



ANNUAL REPORT 2021

DIRECTORS' REPORT

On behalf of the Board of Directors, I am presenting herewith the financial results of the Bank for the year ended December 31, 2021. Financial highlights are as follows:

(Rupees in '000)

Balance Sheet	As on Dec 31, 2021	As on Dec 31, 2020	% age Change
Paid up Capital	25,524,428	19,710,130	
Shares Deposit Money	4,000,000	2,000,000	
Proposed shares to be issued on amalgamation	-	3,814,298	
Reserves & accumulated loss	(9,775,499)	(6,038,802)	-61.8
Paid up Capital & Reserves	19,748,929	19,485,626	1.4
Deficit on Revaluation of Investment	(1,121,647)	(408,505)	
Equity	18,627,282	19,077,121	-2.3%
Borrowings	26,785,738	62,377,648	-57.0%
Deposits	217,608,406	185,570,689	17.3%
Investment (carrying value)	175,703,381	170,818,493	2.8%
Gross Advances	73,023,451	76,355,873	-4.4%

Profit & Loss Account	Year Ended Dec 31, 2021	Year Ended Dec 31, 2020	%age Change
Markup/return/interest income	21,826,086	15,350,403	
Markup/return/interest expenses	16,921,716	12,476,302	
Net markup/return/interest income	4,904,370	2,874,101	70.6%
Gain/ (loss) on sale of Investments	(6,435)	(46,420)	
Foreign Exchange Income	74,371	284,977	
Dividend Income	154,063	96,651	
Fee, Commission & Other Income	354,479	287,560	
Non-mark-up/non-interest income	576,478	622,768	-7.4%
Non mark-up/interest expenses	5,722,033	5,108,994	12.0%
Provision/Diminution in value of investments	87,342	306,734	
Provision-specific & general against Advances	5,735,574	3,416,208	
Total Provisions	5,822,916	3,722,942	
Loss before Tax & Provisions	(241,185)	(1,612,125)	85%
Loss Before Tax	(6,064,101)	(5,335,067)	-13.7%
Loss After Tax	(3,727,484)	(3,212,571)	-16%
Loss per share (Rupees)	(1.49)	(1.63)	8.6

Other Information	As on Dec 31, 2021	As on Dec 31, 2020	%age Change
No. of Accounts	533,169	499,760	6.7%
Number of Branches	330	330	-

A. Financial Review

Total Assets recorded a slight decrease from Rs.273.7 bn to Rs.270.2 bn during the year, primarily due to increase in deposits and decrease in borrowings, as given below. Major financial statement segment-wise review is as follows:

a) Deposits

Deposits registered an increase of 17.3% and stood at Rs. 217.6 bn compared to Rs. 185.6 bn on December 31, 2020. This increase indicates changing customer preferences and continuing motivation of our retail banking team to introduce new customers and products. Ratio of Finance Department, Government of Sindh (GoS) Deposits to other Deposits was 14:86 as compared to 12:88 at the year ended 2020. Number of customer accounts stood at 533,169 increasing by 33,409 accounts (i.e. 6.7%).

b) Advances

Gross Advances decreased by 4.4% and stood at Rs.73.0 bn at year-end 2021 compared to Rs. 76.4 bn on December 31, 2020, mainly due decrease of Rs.2.4 bn under Commodity Financing. Besides, subduing growth during the year was the regulatory restriction on Corporate advances and hence the management focused on increasing financing in the SMEs and Consumer segments. After soft launch of House Financing and Salary Loan products in Consumer segment and after satisfactory test run full-fledged launch will be undertaken in 2022, complemented by focused advertising and marketing.

c) Investments

Carrying value of Investments as at December 31, 2021 increased by Rs.4.8 bn (2.9%) over 2020. Increase of Rs. 12.1 bn was recorded in floating rate PIBs and Rs. 1.5 bn in GOP Ijara Sukuk, compared to reduction in Market Treasury Bills of Rs Rs.8.5 bn and.

Investment in equities and mutual funds stood at Rs. 2,889 million, excluding Rs. 750 million in Sindh Microfinance Bank Limited (wholly owned subsidiary), increasing by 2.1% over December 31, 2020 (Rs. 2,830 million).

B. Profit and Loss Account

Improvement in the Bank's performance indicators are clearly visible as total operating losses decreased by a significant amount of Rs.1.37 bn (85.0%), led mainly by an increase of Rs.2.0 bn (70.6%) in Net Markup/Interest Income despite a marginal decrease in Non-Markup Income to Rs.576.5 mn from Rs.622.8 mn, last year, due to lower than expected FX income.

Post tax loss for the year amounted to Rs.3.727 bn compared to loss of Rs.3.212 bn last year. Other reason for decrease in bottom-line was increased provisioning of Rs.5,823 mn (net) compared to provision of Rs.3,723 mn last year. Pre-tax loss for the year ended December 31, 2021 amounted to Rs.6.064 billion contrasting with loss of Rs.5.335 bn reported last year. Hectic recovery efforts continue to reduce/contain NPLs, with the Bank managing to reduce its older NPLs, though marginal increase was witnessed due to new accounts transitioning into this category.

C. Branches

The Bank continued to maintain its presence through 330 branches spread over 169 cities/towns in Pakistan and included 14 branches which are dedicated to Islamic Banking. No new branches were opened during the year. Region wise breakup is as under:

Regions	No. of Branches	No. of Cities/Towns
South: including Karachi, Sindh-other cities/towns & Baluchistan	206	97
North: including Punjab, Islamabad, KPK, AJK & GB	124	72
Total	330	169

ECONOMIC REVIEW

Economic growth assisted by various stimulus measures, increased at a faster than anticipated rate despite of economic and political challenges. The economy witnessed a V-shaped recovery during the year, which led to an increase in inflation and put pressure on domestic resources. Significantly increased import bill, particularly in the latter half of 2021 led to a deterioration of current account and 12.8% depreciation of PKR against USD. Besides above, the economy remains vulnerable as oil prices touched a 7-year high, trading at more than US\$90/barrel, effect of which is likely to trickle down across the entire economic landscape. Despite short term economic challenges, the medium to longer term growth potential remains intact due as the Government is focused on transformation of the economy by increasing productivity, investment, and private sector development.

Going forward, the Country has the potential to earn higher FX earnings through export of IT services, startup investment and continued sustainability on the home remittances front. COVID-19 has also been a blessing in disguise for textile exports, as many export orders were diverted to Pakistan due to higher infection ratios and lock down in Sri Lanka as well Bangladesh.

During CY22 market expects commodity prices to normalize as supply chain issues are resolved and economic activity slows down due to expected withdrawal of fiscal and monetary stimulus. Projected GDP growth for next fiscal is expected to be around 4% with inflation expected to fall in single digit due to high base effect. However, external account is expected to remain constrained due to higher CAD, elevated debt servicing and reliance on external debt.

2021 was a volatile year for PSX as KSE 100 witnessed a healthy performance in the first half, whereas the second half was marred by number of negative news and events. The index started on a promising note due to reopening of international economies and sharp pickup in economic activity, which also led to exceptional improvement in profitability of the companies listed on the PSX with the Current Account showing a surplus, Pak Rupee showing stability, LSM recording robust growth and higher GDP growth rate and lower CPI. However, the momentum could not be sustained in the second half due to rising international commodity prices, over-heating of the domestic economy, deterioration of CAD due to sharp increase in import bill, unstable political situation and testing relationship with USA. These factors hence subdued performance of the KSE 100 as it registered a marginal increase of 1.90% with the index closing at the level of 44,596 points.

CREDIT RATING

VIS Credit Rating Company Limited reaffirmed the Bank's long term entity rating of **A+ (Single A Plus)** and short term rating of **A-1 (A-one)** in its report dated June 30, 2021.

MINIMUM CAPITAL REQUIREMENT & CAPITAL ADEQUACY RATIO

The Bank is compliant with the minimum capital requirement prescribed by the State Bank of Pakistan as its Capital Adequacy Ratio stood at 11.90% as against the requirement of 11.5% as on December 31, 2021.

RISK MANAGEMENT FRAMEWORK

Risk taking is central to banking activity. The Bank evaluates business opportunities in terms of the risk-reward relationship. The risks that Bank takes are reasonable, controlled, within its size, complexity and nature of business. The diversity of our business requires us to identify, measure and manage our risks effectively through different limits. At the Bank, the risk is managed through a framework, organizational structure, risk management and monitoring processes that are closely aligned with the activities of the Bank and in line with the guidelines given by the State Bank of Pakistan (SBP). The Bank also continues to invest in systems and people as part of its process of continuously strengthening the risk management function. The Bank's comprehensive and integrated risk management governance structure consists of Board, related Board Committee(s) and management subcommittees, with varying areas of responsibilities, in order to maintain a sustainable focus on monitoring and governance over differing categories of risks.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Sindh Bank has established an ongoing process for identifying, evaluating and managing significant risks faced by the Bank and this process includes the system of Internal Control over Financial Reporting. The process is regularly reviewed by the Board Audit Committee.

The Board is of the view that the system of Internal Control over Financial Reporting in place is sound and adequate to provide reasonable assurance regarding the reliability of Financial Reporting, and that the preparation of Financial Statements for external purposes is in accordance with relevant accounting principles and regulatory requirements.

The management assists the Board in implementation of the Board's policies and directives pertaining to Internal Control over Financial Reporting. The management is working continuously towards enhancing the system of Internal Control over Financial Reporting.

The Board is pleased to endorse the statement made by management relating to Internal Controls including management's evaluation of ICFR. The management's Statement on Internal Control is included in the Annual Report.

OTHER HIGHLIGHTS

a) Handling of Covid 19 pandemic

To take measures aimed at fighting the spread of Covid-19 and ensure availability of uninterrupted financial services by the Bank in line with SBP directives, a Senior Management Committee ('the Committee') was formed by the Bank at the outset of the pandemic. To minimize the exposure to and impact of COVID-19, the following measures have been taken:

- **Employees**

The Bank has significantly scaled down the on-ground headcount at its offices across Pakistan. At the peak of the pandemic, a significant number of our employees were working remotely (while maintaining strong IT security) to implement social distancing for our colleagues in critical front office roles. Internal communications regarding social distancing and hygiene are regularly disseminated for the benefit of the employees. Actions taken included timely procurement of PPEs (Personal Protective Equipment) and taking timely measures for enabling a Covid-19 free work environment, including prompt action where any contingency arose.

- **Customers**

The Bank has remained connected with its customers on how to best continue to use do their day to day banking by using the Bank's various online platforms and kept them informed about regulatory changes affecting them. As advised by SBP, we collaborated with our customers to enable access to the various benefits and relaxations to dampen the impact of Covid-19. In this regard, assistance was provided to over 36 customers through deferment/rescheduling of loans amounting to Rs.3.4 bn.

The Committee, continues to monitor the situation within the Bank as well as outside and continues to provide guidance for taking appropriate corrective measures, where needed.

- b) **Major IT Initiatives**

On the innovation front, Sindh Bank took a major leap by successful implementation of multiple regulatory projects, including Electronic Proceeds Realization Certificate (ePRC), FX Cases Approval Automation, Pakistan Single Window (PSW) and Raast Phase - 1 (Instant Payment Gateway).

In the month of August, after beta testing Sindh Bank successfully launched its Retail Banking Mobile app for its customers using either Android or iPhone handsets. The mobile app is loaded with all standard features such as Fund transfer (intra/inter bank), Utility Bill payment, Mobile and internet Top-Ups, and BioMetric authentication to name few.

On the information security front, Sindh Bank implemented the state-of-the-art security solutions for End-point Detection and Response, Internet Security Gateway, Email security Gateway, and Network Sandboxing. In order to enhance the security of web application exposed to provide services to customers and partners, Sindh Bank deployed world's leading Web Application Firewall (WAF).

In addition, Sindh Bank completed the implementation of Security Incident and Event Monitoring (SIEM) solution as well as established its 24x7 Security Operations monitoring team. In order to improve service response time, bank upgraded its core banking database to faster SSD (Solid-State Drive) storage.

The implementation of MS Exchange significantly improved the intra-bank communication and collaboration.

c) Home Remittances

Sindh Bank via its network, made Home Remittance payments to about 125,000 customers during 2021, as compared to 50,000 payments in Year 2020.

Year 2022, new remittance company would on board named as Small World which is present in all over the world.

Sindh Bank also became a partner bank in the Federal Government's Sohni Dharti Remittance Program. Under this program, USD 55 Million+ was disbursed in year 2021, making the Bank eligible for SBP PRI Home Remittance incentives.

Summary of the exceptional results achieved during 2021 in terms of both transaction numbers and volumes, is given below:

YEAR	No Of Transactions	Amount In USD	Amount In PKR
2021	116,536	63,253,983	10,270,625,479
2020	49,797	24,116,859	3,923,920,543
% Change	134.02%	162.28%	161.74%

d) Sindh Microfinance Bank Limited (wholly owned subsidiary)

Sindh Microfinance Bank Limited ('SMFB') started its operations as a province level microfinance bank in May 2016 with an equity of Rs. 750 million. During the past five years SMFB has increased its equity to Rs. 969.4 million with internally generated profits and has plans to seek a national level license from the State Bank of Pakistan once the minimum capital requirements for a national level license are met.

To date SMFB has disbursed more than 179,000 loans amounting to approximately Rs.5 billion through its presence in 80 locations in the province of Sindh. The aim of the microfinance program of SMFB is to improve access to finance for the underprivileged segment of the Sindh Province, especially women. It is in this spirit, SMFB continues to play its role of empowering women by enabling access to finance to the economically active women in rural and semi urban areas of Sindh.

SMFB registered a profit before tax of Rs.45.8 million for the year ended December 31, 2021 as compare to Rs 70.1 million in same period last year and continued to remain a sustainable and profitable microfinance bank despite the challenging circumstances of COVID-19 pandemic which on the one hand impeded its growth due to restrictions and on the other hand SMFB had to provide deferment relief to most of its loan clients during the pandemic.

The Pakistan Credit Rating Agency (PACRA) assigned the ratings of A- for the long term and A2 for the short term which in PACRA's perspective captures the strength of SMFB as a growing institution in the microfinance sector.

STAFF, TRAINING & DEVELOPMENT

Total number of staff working in the Bank i.e. executives, officers and support staff as at December 31, 2021 numbered 2,455 as compared to 2,423 as at December 31, 2020.

During 2021, in-house Training Programs were conducted in the areas of Banking, Branch Operations, Fair Treatment to Customers, International Trade, Islamic Banking, soft skills etc. SBP Being important issues, we have focused more on trainings on Anti Money Launderings and Compliance.

In order to comply with regulatory requirements and to convey the message down the line, Area Managers, Branch and Operation Managers of all the 4 regions were provided training and entrusted the responsibility to conduct sessions on 'Fair Treatment of Customers' at branch level.

Relevant staff were nominated in ex-house training programs offered by NIBAF, IBP and other renowned consultancies. Since State Bank's emphasis during 2021 was also on Islamic banking, Compliance and Operations staff was nominated for such seminars/workshops at various locations across Pakistan.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Bank's focus in this area has remained steadfast in-spite of its financial constraints. Within these constraints,

- The Bank conducted Covid-19 vaccination drive throughout the year to facilitate and vaccinate staff members as well as people of Sindh. The following table highlights just how far Bank has prioritized and provided assistance in Covid-19 vaccination drive,

Vaccination Drive	Period	Area Covered
Covid-19 Vaccination Drives covering Head Office and all the the branches of Karachi	June 2021- October 2021	<ul style="list-style-type: none">• Sindh Bank Head office• Branches of Karachi
Covid-19 Vaccination Drives in Karachi For Citizens	August 2021-October 2021	<ul style="list-style-type: none">• Truck Adda• Bhatt Shah Island• Gerai Jamat Khana Machar Colony 2
Covid -19 Vaccination Drive in Sindh	August 2021-October 2021	<ul style="list-style-type: none">• Hyderabad• Larkana• Sukkur• Sanghar
Covid-19 Vaccination on Wheels	October 2021	<ul style="list-style-type: none">• Dhorajee• Malir• Jamshed Road• Clifton And may more areas of Karachi

- The bank provided sponsorships for the below mentioned activities:
 - Cyber Fraud Awareness Campaign by Pakistan Banks Association
 - Mithi Colors of Festival
 - Mega Festival Event Colors of Tharparkar
 - Karachi University Business School for a conference on Corporate Sustainability

➤ NAB- Anti Corruption Campaign 2021

- Sindh Bank ATM on wheels was placed at Cattle Mandi-Sohrab Goth during July 15, 2021 to July 20, 2021 to facilitate the people coming to buy animals for sacrifice.
- Breast Cancer Awareness day was celebrated at the Head Office on October 08, 2021 in collaboration with State Bank and Pink Ribbon (an International NGO) to spread awareness about breast cancer, research and its prevention.
- Mentoring sessions with Madam Sultana Siddiqui was held on November 12, 2021 for the women employees of Sindh Bank on women Empowerment and women in Banking

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- The financial statements prepared by the management of the bank, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the bank have been maintained.
- Appropriate accounting policies have been applied consistently in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The International Financial Reporting Standards, as applicable to banks in Pakistan, have been followed in preparation of financial statements and any departures therefrom have been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There is no significant doubt about the Bank's ability to continue as a going concern in the foreseeable future.
- The Directors' Orientation Course on Corporate Governance was conducted through an ICAP approved trainer and was attended by President & CEO and all those directors who have been approved by the SBP to attend the meetings during assessment of FPT documents of elected directors.
- Key financial and operating data for six years is being provided in the annual report.
- All the statutory liabilities, if any have been adequately disclosed in the financial statements.
- The appointment of the Chairman and other members of the Board and the terms of their appointment along with remuneration policy adopted are in the best interest of the Bank as well as in line with best practices.
- Value of investments of Sindh Bank Limited Employees Provident Fund as at December 31, 2021 amounted to Rs.1,346.945 million (2020 Rs. 1,087.835 million). Value of investments of Sindh Bank Limited Employees Gratuity Fund as at December 31, 2021 amounted to Rs.516.012 million (2020 Rs.426.490 million) and further an amount of Rs. 93.779 million has been transferred subsequent to the balance sheet date, based on actuarial valuation of the fund.
- Statement of compliance with the Public Sector Companies (Corporate Governance) Rules, 2013 is given separately in the Annual Report.

EVALUATION OF BOARD, CHAIRMAN, INDIVIDUAL DIRECTORS, INDEPENDENT DIRECTORS, PRESIDENT & CEO & COMMITTEES

In terms of State Bank's BPRD Circular # 11, dated August 22, 2016 and the Public Sector Companies (Corporate Governance) Rules 2013, the Board of Directors in its 44th Meeting held on November 21, 2016 approved the evaluation criteria and procedure for evaluation of its own performance, performance of Chairman, Individual Directors, Independent Directors, President & CEO and its Committees.

In terms of afore said Circular of SBP the performance evaluation is to be carried-out once in three years by an outside agency. Accordingly performance evaluation of Board's own performance, performance of Chairman, Individual Directors, Independent Directors, President & CEO and its Committees for the Year 2021 has been carried out by an outside consultant, namely M/s Grant Thornton Anjum Rahman, Chartered Accountants, which has been submitted to the Chairman.

BOARD OF DIRECTORS

During the year under review attendance of Directors at the Board and Board Committee meetings was as under:

S.No	Name of Directors	Board of Directors		Human Resource Committee		Board Audit Committee		Board Risk Management Committee		Board Admin & IT Procurement Committee	
		Held During the Year	Attended	Held During the Year	Attended	Held During the Year	Attended	Held During the Year	Attended	Held During the Year	Attended
1	Mr. Anis A. Khan	7	7	3	3	-	-	-	-	1	1
2	Mr. Sami ul Haq Khilji	7	2	3	2	-	-	-	-	1	1
3	Mr. Javaid Bashir Sheikh	7	7	-	-	5	5	3	3	-	-
4	Mrs. Masooma Hussain	7	7	-	-	5	5	3	3	-	-
5	Mr. Asif Jahangir	7	5	3	1	1	1	-	-	-	-
6	Mr. Imran Samad, President & CEO	7	7	-	-	-	-	3	3	1	1
Total Meeting held during the year		7		3		5		3		1	

BOARD COMMITTEES MEETINGS

Details of the Board Committees meetings are disclosed in Statement of Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013 in this report.

PATTERN OF SHAREHOLDING

The pattern of shareholding is attached with this report.

EXTERNAL AUDITORS

The Bank has received an unqualified audit report for the year ended December 31, 2021 from its External Auditors M/S Naveed Zafar Ashfaq Jaffery & Co, Chartered Accountants.

The retiring auditors, being eligible, offer themselves for re-appointment for the year 2022. The Audit Committee of the Board has recommended the re-appointment of M/S Naveed Zafar Ashfaq Jaffery & Co, Chartered Accountants the retiring auditors, as external auditors of the Bank for another term.

FUTURE OUTLOOK

Despite challenges, the management is determined to pursue appropriate actions to make Sindh Bank a viable thriving institution, through its focus on the following major goals:

- (i) Recovery and reduction of Non-Performing Loans;
- (ii) Increase NIM and Trade related fee income, with increased focus on Consumer, SME and Commercial business;
- (iii) Build new correspondent banking relationships;
- (iv) Establishing new tie-ups with major players in Home remittances industry;
- (v) Focus on alternate delivery and service channels based on technology platforms to facilitate our customers;
- (vi) Training and development of Staff; and

(vii) Strengthen the risk and control environment.


Acknowledgements

On behalf of the Board of Directors, I would like to sincerely thank the regulators, shareholders and customers for their continued guidance, support and confidence reposed in the Bank and its Management.

On behalf of the Board of Directors

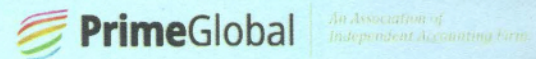


Imran Samad
President/CEO
Karachi, March 08, 2022



(Non Executive Director)

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountant



SINDH BANK LIMITED

**AUDIT OF UN-CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

INDEPENDENT AUDITOR'S REPORT

To the members of Sindh Bank Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of Sindh Bank Limited (the Bank), which comprise the unconsolidated statement of financial position as at December 31, 2021, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive loss, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement for the year then ended, which incorporate unaudited certified returns received from the branches except for 21 branches which have been audited by us, and notes to the unconsolidated financial statements including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

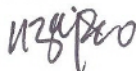
In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and unconsolidated cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and give the information required by the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at December 31, 2021 and of the loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Emphasis of Matter

Without qualifying our opinion, we draw our attention to note 1.5 to unconsolidated Financial Statements on the 'Going Concern' which indicates the existence of material uncertainty that may cast significant doubt on the Bank's ability to continue as a going concern. However, the management is confident that the Bank will be able to stage a turn-around and the Government of Sindh, Bank's sole sponsor and major shareholder has demonstrated its commitment to supporting the Bank, whenever required. We are in agreement with the management for addressing the Going Concern issue and our opinion is not modified in respect of this matter.



Information Other than the Unconsolidated Financial Statements and Auditor's Reports Thereon

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

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

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

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

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

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

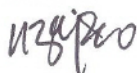
The Board of directors is responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

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

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

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

We confirm that for the purpose of our audit we have covered more than sixty per cent of the total advances of the Bank.

The engagement partner on the audit resulting in this independent auditor's report is **Shah Naveed Saeed**.

Place: Islamabad

Date: 08 MAR 2022

Naveed Zafar Ashfaq Jaffery & Co.

Naveed Zafar Ashfaq Jaffery & Co.
Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

SINDH BANK LIMITED
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

	Note	2021 ----- (Rupees in '000') -----	2020 ----- (Rupees in '000') -----
ASSETS			
Cash and balances with treasury banks	6	19,341,933	14,486,693
Balances with other banks	7	1,092,559	4,185,277
Lendings to financial institutions	8	6,081,208	8,212,780
Investments	9	175,703,381	170,818,493
Advances	10	47,784,162	56,853,255
Fixed assets	11	3,147,597	3,265,367
Intangible assets	12	114,274	68,385
Deferred tax assets - net	13	13,252,533	10,182,327
Other assets	14	3,670,762	5,640,803
		270,188,409	273,713,380
LIABILITIES			
Bills payable	15	624,726	592,334
Borrowings	16	26,785,738	62,377,648
Deposits and other accounts	17	217,608,406	185,570,689
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	18	6,542,257	6,095,588
		251,561,127	254,636,259
NET ASSETS		18,627,282	19,077,121
REPRESENTED BY			
Share capital - net	19	25,524,428	19,710,130
Reserves		1,461,412	1,471,422
Shares deposit money	20	4,000,000	2,000,000
Proposed Ordinary shares to be issued on amalgamation	21	-	3,814,298
Deficit on revaluation of assets	22	(1,121,647)	(408,505)
Accumulated Loss		(11,236,911)	(7,510,224)
		18,627,282	19,077,121
CONTINGENCIES AND COMMITMENTS	23		

The annexed notes from 1 to 46 and Annexures I (pages 1 to 9) form an integral part of these unconsolidated financial statements.

12/31/21

[Signature]
 Chairman

[Signature]
 President and
 Chief Executive Officer

[Signature]
 Director

[Signature]
 Director


[Signature]
 Chief Financial Officer

SINDH BANK LIMITED
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2021


	Note	2021	2020
		----- (Rupees in '000') -----	
Mark-up / Return / Interest Earned	24	21,826,086	15,350,403
Mark-up / Return / Interest Expensed	25	16,921,716	12,476,302
Net Mark-up / return / Interest Income		4,904,370	2,874,101
NON MARK-UP / INTEREST INCOME			
Fee and Commission Income	26	351,958	278,684
Dividend Income		154,063	96,651
Foreign Exchange Income		74,371	284,977
Income / (loss) from derivatives		-	-
Gain / (Loss) on securities	27	(6,435)	(46,420)
Other Income	28	2,521	8,876
Total non-markup/interest Income		576,478	622,768
Total Income		5,480,848	3,496,869
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	29	5,654,393	5,108,067
Other charges	30	67,640	927
Total non-markup/interest expenses		5,722,033	5,108,994
LOSS BEFORE PROVISIONS		(241,185)	(1,612,125)
Provisions and write offs - net	31	5,822,916	3,722,942
Extra ordinary / unusual items		-	-
LOSS BEFORE TAXATION		(6,064,101)	(5,335,067)
Taxation	32	(2,336,617)	(2,122,496)
LOSS AFTER TAXATION		(3,727,484)	(3,212,571)
----- Rupees -----			
Basic Loss per share	33	(1.49)	(1.63)
Diluted Loss per share	34	(1.49)	(1.63)

The annexed notes from 1 to 46 and Annexures I (pages 1 to 9) form an integral part of these unconsolidated financial statements.

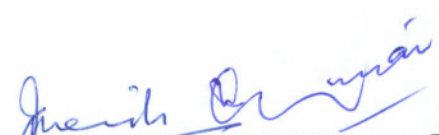
12/31/2021




 Chairman



 President and
 Chief Executive Officer



 Director



 Director



 Chief Financial Officer

SINDH BANK LIMITED
UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
	----- (Rupees in '000') -----	-----
(Loss) after taxation for the year	(3,727,484)	(3,212,571)
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in (deficit) / surplus on revaluation of investments - net of tax	<u>(713,142)</u>	<u>1,372,072</u>
	(4,440,626)	(1,840,499)
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement gain on defined benefit obligations - net of deferred tax	797	6,678
Total comprehensive loss	<u><u>(4,439,829)</u></u>	<u><u>(1,833,821)</u></u>

The annexed notes from 1 to 46 and Annexures I (pages 1 to 9) form an integral part of these unconsolidated financial statements.

12/31/21

Chairman
Chairman
President and
Chief Executive Officer

Director
Director
Director

Chief Financial Officer
Chief Financial Officer

SINDH BANK LIMITED
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021

	Share Capital	Proposed Ordinary shares to be issued on amalgamation	Shares Deposit Money	Capital Reserves			Surplus / (Deficit) on revaluation of investments	Accumulated Loss **	Total
				Reserves on amalgamation	Share Premium	Statutory Reserve *			
(Rupees in '000')									
Balance as at January 01, 2020	19,710,130	-	2,000,000	-	51	1,451,928	(1,780,577)	(4,304,331)	17,077,201
Loss for the year ended December 31, 2020	-	-	-	-	-	-	-	(3,212,571)	(3,212,571)
Other comprehensive income /(loss) - net of tax	-	-	-	-	-	-	1,372,072	6,678	1,378,750
Proposed Ordinary shares to be issued and reserve upon amalgamation of Sindh Leasing Company Ltd	-	3,814,298	-	19,443	-	-	-	-	3,833,741
Balance as at December 31, 2020	19,710,130	3,814,298	2,000,000	19,443	51	1,451,928	(408,505)	(7,510,224)	19,077,121
Loss for the year ended December 31, 2021	-	-	-	-	-	-	-	(3,727,484)	(3,727,484)
Other comprehensive income - net of tax	-	-	-	-	-	-	(713,142)	797	(712,345)
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-
Issue of shares during the year	5,814,298	(3,814,298)	(2,000,000)	-	-	-	-	-	-
Share deposit money	-	-	4,000,000	-	-	-	-	-	4,000,000
Fair valuation adjustment of net assets of Sindh Leasing Company Limited	-	-	-	(10,010)	-	-	-	-	(10,010)
Transactions with owners recorded directly in equity									
Cash dividend	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2021	25,524,428	-	4,000,000	9,433	51	1,451,928	(1,121,647)	(11,236,911)	18,627,282

* Statutory reserve represents amount set aside as per the requirements of Section 21 of the Banking Companies Ordinance, 1962.

** As more fully explained in note 10.6.2 of these unconsolidated financial statements, unappropriated profit includes an amount of Rs.7,184.65 million net of tax as at December 31, 2021 (December 31, 2020: Rs. 9,142.42 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 from 1 to 46 and Annexures I (pages 1 to 9) form an integral part of these unconsolidated financial statements.



Chairman



President and
Chief Executive Officer



Director



Director





Chief Financial Officer


SINDH BANK LIMITED
UNCONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2021


	Note	2021	2020
----- (Rupees in '000') -----			
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		(6,064,101)	(5,335,067)
Less: Dividend income		(154,063)	(96,651)
		<u>(6,218,164)</u>	<u>(5,431,718)</u>
Adjustments:			
Depreciation	29	950,371	1,005,490
Amortisation	29	35,085	24,965
Provision and write offs -net	31	5,822,916	3,722,942
Charge for defined benefit plan	37.1.4	95,085	83,218
Gain on sale of operating fixed assets	28	(284)	(4,331)
		<u>6,903,173</u>	<u>4,832,284</u>
		<u>685,009</u>	<u>(599,434)</u>
(Increase) / Decrease in operating assets			
Lendings to financial institutions		2,131,572	(4,567,388)
Advances - net		3,333,519	2,689,535
Other assets - net		1,759,625	(1,904,717)
		<u>7,224,716</u>	<u>(3,782,570)</u>
Increase / (Decrease) in operating liabilities			
Bills payable		32,392	97,324
Borrowings		(35,591,910)	58,185,364
Deposits and other accounts		32,037,717	53,647,234
Other liabilities (excluding current taxation)		425,159	652,740
		<u>(3,096,642)</u>	<u>112,582,662</u>
		<u>4,813,083</u>	<u>108,200,658</u>
Contribution to gratuity fund	37.1.3	(72,270)	(76,020)
Income tax paid		(68,441)	(33,902)
		<u>4,672,372</u>	<u>108,090,736</u>
Net cash generated from / (used in) operating activities			
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in available-for-sale securities		(6,169,074)	(103,753,790)
Net investment in held-to-maturity securities		27,760	26,263
Dividend received		154,765	95,949
Investments in operating fixed assets		(914,173)	(195,084)
Cash inflow from amalgamation of Sindh Leasing Company Ltd		-	10,784
Fair valuation adjustment of net assets of Sindh Leasing Company Limited		(10,010)	-
Sale proceeds of operating fixed assets disposed off		882	5,776
		<u>(6,909,850)</u>	<u>(103,810,102)</u>
Net cash (used in) / generated from investing activities			
CASH FLOW FROM FINANCING ACTIVITIES			
Share deposit money		4,000,000	-
Shares capital		-	-
		<u>4,000,000</u>	<u>-</u>
Net cash (used in) / generated from financing activities			
Increase in cash and cash equivalents		1,762,522	4,280,634
Cash and cash equivalents at the beginning of the year		18,671,970	14,391,336
Cash and cash equivalents at the end of the year	35	<u>20,434,492</u>	<u>18,671,970</u>

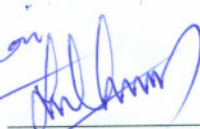
The annexed notes from 1 to 46 and Annexures I (pages 1 to 9) form an integral part of these unconsolidated financial statements.


 Chairman


 President and
 Chief Executive Officer


 Director


 Director


 Chief Financial Officer

SINDH BANK LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

I. STATUS AND NATURE OF BUSINESS

- 1.1 Sindh Bank Limited (the Bank) was incorporated in Pakistan on October 29, 2010 as a public unlisted company and is engaged in Commercial Banking, Corporate and Investment related activities. The Bank operates 330 (2020: 330) branches including 8 (2020: 8) sub-branches and 14 (2020: 14) Islamic banking branches in Pakistan. The Bank's registered office is located at 3rd floor, Federation House, Abdullah Shah Ghazi Road, Clifton, Karachi, Pakistan.
- 1.2 The Government of Sindh, through its Finance Department owns 99.96% ordinary shares of the Bank.
- 1.3 VIS Credit Rating Company Limited has reaffirmed the long term entity rating of A+ (Single A Plus) and short term rating of A-1 (A-one) in its report dated June 30, 2021.
- 1.4 **FAIR VALUE OF NET ASSETS OF FORMELY SINDH LEASING COMPANY LIMITED**

In compliance of SBP sanction letter dated December 31, 2020 under Section 48 of the Banking Companies Ordinance, 1962 and made effective at 11:59 PM on December 31, 2020. In the sanction letter, SBP had also advised Sindh Bank Limited to conduct Independent Assessment/ Fair valuation of the Merger and expected 'Merger Reserve' excess of SLCL's Net Assets against Purchase Consideration. In this regard the Bank had appointed independent auditors issued final report, which was submitted to SBP for approval, in this respect SBP have approved for their fair value merger reserves assess the independent auditors vide their letter No. SBPHOK-BPRD-RAPD-SNB-186105 dated February 18, 2022.

In the light of independent auditor's report duly approved by SBP, the Bank has incorporated fair value adjustment in these financial statements showing as below:

	Carrying Value (Dec. 2020)	Fair value adjustments	Fair value after adjustments
----- (Rupees in '000') -----			
Assets			
Cash and bank balances	279,075	-	279,075
Accrued markup	70,378	(189)	70,189
Investments	1,879,951	1	1,879,952
Prepayments and other receivables	7,247	(534)	6,713
Intangible assets	-	-	-
Property and equipment	16,500	(6,296)	10,204
Deposits	433	-	433
Loans and advances	47,457	(1,895)	45,562
Net investment in finance leases	1,780,489	(1,097)	1,779,392
Deferred Tax Asset - net	96,008	-	96,008
Taxation - net	79,378	-	79,378
	<u>4,256,916</u>	<u>(10,010)</u>	<u>4,246,906</u>
Liabilities			
Accrued markup on certificates of deposits	135	-	135
Trade and other payables	6,204	-	6,204
Certificates of deposits	16,600	-	16,600
Security deposits against leases	400,236	-	400,236
	<u>423,175</u>	<u>-</u>	<u>423,175</u>
Net Assets acquired	<u>3,833,741</u>	<u>(10,010)</u>	<u>3,823,731</u>

Details of the fair values of the net assets acquired, purchase consideration and gain on bargain purchase as follows:

	(Rupees in '000')
Fair value of net assets acquired	3,823,731
Purchase consideration (381,429,817 Sindh Bank shares issued @Rs. 10)	(3,814,298)
Gain on bargain purchase (Merger reserves)	<u>9,433</u>

1.5 GOING CONCERN

Due to significant losses suffered by the Bank since the years 2018 and to address any material uncertainties, the management has been working on a Business Viability Plan approved by its Board of Directors in 73rd meeting held on September 13, 2019. The Plan aims to make the Bank a viable, self-sustaining institution. Important areas of focus where efforts are continuing and significant progress has been made are:

- Strengthening Bank's Capital -As planned, cash injection, of Rs. 11.7 billion was made in 2019 and Rs. 3.814 billion added during 2020 from amalgamation of Sindh Leasing Company Limited in Bank's Tier 1 Common Equity. A further amount of Rs. 4 billion has been received from GoS in the last quarter of 2021.
- Improving Business Volumes and Profitability-This involves the Bank taking pro-active measures to:
 - i. Increase fee-based income from mainly trade-related business;
 - ii) Improve Net Interest margin;
 - a) Mobilize cost effective (CASA) deposits;
 - b) Launch new asset products in the Consumer and SME segments;
 - iii. make concerted efforts for recovery and reduction of Non-Performing Loans.
 - iv. Take cost rationalization measures;
- Strengthening the Bank's Governance, Risk and Control environment.
- The management is confident that barring any unforeseen contingencies, the Bank will be able to stage a turn-around. The Government of Sindh, Bank's major shareholder holding 99.96 percent of the Bank's equity is fully committed to supporting the Bank, whenever required.

- 1.6 Listing of the Bank will be undertaken in future after improvement in Bank's financial position and Regulator's guidance on the matter.

2. BASIS OF PRESENTATION

- 2.1 These unconsolidated financial statements have been prepared in conformity with the format of financial statements prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular No. 02, dated 25 January 2018. These unconsolidated financial statements represent separate financial statements of the Bank. The consolidated financial statements of the bank is being issued separately.
- 2.2 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 unconsolidated financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon. The Islamic Banking branches of the Bank have complied with the requirements set out under the Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) and notified under the provisions of the Companies Act, 2017.
- 2.3 The financial results of the Islamic Banking branches have been consolidated in these unconsolidated financial statements for reporting purposes, after eliminating material inter-branch transactions / balances. Key financial figures of the Islamic Banking branches are disclosed in Annexure I to these unconsolidated financial statements.

3. STATEMENT OF COMPLIANCE

- 3.1 This Un-consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act 2017, Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act 2017, provisions of and directives issued under the Companies Act 2017 and the Banking Companies Ordinance, 1962 and the directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP). In case requirements of Banking Companies Ordinance 1962, the Companies Act 2017 or the directives issued by SBP and SECP differ with the requirements of IFRS or IFAS, the requirements of the Banking Companies Ordinance, 1962, Companies Act 2017, and the directives issued by the SBP and SECP shall prevail.

- 3.2 The SBP vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) and International Accounting Standard 40, Investment Property (IAS 40) for Banking companies till further instructions. Further, according to the notification of the Securities and Exchange Commission of Pakistan (SECP) dated April 28, 2008, the IFRS - 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

- 3.3 SECP has notified IFAS 3, 'Profit and Loss Sharing on Deposits' issued by the ICAP. IFAS 3 shall be followed with effect from the financial periods beginning on or after 01 January 2014 in respect of accounting for transactions relating to 'Profit and Loss Sharing on Deposits' as defined by the said standard. The standard had resulted in certain new disclosures in the financial statements of the Bank. However SBP through BPRD Circular Letter No. 4 dated 25 February 2015, has deferred the applicability of IFAS 3 till further instructions and prescribed the Banks to prepare their annual and periodical financial statements as per existing prescribed formats issued vide BPRD Circular 02 of 2018, as amended from time to time.

SECP, vide its SRO 56(1) 2016 dated January 28, 2016, has notified that requirements of IFRS 10 and section 228 of Company Act 2017 will not be applicable with respect to investment in mutual funds established under trust structure.

- 3.4 **Standards, interpretations of and amendments to published accounting standards that are effective in the current year.**

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 01, 2021 but are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in these unconsolidated financial statements.

- 3.5 **Standards, interpretations and amendments to published accounting and reporting standards that are relevant but not yet effective:**

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard amendments, or interpretation and are not early adopted by the Bank:

Standard or Interpretation or Amendments	Effective date (annual periods beginning on or after)
IAS 1 - Classification of Liabilities as Current or Non - Current - (Amendments)	January 01, 2023
IAS 16 - Property, Plant and Equipment: Proceeds before intended use (Amendments)	January 01, 2022
IFRS 3 - Business Combination - (Amendments)	January 01, 2022
IAS 37 - Onerous Contracts - Costs of fulfilling a Contract - (Amendments)	January 01, 2022
IFRS 9 - Annual improvement process Financial Instruments	January 01, 2022
IFRS 1 - First time adoption of International Financial Reporting Standards -Subsidiary	January 01, 2022
IFRS 41 - Agriculture- Taxation in fair value measurements	January 01, 2022
IAS 8 - Accounting Estimates- monetary amounts in the financial statement (Amendments)	January 01, 2023
IAS 12 - Deferred taxation- new definition for estimates clarifying on monetary amount (Amendments)	January 01, 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) - The amendment amends accounting treatment on loss of control of business or assets.	date under review

MSB

As per State Bank of Pakistan (SBP) BPRD circular letter no. 24 of 2021, IFRS 9 'Financial Instruments' is applicable to banks/DFIs/MFBs effective January 1, 2022. The aforementioned circular letter contained instructions for quarterly parallel reporting purposes to the SBP only and it was stated that final instructions will be issued based on the results of parallel reporting. However, banks have submitted their reservations on instructions issued for parallel reporting through the Pakistan Banks Association (PBA) and requested that they are addressed in the final instructions to be issued. The reservations are pervasive and points of contention inter alia include, retaining some relaxations given presently in the Prudential Regulations, prescription of macro-economic variables, retaining meal regulatory requirements related to IFRS 9 related areas on overseas branches, impact on capital adequacy ratio, adequacy of significant increase in credit risk criteria, future tax impact of any reversals, recording of expected credit loss on local currency denominated Government securities, further clarifications required in certain areas etc.

Due to the fact that final instructions have not yet been issued and the large number of reservations over the draft instructions, the banks are collectively of the opinion that impact on initial application of IFRS 9 cannot be determined as required under IAS 8.

The SECP, through SRO 229(I)/2019 dated 14 February, 2019, has notified that IFRS 9, Financial Instruments, is applicable for accounting period ending on or after June 30, 2019. However, as per SBP, BPRD Circular No.04 of 2019 dated 23 October, 2019 of SBP, effective date of IFRS 9 implementation is January 01, 2021.

3.6 Critical accounting estimates and judgments

The preparation of unconsolidated financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. Actual results may differ from these estimates. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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.

In particular, information about significant areas of estimates, uncertainty and critical judgments in applying accounting policies that have the most significant affect on the amounts recognized in the unconsolidated financial statements are as follows:

- i) classification and impairment against investments (notes 5.3 and 31);
- ii) classification of and provision against advances (notes 5.4 and 31);
- iii) depreciation and amortization / useful lives of operating fixed assets (notes 5.5, 11 and 12);
- iv) taxation (note 5.8);
- v) staff retirement and other benefits (note 5.9);
- vi) fair value of derivatives (note 5.17); and
- vii) judgements made by management in identification and reporting segment information (note 41).

4. BASIS OF MEASUREMENT

4.1 Accounting convention

These unconsolidated financial statements have been prepared under the historical cost convention except for certain investments and commitments in respect of foreign exchange and futures contracts which are measured at fair values and certain employee benefits and investments which are measured on present value basis.

Items included in the unconsolidated financial statements are measured using the currency of the primary economic environment in which the Bank operates. The unconsolidated financial statements are presented in Pak Rupees, which is the Bank's functional and presentation currency.

4.2 Functional & Presentation of Currency

This Un-consolidated financial statements are presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

The amount are rounded off to the nearest thousand rupees except as stated otherwise.

Handwritten signature/initials

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these unconsolidated financial statements are consistent with those of the previous financial year, unless otherwise disclosed or specified.

5.1 Cash and cash equivalents

Cash and cash equivalents include cash and balances with treasury banks and balances with other banks in current and deposit accounts, excluding term deposit with original term of greater than three months.

5.2 Lending to / borrowing from Financial Institutions

The Bank enters into transactions of borrowings (repurchase) from and lending (reverse repurchase) to financial institutions at contracted rates for a specified period of time. These are reported as under:

5.2.1 Repurchase / resale agreements

a) *Sale of securities under repurchase agreement (repo)*

Securities sold subject to repurchase agreements (repo) remain on the unconsolidated statement of financial position as investments and the counter party liability is included in borrowings from financial institutions. The difference between the sale and repurchase price is accrued over the period of the agreement using the effective interest rate method and recorded as expense.

b) *Purchase of securities under resale agreement (reverse repo)*

Securities purchased under agreements for resale (reverse repo) are recorded as lendings to financial institutions. These transactions are accounted for on the settlement date. The difference between the purchase and resale price is recognized as mark-up return income over the period of the agreement using the effective interest rate method.

5.2.2 Bai Maujjal

In Bai Maujjal, the Bank sells Shariah compliant instruments on credit to other financial 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 are securities which are either acquired for generating profit from short-term fluctuations in market prices, interest rate movements, dealer's margin or are securities included in a portfolio in which a pattern of short-term profit taking exists.

b) *Held-to-maturity*

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

c) *Available-for-sale*

These are investments, other than that in subsidiary which do not fall under the held-for-trading and held-to-maturity categories.

d) *Subsidiaries*

Subsidiary is an entity over which the Bank has control. Investment in subsidiary is carried at cost less accumulated impairment losses, if any.

Handwritten signature/initials

5.3.1 Initial measurement

Investments other than those categorized as 'held-for-trading' are initially recognized at fair value and includes transaction costs associated with the investment. Investments classified as 'held-for-trading' are initially recognized at fair value and transaction costs are expensed in the unconsolidated statement of profit or loss account.

5.3.2 Subsequent measurement

Held-for-trading

Investments classified as held-for-trading are measured on subsequent reporting dates at fair value. Gain and losses on remeasurement are included in the statement of profit or loss account.

Held-to-maturity

Investments classified as held-to-maturity are carried at amortized cost. Unquoted equity securities are valued at 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 other unquoted securities are valued at cost less impairment losses, if any.

Available-for-sale

Quoted securities classified as available-for-sale investments are measured on subsequent reporting dates at fair value. Any surplus / deficit arising thereon is kept in other comprehensive income and taken to the statement of profit or loss account when actually realised upon disposal or when the investment is considered to be impaired.

Breakup 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 other unquoted securities are valued at cost less impairment losses, if any.

Subsidiaries

Investments in subsidiaries are valued at cost less impairment, if any. A reversal of an impairment loss on subsidiaries is recognized in the statement of profit or loss account as it arises provided the increased carrying value does not exceed cost.

5.3.3 Impairment

Impairment loss in respect of investments classified as available-for-sale and held-to-maturity is recognized on the basis of 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 market value of an equity security is considered as an objective evidence of impairment, significant means 30% decline in market value as compared to cost, except when uncertain circumstances such as material market volatility, uncertainty and other market impacting external events, in which cases, a higher percentage is also considered by the management for determination of what is presumed as significant decline. Provision for diminution in the value of term finance certificates is made as per the requirements of Prudential Regulations issued by the State Bank of Pakistan. In case of impairment of available-for-sale securities, the cumulative loss that has been recognized directly in the surplus / (deficit) on revaluation of securities on the unconsolidated statement of financial position below equity is removed there from and recognized in the unconsolidated statement of profit or loss account. For investments classified as held-to-maturity, the impairment loss is recognized in the unconsolidated statement of profit or loss account.

5.3.4 Gain or loss on sale of investments is included in the statement of profit or loss account in the year in which they arise.

msp

5.4 Advances

Advances are stated net of provisions for non-performing advances. Specific and general provisions are made based on appraisal of the loan portfolio that takes into account the requirements of the Prudential Regulations issued by the State Bank of Pakistan. The provisions against non-performing advances are charged to the unconsolidated profit and loss account. Advances are written off when there is no realistic prospect of recovery after explicit approval from the Board of Directors.

Ijarah Financing

Applying IFAS-2, assets underlying Ijarah have been carried at cost less accumulated depreciation and impairment, if any, and are shown under Islamic financing and related assets. Rentals accrued from Ijarah financing net of depreciation charge are taken to the unconsolidated profit and loss account. Depreciation on Ijarah assets is charged by applying the straight line method over the Ijarah period which is calculated from the date of delivery of respective assets to mustajir upto the date of maturity / termination of Ijarah agreement.

Diminishing Musharakah

In Musharakah based financing, the Bank enters into Musharakah for financing an agreed share of fixed assets with its customer and enters into periodic profit payment agreement for the utilization of the Bank's Musharakah share by the customer. Specific and general provisions are made in accordance with the requirement of prudential regulations and other directives issued by the SBP and charged to unconsolidated profit and loss account.

5.5 Operating fixed assets and depreciation

5.5.1 Property and equipment - owned

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in an asset's carrying amount or recognized as a separate asset as appropriate, only when it is probable that future benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the unconsolidated profit and loss account as and when incurred.

Depreciation is charged to the unconsolidated profit and loss account applying the straight line method at the rates specified in note 11 to these unconsolidated financial statements after taking into account residual value, if significant. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each date of unconsolidated statement of financial position. Depreciation is charged from the month the assets are available for use while no depreciation is charged in the month in which the assets are disposed off.

Gains or losses on disposal, if any, are recognized in the unconsolidated profit and loss account in the year in which they arise.

5.5.2 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 related advances there against, if any, are carried under this head. These are transferred to specific assets as and when the assets become available for use.

5.5.3 Leases

The Bank assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Bank as a Lessee

A lessee recognizes a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments.

Right-of-use (RoU) Assets

The right-of-use assets recognised subsequent to the adoption of 'IFRS-16 Leases' are measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use assets are depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

Lease Liability

At the commencement date of the lease, the Bank recognises lease liability measured at the present value of the consideration (lease payments) to be made over the lease term and is adjusted for lease prepayments. The lease payments are discounted using the interest rate implicit in the lease, unless it is not readily determinable, in which case the lessee may use the incremental rate of borrowing. After the commencement date, the carrying amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made.

Incremental borrowing rate

Borrowing rate that Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Bank estimated the Incremental borrowing rate using observable input such as market interest rates.

5.6 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is charged to the unconsolidated profit and loss account applying the straight line method at the rates specified in note 11, to these unconsolidated financial statements from the date an intangible asset is available for use. The useful life and amortisation method are reviewed and adjusted, if appropriate, at each date of unconsolidated statement of financial position.

5.7 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 recognized immediately in the unconsolidated financial statements. The resulting impairment loss is taken to the unconsolidated profit and loss account.

5.8 Taxation

Taxation (Income tax) expense relates to current and prior years and deferred tax. Income tax expense is recognized in the unconsolidated profit and loss account except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

a) Current

Provision for current tax is the tax payable on the expected taxable income for the year using tax rates enacted or substantively enacted at the reporting date and, any adjustment to tax payable relating to prior years, after taking into consideration available tax credits, rebates, tax losses etc.

b) Prior Year

This charge includes tax charge for prior years arising from assessments, changes in estimates and tax changes applied retrospectively.

c) Deferred

Deferred tax is recognized using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applicable to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences and carried forward unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carried forward unused tax losses can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

5.9 Staff retirement and other benefits

a) Defined contribution plan

The Bank operates a recognised funded contributory provident fund for all its permanent employees to which equal contributions at the rate of 10 percent (2020: 10 percent) of basic salary are made by both the Bank and the employees. The contributions are recognized as employee benefit expense when they are due.

b) Defined benefit plan

The Bank operates recognised funded gratuity scheme for all its permanent employees who complete the prescribed eligibility period of service. Provision is made annually to meet the cost of such gratuity benefits on the basis of actuarial recommendations using the Projected Unit Credit Method.

c) Compensated absences

The Bank makes provision in the financial statements for its liabilities towards compensated absences. Liability under the scheme is determined on the basis of actuarial advice using the Projected Unit Credit Method.

5.10 Acceptances

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

5.11 Provisions against liabilities

Provisions are recognized when the Bank has a legal or constructive obligation as a result of past events and 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 date of unconsolidated statement of financial position and are adjusted to reflect the current best estimate.

5.12 Revenue recognition

Revenue is recognized to the extent that the economic benefit associated with the transaction will flow to the Bank and the revenue can be reliably measured.

- 5.12.1 Mark-up / return / interest on advances and on investments are recognized on a time proportion basis using the effective interest rate method except that mark-up / return / interest on non-performing advances and investments is recognized on receipt basis, in accordance with the requirements of the Prudential Regulations issued by the SBP. Where debt securities are purchased at a premium or discount, such premium or discount is amortised through the unconsolidated profit and loss account over the remaining period of maturity.
- 5.12.2 Dividend income from investments is recognized when the Bank's right to receive the dividend is established.
- 5.12.3 Fees, brokerage and commission on letters of credit / guarantees and from other avenues is accrued and is recognized on time proportion basis.
- 5.12.4 Financial advisory fees is recognized when the right to receive the fees is established.
- 5.12.5 Gain or loss on sale of investments is included in unconsolidated profit and loss account in the year in which they arise.
- 5.12.6 Rentals from Ijarah is recognized as income over the term of the contract net of depreciation expense.
- 5.12.7 Profit on Diminishing Musharakah is recognized in unconsolidated profit and loss account on accrual basis.

5.13 Borrowings / deposits and their cost

Borrowings / deposits are recorded at the proceeds received. Borrowing / deposit costs are recognized as an expense in the period in which these are incurred using the effective mark-up / interest rate method.

MSP

5.14 Proposed dividend and transfers between reserves

Dividends and appropriations to reserves, except appropriations which are by law required to be made subsequent to the date of statement of financial position are considered as non-adjusting events and are recorded in the financial statements in accordance with the requirements of International Accounting Standard (IAS) 10, 'Events after the Balance Sheet Date' in the period in which they are approved / transfers are made.

5.15 Earnings per share

The Bank presents basic earnings per share (EPS) which 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 / period. Diluted EPS is determined by adjusting the unconsolidated 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.

5.16 Foreign currency translation

Transactions in foreign currencies are translated into Pak Rupees at the exchange rates prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated to Pak Rupees at the rates of exchange prevailing at the reporting date. Translation gains and losses are included in the unconsolidated statement of profit or loss account.

5.17 Financial instruments

a) Financial assets and liabilities

Financial assets and liabilities carried on the unconsolidated statement of financial position include cash and bank balances, lendings to financial institutions, investments, advances, certain receivables, bills payable, borrowings from financial institutions, deposits, subordinated loans and certain payables. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy notes associated with them.

b) Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date at which the derivative contract is entered into and subsequently remeasured at fair value using appropriate valuation techniques. All derivative financial instruments are carried as assets where fair value is positive and as liabilities where fair value is negative. Any changes in the fair value of derivative financial instruments are taken to unconsolidated statement of profit or loss account.

5.18 Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the unconsolidated financial statements only when the Bank has a legally enforceable right to set off and the Bank intends to either settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

5.19 Segment reporting

A segment is a distinguishable component of the Bank that is engaged either in providing particular products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), and is subject to risks and rewards that are different from those of other segments.

Business segments

a) Corporate Finance

This includes investment banking activities such as mergers and acquisitions, underwriting, privatization, securitization, Initial Public Offerings (IPOs) and secondary private placements.

Handwritten signature

b) *Trading and sales (Treasury)*

This includes fixed income, equity, foreign exchanges, commodities, credit, funding, own position securities, lendings and repos, brokerage debt and prime brokerage.

c) *Retail Banking*

This includes mortgage finance and personal loans to individual customers.

d) *Commercial banking and others*

This includes loans, deposits and other transactions with corporates, small and medium sized customers including agriculture business.

5.20 Geographical segments

The Bank operates only in Pakistan.

5.21 Commitments

Commitments for outstanding forward foreign exchange contracts are disclosed in these unconsolidated financial statements at committed amounts. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in Pak Rupee terms at the rates of exchange prevailing at the date of the unconsolidated statement of financial position.

5.22 Provision against off balance sheet obligations

Provision for guarantees, claims and other off balance sheet obligations is made when the Bank has a legal or constructive obligation as a result of past events and 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. Charge to unconsolidated profit and loss account is stated net of expected recoveries.

MS/PO

SINDH BANK LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021 ----- (Rupees in '000') -----	2020 ----- (Rupees in '000') -----
6 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		4,293,826	4,961,892
Foreign currency		175,646	252,331
		4,469,472	5,214,223
With State Bank of Pakistan (SBP) in			
Local currency current accounts	6.1	11,738,058	6,707,459
Foreign currency current accounts	6.2	144,789	153,339
Foreign currency deposit accounts			
- Non Remunerative	6.3	96,290	73,605
- Remunerative	6.4	178,410	141,572
		12,157,547	7,075,975
With National Bank of Pakistan in			
Local currency current accounts		2,657,534	2,100,360
Local currency deposit accounts	6.5	15,866	10,790
		2,673,400	2,111,150
Prize bonds		41,514	85,345
	35	19,341,933	14,486,693
6.1 This represents cash reserve required to be maintained with SBP as per the requirement of Section 22 of the Banking Companies Ordinance, 1962.			
6.2 This represents US Dollar Settlement Account maintained with SBP.			
6.3 This represents foreign currency (FCY) cash reserve maintained with SBP to comply with statutory reserve requirement applicable on Bank's FCY deposits.			
6.4 This represents foreign currency special cash reserve maintained with SBP. The Bank is entitled to earn profit which is declared by SBP on a monthly basis. During the period, the SBP has declared Nil profits (2020 : 0.51% to 0.76%) per annum.			
6.5 This includes savings account with National Bank of Pakistan carrying mark-up at 7.25% (2020: 5.50%) per annum.			
7 BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		30	30
In savings account	7.1	1,288	15,962
		1,318	15,992
Outside Pakistan			
In current accounts	7.2	1,091,241	4,169,285
	35	1,092,559	4,185,277
7.1 This includes savings account with a commercial bank carrying profit at the rate of 7.25% (2020: 5.50%) per annum.			
7.2 This includes Rs.637.12 million (2020: Rs. Rs. 3,342.32 million) held in Automated Investment Plans. This balance is current in nature and in case this goes above a specified amount, the bank is entitled to earn interest from the correspondent banks at the agreed rates.			
8 LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lendings		-	3,000,000
Repurchase agreement lendings (Reverse Repo)	8.2 & 8.5	5,381,208	3,969,535
Musharaka arrangements	8.3	700,000	660,000
Bai Muajjal with financial institutions	8.4	-	583,245
		6,081,208	8,212,780
8.1 Particulars of lending			
In local currency		6,081,208	8,212,780
In foreign currencies		-	-
		6,081,208	8,212,780
8.2 This represents resale agreement lending with commercial bank and financial institutions carrying mark-up in the range of 10.50% to 10.70% (2020 :7.20%) per annum maturing up to January 07, 2022 (2020: March 18, 2021).			
8.3 This represents arrangement with an Islamic bank carrying mark-up at the rate of 10.00% (2020: 6.50% to 7.20%) per annum maturing up to January 06, 2022 (2020: January 06, 2021).			
8.4 Bai Muajjal			
Held with Financial Institution		-	588,091
Bai Muajjal Placement		-	(4,846)
Less : Deferred income		-	583,245
		-	583,245

8.5 Securities held as collateral against Lending to financial institutions

	2021			2020		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	(Rupees in '000')					
Market Treasury Bills	992,564	-	992,564	-	-	-
Pakistan Investment Bonds	4,398,648	-	4,398,648	3,854,420	-	3,854,420
Total	5,391,212	-	5,391,212	3,854,420	-	3,854,420

9 INVESTMENTS

9.1 Investments by type	2021				2020			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	(Rupees in '000')							
Available-for-sale securities								
Federal Government Securities								
Market Treasury Bills	42,881,078	-	(64,239)	42,816,839	51,311,160	-	43,094	51,354,254
Pakistan Investment Bonds	111,067,351	-	(1,699,558)	109,367,793	97,956,376	-	(694,937)	97,261,439
Government of Pakistan - Ijarah Sukuk Shares	3,000,017	-	(10,927)	2,989,090	1,500,026	-	(540)	1,499,486
Listed	2,596,504	(344,000)	(93,489)	2,159,015	2,437,740	(369,853)	(42,599)	2,025,288
Unlisted	-	-	-	-	100,000	-	-	100,000
Non-government debt securities								
Sukuk certificates	-	-	-	-	96,428	-	(316)	96,112
Mutual funds	215,049	(35,063)	29,450	209,436	215,048	(32,991)	25,619	207,676
	159,759,999	(379,063)	(1,838,763)	157,542,173	153,616,778	(402,844)	(669,679)	152,544,255
Held-to-maturity securities								
Federal Government Securities								
Pakistan Investment Bonds	16,744,421	-	-	16,744,421	16,772,088	-	-	16,772,088
Preference Shares - Unlisted	77,708	(77,708)	-	-	77,708	(77,708)	-	-
Non-government debt securities								
Term finance certificates - Listed	224,235	-	-	224,235	224,235	-	-	224,235
Term finance certificates - Unlisted	858,997	(416,445)	-	442,552	859,090	(331,175)	-	527,915
	17,905,361	(494,153)	-	17,411,208	17,933,121	(408,883)	-	17,524,238
Investment in Subsidiary								
Fully paid ordinary shares	750,000	-	-	750,000	750,000	-	-	750,000
Total Investments	178,415,360	(873,216)	(1,838,763)	175,703,381	172,299,899	(811,727)	(669,679)	170,818,493

Note

9.3

Handwritten signature

SINDH BANK LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

9.2 Investments by segments

	2021				2020			
	Cost/ Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
----- (Rupees in '000') -----								
Federal Government Securities								
Market Treasury Bills	42,881,078	-	(64,239)	42,816,839	51,311,160	-	43,094	51,354,254
Pakistan Investment Bonds	127,811,772	-	(1,699,558)	126,112,214	114,728,464	-	(694,937)	114,033,527
Government of Pakistan - Ijarah Sukuk	3,000,017	-	(10,927)	2,989,090	1,500,026	-	(540)	1,499,486
	173,692,867	-	(1,774,724)	171,918,143	167,539,650	-	(652,383)	166,887,267
Shares								
Listed companies	2,596,504	(344,000)	(93,489)	2,159,015	2,437,740	(369,853)	(42,599)	2,025,288
Unlisted companies	77,708	(77,708)	-	-	177,708	(77,708)	-	100,000
	2,674,212	(421,708)	(93,489)	2,159,015	2,615,448	(447,561)	(42,599)	2,125,288
Non-government debt securities								
Term finance certificates - listed	224,235	-	-	224,235	224,235	-	-	224,235
Term finance certificates - unlisted	858,997	(416,445)	-	442,552	859,090	(331,175)	-	527,915
Sukuk certificates	-	-	-	-	96,428	-	(316)	96,112
	1,083,232	(416,445)	-	666,787	1,179,753	(331,175)	(316)	848,262
Mutual Funds								
Open ended	116,049	(35,063)	19,010	99,996	116,048	(32,991)	29,219	112,276
Islamic funds - REIT	99,000	-	10,440	109,440	99,000	-	(3,600)	95,400
	215,049	(35,063)	29,450	209,436	215,048	(32,991)	25,619	207,676
Investment in Subsidiary								
Sindh Microfinance Bank Ltd	750,000	-	-	750,000	750,000	-	-	750,000
Total Investments	178,415,360	(873,216)	(1,838,763)	175,703,381	172,299,899	(811,727)	(669,679)	170,818,493

9.3 Details of investment in Subsidiary

Name of Entity	2021							
	Incorporation date	Incorporation Country	Percentage holding (%)	Total Assets	Total Liabilities	Total Revenue	Profit after taxation	Total Comprehensive Income
----- (Rupees in '000') -----								
Sindh Microfinance Bank Ltd	27-03-2015	Pakistan	100%	2,085,357	1,116,010	345,467	27,347	26,597
----- (Rupees in '000') -----								
Name of Entity	2020							
	Incorporation date	Incorporation Country	Percentage holding (%)	Total Assets	Total Liabilities	Total Revenue	Profit after taxation	Total Comprehensive Income
----- (Rupees in '000') -----								
Sindh Microfinance Bank Ltd	27-03-2015	Pakistan	100%	1,899,240	956,489	362,143	52,684	53,164

M. J. Khan

SINDH BANK LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
	----- (Rupees in '000') -----	
9.4 Investments given as collateral		
Federal government securities		
Pakistan Investment Bonds	24,987,500	52,185,578
Market Treasury Bills	-	8,384,972
	<u>24,987,500</u>	<u>60,570,550</u>
9.5 Provision for diminution in value of investments		
9.5.1 Opening balance	811,727	504,993
Charge / reversals		
Charge for the year	87,342	306,734
Reversals for the year	-	-
Reversal on disposals	(25,853)	-
Transfers - net	61,489	306,734
Closing Balance	<u>873,216</u>	<u>811,727</u>

	2021		2020	
	Non performing investments	Provision	Non performing investments	Provision
	----- (Rupees in '000') -----			
9.5.2 Particulars of classified debt securities (Category of classification)				
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
Total	<u>971,115</u>	<u>873,216</u>	<u>994,895</u>	<u>811,727</u>

9.5.2.1 The Bank has availed the benefit of forced sale value of collateral against non-performing investment on the basis of the instructions of the State Bank of Pakistan. Had the benefit not been taken by the Bank, provision against non-performing investment would have been higher by Rs. 97.90 million (2020: Rs.183.17 million). The resultant increase in profit due to FSV benefit taken will not be available for distribution as cash and stock dividend to shareholders.

	2021	2020
	----- Cost -----	
	----- (Rupees in '000') -----	
9.6 Quality of Available for Sale Securities		
Particulars regarding quality of Available for Sale (AFS) securities		
Federal Government Securities - Government guaranteed		
Pakistan Investment Bonds	111,067,351	97,956,376
Market Treasury Bills	42,881,078	51,311,160
Government of Pakistan - Ijarah Sukuk	3,000,017	1,500,026
	<u>156,948,446</u>	<u>150,767,562</u>
Shares (Equities)		
Listed Companies		
Refinery	7,682	7,682
Fertilizer	628,710	628,710
Cement	63,745	63,745
Power Generation & Distribution	267,863	267,863
Oil & Gas Marketing Companies	499,881	638,481
Commercial Banks	1,128,623	831,259
	<u>2,596,504</u>	<u>2,437,740</u>
Unlisted Companies		
Insurance	-	100,000
Other investments (Mutual Funds)		
Listed		
AM2+	99,000	99,000
AA / AA-	28,459	28,459
A+ / A-	87,590	87,589
	<u>215,049</u>	<u>215,048</u>
Other investments (Sukuk Certificates)		
Un-listed		
AAA	-	60,714
A-	-	35,714
	-	96,428
	<u>159,789,999</u>	<u>153,616,778</u>
Equity Securities		
Listed Companies		
Pakistan Refinery Limited	7,682	7,682
Fauji Fertilizer Company Limited	405,573	405,572
Fauji Fertilizer Bin Qasim Limited	158,136	158,135
Fatima Fertilizer Company Limited	65,002	65,002
Thatta Cement Company Limited	63,745	63,745
Nishat Chumian Power Limited	154,068	154,068
Hub Power Company Limited	113,795	113,795
Sui Southern Gas Company Limited	141,307	248,179
Sui Northern Gas Pipelines Limited	129,401	191,285
Oil & Gas Development Company Limited	95,715	78,308
Pak Petroleum Limited	95,451	82,701
Pakistan State Oil Limited	38,007	38,007
Summit Bank Limited	305,509	305,509
National Bank of Pakistan	315,716	-
Bank AlHabib Limited	39,768	39,768
Habib Bank Limited	87,726	87,726
United Bank Limited	70,724	70,724
MCB Bank Limited	243,315	200,883
Silk Bank Limited	65,864	126,649
	<u>2,596,504</u>	<u>2,437,740</u>

Handwritten signature

SINDH BANK LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021		2020	
	Cost	Break-up value	Cost	Break-up value
----- (Rupees in '000') -----				
Unlisted Companies				
TPL Life Insurance Limited	-	-	100,000	23,868
9.7 Particulars relating to Held to Maturity securities			2021	2020
----- Cost -----				
----- (Rupees in '000') -----				
Federal Government Securities - Government guaranteed				
Pakistan Investment Bonds			16,744,421	16,772,088
Preference Shares - Unlisted Company				
Al-Arabia Sugar Mills Ltd			77,708	77,708
Non Government Debt Securities				
Listed				
Unrated			224,235	224,235
Un-listed				
AA			119,832	119,880
BBB+			224,821	224,866
Unrated			514,344	514,344
			858,997	859,090
			17,905,361	17,933,121

9.7.1 The market value of securities classified as held-to-maturity as at December 31, 2021 amounted to Rs. 18,251.87 million (December 31, 2020: Rs.18,251.19 million).

10 ADVANCES

Note	Performing		Non Performing		Total	
	2021	2020	2021	2020	2021	2020
----- (Rupees in '000') -----						
Loans, cash credits, agriculture, running finances etc.	24,750,510	26,030,306	37,064,642	35,090,263	61,815,152	61,120,569
Commodity finance	8,195,361	10,644,226	-	-	8,195,361	10,644,226
Net investment in finance lease	1,084,150	1,674,341	321,528	240,215	1,405,678	1,914,556
Islamic financing and related assets						
Diminishing musharakah financing	1,191,226	2,218,351	14,127	-	1,205,353	2,218,351
Ijarah financing under IFAS 2	23,159	38,002	-	-	23,159	38,002
	35,244,406	40,605,226	37,400,297	35,330,478	72,644,703	75,935,704
Bills discounted and purchased (excluding market treasury bills)						
Payable in Pakistan	375,343	401,727	-	-	375,343	401,727
Payable outside Pakistan	-	15,037	3,405	3,405	3,405	18,442
	375,343	416,764	3,405	3,405	378,748	420,169
Advances - gross	35,619,749	41,021,990	37,403,702	35,333,883	73,023,451	76,355,873
Provision for non-performing advances						
- Specific provision	-	-	24,339,746	18,713,043	24,339,746	18,713,043
- Specific provision on Leasing Portfolio	-	-	896,640	787,367	896,640	787,367
- General provision against consumer and small enterprise advances	2,903	2,208	-	-	2,903	2,208
	2,903	2,208	25,236,386	19,500,410	25,239,289	19,502,618
Advances - Net of Provision	35,616,846	41,019,782	12,167,316	15,833,473	47,784,162	56,853,255
					2021	2020
					----- (Rupees in '000') -----	
10.1 Particulars of advances (Gross)						
In local currency					73,023,451	76,355,873
In foreign currencies					-	-
					73,023,451	76,355,873

10.2 This represents commodity financing provided to Food Department, Government of Sindh, in syndication with other commercial banks.

SINDH BANK LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

10.3 Net investment in finance lease

	2021				2020			
	Not later than one year	Over one year and up to five years	Over five years	Total	Not later than one year	Over one year and up to five years	Over five years	Total
	(Rupees '000')							
Lease rental	527,296	677,997	-	1,205,293	240,990	1,524,324	-	1,765,314
Residual value	84,187	278,181	-	362,368	26,871	373,366	-	400,237
Minimum lease payments	611,483	956,178	-	1,567,661	267,861	1,897,690	-	2,165,551
Un-earned income for future periods	(80,310)	(81,673)	-	(161,983)	(128,910)	(122,085)	-	(250,995)
Present value of minimum lease payments	531,173	874,505	-	1,405,678	138,951	1,775,605	-	1,914,556

10.3.1 This represents portfolio taken on the books of the Bank due to amalgamation of the Company.

10.4 Diminishing musharakah financing

	2021		2020	
	(Rupees in '000')			
Advance against musharakah		1,816		-
Diminishing musharakah		1,203,537		2,218,351
		1,205,353		2,218,351

10.5 Ijarah financing under IFAS 2

	2021		2020	
	(Rupees in '000')			
Net book value of assets		23,159		38,002
Advance against Ijarah financing		-		-
		23,159		38,002

10.5.1 Particulars of assets under Ijarah

	2021							Rate of depreciation (%)
	Cost			Accumulated Depreciation			Book Value As at December 31	
	As at January 01	Additions/ Settled	As at December 31	As at January 01	Charge/ settled	As at December 31		
	(Rupees '000')							
Vehicle	42,595	(4,729)	37,866	24,009	4,332	28,341	9,525	Over the Ijarah period
Plant and machinery	48,000	(20,000)	28,000	28,584	(14,218)	14,366	13,634	
Total	90,595	(24,729)	65,866	52,593	(9,886)	42,707	23,159	
	2020							Rate of depreciation (%)
	Cost			Accumulated Depreciation			Book Value As at December 31	
	As at January 01	Additions/ Settled	As at December 31	As at January 01	Charge	As at December 31		
	(Rupees '000')							
Vehicle	63,094	(20,499)	42,595	14,614	9,395	24,009	18,586	Over the Ijarah period
Plant and machinery	48,000	-	48,000	34,938	(6,354)	28,584	19,416	
Total	111,094	(20,499)	90,595	49,552	3,041	52,593	38,002	

Handwritten signature

SINDH BANK LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
	----- (Rupees in '000') -----	
10.5.2 Future Ijarah payments receivable		
Not later than one year	8,586	16,449
Later than one year and not later than five years	14,573	21,553
	<u>23,159</u>	<u>38,002</u>

10.6 Advances include Rs.37,403.70 (2020: Rs. 35,333.88) million which have been placed under non-performing status as detailed below:

Category of Classification	2021		2020	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	----- (Rupees in '000') -----			
Domestic				
Other Assets Especially Mentioned	10.6.1	27,270	-	34,523
Substandard		20,125	1,625	31,291
Doubtful		888,099	296,028	1,574,605
Loss		36,468,208	24,938,733	33,693,464
Total		<u>37,403,702</u>	<u>25,236,386</u>	<u>35,333,883</u>

10.6.1 This represents non-performing portfolio of agricultural and small and medium enterprise financing classified as OAEM as per the requirements of the Prudential Regulations for Agricultural and Small and Medium Enterprise Financing issued by the State Bank of Pakistan.

10.6.2 The Bank has availed the benefit of forced sale value on plant and machinery under charge and mortgaged residential and commercial property (land and building only) held as collateral against non-performing advances on the basis of the instructions of the State Bank of Pakistan. Had the benefit not been taken by the Bank, specific provision against non-performing advances would have been higher by Rs. 11,680.22 (2020: Rs.14,987.57) million. The resultant increase in profit due to FSV benefit taken will not be available for distribution as cash and stock dividend to shareholders.

10.6.3 Particulars of provision against advances

	2021			2020		
	Specific	General	Total	Specific	General	Total
	----- (Rupees in '000') -----					
Opening balance	19,500,410	2,208	19,502,618	15,297,231	1,812	15,299,043
Exchange adjustments	-	-	-	-	-	-
Charge for the year	5,976,561	695	5,977,256	3,970,216	396	3,970,612
Reversals	(334,983)	-	(334,983)	(1,001,443)	-	(1,001,443)
	5,641,578	695	5,642,273	2,968,773	396	2,969,169
Amounts charged off - agriculture loans	93,301	-	93,301	447,039	-	447,039
Net charge / (reversal) during the year	5,734,879	695	5,735,574	3,415,812	396	3,416,208
Addition due to amalgamation of Sindh Leasing Co. Ltd	-	-	-	787,367	-	787,367
Fair value adjustment on net assets of Sindh Leasing Co. Ltd	1,097	-	1,097	-	-	-
Amounts written off	-	-	-	-	-	-
Closing balance	<u>25,236,386</u>	<u>2,903</u>	<u>25,239,289</u>	<u>19,500,410</u>	<u>2,208</u>	<u>19,502,618</u>

10.6.3.1 Particulars of provision against advances

	2021			2020		
	Specific	General	Total	Specific	General	Total
	----- (Rupees in '000') -----					
In local currency	25,236,386	2,903	25,239,289	19,500,410	2,208	19,502,618
In foreign currencies	-	-	-	-	-	-
	<u>25,236,386</u>	<u>2,903</u>	<u>25,239,289</u>	<u>19,500,410</u>	<u>2,208</u>	<u>19,502,618</u>

10.6.3.2 General provision against consumer loans represents provision maintained at an amount equal to 1% (2020: 1%) of the fully secured performing portfolio and 4% (2020: 4%) of the unsecured performing portfolio as required by the Prudential Regulations issued by SBP. General provision against Small Enterprises financing represents provision maintained at an amount equal to 0% (2020: 0%) of the fully secured performing portfolio and 1% of the unsecured performing portfolio as required by the Prudential Regulations issued by SBP.

11 FIXED ASSETS

	Note	2021	2020
		----- (Rupees in '000') -----	
Capital work-in-progress	11.1	73,166	24,900
Property and equipment	11.2	1,264,760	1,420,821
Right of use assets	11.5	1,809,671	1,819,646
		<u>3,147,597</u>	<u>3,265,367</u>
11.1 Capital work-in-progress			
Civil works		4,396	-
Equipment		1,541	4,814
Advances to suppliers		67,229	20,086
	11.1.1	<u>73,166</u>	<u>24,900</u>
11.1.1 Movement in Capital work-in-progress			
Opening balance		24,900	21,495
Transfer in		153,701	71,836
Transfer out		(105,435)	(68,431)
Write off		-	-
Closing balance		<u>73,166</u>	<u>24,900</u>

SINDH BANK LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

11.2 Property and Equipment

	2021				
	Leasehold improvements	Furniture and fixture	Computer and office equipment	Vehicles	Total
	(Rupees in '000')				
At January 1, 2020					
Cost / Revalued amount	1,313,615	558,926	1,673,221	383,290	3,929,052
Accumulated depreciation	440,384	392,386	1,429,524	245,937	2,508,231
Net book value	873,231	166,540	243,697	137,353	1,420,821
Year ended December 31, 2021					
Opening net book value	873,231	166,540	243,697	137,353	1,420,821
Additions	11,377	4,394	57,427	58,228	131,426
Movement in surplus on assets revalued during the year	-	-	-	-	-
Acquisitions through business combinations	-	-	-	-	-
Impairment loss recognised in the profit and loss account - net	-	-	-	-	-
Disposals	(392)	(27)	(147)	(31)	(597)
Depreciation charge	(65,790)	(52,782)	(105,783)	(56,229)	(280,584)
Exchange rate adjustments	-	-	-	-	-
Other adjustments / transfers	(6,297)	-	(2)	(7)	(6,306)
Closing net book value	812,129	118,125	195,192	139,314	1,264,760
At December 31, 2021					
Cost / Revalued amount	1,324,292	562,730	1,721,214	384,506	3,992,742
Accumulated depreciation	512,163	444,605	1,526,022	245,192	2,727,982
Net book value	812,129	118,125	195,192	139,314	1,264,760
Rate of depreciation (percentage)	5.00%	10.00%	33.33% & 20.0%	20.00%	
	2020				
	Leasehold improvements	Furniture and fixture	Computer and office equipment	Vehicles	Total
	(Rupees in '000')				
At January 1, 2020					
Cost / Revalued amount	1,276,325	546,912	1,581,670	378,503	3,783,410
Accumulated depreciation	363,254	335,816	1,299,561	210,743	2,209,374
Net book value	913,071	211,096	282,109	167,760	1,574,036
Year ended December 31, 2020					
Opening net book value	913,071	211,096	282,109	167,760	1,574,036
Additions	17,352	8,155	86,439	26,348	138,294
Movement in surplus on assets revalued during the year	-	-	-	-	-
Acquisitions through business combinations	7,484	1,495	578	6,935	16,492
Impairment loss recognised in the profit and loss account - net	-	-	-	-	-
Disposals	(71)	(35)	-	(1,340)	(1,446)
Depreciation charge	(64,606)	(54,171)	(125,430)	(62,356)	(306,563)
Exchange rate adjustments	-	-	-	-	-
Other adjustments / transfers	1	-	1	6	8
Closing net book value	873,231	166,540	243,697	137,353	1,420,821
At December 31, 2020					
Cost / Revalued amount	1,313,615	558,926	1,673,221	383,290	3,929,052
Accumulated depreciation	440,384	392,386	1,429,524	245,937	2,508,231
Net book value	873,231	166,540	243,697	137,353	1,420,821
Rate of depreciation (percentage)	5.00%	10.00%	33.33% & 20.0%	20.00%	

11.3 The cost of fully depreciated furniture and fixture, office and computer equipment still in use amounted to Rs.1,473.56 million (2020: Rs.1,253.85 million).

Handwritten signature/initials

11.4 Disposals

Particulars of the Assets	Cost	Accumulated depreciation	Book Value	Sale Price	Mode of Disposal	Particulars of the Purchaser
	----- (Rupees) -----					
Computer and office equipment						
Laptop	61,110	61,109	1	1	As Per HR Policy	Shahzad Begg
Laptop	77,110	77,109	1	1	As Per HR Policy	Khawaja Tajammul Hussain
Laptop	61,110	61,109	1	1	As Per HR Policy	Syed Usman
CCTV System	51,300	51,298	2	31,045	Insurance Claim	Sindh Insurance Limited
UPS	170,400	170,397	3	11,400	Negotiation	Khalil Ahmed Iron & Scrap Merchant
Isolation Transformer	22,500	3,750	18,750	5,000	Negotiation	Office Equipment Services
Other Machined & Equipment	197,969	197,965	4	6,300	Negotiation	Khalil Ahmed Iron & Scrap Merchant
Split Air conditioners	533,550	533,545	5	29,000	Negotiation	Abbasi Iron Store
Split Air conditioners	72,177	72,175	2	10,000	Negotiation	Abdul Majeed & Arif Sons
Split Air conditioners	726,432	726,425	7	71,000	Negotiation	Al Mustafa Workshop
Split Air conditioners	1,058,627	1,058,615	12	49,200	Negotiation	Attari Refrigeration
Split Air conditioners	996,609	986,148	10,461	76,000	Negotiation	Best Airconditioned AC Servicing
Split Air conditioners	160,000	159,998	2	15,000	Negotiation	Bismillah A.Rehman Nizamuddin Workshop
Split Air conditioners	653,292	653,285	7	63,700	Negotiation	Hakkan Associates SMC Pvt Ltd
Split Air conditioners	653,710	653,702	8	43,600	Negotiation	HVAC Enterprises
Split Air conditioners	593,800	593,792	8	40,000	Negotiation	Imtiaz Ali
Split Air conditioners	396,998	396,993	5	38,000	Negotiation	Lucky Brothers
Split Air conditioners	288,997	288,993	4	10,000	Negotiation	Mughal Refrigeration Centre
Split Air conditioners	695,743	695,736	7	49,700	Negotiation	Sindh Electric Works
Split Air conditioners	876,995	876,984	11	55,000	Negotiation	Usman Cooling Service
Split Air conditioners	540,997	540,990	7	49,000	Negotiation	Zam Zam Cooling Service
Furniture	22,360	20,567	1,793	1,300	Negotiation	HVAC Enterprises
Furniture	489,568	486,061	3,507	51,900	Negotiation	Khalil Ahmed Iron & Scrap Merchant
Furniture	78,200	56,724	21,476	4,000	Negotiation	Lucky Brothers
Bank Note Sorting Machine	545,000	426,916	118,084	125,000	Negotiation	Seesam Solution Pvt Ltd
Signage	309,950	166,550	143,400	3,700	Negotiation	Syed Ghous Shah Bukhari
Signage	294,866	99,517	195,349	10,000	Negotiation	Zik Cement Stakage
Signage	94,920	41,672	53,248	1,700	Negotiation	Allah Rakha Kabar Khana
	10,724,290	10,158,125	566,165	850,548		
Vehicles						
Suzuki Wagon R	33,282,000	33,281,966	34	34	As Per HR Policy	Various Staff
Suzuki Cultus VXR	6,267,500	6,267,494	6	6	As Per HR Policy	Various Staff
Toyota Corolla XLI	1,642,500	1,642,499	1	1	As Per HR Policy	Rizwan Mahmood
Toyota Corolla XLI	1,642,500	1,642,499	1	1	As Per HR Policy	Dilshad Khan
Toyota Corolla XLI	1,642,500	1,642,499	1	1	As Per HR Policy	Jeanette Chohan
Toyota Corolla XLI	1,642,500	1,642,499	1	1	As Per HR Policy	Shamsul Abbas
Toyota Corolla XLI	1,644,000	1,643,999	1	1	As Per HR Policy	Shazia Andleeb
Toyota Corolla GLI	1,862,500	1,831,457	31,043	31,043	As Per HR Policy	Khawaja Tajammul Hussain
Toyota Corolla Altis	2,322,500	2,322,499	1	1	As Per HR Policy	Syed Assad Ali
Honda Civic	2,475,500	2,475,499	1	1	As Per HR Policy	Shahzad Begg
Honda Civic	2,587,500	2,587,499	1	1	As Per HR Policy	Farhan Ashraf
	57,011,500	56,980,409	31,091	31,091		
	67,735,790	67,138,534	597,256	881,639		

Handwritten signature

SINDH BANK LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
	----- (Rupees in '000') -----	
11.5 RIGHT OF USE ASSETS		
Year ended December 31		
Opening net book value	1,819,646	2,192,469
Additions	659,812	326,104
Disposals	-	-
Depreciation charge	(669,787)	(698,927)
Closing net book value	<u>1,809,671</u>	<u>1,819,646</u>
At December 31		
Cost	3,840,056	3,180,244
Accumulated depreciation	(2,030,385)	(1,360,598)
Net book value	<u>1,809,671</u>	<u>1,819,646</u>
Rate of depreciation (percentage)	10% to 100%	10% to 100%

12 INTANGIBLE ASSETS

Computer Software		
At January 1		
Cost	292,861	238,028
Accumulated amortisation and impairment	224,476	198,064
Net book value	<u>68,385</u>	<u>39,964</u>
Year ended December 31		
Opening net book value	68,385	39,964
Additions:		
- directly purchased	80,974	53,386
Disposals	-	-
Amortisation charge	(35,085)	(24,965)
Other adjustments	-	-
Closing net book value	<u>114,274</u>	<u>68,385</u>
At December 31		
Cost	373,835	292,861
Accumulated amortisation and impairment	259,561	224,476
Net book value	<u>114,274</u>	<u>68,385</u>
Rate of amortisation (percentage)	20%	20%
Useful life	5 years	5 years

12.1 The cost of fully amortised software still in use amounted to Rs.188.78 million (2020: Rs. 163.317 million).

13 DEFERRED TAX ASSETS-NET

	2021				
	At Jan 1, 2020	Recognised in P&L A/C	Recognised in OCI	Recognised on Amalgamation (SLCL)	At Dec 31, 2021
	----- (Rupees in '000') -----				
Deductible Temporary Differences on					
- Provision against advances - general	6,459,941	1,961,041	-	-	8,420,982
- Tax losses carried forward	3,118,099	201,993	(509)	-	3,319,583
- Provision for diminution in the value of investments	94,853	152,882	-	-	247,735
- Deficit on revaluation of investments	261,175	-	455,943	-	717,118
- Others	427,378	278,156	-	-	705,534
	<u>10,361,446</u>	<u>2,594,072</u>	<u>455,434</u>	<u>-</u>	<u>13,410,952</u>
Taxable Temporary Differences on					
- Accelerated tax depreciation - tangible fixed assets	(39,586)	19,121	-	-	(20,465)
- Net investment in Lease Finance	(131,859)	-	-	-	(131,859)
- Accelerated tax amortization - intangible assets	(7,674)	1,579	-	-	(6,095)
	<u>(179,119)</u>	<u>20,700</u>	<u>-</u>	<u>-</u>	<u>(158,419)</u>
	<u>10,182,327</u>	<u>2,614,772</u>	<u>455,434</u>	<u>-</u>	<u>13,252,533</u>
	2020				
	At Jan 1, 2020	Recognised in P&L A/C	Recognised in OCI	Recognised on Amalgamation (SLCL)	At Dec 31, 2020
	----- (Rupees in '000') -----				
Deductible Temporary Differences on					
- Provision against advances - general	5,197,184	1,034,421	-	228,336	6,459,941
- Tax losses carried forward	2,208,679	913,690	(4,270)	-	3,118,099
- Provision for diminution in the value of investments	94,853	-	-	-	94,853
- Deficit on revaluation of investments	1,138,401	-	(877,226)	-	261,175
- Accelerated tax depreciation - right to use assets	41,594	(41,594)	-	-	-
- Others	-	427,378	-	-	427,378
	<u>8,680,711</u>	<u>2,333,895</u>	<u>(881,496)</u>	<u>228,336</u>	<u>10,361,446</u>
Taxable Temporary Differences on					
- Accelerated tax depreciation - tangible fixed assets	(66,027)	26,910	-	(469)	(39,586)
- Net investment in Lease Finance	-	-	-	(131,859)	(131,859)
- Accelerated tax amortization - intangible assets	(8,076)	402	-	-	(7,674)
	<u>(74,103)</u>	<u>27,312</u>	<u>-</u>	<u>(132,328)</u>	<u>(179,119)</u>
	<u>8,606,608</u>	<u>2,361,207</u>	<u>(881,496)</u>	<u>96,008</u>	<u>10,182,327</u>

13.1 In this respect, the management of the Bank has prepared five year projections which have been approved by the Board of Directors of the Bank. The projections involve certain key assumptions underlying the estimation of future taxable profits, such as cost to income ratio of the Bank, deposit composition, growth of deposits and advances, investment returns, expected recoveries of classified advances, etc. The management believes that it is probable that the Bank will be able to achieve the profits projected in the projections and consequently the deferred tax asset will be fully realized in the future.

SINDH BANK LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021 ----- (Rupees in '000') -----	2020
14 OTHER ASSETS			
Income/ Mark-up accrued in local currency	14.1	3,045,472	3,267,656
Accrued commission income		7,234	23,346
Advances, deposits, advance rent and other prepayments		87,898	61,980
Receivable against sale of shares		268,770	1,573,718
Unrealised gain on forward forex revaluation - net		130,799	229,271
Insurance premium receivable against agriculture loans		12,565	13,271
Stationery and stamps on hand		7,984	11,445
Dividends receivable		-	702
Receivable against 1 Link ATM settlement account		-	162,873
Advance Taxation - net		40,054	249,768
Acceptances		-	7,671
Insurance claims receivable		16,252	371
Other receivables		53,734	38,731
		<u>3,670,762</u>	<u>5,640,803</u>
14.1 Income/ Mark-up accrued in local currency			
On loans and advances		692,013	1,151,541
On investments		2,349,909	2,102,081
Others		3,550	14,034
		<u>3,045,472</u>	<u>3,267,656</u>
15 BILLS PAYABLE			
In Pakistan		624,726	592,334
Outside Pakistan		-	-
		<u>624,726</u>	<u>592,334</u>
16 BORROWINGS			
Secured			
Borrowings from State Bank of Pakistan			
- Under export refinance scheme	16.2	1,695,919	1,752,141
- Under long term finance facility	16.3	89,819	119,758
Repurchase agreement borrowings - Secured			
- State Bank of Pakistan (SBP)	16.4	25,000,000	57,883,940
- Other commercial banks / DFI's		-	2,621,809
		<u>25,000,000</u>	<u>60,505,749</u>
		<u>26,785,738</u>	<u>62,377,648</u>
16.1 Particulars of borrowings with respect to Currencies			
In local currency		26,785,738	62,377,648
In foreign currencies		-	-
		<u>26,785,738</u>	<u>62,377,648</u>

16.2 These represent borrowings from SBP under export refinance scheme at the rates ranging from 1.00% to 2.00% (2020: 1.00% to 2.00%) per annum having maturity upto six months.

16.3 These represent borrowings from SBP under long term finance facility at the rate of 3.00% (2020: 3.00%) per annum having maturity upto 5 years.

16.4 These represent repurchase agreement borrowings from State Bank of Pakistan at the rate of 10.12% (2020: 7.07%) per annum maturing on February 18, 2022 (2020: January 04, 2021). The carrying value of securities given as collateral against these borrowings is given in note 9.4.

Handwritten signature

17 DEPOSITS AND OTHER ACCOUNTS

	2021			2020		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
(Rupees in '000')						
Customers						
Current deposits	61,100,359	393,151	61,493,510	47,602,012	214,880	47,816,892
Savings deposits	92,336,919	946,331	93,283,250	74,259,411	815,417	75,074,828
Term deposits	58,533,628	411,867	58,945,495	58,407,259	353,557	58,760,816
Certificate of investments (COIs)	-	-	-	16,600	-	16,600
Margin and other deposits	563,852	-	563,852	638,005	-	638,005
	212,534,758	1,751,349	214,286,107	180,923,287	1,383,854	182,307,141
Financial Institutions						
Current deposits	47,372	19	47,391	61,045	17	61,062
Savings deposits	1,443,864	-	1,443,864	1,623,450	-	1,623,450
Term deposits	1,711,000	-	1,711,000	1,489,000	-	1,489,000
Margin and other deposits	120,044	-	120,044	90,036	-	90,036
	3,322,280	19	3,322,299	3,263,531	17	3,263,548
	215,857,038	1,751,368	217,608,406	184,186,818	1,383,871	185,570,689

17.1 Composition of deposits

	2021	2020
(Rupees in '000')		
- Individuals	24,011,183	20,851,238
- Government (Federal and Provincial)	153,369,167	127,198,473
- Public Sector Entities	2,709,765	1,830,111
- Banking Companies	8,437	9,313
- Non-Banking Financial Institutions	3,313,862	3,254,235
- Private Sector	34,195,992	32,427,319
	217,608,406	185,570,689

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

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

As at 31 December 2021, the deposits eligible to be covered under insurance arrangements amounted to Rs. 32,255.45 million (2020: Rs. 28,754.09 million) and premium paid amounted to Rs. 46.01 million (2020 : Rs. 33.32 million).

18 OTHER LIABILITIES

	Note	2021	2020
(Rupees in '000')			
Mark-up / return / interest payable in local currency		3,032,140	2,337,713
Mark-up / return / interest payable in foreign currency		2,947	3,539
Accrued expenses		124,448	101,623
Net defined benefit liability		93,779	72,270
Provision for compensated absences		224,032	179,686
Payable against 1 Link ATM settlement account		47,032	-
Payable against purchase of operating fixed assets		13,660	42,714
Payable against purchase of shares		205,890	519,695
Retention money		60,701	56,376
Federal excise duty / sales tax on services payable		6,185	3,351
Lease liability	18.1	2,073,301	2,119,589
Withholding tax payable		36,542	32,736
Acceptances		-	7,671
Security deposit against leases	18.2	362,368	400,237
Others		259,232	218,388
		6,542,257	6,095,588

18.1 Lease liability

	2021	2020
Opening balance	2,119,589	2,299,121
Impact of adoption of IFRS 16	-	-
Additions / renewals	659,812	326,104
Borrowing cost	227,250	271,264
Payments	(933,350)	(776,900)
Closing balance	2,073,301	2,119,589
Current lease liability	885,940	772,476
Non current lease liability	1,187,361	1,347,113
	2,073,301	2,119,589

18.2 These represent interest free security deposits received from lessees against lease contracts of Sindh Leasing Company Limited was amalgamated into the Bank, and are adjustable against residual value of leased assets at the expiry of the respective lease terms.

19 SHARE CAPITAL - NET

	2021		2020	
	Number of shares	(Rupees in '000')	Number of shares	(Rupees in '000')
19.1 Authorised capital				
	2,800,000,000	2,800,000,000	28,000,000	28,000,000
19.2 Issued, subscribed and paid-up share capital				
	1,971,013,000	1,971,013,000	19,710,130	19,710,130
	200,000,000	-	2,000,000	-
	381,429,817	-	3,814,298	-
	2,552,442,817	1,971,013,000	25,524,428	19,710,130

19.3 The Government of Sindh, through its Finance Department, owns 99.96% ordinary shares of the Bank.

SINDH BANK LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021	2020
		----- (Rupees in '000') -----	
20 SHARES DEPOSIT MONEY			
Opening balance		2,000,000	2,000,000
Shares deposit money	20.1	4,000,000	-
Right shares issued during the year		(2,000,000)	-
		<u>4,000,000</u>	<u>2,000,000</u>
20.1	To meet the CAR requirement, the sponsor of the Bank, GoS has injected Rs 4 billion as an 'advance against issuance of shares' to support the Bank's Capital Adequacy requirement, with the condition that this amount shall be returned upon reversal of provision by the Bank against the Non Performing Advances. In this regard the Bank has requested SBP to approve this condition of sponsors.		
21 PROPOSED ORDINARY SHARES TO BE ISSUED ON AMALGAMATION			
Opening balance		3,814,298	3,814,298
Shares issued during the year	21.1	(3,814,298)	-
		<u>-</u>	<u>3,814,298</u>
21.1	As per the Scheme of Amalgamation during the year, the Bank issued 381,429,817 ordinary shares of the Bank to the sole shareholder (Government of Sindh) of Sindh Leasing Company Limited on the basis of the swap ratio of 1 (one) ordinary share of Sindh Bank Limited for every 0.9176 ordinary shares of Sindh Leasing Company Limited, as consideration for the merger.		
22 DEFICIT ON REVALUATION OF ASSETS			
Available-for-sale securities			
Federal government securities		(1,774,724)	(652,382)
Fully paid ordinary shares - listed		(93,489)	(42,599)
Units of mutual funds (units / certificates)		29,450	25,618
Sukuk certificates		-	(316)
		<u>(1,838,763)</u>	<u>(669,679)</u>
Related deferred taxation		717,116	261,174
		<u>(1,121,647)</u>	<u>(408,505)</u>
23 CONTINGENCIES AND COMMITMENTS			
-Guarantees	23.1	4,635,678	3,473,161
-Commitments	23.2	52,600,081	99,865,985
-Other contingent liabilities		-	-
		<u>57,235,759</u>	<u>103,339,146</u>
23.1 Guarantees:			
Financial guarantees		1,059,301	1,036,910
Performance guarantees		151,016	1,947,878
Other guarantees		3,425,361	488,373
		<u>4,635,678</u>	<u>3,473,161</u>
23.2 Commitments:			
Documentary credits and short-term trade-related transactions		536,689	2,215,675
- letters of credit			
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	12,941,129	24,357,415
- forward lending, borrowings and credits	23.2.2	39,122,263	73,292,895
Other commitments		-	-
		<u>52,600,081</u>	<u>99,865,985</u>
23.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		6,740,279	9,983,985
Sale		6,200,850	14,373,430
		<u>12,941,129</u>	<u>24,357,415</u>
23.2.2 Commitments in respect of forward lending, borrowings and credits			
Forward repurchase agreement borrowing		25,103,970	60,551,083
Forward resale agreement lending		5,382,772	3,980,497
Undrawn formal standby facilities, credit lines and other commitments to lend	23.2.2.1	8,635,521	8,761,315
		<u>39,122,263</u>	<u>73,292,895</u>
23.2.2.1 Commitments to extend credit			

The Bank enters into commitments to extend credit in the normal course of its business but these are revocable commitments that do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

K2890

23.3 Contingencies

23.3.1 The Income Tax returns of the Bank have been filed up to the tax year 2021 (accounting year ended December 31, 2020) and amendment of deemed assessment were carried out till tax year 2019, whereby certain disallowances to the taxable income were made.

23.3.2 For tax year 2020, the ACIR issued show-cause notice assessing the income tax return under section 122 (5A) of the ITO 2001, detailed replies have been submitted and assessment order is awaited.

Appeals against amended orders were filed before Commissioner Inland Revenue Authority (CIRA), who deleted all major disallowances and additions in 2014 on which demand of Rs.5.95 million arose.

Subsequently, the Bank has filed an appeal before Appellate Tribunal Inland Revenue (ATIR) in respect of demand of Rs.5.95 million as mentioned above, which are pending. Large Tax Payer Unit (LTU) has also filed appeals in the ATIR against the decision of CIRA.

With respect to Bank's operations in Azad Jammu & Kashmir (AJK), bank has filed income tax returns upto tax year 2021 (accounting year ended December 31, 2020) with the tax authorities of AJK. The Commissioner has issued amended assessment orders for various tax years. The Bank has filed appeals which are pending at CIRA.

23.3.3 Government of Sindh through the Sindh WWF Act, 2014, has introduced levy of SWWF. As per Sindh WWF Act, 2014, banks / Financial institutions are included in definition of "Industrial Establishment" Sindh WWF is imposed at the rate of 2% to the total income. Since the Bank is trans provincial entity and the operations of the Bank in also in other Provinces and in Azad Jammu & Kashmir as well, the Bank along with other banks have filed a suit before Honorable Sindh High Court and challenged the vires of SWWF, which is pending for adjudication.

23.3.4 Sindh Leasing Company Limited - Amalgamated

The Income Tax returns of the Ex-Sindh Leasing Company Limited have been filed up to the tax year 2021 (accounting year ended December 31, 2020, interim period). The returns so filed were treated as assessment orders deemed to have been issued by Commissioner Inland Revenue (CIR) in terms of section 120(1) of the income tax ordinance 2001. For Tax Year 2017, audit proceedings under section 177 of income tax ordinance 2001 have been initiated by the tax authorities, however no order has yet been passed.

Withholding tax monitoring proceedings of tax year 2015, 2018 and 2019 were initiated under section 176 of the income tax ordinance, 2001 read with rule 44 of income tax rules, 2002 by tax authorities, however, order not yet passed.

23.3.5 Other Contingent Liabilities

Claims against the Bank not acknowledged as debts

2021	2020
----- (Rupees in '000') -----	
792,500	803,500

These mainly represent counter claims filed by the ex-employees of the Bank for damages purported to be sustained by them consequent to the termination from the Bank's employment. Based on legal advice, the management is confident that the matters will be decided in Bank's favour and the possibility of any outcome against the Bank is remote and accordingly no provision has been made in these financial statements.

	Note	2021	2020
----- (Rupees in '000') -----			
24 MARK-UP/RETURN/INTEREST EARNED			
On Loans and advances	24.1	4,138,961	5,174,550
On Investments		17,031,925	9,743,889
On Lendings to financial institutions		639,863	414,800
On Balances with banks		15,337	17,164
		21,826,086	15,350,403

24.1 This includes income from Leasing business amounting to Rs.116.56 million (2020: nil).

25 MARK-UP/RETURN/INTEREST EXPENSED

Deposits	10,342,439	9,433,958
Borrowings	6,352,028	2,771,080
Lease liability against right of use assets	227,249	271,264
Others	-	-
	16,921,716	12,476,302

26 FEE AND COMMISSION INCOME

Branch banking customer fees	46,706	38,415
Consumer finance related fees	1,186	629
Card related fees (debit cards)	162,838	129,263
Commission on trade	56,026	37,186
Commission on guarantees	41,787	32,046
Credit related fees	18,779	30,324
Commission on remittances including home remittances	23,772	10,310
Others	864	511
	351,958	278,684

27 GAIN / (LOSS) ON SECURITIES

Realised	27.1	(6,435)	(46,420)
Unrealised - held for trading		-	-
		(6,435)	(46,420)

27.1 Realised (loss) / gain on:

Federal Government Securities	45,857	276,060
Shares of listed companies	(52,292)	(274,628)
Mutual Funds	-	(47,852)
	(6,435)	(46,420)

		2021	2020
	Note	----- (Rupees in '000') -----	
28 OTHER INCOME			
Incidental charges		799	721
Gain on sale of operating fixed assets		284	4,331
Rent on premises shared		1,140	3,535
Prequalification application fee for tender		23	39
Godwon charges		275	250
Others		-	-
		2,521	8,876
29 OPERATING EXPENSES			
Total compensation expense	29.2	2,908,642	2,502,581
Property expense			
Rent & taxes		19,870	12,382
Insurance		36,573	31,518
Utilities cost		270,271	220,445
Security		342,836	320,527
Repairs & maintenance		22,898	24,850
Depreciation		65,790	64,606
Depreciation - right of use assets		669,787	698,927
		1,428,025	1,373,255
Information technology expenses			
Software maintenance		67,544	73,713
Hardware maintenance		71,515	60,325
Depreciation		23,420	16,968
Amortisation		35,085	24,965
Network charges		11,088	9,723
Others		46,877	29,898
		255,529	215,592
Other operating expenses			
Directors' fees and allowances		10,975	14,350
Fees and allowances to Shariah Board		4,354	5,461
Legal & professional charges		57,061	47,735
Travelling & conveyance		35,766	31,237
NIFT clearing charges		24,732	23,512
Training & development		971	907
Postage & courier charges		24,640	14,917
Communication		120,216	110,963
Stationery & printing		87,935	80,457
Marketing, advertisement & publicity		44,607	34,560
Donations		-	-
Auditor's Remuneration	29.3	12,410	11,026
Repairs & maintenance		106,782	105,626
Brokerage and commission		12,239	13,289
Entertainment Expenses		54,374	45,790
Fees and subscription		59,776	46,892
Insurance expenses		9,938	9,470
Premium of deposit protection fund		46,007	33,320
Depreciation		191,374	224,989
Others		158,040	162,138
		1,062,197	1,016,639
		5,654,393	5,108,067

29.1 Total cost for the year included in other operating expenses relating to Janitorial outsourced activities is Rs. 106.81 million (2020: 109.032 million). These expenses represent payments made to companies incorporated in Pakistan.

SINDH BANK LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
	(Rupees in '000')	
29.2 Total compensation expense		
Managerial Remuneration		
- Fixed	1,718,663	1,506,903
- Variable Cash Bonus / Awards	12,664	9,251
Charge for defined benefit plan	95,085	83,218
Contribution to defined contribution plan	99,324	86,805
Rent & house maintenance	521,898	479,655
Utilities	105,444	95,232
Medical	105,443	95,227
Conveyance	97,701	63,415
Employee old age benefits contribution	14,889	14,425
Leave Fare Assistance Allowances	18,019	8,708
Leave Encashment	52,693	-
Staff Insurances	65,594	56,501
Others	1,225	3,241
	2,908,642	2,502,581
29.3 Auditors' remuneration		
Audit fee	9,998	9,088
Fee for other statutory certifications	1,111	1,010
Special certifications and sundry advisory services	760	475
Out-of-pocket expenses	541	453
	12,410	11,026
30 OTHER CHARGES		
Penalties imposed by the State Bank of Pakistan	67,640	927
Others	-	-
	67,640	927

Handwritten signature

SINDH BANK LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021	2020
		----- (Rupees in '000') -----	
31 PROVISIONS & WRITE OFFS - NET			
Provision / diminution in value of investments	9.5.1	87,342	306,734
Provisions against loans & advances		5,735,574	3,416,208
General provision reversed		-	-
Net provision during the year	10.7.3	5,735,574	3,416,208
Fixed assets written off		-	-
Bad debts written off directly		-	-
		5,822,916	3,722,942
32 TAXATION			
Current		278,155	238,711
Prior years		-	-
Deferred		(2,614,772)	(2,361,207)
		(2,336,617)	(2,122,496)
32.1 Relationship between tax expense and accounting profit			
(Loss) / Profit before tax		(6,064,101)	(5,335,067)
Tax on (loss) / income @ 39%		(2,364,999)	(2,080,676)
Permanent differences - Minimum Tax		-	-
Effect of permanent differences		28,382	(41,820)
		(2,336,617)	(2,122,496)
33 BASIC EARNINGS/ (LOSS) PER SHARE			
Loss for the year		(3,727,484)	(3,212,571)
Weighted average number of ordinary shares		2,509,765,672	1,971,013,000
Basic loss per share		(1.49)	(1.63)
34 DILUTED EARNINGS/ (LOSS) PER SHARE			
Loss for the year		(3,727,484)	(3,212,571)
Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)		2,509,765,672	1,971,013,000
Diluted loss per share		(1.49)	(1.63)

Handwritten signature

SINDH BANK LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

		<u>2021</u>	<u>2020</u>
	Note	----- (Rupees in '000') -----	
35 CASH AND CASH EQUIVALENTS			
Cash and Balance with Treasury Banks	6	19,341,933	14,486,693
Balance with other banks	7	1,092,559	4,185,277
		<u>20,434,492</u>	<u>18,671,970</u>
		<u>2021</u>	<u>2020</u>
		----- Number -----	
36 STAFF STRENGTH			
Permanent		1,829	1,789
Temporary / on contractual basis		151	151
Total staff strength		<u>1,980</u>	<u>1,940</u>

36.1 In addition to the above 476 (2020: 483) staff from outsourcing services companies were assigned to the Bank.

37 DEFINED BENEFIT AND CONTRIBUTION PLANS

37.1 Defined benefit plan

The Bank operates a recognised gratuity plan for all its permanent and full time employees in the management cadre who have completed the minimum qualifying period of three years. Contributions are made to the fund in accordance with the recommendations of an actuary. Employees are entitled to the benefits under the plan which comprise of the last drawn basic salary for each completed year of service, subject to completion of minimum three years services with the Bank. The number of employees covered under the schemes are 1785 (2020: 1780).

37.1.1 Principal actuarial assumptions

The latest actuarial valuation was carried out as at December 31, 2021 using the Projected Unit Credit Method. Following are the significant assumptions used in the actuarial valuation:

	<u>2021</u>	<u>2020</u>
	----- (Percentage) -----	
- Discount rate	12.25%	10.25%
- Expected rate of increase in salaries-short term	10.00%	9.50%
- Expected rate of increase in salaries-long term	11.25%	9.50%
- Expected return on plan assets	12.25%	10.25%
- Duration (Years)	10.83	11.36

Handwritten signature

SINDH BANK LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021 ----- (Rupees in '000) -----	2020 ----- (Rupees in '000) -----
37.1.2 Reconciliation of net defined benefit liability			
Present value of defined benefit liability	37.1.5	611,779	498,760
Fair value of plan assets	37.1.6	<u>(518,000)</u>	<u>(426,490)</u>
Payable to defined benefit plan	37.1.3	<u>93,779</u>	<u>72,270</u>
37.1.3 Movement in net defined benefit liability			
Opening balance		72,270	76,020
Charge to profit and loss during the year	37.1.4	95,085	83,218
Remeasurement loss recognized in OCI	37.1.4	(1,306)	(10,948)
Bank's contribution		<u>(72,270)</u>	<u>(76,020)</u>
Closing balance		<u>93,779</u>	<u>72,270</u>
37.1.4 Charge for defined benefit plan			
In profit and loss			
Current service cost		91,381	77,487
Interest cost - net		3,704	4,467
Past service cost		-	1,264
Charge for the year		<u>95,085</u>	<u>83,218</u>
In other comprehensive income			
Remeasurement (gain) / loss on defined benefit obligation		(8,995)	(28,313)
Remeasurement loss on plan assets		<u>7,689</u>	<u>17,365</u>
		<u>(1,306)</u>	<u>(10,948)</u>
37.1.5 Changes in present value of defined benefit liability			
Opening balance		498,760	413,412
Current service cost		91,381	77,487
Interest cost		50,124	47,818
Past service cost		-	1,264
Benefits paid		(19,491)	(12,908)
Actuarial loss / (gain) on obligation			
- Experience assumptions		(8,995)	(28,313)
Closing balance		<u>611,779</u>	<u>498,760</u>
37.1.6 Fair value of plan assets			
Fair value of plan assets at the beginning of the year		426,490	337,392
Expected return on plan assets		46,420	43,351
Bank's contributions		72,270	76,020
Benefits paid		(19,491)	(12,908)
Actuarial loss on assets - experience assumptions		(7,689)	(17,365)
Fair value of plan assets at the end of the year	37.1.7	<u>518,000</u>	<u>426,490</u>
37.1.7 Plan assets comprise			
Balance held in bank accounts		<u>518,000</u>	426,490
37.1.8 Sensitivity analysis			
Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:			
		2021 ----- (Rupees in '000) -----	2020 ----- (Rupees in '000) -----
Discount rate (1% variation)		<u>550,860</u>	<u>447,029</u>
Future salary growth (1% variation)		<u>686,605</u>	<u>562,491</u>
Future mortality (1 year variation)		<u>612,429</u>	<u>498,929</u>

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of sensitivity of the assumptions shown.

Handwritten signature

37.1.9 The expected gratuity expense for the year commencing January 01, 2022 works out to Rs.95.63 million (2021: Rs. 92.93 million).

37.1.10 Maturity analysis

The weighted average duration of the defined benefit obligation works out to be 10.83 years. Expected benefit payments for the next five years are:

	2022	2023	2024	2025	2026
	(Rupees in '000')				
Expected benefit payments	46,709	28,589	46,319	39,192	33,722

37.1.11 Risks Associated with Defined Benefit Plans

Investment Risks

The risk arises when the actual performance of the investment is lower than expectation. This is managed by formulating the investment plan in consultation with the trustee and the actuary.

Longevity Risks

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary Increase Risk

The risk that the final salary at the time of cessation of service is higher than what was assumed. Since the benefit is calculated on the final Salary, the benefit amount increases similarly. The risk is managed by actuarial valuations and accounting for benefits based on that.

Withdrawal Risk

The risk of actual withdrawals varying with the actuarial assumptions can pose a risk to the benefit obligation. The movement of the liability can go either way.

37.2 Defined contribution plan

The Bank operates a recognised provident fund plan for all its permanent employees. Equal monthly contributions are made, both by the Bank and its employees, to the fund at the rate of 10% of basic salary of the employees. The minimum qualifying period of service for the purpose of the Bank's contribution is one year. The contribution made by the Bank and its employees during the year amounted to Rs.198.65 (2020: Rs.173.61) million. The number of employees as at December 31, 2021 eligible under the plan were 1,829 (2020: 1,780).

38. COMPENSATED ABSENCES

The Bank grants compensated absences to all its regular employees as per service rules. Minimum qualifying period for encashment is three years of service. Regular employees are entitled to 30 days privilege leave for each completed year of service. Unutilized privilege leave is accumulated upto a maximum of 60 days which would be encashed at the time of retirement from the regular service of the Bank or severance of service except in case of dismissal. This is encashable on the basis of last drawn gross salary. The Bank recognises the liability for compensated absences in respect of employees in the period in which these are earned up to the balance sheet date. The provision of Rs.224.03 (2020: Rs.179.69) million has been made on the basis of actuarial recommendations.

38.1 Movement of compensated absences

	2021	2020
	(Rupees in '000')	
Opening balance	179,686	188,606
(Reversal) / Expense for the year	52,693	(5,210)
Benefit paid during the year	(8,347)	(3,710)
Closing balance	224,032	179,686

Handwritten signature

39 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

39.1 Total Compensation Expense

	2021						
	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Executives (other than CEO)	Non- Executives				
(Rupees in '000')							
Fees and Allowances	2,325	-	8,650	3,780	-	-	-
Managerial Remuneration							
- Fixed	-	-	-	-	14,545	104,855	67,475
- Variable Cash Bonus / Awards	-	-	-	-	-	1,330	1,083
Charge for defined benefit plan	-	-	-	-	1,403	12,027	5,795
Contribution to defined contribution plan	-	-	-	-	1,455	9,336	6,603
Rent & house maintenance	-	-	-	-	6,545	47,185	30,364
Utilities	-	-	-	-	1,455	10,485	6,747
Medical	-	-	-	-	1,455	10,485	6,747
Conveyance	-	-	-	574	1,005	19,269	22,469
Bonus	-	-	-	-	2,424	16,087	10,086
Others	1,322	-	-	-	1,518	10,526	8,213
Total	3,647	-	8,650	4,354	31,805	241,585	165,582
Number of Persons	1	-	4	3	1	27	37
	2020						
	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Executives (other than CEO)	Non- Executives				
	(Rupees in '000')						
Fees and Allowances	3,450	-	10,900	4,977	-	-	-
Managerial Remuneration							
- Fixed	-	-	-	-	13,159	94,949	60,503
- Variable Cash Bonus / Awards	-	-	-	-	-	-	-
Charge for defined benefit plan	-	-	-	-	1,264	6,912	5,494
Contribution to defined contribution plan	-	-	-	-	1,316	7,549	5,988
Rent & house maintenance	-	-	-	-	5,922	42,727	27,226
Utilities	-	-	-	-	1,316	9,495	6,050
Medical	-	-	-	-	1,316	9,495	6,050
Conveyance	-	-	-	484	813	16,140	16,074
Bonus	-	-	-	-	2,424	15,148	9,643
Others	621	-	-	-	1,233	8,374	6,861
Total	4,071	-	10,900	5,461	28,763	210,789	143,889
Number of Persons	1	-	4	3	1	25	36

39.1.1 The President and Chief Executive Officer and certain executives of the Bank are provided with free use of Bank maintained cars.

39.1.2 The term "Key Management Personnel" means the following functional responsibilities:

- (a) Any executive or key executive, acting as second to CEO, by whatever name called, and including the Chief Operating Officer (COO) and Deputy Managing Director.
- (b) Any executive or key executive reporting directly to the CEO / President or the person mentioned in (a) above.

The term 'Material Risk Taker' and 'Material Risk Controller' have the same meaning as defined in revised guidelines on remuneration practice issued by the State Bank of Pakistan vide BPRD circular No. 1 of 2017.

39.1.3 The terms Directors/ Executive Directors/ Non-Executive Directors, CEO and Key Executives have same meaning as defined in Prudential Regulations (PRs) for Corporate and Commercial Banking. For the purpose of these disclosures Key Executive will also include Executives who have direct reporting line to the President/CEO or BoD or its Committees.

39.2 Meeting Fees paid to Directors for participation in Board and Committee Meetings

		2021						
		For Board Committees						
Sr. No.	Name of Directors	For Board Meetings	Audit Committee	Risk Management Committee	Procurement, I.T. & Security Committee	Human Resource & Remuneration Committee	Nomination Committee	Total Amount Paid
		(Rupees in '000')						
1	Mr. Javaid Bashir Sheikh	1,550	950	575	-	-	-	3,075
2	Mr. Anis Ahmed Khan	1,550	-	-	200	575	-	2,325
3	Mr. Sami Ul Haq Khilji	500	-	-	200	400	-	1,100
4	Mr. Asif Jahangir	1,050	175	-	-	175	-	1,400
5	Mrs. Masooma Hussain	1,550	950	575	-	-	-	3,075
Total Amount Paid		6,200	2,075	1,150	400	1,150	-	10,975

		2020						
		For Board Committees						
Sr. No.	Name of Directors	For Board Meetings	Audit Committee	Risk Management Committee	Procurement, I.T. & Security Committee	Human Resource & Remuneration Committee	Nomination Committee	Total Amount Paid
		(Rupees in '000')						
1	Mr. Javaid Bashir Sheikh	2,250	1,000	600	-	-	-	3,850
2	Mr. Anis Ahmed Khan	2,250	-	-	400	800	-	3,450
3	Mr. Sami Ul Haq Khilji	2,000	-	-	400	800	-	3,200
4	Mrs. Masooma Hussain	2,250	1,000	600	-	-	-	3,850
Total Amount Paid		8,750	2,000	1,200	800	1,600	-	14,350

39.3 Remuneration paid to Shariah Board Members

Items	2021			2020		
	Chairman	Member	Resident Member	Chairman	Member	Resident Member
(Rupees in '000')						
Managerial Remuneration (Fixed)	1,836	1,291	653	2,400	1,271	1,306
Fuel Allowances	155	287	132	-	242	242
Total Amount	1,991	1,578	785	2,400	1,513	1,548
Total Number of Persons	1	1	1	1	1	1

40 FAIR VALUE MEASUREMENTS

IFRS 13 "Fair Value Measurement" defines 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.

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for 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 5.17 to these financial statements.

The repricing profile, effective rates and maturity profile are stated in note 44.2.6 to these financial statements.

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

40.1 Fair value of financial assets

IFRS 13 requires the Bank to make fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

17/3/20

SINDH BANK LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

40.2 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.

	2021			
	Fair Value			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000') -----			
On balance sheet financial instruments				
Financial assets measured at fair value				
Available-for-sale securities				
Pakistan Investment Bonds	-	109,367,793	-	109,367,793
Market Treasury Bills	-	42,816,839	-	42,816,839
Shares of listed companies	2,159,015	-	-	2,159,015
Term finance certificates - Listed	-	-	-	-
Units of mutual funds	99,996	109,440	-	209,436
Ijarah Sukuk - GoP	-	2,989,090	-	2,989,090
Sukuk bonds	-	-	-	-
	2,259,011	155,283,162	-	157,542,173
Off balance sheet financial instruments				
Foreign exchange contracts (purchase)	-	6,740,279	-	6,740,279
Foreign exchange contracts (sale)	-	6,200,850	-	6,200,850
2020				
	Fair Value			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000') -----			
On balance sheet financial instruments				
Financial assets measured at fair value				
Available-for-sale securities				
Pakistan Investment Bonds	-	97,261,439	-	97,261,439
Market Treasury Bills	-	51,354,254	-	51,354,254
Shares of listed companies	2,025,288	-	-	2,025,288
Term finance certificates - Listed	-	-	-	-
Units of mutual funds	123,254	84,422	-	207,676
Ijarah Sukuk - GoP	-	1,499,486	-	1,499,486
Sukuk bonds	-	96,112	-	96,112
	2,148,542	150,295,713	-	152,444,255
Off balance sheet financial instruments				
Foreign exchange contracts (purchase)	-	9,983,985	-	9,983,985
Foreign exchange contracts (sale)	-	14,373,430	-	14,373,430

The valuation techniques used for the above assets are disclosed below:

Item	Valuation techniques and input used
Fully paid-up ordinary shares /close end mutual funds	Fair value is determined on the basis of closing quoted market prices available at the Pakistan Stock Exchange.
Open ended mutual funds	Fair value is based on redemption prices as at the close of the business day.
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 (GoP) - Ijarah Sukuks	Fair values derived using the PKISRV rates announced by the Financial Market Association (FMA) through Reuters.
Term Finance, Bonds and Sukuk certificates	Investments in debt securities (comprising term finance certificates, bonds, sukuk certificates and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.

M. J. P. 20

41 SEGMENT INFORMATION

41.1 Segment Details with respect to Business Activities

	2021				Total
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	
(Rupees in '000')					
Statement of Profit or Loss Account					
Net mark-up/return/interest income	11,358,794	25,334	-	(6,479,758)	4,904,370
Inter segment revenue - net	(15,927,013)	-	-	15,927,013	-
Non mark-up / interest income	185,749	591	-	390,138	576,478
Total Income	(4,382,470)	25,925	-	9,837,393	5,480,848
Segment direct expenses	(97,564)	(5,318)	-	(4,477,571)	(4,580,453)
Inter segment expense allocation	(114,158)	(19,001)	-	(1,008,421)	(1,141,580)
Total expenses	(211,722)	(24,319)	-	(5,485,992)	(5,722,033)
Provisions	(87,343)	-	-	(5,735,573)	(5,822,916)
(Loss) / Profit before tax	(4,681,535)	1,606	-	(1,384,172)	(6,064,101)
Statement of Financial Position					
Cash & Bank balances	12,158,168	-	-	8,276,324	20,434,492
Investments	175,703,381	-	-	-	175,703,381
Net inter segment lending	-	-	-	172,676,536	172,676,536
Lendings to financial institutions	6,081,208	-	-	-	6,081,208
Advances - performing	48,256	194,447	-	35,374,143	35,616,846
- non-performing	-	4,978	-	12,162,338	12,167,316
Others	4,778,330	8,060	-	15,398,776	20,185,166
Total Assets	198,769,343	207,485	-	243,888,117	442,864,945
Borrowings	25,089,819	-	-	1,695,919	26,785,738
Subordinated debt	-	-	-	-	-
Deposits & other accounts	-	-	-	217,608,406	217,608,406
Net inter segment borrowing	172,476,511	200,025	-	-	172,676,536
Others	349,767	7,460	-	6,809,756	7,166,983
Total liabilities	197,916,097	207,485	-	226,114,081	424,237,663
Equity	853,246	-	-	17,774,036	18,627,282
Total Equity & liabilities	198,769,343	207,485	-	243,888,117	442,864,945
Contingencies & Commitments	43,427,871	-	-	13,807,888	57,235,759
2020					
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
(Rupees in '000')					
Statement of Profit or Loss Account					
Net mark-up/return/interest income	7,422,712	21,793	-	(4,570,404)	2,874,101
Inter segment revenue - net	(9,390,474)	-	-	9,390,474	-
Non mark-up / interest income	323,031	255	-	299,482	622,768
Total Income	(1,644,731)	22,048	-	5,119,552	3,496,869
Segment direct expenses	(73,935)	(3,361)	-	(3,478,358)	(3,555,654)
Inter segment expense allocation	(155,334)	(16,345)	-	(1,381,661)	(1,553,340)
Total expenses	(229,269)	(19,706)	-	(4,860,019)	(5,108,994)
Provisions	(306,734)	-	-	(3,416,208)	(3,722,942)
(Loss) / Profit before tax	(2,180,734)	2,342	-	(3,156,675)	(5,335,067)
Statement of Financial Position					
Cash & Bank balances	6,653,590	-	-	12,018,380	18,671,970
Investments	170,818,493	-	-	-	170,818,493
Net inter segment lending	-	-	-	128,207,417	128,207,417
Lendings to financial institutions	8,212,780	-	-	-	8,212,780
Advances - performing	40,376	245,343	-	40,734,063	41,019,782
Advances - non-performing	-	-	-	15,833,473	15,833,473
Others	5,007,313	2,713	-	14,146,856	19,156,882
Total Assets	190,732,552	248,056	-	210,940,189	401,920,797
Borrowings	60,625,508	-	-	1,752,140	62,377,648
Subordinated debt	-	-	-	-	-
Deposits & other accounts	-	-	-	185,570,689	185,570,689
Net inter segment borrowing	127,964,432	242,985	-	-	128,207,417
Others	607,750	5,071	-	6,075,101	6,687,922
Total liabilities	189,197,690	248,056	-	193,397,930	382,843,676
Equity	1,534,862	-	-	17,542,259	19,077,121
Total Equity & liabilities	190,732,552	248,056	-	210,940,189	401,920,797
Contingencies & Commitments	88,888,995	-	-	14,450,151	103,339,146

42 RELATED PARTY TRANSACTIONS

The related parties of the Bank comprise associated undertakings, directors, staff retirement funds and key management personnel (including their associates).

Transactions with related parties includes deposits, advances and other banking services which are carried out on an arm's length basis. Transaction with executives and key management persons are undertaken at terms in accordance with employment agreements and service rules. Contributions to and accruals in respect of staff retirement benefit plans are made in accordance with the terms of the benefit plan. Remuneration of the President & Chief Executive Officer and directors are determined in accordance with the terms of their appointment.

Government of Sindh (GoS) through its Finance Department holds 99.96% shareholding in the Bank and therefore entities which are owned and / or controlled by the GoS, or where the GoS may exercise significant influence, are related parties of the Bank. The Bank in the ordinary course of business enters into transactions with Government-related entities. Such transactions include lending to, deposits from and provision of other banking services to such entities. However, it is impracticable to disclose transactions with all other entities owned or controlled by GoS.

The details of balances and transactions with related parties, other than those disclosed under respective notes, during the year are as follows:

	2021				2020			
	Directors	Key management personnel	Subsidiaries	Other related parties	Directors	Key management personnel	Subsidiaries	Other related parties
----- (Rupees in '000') -----								
Investments								
Opening balance	-	-	750,000	-	-	-	750,000	-
Investment made during the year	-	-	-	-	-	-	-	-
Investment redeemed / disposed off during the year	-	-	-	-	-	-	-	-
Closing balance	-	-	750,000	-	-	-	750,000	-
Advances								
Opening balance	-	172,054	-	-	-	62,587	-	46,874
Addition during the year	-	20,834	-	-	-	130,665	-	-
Repaid during the year	-	29,496	-	-	-	18,430	-	46,874
Transfer in / (out) - net	-	20,904	-	-	-	(2,768)	-	-
Closing balance	-	184,296	-	-	-	172,054	-	-
Other Assets								
Interest / mark-up accrued	-	158	-	-	-	150	-	-
Other receivable	-	-	3	50	-	-	-	-
	-	158	3	50	-	150	-	-
Deposits and other accounts								
Opening balance	22,930	68,200	77,313	2,079,063	21,698	67,060	82,373	3,519,086
Received during the year	162,069	433,809	1,320,699	20,942,544	49,633	320,609	1,156,766	9,854,048
Withdrawn during the year	184,201	412,641	1,358,712	20,882,872	48,401	313,181	1,161,826	9,151,255
Transfer in / (out) - net	(31)	(48,778)	-	-	-	(6,288)	-	(2,142,816)
Closing balance	767	40,590	39,300	2,138,735	22,930	68,200	77,313	2,079,063
Other Liabilities								
Interest / mark-up payable	22	321	234	16,013	215	346	111	82,299

Handwritten signature

SINDH BANK LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021				2020			
	Directors	Key management personnel	Subsidiaries	Other related parties	Directors	Key management personnel	Subsidiaries	Other related parties
----- (Rupees in '000') -----								
Income								
Mark-up / return / interest earned	-	7,857	-	-	-	3,946	-	2,181
Fee and commission income	3	14	104	36	3	13	39	24
Net gain on sale of securities	-	-	6	251	-	-	-	372
Other income	-	-	-	1,140	-	-	(38)	3,573
Expense								
Mark-up / return / interest paid	272	2,951	1,534	145,250	496	3,753	2,369	400,604
Rent paid	-	-	-	-	-	-	-	-
Remuneration paid	-	214,470	-	-	-	184,183	-	-
Contribution to provident fund	-	10,280	-	-	-	7,837	-	-
Provision for gratuity	-	12,729	-	-	-	7,313	-	-
Other staff benefits	-	23,617	-	-	-	19,729	-	-
Directors' meeting fee	10,975	-	-	-	14,350	-	-	-
Other expenses	1,322	-	-	-	621	-	-	-
Insurance premium paid	-	-	-	123,999	-	-	-	114,131
Others								
Sale of Government Securities	-	-	27,000	3,755,500	-	-	13,000	1,341,825
Purchase of Government	-	-	-	1,575,000	-	-	-	-
Gratuity paid	-	4,647	-	-	-	-	-	-
Leave encashment paid	-	2,126	-	-	-	-	-	-
Insurance claims settled	-	-	-	3,259	-	-	-	675
Expenses recovered under agency arrangement	-	-	-	128	-	-	-	172

As at the date of unconsolidated statement of financial position, loans/advances and deposits related to government related entities and its related entities amounted to Rs.15,155.29 million (note 10.2) and Rs.109,010.91 million (note 17). The above includes deposits amounting to Rs.30,744.37 (2020: Rs.22,625.33) million received through the Finance Department, Government of Sindh.

Handwritten signature

SINDH BANK LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021	2020
		----- (Rupees in '000') -----	----- (Rupees in '000') -----
43 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS			
Minimum Capital Requirement (MCR):			
Paid-up capital (net of losses)		14,287,517	12,199,906
Capital Adequacy Ratio (CAR):			
Eligible Common Equity Tier 1 (CET 1) Capital		5,689,232	9,923,597
Eligible Additional Tier 1 (ADT 1) Capital		-	-
Total Eligible Tier 1 Capital		5,689,232	9,923,597
Eligible Tier 2 Capital		-	2,208
Total Eligible Capital (Tier 1 + Tier 2)		5,689,232	9,925,805
Risk Weighted Assets (RWAs):			
Credit Risk		29,004,835	40,317,959
Market Risk		11,647,751	17,878,718
Operational Risk		7,165,969	7,107,436
Total		47,818,555	65,304,113
Common Equity Tier 1 Capital Adequacy ratio		11.90%	15.20%
Tier 1 Capital Adequacy Ratio		11.90%	15.20%
Total Capital Adequacy Ratio		11.90%	15.20%
National minimum capital requirements prescribed by SBP			
CET1 minimum ratio		6.00%	6.00%
Tier 1 minimum ratio		7.50%	7.50%
Total capital minimum ratio		10.00%	10.00%
Total capital minimum ratio plus CCB		11.50%	11.50%
Approach followed for determining Risk Weighted Assets			
Credit Risk		Comprehensive	Comprehensive
Market Risk		Maturity	Maturity
Operational Risk		Basic Indicator	Basic Indicator
		2021	2020
		----- (Rupees in '000') -----	----- (Rupees in '000') -----
Leverage Ratio (LR):			
Eligible Tier-1 Capital		5,689,232	9,923,597
Total Exposures		267,438,712	269,894,296
Leverage Ratio (%)		2.13%	3.68%
Liquidity Coverage Ratio (LCR):			
Total High Quality Liquid Assets		126,415,608	74,110,684
Total Net Cash Outflow		28,640,693	20,177,398
Liquidity Coverage Ratio (%)		441%	367%
Net Stable Funding Ratio (NSFR):			
Total Available Stable Funding		167,053,194	128,910,815
Total Required Stable Funding		65,172,730	49,505,620
Net Stable Funding Ratio		256%	260%

43.1 The full disclosures on the Capital Adequacy, Leverage Ratio & Liquidity requirements as per SBP instructions issued from time to time are placed on the Bank's website. The link to the full disclosure is available at <http://www.sindhbankltd.com/financials/basel-statements>.

Handwritten signature

44. RISK MANAGEMENT

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. BRMC is responsible for reviewing the extent of design and adequacy of risk management framework. BRMC oversight ensures that risks are managed within the level of tolerance and risk appetite of the Bank.

44.1 Credit risk

Credit risk arises from the potential that an obligor is either unwilling to perform on an obligation or its ability is impaired resulting in economic loss to the Bank. The objective of credit risk management is to keep credit risk exposure within permissible level, relevant to the Bank's risk appetite and capital, to maintain the soundness of assets and to ensure returns commensurate with risk. The Bank takes necessary measures to control such risk by evaluating, measuring and monitoring credit exposures.

The Bank has a comprehensive pre-approval evaluation process of credit risk embedded within Risk Management Division. The risk evaluation function is an integral part of Credit Risk Management Framework and is independent from the risk taking function. The credit evaluation department will independently identify actual and potential risks both on individual and on portfolio basis including adherence to relevant internal policies, procedures and related regulatory guidelines.

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 BOD and senior management. Credit Limits along with credit concentration is monitored on a regular basis and any exceptions are reported to the relevant authorities for their timely action where necessary.

The Bank uses comprehensive Approach for assessing the capital charge for Credit risk.

44.1.1 Lendings to financial institutions

Details of Lending to financial institutions and provision held by various sectors are as follows:

	Gross Lendings		Non Performing Lendings		Provision Held	
	2021	2020	2021	2020	2021	2020
	(Rupees in '000')					
Public/ Government	-	-	-	-	-	-
Private	6,081,208	8,212,780	-	-	-	-
Total	6,081,208	8,212,780	-	-	-	-

44.1.2 Investments

Segmental information by the class / nature of business, distribution and provision held is given below:

	Gross Investments		Non Performing Investments		Provision held	
	2021	2020	2021	2020	2021	2020
	(Rupees in '000')					
Govt. of Pakistan	173,692,868	167,539,650	-	-	-	-
Banks	2,447,510	2,185,953	279,945	305,797	279,944	305,797
Cement	63,745	63,745	34,923	34,923	34,923	34,923
Fertilizer	628,710	628,710	22,684	22,684	22,684	22,684
Financial	215,049	315,050	35,063	32,991	35,063	32,991
Petroleum	141,141	128,390	6,449	6,449	6,449	6,449
Power (electricity), Gas & Water	634,286	846,349	-	-	-	-
Sugar	592,051	592,052	592,051	592,051	494,153	408,883
Total	178,415,360	172,299,899	971,115	994,895	873,216	811,727

Handwritten signature

44.1.2.1 Credit risk by public / private sector

	Gross Investments		Non Performing Investments		Provision Held	
	2021	2020	2021	2020	2021	2020
	----- (Rupees in '000') -----					
Public/ Government	174,540,528	168,283,705	6,449	6,449	6,449	6,449
Private	3,874,832	4,016,194	964,666	988,446	866,767	805,278
Total	178,415,360	172,299,899	971,115	994,895	873,216	811,727

44.1.3 Advances

Segmental information by the class / nature of business and by distribution of advances, Non performing advances & provision held is given below:

	Advances (Gross)		Non Performing Advances		Provision Held	
	2021	2020	2021	2020	2021	2020
	----- (Rupees in '000') -----					
Pharmaceuticals	69,822	21,219	-	-	-	-
Agriculture business	1,561,830	1,833,627	1,321,325	1,441,481	1,055,014	1,048,511
Manufacturing of textile	814,823	965,376	33,186	33,186	33,186	33,186
Cement	64,377	64,382	-	-	-	-
Transport, storage and communication	343,550	643,101	-	-	-	-
Wholesale and retail trade	1,558,247	1,499,646	463,950	462,048	277,924	226,005
Mining and quarrying	5,075,453	4,667,681	-	-	-	-
Hotel and restaurants	981,130	1,160,948	-	-	-	-
Petroleum	3,213,557	1,792,576	2,022,460	391,286	2,022,460	214,942
Media channels	1,576,852	2,253,297	1,475,685	1,499,380	392,830	392,830
Manufacture of basic iron and steel	2,187,544	1,926,079	1,756,740	1,756,740	1,532,889	1,423,134
Sugar	20,424,172	19,909,226	17,623,859	17,549,268	12,024,843	10,672,493
Automobile and transportation equipment	2,469,659	2,483,180	2,434,209	2,434,209	1,940,286	1,800,790
Chemicals and chemical products	1,194,117	1,506,508	1,103,884	1,098,591	1,062,925	981,382
Financial	1,939,927	2,565,902	1,177,884	1,183,766	447,069	406,389
Rice & Wheat	695,151	628,999	-	23,971	-	8,722
Construction, real estate and societies	4,024,784	4,715,025	2,901,023	2,901,365	1,559,387	745,977
Food	8,348,167	10,797,032	152,806	152,806	147,536	142,754
Insurance	3,254	7,652	-	-	-	-
Power, electricity and gas	9,462,932	9,997,791	3,030,104	2,234,166	2,026,974	997,987
Domestic Appliances	1,557,208	1,707,599	-	-	-	-
Education	18,663	20,357	15,732	14,881	14,419	7,185
Individuals	1,409,410	961,787	6,921	6,755	1,943	697
Others	4,028,822	4,226,883	1,883,934	2,149,984	696,701	397,426
Total	73,023,451	76,355,873	37,403,702	35,333,883	25,236,386	19,500,410

44.1.3.1 Credit risk by public / private sector

	Advances (Gross)		Non Performing Advances		Provision Held	
	2021	2020	2021	2020	2021	2020
	----- (Rupees in '000') -----					
Public/ Government	8,195,361	10,644,226	-	-	-	-
Private	64,828,090	65,711,647	37,403,702	35,333,883	25,236,386	19,500,410
Total	73,023,451	76,355,873	37,403,702	35,333,883	25,236,386	19,500,410

44.1.4 Contingencies and Commitments

Segmental information by the class / nature of business and by distribution of Contingencies and Commitments is given below:

	2021	2020
	----- (Rupees in '000') -----	
Chemical and pharmaceuticals	20,000	24,013
Manufacturing of textile	74,805	109,079
Transport, storage and communication	128,500	128,500
Wholesale and retail trade	909,285	653,691
Petroleum	116,991	1,971,167
Manufacture of basic iron and steel	108,031	19,607
Sugar	33,590	21,223
Automobile and transportation equipment	44,666	42,818
Financial	44,274,652	89,720,735
Construction, real estate and societies	633,753	519,715
Domestic Appliances	366,444	187,407
Power, electricity and gas	1,527,171	977,783
Education	3,830	2,270
Others	358,520	199,823
Total	48,600,238	94,577,831

Handwritten signature

SINDH BANK LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
	----- (Rupees in '000') -----	
44.1.4.1 Credit risk by public / private sector		
Public/ Government	41,161	57,928,791
Private	<u>48,559,077</u>	<u>36,649,040</u>
Total	<u><u>48,600,238</u></u>	<u><u>94,577,831</u></u>

44.1.5 Concentration of Advances

The bank's is top 10 exposures (funded and non-funded) aggregated Rs. 30,297.41 million (2020: Rs. 32,476.20 million) as follows:

	2021	2020
	----- (Rupees in '000') -----	
Funded	<u>29,800,814</u>	<u>30,318,679</u>
Non Funded	<u>496,595</u>	<u>2,157,520</u>
Total Exposure	<u><u>30,297,409</u></u>	<u><u>32,476,199</u></u>

44.1.5.1 The sanctioned limits against these top 10 exposures aggregated Rs. 36,612.81 million (2020: Rs. 34,879.07 million).

44.1.5.2 Total Funded Facilities Classified

Classified funded facilities of the bank's top 10 exposures are as follows:

	2021		2020	
	Classified	Provision held	Classified	Provision held
	----- (Rupees in '000') -----			
OAEM	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	3,674	1,097
Loss	<u>10,345,023</u>	<u>7,113,124</u>	<u>8,323,958</u>	<u>4,644,760</u>
Total	<u><u>10,345,023</u></u>	<u><u>7,113,124</u></u>	<u><u>8,327,632</u></u>	<u><u>4,645,857</u></u>

44.1.6 Advances - Province/Region-wise Disbursement & Utilization

		2021					
		UTILIZATION					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	
Name of Province / Region	Disbursements	----- (Rupees in '000') -----					
Punjab	20,612,020	20,578,071	32,336	-	1,613	-	-
Sindh	31,655,002	23,097	31,629,596	-	2,309	-	-
KPK including FATA	11,764	-	-	11,764	-	-	-
Balochistan	642,881	-	-	-	642,881	-	-
Islamabad	873,522	1,881	-	-	-	871,641	-
AJK including Gilgit-Baltistan	83,790	-	-	-	-	-	83,790
Total	<u>53,878,979</u>	<u>20,603,049</u>	<u>31,661,932</u>	<u>11,764</u>	<u>646,803</u>	<u>871,641</u>	<u>83,790</u>

		2020					
		UTILIZATION					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	
Name of Province / Region	Disbursements	----- (Rupees in '000') -----					
Punjab	9,920,434	9,919,697	737	-	-	-	-
Sindh	10,649,327	-	10,649,327	-	-	-	-
KPK including FATA	1,302	-	-	1,302	-	-	-
Balochistan	212,256	-	-	-	212,256	-	-
Islamabad	271,814	-	-	-	-	271,814	-
AJK including Gilgit-Baltistan	2,978	-	-	-	-	-	2,978
Total	<u>21,058,111</u>	<u>9,919,697</u>	<u>10,650,064</u>	<u>1,302</u>	<u>212,256</u>	<u>271,814</u>	<u>2,978</u>

Handwritten signature

44.2 Market risk

Market Risk is the risk of loss in earnings and capital due to adverse changes in interest rates, foreign exchange rates, equity prices and market conditions. Market Risk management aims to provide risk management practices that are integrated in key strategic, capital and financial planning process and day-to-day business processes across the Bank. The Bank's market risk management policies set out risk management parameters, governance and control framework as well as reporting arrangements.

The Bank has developed a market risk management framework to efficiently and effectively monitor and manage market risk in every transaction of Banking and Trading Book.

44.2.1 Statement of financial position split by trading and banking books

	2021			2020		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	(Rupees in '000')					
Cash and balances with treasury banks	19,341,933	-	19,341,933	14,486,693	-	14,486,693
Balances with other banks	1,092,559	-	1,092,559	4,185,277	-	4,185,277
Lendings to financial institutions	6,081,208	-	6,081,208	8,212,780	-	8,212,780
Investments	175,703,381	-	175,703,381	170,818,493	-	170,818,493
Advances	47,784,162	-	47,784,162	56,853,255	-	56,853,255
Fixed assets	3,147,597	-	3,147,597	3,265,367	-	3,265,367
Intangible assets	114,274	-	114,274	68,385	-	68,385
Deferred tax assets	13,252,533	-	13,252,533	10,182,327	-	10,182,327
Other assets	3,670,762	-	3,670,762	5,640,803	-	5,640,803
	270,188,409	-	270,188,409	273,713,380	-	273,713,380

44.2.2 Foreign exchange risk

The foreign exchange risk is defined as the current or prospective risk to earnings and capital arising from adverse movements in currency exchange rates. It refers to the impact of adverse movement in currency exchange rates on the value of open foreign currency positions. The objective of the foreign exchange risk management is to minimize the adverse impact of foreign exchange rate movements on the assets and liabilities mismatch (tenor and position) and maximize earnings. The Bank limits its currency exposure to the extent of statutory net open position prescribed by the SBP except in the cases where exemption is provided by SBP. Foreign exchange open and mismatch positions are controlled through close monitoring and are marked to market on a daily basis.

	2021			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	(Rupees in '000')			
Pakistan Rupee	268,514,921	249,806,814	(539,429)	18,168,678
United States Dollar	1,150,568	1,418,470	539,429	271,527
Great Britain Pound	310,086	235,336	-	74,750
Euro	164,518	100,507	-	64,011
Japanese Yen	1,259	-	-	1,259
Saudi Riyal	9,533	-	-	9,533
UAE Dirham	37,390	-	-	37,390
Chines Yen	134	-	-	134
	270,188,409	251,561,127	-	18,627,282

(Signature)

SINDH BANK LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2020			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	(Rupees in '000')			
Pakistan Rupee	268,923,249	253,248,850	4,389,445	20,063,844
United States Dollar	4,683,940	1,080,311	(4,292,746)	(689,117)
Great Britain Pound	44,901	213,268	-	(168,367)
Euro	41,632	93,830	(96,699)	(148,897)
Japanese Yen	3,949	-	-	3,949
Saudi Riyal	8,637	-	-	8,637
UAE Dirham	7,072	-	-	7,072
	273,713,380	254,636,259	-	19,077,121

44.2.3 Foreign exchange risk

	2021		2020	
Impact of 1% change in foreign exchange rates on:	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000')			
- Statement of profit or loss account	679	(5,394)	(34,027)	43,894
- Other comprehensive income	-	-	-	-

44.2.4 Equity position risk

The Bank's equity exposure is managed within the SBP limits for overall investment and per scrip exposure. In addition, there are also internal limits for each scrip.

	2021		2020	
Impact of 5% change in equity prices on:	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000')			
- Statement of profit or loss account	-	-	-	-
- Other comprehensive income	(122,308)	-	(120,534)	-

44.2.5 Yield / interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in interest rates, including changes in the shape of the yield curve. Interest rate risk is inherent in the Bank's business and arises due to the mismatches in the contractual maturities or repricing of on- and off-balance sheet assets and liabilities. The Bank uses maturity Gap limits to monitor asset and liability gaps. Any breach are report to ALCO where it is discussed and appropriate action will be taken.

	2021		2020	
Impact of 1% change in interest rates on:	Banking book	Trading book	Banking book	Trading book
	(Rupees in '000')			
- Statement of profit or loss account	-	-	-	-
- Other comprehensive income	(1,551,744)	-	(1,502,114)	-

Handwritten signature

44.2.6 Mismatch of interest rate sensitive assets and liabilities

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. The Bank is exposed to interest / mark-up rate risk as a result of mismatches or gaps in the amount of interest / mark-up based assets and liabilities that mature or reprice in a given period. The Bank manages this risk by matching / re-pricing the assets and liabilities. The Assets and Liabilities Committee (ALCO) of the Bank monitors and manages the interest rate risk with the objective of limiting the potential adverse effects on the profitability of the Bank.

Effective yield / Interest rate	2021											
	Total	Exposed to yield / Interest risk									Non-interest bearing financial instruments	
		Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years		
----- (Rupees in '000') -----												
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	19,341,933	194,276	-	-	-	-	-	-	-	-	-	19,147,657
Balances with other banks	7.75% 1,092,559	1,288	-	-	-	-	-	-	-	-	-	1,091,271
Lendings to financial institutions	7.67% 6,081,208	6,081,208	-	-	-	-	-	-	-	-	-	-
Investments	7.83% 175,703,381	62,343,412	30,605,089	46,249,402	5,648,600	-	3,946,113	17,480,817	6,311,498	-	-	3,118,450
Advances	5.44% 47,784,162	35,514,022	1,894,087	347,243	1,746,110	1,294,297	384,155	196,884	6,031,922	296,606	-	78,836
Other assets	3,670,762	-	-	-	-	-	-	-	-	-	-	3,670,762
	253,674,005	104,134,206	32,499,176	46,596,645	7,394,710	1,294,297	4,330,268	17,677,701	12,343,420	296,606	-	27,106,976
Liabilities												
Bills payable	624,726	-	-	-	-	-	-	-	-	-	-	624,726
Borrowings from financial institutions	7.15% 26,785,738	25,000,000	1,695,919	-	-	89,819	-	-	-	-	-	-
Deposits and other accounts	5.11% 217,608,406	92,894,998	27,395,528	21,005,052	12,873,131	645,655	59,414	94,830	415,000	-	-	62,224,798
Other liabilities	6,542,257	-	-	-	-	-	-	-	-	-	-	6,542,257
	251,561,127	117,894,998	29,091,447	21,005,052	12,873,131	735,474	59,414	94,830	415,000	-	-	69,391,781
On-balance sheet gap	2,112,878	(13,760,792)	3,407,729	25,591,593	(5,478,421)	558,823	4,270,854	17,582,871	11,928,420	296,606	-	(42,284,805)
Off-balance sheet financial instruments												
Documentary credits and short-term trade related transactions	5,172,367	63,658	873,462	365,786	2,349,252	523,442	326,883	400	669,484	-	-	-
Commitments in respect of:												
Forward foreign exchange contracts - purchase	6,740,279	259,914	6,476,960	-	3,405	-	-	-	-	-	-	-
Forward foreign exchange contracts - sale	(6,200,850)	(6,200,850)	-	-	-	-	-	-	-	-	-	-
Purchase and resale agreements - lending	5,382,772	5,382,772	-	-	-	-	-	-	-	-	-	-
Sale and repurchase agreements - borrowing	(25,103,970)	(25,103,970)	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap	(14,009,402)	(25,598,476)	7,350,422	365,786	2,352,657	523,442	326,883	400	669,484	-	-	-
Total yield / Interest Risk Sensitivity Gap		(39,359,268)	10,758,151	25,957,379	(3,125,764)	1,082,265	4,597,737	17,583,271	12,597,904	296,606	-	(42,284,805)
Cumulative yield / Interest Risk Sensitivity Gap		(39,359,268)	10,758,151	25,957,379	(3,125,764)	1,082,265	4,597,737	17,583,271	12,597,904	296,606	-	(42,284,805)
Reconciliation with total assets:												
Assets as per above	253,674,005											
Fixed assets	3,147,597											
Intangible assets	114,274											
Deferred tax asset	13,252,533											
Assets as per unconsolidated statement of financial position	270,188,409											
Reconciliation with total liabilities:												
Liabilities as per above	251,561,127											
Deferred tax liability	-											
Liabilities as per unconsolidated statement of financial position	251,561,127											

SINDH BANK LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

		2020										
Effective yield / Interest rate	Total	Exposed to yield / interest risk									Non-interest bearing financial instruments	
		Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years		
(Rupees in '000')												
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	0.90%	14,486,693	152,362	-	-	-	-	-	-	-	-	14,334,331
Balances with other banks	5.50%	4,185,277	15,962	-	-	-	-	-	-	-	-	4,169,315
Lendings to financial institutions	10.17%	8,212,780	8,212,780	-	-	-	-	-	-	-	-	-
Investments	8.67%	170,818,493	27,373,747	7,843,733	80,248,099	16,513,989	5,287,150	-	15,467,758	8,642,540	6,358,513	3,082,964
Advances	6.86%	56,853,255	49,892,846	354,349	643,756	402,280	1,095,216	2,539,884	451,956	1,263,094	133,977	75,897
Other assets		5,640,803	-	-	-	-	-	-	-	-	-	5,640,803
		260,197,301	85,647,697	8,198,082	80,891,855	16,916,269	6,382,366	2,539,884	15,919,714	9,905,634	6,492,490	27,303,310
Liabilities												
Bills payable		592,334	-	-	-	-	-	-	-	-	-	592,334
Borrowings from financial institutions	7.35%	62,377,648	60,505,748	1,752,141	-	-	119,759	-	-	-	-	-
Deposits and other accounts	6.38%	185,570,689	84,239,138	16,093,421	17,712,732	18,079,408	165,825	557,321	116,851	-	-	48,605,993
Other liabilities		6,095,588	-	-	-	-	-	-	-	-	-	6,095,588
		254,636,259	144,744,886	17,845,562	17,712,732	18,079,408	285,584	557,321	116,851	-	-	55,293,915
On-balance sheet gap		5,561,042	(59,097,189)	(9,647,480)	63,179,123	(1,163,139)	6,096,782	1,982,563	15,802,863	9,905,634	6,492,490	(27,990,605)
Off-balance sheet financial instruments												
Documentary credits and short-term trade related transactions		8,761,315	1,914,720	2,671,124	933,339	784,606	911,274	213,051	164,141	1,169,060	-	-
Commitments in respect of :												
Forward foreign exchange contracts - purchase		9,983,985	102,965	8,590	9,872,430	-	-	-	-	-	-	-
Forward foreign exchange contracts - sale		(14,373,430)	(8,142,560)	(5,393,120)	(837,750)	-	-	-	-	-	-	-
Purchase and resale agreements - lending		3,980,497	-	3,980,497	-	-	-	-	-	-	-	-
Sale and repurchase agreements - borrowing		(60,551,083)	(60,551,083)	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		(52,198,716)	(66,675,958)	1,267,091	9,968,019	784,606	911,274	213,051	164,141	1,169,060	-	-
Total yield / Interest Risk Sensitivity Gap			(125,773,147)	(8,380,389)	73,147,142	(378,533)	7,008,056	2,195,614	15,967,004	11,074,694	6,492,490	(27,990,605)
Cumulative yield / Interest Risk Sensitivity Gap			(125,773,147)	(134,153,536)	(61,006,394)	(61,384,927)	(54,376,871)	(52,181,257)	(36,214,253)	(25,139,559)	(18,647,069)	(46,637,674)
Reconciliation with total assets:												
Assets as per above		260,197,301										
Fixed assets		3,265,367										
Intangible assets		68,385										
Deferred tax asset		10,182,327										
Assets as per unconsolidated statement of financial position		<u>273,713,380</u>										
Reconciliation with total liabilities:												
Liabilities as per above		254,636,259										
Deferred tax liability		-										
Liabilities as per unconsolidated statement of financial position		<u>254,636,259</u>										

Handwritten signature

44.3 Liquidity risk

The Bank monitors its liquidity risk through various liquidity ratios and liquidity risk indicators. 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. 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 in place. The ALCO reviews the current economic situation, projected cash flows and asset / liability mix and approves strategy for managing liquidity. 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.

44.3.1 Maturity of assets and liabilities (based on contractual maturities)

	2021													
	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
(Rupees in '000')														
Assets														
Cash and balances with treasury banks	19,341,933	19,341,933	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	1,092,559	1,092,559	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	6,081,208	6,081,208	-	-	-	-	-	-	-	-	-	-	-	-
Investments	175,703,381	-	-	18,239,683	20,621,287	3,955,868	1,129,505	845,374	5,326,466	25,555,258	68,109,873	3,946,113	20,792,625	7,181,329
Advances	47,784,162	4,482,308	13,526	259,094	938,173	2,328,061	11,171,423	1,975,778	1,343,362	1,548,203	4,840,744	3,109,040	4,577,354	11,197,096
Fixed assets	3,147,597	-	-	-	112,990	39,824	39,824	120,801	122,128	122,128	484,530	484,533	947,956	672,883
Intangible assets	114,274	-	-	-	3,130	3,130	3,130	9,496	9,600	9,600	38,087	38,101	-	-
Deferred tax assets	13,252,533	-	-	662,627	662,627	1,325,253	1,325,253	1,325,253	1,325,253	1,987,880	1,987,880	2,650,507	-	-
Other assets	3,670,762	991,825	3,357	-	1,133,085	523,046	461,133	436,223	-	101,606	-	-	-	20,487
	270,188,409	31,989,833	16,883	19,161,404	23,471,292	8,175,182	14,130,268	4,712,925	8,126,809	29,324,675	75,461,114	10,228,294	26,317,935	19,071,795
Liabilities														
Bills payable	624,726	624,726	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings from financial institutions	26,785,738	-	25,000,000	-	-	-	1,695,919	-	-	-	89,819	-	-	-
Deposits and other accounts	217,608,406	154,963,658	1,083,185	580,262	5,257,109	5,632,384	14,300,912	21,016,482	6,639,254	6,900,826	648,175	60,877	110,282	415,000
Deferred tax liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	6,542,257	1,815,989	24,958	20,647	276,037	312,383	693,597	902,611	236,132	142,710	750,550	370,886	993,446	2,311
	251,561,127	157,404,373	26,108,143	600,909	5,533,146	5,944,767	16,690,428	21,919,093	6,875,386	7,043,536	1,488,544	431,763	1,103,728	417,311
Gap	18,627,282	(125,414,540)	(26,091,260)	18,560,495	17,938,146	2,230,415	(2,560,160)	(17,206,168)	1,251,423	22,281,139	73,972,570	9,796,531	25,214,207	18,654,484
Share capital - net	25,524,428													
Reserves	1,461,412													
Share deposit money	4,000,000													
Deficit on revaluation of assets	(1,121,647)													
Accumulated Loss	(11,236,911)													
Net assets	18,627,282													

Handwritten signature

SINDH BANK LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

2020

Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
(Rupees in '000')													
Assets													
Cash and balances with treasury banks	14,486,693	14,486,693	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	4,185,277	4,185,277	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	8,212,780	8,212,780	-	-	-	-	-	-	-	-	-	-	-
Investments	170,818,493	-	-	-	5,241,419	2,374,673	6,327,274	35,928,052	16,265,426	534,091	6,387,350	67,416,858	14,064,383
Advances	56,853,255	6,973,718	458,481	19,967	2,588,163	1,403,366	12,323,378	2,935,278	2,084,378	2,005,837	2,824,804	6,524,564	4,462,094
Fixed assets	3,265,367	-	-	-	70,920	41,629	41,629	126,274	127,662	127,662	506,484	506,489	981,719
Intangible assets	68,385	-	-	-	1,873	1,873	1,873	5,683	5,745	5,745	22,793	22,800	-
Deferred tax assets	10,182,327	-	-	509,116	509,116	1,018,233	2,036,465	2,036,465	2,036,465	-	-	-	-
Other assets	5,640,803	2,704,256	13,654	246,739	1,346,905	403,398	302,433	603,303	-	-	-	-	20,115
	273,713,380	36,562,724	472,135	775,822	9,758,396	5,243,172	21,033,052	41,635,055	20,519,676	4,709,802	9,741,431	74,470,711	19,508,196
													29,283,208
Liabilities													
Bills payable	592,334	592,334	-	-	-	-	-	-	-	-	-	-	-
Borrowings from financial institutions	62,377,648	-	60,505,748	-	-	-	1,752,141	-	-	-	119,759	-	-
Deposits and other accounts	185,570,689	123,798,920	989,702	1,278,644	5,103,764	5,432,214	10,661,207	17,712,732	3,818,575	14,973,977	166,553	559,829	1,052,301
Deferred tax liability	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	6,095,588	4,146,737	115,671	82,979	71,563	170,838	846,408	454,348	88,910	86,230	3,434	18,839	9,631
	254,636,259	128,537,991	61,611,121	1,361,623	5,175,327	5,603,052	13,259,756	18,167,080	3,907,485	15,060,207	289,746	578,668	1,061,932
													22,271
Gap	19,077,121	(91,975,267)	(61,138,986)	(585,801)	4,583,069	(359,880)	7,773,296	23,467,975	16,612,191	(10,350,405)	9,451,685	73,892,043	18,446,264
													29,260,937

Share capital - net	19,710,130
Reserves	1,471,422
Shares deposit money	2,000,000
Proposed shares to be issued and reserves on amalgamation	3,814,298
Deficit on revaluation of investments	(408,505)
Accumulated loss	(7,510,224)
Net assets	<u>19,077,121</u>

Handwritten signature/initials

44.3.2 Maturity of assets and liabilities (based on SBP BSD Circular No. 03 date February 22, 2011)

	2021									
	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
----- (Rupees in '000') -----										
Assets										
Cash and balances with treasury banks	19,341,933	6,156,198	4,733,243	2,078,543	4,336,814	2,037,135	-	-	-	-
Balances with other banks	1,092,559	1,092,559	-	-	-	-	-	-	-	-
Lendings to financial institutions	6,081,208	6,081,208	-	-	-	-	-	-	-	-
Investments	175,703,381	38,860,969	5,085,373	845,374	30,881,724	68,109,873	3,946,112	20,694,727	6,529,229	750,000
Advances	47,784,162	5,693,100	13,499,484	1,975,778	2,930,117	4,802,192	3,109,040	4,577,354	10,308,316	888,781
Operating fixed assets	3,147,597	112,990	79,649	120,801	244,256	484,530	484,533	947,956	672,882	-
Intangible assets	114,274	3,130	6,261	9,496	19,200	38,087	38,100	-	-	-
Deferred tax asset	13,252,533	1,325,254	2,650,506	1,325,253	3,313,133	1,987,880	2,650,507	-	-	-
Other assets	3,670,762	2,128,267	984,179	436,223	101,606	-	-	-	-	20,487
	270,188,409	61,453,675	27,038,695	6,791,468	41,826,850	77,459,697	10,228,292	26,220,037	17,510,427	1,659,268
Liabilities										
Bills payable	624,726	624,726	-	-	-	-	-	-	-	-
Borrowings from financial institutions	26,785,738	25,000,000	1,695,919	-	-	89,819	-	-	-	-
Deposits and other accounts	217,608,406	34,495,506	53,884,811	37,838,926	90,154,829	648,175	60,877	110,282	415,000	-
Deferred tax liability	-	-	-	-	-	-	-	-	-	-
Other liabilities	6,542,257	2,137,630	1,005,980	902,611	378,842	750,550	370,886	993,446	2,312	-
	251,561,127	62,257,862	56,586,710	38,741,537	90,533,671	1,488,544	431,763	1,103,728	417,312	-
Gap	18,627,282	(804,187)	(29,548,015)	(31,950,069)	(48,706,821)	75,971,153	9,796,529	25,116,309	17,093,115	1,659,268
Share capital - net	25,524,428									
Reserves	1,461,412									
Share Deposit Money	4,000,000									
Deficit on revaluation of assets	(1,121,647)									
Accumulated Loss	(11,236,911)									
Net assets	18,627,282									

Where an asset or a liability does not have a contractual maturity date, the period in which these are assumed to mature have been taken as expected date of maturity, based on the criteria determined by ALCO of the Bank.

11/28/20

SINDH BANK LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

2020

	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
----- (Rupees in '000) -----										
Assets										
Cash and balances with treasury banks	14,486,693	5,207,089	3,869,433	2,338,026	3,072,145	-	-	-	-	-
Balances with other banks	4,185,277	4,185,277	-	-	-	-	-	-	-	-
Lendings to financial institutions	8,212,780	8,212,780	-	-	-	-	-	-	-	-
Investments	170,818,493	5,241,419	8,701,946	35,862,658	16,810,266	5,287,150	67,168,328	15,692,623	8,945,588	7,108,515
Advances	56,853,255	10,040,328	13,726,745	2,935,278	4,090,215	2,824,804	6,524,564	4,462,094	10,693,226	1,556,001
Operating fixed assets	3,265,367	70,920	83,258	126,274	255,324	506,484	506,489	981,719	278,363	456,536
Intangible assets	68,385	1,873	3,746	5,683	11,490	22,793	22,800	-	-	-
Deferred tax asset	10,182,327	1,018,232	3,054,698	2,036,465	4,072,932	-	-	-	-	-
Other assets	5,640,803	4,297,519	719,865	603,304	-	-	-	-	-	20,115
	273,713,380	38,275,437	30,159,691	43,907,688	28,312,372	8,641,231	74,222,181	21,136,436	19,917,177	9,141,167
Liabilities										
Bills payable	592,334	592,334	-	-	-	-	-	-	-	-
Borrowings from financial institutions	62,377,648	60,505,748	1,752,141	-	-	119,759	-	-	-	-
Deposits and other accounts	185,570,689	29,602,662	44,336,731	30,075,748	79,754,593	166,553	559,829	1,052,301	22,272	-
Deferred tax liability	-	-	-	-	-	-	-	-	-	-
Other liabilities	6,095,588	4,416,951	1,017,245	454,348	175,140	3,434	18,839	9,631	-	-
	254,636,259	95,117,695	47,106,117	30,530,096	79,929,733	289,746	578,668	1,061,932	22,272	-
Gap	19,077,121	(56,842,258)	(16,946,426)	13,377,592	(51,617,361)	8,351,485	73,643,513	20,074,504	19,894,905	9,141,167
Share capital - net	19,710,130									
Reserves	1,471,422									
Shares deposit money	2,000,000									
Proposed shares to be issued and reserves on amalgamation	3,814,298									
Deficit on revaluation of assets	(408,505)									
Accumulated Loss	(7,510,224)									
Net assets	<u>19,077,121</u>									

Where an asset or a liability does not have a contractual maturity date, the period in which these are assumed to mature have been taken as expected date of maturity, based on the criteria determined by ALCO of the Bank.

M. S. P.

44.4 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems and external events.

The Bank strives to manage operational risk within acceptable levels through sound operational risk management practices.

The Bank has set up a separate Operational Risk Management (ORM) Unit. ORM Unit resides within Risk Management Division (RMD). Its responsibility is to implement Operational Risk management tools across the bank for effective measurement and monitoring of operational risk faced by different areas of the Bank.

45. GENERAL


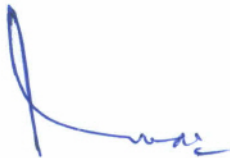


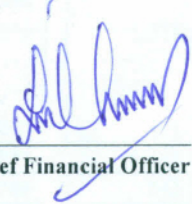
45.1 Figures have been rounded off to the nearest thousand rupee.

46. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue by the Board of Directors on

08 03 22

MS/PRO

 _____ Chairman	 _____ President and Chief Executive Officer	 _____ Director	 _____ Director	 _____ Chief Financial Officer
--	---	--	--	--

**ISLAMIC BANKING BUSINESS
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021**

ANNEXURE - I

ISLAMIC BANKING BUSINESS

The Bank commenced its Islamic Banking operations effective from June 26, 2014 and is operating with 14 Islamic Banking branches and 13 Islamic Banking Windows in Conventional branches (2020: 14 Branches and 13 Islamic Banking Windows) at the end of year. The statement of financial position, profit and loss account and cash flow statement of the Islamic banking division are as follows:

		<u>2021</u>	<u>2020</u>
	Note	----- (Rupees in '000') -----	
Assets			
Cash and balances with treasury banks		319,466	321,759
Balances with other banks		83,994	79,225
Due from financial institutions	1	700,000	1,243,245
Investments	2	3,098,530	1,690,998
Islamic financing and related assets	3	1,214,895	2,249,168
Fixed assets		178,015	184,141
Intangible assets		4,333	-
Deferred tax assets		190	1,738
Due from head office	6	20,457	54,018
Other assets		79,145	54,759
		5,699,025	5,879,051
Liabilities			
Bills payable		12,600	16,210
Due to financial institutions		250,000	-
Deposits and other accounts	5	4,623,856	5,078,878
Deferred tax liability		-	-
Due to head office	6	-	-
Other liabilities		226,815	241,590
		5,113,271	5,336,678
Net Assets		585,754	542,373
Represented By			
Islamic banking fund		1,100,000	1,000,000
Reserves		-	-
Surplus on revaluation of investments		(297)	(2,718)
Accumulated loss	7	(513,949)	(454,909)
		585,754	542,373
CONTINGENCIES AND COMMITMENTS	8		<i>uzp</i>

**ISLAMIC BANKING BUSINESS
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2021**

ANNEXURE - I

	Note	2021 ----- (Rupees in '000') -----	2020 ----- (Rupees in '000') -----
Profit / return on financing, investments and placements earned	11	415,094	365,381
Return on deposits and other dues expensed	12	298,266	290,093
Net income earned		116,828	75,288
Other income			
Fee, commission and brokerage income		7,083	4,541
Income from dealing in foreign currencies		(103)	181
Dividend income		11,880	10,350
Gain on sale / redemption of securities		-	-
Other income		437	1,208
		19,297	16,280
Total income		136,125	91,568
Other expenses			
Administrative expenses		188,733	190,785
Other charges		-	7
		188,733	190,792
Loss before provision		(52,608)	(99,224)
Provisions and write offs -net		(6,432)	(7,185)
Extra ordinary / unusual items		-	-
Loss before taxation		(59,040)	(106,409)
Taxation		-	-
Loss after taxation		(59,040)	(106,409)

Handwritten signature

**ISLAMIC BANKING BUSINESS
CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2021**

ANNEXURE - I

	2021	2020
Note	----- (Rupees in '000') -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(59,040)	(106,409)
Less: Dividend income	(11,880)	(10,350)
	<u>(70,920)</u>	<u>(116,759)</u>
Adjustments		
Depreciation	41,783	46,762
Amortisation	667	502
Provision against non-performing loans and advances - net	6,432	7,185
	<u>48,882</u>	<u>54,449</u>
	<u>(22,038)</u>	<u>(62,310)</u>
(Increase) / decrease in operating assets		
Balances with and due from financial institutions	543,245	(1,243,245)
Islamic financing and related assets - net	1,027,841	239,753
Due from head office	33,561	(12,614)
Other assets	(24,386)	16,251
	<u>1,580,261</u>	<u>(999,855)</u>
(Decrease) / increase in operating liabilities		
Bills payable	(3,610)	3,981
Due to financial institutions	250,000	(417,000)
Deposits and other accounts	(455,022)	1,985,477
Due to head office	-	-
Other liabilities	(14,775)	4,008
	<u>(223,407)</u>	<u>1,576,466</u>
	<u>1,334,816</u>	<u>514,301</u>
Income tax paid	-	-
Net cash flow from / (used in) operating activities	<u>1,334,816</u>	<u>514,301</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in securities	(1,403,563)	(903,598)
Dividend received	11,880	10,350
Investment in operating fixed assets	(40,657)	3,309
Net cash flow (used in) / from investing activities	<u>(1,432,340)</u>	<u>(889,939)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Islamic Banking Fund	100,000	500,000
Net cash from financing activity	<u>100,000</u>	<u>500,000</u>
Increase in cash and cash equivalents	<u>2,476</u>	<u>124,362</u>
Cash and cash equivalents at beginning of the year	400,984	276,622
Cash and cash equivalents at end of the year	<u>403,460</u>	<u>400,984</u>

10

Handwritten signature

ISLAMIC BANKING BUSINESS
NOTES TO ANNEXURE - I
FOR THE YEAR ENDED DECEMBER 31, 2021

1	DUE FROM FINANCIAL INSTITUTIONS	Note	2021			2020		
			In local currencies	In foreign currencies	Total	In local currencies	In foreign currencies	Total
			----- (Rupees in '000') -----					
	Bai Mujjal	1.1	-	-	-	583,245	-	583,245
	Musharaka arrangements		700,000	-	700,000	660,000	-	660,000
			700,000	-	700,000	1,243,245	-	1,243,245
1.1	Bai Mujjal Placement		-	-	-	588,091	-	588,091
	Less : Deferred income		-	-	-	(4,845)	-	(4,845)
			-	-	-	583,246	-	583,246

2 INVESTMENTS

	2021				2020			
	Cost/ Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost /Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	----- (Rupees in '000') -----							
Federal Government Securities:								
- Ijarah Sukuks	3,000,017	-	(10,927)	2,989,090	1,500,026	-	(540)	1,499,486
Islamic Fund:								
-Listed Companies	99,000	-	10,440	109,440	99,000	-	(3,600)	95,400
Non Government Debt Securities								
-Unlisted	-	-	-	-	96,428	-	(316)	96,112
Total Investments	3,099,017	-	(487)	3,098,530	1,695,454	-	(4,456)	1,690,998

3 ISLAMIC FINANCING AND RELATED ASSETS

	Note	2020	2020
		----- (Rupees in '000') -----	
Ijarah financing under IFAS 2	3.1	23,159	38,002
Diminishing musharakah financing		1,205,353	2,218,351
		1,228,512	2,256,353
Less: provision against Islamic financing			
- Specific		(13,617)	(7,185)
- General		-	-
Islamic financing and related assets - net of provision		1,214,895	2,249,168

Handwritten signature

ISLAMIC BANKING BUSINESS
NOTES TO ANNEXURE - I
FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021	2020
		----- (Rupees in '000') -----	
3.1 Ijarah financing under IFAS 2			
Net book value of assets	3.1.1	23,159	38,002
Advance against Ijarah financing		-	-
		23,159	38,002

3.1.1 Particulars of assets under Ijarah

	2021						Book Value As at December 31,	Rate of depreciation (%)
	Cost			Accumulated Depreciation				
	As at January 01,	Additions / Settled	As at December 31,	As at January 01,	Charge/ settled	As at December 31,		
	----- (Rupees in '000') -----							
Vehicle	42,595	(4,729)	37,866	24,009	4,332	28,341	9,525	Over the Ijarah period
Plant and machinery	48,000	(20,000)	28,000	28,584	(14,218)	14,366	13,634	
Total	90,595	(24,729)	65,866	52,593	(9,886)	42,707	23,159	
	----- (Rupees in '000') -----							
	2020						Book Value As at December 31,	Rate of depreciation (%)
	Cost			Accumulated Depreciation				
	As at January 01,	Additions/Settle d	As at December 31,	As at January 01,	Charge/ settled	As at December 31,		
	----- (Rupees in '000') -----							
Vehicle	63,093	(20,498)	42,595	14,613	9,396	24,009	18,586	Over the Ijarah period
Plant and machinery	48,000	-	48,000	34,938	(6,354)	28,584	19,416	
Total	111,093	(20,498)	90,595	49,551	3,042	52,593	38,002	

3.1.2 Future Ijarah payments receivable

		2021	2020
		----- (Rupees in '000') -----	
Not later than one year		8,586	16,449
Later than one year and not later than five years		14,573	21,553
Over five years		-	-
		23,159	38,002

Handwritten signature

ISLAMIC BANKING BUSINESS
NOTES TO ANNEXURE - I
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
	----- (Rupees in '000') -----	
4 SECTOR WISE PORTFOLIO		
Chemical and chemical products	13,634	186,083
Construction, real estate and societies	-	416,903
Education	14,127	14,881
Food	165,000	220,000
Hotel and restaurants	-	135,000
Power, electricity and gas	1,241,094	712,555
Transport, Storage and Communication	82,355	137,385
Wholesale and retail trade	313,525	399,525
Individuals	4,154	-
Insurance	3,254	7,652
Others	10,998	24,953
Pharmaceuticals	885	1,416
Gross Financing	1,849,026	2,256,353
Govt. of Pakistan	2,989,090	1,499,486
Power, electricity and gas	-	60,408
Financial Institutions	109,440	131,104
Total Invested Funds	4,947,556	3,947,351

5 DEPOSITS


	2021			2020		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	----- (Rupees in '000') -----					
Customers						
Current deposits	516,991	1,135	518,126	471,108	1,606	472,714
Savings deposits	1,417,331	99,465	1,516,796	1,963,033	91,860	2,054,893
Term deposits	1,453,523	-	1,453,523	1,445,863	-	1,445,863
Margin and other deposits	5,015	-	5,015	8,598	-	8,598
	3,392,860	100,600	3,493,460	3,888,602	93,466	3,982,068
Financial Institutions						
Current deposits	1,917	-	1,917	1,187	-	1,187
Savings deposits	673,449	-	673,449	470,593	-	470,593
Term deposits	455,000	-	455,000	625,000	-	625,000
Margin and other deposits	30	-	30	30	-	30
	1,130,396	-	1,130,396	1,096,810	-	1,096,810
	4,523,256	100,600	4,623,856	4,985,412	93,466	5,078,878

	2021	2020
	----- (Rupees in '000') -----	
5.1 Composition of deposits		
- Individuals	752,935	791,998
- Government (Federal and Provincial)	154,767	1,039,067
- Public Sector Entities	129,790	129,711
- Banking Companies	468	453
- Non-Banking Financial Institutions	1,129,928	1,096,357
- Private Sectors	2,455,968	2,021,292
	4,623,856	5,078,878

5.2 As at 31 December 2021, the deposits eligible to be covered under insurance arrangements amounted to Rs. 855.37 million (2020 : Rs. 900.06 million) and premium paid amounted to Rs. 1.44 million (2020 : Rs. 1.53 million).

ISLAMIC BANKING BUSINESS
NOTES TO ANNEXURE - I
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
	----- (Rupees in '000') -----	
6 DUE FROM / (TO HEAD OFFICE)		
Interbranch transaction account (daily basis)	<u>20,457</u>	<u>54,018</u>
7 ACCUMULATED LOSS		
Opening Balance	(454,909)	(348,500)
Add: Islamic Banking loss for the year	(59,040)	(106,409)
Less: Taxation	-	-
Less: Reserves	-	-
Less: Transferred / Remitted to Head Office	-	-
Closing Balance	<u>(513,949)</u>	<u>(454,909)</u>
8 CONTINGENCIES AND COMMITMENTS		
-Guarantees	151,016	134,441
-Letter of Credit	-	4,373
-Commitments	-	-
	<u>151,016</u>	<u>138,814</u>
9 CHARITY FUND		
Opening Balance	7	280
Additions during the period		
Received from customers on account of delayed payment	1	12
Profit on charity saving account	-	-
Other	658	195
	<u>659</u>	<u>207</u>
Payments / utilization during the period		
Education	-	-
Chairity organisation	-	480
Hospital	-	-
	<u>-</u>	<u>480</u>
Closing Balance	<u>666</u>	<u>7</u>
10 CASH AND CASH EQUIVALENT		
Cash and balances with treasury banks	319,466	321,759
Balances with other banks	83,994	79,225
	<u>403,460</u>	<u>400,984</u>
11 PROFIT / RETURN ON FINANCING, INVESTMENTS AND PLACEMENTS EARNED		
Profit earned on:		
Financing	172,108	279,864
Investments	144,080	49,579
Placements	98,905	35,937
On deposits with financial institutions	1	1
	<u>415,094</u>	<u>365,381</u>
12 RETURN ON DEPOSITS AND OTHER DUES EXPENSED		
Deposits and other accounts	253,414	249,305
Due to Financial Institutions	28,465	21,372
Amortisation of lease liability against right-of-use assets	16,387	19,416
	<u>298,266</u>	<u>290,093</u>



13 POOL MANAGEMENT

13.1 Sindh Bank Limited - SA' ADAT Islamic Banking Division is maintaining the following pools for profit declaration and distribution:

13.1.1 General Pool, Special Pools and FI Pools

Priority of utilization of funds in pools will be as follows:

- Depositors Funds
- Equity Funds

Priority of utilization of funds in the FI pool shall be:

- FI Funds
- Equity Funds

13.1.2 Weightages for distribution of profit in general pool

Profits are calculated on the basis of weightages assigned to different tiers and tenors. These weightages are announced monthly. While considering weightages emphasis shall be given to the quantum, type and period of risk assessed by applying following factors:

- Contracted period, nature and type of deposits/fund.
- Payment cycle of profit on such deposits/fund i.e. monthly, quarterly or on maturity.
- Magnitude of Risk.

Any change in profit sharing weightages of any category of deposit/fund providers shall be applicable from next period.

13.1.3 Special and Financial Institution Pools.

Profit is calculated and distributed on the basis of pre agreed Profit Sharing Ratio.

13.1.4 Identification and allocation of Pool related income and expenditure

The allocation of income and expenditure to different pools is being done based on a pre-defined basis and accounting principles as mentioned below.

Any direct expenditure shall be charged to respective pools, while indirect expenses including the establishment costs shall be borne by Sindh Bank - Islamic Banking Division (SNDB - IBD) as Mudarib. The direct expenses to be charged to the pool may include depreciation for Ijarah assets, insurance / Takaful expenses of pool assets, stamp fees or documentation charges, brokerage fee on purchase of securities, impairment / losses due to physical damages to specific assets in pool etc. However, this is not an exhaustive list. SNDB - IBD pool management framework and the respective pool creation memo may identify and specify these and may similar expenses to be charged to the pool.

Handwritten signature

13.1.5 Parameters associated with risks and rewards

Following are the consideration attached with risks and rewards of pools:

- Period, return, safety, security and liquidity of investment;
- All financing proposal under process at various stages and likely to be extended in the near future;
- Expected withdrawal of deposits according to the maturities affecting the deposit base;
- Maturities of funds obtained under Moradaba arrangements from Head Office and Islamic Banking Financial Institutions;
- Elements of risks associated with different kind of investments;
- Regulatory requirements; and
- Shariah compliance.

13.1.6 Basis of Profit allocation

During the year, the profit was distributed between Mudarib and Rubbal Maal as per following profit sharing ratio based upon gross income less direct expenses.

	2021	2020
	(Rupees in '000')	
Rubbal Maal	65.00%	56.67%
Mudarib	35.00%	43.33%

13.1.7 MUDARIB'S SHARE (in amount and percentage of distributable income)

Rubbul Maal (%)	65.00%	56.67%
Rubbul Maal (amount)	37,616	30,011
Mudarib (%)	35.00%	43.33%
Mudarib (amount)	16,959	18,316

13.1.8 Amount and percentage of mudarib's share transferred to depositors thought Hiba

Mudarib's share	16,959	18,316
Hiba	4,039	5,759
Hiba percentage of mudarib's share	23.82%	31.44%

Amount and percentage of Mudarib's share transferred to depositors thought Hiba for Special Pool during 2021.

	2021	2020
	(Rupees in '000')	
Mudarib's share	18,156	46,182
Hiba	8,121	6,648
Hiba percentage of mudarib's share	23.82%	14.40%

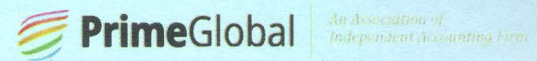
Amount and percentage of Mudarib share transferred to depositors thought Hiba for Special Pool during 2021.

13.1.9 Profit rate earned vs profit rate distributed to the depositors during the year

	2021	2020
	Personage	
Profit rate earned	10.51%	11.95%
Profit rate distributed to depositors	5.63%	8.29%



Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountant



SINDH BANK LIMITED

**AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

INDEPENDENT AUDITOR'S REPORT

To the members of Sindh Bank Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Sindh Bank Limited and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2021, the consolidated profit and loss account, the consolidated statement of comprehensive loss, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2021 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Emphasis of Matter

Without qualifying our opinion, we draw our attention to note 1.5 to consolidated Financial Statements on the 'Going Concern' which indicates the existence of material uncertainty that may cast significant doubt on the Bank's ability to continue as a going concern. However, the management is confident that the Bank will be able to stage a turn-around and the Government of Sindh, Bank's sole sponsor and major shareholder has demonstrated its commitment to supporting the Bank, whenever required. We are in agreement with the management for addressing the Going Concern issue and our opinion is not modified in respect of this matter.

Information Other than the Consolidated Financial Statements and Auditor's Reports Thereon

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

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



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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.





If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.


- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

The engagement partner on the audit resulting in this independent auditor's report is **Shah Naveed Saeed**.

Place: Islamabad

Date: 08 MAR 2022



Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants


SINDH BANK LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021


	Note	2021 ----- (Rupees in '000') -----	2020 ----- (Rupees in '000') -----
ASSETS			
Cash and balances with treasury banks	6	19,364,832	14,505,949
Balances with other banks	7	1,508,412	4,588,528
Lendings to financial institutions	8	6,081,208	8,212,780
Investments	9	175,428,966	170,756,426
Advances	10	48,728,627	57,407,061
Fixed assets	11	3,233,545	3,314,731
Intangible assets	12	116,671	71,154
Deferred tax assets - net	13	13,253,786	10,185,784
Other assets	14	3,770,967	5,745,156
		271,487,014	274,787,569
LIABILITIES			
Bills payable	15	624,726	592,334
Borrowings	16	27,535,738	63,127,648
Deposits and other accounts	17	217,842,678	185,634,979
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	18	6,637,242	6,162,737
		252,640,384	255,517,698
NET ASSETS		18,846,630	19,269,871
REPRESENTED BY			
Share capital - net	19	25,524,428	19,710,130
Reserves		1,516,452	1,519,626
Shares deposit money	20	4,000,000	2,000,000
Proposed Ordinary shares to be issued on amalgamation	21	-	3,814,298
Deficit on revaluation of assets	22	(1,121,647)	(408,505)
Accumulated Loss		(11,072,603)	(7,365,678)
		18,846,630	19,269,871
CONTINGENCIES AND COMMITMENTS			
	23		


The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.

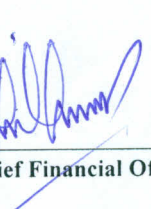
12/31/2021


 Chairman


 President and
 Chief Executive Officer


 Director


 Director







 Chief Financial Officer

SINDH BANK LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021	2020
		----- (Rupees in '000') -----	
Mark-up / Return / Interest Earned	24	22,170,060	15,710,165
Mark-up / Return / Interest Expensed	25	16,982,024	12,553,538
Net Mark-up / return / Interest Income		5,188,036	3,156,627
NON MARK-UP / INTEREST INCOME			
Fee and Commission Income	26	351,958	278,684
Dividend Income		154,063	96,651
Foreign Exchange Income		74,371	284,977
Income / (loss) from derivatives		-	-
Gain / (Loss) on securities	27	(6,435)	(46,420)
Other Income	28	2,521	8,876
Total non-markup/interest Income		576,478	622,768
Total Income		5,764,514	3,779,395
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	29	5,876,794	5,305,952
Other charges	30	67,640	927
Total non-markup/interest expenses		5,944,434	5,306,879
LOSS PROFIT BEFORE PROVISIONS		(179,920)	(1,527,484)
Provisions and write offs - net	31	5,838,368	3,737,459
Extra ordinary / unusual items		-	-
LOSS BEFORE TAXATION		(6,018,288)	(5,264,943)
Taxation	32	(2,318,152)	(2,105,056)
LOSS AFTER TAXATION		(3,700,136)	(3,159,887)
----- Rupees -----			
Basic Loss per share	33	(1.47)	(1.60)
Diluted Loss per share	34	(1.47)	(1.60)

The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.

12/31/21


 Chairman	 President and Chief Executive Officer	 Director	 Director	 Chief Financial Officer
--	---	---	--	--

SINDH BANK LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021


	<u>2021</u>	<u>2020</u>
	----- (Rupees in '000') -----	
Loss after taxation for the year	(3,700,136)	(3,159,887)
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in (Deficit) / surplus on revaluation of investments - net of tax	<u>(713,142)</u>	<u>1,372,072</u>
	(4,413,278)	(1,787,815)
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement gain on defined benefit obligations - net of deferred tax	47	7,158
Total comprehensive loss	<u><u>(4,413,231)</u></u>	<u><u>(1,780,657)</u></u>

The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.


12/31/21




 Chairman



 President and
 Chief Executive Officer



 Director



 Director



 Chief Financial Officer

SINDH BANK LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021

	Share Capital	Proposed Ordinary shares to be issued on amalgamation	Shares Deposit Money	Capital Reserves			Depositors' protection fund reserve **	Surplus / (Deficit) on revaluation of investments	Accumulated Loss ***	Total
				Reserves on amalgamation	Share Premium	Statutory Reserve *				
	(Rupees in '000')									
Balance as at January 01, 2020	19,710,130	-	2,000,000	-	51	1,479,859	6,982	(1,780,577)	(4,199,658)	17,216,787
Loss for the year ended December 31, 2020	-	-	-	-	-	-	-	-	(3,159,887)	(3,159,887)
Other comprehensive income - net of tax	-	-	-	-	-	-	-	1,372,072	7,158	1,379,230
Transfer to statutory reserve	-	-	-	-	-	10,633	-	-	(10,633)	-
Transfer to depositors' protection fund - 5% of the profit after tax for the year	-	-	-	-	-	-	2,658	-	(2,658)	-
Proposed Ordinary shares to be issued on amalgamation of Sindh Leasing Company Ltd	-	3,814,298	-	19,443	-	-	-	-	-	3,833,741
Balance as at December 31, 2020	19,710,130	3,814,298	2,000,000	19,443	51	1,490,492	9,640	(408,505)	(7,365,678)	19,269,871
Loss for the year ended December 31, 2021	-	-	-	-	-	-	-	-	(3,700,136)	(3,700,136)
Other comprehensive income - net of tax	-	-	-	-	-	-	-	(713,142)	47	(713,095)
Fair valuation adjustment of net assets of Sindh Leasing Company Limited	-	-	-	(10,010)	-	-	-	-	-	(10,010)
Transfer to statutory reserve	-	-	-	-	-	5,469	-	-	(5,469)	-
Transfer to depositors' protection fund - 5% of the profit after tax for the year	-	-	-	-	-	-	1,367	-	(1,367)	-
Issue of shares during the year	5,814,298	(3,814,298)	(2,000,000)	-	-	-	-	-	-	-
Share deposit money	-	-	4,000,000	-	-	-	-	-	-	4,000,000
Balance as at December 31, 2021	25,524,428	-	4,000,000	9,433	51	1,495,961	11,007	(1,121,647)	(11,072,603)	18,846,630

* Statutory reserve represents amount set aside as per the requirements of section 21 of the Banking Companies Ordinance, 1962 in case of the Bank and under Microfinance Institution Ordinance, 2001 and Prudential Regulations "R-4 - Statutory Reserve" in the case of Sindh Microfinance Bank, to create a reserve fund to which shall be credited an amount equal to at least 20% of its annual profits after taxes.

** The Sindh Microfinance Bank Limited is required under Microfinance Institutions Ordinance, 2001 to contribute 5% of its annual after tax profit to the Depositors' Protection Fund and profit earned on investments of the fund shall also be credited to the fund.

*** As more fully explained in note 10.6.2 of these consolidated financial statements, unappropriated profit includes an amount of Rs.7,184.65 million net of tax as at December 31, 2021 (December 31, 2020: Rs. 9,142.42 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 from 1 to 46 form an integral part of these consolidated financial statements.




Chairman



President and
Chief Executive Officer



Director



Director



Chief Financial Officer

SINDH BANK LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021	2020
		----- (Rupees in '000') -----	
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		(6,018,288)	(5,264,943)
Less: Dividend income		(154,063)	(96,651)
		<u>(6,172,351)</u>	<u>(5,361,594)</u>
Adjustments:			
Depreciation	29	969,595	1,024,404
Amortisation	29	36,009	26,028
Provision and write offs -net	31	5,836,071	3,735,603
Written-off operating fixed assets		-	401
Charge for defined benefit plan	37.1.4	99,431	87,882
Gain on sale of operating fixed assets	28	(284)	(4,331)
		<u>6,940,822</u>	<u>4,869,987</u>
		<u>768,471</u>	<u>(491,607)</u>
(Increase) / Decrease in operating assets			
Lendings to financial institutions		2,131,572	(4,567,388)
Advances - net		2,929,705	2,973,042
Other assets - net		1,774,197	(1,965,546)
		<u>6,835,474</u>	<u>(3,559,892)</u>
Increase / (Decrease) in operating liabilities			
Bills payable		32,392	97,324
Borrowings		(35,591,910)	58,135,364
Deposits and other accounts		32,207,699	53,675,390
Other liabilities (excluding current taxation)		460,480	626,631
		<u>(2,891,339)</u>	<u>112,534,709</u>
		<u>4,712,606</u>	<u>108,483,210</u>
Contribution to gratuity fund	37.1.3	(84,851)	(76,020)
Income tax paid		(95,126)	(61,600)
		<u>4,532,629</u>	<u>108,345,590</u>
Net cash generated from / (used in) operating activities			
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in available-for-sale securities		(6,169,074)	(103,753,790)
Net investment in held-to-maturity securities		240,108	(42,575)
Dividend received		154,765	95,949
Investments in operating fixed assets		(970,533)	(214,416)
Cash inflow from amalgamation of Sindh Leasing Company Ltd		-	10,784
Fair valuation adjustment of net assets of Sindh Leasing Company Limited		(10,010)	-
Sale proceeds of operating fixed assets disposed off		882	5,776
		<u>(6,753,862)</u>	<u>(103,898,272)</u>
Net cash (used in) / generated from investing activities			
CASH FLOW FROM FINANCING ACTIVITIES			
Share deposit money		4,000,000	-
Issue of share capital		-	-
		<u>4,000,000</u>	<u>-</u>
Net cash (used in) / generated from financing activities			
Increase in cash and cash equivalents		1,778,767	4,447,318
Cash and cash equivalents at the beginning of the year		19,094,477	14,647,159
Cash and cash equivalents at the end of the year	35	<u>20,873,244</u>	<u>19,094,477</u>

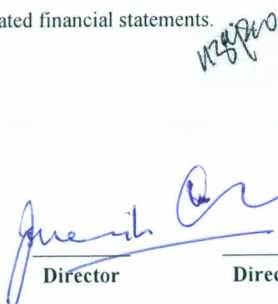
The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.



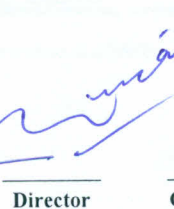
Chairman



President and
Chief Executive Officer



Director



Director



Chief Financial Officer

SINDH BANK LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1. STATUS AND NATURE OF BUSINESS

The "Group" consists of:

1.1 Holding Company

1.1.1 Sindh Bank Limited (the Bank) was incorporated in Pakistan on October 29, 2010 as a public unlisted company and is engaged in Commercial Banking, Corporate and Investment related activities. The Bank operates 330 (2020: 330) branches including 8 (2020: 8) sub-branches and 14 (2020: 14) Islamic banking branches in Pakistan. The Bank's registered office is located at 3rd floor, Federation House, Abdullah Shah Ghazi Road, Clifton, Karachi, Pakistan.

1.1.2 The Government of Sindh, through its Finance Department owns 99.96% ordinary shares of the Bank.

1.1.3 VIS Credit Rating Company Limited has reaffirmed the long term entity rating of A+ (Single A Plus) and short term rating of A-1 (A-one) in its report dated June 30, 2021.

1.2 Subsidiary company

1.2.1 Sindh Microfinance Bank Limited

Sindh Microfinance Bank Limited (the Microfinance Bank) was incorporated on March 27, 2015 as a public company limited by shares under the provision of the company's Act, 2017 (previously Companies Ordinance, 1984). The Microfinance Bank obtained Microfinance banking license from State Bank of Pakistan (SBP) on October 16th, 2015, to operate in Sindh Province. Subsequently the Microfinance Bank has received the certificate of commencement of business from Securities & Exchange Commission of Pakistan (SECP) on November 30, 2015. The Microfinance Bank's registered office is situated at 39/F, 2nd Floor, Muhammad Ali Cooperative Housing Society, Karachi. The Microfinance Bank's principal business will be to provide microfinance services to the poor and underserved segment of the society as envisaged under the Microfinance Institutions Ordinance, 2001. The Microfinance Bank operates with a network of 18 (2020: 17) branches and 62 (2020: 58) services centers. The Bank holds 99.99% shares of the Microfinance Bank and remaining shares are held by the nominees of the Bank.

The credit rating companies PACRA has maintained the long term rating of the Microfinance Bank at "A-" and short term rating at "A2" as of April 30, 2021.

1.3 FAIR VALUE OF NET ASSETS OF FORMELY SINDH LEASING COMPANY LIMITED

In compliance of SBP sanction letter dated December 31, 2020 under Section 48 of the Banking Companies Ordinance, 1962 and made effective at 11:59 PM on December 31, 2020. In the sanction letter, SBP had also advised Sindh Bank Limited to conduct Independent Assessment/ Fair valuation of the Merger and expected 'Merger Reserve' excess of SLCL's Net Assets against Purchase Consideration. In this regard the Bank had appointed independent auditors issued final report, which was submitted to SBP for approval, in this respect SBP have approved for their fair value merger reserves assess the independent auditors vide their letter No. SBPHOK-BPRD-RAPD-SNB-186105 dated February 18, 2022.

In the light of independent auditor's report duly approved by SBP, the Bank has incorporated fair value adjustment in these financial statements showing as below:

	Carrying Value (Dec. 2020)	Fair value adjustments	Fair value after adjustments
	----- (Rupees in '000) -----		
Assets			
Cash and bank balances	279,075	-	279,075
Accrued markup	70,378	(189)	70,189
Investments	1,879,951	1	1,879,952
Prepayments and other receivables	7,247	(534)	6,713
Intangible assets	-	-	-
Property and equipment	16,500	(6,296)	10,204
Deposits	433	-	433
Loans and advances	47,457	(1,895)	45,562
Net investment in finance leases	1,780,489	(1,097)	1,779,392
Deferred Tax Asset - net	96,008	-	96,008
Taxation - net	79,378	-	79,378
	4,256,916	(10,010)	4,246,906
Liabilities			
Accrued markup on certificates of deposits	135	-	135
Trade and other payables	6,204	-	6,204
Certificates of deposits	16,600	-	16,600
Security deposits against leases	400,236	-	400,236
	423,175	-	423,175
Net Assets acquired	3,833,741	(10,010)	3,823,731

Details of the fair values of the net assets acquired, purchase consideration and gain on bargain purchase as follows : - (Rupees in '000) -

Fair value of net assets acquired	3,823,731
Purchase consideration (381,429,817 Sindh Bank shares issued @Rs. 10)	(3,814,298)
Gain on bargain purchase (Merger reserves)	<u>9,433</u>

MSP

1.4 GOING CONCERN

Due to significant losses suffered by the Bank since the years 2018 and to address any material uncertainties, the management has been working on a Business Viability Plan approved by its Board of Directors in 73rd meeting held on September 13, 2019. The Plan aims to make the Bank a viable, self-sustaining institution. Important areas of focus where efforts are continuing and significant progress has been made are:

- Strengthening Bank's Capital -As planned, cash injection, of Rs. 11.7 billion was made in 2019 and Rs. 3.814 billion added during 2020 from amalgamation of Sindh Leasing Company Limited in Bank's Tier 1 Common Equity. A further amount of Rs. 4 billion has been received from GoS in the last quarter of 2021.
- Improving Business Volumes and Profitability-This involves the Bank taking pro-active measures to:
 - i. Increase fee-based income from mainly trade-related business;
 - ii) Improve Net Interest margin;
 - a) Mobilize cost effective (CASA) deposits;
 - b) Launch new asset products in the Consumer and SME segments;
 - iii. make concerted efforts for recovery and reduction of Non-Performing Loans.
 - iv. Take cost rationalization measures;
- Strengthening the Bank's Governance, Risk and Control environment.
- The management is confident that barring any unforeseen contingencies, the Bank will be able to stage a turn-around. The Government of Sindh, Bank's major shareholder holding 99.96 percent of the Bank's equity is fully committed to supporting the Bank, whenever required.

1.5 Listing of the Bank will be undertaken in future after improvement in Bank's financial position and Regulator's guidance on the matter.

2. BASIS OF PRESENTATION

2.1 These consolidated financial statements have been prepared in conformity with the format of financial statements prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular No. 02, dated 25 January 2018. These consolidated financial statements represent separate financial statements of the Group.

2.2 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 Group 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 consolidated financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon. The Islamic Banking branches of the Bank have complied with the requirements set out under the Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) and notified under the provisions of the Companies Act, 2017.

3. STATEMENT OF COMPLIANCE

3.1 These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act 2017, Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act 2017, provisions of and directives issued under the Companies Act 2017 and the Banking Companies Ordinance, 1962 and the directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP). In case requirements of Banking Companies Ordinance 1962, the Companies Act 2017 or the directives issued by SBP and SECP differ with the requirements of IFRS or IFAS, the requirements of the Banking Companies Ordinance, 1962, Companies Act 2017, and the directives issued by the SBP and SECP shall prevail.

3.2 The SBP vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) and International Accounting Standard 40, Investment Property (IAS 40) for Banking companies till further instructions. Further, according to the notification of the Securities and Exchange Commission of Pakistan (SECP) dated April 28, 2008, the IFRS - 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

MSP

SINDH BANK LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

- 3.3 SECP has notified IFAS 3, 'Profit and Loss Sharing on Deposits' issued by the ICAP. IFAS 3 shall be followed with effect from the financial periods beginning on or after 01 January 2014 in respect of accounting for transactions relating to 'Profit and Loss Sharing on Deposits' as defined by the said standard. The standard had resulted in certain new disclosures in the financial statements of the Group. However SBP through BPRD Circular Letter No. 4 dated 25 February 2015, has deferred the applicability of IFAS 3 till further instructions and prescribed the Group to prepare their annual and periodical financial statements as per existing prescribed formats issued vide BPRD Circular 02 of 2018, as amended from time to time.

SECP, vide its SRO 56(1) 2016 dated January 28, 2016, has notified that requirements of IFRS 10 and section 228 of Company Act 2017 will not be applicable with respect to investment in mutual funds established trust structure.

3.4 Standards, interpretations of and amendments to published accounting standards that are effective in the current year.

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Group's accounting periods beginning on or after January 01, 2021 but are considered not to be relevant or do not have any significant effect on the Group's operations and therefore not detailed in these consolidated financial statements.

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

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard amendments, or interpretation and are not early adopted by the Group:

Standard or Interpretation or Amendments	Effective date (annual periods beginning on or after)
IAS 1 - Classification of Liabilities as Current or Non - Current - (Amendments)	January 01, 2023
IAS 16 - Property, Plant and Equipment: Proceeds before intended use (Amendments)	January 01, 2022
IFRS 3 - Business Combination - (Amendments)	January 01, 2022
IAS 37 - Onerous Contracts - Costs of fulfilling a Contract - (Amendments)	January 01, 2022
IFRS 9 - Annual improvement process Financial Instruments	January 01, 2022
IFRS 1 - First time adoption of International Financial Reporting Standards -Subsidiary	January 01, 2022
IFRS 41 - Agriculture- Taxation in fair value measurements	January 01, 2022
IAS 8 - Accounting Estimates- monetary amounts in the financial statement (Amendments)	January 01, 2023
IAS 12 - Deferred taxation- new definition for estimates clarifying on monetary amount (Amendments)	January 01, 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) - The amendment amends accounting treatment on loss of control of business or assets.	date under review

As per State Bank of Pakistan (SBP) BPRD circular letter no. 24 of 2021, IFRS 9 'Financial Instruments' is applicable to banks / DFIs / MFBS effective January 1, 2022. The aforementioned circular letter contained instructions for quarterly parallel reporting purposes to the SBP only and it was stated that final instructions will be issued based on the results of parallel reporting. However, banks have submitted their reservations on instructions issued for parallel reporting through the Pakistan Banks Association (PBA) and requested that they are addressed in the final instructions to be issued. The reservations are pervasive and points of contention inter alia include, retaining some relaxations given presently in the Prudential Regulations, prescription of macro-economic variables, retaining meal regulatory requirements related to IFRS 9 related areas on overseas branches, impact on capital adequacy ratio, adequacy of significant increase in credit risk criteria, future tax impact of any reversals, recording of expected credit loss on local currency denominated Government securities, further clarifications required in certain areas etc.

Due to the fact that final instructions have not yet been issued and the large number of reservations over the draft instructions, the banks are collectively of the opinion that impact on initial application of IFRS 9 cannot be determined as required under IAS 8.

The SECP, through SRO 229(I)/2019 dated 14 February, 2019, has notified that IFRS 9, Financial Instruments, is applicable for accounting period ending on or after June 30, 2019. However, as per SBP, BPRD Circular No.04 of 2019 dated 23 October, 2019 of SBP, effective date of IFRS 9 implementation is January 01, 2021.

MSP

3.6 Critical accounting estimates and judgments

The preparation of consolidated financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. Actual results may differ from these estimates. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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.

In particular, information about significant areas of estimates, uncertainty and critical judgments in applying accounting policies that have the most significant affect on the amounts recognized in the consolidated financial statements are as follows:

- i) classification and impairment against investments (notes 5.3 and 31);
- ii) classification and provision against advances (notes 5.4 and 31);
- iii) depreciation and amortization / useful lives of operating fixed assets (notes 5.5, 5.6, 11 and 12);
- iv) taxation (note 5.8);
- v) staff retirement and other benefits (note 5.9);
- vi) fair value of derivatives (note 5.17); and
- vii) judgements made by management in identification and reporting segment information (note 41).

4. BASIS OF MEASUREMENT

4.1 Accounting convention

These consolidated financial statements have been prepared under the historical cost convention except for certain investments and commitments in respect of foreign exchange and futures contracts which are measured at fair values and certain employee benefits and investments which are measured on present value basis.

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. The consolidated financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency.

4.2 Functional & Presentation of Currency

These consolidated financial statements are presented in Pakistani Rupees, which is the Group's functional and presentation currency.

The amount are rounded off to the nearest thousand rupees except as stated otherwise.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those of the previous financial year, unless otherwise disclosed or specified.

5.1 Cash and cash equivalents

Cash and cash equivalents include cash and balances with treasury banks and balances with other banks in current and deposit accounts, excluding term deposit with original term of greater than three months.

5.2 Lending to / borrowing from Financial Institutions

The Group enters into transactions of borrowings (repurchase) from and lending (reverse repurchase) to financial institutions at contracted rates for a specified period of time. These are reported as under:

11/2/20

5.2.1 Repurchase / resale agreements

a) Sale of securities under repurchase agreement (repo)

Securities sold subject for repurchase agreements (repo) remain on the consolidated statement of financial position as investments and the counter party liability is included in borrowings from financial institutions. The difference between the sale and repurchase price is accrued over the period of the agreement using the effective interest rate method and recorded as expense.

b) Purchase of securities under resale agreement (reverse repo)

Securities purchased under agreements for resale (reverse repo) are recorded as lendings to financial institutions. These transactions are accounted for on the settlement date. The difference between the purchase and resale price is recognized as mark-up return income over the period of the agreement using the effective interest rate method.

5.2.2 Bai Maujjal

In Bai Maujjal, the Group sells Shariah compliant instruments on credit to other financial 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 group classifies its investments as follows:

a) Held-for-trading

These are securities which are either acquired for generating profit from short-term fluctuations in market prices, interest rate movements, dealer's margin or are securities included in a portfolio in which a pattern of short-term profit taking exists.

b) Held-to-maturity

These are securities with fixed or determinable payments and fixed maturity that the Group has the positive intent and ability to hold till maturity.

c) Available-for-sale

These are investments, other than that in subsidiary which do not fall under the held-for-trading and held-to-maturity categories.

5.3.1 Initial measurement

Investments other than those categorized as 'held-for-trading' are initially recognized at fair value and includes transaction costs associated with the investment. Investments classified as 'held-for-trading' are initially recognized at fair value and transaction costs are expensed in the consolidated statement of profit or loss account.

5.3.2 Subsequent measurement

Held-for-trading

Investments classified as held-for-trading are measured on subsequent reporting dates at fair value. Gain and losses on remeasurement are included in the statement of profit or loss account.

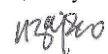
Held-to-maturity

Investments classified as held-to-maturity are carried at amortized cost. Unquoted equity securities are valued at 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 other unquoted securities are valued at cost less impairment losses, if any.

Available-for-sale

Quoted securities classified as available-for-sale investments are measured on subsequent reporting dates at fair value. Any surplus / deficit arising thereon is kept other comprehensive income and taken to the statement of profit or loss account when actually realised upon disposal or when the investment is considered to be impaired.

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 other unquoted securities are valued at cost less impairment losses, if any.



5.3.3 Impairment

Impairment loss in respect of investments classified as available-for-sale and held-to-maturity is recognized on the basis of 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 market value of an equity security is considered as an objective evidence of impairment, significant means 30% decline in market value as compared to cost, except when uncertain circumstances such as material market volatility, uncertainty and other market impacting external events, in which cases, a higher percentage is also considered by the management for determination of what is presumed as significant decline. Provision for diminution in the value of term finance certificates is made as per the requirements of Prudential Regulations issued by the State Bank of Pakistan. In case of impairment of available-for-sale securities, the cumulative loss that has been recognized directly in the surplus / (deficit) on revaluation of securities on the consolidated statement of financial position below equity is removed there from and recognized in the consolidated statement of profit or loss account. For investments classified as held-to-maturity, the impairment loss is recognized in the consolidated statement of profit or loss account.

5.3.4 Gain or loss on sale of investments is included in the statement of profit or loss account in the year in which they arise.

5.4 Advances

Advances are stated net of provisions for non-performing advances. Specific and general provisions are made based on appraisal of the loan portfolio that takes into account the requirements of the Prudential Regulations issued by the State Bank of Pakistan. The provisions against non-performing advances are charged to the consolidated statement of profit or loss account. Advances are written off when there is no realistic prospect of recovery after explicit approval from the Board of Directors.

Ijarah Financing

Applying IFAS-2, assets underlying Ijarah have been carried at cost less accumulated depreciation and impairment, if any, and are shown under Islamic financing and related assets. Rentals accrued from Ijarah financing net of depreciation charge are taken to the consolidated statement of profit or loss account. Depreciation on Ijarah assets is charged by applying the straight line method over the Ijarah period which is calculated from the date of delivery of respective assets to mustajir upto the date of maturity / termination of Ijarah agreement.

Diminishing Musharakah

In Musharakah based financing, the Group enters into Musharakah for financing an agreed share of fixed assets with its customer and enters into periodic profit payment agreement for the utilization of the Groups Musharakah share by the customer. Specific and general provisions are made in accordance with the requirement of prudential regulations and other directives issued by the SBP and charged to consolidated statement of profit or loss account.

5.5 Operating fixed assets and depreciation

5.5.1 Property and equipment - owned

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in an asset's carrying amount or recognized as a separate asset as appropriate, only when it is probable that future benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the consolidated statement of profit or loss account as and when incurred.

Depreciation is charged to the consolidated statement of profit or loss account applying the straight line method at the rates specified in note 11 to these consolidated financial statements after taking into account residual value, if significant. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each date of consolidated statement of financial position. Depreciation is charged from the month the assets are available for use while no depreciation is charged in the month in which the assets are disposed off.

Gains or losses on disposal, if any, are recognized in the consolidated statement of profit or loss account in the year in which they arise.

MSP

5.5.2 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 related advances there against, if any, are carried under this head. These are transferred to specific assets as and when the assets become available for use.

5.5.3 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a Lessee

A lessee recognizes a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments.

Right-of-use (RoU) Assets

The right-of-use assets recognised subsequent to the adoption of 'IFRS-16 Leases' are measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use assets are depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

Lease Liability

At the commencement date of the lease, the Group recognises lease liability measured at the present value of the consideration (lease payments) to be made over the lease term and is adjusted for lease prepayments. The lease payments are discounted using the interest rate implicit in the lease, unless it is not readily determinable, in which case the lessee may use the incremental rate of borrowing. After the commencement date, the carrying amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made.

Incremental borrowing rate

Borrowing rate that Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Group estimated the Incremental borrowing rate using observable input such as market interest rates.

5.6 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is charged to the consolidated statement of profit or loss account applying the straight line method at the rates specified in note 11, to these consolidated financial statements from the date an intangible asset is available for use. The useful life and amortisation method are reviewed and adjusted, if appropriate, at each date of consolidated statement of financial position.

5.7 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 recognized immediately in the consolidated financial statements. The resulting impairment loss is taken to the consolidated statement of profit or loss account.

WSP

5.8 Taxation

Taxation (Income tax) expense relates to current and prior years and deferred tax. Income tax expense is recognized in the consolidated statement of profit or loss account except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

a) Current

Provision for current tax is the tax payable on the expected taxable income for the year using tax rates enacted or substantively enacted at the reporting date and, any adjustment to tax payable relating to prior years, after taking into consideration available tax credits, rebates, tax losses etc.

b) Prior Year

This charge includes tax charge for prior years arising from assessments, changes in estimates and tax changes applied retrospectively.

c) Deferred

Deferred tax is recognized using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applicable to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences and carried forward unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carried forward unused tax losses can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

5.9 Staff retirement and other benefits

a) Defined contribution plan

The Group operates a recognised funded contributory provident fund for all its permanent employees to which equal contributions at the rate of 10 percent (2019: 10 percent) of basic salary are made by both the Group and the employees. The contributions are recognized as employee benefit expense when they are due.

b) Defined benefit plan

The Group operates a recognised funded gratuity scheme for all its permanent employees who complete the prescribed eligibility period of service. Provision is made annually to meet the cost of such gratuity benefits on the basis of actuarial recommendations using the Projected Unit Credit Method.

c) Compensated absences

The Group makes provision in the financial statements for its liabilities towards compensated absences. Liability under the scheme is determined on the basis of actuarial advice using the Projected Unit Credit Method.

5.10 Acceptances

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

5.11 Provisions against liabilities

Provisions are recognized when the Group has a legal or constructive obligation as a result of past events and 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 date of consolidated statement of financial position and are adjusted to reflect the current best estimate.

12/2/20

5.12 Revenue recognition

Revenue is recognized to the extent that the economic benefit associated with the transaction will flow to the Group and the revenue can be reliably measured.

- 5.12.1 Mark-up / return / interest on advances and on investments are recognized on a time proportion basis using the effective interest rate method except that mark-up / return / interest on non-performing advances and investments is recognized on receipt basis, in accordance with the requirements of the Prudential Regulations issued by the SBP. Where debt securities are purchased at a premium or discount, such premium or discount is amortised through the consolidated statement of profit or loss account over the remaining period of maturity.
- 5.12.2 Dividend income from investments is recognized when the Group's right to receive the dividend is established.
- 5.12.3 Fees, brokerage and commission on letters of credit / guarantees and from other avenues is accrued and is recognized on time proportion basis.
- 5.12.4 Financial advisory fees is recognized when the right to receive the fees is established.
- 5.12.5 Gain or loss on sale of investments is included in consolidated statement of profit or loss account in the year in which they arise.
- 5.12.6 Rentals from Ijarah is recognized as income over the term of the contract net of depreciation expense.
- 5.12.7 Profit on Diminishing Musharakah is recognized in consolidated statement of profit or loss account on accrual basis.

5.13 Borrowings / deposits and their cost

Borrowings / deposits are recorded at the proceeds received. Borrowing / deposit costs are recognized as an expense in the period in which these are incurred using the effective mark-up / interest rate method.

5.14 Proposed dividend and transfers between reserves

Dividends and appropriations to reserves, except appropriations which are by law required to be made subsequent to the date of statement of financial position are considered as non-adjusting events and are recorded in the financial statements in accordance with the requirements of International Accounting Standard (IAS) 10, 'Events after the Balance Sheet Date' in the period in which they are approved / transfers are made.

5.15 Earnings per share

The Group presents basic earnings per share (EPS) which is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year / period. Diluted EPS is determined by adjusting the consolidated 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.

5.16 Foreign currency translation

Transactions in foreign currencies are translated into Pak Rupees at the exchange rates prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated to Pak Rupees at the rates of exchange prevailing at the reporting date. Translation gains and losses are included in the consolidated statement of profit or loss account.

5.17 Financial instruments

a) Financial assets and liabilities

Financial assets and liabilities carried on the consolidated statement of financial position include cash and bank balances, lendings to financial institutions, investments, advances, certain receivables, bills payable, borrowings from financial institutions, deposits, subordinated loans and certain payables. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy notes associated with them.

b) Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date at which the derivative contract is entered into and subsequently remeasured at fair value using appropriate valuation techniques. All derivative financial instruments are carried as assets where fair value is positive and as liabilities where fair value is negative. Any changes in the fair value of derivative financial instruments are taken to consolidated statement of profit or loss account.

Handwritten signature

5.18 Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated financial statements only when the Group have a legally enforceable right to set off and the Group intends to either settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

5.19 Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing particular products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), and is subject to risks and rewards that are different from those of other segments.

Business segments

a) Corporate Finance

This includes investment banking activities such as mergers and acquisitions, underwriting, privatization, securitization, Initial Public Offerings (IPOs) and secondary private placements.

b) Trading and sales (Treasury)

This includes fixed income, equity, foreign exchanges, commodities, credit, funding, own position securities, lendings and repos, brokerage debt and prime brokerage.

c) Retail Banking

This includes mortgage finance and personal loans to individual customers.

d) Commercial banking and others

This includes loans, deposits and other transactions with corporates, small and medium sized customers including agriculture loans.

Geographical segments

5.20 The Group operates only in Pakistan.

5.21 Commitments

Commitments for outstanding forward foreign exchange contracts are disclosed in these consolidated financial statements at committed amounts. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in Pak Rupee terms at the rates of exchange prevailing at the date of the consolidated statement of financial position.

5.22 Provision against off balance sheet obligations

Provision for guarantees, claims and other off balance sheet obligations is made when the Group has a legal or constructive obligation as a result of past events and 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. Charge to consolidated statement of profit or loss account is stated net of expected recoveries.

12/2/20

SINDH BANK LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021 ----- (Rupees in '000') -----	2020 ----- (Rupees in '000') -----
6 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		4,294,590	4,962,914
Foreign currency		175,646	252,331
		4,470,236	5,215,245
With State Bank of Pakistan (SBP) in			
Local currency current accounts	6.1	11,755,480	6,721,080
Foreign currency current accounts	6.2	144,789	153,339
Foreign currency deposit accounts			
- Non Remunerative	6.3	96,290	73,605
- Remunerative	6.4	178,410	141,572
		12,174,969	7,089,596
With National Bank of Pakistan in			
Local currency current accounts		2,657,534	2,100,360
Local currency deposit accounts	6.5	20,579	15,403
		2,678,113	2,115,763
Prize bonds			
	35	41,514	85,345
		19,364,832	14,505,949

6.1 This represents cash reserve required to be maintained with SBP as per the requirement of Section 22 of the Banking Companies Ordinance, 1962.

6.2 This represents US Dollar Settlement Account maintained with SBP.

6.3 This represents foreign currency (FCY) cash reserve maintained with SBP to comply with statutory reserve requirement applicable on Group's FCY deposits.

6.4 This represents foreign currency special cash reserve maintained with SBP. The Group is entitled to earn profit which is declared by SBP on a monthly basis. During the period, the SBP has declared Nil profits (2020 : 0.51% to 0.76%) per annum.

6.5 This includes savings account with National Bank of Pakistan carrying mark-up at 7.75% (2020: 5.50%) per annum.

	Note	2021 ----- (Rupees in '000') -----	2020 ----- (Rupees in '000') -----
7 BALANCES WITH OTHER BANKS			
In Pakistan			
In current account		13,069	30
In savings account	7.1	404,102	419,213
		417,171	419,243
Outside Pakistan			
In current accounts	7.2	1,091,241	4,169,285
		1,508,412	4,588,528

7.1 This includes savings account with commercial banks and microfinance banks carrying mark-up ranging from 7.25% to 11.75% (2020: 5.50% to 10.75%) per annum.

7.2 This includes Rs. 637.12 million (2020: Rs. Rs.3,342.32 million) held in Automated Investment Plans. This balance is current in nature and in case this goes above a specified amount, the Group is entitled to earn interest from the correspondent banks at the agreed rates.

	Note	2021 ----- (Rupees in '000') -----	2020 ----- (Rupees in '000') -----
8 LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lendings		-	3,000,000
Repurchase agreement lendings (Reverse Repo)	8.2 & 8.5	5,381,208	3,969,535
Musharaka arrangements	8.3	700,000	660,000
Bai Muajjal with financial institutions	8.4	-	583,245
		6,081,208	8,212,780
8.1 Particulars of lending			
In local currency		6,081,208	8,212,780
In foreign currencies		-	-
		6,081,208	8,212,780

8.2 This represents resale agreement lending with commercial bank and financial institutions carrying mark-up in the range of 10.50% to 10.70% (2020 :7.20%) per annum maturing up to January 07, 2022 (2020: March 18, 2021).

8.3 This represents arrangement with an Islamic bank carrying mark-up at the rate of 10.00% (2020: 6.50% to 7.20%) per annum maturing up to January 06, 2022 (2020: January 06, 2021).

SINDH BANK LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
	(Rupees in '000')	
8.4 Bai Muajjal		
held with Financial Institution		
Bai Muajjal Placement	-	588,091
Less : Deferred income	-	(4,846)
	-	583,245

8.5 Securities held as collateral against Lending to financial institutions

	2021			2020		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	(Rupees in '000')					
Market Treasury Bills	992,564	-	992,564	-	-	-
Pakistan Investment Bonds	4,398,648	-	4,398,648	3,854,420	-	3,854,420
Total	5,391,212	-	5,391,212	3,854,420	-	3,854,420

9 INVESTMENTS

9.1 Investments by type

	2021				2020			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	(Rupees in '000')							
Available-for-sale securities								
Federal Government Securities								
Market Treasury Bills	42,881,078	-	(64,239)	42,816,839	51,311,160	-	43,094	51,354,254
Pakistan Investment Bonds	111,067,351	-	(1,699,558)	109,367,793	97,956,376	-	(694,937)	97,261,439
Government of Pakistan - Ijarah Sukuk Shares	3,000,017	-	(10,927)	2,989,090	1,500,026	-	(540)	1,499,486
Listed	2,596,504	(344,000)	(93,489)	2,159,015	2,437,740	(369,853)	(42,599)	2,025,288
Unlisted	-	-	-	-	100,000	-	-	100,000
Non-government debt securities								
Sukuk certificates	-	-	-	-	96,428	-	(316)	96,112
Mutual funds	215,049	(35,063)	29,450	209,436	215,048	(32,991)	25,619	207,676
	159,759,999	(379,063)	(1,838,763)	157,542,173	153,616,778	(402,844)	(669,679)	152,544,255
Held-to-maturity securities								
Federal Government Securities								
Pakistan Investment Bonds	16,744,421	-	-	16,744,421	16,772,088	-	-	16,772,088
Market Treasury Bills	25,585	-	-	25,585	12,933	-	-	12,933
Preference Shares - Unlisted	77,708	(77,708)	-	-	77,708	(77,708)	-	-
Term Deposits Accounts	450,000	-	-	450,000	675,000	-	-	675,000
Non-government debt securities								
Term finance certificates- Listed	224,235	-	-	224,235	224,235	-	-	224,235
Term finance certificates- Unlisted	858,997	(416,445)	-	442,552	859,090	(331,175)	-	527,915
	18,380,946	(494,153)	-	17,886,793	18,621,054	(408,883)	-	18,212,171
Total Investments	178,140,945	(873,216)	(1,838,763)	175,428,966	172,237,832	(811,727)	(669,679)	170,756,426

Handwritten signature

SINDH BANK LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

9.2 Investments by segments	2021				2020			
	Cost/ Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
----- (Rupees in '000') -----								
Federal Government Securities								
Market Treasury Bills	42,906,663	-	(64,239)	42,842,424	51,324,093	-	43,094	51,367,187
Pakistan Investment Bonds	127,811,772	-	(1,699,558)	126,112,214	114,728,464	-	(694,937)	114,033,527
Government of Pakistan - Ijarah Sukuk	3,000,017	-	(10,927)	2,989,090	1,500,026	-	(540)	1,499,486
	173,718,452	-	(1,774,724)	171,943,728	167,552,583	-	(652,383)	166,900,200
Shares								
Listed companies	2,596,504	(344,000)	(93,489)	2,159,015	2,437,740	(369,853)	(42,599)	2,025,288
Unlisted companies	77,708	(77,708)	-	-	177,708	(77,708)	-	100,000
	2,674,212	(421,708)	(93,489)	2,159,015	2,615,448	(447,561)	(42,599)	2,125,288
Non-government debt securities								
Term finance certificates - listed	224,235	-	-	224,235	224,235	-	-	224,235
Term finance certificates - unlisted	858,997	(416,445)	-	442,552	859,090	(331,175)	-	527,915
Sukuk certificates	-	-	-	-	96,428	-	(316)	96,112
	1,083,232	(416,445)	-	666,787	1,179,753	(331,175)	(316)	848,262
Mutual Funds								
Open ended	116,049	(35,063)	19,010	99,996	116,048	(32,991)	29,219	112,276
Islamic funds - REIT	99,000	-	10,440	109,440	99,000	-	(3,600)	95,400
	215,049	(35,063)	29,450	209,436	215,048	(32,991)	25,619	207,676
Others								
Term deposits accounts	450,000	-	-	450,000	675,000	-	-	675,000
Total Investments	178,140,945	(873,216)	(1,838,763)	175,428,966	172,237,832	(811,727)	(669,679)	170,756,426

Handwritten signature

SINDH BANK LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
	----- (Rupees in '000') -----	
9.3 Investments given as collateral		
Federal government securities		
Pakistan Investment Bonds	24,987,500	52,185,578
Market Treasury Bills	-	8,384,972
	<u>24,987,500</u>	<u>60,570,550</u>

9.4 Provision for diminution in value of investments

	2021	2020
9.4.1 Opening balance	811,727	504,993
Charge / reversals		
Charge for the year	87,342	306,734
Reversals for the year	-	-
Reversal on disposals	(25,853)	-
Transfers - net	61,489	306,734
Amounts written off	-	-
Closing Balance	<u>873,216</u>	<u>811,727</u>

9.4.2 Particulars of classified debt securities (Category of classification)

Category of classification	2021		2020	
	Non performing investments	Provision	Non performing investments	Provision
	----- (Rupees in '000') -----			
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	971,115	873,216	994,895	811,727
Total	<u>971,115</u>	<u>873,216</u>	<u>994,895</u>	<u>811,727</u>

9.4.2.1 The Group have availed the benefit of forced sale value of collateral against non-performing investment on the basis of the instructions of the State Bank of Pakistan. Had the benefit not been taken by the Group, provision against non-performing investment would have been higher by Rs. 97.90 million (2020: Rs.183.17 million). The resultant increase in profit due to FSV benefit taken will not be available for distribution as cash and stock dividend to shareholders.

9.5 Quality of Available for Sale Securities

	Note	2021	2020
		----- Cost -----	
		----- (Rupees in '000') -----	
Particulars regarding quality of Available for Sale (AFS) securities			
Federal Government Securities - Government guaranteed			
Pakistan Investment Bonds		111,067,351	97,956,376
Market Treasury Bills	9.2	42,881,078	51,311,160
Government of Pakistan - Ijarah Sukuk	9.2	3,000,017	1,500,026
		<u>156,948,446</u>	<u>150,767,562</u>
Shares - Listed Companies			
Refinery		7,682	7,682
Fertilizer		628,710	628,710
Cement		63,745	63,745
Power Generation & Distribution		267,863	267,863
Oil & Gas Marketing Companies		499,881	638,481
Commercial Banks		1,128,623	831,259
		<u>2,596,504</u>	<u>2,437,740</u>
Unlisted Companies			
Insurance		-	100,000
Other investments (Mutual Funds)			
Listed			
AM2+		99,000	99,000
AA / AA-		28,459	28,459
A+ / A-		87,590	87,589
		<u>215,049</u>	<u>215,048</u>
Other investments (Sukuk Certificates)			
Un-listed			
AAA		-	60,714
A-		-	35,714
		-	96,428
		<u>159,759,999</u>	<u>153,616,778</u>
Equity Securities - Listed Companies			
Pakistan Refinery Limited		7,682	7,682
Fauji Fertilizer Company Limited		405,573	405,572
Fauji Fertilizer Bin Qasim Limited		158,136	158,135
Fatima Fertilizer Company Limited		65,002	65,002
Thatta Cement Company Limited		63,745	63,745
Nishat Chunian Power Limited		154,068	154,068
Hub Power Company Limited		113,795	113,795
Sui Southern Gas Company Limited		141,307	248,179
Sui Northern Gas Pipelines Limited		129,401	191,285
Oil & Gas Development Company Limited		95,715	78,308
Pak Petroleum Limited		95,451	82,701
Pakistan State Oil Limited		38,007	38,007
Summit Bank Limited		305,509	305,509
National Bank of Pakistan		315,716	-
Bank AL Habib Limited		39,768	39,768
Habib Bank Limited		87,726	87,726
United Bank Limited		70,724	70,724
MCB Bank Limited		243,315	200,883
Silk Bank Limited		65,864	126,649
		<u>2,596,504</u>	<u>2,437,740</u>

Handwritten signature

SINDH BANK LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021		2020	
	Cost	Break-up value	Cost	Break-up value
Unlisted Companies	----- (Rupees in '000') -----			
TPL Life Insurance Limited	-	-	100,000	23,868
	2021		2020	
	----- Cost -----			
	----- (Rupees in '000') -----			

9.6 Particulars relating to Held to Maturity securities

Federal Government Securities - Government guaranteed

Pakistan Investment Bonds	16,744,421	16,772,088
Market Treasury Bills	25,585	12,933
	16,770,006	16,785,021

Preference Shares - Unlisted Company

Al-Arabia Sugar Mills Ltd	77,708	77,708
---------------------------	---------------	--------

Non Government Debt Securities

Listed

Unrated	224,235	224,235
---------	----------------	---------

Un-listed

AA	119,832	119,880
BBB+	224,821	224,866
Unrated	514,344	514,344
	858,997	859,090

Term deposit accounts

Microfinance Banks	450,000	675,000
	18,380,946	18,621,054

9.6.1 The market value of securities classified as held-to-maturity as at December 31, 2021 amounted to Rs. 18,277.89 million (December 31, 2020: Rs.18,939.80 million).

10 ADVANCES

	Note	Performing		Non Performing		Total	
		2021	2020	2021	2020	2021	2020
		----- (Rupees in '000') -----					
Loans, cash credits, agriculture, running finances etc.		25,697,729	26,584,981	37,075,254	35,095,583	62,772,983	61,680,564
Commodity finance	10.2	8,195,361	10,644,226	-	-	8,195,361	10,644,226
Net investment in finance lease	10.3	1,084,150	1,674,341	321,528	240,215	1,405,678	1,914,556
Islamic financing and related assets							
Diminishing musharakah financing	10.4	1,191,226	2,218,351	14,127	-	1,205,353	2,218,351
Ijarah financing under IFAS 2	10.5	23,159	38,002	-	-	23,159	38,002
		36,191,625	41,159,901	37,410,909	35,335,798	73,602,534	76,495,699
Bills discounted and purchased (excluding market treasury bills)							
Payable in Pakistan		375,343	401,727	-	-	375,343	401,727
Payable outside Pakistan		-	15,037	3,405	3,405	3,405	18,442
		375,343	416,764	3,405	3,405	378,748	420,169
Advances - gross	10.1	36,566,968	41,576,665	37,414,314	35,339,203	73,981,282	76,915,868
Provision for non-performing advances							
- Specific provision		-	-	24,343,891	18,713,952	24,343,891	18,713,952
- Specific provision on Leasing portfolio		-	-	896,640	787,367	896,640	787,367
- General provision against consumer and small enterprise advances		12,124	7,488	-	-	12,124	7,488
		12,124	7,488	25,240,531	19,501,319	25,252,655	19,508,807
Advances - Net of Provision		36,554,844	41,569,177	12,173,783	15,837,884	48,728,627	57,407,061
		2021		2020		----- (Rupees in '000') -----	

10.1 Particulars of advances (Gross)

In local currency	73,981,282	76,915,868
In foreign currencies	-	-
	73,981,282	76,915,868

10.2 This represents commodity financing provided to Food Department, Government of Sindh, in syndication with other commercial banks.

Handwritten signature

SINDH BANK LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

10.3 Net investment in finance lease

	2021			2020				
	Not later than one year	Over one year and less than five years	Over five years and above	Total	Not later than one year	Over one year and less than five years	Over five years and above	Total
	(Rupees '000')							
Lease rental	527,296	677,997	-	1,205,293	240,990	1,524,324	-	1,765,314
Residual value	84,187	278,181	-	362,368	26,871	373,366	-	400,237
Minimum lease payments	611,483	956,178	-	1,567,661	267,861	1,897,690	-	2,165,551
Un-earned income for future periods	(80,310)	(81,673)	-	(161,983)	(128,910)	(122,085)	-	(250,995)
Present value of minimum lease payments	531,173	874,505	-	1,405,678	138,951	1,775,605	-	1,914,556

10.3.1 This represents portfolio taken on the books of the Bank due to amalgamation of Sindh Leasing Company Limited.

10.4 Diminishing musharakah financing

Advance against musharakah
Diminishing musharakah

	2021	2020
	(Rupees in '000')	
	1,816	-
	1,203,537	2,218,351
	1,205,353	2,218,351

10.5 Ijarah financing under IFAS 2

Net book value of assets
Advance against Ijarah financing

	2021	2020
	23,159	38,002
	-	-
	23,159	38,002

10.5.1 Particulars of assets under Ijarah

	2021			2020			Book Value As at December 31	Rate of depreciation (%)
	Cost		As at December 31	Accumulated Depreciation		As at December 31		
	As at January 01	Additions / Settled	As at December 31	As at January 01	Charge / settled	As at December 31		
	(Rupees '000')							
Vehicle	42,595	(4,729)	37,866	24,009	4,332	28,341	9,525	Over the Ijarah period
Plant and machinery	48,000	(20,000)	28,000	28,584	(14,218)	14,366	13,634	
Total	90,595	(24,729)	65,866	52,593	(9,886)	42,707	23,159	
	2021			2020				
	Cost		As at December 31	Accumulated Depreciation		As at December 31	Book Value As at December 31	Rate of depreciation (%)
	As at January 01	Additions	As at December 31	As at January 01	Charge	As at December 31		
	(Rupees '000')							
Vehicle	63,094	(20,499)	42,595	14,614	9,395	24,009	18,586	Over the Ijarah period
Plant and machinery	48,000	-	48,000	34,938	(6,354)	28,584	19,416	
Total	111,094	(20,499)	90,595	49,552	3,041	52,593	38,002	

SINDH BANK LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
	----- (Rupees in '000') -----	
10.5.2 Future Ijarah payments receivable		
Not later than one year	8,586	16,449
Later than one year and not later than five years	14,573	21,553
	23,159	38,002

10.6 Advances include Rs.37,414.31 (2020: Rs. 35,339.20) million which have been placed under non-performing status as detailed below:

Category of Classification	2021		2020	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	----- (Rupees in '000') -----			
Domestic				
Other Assets Especially Mentioned	10.6.1 29,037	-	37,295	-
Substandard	21,655	2,007	32,802	2,229
Doubtful	895,204	299,581	1,575,617	521,498
Loss	36,468,418	24,938,943	33,693,489	18,977,592
Total	37,414,314	25,240,531	35,339,203	19,501,319

10.6.1 This represents non-performing portfolio of agricultural and small and medium enterprise financing classified as OAEM as per the requirements of the Prudential Regulations for Agricultural and Small and Medium Enterprise Financing issued by the State Bank of Pakistan.

10.6.2 The Group has availed the benefit of forced sale value (FSV) on plant and machinery under charge and mortgaged residential and commercial property (land and building only) held as collateral against non-performing advances on the basis of instructions of the State Bank of Pakistan. Had the benefit not been taken by the Group, specific provision against non-performing advances would have been higher by Rs. 11,680.22 million (2020: Rs. 14,987.57 million). The resultant increase in profit due to FSV benefit taken will not be available for distribution as cash and stock dividend to shareholders.

10.6.3 Particulars of provision against advances

	2021			2020		
	Specific	General	Total	Specific	General	Total
	----- (Rupees in '000') -----					
Opening balance	19,501,319	7,488	19,508,807	15,303,290	10,142	15,313,432
Exchange adjustments	-	-	-	-	-	-
Charge for the year	5,985,775	4,636	5,990,411	3,985,927	396	3,986,323
Reversals	(334,983)	-	(334,983)	(1,001,443)	(3,050)	(1,004,493)
	5,650,792	4,636	5,655,428	2,984,484	(2,654)	2,981,830
Amounts charged off - agriculture loans	93,301	-	93,301	447,039	-	447,039
Net charge / (reversal) during the year	5,744,093	4,636	5,748,729	3,431,523	(2,654)	3,428,869
Transfer from Sindh Leasing Co. Ltd under amalgamation	-	-	-	787,367	-	787,367
Fair value adjustment on net assets of Sindh Leasing Co. Ltd	1,097	-	1,097	-	-	-
Amounts written off	(5,978)	-	(5,978)	(20,861)	-	(20,861)
Closing balance	25,240,531	12,124	25,252,655	19,501,319	7,488	19,508,807

10.6.3.1 Particulars of provision against advances

	2021			2020		
	Specific	General	Total	Specific	General	Total
	----- (Rupees in '000') -----					
In local currency	25,240,531	12,124	25,252,655	19,501,319	7,488	19,508,807
In foreign currencies	-	-	-	-	-	-
	25,240,531	12,124	25,252,655	19,501,319	7,488	19,508,807

10.6.3.2 General provision against consumer loans represents provision maintained at an amount equal to 1% (2020: 1%) of the fully secured performing portfolio and 4% (2020: 4%) of the unsecured performing portfolio as required by the Prudential Regulations issued by SBP. General provision against Small Enterprises financing represents provision maintained at an amount equal to 0% (2020: 0%) of the fully secured performing portfolio and 1% of the unsecured performing portfolio as required by the Prudential Regulations issued by SBP.

	Note	2021	2020
		----- (Rupees in '000') -----	
11 FIXED ASSETS			
Capital work-in-progress	11.1	73,166	24,900
Property and equipment	11.3	1,282,018	1,440,082
Right of use assets	11.6	1,878,361	1,849,749
		3,233,545	3,314,731
11.1 Capital work-in-progress			
Civil works		4,396	-
Equipment		1,541	4,814
Advances to suppliers		67,229	20,086
		73,166	24,900
11.2 Movement in Capital work-in-progress			
Opening balance		24,900	21,495
Transfer in		153,701	71,836
Transfer out		(105,435)	(68,431)
Write off		-	-
Closing balance		73,166	24,900

SINDH BANK LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

11.3 Property and Equipment

	2021				
	Leasehold improvements	Furniture and fixture	Computer and office equipment	Vehicles	Total
	(Rupees in '000')				
At January 1, 2020					
Cost / Revalued amount	1,316,822	561,644	1,688,779	389,718	3,956,963
Accumulated depreciation	440,762	393,197	1,436,575	246,347	2,516,881
Net book value	876,060	168,447	252,204	143,371	1,440,082
Year ended December 31, 2021					
Opening net book value	876,060	168,447	252,204	143,371	1,440,082
Additions	11,456	4,393	60,219	58,228	134,296
Movement in surplus on assets revalued during the year	-	-	-	-	-
Acquisitions through business combinations	-	-	-	-	-
Impairment loss recognised in the statement of profit or loss account - net	-	-	-	-	-
Disposals	(392)	(27)	(147)	(31)	(597)
Depreciation charge	(65,952)	(53,054)	(108,941)	(57,511)	(285,458)
Exchange rate adjustments	-	-	-	-	-
Other adjustments / transfers	(6,297)	-	(2)	(6)	(6,305)
Closing net book value	814,875	119,759	203,333	144,051	1,282,018
At December 31, 2021					
Cost / Revalued amount	1,327,578	565,447	1,739,565	390,935	4,023,525
Accumulated depreciation	512,703	445,688	1,536,232	246,884	2,741,507
Net book value	814,875	119,759	203,333	144,051	1,282,018
Rate of depreciation (percentage)	5.00%	10.00%	33.33% & 20.0%	20.00%	
	2020				
	Leasehold improvements	Furniture and fixture	Computer and office equipment	Vehicles	Total
	(Rupees in '000')				
At January 1, 2020					
Cost / Revalued amount	1,278,925	548,236	1,596,885	380,960	3,805,006
Accumulated depreciation	363,495	336,148	1,304,938	213,000	2,217,581
Net book value	915,430	212,088	291,947	167,960	1,587,425
Year ended December 31, 2020					
Opening net book value	915,430	212,088	291,947	167,960	1,587,425
Additions	18,241	8,155	89,255	32,777	148,428
Movement in surplus on assets revalued during the year	-	-	-	-	-
Acquisitions through business combinations	7,484	1,495	578	6,935	16,492
Impairment loss recognised in the statement of profit or loss account - net	-	-	-	-	-
Disposals	(354)	(35)	(2,474)	(3,799)	(6,662)
Depreciation charge	(64,649)	(54,423)	(128,385)	(62,968)	(310,425)
Exchange rate adjustments	-	-	-	-	-
Other adjustments / transfers	(92)	1,167	1,283	2,466	4,824
Closing net book value	876,060	168,447	252,204	143,371	1,440,082
At December 31, 2020					
Cost / Revalued amount	1,316,822	561,644	1,688,779	389,718	3,956,963
Accumulated depreciation	440,762	393,197	1,436,575	246,347	2,516,881
Net book value	876,060	168,447	252,204	143,371	1,440,082
Rate of depreciation (percentage)	5.00%	10.00%	33.33% & 20.0%	20.00%	

11.4 The cost of fully depreciated furniture and fixture, office and computer equipment still in use amounted to Rs.1,476.54 million (2020: Rs.1,253.85 million).

Handwritten signature/initials

11.5 Disposals

Particulars of the Assets	Cost	Accumulated depreciation	Book Value	Sale Price	Mode of Disposal	Particulars of the Purchaser
	----- (Rupees) -----					
Computer and office equipment						
Laptop	61,110	61,109	1	1	As Per HR Policy	Shahzad Begg
Laptop	77,110	77,109	1	1	As Per HR Policy	Khawaja Tajammul Hussain
Laptop	61,110	61,109	1	1	As Per HR Policy	Syed Usman
CCTV System	51,300	51,298	2	31,045	Insurance Claim	Sindh Insurance Limited
UPS	170,400	170,397	3	11,400	Negotiation	Khalil Ahmed Iron & Scrap Merchant
Isolation Transformer	22,500	3,750	18,750	5,000	Negotiation	Office Equipment Services
Other Machined & Equipment	197,969	197,965	4	6,300	Negotiation	Khalil Ahmed Iron & Scrap Merchant
Split Air conditioners	533,550	533,545	5	29,000	Negotiation	Abbasi Iron Store
Split Air conditioners	72,177	72,175	2	10,000	Negotiation	Abdul Majeed & Arif Sons
Split Air conditioners	726,432	726,425	7	71,000	Negotiation	Al Mustafa Workshop
Split Air conditioners	1,058,627	1,058,615	12	49,200	Negotiation	Attari Refrigeration
Split Air conditioners	996,609	986,148	10,461	76,000	Negotiation	Best Airconditioned AC Servicing
Split Air conditioners	160,000	159,998	2	15,000	Negotiation	Bismillah A.Rehman Nizamuddin Workshop
Split Air conditioners	653,292	653,285	7	63,700	Negotiation	Hakkan Associates SMC Pvt Ltd
Split Air conditioners	653,710	653,702	8	43,600	Negotiation	HVAC Enterprises
Split Air conditioners	593,800	593,792	8	40,000	Negotiation	Intiaz Ali
Split Air conditioners	396,998	396,993	5	38,000	Negotiation	Lucky Brothers
Split Air conditioners	288,997	288,993	4	10,000	Negotiation	Mughal Refrigeration Centre
Split Air conditioners	695,743	695,736	7	49,700	Negotiation	Sindh Electric Works
Split Air conditioners	876,995	876,984	11	55,000	Negotiation	Usman Cooling Service
Split Air conditioners	540,997	540,990	7	49,000	Negotiation	Zam Zam Cooling Service
Furniture	22,360	20,567	1,793	1,300	Negotiation	HVAC Enterprises
Furniture	489,568	486,061	3,507	51,900	Negotiation	Khalil Ahmed Iron & Scrap Merchant
Furniture	78,200	56,724	21,476	4,000	Negotiation	Lucky Brothers
Bank Note Sorting Machine	545,000	426,916	118,084	125,000	Negotiation	Seesam Solution Pvt Ltd
Signage	309,950	166,550	143,400	3,700	Negotiation	Syed Ghous Shah Bukhari
Signage	294,866	99,517	195,349	10,000	Negotiation	Zik Cement Stakage
Signage	94,920	41,672	53,248	1,700	Negotiation	Allah Rakha Kabar Khana
	10,724,290	10,158,125	566,165	850,548		
Vehicles						
Suzuki Wagon R	33,282,000	33,281,966	34	34	As Per HR Policy	Various Staff
Suzuki Cultus VXR	6,267,500	6,267,494	6	6	As Per HR Policy	Various Staff
Toyota Corolla XLI	1,642,500	1,642,499	1	1	As Per HR Policy	Rizwan Mahmood
Toyota Corolla XLI	1,642,500	1,642,499	1	1	As Per HR Policy	Dilshad Khan
Toyota Corolla XLI	1,642,500	1,642,499	1	1	As Per HR Policy	Jeanette Chohan
Toyota Corolla XLI	1,642,500	1,642,499	1	1	As Per HR Policy	Shamsul Abbas
Toyota Corolla XLI	1,644,000	1,643,999	1	1	As Per HR Policy	Shazia Andleeb
Toyota Corolla GLI	1,862,500	1,831,457	31,043	31,043	As Per HR Policy	Khawaja Tajammul Hussain
Toyota Corolla Altis	2,322,500	2,322,499	1	1	As Per HR Policy	Syed Assad Ali
Honda Civic	2,475,500	2,475,499	1	1	As Per HR Policy	Shahzad Begg
Honda Civic	2,587,500	2,587,499	1	1	As Per HR Policy	Farhan Ashraf
	57,011,500	56,980,409	31,091	31,091		
	67,735,790	67,138,534	597,256	881,639		

Handwritten signature

SINDH BANK LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
	----- (Rupees in '000') -----	
11.6 RIGHT OF USE ASSETS		
Year ended December 31		
Opening net book value	1,849,749	2,228,609
Additions	712,749	335,119
Disposals	-	-
Depreciation charge	(684,137)	(713,979)
Closing net book value	<u>1,878,361</u>	<u>1,849,749</u>
At December 31		
Cost	3,923,097	3,225,399
Accumulated depreciation	(2,044,736)	(1,375,650)
Net book value	<u>1,878,361</u>	<u>1,849,749</u>
Rate of depreciation (percentage)	<u>10% to 100%</u>	<u>10% to 100%</u>
12 INTANGIBLE ASSETS - Computer Software		
At January 1		
Cost	298,694	243,278
Accumulated amortisation and impairment	227,540	200,065
Net book value	<u>71,154</u>	<u>43,213</u>
Year ended December 31		
Opening net book value	71,154	43,213
Additions:		
- directly purchased	81,526	53,969
Disposals	-	-
Amortisation charge	(36,009)	(26,028)
Other adjustments	-	-
Closing net book value	<u>116,671</u>	<u>71,154</u>
At December 31,		
Cost	380,220	298,694
Accumulated amortisation and impairment	263,549	227,540
Net book value	<u>116,671</u>	<u>71,154</u>
Rate of amortisation (percentage)	<u>20%</u>	<u>20%</u>
Useful life	<u>5 year</u>	<u>5 year</u>

12.1 The cost of fully amortised software still in use amounted to Rs.188.78 million (2020: Rs. 163.32 million).

13 DEFERRED TAX ASSETS-NET

	2021				
	At Jan. 1, 2021	Recognised in P&L A/C	Recognised in OCI	Recognised on Amalgamation (SLCL)	At Dec. 31, 2021
	----- (Rupees in '000') -----				
Deductible Temporary Differences on					
- Provision against advances - general	6,461,736	1,963,121	-	-	8,424,857
- Tax losses carried forward	3,118,099	201,993	(509)	-	3,319,583
- Provision for diminution in the value of investments	94,853	152,882	-	-	247,735
- Deficit on revaluation of investments	261,175	-	455,943	-	717,118
- Accelerated tax depreciation - right to use assets	(8,730)	(2,319)	-	-	(11,049)
- Others	438,871	275,984	-	-	714,855
	<u>10,366,004</u>	<u>2,591,661</u>	<u>455,434</u>	<u>-</u>	<u>13,413,099</u>
Taxable Temporary Differences on					
- Accelerated tax depreciation - tangible fixed assets	(40,491)	19,161	-	-	(21,330)
- Others	(197)	-	-	-	(197)
- Net investment in Lease Finance	(131,859)	-	-	-	(131,859)
- Accelerated tax amortization - intangible assets	(7,673)	1,746	-	-	(5,927)
	<u>(180,220)</u>	<u>20,907</u>	<u>-</u>	<u>-</u>	<u>(159,313)</u>
	<u>10,185,784</u>	<u>2,612,568</u>	<u>455,434</u>	<u>-</u>	<u>13,253,786</u>
	2020				
	At Jan. 1, 2020	Recognised in P&L A/C	Recognised in OCI	Recognised on Amalgamation (SLCL)	At Dec. 31, 2020
	----- (Rupees in '000') -----				
Deductible Temporary Differences on					
- Provision against advances - general	5,190,961	1,042,439	-	228,336	6,461,736
- Tax losses carried forward	2,212,111	910,258	(4,270)	-	3,118,099
- Provision for diminution in the value of investments	94,853	-	-	-	94,853
- Deficit on revaluation of investments	1,138,399	-	(877,224)	-	261,175
- Accelerated tax depreciation - right to use assets	52,075	(60,805)	-	-	(8,730)
- Others	-	438,871	-	-	438,871
	<u>8,688,399</u>	<u>2,330,763</u>	<u>(881,494)</u>	<u>228,336</u>	<u>10,366,004</u>
Taxable Temporary Differences on					
- Accelerated tax depreciation - tangible fixed assets	(67,022)	27,000	-	(469)	(40,491)
- Others	-	-	(197)	-	(197)
- Net investment in Lease Finance	-	-	-	(131,859)	(131,859)
- Accelerated tax amortization - intangible assets	(8,076)	403	-	-	(7,673)
	<u>(75,098)</u>	<u>27,403</u>	<u>(197)</u>	<u>(132,328)</u>	<u>(180,220)</u>
	<u>8,613,301</u>	<u>2,358,166</u>	<u>(881,691)</u>	<u>96,008</u>	<u>10,185,784</u>

13.1 In this respect, the management of the Group have prepared five year projections which have been approved by the Board of Directors of the Group. The projections involve certain key assumptions underlying the estimation of future taxable profits, such as cost to income ratio of the Group, deposit composition, growth of deposits and advances, investment returns, expected recoveries of classified advances, etc. The management believes that it is probable that the Group will be able to achieve the profits projected in the projections and consequently the deferred tax asset will be fully realized in the future.

SINDH BANK LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	<u>2021</u>	<u>2020</u>
		----- (Rupees in '000') -----	
14 OTHER ASSETS	14.1		
Income/ Mark-up accrued in local currency		3,107,249	3,344,767
Accrued commission income		7,234	23,346
Advances, deposits, advance rent and other prepayments		101,478	74,800
Receivable against sale of shares		268,770	1,573,718
Unrealised gain on forward forex revaluation - net		130,799	229,271
Insurance premium receivable against agriculture loans		12,565	13,271
Stationery and stamps on hand		7,984	11,445
Dividend receivable		-	702
Receivable against 1 Link ATM settlement account		-	162,873
Advance Taxation - net		64,901	264,191
Acceptances		-	7,671
Insurance claims receivable		16,252	371
Other receivables		53,735	38,730
		<u>3,770,967</u>	<u>5,745,156</u>
14.1 Income/ Mark-up accrued in local currency			
- On loans and advances		753,170	1,180,130
- On investments		2,349,910	2,102,081
- Others		4,169	62,556
		<u>3,107,249</u>	<u>3,344,767</u>
15 BILLS PAYABLE			
In Pakistan		624,726	592,334
Outside Pakistan		-	-
		<u>624,726</u>	<u>592,334</u>
16 BORROWINGS			
Secured			
Borrowings from State Bank of Pakistan			
- Under export refinance scheme	16.2	1,695,919	1,752,141
- Under long term finance facility	16.3	89,819	119,758
Repurchase agreement borrowings - Secured			
- State Bank of Pakistan(SBP)	16.4	25,000,000	57,883,940
- Other commercial banks / DFIs		-	2,621,809
		<u>25,000,000</u>	<u>60,505,749</u>
Unsecured			
- State Bank of Pakistan(SBP)	16.5	750,000	750,000
- Other microfinance bank		-	-
		<u>27,535,738</u>	<u>63,127,648</u>
16.1 Particulars of borrowings with respect to Currencies			
In local currency		27,535,738	63,127,648
In foreign currencies		-	-
		<u>27,535,738</u>	<u>63,127,648</u>
16.2	These represent borrowings from SBP under export refinance scheme at the rates ranging from 1.00% to 2.00% (2020: 1.00% to 2.00%) per annum having maturity upto six months.		
16.3	These represent borrowings from SBP under long term finance facility at the rate of 3.00% (2020: 3.00%) per annum having maturity upto 5 years.		
16.4	These represent repurchase agreement borrowings from State Bank of Pakistan at the rate of 10.12% (2020: 7.07%) per annum maturing on February 18, 2022 (2020: January 04, 2021). The carrying value of securities given as collateral against these borrowings is given in note 9.3.		
16.5	This represent borrowings from SBP under LOC fund of Microfinance Bank Ltd at the rate of 6 month kibar +1% / -1% (2020: 6 month kibar +1% / -1%) per annum having maturity upto 5 years.		

MS/PO

17 DEPOSITS AND OTHER ACCOUNTS

	2021			2020		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	(Rupees in '000') -----					
Customers						
Current deposits	61,100,484	393,151	61,493,635	47,602,311	214,880	47,817,191
Savings deposits	92,107,801	946,331	93,054,132	74,398,452	815,417	75,213,869
Term deposits	58,783,628	411,867	59,195,495	58,407,259	353,557	58,760,816
Certificates of investment (COIs)	-	-	-	16,600	-	16,600
Margin and other deposits	563,852	-	563,852	638,005	-	638,005
	<u>212,555,765</u>	<u>1,751,349</u>	<u>214,307,114</u>	<u>181,062,627</u>	<u>1,383,854</u>	<u>182,446,481</u>
Financial Institutions						
Current deposits	47,372	19	47,391	45,443	17	45,460
Savings deposits	1,657,129	-	1,657,129	1,564,002	-	1,564,002
Term deposits	1,711,000	-	1,711,000	1,489,000	-	1,489,000
Margin and other deposits	120,044	-	120,044	90,036	-	90,036
	<u>3,535,545</u>	<u>19</u>	<u>3,535,564</u>	<u>3,188,481</u>	<u>17</u>	<u>3,188,498</u>
	<u>216,091,310</u>	<u>1,751,368</u>	<u>217,842,678</u>	<u>184,251,108</u>	<u>1,383,871</u>	<u>185,634,979</u>

17.1 Composition of deposits

	2021	2020
	(Rupees in '000') -----	
- Individuals	24,032,190	20,990,578
- Government (Federal and Provincial)	153,369,167	127,198,473
- Public Sector Entities	2,709,765	1,830,111
- Banking Companies	258,453	9,313
- Non-Banking Financial Institutions	3,277,111	3,179,185
- Private Sectors	34,195,992	32,427,319
	<u>217,842,678</u>	<u>185,634,979</u>

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

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

As at 31 December 2021, the deposits eligible to be covered under insurance arrangements amounted to Rs. 32,255.45 million (2020: Rs. 28,754.09 million) and premium paid amounted to Rs. 46.01 million (2020 : Rs. 33.32 million).

18 OTHER LIABILITIES

	Note	2021	2020
		(Rupees in '000') -----	
Mark-up / return / interest payable in local currency		3,059,322	2,361,832
Mark-up / return / interest payable in foreign currency		2,947	3,539
Accrued expenses		125,093	101,973
Net defined benefit liability		98,875	84,851
Payable against I Link ATM settlement account		47,032	-
Provision for compensated absences		224,033	179,687
Payable to employees' provident fund		929	835
Payable against purchase of operating fixed assets		13,660	42,714
Payable against purchase of shares		205,890	519,695
Retention money		60,701	56,376
Federal excise duty / sales tax on services payable		4,599	3,351
Lease liability	18.1	2,129,702	2,141,076
Withholding tax payable		37,116	33,290
Acceptances		-	7,671
Security deposit against leases	18.2	362,368	400,237
Others		264,975	225,610
		<u>6,637,242</u>	<u>6,162,737</u>

18.1 Lease liability

Opening balance	2,141,076	2,328,843
Impact of adoption of IFRS 16	-	-
Additions / renewals	723,384	335,118
Borrowing cost	233,766	274,246
Payments	(968,524)	(797,131)
Closing balance	<u>2,129,702</u>	<u>2,141,076</u>
Current lease liability	942,341	793,963
Non current lease liability	<u>1,187,361</u>	<u>1,347,113</u>
	<u>2,129,702</u>	<u>2,141,076</u>

18.2 These represent interest free security deposits received from lessees against lease contracts of Sindh Leasing Company Limited was amalgamated into the Bank, and are adjustable against residual value of leased assets at the expiry of the respective lease terms.

19 SHARE CAPITAL-NET

19.1 Authorised capital

2021	2020	2021	2020
Number of shares -----		(Rupees in '000') -----	
<u>2,800,000,000</u>	<u>2,800,000,000</u>	<u>28,000,000</u>	<u>28,000,000</u>

19.2 Issued, subscribed and paid-up share capital

2021	2020	Fully paid in cash	
1,971,013,000	1,971,013,000	Ordinary shares of Rs.10 each	19,710,130
200,000,000	-	Ordinary shares of Rs.10 each	19,710,130
381,429,817	-	Right shares of Rs.10 each issued during the year	2,000,000
<u>2,552,442,817</u>	<u>1,971,013,000</u>	Ordinary shares of Rs. 10 issued as consideration of amalgamation	3,814,298
			<u>25,524,428</u>
			<u>19,710,130</u>

19.3 The Government of Sindh, through its Finance Department, owns 99.96% ordinary shares of the Bank.

SINDH BANK LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021	2020
----- (Rupees in '000') -----			
20 SHARES DEPOSIT MONEY			
Opening balance		2,000,000	2,000,000
Shares deposit money	20.1	4,000,000	-
Right shares issued during the year		(2,000,000)	-
		<u>4,000,000</u>	<u>2,000,000</u>
20.1	To meet the CAR requirement, the sponsor of the Group, GoS has injected Rs 4 billion as an 'advance against issuance of shares' to support the Group's Capital Adequacy requirement, with the condition that this amount shall be returned upon reversal of provision by the Bank against the Non Performing Advances. In this regard the Group has requested SBP to approve this condition of sponsors.		
	Note	2021	2020
----- (Rupees in '000') -----			
21 PROPOSED ORDINARY SHARES TO BE ISSUED ON AMALGAMATION			
Opening balance		3,814,298	3,814,298
Shares issued during the year	21.1	(3,814,298)	-
		<u>-</u>	<u>3,814,298</u>
21.1	As per the Scheme of Amalgamation during the year, the Bank issued 381,429,817 ordinary shares of the Bank to the sole shareholder (Government of Sindh) of Sindh Leasing Company Limited on the basis of the swap ratio of 1 (one) ordinary share of Sindh Bank Limited for every 0.9176 ordinary shares of Sindh Leasing Company Limited, as consideration for the merger.		
	Note	2021	2020
----- (Rupees in '000') -----			
22 DEFICIT ON REVALUATION OF ASSETS - NET OF DEFERRED TAX			
Available-for-sale securities			
Federal government securities		(1,774,724)	(652,382)
Fully paid ordinary shares - listed		(93,489)	(42,599)
Units of mutual funds (units / certificates)		29,450	25,618
Sukuk certificates		-	(316)
		<u>(1,838,763)</u>	<u>(669,679)</u>
Related deferred taxation		717,116	261,174
		<u>(1,121,647)</u>	<u>(408,505)</u>
23 CONTINGENCIES AND COMMITMENTS			
-Guarantees	23.1	4,635,678	3,473,161
-Commitments	23.2	52,600,081	99,865,985
-Other contingent liabilities		-	-
		<u>57,235,759</u>	<u>103,339,146</u>
23.1 Guarantees:			
Financial guarantees		1,059,301	1,036,910
Performance guarantees		151,016	1,947,878
Other guarantees		3,425,361	488,373
		<u>4,635,678</u>	<u>3,473,161</u>
23.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		536,689	2,215,675
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	12,941,129	24,357,415
- forward lending, borrowings and credits	23.2.2	39,122,263	73,292,895
Other commitments		-	-
		<u>52,600,081</u>	<u>99,865,985</u>
23.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		6,740,279	9,983,985
Sale		6,200,850	14,373,430
		<u>12,941,129</u>	<u>24,357,415</u>
23.2.2 Commitments in respect of forward lending, borrowings and credits			
Forward repurchase agreement borrowing		25,103,970	60,551,083
Forward resale agreement lending		5,382,772	3,980,497
Undrawn formal standby facilities, credit lines and other commitments to lend	23.2.2.1	8,635,521	8,761,315
		<u>39,122,263</u>	<u>73,292,895</u>
23.2.2.1 Commitments to extend credit			

The Group makes commitments to extend credit in the normal course of its business but these are revocable commitments that do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

11/3/20

23.3 Contingencies

23.3.1 The Income Tax returns of the Bank have been filed up to the tax year 2021 (accounting year ended December 31, 2020) and amendment of deemed assessment were carried out till tax year 2019, whereby certain disallowances to the taxable income were made.

23.3.2 For tax year 2020, the ACIR issued show-cause notice assessing the income tax return under section 122 (5A) of the ITO 2001, detailed replies have been submitted and assessment order is awaited.

Appeals against amended orders were filed before Commissioner Inland Revenue Authority (CIRA), who deleted all major disallowances and additions in 2014 on which demand of Rs.5.95 million arose.

Subsequently, the Bank has filed an appeal before Appellate Tribunal Inland Revenue (ATIR) in respect of demand of Rs.5.95 million as mentioned above, which are pending. Large Tax Payer Unit (LTU) has also filed appeals in the ATIR against the decision of CIRA.

With respect to Bank's operations in Azad Jammu & Kashmir (AJK), bank has filed income tax returns upto tax year 2021 (accounting year ended December 31, 2020) with the tax authorities of AJK. The Commissioner has issued amended assessment orders for various tax years. The Bank has filed appeals which are pending at CIRA.

23.3.3 Government of Sindh through the Sindh WWF Act, 2014, has introduced levy of SWWF. As per Sindh WWF Act, 2014, banks / Financial institutions are included in definition of "Industrial Establishment" Sindh WWF is imposed at the rate of 2% to the total income. Since the Bank is trans provincial entity and the operations of the Bank in also in other Provinces and in Azad Jammu & Kashmir as well, the Bank along with other banks have filed a suit before Honorable Sindh High Court and challenged the vires of SWWF, which is pending for adjudication.

23.3.4 Sindh Leasing Company Limited - Amalgamated

The Income Tax returns of the Ex-Sindh Leasing Company Limited have been filed up to the tax year 2021 (accounting year ended December 31, 2020, interim period). The returns so filed were treated as assessment orders deemed to have been issued by Commissioner Inland Revenue (CIR) in terms of section 120(1) of the income tax ordinance 2001. For Tax Year 2017, audit proceedings under section 177 of income tax ordinance 2001 have been initiated by the tax authorities, however no order has yet been passed.

Withholding tax monitoring proceedings of tax year 2015, 2018 and 2019 were initiated under section 176 of the income tax ordinance, 2001 read with rule 44 of income tax rules, 2002 by tax authorities, however, order not yet passed.

23.3.5 Other Contingent Liabilities

Claims against the Bank not acknowledged as debts

2021	2020
----- (Rupees in '000) -----	----- (Rupees in '000) -----
792,500	803,500

These mainly represent counter claims filed by the ex-employees of the Bank for damages purported to be sustained by them consequent to the termination from the Bank's employment. Based on legal advice, the management is confident that the matters will be decided in Bank's favour and the possibility of any outcome against the Bank is remote and accordingly no provision has been made in these financial statements.

24 MARK-UP/RETURN/INTEREST EARNED

On Loans and advances

On Investments

On Lendings to financial institutions

On Balances with banks

Note	2021	2020
	----- (Rupees in '000) -----	----- (Rupees in '000) -----
24.1	4,392,768	5,416,578
	17,032,008	9,744,799
	639,863	414,800
	105,421	133,988
	22,170,060	15,710,165

24.1 This includes income from Leasing business amounting to Rs.116.56 million (2020: nil).

25 MARK-UP/RETURN/INTEREST EXPENSED

Deposits

Borrowings

Lease liability against right of use assets

Others

10,344,503	9,434,876
6,403,756	2,844,416
233,765	274,246
-	-
16,982,024	12,553,538

26 FEE & COMMISSION INCOME

Branch banking customer fees

Consumer finance related fees

Card related fees (debit and credit cards)

Commission on trade

Commission on guarantees

Credit related fees

Commission on remittances including home remittances

Others

46,706	38,415
1,186	629
162,838	129,263
56,026	37,186
41,787	32,046
18,779	30,324
23,772	10,310
864	511
351,958	278,684

27 GAIN / (LOSS) ON SECURITIES

Realised

Unrealised - held for trading

27.1	(6,435)	(46,420)
	-	-
	(6,435)	(46,420)

27.1 Realised (loss) / gain on:

Federal Government Securities

Shares of listed companies

Units of mutual funds

Others investments

45,857	276,060
(52,292)	(274,628)
-	(47,852)
-	-
(6,435)	(46,420)

Handwritten signature

SINDH BANK LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021	2020
		----- (Rupees in '000') -----	
28 OTHER INCOME			
Incidental charges		799	721
Gain on sale of operating fixed assets		284	4,331
Rent on premises shared		1,140	3,535
Prequalification application fee for tender		23	39
Godwon charges		275	250
Others		-	-
		<u>2,521</u>	<u>8,876</u>
29 OPERATING EXPENSES			
Total compensation expense	29.2	3,073,628	2,646,788
Property expense			
Rent & taxes		19,870	12,382
Insurance		36,573	31,518
Utilities cost		274,792	224,009
Security		342,836	320,527
Repairs & maintenance		25,116	27,298
Depreciation		65,952	64,606
Depreciation- right of use assets		684,137	713,979
		<u>1,449,276</u>	<u>1,394,319</u>
Information technology expenses			
Software maintenance		67,544	73,713
Hardware maintenance		71,515	63,813
Depreciation		26,578	16,968
Amortisation		36,009	26,028
Network charges		11,088	9,723
Others		51,492	29,898
		<u>264,226</u>	<u>220,143</u>
Other operating expenses			
Directors' fees and allowances		11,545	14,625
Fees and allowances to Shariah Board		4,354	5,461
Legal & professional charges		57,205	48,012
Travelling & conveyance		40,050	34,993
NIFT clearing charges		24,732	23,512
Depreciation		192,928	228,851
Training & development		1,532	1,305
Postage & courier charges		24,640	14,917
Communication		123,969	114,826
Stationery & printing		89,771	82,052
Marketing, advertisement & publicity		44,930	34,750
Donations		-	-
Auditor's Remuneration	29.3	13,139	11,676
Repairs & maintenance		106,835	105,736
Brokerage and commission		12,239	13,289
Entertainment Expenses		54,374	45,790
Premium of deposit protection fund		46,007	33,320
Fees and subscription		66,182	54,018
Insurance expenses		13,177	12,361
Others		162,055	165,208
		<u>1,089,664</u>	<u>1,044,702</u>
		<u>5,876,794</u>	<u>5,305,952</u>

29.1 Total cost for the year included in other operating expenses relating to Janitorial outsourced activities is Rs. 106.81 million (2020: 109.032 million). These expenses represent payments made to companies incorporated in Pakistan.

Handwritten signature

SINDH BANK LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	<u>2021</u>	<u>2020</u>
		----- (Rupees in '000') -----	
29.2 Total compensation expense			
Managerial Remuneration			
- Fixed		1,873,837	1,636,848
- Variable Cash Bonus / Awards etc.		12,664	9,251
Charge for defined benefit plan		99,431	87,882
Contribution to defined contribution Plan		104,790	91,680
Rent & house maintenance		521,898	479,655
Utilities		105,444	95,232
Medical		105,443	95,227
Conveyance		97,701	64,781
Employee old age benefits contribution		14,889	16,472
Leave Fare Assistance Allowances		12,809	8,708
Leave Encashment		57,903	-
Staff Insurances		65,594	56,501
Others staff		1,225	4,551
		<u>3,073,628</u>	<u>2,646,788</u>
29.3 Auditors' remuneration			
Audit fee		10,597	9,563
Fee for other statutory certifications		1,134	1,010
Special certifications and sundry advisory services		798	605
Out-of-pocket expenses		610	498
		<u>13,139</u>	<u>11,676</u>
30 OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan		67,640	927
Others		-	-
		<u>67,640</u>	<u>927</u>

Handwritten signature

SINDH BANK LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021	2020
		----- (Rupees in '000') -----	
31 PROVISIONS & WRITE OFFS - NET			
Provisions / diminution in value of investments	9.4.1	87,342	306,734
Provisions against loans & advances		5,748,729	3,428,869
General provision - reversed		-	-
Net provision during the year	10.6.3	5,748,729	3,428,869
Fixed assets written off		-	401
Bad debts written off directly		2,297	1,455
		5,838,368	3,737,459
32 TAXATION			
Current		294,416	255,299
Prior years		-	(2,189)
Deferred		(2,612,568)	(2,358,166)
		(2,318,152)	(2,105,056)
32.1 Relationship between tax expense and accounting profit			
Loss before tax		(6,018,288)	(5,264,943)
Tax on (loss) / income at applicable rates		(2,347,132)	(2,053,328)
Effect of prior year on current taxation		-	(2,189)
Effect of permanent differences		28,980	(49,539)
		(2,318,152)	(2,105,056)
33 BASIC EARNINGS/ (LOSS) PER SHARE			
Loss for the year		(3,700,136)	(3,159,887)
Weighted average number of ordinary shares		2,509,765,672	1,971,013,000
Basic loss per share		(1.47)	(1.60)
34 DILUTED EARNINGS/ (LOSS) PER SHARE			
Loss for the year		(3,700,136)	(3,159,887)
Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)		2,509,765,672	1,971,013,000
Diluted loss per share		(1.47)	(1.60)

Handwritten signature

SINDH BANK LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

		2021	2020
	Note	----- (Rupees in '000') -----	
35 CASH AND CASH EQUIVALENTS			
Cash and Balance with Treasury Banks	6	19,364,832	14,505,949
Balance with other banks	7	1,508,412	4,588,528
		20,873,244	19,094,477

		2021	2020
		----- Number -----	
36 STAFF STRENGTH			
Permanent		2,082	2,116
Temporary / on contractual basis		248	206
Total staff strength	36.1	2,330	2,322

36.1 In addition to the above 476 (2020: 483) staff from outsourcing service companies were assigned to the Bank.

37 DEFINED BENEFIT AND CONTRIBUTION PLANS

37.1 Defined benefit plan

The Group operates a recognised gratuity plan for all its permanent and full time employees in the management cadre who have completed the minimum qualifying period of three years. Contributions are made to the fund in accordance with the recommendations of an actuary. Employees are entitled to the benefits under the plan which comprise of the last drawn basic salary for each completed year of service, subject to completion of minimum three years services with the Group. The number of employees covered under the schemes are 2135 (2020: 2192).

37.1.1 Principal actuarial assumptions

The latest actuarial valuation was carried out as at December 31, 2021 using the Projected Unit Credit Method. Following are the significant assumptions used in the actuarial valuation:

	2021	2020
	----- (Percentage) -----	
- Discount rate	11.75% - 12.25%	9.75% - 10.25%
- Expected rate of increase in salaries-short term	10.00% - 10.75%	8.75% - 9.50%
- Expected rate of increase in salaries-long term	10.75% - 11.25%	8.75% - 9.50%
- Expected return on plan assets	12.25%	10.25%
- Duration (Years)	10.83	11.36

Handwritten signature

SINDH BANK LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021 ----- (Rupees in '000') -----	2020 ----- (Rupees in '000') -----
37.1.2 Reconciliation of net defined benefit liability			
Present value of defined benefit liability	37.1.5	631,568	511,341
Fair value of plan assets	37.1.6	(532,693)	(426,490)
Payable to defined benefit plan	37.1.3	98,875	84,851
37.1.3 Movement in net defined benefit liability			
Opening balance		84,851	84,612
Charge to profit and loss during the year	37.1.4	99,431	87,882
Remeasurement loss recognized in OCI	37.1.4	(556)	(11,623)
Bank's contribution		(84,851)	(76,020)
Closing balance		98,875	84,851
37.1.4 Charge for defined benefit plan			
In profit and loss			
Current service cost		95,266	81,267
Interest cost - net		4,165	5,351
Past service cost		-	1,264
Charge for the year		99,431	87,882
In other comprehensive income			
Remeasurement loss on defined benefit obligation		(8,498)	(28,988)
Remeasurement loss on plan assets		7,942	17,365
		(556)	(11,623)
37.1.5 Changes in present value of defined benefit liability			
Opening balance		511,341	422,004
Current service cost		95,266	81,267
Interest cost		51,180	48,703
Past service cost		-	1,264
Benefits paid		(17,721)	(12,909)
Actuarial loss / (gain) on obligation			
- Financial assumptions		98	(50)
- Experience assumptions		(8,596)	(28,938)
		(8,498)	(28,988)
Closing balance		631,568	511,341
37.1.6 Fair value of plan assets			
Fair value of plan assets at the beginning of the year		426,490	337,392
Expected return on plan assets		47,016	43,351
Bank's contributions		84,851	76,020
Benefits paid		(17,722)	(12,908)
Actuarial loss on assets - experience assumptions		(7,942)	(17,365)
Fair value of plan assets at the end of the year	37.1.7	532,693	426,490

37.1.7 Plan assets comprise

Balance held in bank accounts	532,693	426,490
-------------------------------	----------------	---------

37.1.8 Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	Note	2021 ----- (Rupees in '000') -----	2020 ----- (Rupees in '000') -----
Discount rate (1% variation)		565,910	458,918
Future salary growth (1% variation)		703,673	572,921
Future mortality (1 year variation)		612,429	499,923

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of sensitivity of the assumptions shown.

MSB

SINDH BANK LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

37.1.9 The expected gratuity expense for the year commencing January 01, 2022 works out to Rs.95.63 million (2021: Rs. 92.93 million).

37.1.10 Maturity analysis

The weighted average duration of the defined benefit obligation works out to be 10.83 years. Expected benefit payments for the next five years are:

	2022	2023	2024	2025	2026
	(Rupees in '000)				
Expected benefit payments	48,659	30,923	49,068	43,160	36,695

37.1.11 Risks Associated with Defined Benefit Plans

Investment Risks

The risk arises when the actual performance of the investment is lower than expectation. This is managed by formulating the investment plan in consultation with the trustee and the actuary.

Longevity Risks

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary Increase Risk

The risk that the final salary at the time of cessation of service is higher than what we assumed. Since the benefit is calculated on the final Salary, the benefit amount increases similarly. The risk is managed by actuarial valuations and accounting for benefits based on that.

Withdrawal Risk

The risk of actual withdrawals varying with the actuarial assumptions can pose a risk to the benefit obligation. The movement of the liability can go either way.

37.2 Defined contribution plan

The Group operates a recognised provident fund plan for all its permanent employees. Equal monthly contributions are made, both by the Group and its employees, to the fund at the rate of 10% of basic salary of the employees. The minimum qualifying period of service for the purpose of the Group's contribution is one year. The contribution made by the Group and its employees during the year amounted to Rs.209.58 million (2020: Rs.183.36 million). The number of employees as at December 31, 2021 eligible under the plan were 2082 (2020: 1780).

38. COMPENSATED ABSENCES

The Group grants compensated absences to all its regular employees as per service rules. Minimum qualifying period for encashment is three years of service. Regular employees are entitled to 30 days privilege leave for each completed year of service. Unutilized privilege leave is accumulated upto a maximum of 60 days which would be encashed at the time of retirement from the regular service of the Group or severance of service except in case of dismissal. This is encashable on the basis of last drawn gross salary. The Group recognises the liability for compensated absences in respect of employees in the period in which these are earned up to the balance sheet date. The provision of Rs.224.03 million (2020: Rs.179.68 million) has been made on the basis of actuarial recommendations.

	2021	2020
	(Rupees in '000')	
38.1 Movement of compensated absences		
Opening balance	179,686	188,606
Expense / (Reversal) for the year	52,693	(5,210)
Benefit paid during the year	(8,347)	(3,710)
Closing balance	224,032	179,686

Handwritten signature

39 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

39.1 Total Compensation Expense

	2021						
	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Executives (other than CEO)	Non- Executives				
(Rupees in ' 000')							
Fees and Allowances	2,325	-	9,220	3,780	-	-	-
Managerial Remuneration							
- Fixed	-	-	-	-	23,784	114,706	67,475
- Variable Cash Bonus / Awards	-	-	-	-	-	1,330	1,083
Charge for defined benefit plan	-	-	-	-	1,403	12,027	5,795
Contribution to defined contribution plan	-	-	-	-	2,379	10,321	6,603
Rent & house maintenance	-	-	-	-	10,702	51,618	30,364
Utilities	-	-	-	-	2,379	11,470	6,747
Medical	-	-	-	-	2,379	11,470	6,747
Conveyance	-	-	-	574	1,005	19,269	22,469
Bonus	-	-	-	-	3,964	17,524	10,086
Others	1,322	-	60	-	1,518	10,526	8,213
Total	3,647	-	9,280	4,354	49,513	260,261	165,582
Number of Persons	1	-	8	3	2	35	37

	2020						
	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Executives (other than CEO)	Non- Executives				
(Rupees in ' 000')							
Fees and Allowances	3,450	-	11,125	4,977	-	-	-
Managerial Remuneration							
- Fixed	-	-	-	-	22,264	102,902	60,503
- Variable Cash Bonus / Awards	-	-	-	-	-	-	-
Charge for defined benefit plan	-	-	-	-	1,264	6,912	5,494
Contribution to defined contribution plan	-	-	-	-	2,226	8,344	5,988
Rent & house maintenance	-	-	-	-	10,019	46,306	27,226
Utilities	-	-	-	-	2,226	10,290	6,050
Medical	-	-	-	-	2,226	10,290	6,050
Conveyance	-	-	-	484	813	16,140	16,074
Bonus	-	-	-	-	3,919	16,436	9,643
Others	621	-	50	-	1,233	8,374	6,861
Total	4,071	-	11,175	5,461	46,190	225,994	143,889
Number of Persons	1	-	8	3	2	32	36

39.1.1 The President and Chief Executive Officer and certain executives of the Group are provided with free use of Group maintained cars.

39.1.2 The term "Key Management Personnel" means the following functional responsibilities:

- (a) Any executive or key executive, acting as second to CEO, by whatever name called, and including the Chief Operating Officer (COO) and Deputy Managing Director.
- (b) Any executive or key executive reporting directly to the CEO / President or the person mentioned in (a) above.

The term 'Material Risk Taker' and 'Material Risk Controller' have the same meaning as defined in revised guidelines on remuneration practice issued by the State Bank of Pakistan vide BPRD circular No. 1 of 2017.

39.1.3 The terms Directors/ Executive Directors/ Non-Executive Directors, CEO and Key Executives have same meaning as defined in Prudential Regulations (PRs) for Corporate and Commercial Banking. For the purpose of these disclosures Key Executive will also include Executives who have direct reporting line to the President/CEO or BoD or its Committees.

39.2 Meeting Fees paid to Directors for participation in Board and Committee Meetings

		2021						
		For Board Committees						
Sr. No.	Name of Directors	For Board Meetings	Audit Committee	Risk Management Committee	Procurement, I.T. & Security Committee	Human Resource & Remuneration Committee	Nomination Committee	Total Amount Paid
----- (Rupees in '000') -----								
1	Mr. Javaid Bashir Sheikh	1,550	950	575	-	-	-	3,075
2	Mr. Anis Ahmed Khan	1,550	-	-	200	575	-	2,325
3	Mr. Sami Ul Haq Khilji	500	-	-	200	400	-	1,100
4	Mr. Asif Jahangir	1,050	175	-	-	175	-	1,400
5	Mrs. Masooma Hussain	1,550	950	575	-	-	-	3,075
6	Mr. Abdul Sattar Jumani	110	-	-	-	-	-	110
7	Mr. Farooq Ahmed	110	-	-	-	-	-	110
8	Mr. Noor Muhammad Soomro	110	-	-	-	-	-	110
9	Mr. Shamsuddin Khan	60	-	-	-	20	-	80
10	Ms. Naila Masood	110	-	30	-	20	-	160
	Total Amount Paid	6,700	2,075	1,180	400	1,190	-	11,545

		2020						
		For Board Committees						
Sr. No.	Name of Directors	For Board Meetings	Audit Committee	Risk Management Committee	Procurement, I.T. & Security Committee	Human Resource & Remuneration Committee	Nomination Committee	Total Amount Paid
----- (Rupees in '000') -----								
1	Javaid Bashir Sheikh	2,250	1,000	600	-	-	-	3,850
2	Anis Ahmed Khan	2,250	-	-	400	800	-	3,450
3	Sami Ul Haq khilji	2,000	-	-	400	800	-	3,200
4	Masooma Hussain	2,250	1,000	600	-	-	-	3,850
5	Farooq Ahmed	75	-	-	-	-	-	75
6	Noor Muhammad	125	-	-	-	-	-	125
7	Naila Masood	75	-	-	-	-	-	75
	Total Amount Paid	9,025	2,000	1,200	800	1,600	-	14,625

39.3 Remuneration paid to Shariah Board Members

Items	2021			2020		
	Chairman	Member	Resident Member	Chairman	Member	Resident Member
----- (Rupees in '000') -----						
Managerial Remuneration (Fixed)	1,836	1,291	653	2,400	1,271	1,306
Fuel Allowances	155	287	132	-	242	242
Total Amount	1,991	1,578	785	2,400	1,513	1,548
Total Number of Persons	1	1	1	1	1	1

40 FAIR VALUE MEASUREMENTS

IFRS 13 "Fair Value Measurement" defines 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.

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for 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 Group's accounting policy as stated in note 5.17 to these financial statements.

The repricing profile, effective rates and maturity profile are stated in note 44.2.6 to these financial statements.

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

40.1 Fair value of financial assets

IFRS 13 requires the Group to make fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

40.2 The table below analyses the financial and non-financial assets carried at fair values, by valuation methods. For financial assets, the Group 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.

	2021			
	Fair Value			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000') -----			
On balance sheet financial instruments				
Financial assets measured at fair value				
Available-for-sale securities				
Pakistan Investment Bonds	-	109,367,793	-	109,367,793
Market Treasury Bills	-	42,816,839	-	42,816,839
Shares of listed companies	2,159,015	-	-	2,159,015
Term finance certificates - Listed	-	-	-	-
Units of mutual funds	99,996	109,440	-	209,436
Ijarah Sukuk - GoP	-	2,989,090	-	2,989,090
Sukuk bonds	-	-	-	-
	<u>2,259,011</u>	<u>155,283,162</u>	<u>-</u>	<u>157,542,173</u>
Off balance sheet financial instruments				
Foreign exchange contracts (purchase)	-	6,740,279	-	6,740,279
Foreign exchange contracts (sale)	-	6,200,850	-	6,200,850
	<u>-</u>	<u>6,200,850</u>	<u>-</u>	<u>6,200,850</u>
	2020			
	Fair Value			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000') -----			
On balance sheet financial instruments				
Financial assets measured at fair value				
Available-for-sale securities				
Pakistan Investment Bonds	-	97,261,439	-	97,261,439
Market Treasury Bills	-	51,354,254	-	51,354,254
Shares of listed companies	2,025,288	-	-	2,025,288
Term finance certificates - Listed	-	-	-	-
Units of mutual funds	207,676	-	-	207,676
Ijarah Sukuk - GoP	-	1,499,486	-	1,499,486
Sukuk bonds	-	96,112	-	96,112
	<u>2,232,964</u>	<u>150,211,291</u>	<u>-</u>	<u>152,444,255</u>
Off balance sheet financial instruments				
Foreign exchange contracts (purchase)	-	9,983,985	-	9,983,985
Foreign exchange contracts (sale)	-	14,373,430	-	14,373,430
	<u>-</u>	<u>14,373,430</u>	<u>-</u>	<u>14,373,430</u>

The valuation techniques used for the above assets are disclosed below.

Item	Valuation techniques and input used
Fully paid-up ordinary shares /close end mutual funds	Fair value is determined on the basis of closing quoted market prices available at the Pakistan Stock Exchange.
Open ended mutual funds	Fair value is based on redemption prices as at the close of the business day.
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 (GoP) - Ijarah Sukuks	Fair values derived using the PKISRV rates announced by the Financial Market Association (FMA) through Reuters.
Term Finance, Bonds and Sukuk certificates	Investments in debt securities (comprising term finance certificates, bonds, sukuk certificates and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.

MYP

41 SEGMENT INFORMATION

41.1 Segment Details with respect to Business Activities

	2021				
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
	(Rupees in '000')				
Statement of Profit or Loss Account					
Net mark-up/return/interest income	11,358,794	309,000	-	(6,479,758)	5,188,036
Inter segment revenue - net	(15,927,013)	-	-	15,927,013	-
Non mark-up / interest income	185,749	591	-	390,138	576,478
Total Income	(4,382,470)	309,591	-	9,837,393	5,764,514
Segment direct expenses	(97,564)	(227,720)	-	(4,477,571)	(4,802,855)
Inter segment expense allocation	(114,158)	(19,001)	-	(1,008,420)	(1,141,579)
Total expenses	(211,722)	(246,721)	-	(5,485,991)	(5,944,434)
Provisions	(87,343)	(15,452)	-	(5,735,573)	(5,838,368)
(Loss) / Profit before tax	(4,681,535)	47,418	-	(1,384,171)	(6,018,288)
Statement of Financial Position					
Cash & Bank balances	12,158,168	438,752	-	8,276,324	20,873,244
Investments	174,953,381	475,585	-	-	175,428,966
Net inter segment lending	750,000	(750,000)	-	172,676,536	172,676,536
Lendings to financial institutions	6,081,208	-	-	-	6,081,208
Advances - performing	48,256	1,132,445	-	35,374,143	36,554,844
- non-performing	-	11,445	-	12,162,338	12,173,783
Others	4,778,330	197,863	-	15,398,776	20,374,969
Total Assets	198,769,343	1,506,090	-	243,888,117	444,163,550
Borrowings	25,089,819	750,000	-	1,695,919	27,535,738
Subordinated debt	-	-	-	-	-
Deposits & other accounts	-	234,272	-	217,608,406	217,842,678
Net inter segment borrowing	172,476,511	200,025	-	-	172,676,536
Others	349,767	102,446	-	6,809,755	7,261,968
Total liabilities	197,916,097	1,286,743	-	226,114,080	425,316,920
Equity	853,246	219,347	-	17,774,037	18,846,630
Total Equity & liabilities	198,769,343	1,506,090	-	243,888,117	444,163,550
Contingencies & Commitments	43,427,871	-	-	13,807,888	57,235,759
	2020				
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
	(Rupees in '000')				
Statement of Profit or Loss Account					
Net mark-up/return/interest income	7,422,712	304,319	-	(4,570,404)	3,156,627
Inter segment revenue - net	(9,390,474)	-	-	9,390,474	-
Non mark-up / interest income	323,031	255	-	299,482	622,768
Total Income	(1,644,731)	304,574	-	5,119,552	3,779,395
Segment direct expenses	(73,935)	(204,604)	-	(3,478,358)	(3,756,897)
Inter segment expense allocation	(155,334)	(12,987)	-	(1,381,661)	(1,549,982)
Total expenses	(229,269)	(217,591)	-	(4,860,019)	(5,306,879)
Provisions	(306,734)	(14,517)	-	(3,416,208)	(3,737,459)
(Loss) / Profit before tax	(2,180,734)	72,466	-	(3,156,675)	(5,264,943)
Statement of Financial Position					
Cash & Bank balances	6,653,590	422,507	-	12,018,380	19,094,477
Investments	170,068,493	687,933	-	-	170,756,426
Net inter segment lending	750,000	(750,000)	-	128,207,417	128,207,417
Lendings to financial institutions	8,212,780	-	-	-	8,212,780
Advances - performing	40,376	797,234	-	40,731,567	41,569,177
Advances - non-performing	-	1,915	-	15,835,969	15,837,884
Others	5,007,313	162,656	-	14,146,856	19,316,825
Total Assets	190,732,552	1,322,245	-	210,940,189	402,994,986
Borrowings	60,625,508	750,000	-	1,752,140	63,127,648
Subordinated debt	-	-	-	-	-
Deposits & other accounts	-	64,290	-	185,570,689	185,634,979
Net inter segment borrowing	127,964,432	242,985	-	-	128,207,417
Others	607,750	72,220	-	6,075,101	6,755,071
Total liabilities	189,197,690	1,129,495	-	193,397,930	383,725,115
Equity	1,534,862	192,750	-	17,542,259	19,269,871
Total Equity & liabilities	190,732,552	1,322,245	-	210,940,189	402,994,986
Contingencies & Commitments	88,888,995	-	-	14,450,151	103,339,146

42 RELATED PARTY TRANSACTIONS

The related parties of the Group comprise associated undertakings, directors, staff retirement funds and key management personnel (including their associates).

Transactions with related parties includes deposits, advances and other banking services which are carried out on an arm's length basis. Transaction with executives and key management persons are undertaken at terms in accordance with employment agreements and service rules. Contributions to and accruals in respect of staff retirement benefit plans are made in accordance with the terms of the benefit plan. Remuneration of the President & Chief Executive Officer and directors are determined in accordance with the terms of their appointment.

Government of Sindh (GoS) through its Finance Department holds 99.95% shareholding in the Group and therefore entities which are owned and / or controlled by the GoS, or where the GoS may exercise significant influence, are related parties of the Group. The Group in the ordinary course of business enters into transactions with Government-related entities. Such transactions include lending to, deposits from and provision of other banking services to such entities. However, it is impracticable to disclose transactions with all other entities owned or controlled by GoS.

The details of balances and transactions with related parties, other than those disclosed under respective notes, during the year are as follows:

	2021			2020		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
----- (Rupees in '000') -----						
Investments						
Opening balance	-	-	-	-	-	-
Investment made during the year	-	-	-	-	-	-
Investment redeemed / disposed off during the year	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-
Advances						
Opening balance	-	201,487	-	-	80,894	46,874
Addition during the year	-	23,311	-	-	141,791	-
Repaid during the year	-	34,450	-	-	18,430	46,874
Transfer in / (out) - net	-	20,904	-	-	(2,768)	-
Closing balance	-	211,252	-	-	201,487	-
Other Assets						
Interest / mark-up accrued	-	158	-	-	150	-
Other receivable	-	-	50	-	-	-
	-	158	50	-	150	-
Deposits and other accounts						
Opening balance	22,930	68,200	2,079,063	21,698	68,026	3,519,086
Received during the year	162,069	433,815	20,942,544	49,633	320,609	9,854,048
Withdrawn during the year	184,201	412,641	20,882,872	48,401	314,147	9,151,255
Transfer in / (out) - net	(31)	(48,778)	-	-	(6,288)	(2,142,816)
Closing balance	767	40,596	2,138,735	22,930	68,200	2,079,063
Other Liabilities						
Premium payable	-	-	-	-	-	1,517
Interest / mark-up payable	22	321	16,013	215	346	82,299
	22	321	16,013	215	346	83,816

Handwritten signature

SINDH BANK LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

42 RELATED PARTY TRANSACTIONS

	2021			2020		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
	----- (Rupees in '000') -----					
Income:						
Mark-up / return / interest earned	-	7,857	-	-	4,695	2,181
Fee and commission income	3	14	36	3	13	24
Net gain on sale of securities	-	-	251	-	-	372
Other income	-	-	1,140	-	-	3,573
Expense:						
Mark-up / return / interest paid	272	3,930	145,250	496	3,753	400,604
Rent paid	-	-	-	-	-	-
Remuneration paid	-	214,470	-	-	216,818	-
Contribution to provident fund	-	15,746	-	-	12,712	-
Provision for gratuity	-	17,075	-	-	11,978	-
Other staff benefits	-	23,617	-	-	19,729	-
Directors' meeting fee	10,975	-	-	14,625	-	-
Commission paid on Advertisement	-	-	-	-	-	-
Other supplies & services	-	-	-	-	-	-
Other expenses	-	-	-	621	-	-
Insurance premium paid	-	-	125,962	-	-	114,948
Others:						
Sale of Government Securities	-	-	3,755,500	-	-	1,341,825
Purchase of Government Securities	-	-	1,575,000	-	-	-
Gratuity paid	-	4,647	-	-	-	-
Leave encashment paid	-	2,126	-	-	-	-
Expenses recovered under agency arrangement	-	-	128	-	-	172
Insurance claims settled	-	-	3,259	-	-	675

As at the date of consolidated statement of financial position, loans/advances and deposits related to government related entities and its related entities amounted to Rs.15,155.29 million (note 10.2) and Rs.109,010.91 million (note 17). The above includes deposits amounting to Rs.30,744.37 (2020: Rs.22,625.33) million received through the Finance Department, Government of Sindh.

M/S/2020

SINDH BANK LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021	2020
		----- (Rupees in '000') -----	
43 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY			
Minimum Capital Requirement (MCR):			
Paid-up capital (net of losses)		<u>14,451,825</u>	<u>12,344,452</u>
Capital Adequacy Ratio (CAR):			
Eligible Common Equity Tier 1 (CET 1) Capital		<u>6,719,213</u>	10,629,435
Eligible Additional Tier 1 (ADT 1) Capital		-	-
Total Eligible Tier 1 Capital		<u>6,719,213</u>	10,629,435
Eligible Tier 2 Capital		<u>10,967</u>	7,488
Total Eligible Capital (Tier 1 + Tier 2)		<u>6,730,180</u>	<u>10,636,923</u>
Risk Weighted Assets (RWAs):			
Credit Risk		<u>30,836,591</u>	40,032,455
Market Risk		<u>12,089,179</u>	17,878,718
Operational Risk		<u>7,692,311</u>	7,581,862
Total		<u>50,618,081</u>	<u>65,493,035</u>
Common Equity Tier 1 Capital Adequacy ratio		<u>13.27%</u>	16.23%
Tier 1 Capital Adequacy Ratio		<u>13.27%</u>	16.23%
Total Capital Adequacy Ratio		<u>13.30%</u>	16.24%
National minimum capital requirements prescribed by SBP			
Common Equity Tier 1 minimum ratio		<u>6.00%</u>	6.00%
Tier 1 minimum ratio		<u>7.50%</u>	7.50%
Total capital minimum ratio		<u>10.00%</u>	10.00%
Total capital minimum ratio plus CCB		<u>11.50%</u>	11.50%
Approach followed for determining Risk Weighted Assets			
Credit Risk		Comprehensive	Comprehensive
Market Risk		Maturity	Maturity
Operational Risk		Basic	Basic Indicator
		<u>2021</u>	2020
		----- (Rupees in '000') -----	
Leverage Ratio (LR):			
Eligible Tier-1 Capital		<u>6,719,211</u>	10,629,435
Total Exposures		<u>265,491,048</u>	270,688,592
Leverage Ratio (%)		<u>2.53%</u>	3.93%
Liquidity Coverage Ratio (LCR):			
Total High Quality Liquid Assets		<u>126,415,608</u>	74,110,684
Total Net Cash Outflow		<u>28,640,693</u>	20,177,398
Liquidity Coverage Ratio (%)		<u>441%</u>	367%
Net Stable Funding Ratio (NSFR):			
Total Available Stable Funding		<u>167,053,194</u>	128,910,815
Total Required Stable Funding		<u>65,172,730</u>	49,505,620
Net Stable Funding Ratio		<u>256%</u>	260%

43.1 The full disclosures on the Capital Adequacy, Leverage Ratio & Liquidity requirements as per SBP instructions issued from time to time shall be placed on the website. The link to the full disclosures shall be short and clear and be provided within this note such as, The link to the full disclosure is available at <http://www.sindhbankltd.com/financials/basel-statements>.

12/31/20

44. RISK MANAGEMENT

The Group's risk management framework encompasses the culture, processes and structure and is directed towards the effective management of potential opportunities and threats to the Group. The prime objective of the Group'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 Group 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 Group-wide risk management framework and approves the risk management strategy and policies of the Group. The Board Risk Management Committee (BRMC), ensures that the Group maintains a complete and prudent integrated risk management framework at all times and ensures that the risk exposures are maintained within acceptable levels. BRMC is responsible for reviewing the extent of design and adequacy of risk management framework. BRMC oversight ensures that risks are managed within the level of tolerance and risk appetite of the Group.

44.1 Credit risk

Credit risk arises from the potential that an obligor is either unwilling to perform on an obligation or its ability is impaired resulting in economic loss to the Group. The objective of credit risk management is to keep credit risk exposure within permissible level, relevant to the Group's risk appetite and capital, to maintain the soundness of assets and to ensure returns commensurate with risk. The Group takes necessary measures to control such risk by evaluating, measuring and monitoring credit exposures.

The Group has a comprehensive pre-approval evaluation process of credit risk embedded within Risk Management Division. The risk evaluation function is an integral part of Credit Risk Management Framework and is independent from the risk taking function. The credit evaluation department will independently identify actual and potential risks both on individual and on portfolio basis including adherence to relevant internal policies, procedures and related regulatory guidelines.

In addition to monitoring credit limits specified in the Prudential Regulations of the State Bank of Pakistan, the credit limit structure of the Group includes internal limits as established by the BOD and senior management. Credit Limits along with credit concentration is monitored on a regular basis and any exceptions are reported to the relevant authorities for their timely action where necessary.

The Group uses comprehensive Approach for assessing the capital charge for Credit risk.

44.1.1 Lendings to financial institutions

Details of Lending to financial institutions and provision held by sectors

	Gross Lendings		Non Performing Lendings		Provision Held	
	2021	2020	2021	2020	2021	2020
	----- (Rupees in '000') -----					
Public/ Government	-	-	-	-	-	-
Private	<u>6,081,208</u>	8,212,780	-	-	-	-
Total	<u>6,081,208</u>	<u>8,212,780</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

44.1.2 Investments

Segmental information by the class / nature of business, distribution and provision held is given below:

	Gross Investments		Non Performing Investments		Provision Held	
	2021	2020	2021	2020	2021	2020
	----- (Rupees in '000') -----					
Government of Pakistan	173,718,453	167,539,650	-	-	-	-
Banks	2,147,510	2,123,886	279,945	305,797	279,944	305,797
Cement	63,745	63,745	34,923	34,923	34,923	34,923
Fertilizer	628,710	628,710	22,684	22,684	22,684	22,684
Financial	215,049	315,050	35,063	32,991	35,063	32,991
Petroleum	141,141	128,390	6,449	6,449	6,449	6,449
Power (electricity), Gas & Water	634,286	846,349	-	-	-	-
Sugar	592,051	592,052	592,051	592,051	494,153	408,883
Total	<u>178,140,945</u>	<u>172,237,832</u>	<u>971,115</u>	<u>994,895</u>	<u>873,216</u>	<u>811,727</u>

Handwritten signature

SINDH BANK LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

44.1.2.1 Credit risk by public / private sector

	Gross Investments		Non Performing Investments		Provision Held	
	2021	2020	2021	2020	2021	2020
	----- (Rupees in '000') -----					
Public/ Government	174,566,113	168,283,705	6,449	6,449	6,449	6,449
Private	3,574,832	3,954,127	964,666	988,446	866,767	805,278
Total	178,140,945	172,237,832	971,115	994,895	873,216	811,727

44.1.3 Advances

Segmental information by the class / nature of business and by distribution of advances, Non performing advances & provision held is given below:

	Advances (Gross)		Non Performing Advances		Provision Held	
	2021	2020	2021	2020	2021	2020
	----- (Rupees in '000') -----					
Pharmaceuticals	69,822	21,219	-	-	-	-
Agriculture business	1,561,830	1,833,627	1,321,325	1,441,481	1,055,014	1,048,511
Manufacturing of textile	814,823	965,376	33,186	33,186	33,186	33,186
Cement	64,377	64,382	-	-	-	-
Transport, storage and communication	343,550	643,101	-	-	-	-
Wholesale and retail trade	1,558,247	1,499,646	463,950	462,048	277,924	226,005
Mining and quarrying	5,075,453	4,667,681	-	-	-	-
Hotel and restaurants	981,130	1,160,948	-	-	-	-
Petroleum	3,213,557	1,792,576	2,022,460	391,286	2,022,460	214,942
Media channels	1,576,852	2,253,297	1,475,685	1,499,380	392,830	392,830
Manufacture of basic iron and steel	2,187,544	1,926,079	1,756,740	1,756,740	1,532,889	1,423,134
Sugar	20,424,172	19,909,226	17,623,859	17,549,268	12,024,843	10,672,493
Automobile and transportation equipment	2,469,659	2,483,180	2,434,209	2,434,209	1,940,286	1,800,790
Chemicals and chemical products	1,194,117	1,506,508	1,103,884	1,098,591	1,062,925	981,382
Financial	1,939,927	2,565,902	1,177,884	1,183,766	447,069	406,389
Rice & Wheat	695,151	628,999	-	23,971	-	8,722
Construction, real estate and societies	4,024,784	4,715,025	2,901,023	2,901,365	1,559,387	745,977
Food	8,348,167	10,797,032	152,806	152,806	147,536	142,754
Insurance	3,254	7,652	-	-	-	-
Power, electricity and gas	9,462,932	9,997,791	3,030,104	2,234,166	2,026,974	997,987
Domestic Appliances	1,557,208	1,707,599	-	-	-	-
Education	18,663	20,357	15,732	14,881	14,419	7,185
Individuals	1,409,410	1,522,044	6,921	12,075	1,943	1,606
Others	4,986,653	4,226,621	1,894,546	2,149,984	700,846	397,426
Total	73,981,282	76,915,868	37,414,314	35,339,203	25,240,531	19,501,319

44.1.3.1 Credit risk by public / private sector

	Advances (Gross)		Non Performing Advances		Provision Held	
	2021	2020	2021	2020	2021	2020
	----- (Rupees in '000') -----					
Public/ Government	8,195,361	11,204,483	-	560,257	-	560,257
Private	65,785,921	65,711,385	37,414,314	34,778,946	25,240,531	18,941,062
Total	73,981,282	76,915,868	37,414,314	35,339,203	25,240,531	19,501,319

44.1.4 Contingencies and Commitments

Segmental information by the class / nature of business and by distribution of Contingencies and Commitments is given below:

	2021	2020
	----- (Rupees in '000') -----	
Chemical and pharmaceuticals	20,000	24,013
Manufacturing of textile	74,805	109,079
Transport, storage and communication	128,500	128,500
Wholesale and retail trade	909,285	653,691
Petroleum	116,991	1,971,167
Manufacture of basic iron and steel	108,031	19,607
Sugar	33,590	21,223
Automobile and transportation equipment	44,666	42,818
Financial	44,274,652	89,720,735
Construction, real estate and societies	633,753	519,715
Domestic Appliances	366,444	187,407
Power, electricity and gas	1,527,171	977,783
Education	3,830	2,270
Others	358,520	199,823
Total	48,600,238	94,577,831

Handwritten signature

SINDH BANK LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	2020
	----- (Rupees in '000') -----	
44.1.4.1 Credit risk by public / private sector		
Public/ Government	41,161	57,928,791
Private	48,559,077	36,649,040
Total	48,600,238	94,577,831

44.1.5 Concentration of Advances

The Group's are top 10 exposures (funded and non-funded) aggregated Rs. 30,297.41 million (2020: Rs. 32,476.20 million) as follows:

	2021	2020
	----- (Rupees in '000') -----	
Funded	29,800,814	30,318,679
Non Funded	496,595	2,157,520
Total Exposure	30,297,409	32,476,199

44.1.5.1 The sanctioned limits against these top 10 exposures aggregated Rs. 36,612.81 million (2020: Rs. 34,879.07 million).

44.1.5.2 Total Funded Facilities Classified

Classified funded facilities of the group's top 10 exposures are as follows:

	2021		2020	
	Classified	Provision held	Classified	Provision held
	----- (Rupees in '000') -----			
OAEM	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	3,674	1,097
Loss	10,345,023	7,113,124	8,323,958	4,644,760
Total	10,345,023	7,113,124	8,327,632	4,645,857

44.1.6 Advances - Province/Region-wise Disbursement & Utilization

		2021						
		Disbursements	UTILIZATION					AJK including Gilgit- Baltistan
			Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	
----- (Rupees in '000') -----								
Punjab	20,612,020	20,578,071	32,336	-	1,613	-	-	
Sindh	31,655,002	23,097	31,629,596	-	2,309	-	-	
KPK including FATA	11,764	-	-	11,764	-	-	-	
Balochistan	642,881	-	-	-	642,881	-	-	
Islamabad	873,522	1,881	-	-	-	871,641	-	
AJK including Gilgit- Baltistan	83,790	-	-	-	-	-	83,790	
Total	53,878,979	20,603,049	31,661,932	11,764	646,803	871,641	83,790	
		2020						
	Disbursements	UTILIZATION					AJK including Gilgit-Baltistan	
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad		
----- (Rupees in '000') -----								
Punjab	9,920,434	9,919,697	737	-	-	-	-	
Sindh	11,400,207	-	11,400,207	-	-	-	-	
KPK including FATA	1,302	-	-	1,302	-	-	-	
Balochistan	212,256	-	-	-	212,256	-	-	
Islamabad	271,814	-	-	-	-	271,814	-	
AJK including Gilgit- Baltistan	2,978	-	-	-	-	-	2,978	
Total	21,808,991	9,919,697	11,400,944	1,302	212,256	271,814	2,978	

msp

44.2 Market risk

Market Risk is the risk of loss in earnings and capital due to adverse changes in interest rates, foreign exchange rates, equity prices and market conditions. Market Risk management aims to provide risk management practices that are integrated in key strategic, capital and financial planning process and day-to-day business processes across the Group. The Group's market risk management policies set out risk management parameters, governance and control framework as well as reporting arrangements.

The Group have developed a market risk management framework to efficiently and effectively monitor and manage market risk in every transaction of Banking and Trading Book.

44.2.1 Balance sheet split by trading and banking books

	2021			2020		
	Banking book	Trading book	Total	Banking book	Trading book	Total
----- (Rupees in '000') -----						
Cash and balances with	19,364,832	-	19,364,832	14,505,949	-	14,505,949
Balances with other banks	1,508,412	-	1,508,412	4,588,528	-	4,588,528
Lendings to financial institutions	6,081,208	-	6,081,208	8,212,780	-	8,212,780
Investments	175,428,966	-	175,428,966	170,756,426	-	170,756,426
Advances	48,728,627	-	48,728,627	57,407,061	-	57,407,061
Fixed assets	3,233,545	-	3,233,545	3,314,731	-	3,314,731
Intangible assets	116,671	-	116,671	71,154	-	71,154
Deferred tax assets	13,253,786	-	13,253,786	10,185,784	-	10,185,784
Other assets	3,770,967	-	3,770,967	5,745,156	-	5,745,156
	271,487,014	-	271,487,014	274,787,569	-	274,787,569

44.2.2 Foreign exchange risk

The foreign exchange risk is defined as the current or prospective risk to earnings and capital arising from adverse movements in currency exchange rates. It refers to the impact of adverse movement in currency exchange rates on the value of open foreign currency positions. The objective of the foreign exchange risk management is to minimize the adverse impact of foreign exchange rate movements on the assets and liabilities mismatch (tenor and position) and maximize earnings. The Group limits its currency exposure to the extent of statutory net open position prescribed by the SBP except in the cases where exemption is provided by SBP. Foreign exchange open and mismatch positions are controlled through close monitoring and are marked to market on a daily basis.

	2021			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
----- (Rupees in '000') -----				
Pakistan Rupee	269,813,526	250,886,071	(539,429)	18,388,026
United States Dollar	1,150,568	1,418,470	539,429	271,527
Great Britain Pound	310,086	235,336	-	74,750
Euro	164,518	100,507	-	64,011
Japanese Yen	1,259	-	-	1,259
Saudi Riyal	9,533	-	-	9,533
UAE Dirham	37,390	-	-	37,390
Chines Yen	134	-	-	134
	271,487,014	252,640,384	-	18,846,630

Handwritten signature

SINDH BANK LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2020			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	----- (Rupees in '000') -----			
Pakistan Rupee	269,997,438	254,130,289	4,389,445	20,256,594
United States Dollar	4,683,940	1,080,311	(4,292,746)	(689,117)
Great Britain Pound	44,901	213,268	-	(168,367)
Euro	41,632	93,830	(96,699)	(148,897)
Japanese Yen	3,949	-	-	3,949
Saudi Riyal	8,637	-	-	8,637
UAE Dirham	7,072	-	-	7,072
	274,787,569	255,517,698	-	19,269,871

44.2.3 Foreign exchange risk

	2021		2020	
Impact of 1% change in foreign exchange rates on :	Banking book	Trading book	Banking book	Trading book
	----- (Rupees in '000') -----			
- Statement of Profit or loss account	679	(5,394)	(34,027)	43,894
- Other comprehensive income	-	-	-	-

44.2.4 Equity position risk

Equity position risk in trading book arises due to change in price of shares or levels of equity indices.

The Group's equity and mutual fund exposure is managed within the SBP limits for overall investment and per scrip exposure. In addition, there are internal limits for trading positions as well as stop loss limits, dealer limits, future contracts limits and continuous funding system limits.

	2021		2020	
Impact of 5% change in equity prices on :	Banking book	Trading book	Banking book	Trading book
	----- (Rupees in '000') -----			
- Profit and loss account	-	-	-	-
- Other comprehensive income	(122,308)	-	(120,534)	-

44.2.5 Yield / interest rate risk

Yield / interest rate risk reflects the degree of vulnerability of an organization to adverse changes in mark-up / interest rates. Such risk taking is normal in a financial institution and could be an important source of profit earning. However, excess yield / interest rate risk may create a serious threat to a Group's returns and capital base. ALCO, Treasury Division and RMD monitor the repricing / mismatch risks, basis risks, yield curve risks, and option risks on a continuous basis to minimize the yield / interest rate risk.

	2021		2020	
Impact of 1% change in interest rates on :	Banking book	Trading book	Banking book	Trading book
	----- (Rupees in '000') -----			
- Profit and loss account	-	-	-	-
- Other comprehensive income	(1,551,744)	-	(1,502,114)	-

Handwritten signature

44.2.6 Mismatch of interest rate sensitive assets and liabilities

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. The Group is exposed to interest / mark-up rate risk as a result of mismatches or gaps in the amount of interest / mark-up based assets and liabilities that mature or reprice in a given period. The Group manages this risk by matching / re-pricing the assets and liabilities. The Assets and Liabilities Committee (ALCO) of the Bank monitors and manages the interest rate risk with the objective of limiting the potential adverse effects on the profitability of the Group.

		2021										
Effective yield / Interest rate	Total	Exposed to yield / Interest risk									Non-interest bearing financial instruments	
		Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years		
----- (Rupees in '000') -----												
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	19,364,832	194,260	-	-	-	-	-	-	-	-	-	19,170,572
Balances with other banks	7.75%-10.75% 1,508,412	403,049	-	-	-	-	-	-	-	-	-	1,105,363
Lendings to financial institutions	7.67% 6,081,208	6,081,208	-	-	-	-	-	-	-	-	-	-
Investments	7.83%-14.40% 175,428,966	62,368,997	31,055,089	46,249,402	5,648,600	-	3,946,113	17,480,817	6,311,498	-	-	2,368,450
Advances	5.44%-34.00% 48,728,628	35,514,023	1,894,087	347,243	2,690,575	1,294,297	384,155	196,884	6,031,922	296,606	-	78,836
Other assets	3,770,965	-	-	-	-	-	-	-	-	-	-	3,770,965
	254,883,011	104,561,537	32,949,176	46,596,645	8,339,175	1,294,297	4,330,268	17,677,701	12,343,420	296,606	-	26,494,186
Liabilities												
Bills payable	624,726	-	-	-	-	-	-	-	-	-	-	624,726
Borrowings from financial institutions	7.15%-8.00% 27,535,738	25,750,000	1,695,919	-	-	89,819	-	-	-	-	-	-
Deposits and other accounts	5.11%-6.24% 217,842,678	93,129,145	27,395,528	21,005,052	12,873,131	645,655	59,414	94,830	415,000	-	-	62,224,923
Other liabilities	6,637,242	-	-	-	-	-	-	-	-	-	-	6,637,242
	252,640,384	118,879,145	29,091,447	21,005,052	12,873,131	735,474	59,414	94,830	415,000	-	-	69,486,891
On-balance sheet gap	2,242,627	(14,317,608)	3,857,729	25,591,593	(4,533,956)	558,823	4,270,854	17,582,871	11,928,420	296,606	-	(42,992,705)
Off-balance sheet financial instruments												
Documentary credits and short-term trade related transactions	5,172,367	63,658	873,462	365,786	2,349,252	523,442	326,883	400	669,484	-	-	-
Commitments in respect of:												
Forward foreign exchange contracts - purchase	6,740,279	259,914	6,476,960	-	3,405	-	-	-	-	-	-	-
Forward foreign exchange contracts - sale	(6,200,850)	(6,200,850)	-	-	-	-	-	-	-	-	-	-
Purchase and resale agreements - lending	5,382,772	5,382,772	-	-	-	-	-	-	-	-	-	-
Sale and repurchase agreements - borrowing	(25,103,970)	(25,103,970)	-	-	-	-	-	-	-	-	-	-
Total yield / Interest Risk Sensitivity Gap	(14,009,402)	(25,598,476)	7,350,422	365,786	2,352,657	523,442	326,883	400	669,484	-	-	-
Total yield / Interest Risk Sensitivity Gap		(39,916,084)	11,208,151	25,957,379	(2,181,299)	1,082,265	4,597,737	17,583,271	12,597,904	296,606	-	(42,992,705)
Cumulative yield / Interest Risk Sensitivity Gap		(39,916,084)	(28,707,933)	(2,750,554)	(4,931,853)	(3,849,588)	748,149	18,331,420	30,929,324	31,225,930	-	(11,766,775)
Reconciliation with total assets:												
Assets as per above	254,883,011											
Fixed assets	3,350,216											
Deferred tax asset	13,253,786											
Assets as per consolidated statement of financial position	271,487,013											
Reconciliation with total liabilities:												
Liabilities as per above	252,640,384											
Deferred tax liability	-											
Liabilities as per consolidated statement of financial position	252,640,384											

SINDH BANK LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

2020

Effective yield / Interest rate	Total	Exposed to yield / interest risk									Non-interest bearing financial instruments	
		Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years		
----- (Rupees in '000') -----												
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	0.90%	14,505,949	156,976	-	-	-	-	-	-	-	-	14,348,973
Balances with other banks	5.50%	4,588,528	419,213	-	-	-	-	-	-	-	-	4,169,315
Lendings to financial institutions	10.17%	8,212,780	8,212,780	-	-	-	-	-	-	-	-	-
Investments	8.67%	170,756,426	27,586,675	8,318,733	80,248,099	16,513,989	5,287,150	-	15,467,758	8,642,540	6,358,518	2,332,964
Advances	6.86%	57,407,061	49,936,969	575,527	643,756	667,694	1,118,307	2,539,884	451,956	1,263,094	133,977	75,897
Other assets		5,745,156	-	-	-	-	-	-	-	-	-	5,745,156
		261,215,900	86,312,613	8,894,260	80,891,855	17,181,683	6,405,457	2,539,884	15,919,714	9,905,634	6,492,495	26,672,305
Liabilities												
Bills payable		592,334	-	-	-	-	-	-	-	-	-	592,334
Borrowings from financial institutions	7.35%	63,127,648	60,505,748	1,752,141	-	-	869,759	-	-	-	-	-
Deposits and other accounts	6.38%	185,634,979	84,289,020	16,093,421	17,712,732	18,079,408	180,233	557,321	116,851	-	-	48,605,993
Other liabilities		6,162,737	-	-	-	-	-	-	-	-	-	6,162,737
		255,517,698	144,794,768	17,845,562	17,712,732	18,079,408	1,049,992	557,321	116,851	-	-	55,361,064
On-balance sheet gap		5,698,202	(58,482,155)	(8,951,302)	63,179,123	(897,725)	5,355,465	1,982,563	15,802,863	9,905,634	6,492,495	(28,688,759)
Off-balance sheet financial instruments												
Documentary credits and short-term trade related transaction		8,761,315	1,914,720	2,671,124	933,339	784,606	911,274	213,051	164,141	1,169,060	-	-
Commitments in respect of :												
Forward foreign exchange contracts - purchase		9,983,985	102,965	8,590	9,872,430	-	-	-	-	-	-	-
Forward foreign exchange contracts - sale		(14,373,430)	(8,142,560)	(5,393,120)	(837,750)	-	-	-	-	-	-	-
Purchase and resale agreements - lending		3,980,497	-	3,980,497	-	-	-	-	-	-	-	-
Sale and repurchase agreements - borrowing		(60,551,083)	(60,551,083)	-	-	-	-	-	-	-	-	-
Total yield / Interest Risk Sensitivity Gap		(52,198,716)	(66,675,958)	1,267,091	9,968,019	784,606	911,274	213,051	164,141	1,169,060	-	-
Total yield / Interest Risk Sensitivity Gap			(125,158,113)	(7,684,211)	73,147,142	(113,119)	6,266,739	2,195,614	15,967,004	11,074,694	6,492,495	(28,688,759)
Cumulative yield / Interest Risk Sensitivity Gap			(125,158,113)	(132,842,324)	(59,695,182)	(59,808,301)	(53,541,562)	(51,345,948)	(35,378,944)	(24,304,250)	(17,811,755)	(46,500,514)
Reconciliation with total assets:												
Assets as per above		261,215,900										
Fixed assets		3,385,885										
Deferred tax asset		10,185,784										
Assets as per consolidated statement of financial position		<u>274,787,569</u>										
Reconciliation with total liabilities:												
Liabilities as per above		255,517,698										
Deferred tax liability		-										
Liabilities as per consolidated statement of financial position		<u>255,517,698</u>										

MSP

44.3 Liquidity risk

The Group monitors its liquidity risk through various liquidity ratios and liquidity risk indicators. 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 Group on at least monthly basis and takes appropriate measures where required. The Group 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 Group is also in place. The ALCO reviews the current economic situation, projected cash flows and asset / liability mix and approves strategy for managing appropriate liquidity. 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 Group is able to take in current conditions.

44.3.1 Maturity of assets and liabilities (based on contractual maturities)

	2021													
	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
----- (Rupees in '000') -----														
Assets														
Cash and balances with treasury banks	19,364,832	19,364,832	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	1,508,412	1,508,412	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	6,081,208	6,081,208	-	-	-	-	-	-	-	-	-	-	-	-
Investments	175,428,966	-	-	18,239,683	20,621,287	3,981,453	1,579,505	845,374	5,326,466	25,555,258	68,109,873	3,946,113	20,792,625	6,431,329
Advances	48,728,628	4,482,308	13,526	259,094	1,081,257	2,328,061	11,171,423	2,549,941	1,343,362	1,773,881	4,840,744	3,110,580	4,577,354	11,197,097
Fixed assets	3,233,545	-	-	-	112,990	39,824	39,824	120,801	122,128	122,128	484,530	484,533	947,956	758,831
Intangible assets	116,671	-	-	-	3,130	3,130	3,130	9,496	9,600	9,600	38,087	40,498	-	-
Deferred tax assets	13,253,786	-	-	662,627	662,627	1,325,253	1,325,253	1,325,253	1,325,253	1,987,880	1,987,880	2,651,760	-	-
Other assets	3,770,965	1,092,028	3,357	-	1,133,085	523,046	461,133	436,223	-	101,606	-	-	-	20,487
	271,487,013	32,528,788	16,883	19,161,404	23,614,376	8,200,767	14,580,268	5,287,088	8,126,809	29,550,353	75,461,114	10,233,484	26,317,935	18,407,744
Liabilities														
Bills payable	624,726	624,726	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings from financial institutions	27,535,738	-	25,000,000	-	-	750,000	1,695,919	-	-	-	89,819	-	-	-
Deposits and other accounts	217,842,678	155,179,522	1,083,185	580,262	5,257,109	5,632,384	14,300,912	21,016,482	6,639,254	6,904,826	662,583	60,877	110,282	415,000
Deferred tax liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	6,637,242	1,910,974	24,958	20,647	276,037	312,383	693,597	902,611	236,132	142,710	750,550	370,886	993,446	2,311
	252,640,384	157,715,222	26,108,143	600,909	5,533,146	6,694,767	16,690,428	21,919,093	6,875,386	7,047,536	1,502,952	431,763	1,103,728	417,311
Gap	18,846,629	(125,186,434)	(26,091,260)	18,560,495	18,081,230	1,506,000	(2,110,160)	(16,632,005)	1,251,423	22,502,817	73,958,162	9,801,721	25,214,207	17,990,433
Share capital - net	25,524,428													
Reserves	1,516,452													
Shares deposit money	4,000,000													
Deficit on revaluation of assets	(1,121,647)													
Accumulated Loss	(11,072,603)													
Net assets	18,846,630													

Handwritten signature

SINDH BANK LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

44.3.1 Maturity of assets and liabilities (based on contractual maturities)

2020

Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 Month	Over 1 to 2 Months	Over 2 to 3 Months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
-------	------------	------------------	-------------------	-------------------------	--------------------	--------------------	--------------------	--------------------	-------------------------	-------------------	-------------------	-------------------	--------------

(Rupees in '000')

Assets

Cash and balances with treasury banks	14,505,949	14,505,949	-	-	-	-	-	-	-	-	-	-	-	
Balances with other banks	4,588,528	4,588,528	-	-	-	-	-	-	-	-	-	-	-	
Lending to financial institutions	8,212,780	8,212,780	-	-	-	-	-	-	-	-	-	-	-	
Investments	170,756,426	-	-	-	5,454,352	2,374,673	6,327,274	36,403,052	16,265,426	534,091	6,387,350	67,416,858	14,064,383	15,528,967
Advances	57,407,061	7,527,524	458,481	19,967	2,588,163	1,403,366	12,323,378	2,935,278	2,084,378	2,005,837	2,824,804	6,524,564	4,462,094	12,249,227
Fixed assets	3,314,731	-	-	-	113,235	41,629	41,629	126,274	127,662	127,662	506,484	506,489	981,719	741,948
Intangible assets	71,154	-	-	-	1,873	1,873	1,873	5,683	5,745	5,745	22,793	25,569	-	-
Deferred tax assets	10,185,784	-	-	513,510	509,116	1,018,233	2,036,465	2,036,465	2,036,465	2,035,530	-	-	-	-
Other assets	5,745,156	2,808,107	13,654	246,739	1,346,905	403,398	302,433	603,805	-	-	-	-	-	20,115
	274,787,569	37,642,888	472,135	780,216	10,013,644	5,243,172	21,033,052	42,110,557	20,519,676	4,708,865	9,741,431	74,473,480	19,508,196	28,540,257

Liabilities

Bills payable	592,334	592,334	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings from financial institutions	63,127,648	-	60,505,748	-	-	-	1,752,141	-	-	-	869,759	-	-	-
Deposits and other accounts	185,634,979	123,863,210	989,702	1,278,644	5,103,764	5,432,214	10,661,207	17,712,732	3,818,575	14,973,977	166,553	559,829	1,052,301	22,271
Deferred tax liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	6,162,737	4,213,886	115,671	82,979	71,563	170,838	846,408	454,348	88,910	86,230	3,434	18,839	9,631	-
	255,517,698	128,669,430	61,611,121	1,361,623	5,175,327	5,603,052	13,259,756	18,167,080	3,907,485	15,060,207	1,039,746	578,668	1,061,932	22,271
Gap	19,269,871	(91,026,542)	(61,138,986)	(581,407)	4,838,317	(359,880)	7,773,296	23,943,477	16,612,191	(10,351,342)	8,701,685	73,894,812	18,446,264	28,517,986

Share capital-net	19,710,130
Reserves	1,519,626
Share deposit money	2,000,000
Proposed Ordinary shares to be issued and reserves on amalgamation	3,814,298
Deficit on revaluation of assets	(408,505)
Accumulated Loss	(7,365,678)
Net assets	19,269,871

Handwritten signature

SINDH BANK LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

44.3.2 Maturity of assets and liabilities (based on SBP BSD Circular No. 03 date February 22, 2011)

	2021									
	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
----- (Rupees in '000) -----										
Assets										
Cash and balances with treasury banks	19,364,832	6,179,097	4,733,243	2,078,543	4,336,814	2,037,135	-	-	-	-
Balances with other banks	1,508,412	1,508,412	-	-	-	-	-	-	-	-
Lendings to financial institutions	6,081,208	6,081,208	-	-	-	-	-	-	-	-
Investments	175,428,966	38,860,969	5,535,373	870,959	30,881,724	68,109,873	3,946,112	20,694,727	6,529,229	-
Advances	48,728,628	5,818,244	13,499,484	2,549,941	2,930,117	5,027,870	3,128,521	4,577,354	10,308,316	888,781
Operating fixed assets	3,233,545	112,990	79,649	120,801	244,256	484,530	484,533	947,956	758,830	-
Intangible assets	116,671	3,130	6,261	9,496	19,200	38,087	40,497	-	-	-
Deferred tax asset	13,253,786	1,325,254	2,650,506	1,325,253	3,313,133	1,987,880	2,651,760	-	-	-
Other assets	3,770,965	2,228,470	984,179	436,223	101,606	-	-	-	-	20,487
	271,487,013	62,117,774	27,488,695	7,391,216	41,826,850	77,685,375	10,251,423	26,220,037	17,596,375	909,268
Liabilities										
Bills payable	624,726	624,726	-	-	-	-	-	-	-	-
Borrowings from financial institutions	27,535,738	25,750,000	1,695,919	-	-	89,819	-	-	-	-
Deposits and other accounts	217,842,678	34,711,370	53,884,811	37,838,926	90,158,829	662,583	60,877	110,282	415,000	-
Deferred tax liability	-	-	-	-	-	-	-	-	-	-
Other liabilities	6,637,242	2,232,615	1,005,980	902,611	378,842	750,550	370,886	993,446	2,312	-
	252,640,384	63,318,711	56,586,710	38,741,537	90,537,671	1,502,952	431,763	1,103,728	417,312	-
Gap	18,846,629	(1,200,937)	(29,098,015)	(31,350,321)	(48,710,821)	76,182,423	9,819,660	25,116,309	17,179,063	909,268
Share capital - net	25,524,428									
Reserves	1,516,452									
Shares deposit money	4,000,000									
Deficit on revaluation of assets	(1,121,647)									
Accumulated Loss	(11,072,603)									
Net assets	18,846,630									

Where an asset or a liability does not have a contractual maturity date, the period in which these are assumed to mature have been taken as expected date of maturity, based on the criteria determined by ALCO of the Bank.

Handwritten signature

SINDH BANK LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

2020

Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
-------	--------------	--------------------	--------------------	-------------------------	-------------------	-------------------	-------------------	--------------------	----------------

----- (Rupees in '000') -----

Assets

Cash and balances with treasury banks	14,505,949	5,226,345	3,869,433	2,338,026	3,072,145	-	-	-	-	-
Balances with other banks	4,588,528	4,588,528	-	-	-	-	-	-	-	-
Lendings to financial institutions	8,212,780	8,212,780	-	-	-	-	-	-	-	-
Investments	170,756,426	5,454,352	8,701,946	36,337,658	16,810,266	5,287,150	67,168,328	15,692,623	8,945,588	6,358,515
Advances	57,407,061	10,594,134	13,726,745	2,935,278	4,090,215	2,824,804	6,524,564	4,462,094	10,693,226	1,556,001
Operating fixed assets	3,314,731	120,284	83,258	126,274	255,324	506,484	506,489	981,719	278,363	456,536
Intangible assets	71,154	1,873	3,746	5,683	11,490	22,793	25,569	-	-	-
Deferred tax asset	10,185,784	1,021,689	3,054,698	2,036,465	4,072,932	-	-	-	-	-
Other assets	5,745,156	4,401,872	719,865	603,304	-	-	-	-	-	20,115
	274,787,569	39,621,857	30,159,691	44,382,688	28,312,372	8,641,231	74,224,950	21,136,436	19,917,177	8,391,167

Liabilities

Bills payable	592,334	592,334	-	-	-	-	-	-	-	-
Borrowings from financial institutions	63,127,648	60,505,748	1,752,141	-	-	869,759	-	-	-	-
Deposits and other accounts	185,634,979	29,666,952	44,336,731	30,075,748	79,754,593	166,553	559,829	1,052,301	22,272	-
Deferred tax liability	-	-	-	-	-	-	-	-	-	-
Other liabilities	6,162,737	4,484,100	1,017,245	454,348	175,140	3,434	18,839	9,631	-	-
	255,517,698	95,249,134	47,106,117	30,530,096	79,929,733	1,039,746	578,668	1,061,932	22,272	-
Gap	19,269,871	(55,627,277)	(16,946,426)	13,852,592	(51,617,361)	7,601,485	73,646,282	20,074,504	19,894,905	8,391,167

Share capital-net	19,710,130
Reserves	1,519,626
Share deposit money	2,000,000
Proposed shares to be issued on amalgamation	3,814,298
Deficit on revaluation of assets	(408,505)
Accumulated Loss	(7,365,678)
Net assets	<u>19,269,871</u>

Where an asset or a liability does not have a contractual maturity date, the period in which these are assumed to mature have been taken as expected date of maturity, based on the criteria determined by ALCO of the Bank.

Handwritten signature

44.4 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems and external events.

The Group strives to manage operational risk within acceptable levels through sound operational risk management practices.

The Group has set up a separate Operational Risk Management (ORM) Unit. ORM Unit resides within Risk Management Division (RMD). Its responsibility is to implement Operational Risk management tools across the group for effective measurement and monitoring of operational risk faced by different areas of the Group.

45. GENERAL


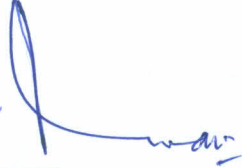
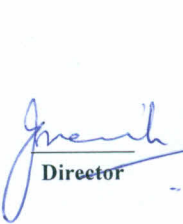


45.1 Figures have been rounded off to the nearest thousand rupee.

46. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue by the Board of Directors on

08 03 22

Handwritten signature

 _____ Chairman	 _____ President and Chief Executive Officer	 _____ Director	 _____ Director	 _____ Chief Financial Officer
--	--	--	---	---