

## Serving you in many ways

- Agricultural Credit
- Benazir Zarai Card
- SME Credit
- Interest Free Student's Loans with Job Guarantee
- Most Attractive Deposit Schemes
- ATMs & e-Banking Services



IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO



IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO



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Abdullah Shah Ghazi Road, Clifton, Karachi-75600  
UAN: +92-21-111-333-225  
Web: [www.sindhbankltd.com](http://www.sindhbankltd.com)

**First Annual Report**  
**2011**





# Vision & Mission

## Vision

Our vision is to be a leading bank which would play positive role to generate economic activities for empowering the people by meeting their financial needs for running a successful business and create employment opportunities.

## Mission

To develop as leading Commercial Bank in the country by meeting its stated objectives of promoting economic development of the country in general and Province of Sindh in particular.



IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO

**SINDH BANK**  
POWER TO THE PEOPLE



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# Corporate Information



Board of Directors	Raja Muhammad Abbas Malik Asrar Hussain Naveed Kamran Baloch Wazir Ali Khoja M. Shahid Murtaza S.A. Wahab Mehdi Muhammad Bilal Sheikh	Chairman Director Director Director Director President & CEO / Executive Director
Chief Operating Officer	Naim Farooqui	
Chief Financial Officer	Latif Khawar	
Company Secretary	Shamsuddin Khan	
Auditors	KPMG Taseer Hadi & Co. Chartered Accountants	
Legal Advisors	Mohsin Tayebaly & Co.	
Share Registrar	Central Depository Company of Pakistan Limited	
Registered / Head Office	3rd Floor Federation House Abdullah Shah Ghazi Road Clifton, Karachi - 75600 UAN: +92-21-111-333-225 Fax: +92-21-35870543	
Bank's Registration Number	0073917	
Bank NTN Number	3654008-7	
Web site	www.sindhbankltd.com	

## Corporate Objectives

Sindh Bank's vision for promoting economic activities to empower the people of Pakistan and create employment opportunities brings upon it an onerous responsibility to deliver results. Thus the Bank's policies would be focused on:

- Enhancing small farmers access to institutional credit and supporting national strategy for increasing agricultural output by funding farm and non-farm projects.
- Promoting SME sector by providing financial solutions to small and medium size entrepreneurs.
- Funding projects which would yield economic benefits to the country.
- Supporting projects that would empower women.
- Providing banking facilities in the unbanked areas particularly in the province of Sindh.
- Providing e-banking services to enable bank's customers to have fast and easy access for meeting their banking requirements by installing the most modern and efficient technological applications that would satisfy customers' expectations.
- Fulfilling its Corporate Social Responsibility in all segments of life particularly in promoting and enhancing education in the country by supporting and funding meritorious students for higher education in the form of interest free student loans with job guarantee in Sindh Bank.
- Laying a sound foundation for the bank and deliver attractive value for the shareholders' investments while remaining within the ambit of regulatory requirements.





## Chairman's Message

On behalf of the Directors of Sindh Bank Limited I am pleased to present the first audited financial statements for the period ended December 31, 2011. By the grace of Almighty ALLAH the Bank recorded consistent growth in network, technology, business, product offerings and market reach in its first year of operation.

### Economic review

The year 2011 was the second consecutive year that Pakistan faced devastating floods and torrential rains inundating a vast agricultural heartland which interrupted production processes and disrupted the subsequent supply of both labour and capital. Millions became homeless and out of work for a minimum of 3 to 4 months. The spontaneous community efforts towards rehabilitation and government support in the form of cash payments, free seeds and fertilizers to flood affectees, allowed the country to overcome this natural disaster enabling the economy to register a growth of 2.4 percent in FY11. A leading indicator of economic growth i.e. investment rate remained at only 13.4% which is the lowest since FY74. Besides, energy crisis, higher oil prices, mounting fiscal deficits; mainly due to lower revenue growth, double digit inflation, law and order situation in urban centers and security concerns affecting growth of FDI, imposed major strains on the overall economic conditions.

However, on a positive note, better than expected cotton crop, rise in home remittances and strengthening of exports helped in betterment of the situation.

### Bank's Performance

In this difficult economic environment the Bank was able to place deposits, as on December 31, 2011, at Rs. 23.518 billion, major being government deposits. Advances and Investments are placed at Rs. 7.259 billion and Rs. 26.081 billion, respectively whereas the Bank earned a pre-tax profit of Rs. 1.140 billion. JCR-VIS accorded long-term entity rating of 'AA-' (Double A Minus) with a stable outlook, and a short-term rating of 'A-1' (Single A-One). This high rating augurs well for the Bank's business prospects and I am sure that the Management would endeavor to further improve the rating in the times ahead by achieving much better results.

The bank's vision, its slogan, '**Power to the People**', and strategy are closely linked. The bank has opened a number of branches in the unbanked areas as well which presently don't even possess strong business potentials. We at Sindh Bank believe that if we work at the grass root levels and are able to solve financial problems of small farmers, empower women and extend education opportunities to the ones for whom it is unaffordable we would be ensuring a brighter future of our country. This would not only create employment opportunities but would have a positive impact on the society as a whole. Here I want to complement the Bank management for opening 50 branches in a record time of less than a year.

### Products and Services

During the period under review Bank has introduced a range of innovative products and services for its diversified customer base. The effective usage of Benazir Zarai Card is a quotable example of it. We have benchmarked the best market practices and are constantly endeavoring to raise the bar. We are sure that in coming years we will ensure exceeding our customers' expectations every time.

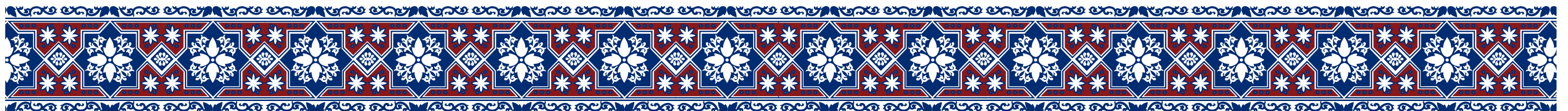
### Acknowledgments

I would like to thank Government of Sindh, being the sub-sovereign owner; State Bank of Pakistan and Securities Exchange Commission of Pakistan for their continued support and guidance. I extend my thanks to Bank's Management for their sincerity, dedication and commitment that made this success a reality. My thanks to our customers who posed trust in us and are doing business with this newly emerging institution. Without their support and trust we wouldn't have achieved these results. On behalf of the BOD and Bank Management I assure them of providing excellent packages of goods and services. It would surely be incomplete if I don't thank the staff whose dedicated services and motivation has and would help our Bank to achieve the desired results. **They are our real asset.**

Raja Muhammad Abbas  
Chairman

## Agricultural Loans

Sindh Bank's Agriculture loan policy focuses on supporting the small farmers in meeting their funding requirements for the purchase of inputs for farming and other implements. Furthermore, the Bank's policy is geared towards boosting the agricultural production in the country to meet its growing demand.





## Major achievements 2011 & Milestones set for 2012



### Major achievements - 2011

- Completion of all corporate formalities for incorporation of the Bank and obtaining SBP license
- Establishing a network of 50 on-line branches all over the country
- Implementation of core banking software
- Hiring professional and experienced staff
- Earning significant pre-tax profit
- Developing a sound deposit base
- AA- initial credit rating
- Various technology related IT initiatives
- Development of Agri related products for small farmers
- Established relationship with local and foreign financial institutions

### Milestones set for 2012

- Expanding branch network with 110 more branches
- Attractive new deposit schemes and lending products for low income group
- Improvement in credit rating
- Ensuring growth in sound commercial advances
- Further advancement in technology and related e-banking services

## Board of Directors



**Raja Muhammad Abbas**  
Government of Sindh

Presently Chief Secretary, Government of Sindh. A career civil servant, he has remained associated with important government positions at federal and provincial levels. He is also the Ex-officio chairman of the Board of Directors.



**Malik Asrar Hussain**  
Government of Sindh

Presently Additional Chief Secretary (Planning & Development), Government of Sindh. Has been attached with many important senior positions in Government of Sindh and at Federal Government.



**Naveed Kamran Baloch**  
Government of Sindh

Presently Finance Secretary of the Government of Sindh. A career civil servant with 24 years of experience in Public and District administration. He has done his Master's from London School of Economics.



**Wazir Ali Khoja**  
Independent Director

Mr. Khoja is Chairman and Managing Director of National Investment Trust. He is a career banker having more than 32 years of professional experience, and the founder member of the Board as an independent Director.



**M. Shahid Murtaza**  
Independent Director

Mr. Shahid Murtaza has been a career banker. Presently he is associated with Al-Abid Silk Mills as Adviser. He is an independent director on the Board.



**M. Bilal Sheikh**  
President & CEO/Executive Director

Mr. Sheikh is a career Banker having experience of over 44 years. He has been Chief Executive of various Banks and DFIs for the last 14 years. Presently he is the President and Chief Executive of the Bank.

**S.A. Wahab Mehdi**  
Independent Director

Mr. Mehdi is an independent Director. He is the Managing Director of Bayer Crop Sciences (Pvt.) Ltd. and is also on the Board of State Life Insurance Corporation.



## Committees of the Board

### Name of Committee

### Status

#### Executive Committee

Malik Asrar Hussain  
Naveed Kamran Baloch  
M. Shahid Murtaza  
President/CEO  
Secretary to Board

Chairman  
Member  
Member  
Member  
Secretary

#### Audit Committee

Raja Muhammad Abbas  
S.A. Wahab Mehdi  
Wazir Ali Khoja  
Head of Internal Audit

Chairman  
Member  
Member  
Secretary

#### Risk Management Committee

M. Shahid Murtaza  
Malik Asrar Hussain  
President/CEO  
Head of Risk Management

Chairman  
Member  
Member  
Secretary

#### Information Technology Committee

Naveed Kamran Baloch  
Malik Asrar Hussain  
M. Shahid Murtaza  
President/CEO  
Head of Information Technology

Chairman  
Member  
Member  
Member  
Secretary

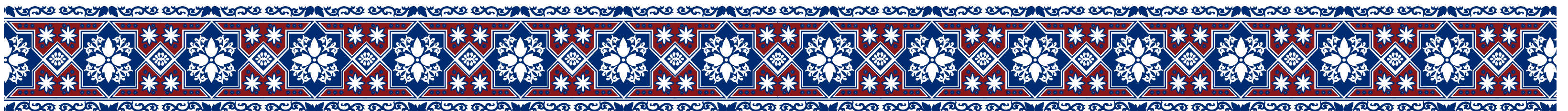
#### Human Resource Committee

Wazir Ali Khoja  
Naveed Kamran Baloch  
President/CEO  
Head of Human Resource

Chairman  
Member  
Member  
Secretary

## SME Credit

Sindh Bank's exclusive SME credit product is aimed to cater to the credit needs of small and medium enterprises at lower rate of markup for growing business units with quick processing of their applications.





# Initial Entity Ratings



**Long term AA-**  
**Short term A-1**  
**Outlook- Stable**

Definitions by JCR-VIS Credit Rating Co. Ltd.

## AA-

High credit quality. Protection factors are strong. Risk is modest but may vary slightly from time to time because of economic conditions.

## A-1

High certainty of timely payments. Liquidity factors are excellent and supported by good fundamental protection factors. Risk factors are minor.



# Statement of Ethics and Business Practices

This Statement of Ethics and Business Practices applies to all Employees of Sindh Bank Limited. It strives to set forth certain standards and rules of conduct followed in corporate entities, globally. Our culture of ethics and integrity shall from the beginning define who we are as a Bank and how we as colleagues treat each other, our customers and stakeholders. This Statement of Ethics and Business Practices attempts to introduce the Employees to the types of attitudes and conduct that create an honest, fair, and legal workplace. It will be surrounded by 3 basic beliefs:

- Respect for the Individual • Service to the Customers • Striving for Excellence

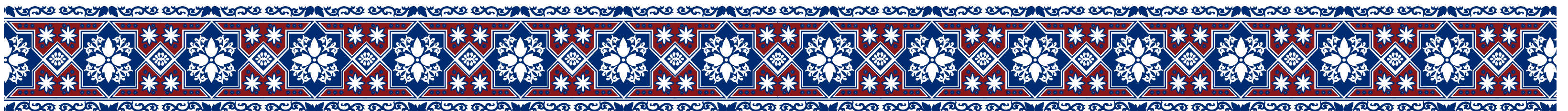
## General Principles and Significant Aspects of Code of Ethics:

1. We will abide by the laws of the Country in all activities at work and beyond. Any suspected material violation of a law, regulation or ethical standard must be reported to the appropriate level of authority within the Bank. Where appropriate, the authority will report to the relevant statutory authority.
2. We will always demonstrate high standard of conduct at work place or outside as good citizens of Pakistan.
3. We will adhere to a high level of professional practices commensurate with the Bank's aim to achieve growth in earning for shareholders over the long term undertaking business compatible with our character and business norms.
4. We will behave with integrity and honesty in our dealing with customers, colleagues, supervisors and all others with whom we interact.
5. We, as the Bank employees have a responsibility towards all stakeholders to make decisions strictly on the basis of Bank's interests, without regard to personal gain. A conflict of interest can arise when one's judgment could be influenced, or might appear as being influenced, by the possibility of personal benefit. Even if it's not intentional, the appearance of a conflict may be just as damaging to employees' and Bank's reputation, as an actual conflict. We would always be on the look out for situations that may create a conflict of interest, and do everything we can to avoid them.
6. Situation may arise holding an employee in conflict of his interest with the interest of the Bank. In such situation, to enable the Bank to make objective decisions, the employee must declare in advance the possible conflict of interest to his/her senior. The management may require the employee to dissociate himself / herself from any involvement in a decision by the Bank that relates to such personal conflict.
7. Our involvement in an outside activity or any external position held must not give rise to any real or apparent conflict with a customer's interest, must not adversely reflect on the Bank and must not interfere with an individual's performance.
8. We will not solicit or accept gifts, sponsorship, hospitality or favour that would compromise, or give the appearance of compromising our position or any business decision taken by or on behalf of the Bank. Accepting gifts and entertainment can cause a conflict of interest, or the appearance of a conflict between personal interests and professional responsibility. The Bank's culture is to never accept gifts or entertainment from any supplier, potential supplier, or any person the employee has reason to believe may be seeking to influence business decisions or transactions.
9. We, besides working with honesty and faithfulness, shall maintain strict secrecy regarding the Bank's affairs and the affairs of its constituents and subsidiaries, if any. We shall use our utmost endeavors to promote the interest of the Bank and shall show courtesy and attention in all dealings with customers.
10. We shall not use for personal gain or benefit or, except insofar as it is necessary in the regular course of business, disclose to anyone within or outside the Bank any information obtained in the course of work that is of confidential nature. We will not disclose intentionally or carelessly, any information that is of confidential nature without the prior approval from the respective departmental head. In official communication with prospective or current client, we will ensure that information is given only on need to know basis.
11. We shall not engage in any other profession, trade or business activity for remuneration or enter into the employment of any other person, firm or company. An engagement in social and welfare service beyond normal office hours may, however, be encouraged.
12. We shall not make any false or misleading statement in relation to our appointment or performance of our duties in the Bank. To ensure accuracy of information that would be provided to the public, the employees are prohibited from making any statement, including statements about financial matters (written or verbal) on behalf of the Bank to media, news publication, business publications, or any other source without prior approval from the respective department of the Bank.
13. Personal, social and unofficial visits during working hours are discouraged. In the event of an emergency, visitors may be entertained outside the work area, or in the designated reception area to ensure confidentiality of information and minimum disruption.
14. We shall not bring or attempt to bring political or other influence, directly or indirectly, nor shall we take part in, subscribe to and or assist in any way, any political activity.
15. If we are found involved or convicted in a criminal offence, we shall immediately bring it to the notice of the management through our head of department or, if arrested and released on bail, soon after such release.
16. We shall generally dissuade from the following evils:

- Inappropriate conduct • Sexual harassment • Corruption and Retaliation • Discriminatory behaviour • Grapevine and Gossips • Intentional dishonesty • Drug abuse and anti environmental activities • Insider trading • Money laundering

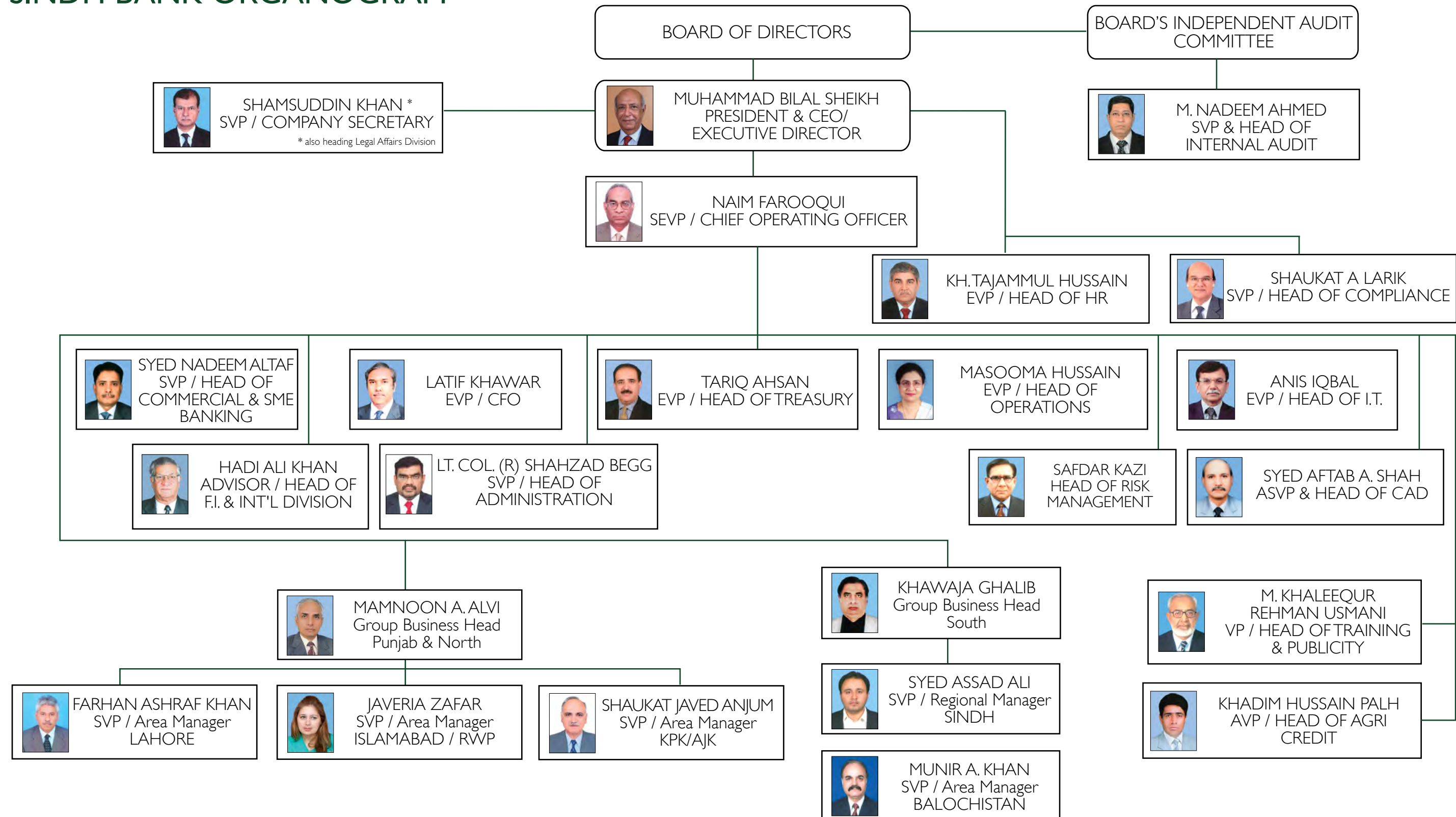
## Student Loan Program

Sindh Bank Limited's student finance cum employment program for Post-graduation is in accordance with the directives of the President of Pakistan and with a view to enhance education in the country and support meritorious students who otherwise cannot afford cost of post graduation education. The Students of Universities/colleges recognized by Higher Education Commission are eligible to apply for this interest free scheme with job guarantee in Sindh Bank.





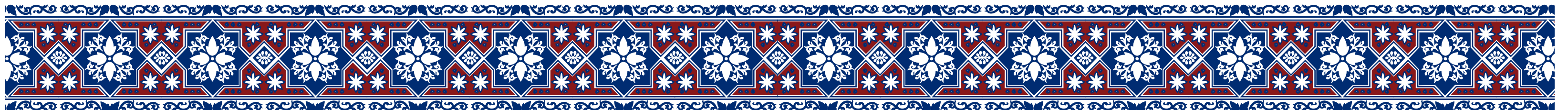
## SINDH BANK ORGANOGRAM





## Our Islamabad Branch

### Crafting Solutions, Empowering People





## Key Management Personnel

**Mr. MUHAMMAD BILAL SHEIKH**  
(President & Chief Executive Officer)

Mr. Mohammad Bilal Sheikh assumed the charge of President & CEO of Sindh Bank on November 1, 2010. Mr. Sheikh is a seasoned banker with over 44 years of diversified experience in banking. His last assignment before joining Sindh Bank Limited was that of President & Chief Executive Officer, Mybank Limited. Prior to that, Mr. Sheikh also served as President & CEO, PICIC Commercial Bank Ltd., Chairman National Development Finance Corporation (NDFC) and Deputy Managing Director PICIC.



**Mr. KH. TAJAMUL HUSSAIN**  
(EVP / Head of Human Resource)

Mr. Hussain joined Sindh Bank Limited in November 2010. He has a long banking career and remained associated with Mybank, PICIC Commercial Bank, NDFC / NBP. He possesses a Diploma in Management and Personnel Administration.



**Mr. TARIQ AHSAN**  
(EVP / Head of Treasury)

Mr. Tariq Ahsan is a known name in the treasury fraternity. He is an MBA with rich experience of 23 years in the field of treasury with both commercial banks and financial institutions.



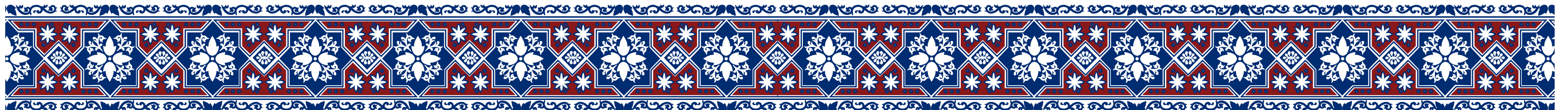
**Mr. NAIM FAROOQUI**  
(Senior Executive Vice President / Chief Operating Officer)

Mr. Farooqui joined Sindh Bank Limited in December 2010. He has obtained his professional degrees in Engineering and Business from the USA and has diversified professional experience spanning over 35 years. Prior to joining Sindh Bank Ltd. he has served both locally and internationally in the field of Banking including ORIX Investment Bank Pakistan Limited, as its Chief Executive Officer, Managing Director, Asian Finance & Investment Corporation Ltd., an affiliate of the Asian Development Bank, Manila, Philippines. He has also served in the National Development Finance Corporation besides working as an engineer in the USA.



**Mr. ANIS IQBAL**  
(EVP / Head of Information Technology)

Mr. Anis Iqbal joined Sindh Bank Limited in December 2010 and is presently heading Information Technology Division. Prior to joining Sindh Bank, he remained associated with leading banks in the country, which included National Bank of Pakistan, Union Bank, Bank of Punjab, Mybank and Zarai Taraqqiyati Bank. He enjoys over 29 years of rich experience in the field of IT and banking. He has done his Master's in Computer Science from Quaid-e-Azam University.



## Key Management Personnel

**Mr. LATIF KHAWAR**  
(EVP / Chief Financial Officer)

Mr. Khawar is a Fellow Member of the Institute of Chartered Accountants of Pakistan. He joined Sindh Bank in December 2010. Prior to joining Sindh Bank he remained associated with various financial institutions reflecting all segments of financial sector i.e. commercial banking, DFI, leasing, modaraba and mutual fund.



**Mr. SHAMSUDDIN KHAN**  
(SVP / Head of Legal Affairs)

Mr. Shamsuddin Khan joined Sindh Bank in March 2011. He is a Fellow of Institute of Bankers, Pakistan and holds L.L.M. Degree in addition to over 40 years diversified experience in financial sector. Prior to joining Sindh Bank, he remained associated with Pak Kuwait Investment Co., NBP Fullerton Asset Management Co., National Investment Trust, Bankers Equity, Investment Corporation of Pakistan, Australasia Bank.



**SYED NADEEM ALTAF**  
(SVP / Head of Commercial & SME Banking)

Syed Nadeem Altaf joined Sindh Bank Limited in January 2011. He is an EMBA and DAIBP from the Institute of Bankers Pakistan. He has banking experience of over 18 years. Prior to joining Sindh Bank, he remained associated with Mybank, PICIC Commercial Bank, Bank Al Habib, Soneri Bank, Saudi Pak Bank and United Bank.



**Ms. MASOOMA HUSSAIN**  
(EVP / Head of Operations)

Mrs. Masooma Hussain joined Sindh Bank in March 2011 as Head of Operations. She is a seasoned Banker and possesses a rich and diversified, senior level experience, covering all fields of Banking, specially, Foreign Trade, Credits and General Banking.

Before joining Sindh Bank, Ms. Hussain was associated with MCB Bank as Regional Manager Main Circle, and with Soneri Bank as Controller of Branches.



**Mr. (LT. Col (R) SHAHZAD BEGG**  
(SVP / Head of Administration)

Lt. Col. (Retd.) Shahzad Begg joined Sindh Bank Limited in December 2010. Prior to joining Sindh Bank he was associated with Mybank for 3 years from 2007 to 2010. He has also served Pakistan Army on various key positions and with diversified assignments. He has done his graduation from PMA - Kakul.





## Key Management Personnel

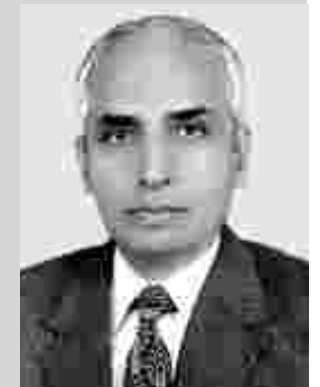
**Mr. SHAUKAT ALI LARIK**  
(SVP / Head of Compliance)

Mr. Larik joined Sindh Bank in January 2011. He has been associated with the banking industry for over 40 years. He remained associated with Allied Bank, Mybank and Lloyds Bank PLC OBU, Bahrain.



**Mr. Muhammad Nadeem Ahmad**  
(SVP / Head of Audit and Inspection Division)

Mr. Muhammad Nadeem Ahmad joined Sindh Bank in June 2011. He is a CA Finalist from the Institute of Chartered Accountants of Pakistan. He has an overall banking experience of 19 years in the field of Audit & Risk Management and has also been associated with Ford Rhodes Robson Morrow, Chartered Accountants for 6 years. Mr. Ahmad has been associated with Faysal Bank, Soneri Bank, Mashreq Bank, psc, Emirates Bank International and Doha Bank, Qatar.



**Mr. MAMNOON AHMED ALVI**  
(Group Business Head - North)

Mr. Mamnoon A. Alvi joined Sindh Bank in June 2011. He has a rich and diversified banking experience of over 47 years. Prior to joining Sindh Bank, Mr. Alvi was associated with Mybank (now Summit Bank) as SEVP/General Manager, Punjab & North. He has also been associated in the same position with PICIC Commercial Bank (now NIB Bank), Union Bank, BCCI and Habib Bank.

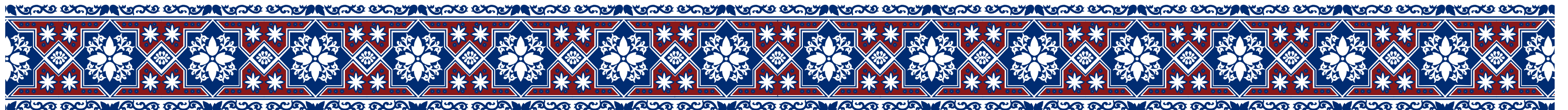
**Mr. KHAWAJA GHALIB**  
(Group Business Head - South)

Mr. Ghalib joined Sindh Bank in June 2011. He is a seasoned banker and possesses a rich and diversified banking experience of over 44 years. Prior to joining Sindh Bank, Mr. Ghalib was associated with Mybank (now Summit Bank) as Regional General Manager, South. He has also been associated with PICIC Commercial Bank (now NIB Bank), KASB Bank, Allied Bank and Habib Bank.

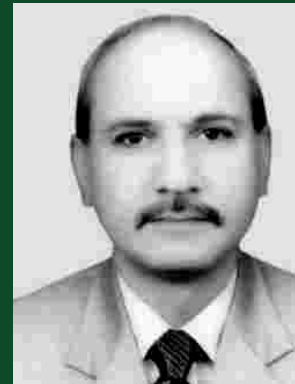


**Mr. SAFDAR KAZI**  
(Head of Risk Management)

Mr. Safdar Kazi joined Sindh Bank in March 2011 as the Chief Risk Officer and the Head of Risk Management Division. He has about 38 years of diversified senior executive level experience in industry, commercial banking, investment banking, leasing, and credit rating. Prior to joining Sindh Bank, he remained associated with JCR-VIS Credit Rating Company Limited (JCR-VIS) as an Advisor from 2001 to March 2011. He was on JCR-VIS' Board of Directors from 2007 to 2010. He was also a member of the board of directors of the Islamic International Rating Agency, Bahrain from 2006 to 2009. He is an MBA from the University of Wisconsin - Madison, USA.



## Key Management Personnel



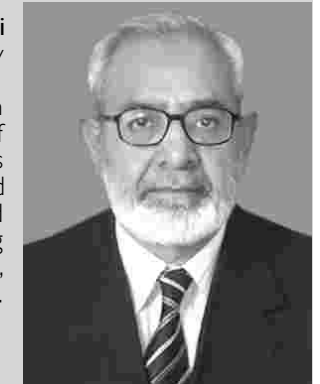
**SYED AFTAB AHMED SHAH**  
(ASVP / Head of Credit Administration)

Mr. Shah joined Sindh Bank in June 2011. He is a seasoned banker and has 30 years of banking experience. Prior to joining Sindh Bank he was associated with Allied Bank as Manager, Regional Credit Administration Department, Karachi.



**SYED ASSAD ALI**  
(SVP / Regional Manager)

Syed Assad Ali joined Sindh Bank in December 2010. He holds a Master's degree in Economics and has over 10 years of banking experience in various Banks / Financial Institutions with concentration in Retail, Corporate and Investment banking. Prior to joining Sindh Bank, he remained associated with Mybank, PICIC Commercial Bank and Pakistan Industrial Credit & Investment Corporation.



**Mr. M. Khaleequr Rehman Usmani**  
VP / Head of Training & Publicity

Mr. Usmani joined Sindh Bank in December 2011 as Head of Training & Publicity. He possesses Master's degree in Economics and DAIBP from IBP. He has diversified experience of Banking & Training for about 41 years in Habib Bank, Soneri Bank and Askari Bank.



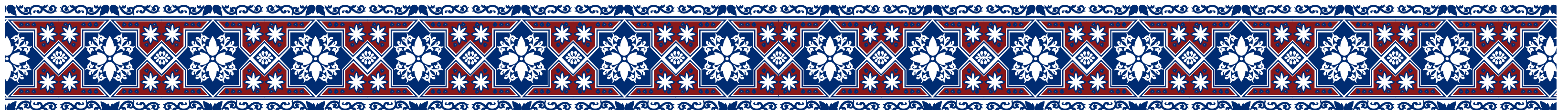
**Mr. HADI ALI KHAN**  
(Advisor / Head of Financial Institutions)

Mr. Hadi Ali Khan is a seasoned banker. He joined Sindh Bank in February 2011. He possesses a rich diversified banking experience of more than 50 years. Prior to joining Sindh Bank Mr. Khan served Summit Bank, NIB Bank, PICIC Commercial Bank, Platinum Commercial Bank, JS Investment Bank, Crown Finance & Leasing, MCB Bank, Faysal Islamic Bank of Bahrain, Union Bank of Middle East and Habib Bank.



**Mr. KHADIM HUSSAIN PALH**  
(Head of Agricultural Credit)

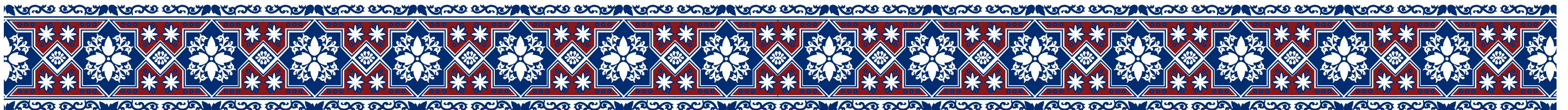
Mr. Palh joined Sindh Bank in February 2011. He is M.Sc. Hons. (Agriculture) and Ph.D. in Agronomy. He has worked with Allied Bank from 1985 to 2010 in various positions.





## Benazir Zarai Card

“Benazir Zarai Card” was introduced to improve farmers’ access to agricultural credit facility that would enable them to purchase quality farming products such as seeds, fertilizers, pesticides etc. The Benazir Zarai Card has a validity of three years and farmers can avail loans up to Rs 500,000 using this card against Agri Pass Book.



## DIRECTORS' REPORT

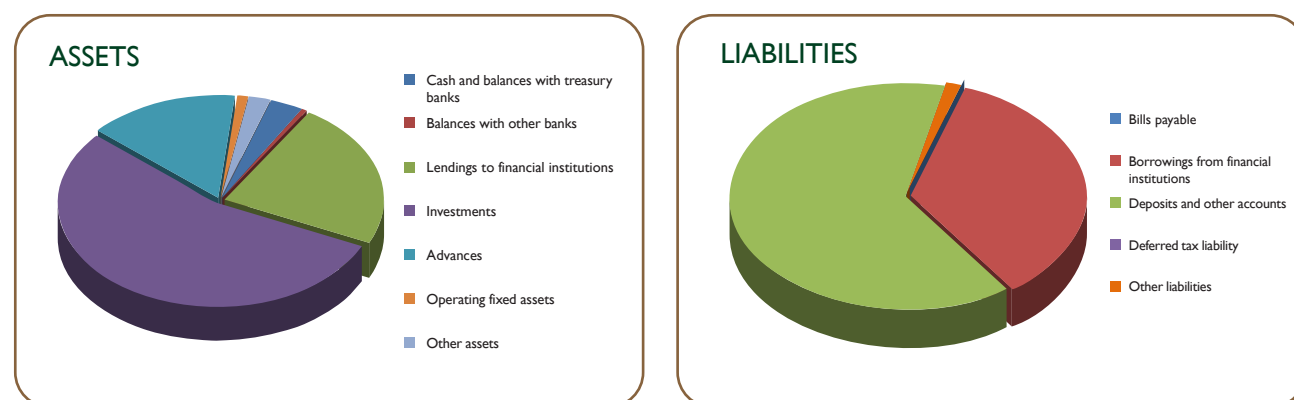
The Board of Directors is pleased to present the first audited financial statements of the Bank for the period from October 29, 2010 (the incorporation date) to December 31, 2011.

Operating results and appropriations, as recommended by the Board are given below:

Profit before taxation	(Rupees in '000) 1,139,963
Taxation	390,402
Profit after Taxation	749,561
Appropriations	
o Statutory Reserve	149,912
o Revenue Reserve	-----
Profit after Appropriation	

### Performance Review

In the first year of its inception Sindh Bank's performance remained consistent and satisfactory. Deposits as on December 31, 2011 were at Rs. 23.517 billion as against Rs. 19.862 billion at the end of 3rd quarter. Advances and investments amount to Rs. 7.259 billion and Rs. 26.081 billion respectively, as compared to Rs. 4.102 billion and Rs. 28.644 billion at the end of September 30, 2011, respectively. The Bank posted a pre - tax profit of Rs. 1.140 billion. Profit after tax was Rs 750 million; with an EPS of Rs 0.75.



Sindh Bank was incorporated on October 29, 2010 as a public limited un-listed company and was issued certificate of commencement of business from SECP on December 14, 2010. State Bank of Pakistan (SBP) issued Banking license on December 02, 2010 and the license for commencement of banking business on December 24, 2010 with simultaneous declaration of Sindh Bank as a scheduled commercial bank. The first branch was opened in Naudero on December 26, 2010. During the period under review we have established 50 branches in 36 cities which are fully operational and are located in different business hubs and trade centers across all over Pakistan besides having one branch each in all the districts of Sindh.

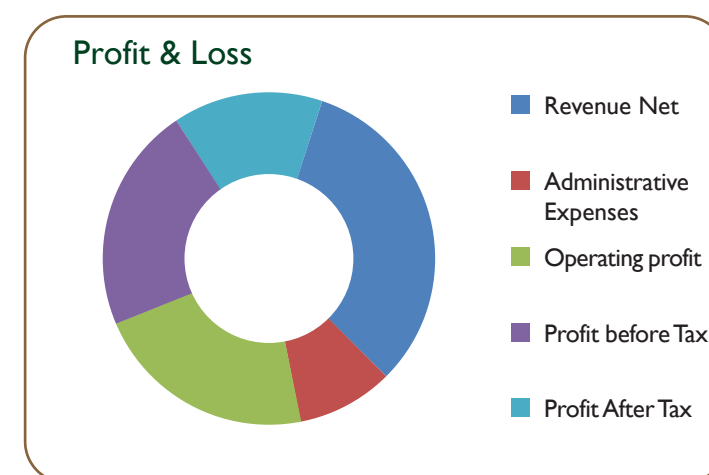
The bank is well-capitalized with an initial paid-up capital of Rs. 10 billion and has a sub-sovereign ownership with the Government of Sindh, currently being its sole owner.

The attached published financial statements of the Bank cover period from October 29, 2010 (incorporation date) to December 31, 2011. Securities and Exchange Commission of Pakistan (SECP) and SBP have granted special permission vide letter No. K-0073917/Com/S-89/2010/12595 dated February 15, 2011 and letter No. BSD/BRP-4/548/2011/3710 dated March 26, 2011 in respect of preparation of first annual financial statements of the Bank for the period exceeding 12 months (i.e. from October 29, 2010 to December 31, 2011).

### Financial Highlights

Rupees in '000'

Balance Sheet	As on December 31, 2011
Paid up Capital	10,000,000
Equity	10,749,561
Total Assets	47,730,123
Deposits	23,517,740
Investment	26,081,535
Advances	7,259,330
Profit & Loss Account	Period from October 29, 2010 to December 31, 2011
Revenue Net	1,685,118
Administrative Expenses	513,773
Operating profit	1,171,345
Provisions	31,382
Profit before Tax	1,139,963
Profit after Tax	749,561
Earnings per share	0.75



The Directors have not proposed any dividend for the year.



### Economic Review

The year 2011 was the second consecutive year in which the country faced floods, though not as devastating as experienced in 2010, but resulting in unsatisfactory economic growth in major sectors i.e. agriculture and industry. Besides energy crisis, higher oil prices and mounting fiscal deficits, mainly due to lower revenue growth, posed major strains on the overall economic conditions. On a positive note the damage done to cotton and minor crops in lower Sindh was largely compensated for by the improvement in cotton production in Punjab, which was quite close to the annual target of 12.8 million bales.

However, the 'World Bank's Global Economic Prospects 2012' has placed Pakistan's economy in a better position since the signs of firmness were quite apparent in the second half of 2011. A notable bright spot has been strengthening of exports, evident particularly in the first half of 2011 mainly of textiles, along with an upswing in the inflow of worker remittances, improved Pakistan's external position and contributed towards the improvement of current account position i.e. from a deficit of 0.9 % of GDP in 2010 to a surplus of close to 0.5% of GDP in 2011.

### Board of Directors' & Senior Management

The Board of Directors is diversified having 3 nominee directors of Government of Sindh, 3 private sector representatives and the Chief Executive Officer. The bank is spearheaded by experienced bankers having a vast banking experience serving the industry. All major policies, procedures and control mechanisms have been laid down, documented and approved by the Board.

### Change of Directors

During the period under review, following changes occurred in the Board of Directors:

Mr. Mohammad Siddique Memon, Secretary Finance was transferred to other department and Mr. Naveed Kamran Baloch, the new Secretary Finance was appointed as director in place of Mr. Memon; Mr. Ghulam Ali Shah Pasha, on his retirement ceased to be the chairman/director and Mr. Abdus Subhan Memon, was appointed in his place as the chairman/director. On transfer of Mr. Subhan Memon, Mr. Raja Mohammad Abbas took over as the Chief Secretary, Sindh and was appointed as the chairman/director of the Bank. Likewise, Mr. Muhammad Ishaque Lashari, on his transfer to other department was replaced by Mr. Malik Asrar Hussain. Similarly, Mr. Shahid Murtaza was appointed as director on resignation of Mr. Javed Mahmood from the directorship.

The Board wishes to place on record appreciation for the contributions of the outgoing directors.

### First Annual General Meeting (AGM)

In accordance with the requirements of Companies Ordinance, 1984, the first AGM of the Bank will be held within a period of 18 months from incorporation date of the Bank. The first Board of Directors will stand retired on the date of the first Annual General Meeting of the Bank. Fresh election of Directors, for a further tenure of three years, will be held in first AGM of the Bank.

### Credit Rating

JCR-VIS, a premier rating agency has accorded initial long-term entity rating of 'AA-' (Double A Minus) with a stable outlook, and a short-term rating of 'A-1' (Single A-One). The assigned long term rating denotes high credit quality while the short term rating denotes high certainty of payments by good fundamental protection factors. This high rating augurs well for the Bank's business prospects and the Management would endeavour to further improve the rating in the times ahead by achieving much better results.

### Minimum Capital Requirements / Capital Adequacy Ratio

The Bank is fully compliant of minimum capital requirements and capital adequacy ratio as prescribed by the State Bank of Pakistan, as of December 31, 2011.

### RISK MANAGEMENT FRAMEWORK

#### • Risk Management Division

Sindh Bank has set up an effective risk management system that is commensurate with its size and complexity of operations to help ensure that the risks undertaken are well managed within the boundaries of its risk appetite. The Bank has constituted an independent Risk Management Division (RMD) responsible for integrated risk management, which comprises of the Credit Risk Management Department, Market Risk (including the Asset and Liability) Management Department and Operational Risk Management Department. The RMD is headed by a Chief Risk Officer who is assisted by key deputies in each of the respective Credit Risk Management Department, Market Risk and Operational Risk Management Department.

#### \* Credit Risk Management Department ('CRMD')

The CRMD is a centralized function within the Bank and its responsibilities include identifying, monitoring, measuring and managing credit risks assumed by the Bank. The key functions of the CRMD are the credit portfolio management function, credit policies function, credit grading analytics function and credit scoring analytics function. The Credit Portfolio Management and Reporting function is responsible for ensuring a well-balanced portfolio, adherence to portfolio limits and reviewing the Bank's portfolio periodically. The Credit Policies function is responsible for formulating, documenting and periodically reviewing all credit related policies of the Bank. Within the Credit Risk Analytics Function, a sub-function of Credit Grading Analytics is responsible for managing risk measurement function in the Corporate/Business Banking segment of business. A Credit Scoring Analytics sub-function will be responsible for managing risk measurement function in the Retail Banking segment of business.

#### \* Operational Risk Management Department ('ORMD')

The ORMD is a centralized function within the Bank and its responsibilities include identifying, monitoring, measuring and managing operational risks assumed by the Bank. The key functions of the ORMD are the operational risk policy and planning function, operational risk assessment function, operational risk measurement and analytics function and operational risk monitoring, mitigation and control function.

#### \* Market Risk & Asset and Liability Management Department ('MRMD')

The MRMD is a centralized function within the Bank and its responsibilities include identifying, monitoring, measuring and managing market risks and asset and liability management risks assumed by the Bank. The key functions of the MRMD are the risk policy and analytics function, asset and liability management function, treasury middle office function and economic analysis function.

### MAJOR FUNDING ACTIVITIES

#### • Corporate Banking

The Bank has initiated lending to the corporate sector both short term and long term facilities, and has during the period under review approved an amount of Rs. 10.052 billion while disbursement stands at Rs. 5.571 billion. Long term financing has remained restricted to syndicated financing arranged by other banks under their lead. In addition, the bank has also commenced capital market operations and made investments in blue chip companies or those which have good earnings potential in the future. Investments in Mutual Funds too have been made with good prospects of dividend payments.

#### • Agriculture Credit

The Bank has established a full-fledged Agriculture Credit Division at Head office and a team of Agriculture Credit Officers has been posted across Sindh. A range of agricultural products have also been launched for the agriculture sector. The total exposure of agriculture credit portfolio amounts to Rs. 55.93 million. Though growing at a slow pace mainly due to floods and rains we remain optimistic of high growth in this portfolio. The present portfolio consists of 77% borrowers who have subsistence holdings and there are no recovery issues. A brief review of performance of few of our products is listed below:

**\* Benazir Zarai Card Scheme**

This product has been introduced with an aim to provide farmers/growers an access to institutional credit for the purchase of agricultural inputs i.e. fertilizers, seeds, pesticides and other items besides some cash for their routine family expenses. The eligibility criteria are very convenient and cover a large number of small farmers who own agricultural land. During the year 462 Zarai Cards have been issued involving a sum of Rs. 46.36 million (96% borrowers having subsistence holdings). The facility under this scheme is for an amount of up to Rs. 500,000 and is available for a maximum period of 3 years on an annual renewal basis.

**\* Sindh Bank Abadgar Tractor Scheme**

So far 21 tractor loans have been extended under this scheme. These loans are given to the eligible and successful farmers who were (i) successful in the balloting of Benazir Tractor Scheme subsidized by Government of Sindh and (ii) to those who either did not qualify or did not participate in the said scheme.

**INFORMATION TECHNOLOGY INITIATIVES**

Sindh Bank has embarked upon various initiatives for its customers, mostly free of charge, in this short span of time with a focus on SMS and mobile banking to provide 24X7 banking. Following are the technology related initiatives worth mentioning:

- Acting as one of the partner bank with Government of Pakistan in their Benazir Income Support Program (BISP) to provide economic assistance to the poor segment of the society. This would be an integrated venture between NADRA, BISP, Partner bank and Local Government bodies. Different payment mechanism including Benazir Card will be used for distribution of prescribed grant to eligible beneficiaries
- Payment of Utility Bills through SMS or on cash counter with auto SMS sent to subscriber. Our customer can pay KESC or SSGC Bills at any time from the comfort of his / her home or office by just sending an SMS to Sindh Bank
- Sindh Bank will also participate as an intermediary in another Government of Pakistan, BISP financed program named Waseela-e-Haq whereby approximately 34000 beneficiaries have been identified who will be trained in due course of time and a loan of 300,000 in minimum two installments will be disbursed to selected beneficiaries over a period of 2-3 years. The nature of facility is free of interest/markup and recoverable in 5 years in installments with rest of one year i.e. recovery will start after one year of the disbursement. The loan installment may be disbursed directly online to the accounts of beneficiaries upon the instructions of BISP and relevant SMS will sent to account holders as well as BISP authorized persons (if so decided) in real time in addition to consolidated position of transactions at end of the day.
- Mobile Top up facility has been very popular. The customer can not only top up his / her own Mobile, he / she can send balance to any friend or family member from Rs. 20 to Rs. 1,000 at any time. The balance will be instantly loaded and the amount will be online deducted from the account
- Transfer of funds by sending an SMS; a customer can transfer funds to any account holder of Sindh bank 24 X 7. At the moment only up to Rs. 10,000 is allowed per day. He / she can also pay up to Rs. 10,000 to a non-Sindh Bank account holder any one from 9am to 5.30pm
- Sindh Bank has also embarked upon ATMs and ATM Cards facility; cash can be withdrawn from any ATM network in Pakistan
- Internet Banking: Sindh bank customers can easily view or print their account statements from the internet. He / She can choose the period of the statement as well as account number if having more than one account in the Bank
- A mini statement or real time account balance can also be fetched by just sending an SMS
- A consolidated statement is automatically sent to customers at end of the day comprising all the transactions of the day

**CORE BANKING SYSTEM**

During its first period of operations, Sindh Bank has finalized acquisition of core banking system from Autosoft Dynamics costing Rs 43.48 million (Bidding Range: Highest Rs 389.48mn - Lowest Rs 43.48mn). The bank was assisted in this exercise for selection of the system by M/s KPMG, an internationally reputed company for such services. The core banking system has been implemented and all our branches are operating online.

**CORPORATE SOCIAL RESPONSIBILITY**

- Educational Finance Cum Guaranteed Employment Program For Post-Graduation**

In pursuance of the directives of the President of Pakistan to enhance education in the country and support meritorious students enrolled in universities/institutes recognized by the Higher Education Commission (HEC), Sindh Bank has launched the above mark-up free scheme.

The maximum amount of finance is Rs. 500,000, which will be renewed on a student's academic performance in each semester (not less than 75% marks in each semester). The student will also have guaranteed option of joining Sindh Bank upon completion of his/her studies.

- Donations for flood victims**

Fulfilling our responsibilities towards society and the people of Pakistan, Sindh Bank very actively participated in relief work by providing 6350 tents and 2000 food packets, at the total cost of more than Rs. 30 million, to the flood affected people in the province of Sindh.

Besides, the employees of the Bank contributed their one day's salary amounting to more than Rupees one million towards Prime Minister's Relief Fund.

**CORPORATE GOVERNANCE**

The Directors feel pleasure to give the following statement in respect of the Code of Corporate Governance relevant to the period ending December 31, 2011.

**Statement under clause XIX of the code:**

- The financial statements, together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984. These statements present fairly the company's state of affairs, results 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 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 there from, having a material impact on the financials, have been adequately disclosed.
- 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.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- Financial figures / graphs for first year of operations is available in the annual report.
- All the statutory liabilities, if any have been adequately disclosed in the financial statements.
- Sindh Bank employees Provident and Gratuity Fund schemes are in the process of registration to being funded.



**Board Meetings**

During the period under review details of Board meetings attended by the Directors are as follows:

S.No	Name of Directors	1st Meeting held on 02.11.2010	2nd Meeting held on 22.11.2010	3rd Meeting held on 11.12.2010	4th Meeting held on 11.01.2011	5th Meeting held on 10.02.2011	6th Meeting held on 06.04.2011	7th Meeting held on 14.05.2011	8th Meeting held on 13.06.2011	9th Meeting held on 17.08.2011	10th Meeting held on 10.10.2011	Total Meetings Attended
1	Mr Raja Muhammad Abbas <sup>(1)</sup>									✓	✓	2
2	Mr Ghulam Ali Shah Pasha	✓	✓	✓	✓	✓						5
3	Mr Abdus Subhan Memon <sup>(2)</sup>								✓			1
4	Mr Malik Asrar Hussain <sup>(3)</sup>											-
5	Mr Muhammad Ishaque Lashari		✓	✓	✓	✓	✓	✓		✓		7
6	Mr Naveed Kamran Baloch <sup>(4)</sup>						✓	✓	✓	✓		4
7	Mr Muhammad Siddique Memon	✓	✓	✓	✓							4
8	Mr Waiz Ali Khoja		✓	✓	✓	✓	✓	✓		✓	✓	8
9	Mr SA Wabid Mehd		✓	✓	✓	✓	✓					5
10	Mr Mohammad Shahid Murtaza <sup>(5)</sup>										✓	1
11	Mr Javed Mahmood	✓	✓	✓	✓	✓	✓		✓			7
12	Mr Muhammad Bilal Sheikh	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10
Meetings Attendance		4	7	7	7	6	6	4	4	5	4	

- (1) Mr. Raja Muhammad Abbas was co-opted in place of Mr. Abdus Subhan Memon on July 18, 2011;  
 (2) Mr. Abdus Subhan Memon was co-opted in place of Mr. Ghulam Ali Shah Pasha on June 07, 2011;  
 (3) Mr. Malik Asrar Hussain was co-opted in place of Mr. Muhammad Ishaque Lashari on October 10, 2011;  
 (4) Mr. Naveed Kamran Baloch was co-opted in place of Mr. Muhammad Siddique Memon on February 10, 2011;  
 (5) Mr. Mohammad Shahid Murtaza was co-opted in place of Mr. Javed Mahmood on October 10, 2011.

**Pattern of Shareholding**

The pattern of shareholding is attached with this report.

**External Auditors**

The first Auditors of the Bank, appointed by the Directors after incorporation of the Bank, under clause 252 (3) of The Companies Ordinance, 1984, will stand retired on the date of first Annual General Meeting of the Bank. Appointment of subsequent Auditors will be made on the recommendation of the shareholders in the forthcoming first Annual General Meeting of the Bank.

**Future Outlook**

Economic outlook for the year 2012 seems challenging as the pace of economic recovery forecasted by the World Bank will be slow. The soaring fuel prices, energy shortfalls, depreciating rupee value, higher inflation, revenue shortfalls and law and order situation across the country are the major causes of the slow pace of recovery. The economic slowdown will in turn affect business activities across the board and financial institution will also have to move very strategically. The untapped niche markets and focus on the unbanked areas will surely provide better business opportunities.

However, foreign investors'/multinationals' interest in Pakistan are the silver linings.

**Branch Expansion Plans for 2012**

For 2012 the Bank has received license to open another 110 branches of which 80 will be opened in main cities and 20 will be in rural areas. The remaining 10 will be sub branches that will be opened at different business units/locations.

**Acknowledgements**

The Board extends its appreciation and acknowledges the support and guidance provided by SBP, SECP, our sole sponsors the Government of Sindh and all members of our Board of Directors who have helped us in establishing and adopting prudent banking practices.

Thanks to our valued customers who have posed confidence in our newly established bank and we are sure of enjoying their continued patronage and support. We appreciate efforts of our senior management, executives and staff whose hard work and dedication helped us in achieving these results.

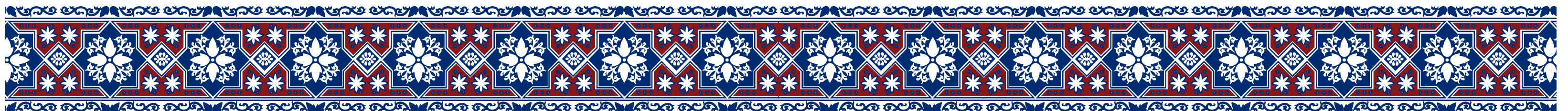
On behalf of the Board of Directors.



Muhammad Bilal Sheikh  
 President & CEO  
 Karachi  
 March 18, 2012

## ATM and e-Banking Services

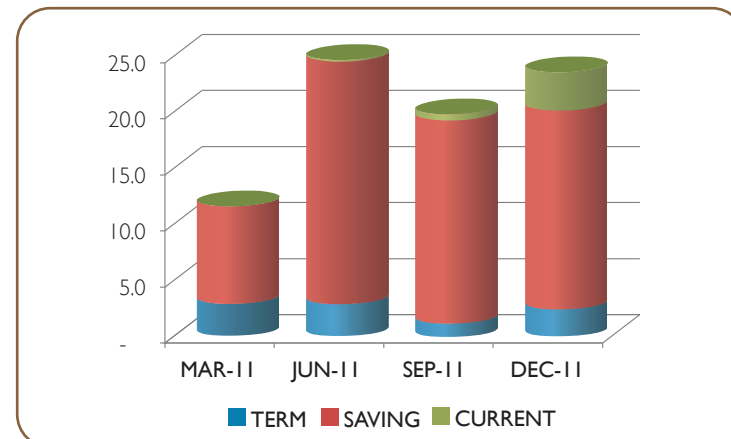
The Bank is providing modern IT solutions for convenience of its customers which includes ATM facilities, SMS/email alerts on the customer's banking operations, payments of utility bills, etc.



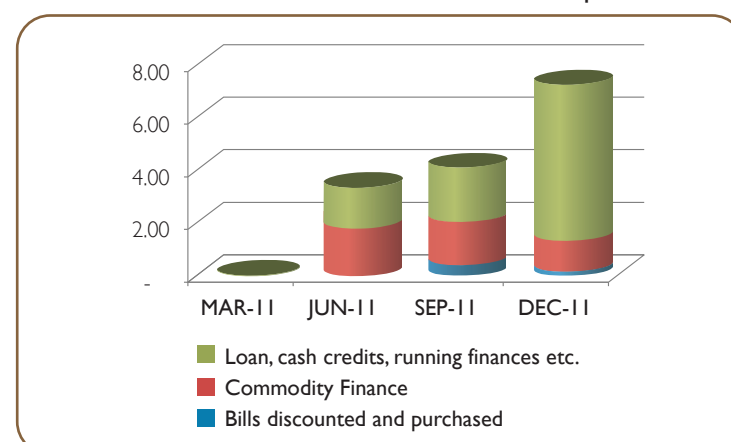


# FINANCIAL HIGHLIGHTS

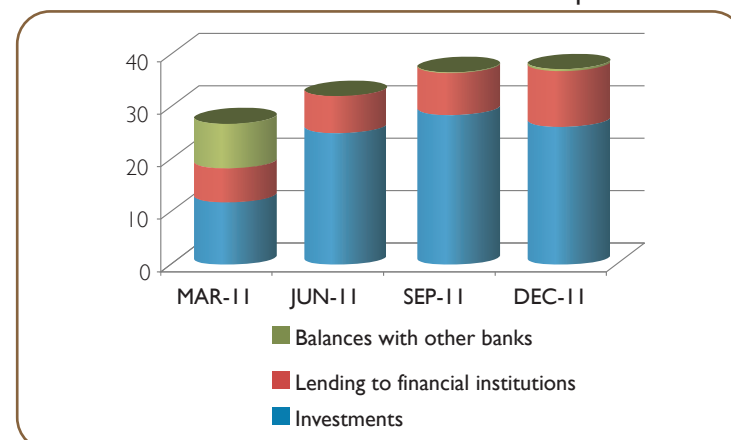
DEPOSITS Rupees in billion



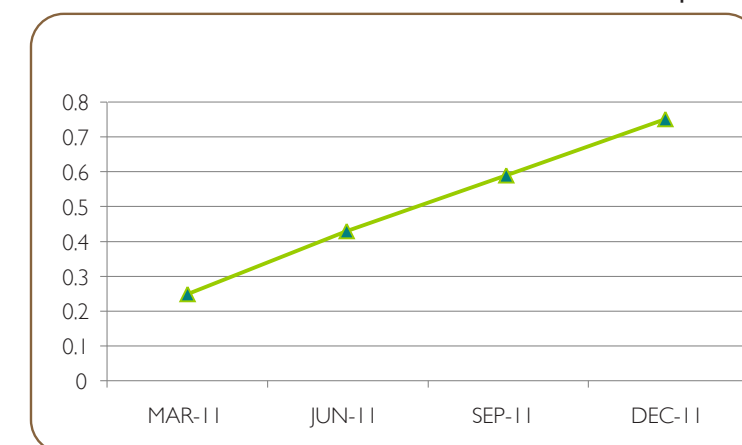
ADVANCES Rupees in billion



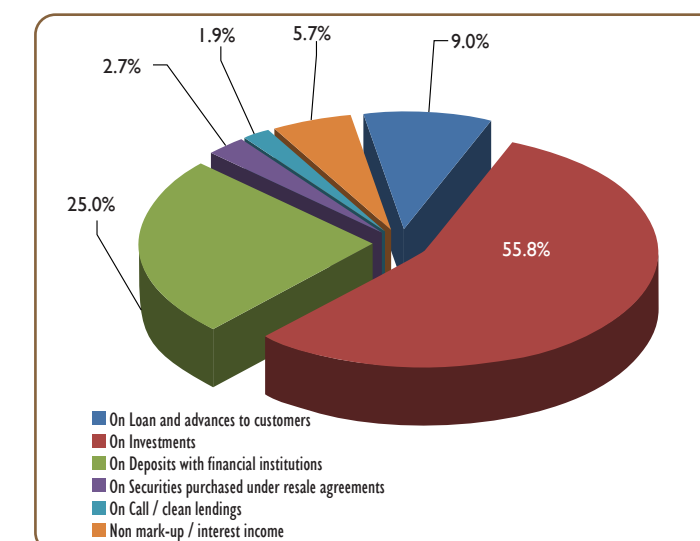
INVESTMENTS Rupees in billion



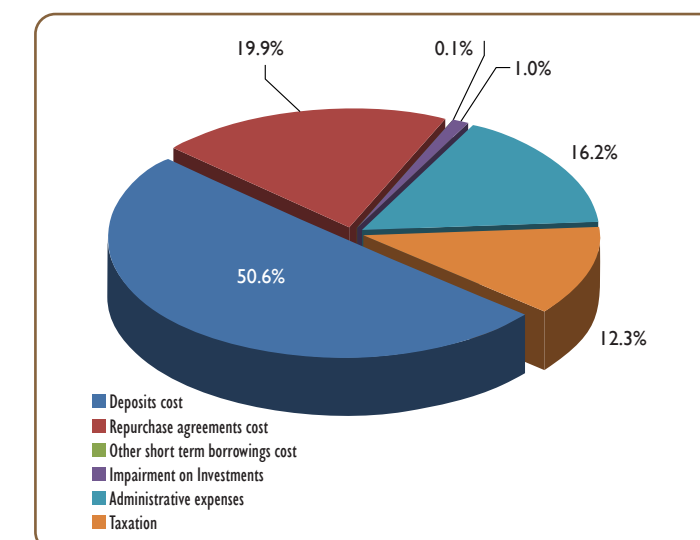
EARNING PER SHARE Rupees



INCOME



EXPENSES



## Value added statement

October 29, 2010 to  
December 31, 2011  
(Rupees in '000)

### Value Added

Net interest income	1,462,935
Non interest income	222,183
Operating expenses excluding staff costs and donations	(228,034)
Provision against advances, investments & others	(31,382)

<b>Value added available for distribution</b>	<b>1,425,702</b>
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### Distribution of value added

#### To employees

Remuneration, provident fund and other benefits	255,061	17.89%
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#### To government

Income tax	390,402	27.38%
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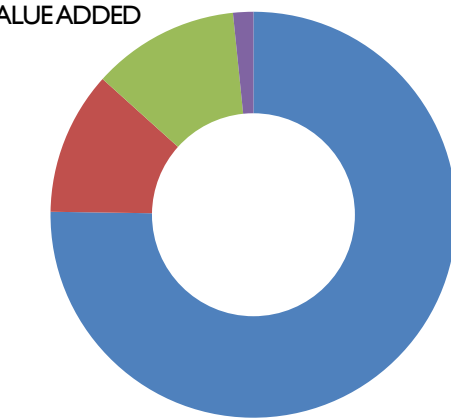
#### To Society

Donations	30,678	2.15%
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Retained earnings	749,561	52.57%
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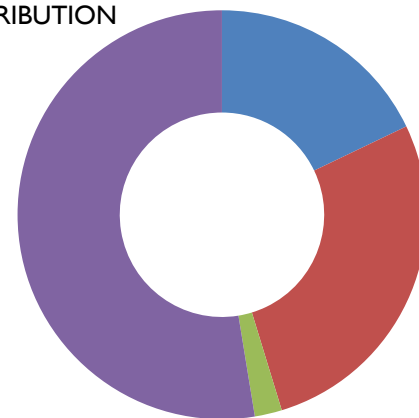
**1,425,702**      **100.00%**

VALUE ADDED



■ Net interest income  
■ Non interest income  
■ Operating expenses  
■ Provision against advances, investments & others

DISTRIBUTION



■ Remuneration, provident fund and other benefits  
■ Income tax  
■ Donations  
■ Retained earnings  
■ Provision against advances, investments & others

## Vertical analysis

### STATEMENT OF FINANCIAL POSITION

December 31, 2011  
(Rupees in '000)

#### ASSETS

Cash and balances with treasury banks	1,655,815	3%
Balances with other banks	243,519	1%
Lendings to financial institutions	10,905,410	23%
Investments	26,081,535	55%
Advances	7,259,330	15%
Operating fixed assets	584,054	1%
Other assets	1,000,460	2%
	<u>47,730,123</u>	<u>100%</u>

#### LIABILITIES

Bills payable	42,251	0%
Borrowings from financial institutions	13,012,647	27%
Deposits and other accounts	23,517,740	49%
Deferred tax liability	10,322	0%
Other liabilities	484,150	1%
	<u>37,067,110</u>	<u>78%</u>

#### NET ASSETS

<b>10,663,013</b>	<b>22%</b>
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#### REPRESENTED BY

Share capital	10,000,000	21%
Reserves	149,912	0%
Unappropriated profit	599,649	1%
Deficit on revaluation of investments	(86,548)	0%
- net of related deferred tax		
	<u>10,663,013</u>	<u>22%</u>

### PROFIT & LOSS ACCOUNT

October 29, 2010 to  
December 31, 2011  
(Rupees in '000)

Mark-up / return / interest earned	3,704,280	72%
Mark-up / return / interest expensed	(2,241,345)	-44%
Net mark-up / interest income	1,462,935	28%
Provision for diminution in the value of investments	(31,382)	-1%
Net mark-up / interest income after provisions	1,431,553	28%
Total non mark-up / interest income	222,183	4%
Non mark-up / interest expense	(513,773)	-10%
Profit before taxation	1,139,963	22%
Taxation - Current	(390,402)	-8%
<b>Profit after taxation</b>	<b>749,561</b>	<b>15%</b>





## Statement of Internal Controls

This statement is presented to comply with the requirement of State Bank of Pakistan circular #NO. BSD 7 dated May 27, 2004 on "Guidelines on Internal Controls".

The Board of Directors of the Bank is responsible for establishing and maintaining an adequate and effective system of internal controls which has the main objectives of ensuring effectiveness and efficiency of operations, reliability of financial reporting, safeguarding of assets and compliance with applicable laws and regulations.

The control activities are being closely monitored across the Bank through Compliance and Internal Audit divisions covering key internal controls in all banking activities. In order to discharge the above responsibility, the Board of Directors have formed an Audit Committee with direct oversight responsibility to ensure the independence of the internal and external audit function. The Audit Committee meetings are held once in every quarter to discuss the scope and results of the work performed by the Compliance and Internal Audit departments.

The Audit Committee also meets with external auditors prior to approval of half-yearly and final results of the Bank. Based on observation and weaknesses found and identified by the internal and external auditors and the compliance functions, appropriate improvements in internal controls are made wherever possible, by the management with the approval of the Board of Directors.

Due to inherent limitations, any system of internal controls is exposed to the risk of human error; system failure and circumvention and overriding of controls. Therefore, evaluation and monitoring of existing internal control is an ongoing process.

Being a newly established bank with emphasis on establishment of branches and mobilization of deposits, the management of the bank has endeavoured to follow the guidelines issued by the State Bank of Pakistan on Internal Controls and to incorporate these guidelines in the Bank's existing internal controls system for evaluation and management of significant risks, during the period under review. The Board and the management of the bank are committed to further improve the system of internal control system during 2012.

Based on the above, the Board of Directors endorse the management's evaluation of Internal Controls.

On behalf of the Board.

Muhammad Bilal Sheikh  
President & CEO

Karachi  
March 18, 2012

## Statement of compliance with the best practices of code of corporate governance

The Board of Directors extends full support and commitment to implement the requirements of the Code of Corporate Governance (the Code), as contained in Prudential Regulations G- I for Corporate / Commercial banking issued by the State Bank of Pakistan (SBP). The Code is being complied with for the purpose of establishing a framework of good governance whereby the Bank is managed in compliance with the best practices of corporate governance.

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

- The Board comprises of seven Directors, which is represented by three independent and three non-executive directors, with the President & Chief Executive Officer being the only one exception as an executive member. None of the directors is serving as a director in more than ten listed companies including the Bank, except Mr Wazir Ali Khoja, MD NIT who has been given special dispensation in this regard by SECP under clause III of CCG.
- Casual vacancies occurred during the period in the Board due to transfer of Mr Mohammad Siddique Memon, Mr Mohammad Ishaque Lashari, Mr Ghulam Ali Shah Pasha and Mr Abdus Subhan from the position of Secretary Finance, Additional Chief Secretary (P&D) and Chief Secretary, Government of Sindh respectively. Since these were ex-officio positions, the casual vacancies were filled in by the Board through co-option of incoming Secretary Finance, Additional Chief Secretary (P&D) and Chief Secretary, Government of Sindh. One of the independent Director also resigned from Board during the period; that casual vacancy was also filled in by the Board through co-option of another independent Director.
- All the Directors of the Bank are registered as taxpayers and none of them has defaulted in payment of any loan to any bank / DFI / NBF or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
- 'Statement of Ethics and Business Practices' has been approved by the Directors of the Bank.
- The Board has formulated a 'Vision' and 'Mission' Statement and all corporate strategies and significant policies have been made with appropriate delegation of authorities and responsibilities to various levels of management. Record of particulars of significant policies and the approvals/amendments thereto has been maintained.
- Powers of the Board are duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer have been taken by the Board.
- The Board has approved appointment of Chief Financial Officer, Head of Internal Audit and Company Secretary, including their remuneration and terms and conditions of employment, as determined by the CEO.
- Board meetings were held at least once in a quarter presided over by the Chairman, and in his absence by the senior most member of the Board. Written notices of the Board meetings along with agenda were circulated seven days before the meetings, except in case of emergent meetings which were conducted on a short notice period with the consent of the Board. The minutes of the meetings were appropriately recorded and circulated.
- The Directors, Chief Executive and Executives do not hold any interest in the shares of the Bank other than that disclosed in the pattern of shareholding.
- All related party transactions entered during the year were at arm's length basis and were placed before the Audit Committee and the Board of Directors. These transactions were duly reviewed and approved by the Audit Committee and Board of Directors.
- Memorandum & Articles of Association of Bank, SBPs Prudential Regulations, Code of Corporate Governance, Directors' responsibilities and other banking related published material were circulated to all Directors. Further, a brief introductory program on Corporate Governance was conducted for all the Directors during Board meeting held on January 18, 2012 where representatives of Pakistan Institute of Corporate Governance apprised the Board on the overall framework of Corporate Governance.

- The Directors' Report for the first accounting period from October 29, 2010 to December 31, 2011 has been prepared in compliance with the requirements of the Code and the corporate and financial reporting requirements have been complied with.
- The financial statements of the Bank for the first accounting period ended December 31, 2011 were duly endorsed by Chief Executive and Chief Financial Officer before presenting to Audit Committee and then to the Board for approval.
- The Board has formed an Audit Committee comprising of three non executive Directors, out of which two are independent Directors. Terms of reference of the Audit Committee have been determined by the Board. The meetings of the Audit Committee were held at least once every quarter prior to approval of the quarterly, half-yearly and final accounts of the Bank, as required by the Code.
- The Board has set up an effective internal audit function. The staff of Internal Audit Department are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Bank and they are involved in the internal audit function on a full time basis.
- The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan.
- The statutory auditors of the Bank have confirmed that they or any partner in the firm, their spouses and minor children do not at any time hold, purchase, sell or take any position in shares of the Bank.
- The statutory auditors of the Bank or persons associated with them have not been appointed to provide other service except in accordance with the listing regulations and the auditors have confirmed that they have observed the IFAC guidelines in this regard.
- We confirm that all material principles contained in the Code have been complied with.



Muhammad Bilal Sheikh  
President & CEO

Karachi  
March 18, 2012





KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sheikh Sultan Trust Building No. 2  
Beaumont Road  
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#### Review Report to the Members on the Directors' Statement of Compliance with the Best Practices of the Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Sindh Bank Limited ("the Bank") to comply with the regulation G-1 of the Prudential Regulations for the Corporate / Commercial Banking issued by the State Bank of Pakistan.

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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, clause (xiii a) of Code of Corporate Governance requires the Bank to place before the Board of Directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevailed in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's Compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Bank, for the period ended 31 December 2011.

Date: 18 March 2012

Karachi

*KPMG Taseer Hadi & Co.*  
KPMG Taseer Hadi & Co.  
Chartered Accountants

KPMG Taseer Hadi & Co. is a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.



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#### Auditors' Report to the Members

We have audited the annexed statement of financial position of Sindh Bank Limited ("the Bank") as at 31 December 2011 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the 'financial statements') for the period from 29 October 2010 to 31 December 2011, in which are incorporated the unaudited certified returns from the branches except for 9 branches which have been audited by us and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, which in case of loans and advances covered more than 60% of the total loans and advances of the Bank, we report that:



- a) in our opinion, proper books of account have been kept by the Bank as required by the Companies Ordinance, 1984 (XLVII of 1984), and the returns referred to above received from the branches have been found adequate for the purposes of our audit;
- b) in our opinion:
  - i) the statement of financial position and the related profit and loss account together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), and are in agreement with the books of account and are further in accordance with the accounting policies stated therein;
  - ii) the expenditure incurred during the period was for the purpose of the Bank's business; and
  - iii) the business conducted, investments made and the expenditure incurred during the period were in accordance with the objects of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank;
- c) in our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), in the manner so required and give a true and fair view of the state of the Bank's affairs as at 31 December 2011 and its true balance of profit, its cash flows and its changes in equity for the period then ended; and
- d) in our opinion Zakat deductible at source, under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Date: 18 March 2012

Karachi

*KPMG Taseer Hadi & Co.*  
KPMG Taseer Hadi & Co.  
Chartered Accountants  
Syed Iftikhar Anjum





# FINANCIAL STATEMENTS

FOR THE PERIOD  
FROM OCTOBER 29, 2010  
TO DECEMBER 31, 2011



**Sindh Bank Limited**  
**Statement of Financial Position**  
*As at December 31, 2011***ASSETS**

	Note	December 31, 2011 (Rupees in '000)
Cash and balances with treasury banks	6	1,655,815
Balances with other banks	7	243,519
Lendings to financial institutions	8	10,905,410
Investments	9	26,081,535
Advances	10	7,259,330
Operating fixed assets	11	584,054
Other assets	12	1,000,460
		<b>47,730,123</b>

**LIABILITIES**

Bills payable	13	42,251
Borrowings from financial institutions	14	13,012,647
Deposits and other accounts	15	23,517,740
Sub-ordinated loans		-
Liabilities against assets subject to finance lease		-
Deferred tax liability	16	10,322
Other liabilities	17	484,150
		<b>37,067,110</b>

**NET ASSETS****10,663,013****REPRESENTED BY**

Share capital	18	10,000,000
Reserves		149,912
Unappropriated profit		599,649
		<b>10,749,561</b>

Deficit on revaluation of investments - net of related deferred tax	19	(86,548)
		<b>10,663,013</b>

**CONTINGENCIES AND COMMITMENTS**

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The annexed notes 1 to 39 form an integral part of these financial statements.

President &amp; Chief Executive Officer

Chairman of the Board

Director

Director

**Sindh Bank Limited**  
**Profit and Loss Account**  
*For the period from October 29, 2010 to December 31, 2011*

	Note	Period from October 29, 2010 to December 31, 2011 (Rupees in '000)
Mark-up / return / interest earned	21	3,704,280
Mark-up / return / interest expensed	22	2,241,345
Net mark-up / interest income		<b>1,462,935</b>
Provision against non-performing loans and advances		-
Provision for diminution in the value of investments	9.3	31,382
Bad debts written off directly		-
		<b>31,382</b>
Net mark-up / interest income after provisions		<b>1,431,553</b>

**Non mark-up / interest income**

Fee, commission and brokerage income		10,201
Dividend income		68,645
Income from dealing in foreign currencies		2,286
Gain on sale of securities	23	140,288
Unrealised gain on revaluation of investments classified as held-for-trading		-
Other income	24	763
Total non mark-up / interest income		<b>222,183</b>
		<b>1,653,736</b>

**Non mark-up / interest expense**

Administrative expenses	25	513,773
Other provisions / write offs		-
Other charges		-
Total non mark-up / interest expenses		<b>513,773</b>
		<b>1,139,963</b>

Extraordinary / unusual items		-
<b>Profit before taxation</b>		<b>1,139,963</b>

Taxation - Current		333,477
- Prior year		-
- Deferred		56,925
	26	<b>390,402</b>
<b>Profit after taxation</b>		<b>749,561</b>

(Rupees)

<b>Basic and diluted earnings per share</b>	27	<b>0.75</b>
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The annexed notes 1 to 39 form an integral part of these financial statements.

President &amp; Chief Executive Officer

Chairman of the Board

Director

Director

**Sindh Bank Limited**  
**Statement of Comprehensive Income***For the period from October 29, 2010 to December 31, 2011*

	Period from October 29, 2010 to December 31, 2011 (Rupees in '000)
Profit after taxation	749,561
Other comprehensive income / (loss)	-
Total comprehensive income transferred to equity	<u>749,561</u>
<b>Components of comprehensive income not reflected in equity</b>	
Deficit on revaluation of investments	(133,151)
Deferred tax on revaluation of investments	<u>46,603</u>
	<u>(86,548)</u>

The annexed notes 1 to 39 form an integral part of these financial statements.

President &amp; Chief Executive Officer

Chairman of the Board

Director

Director

**Sindh Bank Limited**  
**Cash Flow Statement***For the period from October 29, 2010 to December 31, 2011*

	Period from October 29, 2010 to December 31, 2011 (Rupees in '000)
<b>Cash flow from operating activities</b>	
Profit before taxation	1,139,963
Less: Dividend income	<u>(68,645)</u>
	1,071,318
<b>Adjustments :</b>	
Depreciation	39,636
Amortization	5,143
Provision against non-performing advances	-
Provision for diminution in the value of investments	<u>31,382</u>
	76,161
	<u>1,147,479</u>
<b>Increase in operating assets</b>	
Lendings to financial institutions	(10,905,410)
Advances	(7,259,330)
Other assets (excluding advance taxation)	<u>(1,000,351)</u>
	(19,165,091)
<b>Increase in operating liabilities</b>	
Bills payable	42,251
Borrowings from financial institutions	13,012,647
Deposits and other accounts	23,517,740
Other liabilities (excluding current taxation)	<u>403,768</u>
	36,976,406
	<u>18,958,794</u>
	<u>(304,463)</u>
	18,654,331
Income tax paid	
<b>Net cash flows from operating activities</b>	
<b>Cash flow from investing activities</b>	
Net investment in available-for-sale securities	(25,421,158)
Net investment in held-to-maturity securities	(824,910)
Dividend income received	68,536
Purchase of operating fixed assets	<u>(577,465)</u>
<b>Net cash flows from investing activities</b>	(26,754,997)
<b>Cash flow from financing activities</b>	
Proceeds from issuance of shares	10,000,000
<b>Increase in cash and cash equivalents</b>	<u>1,899,334</u>
Cash and cash equivalents at beginning of the period	-
<b>Cash and cash equivalents at end of the period</b>	<u>1,899,334</u>

Note

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The annexed notes 1 to 39 form an integral part of these financial statements.

President &amp; Chief Executive Officer

Chairman of the Board

Director

Director



**Sindh Bank Limited****Statement of Changes in Equity***For the period from October 29, 2010 to December 31, 2011*

	Issued, subscribed and paid-up share capital	Statutory reserve *	Unappropriated profit	Total
	(Rupees in '000)			
<b>Total comprehensive income for the period</b>				
Profit for the period	-	-	749,561	749,561
Transfer to statutory reserve	-	149,912	(149,912)	-
<b>Transaction with owners recognised directly in equity</b>				
Issue of Ordinary Share Capital				
- initial capital on incorporation	10,000	-	-	10,000
- right shares	9,990,000	-	-	9,990,000
<b>Balance as at December 31, 2011</b>	<b>10,000,000</b>	<b>149,912</b>	<b>599,649</b>	<b>10,749,561</b>

\* Under section 21 of the Banking Companies Ordinance, 1962, an amount not less than 20% of the profit is to be transferred to create a reserve fund together with the amount in share premium account till such time the reserve fund equals the amount of the paid-up capital.

The annexed notes 1 to 39 form an integral part of these financial statements.

President &amp; Chief Executive Officer

Chairman of the Board

Director

Director

**Sindh Bank Limited****Notes to and forming part of the Financial Statements***For the period from October 29, 2010 to December 31, 2011***1. STATUS AND NATURE OF BUSINESS**

- 1.1 Sindh Bank Limited (the Bank) was incorporated in Pakistan on October 29, 2010 as a public limited unlisted company under the Companies Ordinance, 1984 and was granted Banking license by the State Bank of Pakistan (SBP) on December 02, 2010. The Bank obtained Certificate of Commencement of Business on December 14, 2010 and its first branch commenced operations from December 26, 2010. Currently, the Bank is engaged in Commercial Banking activities.

The Bank is currently operating through fifty branches in Pakistan. The Bank's registered office is located at 3rd floor, Federation House, Abdullah Shah Ghazi Road, Clifton, Karachi.

- 1.2 The Bank is 100% owned by the Government of Sindh, through its Finance Department.

- 1.3 JCR –VIS Credit Rating Company Limited has assigned initial medium to long term entity rating of 'AA-' (Double A Minus) with a 'Stable outlook', and short term rating of 'A-1' (A-One) to the Bank.

- 1.4 These published financial statements of the Bank cover period from October 29, 2010 (incorporation date) to December 31, 2011. Securities and Exchange Commission of Pakistan (SECP) and SBP have granted special permission vide letter No. K-0073917/Com/S-89/2010/12595 dated February 15, 2011 and letter No. BSD/BRP-4/548/2011/3710 dated March 26, 2011 in respect of preparation of first annual financial statements of the Bank for the period exceeding 12 months (i.e. from October 29, 2010 to December 31, 2011).

**2. BASIS OF PRESENTATION**

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

**3. STATEMENT OF COMPLIANCE**

- 3.1 These 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 (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the provisions of and directives issued under the Companies Ordinance, 1984, and the Banking Companies Ordinance, 1962 and the directives issued by the State Bank of Pakistan (SBP). In case the requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984, and the Banking Companies Ordinance, 1962 and the directives issued by the State Bank of Pakistan shall prevail.

- 3.2 The State Bank of Pakistan vide BSD Circular No. 10 dated 26 August 2002 has deferred the applicability of International Accounting Standard 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard 40, 'Investment Property' for banking companies till further instructions. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the State Bank of Pakistan through various circulars.

- 3.3 **Standards, interpretations and amendments to published approved accounting standards that are not yet effective**

- Amendments to IAS 12 – deferred tax on investment property (effective for annual periods beginning on or after January 1, 2012). The 2010 amendment provides an exception to the measurement principle in respect of investment property measured using the fair value model in accordance with IAS 40 Investment Property. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset. The amendment has no impact on the financial statements of the Bank.

- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after January 1, 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11 - Joint Arrangements and IFRS 12 - Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective January 1, 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on the financial statements of the Bank.
- IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after January 1, 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on the financial statements of the Bank.
- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after January 1, 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognized immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognize all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognized in profit or loss is calculated based on the rate used to discount the defined benefit obligation. The amendments would require a change in Bank's accounting policy. However, since this is the first period of operations, there were no actuarial gains and losses during the period.
- (Amendments to IAS 1) Presentation of Items of Other Comprehensive Income - (effective for annual periods beginning on or after July 1, 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard. The amendments have no impact on the financial statements of the Bank.
- IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after January 1, 2013). The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The amendments have no impact on the financial statements of the Bank.

#### 4. BASIS OF MEASUREMENT

##### 4.1 Accounting convention

These financial statements have been prepared under the historical cost convention except that certain investments and commitment in respect of foreign exchange contracts are measured at fair values.

##### 4.2 Critical accounting estimates and judgments

The preparation of 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 financial statements are as follows:

- i) classification and impairment against investments (notes 5.4 and 9).
- ii) classification and impairment against advances (notes 5.5 and 10).

- iii) income taxes (note 5.8)
- iv) depreciation and amortization / useful lives of operating fixed assets (notes 5.6 and 11)
- v) staff retirement benefits (note 5.9)

#### 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 The accounting policies adopted by the Bank and applied in the preparation of these financial statements are set out below:

##### 5.2 Cash and cash equivalents

For the preparation of cash flow statement, cash and cash equivalents include cash and balances with treasury banks and balances with other banks excluding any term deposits with original term of greater than three months.

##### 5.3 Lendings to / borrowings from financial institutions

The Bank enters into transactions of repos and reverse repos at contracted rates for a specified period of time. These are recorded as under:

###### (a) Sale of securities under repurchase agreement

Securities sold subject to repurchase agreements (repo) remain on the balance sheet as investments and the counter party liability is included in borrowings from financial institutions. The difference between the sale and repurchase price is treated as interest / mark-up / return expense and accrued over the period using the effective interest rate method.

###### (b) Purchase of securities under resale agreement

Securities purchased under agreements to resell (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 income over the period of the agreement using the effective interest rate method.

##### 5.4 Investments

The Bank classifies its investments as follows:

###### (a) Held-for-trading

These are securities which are either acquired for generating a 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 trading 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 those in subsidiaries and associates, that do not fall under the held-for-trading or held-to-maturity categories.

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

Investments other than those categorized as 'held-for-trading' are initially recognized at fair value which 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 profit and loss account.



Quoted securities, other than those classified as held-to-maturity are subsequently stated at fair value. 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 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.

Unrealized surplus / deficit arising on revaluation of quoted securities classified as 'available-for-sale' is disclosed below the shareholders' equity in the statement of financial position. Unrealized surplus / deficit arising on revaluation of quoted securities which are classified as 'held-for-trading' is taken to the profit and loss account.

Cost of investment is determined on moving average basis.

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 20% decline in market value as compared to carrying value and prolonged means twelve months decline in fair value of an equity investment below its cost. 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 surplus on revaluation of securities on the Statement of Financial Position below equity is removed there from and recognized in the profit and loss account. For investments classified as held-to-maturity, the impairment loss is recognized in the profit and loss account.

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

## 5.5 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 Regulation issued by the State Bank of Pakistan. The provisions against non-performing advances are charged to the profit and loss account. Advances are written off when there is no realistic prospect of recovery after explicit approval from the Board of Directors.

## 5.6 Operating fixed assets, depreciation and amortization

### (a) Tangible assets - owned

Operating fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is charged to the profit and loss account applying the straight line method at the rates specified in note 11 to the 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 Statement of Financial Position. Depreciation is charged from the month the asset is put to use till the month of its disposal. Assets provided to employees are depreciated as per respective employment terms.

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 profit and loss account as and when incurred.

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

### (b) 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 assets become available for use.

### (c) Intangibles

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised using the straight line method from the date an asset is available for use, whereby the cost of an intangible asset is amortised over its estimated useful life over which economic benefits are expected to flow to the Bank. The useful life and amortisation method are reviewed and adjusted, if appropriate, at each date of Statement of Financial Position.

## 5.7 Impairment

The carrying amount of assets is reviewed at each date of Statement of Financial Position 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 financial statements. The resulting impairment loss is taken to the profit and loss account.

## 5.8 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the profit and loss account except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

### Current

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.

### Deferred

Deferred tax is provided using the balance sheet method, providing for temporary difference 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 applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised. 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 contributory provident fund for all its permanent employees to which equal contributions at the rate of 8.33 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. This is in process of being funded; Trust deed and related rules have been formulated and an application has been lodged with the Registrar for registration of the fund.

### (b) Defined benefit scheme

The Bank operates 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. The actuarial gains and losses arising at each valuation date are immediately recognized as income or expense in the profit and loss account. The scheme is in the process of being funded; Trust deed and related rules have been formulated and an application has been lodged with the Income Tax Authorities for registration of the scheme.

**5.10 Provisions**

Provisions are recognized when the Bank has a legal or constructive obligation as a result of past event 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 Statement of Financial Position and are adjusted to reflect the current best estimate.

**5.11 Provision for off balance sheet obligations**

Provision for guarantees, claims and other off balance sheet obligations is made when the Bank has legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of amount can be made. Charge to profit and loss account is stated net of expected recoveries.

**5.12 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.

**5.13 Proposed dividend and transfers between reserves**

Dividends and appropriations to reserves, except appropriations which are required by law, 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.

**5.14 Revenue recognition**

- Mark-up / interest on loans and advances and return on investments are recognized on a time proportion basis using the effective interest rate method.
- Dividend income from investments is recognized when the Bank's right to receive the dividend is established.
- Fees, brokerage and commission on letters of credit / guarantees and others is recognized on time proportion basis.
- Financial advisory fees is recognized when the right to receive the fees is established.

**5.15 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 re-translated to Pak Rupees at the rates of exchange prevailing at the reporting date. Translation gains and losses are included in the profit and loss account.

**5.16 Offsetting**

Financial assets and financial liabilities are set off and the net amount is reported in the 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.

**5.17 Functional and presentation currency**

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

**5.18 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 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.

**6. CASH AND BALANCES WITH TREASURY BANKS**

December 31,  
2011  
Note (Rupees in '000)

**In hand**

- Local currency	6.1	130,681
- Foreign currency		21,433
		152,114

**With State Bank of Pakistan in**

- Local currency current account	6.2	1,213,813
- Foreign currency current account	6.3	2,109
- Foreign currency deposit account		
- Non-Remunerative	6.4	18,731
- Remunerative	6.5	53,225
		1,287,878

**With National Bank of Pakistan in**

- Local currency current account		168,413
- Local currency PLS account		47,410
		215,823
		1,655,815

6.1 This includes National Prize Bonds of Rs. 0.055 million.

6.2 This represents statutory cash reserve maintained by the Bank with SBP i.e. a sum not less than such percentage of its time and demand liabilities in Pakistan as may be prescribed by the SBP.

6.3 This represents US Dollar Settlement Account maintained with SBP.

6.4 This represents foreign currency cash reserve maintained with SBP equivalent to at least 5% of the Bank's foreign currency deposits mobilized under the FE-25 scheme.

6.5 This represents foreign currency special cash reserve maintained with SBP equivalent to at least 15% of the Bank's foreign currency deposits mobilized under the FE-25 scheme, is maintained in remunerative account on which the Bank is entitled to earn profit which is declared by SBP on a monthly basis. During the year the SBP has not remunerated any return on deposit account.

**7. BALANCES WITH OTHER BANKS**

December 31,  
2011  
Note (Rupees in '000)

**In Pakistan**

On saving accounts	7.1	30,293
<b>Outside Pakistan</b>		
On current accounts	7.2	213,226
		243,519

7.1 This represents saving deposits with a commercial bank carrying profit at the rate ranging from 5.00% to 11.60% per annum.

7.2 This includes Rs. 181.645 million held in Automated Investment Plans. This balance is current by nature and on increase in the balance above a specified amount, the Bank is entitled to earn interest from the correspondent banks at agreed upon rates.



**8. LENDINGS TO FINANCIAL INSTITUTIONS**December 31,  
2011  
Note (Rupees in '000)

Term deposit receipt accounts	8.2	6,750,000
Repurchase agreement lendings (Reverse Repo)	8.3	4,155,410
	8.1	<u>10,905,410</u>

**8.1 Particulars of lending**

In local currency	10,905,410
In foreign currency	-
	<u>10,905,410</u>

**8.2** This represents term deposit accounts with various commercial banks carrying profit at the rate ranging from 13.75% to 13.85% per annum, with a tenure of one year and having maturity from January 05, 2012 to September 14, 2012.

**8.3 Securities held as collateral against lendings to financial institutions (Reverse Repo)**

	Note	Held by Bank	Further given as collateral	Total
		-----	(Rupees in '000)	-----
Market Treasury Bills	8.3.1	4,155,410	-	4,155,410
		<u>4,155,410</u>	<u>-</u>	<u>4,155,410</u>

**8.3.1** The repurchase lending agreements carry mark-up rates ranging from 11.85% to 11.95% per annum.

**8.3.2** Market value of securities under repurchase agreement lendings amounts to Rs. 4,167 million.

**9. INVESTMENTS**December 31, 2011  
Held by Bank      Given as collateral      Total  
----- (Rupees in '000) -----**9.1 INVESTMENTS BY TYPES**

Note

**Available-for-sale securities**

Listed Companies (ordinary shares)	9.2.2	613,264	-	613,264
Mutual Funds / NIT (units / certificates)	9.2.5	700,000	-	700,000
Listed Term Finance Certificates	9.2.3	114,806	-	114,806
Market Treasury Bills	9.2.1	11,121,061	12,795,005	23,916,066
Unlisted Term Finance Certificates	9.2.4	77,022	-	77,022
		<u>12,626,153</u>	<u>12,795,005</u>	<u>25,421,158</u>

**Held-to-maturity securities**

Listed Term Finance Certificates	9.2.3	324,910	-	324,910
Certificates of investment	9.2.6	500,000	-	500,000
		<u>824,910</u>	<u>-</u>	<u>824,910</u>

**Total investments at cost**

Provision for diminution in value of investments	9.3	(31,382)	-	(31,382)
<b>Investments (net of provisions)</b>		<u>13,419,681</u>	<u>12,795,005</u>	<u>26,214,686</u>

Deficit on revaluation of  
available-for-sale securities

	19	(117,994)	(15,157)	(133,151)
<b>Total investments</b>		<u>13,301,687</u>	<u>12,779,848</u>	<u>26,081,535</u>

**9.2 INVESTMENTS BY SEGMENTS**December 31,  
2011  
Note (Rupees in '000)**Federal Government Securities**

- Market Treasury Bills	9.2.1	23,916,066
-------------------------	-------	------------

**Fully Paid-up Ordinary Shares**

- Listed companies (ordinary shares)	9.2.2	613,264
--------------------------------------	-------	---------

**Term Finance Certificates**

- Listed	9.2.3	439,716
- Unlisted	9.2.4	77,022
		<u>516,738</u>

**Other Investments**

- Mutual Funds (units / certificates)	9.2.5	700,000
- Certificates of Investment	9.2.6	500,000
<b>Total investments at cost</b>		<u>26,246,068</u>

Provision for diminution in value of investments

		(31,382)
<b>Investments (net of provisions)</b>		<u>26,214,686</u>

Deficit on revaluation of available-for-sale securities

	19	(133,151)
		<u>26,081,535</u>

**9.2.1** These securities are for a maximum period of one year. The effective yield on these bills ranges from 11.80% to 12.10% per annum with maturities upto November 29, 2012.

## 9.2.2 Details of investment in shares of listed companies

	2011			
	Rating *	Number of shares	Market value (Rupees in '000)	Cost
<b>Available-for-sale securities</b>				
Fully paid up ordinary shares of Rs. 10/- each (unless stated otherwise)				
Pakistan Petroleum Limited	N/A	59,950	10,090	11,613
Pakistan Refinery Limited	N/A	104,158	7,053	8,892
Pakistan State Oil Company Limited	AA+ / A1+	315,377	71,657	80,027
Engro Corporation Limited	AA / A1+	547,000	50,707	80,250
Fauji Fertilizer Company Limited	N/A	147,000	21,982	23,646
International Steel Limited	N/A	2,550,000	29,606	35,879
Attock Cement Pakistan Limited	N/A	2,601	133	137
Lucky Cement Limited	N/A	65,932	4,948	4,733
Thatta Cement Company Limited	N/A	3,375,000	80,156	58,747
The Hub Power Company Limited	AA+ / A1+	2,275,000	77,805	79,813
Sui Southern Gas Company Limited	AA- / A1+	4,615,041	89,024	90,006
Sui Northern Gas Pipelines Limited	AA / A1+	42,000	660	762
Allied Bank Limited	AA / A1+	622,578	33,538	40,070
Bank Al-Falah Limited	AA / A1+	2,527,973	28,440	29,553
National Bank of Pakistan Limited	AAA / A - I+	1,229,502	50,470	59,136
Tracker Direct Insurance Limited	N/A	1,000,000	10,080	10,000
<b>Total investment in shares of listed companies</b>			<b>566,349</b>	<b>613,264</b>

\* Wherever rating of instrument is not available or in case the instrument is unrated, the same has been marked as 'N/A'.

9.2.3 Details of investment in Term Finance  
Certificates - Listed

	2011				
	Rating *	Number of Certificates	Paid-up value per certificate	Market value (Rupees in '000)	Cost
<b>Available-for-sale securities</b>					
NIB Bank Limited **	A+	10,000	5,000	48,935	48,420
Bank Al-Falah Limited - 2nd issue **	AA-	15,000	5,000	49,854	50,005
Bank Al-Habib Limited - 1st issue **	AA	5,000	5,000	15,091	16,381
				<b>113,880</b>	<b>114,806</b>
<b>Held-to-maturity securities</b>					
ORIX Leasing Pakistan Limited - 3rd issue	AA+	1,000	100,000	100,000	100,000
Summit Bank Limited **	A	44,982	5,000	224,910	224,910
				<b>324,910</b>	<b>324,910</b>
				<b>438,790</b>	<b>439,716</b>

\* Represents instrument rating in case of investment in term finance certificates.

\*\* These term finance certificates are sub-ordinated. In case of occurrence of default, the payment in respect of principal and profit will rank subordinated to all the depositors and other creditors of the issuing banks.

## 9.2.3.1 Other particulars of listed term finance certificates are as follows:

Particulars	Rate	Profit payment	Redemption terms
NIB Bank Limited (unsecured)	1.15% above 6 months KIBOR	Semi-annually	Eight years from March 5, 2008 (date of issue).
Bank Al-Falah Limited - 2nd issue (unsecured)	1.5% above 6 months KIBOR	Semi-annually	Eight years from November 23, 2004 (date of issue).
Bank Al-Habib Limited - 1st issue (unsecured)	10% per annum	Semi-annually	Eight years from July 15, 2004 (date of issue).
ORIX Leasing Pakistan Limited - 3rd issue (secured)	2.15% above 3 months KIBOR	Quarterly	Three years from June 30, 2011 (date of issue).
Summit Bank Limited (unsecured)	3.25% above 6 months KIBOR	Semi-annually	Seven years from October 27, 2011 (date of issue).

9.2.4 Details of investments in Term Finance  
Certificates - Un-listed

	2011				
	Rating *	Number of Certificates	Paid-up value per certificate	Market value (Rupees in '000)	Cost
Bank Al-Habib Limited - 4th issue **	AA	10,000	5,000	51,488	51,488
Faysal Bank Limited - 2nd issue **	AA-	5,000	5,000	25,534	25,534
				<b>77,022</b>	<b>77,022</b>

\* Represents instrument rating in case of investment in term finance certificates.

\*\* These term finance certificates are sub-ordinated. In case of occurrence of default, the payment in respect of principal and profit will rank subordinated to all the depositors and other creditors of the issuing banks.

## 9.2.4.1 Other particulars of un-listed term finance certificates are as follows:

Particulars	Other information	Rate	Profit payment	Redemption terms
"Bank Al-Habib Limited - 4th issue (unsecured)"	Chief Executive Officer : Mr. Abbas D. Habib	15% per annum from year 1 to 5 and 15.5% per annum from year 6 to 10	Semi-annually	Ten years from June 30, 2011 (date of issue).
"Faysal Bank Limited - 2nd issue (unsecured)"	Chief Executive Officer : Mr. Naveed A. Khan	2.25% above 6 months KIBOR	Semi-annually	Seven years from December 27, 2011 (date of issue).



9.2.5	Details of investments in Mutual Funds available-for-sale securities	2011			
		Number of units*	Rating *	Market value / net asset value	Cost
		(Rupees in '000)			
Open end					
	National Investment Unit Trust	15,613,985	AM2-	404,402	500,000
	NAFA Govt. Securities Liquid Fund	19,642,313	AAA (f)	200,055	200,000
	Total Investments in Mutual Funds			604,457	700,000

\* Represents instrument rating in case of investment in mutual funds.

9.2.6	Certificates of investment	2011			Cost
		Other Information	Rating	Market value (Rupees in '000)	
	Pak Brunei Investment Co. Ltd	Chief Executive Officer : Ms. Ayesha Aziz	AA/AI+	<u>500,000</u>	<u>500,000</u>

This represent COI carrying profit at the rate of 13.65% per annum with maturity on September 22, 2012.

9.3	Particulars of provision for diminution in the value of investments	December 31, 2011 (Rupees in '000)	
		Note	
	Charge for the period	9.3.1	<u>31,382</u>
			<u>31,382</u>
<b>9.3.1 Particulars of provision in respect of Type and Segment</b>			
<b>Available-for-sale securities</b>			
	Listed shares		<u>31,382</u>
			<u>31,382</u>

10.	ADVANCES	December 31, 2011 (Rupees in '000)	
		Note	
	<b>Loans, cash credits, agriculture, running finances etc.</b>		
	In Pakistan	10.3	<u>7,123,838</u>
	<b>Bills discounted and purchased (excluding market treasury bills)</b>		
	Payable in Pakistan		<u>2,060</u>
	Payable outside Pakistan		<u>133,432</u>
	Advances - net		<u>7,259,330</u>
<b>10.1 Particulars of advances</b>			
<b>10.1.1</b>			
	In local currency		<u>7,125,898</u>
	In foreign currency		<u>133,432</u>
			<u>7,259,330</u>
<b>10.1.2</b>			
	Short term (for upto one year)		<u>6,803,345</u>
	Long term (for over one year)		<u>455,985</u>
			<u>7,259,330</u>
<b>10.2</b> None of the Bank's advances were placed on non performing status as at December 31, 2011.			
<b>10.3</b> This includes commodity financing amounting to Rs. 1.16 billion provided to Food Department, Government of Sindh, in syndication with other commercial banks.			
<b>10.4 Particulars of loans and advances to directors, associated companies, subsidiaries etc.</b>			
Debts due by directors, executives or officers of the Bank or any of them either severally or jointly with any other persons:			
	Balance at beginning of period		-
	Loans granted during the period		<u>71,274</u>
	Repayments		<u>(3,120)</u>
	Balance at end of period	10.4.1	<u>68,154</u>
<b>10.4.1</b> This represents staff loans given by the Bank to its executives / officers as per their terms of employment.			
Debts due by companies or firms in which the directors of the Bank are interested as directors, partners or in the case of private companies as members:			
	Balance at beginning of period		-
	Loans granted during the period		<u>197,975</u>
	Repayments		<u>(18,298)</u>
	Balance at end of period		<u>179,677</u>

**11. OPERATING FIXED ASSETS**December 31,  
2011  
(Rupees in '000)

Note

Capital work-in-progress	11.1	6,876
Property and equipment	11.2	533,465
Intangible assets	11.3	43,713
		<u>584,054</u>

11.1 This represents advance payment for purchase of vehicles for employees as per Bank's policy.

**11.2 Property and equipment - own use**

As at December 31, 2011								
C O S T				ACCUMULATED DEPRECIATION			BOOK VALUE	Rate of depreciation %
As at October 29, 2010	Additions	As at December 31, 2011	As at October 29, 2010	Charge/disposal	As at December 31, 2011	As at December 31, 2011		
----- (Rupees in '000) -----								
Leasehold improvements	-	224,123	224,123	-	3,563	3,563	220,560	5
					-			
Furniture and fixtures	-	87,209	87,209	-	3,469	3,469	83,740	10
					-			
Computer equipments	-	162,138	162,138	-	18,841	18,841	143,297	33.33 & 20
					-			
Vehicles	-	99,631	99,631	-	13,763	13,763	85,868	20
					-			
	-	573,101	573,101	-	39,636	39,636	533,465	

11.2.1 The cost of fully depreciated furniture and fixture, office and computer equipment still in use amounted to Rs. 3.51 million.

**11.3 Intangible assets**

million.	As at December 31, 2011							
Intangible assets	C O S T			ACCUMULATED AMORTIZATION			BOOK VALUE	Rate of amortization %
	As at October 29, 2010	Additions	As at December 31, 2011	As at October 29, 2010	Amortization	As at December 31, 2011	As at December 31, 2011	
	----- (Rupees in '000) -----							
Softwares	-	48,856	48,856	-	5,143	5,143	43,713	20
	-	48,856	48,856	-	5,143	5,143	43,713	

**12. OTHER ASSETS**December 31,  
2011  
(Rupees in '000)

Note

Accrued income on bank deposits, COI's, placements and advances	773,702
Advances, deposits, advance rent and other prepayments	224,114
Dividend receivable	109
Insurance claim receivable against agriculture loans	1,206
Stationery and stamps in hand	964
Other receivables	365
	<u>1,000,460</u>

**13. BILLS PAYABLE**

In Pakistan	42,251
Outside Pakistan	-
	<u>42,251</u>

**14. BORROWINGS FROM FINANCIAL INSTITUTIONS**

In Pakistan	13,012,647
Outside Pakistan	-
	<u>13,012,647</u>

**14.1 Particulars of borrowings with respect to currencies**

In local currency	13,012,647
In foreign currency	-
	<u>13,012,647</u>

**14.2 Details of borrowings****Secured**

Borrowings from State Bank of Pakistan under export refinance scheme	14.2.1	200,000
Repurchase agreement borrowings		
- State Bank of Pakistan	14.2.2	12,042,347
- Other commercial banks	14.2.3	770,300
		<u>12,812,647</u>
		<u>13,012,647</u>

14.2.1 This represent borrowings from SBP under export refinance scheme at the rate of 10% per annum having maturity upto six months.

14.2.2 This represent repurchase agreement borrowing from SBP at the rate ranging from 11.72% to 11.75 % per annum having maturity in January 2012.

14.2.3 This represent repurchase agreement borrowing from commercial banks at the rate of 11.90% per annum having maturity in January 2012.



15.	DEPOSITS AND OTHER ACCOUNTS	December 31, 2011 (Rupees in '000)			
	Customers				
	Fixed deposits	2,469,667			
	Savings deposits	17,614,129			
	Current accounts - non-remunerative	3,333,540			
	Margin and other accounts - non-remunerative	35,748			
		23,453,084			
	Financial Institutions				
	Remunerative deposits	60,986			
	Non-remunerative deposits	3,670			
		64,656			
		23,517,740			
15.1	Particulars of deposits				
	In local currency	23,189,159			
	In foreign currency	328,581			
		23,517,740			
15.2	The above includes deposits amounting to Rs. 18,287 billion received from various departments of the Government of Sindh.				
16.	DEFERRED TAX LIABILITY - net				
	Deferred tax credits arising in respect of:				
	- Operating fixed assets - Tangible	69,976			
	- Operating fixed assets - Intangible	3,900			
		73,876			
	Deferred tax debits arising due to:				
	- Deficit on revaluation of investments	(46,603)			
	- Provision for compensated absences	(4,033)			
	- Provision for diminution in the value of investments	(10,984)			
	- Provision for gratuity	(1,934)			
		(63,554)			
		10,322			
16.1	Reconciliation of deferred tax				
	Balance as at October 29, 2010	Recognised in profit and loss account	Recognised in deficit on revaluation of investments	Balance as at December 31, 2011	
	----- (Rupees in '000) -----				
	Deferred tax credits arising in respect of:				
	- Operating fixed assets - Tangible	-	69,976	-	69,976
	- Operating fixed assets - Intangible	-	3,900	-	3,900
		-	73,876	-	73,876
	Deferred tax debits arising due to:				
	- Deficit on revaluation of investments	-	-	46,603	46,603
	- Provision for compensated absences	-	4,033	-	4,033
	- Provision for diminution in the value of investments	-	10,984	-	10,984
	- Provision for gratuity	-	1,934	-	1,934
		-	16,951	46,603	63,554

17.	OTHER LIABILITIES	December 31, 2011 (Rupees in '000)
	Note	
		205,799
		541
		13,543
	30.1.2	5,526
		11,522
		18,882
		108,886
		51,368
		29,608
		302
		29,014
		48
		9,111
		<u>484,150</u>
18.	SHARE CAPITAL	
18.1	Authorised Capital	(Rupees in '000)
	Number of Shares	
	<u>1,000,000,000</u> Ordinary shares of Rs. 10/- each	<u>10,000,000</u>
18.2	Issued, subscribed and paid-up capital	
	<u>1,000,000,000</u> Ordinary shares of Rs. 10/- each fully paid in cash	<u>10,000,000</u>
18.3	The Government of Sindh, through its Finance Department, owns 100% ordinary shares of the Bank.	
19.	DEFICIT ON REVALUATION OF INVESTMENTS	December 31, 2011 (Rupees in '000)
	- net of related deferred tax	
	Available-for-sale securities	
	Government securities	(21,148)
	Listed companies (ordinary shares)	(15,533)
	Mutual funds (units / certificates)	(95,543)
	Term Finance Certificates	(927)
		<u>(133,151)</u>
	Related deferred taxation	46,603
		<u>(86,548)</u>

**20. CONTINGENCIES AND COMMITMENTS****20.1 Direct credit substitutes**

Includes general guarantees of indebtedness in favour of :

- i) Government
- ii) Banking companies and other financial institutions
- iii) Others

**20.2 Trade related contingent liabilities**

Others

**20.3 Commitments to extend credit**

- Commitments to extend credit

**20.4 Commitment in respect of forward exchange contracts**

- Purchase
- Sale

**20.5 Commitment in respect of repo transaction**

- Sale and repurchase agreement
- Purchase and resale agreement

**21. MARK-UP / RETURN / INTEREST EARNED**

On loans and advances to customers

On investments in:

- Held-for-trading securities
- Available-for-sale securities
- Held-to-maturity securities

On deposits with financial institutions

On securities purchased under resale agreements

On call / clean lendings

**22. MARK-UP / RETURN / INTEREST EXPENSED**

Deposits

Securities sold under repurchase agreements

Other short term borrowings

December 31,  
2011  
(Rupees in '000)

1,846
823,228
39,313
864,387

506,027

6,680,710

134,429
135,567

12,820,895
4,169,280

Period from  
October 29,  
2010 to  
December 31,  
2011  
(Rupees in '000)

353,045
86
2,065,890
126,894
980,841
104,824
72,700
3,704,280

1,606,040
632,367
2,938
2,241,345

**23. GAIN ON SALE OF SECURITIES****Federal Govt. Securities**

- Market Treasury Bills
- Pakistan Investment Bonds

**Shares - Listed****24. OTHER INCOME**

- Prequalification application fee
- Cheque book issuance
- Other income

**25. ADMINISTRATIVE EXPENSES**

- Salaries, allowances and benefits
- Contribution to defined contribution plan
- Contribution to defined benefit plan
- Non Executive Director's Fee
- Rent, taxes, insurance, electricity, etc.
- Legal and professional charges
- Communications
- Repairs and maintenance
- Stationery and printing
- Security service charges
- Advertisement and publicity
- Donations
- Amortization of intangible assets
- Depreciation on operating fixed assets
- Auditor's remuneration
- Travelling and conveyance
- Brokerage and commission
- Fees and subscription
- Entertainment
- Miscellaneous

**25.1** Includes Rs. 6.2 million incurred at the time of launch of first branch of the Bank at Naudero.**25.2** This represents amount incurred for procurement of tents and food items for the rain / flood affectees in various districts of Sindh. Donations were not made to any donee in which Sindh Bank Limited, Directors or their spouse had any interest at the time of donation.Period from  
October 29,  
2010 to  
December 31,  
2011  
(Rupees in '000)

Note

141,484
(2,729)
1,533
140,288

308
408
47
763

242,976
30.2 6,559
30.1.4 5,526
3,650
68,370
1,185
9,297
13,082
12,461
7,722
25.1 24,590
25.2 30,678
11.3 5,143
11.2 39,636
25.3 2,239
6,544
5,732
25.4 20,611
3,863
3,909
513,773



**25.3 Auditors' remuneration**Period from  
October 29,  
2010 to  
December 31,  
2011  
(Rupees in '000)

Audit fee	1,000
Review of half yearly financial statements	650
Certifications and other advisory services	525
Out-of-pocket expenses	64
	<u>2,239</u>

**25.4** Includes Rs. 5.0 million paid to Central Depository Company of Pakistan on account of share issuance fee and Rs. 2.112 million for acquiring of 1 link membership for ATM operations.

**26. TAXATION**

Current	333,477
Deferred	56,925
	<u>390,402</u>

**26.1 Relationship between tax expense and accounting profit**

Profit before tax	1,139,963
Tax on income @ 35%	398,987
15% surcharge for tax year 2011	1,489
Tax at reduce rate	(17,161)
Effect of permanent differences	7,087
	<u>390,402</u>

(Rupees in '000)

**27. BASIC AND DILUTED EARNINGS PER SHARE**

Profit after tax for the period	<u>749,561</u>
---------------------------------	----------------

(Number of  
Shares)

Weighted average number of ordinary shares	<u>1,000,000,000</u>
--	----------------------

(Rupees)

Basic and diluted earnings per share	<u>0.75</u>
--------------------------------------	-------------

**28. CASH AND CASH EQUIVALENTS**

Cash and balances with treasury banks	1,655,815
Balances with other banks	243,519
	<u>1,899,334</u>

**29. STAFF STRENGTH**

Note

Number of  
staff

Permanent	462
Temporary / on contractual basis	<u>44</u>
Bank's own staff at the end of the period	506
Outsourced	<u>86</u>
Total staff strength	<u>592</u>

29.1

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

**30. DEFINED BENEFIT AND CONTRIBUTION PLANS****30.1 Defined benefit plan**

The Bank operates a gratuity scheme 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 the actuary. Employees are entitled to the benefits under the scheme which comprise of one month last drawn basic salary for each completed year of service.

**30.1.1 Principal actuarial assumptions**

The latest actuarial valuation is carried out as at 31 December 2011 using the "Projected Unit Credit Actuarial Cost Method". Following are the significant assumptions used in the actuarial valuation:

	December 31, 2011
- Discount rate - percent (per annum)	12.5
- Expected rate of increase in salaries - percent (per annum)	12.5
- Withdrawal rate before normal retirement age	"moderate"

**30.1.2 Reconciliation of payable to defined benefit plan**December 31,  
2011  
(Rupees in'000)

Present value of defined benefit obligations	5,526
Fair value of plan assets	-
(Surplus) / deficit	<u>5,526</u>
Unrecognised actuarial (losses) / gains	-
Payable to defined benefit plan	<u>5,526</u>

**30.1.3 Movement in payable to defined benefit plan**December 31,  
2011  
(Rupees in '000)

Opening balance	-
Charge for the period	5,526
Benefits paid	-
Closing balance	<u>5,526</u>

**30.1.4 Charge for defined benefit plan**

Current service cost	5,526
Interest cost	-
Expected return on plan assets	-
Actuarial gain / (loss) recognised	-
Charge for the period	<u>5,526</u>

**30.1.5 Movement in present value of defined benefit obligation**

Defined benefit obligation as at the beginning of the period	-
Current Service cost	5,526
Interest cost	-
Actuarial (gain) / loss on obligation	-
Benefits paid during the period	-
Defined benefit obligation as at end of the period	<u>5,526</u>

**30.1.6** The expected gratuity expense for the year commencing 01 January 2012 works out to Rs 11.585 million.**30.2 Defined contribution plan**

The Bank operates a provident fund scheme for all its permanent employees. Equal monthly contributions are made, both by the Bank and its employees, to the fund at the rate of 8.33 percent of basic salaries of the employees. The 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. 6.559 million. The number of employees as at December 31, 2011 eligible under the scheme were 249.

**31. COMPENSATED ABSENCES**

The Bank grants compensated absences to all its regular employees as per service rules. Regular employees are entitled to 30 days privilege leave for each completed year of service. Unutilized privilege leaves are accumulated upto 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 dismissal. These are encashable on the basis of last drawn gross salary.

**32. COMPENSATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES**

Period from October 29, 2010 to December 31, 2011

	Chief Executive Officer	Directors	Executives
	(Rupees in '000)		
Fees	-	3,350	-
Managerial remuneration	12,250	-	48,179
Charge for defined benefit plan	650	-	2,821
Contribution for defined contribution plan	1,020	-	3,265
Rent and house maintenance	5,513	-	21,681
Utilities	1,225	-	4,818
Medical	1,225	-	4,818
Conveyance	803	-	11,895
Bonus and others	2,963	-	11,248
	<u>25,649</u>	<u>3,350</u>	<u>108,725</u>

	(Number)		
Number of persons	<u>1</u>	<u>9</u>	<u>39</u>

**32.1** The Chief Executive Officer and certain executives of the Bank are provided with free use of the Bank's maintained car.**32.2** Executives mean employees, other than the Chief Executive Officer and directors, whose basic salary exceeds five hundred thousand rupees in a financial year.**33. FAIR VALUE OF FINANCIAL INSTRUMENTS**

December 31, 2011

	Book Value	Fair Value
	(Rupees in '000)	
<b>33.1 On-balance sheet financial instruments</b>		
<b>Assets</b>		
Cash and balances with treasury banks	1,655,815	1,655,815
Balances with other banks	243,519	243,519
Lendings to financial institutions	10,905,410	10,905,410
Investments	26,214,686	26,081,535
Advances	7,259,330	7,259,330
Other assets	773,702	773,702
	<u>47,052,462</u>	<u>46,919,311</u>
<b>Liabilities</b>		
Bills payable	42,251	42,251
Borrowings from financial institutions	13,012,647	13,012,647
Deposits and other accounts	23,517,740	23,517,740
Other liabilities	206,340	206,340
	<u>36,778,978</u>	<u>36,778,978</u>



The fair value of quoted securities is based on the quoted market price. Fair value of unquoted investments is based on cost less any impairment as per the policy of the Bank. Fair value of Government securities is determined using PKRV rates.

Fair value of other fixed term investments, lendings and deposits can not be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments.

In the opinion of the management, the fair value of the remaining financial assets and financial 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 financing and deposits are frequently repriced.

### 33.2 Off-balance sheet financial instruments

	2011	
	Book Value	Fair Value
	(Rupees in '000)	
Forward purchase of foreign exchange	134,429	134,429
Forward sale of foreign exchange	135,567	135,567

### 34. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The Bank is in the process of structuring its key business areas in various segments in a manner that each segment becomes a distinguishable component of the Bank that is engaged in providing products or services (business segment), which is subject to risks and rewards that are different from those of other segments. The business segments within the Bank have been broadly categorized into the following classifications of business segments in accordance with the requirements of the State Bank of Pakistan.

#### (a) Business segments

##### Corporate Finance

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

##### Trading and sales

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

##### Retail Banking

Retail banking includes mortgage finance and personal loans to individual customers.

##### Commercial Banking and others

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

#### (b) Geographical Segments

The Bank operates only in Pakistan.

Based on above structure, the segment information for the period ended December 31, 2011 is given below :

	Period ended December 31, 2011				
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
	(Rupees in '000)				
Total income	3,556,800	-	-	369,663	3,926,463
Inter segment revenue - net	(2,247,271)	-	-	2,247,271	-
Total income - net	1,309,529	-	-	2,616,934	3,926,463
Total expenses	(710,591)	-	-	(2,075,909)	(2,786,500)
Net income / (loss) before tax	598,938	-	-	541,025	1,139,963
Segment assets	38,901,595	-	-	8,828,528	47,730,123
Segment liabilities	12,900,310	-	-	24,166,800	37,067,110
Segment return on assets (ROA) (%)*	13.25%	-	-	12.83%	-
Segment cost of funds (%)*	11.50%	-	-	11.79%	-

\* Includes inter-segment revenue / cost.

### 35. RELATED PARTY TRANSACTIONS

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

Usual transactions with related parties includes deposits, advances and other banking services which are carried out in accordance with agreed terms. Transaction with executives are undertaken at terms in accordance with employment agreements and services rules.

Contributions to and accruals in respect of staff retirement benefits plan are made in accordance with the term of the benefit plan. Remuneration of the Chief Executive Officer and directors are determined in accordance with the terms of their appointment.

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

	Key management personnel	Directors	Associates / subsidiaries	Other related parties
	(Rupees in '000)			
<b>Advances</b>				
Disbursed during the period	28,206	-	-	* 197,975
Adjustment for outgoing party	(12,000)	-	-	-
Repaid during the period	(1,445)	-	-	(18,298)
At 31 December 2011	14,761	-	-	179,677

	Key management personnel	Directors	Associates / subsidiaries	Other related parties
	----- (Rupees in '000) -----			
<b>Deposits</b>				
Received during the period	67,655	-	-	**520,010
Adjustment for outgoing party	(5,942)	-	-	-
Withdrawals during the period	(52,392)	-	-	(260,002)
At 31 December 2011	<u>9,321</u>	<u>-</u>	<u>-</u>	<u>260,008</u>
Repayment of liability to GoS	-	-	-	100,000
Mark-up receivable	-	-	-	* 7,429
Profit payable	85	-	-	-
Mark-up / interest / return earned	763	-	-	* 13,771
Mark-up / interest / return expensed	227	-	-	-
Investment made	-	-	-	* 558,747
Dividend received	-	-	-	* 62,456
Guarantee issued	-	-	-	**823,228
Sale of Government Securities	-	-	-	15,336,005
(Loss) on sale of Government Securities	-	-	-	(2,926)
Remuneration paid	78,243	-	-	-
Contribution to provident fund	3,023	-	-	-
Provision for gratuity	2,038	-	-	-
Other staff benefits	6,928	-	-	-
Directors' meeting fee	-	3,350	-	-
Others	-	-	-	1,380

\* This represents transactions with entities in which one of the nominee director of the Bank is also a director, on behalf of National Investment Trust Limited (NIT).

\*\* This represents transaction with a wholly owned subsidiary of one of the entities in which one of the nominee director of the Bank is also a director, on behalf of National Investment Trust Limited (NIT).

Government of Sindh owns 100% shares of the Bank and transactions with the Government comprise of commodity financing amounting to Rs. 1.16 billion (note 10.3) and receipt of deposits amounting to Rs. 18.287 billion (note 15.2).

### 36. CAPITAL ADEQUACY RATIO

**36.1** The primary objective of the Bank's capital management is to ensure that the Bank complies with all regulatory capital requirements, to safeguard the Bank's ability to continue as a going concern and at the same time maintain strong credit rating and healthy capital ratios in order to support its business and to maximize shareholders' value. The Bank in line with the SBP guidelines has adopted the standardized approach for credit, market risk and basic indicator approach for operational risk.

### 36.2 Regulatory capital structure

The risk weighted assets to capital ratio, calculated in accordance with the State Bank of Pakistan guidelines on capital adequacy is as follows:

2011  
(Rupees in '000)

#### Tier I Capital

Fully paid up capital	10,000,000
Reserves as disclosed on the Statement of Financial Position	149,912
Un-appropriated profit	599,649
Deduction for book value of intangible assets	(43,713)
Deficit on revaluation of available-for-sale investments	(133,151)
Total Tier I and Eligible Capital	<u>10,572,697</u>

### 36.3 Risk -weighted Exposure

2011

#### Credit Risk

Claims on:  
Corporates  
Retail customers  
Banks  
Secured by residential property  
Investment in fixed asset  
All other assets  
Equity exposure risk held in the banking book

Capital Requirements	Risk Weighted Assets
(Rupees in '000)	
795,332	7,953,318
4,322	43,219
389,131	3,891,314
2,364	23,637
54,034	540,341
22,676	226,757
159,669	1,596,696
1,427,528	14,275,282

#### Market Risk

Interest rate risk  
Equity position risk  
Foreign exchange risk

159,329	1,593,293
-	-
2,215	22,148
161,544	1,615,441

#### Operational Risk

Capital Requirement for operational risks  
**Total**

289,656	2,896,556
<u>1,878,728</u>	<u>18,787,279</u>

#### Capital Adequacy Ratio

Total eligible regulatory capital held	(a)	10,572,697
Total Risk Weighted Assets	(b)	<u>18,787,279</u>
Capital Adequacy Ratio - percent	(a) / (b)	<u>56.28%</u>



**Credit exposures subject to Standardized Approach**

Exposure	Rating Category	Amount Outstanding	Deduction CRM	Net Amount
----- (Rupees in '000) -----				
Cash and cash equivalents		152,114	-	152,114
Claims on GoP in PKR		2,506,748	-	2,506,748
Banks	2,3	7,327,277	-	7,327,277
Claims on Banks - three months or less	1,2,3	899	-	899
Claims on Banks - three months or less		345,758	-	345,758
Claims on Banks - three months or less		2,073,701	1,470,048	603,653
Corporate	1	2,943,884	1,895,783	1,048,101
Corporate	2	-	-	-
Corporate	3,4	-	-	-
Corporate	5,6	-	-	-
Corporate		5,950,340	298,674	5,651,666
Retail		59,439	2,516	56,923
Secured by residential property		67,536	-	67,536
Listed equity investments		1,596,696	-	1,596,696
Investments in fixed assets		540,341	-	540,341
Other assets		226,757	-	226,757
		<u>23,791,490</u>	<u>3,667,021</u>	<u>20,124,469</u>

**Types of exposure for which each agency is used :**

Exposure	JCR-VIS	PACRA	FITCH
Corporate		√	
Banks	√		√

**37. RISK MANAGEMENT**

Under the Bank's risk management framework, the Board's Risk Management Committee (BRMC) is responsible for review and improvements of the risk policies of the Bank. On a management level, the Bank has set up a Risk Management Division (RMD) to identify, assess and monitor credit risk, market risk and operational risk in the activities of the Bank and take adequate measures to manage and control risks on timely basis.

**37.1 Credit risk**

Credit risk strives to maximize the Bank's risk adjusted rate of return by maintaining credit risk exposures within acceptable parameters. The effective management of credit risk is a critical component of a comprehensive approach to risk management and essential to the long term success of any banking organization.

The Bank's lending function will primarily be focused on small and medium sized secured loans in agriculture, SME and consumer products. Large corporate, commercial and industrial loans will be provided on selective basis whose policy will be subject to review as and when required.

Under RMD, the Credit Risk Management Department (CRMD) is responsible to ensure that credit risk stays within the parameters set by the Board, and to set up and monitor system parameters for identifying risks, monitoring of these risks and early warning systems. RMD monitors credit at the portfolio basis and reports to the CEO and the BRMC on a regular basis.

**37.2 Segments by class of business****37.2.1 Segment information**

Segmental information is presented below in respect of the class / nature of business and segment by distribution of Advances, Deposits & Contingencies. It may be explained here that as 32 of our 50 branches had commenced operations in October 2011 and as that was the time when sugar mills were looking for new bank lines for the start of the cane-crushing season; as of December 31, 2011, 53.73% of our advances have been made to the sugar sector; however, this position would be tapered off by the end of next year when our present branches would have completed their full year operations.

	Advances (Gross)		Deposits		Contingencies and commitments	
	(Rupees in '000)	Percent	(Rupees in '000)	Percent	(Rupees in '000)	Percent
Chemical and pharmaceuticals	-	-	104,835	0.45%	-	-
Agribusiness	55,925	0.77%	206,423	0.88%	-	-
Manufacture of textile	2,060	0.03%	12,204	0.05%	22,525	1.37%
Cement	179,677	2.48%	-	-	-	-
Importers / exporters	-	-	149,078	0.63%	-	-
Whole sale and retail trade	-	-	254,068	1.08%	67,018	4.09%
Mining and quarrying	-	-	110,087	0.47%	-	-
Manufacture of basic iron and steel	396,518	5.46%	4,389	0.02%	-	-
Sugar	3,900,676	53.73%	156,387	0.66%	404,770	24.67%
Financial	708,492	9.76%	53,772	0.23%	135,567	8.26%
Rice	-	-	6,390	0.03%	-	-
Construction	162,768	2.24%	173,319	0.74%	346	0.02%
Food	1,160,000	15.98%	-	-	-	-
Public Sector - Provincial Government funds	-	-	18,287,294	77.76%	-	-
Insurance	-	-	10,884	0.05%	-	-
Power; Electric , Gas	97,049	1.34%	263,283	1.12%	970,224	59.15%
Education	163	0.00%	118,751	0.50%	-	-
Individuals	268,936	3.70%	710,429	3.02%	-	-
Others	327,066	4.51%	2,896,147	12.31%	39,960	2.44%
<b>Total</b>	<b>7,259,330</b>	<b>100%</b>	<b>23,517,740</b>	<b>100%</b>	<b>1,640,410</b>	<b>100%</b>

**37.2.2 Segment by Sector**

Public / Government	1,160,000	15.98%	19,730,388	83.90%	1,846	0.11%
Private	6,099,330	84.02%	3,787,352	16.10%	1,638,564	99.89%
<b>Total</b>	<b>7,259,330</b>	<b>100%</b>	<b>23,517,740</b>	<b>100%</b>	<b>1,640,410</b>	<b>100%</b>

**37.2.3 Geographical Segment Analysis**

	Profit before taxation	Total assets employed	Net asset employed	Contingencies and commitments
Pakistan	1,139,963	47,730,123	10,663,013	1,640,410

**37.3 Market risk**

Market Risk is the risk that the value of 'on' or 'off' balance sheet positions will be adversely affected by movements in equity and interest rate markets, currency exchange rates and commodity prices.

The market risk management organization in the Bank comprises of the Board of Directors, BRMC, Asset and Liability Committee (ALCO), RMD and within the RMD the Market and Asset Liability Risk Management Department.

**37.3.1 Foreign exchange risk**

Foreign exchange risk is the risk that the Bank may suffer losses as a result of adverse exchange rate movements during a period in which it has an open position, either in the form of a balance sheet asset or liability account, or off balance sheet item. Likewise foreign exchange settlement risk is the risk of loss when a bank in a foreign exchange transaction pays the currency it sold but does not receive the currency it bought. FX settlement failures can arise from counter party default, operational problems, market liquidity constraints and other factors.

	As at December 31, 2011			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	----- (Rupees in '000) -----			
Pakistan Rupee	47,421,399	36,737,988	1,138	10,684,549
United States Dollar	277,453	297,670	(1,177)	(21,394)
Great Britain Pound	17,901	17,975	39	(35)
Euro	13,370	13,477	-	(107)
	<u>47,730,123</u>	<u>37,067,110</u>	<u>-</u>	<u>10,663,013</u>

**37.3.2 Equity position risk**

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

The Bank's equity and mutual fund exposure is managed with the objective to be in the SBP limits for overall investment and per scrip exposure. In addition, there are internal limits for trading position as well as stop loss limits, dealer limits, future contracts limits and continuous funding system limits.

**37.3.3 Yield / interest rate risk**

Interest rate risk reflects the degree of vulnerability of an organization to adverse changes in interest rates. Such risk taking is normal in financial institution and could be an important source of profit earning. However, excess interest rate risks might create a serious threat to a Bank'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 interest rate risk.

**37.3.4 Price risk**

Price risk is the risk that the value of a security or portfolio of securities will decline in the future. It is the risk of losing money due to a fall in the market price of a security that the Bank owns. It results from changes in the value of marked-to-market financial instruments. Transactions in equity securities are subject to systematic and unsystematic risks. In order to counter these the BRMC has laid down the limits of various investments, Treasury Division and the RMD monitor all investments on a daily basis.

**37.3.5 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 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 re-price in a given period. The Bank manages this risk by matching / re-pricing of assets and liabilities. The Bank is not excessively exposed to interest/mark-up rate risk as its assets and liabilities are re-priced frequently. 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.

the Bank.

	Effective Yield / Interest rate	Total	December 31, 2011								Non-interest bearing financial instruments
			Exposed to Yield / Interest risk								
			Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 year to 2 year	Over 2 year to 3 year	Over 3 year to 5 year	Over 5 to 10 years	
----- (Rupees in '000) -----											
<b>On-balance sheet financial instruments</b>											
<b>Assets</b>											
Cash and balances with treasury banks	5.00 %	1,655,815	47,410	-	-	-	-	-	-	1,608,405	
Balances with other banks	13.84 %	243,519	30,293	-	-	-	-	-	-	213,226	
Lendings to financial institutions	12.80 %	10,905,410	6,803,531	1,851,879	1,750,000	500,000	-	-	-	-	
Investments	13.71 %	26,081,535	1,988,366	5,275,513	15,091	17,554,737	-	-	77,022	1,170,806	
Advances	15.68 %	7,259,330	6,790,635	762	201,150	203,114	4,616	4,774	9,002	24,542	
Other assets		1,000,460	-	-	-	-	-	-	-	1,000,460	
		<u>47,146,069</u>	<u>15,660,235</u>	<u>7,128,154</u>	<u>1,966,241</u>	<u>18,257,851</u>	<u>4,616</u>	<u>4,774</u>	<u>9,002</u>	<u>24,542</u>	
<b>Liabilities</b>											
Bills payable		42,251	-	-	-	-	-	-	-	42,251	
Borrowings from Financial Institutions	12.47 %	13,012,647	12,812,647	-	200,000	-	-	-	-	-	
Deposits and other accounts	11.29 %	23,517,740	17,826,832	424,183	32,083	1,857,284	-	100	4,300	3,372,958	
Other liabilities		484,150	-	-	-	-	-	-	-	484,150	
		<u>37,056,788</u>	<u>30,639,479</u>	<u>424,183</u>	<u>232,083</u>	<u>1,857,284</u>	<u>-</u>	<u>100</u>	<u>4,300</u>	<u>3,899,359</u>	
		<u>10,089,281</u>	<u>(14,979,244)</u>	<u>6,703,971</u>	<u>1,734,158</u>	<u>16,400,567</u>	<u>4,616</u>	<u>4,674</u>	<u>97,594</u>	<u>24,542</u>	
<b>On-balance sheet gap</b>											
<b>Off-balance sheet financial instruments</b>											
Purchase and resale agreements		4,169,280	4,169,280	-	-	-	-	-	-	-	
Sale and repurchase agreements		12,820,895	12,820,895	-	-	-	-	-	-	-	
<b>Off-balance sheet gap</b>		<u>16,990,175</u>	<u>16,990,175</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<b>Total Yield / Interest Risk Sensitivity Gap</b>		<u>2,010,931</u>	<u>6,703,971</u>	<u>1,734,158</u>	<u>16,400,567</u>	<u>4,616</u>	<u>4,674</u>	<u>4,702</u>	<u>97,594</u>	<u>24,542</u>	
<b>Cumulative Yield / Interest Risk Sensitivity Gap</b>		<u>2,010,931</u>	<u>8,714,902</u>	<u>10,449,060</u>	<u>26,849,627</u>	<u>26,854,243</u>	<u>26,858,917</u>	<u>26,863,619</u>	<u>26,961,213</u>	<u>26,985,755</u>	
										<u>27,079,456</u>	
<b>Reconciliation with total assets:</b>											
Assets as per above		<u>47,146,069</u>									
Fixed assets		584,054									
Assets as per Statement of Financial Position		<u>47,730,123</u>									
<b>Reconciliation with total liabilities:</b>											
Liabilities as per above		<u>37,056,788</u>									
Deferred tax liability		10,322									
Liabilities as per Statement of Financial Position		<u>37,067,110</u>									



### 37.4 Liquidity risk

Liquidity risk refers to the potential inability of the Bank to meet its funding requirements arising from cash flow mismatches at a reasonable cost (funding liquidity risk). Liquidity risk also arises due to the Bank's potential inability to liquidate positions quickly and in sufficient volumes, at a reasonable price (market liquidity risk). Liquidity risk manifests in different dimensions, viz. funding risk, time risk and call risk. Liquidity risk arises from the uncertain nature of disbursements, uncertainty in collection of principal and profit shares, large financing requirement, embedded options and systemic reasons like tight liquidity conditions.

The BRMC has laid down policies to be followed to ensure proper availability of liquidity and ALCO monitors the liquidity position of the Bank on a regular basis. On a day to day basis the Treasury Division controls the liquidity of the Bank and it is monitored by the Market and Asset Liability Risk Management Department of the RMD.

#### 37.4.1 Maturity of assets and liabilities

December 31, 2011										
	Total	Upto one month	Over 1 month to 3 month	Over 3 month to 6 month	Over 6 month to 1 year	Over 1 year to 2 year	Over 2 year to 3 year	Over 3 year to 5 year	Over 5 year to 10 year	Above 10 year
	(Rupees in '000)									
<b>Assets</b>										
Cash and balances with treasury banks	1,655,815	632,387	245,751	180,380	597,297	-	-	-	-	-
Balances with other banks	243,519	243,519	-	-	-	-	-	-	-	-
Lendings to financial institutions	10,905,410	6,803,531	1,851,879	1,750,000	500,000	-	-	-	-	-
Investments	26,081,535	1,988,366	5,459,899	515,541	17,617,008	49,854	100,000	48,935	301,932	-
Advances	7,259,330	643,585	409,769	1,609,966	4,191,006	6,702	7,253	14,002	352,504	24,543
Operating fixed assets	584,054	13,721	13,915	20,986	41,516	83,260	83,267	120,100	97,010	110,279
Other assets	1,000,460	754,468	28,916	57,190	47,225	77,563	32,361	-	-	2,737
	47,730,123	11,079,577	8,010,129	4,134,063	22,994,052	217,379	222,881	183,037	751,446	137,559
<b>Liabilities</b>										
Bills payable	42,251	42,251	-	-	-	-	-	-	-	-
Borrowings from Financial Institutions	13,012,647	12,812,647	-	200,000	-	-	-	-	-	-
Deposits and other accounts	23,517,740	21,164,215	442,778	32,083	1,874,264	-	100	4,300	-	-
Deferred tax liability	10,322	1,032	1,032	1,032	2,064	2,581	2,581	-	-	-
Other liabilities	484,150	408,243	5,804	2,947	67,150	-	1	5	-	-
	37,067,110	34,428,388	449,614	236,062	1,943,478	2,581	2,682	4,305	-	-
<b>Gap</b>	10,663,013	(23,348,811)	7,560,515	3,898,001	21,050,574	214,798	220,199	178,732	751,446	137,559
Share capital	10,000,000									
Reserves	149,912									
Unappropriated Profit	599,649									
Deficit on revaluation of investments	(86,548)									
<b>Net Asset</b>	10,663,013									

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.

### 37.5 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events; this includes legal risk, but excludes strategic and reputational risk.

The Operational Risk Management Department (ORMD) works under the RMD and its responsibilities include identifying, monitoring, measuring and managing operational risks assumed by the Bank. In adherence to industry best practice, the key functions of the ORMD are the operational risk policy and planning function, operational risk assessment function, operational risk measurement and analytics function and operational risk monitoring, mitigation and control function.

### 38. GENERAL

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

38.2 The Bank was incorporated on October 29, 2010. These financial statements cover the period since incorporation till December 31, 2011, therefore no comparative figures have been presented in these financial statements.

38.3 All preliminary expenses relating to pre-incorporation period and incorporation of the Bank were borne by the owner of the Bank i.e. the Government of Sindh

### 39. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors on March 18, 2012.

President & Chief Executive Officer

Chairman of the Board

Director

Director

**NOTICE OF FIRST ANNUAL GENERAL MEETING**

Notice is hereby given that the First Annual General Meeting of Sindh Bank Limited will be held on 07<sup>th</sup> April, 2012 at 11 am at Federation House, Clifton, Karachi, to transact the following business:

**Ordinary Business:**

1. To confirm the minutes of Statutory meeting held on 13<sup>th</sup> June, 2011.
2. To receive, consider and adopt the Audited Accounts of the Bank for the period ended 31<sup>st</sup> December, 2011, together with Directors' and Auditors' Reports thereon and pass necessary Resolutions in this regard.
3. To consider appointment of Auditors of the Bank for the year 2012 and fix their remuneration.
4. To elect 7 directors of the Bank as fixed by the Directors in their meeting held on 18<sup>th</sup> January, 2012, for the next term of three years. In terms of Section 177 of the Companies Ordinance, following directors of the Bank will stand retired on the date of AGM and are eligible for re-election:

- i) Mr. Raja Muhammad Abbas
- ii) Mr. Malik Asrar Hussain
- iii) Mr. Naveed Kamran Baloch
- iv) Mr. Wazir Ali Khoja
- v) Mr. S.A. Wahab Mehdi
- vi) Mr. M. Shahid Murtaza
- vii) Mr. Muhammad Bilal Sheikh

**Special Business:**

5. To grant post facto approval to the payment of remuneration fixed by the Board for the non-executive directors, in terms of SBP Prudential Regulations No. G-1C(2), as disclosed in note 35 to the financial statements for the period ended December 31, 2011.

A statement of material facts under section 160(1) (b) of the Companies Ordinance, 1984 relating to the aforesaid special business to be transacted is appended below

6. Any other business with the permission of the chair.

By order of the Board.

Shamsuddin Khan  
Company Secretary  
Karachi-March 18, 2012

**NOTES:**

- i) All members are entitled to attend and vote at the Meeting.
- ii) Any person who seeks to contest the election for the office of director shall, whether he is a retiring director or otherwise, file with the Bank's registered office not later than 14 days before the date of meeting at which elections are to be held, his intention to offer himself for the election of directors in terms of Section 178(3) of the Companies Ordinance 1984.
- iii) A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote.
- iv) The instrument of proxy and the power of attorney or other commission (if any) under which it is signed, or notarially certified copy of that power of attorney or authority to be effective must be deposited at the Registered Office of the Bank not less than 48 hours before the time for holding the Meeting.
- v) Members are advised to bring their National Identity Cards along with CD P participant ID and account number at the meeting venue
- vi) If any proxies are granted by any such shareholders, the same must be accompanied with attested copies of the National Identify Cards/Authority Letter of the grantors and the signatures on the proxy form should be the same as that appearing on the National Identity Cards/Authority Letter.

The Share transfer books of the Bank will remain closed from 07.04.2012 to 13.04.2012 (both days inclusive). CDC Transaction IDs received in order at the Registered Office of the Bank upto the close of business on 06.04.2012 will be considered as on time for the determination of entitlement of shareholder to attend and vote at the meeting.

Members are required to notify immediately changes, if any, in their registered address.

**Statement under section 160(1)(b)**

The meeting fee payable to the non-executive members of the Board was approved by the Board of Directors in term of Article 104 of the Articles of Association of the Bank. This meeting fee required approval of the shareholders in Annual General Meeting in terms of Regulation G-1(C-2) of Prudential Regulations for Corporate/Commercial Banking issued by the State Bank of Pakistan. The non-executive members of the Board (except Mr. S.A. Wahab Mehdi) are interested in the payment of fee and executive member of the Board has no interest in the matter.



## PATTERN OF SHAREHOLDING

Number of Shareholders	Size of Shareholding Rs. 10 each		Total Shares held
7	1	-	100
1	999,995,001	-	1,000,000,000
<b>8</b>			<b>1,000,000,000</b>

PATTERN OF SHAREHOLDING UNDER CODE  
OF CORPORATE GOVERNANCE

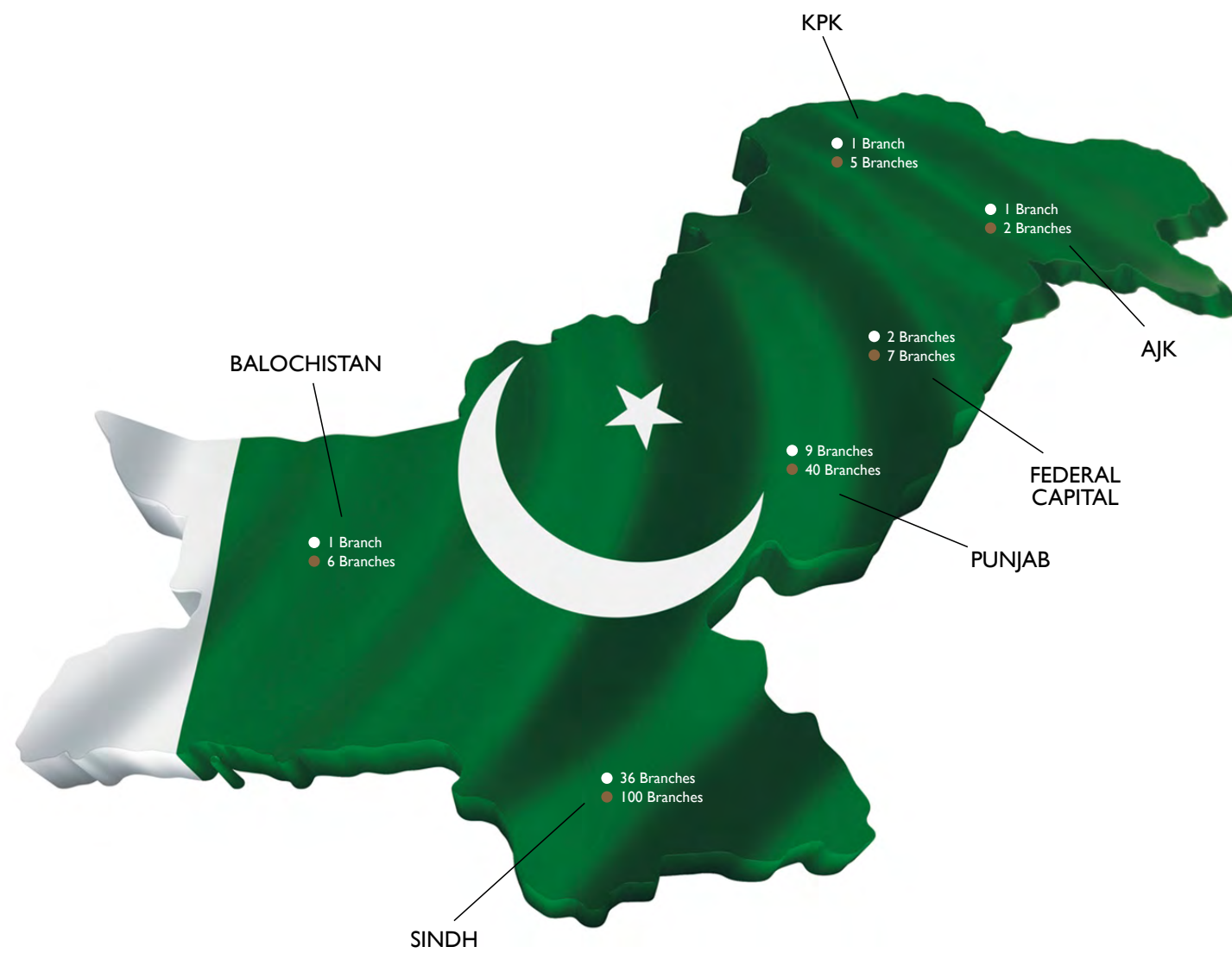
Category No.	Categories of Shareholders	Number of Shares held	Category wise No. of share holders	Category wise shares held	(%)
1	Individuals				
2	Investment Companies				
3	Joint Stock Companies				
4	Directors		7	7	-
	Mr. Raja Muhammad Abbas	1			
	Mr. Malik Asrar Hussain	1			
	Mr. Naveed Kamran Baloch	1			
	Mr. Wazir Ali Khoja	1			
	Mr. S. A. Wahab Mehdi	1			
	Mr. M. Shahid Murtaza	1			
	Mr. Muhammad Bilal Sheikh	1			
5	Executives				
6	NIT / ICP				
7	Associated Companies, undertakings and related parties				
8	Banks, DFIs, NBFIs, Insurance companies, Modarabas & Mutual Funds				
9	Foreign Investors				
10	Co-operative Societies				
11	Charitable Trusts				
12	Others - Government of Sindh, through its Finance Department	999,999,993	1	999,999,993	100

## Shareholders holding ten percent or more voting interest in the Bank

Total Paid-up Capital of the company	1,000,000,000 shares
10% of the paid-up capital of the Company	100,000,000 shares

Name(s) of Shareholder(s)	No. of Shares held	Percentage (%)
Government of Sindh, through its Finance Department	999,999,993	100

# Branch Network



## Branches Network

### SINDH REGION

**Naudero Branch**  
Naudero Sugar Mills, Larkana Road Disst. Larkana  
Tel: +92-74-4047528  
Fax: +92-74-4047526

**Hyderabad Branch**  
Property No. 91/3-4, Main Saddar Cantt, Hyderabad  
Tel: +92-22-2730045  
Fax: +92-22-2730046

**Qasimabad Branch, Hyd.**  
Plot No. 11, Rs No. 274/1, Faraz Villas, Qasimabad, Hyderabad  
Tel: +92-22-2653281  
Fax: +92-22-2653283

**Khairpur Branch**  
Ground Floor, Syed Ramzan Ali Shah Trade Centre, Opp. Civic Centre, Faujdari Road, Khair Purmirs  
Tel: +92-243-715405-8  
Fax: +92-243-715407

**Dadu Branch**  
Plot No. 54, RS No. 987 Opp. Degree College  
Dadu City, Distt. Dadu  
Tel: +92-25-9239059  
Fax: +92-25-9200305

**Hala Branch**  
Survey No. 1397/88  
Ward B, Gulshan Fahim Colony  
Hala, Distt. Matiari  
Tel: +92-22-3331115-6  
Fax: +92-22-3331117

**Mirpur Khas Branch**  
Plot # RCN-18, City Survey No. 864/6  
Main Umarkot Road Mirpur Khas  
Tel: +92-233-876405  
Fax: +92-233-876406

**Mithi Branch**  
Plot No. 50, Opposite Hydri Hotel, Near Imam Bargah, Mithi Town, Maithi  
Tel: +92-232-262191 -92.94  
Fax: +92-232-262195

**Tando Adam Branch**  
Survey No. 622/15 Ward-A, Hogani Colony, Hyderabad Road, Tando Adam Dist. Shanghar  
Tel: +92-235-571281-4  
Fax: +92-235-571282

**Tando M. Kha Branch**  
Plot Survey No. 34,  
Jaryan No. 13/10-7-08, Tando M. Khan  
Tel: +92-22-3342039  
Fax: +92-22-3342038

**Badin Branch**  
Building Survey No. 157, Hyderabad Road  
Main Bus Stop, Badin,  
Tel: +92-297-862034  
Fax: +92-297-862035

**Shaheed Benazirabad Branch**  
Plot No. 13, Survey No. 2481-1,  
VIP Road, Near Doctors Colony, Nawabshah,  
Dist., Shaheed Benazirabad,  
Tel: +92-244-330692-4  
Fax: +92-244-330690

**Thatta Branch**  
Survey No. 115, Near Badshahi Masjid,  
Thatta Sijawal Road, Thatta  
Tel: +92-298-550528  
Fax: +92-298-550529

**Larkana Branch**  
Ground Floor, City Survey No. 799,  
Raza Shah Mohalla, Vip Road, Larkana  
Tel: +92-74-4040751-52  
Fax: +92-74-4040753

**Sehwan Branch**  
Plot No. Survey No. 20/49/1951,  
Alam Channa Mohalla, Sehwan, District Jamshoro  
Tel: +92-25-4620511  
Fax: +92-25-4620513

**Naushahro Feroz Branch**  
Property Jaryan No. 185/28-5-2005,  
Deh Survey No. 137, Main Naushahro Feroz Road  
Opposite National Savings Centre Taluka  
Naushahro Feroz  
Tel: +92-242-481551-4  
Fax: +92-242-481553

**Sukkur Branch**  
Plot No. C-550/17, Shalimar, Minara Road, Sukkur  
Tel: +92-71-5623961-4  
Fax: +92-71-5623960

**Ghotki Branch**  
Plot/City Survey No. 890, Ward-B,  
Main Deviri Sahib Road, Ghotki  
Tel: +92-723-684435-4  
Fax: +92-723-684431

**Shadadot Branch**  
Building Survey No. 652, Ward C,  
Main Kotoo Motoo Chowk, Shahdadkot  
Tel: +92-74-4012309  
Fax: +92-74-4012310

**Shikarpur Branch**  
Survey No. 34/3, Ward No. 23, Station Road,  
opposite Library, Shikarpur  
Tel: +92-726-521645-9  
Fax: +92-726-521647

**Kotri Branch**  
S.No. 286/12/35, Amir Complex, Ward A,  
Tehsil Kotri, District Jamshoro  
Tel: +92-22-3874216-18  
Fax: +92-22-3874219

**Tando Allayar Branch**  
Plot # 4-4A & 5, Survey # 272/1, Al Habib Plaza  
Main Tando Allahyar Hyderabad Road  
Tel: +92-22-3890195-8  
Fax: +92-22-3890197

**Kandhot Branch**  
Main Kandhot Shikarpur Road, Shams Petroleum,  
Deh Akhero, Kandhot  
District Kashmir  
Tel: +92-722-572006  
Fax: +92-722-572007

### KARACHI REGION

**I.I. Chundrigar Road Branch**  
P&O Plaza Opposite Muhammad House  
I.I. Chundrigar Road Karachi.  
Tel: +92-21-3246374-7  
Fax: +92-21-32463757

**Clifton Branch**  
Ground Floor, Federation House,  
Abdullah Shah Ghazi Road, Clifton, Karachi  
Tel: +92-21-35290334-35  
Fax: +92-21-35290333

**Court Road Branch**  
G5-A, Ground Floor, Court View Apart.  
Opp. Sindh Assembly Building Karachi  
Tel: +92-21-35640035-36  
Fax: +92-21-35640034

**Cloth Market Branch**  
Shop No. 26, Plot 27,  
Survey Street, B-R-5,  
M.A. Jinnah Road, Karachi  
Tel: +92-21-32424177-32413586  
Fax: +92-21-32424175

**Hyde# Branch**  
Plot No. SD-27, Block No. G,  
Improvement Scheme No. 2,  
North Nazimabad Karachi  
Tel: +92-21-36722087-88  
Fax: +92-21-36722086

**Jodia Bazar Branch**  
Plot No. 57 & 59, Daryalal Street,  
Selani Center/Jodia Bazar,  
Napier Quarters, Karachi  
Tel: +92-21-32500382-4  
Fax: +92-21-32500384

**Korangi Industrial Area Branch**  
Plot No. 27/28  
Korangi Industrial Area Sector 16, Karachi  
Tel: +92-21-35144261-65  
Fax: +92-21-35144263

**DHA 26th Street, Branch**  
Plot No. 14-E, 26th Street Phase 5  
Ext. D.H.A, Karachi  
Tel: +92-21-35875805-9  
Fax: +92-21-35875807

**Gulshan-E-Iqbal Branch**  
Fl: 1/13, block 5, KDA Scheme No. 24,  
Main Rashid Minhas Road, Gulshan-e-Iqbal Khi  
Tel: +92-21-34968976-7  
Fax: +92-21-34968974

**Paper Market Branch**  
Plot No. 22/2, Sheet No. SR. 18, Serai Quarters,  
Saddar Town, Karachi  
Tel: +92-21-32600936-9  
Fax: +92-21-32600940

**Shahrah-E-Baisal Branch**  
Plot No. 30-A, Ground Floor,  
Showroom No. 4, 586,  
Progressive Centre, Block-6, P.E.C.H.S.,  
Shahrah-e-Faisal, Karachi  
Tel: +92-21-34322270-74  
Fax: +92-21-34322271

**Tariq Road Branch**  
Plot No. 55-C, 56-C,  
Central Commercial Area,  
Block-2, PECHS, Karachi  
Tel: +92-21-34535131-34535134  
Fax: +92-21-34535135

**Memon Goth Branch**  
Plot No. 232 Deh, Malh,  
Tapu Dersano Chano,  
Murad Memon Goth District Malir.  
Tel: +92-21-34562327-34562326  
Fax: +92-21-34562325

### PUNJAB REGION

**DHA 'Y' Block Branch, Lahore**  
Building Plot No. Y-159/1 Phase III C,  
DHA, Lahore Cantt. Lahore  
Tel: +92-42-99264344-48  
Fax: +92-42-99264342

**Bahria Town Branch, Lahore**  
Shop No. 1, 2 & 3, Ground Floor, D Plaza,  
Commercial Area, Bahria Town, Lahore  
Tel: +92-42-35340503-35340505  
Fax: +92-42-35340506

**Ghurki Branch**  
Ghurki Trust Teaching Hospital Lahore  
Ghurki Union Council, District Lahore.  
Tel: +92-42-36581845  
Fax: +92-42-36581846

**Blue Area Islamabad Branch**  
Shop No. 1-5 & Mezzanine 1, Sohrah Plaza,  
Jinnah Avenue, Blue Area, Islamabad  
Tel: +92-51-2206330-1  
Fax: +92-51-2206329

**Bank Road Rawalpindi Branch**  
Shop No. 41/G-1, G-2 & G-3, Kitchlew Building  
Bank Road, Rawalpindi  
Tel: +92-51-9270151-4  
Fax: +92-51-9270155

**G.T. Road Branch, Gujranwala**  
Building PRO.No. B-XII-75-60/A,  
GALI No. 2 Bhatia Nagar, Gujranwala  
Tel: +92 - 55-9200991-94  
Fax: +92 - 55-9200993

**Ashrafabad Branch, Bhawalpur**  
Ashraf Sugar Mills Limited,  
Ashrafabad , Bhawalpur  
Tel: +92 - 62-2870091-2  
Fax: +92-62-2870093

**Chak Ghanian, Gujrat Branch**  
Village & PO Chak Ghanian, Tehsil Sarai Alamgir,  
District Gujrat  
Tel: +92-544-652536-7  
Fax: +92-544-652539

**Lila, Jehlum Branch**  
Post Office Lilla Town, Tehsil Pind Daden Khan,  
District Jehlum  
Tel: +92-544-217661-2  
Fax: +92-544-217663

**Pindi Bahaudin Branch**  
Village Pindi Bahaudin, Rasool Road,  
Tehsil & District Mandi Bahaudin  
Tel: +92-546-600346

**Dalwal, Chakwal Branch**  
Village & Post Office Dalwal, Tehsil Choa Saidan  
Shah, District Chakwal  
Tel: +92-543-582070  
Fax: +92-543-582087

### BALUCHISTAN REGION

**Jinnah Road Branch - Quetta**  
Ward No. 18,  
Plot No. 20-21, M.A. Jinnah Road Quetta.  
Tel: +92-81-2865680-81  
Fax: +92-81-2865682

### KPK & AJK REGION

**Peshawar Branch**  
Shop No. 4, Ground floor, Jasmine Arcade,  
I-Bashir lane, Fakhar-e-Alam Road, Peshawar  
Tel: +92 - 91-5271951-5250601-2  
Fax: +92 - 91-5271949

**Mirpur AJK Branch**  
Plot No. 8, Sector B/3, Allama Iqbal Road,  
Younus Plaza, Mirpur Azad Kashmir.  
Tel: +92 - 5827-444520  
Fax: +92 - 5827-444522





# FORM OF PROXY

I/We \_\_\_\_\_ s/o \_\_\_\_\_, being member of Sindh Bank Limited

and holding \_\_\_\_\_ ordinary share as per CDC Participant ID & Account No. \_\_\_\_\_,

do hereby appoint Mr \_\_\_\_\_ s/o \_\_\_\_\_ or failing

him Mr \_\_\_\_\_ s/o \_\_\_\_\_ as my/our Proxy in my/our absence to attend and vote

for me/us and on my/our behalf at the 1st Annual General Meeting of the Bank to be held on 7th April, 2012 and at any adjournment thereof.

As witness my/our hand this \_\_\_\_\_ day of \_\_\_\_\_ 2012.

1. Witness \_\_\_\_\_

Signature \_\_\_\_\_

CNIC No. \_\_\_\_\_

Address \_\_\_\_\_

2. Witness \_\_\_\_\_

Signature \_\_\_\_\_

CNIC No. \_\_\_\_\_

Address \_\_\_\_\_

Member's Signature  
on Rs.5.00  
Revenue Stamp

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

## NOTES:

1. A member entitled to attend and vote at the 1st Annual General Meeting of the Bank may appoint any person/ member as his/her/its proxy to attend and vote for the member. The proxy shall have the right to attend, speak and vote in place of the member who appointed him.
2. The instrument appointing a proxy should be signed by the member(s) or by his/her/its Attorney, duly authorized in writing. If the member is a Corporation, its common seal should be affixed to the instrument.
3. The Proxy Form duly completed, must be deposited at the Bank's Registered Office at 3rd Floor, Federation House, Abdullah Shah Ghazi Road, Clifton, Karachi not less than 48 hours before the time of holding the meeting.
4. CDC account holder or sub-account holder appointing a proxy should furnish attested copies of his/her/its own as well as the proxy's CNIC / Passport with the proxy form. The proxy shall also produce his/her/its original CNIC or passport at the time of meeting. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted along with proxy form.