



IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO

SINDH BANK
POWER TO THE PEOPLE

Serving you in many ways:

Services and Facilities:

- 5 Dedicated Branches for Islamic Banking
- Most Attractive Deposit Schemes
- ATM Network all over the Country
- Agricultural Loans
- Interest Free Student Loans for Post Graduation
- SME/Women Entrepreneurs

Key Features of SMS Banking:

- Balance Inquiry
- Mini Statement
- Intra and Inter Bank Funds Transfer
- Mobile Easy Load
- Utility Bills Payment
- SMS and e-mail Alerts

IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO

SINDH BANK
POWER TO THE PEOPLE

3rd Floor, Federation House,
Abdullah Shah Ghazi Road, Clifton, Karachi-75600
UAN: +92-21-111-333-225
Web: www.sindhbankltd.com



Annual Report
2013

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



Vision

Our vision is to be a leading bank which would play a 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 a leading Commercial Bank in the country by meeting its stated objectives of promoting economic development of the country in general and in the Province of Sindh in particular.



Contents

Corporate Information	01
Corporate Objectives	03
Chairman's Message	05
Achievements & Plans	07
Board of Directors	09
Committees of the Board	11
Entity Ratings	13
Statement of Ethics and Business Practices	14
Organogram	15
Directors' Report	17
Financial Highlights	27
Value Added Statement	29
Vertical Analysis	30
Horizontal Analysis	31
Key Performance Indicators	33
Corporate Governance Statement	34
Review Report on Code of Corporate Governance	37
Statement of Internal Controls	38
Auditors' Report on Financial Statements	39
Financial Statements	41
Notice of Third Annual General Meeting	99
Pattern of Shareholding	100
Branch Network	101

Corporate Information

Board of Directors

Afzal Ghani
Muhammad Sohail Khan Rajput
M. Shahid Murtaza
M. Naeem Sahgal
Tajammal Husain Bokharee
M. Naimuddin Farooqui
Muhammad Bilal Sheikh

Chairman
Director
Director
Director
Director
Executive Director
Executive Director/President & CEO

Chief Financial Officer

Saeed Jamal Tariq

Company Secretary

Shamsuddin Khan

Auditors

Anjum Asim Shahid Rahman
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's NTN Number

3654008-7

Website

www.sindhbankltd.com

Corporate Objectives

Sindh Bank's vision for promoting economic activity is 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 sized 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 3rd Audited Financial Statements for the year ending December 31, 2013. Growth in branch network and profit in 3 years is unprecedented and distinguishing factor of this newly established financial institution. Now it has a market reach in 104 cities with 200 branches i.e. presence in all big and small business centers across Pakistan.

Economic Review

The year 2013 was another year when Pakistan's economic growth remained subdued. The real GDP grew by 3.6% as compared to 4.4 % during 2012. This was disappointing, given the eased monetary policy and the expansionary impact of fiscal spending. The improvement in industrial sector i.e. 3.5% in FY 2013 from 2.7% in FY 12 was offset by decline in agriculture and services sectors. Within the industrial sector, the most notable development was the highest rate of growth, in the last five years, in manufacturing sector where a number of industries performed well and improved performance by construction sub- sector. Agriculture and services sectors registered a lower growth rate of 3.3% and 3.7% in FY 13 as compared to 3.5 % and 5.3%, respectively in the previous year since major crops fell short of their targets and performance of telecom sector declined. Budget deficit stood at 8% of the GDP slightly lower than 8.5 % calculated for FY 12. The trade deficit narrowed down due to 3.5 % growth in exports as compared to a negative growth in FY 12 and stagnant imports. Workers remittances amounting to US \$ 13.9 billion were a major source of financing one third of the import bill. FDI improved slightly to US \$ 1.3 billion as against US \$ 0.6 billion in FY 12. Unless security issues, energy crisis, revenue shortfalls and structural weaknesses in Pakistan's economy are addressed, we can not expect the desired growth rate.

Bank's Performance

The year 2013 was the third consecutive year when Sindh Bank recorded multidimensional growth. Deposits grew by 45 % and stood at Rs. 45.756 billion as compared to Rs. 31.470 billion as on December 31, 2012. The mentionable achievement in this area is the Bank's reducing reliance on GoS deposits. The ratio between GoS deposits and private deposits stands at 17: 83 which has brought down the cost of deposits to 5.95 % as on December 31, 2013 from 7.63% in the previous year. This reflects depositors' increasing confidence in Sindh Bank. Advances registered a growth of 38% and amounted to Rs. 26.564 billion as against Rs. 19.282 billion as on December 31, 2012. Prudent lending practices have kept the non performing loans portfolio at bay.

Pre- tax profit for the year 2013 is calculated at Rs. 953 million which is less than Rs. 1,286 million earned in the preceding year. The decline in profit is understandable since the expansion in network was fast paced, that has shot up administrative expenses, and the newly opened branches are so far not in full swing. Since 2014 will be the year of consolidation of business, I expect better results. For a new bank, cumulative profit more than Rs. 3 billion in just 3 years is commendable.

The rating upgrade by JCR –VIS Credit Rating Company is a matter of satisfaction for the Board that business of the bank is being handled in a prudent manner. Bank's short term rating is upgraded to 'A-1+' (A One Plus) from 'A-1' (A One) whereas medium to long term entity rating remained unchanged at 'AA-' (Double A Minus) with a Stable Outlook. I am hopeful that by strengthening existing control mechanism and implementing State Bank's guidelines on Internal Control over Financial Reporting (ICFR) Bank's standing in financial sector will further improve and depositor's confidence will be enhanced.

I extend congratulations to the Bank management for being awarded the 1st FPCCI Achievement Gold Medal in recognition for its contribution towards economic and socio economic development of the country by opening 160 branches in just 2 years. Besides, the Bank's role in facilitating establishment of the upcoming financial sector companies i.e. Sindh Leasing, Sindh Modaraba and Sindh Insurance is also laudable

Establishment of Islamic Banking Division is another milestone achieved during the year. This will open up new avenues of business for Sindh Bank. New products and services will be added to the overall portfolio which will help in serving all market segments/niches. The momentum with which this work is progressing is appreciable.

It is encouraging to note that the Bank has not only achieved rather exceeded agri credit target set for 2013 -14 in the first 6 months of the fiscal year. I am sure by offering tailor made and customized products and services, the Bank can exploit the untapped potential in this vital segment. Plans to launch a dedicated Microfinance bank, as Sindh Bank's wholly owned subsidiary, is a welcome move since a number of developing countries have solved their economic problems by providing remedies at grass root level and offering credit facilities to the ones who have no access to commercial banks.

Since inception, Sindh Bank has played an active role in developmental activities initiated by Federal and Provincial governments and has provided support to run govt. sponsored schemes. Benazir Income Support Program, Waseela e Haq, Tractor Subsidy scheme and Revival of Sick Industrial units in rural Sindh are run successfully. I am hopeful that these would provide the impetus that is needed at the grass root level to generate employment opportunities in less developed areas of the province and alleviate poverty.

Acknowledgments

I would like to extend my thanks to the Government of Sindh and State Bank of Pakistan for their continued guidance and support which I am sure will continue in future too. Thanks to our customers who are the real purpose for us to be in business. We assure them to not only fulfill their expectation but to exceed these by providing innovative products and services. Effort, commitment and team work of Banks' Executives and staff deserves appreciation since it has helped us in achieving such results. The Board assures them of its full support in their personal and professional development.

Afzal Ghani
Chairman

Agricultural Loans

Sindh Bank's Agricultural 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 in 2013 & Plans for 2014

Major Achievements in 2013

- Established a network of 200 on-line branches in 104 cities across Pakistan.
- Expanded the retail deposit base i.e. Non – Government deposits to 83% thereby reducing reliance on Government of Sindh (GoS) deposits.
- Improvement in Short Term Credit Rating from A-1 to A-1+, while maintaining the Long Term rating of AA- with a Stable outlook.
- Initiated the process to launch Islamic Banking.
- Facilitated the GoS in launching its schemes for the Revival of Sick Industrial Units in Rural Sindh and providing Tractor Subsidy to farmers.
- Facilitated the GoS to incorporate Sindh Leasing Co. Ltd., Sindh Modaraba Management Co. Ltd. and Sindh Insurance Co. Ltd. which were launched on December 26, 2013.
- Received 1st FPCCI Achievement Gold Medal in recognition of Sindh Bank's contributions in economic and socio economic development.

Plans for 2014

- Expanding the branch network to 225.
- Commencing Islamic Banking through 5 dedicated branches.
- Establishing a Micro Finance Bank as a wholly owned subsidiary.
- Improvement in Long Term Credit Rating from AA - to AA.
- Handling all Sindh Government revenues that are not in conflict with the Federal Government revenues and Treasury functions/Assignment accounts being maintained with National Bank of Pakistan on behalf of State Bank of Pakistan.

Board of Directors



Afzal Ghani
Independent Director

Mr. Ghani is a Senior Chartered Accountant and is a Business Executive, having a vast experience as a Professional Business Executive and Corporate Expert. He is the Chairman of the Board of Directors.



Tajammal Husain Bokharee
Independent Director

Mr. Bokharee is a career banker, Associate & Fellow of the Chartered Institute of Bankers, London.



M. Naeem Sahgal
Independent Director

Mr. Sahgal is a Supreme Court Advocate and a Partner of Walker Martineue Saleem, an eminent law firm of the country. He possesses Master's degree in law from UK.



Muhammad Naimuddin Farooqui
Executive Director

Mr. Farooqui is a MBA from Texas Southern University Houston, USA. He has a vast experience of foreign and local financial institutions, including Chief Executive of Orix Investment Bank. Presently he is Chief Executive Officer of Sindh Leasing Company Limited.



Muhammad Sohail Khan Rajput
Government of Sindh

Mr. Rajput is presently Finance Secretary, Government of Sindh (GoS). He remained Special Finance Secretary, GoS, Director World Bank, Director National Commission for Human Development, Consultant, The World Bank, Washington DC and other key posts of GoS. Mr. Rajput assisted the Thar Coal Project.



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
Executive Director/President & CEO

Mr. Sheikh is a career banker having experience of over 46 years. He has been Chief Executive of various Banks and DFIs for the last 16 years.



Board of Directors of Sindh Bank:

1	Afzal Ghani	Chairman/Director
2	M. Sohail Khan Rajput, Finance Secretary (GoS)	Director
3	M. Shahid Murtaza	Director
4	M. Naeem Sahgal	Director
5	Tajammal Husain Bokharee	Director
6	M. Naimuddin Farooqui	Executive Director
7	Muhammad Bilal Sheikh	Executive Director/President & CEO

Committees of the Board:

Risk Management Committee:

Tajammal Husain Bokharee	Chairman
Afzal Ghani	Member
President & CEO	Member
Head of Risk Management	Secretary

Information Technology Committee:

M. Sohail Khan Rajput	Chairman
M. Shahid Murtaza	Member
Tajammal Husain Bokharee	Member
President & CEO	Member
Head of Information Technology	Secretary

Human Resource & Remuneration Committee:

Afzal Ghani	Chairman
M. Naeem Sahgal	Member
President & CEO	Member
Head of Human Resource	Secretary

Audit Committee:

M. Naeem Sahgal	Chairman
M. Sohail Khan Rajput	Member
M. Shahid Murtaza	Member
Head of Internal Audit	Secretary

Most Attractive Deposit Schemes

Through a wide range of financial services, Sindh Bank is aiming to create an economic environment that will play a significant role in the economic development of the country. For this purpose, Sindh Bank has launched many attractive Savings and Deposit Schemes for its customers. The customers of Sindh Bank now have a better opportunity to deposit their money for higher profits.



Entity Ratings



Long-Term Rating AA- Short-Term Rating A-1+ Outlook-Stable

Definitions by JCR-VIS Credit Rating Co. Ltd.

Long-Term Rating AA-

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

Short-Term Rating A-1+

Highest certainty of timely payment. Short-term liquidity, including internal operating factors and/or access to alternative sources of funds, is outstanding and safety is just below risk free Government of Pakistan's short-term obligations.

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 the 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:

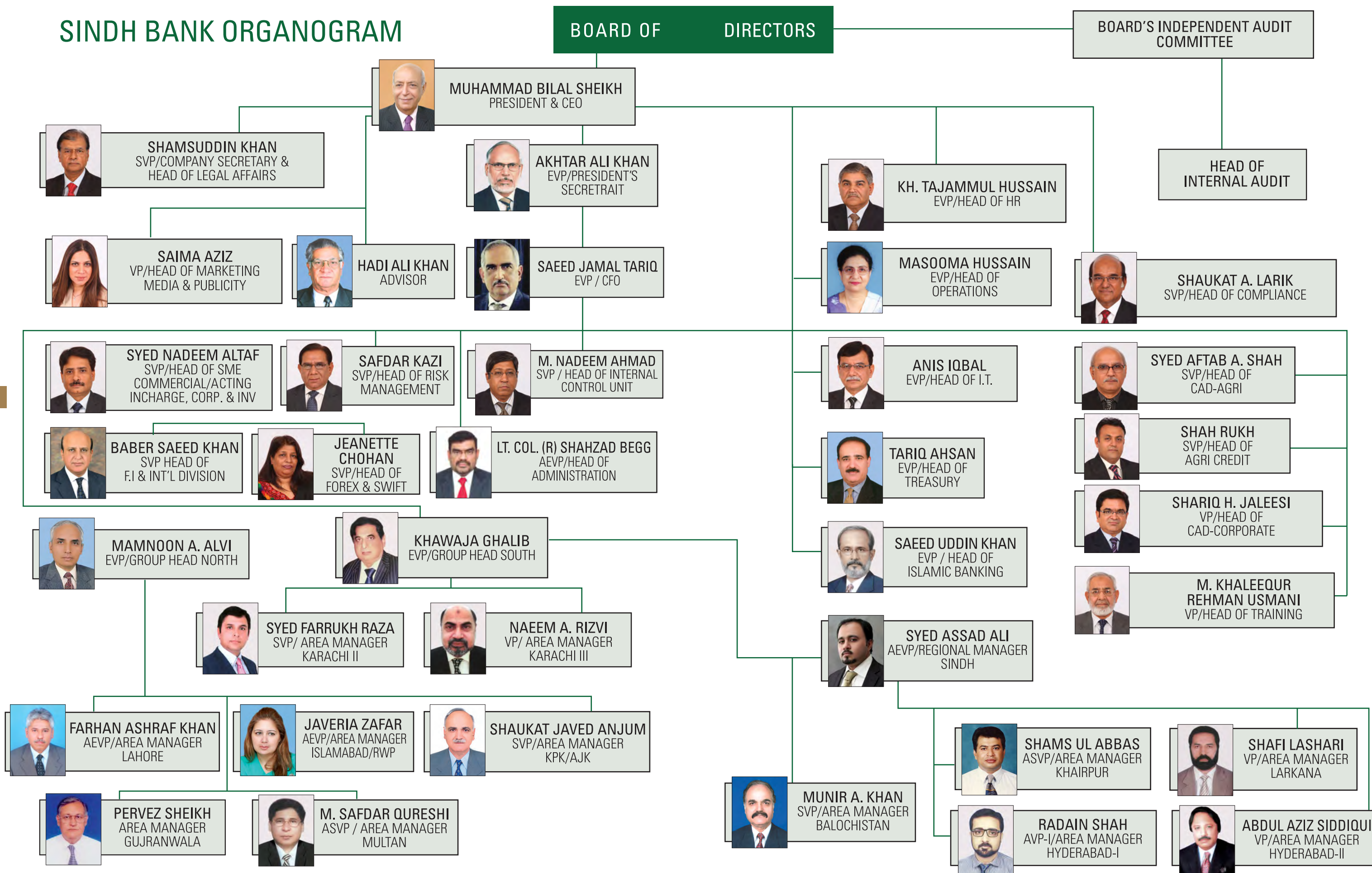
- Respect for the Individual
- Service to the Customer
- Striving for Excellence

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 Banks'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 lookout for situations that may create a conflict of interest, and do everything we can to avoid them.
6. Situation may arise holding a 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 him/her 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 favor which 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 dealing 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 or prospective communication with prospective or current client, 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 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 following evils:
 - Inappropriate Conduct
 - Sexual Harassment
 - Corruption and Retaliation
 - Discriminatory Behavior
 - Grapevine and Gossips
 - Intentional Dishonesty
 - Drug Abuse and Anti Environmental Activities
 - Insider Trading
 - Money Laundering

In terms of regulation 4, Item # 10 notified by State Bank of Pakistan (SBP) vide BPRD Circular No. 02 dated 13/09/2012, Employee of the banks are strictly prohibited to disclose the facts to the customer or any other quarter that a suspicious transaction or related information is being or has been reported to any authority, except if required by law.

SINDH BANK ORGANOGRAM



Student Loan Program

Sindh Bank Limited's student finance-cum-employment-program for post-graduation is in accordance with the directives of the Government of Sindh and with a view to promote 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 loan under this interest-free scheme with job guarantee in Sindh Bank.



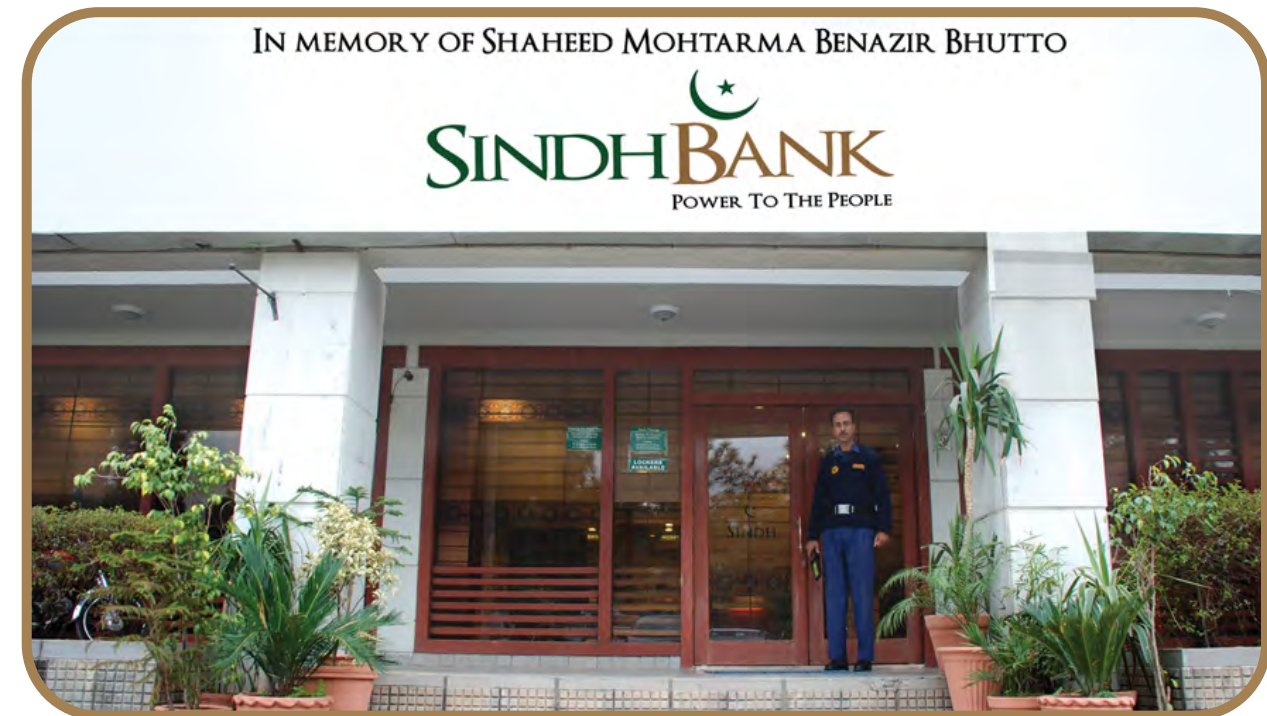
Our Karachi Branch



Our Islamabad Branch



Providing Solutions, Empowering People



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 its 3rd Annual audited financial statements for the year ending December 31, 2013. On completion of 3 years of operations we are proud to claim that we are not only the fastest growing bank in financial sector but have also managed to turn in profit every year which is quite an achievement for a newly established bank. Our network now stands at 200 branches in 104 cities across Pakistan with a distribution of 131 branches in 61 cities of Sindh and Baluchistan and 69 branches in 43 cities of Northern region i.e. Punjab, KPK and AJK. During the three years of its operations, the Bank earned a cumulative profit of over Rs. 3 billion.

The year 2013 ended with a positive note i.e. registering a growth of 45% in deposits, 38% in advances, 25% in branch network and 61% in number of accounts. However due to rapid expansion in branch network compounded with fluctuations in SBP discount rate, earnings slowed down and profit earned for the year remained below the target.

A snap shot of operating results and appropriations, as recommended by the Board are given below:

(Rupees in '000)

Profit for the year	953,400
Taxation	287,496
Profit after Taxation	665,904
Appropriations:	
Statutory Reserves	133,181
Revenue Reserves	-
Profit after Appropriation	532,723
Earnings per share - Rupee	0.67

PERFORMANCE REVIEW

A. Deposits

Total Deposits during 2013 registered an increase of 45.4% and stood at Rs. 45.756 billion as compared to Rs. 31.469 billion as on December 31, 2012. With rising deposits the ratio of deposits placed by Govt. of Sindh (GoS) to other deposits now stands at 17 : 83 which clearly reflects our reducing reliance on GoS deposits and increasing presence in the market areas and enhanced public/depositors' confidence. Number of accounts stands at 124,366 registering an increase of 61%.

Comparable figures of 2012 & 2013 are given in the following table:

(Rupees in '000)

Deposits	December-13		December-12		Increase / (Decrease) Amount
	Amount	%	Amount	%	
GoS	7,891,352	17	9,307,655	30	(1,416,303)
Excluding GOs	37,864,868	83	22,161,997	70	15,702,871
Total	45,756,220	100	31,469,652	100	14,286,568

B. Advances

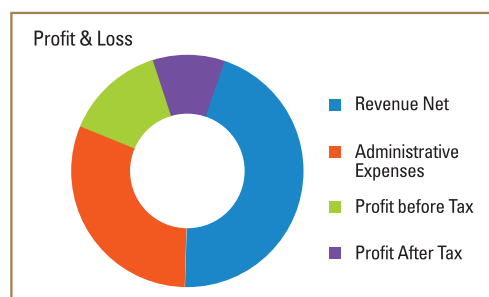
Credit portfolio during 2013 increased by 38% to Rs. 26.564 billion as against Rs. 19.282 billion as on December 31, 2012. Extreme prudence is being exercised while extending credit most of which is against pledge of commodities. The Bank participates in long term loans only under syndicated arrangements according to its size and risk appetite. This has provided a sound basis and has virtually nullified non-performing loans.

C. Investments:

Investments in Government securities registered a decline of 44% and stood at Rs. 34.142 billion as compared to Rs. 60.112 billion as on December 31, 2012. The Bank's investment in Capital Market rose from Rs. 1,534 million as on December 31, 2012 to Rs. 1,743 million on December 31, 2013 registering an increase of 14%. Total income from these investments, representing capital gains and dividends, amounted to Rs. 567.420 million yielding an annualized return on investment of 33% as compared to 22% of the preceding year.

D. Profit:

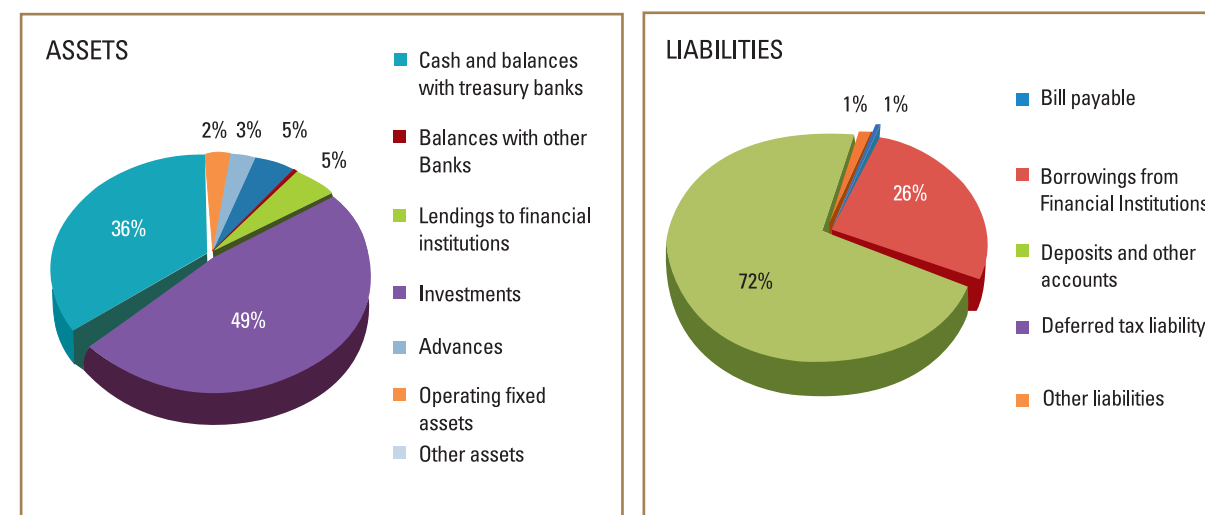
For a newly established bank earning profit for 3 consecutive years is no small achievement. However, profit earned during 2013 declined to Rs. 953 million as compared to Rs.1,286 million during 2012. It is mainly on account of increased administrative expenses that amounted to Rs. 2.1 billion as compared to Rs. 1.3 billion as on December 31, 2012 registering an increase of 67.5%. The increase relates to higher number of staff hired and branches which have recently been set up. When the newly established branches will come in full swing and penetrate the market the Bank will be in a position to post better profit during 2014. The reduced markup rates coupled with increasing return on saving deposits as compared to the 2012 level, also contributed to pulling down the profits during the year.



Financial Highlights

Balance Sheet	As on December 31, 2013	As on December 31, 2012
Paid up Capital	10,000,000	10,000,000
Equity	11,702,080	11,037,333
Deposits	45,756,220	31,469,652
Investments (net of Repo)	21,732,476	15,002,942
Advances	26,564,842	19,281,888

Profit & Loss Account	Year ended December 31, 2013	Year ended December 31, 2012
Net mark-up / profit / interest	2,257,738	2,038,415
Non mark-up / interest income	859,651	526,717
Non mark-up expense	2,142,155	1,278,432
Operating Profit	975,234	1,286,700
Provision against investments & others	21,834	1,069
Profit before tax	953,400	1,285,631
Profit after tax	665,904	886,976
Earnings per share	0.67	0.89



Economic Review

Fiscal year 2013 was another difficult year for Pakistan's economy when Pakistan's real GDP grew by 3.6 % as against 4.4% in FY 12. This outcome was not unexpected as energy shortages, security issues, circular debt and the deep rooted structural weaknesses exacerbated during the year. Robust growth in construction activity and capacity enhancement in a few sub-sectors supported the industrial sector. It was however more than offset by the slowdown in agriculture and services sectors. Due to settlement of accumulated circular debt, losses stemming from public sector enterprises, higher interest payments and revenue shortfalls. Budget deficit accounted for 8% of GDP. However, with the 30% austerity measures adopted by the Government the fiscal deficit will be narrowed down. Moreover the recently concluded successful negotiations with IMF, grant of GSP plus status to Pakistan by the European Union and increasing inflow of home remittances will augur well for the economy.

Changes in Board of Directors

During 2013 following changes took place in the Board of Directors.

Mr. Afzal Ghani, one of the independent directors, replaced Mr. Muhammad Ejaz Chaudhry, as Chairman of the BOD. Mr. Chaudhry headed the Board for a short period after assuming charge of Chief Secretary Govt. of Sindh and replacing the former Chairman Mr. Raja Muhammad Abbas.

Mr. Naveed Kamran Baloch, Finance Secretary was co-opted on the Board in February 2013. However on his transfer from Finance Department (GoS), Mr. Muhammad Sohail Khan Rajput, the incoming Finance Secretary (GoS) was co-opted as a Director in his place.

Mr. Tajammal Husain Bokharee was inducted as an Independent Director while Mr. Naim Farooqui the Chief Operating Officer of the Bank was inducted as Executive Director replacing Mr. Muhammad Ejaz Chaudhry and Mr. Arif Ahmed Khan. The Board comprises seven Directors, of which four are Independent Directors including its Chairman.

The Board is thankful to its former Chairmen Mr. Raja Muhammad Abbas and Mr. Muhammad Ejaz Chaudhry and the former Directors for their keen interest in running this new institution on sound basis and providing guidance whenever needed. We wish them success in all future assignments.

Credit Rating

A major milestone was achieved in terms of Credit Rating. The JCR-VIS Credit Rating Company upgraded the Bank's short term rating to 'A-1+' (A One Plus) from 'A-1' (A One). The medium to long term entity rating has however been maintained at 'AA-' (Double A Minus) with a Stable Outlook. Observance of prudent banking practices in managing assets and liabilities portfolios, increased access to market through expansion in branch network and establishing controls across the Bank are the major contributory factors. This will enhance Bank's standing and market reputation in the financial sector.

Minimum Capital Requirements / Capital Adequacy Ratio

The Bank is fully compliant with the minimum capital requirement prescribed by the State Bank of Pakistan while its Capital Adequacy Ratio stood at 23.97% as against the minimum required 10%.

Risk Management Framework

Sindh Bank Operates with an effective risk management system commensurate with its size and complexity of operations to help ensure that the risks undertaken are well managed. The Risk Management Division is equipped with necessary tools and staff qualified to assess all major risks particularly credit, market and operational risks associated with the banking sector.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Evaluation and monitoring of existing controls is an essential element of risk management. During the year under review, the bank has commenced implementing COSO framework to further enhance its control system and to manage risks, on an integrated enterprise wide basis which will enable it to meet the requirements of the guidelines issued by the State Bank on Internal Controls over Financial Reporting (ICFR).

The Board of Directors endorses management's evaluation related to ICFR along with the overall internal controls as reported in the Statement of Internal Controls.

Major Highlights of the year:

- FPCI Award**
 The Federation of Pakistan Chambers of Commerce and Industry (FPCI) in a ceremony held on June 22, 2013 awarded 1st FPCI Achievement Gold Medal to Sindh Bank in recognition of its contribution to economic and socio economic development in the country by having established 160 branches in 80 cities in less than two years. The Gold Medal was awarded by renowned scientist Dr. Abdul Qadeer Khan.
- Islamic Banking Division**
 Keeping in view the strong momentum shown by Islamic Banking (IB) in Pakistan, with over 30 percent average annual growth during last eight years, which in all likelihood will gain further momentum due to significant untapped potential and opportunities, the management decided to approach State Bank of Pakistan for license to commence Islamic Banking. Accordingly the work on pre-launch phase was initiated on a fast track with the setting up of Islamic Banking Division (IBD), appointment of its Head and selection of a Shariah Advisor. The BOD approved the Business Plan and, SBP was approached for its' approval for the commencement of IB. Anticipating an early SBP response, tasks relating to pre-commencement phase were also taken in hand. To begin with, the Bank plans to open five (5) IB Branches, in 2014 and the network will be expanded after building capacity.

It may be mentioned here that SBP is working aggressively for promotion of IB. Federal Government has also set-up a high powered committee to suggest measures for the promotion of IB by December 31, 2014. Recently Federal Finance Minister has announced that the Government is planning to gradually shift the entire financial sector to Shariah compliant modes. These recent developments augur well for this business segment in the days to come.

- Tractor Subsidy Scheme**
 During the year, the Bank facilitated the GoS Tractor Subsidy Scheme in two phases for which balloting was held for 3,000 and 6,000 tractors in phase I and phase II, respectively. More than 35,000 applications were received and processed. Subsidy of Rs. 1.5 billion provided by the GoS was disbursed to more than 8,500 farmers.
 - Revival of Sick Industrial Units in Rural Sindh**
 With a view to generating economic activities and creating job opportunities in rural areas and small towns of the Province, the Government of Sindh (GoS) made a budgetary allocation of Rs. 2 billion in its Annual Development Plan for the financial year 2013-2014. Accordingly a scheme was developed with the mutual consultation of the GoS and Sindh Bank, the executing agency. The scheme offers loans for BMR and working capital, at a concessionary rate of mark-up i.e. 6 % per annum. While the amount recovered on account of principal and mark-up will be passed on to the GoS, the bank will be compensated by way of reimbursement of its intermediation charges. Till December 31, 2013, loans of Rs. 750.119 million were disbursed under the scheme against approvals of Rs. 1,493 million. It is hoped that the entire allocation of Rs. 2 billion will be utilized by June 30, 2014.
 - Benazir Income Support Program**
 The Bank has been handling this scheme since the beginning for Tando Muhammad Khan district where the number of beneficiaries has reached 32,006. Total amount disbursed during 2013 stands at Rs. 369.6 million on which the Bank earned Rs. 10.6 million as commission. Handling this scheme not only provides the Bank with an opportunity to serve the less privileged but is also a good source of earning.
 - Waseela Haq (Sindh)**
 Total amount disbursed under this scheme to as many as 8489 deserving people stands at Rs. 1.27 billion. There has not been much activity in this scheme during 2013.
 - Financial Super Market**
 After successful experience of Sindh Bank, the GoS has entered into new financial regime by launching Sindh Leasing and Sindh Modaraba. Both these companies will be managed by high caliber professionals and will cater to the needs of small businesses. With the enactment of 18th Amendment to the constitution, provinces can establish their own insurance companies and the GoS has taken the lead by forming Sindh Insurance Ltd.
- Sindh Bank is proud to have facilitated formation of these companies and on behalf of the Board I assure full support in their operations.
- Home Remittances**
 Enjoying the growing market reach, Sindh Bank branches handled home remittances to the tune of Rs. 601.5 million through 13,061 transactions as compared to Rs. 224 million through 4,992 transactions handled during 2012. The Bank is in the process of entering into agency arrangements with more exchange companies and it is hoped that in the coming years this business will increase manifold yielding multiple benefits to the Bank and the country at large.

- **Switching to Green Energy**

In line with the best practices being adopted by leading companies, Sindh Bank is working on switching to solar energy as an alternate energy source. This will have far reaching impact as it will help to conserve energy, protect environment and curtail the ever growing electricity expenses. A foreign affiliate is short listed and assigned the task to run pilot project to convert 3 branches on solar energy either partially or completely. Since load shedding duration is different in villages, towns and cities one branch from each category is selected to represent the whole bank and help in assessing the optimal requirement. The project will be taken ahead after receiving the final proposal from the firm and its assessment by the special committee formed to take up this task.

Agriculture Financing

Sindh Bank, right from its inception three years back, has focused on meeting the credit needs of farming community as well as industries having direct linkage to Agriculture, like Sugar Mills. Our exposure to this sector as on December 31, 2013 aggregates Rs. 1.21 billion encompassing 3840 farmers.

Agri credit disbursement target fixed for the financial Year 2013 - 14, has already been achieved rather surpassed within the first half year ended December 2013. The comparative statistics of targets and disbursements is appended below:

Amount in Million			
Financial Year	Target	Disbursement	Achievement %
2012-13	500	501.134	100%
2013-14 (Up till Dec. 31)	600	672.801	112%

Plans are underway to have a better outreach to the farmers through our expanded branch network, thereby bringing economic prosperity at the grass root level.

IT Initiatives

All the 200 branches are on - line providing market based products and services to the customers. SMS banking services i.e. Balance Inquiry, Mini Statement, Intra and Interbank Funds Transfer, Mobile Easy Load, Utility Bills payment and SMS and email alerts are now widely used. These state of the art customized services not only provide a competitive edge over peer banks but are a good source of revenue also. With the installation of additional ATMs, by the end of the first quarter, the Bank will have a vast network of ATMs in all important business locations.

Staffing

To meet staffing requirements of the new branches set up during the year, the total headcount i.e. executives, officers and support staff increased to 1588 as on December 31, 2013 as against 1241 at the end of December 2012. Continued efforts are being made to add experienced professionals and young graduates from reputable educational institutions.

Training & Development

Training activities continued in full swing and 2013 can be regarded as another successful year. Training was imparted in the disciplines of banking operations, finance & credit, compliance, foreign trade, marketing, selling & soft skills. In order to comply with SBP regulations, on-line AML/CFT tests were offered to all the relevant staff on Bank's customized software. Training Needs Analysis was done across the board and training plans of 2014 & 2015 will be prepared in light of the results derived.

Corporate Social Responsibility

Sindh Bank continued with its policy of supplementing efforts of the Government to meet their social obligations. Prominent among them is providing the eligible students markup free loans for higher education. In addition to this the Bank has supported the Government in contributing both in cash and kind to the citizens affected by natural calamities.

Corporate and Financial Reporting Framework:

- The financial statements prepared by the management of the bank, presents its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the bank have been maintained.
- Appropriate accounting policies have been applied 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 has been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There is no 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.
- During the year one director attended a Directors' Orientation program on Corporate Governance conducted by Pakistan Institute of Corporate Governance.
- The President & CEO of the Bank, having 16 years of education and more than 15 years of experience as CEO and director of various listed companies, is exempted from the directors training program.
- Since the Bank has only three years of operations, all key financial and operating data for three years is available in the annual report.
- All the statutory liabilities, if any have been adequately disclosed in the financial statements
- Value of investments of Sindh Bank Limited Employees Provident Fund as at December 31, 2013 was Rs. 87.291 million. Value of investment of Sindh Bank Limited Employees Gratuity Fund as at December 31, 2013 was Rs. 14.858 million and Rs. 24.178 million has been transferred subsequent to the balance sheet date, based on the actuarial valuation of the fund.

Board Meetings

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

Serial No.	Name of Directors	19th Meeting held 25.2.2013	20th Meeting held 25.3.2013	21th Meeting held 15.4.2013	22nd Meeting held 28.5.2013	23rd Meeting held 21.8.2013	24th Meeting held 12.10.2013	25th Meeting held 12.12.2013	Total Meeting Attendeds
1	Mr. Raja Muhabbad Abbas	•	•	•					3
2	Mr. Muhammad Ejaz Chaudhry ⁽⁴⁾				•	•	•		3
3	Mr. Tajammal Husain Bokharee ⁽⁵⁾							•	1
4	Mr. Afzal Ghani ⁽¹⁾	•	•	•	•	•	•	•	7
5	Mr. Arif Ahmed Khan	•	•	•	•	•	•		6
6	Mr. Naveed Kamran Baloch ⁽²⁾	•							1
7	Mr. Muhammad Sohail Khan Rajput ⁽³⁾			•	•	•	•	•	5
8	Mr. Muhammad Shahid Murtaza	•	•	•	•	•	•	•	7
9	Mr. Muhammad Naeem Sahgal	•	•	•	•	•	•	•	7
10	Mr. Naim Farooqui ⁽⁶⁾							•	1
11	Mr. Muhammad Bilal Sheikh	•	•	•	•	•	•	•	7
	Meeting Attendance	7	6	7	7	7	7	7	

- 1 Mr. Afzal Ghani was co-opted in place of Mr. Wazir Ali Khoja on February 25, 2013;
- 2 Mr. Naveed Kamran Baloch was co-opted in place of Mr. Arif Ahmed Khan on March 14, 2013;
- 3 Mr. Muhammad Sohail Khan Rajput was co-opted in place of Mr. Naveed Kamran Baloch on March 26, 2013;
- 4 Mr. Muhammad Ejaz Chaudhry was co-opted in place of Mr. Raja Muhammad Abbas on May 24, 2013;
- 5 Mr. Tajammal Husain Bokharee was co-opted in place of Mr. Muhammad Ejaz Chaudhry on December 5, 2013;
- 6 Mr. Naim Farooqui was co-opted in place of Mr. Arif Ahmed Khan on December 5, 2013.

Pattern of shareholding

The pattern of shareholding is attached with this report.

External Auditors

The retiring auditors, being eligible, offer themselves for re-appointment for the year 2014. The Audit Committee of the Board has recommended M/s Anjum Asim Shahid Rahman, Chartered Accountants, the retiring auditors, as external auditors of the Bank for another term.

Future Outlook

With the launch of Islamic Banking through 5 dedicated branches and the help of its existing network, the bank will introduce market based Sharia compliant products & services and thus will be able to exploit the untapped market potential. Moreover, realizing the credit needs of low income segment of the Society having limited excess to commercial banks, Sindh Bank is in the process of forming a Microfinance bank as its wholly owned subsidiary. Initially the Bank's coverage will be limited to the Province of Sindh, but going forward, its operations may expand to the entire country.

During 2014, twenty five new branches will be added to the network as the focus would be on consolidation rather than expansion.

Acknowledgements

On behalf of the Board of Directors I extend thanks to all our stake holders and regulators for providing us guidance and support for running the business. We are thankful to all the members of Board of Directors for sparing their time and taking interest in Bank's affairs.

We extend our thanks to our customers for their confidence and support and to our executives and staff for their hard work and commitment which has helped us in achieving these results.

On behalf of the Board of Directors.



Muhammad Bilal Sheikh

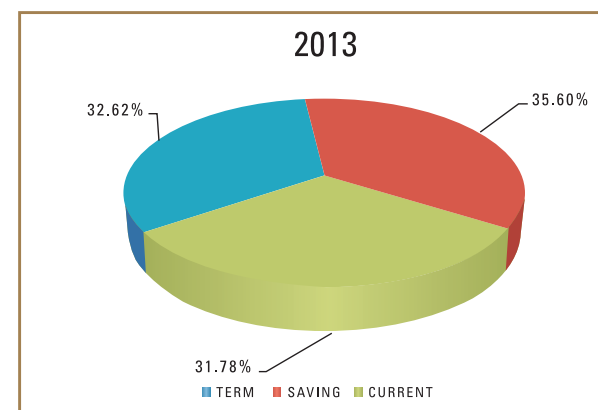
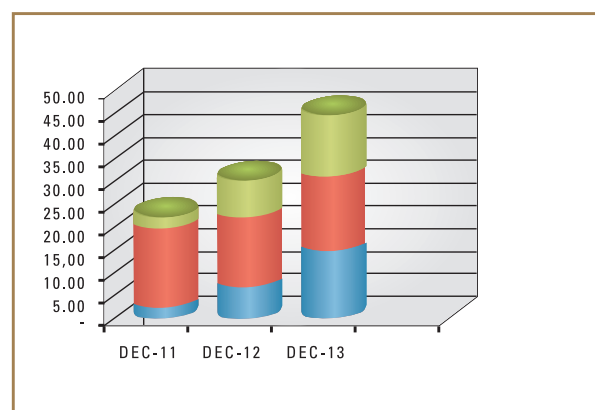
President/CEO

Karachi – February 17, 2014

FINANCIAL HIGHLIGHTS

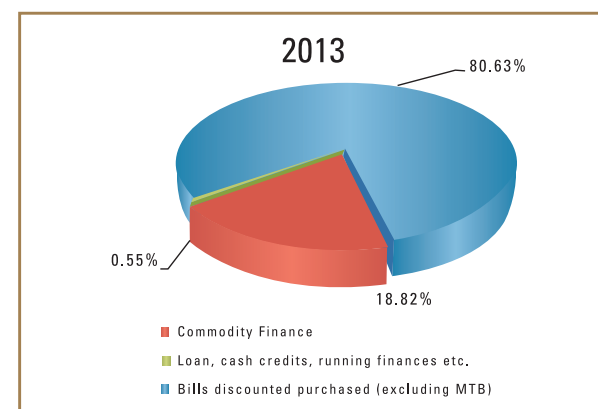
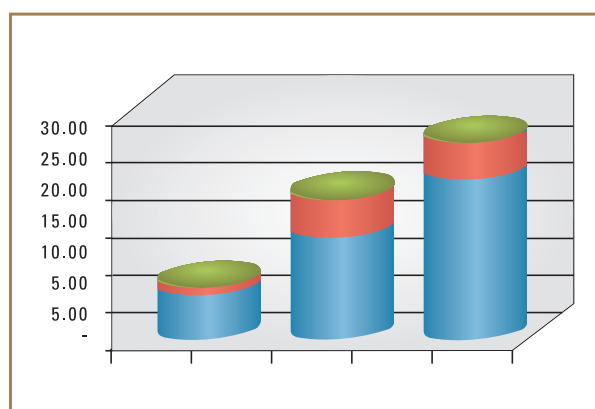
DEPOSITS

Rupees in billion



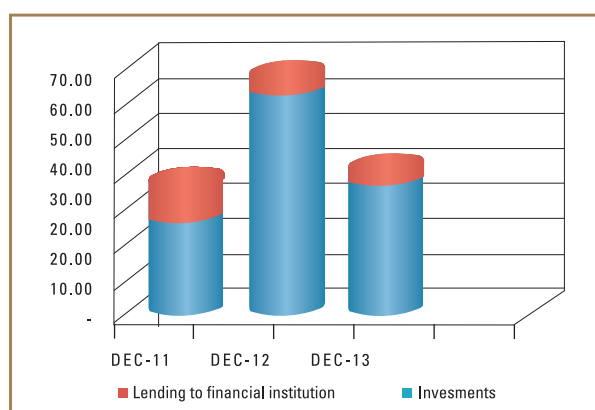
ADVANCES

Rupees in billion

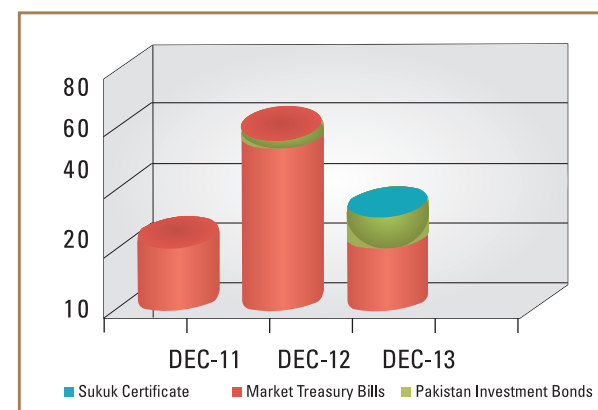


INVESTMENTS

Rupees in billion

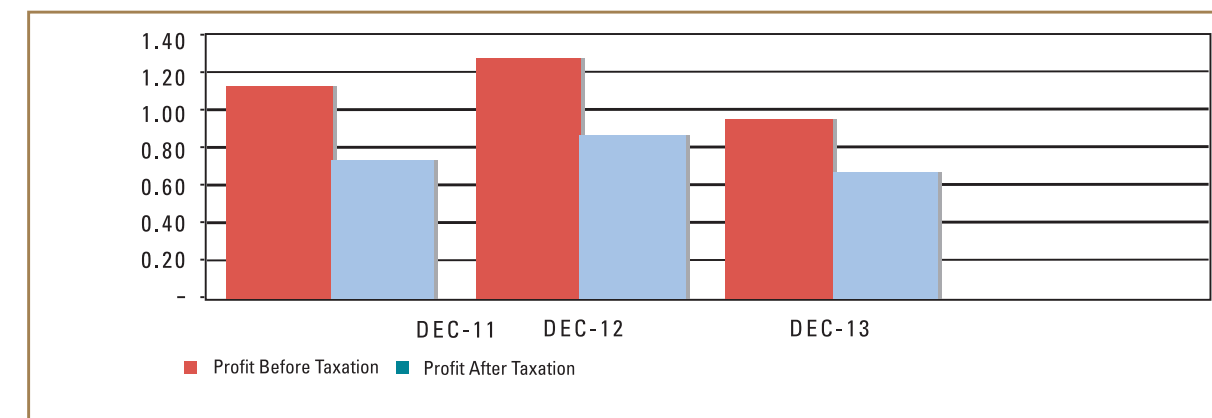


GOVT. SECURITIES

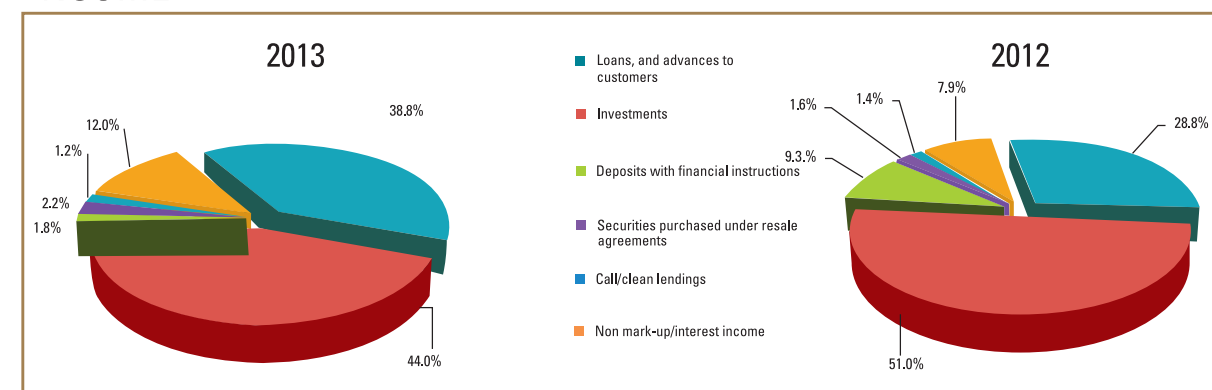


PROFIT

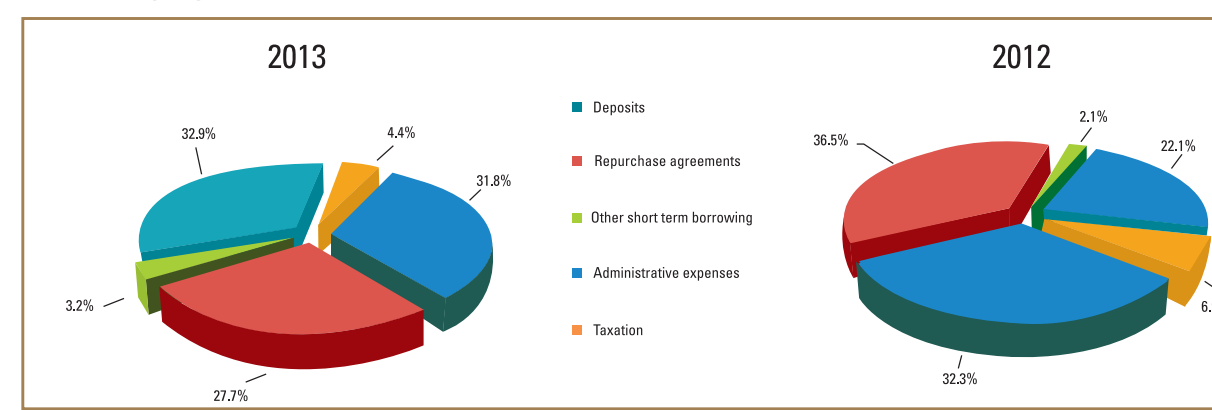
Rupees in billion



INCOME



EXPENSES



ATM and e-Banking Services

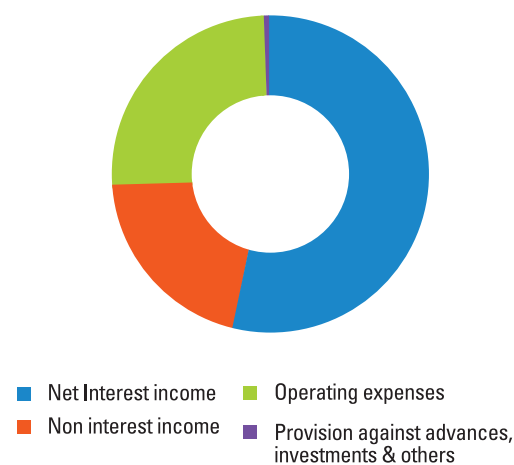
The Bank is providing modern IT solutions for the convenience of its customers, which include nation-wide ATM facilities and SMS Banking. The key features of SMS Banking are Balance Inquiry, Mini Statements, Inter and Intra Bank Funds Transfer, Mobile Easy Load, Utility Bills Payment and SMS and e-mail Alerts.



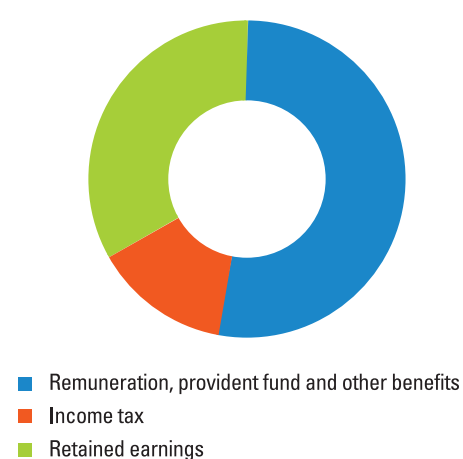
Value Added Statement

	For the year ended December 31, 2013 (Rupees in '000)	%	For the year ended December 31, 2012 (Rupees in '000)	%
Value Added				
Net interest income	2,257,738		2,038,415	
Non interest income	859,651		526,717	
Operating expenses excluding staff costs and donations	(1,079,946)		(661,004)	
Provision against investments & others	(21,834)		(1,069)	
Value added available for distribution	2,015,609		1,903,059	
Distribution of value added				
To employees				
Remuneration, provident fund and other benefits	1,062,209	52.70%	617,428	32.44%
To government				
Income tax	287,496	14.26%	398,655	20.95%
To Society				
Donations	-	-	-	-
To Shareholders				
Interim Dividend paid	-	-	-	-
Retained earnings / Reserves	665,904	33.04%	886,976	46.61%
	2,015,609	100.00%	1,903,059	100.00%

VALUE ADDED 2013



DISTRIBUTION 2013



Vertical Analysis

STATEMENT OF FINANCIAL POSITION

	December 31, 2013 (Rupees in '000)	%	December 31, 2012 (Rupees in '000)	%
ASSETS				
Cash and balances with treasury banks	3,518,863	5%	2,430,525	3%
Balances with other banks	190,823	0%	424,573	0%
Lendings to financial institutions	4,036,358	5%	4,619,591	5%
Investments	36,785,844	49%	62,631,024	68%
Advances	26,564,842	35%	19,281,888	21%
Operating fixed assets	1,766,303	2%	1,556,804	2%
Other assets	2,169,421	3%	1,346,694	1%
	75,032,454	100%	92,291,099	100%
LIABILITIES				
Bills payable	362,522	0%	176,125	0%
Borrowings from financial institutions	16,758,368	22%	48,602,402	53%
Deposits and other accounts	45,756,220	61%	31,469,652	34%
Deferred tax liability	9,511	0%	207,256	0%
Other liabilities	818,946	1%	747,476	1%
	63,705,567	85%	81,202,911	88%
NET ASSETS	11,326,887	15%	11,088,188	12%
REPRESENTED BY				
Share capital	10,000,000	13%	10,000,000	11%
Reserves	460,647	1%	327,308	0%
Unappropriated profit	1,241,433	2%	710,025	1%
(Deficit) / Surplus on Revaluation of investments- net of related deferred tax	(375,193)	-1%	50,855	0%
	11,326,887	15%	11,088,188	12%

PROFIT & LOSS ACCOUNT

	For the year ended December 31, 2013 (Rupees in '000)	%	For the year ended December 31, 2012 (Rupees in '000)	%
Mark-up / return / interest earned	6,329,381	88%	6,141,198	92%
Fee, commission and brokerage	162,594	2%	98,820	1%
Income from dealing in foreign currencies	43,761	1%	44,353	1%
Capital gain and dividend income	650,512	9%	382,167	6%
Other income	2,784	0%	1,377	0%
Total income	7,189,032	100%	6,667,915	100%
Mark-up / return / interest expensed	4,071,643	57%	4,102,783	62%
Operating & admin expenses	2,142,155	30%	1,278,432	19%
Provision against investments & others	21,834	0%	1,069	0%
Taxation	287,496	4%	398,655	6%
Total Expenses	6,523,128	91%	5,780,939	87%
Profit after taxation	665,904	9%	886,976	13%

Horizontal Analysis

(Rupees in '000)

STATEMENT OF FINANCIAL POSITION	December 31, 2013	13 vs 12 %	December 31, 2012	12 vs 11 %	December 31, 2011
ASSETS					
Cash and balances with treasury banks	3,518,863	45	2,430,525	47	1,655,815
Balances with other banks	190,823	-55	424,573	74	243,519
Lendings to financial institutions	4,036,358	-13	4,619,591	-58	10,905,410
Investments	36,785,844	-41	62,631,024	140	26,081,535
Advances	26,564,842	38	19,281,888	166	7,259,330
Operating fixed assets	1,766,303	13	1,556,804	167	584,054
Other assets	2,169,421	61	1,346,694	35	1,000,460
	75,032,454	-19	92,291,099	93	47,730,123
LIABILITIES					
Bills payable	362,522	106	176,125	317	42,251
Borrowings from financial institutions	16,758,368	-66	48,602,402	274	13,012,647
Deposits and other accounts	45,756,220	45	31,469,652	34	23,517,740
Deferred tax liability	9,511	-95	207,256	1,908	10,322
Other liabilities	818,946	10	747,476	54	484,150
	63,705,567	-22	81,202,911	119	37,067,110
NET ASSETS	11,326,887	2	11,088,188	4	10,663,013
REPRESENTED BY					
Share capital	10,000,000	0	10,000,000	0	10,000,000
Reserves	460,647	41	327,308	118	149,912
Unappropriated profit	1,241,433	75	710,025	18	599,649
(Deficit) / Surplus on Revaluation					
of investments - net of related deferred tax	(375,193)	-838	50,855	-159	(86,548)
	11,326,887	2	11,088,188	4	10,663,013
PROFIT & LOSS ACCOUNT					
	For the year ended December 31, 2013	13 vs 12 %	For the year ended December 31, 2012	12 vs 11 %	For the period October 29, 2010 to December 31, 2011
Mark-up / return / interest earned	6,329,381	3	6,141,198	66	3,704,280
Fee, commission and brokerage	162,594	65	98,820	830	10,629
Income from dealing in foreign currencies	43,761	-1	44,353	1,840	2,286
Capital gain and dividend income	650,512	70	382,167	83	208,933
Other income	2,784	102	1,377	311	335
Total income	7,189,032	8	6,667,915	70	3,926,463
Mark-up / return / interest expensed	4,071,643	-1	4,102,783	83	2,241,345
Operating & admin expenses	2,142,155	68	1,278,432	149	513,773
Provision against investments & others	21,834	1,942	1,069	-97	31,382
Taxation	287,496	-28	398,655	2	390,402
Total Expenses	6,523,128	13	5,780,939	82	3,176,902
Profit after taxation	665,904	-25	886,976	18	749,561



Key Performance Indicators

(Rupees in '000)

	For the year ended December 31, 2013	For the year ended December 31, 2012	For the period October 29, 2010 to December 31, 2011
Financial			
Investments-Gross	37,382,679	62,555,693	26,246,068
Advances-Gross	26,564,842	19,281,888	7,259,330
Deposits	45,756,220	31,469,652	23,517,740
Shareholders' Equity	11,702,080	11,037,333	10,749,561
Total Assets	75,032,454	92,291,099	47,730,123
Net Interest Income	2,257,738	2,038,415	1,462,935
Non Interest Income	859,651	526,717	222,183
Operating Expenses	2,142,155	1,278,432	513,773
Profit Before Impairment and Provisions	975,234	1,286,700	1,171,345
Provision Against Investments & Others	21,834	1,069	31,382
Profit Before Taxation	953,400	1,285,631	1,139,963
Profit After Taxation	665,904	886,976	749,561
Dividend Paid	-	600,000	-
Non Financial			
No. of Customers (as of)	120,643	74,600	8,120
No. of New Branches Opened	40	110	50
No. of New Accounts Opened	56,541	74,949	9,971
No. of ATM Cards Issued	17,926	6,923	1,158
No. of Permanent Employees (as of)	1,167	924	462
No. of ATM Machines (as of)	24	19	3
No. of Mobile Banking Customers	62,248	34,040	5,983
Key Financial Ratios			
Earnings Per Share - Pre tax (Rupees)	0.95	1.29	1.14
Book Value Per Share (Rupees)	11.70	11.09	10.66
Return on Equity - Pre tax	8.39%	11.81%	9.09%
Return on Assets - Pre tax	1.14%	1.97%	2.21%
Capital Adequacy Ratio	23.97%	38.51%	56.28%

Statement Of Compliance With The Best Practices Of Code Of Corporate Governance For The Year Ended December 31, 2013

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- 1 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. Effective August 08, 2013 new rules for Public Sector Companies (Corporate Governance) Rules, 2013 have become applicable to the Bank.

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

1. The Board comprises of seven directors, which is represented by four independent, one ex-officio non-executive director being nominees of the Government of Sindh, with the President & Chief Executive Officer and Chief Operating Officer being the executive members. None of the directors is serving as a director in more than five public sector and listed companies including the Bank, except the Finance Secretary, Government of Sindh in his ex-officio capacity.
2. Casual vacancies occurred during the year in the Board due to transfer of Mr. Naveed Kamran Baloch and Mr. Raja Muhammad Abbas from the position of Secretary Finance, and Chief Secretary, Government of Sindh, respectively were filled in by the Board through co-option of incoming Secretary Finance, and the Chief Secretary, Government of Sindh. Thereafter, two casual vacancies occurred due to resignation of Mr. Muhamamd Ejaz Chaudhary and Mr. Arif Ahmed Khan, the Chief Secretary and the Additional Chief Secretary, Government of Sindh and those casual vacancies were filled in by co-opting Mr. Tajammal Husain Bokharee and Mr. Naim Farooqi as independent and executive directors, respectively.
3. All Directors of the Bank are registered as taxpayers and none of them has defaulted in payment of any loan to any bank / DFI / NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Statement of Ethics and Business Practices has been approved by the Directors of the Bank.
5. 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.
6. 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 and key Executives, have been taken by the Board.
7. The Board has approved appointment of the Chief Financial Officer, Head of Internal Audit and the Company Secretary, including their remuneration and terms and conditions of employment.
8. 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 and Audit Committee 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. Minutes of meetings were appropriately recorded and circulated.

	Name of Committee	Number of meetings
•	Risk Management Committee	3
•	Human Resource Committee	2
•	Information Technology Committee	-
•	Audit Committee	4

9. 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.
10. 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 the Board of Directors.
11. During the year one director attended a Director Orientation Program on Corporate Governance conducted by Pakistan Institute of Corporate Governance.

The President & CEO of the Bank with 16 years of education and having served as CEO & director of various listed companies for more than 15 years, is considered qualified under the directors' training program.

12. The Directors' Report for the year ended December 31, 2013 has been prepared in compliance with the requirements of the Code and the corporate and financial reporting requirements have been complied with.
13. The financial statements of the Bank for the year ended December 31, 2013 were duly endorsed by the Chief Executive and the Chief Financial Officer before presenting to the Audit Committee and then to the Board for approval. Further, half-yearly financial statements were subjected to limited review by the statutory auditors. Furthermore, the quarterly un-audited financial statements of the Bank were circulated along with the Directors' Report.
14. The Board has formed an Audit Committee comprising of three independent Directors, one of whom is the Chairman of the Committee. Terms of reference of the Audit Committee have been determined by the Board. 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.
15. The Board has set up an effective internal audit function. The staff of Internal Audit Department is suitably qualified and experienced for the purpose, is conversant with the policies and procedures of the Bank and involved in the internal audit function on a full time basis.
16. 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.
17. The system of sound internal control is in place and effectively monitored in the Bank.
18. 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.

19. 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.
20. We confirm that all material principles contained in the Code and the Rules have been complied with except for the matters disclosed below towards which steps are being taken to achieve compliance at appropriate time:
- Establishing of nomination committee; and
 - Mechanism for an annual evaluation of the Board's own performance
21. We further confirm that following matters were resolved in the Board meeting held on February 17, 2014:
- Establishing of Procurement Committee
 - The Chairman of the Board not to be a member of the audit committee; and
 - Majority of members of Board Committee belong to independent directors.

This Statement of compliance with best practices of Code of Corporate Governance is being presented and circulated with the annual report of the Bank.



Muhammad Bilal Sheikh
President & CEO
Karachi - February 17, 2014



AJLUM ASIM SHAHID RAHMAN
1st & 2nd Floor,
Modern World House,
Bakhtawar Road,
Karachi-75200

T +92 (0)21 3547 2950/51
F +92 (0)21 3548 8836
www.gtusa.com

Review Report to the Members on the Directors' Statement of Compliance with the Best Practices of the Code of Corporate Governance and Public Sector Companies (Corporate Governance) Rules, 2013

We have reviewed the Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance (the Code) 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 and Public Sector Companies (Corporate Governance) Rules, 2013 (the Rules) issued by Securities and Exchange Commission of Pakistan, which became applicable from August 05, 2013.

The responsibility for compliance with the Code / Rules 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 reflects the status of the Bank's compliance with the provisions of the Code / Rules and report if it does not. A review is limited primarily to inquiries of the Bank's personnel and review of various documents prepared by the Bank to comply with the Code / Rules.

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 are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls.

Further, clause 1 (a) of Code and clause 9 of the Rules 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 priced 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 and Public Sector Companies (Corporate Governance) Rules, 2013 as applicable to the Bank, for the year ended December 31, 2013.

We draw attention to paragraph 20 of the Statement of Compliance with the Best Practices of Code of Corporate Governance which describes the non-compliance with the requirements of the Code / Rules.

Our conclusion is not qualified in respect of the above.

Date: February 17, 2014
Karachi

Muhammad Shaukat Naseeb
Chartered Accountant

Chartered Accountant
Member of Grant Thornton International (GTI)
Office in Islamabad, Lahore

Statement of Internal Controls

This statement is presented to comply with the requirement of State Bank of Pakistan circular # 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 Internal Audit Department.

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, 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 controls is an ongoing process.

During the year under review, the bank has commenced implementing COSO framework to further enhance its internal control system and to manage bank risk on an integrated enterprise wide basis which will enable it to meet the requirements of guidelines issued by the State Bank of Pakistan on Internal Control Over Financial Reporting (ICFR). The statutory auditors of the bank will submit a detailed report (long form report) on the overall progress of the project for the year ended December 31, 2013 to State Bank of Pakistan by June 2014.

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

On behalf of the Board

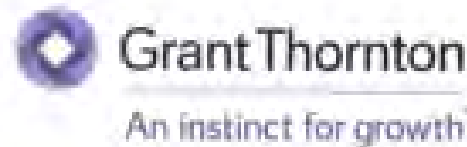
Muhammad Bilal Sheikh
President & CEO

Karachi-February 17, 2014

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 mark-up for growing business units with quick processing of their applications.





ANJUM ASIM SHAHID RAHMAN
1st & 3rd Floor,
Mallam Mirza House
Quarterm Road,
Karachi 75370

T +92 321 3587 2943/54
F +92 321 3548 6834
www.gtusa.com

Independent Auditors' Report to the Members

We have audited the annexed statement of financial position of Sindh Bank Limited ("the Bank") as at December 31, 2013 and the related profit and loss account, statement of comprehensive income, statement of cash flows and statement of changes in equity together with the notes forming part thereof (herein-after referred to as the 'the financial statements') for the year then ended, in which are incorporated the unaudited certified returns from the branches except for 16 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 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:

Chartered Accountants
Member of Grant Thornton International Ltd
Office: K-10/10A/10B/10C



- (a) in our opinion, proper books of accounts have been kept by the Bank as required by the Companies Ordinance, 1984 (XLVII of 1984), and the returns referred to above received from the branches have been found adequate for the purposes of our audit;
- (b) in our opinion:
 - (i) the statement of financial position and 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 accounting policies consistently applied except for changes as stated in notes 4.3 and 5.9 to the accompanying financial statements with which we concur;
 - (ii) the expenditure incurred during the year was for the purpose of the Bank's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), in the manner so required and give a true and fair view of the state of the Bank's affairs as at the December 31, 2013, and its true balance of profit, its comprehensive income, its cash flows and its changes in equity for the year then ended; and
- (d) in our opinion Zakat deductible at source, under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Muhammad Shaukat Nisach
Muhammad Shaukat Nisach
Chartered Accountants

Date: February 17, 2014
Karachi

Engagement Partner:
Muhammad Shaukat Nisach

Chartered Accountants
Member of Grant Thornton International Ltd

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

Sindh Bank Limited
Statement of Financial Position
As at December 31, 2013

	Note	2013 (Rupees in '000)	2012
ASSETS			
Cash and balances with treasury banks	6	3,518,863	2,430,525
Balances with other banks	7	190,823	424,573
Lendings to financial institutions	8	4,036,358	4,619,591
Investments - net	9	36,785,844	62,631,024
Advances	10	26,564,842	19,281,888
Operating fixed assets	11	1,766,303	1,556,804
Deferred tax assets		-	-
Other assets	12	2,169,421	1,346,693
		75,032,454	92,291,098
LIABILITIES			
Bills payable	13	362,522	176,125
Borrowings	14	16,758,368	48,602,402
Deposits and other accounts	15	45,756,220	31,469,652
Sub-ordinated loans		-	-
Deferred tax liabilities - net	16	9,511	207,256
Other liabilities	17	818,946	747,475
		63,705,567	81,202,910
NET ASSETS		11,326,887	11,088,188
REPRESENTED BY			
Share capital	18	10,000,000	10,000,000
Reserves		460,647	327,466
Unappropriated profit		1,241,433	709,867
		11,702,080	11,037,333
(Deficit) / Surplus on revaluation of investments - net of related deferred tax	19	(375,193)	50,855
		11,326,887	11,088,188

CONTINGENCIES AND COMMITMENTS

20

The annexed notes 1 to 40 form an integral part of these financial statements.

President & Chief Executive Officer

Chairman of the Board

Director

Director

Sindh Bank Limited
Profit and Loss Account
For the year ended December 31, 2013

	Note	2013 (Rupees in '000)	2012 Restated
Mark-up / Return / Profit / Interest earned	21	6,329,381	6,141,198
Mark-up / Return / Profit / Interest expensed	22	4,071,643	4,102,783
Net mark-up / profit / interest income		2,257,738	2,038,415
Provision against non-performing loans and advances	10.3	-	-
Provision for diminution in the value of investments	9.3	17,292	1,069
Bad debts written off directly		-	-
		17,292	1,069
Net mark-up / profit / interest income after provisions		2,240,446	2,037,346
Non mark-up / interest income			
Fee, commission and brokerage income		162,594	98,820
Dividend income		179,639	124,667
Income from dealing in foreign currencies		43,761	44,353
Gain on sale of securities - net	23	470,873	257,500
Unrealised gain on revaluation of investments classified as held-for-trading		-	-
Other income	24	2,784	1,377
Total non mark-up / interest income		859,651	526,717
		3,100,097	2,564,063
Non mark-up / interest expense			
Administrative expenses	25	2,141,712	1,278,403
Other provisions / write offs		4,542	-
Other charges	26	443	29
Total non mark-up / interest expenses		2,146,697	1,278,432
		953,400	1,285,631
Extraordinary / unusual items		-	-
Profit before taxation		953,400	1,285,631
Taxation - Current		255,830	275,709
- Prior years		-	-
- Deferred	27	31,666	122,946
		287,496	398,655
Profit after taxation		665,904	886,976
(Rupees)			
Basic and diluted earnings per share (Restated)	28	0.67	0.89

The annexed notes 1 to 40 form an integral part of these financial statements.

President & Chief Executive Officer

Chairman of the Board

Director

Director

Sindh Bank Limited
Statement of Comprehensive Income
For the year ended December 31, 2013

		2013	2012
	Note	(Rupees in '000)	Restated
Profit after taxation		665,904	886,976
Other comprehensive income			
Actuarial losses / (gains) on remeasurement of defined benefit obligation	31	(1,157)	796
Total comprehensive income for the year transferred to equity		664,747	887,772
Components of comprehensive income not reflected in equity			
(Deficit) / Surplus on revaluation of investments		(655,459)	211,390
Deferred tax on revaluation of investments		229,411	(73,988)
		(426,048)	137,402

The annexed notes 1 to 40 form an integral part of these financial statements.

President & Chief Executive Officer

Chairman of the Board

Director

Director

Sindh Bank Limited
Statement of Cash Flows
For the year ended December 31, 2013

		2013	2012
	Note	(Rupees in '000)	Restated
Cash flow from operating activities			
Profit before taxation		953,400	1,285,631
Less: Dividend income		(179,639)	(124,667)
		773,761	1,160,964
Adjustments			
Depreciation	11.2	232,544	116,707
Amortisation	11.3	18,049	12,115
Provision against non-performing advances		-	-
Provision for diminution in the value of investments	9.3	17,292	1,069
Other provisions / write offs		4,542	-
Gain on disposal of fixed assets		(1,759)	1,108
		270,668	130,999
		1,044,429	1,291,963
(Increase) / decrease in operating assets			
Lendings to financial institutions		583,233	6,285,819
Advances		(7,282,954)	(12,022,558)
Other assets (excluding advance taxation)		(807,377)	(331,321)
		(7,507,098)	(6,068,060)
Increase / (decrease) in operating liabilities			
Bills payable		186,397	133,874
Borrowings		(31,844,034)	35,589,755
Deposits and other accounts		14,286,568	7,951,912
Other liabilities		70,313	293,138
		(17,300,756)	43,968,679
		(23,763,425)	39,192,582
Income tax paid		(268,724)	(319,745)
Net cash flows (used in) / from operating activities		(24,032,149)	38,872,837
Cash flow from investing activities			
Net investment in available-for-sale securities - net		25,892,310	(36,379,272)
Net investment in held-to-maturity securities		(719,296)	40,103
Dividend income received		174,389	124,776
Investment in operating fixed assets		(471,206)	(1,113,234)
Sale proceeds from disposal of operating fixed assets	11.4	10,540	10,554
Net cash flows from / (used in) investing activities		24,886,737	(37,317,073)
Cash flow from financing activities			
Dividend Paid		-	(600,000)
Increase in cash and cash equivalents		854,588	955,764
Cash and cash equivalents at beginning of the year		2,855,098	1,899,334
Cash and cash equivalents at end of the year	29	3,709,686	2,855,098

The annexed notes 1 to 40 form an integral part of these financial statements.

President & Chief Executive Officer

Chairman of the Board

Director

Director

Sindh Bank Limited
Statement of Changes in Equity
For the year ended December 31, 2013

	Issued, subscribed and paid-up share capital	Reserves		Total
		Statutory*	Revenue Unappropriated profit	
	(Rupees in '000)			
Balance as at January 1, 2012	10,000,000	149,912	599,649	10,749,561
Interim cash dividend at Rs. 0.60 per share paid for the year 2012	-	-	(600,000)	(600,000)
Profit for the year ended December 31, 2012 (Restated)	-	-	886,976	886,976
Other comprehensive income (Restated)	-	-	796	796
Total comprehensive income for the year ended December 31, 2012	-	-	887,772	887,772
Transfer to statutory reserve	-	177,554	(177,554)	-
Balance as at December 31, 2012 (Restated)	10,000,000	327,466	709,867	11,037,333
Profit for the year ended December 31, 2013	-	-	665,904	665,904
Other comprehensive income	-	-	(1,157)	(1,157)
Total comprehensive income for the year ended December 31, 2013	-	-	664,747	664,747
Transfers				
Transfer to statutory reserve	-	133,181	(133,181)	-
Balance as at December 31, 2013	10,000,000	460,647	1,241,433	11,702,080

* 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 till such time the reserve fund equals the amount of the paid up capital.

The annexed notes 1 to 40 form an integral part of these financial statements.

President & Chief Executive Officer

Chairman of the Board

Director

Director

Sindh Bank Limited
Notes to the Financial Statements
*For the year ended December 31, 2013***1 STATUS AND NATURE OF BUSINESS**

- 1.1** Sindh Bank Limited (the Bank) was incorporated in Pakistan on October 29, 2010 as a public unlisted company and is engaged in Commercial Banking, Corporate and Investment related activities. The Bank is currently operating through two hundred branch including ten sub branches (2012: one hundred and sixty branches including ten sub 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 medium to long term entity rating of 'AA-' (Double A Minus) with a "Stable outlook", and short term rating of 'A-1+' (A-One plus) to the Bank.

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

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 (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, 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) and Securities and Exchange Commission of Pakistan (SECP). In case requirements differ, the provisions and directions issued under Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the directives issued by the State Bank of Pakistan and SECP shall prevail.

The State Bank of Pakistan has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for DFIs through BSD Circular Letter No. 10 dated August 26, 2002. Further, according to the notification of Securities and Exchange Commission of Pakistan (SECP) through S.R.O 411(1)/2008 dated April 28, 2008, the IFRS - 7 "Financial Instruments: Disclosures" has not been made applicable for financial institutions. 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 of various circulars issued by SBP.

IFRS 8, 'Operating Segments' is effective for the Bank's accounting period beginning on or after January 1, 2009. All banking companies in Pakistan are required to prepare their annual financial statements in line with the format prescribed under BSD Circular No. 4 dated February 17, 2006, 'Revised Forms of Annual Financial statements', effective from the accounting year ended December 31, 2006. The management of the Bank believes that as the SBP has defined the segment categorisation in the above mentioned circular, the SBP requirements prevail over the requirements specified in IFRS 8. Accordingly, segment information disclosed in these financial statements is based on the requirements laid down by the SBP.

SBP vide its BSD Circular No. 07 dated April 20, 2010 has clarified that for the purpose of preparation of financial statements in accordance with International Accounting Standard - 1 (Revised), 'Presentation of Financial Statements', two statement approach shall be adopted i.e. separate 'Profit and Loss Account' and 'Statement of Comprehensive Income' shall be presented, and Balance Sheet shall be renamed as 'Statement of Financial Position'. Furthermore, the surplus/(deficit) on revaluation of available for sale (AFS) securities only, maybe included in the 'Statement of Comprehensive Income'. However, it should continue to be shown separately in the statement of financial position below equity. Accordingly, the above requirements have been adopted in the preparation of these financial statements.

3.1 Standard, amendment or interpretation to published approved accounting standards

Standards, interpretations and amendments to published approved accounting standards that are effective in the current period however not adopted by Institute of Chartered Accountants of Pakistan (ICAP):

Following new standards, amendments to approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after January 1, 2013 but have not yet been adopted by ICAP:

Title of Standard	Effective for accounting periods beginning on or after
IFRS 1 First-time Adoption of International Financial Reporting Standards	January 01, 2013
IFRS 10 Consolidated Financial Statements	January 01, 2013
IFRS 11 Joint Arrangements	January 01, 2013
IFRS 12 Disclosure of Interests in Other Entities	January 01, 2013
IFRS 13 Fair Value Measurements	January 01, 2013

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

Following new standards, amendments to approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after January 1, 2014 but are considered not to be relevant or did not have any significant effect on the entity's operations and are, therefore, not detailed in these financial statements:

Title of Standard	Effective for accounting periods beginning on or after
IFRS 9 Financial Instruments	January 1, 2015
IFRIC 21 Levies - Amendments to	January 1, 2014
IAS 39 Novation of Derivatives and Continuation of Hedge Accounting	January 1, 2014
IAS 36 Recoverable Amount Disclosures for Non-Financial Assets	January 1, 2014
IFRS 10, 12 and IAS 27 Investment Entities	January 1, 2014
IAS 32 Offsetting Financial Assets and Financial Liabilities	January 1, 2014
IFAS - Profit and Loss Sharing on Deposits	January 1, 2014

4 BASIS OF MEASUREMENT

4.1 Accounting convention

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

4.2 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.

4.3 Change in accounting policy

During the current year, the bank changed its accounting policy due to revision in IAS 19 - Employee Benefits. Accordingly, the change in accounting policy and its related impacts are disclosed in note 5.9 to these financial statements.

4.4 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:

- classification and impairment against investments (notes 5.4 and 9).
- classification and provision against advances (notes 5.5 and 10).
- income taxes (note 5.8)
- depreciation and amortization / useful lives of operating fixed assets (notes 5.6 and 11)
- staff retirement benefits (note 5.9)
- fair value of derivatives (note 5.17)

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 (Repo / Reverse repo)

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 gain / loss 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 recognised contributory provident fund for all its permanent employees to which equal contributions at the rate of 10 percent (2012: 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.

(b) Defined benefit scheme

The Bank operates recognised 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.

As disclosed in 4.3 to these financial statements, during the year the bank has changed its accounting policy in respect of recognition of actuarial gains and losses, past service costs and expected return on plan assets, whereby with effect from the current year, the bank has recognised:

- actuarial gains and losses as they occur in other comprehensive income, instead of past policy, where actuarial gains and losses were immediately recognised as income or expense in the profit and loss account;
- all past service costs at the earlier of when the amendment or curtailment occurs and when the Bank has recognised related restructuring or termination benefits, instead of past policy,

where the past service costs were recognised as an expense on a straight line basis over the average period until the benefits became vested, and if the benefits were already vested, following the introduction of or changes to a scheme, past service costs were recognised immediately in profit and loss account;

- interest on net defined benefit obligation (net of plan assets) in profit and loss account, which is calculated using the discount rate used to measure the defined benefit obligation or asset, and expected returns in plan assets will no longer be recognised in profit and loss account; and

The above changes have been accounted for in accordance with the requirement of IAS 19 - Employee Benefit (Revised), as required under IAS 8, such a change to applied retrospectively. The above restatement does not have any impact on the Statement of Financial Position. However, due to the above change in accounting policy, the Profit and Loss Account, Statement of Comprehensive Income and Statement of Changes in Equity have been restated in accordance with the requirement of IAS 8 and IAS 1.

Had there been no change in accounting policy, due to recognition of actuarial gains and losses on defined benefit plan in accordance with IAS 19 (Revised), the following would have been the impacts for the years ended December 31, 2012 and December 31, 2013:

	Rs. in '000
For the year ended December 31, 2012	
Other comprehensive income would have been lower by:	(796)
Profit after taxation would have been higher by:	796
Basic and diluted earnings per share would have been higher by:	0.001
For the year ended December 31, 2013	
Other comprehensive income would have been higher by:	1,157
Profit after taxation would have been lower by:	(1,157)
Basic and diluted earnings per share would have been lower by:	0.001

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 Acceptances

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

5.14 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.

5.15 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 except that mark-up / interest on non-performing advances and investments is recognized on receipt basis, in accordance with the requirements of the Prudential Regulations issued by the SBP. Where debt securities are purchased at a premium or discount, such premium or discount is amortised through the profit and loss account over the remaining period of maturity.
- 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.
- Gain or loss on sale of investments is included in the profit and loss account in the year in which they arise.

5.16 Foreign currency translation

Transactions in foreign currencies are translated into Pak Rupees at the exchange rates prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are 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.

5.17 Derivative financial instruments

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

5.18 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.

5.19 Dividend distribution and appropriation

Dividends and other appropriations (except appropriations which are required by law) are recognized in the period in which these are approved.

5.20 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	Note	2013	2012
			(Rupees in '000)	
	In hand			
	- Local currency	6.1	877,916	600,240
	- Foreign currency		68,371	64,617
			946,287	664,857
	With State Bank of Pakistan in			
	- Local currency current account	6.2	1,779,096	1,254,316
	- Foreign currency current account	6.3	12,185	2,582
	- Foreign currency deposit account			
	- Non Remunerative	6.4	78,993	63,633
	- Remunerative	6.5	233,294	189,928
			2,103,568	1,510,459
	With National Bank of Pakistan in			
	- Local currency current account		391,275	213,235
	- Local currency PLS account		77,733	41,974
			469,008	255,209
			3,518,863	2,430,525

6.1 This includes National Prize Bonds of Rs. 1.013 million (2012: Rs. 0.235 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 represent foreign currency cash reserve maintained with SBP equivalent to at least 5% of the Bank's foreign currency deposits mobilised under the FE-25 scheme, which is kept under non-remunerative account.

6.5 This represent foreign currency special cash reserve maintained with SBP equivalent to at least 15% of the Bank's foreign currency deposits mobilised 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	Note	2013	2012
			(Rupees in '000)	
	In Pakistan			
	- On current account		10,721	100
	- On saving accounts	7.1	35,137	46,578
	Outside Pakistan			
	- On current accounts	7.2	144,965	377,895
			190,823	424,573

7.1 This represents saving deposits with a commercial bank carrying profit at the rate of 7% per annum (2012: 6.00% to 8.50%).

7.2 This includes Rs. 86.342 million (2012: 366.324 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	Note	2013	2012
			(Rupees in '000)	
	Call money lendings	8.2	2,500,000	100,000
	Term deposit receipt account	8.3	1,000,000	4,000,000
	Repurchase agreement lending	8.4	536,358	519,591
		8.1	4,036,358	4,619,591
8.1	Particulars of lending			
	In local currency		4,036,358	4,619,591
	In foreign currency		-	-
			4,036,358	4,619,591

8.2 This represents call money lending to commercial banks carrying mark-up rate ranging from 11.5% to 12.00% per annum (2012: 13.00%).

8.3 This represents term deposit account with a commercial bank carrying profit at the rate of 10.00% per annum (2012: 12.50%), with a tenure of one year and having maturity from January 05, 2014 to May 31, 2014.

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

	Note	2013			2012		
		Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
		----- Rupees in '000 -----					
Pakistan Investment Bonds	8.4.1	-	-	-	519,591	-	519,591
Term Finance Certificates	8.4.2	536,358	-	536,358	-	-	-
		536,358	-	536,358	519,591	-	519,591

8.4.1 This repurchase lending agreement carried mark-up rate ranging from 9.90% to 10.20% per annum. Market value of securities held under these agreements amounted to Rs. 532.32 million.

8.4.2 This repurchase lending agreement carry mark-up rate at 11.15% (2012: Nil) per annum with margin requirements of 30% (2012: Nil). Market value of securities held under these agreements amounts to Rs. 815.36 million (2012: Nil).

9 INVESTMENTS - NET

9.1	Investments by Types	Note	2013			2012		
			Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
			----- (Rupees in '000) -----					
	Available-for-sale securities							
	Pakistan Investment Bonds	9.2.1	2,589,149	12,831,647	15,420,796	18,541	3,373,461	3,392,002
	Market Treasury Bills	9.2.2	15,772,887	2,614,835	18,387,722	12,509,269	44,210,309	56,719,578
	Listed Companies (ordinary shares)	9.2.4	1,375,489	-	1,375,489	783,538	-	783,538
	Preference Shares - Listed	9.2.5	250,025	-	250,025	-	-	-
	Listed Term Finance Certificates	9.2.7	-	-	-	48,857	-	48,857
	Unlisted Term Finance Certificates	9.2.8	76,788	-	76,788	76,911	-	76,911
	Mutual Funds / NIT (units / certificates)	9.2.9	367,756	-	367,756	750,000	-	750,000
			20,432,094	15,446,482	35,878,576	14,187,116	47,583,770	61,770,886

		2013			2012		
	Note	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
----- (Rupees in '000) -----							
Held-to-maturity securities							
Pakistan Investment Bonds	9.2.1	334,440	-	334,440	-	-	-
Sukuk Certificates	9.2.3	425,000	-	425,000	-	-	-
Preference Shares - Listed	9.2.5	249,961	-	249,961	-	-	-
Preference Shares - Unlisted	9.2.6	250,000	-	250,000	-	-	-
Term Finance Certificates	9.2.7	244,702	-	244,702	284,807	-	284,807
Certificates of Investment	9.2.10	-	-	-	500,000	-	500,000
		1,504,103	-	1,504,103	784,807	-	784,807
Total Investments at cost		21,936,197	15,446,482	37,382,679	14,971,923	47,583,770	62,555,693
Provision for diminution in value of investments	9.3	(16,956)	-	(16,956)	(1,673)	-	(1,673)
Investments (net of provisions)		21,919,241	15,446,482	37,365,723	14,970,250	47,583,770	62,554,020
(Deficit) / surplus on revaluation of available-for-sale securities	19	(228,979)	(350,900)	(579,879)	(25,164)	102,168	77,004
Total investments		21,690,262	15,095,582	36,785,844	14,945,086	47,685,938	62,631,024

9.2 Investments by Segment

Federal Government Securities

- Pakistan Investment Bonds
- Market Treasury Bills
- Sukuk Certificates

Fully Paid-up Ordinary Shares

- Listed Companies (ordinary shares)

Preference Shares

- Listed Companies
- Unlisted Companies

Term Finance Certificates

- Listed
- Unlisted

Other Investments

- Mutual Funds (units / certificates)
- Certificates of Investment

Total investments at cost

Provision for diminution in value of investments

Investments (net of provisions)

(Deficit) / Surplus on revaluation of available-for-sale securities

Total investments at market value

9.2.1 These securities have tenure of 5 to 10 years. The effective yield on these investment ranges from 9.92% to 13% per annum (2012: 11.50% to 13.00%) with maturities from May 2016 to July 2022.

9.2.2 These securities are for a maximum period of one year. The effective yield on these investment ranges from 9.25% to 10.50% per annum (2012: 9.09% to 9.70%) with maturities from 3 to 12 months.

9.2.3 This represent investment in Sukuk Certificates of WAPDA maturing on October 14, 2021. The effective rate of profit is 6 month KIBOR plus 1.75% (2012: Nil) payable semi annually.

9.2.4 Details of investment in shares of listed companies

	2013					2012			
	Rating *	Number of shares	Market value	Cost		Rating *	Number of shares	Market value	Cost
			(Rupees in '000)					(Rupees in '000)	
Available-for-sale securities									
Fully paid up ordinary shares of Rs. 10/- each (unless stated otherwise)	-	-	-	-	N/A	125,000	22,099	22,384	
Pakistan Petroleum Limited	A-/A2	104,158	7,931	8,892	N/A	104,158	7,218	8,892	
Pakistan Refinery Limited	A/A1	500,000	79,190	80,502	-	-	-	-	
Engro Corporation Limited	A/A1	1,650,000	184,734	192,695	N/A	700,000	81,998	83,485	
Fauji Fertilizer Company Limited	N/A	2,550,000	43,911	44,718	N/A	2,550,000	30,855	35,879	
International Steel Limited	N/A	5,000,000	46,950	50,000	A-/A-2	5,000,000	53,250	50,000	
Aisha Steel Mills Limited	N/A	3,375,000	84,341	95,808	N/A	3,375,000	84,375	84,501	
Thatta Cement Company Limited	N/A	450,000	12,798	12,396	-	-	-	-	
Pakistan Telecommunication Company Limited	A+/A-2	3,500,000	121,730	124,021	-	-	-	-	
Nishat Chunian Power Limited	AA- / A1+	20,000,000	481,200	548,951	AA- / A1+	4,989,660	102,338	106,763	
Sui Southern Gas Company Limited	AA / A1+	7,726,500	164,574	165,984	AA / A1+	14,140,272	328,761	340,113	
Sui Northern Gas Pipelines Limited	A-/A-3	11,872,585	25,526	41,522	A-/A-2	11,872,585	35,262	41,521	
Summit Bank Limited	N/A	1,000,000	9,950	10,000	N/A	1,000,000	9,980	10,000	
Tracker Direct Insurance Limited									
Total investment in shares of listed companies			<u>1,262,835</u>	<u>1,375,489</u>			<u>756,136</u>	<u>783,538</u>	

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

9.2.5 Details of investments in Preference Shares - Listed

	2013					2012			
	Rating *	Number of shares	Market / net asset value	Cost		Rating *	Number of shares	Market / net asset value	Cost
			(Rupees in '000)					(Rupees in '000)	
Available for sale securities									
Summit Bank Limited	A-/A-3	25,000,000	<u>250,000</u>	<u>250,025</u>	-	-	-	-	-
Held to maturity securities									
Summit Bank Limited	A-/A-3	24,999,067	<u>249,961</u>	<u>249,961</u>	-	-	-	-	-

9.2.6 Details of investments in Preference Shares - Unlisted

Held to maturity securities									
Silk Bank Limited	A-/A-2	100,000,000	<u>250,000</u>	<u>250,000</u>	-	-	-	-	-

9.2.7 Details of investment in Term Finance Certificates - Listed

	2013						2012				
	Rating *	Number of certificates	Paid-up value per certificate	Market value	Cost		Rating *	Number of certificates	Paid-up value per certificate	Market value	Cost
				(Rupees in '000)						(Rupees in '000)	
Available-for-sale securities											
NIB Bank Limited **		-	-	-	-	A+	10,000	5,000	50,035	48,857	
Held-to-maturity securities											
ORIX Leasing Pakistan Limited - 3rd issue	AA+	1,000	100,000	<u>20,000</u>	<u>20,000</u>	AA+	1,000	100,000	<u>60,000</u>	<u>60,000</u>	
Summit Bank Limited **	A-(SO)	44,982	5,000	<u>224,702</u>	<u>224,702</u>	A-(SO)	44,982	5,000	<u>224,807</u>	<u>224,807</u>	
				<u>244,702</u>	<u>244,702</u>				<u>284,807</u>	<u>284,807</u>	
									<u>334,842</u>	<u>333,664</u>	

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

** Secured and have face value of Rs. 5,000/- each, unless specified otherwise.

** 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.

9.2.7.1 Other particulars of listed term finance certificates are as follows:

Particulars	Rate	Profit payment	Redemption terms
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).

9.2.8 Details of investment in Term Finance Certificates - Unlisted

	2013						2012				
	Rating *	Number of certificates	Paid-up value per certificate	Market value	Cost		Rating *	Number of certificates	Paid-up value per certificate	Market value	Cost
				(Rupees in '000)						(Rupees in '000)	
Bank Al-Habib Limited - 4th issue **	AA	10,000	5,000	51,436	51,436	AA	10,000	5,000	51,472	51,462	
Faysal Bank Limited - 2nd issue **	AA-	5,000	5,000	<u>25,352</u>	<u>25,352</u>	AA-	5,000	5,000	<u>25,449</u>	<u>25,449</u>	
				<u>76,788</u>	<u>76,788</u>				<u>76,921</u>	<u>76,911</u>	

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

** Secured and have face value of Rs. 5,000/- each, unless specified otherwise.

** 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.

9.2.8.1 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).

9.2.9 Details of investment in Mutual Funds available for sale securities

	2013				2012			
	Rating *	Number of units*	Market / net asset value	Cost	Rating *	Number of units*	Market / net asset value	Cost
			(Rupees in '000)				(Rupees in '000)	
Open end								
National Investment Unit Trust	AM2-	5,498,131	273,477	250,000	AM2-	22,368,029	742,395	750,000
Close end								
PICIC Growth Fund	AM2-	1,530,000	38,372	41,152	-	-	-	-
PICIC Investment Fund	AM2-	6,142,000	69,835	76,604	-	-	-	-
			108,207	117,756			-	-
Total Investments in Mutual Funds			381,684	367,756			742,395	750,000

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

9.2.10 Certificates of investment

	2013				2012			
	Other Information	Rating	Market value	Cost	Other Information	Rating	Market value	Cost
Pak Brunei Investment Company Limitex	-	-	-	-	Chief Executive Officer: Ms. Ayesha Aziz	AA/A1+	500,00	500,00

This represented COI carrying profit at the rate of 11.50% per annum. This COI matured on March 20, 2013.

9.3 Particulars of provision for diminution in the value of investments

	Note	2013 (Rupees in '000)	2012 (Rupees in '000)
Opening balance		1,673	31,382
Charge for the period		17,292	1,069
Reversal made during the year		(1,425)	(1,235)
		15,867	(166)
Reversal on disposal of shares	9.3.1	(584)	(29,543)
		16,956	1,673

9.3.1 Particulars of provision in respect of Type and Segment**Available-for-sale securities**

Listed shares	16,956	1,673
	16,956	1,673

10 ADVANCES**Loans, cash credits, agriculture, running finances etc.**

- In Pakistan	21,419,180	13,560,657
---------------	------------	------------

Commodity Finance

- In Pakistan	4,999,168	5,185,552
---------------	-----------	-----------

Bills discounted and purchased (excluding market treasury bills)

- Payable in Pakistan	115,269	525,393
- Payable outside Pakistan	31,225	10,286

	Note	2013 (Rupees in '000)	2012
Advances - gross	10.1	26,564,842	19,281,888
Provision for non-performing advances - specific	10.3	-	-
Advances - net		26,564,842	19,281,888
10.1 Particulars of advances (Gross)			
10.1.1 In local currency		26,564,842	19,281,888
In foreign currency		-	-
		26,564,842	19,281,888
10.1.2 Short term (for upto one year)		19,692,420	15,940,209
Long term (for over one year)		6,872,422	3,341,679
		26,564,842	19,281,888

10.2 This represents commodity financing provided to Food Department, Government of Sindh, in syndication with other Commercial Banks.**10.3** Advances include Rs. 42.587 million (December 31, 2012: Nil) which have been placed under non-performing status as detailed below:

Category of classification	2013			2012			2011		
	Classified Domestic	Advances Overseas	Total	Provision Required	Provision Held	Classified Domestic	Advances Overseas	Total	Provision Required
	(Rupees '000)			(Rupees '000)			(Rupees '000)		
Other Assets Especially Mentioned (OAEM)	12,466	-	12,466	-	-	-	-	-	-
Substandard	-	-	-	-	-	-	-	-	-
Doubtful	30,121	-	30,121	-	-	-	-	-	-
Loss	-	-	-	-	-	-	-	-	-
	42,587	-	42,587	-	-	-	-	-	-

10.3.2 The SBP vide circular No. 1 of 2011 dated October 21, 2011 has revised Forced Sale Value (FSV) benefit of eligible collaterals held against non-performing loans for calculating provisioning requirement. Accordingly the Bank has availed the benefit of Forced Sale Value (FSV) on mortgaged residential and commercial property (land and building only) held as collateral against non-performing advances on the basis of revised instructions. Had the benefit under the said circular not taken by the Bank, the specific provision against non-performing advances would have been higher by PKR 15.061 million (December 31, 2012 : Nil). The FSV benefit recognized will not be available for the distribution as cash and stock dividend to shareholders.

	Note	2013 (Rupees in '000)	2012
10.4 Particulars of loans and advances to directors, associated companies, subsidiaries etc.			
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 year		86,131	68,154
Loans granted during the year		68,561	46,731
Repayments		(24,652)	(17,130)
Outgoing employees		(1,847)	(11,624)
		128,193	86,131
Balance at end of year	10.4.1	128,193	86,131
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 year	10.4.2	468,750	342,445
Loans granted during the year		-	3,382,793
Repayments		(62,500)	(2,838,471)
Termination of related party relationship		-	(418,017)
Balance at end of year		406,250	468,750
		534,443	554,881

10.4.1 This represents staff loans given by the Bank to its executives / officers as per their terms of employment.

10.4.2 This includes loan balance of an entity where more than 20% equity has been acquired by Government of Sindh during the year ended December 31, 2012.

11 OPERATING FIXED ASSETS	Note	2013	2012
		(Rupees in '000)	
Capital work-in-progress	11.1	65,118	137,367
Property and equipment	11.2	1,618,408	1,352,728
Intangible assets	11.3	82,777	66,709
		1,766,303	1,556,804

11.1 This represents advance payment for purchase of furniture and fixture, office equipment and vehicles.

11.2 Property and equipment - own use

	2013			2012			Net book value as at December 31, 2013	Rate of depreciation %
	As at January 01, 2013	Cost Additions / (deletion) / adjustment	As at December 31, 2013	As at January 01, 2013	Accumulated Depreciation Charge for the year / (disposal) / adjustment	As at December 31, 2013		
					(Rupees in '000)			
Leasehold improvements	692,318	191,483 (2,734) (41,402)	839,665	20,511	33,678 (339) -	53,850	785,815	5
Furniture and fixtures	281,306	80,654 (27) 2,451	364,384	19,438	34,430 (7) -	53,861	310,523	10
Computer equipment	393,694	239,177 (3,307) (313)	629,251	75,904	131,367 (3,152) -	204,119	425,132	33.33 & 20
Vehicles	139,567	37,288 (19,943)	156,912	38,304	33,068 (11,398)	59,974	96,938	20
	1,506,885	548,602 (26,011) (39,264)	1,990,212	154,157	232,543 (14,896) -	371,804	1,618,408	

	2012			2011			Net book value as at December 31, 2012	Rate of depreciation %
	As at January 01, 2012	Cost Additions / (deletion) / adjustment	As at December 31, 2012	As at January 01, 2012	Accumulated Depreciation Charge for the year / (disposal) / adjustment	As at December 31, 2012		
					(Rupees in '000)			
Leasehold improvements	224,123	472,210 (2,497) (1,518)	692,318	3,563	16,962 (9) (5)	20,511	671,807	5
Furniture and fixtures	87,209	194,045 (825) 877	281,306	3,469	15,989 (21) 1	19,438	261,868	10
Computer equipment	162,138	240,894 (9,091) (247)	393,694	18,841	58,971 (1,908)	75,904	317,790	33.33 & 20
Vehicles	99,631	41,288 (1,352)	139,567	13,763	24,789 (248)	38,304	101,263	20
	573,101	948,437 (13,765) (888)	1,506,885	39,636	116,711 (2,186) (4)	154,157	1,352,728	

11.2.1 The cost of fully depreciated furniture and fixture, office and computer equipment still in use amounted to Rs. 9.9 million (2012: Rs. 4.96 million).

11.3 Intangible assets

	2013			2012			Net book value as at December 31, 2013	Rate of amortization %
	As at January 01, 2013	Cost Additions / (deletion)	As at December 31, 2013	As at January 01, 2013	Accumulated Depreciation Amortization for the year / adjustment	As at December 31, 2013		
					(Rupees in '000)			
Software	83,964	34,117	118,081	17,255	18,049	35,304	82,777	20
	83,964	34,117	118,081	17,255	18,049	35,304	82,777	

	2012			2011			Net book value as at December 31, 2012	Rate of amortization %
	As at January 01, 2012	Cost Additions / (deletions)	As at December 31, 2012	As at January 01, 2012	Accumulated Depreciation Amortization for the year / adjustment	As at December 31, 2012		
					(Rupees in '000)			
Software	48,856	35,194 (86)	83,964	5,143	12,115 (3)	17,255	66,709	20
	48,856	35,194 (86)	83,964	5,143	12,115 (3)	17,255	66,709	

11.4 Disposal

Details of disposal of fixed assets having cost of more than Rs.1,000,000 or net book value of Rs.250,000 or above are given below:

	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of buyers / insurance claim
	Rupees in '000					
Leasehold Improvements						
Renovation work	2,666	333	2,333	-	Write off	
Renovation work	69	6	63	60	Insurance Claim	National Insurance Company limited
	2,735	339	2,396	60		
Furniture & Fixture						
Miscellaneous	27	7	20	31	Various	Various
Machine Equipments						
110 KVA Generator	1,003	889	114	671	Negotiation	Trolley Corporation
100 KVA Generator	1,090	1,090	-	565	Negotiation	Trolley Corporation
60 KVA Generator	987	987	-	594	Negotiation	Trolley Corporation
Split A.C and Fire Alarm system	227	187	40	75	Various	Various
	3,307	3,153	154	1,905		
Motor Vehicle						
Toyota Land Cruiser	19,200	11,200	8,000	8,000	As per Bank Policy	Muhammad Bilal Sheikh-President and CEO
Suzuki Alto VXR	742	198	544	544	Insurance Claim	National Insurance Company limited
	19,942	11,398	8,544	8,544		
December 31, 2013	26,011	14,897	11,114	10,540		
December 31, 2012	13,851	2,189	11,661	10,554		

12	OTHER ASSETS	Note	2013 (Rupees in '000)	2012	
	Accrued income on bank deposits, investments, COI's, placements and advances		1,669,787	785,763	
	Accrued commission income		3,367	12,873	
	Advances, deposits, advance rent and other prepayments		390,586	494,510	
	Receivable against forward forex revaluation - net	12.1	-	4,833	
	Dividend receivable		5,250	-	
	Insurance claim receivable against agriculture loans		15,607	3,585	
	Advance Tax - net		27,917	15,022	
	Stationery and stamps on hand		6,079	5,576	
	Insurance claims receivable		8,367	10,030	
	Other receivables		44,670	14,501	
			2,171,630	1,346,693	
	Provision held against other assets	12.2	(2,209)	-	
			2,169,421	1,346,693	
		Contract/Notional amount	Unrealised (loss) /gain		
12.1	Receivable against forward forex revaluation - net	2013	2012	2013	2012
		(Rupees in '000)			
	Unrealised gain on:				
	Forward rate agreements - currency	2,170,319	3,300,449	22,613	13,450
	Unrealised loss on:				
	Forward rate agreements - currency	3,048,574	1,476,235	(42,941)	(8,617)
		5,218,893	4,776,684	(20,328)	4,833
12.2	Provision against other assets	Note	2013 (Rupees in '000)	2012	
	Opening balance		-	-	
	Charge for the year		2,209	-	
	Closing Balance		2,209	-	
13	BILLS PAYABLE				
	In Pakistan		362,522	176,125	
	Outside Pakistan		-	-	
			362,522	176,125	
14	BORROWINGS				
	In Pakistan		16,758,368	48,602,402	
	Outside Pakistan		-	-	
			16,758,368	48,602,402	
14.1	Particulars of borrowings with respect to currencies	14.1			
	In local currency		16,758,368	48,602,402	
	In foreign currency		-	-	
			16,758,368	48,602,402	

14.2	Details of borrowings	Note	2013 (Rupees in '000)	2012
	Secured			
	Borrowings from State Bank of Pakistan under export refinance scheme	14.2.1	629,000	974,320
	Repurchase agreement borrowings			
	- State Bank of Pakistan	14.2.2	6,750,688	47,482,053
	- Other Commercial Banks	14.2.3	8,302,680	146,029
			<u>15,053,368</u>	<u>47,628,082</u>
	Unsecured			
	Call borrowings	14.2.4	1,000,000	-
	Clean borrowing	14.2.5	76,000	-
			<u>1,076,000</u>	<u>-</u>
			<u>16,758,368</u>	<u>48,602,402</u>
14.2.1	This represent borrowings from SBP under export refinance scheme at the rate of 8.40% (2012: 9.50% to 11.00%) per annum having maturity upto six months.			
14.2.2	This represent repurchase agreement borrowing from SBP at the rate ranging from 10.01% to 10.03% (2012: 8.88% to 8.90 %) per annum having maturities in January 2014.			
14.2.3	This represent repurchase agreement borrowing from commercial banks at the rate ranging from 9.65% to 10.40 % (2012 : 8.00%) per annum having maturities in January 2014.			
14.2.4	This represent call agreement borrowing from commercial banks at the rate of 10.00% (2012: Nil) per annum having maturity in January 2014.			
14.2.5	This represent clean borrowing from DFI at the rate of 10.20% (2012: Nil) per annum having maturity in January 2014.			
15	DEPOSITS AND OTHER ACCOUNTS	Note	2013 (Rupees in '000)	2012
	Customers			
	Fixed deposits		13,524,028	6,808,912
	Savings deposits		15,614,616	15,430,640
	Current accounts - non-remunerative		13,782,310	9,017,666
	Margin and other accounts - non-remunerative		742,814	71,157
			<u>43,663,768</u>	<u>31,328,375</u>
	Financial Institutions			
	Remunerative deposits		2,074,530	139,040
	Non-remunerative deposits		17,922	2,237
			<u>2,092,452</u>	<u>141,277</u>
		15.1	<u>45,756,220</u>	<u>31,469,652</u>
15.1	Particulars of deposits			
	In local currency	15.2	44,179,880	30,057,499
	In foreign currency		1,576,340	1,412,153
			<u>45,756,220</u>	<u>31,469,652</u>
15.2	This includes deposits amounting to Rs. 7,891 million (2012 : 9,307 million) received from various departments of the Government of Sindh.			

16	DEFERRED TAX LIABILITIES - net	Note	2013 (Rupees in '000)	2012
	Deferred tax credits arising in respect of:			
	- Operating fixed assets - Tangible		201,332	172,909
	- Operating fixed assets - Intangible		16,914	7,548
	- Surplus/(deficit) on revaluation of investments - net		-	27,385
			218,246	207,842
	Deferred tax debits arising due to:			
	- Deficit on revaluation of investments	19	(202,027)	-
	- Provision for diminution in the value of investments		(5,935)	(586)
	- Provision for gratuity		(773)	-
			(208,735)	(586)
			9,511	207,256

16.1	Reconciliation of deferred tax	2013				2012			
		Balance as at January 01, 2013	Recognised in profit and loss account	Recognised in deficit on revaluation of investments	Balance as at December 31, 2013	Balance as at January 01, 2012	Recognised in profit and loss account	Recognised in deficit on revaluation of investments	Balance as at December 31, 2012
		----- (Rupees in '000) -----				----- (Rupees in '000) -----			
	Deferred tax credits arising in respect of:								
	- Operating fixed assets - Tangible	172,909	28,423	-	201,332	69,976	102,933	-	172,909
	- Operating fixed assets - Intangible	7,548	9,366	-	16,914	3,900	3,648	-	7,548
	- Surplus on revaluation of investments	27,385	-	(27,385)	-	-	-	27,385	27,385
		<u>207,842</u>	<u>37,789</u>	<u>(27,385)</u>	<u>218,246</u>	<u>73,876</u>	<u>106,581</u>	<u>27,385</u>	<u>207,842</u>
	Deferred tax debits arising due to:								
	- Deficit on revaluation of investments	-	-	202,027	202,027	46,603	-	(46,603)	-
	- Provision for compensated absences	-	-	-	-	4,033	(4,033)	-	-
	- Provision for diminution in the value of investments	586	5,349	-	5,935	10,984	(10,398)	-	586
	- Provision for gratuity	-	773	-	773	1,934	(1,934)	-	-
		<u>586</u>	<u>6,122</u>	<u>202,027</u>	<u>208,735</u>	<u>63,554</u>	<u>(16,365)</u>	<u>(46,603)</u>	<u>586</u>

17	OTHER LIABILITIES	Note	2013 (Rupees in '000)	2012
	Mark-up / Return/ Interest payable in local currency		447,236	344,431
	Mark-up / Return/ Interest payable in foreign currency		3,689	6,230
	Payable to Employees' Gratuity Fund		24,179	18,547
	Provision for compensated absences		44,579	26,381
	Payable against forward forex revaluation - net	12.1	20,328	-
	Accrued expenses		58,579	62,486
	Payable against purchase of shares		1,836	-
	Payable against purchase of assets		119,086	201,679
	Retention money - suppliers / contractors		73,242	68,556
	Federal Excise Duty / sales tax on services payable		2,201	1,253
	Withholding tax payable		1,638	802
	Others		22,353	17,110
			818,946	747,475

18 SHARE CAPITAL

18.1 Authorised Capital

2013	2012		2013	2012
Number of shares			(Rupees in '000)	
1,000,000,000	1,000,000,000	Ordinary shares of Rs. 10/- each	10,000,000	10,000,000

18.2 Issued, subscribed and paid-up capital

1,000,000,000	1,000,000,000	Ordinary shares of Rs. 10/- each fully paid in cash	10,000,000	10,000,000
---------------	---------------	---	------------	------------

18.3 The Government of Sindh, through its Finance Department, owns 100% ordinary shares of the Bank.

19	(DEFICIT) / SURPLUS ON REVALUATION OF INVESTMENTS- net of deferred tax	2013 (Rupees in '000)	2012
	Available-for-sale securities		
	Government securities	(498,111)	109,160
	Listed companies (ordinary shares)	(105,245)	(25,729)
	Mutual funds (units / certificates)	23,477	(7,605)
	Term finance certificates	-	1,178
		(579,879)	77,004
	Reversal of impairment on shares	2,659	1,235
		(577,220)	78,239
	Related deferred taxation	202,027	(27,384)
		(375,193)	50,855

20 CONTINGENCIES AND COMMITMENTS

20.1 Direct credit substitutes

Includes general guarantees of indebtedness in favour of :

i) Government	869,454	255,384
ii) Banking companies and other financial institutions	12,565	32,424
iii) Others	895,403	18,551
	1,777,422	306,359

20.2 Trade related contingent liabilities

- Others	2,873,074	1,064,792
----------	-----------	-----------

20.3 Commitments to extend credit

- Commitment to extend credit	23,219,213	11,009,823
-------------------------------	------------	------------

20.4 Transaction related contingent liabilities

20.5 Contingent liabilities in respect of guarantee given, favoring

- Others	6,700	500,000
----------	-------	---------

20.6 Commitment in respect of forward rate agreements - currency

- Purchase	3,031,487	2,765,611
- Sale	2,187,406	2,011,073

20.7 Commitment in respect of forward rate agreements - shares

- Sale	258,000	-
--------	---------	---

20.8 Commitment in respect of repo transactions

- Sale and repurchase agreement	15,087,966	47,674,384
- Purchase and resale agreement	537,667	523,367

21 MARK-UP / RETURN / INTEREST EARNED

On loans and advances to:		
Customers	2,793,619	1,921,106
On investments in:		
Available-for-sale securities	3,059,079	3,287,582
Held-to-maturity securities	102,654	110,268
On deposits with financial institutions	129,429	617,939
On securities purchased under resale agreements	158,477	108,844
On call / clean lendings	86,123	95,459
	6,329,381	6,141,198

		2013 (Rupees in '000)	2012
22 MARK-UP / RETURN / INTEREST EXPENSED			
Deposits		2,075,156	1,868,520
Securities sold under repurchase agreements		1,788,709	2,112,546
Other short term borrowings		207,778	121,717
		4,071,643	4,102,783
23 GAIN ON SALE OF SECURITIES - net			
Federal Govt. Securities			
- Market Treasury Bills		2,318	50,720
- Pakistan Investment Bonds		80,774	3,241
Mutual Funds		153,867	29,106
Shares - Listed		233,914	174,433
		470,873	257,500
24 OTHER INCOME			
Prequalification application fee		325	533
Gain / (Loss) on sale of fixed assets		1,759	(1,108)
Rebate income on mutual funds		-	1,560
Others		700	392
		2,784	1,377
		2013	2012
			Restated
25 ADMINISTRATIVE EXPENSES	Note	(Rupees in '000)	
Salaries, allowances and benefits		1,011,875	589,394
Contribution to defined contribution plan	31.2	27,312	14,217
Contribution to defined benefit plan	31.1	23,022	13,817
Non-Executive Director's Fee		5,575	4,000
Rent, taxes, insurance, electricity, etc.		439,749	252,528
Legal and professional charges		3,994	2,440
Communications		55,787	31,898
Repairs and maintenance		57,205	28,672
Stationery and printing		42,170	29,241
Security service charges		104,966	45,337
Advertisement and publicity		44,304	79,148
Amortization of intangible assets	11.3	18,049	12,115
Depreciation on operating fixed assets	11.2	232,544	116,707
Auditor's remuneration	25.1	3,262	2,728
Travelling and conveyance		13,167	12,348
Brokerage and commission		5,741	3,824
Fees and subscription		24,244	21,017
Entertainment		16,552	9,518
Miscellaneous expense		12,194	9,454
		2,141,712	1,278,403
25.1 Auditors' remuneration			
Audit fee		1,440	1,200
Review of half yearly financial statements		780	650
Certifications and other advisory services		480	420
Tax services		300	300
Out-of-pocket expenses		262	158
		3,262	2,728

		2013 (Rupees in '000)	2012
26 OTHER CHARGES			
Penalty imposed by the SBP		443	29
27 TAXATION			
Current		255,830	275,709
Deferred		31,666	122,946
		287,496	398,655
27.1 Relationship between tax expense and accounting profit			
Profit before tax		953,400	1,286,427
Tax on income @ 35%		333,690	450,249
Tax at reduce rate		(47,042)	(52,056)
Effect of permanent differences		349	-
Reversal of impairment		499	462
		287,496	398,655
28 BASIC AND DILUTED EARNINGS PER SHARE			
Profit after tax for the year		665,904	886,976
		(Number of Shares)	
Weighted average number of ordinary shares		1,000,000,000	1,000,000,000
		Rupees	
Basic and diluted earning per share (Restated)		0.67	0.89
29 CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks		3,518,863	2,430,525
Balances with other banks		190,823	424,573
		3,709,686	2,855,098
30 STAFF STRENGTH			
	Note	2013	2012
		Number of staff	
Permanent		1,167	924
Temporary / on contractual basis		146	114
Bank's own staff at the end of the period		1,313	1,038
Outsourced	30.1	275	203
Total staff strength		1,588	1,241
30.1 Outsourced represents employees hired by an outside contractor / agency and posted in the Bank to perform various tasks / activities of the Bank.			
31 DEFINED BENEFIT AND CONTRIBUTION PLANS			
31.1 Defined benefit plan			

The Bank operates a recognised 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, subject to completion of minimum three years services with the Bank.

31.1.1 Principal actuarial assumptions

The latest actuarial valuation is carried out as at 31 December 2013 using the "Projected Unit Credit Actuarial Cost Method". Following are the significant assumptions used in the actuarial valuation:

	2013	2012
- Discount rate - percent (per annum)	13.00	11.50
- Expected rate of increase in salaries - percent (per annum)	12.00	11.50
- Withdrawal rate before normal retirement age	"moderate"	"moderate"

31.1.2 Reconciliation of payable to defined benefit plan

	Note	2013 (Rupees in '000)	2012
Present value of defined benefit obligations	31.1.5	39,179	18,547
Fair value of plan assets	31.1.6	(15,000)	-
Payable to defined benefit plan	31.1.3	24,179	18,547

31.1.3 Movement in payable to defined benefit plan

	Note	2013 (Rupees in '000)	2012 Restated
Opening balance		18,547	5,526
Charge for the period			
- in profit and loss	31.1.4	23,022	13,817
- in other comprehensive income	31.1.4	1,157	(796)
Bank contribution made during the year		(18,547)	-
Closing balance		24,179	18,547

31.1.4 Charge for defined benefit plan

In profit and loss		
Current service cost	23,039	13,126
Interest (income) / (cost) - net	(17)	691
Charge for the period	23,022	13,817

In other comprehensive income

Actuarial (loss) / gain on obligation	(843)	796
Actuarial loss on plan assets	(314)	-
	(1,157)	796

31.1.5 Changes in present value of defined benefit obligation

	2013 (Rupees in '000)	2012 Restated
Defined benefit obligation as at the beginning of the year	18,547	5,526
Current Service cost	23,039	13,126
Interest cost	1,840	691
Benefits paid	(5,090)	-
Actuarial (loss) / gain on obligation		
- Demographic assumptions	60	-
- Financial assumptions	(6,043)	-
- Experience assumptions	6,826	(796)
	843	(796)
Defined benefit obligation as at end of the year	39,179	18,547

31.1.6 Changes in fair value of plan assets	Note	2013 (Rupees in '000)	2012
Fair value of plan assets as at the beginning of the year		-	-
Expected return on plan assets		1,858	-
Contributions		18,547	-
Benefits paid		(5,091)	-
Actuarial gain / (loss) on asset			
- Experience assumptions		(314)	-
Defined benefit obligation as at end of the year	31.1.7	15,000	-

31.1.7 Plan assets comprise:

Balance held in bank accounts	15,000	-
-------------------------------	--------	---

31.1.8 Sensitivity analysis

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

	2013 (Rupees in '000)	2012
Discount rate (1% variation)	34,248	45,221
Future salary growth (1% variation)	45,221	34,167
Future mortality (1 year variation)	39,153	39,205

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

31.1.9 The expected gratuity expense for the year commencing 01 January 2014 works out to Rs. 25.395 million (2012: Rs. 22.04 million).

31.1.10 Maturity analysis:

The weighted average duration of the defined benefit obligation works out to be 25.33 years. Expected benefit payments for the next five year are:

	2014	2015	2016	2017	2018
	----- Rupees in '000 -----				
Expected benefit payments	3,778	2,136	6,618	6,897	12,854

31.2 Defined contribution plan

The Bank operates a recognised 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 10 percent (2012: 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. 54.544 million. The number of employees as at December 31, 2013 eligible under the scheme were 914.

32 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.

An actuarial valuation was carried out using the "Project Unit Credit Actuarial Cost Method" to determine the liability of the Bank as at 31 December 2013. Following are the significant assumptions used in the actuarial valuation :

- Discount rate - percent (per annum) 13.00 11.50
- Expected rate of increase in salaries - percent (per annum) 12.00 11.50
- Leave Accumulation Factor 12 leaves 12 leaves per annum per annum

33 COMPENSATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	December 31, 2013		
	Chief Executive Officer	Non-Executive Directors	Executive Directors
	(Rupees in '000)		
Fees	-	5,575	-
Managerial remuneration	21,382	-	496
Charge for defined benefit plan	4,056	-	42
Contribution for defined contribution plan	2,138	-	50
Rent and house maintenance	9,622	-	223
Utilities	2,138	-	50
Medical	2,138	-	50
Conveyance	884	-	68
Bonus and others	24,569	-	29
	66,927	5,575	1,008
	(Number)		
	1	9	1
	164		
	December 31, 2012		
	Chief Executive Officer	Non-Executive Directors	Executive Directors
	(Rupees in '000)		
Fees	-	4,000	-
Managerial remuneration	14,545	-	-
Charge for defined benefit plan	277	-	-
Contribution for defined contribution plan	1,212	-	-
Rent and house maintenance	6,545	-	-
Utilities	1,455	-	-
Medical	1,455	-	-
Conveyance	823	-	-
Bonus and others	18,175	-	-
	44,487	4,000	-
	(Number)		
	1	7	-
	92		

- 33.1** The Chief Executive Officer and certain executives of the Bank are provided with free use of the Bank's maintained car.
- 33.2** Executives mean employees, other than the Chief Executive Officer and directors, whose basic salary exceeds five hundred thousand rupees in a financial year.

34 FAIR VALUE OF FINANCIAL INSTRUMENTS**34.1 On-balance sheet financial instruments****Assets**

Cash and balances with treasury banks
Balances with other banks
Lendings to financial institutions
Investments - net
Advances
Other assets

Liabilities

Bills payable
Borrowings from financial institutions
Deposits and other accounts
Liabilities against assets subject to finance lease
Other liabilities

December 31, 2013
Book Value Fair Value
(Rupees in '000)

Cash and balances with treasury banks	3,518,863	3,518,863
Balances with other banks	190,823	190,823
Lendings to financial institutions	4,036,358	4,036,358
Investments - net	37,365,723	36,785,844
Advances	26,564,842	26,564,842
Other assets	1,669,787	1,669,787
	73,346,396	72,766,517

Bills payable	362,522	362,522
Borrowings from financial institutions	16,758,368	16,758,368
Deposits and other accounts	45,756,220	45,756,220
Liabilities against assets subject to finance lease	-	-
Other liabilities	450,925	450,925
	63,328,035	63,328,035

December 31, 2012
Book Value Fair Value
(Rupees in '000)

On-balance sheet financial instruments**Assets**

Cash and balances with treasury banks
Balances with other banks
Lendings to financial institutions
Investments
Advances
Other assets

Liabilities

Bills payable
Borrowings from financial institutions
Deposits and other accounts
Liabilities against assets subject to finance lease
Other liabilities

Cash and balances with treasury banks	2,430,525	2,430,525
Balances with other banks	424,573	424,573
Lendings to financial institutions	4,619,591	4,619,591
Investments	62,554,020	62,631,024
Advances	19,281,888	19,281,888
Other assets	798,636	798,636
	90,109,233	90,186,237

Bills payable	176,125	176,125
Borrowings from financial institutions	48,602,402	48,602,402
Deposits and other accounts	31,469,652	31,469,652
Liabilities against assets subject to finance lease	-	-
Other liabilities	350,661	350,661
	80,598,840	80,598,840

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.

34.2 Off-balance sheet financial instruments

	2013		2012	
	Book Value (Rupees in '000)	Fair Value (Rupees in '000)	Book Value (Rupees in '000)	Fair Value (Rupees in '000)
Forward purchase of foreign currency	3,031,487	3,031,487	2,765,611	2,765,611
Forward sale of foreign currency	2,187,406	2,187,406	2,011,073	2,011,073
Forward sale of shares	258,000	258,000	-	-

35 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 year ended December 31, 2013 is given below:

	2013			
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others
	(Rupees in '000)			
Total income	4,209,169	-	2,979,863	7,189,032
Inter segment revenue - net	(1,688,082)	-	1,688,082	-
Total income - net	2,521,087	-	4,667,945	7,189,032
Total expenses	(2,012,998)	-	(4,222,634)	(6,235,632)
Net income / (loss) before tax	508,089	-	445,311	953,400
Segment assets	44,050,963	-	30,981,491	75,032,454
Segment liabilities	15,986,134	-	47,719,433	63,705,567
Segment return on assets (ROA) (%)*	10.44%	-	10.06%	-
Segment cost of funds (%)*	9.23%	-	5.90%	-

* Includes inter-segment revenue / cost.

	2012			
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others
	(Rupees in '000)			
Total income	4,623,423	-	-	2,044,492
Inter segment revenue - net	(1,898,983)	-	-	1,898,983
Total income - net	2,724,440	-	-	3,943,475
Total expenses	(2,254,438)	-	-	(3,127,050)
Net income / (loss) before tax	470,002	-	-	816,425
Segment assets	69,455,671	-	-	22,835,428
Segment liabilities	47,730,434	-	-	33,472,477
Segment return on assets (ROA) (%)*	11.41%	-	-	11.74%
Segment cost of funds (%)*	10.39%	-	-	7.56%

* Includes inter-segment revenue / cost.

36 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 year are as follows:

	2013			
	Key management personnel	Directors	Associates / subsidiaries	Other related parties
	----- (Rupees in '000) -----			
Advances				
Balance at the beginning of the year	16,340	-	-	468,750
Disbursed during the period	22,847	-	-	-
Adjustment for outgoing party **	-	-	-	-
Repaid during the period	(9,664)	-	-	(62,500)
At 31 December 2013	29,523	-	-	406,250
Deposits				
Balance at the beginning of the year	11,415	-	-	43,350
Received during the period	385,902	1,853	-	2,741,869
Adjustment for outgoing party **	(534)	(1,325)	-	-
Withdrawals during the period	(318,497)	(528)	-	(546,660)
At 31 December 2013	78,286	-	-	2,238,559
Purchase of Government Securities	-	-	-	5,195,316
Sale of Government Securities	-	-	-	973,170
Purchase of shares under agency arrangement	-	-	-	1,371,010
Expenses recovered under agency arrangement	-	-	-	40
Mark-up receivable	16	-	-	12,707
Profit payable	681	-	-	4,289
Other Receivable	-	-	-	8,887
	Year ended December 31, 2013			
Mark-up / Interest / Return earned	847	-	-	52,696
Mark-up / Interest / Return expensed	3,519	19	-	17,607
Gain on sale of Government Securities	-	-	-	4,237
Payment of branch rent	-	-	-	12,600
Remuneration paid	130,965	-	-	-
Contribution to provident fund	5,142	-	-	-
Provision for gratuity	6,466	-	-	-
Gratuity paid	5,091	-	-	-
Other staff benefits	43,697	-	-	-
Directors' meeting fee	-	5,575	-	-

Government of Sindh owns 100% shares of the Bank and transactions with the Government comprise of commodity financing amounting to Rs. 4,999 million (note 10.1) and receipt of deposits amounting to Rs. 7,891 million (note 15.2).

	2012			
	Key management personnel	Directors	Associates / subsidiaries	Other related parties
	----- (Rupees in '000) -----			
Advances				
Balance at the beginning of the year	14,761	-	-	* 342,445
Disbursed during the period	5,650	-	-	3,382,793
Adjustment for outgoing party **	-	-	-	(418,017)
Repaid during the period	(4,071)	-	-	(2,838,471)
At 31 December 2012	16,340	-	-	468,750
Deposits				
Balance at the beginning of the year	9,321	-	-	260,008
Received during the period	169,886	-	-	907,410
Adjustment for outgoing party **	-	-	-	(216)
Withdrawals during the period	(167,792)	-	-	(1,123,852)
At 31 December 2012	11,415	-	-	43,350
Purchase of Government Securities	-	-	-	1,541,209
Sale of Government Securities	-	-	-	1,010,215
Mark-up receivable	8	-	-	15,468
Profit payable	55	-	-	1,483

	Year ended December 31, 2012			
Mark-up / interest / return earned	563	-	-	70,883
Mark-up / interest / return expensed	582	-	-	4,324
Dividend received	-	-	-	82,475
Gain on sale of Government Securities	-	-	-	637
Guarantee commission	-	-	-	1,875
Remuneration paid	89,597	-	-	-
Contribution to provident fund	3,357	-	-	-
Provision for gratuity	2,328	-	-	-
Other staff benefits	28,938	-	-	-
Directors' meeting fee	-	4,000	-	-
Interim dividend paid to GoS	-	-	-	600,000
Other receipts	-	-	-	980

* This includes loan balance of an entity where more than 20% equity has been acquired by Government of Sindh during the year ended December 31, 2012.

** Related Party relationship ended during the year due to resignation of common director from the Board of Sindh Bank.

37 CAPITAL ADEQUACY RATIO

37.1 Basel-III Framework is applicable to the Bank on standalone basis. The Bank in line with the SBP guidelines has adopted the standardized approach for credit, market risk and basic indicator approach for operational risk.

37.2 Capital Management**Objectives and goals of managing capital**

The Bank manages its capital to attain following objectives and goals:

- an appropriately capitalized status, as defined by banking regulations;
- acquire strong credit ratings that enable an optimized funding mix and liquidity sources at lesser costs;
- cover all risks underlying business activities;
- retain flexibility to harness future investment opportunities; build and expand even in stressed times.

Statutory minimum capital requirement and Capital Adequacy Ratio

The State Bank of Pakistan through its BSD Circular No.07 of 2009 dated April 15, 2009 requires the minimum paid up capital (net of losses) for all locally incorporated banks to be raised to Rs. 10 billion by the year ended on December 31, 2013. The raise is to be achieved in a phased manner requiring Rs.10 billion paid up capital (net of losses) by the end of the financial year 2013. The paid up capital of the Bank for the year ended December 31, 2013 stands at Rs. 10 billion and is in compliance with the SBP requirement for the said year.

The capital adequacy ratio of the Bank was subject to the Basel-III capital adequacy guidelines stipulated by the State Bank of Pakistan through its circular BPRD Circular No. 06 of 2013 dated August 15, 2013. These instructions are effective from December 31, 2013 in a phased manner with full implementation intended by December 31, 2019. Under Basel-III guidelines banks are required to maintain the following ratios on an ongoing basis:

Phase-in arrangement and full implementation of the minimum capital requirements

S No.	Ratio	Year ended					As of	
		2013	2014	2015	2016	2017	2018	2019
1	CET1	5.000%	5.500%	6.000%	6.000%	6.000%	6.000%	6.000%
2	ADT-1	1.500%	1.500%	1.500%	1.500%	1.500%	1.500%	1.500%
3	Tier-1	6.500%	7.000%	7.500%	7.500%	7.500%	7.500%	7.500%
4	Total Capital	10.000%	10.000%	10.000%	10.000%	10.000%	10.000%	10.000%
5	* CCB	-	-	0.250%	0.650%	1.275%	1.900%	2.500%
6	Total Capital plus CCB	10.000%	10.000%	10.250%	10.650%	11.275%	11.900%	12.500%

*(Consisting of CET1 only)

Bank's regulatory capital is analysed into three tiers:

- Common Equity Tier 1 capital (CET1), which includes fully paid up capital (including the bonus shares), balance in share premium account, general reserves, statutory reserves as per the financial statements and net unappropriated profits after all regulatory adjustments applicable on CET1 (refer to note 37.3)
- Additional Tier 1 Capital (AT1), which includes perpetual non-cumulative preference shares and Share premium resulting from the issuance of preference shares balance in share premium account after all regulatory adjustments applicable on AT1 (refer to note 37.3)

- Tier 2 capital, which includes Subordinated debt/ Instruments, share premium of issuance of Subordinated debt/ Instruments, general provisions for loan losses (up to a maximum of 1.25 % of credit risk weighted assets), Net of tax reserves on revaluation of fixed assets and equity investments up to a maximum of 45% of the balance and foreign exchange translation reserves after all regulatory adjustments applicable on Tier-2 (refer to note 37.3)

The required capital adequacy ratio (10% of the risk-weighted assets) is achieved by the Bank through improvement in the asset quality at the existing volume level, ensuring better recovery management and composition of asset mix with low risk. Banking operations are categorized as either trading book or banking book and risk-weighted assets are determined according to specified requirements of the State Bank of Pakistan that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures. The total risk-weighted exposures comprise of the credit risk, market risk and operational risk.

Basel-III Framework enables a more risk-sensitive regulatory capital calculation to promote long term viability of the Bank. As the Bank carry on the business on a wide area network basis, it is critical that it is able to continuously monitor the exposure across entire organization and aggregate the risks so as to take an integrated approach/view. Maximization of the return on risk-adjusted capital is the principal basis to be used in determining how capital is allocated within the Bank to particular operations or activities.

The Bank remained compliant with all externally imposed capital requirements through out the year. Further, there has been no material change in the Bank's management of capital during the year.

37.3 Capital structure**Common Equity Tier 1 capital (CET1): Instruments and reserves**

1	Fully paid-up capital / Capital deposited with SBP	10,000,000	-	10,000,000
2	Balance in share premium account	-	-	-
3	Reserve for issue of bonus shares	-	-	-
4	General / Statutory reserve	460,647	-	327,467
5	Gain / (Losses) on derivatives held as cash flow hedge	-	-	-
6	Unappropriated / Unremitted profits / (losses)	1,241,433	-	709,866
7	Minority Interests arising from CET1 capital instruments issued to third parties by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	-	-	-

8 CET1 before regulatory adjustments**Common equity Tier 1 capital: regulatory adjustments**

9	Goodwill (net of related deferred tax liabilities)	-	-	-
10	All other intangibles (net of any associated deferred tax liabilities)	65,863	-	66,709
11	Shortfall of provisions against classified assets	-	-	-
12	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liabilities)	-	-	-
13	Defined - benefit pension fund net assets	-	-	-
14	Reciprocal cross holdings in CET1 capital instruments	-	-	-
15	Cash flow hedge reserve	-	-	-
16	Investment in own shares / CET1 instruments	-	-	-
17	Securitization gain on sale	-	-	-
18	Capital shortfall of regulated subsidiaries	-	-	-
19	Deficit on account of revaluation from bank's holdings of property / AFS	375,193	-	-
20	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not hold more than 10% of the issued share capital (amount above 10% threshold)	-	-	-
21	Significant investments in the capital instruments issued by the banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	286,012	-	-
22	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related deferred tax liability)	-	-	-
23	Amount exceeding 15% threshold	-	-	-
24	- of which significant investments in the common stocks of financial entities	-	-	-
25	- of which deferred tax assets arising from temporary differences	-	-	-

Amount	2013 Amount subject to Pre Basel-III treatment	2012 Amount
Rupees in '000		

10,000,000	-	10,000,000
-	-	-
-	-	-
460,647	-	327,467
-	-	-
1,241,433	-	709,866
-	-	-
11,702,080	-	11,037,333

-	-	-
65,863	-	66,709
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
375,193	-	-
-	-	-
-	-	-
286,012	-	-
-	-	-
-	-	-
-	-	-
-	-	-

		2013	2012
	Amount	Amount subject to Pre Basel-III treatment	Amount
		Rupees in '000	
26	National specific regulatory adjustments applied to CET1 capital	-	-
27	Investment in TFCs of other banks exceeding the prescribed limit	-	-
28	Any other deduction specified by SBP (mentioned details)	-	-
29	Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-	-
		78,639	-
30	Total regulatory adjustments applied to CET1 (sum of 9 to 29)	805,707	-
	Common equity Tier 1	(a) 10,869,373	- 10,970,624
Additional Tier 1 (AT 1) Capital			
31	Qualifying Additional Tier-1 instruments plus any related share premium	-	-
32	- of which: Classified as equity	-	-
33	- of which: Classified as liabilities	-	-
34	Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)	-	-
35		-	-
36	- of which: instrument issued by subsidiaries subject to phase out	-	-
AT1 before regulatory adjustments			
		-	-
37	Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-	-
38	Investment in own AT1 capital instruments	-	-
39	Reciprocal cross holdings in Additional Tier 1 capital instruments	-	-
40	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
41	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-
42	Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-1 capital	-	-
43	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-
44	Total of Regulatory Adjustment applied to AT1 capital	-	-
45	Additional Tier 1 capital	-	-
46	Additional Tier 1 capital recognized for capital adequacy	(b) -	-
Tier 1 Capital (CET1 + admissible AT1)		(c=a+b) 10,896,373	- 10,970,624
Tier 2 Capital			
47	Qualifying Tier 2 capital instruments under Basel III	-	-
48	Capital instruments subject to phase out arrangement from tier 2 (Pre-Basel III instruments)	-	-
49	Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier 2)	-	-
50	- of which: instruments issued by subsidiaries subject to phase out	-	-
51	General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	-	-
52	Revaluation Reserves	-	-
53	- of which: Revaluation reserves on Property	-	-
54	- of which: Unrealized Gains/Losses on AFS	-	34,652
55	Foreign Exchange Translation Reserves	-	-
56	Undisclosed/Other Reserves (if any)	-	-
57	T2 before regulatory adjustments	-	34,652
Tier 2 Capital: regulatory adjustments			
58	Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	-	-
59	Reciprocal cross holdings in Tier 2 instruments	-	-
60	Investment in own Tier 2 capital instrument	-	-
61	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-
62	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-
63	Amount of Regulatory Adjustment applied to T2 capital	-	-
64	Tier 2 capital (T2)	-	-

65	Tier 2 capital recognized for capital adequacy	-	-	-
66	Excess Additional Tier 1 capital recognized in Tier 2 capital	-	-	-
67	Total Tier 2 capital admissible for capital adequacy	(d)	-	34,652-
	TOTAL CAPITAL (T1 + admissible T2)	(e=c+d) 10,896,373	-	11,005,276
Total Risk Weighted Assets				
68	Total Credit Risk Weighted Assets	(i=f+g+h) 45,454,232	-	28,580,999
69	Risk weighted assets in respect of amounts subject to Pre-Basel III Treatment	(f) 31,611,249	-	20,206,711
70	- of which: recognized portion of investment in capital of banking, financial and insurance entities where holding is more than 10% of the issued common share capital of the entity	31,611,249	-	20,206,711
71	- of which: deferred tax assets	-	-	-
72	- of which: Defined-benefit pension fund net assets	-	-	-
73	- of which: [insert name of adjustment]	-	-	-
74	Total Market Risk Weighted Assets	(g)	9,781,122	4,762,600
75	Total Operational Risk Weighted Assets	(h)	4,061,861	3,611,688
Capital Ratios and buffers (in percentage of risk weighted assets)				
76	CET1 to total RWA	(a/i)	23.97%	- 38.38%
77	Tier-1 capital to total RWA	(c/i)	23.97%	- 38.38%
78	Total capital to RWA	(e/i)	23.97%	- 38.51%
79	Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)		0.00%	- 0.00%
80	- of which: capital conservation buffer requirement		0.00%	- 0.00%
81	- of which: countercyclical buffer requirement		0.00%	- 0.00%
82	- of which: D-SIB or G-SIB buffer requirement		0.00%	- 0.00%
83	CET1 available to meet buffers (as a percentage of risk weighted assets)		0.00%	- 0.00%
National minimum capital requirements prescribed by SBP				
84	CET1 minimum ratio		5.00%	- 0.00%
85	Tier 1 minimum ratio		6.50%	- 0.00%
86	Total capital minimum ratio		10.00%	- 10.00%
Amounts below the thresholds for deduction (before risk weighting)				
87	Non-significant investments in the capital of other financial entities		-	-
88	Significant investments in the common stock of financial entities		-	-
89	Deferred tax assets arising from temporary differences (net of related tax liability)		-	-
Applicable caps on the inclusion of provisions in Tier 2				
90	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)		-	-
91	Cap on inclusion of provisions in Tier 2 under standardized approach		-	-
92	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)		-	-
93	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach		-	-

37.4 Capital Structure Reconciliation

	As per published financial statements	Under regulatory scope of consolidation	Step 2	As per published financial statements	Under regulatory scope of consolidation	
Step 1	December 31, 2013 Rupees in '000			Rupees in '000		
Assets			Assets			
Cash and balances with treasury banks	3,518,863	-	Cash and balances with treasury banks	3,518,863	-	
Balanced with other banks	190,823	-	Balanced with other banks	190,823	-	
Lending to financial institutions	4,036,358	-	Lending to financial institutions	4,036,358	-	
Investments	36,785,844	-	Investments	36,785,844	-	
Advances	26,564,842	-	- of which: Non-significant capital investments in capital of other financial institutions exceeding 10% threshold	286,012	-	a
Operating fixed assets	1,766,303	-	- of which: significant capital investments in financial sector entities exceeding regulatory threshold	-	-	b
Deferred tax assets	-	-	- of which: Mutual Funds exceeding regulatory threshold	-	-	c
Other assets	2,169,421	-	- of which: reciprocal crossholding of capital instrument	-	-	d
Total assets	75,032,454	-	- of which: others (mention details)	36,499,832	-	e
			Advances	26,564,842	-	
			Shortfall in provisions/ excess of total EL amount over eligible provisions under IRB	-	-	f
			General provisions reflected in Tier 2 capital	-	-	g
			Fixed Assets	1,683,526	-	
			Deferred Tax Assets	-	-	-
			- of which: DTAs excluding those arising from temporary differences	-	-	h
			- of which: DTAs arising from temporary differences exceeding regulatory threshold	-	-	i
			Other assets	2,169,421	-	
			- of which: Goodwill	-	-	j
			- of which: Intangibles	82,777	-	k
			- of which: Defined-benefit pension fund net assets	-	-	l
			Total assets	75,032,454	-	
Liabilities & Equity			Liabilities & Equity			
Bills payable	362,522	-	Bills payable	362,522	-	
Borrowings	16,758,368	-	Borrowings	16,758,368	-	
Deposits and other accounts	45,756,220	-	Deposits and other accounts	45,756,220	-	
Sub-ordinated loans	-	-	Sub-ordinated loans	-	-	
Liabilities against assets subject to finance lease	-	-	- of which: eligible for inclusion in AT1	-	-	m
Deferred tax liabilities	9,511	-	- of which: eligible for inclusion in Tier 2	-	-	n
Other liabilities	818,946	-	Liabilities against assets subject to finance lease	-	-	
Total liabilities	63,705,567	-	Deferred tax liabilities	9,511	-	
			- of which: DTLs related to goodwill	-	-	o
			- of which: DTLs related to intangible assets	16,914	-	p
			- of which: DTLs related to defined pension fund net assets	-	-	q
			- of which: other deferred tax liabilities	(7,403)	-	r
			Other liabilities	818,946	-	
			Total liabilities	63,705,567	-	
Share capital/ Head office capital account	10,000,000	-	Share capital	10,000,000	-	
Reserves	460,647	-	- of which: amount eligible for CET1	10,000,000	-	s
Unappropriated/ Unremitted profit/ (losses)	1,241,433	-	- of which: Amount eligible for AT1	-	-	t
Minority Interest	-	-	Reserves	460,647	-	
Surplus on revaluation of assets	(375,193)	-	- of which: portion eligible for inclusion in CET1(provide breakup)	460,647	-	u
Total equity	11,326,887	-	- of which: portion eligible for inclusion in Tier 2	-	-	v
			Unappropriated profit/ (losses)	1,241,433	-	w
			Minority Interest	-	-	
			- of which: portion eligible for inclusion in CET1	-	-	x
			- of which: portion eligible for inclusion in AT1	-	-	y
			- of which: portion eligible for inclusion in Tier 2	-	-	z
			Surplus on revaluation of assets	(375,193)	-	
			- of which: Revaluation reserves on Property	-	-	
			- of which: Unrealized gains / (losses) on AFS	-	-	aa
			- In case of Deficit on revaluation (deduction from CET1)	(375,193)	-	ab
Total liabilities & equity	75,032,454	-	Total Equity	11,326,887	-	
			Total liabilities & Equity	75,032,454	-	

Step 3

Source based on reference number from step 2	Source based on reference number from step 2
Rupees in '000	

Common Equity Tier 1 capital (CET1): Instruments and reserves

1	Fully Paid-up Capital/ Capital deposited with SBP	10,000,000	(s)
2	Balance in Share Premium Account	-	
3	Reserve for issue of Bonus Shares	-	
4	General/ Statutory Reserves	460,647	(u)
5	Gain/(Losses) on derivatives held as Cash Flow Hedge	-	
6	Unappropriated/unremitted profits/(losses)	1,241,433	(w)
7	Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	-	(x)
8	CET 1 before Regulatory Adjustments	11,702,080	

Common Equity Tier 1 capital: Regulatory adjustments

9	Goodwill (net of related deferred tax liability)	-	(j) - (o)
10	All other intangibles (net of any associated deferred tax liability)	65,863	(k) - (p)
11	Shortfall of provisions against classified assets	-	(f)
12	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	{{(h) - (r)} * x%
13	Defined-benefit pension fund net assets	-	{{(l) - (q)} * x%
14	Reciprocal cross holdings in CET1 capital instruments	-	(d)
15	Cash flow hedge reserve	-	
16	Investment in own shares/ CET1 instruments	-	
17	Securitization gain on sale	-	
18	Capital shortfall of regulated subsidiaries	-	
19	Deficit on account of revaluation from bank's holdings of property/ AFS	375,193	(ab)
20	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	286,012	(a) - (ac) - (ae)
21	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	(b) - (ad) - (af)
22	Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	(i)
23	Amount exceeding 15% threshold	-	
24	- of which: significant investments in the common stocks of financial entities	-	
25	- of which: deferred tax assets arising from temporary differences	-	
26	National specific regulatory adjustments applied to CET1 capital	-	
27	Investment in TFCs of other banks exceeding the prescribed limit	-	
28	Any other deduction specified by SBP (mention details)	-	
29	Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	78,639	
30	Total regulatory adjustments applied to CET1	805,707	

Common Equity Tier 1

10,896,373

Additional Tier 1 (AT 1) Capital

31	Qualifying Additional Tier-1 instruments plus any related share premium	-	
32	- of which: Classified as equity	-	(t)
33	- of which: Classified as liabilities	-	(m)
34	Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)	-	(y)
35	- of which: instrument issued by subsidiaries subject to phase out	-	
36	AT1 before regulatory adjustments	-	
	Additional Tier 1 Capital: regulatory adjustments		
37	Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-	
38	Investment in own AT1 capital instruments	-	
39	Reciprocal cross holdings in Additional Tier 1 capital instruments	-	
40	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(ac)
41	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(ad)
42	Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-1 capital	-	
43	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	
44	Total of Regulatory Adjustment applied to AT1 capital	-	
45	Additional Tier 1 capital	-	

Step 3

Source based on reference number from step 2	Source based on reference number from step 2
Rupees in '000	

46 Additional Tier 1 capital recognized for capital adequacy

-

Tier 1 Capital (CET1 + admissible AT1)

10,896,373

Tier 2 Capital

47	Qualifying Tier 2 capital instruments under Basel III	-	(n)
48	Capital instruments subject to phase out arrangement from tier 2 (Pre-Basel III instruments)	-	
49	Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier 2)	-	(z)
50	- of which: instruments issued by subsidiaries subject to phase out	-	
51	General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	-	(g)
52	Revaluation Reserves eligible for Tier 2	-	
53	- of which: portion pertaining to Property	-	portion of (aa)
54	- of which: portion pertaining to AFS securities	-	
55	Foreign Exchange Translation Reserves	-	(v)
56	Undisclosed/Other Reserves (if any)	-	
57	T2 before regulatory adjustments	-	

Tier 2 Capital: regulatory adjustments

58	Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	-	
59	Reciprocal cross holdings in Tier 2 instruments	-	
60	Investment in own Tier 2 capital instrument	-	
61	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(ae)
62	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(af)
63	Amount of Regulatory Adjustment applied to T2 capital	-	
64	Tier 2 capital (T2)	-	
65	Tier 2 capital recognized for capital adequacy	-	
66	Excess Additional Tier 1 capital recognized in Tier 2 capital	-	
67	Total Tier 2 capital admissible for capital adequacy	-	

Total capital (T1 + admissible T2)

10,896,373

37.5 Main features template of Regulatory Capital Instruments

1	Issuer	Sindh Bank Ltd
2	Unique identifier (eg KSE Symbol or Bloomberg identifier etc.)	Un-rated
3	Governing law(s) of the instrument	Law applicable in Pakistan
	Regulatory treatment	
4	- Transitional Basel III rules	Common Equity Tier 1
5	- Post-transitional Basel III rules	Common Equity Tier 1
6	- Eligible at solo / group / group & solo	Standalone
7	- Instrument type	Ordinary Shares
8	Amount recognized in regulatory capital (Currency in PKR thousands, as of reporting date)	10,000,000
9	Par value of instrument	10
10	Accounting classification	Shareholders equity
11	Original date of issuance	October 29, 2010
12	Perpetual or dated	Not applicable
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	No
16	Subsequent call dates, if applicable	No
	Coupons / Dividends	
17	Fixed or floating dividend/ coupon	Not applicable
18	coupon rate and any related index/ benchmark	Not applicable
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Not applicable
21	Existence of step up or other incentive to redeem	No
22	Non-cumulative or cumulative	Not applicable
23	Convertible or non-convertible	Not applicable
24	If convertible, conversion trigger (s)	Not applicable
25	If convertible, fully or partially	Not applicable
26	If convertible, conversion rate	Not applicable
27	If convertible, mandatory or optional conversion	Not applicable
28	If convertible, specify instrument type convertible into	Not applicable
29	If convertible, specify issuer of instrument it converts into	Not applicable
30	Write-down feature	Not applicable
31	If write-down, write-down trigger(s)	Not applicable
32	If write-down, full or partial	Not applicable
33	If write-down, permanent or temporary	Not applicable
34	If temporary write-down, description of write-up mechanism	Not applicable
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Not applicable
36	Non-compliant transitioned features	Not applicable
37	If yes, specify non-compliant features	Not applicable

The instruments issued by the Bank till December 31, 2013 include only ordinary shares having face value of Rs. 10 each (Refer Note 18). Therefore, requirements other than those disclosed above with respect to main features of Regulatory Capital Instruments is not applicable in case of Sindh Bank Limited as at December 31, 2013.

37.6 Capital Adequacy

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

	2013		2012
Capital Requirements	Risk Weighted Assets	Capital Requirements	Risk Weighted Assets
(Rupees in '000)			

Credit Risk subject to standardized approach (Simple)

Corporate portfolio	2,493,381	24,933,813	1,409,417	14,094,171
Retail portfolio	114,299	1,142,992	56,995	569,948
Past due Loans	6,388	63,881	-	-
Banks portfolio	155,478	1,554,780	238,845	2,388,454
Secured by residential property	3,991	39,908	3,053	30,529
Investment in fixed assets	168,353	1,683,526	149,010	1,490,095
Equity exposure risk in banking book	150,819	1,508,189	110,131	1,101,307
All other assets	68,416	684,160	53,221	532,208
Credit risk-weighted exposures (a)	3,161,125	31,611,249	2,020,672	20,206,712

Market Risk

Interest rate risk	684,521	6,845,205	322,928	3,229,275
Equity position risk	274,209	2,742,085	151,228	1,512,275
Foreign exchange risk	19,383	193,832	2,105	21,050
Market risk-weighted exposures (b)	978,113	9,781,122	476,261	4,762,600

Operational Risk (c)	406,186	4,061,861	361,169	3,611,688
-----------------------------	----------------	------------------	----------------	------------------

Total Risk-Weighted Exposures(a)+(b)+(c)	4,545,424	45,454,232	2,858,102	28,581,000
---	------------------	-------------------	------------------	-------------------

	2013	2012
Capital Adequacy Ratio		
Total eligible regulatory capital held (e)	10,896,373	11,005,276
Total Risk Weighted Assets (i)	45,454,232	28,581,000
Capital Adequacy Ratio (e) / (i)	23.97%	38.51%

* As SBP capital requirement of 10% (10% in 2012) is calculated on overall basis therefore, capital charge for credit risk is calculated after excluding capital requirements against market and operational risk from the total

Types of exposure for which each agency is used :

Exposure	JCR-VIS	PACRA	FITCH	Moody
Corporate				
Banks				

38 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 as 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.

38.1 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.

38.2 Segments by class of business

38.2.1 Segment information

Segmental information is presented below in respect of the class / nature of business and segment by distribution of Advances, Deposits & Contingencies.

	2013		2013		2013	
	Advances (Gross)		Deposits		Contingencies and commitments	
	(Rupees in '000)	Percent	(Rupees in '000)	Percent	(Rupees in '000)	Percent
Chemical and pharmaceuticals	-	-	97,093	0.21%	-	-
Agri-business	1,212,772	4.57%	1,336,715	2.92%	-	-
Manufacture of textile	238,596	0.90%	204,343	0.45%	1,194,662	4.64%
Cement	340,937	1.28%	-	0.00%	331,083	1.29%
Transport, Storage and Communication	181,713	0.68%	2,304,517	5.04%	24,932	0.10%
Importers / Exporters	115,518	0.43%	252,352	0.55%	70,024	0.27%
Whole sale and retail trade	17,519	0.07%	1,663,020	3.63%	60,267	0.23%
Mining and quarrying	-	-	6,427	0.01%	-	-
Petroleum Products	144,169	0.54%	69,408	0.15%	5,000	0.02%
Manufacture of basic iron and steel	1,585,975	5.97%	14,463	0.03%	268,326	1.04%
Sugar	9,731,733	36.63%	322,942	0.71%	368,158	1.43%
Shoes and leather garments	-	-	65,677	0.14%	-	-
Automobile and transportation equipment	1,020,398	3.84%	561,145	1.23%	79,914	0.31%
Financial	1,280,038	4.82%	2,088,040	4.56%	21,082,591	81.84%
Rice	10,000	0.04%	121,689	0.27%	-	-
Construction	1,013,879	3.82%	2,224,202	4.86%	1,131,396	4.39%
Public Sector - Provincial Government Funds / Departments	-	-	7,891,352	17.25%	-	-
Food	5,174,076	19.48%	9,516	0.02%	-	-
Insurance	-	-	4,413	0.01%	-	-
Power, Electric , Gas	1,043,651	3.93%	37,908	0.08%	319,752	1.24%
Education	1,751,953	6.60%	397,293	0.87%	-	-
Individuals	139,817	0.53%	6,388,895	13.96%	-	-
Others	1,562,098	5.87%	19,694,810	43.04%	823,617	3.20%
Total	26,564,842	100.0%	45,756,220	100.0%	25,759,722	100.0%

	2012		2012		2012	
	Advances (Gross)		Deposits		Contingencies and commitments	
	(Rupees in '000)	Percent	(Rupees in '000)	Percent	(Rupees in '000)	Percent
Chemical and pharmaceuticals	-	-	16,579	0.05%	4,009	0.01%
Agri-business	527,113	2.73%	872,641	2.77%	-	-
Manufacture of textile	9,991	0.05%	106,446	0.34%	98,901	0.18%
Cement	175,594	0.91%	-	-	1,319	-
Transport, Storage and Communication	-	-	89,499	0.28%	21,169	0.04%
Importers / Exporters	41,753	0.22%	229,168	0.73%	-	-
Whole sale and retail trade	12,579	0.07%	951,426	3.02%	168,018	0.31%
Mining and quarrying	-	-	66,004	0.21%	3,000	0.01%
Petroleum Products	580,804	3.01%	-	-	-	-
Manufacture of basic iron and steel	1,059,481	5.49%	52,894	0.17%	-	-
Sugar	7,022,746	36.42%	434,515	1.38%	343,467	0.63%
Shoes and leather garments	-	-	1,004	0.00%	-	-
Automobile and transportation equipment	51,998	0.27%	-	-	4,051	0.01%
Financial	703,913	3.65%	140,540	0.45%	53,006,859	96.65%
Rice	-	-	48,870	0.16%	-	-
Construction	1,007,964	5.23%	850,642	2.70%	153,987	0.28%
Public Sector - Provincial Government Funds / Departments	-	-	9,307,655	29.58%	-	-

	2012		2012		2012	
	Advances (Gross)		Deposits		Contingencies and commitments	
	(Rupees in '000)	Percent	(Rupees in '000)	Percent	(Rupees in '000)	Percent
Food	5,185,552	26.89%	-	-	-	-
Insurance	-	-	738	-	-	-
Power, Electric , Gas	939,319	4.87%	204,834	0.65%	900,701	1.64%
Education	-	-	720,367	2.29%	-	-
Individuals	1,568,385	8.13%	3,650,123	11.60%	-	-
Others	394,696	2.05%	13,725,707	43.62%	140,105	0.26%
Total	19,281,888	100%	31,469,652	100%	54,845,586	100%

38.2.2 Segment by Sector

	2013		2013		2013	
	(Rupees in '000)	Percent	(Rupees in '000)	Percent	(Rupees in '000)	Percent
Public / Government	4,999,168	18.82%	20,867,155	45.61%	12,984,327	50.41%
Private	21,565,674	81.18%	24,889,065	54.39%	12,775,395	49.59%
Total	26,564,842	100.00%	45,756,220	100.00%	25,759,722	100.00%

	2012		2012		2012	
	(Rupees in '000)	Percent	(Rupees in '000)	Percent	(Rupees in '000)	Percent
Public / Government	5,185,552	26.89%	18,369,140	58.37%	47,528,323	86.66%
Private	14,096,336	73.11%	13,100,512	41.63%	7,317,263	13.34%
Total	19,281,888	100.00%	31,469,652	100%	54,845,586	100%

38.2.3 Geographical Segment Analysis

	2013			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and commitments
	(Rupees in '000)			
Pakistan	953,400	75,032,454	11,326,887	25,759,722
	2012			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and commitments
	(Rupees in '000)			
Pakistan	1,285,631	92,291,098	11,088,188	54,845,586

38.3 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.

38.3.1 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.

Pakistan Rupee
United States Dollar
Great Britain Pound
Euro
Japanese Yen

Pakistan Rupee
United States Dollar
Great Britain Pound
Euro
Japanese Yen

As at December 31, 2013			
Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
(Rupees in '000)			
74,494,645	62,125,537	(844,082)	11,525,026
432,322	1,448,995	832,062	(184,611)
52,698	73,091	12,020	(8,373)
49,756	57,944	-	(8,188)
3,033	-	-	3,033
75,032,454	63,705,567	-	11,326,887
As at December 31, 2012			
Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
(Rupees in '000)			
91,592,444	79,784,528	(739,164)	11,068,752
616,630	1,329,090	727,145	14,685
43,706	43,998	5,610	5,318
37,278	45,295	6,409	(1,608)
1,041	-	-	1,041
92,291,099	81,202,911	-	11,088,188

38.3.2 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.

38.3.3 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.

38.3.4 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.

38.3.5 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 the market interest rates. The Bank is exposed to interest / mark-up rate risk as a result of mismatches or gaps in the amount of interest / mark-up based assets and liabilities that mature or 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.

2013													
Effective Yield / Interest rate	Total	Exposed to Yield / Interest risk										Non-interest bearing financial instruments	
		Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	(Rupees in '000)						Above 10 years		
					Over 1 to 2 year	Over 2 to 3 year	Over 3 to 5 year	Over 5 to 10 year					
On-balance sheet financial instruments													
Assets													
	3,518,863	63,265	137,884	15,425	19,241	-	-	-	-	-	-	3,283,048	
4.19%	190,823	180,102	-	-	-	-	-	-	-	-	-	10,721	
10.05%	4,036,358	-	2,500,000	1,000,000	536,358	-	-	-	-	-	-	-	
11.01%	36,785,844	12,559,519	19,808,548	2,023,271	-	-	-	-	-	-	-	2,394,506	
11.62%	26,564,842	21,362,033	1,390,972	1,916,891	1,319,283	11,789	7,414	14,164	497,962	43,541	794	2,169,421	
Other assets	2,169,421	-	-	-	-	-	-	-	-	-	-	7,858,490	
	73,266,151	34,164,919	23,837,404	4,955,587	1,874,882	11,789	7,414	14,164	497,962	43,541	-	-	
Liabilities													
	362,522	-	-	-	-	-	-	-	-	-	-	362,522	
9.54%	16,758,368	15,000	54,000	560,000	-	-	-	-	-	-	-	-	
5.95%	45,756,220	17,480,159	4,324,102	2,180,647	7,190,339	11,828	25,900	200	-	-	-	14,543,045	
Other liabilities	818,946	-	-	-	-	-	-	-	-	-	-	818,946	
	63,696,056	33,609,527	4,339,102	2,234,647	7,750,339	11,828	25,900	200	-	-	-	15,724,513	
	9,570,095	555,392	19,498,302	2,720,940	(5,875,457)	(39)	(18,486)	13,964	497,962	43,541	-	(7,866,023)	
On-balance sheet gap													
Off-balance sheet financial instruments													
	537,667	-	-	-	537,667	-	-	-	-	-	-	-	
	15,087,966	15,087,966	-	-	-	-	-	-	-	-	-	-	
	15,625,633	15,087,966	-	-	537,667	-	-	-	-	-	-	-	
Off-balance sheet gap													
	15,643,358	19,498,302	2,720,940	(5,337,790)	(39)	(18,486)	13,964	497,962	43,541	(7,866,023)			
Total Yield / Interest Risk Sensitivity Gap													
	15,643,358	35,141,660	37,862,600	32,524,810	32,524,771	32,506,285	32,520,249	33,018,210	33,061,751	25,195,728			
Cumulative Yield / Interest Risk Sensitivity Gap													
Reconciliation with total assets:													
Assets as per above													
	73,266,151												
	1,766,303												
Assets as per Statement of Financial Position													
	75,032,454												
Reconciliation with total liabilities:													
Liabilities as per above													
	63,696,056												
	9,511												
Liabilities as per Statement of Financial Position													
	63,705,567												

2012

Effective Yield / Interest rate	Total	Exposed to Yield / Interest risk							Non-interest bearing financial instruments
		Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 year	Over 2 to 3 year	Over 3 to 5 year	Above 10 years

On-balance sheet financial instruments

(Rupees in '000)									
Assets									
Cash and balances with treasury banks	2,430,525	231,902	-	-	-	-	-	-	2,198,623
Balances with other banks	424,573	424,473	-	-	-	-	-	-	100
Lendings to financial institutions	4,619,591	3,519,591	100,000	1,000,000	-	-	-	-	-
Investments	62,631,024	18,454,000	5,833,984	29,778,320	4,091,337	-	1,940,715	-	1,498,532
Advances	19,281,888	14,478,146	1,283,755	1,299,216	2,076,990	28,143	34,991	28,838	27,002
Other assets	1,346,693	-	-	-	-	-	-	-	1,346,693
	90,734,294	37,108,112	7,217,739	32,077,536	6,168,327	28,143	1,975,706	28,838	1,061,138
Liabilities									
Bills payable	176,125	-	-	-	-	-	-	-	176,125
Borrowings from Financial Institutions	48,602,402	48,318,082	84,320	-	200,000	-	-	-	-
Deposits and other accounts	31,469,652	17,376,194	1,059,727	1,124,386	2,791,927	8,100	13,957	4,300	-
Other liabilities	747,475	-	-	-	-	-	-	-	747,475
	80,995,654	65,694,276	1,144,047	1,124,386	2,991,927	8,100	13,957	4,300	-
On-balance sheet gap	9,738,640	(28,586,164)	6,073,692	30,953,150	3,176,400	20,043	10,258	1,971,406	1,061,138
									(4,970,121)
Off-balance sheet financial instruments									
Purchase and resale agreements	523,367	-	-	-	-	-	-	-	-
Sale and repurchase agreements	47,674,384	47,674,384	-	-	-	-	-	-	-
Off-balance sheet gap	48,197,751	48,197,751	-	-	-	-	-	-	-
Total Yield / Interest Risk Sensitivity Gap		19,611,587	6,073,692	30,953,150	3,176,400	20,043	10,258	1,971,406	1,061,138
									(4,970,121)
Cumulative Yield / Interest Risk Sensitivity Gap		19,611,587	6,073,692	30,953,150	3,176,400	20,043	10,258	1,971,406	1,061,138
									(4,970,121)

Reconciliation with total assets:

Assets as per above	90,734,294
Fixed assets	1,556,804
Assets as per Statement of Financial Position	92,291,098

Reconciliation with total liabilities:

Liabilities as per above	80,995,654
Deferred tax liability	207,256
Liabilities as per Statement of Financial Position	81,202,910

38.4

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 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.

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

2013

Total	Up to one month	Over 1month 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 10year

Assets									
Cash and balances with treasury banks	3,518,863	1,419,664	979,196	629,625	-	-	-	-	-
Balances with other banks	190,823	190,823	-	-	-	-	-	-	-
Lendings to financial institutions	4,036,358	-	2,500,000	1,000,000	-	-	-	-	-
Investments	36,785,844	993,533	16,325,298	1,066,430	1,070,636	879,356	1,046,441	13,596,421	-
Advances	26,564,842	6,278,753	6,453,263	2,562,597	4,732,599	221,932	1,398,109	4,596,862	43,542
Operating fixed assets	1,766,303	82,358	35,011	52,804	104,460	209,508	328,043	351,716	392,908
Other assets	2,169,421	1,514,674	284,201	72,807	93,436	108,930	35,320	-	2,826
	75,032,454	10,479,805	26,576,969	5,384,263	7,027,867	2,296,396	2,807,913	18,544,999	439,276

Liabilities

Bills payable	362,522	362,522	-	-	-	-	-	-	-
Borrowings from Financial Institutions	16,758,368	16,129,368	15,000	54,000	-	-	-	-	-
Deposits and other accounts	45,756,220	10,459,149	12,097,372	8,459,057	14,506,993	25,900	200	195,721	-
Deferred tax liability	9,511	951	951	951	1,902	2,378	-	-	-
Other liabilities	818,946	594,271	64,904	57,899	100,816	299	9	-	-
	63,705,567	27,546,261	12,178,227	8,571,907	15,169,711	28,577	209	195,721	-
Gap	11,326,887	(17,066,456)	14,398,742	(3,187,644)	1,460,012	2,267,819	2,807,704	18,349,278	439,276

Share capital	10,000,000
Reserves	460,647
Unappropriated Profit	1,241,433
Deficit on revaluation of investments	(375,193)
Net Asset	<u>11,326,887</u>

2012

	Total	Up to 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
Assets										
Cash and balances with treasury banks	2,430,525	2,430,525	-	-	-	-	-	-	-	-
Balances with other banks	424,573	424,573	-	-	-	-	-	-	-	-
Lendings to financial institutions	4,619,591	3,519,591	100,000	1,000,000	-	-	-	-	-	-
Investments	62,631,024	19,952,531	5,735,137	29,486,711	4,119,411	36,470	16,652	1,974,626	275,350	1,034,136
Advances	19,281,888	3,861,452	6,681,733	1,854,561	3,558,181	71,188	543,470	115,225	2,569,076	27,002
Operating fixed assets	1,556,804	151,463	28,616	43,159	85,380	171,228	171,239	270,930	298,886	335,903
Other assets	1,346,693	707,642	227,403	73,360	122,370	159,309	53,763	19	-	2,827
	92,291,098	31,047,777	12,772,889	32,457,791	7,885,342	438,195	785,124	2,360,800	3,143,312	1,399,868
Liabilities										
Bills payable	176,125	176,125	-	-	-	-	-	-	-	-
Borrowings from Financial Institutions	48,602,402	48,318,082	84,320	-	200,000	-	-	-	-	-
Deposits and other accounts	31,469,652	26,281,093	1,067,645	1,142,794	2,949,602	8,300	13,957	6,261	-	-
Deferred tax liability	207,256	207,256	-	-	-	-	-	-	-	-
Other liabilities	747,475	641,383	39,047	32,945	33,585	311	201	3	-	-
	81,202,910	75,623,939	1,191,012	1,175,739	3,183,187	8,611	14,158	6,264	-	-
Gap	11,088,188	(44,576,162)	11,581,877	31,282,052	4,702,155	429,584	770,966	2,354,536	3,143,312	1,399,868
Share capital										
Reserves	327,466									
Unappropriated Profit	709,867									
Surplus on revaluation of investments	50,855									
Net Asset	11,088,188									

38.4.2 Maturity of assets and liabilities (based on SBP BSD Circular No. 02 date February 22, 2011)

	2013								
	Total	Up to 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	Above 5 year to 10 year
(Rupees in '000)									
Assets									
Cash and balances with treasury banks	3,518,863	3,518,863	-	-	-	-	-	-	-
Balances with other banks	190,823	190,823	-	-	-	-	-	-	-
Lendings to financial institutions	4,036,358	-	2,500,000	1,000,000	536,358	-	-	-	-
Investments	36,785,844	3,388,038	16,325,298	1,066,430	10,122	258	1,352,837	1,046,441	13,596,420
Advances	26,564,842	18,999,752	412,358	106,015	944,992	32,942	30,272	1,398,109	4,596,863
Operating fixed assets	1,766,303	82,358	35,011	52,804	104,460	209,495	209,508	328,043	351,716
Other assets	2,169,421	1,514,674	284,201	72,807	93,436	108,930	57,227	35,320	2,826
	75,032,454	27,694,508	19,556,868	2,298,056	1,689,368	351,625	1,649,844	2,807,913	18,544,999
									439,273
Liabilities									
Bills payable	362,522	362,522	-	-	-	-	-	-	-
Borrowings from Financial Institutions	16,756,368	16,129,368	15,000	54,000	560,000	-	-	-	-
Deposits and other accounts	45,756,220	31,827,484	4,324,102	2,180,647	7,190,339	11,828	25,900	200	195,720
Deferred tax liability	9,511	-	-	-	-	-	-	-	-
Other liabilities	818,946	594,272	64,905	57,899	100,816	748	299	7	-
	63,705,567	48,923,157	4,404,007	2,292,546	7,851,155	12,576	26,199	207	195,720
Gap	11,326,887	(21,228,649)	15,152,861	5,510	(6,161,787)	339,049	1,623,645	2,807,706	18,349,279
									439,273
Share capital	10,000,000								
Reserves	460,647								
Unappropriated Profit	1,241,433								
Deficit on revaluation of investments	(375,193)								
Net Asset	<u>11,326,887</u>								

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

	2012									
	Total	Up to 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)										
Assets										
Cash and balances with treasury banks	2,430,525	1,027,728	491,737	432,060	479,000	-	-	-	-	-
Balances with other banks	424,573	424,573	-	-	-	-	-	-	-	-
Lendings to financial institutions	4,619,591	3,519,591	100,000	1,000,000	-	-	-	-	-	-
Investments	62,631,024	18,454,001	6,113,204	30,122,556	4,604,029	36,470	16,652	1,974,626	275,350	1,034,136
Advances	19,281,888	1,691,482	5,278,810	12,344	8,758,838	28,143	800,968	115,225	2,569,076	27,002
Operating fixed assets	1,556,804	151,463	28,616	43,159	85,380	171,228	171,239	270,930	298,886	335,903
Other assets	1,346,693	707,642	227,403	73,360	122,370	159,309	53,763	19	-	2,827
	92,291,098	25,976,490	12,239,770	31,683,479	14,049,617	395,150	1,042,622	2,360,800	3,143,312	1,399,868
Liabilities										
Bills payable	176,125	176,125	-	-	-	-	-	-	-	-
Borrowings from Financial Institutions	48,602,402	48,318,082	84,320	-	200,000	-	-	-	-	-
Deposits and other accounts	31,469,652	7,709,992	6,376,351	5,679,266	11,675,524	8,300	13,957	6,262	-	-
Deferred tax liability	207,256	20,726	20,726	20,726	41,451	51,814	51,813	-	-	-
Other liabilities	747,475	641,383	39,047	32,945	33,585	311	201	3	-	-
	81,202,910	56,866,308	6,520,444	5,732,937	11,950,560	60,425	66,971	6,265	-	-
Gap	11,088,188	(30,889,828)	5,719,326	25,950,542	2,099,057	334,725	976,651	2,354,535	3,143,312	1,399,868
Share capital	10,000,000									
Reserves	327,466									
Unappropriated Profit	709,867									
Surplus on revaluation of investments	50,855									
Net Asset	<u>11,088,188</u>									

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

38.5 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.


39 GENERAL

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

40 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors on Feb 17, 2014.


President & Chief Executive Officer


Chairman of the Board


Director


Director

NOTICE OF THIRD ANNUAL GENERAL MEETING

NOTICE is hereby given that the Third Annual General Meeting of Sindh Bank Limited will be held on 25th March, 2014 at 11.30 a.m at the Avari Hotel, Lahore to transact the following business:

Ordinary Business

- 1- To confirm the minutes of Second Annual General Meeting held on 25th March 2013.
- 2- To receive, consider and adopt the Audited Accounts of the Bank for the period ended 31st December, 2013, 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 2014 and fix their remuneration.

Special Business:

- 4- 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 # G-1C(2).

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

- 5- Any other business with the permission of the chair.

By order of the Board

Shamsuddin Khan
Company Secretary
Karachi—March 04, 2014

NOTES:

- (i) All members are entitled to attend and vote at the Meeting.
- (ii) A member entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote.
- (iii) The instrument of proxy and the power of attorney or other commission (if any) under which it is signed, or notorially certified copy of that power of attorney or authority to be effective must be deposited at the Registered Office of the company not less than 48 hours before the time for holding the Meeting.
- (iv) Members are advised to bring their Computerized National Identity Cards along with CD Participant ID and account number at the meeting venue.
- (v) If any proxies are granted by any such shareholders, the same must be accompanied with attested copies of the CNIC/Authority Letter of the grantors and the signatures on the proxy form should be the same as that appearing on the CNIC/Authority Letter.

The Share transfer books of the company will remain closed from 25th March, 2014 to 31st March, 2014 (both days inclusive). CDC Transaction IDs received in order at the at the Registered Office of the Company up to the close of business on 24th March, 2014 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 are interested in the payment of fee and executive member of the Board has no interest in the matter.

PATTERN OF SHAREHOLDINGS

Number of Shareholders	Size of Shareholding Rs. 10 each	Total Shares held
7	1 to 100	7
1	999,995,001 to 1,000,000,000	999,999,993
8		1,000,000,000

PATTERN OF SHAREHOLDINGS UNDER CODE OF CORPORATE GOVERNANCE

Category No.	Categories of Shareholders	Number of Shares held	Category wise No. of share holders	(%)
1	Individuals			
2	Investment Companies			
3	Joint Stock Companies			
4	Directors		7	-
	Mr. Afzal Ghani	1		
	Mr. M. Sohail Khan Rajput	1		
	Mr. Muhammad Shahid Murtaza	1		
	Mr. Muhammad Naeem Sahgal	1		
	Mr. Tajammal Husain Bokharee*	1		
	Mr. M. Naim Farooqui*	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	100
	Total	1,000,000,000	8	100

Shareholders holding ten percent or more voting interest in the listed company

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

* One qualifying share of the Bank was transferred in favour of the directors on January 3rd, 2014.

Branch Network

SINDH & BALOCHISTAN REGION**I.I. Chundrigar Road Branch**

P&O Plaza, Opposite Muhammadi House,
I.I. Chundrigar Road, Karachi
Tel: +92-21-32463744-7
FAX: +92-21-32463757

Court Road Branch

Court Road, Opposite Sindh Assembly
Building, Karachi
Tel: +92-21-35640035-36
Fax: +92-21-35640034

Clifton Branch

Abdullah Shah Ghazi Road,
Clifton, Karachi
Tel: +92-21-35290334-35
Fax: +92-21-35290333

Shahrah-e-Faisal Branch

Progressive Centre,
Shahr-e-Faisal, Karachi.
Tel: +92-21-34322270-74
Fax: +92-21-3432227

Landhi Branch

Landhi Township Karachi.
Tel: +92-21-35046152-3

Garden East Branch

Seven Star Residency, Garden East
Quarters, Karachi
Tel: +92-21-32243481-4

PIB Colony Branch

Pir Illahi Bux Co-operative Housing Society
Limited, Karachi.
Tel: +92-21-34860542-3
Fax: +92-21-34860544

Metroville Branch

Metroville No.1, SITE Karachi.
Tel: +92-21-36696925-26

Lea Market Branch

Lea Quarters, Karachi.
Tel: +92-21-32526863-4
Fax: +92-21-32526865

DHA Phase-IV

9th Commercial Street, Clifton
Cantonment, Karachi.
Tel: +92-21-35313005
Fax: +92-21-35313007

Gulshan-e-Maymar Branch

Plot No. SB-016, Sector-Z,
Sub-Sector-IV, Gulshan-e-Maymar,
KDA Scheme-33, Karachi.
Tel: +92-21-36832560-1
Fax: +92-21-36832562

Shershah Branch

Faisal Godown, SITE Area, Karachi.
Tel: +92-21-32580000
Fax: +92-21-32583259

Bahadurshah Zafar Market Branch

Rambagh Quarters,
Gwali Lane No.1, Karachi.
Tel: +92-21-32743514-6
Fax: +92-21-32743517

Gulshan-e-Hadeed Branch

Phase-I, Gulshan-e-Hadeed, Karachi.
Tel: +92-21-34715101
Fax: +92-21-34715104

Clifton-Sub Branch

Sir Syed Hospital Branch,
Korangi Road, Near KPT Interchange,
Qayyumabad, Karachi.
Tel: +92-21-35882591-2
Fax: +92-21-35882594

Court Road - Sub Branch

Sindh Secretariat Branch, Artillery Maidan
Quarters, Karachi.
Tel: +92-21-32622045-46

Khayaban-e-Ittehad Branch

Muslim Commercial, Phase VI,
DHA, Karachi.
Tel: +92-21-35847708-09

Malir Cantt. Branch

Cantt. Bazar Area, Karachi.
Tel: +92-21-34490951-4

West Wharf Branch

Ibrahim Building, West Wharf, Karachi.
Tel: +92-21-32330319-20

Karachi Admin Society Branch

Plot No. SA/90, block-8,
Opp: Shaheed-e-Millat Road, Karachi
Tel: +92-21-34300432-3

Bufferzone Branch

Nagan Chowranghi Branch, North Karachi
Township Scheme, Karachi.
Tel: +92-21-36409291

Gulistan-e-Johar Branch

Block-18, Scheme-36, Karachi.
Tel: +92-21-34623030-31

Timber Market Branch

Lawrance Quarter,
Siddique Wahab Road, Karachi.
Tel: +92-21-32751623, 32751625

University Road Branch

Block No.13-C, Scheme 24,
Gulshan-e-Iqbal, Karachi.
Tel: +92-21-34826534-35
Fax: +92-21-34826536

Liaquatabad Branch

Block-3, Liaquatabad, Karachi
Tel: +92-21-34856645-6
Fax: +92-21-34856647

Muhammad Ali Society Branch

M.A.M.C.H. Society Karachi
Tel: +92-21-34168110
Fax: +92-21-34168111

New Karachi Branch

Sector 5-H, North Karachi, Karachi.
Tel: +92-21-36949291-2

Shaheed-e-Millat Road Branch

M.S.G.P Co-operative Housing
Society, Karachi.
Tel: +92-21-34373972
Fax: +92-21-34373974

Sohrab Goth Branch

Al-Asif Square, Sohrab Goth, Karachi.
Tel: +92-21-36370520-21
Fax: +92-21-36390523

Stock Exchange Branch

3rd Floor, Stock Exchange
Building, I.I. Chundrigar Road, Karachi.
Tel: +92-21-32467891-2

Tariq Road Branch

Block-2, PECHS Society, Karachi.
Tel: +92-21-34535131-34535134
Fax: +92-21-34535135

SITE Branch

S.I.T.E., Karachi.
Tel: +92-21-36404031-2
Fax: +92-21-36404033

North Napier Road Branch

Napier Quarters, Karachi
Tel: +92-21-32526347

Water Pump Branch

Block-16, F.B. Area Karachi
Tel: +92-21-36372416
Fax: +92-21-36372419

Memon Goth Branch

Murad Memon Goth, Malir, Karachi
Tel: +92-21-34562327-34562326
Fax: +92-21-34562325

Jamshed Quarter Branch

Jamshed Quarters, Karachi.
Tel: +92-21-34911841
Fax: +92-21-34911843

Dhoraji Colony Branch

Block No.7&8, C.P. Berar Cooperative
Housing Society, Dhorajee Colony, Karachi
Tel: +92-21-34891246-7

North Karachi Industrial Area Branch

Sector 12-A, North Karachi Industrial
Area, Karachi.
Tel: +92-21-36963171-2
Fax: +92-21-36963173

Gole Market Branch

Gole Market, Nazimabad, Karachi.
Tel: +92-21-36614461-2
Fax: +92-21-36614463

Gizri Branch

Lower Gizri Bazar area,
Clifton Cantonment Karachi.
Tel: +92-21-35862711
Fax: +92-21-35862713

M.A. Jinnah Road Branch

Plot # 70/1, Native Infantry Lines,
M.A. Jinnah Road, Karachi
Tel: +92-21-32294701
Fax: +92-21-32294703

New Challi Branch

Serai Quarters, New Challi, Karachi.
Tel: +92-21-32623228
Fax: +92-21-32623229

Preedy Street Saddar Branch

Preedy Street, Saddar, Karachi.
Tel: +92-21-32751704-5
Fax: +92-21-32711487

Jodia Bazar Branch

Jodia Bazar, Daryalal Street, Karachi.
Tel: +92-21-32500380
Fax: +92-21-32500384

Korangi Industrial Area Branch

Sector 16, Korangi Industrial Area, Karachi
Tel: +92-21-35144261-62
Fax: +92-21-35144263

DHA 26th Street, Branch

26th Street, Phase-5 Ext., DHA, Karachi
Tel: +92-21-35875805-9
Fax: +92-21-35875807

Gulshan-e-Iqbal Branch

Block-5, Rashid Minhas Road,
Gulshan-e-Iqbal, Karachi.
Tel: +92-21-34968976-7
Fax: +92-21-34968974

Paper Market Branch

Paper Market, Shahrah-e-Liaquat, Karachi,
Tel: +92-21-32600936-9
Fax: +92-21-32600940

Hyderi Branch

Scheme No. 2, Hayderi,
North Nazimabad, Karachi
Tel: +92-21-36722087-88
Fax: +92-21-36722086

Cloth Market Branch

Bunder Road Quarters,
Cloth Market, Karachi
Tel: +92-21-32424177-32413586
Fax: +92-21-32424175

Mehmoodabad Branch

MAC-II, Mehmoodabad, Karachi.
Tel: +92-21-35319351-2
Fax: +92-21-35319353

North Nazimabad Branch

Block-L, North Nazimabad, Karachi.
Tel: +92-21-36725894-92
Fax: +92-21-36725895

Khayaban-e-Shahbaz Branch

Shahbaz Lane-2, Phase-VI,
DHA, Karachi.
Tel: +92-21-35855725-4

Safoora Goth Branch

Euro Heights, Plot No.SB-23,
Block-7, Gulistan-e-Jauhar, Karachi.
Tel: +92-21-34663920-21

PECHS Commercial Area Branch

Dawood Apartments, Plot No.187-3A,
Block-2, PECHS, Karachi.
Tel: +92-21-34529071-73
Fax: +92-21-34529072

DHA Phase-II Branch

Plot No.13-C, Commercial Area 'A',
Phase-II, DHA, Clifton Cantonment Karachi.
Tel: +92-21-35883711-12

**PIA Employees Co-operative Housing
Society Branch Gulistan-e-Johar**

Plot No.B-44, Block-9,
PIA Employees Co-operative Housing
Society, Gulistan-e-Jauhar, Karachi.
Tel: +92-21-34161331-2
Fax: +92-21-34116333

**Teen Talwar Clifton Branch
(Temporary Location)**

Quality heights, Block-8, Clifton, Karachi.
Tel: +92-21-35305041

Hyderabad Branch

Near Cantonment Police Station,
Saddar, Hyderabad,
Tel: +92-22-9201460
Fax: +92-22-9201457

Qasimabad Branch

Faraz villas Housing Scheme,
Qasimabad, Distract Hyderabad
Tel: +92-22-9240094-5
Fax: +92-22-9240092

Naudero Branch

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

Khairpur Branch

Syed Ramzan Ali Shah Trade Center,
Faujdari Road, Khairpur
Tel: +92-243-715405-8
Fax: +92-243-715407

Dadu Branch

Opposite Degree College,
Main Dadu City Road, Dadu.
Tel: +92-25-9239059
Fax: +92-25-9200305

Hala Branch

Gulshan Fahim Colony, Hala,
District Mititari.
Tel: +92-22-3331115-6
Fax: +92-22-3331117

Mirpur Khas Branch

Main Umarkot Road, Mirpurkhas.
Tel: +92-233-876405
Fax: +92-233-876406

Mithi Branch

Sindh Bank Ltd., Mithi Branch,
Opposite Hydri Hotel, Near Imam Bargah,
Mithi Town, Mithi.
Tel: +92-232-262191-92,94
Fax: +92-232-262195

Tando Adam Branch

Tower-Hogani Colony, Hyderabad Road,
Tando Adam, Distt. Sanghar
Tel: +92-235-571281-4
Fax: +92-235-571282

Tando Muhammad Khan Branch

Tando Muhammad Khan.
Tel: +92-22-3342039-4
Fax: +92-22-3342038

Badin Branch

Main Bus Stop, Hyderabad Badin
Road, Badin.
Tel: +92-297-862034
Fax: +92-297-862035

Shaheed Benazirabad Branch

VIP Road, Near Doctor's Colony,
Nawabshah, Dist. Shaheed Benazirabad.
Tel: +92-244-330692-4
Fax: +92-244-330690

Thatta Branch

Near Badshahi Masjid,
Thatta-Sajawal Road, Thatta.
Tel: +92-298-550528
Fax: +92-298-550529

Larkana Branch

Raza Shah Mohalla, V.I.P. Road, Larkana.
Tel: +92-74-4040751-52
Fax: +92-74-4040753

Sehwan Branch

Alam Channa Mohallah, Sehwan City,
District Jamshoro.
Tel: +92-25-4620511
Fax: +92-25-4620513

Naushahro Feroz Branch

Opp. National Saving Center, Naushahro
Feroz Road, District Naushahro Feroz
Tel: +92-242-481551-4
Fax: +92-242-481553

Sukkur Branch

Shalimar, Minara Road, Sukkur
Tel: +92-71-5623961-4
Fax: +92-71-5623960

Ghotki Branch

Deviri Sahib Road, Ghotki, District Ghotki
Tel: +92-723-684435-4
Fax: +92-723-684431

Shadadkot Branch

Ward C, Shahdadkot, Larkana
Tel: +92-74-4012309
Fax: +92-74-4012310

Shikarpur Branch

Opposite Library, Station Road, Shikarpur.
Tel: +92-726-521645-9
Fax: +92-726-521647

Kotri Branch

River Point, Kotri, District Jamshoro
Tel: +92-22-3874216-18
Fax: +92-22-3874219

Tando Allayar Branch

Al-Habib Plaza, Opp. Civil Hospital,
Hyderabad Road, Tando Allahyar.
Tel: +92-22-3890195-8
Fax: +92-22-3890197

Kandhkot Branch

Opposite Shams Petrol Pump, Kandhkot.
Tel: +92-722-572006-7
Fax: +92-722-572008

Ratodero Larkana Branch

Ward iBi, Ratodero Bus Stand, Ratodero
District Larkana.
Tel: +92-74-4048470-71
Fax: +92-74-4048478

Matari Branch

Opposite NADRA Office, Matari.
Tel: +92-22-2760107
Fax: +92-22-2760106

Shadadpur Branch

Station Road Shahdadpur, District Sanghar
Tel: +92-235-843153

Pano Aqil

Taluka Pano Aqil, District Sukkur
Tel: 071-5692007-9

Kunri Branch

Block-6, Deh Goraho, Main Station Road,
Kunri, District Umerkot.
Tel: +92-238-557412-413-414
Fax: +92-238-557415

Dadu (Sub-Branch)

Dadu Sugar Mill Branch, Pyaro Goth,
District Dadu.
Tel: 025-4030512

Badin (Sub-Branch)

Bawany Sugar Mill Branch,
Ahmed Nagar, District Badin.
Tel: 0297-830084-5

Mirpur Mathelo Branch

Mirpur Mathelo Branch, Mirpur Mathelo,
District Ghotki
Tel: 0723-663166-77

Thul Branch

Kandhkot Road, Thul, District Jacobabad.
Tel: +92-722-610134-35

Kashmore Branch

Main Kashmore-Kandhkot Road,
District Kashmore.
Tel: 0722-576325

Sanghar Branch

Co-operative Housing Society, Sanghar.
Tel: +92-235-542680

Daharki Branch

Main Dharki Road, District Dharki.
Tel: +92-0723-641450-4

Latifabad Hyderabad Branch

Block-D, Unit No.7, Latifabad Hyderabad.
Tel: 022-3816373

Jacobabad Branch

Quetta Road, Jacobabad.
Tel: 0722-652913-14

Badin (Sub-Branch)

Khoski Sugar Mills Limited, District Badin.
Tel: 0297-710044-55

Moro Branch

Ward-14, Moro Road,
District Naushahro Feroz.
Tel: 0242-410458

Mehar Branch

Mehar Branch, Ward-A, District Dadu.
Tel: 0254-730601-2
Fax: 0254-730603

Rohri Branch

Ward-B, G.T. Road Rohri, District Sukkur.
Tel: 071-5645001
Fax: 071-5645003

Bhan Saeedabad Branch

Main Bhan Saeedabab Road,
District, Jamshoro.
Tel: 0254-660552-4

Thatta (Sub-Branch)

Thatta Cement Company Limited,
Makli Ghulamullah Road, Thatta.
Tel: 0298-555231

Sajawal Branch

Sajawal Branch, Sajawal,
District Thatta.
Tel: 0298-510680

Umerkot Branch

Nagori Society, District Umerkot.
Tel: 0238-570339

Gambat Branch

Near Sui Gas Office, Main Gambat Road,
District Khairpur.
Tel: 0243-720430-1

Shikarpur (Sub Branch)

Shikarpur Rice Mill Branch, Main
Jacobabad Road, District Shikarpur.
Tel: 0726-62877

Tando Allahyar (Sub Branch)

Tando Allahyar Sugar Mills, Taluka
Chamber, District Tando Allahyar.
Tel: 0235-514267-68

Qamber Shahdadkot Branch

Near Shahi Bazar Station Road,
Qambar, Shahdadkot
Tel: 074-4211193-4

Saeedabad Branch

Matari, Taluka Saeedabad,
District Matari.
Tel: 022-2767380

Digri Branch

Plot No.28, Mir Ghulam Hyder Town,
Mirpurkhas Road, Digri District Mirpurkhas
Tel: 0233-869589

Gharo Branch

Sindh Bank Ltd., Main National Highway,
Gharo. District Thatta.
Tel: 0298-760224

Badah Branch

Sindh Bank Ltd., Main Road,
Badah, District Larkana.
Tel: 074-4081306

Sakrand Branch

Main Sakrand Road, District Shaheed
Benazirabad.
Te: 0244-323391

Pir Jo Goth Branch

Anaj Mandi, Pir Jo Goth, Taluka Kingri,
District Khairpur Miris Sindh.
Tel: 0243-670350, 670353

Khairpurnathan Shah Branch

Plot C-407-A, Town and Taluka
Khaippurnathan Shah, District Dadu.
Tel: 0254-720525-7

Military Road Sukkur Branch

Main Military Road, Sukkur.

Islamkot, Branch

Taluka Mithi Tharparkar, Islamkot,
Near Jamah Masjid, Islamkot,
District Tharparkar.
Tel: 0323-263233

Ghousepur Branch

Shahi Bazar, Near Shah Hussain Masjid,
Ghousepur, Taluka Kandhkot.
Tel: 072-2574407-17

Market Area Hyderabad Branch

Market Road, Hyderabad.
Tel: 022-2610703-4

Citizen Colony Branch

Royal City, Citizen Colony, Jamshoro Road,
Hyderabad.
Tel: 022-2100840

Jamshoro Branch

Sindh University Employees Co-operative
Housing Society, Phase-I, Deh Sonvalhar,
Taluka Kotri, District Jamshoro, Sindh.
Tel: 022-2771710

Kandiaro Branch

Hospital Road, Taluka Kandiaro, District
Naushahro Feroz.
Tel: 0242-449945

Qazi Ahmed Branch

Main Qazi Ahmed Road,
District Benazirabad.
Tel: 0244-321585

Ubaro Branch

Main Ubaro Road, District Ghotki.
Tel: 0723-688062

Jinnah Road Branch - Quetta

M.A.Jinnah Road Quetta.
Tel: +92-81-2865680-81
Fax: +92-81-2865682

Liaquat Bazar Quetta

Najeeb Street, Quetta.
Tel: 0812-843432 , Fax: 0812843429

Chaman Branch

Dularam Road, Chaman.
Tel: 0826-615415-6

Dera Murad Jamali Branch

Main Bazar, Dera Murad Jamali,
District Naseerabad.
Tel: 0838-710135-6

Gawadar Branch

Moza Thani Ward, Gawader.
Tel: 0864-211401-2

Zhob Branch

Tehsil Road, Zhob.
Tel: 0822-413020-21

Hub Branch

International Shopping Mall ,
Mouza Baroot, Tehsil Hub,
District Lasbela, Balochistan.
Tel: 0853-363910-11

Sikri Road Branch

Plot No.C-48-A, Small Industrial Estate,
Sirki Road, Quetta
Tele: 081-2472521

NORTH REGION**DHA 'Y' Block Branch, Lahore**

Plot No.159/1, Y-Block, DHA,
Lahore Cantt. Lahore
Tel: +92-42-99264344-48
Fax: +92-42-99264342

Bahria Town Branch, Lahore

D-Plaza, Block-B, Bahria Town, Lahore.
Tel: +92-42-35340503-35340505
Fax: +92-42-35340506

Johar Town Branch, Lahore

M.A. Johar Town Scheme, Lahore
Tel: +92-42-35172835
Fax: +92-42-35172836

Circular Road Branch ,Lahore

Circular Road, Lahore.
Tel: +92-42-37379403

Allama Iqbal Town Branch, Lahore

503 Karim Block, Commercial Area,
Allama Iqbal Town, Lahore.
Tel: +92-42-35295581-3

Main Boulevard Gulberg Branch, Lahore

Sindh Bank Ltd., Gulberg Branch,
61- Main Boulevard, Gulberg, Lahore.
Tel: +92-42-99268881
Fax: +92-42-99268882-83

Village Lidhar Branch, Lahore

Village Lidhar, Wagha Town, Lahore.
Tel: +92-42-37165307

Walton Road Branch, Lahore

48/E, Super Town, Walton Road,
Lahore Cantt.
Tel: +92-42-36626072

Chung Branch, Lahore

Shadab Colony, Mozoua Chung,
Multan Road, Lahore..
Tel: +92-42-37499152

Sharah-e-Fatima Branch, Lahore

Queens Center, 33-Queens Road, Lahore.
Tel: +92-42-37590623
Fax: +92-42-37590625

Kahna Branch, Lahore

Hakim Ghulam Hussain Colony, Mozoa
Gajomata, Kahna Distt. Lahore
Tel: +92-42-35270084

Ghurki Branch

Ghurki Trust Teaching Hospital,
Jallo More, Lahore
Tel: +92-42-36581845-8
Fax: +92-42-36581846

Village Burki Branch

Village Burki, Burki Road,
Lahore Cantt., Lahore.
Tel: +92-42-36560431
Fax: +92-42-36560432

Blue Area Islamabad Branch

32, Sohrab Plaza Jinnah Avenue,
Blue Area, Islamabad,
Tel: +92-51-2206330-1
Fax: +92-51-2206329

E-11 Islamabad Branch

Sector E-11/3, M.P.C.H.S. Islamabad.
Tel: +92-51-2318103
Fax: +92-51- 2318102

P.W.D. Housing Society Branch, Islamabad

3-Civic Center, Block-A, PWD Employees
Co-operative Housing Society, Islamabad.
Tel: +92-51-5970735/7

Taramari Branch, Islamabad

Main Lehtarar Road, Taramari, Islamabad.
Tel: 051-2616000-1

Bank Road Rawalpindi Branch

Kitchlew Building, Opp.
Gakkhar Plaza, Rawalpindi.
Tel: +92-51-9270151-4
Fax: +92-51-9270155

Muree Road Rawalpindi Branch

K-583, Ch. Mouladad Khan Road, Murree
Road, Rawalpindi.
Tel: +92-51-5781071-2

Raja Bazar Rawalpindi Branch

Raja Bazar Branch
Dilgi Saho, Rawalpindi
Tel: +92-51-5778507

G.T. Road Gujranwala Branch

Adjacent Telenor Office, G.T. Road,
Gujranwala.
Tel: +92 - 55-9200991-94
Fax: +92 - 55-9200993

Ashrafabad, Bhawalpur Branch

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

Chak Ghanian, Gujrat Branch

Fawara Chowk, Tehsil Sara-e-Alamgir,
District Gujrat.
Tel: +92-544-652536-7
Fax: +92-544-652539

Lilla, Jehlum Branch

Abad kari Scheme No.7, Lila Basira,
Tehsil Pind Dadan Khan.
Tel: +92-544-217661-2
Fax: +92-544-217663

Pindi Bahaudin Branch

Tehsil & District Mandi Bahauddin.
Tel: +92-546-600346

Dalwal, Chakwal Branch

Tehsil Choa Saidan Shah, Dist. Chakwal.
Tel: +92-543-582070
Fax: +92-543-582087

Lala Musa Branch

Lala Musa, District Gujrat
Tel: +92-53-7511422-4
Fax: +92-53-7511425

Sargodha Branch

Railway Road Sargodha.
Tel: +92-48-9230511-3

Dera Ghazi Khan

Branch, Opposite Medical College,
Jampur Road, Dera Ghazi Khan.
Tel: +92-64-2471301-03
Fax: +92-64-2471304

Faisalabad Branch

Commercial Area, Peoples Colony No.1,
Faisalabad.
Tel:0418-711691-3

Jandiala Dhabwala Branch

G.T. Road, Near Motorway Police Office,
Wazirabad District Gujranwala.
Tel: 055-6587172; Fax: 055-6587171

G.T. Road Jhelum Branch

Old G.T. Road, Kohinoor Bank Square,
Jhelum Cantt., Jhelum.
Tel: 0544-622027
Fax: 0544-622028

Rahim Yar Khan Branch

24-Model Town, Near Town Hall,
Rahim Yar Khan.
Tel: 068-5877064

PECO Road Branch Lahore

1-C, Phase-III, Main PECO Road, Lahore.
Tel: 042-35970191-4

Satgarah Okara

Adda Chowk, Sat Garah,
Tehsil & District Okara
Tel: 0442-664065-66

Harappa Branch

Main G.T. Road near Harappa Railway
Station, Tehsil and District Sahiwal
Tel: 040-4431064

Kunjah Branch

Ward-3, Kunjah, Tehsil & District Gujrat.
Tel:053-3383154

Sialkot Branch

Shahabpura Road,
Near Masjid Tajdar-e-Madina,
Small Industrial Estate, Sialkot
Tel:052-3242700-1

Okara Branch

Main Colony, M.A. Jinnah Road, Okara
Tel:044-2511555

Main Boulevard DHA Lahore

Branch-Sub Branch
Mujtaba Plaza, Main
Boulevard DHA, Lahore.
Tel: 042-36685800
Fax: 042-36685801

Abdali Road Multan Branch

Sindh Bank Ltd.,
Abdali Road Branch, Multan.
Tel: 061-4585203-5
Fax: 061-4585207

Manawala Branch Sheikhpura

Main Manawalla, District Sheikhpura.
Tel: 056-3771151

Mian Channu Branch

Lakar Mandi, Mian Chunnu.
Tel: 065-2660227

Peshawar Road Rawalpindi

Mehrabad, Peshawar Road,
Rawalpindi Cantt.
Tel:051-5492992-94
Fax: 051-5492995

Morr Aminabad Branch

Main G.T. Road, Morr. Aminabad,
District Gujranwala
Tel:055-3263127

Mohlawala Branch

Main Defence Road, Village Mohlanwal,
District Lahore.
Tel: 042-35966762

Kalra Khasa Branch

G.T. Road, Near Vita Fan, Kalra Khasa,
District Gujrat.
Tel: 053-3515178

Wapda Town Lahore Sub Branch

Block A-1, Valencia Housing Scheme,
PECHS, Wapda Town, Lahore.
Tel: 042-35224695-6

Mirpur AJK Branch

Younus Plaza, Allama Iqbal Road,
Mirpur AJK.
Tel: +92 - 5827-444520
Fax: +92 - 5827-444522

Abbotabad Branch

Opposite Radio Pakistan,
Mansehra Road, Jhangi, Abbottabad.
Tel: +92-992-330391-2
Fax: +92 - 992-303393

Peshawar Cantt, Branch

Jasmine Arcade, Fakhr-e-Alam Road,
Peshawar Cantt..
Tel: +92 - 91-5271951-5250601-2
Fax: +92 - 91-5271949

G.T Road Peshawar Branch

Jabran Adeel Plaza, Bilal Town,
G.T. Road, Peshawar City.
Tel: +92 - 91-2584452-3
Fax: +92 - 91-2584454

Karkhano Market Branch, Peshawar

C-Block, Palace Plaza, Karkhano Market,
Ragi Lalma, Peshawar.
Tel: +92-091-5893139

Bank Road Muzaffarabad

Bank Road, Muzaffarabad
Tel: 05823-920620. 920630

University Road Peshawar Branch

Peshawar Branch, Jamrud Road Peshawar.
Tel: 091-5711606-7
Fax: 091-57111608

Phase-6, DHA, Lahore

15-C Main Boulevard,
DHA Phase VI, Lahore.
Tel: 042-7180190-2

Main Bazar Chichawatni

Ward No.B-II, Tehsil Chichawatni,
Distt. Sahiwal.
Tel: 040-5482225-6

Raiwind Road Lahore

Plot No. 178-A, Ali Town,
Main Raiwind Road, Lahore.
Tel: 042-35291547-8

Mughalpura Branch

Plot No.13, Street No.17,
Near Lalpul, Mughalpura, Lahore.
Tel: 042-36524972-4

Nankana Sahib Branch

Ghala Mandi Nankana Sahib.
Tel: 056-2875087-8

DHA Phase V, Lahore Branch

Plot No.39, Sector CCA, Phase 5-C,
Defence Housing Authority, Lahore
Tel: 042-37182146-7

Toba Tek Singh Branch

Allama Iqbal Road,
Mohalla Janj Gar Toba Tek Singh.
Tel: 056-2512750-2

Chiniot Branch

Chah Karinawala, Chiniot.
Tel: 0476-332401

Village Gagoo Mandi Branch

Chak No. 187/EB, Gaggoo Mandi,
Tehsil Burewala, District Vehari.
Tel: 067-3500495-7

Ferozpur Road Branch

Main Ferozpur road, Lahore
Tel: 042-35922959-61

Village Alipur Chattha Branch

Gujranwala Road, Alipur Chattha,
District Gujranwala.
Tel: 055-6332740-2

Wah Cantt. Branch

Minar Road, Lala Rukh, Wah Cantt.,
Tel: 0514-4531862-3

Hayatabad Branch

Commercial Unit No.13, Sector D-1,
Phase1, Hayatabad Peshawar.
Tel: 091-5823855, 5823873
Fax: 091-5823850

Gilgit Branch

Shahrah-e-Quaid-e-Azam,
Jatial, Gilgit.
Tel: 05811-922527-8
Fax: 05811-922529

Notes:

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 3rd Annual General Meeting of the Bank to be held on 25th March, 2014 and at any adjournment thereof.

As witness my/our hand this _____ day of _____ 2014.

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 3rd Annual General Meeting of the Bank may appoint another member as his/her/its proxy to attend and vote instead of his/her/its. The proxy shall have the right to attend, speak and vote in place of the member appointed him at the meeting.
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.



IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO


SINDH BANK
POWER TO THE PEOPLE

**By the Grace of Almighty Allah
The Only Bank Ever Having
Successfully Established**



**On-Line Branches in
104 Cities in Less Than 3 Years**

More than Rs. 3 Billion Profit
during the last 3 years

Key Features of SMS Banking:

- Balance Inquiry
- Mobile Easy Load
- Mini Statement
- Utility Bills Payment
- Intra and Inter Bank Funds Transfer
- SMS and e-mail Alerts

Long Term: AA-
Short Term: A-1+
(JCR-VIS)

Other Services and Facilities:

- 5 dedicated Branches for Islamic Banking
- Most Attractive Deposit Schemes
- ATM Network all over the Country
- Agricultural Loans
- Interest Free Student Loans for Post Graduation
- SME/Women Entrepreneurs

