



IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO


POWER TO THE PEOPLE

Annual Report
2014





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.



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Corporate Information

Board of Directors

Afzal Ghani	Chairman
Mohammad Sohail Khan Rajput	Director
Mohammad Shahid Murtaza	Director
Muhammad Naeem Sahgal	Director
Tajammal Husain Bokharee	Director
Raja Muhammad Abbas	Director
Muhammad Bilal Sheikh	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 : +92-21-1111-333-225
Fax : +92-21-35870543

Registration Number

0073917

NTN Number

3654008-7

Website

www.sindhbankltd.com



Core Values

Integrity

Take pride in everything that is fair, honest and build trust in every situation.

Customer Focus

We live by our customers' success. We build lasting relationships with our clients.

Team Work

We communicate actively and openly. We build trust by honoring our commitments. We show respect for each other.

Innovation

We are constantly looking for ways to innovate and improve. We embrace change as an opportunity.

Corporate Objectives

Sindh Bank's vision for promoting economic activity to empower the people of Pakistan and create employment opportunities, brings upon it an onerous responsibility to deliver results.

Thus the Bank's policies are 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 yielding 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 the Society, particularly for promoting and enhancing education in Pakistan, by supporting and providing interest free loans to meritorious students for higher education, with job guarantee in Sindh Bank.
- Laying a sound foundation for the bank and delivering attractive value for the shareholders' investment while remaining within the ambit of regulatory requirements.



Chairman's Message

On behalf of the Board of Directors of Sindh Bank, it gives me pleasure to present this report, together with the financial statements of the Bank for the year ended December 31, 2014. Growth in network to 225 branches in 111 cities across Pakistan and unprecedented profits of Rs. 5 billion (approx.) in the four years of its existence, is a source of immense satisfaction for the Board.

Profit (before tax) for 2014 increased by 69% to Rs. 1,612 million from Rs. 953 million recorded in 2013. This translates into EPS (after tax) of Rs. 1.08. The operating financial results and appropriations, as recommended by the Board, are summarized below:

	Rupees in '000
Profit before provisions and tax	1,632,973
Provision for non-performing loans & other assets	(21,287)
Profit before tax	1,611,686
Taxation - Current	554,467
- Deferred	(22,260)
Profit after tax	1,079,479
Un-appropriated profit brought forward	1,241,433
Other comprehensive income	(4,105)
Profit available for appropriation	2,316,807
Appropriations:	
Transfer to Statutory Reserve	(215,896)
Un-appropriated profit carried forward	2,100,911

Total Deposits as at December 31, 2014 increased by 35% to Rs.61.884 billion as compared to Rs.45.756 billion as on December 31, 2013. Advances increased by 55% to Rs.41.185 billion as compared to Rs.26.565 billion as on December 31, 2013. Prudence is being exercised while extending credit most of which is against tangible/readily realizable collaterals. This is manifest from the nominal level of NPLs.

As at the year-end, Sindh Bank's equity, including surplus on revaluation, stands at Rupees 14.102 billion, with a capital adequacy level of 22.57% against the required 10%.

A significant milestone achieved during the year is the JCR-VIS Credit Rating Company upgrading Bank's medium to long term entity rating to 'AA' (Double A) from 'AA-' (Double A Minus) with a Stable outlook. The improved rating will help in attracting business from large Corporates, MNCs and other rating sensitive entities.

The Pakistan economy recorded real GDP growth of 4.14% in the FY 2014 compared to 3.7% in FY 2013, on the back of a rise in private sector credit, contained fiscal deficit, rise in FX reserves and stability in the exchange rate. State Bank of Pakistan revised downward its forecast for average CPI inflation within the range of 4.5%-5.5% during FY 2014-15 considering fall in oil and commodity prices. Due to improvement in the macroeconomic conditions and lower CPI inflation, SBP reduced its Policy Rate by 1.5% on the aggregate in the past three months. Business sentiments considering the above developments, remain bullish although challenges in the form of security situation, power shortages and government revenue shortfalls are yet to be surmounted.

Pressure on the banking spreads is expected going forward as the returns on deposits are relatively inelastic and cannot be decreased in line with the repricing of advances. I am however confident that the momentum generated by branches, especially those opened before 2014, will give the much needed boost to profitability which will more than offset the likely impact of decrease in markup/interest rates.

This review forms an integral part of the Directors' Report to the Shareholders.

I would like to thank the Government of Sindh and State Bank of Pakistan for their guidance and support which I am sure will continue in future too. Also, I am thankful to our customers who are the real purpose for us to be in business. Effort, commitment and team work of Bank's Executives and Staff deserves appreciation since it has helped us in achieving these results. The Board assures all the stakeholders of its full support towards the future development and progress of the Bank.



Afzal Ghani
Chairman

Karachi: February 24, 2015

Agricultural Loans

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



Sindh Abadgar Tractor Scheme



Benazir Revolving Credit Scheme
for the purchase of Inputs
(Seeds, Fertilizers & Pesticides)



Loans for Dairy/Cattle Farming



Loans for Poultry Farming



Major Achievements for 2014 and Plans for 2015



Major Achievements in 2014

- 25 on-line branches established. The bank now has its presence in 225 locations stretched over 111 cities/towns across Pakistan.
- Improvement in Medium to Long Term Rating from AA- to AA with a Stable Outlook, while maintaining Short Term Rating at A-1+.
- Commenced Islamic Banking (IB) with the brand name "Sa'adat" from 5 dedicated Islamic Banking (IB) branches in 5 cities and 2 IB windows at conventional branches for facilitating IB customers. Also introduced a range of Shariah Compliant products and services.
- Agreement signed with China UnionPay International to launch an internationally accepted 'Debit Card' to fulfill customer needs and provide market based products and services.
- NOC for establishing a Microfinance Bank as a wholly owned subsidiary and FPT clearance of the proposed directors and CEO received from State Bank of Pakistan.
- All regulatory guidelines related to evaluation and monitoring of ICFR were fully complied with and training to Bank staff continued at various locations to ensure its effectiveness.
- Continued to facilitate GoS in its scheme for the 'Revival of Sick Industrial Units in Rural Sindh' under which loans were provided to eligible enterprises for BMR and working capital at a concessionary markup rate.
- Agreement signed with the GoS Zakat and Usher Department for issuance of the Benazir Muawanat ATM Card for disbursement of 'Guzara Allowance' to the needy people.
- Agricultural Credit disbursement target of Rs. 600 Million assigned by SBP at the beginning of FY 2013-14 was achieved within the first half year ended December 2013. This was raised to Rs 1.500 Billion on the basis of mid-term review, which was also achieved.
- An MOU has been signed between the Sindh Board of Revenue (BOR) and Sindh Bank under which any person interested in obtaining a copy of the title deed of an agricultural property in the records of BOR, will be able to do so from Sindh Bank branches against payment of a nominal fee.
- Training related to Anti Money Laundering, Know your Customer and FATCA compliance were conducted across Pakistan and around 500 staff, posted even at the remotest areas, was covered.
- The bank's IT managed smooth rollout of the Core Banking software at 20 conventional branches. The major challenge of procurement and implementation of Core Banking solution for Islamic Banking was achieved with successful rollout in 5 Islamic Banking (IB) branches and 2 IB windows at conventional branches.

Plans for 2015

- Plans are underway to design and launch customized products for other agricultural sub-sectors.
- 25 branches including 8 dedicated Islamic Banking branches are planned to be opened during 2015.
- 71 ATMs will be added to the bank's network during 2015, bringing the total to 185 ATMs by end of the year.
- Sindh Microfinance Bank (SMFB), a wholly owned subsidiary of the bank is likely to start its operations in the second half of 2015.
- The exercise of consolidation and strengthening of Internal Controls of the Bank will continue during 2015 as a dedicated fully sourced Internal Control Department pursues the matter under senior management and Board Audit Committee oversight.
- China UnionPay's internationally accepted 'Debit Card' is planned for launch during the later part of the year.

Board of Directors



Afzal Ghani
Chairman/ Independent Director

Mr. Ghani is a Senior Chartered Accountant and is a Business Executive, having 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 and an Associate & Fellow of the Chartered Institute of Bankers, London.



Muhammad 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.



Raja Muhammad Abbas
Independent Director

Mr. Abbas is a retired Civil Servant. His last assignment was Secretary, Board of Investment. He has been Secretary, Ministry of Interior, Chairman, State Engineering Corporation, Chief Secretary, Sindh, Secretary Housing & Works, Managing Director, Pakistan Housing Authority, Islamabad.



Mohammad Sohail Khan Rajput
Nominee Director of Government of Sindh

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



Mohammad Shahid Murtaza
Independent Director

Mr. Shahid Murtaza has been a career banker. He is an Independent Director on the Board.



Muhammad Bilal Sheikh
Executive Director/President & CEO

Mr. Sheikh is a career banker having experience of over 47 years. He has been Chief Executive of various Banks and DFIs for the last 17 years.



Board of Directors of Sindh Bank:

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

Committees of the Board:

Risk Management Committee:

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

Procurement & Information Technology Committee:

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

Human Resource & Remuneration Committee:

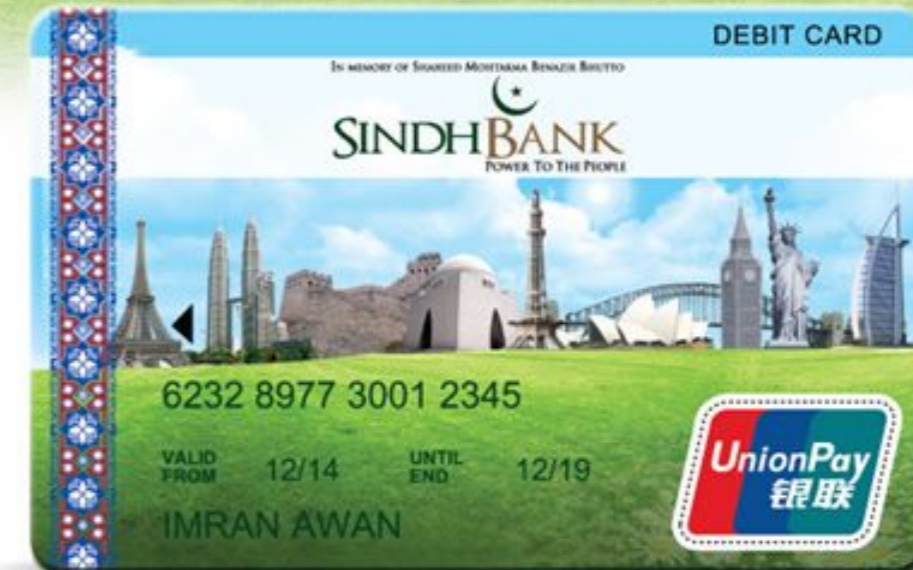
Afzal Ghani	Chairman
Muhammad Naeem Sahgal	Member
President & CEO	Member
Head of Human Resource	Secretary

Audit Committee:

Muhammad Naeem Sahgal	Chairman
Mohammad Sohail Khan Rajput	Member
Mohammad Shahid Murtaza	Member
Raja Muhammad Abbas	Member
Head of Internal Audit	Secretary

UnionPay International Debit Card

UnionPay International Debit Card can be used anywhere in the world. This Debit Card keeps your wallet light and your money safe.



Entity Ratings



Long-Term Rating AA Short-Term Rating A-I+ 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-I+

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:

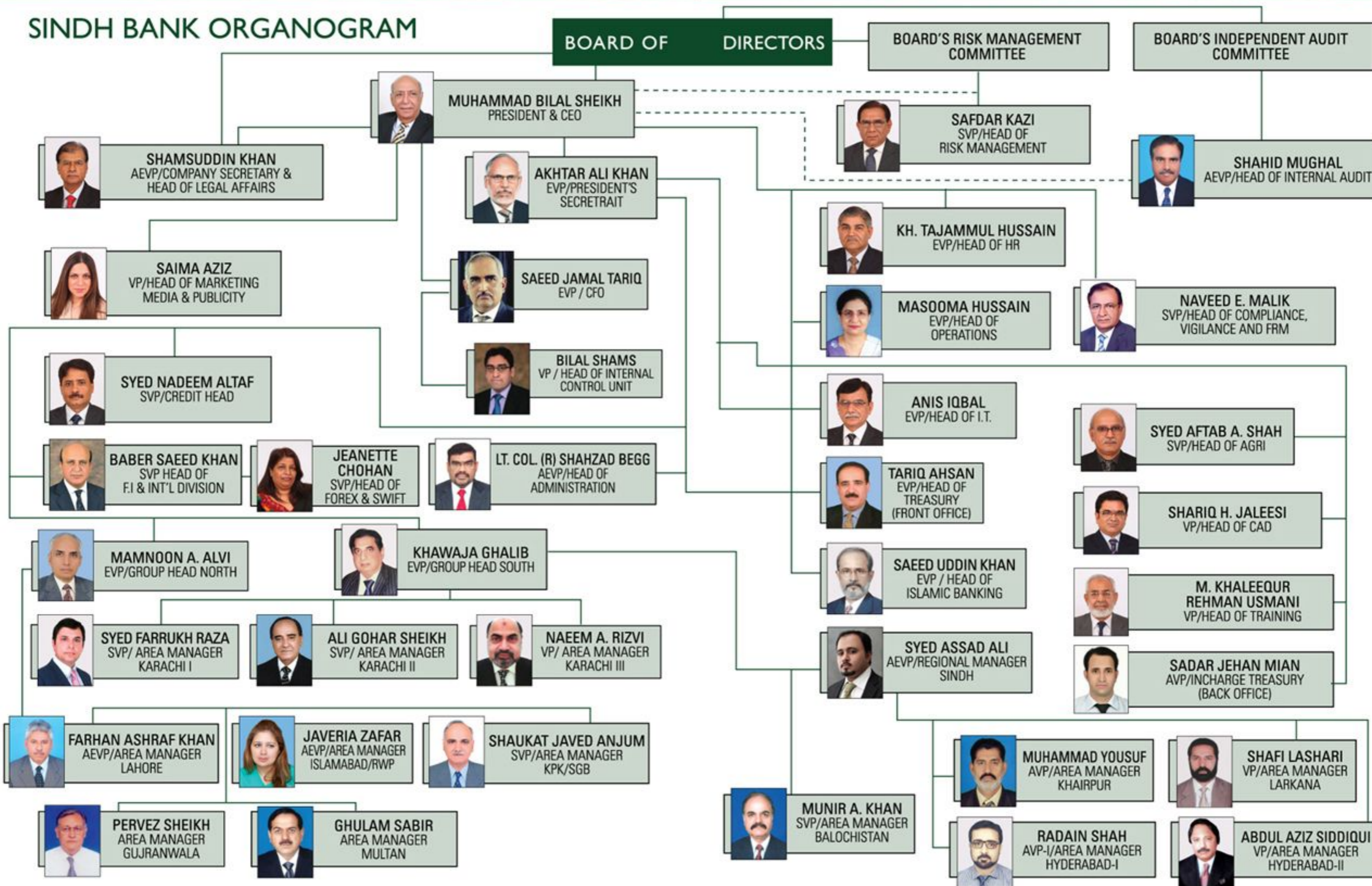
- Respect for the Individual • Service to the Customer • Striving for Excellence

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 Bank's aim to achieve growth in earning for shareholders over the long term undertaking business compatible with our character and business norms.
4. We will behave with integrity and honesty in our dealing with customers, colleagues, supervisors and all others with whom we interact.
5. We, as the Bank employees have a responsibility towards all stakeholders to make decisions strictly on the basis of Bank's interests, without regard to personal gain. A conflict of interest can arise when one's judgment could be influenced, or might appear as being influenced, by the possibility of personal benefit. Even if it's not intentional, the appearance of a conflict may be just as damaging to employees' and Bank's reputation, as an actual conflict. We would always be on the lookout for situations that may create a conflict of interest, and do everything we can to avoid them.
6. Situation may arise holding an employee in conflict of his interest with the interest of the Bank. In such situation, to enable the Bank to make objective decisions, the employee must declare in advance the possible conflict of interest, to his/her senior. The management may require the employee to dissociate 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 publications, 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, Employees 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.

SINDBANK 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 Lahore Branch



Events



Signing Ceremony of UnionPay International Debit Card



Polo Match Sponsored by Sindh Bank.



Opening of first Sa'adat Islamic Banking Branch in Karachi



Sindh Bank's stall in Agricultural Expo

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 now have a better opportunity to deposit their money for higher profits.





Directors' Report

On behalf of the Board of Directors of Sindh Bank Limited I am pleased to present the 4th Annual Report of the Bank for the year ended December 31, 2014. The year under review has in its folds success stories as all the key performance indicators posted commendable growth evidencing soundness of the Bank. In Pakistan's financial industry this is the fastest growing bank posting profit consecutively for 4 years accumulating to Rs. 5 billion (approx). Percentage growth in key business areas as compared to December 2013 is as under:

Business Area	Percentage Growth
Deposits	35
Advances	55
Investments	62
Total net mark-up/non mark-up income	41
Profit before Tax	69
Profit after Tax	62

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

(Rupees in '000)

Profit for the year	1,611,686
Taxation	532,207
Profit after Taxation	1,079,479
Appropriations:	
Statutory Reserves	215,896
Revenue Reserves	-
Profit after Appropriation	863,583
Earnings per share - Rupee	1.08

A. DEPOSITS:

Total Deposits during 2014 registered an increase of 35% and stood at Rs. 61.884 billion as compared to Rs. 45.756 billion as on December 31, 2013. The ratio of deposits placed by Govt. of Sindh (GoS) to other deposits now stands at 25:75 as compared to 17:83 last year. Growth in other deposits stands at 23% which is indicative of enhanced public/depositors' confidence in the Bank. Number of accounts stands at 166,563 registering an increase of 34% over 2013.

It may not be out of place to mention here that in the aftermath of the moratorium imposed on KASB Bank by State Bank of Pakistan, there was a run like situation on smaller banks. It is however a matter of satisfaction that Sindh Bank remained unaffected, rather its deposits rose despite being the youngest player in the financial sector.

Comparable figures of 2013 & 2014 are given in the following table:

(Rupees in '000)

Deposits	December-14		December-13		Increase/Decrease Amount
	Amount	%	Amount	%	
GoS	15,277,309	25	7,891,352	17	7,385,957
Excluding GoS	46,606,728	75	37,864,868	83	8,741,860
Total	61,884,037	100	45,756,220	100	16,127,817

B. ADVANCES:

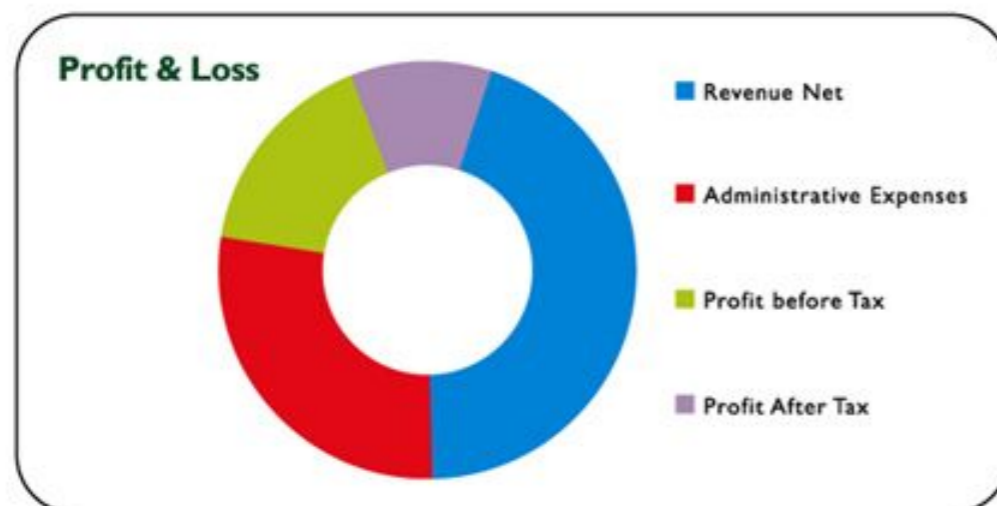
Credit portfolio during 2014 recorded a significant increase of 55% and amounted to Rs. 41.185 billion as against Rs. 26.565 billion as on December 31, 2013 with nominal infection ratio which is indicative of the soundness and prudence being exercised while extending credit. Out of total advances of Rs. 15.356 billion to the Sugar sector, exposure to the extent of Rs. 2.987 billion is secured against 100% cash collateral and Rs. 6.206 billion against pledge of Sugar with 20% margin.

C. INVESTMENTS:

Investments in Government securities registered an increase of 54% and stood at Rs. 53.317 billion as compared to Rs. 34.568 billion on December 31, 2013. The Bank's investment in Capital Market increased from Rs. 1,743 million as on December 31, 2013 to Rs. 2,648 million on December 31, 2014 registering an increase of 52%. Total income from these investments, representing capital gains and dividends, amounted to Rs. 486.932 million (2013:Rs.567.420 million) yielding an annualized return on investment of 18%.

D. PROFIT:

Profit before tax earned during 2014 increased to Rs. 1,612 million up by 69 % as compared to Rs. 953 million of 2013. This was mainly due to an increase of Rs. 1,274 million in total net mark up/non mark-up income accompanied by an increase of Rs. 614 million in total non mark up / interest expense over 2013.



E. BRANCH NETWORK:

The Bank has its presence at 225 locations stretched over 111 cities/towns across Pakistan. This includes 5 dedicated Islamic Banking branches providing a wide range of market based products and services. Region wise breakup is as under:

Region	No. of Branches	No. of Cities/Towns
South: including Karachi, Rural Sindh & Balochistan	144	61
North: including Punjab, KPK, AJK & GB	81	50
Total	225	111

FINANCIAL HIGHLIGHTS:

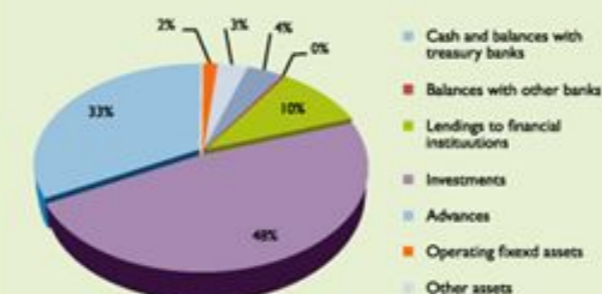
(Rupees in '000)

Balance Sheet	As on December 31, 2014	As on December 31, 2013
Paid up Capital	10,000,000	10,000,000
Equity*	14,102,394	11,326,887
Deposits	61,884,036	45,756,220
Investments (net of Repo)	20,382,791	21,690,262
Advances	41,184,703	26,564,842

*including revaluation on AFS securities

Profit & Loss Account	Year ended December 31, 2014	Year ended December 31, 2013
Net mark-up / profit / interest	3,435,347	2,257,738
Non mark-up / interest income	956,465	859,651
Non mark-up expense	2,758,839	2,142,155
Operating Profit	1,632,973	975,234
Profit before tax	1,611,686	953,400
Profit after tax	1,079,479	665,904
Earnings per share	1.08	0.67

ASSETS



LIABILITIES



ECONOMIC REVIEW

Pakistan recorded real GDP growth of 4.14 % in the FY 2014 compared to 3.7 % in FY 2013, on the back of a rise in private sector credit, contained fiscal deficit, rise in Forex reserves and stability in the exchange rate. Momentum in growth came mainly from the industrial sector which grew by 5.8 %, higher than the target of 4.8% set for the year. This growth was not broad based as it was driven primarily by construction and large scale manufacturing sector (mainly sugar and fertilizer). Growth in Agriculture and Services sectors was however below the target. Factors lending strength to the FX reserves/Exchange rate were receipt of US\$ 1.5 billion grant from a friendly country, US\$ 2.0 billion from the Eurobond issue and further funds generated from auction of 3G/4G licenses and resumption of IMF program.

Average Consumer Price Index (CPI) declined significantly to 6.1% during July -December 2014 (4.3% in December 2014) from its peak of 10.9% in November 2013. Considering improvement in the macroeconomic conditions and lower CPI inflation and outlook, SBP reduced its Policy Rate by 0.5% in November 2014 followed by a further cut of 1% in February 2015 (8.5% at present). Business sentiments remained bullish and the Karachi Stock Exchange, world's 5th best performing stock market in 2013, touched 32,131.28 points on December 31, 2014 as against 25,261.14 on December 31, 2013. However, internal and border security situation, resettlement of Internally Displaced Persons (IDPs), energy shortage for domestic and industrial consumers, circular debt and narrow tax base will remain a big challenge for the years to come.

CHANGES IN THE BOARD OF DIRECTORS:

Constitution of the Board of Directors is unique as despite being a public sector bank it has as many as five (5) independent directors including its Chairman. We are thankful to their all time guidance and support that has helped us in making Sindh Bank a sound financial institution. During 2014 Raja Muhammad Abbas, the former Chief Secretary Govt. of Sindh and Chairman, Sindh Bank Limited rejoined the Board as a director. He has been associated with the bank since beginning and has a great contribution in its establishment. He has replaced Mr. Naimuddin Farooqui, Executive Director presently CEO, Sindh Leasing Ltd. The Board is thankful to him for taking keen interest in the proceedings and providing valuable input throughout his association with the Bank.

CREDIT RATING

The Bank achieved a significant milestone when the JCR-VIS Credit Rating Company upgraded the Bank's medium to long term entity rating to 'AA' (Double A) from 'AA-' (Double A Minus) with a Stable outlook. The short term rating is placed at A-1+. The improved rating will help in attracting deposits and business of prestigious multinational companies (MNCs) and public sector entities.

MINIMUM CAPITAL REQUIREMENT & 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 22.57% as against the minimum requirement of 10%.

RISK MANAGEMENT FRAMEWORK

Sindh Bank has in operation an effective risk management system commensurate with the size and complexity of its operations to provide reasonable assurance that the risks undertaken are well managed and are within its risk appetite. During the year the Auto Risk Module was installed in branches and

training sessions were also conducted for its effective implementation. Risk management framework is equipped 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 and the Bank is proud to claim that all the regulatory guidelines are fully complied with. The implementation and testing of internal controls has started and extensive trainings imparted to branch and head office staff across Pakistan to ensure its effectiveness. This will further ensure observance of prudent banking practices and will help in managing risks on an integrated enterprise wide basis.

MAJOR HIGHLIGHTS OF THE YEAR:

• Islamic Banking Division

Introducing Islamic Banking (IB) under the brand name "Sa'adat" was a significant achievement of 2014. Sindh Bank's first IB branch was opened at Karachi on June 26, 2014 and by December 31, 2014 the net work expanded to 5 dedicated IB branches in 5 different cities. Besides 2 IB windows in conventional branches are facilitating IB customers. This has helped in expansion and diversification of customer base and is in line with SBP's growing emphasis on promoting Islamic banking in the country.

• Revival of Sick Industrial Units in Rural Sindh

For the fiscal year 2015 Government of Sindh has made another budgetary allocation of Rs. 2 billion in its Annual Development Plan for revival of Sick Industrial units in Rural Sindh. This is phase II of this scheme introduced in FY2014 when a similar amount was allocated for this purpose. The scheme offers loans for BMR and working capital purposes, at a concessionary rate of mark-up i.e. 6% per annum. Until December 31, 2014, loans aggregating Rs. 3,004 million were disbursed against approvals of Rs. 3,386 million.

• Prime Minister's Youth Business Loan Program

With a view to eradicating poverty by giving the youth, opportunities of financial independence through self employment, the Government of Pakistan introduced Prime Minister's Youth Business Loans Programme (PMYBL). This scheme is for young entrepreneurs between the age group of 21 - 45 years designed to providing subsidized financing at a rate of 8% per annum for extension of small business loans up to Rs. 2 million across Pakistan and Azad Jammu & Kashmir and including Federally Administered Tribal Areas. It has a 50% quota for women and 5% quota for families of Shaheeds, widows and disabled persons. Sindh Bank has committed participation of Rs. 100 million for the FY 2014-15 and has launched the program effective December 01, 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 37,031 as against 32,006 in 2013. Total amount disbursed during 2014 stands at Rs. 741 million as compared to Rs. 370 million in the year earlier. The Bank earned Rs. 20.2 million as commission. Handling this scheme is not only a good source of earning but provides the Bank an opportunity to serve the less privileged segments of population.

• Microfinance Bank

The Bank received NOC and FPT clearance of the proposed directors and CEO of the Microfinance Bank from State Bank of Pakistan and the remaining formalities for its incorporation with the SECP are in process. Operations are likely to start in the second half of 2015.

• Home Remittances

Sindh Bank branches handled home remittances to the tune of Rs. 1,281 million through 30,265 transactions as compared to handling Rs. 601.5 million through 13,061 transactions during 2013. Being a member of Pakistan Remittance Initiatives (PRI) the Bank has entered into agency arrangements with two more exchange companies and it is hoped that in the coming years this business will increase manifold benefitting the Bank and the country at large.

• Sindh Bank Debit Card

In order to fulfill customer needs provide market based products and services, an agreement has been signed with China UnionPay, a leading operator of interbank transaction settlement system, to launch an internationally accepted 'Debit Card' which can be used at any POS machine or ATM in Pakistan as well as in 190 countries. This will not only bring the Bank in line with its competitors but will attract customers who prefer branchless banking.

AGRICULTURE FINANCING

Since inception Sindh Bank has been actively participating in Agri financing. Our exposure to this sector as on December 31, 2014 aggregates Rs. 2.106 billion encompassing 5,539 farmers.

Agricultural credit disbursement target of Rs. 600 million assigned by SBP at the beginning of FY 2013-14 was achieved within the first half year ended December 2013. This was raised to Rs. 1.500 billion on the basis of mid term review, which too was achieved.

SBP has allocated a target of Rs. 2.500 billion for the FY 2014-15. With the expansion of our branch network, especially in the rural areas, it is hoped the enhanced agricultural financing target of Rs. 2.500 billion will also be achieved.

Plans are underway to design and launch customized products for other agricultural sub-sectors.

IT INITIATIVES

The Bank's IT managed smooth rollout of the core banking software at the 20 conventional branches established during the year.

Procurement and implementation of Core Banking for Islamic Banking was a major challenge which was successfully accomplished by the Bank IT team with the active support of Islamic Banking Division. Islamic Banking Windows have also been opened in two conventional branches to increase outreach and enhance cross platform services to 'Sharia' sensitive customers.

The Board of Revenue Sindh (BoR) is in the final stage of digitizing revenue record of agricultural lands of the Province. Once the process is complete and tested, any person interested to know status of an agricultural property will be able to obtain a copy of the relevant title deed from any Sindh Bank branch against a nominal fee. An MOU has already been signed between the BoR and Sindh Bank and a booth with an ATM will also be provided. Hopefully the project will be functional in March 2015.

STAFFING

Total headcount i.e. executives, officers and support staff increased to 1,776 as on December 31, 2014 as against 1,588 at the end of December 2013. The revised HR policy has laid added emphasis on career development by ways of elevation to the next cadre when an employee completes his/her education, cash awards, performance bonuses, membership of professional institutions etc. This will encourage professionals and graduates of reputed universities to join our folds.

TRAINING & DEVELOPMENT

Training activities were designed on the basis of Training Needs Analysis and complying SBP guidelines and requirements. Trainings related to Anti Money Laundering, Know your Customer and FATCA Compliance were conducted across Pakistan and around 500 staff, posted even at the remotest areas, were covered. Focus group of these sessions was Branch Managers, Operation Managers and account opening officers to protect the Bank from being used as a conduit for money laundering. Besides other areas, special training sessions were conducted on managerial development, Islamic Banking and implementation of Auto Risk module at different cities. In order to comply with SBP regulations, on-line AML/CFT test is conducted on a regular basis and all the new staff exposed to this exercise.

CORPORATE SOCIAL RESPONSIBILITY

Sindh Bank, since its inception, has been active in supporting projects that have an impact on betterment of humanity at large and aims to be recognized as a responsible corporate citizen. Activities during the year include:

- Considering the world class medical education and treatment being provided by the Aga Khan Hospital and Medical College Foundation, an amount of Rs. 9 million was disbursed during the period, against the total commitment of Rs. 10 million, for construction of a dedicated 10 bedded Pediatric Intensive Care Unit.
- An amount of Rs. 2 million was disbursed for provision of relief items for drought victims of Thar, Sindh.
- Sindh Bank has also signed an MOU with the Zakat & Ushr Department of the Government of Sindh, for disbursement of 'Guzara Allowance' to 84,000 mustehqueen through Benazir Muawanat ATM Cards to be issued by the Bank. The Bank will not recover any service charges from the department or the beneficiaries.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK:

- The financial statements prepared by the management of the bank, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the bank have been maintained.
- Appropriate accounting policies have been applied consistently in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The International Financial Reporting Standards, as applicable to banks in Pakistan, have been followed in preparation of financial statements and any departures there from have been adequately disclosed and explained.

- The system of internal control is sound in design and has been effectively implemented and monitored.
- There is no doubt about the Bank's ability to continue as a going concern in the foreseeable future.
- There has been no material departure from the best practices of corporate governance, as detailed in the Public Sector Companies (Corporate Governance) Rules, 2013.
- During the year, all the directors except one attended a Directors' Orientation program on Corporate Governance conducted by the Institute of Chartered Accountants of Pakistan. One director could not attend due to his official visit abroad. The President & CEO of the Bank, having 16 years of education and more than 16 years of experience as CEO and director of various public & private sector companies, is exempt from the directors' training program.
- Key financial and operating data for four years i.e. since inception is being provided in the annual report.
- All the statutory liabilities, if any have been adequately disclosed in the financial statements.
- The appointment of the Chairman and other members of the Board and the terms of their appointment along with remuneration policy adopted are in the best interest of the Bank as well as in line with the best practices.
- Value of investments of Sindh Bank Limited Employees Provident Fund as at December 31, 2014 was Rs158.740 million (2013-Rs 87.291 million). Value of investments of Sindh Bank Limited Employees Gratuity Fund as at December 31, 2014 was Rs 40.070 million (2013-Rs14.858 million) and Rs 34.878 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:

S.No.	Name of Directors	26th Meeting held on 17-02-14	27th Meeting held on 25-03-14	28th Meeting held on 17-04-14	29th Meeting held on 22-08-14	30th Meeting held on 24-10-14	31st Meeting held on 16-12-14	Total Meetings Attended
1	Mr. Raja Muhammad Abbas ⁽¹⁾				•	•	•	3
2	Mr. Tajammal Husain Bokharee	•	•	•	•	•	•	6
3	Mr. Afzal Ghani	•	•	•	•	•	•	6
4	Mr. Mohammad Sohail Khan Rajput	•	•	•	•	•	•	6
5	Mr. Mohammad Shahid Murtaza	•	•	•	•	•	•	6
6	Mr. Muhammad Naeem Sahgal	•	•	•	•	•	•	6
7	Mr. Naim Farooqui ⁽¹⁾	•	•	•				3
8	Mr. Muhammad Bilal Sheikh	•	•	•	•	•	•	6
	Meeting Attendance	7	7	7	7	7	7	

1) Mr. Raja Muhammad Abbas was co-opted in place of Mr. Naim Farooqui on July 1, 2014

PATTERN OF SHAREHOLDING

The pattern of shareholding is attached with this report.

EXTERNAL AUDITORS

M/s Anjum Asim Shahid Rahman, Chartered Accountants, the retiring auditors, are reappointed as external auditors of the Bank for another term.

FUTURE OUTLOOK

With the recent decreases in SBP policy rate there will be a pressure on banking spreads as returns on deposits are likely to be inelastic and cannot be decreased proportionally. We expect that the momentum generated by branches, especially opened before 2014 will give the much needed boost to profitability and offset the likely impact of decrease in markup/interest rates. Another 25 branches including 8 dedicated Islamic Banking branches are planned to be opened during 2015. To further expand the outreach and customer convenience, numerous Islamic Banking windows will also be established in conventional banking branches based on the market potential for Islamic products.

Another 71 ATMs will be added to the Bank's network during 2015, bringing the total to 185 ATMs by the end of the year. Many of these ATMs will be installed on frequently visited offsite locations to improve the Bank's branchless banking presence.

Establishment of Sindh Microfinance Bank (SMFB), a wholly owned subsidiary of the Bank, will provide an added opportunity to reach the un-banked poor segments of our society. The business plan envisages reaching all parts of Sindh in the first 3 years of operations. Major focus of the SMFB will be on empowering rural women and inculcating habit of saving among the poor still unable to utilize formal banking services.

The exercise of consolidation and strengthening of Internal Controls of the Bank will continue during 2015 as a dedicated fully sourced Internal Control Department pursues the matter under senior management and the Board Audit Committee.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors I extend thanks to the regulators, shareholders and customers for their continued guidance, support and confidence in the Bank.

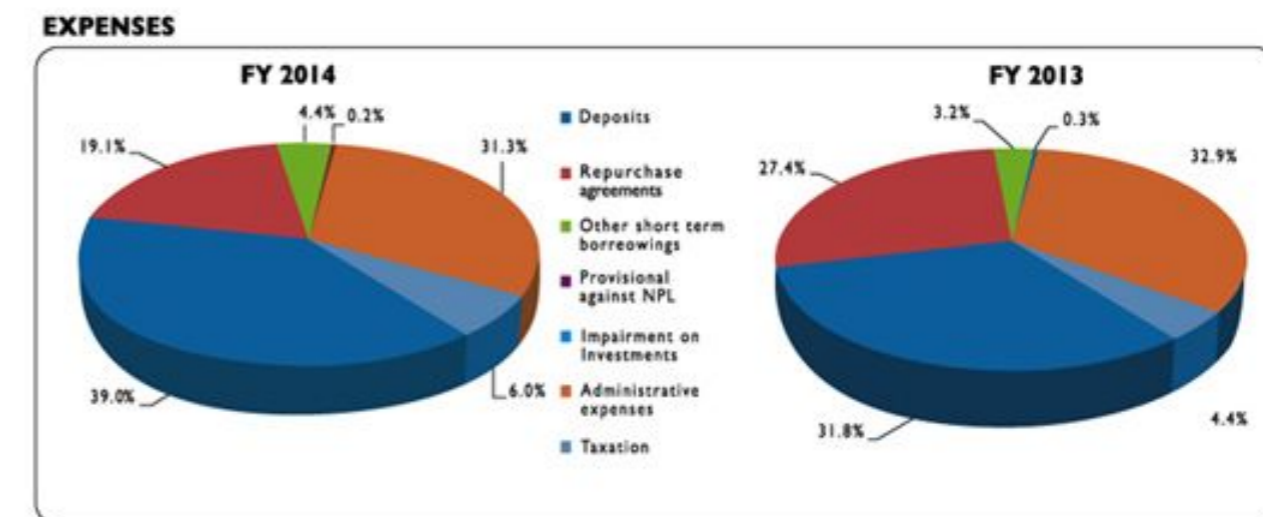
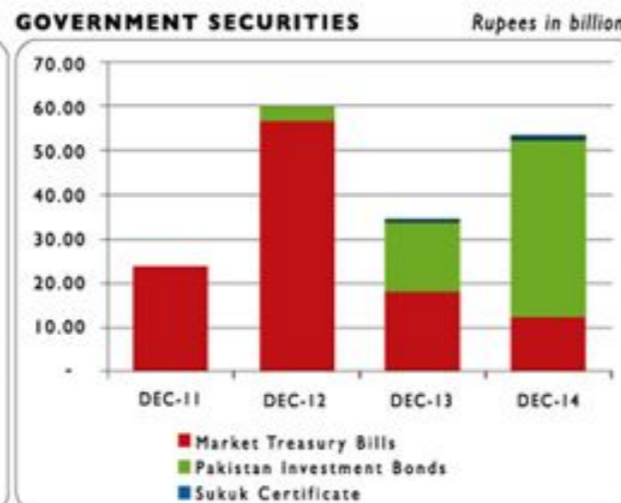
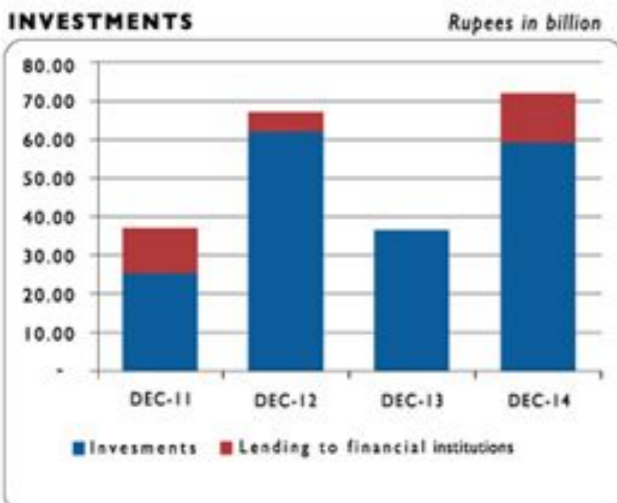
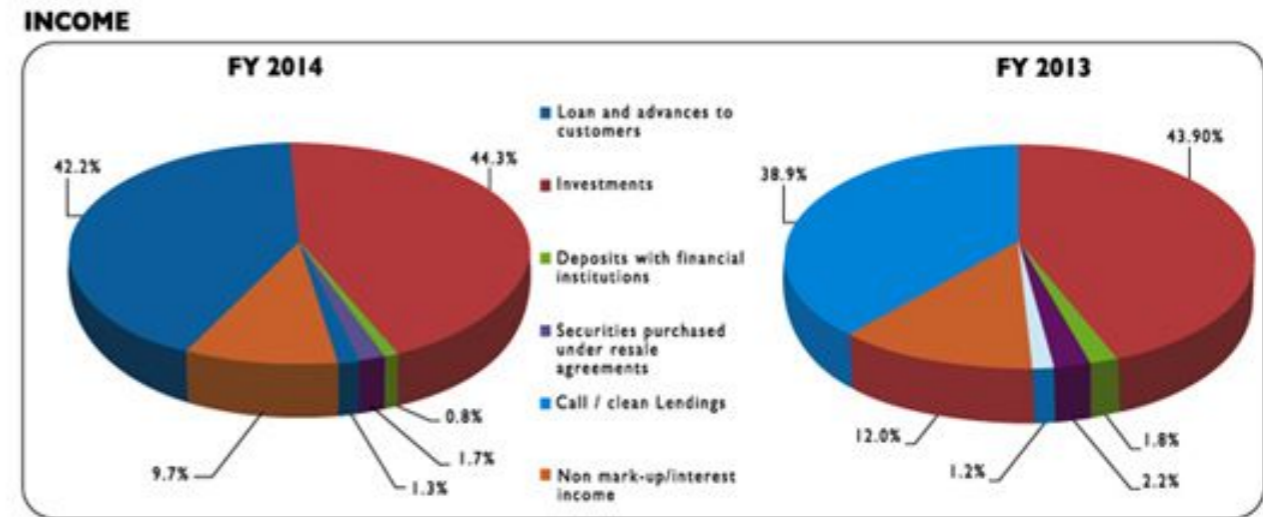
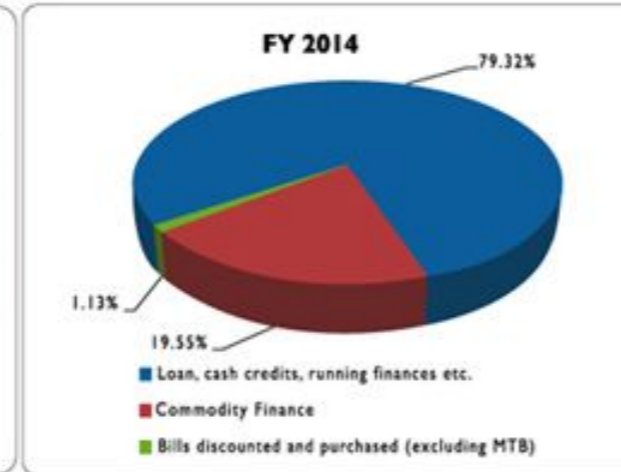
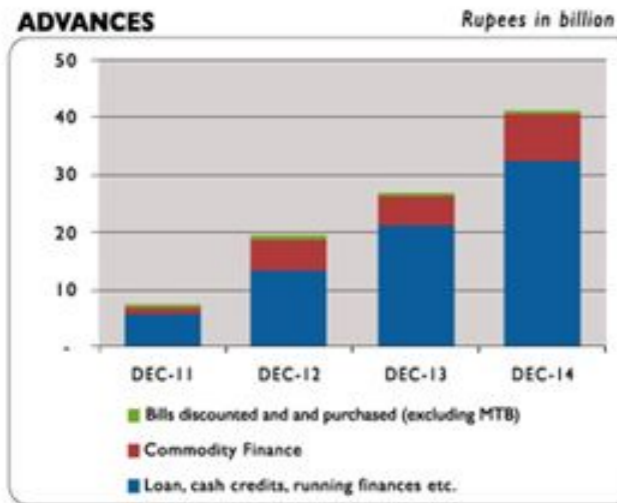
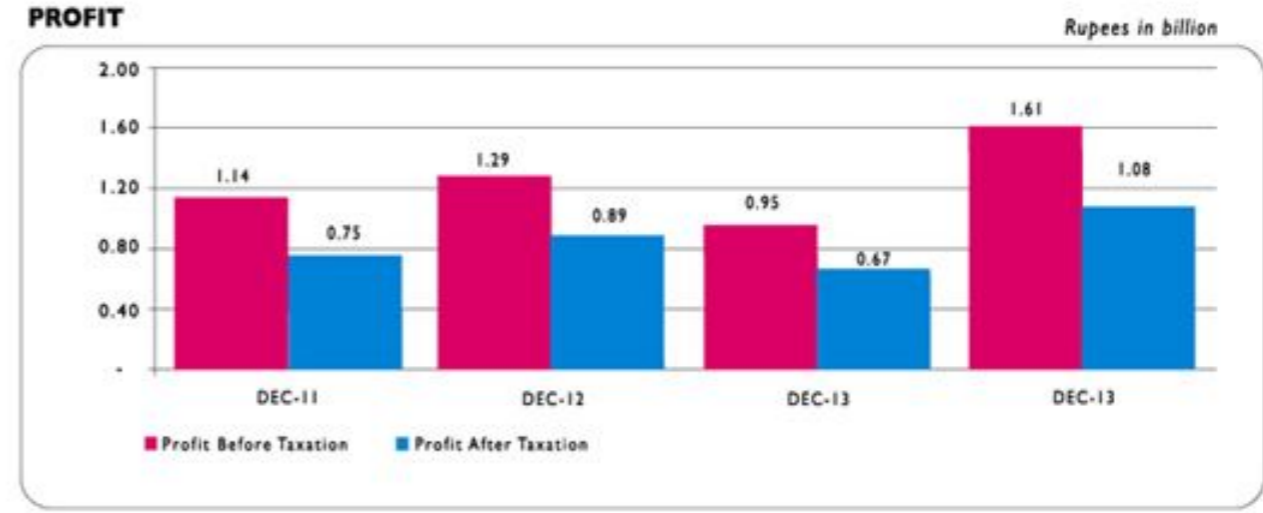
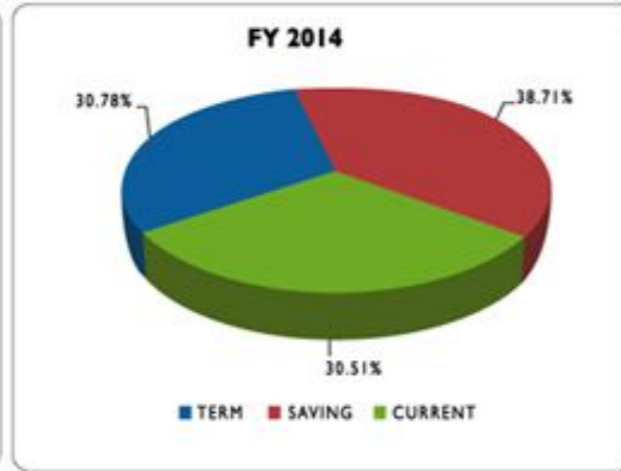
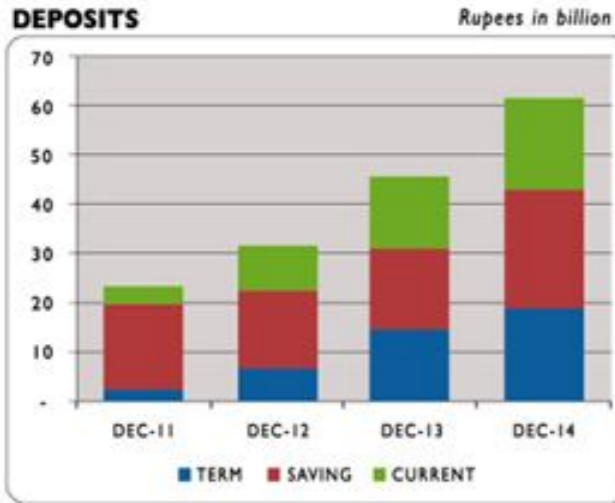
My thanks to the staff of Sindh Bank whose team spirit, hard work and commitment enabled us to achieve such results. I am hopeful that they will continue to serve the Bank with the same zeal and spirit.

On behalf of the Board of Directors.



Muhammad Bilal Sheikh
President/CEO
Karachi - February 24, 2015

Financial Highlights



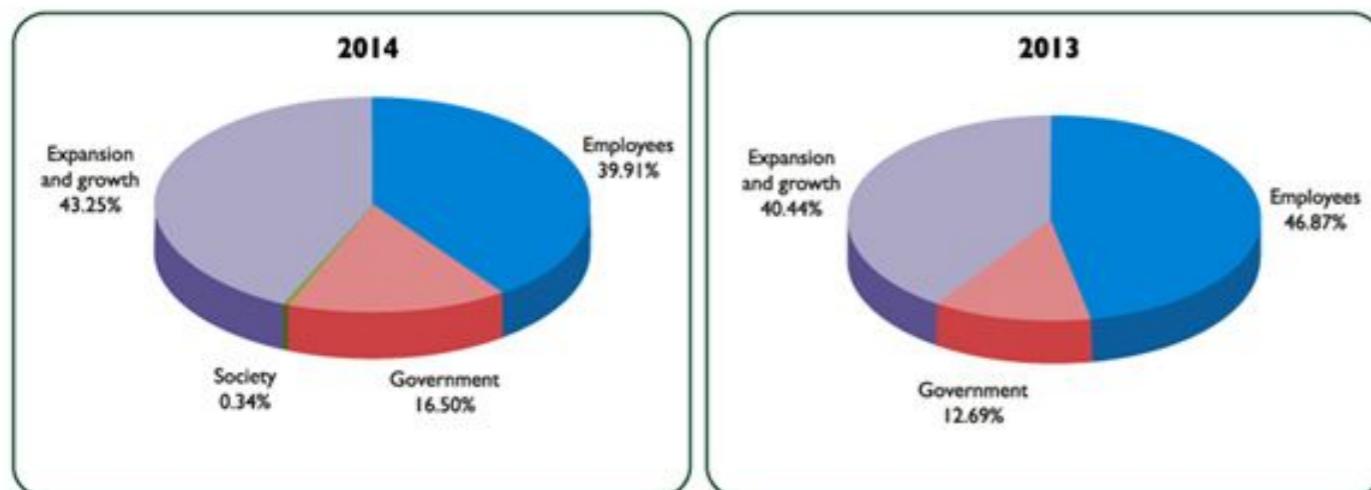
ATM and e-Banking Services

The Bank is providing modern IT solutions for the convenience of the customers, which include nationwide ATM facilities.



Value Added Statement

	2014 Rs. in million	%	2013 Rs. in million	%
Value Added				
Net interest income	3,435		2,258	
Non interest income	956		859	
Operating expenses excluding staff costs depreciation, amortization and donations	(1,145)		(829)	
Provision against advances, investments & others	(21)		(22)	
Value added available for distribution	3,225		2,266	
Distribution of value added:				
To employees				
Remuneration, provident fund and other benefits	1,287	39.91%	1,062	46.87%
To government				
Income tax	532	16.50%	287	12.69%
To society				
Donations	11	0.34%	-	-
To expansion and growth				
Depreciation	291	9.01%	233	10.26%
Amortization	25	0.77%	18	0.80%
Retained in business	1,079	33.47%	666	29.38%
	1,395	43.25%	917	40.44%
	3,225	100%	2,266	100%

Vertical Analysis
Statement of Financial Position / Profit & Loss

	2014		2013		2012		2011	
	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%
STATEMENT OF FINANCIAL POSITION								
ASSETS								
Cash and balances with treasury banks	5,066	4%	3,519	5%	2,430	3%	1,656	3%
Balances with other banks	538	0%	191	0%	424	0%	244	1%
Lendings to financial institutions	12,665	10%	4,036	5%	4,620	5%	10,905	23%
Investments	59,467	49%	36,786	50%	62,631	68%	26,082	55%
Advances	41,185	33%	26,565	35%	19,282	21%	7,259	15%
Operating fixed assets	1,812	1%	1,766	2%	1,557	2%	584	1%
Other assets	4,138	3%	2,170	3%	1,347	1%	1,000	2%
	124,871	100%	75,033	100%	92,291	100%	47,730	100%
LIABILITIES								
Bills payable	399	0%	362	0%	176	0%	42	0%
Borrowings from financial institutions	46,077	37%	16,758	22%	48,602	53%	13,013	27%
Deposits and other accounts	61,884	50%	45,756	62%	31,470	34%	23,518	50%
Deferred tax liability	903	1%	10	0%	207	0%	10	0%
Other liabilities	1,506	1%	820	1%	748	1%	484	1%
	110,769	89%	63,706	85%	81,203	88%	37,067	78%
NET ASSETS	14,102	11%	11,327	15%	11,088	12%	10,663	22%
REPRESENTED BY								
Share capital	10,000	8%	10,000	13%	10,000	11%	10,000	21%
Reserves	676	0%	460	1%	327	0%	150	0%
Unappropriated profit	2,101	2%	1,242	2%	710	1%	600	1%
Surplus / (Deficit) on revaluation of investments - net of related deferred tax	1,325	1%	(375)	-1%	51	0%	(87)	0%
	14,102	11%	11,327	15%	11,088	12%	10,663	22%
PROFIT & LOSS ACCOUNT								
Mark-up / return / interest earned	8,932	90%	6,329	88%	6,141	92%	3,704	95%
Fee, commission and brokerage	184	2%	163	2%	99	1%	11	0%
Income from dealing in foreign currencies	66	1%	44	1%	44	1%	2	0%
Capital gain and dividend income	702	7%	650	9%	382	6%	209	5%
Other income	4	0%	3	0%	2	0%	0	0%
Total income	9,888	100%	7,189	100%	6,668	100%	3,926	100%
Mark-up / return / interest expensed	5,497	56%	4,072	57%	4,103	62%	2,241	57%
Operating & admin expenses	2,759	28%	2,142	30%	1,278	19%	514	13%
Provision against investments & others	21	0%	22	0%	1	0%	31	1%
Taxation	532	5%	287	4%	399	6%	391	10%
Total Expenses	8,809	89%	6,523	91%	5,781	87%	3,177	81%
Profit after taxation	1,079	11%	666	9%	887	13%	749	19%

Horizontal Analysis

	2014 Rs. in million	14 vs 13 %	2013 Rs. in million	13 vs 12 %	2012 Rs. in million	12 vs 11 %	2011 Rs. in million
STATEMENT OF FINANCIAL POSITION							
ASSETS							
Cash and balances with treasury banks	5,066	44%	3,519	45%	2,430	47%	1,656
Balances with other banks	538	182%	191	-55%	424	74%	244
Lendings to financial institutions	12,665	214%	4,036	-13%	4,620	-58%	10,905
Investments	59,467	62%	36,786	-41%	62,631	140%	26,082
Advances	41,185	55%	26,565	38%	19,282	166%	7,259
Operating fixed assets	1,812	3%	1,766	13%	1,557	167%	584
Other assets	4,138	91%	2,170	61%	1,347	35%	1,000
	124,871	66%	75,033	-19%	92,291	93%	47,730
LIABILITIES							
Bills payable	399	10%	362	106%	176	317%	42
Borrowings from financial institutions	46,077	175%	16,758	-66%	48,602	274%	13,013
Deposits and other accounts	61,884	35%	45,756	45%	31,470	34%	23,518
Deferred tax liability	903	9391%	10	-95%	207	1908%	10
Other liabilities	1,506	84%	820	10%	748	54%	484
	110,769	74%	63,706	-22%	81,203	119%	37,067
NET ASSETS	14,102	25%	11,327	2%	11,088	4%	10,663
REPRESENTED BY							
Share capital	10,000	0%	10,000	0%	10,000	0%	10,000
Reserves	676	47%	460	41%	327	118%	150
Unappropriated profit	2,101	69%	1,242	75%	710	18%	600
Surplus / (Deficit) on revaluation of investments - net of related deferred tax	1,325	-453%	(375)	-838%	51	-159%	(87)
	14,102	25%	11,327	2%	11,088	4%	10,663
PROFIT & LOSS ACCOUNT							
Mark-up / return / interest earned	8,932	41%	6,329	3%	6,141	66%	3,704
Fee, commission and brokerage	184	13%	163	65%	99	830%	11
Income from dealing in foreign currencies	66	51%	44	-1%	44	1840%	2
Capital gain and dividend income	702	8%	650	70%	382	83%	209
Other income	4	41%	3	102%	2	311%	0
Total income	9,888	38%	7,189	8%	6,668	70%	3,926
Mark-up / return / interest expensed	5,497	35%	4,072	-1%	4,103	83%	2,241
Operating & admin expenses	2,759	29%	2,142	68%	1,278	149%	514
Provision against investments & others	21	-3%	22	1942%	1	-97%	31
Taxation	532	85%	287	-28%	399	2%	391
Total Expenses	8,809	35%	6,523	13%	5,781	82%	3,177
Profit after taxation	1,079	62%	666	-25%	887	18%	749



SMS Banking

Sindh Bank SMS Banking provides you with: Mini Statements, Balance Inquiry, Intra and Inter Bank Funds Transfer, Mobile Topup, Utility Bills Payment and SMS and e-mail Alerts.



Key Performance Indicators

		2014	2013	2012	2011
Financial					
Investments-Gross	Rs. In million	57,437	37,383	62,556	26,246
Advances-Gross	" "	41,204	26,565	19,282	7,259
Deposits	" "	61,884	45,756	31,470	23,518
Shareholders' Equity	" "	12,777	11,702	11,037	10,750
Total Assets	" "	124,871	75,032	92,291	47,730
Net Interest Income	" "	3,435	2,258	2,038	1,463
Non Interest Income	" "	956	860	527	222
Operating Expenses	" "	2,759	2,142	1,278	514
Profit Before Impairment/Provisions	" "	1,633	975	1,287	1,171
Provision against investments & others	" "	21	22	1	31
Profit Before Taxation	" "	1,612	953	1,286	1,140
Profit After Taxation	" "	1,079	666	887	749
Dividend Paid	" "	-	-	600	-
Non Financial					
Customers (as of)	Numbers	162,992	120,643	74,600	8,120
New Branches Opened	" "	25	40	110	50
New Accounts Opened	" "	47,427	52,287	71,720	9,323
ATM Cards Issued (as of)	" "	32,293	17,926	6,923	1,158
Permanent Employees (as of)	" "	1,298	1,167	924	462
ATM Machines (as of)	" "	105	24	19	3
Mobile Banking Customers (as of)	" "	86,045	62,248	34,040	5,983
Key Financial Ratios					
Earnings Per Share - Pre tax	Rupees	1.61	0.95	1.29	1.14
Book Value Per Share	" "	12.78	11.70	11.09	10.66
Return on Equity - Pre tax	%	13.17%	8.39%	11.81%	9.09%
Return on Assets - Pre tax	" "	1.61%	1.14%	1.97%	2.21%
Capital Adequacy Ratio	" "	22.57%	23.97%	38.51%	56.28%

Statement Of Compliance With The Best Practices Of Code Of Corporate Governance And Public Sector Companies (Corporate Governance) Rules, 2013 For The Year Ended December 31, 2014

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 and rules for Public Sector Companies (Corporate Governance) Rules, 2013.

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 five independent, one ex-officio non-executive director being nominee of the Government of Sindh, with the President & Chief Executive Officer being the executive member. 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 vacancy occurred during the year in the Board due to resignation of Mr. Naim Farooqi and this casual vacancy was filled in by co-opting Mr. Raja Muhammad Abbas as independent director.
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 / NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. The appointment of the Chairman and other members of the Board and the terms of their appointment along with the remuneration policy adopted are in the best interest of the Bank as well as in line with best practices.
5. Statement of Ethics and Business Practices has been approved by the Directors of the Bank.
6. 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.
7. 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.
8. 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.

9. Board meetings were held at least once in a quarter presided over by the Chairman. Written notices of the Board and Audit Committee meetings along with agenda were circulated seven days before the meetings. Minutes of meetings were appropriately recorded and circulated.

	Name of Committee	Number of Meetings
•	Risk Management Committee	4
•	Human Resource Committee	4
•	Procurement & Information Technology Committee	4
•	Audit Committee	4

10. 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.
11. 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.
12. During the year a Directors' Orientation Course on Corporate Governance was conducted through an ICAP approved trainer and was attended by all directors except one who could not attend the same due to his overseas official visit.
13. The President & CEO of the Bank with 16 years of education and having served as CEO & director of various listed companies for more than 16 years, is considered qualified under the directors' training program.
14. The Directors' Report for the year ended December 31, 2014 has been prepared in compliance with the requirements of the Code and the corporate and financial reporting requirements have been complied with.
15. The financial statements of the Bank for the year ended December 31, 2014 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.
16. The Board has formed an Audit Committee comprising of four members out of them 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.
17. 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.

18. 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.
19. A system of sound internal control is in place and effectively monitored in the Bank.
20. The statutory auditors of the Bank have confirmed that they or any partner in the firm, their spouses and minor children did not at any time hold, purchase, sell or take any position in shares of the Bank.
21. The statutory auditors of the Bank or persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed the IFAC guidelines in this regard.
22. We confirm that all material principles contained in the Code and the Rules have been complied with.

This Statement of compliance with best practices of Code of Corporate Governance and the Public Sector Companies (Corporate Governance) Rules, 2013 is being presented and circulated with the annual report of the Bank.



Muhammad Bilal Sheikh
President & CEO

Karachi
February 24, 2015



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

ANJUM ASIM SHAHID RAHMAN
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Karachi 75530
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F +92 021 3568 8834
www.gtbank.com

We have reviewed the Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance (the Code) and Public Sector Companies (Corporate Governance) Rules, 2013 (the Rules) for the year ended December 31, 2014, prepared by the Board of Directors (the Board) of **Sindh Bank Limited** ("the Bank") to comply with the regulation G-1 of the Prudential Regulations for the Corporate / Commercial Banking issued by the State Bank of Pakistan.

The responsibility for compliance with the Code and the Rules is that of the Board 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 and the 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 and the 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, the Bank's corporate governance procedures and risk.

Further, clause x (a) of the Code and clause 9 of the Rules requires the Bank to place before the Board 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 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 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, 2014.

We draw attention to clause 1 of the Statement which describes the non-compliance with the requirements of the Public Sector Companies (Corporate Governance) Rules, 2013.

Date: February 26, 2015
Karachi


Anjum Asim Shahid Rahman
Chartered Accountants
Muhammad Shaukat Naseeb

Statement of Internal Controls

This statement is presented to comply with the requirement of State Bank of Pakistan BSD circular No.07 dated May 27, 2004 on "Guidelines on Internal Controls" and Annexure A of OSED Circular No.01 dated February 07, 2014 on Internal Controls over Financial Reporting (ICFR).

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, Internal Audit Division and Internal Control Department covering key internal controls in all banking activities. In order to discharge the above responsibility, the Board of Directors has formed an Audit Committee with direct oversight responsibility to ensure the independence of the internal audit function and external audit. 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 worked extensively on implementing the COSO framework started last year to further enhance its internal control system and to manage bank risk on an integrated enterprise wide basis enabling it to meet the requirements of 'Guidelines on Internal Controls' issued by the State Bank of Pakistan.

Long form Report for the first two stages I and II i.e. Documenting Internal Controls over Financial Reporting and Identification of Gaps and Recommendations under ICFR Road Map was provided to SBP on June 30 2014. Work on the remaining stages III, IV, VI and VII has now been completed and remediation activity under stage V is in advanced stages as the bank is working on a time bound plan for development / re-engineering of some of the systems/controls, which is considered to be a continuous and ongoing process. Result of key controls tested under stage VII were also shared with the Board of Directors in their 31st meeting held on December 16, 2014.

The statutory auditors of the bank have started work on stage VIII (design and implementation review) and are required to submit their Long Form Report to State Bank of Pakistan by March 31, 2015, on the overall progress of the ICFR project for the year ended December 31, 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 24, 2015

SME Credits

Sindh Bank's exclusive SME Credit product is aimed at catering to the credit needs of small and medium enterprises for growing businesses, with quick processing of their applications.





INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

ANJUM ASIM SHAHID RAHMAN

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Karachi 75530

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We have audited the annexed statement of financial position of **Sindh Bank Limited** ("the Bank") as at December 31, 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the 'the financial statements') for the year then ended, in which are incorporated the unaudited certified returns from the branches except for 17 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:

- (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;
 - (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, 2014, 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.

Date: February 26, 2015
Karachi.


Anjum Asim Shahid Rahman
Chartered Accountants
Muhammad Shaukat Naseeb

Chartered Accountants
Member of Grant Thornton International Ltd



Prime Minister's Youth Programme

Prime Minister's Youth Business Loan

Loan Facility up to Rs 20 lakh

First Phase: An opportunity for one lakh youth to start their business and a means of earning for a million more.



Features:

- **For the first time in Pakistan, 50% of loans for women and 5% for families of Shaheed, widows and disabled persons.**
- The bank will provide 90% of the total cost as a loan for your business ventures.
- The loan repayment tenure is up to 8 years including grace period of one year.
- The loan recipient will pay only 8% markup.
- Loans will be disbursed in all provinces, Gilgit, Baltistan and Azad Jammu and Kashmir so that unemployed youth across the country can benefit from these equally.

Processing of Loan: Very easy and transparent.

Eligibility: National Identity Card holders aged 21 to 45 years.

- Application forms can be collected from any Sindh Bank branch or SMEDA or can be downloaded from the following websites: www.sindhbankltd.com or www.smeda.org
- For convenience and guidance of the business minded youth, 50 full-fledged business plans are available on the SMEDA website: www.smeda.org, which can be downloaded for free or you can also make your own business plan.
- Please attach your business plan with the Prime Minister's Youth Loan Form.
- Decision will be made on duly filled and valid applications within 15 days.

Benazir Muawanat Card

Benazir Muawanat Card focuses on supporting the needy people in collaboration with Zakat and Usher Department, Government of Sindh.





FINANCIAL STATEMENTS

FOR THE YEAR ENDED
DECEMBER 31, 2014

Sindh Bank Limited
Statement of Financial Position
As at December 31, 2014

	Note	2014 (Rupees in '000)	2013
ASSETS			
Cash and balances with treasury banks	6	5,066,350	3,518,863
Balances with other banks	7	537,713	190,823
Lendings to financial institutions	8	12,665,492	4,036,358
Investments - net	9	59,466,891	36,785,844
Advances - net	10	41,184,703	26,564,842
Operating fixed assets	11	1,811,990	1,766,303
Deferred tax asset		-	-
Other assets - net	12	4,138,341	2,169,421
		124,871,480	75,032,454
LIABILITIES			
Bills payable	13	399,591	362,522
Borrowings	14	46,076,636	16,758,368
Deposits and other accounts	15	61,884,036	45,756,220
Sub-ordinated loan		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net	16	902,707	9,511
Other liabilities	17	1,506,116	818,946
		110,769,086	63,705,567
NET ASSETS		14,102,394	11,326,887
REPRESENTED BY			
Share capital	18	10,000,000	10,000,000
Reserves		676,543	460,647
Unappropriated profit		2,100,911	1,241,433
		12,777,454	11,702,080
Surplus / (deficit) on revaluation of assets - net of tax	19	1,324,940	(375,193)
		14,102,394	11,326,887
CONTINGENCIES AND COMMITMENTS	20		

The annexed notes I to 40 and Annexure I form an integral part of these financial statements.

President & Chief Executive Officer

Chairman

Director

Director

Sindh Bank Limited
Profit and Loss Account
For the year ended December 31, 2014

	Note	2014 (Rupees in '000)	2013
Mark-up / return / interest earned	21	8,932,332	6,329,381
Mark-up / return / interest expensed	22	5,496,985	4,071,643
Net mark-up / return / interest income		3,435,347	2,257,738
Provision against non-performing loans and advances - net	10.3	19,078	-
Provision for diminution in the value of investments - net	9.3	-	17,292
Bad debts written off directly		-	-
		19,078	17,292
Net mark-up / return / interest income after provisions		3,416,269	2,240,446
Non mark-up / interest income			
Fee, commission and brokerage income		184,366	162,594
Dividend income		180,603	179,639
Income from dealing in foreign currencies		66,217	43,761
Gain on sale of securities - net	23	521,365	470,873
Unrealised gain on revaluation of investments classified as held-for-trading		-	-
Other income	24	3,914	2,784
Total non mark-up / interest income		956,465	859,651
		4,372,734	3,100,097
Non mark-up / interest expense			
Administrative expenses	25	2,740,050	2,141,712
Other provisions / write offs		2,209	4,542
Other charges	26	18,789	443
Total non mark-up / interest expenses		2,761,048	2,146,697
		1,611,686	953,400
Extraordinary / unusual items		-	-
Profit before taxation		1,611,686	953,400
Taxation			
- Current		554,467	255,830
- Prior years		-	-
- Deferred	27	(22,260)	31,666
		532,207	287,496
Profit after taxation		1,079,479	665,904
Basic and diluted earnings per share (after tax) - Rupees	28	1.08	0.67

The annexed notes I to 40 and Annexure I form an integral part of these financial statements.

President & Chief Executive Officer

Chairman

Director

Director

Sindh Bank Limited
Statement of Comprehensive Income
For the year ended December 31, 2014

	Note	2014 (Rupees in '000)	2013
Profit after taxation for the year		1,079,479	665,904
Other comprehensive income			
Items that will not be reclassified to profit and loss account			
Actuarial gains on remeasurement of defined benefit obligation	31	(4,105)	(1,157)
Total comprehensive income for the year transferred to equity		<u>1,075,374</u>	<u>664,747</u>
Components of comprehensive income not reflected in equity			
Surplus / (deficit) on revaluation of investments		2,615,590	(655,459)
Deferred tax on revaluation of investments		(915,457)	229,411
		<u>1,700,133</u>	<u>(426,048)</u>

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



President & Chief Executive Officer



Chairman



Director



Director

Sindh Bank Limited
Statement of Cash Flows
For the year ended December 31, 2014

	Note	2014 (Rupees in '000)	2013
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		1,611,686	953,400
Less: Dividend income		(180,603)	(179,639)
		<u>1,431,083</u>	<u>773,761</u>
Adjustments for non-cash charges			
Depreciation	11.2	290,575	232,544
Amortisation	11.3	24,686	18,049
Provision against non-performing advances		19,078	-
Provision for diminution in the value of investments	9.3	-	17,292
Other provisions / write offs		2,209	4,542
Gain on disposal of fixed assets		(1,036)	(1,759)
		<u>335,512</u>	<u>270,668</u>
		<u>1,766,595</u>	<u>1,044,429</u>
(Increase) / decrease in operating assets			
Lendings to financial institutions		(8,629,134)	583,233
Advances		(14,638,939)	(7,282,954)
Other assets (excluding advance taxation)		(2,004,296)	(807,377)
		<u>(25,272,369)</u>	<u>(7,507,098)</u>
Increase / (decrease) in operating liabilities			
Bills payable		37,069	186,397
Borrowings		29,318,268	(31,844,034)
Deposits and other accounts		16,127,816	14,286,568
Other liabilities (excluding current taxation)		604,916	70,313
		<u>46,088,069</u>	<u>(17,300,756)</u>
		<u>22,582,295</u>	<u>(23,763,425)</u>
Income tax paid		(448,401)	(268,724)
Net cash flows generated from / (used in) operating activities		<u>22,133,894</u>	<u>(24,032,149)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in available-for-sale securities		(15,143,959)	25,892,310
Net investment in held-to-maturity securities		(4,921,499)	(719,296)
Dividends received		185,853	174,389
Investment in operating fixed assets		(362,081)	(471,206)
Sale proceeds from disposal of operating fixed assets	11.4	2,169	10,540
Net cash flows (used in) / generated from investing activities		<u>(20,239,517)</u>	<u>24,886,737</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Increase in cash and cash equivalents		1,894,377	854,588
Cash and cash equivalents at beginning of the year		3,709,686	2,855,098
Cash and cash equivalents at end of the year	29	<u>5,604,063</u>	<u>3,709,686</u>

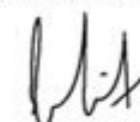
The annexed notes 1 to 40 and Annexure I form an integral part of these financial statements.



President & Chief Executive Officer



Chairman



Director



Director

Sindh Bank Limited
Statement of Changes in Equity
For the year ended December 31, 2014

	Share capital	Reserves		Total
		Statutory	Revenue Unappropriated profit	
----- (Rupees in '000) -----				
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
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
Profit for the year ended December 31, 2014	-	-	1,079,479	1,079,479
Other comprehensive income	-	-	(4,105)	(4,105)
Total comprehensive income for the year ended December 31, 2014	-	-	1,075,374	1,075,374
Transfer to statutory reserve	-	215,896	(215,896)	-
Balance as at December 31, 2014	10,000,000	676,543	2,100,911	12,777,454

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



President & Chief Executive Officer



Chairman



Director



Director

Sindh Bank Limited
Notes to the Financial Statements
For the year ended December 31, 2014
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 operates 225 (2013: 200) branches, 8 (2013: 10) sub branches and 5 (2013: NIL) Islamic branches in Pakistan. The Bank's registered office is located at 3rd floor, Federation House, Abdullah Shah Ghazi Road, Clifton, Karachi, Pakistan.

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

1.3 JCR –VIS Credit Rating Company Limited has upgraded the medium to long term entity rating to 'AA' (Double A) with a "Stable outlook", and assigned 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. The Islamic Banking branches of the Bank have complied with the requirements set out under the Islamic Financial Accounting Standards issued by the Institute of Chartered Accountants of Pakistan and notified under the provisions of the Companies Ordinance, 1984.

The financial results of the Islamic Banking branches have been consolidated in these financial statements for reporting purposes, after eliminating material inter-branch transactions / balances. Key financial figures of the Islamic Banking branches are disclosed in Annexure I to these financial statements.

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 the 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 SBP and SECP shall prevail.

The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking companies / DFIs through BSD Circular Letter No. 10 dated August 26, 2002.

Further, according to the notification of the Securities and Exchange Commission of Pakistan (SECP) through S.R.O 411(1)/2008 dated April 28, 2008, IFRS - 7 "Financial Instruments: Disclosures" has not been made applicable for Banking companies / 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 periods 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 purposes 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' be presented, and Balance Sheet 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:

The Securities and Exchange Commission of Pakistan (SECP) has notified as effective Islamic Financial Accounting Standard (IFAS) 3, 'Profit and Loss Sharing on Deposits' issued by the Institute of Chartered Accountants of Pakistan. IFAS 3 shall be followed with effect from the financial periods beginning after January 1, 2014 in respect of accounting for transactions relating to 'Profit and Loss Sharing on Deposits' as defined by the said standard. The standard has resulted in certain new disclosures in the financial statements of the Bank as disclosed in Annexure I to these Financial Statements.

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2014 but are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in these financial statements.

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

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after January 01, 2015.

Title of Standard	Effective for accounting periods beginning on or after
IAS 27 Separate financial statements (Amendments)	January 1, 2015
IFRS 10 Consolidated financial statements (Amendments)	January 1, 2015
IFRS 11 Joint Arrangements	January 1, 2015
IFRS 12 Disclosure of interests in other entities (Amendments)	January 1, 2015
IFRS 13 Fair value measure	January 1, 2015

There are other new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 1, 2015 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these financial statements.

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation / disclosures.

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 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. Actual results may differ from these estimates. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

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

- i) classification and impairment against investments (notes 5.4 and 9).
- ii) classification and provision against advances (notes 5.5 and 10).
- iii) depreciation and amortization / useful lives of operating fixed assets (notes 5.6 and 11)
- iv) taxation (note 5.8)
- v) staff retirement benefits (note 5.9)
- vi) 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 (Reverse repo / 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 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 price, interest rate movements, dealer's margin or are securities included in a portfolio in which a pattern of short-term profit taking exists.

(b) Held-to-maturity

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

(c) Available-for-sale

These are investments, other than 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 and includes transaction costs associated with the investment. Investments classified as 'held-for-trading' are initially recognized at fair value and transaction costs are expensed in the 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 the surplus / (deficit) 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 Regulations 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 and depreciation

(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 assets are available for use while no depreciation is charged in the month in which the assets are disposed off.

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) Intangible assets

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

(a) 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.

(b) Deferred

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be 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 (2013: 10 percent) of basic salary are made by both the Bank and the employees. The contributions are recognized as employee benefit expense when they are due.

(b) Defined benefit 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.

5.10 Provisions

Provisions are recognized when the Bank has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each date of 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 and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Charge to 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 of undertakings made 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 / return 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 / return 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 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 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.

5.21 Commitments

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

6	CASH AND BALANCES WITH TREASURY BANKS	Note	2014	2013
			(Rupees in '000)	
	In hand			
	Local currency	6.1	1,173,032	877,916
	Foreign currency		70,466	68,371
			1,243,498	946,287
	With State Bank of Pakistan (SBP) in			
	Local currency current account	6.2	2,373,351	1,779,096
	Foreign currency current account	6.3	33,884	12,185
	Foreign currency deposit account			
	- Non Remunerative	6.4	134,146	78,993
	- Remunerative	6.5	392,890	233,294
			2,934,271	2,103,568
	With National Bank of Pakistan in			
	Local currency current account		816,534	391,275
	Local currency PLS account		72,047	77,733
			888,581	469,008
			5,066,350	3,518,863

6.1 This includes national prize bonds of Rs. 0.962 million (2013: Rs.1.013 million).

6.2 This represents the cash reserve required to be maintained with SBP as per the requirement of section 22 of the Banking Companies Ordinance 1962. This is a sum not less than such percentage of its time and demand liabilities in Pakistan as may be prescribed by the SBP.

6.3 This represents US Dollar Settlement Account maintained with SBP.

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

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

7	BALANCES WITH OTHER BANKS	Note	2014	2013
			(Rupees in '000)	
In Pakistan				
	On current account		19,797	10,721
	On saving accounts	7.1	297,019	35,137
Outside Pakistan				
	On current accounts	7.2	220,897	144,965
			<u>537,713</u>	<u>190,823</u>

7.1 This represents saving deposits with a commercial bank carrying profit at the rate of 6.50% per annum (2013: 7.00%).

7.2 This includes Rs. 71.756 million (2013: Rs. 86.342 million) held in Automated Investment Plans. This balance is current in nature and in case the balance is above a specified amount, the Bank is entitled to earn interest from the correspondent banks at the agreed upon rates.

8 LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings	8.2	3,500,000	2,500,000
Term deposit	8.3	200,000	1,000,000
Repurchase agreement lendings (reverse repo)	8.4 & 8.5	8,515,492	536,358
Musharika financing	8.6	450,000	-
		<u>12,665,492</u>	<u>4,036,358</u>

8.1 Particulars of lendings

In local currency	12,665,492	4,036,358
In foreign currency	-	-
	<u>12,665,492</u>	<u>4,036,358</u>

8.2 These carry mark-up at rates ranging from 10.25% to 12.00% per annum (2013: 11.5% to 12.00%).

8.3 This represents term deposit account with a commercial bank carrying mark-up at the rate of 9.75% per annum (2013: 10%).

8.4 These carry mark-up at rates ranging from 9.50% to 10.25% per annum (2013: 11.15%).

8.5 Securities held as collateral against lendings to financial institutions

	2014			2013		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
	(Rupees in '000)					
Market treasury bills	1,999,270	4,840,530	6,839,800	-	-	-
Pakistan investment bonds	1,675,692	-	1,675,692	-	-	-
Term finance certificates	-	-	-	536,358	-	536,358
	<u>3,674,962</u>	<u>4,840,530</u>	<u>8,515,492</u>	<u>536,358</u>	<u>-</u>	<u>536,358</u>

8.6 This represents financing under musharika agreement carrying mark up at the rate of 10.25% per annum (2013: Nil).

9 INVESTMENTS - Net

9.1 Investments by types

Available-for-sale securities
Pakistan investment bonds
Market treasury bills
Shares of listed companies
Listed preference shares
Listed term finance certificates
Unlisted term finance certificates
Units of mutual funds
Sukuk certificates

Held-to-maturity securities
Pakistan investment bonds
Sukuk certificates
Ijarah sukuk
Listed preference shares
Unlisted preference shares
Listed term finance certificates

Total Investments at cost
Provision for diminution in value of investments

Investments (net of provisions)
Surplus / (deficit) on revaluation of available for sale securities

Investments at revalued amounts - net of provisions

Note	2014			2013		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
	(Rupees in '000)					
9.2.1	10,053,040	25,245,161	35,298,201	2,589,149	12,831,647	15,420,796
9.2.2	-	12,318,524	12,318,524	15,772,887	2,614,835	18,387,722
9.2.5	1,830,302	-	1,830,302	1,375,489	-	1,375,489
9.2.6	-	-	-	250,025	-	250,025
9.2.8	99,980	-	99,980	-	-	-
9.2.9	396,373	-	396,373	76,788	-	76,788
9.2.10	817,897	-	817,897	367,756	-	367,756
9.2.3.2	250,000	-	250,000	-	-	-
	<u>13,447,592</u>	<u>37,563,685</u>	<u>51,011,277</u>	<u>20,432,094</u>	<u>15,446,482</u>	<u>35,878,576</u>
9.2.1	5,131,132	-	5,131,132	334,440	-	334,440
9.2.3.1	425,000	-	425,000	425,000	-	425,000
9.2.4	144,909	-	144,909	-	-	-
9.2.6	249,961	-	249,961	249,961	-	249,961
9.2.7	250,000	-	250,000	250,000	-	250,000
9.2.8	224,600	-	224,600	244,702	-	244,702
	<u>6,425,602</u>	<u>-</u>	<u>6,425,602</u>	<u>1,504,103</u>	<u>-</u>	<u>1,504,103</u>
	<u>19,873,194</u>	<u>37,563,685</u>	<u>57,436,879</u>	<u>21,936,197</u>	<u>15,446,482</u>	<u>37,382,679</u>
9.3	-	-	-	(16,956)	-	(16,956)
	<u>19,873,194</u>	<u>37,563,685</u>	<u>57,436,879</u>	<u>21,919,241</u>	<u>15,446,482</u>	<u>37,365,723</u>
19	509,597	1,520,415	2,030,012	(228,979)	(350,900)	(579,879)
	<u>20,382,791</u>	<u>39,084,100</u>	<u>59,466,891</u>	<u>21,690,262</u>	<u>15,095,582</u>	<u>36,785,844</u>

9.2 Investments by segment

Federal government securities

Pakistan investment bonds
Market treasury bills
Sukuk certificates
Ijarah sukuk

Fully paid-up ordinary shares

Shares of listed companies

Preference shares

Listed companies
Unlisted companies

Term finance certificates

Listed
Unlisted

Other investments

Units of mutual funds
Sukuk certificates

Total investments at cost

Provision for diminution in value of investments

Investments (net of provisions)

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

Investments at revalued amounts - net of provisions

Note	2014	2013
	(Rupees in '000)	
9.2.1	40,429,333	15,755,236
9.2.2	12,318,524	18,387,722
9.2.3.1	425,000	425,000
9.2.4	144,909	-
	<u>53,317,766</u>	<u>34,567,958</u>
9.2.5	1,830,302	1,375,489
9.2.6	249,961	499,986
9.2.7	250,000	250,000
	<u>499,961</u>	<u>749,986</u>
9.2.8	324,580	244,702
9.2.9	396,373	76,788
	<u>720,953</u>	<u>321,490</u>
9.2.10	817,897	367,756
9.2.3.2	250,000	-
	<u>57,436,879</u>	<u>37,382,679</u>
9.3	-	(16,956)
	<u>57,436,879</u>	<u>37,365,723</u>
19	2,030,012	(579,879)
	<u>59,466,891</u>	<u>36,785,844</u>

- 9.2.1** These securities have tenure of 5 to 10 years. The effective yield on this investment ranges from 9.92% to 12.98% per annum (2013: 9.92% to 13%) with maturities from May 2016 to July 2024.
- 9.2.2** These securities are for a maximum period of one year. The effective yield on these investment ranges from 9.70% to 10.00% per annum (2013: 9.25% to 10.50%) with maturities from 3 to 4 months.
- 9.2.3.1** This represents investment in Sukuk certificates of WAPDA maturing on October 14, 2021. The effective rate of profit is 6 months KIBOR plus 1.75% (2013: 6 months KIBOR plus 1.75%) payable semi annually.
- 9.2.3.2** This represents investment in privately placed Sukuk certificate of AlBaraka Bank Pakistan Limited maturing on September 26, 2021. The effective rate of profit is 6 months KIBOR plus 1.25%, payable semi-annually.
- 9.2.4** This represents investment in Ijarah Sukuk of GOP having maturity of 3 to 4 years. The effective rate of profit is 7.49% to 9.49% (2013: Nil).
- 9.2.5** Details of investment in shares of listed companies

	2014			2013				
	Rating	Number of shares	Market value	Cost	Rating	Number of shares	Market value	Cost
	(Rupees in '000)							
Available-for-sale securities								
Fully paid up ordinary shares of Rs. 10/- each (unless stated otherwise)								
Pakistan Refinery Limited	A-/A2	104,158	16,952	8,892	A-/A2	104,158	7,931	8,892
Engro Corporation Limited					A/A1	500,000	79,190	80,502
Fauji Fertilizer Company Limited	N/A	4,191,700	490,890	489,992	A/A1	1,650,000	184,734	192,695
Fauji Fertilizer Bin Qasim Limited	N/A	2,250,000	101,723	97,070	-	-	-	-
Fatima Fertilizer Company Limited	AA-/A-1	1,835,000	65,638	61,155	-	-	-	-
Arif Habib Corporation Limited	N/A	4,000,000	110,000	119,357	-	-	-	-
International Steel Limited	-	-	-	-	N/A	2,550,000	43,911	44,718
Aisha Steel Mills Limited	N/A	4,092,000	33,923	40,920	N/A	5,000,000	46,950	50,000
Aisha Steel Mills Limited - Letter of Right	N/A	1,450,000	218	-	-	-	-	-
Thatta Cement Company Limited	N/A	3,375,000	111,375	95,808	N/A	3,375,000	84,341	95,808
Pakistan Telecommunication Company Limited	-	-	-	-	N/A	450,000	12,798	12,396
Nishat Chunian Power Limited	A+/A-2	1,700,000	84,235	77,225	A+/A-2	3,500,000	121,730	124,021
Hub Power Company Limited	AA+/A1+	515,500	40,395	32,478	-	-	-	-
Sui Southern Gas Company Limited	AA-/A1+	13,850,000	537,103	467,217	AA-/A1+	20,000,000	481,200	548,951
Sui Northern Gas Pipelines Limited	AA-/A1+	6,000,000	172,260	128,894	AA-/A1+	7,726,500	164,574	165,984
Allied Bank Limited	AA+/A1+	900,000	102,222	102,121	-	-	-	-
Bank Al-Falah Limited	AA+/A1+	1,110,000	38,717	31,201	-	-	-	-
NIB Bank Limited	AA-/A1+	12,000,000	27,840	29,348	-	-	-	-
Summit Bank Limited	A-/A-1	11,872,585	52,834	48,624	A-/A-3	11,872,585	25,526	41,522
Tracker Direct Insurance Limited	-	-	-	-	N/A	1,000,000	9,950	10,000
Total investment in shares of listed companies		1,986,325	1,830,302			1,262,835	1,375,489	

9.2.6 Details of investments in preference shares - Listed

	2014			2013				
	Rating	Number of shares	Market/net asset value	Cost	Rating	Number of shares	Market / net asset value	Cost
	(Rupees in '000)							
Available for sale securities								
Summit Bank Limited	A-/A-1	-	-	-	A-/A-3	25,000,000	250,000	250,025
Held to maturity securities								
Summit Bank Limited	A-/A-1	24,996,067	249,961	249,961	A-/A-3	24,999,067	249,961	249,961

9.2.7 Details of investments in preference shares - Unlisted

	Rating	Number of shares	Market/net asset value	Cost	Rating	Number of shares	Market / net asset value	Cost
Held to maturity securities								
Silk Bank Limited	A-/A-2	100,000,000	250,000	250,000	A-/A-2	100,000,000	250,000	250,000

9.2.8 Details of investment in term finance certificates - Listed

	2014					2013				
	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)									
Available-for-sale securities										
NIB Bank Limited **	A+	20,000	5,000	98,582	99,980	-	-	-	-	-
Held-to-maturity securities										
ORIX Leasing Pakistan Limited - 3rd issue						AA+	1,000	100.00	20,000	20,000
Summit Bank Limited **	A (SO)	44,982	5,000	224,600	224,600	A-(SO)	44,982	5,000	224,702	224,702
				224,600	224,600				244,702	244,702
				323,182	324,580				244,702	244,702

** These term finance certificates are sub-ordinated. In case 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 listed term finance certificates are as follows:

Particulars	Rate	Profit payment	Redemption terms
NIB Bank Limited - Second issue (unsecured)	1.15% above 6 months KIBOR	Semi-annually	Eight years from June 30, 2014 (date of issue).
Summit Bank Limited (unsecured)	3.25% above 6 months KIBOR	Semi-annually	Seven years from October 27, 2011 (date of issue).

9.2.9 Details of investment in term finance certificates - Unlisted

	2014					2013				
	Rating	Number of certificates	Paid-up value per certificate	Market value	Cost	Rating	Number of certificates	Paid-up value per certificate	Market value	Cost
Bank Al-Habib Limited - 4th issue **	AA-	10,000	5,000	51,408	51,408	AA	10,000	5,000	51,436	51,436
Faysal Bank Limited - 2nd issue **	AA-	5,000	5,000	25,242	25,242	AA-	5,000	5,000	25,352	25,352
Engro Fertilizer Limited - 4th issue **	AA-	5,000	5,000	24,191	24,191	-	-	-	-	-
Engro Fertilizer Limited - 5th issue **	AA-	6,000	5,000	295,532	295,532	-	-	-	-	-
				396,373	396,373				76,788	76,788

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

9.2.9.1 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. Nauman Ansari	2.25% above 6 months KIBOR	Semi-annually	Seven years from December 27, 2011 (date of issue).
Engro Fertilizer Limited- 4th issue (secured)	Chief Executive Officer : Mr. Ruhail Muhammad	1.70% above 6 months KIBOR	Semi-annually	Ten years from March 18, 2008 (date of issue).
Engro Fertilizer Limited - 5th issue (secured)	Chief Executive Officer : Mr. Ruhail Muhammad	1.45% above 6 months KIBOR	Semi-annually	Ten years from March 18, 2008 (date of issue).

9.2.10 Details of investments in mutual funds available-for-sale securities

	2014			2013		
	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-	11,659,277	769,862 750,000	AM2-	5,498,131	273,477 250,000
Close end						
PICIC growth fund	AM2-	569,500	14,038 17,197	AM2-	1,530,000	38,372 41,152
PICIC investment fund	AM2-	3,383,500	41,279 50,700	AM2-	6,142,000	69,835 76,604
			55,317 67,897			108,207 117,756
Total Investments in mutual funds			<u>825,179</u> <u>817,897</u>			<u>381,684</u> <u>367,756</u>

9.3 Particulars of provision for diminution in the value of investments - net

	2014		2013	
	(Rupees in '000)		(Rupees in '000)	
Opening balance		16,956		1,673
Charge during the period		-		17,292
Reversal made during the year		(13,619)		(1,425)
		(13,619)		15,867
Reversal on disposal of shares		(3,337)		(584)
		-		16,956

9.3.1 Particulars of provision by type and segment

Available-for-sale securities	2014		2013	
Listed shares	(Rupees in '000)		(Rupees in '000)	
		-		16,956
		-		16,956

10 ADVANCES - Net
Loans, cash credits, agriculture, running finances etc.
In Pakistan

	2014		2013	
	(Rupees in '000)		(Rupees in '000)	
Commodity finance				
In Pakistan	10.2	8,049,704		4,999,168
Bills discounted and purchased (excluding market treasury bills)				
Payable in Pakistan		65,371		115,269
Payable outside Pakistan		401,247		31,225
Advances - gross	10.1	<u>41,203,781</u>		<u>26,564,842</u>

Provision for non-performing advances - specific	10.3	(19,078)		-
Advances - net of provision		<u>41,184,703</u>		<u>26,564,842</u>

10.1 Particulars of Advances - Gross

	2014		2013	
	(Rupees in '000)		(Rupees in '000)	
In local currency	10.1.1	41,203,781		26,564,842
In foreign currency		-		-
		<u>41,203,781</u>		<u>26,564,842</u>

10.1.1 Short term (for upto one year)
Long term (for over one year)

		30,193,378		19,692,420
		11,010,403		6,872,422
		<u>41,203,781</u>		<u>26,564,842</u>

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

10.3 Advances include Rs. 340,359 million (December 31, 2013: Rs.42,587 million) which have been placed under non-performing status as detailed below:

Category of classification	2014					2013				
	Domestic	Overseas	Total	Provision Required	Provision Held	Domestic	Overseas	Total	Provision Required	Provision Held
	(Rupees in '000)					(Rupees in '000)				
Other Assets Especially										
-Mentioned (OAEM)	72,693	-	72,693	-	-	12,466	-	12,466	-	-
Substandard	246,532	-	246,532	104	104	-	-	-	-	-
Doubtful	2,636	-	2,636	476	476	30,121	-	30,121	-	-
Loss	18,498	-	18,498	18,498	18,498	-	-	-	-	-
	<u>340,359</u>	<u>-</u>	<u>340,359</u>	<u>19,078</u>	<u>19,078</u>	<u>42,587</u>	<u>-</u>	<u>42,587</u>	<u>-</u>	<u>-</u>

10.3.1 The SBP vide circular No. 1 of 2011 dated October 21, 2011 has revised the 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 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 been taken by the Bank, the specific provision against non-performing advances would have been higher by Rs. 61.290 million (December 31, 2013 : Rs. 15.061 million). The FSV benefit recognized will not be available for distribution as cash and stock dividend to shareholders.

10.3.2 Particulars of provision against non-performing advances

	2014			2013		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	-	-	-	-	-	-
Charge for the year	19,078	-	19,078	-	-	-
Reversal	-	-	-	-	-	-
Net (reversal) / charge	19,078	-	19,078	-	-	-
Amounts written off	-	-	-	-	-	-
Closing balance	<u>19,078</u>	<u>-</u>	<u>19,078</u>	<u>-</u>	<u>-</u>	<u>-</u>

10.4 Particulars of loans and advances to directors, executives/ officers associated companies, subsidiaries etc.

	2014		2013	
	(Rupees in '000)		(Rupees in '000)	
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		128,193		86,131
Loans granted during the year		93,467		68,561
Repayments		(30,059)		(24,652)
Outgoing employees		(14,636)		(1,847)
Balance at end of year	10.4.1	<u>176,965</u>		<u>128,193</u>
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	406,250		468,750
Loans granted during the year		-		-
Repayments		(31,250)		(62,500)
Balance at end of year		<u>375,000</u>		<u>406,250</u>
		<u>551,965</u>		<u>534,443</u>

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 was acquired by the Government of Sindh during the year ended December 31, 2012.

II	OPERATING FIXED ASSETS	Note	2014		2013	
			(Rupees in '000)			
	Capital work-in-progress	11.1	12,244		65,118	
	Property and equipment	11.2	1,729,393		1,618,408	
	Intangible assets	11.3	70,353		82,777	
			<u>1,811,990</u>		<u>1,766,303</u>	

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

11.2 Property and equipment - own use

	2014							
	Cost		Accumulated depreciation			Book value as at December 31, 2014	Rate of depreciation %	
	As at January 01, 2014	Additions / (disposals) / *adjustment	As at December 31, 2014	As at January 01, 2014	Charge for the year / (disposals) / *adjustment			
	(Rupees in '000)							
Leasehold improvements	839,665	79,715 *(38,162)	881,218	53,850	41,467 *(574)	94,743	786,475	5
Furniture and fixtures	364,384	52,373 *(21)	416,736	53,861	40,691	94,552	322,184	10
Computer equipment	629,251	249,565 (449)	878,367	204,119	170,815 (399)	374,535	503,832	33.33 & 20
Vehicles	156,912	59,222 (3,260) * *(64)	212,874	59,974	38,240 (2,178) *(64)	95,972	116,902	20
	<u>1,990,212</u>	<u>440,875</u> (3,709) *(38,183)	<u>2,389,195</u>	<u>371,804</u>	<u>291,213</u> (2,577) *(638)	<u>659,802</u>	<u>1,729,393</u>	
	2013							
	Cost		Accumulated depreciation			Book value as at December 31, 2013	Rate of depreciation %	
	As at January 01, 2013	Additions / (disposals) / *adjustment	As at December 31, 2013	As at January 01, 2013	Charge for the year / (disposals) / *adjustment			
	(Rupees in '000)							
Leasehold improvements	692,318	191,483 (2,734) *(41,402)	839,665	20,510	33,679 (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) *(39,264)	156,912	38,304	33,068 (11,398) * -	59,974	96,938	20
	<u>1,506,885</u>	<u>548,602</u> (26,011) *(39,264)	<u>1,990,212</u>	<u>154,156</u>	<u>232,544</u> (14,896) * -	<u>371,804</u>	<u>1,618,408</u>	

11.2.1 The cost of fully depreciated furniture and fixture, office and computer equipment still in use amounted to Rs. 41.581 million (2013: Rs. 9.9 million).

11.3 Intangible assets

	2014							
	Cost		Accumulated amortization			Book value as at December 31, 2014	Rate of amortization %	
	As at January 01, 2014	Additions / (deletion)	As at December 31, 2014	As at January 01, 2014	Amortization for the year			As at December 31, 2014
	(Rupees in '000)							
Software	118,081	12,262	130,343	35,304	24,686	59,990	70,353	20

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

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
	----- Rupees in '000 -----					
Equipment						
Miscellaneous	449	399	50	147	Various	Various
Motor vehicles						
Honda Civic VTI	1,930	1,158	772	772	As per Bank Policy	Muhammad Naim Farooqui-Ex COO
Honda City	1,330	1,020	310	1,250	Negotiation	Sindh Leasing Co Ltd
	3,260	2,178	1,082	2,022		
December 31, 2014	<u>3,709</u>	<u>2,577</u>	<u>1,132</u>	<u>2,169</u>		
December 31, 2013	26,011	14,897	11,114	10,540		

12 OTHER ASSETS - Net	Note	2014		2013	
		(Rupees in '000)			
Accrued income on bank deposits, investments, COIs placements and advances		3,617,484		1,669,787	
Accrued commission income		40,096		3,367	
Advances, deposits, advance rent and other prepayments		360,816		390,586	
Receivable against sale of shares		143		-	
Dividend receivable		-		5,250	
Insurance claim receivable against agriculture loans		28,948		15,607	
Advance tax - net		-		27,917	
Stationery and stamps on hand		5,478		6,079	
Insurance claims receivable		5,690		8,367	
Other receivables		84,104		44,670	
		<u>4,142,759</u>		<u>2,171,630</u>	
Provision held against other assets	12.1	<u>(4,418)</u>		<u>(2,209)</u>	
		<u>4,138,341</u>		<u>2,169,421</u>	
12.1 Provision held against other assets					
Opening balance		2,209		-	
Charge for the year		2,209		2,209	
Closing balance		<u>4,418</u>		<u>2,209</u>	
13 BILLS PAYABLE					
In Pakistan		399,591		362,522	
Outside Pakistan		-		-	
		<u>399,591</u>		<u>362,522</u>	
14 BORROWINGS					
In Pakistan		46,076,636		16,758,368	
Outside Pakistan		-		-	
	14.1	<u>46,076,636</u>		<u>16,758,368</u>	
14.1 Particulars of borrowings with respect to currencies					
In local currency		46,076,636		16,758,368	
In foreign currency		-		-	
		<u>46,076,636</u>		<u>16,758,368</u>	
14.2 Details of borrowings					
Secured					
Borrowings from State Bank of Pakistan under export refinance scheme	14.2.1	832,000		629,000	
Repurchase agreement borrowings					
State Bank of Pakistan	14.2.2	33,416,015		6,750,688	
Other commercial banks / DFI's	14.2.3	9,830,690		8,302,680	
		<u>43,246,705</u>		<u>15,053,368</u>	
Unsecured					
Call borrowings	14.2.4	1,997,431		1,000,000	
Clean borrowings		-		76,000	
		<u>1,997,431</u>		<u>1,076,000</u>	
		<u>46,076,636</u>		<u>16,758,368</u>	

- 14.2.1 These represent borrowings from SBP under export refinance scheme at the rates ranging from 5.50% to 6.50% (2013: 8.40%) per annum having maturity upto six months.
- 14.2.2 These represent repurchase agreement borrowings from SBP at the rate of 9.50% (2013: 10.01% to 10.03%) per annum maturing in January 2015.
- 14.2.3 These represent repurchase agreement borrowings from commercial banks at the rates ranging from 10.00% to 10.01% (2013 : 9.65% to 10.40%) per annum maturing in January 2015.
- 14.2.4 These represent call money borrowings from commercial banks at the rates ranging from 9.50% to 9.55% (2013:10.00%) per annum maturing in January and February 2015.

15 DEPOSITS AND OTHER ACCOUNTS	Note	2014		2013	
		(Rupees in '000)			
Customers					
Fixed deposits		18,845,190		13,524,028	
Savings deposits		21,586,982		15,614,616	
Current accounts - non-remunerative		18,075,130		13,782,310	
Margin and other accounts - non-remunerative		773,557		742,814	
		<u>59,280,859</u>		<u>43,663,768</u>	
Financial Institutions					
Remunerative deposits		2,571,688		2,074,530	
Non-remunerative deposits		31,489		17,922	
		<u>2,603,177</u>		<u>2,092,452</u>	
	15.1	<u>61,884,036</u>		<u>45,756,220</u>	
15.1 Particulars of deposits					
In local currency	15.2	60,655,735		44,179,880	
In foreign currency		1,228,301		1,576,340	
		<u>61,884,036</u>		<u>45,756,220</u>	
15.2 The above includes deposits amounting to Rs.15.277 billion (2013 : Rs.7.891 billion) received from various departments of the Government of Sindh.					
16 DEFERRED TAX LIABILITIES - net					
Deferred tax credits arising in respect of:					
Operating fixed assets - tangible		177,215		201,332	
Operating fixed assets - intangible		13,609		16,914	
Surplus / (deficit) on revaluation of investments - net		713,429		-	
		<u>904,253</u>		<u>218,246</u>	
Deferred tax debits arising due to:					
Deficit on revaluation of investments		-		(202,027)	
Provision for diminution in the value of investments		-		(5,935)	
Provision for other assets		(1,546)		(773)	
		<u>(1,546)</u>		<u>(208,735)</u>	
		<u>902,707</u>		<u>9,511</u>	

16.1 Reconciliation of deferred tax

	2014			2013				
	Balance as at January 01, 2014	Recognised in profit and loss account	Recognised in revaluation of investments	Balance as at December 31, 2014	Balance as at January 01, 2013	Recognised in profit and loss account	Recognised in revaluation of investments	Balance as at December 31, 2013
(Rupees in '000)								
Deferred tax credits arising in respect of:								
Operating fixed assets - tangible	201,332	(24,117)	-	177,215	172,909	28,423	-	201,332
Operating fixed assets - intangible	16,914	(3,305)	-	13,609	7,548	9,366	-	16,914
Surplus on revaluation of investments	-	-	713,429	713,429	27,385	-	(27,385)	-
	<u>218,246</u>	<u>(27,422)</u>	<u>713,429</u>	<u>904,253</u>	<u>207,842</u>	<u>37,789</u>	<u>(27,385)</u>	<u>218,246</u>
Deferred tax debits arising due to:								
Deficit on revaluation of investments	202,027	-	(202,027)	-	-	-	202,027	202,027
Provision for diminution in the value of investments	5,935	(5,935)	-	-	586	5,349	-	5,935
Provision for other assets	773	773	-	1,546	-	773	-	773
	<u>208,735</u>	<u>(5,162)</u>	<u>(202,027)</u>	<u>1,546</u>	<u>586</u>	<u>6,122</u>	<u>202,027</u>	<u>208,735</u>
				<u>2014</u>	<u>2013</u>			
				(Rupees in '000)				

17 OTHER LIABILITIES

Mark-up / return/ interest payable in local currency	1,017,423	447,236
Mark-up / return/ interest payable in foreign currency	9,162	3,689
Unearned LC commission	45,372	-
Payable to employees' gratuity fund	34,879	24,179
Provision for compensated absences	37,054	44,579
Payable against forward forex revaluation - net	55,978	20,328
Accrued expenses	87,683	58,579
Payable against purchase of shares	-	1,836
Payable against purchase of assets	51,401	119,086
Retention money - suppliers / contractors	47,198	73,242
Federal excise duty / sales tax on services payable	1,707	2,201
Provision for taxation-net	78,149	-
With holding tax payable	5,201	1,638
Others	34,909	22,353
	<u>1,506,116</u>	<u>818,946</u>

18 SHARE CAPITAL

18.1 Authorised capital

	2014	2013		2014	2013
Number of shares					
	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 share 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
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18.3 The Government of Sindh, through its Finance Department, owns 100% ordinary shares of the Bank.

19 SURPLUS / (DEFICIT) ON REVALUATION OF INVESTMENTS- Net of tax

Available-for-sale securities

	2014	2013
	(Rupees in '000)	
Government securities	1,868,128	(498,111)
Shares of listed companies	156,019	(95,696)
Units of mutual funds (units / certificates)	7,282	13,928
Term finance certificates	(1,417)	-
	<u>2,030,012</u>	<u>(579,879)</u>
Reversal of impairment on shares	8,358	2,659
	<u>2,038,370</u>	<u>(577,220)</u>
Related deferred taxation	(713,430)	202,027
	<u>1,324,940</u>	<u>(375,193)</u>

20 CONTINGENCIES AND COMMITMENTS

20.1 Direct credit substitutes

Includes general guarantees of indebtedness in favor of:

i) Government	886,731	869,454
ii) Banking companies and other financial institutions	51,826	12,565
iii) Others	135,707	895,403
	<u>1,074,264</u>	<u>1,777,422</u>

20.2 Trade related contingent liabilities

Others	4,481,192	2,873,074
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20.3 Commitments to extend credit

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

20.4 Transaction related contingent liabilities

Contingent liabilities in respect of guarantee given, favoring Others	118,011	6,700
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20.5 Commitments in respect of forward rate agreements - currency

Purchase	10,776,823	3,031,487
Sale	10,133,431	2,187,406

20.6 Commitments in respect of forward rate agreement - shares

Sale	-	258,000
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20.7 Commitments in respect of repo / call money transactions

Sale and repurchase agreement	43,357,187	15,087,966
Purchase and resale agreement	8,526,436	537,667
Call money lending	2,500,000	-

21	MARK-UP / RETURN / INTEREST EARNED	Note	2014	2013
			(Rupees in '000)	
	On loans and advances to:			
	Customers		4,170,261	2,793,619
	On investments in:			
	Available-for-sale securities		3,675,290	3,059,079
	Held-to-maturity securities		708,600	102,654
	On deposits with financial institutions		78,789	129,429
	On securities purchased under resale agreements		172,597	158,477
	On call / clean lendings		126,795	86,123
			<u>8,932,332</u>	<u>6,329,381</u>
22	MARK-UP / RETURN / INTEREST EXPENSED			
	Deposits		3,434,625	2,075,156
	Securities sold under repurchase agreements		1,678,402	1,788,709
	Other short term borrowings		383,958	207,778
			<u>5,496,985</u>	<u>4,071,643</u>
23	GAIN ON SALE OF SECURITIES - net			
	Federal government securities			
	Market treasury bills		3,125	2,318
	Pakistan investment bonds		211,911	80,774
	Mutual funds		109,372	153,867
	Shares - Listed		196,957	233,914
			<u>521,365</u>	<u>470,873</u>
24	OTHER INCOME			
	Prequalification application fee for tender		321	325
	Gain on sale of fixed assets		1,036	1,759
	Others		2,557	700
			<u>3,914</u>	<u>2,784</u>
25	ADMINISTRATIVE EXPENSES			
	Salaries, allowances and benefits		1,221,050	1,011,875
	Contribution to defined benefit plan	31.1.3	30,773	23,022
	Contribution to defined contribution plan	31.2	34,897	27,312
	Non-Executive Director's fee		6,700	5,575
	Rent, taxes, insurance, electricity, etc.		554,195	439,749
	Legal and professional charges		11,325	3,994
	Communications		87,383	55,787
	Repairs and maintenance		106,701	57,205
	Stationery and printing		49,817	42,170
	Security service charges		145,475	104,966
	Advertisement and publicity		65,974	44,304
	Donation		11,000	-
	Depreciation	11.2	290,575	232,544
	Amortization	11.3	24,686	18,049
	Auditors' remuneration	25.1	5,672	3,262

Travelling and conveyance
Brokerage and commission
Fees and subscription
Entertainment
Miscellaneous expense

25.1 Auditors' remuneration

Audit fee
Half yearly review
Certifications and other advisory services
Tax services
Out of pocket expenses

25.2 The Bank operates a short term employee benefit scheme which includes special bonus for all employees. Under this scheme, the bonus for all Executives, including the Chief Executive Officer and President of the Bank is determined on the basis of employees evaluation and the Bank's performance during the year. The aggregate amount determined for eligible employees in respect of the above scheme relating to all Executives and for the President of the Bank amounted to Rs. 11.539 million (2013: Rs. 15.4 million) and Rs. 14.56 million (2013: Rs. 16 million) respectively.

26 OTHER CHARGES

Penalties imposed by the SBP

27 TAXATION

Current
Deferred

27.1 Relationship between tax expense and accounting profit

Profit before tax

Tax on income @ 35%
Tax at reduced rate
Effect of permanent differences
Reversal of impairment

28 BASIC AND DILUTED EARNINGS PER SHARE

Profit after taxation

Weighted average number of ordinary shares

Basic and diluted earnings per share

	2014	2013
	(Rupees in '000)	
	17,428	13,167
	10,942	5,741
	30,501	24,244
	19,290	16,552
	15,666	12,194
	<u>2,740,050</u>	<u>2,141,712</u>
	1,663	1,440
	901	780
	2,644	480
	156	300
	308	262
	<u>5,672</u>	<u>3,262</u>
	18,789	443
	554,467	255,830
	(22,260)	31,666
	<u>532,207</u>	<u>287,496</u>
	1,611,686	953,400
	564,090	333,690
	(36,058)	(47,042)
	2,180	349
	1,995	499
	<u>532,207</u>	<u>287,496</u>
	1,079,479	665,904
	(Number of Shares)	
	1,000,000,000	1,000,000,000
	(Rupees)	
	1.08	0.67

	Note	2014 (Rupees in '000)	2013
29 CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	6	5,066,350	3,518,863
Balances with other banks	7	537,713	190,823
		<u>5,604,063</u>	<u>3,709,686</u>
30 STAFF STRENGTH			
		(Numbers)	
Permanent			
Temporary / on contractual basis		1,298	1,167
Bank's own staff		157	146
Outsourced		1,455	1,313
Total staff strength	30.1	<u>321</u>	<u>275</u>
		<u>1,776</u>	<u>1,588</u>
30.1	This represents personnel 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 a month's 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 was carried out as at December 31, 2014 using the Projected Unit Credit Method. Following are the significant assumptions used:			
Discount rate		11.25%	13.00%
Expected rate of increase in salaries		10.75%	12.00%
31.1.2 Reconciliation of payable to defined benefit plan	Note	2014 (Rupees in '000)	2013
Present value of defined benefit obligations	31.1.5	74,948	39,179
Fair value of plan assets	31.1.6	(40,070)	(15,000)
Payable to defined benefit plan	31.1.3	<u>34,878</u>	<u>24,179</u>
31.1.3 Movement in payable to defined benefit plan			
Opening balance		24,179	18,547
Charge for the period			
- in profit and loss	31.1.4	30,773	23,022
- in other comprehensive income	31.1.4	4,105	1,157
Bank contribution made during the year		(24,179)	(18,547)
Closing balance		<u>34,878</u>	<u>24,179</u>
31.1.4 Charge for defined benefit plan			
In profit and loss			
Current service cost		29,202	23,039
Interest cost / (income) - net		1,571	(17)
Charge for the period		<u>30,773</u>	<u>23,022</u>

	Note	2014 (Rupees in '000)	2013			
In other comprehensive income						
Actuarial (loss) on obligation		(3,795)	(843)			
Actuarial loss on plan assets		(310)	(314)			
		<u>(4,105)</u>	<u>(1,157)</u>			
31.1.5 Changes in present value of defined benefit obligation						
Defined benefit obligation as at the beginning of the year		39,179	18,547			
Current Service cost		29,202	23,039			
Interest cost		4,951	1,840			
Benefits paid		(2,179)	(5,090)			
Actuarial (loss) / gain on obligation						
- Demographic assumptions		580	60			
- Financial assumptions		4,398	(6,043)			
- Experience assumptions		(1,183)	6,826			
		<u>3,795</u>	<u>843</u>			
Defined benefit obligation as at end of the year		<u>74,948</u>	<u>39,179</u>			
31.1.6 Changes in fair value of plan assets						
Fair value of plan assets as at the beginning of the year		15,000	-			
Expected return on plan assets		3,380	1,858			
Contributions		24,179	18,547			
Benefits paid		(2,179)	(5,091)			
Actuarial gain / (loss) on assets						
- Experience assumptions		(310)	(314)			
Fair Value as at end of the year	31.1.7	<u>40,070</u>	<u>15,000</u>			
31.1.7 Plan assets comprise:						
Balance held in bank accounts		<u>40,070</u>	<u>15,000</u>			
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:						
Discount rate (1% variation)		<u>66,371</u>	<u>34,248</u>			
Future salary growth (1% variation)		<u>85,319</u>	<u>45,221</u>			
Future mortality (1 year variation)		<u>74,964</u>	<u>39,153</u>			
Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of sensitivity of the assumptions shown.						
31.1.9	The expected gratuity expense for the year commencing 01 January 2015 works out to Rs. 33.079 million (2013: Rs. 25.395 million).					
31.1.10 Maturity analysis:						
The weighted average duration of the defined benefit obligation works out to be 14.04 years. Expected benefit payments for the next five year are:						
		2015	2016	2017	2018	2019
		----- Rupees in '000 -----				
Expected benefit payments		3,177	5,668	4,105	3,251	5,396

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 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. 69.79 million. The number of employees as at December 31, 2014 eligible under the scheme were 1,141.

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. Unused 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. Minimum qualifying period for encashment is three year of service.

33 COMPENSATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	December 31, 2014			
	Chief Executive Officer	Non-Executive Directors	Executive Directors	Executives
	----- (Rupees in '000) -----			
Fees	-	6,700	-	-
Managerial remuneration	27,796	-	-	223,760
Charge for defined benefit plan	2,868	-	-	16,304
Contribution for defined contribution plan	2,780	-	-	14,518
Rent and house maintenance	12,508	-	-	100,692
Utilities	2,780	-	-	22,376
Medical	2,780	-	-	22,376
Conveyance	885	-	-	74,320
Bonus and others	5,797	-	-	64,929
	<u>58,194</u>	<u>6,700</u>	<u>-</u>	<u>539,275</u>
	----- (Numbers) -----			
Persons	<u>1</u>	<u>6</u>	<u>-</u>	<u>217</u>
	December 31, 2013			
	Chief Executive Officer	Non-Executive Directors	Executive Directors	Executives
Fees	-	5,575	-	-
Managerial remuneration	21,382	-	496	170,613
Charge for defined benefit plan	4,056	-	42	9,207
Contribution for defined contribution plan	2,138	-	50	11,528
Rent and house maintenance	9,622	-	223	76,776
Utilities	2,138	-	50	17,061
Medical	2,138	-	50	17,061
Conveyance	884	-	68	59,638
Bonus and others	8,569	-	29	42,821
	<u>50,927</u>	<u>5,575</u>	<u>1,008</u>	<u>404,705</u>
	----- (Numbers) -----			
Persons	<u>1</u>	<u>9</u>	<u>1</u>	<u>164</u>

- 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.
- 33.3** In addition to above, all executives, including the Chief Executive Officer and President of the Bank are also entitled to bonus which is disclosed in note 25.2 to these financial statements. Previously, this was shown as part of amounts disclosed in compensation of Directors and Executives.

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

	December 31, 2014	
	Book value	Fair value
	(Rupees in '000)	
Cash and balances with treasury banks	5,066,350	5,066,350
Balances with other banks	537,713	537,713
Lendings to financial institutions	12,665,492	12,665,492
Investments - net	57,436,879	59,466,891
Advances - net	41,184,703	41,184,703
Other assets - net	3,617,484	3,617,484
	<u>120,508,621</u>	<u>122,538,633</u>

Liabilities

Bills payable	399,591	399,591
Borrowings from financial institutions	46,076,636	46,076,636
Deposits and other accounts	61,884,036	61,884,036
Liabilities against assets subject to finance lease	-	-
Other liabilities	1,026,585	1,026,585
	<u>109,386,848</u>	<u>109,386,848</u>

On-balance sheet financial instruments**Assets**

	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 - net	26,564,842	26,564,842
Other assets - net	1,669,787	1,669,787
	<u>73,346,396</u>	<u>72,766,517</u>

Liabilities

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
	<u>63,328,035</u>	<u>63,328,035</u>

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

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

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

34.2 Off-balance sheet financial instruments

	2014		2013	
	Book value	Fair value	Book value	Fair value
	------(Rupees in '000)-----			
Forward purchase of foreign currency	10,776,823	10,776,823	3,031,487	3,031,487
Forward sale of foreign currency	10,133,431	10,133,431	2,187,406	2,187,406
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 in accordance with the requirements of the State Bank of Pakistan.

Business segments

(a) Corporate Finance

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

(b) Trading and sales

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

(c) Retail Banking

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

(d) Commercial Banking and others

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

Geographical segments

The Bank operates only in Pakistan.

Based on the above structure, the segment information for the year ended December 31, 2014 is given below:

	2014				Total
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	
	------(Rupees in '000)-----				
Total income	5,509,137	-	-	4,379,660	9,888,797
Inter segment revenue - net	(2,342,817)	-	-	2,342,817	-
Total income - net	3,166,320	-	-	6,722,477	9,888,797
Total expenses	(2,095,782)	-	-	(6,181,329)	(8,277,111)
Net income / (loss) before tax	1,070,538	-	-	541,148	1,611,686
Segment assets	77,795,479	-	-	47,076,001	124,871,480
Segment liabilities	46,185,840	-	-	64,583,246	110,769,086
Segment return on assets (ROA) (%)*	11.63%	-	-	10.34%	-
Segment cost of funds (%)*	9.25%	-	-	6.29%	-

* Includes inter-segment revenue / cost.

	2013				Total
	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.

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. Transactions with executives are undertaken at terms in accordance with employment agreements and service rules.

Contributions to and accruals in respect of staff retirement benefit plans are made in accordance with the 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:

	2014			
	Key management personnel	Directors	Associates / subsidiaries	Other related parties
	----- (Rupees in '000) -----			
Advances				
Balance at the beginning of the year	29,523	-	-	406,250
Disbursed during the period	12,372	-	-	-
Adjustment for outgoing parties	(18,085)	-	-	-
Repaid during the period	(5,365)	-	-	(31,250)
At December 31, 2014	18,445	-	-	375,000
Deposits				
Balance at the beginning of the year	78,286	-	-	2,238,559
Received during the period	397,758	94,559	-	9,138,531
Adjustment for outgoing parties	(1,989)	(413)	-	-
Withdrawals during the period	(402,023)	(78,097)	-	(8,820,721)
At December 31, 2014	72,032	16,049	-	2,556,369
Purchase of Government securities	-	-	-	274,934
Sale of Government securities	-	-	-	8,202,556
Sale proceed of fixed assets	-	-	-	1,250
Expenses recovered under agency arrangement	-	-	-	60
Mark-up receivable	12	-	-	23,966
Profit payable	713	325	-	9,684
	Year ended December 31, 2014			
Mark-up / interest / return earned	836	-	-	48,927
Mark-up / interest / return expensed	3,531	1,003	-	285,199
Gain on sale of Government securities	-	-	-	2,926
Gain on sale of fixed assets	-	-	-	940
Remuneration paid	144,636	-	-	-
Contribution to provident fund	5,118	-	-	-
Provision for gratuity	5,605	-	-	-
Other staff benefits	15,979	-	-	-
Directors' meeting fee	-	6,700	-	-

Government of Sindh owns 100% shares of the Bank and transactions with the Government comprise of commodity financing amounting to Rs. 8,050 million (note 10.2) and receipt of deposits amounting to Rs. 15,277 million (note 15.2).

Advances

Balance at the beginning of the year
Disbursed during the period
Adjustment for outgoing parties
Repaid during the period
At December 31, 2013

	2013			
	Key management personnel	Directors	Associates / subsidiaries	Other related parties
	----- (Rupees in '000) -----			
Balance at the beginning of the year	16,340	-	-	468,750
Disbursed during the period	22,847	-	-	-
Adjustment for outgoing parties	-	-	-	-
Repaid during the period	(9,664)	-	-	(62,500)
At December 31, 2013	29,523	-	-	406,250

Deposits

Balance at the beginning of the year
Received during the period
Adjustment for outgoing parties
Withdrawals during the period
At December 31, 2013

	2013			
	Key management personnel	Directors	Associates / subsidiaries	Other related parties
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 parties	(534)	(1,325)	-	-
Withdrawals during the period	(318,497)	(528)	-	(546,660)
At December 31, 2013	78,286	-	-	2,238,559

Purchase of Government securities
Sale of Government securities
Purchase of shares under agency arrangement
Expenses recovered under agency arrangement
Mark-up receivable
Profit payable
Other receivables

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 receivables	-	-	-	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	20,104	-	-	-
Directors meeting fee	-	5,575	-	-

37 CAPITAL ADEQUACY RATIO

37.1 Basel-III Framework is applicable to the Bank on a standalone basis. The Bank in line with the SBP guidelines has adopted the standardized approach for credit and 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 the 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 required 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 was 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, 2014 stands at Rs. 10 billion and is in compliance with the SBP requirement.

The capital adequacy ratio of the Bank is subject to the Basel-III capital adequacy guidelines stipulated by the State Bank of Pakistan through BPRD Circular No. 06 of 2013 dated August 15, 2013. These requirements are applicable from December 31, 2013 with full implementation in a phased manner intended by December 31, 2019. Under the 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						
		2013	2014	2015	2016	2017	2018	2019
1	CET I	5.00%	5.50%	6.00%	6.00%	6.00%	6.00%	6.00%
2	ATI	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
3	Tier-I	6.50%	7.00%	7.50%	7.50%	7.50%	7.50%	7.50%
4	Total Capital	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
5	* CCB	0.00%	0.00%	0.25%	0.65%	1.275%	1.90%	2.50%
6	Total Capital plus CCB	10.00%	10.00%	10.25%	10.65%	11.275%	11.90%	12.50%

*(Consisting of CET I only)

Bank's regulatory capital is analysed in three tiers:

- Common Equity Tier I capital (CET I), 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 CET I (refer to note 37.3).
- Additional Tier I Capital (ATI), 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 ATI (refer to note 37.3).
- Tier 2 capital, which includes Subordinated debt/ Instruments, share premium of issuance on 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 carries 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 Adequacy**Common Equity Tier I capital (CET I): Instruments and reserves**

	2014	2013
	----- Rupees in '000 -----	
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 Discount on Issue of shares	-	-
5 General/ Statutory Reserves	676,543	460,647
6 Gain/(Losses) on derivatives held as Cash Flow Hedge	-	-
7 Unappropriated/unremitted profits/ (losses)	2,100,911	1,241,433
8 Minority Interests arising from CET I capital instruments issued to third parties by consolidated bank subsidiaries (amount allowed in CET I capital of the consolidation group)	-	-
9 CET I before Regulatory Adjustments	12,777,454	11,702,080
10 Total regulatory adjustments applied to CET I (Note 37.4.1)	(578,224)	(805,707)
11 Common Equity Tier I	12,199,230	10,896,373

Additional Tier I (ATI) Capital

12 Qualifying Additional Tier-I capital instruments plus any related share premium	-	-
13 of which: Classified as equity	-	-
14 of which: Classified as liabilities	-	-
15 Additional Tier-I capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group AT I)	-	-
16 of which: instrument issued by subsidiaries subject to phase out	-	-
17 ATI before regulatory adjustments	-	-
18 Total regulatory adjustment applied to ATI capital (Note 37.4.2)	-	-
19 Additional Tier I capital after regulatory adjustments	-	-
20 Additional Tier I capital recognized for capital adequacy	-	-
21 Tier I Capital (CET I + admissible ATI) (11+20)	12,199,230	10,896,373

	2014 (Rupees in '000)	2013
Tier 2 Capital		
22 Qualifying Tier 2 capital instruments under Basel III plus any related share premium	-	-
23 Tier 2 capital instruments subject to phaseout arrangement issued under pre-Base 3 rules	-	-
24 Tier 2 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group tier 2)	-	-
25 of which: instruments issued by subsidiaries subject to phase out	-	-
26 General provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	-	-
27 Revaluation Reserves (net of taxes)	-	-
28 of which: Revaluation reserves on fixed assets	-	-
29 of which: Unrealized gains/losses on AFS	1,324,940	-
30 Foreign Exchange Translation Reserves	-	-
31 Undisclosed/Other Reserves (if any)	-	-
32 T2 before regulatory adjustments	1,324,940	-
33 Total regulatory adjustment applied to T2 capital (Note 37.4.3)	(136,830)	-
34 Tier 2 capital (T2) after regulatory adjustments	-	-
35 Tier 2 capital recognized for capital adequacy	-	-
36 Portion of Additional Tier 1 capital recognized in Tier 2 capital	-	-
37 Total Tier 2 capital admissible for capital adequacy	1,188,110	-
38 TOTAL CAPITAL (T1 + admissible T2) (21+37)	13,387,340	10,896,373
39 Total Risk Weighted Assets (RWA) {for details refer Note 37.7}	59,310,167	45,454,232
Capital Ratios and buffers (in percentage of risk weighted assets)		
40 CET I to total RWA	20.57%	23.97%
41 Tier-I capital to total RWA	20.57%	23.97%
42 Total capital to total RWA	22.57%	23.97%
43 Bank specific buffer requirement (minimum CET I requirement plus capital conservation buffer plus any other buffer requirement)	0.00%	0.00%
44 of which: capital conservation buffer requirement	0.00%	0.00%
45 of which: countercyclical buffer requirement	0.00%	0.00%
46 of which: D-SIB or G-SIB buffer requirement	0.00%	0.00%
47 CET I available to meet buffers (as a percentage of risk weighted assets)	0.00%	0.00%
National minimum capital requirements prescribed by SBP		
48 CET I minimum ratio	5.50%	5.00%
49 Tier I minimum ratio	7.00%	6.50%
50 Total capital minimum ratio	10.00%	10.00%

37.4 Regulatory Adjustments and Additional Information :

37.4.1 Common Equity Tier I capital: Regulatory adjustments

	2014	2013
1 Goodwill (net of related deferred tax liability)	-	-
2 All other intangibles (net of any associated deferred tax liability)	56,744	65,863
3 Shortfall in provisions against classified assets	-	-
4 Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
5 Defined-benefit pension fund net assets	-	-
6 Reciprocal cross holdings in CET I capital instruments of banking, financial and insurance entities	-	-
7 Cash flow hedge reserve	-	-
8 Investment in own shares/ CET I instruments	-	-
9 Securitization gain on sale	-	-
10 Capital shortfall of regulated subsidiaries	-	-
11 Deficit on account of revaluation from bank's holdings of fixed assets/ AFS	-	375,193
12 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)	521,480	286,012
13 Significant investments in the common stocks of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-
14 Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-
15 Amount exceeding 15% threshold	-	-
16 of which: significant investments in the common stocks of financial entities	-	-
17 of which: deferred tax assets arising from temporary differences	-	-
18 National specific regulatory adjustments applied to CET I capital	-	-
19 Investments in TFCs of other banks exceeding the prescribed limit	-	-
20 Any other deduction specified by SBP (mention details)	-	-
21 Adjustment to CET I due to insufficient AT1 and Tier 2 to cover deductions	-	78,639
22 Total regulatory adjustments applied to CET I (sum of 1 to 21)	578,224	104,296

37.4.2 Additional Tier-I & Tier-I Capital: regulatory adjustments

	2014	2013
23 Investment in mutual funds exceeding the prescribed limit [SBP specific adjustment]	-	-
24 Investment in own AT I capital instruments	-	-
25 Reciprocal cross holdings in Additional Tier I capital instruments of banking, financial and insurance entities	-	-
26 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)	-	-
27 Significant investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-
28 Portion of deduction applied 50:50 to Tier-I and Tier-2 capital based on pre-Base III treatment which, during transitional period, remain subject to deduction from additional tier-I capital	-	-
29 Adjustments to Additional Tier I due to insufficient Tier 2 to cover deductions	-	-
30 Total regulatory adjustment applied to AT I capital (sum of 23 to 29)	-	-

37.4.3 Tier 2 Capital: regulatory adjustments

	2014	2013
31 Portion of deduction applied 50:50 to Tier-I and Tier-2 capital based on pre-Base III treatment which, during transitional period, remain subject to deduction from tier-2 capital	-	-
32 Reciprocal cross holdings in Tier 2 instruments of banking, financial and insurance entities	-	-
33 Investment in own Tier 2 capital instrument	-	-
34 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)	136,830	27,366
35 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-
36 Total regulatory adjustment applied to T2 capital (sum of 31 to 35)	136,830	27,366

	2014	2013
Amount	Amount	Amount
to Pre- Basel III treatment	to Pre- Basel III treatment	to Pre- Basel III treatment
(Rupees in '000)	(Rupees in '000)	(Rupees in '000)

	2014	2013
1 Goodwill (net of related deferred tax liability)	-	-
2 All other intangibles (net of any associated deferred tax liability)	56,744	65,863
3 Shortfall in provisions against classified assets	-	-
4 Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
5 Defined-benefit pension fund net assets	-	-
6 Reciprocal cross holdings in CET I capital instruments of banking, financial and insurance entities	-	-
7 Cash flow hedge reserve	-	-
8 Investment in own shares/ CET I instruments	-	-
9 Securitization gain on sale	-	-
10 Capital shortfall of regulated subsidiaries	-	-
11 Deficit on account of revaluation from bank's holdings of fixed assets/ AFS	-	375,193
12 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)	521,480	286,012
13 Significant investments in the common stocks of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-
14 Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-
15 Amount exceeding 15% threshold	-	-
16 of which: significant investments in the common stocks of financial entities	-	-
17 of which: deferred tax assets arising from temporary differences	-	-
18 National specific regulatory adjustments applied to CET I capital	-	-
19 Investments in TFCs of other banks exceeding the prescribed limit	-	-
20 Any other deduction specified by SBP (mention details)	-	-
21 Adjustment to CET I due to insufficient AT1 and Tier 2 to cover deductions	-	78,639
22 Total regulatory adjustments applied to CET I (sum of 1 to 21)	578,224	104,296

	2014	2013
23 Investment in mutual funds exceeding the prescribed limit [SBP specific adjustment]	-	-
24 Investment in own AT I capital instruments	-	-
25 Reciprocal cross holdings in Additional Tier I capital instruments of banking, financial and insurance entities	-	-
26 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)	-	-
27 Significant investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-
28 Portion of deduction applied 50:50 to Tier-I and Tier-2 capital based on pre-Base III treatment which, during transitional period, remain subject to deduction from additional tier-I capital	-	-
29 Adjustments to Additional Tier I due to insufficient Tier 2 to cover deductions	-	-
30 Total regulatory adjustment applied to AT I capital (sum of 23 to 29)	-	-

	2014	2013
31 Portion of deduction applied 50:50 to Tier-I and Tier-2 capital based on pre-Base III treatment which, during transitional period, remain subject to deduction from tier-2 capital	-	-
32 Reciprocal cross holdings in Tier 2 instruments of banking, financial and insurance entities	-	-
33 Investment in own Tier 2 capital instrument	-	-
34 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)	136,830	27,366
35 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-
36 Total regulatory adjustment applied to T2 capital (sum of 31 to 35)	136,830	27,366

37.4.4 Additional Information

	2014	2013
	(Rupees in '000)	
Risk Weighted Assets subject to pre-Basel III treatment		
37 Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre-Basel III Treatment)	-	-
(i) of which: deferred tax assets	-	-
(ii) of which: Defined-benefit pension fund net assets	-	-
(iii) of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is less than 10% of the issued common share capital of the entity	-	-
(iv) of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is more than 10% of the issued common share capital of the entity	-	-
	-	-
Amounts below the thresholds for deduction (before risk weighting)		
38 Non-significant investments in the capital of other financial entities	-	-
39 Significant investments in the common stock of financial entities	-	-
40 Deferred tax assets arising from temporary differences (net of related tax liability)	-	-
	-	-
Applicable caps on the inclusion of provisions in Tier 2		
41 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	-	-
42 Cap on inclusion of provisions in Tier 2 under standardized approach	-	-
43 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	-
44 Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	-
	-	-

37.5 Capital Structure Reconciliation

	As per published financial statements	Under regulatory scope of consolidation
	December 31, 2014	
	(Rupees in '000)	
Step I		
Assets		
Cash and balances with treasury banks	5,066,350	-
Balanced with other banks	537,713	-
Lending to financial institutions	12,665,492	-
Investments	59,466,891	-
Advances	41,184,703	-
Operating fixed assets	1,811,990	-
Deferred tax assets	-	-
Other assets	4,138,341	-
Total assets	124,871,480	-
Liabilities & Equity		
Bills payable	399,591	-
Borrowings	46,076,636	-
Deposits and other accounts	61,884,036	-
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	902,707	-
Other liabilities	1,506,116	-
Total liabilities	110,769,086	-
Share capital/ head office capital account	10,000,000	-
Reserves	676,543	-
Unappropriated/ unremitted profit/ (losses)	2,100,911	-
Minority interest	-	-
Surplus on revaluation of assets	1,324,940	-
Total equity	14,102,394	-
Total liabilities & equity	124,871,480	-

December 31, 2014

Step 2

As per published financial statements	Under regulatory scope of consolidation	Reference
(Rupees in '000)		

Assets

Cash and balances with treasury banks	5,066,350	-	
Balances with other banks	537,713	-	
Lending to financial institutions	12,665,492	-	
Investments	59,466,891	-	
- of which: non-significant capital investments in capital of other financial institutions exceeding 10% threshold	658,309	-	a
- of which: significant capital investments in financial sector entities exceeding regulatory threshold	-	-	b
- of which: mutual funds exceeding regulatory threshold	-	-	c
- of which: reciprocal crossholding of capital instrument	-	-	d
- of which: others (mention details)	58,808,582	-	e
Advances	41,184,703	-	
Shortfall in provisions/ excess of total EL amount over eligible provisions under IRB	-	-	f
General provisions reflected in Tier 2 capital	-	-	g
Fixed assets	1,741,637	-	
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	4,138,341	-	
- of which: goodwill	-	-	j
- of which: intangibles	70,353	-	k
- of which: Defined-benefit pension fund net assets	-	-	l
Total assets	124,871,480	-	

Liabilities & Equity

Bills payable	399,591	-	
Borrowings	46,076,636	-	
Deposits and other accounts	61,884,036	-	
Sub-ordinated loans	-	-	
- of which: eligible for inclusion in AT1	-	-	m
- of which: eligible for inclusion in Tier 2	-	-	n
Liabilities against assets subject to finance lease	-	-	
Deferred tax liabilities	902,707	-	
- of which: DTLs related to goodwill	-	-	o
- of which: DTLs related to intangible assets	13,609	-	p
- of which: DTLs related to defined pension fund net assets	-	-	q
- of which: other deferred tax liabilities	889,098	-	r
Other liabilities	1,506,116	-	
Total liabilities	110,769,086	-	
Share capital	10,000,000	-	
- of which: amount eligible for CET1	10,000,000	-	s
- of which: amount eligible for AT1	-	-	t
Reserves	676,543	-	
- of which: portion eligible for inclusion in CET1 (provide breakup)	676,543	-	u
- of which: portion eligible for inclusion in Tier 2	-	-	v
Unappropriated profit/ (losses)	2,100,911	-	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	1,324,940	-	
- of which: revaluation reserves on property	-	-	
- of which: unrealized gains / (losses) on AFS	1,324,940	-	aa
- In case of deficit on revaluation (deduction from CET1)	-	-	ab
Total Equity	14,102,394	-	
Total liabilities & Equity	124,871,480	-	

December 31, 2014

Step 2

As per published financial statements	Under regulatory scope of consolidation	Reference
(Rupees in '000)		

Bills payable	399,591	-	
Borrowings	46,076,636	-	
Deposits and other accounts	61,884,036	-	
Sub-ordinated loans	-	-	
- of which: eligible for inclusion in AT1	-	-	m
- of which: eligible for inclusion in Tier 2	-	-	n
Liabilities against assets subject to finance lease	-	-	
Deferred tax liabilities	902,707	-	
- of which: DTLs related to goodwill	-	-	o
- of which: DTLs related to intangible assets	13,609	-	p
- of which: DTLs related to defined pension fund net assets	-	-	q
- of which: other deferred tax liabilities	889,098	-	r
Other liabilities	1,506,116	-	
Total liabilities	110,769,086	-	
Share capital	10,000,000	-	
- of which: amount eligible for CET1	10,000,000	-	s
- of which: amount eligible for AT1	-	-	t
Reserves	676,543	-	
- of which: portion eligible for inclusion in CET1 (provide breakup)	676,543	-	u
- of which: portion eligible for inclusion in Tier 2	-	-	v
Unappropriated profit/ (losses)	2,100,911	-	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	1,324,940	-	
- of which: revaluation reserves on property	-	-	
- of which: unrealized gains / (losses) on AFS	1,324,940	-	aa
- In case of deficit on revaluation (deduction from CET1)	-	-	ab
Total Equity	14,102,394	-	
Total liabilities & Equity	124,871,480	-	

Step 3	Component of regulatory capital reported by bank (Rupees in '000)	Source based on reference number from step 2
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	676,543	(u)
5 Gain/(Losses) on derivatives held as cash flow hedge	-	
6 Unappropriated/unremitted profits/(losses)	2,100,911	(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	12,777,454	
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)	56,744	(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	-	(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)	521,480	(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	-	
30 Total regulatory adjustments applied to CET1	578,224	
31 Common Equity Tier 1 Additional Tier 1 (AT 1) Capital	12,199,230	
32 Qualifying additional Tier-1 instruments plus any related share premium	-	
33 - of which: classified as equity	-	(t)
34 - of which: classified as liabilities	-	(m)
35 Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT1)	-	(y)
36 - of which: instrument issued by subsidiaries subject to phase out	-	
37 AT1 before regulatory adjustments	-	

Step 3	Component of regulatory capital reported by bank (Rupees in '000)	Source based on reference number from step 2
Additional Tier 1 Capital: regulatory adjustments		
38 Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-	
39 Investment in own AT1 capital instruments	-	
40 Reciprocal cross holdings in additional Tier 1 capital instruments	-	
41 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)
42 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(ad)
43 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	-	
44 Regulatory adjustments applied to additional Tier 1 due to insufficient Tier 2 to cover deductions	-	
45 Total of regulatory adjustment applied to AT1 capital	-	
46 Additional Tier 1 capital	-	
47 Additional Tier 1 capital recognized for capital adequacy	-	
48 Tier 1 Capital (CET1 + admissible AT1)	12,199,230	
Tier 2 Capital		
49 Qualifying Tier 2 capital instruments under Basel III	-	(n)
50 Capital instruments subject to phase out arrangement from tier 2 (Pre-Basel III instruments)	-	
51 Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier 2)	-	(z)
52 - of which: instruments issued by subsidiaries subject to phase out	-	
53 General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit risk weighted assets	-	(g)
54 Revaluation reserves eligible for Tier 2	1,324,940	
55 - of which: portion pertaining to Property	-	portion of (aa)
56 - of which: portion pertaining to AFS securities	1,324,940	
57 Foreign exchange translation reserves	-	(v)
58 Undisclosed / other reserves (if any)	-	
59 T2 before regulatory adjustments	1,324,940	
Tier 2 Capital: regulatory adjustments		
60 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	-	
61 Reciprocal cross holdings in Tier 2 instruments	-	
62 Investment in own Tier 2 capital instrument	-	
63 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)	136,830	(ae)
64 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(af)
65 Amount of regulatory adjustment applied to T2 capital	136,830	
66 Tier 2 capital (T2)	1,188,095	
67 Tier 2 capital recognized for capital adequacy	1,188,095	
68 Excess additional Tier 1 capital recognized in Tier 2 capital	-	
69 Total Tier 2 capital admissible for capital adequacy	1,188,095	
Total capital (T1 + admissible T2)	13,387,325	

37.6 Main features template of Regulatory Capital Instruments

1	Issuer	Sindh Bank Ltd
2	Unique identifier (eg KSE Symbol or Bloomberg identifier etc.)	Un-quoted
3	Governing law(s) of the instrument	Laws applicable in Pakistan
Regulatory treatment		
4	- Transitional Basel III rules	Common Equity Tier I
5	- Post-transitional Basel III rules	Common Equity Tier I
6	- Eligible at solo / group / group & solo	Solo
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	Rs. 10
10	Accounting classification	Shareholders
11	Original date of issuance	October 29, 2010
12	Perpetual or dated	Perpetual
13	Original maturity date	Not applicable
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	Not applicable
16	Subsequent call dates, if applicable	Not applicable
Coupons / Dividends		
17	Fixed or floating dividend/ coupon	Floating Dividend
18	coupon rate and any related index/ benchmark	Not applicable
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
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	No
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)	Residual Interest
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	Not applicable

The instruments issued by the Bank till December 31, 2014 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, 2014.

37.7 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:

Credit Risk :

Credit Risk on Balance Sheet Portfolios subject to standardized approach (Simple):

	2014		2013	
	Capital Requirements	Risk Weighted Assets	Capital Requirements	Risk Weighted Assets
	(Rupees in '000)			
Cash & cash equivalents	-	-	-	-
Sovereign	-	-	-	-
Public sector entities	21,793	217,927	21,735	217,352
Banks	159,804	1,598,040	118,940	1,189,399
Corporate	2,281,381	22,813,812	1,760,843	17,608,433
Retail	175,065	1,750,653	104,233	1,042,331
Residential mortgages	5,216	52,163	3,991	39,908
Past due loans	48,192	481,921	6,388	63,881
Listed equity investment	142,564	1,425,638	108,024	1,080,237
Un-listed equity investment	47,451	474,514	42,795	427,952
Operating fixed assets	174,164	1,741,637	168,353	1,683,526
Other assets	37,385	373,845	46,681	466,807
	3,093,015	30,930,150	2,381,983	23,819,826

Off-Balance sheet:

Non-market related

Financial guarantees, acceptances, performance related commitments, trade related etc.

Market related

Foreign Exchange contracts/ derivatives etc.

TOTAL CREDIT RISK

Market Risk:

Capital Requirement for portfolios subject to Standardized Approach:

Interest rate risk	1,231,706	12,317,064	684,521	6,845,205
Equity position risk	408,328	4,083,276	274,209	2,742,085
Foreign exchange risk	27,218	272,175	19,383	193,832
TOTAL MARKET RISK	1,667,252	16,672,515	978,113	9,781,122

Operational Risk:

Capital Requirement for portfolios subject to Basic Indicator Approach:

Operational Risk	649,133	6,491,326	406,186	4,061,861
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TOTAL RISK WEIGHTED ASSETS

	2014		2013	
	Required	Actual	Required	Actual
CET I to total RWA	5.50%	20.57%	5.00%	23.97%
Tier-I capital to total RWA	7.00%	20.57%	6.50%	23.97%
Total capital to total RWA	10.00%	22.57%	10.00%	23.97%

38 RISK MANAGEMENT

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

38.1 Credit risk

Credit risk strives to maximize the Bank's risk adjusted rate of return by maintaining credit risk exposure 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 be primarily 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 on a 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 by the class / nature of business and segment by distribution of advances, deposits & contingencies is given below:

	2014					
	Advances (Gross)		Deposits		Contingencies and commitments	
	(Rupees in '000)	Percent	(Rupees in '000)	Percent	(Rupees in '000)	Percent
Chemical and pharmaceuticals	2,351	-	37,872	0.06%	4,092	0.01%
Agri-business	2,125,970	5.16%	2,545,125	4.11%	-	-
Manufacturing of textile	153,488	0.37%	150,340	0.24%	664,558	0.85%
Cement	784,303	1.90%	-	-	-	-
Transport, Storage and Communication	5,756	0.01%	303,894	0.49%	41,385	0.05%
Importers / Exporters	279,339	0.68%	294,437	0.48%	154,456	0.20%
Wholesale and retail trade	5,180	0.01%	2,881,453	4.66%	90,325	0.12%
Mining and quarrying	-	-	52,221	0.08%	3,000	-
Hotel and restaurants	468,949	1.14%	76,457	0.12%	-	-
Manufacture of basic iron and steel	2,311,270	5.61%	23,730	0.04%	-	-
Sugar	15,356,906	37.27%	165,433	0.27%	567,582	0.72%
Automobile and transportation equipment	1,322,416	3.21%	310,246	0.50%	63,484	0.08%
Financial	1,360,445	3.30%	1,841,355	2.98%	72,236,520	92.06%
Rice	152,089	0.37%	106,151	0.17%	-	-
Construction	2,562,746	6.22%	1,834,519	2.96%	410,964	0.52%
Public Sector - Provincial Government Funds / Departments	-	-	15,277,309	24.69%	-	-
Food	8,481,659	20.58%	761,822	1.23%	-	-
Insurance	-	-	76,068	0.12%	4,067	0.01%
Power Electricity and Gas	1,390,989	3.38%	1,306,715	2.11%	3,475,897	4.43%
Education	1,498,469	3.64%	644,915	1.04%	1,150	-
Individuals	177,547	0.43%	7,413,837	11.98%	-	-
Others	2,763,909	6.72%	25,780,137	41.67%	749,864	0.95%
Total	41,203,781	100.00%	61,884,036	100.00%	78,467,344	100.00%

	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%	-	-
Manufacturing of textile	238,596	0.90%	204,343	0.45%	1,194,662	4.64%
Cement	340,937	1.28%	-	-	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%
Wholesale 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 Electricity and 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	43.05%	823,617	3.20%
Total	26,564,842	100.00%	45,756,220	100.00%	25,759,722	100.00%

38.2.2 Segment by sector

	2014					
	(Rupees in '000)	Percent	(Rupees in '000)	Percent	(Rupees in '000)	Percent
Public / Government	8,049,704	19.54%	35,159,882	56.82%	33,424,710	42.60%
Private	33,154,077	80.46%	26,724,154	43.18%	45,042,634	57.40%
Total	41,203,781	100.00%	61,884,036	100.00%	78,467,344	100.00%

38.2.3 Geographical Segment Analysis

	2014			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and commitments
	(Rupees in '000)			
Pakistan	1,611,686	124,871,480	14,102,394	78,467,344
	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

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.

As at December 31, 2014				
Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure	
----- (Rupees in '000) -----				
Pakistan Rupee	124,019,197	109,531,624	(643,392)	13,844,181
United States Dollar	731,088	1,090,579	628,030	268,539
Great Britain Pound	34,099	103,348	15,362	(53,887)
Euro	83,372	43,536	-	39,836
Japanese Yen	2,542	-	-	2,542
UAE Dirham	1,182	-	-	1,182
	<u>124,871,480</u>	<u>110,769,087</u>	<u>-</u>	<u>14,102,393</u>

As at December 31, 2013				
Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure	
----- (Rupees in '000) -----				
Pakistan Rupee	74,494,645	62,125,537	(844,082)	11,525,026
United States Dollar	432,322	1,448,995	832,062	(184,611)
Great Britain Pound	52,698	73,091	12,020	(8,373)
Euro	49,756	57,944	-	(8,188)
Japanese Yen	3,033	-	-	3,033
	<u>75,032,454</u>	<u>63,705,567</u>	<u>-</u>	<u>11,326,887</u>

38.3.2 Equity position risk

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

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

38.3.3 Yield / interest rate risk

Yield / Interest rate risk reflects the degree of vulnerability of an organization to adverse changes in markup / interest rates. Such risk taking is normal in a financial institution and could be an important source of profit earning. However, excess yield / interest rate risk may create a serious threat to a 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 yield / 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 systemic and non-systemic risks. In order to counter these the BRMC has laid down the limits of various investments, while the Treasury Division and RMD monitor these investments on a daily basis.

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.

Effective Yield / Interest rate	2014							Non-interest bearing financial instruments	
	Total	Exposed to Yield / Interest risk							
	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Above 5 to 10 years	
On-balance sheet financial instruments									
Assets									
Cash and balances with treasury banks	5,066,350	31,839	37,637	19,647	306,089	-	-	-	4,671,138
Balances with other banks	537,713	517,916	-	-	-	-	-	-	19,797
Lending to financial institutions	12,665,492	10,015,492	2,200,000	-	450,000	-	-	-	-
Investments	59,466,891	10,611,831	3,198,527	3,198,527	8,560,533	3,748,600	8,376,018	21,659,920	3,311,462
Advances	41,184,703	14,498,088	14,860,793	1,729,152	4,754,964	126,995	728,690	4,108,514	582
Other assets	4,138,341	-	-	-	-	-	-	-	4,138,341
Total	123,059,490	25,063,335	27,710,261	4,947,326	5,511,053	8,687,528	9,104,708	25,768,434	12,141,320
Liabilities									
Bills payable	399,591	-	-	-	-	-	-	-	399,591
Borrowings from Financial Institutions	46,076,636	45,065,743	489,893	-	521,000	-	-	-	-
Deposits and other accounts	61,889,036	24,551,037	5,149,538	6,198,886	7,061,242	29,181	13,475	500	18,880,177
Other liabilities	1,506,116	-	-	-	-	-	-	-	1,506,116
Total	109,866,379	69,616,780	5,639,431	6,198,886	7,582,242	29,181	13,475	500	20,785,884
On-balance sheet gap	13,193,111	(44,553,445)	22,070,830	(1,251,560)	(2,071,189)	8,658,347	4,063,695	9,104,208	(8,644,564)
Off-balance sheet financial instruments									
Purchase and resale agreements	8,526,436	-	-	-	-	-	-	-	-
Sale and repurchase agreements	43,357,187	-	-	-	-	-	-	-	-
Off-balance sheet gap	51,883,623	-	-	-	-	-	-	-	-
Total Yield / Interest Risk Sensitivity Gap	7,330,178	22,070,830	(1,251,560)	(2,071,189)	8,658,347	4,063,695	9,104,208	25,768,434	(8,644,564)
Cumulative Yield / Interest Risk Sensitivity Gap	7,330,178	29,401,008	28,149,448	26,078,259	34,736,606	38,800,301	47,904,509	73,721,298	65,076,734
Reconciliation with total assets:									
Assets as per above	123,059,490	-	-	-	-	-	-	-	-
Fixed assets	1,811,990	-	-	-	-	-	-	-	-
Assets as per Statement of Financial Position	124,871,480	-	-	-	-	-	-	-	-
Reconciliation with total liabilities:									
Liabilities as per above	109,866,379	-	-	-	-	-	-	-	-
Deferred tax liability	902,707	-	-	-	-	-	-	-	-
Liabilities as per Statement of Financial Position	110,769,086	-	-	-	-	-	-	-	-

123,059,490
1,811,990
124,871,480

109,866,379
902,707
110,769,086

Effective Yield / Interest rate	2013							Non-interest bearing financial instruments	
	Total	Exposed to Yield / Interest risk							
	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Above 5 to 10 years	
On-balance sheet financial instruments									
Assets									
Cash and balances with treasury banks	3,518,863	63,265	1,37,884	15,425	19,241	-	-	-	3,283,048
Balances with other banks	190,823	180,102	-	-	-	-	-	-	10,721
Lending to financial institutions	4,036,358	2,500,000	1,000,000	536,358	-	-	-	-	-
Investments	36,785,844	12,559,519	19,808,548	2,023,271	-	-	-	-	2,394,506
Advances	26,564,842	21,362,033	1,390,972	1,916,891	1,319,283	11,789	7,414	497,962	794
Other assets	2,169,421	-	-	-	-	-	-	-	2,169,421
Total	73,266,151	34,164,919	23,837,404	4,955,587	1,874,882	11,789	7,414	497,962	7,858,490
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	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
Total	63,696,056	33,609,527	4,339,102	2,234,647	7,750,339	11,828	25,900	200	15,724,513
On-balance sheet gap	9,570,095	555,392	19,498,302	2,720,940	(5,875,457)	(39)	(18,486)	497,962	(7,866,023)
Off-balance sheet financial instruments									
Purchase and resale agreements	537,667	-	-	-	-	-	-	-	-
Sale and repurchase agreements	15,087,966	-	-	-	-	-	-	-	-
Off-balance sheet gap	15,625,633	-	-	-	-	-	-	-	-
Total Yield / Interest Risk Sensitivity Gap	15,643,358	19,498,302	2,720,940	(5,337,790)	(39)	(18,486)	13,964	497,962	(7,866,023)
Cumulative Yield / Interest Risk Sensitivity Gap	15,643,358	35,141,660	37,862,600	32,524,810	32,524,772	32,506,286	32,520,250	33,018,211	25,195,729
Reconciliation with total assets:									
Assets as per above	73,266,151	-	-	-	-	-	-	-	-
Fixed assets	1,766,303	-	-	-	-	-	-	-	-
Assets as per Statement of Financial Position	75,032,454	-	-	-	-	-	-	-	-
Reconciliation with total liabilities:									
Liabilities as per above	63,696,056	-	-	-	-	-	-	-	-
Deferred tax liability	9,511	-	-	-	-	-	-	-	-
Liabilities as per Statement of Financial Position	63,705,567	-	-	-	-	-	-	-	-

Liquidity risk

Liquidity risk refers to the potential inability of the Bank to meet its funding requirements arising from cash flow mismatches at a reasonable cost (funding liquidity risk). Liquidity risk also arises due to the Bank's potential inability to liquidate positions quickly and in sufficient volumes, at a reasonable price (market liquidity risk). Liquidity risk manifests in different dimensions, viz. funding risk, time risk and 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 Unit of the RMD.

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

	2014								
	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
Assets	(Rupees in '000)								
Cash and balances with treasury banks	5,066,350	-	-	-	-	-	-	-	-
Balances with other banks	537,713	-	-	-	-	-	-	-	-
Lending to financial institutions	12,665,492	10,015,492	2,200,000	450,000	-	-	-	-	-
Investments	59,466,891	3,311,462	9,897,230	166	8,573,297	3,761,561	8,889,941	22,213,092	-
Advances	41,184,703	9,788,192	12,986,740	2,820,142	6,471,345	875,029	3,219,294	4,830,868	464,113
Operating fixed assets	1,811,990	30,901	37,937	57,217	113,190	227,016	367,770	357,713	393,243
Other assets	4,138,341	3,497,404	280,692	76,251	78,972	103,920	30,599	66,366	4,137
Total	124,871,480	32,247,514	25,402,599	5,013,799	7,113,673	4,894,205	12,543,371	27,401,673	861,493
Liabilities									
Bills payable	399,591	399,591	-	-	-	-	-	-	-
Borrowings from Financial Institutions	46,076,636	45,065,743	489,893	-	521,000	-	-	-	-
Deposits and other accounts	61,884,036	43,086,702	5,149,538	6,190,886	7,061,242	29,181	13,476	500	344,511
Deferred tax liability	902,707	902,707	-	-	-	-	-	-	-
Other liabilities	1,506,116	735,840	217,136	423,591	128,033	771	721	24	-
Gap	110,769,086	90,190,583	5,856,567	6,622,477	7,710,275	29,952	14,197	524	344,511
	14,102,394	(57,943,049)	19,546,032	(1,608,678)	(596,602)	9,363,201	4,880,008	12,542,847	27,057,162
Share capital	10,000,000								
Reserves	676,543								
Unappropriated Profit	2,100,911								
Surplus on revaluation of Investments	1,324,940								
Net Asset	14,102,394								

2013

	2013								
	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
Assets	(Rupees in '000)								
Cash and balances with treasury banks	3,518,863	-	-	-	-	-	-	-	-
Balances with other banks	190,823	-	-	536,358	-	-	-	-	-
Lending to financial institutions	4,036,358	2,500,000	1,000,000	10,122	-	-	-	-	-
Investments	36,785,844	16,325,298	1,066,430	10,122	258	1,352,837	1,046,441	13,586,420	-
Advances	26,564,842	18,999,752	412,358	944,992	32,942	30,272	1,398,109	4,596,863	43,539
Operating fixed assets	1,766,303	82,358	52,804	104,460	209,495	209,508	328,043	351,716	392,908
Other assets	2,169,421	1,514,674	284,201	72,807	108,930	57,227	35,320	-	2,826
Total	75,032,454	27,694,508	19,556,868	2,298,056	1,689,368	1,649,844	2,807,913	18,544,999	439,273
Liabilities									
Bills payable	362,522	-	-	-	-	-	-	-	-
Borrowings from Financial Institutions	16,758,368	16,129,368	15,000	54,000	-	-	-	-	-
Deposits and other accounts	45,756,220	31,827,484	4,324,102	2,180,647	11,828	25,900	200	195,720	-
Deferred tax liability	9,511	9,511	-	-	-	-	-	-	-
Other liabilities	818,946	594,272	64,905	57,899	748	299	7	-	-
Gap	63,705,567	48,923,157	4,404,007	2,292,546	7,851,155	26,199	207	195,720	-
	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
Share capital	10,000,000								
Reserves	460,647								
Unappropriated Profit	1,241,433								
Deficit on revaluation of Investments	(375,193)								
Net Asset	11,326,887								

2014

Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	
										(Rupees in '000)
Assets										
Cash and balances with treasury banks										
5,066,350	2,185,300	1,173,896	1,051,788	655,366	-	-	-	-	-	-
Balances with other banks										
537,713	537,713	-	-	-	-	-	-	-	-	-
Lendings to financial institutions										
12,665,492	10,015,492	2,200,000	-	450,000	-	-	-	-	-	-
Investments										
59,466,891	-	11,168,030	4,094,632	766,337	8,573,297	3,761,561	8,889,941	22,213,093	-	-
Advances										
41,184,703	9,788,192	12,986,740	2,060,189	6,471,345	488,933	875,029	3,219,294	4,830,868	464,113	-
Operating fixed assets										
1,811,990	30,901	37,937	57,217	113,190	227,003	227,016	367,770	393,713	393,243	-
4,118,341	3,497,404	280,692	76,251	78,972	103,920	30,599	66,366	-	4,137	-
124,871,480	26,055,002	27,847,295	7,340,077	8,535,210	9,393,153	4,894,205	12,543,371	27,401,674	861,493	-
Liabilities										
Bills payable										
399,591	399,591	-	-	-	-	-	-	-	-	-
Borrowings from Financial Institutions										
46,076,636	45,065,743	489,893	-	521,000	-	-	-	-	-	-
Deposits and other accounts										
61,884,036	13,532,798	15,998,611	14,961,599	17,003,362	29,181	13,475	500	344,510	-	-
Deferred tax liability										
902,707	90,701	90,701	90,701	181,402	226,752	222,451	-	-	-	-
Other liabilities										
1,506,116	735,840	217,136	423,591	128,033	771	721	24	-	-	-
110,769,086	59,824,673	16,796,341	15,475,891	17,833,797	256,704	236,647	524	344,510	-	-
Gap	14,102,394	(33,769,671)	11,050,954	(8,135,814)	9,136,449	4,657,558	12,542,847	27,057,164	861,493	-
Share capital										
10,000,000	-	-	-	-	-	-	-	-	-	-
Reserves										
676,543	-	-	-	-	-	-	-	-	-	-
Unappropriated Profit										
2,100,911	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of investments										
1,324,940	-	-	-	-	-	-	-	-	-	-
Net Asset										
14,102,394	-	-	-	-	-	-	-	-	-	-

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

Assets

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

Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	
										(Rupees in '000)
3,518,863	1,419,664	979,196	629,625	490,378	-	-	-	-	-	
Liabilities										
Bills payable										
362,522	362,522	-	-	-	-	-	-	-	-	
Borrowings from Financial Institutions										
16,758,368	16,129,368	15,000	54,000	560,000	-	-	-	-	-	
Deposits and other accounts										
45,756,220	10,459,149	12,097,372	8,459,057	14,506,993	11,828	25,900	200	195,721	-	
Deferred tax liability										
9,511	951	951	951	1,902	2,378	2,378	-	-	-	
Other liabilities										
8,18,946	594,271	64,904	57,899	100,816	748	299	9	-	-	
63,705,567	27,546,261	12,178,227	8,571,907	15,169,711	14,954	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										
11,326,887	-	-	-	-	-	-	-	-	-	

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

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; which 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 February 24, 2015.

President & Chief Executive Officer

Chairman

Director

Director

Sa'adat
سعادت
ISLAMIC BANKING

Annexure I

ISLAMIC BANKING BUSINESS
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2014

DEPOSITS
(PKR/FCY):

BASIC BANKING ACCOUNT
SA'ADAT CURRENT ACCOUNT
SA'ADAT SAVING ACCOUNT
SA'ADAT DAILY PRODUCT ACCOUNT
SA'ADAT BUSINESS ACCOUNT
SA'ADAT TIME/TERM DEPOSIT

FINANCE /
TRADE:

SA'ADAT IJARAH
SA'ADAT MURABAHA
(LOCAL & IMPORT)
SA'ADAT DIMINISHING MUSHARAKA
SA'ADAT BAI SALAM
(EXPORT SIGHT BILL DISCOUNTING)
TRADE SERVICES (IMPORT/EXPORT)

UTILITY BILLS PAYMENT
SMS BANKING
DEBIT CARD
INTERBANK FUND TRANSFER
RTGS

SAME DAY CLEARING
(LOCAL & INTERCITY)
HOME REMITTANCES

Islamic Banking Business Statement of Financial Position As at December 31, 2014

ISLAMIC BANKING BUSINESS

The Bank commenced its Islamic Banking operations effective from June 26, 2014 and operated with five Islamic Banking branches at the end of reporting period. The statement of financial position and profit and loss account and cash flow statement of the Islamic banking division are as follows:

Assets

Cash and balances with treasury banks
Balances with other banks
Balances with and due from financial institutions
Investments
Islamic financing and related assets
Operating fixed assets
Deferred tax assets
Due from head office
Other assets

Liabilities

Bills payable
Due to financial institutions
Deposits and other accounts
- Current Deposits
- Saving Deposits
- Term Deposits
- Other Deposits
- Deposits from Financial Institution - Remunerative
- Deposits from Financial Institution - Non Remunerative
Due to head office
Deferred tax liability
Other liabilities

Net Assets

Represented By

Islamic banking fund
Reserves
Accumulated loss

Surplus/ (Deficit) on revaluation of operating fixed assets

2014
(Rupees in '000)

Cash and balances with treasury banks	201,343
Balances with other banks	250,000
Balances with and due from financial institutions	875,000
Investments	394,909
Islamic financing and related assets	-
Operating fixed assets	28,110
Deferred tax assets	-
Due from head office	862
Other assets	47,086
Total	1,797,310

Bills payable	123
Due to financial institutions	-
Deposits and other accounts	1,286,553
- Current Deposits	17,627
- Saving Deposits	27,342
- Term Deposits	26,000
- Other Deposits	200
- Deposits from Financial Institution - Remunerative	1,215,384
- Deposits from Financial Institution - Non Remunerative	-
Due to head office	-
Deferred tax liability	-
Other liabilities	12,019
Total	1,298,695

498,615

Islamic banking fund	500,000
Reserves	-
Accumulated loss	(1,385)
Total	498,615
Surplus/ (Deficit) on revaluation of operating fixed assets	-
Total	498,615

Islamic Banking Business Profit and Loss Account For the period from June 26, 2014 to December 31, 2014

June 26, 2014 to
December 31,
2014
(Rupees in '000)

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

Provision against non-performing loans and advances - net
Provision for diminution in value of investments

Net income earned after provision

Other income

Fee, commission and brokerage income

Other expenses

Administrative expenses

Loss before taxation

28,136
5,640
22,496

-
-

22,496

48
22,544

23,929

(1,385)

Islamic Banking Business
Statement Cash Flows
For the period from June 26, 2014 to December 31, 2014

	June 26, 2014 to December 31, 2014 (Rupees in '000)
CASH FLOW FROM OPERATING ACTIVITIES	
Loss before taxation	(1,385)
Dividend income	-
	<u>(1,385)</u>
Adjustments	
Depreciation	1,258
Amortisation	24
	<u>1,282</u>
	(103)
(Increase) / decrease in operating assets	
Lendings to financial institutions	(875,000)
Other assets (excluding advance taxation)	(47,081)
Due from Head Office	(862)
	<u>(922,943)</u>
Increase / (decrease) in operating liabilities	
Bills payable	123
Deposits and other accounts	1,286,553
Other liabilities	12,019
	<u>1,298,695</u>
	375,649
	<u>(5)</u>
Income tax paid	(5)
Net cash flows from operating activities	<u>375,644</u>
CASH FLOW FROM INVESTING ACTIVITIES	
Net investment in securities	(394,909)
Dividend received	-
Investment in operating fixed assets	(29,392)
Sale proceeds from disposal of operating fixed assets	-
Net cash flows used in investing activities	<u>(424,301)</u>
CASH FLOW FROM FINANCING ACTIVITIES	
Islamic Banking Fund	500,000
Increase in cash and cash equivalents	<u>451,343</u>
Cash and cash equivalents at beginning of the period	-
Cash and cash equivalents at end of the period	<u>451,343</u>

A-I-1

Islamic Banking Business
Notes to Annexure - I
For the period from June 26, 2014 to December 31, 2014

	2014 (Rupees in '000)
A-I-1 CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD	
Cash and balances with treasury banks	201,343
Balances with other banks	250,000
	<u>451,343</u>
A-I-2 REMUNERATION TO SHARIAH ADVISOR	<u>1,139</u>
A-I-3 CHARITY FUND	
Opening balance	-
Addition during the year	-
Payment / utilization during the year	-
Closing balance	<u>-</u>
A-I-4 Sindh Bank Limited - SA' ADAT Islamic Banking Division is maintaining following pools for profit declaration and distribution.	
(i) General Pool	
(a) Priority of utilization of funds in the general pool shall be	
(b) Weightages for distribution of profit in general pool	
Profits are calculated on the basis of weightages assigned to different tiers and tenors. These weightages are announced quarterly, while considering weightages emphasis shall be given to the quantum, type and period of risk assessed by applying following factors.	
- Contracted period, nature and type of deposits / fund.	
- Payment cycle of profit on such deposit / fund i.e. monthly, quarterly or on maturity.	
- Magnitude of Risk.	
Any change in profit sharing weightages of any category of deposit/fund providers shall be applicable from next period.	
(c) Identification and allocation of Pool related income and expenditure	
The allocation of income and expenditure to different pool is being done based on pre-defined basis and accounting principles as mentioned below;	
The direct expenditure shall be charged to respective pool, while indirect expensed including the establishment cost shall be borne by SNDB - IBD as Mudarib. The direct expenses to be charged to the pool may include depreciation for Ijarah assets, insurance / Takeful expenses of pool assets, stamp fees or documentation charges, brokerage fee or purchase of securities impairment / losses due to physical damages to specific assets in pool etc. However, this is not exhaustive list; SNDB - IBD pool management framework and the respective pool creation memo may identify and specify these and may similar expenses to be charged to the pool.	

Islamic Banking Business
Notes to Annexure - I
For the period from June 26, 2014 to December 31, 2014

(d) **Parameters associated with risk and rewards**

Following are the consideration attached with risk and reward of general pool:

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

A-I-5 BASIS OF PROFIT ALLOCATION

During the year, the profit was distributed between Mudarib and Rubbal Maal as per following profit sharing ratio based upon Gross Income Level less Direct Expenses.

	2014	
	(Rupees in '000)	%
Rubbal Maal		50%
Mudarib		50%

A-I-6 MUDARIB SHARE (in amount and percentage of distributable income)

	2014	
	(Rupees in '000)	%
Rubbal Maal	121	50%
Mudarib	121	50%
	<u>242</u>	

A-I-7 Amount and percentage of mudarib share transferred to depositors through Hiba

	2014	%
Mudarib Share	121	
Hiba	12	
Hiba percentage of mudarib share		9.92%

A-I-8 Profit rate earned vs. Profit rate distributed to the depositors during the year ended December 31, 2014

	2014
Profit rate earned	9.59%
Profit rate distributed to depositors	4.81%

SHARIAH ADVISOR'S REPORT

By the grace of Almighty Allah, the year under review is the first financial year of Islamic Banking operations in Sindh Bank Limited. Islamic Banking started operations in late June 2014, under the brand of 'Sa'adat', with the flagship branch in DHA, Karachi, and Alhamdulillah it has grown to 5 full-fledged Islamic Banking Branches (IBBs) and 2 Islamic Banking Windows (IBWs) in the conventional branches of the Bank, by year-end 2014.

During the year, the focus of the Islamic Banking Division remained on developing assets and liability products, process flows, manuals, dedicated IT systems, strong Shariah Compliance Framework, network expansion, creating and strengthening the brand image in line with best industry practices and in a Shariah compliant manner.

We have carried out a Shariah review to check the compliance of the operations of Sindh Bank-Islamic Banking (SB-IB), for the year ended 31 December 2014. Our review included examination of the Shariah Compliance environment on a test basis. It included basic Islamic Banking knowledge of Islamic Banking staff, transactions, documents and processes, disclosure requirements, and profit & loss distribution mechanism to assure that they are compatible to the principles of Shariah, Fatwas (Shariah Rulings), and specific guidelines issued by State Bank of Pakistan (SBP). We planned and carried out our review in order to obtain all information and explanations deemed necessary by us for the purpose of having reasonable assurance that the operations are in compliance to the rulings and principles of Shariah.

Following are my brief comments for the period under review:

1- SHARIAH COMPLIANCE FRAMEWORK

A strong Shariah Compliance Framework (SCF) cascading down at each level and function is the most important requirement of Islamic Banking. In order to ensure that the Islamic Banking operations of the Bank are in full conformity with the Shariah principles and to effectively address customer perceptions about Islamic Banking, a Shariah Supervisory Committee (SSC) was constituted, comprising of a Shariah Advisor and a Member Shariah Supervisory Committee, reporting directly to the Board of Directors.

All products, policy manuals, processes and systems have been extensively reviewed and approved by the SSC to ensure that they comply with Shariah principles and SBP instructions issued from time to time in this regard. SCF was further reinforced by inducting a Shariah Compliance Manager (SCM). SCM under the guidance of SSC ensures the enforcement of Shariah Compliance Framework and SBP directives on Shariah Compliance. A comprehensive Shariah Compliance manual was prepared to implement effective compliance environment down the line.

2- TRAINING & SKILLS DEVELOPMENT

Capacity building is extremely important for success of Islamic Banking, and for compliance. A Training Plan on Islamic Banking was prepared and followed during the year with the collaboration of Bank's Training Division. During the year under review 17 in-house sessions were conducted all over the

Country for Islamic Banking as well as conventional staff including the senior management. It also included training on Islamic banking IT System. Similarly, a Training Plan for 2015 has been prepared to conduct extensive trainings on Islamic Banking for the staff of upcoming Islamic Banking branches, windows and other stakeholders. Islamic Banking Division also plans to distribute books and reading material on the concepts and application of Islamic Banking amongst staff, conceptual tests etc. to ensure that SB-IB have a top quality work force in the industry catering to the market needs in the best possible Shariah compliant manner.

3- PRODUCTS AND POLICIES

During the year Islamic Banking developed products and policies in house, under our guidance and approval, detailed as under:

- On asset side: Sa'adat Murabaha (local & import), Sa'adat Ijarah, Sa'adat Diminishing Musharakah, Sa'adat Bai Salam & Bai Muajjal
- On liability side: Sa'adat Saving Account & Current Account (PKR & FCY), TDR, Business Account and Sa'adat Daily Product Account
- Accounting Policy
- Charity Policy
- Credit Policy
- Shariah Compliance Manual
- Policy on Profit Distribution Mechanism and Pool Management
- Islamic Banking Operational Manual
- Islamic Banking Internal Control Manual

Islamic Banking Division is currently working on Salam, Istisna and some innovative liability side products to cater the growing customers' needs.

4- DEDICATED ISLAMIC BANKING IT SYSTEM

A dedicated Islamic Banking IT system "Auto Islamic Banker (AIB)" was developed and implemented in line with Shariah standards, to meet the unique needs of Islamic Banking operations. AIB was integrated with the conventional IT system to cater all the requirements of Islamic Banking customers throughout the Bank's branch network. The Profit & Loss Distribution and Pool Management System are in conformity with Shariah rulings. Further improvements will be done, during the current year, with the up-gradation of IT systems. The efforts are also in process to develop a robust MIS and Tracking System, so that Islamic Banking Division monitors the growing network of IBBs and IBWs closely and effectively.

5- CHARITY

All transactions and earnings reported during the year are Shariah compliant. Hence no amount was credited to Charity account.

6- OPINION

It is the responsibility of the Bank's Management to ensure full conformity of Islamic Banking operations, in accordance with the rulings and principles of Shariah. Our responsibility is to express an independent opinion. Based on our review, I hereby report that overall Shariah Compliance of Sindh Bank-Islamic Banking Operations has been satisfactory and in accordance with Shariah.

7- RECOMMENDATIONS

- i. Considering the planned growth in Islamic Banking operations by way of IBBs and IBWs, in areas where IBBs and IBWs operations are/will be centralized with conventional set ups, a dedicated senior resource with good Islamic Banking knowledge and experience should be placed in the relevant conventional set up, who will exclusively supervise and manage the affairs / transactions of SB-IB under direct reporting line to respective Group/Business Head. It will help the Bank in implementation of Shariah guidelines, market penetration and minimize the risks of non-compliance of Shariah principles and Loss of Income.
- ii. The SB-IB should initiate the Customers awareness programs with reference to Islamic Banking through workshops and orientation sessions for target markets. This will not only educate the customers but also improve the image of the Bank in the market.
- iii. SB-IB have developed in-house different assets and liability products. The focus should now be on enhancement of existing products and the development and launching of new innovative products both on the assets and liability sides. The Product Development function, which is an important area in Islamic Banking, should therefore be strengthened in line with market practices.
- iv. Training and capacity building in Islamic Banking particularly orientation programs for Support functions as well as the senior management of the Bank should be arranged, to improve their understanding on Islamic Banking & Finance.
- v. Islamic Banking should focus more on financing side by offering innovative and need based products for the different segments of business.
- vi. Islamic Banking Staff financing and other facilities should be Shariah Compliant, Initially it is recommended that Health/Medical facility should be obtained from Takaful service provider instead of conventional insurance company.

May Allah bless us and guide us and forgive our mistakes. Ameen

MUFTI ZEESHAN ABDULAZIZ
SHARIAH ADVISOR
SINDH BANK LIMITED - ISLAMIC BANKING
February 24, 2015

Our Karachi Islamic Banking Branch



NOTICE OF FOURTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Fourth Annual General Meeting of Sindh Bank Limited will be held on 26th March, 2015 at 11.00 am at the registered office of the Bank at 3rd Floor, Federation House, Clifton Karachi, to transact the following business:

Ordinary Business

- 1- To confirm the minutes of the Third Annual General meeting held on 25th March, 2014.
- 2- To receive, consider and adopt the Audited Accounts of the Bank for the year ended 31st December, 2014, 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 2015 and fix their remuneration. The retiring auditors Anjum Asim Shahid Rahman, Chartered Accountants, being eligible have offered themselves for re-appointment.

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, 2015

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 notarially 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 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 National Identify Cards/Authority Letter of the grantors and the signatures on the proxy form should be the same as that appearing on the National Identity Cards/Authority Letter.

The Share transfer books of the company will remain closed from 26.03.2015 to 01.04.2015 (both days inclusive). CDC Transaction IDs received in order at the Registered Office of the Company up to the close of business on 25th March, 2015 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 immediate 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. The meeting fee was revised in 30th board meeting of 24th October, 2014 as Rs.125,000/- and Rs.100,000/- respectively for attending meetings of the Board and Committees of the Board, requires 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 and the Board Committees are interested in the payment of fee and executive member of the Board has no interest in the matter.

PATTERN OF SHAREHOLDING

Number of Shareholders	Size of Shareholding Rs. 10 each	Total Shares held
7	-	100
1	999,995,001	1,000,000,000
8		1,000,000,00

PATTERN OF SHAREHOLDING 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, Mr. Afzal Ghani Mr. Mohammad Sohail Khan Rajput Mr. Mohammad Shahid Murtaza Mr. Muhammad Naeem Sahgal Mr. Tajammal Husain Bokharae Mr. Raja Muhammad Abbas Mr. Muhammad Bilal Sheikh	 	7	-
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

Notes: _____



BRANCH NETWORK

**SINDH & BALUCHISTAN
REGION BRANCHES**

KARACHI BRANCHES

**BAHADURSHAH ZAFAR
MARKET BRANCH**
Property No. G-3 of R.B. 11/22, III-A-239-B,
Rambagh Quarters, Gwali Lane No. 1, Karachi
Tel: 021-32743514, 021-32743515-6
Fax: 021-32743517

**BUFFERZONE NAGAN
CHOWRANGI BRANCH**
Plot No. 32, Sector 11-H,
North Karachi Township Scheme, Karachi
Tel: 021-36409291 Fax: 36409293

BAHADURABAD BRANCH
Plot No. 111, Shop No.4, The City Towers,
Bahadur Yar Jang Co-operative Housing
Society, Alamgir Road, Karachi
Tel: 021-34892113-14

BHAINS COLONY BRANCH
Plot No. 217, Block-A, Cattle (Bhains) Colony
Landhi, Karachi
Tel: 35139661-62

CLIFTON BRANCH
Ground Floor, St-28, Block-5, Federation
House, Clifton, Karachi
Tel: 35290331, 35290332-4 Fax: 35290333

COURT ROAD BRANCH
Ground floor, G-5-A, Court View Apartments,
Opposite Sindh Assembly, Karachi
Tel: 021-35640032, 35640033 Fax: 35640034

CLOTH MARKET BRANCH
Shop No. 28, Ground Floor, Cochinwala
Market, Bunder Road Quarters, Karachi
Tel: 021-32400790, 32424177 Fax: 32424175

**CH. KHALIQ-UZ-ZAMAN ROAD
BRANCH**
Shop No. S-17, Parsdesi Pride,
Ch. Khaliquz-Zaman Road, Karachi
Tel: 35640270-71

DHORAJEE BRANCH
Plot # 35/243, Block 7&8,
C.P. Berar Cooperative Housing Society,
Dhorajee Colony, Karachi
Tel: 021-34891246, 34891247, 34891249
Fax: 34891248

DHA PHASE-II BRANCH
Plot No. 13-C, Commercial Area "A",
DHA Phase-II, Karachi
Tel: 021-35883711-12

DHA PHASE-IV BRANCH
Shop # 1, 2, 3, and 4, Plot No. III
9th Commercial Street, Phase-IV,
DHA, Clifton Cantonment, Karachi
Tel: 021-35313005, 35313005 Fax: 35313007

DHA 26th STREET BRANCH
Plot No. 14-E, 26th Street Phase 5 Ext.
D.H.A., Karachi
Tel: 021-35875805, 35875809
Fax: 35875807

GARDEN EAST BRANCH
Plot No. GRE-491/2-B, Shop No. 2 & 3,
Seven Star Residency,
Garden East Quarters, Karachi
Tel: 021032243481, 32243482-4

GOLE MARKET BRANCH
Plot # 16, Row # 18, Sub-Block-F,
Block-III, Gole Market, Karachi
Tel: 021-36614461, 36614462
Fax: 36614463

GULISTAN-E-JOHAR BRANCH
Shop # 7 & 8, Casim Paradise, Block-18,
Scheme 33, Gulistan-e-Johar, Karachi
Tel: 021-34623030, 34623031
Fax: 3462033

GULSHAN-E-HADEED BRANCH
Plot No. C-53, Phase-I,
Gulshan-e-Hadeed, Karachi
Tel: 021-34715101, 34715102-3
Fax: 34715104

GULSHAN-E-IQBAL BRANCH
Fl : 1/13, block 5, KDA Scheme No. 24,
Main Rashid Minhas Road,
Gulshan-e-Iqbal Karachi
Tel: 021-34968976, 34968977, 34968979

GULSHAN-E-MAYMAR BRANCH
Plot No. SB-016, Sector-7, Sub-Sector IV,
Gulshan-e-Maymar, Karachi
Tel: 021-36832560, 36832561
Fax: 36832562

GIZRI BRANCH
Commercial Plot No. G-1/2 & 23
Lower Gizri Bazar Area,
Clifton Cantonment, Karachi
Tel: 021-35862711, 35862713
Fax: 35862728

HYDERI BRANCH
Plot No. SD-27, Block-G, Scheme No. 2,
Hyderi Market, North Nazimabad, Karachi
Tel: 021-36722084, 36722085, 36722087-88
Fax: 36722086

I.I. CHUNDRIGAR ROAD BRANCH
Ground Floor, P & O Plaza, Opposite
I.I. Chundrigar Road, Karachi
Tel: 021-32420672, 32415399,
32463748, 32463744-45

JAMSHED QUARTER BRANCH
House # 13/B, Plot # 710/6,
Survey Sheet # J.M. Quarters, Karachi
Tel: 021-34911841, 34911842
Fax: 34911843

JODIA BAZAR BRANCH
Plot No. 57 & 59, Daryalal Street,
Selani Center, Jodia Bazar,
Napier Quarter, Karachi
Tel: 021-32500380, 32500383
Fax: 32500384

**KARACHI ADMINISTRATION
SOCIETY BRANCH**
Plot # SA/90, Block-8, KAECMS Society,
Opposite Shaheed-e-Millat Road, Karachi
Tel: 021-34300432, 34300433
Fax: 34300434

KHAYABAN-E-ITTEHAD BRANCH
Plot No. 128-N, Muslim Commercial Area,
Khayaban-e-Ittehad, DHA, Phase-VI, Karachi
Tel: 021-35846658, 35846375
Fax: 35847709

KHAYABAN-E-SHAHBAZ BRANCH
Plot No. 11-C, Shop No. 1 & 2, Ground Floor,
Shahbaz Lane-2, Phase-VI, Pakistan Defence
Housing Authority, Karachi
Tel: 021-35855724-5, 35855727

**KORANGI INDUSTRIAL AREA
BRANCH**
Plot No. 27/28, Showroom No. 5,
Korangi Industrial Area, Sector-16, Karachi
Tel: 021-35144261, 35144262, 35144261
Fax: 35144263

KEHKASHAN CLIFTON BRANCH
Plot No. F/101, Block # 7, Scheme No. 5,
Kehkashan, Clifton, Karachi
Tel: 021-35295344, 35295341-43

LANDHI BRANCH
Quarter No. 14/10, Block-5 D,
Landhi Township, Karachi
Tel: 021-35046151-2, 35046152-3
Fax: 35046153

LEA MARKET BRANCH
Plot Survey # 2, Lea Quarters,
Lea Market, Karachi
Tel: 021-32526863, 32526864
Fax: 32526865

LIAQUATABAD BRANCH
Plot # 2, Block-3, Machine Area
Survey Sheet # 7/9, Liaquatabad, Karachi
Tel: 021-34856645, 34856646
Fax: 34856647

M.A. JINNAH ROAD BRANCH
Plot # 70/1, Native Infantry Lines,
M.A. Jinnah Road, Karachi
Tel: 021-32294704, 32294701-2
Fax: 32294703

MALIR CANTT. BRANCH
Plot No. 11, Block-S, Cantt. Bazar Area,
Malir Cantonment, Karachi
Tel: 021-34490951-4
Fax: 34490954

MEHMOODABAD BRANCH
Plot No. 476 & 476A, MAC-II
Mehmoodabad, Karachi
Tel: 021-35319351-2
Fax: 35319353

MEMON GOTH BRANCH
Plot No. 232 Deh. Malh, Tapu Dersano Chano,
Murad Memon Goth, Karachi
Tel: 021-34562327, 34562326
Fax: 34562325

METROVILLE BRANCH
Plot No. F-5, Block-3, Category-B,
KDA Scheme, Metroville No. 1,
S.I.T.E., Karachi
Tel: 021-36696925, 36696926

**MOHAMMAD ALI SOCIETY
BRANCH**
Plot No. 39/F, Mohammad Ali Society,
Karachi
Tel: 021-34168110
Fax: 34168111

NEW CHALLI BRANCH
Property Bearing # 37,
Survey Sheet # SR-7, Serai Quarters New
Challi, Karachi
Tel: 021-32623227, 32623228
Fax: 32623229

NEW KARACHI BRANCH
Plot # AS-24, Street # 3, Sector # 5-H,
North Karachi Township
Tel: 021-36949292, 36949291, 36949294

**NORTH KARACHI INDUSTRIAL
AREA BRANCH**
1/1, Sector 12-A, North Karachi
Industrial Area, Karachi
Tel: 021-36963174, 36963171-2
Fax: 36963173

NORTH NAPIER ROAD BRANCH
Plot # 32/2, Survey # NP-10, Sheet # 10
Napier Quarters, Napier Road, Karachi
Tel: 021-32526345, 32526347
Fax: 32526347

NORTH NAZIMABAD BRANCH
Plot No. B-65, Block-L, Improvement Scheme
2, North Nazimabad, Karachi
Tel: 021-36725893, 36725892
Fax: 36725894

PAPER MARKET BRANCH
Plot No. 22/2, Sheet No. SR. 18,
Serai Quarters, Saddar Town, Karachi
Tel: 021-32600936-9, 32600940
Fax: 32600940

**PECHS COMMERCIAL AREA
BRANCH**
Plot No. 187-3A, Shop No. 3 & 4,
Ground Floor, Dawood Apartment,
Block-2, PECHS, Karachi
Tel: 021-34529071 & 73, 34529072

**PIA EMPLOYEES CO-OPERATIVE
HOUSING SOCIETY BRANCH**
Plot No. B-44, Block-9, KDA Scheme # 36,
PIA Employees Co-Operative Housing
Society, Gulistan-e-Jauhar, Karachi
Tel: 021-34161331-2
Fax: 34161333

PIB COLONY BRANCH
Shop No. 2, Plot No. 340, Pir Illahi Bux
Co-operative Housing Society Ltd.,
PIB Colony, Karachi
Tel: 021-34860542-3
Fax: 34860544

PREEDY STREET, SADDAR BRANCH
Property bearing # 326/2, Artillery Maudan,
Preedy Street, Saddar Karachi
Tel: 021-32751704, 32751705
Fax: 32711487

SAFOORA GOTH BRANCH
Plot No. SB-23, Shop No. 2,
Euro Heights, Block-7, KDA Scheme # 36,
Gulistan-e-Johar, Karachi
Tel: 021-34663920, 34663921

**SHAHEED-E-MILLAT ROAD
BRANCH**
Show Room # G-01, Sagar Heights, Block-3,
M.S.G.P. Cooperative Housing Society,
Shaheed-d-Millat Road, Karachi
Tel: 021-34373972, 34373975 Fax: 34373974

SITE BRANCH
B/9-B-2, SITE, Karachi
Tel: 021-36404032, 36404031
Fax: 36404033

SHAHRAH-E-FAISAL BRANCH
Plot No. 30-A, Ground Floor,
Showroom No. 4, 5 & 6, Progressive Centre,
Block-6, P.E.C.H.S, Shahrah-e-Faisal, Karachi
Tel: 021-34322270-74, 34322272
Fax: 34322271

SHERSHAH BRANCH
Plot No. D/95, Shop# A-1 & A-2,
SITE Area, Karachi
Tel: 021-32583257, 32580000
Fax: 32583259

SIR SYED HOSPITAL - SUB BRANCH
Plot No. 887, Block-A, Korangi Road,
Near KPT Interchange, Qayyumabad,
Opposite DHA Phase-VII Ext. Karachi
Tel: 021-35882591, 35882592
Fax: 35882594

**SINDH SECRETARIAT
SUB BRANCH**
C.S. No. 409, Sheet No. AM-1,
Artillery Maudan Quarter, Karachi
Tel: 021-32622045, 32622046-48

SOHRAB GOTH BRANCH
Shop # 14/A & B, 15/A & B, Ground Floor,
Al-Asif Square, Sohrab Goth, Karachi
Tel: 021-36370520, 36370521
Fax: 36370523

STOCK EXCHANGE BRANCH
Property No. 142 & 143, Third Floor,
Stock Exchange Building, Karachi
Tel: 021-32467891-2
Fax: 32467894

**SINDHI MUSLIM HOUSING
SOCIETY BRANCH**
Plot No. 117 & 118, Shah Abdul Latif Education
Trust, Block-A, Sub-Block B, Sindh Muslim
Cooperative Housing Society, Main
Chowranghi, Karachi
Tel: 021-34188530, 34188531 & 33
Fax: 34188532

**SHIREEN JINNAH COLONY
BRANCH**
Plot No. 46, Block-I, Category-B,
Scheme No. 05, Shireen Jinnah Colony,
Clifton, Karachi
Tel: 021-34166144-5

TARIQ ROAD BRANCH
Plot No. 55-C, 56-C, Central Commercial
Area, Block-2, PECHS, Karachi
Tel: 021-34535131-33, 34535134
Fax: 34535135

TIMBER MARKET BRANCH
Plot Survey # 22 (Old Survey # E-5/3-14),
Lawrence Quarter, Siddique Wahab Road,
Timber Market, Karachi
Tel: 021-32751623, 32751625 Fax: 327551624

**UNIVERSITY ROAD,
GULSHAN-E-IQBAL BRANCH**
Shop # 2 & 3 Bearing Plot # SB-13,
Ground Floor, Gulshan Centre, Block-13-C,
Scheme-24, Gulshan-e-Iqbal, Karachi
Tel: 021-34826534, 34826535
Fax: 34826536

WATER PUMP BRANCH
Plot # 9, Block-16, Scheme # 16,
Federal "B" Area, Karachi
Tel: 021-36372419, 36372417 Fax: 36372419

WEST WHARF BRANCH
Plot No. 20, Warehouse Area,
West Wharf Road, Karachi
Tel: 021-32330319, 32330320
Fax: 32330321

**INTERIOR SINDH
BRANCHES**

BADAH BRANCH
Juryan No. 87, Main Badah Road, Badah,
Tel: 074-4081305, 4081306
Tehsil Dokri, District Larkana

BADIN BRANCH
Plot / Survey No. 157, Main Bus Stop,
Hyderabad Badin Road, Badin
Tel: 0297-862035, 861222 Fax: 0297-862035

**BAWANI SUGAR MILLS
SUB BRANCH**
Ahmed Nagar, Talhar Distt. Badin
Tel: 0297-830084-5

BHAN SAEEDABAD BRANCH
Jaryan No. 698, Main Bhan Saeedabad Road,
District Jamshoro
Tel: 025-4660552-4

BERANI BRANCH
Survey No. 12240, Deh Berani,
Main Berani Road, District Sanghar
Tel: 0235-57701-04

**CITIZEN COLONY, HYDERABAD
BRANCH**
Shop No. 3-7, Royal City Project,
Citizen Colony, Jamshoro Road, Hyderabad
Tel: 022-2100840, 2100842-3

DADU BRANCH
Plot No. 54, RS No. 987, Opposite Degree
College, Dadu City, District Dadu
Tel: 025-9200305, 4710640 9239059
Fax: 025-9200305

**DADU SUGAR MILLS
SUB BRANCH**
Pyaro Goth, Distt. Dadu
Tel: 025-4030512

DAHARKI BRANCH
Survey No. 446, Main Daharki Road,
Taluka Daharki, District Ghotki
Tel: 0723-641450-4, 641451

DIGRI BRANCH
Plot No. 28, Shop No. 14 & 15,
Mir Ghulam Hyder Town Housing Scheme,
Mirpurkhas Road, Taluka Digri,
District Mirpurkhas
Tel: 0233-869589

GAMBAT BRANCH
Plot No. 2153-A, Near Sui Gas Office, Main
Gambat Road, District Khairpur
Tel: 0243-720431, 720430

GHARO BRANCH
Jaryan No. 197, Main National Highway Road,
Taluka Gharo, District Thatta
Tel: 0298-760224

GHOTKI BRANCH
Plot/City Survey No. 890, Ward-B,
Main Deviri Sahib Road, Ghotki
Tel: 0723-684431, 684434
Fax: 0723-684432

GHOUSPUR BRANCH
Shop No. 1 & 2, Shahi Bazar,
Near Shah Hussain Masjid Ghauspur,
Taluka Kandhkot, District
Kashmore-Kandhkot
Tel: 073-2574407, 2574417

GHARI KHATA BRANCH

Shop No.CSF/C/1075,20,
Qazi Qayoom Road, Hyderabad
Tel: 022-2782203-4

HALA BRANCH

Survey No. 1397/88, Ward B, Gulshan Fahim
Colony, Hala, District Matiari
Tel: 0223-331147, 331116
Fax: 0223-331117

SADDAR HYDERABAD BRANCH

Property No.91/3-4, Main Saddar Cantt,
Hyderabad
Tel: 022-9201456, 9201460
Fax: 022-9201457

ISLAMKOT BRANCH

Plot No.17, 18 & 20, Near Jamia Masjid
Taluka Islamkot, District Tharparkar
Tel: 0232-263233, 263234
Fax: 0232-263232

JACOBABAD BRANCH

Property No.232, Ward-6,
Main Quetta Road, Jacobabad.
Tel: 021-0722-652913-14

JAMSHORO BRANCH

Plot No.A-133, Sindh University Employees
Co-operative Housing Society, Phase-I, Taluka
Kotri, District Jamshoro
Tel: 022-2771710, 2771712

JOURNALIST SOCIETY BRANCH

Plot No.9, Journalist Co-operative Housing
Society, Near Center Jail, Hyderabad
Tel: 022-2107053-4

KANDHKOT BRANCH

S.No.167, opposite Shams petroleum Services
Deh Akhero Kandhkot
District Kashmir, Kandhkot
Tel: 0722-572007, 572006
Fax: 0722-572007

KANDIARO BRANCH

Jaryan No.1588, Opposite Zarai Taraqiat
Bank Ltd. Hospital Road, Taluka Kandiaro,
District Naushero Feroze
Tel: 0242-449945

KASHMORE BRANCH

Jaryan No.874, Main Kashmore Kandhkot
Road, Kashmore District Kandhkot.
Tel: 0722-576315, 0722-576325
Fax: 0722-567289

KHAIRPUR BRANCH

Ground Floor, Syed Ramzan Ali Shah
Trade Centre, Khairpurmirs
Tel: 0243-715406, 715405-8
Fax: 0243-715407

**KHAIRPUR NATHAN SHAH
BRANCH**

Shop No.C/407-A, Taluka Khairpur Nathan
Shah, District Dadu
Tel: 0254-720525, 720527

**KHOSKI SUGAR MILLS
SUB BRANCH**

Khoski Sugar Mills Ltd. Khoski,
District Badin
Tel: 0297-710044, 710055 & 66

KOTRI BRANCH

City Survey No.290, Ward-A,
Shop No.8-10, Plot No.1,
River Point Kotri, District Jamshoro
Tel: 022-3874221, 3874216-19
Fax: 022-3874219

KUNRI BRANCH

Plot No. 10, Survey No.263/4,
Block-6 Deh Garaha, Main Station Road,
Kunri, District Umerkot.
Tel: 0238-557412, 557413, 557414
Fax: 0238-557415

KHIPRO BRANCH

Plot No.Z-437, Khipro Town, Main Sanghar
Khipro Road, Taluka Khipro, District Sanghar
Tel: 0235-865210-12

LARKANA BRANCH

Ground Floor, City Survey No. 799,
Raza Shah Mohalla, VIP Road, Larkana
Tel: 074-4040752, 4040761
Fax: 074-4040753

LATIFABAD HYDERABAD BRANCH

Plot No. 06, Block-D, Unit No.VII,
Latifabad, Hyderabad
Tel: 022-3816373, 3816372

**MARKET AREA, HYDERABAD
BRANCH**

Shop No.A/1194, Ward-A,
Market Road, Hyderabad
Tel: 022-2610706, 610703

MATIARI BRANCH

Plot # 125, Situated Ward-A Town
Opposite NADRA Office, Matiari
Tel: 022-2760104, 2760107
Fax: 022-2760106

MEHAR BRANCH

Shop No.1086, Ward-A, Mehar,
District Dadu
Tel: 0254-730601, 730602 Fax: 0254-730603

MILITARY ROAD SUKKUR BRANCH

Survey No.717, Main Military Road, Sukkur
Tel: 071-5633129, 5633128
Fax: 071-5633126-30

MIRPUR MATHALO BRANCH

Plot No.24(2-01) Deh, Tapo Mirpur,
Main Mirpur Mathelo Road, District Ghotki
Tel: 0723-663166, 663177

MIRPURKHAS BRANCH

Plot No. RCN-18, Survey No.864/6,
Main Umerkot Road, Mirpurkhas
Tel: 023-3876405, 3876407
Fax: 0233-876406

MITHI BRANCH

Plot/Jaryan No.50,
Opposite Hyderi Hotel, Mithi
Tel: 0232-262191, 262192-5
Fax: 0232-262195

MORO BRANCH

Plot No.14, Main Road Moro,
District Noshero Feroze
Tel: 0242-410458, 410500-1

MEHRABPUR BRANCH

PTD No.III-A-43, Ward-16,
Thari Road, Mehrabpur,
Taluka Mehrabpur, District Naushahroferoze

NAUDERO BRANCH

Naudero Sugar Mills, Main Larkana Road,
District Larkana
Tel: 074-4047528, 074-4047526-7
Fax: 074-4047526

NAUSHAHRO FERAZ BRANCH

Property Jaryan No. 185/28-5-2005,
Deh Survey No.137, Main Naushahro Feroz
Road, Opposite National Savings Centre
Taluka Naushahro Feroz
Tel: 0242-481550, 481551-2
Fax: 0242-481553

NASIRABAD BRANCH

Shop No.1-8, Madina Shopping Center,
Mohallah Kathia Bazar, Badah Road,
Nasirabad, District Kambar Shahdadkot

PANO AQIL BRANCH

Property Survey No.436, Main Pano Aqil
Sukkur Road, Taluka Pano Aqil, District Sukkur.
Tel: 071-5692007, 5692009
Fax: 071-5692006

PIR JO GOTH BRANCH

Shop No.2180, Anaj Mandi,
Pir Jo Goth, Taluka Kingri, District Khairpur
Tel: 0243-670350 & 53, 610352, 4211193,
4211180-84

QAMBAR BRANCH

City Survey No.121 & 122, Ward-B,
Near Shahi Bazar Station Road,
Qambar, Shahdadkot
Tel: 074-4211193, 4211196, 4211180-84,

**QASIMABAD, HYDERABAD
BRANCH**

Plot No.11, Rs No.274/1, Faraz Villas,
Qasimabad, Hyderabad
Tel: 022-9240091 95, 9240093, 9240094-95
Fax: 022-92400, 2653170

QAZI AHMED BRANCH

Survey No.313, Main Qazi Ahmed Road,
Taluka Qazi Ahmed, District Shaheed
Benazirabad
Tel: 0244-321585, 321586

RATODERO BRANCH

City Survey No.795/5, Ward B,
Ratodero Bus Stand, Ratodero, Larkana
Tel: 074-4048470, 4048471 Fax: 074-4048478

ROHRI BRANCH

City Survey No.2181/9, Ward-B,
Mohallah Kot Janullah Shah,
G.T. Road, Rohri, District Sukkur
Tel: 071-5645001, 5645002
Fax: 071-5645003

SAEEDABAD BRANCH

Shop No.53/2-36, Main Saeedabad Road,
Taluka Saeedabad, District Matiari
Tel: 022-2767380, 2767382, 2767383

SAKRAND BRANCH

Shop No.355/1-4, 356, 357, 367,
Main Sakrand Road, Taluka Sakrand
District Shaheed Benazirabad
Tel: 0244-323391, 323391

SANGHAR BRANCH

Plot No.A-B, City Survey No.124/A-B
Cooperative Housing Society, Sanghar
Tel: 0235-542680, 542682 F
ax: 0235-542683

SAJAWAL BRANCH

Plot No.CS-239/2 & 239/3, Mohalla Ward,
Near UBL, Sajawal, District Thatta
Tel: 0298-510680, 510660

SEHWAN BRANCH

Plot No./Survey No.20/49/1951,
Alam Channa Mohalla, Sehwan,
District Jamshoro
Tel: 0254-620523, 620513
Fax: 025-4620513

SHAHADADKOT BRANCH

Building Survey No.652, Ward C,
Main Kotoo Motoo Chowk, Shahdadkot
Tel: 074-4012303, 4012309
Fax: 074-4012310

SHIKARPUR BRANCH

Survey No.34/3, Ward No.23, Station Road,
opposite Library, Shikarpur
Tel: 0726-521645-6, 521648
Fax: 0726-521647

SUKKUR BRANCH

Plot No. C-550/17, Shalimar,
Minara Road, Sukkur
Tel: 071-5623961, 5623963
Fax: 071-5623960

SHAHADADPUR BRANCH

City Survey No.543, 548 Muhaga Land
Station Road, Shahdadpur
District Sanghar
Tel: 0235-843151, 843153

SHAHEED BENAZIRABAD BRANCH

Plot No.2481/13, VIP Road, near Doctor's
Colony, Nawabshah, District Shaheed
Benazirabad
Tel: 0244-330695, 330692-4

**SHIKARPUR RICE MILLS
SUB BRANCH**

Shikarpur Rice Mills, Main Jacobabad Road,
Village Lodhra, District Shikarpur
Tel: 0726-618177

SULTANABAD BRANCH

Sabzi Mandi, Sultanabad,
Deh Salki Tapo Kamaro,
Taluka & District Tando Allahyar

TANDO ADAM BRANCH

Shop No.1,2,3, Prime Tower, Hogani Colony,
Hyderabad Road, Tando Adam,
District Sanghar
Tel: 0235-571281-82, 571281-82 Fax: 0235-
571282

TANDO ALLAHYAR BRANCH

Plot No.4-4A & 5, Survey No.272/1, Al Habib
Plaza, Main Tando Allahyar Hyderabad Road,
Tando Allahyar
Tel: 022-3890198, 3890195 Fax: 022-3890197

**TANDO MUHAMMAD KHAN
BRANCH**

Plot. Survey No.34, Jaryan No.13/10-7-08,
Tando Muhammad Khan
Tel: 022-3342039, 3342040

THATTA BRANCH

Survey No.115, near Badshahi Masjid,
Thatta Sijawal Road, Thatta
Tel: 0298-550528, 0298-550529, 550539
Fax: 0298-550529

THUL BRANCH

Property No.484, Kandhkot Road,
Thul, District Jacobabad
Tel: 0722-610134, 610135

THATTA CEMENT - SUB-BRANCH

Thatta Cement Company Limited,
Makli Ghulamullah Road, Thatta
Tel: 0298-555231, 555235

**TANDO ALLAHYAR SUGAR MILLS
SUB BRANCH**

Tando Allahyar Sugar Mills, Deh Kanidar,
UC Sanjar Chang, Taluke Chamber,
District Tando Allahyar.
Tel: 0233-514268

UMERKOT BRANCH

Plot No.52, Survey No.111, Umerkot Nagori
Society, Tehsil & District Umerkot
Tel: 0238-570339-40

UBARO BRANCH

Survey No.714 & 722, Main Ubaro Road,
Taluka Ubaro, District Ghotki
Tel: 0723-688063-4

BALUCHISTAN BRANCHES**CHAMAN BRANCH**

Khasra No.1311 & 1312,
Dularam Road, Chaman
Tel: 0826-615417, 0826-615415-6

DERA MURAD JAMALI BRANCH

Khatoni # 3014, Block # 84,
National Highway Main Bazar,
Dera Murad Jamali, District Naseerabad
Tel: 0838-710135, 0838-710136
Fax: 0838-710138

GAWADAR BRANCH

Khewat No. 1, Khatooni No.1,
Vide No.301-304, Moza Thani Ward, Gawadar,
District Lahore
Tel: 0864-211410, 0864-211401

HUB BRANCH

Shop No.1 & 2, International Shopping Mall
7 Hotel Mouza Baroot, Tehsil Hub,
District Lasbella
Tel: 0853-363910-11

JINNAH ROAD QUETTA BRANCH

Shop# 20-21, Ward # 18,
Main M.A. Jinnah Road, Quetta
Tel: 081-2865683, 081-2865680-1

LIAQAT BAZAR QUEETA

Property Bearing Khasra
No.75, 76, 77 & 79,
Ward-22, Halqa Arban No.1,
Tehsil City Quetta
Tel: 0812-843431, 0812-843432
Fax: 0812843429

SIRKI ROAD QUETTA BRANCH

Commercial Plot # C-48-A,
Small Industrial Estate, Sirki Road, Quetta
Tel: 081-2472521, 081-2472523

ZHOB BRANCH

House # H/176-A, Shop # H/148,
Tehsil Road, Zhob
Tel: 0822-413020-21, 0822-413022

NORTH REGION BRANCHES**LAHORE BRANCHES****ALLAMA IQBAL TOWN BRANCH**

503-Karim Block (Commercial)
Allama Iqbal Town, Lahore
Tel: 042-35295581-3, 35295582
Fax: 042-35295584

CHUNG BRANCH

Kheot No. 1579, Khatoni No.2479, Shadab
Colony, Mouza Chohang Panjgran Multan
Road, Tehsil & Distr. Lahore
Tel: 042-37499152, 37499153

CIRCULAR ROAD BRANCH

Shop No.1, SE-38-R-55/D,
Opposite Akbari Mandi, Circular Road, Lahore
Tel: 042-37379401, 37379402-3
Fax: 042-37379404

DHA BRANCH

Plot No.159, Sector Y, Commercial Area,
Defence Housing Authority, Lahore Cantt
Tel: 042-99264334, 99264345

DHA PHASE-V BRANCH

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

DHA PHASE-VI BRANCH

15-C, Main Boulevard, DHA Phase-VI, Lahore
Tel: 042-7180190-2, 36581848

BAHRIA TOWN BRANCH

Shop No.1, 2 & 3, Ground Floor, D Plaza,
Commercial Area, Bahria Town, Lahore
Tel: 042-35340503, 35340504

GHURKI BRANCH

Khewat No.8, Khatooni No.576/568,
Khata No.156/702, Ghurki Union Council,
District Lahore
Tel: 042-36581845-8, 36581847

GHARI SHAHU BRANCH

Property No.SE-6R-107/B, Ground Floor,
Allama Iqbal Road, Ghari Shahu, Lahore
Tel: 042-36294721-24

DAVIS ROAD BRANCH

Plot No.28, Escorts House,
Davis Road, Lahore
Tel: 042-36297740 Fax: 042-36297742

BURKI BRANCH

Khasra # 1523, Khewat # 50, Khatoni # 82,
Village Burki, Lahore
Tel: 042-36560431 Fax: 042-36560432

LIDHAR BRANCH

Village Lidhar, Wagha Town, Lahore
Tel: 042-37165307 Fax: 042-37165309

MAIN BOULEVARD DHA BRANCH

Shop No. 4, Mujtaba Plaza,
Main Boulevard, DHA, Lahore Cantt.
Tel: 042-36685800, 36685801

**MAIN BOULEVARD GULBERG
BRANCH**

61-Main Boulevard, Gulberg, Lahore
Tel: 042-99268880, 99268881-83
Fax: 042-99268882

MOHLANWAL BRANCH

Khewat No.126, Khatoni No.524 to 527,
042-35966762, 35966590
Main Defence Road, Village Mohlanwal, Lahore

MUGHAL PURA BRANCH

Plot No.13, Street No.17,
Near Lalpul, Mughal Pura, Lahore
Tel: 042-36524972-74

**SHAHRAH-E-FATIMA JINNAH
BRANCH**

G-4, G-12 & 13, Queens Center,
33-Shahrah-e-Fatima Jinnah
(Queens Road), Lahore
Tel: 042-37590623-4 Fax: 042-37590625

FEROZEPUR ROAD BRANCH

Khasra No.1188/1, 15-KM,
Main Ferozepur Road, Near Kamaha Metro
bus Station, Lahore
Tel: 042-35922959-61

VILLAGE KAHNA BRANCH

Hakim Ghulam Hussain Colony,
Mozoa Gajomata, Kahna
Distt. Lahore
Tel: 042-35270082, 042-35270084

PECO ROAD BRANCH

Plot No.1-C/P-II, Phase-III,
Main Peco Road, Lahore
Tel: 042-35970192, 042-35970193
Fax: 042-35172836

RAIWIND BRANCH LAHORE

Plot No.177-A, Ali Town,
Tel: 042-35291547, 042-35291548
Main Raiwind Road, Lahore

WALTON ROAD

House No.E/48, Khasra No.2328/280,
Kheot No.1, Khatoni No.537,
Super Town, Walton Road, Lahore
Tel: 042-36626072

WAPDA TOWN BRANCH

Plaza No.12, Block-A-1, PECHS,
Valencia (Commercial Area),
Wapda Town, Lahore
Tel: 042-35224695-6

JOHAR TOWN BRANCH

Plot No.7, Block-B, Near Allah Hoo Chowk
Johar Town, Lahore
Tel: 042-35172833-35, 35172835
Fax: 042-35172836

**RAWALPINDI/ISLAMABAD
BRANCHES****BLUE AREA ISLAMABAD BRANCH**

Shop No.1-5 & Mezzanine 1, Sohrab Plaza,
Jinnah Avenue, Blue Area, Islamabad
Tel: 051-2206330, 2206331, 2206327-8
2206329

E-11 ISLAMABAD BRANCH

Plot No.1, Sector E-11/3,
M.P.C.H.S, Islamabad
Tel: 051-2318103, 2318104
Fax: 051-2318102

**PWD HOUSING SOCIETY
ISLAMABAD BRANCH**

3-Civic Center, Block-A
PWD Employees Cooperative Housing
Society Islamabad
Tel: 051-5970737, 051-5970736, 051-5970735
Fax: 051-5970734

TARAMARI BRANCH ISLAMABAD

Khewat No.18, Khatoni No.19,
Khasra No.197/139, Taramari,
Tehsil & District Islamabad
Tel: 051-2616001, 051-2616000

**RAJA BAZAR BRANCH,
RAWALPINDI**

Shop No.U/1328, Dingi Khuee,
Raja Bazar, Rawalpindi
Tel: 051-5778509, 051-5778507, 051-5778506

**BANK ROAD, BRANCH
RAWALPINDI**

S.No.167, opposite Shams petroleum Services
Bank Road, Rawalpindi
Tel: 051-9270151, 9270153-4

**MUREE ROAD BRANCH,
RAWALPINDI**

K-583, Ch. Mouladad Khan Road,
Main Murree Road, Rawalpindi
Tel: 051-5781073, 5781072, 5781071

**PESHAWAR ROAD BRANCH
RAWALPINDI**

Plot No.1211, Chur Harpal,
Near Govt. College for Women,
Peshawar Road, Rawalpindi
Tel: 051-5492992-94
Fax: 051-5492995

**WAH CANTT BRANCH
RAWALPINDI**

82-A, Minar Road, Lala Rukh, Wah Cantt.
Tel: 0514-4531862-63

OTHER NORTH BRANCHES**ALI PUR CHATTA BRANCH**

Khewat No.979, Khatoni No.1414,
Khasra No.3620/1683, Gujranwala Road, Ali
Pur Chatha, Tehsil Wazirabad, District
Gujranwala
Tel: 055-6332740, 6332741, 6332742

**ASHRAFABAD BRANCH,
DISTRICT BAHAWALPUR**

Ashrafabad Sugar Mill, Village Ashrafabad,
District Bahawalpur
Tel: 062-2870091, 2870092

ALI WALA BRANCH

Khewat No.403, 414, 507, Village Ali Wala,
Tehsil & District Muzaffargarh

**CHAK GHANIAN,
DISTRICT GUJRAT**

Village & PO Chak Ghanian, Tehsil Sarai
Alamgir, District Gujrat
Tel: 0544-652536, 652537

CHICHAWATNI BRANCH

Plot No.376, Main Bazar Chichawatni,
District Sahiwal
Tel: 040-5482225-6, 5482226
Fax: 040-5482227

CHINIOT BRANCH

Khewat No.3133/3117, Khasra
No.13557/9602, Chah Karian Wala, Faisalabad
Road, Chiniot Tel: 0476-332401-3, 332402

DALWAL, CHAKWAL BRANCH

Village & Post Office Dalwal, Tehsil Choah
Saidan Shah, District Chakwal
Tel: 0543-582070, 582071

DERA GHAZI KHAN BRANCH

Opposite Medical Collge,
Jampur Road, Dera Ghazi Khan
Tel: 064-2471301-03
Fax: 064-2471304

FAISALABAD BRANCH

7-D, Commercial Area,
People Colony No.1, Faisalabad
Tel: 0418-711691-3, 711692-3

G.T. ROAD GUJRANWALA BRANCH

Property No. B-XII-75-60/A,
Bhatia Nagar. G.T.Road, Gujranwala
Tel: 055-3840015, 9200992, 9200994-1

GAGGO MANDI BRANCH

Khewat No.58, Chak No.187/E.B.
Opposite Police Station, Main Multan Road,
Gaggo Mandi, Tehsil Burewala, District Vehari
Tel: 067-3500495-6, 3500497

GILGIT BRANCH

Khasra No.104/5093-5339, Khewat
No.185/185, Z.S. Plasa,
Main Shahrah-e-Quaid-Azam, Gilgit
Tel: 05811-922526, 922527-8
Fax: 05811-922529

HARAPPA BRANCH

Main G.T.Road, Near Harappa Railway Station,
Harappa, District Sahilwal
Tel: 0404-504066, 504067

JEHLUM BRANCH

Property No. 17, Kohinoor Plaza,
Old G.T. Road, Jehlum
Tel: 0544-622028

JANDIALA DHABWALA BRANCH

Khewat No.216, Khatoni No.512-514,
G.T. Road, Jandiala Dhabwala,
Near Motorway Police Office,
District Gujranwala
Tel: 055-6587172
Fax: 055-6587171

KALRA KHASA BRANCH

Khewat No.91, Khatoni No.140, Khasra
No.648, G.T. Road, Near Vita Fan, Shabnum
Colony, Kalra Khasa, Tehsil & District Gujrat
Tel: 053-3515176, 3515175

KUNJAH BRANCH

Plot No. 5-A/15, Ward No.3, Kunjah,
Tehsil & District Gujrat.
Tel: 053-3383154, 3383153

KASUR BRANCH

B-2/13, R-I/D, Haji Farid Road, Kasur
Tel: 049-2720120

KHANEWAL BRANCH

Plot No.1743, Ground Floor,
Sir Syed Road, Khanewal
Tel: 065-2558804-06

LALAMUSA BRANCH

Plot No.1/123 Tehsil Kharian,
Lalamusa, District Gujrat
Tel: 053-7511422, 7511424 Fax: 053-7511425

LILA BRANCH, DISTRICT JEHLUM

Post Office Lilla Town, Tehsil Pind Daden
Khan, District Jehlum
Tel: 0544-217661, 217662
Fax: 0544-217662

MULTAN BRANCH

64-Abdali Road, Multan
Tel: 061-4585203, 4585205, 4585205
Fax: 061-4585207

**MANAWALA BRANCH DISTRICT
SHEIKHUPURA**

Main Bazar Village Manawala,
Sheikhpura
Tel: 056-3771151

MIAN CHANNU BRANCH

Khewat No.635, Khatooni No.647,
Khasra No.1671 & 1672, Lakar Mandi,
Mian Channu, District Khanewal
Tel: 065-2660227, 2660229

MORR AIMANABAD BRANCH

Khasra No.1215/1 & 2, Khewat No.968,
Khatoni No.1126, Main G.T. Road, Morr
Aminabad, District Gujranwala
Tel: 055-3263127, 055-3263129

MOUZA GOJRA BRANCH

Khasra No.12/22/2, Khewat No.64/65,
Khatoni No.435, Mouza Gojra, Tehsil Malakwal,
District Mandi Bahauddin
Tel: 0546-599111-13

NANKANA SAHIB BRANCH

Khewat No.309, Khatoni No.521
Khasra No.1503 & 1504, Ghala Mandi,
Tehsil & District Nankana Sahib
Tel: 056-2875087-8

OKARA BRANCH

Khasra # 52/12/1, Khewat # 428,
Khatoni No.1085, Mian Colony,
M.A. Jinnah Road, Okara
Tel: 044-2511234, 044-2511555
Fax: 044-2511551

PINDI BAHAUDDIN BRANCH

Village Pindi Bahauddin, Rasool Road,
Tehsil & District Mandi Bahauddin
Tel: 0546-600346, 0546-600446

RAHIM YAR KHAN BRANCH

24 Model Town, Rahim Yar Khan
Tel: 068-5877062, 068-5877064

SARGODHA BRANCH

Prince Cinema Market,
Railway Road, Sargodha
Tel: 048-9230511, 048-9230513
Fax: 048-9230512

**SATGARAH DISTRICT OKARA
BRANCH**

Adda Chow, Sat Garah,
Tehsil and District Okara
Tel: 0442-664064, 0442-664065

SIALKOT BRANCH

Khasra No.834/2, Khatooni # 39, Khewat
No.29, Shahab Pura Road,
Near Masjid Tajdar-e-Madina, Sialkot
Tel: 052-3242701-3, 053-3242702

TOBA TEK SINGH BRANCH

Khewat No.7/7, Khatoni No.7,
Allama Iqbal Road, Mohalla Janj Ghar,
Toba Tek Singh
Tel: 0462-512751, 0462-512752

**KPK & MIRPUR AJK
BRANCHES****G.T. ROAD PESHAWAR BRANCH**

Shop No.1 & 2 Jibran Adeel Plaza
Bilal Town, G.T. Road, Peshawar
Tel: 091-2584452-3 Fax: 091-2584454

**HAYATABAD, PESHAWAR
BRANCH**

Unit No.13, Sector D-I, Phase-I,
Bilal Commercial Market, Hayatabad, Peshawar
Tel: 091-5823873, 5823855, 5823865

**KARKHANO MARKET BRANCH,
PESHAWAR**

C-Block, Palace Plaza, Karkhano Market,
Regi Lalma, Peshawar
Tel: 091-5893146, 091-5893139
Fax: 091-5893148

PESHAWAR BRANCH

Shop No.4, Ground floor, Jasmine Arcade,
I-Bashir lane, Fakhar-e-Alam Road, Peshawar
Tel: 091-5271951, 091-5271950, 091-5250601

**UNIVERSITY ROAD PESHAWAR
BRANCH**

Khata No.179/661 & 662 New Khata
Jamabandi No.193/738, University Road,
Peshawar
Tel: 091-5711606 Fax: 091-5711607-8

KOHAT BRANCH

Shop No.889 to 896, Syed Saadullah Shah
Building Kacher Chowk, Bank Square,
Hangu Road, Kohat
Tel: 0922-511675-78

MERAN BRANCH

Village Mehran Tehsil Parva (Tandianwala
Sugar Mills Ltd) Dera Ismail Khan
Tel: 0966-756112-4

ABBOTTABAD BRANCH

Opposite Radio Pakistan,
Mansehra Road,
Abbottabad
Tel: 0992-330391, 0992-330392
Fax: 0992-330393

MIRPUR AZAD KASHMIR BRANCH

Ground Floor, Portion No.2,
Younus Plaza, Allama Iqbal Road, Mirpur,
Azad Jammu & Kashmir
Tel: 05827-444520, 05827-444520

MUZAFFARABAD BRANCH

Khasra No.1845/1314, Bank Road,
Muzaffarabad
Tel: 05822-920630, 0582-2920612

**ISLAMIC BANKING
BRANCHES & ISLAMIC
BANKING WINDOWS
(IBWs)****KHAYABAN-E-ITTEHAD,
KARACHI BRANCH**

Plot # 13-C, Khayaban-e-Itehad, Phase-II
Ext., DHA, Karachi
Tel: 021-35316805
Fax: 021-35316807

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 4th Annual General Meeting of the Bank to be held on 26th March, 2015 and at any adjournment thereof.

As witness my/our hand this _____ day of _____ 2015.

1. Witness _____

Signature _____

CNIC No. _____

Address _____

Member's Signature
on Rs.5.00
Revenue Stamp

2. Witness _____

Signature _____

CNIC No. _____

Address _____

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

NOTES:

1. A member entitled to attend and vote at the 4th 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

**The Only Bank Ever Having
Successfully Established**



**On-Line Branches in
111 Cities in Less Than 4 Years**

Rs 5 Billion Profit
during the last 4 years

Other Services and Facilities:

- Islamic Banking
- Most Attractive Deposit Schemes
- Country-wide ATM Network
- Agriculture Loans
- Markup Free Student Loans
- SME Credits
- Debit Cards

Key Features of SMS Banking:

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

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



Serving You In Many Ways:

Services and Facilities:

- Islamic Banking
- Most Attractive Deposit Schemes
- Country-wide ATM Network
- Agricultural Loans
- Markup Free Student Loans
- SME Credits
- Debit Cards

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IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO



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Web: www.sindhbankltd.com