

# Soneri Bank Limited

## RATING REPORT | JUN-26



### Rating History

| Dissemination Date | Long-Term Rating | Short-Term Rating | Outlook | Action   | Rating Watch |
|--------------------|------------------|-------------------|---------|----------|--------------|
| 30-Jun-26          | AA               | A1+               | Stable  | Upgrade  | -            |
| 25-Jun-25          | AA-              | A1+               | Stable  | Maintain | -            |
| 22-Jun-24          | AA-              | A1+               | Stable  | Maintain | -            |
| 23-Jun-23          | AA-              | A1+               | Stable  | Maintain | -            |
| 25-Jun-22          | AA-              | A1+               | Stable  | Maintain | -            |

### About the Entity

Established in 1991, Soneri Bank Limited commenced operations in 1992. The Bank is primarily sponsored by the Feerasta Family and operates under the leadership of Mr. Amin A. Feerasta, Chairman, and Mr. Ahsan Mushahid Siddiqui, President & CEO (A), supported by an experienced Board and management team.

### Rating Rationale

Soneri Bank Limited's ("SNBL" or the "Bank") rating upgrade reflects a structurally strengthened liability franchise, sustained earnings momentum, and continued sustainability and progress in trade finance. The Bank's deposit mix improved steadily, with the CASA ratio strengthening over the past several years and current deposits growing well ahead, especially in the new branches opened by the Bank. This low-cost funding base remains relationship-anchored rather than rate-sensitive, evidenced by a stable and higher spread than historically. Profitability improved across both funded and non-funded lines. Net markup income and profit before tax both posted strong multi-year growth, supported by right deployment of funds and efficient cost structure. Fee and commission income nearly doubled over the period, with growth ranking among the better performers in the industry. The bank's position is supported by ongoing investment in alternate delivery channels, payment solutions, and core banking infrastructure that is broadly in line with industry trends. Trade finance has emerged as a notable growth driver. The Bank's foreign trade volumes more than doubled over the past five years, lifting market share to its highest-ever level and crossing a landmark trade volume milestone; the third-highest trade growth rate among major banks in the country. This reinforces the Bank's positioning as an increasingly credible trade-finance partner. Digital banking activity also scaled up meaningfully, with transaction values and volumes rising steadily, reflecting gradual customer migration toward digital channels alongside continued branch expansion. Asset quality strengthened considerably: the infection ratio fell to its lowest level in over a decade, improving the Bank's industry ranking, while both general and specific coverage ratios rose substantially, reinforcing loss-absorption capacity and balance sheet resilience. Branch network expansion continued at pace, with the Bank adding a large number of new branches in recent years, which is its largest expansion phase to date. Islamic banking operations also expanded their contribution to the overall franchise, growing their share of the Bank's assets, deposits, and advances. Looking ahead, the Bank has outlined a three-year strategic roadmap centered on digital adoption, sustainable growth, market expansion, and customer service. Targets include further branch network expansion, growth in total assets and deposits, and a continued scale-up in trade business volumes, positioning trade finance as a core pillar of future non-funded income growth.

### Key Rating Drivers

The ratings remain dependent on the Bank's ability to sustain this profitability trajectory, manage asset quality through its ongoing balance sheet realignment, and maintain adequate capitalization and liquidity buffers through its Islamic conversion process. Any material deterioration in these areas could affect the assigned ratings.

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### METHODOLOGY

- Methodology | Financial Institution Rating | Oct-25
- Methodology | Rating Modifiers | Apr-26
- Methodology | Correlation Between Long-term & Short-term Rating Scales | Apr-26



### RELATED RESEARCH

- Sector Study | Commercial Banks | Jun-26



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# Soneri Bank Limited

## RATING ANALYSIS



### Profile

|                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Structure</b>  | Soneri Bank Limited ("SNBL" or the "Bank") traces its inception to 1991, when it was incorporated as a public limited company and commenced operations as a scheduled commercial bank. It is listed on the Pakistan Stock Exchange (PSX) under the Commercial Banks sector.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Background</b> | SNBL provides a comprehensive range of conventional and Islamic banking solutions, supported by an expanding nationwide branch network. The Bank has developed a diversified business profile encompassing corporate, retail, SME, and investment banking segments. The Bank's principal office is located at 10th Floor, PNSC Building, M.T. Khan Road, Karachi – 74000, while its registered office is situated at 2nd Floor, 307 – Upper Mall Scheme, Lahore, Punjab – 54000. As of end-Dec'25, the Bank's outreach expanded to 670 branches (end-Dec'24: 544 branches). The Bank's workforce stood at 5,657 employees at end-Dec'25 (end-Dec'24: 5,021).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Operations</b> | SNBL offers a wide range of services across retail, corporate, SME, agriculture, and Islamic banking. Its retail products include deposit accounts, personal finance, and debit card services, while corporate and SME clients benefit from various financing and advisory solutions. The Bank also supports agriculture finance through a diverse range of Agri financing solutions, including Farm Production Loans, Farm Development Loans, Tractor & Agricultural Implements Loans, and livestock financing covering dairy, poultry, fish, and cattle farming, among others. The Bank began Islamic banking in 2006 under the brand name "Soneri Mustaqeem Islamic Banking". As of end-Dec'25, the Bank operates 670 branches (end-Dec'24: 544 branches), comprising 469 conventional branches, 186 Islamic Banking Branches (end-Dec'24: 68), and 15 Islamic banking windows (end-Dec'24: 15), offering Shariah-compliant products including Murabaha, Ijarah, Diminishing Musharakah, Running Musharakah, and Istisna. The Bank has also enhanced customer convenience through strong digital banking platforms, including internet and mobile banking channels. |

### Ownership

|                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Ownership Structure</b> | At end-Dec'25, the ownership of SNBL remains concentrated with the Feerasta Family, the Bank's founding sponsors, who collectively maintain a controlling interest through various trusts and related parties. The major shareholding comprises Trustees Alauddin Feerasta Trust holding 35.69%, Trustees Feerasta Senior Trust holding 14.57%, and Trustees Alnu Trust holding 7.29%. In addition, related parties collectively hold 11.28% stake in the Bank. Other significant shareholders include National Investment Trust Limited (NIT) with a shareholding of 7.25%, while the remaining ownership is distributed among general public, institutional investors, and other corporate shareholders. |
| <b>Stability</b>           | The Bank's ownership profile remains well-established and stable, with no material changes anticipated in the near to medium term. The controlling interest is expected to remain with the Feerasta Family, who have been the cornerstone sponsors of SNBL since its establishment in 1991.                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Business Acumen</b>     | The Feerasta Family's business acumen is considered strong, as SNBL has consistently demonstrated sound strategic decision-making since its inception. Over the last few years, the Bank has sustained profitability while aggressively expanding its branch network in a single year.                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Financial Strength</b>  | SNBL, being one of the flagship entities under the umbrella of the Feerasta Family, willingness to support the Bank in case the need arises, which is considered high; also supplemented by access to the capital markets.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

### Governance

|                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Board Structure</b> | The control of the Bank vests with an eight-member Board of Directors (Board), comprising four non-executive directors (including three members representing the Feerasta Family and one NIT nominee), three independent directors, and one executive director. Mr. Ahsan Mushahid Siddiqui –Acting CEO & President of the Bank, serves as the executive director. The Board structure meets the minimum board size and independent director requirements as prescribed under the SECP Code of Corporate Governance, with the presence of a female independent director, Ms. Navin Salim Merchant, further reflecting compliance with corporate governance standards. |
|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

**Members' Profile** As of Mar'26, the Board members carry extensive professional experience in banking and other sectors. The Board provides overall guidance in managing risks associated with the Bank's operations and strategic direction. **Mr. Amin A. Feerasta – Chairperson of the Board** assumed office on June 6, 2024. With over 27 years at the Bank, he has served in key roles including Chief Risk Officer, Chief Operating Officer, Deputy CEO, and Executive Director. He holds a BSc in Finance from Santa Clara University, USA, and is a Certified Director. He has completed executive programs at the University of Oxford and in Malaysia. He also serves as Chairperson of the Aga Khan Foundation, Pakistan. **Mr. Nooruddin Feerasta – Non-Executive Director** is the Sponsor Director and CEO/Chairman of several Rupali Group companies. With over 40 years of industrial experience, he specializes in operations, finance, and legal affairs. He holds a BBA from the USA and is a chairperson of the Board's Credit Committee. **Mr. Ahmed A. Feerasta – Non-Executive Director** is a young entrepreneur and CEO of Rupali Foods. A University of Texas at Austin graduate, he brings experience in corporate procurement, finance, and marketing. He is also a Certified Director. **Mr. Manzoor Ahmed – Non-Executive Director (NIT Nominee)** is the Chief Operating Officer (COO) and Acting Managing Director of National Investment Trust Limited, overseeing a portfolio exceeding PKR 215bln with experience of over 35 years in mutual funds. He holds an MBA, D.A.I.B.P., is pursuing CFA Level III, and is a Certified Director. **Mr. Jamil Hassan Hamdani – Independent Director** has extensive international banking experience since 1973. He retired as MD of Credit Agricole Indosuez (Suisse) SA and chaired the Pakistan-France Business Alliance. He chairs the Bank's Audit Committee and is a member of other key board committees. He is a Certified Director. **Ms. Navin Salim Merchant – Independent Director** is a Supreme Court Advocate with over 30 years of legal experience. She served as an ADR Expert at IFC (World Bank Group) and leads the ICC ADR Commission Pakistan and IBA DRF. She is an Independent Director on several boards and a member of the Chartered Institute of Arbitrators. **Dr. Sohail Razi Khan – Independent Director** brings extensive experience in corporate strategy, finance, and business transformation, having held senior leadership roles with multinational organizations. He holds a PhD, MBA, MSc, and MA from institutions in England and is a Certified Director.

**Board Effectiveness** The Board exercises close monitoring of the management's policies and the Bank's operations via six sub-committees, namely i) Audit Committee of the Board, ii) Credit Committee of the Board, iii) Human Resource and Remuneration Committee of the Board, iv) Risk & Compliance Committee of the Board, v) Committee of Independent Directors of the Board, and vi) IT Committee of the Board. The Board members' attendance and participation are considered good and effective.

**Financial Transparency** The Audit Committee oversees the internal audit function, which undertakes a comprehensive review of the Bank's annual and interim financial statements prior to their consideration by the Board. The review process encompasses critical areas involving management judgments, material audit adjustments, going concern assessment, amendments in accounting policies, adherence to applicable accounting standards, and compliance with relevant regulatory and statutory obligations. M/s A.F. Ferguson & Co., Chartered Accountants, serve as the external auditors of Soneri Bank Limited and have issued an unmodified (unqualified) opinion on the Bank's financial statements for the year ended 31 December 2025.

## Management

**Organizational Structure** SNBL operates with a streamlined organizational framework, where experienced senior management leads each functional area and/or unit. This structure incorporates essential segregation of duties, ensuring a robust control environment. The Bank's operations are further specialized across various groups, each dedicated to distinct banking functions and support services: i) Commercial & Retail Banking Group, ii) Corporate & Investment Banking Group, iii) Digital Banking Group, iv) Information Technology Group, v) Operations Group, vi) Islamic Banking Group, vii) Treasury & Capital Markets Group, viii) Human Resources Group, ix) Finance Group, x) Compliance Group, xi) Credit & Risk Group, xii) Company Secretary Office, and xiii) Audit Group.

**Management Team** As of Mar'26, SNBL's senior management team comprises experienced professionals. **Mr. Ahsan Mushahid Siddiqui – Acting CEO & President** brings over 32 years of experience in banking operations and strategic business development. **Mr. Adnan Khaleeq – Chief Financial Officer (CFO)**, a qualified Chartered Accountant, has over 26 years of experience in financial management and reporting. **Mr. Muhammad Salman Ali – Chief Information Officer (CIO)** has over 35 years of experience in IT governance and digital infrastructure. **Mr. Shahid Muhammad Abdullah – Head of Treasury, FI & Capital Markets** has over 32 years of experience in treasury and capital markets operations. **Mr. Muhammad Aman Yaqoob – Chief Compliance Officer (CCO)** has over 20 years of experience in compliance and regulatory frameworks. **Mr. Mateen Mahmood – Group Head Operations & Service Quality** has over 35 years of experience in banking operations and service management. **Mr. Muhammad Qaisar – Head of Corporate & Investment Banking Group** has over 30 years of experience in corporate finance and investment banking. **Mr. Muhammad Merajuddin Ahmed – Head of HR, Legal & General Services** has over 32 years of experience in human capital management and legal affairs. **Mr. Mubarik Ali – Chief Risk Officer (CRO)** has over 35 years of experience in risk management and credit functions. **Mr. Aamir Nawaz Ali Karim – Head of Audit** has over 24 years of experience in internal audit and governance. **Syed Fahim Raza Zaidi – Head of Commercial &**

**Retail Banking Group** has over 30 years of experience in commercial and retail banking. **Mr. Mohammad Amin Tejani – Head of Islamic Banking** has over 31 years of experience in Islamic and conventional banking. **Mr. Muhammad Altaf Butt – Company Secretary** has over 24 years of experience in corporate governance and board affairs.

### Effectiveness

SNBL has various committees in place at the management level to oversee its day-to-day operational matters and make decisions to implement the strategy outlined by the Board. These include: i) Management Committee (MANCOM), ii) Executive Credit Committee (ECC), iii) Compliance Committee, iv) Asset and Liability Committee (ALCO), v) IT Steering Committee, vi) Operational Risk Management Committee (ORMC), vii) Credit Risk Management Committee (CRMC), and viii) Business Continuity Plan Steering Committee (BCPSC). The Management Committees are chaired by the President & CEO and comprise senior management members. These committees are responsible for overseeing the operational matters of the Bank, including credit, risk management, compliance, IT governance, and business continuity, and meet periodically to review these areas.

### MIS

A comprehensive IT security policy and Technology Governance Framework has been put in place along with risk mitigation protocols. SNBL has been using the internationally renowned Temenos-based Core Banking System (CBS), currently operating on Release 16 (R16), with all branches migrated to the system. The Bank is in the process of upgrading its CBS to the latest release, transitioning from a legacy framework to a modern, open banking platform to enhance operational efficiency and product capabilities. Beyond core banking operations, the Bank's risk management function relies on an integrated suite of IT systems to generate various risk-related reports and ensure effective portfolio monitoring. The Bank continues to invest in the upgradation of its IT-based infrastructure to strengthen its reporting mechanisms and enable efficient, real-time monitoring across its diverse portfolios. An independent IT audit of IT infrastructure services, policies, and operations is conducted periodically to evaluate IT controls, ensuring data integrity, system resilience, and regulatory compliance across all digital operations.

### Risk Management Framework

SNBL's Risk Management function, headed by the Chief Risk Officer (CRO), anchors the Bank's risk governance by overseeing key risk areas through a structured reporting framework under the oversight of the Board Risk and Compliance Committee (BRCC). The Risk Management Framework aims at identifying, measuring, monitoring, and reporting risk exposures across all material risk types, including credit risk, market risk, operational risk, liquidity risk, IT security risk, and ESG & climate-related risks. The Bank employs advanced tools such as stress testing against pre-determined scenarios to analyse the Bank's ability to withstand potential shocks from adverse developments. The Bank's Information Security Department (ISD), operating as a second line of defense, along with a dedicated Security Operations Centre (SOC) operational round the clock, safeguards data integrity and system resilience against cyber threats. Standardized processes and disciplined policy compliance strengthen portfolio quality, while regular reporting to management and the Board ensures effective oversight and alignment with strategic and regulatory requirements.

## Business Risk

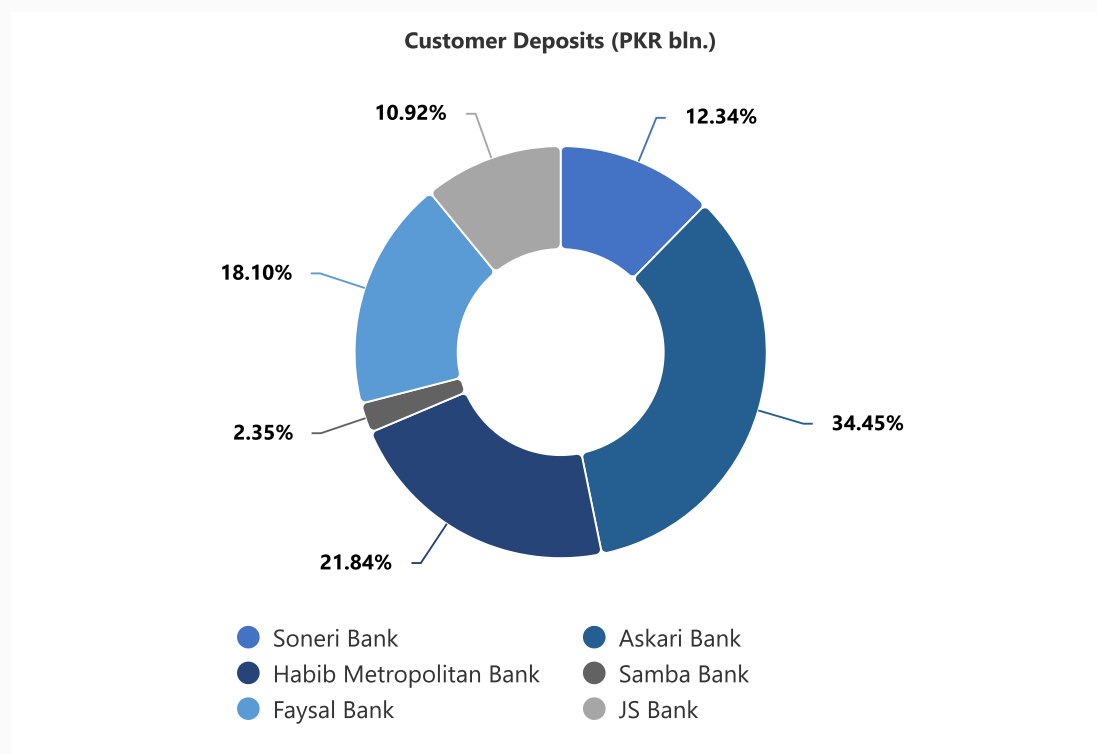
### Industry Dynamics

During CY25, Pakistan's banking sector's total assets grew by approximately 17.8% YoY, while investments surged by ~31.1% to PKR ~39.1trln (CY24: PKR ~29.8trln). Net advances of the sector declined by ~6% to PKR ~14.9trln (CY24: PKR ~15.8trln). Non-Performing Loans (NPLs) decreased by 9.7% YoY to PKR ~964bln (CY24: PKR ~1,068bln). The Capital Adequacy Ratio (CAR) averaged 20.8% (CY24: 20.6%), slightly below historical averages due to higher risk-weighted assets and a shift toward low-yield government securities, yet capitalization remains adequate to absorb potential shocks. While the Advances to Deposit Ratio (ADR) was reported at 37.5% (CY24: 49.7%), which appears higher relative to declining advances, because deposit growth outpaced lending activity. This reflects a cautious lending stance by banks in a challenging macroeconomic environment, where risk-averse behavior and liquidity accumulation resulted in slower credit deployment, pushing the ADR downwards. In a lower policy rate environment, coupled with high operating costs and reduced lending, the sector faced margin pressure, leading to moderated profitability by end-CY25, despite strong capitalization and improving asset quality. (Source: SBP Compendium). Amid this operating environment, SNBL witnessed a moderation in its lending portfolio during CY25, with net advances declining by 11% to PKR 214bln (CY24: PKR 242bln), reflecting the Bank's cautious stance toward thin-priced advances and a deliberate shift toward higher-quality credit. The Bank reported an Advance-to-Deposit Ratio (ADR) of 31.2% (CY24: 44.5%), with the decline primarily attributable to strong deposit growth of 27%, as deposits reached PKR 689bln (CY24: PKR 543bln). While this deposit mobilization supports funding stability and liquidity, the expansion in risk-weighted assets and rapid branch network growth exerted pressure on the Bank's capital position, leading to a moderation in the Capital Adequacy Ratio (CAR) to 14.88% (CY24: 17.69%).

### Relative Position

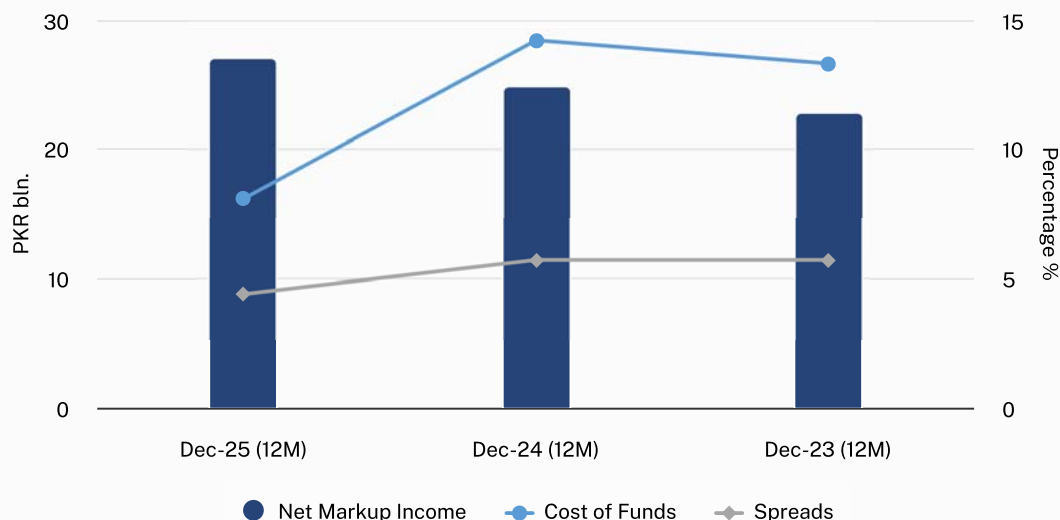
SNBL, a mid-sized private commercial bank, recorded a 26.87% increase in its total deposit base to PKR 689.11bln at end-CY25 (CY24: PKR 543.15bln). Customer deposits rose by 17.85% to PKR 572.96bln (CY24: PKR 486.18bln), while deposits from financial institutions comprising banking companies and NBFIs more than doubled to PKR 116.14bln (CY24: PKR 56.97bln), reflecting greater reliance on institutional funding during the year. In terms of deposit composition, Individual deposits accounted for 38.07% of total deposits (CY24: 44.99%), Private Sector deposits constituted 36.27% (CY24: 34.54%), Government (Federal and Provincial) deposits stood at 5.00% (CY24:

5.23%), Public Sector Entities contributed 3.81% (CY24: 4.77%), and deposits from Banking Companies and Non-Banking Financial Institutions made up the remaining 1.49% (CY24: 0.18%) and 15.36% (CY24: 10.29%), respectively. The Bank's market share of total deposits stood at 1.8% at end-CY25 (CY24: 1.7%), reflecting a modest improvement underpinned by deposit mobilization across its expanding branch network.



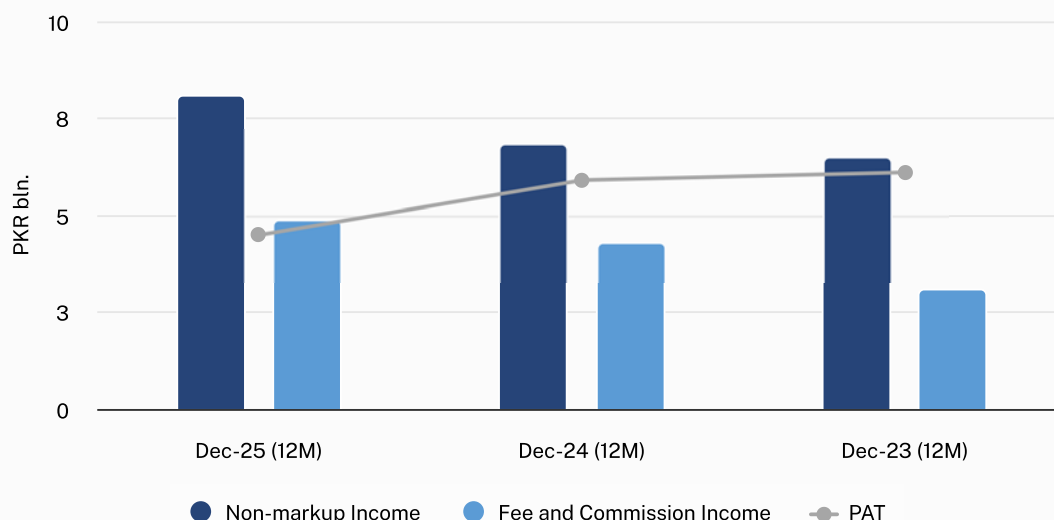
## Revenues

In CY25, SNBL's total revenue grew by 10.96% YoY to PKR 35.2bln (CY24: PKR 31.7bln). Net markup/return/interest income grew by 8.39% to PKR 27.0bln (CY24: PKR 24.9bln), supported by growth in average deposit volumes that more than offset the compression in spreads resulting from the SBP's policy rate reduction cycle. Asset yields on advances declined in line with downward policy rate revisions, with net yields on advances averaging 11.65% in CY25 versus 18.98% in CY24. The Bank's CASA base remained healthy at 81.86% as at December 2025, with cost of deposits markedly decreasing to 7.10% (CY24: 13.13%), which provided meaningful relief on the liability side. Non-markup income grew by 20.40% to PKR 8.1bln (CY24: PKR 6.8bln), driven by fee and commission income of PKR 4.9bln (CY24: PKR 4.3bln), representing a growth of 12.94% YoY. Foreign exchange income stood at PKR 1.7bln (CY24: PKR 2.1bln), while gain on securities rose notably to PKR 1.2bln (CY24: PKR 0.1bln). Dividend income came in at PKR 0.1bln (CY24: PKR 0.1bln), and other income was reported at PKR 0.1bln (CY24: PKR 0.1bln). Combined, dividend income and capital gains reached PKR 1.4bln (CY24: PKR 0.2bln), reflecting active portfolio management amid the declining rate environment.



### Performance

During CY25, non-markup income rose by 20.40% to PKR 8.1bln (CY24: PKR 6.8bln), supported by growth in fee and commission income, dividend income, and a notable increase in gain on securities, partly offset by a decline in foreign exchange income. Non-markup income contribution to total income improved to 23.12% (CY24: 21.31%), reflecting a gradual broadening of the Bank's revenue mix. Non-markup expenses increased by 24.07% to PKR 24.2bln (CY24: PKR 19.5bln), driven by the Bank's accelerated branch expansion programme under which 126 new branches were added during the year, taking the total network to 670 branches, the highest ever annual branch addition in the Bank's history, alongside general inflationary pressures on operating costs. Consequently, the cost-to-income ratio rose to 68.86% (CY24: 61.59%); this elevation is assessed as reflective of a deliberate front-loaded investment cycle in branch infrastructure rather than structural deterioration in operating efficiency. The Bank recorded a net reversal of credit loss allowance of PKR 0.65bln (CY24: reversal of PKR 0.46bln), remaining contained and consistent with IFRS-9 ECL adjustments against a broadly stable underlying credit book. Profit before tax declined by 8.16% to PKR 11.6bln (CY24: PKR 12.6bln), while profit after tax declined by 22.77% to PKR 4.6bln (CY24: PKR 5.9bln), with EPS of PKR 4.13 (CY24: PKR 5.35); the decline is primarily attributable to the elevated cost cycle and tax burden rather than any impairment in core earnings capacity. ROE stood at 13.49% (CY24: 19.86%) and ROA at 0.57% (CY24: 0.84%), with both metrics expected to recover as the branch expansion costs normalise and investments in the network begin yielding return efficiencies.



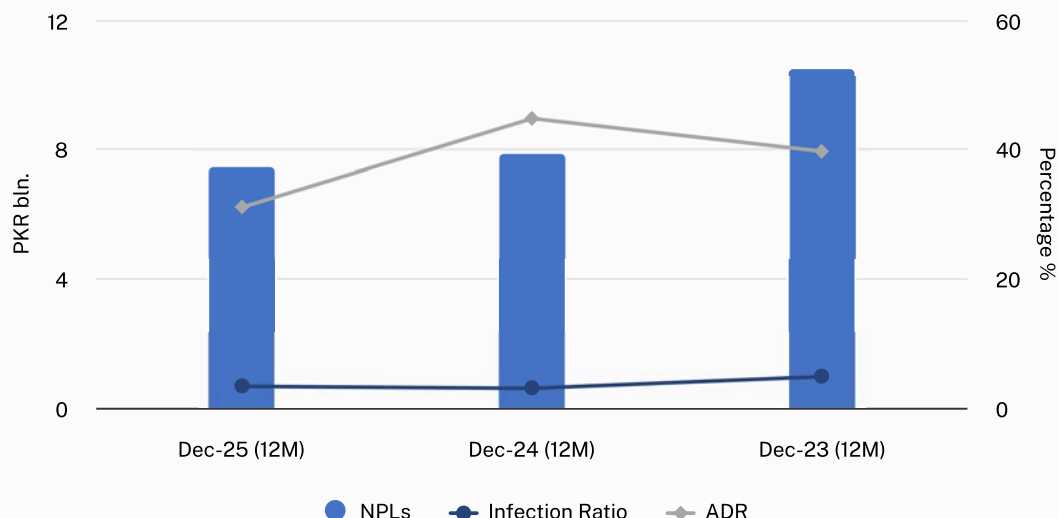
### Sustainability

Management's strategic agenda is centered on deepening the CASA franchise, cost structure rationalization as the branch expansion cycle matures, and calibrated credit growth across SME, agriculture, and corporate segments to diversify the advances book and support risk adjusted yields. The Bank's digital ecosystem, anchored by its mobile banking platform, WhatsApp banking, internet banking, and ADC channels, continues to drive current account acquisition and fee income generation. The Bank's ongoing Islamic banking transformation, with 186 dedicated Islamic banking branches, further supports revenue diversification and balance sheet growth. Going forward, the Bank intends to further expand its branch network to enhance outreach and strengthen its market presence. Capital adequacy is expected to be sustained above regulatory minimums through earnings retention, supported by a demonstrated consistent cash dividend payout policy. The Management remains focused on maintaining market share momentum while ensuring adherence to regulatory capital requirements.

## Financial Risk

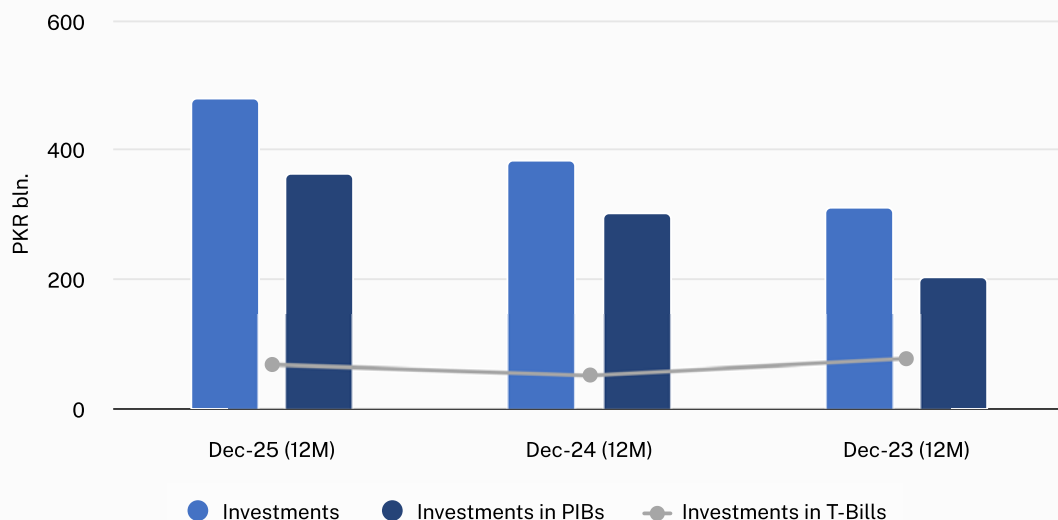
### Credit Risk

At CY25, SNBL's net advances stood at PKR 214bln (CY24: PKR 242bln), declining by 11% amid a challenging lending environment and subdued private-sector borrowing demand. Consequently, the Net Advances-to-Deposit Ratio (ADR) moderated to 31.10% (CY24: 44.51%), reflecting strong deposit mobilization of 27% and a careful approach towards credit deployment. The moderation in the advances portfolio highlights the Bank's disciplined underwriting standards and a deliberate shift away from thin-priced advances toward higher-quality credit. On the asset quality front, Non-Performing Loans (NPLs) slightly decreased to PKR 7.56bln (CY24: PKR 7.88bln), with the infection ratio marginally rising to 3.41% (CY24: 3.16%). The Bank maintained a coverage ratio of 86.18% (CY24: 90.02%), demonstrating sound provisioning practices and providing an adequate buffer against potential credit losses. Overall, SNBL's credit risk profile remains supported by a diversified advances portfolio, disciplined underwriting standards, and resilient asset quality indicators.



### Market Risk

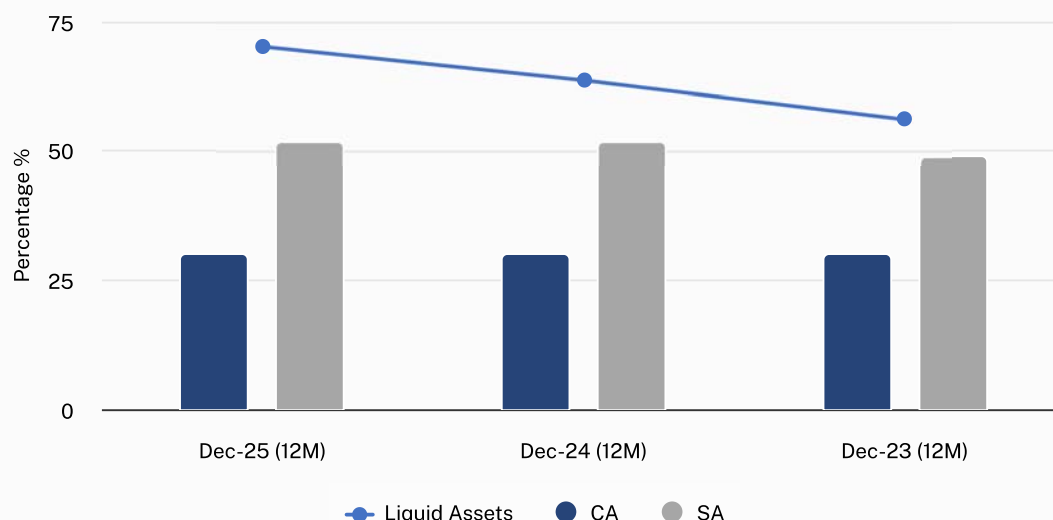
As of CY25, Soneri Bank's net investment portfolio increased by 24.70% to PKR 479bln (CY24: PKR 384bln), reflecting the Bank's continued preference for high-quality liquid assets amid a subdued lending environment. Government securities remained the dominant component of the investment portfolio, comprising PIBs, Market Treasury Bills (MTBs), and Ijarah Sukuks. The PIB portfolio stood at PKR 355.5bln, primarily consisting of Floating Rate PIBs at PKR 332bln and Fixed Rate PIBs at PKR 23.5bln, reflecting the Bank's preference for floating rate instruments in a declining interest rate environment. The investment portfolio carried an unrealized surplus on revaluation of PKR 10.6bln at CY25 (CY24: PKR 3.3bln), reflecting mark-to-market gains driven by declining yields. The sizeable sovereign securities portfolio exposes the Bank to interest rate risk; however, associated credit risk remains limited owing to the government-backed nature of these instruments. During CY25, the declining interest rate environment supported treasury performance, enabling the Bank to realize capital gains of PKR 1.2bln through active portfolio management. Overall, SNBL's market risk profile remains manageable, supported by a predominantly sovereign investment portfolio, prudent duration management practices, and strong treasury capabilities. Investment yield declined to 12.64% (CY24: 19.01%), reflecting the impact of monetary easing on asset returns.



### Liquidity and Funding

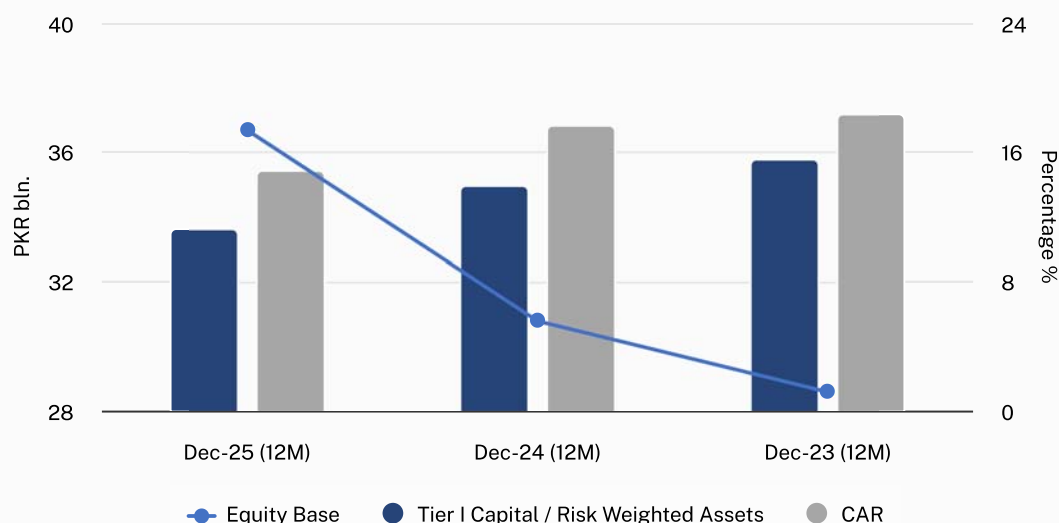
As of CY25, SNBL maintained a strong liquidity profile, supported by a diversified deposit franchise and substantial high-quality liquid assets. Total deposits increased by 26.87% to Rs. 689.106 bln (CY24: Rs. 543.146 bln), driven primarily by growth in low-cost current account balances and continued expansion of the Bank's retail and transactional banking franchise. The Bank's funding profile remains well-diversified, with the top 20 depositors accounting for 18.3% of total deposits (CY24: ~15%), reflecting a broadly granular depositor base, though concentration marginally increased during the year. Individuals remained the largest contributor to the deposit base, constituting 38.07% of total deposits (CY24: 44.99%), while Private Sector deposits represented 36.27% (CY24: 34.54%). Government deposits stood at 5.00% (CY24: 5.23%) and Public Sector Entities contributed 3.81% (CY24: 4.77%), while deposits from Banking Companies and Non-Banking Financial Institutions expanded to 1.49% (CY24: 0.18%) and 15.36% (CY24: 10.29%) of total deposits, respectively, reflecting increased institutional engagement. The deposit mix remained highly favorable, with the Bank sustaining a strong CASA ratio of 81.86%

(CY24: 81.94%), reflecting its ability to mobilize stable and cost-effective funding despite intense competition within the banking sector. Average Current Account volumes grew by 18.36% year-on-year, supporting a meaningful decline in the weighted average cost of deposits to 7.10% (CY24: 13.13%). The Bank's Gross Advances-to-Deposit Ratio moderated to 32.16% (CY24: 46.00%), primarily due to strong deposit growth alongside an 11% YoY decline in the advances book. The Bank's liquidity position remained comfortably above regulatory requirements, with the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) reported at 198.44% and 191.48%, respectively (CY24: 176.91% and 157.15%). Going forward, SNBL is expected to continue benefiting from its granular deposit base, strong CASA franchise, and strong liquidity buffers.



### Capitalization

As at CY25, SNBL's Capital Adequacy Ratio (CAR) stood at 14.88% (CY24: 17.69%), comfortably above the minimum regulatory requirement of 11.50% prescribed by the State Bank of Pakistan, while the Tier-I Capital Ratio was reported at 11.31% (CY24: 13.90%), also remaining above its applicable minimum requirement of 9.00%. The moderation in capital ratios primarily reflects growth in risk-weighted assets (RWAs), which increased by 31.5% to Rs. 285.198 bln (CY24: Rs. 216.822 bln), outpacing internal capital generation during the year. The increase in RWAs was driven by balance sheet expansion and higher capital allocation across credit, market, and operational risk exposures. Despite the decline in regulatory capital ratios, the Bank's capitalization remains supported by a healthy equity base and sustained earnings retention. Shareholders' equity increased to Rs. 36.79 bln at CY25 (CY24: Rs. 30.81 bln), reflecting profit retention and growth in reserves. The Common Equity Tier-I (CET-I) ratio stood at 10.06% (CY24: 12.25%), providing a capital buffer above the regulatory CET-1 threshold of 7.50%. Total Eligible Capital increased to Rs. 42.43 bln (CY24: Rs. 38.35x bln), supported by CET-1 capital of Rs. 28.685 bln alongside a perpetual ADT-1 instrument of Rs. 4 bln (issued 2018) and Tier-II TFCs of Rs. 4 bln (issued 2022). Overall, SNBL's capitalization profile remains adequate, providing sufficient loss-absorption capacity to support business growth while maintaining compliance with evolving regulatory capital requirements.



# Soneri Bank Limited

## FINANCIAL SUMMARY



(PKR mln)

|                                                                                                            | Dec-25<br>12M | Dec-24<br>12M | Dec-23<br>12M |
|------------------------------------------------------------------------------------------------------------|---------------|---------------|---------------|
| <b>A. BALANCE SHEET</b>                                                                                    |               |               |               |
| <b>1. Stage I   Advances - net</b>                                                                         | 188,266       | 225,866       | 203,655       |
| <b>2. Stage II   Advances - net</b>                                                                        | 25,014        | 15,086        | 0             |
| <b>3. Stage III   Non-Performing Advances</b>                                                              | 7,559         | 7,883         | 10,497        |
| <b>4. Stage III   Impairment Provision</b>                                                                 | (6,514)       | (7,096)       | (8,398)       |
| <b>5. Investments in Government Securities</b>                                                             | 473,939       | 381,083       | 306,161       |
| <b>6. Other Investments</b>                                                                                | 5,308         | 3,223         | 4,180         |
| <b>7. Other Earning Assets</b>                                                                             | 30,598        | 8,598         | 0             |
| <b>8. Non-Earning Assets</b>                                                                               | 128,307       | 104,857       | 142,467       |
| Total Assets                                                                                               | 852,477       | 739,499       | 658,562       |
| <b>6. Deposits</b>                                                                                         | 689,106       | 543,146       | 517,869       |
| <b>7. Borrowings</b>                                                                                       | 69,640        | 117,369       | 76,740        |
| <b>8. Other Liabilities (Non-Interest Bearing)</b>                                                         | 56,944        | 48,174        | 35,339        |
| Total Liabilities                                                                                          | 815,690       | 708,690       | 629,949       |
| Equity                                                                                                     | 36,787        | 30,810        | 28,613        |
| <b>B. INCOME STATEMENT</b>                                                                                 |               |               |               |
| <b>1. Mark Up Earned</b>                                                                                   | 84,375        | 114,093       | 98,033        |
| <b>2. Mark Up Expensed</b>                                                                                 | (57,333)      | (89,146)      | (75,275)      |
| <b>3. Non Mark Up Income</b>                                                                               | 8,133         | 6,755         | 6,459         |
| Total Income                                                                                               | 35,176        | 31,702        | 29,217        |
| <b>4. Non-Mark Up Expenses</b>                                                                             | (24,224)      | (19,525)      | (15,471)      |
| <b>5. Provisions/Write offs/Reversals</b>                                                                  | 654           | 461           | (1,389)       |
| Pre-Tax Profit                                                                                             | 11,606        | 12,638        | 12,357        |
| <b>6. Taxes</b>                                                                                            | (7,049)       | (6,737)       | (6,282)       |
| Profit After Tax                                                                                           | 4,558         | 5,901         | 6,075         |
| <b>C. RATIO ANALYSIS</b>                                                                                   |               |               |               |
| <b>1. Performance</b>                                                                                      |               |               |               |
| Net Mark Up Income / Avg. Assets                                                                           | 3.4%          | 3.6%          | 3.7%          |
| Non-Mark Up Expenses / Total Income                                                                        | 68.9%         | 61.6%         | 53.0%         |
| ROE                                                                                                        | 13.5%         | 19.9%         | 24.4%         |
| <b>2. Capital Adequacy</b>                                                                                 |               |               |               |
| Equity / Total Assets (D+E+F)                                                                              | 4.3%          | 4.2%          | 4.3%          |
| Capital Adequacy Ratio                                                                                     | 14.9%         | 17.7%         | 18.4%         |
| <b>3. Funding &amp; Liquidity</b>                                                                          |               |               |               |
| Liquid Assets / (Deposits + Borrowings Net of Repo)                                                        | 70.7%         | 59.7%         | 56.2%         |
| Net Financial Assets to Deposits Ratio [(Total Finances - net + Non-Performing Finances - net) / Deposits] | 32.20%        | 44.81%        | 39.73%        |
| Current Deposits / Deposits                                                                                | 29.9%         | 30.1%         | 30.4%         |
| Saving Deposits / Deposits                                                                                 | 52.0%         | 51.8%         | 48.8%         |
| <b>4. Credit Risk</b>                                                                                      |               |               |               |
| Impaired Loan Ratio   [Stage III   Non-Performing Advances / Gross Advances]                               | 3.4%          | 3.1%          | 4.9%          |

# Soneri Bank Limited

## RATING SCALE

### Credit Rating

Credit rating reflects forward-looking opinion on credit worthiness of underlying entity or instrument; more specifically it covers relative ability to honor financial obligations. The primary factor being captured on the rating scale is relative likelihood of default.

| Scale               | Long-Term Rating                                                                                                                                                                                                                                                                                                     |
|---------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| AAA                 | Highest credit quality. Lowest expectation of credit risk. Indicate exceptionally strong capacity for timely payment of financial commitments                                                                                                                                                                        |
| AA+<br>AA<br>AA-    | Very high credit quality. Very low expectation of credit risk. Indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.                                                                                                       |
| A+<br>A<br>A-       | High credit quality. Low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be vulnerable to changes in circumstances or in economic conditions.                                                                            |
| BBB+<br>BBB<br>BBB- | Good credit quality. Currently a low expectation of credit risk. The capacity for timely payment of financial commitments is considered adequate, but adverse changes in circumstances and in economic conditions are more likely to impair this capacity.                                                           |
| BB+<br>BB<br>BB-    | Moderate risk. Possibility of credit risk developing. There is a possibility of credit risk developing, particularly as a result of adverse economic or business changes over time; however, business or financial alternatives may be available to allow financial commitments to be met.                           |
| B+<br>B<br>B-       | High credit risk. A limited margin of safety remains against credit risk. Financial commitments are currently being met; however, capacity for continued payment is contingent upon a sustained, favorable business and economic environment.                                                                        |
| CCC<br>CC<br>C      | Very high credit risk. Substantial credit risk "CCC" Default is a real possibility. Capacity for meeting financial commitments is solely reliant upon sustained, favorable business or economic developments. "CC" Rating indicates that default of some kind appears probable. "C" Ratings signal imminent default. |
| D                   | Obligations are currently in default.                                                                                                                                                                                                                                                                                |

| Scale | Short-Term Rating                                                                                                                                         |
|-------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
| A1+   | The highest capacity for timely repayment.                                                                                                                |
| A1    | A strong capacity for timely repayment.                                                                                                                   |
| A2    | A satisfactory capacity for timely repayment. This may be susceptible to adverse changes in business, economic, or financial conditions.                  |
| A3    | An adequate capacity for timely repayment. Such capacity is susceptible to adverse changes in business, economic, or financial conditions.                |
| A4    | The capacity for timely repayment is more susceptible to adverse changes in business, economic, or financial conditions. Liquidity may not be sufficient. |

### Rating Modifiers | Rating Actions

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                     |                                                                                                           |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|
| <b>Outlook (Stable, Positive, Negative, Developing)</b><br>Indicates the potential and direction of a rating over the intermediate term in response to trends in economic and/or fundamental business / financial conditions. It is not necessarily a precursor to a rating change. 'Stable' outlook means a rating is not likely to change. 'Positive' means it may be raised. 'Negative' means it may be lowered. Where the trends have conflicting elements, the outlook may be described as 'Developing'. | <b>Rating Watch</b><br>Alerts to the possibility of a rating change subsequent to, or, in anticipation of some material identifiable event with indeterminable rating implications. But it does not mean that a rating change is inevitable. A watch should be resolved within foreseeable future, but may continue if underlying circumstances are not settled. Rating watch may accompany rating outlook of the respective opinion. | <b>Suspension</b><br>It is not possible to update an opinion due to lack of requisite information. Opinion should be resumed in foreseeable future. However, if this does not happen within six (6) months, the rating should be considered withdrawn. | <b>Withdrawn</b><br>A rating is withdrawn on a) termination of rating mandate, b) the debt instrument is redeemed, c) the rating remains suspended for six months, d) the entity/issuer defaults, or/and e) PACRA finds it impractical to surveil the opinion due to lack of requisite information. | <b>Harmonization</b><br>A change in rating due to revision in applicable methodology or underlying scale. |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|

**Surveillance.** Surveillance on a publicly disseminated rating opinion is carried out on an ongoing basis till it is formally suspended or withdrawn. A comprehensive surveillance of rating opinion is carried out at least once every six months. However, a rating opinion may be reviewed in the intervening period if it is necessitated by any material happening. Rating actions may include "maintain", "upgrade", or "downgrade".

Note: This scale is applicable to the following methodology(s):

- |                                 |                                      |
|---------------------------------|--------------------------------------|
| a) Broker Entity Rating         | e) Holding Company Rating            |
| b) Corporate Rating             | f) Independent Power Producer Rating |
| c) Debt Instrument Rating       | g) Microfinance Institution Rating   |
| d) Financial Institution Rating | h) Non-Banking Finance Company       |

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### 1. Rating Team Statements

I. **Rating** is just an opinion about the creditworthiness of the entity and does not constitute a recommendation to buy, hold, or sell any security of the entity rated or to buy, hold, or sell the security rated, as the case may be. **(Chapter III; 14-3-(x))**

#### II. Conflict of Interest

- i. The Rating Team or any of their family members have no interest in this rating **(Chapter III; 12-2-(j))**
- ii. PACRA, the analysts involved in the rating process, and members of its rating committee and their family members do not have any conflict of interest relating to the rating done by them **(Chapter III; 12-2-(e) & (k))**
- iii. The analyst is not a substantial shareholder of the customer being rated by PACRA **[Annexure F; d-(ii)]**
- iv. Explanation: for the purpose of the above clause, the term "family members" shall include only those family members who are dependent on the analyst and members of the rating committee.

### 2. Restrictions

- i. No director, officer, or employee of PACRA communicates the information acquired by him for use for rating purposes to any other person, except where required under law to do so. **(Chapter III; 10-(5))**
- ii. PACRA does not disclose or discuss with outside parties or make improper use of the non-public information which has come to its knowledge during a business relationship with the customer. **(Chapter III; 10-7-(d))**
- iii. PACRA does not make proposals or recommendations regarding the activities of rated entities that could impact a credit rating of the entity subject to rating. **(Chapter III; 10-7-(k))**

### 3. Conduct of Business

- i. PACRA fulfills its obligations in a fair, efficient, transparent, and ethical manner and renders high standards of services in performing its functions and obligations. **(Chapter III; 11-A-(a))**
- ii. PACRA uses due care in the preparation of this Rating Report. Our information has been obtained from sources we consider to be reliable, but its accuracy or completeness is not guaranteed. PACRA does not, in every instance, independently verify or validate information received in the rating process or in preparing this Rating Report. **(Clause 11-(A)(p))**
- iii. PACRA prohibits its employees and analysts from soliciting money, gifts, or favors from anyone with whom PACRA conducts business. **(Chapter III; 11-A-(q))**
- iv. PACRA ensures before the commencement of the rating process that an analyst or employee has not had a recent employment or other significant business or personal relationship with the rated entity that may cause or may be perceived as causing a conflict of interest. **(Chapter III; 11-A-(r))**
- v. PACRA maintains the principle of integrity in seeking rating business. **(Chapter III; 11-A-(u))**
- vi. PACRA promptly investigates in the event of misconduct or a breach of the policies, procedures, and controls, and takes appropriate steps to rectify any weaknesses to prevent any recurrence, along with suitable punitive action against the responsible employee(s). **(Chapter III; 11-B-(m))**

### 4. Independence & Conflict of Interest

- i. PACRA receives compensation from the entity being rated or any third party for the rating services it offers. The receipt of this compensation has no influence on PACRA's opinions or other analytical processes. In all instances, PACRA is committed to preserving the objectivity, integrity, and independence of its ratings. Our relationship is governed by two distinct mandates: i) rating mandate - signed with the entity being rated or issuer of the debt instrument, and ii) fee mandate - signed with the payer, which can be different from the entity.
- ii. PACRA does not provide consultancy/advisory services or other services to any of its customers or their associated companies and associated undertakings that are being rated or have been rated by it during the preceding three years, unless it has an adequate mechanism in place ensuring that the provision of such services does not lead to a conflict of interest situation with its rating activities. **(Chapter III; 12-2-(d))**
- iii. PACRA discloses that no shareholder directly or indirectly holding 10% or more of the share capital of PACRA also holds directly or indirectly 10% or more of the share capital of the entity which is subject to rating or the entity which issued the instrument subject to rating by PACRA. **(Chapter III; 12-2-(f))**
- iv. PACRA ensures that the rating assigned to an entity or instrument is not affected by the existence of a business relationship between PACRA and the entity or any other party, or the non-existence of such a relationship. **(Chapter III; 12-2-(i))**
- v. PACRA ensures that the analysts or any of their family members shall not buy, sell, or engage in any transaction in any security which falls in the analyst's area of primary analytical responsibility. This clause, however, does not apply to investments in securities through collective investment schemes. **(Chapter III; 12-2-(l))**
- vi. PACRA has established policies and procedures governing investments and trading in securities by its employees and for monitoring the same to prevent insider trading, market manipulation, or any other market abuse. **(Chapter III; 11-B-(g))**

### 5. Monitoring and Review

- i. PACRA monitors all the outstanding ratings continuously, and any potential change therein due to any event associated with the issuer, the security arrangement, the industry, etc., is disseminated to the market immediately and in an effective manner after appropriate consultation with the entity/issuer. **(Chapter III; 17-(a))**
- ii. PACRA reviews all the outstanding ratings periodically on an annual basis. Provided that public dissemination of annual review and in an instance of change in rating will be made. **(Chapter III; 17-(b))**
- iii. PACRA initiates an immediate review of the outstanding rating upon becoming aware of any information that may reasonably be expected to result in downgrading of the rating. **(Chapter III; 17-(c))**
- iv. PACRA engages with the issuer and the debt securities trustee to remain updated on all information pertaining to the rating of the entity/instrument. **(Chapter III; 17-(d))**

### 6. Probability of Default

- i. PACRA's Rating Scale reflects the expectation of credit risk. The highest rating has the lowest relative likelihood of default (i.e., probability). PACRA's transition studies capture the historical performance behavior of a specific rating notch. Transition behavior of the assigned rating can be obtained from PACRA's Transition Study available at our website. [www.pacra.com](http://www.pacra.com) However, the actual transition of rating may not follow the pattern observed in the past. **(Chapter III; 14-3(f)(vii))**

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