



Soneri Bank

Annual  
Report '15

Roshan Har Qadam

Cover photography by Fariya Zaeem

## Soneri Bank Limited

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Upper Mall Scheme, Anand Road, Lahore - 54000, Pakistan  
**Tel:** (042) 35713101-04

**Central Office:** 10th Floor, PNSC Building,  
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[www.soneribank.com](http://www.soneribank.com) | [f](https://www.facebook.com/SoneriBankPK) SoneriBankPK | [t](https://twitter.com/SoneriBank_Pk) @SoneriBank\_Pk





# Annual Report'15



A full-page background image showing a silhouette of a camel standing on a sand dune in a desert. The sun is low on the horizon, creating a bright, glowing light that radiates across the sky and casts long, soft shadows on the sand. The sky is a deep orange and yellow, and the sand dunes are dark with some texture visible.

# A Glimpse into Hope

Our brand promise **Roshan Har Qadam** is an embodiment of our values towards the people that we serve. A vow that is inspired from the sun, the majestic symbol of our corporate philosophy. This is reflected in all our initiatives of products & services and in our endeavors to uplift society.

The people of Tharparkar, despite facing volatile conditions of drought, relentlessly thrive in sustaining their culture, compassion and spirit to live. In the year 2015, Soneri journeyed to the resilient lands of Tharparkar...



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The background of the entire page is a photograph of a desert landscape at sunset. The sky is a mix of deep purple, blue, and orange, with wispy clouds. In the foreground, the silhouettes of three camels and two people are visible against the bright horizon. The camels are standing in a line, and the people are walking alongside them.

# Vision

to better **serve** customers  
to **help** them and the **society grow**

**Saving Thar** is a life-saving project for building the lives and resilience of vulnerable communities in the drought-prone areas of Tharparkar.

Soneri Bank, with its vision to develop society, has taken the initiative of providing them some means of sustenance. Soneri Bank supported and facilitated the construction of dug-wells for community welfare.





# Mission

we provide **innovative** and  
**efficient financial solutions** to our **customers**

Affirming its objective of providing innovative solutions, Soneri Bank sponsored a dug-well in the village of Mithrio Rojh, Tharparkar. The dug-well facilitates over 120 households – relieving over 900 people from the laborious duty of walking several miles to collect water daily. This especially benefits the women responsible for carrying water.

Soneri Bank seeks solutions for water scarcity relevant for the water-food-livelihood nexus in an integrated manner.

Spreading literacy in the untapped villages of Thar, is our way forward to empower the vulnerable society and sustain communities.





# Core Values

A silhouette of a person playing a stringed instrument, possibly a sarangi, against a warm, golden sunset background. The person is shown in profile, facing right, with their hands positioned on the instrument. The background features silhouettes of trees and a bright sun, creating a serene and artistic atmosphere.

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

Soneri Bank journeys with the unsung heroes of Thar and brings to light the unknown resilient village tribes, who uphold their indigenous cultural values.

We, at Soneri Bank, stand at the forefront, enabling dignified lives and preserving their values just as we firmly embrace ours.

# Board of Directors



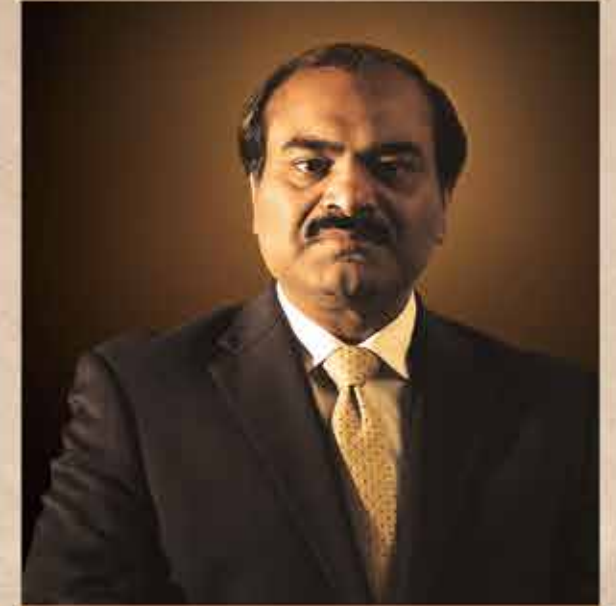
**Alauddin Feerasta**  
Chairman



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



**Nooruddin Feerasta**  
Director



**Manzoor Ahmed**  
Director (NIT Nominee)



**Muhammad Rashid Zahir**  
Director



**Amar Zafar Khan**  
Director



**Shahid Anwar**  
Director (NIT Nominee)



**Syed Ali Zafar**  
Director



# Senior Management



**Ali Hassan Shah**  
Head of Operations

**Anjum Hai**  
Chief Financial Officer

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

**Amin A. Feerasta**  
Chief Operating Officer

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

**Muhammad Qaisar**  
Head of Corporate & Investment Banking



**Syed Asim Ali**  
Head of Internal Audit

**Anita Lalani**  
Head of Human Resources

**Abdul Aleem Qureshi**  
Head of Commercial & Retail Banking

**Mubarik Ali**  
Country Credit Head

**Ahmed Saqib Asad**  
Chief Information Officer

**Iqbal Zaidi**  
Head of Compliance & Control



## Products And Services

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

### Rupee Current Accounts

Customers can open Current Account for their day-to-day banking needs and enjoy banking convenience offered via 266+ online branches and a growing network of 270+ ATMs across the country. Our popular Rupee Current Accounts include:

#### Soneri Ikhtiar Business Current Account

Soneri Ikhtiar Current Account is our flagship current account for businesses providing efficient, accessible and convenient banking transactions. This account gives numerous free facilities including Free Issuance of Banker’s Cheques, Free Online Banking, Free Cheque Books, Free VISA Debit Classic Card, and much more. In addition, this account comes with Free Worldwide Accidental Insurance Coverage and ATM Withdrawal Coverage to help protect your loved ones by keeping their future secure.

#### Soneri Current Account

Soneri Current Account lets you enjoy an array of banking services available on Soneri Ikhtiar Account (except accidental insurance), free of cost, without maintaining any average balance and with no restriction on number of transactions.

### Rupee Savings Accounts

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

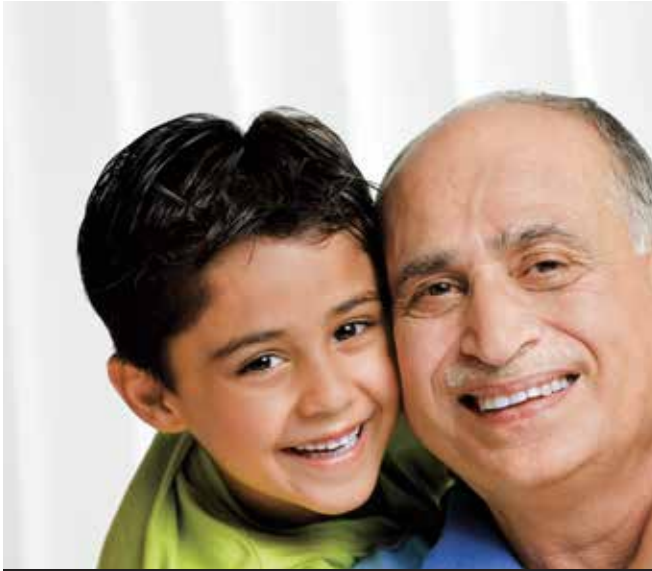
#### PLS Savings Account

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

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







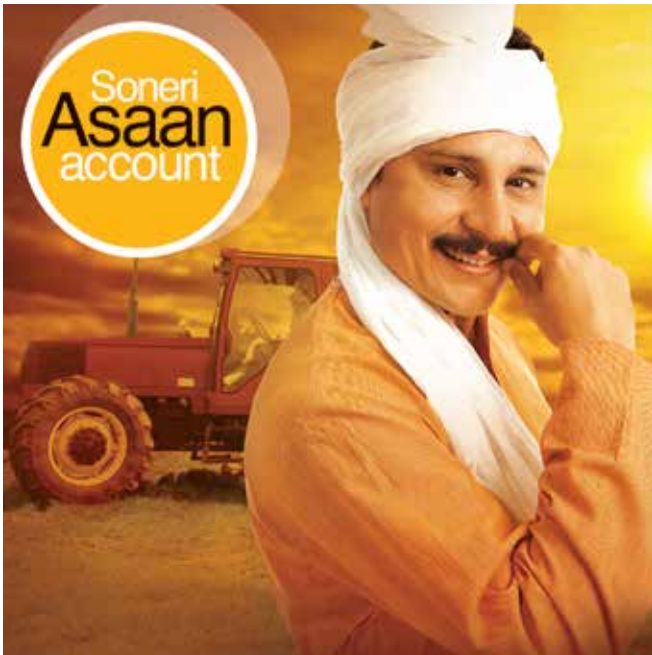
**Soneri Sahara Account**

#### **Soneri Savings Account**

Soneri Savings Account is a flexible and fast growing cumulative profit account. The rate of profit on this account increases with your balance without any demand and negotiations with the Bank. Soneri Savings Account has no minimum balance requirement. Alternate Delivery Channel Services on this account includes VISA Debit Card and Soneri Direct Internet Banking.

#### **Soneri Sahara Account**

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



#### **Soneri Asaan Account**

Soneri Asaan Account offers ease in account opening for the unbanked and under-banked population. This account has minimum documentation requirements which can be opened without any hassle. It is offered in both Current & Savings Account types and is suitable for self-employed individuals, housewives and daily wagers. VISA Debit Card & Internet Banking services are available on these accounts:

#### **Rupee Term Deposit Accounts**

##### **Soneri 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 for easy withdrawal and use through VISA Debit Card and Soneri Bank ATMs across Pakistan.



## FCY Deposit Accounts

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

## Financing Products

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

### Soneri Speed Finance

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

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

The Government has introduced Prime Minister’s Youth Business Loans scheme with a mark-up subsidy and partial guarantee facility for extension of small business loans. The scheme was launched by the Prime Minister for promoting youth entrepreneurship in the country. The main objective of the PMYBL Scheme is to provide loans to the unemployed youth for establishing or extending business enterprises. As an Executing Agency (EA), Soneri Bank Limited has also participated with other Banks in the Scheme.

### SME Financing

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



**Prime Minister Youth  
Business Loan Scheme**



**SME Financing**



### Agriculture Financing

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

#### Financing Products:

- Farm Production Loan – Revolving Credit
- Farm Development Loan - Mechanization
- Tractor Loan
- 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



### Agriculture Financing

### Consumer Finance

#### Soneri Car Finance

Soneri Bank offers Car Finance facility up to PKR 2.0 million, repayable up to 5 years in equal monthly installments. Processing of application is fast and hassle-free with partial payment and early settlement options.



#### Soneri Personal Finance

An easy solution to your cash needs – now you can turn your dreams into reality via Soneri Personal Finance Scheme. Soneri Bank offers Personal Finance up to Rs. 500,000/-, repayable in 5 years in equal monthly installments to meet personal financial needs. Fast and hassle-free processing of application with options of partial payment and early settlement are available.



### Soneri Personal Finance



## Home Remittances

Soneri Bank introduces “Soneri Mehnat Wasool”, the Home Remittance Service. The service provides customers the convenience of receiving their remittances sent from abroad from any of Soneri Bank’s 266 branches in 127 cities across Pakistan. Initially launched with MoneyGram as one of the international money transfer partners, Soneri Bank has signed-up with RIA Financial Services (RIA Money Transfer), Xpress Money Transfer, Wall Street Finance Canada Ltd., Al Falah Exchange, Al Ansari Exchange, Alpine Exchange & Golden Money Transfer under PRI (Pakistan Remittance Initiative) to facilitate its customers.



## Alternate Delivery Channel

### ATMs

Customer can conveniently withdraw cash and avail ancillary services through a growing ATM network of 270+ ATMs across the country.

### Soneri Mobile Banking

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



### Soneri Direct Internet Banking

Soneri Direct Internet Banking provides our customers a hassle-free, simple and secure platform to operate their bank account(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**

#### **Soneri VISA Debit Card**

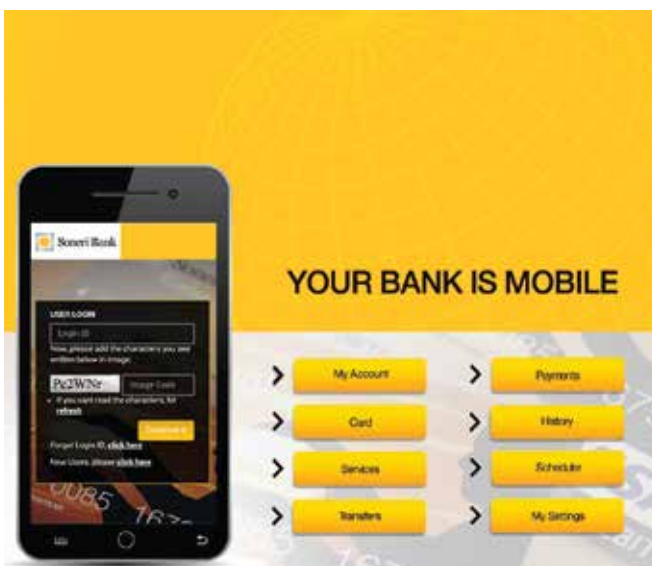
Soneri VISA Debit Card brings a cashless experience of spending and making payments countrywide, and across the globe. Customers are able to avail unmatched opportunities and benefits of the VISA Debit Classic & Gold Cards.

#### **Phone Banking**

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



**Phone Banking**



**SMS Alerts**

#### **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.

### **Protection and Coverage Products**

#### **Bancassurance**

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

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

A bancassurance plan 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 little worries.

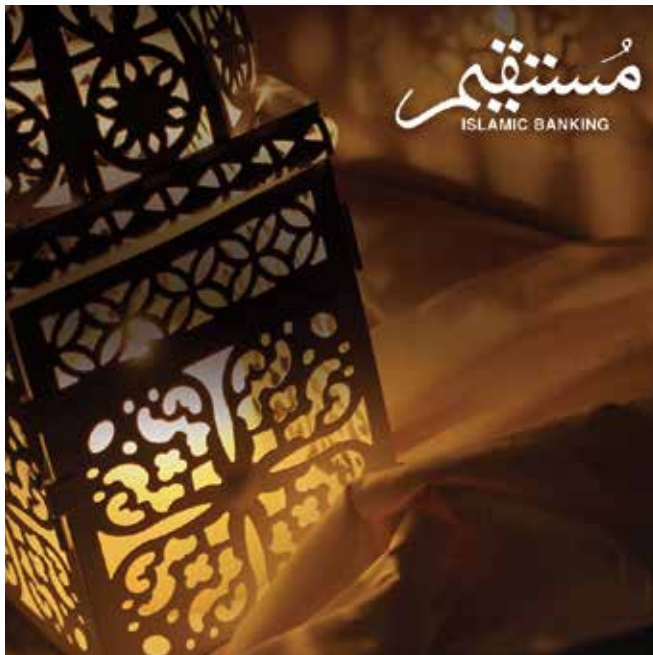
#### **Roshan Takmeel Plan**

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



### Soneri Mustaqeem Islamic Banking

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

#### Financing Products

- Murabaha
- Commercial Ijarah
- Consumer Car Ijarah
- Salam
- Istisna
- Diminishing 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 is well equipped to meet the economic challenges of Pakistan. Our relationship management team is striving 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 as well as effectively catering to their financial needs by offering financial solutions through the following products:

#### Underwriting / Bankers to the issue

Bank has added Underwriting and Banker to the Issue business in its product suite. Few deals were successfully closed in 2015. It will remain a focus area going forward to facilitate our existing corporate customers and also to tap other opportunities in the market.

#### 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 given our clients' specific requirements. These are instrumental in improving liquidity & cost efficiency of business activity of our clientele.

#### Term Loans / Syndicate Arrangements

Soneri Bank offers medium & long term loans under bilateral as well as syndicate arrangements for financing of CAPEX, BMR & Project funding activity.

#### 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 Electronic Channel 'Soneri Trans@ct', provides our valued customers with comprehensive, end-to-end cash flow management, i.e. Receivables and Payables Management, in the most effective and efficient manner.



### Corporate & Investment Banking



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.



# Corporate Social Responsibilities (CSR) ACTIVITIES

2015 was a committed year for Soneri, with diversified CSR activities in the realm of healthcare, communities, women empowerment, youth, education and art & culture that reflected our ethos for Roshan Har Qadam.

## Contribution to Healthcare

### Patients Aid Foundation

In order to support JPMC, a group of concerned citizens formed an NGO (Non-Profit Organization) in 1990 named as Patient Aid Foundation (PAF). PAF in collaboration with JPMC, is engaged in many patient welfare activities and has funded massive infrastructure and equipment projects such as the Cyberknife Machine, the Blood Bank and the Accident & Emergency facilities. Soneri Bank was an active participant in the annual fundraiser event of 2015.

### NICU & PICU Unit establishment in Aga Khan University Hospital (AKUH)

The AKUH provides quality and comprehensive medical care in Pakistan. Soneri Bank has committed to support the 3-year expansion plan of the Neo-natal Intensive Care Unit (NICU) & Pediatric Intensive Care Unit (PICU) at AKUH. All facilities and treatments are made accessible irrespective of financial status. With this philanthropic approach, Soneri Bank aims to play a role in uplifting the socio-economic dynamics of the country by facilitating the expansion plans of this institution.

### The Kidney Centre

The Kidney Centre provides free renal impairment treatments to needy patients. Soneri Bank has supported this cause by contributing towards its fund raising event of 2015.

### Lady Dufferin Hospital

Lady Dufferin is a renowned hospital that provides quality medical care facilities to women at subsidized rates. Soneri Bank continued to support this cause by making contribution to the annual fundraiser event of 2015.

### Marie Adelaide Leprosy Centre (MALC)

MALC is a non-profit organization providing free tuberculosis and blindness treatments to needy patients. Soneri Bank continued to support MALC via contributing to the annual fundraiser event of 2015.

## Promoting Education

### Citizen Archive of Pakistan (CAP)

CAP is a non-profit organization dedicated to cultural and historic preservation, aimed at educating the community and creating awareness about our nation's history. In this context, they build and support educational programmes and develop educational product-based testimonies. To support CAP in achieving its mission, Soneri Bank extended its support by providing sponsorship for the fundraiser carnival in 2015.

### SOS Children's Villages Pakistan

SOS is a non-profit organization working towards the welfare of children deprived of their families. SOS' team is working on providing shelters, higher education and job trainings to orphaned children which allows them to live a normal life. Soneri Bank supported this cause by contributing in the fundraiser event "A tribute to the legends" in 2015.

## Rehabilitation Efforts

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

In 2015, Soneri Bank sponsored a dug-well in a rural village, Mithrio Rojh, located in the surroundings of sub-district Chachro of Tharparkar as part of the "Saving Thar" project implemented by OAKS Karachi Chapter (Alumni Association of Kinnaird College of Women Lahore), in collaboration with Hisaar Foundation. The dug-well serves 120 households of approximately 900 people and 2000 animals. This dug-well, having a durability of 50 years would salvage the state of drought in this volatile area of Pakistan.





## Promoting Arts & Culture

### TARZ Music Album

TARZ group is an ensemble of master musicians from Pakistan that are reformulating the South Asian Music platform. "The Essence of South Asia" a music CD sponsored by Soneri Bank is a musical experience weaving the sounds and accents of South Asian Music in a unique orchestration. Soneri Bank paid tribute to Pakistani musical inheritance for the future generation as an integral part of our South Asian identity. This was officially launched and promoted at a live TARZ musical event in 2015.



## Women Empowerment

### International Women Leaders Summit

Soneri Bank was part of International Women Leaders Summit in 2015, 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 learnings.



## Promoting Sports

### Karachi Golf Club

In an effort to provide a forum for re-creational sports activities for corporate clientele and staff, Soneri Bank, in collaboration with Karachi Golf Club, sponsored Karachi Basant Scramble and Golf Tournament 2015.

### Thar – Girl Child

With the objective to encourage the social welfare of the untapped areas of Pakistan and create a supportive forum for women empowerment, Soneri Bank disseminated a cause-related season's greetings card of 2016 with a Thar – Girl Child.





## Corporate Information

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### **CHAIRMAN**

MR. ALAUDDIN FEERASTA

### **CHIEF EXECUTIVE OFFICER**

MR. MOHAMMAD AFTAB MANZOOR

### **DIRECTORS**

MR. NOORUDDIN FEERASTA

MR. MUHAMMAD RASHID ZAHIR

MR. AMAR ZAFAR KHAN

SYED ALI ZAFAR

MR. MANZOOR AHMED (NIT NOMINEE)

MR. SHAHID ANWAR (NIT NOMINEE)

### **CHIEF FINANCIAL OFFICER**

MS. ANJUM HAI

### **COMPANY SECRETARY**

MR. MUHAMMAD ALTAF BUTT

### **AUDITORS**

A.F. FERGUSON & CO.

CHARTERED ACCOUNTANTS

### **SHARI'AH BOARD**

MUFTI EHSAN WAQUAR AHMAD (CHAIRMAN)

MUFTI NADEEM IQBAL (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.,

GROUND FLOOR,

STATE LIFE BUILDING NO. 3,

DR. ZIAUDDIN AHMED ROAD

KARACHI - 75530

UAN: (021) 111-000-322

FAX: (021) 3565 5595

## List of Sub-Committees of the Board of Directors

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### **Audit Committee of the Board**

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

### **Credit Committee of the Board**

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

### **Human Resource Committee of the Board**

1. Mr. Manzoor Ahmed	Chairman
2. Mr. Mohammad Aftab Manzoor	Member
3. Mr. Shahid Anwar	Member
4. Mr. Amar Zafar Khan	Member
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. Muhammad Amir	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 monitor the loan portfolios regularly on an overall basis including a periodic 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. Amar Zafar Khan  
*Member*

Mr. Mohammad Aftab Manzoor  
*Member*

## Terms of Reference

Primary responsibilities of the Board Risk Management Committee is to provide oversight and advice to the Board in relation to current and potential future risk exposures of the Bank and future risk strategy, including approval of risk appetite and tolerance. The Committee also ensures that an organizational culture that places a high priority required for effective risk management is established by promoting a risk awareness culture within the Bank. It also validates that resources allocated 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.

## List of Committees of the Board of Directors

### Human Resource Committee

### Terms of Reference

Constitution:

Mr. Manzoor Ahmed  
*Chairman*

Mr. Mohammad Aftab Manzoor  
*Member*

Mr. Amar Zafar Khan  
*Member*

Mr. Shahid Anwar  
*Member*

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

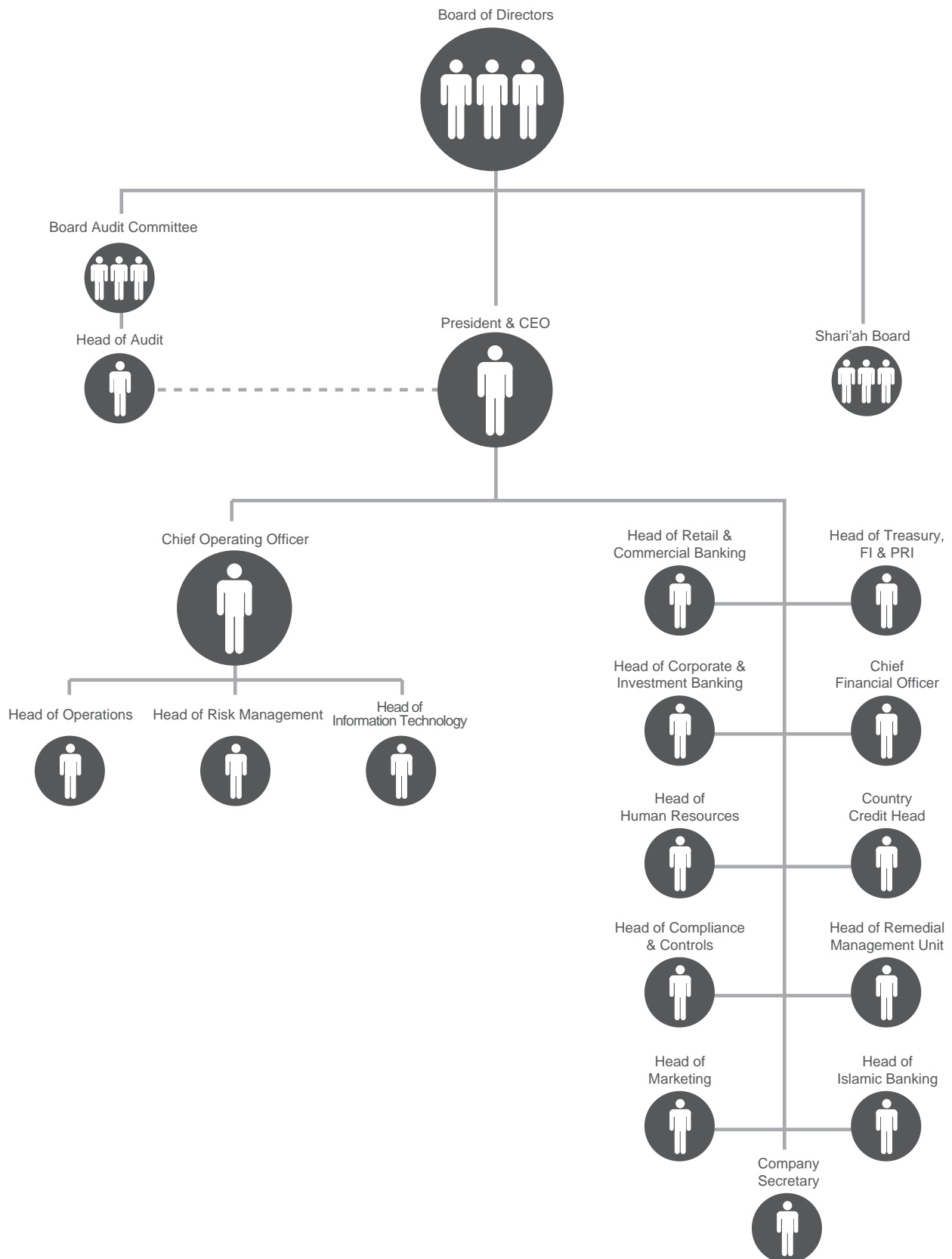
S.No.	Name of Director	Board of Directors Meetings		Board Audit Committee Meetings		Board Credit Committee Meetings		Board Human Resource Committee Meetings		Board Risk Management Committee Meetings	
		Held during the tenor in the year	Attended**	Held during the tenor in the year	Attended**	Held during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

\*represents not a member of the Committee

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



# Organizational Structure



# Management Committees

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## 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  
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. Asset 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. Muhammad Aamir
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  
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. Muhammad Aamir, Secretary



## Management Committees

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### 7. Market & Liquidity Risk Management Committee

1. Mr. Mohammad Aftab Manzoor, Chairman
2. Mr. Amin A. Feerasta
3. Mr. Shahid Abdullah
4. Mr. Abdul Aleem Qureshi
5. Mr. Mubarik Ali
6. Ms. Anjum Hai
7. Mr. Muhammad Qaisar
8. Mian Nadeem Aslam
9. Mr. Muhammad Aamir, Secretary

### 8. Operational Risk Management Committee

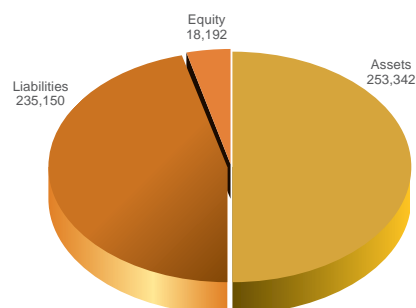
1. Mr. Mohammad Aftab Manzoor, Chairman
2. Mr. Amin A. Feerasta
3. Mr. Abdul Aleem Qureshi
4. Mr. Iqbal Zaidi
5. Mr. Mubarik Ali
6. Ms. Anjum Hai
7. Mr. Muhammad Qaisar
8. Mr. Ali Hassan Shah
9. Mr. Ahmed Saqib Asad
10. Syed Asim Ali
11. Mr. Muhammad Aamir, Secretary

### 9. Business Continuity Plan Steering Committee

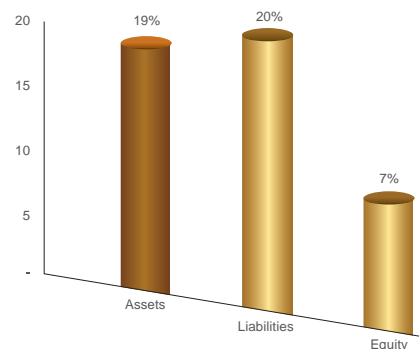
1. Mr. Mohammad Aftab Manzoor, Chairman
2. Mr. Amin A. Feerasta
3. Mr. Abdul Aleem Qureshi
4. Mr. Iqbal Zaidi
5. Mr. Ali Hassan Shah
6. Syed Asim Ali
7. Ms. Anjum Hai
8. Ms. Anita Lalani
9. Mr. Ahmed Saqib Asad
10. Lt. Col. (Rtd) Syed Zahid Raza
11. Mr. Jawed Munshi
12. Mr. Muhammad Azizullah Abid
13.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

		2015	2014	Growth
Advances - Gross	Rs. In Million	120,617	115,614	4.33%
Deposits	"	185,222	163,250	13.46%
Net Assets	"	18,192	17,039	6.77%
Profit after Tax	"	2,213	1,582	39.89%
Interest Income	"	7,597	6,280	20.97%
Non-markup Income	"	3,153	2,509	25.67%
Earnings per Share	Rs.	2.01	1.44	39.58%
Total Revenue	Rs. In Million	10,750	8,789	22.31%
Return on Equity	%	15.03%	8.70%	72.79%
Return on Capital Employed	%	19.77%	11.60%	70.40%
Trade Business	Rs. In Million	269,312	292,241	-7.85%
Number of Accounts	(In '000)	510	553	-7.78%

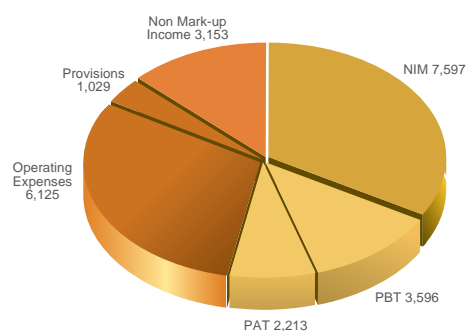
## Statement of Financial Position (Rs. in Million)



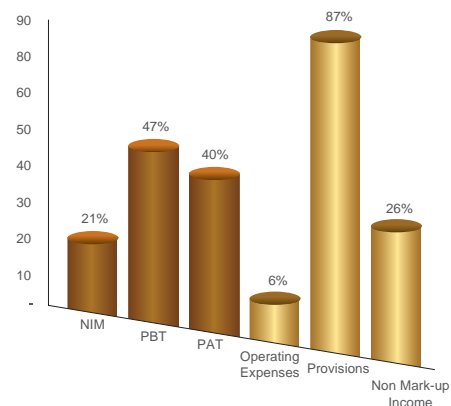
## Variance during the FY 2015



## Profit & Loss Account (Rs. in Million)



## Variance during the FY 2015



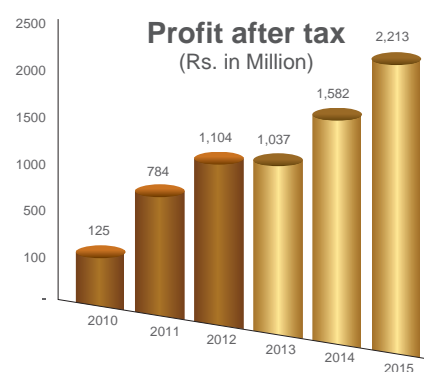
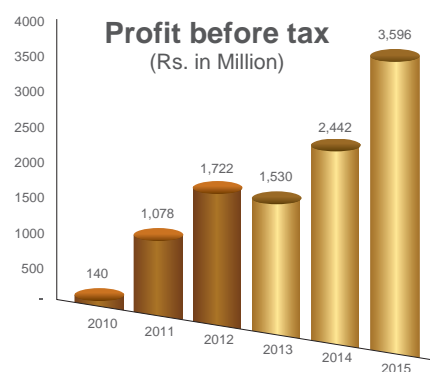
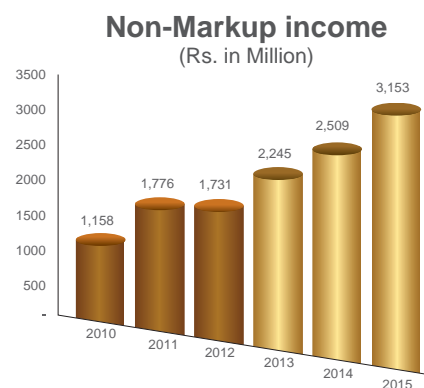
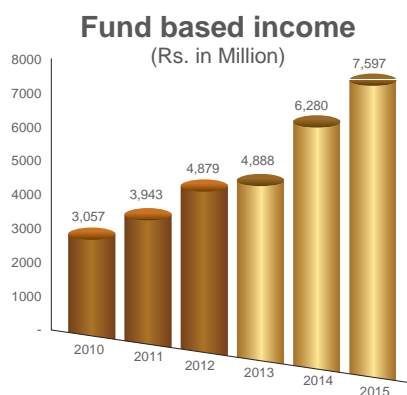


## Key Performance Indicators

		2015	2014	Variance Compared to 2014	
				Amount	%
<b>Financial</b>					
Investment-Gross	Rs. In Million	108,760	75,851	32,909	43%
Advances-Gross	"	120,617	115,614	5,003	4%
Deposits	"	185,222	163,250	21,972	13%
Shareholders' Equity (including surplus)	"	18,191	17,039	1,152	7%
Net Interest Income	"	7,597	6,280	1,317	21%
Non Interest Income	"	3,153	2,509	644	26%
Operating expenses	"	6,125	5,798	327	6%
Profit before provisions	"	4,625	2,991	1,634	55%
Provisions	"	1,029	549	480	87%
Profit Before Taxation	"	3,596	2,442	1,154	47%
Profit After Taxation	"	2,213	1,582	631	40%
<b>Non Financial</b>					
No. of customers	Absolute	438,245	468,352	(30,107)	-6%
No. of new branches opened	"	20	12	8	67%
No. of branches closed	"	-	5	(5)	-100%
No. of new accounts opened	"	80,171	86,261	(6,090)	-7%
No. of Visa Debit Cards issued	"	104,556	74,249	30,307	41%
No. of permanent employees	"	2,715	2,639	76	3%
No. of virtual banking customers	"	30,344	27,576	2,768	10%
No. of mobile banking customers	"	27,726	22,535	5,191	23%
<b>Key Financial Ratios</b>					
Earnings Per Share	Rs.	2.01	1.44		
Book Value Per Share	"	13.91	12.80		
Share Price	"	15.13	12.33		
Market Capitalization	Rs. In Million	16,680	13,593		
Price Earning Ratio	Times	7.53	8.56		
Return on Equity	%	15.03%	11.91%		
Return on Assets	%	0.95%	0.83%		
Capital Adequacy Ratio	%	15.39%	12.50%		

## Six Years' Financial Summary 2010-2015

	2015	2014	2013	2012	2011	2010
<b>Profit &amp; loss account</b>						
Mark-up / Return / Interest Earned	18,319	16,906	13,639	13,813	12,940	10,261
Mark-up / Return / Interest Expensed	10,722	10,626	8,751	8,934	8,997	7,204
Fund based Income	7,597	6,280	4,888	4,879	3,943	3,057
Fee, Commission, Brokerage and Exchange Income	1,817	1,939	1,600	1,191	1,194	603
Dividend Income and Capital Gain	1,286	535	623	528	428	175
Other income	50	35	22	12	154	380
Non Interest Income	3,153	2,509	2,245	1,731	1,776	1,158
Total Income	10,750	8,789	7,133	6,610	5,719	4,215
Operating expenses	6,125	5,798	4,868	4,368	3,369	2,623
Profit before tax and provisions	4,625	2,991	2,265	2,242	2,350	1,592
Provisions	1,029	549	735	520	1,272	1,452
Profit before tax	3,596	2,442	1,530	1,722	1,078	140
Profit after tax	2,213	1,582	1,037	1,104	784	125
Bonus Shares issued	-	-	1,002	993	1,003	-
Right Shares	-	-	-	-	1,001	1,004
Cash Dividend paid	1,102	-	-	-	-	-

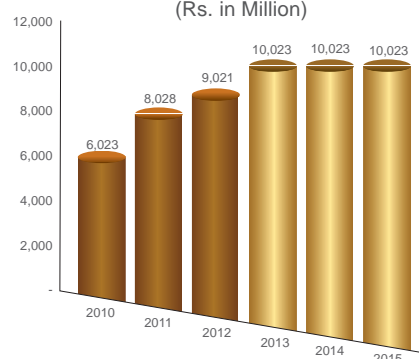




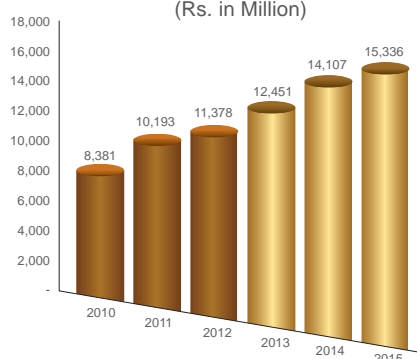
## Six Years' Financial Summary 2010-2015

	2015	2014	2013	2012	2011	2010
<b>Statement of Financial Position</b>						
Paid up Capital (net of discount)	10,023	10,023	10,023	9,021	8,028	6,023
Reserves	1,049	934	618	410	1,183	2,029
Unappropriate Profit	4,264	3,150	1,810	1,947	982	329
Shareholders' Equity (excluding surplus)	15,336	14,107	12,451	11,378	10,193	8,381
Surplus on revaluation of assets	2,856	2,932	832	954	740	536
Net Assets	18,192	17,039	13,283	12,332	10,933	8,918
Total Assets	253,342	213,175	169,234	158,629	129,756	108,106
Earning Assets	223,942	184,288	147,225	137,810	112,212	92,462
Gross Advances	120,617	115,614	104,673	83,599	71,355	59,561
Advances-Net of Provisions	112,002	107,968	97,534	77,170	65,623	54,944
Non-Performing Loans (NPLs)	11,584	10,224	10,424	9,927	8,942	7,096
Investments	108,634	75,716	46,703	59,517	45,776	34,986
Total Liabilities	235,150	196,136	155,951	146,297	118,823	99,188
Deposits and other accounts	185,222	163,250	140,580	120,591	99,419	82,017
Current and Saving deposits (CASA)	126,798	110,135	98,633	82,363	62,033	50,179
Borrowings	39,876	25,825	10,485	20,398	14,557	12,371
Interest bearing liabilities	184,209	149,236	116,929	114,209	94,364	77,788
Contingencies and Commitments	117,301	64,358	74,136	61,327	41,731	55,550

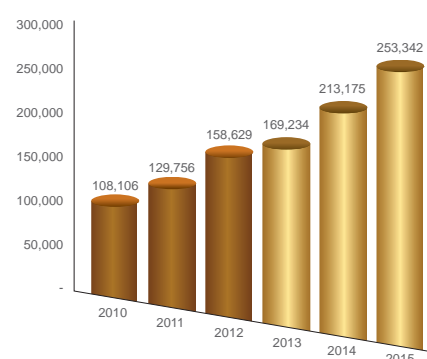
**Paid up Capital  
(net of discount)**  
(Rs. in Million)



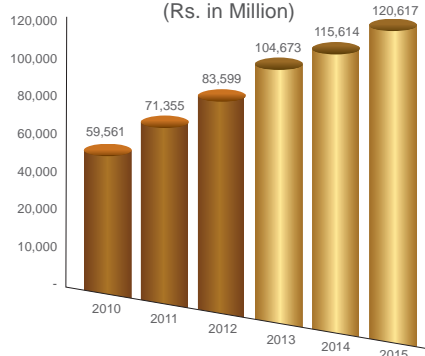
**Shareholders' Equity  
(excluding surplus)**  
(Rs. in Million)



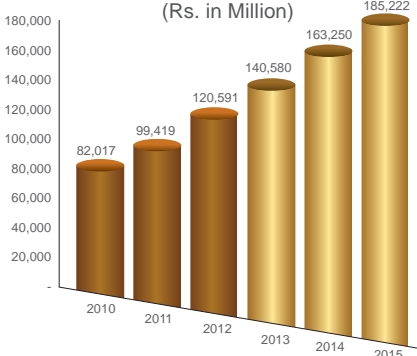
**Total Assets**  
(Rs. in Million)



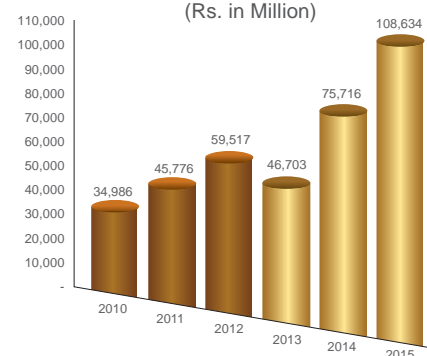
**Gross Advances**  
(Rs. in Million)



**Deposits**  
(Rs. in Million)



**Investments**  
(Rs. in Million)



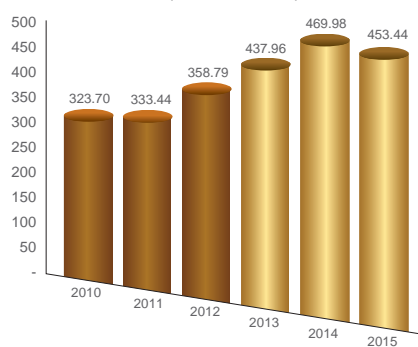
## Six Years' Financial Summary 2010-2015

		2015	2014	2013	2012	2011	2010
<b>Financial Ratios</b>							
Profit before tax ratio ( PBT/total income)	%	33.45%	27.78%	21.45%	26.05%	18.85%	3.32%
Gross Spread (NIM/Interest Income)	"	41.47%	37.15%	35.84%	35.32%	30.47%	29.79%
Non interest income to total income	"	29.33%	28.55%	31.47%	26.19%	31.05%	27.47%
Income /expense ratio ( excluding provisions)	Times	1.76	1.52	1.47	1.51	1.70	1.61
Return on average equity (ROE)	%	15.03%	11.91%	8.70%	10.24%	8.44%	1.61%
Return on average assets (ROA)	"	0.95%	0.83%	0.63%	0.77%	0.66%	0.12%
Return on Capital Employed ( ROCE)	"	19.77%	14.33%	11.60%	14.32%	10.56%	3.07%
Earning Per Share (EPS before tax)	Rs.	3.59	2.44	1.53	1.91	1.34	0.23
Earning Per Share ( EPS after tax)	Rs.	2.01	1.44	0.94	1.00	0.78	0.17
Gross Advances to deposit ratio	%	65.12%	70.82%	74.46%	69.32%	71.77%	72.62%
Net Advances to deposit ratio	"	60.47%	66.14%	69.38%	63.99%	66.01%	66.99%
Break up value per share (excl. surplus on revaluation of assets)	Rs.	15.30	14.07	12.42	12.61	12.70	13.92
Break up value per share (excl. surplus on revaluation of fixed assets)	"	16.96	15.81	12.67	12.96	12.83	13.64
Break up value per share (incl. surplus on revaluation of assets)	"	18.15	17.00	13.25	13.67	13.62	14.81
Earning Assets to total assets	%	88.40%	86.45%	86.99%	86.88%	86.48%	85.53%
Earning assets to interest bearing liabilities	Times	1.22	1.23	1.26	1.21	1.19	1.19
Weighted average cost of deposits	%	4.42%	6.18%	5.85%	6.84%	7.88%	7.84%
CASA to total deposits	"	68.46%	67.46%	70.16%	68.30%	62.40%	61.18%
NPLs to total advances ratio	"	9.60%	8.84%	9.96%	11.87%	12.53%	11.91%
Coverage ratio (Specific Provisions/NPLs)	"	73.97%	74.44%	68.20%	64.68%	64.01%	64.95%
Assets to Equity	Times	16.52	15.11	13.59	13.94	12.73	12.90
Total assets per share	Times	252.76	212.69	168.85	175.84	161.63	179.48
Deposits to shareholders' equity	Times	12.08	11.57	11.29	10.60	9.75	9.79
<b>Risk Adequacy</b>							
Tier I Capital	Rs.in Million	15,032	13,916	12,229	11,240	10,048	8,358
Risk Weighted Assets (RWA)	"	128,905	124,596	106,768	96,176	84,045	73,255
Tier I to RWA	%	11.66%	11.17%	11.45%	11.69%	11.96%	11.41%
Capital Adequacy Ratio	"	15.39%	12.50%	11.93%	12.37%	12.64%	12.61%
Net Return on Average RWA	"	1.72%	1.27%	0.97%	1.15%	0.93%	0.17%
<b>Dividend %</b>							
Bonus Shares	%	0%	0%	10.00%	11.00%	12.50%	0%
Final Cash Dividend announced	%	12.50%	10.00%	0%	0%	0%	0%
<b>Share Information</b>							
Market Value per share-31 Dec	Rs.	15.13	12.33	10.93	7.09	3.90	8.31
- High during the year	"	15.35	16.73	11.38	9.40	8.01	9.41
- Low during the year	"	10.06	9.50	5.90	3.71	3.56	4.30
Market Capitalization	Rs.in Million	16,680	13,593	12,050	7,106	3,521	5,005
Price to book value (excl. surplus on revaluation of assets)	Re.	0.99	0.88	0.88	0.56	0.31	0.60
Price Earning Ratio	Times	7.53	8.56	11.63	7.09	5.00	48.89
<b>Industry Share</b>							
Deposits	%	1.99%	1.96%	1.87%	1.80%	1.69%	1.60%
Advances	"	2.52%	2.59%	2.57%	2.17%	2.04%	1.70%
<b>Non Financial Information</b>							
No. of branches	Absolute	266	246	239	233	214	184
No. of permanent employees	"	2,715	2,639	2,835	2,644	2,286	2,042
ATMs	"	274	263	265	251	216	184

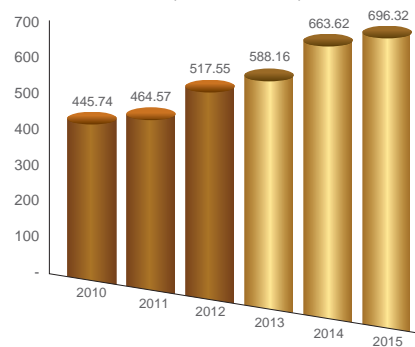


## Per Branch Performance

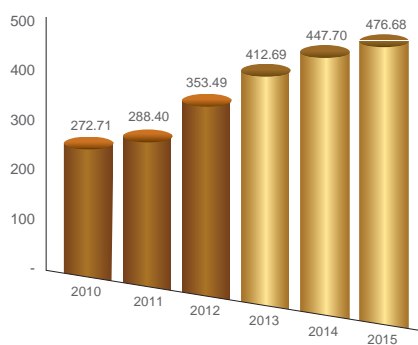
**Gross Advances**  
(Rs. in Million)



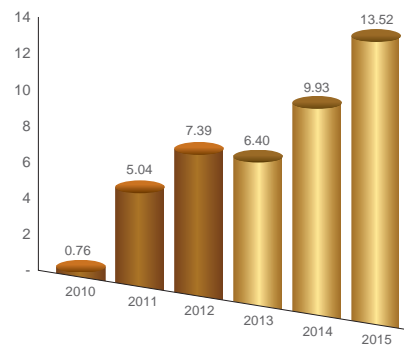
**Deposits**  
(Rs. in Million)



**CASA**  
(Rs. in Million)

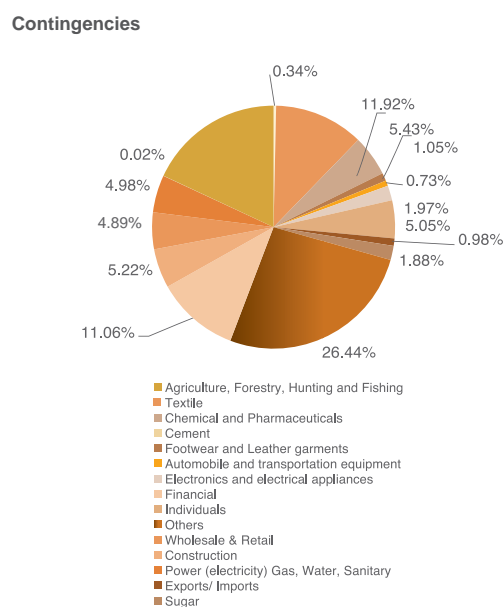
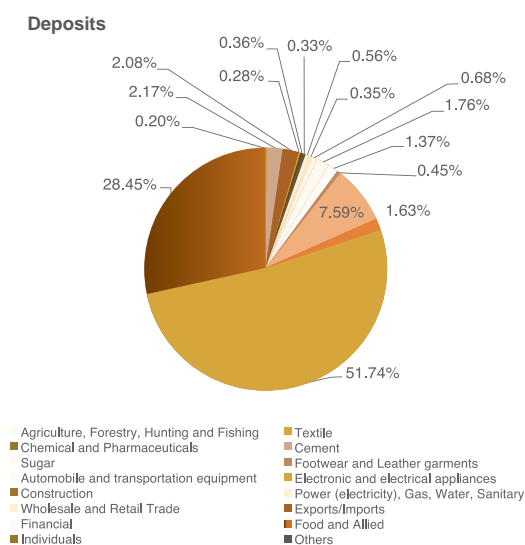
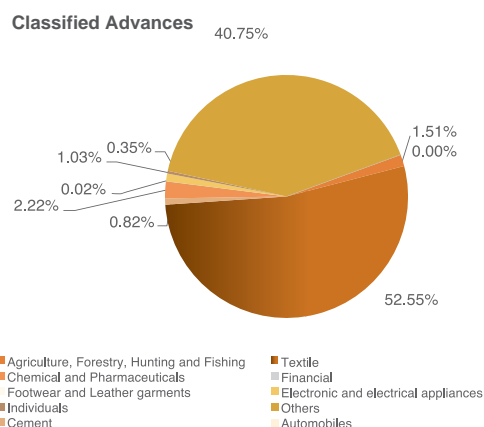
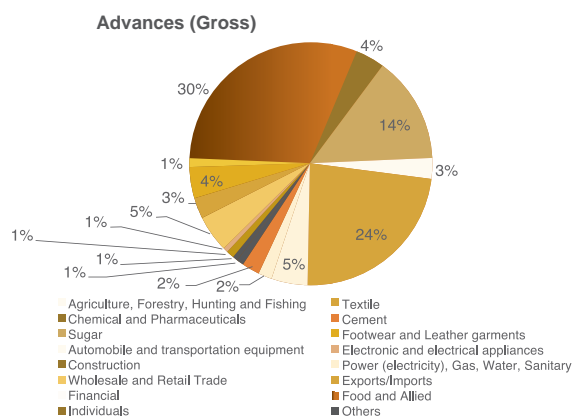


**Profit Before Tax**  
(Rs. in Million)



## Concentration of Advances, NPLs, Deposits and Off-Balance Sheet Items - 31 December 2015

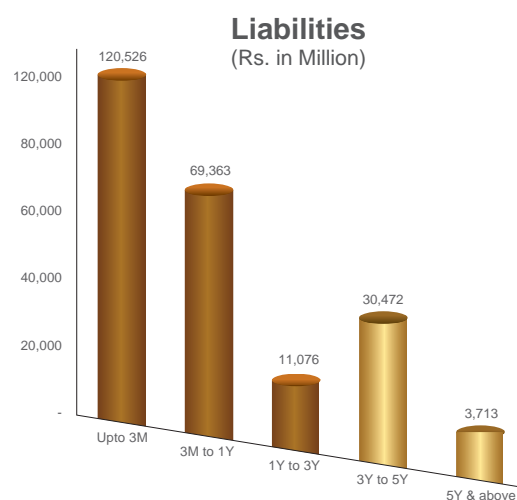
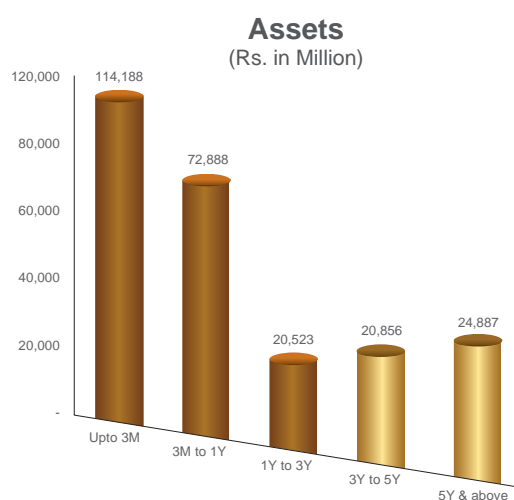
	Advances (Gross)		Classified Advances		Deposits		Contingencies	
	(Rupees in '000)	(Percent)	(Rupees in '000)	(Percent)	(Rupees in '000)	(Percent)	(Rupees in '000)	(Percent)
Agriculture, Forestry, Hunting and Fishing	3,330,928	2.76%	175,325	1.51%	369,461	0.20%	95,283	0.34%
Textile	28,416,076	23.56%	6,087,210	52.55%	4,015,305	2.17%	3,378,255	11.92%
Chemical and Pharmaceuticals	5,857,102	4.86%	94,643	0.82%	3,855,220	2.08%	1,539,977	5.43%
Cement	2,090,678	1.73%	-	0.00%	510,985	0.28%	298,194	1.05%
Sugar	2,793,818	2.32%	86,454	0.75%	673,822	0.36%	4,269	0.02%
Footwear and Leather garments	1,166,362	0.97%	1,954	0.02%	608,273	0.33%	207,631	0.73%
Automobile and transportation equipment	878,896	0.73%	-	0.00%	1,035,718	0.56%	558,466	1.97%
Electronics and electrical appliances	1,125,632	0.93%	119,527	1.03%	644,907	0.35%	1,431,378	5.05%
Construction	868,992	0.72%	-	0.00%	1,263,340	0.68%	1,480,201	5.22%
Power (electricity), Gas, Water, Sanitary	5,762,384	4.77%	-	0.00%	3,250,732	1.76%	1,385,452	4.89%
Wholesale and Retail Trade	3,482,537	2.89%	-	0.00%	2,530,585	1.37%	3,134,219	11.06%
Exports/Imports	5,043,102	4.18%	-	0.00%	838,337	0.45%	1,410,286	4.98%
Financial	1,421,015	1.18%	257,636	2.22%	14,051,502	7.59%	278,709	0.98%
Food and Allied	36,652,402	30.39%	-	0.00%	3,022,863	1.63%	5,112,160	18.04%
Individuals	4,896,896	4.06%	40,136	0.35%	95,837,423	51.74%	531,764	1.88%
Others	16,830,140	13.95%	4,721,222	40.75%	52,713,910	28.45%	7,498,072	26.44%
	120,616,960	100.00%	11,584,107	100.00%	185,222,383	100.00%	28,344,316	100.00%





## Maturities of Assets and Liabilities

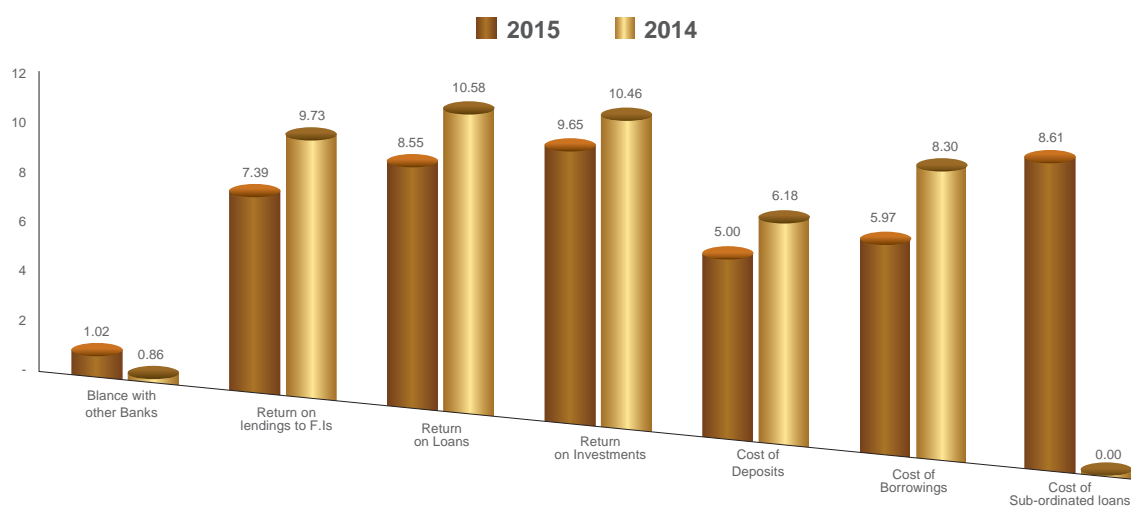
	TOTAL	Upto 3M	3M to 1Y	1Y to 3Y	3Y to 5Y	5Y & above
(Rupees in Million)						
<b>Assets</b>						
Cash and balances with treasury banks	16,718	11,917	4,801	-	-	-
Balances with other banks	1,635	1,635	-	-	-	-
Lendings to financial and other institutions	3,306	2,569	737	-	-	-
Investments - net	108,634	31,669	50,547	10,115	7,469	8,834
Advances - net	112,002	60,635	15,758	9,227	12,400	13,982
Operating fixed assets	4,957	204	520	1,181	981	2,071
Deferred tax assets	-	-	-	-	-	-
Other assets - net	6,090	5,559	525	-	6	-
	253,342	114,188	72,888	20,523	20,856	24,887
<b>Liabilities</b>						
Bills payable	2,751	2,751	-	-	-	-
Borrowings	39,876	36,591	2,323	71	172	719
Deposits and other accounts	185,222	78,617	65,304	11,003	30,298	-
Sub-ordinated loans	3,000	1	1	2	2	2,994
Deferred tax liabilities - net	1,417	-	1,417	-	-	-
Other liabilities	2,884	2,566	318	-	-	-
	235,150	120,526	69,363	11,076	30,472	3,713



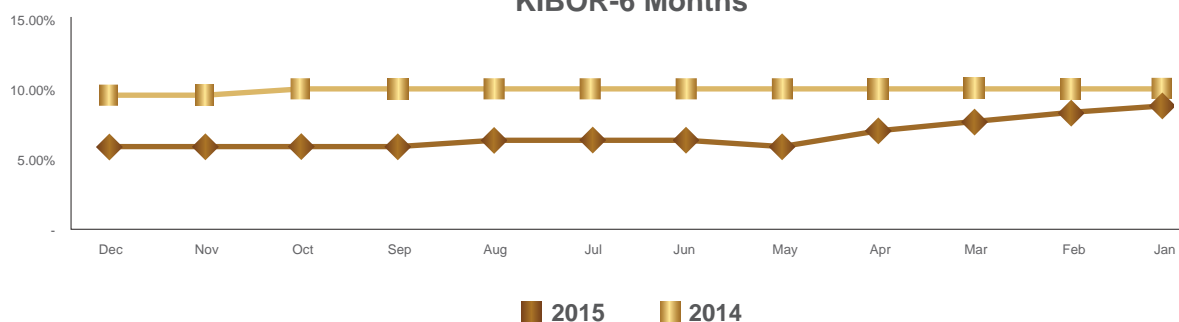
## Key Interest Bearing Assets and Liabilities

	Avg. Vol (Rs. in Million)	2015 Effective Interest Rate %	Interest (Rs. in Million)	Avg. Vol (Rs. in Million)	2014 Effective Interest Rate %	Interest (Rs. in Million)
<b>Interest Bearing Assets</b>						
Balances with other banks	427	1.02	4	653	0.86	6
Lendings to financial and other Institutions	3,348	7.39	247	3,664	9.73	357
Advances (excluding NPLs)	100,482	8.55	8,588	92,046	10.58	9,742
Investments (excluding equity investments)	98,209	9.65	9,476	63,970	10.46	6,691
<b>Interest Bearing Liabilities</b>						
Deposits	171,134	5.00	8,564	148,690	6.18	9,192
Sub-ordinated loans	2,080	8.61	179	-	-	-
Borrowings	33,200	5.97	1,982	17,235	8.3	1,431

**Effective interest rate on Assets & Liabilities (Rs. in Million)**



**KIBOR-6 Months**



# Statement of Value Addition

31 DECEMBER

## Value added

Net Interest Income	7,597
Non interest income	3,153
Operating expenses excluding staff costs, depreciation, amortization, donation and Workers Welfare Fund	(2,887)
Provision against advances, investments & others	(1,029)

## Value added available for distribution

## To employees

-Salaries, allowances and other benefits

## To Government

-Income tax

-Workers Welfare Fund

## To Society

-Donations

## To expansion and growth

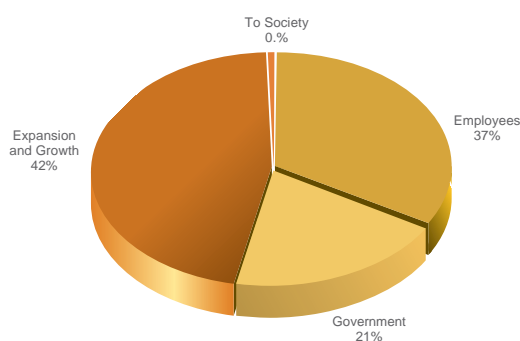
- Depreciation

- Amortization

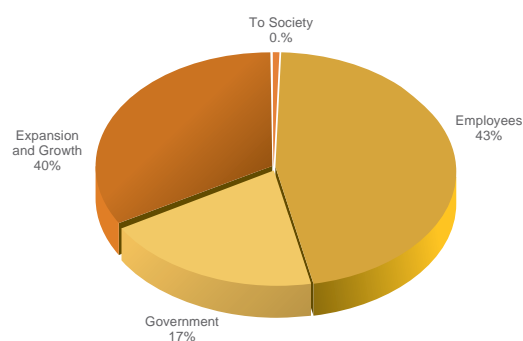
-Retained in business

2015		2014	
(Rs. in Million)	%	(Rs. in Million)	%
7,597		6,280	
3,153		2,509	
(2,887)		(2,889)	
(1,029)		(549)	
<u>6,834</u>		<u>5,351</u>	
2,519	36.86%	2,282	42.65%
1,383	20.24%	860	16.07%
82	1.20%	55	1.03%
15	0.22%	21	0.39%
584	8.55%	484	9.04%
38	0.56%	67	1.25%
2,213	32.38%	1,582	29.56%
<u>6,834</u>	100%	<u>5,351</u>	100%

2015



2014





# Quarterly Performance - 2015 & 2014

(Rs. In Million)

	2015				2014			
	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	4,484	4,657	4,517	4,661	4,624	4,355	4,168	3,759
Mark-up / Return / Interest Expensed	(2,509)	(2,760)	(2,619)	(2,834)	(2,829)	(2,785)	(2,623)	(2,389)
Net Mark-up Interest Income	1,975	1,897	1,898	1,827	1,795	1,570	1,545	1,370
Provisions	(235)	(374)	(237)	(183)	(99)	(152)	(131)	(167)
Non-mark-up / interest income	778	726	891	758	503	642	724	640
Non-mark-up / interest expenses	(1,545)	(1,540)	(1,588)	(1,452)	(1,507)	(1,378)	(1,529)	(1,384)
Profit before taxation	973	709	964	950	692	682	609	459
Taxation	(349)	(227)	(470)	(337)	(230)	(226)	(246)	(158)
<b>Profit after taxation</b>	<b>624</b>	<b>482</b>	<b>494</b>	<b>613</b>	<b>462</b>	<b>456</b>	<b>363</b>	<b>301</b>
<b>Statement of Financial Position</b>								
<b>Assets</b>								
Cash and balances with treasury banks	16,718	14,213	13,251	11,599	15,776	15,034	13,372	13,522
Balances with other banks	1,635	547	1,966	1,060	575	2,857	1,872	436
Lendings to financial and other institutions	3,306	4,818	3,345	1,390	604	3,206	9,219	1,495
Investment-net	108,634	114,493	99,976	99,779	75,716	65,901	67,801	65,254
Advances-net	112,002	101,713	104,598	100,148	107,968	97,345	90,697	91,937
Operating Fixed assets	4,957	4,989	5,044	5,089	5,014	3,991	3,678	3,645
Deferred tax assets -net	-	-	-	-	-	93	126	-
Other assets	6,090	4,872	6,735	6,134	7,522	5,768	7,086	5,380
<b>Total Assets</b>	<b>253,342</b>	<b>245,645</b>	<b>234,915</b>	<b>225,199</b>	<b>213,175</b>	<b>194,195</b>	<b>193,851</b>	<b>181,669</b>
<b>Liabilities</b>								
Bills payable	2,751	2,375	3,354	2,485	2,780	2,308	3,323	2,864
Borrowings	39,876	41,062	27,423	33,998	25,825	23,729	17,793	14,343
Customer deposits	185,222	176,114	179,339	162,731	163,250	150,426	155,713	147,366
Sub-ordinated loans	3,000	3,000	-	-	-	-	-	-
Deferred tax liabilities -net	1,417	1,687	1,850	1,871	1,420	-	-	42
Other liabilities	2,884	3,338	5,128	6,849	2,861	3,381	3,117	3,199
<b>Total Liabilities</b>	<b>235,150</b>	<b>227,576</b>	<b>217,094</b>	<b>207,934</b>	<b>196,136</b>	<b>179,844</b>	<b>179,946</b>	<b>167,814</b>
<b>Equity</b>								
Share Capital	11,024	11,024	11,024	11,024	11,024	11,024	11,024	11,024
Discount on issue of right shares	(1,001)	(1,001)	(1,001)	(1,001)	(1,001)	(1,001)	(1,001)	(1,001)
Reserves	1,049	925	828	730	934	842	750	678
Un-appropriated profit	4,263	3,739	3,321	2,889	3,150	2,756	2,377	2,065
Surplus on revaluation of assets	2,857	3,382	3,649	3,623	2,932	730	755	1,089
<b>Total Equity</b>	<b>18,192</b>	<b>18,069</b>	<b>17,821</b>	<b>17,265</b>	<b>17,039</b>	<b>14,351</b>	<b>13,905</b>	<b>13,855</b>

# Six Years' Vertical Analysis

## Statement of Financial Position/Profit & Loss Account

(Rs. In Million)

	2015		2014		2013		2012		2011		2010	
	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	16,718	7%	15,776	7%	12,673	7%	11,491	7%	8,959	7%	7,248	7%
Balances with other banks	1,635	1%	575	0%	707	0%	1,249	1%	879	1%	1,400	1%
Lendings to financial and other institutions	3,306	1%	604	0%	2,988	2%	1,123	1%	813	1%	2,532	2%
Investment-net	108,634	43%	75,716	36%	46,703	28%	59,517	38%	45,776	35%	34,986	32%
Advances-net	112,002	44%	107,968	51%	97,534	58%	77,170	49%	65,623	51%	54,944	51%
Operating Fixed assets	4,957	2%	5,014	2%	3,734	2%	3,821	2%	3,651	3%	3,249	3%
Deferred tax assets-net	-	0%	-	0%	103	0%	304	0%	386	0%	385	0%
Other assets	6,090	2%	7,522	4%	4,792	3%	3,954	2%	3,669	3%	3,363	3%
	<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>108,106</b>	<b>100%</b>
<b>Liabilities</b>												
Customer deposits	185,222	73%	163,250	77%	140,580	83%	120,591	76%	99,419	77%	82,017	76%
Borrowings	39,876	16%	25,825	12%	10,485	6%	20,398	13%	14,557	11%	12,371	11%
Bills payable	2,751	1%	2,780	1%	2,578	2%	2,522	2%	1,571	1%	1,858	2%
Other liabilities	2,884	1%	2,861	1%	2,308	1%	2,487	2%	2,378	2%	1,745	2%
Deferred tax liabilities-net	1,417	1%	1,420	1%	-	0%	-	0%	-	0%	-	0%
Sub-ordinated loans	3,000	1%	-	0%	-	0%	299	0%	898	1%	1,197	1%
	<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>99,188</b>	<b>92%</b>
<b>Net Assets</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>8,918</b>	<b>8%</b>
<b>Represented by</b>												
Share Capital (net of discount)	10,023	4%	10,023	5%	10,023	6%	9,021	6%	8,028	6%	6,023	6%
Reserves	1,049	0%	934	0%	618	0%	410	0%	1,183	1%	2,029	2%
Un-appropriated profit	4,264	2%	3,150	1%	1,810	1%	1,947	1%	982	1%	329	0%
Surplus on revaluation of assets	2,856	1%	2,932	1%	832	0%	954	1%	740	0%	536	0%
	<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>8,918</b>	<b>8%</b>
<b>Profit &amp; Loss Account</b>												
Mark-up / Return / Interest Earned	18,319	85%	16,906	87%	13,639	86%	13,813	89%	12,940	88%	10,261	90%
Fee, Commission , Brokerage and Exchange income	1,817	9%	1,939	10%	1,600	10%	1,191	8%	1,194	8%	603	5%
Capital Gain and Dividend Income	1,286	6%	535	3%	623	4%	528	3%	428	3%	175	2%
Other income	50	0%	35	0%	22	0%	12	0%	154	1%	380	3%
<b>Total Income</b>	<b>21,472</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>11,419</b>	<b>100%</b>
Mark-up / Return / Non Interest Expensed	10,722	50%	10,626	55%	8,751	55%	8,934	57%	8,997	61%	7,204	63%
Operating expenses	6,125	29%	5,798	30%	4,868	31%	4,368	28%	3,369	22%	2,623	23%
Provisions	1,029	5%	549	3%	735	5%	520	3%	1,271	9%	1,452	13%
Taxation	1,383	6%	860	4%	493	3%	618	4%	295	2%	15	0%
<b>Total Expenses</b>	<b>19,259</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>11,294</b>	<b>99%</b>
<b>Profit after taxation</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>	<b>125</b>	<b>1%</b>

# Six Years' Horizontal Analysis

## Statement of Financial Position/Profit & Loss Account

(Rs. In Million)

	2015	15 vs 14	2014	14 vs 13	2013	13 vs 12	2012	12 vs 11	2011	11 vs 10	2010	10 vs 09
	Rs.in Mn	%	Rs.in Mn	%	Rs.in Mn	%	Rs.in Mn	%	Rs.in Mn	%	Rs.in Mn	%
<b>BALANCE SHEET</b>												
<b>Assets</b>												
Cash and balances with treasury banks	16,718	6%	15,776	24%	12,673	10%	11,491	28%	8,959	24%	7,248	12%
Balances with other banks	1,635	184%	575	-19%	707	-43%	1,249	42%	879	-37%	1,400	-6%
Lendings to financial and other institutions	3,306	447%	604	-80%	2,988	166%	1,123	38%	813	-68%	2,532	-8%
Investment-net	108,634	43%	75,716	62%	46,703	-22%	59,517	30%	45,776	31%	34,986	18%
Advances-net	112,002	4%	107,968	11%	97,534	26%	77,170	18%	65,623	19%	54,944	13%
Operating Fixed assets	4,957	-1%	5,014	34%	3,734	-2%	3,821	5%	3,651	12%	3,249	-3%
Deferred tax assets -net	-	0%	-	-100%	103	-66%	304	-21%	386	0%	385	255%
Other assets	6,090	-19%	7,522	57%	4,792	21%	3,954	8%	3,669	9%	3,363	17%
	<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>108,106</b>	<b>13%</b>
<b>Liabilities</b>												
Customer deposits	185,222	13%	163,250	16%	140,580	17%	120,591	21%	99,419	21%	82,017	12%
Interbank borrowings	39,876	54%	25,825	146%	10,485	-49%	20,398	40%	14,557	18%	12,371	32%
Bills payable	2,751	-1%	2,780	8%	2,578	2%	2,522	61%	1,571	-15%	1,858	5%
Other liabilities	2,884	1%	2,861	24%	2,308	-7%	2,487	5%	2,378	36%	1,745	8%
Deferred tax liabilities	1,417	0%	1,420	100%	-	0%	-	0%	-	0%	-	0%
Sub-ordinated loans	3,000	0%	-	0%	-	0%	299	-67%	898	-25%	1,197	0%
	<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>	<b>99,188</b>	<b>13%</b>
<b>Net Assets</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>8,918</b>	<b>14%</b>
<b>Represented by</b>												
Share Capital (net of discount)	10,023	0%	10,023	0%	10,023	11%	9,021	12%	8,028	33%	6,023	20%
Reserves	1,049	12%	934	51%	618	51%	410	-65%	1,183	-42%	2,029	1%
Un-appropriated profit	4,264	35%	3,150	74%	1,810	-7%	1,947	98%	982	198%	329	108%
Surplus on revaluation of assets	2,856	-3%	2,932	252%	832	-13%	954	29%	740	38%	536	-14%
<b>Total Equity</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>8,918</b>	<b>14%</b>
<b>PROFIT &amp; LOSS ACCOUNT</b>												
Mark-up / Return / Interest Earned	18,319	8%	16,906	24%	13,639	-1%	13,813	7%	12,940	26%	10,261	10%
Fee, Commission , Brokerage and												
Exchange income	1,817	-6%	1,939	21%	1,600	34%	1,191	0%	1,194	98%	603	-10%
Capital Gain and Dividend Income	1,286	140%	535	-14%	623	18%	528	23%	428	144%	175	46%
Other income	50	43%	35	59%	22	83%	12	-92%	154	-59%	380	1%
<b>Total Income</b>	<b>21,472</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>11,419</b>	<b>9%</b>
Mark-up / Return / Non Interest Expensed	10,722	1%	10,626	21%	8,751	-2%	8,934	-1%	8,997	25%	7,204	9%
Operating expenses	6,125	6%	5,798	19%	4,868	11%	4,368	30%	3,369	28%	2,623	26%
Provisions	1,029	87%	549	-25%	735	41%	520	-59%	1,271	-12%	1,452	-11%
Taxation	1,383	61%	860	74%	493	-20%	618	109%	295	1866%	15	-67%
<b>Profit after taxation</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>	<b>125</b>	<b>-14%</b>



# Cash Flow Statement-Direct Method

## 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 and 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 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 used in investing activities

### CASH FLOW FROM FINANCING ACTIVITIES

Sub-ordinated loans  
Dividend paid

### Net cash flows from financing activities

### 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

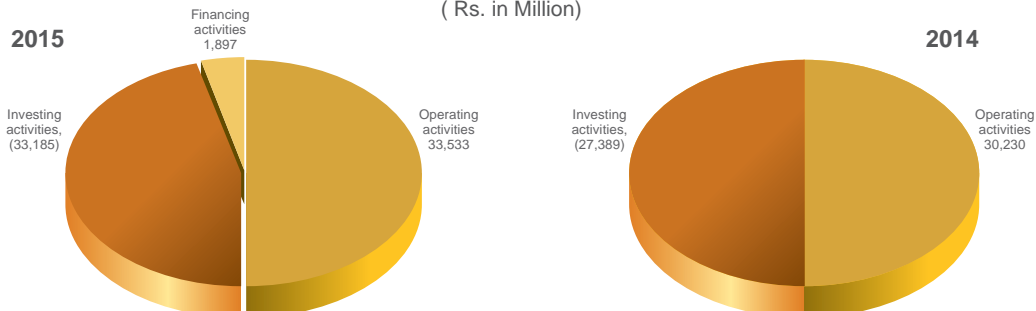
Cash and balances with treasury banks  
Balances with other banks

2015 (Rupees in '000)	2014 (Rupees in '000)
21,662,501	16,664,733
(10,935,947)	(10,323,694)
(5,464,866)	(5,138,673)
5,261,688	1,202,366
(2,701,902)	2,133,409
(5,153,607)	(11,083,350)
(167,914)	(84,809)
(8,023,423)	(9,034,750)
(28,631)	201,772
14,293,729	15,459,515
21,972,012	22,670,464
228,790	202,780
36,465,900	38,534,531
33,704,165	30,702,147
(171,001)	(472,406)
33,533,164	30,229,741
(32,759,692)	(26,726,031)
152,160	161,745
(610,461)	(841,273)
32,577	16,683
(33,185,416)	(27,388,876)
3,000,000	-
(1,102,464)	-
1,897,536	-
2,245,284	2,840,865
16,101,502	13,260,637
18,346,786	16,101,502
16,718,428	15,776,136
1,628,358	325,366
18,346,786	16,101,502

## INDIRECT METHOD - SUMMARY

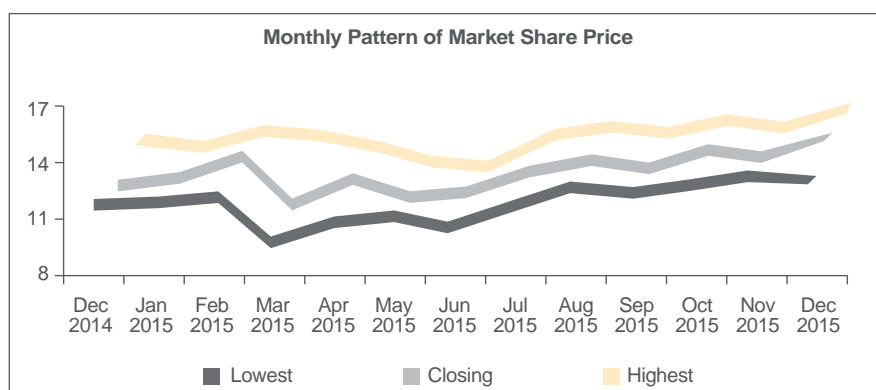
	2015	2014	2013	2012	2011	2010
Cash flow from operating activities	33,533	30,230	(11,213)	17,573	11,373	5,531
Cash flow from investing activities	(33,185)	(27,389)	12,076	(13,881)	(10,994)	(5,820)
Cash flow from financing activities	1,897	-	(299)	(599)	702	1,003
Cash and cash equivalent at the beginning of the year	16,102	13,261	12,697	9,604	8,523	7,809
Cash and cash equivalent at the end of the year	18,347	16,102	13,261	12,697	9,604	8,523

## Cash Flow (Rs. in Million)



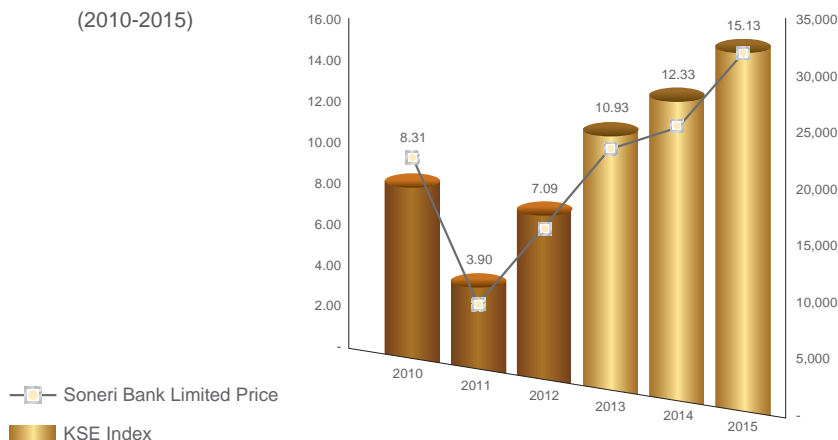
## Market Statistics of SNBL Shares

Year End	Market Share Price Trend			
	Quarter End	High (Rs.)	Low (Rs.)	Closing (Rs.)
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
2014	March	13.79	9.50	13.01
	June	16.73	12.50	12.76
	September	13.90	11.80	12.67
	December	16.15	12.28	12.33



Historical Trend vs KSE Index						
Year End	2010	2011	2012	2013	2014	2015
Share Price (Rs.)	8.31	3.90	7.09	10.93	12.33	15.13
KSE-100™ Index	12,022	11,348	16,905	25,261	32,131	32,812

**Soneri Bank Price vs KSE Index**  
(2010-2015)



### 2015

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

### 2014

- 1st Quarter Result issued on 23 April 2014
- 2nd Quarter Result issued on 13 August 2014
- 3rd Quarter Result issued on 23 October 2014
- Annual Result issued on 14 February 2015
- 23rd Annual General Meeting 27 March 2015



# 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 2015.

## ECONOMY

The country experienced considerable improvement on the macroeconomic front. The macro picture continued to be reinforced by lower commodity prices and tighter fiscal management. The improving investor climate is expected to be further reinforced by the advent of the China Pakistan Economic Corridor (CPEC).

The recent IMF report has acknowledged Pakistan's success at reducing its economic vulnerabilities. Monetary and financial sector policies remained prudent, and the banking system remains sound.

During the year, Gross Domestic Product (GDP) increased by 4.5 percent (4.1 percent during FY2014). It was supported mainly by strengthening of services and construction sectors. Country's FX reserves increased to US\$ 21 billion partly as a result of the improved current account. The factors behind improvement in the current account were lower price of oil, inflows under the Coalition Support Fund, and robust workers' remittances. Headline inflation sharply declined to 2.5 percent in FY 2015 (FY 2014: 7.2 percent) backed by continuing drop in core inflation. The fiscal deficit at 5.3 percent of GDP was an additional indication of an improvement in the structural picture of the economy.

In the backdrop of above factors State Bank of Pakistan (SBP) continued with its approach of easing monetary policy on the back of better than expected inflationary trends. All told, the year saw a reduction of 350bps in the Policy Rate. The expected compression in banking spreads was cushioned by the presence of higher coupon PIBs in banks' portfolios. Discernible acceleration in private sector lending though is yet to materialize.

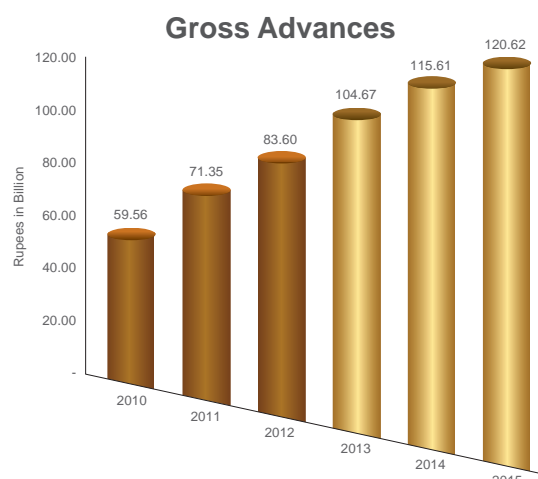
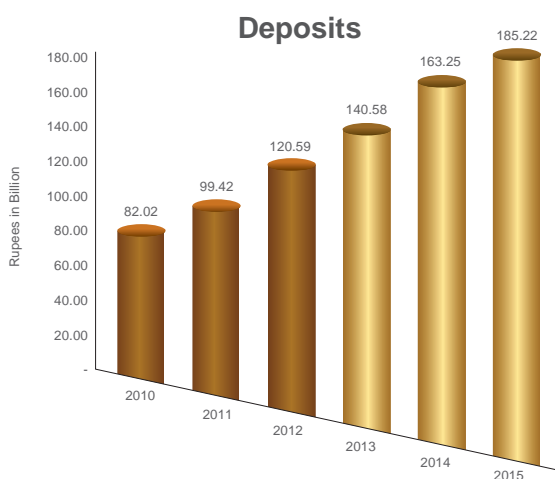
The nation, however, continues to confront energy shortages. It is expected that the CPEC, North-South Pipeline and TAPI Pipeline would address this critical determinant of economic growth. Additionally, other reforms such as privatizing loss-making public enterprises and infrastructure projects are expected to enhance efficiency in the economy.

## BUSINESS OVERVIEW

Soneri Bank continued to make progress on its strategy and execution priorities for 2015. The year unfolded many challenges in the shape of low interest rates, impact on Country's trade volume and business impact of taxation measures, being few. Notwithstanding the challenges, the Bank grew in terms of branch footprint, balance sheet footing and delivered strong profit. The Bank is presently providing banking services from 266 branches and 274 ATMs across 128 cities.

Further your Bank adequately meets the SBP Basel III requirements and is well positioned to meet its growth plans with Capital Adequacy Ratio of 15.39 percent. During the year, the Bank issued Term Finance Certificates (Tier 2 capital) which has strengthened the capital position for future growth.

The Bank's strategic focus has been and remains on managed business growth, process improvement, and proactive management of cost and delinquent assets. It has over the recent years outpaced industry growth in terms of deposits. Further the Bank has an ADR which is way 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. 185.22 billion which translates into compounded annual growth rate (CAGR) of 17.70 percent. The CASA component of deposits shows an impressive growth, with six years CAGR of 20.37 percent. This represents Bank's focus to mobilize low cost deposits. Similarly net advances now stand at Rs.112.00 billion with six years CAGR of 15.31 percent.



# Directors' Report to Shareholders

## OPERATING RESULTS

The highlights of financial results for 2015 are presented as follows:

Profit & Loss Account	2015	2014	Variance (%)
----- (Rs. in million) -----			
Net Interest Margin & Non Markup Income	10,750.26	8,788.69	22.32
Non Markup Expenses	6,125.41	5,797.69	5.65
Profit before tax & provisions	4,624.85	2,991.01	54.62
Profit before tax	3,595.61	2,441.90	47.25
Profit after tax	2,212.77	1,582.06	39.87
Earnings Per Share - Rupees	2.01	1.44	39.58

Statement of Financial Position	2015	2014	Variance (%)
----- (Rs. in million) -----			
Shareholders Equity (excluding surplus)	15,335.96	14,107.37	8.71
Deposits	185,222.38	163,250.37	13.46
Advances - net	112,001.75	107,968.21	3.74
Investments - net	108,633.81	75,715.68	43.48

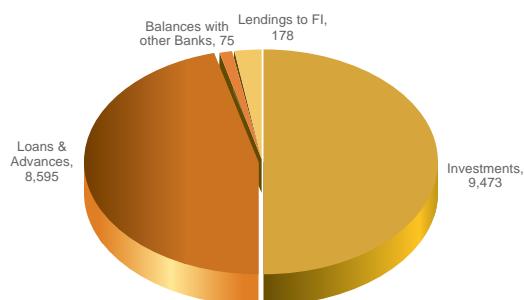
2015 has been a year of record profitability for the Bank. The Bank has posted a profit after tax of Rs.2.21 billion which is 39.87 percent higher than last year. This translates into earnings per share of Rs.2.01 (31 December 2014: Rs.1.44).

Profit before tax stands at Rs. 3.59 billion being 47.25 percent higher than last year. This is an outcome of the Bank's strategy yielding stronger revenues and limiting expenses. The results incorporate higher tax charge on account of Super Tax and uniform rate of taxation for banking companies introduced this year and effective from FY2014.

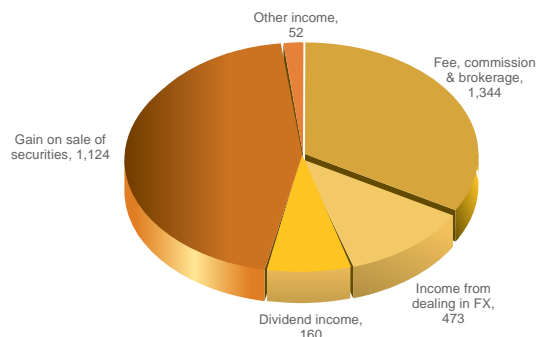


Revenue comprising net mark-up income and non-mark-up income has increased by 22.32 percent versus 2014. This is mainly due to growth in average net earning assets despite compressed spreads as a result of discount rate cuts. Non-markup income is higher by 25.67 percent, main contributor being higher gain on sale of securities. Through this positioning, the Bank was adequately compensated for the pressure on fee, commission and exchange income which are directly linked to the depressed trade volumes as a result of lower commodity prices.

**Interest Income 2015**  
(Rs. in Million)



**Non-Interest Income 2015**  
(Rs. in Million)



# Directors' Report to Shareholders

Non markup expenses were increased by minimal 5.65 percent in spite of inflationary pressure and new branches opened during the year. The branch network of the Bank now stands at 266 (2014: 246).

The Balance Sheet has significantly grown with total assets increasing by 18.84 percent. Overall deposits show an impressive growth of 13.46 percent with CASA deposits increasing by 15.13 percent while Current deposits increased by 10.84 percent. Advances (net of provisions) grew by 3.74 percent. The Bank's net Advances to Deposits ratio decreased to 60.47 percent from 66.14 percent in 2014. This was strategically managed down to this level. The NPL coverage has been prudently maintained at around same level as last year to stand at 74.37 percent (2014: 74.78 percent). Investments grew by 43 percent with main deployment being in high yielding government securities. This provided the buffer in yields of earning assets to withstand pressure on spread arising from declining interest rates. The gross surplus on revaluation of securities being Rs 2.67 billion is higher than last year's position of Rs 2.53 billion and shows embedded unrealized gain on the Bank's investments.

## DIVIDEND

The Board has recommended a final cash dividend of Rs.1.25/- per share (i.e. 12.50%) for the year ended 31 December 2015 to be approved in the 24th Annual General Meeting of the Shareholders.

## LOOKING AHEAD

2016 will be a year of challenges for the banking sector, despite robust performance in 2015. Primary reason for this view is spread compression expected from re-pricing of high yielding PIB portfolios. Further downward revision in the Policy Rate cannot be ruled out as price of oil continues to remain weak. Given the outlook for interest rates and credit expansion in the system, banks will be challenged to build current account deposits and augment operating efficiencies.

The economic impetus triggered by CPEC related projects and an improving global picture will provide opportunities to banks. Increase in credit demand and trade volumes are the direct outcomes foreseen.

Despite some challenging headwinds, your Bank believes that there are beneficial opportunities to be exploited. The Bank is geared up to continue its growth momentum by increasing core deposits, improving trade volumes and increasing branch footprint. On credit front our strategy remains focused upon asset quality and effective management of watch listed relationships. The Bank has always supported private sector credit, and is ever vigilant to exploit opportunities as they emerge.

During 2015 your Bank upgraded its data center and disaster recovery solution. In 2016 we are focused to improve the core banking backbone. The Bank is well capitalized under the SBP defined BASEL III based Capital Adequacy Ratio. Furthermore, the Bank is committed to investing in IT infrastructure and digital solutions to improve the customer experience. In order to stay ahead of the competition, we will continue to rebrand branches, improve service quality and provide tailored product solutions.

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

During the year, the Bank issued Term Finance Certificates (TFC - 2) worth Rs. 3.00 billion. The issue was successfully closed and was oversubscribed by Rs.810 million (1.3 times). Issue was structured as Pre-IPO subscription of Rs.2.25 billion and IPO of Rs.0.75 billion. First redemption and profit payment was made to the TFC investors on due date i.e. 08 January 2016 as per the agreed terms.

## CREDIT RATING

The Pakistan Credit Rating Agency Limited (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 2015 [2014: 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 Rs. 3.00 billion at A+ (Single A plus) vide its notification dated: 17 December 2015.

## BOARD OF DIRECTORS

The Bank is in compliance in respect of completion of training requirements of at least four directors till 31 December 2015. One director holds "Certificate of Director Education" from the Pakistan Institute of Corporate Governance ("PICG") while four directors are exempt from directors' training based on the criteria specified in clause 5.19.7 of the Pakistan Stock Exchange Regulations. During the year, 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 Pakistan Institute of Corporate Governance (PICG). Further, three other directors will be participating in a three full days' workshop on "Corporate Governance & Director Duties Excellence" to be held in March 2016.



# Directors' Report to Shareholders

## BOARD AND COMMITTEES' MEETINGS

Details of the meetings of the Board of Directors and its Committees held during 2015 and the attendance by each director/committee member are given as under:-

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

\*represents not a member of the Committee

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

## STATEMENT OF INVESTMENTS OF PROVIDENT AND GRATUITY FUNDS

The Bank operates approved funded provident and gratuity fund schemes covering all its permanent employees. The investment balances are as follows:

	31 December 2015 (Un-audited)	31 December 2014 (Audited)
	----- (Rupees in '000) -----	
Investments of Provident Fund	681,956	640,616
Investments of Gratuity Fund	358,793	314,764

# Directors' Report to Shareholders

## COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

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

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

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

## STATEMENT ON RISK MANAGEMENT FRAMEWORK

Risk Management is underpinned by the key principle that Risk Management contributes to the creation of sustainable value. The consistent and systematic application of Risk Management is central to maximizing shareholders value, effectively leveraging the benefit of opportunities, managing uncertainties and minimizing the impact of adverse events.

Soneri Bank is committed to establishing a sound system of risk oversight and management and internal control to identify, assess, monitor and manage material risks related to the conduct of Soneri Bank's activities under the supervision of Board Risk Management Committee/Board of Directors. Our aim is to:

- Continuously improve the management of risk,
- Better understand the reward-to-risk balance,
- Reduce the risks to acceptable levels, and;
- Make decisions based on a comprehensive view of the reward-to-risk balance.

Your Bank has been doing this by:

- Implementing a comprehensive and systematic risk assessment and reporting process across the Bank,
- Integrating the outputs of risk specialist functions to provide a holistic view of the risks associated with our business activities, and;
- Embedding risk management into the business, with an awareness instilled in all employees.

Soneri Bank maintains a system of risk oversight, risk management and internal control over material business risks through implementation of online credit rating systems and system based regulatory reporting. Besides, to ensure that all business activities are within the parameters designed by the Board via Risk Appetite, a regular monitoring on these issues is conducted.

## STATEMENT ON INTERNAL CONTROLS

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

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

# Directors' Report to Shareholders

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## 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 11 February 2016 for issuance to the shareholders.

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

## EXTERNAL AUDITORS

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

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

## SIX YEARS' OPERATING AND FINANCIAL DATA

Six year financial performance of the bank is presented on page No. 35.

## PATTERN OF SHAREHOLDING & TRADE IN THE SHARES CARRIED OUT BY DIRECTORS & EXECUTIVES

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. Further, trading in shares by the Directors / Executives during the year 2015 is also disclosed in the Pattern of Shareholding.

## 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 2015.

On behalf of the Board of Directors

## ALAUDDIN FEERASTA

Chairman

Lahore: 11 February 2016



# Statement of Internal Controls

Year ended 31 December 2015

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

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

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

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

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 is conducted 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 Treadway Commission) Internal Control- Integrated Framework. A reputable advisory firm had been appointed to provide services on implementation of SBP guidelines on Internal Controls over Financial Reporting (ICFR) in the prior years. To further strengthen controls, enhanced governance and monitoring the management setup 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 had followed a structured roadmap. Accordingly, the Bank had completed a detailed documentation of the existing processes and controls, together with a comprehensive gap analysis of the control design and development of implemented remediation plans for the gaps.

While concerted efforts have always been made to comply with the SBP Guidelines issued, the identification, evaluation, and management of risks within each of the Bank's key activities, and their continued evaluation and changes to procedure remains an ongoing process. Furthermore, the bank has developed a comprehensive management testing and reporting framework for ensuring ongoing operating effectiveness of majority of key controls and had significantly addressed the design improvement opportunities identified to complete the project related initiatives.

In accordance with SBP directives, the Bank has completed all the stages of ICFR and upon satisfactory completion of ICFR roadmap, the SBP had granted waiver for the submission of Long Form Reports from external auditors from the year 2012. An annual assessment report by Board Audit Committee (BAC) on ICFR duly signed by chairman BAC was submitted to SBP for the years 2013 & 2014.

The Bank has also successfully completed the cycle of SBP's Internal Control over Financial Reporting exercise for the year 2015 and the process shall continue going forward, under the SBP Internal Control Guidelines. In accordance with the said directives, the Annual Assessment Report for the year 2015 shall be submitted by Board Audit Committee to the State Bank of Pakistan during the year 2016.

**MOHAMMED AFTAB MANZOOR**

President & Chief Executive Officer

Lahore : 11 February 2016

# Code of Conduct (SUMMARIZED VERSION)

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

## OBJECTIVE

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

### 1. OUTSIDE BUSINESS INTEREST

No employees shall engage directly or indirectly, in any other business but shall faithfully and diligently, perform the duties entrusted to him /her from time to time and devote maximum time and attention to work of the Bank, and ensure his/her best endeavors to promote its interest and welfare. Neither shall take up any activity which will bring him/her any reward or remuneration or benefit, directly or indirectly other than from the job at the Bank.

### 2. FINANCIAL INTEREST

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

### 3. ANTI BRIBERY & CORRUPTION

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

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

### 4. VIOLATION OF LAW

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

### 5. POLITICAL PARTICIPATION

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

### 6. PROTECTING BANKS RESOURCES

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

### 7. ACT OF MISCONDUCT

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

### 8. DATA SECURITY AND CONFIDENTIALITY

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

### 9. ABIDANCE OF LAWS OF THE LAND

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

### 10. PUNCTUALITY

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

### 11. SEPARATION FROM THE BANK

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

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

### 12. ETHICS, DISCRIMINATION OR HARASSMENT

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

### 13. DRESS CODE & PERSONAL HYGIENE

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

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

### 14. PROTECTING BANK RESOURCES

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

### 15. FRAUD, THEFT OR ILLEGAL ACTIVITY

An employee must not:

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

### 16. EMPLOYEE IDENTIFICATION & SECURITY

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



## **17. USAGE OF COMMUNICATION TOOLS**

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

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

## **18. RECORD MANAGEMENT**

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

## **19. TAXATION**

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

## **20. WORKFORCE DIVERSITY**

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

## **21. RELATED STAFF MEMBERS**

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

## **22. DRUG FREE WORKPLACE**

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

## **23. HEALTH AND SAFETY**

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

## **24. UNFAIR DEALING PRACTICES**

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

## **25. MEDIA AND PUBLIC SPEAKING**

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

## **26. VENDOR RELATIONSHIP**

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

### 27. CONFLICT OF INTEREST

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

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

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

### 28. ACCESS TO BUSINESS INFORMATION

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

### 29. CUSTOMER CONFIDENTIALITY

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

### 30. PERSONAL INVESTMENTS

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

### 31. PERSONAL FINANCIAL NEEDS

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

### 32. MODIFICATIONS AND AMENDMENTS

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

### 33. BREACH OF CODE OF CONDUCT

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

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

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

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

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No 5.19 of listing regulations of Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited into which the Lahore Stock Exchange Limited and the Islamabad Stock Exchange Limited have merged) 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 Syed Ali Zafar
Executive Director	Mr. Mohammad Aftab Manzoor (President & CEO)
Non-Executive Directors	Mr. Alauddin Feerasta Mr. Nooruddin Feerasta Mr. Muhammad Rashid Zahir Mr. Manzoor Ahmed Mr. Shahid Anwar

The independent directors meet the criteria of independence under clause 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 has defaulted in payment of any loan to a banking company, a DFI or an NBFIs 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 Bank is in compliance in respect of completion of training requirements of at least four directors till 31 December 2015. One of the directors on the Board had received "Certificate of Director Education" from the Pakistan Institute of Corporate Governance ("PICG"). Four directors are exempt from training based on the criteria specified in clause 5.19.7 of the Pakistan Stock Exchange Regulations. Further, during the year, 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. Whereas, three other directors will be participating in a three full days' workshop on "Corporate Governance & Director Duties Excellence" to be held in March 2016.



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

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10. The Board has approved appointment of the new Head of Internal Audit, including his remuneration and terms and conditions of employment and all corporate and regulatory requirements in this regard were duly fulfilled. There were no changes in the position of the Chief Financial Officer and the Company Secretary 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 4 members, of whom 3 are non-executive directors and one is an executive director. The Chairman of the Committee is also a non-executive director.
18. The Board has set-up an effective internal audit function. The Head of Internal Audit and audit team are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Bank.
19. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Bank and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Bank's securities, was determined and intimated to directors, employees and the stock exchange. The management identified an instance (involving nominal amount) where an executive inadvertently purchased shares of the Bank during the closed period. This was reported to the Board of Directors and the employee was issued a warning letter.
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 the result of which was also reviewed by the Board.
24. We confirm that all other material principles enshrined in the CCG have been fully complied with.

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

Lahore: 11 February 2016

# 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, 2015 to comply with the requirements of Rule 5.19 of the Pakistan Stock Exchange Regulations issued by the Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited into which the Islamabad Stock Exchange Limited and the Lahore Stock Exchange Limited have merged) 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, 2015.

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

Paragraph reference	Description
21	The management identified an instance (involving nominal amount) whereby an executive inadvertently purchased shares of the Bank during the closed period.

**Chartered Accountants**  
**Karachi: February 25, 2016**

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# Auditors' Report to the Members



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

We have audited the annexed statement of financial position of Soneri Bank Limited (the Bank) as at December 31, 2015 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;
  - (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, 2015, 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: Salman Hussain**

**Karachi: February 25, 2016**

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
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# Statement of Financial Position

As at 31 December 2015

	Note	2015	2014 (Rupees in '000)	2013
<b>ASSETS</b>				
Cash and balances with treasury banks	6	16,718,428	15,776,136	12,672,753
Balances with other banks	7	1,634,544	574,566	707,170
Lendings to financial and other institutions	8	3,306,244	604,342	2,987,751
Investments - net	9	108,633,807	75,715,677	46,702,797
Advances - net	10	112,001,752	107,968,205	97,534,434
Operating fixed assets	11	4,956,732	5,013,968	3,734,084
Deferred tax assets - net	18	-	-	103,495
Other assets - net	12	6,090,322	7,522,413	4,791,388
		253,341,829	213,175,307	169,233,872
<b>LIABILITIES</b>				
Bills payable	14	2,751,084	2,779,715	2,577,943
Borrowings	15	39,875,623	25,824,908	10,485,479
Deposits and other accounts	16	185,222,383	163,250,371	140,579,907
Sub-ordinated loans	17	3,000,000	-	-
Liabilities against assets subject to finance lease		-	-	-
Deferred tax liabilities - net	18	1,417,042	1,419,963	-
Other liabilities	19	2,883,755	2,861,123	2,307,900
		235,149,887	196,136,080	155,951,229
<b>NET ASSETS</b>		<b>18,191,942</b>	<b>17,039,227</b>	<b>13,282,643</b>
<b>REPRESENTED BY</b>				
Share capital	20	11,024,636	11,024,636	11,024,636
Reserves		1,049,465	933,911	617,500
Discount on issue of right shares		(1,001,361)	(1,001,361)	(1,001,361)
Unappropriated profit		4,263,217	3,150,185	1,809,641
		15,335,957	14,107,371	12,450,416
Surplus on revaluation of assets - net of tax	21	2,855,985	2,931,856	832,227
		18,191,942	17,039,227	13,282,643
<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 AND  
CHIEF EXECUTIVE OFFICER

MANZOOR AHMED  
DIRECTOR

SYED ALI ZAFAR  
DIRECTOR

# Profit and Loss Account

For the year ended 31 December 2015

	Note	2015	2014
		(Rupees in '000)	
Mark-up / return / interest earned	23	18,319,732	16,906,398
Mark-up / return / interest expensed	24	(10,722,265)	(10,626,395)
Net mark-up / return / interest income		7,597,467	6,280,003
Provision against non-performing loans and advances - net (Reversal of provision) / provision against diminution in the value of investments - net	10.4.1	1,034,602	548,195
Bad debts written off directly	9.3	(9,277)	814
	10.8	3,916	104
		1,029,241	549,113
Net mark-up / return / interest income after provisions		6,568,226	5,730,890
<b>Non mark-up / interest income</b>			
Fee, commission and brokerage income		1,343,601	1,326,122
Dividend income		160,253	170,002
Income from dealing in foreign currencies	25	472,787	613,175
Gain on sale of securities - net	26	1,126,369	364,867
Unrealised (loss) / gain on revaluation of investments classified as 'held for trading' / future contracts		(2,453)	9,626
Other income	27	52,235	24,898
Total non-mark-up / interest income		3,152,792	2,508,690
		9,721,018	8,239,580
<b>Non mark-up / interest expenses</b>			
Administrative expenses	28	5,974,724	5,605,644
Provision against other assets - net	12.1	66	182
Other charges	29	150,621	191,858
Total non-mark-up / interest expenses		6,125,411	5,797,684
		3,595,607	2,441,896
Extraordinary / unusual items		-	-
<b>Profit before taxation</b>		3,595,607	2,441,896
Taxation - Current	30	1,402,494	930,130
- Prior years	30	98,199	(433,151)
- Deferred	30	(117,854)	362,862
		1,382,839	859,841
<b>Profit after taxation</b>		2,212,768	1,582,055
		(Rupees)	
<b>Basic and diluted earnings per share</b>	31	2.01	1.44

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 AND  
CHIEF EXECUTIVE OFFICER

MANZOOR AHMED  
DIRECTOR

SYED ALI ZAFAR  
DIRECTOR

# Statement of Comprehensive Income

For the year ended 31 December 2015

	Note	2015 (Rupees in '000)	2014
<b>Profit after taxation for the year</b>		2,212,768	1,582,055
<b>Other comprehensive income</b>			
<b>Item that may not be reclassified to profit and loss account</b>			
Remeasurements of defined benefit plan		5,730	6,754
Tax on remeasurements of defined benefit plan		(2,006)	(2,364)
		3,724	4,390
Comprehensive income transferred to statement of changes in equity		2,216,492	1,586,445
<b>Components of comprehensive income not reflected in equity</b>			
Surplus on revaluation of "available-for-sale" securities - net		151,614	2,278,404
Deferred tax on revaluation of "available-for-sale" securities		(112,927)	(826,679)
	(i)	38,687	1,451,725
Surplus on revaluation of operating fixed assets	(ii)	-	-
<b>Total comprehensive income</b>		2,255,179	3,038,170

(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 AND  
CHIEF EXECUTIVE OFFICER

MANZOOR AHMED  
DIRECTOR

SYED ALI ZAFAR  
DIRECTOR



# Cash Flow Statement

For the year ended 31 December 2015

Note	2015	2014
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	3,595,607	2,441,896
Less: Dividend income	160,253	170,002
	3,435,354	2,271,894
<b>Adjustments:</b>		
Depreciation on operating fixed assets	584,034	484,123
Depreciation on ijarah assets	81,542	101,280
Amortisation of intangible assets	38,322	66,527
Operating fixed assets written off directly	24,870	53,683
(Reversal of provision) / provision for diminution in the value of investments	(9,277)	814
Unrealised loss / (gain) on revaluation of investments classified as held-for-trading	2,453	(9,626)
Provision against non-performing loans and advances	1,034,602	548,195
Provision against other assets	66	182
Gain on sale of operating fixed assets	(12,106)	(9,660)
Bad debts written off directly	3,916	104
	1,748,422	1,235,622
	5,183,776	3,507,516
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial and other institutions	(2,701,902)	2,133,409
Advances - net	(5,153,607)	(11,083,350)
Others assets (excluding advance taxation)	110,426	(2,747,156)
	(7,745,083)	(11,697,097)
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	(28,631)	201,772
Borrowings	14,293,729	15,459,515
Deposits and other accounts	21,972,012	22,670,464
Other liabilities	28,362	559,977
	36,265,472	38,891,728
	33,704,165	30,702,147
Income tax paid	(171,001)	(472,406)
<b>Net cash generated from operating activities</b>	33,533,164	30,229,741
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net investments in held-for-trading securities	(51,008)	825,829
Net investments in available-for-sale securities	(33,233,456)	(26,691,096)
Net investments in held-to-maturity securities	524,772	(860,764)
Dividends received	152,160	161,745
Purchase of operating fixed assets	(610,461)	(841,273)
Sale proceeds on disposal of operating fixed assets	32,577	16,683
<b>Net cash used in investing activities</b>	(33,185,416)	(27,388,876)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Sub-ordinated loan	3,000,000	-
Dividend paid	(1,102,464)	-
<b>Net cash generated from financing activities</b>	1,897,536	-
<b>Increase in cash and cash equivalents</b>	2,245,284	2,840,865
Cash and cash equivalents at the beginning of the year	16,101,502	13,260,637
<b>Cash and cash equivalents at the end of the year</b>	18,346,786	16,101,502

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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 AND  
CHIEF EXECUTIVE OFFICER

MANZOOR AHMED  
DIRECTOR

SYED ALI ZAFAR  
DIRECTOR

# Statement of Changes in Equity

For the year ended 31 December 2015

	Share capital	Capital reserves			General reserve	Unappropriated profit (b)	Total
		Discount on issue of shares	Share premium	Statutory reserve (a)			
----- (Rupees in '000) -----							
Balance as at 1 January 2014	11,024,636	(1,001,361)	1,405	616,095	-	1,809,641	12,450,416
Changes in equity during the year ended 31 December 2014							
Total comprehensive income for the year							
Profit after taxation for the year	-	-	-	-	-	1,582,055	1,582,055
Remeasurement gains on defined benefit plan - net of tax	-	-	-	-	-	4,390	4,390
Transfer from surplus on revaluation of fixed assets to unappropriated profit - net of tax (note 21.1)	-	-	-	-	-	70,510	70,510
Transfer from unappropriated profit to statutory reserve	-	-	-	316,411	-	(316,411)	-
Balance as at 31 December 2014	11,024,636	(1,001,361)	1,405	932,506	-	3,150,185	14,107,371
Changes in equity during the year ended 31 December 2015							
Transfer from statutory reserve to unappropriated profit	-	-	-	(327,000)	-	327,000	-
Transactions with owners recognised directly in equity							
Final cash dividend for the year ended 31 December 2014 at Re.1 per share	-	-	-	-	-	(1,102,464)	(1,102,464)
Total comprehensive income for the year							
Profit after taxation for the year	-	-	-	-	-	2,212,768	2,212,768
Remeasurement gains on defined benefit plan - net of tax	-	-	-	-	-	3,724	3,724
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)	-
Balance as at 31 December 2015	11,024,636	(1,001,361)	1,405	1,048,060	-	4,263,217	15,335,957

(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. 972.681 million net of tax as at 31 December 2015 (31 December 2014: Rs. 1,164.961 million) representing additional profit arising from availing forced sale value benefit for determining provisioning requirement which is not available for the purpose of distribution of dividend to shareholders.

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

ALAUDDIN FEERASTA  
CHAIRMAN

MOHAMMAD AFTAB MANZOOR  
PRESIDENT AND  
CHIEF EXECUTIVE OFFICER

MANZOOR AHMED  
DIRECTOR

SYED ALI ZAFAR  
DIRECTOR

# Notes to and Forming Part of the Financial Statements

For the year ended 31 December 2015

## 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 266 branches including 16 Islamic banking branches (2014: 246 branches including 15 Islamic banking branches) in Pakistan.

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

## 2 BASIS OF PRESENTATION

In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these financial statements as such but are restricted to the amount of facility actually utilised and appropriate portion of mark-up thereon.

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

## 3 STATEMENT OF COMPLIANCE

- 3.1 These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, and the directives issued by the SECP and the SBP. Wherever the requirements of provisions and directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, the IFASs notified under the Companies Ordinances, 1984 and the directives issued by the SECP and the SBP differ from the requirements of the IFRSs, the provisions of and the directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, IFASs notified under the Companies Ordinance, 1984 and the directives issued by the SECP and the SBP shall prevail.
- 3.2 The State Bank of Pakistan has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies through BSD Circular No. 10 dated 26 August 2002 till further instructions. In addition, the Securities and Exchange Commission of Pakistan has deferred the applicability of International Financial Reporting Standard 7, Financial Instruments: Disclosures (IFRS 7) vide SRO 411(I) / 2008 dated 28 April 2008 till further orders. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.
- 3.3 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 **Standards, interpretations and amendments to published approved accounting standards that are effective in the current year**
- IFRS 13 'Fair Value Measurement' (effective for annual periods beginning on or after 1 January 2015) establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability



in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 'Financial Instruments: Disclosures'. Accordingly, the Bank has included an additional disclosure in this regard in note 37 to the financial statements. Notwithstanding the above, the change had no impact on the measurements of the Bank's assets and liabilities.

There are certain other new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after 01 January 2015 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are, therefore, not detailed in these financial statements.

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

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 not considered to be relevant or do not have any significant effect on the Bank's operations and, therefore, not detailed in these financial statements.

## **4 BASIS OF MEASUREMENT**

### **4.1 Accounting convention**

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

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 and 30);
- iv) accounting for defined benefit plan (notes 5.10 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 unless otherwise disclosed or specified.

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

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

In Bai Muajjal, the Bank sells shariah compliant instruments on credit to customers. These are included in lendings to financial and other institutions. 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, are valued at the lower of cost and break-up value. Break-up value of unquoted equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. Investments in subsidiaries and associates if any (which qualify for accounting under International Accounting Standards) are carried at cost less impairment, if any.

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

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

## 5.4 Advances

Advances are stated net of specific and general provisions. Specific provision for advances are made in accordance with the requirements of the Prudential Regulations and other directives issued by the SBP and charged to the profit and loss account. General provision against consumer and small enterprises financings portfolio is maintained as per the requirements of the Prudential Regulations issued by the State Bank of Pakistan. Advances are written off when there is no realistic prospect of recovery. 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 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".

### 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".

### 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 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 off, it is charged upto the month of disposal.

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

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.

Maintenance and normal repairs are charged to income as and when incurred. Renewals and improvements are included in an asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably.

Gains and losses on sale of fixed assets are charged / credited to the profit and loss account currently, except that the related surplus on revaluation of fixed assets (net of deferred taxation) is transferred directly to unappropriated profit.

**(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 finite useful life are stated at cost less accumulated amortisation and impairment losses, if any. Intangible assets are amortised from the month, when these assets are available for use, using the straight line method, whereby the cost of the intangible asset is amortised on the basis of the estimated useful life over which economic benefits are expected to flow to the Bank. The residual values, useful lives and amortisation method is reviewed and adjusted, if appropriate, at each 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 period are carried under this head. These are transferred to specific assets as and when assets become available for use.

**(e) Non-current assets held for sale**

The Bank classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.



A non-current asset (or disposal group) held for sale is carried at the lower of its carrying amount and the fair value less costs to sell. Impairment losses are recognised through the profit and loss account for any initial or subsequent write down of the non-current asset (or disposal group) to fair value less costs to sell. Subsequent gains in fair value less costs to sell are recognised to the extent they do not exceed the cumulative impairment losses previously recorded. A non-current asset is not depreciated while classified as held for sale or while part of a disposal group classified as held for sale.

## **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 Assets acquired in satisfaction of claim**

Assets acquired in satisfaction of claim are stated at the lower of the financed amount and their market value at the time of acquisition. The Bank carries out periodic valuation of these assets and any decline in their value below the recognized amount is charged to the profit and loss account. These assets are disclosed in other assets as specified by the SBP.

## **5.9 Provisions and contingent assets and liabilities**

Provisions are recognised when the Bank has a legal or constructive obligation and 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 and are disclosed unless the probability of an outflow of resources embodying economic benefits are remote.

## **5.10 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 2015.

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.

## **5.11 Employees' compensated absences**

During 2012, the Bank revised its compensated absences plan such that, henceforth, the outstanding leave balances expires at the end of each financial year. Moreover, the management introduced a scheme to settle the previous outstanding leaves against encashment. The maximum period available for encashment of leaves has lapsed / expired during the current year.

## **5.12 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) is capitalised as part of the cost of the asset.

## **5.13 Subordinated loans**

Subordinated loans are initially recorded at the amount of proceeds received. Mark-up on subordinated 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.

## **5.14 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 on an accrual basis upon performance of services.
- Dividend income from investments is recognised when the Bank's right to receive the dividend is established.
- Premium or discount on acquisition of investments is amortised using effective yield method and taken to profit and loss account.
- Gains and losses on disposal of investments and operating fixed assets are dealt with through the profit and loss account in the year in which they arise.

## **5.15 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 income.

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

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

### **5.16 Commitments**

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

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

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

### **5.18 Acceptances**

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

### **5.19 Financial instruments**

#### **5.19.1 Financial assets and liabilities**

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

#### **5.19.2 Derivative financial instruments**

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

#### **5.19.3 Off-setting**

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

### **5.20 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.

### **5.21 Dividend and appropriation to reserves**

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

### **5.22 Segment reporting**

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

## (a) Business segments

### (i) Corporate finance

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

### (ii) Trading and sales

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

### (iii) Retail banking

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

## (b) Geographical segment

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

	Note	2015 (Rupees in '000)	2014
<b>6 CASH AND BALANCES WITH TREASURY BANKS</b>			
In hand			
Local currency	6.1	3,599,650	3,238,544
Foreign currencies		1,048,364	1,105,763
In transit			
Local currency		-	-
Foreign currency		91,544	-
With State Bank of Pakistan in			
Local currency current account	6.2	8,529,943	7,434,317
Foreign currency current account	6.3	534,809	624,403
Foreign currency deposit account against foreign currency deposits mobilised	6.4	1,530,053	1,868,841
With National Bank of Pakistan in			
Local currency current account		1,384,065	1,504,268
		<u>16,718,428</u>	<u>15,776,136</u>

**6.1** This includes National Prize Bonds of Rs. 5.226 million (2014: Rs. 9.605 million).

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

**6.3** This represents cash reserve account maintained with SBP at an amount equivalent to at least 5% of the Bank's foreign currency deposits mobilised under FE-25 scheme and carry nil return (2014: nil return).

**6.4** This represents special cash reserve maintained with SBP at an amount equivalent to at least 15% of the Bank's foreign currency deposits mobilised under FE-25 scheme and carry nil return (2014: nil return).



	Note	2015	2014	2013
		----- (Rupees in '000) -----		
<b>7 BALANCES WITH OTHER BANKS</b>				
In Pakistan				
In current accounts		31,474	78,812	64,484
In deposit accounts		182,555	194,608	159,498
Outside Pakistan				
In current accounts	7.1	<u>1,420,515</u>	<u>301,146</u>	<u>483,188</u>
		<u>1,634,544</u>	<u>574,566</u>	<u>707,170</u>

- 7.1** This includes Rs 1,297.630 million (2014: Rs 74.232 million) held in 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	2015	2014	2013
		----- (Rupees in '000) -----		
<b>8 LENDINGS TO FINANCIAL AND OTHER INSTITUTIONS</b>				
Call money lendings	8.2	1,800,000	-	1,000,000
Repurchase agreement lendings		-	-	990,954
Margin Trading System	8.3	69,557	154,342	46,797
Letter of placement	8.4	700,000	-	700,000
Bai Muajjal	8.5	736,687	-	-
Musharaka placements	8.6	-	450,000	250,000
		<u>3,306,244</u>	<u>604,342</u>	<u>2,987,751</u>
<b>8.1 Particulars of lendings</b>				
In local currency		3,306,244	604,342	2,987,751
In foreign currencies		-	-	-
		<u>3,306,244</u>	<u>604,342</u>	<u>2,987,751</u>

- 8.2** This represents lending to a commercial bank which carries mark-up at the rate of 6.50% per annum (2014: nil) and is due to mature on 04 January 2016.
- 8.3** These carry mark-up at rates ranging from 13.44% to 14.53% per annum (2014: 12.98% to 18.31% per annum) and have a maturity period of upto three months.
- 8.4** This represents lending to Pak Brunei Investment Company Limited which carries mark-up at the rate of 7.00% per annum (2014: nil) and is due to mature on 01 March 2016.
- 8.5** These carry mark-up at rates ranging between 5.99% to 6.00% per annum and are due to mature latest by 17 November 2016 (2014: nil).
- 8.6** There are no placements under Musharaka agreement as at 31 December 2015. Comparative figures represent overnight placement with Islamic banks carrying markup at rate ranging from 8.6% to 9.2%.

## 9 INVESTMENTS

### 9.1 Investments by types

Note	2015			2014		
	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	256,484	-	256,484
Market Treasury Bills	-	-	-	483,373	-	483,373
Government of Pakistan -Ijarah Sukuks	400,000	-	400,000	-	-	-
Term Finance Certificates	25,038	-	25,038	-	-	-
	790,865	-	790,865	739,857	-	739,857
<b>Available-for-sale securities</b>						
Market Treasury Bills	37,466,249	609,762	38,076,011	15,524,738	597,843	16,122,581
Pakistan Investment Bonds	35,983,103	22,914,274	58,897,377	37,523,063	12,275,827	49,798,890
Government of Pakistan Ijarah Sukuks	1,600,000	-	1,600,000	300,200	-	300,200
Sukuk certificates	704,001	-	704,001	-	-	-
Fully paid-up ordinary shares	2,471,373	-	2,471,373	2,377,920	-	2,377,920
Units of mutual funds	321,383	-	321,383	237,098	-	237,098
	78,546,109	23,524,036	102,070,145	55,963,019	12,873,670	68,836,689
<b>Held-to-maturity securities</b>						
Pakistan Investment Bonds	261,521	-	261,521	263,257	-	263,257
Government of Pakistan Ijarah Sukuks	1,300,000	-	1,300,000	1,900,000	-	1,900,000
Term Finance Certificates, Bonds and Sukuks	1,655,710	-	1,655,710	1,578,746	-	1,578,746
	3,217,231	-	3,217,231	3,742,003	-	3,742,003
Investments at cost	82,554,205	23,524,036	106,078,241	60,444,879	12,873,670	73,318,549
Less: Provision for diminution in the value of investments	9.3 (125,900)	-	(125,900)	(135,177)	-	(135,177)
Investments (net of provision)	82,428,305	23,524,036	105,952,341	60,309,702	12,873,670	73,183,372
Net surplus on revaluation of held-for-trading securities	9.13 6,483	-	6,483	8,936	-	8,936
Net surplus on revaluation of available-for-sale securities	21.2 1,998,687	676,296	2,674,983	2,081,358	442,011	2,523,369
Total investments	84,433,475	24,200,332	108,633,807	62,399,996	13,315,681	75,715,677

	Note	2015 (Rupees in '000)	2014
<b>9.2 Investments by segments</b>			
<b>Federal Government Securities</b>			
- Market Treasury Bills	9.5	38,076,011	16,605,954
- Pakistan Investment Bonds	9.5	59,469,619	50,318,631
- Government of Pakistan Ijarah Sukuks		3,300,000	2,200,200
		<u>100,845,630</u>	<u>69,124,785</u>
<b>Fully paid-up ordinary shares of Rs. 10 each</b>			
<b>Listed companies</b>			
- Agritech Limited [729,679 (2014: 729,679) shares]		25,539	25,539
- Altern Energy Limited [2,000,000 (2014: 1,200,000) shares]		73,316	39,861
- Bank AL Habib Limited [1,727,000 (2014: nil) shares]		72,756	-
- Bank Alfalah Limited [5,500,000 (2014: 7,900,000) shares]		157,072	210,370
- D.G. Khan Cement Company Limited [1,000,000 (2014: 3,000,000) shares]		136,818	256,493
- Engro Corporation Limited [1,370,000 (2014: 1,000,000) shares]		359,076	183,584
- Engro Fertilizers Limited [900,000 (2014: 2,499,990) shares]		83,786	139,449
- Fauji Fertilizer Bin Qasim Limited [nil (2014: 500,000) shares]		-	22,391
- Fauji Fertilizer Company Limited [200,000 (2014: 1,800,000) shares]		24,670	193,623
- Faysal Bank Limited [3,000,000 (2014: 5,000,000) shares]		52,042	90,297
- Habib Bank Limited [nil (2014: 900,000) shares]		-	179,686
- Habib Metropolitan Bank Limited [3,500,000 (2014: nil) shares]		104,990	-
- Lafarge Pakistan Cement Limited [nil (2014: 6,300,000) shares]		-	101,661
- Lucky Cement Limited [260,000 (2014: nil) shares]		144,006	-
- MCB - Arif Habib Savings and Investments Limited [535,000 (2014: 535,000) shares]		12,224	12,224
- MCB Bank Limited [780,000 (2014: nil) shares]		198,156	-
- Nishat Chunian Limited [nil (2014: 3,500,000) shares]		-	159,001
- Nishat Mills Limited [3,000,000 (2014: nil) shares]		317,576	-
- Oil and Gas Development Company Limited [900,000 (2014: 527,500) shares]		129,089	127,951
- Pakistan Oilfields Limited [nil (2014: 600,000) shares]		-	270,371
- Pakistan Petroleum Limited [350,000 (2014: 900,000) shares]		47,743	188,143
- Pakistan State Oil Company Limited [900,000 (2014: 375,000) shares]		320,023	135,476
- Pakistan Telecommunication Company Limited [2,000,000 (2014: nil) shares]		37,919	-
- Tariq Glass Limited [600,500 (2014: nil) shares]		43,256	-
- United Bank Limited [1,025,000 (2014: nil) shares]		169,622	-
<b>Un-listed companies</b>			
- DHA Cogen Limited [5,853,822 (2014: 5,853,822) shares] (Chief Executive: Mr. Siraj ul Haq)	9.6	-	-
- ISE Towers REIT Management Company Limited (formerly Islamabad Stock Exchange Limited) [3,034,603 (2014: 3,034,603) shares] (Chief Executive: Mian Ayyaz Afzal)	9.7	11,100	11,100
- Khushhali Bank Limited [Nil (2014: 2,500,000) shares] (President: Mr. M. Ghalib Nishtar)	9.8	-	25,000
- Pakistan Export Finance Guarantee Agency Limited [569,958 (2014: 569,958) shares] (Liquidator: Mr. Usman Khawaja)	9.9	5,700	5,700
		<u>2,526,479</u>	<u>2,377,920</u>
<b>Term Finance Certificates, Debentures, Bonds and Participation Term Certificates</b>			
<b>Listed Term Finance Certificates of Rs. 5,000 each</b>			
- Allied Bank Limited 2nd issue [Nil (2014: 12,973) certificates]		-	64,735
- Askari Bank Limited 3rd issue [Nil (2014: 7,000) certificates]		-	34,930
- Azgard Nine Limited [10,000 (2014: 10,000) certificates]		16,269	16,269
- Bank AL Habib Limited 2nd issue [Nil (2014: 8,000) certificates]		-	19,917
<b>Balance carried forward</b>		<u>16,269</u>	<u>135,851</u>

	Note	2015 (Rupees in '000)	2014
<b>Balance brought forward</b>		16,269	135,851
- Engro Fertilizers Limited 4th issue [Nil (2014: 6,325) certificates]		-	22,770
<b>Un-listed Term Finance Certificates of Rs. 5,000 each, unless otherwise specified</b>			
- Agritech Limited [1,488 (2014: 1,488) certificates]		7,440	7,440
- Askari Bank Limited 5th issue [ 5,000 (2014: Nil) certificates]		25,038	-
- Azgard Nine Limited [2,150 (2014: 2,150) certificates]		10,750	10,750
- Bank Alfalah Limited- 4th issue [10,000 (2014: 10,000) certificates]		49,880	49,900
- Faysal Bank Limited - 2nd issue [15,000 (2014: 15,000) certificates]		74,850	74,880
- Standard Chartered Bank (Pakistan) Limited 4th issue [40,000 (2014: 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 [194 (2014: 100) certificates of Rs. 1,000,000 each]		166,286	100,000
- Amreli Steels Limited [10,000 (2014: 10,000) units]		19,000	38,000
- Eden Housing Limited [10,000 (2014: 10,000) certificates]		6,560	6,560
- Engro Fertilizers Limited [32,300 (2014: 32,300) certificates]		153,425	161,500
- K- Electric Limited (Al-Shirkah) [124,686 (2014: Nil) certificates]		623,430	-
- K- Electric Limited [80,000 (2014: 80,000) certificates]		400,000	400,000
- Liberty Power Tech Limited [1,099,430 certificates of Rs.100 each (2014: 1,099,430 certificates of Rs.100 each) certificates]		76,032	87,200
- Pak Elektron Limited [10,000 (2014: 10,000) certificates]		10,714	21,429
- Pakistan Mobile Communication Limited [100,000 (2014: 43,478) certificates]		500,000	217,391
- Three Star Hosiery Mills (Private) Limited [5,100 (2014: 5,100) certificates]		25,215	25,215
- Water and Power Development Authority (WAPDA) bonds [4,000 (2014: 4,000) certificates]	9.10	19,860	19,860
		2,384,749	1,578,746
<b>Units of Mutual Funds</b>			
<b>Open ended</b>			
- National Investment Unit Trust [Nil (2014: 447,067) units] (Managed by National Investment Trust Limited)		-	25,000
- NIT Islamic Equity Fund [10,022,257 (2014: Nil) units] (Managed by National Investment Trust Limited)		100,223	-
- NIT Income Fund [9,211,835 (2014: 9,211,835) units] (Managed by National Investment Trust Limited)		100,000	100,000
<b>Closed-end</b>			
- PICIC Growth Fund [7,500,000 (2014: 8,000,000) certificates] (Managed by PICIC Asset Management Company Limited)		121,160	112,098
		321,383	237,098
<b>Total Investments at cost</b>		106,078,241	73,318,549
Less: Provision for diminution in the value of investments	9.3	(125,900)	(135,177)
		105,952,341	73,183,372
Surplus on revaluation of held-for-trading securities- net		6,483	8,936
Surplus on revaluation of available-for-sale securities - net	21.2	2,674,983	2,523,369
		108,633,807	75,715,677
<b>9.3 Particulars of provision for diminution in the value of investments</b>			
Opening balance		135,177	134,363
Charge for the year		1,438	814
Reversals made during the year		(10,715)	-
		(9,277)	814
Closing balance		125,900	135,177



	Note	2015 (Rupees in '000)	2014
<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		23,392	21,954
<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 Electron Limited		10,714	21,429
- Three Stars Hosiery Mills (Private) Limited		25,215	25,215
- Water and Power Development Authority (WAPDA) sukuk	9.10	19,860	19,860
		<u>125,900</u>	<u>135,177</u>
<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 (2014: 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 pledge of third party share by the consortium bank. These were recorded at Nil value as the break-up value of shares as per the latest 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> During the year, the Bank sold its investment in the shares of Khushhali Bank Limited. The carrying value of the investment was Rs 25 million which was sold at an aggregate purchase consideration of Rs 43.75 million.			
<b>9.9</b> This investment is fully provided and as per "shares subscription agreement", can only be sold to an existing investor.			
<b>9.10</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.			
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 sukuku were already entered in the Central Depository Register of seller's account. However, the Bank has made a full provision against these certificates. The Bank has filed a recovery suit which is pending before the Honourable High Court of Sindh, Karachi.			

**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	January 2016 to August 2016	On maturity	6.86 to 9.15	At maturity
Pakistan Investment Bonds	July 2016 to January 2024	On maturity	6.53 to 13.02	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)	2015		2014	
	Amount	Rating	Amount	Rating
	(Rupees in '000)		(Rupees in '000)	
<b>Federal Government Securities</b>				
- Market Treasury Bills	38,144,282	N / A	16,164,704	N / A
- Pakistan Investment Bonds	61,550,414	N / A	52,007,633	N / A
- Ijarah sukuks	1,618,080	N / A	300,810	N / A
<b>Fully paid up ordinary shares of Rs. 10 each</b>				
<b>Listed companies</b>				
- Agritech Limited	6,822	D	5,655	D
- Altern Energy Limited	65,000	N / A	36,648	N / A
- Bank AL Habib Limited	71,844	AA+(L), A1+(S)	-	-
- Bank Alfalah Limited	158,510	AA(L), A1+(S)	275,552	AA(L), A1+(S)
- D.G.Khan Cement Company Limited	147,590	N / A	331,590	N / A
- Engro Corporation Limited	335,268	AA(L), A1+(S)	221,511	AA-(L), A1+(S)
- Engro Fertilizers Limited	75,717	AA-(L), A1+(S)	195,249	A+(L), A1(S)
- Fauji Fertilizer Bin Qasim Limited	-	N / A	22,605	N / A
- Fauji Fertilizer Company Limited	23,596	N / A	210,798	N / A
- Faysal Bank Limited	46,290	AA(L), A1+(S)	91,000	AA (L), A1+(S)
- Habib Bank Limited	-	-	194,634	AAA(L), A-1+(S)
- Habib Metropolitan Bank Limited	106,645	AA+(L), A1+(S)	-	-
- Lafarge Pakistan Cement Limited	-	-	109,305	N / A
- Lucky Cement Limited	128,710	N / A	-	-
- MCB Bank Limited	162,638	AAA(L), A1+(S)	-	-
- MCB-Arif Habib Savings and Investments Limited	16,211	AM2+	12,305	AM2
- Nishat Chunian Limited	-	-	158,970	A-(L), A-2(S)
- Nishat Mills Limited	284,610	AA(L), A1+(S)	-	-
- Oil and Gas Development Company Limited	105,606	AAA(L), A-1+(S)	108,596	AAA(L), A-1+(S)
- Pakistan Oilfields Limited	-	-	227,616	N/A
- Pakistan Petroleum Limited	42,634	N / A	158,868	N/A
- Pakistan State Oil Company Limited	293,193	AA(L), A1+(S)	134,216	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), A-1+(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
- Khushhali Bank Limited	-	-	25,000	A(L), A-1(S)
- Pakistan Export Finance Guarantee Agency Limited	5,700	N / A	5,700	N / A
<b>Units of mutual funds</b>				
<b>Open-ended</b>				
- National Investment Unit Trust	-	-	29,279	4 Star (L), 5 Star (S)
- NIT Islamic Equity Fund	98,920	N / A	-	-
- NIT Income Fund	99,095	A+(f)	101,560	A+(f)
<b>Balance carried forward</b>	103,832,224		71,140,904	

Securities (at market value)	2015		2014	
	Amount (Rupees in '000)	Rating	Amount (Rupees in '000)	Rating
<b>Balance brought forward</b>	103,832,224		71,140,904	
<b>Closed-end</b>				
- PICIC Growth Fund	168,975	MFR 3-Star	197,200	MFR 3-Star
<b>Term Finance Certificates</b>				
- Engro Corporation Limited	-	-	-	A+
<b>Sukuk certificates</b>				
- Al Baraka Bank (Pakistan) Limited	79,963	AA-1	-	-
- K-Electric Limited	640,574	AA	-	-
<b>Total</b>	<u>104,721,736</u>		<u>71,338,104</u>	

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

### 9.13 Unrealised gain / (loss) on revaluation of investments classified as held for trading

Ordinary shares of listed companies  
Term Finance Certificates  
Government of Pakistan - ijarah Sukuku  
Pakistan Investment Bonds  
Market Treasury Bills

2015 (Rupees in '000)	2014
(1,105)	-
(103)	-
4,520	-
3,171	8,910
-	26
<u>6,483</u>	<u>8,936</u>

Note	2015	2014	2013
	(Rupees in '000)		

## 10 ADVANCES

Loans, cash credits, running finances, etc.

In Pakistan

Outside Pakistan

Bills discounted and purchased (excluding treasury bills)

Payable in Pakistan

Payable outside Pakistan

Assets under Ijarah (IFAS-2)

Advance against Islamic financing

Advances - gross

Provision for non-performing advances

Advances - net of provision

10.2

10.3

10.4.1

### 10.1 Particulars of advances (gross)

#### 10.1.1 In local currency

In foreign currencies

#### 10.1.2 Short-term (upto one year)

Long-term (over one year)

2015	2014	2013
111,921,349	108,965,704	97,397,600
-	-	-
<u>111,921,349</u>	<u>108,965,704</u>	<u>97,397,600</u>
3,761,206	924,785	707,037
3,438,619	3,838,714	6,212,896
<u>7,199,825</u>	<u>4,763,499</u>	<u>6,919,933</u>
229,923	202,843	274,490
<u>1,265,863</u>	<u>1,681,689</u>	<u>80,916</u>
120,616,960	115,613,735	104,672,939
(8,615,208)	(7,645,530)	(7,138,505)
<u>112,001,752</u>	<u>107,968,205</u>	<u>97,534,434</u>
115,173,189	104,162,974	95,012,149
5,443,771	11,450,761	9,660,790
<u>120,616,960</u>	<u>115,613,735</u>	<u>104,672,939</u>
85,007,792	89,097,174	80,853,844
35,609,168	26,516,561	23,819,095
<u>120,616,960</u>	<u>115,613,735</u>	<u>104,672,939</u>

## 10.2 Net investment in Ijarah - Ijarah accounted for under IFAS-2

	2015							
	Cost			Accumulated Depreciation				
	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	Net investment in ijarah as at 31 December 2015	Rate of depreciation %
Assets held under Ijarah	(Rupees in '000)							
Motor vehicles	178,733	94,120	231,270	102,587	20,339	82,367	148,903	Over the ijarah period
		(41,583)			(40,559)			
Plant and machinery	287,640	15,526	302,681	160,943	61,203	221,661	81,020	Over the ijarah period
		(485)			(485)			
	466,373	109,646	533,951	263,530	81,542	304,028	229,923	
		(42,068)			(41,044)			
	2014							
	Cost			Accumulated Depreciation				
	At 01 January 2014	Additions/ (deletions)	At 31 December 2014	At 01 January 2014	Charge for the year/(depreciation on deletions)	At 31 December 2014	Net investment in ijarah as at 31 December 2014	Rate of depreciation %
Assets held under Ijarah	(Rupees in '000)							
Motor vehicles	198,052	18,120	178,733	99,438	33,226	102,587	76,146	Over the ijarah period
		(37,439)			(30,077)			
Plant and machinery	348,078	18,875	287,640	172,202	68,054	160,943	126,697	Over the ijarah period
		(79,313)			(79,313)			
	546,130	36,995	466,373	271,640	101,280	263,530	202,843	
		(116,752)			(109,390)			
	2013							
	Cost			Accumulated Depreciation				
	At 01 January 2013	Additions/ (deletions)	At 31 December 2013	At 01 January 2013	Charge for the year/(depreciation on deletions)	At 31 December 2013	Net investment in ijarah as at 31 December 2013	Rate of depreciation %
Assets held under Ijarah	(Rupees in '000)							
Motor vehicles	203,944	5,934	198,052	70,943	40,321	99,438	98,614	Over the ijarah period
		(11,826)			(11,826)			
Plant and machinery	174,284	191,276	348,078	113,190	76,494	172,202	175,876	Over the ijarah period
		(17,482)			(17,482)			
	378,228	197,210	546,130	184,133	116,815	271,640	274,490	
		(29,308)			(29,308)			

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

		2015	2014	2013
		(Rupees in '000)		
Not later than one year		250,816	171,877	36,089
Later than one year but not later than five years		30,313	46,912	170,368
		<u>281,129</u>	<u>218,789</u>	<u>206,457</u>
<b>10.3 Advance against Islamic financing</b>				
Car ijarah		28,044	16,128	19,617
Diminishing Musharaka		791,322	374,990	-
Machine ijarah		23,122	-	33,691
Murabaha		89,108	426,108	27,608
Salam		334,267	864,463	-
		<u>1,265,863</u>	<u>1,681,689</u>	<u>80,916</u>



**10.4** Advances include Rs. 11,584.107 million (2014: Rs.10,224.405 million) which have been placed under non-performing status as detailed below:

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>

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

\* The 'Other Assets Especially Mentioned' category pertains to agricultural finance, consumer and small enterprise amounting to Rs.33.191 million (2014: Rs.28.385 million), Rs.0.087 million (2014: Rs.0.049 million) and Rs.15.460 million (2014: Rs.14.037 million) respectively.

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

	Note	2015				2014			
		General				General			
		Specific	Consumer	Small Enterprises	Total	Specific	Consumer	Small Enterprises	Total
		(Rupees in '000)							
Opening balance		7,610,972	15,558	19,000	7,645,530	7,108,724	10,781	19,000	7,138,505
Charge for the year		1,814,735	11,666	-	1,826,401	1,105,669	4,777	-	1,110,446
Reversals		(791,799)	-	-	(791,799)	(562,251)	-	-	(562,251)
		<u>1,022,936</u>	<u>11,666</u>	<u>-</u>	<u>1,034,602</u>	<u>543,418</u>	<u>4,777</u>	<u>-</u>	<u>548,195</u>
Transfers		-	-	-	-	-	-	-	-
Amount written off	10.8	(64,924)	-	-	(64,924)	(41,170)	-	-	(41,170)
Closing balance		<u>8,568,984</u>	<u>27,224</u>	<u>19,000</u>	<u>8,615,208</u>	<u>7,610,972</u>	<u>15,558</u>	<u>19,000</u>	<u>7,645,530</u>

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

**10.4.1.2** 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

	2015				2014			
	Specific	General Consumer	Small Enterprises	Total	Specific	General Consumer	Small Enterprises	Total
	(Rupees in '000)							
In local currency	8,568,984	27,224	19,000	8,615,208	7,610,972	15,558	19,000	7,645,530
In foreign currencies	-	-	-	-	-	-	-	-
	8,568,984	27,224	19,000	8,615,208	7,610,972	15,558	19,000	7,645,530

**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 and investments as allowed under the regulation issued by the State Bank of Pakistan. Had the benefit not been taken by the Bank, the specific provision against non-performing advances would have been higher by Rs.1,496.433 million. The additional profit arising from availing this benefit - net of the tax amounts to Rs.972.681 million. This profit is not available for distribution either as cash or stock dividend.

**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 (2014: Rs. 143.751 million).

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

#### 10.8 Particulars of write offs:

	Note	2015 (Rupees in '000)	2014 (Rupees in '000)
<b>10.8.1</b> Against provisions	10.4.1	64,924	41,170
Directly charged to the profit and loss account		3,916	104
		68,840	41,274
<b>10.8.2</b> Write offs of Rs.500,000 and above	10.8.2.1	68,361	40,727
Write offs of below Rs.500,000		479	547
		68,840	41,274

#### 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 2015 is given at Annexure - I. However, this write off does not affect the Bank's right to recover the 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\*.

	2015 (Rupees in '000)	2014 (Rupees in '000)
Balance at beginning of the year	2,132,902	1,535,293
Loans granted during the year	1,236,538	1,100,729
Repayments	(585,838)	(503,120)
Balance at end of the year	2,783,602	2,132,902

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

Note	2015	2014	2013
	(Rupees in '000)		

## 11 OPERATING FIXED ASSETS

Property and equipment	11.1	4,803,699	4,922,577	3,548,832
Intangible assets	11.2	72,651	61,021	77,035
Capital work-in-progress	11.3	80,382	30,370	108,217
		<u>4,956,732</u>	<u>5,013,968</u>	<u>3,734,084</u>

### 11.1 Property and equipments

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

	2014								
	COST / REVALUATION				ACCUMULATED DEPRECIATION				
	At 01 January 2014	Additions / (deletions) adjustments*	Revaluation surplus	At 31 December 2014	At 01 January 2014	Charge for the year / (depreciation on deletions) / adjustments*	At 31 December 2014	Book value at 31 December 2014	Rate of depreciation %
	(Rupees in '000)								
Freehold land	362,778	450,500	114,293	927,571	-	-	-	927,571	-
Leasehold land	160,689	-	24,677	185,366	-	-	-	185,366	-
Buildings on freehold land	127,569	7,244 (2,740)*	7,962	140,035	12,386	8,829	21,215	118,820	5 - 9
Buildings on leasehold land	2,077,854	35,602 (51,247) 1,332*	903,035	2,966,576	773,129	119,358 (28,448) -	864,039	2,102,537	5 - 13
Leasehold improvements	808,305	186,062 (53,361) 746*	-	941,752	140,831	41,705 (21,470) (325)*	160,741	781,011	5
Furniture and fixtures	321,432	41,781 (3,962) (10)*	-	359,241	125,973	29,436 (2,875) 31*	152,565	206,676	10
Electrical, office and computer equipment	2,058,374	124,656 (68,952) 1,271*	-	2,115,349	1,411,912	251,918 (64,351) 4,279*	1,603,758	511,591	20
Vehicles	186,920	22,762 (9,299) 3,386*	-	203,769	90,858	32,877 (8,971)	114,764	89,005	20
	6,103,921	868,607 (186,821) 3,985*	1,049,967	7,839,659	2,555,089	484,123 (126,115) 3,985*	2,917,082	4,922,577	

\* These represent reclassification adjustments.

\*\* These include a property having book value of Rs.20.208 million classified as 'held for sale' as at 31 December 2015 by the Bank. A formal plan to dispose off this property is in place and it is expected that the process of sale of this property will be completed in the near future.

**11.1.1** The cost of fully depreciated property and equipment still in use amounts to Rs.1,555.060 million (2014: Rs.1,301.605 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 and buildings on leasehold land were determined at Rs.3,334.294 million.

Had there been no revaluation, the carrying amount of revalued assets at 31 December 2015 would have been Rs.1,454.203 million (2014: Rs.1,494.498 million).

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



## 11.2 Intangible assets

2015								
Cost			Accumulated Amortization				Annual rate of amortisation %	
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	Net Book value at 31 December 2015		
(Rupees in '000)								
Software	402,472	49,141 (1,550) 4,228 *	454,291	342,335	37,875 (288) 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 (1,550) 4,228 *	458,499	345,631	38,322 (288) 2,183*	385,848	72,651	
2014								
Cost			Accumulated Amortization				Annual rate of amortisation %	
At 01 January 2014	Additions/ (deletions)/ adjustments*	At 31 December 2014	At 01 January 2014	Charge for the year/ (amortisation on deletion)/ adjustments*	At 31 December 2014	Net Book value at 31 December 2014		
(Rupees in '000)								
Software	352,628	49,844	402,472	276,069	66,266	342,335	60,137	33.33
Trademark	3,511	669	4,180	3,035	261	3,296	884	33.33
	356,139	50,513	406,652	279,104	66,527	345,631	61,021	

\* These represent reclassification adjustments.

- 11.2.1 The additions mainly represent license fee in respect of acquisition of various softwares amounting to Rs. 49.141 million (2014: Rs. 49.844 million) for support of the core banking software namely Sonaware Dot Net.

2015  
(Rupees in '000)

2014

## 11.3 Capital work-in-progress

Civil works	45,574	5,459
Advances to suppliers and contractors	31,262	24,911
Consultant's fee and other charges	3,546	-
	<u>80,382</u>	<u>30,370</u>

Note

2015

2014

2013

(Rupees in '000)

## 12 OTHER ASSETS

Income / mark-up accrued in local currency	4,726,676	4,950,879	2,342,808
Income / mark-up accrued in foreign currency	5,768	59,906	5,630
Dividend receivable	16,350	8,257	-
Advances, deposits and prepayments	340,152	311,488	332,742
Advance taxation (provisions less payments)	524,509	1,854,201	1,878,774
Cash Margin against Future Trading	-	-	428
Cash Margin against Margin Trading	5,500	27,500	12,500
Non-banking assets acquired in satisfaction of claim	12.3	17,400	17,400
Stationery and stamps in hand	29,330	27,965	96,050
Due from the State Bank of Pakistan	61,493	172,977	49,670
Advance against subscription of Term Finance Certificates	250,000	-	-
Others	12.2	270,970	212,964
	<u>6,248,148</u>	<u>7,680,173</u>	<u>4,948,966</u>
Less: Provision held against other assets	12.1 & 12.2	(157,826)	(157,578)
Other assets (net of provision)	<u>6,090,322</u>	<u>7,522,413</u>	<u>4,791,388</u>

	2015	2014	2013
	(Rupees in '000)		
<b>12.1 Provision against other assets</b>			
Opening balance	157,760	157,578	192,244
Charge for the year	66	182	4,890
Reversal	-	-	(35,218)
	66	182	(30,328)
Write-offs	-	-	(4,338)
Closing balance	157,826	157,760	157,578

- 12.2** This includes an amount of Rs.143.443 million (2014: 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.

	2015	2014	2013
	(Rupees in '000)		
<b>12.3</b> Book value / market value of non-banking assets acquired in satisfaction of claim	17,400	17,400	21,079

This represents a non-banking asset acquired in satisfaction of claims amounting to Rs.17.4 million classified as held for sale. A formal plan to dispose off the property / asset is in place and it is expected that the process of sale of these properties will be completed in the near future.

	2015	2014
	(Rupees in '000)	
<b>13 CONTINGENT ASSETS</b>		
There were no contingent assets as at the balance sheet date.		
<b>14 BILLS PAYABLE</b>		
In Pakistan	2,751,084	2,779,715
Outside Pakistan	-	-
	2,751,084	2,779,715
<b>15 BORROWINGS</b>		
In Pakistan	37,320,678	23,885,030
Outside Pakistan	2,554,945	1,939,878
	39,875,623	25,824,908
<b>15.1 Particulars of borrowings with respect to currencies</b>		
In local currency	37,320,678	23,885,030
In foreign currencies	2,554,945	1,939,878
	39,875,623	25,824,908

	Note	2015 (Rupees in '000)	2014
<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	8,582,028	8,143,422
Long term Financing Facility for plant and machinery	15.2.2	985,892	838,052
Long term Finance - export oriented projects	15.2.3	602	53,399
Modernisation of SME-Rice Husking	15.2.4	22,800	29,669
Financing facility for storage of agriculture produce	15.2.5	27,472	16,578
Repurchase agreement borrowings	15.2.6	23,591,859	12,681,331
Repurchase agreement borrowings - other banks	15.2.7	610,025	597,861
Borrowings from other financial institutions	15.2.8	2,548,759	1,690,678
		<u>36,369,437</u>	<u>24,050,990</u>
<b>Unsecured</b>			
Call borrowings	15.2.9	3,500,000	1,524,718
Overdrawn nostro accounts		6,186	249,200
		<u>3,506,186</u>	<u>1,773,918</u>
		<u>39,875,623</u>	<u>25,824,908</u>
<b>15.2.1</b> 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 2.50% to 3.50% per annum (2014: 7.50% to 8.40% per annum). These are secured against demand promissory notes.			
<b>15.2.2</b> This represents borrowings from the SBP under scheme for Long-term Financing Facility at rates ranging from 3.00% to 9.70% per annum (2014: 8.40% to 8.80% per annum), and have varying long term maturities as stipulated by the SBP. Under the agreement, SBP has a right to recover the outstanding amount from the Bank at the respective maturity date of each finance by directly debiting the current account of the Bank maintained with SBP.			
<b>15.2.3</b> These borrowings have been obtained from the SBP to provide financing facilities to export oriented units for the import of machinery, plant, equipment and accessories thereof (not manufactured locally).			
<b>15.2.4</b> This represents 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 (2014: 6.00% to 7.00% per annum).			
<b>15.2.5</b> This represents borrowings from the SBP under scheme for storage of agriculture produce at the rates ranging from 4.75% to 6.25% per annum (2014: 5.50% to 6.50% per annum).			
<b>15.2.6</b> This represents repurchase agreements executed with the State Bank of Pakistan which carry mark up at the rate of 6.11% per annum (2014: 9.50%) and are due to mature in January 2016.			
<b>15.2.7</b> This represents repurchase agreements at rate of 5.75% to 6.50% per annum (2014: 8.50% to 9.45% per annum) and has a maturity period of six months.			
<b>15.2.8</b> This represents borrowings against foreign bills from various foreign banks at rates ranging from 1.60% to 1.71% per annum (2014: 2.52% to 2.77% per annum) and are due to mature on various dates latest by 16 March 2016.			
<b>15.2.9</b> This represents borrowings from a commercial bank in the inter bank money market. It carries mark-up at the rate of 6.05% per annum (2014: 9.50% per annum) and is due to mature in January 2016.			

## 16 DEPOSITS AND OTHER ACCOUNTS

### Customers

#### Remunerative

Fixed deposits	52,761,956	52,256,441
Savings deposits	74,784,165	67,642,053

#### Non-remunerative

Current accounts	41,505,296	37,225,600
Call deposits	471,170	439,713
Margin deposits	1,648,294	1,676,337

### Financial institutions

Remunerative - savings deposits	13,793,944	3,761,721
Non-remunerative current deposits	257,558	248,506

2015  
(Rupees in '000)

	2015	2014
	52,761,956	52,256,441
	74,784,165	67,642,053
	41,505,296	37,225,600
	471,170	439,713
	1,648,294	1,676,337
	<u>171,170,881</u>	<u>159,240,144</u>
	13,793,944	3,761,721
	257,558	248,506
	<u>14,051,502</u>	<u>4,010,227</u>
	<u>185,222,383</u>	<u>163,250,371</u>

	2015 (Rupees in '000)	2014 (Rupees in '000)
<b>16.1 Particulars of deposits</b>		
In local currency	175,093,333	150,925,515
In foreign currencies	10,129,050	12,324,856
	<u>185,222,383</u>	<u>163,250,371</u>
<b>17 SUB-ORDINATED LOANS - UNSECURED (NON-PARTICIPATORY)</b>		
Listed Term Finance Certificates	<u>3,000,000</u>	<u>-</u>

- 17.1** 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 maintained the credit rating of A+ for the instrument through its notification dated: 17 December 2015. 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 month period) plus 1.35% per annum (subject to no floor and cap).

The TFCs contains a lock-in clause which stipulates that neither interest nor principal may be paid (even at maturity) if such payments will result in shortfall in the Bank's 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 Rule, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC Holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFC' divided by market value per share of the bank's common equity on the date of trigger of the non-viability event as declared by SBP, subject to the cap of 225,000,000 shares.

	Note	2015 (Rupees in '000)	2014 (Rupees in '000)
<b>18. DEFERRED TAX LIABILITIES</b>			
<b>Deferred credits arising in respect of:</b>			
Accelerated tax depreciation		317,517	344,952
Surplus on revaluation of fixed assets	21.1	544,926	607,993
Surplus on revaluation of securities	21.2	936,244	823,317
		<u>1,798,687</u>	<u>1,776,262</u>
<b>Deferred debits arising in respect of:</b>			
Actuarial loss on defined benefit plan		(19,927)	(21,933)
Provision against non-performing advances		(361,718)	(334,366)
		<u>(381,645)</u>	<u>(356,299)</u>
<b>Deferred tax liability - net</b>		<u>1,417,042</u>	<u>1,419,963</u>



	2015 (Rupees in '000)	2014
<b>19 OTHER LIABILITIES</b>		
Mark-up / return / interest payable in local currency	1,289,242	1,477,062
Mark-up / return / interest payable in foreign currencies	26,189	52,050
Unearned commission and income on bills discounted	61,233	60,255
Unrealised loss on forward foreign exchange contracts	27,921	23,406
Accrued expenses	429,817	416,564
Branch adjustment account - net	170,797	126,286
Provision for employees' compensated absences	-	28,336
Payable to Workers' Welfare Fund	318,053	236,275
Sundry deposits	306,827	342,371
Others	253,676	98,518
	<u>2,883,755</u>	<u>2,861,123</u>

## 20 SHARE CAPITAL

### 20.1 Authorised capital

2015 (Number of shares)	2014		2015 (Rupees in '000)	2014
<u>1,500,000,000</u>	<u>1,200,000,000</u>	Ordinary shares of Rs. 10/- each	<u>15,000,000</u>	<u>12,000,000</u>

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

	2015			2014			2015	2014
	Issued for cash	Issued as bonus shares	Total	Issued for cash	Issued as bonus shares	Total	(Rupees in '000)	
	Number of shares							
Opening balance	387,397,655	715,065,828	1,102,463,483	387,397,655	715,065,828	1,102,463,483	11,024,636	11,024,636
Shares issued during the year	-	-	-	-	-	-	-	-
Closing balance	<u>387,397,655</u>	<u>715,065,828</u>	<u>1,102,463,483</u>	<u>387,397,655</u>	<u>715,065,828</u>	<u>1,102,463,483</u>	<u>11,024,636</u>	<u>11,024,636</u>

### 20.3 Major shareholders as at 31 December 2015 are 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>

Major shareholders as at 31 December 2014 were as follows:

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

	Note	2015 (Rupees in '000)	2014 (Rupees in '000)
<b>21 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX</b>			
Surplus on revaluation (net of tax) of:			
- operating fixed assets	21.1	1,117,246	1,231,804
- available-for-sale securities	21.2	1,738,739	1,700,052
		<u>2,855,985</u>	<u>2,931,856</u>
<b>21.1 Surplus on revaluation of fixed assets - net of tax</b>			
Surplus on revaluation of operating fixed assets - opening		1,839,797	898,307
Adjustment arising in respect of revaluation of operating fixed assets		-	1,049,967
Transferred to unappropriated profit in respect of incremental depreciation charged on related assets - net of deferred tax		(114,558)	(70,510)
Related deferred tax liability		(63,067)	(37,967)
		<u>(177,625)</u>	<u>(108,477)</u>
Surplus on revaluation of operating fixed assets		1,662,172	1,839,797
Less: Related deferred tax liability	18	(544,926)	(607,993)
		<u>1,117,246</u>	<u>1,231,804</u>
<b>21.2 Surplus on revaluation of available for sale securities - net of tax</b>			
Federal Government Securities		2,739,389	2,251,477
Sukuk certificates		16,537	-
Quoted shares / closed end mutual funds		(78,736)	266,053
Others - open ended mutual funds		(2,207)	5,839
		<u>2,674,983</u>	<u>2,523,369</u>
Related deferred tax liability	18	(936,244)	(823,317)
		<u>1,738,739</u>	<u>1,700,052</u>
<b>22 CONTINGENCIES AND COMMITMENTS</b>			
<b>22.1 Direct credit substitutes</b>			
Financial guarantees issued favouring:			
- Government		1,869,017	1,585,218
- Others		348,968	348,196
		<u>2,217,985</u>	<u>1,933,414</u>
<b>22.2 Transaction-related contingent liabilities</b>			
Guarantees issued favouring:			
- Government		4,444,972	4,864,566
- Financial institutions		89,254	226,765
- Others		2,060,428	2,093,037
		<u>6,594,654</u>	<u>7,184,368</u>
<b>22.3 Trade-related contingent liabilities</b>			
Letters of credit		17,219,009	14,464,222
Acceptances		<u>2,312,668</u>	<u>3,297,683</u>
<b>22.4 Commitments in respect of forward lending</b>			
Commitments to extend credit		<u>5,212,790</u>	<u>6,831,514</u>

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

**2015**                      **2014**  
**(Rupees in '000)**

**22.5 Commitments in respect of forward exchange contracts**

Purchase

- From other banks
- From customers

41,950,008	12,498,268
2,013,518	2,713,877
43,963,526	15,212,145

Sale

- To other banks
- To customers

39,355,948	15,237,683
393,506	2,944
39,749,454	15,240,627

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

**22.6 Commitments in respect of lendings to financial and other institutions**

Margin trading system

7,775                      20,104

**22.7 Commitments in respect of purchase of fixed assets**

22,337                      174,179

**22.8 Other contingencies**

**22.9 Taxation**

- 22.9.1 (a)** The Income tax returns of the Bank have been filed upto tax year 2015 (accounting year ended 31 December 2014). The Income tax authorities have issued amended assessment orders for tax years 2011 and 2014 and created additional tax demands of Rs 664.615 million (which include impact of certain timing differences as well) 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 include 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)** The 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.

- 22.9.2** Claims against the Bank not acknowledged as debts amounted to Rs. 2.40 million (2014: Rs. 2.40 million).

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

- 22.9.4** Through the Finance Act, 2008 an amendment was made in the Employees Old Age Benefits Act, 1976 whereby the exemption available to banks and their employees was withdrawn by omission of clause (e) of Section 47 of the said Act and banks and their employees were made liable for contribution to Employee Old Age Benefit Institution. 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 is currently pending.

In case of any adverse decision by the Supreme Court of Pakistan, a contribution of Rs.58.479 million (upto 31 December 2014: Rs. 42.03 million) will become payable by the Bank to EOBI. The said amount of Rs.58.479 million has not been provided in these financial statements as the Bank is fully confident that the case will be decided in Bank's favor.

	2015	2014
	(Rupees in '000)	
<b>23 MARK-UP / RETURN / INTEREST EARNED</b>		
On loans and advances to customers	8,562,444	9,706,279
Ijarah income - net	32,284	34,923
On investments:		
- Held-for-trading securities	116,720	108,028
- Available-for-sale securities	9,066,772	6,235,462
- Held-to-maturity securities	289,262	346,974
On deposits with financial institutions	75,085	57,261
On securities purchased under resale agreements	95,026	175,679
On placements and call money lendings	77,115	128,971
Income on bai muajjal placements	5,024	-
Mark-up on delayed tax refunds	-	112,821
	<u>18,319,732</u>	<u>16,906,398</u>
<b>24 MARK-UP / RETURN / INTEREST EXPENSED</b>		
Deposits	8,562,621	9,196,339
Securities sold under repurchase agreements	1,426,662	466,207
Borrowings from the State Bank of Pakistan under various re-finance schemes	405,195	576,414
Call borrowings	148,791	387,435
Sub-ordinated loans	178,996	-
	<u>10,722,265</u>	<u>10,626,395</u>
<b>25 INCOME FROM DEALING IN FOREIGN CURRENCIES</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. 117.117 million (2014: Rs. 51.192 million).		
	2015	2014
	(Rupees in '000)	
<b>26 GAIN ON SALE OF SECURITIES - NET</b>		
Ordinary shares - listed equity securities	373,768	302,405
Ordinary shares - unlisted equity securities	18,750	-
Units of mutual funds	24,280	-
Pakistan Investment Bonds	630,484	48,256
Market Treasury Bills	73,234	5,958
Term Finance Certificates	200	1,270
GOP Ijarah Sukuks	5,653	6,978
	<u>1,126,369</u>	<u>364,867</u>
<b>27 OTHER INCOME</b>		
Gain on sale of property and equipment	12,106	9,660
Provision no longer required written back	24,351	-
Staff notice period and other recoveries	15,778	15,238
	<u>52,235</u>	<u>24,898</u>



	Note	2015 (Rupees in '000)	2014
<b>28 ADMINISTRATIVE EXPENSES</b>			
Salaries, allowances, etc.	28.4	2,353,153	2,133,962
Charge for defined benefit plan	34.5	71,762	61,644
Contribution to defined contribution plan	35	94,247	86,775
Non-executive directors' fees, allowances and other expenses		9,975	3,200
Rent, taxes, insurance, electricity, etc.		910,204	877,931
Legal and professional charges		57,472	46,165
Communications		78,351	82,596
Repairs and maintenance		167,021	133,216
Stationery and printing		127,586	172,455
Advertisement and publicity		117,086	114,466
Donations	28.1	15,000	21,378
Auditors' remuneration	28.2	7,090	4,372
Depreciation	11.1	584,034	484,123
Amortisation	11.2	38,322	66,527
Brokerage and commission		27,265	23,551
Automation expenses		350,443	374,874
Entertainment		144,156	119,547
Fees and subscription		60,992	24,921
Motor vehicles running expenses		109,837	145,388
Remittance charges		2,359	5,180
Service charges		488,193	427,241
Training expenses		18,615	7,903
Travelling expenses		23,488	23,801
Others	28.3	118,073	164,428
		<u>5,974,724</u>	<u>5,605,644</u>

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

**Donee**

The Aga Khan Hospital and Medical College Foundation	28.1.1	10,000	10,000
Pakistan Centre for Philanthropy		-	500
Central Ordnance Depot, Pakistan Army - For Thar victims		-	878
Institute of Business Administration - Karachi		5,000	-
Chief Minister Punjab Relief Fund		-	10,000
		<u>15,000</u>	<u>21,378</u>

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

	2015 (Rupees in '000)	2014
<b>28.2 Auditors' remuneration</b>		
Audit fee	1,406	1,100
Fee for audit of provident and gratuity funds	118	100
Audit of branches and other certifications	4,420	2,130
Fee for half yearly review of financial statements	536	440
Out-of-pocket expenses	610	602
	<u>7,090</u>	<u>4,372</u>
<b>28.3</b> This includes an amount of Rs.0.244 million (2014: Rs.0.20 million) paid to the Kidney Centre Karachi, under Corporate Social Responsibilities activities of the Bank to sponsor its fund raising event. One of the directors of the Bank is a member of the Board of Governors of the Kidney Centre, Karachi.		
<b>28.4</b> This includes aggregate amount of bonus in respect of executives and President and Chief Executive Officer amounting to Rs.143.935 million and Rs.16.000 million respectively (2014: Rs.106.342 million and Rs.12.000 million respectively).		

	2015 (Rupees in '000)	2014 (Rupees in '000)
<b>29 OTHER CHARGES</b>		
Penalties imposed by the State Bank of Pakistan	43,467	323
Operating fixed assets written-off	24,870	53,683
Federal excise duty and other taxes	-	66,115
Fraud and forgery	500	-
Workers' Welfare Fund	81,778	54,654
Unreconciled balances written off	6	17,083
	<u>150,621</u>	<u>191,858</u>
<b>30 TAXATION</b>		
<b>For the year</b>		
Current	1,402,494	930,130
Deferred	(117,854)	(39,806)
	<u>1,284,640</u>	<u>890,324</u>
<b>For prior years</b>		
Current	98,199	(433,151)
Deferred	-	402,668
	<u>98,199</u>	<u>(30,483)</u>
	<u>1,382,839</u>	<u>859,841</u>

**30.1** The Finance Act, 2015 introduced certain amendments in the Seventh Schedule to the Income Tax Ordinance, 2001 which apply retrospectively to the financial year ended 31 December 2014 (tax year 2015). The amendments introduced relate to:

- the Bank's income from dividend and capital gains is now taxable at the rate of 35 percent for the tax year 2015 and onwards. Previously, these were taxed at reduced rates (including for tax year 2015);
- a one-time super tax at the rate of 4 percent of the taxable income for the tax year 2015 has been introduced for rehabilitation of temporary displaced persons.

The effects of the above amendments have been incorporated in these financial statements and an amount of Rs 98.199 million has been recognised as prior year tax charge.

	2015 (Rupees in '000)	2014 (Rupees in '000)
<b>30.2 Relationship between tax expense and accounting profit</b>		
Profit before taxation	3,595,607	2,441,896
Tax at the applicable tax rate of 35% (2014: 35%)	1,258,462	854,664
Income chargeable to tax at reduced rates	-	(9,163)
Tax effect on permanent differences	15,213	29,232
Prior years	98,199	(30,483)
Others	10,965	15,591
	<u>1,382,839</u>	<u>859,841</u>

	Note	2015 (Rupees in '000)	2014 (Rupees in '000)
<b>31 BASIC / DILUTED EARNINGS PER SHARE</b>			
Profit for the year after taxation		2,212,768	1,582,055
		<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		2.01	1.44
	Note	2015 (Rupees in '000)	2014 (Rupees in '000)
<b>32 CASH AND CASH EQUIVALENTS</b>			
Cash and balances with treasury banks	6	16,718,428	15,776,136
Balances with other banks	7	1,634,544	574,566
Overdrawn nostro accounts	15.2	(6,186)	(249,200)
		18,346,786	16,101,502
		<b>2015 (Numbers of employees)</b>	<b>2014 (Numbers of employees)</b>
<b>33 STAFF STRENGTH</b>			
Permanent		2,715	2,639
Temporary / on contractual basis etc.		38	28
Bank's own staff strength at the end of the year		2,753	2,667
Outsourced	33.1	923	857
Total staff strength at the end of the year		3,676	3,524
<b>33.1</b>	Outsourced represents employees hired by an outside contractor / agency and posted in the Bank to perform various tasks / activities of the Bank.		
<b>34 DEFINED BENEFIT PLAN</b>			
<b>34.1 General description</b>			
As mentioned in note 5.10, 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.			
		<b>2015</b>	<b>2014</b>
<b>34.2 Principal actuarial assumptions</b>			
a) Discount factor used (% per annum)		9.00	11.50
b) Expected rate of salary increase (% per annum)		7.00	9.50
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 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	2015 ----- (Rupees in '000) -----	2014 ----- (Rupees in '000) -----
<b>34.3 The amount recognised in the statement of financial position</b>			
Present value of defined benefit obligation	34.4	523,705	446,315
Fair value of plan assets	34.4	(523,705)	(446,315)
		<u>-</u>	<u>-</u>

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

	2015 Present value of obligation ----- (Rupees in '000) -----	2015 Fair value of plan assets ----- (Rupees in '000) -----	Total
As at 01 January	446,315	(446,315)	-
Current service cost	71,762	-	71,762
Interest expense / (income)	52,824	(52,824)	-
	<u>570,901</u>	<u>(499,139)</u>	<u>71,762</u>
Remeasurements:			
- Return on plan assets, excluding amounts included in interest 'expense	-	(6,237)	(6,237)
- Gain from change in demographic assumptions	-	-	-
- Gain from change in financial assumptions	(4,787)	-	(4,787)
- Loss from change in experience adjustments	5,294	-	5,294
	<u>507</u>	<u>(6,237)</u>	<u>(5,730)</u>
Contributions during the year	-	(66,032)	(66,032)
Benefit payments	(47,703)	47,703	-
As at 31 December	<u>523,705</u>	<u>(523,705)</u>	<u>-</u>

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

	2015 ----- (Rupees in '000) -----	2014 ----- (Rupees in '000) -----
<b>34.5 Charge for defined benefit plan</b>		
Current service cost	71,762	61,644
Interest cost	52,824	51,544
Expected return on plan assets	(52,824)	(51,544)
Past service cost	-	-
	<u>71,762</u>	<u>61,644</u>



### 34.6 Composition of plan assets

	As on 31 December 2015			As on 31 December 2014		
	Quoted	Non-quoted	Total	Quoted	Non-quoted	Total
	(Rupees in '000)					
Cash and bank balances	-	147,759	147,759	-	115,343	115,343
Equity instruments:						
- mutual funds and shares	93,168	-	93,168	75,240	-	75,240
Debt instruments:						
- Government	-	282,778	282,778	-	240,647	240,647
- Corporates	-	-	-	15,085	-	15,085
	<u>93,168</u>	<u>430,537</u>	<u>523,705</u>	<u>90,325</u>	<u>355,990</u>	<u>446,315</u>
				<b>2015</b>	<b>2014</b>	
				(Rupees in '000)		

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

Split by vested / non-vested

(i) Vested benefits	433,304	377,121
(ii) Non-vested benefits	90,401	69,194
	<u>523,705</u>	<u>446,315</u>

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

### 34.9 Historical information

	2015	2014	2013	2012	2011
	(Rupees in '000)				
Present value of defined benefit obligation	523,705	446,315	385,636	266,409	254,243
Fair value of plan assets	(523,705)	(446,315)	(385,636)	(234,635)	(186,331)
Surplus / (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(31,774)</u>	<u>(67,912)</u>
Experience adjustments on plan liabilities	507	(5,922)	33,187	18,298	32,130
Experience adjustments on plan assets	(6,237)	(832)	4,341	6,133	(2,519)
	<u>(5,730)</u>	<u>(6,754)</u>	<u>37,528</u>	<u>24,431</u>	<u>29,611</u>

34.10 Actual return on plan assets during the year amounted to Rs.51.452 million (2014: Rs.52.376 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:

----- As at 31 December 2015 -----				----- As at 31 December 2014 -----		
Particular	Change in assumption	Increase / (decrease) in present value of defined benefit obligation		Change in assumption	Increase / (decrease) in present value of defined benefit obligation	
		(%)	(Rupees in '000)		(%)	(Rupees in '000)
Discount rate	+1%	-6.81%	(35,641)	+1%	-6.79%	(30,311)
	-1%	7.79%	40,806	-1%	7.66%	34,190
Salary increase rate	+1%	8.12%	42,527	+1%	7.98%	35,617
	-1%	-7.20%	(37,725)	-1%	-7.18%	(32,040)

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

34.12 The weighted average duration of the defined benefit obligation is 7.26 years (31 December 2014: 7.82 years).

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

Particulars	----- As at 31 December 2015 -----			
	Within a year	Between 2 and 3 years	Between 4 and 5 years	Between 6 and 10 years
	----- (Rupees in '000) -----			
Defined benefit obligation	52,288	173,191	159,141	531,798

34.14 The expected gratuity expense for the next year commencing 01 January 2016 works out to be Rs.84.176 million (2014: Rs.71.762 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 2015.

### 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.94.247 million (2014: Rs.86.775 million each). The total number of employees as at 31 December 2015 eligible under the scheme were 2,379 (2014: 2,418 employees).

### 36 COMPENSATION OF DIRECTORS AND EXECUTIVES

	President / Chief Executive Officer		Directors		**Executives	
	2015	2014	2015	2014	2015	2014
	----- (Rupees in '000) -----					
Fees	-	-	9,975	3,200	-	-
Managerial remuneration	37,151	34,252	-	-	618,761	536,877
Charge for defined benefit plan	4,732	4,381	-	-	47,607	42,094
Contribution to defined contribution plan	3,095	2,853	-	-	48,227	44,722
Rent and house maintenance	16,718	15,413	-	-	246,049	208,687
Utilities	1,417	1,007	-	-	-	-
Medical	275	193	-	-	61,533	52,172
Leave encashment and others	1,053	1,076	-	-	362,266	267,769
	64,441	59,175	9,975	3,200	1,384,443	1,152,321
Number of persons	1	1	7	5	626	595

The aggregate amount charged to income as fee to directors and remuneration to other key management personnel was Rs. 9.975 million and Rs. 197.671 million (2014: Rs. 3.200 million and Rs. 186.564 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.

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

Fair value 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

	2015		2014	
	Book value	Fair value	Book value	Fair value
	(Rupees in '000)			
Forward purchase of foreign exchange	43,963,526	43,794,450	15,212,145	14,995,802
Forward sale of foreign exchange	39,749,454	39,608,299	15,240,627	15,047,690

**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

### INVESTMENTS - NET

#### Financial Assets - on balance sheet

#### Held-for-trading securities

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
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\* 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, Treasury bills, Corporate bonds, forward contracts for sale and purchase of foreign exchange, Term Finance and sukuk certificates.

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

Currently, no financial instruments are classified in level 3.

#### Valuation techniques and inputs used in determination of fair values within level 2

Item	Valuation techniques and input used
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, Sukuk certificates and Bonds	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 these as traded, thinly traded and non-traded securities.
Forward foreign exchange	The valuation has been determined by interpolating the mid rates announced by the State Bank of Pakistan.
Operating fixed assets (land and building)	Land and buildings are revalued every three years using professional valuers borne on the panel of Pakistan Banker's Association. The valuation is based on their assessment of market value of the properties.



### 38 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

#### 31 December 2015

Total income
Total expenses (excluding provisions)
Profit before provisions and taxes
Provisions
Profit before tax
Segment assets (gross)
Segment non-performing assets
Segment provision required *
Segment liabilities
Segment return on net assets (ROA) (%)**
Segment cost of funds (%)***

Corporate	Trading & Sales	Retail Banking	Total
(Rupees in '000)			
5,368,991	11,201,920	4,901,613	21,472,524
4,970,007	7,112,014	4,765,655	16,847,676
398,984	4,089,906	135,958	4,624,848
509,479	-	519,762	1,029,241
(110,495)	4,089,906	(383,804)	3,595,607
78,099,618	117,299,199	66,841,946	262,240,763
3,354,382	44,834	8,468,617	11,867,833
1,907,048	44,834	6,947,052	8,898,934
18,652,776	31,402,578	185,094,533	235,149,887
-0.15	3.49	(0.64)	1.42
5.90	6.49	4.89	5.16

#### 31 December 2014

Total income
Total expenses (excluding provisions)
Profit before provisions and taxes
Provisions
Profit before tax
Segment assets (gross)
Segment non-performing assets
Segment provision required *
Segment liabilities
Segment return on net assets (ROA) (%)
Segment cost of funds (%)

Corporate	Trading & Sales	Retail Banking	Total
(Rupees in '000)			
6,095,529	7,874,728	5,444,831	19,415,088
5,528,087	6,227,356	4,668,636	16,424,079
567,442	1,647,372	776,195	2,991,009
184,863	-	364,250	549,113
382,579	1,647,372	411,945	2,441,896
67,501,746	81,252,698	72,359,330	221,113,774
2,234,380	44,834	8,238,128	10,517,342
1,397,569	44,834	6,496,064	7,938,467
13,586,650	17,361,317	165,188,113	196,136,080
0.58	2.03	0.63	1.15
7.04	8.83	6.20	6.40

\* 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.

### 39 TRUST ACTIVITIES

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

Category	Type	No. of IPS account		Face Value	
		2015	2014	2015	2014
				(Rupees in '000)	
Asset Management Companies	Ijarah Sukuk 3 years	8	19	191,100	271,900
Asset Management Companies	PIB 5 years	1	-	105,000	-
Asset Management Companies	Tbills 12 months	2	-	950,000	-
Asset Management Companies	Tbills 6 months	2	-	500,000	-
Employee Funds / NGO's	PIB 3 years	6	7	278,000	152,000
Employee Funds / NGO's	PIB 5 years	1	1	13,500	13,500
Employee Funds / NGO's	PIB 10 years	1	1	5,000	5,000
Employee Funds / NGO's	Tbills 6 months	2	-	65,000	-
Individuals	Tbills 12 months	2	-	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	2	4	40,000	40,000
Individuals	PIB 20 years	1	1	10,000	10,000
Corporate	Tbills 12 months	1	1	85,000	200,000
Corporate	PIB 3 years	2	3	230,000	360,000
Corporate	PIB 5 years	3	2	39,000	14,000
Corporate	Ijarah Sukuk 3 years	-	1	-	50,000
Staff retirement funds - related parties	PIB 3 to 20 years	7	4	343,000	343,000
Bank's executive - related party	Tbills 3 months	1	-	3,500	-
		45	47	3,228,600	1,526,400

## 40 RELATED PARTY TRANSACTIONS

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

Usual transactions with related parties include deposits, advances, acceptances and provision of other banking services which are carried out in accordance with agreed terms. Transactions with executives are undertaken at terms in accordance with employment agreements and services rules and includes provision of advances on terms softer than those offered to the customers of the Bank. 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 else where in these financial statements, are as follows:

	Key management personnel				Other related parties					
	Bank's Chief Executive / Executives		Directors & their Close Family Members		Related Group Companies		Major Shareholders		Staff Retirement Funds	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	(Rupees in ' 000)									
<b>Deposits</b>										
Balance at the beginning of the year	11,734	10,612	1,008,476	1,058,835	492,286	701,957	784,404	488,474	216,346	218,752
Placement during the period	387,148	196,863	1,995,026	3,306,157	49,429,044	50,337,820	10,341,929	1,821,658	1,031,283	1,534,349
Transfer in *	70	-	-	-	-	-	-	-	-	-
Withdrawal during the year	(365,927)	(195,741)	(2,087,551)	(3,356,515)	(49,306,996)	(50,547,491)	(10,195,599)	(1,525,727)	(939,963)	(1,536,755)
Transfer out **	(2,878)	-	-	-	-	-	-	-	-	-
Balance at end of the year	30,147	11,734	915,951	1,008,477	614,334	492,286	930,734	784,405	307,666	216,346
<b>Advances</b>										
Balance at the beginning of the year	79,567	69,210	97,155	91,132	294,462	279,900	-	-	-	-
Disbursements during the year	85,862	23,479	20,544	52,106	197,264	38,354	-	-	-	-
Transfer in *	610	-	-	-	-	39,815	-	-	-	-
Repayments during the year	(17,296)	(13,122)	(80,102)	(46,083)	(146,314)	(23,792)	-	-	-	-
Transfer out **	(9,228)	-	-	-	-	(39,815)	-	-	-	-
Balance at end of the year	139,515	79,567	37,597	97,155	345,412	294,462	-	-	-	-

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

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

Profit / interest expense on deposits	1,118	562	110,432	126,851	44,866	63,372	89,271	54,214	18,216	17,309
Mark-up / return / interest earned	6,116	5,538	8,239	15,026	37,334	29,295	-	-	-	-
Commission / brokerage bank charges recovered	27	7	47	56	858	717	10	3	7	9
Transaction-related contingent liabilities	900	-	-	-	29,623	29,118	-	-	-	-
Trade-related contingent liabilities	-	-	-	-	65,509	64,222	-	-	-	-
Other administrative expenses	-	-	11,529	7,666	8,034	7,289	-	-	-	-

	2015 (Rupees in '000)	2014
<b>Investments</b>		
- NIT Income Fund	100,000	100,000
- National Investment Unit Trust	-	25,000
- NIT Islamic Equity Fund	100,223	-
	<u>200,223</u>	<u>125,000</u>
<b>Donation / CSR activities</b>	<u>10,244</u>	<u>10,200</u>

## 41 CAPITAL ADEQUACY

### 41.1 Capital Management

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

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

#### Goals of managing capital

The goals of capital management are as follows:

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

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

The State Bank of Pakistan requires all banks to have minimum paid up capital (net of losses) of Rs.10 billion. The paid up capital of the Bank for the year ended 31 December 2015 stood at Rs.11,024.636 million. In addition banks are also required to maintain a minimum Capital Adequacy Ratio (CAR) of 10.25 percent of the risk weighted exposure of the Bank as at 31 December 2015. The Bank's CAR as at 31 December 2015 was approximately 15.39 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. 3 billion, revaluation reserve (upto a maximum of 67% 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	2015	2014
	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	1,405
Reserve for issue of bonus shares	-	-
Discount on issue of shares	(1,001,361)	(1,001,361)
General / Statutory Reserves	1,048,060	932,506
Gain / (Losses) on derivatives held as Cash Flow Hedge	-	-
Unappropriated profits	4,263,217	3,150,185
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>	15,335,957	14,107,371
<b>Total regulatory adjustments applied to CET1 (Note 41.2.1)</b>	(303,494)	(191,860)
<b>Common Equity Tier 1</b>	15,032,463	13,915,511
<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>	15,032,463	13,915,511



	2015	2014
Particulars	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	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	46,224	34,558
Revaluation Reserves (net of taxes)		
of which:		
- Revaluation reserves on fixed assets	748,555	689,810
- Unrealized gains / losses on AFS	1,164,955	952,029
Foreign Exchange Translation Reserves	-	-
Undisclosed/Other Reserves (if any)	-	-
<b>T2 before regulatory adjustments</b>	4,959,734	1,676,397
Total regulatory adjustment applied to T2 capital (Note 41.2.3)	(156,469)	(19,916)
Tier 2 capital (T2) after regulatory adjustments	4,803,265	1,656,481
Tier 2 capital recognized for capital adequacy	4,803,265	1,656,481
Portion of Additional Tier 1 capital recognized in Tier 2 capital	-	-
Total Tier 2 capital admissible for capital adequacy	4,803,265	1,656,481
<b>TOTAL CAPITAL (T1 + admissible T2)</b>	19,835,728	15,571,992
<b>Total Risk Weighted Assets (RWA) {for details refer Note 41.3.4}</b>	128,904,908	124,596,259
<b>Capital Ratios and buffers (in percentage of risk weighted assets)</b>		
CET1 to total RWA	11.66%	11.17%
Tier-1 capital to total RWA	11.66%	11.17%
Total capital to total RWA	15.39%	12.50%
Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement) of which:	-	-
- capital conservation buffer requirement	-	-
- countercyclical buffer requirement	-	-
- D-SIB or G-SIB buffer requirement	-	-
CET1 available to meet buffers (as a percentage of risk weighted assets)	5.66%	5.67%
<b>National minimum capital requirements prescribed by SBP</b>		
CET1 minimum ratio	6.00%	5.50%
Tier 1 minimum ratio	7.50%	7.00%
Total capital minimum ratio	10.25%	10.00%

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

Particulars	2015		2014	
	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)	72,651	-	61,021	-
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	230,843	-	130,839	-
Cash flow hedge reserve	-	-	-	-
Investment in own shares / CET1 instruments	-	-	-	-
Securitization gain on sale	-	-	-	-
Capital shortfall of regulated subsidiaries	-	-	-	-
Deficit on account of revaluation from bank's holdings of property / AFS	-	-	-	-
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-	-
Significant investments in the common stocks of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-	-	-
Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-	-	-
Amount exceeding 15% threshold of which:				
- significant investments in the common stocks of financial entities	-	-	-	-
- deferred tax assets arising from temporary differences	-	-	-	-
National specific regulatory adjustments applied to CET1 capital	-	-	-	-
Investment in TFCs of other banks exceeding the prescribed limit	-	-	-	-
Any other deduction specified by SBP	-	-	-	-
Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-	-	-	-
<b>Total regulatory adjustments applied to CET1</b>	<b>303,494</b>	<b>-</b>	<b>191,860</b>	<b>-</b>

Particulars	2015		2014	
	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	2015		2014	
	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	-	19,917	-
Investment in own Tier 2 capital instrument	-	-	-	-
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-	-
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-	-
<b>Amount of Regulatory Adjustment applied to T2 capital</b>	156,469	-	19,917	-

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

2015	2014
----- (Rupees in '000) -----	

#### 41.2.4 Risk Weighted Assets subject to pre-Basel III treatment

Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre-Basel III Treatment)	-	-
of which: deferred tax assets	-	-
of which: Defined-benefit pension fund net assets	-	-
of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is less than 10% of the issued common share capital of the entity	-	-
of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is more than 10% of the issued common share capital of the entity	-	-

#### Amounts below the thresholds for deduction (before risk weighting)

Non-significant investments in the capital of other financial entities	-	-
Significant investments in the common stock of financial entities	-	-
Deferred tax assets arising from temporary differences (net of related tax liability)	-	-

#### Applicable caps on the inclusion of provisions in Tier 2

Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	-	-
Cap on inclusion of provisions in Tier 2 under standardized approach	-	-
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	-
Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	-

#### 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		2015	2014
		----- (Rupees in '000) -----	
<b>On balance sheet exposures</b>			
1	On-balance sheet items (excluding derivatives but including collateral)	253,341,829	213,175,307
2	Derivatives	235,143	200,009
3	<b>Total On balance sheet exposures</b>	253,576,972	213,375,316
<b>Off balance sheet exposures</b>			
4	Off-balance sheet items (excluding derivatives)	40,230,763	40,117,308
5	Commitment in respect of derivatives (derivatives having negative fair value are also included)	824,649	250,629
6	<b>Total Off balance sheet exposures</b>	41,055,412	40,367,937
<b>Capital and total exposures</b>			
7	<b>Tier 1 capital (Note 41.2)</b>	15,032,463	13,915,511
8	<b>Total exposures (sum of lines 3 and 6)</b>	294,632,384	253,743,253
<b>Basel III leverage ratio</b>		5.10%	5.48%

The current year's leverage ratio is 5.10% (2014: 5.48%) whereas total tier 1 capital and total exposures are Rs.15,032.464 million and Rs.294,632.387 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 as in published financial statements	Under regulatory scope of reporting
		----- (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
Lending to financial and other institutions		3,306,244	3,306,244
Investments		108,633,807	108,633,807
Advances		112,001,752	112,001,752
Operating fixed assets		4,956,732	4,956,732
Deferred tax assets		-	-
Other assets		6,090,322	6,090,322
<b>Total assets</b>		<b>253,341,829</b>	<b>253,341,829</b>
<b>Liabilities and Equity</b>			
Bills payable		2,751,084	2,751,084
Borrowings		39,875,623	39,875,623
Deposits and other accounts		185,222,383	185,222,383
Sub-ordinated loans		3,000,000	3,000,000
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		1,417,042	1,417,042
Other liabilities		2,883,755	2,883,755
<b>Total liabilities</b>		<b>235,149,887</b>	<b>235,149,887</b>
Share capital		11,024,636	11,024,636
Discount on issue of shares		(1,001,361)	(1,001,361)
Reserves		1,049,465	1,049,465
Unappropriated profit		4,263,217	4,263,217
Surplus on revaluation of assets - net of tax		2,855,985	2,855,985
<b>Total liabilities and equity</b>		<b>253,341,829</b>	<b>253,341,829</b>

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

Particulars	Reference	Balance sheet as in published financial statements	Under regulatory scope of reporting
----- (Rupees in '000) -----			
<b>Assets</b>			
Cash and balances with treasury banks		16,718,428	16,718,428
Balances with other banks		1,634,544	1,634,544
Lending to financial and other institutions		3,306,244	3,306,244
Investments		108,633,807	108,633,807
of which:			
- non-significant capital investments in capital of other financial institutions exceeding 10% threshold	a	-	-
- significant capital investments in financial sector entities exceeding regulatory threshold	b	-	-
- mutual Funds exceeding regulatory threshold	c	-	-
- reciprocal crossholding of capital instrument	d	387,312	387,312
- others	e	-	-
Advances		112,001,752	112,001,752
- 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		4,956,732	4,956,732
- of which: Intangibles	k	72,651	72,651
Deferred tax assets		-	-
of which:			
- DTAs that rely on future profitability excluding those arising from temporary differences	h	-	-
- DTAs arising from temporary differences exceeding regulatory threshold	i	-	-
Other assets		6,090,322	6,090,322
of which:			
- goodwill	j	-	-
- defined-benefit pension fund net assets	l	-	-
<b>Total assets</b>		<b>253,341,829</b>	<b>253,341,829</b>
<b>Liabilities and Equity</b>			
Bills payable		2,751,084	2,751,084
Due from financial institutions		39,875,623	39,875,623
Deposits and other accounts		185,222,383	185,222,383
Sub-ordinated loans of which:		3,000,000	3,000,000
- eligible for inclusion in AT1	m	-	-
- eligible for inclusion in Tier 2	n	3,000,000	3,000,000
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities of which:		1,417,042	1,417,042
- 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	1,417,042	1,417,042
Other liabilities		2,883,755	2,883,755
<b>Total liabilities</b>		<b>235,149,887</b>	<b>235,149,887</b>
<b>Share capital</b>		<b>11,024,636</b>	<b>11,024,636</b>
- of which: amount eligible for CET1	s	11,024,636	11,024,636
- of which: amount eligible for AT1	t	-	-
Reserves of which:		1,049,465	1,049,465
- portion eligible for inclusion in CET1 - Statutory reserve	u	1,048,060	1,048,060
- portion eligible for inclusion in CET1 - General reserve		-	-
- portion eligible for inclusion in Tier 2 General reserve	v	-	-
Discount on issue of shares		(1,001,361)	(1,001,361)

Particulars	Reference	Balance sheet as in published financial statements	Under regulatory scope of reporting
----- (Rupees in '000) -----			
Unappropriated profit	w	4,263,217	4,263,217
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:		2,855,985	2,855,985
- Revaluation reserves on Fixed Assets		1,117,246	1,117,246
- Unrealized Gains/Losses on AFS	aa	1,738,739	1,738,739
- In case of Deficit on revaluation (deduction from CET1)	ab	-	-
<b>Total liabilities and Equity</b>		<b>253,341,829</b>	<b>253,341,829</b>

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

Particulars	Source based on reference number from step 2	Component of regulatory capital reported by bank
		(Rupees in '000)
<b>Common Equity Tier 1 capital (CET1): Instruments and reserves</b>		
1 Fully Paid-up Capital	(s)	11,024,636
2 Balance in share premium account		1,405
3 Discount on issue of shares		(1,001,361)
4 Reserve for issue of bonus shares		-
5 General / Statutory Reserves	(u)	1,048,060
6 Gain / (Losses) on derivatives held as Cash Flow Hedge		-
7 Unappropriated / unremitted profits	(w)	4,263,217
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>15,335,957</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)	72,651
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)	230,843
16 Cash flow hedge reserve		-
17 Investment in own shares / CET1 instruments		-
18 Securitization gain on sale		-
19 Capital shortfall of regulated subsidiaries		-
20 Deficit on account of revaluation from bank's holdings of property / AFS	(ab)	-
21 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	(a) - (ac) - (ae)	-
22 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	(b) - (ad) - (af)	-
23 Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	(i)	-
24 Amount exceeding 15% threshold of which:		-
- significant investments in the common stocks of financial entities		-
- deferred tax assets arising from temporary differences	-	-
25 National specific regulatory adjustments applied to CET1 capital		-
26 Investment in TFCs of other banks exceeding the prescribed limit		-
27 Any other deduction specified by SBP (mention details)		-
28 Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions		-
29 Total regulatory adjustments applied to CET1		303,494
<b>Common Equity Tier 1</b>		<b>15,032,463</b>

Particulars		Source based on reference number from step 2	Component of regulatory capital reported by bank
			(Rupees in '000)
<b>Additional Tier 1 (AT 1) Capital</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		-
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>15,032,463</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)	3,000,000
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)	46,224
50	Revaluation Reserves eligible for Tier 2 of which:		



Particulars		Source based on reference number from step 2	Component of regulatory capital reported by bank
			(Rupees in '000)
51	- portion pertaining to Fixed Asset		748,555
52	- portion pertaining to AFS securities	56% of (aa)	1,164,955
53	Foreign Exchange Translation Reserves	(v)	-
54	Undisclosed / Other Reserves (if any)		-
55	<b>T2 before regulatory adjustments</b>		<b>4,959,734</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		156,469
57	Reciprocal cross holdings in Tier 2 instruments		-
58	Investment in own Tier 2 capital instrument		-
59	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	(ae)	-
60	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	(af)	-
61	Amount of Regulatory Adjustment applied to T2 capital		156,469
62	Tier 2 capital (T2)		4,803,265
63	Tier 2 capital recognised for capital adequacy		4,803,265
64	Excess Additional Tier 1 capital recognised in Tier 2 capital		-
65	Total Tier 2 capital admissible for capital adequacy		4,803,265
<b>TOTAL CAPITAL (T1 + admissible T2)</b>			<b>19,835,728</b>

#### 41.3.4 Risk-weighted exposures

	Note	2015		2014	
		Capital Requirement	Risk adjusted value	Capital Requirement (Restated)	Risk adjusted value
		----- (Rupees in '000) -----		----- (Rupees in '000) -----	
Credit Risk					
Portfolios subject to standardised approach (Comprehensive Approach)					
On-Balance Sheet Items:					
Cash and Cash Equivalent		-	-	-	-
Sovereign and central banks		1,759	17,592	6,068	60,675
Public Sector Entities (PSEs)		4,631	46,305	19,090	190,902
Banks and securities firms		160,647	1,606,473	71,830	718,296
Corporate portfolio	41.4	7,163,241	71,632,408	7,041,758	70,417,575
Retail non mortgages	41.4	1,008,687	10,086,867	936,473	9,364,729
Mortgages – Residential		88,024	880,241	65,933	659,331
Past Due Loans		365,590	3,655,900	302,572	3,025,718
Operating Fixed Assets		488,408	4,884,081	515,579	5,155,790
Other assets		94,413	944,131	129,848	1,298,479
		9,375,400	93,753,998	9,089,151	90,891,495
Off balance sheet items:					
Non-Market Related:-					
Direct credit substitutes	41.5	1,002,450	10,024,503	1,101,570	11,015,701
Performance-related contingencies	41.5	225,951	2,259,505	219,745	2,197,447
Trade-related contingencies	41.5	342,110	3,421,103	296,496	2,964,957
		1,570,511	15,705,111	1,617,811	16,178,105
Market related:-					
Outstanding interest rate contracts		-	-	-	-
Outstanding foreign exchange contracts	41.6	27,272	272,721	17,142	171,417
		27,272	272,721	17,142	171,417
Equity Exposure Risk in the Banking Book					
Listed equity investments held in banking book		242,772	2,427,715	304,663	3,046,629
Unlisted equity investments held in banking book		1,665	16,650	5,415	54,150
Recognised portion of significant investment		-	-	-	-
		244,437	2,444,365	310,078	3,100,779
Total credit risk exposures		11,217,620	112,176,195	11,034,182	110,341,796
Market Risk					
Capital Requirement for portfolios subject to Standardized Approach					
Interest rate risk		34,122	426,525	22,610	282,619
Equity position risk		59,359	741,988	31,552	394,400
Foreign exchange risk		8,784	109,800	4,296	53,706
Position in options		-	-	-	-
Total market risk exposures		102,265	1,278,313	58,458	730,725
Operational Risk					
Capital Requirement for operational risks		1,236,032	15,450,400	1,081,899	13,523,738
TOTAL		12,555,917	128,904,908	12,174,539	124,596,259
Capital Adequacy Ratio		Required	Actual	Required	Actual
		31 December 2015		31 December 2014	
CET1 to total RWA		6.00%	11.66%	5.50%	11.17%
Tier-1 capital to total RWA		7.50%	11.66%	7.00%	11.17%
Total capital to total RWA		10.25%	15.39%	10.00%	12.50%

**41.4** Cash margin and eligible securities amounting to 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. 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 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**

<b>Main Features</b>	<b>Common Shares</b>	<b>Instrument 1</b>
1 Issuer	Soneri Bank Ltd	Soneri Bank Ltd
2 Unique identifier (eg 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
Regulatory treatment		
4 Transitional Basel III rules	Common Equity Tier 1	Tier 2
5 Post-transitional Basel III rules	Common Equity Tier 1	Tier 2
6 Eligible at solo/ group/ group & solo	Solo	Solo
7 Instrument type	Ordinary Shares	Subordinated Debt
8 Amount recognized in regulatory capital (Currency in PKR thousands, as of reporting date)	Rs 11,024,636	Rs 3,000,000
9 Par value of instrument	Rs.10	Rs.5,000
10 Accounting classification	Shareholders' Equity	Liability
11 Original date of issuance	Various From 1992	July 2015
12 Perpetual or dated	Perpetual	Dated
13 Original maturity date	N/A	July 2023
14 Issuer call subject to prior supervisory approval	No	Yes, after 5 years from last day of public subscription
15 Optional call date, contingent call dates and redemption amount	N/A	N/A
16 Subsequent call dates, if applicable	N/A	N/A
Coupons / dividends		
17 Fixed or floating dividend/ coupon	N/A	Floating
18 coupon rate and any related index/ benchmark	N/A	Floating rate at 6 month KIBOR plus 1.35%
19 Existence of a dividend stopper	No	Yes
20 Fully discretionary, partially discretionary or mandatory	Fully Discretionary	Partially Discretionary
21 Existence of step up or other incentive to redeem	No	No
22 Noncumulative or cumulative	Noncumulative	Cumulative
23 Convertible or non-convertible	Nonconvertible	Convertible in case of PONV
24 If convertible, conversion trigger (s)	N/A	"At the option of supervisor it can be converted into common equity upon occurrence of certain trigger events , called point of non viability (PONV). The PONV is the earlier of; 1. A decision made by SBP that a conversion or temporary/ permanent write off is necessary without which the bank would become non viable. 2. the decision to make a public sector injection of capital, or equivalent support, without which the bank would have become non viable, as determined by SBP."
25 If convertible, fully or partially	N/A	May convert fully or partially in case of PONV
26 If convertible, conversion rate	N/A	To be determined in the case of trigger event
27 If convertible, mandatory or optional conversion	N/A	Optional
28 If convertible, specify instrument type convertible into	N/A	Common Equity Tier 1
29 If convertible, specify issuer of instrument it converts into	N/A	SNBL
30 Write-down feature	No	Yes
31 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 event , called point of non viability(PONV). The PONV is the earlier of; 1. A decision made by SBP that a conversion or temporary/ permanent write off is necessary without which the bank would become non viable. 2. the decision to make a public sector injection of capital, or equivalent support, without which the bank would have become non viable, as determined by SBP."
32 If write-down, full or partial	N/A	May be written-down fully or partially;
33 If write-down, permanent or temporary	N/A	Temporary
34 If temporary write-down, description of write-up mechanism	N/A	As may be determined by reversal of trigger event and subject to regulator's approval
35 Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	N/A	Senior to ordinary shareholders
36 Non-compliant transitioned features	No	No
37 If yes, specify non-compliant features	N/A	N/A

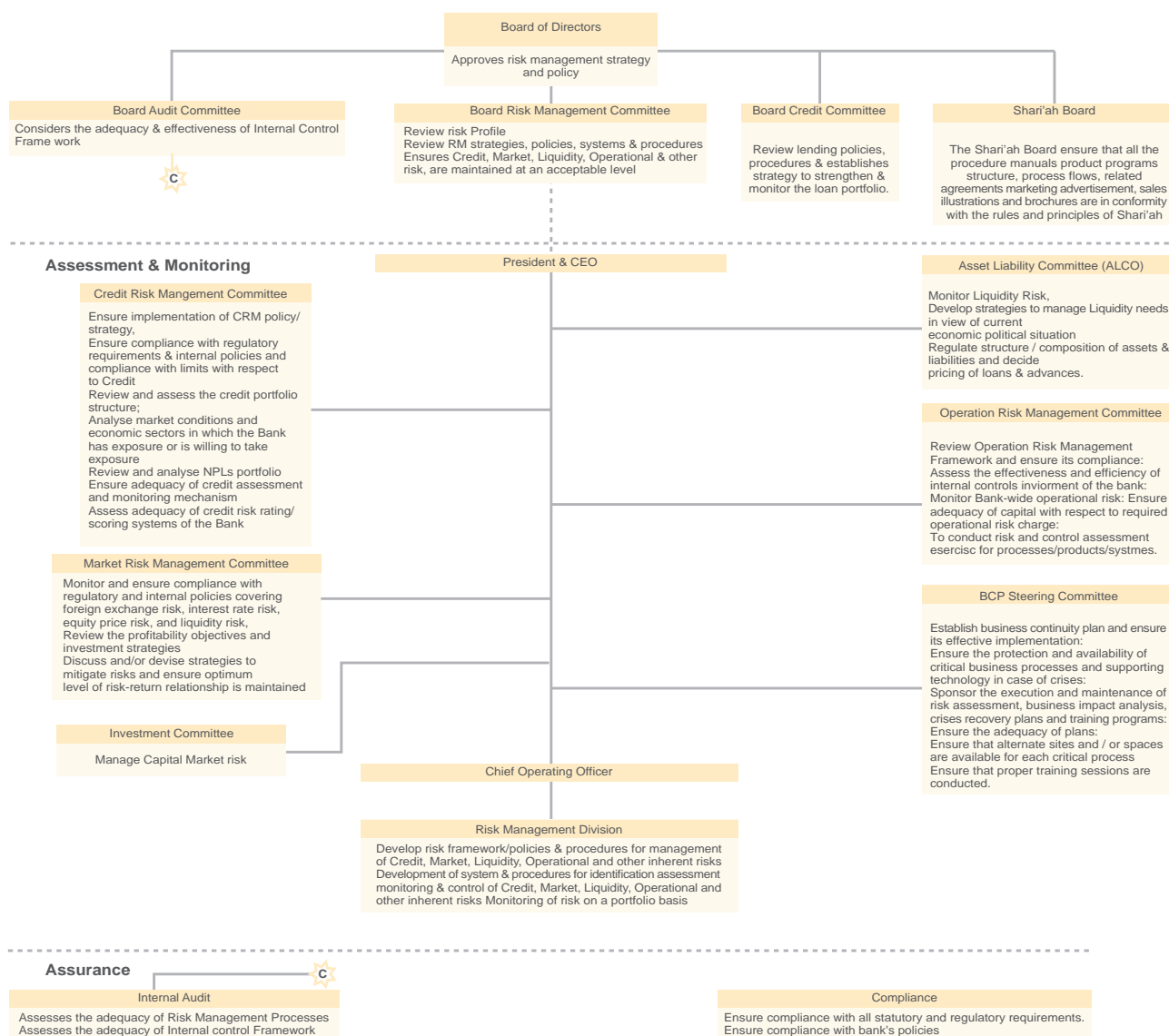
## **42 RISK MANAGEMENT**

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

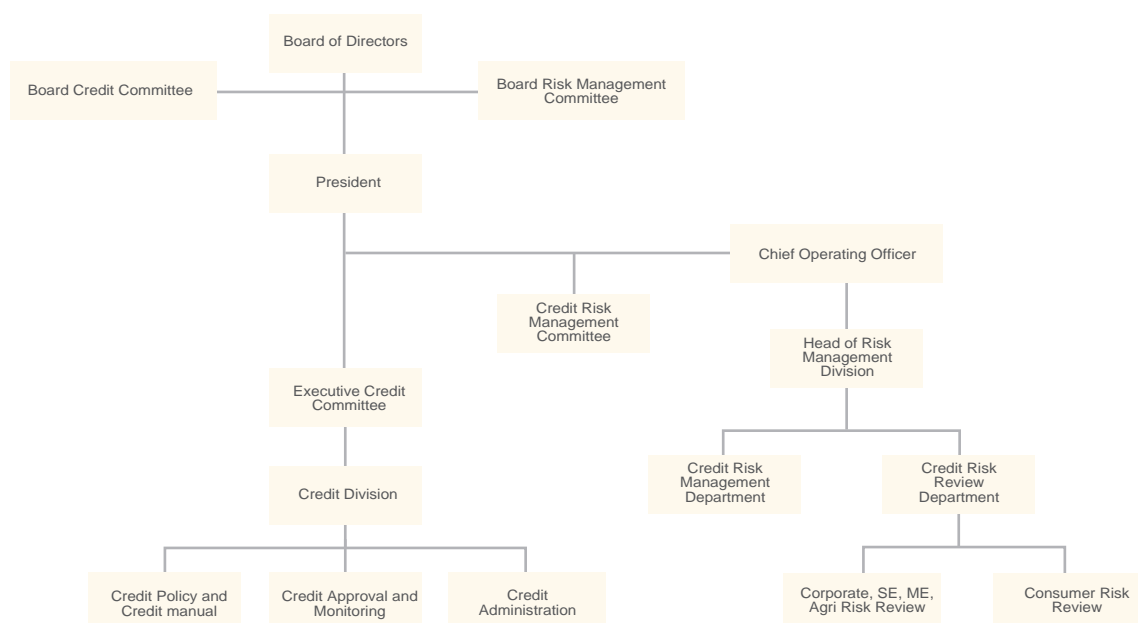
#### Credit Risk Management Objectives and Organisation

Lending of money is the core business activity, a major source of revenue and a significant exposure for the Bank. All 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 a sound organisational structure for managing credit risk, established on strong internal control environment and equipped with adequate level of expertise and resources.

#### CREDIT RISK MANAGEMENT STRUCTURE



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

The Board of Directors has delegated lending powers to different tiers of credit approving authorities, constituted at central and regional levels. Extension of credit is executed, in strong internal control environment, in the light of the Bank's credit 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 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 in Year 2016. 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 requirement, in twelve (12) grades, out of which top nine (9) grades refer to regular customers whereas remaining three (3) grades pertain to defaulted ones. Whereas, FRR assigns each loan facility in six (6) categories, in accordance with regulatory requirements. Business Units assign credit risk rating to every customer and loan facility as an integral part of the Bank's credit approval process.

## **Credit Risk Management Policy**

A sound credit risk management framework forms part of the overall business strategy and credit operations of the Bank. The principles for credit risk management have been laid down in the Bank's credit policy, credit manual, and credit risk procedural manual. The policy has been developed in accordance with the requirements of the State Bank of Pakistan and is reviewed and updated (where required) on 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 and 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

	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%

	2014					
	Advances (Gross)		Deposits		**Contingencies and commitments	
	(Rupees in '000)	(Percent)	(Rupees in '000)	(Percent)	(Rupees in '000)	(Percent)
Agriculture, Forestry, Hunting and Fishing	2,173,638	1.88%	1,605,848	0.98%	-	0.00%
Textile	28,029,040	24.24%	2,367,465	1.45%	3,742,194	13.92%
Chemical and Pharmaceuticals	4,841,909	4.19%	2,717,106	1.66%	1,342,566	4.99%
Cement	234,831	0.20%	8,474	0.01%	569,892	2.12%
Sugar	3,498,916	3.03%	460,565	0.28%	31,385	0.12%
Footwear and Leather Garments	1,092,130	0.94%	648,914	0.40%	188,084	0.70%
Automobile and Transportation Equipment	739,068	0.64%	789,839	0.48%	334,648	1.24%
Electronics and Electrical Appliances	2,944,371	2.55%	891,342	0.55%	2,123,218	7.90%
Construction	985,309	0.85%	1,454,187	0.89%	1,139,328	4.24%
Power (electricity), Gas, Water, Sanitary	2,509,572	2.17%	4,215,961	2.58%	701,464	2.61%
Wholesale and Retail Trade	2,340,418	2.02%	4,214,914	2.59%	3,713,812	13.82%
Exports / Imports	7,096,743	6.14%	1,672,201	1.02%	1,266,161	4.71%
Financial	1,395,073	1.21%	3,738,835	2.29%	350,914	1.30%
Food and Allied	35,145,539	30.40%	3,929,693	2.41%	3,866,984	14.39%
Individuals	4,323,990	3.74%	87,583,541	53.65%	783,993	2.92%
Others*	18,263,188	15.80%	46,951,486	28.76%	6,725,044	25.02%
	115,613,735	100.00%	163,250,371	100.00%	26,879,687	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

	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%

	2014					
	Advances (Gross)		Deposits		Contingencies and commitments	
	(Rupees in '000)	(Percent)	(Rupees in '000)	(Percent)	(Rupees in '000)	(Percent)
Public / Government	17,218,983	14.89%	25,780,327	15.79%	49,765	0.19%
Private	98,394,752	85.11%	137,470,044	84.21%	26,829,922	99.81%
	115,613,735	100.00%	163,250,371	100.00%	26,879,687	100.00%

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

	2015		2014	
	Classified Advances	Specific Provision Held	Classified Advances	Specific Provision Held
	(Rupees in '000)			
Agriculture, Forestry, Hunting and Fishing	175,325	93,582	144,184	50,528
Textile	6,087,210	4,685,026	5,720,271	4,300,271
Chemical and Pharmaceuticals	94,643	59,117	89,462	55,816
Cement	-	-	54,810	11,923
Sugar	86,454	86,454	-	-
Footwear and Leather garments	1,954	1,954	1,954	1,954
Automobile and transportation equipment	-	-	-	-
Electronics and electrical appliances	119,527	108,559	140,563	121,592
Construction	-	-	-	-
Power (electricity), Gas, Water, Sanitary	-	-	-	-
Wholesale and Retail Trade	-	-	-	-
Exports / Imports	-	-	-	-
Financial	257,636	243,719	291,153	251,093
Insurance	-	-	-	-
Services	-	-	-	-
Individuals	40,136	35,240	52,550	48,580
Others	4,721,222	3,255,333	3,729,458	2,769,215
	11,584,107	8,568,984	10,224,405	7,610,972

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

Public / Government  
Private

2015		2014	
Classified Advances	Specific Provision Held	Classified Advances	Specific Provision Held
(Rupees in '000)			
-	-	-	-
11,584,107	8,568,984	10,224,405	7,610,972
11,584,107	8,568,984	10,224,405	7,610,972

#### 42.1.1.5 Geographical segment analysis

Pakistan  
Asia Pacific (including South Asia)  
Europe  
United States of America and Canada  
Middle East  
Others

2015			
Profit before taxation	Total assets employed	Net assets employed	Contingencies and Commitments
(Rupees in '000)			
3,595,607	253,341,829	18,191,942	117,300,198
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
3,595,607	253,341,829	18,191,942	117,300,198

Pakistan  
Asia Pacific (including South Asia)  
Europe  
United States of America and Canada  
Middle East  
Others

2014			
Profit before taxation	Total assets employed	Net assets employed	Contingencies and Commitments
(Rupees in '000)			
2,441,896	213,175,307	17,039,227	64,358,256
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
2,441,896	213,175,307	17,039,227	64,358,256

#### 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 82% of the total exposure, 3% represent claims that are fully secured against residential property and the remaining 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 subject to the standardised approach, the amount of Bank's outstanding exposure (rated and unrated) in each risk bucket after risk mitigations are as follows:

Exposure	Rating category No.	Amount outstanding	Deduction CRM*	Net Amount
(Rupees in '000)				
Corporates	1-6	7,855,256	-	7,855,256
Banks (local)	1-6	4,752,421	-	4,752,421
Banks (foreign)	1-6	1,342,044	726,466	615,578
Sovereigns, central banks, etc.		154,200,067	36,813,719	117,386,348
Unrated		107,973,916	9,626,710	98,347,206
Total		276,123,704	47,166,895	228,956,809

\* CRM= Credit Risk Mitigation

Main types of collateral taken by the bank are:

- Cash Margin
- Lien on deposits / government securities

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

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.

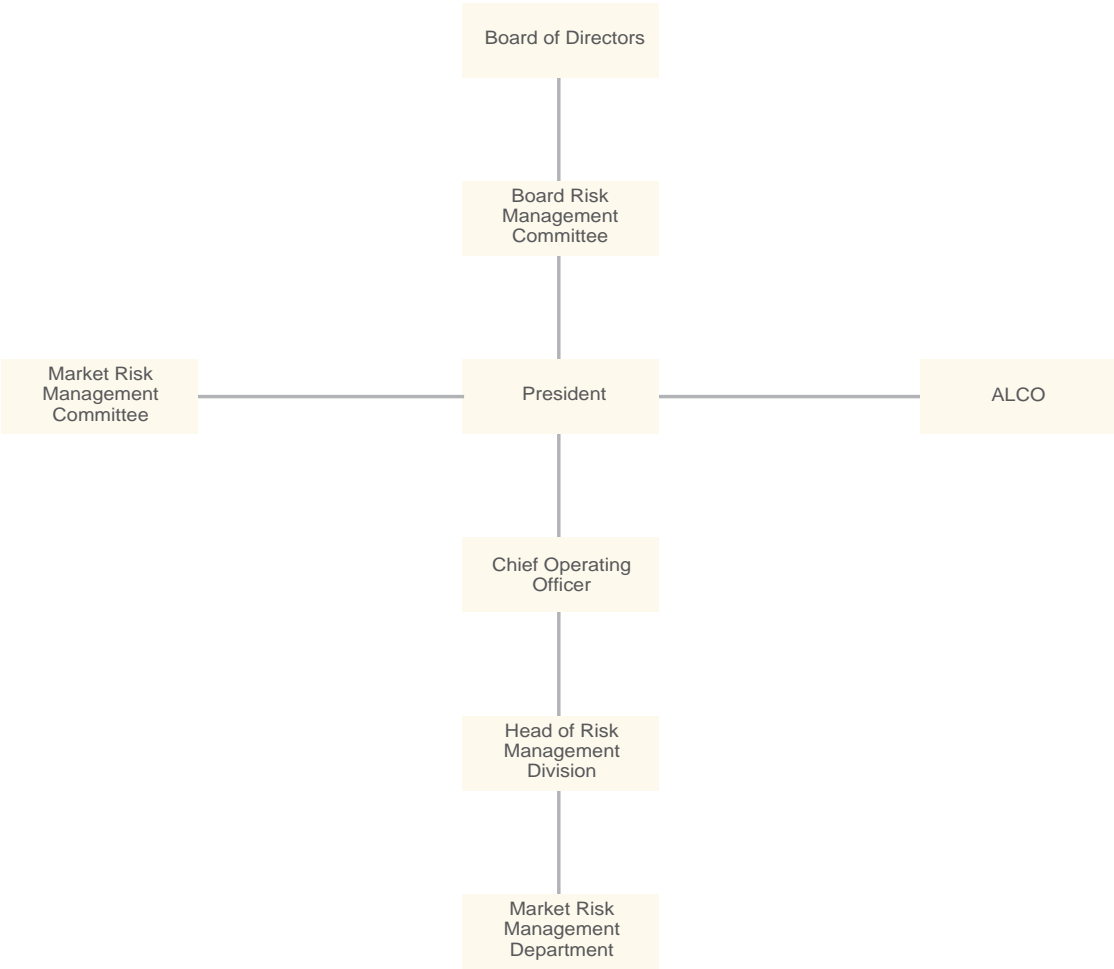
Market Risk Management Objective and Organisation

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 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.

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

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

#### 42.4.3 Equity Position Risk

The Bank invests 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.

		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)									
On-balance sheet financial instruments											
Assets											
Cash and balances with treasury banks	0.00%	16,718,428	-	-	-	-	-	-	-	-	16,718,428
Balances with other banks	2.14%	1,634,544	182,555	-	-	-	-	-	-	-	1,451,989
Lendings to financial and other institutions	12.10%	3,306,244	1,800,000	769,557	524,382	212,305	-	-	-	-	-
Investments - net	9.60%	108,633,807	7,496,236	23,067,029	3,173,469	50,452,482	4,394,756	2,035,890	6,904,935	8,372,286	2,736,724
Advances - net	7.40%	112,001,752	18,131,979	40,150,230	51,314,353	22,187	19,882	10,491	-	-	2,352,630
Other assets	0.00%	5,357,696	-	-	-	-	-	-	-	-	5,357,696
		247,652,471	27,610,770	63,986,816	55,012,204	50,686,974	4,414,638	2,046,381	6,904,935	8,372,286	28,617,467
Liabilities											
Bills payable	0.00%	2,751,084	-	-	-	-	-	-	-	-	2,751,084
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	4.42%	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
		233,370,065	88,218,227	69,728,518	14,073,999	9,737,109	976,498	583,536	172,349	719,266	49,160,563
On-balance sheet gap		14,282,406	(60,607,457)	(5,741,702)	40,938,205	40,949,865	3,438,140	1,462,845	6,732,586	7,653,020	(20,543,096)
Non financial net assets		3,909,536									
Total net assets		18,191,942									
Off-balance sheet financial instruments											
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)	-	-	-	-	-	-
Off-balance sheet gap		4,214,072	(342,616)	(33,461)	4,577,742	12,407	-	-	-	-	-
Total Yield / Interest Risk Sensitivity Gap			(60,950,073)	(5,775,163)	45,515,947	40,962,272	3,438,140	1,462,845	6,732,586	7,653,020	(20,543,096)
Cumulative Yield / Interest Risk Sensitivity Gap			(60,950,073)	(66,725,236)	(21,209,289)	19,752,983	23,191,123	24,653,968	31,386,554	39,039,574	18,496,478



Effective Yield / Interest rate %	2014										
	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)											
On-balance sheet financial instruments											
Assets											
Cash and balances with treasury banks	-	15,776,136	-	-	-	-	-	-	-	-	15,776,136
Balances with other banks	7.90%	574,566	-	-	-	-	-	-	-	-	574,566
Lending to financial and other institutions	14.19%	604,342	498,243	106,099	-	-	-	-	-	-	-
Investments - net	11.03%	75,715,677	307,507	967,630	14,690,606	4,354,394	37,202,791	4,273,338	818,075	10,242,079	2,859,257
Advances - net	10.17%	107,968,205	17,032,190	36,781,742	51,497,238	31,248	28,418	18,494	-	-	2,578,875
Other assets	-	6,993,048	-	-	-	-	-	-	-	-	6,993,048
		207,631,974	17,837,940	37,855,471	66,187,844	4,385,642	37,231,209	4,291,832	818,075	10,242,079	28,781,882
Liabilities											
Bills payable	-	2,779,715	-	-	-	-	-	-	-	-	2,779,715
Borrowings	7.95%	25,824,908	15,026,127	6,998,251	2,692,125	94,564	49,203	2,322	51,702	661,414	249,200
Deposits and other accounts	6.18%	163,250,371	48,095,891	48,289,112	10,414,349	15,289,029	747,551	824,283	-	-	39,590,156
Sub-ordinated loans	0.00%	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	2,352,348	-	-	-	-	-	-	-	-	2,352,348
		194,207,342	63,122,018	55,287,363	13,106,474	15,383,593	796,754	826,605	51,702	661,414	44,971,419
On-balance sheet gap		13,424,632	(45,284,078)	(17,431,892)	53,081,370	(10,997,951)	36,434,455	3,465,227	766,373	9,580,665	(16,189,537)
Non financial net assets		3,614,595									
Total net assets		17,039,227									
Off-balance sheet financial instruments											
Forward purchase of foreign exchange		15,212,145	9,317,457	4,244,806	1,373,527	276,355	-	-	-	-	-
Forward sale of foreign exchange		(15,240,627)	(8,111,690)	(3,526,736)	(3,602,201)	-	-	-	-	-	-
Off-balance sheet gap		(28,482)	1,205,767	718,070	(2,228,674)	276,355	-	-	-	-	-
Total Yield / Interest Risk Sensitivity Gap		(44,078,311)	(16,713,822)	50,852,696	(10,721,596)	36,434,455	3,465,227	766,373	9,580,665	-	(16,189,537)
Cumulative Yield / Interest Risk Sensitivity Gap		(44,078,311)	(60,792,133)	(9,939,437)	(20,661,033)	15,773,422	19,238,649	20,005,022	29,585,687	-	13,396,150

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

### Liquidity Risk Monitoring

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

### Liquidity Risk Assessment

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

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

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

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

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

## 42.5.1 Maturities of assets and liabilities

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	3,306,244	1,800,000	769,557	524,382	212,305	-	-	-	-	-
Investments - net	108,633,807	7,496,236	24,172,897	26,002	50,520,562	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	-	-
	253,341,829	46,084,024	68,105,211	17,203,733	55,682,364	11,514,323	9,009,002	20,856,577	15,093,954	9,792,641
<b>Liabilities</b>										
Bills payable	2,751,084	2,751,084	-	-	-	-	-	-	-	-
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	2,883,755	2,565,702	-	-	318,053	-	-	-	-	-
	235,149,887	73,228,957	47,296,326	32,419,697	36,942,706	7,427,698	3,648,159	30,473,078	3,713,266	-
<b>Net assets</b>	18,191,942	(27,144,933)	20,808,885	(15,215,964)	18,739,658	4,086,625	5,360,843	(9,616,501)	11,380,688	9,792,641
Share capital	11,024,636									
Discount on issue of shares	(1,001,361)									
Reserves	1,049,465									
Unappropriated profit	4,263,217									
Surplus on revaluation of assets	2,855,985									
	18,191,942									
2014										
Total	Up to 1 month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
(Rupees in '000)										
<b>Assets</b>										
Cash and balances with treasury banks	15,776,136	8,515,303	2,333,139	2,020,585	2,907,110	-	-	-	-	-
Balances with other banks	574,566	574,566	-	-	-	-	-	-	-	-
Lendings to financial and other institutions	604,342	498,243	106,099	-	-	-	-	-	-	-
Investments - net	75,715,677	635,546	2,765,234	12,451,680	4,629,647	38,127,495	5,375,203	1,235,106	10,495,766	-
Advances - net	107,968,205	19,611,064	36,781,742	15,444,163	9,614,675	2,233,417	5,754,784	10,664,223	5,013,986	2,850,151
Operating fixed assets	5,013,968	151,901	548,352	76,300	249,087	427,933	746,375	381,622	1,099,235	1,333,163
Deferred tax assets - net	-	-	-	-	-	-	-	-	-	-
Other assets - net	7,522,413	5,661,726	-	-	1,854,201	-	-	6,486	-	-
	213,175,307	35,648,349	42,534,566	29,992,728	19,254,720	40,788,845	11,876,362	12,287,437	16,608,987	4,183,314
<b>Liabilities</b>										
Bills payable	2,779,715	2,779,715	-	-	-	-	-	-	-	-
Borrowings	25,824,908	15,275,327	6,998,251	2,692,125	94,564	49,203	2,322	51,702	661,414	-
Deposits and other accounts	163,250,371	29,495,067	26,400,247	22,863,591	32,894,915	5,206,068	2,941,852	7,871,255	8,800,331	26,777,045
Sub-ordinated loans	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities - net	1,419,963	-	-	-	1,419,963	-	-	-	-	-
Other liabilities	2,861,123	2,624,848	-	-	236,275	-	-	-	-	-
	196,136,080	50,174,957	33,398,498	25,555,716	34,645,717	5,255,271	2,944,174	7,922,957	9,461,745	26,777,045
<b>Net assets</b>	17,039,227	(14,526,608)	9,136,068	4,437,012	(15,390,997)	35,533,574	8,932,188	4,364,480	7,147,242	(22,593,731)
Share capital	11,024,636									
Discount on issue of shares	(1,001,361)									
Reserves	933,911									
Unappropriated profit	3,150,185									
Surplus on revaluation of assets	2,931,856									
	17,039,227									

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

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

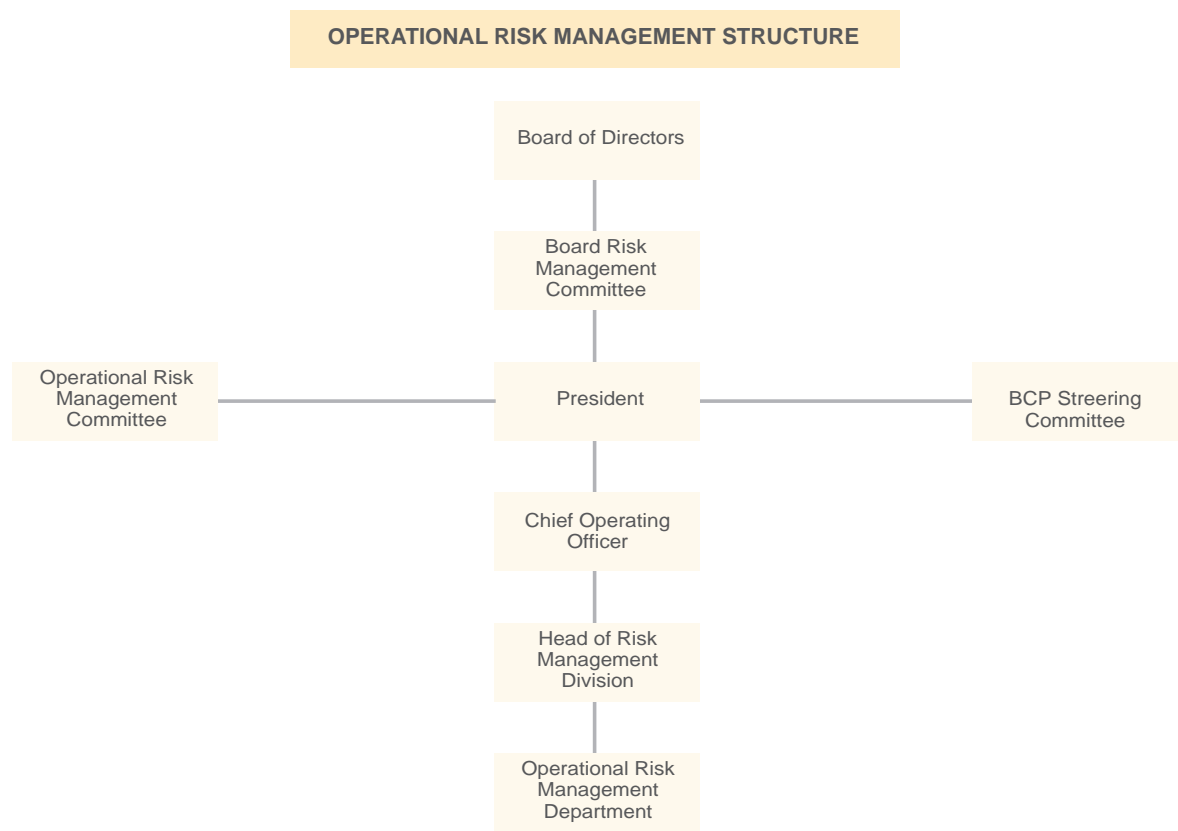
2015									
Total	Up to 1 month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
(Rupees in '000)									
<b>Assets</b>									
Cash and balances with treasury banks	16,718,428	9,034,947	2,882,802	2,214,806	2,585,873	-	-	-	-
Balances with other banks	1,634,544	1,634,544	-	-	-	-	-	-	-
Lendings to financial & other institutions	3,306,244	1,800,000	769,557	524,382	212,305	-	-	-	-
Investments - net	108,633,807	7,496,236	24,172,897	26,002	50,520,562	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
Operating fixed assets	4,956,732	74,361	129,724	89,281	430,632	824,246	357,000	980,721	613,076
Deferred tax assets - net	-	-	-	-	-	-	-	-	-
Other assets - net	6,090,322	5,559,328	-	-	524,509	-	-	6,485	-
	253,341,829	46,084,024	68,105,211	17,203,733	55,682,364	11,514,323	9,009,002	20,856,577	15,093,954
									9,792,641
<b>Liabilities</b>									
Bills payable	2,751,084	2,751,084	-	-	-	-	-	-	-
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	2,883,755	2,565,702	-	-	318,053	-	-	-	-
	235,149,887	175,882,115	28,270,519	14,074,000	11,472,804	977,698	584,736	174,749	3,713,266
									-
<b>Net assets</b>	18,191,942	(129,798,091)	39,834,692	3,129,733	44,209,560	10,536,625	8,424,266	20,681,828	11,380,688
									9,792,641
Share capital	11,024,636								
Discount on issue of shares	(1,001,361)								
Reserves	1,049,465								
Unappropriated profit	4,263,217								
Surplus on revaluation of assets	2,855,985								
	18,191,942								
2014									
Total	Up to 1 month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
(Rupees in '000)									
<b>Assets</b>									
Cash and balances with treasury banks	15,776,136	15,776,136	-	-	-	-	-	-	-
Balances with other banks	574,566	574,566	-	-	-	-	-	-	-
Lendings to financial & other institutions	604,342	498,243	106,099	-	-	-	-	-	-
Investments - net	75,715,677	635,546	2,765,234	12,451,680	4,629,647	38,127,495	5,375,203	1,235,106	10,495,766
Advances - net	107,968,205	19,611,064	36,781,742	15,444,163	9,614,675	2,233,417	5,754,784	10,664,223	5,013,986
Operating fixed assets	5,013,968	151,901	548,352	76,300	249,087	427,933	746,375	381,622	1,099,235
Deferred tax assets - net	-	-	-	-	-	-	-	-	-
Other assets - net	7,522,413	5,661,726	-	-	1,854,201	-	-	6,486	-
	213,175,307	42,909,182	40,201,427	27,972,143	16,347,610	40,788,845	11,876,362	12,287,437	16,608,987
									4,183,314
<b>Liabilities</b>									
Bills payable	2,779,715	2,779,715	-	-	-	-	-	-	-
Borrowings	25,824,908	15,275,327	6,998,251	2,692,125	94,564	49,203	2,322	51,702	661,414
Deposits and other accounts	163,250,371	122,958,454	13,016,705	10,414,349	15,289,029	747,551	824,283	-	-
Sub-ordinated loans	-	-	-	-	-	-	-	-	-
Deferred tax liabilities - net	1,419,963	-	-	-	1,419,963	-	-	-	-
Other liabilities	2,861,123	2,624,848	-	-	236,275	-	-	-	-
	196,136,080	143,638,344	20,014,956	13,106,474	17,039,831	796,754	826,605	51,702	661,414
									-
<b>Net assets</b>	17,039,227	(100,729,162)	20,186,471	14,865,669	(692,221)	39,992,091	11,049,757	12,235,735	15,947,573
									4,183,314
Share capital	11,024,636								
Discount on issue of shares	(1,001,361)								
Reserves	933,911								
Unappropriated profit	3,150,185								
Surplus on revaluation of assets	2,931,856								
	17,039,227								

The management believes that the above maturity analysis does not reveal the expected maturity of saving deposits as contractual maturity analysis of deposits alone does not provide information about the conditions expected in normal circumstances. The management believes that the maturity profile disclosed in note 42.5.1 that includes maturities of 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 in the current year 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 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 relocating the 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.

### **Transaction Risk Monitoring**

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

## **43 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on 11 February 2016 by the Board of Directors of the Bank.

#### 44 GENERAL

- 44.1 Until last year the bank was classifying its exposure in Ijarah financing under Operating Fixed Assets while advances against Islamic financing was shown as part of Other assets in the Statement of Financial Position. During the current year, they have been reclassified and shown as part of Advances based on the directions of the State Bank of Pakistan. Depreciation on Ijarah assets and rentals thereon which were previously shown under Administrative expenses and Other Income respectively have also been reclassified and shown as part of Mark-up / return / interest earned. The impacts of these reclassifications are as follows:

Reclassification from Statement of Financial Position	Reclassification to Statement of Financial Position	2014 ----- (Rupees in '000) -----	2013 -----
Operating Fixed Assets	Advances-net	202,843	274,490
Other assets-net	Advances-net	1,681,689	80,916
Reclassification from Profit and Loss Account	Reclassification to Profit and Loss Account		
Administrative expenses	Markup / interest / return earned	101,280	116,815
Other income	Markup / interest / return earned	136,203	154,844

Further, the Bank has reclassified an amount of Rs 450 million (2013: Rs 250 million) from "Balances with other banks" to "Lendings to financial and other institutions".

- 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 11 February 2016 has proposed a cash dividend in respect of the year ended 31 December 2015 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 2015 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 2016.

ALAUDDIN FEERASTA  
CHAIRMAN

MOHAMMAD AFTAB MANZOOR  
PRESIDENT AND  
CHIEF EXECUTIVE OFFICER

MANZOOR AHMED  
DIRECTOR

SYED ALI ZAFAR  
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 2015**

**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>A.R.Sons (Private) Limited.</b> 3 Main Bazar Shishmahal Road, Data Darbar, Lahore	Mr. Muhammad Sohail CNIC No. 35200-5468038-3	Mr. Allah Rakha	6.700	1.426	-	8.126	1.300	5.914	0.147	7.361
2	<b>Muhammad Amin M. Bashir Ltd.</b> 3rd Floor, Cotton Exchange Building, I.I.Chundrigar Road, Karachi	Mr. Zahid Bashir CNIC No. 42301-9092735-5 Mr. Maqbul Ahmed NIC No. 517-36-041306 Mr. Khalid Bashir NIC No. 246-90-086413 Mr. Mohammad Rafi CNIC No. 42201-0260840-3 Mr. Ahsan M. Saleem NIC No. 244-53-111827	Mian Muhammad Bashir Mian Bux Elahi Mian Muhammad Bashir Haji Muhammad Shafi Mr. Muhammad Saleem	10.645	3.024	-	13.669	4.088	-	-	4.088
3	<b>Babar CNG Station</b> H. No. 8, St # 1, Muslim Street, Misri Shah Raheem Road, Lahore	Mr. Rana Babar Amin CNIC No. 35202-7930732-3 Mr. Rana Abdul Ghafoor CNIC No. 35202-3209561-9 Ms. Naseem Zaman CNIC # 37405-2307628-4	Mr. Rana Abdul Ghafoor Chaudhry Babu Khan Mr. Abdul Ghaffar Abid	17.381	4.349	-	21.730	-	4.818	-	4.818
4	<b>Riaz Shah</b> Basti Hassan Shah Mahar Shah, P/O Aalidah Tehsil & District Muzaffargarh	Mr. Riaz Shah CNIC No. 32304-9000677-3	Mr. Allah Wasaya Shah	1.371	1.172	-	2.543	-	1.191	-	1.191
5	<b>Al-Muqadus Traders</b> Sher Shah Road, Tehsildar More Multan	Mr. Ghulam Akbar Khan CNIC No. 32402-7747332-9	Mr. Sardar Noor Muhammad Khan	4.499	1.773	-	-	-	1.866	0.064	1.930
6	<b>Z.S. Enterprises</b> A-433, Block-C, North Nazimabad, Karachi	Mr. Zulfiqar Ahmed CNIC No. 42101-1661662-1	Mr. Ahmed Qamaruddin	0.930	1.215	-	0.930	0.930	1.512	0.120	2.562
7	<b>Raheel Shahzad</b> House # 5-A, Near Sadiq Trust Hospital Taipura, Lahore	Mr. Raheel Shahzad CNIC No. 35201-9049497-3	Mr. Shahzad Ahmed	1.269	0.706	-	1.975	-	0.918	0.050	0.968
8	<b>Khawaja Bashir Ahmed &amp; Sons</b> Chaman Sultana industrial Estate Shah Rukne Alam Colony, Multan	Khawja Mahboob Ur Rehman CNIC No. 36302-8650914-9 Mrs. Fozia Mahboob CNIC No. 36302-7830653-2	Khawaja Bashir Ahmed W/o Khawja Mahboob Ur Rehman	74.606	4.472	-	79.078	-	5.429	-	5.429
9	<b>Rauf Jewellers</b> Sarafa Bazar, Multan	Mr. Abdul Rauf Shah CNIC No. 36302-1051161-1	Mr. Ghulam Jaffar Hussain Shah	1.325	0.794	-	2.119	-	0.758	-	0.758
10	<b>Sadia Industries</b> Plot No.11/2, Sector 17, Korangi Industrial Area, Karachi	Mr. Rehan Hafeez CNIC No. 42201-5880909-7 Mr. Masood Mohiuddin CNIC No. 42201-2047891-9 Mrs. Fauzia Aziz CNIC No. 42201-0342920-6	Mr. Muhammad Hafeezuddin Mr. Muhammad Hafeezuddin W/o. Muhammad Azizuddin	2.930	0.792	-	3.722	-	1.600	0.348	1.948
11	<b>Weave and Knit (Private) Limited</b> Plot No. 7, Sector 7/A, Korangi Industrial Area, Karachi	Mr. Arshad Aziz CNIC No. 42301-8018428-5 Mrs. Ambreen Arshad CNIC No. 42301-8585941-8	Mr. Abdul Aziz W/o. Arshad Aziz	17.313	20.979	-	38.292	5.312	22.775	-	28.087
12	<b>Agro Oil Extraction Industries Limited.</b> E-8, Block-17, Al-Raee Avenue, Gulshan-e-Iqbal, Karachi	Mrs. Sumiah Saeed Ur Rehman CNIC No. 68258-6471235-2 Mr. Riyadh Abdul Aziz Al-Raee CNIC No. 68258-6762443-1 Mr. Aijaz Abdul Aziz Al-Raee CNIC No. 68258-6864624-1 Mrs. Rabia Barkat Ali CNIC No. 68258-6558747-2 Mrs. Asma Hafeez CNIC No. 68258-6364505-2	W/o. Riyadh Abdul Aziz Al-Raee Mr. Abdul Aziz Abdul Haq Al-Raee Mr. Abdul Aziz Abdul Haq Al-Raee W/o. Raza Abdul Aziz Al-Raee W/o. Aijaz Abdul Aziz Al-Raee	141.731	107.887	-	249.618	56.731	115.758	0.676	173.165
13	<b>I.Q. Studio (Private) Limited</b> 12/1 Q, Gulberg-II, Lahore	Mr. Khurram Shahzad CNIC No. 35201-6846752-3 Mr. Iftikhar Ahmad Qaiser CNIC No. 35201-5560205-7	Mr. Rana Ghulam Sarwar Mr. Ghulam Sarwar	7.110	1.242	-	8.352	-	1.290	0.135	1.425
<b>TOTAL</b>				<b>287.810</b>	<b>149.831</b>	<b>-</b>	<b>430.154</b>	<b>68.361</b>	<b>163.829</b>	<b>1.540</b>	<b>233.730</b>

## ISLAMIC BANKING BUSINESS

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

BSD circular letter No. 03 dated 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 2015****ASSETS**

Cash and balances with treasury banks	
Balances with other banks	
Due from financial institutions	
Investment	
Islamic Financing and Related Assets	vi
Operating fixed assets	
Due from Head Office	
Other assets	
<b>Total Assets</b>	

**2015****2014****(Rupees in '000)**

654,429	523,342
28	23
736,687	450,000
4,650,933	3,079,901
3,644,898	3,282,621
144,602	159,678
149,201	358,653
182,807	124,414
10,163,585	7,978,632

**LIABILITIES**

Bills payable	
Due to financial institutions	
Deposits and other accounts	ii.b
- Current accounts	
- Saving accounts	
- Term deposits	
- Others	
Other liabilities	
<b>Total Liabilities</b>	

49,985	5,237
240,202	180,641
1,533,494	1,461,516
5,112,581	4,082,466
2,307,565	1,519,094
44,675	94,216
163,504	113,178
9,452,006	7,456,348

**NET ASSETS**

711,579	522,284
---------	---------

**REPRESENTED BY:**

Islamic Banking Fund	
Accumulated profit	

600,000	500,000
72,012	13,130

Surplus on revaluation of assets

672,012	513,130
39,567	9,154
711,579	522,284

**(ii) Profit And Loss Account****For the year ended 31 December 2015**

Profit / return on financing, investments and placements earned	
Return on deposits and other dues expensed	ii.a
Net income earned before provision	

619,012	534,972
(366,286)	(377,057)
252,726	157,915

Reversal of provision against non-performing financings	
Provision for diminution in the value of investment	

979	21,973
-	-
979	21,973

Net income earned after provision

253,705	179,888
---------	---------

**Other income**

Fee, commission and brokerage income	
Gain on sale of securities - net	
Other Income	

25,980	26,750
119	-
3,327	1,214
283,131	207,852

**Other expenses**

Administrative expenses	
Provision against other assets	

210,986	194,540
133	182

**Profit before taxation**

72,012	13,130
--------	--------

**(ii.a)** These figures have been adjusted to exclude inter segment profitability charge of Rs. 45.593 million @ 7.87 % (2014: Rs. 42.707 million @ 10.03 %) in line with financial reporting requirement.

**(ii.b)** Deposits and other accounts include redeemable capital of Rs. 7,465,202 million (31 December 2014: Rs. 5,695,777 million) and deposits on Qard basis of Rs. 1,533,112 million (31 December 2014: Rs. 1,461,516 million). Remunerative deposits which are on Mudaraba basis are considered as Redeemable capital and non-remunerative deposits are classified as being on Qard basis.

(iii)

**Cash Flow Statement****CASH FLOW FROM OPERATING ACTIVITIES**

Profit before taxation

72,012

13,130

Less: Dividend income

-

-

72,012

13,130

**Adjustments:**

Depreciation / amortisation

103,965

124,274

Reversal of provision against non-performing advances

(979)

(21,973)

Gain on sale of fixed assets

(930)

(561)

102,056

101,740

174,068

114,870

**(Increase) / decrease in operating assets**

Due from financial institutions

(286,687)

(200,000)

Islamic Financing and Related Assets-net

(442,840)

(954,490)

Due from Head Office

209,452

(106,356)

Others assets - (excluding advance taxation)

(58,393)

30,728

(578,468)

(1,230,118)

**Increase / (decrease) in operating liabilities**

Bills payable

44,748

155

Due to financial institutions

59,561

83,597

Deposits and other accounts

1,841,023

2,378,818

Other liabilities

37,196

(33,744)

1,982,528

2,428,826

1,578,128

1,313,578

Income tax paid

-

-

**Net cash generated from operating activities**

1,578,128

1,313,578

**CASH FLOW FROM INVESTING ACTIVITIES**

Net investments in securities

(1,540,619)

(1,172,637)

Dividend received

-

-

Investment in operating fixed assets

(8,820)

(48,785)

Proceeds from disposal of fixed assets

2,403

708

**Net cash used in investing activities**

(1,547,036)

(1,220,714)

**CASH FLOW FROM FINANCING ACTIVITIES**

Funds received from Head Office

100,000

100,000

**Net cash generated from financing activities**

100,000

100,000

**Increase in cash and cash equivalents**

131,092

192,864

Cash and cash equivalents at the beginning of the year

523,365

330,501

Cash and cash equivalents at the end of the year

654,457

523,365

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

Cash and balances with treasury banks

654,429

523,342

Balances with other banks

28

23

654,457

523,365

(iv)

**Remuneration to shariah advisor**

1,332

1,280

(v)

**CHARITY FUND**

Opening balance

-

-

Addition during the period

61

713

Payment / utilisation during the period

(61)

(713)

Closing balance

-

-

v.a



- (v.a) This includes an amount of Rs Nil (2014: Rs 0.089 million) paid to Kidney Centre, Karachi, in which one of the directors of the Bank is a member of its Board of Governors.

	2015 (Rupees in '000)	2014
<b>(vi) Islamic Modes of Financing</b>		
Murabaha	594,069	371,518
Ijarah	229,614	202,662
Diminishing Musharaka	1,150,137	1,014,705
Salam	404,166	-
Advance against islamic financing:		
- Murabaha	89,108	426,108
- Car Ijarah	28,044	16,127
- Machine Ijarah	23,122	-
- Diminishing Musharaka	791,322	374,990
- Salam	334,267	864,462
Other Islamic modes	1,049	12,049
	<u>3,644,898</u>	<u>3,282,621</u>

**(vii) Deposits**

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 network 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 distribution to depositor's pool**

The Bank maintained the following pools for profit declaration and distribution during the year ended 31 December 2015:

- 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 Ijara Sukuks'.

	2015		2014	
	Normal Pool	Special Pool	Total	Total
----- (Rupees in '000) -----				
Chemical and Pharmaceutical	195,596	67,049	262,645	807,036
Agribusiness	-	-	-	54,088
Textile	606,056	-	606,056	499,408
Cement	-	29,105	537,316	566,421
Sugar	300,000	-	300,000	-
GoP Ijarah Sukuk	1,930,443	1,200,000	3,130,443	2,201,010
Automobile and transportation equipment	-	-	-	1,111
Financial	542,415	165,621	708,036	1,869,171
Electronic and electrical appliances	-	-	-	804
Production and transmission of energy	748,330	913,750	1,662,080	368,712
Carpet and Rugs Manufacturer	206,725	-	206,725	233,077
Glass and Ceramics	213,395	-	213,395	-
Food and Allied	276,656	370,091	646,747	396,942
Services	489,144	119,164	608,308	141,464
Others	121,690	-	121,690	239,722
	5,659,555	3,372,991	9,032,546	6,812,545

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

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

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

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

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

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

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

	Funded Income	Expenses	Gains / (Loss) on sale of securities	Total
----- (Rupees in '000) -----				
Islamic financing and related assets	262,422	-	-	262,422
Investments	276,433	-	-	276,433
Due from financial institutions	70,416	-	-	70,416
Others	29,307	(1,572)*	119	27,854
	638,578	(1,572)	119	637,125

\* This includes initial direct cost of Rs. 1.572 million.

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

The Bank paid an aggregate amount of Rs 67.009 million as incentive profits (Hiba), which includes Rs 42.804 million for normal pool and Rs. 24.205 millions for special pool during the year ended 31 December 2015. The following guidelines are approved by the Bank's Sharia Advisor for determination of incentive profits (Hiba):

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

(xi) Contractual maturities of mudaraba based deposit accounts

	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
	(Rupees in '000)							
Fixed Deposits	2,307,565	606,063	203,733	238,152	1,251,467	4,650	3,500	-
Savings Deposits	4,998,630	4,998,630	-	-	-	-	-	-
	7,306,195	5,604,693	203,733	238,152	1,251,467	4,650	3,500	

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
Mudaraba Pool								
Normal Pool	75:25	8.28%	42,804	5.48%	152,619	19.52%	Monthly	3.62%
Special Pool	75:25	6.55%	24,205	10.74%	32,146	14.26%	Monthly	7.15%
Total	75:25	7.21%	67,009	6.65%	184,765	18.35%	Monthly	4.92%

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					
	0.3900	2,860	18	Quarterly	8.43%
	0.7151	2,861	31	Quarterly	8.11%
	0.5941	1,172	6	Quarterly	5.65%
	0.2942	938	10	Quarterly	3.19%

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 2015, the Bank charged 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 Pool

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

	2015 (Rupees in '000)	2014
Profit / return earned on financings, investments and placements	609,271	523,488
Other income (including other charges)	29,307	27,964
Directly related costs attributable to pool	(1,453)	(831)
	<u>637,125</u>	<u>550,621</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	58%	0.5417	1.500
Savings - Soneri Bachat Account	2%	0.5417	0.6667
Savings - Assan Account	5%	0.5417	0.5417
Time Deposits - Soneri Meadi	35%	0.6917	1.6250

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>Freehold land</b>					
----- do -----	5,356	5,356	6,944	Tender	Mr. Ali Muhammad
<b>Building on freehold land</b>					
----- do -----	2,424	1,205	2,880	Tender	Mr. Ali Muhammad
----- do -----	593	317	699	Tender	Mr. Ali Muhammad
Items with WDV of below Rs. 250,000/- and cost of less than Rs. 1,000,000	559	320	654	Various	Various
	<b>3,576</b>	<b>1,842</b>	<b>4,233</b>		
<b>Leasehold building</b>					
----- do -----	7,155	3,915	3,353	Tender	Mr. Mohsin Ali
----- do -----	1,875	1,455	697	Insurance Claim	M/s. Jubile General Insurance
----- do -----	1,338	1,039	498	Insurance Claim	M/s. Jubile General Insurance
----- do -----	946	798	352	Insurance Claim	M/s. Jubile General Insurance
----- do -----	809	609	-	Write off	
----- do -----	570	448	212	Insurance Claim	M/s. Jubile General Insurance
Items with WDV of below Rs. 250,000/- and cost of less than Rs. 1,000,000	386	307	21	Various	Various
	<b>13,079</b>	<b>8,571</b>	<b>5,133</b>		
<b>Leasehold improvements</b>					
----- do -----	5,280	1,936	-	Write off	
----- do -----	5,015	2,250	-	Write off	
----- do -----	4,502	3,795	-	Write off	
----- do -----	2,642	1,200	58	Tender	Mr. Tanveer Ahmed
----- do -----	2,465	1,693	-	Write off	
----- do -----	1,610	1,093	-	Write off	
----- do -----	1,600	839	-	Write off	
----- do -----	1,508	1,246	-	Write off	
----- do -----	1,393	1,117	-	Write off	
----- do -----	1,234	975	-	Write off	
----- do -----	1,106	-	-	Write off	
----- do -----	1,078	858	-	Write off	
----- do -----	991	835	-	Write off	
----- do -----	979	813	-	Write off	
----- do -----	780	536	-	Write off	
----- do -----	622	499	-	Write off	
----- do -----	570	454	-	Write off	
----- do -----	532	440	-	Write off	
----- do -----	522	434	-	Write off	
----- do -----	535	423	-	Write off	
----- do -----	542	368	-	Write off	
----- do -----	691	342	-	Write off	
Items with WDV of below Rs. 250,000/- and cost of less than Rs. 1,000,000	4,117	2,388	36	Various	Various
	<b>40,314</b>	<b>24,534</b>	<b>94</b>		

Cont'd

**Disposal of fixed assets (refer note 11.1.3)**

Particulars	Cost	Book value	Sale price / insurance proceeds	Mode of settlement / disposal	Particulars of buyers / insurance companies
----- (Rupees in '000) -----					
<b>Intangible assets</b>					
----- do -----	1,550	1,262	-	Write off	
<b>Furniture and fixtures</b>					
Items with WDV of below Rs. 250,000/- and cost of less than Rs. 1,000,000	2,215	642	212	Various	Various
<b>Electrical office and computer equipment</b>					
----- do -----	7,076	-	19	Tender	M/s. Yamleka Traders
----- do -----	7,076	-	19	Tender	M/s. Yamleka Traders
----- do -----	2,637	-	7	Tender	M/s. Yamleka Traders
----- do -----	1,632	218	480	Tender	Syed Shah
----- do -----	1,600	213	470	Tender	Syed Shah
----- do -----	1,304	-	275	Tender	M/s.S.M.Jaffar and Co.
----- do -----	1,194	37	225	Tender	M/s. Generator X Power System
----- do -----	1,156	-	132	Trade off	M/s.Touch Point (Pvt) Limited
----- do -----	1,152	-	132	Trade off	M/s.Touch Point (Pvt) Limited
----- do -----	1,111	-	132	Trade off	M/s.Touch Point (Pvt) Limited
----- do -----	1,038	-	212	Tender	M/s. Generator X Power System
----- do -----	1,019	-	132	Trade off	M/s.Touch Point (Pvt) Limited
Items with WDV of below Rs. 250,000/- each and cost of less than Rs. 1,000,000	41,687	2,005	8,775	Various	Various
	<b>69,682</b>	<b>2,473</b>	<b>11,010</b>		
<b>Motor vehicles</b>					
----- do -----	4,634	-	1,005	Tender	Mr. Ahmer Mushaid
----- do -----	1,269	-	951	Tender	Mr. Sala uddin
----- do -----	612	280	421	Tender	Mr. Muhammad Siddique
----- do -----	612	280	401	Tender	Mr. Muhammad Siddique
Items with WDV of below Rs. 250,000/- each and cost of less than Rs. 1,000,000	3,607	101	2,173	Various	Various
	<b>10,734</b>	<b>661</b>	<b>4,951</b>		
	<b>146,506</b>	<b>45,341</b>	<b>32,577</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	Total paid up value (before redemption)	Profit	Principal Redemption	Balance as at 31 December 2015	Balance as at 31 December 2014	Name of Chief Executive Officer
	2015	2014					(Rupees)	(Rs. in '000)	
a) Held to maturity securities									
(i) Listed Term Finance Certificates									
Allied Bank Limited - 2nd issue	-	12,973	5,000	64,865	6 months Kibor + 0.85% (1-5 years) 6 months Kibor + 1.30% (6-10 years)	0.02% of principal amount in the first 114 months and remaining principal paid in 120th month from the date of issue.	-	64,735	Mr. Tariq Mehmood
Askari Bank Limited - 3rd issue	-	7,000	5,000	35,000	6 months Kibor + 2.50% (1-5 years) 6 months Kibor + 2.95% (6-10 years)	0.02% of principal amount in the first 96 months and remaining principal in four equal semi annual instalments starting from the 102nd month from the date of issue.	-	34,930	Syed Majeedullah Hussaini
Azgard Nine Limited	10,000	10,000	5,000	50,000	6 months Kibor + 1.00% (1-2 years) 6 months Kibor + 1.25% (3-5 years) 6 months Kibor + 1.00% (6-7.5 years)	0.88% of principal amount in 42 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
Bank AL Habib Limited - 2nd issue	-	8,000	5,000	39,985	6 months Kibor + 1.5%	0.02% of principal amount in the first 84 months and remaining principal in two equal semi annual instalments starting from the 90th month from the date of issue.	-	19,917	Mr. Abbas D. Habib
Engro Fertilizers Limited 3rd Issue	-	6,325	5,000	31,625	6 months Kibor + 2.40%	0.02% of principal amount from 24 months, 3.98% from 30 months to 48 months, 6% from 54 months to 72 months remaining principal in two equal semi annual instalments starting from the 78th month from the date of issue.	-	22,770	Mr. Ruhail Muhammad
(ii) Un-listed Term Finance Certificates									
AgriTech Limited	1,488	1,488	5,000	7,440	11.00 % Per Annum	0.02% of principal amount in the first 60 months and remaining principal paid in 66th month from the date of issue.	7,440	7,440	Mr. Mohammad Khalid Mir
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.	49,880	49,900	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.	74,850	74,880	Mr. Nauman Ansari
Standard Chartered Bank Limited	40,000	40,000	5,000	200,000	6 months Kibor + 0.75%	Principal paid in two equal semi annual instalments starting from the 114th month from the date of issue.	200,000	200,000	Mr. Shahzad Dada
(iii) Listed Sukuk Bonds									
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% from 30 months to 36 months remaining principal in four equal semi annual instalments starting from the 42nd month from the date of issue.	153,425	161,500	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
(iv) Un-listed Sukuk Bonds									
AlBaraka Bank (Pakistan) Limited	100	100	1,000,000	100,000	6 months Kibor + 1.25%	Principal paid in fourteen equal semi annual instalments	85,716	100,000	Mr. Shafqat Ahmed
Amreli Steels Limited	10,000	10,000	5,000	50,000	3 months Kibor + 2.50%	Principal amount of first instalment due from 27th month to 60th month remaining principal in eight equal quarterly instalments starting from the 63rd month from the date of issue.	19,000	38,000	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	76,032	87,200	Mr. Azam Sakrani
Pak Elektron Limited	10,000	10,000	5,000	50,000	3 months Kibor + 1.75% with floor of 10% and cap of 25%	Principal paid in six equal quarterly instalments starting from the 93rd month from the date of issue.	10,714	21,429	Mr. Murad Saigal
Pakistan Mobile Communication Limited	100,000	43,478	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	217,391	Mr. Jeffrey Hedberg
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	Mr. Zafar Mehmood
(b) available for sales securities									
(i) Listed Sukuk Bonds									
K-Electric Limited Sukuk-ul-Shirkah	124,686	-	5,000	623,430	3 months Kibor + 1.00%	Principal paid in twenty equal quarterly instalments starting from the 27th month from the date of issue.	623,430	-	Mr. Tayyab Tareen
(ii) Un-listed Sukuk Bonds									
AlBaraka Bank (Pakistan) Limited	194	-	1,000,000	80,571	6 months Kibor + 1.25%	Principal paid in fourteen equal semi annual instalments	80,570	-	Mr. Shafqat Ahmed
(c) Held for trading securities									
(i) Un-listed Term Finance Certificates									
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
							2,384,749	1,578,746	

# Report of Shari'ah Board

## For the year ended 31 December 2015

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While the Directors and Executive Management of Soneri Bank Limited are solely responsible to ensure that the operations of Soneri Bank Limited - Islamic Banking are conducted in a manner that comply with Shari'ah principles at all times, we are required to submit a report based on review of the overall Shari'ah compliance environment conducted by the bank's Shari'ah Compliance Department .

To form our opinion as expressed in this report, the Shari'ah Compliance Department carried out reviews, on test check basis, of each class of transactions, the relevant documentation and process flows etc. Further, based on the above, we are of the view that:

The Soneri Bank Limited has complied with Shari'ah rules and principles and with the specific fatawa, rulings, guidelines issued by SBP and by Shari'ah Advisor / Shari'ah Board from time to time.

The bank has a mechanism in place to ensure Shari'ah compliance in their overall operations. However, it is recommended that the bank should focus on conversion of its conventional branches to Islamic ones as Islamic Banking has proved itself to be a viable and profitable alternative of conventional banking. The system within the Bank is sound enough to ensure any earning that is realized from prohibited sources is not made a part of the income. Rs. 61,345 has been disbursed in charitable purposes in this regard.

The bank has complied with SBP instructions on profit and loss distribution and pool management. However, a complete automated solution for profit distribution on multiple pool with proper asset tagging is still under development. The management of Soneri Bank must complete this development to ensure smooth profit distribution.

The training department organized Islamic Banking awareness programs for developing good understanding of Islamic Banking concepts. Yet, staff training is extensively required to improve the fundamental concepts on Islamic Banking to avoid any reputational risk. The Shari'ah Board suggested that prior posting any staff in Islamic Banking, adequate training shall be mandatory. The Shari'ah Compliance Department shall also conduct a training need assessment for improving the knowledge of staff at Islamic Banking and need base training workshops will be focused upon. This exercise shall be necessary for all staff at Islamic Banking.

The Shari'ah Board has initially advised the management to hire adequate resource for Shari'ah Compliance Department in order to fulfil its duties effectively.

Based on Shari'ah review of transactions, in our opinion, the general conduct of Islamic banking activities is Shari'ah compliant. We pray to Almighty ALLAH, for the success of Islamic banking and provide us guidance to adhere to His Shari'ah in day to day operations and forgive our mistakes.

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

**Mufti Nadeem Iqbal**  
Resident Member Shari'ah Board

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

Lahore: 11 February 2016

# Notice of the Annual General Meeting

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Notice is hereby given that Twenty Fourth (24th) Annual General Meeting of Soneri Bank Limited will be held at Avari Hotel, Lahore on Friday 25 March 2016 at 9:00am to transact the following business:

## Ordinary Business

- 1) To confirm the minutes of last Annual General Meeting held on 27 March 2015.
- 2) To receive, consider and adopt Annual Audited Accounts together with the Directors' and Auditors' Reports thereon for the year ended 31 December 2015.
- 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 2015 as recommended by the Board of Directors in its 148th meeting held on 11 February 2016.
- 4) To appoint Auditors of the Bank for the year ending 31 December 2016 till the conclusion of next Annual General Meeting and fix their remuneration. Retiring Auditors, M/s. A.F. Ferguson & Co., Chartered Accountants, being eligible, have offered themselves for re-appointment.
- 5) To transact such other ordinary business as may be placed before the meeting with the permission of the Chair.

## Special Business

- 6) To approve payment of remuneration to Chairman of the Bank for attending the Board and its Committees meetings in compliance with the State Bank of Pakistan BPRD Circular No. 14 of 2009 dated: 07 August 2009.

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

## BY ORDER OF THE BOARD

**Muhammad Altaf Butt**  
Company Secretary

Lahore: 11 February 2016

## NOTES:

1. Share Transfer Books of the Bank will remain closed from 19 March 2016 to 25 March 2016 (both days inclusive).
2. A member entitled to attend and vote at this meeting may appoint another member as his or her proxy to attend and vote. Proxies, in order to be effective, must be received at the registered office of the Bank not less than 48 hours before the time of holding the meeting. Proxy form shall be witnessed by two persons whose names, addresses and Computerized National Identity Card (CNIC) numbers shall be mentioned on the form. Proxy form is enclosed herewith.
3. The CDC account/sub account holders shall have to produce their original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting for identification purpose, alongwith participant's I.D Number and their Account No. in CDS.

In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee together with the original proxy form duly filled in must be received at the registered office of the Bank not less than 48 hours before the time of holding the meeting. The nominees shall produce their original CNIC or original passport at the time of attending the meeting for identification purpose.

# Notice of the Annual General Meeting

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4. Shareholders are requested to notify change in their addresses, if any, to our Share Registrar, M/s. THK Associates (Pvt.) Ltd Ground Floor, State Life Building No.3, Dr. Ziauddin Ahmed Road, Karachi.

**5. Mandatory submission of CNIC**

Those shareholders who have not yet submitted a valid copy of their CNIC, are once again requested to submit the same immediately to our Share Registrar at the address mentioned at Sr. No.4 above.

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

As per the directives issued by the Securities and Exchange Commission of Pakistan ("SECP") vide S.R.O.787(1)2014 dated: 08 September 2014, companies are allowed to circulate their annual balance sheet and profit & loss account, auditor's report and directors' report etc. ("Audited Financial Statements") along with Notice of Annual General Meeting ("Notice") to their shareholders through email.

In this regard, 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.4 above. Consent form may be accessed at <http://www.soneribank.com/investor-relations/stock-information/>

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

Shareholders are hereby informed that pursuant to amendments in Section 150 of the Income Tax Ordinance, 2001 through Finance Act, 2015, Income Tax will be deducted at source @ 12.50% for filers and @ 17.5% 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.

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

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

This statement sets out the material facts concerning the special business to be transacted at Twenty Fourth (24th) Annual General Meeting of Soneri Bank Limited to be held on 25 March 2016.

**Item No. 6 of the Notice:**

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

For compliance of the SBP's directive, the following draft resolution is proposed to be passed by the shareholders at the 24th AGM as Ordinary Resolution:

"RESOLVED THAT approval for the payment of remuneration be and is hereby accorded to the Chairman of Soneri Bank Limited for attending the Board and Board committees meetings @ Rs.500,000 (net of tax) per meeting effective from 17 April 2015 as approved by the Board of Directors in its 143rd meeting held on 17 April 2015."








The Chairman/Director has no interest in the above resolution that would require further disclosure except to the extent of the meeting fee as disclosed.



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# FORM 34

## PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS (CDS AND PHYSICAL) AS AT 31 DECEMBER 2015 (SECTION 236)

No. of Shareholders	From	Shareholding	To	Total Shares Held
979	1	-	100	34,794
1335	101	-	500	365,027
1116	501	-	1000	878,485
2232	1001	-	5000	5,090,738
1519	5001	-	10000	12,357,375
633	10001	-	15000	7,424,307
161	15001	-	20000	2,787,232
75	20001	-	25000	1,686,196
47	25001	-	30000	1,278,937
31	30001	-	35000	1,024,139
16	35001	-	40000	607,552
12	40001	-	45000	507,065
17	45001	-	50000	813,083
27	50001	-	55000	1,419,418
11	55001	-	60000	626,368
8	60001	-	65000	496,453
7	65001	-	70000	466,533
9	70001	-	75000	659,250
8	75001	-	80000	617,416
5	80001	-	85000	412,601
3	85001	-	90000	261,407
4	90001	-	95000	366,366
10	95001	-	100000	986,459
3	100001	-	105000	305,269
6	105001	-	110000	654,869
4	110001	-	115000	447,122
4	115001	-	120000	468,178
2	120001	-	125000	245,448
1	125001	-	130000	128,024
3	130001	-	135000	399,372
1	135001	-	140000	137,875
2	140001	-	145000	282,983
2	145001	-	150000	292,848
2	150001	-	155000	305,035
1	155001	-	160000	158,000
3	160001	-	165000	492,056
3	170001	-	175000	515,866
1	185000	-	190000	189,835
2	190001	-	195000	384,830
4	195001	-	200000	798,115
1	210001	-	215000	210,758
1	230001	-	235000	232,268
1	235001	-	240000	235,962
1	240001	-	245000	243,269
1	275001	-	280000	280,000
1	280001	-	285000	281,196
2	285001	-	290000	577,342
2	290001	-	295000	584,735

**FORM 34**
**PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS (CDS AND PHYSICAL)  
AS AT 31 DECEMBER 2015 (SECTION 236)**

No. of Shareholders	Shareholding			Total Shares Held
	From		To	
1	295001	-	300000	295,838
1	305001	-	310000	310,000
1	350001	-	355000	353,709
1	355001	-	360000	360,000
2	365001	-	370000	733,246
1	395001	-	400000	400,000
1	415001	-	420000	416,611
1	435001	-	440000	436,427
1	440001	-	445000	442,839
1	445001	-	450000	448,500
2	460001	-	465000	922,825
1	495001	-	500000	498,460
1	570001	-	575000	571,046
2	600001	-	605000	1,208,661
1	625001	-	630000	629,150
1	985001	-	990000	989,450
1	995001	-	1000000	1,000,000
1	1030001	-	1050000	1,031,820
1	1125001	-	1130000	1,129,647
1	1210001	-	1215001	1,214,807
1	2765001	-	2770000	2,766,216
2	2995001	-	3000000	6,000,000
1	3440001	-	3445000	3,441,416
1	3590001	-	3595000	3,591,580
1	4965001	-	4970000	4,969,452
1	5490001	-	5495000	5,494,500
1	8430001	-	8435000	8,430,965
1	9475001	-	9480000	9,477,018
1	10885001	-	10890000	10,889,450
1	13545001	-	13550000	13,546,734
1	16540001	-	16545000	16,541,450
1	20695001	-	20700000	20,696,000
1	24630001	-	24635000	24,631,642
1	25025001	-	25030000	25,026,394
1	26785001	-	26790000	26,786,763
1	29985001	-	29990000	29,988,154
1	33160001	-	33165000	33,162,000
1	37280001	-	37285000	37,280,242
1	37505001	-	37510000	37,508,988
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	111175001	-	111180000	111,177,049
1	301375001	-	301380000	301,377,754
<b>8369</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 2015 (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 w/o Mr. Alauddin Feerasta	1	5,401	0.0005
Mrs. Aymna N. Feerasta w/o Mr. Nooruddin Feerasta	1	7,021	0.0006
	<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	14	45,877	0.0042
National Bank of Pakistan - Trustee Department, NIT and ICP	8	145,033,966	13.1554
Banks, Development Financial Institutions, Non Banking Financial Institutions	9	49,776,221	4.5150
Insurance Companies	4	13,662,912	1.2393
Modarabas	4	4,899	0.0004
Mutual Funds			
MCB Pakistan Stock Market Fund	1	460,500	0.0418
NIT-Equity Market Opportunity Fund	1	280,000	0.0254
AKD Index Tracker Fund	1	69,447	0.0063
Pakistan Capital Market Fund	1	40,000	0.0036
Safeway Mutual Fund Limited	1	6,820	0.0006
TRI Star Mutual Fund Limited	1	276	0.0000
Joint Stock Companies	57	107,837,890	9.7815
Foreign Companies	10	49,181,791	4.4611
<b>General Public:</b>			
a) Local	7,042	133,847,329	12.1407
b) Foreign	1,201	12,637,679	1.1463
<b>Total:</b>	<b>8,369</b>	<b>1,102,463,481</b>	<b>100.00</b>

### Shareholders Holding Five Percent or More Voting Interest in the Company

Trustees Alauddin Feerasta Trust	387,386,560	35.1383
National Bank of Pakistan - Trustee Department, NIT and ICP	145,033,966	13.1554
Trustees Feerasta Senior Trust	128,006,009	11.6109
Trustees Alnu Trust	64,067,005	5.8113
Mr. Amir Feerasta	62,140,630	5.6365*

\* Voting rights on shares are restricted upto five percent only.

### Trading in shares during the year 2015:

Directors, CEO, CFO and Company Secretary

No trading, except 3,000,000 shares each (total 6,000,000) were gifted to daughters by the Chairman, Mr. Alauddin Feerasta

Executives

Mr. Aamir Zafar sold 3,046 shares, Mr. Qaiser Islam 139 shares, Mr. Akbar Abdul Aziz 4,500 shares and Mr. Burhan Mirza 160,000 shares during the year.

Mr. Muhammad Sadiq Rawjani purchased 1,000 shares and Mr. Burhan Mirza 160,000 shares during the year.

# List of Branches

As at 31 December 2015

## REGISTERED OFFICE

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

## CENTRAL OFFICE

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

## CENTRAL REGION

### Main Branch, Lahore

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

### Defence Branch, Lahore

Tel. No: (042) 35897181-2 & 35691037-8

### Gulberg Branch, Lahore

Tel. No: (042) 35713445-8, 35759273  
& (042) 35772294-5

### Circular Road Branch, Lahore

Tel. No: (042) 37670486 & 37670489

### Model Town Branch, Lahore

Tel. No: (042) 35889311-2 & 35915666

### Peco Road Branch, Lahore

Tel. No: (042) 35177800-2, 35222306-7

### Cavalry Ground Branch, Lahore

Tel. No: (042) 36653728-9 & 36619697

### Islamic Banking

#### Temple Road Branch, Lahore

Tel. No: (042) 36376341, 2 & 6

### Allama Iqbal Town Branch, Lahore

Tel. No: (042) 37812394-5

### Baghbanpura Branch, Lahore

Tel. No: (042) 36832811-3

### Thokar Niaz Baig Branch, Lahore

Tel. No: (042) 35313651, 3 & 4

### Ghazi Chowk Branch, Lahore

Tel. No: (042) 35188505-7

### Islamic Banking

#### New Garden Town Branch, Lahore

Tel. No: (042) 35940611, 3 & 8

### DHA Phase-III Branch, Lahore

Tel. No: (042) 35734083-5

### Chungi Amer Sadhu Branch, Lahore

Tel. No: (042) 35922182-4

### Johar Town Branch, Lahore

Tel. No: (042) 35204191-3

### Wahdat Road Branch, Lahore

Tel. No: (042) 37424821-6 & 37420591

### Gunpat Road Branch, Lahore

Tel. No: (042) 37361607-9

### Airport Road Branch, Lahore

Tel. No: (042) 35700115-7

### Ravi Road Branch, Lahore

Tel. No: (042) 37725356-7

### Shahdara Chowk Branch, Lahore

Tel. No: (042) 37941741-3

### Manga Mandi Branch, Lahore

Tel. No: (042) 35383517-8

### Badian Road Branch, Lahore

Tel. No: (042) 37165390 & 3

### Mughalpura Branch, Lahore

Tel. No: (042) 36880892-4

### Upper Mall Branch, Lahore

Tel. No: (042) 35789346-9

### Islampura Branch, Lahore

Tel. No: (042) 37214394-6

### Garhi Shahu Branch, Lahore

Tel. No: (042) 36294201-2

### Zarrar Shaheed Road Br., Lahore

Tel. No: (042) 36635167-8

### Hamdard Chowk Kot Lakhpat Br., Lahore

Tel. No: (042) 35140261-5

### Kana Kacha Branch, Lahore

Tel. No: (042) 36187413

### Sabzazar Branch, Lahore

Tel. No: (042) 37830881-2

### DHA Phase-IV Br., Lahore

Tel. No: (042) 35694156-7

### Azam Cloth Market Branch, Lahore

Tel. No: (042) 37662203-4

### Jail Road Branch, Lahore

Tel. No: (042) 35408935-7

### Badami Bagh Branch, Lahore

Tel. No: (042) 37731601, 2 & 4

### Montgomery Road Branch, Lahore

Tel. No: (042) 36291013-4

### DHA Phase: VI Branch, Lahore

Tel. No: (042) 37180536-7

### Bahria Town Branch, Lahore

Tel. No: (042) 35976352 & 35976356

### Expo Centre Branch, Lahore

Tel. No: (042) 35314087-8

### Wapda Town Branch, Lahore

Tel. No: (042) 35187611, 2 & 5

### Shah Alam Market Branch, Lahore

Tel. No: (042) 37376212 & 5

### Muridke Branch

Tel. No: (042) 37166511-2

### Main Branch, Gujranwala

Tel. No: (055) 3843560-2, 111-567-890

### Gujranwala Cantt. Branch, Gujranwala

Tel. No: (055) 3861932-4

### Wapda Town Branch, Gujranwala

Tel. No: (055) 4291136-7

### Kamokee Branch, Distt. Gujranwala

Tel. No: (055) 6813501-6

### Main Branch, Faisalabad

Tel. No: (041) 2639873, 7 & 8, 111-567-890

### Peoples Colony Branch, Faisalabad

Tel. No: (041) 8555715-6

### Ghulam Muhammadabad

Branch, Faisalabad

Tel. No: (041) 2680113-4

# List of Branches

As at 31 December 2015

## Islamic Banking

**East Canal Road Branch, Faisalabad**  
Tel. No: (041) 2421381-2

## Civil Lines Branch, Faisalabad

**Jaranwala Branch, Distt. Faisalabad**  
Tel. No: (041) 4312201-2

**Samundri Branch, Distt. Faisalabad**  
Tel. No: (041) 3423983-4

**Painsera Branch, Distt. Faisalabad**  
Tel. No: (041) 2557100-500 & 2574300

**Khurrianwala Branch**  
Tel. No: (041) 4360701, 2, 4 & 5

**Chiniot Branch**  
Tel. No: (047) 6333840-2

**Jhang Branch**  
Tel. No: (047) 7651601-2

**Small Industrial Estate Branch, Sialkot**  
Tel. No: (052) 3242607-9

**Pasrur Road Branch, Sialkot**  
Tel. No: (052) 3521655 & 3521755

**Islamic Banking**  
**Sialkot Cantt Branch, Sialkot**  
Tel. No: (052) 4560023-4

**Godhpur Branch, Sialkot**  
Tel. No: (052) 4563932-3

**Daska Branch, Distt. Sialkot**  
Tel. No: (052) 6617847-8

**Sheikhupura Branch**  
Tel. No: (056) 3613570 & 3813133

**Nankana Sahib Branch**  
Tel. No: (056) 2876342-3

**Wazirabad Branch**  
Tel. No: (055) 6603703-4 & 6608555

**Ghakkar Mandi Branch**  
Tel. No: (055) 3832611-2

**Main Branch, Multan**  
Tel. No: (061) 4519927 & 4512884

**Islamic Banking**  
**Shah Rukn-e-Alam Branch, Multan**  
Tel. No: (061) 6784052-3 & 6782081

**Bosan Road Branch, Multan**  
Tel. No: (061) 6210690-3 & 6520693

**Mumtazabad Branch, Multan**  
Tel. No: (061) 6760213-4

**Chowk Shaheedan Branch, Multan**  
Tel. No: (061) 4581281-2

**Azmat Road Br., Dera Ghazi Khan**  
Tel. No: (064) 2471630-7

**Lodhran Branch**  
Tel. No: (0608) 364766-7

**Rahim Yar Khan Branch**  
Tel. No: (068) 5886042-4

**Liaquatpur Br., Distt. Rahim Yar Khan**  
Tel. No: (068) 5792041-2

**Sadiqabad Branch**  
Tel. No: (068) 5702162 & 5800168

**Bahawalpur Branch**  
Tel. No: (062) 2731703-1

**Hasilpur Branch**  
Tel. No: (062) 2441481-3

**Sargodha Branch**  
Tel. No: (048) 3726021-3

**Khanewal Branch**  
Tel. No: (065) 2551560-2

**Kabirwala Br., Distt. Khanewal**  
Tel. No: (065) 2400910-3

**Abdul Hakeem Br, Distt. Khanewal**

**Mian Channu Branch**  
Tel. No: (065) 2662201-2

**Burewala Branch**  
Tel. No: (067) 3773110 & 20

**Depalpur Branch**  
Tel. No: (044) 4541341-2

**Okara Branch**  
Tel. No: (044) 2553012-4

**Sahiwal Branch**  
Tel. No: (040) 4467742-3

**Chichawatni Br., Distt. Sahiwal**  
Tel. No: (040) 5484852-3

**Layyah Branch**  
Tel. No: (060) 6414207-8

**Kharoor Pacca Branch**  
Tel. No: (0608) 341041-2

**Muzafargarh Branch**  
Tel. No: (066) 2422901, 3 & 5

**Fazal Garh Sanawan Branch, Distt. Muzafargarh**  
Tel. No: (066) 2250214-5

**Sheikho Sugar Mills Branch Distt. Muzafargarh**  
Tel. No: (061) 6006257

**Shahbaz Khan Road Branch, Kasur**  
Tel. No: (0492) 764891-2

**Hafizabad Branch**  
Tel. No: (0547) 541641-2

**Jalalpur Bhattian Branch, District Hafizabad**  
Tel. No: (0547) 500847-52

**Pattoki Branch**  
Tel. No: (049) 4422435-6

**Ellahabad Branch**  
Tel. No: (049) 4751130

**Khudian Branch**  
Tel. No: (049) 2791595

**Sambrial Branch**  
Tel. No: (052) 6523451-2

**Vehari Branch**  
Tel. No: (067) 3360015, 21 & 22

**Gagoo Mandi Branch, Distt. Vehari**  
Tel. No: (067) 3500311-2

**Mailsi Branch, Distt. Vehari**  
Tel. No: (067) 3750140-5

**Mandi Bahauddin Branch**  
Tel. No: (0546) 507601-2

**Bahawalnagar Branch**  
Tel. No: (063) 2274795-6

**Haroonabad Br., Distt. Bahawalnagar**  
Tel. No: (063) 2251664-5

**Toba Tek Singh Branch**  
Tel. No: (046) 2513203-4

**Gojra Branch, Distt. Toba Tek Singh**  
Tel. No: (046) 3516388-9

**Kamalia Branch, Distt. Toba Tek Singh**  
Tel. No: (046) 3411405-6



# List of Branches

As at 31 December 2015

## **Pir Mahal Branch**

Tel. No: (046) 3361690 & 5

## **Gujrat Branch**

Tel. No: (053) 3520591, 2 & 4

## **Panjan Kasana Br., Distt. Gujrat**

Tel. No: (053) 7533525 & 7534525

## **Kharian Branch**

Tel. No: (053) 7602905-7

## **Lalamusa Branch**

Tel. No: (053) 7511072-3

## **Pak Pattan Br., Distt. Pak Pattan**

Tel.: (0457) 371781 & 2

## **Arif wala Br., Distt. Pak Pattan**

Tel.: (0457) 834015 & 6

## **Chishtian Branch**

## **Khanpur Branch**

## **SOUTH REGION**

## **Main Branch, Karachi**

Tel. No: (021) 32436990-4 & 32444401-5  
& UAN: 111 567 890

## **Clifton Branch, Karachi**

Tel. No: (021) 35877773-4, 35861286

## **Garden Branch, Karachi**

Tel. No: (021) 32232877-8

## **F. B. Area Branch, Karachi**

Tel. No: (021) 36373782-3 & 36811646

## **Korangi Industrial Area Br., Karachi**

Tel. No: (021) 35113898-9, 35113900-1

## **AKUH Branch, Karachi**

Tel. No: (021) 34852252-3

## **Haidery Branch, Karachi**

Tel. No: (021) 36638617 & 36630409-410

## **Jodia Bazar Branch, Karachi**

Tel. No: (021) 32413627, 32414920

## **Shahrah-e-Faisal Branch, Karachi**

Tel. No: (021) 34535551-4

## **DHA Branch, Karachi**

Tel. No: (021) 35852209 & 35845211

## **Gulshan-e-Iqbal Branch, Karachi**

Tel. No: (021) 34811831-2

## **SITE Branch, Karachi**

Tel. No: (021) 32568213 & 32550997

## **Zamzama Branch, Karachi**

Tel. No: (021) 35375836-7

## **Gole Market Branch, Karachi**

Tel. No: (021) 36618932 & 36681324

## **Gulistan-e-Jauhar Branch, Karachi**

Tel. No: (021) 34020944-5

## **M. A. Jinnah Road Branch, Karachi**

Tel. No: (021) 32213972 & 32213498

## **Gulbahar Branch, Karachi**

Tel. No: (021) 36607744 & 36682701

## **North Karachi Branch, Karachi**

Tel. No: (021) 36920140-1

## **Block-7 Gulshan-e-Iqbal Branch, Karachi**

Tel. No: (021) 34815811-2

## **Islamic Banking**

## **Cloth Market Branch, Karachi**

Tel. No: (021) 32442961 & 32442977

## **Paria Street Kharadar Branch, Karachi**

Tel. No: (021) 32201059-60

## **Suparco Branch, Karachi**

Tel. No: (021) 34970560 & 34158325-6

## **Chandni Chowk Branch, Karachi**

Tel. No: (021) 34937933 & 34141296

## **Allama Iqbal Road Branch, Karachi**

Tel. No: (021) 34387673-4

## **Nishtar Road Branch, Karachi**

Tel. No: (021) 32239711 & 3

## **Islamic Banking**

## **Waterpump Branch, Karachi**

Tel. No: (021) 36312113 & 36312108

## **Apwa Complex Branch, Karachi**

Tel. No: (021) 32253143 & 32253216

## **Clifton Block-2 Branch, Karachi**

Tel. No: (021) 35361115-6

## **Malir Branch, Karachi**

Tel. No: (021) 34518730 & 34517983

## **Bahadurabad Branch, Karachi**

Tel. No: (021) 34135842-3

## **New Challi Branch, Karachi**

Tel. No: (021) 32625246 & 32625279

## **Shah Faisal Colony Branch, Karachi**

Tel. No: (021) 34602446-7

## **Zaibunissa Street Saddar Branch, Karachi**

Tel. No: (021) 35220026-7

## **Liaquatabad Branch, Karachi**

Tel No: (021) 34860723-6 & 34860725

## **Lea Market Branch, Karachi**

Tel. No: (021) 32526193-4

## **Korangi Township No: 3 Branch, Karachi**

Tel. No: (021) 35071176, 80 & 81

## **North Karachi Ind. Area Branch, Karachi**

Tel. No: (021) 36962851-3

## **F. B. Industrial Area Branch, Karachi**

Tel. No: (021) 36829961-3

## **Napier Road Branch, Karachi**

Tel. No: (021) 32713538-9

## **Gulshan-e-Hadeed Branch, Karachi**

Tel. No: (021) 34710252 & 34710256

## **Metroville Branch, Karachi**

Tel. No: (021) 36752206-7

## **Defence Phase-II Extension Br., Karachi**

Tel. No: (021) 35386910 & 1

## **North Karachi Township Branch, Karachi**

Tel. No: (021) 36968605-6

## **Karachi Stock Exchange Branch, Karachi**

Tel. No: (021) 32414003-4

## **Gulshan-e-Jamal Branch, Karachi**

Tel. No: (021) 34682682-3

## **Alyabad Branch, Karachi**

Tel. No: (021) 36826727 & 36332517

## **Saudabad Branch, Malir, Karachi**

Tel. No: (021) 34111904-5

# List of Branches

As at 31 December 2015

**Shireen Jinnah Colony Branch, Karachi**  
Tel. No: (021) 34166262-4

**Islamic Banking**  
**Al-Tijarah Centre Branch, Karachi**  
Tel. No: (021) 34169252-3

**Barkat-e-Haidery Branch, Karachi**  
Tel. No: (021) 36645688-9

**Shadman Town Branch, Karachi**  
Tel. No: (021) 36903038-9

**New Town Branch, Karachi**  
Tel. No: (021) 32220702 & 4

**Enquiry Office Nazimabad**  
**No: 2 Branch, Karachi**  
Tel. No: (021) 36601504-5

**Blk 13-D Gulshan-e-Iqbal Br., Karachi**  
Tel. No: (021) 34983883-4

**Timber Market Branch, Karachi**  
Tel. No: (021) 32742491-2

**Khayaban-e-Ittehad Branch, Karachi**  
Tel: (021) 35347414-5

**Sindhi Muslim Co-operative Housing**  
**Society Branch, Karachi**  
Tel. No: (021) 34527085-6

**Bahria Complex-III Branch, Karachi**  
Tel. No: (021) 35640731 & 2 & 35640490-4

**New M. A. Jinnah Road Branch, Karachi**  
Tel. No: (021) 34894941-2

**DHA Phase-IV Branch, Karachi**  
Tel. No: (021) 35311491

**Gulberg Branch, Karachi**  
Tel. No: (021) 36340549 & 36340558

**Main Branch, Hyderabad**  
Tel. No: (022) 2781528-9 &  
UAN: 111-567-890

**F. J. Road Branch, Hyderabad**  
Tel. No: (022) 2728131 & 2785997

**Latifabad Branch, Hyderabad**  
Tel. No: (022) 3816309

**Qasimabad Branch, Hyderabad**  
Tel. No: (022) 2651968

**Islamic Banking**  
**Isra University Br., Distt. Hyderabad**  
Tel. No: (022) 2032322 & 2030161-4

**Prince Ali Road Branch, Hyderabad**  
Tel. No: (022) 2638515-6

**S.I.T.E. Branch, Hyderabad**  
Tel. No: (022) 3886861-2

**Faqir Jo Pir Branch, Hyderabad**  
Tel. No: (022) 2612685-6

**Matyari Branch, Distt. Matyari**  
Tel. No: (022) 2760125-6

**Tando Allah Yar Branch**  
Tel. No: (022) 3890262-3

**Sultanabad Branch,**  
**Distt. Tando Allah Yar**  
Tel. No: (022) 3404101-2

**Tando Muhammad Khan Branch**  
Tel. No: (022) 3340371 & 2

**Sukkur Branch**  
Tel. No: (071) 5622382 & 5622925

**Sanghar Branch, Distt. Sanghar**  
Tel. No: (0235) 543376-8

**Tando Adam Branch, Distt. Sanghar**  
Tel. No: (0235) 571640-44

**Golarchi Branch, Distt. Badin**  
Tel. No: (0297) 853193-4

**Talhar Branch, Distt. Badin**  
Tel. No: (0297) 830389

**Deh. Sonhar Branch, Distt. Badin**  
Tel. No: (0297) 870729 & 870783

**Matli Branch**  
Tel. No: (0297) 840171-2

**Tando Bago Branch, Distt. Badin**  
Tel. No: (0297) 854554-5

**Buhara Branch, Distt. Thatta**  
Tel. No: (0298) 613169

**Jati Branch, Distt. Thatta**  
Tel. No: (0298) 777120 & 129

**Hub Branch, Distt. Lasbela**  
Tel. No: (0853) 310225-7

**Shahdadpur Br., Distt. Sanghar**  
Tel. No: (0235) 841982 & 4

**Umerkot Branch**  
Tel. No: (0238) 571350 & 571356

**Nawabshah Branch**  
Tel. No: (0244) 363919

**Mirpurkhas Branch**  
Tel. No: (0233) 876418-9

**Larkana Branch**  
Tel. No: (074) 4058601-4

**Panjhatti Branch**  
Tel. No: (0243) 552183-4

**Ghotki Branch**  
Tel. No: (0723) 680305-6

**Deharki Branch**  
Tel. No: (0723) 644157-8

**Thull Branch**  
Tel. No: (0722) 610150, 1 & 3

**Kandkhot Branch**  
Tel. No: (0722) 572883, 4 & 5

**Jacobabad Branch**  
Tel. No: (0722) 654041 & 5

**Shahdadkot Br., Distt. Qamber Shahdadkot**  
Tel. No: (074) 4012402 & 3

**Dadu Branch**

**Shikarpur Branch**

**Main Branch, Quetta**  
Tel. No: (081) 2821610 & 2821641

**Islamic Banking**  
**Shahrah-e-Iqbal Branch, Quetta**  
Tel. No: (081) 2820227-30 & 2820237

**Chamman Branch**

**NORTH REGION**  
**Main Branch, Peshawar**  
Tel. No: (091) 5277914-6 & 5277394

**Chowk Yadgar Branch, Peshawar**  
Tel. No: (091) 2573335-6

**Islamic Banking**  
**Khyber Bazar Branch, Peshawar**  
Tel. No: (091) 2566812-3

# List of Branches

As at 31 December 2015

## Hayatabad Branch, Peshawar

Tel. No: (091) 5893365-8

## Main Branch, Rawalpindi

Tel. No: (051) 5123123, 5 & 8  
& (051) 5123132, 4 & 6

Chandni Chowk Branch, Rawalpindi

Tel. No: (051) 4571186-7 &  
& (051) 4571160, 3, 5, & 8

## 22 Number Chungi Branch, Rawalpindi

Tel. No: (051) 5563576, 7 & 8

## Muslim Town Branch, Rawalpindi

Tel. No: (051) 5405514 & 4931112

## Pindora Branch, Rawalpindi

Tel. No: (051) 4419019-22

## Gulraiz Branch, Rawalpindi

Tel. No: (051) 5509690-2

## Islamic Banking

### Peshawar Road Br., Rawalpindi

Tel. No: (051) 5460115-6

## Bahria Town Branch, Rawalpindi

Tel. No: (051) 5733772-3

## Bewal Br., Distt. Rawalpindi

Tel. No: (051) 3360274-5

## Main Branch, Islamabad

Tel. No: (051) 2348174 & 2348178  
& UAN 111-567-890

## G-9 Markaz Branch, Islamabad

Tel. No: (051) 2850171-3

## Islamic Banking

### I-10 Markaz Branch, Islamabad

Tel. No: (051) 4101733-5

## I-9 Markaz Branch, Islamabad

Tel. No: (051) 4858101-3

## E-11 Branch, Islamabad

Tel. No: (051) 2228756-9

## DHA Phase-II Br., Islamabad

Tel. No: (051) 5161969 & 5161970

## Islamic Banking

### F-8 Markaz Branch, Islamabad

Tel. No: (051) 2818019-21

## G-11 Markaz Branch, Islamabad

Tel. No: (051) 2830152-4

## F-11 Markaz Branch, Islamabad

Tel. No: (051) 2101076 & 7

## Lathrar Road Branch, Tarlai, Distt. Islamabad

Tel. No: (051) 2241664-6

## Soan Garden Br., Distt. Islamabad

Tel. No: (051) 5738942-4

Gujar Khan Branch

Tel. No: (051) 3516327, 29 & 30

## Waisa Branch, Distt. Attock

Tel. No: (057) 2651066-8

## Swabi Branch, Distt. Swabi

Tel. No: (0938) 221741, 3 & 4

## Topi Branch, Distt. Swabi

Tel. No: (0938) 271614-6

## Mirpur Branch, (AJK)

Tel. No: (05827) 444488 & 448044

## Islamgarh Branch, (AJK)

Tel. No: (05827) 423981-2

## Dadyal Branch, Distt. Mirpur (AJK)

Tel. No: (05827) 465555 & 465560-2

## Jattlan Branch, Distt. Mirpur (AJK)

Tel. No: (05827) 403591-4

## Gilgit Branch

Tel. No: (05811) 453749

## Denyore Branch, Distt. Gilgit

Tel. No: (05811) 459986-7

## Jutial Branch, Distt. Gilgit

Tel. No: (05811) 457233-5

## Aliabad Branch, Hunza

Tel. No: (05813) 455000 & 455001

## Gahkuch Branch

Tel. No: (05814) 450408-10

## Skardu Branch

Tel. No: (05815) 450327 & 450189

## Mansehra Road Branch, Abbottabad

Tel. No: (0992) 385231-3

## Jhelum Branch

Tel. No: (0544) 625794-5

## Chitral Branch, Distt. Chitral

Tel. No: (0943) 412078-9

## Chakwal Branch

Tel. No: (0543) 543128-30

## Mardan Branch

Tel. No: (0937) 864755-7

## Muzaffarabad Branch

Tel. No: (0582) 2920025-6

## Islamic Banking

### Chillas Branch, Distt. Diamer

Tel. No: (05812) 450631-2

## Hattar Branch, Distt. Haripur

Tel. No: (0995) 617152-3

## Islamic Banking Mingora Branch

Tel. No: (0946) 714355

# Foreign Correspondents

As at 31 December 2015

Country		Name of Bank
Afghanistan	-	Bank E Millie Afghan
Argentina	-	Banco Credicoop Cooperativo Limitado
	-	Banco de Galicia Y Buenos Aires
Australia	-	Australia & New Zealand Banking Group Limited
	-	BNP Paribas Australia
	-	CitiGroup PTY Limited
	-	Commonwealth Bank of Australia
	-	HSBC Bank Australia Limited
	-	J. P. Morgan Chase Bank NV
	-	Mizuho Bank Limited Australia
	-	National Australia Bank Ltd.
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
	-	
	-	
Bahrain		Al-Baraka Islamic Bank
		Allied Bank Limited Bahrain
	-	Bank Al Habib Limited
	-	Citibank N.A.
	-	Habib Bank Limited
	-	Standard Chartered Bank
	-	The Arab Investment Co.
		United Bank Limited
	-	
Belarus		Joint Stock Co. Saving Bank Belarus Bank
	-	
Bulgaria		UniCredit BulBank AD
	-	Citibank Europe Plc Bulgaria
Bangladesh		Brac Bank Bangladesh
	-	Habib Bank Limited
	-	Standard Chartered Bank
	-	Woori Bank
	-	Southeast Bank Ltd. Bangladesh
	-	
Belgium		Belfius Bank SA/NV
	-	BNP Paribas Fortis
		Commerzbank AG
	-	Credit Europe Bank NV
	-	Deutsche Bank AG
	-	Habib Bank Limited
	-	KBC Bank NV
	-	
Brazil	-	Banco Fibra S.A.
		Banco Santander (Brasil) SA Brazil
	-	Banco Itaú BBA SA Brazil
		Deutsche Bank SA

# Foreign Correspondents

As at 31 December 2015

Country		Name of Bank
Cameron	-	Citi Bank N.A
Canada	-	Caisse Centrale Desjardins
	-	Canadian Imperial Bank of Commerce
	-	Habib Canadian Bank
	-	HSBC Bank Canada
	-	Nationale Banque Du Canada
	-	Royal Bank of Canada
Chile	-	Banco de Credito E Inversiones
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 Shanghai
	-	China Citic Bank
	-	China Construction Bank Corporation
	-	China Everbright Bank
	-	China Merchants Bank
	-	Citibank (China) Co. Ltd.
	-	Commerzbank AG
	-	Deutsche Bank (China) Co. Limited
	-	Export Import Bank of China
	-	Guangdong Huaxing Bank Co Ltd
	-	HSBC Bank (China) Company Ltd.
	-	Hua Xia Bank
	-	Industrial and Commercial Bank of China
	-	Industrial Bank Of Korea (China) Limited
	-	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.
	-	Raiffeisen Bank International AG
	-	Shandong Zhangdian Rural Commercial Bank Co Ltd
	-	Shanghai Pudong Development Bank
	-	Skandinaviska Enskilda Banken AB
	-	Standard Chartered Bank (China) Limited
	-	Sumitomo Mitsui Banking Corporation (China) Limited
	-	Weifang Rural Commercial Bank Co Ltd
	-	Zhejiang Mintai Commercial Bank
	-	Zhejiang Tailong Commercial Bank
Colombia	-	BanColombia S.A
Cyprus	-	Bank of Cyprus Public Company Ltd.
	-	Hellenic Bank Public Company Ltd.
Denmark	-	Danske Bank



# Foreign Correspondents

As at 31 December 2015

Country		Name of Bank
Egypt	-	Banque Misr SAE
	-	Citibank Cairo
	-	Mashreq Bank psc
Ethiopia	-	Dashen Bank SC
	-	Cooperative Bank of Oromia SC Ethiopia
Finland	-	Danske Bank
	-	Pohjola Pankki OYJ
	-	
France	-	ABC International Bank Plc
	-	Banque Palatine France
	-	BNP-Paribas S.A.
	-	Crédit Industriel et Commercial France
	-	Habib Bank Limited
	-	HSBC France (Formerly HSBC CCF)
	-	KEB Hana Bank France
	-	National Bank of Pakistan
	-	Credit Du Nord
Germany	-	Societe Generale
	-	Union de Banques Arabes et Francaises - UBAF
	-	
	-	Commerzbank AG
	-	Danske Bank
	-	Deutsche Bank AG
	-	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
Greece	-	Standard Chartered Bank
	-	UniCredit Bank AG (Hypovereinsbank)
	-	WGZ Bank Westdeutsche
Greece	-	
	-	Alpha Bank AE
	-	Citibank Europe PLC
Hong Kong	-	Piraeus Bank S.A.
	-	
	-	Bank of America NA
	-	BNP Paribas
	-	Citibank N.A.
	-	Commerzbank AG
	-	Deutsche Bank AG Hongkong
	-	Habib Bank Limited Hongkong
	-	HSBC
	-	J. P. Morgan Chase Bank N.A.
	-	J. P. Morgan Securities (Asia Pacific) Limited
Hong Kong	-	KBC Bank NV,Hongkong Branch
	-	Mashreqbank psc

# Foreign Correspondents

As at 31 December 2015

Country	Name of Bank
	- National Bank of Pakistan
	- Shinhan Bank, Hong Kong
	- Standard Chartered Bank (Hong Kong) Limited
	- Sumitomo Mitsui Banking Corporation
	- The Bank of New York Mellon Hongkong
	- UniCredit Bank AG Hongkong
	- Wells Fargo Bank NA
Hungary	- CIB Bank Ltd.
	- Citibank Europe PLC
	- Raiffeisen Bank ZRT
	- UniCredit Bank Hungary ZRT
India	- Citibank N.A.
	- Bank of America
	- Bank of Ceylon
	- DCB Bank Limited
	- Deutsche Bank AG
	- HongKong and Shanghai Banking Corporation Limited
	- ICICI Bank Limited
	- J. P. Morgan Chase Bank NA
	- Kalupur Commercial Co-op
	- Mashreqbank psc
	- Punjab and Sind Bank
	- Punjab National Bank
	- Standard Chartered Bank
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
Ireland	- Citibank Europe plc
	- Danske Bank A/S
	- Bank Of Ireland UK
Italy	- Banca Carige SPA
	- Banca Delle Marche SPA
	- Banca di Credito Popolare
	- Banca di Napoli SpA
	- Banca di Risparmio in Bologna SPA
	- Banca Monte Dei Paschi Di Siena
	- Banca Nuova SPA
	- Banca Popolare dell' Emilia Romagna SCaRL
	- Banca Popolare di Vicenza SCPaRL
	- Banca UBAE Spa
	- Banco Popolare di Sondrio
	- Banco Popolare Soc. Coop.
	- Cassa di Risparmio Di Fermo SPA
	- Cassa di Risparmio del Friuli Venezia Giulia SpA Italy
	- Commerzbank AG
	- Credito Valtellinese

# Foreign Correspondents

As at 31 December 2015

Country		Name of Bank
	-	Deutsche Bank SPA
		Intesa Sanpaolo S.P.A.
		Mediocredito Italiano SpA Italy
	-	Unicredit S.P.A
	-	Union Di Banche Italiane SPA Italy
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
	-	
Jordan		Citibank N.A.
	-	
Kenya		Citibank N.A.
	-	Habib Bank Limited
	-	Kenya Commercial Bank Limited
	-	Standard Chartered Bank Kenya Limited
	-	
Korea (South)		The Bank of Tokyo-Mitsubishi UFJ Ltd.
	-	Busan Bank
	-	Citibank Korea Inc.
	-	Daegu Bank Korea
	-	Hana Bank
	-	HongKong & Shanghai Banking Corporation Limited
	-	Industrial Bank of Korea
	-	JPMorgan Chase Bank
	-	Kookmin Bank
	-	National Bank of Pakistan
	-	National Federation of Fisheries Corp. Korea
	-	NongHyup
	-	Shinhan Bank
	-	Standard Chartered Bank
	-	Woori Bank
	-	
	-	
Kuwait		Citibank NA
	-	Commercial Bank of Kuwait SAK
	-	National Bank of Kuwait
	-	
Kyrgyzstan		National Bank of Pakistan
	-	
Lebanon		Banque Libano-Francaise SAL
	-	CitiBank Beirut
	-	First National Bank SAL

# Foreign Correspondents

As at 31 December 2015

Country		Name of Bank
Malaysia	-	Bank of Tokyo-Mitsubishi UFJ Ltd.
	-	Citibank Berhad
	-	Hong Leong Bank Bhd
	-	HSBC Bank Malaysia Berhad
	-	J. P. Morgan Chase Bank Berhad
	-	Standard Chartered Bank Malaysia Berhad
Malta	-	AK Bank TAS
	-	Credit Europe Bank NV
Mauritius	-	Habib Bank Limited
	-	The Mauritius Commercial Bank Limited
Mexico	-	Banco Nacional de Mexico SA
Nepal	-	Himalayan Bank
Netherlands	-	ABN-AMRO Bank N.V.
	-	Citibank International PLC
	-	CommerzBank AG Kantoor
	-	Credit Europe Bank N.V.
	-	Deutsche Bank AG
	-	HSBC Netherlands
	-	Habib Bank Limited
New Zealand	-	ANZ Bank New Zealand
	-	Bank of New Zealand
Norway	-	DNB Bank ASA
	-	Danske Bank AS
	-	Skandinaviska Enskilda Banken
Oman	-	Bank Sohar SAOG
	-	Bank of Dhofar Piraeus Bank
	-	Standard Chartered Bank
Philippines	-	Asian Development Bank
	-	Standard Chartered Bank Phillipines Limited
	-	The Bank of Tokyo-Mitsubishi UFJ Ltd.
Poland	-	Bank Handlowy W Wearszawie SA
	-	Mbank S.A
Portugal	-	Banco BPI SA
	-	Novo Banco SA
Czech Republic	-	Ceska Sporitelna AS
	-	Ceskoslovenska Obchodni Banka
	-	Citi Bank Europe PLC
	-	Commerz Bank AG
	-	Komerční Banka AS
	-	Unicredit Bank Czech Republic
Qatar	-	HSBC Bank Middle East Limited
	-	Mashreq Bank
	-	Standard Chartered Bank
	-	United Bank Limited

# Foreign Correspondents

As at 31 December 2015

Country		Name of Bank
Romania	-	Banca Comerciala Romana SA
	-	Citibank Europe PLC, Dublin-Sucursala Romania
	-	UniCredit Tiriatic Bank SA
Russia	-	Credit Bank Of Moscow
	-	Commercial Bank 'INTERCOMMERZ' (Limited) Russia
	-	Joint Stock Company Commercial Bank Citibank Russia
Saudi Arabia	-	Al Inma Bank
	-	J. P. Morgan Chase Bank
	-	National Bank of Pakistan
	-	National Commercial Bank (The)
	-	Samba Financial Group
	-	Saudi Hollandi Bank
	-	Saudi British Bank
Serbia	-	Unicredit Bank Srbija AD
Singapore	-	ABN Amro Bank NV
	-	Australia and New Zealand Banking Group Limited Singapore
	-	Bank Mandiri (Persero) PT
	-	Bank of America NA
	-	Bank of Tokyo Mitsubishi UFJ Ltd.
	-	Citibank N.A.
	-	Commerzbank AG
	-	Deutsche Bank AG
	-	Habib Bank Limited
	-	HongKong & Shanghai Banking Corporation Limited
	-	HSH Nordbank AG
	-	Intesa Sanpaolo SPA
	-	JPMorgan Chase Bank National Association Singapore
	-	KBC Bank Singapore Branch
	-	Mizuho Corporate Bank Ltd
	-	National Bank of Kuwait SAK
	-	RaboBank
	-	Shinhan Bank
	-	Standard Chartered Bank
Slovakia	-	Sumitomo Mitsui Banking Corporation
	-	Ceskoslovenska Obchodna Banka AS
	-	Ceska Sporitelna as Slovakia
Slovenia	-	Tatra Bank AS
	-	Raiffeisen Banka D.D
South Africa	-	UniCredit Banka Slovenija DD
	-	Citibank South Africa
	-	FirstRand Bank Ltd.
	-	HBZ Bank Limited
	-	Mercantile Bank Limited South Africa
Spain	-	Standard Bank of South Africa Limited
	-	Banco Popular Espanol SA
	-	Banco de Sabadell
	-	Banque Marocaine du Commerce Exterieur International SA Spain
	-	Bank of Tokyo Mitsubishi UFJ Ltd.
	-	Citibank Europe Plc Spain
	-	Commerzbank AG
	-	HSBC Bank plc
	-	Kutxabank SA



# Foreign Correspondents

As at 31 December 2015

Country		Name of Bank
Sri-Lanka	-	Bank of Ceylon
	-	Commercial Bank of Ceylon Limited
	-	Habib Bank Limited
	-	Hatton National Bank Limited
	-	MCB Bank Limited
	-	People's Bank
	-	Standard Chartered Bank
Sweden	-	The HongKong & Shanghai Banking Corporation Limited
	-	Danske Bank
	-	Skandinaviska Enskilda Banken AB
	-	Svenska Handelsbanken AB
Switzerland	-	Arab Bank (Switzerland) Ltd.
	-	Banque Cantonale Vaudoise
	-	Banque de Commerce et de Placements S.A.
	-	Barclays Bank (Suisse) S.A.
	-	Credit Agricole (Suisse) S.A.
	-	Deutsche Bank AG
	-	Habib Bank AG Zurich
	-	Hinduja Bank (Switzerland) Ltd.
	-	HSBC Private Bank (Suisse) SA
	-	Neue Aargauer Bank AG
	-	Royal bank of Scotland
	-	UBS AG
	-	United Bank AG (Zurich)
Taiwan	-	Zurcher Kantonalbank
	-	Citibank Taiwan Limited
	-	Deutsche Bank AG
	-	HSBC Bank (Taiwan) Limited
	-	J. P. Morgan Chase Bank NA
	-	Mega International Commercial Bank
	-	Mizuho Corporate Bank Ltd.
Thailand	-	Standard Chartered Bank (Taiwan) Limited
	-	Sunny Bank Limited
	-	Bank of Tokyo-Mitsubishi UFJ, Ltd.
	-	Citibank N.A.
	-	Deutsche Bank AG
	-	HongKong and Shanghai Banking Corporation Ltd.
	-	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
Tunis	-	Thanachart Bank Public Company Limited
	-	The Siam Commercial Bank Public Company Limited
Turkey	-	Citi Bank NA
	-	Tunis International Bank
	-	Akbank T.A.S.
	-	Albaraka Turk Participation Bank
	-	Alternatifbank A.S.
	-	Citibank A.S.
	-	Denizbank AS

# Foreign Correspondents

As at 31 December 2015

Country		Name of Bank
	-	Finansbank
	-	Habib Bank Limited
	-	Kuveyt Turk Katilim Bankasi AS
	-	Turkey Garanti Bankasi AS
	-	Turkiye Finans Katilim Bankasi AS
	-	Turkiye Vakiflar Bankasi TAO
	-	Yapi Ve Kredi Bankasi AS
Turkeminstan	-	National Bank of Pakistan
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
	-	Mashreq Bank psc
	-	National Bank of Fujairah
	-	Standard Chartered Bank
	-	United Bank Limited
U.K.	-	Bank Leumi UK PLC
	-	Bank Mandiri (Europe) Limited
	-	Bank of Cyprus Public Company Limited
	-	Bank of Cyprus UK
	-	Bank of Ireland (UK) PLC
	-	Bank of Ireland Trade Finance
	-	Citibank N.A.
	-	Clydesdale Bank plc
	-	Commerzbank AG
	-	Deutsche Bank AG
	-	Danske Bank A/S UK
	-	Habib - UK PLC
	-	Habib Bank AG Zurich
	-	HSBC Bank plc
	-	Intesa Sanpaolo SPA UK
	-	J. P. Morgan Chase Bank NA
	-	MashreqBank Psc
	-	National Bank Of Pakistan UK
	-	Sonali Bank (UK) Ltd.
	-	Standard Chartered Bank
	-	Sumitomo Mitsui Banking Corporation Europe Ltd.
	-	Zenith Bank UK Limited UK
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.
	-	Capital One N.A.

# Foreign Correspondents

As at 31 December 2015

Country		Name of Bank
	-	Citibank N.A.
	-	Citizen Bank N.A USA
	-	Comerica Bank
	-	Deutsche Bank AG
	-	Deutsche Bank Trust Company Americas
	-	East-West Bank
	-	First Tennessee Bank National Association USA
	-	Habib American Bank
	-	Habib Bank Limited
	-	International Finance Corporation
	-	Intesa Sanpaolo SPA
	-	Israel Discount Bank of New York
	-	J. P. Morgan Chase Bank
	-	MashreqBank psc
	-	National Bank of Pakistan
	-	Nonghyup Bank USA
	-	PNB Bank Inc USA
	-	Peoples United Bank National Association USA
	-	Citizens Bank NA
	-	Regions Bank
	-	Shinhan Bank America
	-	Standard Chartered Bank
	-	Sumitomo Mitsui Banking Corporation
	-	The Bank of Tokyo-Mitsubishi UFJ Ltd.,
	-	U.S. Bank N.A
	-	UMB Bank NA
	-	United Bank Limited
	-	US Century Bank
	-	Wells Fargo Bank NA
	-	Woori Bank
Ukraine	-	PJSC 'CITIBANK'
	-	UKREXIMBANK Ukraine
Uzbekistan		National Bank for Foreign Economic
	-	
Vietnam		An Binh Commercial Joint Stock
	-	Citibank NA
	-	J. P. Morgan Chase Bank NA
	-	Kookmin Bank
	-	Shinhan Bank Vietnam
	-	Standard Chartered Bank
	-	
Yemen (Republic of)		National Bank of Yemen
	-	Yemen Commercial Bank

24<sup>th</sup> Annual General Meeting

Register Folio No. \_\_\_\_\_

Sub-Account No.: \_\_\_\_\_

or Passport No.: \_\_\_\_\_

Affix Rs. 5  
Revenue  
Stamp

Signature of Shareholder \_\_\_\_\_

Signature of Proxy\_\_\_\_\_

## 2. WITNESS

Signature : \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

[illegible]

or Passport No: \_\_\_\_\_

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

Soneri Bank Limited

AFFIX  
CORRECT  
POSTAGE

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

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# پراکسی فارم

## چوبیسواں سالانہ عام اجلاس

میں مسمیٰ / مسماۃ \_\_\_\_\_  
 ضلع \_\_\_\_\_  
 بحیثیت ممبر سونییری بینک لمیٹڈ اور حق ملکیت رکھتے ہوئے \_\_\_\_\_  
 عام حصص کی جس کا اندراج: \_\_\_\_\_

رجسٹرڈ فلیو نمبر: \_\_\_\_\_  
 سی ڈی سی پارٹیشن نمبر: \_\_\_\_\_  
 شناختی کارڈ نمبر: \_\_\_\_\_  
 مسمیٰ / مسماۃ \_\_\_\_\_  
 ساکن: \_\_\_\_\_  
 ساکن: \_\_\_\_\_  
 یا اُن کے نہ جانے پر، مسمیٰ / مسماۃ \_\_\_\_\_  
 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 چوبیسواں سالانہ عام اجلاس جو بتاریخ ۲۵ مارچ ۲۰۱۶ کو منعقد ہو رہا ہے۔ اس میں یا اس کے کسی ملتوی شدہ اجلاس میں شرکت کرے اور ووٹ ڈالے۔

(دستخط کا بینک میں رجسٹرڈ نمونے سے  
 مطابقت رکھنا ضروری ہے)

پانچ روپے کا  
 ریونیو اسٹیپ

تاریخ \_\_\_\_\_ ۲۰۱۶ \_\_\_\_\_  
 دستخط حصص داران \_\_\_\_\_  
 دستخط پراکسی \_\_\_\_\_

۲۔ گواہی

۱۔ گواہی

دستخط: \_\_\_\_\_  
 نام: \_\_\_\_\_  
 پتہ: \_\_\_\_\_  
 شناختی کارڈ نمبر: \_\_\_\_\_  
 یا پاسپورٹ نمبر: \_\_\_\_\_  
 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، ۲۴۱-۲۴۲، اپر مال اسکیم، آندر روڈ، لاہور ۵۴۰۰۰ پر اجلاس کے انعقاد سے ۲۸ گھنٹے قبل موصول ہونا لازمی ہے۔

۲۔ کوئی بھی شخص، کسی دوسرے شخص کی پراکسی کے طور پر نمائندگی نہیں کر سکتا جب تک خود بھی کمپنی کا ممبر نہ ہو سوائے کارپوریٹ ادارہ کے جو کسی نان ممبر کو بھی پراکسی منتخب کر سکتے ہیں۔

۳۔ اگر ایک رکن ایک سے زائد پراکسی مقرر کرتا ہے اور کمپنی کے پاس رکن کی طرف سے پراکسی فارم کی ایک سے زائد دستاویزات جمع کروائی جاتی ہیں تو پراکسی کی ایسی تمام دستاویزات کا عدم تصور ہوں گی۔

۴۔ سی ڈی سی حصص داران اور ان کے نامزد اشخاص کے لیے ضروری ہوگا کہ وہ اپنا پراکسی فارم جمع کروانے سے قبل اس کے ساتھ اپنا تصدیق شدہ کمپیوٹر انڈ 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 رسم کا  
ٹکٹ چسپاں کریں

کمپنی سیکریٹری  
سونیری بینک لمیٹڈ  
روپالی ہاؤس ۲۴۱-۲۴۲  
اُپر مال اسکیم،  
آئینہ روڈ  
لاہور-۵۴۰۰۰