manzoor Ahmed                    | 33.270   | 7.693   | -      | 40.963 | 33.270                | 23.853                       | 1.474                           | 58.597     |
| 12                  | <b>Rakhani Export Import Trading Co.</b><br>Plot # 37/7, Sector # 15<br>Korangi Industrial Area, Karachi.       | Mr. Hamad Shaikh<br>(Previously Mr. Vashdev Rakhani)<br>CNIC No. 42301-7832646-3  | Mr. Nenumal  | 10.953   | 22.121  | -      | 33.074 | 10.953                | 37.718                       | 0.229                           | 48.900     |
| 13                  | <b>Callmate Telips Telecom Ltd.</b><br>99-CF, 1/5 Clifton,<br>Karachi   | Mr. Ahmed Jamil Ansari<br>CNIC No. 42301-4085207-5<br><br>Mr. Mohammed Ajmal Ansari<br>CNIC No. 42000-0677785-3<br><br>Mr. Hasan Jamil Ansari<br>CNIC No. 42301-4170707-5<br><br>Mrs. Yuba Jamil Ansari<br>CNIC No. 42301-4918316-4<br><br>Miss. Maria Jamil Ansari<br>CNIC No. 42301-2403949-4<br><br>Mr. Abu Shamim Muhammed Arif<br>CNIC No. 42301-7193007-3<br><br>Mrs. Nuzhat Ikramullah<br>CNIC No. 42301-3534786-6 | Mr. Zill Ur Rehman Ansari<br><br>Mr. Zill Ur Rehman Ansari<br><br>Mr. Ahmed Jamil Ansari<br><br>W/o. Ahmed Jamil Ansari<br><br>W/o. Salman Moiz Ahmed<br><br>Mr. Mohammed Arif<br><br>W/o. Syed Ahmed Ikramullah | 39.587   | 16.812  | -      | 56.399 | 39.587                | 46.927                       | 0.559                           | 87.073     |



**STATEMENT SHOWING WRITTEN-OFF LOANS OR ANY OTHER FINANCIAL RELIEF  
OF FIVE HUNDRED THOUSAND RUPEES AND ABOVE PROVIDED  
DURING THE YEAR ENDED 31 DECEMBER 2016**

**Annexure - I**

| S. No.                     | Name and address of borrower   | Name of individuals/ partners/directors (with CNIC No.)      | Father/ Husbands Name           | Outstanding liabilities at beginning of the year |                |          |                | Principal Written off | Mark-up Written off / Waived | Other Financial Relief Provided | Total          |
|----------------------------|--|--|---------------------------------|--|----------------|----------|----------------|-----------------------|------------------------------|---------------------------------|----------------|
|                            |  |  |                                 | Principal  | Mark-up        | Others   | Total          |                       |                              |                                 |                |
| 1                          | 2  | 3  | 4                               | 5  | 6              | 7        | 8              | 9                     | 10                           | 11                              | 12=9+10+11     |
| <b>(Rupees in million)</b> |  |  |                                 |  |                |          |                |                       |                              |                                 |                |
| 14                         | <b>Elite Publishers Ltd.</b><br>D-118, SITE,<br>Karachi  | Mr. Ahmed Mirza Jamil<br>CNIC No. 42201-4027981-3            | Mr. Mirza Noor Ahmed            | 93.239   | 62.339         | -        | 155.578        | 3.239                 | 59.652                       | 1.037                           | 63.928         |
|                            |  | Mr. Khalid Mirza Jamil<br>CNIC No. 42301-876979-1            | Mr. Ahmed Mirza Jamil           |  |                |          |                |                       |                              |                                 |                |
|                            |  | Mr. Owais Mirza Jamil<br>CNIC No. 42000-6524471-9            | Mr. Ahmed Mirza Jamil           |  |                |          |                |                       |                              |                                 |                |
| 15                         | <b>Ch. Muhammad Hanif</b><br>Fateh, Thehil Pasrur,<br>Distt: Sialkot   | Ch. Muhammad Hanif<br>CNIC No. 34602-0722142-5               | Ch. Nawab Din                   | -  | 1.315          | -        | 1.315          | -                     | 1.229                        | 0.088                           | 1.317          |
| 16                         | <b>Shahbaz Rasool</b><br>Faqir wali Tehsil Daska,<br>Distt: Sialkot  | Mr. Shahbaz Rasool<br>CNIC No. 34601-6276041-7               | Mr. Ghulam Rasool               | -  | 0.769          | -        | 0.769          | -                     | 0.529                        | -                               | 0.529          |
| 17                         | <b>Tanveer Ahmed</b><br>KorayKey Tehsil Daska,<br>Distt: Sialkot   | Mr. Tanveer Ahmed<br>CNIC No. 34601-3732959-1                | Mr. Faqir Sian                  | 0.035  | 1.145          | -        | 1.180          | -                     | 0.917                        | -                               | 0.917          |
| 18                         | <b>Hussain Sons</b><br>17-KM Atta Bukhsh Road<br>Beside Rohi Nala,<br>Off Ferozpur Road, Lahore  | Mr. Khalid Hussain<br>CNIC No. 35202-8174240-1               | Mirza Khadim Hussain            | 0.309  | -              | -        | 0.309          | 0.309                 | 2.443                        | 0.004                           | 2.756          |
|                            |  | Mr. Tariq Hussain<br>CNIC No. 35200-1413552-1                | Mirza Khadim Hussain            |  |                |          |                |                       |                              |                                 |                |
|                            |  | Mirza Tahir Hussain<br>CNIC No. 35202-2929560-1              | Mirza Khadim Hussain            |  |                |          |                |                       |                              |                                 |                |
|                            |  | Mirza Zahid Hussain<br>CNIC No. 35202-0236600-9              | Mirza Khadim Hussain            |  |                |          |                |                       |                              |                                 |                |
| 19                         | <b>Friends Associates</b><br>141-B, Shani Road,<br>Rahimyar Khan   | Mr. Muhammad Wasim Arshad<br>CNIC No. 31303-7089062-5        | Mr. Muhammad Irshad             | 1.683  | 1.776          | -        | 3.459          | -                     | 1.079                        | -                               | 1.079          |
|                            |  | Mr. Nadeem Akhtar Cheema<br>CNIC No. 31303-4967644-3         | Mr. Nusrat Hussain              |  |                |          |                |                       |                              |                                 |                |
|                            |  | Mr. Haji Muhammad Ashraf<br>CNIC No. 31303-2432947-3         | Mr. Ali Muhammad                |  |                |          |                |                       |                              |                                 |                |
|                            |  | Mr. Khalid Mehmood<br>CNIC No. 31303-2387198-3               | Mr. Miraj Din                   |  |                |          |                |                       |                              |                                 |                |
| 20                         | <b>Ashraf Auto Mobile Engineers</b><br>Opposite New Vegetable Market,<br>Shahbazpur Road, Rahimyar Khan  | Mr. Muhammad Ashraf<br>CNIC No. 31303-2432947-3              | Mr. Ali Muhammad                | -  | 2.109          | -        | 2.109          | -                     | 1.235                        | -                               | 1.235          |
| 21                         | <b>Molasses Exports Company (Pvt) Ltd.</b><br>Railway Wharf, Dagain Lane,<br>Kemari, Karachi   | Mr. Noor Mohammad Vayani<br>CNIC No. 42301-6362914-9         | Mr. Yakoob Vayani               | 122.800  | 4.716          | -        | 127.516        | -                     | 35.486                       | 1.778                           | 37.264         |
|                            |  | Mr. Anees Vayani<br>CNIC No. 42301-1066028-9                 | Mr. Noor Mohammad Yakoob Vayani |  |                |          |                |                       |                              |                                 |                |
|                            |  | Mr. Amin Vayani<br>CNIC No. 42301-3342034-9                  | Mr. Noor Mohammad Yakoob Vayani |  |                |          |                |                       |                              |                                 |                |
|                            |  | Mr. Abdul Majeed Vayani<br>CNIC No. 42301-3242934-3          | Mr. Noor Mohammad Yakoob Vayani |  |                |          |                |                       |                              |                                 |                |
|                            |  | Mr. Abdul Sattar Yaqoob Vayani<br>CNIC No. 42301-8596564-1   | Mr. Yakoob Vayani               |  |                |          |                |                       |                              |                                 |                |
| 22                         | <b>Classic Packages</b><br>Plot # 1B-1/1, Sector # 15 Korangi<br>Industrial Area, Karachi  | Mr. Abdul Qadir<br>CNIC No. 42301-2653697-7                  | Mr. Abdul Sattar                | 10.526   | 7.602          | -        | 18.128         | -                     | 8.663                        | 0.015                           | 8.678          |
|                            |  | Mr. Muhammad Zahoor<br>CNIC No. 42000-2551639-1              | Mr. Rehamatullah                |  |                |          |                |                       |                              |                                 |                |
|                            |  | Mrs. Rabea Zahoor<br>CNIC No. 42000-7258150-6                | W/o.Mr. Muhammad Zahoor         |  |                |          |                |                       |                              |                                 |                |
|                            |  | Mr. Shadman Qadir<br>CNIC No. 42301-8080244-9                | Mr. Abdul Qadir                 |  |                |          |                |                       |                              |                                 |                |
| 23                         | <b>Rasool Bakhsh &amp; Company</b><br>Mund Buloo,<br>Distt: Turbat   | Mr. Rasool Bakhsh<br>CNIC No. 52201-1057129-1                | Mr. Karim Bakhsh                | 7.697  | 5.442          | -        | 13.139         | -                     | 5.615                        | 0.300                           | 5.915          |
| 24                         | <b>Waqas Electronics</b><br>9-11 Rehman Chamber,<br>132-Temple Road, Lahore.   | Mr. Asad Ullah<br>CNIC No. 35202-2666605-5                   | Mian Muhammad Usman             | 16.364   | 2.639          | -        | 19.003         | 2.365                 | 10.721                       | 0.395                           | 13.481         |
| 25                         | <b>KAZ CNG Filling Station</b><br>35-Lyton Road,<br>Lahore   | Mr. Muhammad Khalid<br>CNIC No. 35202-9781589-1              | Mr. Muhammad Sadiq              | 0.494  | 0.313          | -        | 0.807          | -                     | 0.559                        | 0.067                           | 0.626          |
|                            |  | Mr. Muhammad Zahid<br>CNIC No. 35202-8933914-7               | Mr. Muhammad Sadiq              |  |                |          |                |                       |                              |                                 |                |
|                            |  | Mr. Muhammad Abid<br>CNIC No. 35202-1949072-9                | Mr. Muhammad Sadiq              |  |                |          |                |                       |                              |                                 |                |
| 26                         | <b>Ch. Building Material Store</b><br>Atta Muhammad Road,<br>Grid Station (Bijli Ghar),<br>Mohallah Shaheenabad,<br>Climixabad No. 1,<br>Gujranwala. | Mr. Muhammad Amin<br>CNIC No. 34101-2424486-1                | Mr. Atta Muhammad               | 1.146  | 1.363          | -        | 2.509          | -                     | 0.874                        | 0.047                           | 0.921          |
|                            |  | Mr. Muhammad Saleem<br>Chaudhary<br>CNIC No. 34101-2439940-9 | Mr. Atta Muhammad               |  |                |          |                |                       |                              |                                 |                |
| <b>TOTAL</b>               |  |  |                                 | <b>453.063</b>                                   | <b>180.107</b> | <b>-</b> | <b>633.170</b> | <b>204.683</b>        | <b>494.562</b>               | <b>8.907</b>                    | <b>708.152</b> |

## Annexure - II

## ISLAMIC BANKING BUSINESS

The Bank is operating sixteen Islamic banking branches at the end of current year (2015: sixteen branches). The statement of financial position, profit and loss account and cash flow statement of these branches (including Islamic Banking Division) are as follows:

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

**(i) Statement of Financial Position**  
**As at 31 December 2016**

|   | 2016              | 2015              |
|---|-------------------|-------------------|
|   | (Rupees in ₨000)  |                   |
| <b>ASSETS</b>   |                   |                   |
| Cash and balances with treasury banks                           | 646,512           | 654,429           |
| Balances with other banks                                       | 26                | 28                |
| Due from financial institutions                                 | 1,690,592         | 524,381           |
| Investments   | 5,265,057         | 4,863,239         |
| Islamic financing and related assets                            | 3,727,219         | 3,644,898         |
| Operating fixed assets  | 157,391           | 144,602           |
| Due from head office  | 167,209           | 149,201           |
| Other assets  | 213,831           | 182,807           |
| <b>Total assets</b>   | <b>11,867,837</b> | <b>10,163,585</b> |
| <b>LIABILITIES</b>  |                   |                   |
| Bills payable   | 86,939            | 49,985            |
| Due to financial institutions                                   | 71,538            | 240,202           |
| Deposits and other accounts                                     | 1,830,029         | 1,533,494         |
| - Current accounts  | 5,363,061         | 4,998,630         |
| - Saving accounts   | 2,896,033         | 2,307,565         |
| - Term deposits   | 263,677           | 158,626           |
| - Others  | 157,266           | 163,504           |
| Other liabilities   | 10,668,543        | 9,452,006         |
| <b>Total liabilities</b>  | <b>1,199,294</b>  | <b>711,579</b>    |
| <b>NET ASSETS</b>   | <b>1,000,000</b>  | <b>600,000</b>    |
| <b>REPRESENTED BY:</b>  | 114,918           | 72,012            |
| Islamic Banking Fund  | 1,114,918         | 672,012           |
| Accumulated profit  | 84,376            | 39,567            |
| Surplus on revaluation of assets                                | <b>1,199,294</b>  | <b>711,579</b>    |
| <b>(ii) Profit and Loss Account</b>                             |                   |                   |
| <b>For the year ended 31 December 2016</b>                      |                   |                   |
| Profit / return on financing, investments and placements earned | 687,317           | 619,012           |
| Return on deposits and other dues expensed                      | (415,927)         | (366,286)         |
| Net income earned before provision                              | 271,390           | 252,726           |
| Reversal of provision against non-performing financings         | 9,798             | 979               |
| Provision for diminution in the value of investments            | -                 | -                 |
| Net income earned after provision                               | 9,798             | 979               |
|   | 281,188           | 253,705           |
| <b>Other income</b>   |                   |                   |
| Fee, commission and brokerage income                            | 32,841            | 25,635            |
| Gain on sale of securities - net                                | 22,194            | 119               |
| Other income  | 2,764             | 3,672             |
|   | 338,987           | 283,131           |
| <b>Other expenses</b>   |                   |                   |
| Administrative expenses   | 222,380           | 210,986           |
| Other charges   | 1,689             | 6                 |
| Provision against other assets                                  | -                 | 127               |
| <b>Profit before taxation</b>                                   | <b>114,918</b>    | <b>72,012</b>     |

**(ii.a)** These figures have been adjusted to exclude inter segment profitability charge of Rs.48.087 million @ 6.35 % (2015: Rs. 45.593 million @ 7.87 %) in line with financial reporting requirement.

**(ii.b)** Deposits and other accounts include redeemable capital of Rs.8,259.094 million (31 December 2015: Rs. 7,420.146 million) and deposits on Qard basis of Rs. 2,093.706 million (31 December 2015: Rs. 1,578.169 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

|              |   | 2016               | 2015               |
|--------------|---|--------------------|--------------------|
|              |   | (Rupees in ₹000)   |                    |
| <b>(iii)</b> | <b>Cash Flow Statement</b>                                      |                    |                    |
|              | <b>For the year ended 31 December 2016</b>                      |                    |                    |
|              | <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                      |                    |                    |
|              | Profit before taxation  | 114,918            | 72,012             |
|              | Less: Dividend income   | -                  | -                  |
|              |   | <u>114,918</u>     | <u>72,012</u>      |
|              | <b>Adjustments:</b>   |                    |                    |
|              | Depreciation / amortisation                                     | 120,823            | 103,965            |
|              | Reversal of provision against non-performing advances           | (9,798)            | (979)              |
|              | Gain on sale of fixed assets                                    | (1,180)            | (930)              |
|              |   | <u>109,845</u>     | <u>102,056</u>     |
|              |   | 224,763            | 174,068            |
|              | <b>(Increase) / decrease in operating assets</b>                |                    |                    |
|              | Due from financial institutions                                 | (1,166,211)        | (286,475)          |
|              | Islamic Financing and Related Assets-net                        | (170,492)          | (442,840)          |
|              | Due from Head Office  | (18,008)           | 209,452            |
|              | Others assets (excluding advance taxation)                      | (31,024)           | (58,393)           |
|              |   | <u>(1,385,735)</u> | <u>(578,256)</u>   |
|              | <b>Increase / (decrease) in operating liabilities</b>           |                    |                    |
|              | Bills payable   | 36,954             | 44,748             |
|              | Due to financial institutions                                   | (168,664)          | 59,561             |
|              | Deposits and other accounts                                     | 1,354,485          | 1,841,023          |
|              | Other liabilities   | (78,250)           | 37,196             |
|              |   | <u>1,144,525</u>   | <u>1,982,528</u>   |
|              |   | (16,447)           | 1,578,340          |
|              | Income tax paid   | -                  | -                  |
|              | <b>Net cash (used in) / generated from operating activities</b> | <u>(16,447)</u>    | <u>1,578,340</u>   |
|              | <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |                    |                    |
|              | Net investments in securities                                   | (357,009)          | (1,540,831)        |
|              | Dividend received   | -                  | -                  |
|              | Investment in operating fixed assets                            | (35,643)           | (8,820)            |
|              | Proceeds from disposal of fixed assets                          | 1,180              | 2,403              |
|              | <b>Net cash used in investing activities</b>                    | <u>(391,472)</u>   | <u>(1,547,248)</u> |
|              | <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                     |                    |                    |
|              | Funds received from Head Office                                 | 400,000            | 100,000            |
|              | <b>Net cash generated from financing activities</b>             | <u>400,000</u>     | <u>100,000</u>     |
|              | <b>(Decrease) / Increase in cash and cash equivalents</b>       | <u>(7,919)</u>     | <u>131,092</u>     |
|              | Cash and cash equivalents at the beginning of the year          | 654,457            | 523,365            |
|              | Cash and cash equivalents at the end of the year                | <u>646,538</u>     | <u>654,457</u>     |
|              | <b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>         |                    |                    |
|              | Cash and balances with treasury banks                           | 646,512            | 654,429            |
|              | Balances with other banks                                       | 26                 | 28                 |
|              |   | <u>646,538</u>     | <u>654,457</u>     |
| <b>(iv)</b>  | <b>Remuneration to Shariah Board members / advisor</b>          | <u>5,290</u>       | <u>1,332</u>       |
| <b>(v)</b>   | <b>CHARITY FUND</b>   |                    |                    |
|              | Opening balance   | -                  | -                  |
|              | Addition during the year  | 952                | 61                 |
|              | Payment / utilisation during the year                           | (952)              | (61)               |
|              | Closing balance   | <u>-</u>           | <u>-</u>           |

## Annexure - II

|              |   | 2016             | 2015      |
|--------------|---|------------------|-----------|
|              |   | (Rupees in ₨000) |           |
| <b>(vi)</b>  | <b>Islamic Modes of Financing</b>                       |                  |           |
|              | Murabaha  | 500,261          | 662,268   |
|              | Assets held under Ijarah (IFAS- 2)                      | 268,841          | 229,923   |
|              | Diminishing Musharaka                                   | 958,966          | 1,150,137 |
|              | Salam   | 48,578           | 404,166   |
|              | Advance against islamic financings:                     |                  |           |
|              | - Murabaha  | 580,556          | 89,108    |
|              | - Car Ijarah  | 57,543           | 28,044    |
|              | - Machine Ijarah  | -                | 23,122    |
|              | - Diminishing Musharaka                                 | 1,008,948        | 791,322   |
|              | - Salam   | 361,515          | 334,267   |
|              | Other Islamic modes                                     | -                | 1,049     |
|              | Islamic financing and related assets - Gross            | 3,785,208        | 3,713,406 |
|              | Provision against non-performing islamic financings     | (57,989)         | (68,508)  |
|              | Islamic financing and related assets - net of provision | 3,727,219        | 3,644,898 |
| <b>(vi)</b>  | <b>Assets held under Ijarah (IFAS-2)</b>                |                  |           |
|              | Motor vehicles  | 212,732          | 148,903   |
|              | Plant and machinery                                     | 56,109           | 81,020    |
|              |   | 268,841          | 229,923   |
| <b>(vii)</b> | <b>Deposits</b>   |                  |           |

Deposits are generated through the following pools:

- (i) Normal pool  
Deposits generated under this pool are on the basis of Qard and Mudaraba
- (ii) Special pool  
Deposits generated under this pool are on the basis of Mudaraba from high net worth customers.

Deposits taken on a Qard basis are classified as 'Current accounts' and Deposits generated on '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.

**(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 2016:

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

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

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

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

Annexure - II

|                                       | 2016             |                  |                   | 2015             |                  |                  |
|---------------------------------------|------------------|------------------|-------------------|------------------|------------------|------------------|
|                                       | Normal Pool      | Special Pool     | Total             | Normal Pool      | Special Pool     | Total            |
| ----- (Rupees in ₨000) -----          |                  |                  |                   |                  |                  |                  |
| Chemical and Pharmaceutical           | 443,771          | 296,964          | 740,735           | 195,596          | 67,049           | 262,645          |
| Textile                               | 527,129          | -                | 527,129           | 606,056          | -                | 606,056          |
| Cement                                | 350,000          | -                | 350,000           | 29,105           | 537,316          | 566,421          |
| Sugar                                 | -                | 300,000          | 300,000           | 300,000          | -                | 300,000          |
| GOP Ijarah Sukuk                      | 58,175           | 2,100,000        | 2,158,175         | 1,930,443        | 1,200,000        | 3,130,443        |
| Financial                             | 1,629,451        | 554,037          | 2,183,488         | 542,415          | 165,621          | 708,036          |
| Electronic and electrical appliances  | 11,785           | -                | 11,785            | -                | -                | -                |
| Production and transmission of energy | 827,206          | 1,875,000        | 2,702,206         | 748,330          | 913,750          | 1,662,080        |
| Carpet and Rugs Manufacturer          | -                | -                | -                 | 206,725          | -                | 206,725          |
| Glass and Ceramics                    | -                | -                | -                 | 213,395          | -                | 213,395          |
| Food and Allied                       | 601,009          | -                | 601,009           | 276,656          | 370,091          | 646,747          |
| Services                              | 359,403          | 500,000          | 859,403           | 489,144          | 119,164          | 608,308          |
| Others                                | 248,964          | -                | 248,964           | 121,690          | -                | 121,690          |
|                                       | <u>5,056,893</u> | <u>5,626,001</u> | <u>10,682,894</u> | <u>5,659,555</u> | <u>3,372,991</u> | <u>9,032,546</u> |

Musharaka investments from the SBP under Islamic Export Refinance Scheme (IERS) are channeled towards the export sector of the economy and other financings as per SBP guidelines.

(ix) **Key features and risk and reward characteristics of all pools**

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

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

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

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

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

|                                      | Funded Income  | Expenses     | Gains / (Loss) on sale of securities | Total          |
|--------------------------------------|----------------|--------------|--------------------------------------|----------------|
| ----- (Rupees in ₨000) -----         |                |              |                                      |                |
| Islamic financing and related assets | 238,763        | -            | -                                    | 238,763        |
| Investments                          | 284,859        | -            | -                                    | 284,859        |
| Due from financial institutions      | 149,596        | -            | -                                    | 149,596        |
| Others                               | 35,605         | (4,674)*     | 22,194                               | 53,125         |
|                                      | <u>708,823</u> | <u>4,674</u> | <u>22,194</u>                        | <u>726,343</u> |

\* This includes initial direct cost of Rs. 4.674 million.

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

The Bank paid an aggregate amount of Rs 75.490 million as incentive profits (Hiba), which includes Rs 51.728 million for normal pool and Rs. 23.762 millions for special pool during the year ended 31 December 2016. The following guidelines are approved by the Bank's Shariah 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 Shariah are in place.

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

|                  | 2016             |               |                    |                    |                         |                   |                   |                   |
|------------------|------------------|---------------|--------------------|--------------------|-------------------------|-------------------|-------------------|-------------------|
|                  | Total            | Up to 1 month | Over 1 to 3 Months | Over 3 to 6 Months | Over 6 Months to 1 Year | Over 1 to 2 Years | Over 2 to 3 Years | Over 3 to 5 Years |
|                  | (Rupees in ₦000) |               |                    |                    |                         |                   |                   |                   |
| Fixed Deposits   | 2,896,033        | 468,657       | 1,114,848          | 52,911             | 1,257,367               | 2,250             | -                 | -                 |
| Savings Deposits | 5,363,061        | 5,363,061     | -                  | -                  | -                       | -                 | -                 | -                 |
|                  | 8,259,094        | 5,831,718     | 1,114,848          | 52,911             | 1,257,367               | 2,250             | -                 | -                 |

## Profit distribution to depositor's pool

| General Remunerative Depositor's Pools               | Profit Sharing Ratio (Depositor: Mudarib) | Profit rate / return earned | Mudarib share transferred to depositors through Hiba (Rs ₦000) | Mudarib share transferred to depositors through Hiba (Percent) | Mudarib Share-Net of Hiba (Rs ₦000)  | Mudarib Share-Net of Hiba (Percent) | Profit rate and weightage announcement period | Profit rate / return distributed   |
|--|---|-----------------------------|--|--|--------------------------------------|-------------------------------------|---|------------------------------------|
| <b>Mudaraba Pool</b>                                 |   |                             |  |  |                                      |                                     |   |                                    |
| Normal Pool  | 75.00%                                    | 5.94%                       | 51,728   | 6.13%  | 159,090                              | 18.87%                              | Monthly                                       | 2.83%                              |
| Special Pool   | 75.00%                                    | 7.23%                       | 23,762   | 9.13%  | 41,288                               | 15.87%                              | Monthly                                       | 5.99%                              |
| Total  | 75.00%                                    | 6.42%                       | 75,490   | 6.84%  | 200,378                              | 18.35%                              | Monthly                                       | 4.00%                              |
| IERS Musharaka Pool                                  |   |                             |  | Ratio of weightage of Bank to SBP                              | Share of profit to SBP (Rs. in ₦000) | HIBA (Rs. in ₦000)                  | Profit rate and weightage announcement period | Profit rate / return earned by SBP |
| Musharaka Pool SBP's Islamic Export Refinance Scheme |   |                             |  | 0.3456   | 2,358,979                            | 587,591                             | Quarterly                                     | 2.59%                              |
|  |   |                             |  | 0.7402   | 4,428,391                            | 78,657                              | Quarterly                                     | 3.86%                              |
|  |   |                             |  | 1.4599   | 3,110,393                            | 5,164                               | Quarterly                                     | 6.55%                              |
|  |   |                             |  | 0.0858   | 705,031                              | 0.228                               | Quarterly                                     | 8.58%                              |

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

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

The Mudaraba Pool profit is divided between the Bank and depositors in the ratio of Bank's average equity (pertaining to Islamic banking branches) and average depositors balances commingled in each pool on a pro-rata basis. The depositors' share of profit is allocated amongst them on the basis of weightages declared before start of each month, after deduction of a mudarib fee. During the year ended 31 December 2016, the Bank charged 25% (2015: 25%) of the profit as Mudarib fee. These weightages are declared by the Bank in compliance with the requirements of the SBP and Shariah.

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

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

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

|  | 2016             | 2015           |
|--|------------------|----------------|
|  | (Rupees in ₦000) |                |
| Profit / return earned on financings, investments and placements | 673,218          | 609,271        |
| Other income (including other charges)                           | 57,799           | 29,307         |
| Directly related costs attributable to pool                      | (4,674)          | (1,453)        |
|  | <u>726,343</u>   | <u>637,125</u> |

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

|                                 | Percentage of total Mudaraba based deposits | Minimum Weightage | Maximum Weightage |
|---------------------------------|---|-------------------|-------------------|
| Savings - Soneri Munafa Account | 63%   | 0.3750            | 1.1000            |
| Savings - Soneri Bachat Account | 2%  | 0.3750            | 0.5417            |
| Savings - Assan Account         | 6%  | 0.3750            | 0.5417            |
| Time Deposits - Soneri Meadi    | 30%   | 0.6917            | 1.1167            |

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 11.1.3)**

**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) -----   |                |                |                                 |                               |   |
| <b>Leasehold building</b>  |                |                |                                 |                               |   |
| ----- do -----   | 83,538         | 54,489         | -                               | Write off                     |   |
| ----- do -----   | 40,495         | 17,430         | 17,003                          | Tender                        | Muhammad Kashif                             |
| ----- do -----   | 25,206         | 14,577         | -                               | Write off                     |   |
| ----- do -----   | 21,215         | 13,838         | -                               | Write off                     |   |
| ----- do -----   | 15,471         | 6,625          | -                               | Write off                     |   |
| ----- do -----   | 5,334          | 3,704          | -                               | Write off                     |   |
| ----- do -----   | 4,893          | 3,191          | -                               | Write off                     |   |
| ----- do -----   | 4,320          | 1,700          | -                               | Write off                     |   |
| ----- do -----   | 3,567          | 2,058          | -                               | Write off                     |   |
| ----- do -----   | 3,025          | 1,746          | -                               | Write off                     |   |
| ----- do -----   | 2,868          | 1,243          | 1,204                           | Tender                        | Muhammad Kashif                             |
| ----- do -----   | 2,524          | 1,686          | -                               | Write off                     |   |
| ----- do -----   | 2,418          | 1,405          | -                               | Write off                     |   |
| ----- do -----   | 2,132          | 1,211          | -                               | Write off                     |   |
| ----- do -----   | 2,092          | 1,401          | -                               | Write off                     |   |
| ----- do -----   | 1,795          | 1,098          | -                               | Write off                     |   |
| ----- do -----   | 1,745          | -              | -                               | Write off                     |   |
| ----- do -----   | 1,532          | 1,024          | -                               | Write off                     |   |
| ----- do -----   | 1,407          | 978            | -                               | Write off                     |   |
| ----- do -----   | 1,368          | 916            | -                               | Write off                     |   |
| ----- do -----   | 1,094          | 474            | 459                             | Tender                        | Muhammad Kashif                             |
| ----- do -----   | 1,030          | 745            | -                               | Write off                     |   |
| ----- do -----   | 878            | 677            | -                               | Write off                     |   |
| ----- do -----   | 868            | 501            | -                               | Write off                     |   |
| ----- do -----   | 745            | 498            | -                               | Write off                     |   |
| ----- do -----   | 704            | 504            | -                               | Write off                     |   |
| ----- do -----   | 682            | 300            | 286                             | Tender                        | Muhammad Kashif                             |
| ----- do -----   | 617            | 467            | -                               | Write off                     |   |
| ----- do -----   | 598            | 415            | -                               | Write off                     |   |
| ----- do -----   | 578            | 380            | -                               | Write off                     |   |
| ----- do -----   | 569            | 329            | -                               | Write off                     |   |
| ----- do -----   | 487            | 298            | -                               | Write off                     |   |
| ----- do -----   | 476            | 322            | -                               | Write off                     |   |
| ----- do -----   | 434            | 251            | -                               | Write off                     |   |
| ----- do -----   | 392            | 278            | -                               | Write off                     |   |
| ----- do -----   | 363            | 289            | -                               | Write off                     |   |
| Items with WDV of below Rs.250,000/- or cost of less than Rs.1,000,000/- | 2,044          | 1,157          | 298                             | Various                       | Various                                     |
|  | <b>239,504</b> | <b>138,205</b> | <b>19,250</b>                   |                               |   |
| <b>Leasehold Improvement</b>   |                |                |                                 |                               |   |
| ----- do -----   | 3,287          | 1,380          | -                               | Write off                     |   |
| ----- do -----   | 3,287          | 2,548          | -                               | Write off                     |   |
| ----- do -----   | 2,947          | 1,632          | -                               | Write off                     |   |
| ----- do -----   | 2,203          | 1,859          | -                               | Write off                     |   |
| ----- do -----   | 1,970          | 1,617          | -                               | Write off                     |   |
| ----- do -----   | 1,479          | 1,059          | -                               | Write off                     |   |
| ----- do -----   | 1,162          | 901            | -                               | Write off                     |   |
| ----- do -----   | 935            | 767            | -                               | Write off                     |   |
| ----- do -----   | 833            | 350            | -                               | Write off                     |   |
| ----- do -----   | 781            | 659            | -                               | Write off                     |   |
| ----- do -----   | 762            | 578            | 173                             | Tender                        | Usama Steel Work                            |
| ----- do -----   | 514            | 339            | -                               | Write off                     |   |
| ----- do -----   | 437            | 339            | -                               | Write off                     |   |
| ----- do -----   | 380            | 272            | -                               | Write off                     |   |
| ----- do -----   | 317            | 265            | -                               | Write off                     |   |
| Items with WDV of below Rs.250,000/- or cost of less than Rs.1,000,000/- | 1,182          | 813            | 4                               | Various                       | Various                                     |
|  | <b>22,476</b>  | <b>15,378</b>  | <b>177</b>                      |                               |   |
| <b>Furniture and fixtures</b>  |                |                |                                 |                               |   |
| ----- do -----   | 1,003          | -              | -                               | Write off                     |   |
| Items with WDV of below Rs.250,000/- or cost of less than Rs.1,000,000/- | 4,969          | 1,265          | 442                             | Various                       | Various                                     |
|  | <b>5,972</b>   | <b>1,265</b>   | <b>442</b>                      |                               |   |



Disposal of fixed assets (refer note 11.1.3)

Annexure - III

| Particulars   | Cost           | Book value     | Sale price / insurance proceeds | Mode of settlement / disposal | Particulars of buyers / insurance companies |
|---|----------------|----------------|---------------------------------|-------------------------------|---|
| ----- (Rupees in „000) -----  |                |                |                                 |                               |   |
| <b>Electrical office and computer equipment</b>                               |                |                |                                 |                               |   |
| ----- do -----  | 17,721         | 886            | 52                              | Tender                        | S.M Umer                                    |
| ----- do -----  | 12,989         | -              | 38                              | Tender                        | S.M Umer                                    |
| ----- do -----  | 6,341          | 317            | 19                              | Tender                        | S.M Umer                                    |
| ----- do -----  | 5,240          | -              | 15                              | Tender                        | S.M Umer                                    |
| ----- do -----  | 4,537          | -              | 13                              | Tender                        | S.M Umer                                    |
| ----- do -----  | 4,537          | -              | 13                              | Tender                        | S.M Umer                                    |
| ----- do -----  | 4,123          | -              | 12                              | Tender                        | S.M Umer                                    |
| ----- do -----  | 3,385          | -              | 10                              | Tender                        | S.M Umer                                    |
| ----- do -----  | 3,385          | -              | 10                              | Tender                        | S.M Umer                                    |
| ----- do -----  | 3,385          | -              | 10                              | Tender                        | S.M Umer                                    |
| ----- do -----  | 3,385          | -              | 10                              | Tender                        | S.M Umer                                    |
| ----- do -----  | 3,371          | -              | 10                              | Tender                        | S.M Umer                                    |
| ----- do -----  | 3,371          | -              | 10                              | Tender                        | S.M Umer                                    |
| ----- do -----  | 2,926          | -              | 6                               | Tender                        | Touch Point (Pvt) Ltd                       |
| ----- do -----  | 2,506          | -              | -                               | Write off                     |   |
| ----- do -----  | 2,294          | -              | -                               | Write off                     |   |
| ----- do -----  | 2,280          | -              | -                               | Write off                     |   |
| ----- do -----  | 2,244          | -              | -                               | Write off                     |   |
| ----- do -----  | 2,016          | -              | 6                               | Tender                        | S.M Umer                                    |
| ----- do -----  | 2,016          | -              | 6                               | Tender                        | S.M Umer                                    |
| ----- do -----  | 2,016          | -              | 6                               | Tender                        | S.M Umer                                    |
| ----- do -----  | 2,016          | -              | 6                               | Tender                        | S.M Umer                                    |
| ----- do -----  | 2,016          | -              | 6                               | Tender                        | S.M Umer                                    |
| ----- do -----  | 2,016          | -              | 6                               | Tender                        | S.M Umer                                    |
| ----- do -----  | 1,798          | -              | -                               | Write off                     |   |
| ----- do -----  | 1,790          | -              | 5                               | Tender                        | S.M Umer                                    |
| ----- do -----  | 1,790          | -              | 5                               | Tender                        | S.M Umer                                    |
| ----- do -----  | 1,784          | -              | 5                               | Tender                        | S.M Umer                                    |
| ----- do -----  | 1,784          | -              | -                               | Write off                     |   |
| ----- do -----  | 1,658          | -              | 5                               | Tender                        | S.M Umer                                    |
| ----- do -----  | 1,658          | -              | 5                               | Tender                        | S.M Umer                                    |
| ----- do -----  | 1,658          | -              | 5                               | Tender                        | S.M Umer                                    |
| ----- do -----  | 1,553          | -              | -                               | Write off                     |   |
| ----- do -----  | 1,519          | -              | 4                               | Tender                        | S.M Umer                                    |
| ----- do -----  | 1,519          | -              | 4                               | Tender                        | S.M Umer                                    |
| ----- do -----  | 1,408          | -              | 6                               | Tender                        | Touch Point (Pvt) Ltd                       |
| ----- do -----  | 1,314          | -              | 6                               | Tender                        | Touch Point (Pvt) Ltd                       |
| ----- do -----  | 1,235          | -              | 4                               | Tender                        | S.M Umer                                    |
| ----- do -----  | 1,205          | -              | 6                               | Tender                        | Touch Point (Pvt) Ltd                       |
| ----- do -----  | 1,190          | -              | 4                               | Tender                        | S.M Umer                                    |
| ----- do -----  | 1,190          | -              | 4                               | Tender                        | S.M Umer                                    |
| ----- do -----  | 1,183          | -              | 7                               | Tender                        | Touch Point (Pvt) Ltd                       |
| ----- do -----  | 1,137          | -              | 7                               | Tender                        | Touch Point (Pvt) Ltd                       |
| ----- do -----  | 1,128          | -              | 3                               | Tender                        | S.M Umer                                    |
| ----- do -----  | 1,111          | -              | 9                               | Tender                        | Touch Point (Pvt) Ltd                       |
| ----- do -----  | 1,091          | 55             | 3                               | Tender                        | S.M Umer                                    |
| ----- do -----  | 1,049          | -              | 9                               | Tender                        | Touch Point (Pvt) Ltd                       |
| ----- do -----  | 1,028          | -              | 135                             | Tender                        | Touch Point (Pvt) Ltd                       |
| ----- do -----  | 1,017          | -              | 3                               | Tender                        | S.M Umer                                    |
| ----- do -----  | 1,010          | -              | 6                               | Tender                        | Touch Point (Pvt) Ltd                       |
| ----- do -----  | 1,004          | -              | 9                               | Tender                        | Touch Point (Pvt) Ltd                       |
| Items with WDV of below Rs.250,000/- each or cost of less than Rs.1,000,000/- | 174,533        | 1,222          | 3,539                           | Various                       | Various                                     |
|   | <b>311,460</b> | <b>2,480</b>   | <b>4,062</b>                    |                               |   |
| <b>Motor vehicles</b>   |                |                |                                 |                               |   |
| ----- do -----  | 3,979          | -              | 2,350                           | Tender                        | Muhammad Altaf                              |
| Items with WDV of below Rs.250,000/- each or cost of less than Rs.1,000,000/- | 13,490         | -              | 9,245                           | Various                       | Various                                     |
|   | <b>17,469</b>  | <b>-</b>       | <b>11,595</b>                   |                               |   |
|   | <b>596,881</b> | <b>157,328</b> | <b>35,526</b>                   |                               |   |





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

**Annexure - IV**

| Name of Investee                                | Number of Certificates held |           | Paid up value per certificate<br>(Rupees) | Total paid up value (before redemption)<br>(Rs. in '000) | Profit   | Principal Redemption  | Balance as at 31 December 2016 | Balance as at 31 December 2015 | Name of Chief Executive Officer |
|---|-----------------------------|-----------|---|--|--|---|--------------------------------|--------------------------------|---------------------------------|
|   | 2016                        | 2015      |   |  |  |   | (Rupees in '000)               | (Rupees in '000)               |                                 |
| <b>(a) Held to maturity securities</b>          |                             |           |   |  |  |   |                                |                                |                                 |
| <b>(i) Listed Term Finance Certificates</b>     |                             |           |   |  |  |   |                                |                                |                                 |
| Azgard Nine Limited                             | 10,000                      | 10,000    | 5,000                                     | 50,000   | - 6 months Kibor + 1.00% (1-2 years)<br>- 6 months Kibor + 1.25% (3-5 years)<br>- 6 months Kibor + 1.00% (6-7.5 years) | 0.88% of principal amount in 42 months, 1.63% from 48 months to 66 months remaining principal in four equal semi annual instalments starting from the 72nd month from the date of issue.  | 16,269                         | 16,269                         | Mr. Ahmed Shaikh                |
| <b>(ii) Un-listed Term Finance Certificates</b> |                             |           |   |  |  |   |                                |                                |                                 |
| AgriTech Limited                                | 1,488                       | 1,488     | 5,000                                     | 7,440  | 11.00% Per Annum   | 0.02% of principal amount in the first 60 months and remaining principal paid in 66th month from the date of issue.   | 7,440                          | 7,440                          | Mr. Faisal Muzammil             |
| Azgard Nine Limited                             | 2,150                       | 2,150     | 5,000                                     | 10,750   | NIL  | 10% of principal amount from 24 months to 36 months, 15% from 42 months to 48 months remaining principal in two equal semi annual instalments starting from the 54th month from the date of issue.  | 10,750                         | 10,750                         | Mr. Ahmed Shaikh                |
| Bank Al Falah Limited - 4th issue               | 10,000                      | 10,000    | 5,000                                     | 50,000   | 6 months Kibor + 2.50%   | 0.02% of principal amount in the first 78 months and remaining principal in three equal semi annual instalments starting from the 84th month from the date of issue.  | 33,247                         | 49,880                         | Mr. Atif Bajwa                  |
| Faysal Bank Limited 2nd Issue                   | 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.   | 37,425                         | 74,850                         | Mr. Nauman Ansari               |
| Habib Bank Limited                              | 100                         | -         | 1,000,000                                 | 99,980   | 6 months Kibor + 0.50%   | 0.02% of principal amount in the first 108 months and remaining principal in two equal semi annual instalments starting from the 114th month from the date of issue.  | 99,988                         | -                              | Mr. Nouman K. dar               |
| JS Bank Limited                                 | 50,000                      | -         | 5,000                                     | 450,000  | 6 months Kibor + 1.40%   | 0.02% of principal amount in the first 72 months and remaining principal in two equal semi annual instalments starting from the 78th month from the date of issue.  | 450,000                        | -                              | Mr. Khalid Imran                |
| Standard Chartered Bank (Pakistan) 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. Shahzad Dada                |
| <b>(iii) Listed Sukuk Bonds</b>                 |                             |           |   |  |  |   |                                |                                |                                 |
| Engro Fertilizers Limited                       | 32,300                      | 32,300    | 5,000                                     | 161,500  | 6 months Kibor + 1.75%   | 2.50% of principal amount in 24 months, 10.00% from 30 months to 36 months remaining principal in four equal semi annual instalments starting from the 42nd month from the date of issue.   | 145,350                        | 153,425                        | Mr. Ruhail Muhammad             |
| K-Electric Limited AZM Sukuk                    | 80,000                      | 80,000    | 5,000                                     | 400,000  | 3 months Kibor + 2.25%   | Principal paid in 36 months from the date of issue  | 400,000                        | 400,000                        | Mr. Tayyab Tareen               |
| <b>(iv) Un-listed Sukuk Bonds</b>               |                             |           |   |  |  |   |                                |                                |                                 |
| AlBaraka Bank (Pakistan) Limited                | 100                         | 100       | 1,000,000                                 | 100,000  | 6 months Kibor + 1.25%   | Principal paid in fourteen equal semi annual instalments  | 71,428                         | 85,716                         | Mr. Shafiqat Ahmed              |
| Amreli Steels Limited                           | -                           | 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.  | -                              | 19,000                         | 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 51st month from the date of issue. | 6,560                          | 6,560                          | Mr. Muhammad Amjad              |
| 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   | 65,335                         | 76,032                         | Mr. Ashraf Salim Mukaty         |
| Pak Elektron Limited                            | -                           | 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.  | -                              | 10,714                         | Mr. Murad Saigal                |
| Pakistan Mobile Communication Limited           | 100,000                     | 100,000   | 5,000                                     | 500,000  | 3 months Kibor + 0.88%   | Principal paid in twelve equal quarterly instalments starting from the 27th month from the date of issue.   | 500,000                        | 500,000                        | Mr. Aamir Ibrahim               |
| 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                         | Lt. Gen.(R) Muzammil Hussain    |
| <b>(b) Available for sales securities</b>       |                             |           |   |  |  |   |                                |                                |                                 |
| <b>(i) Listed Sukuk Bonds</b>                   |                             |           |   |  |  |   |                                |                                |                                 |
| K-Electric Limited Sukuk-ul-Shirkah             | 100,000                     | 124,686   | 5,000                                     | 500,000  | 3 months Kibor + 1.00%   | Principal paid in twenty equal quarterly instalments starting from the 27th month from the date of issue.   | 500,000                        | 623,430                        | Mr. Tayyab Tareen               |
| <b>(ii) Un-listed Sukuk Bonds</b>               |                             |           |   |  |  |   |                                |                                |                                 |
| AlBaraka Bank (Pakistan) Limited                | 194                         | 194       | 1,000,000                                 | 80,571   | 6 months Kibor + 1.25%   | Principal paid in fourteen equal semi annual instalments  | 53,571                         | 80,570                         | Mr. Shafiqat Ahmed              |
| Meezan Bank Limited                             | 425                         | -         | 1,000,000                                 | 425,000  | 6 months Kibor + 0.50%   | Principal paid in 120 months from the date of issue   | 425,000                        | -                              | Mr. Irfan Siddiqui              |
| Neelum Jhelum Hydro Power Company (Pvt) Limited | 9,750                       | -         | 100,000                                   | 975,000  | 6 months Kibor + 1.10%   | Principal paid in sixteen equal semi annual instalments starting from the 30th month from the date of issue.  | 975,000                        | -                              | Muhammad Zubair                 |
| <b>(c) Held for trading securities</b>          |                             |           |   |  |  |   |                                |                                |                                 |
| <b>(i) Un-listed Term Finance Certificates</b>  |                             |           |   |  |  |   |                                |                                |                                 |
| Askari Bank Limited - 5th issue                 | -                           | 5,000     | 5,000                                     | 24,990   | 6 months Kibor + 1.20%   | 0.36% of principal amount in the first 108 months and remaining principal in two equal semi annual instalments starting from the 114th month from the date of issue.  | -                              | 25,038                         | Syed Majeedullah Hussaini       |
|   |                             |           |   |  |  |   | 4,042,438                      | 2,384,749                      |                                 |



# Report of Shari'ah Board

For the year ended 31 December 2016

In the name of Allah, the Beneficent, the Merciful

While the Board of Directors and Executive Management are solely responsible to ensure that the operations of Soneri Bank Limited - Islamic Banking (Mustaqeem) (herein referred as "The Bank") are conducted in a manner that comply with Shariah principles at all times, we are required to submit a report on the overall Shariah compliance environment of Soneri Bank Limited - Islamic Banking (Mustaqeem).

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

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

- i. The Bank has a mechanism in place to ensure Shariah compliance in their overall operations. We hope to continuously improve this mechanism with adequately staffed Shariah Compliance Department (SCD) as per the needs of the Bank.
- ii. The Bank has overall complied with Shariah rules and principles in the light of fatawa, rulings and guidelines issued by its Shariah Board.
- iii. The Bank has overall complied with directives, regulations, instructions and guidelines related to Shariah compliance issued by SBP in accordance with the rulings of SBP's Shariah Board.
- iv. The bank has a considerable system in place to ensure that any earnings realized from prohibited sources are not made part of Bank's income. A charity of Rupees nine hundred fifty two thousand four hundred twenty and ten paisas (PKR 952,420.10) has been disbursed in charitable purposes.
- v. The Bank has complied with the SBP instructions on profit and loss distribution and pool management. However, a comprehensive automated solution for profit distribution on multiple pools with proper asset tagging is in progress to be implemented. The management of the Bank must complete this development to ensure smooth profit distribution.
- vi. It is pertinent to mention that the previous Resident Shariah Board Member had resigned in the first half of the year. However, the executive management stepped up to place the Shariah controls in day to day transactions through close coordination with the Shariah Board.
- vii. During the year under review, the constitution of SCD was delayed due to limitations which have been subsequently resolved because of the determination of the board of directors and the executive management towards the Shariah Compliance in the Bank. Alhamdulillah.
- viii. Primarily the Bank employs the traditional products for its financing such as Ijarah, Murabaha, and Diminishing Musharakah. It is encouraging that a Shariah compliant alternative to running finance, named Running Musharakah, has been developed. With this product, the Bank will hopefully be able to fulfill the needs of the current business environment.
- ix. Although the bank has noticeably strengthened its SCD and thereby improved the overall outlook of the Shariah environment, however, continuous improvements in this area and further enhancement of the Internal Shariah Audit and product development activities is still needed.
- x. It is recommended to make Islamic Banking training mandatory for all staff in the Bank.

Based on the Shari'ah review of transactions, in our opinion, the general conduct of the Bank activities is Shariah Compliant. We pray to Almighty Allah, for the success of Islamic Banking and provide us the guidance to adhere to his Shariah in day to day operations and forgive our mistakes.

And Allah knows the best

**Mufti Ehsan Waquar Ahmad**  
Chairman Shariah Board

**Mufti Muhammad Zahid**  
Resident Shariah Board

**Mufti Bilal Ahmed Qazi**  
Shariah Board Member

Lahore: 15 February 2017



# شریعی بورڈ رپورٹ برائے بورڈ آف ڈائریکٹرز برائے مالیاتی سال 2016

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

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

ریگولیشنری قوانین کی بنیاد پر بینک کے مجموعی طور پر شریعت کے مطابق ہونے پر درج ذیل رائے پیش کرنے کے لئے بینک کے شریعی کمپلائنس ڈپارٹمنٹ کو ٹیسٹ چیک کی بنیاد پر بینک کے ہر طرح کے معاملات سے متعلق دستاویزات اور عملی طریقہ کار کی ترتیبات کا جائزہ لینا ہوتا ہے، مزید برآں اندرونی شریعی آڈٹ کی رپورٹ کو بھی اس رپورٹ کی بنیاد بنایا جاتا ہے۔

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

(۱) یہ بات یقین کے ساتھ کہی جاسکتی ہے کہ ماشاء اللہ، بینک میں مجموعی معاملات کو شریعت کے مطابق چلانے کا ایک مکمل نظام موجود ہے۔ ہمیں امید ہے کہ ہم اس نظام کو مسلسل ترقی پر گامزن دیکھیں گے اور بینک کا شریعی کمپلائنس ڈپارٹمنٹ بینک کی ضروریات کے مطابق افرادی قوت پر مشتمل رہے گا۔

(۲) بینک، شریعی بورڈ کی جانب سے جاری کردہ گائیڈ لائنز، احکامات اور فتاویٰ کی روشنی میں شرعی قوانین اور اصولوں کی پیروی کر رہا ہے۔

(۳) بینک، اسٹیٹ بینک پاکستان کے شریعی بورڈ کے قوانین کے مطابق اسٹیٹ بینک کے جاری کردہ شریعی کمپلائنس سے متعلق احکامات، ریگولیشنز، ہدایات اور گائیڈ لائنز پر عمل پیرا ہے۔

(۴) بینک کے پاس ایک قابل اعتماد نظام موجود ہے جس کی بنیاد پر یہ کہا جاسکتا ہے کہ ممنوع یا غیر شرعی ذرائع سے حاصل ہونے والی آمدنی کو بینک کی آمدنی کا حصہ نہیں بنایا جاتا۔ اس سال مبلغ 952420.1 روپے (نوا لاکھ باون ہزار چار سو بیس روپے دس پیسے) کی خطیر رقم خیراتی مقاصد میں خرچ کی گئی ہے۔

(۵) بینک کے نفع و نقصان کی تقسیم اور پول منجھت اسٹیٹ بینک کی ہدایات کے مطابق ہے، تاہم مختلف پوز پر نفع کی تقسیم اور اثاثہ جات کی ٹیکنگ کے لئے ایک جامع خود کار حل تکمیل کے مراحل میں ہے۔ بینک کی انتظامیہ کے لئے منافع کی تقسیم کو مزید موثر اور ہموار بنانے کے لئے اس عمل کو مکمل کرنا ضروری ہے۔

(۶) یہ بات قابل ذکر ہے کہ ابتدائی سال میں سابقہ ریویژنڈ شریعی بورڈ ممبر مستعفی ہو گئے تھے، البتہ بینک کی اعلیٰ انتظامیہ نے روزمرہ کے عقود سے متعلق شرعی ہدایات کی تنفیذ کے لئے شریعی بورڈ سے مسلسل رابطہ رکھا۔

(۷) اس سال شریعی کمپلائنس ڈپارٹمنٹ کے قیام میں بعض وجوہات سے کچھ تاخیر ہوئی، البتہ بعد میں بورڈ آف ڈائریکٹرز اور اعلیٰ انتظامیہ کی جانب سے شریعت کی تنفیذ کے عزم و مصمم کی بدولت الحمد للہ یہ ڈپارٹمنٹ قائم ہو گیا۔

(۸) بینک اپنی معمولی سہولیات کے لئے عموماً اجارہ، ہراسہ اور شرکت متناقصہ کو استعمال کرتا ہے۔ یہ بات حوصلہ افزاء ہے کہ رنگ فائننس کے جائز متبادل کے طور پر رنگ مشارکہ کے نام سے ایک پراڈکٹ کا اجراء کیا گیا ہے۔ امید کی جاتی ہے کہ موجودہ کاروباری صورت حال میں یہ پراڈکٹ صارفین کی کاروباری ضروریات کو زیادہ بہتر طریقے سے پورا کرنے میں مددگار ہوگی۔

(۹) بینک نے اپنے شریعی کمپلائنس ڈپارٹمنٹ کو واضح طور پر تقویت دی ہے اور اس کے نتیجے میں بینک کی مجموعی شرعی صورتحال کو بہتر بنایا ہے۔ البتہ اس سلسلے میں جہد مسلسل درکار ہے۔ مزید برآں، اندرونی شریعی آڈٹ اور پراڈکٹ ڈیولپمنٹ کے امور میں مزید بہتری مطلوب ہے۔

(۱۰) یہ تجویز پیش کی جاتی ہے کہ اسلامک بینکنگ کے تمام ملازمین کے لئے اسلامک بینکنگ کی ٹریننگ کو لازمی قرار دیا جائے۔

بہر حال، معاملات کے شرعی جائزے کی بنیاد پر ہماری رائے میں اسلامک بینکنگ کے تمام معاملات شریعت کے مطابق ہیں۔ ہم اسلامک بینکنگ کی کامیابی کے لئے اللہ تعالیٰ سے دعا گو ہیں اور روزمرہ معاملات میں شریعت پر عمل کرنے کی توفیق طلب کرتے ہیں اور اللہ تعالیٰ سے اپنی کوتاہیوں کی معافی کی استدعا کرتے ہیں۔

واللہ اعلم بالصواب

مفتی احسان وقار احمد  
چیئر مین شریعی بورڈ

مفتی بلال احمد قاضی  
ممبر شریعی بورڈ

مفتی محمد زاہد  
ریویژنڈ شریعی بورڈ ممبر



# Notice of the Annual General Meeting

Notice is hereby given that Twenty Fifth (25th) Annual General Meeting of Soneri Bank Limited will be held at Nishat Hotel, 9 A, Gulberg-III, Lahore on Tuesday, 28 March 2017 at 9:00 a.m. to transact the following business:

## Ordinary Business

- 1) To confirm the minutes of last Annual General Meeting held on 25 March 2016.
- 2) To receive, consider and adopt Annual Audited Accounts together with the Directors'and Auditors' Reports thereon for the year ended 31 December 2016.
- 3) To approve and declare the final cash dividend of Rs.1.25/- per share (i.e.12.50%) for the financial year ended 31 December 2016 as recommended by the Board of Directors in its 154th meeting held on 15 February 2017.
- 4) To elect seven (7) Directors of the Bank in accordance with the provisions of Section 178 of the Companies Ordinance, 1984 for a term of three years commencing from 28 March 2017. Following are the retiring directors, who are eligible to offer themselves for re-election:
  - i. Mr. Alauddin Feerasta
  - ii. Mr. Nooruddin Feerasta
  - iii. Mr. Muhammad Rashid Zahir
  - iv. Mr. Amar Zafar Khan
  - v. Syed Ali Zafar
  - vi. Mr. Manzoor Ahmed
  - vii. Mr. Shahid Anwar
- 5) To appoint Auditors of the Bank for the year ending 31 December 2017 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.
- 6) To transact such other ordinary business as may be placed before the meeting with the permission of the Chair.

## Special Business

- 7) To consider and approve the amendments to be made in Articles of Association of the Bank for the purpose of compliance with the mandatory e-voting requirements as prescribed in the Companies (E-Voting) Regulations, 2016 issued vide SRO 43 (I)/2016 dated 22.01.2016 and if thought fit to pass the following resolution as special resolution:

**"RESOLVED THAT** the Articles of Association of the Bank be amended by adding following new clauses as 46(a), 46(b) and 48(a):

46(a) E-Voting: Members may exercise voting rights at General Meetings through electronic means, if the Bank receives the requisite demand for poll in accordance with the Companies (E-voting) Regulations, 2016 and any amendments made from time to time, hereinafter refer to as E-Voting. The Bank shall provide E-voting facility in accordance with the mandatory requirements prescribed under said Regulations and amendments made to them from time to time by the Securities & Exchange Commission of Pakistan, irrespective of anything contained in any other provisions of these Articles and anything contradictory therein.

46(b) Notwithstanding anything contained in these Articles, in case of E-Voting both members and non-members can be appointed as proxy and the instrument appointing shall be deposited, in writing, with the Bank in the form and within such timelines as prescribed by the Commission from time to time.

48(a) E-Voting: An instrument of proxy in relation to e-voting shall be in the following form:  
I/We -----of-----,being a member of -----,holder of-----ordinary share(s) as per Register Folio No.-----hereby opt for e-voting through intermediary and hereby consent the appointment of execution officer -----as proxy and will exercise e-voting as per the Companies (E-Voting) Regulations, 2016 and hereby demand for poll for resolutions.

My secured email address is-----, please send login details, password and electronic signature through email.

\_\_\_\_\_  
Signature of Member

(Signature should agree with the specimen signature registered with the Bank)

Signed in the presence of:

\_\_\_\_\_  
Signature of Witness

\_\_\_\_\_  
Signature of Witness

(The proxy e-voting form shall be required to be witnessed by two persons whose names, address and CNIC number shall be mentioned on the form.)

**FURTHER RESOLVED THAT** the Company Secretary be and is hereby authorized to do all acts, deeds and things necessary to complete the legal formalities and file the required documents as maybe necessary or ancillary for the purpose of implementing the aforesaid resolution."



# Notice of the Annual General Meeting

- 8) To approve transmission of annual audited financial statements, auditor's report and directors' report etc. ("annual audited accounts") along with notice of general meeting to members through CD/DVD/USB at their registered address as allowed by the Securities and Exchange Commission of Pakistan (SECP) and if thought fit to pass the following resolution as ordinary resolution:

**"RESOLVED THAT** transmission of annual audited financial statements, auditor's report and directors' report etc. ("annual audited accounts") along with notice of general meeting to members at their registered address in soft form i.e. CD/DVD/USB as notified by SECP vide its SRO No. 470 (1)/2016 dated May 31, 2016 be and is hereby approved."

- 9) 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 Circulars No.14 and 09 dated 07.08.2009 and 06.05.2015 respectively.

A statement under Section 160(1)(b) of the Companies Ordinance, 1984 pertaining to Special Businesses alongwith the Special Resolutions proposed to be passed, are being sent to the shareholders with the Notice.

## BY ORDER OF THE BOARD

**Muhammad Altaf Butt**  
Company Secretary

Lahore: 15 February 2017

## NOTES:

- Share Transfer Books of the Bank will remain closed from 22 March 2017 to 28 March 2017 (both days inclusive).
- In accordance with Section 178 (1) of the Companies Ordinance, 1984 the number of Directors to be elected has been fixed as seven (7). The retiring Directors are eligible to offer themselves for re-election. Mr. Mohammad Aftab Manzoor, President/Chief Executive Officer shall continue to be a deemed Director in terms of Article 54 of the Articles of Association of the Bank read with Sub-section (2) of Section (200) of the Companies Ordinance, 1984.
  - In terms of Section 178(3) of the Companies Ordinance, 1984, any person who seeks to contest an election to the office of Director, shall file with the Bank, not later than fourteen (14) days before the date of this meeting, a notice of his/her intention to offer himself/herself for election as a Director together with (a) consent on Form-28 (b) declaration with consent to act as Director in the manner as provided in the Code of Corporate Governance 2012.
  - In terms of the State Bank of Pakistan (the "SBP") BPRD Circular No. 4 of 2007 dated 23 April 2007, on Fit and Proper Test (FPT), appointment of the directors require prior clearance in writing from State Bank of Pakistan, and all requests for seeking approval of SBP for appointment of directors of the Bank should be routed through the Bank alongwith information as per proforma "Fit and Proper Test" given in the above circular.

The copies of the proforma and other documents complete in all respects must be submitted to the Bank not later than 14 days before the date of this meeting for submission to the SBP.

- Any person who seeks to contest the election to the office of a director, whether he is a retiring director or otherwise, shall undertake and confirm to the Bank that such person fulfills all the requirements and criteria for being elected to the office of a director of the Bank and that such person does not violate any of the provisions or conditions prescribed by SBP for holding such office and further that such person shall fully comply with all the SBP Directives issued or to be issued by the SBP in the form of circulars, notifications, directions, letters, instructions and other orders. In addition, he will also be evaluated on the basis of the Bank's mechanism for appointment of Non-Executive Directors and may be asked to provide such further information, as may be deemed necessary.
- 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.
- 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.

- Shareholders are requested to notify change in their addresses, if any, to our Share Registrar, M/s. THK Associates (Pvt.) Ltd, 1st Floor, 40-C, Block-6, P.E.C.H.S. Karachi.





# Notice of the Annual General Meeting

## 6. 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.5 above in order to meet the mandatory requirement of the SECP, SRO 831(I)/2012 dated July 05, 2012 which requires that the dividend warrant should bear CNIC number of the member.

## 7. 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, response from very few shareholders was received to our Circular dated 12.01.2015. 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.5 above. Consent form may be accessed at <http://www.soneribank.com/investor-relations/stock-information/>

## 8. Increase in withholding tax on dividend income for Non-Filers and payment cash dividend through electronic mode

The Shareholders are hereby informed that pursuant to amendments in Section 150 of the Income Tax Ordinance, 2001 through Finance Act, 2016, Income Tax will be deducted at source @ 12.50% for filers and @20.00% for non-filers of income tax return (determined as per "Active Tax Payer List (ATL)" available on Federal Board of Revenue's website) from the dividend amount, if any.

In case of joint account, each holder is to be treated individually as either a filer or non-filer and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder, in writing as follows, to our Share Registrar at the address mentioned above. In case no such notification is received by us, equal deduction of tax will be made where proportionate holding is not available with us.

| Company Name | Folio/CDS A/c. No. | Total Shares | Principal Shareholder |   | Joint Shareholder |   |
|--------------|--------------------|--------------|-----------------------|---|-------------------|---|
|              |                    |              | Name & CNIC No.       | Shareholding proportion (No, of Shares) | Name & CNIC No.   | Shareholding proportion (No, of Shares) |
|              |                    |              |                       |   |                   |   |

The CNIC number/NTN details is now mandatory and is required for checking the tax status as per the Active Taxpayers List (ATL) issued by Federal Board of Revenue (FBR) from time to time.

## 9. Deposit of Physical shares into CDC Account

The Shareholders having shares in physical form are advised to open CDC sub-account with any of the brokers or Investor Account directly with the CDC to place their shares in scrip-less form, this will facilitate them in many ways including safe custody and sale of shares at any time they want, as the trading of physical shares is not permitted as per existing regulations of the Stock Exchange.

## 10. Video Conference Facility for attending Annual General Meeting

As per the SECP's Circular No.10 dated 21.05.2014, members may avail video conference facility subject to fulfillment of certain requirements & procedures.

The members who wish to attend Annual General Meeting via video conference, may send their consent on the below format to the Bank at its registered office address.

If the Bank receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of the meeting, the Bank will arrange video conference facility in that city subject to availability of such facility in that city.

### Consent Form for Video Conference Facility

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

\_\_\_\_\_  
Signature of Member



# Notice of the Annual General Meeting

## **11. Availability of Audited Financial Statements & Election related information on the Bank's website**

The audited financial statements of the Bank for the year ended 30 December 2016 have been made available on the Bank's website [www.soneribank.com](http://www.soneribank.com), in addition to annual and quarterly financial statements for the prior years. Notice of 25th Annual General Meeting along with statement under Section 160(1)(b) of the Companies Ordinance, 1984 is also placed on the web portal of the Bank.

Further, election related documents shall also be placed & will remain available as per the timelines advised vide SRO(I)/2015 dated 10.12.2015 by the Securities & Exchange Commission of Pakistan.

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

This statement sets out the material facts concerning the special businesses to be transacted at Twenty Fifth (25th) Annual General Meeting of Soneri Bank Limited to be held on 28 March 2017.

#### **Agenda Item No. 7 Amendments in the Articles of Association of the Bank**

To give effect to the Companies (E-Voting) Regulation 2016, shareholders' approval is being sought to amend the Articles of Association of the Bank to enable the Shareholders to appoint non-members as their proxies in line with the requirements of e-voting regulations issued by the Securities & Exchange Commission of Pakistan.

#### **Agenda Item No. 8 Transmission of Annual Audited Financial Statements through CD/DVD/USB**

The SECP through SRO 470 (1)/2016 dated May 31, 2016 has allowed companies to circulate the annual balance sheet and profit and loss account, auditor's report and directors report etc. ("annual audited accounts") along with notice of general meeting to its shareholders in electronic form through CD/DVD/USB at their registered addresses. This would result in timely delivery of Annual Audited Accounts to the shareholders.

The Bank has placed on its website i.e. [www.soneribank.com](http://www.soneribank.com) a standard request form containing postal and e-mail address of Company Secretary/Share Registrar, so that shareholders may request a hard copy of the Annual Audited Accounts. The Bank will provide one hard copy free of cost to the requesting shareholder at their registered address within one week of the request.

#### **Agenda Item No. 9 Payment of remuneration to Non-Executive Directors for attending the Board and its Committees meetings**

The State Bank of Pakistan (SBP), Banking Policy & Regulations Department vide its BPRD Circulars No.14 and 09 dated 07.08.2009 and 06.05.2015 respectively, 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 25th 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 (net of tax) per meeting effective from 15 February 2017 as approved by the Board of Directors in its 154th meeting held on 15 February 2017."

#### **Inspection of Documents:**

The copies of the existing and amended Memorandum & Articles of Association have been kept at the registered office of the Bank which may be inspected on any working day during business hours till the date of 25th Annual General Meeting.

#### **Interest of Directors:**

The Directors of the Bank have no direct or indirect interest in the above mentioned special businesses that would require further disclosure except to the extent of their meeting fee as well as shareholding in the Bank.



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**FORM 34****PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS (CDS AND PHYSICAL)  
AS AT 31 DECEMBER 2016 (SECTION 236)**

| No. of Shareholders | From   | Shareholding | To     | Total Shares Held |
|---------------------|--------|--------------|--------|-------------------|
| 987                 | 1      | -            | 100    | 35,145            |
| 1308                | 101    | -            | 500    | 358,406           |
| 1099                | 501    | -            | 1000   | 864,193           |
| 2115                | 1001   | -            | 5000   | 4,807,150         |
| 1461                | 5001   | -            | 10000  | 11,935,942        |
| 605                 | 10001  | -            | 15000  | 7,093,354         |
| 152                 | 15001  | -            | 20000  | 2,639,384         |
| 68                  | 20001  | -            | 25000  | 1,522,504         |
| 47                  | 25001  | -            | 30000  | 1,289,144         |
| 27                  | 30001  | -            | 35000  | 896,564           |
| 16                  | 35001  | -            | 40000  | 609,444           |
| 13                  | 40001  | -            | 45000  | 554,813           |
| 10                  | 45001  | -            | 50000  | 471,150           |
| 22                  | 50001  | -            | 55000  | 1,156,518         |
| 11                  | 55001  | -            | 60000  | 626,748           |
| 9                   | 60001  | -            | 65000  | 555,957           |
| 5                   | 65001  | -            | 70000  | 331,965           |
| 5                   | 70001  | -            | 75000  | 361,807           |
| 7                   | 75001  | -            | 80000  | 541,416           |
| 3                   | 80001  | -            | 85000  | 247,084           |
| 3                   | 85001  | -            | 90000  | 261,407           |
| 2                   | 90001  | -            | 95000  | 183,516           |
| 12                  | 95001  | -            | 100000 | 1,182,494         |
| 2                   | 100001 | -            | 105000 | 205,916           |
| 5                   | 105001 | -            | 110000 | 544,869           |
| 3                   | 110001 | -            | 115000 | 335,636           |
| 4                   | 115001 | -            | 120000 | 467,678           |
| 1                   | 120001 | -            | 125000 | 122,100           |
| 1                   | 125001 | -            | 130000 | 128,024           |
| 2                   | 130001 | -            | 135000 | 266,404           |
| 1                   | 135001 | -            | 140000 | 137,875           |
| 2                   | 140001 | -            | 145000 | 282,983           |
| 1                   | 145001 | -            | 150000 | 147,502           |
| 1                   | 150001 | -            | 155000 | 154,000           |
| 2                   | 155001 | -            | 160000 | 317,550           |
| 3                   | 160001 | -            | 165000 | 492,056           |
| 1                   | 170001 | -            | 175000 | 170,940           |
| 1                   | 185001 | -            | 190000 | 189,835           |
| 4                   | 195001 | -            | 200000 | 800,000           |
| 1                   | 200001 | -            | 205000 | 203,002           |
| 1                   | 210001 | -            | 215000 | 214,864           |
| 1                   | 215001 | -            | 220000 | 215,730           |
| 1                   | 230001 | -            | 235000 | 232,268           |
| 2                   | 235001 | -            | 240000 | 471,562           |
| 1                   | 240001 | -            | 245000 | 243,269           |
| 1                   | 250001 | -            | 255000 | 250,004           |
| 1                   | 275001 | -            | 280000 | 276,000           |
| 1                   | 280001 | -            | 285000 | 281,196           |
| 2                   | 285001 | -            | 290000 | 577,342           |
| 2                   | 290001 | -            | 295000 | 584,735           |
| 1                   | 295001 | -            | 300000 | 295,838           |
| 1                   | 320001 | -            | 325000 | 322,522           |



**FORM 34****PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS (CDS AND PHYSICAL)  
AS AT 31 DECEMBER 2016 (SECTION 236)**

| No. of Shareholders | Shareholding |              |           | Total Shares Held    |
|---------------------|--------------|--------------|-----------|----------------------|
|                     | From         |              | To        |                      |
| 1                   | 335001       | -            | 340000    | 336,611              |
| 1                   | 350001       | -            | 355000    | 353,709              |
| 1                   | 355001       | -            | 360000    | 356,000              |
| 2                   | 365001       | -            | 370000    | 733,246              |
| 1                   | 375001       | -            | 380000    | 375,134              |
| 1                   | 385001       | -            | 390000    | 387,500              |
| 1                   | 415001       | -            | 420000    | 420,000              |
| 1                   | 435001       | -            | 440000    | 436,427              |
| 1                   | 445001       | -            | 450000    | 448,500              |
| 1                   | 490001       | -            | 495000    | 493,500              |
| 1                   | 495001       | -            | 500000    | 498,460              |
| 1                   | 570001       | -            | 575000    | 571,046              |
| 2                   | 600001       | -            | 605000    | 1,208,661            |
| 1                   | 610001       | -            | 615000    | 614,839              |
| 1                   | 775001       | -            | 780000    | 776,650              |
| 1                   | 895001       | -            | 900000    | 900,000              |
| 1                   | 985001       | -            | 990000    | 989,450              |
| 1                   | 1070001      | -            | 1075000   | 1,075,000            |
| 1                   | 1125001      | -            | 1130000   | 1,129,647            |
| 1                   | 1210001      | -            | 1215000   | 1,214,807            |
| 1                   | 2095001      | -            | 2100000   | 2,100,000            |
| 1                   | 2765001      | -            | 2770000   | 2,766,216            |
| 1                   | 3440001      | -            | 3445000   | 3,441,416            |
| 1                   | 3590001      | -            | 3595000   | 3,591,580            |
| 1                   | 4445001      | -            | 4450000   | 4,449,000            |
| 1                   | 4450001      | -            | 4455000   | 4,450,500            |
| 1                   | 4995001      | -            | 5000000   | 5,000,000            |
| 1                   | 5060001      | -            | 5065000   | 5,060,452            |
| 1                   | 5490001      | -            | 5495000   | 5,494,500            |
| 1                   | 8430001      | -            | 8435000   | 8,430,965            |
| 1                   | 9475001      | -            | 9480000   | 9,477,018            |
| 1                   | 10890001     | -            | 10895000  | 10,891,450           |
| 1                   | 11095001     | -            | 11100000  | 11,098,050           |
| 1                   | 13230001     | -            | 13235000  | 13,232,450           |
| 1                   | 13545001     | -            | 13550000  | 13,546,734           |
| 1                   | 22290001     | -            | 22295000  | 22,291,500           |
| 1                   | 24630001     | -            | 24635000  | 24,631,642           |
| 1                   | 26785001     | -            | 26790000  | 26,786,763           |
| 1                   | 36210001     | -            | 36215000  | 36,214,344           |
| 1                   | 37280001     | -            | 37285000  | 37,280,242           |
| 1                   | 37505001     | -            | 37510000  | 37,508,988           |
| 1                   | 37865001     | -            | 37870000  | 37,866,654           |
| 1                   | 45140001     | -            | 45145000  | 45,143,700           |
| 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                   | 108430001    | -            | 108435000 | 108,430,049          |
| 1                   | 301375001    | -            | 301380000 | 301,377,754          |
| <b>8088</b>         |              | <b>Total</b> |           | <b>1,102,463,481</b> |

**FORM 34****PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS (CDS AND PHYSICAL) AS AT 31 DECEMBER 2016 (SECTION 236)**

| Categories of Shareholders   | No. of Shareholders | Shares Held          | Percentage    |
|--|---------------------|----------------------|---------------|
| Directors, Chief Executive Officer and their spouses and minor children          |                     |                      |               |
| <b>DIRECTORS</b>   |                     |                      |               |
| Mr. Alauddin Feerasta  | 2                   | 10,080,679           | 0.9144        |
| Mr. Nooruddin Feerasta   | 1                   | 14,048               | 0.0013        |
| Mr. Amar Zafar Khan  | 1                   | 17                   | 0.0000        |
| Mr. Muhammad Rashid Zahir  | 1                   | 10,065               | 0.0009        |
| Syed Ali Zafar   | 1                   | 1,069                | 0.0001        |
| <b>CHIEF EXECUTIVE OFFICER</b>   |                     |                      |               |
| Mr. Mohammad Aftab Manzoor   |                     |                      | 0.0000        |
| <b>DIRECTORS- SPOUSES AND MINOR CHILDREN</b>                                     |                     |                      |               |
| Mrs. Aziza A. Feerasta<br>w/o Mr. Alauddin Feerasta                              | 1                   | 5,401                | 0.0005        |
| Mrs. Aymna N. Feerasta<br>w/o Mr. Nooruddin Feerasta                             | 1                   | 7,021                | 0.0006        |
| <b>Total:</b>  | <b>8</b>            | <b>10,118,300</b>    | <b>0.9178</b> |
| 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   | 1                   | 5,401                | 0.0005        |
| National Bank of Pakistan - Trustee<br>Department, NIT and ICP                   | 7                   | 117,260,572          | 10.6362       |
| Banks Development Financial Institutions,<br>Non Banking Financial Institutions. | 8                   | 35,562,751           | 3.2258        |
| Insurance Companies  | 3                   | 13,562,912           | 1.2302        |
| Modarabas  | 4                   | 4,899                | 0.0004        |
| Mutual Funds   |                     |                      |               |
| NIT-Equity Market Opportunity Fund   | 1                   | 420,000              | 0.0038        |
| AKD Index Tracker Fund   | 1                   | 72,947               | 0.0006        |
| Safeway Mutual Fund Limited  | 1                   | 6,820                | 0.0006        |
| TRI Star Mutual Fund Limited   | 1                   | 276                  | 0.0000        |
| Joint Stock Companies  | 50                  | 148,416,950          | 13.4623       |
| Foreign Companies  | 10                  | 48,204,991           | 4.3725        |
| Others   | 6                   | 161,228              | 0.0146        |
| <b>General Public:</b>   |                     |                      |               |
| a) Local   | 6,788               | 136,239,830          | 12.3578       |
| b) Foreign   | 1,193               | 12,966,030           | 1.1761        |
| <b>Total:</b>  | <b>8,088</b>        | <b>1,102,463,481</b> | <b>100.00</b> |

**Shareholders Holding Five Percent or More Voting Interest in the Bank**

|  |             |         |
|--|-------------|---------|
| Trustees Alauddin Feerasta Trust                               | 387,386,560 | 35.1383 |
| Trustees Feerasta Senior Trust                                 | 128,006,009 | 11.6109 |
| National Bank of Pakistan - Trustee<br>Department, NIT and ICP | 117,680,572 | 10.6743 |
| Trustees Alnu Trust  | 64,067,005  | 5.8113  |
| Mr. Amir Feerasta  | 62,140,630  | 5.6365* |

\* Voting rights on shares are restricted upto five percent only.

**Trading in shares during the year 2016:**

Directors, CEO, CFO, Company Secretary and Executives

NIL



# List of Branches

As at 31 December 2016

## 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, 24 & 55  
Swift: SONEPKKAXXX

### CENTRAL REGION

#### 01 Main Branch, Lahore

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

#### 02 Defence Branch, Lahore

Tel. No: (042) 35897181-2 & 35691037-8

#### 03 Gulberg Branch, Lahore

Tel. No: (042) 35713445-8, 35759273  
& (042) 35772294-5

#### 04 Circular Road Branch, Lahore

Tel. No: (042) 37670486 & 37670489

#### 05 Model Town Branch, Lahore

Tel. No: (042) 35889311-2 & 35915666

#### 06 Peco Road Branch, Lahore

Tel. No: (042) 35177800-2, 35222306-7

#### 07 Cavalry Ground Branch, Lahore

Tel. No: (042) 36653728-9 & 36619697

#### Islamic Banking

#### 08 Temple Road Branch, Lahore

Tel. No: (042) 36376341, 2 & 6

#### 09 Allama Iqbal Town Branch, Lahore

Tel. No: (042) 37812394-5

#### 10 Baghbanpura Branch, Lahore

Tel. No: (042) 36832811-3

#### 11 Thokar Niaz Baig Branch, Lahore

Tel. No: (042) 35313651, 3 & 4

#### 12 Ghazi Chowk Branch, Lahore

Tel. No: (042) 35188505-7

#### Islamic Banking

#### 13 New Garden Town Branch, Lahore

Tel. No: (042) 35940611,3 & 8

#### 14 DHA Phase-III Branch, Lahore

Tel. No: (042) 35734083-5

#### 15 Chungi Amer Sadhu Branch, Lahore

Tel. No: (042) 35922182-4

#### 16 Johar Town Branch, Lahore

Tel. No: (042) 35204191-3

#### 17 Wahdat Road Branch, Lahore

Tel. No: (042) 37424821-6 & 37420591

#### 18 Gunpat Road Branch, Lahore

Tel. No: (042) 37361607-9

#### 19 Airport Road Branch, Lahore

Tel. No: (042) 35700115-7

#### 20 Ravi Road Branch, Lahore

Tel. No: (042) 37725356-7

#### 21 Shahdara Branch, Lahore

Tel. No: (042) 37941741-3

#### 22 Manga Mandi Branch, Lahore

Tel. No: (042) 35383517-8

#### 23 Badian Road Branch, Lahore

Tel. No: (042) 37165390 & 3

#### 24 Mughalpura Branch, Lahore

Tel. No: (042) 36880892-4

#### 25 Upper Mall Branch, Lahore

Tel. No: (042) 35789346-9

#### 26 Islampura Branch, Lahore

Tel. No: (042) 37214394-6

#### 27 Garhi Shahu Branch, Lahore

Tel. No: (042) 36294201-2

#### 28 Zarrar Shaheed Road Br., Lahore

Tel. No: (042) 36635167-8

#### 29 Hamdard Chowk Kot Lakhpat Br., Lahore

Tel. No: (042) 35140261-5

#### 30 Kana Kacha Branch, Lahore

Tel. No: (042) 36187413

#### 31 Sabzazar Branch, Lahore

Tel. No: (042) 37830881-2

#### 32 DHA Phase-IV Br., Lahore

Tel. No: (042) 35694156-7

#### 33 Azam Cloth Market Branch, Lahore

Tel. No: (042) 37662203-4

#### 34 Jail Road Branch, Lahore

Tel. No: (042) 35408935-7

#### 35 Badami Bagh Branch, Lahore

Tel. No: (042) 37731601, 2 & 4

#### 36 Montgomery Road Branch, Lahore

Tel. No: (042) 36291013-4

#### 37 DHA Phase: VI Branch, Lahore

Tel. No: (042) 37180536-7

#### 38 Bahria Town Branch, Lahore

Tel. No: 0316-8226348 & 9

#### 39 Expo Centre Branch, Lahore

Tel. No: (042) 35314087-8

#### 40 Wapda Town Branch, Lahore

Tel. No: (042) 35187611, 2 & 5

#### 41 Shah Alam Market Branch, Lahore

Tel. No: (042) 37376212 & 5

#### 42 DHA Phase-V Branch, Lahore

Tel. No: (042) 35695678 & 0316-8226322-3

#### 43 Chauburji Branch, Lahore

Tel. No: (042) 37112228 & 0316-8226325-7

#### 44 Walton Road Branch, Lahore

Tel. No: (042) 36672305 &  
0316-8226339, 40 & 41

#### 45 Faisal Town Branch, Lahore

Tel. No: (042) 35170540 &  
0316-8226335, 7 & 8

#### 46 Karim Block Branch, Lahore

Tel. No: (042) 35417757 &  
0316-8226412, 3 & 4

#### 47 Defence Road Branch, Lahore

Tel. No: 0316-8226415-8

#### 48 Muridke Branch

Tel. No: (042) 37166511-2

#### 49 Main Branch, Gujranwala

Tel. No: (055) 3843560-2, 111-567-890

# List of Branches

As at 31 December 2016

**50 Gujranwala Cantt. Branch, Gujranwala**  
Tel. No: (055) 3861932-4

**51 Wapda Town Branch, Gujranwala**  
Tel. No: (055) 4291136-7

**52 Kamokee Branch, Distt. Gujranwala**  
Tel. No: (055) 6813501-6

**53 Main Branch, Faisalabad**  
Tel. No: (041) 2639873, 7 & 8 &  
(041) 111-567-890

**54 Peoples Colony Branch, Faisalabad**  
Tel. No: (041) 8555715-6

**55 Ghulam Muhammadabad Branch, Faisalabad**  
Tel. No: (041) 2680113-4

#### Islamic Banking

**56 East Canal Road Branch, Faisalabad**  
Tel. No: (041) 2421381-2

**57 Civil Lines Branch, Faisalabad**  
Tel. No: (041) 2648111

**58 Jaranwala Branch, Distt. Faisalabad**  
Tel. No: (041) 4312201-2

**59 Samundri Branch, Distt. Faisalabad**  
Tel. No: (041) 3423983-4

**60 Painsera Branch, Distt. Faisalabad**  
Tel. No: (041) 2557100-500 & 2574300

**61 Khurrianwala Branch**  
Tel. No: (041) 4360701, 2, 4 & 5

**62 Chiniot Branch**  
Tel. No: (047) 6333840-2

**63 Jhang Branch**  
Tel. No: (047) 7651601-2

**64 Small Industrial Estate Branch, Sialkot**  
Tel. No: (052) 3242607-9

**65 Pasrur Road Branch, Sialkot**  
Tel. No: (052) 3521655 & 3521755

#### Islamic Banking

**66 Sialkot Cantt Branch, Sialkot**  
Tel. No: (052) 4560023-4

**67 Godhpur Branch, Sialkot**  
Tel. No: (052) 4563932-3

**68 Daska Branch, Distt. Sialkot**  
Tel. No: (052) 6617847-8

**69 Sheikhupura Branch**  
Tel. No: (056) 3613570 & 3813133

**70 Nankana Sahib Branch**  
Tel. No: (056) 2876342-3

**71 Wazirabad Branch**  
Tel. No: (055) 6603703-4 & 6608555

**72 Ghakkar Mandi Branch**  
Tel. No: (055) 3832611-2

**73 Main Branch, Multan**  
Tel. No: (061) 4519927 & 4512884

#### Islamic Banking

**74 Shah Rukn-e-Alam Branch, Multan**  
Tel. No: (061) 6784052-3 & 6782081

**75 Bosan Road Branch, Multan**  
Tel. No: (061) 6210690-3 & 6520693

**76 Mumtazabad Branch, Multan**  
Tel No: (061) 6760212, 3 & 4

**77 Chowk Shaheedan Branch, Multan**  
Tel. No: (061) 4581280 & 1

**78 Gulgasht Colony Branch, Multan**  
Tel. No: (061)-6222701 & 0316-8226393-5

**79 Azmat Road Br., Dera Ghazi Khan**  
Tel. No: (064) 2471630-7

**80 Lodhran Branch**  
Tel. No: (0608) 364766-7

**81 Rahim Yar Khan Branch**  
Tel. No: (068) 5886042-4

**82 Liaquatpur Br., Distt. Rahim Yar Khan**  
Tel. No: (068) 5792041-2

**83 Sadiqabad Branch**  
Tel. No: (068) 5702162 & 5800168

**84 Bahawalpur Branch**  
Tel. No: (062) 2731703-1

**85 Ahmedpur Sharqia Br., Distt. Bahawalpur**  
Tel. No: (062) 2271345 & 0316-8226404, 6 & 8

**86 Hasilpur Branch**  
Tel. No: (062) 2441481-3

**87 Sargodha Branch**  
Tel. No: (048) 3726021-3

**88 Pull-111 Branch, Distt. Sargodha**

**89 Bhawal Branch**  
Tel. No: (048) 6642224 & 0316-8226331-2

**90 Khanewal Branch**  
Tel. No: (065) 2551560-2

**91 Kabirwala Br., Distt. Khanewal**  
Tel. No: (065) 2400910-3

**92 Abdul Hakeem Br., Distt. Khanewal**  
Tel. No: (065) 2441888

**93 Mian Channu Branch**  
Tel. No: (065) 2662201-2

**94 Depalpur Branch**  
Tel. No: (044) 4541341-2

**95 Okara Branch**  
Tel. No: (044) 2553012-4

**96 Hujra Shah Muqeem Branch District Okara**  
Tel. No: (044) 4860401-3 &  
0316-8226419, 20 & 21

**97 Haveli Lakha Branch**  
Tel. No: 044-4775412

**98 Sahiwal Branch**  
Tel. No: (040) 4467742-3

**99 Chichawatni Br., Distt. Sahiwal**  
Tel. No: (040) 5484852-3

**100 Layyah Branch**  
Tel. No: (060) 6414207-8

**101 Chowk Azam Branch, Distt. Layyah**  
Tel. No: (060) 6372103 &  
0316-8226401, 2 & 3

**102 Kharoor Pacca Branch**  
Tel. No: (0608) 341041-2

**103 Muzafargarh Branch**  
Tel. No: (066) 2422901, 3 & 5



# List of Branches

As at 31 December 2016

- |  |  |  |
|--|--|--|
| <b>104 Fazal Garh Sanawan Branch, Distt. Muzafargarh</b><br>Tel. No: (066) 2250214-5 | <b>121 Gojra Branch, Distt. Toba Tek Singh</b><br>Tel. No: (046) 3516388-9                   | <b>138 AKU Branch, Karachi</b><br>Tel. No: (021) 34852252-3                        |
| <b>105 Sheikho Sugar Mills Branch Distt. Muzafargarh</b><br>Tel. No: (061) 6006257   | <b>122 Kamalia Branch, Distt. Toba Tek Singh</b><br>Tel. No: (046) 3411405-6                 | <b>139 Haidery Branch, Karachi</b><br>Tel. No: (021) 36638617 & 36630409-410       |
| <b>106 Shahbaz Khan Road Branch, Kasur</b><br>Tel. No: (0492) 764891-2               | <b>123 Pir Mahal Branch</b><br>Tel. No: (046) 3361690 & 5                                    | <b>140 Jodia Bazar Branch, Karachi</b><br>Tel. No: (021) 32413627, 32414920        |
| <b>107 Hafizabad Branch</b><br>Tel. No: (0547) 541641-2                              | <b>124 Gujrat Branch</b><br>Tel. No: (053) 3520591, 2 & 4                                    | <b>141 Shahrah-e-Faisal Branch, Karachi</b><br>Tel. No: (021) 34535551-4           |
| <b>108 Jalalpur Bhattian Branch, District Hafizabad</b><br>Tel. No: (0547) 500847-52 | <b>125 Kharian Branch</b><br>Tel. No: (053) 7602904, 5 & 7                                   | <b>142 DHA Branch, Karachi</b><br>Tel. No: (021) 35852209 & 35845211               |
| <b>109 Pattoki Branch</b><br>Tel. No: (049) 4422435-6                                | <b>126 Lalamusa Branch</b><br>Tel. No: (053) 7511072-3                                       | <b>143 Gulshan-e-Iqbal Branch, Karachi</b><br>Tel. No: (021) 34811831-2            |
| <b>110 Ellahabad Branch</b><br>Tel. No: (049) 4751130                                | <b>127 Pak Pattan Br., Distt. Pak Pattan</b><br>Tel.: (0457) 371781 & 2                      | <b>144 SITE Branch, Karachi</b><br>Tel. No: (021) 32568213 & 32550997              |
| <b>111 Khudian Branch</b><br>Tel. No: (049) 2791595                                  | <b>128 Arif wala Br., Distt. Pak Pattan</b><br>Tel.: (0457) 834015 & 6                       | <b>145 Zamzama Branch, Karachi</b><br>Tel. No: (021) 35375836-7                    |
| <b>112 Sambrial Branch</b><br>Tel. No: (052) 6523451-2                               | <b>129 Chishtian Branch</b><br>Tel. No: (063) 2501141 & 0316-8226305                         | <b>146 Gole Market Branch, Karachi</b><br>Tel. No: (021) 36618932 & 36681324       |
| <b>113 Vehari Branch</b><br>Tel. No: (067) 3360015, 24 & 25                          | <b>130 Khanpur Branch</b><br>Tel. No: (068) 5577719-20 & 0316-8226307-9                      | <b>147 Gulistan-e-Jauhar Branch, Karachi</b><br>Tel. No: (021) 34020944-5          |
| <b>114 Gagoo Mandi Branch, Distt. Vehari</b><br>Tel. No: (067) 3500311-2             | <b>131 Narowal Branch</b><br>Tel. No: (0542) 411405 & 0316-8226328-30                        | <b>148 M. A. Jinnah Road Branch, Karachi</b><br>Tel. No: (021) 32213972 & 32213498 |
| <b>115 Mailsi Branch, Distt. Vehari</b><br>Tel. No: (067) 3750140-5                  | <b>132 Rajanpur Branch</b><br>Tel. No: (0604) 688108 & 0316-8226396                          | <b>149 Gulbahar Branch, Karachi</b><br>Tel. No: (021) 36607744 & 36682701          |
| <b>116 Burewala Branch, Distt. Vehari</b><br>Tel. No: (067) 3773110 & 20             | <b>SOUTH REGION</b>  | <b>150 North Karachi Branch, Karachi</b><br>Tel. No: (021) 36920140-1              |
| <b>117 Mandi Bahauddin Branch</b><br>Tel. No: (0546) 507601-2                        | <b>133 Main Branch, Karachi</b><br>Tel. No: (021) 32436990-4 & 32444401-5 & UAN: 111 567 890 | <b>151 Block-7 Gulshan-e-Iqbal Branch, Karachi</b><br>Tel. No: (021) 34815811-2    |
| <b>118 Bahawalnagar Branch</b><br>Tel. No: (063) 2274795-6                           | <b>134 Clifton Branch, Karachi</b><br>Tel. No: (021) 35877773-4, 35861286                    | <b>Islamic Banking</b>   |
| <b>119 Haroonabad Br., Distt. Bahawalnagar</b><br>Tel. No: (063) 2251664-5           | <b>135 Garden Branch, Karachi</b><br>Tel. No: (021) 32232877-8                               | <b>152 Cloth Market Branch, Karachi</b><br>Tel. No: (021) 32442961 & 32442977      |
| <b>120 Toba Tek Singh Branch</b><br>Tel. No: (046) 2513203-4                         | <b>136 F. B. Area Branch, Karachi</b><br>Tel. No: (021) 36373782-3 & 36811646                | <b>153 Paria Street Kharadar Branch, Karachi</b><br>Tel. No: (021) 32201059-60     |
|  | <b>137 Korangi Industrial Area Br., Karachi</b><br>Tel. No: (021) 35113898-9, 35113900-1     | <b>154 Suparco Branch, Karachi</b><br>Tel. No: (021) 34970560 & 34158325-6         |
|  |  | <b>155 Chandni Chowk Branch, Karachi</b><br>Tel. No: (021) 34937933 & 34141296     |



# List of Branches

As at 31 December 2016

|   |  |   |
|---|--|---|
| <b>156 Allama Iqbal Road Branch, Karachi</b><br>Tel. No: (021) 34387673-4             | <b>175 North Karachi Township Branch, Karachi</b><br>Tel. No: (021) 36968605-6                     | <b>193 Gulberg Branch, Karachi</b><br>Tel. No: (021) 36340553 & 0316-8226291-2                |
| <b>157 Nishtar Road Branch, Karachi</b><br>Tel. No: (021) 32239711 & 3                | <b>176 Karachi Stock Exchange Branch, Karachi</b><br>Tel. No: (021) 32414003-4                     | <b>194 New Sabzi Mandi Branch, Karachi</b><br>Tel. No: (021) 36870506 & 0316-8226409, 10 & 11 |
| <b>Islamic Banking</b>  | <b>177 Gulshan-e-Jamal Branch, Karachi</b><br>Tel. No: (021) 34682682-3                            | <b>195 Clifton Block-08 Branch, Karachi</b><br>Tel. No: (021) 35867435                        |
| <b>158 Waterpump Branch, Karachi</b><br>Tel. No: (021) 36312113 & 36312108            | <b>178 Alyabad Branch, Karachi</b><br>Tel. No: (021) 36826727 & 36332517                           | <b>196 Block-02 Gulshan-e-Iqbal Br., Karachi</b><br>Tel. No: (021) 34988781-2                 |
| <b>159 Apwa Complex Branch, Karachi</b><br>Tel. No: (021) 32253143 & 32253216         | <b>179 Saudabad Branch, Malir, Karachi</b><br>Tel. No: (021) 34111904-5                            | <b>197 Garden Market Branch, Karachi</b><br>Tel. No: (021) 32244195                           |
| <b>160 Clifton Block-2 Branch, Karachi</b><br>Tel. No: (021) 35361115-6               | <b>180 Shireen Jinnah Colony Branch, Karachi</b><br>Tel. No: (021) 34166262-4                      | <b>198 Block-N North Nazimabad Branch, Karachi</b><br>Tel. No: (021) 36441622                 |
| <b>161 Malir Branch, Karachi</b><br>Tel. No: (021) 34518730 & 34517983                | <b>Islamic Banking</b>   | <b>199 Marriot Road Branch, Karachi</b><br>Tel. No: (021) 32461840                            |
| <b>162 Bahadurabad Branch, Karachi</b><br>Tel. No: (021) 34135842-3                   | <b>181 Al-Tijarah Centre Branch, Karachi</b><br>Tel. No: (021) 34169252-3                          | <b>200 Main Branch, Hyderabad</b><br>Tel. No: (022) 2781528-9 & UAN: 111-567-890              |
| <b>163 New Challi Branch, Karachi</b><br>Tel. No: (021) 32625246 & 32625279           | <b>182 Barkat-e-Haidery Branch, Karachi</b><br>Tel. No: (021) 36645688-9                           | <b>201 F. J. Road Branch, Hyderabad</b><br>Tel. No: (022) 2728131 & 2785997                   |
| <b>164 Shah Faisal Colony Branch, Karachi</b><br>Tel. No: (021) 34602446-7            | <b>183 Shadman Town Branch, Karachi</b><br>Tel. No: (021) 36903038-9                               | <b>202 Latifabad Branch, Hyderabad</b><br>Tel. No: (022) 3816309                              |
| <b>165 Zaibunissa Street Saddar Branch, Karachi</b><br>Tel. No: (021) 35220026-7      | <b>184 New Town Branch, Karachi</b><br>Tel. No: (021) 32220704 & 5                                 | <b>203 Qasimabad Branch, Hyderabad</b><br>Tel. No: (022) 2651968                              |
| <b>166 Liaquatatabad Branch, Karachi</b><br>Tel. No: (021) 34860723-6 & 34860725      | <b>185 Enquiry Office Nazimabad No. 2 Branch, Karachi</b><br>Tel. No: (021) 36601504-5             | <b>Islamic Banking</b>  |
| <b>167 Lea Market Branch, Karachi</b><br>Tel. No: (021) 32526193-4                    | <b>186 Blk 13-D Gulshan-e-Iqbal Br., Karachi</b><br>Tel. No: (021) 34983883-4                      | <b>204 Isra University Br., Distt. Hyderabad</b><br>Tel. No: (022) 2032322 & 2030161-4        |
| <b>168 Korangi Township No: 2 Branch, Karachi</b><br>Tel. No: (021) 35071176, 80 & 81 | <b>187 Timber Market Branch, Karachi</b><br>Tel. No: (021) 32742491-2                              | <b>205 Prince Ali Road Branch, Hyderabad</b><br>Tel. No: (022) 2638515-6                      |
| <b>169 North Karachi Ind. Area Branch, Karachi</b><br>Tel. No: (021) 36962851-3       | <b>188 Khayaban-e-Ittehad Branch, Karachi</b><br>Tel: (021) 35347414-5                             | <b>206 S.I.T.E. Branch, Hyderabad</b><br>Tel. No: (022) 3886861-2                             |
| <b>170 F. B. Industrial Area Branch, Karachi</b><br>Tel. No: (021) 36829961-3         | <b>189 Sindhi Muslim Co-operative Housing Society Branch, Karachi</b><br>Tel. No: (021) 34527085-6 | <b>207 Faqir Jo Pir Branch, Hyderabad</b><br>Tel. No: (022) 2612685-6                         |
| <b>171 Napier Road Branch, Karachi</b><br>Tel. No: (021) 32713538-9                   | <b>190 Bahria Complex-III Branch, Karachi</b><br>Tel. No: (021) 35640731 & 2 & 35640490-4          | <b>208 Auto Bhan Road Branch, Hyderabad</b><br>Tel. No: (022) 2100062-3 & 0316-8226313-4      |
| <b>172 Gulshan-e-Hadeed Branch, Karachi</b><br>Tel. No: (021) 34710252 & 34710256     | <b>191 New M. A. Jinnah Road Branch, Karachi</b><br>Tel. No: (021) 34894941-2                      | <b>209 Matyari Branch, Distt. Matyari</b><br>Tel. No: (022) 2760125-6                         |
| <b>173 Metroville Branch, Karachi</b><br>Tel. No: (021) 36752206-7                    | <b>192 DHA Phase-IV Branch, Karachi</b><br>Tel. No: (021) 35311491                                 | <b>210 Tando Allah Yar Branch</b><br>Tel. No: (022) 3890262-3                                 |





# List of Branches

As at 31 December 2016

- 211 Sultanabad Branch, Distt. Tando Allah Yar**  
Tel. No: (022) 3404101-2
- 212 Tando Muhammad Khan Branch**  
Tel. No: (022) 3340371 & 2
- 213 Sukkur Branch**  
Tel. No: (071) 5622382 & 5622925
- 214 Sanghar Branch, Distt. Sanghar**  
Tel. No: (0235) 543376-8
- 215 Tando Adam Branch, Distt. Sanghar**  
Tel. No: (0235) 571640-44
- 216 Shahdadpur Br., Distt. Sanghar**  
Tel. No: (0235) 841982 & 4
- 217 Golarchi Branch, Distt. Badin**  
Tel. No: (0297) 853193-4
- 218 Talhar Branch, Distt. Badin**  
Tel. No: (0297) 830389
- 219 Deh. Sonhar Branch, Distt. Badin**  
Tel. No: (0297) 870729 & 870783
- 220 Matli Branch**  
Tel. No: (0297) 840171-2
- 221 Tando Bago Branch, Distt. Badin**  
Tel. No: (0297) 854554-5
- 222 Buhara Branch, Distt. Thatta**  
Tel. No: (0298) 613169
- 223 Jati Branch, Distt. Thatta**  
Tel. No: (0298) 777120 & 129
- 224 Hub Branch, Distt. Lasbela**  
Tel. No: (0853) 310225-7
- 25 Umerkot Branch**  
Tel. No: (0238) 571350 & 571356
- 226 Nawabshah Branch**  
Tel. No: (0244) 363919
- 227 Mirpurkhas Branch**  
Tel. No: (0233) 876418-9
- 228 Larkana Branch**  
Tel. No: (074) 4058601-4
- 229 Panjhatti Branch**  
Tel. No: (0243) 552183-4
- 230 Ghotki Branch**  
Tel. No: (0723) 680305-6
- 231 Deharki Branch**  
Tel. No: (0723) 644157-8
- 232 Thull Branch**  
Tel. No: (0722) 610150, 1 & 3
- 233 Kandkhot Branch**  
Tel. No: (0722) 572883, 4 & 5
- 234 Jacobabad Branch**  
Tel. No: (0722) 654041 & 5
- 235 Shahdadkot Br., Distt. Qamber Shahdadkot**  
Tel. No: (074) 4012402 & 3
- 236 Dadu Branch**  
Tel. No: (025) 4711417
- 237 Shikarpur Branch**  
Tel. No: (0726) 540381-3 & 0316-8226319-21
- 238 Main Branch, Quetta**  
Tel. No: (081) 2821610 & 2821641
- Islamic Banking**
- 239 Shahrah-e-Iqbal Branch, Quetta**  
Tel. No: (081) 2820227-30 & 2820237
- 240 Chamman Branch**  
Tel. No: 0826-613685 & 0316-8226342-3
- NORTH REGION**
- 241 Main Branch, Peshawar**  
Tel. No: (091) 5277914-6 & 5277394
- 242 Chowk Yadgar Branch, Peshawar**  
Tel. No: (091) 2573335-6
- Islamic Banking**
- 243 Khyber Bazar Branch, Peshawar**  
Tel. No: (091) 2566812-3
- 244 Hayatabad Branch, Peshawar**  
Tel. No: (091) 5893365-8
- 245 Main Branch, Rawalpindi**  
Tel. No: (051) 5123123, 5 & 8 & (051) 5123132, 4 & 6
- 246 Chandni Chowk Branch, Rawalpindi**  
Tel. No: (051) 4571186-7 & & (051) 4571160, 3, 5, & 8
- 247 22 Number Chungi Branch, Rawalpindi**  
Tel. No: (051) 5563576, 7 & 8
- 248 Muslim Town Branch, Rawalpindi**  
Tel. No: (051) 5405514 & 4931112
- 249 Pindora Branch, Rawalpindi**  
Tel. No: (051) 4419019-22
- 250 Gulraiz Branch, Rawalpindi**  
Tel. No: (051) 5509690-2
- Islamic Banking**
- 251 Peshawar Road Br., Rawalpindi**  
Tel. No: (051) 5460115-6
- 252 Bahria Town Branch, Rawalpindi**  
Tel. No: (051) 5733772-3
- 253 Bewal Br., Distt. Rawalpindi**  
Tel. No: (051) 3360274-5
- 254 Main Branch, Islamabad**  
Tel. No: (051) 2348174 & 2348178 & UAN 111-567-890
- 255 G-9 Markaz Branch, Islamabad**  
Tel. No: (051) 2850171-3
- Islamic Banking**
- 256 I-10 Markaz Branch, Islamabad**  
Tel. No: (051) 4101733-5
- 257 I-9 Markaz Branch, Islamabad**  
Tel. No: (051) 4858101-3
- 258 E-11 Branch, Islamabad**  
Tel. No: (051) 2228756-9
- 259 DHA Phase-II Br., Islamabad**  
Tel. No: (051) 5161969 & 5161970
- Islamic Banking**
- 260 F-8 Markaz Branch, Islamabad**  
Tel. No: (051) 2818019-21
- 261 G-11 Markaz Branch, Islamabad**  
Tel. No: (051) 2830152-4
- 262 F-11 Markaz Branch, Islamabad**  
Tel. No: (051) 2101076 & 7



# List of Branches

As at 31 December 2016

|  |   |
|--|---|
| <b>263 F-6 Branch, Islamabad</b><br>Tel. No: 051-2826573-4 & 0316-8226303            | <b>279 Abbottabad Branch</b><br>Tel. No: (0992) 385231-3              |
| <b>264 Lathrar Road Branch, Tarlai, Distt. Islamabad</b><br>Tel. No: (051) 2241664-6 | <b>280 Jhelum Branch</b><br>Tel. No: (0544) 625794-5                  |
| <b>265 Soan Garden Br., Distt. Islamabad</b><br>Tel. No: (051) 5738942-4             | <b>281 Chitral Branch, Distt. Chitral</b><br>Tel. No: (0943) 412078-9 |
| <b>266 Gujar Khan Branch</b><br>Tel. No: (051) 3516327, 29 & 30                      | <b>282 Chakwal Branch</b><br>Tel. No: (0543) 543128-30                |
| <b>267 Waisa Branch, Distt. Attock</b><br>Tel. No: (057) 2651066-8                   | <b>283 Mardan Branch</b><br>Tel. No: (0937) 864755-7                  |
| <b>268 Swabi Branch, Distt. Swabi</b><br>Tel. No: (0938) 221741, 3 & 4               | <b>284 Muzaffarabad Branch</b><br>Tel. No: (0582) 2920025-6           |
| <b>269 Topi Branch, Distt. Swabi</b><br>Tel. No: (0938) 271612, 5 & 6                | <b>Islamic Banking</b>  |
| <b>270 Mirpur Branch, (AJK)</b><br>Tel. No: (05827) 444488 & 448044                  | <b>285 Chillas Branch, Distt. Diامر</b><br>Tel. No: (05812) 450631-2  |
| <b>271 Islamgarh Branch, (AJK)</b><br>Tel. No: (05827) 423981-2                      | <b>286 Islamic Banking Mingora Branch</b><br>Tel. No: (0946) 714355   |
| <b>272 Jattlan Branch, Distt. Mirpur (AJK)</b><br>Tel. No: (05827) 403591-4          | <b>287 Battagram Branch</b><br>Tel. No: (0997) 311045-7               |
| <b>273 Gilgit Branch</b><br>Tel. No: (05811) 453749                                  | <b>288 Mansehra Branch</b><br>Tel. No: (0997) 301931, 2, 5 & 6        |
| <b>274 Denyore Branch, Distt. Gilgit</b><br>Tel. No: (05811) 459986-7                |   |
| <b>275 Jutial Branch, Distt. Gilgit</b><br>Tel. No: (05811) 457233-5                 |   |
| <b>276 Aliabad Branch, Hunza</b><br>Tel. No: (05813) 455000 & 455001                 |   |
| <b>277 Gahkuch Branch</b><br>Tel. No: (05814) 450408-10                              |   |
| <b>278 Skardu Branch</b><br>Tel. No: (05815) 450327 & 450189                         |   |



# Foreign Correspondents

As at 31 December 2016

| Country                                  | Name of Bank   |
|--|--|
| 01 Afghanistan                           | - Bank Alfalah Limited Afghanistan                               |
|  | - Bank E Millie Afghanistan                                      |
|  | - Habib Bank Limited Afghanistan                                 |
|  | - National Bank Of Pakistan Ltd. Afghanistan                     |
| 02 Algeria                               | - Citibank NA Algeria  |
| 03 Argentina                             | - Banco Credicoop Cooperativo Limitado                           |
|  | - Banco de Galicia Y Buenos Aires                                |
| 04 Australia                             | - Australia And Newzealand Banking Group Ltd. Australia          |
|  | - BNP Paribas Australia  |
|  | - CitiGroup PTY Limited  |
|  | - Citibank NA Australia  |
|  | - Commonwealth Bank of Australia                                 |
|  | - HSBC Bank Australia Limited                                    |
|  | - J. P. Morgan Chase Bank NV                                     |
|  | - Mizuho Bank Limited Australia                                  |
| - National Australia Bank Ltd.           |  |
| 05 Austria                               | - Erste Group Bank AG Austria                                    |
|  | - Erste Bank der oesterreichischen Sparkassen AG Austria         |
|  | - Oberbank AG  |
|  | - Raiffeisen Bank International AG                               |
|  | - Raiffeisenlandes Bank Vorarlberg                               |
|  | - Raiffeisenlandesbank Niederösterreich-Wien AG Austria          |
|  | - Raiffeisenlandesbank Oberösterreich Aktiengesellschaft Austria |
| - UniCredit Bank Austria AG              |  |
| 06 Bahrain                               | - Al-Baraka Islamic Bank   |
|  | - Allied Bank Limited Bahrain                                    |
|  | - Bank Alfalah Limited Bahrain                                   |
|  | - Bank Al Habib Limited  |
|  | - Citibank N.A.  |
|  | - Habib Bank Limited   |
|  | - JS bank Limited Bahrain  |
|  | - Standard Chartered Bank  |
|  | - The Arab Investment Co.  |
|  | - United Bank Limited  |
| 07 Belarus                               | - Joint Stock Co. Saving Bank Belarus Bank                       |
|  | - Joint Stock Co. Minsk Transit Bank Belarus                     |
| 08 Bulgaria                              | - UniCredit BulBank AD   |
|  | - Citibank Europe Plc Bulgaria                                   |
| 09 Bangladesh                            | - Bank Asia Limited Bangladesh                                   |
|  | - Brac Bank Bangladesh   |
|  | - Dhaka Bank Ltd. Bangladesh                                     |
|  | - Eastern Bank Limited Bangladesh                                |
|  | - Habib Bank Limited   |
|  | - Jamuna Bank Limited Bangladesh                                 |
|  | - National Bank Limited Bangladesh                               |
|  | - Standard Chartered Bank  |
|  | - Woori Bank   |
|  | - Southeast Bank Ltd. Bangladesh                                 |
|  | - The City Bank Ltd. Bangladesh                                  |
| - United Commercial Bank Ltd. Bangladesh |  |

# Foreign Correspondents

As at 31 December 2016

| Country   | Name of Bank   |
|---|--|
| 10 Belgium  | - Bank Of America NA Belgium                         |
|   | - Belfius Bank SA/NV                                 |
|   | - BNP Paribas Fortis                                 |
|   | - Citibank Europe Plc Belgium                        |
|   | - Commerzbank AG                                     |
|   | - Credit Europe Bank NV                              |
|   | - Deutsche Bank AG                                   |
|   | - Habib Bank Limited                                 |
|   | - KBC Bank NV  |
| - The Bank Of Newyork Mellon SA/NV Belgium              |  |
| 11 Brazil   | - Banco Do Brasil SA Brazil                          |
|   | - Banco Fibra SA Brazil                              |
|   | - Banco Santander (Brasil) SA Brazil                 |
|   | - Banco Itaú BBA SA Brazil                           |
|   | - Deutsche Bank SA                                   |
| 12 Cameroon   | - Citi Bank N.A                                      |
| 13 Canada   | - Bank Of Montreal Canada                            |
|   | - Canadian Imperial Bank of Commerce                 |
|   | - Federation Des Caisses Desjardins Du Quebec Canada |
|   | - Habib Canadian Bank                                |
|   | - HSBC Bank Canada                                   |
| - Royal Bank of Canada                                  |  |
| 14 Cayman Islands                                       | - Banco Santander Brasil SA Cayman Island            |
| 15 Chile  | - Banco de Credito E Inversiones                     |
| 16 China  | - Agricultural Bank of China                         |
|   | - Agricultural Development Bank of China             |
|   | - Bank of America N.A                                |
|   | - Bank of Beijing                                    |
|   | - Bank of China                                      |
|   | - Bank of Communications                             |
|   | - Bank of Guiyang Co Ltd                             |
|   | - Bank Of Hebei Co. Limited China                    |
|   | - Bank of Jiangsu Co                                 |
|   | - Bank Of Ningbo co. Ltd. China                      |
|   | - Bank Of Ningxia China                              |
|   | - Bank Of Ruifeng China                              |
|   | - Bank of Shanghai                                   |
|   | - China Citic Bank                                   |
|   | - China Construction Bank Corporation                |
|   | - China Everbright Bank                              |
|   | - China Guangfa Bank co. Ltd. China                  |
|   | - China Merchants Bank                               |
|   | - China Minsheng Banking Corporation Ltd. China      |
|   | - Citibank (China) Co. Ltd.                          |
|   | - Commerzbank AG                                     |
| - Export Import Bank of China                           |  |
| - Guangdong Huaxing Bank Co Ltd                         |  |
| - Guangdong Nanhai Rural Commercial Bank Co. Ltd. China |  |
| - HSBC Bank (China) Company Ltd.                        |  |
| - Hua Xia Bank  |  |
| - Industrial Bank Co. Ltd. China                        |  |
| - Industrial and Commercial Bank of China               |  |



# Foreign Correspondents

As at 31 December 2016

| Country           | Name of Bank  |
|-------------------|---|
|                   | - Industrial Bank Of Korea (China) Limited            |
|                   | - Jinan Rural Commercial Bank Co. Ltd. China          |
|                   | - J. P. Morgan Chase Bank (China) Company Ltd.        |
|                   | - Jiangsu Jiangyin Rural Commercial Bank Co Ltd       |
|                   | - KBC Bank NV   |
|                   | - Mizuho Bank (China) Co. Ltd.                        |
|                   | - Ping An Bank Co                                     |
|                   | - Qilu Bank Co., Ltd.                                 |
|                   | - Shandong Zhangdian Rural Commercial Bank Co Ltd     |
|                   | - Shanghai Pudong Development Bank                    |
|                   | - Shengjing Bank China                                |
|                   | - Skandinaviska Enskilda Banken AB                    |
|                   | - Standard Chartered Bank (China) Limited             |
|                   | - Sumitomo Mitsui Banking Corporation (China) Limited |
|                   | - Unicredit Spa China                                 |
|                   | - Weifang Rural Commercial Bank Co Ltd                |
|                   | - Woori Bank China                                    |
|                   | - Zhejiang Mintai Commercial Bank                     |
|                   | - Zhejiang Tailong Commercial Bank                    |
| 17 Colombia       | - BanColombia S.A                                     |
|                   | - Bank Of Ceylon Srilanka                             |
|                   | - Commercial Bank Of Ceylon Plc Srilanka              |
|                   | - Habib Bank Limited Colombo Srilanka                 |
|                   | - Hatton National Bank Plc Srilanka                   |
|                   | - Hongkong & Shanghai Banking Corp. Srilanka          |
|                   | - National Development Bank Plc Srilanka              |
|                   | - Peoples Bank Srilanka                               |
|                   | - Standard Chartered Bank Colombo Srilanka            |
| 18 Cyprus         | - Bank of Cyprus Public Company Ltd.                  |
|                   | - Hellenic Bank Public Company Ltd.                   |
| 19 Czech Republic | - Ceska Sporitelna AS                                 |
|                   | - Ceskoslovenska Obchodni Banka                       |
|                   | - Citi Bank Europe PLC                                |
|                   | - Commerz Bank AG                                     |
|                   | - Komerčni Banka AS                                   |
|                   | - Unicredit Bank Czech Republic                       |
| 20 Denmark        | - Danske Bank   |
| 21 Egypt          | - Banque Misr SAE                                     |
|                   | - Citibank Cairo                                      |
|                   | - HSBC Bank Egypt SAE Egypt                           |
|                   | - Mashreq Bank psc                                    |
|                   | - Societe Arabe Internationale De Banque Egypt        |
|                   | - Suez Canal Bank Sae Egypt                           |
| 22 Ethiopia       | - Bank Of Abyssinia SC Ethiopia                       |
|                   | - Dashen Bank SC                                      |
|                   | - Cooperative Bank of Oromia SC Ethiopia              |
| 23 Finland        | - Danske Bank   |
|                   | - OP Corporate Bank Plc Finland                       |
| 24 France         | - Banque Federative Du Credit Mutuel France           |
|                   | - Banque Palatine France                              |

# Foreign Correspondents

As at 31 December 2016

| Country                                | Name of Bank  |
|--|---|
|  | - BNP-Paribas S.A.  |
|  | - Citibank Europe Plc France                              |
|  | - Crédit Industriel et Commercial France                  |
|  | - Habib Bank Limited                                      |
|  | - HSBC France (Formerly HSBC CCF)                         |
|  | - KEB Hana Bank France                                    |
|  | - National Bank of Pakistan                               |
|  | - Credit Du Nord  |
|  | - Societe Generale  |
| 25 Germany                             | - Bank Of America NA Germany                              |
|  | - Commerzbank AG  |
|  | - Danske Bank   |
|  | - Deutsche Bank AG  |
|  | - DZ Bank AG Deutsche Zentral Genossenschaftsbank Germany |
|  | - Hamburger Sparkasse                                     |
|  | - HSH Nordbank AG   |
|  | - JP Morgan Chase Bank                                    |
|  | - Kreissparkasse Steinfurt                                |
|  | - Landesbank Baden-Wuerttemberg                           |
|  | - M. M. Warburg U. Co                                     |
|  | - National Bank of Pakistan                               |
|  | - SEB AG  |
|  | - Sparkasse Dortmund                                      |
|  | - Sparkasse Krefeld                                       |
|  | - Sparkasse Westmuensterland                              |
| - Standard Chartered Bank              |   |
| - UniCredit Bank AG (Hypovereinsbank)  |   |
| 26 Greece                              | - Alpha Bank AE   |
|  | - Bank Of Cyprus Public Co. Ltd. Greece                   |
|  | - Citibank Europe PLC                                     |
|  | - Piraeus Bank S.A.                                       |
| 27 Hong Kong                           | - ABN Amro Bank NV Hongkong                               |
|  | - Bank of America NA                                      |
|  | - BNP Paribas   |
|  | - Citibank N.A.   |
|  | - Commerzbank AG  |
|  | - Deutsche Bank AG Hongkong                               |
|  | - Habib Bank Zurich Hongkong Limited Hongkong             |
|  | - HSBC  |
|  | - HBZ Finance Hongkong Limited Hongkong                   |
|  | - J. P. Morgan Chase Bank N.A.                            |
|  | - KBC Bank NV, Hongkong Branch                            |
|  | - Mashreqbank psc   |
|  | - National Bank of Pakistan                               |
|  | - Punjab National Bank Hongkong                           |
|  | - Shinhan Bank, Hong Kong                                 |
|  | - Standard Chartered Bank (Hong Kong) Limited             |
|  | - Sumitomo Mitsui Banking Corporation                     |
| - The Bank of New York Mellon Hongkong |   |
| - UniCredit Bank AG Hongkong           |   |
| - Wells Fargo Bank NA                  |   |



# Foreign Correspondents

As at 31 December 2016

| Country                              | Name of Bank   |
|--------------------------------------|--|
| 28 Hungary                           | - CIB Bank Ltd.  |
|                                      | - Citibank Europe PLC                                    |
|                                      | - Raiffeisen Bank ZRT                                    |
|                                      | - UniCredit Bank Hungary ZRT                             |
| 29 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                                     |
|                                      | - Indusind Bank Ltd.India                                |
|                                      | - J. P. Morgan Chase Bank NA                             |
|                                      | - Kalupur Commercial Co-op                               |
|                                      | - Mashreqbank psc  |
|                                      | - Punjab and Sind Bank                                   |
| - Punjab National Bank               |  |
| - Standard Chartered Bank            |  |
| 30 Indonesia                         | - Bank Indonesia   |
|                                      | - Bank Mandiri Jakarta                                   |
|                                      | - The Bank of Tokyo-Mitsubishi UFJ Ltd.                  |
|                                      | - Citibank N.A.  |
|                                      | - HongKong and Shanghai Banking Corporation Limited      |
|                                      | - J. P. Morgan Chase Bank NA                             |
|                                      | - PT BPD Jawa Barat Dan Banten Indonesia                 |
| - Standard Chartered Bank            |  |
| 31 Ireland                           | - Citibank Europe plc                                    |
|                                      | - Danske Bank A/S  |
| 32 Italy                             | - Banca Carige SPA                                       |
|                                      | - Banca Delle Marche SPA                                 |
|                                      | - Banca di Credito Popolare                              |
|                                      | - Banca di Napoli SpA                                    |
|                                      | - Banca Monte Dei Paschi Di Siena                        |
|                                      | - Banca Nuova SPA  |
|                                      | - Banca Popolare Di Bari Scpa Italy                      |
|                                      | - Banca Popolare Di Mantova Spa Italy                    |
|                                      | - Banca Popolare di Vicenza                              |
|                                      | - Banca UBAE Spa   |
|                                      | - Banco Popolare di Sondrio                              |
|                                      | - Banco Popolare Soc. Coop.                              |
|                                      | - Bper Banca Spa Italy                                   |
|                                      | - Cassa di Risparmio Di Fermo SPA                        |
|                                      | - Cassa di Risparmio del Friuli Venezia Giulia SpA Italy |
|                                      | - Cassa Di Risparmio in Bologna Spa Italy                |
|                                      | - Commerzbank AG   |
|                                      | - Citibank NA Italy                                      |
|                                      | - Credito Valtellinese                                   |
|                                      | - Deutsche Bank SPA                                      |
| - Intesa Sanpaolo S.P.A.             |  |
| - Mediocredito Italiano SpA Italy    |  |
| - Mizuho Bank Limited Italy          |  |
| - Unicredit S.P.A                    |  |
| - Union Di Banche Italiane SPA Italy |  |

# Foreign Correspondents

As at 31 December 2016

| Country                      | Name of Bank                                       |
|------------------------------|--|
| 33 Japan                     | - The Bank of Tokyo-Mitsubishi UFJ Ltd.            |
|                              | - Citibank Japan Limited                           |
|                              | - Deutsche Bank AG                                 |
|                              | - Hong Kong & Shanghai Banking Corporation., (The) |
|                              | - JP Morgan Chase Bank                             |
|                              | - Mizuho Corporate Bank                            |
|                              | - National Bank of Pakistan                        |
|                              | - Resona Bank Ltd.                                 |
|                              | - Saitama Resona Bank Ltd.                         |
|                              | - Standard Chartered Bank                          |
|                              | - Sumitomo Mitsui Banking Corporation              |
| - The Tokushima Bank Limited |  |
| 34 Jordan                    | - Citibank N.A.                                    |
| 35 Kenya                     | - Citibank N.A.                                    |
|                              | - Habib Bank Limited                               |
|                              | - Kenya Commercial Bank Limited                    |
|                              | - Standard Chartered Bank Kenya Limited            |
| 36 Korea (South)             | - The Bank of Tokyo-Mitsubishi UFJ Ltd.            |
|                              | - Busan Bank                                       |
|                              | - Citibank Korea Inc.                              |
|                              | - Daegu Bank Korea                                 |
|                              | - KEB Hana Bank                                    |
|                              | - HongKong & Shanghai Banking Corporation Limited  |
|                              | - Industrial Bank of Korea                         |
|                              | - JPMorgan Chase Bank                              |
|                              | - Kookmin Bank                                     |
|                              | - Korea Development Bank Korea                     |
|                              | - National Bank of Pakistan                        |
|                              | - National Federation of Fisheries Corp. Korea     |
|                              | - NongHyup   |
|                              | - Shinhan Bank                                     |
|                              | - Standard Chartered Bank Korea Ltd                |
|                              | - The Export Import Bank Of Korea                  |
|                              | - The Bank Of Newyork Mellon Korea                 |
| - Woori Bank                 |  |
| - Wells Fargo Bank N.A Korea |  |
| 37 Kuwait                    | - Citibank NA                                      |
|                              | - Commercial Bank of Kuwait SAK                    |
|                              | - National Bank of Kuwait                          |
| 38 Kyrgyzstan                | - National Bank of Pakistan                        |
| 39 Latvia                    | - AS Citadele Banka Latvia                         |
| 40 Lebanon                   | - Banque Libano-Francaise SAL                      |
|                              | - CitiBank Beirut                                  |
|                              | - First National Bank SAL                          |
| 41 Macau                     | - Standard Chartered Bank Macau                    |
| 42 Malaysia                  | - Ambank (M) Berhad Malaysia                       |
|                              | - Bank of Tokyo-Mitsubishi UFJ Ltd.                |





# Foreign Correspondents

As at 31 December 2016

| Country        | Name of Bank                                  |
|----------------|---|
|                | - Bank Pertanian Malaysia                     |
|                | - Citibank Berhad                             |
|                | - Hong Leong Bank Bhd                         |
|                | - HSBC Bank Malaysia Berhad                   |
|                | - J. P. Morgan Chase Bank Berhad              |
|                | - Standard Chartered Bank Malaysia Berhad     |
| 43 Malta       | - AK Bank TAS                                 |
|                | - Credit Europe Bank NV                       |
|                | - Fimbank Plc Malta                           |
| 44 Mauritius   | - Habib Bank Limited                          |
|                | - The Mauritius Commercial Bank Limited       |
| 45 Macedonia   | - Silk Road Bank AD Skopje Mecedonia          |
| 46 Mexico      | - Banco Nacional de Mexico SA                 |
| 47 Morocco     | - Citibank Maghreb Morocco                    |
|                | - Attijariwafa Bank Morocco                   |
| 48 Nepal       | - Himalayan Bank                              |
| 49 Netherlands | - ABN-AMRO Bank N.V.                          |
|                | - Citibank Europe PLC                         |
|                | - CommerzBank AG Kantoor                      |
|                | - Credit Europe Bank N.V.                     |
|                | - Deutsche Bank AG                            |
|                | - GE Artesia Bank Netherlands                 |
|                | - HSBC Netherlands                            |
|                | - Habib Bank Limited                          |
| 50 New Zealand | - Bank of New Zealand                         |
| 51 Norway      | - DNB Bank ASA                                |
|                | - Danske Bank AS                              |
|                | - Skandinaviska Enskilda Banken               |
| 52 Oman        | - Bank Sohar SAOG                             |
|                | - Bank of Dhofar Piraeus Bank                 |
|                | - Oman International SAOG Oman                |
|                | - Standard Chartered Bank                     |
| 53 Panama      | - Banesco SA Panama                           |
| 54 Philippines | - Asian Development Bank                      |
|                | - Standard Chartered Bank Phillipines Limited |
|                | - The Bank of Tokyo-Mitsubishi UFJ Ltd.       |
| 55 Poland      | - Bank Handlowy W Wearszawie SA               |
|                | - Mbank S.A                                   |
|                | - Danske Bank A/S Poland                      |
|                | - Bank Zachodni WBK SA Poland                 |



# Foreign Correspondents

As at 31 December 2016

| Country                               | Name of Bank   |
|---------------------------------------|--|
| 56 Portugal                           | - Banco BPI SA   |
|                                       | - Novo Banco SA  |
|                                       | - Caixa Central De Credito Agricola Mutuo Crl Portugal |
|                                       | - Banco Popular Portugal SA Portugal                   |
|                                       | - BNP Paribas Fortis SA/NV Portugal                    |
| - Banco Santander Totta SA Portugal   |  |
| 57 Qatar                              | - HSBC Bank Middle East Limited                        |
|                                       | - Mashreq Bank   |
|                                       | - Standard Chartered Bank                              |
|                                       | - United Bank Limited                                  |
| 58 Romania                            | - Banca Commerciala Romana SA                          |
|                                       | - Citibank Europe PLC, Dublin-Sucursala Romania        |
|                                       | - Marfin Bank Romania SA Romania                       |
|                                       | - Unicredit Bank SA Romania                            |
| 59 Russia                             | - Credit Bank Of Moscow                                |
|                                       | - Intercommerz Commercial Bank Russia                  |
|                                       | - Joint Stock Company Commercial Bank Citibank Russia  |
| 60 Saudi Arabia                       | - Alawwal Bank   |
|                                       | - Al Inma Bank   |
|                                       | - Bank Al Jazira Saudi Arabia                          |
|                                       | - J. P. Morgan Chase Bank                              |
|                                       | - National Bank of Pakistan                            |
|                                       | - National Commercial Bank (The)                       |
|                                       | - Samba Bank Limited                                   |
| 61 Serbia                             | - Unicredit Bank Srbija AD                             |
|                                       | - Halkbank A.D Belgrade Serbia                         |
| 62 Singapore                          | - ABN Amro Bank NV                                     |
|                                       | - Bank Mandiri (Persero) PT                            |
|                                       | - Bank of America NA                                   |
|                                       | - Bank of Tokyo Mitsubishi UFJ Ltd.                    |
|                                       | - Citibank N.A.  |
|                                       | - Commerzbank AG                                       |
|                                       | - Cooperatieve Rabobank UA Singapore                   |
|                                       | - Deutsche Bank AG                                     |
|                                       | - Habib Bank Limited                                   |
|                                       | - HongKong & Shanghai Banking Corporation Limited      |
|                                       | - HSH Nordbank AG                                      |
|                                       | - Intesa Sanpaolo SPA                                  |
|                                       | - JPMorgan Chase Bank National Association Singapore   |
|                                       | - KBC Bank Singapore Branch                            |
|                                       | - Mizuho Corporate Bank Ltd                            |
|                                       | - National Bank of Kuwait SAK                          |
|                                       | - Portigon AG Singapore                                |
|                                       | - RaboBank   |
| - Shinhan Bank                        |  |
| - Standard Chartered Bank             |  |
| - Sumitomo Mitsui Banking Corporation |  |
| - Woori Bank Singapore                |  |
| - Wells Fargo Bank N.A Singapore      |  |





# Foreign Correspondents

As at 31 December 2016

| Country   | Name of Bank  |
|---|---|
| 63 Slovakia   | - Ceskoslovenska Obchodna Banka AS                              |
|   | - Ceska Sporitelna as Slovakia                                  |
|   | - Tatra Bank AS   |
| 64 Slovenia   | - Abanka DD Slovenia  |
|   | - UniCredit Banka Slovenija DD                                  |
|   | - Nova Kreditna Banka Maribor DD Slovenia                       |
| 65 South Africa                                       | - Citibank South Africa   |
|   | - FirstRand Bank Ltd.   |
|   | - HBZ Bank Limited  |
|   | - Mercantile Bank Limited South Africa                          |
|   | - Standard Bank of South Africa Limited                         |
|   | - Standard Chartered Bank South Africa                          |
| 66 Spain  | - Banco Popular Espanol SA                                      |
|   | - Banco de Sabadell   |
|   | - Banco Santander SA Spain                                      |
|   | - Bankia SA Spain   |
|   | - Banque Marocaine du Commerce Exterieur International SA Spain |
|   | - Bank of Tokyo Mitsubishi UFJ Ltd.                             |
|   | - Caixa Bank SA Spain   |
|   | - Citibank Europe Plc Spain                                     |
|   | - Commerzbank AG  |
|   | - Deutsche Bank SAE Spain                                       |
|   | - HSBC Bank plc   |
|   | - Kutxabank SA  |
|   | 67 Sri-Lanka  |
| - Commercial Bank of Ceylon Limited                   |   |
| - Habib Bank Limited                                  |   |
| - Hatton National Bank Limited                        |   |
| - MCB Bank Limited                                    |   |
| - People's Bank                                       |   |
| - Standard Chartered Bank                             |   |
| - The HongKong & Shanghai Banking Corporation Limited |   |
| 68 Sweden   | - Citibank Europe Plc Sweden                                    |
|   | - Danske Bank   |
|   | - Skandinaviska Enskilda Banken AB                              |
|   | - Svenska Handelsbanken AB                                      |
| 69 Switzerland  | - Arab Bank (Switzerland) Ltd.                                  |
|   | - Banque Cantonale Vaudoise                                     |
|   | - Banque de Commerce et de Placements S.A.                      |
|   | - Barclays Bank (Suisse) S.A                                    |
|   | - CA Indosuez Switzerland SA Switzerland                        |
|   | - Citibank NA Switzerland                                       |
|   | - Credit Agricole (Suisse) S.A.                                 |
|   | - Deutsche Bank AG  |
|   | - Habib Bank AG Zurich  |
|   | - Hinduja Bank (Switzerland) Ltd.                               |
|   | - HSBC Bank Plc Switzerland                                     |
|   | - Royal bank of Scotland  |
|   | - UBS AG  |
| - United Bank Switzerland AG                          |   |
| - Zurcher Kantonalbank                                |   |
| 70 Taiwan   | - Citibank Taiwan Limited                                       |

# Foreign Correspondents

As at 31 December 2016

| Country         | Name of Bank                                      |
|-----------------|---|
|                 | - Deutsche Bank AG                                |
|                 | - J. P. Morgan Chase Bank NA                      |
|                 | - Mega International Commercial Bank              |
|                 | - Mizuho Corporate Bank Ltd.                      |
|                 | - Standard Chartered Bank (Taiwan) Limited        |
|                 | - Sunny Bank Limited                              |
|                 | - Wells Fargo Bank N.A Taiwan                     |
| 71 Tanzania     | - UBL Bank Tanzania Ltd.                          |
| 72 Thailand     | - Citibank N.A.                                   |
|                 | - J. P. Morgan Chase Bank NA                      |
|                 | - Kasikornbank Public Company Ltd                 |
|                 | - Krung Thai Bank Public Co Ltd Thailand          |
|                 | - Mizuho Corporate Bank Ltd.                      |
|                 | - Standard Chartered Bank (Thai) PLC              |
|                 | - Sumitomo Mitsui Banking Cororation              |
|                 | - Thanachart Bank Public Company Limited          |
|                 | - The Siam Commercial Bank Public Company Limited |
| 73 Tunis        | - Citi Bank NA                                    |
|                 | - Tunis International Bank                        |
| 74 Turkey       | - Akbank T.A.S.                                   |
|                 | - Albaraka Turk Participation Bank                |
|                 | - Alternatifbank A.S.                             |
|                 | - Citibank A.S.                                   |
|                 | - Denizbank AS                                    |
|                 | - QNB Finansbank                                  |
|                 | - Habib Bank Limited                              |
|                 | - Kuveyt Turk Katilim Bankasi AS                  |
|                 | - QNB Finansbank Turkey                           |
|                 | - Turkiye Cumhuriyeti Ziraat Bankasi AS Turkey    |
|                 | - Turkey Garanti Bankasi AS                       |
|                 | - Turkiye Finans Katilim Bankasi AS               |
|                 | - Turkiye Vakiflar Bankasi TAO                    |
|                 | - Vakif Katilim Bankasi AS Turkey                 |
|                 | - Yapi Ve Kredi Bankasi AS                        |
| 75 Turkeminstan | - National Bank of Pakistan                       |
| 76 U.A.E.       | - Abu Dhabi Commercial Bank                       |
|                 | - Citibank N.A.                                   |
|                 | - Credit Europe Bank (Dubai) Ltd.                 |
|                 | - Deutsche Bank AG                                |
|                 | - Dubai Islamic Bank                              |
|                 | - Emirates Islamic Bank                           |
|                 | - Emirates NBD Bank PJSC                          |
|                 | - First Gulf Bank                                 |
|                 | - Habib Bank AG Zurich                            |
|                 | - Habib Bank Limited                              |
|                 | - HSBC Bank Middle East Limited                   |
|                 | - KEB Hana Bank UAE                               |
|                 | - MCB Bank Limited Dubai UAE                      |
|                 | - Mashreq Bank psc                                |



# Foreign Correspondents

As at 31 December 2016

| Country   | Name of Bank                                      |
|-----------|---|
|           | - National Bank of Fujairah                       |
|           | - Standard Chartered Bank                         |
|           | - United Bank Limited                             |
| 77 U.K.   | - Bank Of America NA UK                           |
|           | - Bank Mandiri (Europe) Limited                   |
|           | - Bank of Cyprus UK                               |
|           | - Bank of Ireland (UK) PLC                        |
|           | - Citibank N.A.                                   |
|           | - Clydesdale Bank plc                             |
|           | - Commerzbank AG                                  |
|           | - Deutshce Bank AG                                |
|           | - Habib - UK PLC                                  |
|           | - Habib Bank AG Zurich                            |
|           | - Hongkong & Shanghai Banking Corp. LTD. UK       |
|           | - HSBC Bank plc                                   |
|           | - Intesa Sanpaolo SPA UK                          |
|           | - J. P. Morgan Chase Bank NA                      |
|           | - MashreqBank Psc                                 |
|           | - Mizuho Bank China Limited UK                    |
|           | - Northern Bank Ltd.UK                            |
|           | - Santander UK Plc UK                             |
|           | - Sonali Bank (UK) Ltd.                           |
|           | - Standard Chartered Bank                         |
|           | - Sumitomo Mitsui Banking Corporation Europe Ltd. |
|           | - United National Bank Limited UK                 |
|           | - Zenith Bank UK Limited UK                       |
| 78 U.S.A. | - ABN-AMRO Capital USA LLC                        |
|           | - Bank of America NA                              |
|           | - Bank of New York Mellon                         |
|           | - Bank Of Tokyo Mitsubishi UFJ Limited            |
|           | - BOKF,NA   |
|           | - Branch Banking & Trust Co.                      |
|           | - Citibank N.A.                                   |
|           | - Citizen Bank N.A USA                            |
|           | - Comerica Bank                                   |
|           | - Commerzbank AG USA                              |
|           | - Deutsche Bank Trust Company Americas            |
|           | - East-West Bank                                  |
|           | - First Tennessee Bank National Association USA   |
|           | - Global Commerce Bank USA                        |
|           | - Habib American Bank                             |
|           | - Habib Bank Limited                              |
|           | - International Finance Corporation               |
|           | - Intesa Sanpaolo SPA                             |
|           | - J. P. Morgan Chase Bank                         |
|           | - MashreqBank psc                                 |
|           | - Metro City Bank USA                             |
|           | - MUFG Union Bank National Association USA        |
|           | - National Bank of Pakistan                       |
|           | - New York Commercial Bank USA                    |
|           | - Nonghyup Bank USA                               |
|           | - PNC Bank National Association USA               |
|           | - Peoples United Bank National Association USA    |
|           | - Citizens Bank NA                                |



# Foreign Correspondents

As at 31 December 2016

| Country                   | Name of Bank  |
|---------------------------|---|
|                           | - Regions Bank  |
|                           | - Shinhan Bank America                                      |
|                           | - Standard Chartered Bank                                   |
|                           | - Sumitomo Mitsui Banking Corporation                       |
|                           | - The Bank of Tokyo-Mitsubishi UFJ Ltd.,                    |
|                           | - UMB Bank NA   |
|                           | - United Bank Limited                                       |
|                           | - US Century Bank   |
|                           | - Wells Fargo Bank NA                                       |
|                           | - Woori Bank  |
| 79 Ukraine                | - PJSC 'CITIBANK'   |
|                           | - UKREXIMBANK Ukraine                                       |
| 80 Uzbekistan             | - National Bank for Foreign Economic                        |
| 81 Vietnam                | - An Binh Commercial Joint Stock                            |
|                           | - Citibank NA   |
|                           | - J. P. Morgan Chase Bank NA                                |
|                           | - Kookmin Bank  |
|                           | - Military Commercial Joint Stock Bank Vietnam              |
|                           | - Shinhan Bank Vietnam                                      |
|                           | - Standard Chartered Bank                                   |
|                           | - Vietnam Export Import Commercial Joint Stock Bank Vietnam |
| 82 Yemen<br>(Republic of) | - National Bank of Yemen                                    |
|                           | - Yemen Commercial Bank                                     |



# PROXY FORM

## 25<sup>th</sup> Annual General Meeting

I / We \_\_\_\_\_ of \_\_\_\_\_ being member(s) of SONERI BANK LIMITED and holder of \_\_\_\_\_ ordinary shares.

Register Folio No. \_\_\_\_\_

CDC participant I.D. No.: \_\_\_\_\_

Sub-Account No.: \_\_\_\_\_

CNIC No.:

or Passport No.: \_\_\_\_\_

hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him / her \_\_\_\_\_ of \_\_\_\_\_ who is / are also member(s) of SONERI BANK LIMITED as my / our proxy to attend and vote for me / our behalf at the 25th Annual General Meeting of the Bank to be held on 28 March 2017 or at any adjournment thereof.



(Signatures should agree with the specimen signature registered with the Bank)

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2017

Signature of Shareholder \_\_\_\_\_

Signature of Proxy \_\_\_\_\_

### 1. WITNESS

Signature : \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

CNIC No.:

or Passport No.: \_\_\_\_\_

### 2. WITNESS

Signature : \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

CNIC No.:

or Passport No.: \_\_\_\_\_

### IMPORTANT:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Bank at SONERI BANK LIMITED, 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

---

# پراکسی فارم

## چھپیواں سالانہ عام اجلاس

میں مستسی / مسماة \_\_\_\_\_  
 ضلع \_\_\_\_\_  
 بحیثیت ممبر سونییری بینک لمیٹڈ اور حق ملکیت رکھتے ہوئے  
 عام حصص کی جس کا اندراج: \_\_\_\_\_

رجسٹرڈ فوئیو نمبر: \_\_\_\_\_  
 سی ڈی سی پارٹنیشن نمبر: \_\_\_\_\_  
 شناختی کارڈ نمبر: \_\_\_\_\_  
 مستسی / مسماة \_\_\_\_\_  
 سب اکاؤنٹ نمبر: \_\_\_\_\_  
 یا پاسپورٹ نمبر: \_\_\_\_\_  
 ساکن: \_\_\_\_\_  
 ساکن: \_\_\_\_\_  
 یا ان کے نہ جانے پر، مستسی / مسماة \_\_\_\_\_ ساکن \_\_\_\_\_

جو خود بھی سونییری بینک کے رکن ہے / ہیں، کو بطور پراکسی مقرر کرتا ہوں / کرتے ہیں تاکہ وہ میری / ہماری جگہ اور میری / ہماری طرف سے بینک کے چھپیواں سالانہ عام اجلاس جو بتاریخ ۲۸ مارچ ۲۰۱۷ کو منعقد ہو رہا ہے۔ اس میں یا اس کے کسی ملٹوی شدہ اجلاس میں شرکت کرے اور ووٹ ڈالے۔

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

پانچ روپے کا  
 ریونیو اسٹیپ

تاریخ \_\_\_\_\_ ۲۰۱۷  
 دستخط حصص داران \_\_\_\_\_  
 دستخط پراکسی \_\_\_\_\_

### ۲۔ گواہی

دستخط: \_\_\_\_\_  
 نام: \_\_\_\_\_  
 پتہ: \_\_\_\_\_  
 شناختی کارڈ نمبر: \_\_\_\_\_  
 یا پاسپورٹ نمبر: \_\_\_\_\_

### ۱۔ گواہی

دستخط: \_\_\_\_\_  
 نام: \_\_\_\_\_  
 پتہ: \_\_\_\_\_  
 شناختی کارڈ نمبر: \_\_\_\_\_  
 یا پاسپورٹ نمبر: \_\_\_\_\_

### نوٹ:

۱۔ یہ مکمل پُر کردہ اور دستخط شدہ پراکسی فارم، ہمارے رجسٹرڈ آفس سونییری بینک لمیٹڈ، 241، 242، اپر مال اسکیم، آئمنڈ روڈ، لاہور 54000 پراجلاس کے انعقاد سے ۲۸ گھنٹے قبل موصول ہونا لازمی ہے۔

۲۔ کوئی بھی شخص، کسی دوسرے شخص کی پراکسی کے طور پر نمائندگی نہیں کر سکتا جب تک خود بھی کمپنی کا ممبر نہ ہو سوائے کارپوریٹ ادارہ کے جو کسی نان ممبر کو بھی پراکسی منتخب کر سکتے ہیں۔

۳۔ اگر ایک رکن ایک سے زائد پراکسی مقرر کرتا ہے اور کمپنی کے پاس رکن کی طرف سے پراکسی فارم کی ایک سے زائد دستاویزات جمع کروائی جاتی ہیں تو پراکسی کی ایسی تمام دستاویزات کا عدم تصور ہوں گی۔

۴۔ سی ڈی سی حصص داران اور ان کے نامزد اشخاص کے لیے ضروری ہوگا کہ وہ اپنا پراکسی فارم جمع کروانے سے قبل اس کے ساتھ اپنا تصدیق شدہ کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی کاپی منسلک کریں۔ (تاہم نامزد شخص کو شناخت کی غرض سے اجلاس میں شرکت کے وقت اپنا اصل قومی شناختی کارڈ یا اصل پاسپورٹ مہیا کرنا ہوگا۔

۵۔ کارپوریٹ ادارہ ہونے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / مختار نامہ نامزد شخص کے دستخط کے ساتھ پراکسی فارم کمپنی کو جمع کروانا ہوگا۔



سونیری بینک لمیٹڈ

درست رقم کا  
ٹکٹ چسپاں کریں

کمپنی سیکریٹری  
سونیری بینک لمیٹڈ  
روپالی ہاؤس ۲۴۱-۲۴۲  
اپر مال اسکیم،  
آئیندر روڈ  
لاہور-۵۴۰۰۰



## 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](http://www.soneribank.com) | [f](#) SoneriBankPK | [t](#) @SoneriBank\_Pk