

## Serving You In Many Ways

### Services & Facilities

- Attractive Deposit Schemes • Sukoon Current Account
- Asaan Account • Women Empowerment Account
- Young Talent Account • Foreign Currency Accounts
- Auto Finance Facility for Locally Manufactured & Imported Cars • Call Center 24/7
- Agriculture Loans • Mark-Up Free Student Loans
- Islamic Banking • ATM Network • Lockers Facility
- VISA, PayPak & UnionPay Debit Cards

### SMS Banking

- All Transactions Alert • Utility Bills Payment
- Mobile Top-ups • Airline Ticket Payment
- Internet Service Providers (ISPS)
- Fee Payments of Educational Institutions
- Insurance Premium Payment
- Intra Bank Funds Transfer (PAYC)
- Inter Bank Funds Transfer (IBFT)
- Balance Enquiry • Mini Statement
- Complete Statement of Account Via Email
- E-commerce • Email Alerts



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Abdullah Shah Ghazi Road, Clifton, Karachi-75600.  
UAN: +92-21-111-333-225 Call Centre: 0800-33322  
Web: [www.sindhbankltd.com](http://www.sindhbankltd.com)



IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO شہید محترمہ بینظیر بھٹو کی یاد میں

# SINDH BANK

# سندھ بینک

POWER TO THE PEOPLE با اختیار عوام

ANNUAL  
REPORT  
2017





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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## Entity Ratings

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

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.

## 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 Information

### Board of Directors

Afzal Ghani  
Syed Hasan Naqvi\*  
Mohammad Shahid Murtaza\*\*  
Muhammad Naeem Sahgal  
Tajammal Husain Bokharee  
Raja Muhammad Abbas\*\*  
Muhammad Bilal Sheikh  
Tariq Ahsan

Chairman/Independent Director  
Non Executive Director  
Non Executive Director  
Independent Director  
Independent Director  
Independent Director  
Non Executive Director  
President & CEO

Chief Financial Officer  
Company Secretary

Saeed Jamal Tariq  
Shamsuddin Khan

Auditors

EY Ford Rhodes  
Chartered Accountants

Legal Advisors  
Share Registrar

Mohsin Tayebaly & Co  
Central Depository Company  
of Pakistan Limited

Registered/Head Office

3rd, Floor Federation House  
Abdullah Shah Ghazi Road  
Clifton, Karachi-75600  
UAN : +92-21-111-333-225  
Fax : +92-21-35870543

Registration Number  
NTN Number  
Website

0073917  
3654008-7  
www.sindhbankltd.com

## 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 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 meeting their banking requirements by installing the most modern and efficient technological applications that 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.

\* Mr. Naqvi ceased to be the Director w.e.f 22nd December 2017, due to his transfer from the position of Finance Secretary GoS.

\*\* These Directors had completed their tenure under Banking Companies Ordinance 1962 and FPT documents have been submitted to SBP to fill the vacancies.





## Chairman's Message



## Annual Report 2017

On behalf of the Board of Directors of Sindh Bank, it gives me great pleasure to present this review, along-with the financial statements of the Bank for the year ended December 31, 2017. The Bank's branch network grew to 300 branches established in 151 cities in Pakistan.

Profit (before tax) for 2017 decreased by 10.11% to Rs. 2,182 million from Rs. 2,428 million earned during 2016 which is attributed to lower capital gains on Government Securities during 2017, although on a positive note core income increased by over 35.2%. This translates into EPS (after tax) of Rs. 1.25. The financial results and appropriations, as recommended by the Board, are summarized below:

	Rupees in '000
<b>Profit before provisions and tax</b>	<b>2,434,868</b>
General Provisions against consumer & small enterprise Advances	(2,156)
Specific provisions against non-performing advances-net	254,590
<b>Profit before tax</b>	<b>2,182,434</b>
<b>Taxation</b>	
- Current	806,948
- Prior year	161,950
- Deferred	(42,299)
	<b>926,599</b>
<b>Profit after tax</b>	<b>1,255,835</b>
Un-appropriated profit brought forward	4,185,911
Other comprehensive loss	(14,759)
<b>Profit available for appropriation</b>	<b>5,426,987</b>
<b>Appropriations:</b>	
Transfer to Statutory Reserve	(251,167)
<b>Un-appropriated profit carried forward</b>	<b>5,175,820</b>

Total Deposits as at December 31, 2017 amounted to Rs. 134.2 billion, registering an increase of 12.8% from Rs. 119 billion on December 31, 2016. Gross advances increased by 23.5% to Rs. 69.1 billion as compared to Rs. 56 billion on December 31, 2016.

As at the year-end, Sindh Bank's Equity (i.e. Paid up Capital, Reserves & Unappropriated profits) stood at Rupees 16.64 billion, increasing by about 8.06% over Rupees 15.397 billion last year. The Bank's risk adjusted Capital Adequacy stood at 15.67% against the year-end 2017 requirement of 11.275%.

Pakistan's economic growth is on track to achieve its highest level in the last eleven years though deterioration in external account are likely to cause further devaluation of the Pak Rupee. Devaluation of the Pak Rupee and rising fuel prices are likely to build inflationary pressures hence further rise(s) in the Policy rate cannot be ruled out. Improvement in business volumes and efficiencies are expected to drive future profitability of the Bank.

I would like to thank the Government of Sindh for their continued support towards promotion and progress of the Bank. I am also thankful to the State Bank of Pakistan and other regulators for their guidance and support. The Board, management and myself are collectively grateful for the support of our customers who are the real purpose for us to be in business.

I would also like to appreciate the efforts, commitment and team work of the Bank's Executives and Staff due to which the Bank was able to achieve such results despite challenges.

I, on behalf of the Board would like to assure all the stakeholders of our full cooperation and support for the future development and progress of the Bank.

Afzal Ghani  
Chairman

Karachi: March 7, 2018

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





## Major Achievements in 2017

- 40 on-line branches established expanding Sindh bank's branch network to 300 locations spread over 151 cities/towns across Pakistan.
- Sindh Bank's ATM network in 2017 stands at 240 ATM's.
- Training activities during 2017 involved training of 1856 staff members in different disciplines focus of which was on areas that were identified/observed during SBP inspection. Besides, online testing on AML/CFT and class room trainings on this topic were also conducted. The Area Managers, Branch Managers and Operations Managers were given the responsibility to conduct training sessions at their respective branches on the highly sensitive topic of security features of cheques.
- A new product Auto Loans with attractive features was added to the Sindh bank product portfolio.
- The Bank has been handling Benazir Income Support Program since its start for the Tando Muhammad Khan district in Sindh. The number of beneficiaries stands at 41,833. Total amount disbursed during 2017 amounted to Rs 806 million as compared to Rs 798 million disbursed in 2016.
- Sindh Bank's branches handled home remittances to the tune of Rs 1.715 billion through 37,159 transactions during 2017 as compared to Rs 1.667 billion through 39,169 transactions in 2016.
- Initiatives taken by IT this year were on the Issuance of Chip based (EMV) ATM / Debit Card and upgrading all the Bank's ATMs to read Chip based Cards, including international cards such as VISA, MASTERCARD etc.
- SMS Banking has been enhanced with an interface on Internet. The customer can now login by visiting <http://smsbanking.sindhbankltd.com> and enjoy a secure internet-cum-sms banking experience.
- A long awaited facility has been added in SMS Banking by enabling the payment of utility bills, mobile top-up etc. on 24 hours basis.
- Sindh Microfinance Bank (SMFB) has been running a profitable operation with capital and reserves of Rs. 797.42 million as at December 31, 2017. Besides its flagship loan product branded as 'SUJAG AURAT' (which means 'Visionary Woman') another product namely "Fisheries Loan" in the category of non-farm Agri loan was also launched in early 2017.
- An increased trend of skimming of ATM cards data and fraudulent transactions were noted in the industry in 2017. To minimize the same, a facility with four new commands were added to the Bank's SMS Banking facility, to further secure against ATM/Debit card frauds.
- The new release of our core banking system for conventional and Islamic banking was implemented which included various enhancements with user friendly interface.

- To cater to SBP requirement for enhanced reporting of data files in XML format compatible with their new GO AML software, a system was developed in-house and implemented to the satisfaction of the stakeholders.
- On demand of FBR, SMS banking was enhanced to include payment of Tax through SMS. An entity or individual gets a receipt number after visiting the FBR website after filling the required information. This receipt number is used for sending an SMS and system automatically fetches the data and amount to be paid and the same is paid after receiving confirmation by return SMS. The facility is linked with I Link bill payment system.
- In order to promote a local product, customers were encouraged to use the PAYPAK local ATM/Debit cards. To date 9,980 cards have been issued to customers.
- Sindh Bank is serving more than 42,000 beneficiaries under the BISP scheme every quarter. A BVS system for verification of the BISP beneficiaries has been developed for more secure and transparent disbursement of quarterly installments which will be functional at the time of payment of the next installment.
- During 2017, the Bank facilitated payments amounting to Rs. 806 million to around 42 thousand beneficiaries under Government of Pakistan's Benazir Income Support Program. Further disbursement of an amount of Rs. 779 million to over 97 thousand Zakat beneficiaries on behalf of the Sindh Zakat & Ushar Department, Government of Sindh was facilitated through Sindh Bank's Benazir Muawanat Card.





## 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.



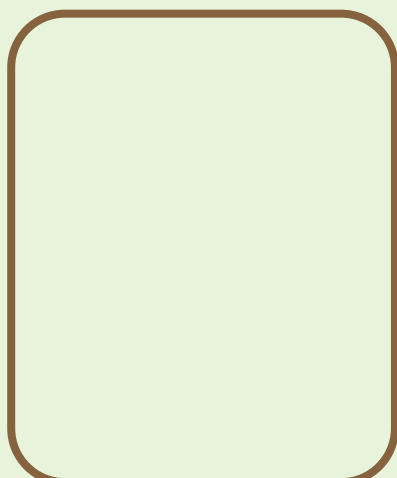
**Muhammad Naeem Sahgal**  
 Independent Director

Mr. Sahgal is a Supreme Court Advocate and a Partner of Walker Martineue Saleem, an eminent law firm of the country. He possesses Masters 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 and Managing Director, Pakistan Housing Authority, Islamabad.



**Finance Secretary  
 Government of Sindh**  
 Non Executive Director



**Mohammad Shahid Murtaza**  
 Non Executive Director

Mr. Shahid Murtaza has experience of more than 41 years in the field of domestic and International Banking.



**Tariq Ahsan**  
 President & CEO

Mr. Tariq Ahsan joined the Bank in December 2010. He has over 29 years of experience in the financial sector through various roles in established institutions such as Pak Brunei Investment Co, PICIC Commercial Bank Ltd, Dawood Bank Ltd, IDBP, NDFC, NDLC and Bank of Oman. He possesses a Masters in Business Administration with specializations in Marketing and Finance.



**Muhammad Bilal Sheikh**  
 Non Executive Director

Mr. Sheikh is a career banker having experience of over 49 years. He has been Chief Executive of various Banks and DFIs for the last 19 years.





From left to right: Tajammal Husain Bokharee, Muhammad Naeem Sahgal, Mohammad Shahid Murtaza

Afzal Ghani (Chairman), Raja Muhammad Abbas, Muhammad Bilal Sheikh and Tariq Ahsan (President & CEO)

### Board of Directors:

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

### Committees of the Board:

#### Risk Management Committee:

Tajammal Husain Bokharee	Chairman
Mohammad Shahid Murtaza	Member
President & CEO	Member
Head of Risk Management	Secretary

#### Procurement, Information Technology & Security Committee:

Finance Secretary (GoS)	Chairman
Mohammad Shahid Murtaza	Member
Tajammal Husain Bokharee	Member
Raja Muhammad Abbas	Member
President & CEO	Member
Head of Information Technology	Secretary

#### Human Resource & Remuneration Committee:

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

#### Audit Committee:

Muhammad Naeem Sahgal	Chairman
Finance Secretary (GoS)	Member
Muhammad Bilal Sheikh	Member
Raja Muhammad Abbas	Member
Head of Internal Audit	Secretary

#### Nomination Committee:

Tajammal Husain Bokharee	Chairman
Muhammad Bilal Sheikh	Member
Finance Secretary (GoS)	Member
Company Secretary	Secretary



## 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's 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 judgement 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 disassociate 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.



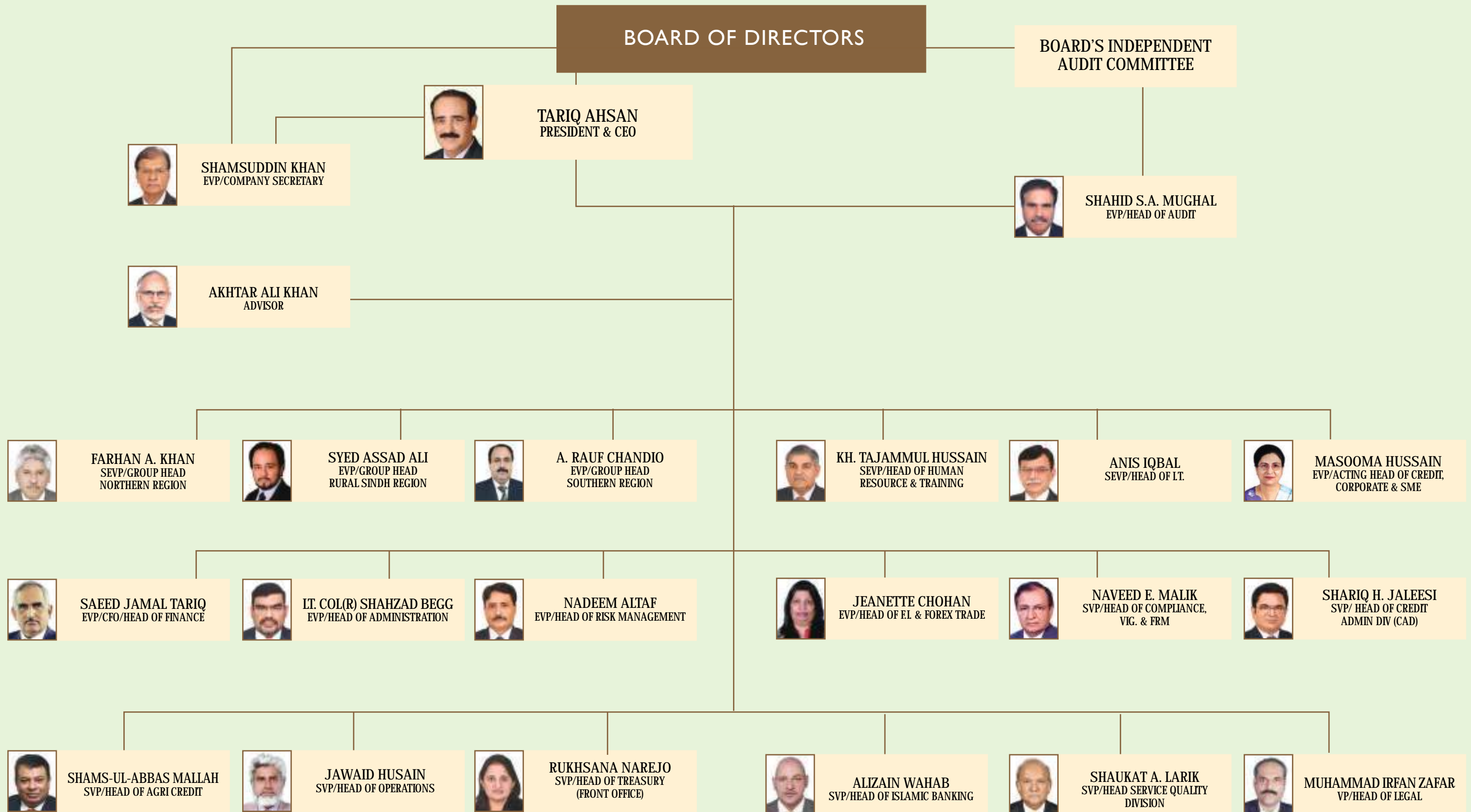
9. We, besides working with honesty and faithfulness shall maintain strict secrecy regarding the Bank's affairs and the affairs of its constituents and subsidiaries, if any. We shall use our utmost endeavors to promote the interest of the Bank and shall show courtesy and attention in all dealing with 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.





## ORGANOGRAM





## Directors' Report



## Annual Report 2017

On behalf of the Board of Directors, I am pleased to present the 7th Annual Report of the Bank for the year ended December 31, 2017. Financial highlights for the year are as follows:

(Rupees in '000)

Balance Sheet	As on December 31, 2017	As on December 31, 2016	% age Change
Paid up Capital	10,010,130	10,010,130	-
Reserves & un-appropriated profits	6,627,799	5,386,723	23.04%
<b>Paid up Capital &amp; Reserves</b>	<b>16,637,929</b>	<b>15,396,853</b>	<b>8.06%</b>
(Deficit)/Surplus on Revaluation	(570,121)	134,032	
<b>Equity</b>	<b>16,067,808</b>	<b>15,530,885</b>	<b>3.46%</b>
<b>Deposits</b>	<b>134,207,056</b>	<b>119,022,240</b>	<b>12.76%</b>
<b>Investments (net of repos)</b>	<b>63,154,897</b>	<b>70,290,533</b>	<b>-10.15%</b>
<b>Gross Advances</b>	<b>69,112,166</b>	<b>55,979,573</b>	<b>23.46%</b>

Profit & Loss Account	Year Ended December 31, 2017	Year Ended December 31, 2016	% age Change
Markup/return/interest income	11,541,183	9,775,399	
Markup/return/interest expenses	6,276,431	5,371,167	
<b>Net markup/return/interest income</b>	<b>5,264,752</b>	<b>4,404,232</b>	<b>19.54%</b>
Capital gains & Dividends	760,487	3,075,173	
Fee, Commission & Other Income	567,209	420,777	
<b>Non-mark-up/non-interest income</b>	<b>1,327,696</b>	<b>3,495,950</b>	<b>-62.02%</b>
<b>Non mark-up/interest expenses</b>	<b>4,157,580</b>	<b>3,864,804</b>	<b>7.58%</b>
Provisions-general	(2,156)	1,501,834	
Provisions-specific	254,590	105,614	
<b>Provisions</b>	<b>252,434</b>	<b>1,607,448</b>	
<b>Profit before Tax</b>	<b>2,182,434</b>	<b>2,427,930</b>	<b>-10.11%</b>
<b>Profit After Tax</b>	<b>1,255,835</b>	<b>1,390,826</b>	<b>-9.71%</b>
<b>Earnings per share (Rupees)</b>	<b>1.25</b>	<b>1.39</b>	<b>-9.35%</b>

Other Information	As on December 31, 2017	As on December 31, 2016	% age Change
<b>No. of Accounts</b>	<b>475,801</b>	<b>418,454</b>	<b>13.70%</b>
<b>Number of Branches</b>	<b>300</b>	<b>260</b>	<b>15.38%</b>

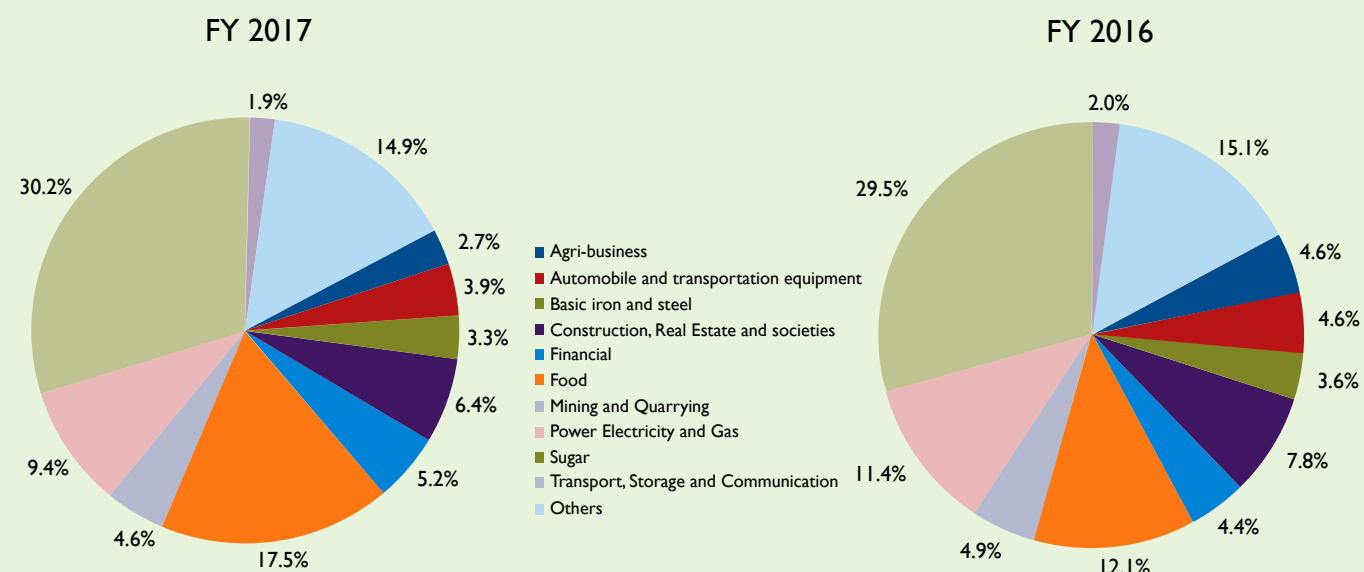
### A. DEPOSITS

Total Deposits registered an increase of 12.8 percent and stood at Rs. 134.2 billion compared to Rs. 119.0 billion on December 31, 2016. Ratio of Finance Department, Government of Sindh (GoS) Deposits to other Deposits was 14:86 as compared to 17:83 at the year ended 2016 and number of customer accounts at 475,801 registered an increase of 13.7 percent over 2016 indicating enhanced customer confidence in the Bank.

### B. ADVANCES

Gross Advances increased by 23.5 percent to Rs. 69.1 billion as compared to Rs. 56.0 billion on December 31, 2016. Sector-wise exposure is as follows:



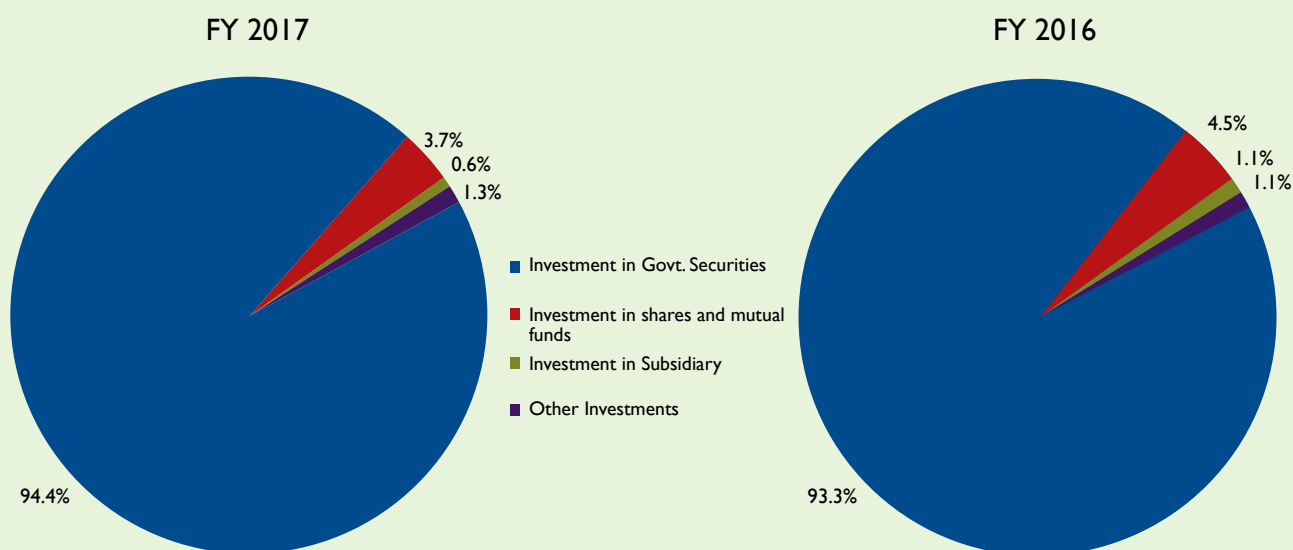


Against Bank's exposure in the Sugar sector, an amount of Rs.3.7 billion is fully secured against cash collateral and Rs. 6.4 billion against pledge of Sugar with 20% margin whereas a major portion of the remaining exposure is secured by tangible collateral. Exposure in the Food sector consists mainly of financing of Rs. 11.5 billion to the Food Department, GoS which is secured against GoP guarantee. Exposure of Rs. 2.0 billion and Rs. 2.2 billion in the Power and Mining & Quarrying sectors respectively are secured by GoP/GoS guarantee/comfort letter.

### C. INVESTMENTS

Investment in Government securities increased by 63.2 percent to Rs. 108.7 billion on December 31, 2017 compared to Rs. 66.6 billion as at December 31, 2016. While investment in long-term Pakistan Investment Bonds remained almost static, investment in short-term Market Treasury bills increased by Rs. 42.6 Billion.

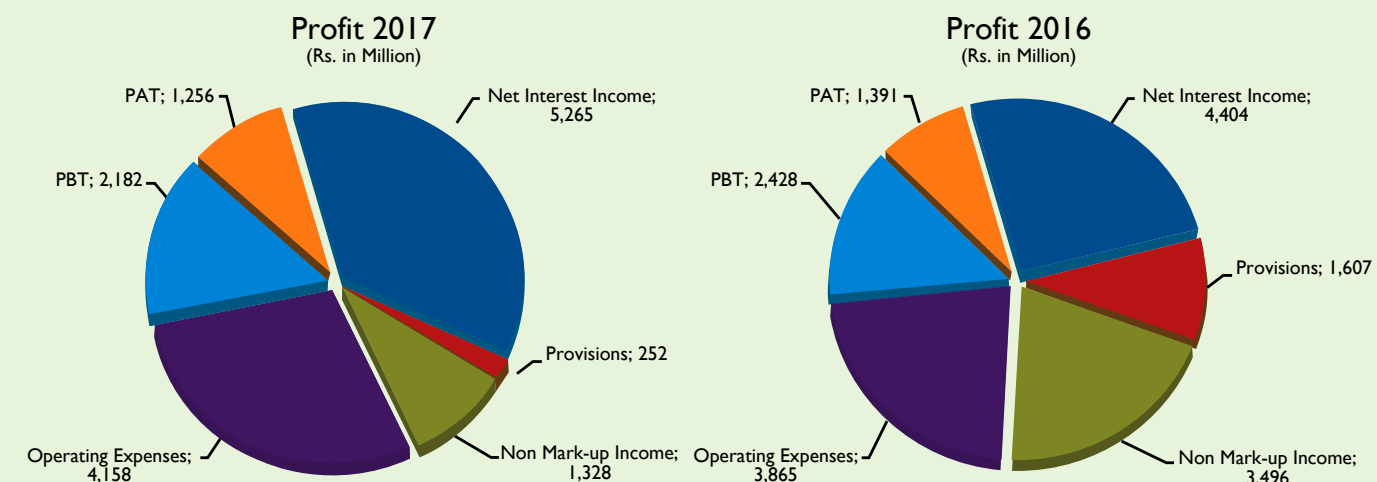
Investment in the equities and mutual funds stood at Rs. 4,250 million, increasing by 33 percent over December 31, 2016 (Rs. 3,197 million). Break-down by type of investments is as under:



## Annual Report 2017

### D. PROFIT AND LOSS

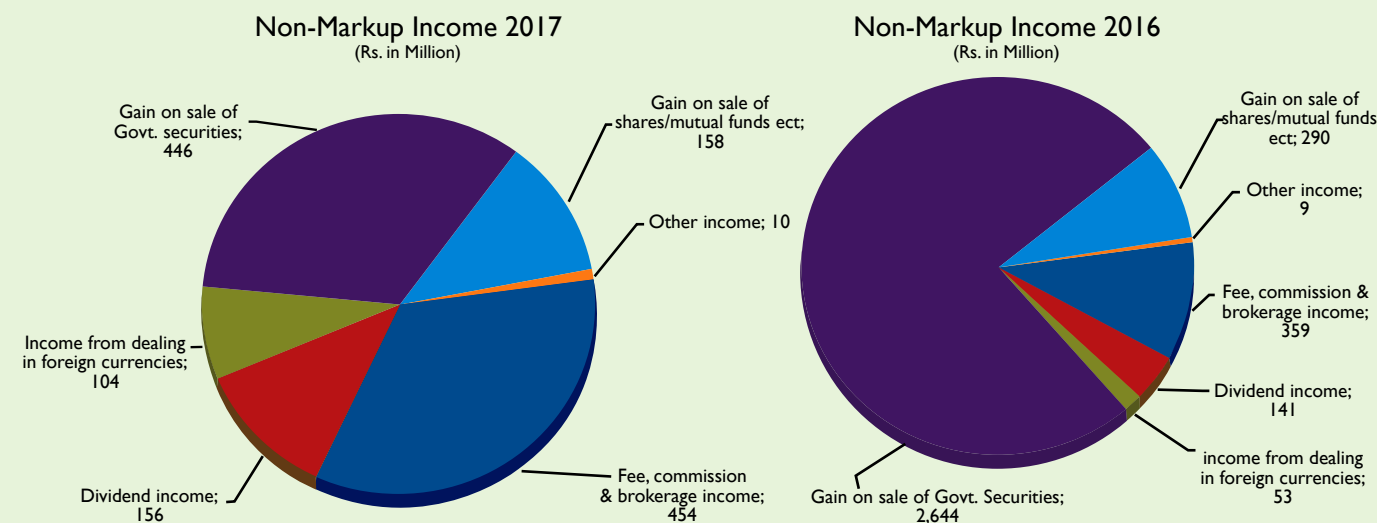
Pre-tax profit for the year ended December 31, 2017 amounted to Rs. 2,182 million as against Rs. 2,428 million earned last year, a decrease of 10.11%. Breakup is as follows:



The Bank had made windfall gains of Rs. 2,644 million during 2016 on the sale of PIBs and as an abundant caution, it was decided to set aside an amount of Rs. 1.5 billion to general reserve to deal with any unforeseen contingencies i.e. rise in Policy rate and others etc. Therefore the net impact of this on the 2016 bottom line was Rs. 1,144 million. Compared to this, Capital Gains on sale of PIBs of Rs. 446 million have been realized in 2017. It is for this reason that the 2017 pre-tax profit, instead of a respectable increase, shows a decline of 10.1%. However, if we exclude the impact of the PIB gain minus general provision from both years, the Bank shows an impressive increase in core profitability of 35.2%, which was achieved due to the following reasons:

- Increase in Net Mark-up/Interest Income by 19.5 percent compared to 2016. This is a positive reversal of the trend from last year;
- Increase in Fee and Commission income by 26.5 percent; and
- Controlling administrative expenses, which increased by just 7.3 percent.

Non-markup/interest income recorded a decrease of 62 percent mainly due to reduction in gain on sale of investments to Rs. 604.4 million compared to Rs. 2,933.7 million in the same period last year. Fee and Other income however increased by 34.8 percent over the same period. Break-up is as follows:





## E. BRANCH NETWORK

The Bank has its presence at 300 locations spread over 151 cities/towns all over Pakistan and include 14 branches which are dedicated to Islamic Banking. Region wise breakup is as under:

Regions	No. of Branches	No. of Cities/Towns
<b>South:</b> Karachi and other cities/towns in Sindh & Balochistan	186	83
<b>North:</b> Punjab, Islamabad, KPK, AJK & GB	114	68
<b>Total</b>	<b>300</b>	<b>151</b>

## ECONOMIC REVIEW

During FY 2016, Pakistan's economy recorded an eight year high GDP growth of 4.7 percent. FY 2017 figures show GDP growth at 5.3 percent, a ten year high.

Industrial sector witnessed growth of 5.0 percent compared to 5.8 percent in the last fiscal. Large Scale Manufacturing (LSM) posted YOY growth of 5.0 percent against 2.9 percent last year. Agriculture sector achieved its targeted growth of 3.5 percent, much above the growth of 0.3 percent in FY 2016 while Services sector recorded 6.0 percent growth as compared to 5.5 percent last year.

Average CPI inflation during FY 2017 stood at 4.2 percent compared to 2.9 in FY 2016. This eased slightly to 4.1 percent during the first half of FY 2018. Core inflation (non-food non-energy) was recorded at 5.5 percent during the first half of FY 2018, which together with PKR depreciation (about 5%) and rising international oil prices are likely to increase inflation in the coming period. In their Monetary Policy Statement, the MPC has increased the policy rate by 25 bps to 6.0 percent. Average CPI inflation is expected to remain within SBP's projected FY 2018 range of 4.5 - 5.5 percent.

During FY 2017, current account deficit of US\$ 12.1 billion was registered as exports and workers' remittances declined while imports surged by 17.7 percent, owing mainly to machinery imports both for CPEC and non-CPEC energy and infrastructure projects. In the first half of FY 2018 however, exports posted the highest half year growth of 10.8 percent in the past seven years compared to a decline of 1.5 percent in the same period last year. Workers remittances also recorded growth of 2.5 percent compared to a decline of 1.4 percent in the same period last year. The high economic growth is exerting pressure on the external sector with current account deficit for the first six months of FY 2018 widening to US\$ 7.4 billion driven mainly by strong growth in imports of goods and services. Recent depreciation of PKR by about 5 percent appears to be aimed at containing the deficit.

FX reserves as at end FY 2017 closed at US\$ 21.4 billion, down from US\$ 23.1 bn at end of FY 2016. These have declined further to US\$ 20.2 billion as on December 31, 2017. The decline is attributed to burgeoning current account deficit Euro club loan payments, withdrawal of Chinese government deposit with SBP and other external debt servicing.

KSE 100 index ended the year at 40,471 points, down 15.3 percent over 47,807 points at December 31, 2016. Technical correction after multiple years of bull run and political uncertainty have been weighing down on the index.

## CREDIT RATING

JCR-VIS Credit Rating has maintained the Bank's medium to long term entity rating of 'AA' (Double A) and short term rating of 'A-1+' (A One Plus), with a 'Rating Watch-Developing' status due to the proposed merger of Summit Bank into Sindh Bank and surviving entity being Sindh Bank.

## 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 15.67% as against the minimum requirement of 11.275% as on December 31, 2017.



## RISK MANAGEMENT FRAMEWORK

Sindh Bank has in operation a risk management system commensurate with the size and complexity of its operations to provide reasonable assurance that the risks undertaken are adequately managed and are within its risk appetite. During the year, further refinements/enhancements to the automated risk management system were made to strengthen controls over the Bank's operations. Efforts continue to bring about qualitative improvements to ensure that the Bank's risk management system is well equipped to assess major/material risks particularly credit, market and operational risks associated with the banking sector.

## INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

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

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

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

## MAJOR HIGHLIGHTS

### • Islamic Banking Division

Alhamdulillah, Islamic Banking segment of the bank made impressive strides during the year 2017. Not only the deposit base rose to Rs. 6.9 bln, as compared to Rs. 3.4 bln of the previous year, the deposit mix also improved thereby reducing the cost of deposit from 4.96% to 3.90%. All these developments made it possible for the Islamic Banking Division to record an operating profit of Rs. 25 mln in the last quarter, despite some operating constraints and particularly liquidity management issues. This is not a small achievement within three and a half years of launch of Islamic Banking and can be favorably compared with the peer banks. The trend is expected to continue rather gain further momentum during 2018 as with the passage of time, IBBs market reach has gained depth.

### • Microfinance Bank

Sindh Microfinance Bank Limited (SMFB), the wholly owned subsidiary of Sindh Bank Limited, started microfinance operations in May 2016 with an aim to promote self-sufficiency and economic development among people especially women who do not have access to the traditional financial services. As a rare example in Microfinance sector, from the very first month of its operations, SMFB has been running a profitable operation with capital and reserves of Rs. 797.42 million as at December 31, 2017. In accordance with its mid-term plan, SMFB is focusing on its flagship loan product branded as 'SUJAG AURAT' (which means 'Visionary Woman') which is designed exclusively for women empowerment. However, another product namely "Fisheries Loan" in the category of non-farm Agri loan was also launched in early 2017. With cumulative loan disbursements of over Rs. 515 million, the total outstanding loans as of December 31, 2017 stood at Rs. 338.38 million to 23,221 female borrowers. Due to strict risk control measures, there were no NPLs/Overdues outstanding on December 31, 2017.

SMFB has established Ten (10) functional branches and Forty (40) micro-credit centers, mostly in rural and far-flung parts of Sindh, like Mithi, Islamkot, Umarkot, Golarchi, Kunri, Digri, Mirpur Sakro, and other similar areas. Furthermore, State Bank of Pakistan has recently approved SMFB's Annual Branch Expansion Plan-2018 for opening of 5 branches and 22 micro-credit centres by the end of this year which will greatly increase SMFB's outreach especially in upper Sindh to enhance its penetration and market share in extending benefits of micro finance business to masses specially in the banked areas of the region.





- **Benazir Income Support Program**

The Bank has been handling this scheme since its start for the Tando Muhammad Khan district in Sindh. The number of beneficiaries stood at 41,833. Total amount disbursed during 2017 amounted to Rs.806 million as compared to Rs.798 million disbursed in 2016. Handling BISP provides the Bank an opportunity to serve the less privileged segments of the population.

- **Home Remittances**

Sindh Bank's branches handled home remittances to the tune of Rs 1.715 billion through 37,159 transactions during 2017 as compared to Rs 1.667 billion through 39,169 transactions in 2016. Sindh Bank has arrangements in this regard with globally reputed companies such as Western Union, Money Gram & others.

#### IT INITIATIVES

- **Issuance of Chip based (EMV) ATM / Debit Card**

Issuance of Chip based (EMV) ATM / Debit Card was not only mandated by SBP, but is also the need of the hour to minimize misuse of cards and avoid fraudulent transactions.

- **Upgrading of ATMs to read Chip based Cards**

Upgrading all the Bank's ATMs to read Chip based Cards, including international cards such as VISA, MASTERCARD etc.

- **SMS Banking on Internet**

The Bank already has a unique and state of the art SMS banking service where a customer can enjoy various facilities such as balance query, Mini statement, Mobile top-up, payment of utility Bills, transfer of funds etc. instantly by just sending a simple SMS. This has now been enhanced with an interface on Internet. The customer can now login by visiting <http://smsbanking.sindhbankltd.com> and enjoy a secure internet-cum-sms banking experience.

- **24X7 SMS Banking**

A long awaited facility has been added in SMS banking by enabling the payment of utility bills, mobile top-up etc. on 24 hours basis. Previously only limited functions which did not involve financial transactions (except interbank fund transfer) were available on a 24 hours basis due to End of Day Process restrictions.

- **Deactivation and Activation of ATM / Debit Cards through SMS**

A facility with four new commands was added to the Bank's SMS banking facility, to further secure against ATM/Debit card frauds.

- **New Release of core banking system, Conventional & Islamic**

The new release of our core banking system was implemented which included various enhancements with user friendly interface.

- **GO AML**

To cater to the SBP requirement for enhanced reporting of data files in XML format compatible with their new GO AML software, a system was developed in-house and implemented to the satisfaction of the stakeholders.

- **Collection / Payment of Federal Tax through SMS**

On demand of FBR, SMS banking was enhanced to include payment of Tax through SMS. An entity or individual gets a receipt number after visiting the FBR website after filling the required information. This receipt number is used for sending an SMS and the system automatically fetches the data and amount to be paid and the same is paid after receiving confirmation by return SMS. The facility is linked with I Link bill payment system.



- **Issuance of PAYPAK, a local ATM / Debit Card**

In order to promote a local product, customers were encouraged to use the PAYPAK local ATM/Debit cards. To date 9,980 cards have been issued to customers.

- **Bio Verification System for BISP beneficiaries.**

Sindh bank is serving more than 42,000 beneficiaries under the scheme every quarter. A BVS system for verification of the BISP beneficiaries has been developed for more secure and transparent disbursement of quarterly instalments which will be functional at the time of payment of the next BISP instalment.

#### STAFF, TRAINING & DEVELOPMENT

Total bank staff i.e. executives, officers and support staff as at December 31, 2017 numbered 2,109.

Training activities during 2017 involved training of 1856 staff members in different disciplines focus of which was on areas that were identified/observed during SBP inspection. Besides, online testing on AML/CFT and class room trainings on this topic were also conducted. The Area Managers, Branch Managers and Operations Managers were given the responsibility to conduct training sessions at their respective branches on the highly sensitive topic of security features of cheques.

#### CORPORATE SOCIAL RESPONSIBILITY (CSR)

During 2017, the Bank facilitated payments amounting to Rs. 806 million to around 42 thousand beneficiaries under Government of Pakistan's Benazir Income Support Program. Further disbursement of an amount of Rs. 779 million to over 97 thousand Zakat beneficiaries on behalf of the Sindh Zakat & Ushar Department, Government of Sindh was facilitated through Sindh Bank's Benazir Muawanat Card.

In addition, the Bank disbursed an amount of Rs.7.5 billion directly to growers for procurement of wheat on behalf of the Food Department, Government of Sindh.

#### 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.
- Statement of compliance with the Public Sector Companies (Corporate Governance) Rules, 2013 is given separately in the Annual Report.
- During the year a Directors' Orientation Course on Corporate Governance was conducted through an ICAP approved trainer and was attended by all directors including the President & CEO.
- Key financial and operating data for seven years is being provided in this annual report.
- All the statutory liabilities, if any have been adequately disclosed in the financial statements.
- The appointment of the Chairman and other members of the Board and the terms of their appointment along with remuneration policy adopted are in the best interest of the Bank as well as in line with best practices.



- Value of investments of Sindh Bank Limited Employees Provident Fund as at December 31, 2017 amounted to Rs. 439.3 million (2016-Rs.346.8 million). Value of investments of Sindh Bank Limited Employees Gratuity Fund as at December 31, 2017 amounted to Rs. 167.6 million (2016-Rs. 120.3 million) and further an amount of Rs. 71.45 million has been transferred subsequent to the balance sheet date, based on actuarial valuation of the fund.

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

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

The Board members carried out annual evaluation based on the in-house developed mechanism and submitted their reports to the Chairman. The Performance of the Board was evaluated by all Directors on individual basis on the criteria which included Board composition and structure, Board contribution towards developing strategies, policy frame work, robust and effective risk management, internal control and audit functions etc.

Performance evaluation of Chairman, Independent Directors & President & CEO was carried out by the all members, excluding the evaluating Director. Performance evaluation of the non-independent directors was carried out by the Independent Directors. The Performance of the Committees was evaluated by the non-members.

## BOARD OF DIRECTORS

During the year under review attendance of Directors at the Board meetings were as under:

S. No.	Name of Directors	45th Meeting held on 09.02.2017	46th Meeting held on 02.03.2017	47th Meeting held on 28.04.2017	48th Meeting held on 19.07.2017	49th Meeting held on 04.08.2017	50th Meeting held on 28.08.2017	51st Meeting held on 17.10.2017	Total Meetings Attended
1	Mr. Afzal Ghani	✓	✓	✓	✓	✓	✓	✓	7
2	Mr. Syed Hasan Naqvi*	✓	✓	✓	✓	✓	✓	✓	7
3	Mr. Mohammad Shahid Murtaza	✓	✓	✓	✓	✓	✓	✓	7
4	Mr. Muhammad Naeem Sehgal	✓	✓	✓	✓	✓	✓	✓	7
5	Mr. Tajammal Husain Bokharee	✓	✓	✓	✓	✓	✓	✓	7
6	Mr. Raja Muhammad Abbas	✓	✓	✓	✓	✓	✓	✓	7
7	Mr. Muhammad Bilal Sheikh	✓	✓	✓	✓	✓	✓	✓	7
8	Mr. Tariq Ahsan	✓	✓	✓	✓	✓	✓	✓	7
Meeting Attendance		8	8	8	8	8	8	8	

\* Mr. Syed Hasan Naqvi, Finance Secretary, Government of Sindh, has been transferred on 22.12.2017 and posting of a Regular Finance Secretary is still awaited.

The Board places on record its appreciation for the support and contribution extended by the outgoing directors during their association with the Board/Bank.

## BOARD COMMITTEES MEETINGS

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

## PATTERN OF SHAREHOLDING

The pattern of shareholding is attached with this report.

## EXTERNAL AUDITORS

The retiring auditors, being eligible, offer themselves for re-appointment for the year 2018. The Audit Committee of the Board has recommended M/s EY Ford Rhodes, Chartered Accountants, the retiring auditors, as external auditors of the Bank for another term.

## FUTURE OUTLOOK

IMF's world economic outlook released in January 2018 revises upward by 0.2 percentage points to 3.9 percent, global growth prospects for 2018 and 2019 barring some challenges that need to be addressed.

As stated in the Monetary Policy Statement of January 2018, Pakistan's economic growth is on track to achieve its highest level in the last eleven years. It also announced a 25 bps increase in the Policy rate to 6.0 percent. Recent and expected further devaluation of the Pak Rupee and rising fuel prices are likely to build inflationary pressures and hence further rise(s) in the Policy rate cannot be ruled out.

The process of potential amalgamation/merger of Summit Bank into Sindh Bank has encountered some delays and subject to required corporate and regulatory approvals it is now expected to be completed during the first half of 2018.

30 branches are planned to be opened during 2018, thereby expanding the Bank's network to 330 by the 2018 year end.

The Bank will continue to pursue the strategy for increasing business, net interest/markup income and fee based income by improving profitability of established branches.

## ACKNOWLEDGEMENTS

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

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

On behalf of the Board of Directors

**Tariq Ahsan**  
 President/CEO  
 Karachi, March 07, 2018





## ڈائریکٹرز رپورٹ

## Annual Report 2017



مجھے بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2017 کو اختتام پذیر سال کے لیے بینک کی ساتویں سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔ اس سال کے اہم مالیاتی نکات درج ذیل ہیں:

(روپے '000 میں)

بیلنس شیٹ	31 دسمبر 2017 پر	31 دسمبر 2016 پر	فیصد تبدیلی
اداشدہ سرمایہ	10,010,130	10,010,130	-
ذخائر اور غیر شخص منافع	6,627,799	5,386,723	23.04%
اداشدہ سرمایہ اور ذخائر	16,637,929	15,396,853	8.06%
دوبارہ قدر پذیری پر (خسارہ)/ اضافہ	(570,121)	134,032	
ملکیتی سرمایہ	16,067,808	15,530,885	3.46%
ڈپازٹس	134,207,056	119,022,240	12.76%
سرمایہ کاری (ریپونڈل کر)	63,154,897	70,290,533	-10.15%
مجموعی ایڈوانسز	69,112,166	55,979,573	23.46%

نفع نقصان کا کھاتہ	31 دسمبر 2017 پر	31 دسمبر 2016 پر	فیصد تبدیلی
مارک اپ/ریٹرنز/سودی آمدنی	11,541,183	9,775,399	
مارک اپ/اخراجات/سودی اخراجات	6,276,431	5,371,167	
خالص مارک اپ/ریٹرنز/سودی آمدنی	5,264,752	4,404,232	19.54%
کمپنیل گین اور منقسمہ منافع	760,487	3,075,173	
فیس، کمیشن اور دیگر آمدنی	567,209	420,777	
بنامارک اپ/غیر سودی آمدنی	1,327,696	3,495,950	-62.02%
بنامارک اپ/غیر سودی اخراجات	4,157,580	3,864,804	7.58%
عام مختصات (Provisions)	(2,156)	1,501,834	
مخصوص مختصات (Provisions)	254,590	105,614	
مختصات (Provisions)	252,434	1,607,448	
منافع قبل از ٹیکس	2,182,434	2,427,930	-10.11%
منافع بعد از ٹیکس	1,255,835	1,390,826	-9.71%
آمدنی فی حصص (روپے)	1.25	1.39	-9.35%

دیگر معلومات	31 دسمبر 2017 پر	31 دسمبر 2016 پر	فیصد تبدیلی
کھاتوں کی تعداد	475,801	418,454	13.70%
شاخوں کی تعداد	300	260	15.38%

### A- ڈپازٹس

کل ڈپازٹس 31 دسمبر 2016 کے 119.0 ارب روپے کی مالیت میں 12.8 فیصد اضافے کے ساتھ 134.2 ارب روپے ہو گئے۔ شعبہ مالیات، حکومت سندھ کے ڈپازٹس کا دیگر ڈپازٹس سے تناسب گزشتہ سال کے 17:83 کے مقابلے میں 14:86 رہا، اور سال 2016 کے کھاتے داروں کی تعداد میں 13.7 فیصد اضافے کے ساتھ یہ تعداد 475,801 کھاتے ہو گئی، جو کہ بینک پر گاہکوں کے بڑھتے ہوئے اعتماد کی علامت ہے۔

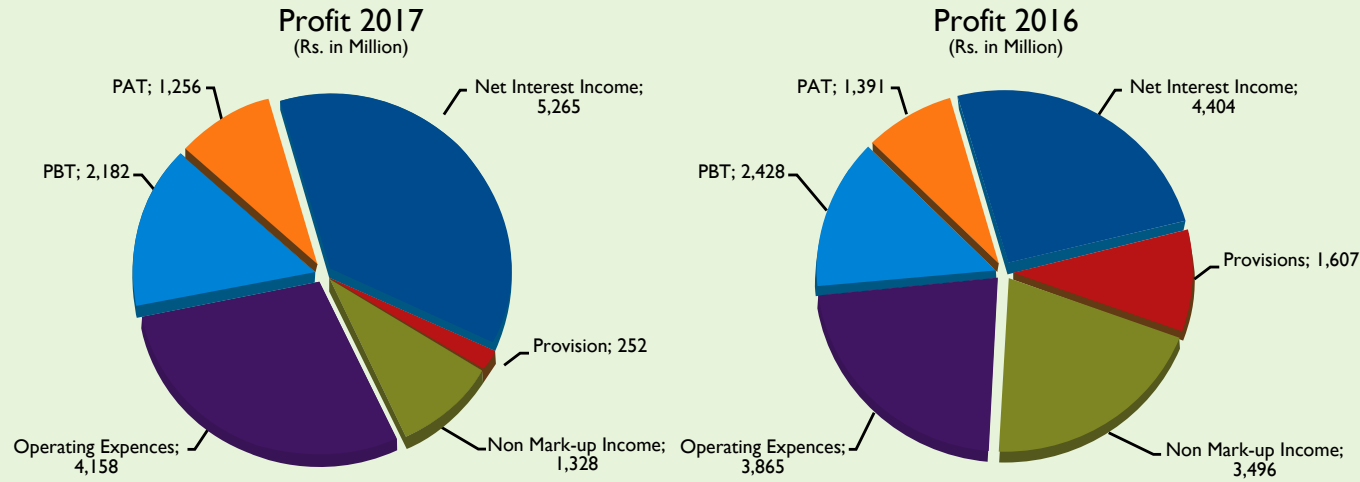
### B- ایڈوانسز

مجموعی ایڈوانسز میں 23.5 فیصد اضافہ ہوا، اور 31 دسمبر 2016 کے 56.0 ارب روپے کے مقابلے میں 69.1 ارب روپے تک پہنچ گئے۔ شعبہ دار تفصیل درج ذیل ہے:



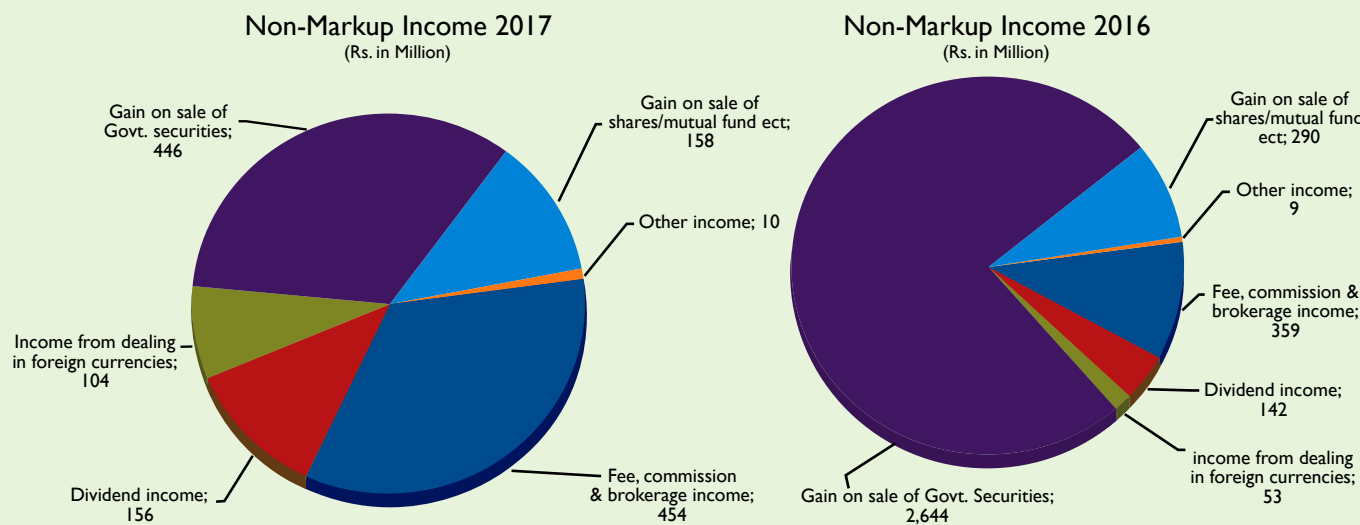
## D- نفع نقصان

31 دسمبر 2017 پر اختتام پذیر سال پر قبل از محصول منافع 2,182 ملین روپے رہا جبکہ گزشتہ سال اس کی مالیت 2,428 ملین روپے تھی جس میں 10.11 فیصد کمی ہوئی۔ اس کی تفصیلات درج ذیل ہے:

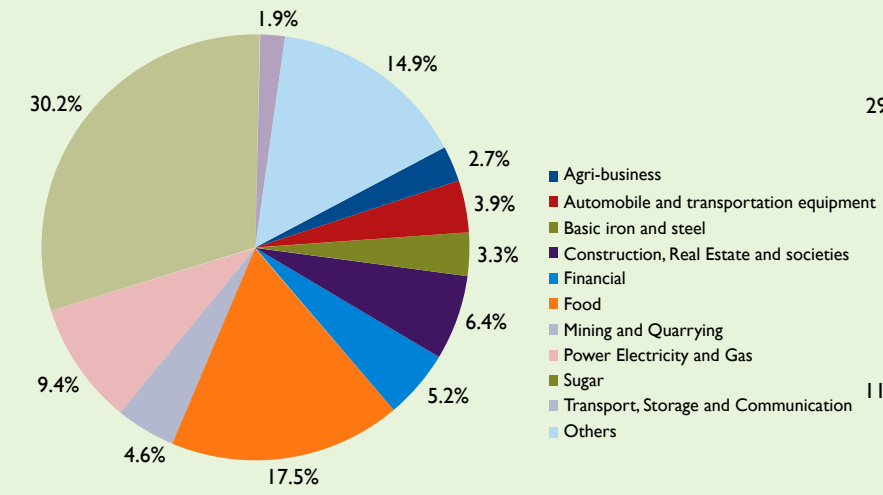


سال 2016 میں بینک نے PIBs کی فروخت سے 2,644 ملین روپے کا خاطر خواہ منافع حاصل کیا اور اس کی رقم میں سے احتیاطاً 1.5 ارب روپے کی رقم مستقبل میں ناگہانی پیدا ہونے والی صورتحال (مثلاً پالیسی نرخ یا دیگر وجوہ) سے نپٹنے کے لیے رکھ دی گئی۔ لہذا سال 2016 میں اس کا خالص اثر اس کی بوٹم لائن پر 1,144 ملین روپے کا تھا۔ اس کے مقابلے میں PIBs کی فروخت سے حاصل ہونے والے 446 ملین روپے کا منافع سال 2017 میں حاصل ہوا۔ اس وجہ سے سال 2017 کے قبل از محصول منافع میں ایک باعزت اضافے کے بجائے 8.9 فیصد کمی دیکھی گئی۔ تاہم، اگر ہم دونوں سالوں کے PIB سے حاصل منافع اور عمومی شخصیات (Provisions) کو نکال دیں تو بینک کے کور (core) منافع میں 35.2 فیصد کا متاثر کن اضافہ ہوا، جس کی وجوہات مندرجہ ذیل ہیں:

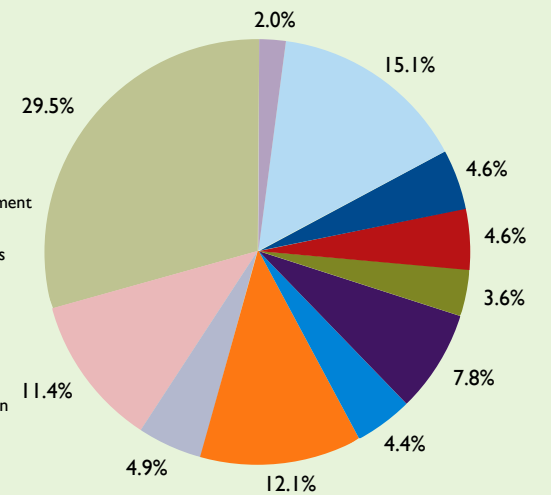
- 2016 کے مقابلے میں خالص مارک اپ/ سودی آمدنی میں 19.5 فیصد اضافہ۔ یہ گزشتہ سال کے رجحان سے ایک مثبت تبدیلی ہے۔
  - فیس اور کمیشن میں 26.5 فیصد اضافہ۔
  - انتظامی اخراجات کو قابو کرنے کی وجہ سے اس میں صرف 7.3 فیصد اضافہ ہوا۔
- بنامارک اپ/ غیر سودی آمدنی میں 62 فیصد کمی کا اندراج ہوا جس کی اصل وجہ گزشتہ سال اسی مدت کی سرمایہ کاری کی فروخت ہونے والی 2,933.66 ملین روپے کی آمدنی کے مقابلے میں 604.43 ملین روپے رہی۔ تاہم گزشتہ سال اسی مدت سے حاصل، فیس اور دیگر آمدنی میں 34.8 فیصد اضافہ ہوا۔ اس کی تفصیلات درج ذیل ہیں:



FY 2017



FY 2016

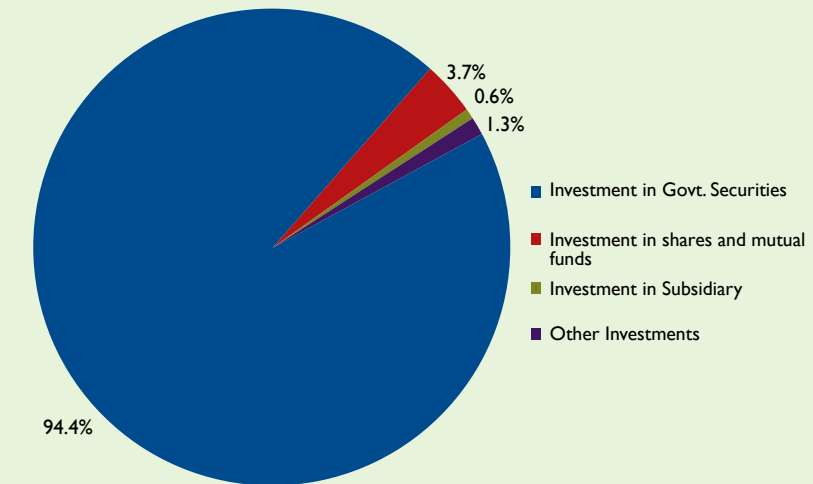


بینک کی شکر کے شعبے میں جاری کردہ 3.7 ارب روپے کی رقم کو نقد کفالہ (cash collateral) کے تحت مکمل تحفظ حاصل ہے اور 6.4 ارب روپے کی رقم پر 20 فیصد مارجن کے ساتھ شکر کے اسٹاک کو رہن رکھا گیا ہے جبکہ باقی زیادہ تر حصہ مادی کفالہ (tangible collateral) پر فراہم کیا گیا ہے۔ خوراک کے شعبے میں 11.5 ارب روپے کا قرض، محکمہ خوراک حکومت سندھ کو دیا گیا، جسے حکومت پاکستان کی ضمانت کا تحفظ حاصل ہے۔ توانائی اور کان کنی کے سیکٹر میں سرمایہ کاری بالترتیب 2.0 ارب روپے اور 2.2 ارب روپے رہی جس کو حکومت پاکستان/ حکومت سندھ کی ضمانتوں/ کمفرٹ لیٹر (comfort letter) سے تحفظ حاصل ہے۔

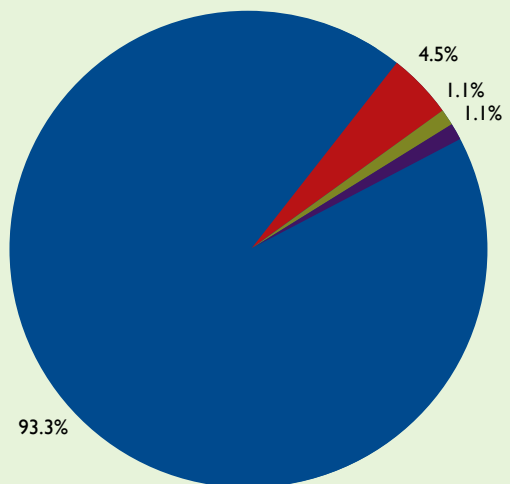
## C- سرمایہ کاری

حکومتی تمسکات میں سرمایہ کاری 31 دسمبر 2016 کی مالیت 66.6 ارب روپے کے مقابلے میں 63.2 فیصد اضافے کے ساتھ 31 دسمبر 2017 میں 108.7 ارب روپے رہی۔ جبکہ طویل المدت PIBs میں سرمایہ کاری تقریباً ساکت رہی اور قلیل المدت منڈی کے ٹریژری بلز (Treasury Bills) میں 42.6 ارب روپے کا اضافہ ہوا۔ ملکیتی سرمایہ اور میوچل فنڈز میں سرمایہ کاری 31 دسمبر 2016 کی سرمایہ کاری (3,197 ملین روپے) میں 33 فیصد اضافے کے ساتھ 4,250 ملین روپے رہی۔ سرمایہ کاری کی تفصیلات درج ذیل ہیں:

FY 2017



FY 2016







## Annual Report 2017

### E۔ شاخوں کا جال

بینک کی موجودگی کا پھیلاؤ پورے پاکستان میں 151 شہروں/قصبات میں 300 مقامات پر ہے جس میں اسلامی بینکاری کے لیے مخصوص 14 شاخیں شامل ہیں۔

علاقائی تقسیم کی تفصیلات درج ذیل ہیں:

علاقہ	شاخوں کی تعداد	شہروں/قصبات کی تعداد
جنوب: کراچی، سندھ، دیگر شہر/قصبات اور بلوچستان	186	83
شمال: پنجاب، اسلام آباد، خیبر پختونخواہ، آزاد جموں کشمیر اور گلگت بلتستان	114	68
کل تعداد	300	151

### معاشی جائزہ

سال 2016 میں پاکستان کی معیشت نے آٹھ سالوں میں 4.7 فیصد کی بلند ترین مجموعی قومی پیداوار میں نمو حاصل کی۔ سال 2017 کے اعداد و شمار مجموعی قومی پیداوار کی 5.3 فیصد نمو ظاہر کرتے ہیں جو گزشتہ 10 سالوں میں سب سے زیادہ ہے۔

صنعتی شعبے نے گزشتہ مالی سال کی 5.8 فیصد اضافے کے مقابلے میں 5.0 فیصد اضافہ دکھایا۔ بڑے پیمانے کی پیداوری شعبے (LSM) نے سال بہ سال 5 فیصد نمو دکھائی جو گزشتہ سال 2.9 فیصد تھی۔ زراعت کے شعبے نے اپنے 3.5 فیصد نمو کے ہدف کو حاصل کر لیا جو سال 2016 کے 0.3 فیصد کی نمو سے بہت بہتر ہے اور خدمات کے شعبے نے گزشتہ سال 5.5 فیصد اضافے کے مقابلے میں 6.0 فیصد اضافے کا اندراج کیا۔

سال 2017 میں اوسط CPI افراط زر سال 2016 کے 2.9 فیصد کے مقابلے میں 4.2 فیصد رہی جو کہ سال 2017-18 کی پہلی ششماہی میں معمولی گراؤت کے ساتھ 4.1 فیصد رہی۔ سال کے پہلے نصف میں کور (core) افراط زر (بنا غذا اور بنا توانائی) 5.5 فیصد درج کیا جو پاکستانی روپے کی قدر میں کمی (تقریباً 5 فیصد) اور تیل کی بین القوامی بڑھتی ہوئی قیمتوں کی وجہ سے آنے والی مدت میں اس میں اضافہ ہوگا۔ MPC نے اپنے مالیاتی پالیسی بیان میں پالیسی نرخ 25bps اضافے کے بعد 6 فیصد تک بڑھا دیا ہے۔ توقع ہے کہ CPI افراط زر SBP کے سال 2018 کے اندازوں کے مطابق اوسطاً 5.5-4.5 فیصد کی حدود میں رہے گا۔

معاشی سال 2017 کے دوران جاری کھاتے کی مدد میں 12.1 ارب امریکی ڈالر کے خسارے کا اندراج ہوا جسکی بڑی وجہ برآمدات اور سمندر پار پاکستانیوں کی جانب سے غیر ملکی زرمبادلہ کی ترسیل زرمیں کمی اور درآمدات میں 17.7 فیصد اضافہ ہے، جو بنیادی طور پر دونوں CPEC اور توانائی اور بنیادی ڈھانچے کے منصوبوں سے متعلق ہے۔ تاہم، سال 2017-18 کی پہلی ششماہی میں برآمدات میں گزشتہ سال کی اسی مدت کی 1.5 فیصد کمی کے مقابلے میں گزشتہ سات سالوں کی 10.8 فیصد کی بلند ترین اضافے کا اندراج کیا۔ سمندر پار پاکستانیوں کی جانب سے ترسیل زرمیں گزشتہ سال کی اس مدت کی 1.4 فیصد کمی کے مقابلے میں 2.5 فیصد کا اضافہ ہوا۔ بلند معاشی ترقی کا دباؤ بیرونی سیکٹر پر پڑ رہا ہے جس کی وجہ سے سال 2017-18 کی پہلی ششماہی میں جاری کھاتے کا خسارہ بڑھ کر 17.4 ارب امریکی ڈالر ہو گیا جس کا اصل محرک سامان اور خدمات کی درآمدات میں متحکم نمو ہے۔ پاکستانی روپے کی حالیہ قدر میں تقریباً 5 فیصد کمی کا مقصد خسارے کو قابو میں رکھنا لگتا ہے۔

مالی سال 2016 کے اختتام پر غیر ملکی زرمبادلہ کے ذخائر کی مالیت 23.1 ارب امریکی ڈالر تھی جو مالی سال 2017 کے اختتام پر کم ہو کر 21.4 ارب امریکی ڈالر کے قریب تھی۔ یہ 31 دسمبر 2017 کو مزید کم ہو کر 20.2 ارب امریکی ڈالر رہ گئے۔ اس کمی کو جاری کھاتے میں بڑھتا ہوا خسارہ، یورو کلب کے قرضہ کی ادائیگی، چینی حکومت کا SBP سے ڈپازٹ کا واپس لینا اور دیگر بیرونی قرضوں کی ادائیگیوں سے منسوب ہے۔

KSE 100 انڈیکس دسمبر 2016 کے 47,807 پوائنٹس میں 15.3 فیصد کمی کے ساتھ سال کے اختتام پر 40,471 پوائنٹس پر بند ہوا۔ کئی سالوں کی تیزی (bull run) کے بعد تکنیکی درنگی اور سیاسی غیر یقینی کے اثرات انڈیکس پر پڑے۔

### کریڈٹ ریٹنگ

سمٹ بینک اور سندھ بینک کے تجویز کردہ جراور سندھ بینک کے جاری رہنے کی وجہ سے JCR-VIS کریڈٹ درجہ بندی نے بینک کو 'AA' (ڈبل A) درمیانی سے طویل المدت اور 'A-1+' (A و ن پلس) entity ریٹنگ واچ-ڈیویلپنگ اسٹیٹس کے ساتھ دی ہے۔

### کم سے کم ابتدائی/توسیع سرمایہ (capital) کی ضرورت اور کپٹیل کی موزونیت کا تناسب

سندھ بینک، اسٹیٹ بینک آف پاکستان (SBP) کی تجویز کردہ کم سے کم ابتدائی/توسیع سرمایہ (capital) کی پابندی کی مکمل طور پر تعمیل کر رہا ہے اور کپٹیل کی موزونیت کا تناسب، SBP کی 31 دسمبر 2017 کی کم سے کم 11.275 فیصد کی حد کے مقابلے میں 15.67 فیصد ہے۔

### خطرات سے نمٹنے کا انتظامی ڈھانچہ

سندھ بینک کے پاس اس کے آپریشن کے حجم اور پیچیدگیوں سے مطابقت رکھتا ہوا کاروباری خطرات سے نمٹنے کا انتظامی ڈھانچہ موجود ہے تاکہ درپیش کاروباری خطرات کی متعین حدود میں ان کے مناسب طور پر نمٹنے کے انتظام کو یقینی بنایا جاسکے۔ سال کے دوران خطرے سے نمٹنے کے خود کار نظام میں مزید بہتری/توسیع کی گئی تاکہ بینک کا اپنے آپریشن پر بہتر کنٹرول ہو سکے۔ اس میں مابقی (qualitative) بہتری کے لیے کوششیں جاری ہیں تاکہ بینک خطرات سے نمٹنے کا انتظام کرنے کے نظام سے اچھی طرح لیس ہوتا کہ بڑے / مادی خطرات کا اندازہ لگاسکے خاص طور پر بینکاری کے شعبے میں کریڈٹ، منڈی اور آپریشن کے خطرات۔

### مالیاتی رپورٹنگ پر اندرونی کنٹرول

سندھ بینک نے بینک کو درپیش اہم خطرات کی شناخت، تجزیہ اور انتظام کرنے کے لیے ایک جاری پراسس تشکیل دیا ہے اور اس میں مالیاتی رپورٹنگ پر اندرونی کنٹرول کا نظام شامل ہے۔ اس پراسس کا بورڈ کی آڈٹ کمیٹی باقائدگی سے جائزہ لیتی ہے۔

بورڈ کا خیال ہے کہ، بینک کے موجود مالیاتی رپورٹنگ کے اندرونی کنٹرول کا نظام، بیرونی مقاصد کے لیے، مالیاتی رپورٹنگ اور مالیاتی دستاویزات کی تیاری کو مناسب حد تک قابل اعتبار بنانے کے لیے مضبوط اور موزوں ہے اور متعلقہ اکاؤنٹنگ کے اصولوں اور ریگولیٹری ضوابط کے مطابق ہے۔

بورڈ کی مالیاتی رپورٹنگ کے اندرونی کنٹرول سے متعلق پالیسیوں اور ہدایات کے نفاذ میں انتظامیہ بورڈ کی معاونت کرتی ہے۔ انتظامیہ مالیاتی رپورٹنگ کے اندرونی کنٹرول کے نظام کو مضبوط کرنے کے لیے مسلسل کام کر رہی ہے۔

بورڈ، انتظامیہ کے مالیاتی رپورٹنگ کے اندرونی کنٹرول کے بیان کی توثیق کرتی ہے بشمول انتظامیہ کی ICFR کی قدر پذیری کے۔ انتظامیہ کا اندرونی کنٹرول کا بیان سالانہ رپورٹ میں شامل ہے۔

## اہم جھلکیاں

### • اسلامی بینکاری کی ڈیویژن

الحمد للہ، سال 2017 کے دوران بینک نے اسلامی بینکاری سگمنٹ نے متاثر کن ترقی کی۔ گزشتہ سال کے ڈپازٹ 3.4 ارب پاکستانی روپے سے نہ صرف بڑھ کر 6.9 ارب روپے ہو گئے بلکہ ڈپازٹ کس بھی بہتر ہوا جس کی وجہ سے ڈپازٹ کی لاگت 4.96 فیصد سے گھٹ کر 3.90 فیصد رہ گئی۔ اس تمام پیش رفت سے اسلامی بینکاری نے آپریٹنگ کارڈوں کے باوجود خاص طور پر مائع (liquidity) کے انتظام کے معاملات کے، آخری سہ ماہی میں 25 ملین روپے کے آپریٹنگ منافع کا اندراج کیا۔ اسلامی بینکاری کے آغاز کے ساڑھے تین سالوں میں یہ کوئی چھوٹا کارنامہ نہیں ہے جس کا ہم عصر بینکوں سے مقابلہ کیا جاسکتا ہے۔ توقع ہے کہ یہ رجحان جاری رہے گا بلکہ سال 2018 میں اس کی رفتار بڑھے گی کیونکہ وقت کے ساتھ IBBS منڈی تک رسائی میں اپنی پہنچ بڑھا چکی ہے۔

### • مائیکرو فنانس بینک

سندھ مائیکرو فنانس بینک لمیٹڈ (SMFB)، جو سندھ بینک کا مکمل طور پر ذیلی ادارہ ہے، نے مائیکرو فنانس آپریشن کا آغاز مئی 2016 میں کیا، اس مقصد سے کہ عوام خاص طور پر خواتین جن کو روایتی مالیاتی خدمات تک رسائی نہیں ہے، میں خود کفالت اور معاشی ترقی کو فروغ دیا جاسکے۔ مائیکرو فنانس کے شعبے میں، SMFB ایک نادر مثال کے طور پر اپنے آپریشن کے پہلے ماہ سے منافع بخش آپریشن سرانجام دے رہا ہے اور 31 دسمبر 2017 کو اس کے کپٹیل اور ذخائر کی مالیت 797.42 ملین روپے تھی۔ اس کے درمیانی مدت کے منصوبے کے مطابق، SMFB کی توجہ اپنے پرچم بردار جہاز (flagship) قرضہ کی مصنوع (product) جس کا تجارتی نام "سجاگ (دوراندیش) عورت" ہے، جو خاص طور پر عورتوں کو با اختیار بنانے کے لیے ہے۔ تاہم، غیر فارم زرعی قرضہ کی کیئرگہری میں ایک اور مصنوع "fisheries loan" کا بھی 2017 کی ابتدا میں آغاز کر دیا گیا۔ 31 دسمبر 2017 تک مجموعی طور پر 515 ملین روپے کے قرضوں کی فراہمی کی گئی جبکہ 23,221 قرض دہندہ خواتین پر 338.38 ملین روپے قابل وصول تھے۔ خطرات کے کنٹرول کے سخت اقدامات کی بدولت 31 دسمبر 2017 پر کوئی بھی ناکارکردگی دکھانے والے قرضے (NPLs)/زائد المدت بقایا جات نہیں تھے۔

SMFB کی دس (10) فعال شاخیں اور چالیس (40) مائیکرو کریڈٹ سینٹر، جو سندھ کے دیہی اور دور دراز علاقوں میں ہیں مثلاً مٹھی، اسلام کوٹ، عمرکوٹ، گلارچی، کسری، ڈگری، میرپور ساکرو اور دیگر ایسے علاقوں میں ہیں۔ علاوہ ازیں، SBP نے SMFB کا شاخوں کی توسیع کا سالانہ منصوبہ 2018 منظور کیا ہے جس میں سال کے آخر تک مزید 5 شاخیں اور 22 مائیکرو کریڈٹ مراکز کھولے جائیں گے جس کی وجہ سے SMFB کی رسائی خاص طور پر بالائی سندھ تک بہت بڑھ جائے گی اور اس کا نفوذ اور منڈی میں حصہ بڑھے گا جس سے مائیکرو فنانس کے فوائد کی عوام الناس تک رسائی ہوگی خاص طور سے ان علاقوں میں جہاں بینکاری کی سہولت موجود نہیں یا کم ہے۔



- **پے پاک کا اجراء، ایک مقامی ATM / ڈیبٹ کارڈ**  
مقامی مصنوع (product) کے فروغ کے لیے، گاہکوں کی حوصلہ افزائی کی گئی کہ مقامی پے پاک ATM / ڈیبٹ کارڈ کا استعمال کریں۔ اب تک گاہکوں کو 9,980 کارڈز کا اجرا کیا جا چکا ہے۔
- **BISP کے مستفید افراد کے لیے بائیومیٹرک تصدیق کا نظام**  
سندھ بینک اس اسکیم کے تحت ہر سہ ماہی میں 42,000 مستفید افراد کی خدمت کر رہا ہے۔ BISP کی اسکیم سے مستفید ہونے والوں کے لیے ایک BVS نظام تیار کیا جا چکا ہے تاکہ سہ ماہی کی قسطوں کی محفوظ اور شفاف ادائیگی ہو سکے اور یہ نظام BISP کی اگلی قسط کی ادائیگی سے پہلے کام کرنے لگے گا۔

## اسٹاف کی تربیت اور ترقی

31 دسمبر 2017 پر بینک کے کل عملے یعنی ایگزیکٹو، آفیسرز اور معاون اسٹاف کی تعداد 2,109 تھی۔ 2017 کے دوران ٹریننگ کی سرگرمیوں میں مختلف مضامین میں 1856 اسٹاف ارکان کی ٹریننگ شامل تھی جس کی توجہ ان حصوں پر مرکوز تھی جن کی نشاندہی / مشاہدہ SBP کے معائنہ کے دوران کیا گیا تھا۔ CFT / AML پر آن لائن ٹیننگ کے علاوہ اس موضوع پر کلاس روم ٹریننگ کا بھی انعقاد کیا گیا تھا۔ ای ریٹینج، رینج مینج، ز اور آپریشن مینج، ز کو انتہائی حساس موضوع "چیکوں کے تحفظ کی خصوصیات" پر ٹریننگ کے اجلاس اپنی متعلقہ برانچوں میں خود منعقد کرنے کی ذمہ داری دی گئی تھی۔

## ادارتی سماجی ذمہ داری (CSR)

سال 2017 کے دوران بینک نے حکومت پاکستان کی بینظیر انکم سپورٹ پروگرام کے تحت اس اسکیم سے مستفید ہونے والے تقریباً بیالیس ہزار افراد کو 806 ملین روپے مالیت کی ادائیگی کی سہولت فراہم کی۔ اس کے علاوہ سندھ حکومت کے سندھ زکوٰۃ اور عشر کے شعبے کی جانب سے ستانوے ہزار زکوٰۃ حاصل کرنے والے افراد کو 779 ملین روپے کی ادائیگی، سندھ بینک کی بینظیر معاونت کارڈ کے ذریعے کی گئی۔

اس کے علاوہ بینک نے شعبہ فوڈ، حکومت سندھ کی جانب سے گندم کی خریداری کے لیے 7.5 ارب روپے کی کاشتکاروں کو براہ راست ادائیگی کی۔

## ادارتی اور مالیاتی رپورٹنگ کا ڈھانچہ

- بینک کی انتظامیہ کے تیار کردہ مالیاتی گوشوارے اسکے معاملات کی حالت، عملی امور کے نتائج، کیش فلو اور ملکیت سرمایہ (equity) میں تبدیلی واضح طور پر پیش کرتے ہیں۔
- کمپنی نے مناسب کھاتوں کی کتابیں (Books of Accounts) رکھی ہوئی ہیں۔
- مالیاتی گوشواروں کی تیاری میں درست اکاؤنٹنگ کی پالیسیوں کا یکساں اطلاق کیا گیا ہے اور اکاؤنٹنگ تخمینوں کی بنیاد معقول اور محتاط فیصلوں پر ہے۔
- مالیاتی گوشواروں کی تیاری میں انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز، جیسا کہ پاکستان کے بینکوں میں قابل اطلاق ہیں، پر عمل کیا گیا ہے اور ان سے کسی بھی انحراف کو مناسب طور پر ظاہر کیا گیا ہے اور اس کی وضاحت کی گئی ہے۔
- اندرونی کنٹرول کے نظام کا نقشہ مضبوط بنیادوں پر تیار کیا گیا ہے اور اس کا موثر نفاذ اور نگرانی کی جاتی رہی ہے۔
- بینک کے ایک جاری رہنے والے ادارے کے طور پر چلتے رہنے میں کوئی شبہ نہیں ہے۔
- پبلک سیکلٹیز (کارپوریٹ گورننس) ضوابط بحریہ 2013ء کی تعمیل کا بیان سالانہ رپورٹ میں علیحدہ سے دیا گیا ہے۔
- سال کے دوران ICAP کے منظور شدہ ایک ٹریسنر کے ذریعے کارپوریٹ گورننس کے بارے میں ایک ڈائریکٹرز اور مینجمنٹ کورس کا انتظام کیا گیا، جس میں CEO سمیت تمام ڈائریکٹرز شریک ہوئے۔
- گزشتہ سات سالوں کا اہم مالیاتی اور آپریشننگ ڈیٹا سالانہ رپورٹ میں فراہم کیا جا رہا ہے۔
- تمام دستوری مالیاتی ذمہ داریاں، اگر کوئی ہیں، کو مناسب طور سے مالیاتی دستاویزات میں ظاہر کیا گیا ہے۔
- چیئرمین اور بورڈ کے دیگر ممبر صاحبان کے تقرروا اور ان کے تقریر کی شرائط، بمع ان کے معاوضے کے اختیار کردہ پالیسی بینک کے بہترین مفاد میں ہے اور بہترین طور طریقوں سے بھی مطابقت رکھتی ہے۔

## بینظیر انکم سپورٹ پروگرام

بینک اپنے آغاز سے، سندھ کی ڈسٹرکٹ ٹنڈ محمد خان میں اس اسکیم کو پینڈل کرتا رہا ہے۔ اس اسکیم کے تحت مستفید ہونے والوں کی تعداد 41,833 رہی۔ سال 2017 میں فراہم کردہ رقم کی مالیت 806 ملین روپے تھی جبکہ سال 2016 میں اس کی مالیت 798 ملین روپے تھی۔ BISP کو پینڈل کرنے سے بینک کو ایک موقع فراہم ہوتا ہے کہ آبادی کی کم مراعات یافتہ طبقے کی خدمت کر سکے۔

## ملک میں ترسیل زر

سندھ بینک نے سال 2017 میں 37,159 ٹرانزیکشنز (transactions) کے ذریعے 1.715 ارب روپے کی اندرون ملک ترسیل زر کی جبکہ سال 2016 میں 39,169 ٹرانزیکشنز (transactions) کے ذریعے سے یہ رقم 1.667 ارب روپے تھی۔ اس سلسلے میں سندھ بینک نے بین الاقوامی طور پر معروف کمپنیوں جیسا کہ ویسٹرن یونین، مانی گرام اور دیگر کے اشتراک سے انتظام کیا ہے۔

## آئی ٹی (IT) اقدامات

- **چپ میٹڈ ATM (EMV) / ڈیبٹ کارڈ کا اجرا**  
چپ میٹڈ ATM (EMV) / ڈیبٹ کارڈ کا اجرا نہ صرف SBP نے لازم قرار دیا ہے بلکہ یہ وقت کی ضرورت بھی ہے تاکہ کارڈ کا غلط استعمال کم سے کم کیا جاسکے اور دھوکہ دہی کے لین دین سے بچا جاسکے۔

## ATMs میں کارڈ کے چپ کو پڑھنے کی صلاحیت

بینک کے تمام ATMs کی کارکردگی کو بہتر کرنا تاکہ چپ میٹڈ کارڈ کو پڑھ سکے بشمول بین الاقوامی کارڈز جیسا کہ VISA اور MasterCard کارڈز وغیرہ بھی۔

## انٹرنیٹ پر SMS بینکاری

بینک کے پاس پہلے سے ہی منفرد اور اعلیٰ درجے کی SMS بینکاری کی خدمات فراہم کرنے کی سہولیات موجود ہیں جہاں گاہک صرف ایک SMS بھیج کر متعدد سہولیات استعمال کر سکتا ہے جیسے بیلنس (balance) کی معلومات، منی اسٹیٹمنٹ، موبائل ٹاپ اپ، یوٹیلیٹی بلز کی ادائیگی اور فنڈز کی منتقلی وغیرہ۔ ان سہولیات میں توسیع انٹرنیٹ پر انٹرنیس کے ذریعے کی جا چکی ہے۔ گاہک <http://smsgbanking.sindhbankltd.com> پر لاگ آن کر کے محفوظ انٹرنیٹ-و SMS بینکاری کے تجربات سے لطف اندوز ہو سکتا ہے۔

## SMS 24X7 بینکاری

مدت سے منتظر سہولت SMS بینکاری میں شامل کردی گئی ہے جس کے ذریعے 24 گھنٹوں کی بنیاد پر یوٹیلیٹی بلز، موبائل ٹاپ اپ وغیرہ کی ادائیگی کی جاسکتی ہے۔ اس سے پہلے صرف محدود کام جس میں مالیاتی منتقلیاں (سوائے بینکوں کے درمیان فنڈز کی منتقلی) 24 گھنٹوں کی بنیاد پر دستیاب نہیں تھیں جس کی وجہ دن کے اختتامی پراسس کی پابندیاں تھیں۔

## ATM / ڈیبٹ کارڈ کو SMS کے ذریعے فعال اور غیر فعال کرنا

ATM / ڈیبٹ کارڈ کی اسکمنگ (skimming) کے ذریعے فراڈ کو کم سے کم کرنے کے لیے مزید چار احکامات (commands) کے ساتھ بینک کی SMS بینکاری سہولت میں ایک نئی سہولت کا اضافہ کیا گیا ہے تاکہ ATM / ڈیبٹ کارڈ کو غیر فعال / فعال کیا جاسکے۔

## کوربیننگ سسٹم کی نئی ریلیز، روایتی اور اسلامی

کوربیننگ سسٹم کی نئی ریلیز کو نافذ کیا گیا ہے جس میں متعدد اضافی فیچرز (features) شامل ہیں بشمول استعمال کرنے والوں کے لیے آسان انٹرفیس کے۔

## گو AML

SBP کی ہدایات پر، اس کے نئے GOAML سوفٹویر سے مطابقت رکھتا ہوا، XML فورمیٹ میں data کی بہتر رپورٹنگ کا نظام اندرونی طور پر تیار اور نافذ کر دیا گیا ہے۔ جو شرکاء کے لیے آسان اور اطمینان بخش ہے۔

## SMS کے ذریعے وفاقی ٹیکس کی وصولی / ادائیگی

FBR کے طلب کرنے پر، SMS بینکاری کو بہتر کر کے ٹیکس کی ادائیگی کو شامل کر لیا گیا ہے۔ ایک ادارہ یا فرد کو FBR کی ویب سائٹ پر جا کر مطلوبہ معلومات فراہم کرنے پر رسید نمبر ملتا ہے۔ اس رسید نمبر کو SMS بھیجنے کے لیے استعمال کیا جاتا ہے اور نظام خود کار طریقے سے ڈیٹا اور ادا کی جانے والی رقم نکالتا ہے اور SMS کے ذریعے سے توثیق کی وصولی کے بعد اس ٹیکس کی رقم کی ادائیگی کردی جاتی ہے۔ یہ سہولت Link1 کے بلز کی ادائیگی کے نظام سے منسلک ہے۔





**بورڈ کمیٹیوں کے اجلاس**  
 بورڈ کمیٹیوں کے اجلاس کی تفصیل اس رپورٹ میں پبلک سیکرٹری (کارپوریٹ گورننس) رولز 2013 کی قیادت میں پیش کیا گیا ہے۔

**حصص رکھنے کا پیٹرن (Pattern)**  
 حصص رکھنے کا پیٹرن (pattern) اس رپورٹ کے ساتھ منسلک ہے۔

**بیرونی آڈیٹرز**  
 سبکدوش ہونے والے آڈیٹرز، جو منتخب ہونے کے لیے اہل ہیں، انہوں نے سال 2018 کے اپنے دوبارہ انتخاب کے لیے نام پیش کیا ہے۔ بورڈ کی آڈٹ کمیٹی نے سبکدوش ہونے والے آڈیٹرز میسرز EY فورڈھوڈز، چارٹرڈ اکاؤنٹنٹس کا نام بینک کے بطور آڈیٹرز اگلی مدت کے لیے تجویز کیا ہے۔

**مستقبل کا منظر نامہ**  
 IMF کی جنوری 2018 میں جاری ہونے والے بین الاقوامی معیشت کے منظر نامہ نے 2018 اور 2019 میں عالمی نمو کے امکانات کو 0.2 فیصد اضافے کے بعد 3.9 فیصد کر دیا ہے ماسوائے چند چیلنجز کے جن کو درست کرنے کی ضرورت ہے۔

جیسا کہ جنوری 2018 کی مالیاتی پالیسی کے بیان میں کہا گیا کہ، پاکستان کی معیشت کی نمو، گذشتہ گیارہ سالوں کی بلند ترین سطح حاصل کرنے پر گامزن ہے۔ اس اعلان میں 25 bps اضافے کے ساتھ پالیسی نرخ 6.0 فیصد بھی کر دیا ہے۔ روپے کی قدر میں حالیہ اور متوقع مزید کمی اور ایندھن کی بڑھی ہوئی قیمتیں افراط زر کا دباؤ بڑھائیں گی اور اس وجہ سے پالیسی نرخ میں مزید اضافے کو نظر انداز نہیں کیا جاسکتا۔

سٹم بینک کا سندھ بینک میں ممکنہ ادغام/الغیاں کچھ تاخیر کا شکار ہوا ہے اور کارپوریٹ اور قانون کی مطلوبہ ضروریات کی منظوری سے مشروط اب یہ توقع ہے کہ 2018 کے پہلے نصف میں مکمل ہو جائے گا۔

2018 کے دوران 30 شاخوں کے کھولنے کی منصوبہ بندی کی گئی ہے، اس طرح سے 2018 کے اختتام پر بینک کی شاخوں کے نیٹ ورک میں 330 شاخوں تک توسیع ہو جائے گی۔

بینک اپنی تشکیل شدہ شاخوں کی منافع بخشی میں بہتری لانے کے لیے اپنے کاروبار، خالص سودی/مارک اپ مارجن اور فیس کی بنیاد پر آمدنی میں اضافے کی حکمت عملی کو جاری رکھے گا۔

## اعتراف

بورڈ آف ڈائریکٹرز کی جانب سے، میں خلوص دل سے ریگولیٹرز، حصص کنندگان اور گاہکوں کا ان کی بینک انتظامیہ کی مسلسل رہنمائی، حمایت اور اعتماد کرنے پر شکریہ ادا کرنا چاہتا ہوں۔

میرا شکریہ سندھ بینک کے اسٹاف کا بھی شکریہ، جن کی ٹیم اسپرٹ، سخت محنت اور عزم جس نے، اتنے قلیل وقت میں، بینک کے لیے ان اعلیٰ نتائج کے حصول کو ممکن بنایا۔ میں پر امید ہوں کہ وہ بینک کی خدمت اسی جوش اور جذبے کے ساتھ جاری رکھیں گے۔

بورڈ آف ڈائریکٹرز کی جانب سے

طارق احسن

صدر/CEO

کراچی: 7 مارچ 2018

- 31 دسمبر 2017 پر سندھ بینک لمیٹڈ کے ملازمین کی پراویڈینٹ فنڈ کی سرمایہ کاری کی مالیت 439.3 ملین روپے تھی (2016 میں 346.8 ملین روپے)۔ 31 دسمبر 2017 پر سندھ بینک لمیٹڈ کے گیسٹریٹ فنڈ کی سرمایہ کاری کی مالیت 167.6 ملین روپے تھی (2016 میں 120.3 ملین روپے) اور مزید 71.45 ملین روپے کی رقم کو بیلنس شیٹ کی تاریخ پر، فنڈ کی انچارج ریل قدر پذیری (actuarial valuation) کے بعد منتقل کیا گیا ہے۔

## بورڈ، چیرمین، انفرادی ڈائریکٹرز، آزاد ڈائریکٹرز، صدر اور CEO اور کمیٹیوں کی قدر پیمائی (Evaluation)

BPRD، SBP کے سرکلر نمبر 11، بتاریخ 22 اگست 2016 اور پبلک سیکرٹری (کارپوریٹ گورننس) رولز 2013 کے مطابق، بورڈ آف ڈائریکٹرز نے اپنے چوالیسواں اجلاس منعقدہ 21 نومبر 2016 کو اپنی کارکردگی، چیرمین کی کارکردگی، انفرادی/کلیل ڈائریکٹرز، آزاد ڈائریکٹرز، صدر اور CEO اور بورڈ کی کمیٹیوں کی قدر پذیری کے لیے معیار اور طریقہ کار کی منظوری دے دی ہے۔ بورڈ کے ارکان اندرونی طور پر تیار کردہ میکانیزم کی بنیاد پر سالانہ قدر پذیری کر کے اپنی رپورٹیں چیرمین کو پیش کر چکے ہیں۔ بورڈ کی کارکردگی کی قدر پذیری تمام ڈائریکٹرز انفرادی طور پر کارکردگی جانچنے کے معیار، جس میں شامل ہیں بورڈ کی ساخت اور ڈھانچہ، بورڈ کا حکمت عملی کی تیاری میں حصہ، پالیسی فریم ورک، مضبوط اور موثر خطرات سے نمٹنے کا انتظام، اندرونی کنٹرول اور آڈٹ فنکشن وغیرہ، پر کر چکے ہیں۔

چیرمین، آزاد ڈائریکٹرز اور صدر اور CEO کی کارکردگی کی قدر پذیری تمام ارکان نے کی، جس میں جس ڈائریکٹر کی قدر پذیری ہوئی تھی وہ اپنی قدر پذیری سے علیحدہ کر دیا گیا تھا۔ غیر آزاد ڈائریکٹرز کی کارکردگی کی قدر پذیری آزاد ڈائریکٹرز نے کی۔ کمیٹی کی کارکردگی کی قدر پذیری غیر ممبر ارکان نے کی۔

## بورڈ آف ڈائریکٹرز

زیر جائزہ سال کے دوران بورڈ کے ڈائریکٹرز کی بورڈ کے اجلاس کی حاضری درج ذیل تھی:

نمبر شمار	ڈائریکٹر کے نام	45 واں اجلاس منعقدہ 09.02.2017	46 واں اجلاس منعقدہ 02.03.2017	47 واں اجلاس منعقدہ 28.04.2017	48 واں اجلاس منعقدہ 19.07.2017	49 واں اجلاس منعقدہ 04.08.2017	50 واں اجلاس منعقدہ 28.08.2017	51 واں اجلاس منعقدہ 17.10.2017	کل اجلاسوں کی تعداد
1	جناب افضل غنی	✓	✓	✓	✓	✓	✓	✓	7
2	سید حسن نقوی *	✓	✓	✓	✓	✓	✓	✓	7
3	جناب محمد شاہد مرتضیٰ	✓	✓	✓	✓	✓	✓	✓	7
4	جناب محمد نسیم سہگل	✓	✓	✓	✓	✓	✓	✓	7
5	جناب نجم حسین بخاری	✓	✓	✓	✓	✓	✓	✓	7
6	جناب راجہ محمد عباس	✓	✓	✓	✓	✓	✓	✓	7
7	جناب بلال شیخ	✓	✓	✓	✓	✓	✓	✓	7
8	جناب طارق احسن	✓	✓	✓	✓	✓	✓	✓	7
	اجلاس میں حاضری	8	8	8	8	8	8	8	

\* سید حسن نقوی، فنانس سیکریٹری، حکومت سندھ، کا تبادلہ 22 دسمبر 2017 کو ہو چکا ہے۔ باقاعدہ فنانس سیکریٹری کی تعیناتی کا ابھی انتظار ہے۔

بورڈ سبکدوش ہونے والے ڈائریکٹرز کی بینک سے منسلک رہتے ہوئے شرکت اور تعاون کو قدر کی نگاہ سے دیکھتا ہے۔



## Events



Commissioner Karachi Mr. Ejaz Ahmed Khan inaugurates Sindh Bank ATM at the Commissioner House Karachi. Also seen in the photograph are Mr. M. Bilal Sheikh and Sindh Bank President/CEO Mr. Tariq Ahsan.



Prize distribution ceremony held in Sindh Bank for successful employees who passed IBP Exams 2017. Seen in the photograph are Sindh Bank President/CEO Mr. Tariq Ahsan and HR Head Mr. Tajammul Hussain.



Ms. Erum Khalid Special Assistant to CM Sindh on Women Development (GoS) visited Sindh Bank, also seen in the photograph are Sindh Bank President/CEO Mr. Tariq Ahsan.

## SMS Banking

- All Transactions Alert  
(PTCL, SSGC, KE, LESCO, KWSB & others)
- Utility Bills Payment  
(PTCL, SSGC, KE, LESCO, KWSB & others)
- MOBILE TOP-UPS  
(UFONE, MOBILINK, TELENOR, WARID, ZONG & Vfone)
- INTERNET SERVICE PROVIDERS (ISPS)  
(PTCL EVO, WI-TRIBE, QUBEE & WATEEN)
- FEE PAYMENTS OF EDUCATIONAL INSTITUTIONS  
(LUMS, PGOC)
- AIRLINE TICKET PAYMENT
- INSURANCE Premium PAYMENT  
(EFU & JUBILEE LIFE)
- INTRA BANK FUNDS TRANSFER (PAYC)
- INTER BANK FUNDS TRANSFER (IBFT)  
(HBL, UBL, ABL, SCB & Many Others)
- BALANCE ENQUIRY
- MINI STATEMENT
- EMAIL ALERTS
- COMPLETE STATEMENT OF ACCOUNT VIA EMAIL
- E-Commerce  
(On Visa Debit Card Only)

For Web Interface SMS Banking  
<http://smsbanking.sindhbankltd.com/>

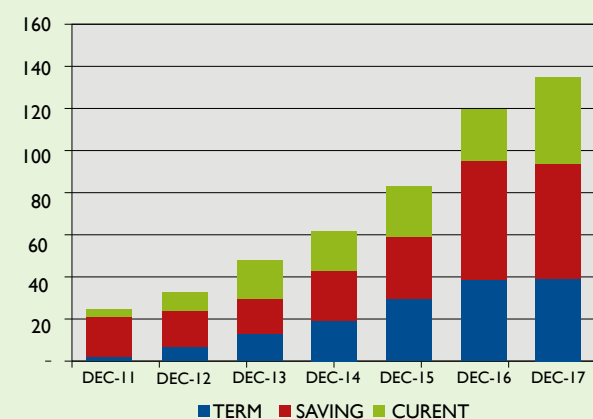




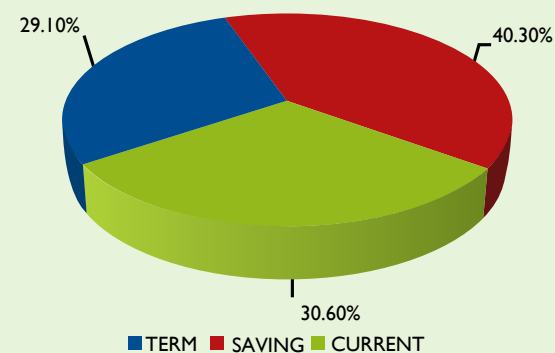
## FINANCIAL HIGHLIGHTS

### DEPOSITS

Rupees In billion

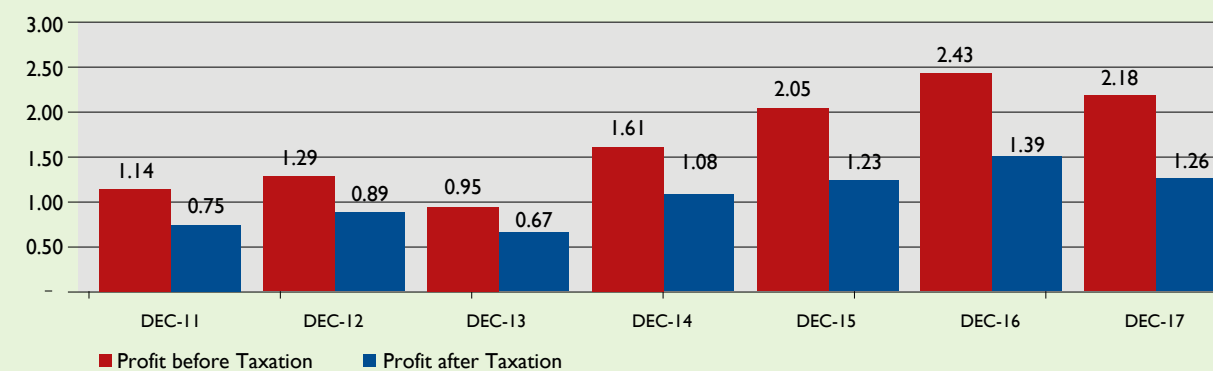


### FY 2017



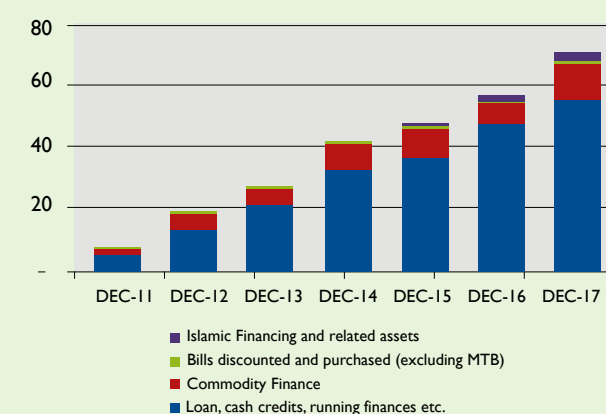
### PROFIT

(Rupees in billions)

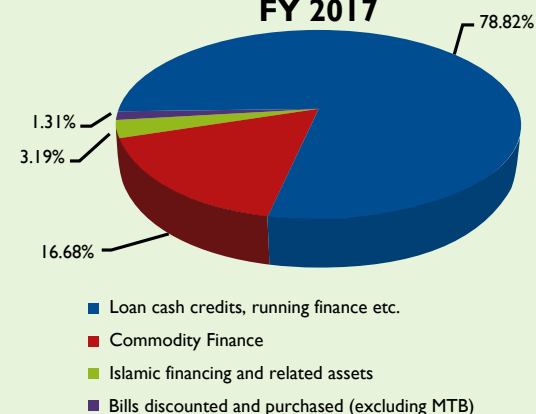


### ADVANCES

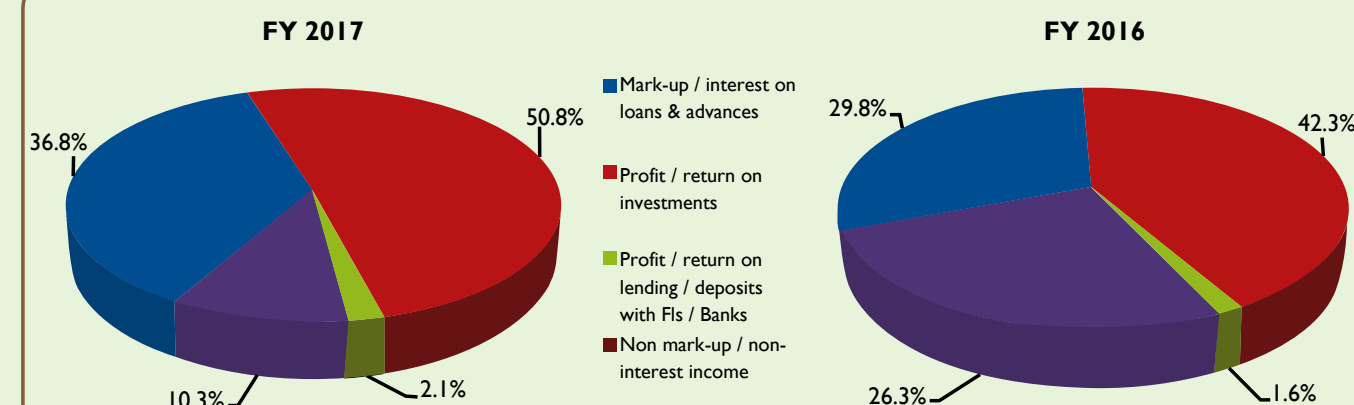
Rupees In billion



### FY 2017

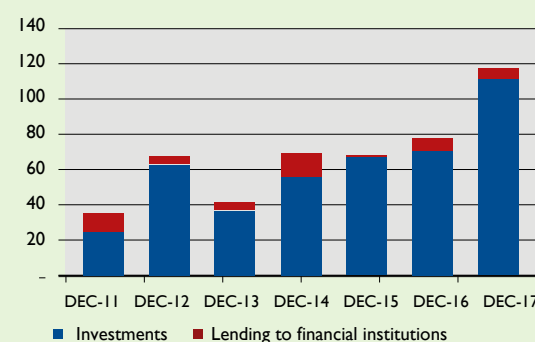


### INCOME



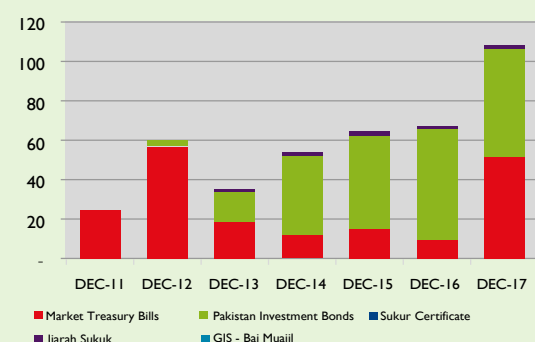
### INVESTMENTS / LENDINGS

Rupees In billion

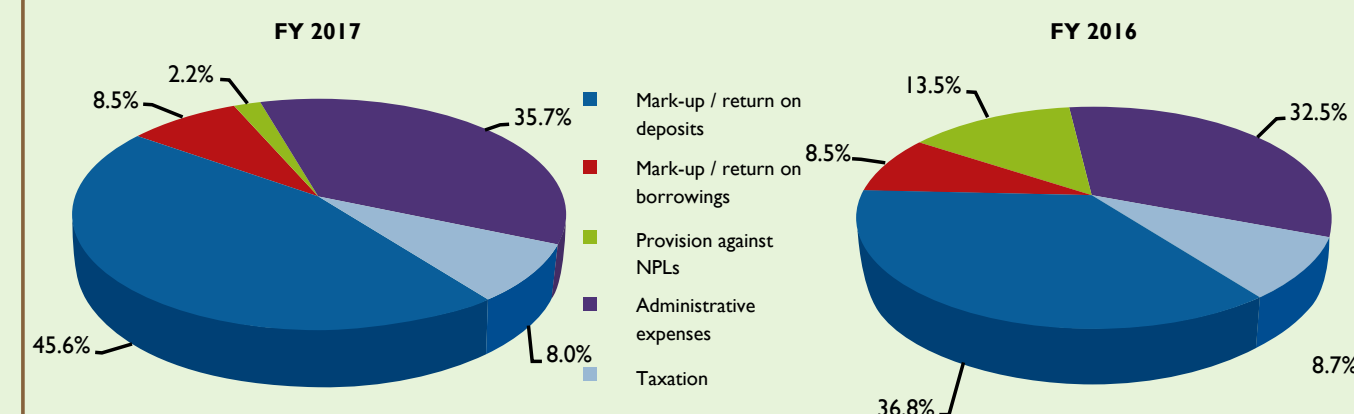


### INVESTMENT IN GOP SECURITIES

Rupees In billion



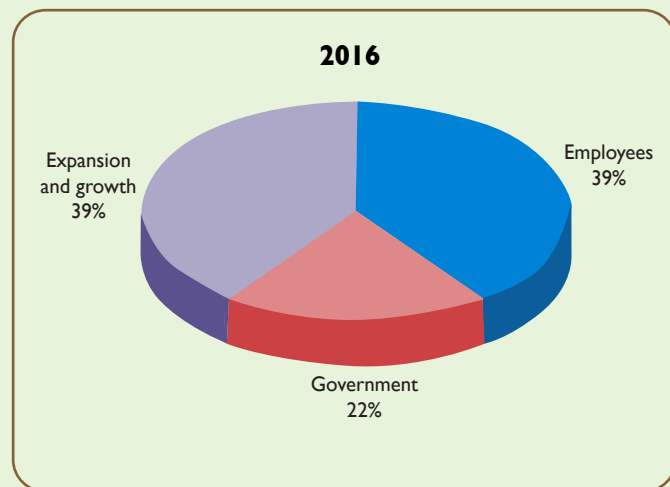
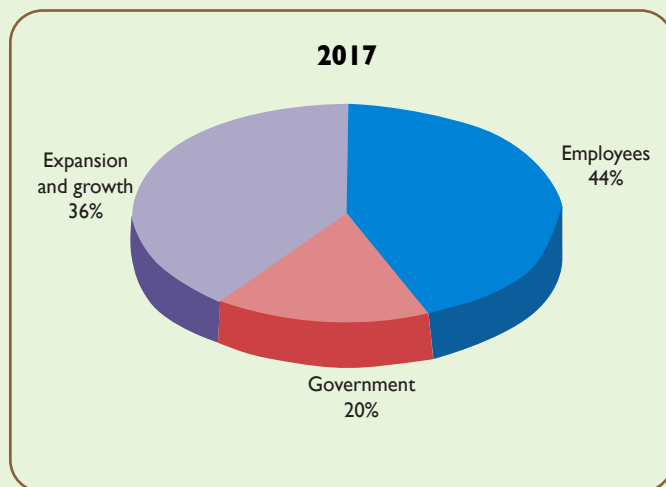
### EXPENSES





## Value Added Statement

	2017 Rs. in million	%	2016 Rs. in million	%
<b>Value Added</b>				
Net markup interest income	5,264		4,404	
Non markup interest income	1,328		3,496	
Operating expenses excluding staff costs depreciation, amortization and donations	(1,756)		(1,645)	
Provision against advances, investments & others	(252)		(1,607)	
<b>Value added available for distribution</b>	<b>4,584</b>		<b>4,648</b>	
<b>Distribution of value added:</b>				
<b>To employees</b>				
Remuneration, provident fund and other benefits	2,020	44.07%	1,816	39.07%
<b>To government</b>				
Income tax	927	20.21%	1,037	22.31%
<b>To expansion and growth</b>				
Depreciation	352	7.69%	374	8.04%
Amortization	29	0.63%	30	0.65%
Retained in business	1,256	27.40%	1,391	29.93%
	1,637	35.72%	1,795	38.62%
	4,584	100%	4,648	100%



## Annual Report 2017



## Vertical Analysis

### Statement of Financial Position / Profit & Loss

	2017		2016		2015		2014		2013		2012		2011	
	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%
<b>STATEMENT OF FINANCIAL POSITION</b>														
<b>ASSETS</b>														
Cash and balances with treasury banks	9,680	5%	7,501	5%	5,298	4%	5,066	4%	3,519	5%	2,431	3%	1,656	3%
Balances with other banks	3,023	1%	791	1%	1,936	2%	538	0%	191	0%	425	0%	244	1%
Lendings to financial institutions	5,331	3%	6,939	5%	-	0%	12,665	10%	4,036	5%	4,620	5%	10,905	23%
Investments	114,260	56%	71,539	49%	70,394	55%	59,467	48%	36,786	49%	62,631	68%	26,082	55%
Advances	64,713	31%	51,833	35%	44,169	35%	41,185	33%	26,565	35%	19,282	21%	7,259	15%
Operating fixed assets	1,655	1%	1,825	1%	1,899	1%	1,812	1%	1,766	2%	1,557	2%	584	1%
Deferred tax assets-net	1,612	1%	1,191	1%	301	0%								
Other assets	4,209	2%	4,736	3%	4,245	3%	4,138	3%	2,170	3%	1,347	1%	1,000	2%
	<b>204,482</b>	<b>100%</b>	<b>146,355</b>	<b>100%</b>	<b>128,242</b>	<b>100%</b>	<b>124,871</b>	<b>100%</b>	<b>75,033</b>	<b>100%</b>	<b>92,291</b>	<b>100%</b>	<b>47,730</b>	<b>100%</b>
<b>LIABILITIES</b>														
Bills payable	905	0%	714	0%	289	0%	400	0%	363	0%	176	0%	42	0%
Borrowings from financial institutions	50,971	25%	8,911	7%	27,161	21%	46,077	37%	16,758	23%	48,602	53%	13,013	27%
Deposits and other accounts	134,207	66%	119,022	81%	84,077	65%	61,884	50%	45,756	61%	31,470	34%	23,518	50%
Deferred tax liability-net	-	0%		0%	-		903	1%	10	0%	207	0%	10	0%
Other liabilities	2,331	1%	2,177	1%	1,958	2%	1,506	1%	820	1%	747	1%	484	1%
	<b>188,414</b>	<b>92%</b>	<b>130,824</b>	<b>89%</b>	<b>113,484</b>	<b>88%</b>	<b>110,769</b>	<b>89%</b>	<b>63,706</b>	<b>85%</b>	<b>81,203</b>	<b>88%</b>	<b>37,067</b>	<b>78%</b>
<b>NET ASSETS</b>	<b>16,068</b>	<b>8%</b>	<b>15,531</b>	<b>11%</b>	<b>14,758</b>	<b>12%</b>	<b>14,102</b>	<b>11%</b>	<b>11,327</b>	<b>15%</b>	<b>11,088</b>	<b>12%</b>	<b>10,663</b>	<b>22%</b>
<b>REPRESENTED BY</b>														
Share capital	10,010	5%	10,010	7%	10,000	8%	10,000	7%	10,000	13%	10,000	11%	10,000	21%
Reserves	1,452	1%	1,201	1%	923	1%	676	1%	460	1%	327	0%	150	0%
Unappropriated profit	5,176	2%	4,186	3%	3,077	2%	2,102	2%	1,242	2%	710	1%	600	1%
(Deficit)/Surplus on revaluation of assets - net of related deferred tax	(570)	0%	134	0%	759	1%	1,325	1%	(375)	-1%	51	0%	(87)	0%
	<b>16,068</b>	<b>8%</b>	<b>15,531</b>	<b>11%</b>	<b>14,758</b>	<b>11%</b>	<b>14,102</b>	<b>11%</b>	<b>11,327</b>	<b>15%</b>	<b>11,088</b>	<b>12%</b>	<b>10,663</b>	<b>22%</b>
<b>PROFIT &amp; LOSS ACCOUNT</b>														
Mark-up / return / interest earned	11,541	90%	9,775	74%	10,127	74%	8,932	90%	6,329	88%	6,141	92%	3,704	95%
Fee, commission and brokerage	454	3%	359	3%	234	2%	184	2%	163	2%	99	1%	11	0%
Income from dealing in foreign currencies	104	1%	53	0%	69	1%	66	1%	44	1%	44	1%	2	0%
Capital gain and dividend income	760	6%	3,075	23%	3,183	23%	702	7%	651	9%	382	6%	209	5%
Other income	10	0%	9	0%	6	0%	4	0%	3	0%	1	0%	0.34	0%
<b>Total income</b>	<b>12,869</b>	<b>100%</b>	<b>13,271</b>	<b>100%</b>	<b>13,619</b>	<b>100%</b>	<b>9,889</b>	<b>100%</b>	<b>7,189</b>	<b>100%</b>	<b>6,667</b>	<b>100%</b>	<b>3,926</b>	<b>100%</b>
Mark-up / return / interest expensed	6,276	49%	5,371	41%	5,685	42%	5,497	56%	4,072	57%	4,103	62%	2,241	57%
Operating & admin expenses	4,158	32%	3,865	29%	3,367	25%	2,759	28%	2,142	30%	1,278	19%	514	13%
Provision against advances & others	252	2%	1,607	12%	2,516	18%	21	0%	22	0%	1	0%	31	1%
Taxation	927	7%	1,037	8%	821	6%	532	5%	287	4%	399	6%	390	10%
<b>Total Expenses</b>	<b>11,613</b>	<b>90%</b>	<b>11,880</b>	<b>90%</b>	<b>12,389</b>	<b>91%</b>	<b>8,809</b>	<b>89%</b>	<b>6,523</b>	<b>91%</b>	<b>5,781</b>	<b>87%</b>	<b>3,177</b>	<b>81%</b>
<b>Profit after taxation</b>	<b>1,256</b>	<b>10%</b>	<b>1,391</b>	<b>10%</b>	<b>1,230</b>	<b>9%</b>	<b>1,079</b>	<b>11%</b>	<b>666</b>	<b>9%</b>	<b>887</b>	<b>13%</b>	<b>750</b>	<b>19%</b>





## Horizontal Analysis

	2017 Rs. in million	17 vs 16 %	2016 Rs. in million	16 vs 15 %	2015 Rs. in million	15 vs 14 %	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
<b>STATEMENT OF FINANCIAL POSITION</b>													
<b>ASSETS</b>													
Cash and balances with treasury banks	9,680	29%	7,501	42%	5,298	5%	5,066	44%	3,519	45%	2,431	47%	1,656
Balances with other banks	3,023	282%	791	-59%	1,936	260%	538	182%	191	-55%	425	74%	244
Lendings to financial institutions	5,331	-23%	6,939	-	-	-100%	12,665	214%	4,036	-13%	4,620	-58%	10,905
Investments	114,260	60%	71,539	2%	70,394	18%	59,467	62%	36,786	-41%	62,631	140%	26,082
Advances	64,713	25%	51,833	17%	44,169	7%	41,185	55%	26,565	38%	19,282	166%	7,259
Operating fixed assets	1,655	-9%	1,825	-4%	1,899	5%	1,812	3%	1,766	13%	1,557	167%	584
Deferred tax assets-net	1,612	35%	1,191	296%	301								-
Other assets	4,209	-11%	4,736	12%	4,245	3%	4,138	91%	2,170	61%	1,347	35%	1,000
	<b>204,482</b>	<b>40%</b>	<b>146,355</b>	<b>14%</b>	<b>128,242</b>	<b>3%</b>	<b>124,871</b>	<b>66%</b>	<b>75,033</b>	<b>-19%</b>	<b>92,291</b>	<b>93%</b>	<b>47,730</b>
<b>LIABILITIES</b>													
Bills payable	905	27%	714	147%	289	-28%	400	10%	363	106%	176	317%	42
Borrowings from financial institutions	50,971	472%	8,911	-67%	27,161	-41%	46,077	175%	16,758	-66%	48,602	274%	13,013
Deposits and other accounts	134,207	13%	119,022	42%	84,077	36%	61,884	35%	45,756	45%	31,470	34%	23,518
Deferred tax liability	-	-	-	-	-	-	903	9391%	10	-95%	207	1908%	10
Other liabilities	2,331	7%	2,177	11%	1,958	30%	1,506	84%	820	10%	747	54%	484
	<b>188,414</b>	<b>44%</b>	<b>130,824</b>	<b>15%</b>	<b>113,484</b>	<b>2%</b>	<b>110,769</b>	<b>74%</b>	<b>63,706</b>	<b>-22%</b>	<b>81,203</b>	<b>119%</b>	<b>37,067</b>
<b>NET ASSETS</b>	<b>16,068</b>	<b>3%</b>	<b>15,531</b>	<b>5%</b>	<b>14,758</b>	<b>5%</b>	<b>14,102</b>	<b>25%</b>	<b>11,327</b>	<b>2%</b>	<b>11,088</b>	<b>4%</b>	<b>10,663</b>
<b>REPRESENTED BY</b>													
Share capital	10,010	0%	10,010	0%	10,000	0%	10,000	0%	10,000	0%	10,000	0%	10,000
Reserves	1,452	21%	1,201	30%	923	37%	676	47%	460	41%	327	118%	150
Unappropriated profit	5,176	24%	4,186	36%	3,077	46%	2,102	69%	1,242	75%	710	18%	600
Surplus / (Deficit) on revaluation of assets - net of related deferred tax	(570)	-525%	134	-82%	759	-43%	1,325	-453%	(375)	-838%	51	-159%	(87)
	<b>16,068</b>	<b>3%</b>	<b>15,531</b>	<b>5%</b>	<b>14,758</b>	<b>5%</b>	<b>14,102</b>	<b>25%</b>	<b>11,327</b>	<b>2%</b>	<b>11,088</b>	<b>4%</b>	<b>10,663</b>
<b>PROFIT &amp; LOSS ACCOUNT</b>													
Mark-up / return / interest earned	11,541	18%	9,775	-3%	10,127	13%	8,932	41%	6,329	3%	6,141	66%	3,704
Fee, commission and brokerage	454	26%	359	53%	234	27%	184	13%	163	65%	99	830%	11
Income from dealing in foreign currencies	104	96%	53	-24%	69	4%	66	51%	44	-1%	44	1840%	2
Capital gain and dividend income	760	-75%	3,075	-3%	3,183	353%	702	8%	651	70%	382	83%	209
Other income	10	8%	9	60%	6	46%	4	41%	3	102%	1	311%	0.34
<b>Total income</b>	<b>12,869</b>	<b>-3%</b>	<b>13,271</b>	<b>-3%</b>	<b>13,619</b>	<b>38%</b>	<b>9,889</b>	<b>38%</b>	<b>7,189</b>	<b>8%</b>	<b>6,668</b>	<b>70%</b>	<b>3,926</b>
Mark-up / return / interest expensed	6,276	17%	5,371	-6%	5,685	3%	5,497	35%	4,072	-1%	4,103	83%	2,241
Operating & admin expenses	4,158	8%	3,865	15%	3,367	22%	2,759	29%	2,142	68%	1,278	149%	514
Provision against advances & others	252	-84%	1,607	-36%	2,516	11719%	21	-3%	22	1942%	1	-97%	31
Taxation	927	-11%	1,037	26%	821	54%	532	85%	287	-28%	399	2%	390
<b>Total Expenses</b>	<b>11,613</b>	<b>-2%</b>	<b>11,880</b>	<b>-4%</b>	<b>12,389</b>	<b>41%</b>	<b>8,809</b>	<b>35%</b>	<b>6,523</b>	<b>13%</b>	<b>5,781</b>	<b>82%</b>	<b>3,177</b>
<b>Profit after taxation</b>	<b>1,256</b>	<b>-10%</b>	<b>1,391</b>	<b>13%</b>	<b>1,230</b>	<b>14%</b>	<b>1,079</b>	<b>62%</b>	<b>666</b>	<b>-25%</b>	<b>887</b>	<b>18%</b>	<b>750</b>

## Key Performance Indicators

		2017	2016	2015	2014	2013	2012	2011
<b>Financial</b>								
Investments-Gross	Rs. In million	115,145	71,341	69,235	57,437	37,383	62,556	26,246
Advances-Gross	" "	69,112	55,980	46,708	41,204	26,565	19,282	7,259
Deposits	" "	134,207	119,022	84,077	61,884	45,756	31,470	23,518
Shareholders' Equity	" "	16,638	15,397	14,000	12,777	11,702	11,037	10,750
Total Assets	" "	204,482	146,355	128,242	124,871	75,033	92,291	47,730
Net Markup Interest Income	" "	5,265	4,404	4,442	3,435	2,258	2,038	1,463
Non Markup Interest Income	" "	1,328	3,496	3,492	956	860	527	222
Operating Expenses	" "	4,158	3,865	3,367	2,759	2,142	1,278	514
Profit before provisions	" "	2,435	4,035	4,567	1,633	975	1,287	1,171
Provision against advances & others	" "	252	1,607	2,516	21	22	1	31
Profit before Taxation	" "	2,182	2,428	2,051	1,612	953	1,286	1,140
Profit after Taxation	" "	1,256	1,391	1,230	1,079	666	887	750
Dividend Paid	" "	-	-	-	-	-	600	-
<b>Non Financial</b>								
No. of Customers (as of)	Numbers	471,439	414,944	355,567	162,992	120,643	74,600	8,120
No. of New Branches Opened	" "	40	10	25	25	40	110	50
No. of New Accounts Opened	" "	57,657	61,638	192,572	47,419	56,541	74,949	9,971
No. of ATM/Debit Cards Issued (as of)	" "	244,659	128,667	83,729	32,293	17,926	6,923	1,158
No. of Permanent Employees (as of)	" "	1,466	1501	1456	1,298	1,167	924	462
No. of ATM Machines (as of)	" "	240	225	192	105	24	19	3
No. of Mobile Banking Customers	" "	188,157	170,367	143,608	86,045	62,248	34,040	5,983
<b>Key Financial Ratios</b>								
Earnings Per Share - Pre tax	Rupees	2.18	2.43	2.05	1.61	0.95	1.29	1.14
Book Value Per Share	" "	16.63	15.38	14.00	12.78	11.70	11.09	10.66
Return on Equity - Pre tax	%	13.63%	16.52%	15.32%	13.17%	8.39%	11.81%	9.09%
Return on Assets - Pre tax	" "	1.24%	1.77%	1.62%	1.61%	1.14%	1.97%	2.21%
Capital Adequacy Ratio	" "	15.67%	17.50%	20.13%	22.57%	23.97%	38.51%	56.28%



## (SCHEDULE-I)

Statement of Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013	
Name of company	- Sindh Bank Limited
Name of the line ministry	- Finance Department Govt. of Sindh
For the year ended	- 31st December, 2017

- I. This statement is being presented to comply with the Public Sector Companies (Corporate Governance) Rules, 2013 (hereinafter called "the Rules") issued for the purpose of establishing a framework of good governance, whereby a public sector company is managed in compliance with the best practices of public sector governance.
- II. The company has complied with the provisions of the Rules in the following manner:

S. No.	Provision of the Rules	Rule No.	Y	N												
			Tick the relevant box													
1	The independent directors meet the criteria of independence, as defined under the Rules.	Rule-2(d)														
2	The Board has the requisite percentage of independent directors. At present the board includes: <table><tr><th>Category</th><th>Names</th><th>Date of appointment</th></tr><tr><td>Independent Directors</td><td>1. Mr. Afzal Ghani 2. Mr. Muhammad Naeem Sehgal 3. Mr. Tajammal Husain Bokharee 4. Mr. Raja Muhammad Abbas</td><td>07.04.2015 07.04.2015 07.04.2015 07.04.2015 (As N.Ex Dir.) &amp; 15.02.2017 (As Ind. Dir.)</td></tr><tr><td>Non-Executive Directors* (see point 2.1 and 33)</td><td>1. Mr. Mohammad Shahid Murtaza 2. Mr. Muhammad Bilal Sheikh</td><td>07.04.2015 08.02.2016 05.09.2016</td></tr><tr><td>President &amp; CEO</td><td>Mr. Tariq Ahsan</td><td>15.04.2016</td></tr></table> A non-executive director, Mr. Syed Hasan Naqvi (ex-Finance Secretary of Govt. of Sindh) has been transferred by the Govt. of Sindh (GoS) on 22.12.2017 and posting of a Regular Finance Secretary is still awaited (also see point 33).	Category	Names	Date of appointment	Independent Directors	1. Mr. Afzal Ghani 2. Mr. Muhammad Naeem Sehgal 3. Mr. Tajammal Husain Bokharee 4. Mr. Raja Muhammad Abbas	07.04.2015 07.04.2015 07.04.2015 07.04.2015 (As N.Ex Dir.) & 15.02.2017 (As Ind. Dir.)	Non-Executive Directors* (see point 2.1 and 33)	1. Mr. Mohammad Shahid Murtaza 2. Mr. Muhammad Bilal Sheikh	07.04.2015 08.02.2016 05.09.2016	President & CEO	Mr. Tariq Ahsan	15.04.2016	Rule-3(2)	✓	
Category	Names	Date of appointment														
Independent Directors	1. Mr. Afzal Ghani 2. Mr. Muhammad Naeem Sehgal 3. Mr. Tajammal Husain Bokharee 4. Mr. Raja Muhammad Abbas	07.04.2015 07.04.2015 07.04.2015 07.04.2015 (As N.Ex Dir.) & 15.02.2017 (As Ind. Dir.)														
Non-Executive Directors* (see point 2.1 and 33)	1. Mr. Mohammad Shahid Murtaza 2. Mr. Muhammad Bilal Sheikh	07.04.2015 08.02.2016 05.09.2016														
President & CEO	Mr. Tariq Ahsan	15.04.2016														
*2.1																
3	The directors have confirmed that none of them is serving as a director on more than five public sector companies and listed companies simultaneously, except their subsidiaries. <b>The ex-Finance Secretary, GoS in the capacity of “Ex-officio” is Director in more than '5' Public Sector Companies, for which relaxation has been given by SECP vide its Letter No.CLD/CCD/PSC/37/2015/4457, dated 03.03.2017</b>	Rule-3(5)	✓													
4	The appointing authorities have applied the fit and proper criteria given in the Annexure in making nominations of the persons for election as board members under the provisions of the Companies Act, 2017.	Rule-3(7)	✓													
5	The Chairman of the Board is working separately from the Chief Executive of the Company.	Rule-4(1)	✓													
6	The Chairman has been elected from amongst the Independent directors by the Board of Directors.	Section 192 of Companies Act 2017	✓													
7	The Board has evaluated the candidates for the position of the Chief Executive on the basis of the fit and proper criteria in terms of Prudential Regulations of State Bank of Pakistan.	Prudential Regulations of SBP	✓													
8	(a) The Company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures, including posting the same on the company’s website i.e. www.sindhbankltd.com (b) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.	Rule-5(4)	✓													
9	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.	Rule-5(5)	✓													
10	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest.	Rule-5(5)(b)(ii)	✓													
11	The Board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the company.	Rule-5(5)(b)(vi)	✓													
12	(a) The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service. (b) A Committee has been formed to investigating deviations from the company’s code of conduct.	Rule-5(5)(c)(ii)	✓													
13	The Board has ensured compliance with the law as well as the company’s internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services.	Rule-5(5)(c)(iii)	✓													

## Annual Report 2017

S. No.	Provision of the Rules	Rule No.	Y	N																		
			Tick the relevant box																			
14	The Board has developed a vision or mission statement, corporate strategy and significant policies of the company.A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.	Rule-5(6)	✓																			
15	The Board has quantified the outlay of any action in respect of any service delivered or goods sold by the Company as a public service obligation, and has submitted its request for appropriate compensation to the Government for consideration.	Rule-5(8)	N/A																			
16	(a) The Board has met at least four times during the year and all the meetings were presided over by the Chairman.	Rule-6(1)	✓																			
	(b) Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings.	Rule-6(2)																				
	(c) The minutes of the meetings were appropriately recorded and circulated.The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.	Rule-6(3)																				
17	The Board has carried out performance evaluation of its members, including the chairman and the chief executive, on the basis of a process, based on specified criteria, developed by it.The board has also monitored and assessed the performance of senior management on annual basis.	Rule-8	✓																			
18	The Board has reviewed and approved the related party transactions placed before it after recommendations of the audit committee.A party wise record of transactions entered into with the related parties during the year has been maintained.	Rule-9	✓																			
19	The Board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year end, and has placed the annual financial statements on the company's website.	Rule-10	✓																			
20	All the board members underwent an orientation course arranged by the company to apprise them of the material developments and information as specified in the Rules. One of the Directors namely Mr. Naeem Sahgal is a Certified Director from PICG.	Rule-11	✓																			
21	(a) The board has formed the requisite committees, as specified in the Rules.	Rule-12	✓																			
	(b) The committees were provided with written term of reference defining their duties, authority and composition.																					
	(c) The minutes of the meetings of the committees were circulated to all the board members.																					
	(d) The committees were chaired by the following non-executive directors:																					
	<table><tr><th>Committee</th><th>Number of members</th><th>Name of Chair</th></tr><tr><td>Audit Committee</td><td>03 (see point 2.1 and 33)</td><td>Mr. Muhammad Naeem Sahgal, Independent Director</td></tr><tr><td>Risk Management Committee</td><td>03</td><td>Mr. Tajammal Husain Bokharee, Independent Director</td></tr><tr><td>Human Resources Committee</td><td>04</td><td>Mr. Afzal Ghani, Independent Director</td></tr><tr><td>Procurement, I.T &amp; (see point 2.1 and 33)</td><td>04</td><td>See point 2.1 and 33</td></tr><tr><td>Nomination Committee</td><td>04</td><td>Mr. Raja Muhammad Abbas Independent Director</td></tr></table>				Committee	Number of members	Name of Chair	Audit Committee	03 (see point 2.1 and 33)	Mr. Muhammad Naeem Sahgal, Independent Director	Risk Management Committee	03	Mr. Tajammal Husain Bokharee, Independent Director	Human Resources Committee	04	Mr. Afzal Ghani, Independent Director	Procurement, I.T & (see point 2.1 and 33)	04	See point 2.1 and 33	Nomination Committee	04	Mr. Raja Muhammad Abbas Independent Director
	Committee				Number of members	Name of Chair																
	Audit Committee				03 (see point 2.1 and 33)	Mr. Muhammad Naeem Sahgal, Independent Director																
Risk Management Committee	03	Mr. Tajammal Husain Bokharee, Independent Director																				
Human Resources Committee	04	Mr. Afzal Ghani, Independent Director																				
Procurement, I.T & (see point 2.1 and 33)	04	See point 2.1 and 33																				
Nomination Committee	04	Mr. Raja Muhammad Abbas Independent Director																				
22	The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, with their remuneration and terms and conditions of employment, and as per their prescribed qualifications.	Rule-13/14	✓																			
23	The Company has adopted International Financial Reporting Standards notified by the Commission under clause (i) of sub-section (3) of section 234 of the Ordinance.	Rule-16	✓																			
24	The Directors' report for this year has been prepared in compliance with the requirements of the Ordinance and the Rules and fully describes the salient matters required to be disclosed.	Rule-17	✓																			
25	The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.	Rule-18	✓																			
26	A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place, according to the Prudential Regulations of SBP & Articles of Association of the bank.The annual report of the company contains criteria and details of remuneration of each director.	Rule-19	✓																			
27	The financial statements of the company were duly endorsed by the chief executive and chief financial officer, before approval of the board.	Rule-20	✓																			





S. No.	Provision of the Rules			Rule No.	Y	N
					Tick the relevant box	
28	The board has formed an Audit Committee, with defined and written terms of reference and having the following members:			Rule-21	✓	
	Number of members	Category	Professional background			
	Audit Committee	Mr. Naeem Sahgal Chairman/Independent Director	Advocate Supreme Court			
		Finance Secretary (GoS) Member/Non-Executive Director (see point 2.1 and 33)	Secretary Finance Govt. of Sindh (see point 2.1 and 33)			
		Mr. Raja Muhammad Abbas Member/Independent Director	Retired Civil Servant			
		Mr. Muhammad Bilal Sheikh Member/Non Executive Director	Banker			
The chief executive and chairman of the Board are not members of the audit committee.						
29	The board has set up an effective internal audit function, which has an audit charter; duly approved by the audit committee, and which worked in accordance with the applicable standards.			Rule-22	✓	
30	The company has appointed its external auditors in line with the requirements envisaged under the Rules.			Rule-23	✓	
31	The external auditors of the company have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan.			Rule-23/4	✓	
32	The external auditors have not been appointed to provide non-audit services and the auditors have confirmed that they have observed applicable guidelines issued by IFAC in this regard.			Rule-23/5	✓	
33	A casual vacancy has occurred on the board, as Finance Secretary, was transferred by Govt. of Sindh on 22.12.2017, which will be filled-up on posting a Regular Finance Secretary, in due course of time.				✓	
34	The Company has complied with all the corporate and financial reporting requirements of the Rules.				✓	
35	All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBF.				✓	

Tariq Ahsan  
 President & CEO

Afzal Ghani  
 Chairman/Independent Director



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## REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE PUBLIC SECTOR COMPANIES (CORPORATE GOVERNANCE) RULES, 2013

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Public Sector Companies (Corporate Governance) Rules, 2013 (the Rules) prepared by the Board of Directors of Sindh Bank Limited for the year ended 31 December 2017 to comply with the provisions of the Rules.

The responsibility for compliance with the Rules is that of the Board of Directors of the Bank. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Bank's compliance with the provisions of the Rules and report if it does not and to highlight any non-compliance with the requirements of the Rules. 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 Rules.

As a part of our audit of the 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 of Directors' 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 risks.

The Rules requires the Bank to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the best practices contained in the Rules as applicable to the Bank for the year ended 31 December 2017.

Chartered Accountants  
 Date: 12 March 2018  
 Karachi





## 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. These regulations which contain information requirements on how internal control is organized are designed to provide reasonable certainty of the reliability of financial reporting.

The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Bank and this process includes the system of Internal Control over Financial Reporting. The process is regularly reviewed by the Board and the control activities are being closely monitored across the Bank through, Internal Control Committee (ICC), Compliance Division, Internal Audit Division, Risk Management Division and Internal Control Department covering key internal controls in all banking activities.

In order to discharge the above responsibility, the Board Audit Committee has 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 observations and weaknesses found and identified by the internal and external auditors, appropriate improvements in internal controls are made wherever possible, by the management and approval of the Board of Directors is taken where required.

Due to inherent limitations, any system of internal controls is exposed to the risk of human error, system failure, circumvention and overriding of controls. Therefore, evaluation and monitoring of existing internal controls is an ongoing process. It is pertinent to mention that an internal control system is designed to manage rather than eliminate the risk. As such it can only provide reasonable and not absolute assurance against material misstatement or loss.

The Bank has adopted and implemented the internationally accepted COSO (Committee of Sponsoring Organizations of Tread way Commission) Framework of Internal Control-Integrated Framework 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. The Bank has developed a comprehensive testing and reporting framework for ensuring ongoing operating effectiveness of majority of key controls and has significantly addressed the design improvement opportunities identified to complete the project related initiatives.

In order to ensure consistency in the process of compliance with the relevant guidelines, the Bank followed a structured roadmap by carrying out detailed documentation of the important processes and controls, together with comprehensive gap analysis of the control design and developed and implemented remediation plans for the gaps.

The management assists the Board in the implementation of its approved policies and procedures pertaining to Internal Control over Financial Reporting. The management is continuously in the process of enhancing the documentation of the system of Internal Control over Financial Reporting. While concerted efforts have always been made to comply with the guidelines issued by SBP, the identification, evaluation, and management of risks within each of the Bank's key activities, and their continued evaluation and changes to policies and procedures remains an ongoing process. The bank has developed a comprehensive management testing and reporting framework for ensuring ongoing operating effectiveness of majority of key controls and has significantly addressed the design improvement opportunities identified to complete the project related initiatives.

In accordance with SBP directives, the Bank has completed all the stages of ICFR and upon satisfactory completion of ICFR roadmap, the SBP had granted waiver for the submission of Long Form Reports from external auditors from the year 2015. An annual assessment report on ICFR has been submitted to SBP by the Board Audit Committee (BAC) for the year 2016.

The Bank also successfully completed the cycle of review Internal Control over Financial Reporting for the year 2017 and the process shall continue going forward, under the SBP Internal Control Guidelines. In accordance with SBP's directives, the Annual Assessment Report for the year 2017 shall be submitted by Board Audit Committee to the State Bank of Pakistan by March 31, 2018.

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

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

On behalf of the Board

**Tariq Ahsan**  
President & CEO

Karachi  
March 07, 2018



## DISCLOSURE ON CONSUMER GRIEVANCES HANDLING MECHANISM

Sindh Bank recognizes Consumer Grievances Handling Mechanism as a key process in supporting its business and is all the time striving hard to promote a culture that values customer experience as an important factor to derive growth.

Towards achievement of this goal, Sindh Bank has put in place a fair and efficient mechanism for handling Consumer Grievances:

- 1- Customer lodges a complaint against the bank through call center, branch, email and Bank's website etc.
- 2- All complaints will be forwarded to the Complaint Management Unit (CMU) of the bank.
- 3- Customer complaints are acknowledged within two working days.
- 4- Complaints will be investigated and resolved within the time limit prescribed by the State Bank of Pakistan (Seven to Thirty days depending on the severity of the complaint).
- 5- In case a complaint is not resolved within the stipulated time, customer will be advised of the status through an interim reply.
- 6- In case a complaint is declined by the bank the customer will be provided with the alternative grievance redressal forums.

During the year 2017, 102 complaints were directly received by the bank and the average resolution time was 7 days.





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## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed statement of financial position of **Sindh Bank Limited** (the Bank) as at **31 December 2017** and the related profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement, together with the notes forming part thereof (here-in-after referred to as the 'financial statements') for the year then ended, in which are incorporated the unaudited certified returns from the branches except for eighteen 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 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 sixty percent of the total loans and advances of the Bank, we report that:

- (a) in our opinion proper books of account have been kept by the Bank as required by the Companies Ordinance, 1984 (XLVII of 1984) and the returns referred to above received from the branches have been found adequate for the purposes of our audit;
- (b) in our opinion:
  - (i) the statement of financial position and profit and loss account together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), and are in agreement with the books of account and are further in accordance with accounting policies consistently applied, except for the changes in accounting policies as disclosed in notes 3.3 to the accompanying financial statements with which we concur;
  - (ii) the expenditure incurred during the year was for the purpose of the Bank's business; and

- (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank.
- (c) in our opinion and to the best of our information and according to the explanations given to us the statement of financial position, profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement, together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), in the manner so required and give a true and fair view of the state of the Bank's affairs as at 31 December 2017 and its true balance of the profit, its comprehensive income, its cash flows and 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.

The unconsolidated financial statements for the year ended 31 December 2016 were audited by another firm of Chartered Accountants, whose audit report dated 07 March 2017 expressed an unmodified opinion on the aforementioned financial statements.

**Chartered Accountants**

**Audit Engagement Partner:** Shaikh Ahmed Salman

**Date:** 12 March 2018

**Karachi**





## PayPak, UnionPay & VISA Debit Cards

Sindh Bank VISA and UnionPay Debit Cards  
can be used anywhere in the world.  
PakPak Debit Cards can only be used in Pakistan.  
These Debit Cards keep your wallet light and  
your money safe.



## UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017





## Sindh Bank Limited Unconsolidated Statement of Financial Position As at December 31, 2017

	Note	2017 (Rupees in '000)	2016
<b>ASSETS</b>			
Cash and balances with treasury banks	6	9,679,582	7,500,675
Balances with other banks	7	3,023,451	791,478
Lendings to financial institutions	8	5,331,327	6,938,610
Investments - net	9	114,259,902	71,539,737
Advances - net	10	64,713,341	51,833,182
Operating fixed assets	11	1,654,427	1,825,483
Deferred tax assets - net	12	1,611,943	1,190,485
Other assets - net	13	4,208,503	4,735,723
		<b>204,482,476</b>	<b>146,355,373</b>
<b>LIABILITIES</b>			
Bills payable	14	905,423	714,212
Borrowings	15	50,971,174	8,910,738
Deposits and other accounts	16	134,207,056	119,022,240
Sub-ordinated loan		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net	12	-	-
Other liabilities	17	2,331,015	2,177,298
		<b>188,414,668</b>	<b>130,824,488</b>
<b>NET ASSETS</b>		<b>16,067,808</b>	<b>15,530,885</b>
<b>REPRESENTED BY</b>			
<b>Shareholders' equity</b>			
Share capital	18	10,010,130	10,010,130
Reserves		1,451,979	1,200,812
Unappropriated profit		5,175,820	4,185,911
		<b>16,637,929</b>	<b>15,396,853</b>
(Deficit) / surplus on revaluation of assets - net of deferred tax	19	(570,121)	134,032
		<b>16,067,808</b>	<b>15,530,885</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	20		

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

  
Chairman

  
President and Chief Executive Officer

  
Director

  
Director

  
Chief Financial Officer

## Annual Report 2017



## Sindh Bank Limited Unconsolidated Profit and Loss Account For the year ended December 31, 2017

	Note	2017 (Rupees in '000)	2016
Mark-up / return / interest earned	21	11,541,183	9,775,399
Mark-up / return / interest expensed	22	6,276,431	5,371,167
Net mark-up / return / interest income		<b>5,264,752</b>	<b>4,404,232</b>
Provision against non performing loans and advances - net	10.5.3	252,434	1,607,448
Provision for diminution in the value of investments - net		-	-
Bad debts written off directly		-	-
		<b>252,434</b>	<b>1,607,448</b>
Net mark-up / return / interest income after provisions		<b>5,012,318</b>	<b>2,796,784</b>
<b>Non mark-up / interest income</b>			
Fee, commission and brokerage income		453,691	358,828
Dividend income		156,062	141,517
Income from dealing in foreign currencies		103,555	52,754
Gain on sale of securities - net	23	604,425	2,933,656
Unrealised gain on revaluation of investments classified as 'held-for-trading'		-	-
Other income	24	9,963	9,195
Total non mark-up / interest income		<b>1,327,696</b>	<b>3,495,950</b>
		<b>6,340,014</b>	<b>6,292,734</b>
<b>Non mark-up / interest expenses</b>			
Administrative expenses	25	4,148,159	3,864,279
Other provisions / (reversals) against other assets		-	-
Other charges	26	9,421	525
Total non mark-up / interest expenses		<b>4,157,580</b>	<b>3,864,804</b>
		<b>2,182,434</b>	<b>2,427,930</b>
Extraordinary / unusual items		-	-
<b>Profit before taxation</b>		<b>2,182,434</b>	<b>2,427,930</b>
<b>Taxation</b>			
- Current		806,948	1,404,921
- Prior years		161,950	185,408
- Deferred		(42,299)	(553,225)
	27	<b>926,599</b>	<b>1,037,104</b>
<b>Profit after taxation</b>		<b>1,255,835</b>	<b>1,390,826</b>
<b>Basic and diluted earnings per share (Rupees)</b>	28	<b>1.25</b>	<b>1.39</b>

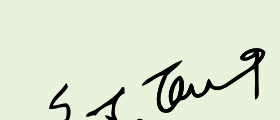
The annexed notes from I to 40 and Annexure I form an integral part of these unconsolidated financial statements.

  
Chairman

  
President and Chief Executive Officer

  
Director

  
Director

  
Chief Financial Officer



**Sindh Bank Limited**  
**Unconsolidated Statement of Comprehensive Income**  
**For the year ended December 31, 2017**

	Note	2017 (Rupees in '000)	2016
Profit after taxation		1,255,835	1,390,826
Other comprehensive income			
Components of comprehensive income reflected in equity			
Items that will be reclassified subsequently to profit and loss account		-	-
Items that will not be reclassified subsequently to profit and loss account:			
Measurement of net defined benefit liability		(22,706)	(5,639)
Related current tax credit		7,947	1,974
		(14,759)	(3,665)
Total comprehensive income for the year transferred to equity		1,241,076	1,387,161
Components of comprehensive income reflected below equity			
Items that will be reclassified subsequently to profit and loss account:			
Net change in fair value of available for sale securities		(1,083,312)	(961,303)
Related deferred tax credit		379,159	336,455
		(704,153)	(624,848)
Items that will not be reclassified subsequently to profit and loss account		-	-
Total comprehensive income		536,923	762,313

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

  
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Chief Financial Officer



**Annual Report**  
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**Sindh Bank Limited**  
**Unconsolidated Cash Flow Statement**  
**For the year ended December 31, 2017**

	Note	2017 (Rupees in '000)	2016
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		2,182,434	2,427,930
Less: Dividend income		(156,062)	(141,517)
		2,026,372	2,286,413
Adjustments:			
Depreciation	11.2	352,614	374,452
Amortisation	11.3	28,652	29,791
Provision against non-performing loans and advances - net	10.5.3	252,434	1,607,448
Written-off operating fixed assets		732	-
Charge for defined benefit plan	31	48,740	44,842
Gain on sale of operating fixed assets	24	(2,964)	(4,146)
		680,208	2,052,387
		2,706,580	4,338,800
(Increase) / decrease in operating assets			
Lendings to financial institutions		1,607,283	(6,938,610)
Advances - net		(13,132,593)	(9,271,541)
Other assets - net		552,355	(489,843)
		(10,972,955)	(16,699,994)
Increase / (decrease) in operating liabilities			
Bills payable		191,211	425,531
Borrowings		42,060,436	(18,249,959)
Deposits and other accounts		15,184,816	34,945,596
Other liabilities (excluding current taxation)		142,566	339,452
		57,579,029	17,460,620
Contribution to gratuity fund		49,312,654	5,099,426
Income tax paid	31	(50,481)	(49,287)
		(960,919)	(1,709,405)
Net cash flow from operating activities		48,301,254	3,340,734
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net investment in available-for-sale securities		(34,089,595)	(2,686,633)
Net investment in held-to-maturity securities		(9,713,882)	579,838
Investment in subsidiary		-	-
Dividend received		130,195	140,849
Investments in operating fixed assets		(222,548)	(342,988)
Sale proceeds of operating fixed assets disposed off	11.4	5,456	16,485
Net cash used in investing activities		(43,890,374)	(2,292,449)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Issue of share capital		-	10,181
Net cash flow from financing activities		-	10,181
Increase in cash and cash equivalents		4,410,880	1,058,466
Cash and cash equivalents at the beginning of the year		8,292,153	7,233,687
Cash and cash equivalents at the end of the year	29	12,703,033	8,292,153

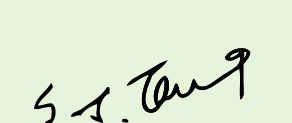
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Director

  
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Chief Financial Officer





## Sindh Bank Limited Unconsolidated Statement of Changes in Equity For the year ended December 31, 2017

	Capital Reserves		Revenue Reserves		Total
	Share Capital	Share Premium	Statutory Reserve *	Unappropriated profit **	
	(Rupees in '000)				
Balance as at January 01, 2016	10,000,000	-	922,596	3,076,915	13,999,511
Profit for the year ended December 31, 2016	-	-	-	1,390,826	1,390,826
Other comprehensive loss	-	-	-	(3,665)	(3,665)
Total comprehensive income for the year ended December 31, 2016	-	-	-	1,387,161	1,387,161
Transfer to statutory reserve	-	-	278,165	(278,165)	-
Issue of share capital	10,130	51	-	-	10,181
Balance as at December 31, 2016	10,010,130	51	1,200,761	4,185,911	15,396,853
Profit for the year ended December 31, 2017	-	-	-	1,255,835	1,255,835
Other comprehensive loss	-	-	-	(14,759)	(14,759)
Total comprehensive income for the year ended December 31, 2017	-	-	-	1,241,076	1,241,076
Transfer to statutory reserve	-	-	251,167	(251,167)	-
Balance as at December 31, 2017	10,010,130	51	1,451,928	5,175,820	16,637,929

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

\*\* As more fully explained in note 10.5.2 of these unconsolidated financial statements, unappropriated profit includes an amount of Rs.1,594.62 million net of tax as at December 31, 2017 (December 31, 2016: Rs.472.71 million) representing additional profit arising from availing forced sale value benefit for determining provisioning requirement which is not available for the purpose of distribution of dividend to shareholders.

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

Chairman

President and Chief Executive Officer

Director

Director

Chief Financial Officer

## Annual Report 2017



## Sindh Bank Limited Notes to the Unconsolidated Financial Statements For the year ended December 31, 2017

### 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 300 (2016: 260) branches including 8 (2016: 8) sub-branches and 14 (2016: 14) Islamic banking branches in Pakistan. The Bank's registered office is located at 3rd floor, Federation House, Abdullah Shah Ghazi Road, Clifton, Karachi, Pakistan.
- 1.2 The Government of Sindh, through its Finance Department owns 99.9% ordinary shares of the Bank.
- 1.3 JCR –VIS Credit Rating Company Limited has reaffirmed the Bank's medium to long term entity rating of 'AA' (Double A) with a 'Rating Watch-Developing' status and short term rating of 'A-I +' (A-One plus).
- 1.4 The State Bank of Pakistan (SBP) granted license to the Bank to conduct banking business subject to certain conditions which inter alia includes that the Bank shall get listed on stock exchange within three years from the date of commencement of business. The Bank, however, from time to time had obtained extensions in the time limit from SBP. During 2016, the Bank initiated the process of listing of its shares on Pakistan Stock Exchange (PSX). Approval of the draft Prospectus was given by PSX on October 25, 2016 with a deadline to publish the same in the newspapers by October 31, 2016. Publication of the Prospectus was however halted and the listing process was put on hold as the Government of Sindh (sole sponsor of Sindh Bank Limited) and the majority shareholders / sponsors of Summit Bank Limited agreed in principle, to consider a merger of the two institutions, with the Bank being the surviving entity. SBP's approval to conduct due diligence of Summit Bank was granted on December 27, 2016. On completion of the due diligence exercise, the Board of Directors and Shareholders of the respective banks had proposed a share swap ratio of 1:4.17 for which sanction was requested from SBP. However, subsequently, on the advice of SBP, it has been decided by the Board of Directors to re-start due diligence process to arrive at fresh swap ratio based on the audited financial statements for the year ended 31 December 2017 and accordingly, formal approvals from the Board, shareholders and the SBP will be obtained for finalization of the merger process.

### 2. BASIS OF PRESENTATION

- 2.1 These unconsolidated financial statements represent separate financial statements of the Bank. The consolidated financial statements of the Group are being issued separately.
- 2.2 These unconsolidated financial statements have been prepared on the format prescribed by SBP 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 SBP vide BPRD circular no. 2 dated January 25, 2018 has specified the new reporting format for the financial statements of banking companies. The new format has revised the disclosure requirements and will become applicable for the financial statements of the Bank for the year ending December 31, 2018.
- 2.3 In accordance with the directives of the Federal Government regarding the shifting of the Banking system to Islamic modes, the State Bank of Pakistan has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by Banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these unconsolidated financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon. The Islamic Banking branches of the Bank have complied with the requirements set out under the Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) and notified under the provisions of the repealed Companies Ordinance, 1984.
- 2.4 The financial results of the Islamic Banking branches have been consolidated in these unconsolidated financial statements for reporting purposes, after eliminating material inter-branch transactions / balances. Key financial figures of the Islamic Banking branches are disclosed in Annexure I to these unconsolidated financial statements.



### 3. STATEMENT OF COMPLIANCE

3.1 These unconsolidated 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 repealed Companies Ordinance, 1984, Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed 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 repealed Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the directives issued by the SBP and SECP shall prevail.

3.2 Effective May 30, 2017, the Companies Act, 2017 (the Act) has been promulgated, however, the Securities and Exchange Commission of Pakistan (SECP) vide its circular No. 23 of 2017 dated October 04, 2017 decided that the companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

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

IFRS 8, 'Operating Segments' is effective for the Bank's accounting period beginning on or after January 01, 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 categorization 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.

The SBP vide its BSD Circular No. 07 dated April 20, 2010 has clarified that for the purpose of preparation of financial statements in accordance with International Accounting Standard - 1 (Revised), 'Presentation of Financial Statements', two statement approach shall be adopted i.e. separate 'Profit and Loss Account' and 'Statement of Comprehensive Income' shall be presented and Balance Sheet shall be renamed as 'Statement of Financial Position'. The surplus / (deficit) on revaluation of available for sale (AFS) securities is required to be 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.

3.3 The Bank has adopted the following accounting standards, amendments and interpretations of IFRSs which became effective for the current year:

#### Standard or Interpretation

IAS 7 Statement of Cash Flows - Disclosure Initiative - (Amendment)

IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

#### Improvements to Accounting Standards Issued by the IASB

IFRS 12 Disclosure of Interests in Other Entities -  
Clarification of the scope of the disclosure requirements in IFRS 12

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any effect on the financial statements.

### 3.4 New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 2 – Share-based Payments – Classification and Measurement of Share-based Payments Transactions – (Amendments)	January 01, 2018
IFRS 10 – Consolidated Financial Statements and IAS 28 – Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – (Amendment)	Not yet finalized
IFRS 15 – Revenue from Contracts with Customers	July 01, 2018
IFRIC Interpretation 22 – Foreign Currency Transactions and Advance Consideration	January 01, 2018
IFRIC 23 – Uncertainty over Income Tax Treatments	January 01, 2019
IFRS 9 – Financial Instruments: Classification and Measurement	July 01, 2018
IFRS 9 Prepayment Features with Negative Compensation – (Amendments)	January 01, 2018
IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	January 01, 2018

The above standards, amendments and interpretations are not expected to have any material impact on the Bank's financial statements in the period of initial application. With regard to IFRS -9, the Bank considers that as the Prudential Regulations and other SBP directives currently provide the accounting framework for the measurement and valuation of investments and provision against non-performing financings, the implementation of IFRS-9 may require changes in the regulatory regime. Therefore, the Bank expects that the SBP would issue suitable guidance and instruction on the application of IFRS-9 for the banking sector of Pakistan.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016. Such improvements are generally effective for accounting periods beginning on or after January 01, 2018 and January 01, 2019. The Bank expects that such improvements to the standards will not have any material impact on the Bank's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 14 – Regulatory Deferral Accounts	January 01, 2016
IFRS 16 – Leases	January 01, 2019
IFRS 17 – Insurance Contracts	January 01, 2021

### 4. BASIS OF MEASUREMENT

#### 4.1 Accounting convention

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





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

#### 4.2 Critical accounting estimates and judgments

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

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

- i) classification and impairment against investments (notes 5.3 and 9);
- ii) classification and provision against advances (notes 5.4 and 10);
- iii) depreciation and amortization / useful lives of operating fixed assets (5.5 and 11);
- iv) taxation (note 5.7);
- v) staff retirement and other benefits (note 5.8);
- vi) fair value of derivatives (note 5.14); and
- vii) judgements made by management in identification and reporting segment information.

### 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### 5.1 Cash and cash equivalents

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.

#### 5.2 Repurchase / resale agreements

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 unconsolidated statement of financial position as investments and the counter party liability is included in borrowings from financial institutions. The difference between the sale and repurchase price is treated as mark-up / return expense and accrued over the period of the agreement using the effective interest rate method.

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

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



### 5.3 Investments

The bank classifies its investments as follows:

#### a) Held-for-trading

These are securities which are either acquired for generating profit from short-term fluctuations in market prices, interest rate movements, dealers 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, which do not fall under the held-for-trading and held-to-maturity categories.

#### d) Subsidiaries

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

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 unconsolidated 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 unquoted equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. Investments in other unquoted securities are valued at cost less impairment losses, if any.

Unrealized surplus / deficit arising on revaluation of quoted securities classified as 'available-for-sale' is disclosed below 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 unconsolidated profit and loss account.

Cost of investment is determined on moving average basis.

#### Impairment

Impairment loss in respect of investments classified as available-for-sale and held-to-maturity is recognized on the basis of management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in market value of an equity security is considered as an objective evidence of impairment, significant means 20% decline in market value as compared to cost, rebutted by in certain cases such as material market volatility, uncertainty and other market impacting external events, in which cases, a higher percentage is also considered by the management for determination of what is presumed as significant decline. Provision for diminution in the value of term finance certificates is made as per the requirements of Prudential Regulations issued by the State Bank of Pakistan. In case of impairment of available-for-sale securities, the cumulative loss that has been recognized directly in the surplus / (deficit) on revaluation of securities on the unconsolidated statement of financial position below equity is removed there from and recognized in the unconsolidated profit and loss account. For investments classified as held-to-maturity, the impairment loss is recognized in the unconsolidated 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.

#### Bai Maujjal

In Bai Maujjal, the Bank sells Shariah compliant instruments on credit to other financial institutions. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period. The difference between the sale and the credit price is recognised over the credit period and recorded as income.

### 5.4 Advances

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

#### Ijarah Financing

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

#### Diminishing Musharakah

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

### 5.5 Operating fixed assets and depreciation

#### a) Property and equipment - owned

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

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

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

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

#### 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 the 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 unconsolidated profit and loss account applying the straight line method at the rate specified in note 11, to these unconsolidated financial statements from the date an intangible asset is available for use. The useful life and amortisation method are reviewed and adjusted, if appropriate, at each date of unconsolidated statement of financial position.

### 5.6 Impairment of financial assets

The carrying amount of assets is reviewed at each reporting date to determine whether there is any indication of impairment of any asset or group of assets. If any such indication exists, the recoverable amount of such assets is estimated and impairment losses are recognized immediately in the unconsolidated financial statements. The resulting impairment loss is taken to the unconsolidated profit and loss account.

### 5.7 Taxation

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

#### a) Current

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

#### b) Deferred

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

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

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

### 5.8 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 (2015: 10 percent) of basic salary are made by both the Bank and the employees. The contributions are recognized as employee benefit expense when they are due.

#### b) Defined benefit plan

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





c) Compensated absences

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

**5.9 Provisions against liabilities**

Provisions are recognized when the Bank has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each date of unconsolidated statement of financial position and are adjusted to reflect the current best estimate.

**5.10 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.

**5.11 Revenue recognition**

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

**5.11.1** Mark-up / return / interest on loans and advances and return on investments are recognized on a time proportion basis using the effective interest rate method except that mark-up / return / interest on non-performing advances and investments is recognized on receipt basis, in accordance with the requirements of the Prudential Regulations issued by the SBP. Where debt securities are purchased at a premium or discount, such premium or discount is amortised through the unconsolidated profit and loss account over the remaining period of maturity.

**5.11.2** Dividend income from investments is recognized when the Bank's right to receive the dividend is established.

**5.11.3** Fees, brokerage and commission on letters of credit / guarantees and others is recognized on time proportion basis.

**5.11.4** Financial advisory fees is recognized when the right to receive the fees is established.

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

**5.11.6** Rentals from Ijarah is recognized as income over the term of the contract net of depreciation expense.

**5.11.7** Profit on Diminishing Musharakah is recognized in unconsolidated profit and loss account on accrual basis.

**5.12 Proposed dividend and transfers between reserves**

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

**5.13 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 unconsolidated profit and loss account.

**5.14 Financial instruments**

a) Financial assets and liabilities

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

b) Derivative financial instruments

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

**5.15 Offsetting**

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

**5.16 Segment reporting**

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

Business segments

a) Corporate Finance

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

It includes mortgage finance and personal loans to individual customers.

d) Commercial banking and others

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

**Geographical segments**

The Bank operates only in Pakistan.



#### 5.17 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.

#### 5.18 Earnings per share

The Bank presents basic earnings per share (EPS) which is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year / period. Diluted EPS is determined by adjusting the unconsolidated profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding adjusted for the effects of all dilutive potential ordinary shares, if any.

#### 5.19 Acceptances

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

#### 5.20 Commitments

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

#### 5.21 Provision against off balance sheet obligations

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

6. CASH AND BALANCES WITH TREASURY BANKS	Note	2017 (Rupees in '000)	2016
<b>In hand</b>			
Local currency	6.1	2,226,303	1,873,000
Foreign currency		181,013	77,766
		<b>2,407,316</b>	1,950,766
<b>With State Bank of Pakistan (SBP) in</b>			
Local currency current accounts	6.2	6,024,205	4,510,387
Foreign currency current accounts	6.3	51,816	5,156
Foreign currency deposit accounts			
- Non Remunerative	6.4	83,421	62,289
- Remunerative	6.5	230,932	168,666
		<b>6,390,374</b>	4,746,498
<b>With National Bank of Pakistan in</b>			
Local currency current account		863,596	786,674
Local currency Profit and loss (PLS) account		18,296	16,737
		<b>881,892</b>	803,411
		<b>9,679,582</b>	7,500,675

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6.1 This includes national prize bonds of Rs.3.13 (2016: Rs.1.03) 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 (FCY) cash reserve maintained with SBP to comply with statutory reserve requirement applicable to Bank's FCY deposits.

6.5 This represents foreign currency special cash reserve maintained with SBP. The Bank is entitled to earn profit which is declared by SBP on a monthly basis. During the period, the SBP has declared profits in the range of 0.06% to 0.37% (2016: Nil) per annum.

7. BALANCES WITH OTHER BANKS	Note	2017 (Rupees in '000)	2016
<b>In Pakistan</b>			
In current accounts		56,460	15,016
In saving accounts	7.1	15,935	90,746
In term deposit accounts	7.2	2,200,000	200,000
<b>Outside Pakistan</b>			
In current accounts	7.3	751,056	485,716
		<b>3,023,451</b>	791,478

7.1 This includes saving deposits with a commercial bank carrying profit at the rate of 3.75% (2016: 3.75%) per annum.

7.2 This represents term deposit accounts with commercial banks having maturity from January 2018 to March 2018 (2016: 3 months) carrying mark-up ranging from 6.76% to 7.20% (2016: 6.95%) per annum.

7.3 This includes Rs.521.74 (2016: Rs.201.87) million held in Automated Investment Plans. This balance is current in nature and in case this balance goes above a specified amount, the Bank is entitled to earn interest from the correspondent banks at the agreed rates.

8. LENDINGS TO FINANCIAL INSTITUTIONS	Note	2017 (Rupees in '000)	2016
Call money lendings		-	2,000,000
Bai Muajjal	8.2	364,577	-
Repurchase agreement lendings (reverse repo)	8.3 & 8.4	4,966,750	4,938,610
		<b>5,331,327</b>	6,938,610
<b>8.1 Particulars of lendings - by currency</b>			
Local currency		5,331,327	6,938,610
Foreign currency		-	-
		<b>5,331,327</b>	6,938,610

8.2 This represents outright purchase of Government Ijarah Sukuk from SBP on deferred payment basis (Bai-Muajjal), at a return of 5.27% (2016: Nil) per annum maturing on June 21, 2018 (2016: Nil).

8.3 This represents resale agreement lending with a commercial bank carrying mark-up at a rate of 5.78% (2016: 5.80%) per annum maturing on January 05, 2018 (2016: January 03, 2017).





#### 8.4 Securities held as collateral against lendings to financial institutions

	2017			2016		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
----- (Rupees in '000) -----						
Market Treasury Bills	4,974,450	-	4,974,450	-	4,940,415	4,940,415

#### 9. INVESTMENTS - NET

##### 9.1 Investments by types

###### Available-for-sale securities

		2017			2016		
	Note	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
----- (Rupees in '000) -----							
Pakistan Investment Bonds	9.2.1	17,774,769	20,970,031	38,744,800	49,193,663	-	49,193,663
Market Treasury Bills	9.2.2	21,810,464	30,325,395	52,135,859	8,233,454	1,249,209	9,482,663
Fully paid ordinary shares - listed	9.2.6	3,476,796	-	3,476,796	2,235,424	-	2,235,424
Term finance certificates - listed	9.2.9	99,840	-	99,840	99,880	-	99,880
Term finance certificates - unlisted	9.2.10	-	-	-	12,527	-	12,527
Units of mutual funds	9.2.11	613,493	-	613,493	613,533	-	613,533
Islamic funds REIT	9.2.12	99,000	-	99,000	99,000	-	99,000
Government of Pakistan - Ijarah Sukuk	9.2.5	952,926	-	952,926	200,000	-	200,000
Sukuk certificates	9.2.3 & 9.2.4	385,714	-	385,714	482,143	-	482,143
		45,213,002	51,295,426	96,508,428	61,169,624	1,249,209	62,418,833

###### Held-to-maturity securities

Pakistan Investment Bonds	9.2.1	16,846,115	-	16,846,115	7,458,429	-	7,458,429
Government of Pakistan - Ijarah Sukuk	9.2.5	-	-	-	239,729	-	239,729
Preference shares - listed	9.2.7	-	-	-	249,961	-	249,961
Preference shares - unlisted	9.2.8	61,305	-	61,305	-	-	-
Term finance certificates - listed	9.2.9	224,287	-	224,287	224,392	-	224,392
Term finance certificates - unlisted	9.2.10	754,686	-	754,686	-	-	-
		17,886,393	-	17,886,393	8,172,511	-	8,172,511

###### Investment in Subsidiary

Fully paid ordinary shares	9.3	750,000	-	750,000	750,000	-	750,000
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###### Total investments at cost

Less: Provision for diminution in value of investments	9.4	(7,810)	-	(7,810)	(7,810)	-	(7,810)
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###### Investments (net of provisions)

		63,849,395	51,295,426	115,144,821	70,092,135	1,249,209	71,341,344
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(Deficit) / surplus on revaluation of available-for-sale securities

19	(686,688)	(190,421)	(877,109)	206,208	(5)	206,203
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###### Total investments at market value - net of provisions

		63,154,897	51,105,005	114,259,902	70,290,533	1,249,204	71,539,737
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##### 9.2 Investments by segment

###### Federal Government Securities

		2017		2016	
	Note	(Rupees in '000)		(Rupees in '000)	
Pakistan Investment Bonds	9.2.1	55,590,915	56,652,092		
Market Treasury Bills	9.2.2	52,135,859	9,482,663		
Sukuk certificates	9.2.3	242,857	303,572		
Government of Pakistan - Ijarah Sukuk	9.2.5	952,926	439,729		
		108,922,557	66,878,056		

###### Fully paid ordinary shares

Listed companies	9.2.6	3,476,796	2,235,424
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###### Preference shares

	Note	2017 (Rupees in '000)	2016
Listed	9.2.7	-	249,961
Unlisted	9.2.8	61,305	-
		61,305	249,961

###### Term finance certificates

Listed	9.2.9	324,127	324,272
Unlisted	9.2.10	754,686	12,527
		1,078,813	336,799

###### Investment in Subsidiary - unlisted

9.3	750,000	750,000
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###### Other investments

Units of mutual funds	9.2.11	613,493	613,533
Islamic funds REIT	9.2.12	99,000	99,000
Sukuk certificates	9.2.4	142,857	178,571
		855,350	891,104

###### Total investments at cost

115,144,821	71,341,344
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Provision for diminution in value of investments

9.4	(7,810)	(7,810)
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###### Investments (net of provisions)

115,137,011	71,333,534
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(Deficit) / Surplus on revaluation of available-for-sale securities

19	(877,109)	206,203
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###### Total investments at market value - net of provisions

114,259,902	71,539,737
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**9.2.1** These securities have tenure of 10 to 20 (2016: 10 to 20) years. The effective yield on these investments ranges from 6.92% to 12.94% (2016: 6.92% to 12.98%) per annum with maturities from August 2021 to August 2031 (2016: August 2021 to August 2031).

**9.2.2** These securities are for a maximum period of 3 months (2016: 6 months). The effective yield on these investments ranges from 5.98% to 6.14% (2016: 5.78% to 5.90%) per annum with maturities from 1 months to 2 months (2016: 1 months to 2 months).

**9.2.3** This represents investment in sukuk certificates of WAPDA maturing on October 14, 2021 and carries profit at the rate 6M KIBOR plus 1.00% (2016: 6M KIBOR plus 1.00%) per annum payable semi annually.

**9.2.4** This represents investment in privately placed sukuk certificate of AL Baraka Bank Pakistan Limited maturing on September 26, 2021 and carries profit at the rate 6M KIBOR plus 1.25% (2016: 6M KIBOR plus 1.25%) per annum, payable semi-annually.

**9.2.5** This represents investment in Ijarah Sukuk of Government of Pakistan (GoP) having maturities from December 2018 to June 2020 (2016: December 2018) and carry profit at the rates ranging from 5.24% to 6.10% (2016: 3.98% to 5.45%) per annum.



## 9.2.6 Details of investments in shares of listed companies

	2017				2016			
	Rating	Number of shares	Market value	Cost	Rating	Number of shares	Market value	Cost
	----- (Rupees in '000) -----				----- (Rupees in '000) -----			
<b>Available-for-sale securities</b>								
Fully paid ordinary shares of Rs.10 each (unless stated otherwise)								
Pakistan Refinery Limited	A-/A2	108,100	3,803	7,682	A-/A2	108,100	4,716	7,682
Fauji Fertilizer Company Limited	AA/A1+	3,775,700	298,696	387,761	AA/A1+	3,701,600	386,336	479,074
Fauji Fertilizer Bin Qasim Limited	Unrated	7,318,000	260,082	362,224	Unrated	3,018,000	154,552	188,364
Fatima Fertilizer Company Limited	AA-/A1+	1,591,500	49,146	65,002	AA-/A1+	1,541,500	56,866	63,357
Amreli Steels Limited	-	-	-	-	A/A1	50,000	3,330	2,531
Crescent Steel & Allied Products Limited	-	-	-	-	A+/A-1	50,000	7,709	6,042
Mughal Iron & Steel Industries Limited	-	-	-	-	Unrated	150,000	13,224	10,651
Thatta Cement Company Limited	A-/A-2	3,375,000	74,250	102,852	A-/A-2	3,375,000	132,908	121,703
Nishat Chunian Power Limited	Unrated	3,950,500	130,011	176,658	A+/A-2	1,741,500	96,618	100,011
Hub Power Company Limited	AA+/A1+	445,000	40,495	57,071	AA+/A1+	445,000	54,949	57,071
Sui Southern Gas Company Limited	A+/A1	11,296,500	344,430	484,566	A+/A1	11,296,500	410,628	447,043
Sui Northern Gas Pipelines Limited	AA-/A1	2,728,800	258,172	361,177	AA-/A1	4,532,500	369,716	369,798
Pakistan Stock Exchange	Unrated	17,692,319	396,308	495,385	-	-	-	-
Silk Bank Limited	A-/A-2	31,962,500	50,501	58,517	-	-	-	-
Bank Al-Falah Limited	-	-	-	-	AA/A1+	1,110,000	42,136	31,201
National Bank of Pakistan	AAA/A1+	7,161,000	347,738	483,610	AAA/A1+	3,265,500	244,553	243,993
NIB Bank Limited	N/A	-	-	-	AA-/A1+	28,394,500	51,394	60,264
MCB Bank Limited	AAA/A1+	470,530	99,903	128,782	-	-	-	-
Summit Bank Limited	A-/A-1	82,427,063	228,323	305,509	A/A-1	11,546,585	50,805	46,639
<b>Total investment in shares of listed companies</b>			<b>2,581,858</b>	<b>3,476,796</b>			<b>2,080,440</b>	<b>2,235,424</b>

## 9.2.7 Details of investments in preference shares - listed

	2017				2016			
	Rating	Number of shares	Market value	Cost	Rating	Number of shares	Market value	Cost
Held to maturity securities			---- (Rupees in '000) ----				---- (Rupees in '000) ----	
Summit Bank Limited	-	-	-	-	A/A-1	24,996,067	249,961	249,961

## 9.2.8 Details of investments in preference shares - unlisted

	2017				2016			
	Rating	Number of shares	Market value	Amortized cost	Rating	Number of shares	Market value	Amortized cost
	----- (Rupees in '000) -----				----- (Rupees in '000) -----			
Held to maturity securities								
Al-Arabia Sugar Mills Limited	Unrated	6,130,480	61,305	61,305	-	-	-	-

## 9.2.9 Details of investment in term finance certificates - listed

2017						2016				
Note	Rating	Number of certificates	Face value per certificate	Market value	Cost	Rating	Number of certificates	Face value per certificate	Market value	Cost
----- (Rupees in '000) -----						----- (Rupees in '000) -----				
<b>Unsecured</b>										
<b>Available-for-sale securities</b>										
9.2.9.1	-	-	-	-	-	A+	20,000	5,000	101,014	99,880
	AAA	20,000	5,000	101,393	99,840	-	-	-	-	-
<b>Held-to-maturity securities</b>										
9.2.9.1	A- (SO)	44,982	5,000	224,287	224,287	A (SO)	44,982	5,000	224,392	224,392
				325,680	324,127				325,406	324,272

9.2.9.1 These term finance certificates are sub-ordinated in nature. 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.

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

Particulars	Coupon / Profit rates	Profit payment	Maturity
MCB Bank Limited (Formerly NIB Bank Limited) - second issue (unsecured)	6M KIBOR plus 1.15%	Semi-annually	June 19, 2022
Summit Bank Limited (unsecured)	6M KIBOR plus 3.25%	Semi-annually	October 27, 2018

## 9.2.10 Details of investment in term finance certificates - unlisted

	Note	2017					2016				
		Rating	Number of certificates	Paid-up value per certificate	Market value	Cost	Rating	Number of certificates	Paid-up value per certificate	Market value	Cost
					----- (Rupees in '000) ----					----- (Rupees in '000) ----	
<b>Held-to-maturity securities</b>											
Al-Arabia Sugar Mills Limited		-									
1st issue		Unrated	105,937	5,000	529,686	529,686	-	-	-	-	-
Silk Bank Limited - 1st issue	9.2.10.1	A-	45,000	5,000	225,000	225,000	-	-	-	-	-
<b>Available-for-sale securities</b>											
Faysal Bank Limited - 2nd issue		-	-	-	-	-	AA-	5,000	5,000	12,628	12,527
					<u>754,686</u>	<u>754,686</u>				<u>12,628</u>	<u>12,527</u>

9.2.10.1 These term finance certificates are sub-ordinated in nature. 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.

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

Particulars	Coupon / Profit rates	Profit payment	Maturity
Al-Arabia Sugar Mills Limited	6M KIBOR plus 0.20%	Semi-annually	December 30, 2026 (inclusive 1.5 years grace period)
Silk Bank Limited	6M KIBOR plus 1.85%	Semi-annually	August 10, 2025

## 9.2.11 Details of investments in mutual funds

	2017				2016				
	Rating	Number of units	Market / net asset value	Cost	Rating	Number of units	Market / net asset value	Cost	
			----- (Rupees in '000) -----				----- (Rupees in '000) -----		
Available for sale securities									
Open end									
National Investment Unit Trust	AM2++	5,594,093	394,775	500,000	AM2+	5,892,058	515,791	500,000	
Closed end									
PICIC Growth Fund	AM2	1,049,500	29,753	28,459	AM2	1,049,500	31,968	28,459	
PICIC Investment Fund	AM2	6,343,500	84,686	85,034	AM2	6,346,500	88,216	85,074	
			114,439	113,493			120,184	113,533	
Total investments in mutual funds			509,214	613,493				635,975	613,533

## 9.2.12 Details of investments in Islamic funds

Arif Habib Dolmen (REIT)	RR1	9,000,000	99,000	99,000	AM2-	9,000,000	96,570	99,000
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### 9.3 Particulars of investment in subsidiary

	Number of shares held	Paid -up value per share Rupees	Total book value (Rupees in '000)	Percentage holding	Break-up value per share Rupees	Based on audited accounts as at	Name of Chief Executive
Sindh Microfinance Bank Limited - unlisted (incorporated on March 27, 2015)	75,000,000	10.00	750,000	100%	10.66	December 31, 2017	Mr. Shoaib Arif

### 9.4 Particulars of provision for diminution in the value of investments - net

	Note	2017 (Rupees in '000)	2016
Opening balance		7,810	490
Charge for the year - through other comprehensive income		-	7,320
Closing balance	9.4.1	7,810	7,810

#### 9.4.1 Particulars of provision by type and segment

Available-for-sale securities			
Shares of listed companies		7,810	7,810

### 10. ADVANCES - NET

#### Loans, cash credits, agriculture, running finances etc.

- In Pakistan		54,364,488	47,168,443
<b>Commodity finance</b>			
- In Pakistan	10.2	11,552,078	6,245,905
<b>Islamic financing and related assets</b>			
- Diminishing musharakah financing	10.3	2,187,739	2,075,944
- Ijarah financing	10.4	103,583	74,647
		68,207,888	55,564,939

#### Bills discounted and purchased (excluding market treasury bills)

- Payable in Pakistan		794,124	404,430
- Payable outside Pakistan		110,154	10,204
		904,278	414,634

#### Advances - gross

#### Provision for non-performing advances

- Specific provision	10.5	(397,624)	(143,034)
- General provision against consumer and small enterprise advances	10.5.3.2	(1,201)	(3,357)
- General provision	10.5.3.1	(4,000,000)	(4,000,000)
		(4,398,825)	(4,146,391)
		64,713,341	51,833,182

#### Advances - net

#### 10.1 Particulars of advances - gross

10.1.1 In local currency	10.1.2	69,112,166	55,979,573
In foreign currency		-	-
		69,112,166	55,979,573

10.1.2 Short term (for upto one year)		39,313,913	29,108,692
Long term (for more than one year)		29,798,253	26,870,881
		69,112,166	55,979,573

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

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10.3 Diminishing musharakah financing	Note	2017 (Rupees in '000)	2016
Diminishing musharakah		2,187,739	2,075,944

10.4 Ijarah financing			
Net book value of assets	10.4.1	86,279	50,732
Advance against Ijarah financing		17,304	23,915
		103,583	74,647

#### 10.4.1 Particulars of assets under Ijarah

	2017							
	Cost			Accumulated Depreciation			Book Value	
	As at January 01	Additions	As at December 31	As at January 01	Charge	As at December 31	As at December 31	Rate of depreciation (%)
	(Rupees '000)							
Vehicle	33,455	56,701	90,156	8,848	14,874	23,722	66,434	Over the
Plant and machinery	27,605	-	27,605	1,480	6,280	7,760	19,845	Ijarah
Total	61,060	56,701	117,761	10,328	21,154	31,482	86,279	period

	2016							
	Cost			Accumulated Depreciation			Book Value	
	As at January 01	Additions	As at December 31	As at January 01	Charge	As at December 31	As at December 31	Rate of depreciation (%)
	(Rupees '000)							
Vehicle	15,724	17,731	33,455	1,808	7,040	8,848	24,607	Over the
Plant and machinery	-	27,605	27,605	-	1,480	1,480	26,125	Ijarah
Total	15,724	45,336	61,060	1,808	8,520	10,328	50,732	period

10.4.2 Future Ijarah payments receivable	Note	2017 (Rupees in '000)	2016
Not later than one year		27,378	14,028
Later than one year and not later than five years		58,901	36,704
		86,279	50,732

10.5 Advances include Rs.5,462.16 (2016: Rs.1,569.38) million which have been placed under non-performing status as detailed below:

	2017					2016				
Category of classification	Classified Advances			Provision Required	Provision Held	Classified Advances			Provision Required	Provision Held
	Domestic	Overseas	Total			Domestic	Overseas	Total		
Note	(Rupees '000)					(Rupees '000)				
Other Assets Especially Mentioned (OAE)	10.5.1	75,652	-	75,652	-	-	77,514	-	77,514	-
Substandard		2,775,339	-	2,775,339	54,265	54,265	727,957	-	727,957	4,878
Doubtful		900,000	-	900,000	3,884	-	139,090	-	139,090	20,291
Loss		1,711,164	-	1,711,164	339,475	339,475	624,814	-	624,814	117,865
		5,462,155	-	5,462,155	397,624	397,624	1,569,375	-	1,569,375	143,034



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

**10.5.2** The Bank has availed the benefit of forced sale value on plant and machinery under charge and mortgaged residential and commercial property (land and building only) held as collateral against non-performing advances on the basis of instructions of State Bank of Pakistan. Had the benefit not been taken by the Bank, specific provision against non-performing advances would have been higher by Rs.2,453.26 (2016: Rs.727.25) million. The resultant increase in profit due to FSV benefit taken will not be available for distribution as cash and stock dividend to shareholders.

**10.5.3 Particulars of provision against non-performing advances**

Note	2017			2016		
	Specific	General	Total	Specific	General	Total
----- (Rupees '000) -----						
Opening balance	143,034	4,003,357	4,146,391	37,420	2,501,523	2,538,943
Charge for the year						
- Specific provision	263,199	-	263,199	105,614	-	105,614
- General provision	-	-	-	-	1,500,000	1,500,000
- General provision against consumer and small enterprise advances	-	-	-	-	1,834	1,834
Reversals	(8,609)	(2,156)	(10,765)	-	-	-
Net charge	254,590	(2,156)	252,434	105,614	1,501,834	1,607,448
Amount written off	-	-	-	-	-	-
<b>Closing balance</b>	<b>397,624</b>	<b>4,001,201</b>	<b>4,398,825</b>	<b>143,034</b>	<b>4,003,357</b>	<b>4,146,391</b>

**10.5.3.1** In line with prudent policies, the Bank has made general provision against its loans and advances portfolio. This general provision is in addition to the requirements of the Prudential Regulations in relation to objective basis of provisioning.

**10.5.3.2** General provision against consumer loans represents provision maintained at an amount equal to 1% (2016: 1%) of the fully secured performing portfolio and 4% (2016: 4%) of the unsecured performing portfolio as required by the Prudential Regulations issued by SBP. General provision against Small Enterprise Financing represents provision maintained at an amount equal to 0% (2016: 1%) of the fully secured performing portfolio and 1% of the unsecured performing portfolio as required by the Prudential Regulations issued by SBP.

10.6 Particulars of loans and advances to directors, executives / officers associated companies, subsidiaries etc.	Note	2017	2016
		(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 the year		396,663	278,549
Loans granted during the year		180,005	225,376
Repayments made during the year		(119,379)	(107,262)
Balance at end of the year	10.6.1	457,289	396,663
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 the year		234,375	296,875
Loans granted during the year		743,253	-
Repayments made during the year		(698,117)	(62,500)
Balance at end of the year	10.6.2	279,511	234,375
		736,800	631,038

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

**10.6.2** This includes balance of loan outstanding of entities where more than 20% equity was acquired by the Government of Sindh.

11. OPERATING FIXED ASSETS	Note	2017	2016
		(Rupees in '000)	
Capital work-in-progress	11.1	24,481	31,064
Property and equipment	11.2	1,569,395	1,728,128
Intangible assets	11.3	60,551	66,291
		1,654,427	1,825,483

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

**11.2 Property and equipment - owned**

	2017							
	Cost			Accumulated depreciation				
	As at January 01	Additions / (disposals)	As at December 31	As at January 01	Charge for the year / (disposals)	As at December 31	Book value as at Decembe31	Rate of depreciation %
	----- (Rupees in '000) -----							
Leasehold improvements	1,039,601	87,043 -	1,126,644	191,227	53,026 -	244,253	882,391	5
Furniture and fixtures	473,086	18,672 (296)	491,462	184,152	47,781 (125)	231,808	259,654	10
Computer and office equipment	1,265,333	40,653 (2,459)	1,303,527	806,043	202,761 (1,993) -	1,006,811	296,716	33.33 & 20
Vehicles	262,737	50,737 (27,458)	286,016	131,207	49,046 (24,871)	155,382	130,634	20
	3,040,757	197,105 (30,213)	3,207,649	1,312,629	352,614 (26,989)	1,638,254	1,569,395	

	2016							
	Cost			Accumulated depreciation				
	As at January 01	Additions / (disposals)	As at December 31	As at January 01	Charge for the year / (disposals)	As at December 31	Book value as at Decembe31	Rate of depreciation %
----- (Rupees in '000) -----								
Leasehold improvements	1,014,723	24,878 -	1,039,601	140,122	51,106 -	191,227	848,374	5
Furniture and fixtures	449,376	23,710 -	473,086	137,776	46,377 -	184,152	288,934	10
Computer and office equipment	1,080,006	186,834 (1,507)	1,265,333	579,639	227,630 (1,225)	806,043	459,290	33.33 & 20
Vehicles	212,662	104,904 (54,829)	262,737	124,639	49,339 (42,771)	131,207	131,530	20
	2,756,767	340,326 (56,336)	3,040,757	982,176	374,452 (43,996)	1,312,629	1,728,128	





11.2.1 The cost of fully depreciated furniture and fixture, office and computer equipment still in use amounted to Rs.678.87 (2016: Rs.328.19) million.

#### 11.3 Intangible assets

2017		
Cost		Accumulated amortization
As at January 01	Additions	As at December 31
As at January 01		As at January 01
Amortization for the year		As at December 31
Book value as at December 31		Rate of amortization %
(Rupees in '000)		
186,841	22,912	209,753
120,550		28,652
149,202		60,551
20		
186,841	22,912	209,753
120,550		28,652
149,202		60,551
2016		
Cost		Accumulated amortization
As at January 01	Additions	As at December 31
As at January 01		As at January 01
Amortization for the year		As at December 31
Book value as at December 31		Rate of amortization %
(Rupees in '000)		
163,317	23,524	186,841
90,759		29,791
120,550		66,291
20		
163,317	23,524	186,841
90,759		29,791
120,550		66,291

#### 11.4 Disposals

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 -----					
<b>Vehicle</b>						
Honda Civic	1,794	1,794	-	-	As per Bank Policy	Mr. Saeeduddin Khan
Toyota Corolla XLI	1,628	895	733	-	As per Bank Policy	Mr. Fazal Ellahi (Late)
Toyota Corolla XLI	1,357	1,357	-	1,357	As per Bank Policy	Mr. Syed Farrukh Raza
Suzuki Mehran	678	181	497	625	Insurance Claim	Sindh Insurance Co Ltd
Suzuki Mehran	673	314	359	471	As per Bid	Mr. Rana Abdul Samad
Suzuki Cultus VXR	1,099	348	751	769	As per Bank Policy	Mr. Arshad Hussain
Aggregate of disposals not meeting criteria	20,229	19,982	247	1,623	As per Bank Policy/Bid	Various
	<u>27,458</u>	<u>24,871</u>	<u>2,587</u>	<u>4,845</u>		
<b>Office equipment</b>						
Aggregate of disposals not meeting criteria	2,394	1,946	448	421	Various	Various
<b>Computers</b>						
Aggregate of disposals not meeting criteria	65	47	18	19	Various	Various
<b>Furniture and fixture</b>						
Aggregate of disposals not meeting criteria	296	125	171	171	Various	Various
<b>December 31, 2017</b>	<u>30,213</u>	<u>26,989</u>	<u>3,224</u>	<u>5,456</u>		
December 31, 2016	<u>56,336</u>	<u>43,997</u>	<u>12,339</u>	<u>16,485</u>		

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#### 12. DEFERRED TAX ASSETS / (LIABILITIES) - net

Note	2017 (Rupees in '000)	2016
<b>Deductible temporary differences on:</b>		
- Provision against advances - general	1,400,000	1,400,000
- Provision for diminution in the value of investments	2,733	171
- Surplus / (deficit) on revaluation of investments - net	306,988	(72,171)
	<u>1,709,721</u>	<u>1,328,000</u>
<b>Taxable temporary differences on:</b>		
- Operating fixed assets - tangible	(88,584)	(127,651)
- Operating fixed assets - intangible	(9,194)	(9,864)
	<u>(97,778)</u>	<u>(137,515)</u>
	<u>1,611,943</u>	<u>1,190,485</u>

#### 12.1 Reconciliation of deferred tax

2017				2016			
Balance as at January 01	Recognized in profit and loss account	Recognized in equity	Balance as at December 31	Balance as at January 01	Recognized in profit and loss account	Recognized in equity	Balance as at December 31
(Rupees in '000)							
<b>Deductible temporary differences on:</b>							
- Provision against advances - general	1,400,000	-	-	1,400,000	875,000	525,000	-
- Provision for diminution in the value of investments	171	2,562	-	2,733	171	-	171
- (Deficit) / surplus on revaluation of investments	(72,171)	-	379,159	306,988	(408,626)	-	336,455
	<u>1,328,000</u>	<u>2,562</u>	<u>379,159</u>	<u>1,709,721</u>	<u>466,545</u>	<u>525,000</u>	<u>336,455</u>
<b>Taxable temporary differences on:</b>							
- Operating fixed assets - tangible	(127,651)	39,067	-	(88,584)	(155,221)	27,570	-
- Operating fixed assets - intangible	(9,864)	670	-	(9,194)	(10,519)	655	-
	<u>(137,515)</u>	<u>39,737</u>	<u>-</u>	<u>(97,778)</u>	<u>(165,740)</u>	<u>28,225</u>	<u>(137,515)</u>
	<u>1,190,485</u>	<u>42,299</u>	<u>379,159</u>	<u>1,611,943</u>	<u>300,805</u>	<u>553,225</u>	<u>1,190,485</u>

#### 13. OTHER ASSETS - NET

Accrued income on bank deposits, investments, COIs, placements and advances  
Accrued commission income  
Advances, deposits, advance rent and other prepayments  
Advance against term finance certificates and preference shares  
Receivable against sale of shares  
Unrealised gain on forward forex revaluation - net  
Insurance premium receivable against agriculture loans  
Stationery and stamps on hand  
Dividend receivable  
Receivable against I Link ATM settlement account  
Insurance claims receivable  
Other receivables

Note	2017 (Rupees in '000)	2016
	3,385,097	3,218,063
	11,210	322
	246,658	192,393
	-	608,183
	147,531	369,716
	64,115	-
	26,991	45,166
	10,088	12,359
	26,535	668
	273,165	275,379
	746	3,306
	16,367	10,168
	<u>4,208,503</u>	<u>4,735,723</u>
	905,423	714,212
	-	-
	<u>905,423</u>	<u>714,212</u>

#### 14. BILLS PAYABLE

In Pakistan  
Outside Pakistan



15. BORROWINGS	Note	2017	2016
		(Rupees in '000)	
In Pakistan		50,971,174	8,910,738
Outside Pakistan		-	-
15.1 Particulars of borrowings	15.1	50,971,174	8,910,738
In local currency		50,971,174	8,910,738
In foreign currency		-	-
		50,971,174	8,910,738
15.2 Details of borrowings			
Secured			
Borrowings from State Bank of Pakistan (SBP) under export refinance scheme	15.2.1	1,136,500	1,081,500
Repurchase agreement borrowings			
State Bank of Pakistan (SBP)	15.2.2	29,402,212	-
Other commercial banks / DFIs	15.2.3	8,434,593	6,187,415
		37,836,805	6,187,415
Call borrowings	15.2.4	11,997,869	-
Unsecured			
Call / Clean borrowings		-	1,641,823
		50,971,174	8,910,738
15.2.1	These represent borrowings from SBP under export refinance scheme at the rates ranging from 1.00% to 2.00% (2016: 1.00% to 2.00%) per annum having maturity upto six months.		
15.2.2	These represent repurchase agreement borrowings (2016: Nil) maturing on January 05, 2018. These borrowings are secured against Pakistan Investment Bonds and Treasury Bills and carry mark-up at 5.87% (2016: nil) per annum.		
15.2.3	These repurchase agreement borrowings are secured against Pakistan Investment Bonds and Treasury Bills and carry mark-up at rates ranging from 5.78% to 6.00% (2016: 5.78%) per annum. These borrowings are repayable latest by February 27, 2018. The carrying value of securities given as collateral against these borrowings is given in note 9.1.		
15.2.4	These represent call money borrowing from a commercial bank at the rate of 5.83% (2016: Nil) per annum with maturities in August and October 2018. The Bank has placed Pakistan Investment Bonds as collateral against these borrowings		
16. DEPOSITS AND OTHER ACCOUNTS	Note	2017	2016
		(Rupees in '000)	
Customers			
Fixed deposits		36,674,370	33,787,351
Savings deposits		49,675,892	44,489,694
Current accounts - non-remunerative		39,775,348	31,360,250
Margin and other accounts - non-remunerative		653,611	799,926
		126,779,221	110,437,221
Financial Institutions			
Remunerative deposits		7,262,182	8,454,596
Non-remunerative deposits		165,653	130,423
		7,427,835	8,585,019
16.1 Particulars of deposits	16.1	134,207,056	119,022,240
In local currency		132,599,636	117,854,636
In foreign currency		1,607,420	1,167,604
		134,207,056	119,022,240

17. OTHER LIABILITIES	Note	2017	2016
		(Rupees in '000)	
Mark-up / return / interest payable in local currency		1,322,913	1,173,337
Mark-up / return / interest payable in foreign currency		4,170	5,041
Accrued expenses		139,837	107,585
Net defined benefit liability	31.1.2	71,446	50,481
Provision for compensated absences	32	144,125	118,612
Unrealised loss against forward forex revaluation - net		-	45,039
Payable against purchase of operating fixed assets		99,853	45,892
Payable against purchase of shares		358,505	393,307
Retention money		67,872	60,459
Federal excise duty / sales tax on services payable		6,303	4,617
Provision for taxation - net		32,910	32,878
Withholding tax payable		16,821	8,866
Others		66,260	131,184
		2,331,015	2,177,298
18. SHARE CAPITAL			
18.1 Authorised capital			
		2017	2016
		Number of shares	
		1,200,000,000	1,200,000,000
	Ordinary shares of Rs.10 each	12,000,000	12,000,000
18.2 Issued, subscribed and paid-up share capital			
		2017	2016
		----- (Rupees in '000) -----	
		1,001,013,000	1,001,013,000
	Ordinary shares of Rs.10 each	10,010,130	10,010,130
	Fully paid in cash		
19. (DEFICIT) / SURPLUS ON REVALUATION OF ASSETS - NET OF DEFERRED TAX			
Available-for-sale securities			
Federal government securities		101,915	319,177
Fully paid ordinary shares - listed		(887,129)	(147,175)
Units of mutual funds (units / certificates)		(104,279)	21,272
Sukuk certificates		10,831	11,693
Term finance certificates		1,553	1,236
	9.1	(877,109)	206,203
Related deferred taxation	12	306,988	(72,171)
		(570,121)	134,032





## 20. CONTINGENCIES AND COMMITMENTS

### 20.1 Direct credit substitutes

Includes general guarantees of indebtedness in favor of:

Government

Banking companies and other financial institutions

Others

Note	2017 (Rupees in '000)	2016
	1,881,587	2,479,754
	1,530,553	382,618
	1,440,255	739,659
	<u>4,852,395</u>	<u>3,602,031</u>

### 20.2 Trade related contingent liabilities

- Others

	<u>4,713,833</u>	<u>4,953,626</u>
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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 are revocable commitments that 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 guarantees given, favoring others

	<u>393,990</u>	<u>248,638</u>
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### 20.5 Commitments in respect of forward rate agreements - currency

- Purchase

	<u>5,108,914</u>	<u>7,407,583</u>
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- Sale

	<u>4,798,804</u>	<u>6,960,019</u>
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### 20.6 Commitments in respect of repo / reverse repo transactions

- Sale and repurchase agreements

	<u>37,861,932</u>	<u>6,191,349</u>
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- Purchase and resale agreements

	<u>4,974,614</u>	<u>4,941,750</u>
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### 20.7 Other commitments

Against purchase of shares

	<u>-</u>	<u>23,591</u>
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## 21. MARK-UP / RETURN / INTEREST EARNED

On loans and advances to:

Customers

Note	2017 (Rupees in '000)	2016
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	<u>4,737,030</u>	<u>3,958,291</u>
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On investments in:

Available-for-sale securities

	<u>4,716,681</u>	<u>4,630,339</u>
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Held-to-maturity securities

	<u>1,818,558</u>	<u>987,771</u>
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On deposits with financial institutions

	<u>36,725</u>	<u>35,297</u>
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On securities purchased under resale agreements

	<u>134,496</u>	<u>132,371</u>
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On call / clean lending

	<u>97,693</u>	<u>31,330</u>
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	<u>11,541,183</u>	<u>9,775,399</u>
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## 22. MARK-UP / RETURN / INTEREST EXPENSED

Deposits

	<u>5,289,872</u>	<u>4,361,730</u>
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Securities sold under repurchase agreements

	<u>604,936</u>	<u>850,375</u>
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Other short term borrowings

	<u>381,623</u>	<u>159,062</u>
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	<u>6,276,431</u>	<u>5,371,167</u>
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## 23. GAIN ON SALE OF SECURITIES - NET

Federal government securities

- Market Treasury Bills

	<u>562</u>	<u>44</u>
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- Pakistan Investment Bonds

	<u>445,729</u>	<u>2,643,990</u>
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Others

- Units of mutual funds

	<u>26,632</u>	<u>36,174</u>
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- Shares of listed companies

	<u>131,202</u>	<u>253,048</u>
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- Other investments

	<u>300</u>	<u>400</u>
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	<u>604,425</u>	<u>2,933,656</u>
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## 24. OTHER INCOME

Incidental charges

24.1	<u>4,761</u>	<u>2,351</u>
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Gain on sale of operating fixed assets

	<u>2,964</u>	<u>4,146</u>
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Rent on property

	<u>1,800</u>	<u>2,240</u>
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Prequalification application fee for tender

	<u>134</u>	<u>108</u>
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Others

	<u>304</u>	<u>350</u>
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	<u>9,963</u>	<u>9,195</u>
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24.1 Includes account maintenance, statement issuance, bill collection and other charges recovered from customers.



25. ADMINISTRATIVE EXPENSES	Note	2017 (Rupees in '000)	2016
Salaries, allowances and other benefits	25.1	1,913,174	1,720,429
Contribution to defined benefit plan	31.1.4	48,740	44,842
Contribution to defined contribution plan	31.2	58,291	50,499
Non-Executive Directors' fees		19,450	12,325
Rent, taxes, insurance, electricity, etc.		814,207	752,065
Legal and professional charges		29,181	21,495
Communications		118,540	146,473
Repairs and maintenance		210,252	189,583
Stationery and printing		78,238	74,738
Security services		248,114	232,559
Advertisement and publicity		74,351	65,456
Auditors' remuneration	25.2	7,690	7,221
Depreciation	11.2	352,614	374,452
Amortization	11.3	28,652	29,791
Travelling and conveyance		20,029	20,418
Brokerage and commission		8,338	10,643
Fees and subscription		56,671	51,418
Miscellaneous expense		61,627	59,872
		<u>4,148,159</u>	<u>3,864,279</u>

25.1 This includes balance of compensated absences amounting to Rs.30.92 (2016: Rs.57.10) million. Further refer note 32.

25.2 Auditors' remuneration	Note	2017 (Rupees in '000)	2016
<b>Grant Thornton Anjum Rahman</b>			
Audit fee		-	2,855
Half yearly review		-	1,172
Certifications and other advisory services		-	2,575
Out-of-pocket expenses		1,131	619
		<u>1,131</u>	<u>7,221</u>
<b>EY Ford Rhodes</b>			
Audit fee		3,240	-
Half yearly review		1,620	-
Certifications and other advisory services		1,512	-
Out-of-pocket expenses		187	-
		<u>6,559</u>	<u>-</u>
		<u>7,690</u>	<u>7,221</u>

25.3 The Bank operates a short term employee benefit scheme which includes grant of special bonus to employees. Under this scheme, the special bonus for employees, including the President & Chief Executive Officer 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 Executives and Chief Executive Officer of the Bank amounted to Rs.35.19 (2016: Rs.23.37) million and Rs.3.13 (2016: Rs.23.66) million respectively and is included in salaries, allowances and benefits.

26. OTHER CHARGES	Note	2017 (Rupees in '000)	2016
Penalties imposed by the SBP		8,689	525
Others		732	-
		<u>9,421</u>	<u>525</u>
27. Relationship between tax expense and accounting profit			
Profit before tax		<u>2,182,434</u>	<u>2,427,930</u>
Tax on income @ 35% (2016: 35%)		763,852	849,776
Effects of prior year on current taxation		161,950	184,845
Effects of permanent differences		797	2,483
		<u>926,599</u>	<u>1,037,104</u>

27.1 The Income Tax returns of the Bank have been filed up to the tax year 2017 (accounting year ended December 31, 2016) and amendment of deemed assessment were carried out till tax year 2016, whereby certain disallowances to the taxable income were made.

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

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

After legislation of 18th amendment to the Constitution, Government of Sindh through the Sindh WWF Act, 2014 levy of SWWF was also introduced. As per Sindh WWF Act, 2014, banks/financial institutions are included in definition of "Industrial Establishment" Sindh WWF is imposed @ of 2% of the total income; Since the Bank's operations are in all the three other Provinces and Azad Jammu & Kashmir as well, the Bank along with other banks has filed a suit before Honorable Sindh High Court and challenged the vires of SWWF, which is pending for adjudication.



28. BASIC AND DILUTED EARNINGS PER SHARE	Note	2017 (Rupees in '000)	2016
Profit after taxation		<u>1,255,835</u>	<u>1,390,826</u>
		----- (Numbers) -----	
Weighted average number of ordinary shares		<u>1,001,013,000</u>	<u>1,000,334,899</u>
		----- (Rupees) -----	
Basic and diluted earnings per share		<u>1.25</u>	<u>1.39</u>

28.1 Diluted earnings per share has not been presented separately as the Bank does not have any convertible instruments in issue at December 31, 2017 or 2016.

29. CASH AND CASH EQUIVALENTS	Note	2017 (Rupees in '000)	2016
Cash and balances with treasury banks	6	<u>9,679,582</u>	<u>7,500,675</u>
Balances with other banks	7	<u>3,023,451</u>	<u>791,478</u>
		<u>12,703,033</u>	<u>8,292,153</u>
		----- (Numbers) -----	
Permanent		<u>1,466</u>	<u>1,501</u>
Temporary / on contractual basis		<u>240</u>	<u>210</u>
Bank's own staff strength at the end of the year		<u>1,706</u>	<u>1,711</u>
Outsourced	30.1	<u>403</u>	<u>388</u>
Total staff strength		<u>2,109</u>	<u>2,099</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 plan for all its permanent and full time employees in the management cadre who have completed the minimum qualifying period of three years. Contributions are made to the fund in accordance with the recommendations of an actuary. Employees are entitled to the benefits under the plan which comprise of the last drawn basic salary for each completed year of service, subject to completion of minimum three years services with the Bank.

##### 31.1.1 Principal actuarial assumptions

The latest actuarial valuation was carried out as at December 31, 2017 using the Projected Unit Credit Method. Following are the significant assumptions used in the actuarial valuation:

	2017	2016
- Discount rate	9.50%	9.50%
- Expected rate of increase in salaries	9.00%	9.00%
- Expected return on plan assets	9.50%	9.50%

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31.1.2 Reconciliation of net defined benefit liability	Note	2017 (Rupees in '000)	2016
Present value of defined benefit liability	31.1.5	<u>239,044</u>	<u>170,787</u>
Fair value of plan assets	31.1.6	<u>(167,598)</u>	<u>(120,306)</u>
Payable to defined benefit plan	31.1.3	<u>71,446</u>	<u>50,481</u>

#### 31.1.3 Movement in net defined benefit liability

Opening balance		<u>50,481</u>	<u>49,286</u>
Charge to profit and loss during the year	31.1.4	<u>48,740</u>	<u>44,842</u>
Remeasurement loss recognized in OCI	31.1.4	<u>22,706</u>	<u>5,639</u>
Bank's contribution`		<u>(50,481)</u>	<u>(49,286)</u>
Closing balance		<u>71,446</u>	<u>50,481</u>

#### 31.1.4 Charge for defined benefit plan

<b>In profit and loss</b>			
Current service cost		<u>46,342</u>	<u>42,378</u>
Interest cost - net		<u>2,398</u>	<u>2,464</u>
Charge for the year		<u>48,740</u>	<u>44,842</u>

#### **In other comprehensive income**

Remeasurement loss on defined benefit obligation		<u>16,048</u>	<u>3,653</u>
Remeasurement loss on plan assets		<u>6,658</u>	<u>1,986</u>
		<u>22,706</u>	<u>5,639</u>

#### 31.1.5 Changes in present value of defined benefit liability

Opening balance		<u>170,787</u>	<u>118,574</u>
Current service cost		<u>46,342</u>	<u>42,378</u>
Interest cost		<u>15,755</u>	<u>11,587</u>
Benefits paid		<u>(9,888)</u>	<u>(5,405)</u>
Actuarial loss / (gain) on obligations			
- Financial assumptions		<u>-</u>	<u>-</u>
- Experience assumptions		<u>16,048</u>	<u>3,653</u>
		<u>16,048</u>	<u>3,653</u>
Closing balance		<u>239,044</u>	<u>170,787</u>

#### 31.1.6 Fair value of plan assets

Fair value of plan assets at the beginning of the year		<u>120,306</u>	<u>69,288</u>
Expected return on plan assets		<u>13,357</u>	<u>9,123</u>
Bank's contributions		<u>50,481</u>	<u>49,286</u>
Benefits paid		<u>(9,888)</u>	<u>(5,405)</u>
Actuarial loss on assets - experience assumptions		<u>(6,658)</u>	<u>(1,986)</u>
Fair value of plan assets at the end of the year	31.1.7	<u>167,598</u>	<u>120,306</u>

#### 31.1.7 Plan assets comprise

Balance held in bank accounts		<u>167,598</u>	<u>120,306</u>
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### 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:

Note	2017	2016
	(Rupees in '000)	
Discount rate (1% variation)	<u>127,323</u>	<u>151,585</u>
Future salary growth (1% variation)	<u>165,072</u>	<u>194,690</u>
Future mortality (1 year variation)	<u>238,988</u>	<u>170,826</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 January 01, 2018 works out to Rs.30.28 (2016: Rs.47.03) million.

### 31.1.10 Maturity analysis

The weighted average duration of the defined benefit obligation works out to be 12.30 years. Expected benefit payments for the next five years are:

	2018	2019	2020	2021	2022
	----- Rupees in '000 -----				
Expected benefit payments	9,389	12,827	14,495	15,294	15,090

### 31.2 Defined contribution plan

The Bank operates a recognised provident fund plan for all its permanent employees. Equal monthly contributions are made, both by the Bank and its employees, to the fund at the rate of 10% of basic 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.116.58 (2016: Rs.100.99) million. The number of employees as at December 31, 2017 eligible under the plan were 1,448 (2016: 1,428).

## 32. COMPENSATED ABSENCES

The Bank grants compensated absences to all its regular employees as per service rules. Minimum qualifying period for encashment is three years of services. Regular employees are entitled to 30 days privilege leave for each completed year of service. Unutilized privilege leaves are accumulated upto a maximum of 60 days which would be encashed at the time of retirement from the regular service of the Bank or severance of service except in case of dismissal. These are encashable on the basis of last drawn gross salary. The Bank recognises the liability for compensated absences in respect of employees in the period in which these are earned up to the balance sheet date. The provision amount of Rs.144.13 (2016: Rs.118.61) million has been provided on the basis of actuarial recommendations.

32.1 Movement of compensated absences	Note	2017	2016
		(Rupees in '000)	
Opening balance		118,612	63,498
Expense for the year		30,918	57,101
Benefit paid for the year		(5,405)	(1,987)
Closing balance		<u>144,125</u>	<u>118,612</u>

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## 33. COMPENSATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	President / Chief Executive Officer		Directors		Executives	
	2017	2016	2017	2016	2017	2016
	----- (Rupees in '000) -----					
Fees	-	-	19,450	12,325	-	-
Managerial remuneration	14,545	11,008	-	3,097	428,152	355,296
Charge for defined benefit plan	1,247	814	-	-	25,039	21,601
Contribution for defined contribution plan	1,455	803	-	-	30,772	25,231
Rent and house maintenance	6,545	4,953	-	1,394	192,669	159,883
Utilities	1,455	1,101	-	310	42,815	35,530
Medical	1,455	1,101	-	310	42,815	35,530
Conveyance	610	510	-	158	109,350	84,355
Bonus	2,424	1,847	-	257	71,573	56,001
Others	1,905	2,392	1,517	1,603	50,397	40,632
	<u>31,641</u>	<u>24,529</u>	<u>20,967</u>	<u>19,454</u>	<u>993,582</u>	<u>814,059</u>
Number of Persons	<u>1</u>	<u>2</u>	<u>7</u>	<u>7</u>	<u>379</u>	<u>325</u>

**33.1** The Chief Executive Officer and certain executives of the Bank are provided with free use of the Bank's maintained cars.

**33.2** Executives mean employees, other than the President & 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 President & Chief Executive Officer of the Bank are also entitled to performance bonus which is disclosed in note 25.3 to these unconsolidated financial statements.

## 34. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 "Fair Value Measurement" defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy as stated in note 5.6 to these financial statements.

The repricing profile, effective rates and maturity profile are stated in note 38.3.5 to these financial statements.

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

### Fair value hierarchy

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

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

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



34.1 The table below analyses the financial and non-financial assets carried at fair values, by valuation methods. For financial assets, the Bank essentially carries its investments in debt and equity securities at fair values. Valuation of investments is carried out as per guidelines specified by the SBP.

	2017				
		Fair Value			
	Carrying value (Rupees in '000)	Level 1	Level 2	Level 3	Total
		----- (Rupees in '000) -----			
On balance sheet financial instruments					
Financial assets measured at fair value					
Available-for-sale securities					
Pakistan Investment Bonds	38,841,721	-	38,841,721	-	38,841,721
Market Treasury Bills	52,136,358	-	52,136,358	-	52,136,358
Shares of listed companies	2,581,857	2,581,857	-	-	2,581,857
Term finance certificates - Listed	101,393	-	101,393	-	101,393
Units of mutual funds	608,214	213,439	394,775	-	608,214
Sukuk bonds	1,353,966	-	1,353,966	-	1,353,966

**Off balance sheet financial instruments**

Foreign exchange contracts (purchase)	-	-	5,108,914	-	5,108,914
Foreign exchange contracts (sale)	-	-	4,798,804	-	4,798,804

	2016				
		Fair Value			
	Carrying value (Rupees in '000)	Level 1	Level 2	Level 3	Total
		----- (Rupees in '000) -----			
On balance sheet financial instruments					
Financial assets measured at fair value					
Available-for-sale securities					
Pakistan Investment Bonds	49,507,894	-	49,507,894	-	49,507,894
Market Treasury Bills	9,482,710	-	9,482,710	-	9,482,710
Shares of listed companies	2,080,439	2,080,439	-	-	2,080,439
Term finance certificates - listed	101,014	101,014	-	-	101,014
Term finance certificates - unlisted	12,629	-	12,629	-	12,629
Units of mutual funds	733,805	218,014	515,791	-	733,805
Sukuk bonds	698,735	-	698,735	-	698,735

**Off balance sheet financial instruments**

Foreign exchange contracts (purchase)	-	-	7,407,583	-	7,407,583
Foreign exchange contracts (sale)	-	-	6,960,019	-	6,960,019

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

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

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

The segment analysis with respect to business activities is as follows:

	2017				
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
	----- (Rupees in '000) -----				
Total income	7,619,710	1,532	-	5,247,637	12,868,879
Inter segment revenue - net	(6,781,650)	-	-	6,781,650	-
Total income - net	838,060	1,532	-	12,029,287	12,868,879
Total expenses	(1,114,196)	(1,434)	-	(9,570,815)	(10,686,445)
Net income / (loss) before tax	(276,136)	98	-	2,458,472	2,182,434
Segment assets	130,468,420	123,892	-	73,890,163	204,482,475
Segment liabilities	50,338,354	651	-	138,075,663	188,414,668
Segment return on assets (ROA) (%)	7.80%	9.46%	-	9.25%	-
Segment cost of funds (%)	5.87%	4.09%	-	4.00%	-

Includes inter-segment revenue / cost.



	2016				
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
	----- (Rupees in '000) -----				
Total income	8,900,326	-	-	4,371,023	13,271,349
Inter segment revenue - net	(4,681,580)	-	-	4,681,580	-
Total income - net	4,218,746	-	-	9,052,603	13,271,349
Total expenses	(1,119,069)	-	-	(9,724,350)	(10,843,419)
Net income before tax	3,099,677	-	-	(671,747)	2,427,930
Segment assets	86,415,355	-	-	59,940,018	146,355,373
Segment liabilities	8,325,801	-	-	122,498,687	130,824,488
Segment return on assets (ROA) (%)	11.49%	-	-	9.35%	-
Segment cost of funds (%)	7.60%	-	-	4.41%	-

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).

Transactions with related parties includes deposits, advances and other banking services which are carried out on an arm's length basis. Transaction 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 terms of the benefit plan. Remuneration of the President & Chief Executive Officer and directors are determined in accordance with the terms of their appointment.

Government of Sindh (GoS) through its Finance Department holds 99.9% shareholding in the Bank and therefore entities which are owned and / or controlled by the GoS, or where the GoS may exercise significant influence, are related parties of the Bank. The Bank in the ordinary course of business enters into transaction with Government-related entities. Such transactions include lending to, deposits from and provision of other banking services to such entities. However, it is impracticable to disclose transactions with all other entities owned or controlled by GoS.

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

2017			
Key management personnel	Directors	Associates / subsidiaries	Other related parties
----- (Rupees in '000) -----			
120,768	-	-	234,375
45,120	-	-	743,253
(24,384)	-	-	(698,117)
141,504	-	-	279,511
54,246	19,138	181,707	1,001,431
509,976	365,062	1,120,016	8,693,163
(453,066)	(306,098)	(1,297,470)	(8,813,448)
111,156	78,102	4,253	881,146
-	-	-	304,300
-	-	750,000	-
-	-	-	190,000
-	-	-	586
97	-	-	4,236
947	406	122	7,932
-	-	-	62,590
-	-	-	46,762
Year ended December 31, 2017			
5,567	-	-	21,627
3,145	2,560	4,423	106,565
18	4	184	24
-	-	-	35
-	-	-	1,800
-	-	-	2,475
183,469	-	-	-
5,265	-	-	-
4,606	-	-	-
19,740	-	-	-
-	19,450	-	-
-	1,517	-	-





2016

	Key management personnel	Directors	Associates / subsidiaries	Other related parties
----- (Rupees in '000) -----				
<b>Advances</b>				
Balance at the beginning of the year	31,480	-	-	296,875
Disbursed during the year	103,001	-	-	-
Repaid during the year	(13,713)	-	-	(62,500)
Balance at the end of the year	120,768	-	-	234,375
<b>Deposits</b>				
Balance at the beginning of the year	52,469	19,796	153,710	457,948
Received during the year	369,131	154,367	1,464,380	10,471,174
Withdrawals during the year	(367,354)	(155,025)	(1,436,383)	(9,927,691)
Balance at the end of the year	54,246	19,138	181,707	1,001,431
Purchase of Government securities	-	-	-	508,017
Investment in shares of subsidiary - outstanding	-	-	750,000	-
Sale of Government securities	-	-	-	799,537
Expenses recovered under agency arrangement	-	-	-	591
Mark-up receivable	69	-	-	4,972
Profit payable	367	163	326	10,824
Insurance premium paid	-	-	-	63,762
Sale proceeds received	-	-	-	10,157
<b>Year ended December 31, 2016</b>				
Mark-up / return / interest earned	1,596	-	-	22,536
Mark-up / return / interest expensed	2,096	1,379	14,834	41,997
Gain on sale of Government securities	-	-	-	346
Rental income	-	-	-	2,240
Remuneration paid	154,970	5,491	-	-
Contribution to provident fund	4,606	-	-	-
Provision for gratuity	3,916	-	-	-
Other staff benefits	16,354	257	-	-
Directors' meeting fee	-	12,325	-	-
Other expenses	-	1,380	-	-

As at the date of unconsolidated statement of financial position, loans/advances and deposits related to government related entities amounted to Rs.11,552.08 million (note 10.2) and Rs.66,230.26 million (note 16).The above includes deposits amounting to Rs.19,333.93 (2016: Rs.19,896.41) million received through the Finance Department, Government of Sindh.

### 37. CAPITAL ADEQUACY RATIO

- 37.1 The Basel-III Framework is applicable to the Bank both at the consolidated level (comprising of wholly owned subsidiaries) and on a stand alone basis. Subsidiary is included while calculating consolidated capital adequacy for the Bank using full consolidation method. Standardized approach is used for calculating the capital adequacy for credit and market risk, whereas, basic indicator approach (BIA) is used for operational risk capital adequacy purposes.

### 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; and
- 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 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, 2017. The raise was to be achieved in a phased manner. The paid-up capital of the Bank for the year ended December 31, 2017 stands at Rs.10.01 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					
		2014	2015	2016	2017	2018	2019
1	CET I	5.50%	6.00%	6.00%	6.00%	6.00%	6.00%
2	ADT-I	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
3	Tier-I	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%
5	* CCB	0.00%	0.25%	0.65%	1.275%	1.90%	2.50%
6	Total Capital plus CCB	10.00%	10.25%	10.65%	11.275%	11.90%	12.50%

\* (Consisting of CET I only)

### 37.3 Bank's regulatory capital is analysed into 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 37.5).
- Additional Tier I Capital (AT I), 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 AT I (refer to note 37.5).
- Tier 2 capital, which includes Subordinated debt / Instruments, share premium on issuance of Subordinated debt / instruments, general provisions for loan losses (up to a maximum of 1.25% of credit risk weighted assets), net of tax reserves on revaluation of fixed assets and equity investments up to a maximum of 45% of the balance and foreign exchange translation reserves after all regulatory adjustments applicable on Tier-2 (refer to note 37.5).



The required capital adequacy ratio (11.275% 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 risks 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 the 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.

#### 37.4 Leverage Ratio

The leverage ratio of the Bank as at December 31, 2017 is 7.13% (2016: 9.50%). The ratio has been computed as prescribed by the State Bank of Pakistan through instructions for Basel-III implementation in Pakistan.

As on December 31, 2017 total Tier I Capital of the Bank amounts to Rs.14,914 (2016: Rs.14,943) million whereas the total exposure measure amounts to Rs.208,981 (2016: Rs.157,330) million.

#### 37.5 Capital Adequacy

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.

##### 37.5.1 Capital Adequacy

###### Common Equity Tier I capital (CET I): Instruments and reserves

	2017 (Rupees in '000)	2016
1 Fully Paid-up Capital/ Capital deposited with SBP	10,010,130	10,010,130
2 Balance in Share Premium Account	51	51
3 Reserve for issue of Bonus Shares	-	-
4 Discount on Issue of shares	-	-
5 General/Statutory Reserves	1,451,928	1,200,761
6 Gain/(Losses) on derivatives held as Cash Flow Hedge	-	-
7 Unappropriated/unremitted profits/ (losses)	5,175,820	4,185,911
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	16,637,929	15,396,853
10 Total regulatory adjustments applied to CET I (note 37.6.1)	1,724,120	454,261
11 Common Equity Tier I	14,913,809	14,942,592

###### Additional Tier I (AT I) 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	-	-

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	2017 (Rupees in '000)	2016
18 Total regulatory adjustment applied to AT I capital (note 37.6.2)	-	-
19 Additional Tier I capital after regulatory adjustments	-	-
20 Additional Tier I capital recognized for capital adequacy	-	-
21 Tier I Capital (CET I + admissible AT I) (11+20)	14,913,809	14,942,592

###### Tier 2 Capital

22 Qualifying Tier 2 capital instruments under Basel III plus any related share premium	-	-
23 Tier 2 capital instruments subject to phase-out arrangement issued under pre-Basel 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	811,379	635,306
27 Revaluation Reserves (net of taxes)	-	-
28 of which: Revaluation reserves on fixed assets	-	-
29 of which: Unrealized gains/losses on AFS	-	134,032
30 Foreign Exchange Translation Reserves	-	-
31 Undisclosed/Other Reserves (if any)	-	-
32 T2 before regulatory adjustments	811,379	769,338
33 Total regulatory adjustment applied to T2 capital (note 37.6.3)	547,220	381,174
34 Tier 2 capital (T2) after regulatory adjustments	-	-
35 Tier 2 capital recognized for capital adequacy	-	-
36 Portion of Additional Tier I capital recognized in Tier 2 capital	-	-
37 Total Tier 2 capital admissible for capital adequacy	264,159	388,164
38 TOTAL CAPITAL (T1 + admissible T2) (21+37)	15,177,968	15,330,756
39 Total Risk Weighted Assets (RWA) {for details refer note 37.7}	96,873,102	87,624,250

###### Capital Ratios and buffers (in percentage of risk weighted assets)

40 CET I to total RWA	15.40%	17.05%
41 Tier-I capital to total RWA	15.40%	17.05%
42 Total capital to total RWA	15.67%	17.50%
43 Bank specific buffer requirement (minimum CET I requirement plus capital conservation buffer plus any other buffer requirement)	7.28%	6.65%
44 of which: capital conservation buffer requirement	1.28%	0.65%
45 of which: counter cyclical 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)	8.12%	10.40%

###### National minimum capital requirements prescribed by SBP

48 CET I minimum ratio	6.00%	6.00%
49 Tier I minimum ratio	7.50%	7.50%
50 Total capital minimum ratio	10.00%	10.00%
51 Total capital minimum ratio plus CCB	11.275%	10.65%



### 37.6 Regulatory Adjustments and Additional Information:

#### 37.6.1 Common Equity Tier I capital: Regulatory adjustments

	2017		2016	
	Amounts subject to Pre-Basel III treatment		Amounts subject to Pre-Basel III treatment	
	Amount		Amount	
----- Rupees in '000 -----				
1 Goodwill (net of related deferred tax liability)	-	-	-	-
2 All other intangibles (net of any associated deferred tax liability)	51,357	51,357	56,427	56,427
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	570,122	570,122	-	-
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)	817,503	654,003	38,056	22,834
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)	92,048	73,638	-	-
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 AT I and Tier 2 to cover deductions	-	375,000	-	375,000
22 Total regulatory adjustments applied to CET I (sum of 1 to 21)	1,531,030	1,724,120	94,483	454,261

#### 37.6.2 Additional Tier-I & Tier-I Capital: regulatory adjustments

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-Basel 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)

#### 37.6.3 Tier 2 Capital: regulatory adjustments

31 Portion of deduction applied 50:50 to Tier-I and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	-	375,000	-	375,000
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)	215,275	172,220	10,290	6,174
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)	215,275	547,220	10,290	381,174

#### 37.6.4 Additional Information

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

2017		2016	
Amounts subject to Pre-Basel III treatment		Amounts subject to Pre-Basel III treatment	
Amount		Amount	
----- Rupees in '000 -----			
-	-	-	-
-	375,000	-	375,000
-	-	-	-
-	-	-	-
-	375,000	-	375,000

-	375,000	-	375,000
-	-	-	-
-	-	-	-
215,275	172,220	10,290	6,174
-	-	-	-
215,275	547,220	10,290	381,174

2017	2016
----- Rupees in '000 -----	

-	-
-	-
2,634,423	1,582,389
-	-
2,634,423	1,582,389





### 37.6.5 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)

### 37.6.6 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

### 37.7 Capital Structure Reconciliation

Step 1

#### Assets

Cash and balances with treasury banks
Balanced with other banks
Lending to financial institutions
Investments
Advances
Operating fixed assets
Deferred tax assets
Other assets
<b>Total assets</b>

#### Liabilities and equity

Bills payable
Borrowings
Deposits and other accounts
Sub-ordinated loans
Liabilities against assets subject to finance lease
Deferred tax liabilities
Other liabilities
<b>Total liabilities</b>
 Share capital / head office capital account
Reserves
Unappropriated / unremitted profit / (losses)
Minority interest
Surplus on revaluation of assets
<b>Total equity</b>
<b>Total liabilities and equity</b>

2017      2016  
----- Rupees in '000 -----

-	-
-	-
<b>1,611,943</b>	<b>1,190,485</b>
<b>1,611,943</b>	<b>1,190,485</b>

-	-
-	-
-	-
-	-

As per published financial statements      Under regulatory scope of reporting  
**December 31, 2017**  
Rupees in '000

9,679,582	9,679,582
3,023,451	3,023,451
5,331,327	5,331,327
114,259,902	114,259,902
64,713,341	64,713,341
1,654,427	1,654,427
1,611,943	1,611,943
4,208,503	4,208,503
<b>204,482,476</b>	<b>204,482,476</b>

905,423	905,423
50,971,174	50,971,174
134,207,056	134,207,056
-	-
-	-
-	-
-	-
2,331,015	2,331,015
<b>188,414,668</b>	<b>188,414,668</b>

10,010,130	10,010,130
1,451,979	1,451,979
5,175,820	5,175,820
-	-
(570,121)	(570,121)
<b>16,067,808</b>	<b>16,067,808</b>
<b>204,482,476</b>	<b>204,482,476</b>

Step 2

#### Assets

Cash and balances with treasury banks
Balanced with other banks
Lending to financial institutions
Investments
- of which: non-significant capital investments in capital of other financial institutions exceeding 10% threshold
- of which: significant capital investments in financial sector entities exceeding regulatory threshold
- of which: mutual funds exceeding regulatory threshold
- of which: reciprocal crossholding of capital instrument
- of which: others (mention details)
Advances
Shortfall in provisions/ excess of total EL amount over eligible provisions under IRB
General provisions reflected in Tier 2 capital
Fixed assets
Deferred tax assets
- of which: DTAs excluding those arising from temporary differences
- of which: DTAs arising from temporary differences exceeding regulatory threshold
Other assets
- of which: goodwill
- of which: intangibles
- of which: Defined-benefit pension fund net assets
<b>Total assets</b>

#### Liabilities and equity

Bills payable
Borrowings
Deposits and other accounts
Sub-ordinated loans
- of which: eligible for inclusion in AT I
- of which: eligible for inclusion in Tier 2
Liabilities against assets subject to finance lease
Deferred tax liabilities
- of which: DTLs related to goodwill
- of which: DTLs related to intangible assets
- of which: DTLs related to defined pension fund net assets
- of which: other deferred tax liabilities
Other liabilities
<b>Total liabilities</b>

Share capital
- of which: amount eligible for CET I
- of which: amount eligible for AT I
Reserves
- of which: portion eligible for inclusion in CET I
- of which: portion eligible for inclusion in Tier 2

As per published financial statements      Under regulatory scope of consolidation      Reference  
**December 31, 2017**  
Rupees in '000

9,679,582	9,679,582
3,023,451	3,023,451
5,331,327	5,331,327
114,259,902	114,259,902
<b>826,223</b>	<b>826,223</b>
-	-
-	-
-	-
<b>113,433,679</b>	<b>113,433,679</b>
64,713,341	64,713,341
-	-
<b>811,459</b>	<b>811,459</b>
1,654,427	1,654,427
1,538,305	1,538,305
-	-
<b>73,638</b>	<b>73,638</b>
4,208,503	4,208,503
-	-
<b>60,551</b>	<b>60,551</b>
-	-
<b>204,482,476</b>	<b>204,482,476</b>

905,423	905,423
50,971,174	50,971,174
134,207,056	134,207,056
-	-
-	-
-	-
<b>9,194</b>	<b>9,194</b>
-	-
<b>9,194</b>	<b>9,194</b>
-	-
-	-
<b>2,331,015</b>	<b>2,331,015</b>
<b>188,414,668</b>	<b>188,414,668</b>

10,010,130	10,010,130
10,010,130	10,010,130
-	-
<b>1,451,979</b>	<b>1,451,979</b>
<b>1,451,979</b>	<b>1,451,979</b>
-	-



	As per published financial statements	Under regulatory scope of consolidation	Reference
Step 2	December 31, 2017		
	Rupees in '000		
Unappropriated profit / (losses)	5,175,820	5,175,820	w
Minority interest	-	-	
- of which: portion eligible for inclusion in CET I	-	-	x
- of which: portion eligible for inclusion in AT I	-	-	y
- of which: portion eligible for inclusion in Tier 2	-	-	z
(Deficit) on revaluation of assets	(570,121)	(570,121)	
- of which: revaluation reserves on property	-	-	
- of which: unrealized gains / (losses) on AFS	-	-	aa
- In case of deficit on revaluation (deduction from CET I)	570,121	570,121	ab
<b>Total equity</b>	<b>16,067,808</b>	<b>16,067,808</b>	
<b>Total liabilities and equity</b>	<b>204,482,476</b>	<b>204,482,476</b>	

Step 3	Source based on reference number from step 2	Source based on reference number from step 2
	Rupees in '000	
<b>Common Equity Tier I capital (CET I): Instruments and reserves</b>		
1 Fully paid-up capital / capital deposited with SBP	10,010,130	(s)
2 Balance in share premium account	51	
3 Reserve for issue of bonus shares	-	
4 General / statutory reserves	1,451,928	(u)
5 Gain / (loss) on derivatives held as cash flow hedge	-	
6 Unappropriated / unremitted profits / (losses)	5,175,820	(w)
7 Minority Interests arising from CET I capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET I capital of the consolidation group)	-	(x)
<b>8 CET I before Regulatory Adjustments</b>	<b>16,637,929</b>	
<b>Common Equity Tier I capital: Regulatory Adjustments</b>		
9 Goodwill (net of related deferred tax liability)	-	(j) - (o)
10 All other intangibles (net of any associated deferred tax liability)	51,357	(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 CET I capital instruments	-	(d)
15 Cash flow hedge reserve	-	
16 Investment in own shares/ CET I 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	570,121	(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)	654,003	(a) - (ac) - (ae)

Step 3		Source based on reference number from step 2	Source based on reference number
		Rupees in '000	
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)	73,638	(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 CET I 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 CET I due to insufficient AT I and Tier 2 to cover deductions	375,000	
30	<b>Total regulatory adjustments applied to CET I</b>	<b>1,724,119</b>	
31	<b>Common Equity Tier I Additional Tier I (AT I) Capital</b>	<b>14,913,810</b>	
32	Qualifying additional Tier-I instruments plus any related share premium	-	
33	- of which: classified as equity	-	(t)
34	- of which: classified as liabilities	-	(m)
35	Additional Tier-I capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT I)	-	(y)
36	- of which: instrument issued by subsidiaries subject to phase out	-	
37	<b>AT I before regulatory adjustments</b>	<b>-</b>	
<b>Additional Tier I Capital: regulatory adjustments</b>			
38	Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-	
39	Investment in own AT I capital instruments	-	
40	Reciprocal cross holdings in additional Tier I 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-I capital	375,000	
44	Regulatory adjustments applied to additional Tier I due to insufficient Tier 2 to cover deductions	-	
45	<b>Total of regulatory adjustment applied to AT I capital</b>	<b>375,000</b>	



Step 3

Source based  
on reference  
number from  
step 2

Source  
based  
on reference  
number

Rupees in '000

46 Additional Tier I capital  
47 **Additional Tier I capital recognized for capital adequacy**

-

48 **Tier I Capital (CET I + admissible ATI)**

14,913,810

**Tier 2 Capital**

49 Qualifying Tier 2 capital instruments under Basel III  
50 Capital instruments subject to phase out arrangement from tier 2 (Pre-Basel III instruments)

-

(n)

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

811,459

(g)

54 Revaluation reserves eligible for Tier 2

-

55 - of which: portion pertaining to Property

-

portion of (aa)

56 - of which: portion pertaining to AFS securities

-

57 Foreign exchange translation reserves

-

(v)

58 Undisclosed / other reserves (if any)

-

59 **T2 before regulatory adjustments**

811,459

**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

375,000

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)

172,220

(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

547,220

66 Tier 2 capital (T2)

264,239

67 Tier 2 capital recognized for capital adequacy

264,239

68 Excess additional Tier I capital recognized in Tier 2 capital

-

69 Total Tier 2 capital admissible for capital adequacy

264,239

**Total capital (T1 + admissible T2)**

15,178,049

37.8 Main features template of Regulatory Capital Instruments

1	Issuer	Sindh Bank Ltd
2	Unique identifier (e.g PSX Symbol or Bloomberg identifier etc.)	Un-quoted
3	Governing law(s) of the instrument	Laws applicable in Pakistan
	<b>Regulatory treatment</b>	
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	Group & Solo
7	- Instrument type	Ordinary Shares
8	Amount recognized in regulatory capital (currency in PKR thousands as of reporting date)	10,010,130
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	
	<b>Convertible or non-convertible</b>	Non-convertible
23	If convertible, conversion trigger(s)	Not applicable
24	If convertible, fully or partially	Not applicable
25	If convertible, conversion rate	Not applicable
26	If convertible, mandatory or optional conversion	Not applicable
27	If convertible, specify instrument type convertible into	Not applicable
28	If convertible, specify issuer of instrument it converts into	Not applicable
	Write-down feature	
29	If write-down, write-down trigger(s)	Not applicable
30	If write-down, full or partial	Not applicable
31	If write-down, permanent or temporary	Not applicable
32	If temporary write-down, description of write-up mechanism	Not applicable
33	Position in subordination hierarchy in liquidation (specify instrument) type immediately senior to instrument	Residual Interest
34	Non-compliant transitioned features	No
35	If yes, specify non-compliant features	Not applicable





### 37.9 Risk Weighted Assets

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

2017		2016	
Capital Requirements	Risk Weighted Assets	Capital Requirements	Risk Weighted Assets
(Rupees in '000)			

#### Credit Risk:

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

Cash and cash equivalents	-	-	-	-
Sovereign	-	-	-	-
Public sector entities	5,149	51,494	16,079	160,787
Banks	108,345	1,083,452	122,961	1,229,611
Corporate	4,023,993	40,239,929	3,442,382	34,423,821
Retail	188,278	1,882,779	188,409	1,884,092
Residential mortgages	12,184	121,836	11,444	114,441
Past due loans	577,705	5,777,048	157,316	1,573,164
Deferred tax assets	381,815	3,818,145	295,155	2,951,553
Listed equity investment	38,983	389,828	58,176	581,756
Un-listed equity investment	9,196	91,958	-	-
Operating fixed assets	159,388	1,593,875	175,919	1,759,193
Other assets	62,580	625,795	84,851	848,510
	5,567,616	55,676,139	4,552,692	45,526,928

#### Off-Balance sheet:

##### Non-market related

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

##### Market related

Foreign exchange contracts/ derivatives etc.

918,905	9,189,047	525,953	5,259,529
4,514	45,140	3,801	38,011
923,419	9,234,187	529,754	5,297,540

TOTAL CREDIT RISK	(a)	6,491,035	64,910,326	5,082,446	50,824,468
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#### Market Risk:

Capital Requirement for portfolios subject to  
standardized approach

Interest rate risk	1,688,026	16,880,264	2,265,247	22,652,465
Equity position risk	507,214	5,072,138	555,238	5,552,376
Foreign exchange risk	11,897	118,968	2,702	27,020
<b>TOTAL MARKET RISK</b>	(b) 2,207,137	22,071,370	2,823,187	28,231,861

#### Operational Risk:

Capital Requirement for portfolios  
subject to basic indicator approach

Operational risk	(c)	989,141	9,891,406	856,792	8,567,921
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TOTAL RISK WEIGHTED ASSETS	(a)+(b)+(c)	9,687,313	96,873,102	8,762,425	87,624,250
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#### Capital Adequacy Ratios

	2017		2016	
	Required	Actual	Required	Actual
CET I to total RWA	6.00%	15.40%	6.00%	17.05%
Tier-I capital to total RWA	7.50%	15.40%	7.50%	17.05%
Total capital to total RWA	10.00%	15.67%	10.00%	17.50%
Total capital plus CCB to total RWA	11.275%	15.67%	10.65%	17.50%

### 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 is primarily focused on small and medium sized secured loans in agriculture, SME and consumer products. Large corporate, commercial and industrial loans are provided on selective basis whose policy is 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 using the auto risk system and reports to the CEO and the BRMC on a regular basis.

#### 38.2 Segments by class of business

##### 38.2.1 Segmental information

Segmental information by the class / nature of business and segment by distribution of advances, deposits & contingencies is given below:



	2017					
	Advances (Gross)		Deposits		Contingencies and commitments	
	(Rupees in '000)	Percent	(Rupees in '000)	Percent	(Rupees in '000)	Percent
Chemical and pharmaceuticals	1,471,125	2.13%	2,241,584	1.67%	82,331	0.13%
Agriculture business	1,872,350	2.71%	2,099,868	1.56%	-	-
Manufacturing of textile	291,210	0.42%	105,643	0.08%	433,368	0.69%
Cement	373,223	0.54%	3,019	0.00%	-	-
Transport, storage and communication	1,341,428	1.94%	443,966	0.33%	25,225	-
Importers / exporters	344,651	0.50%	272,701	0.20%	209,189	0.33%
Wholesale and retail trade	793,957	1.15%	4,008,679	2.99%	192,616	0.31%
Mining and quarrying	3,156,122	4.57%	60,890	0.05%	120,834	0.19%
Hotel and restaurants	1,038,560	1.50%	60,814	0.05%	-	-
Petroleum	132,463	0.19%	142,592	0.00%	1,362,052	-
Media channel	1,101,572	1.59%	-	0.00%	-	-
Manufacture of basic iron and steel	2,280,460	3.30%	61,773	0.05%	265,565	0.42%
Sugar	20,791,965	30.08%	194,371	0.14%	324,055	0.52%
Automobile and transportation equipment	2,711,143	3.92%	191,383	0.14%	665,443	1.06%
Financial	3,611,767	5.23%	10,498,483	7.82%	53,494,264	85.31%
Rice	340,252	0.49%	58,765	0.04%	-	-
Construction, real estate and societies	4,439,688	6.42%	5,944,410	4.43%	977,303	1.56%
Public sector - provincial government funds / departments	-	-	19,333,927	14.41%	-	-
Food	12,096,598	17.50%	78,765	0.06%	133,272	0.21%
Insurance	17,537	-	129,495	0.10%	-	-
Power, electricity and gas	6,492,534	9.39%	2,537,379	1.89%	2,135,452	3.41%
Education	54,208	0.08%	11,859,253	8.84%	40,678	-
Individuals	524,319	0.76%	11,274,998	8.40%	-	-
Others	3,835,034	5.56%	62,604,298	46.66%	2,242,835	3.58%
<b>Total</b>	<b>69,112,166</b>	<b>100%</b>	<b>134,207,056</b>	<b>100%</b>	<b>62,704,482</b>	<b>100%</b>

	2016					
	Advances (Gross)		Deposits		Contingencies and commitments	
	(Rupees in '000)	Percent	(Rupees in '000)	Percent	(Rupees in '000)	Percent
Chemical and pharmaceuticals	960,124	1.72%	1,485,771	1.25%	22,893	0.07%
Agri-business	2,567,016	4.59%	2,002,432	1.68%	-	-
Manufacturing of textile	167,442	0.30%	144,630	0.12%	413,386	1.21%

	2016					
	Advances (Gross)		Deposits		Contingencies and commitments	
	(Rupees in '000)	Percent	(Rupees in '000)	Percent	(Rupees in '000)	Percent
Cement	432,121	0.77%	81,059	0.07%	-	-
Transport, storage and communication	1,122,293	2.00%	995,841	0.84%	-	-
Importers / exporters	378,983	0.68%	198,700	0.17%	127,147	0.37%
Wholesale and retail trade	414,094	0.74%	4,396,380	3.69%	173,299	0.51%
Mining and quarrying	2,758,299	4.93%	69,434	0.06%	20,420	0.06%
Hotel and restaurants	1,074,455	1.92%	96,894	0.08%	-	-
Manufacture of basic iron and steel	1,985,919	3.55%	17,005	0.01%	107,912	0.31%
Sugar	16,484,721	29.45%	269,064	0.23%	121,294	0.35%
Automobile and transportation equipment	2,597,492	4.64%	147,097	0.12%	1,197,805	3.49%
Financial	2,458,866	4.39%	8,573,048	7.20%	26,097,164	76.07%
Rice	318,184	0.57%	70,053	0.06%	-	-
Construction, real estate and societies	4,375,160	7.82%	7,427,251	6.24%	1,157,825	3.38%
Public sector - provincial government funds / departments	-	-	19,896,414	16.72%	-	-
Food	6,781,675	12.11%	155,090	0.13%	189,562	0.55%
Insurance	-	-	11,971	0.01%	-	-
Power, electricity and gas	6,396,929	11.43%	565,145	0.47%	1,626,946	4.74%
Education	170,939	0.31%	10,315,436	8.67%	1,150	0.00%
Individuals	415,890	0.74%	8,923,446	7.50%	-	-
Others	4,118,971	7.37%	53,180,079	44.69%	3,048,193	8.89%
<b>Total</b>	<b>55,979,573</b>	<b>100%</b>	<b>119,022,240</b>	<b>100%</b>	<b>34,304,996</b>	<b>100%</b>

38.2.2 Details of non-performing advances and specific provisions by class of business segment

	2017			2016		
	Classified Advances	Specific provision held	Percentage	Classified Advances	Specific provision held	Percentage
	(Rupees in '000)		%	(Rupees in '000)		%
Agriculture business	313,622	67,997	5.73%	297,846	29,268	18.97%
Importers / exporters	48,478	18,498	0.89%	18,498	18,498	1.18%
Sugar	3,754,252	150,034	68.73%	500,000	84,128	32.00%
Wholesale and retail trade	195,922	9,747	3.59%	-	-	0.00%
Construction, real estate and societies	760,463	107,471	13.92%	616,686	-	39.00%
Food	188,660	43,877	3.45%	88,779	11,140	6.00%
Others	200,758	-	3.68%	47,566	-	3.03%
<b>Total</b>	<b>5,462,155</b>	<b>397,624</b>	<b>100%</b>	<b>1,569,375</b>	<b>143,034</b>	<b>100%</b>



### 38.2.3 Segment by sector

Public / Government  
Private  
**Total**

2017					
Advances (Gross)		Deposits		Contingencies and commitments	
(Rupees in '000)	Percent	(Rupees in '000)	Percent	(Rupees in '000)	Percent
11,552,078	16.71%	79,666,844	59.36%	178,644	0.28%
57,560,088	83.29%	54,540,212	40.64%	62,525,838	99.72%
69,112,166	100%	134,207,056	100%	62,704,482	100%

Public / Government  
Private  
**Total**

2016					
Advances (Gross)		Deposits		Contingencies and commitments	
(Rupees in '000)	Percent	(Rupees in '000)	Percent	(Rupees in '000)	Percent
6,245,905	20.15%	68,044,899	58.07%	248,586	0.72%
49,733,668	79.85%	50,977,341	41.93%	34,056,410	99.28%
55,979,573	100%	119,022,240	100%	34,304,996	100%

### 38.2.4 Details of non-performing advances and specific provisions by sector

Public / Government  
Private  
**Total**

2017			2016		
Classified Advances	Specific provision held	Percentage	Classified Advances	Specific provision held	Percentage
----- (Rupees in '000) -----		%	----- (Rupees in '000) -----		%
-	-	-	-	-	-
5,462,155	397,624	100%	1,569,375	143,034	100%
5,462,155	397,624	100%	1,569,375	143,034	100%

### 38.2.5 Geographical segment analysis

Pakistan

2017			
Profit before taxation	Total assets employed	Net assets employed	Contingencies and commitments
----- (Rupees in '000) -----			
2,182,434	204,482,476	16,067,808	62,704,482

Pakistan

2016			
Profit before taxation	Total assets employed	Net assets employed	Contingencies and commitments
----- (Rupees in '000) -----			
2,427,930	146,355,373	15,530,885	34,304,996

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### 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. foreign exchange settlement failures can arise from counter party default, operational problems, market liquidity constraints and other factors.

Pakistani Rupee  
United States Dollar  
Great Britain Pound  
Euro  
Japanese Yen  
Canadian Dollar  
Saudi Riyal  
UAE Dirham

2017			
Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
----- (Rupees in '000) -----			
203,184,239	186,803,081	(310,109)	16,071,049
1,031,318	1,244,601	145,875	(67,408)
166,008	280,138	132,900	18,770
63,060	86,848	31,334	7,546
1,081	-	-	1,081
17,736	-	-	17,736
1,341	-	-	1,341
17,692	-	-	17,692
204,482,475	188,414,668	-	16,067,807

Pakistani Rupee  
United States Dollar  
Great Britain Pound  
Euro  
Japanese Yen  
UAE Dirham

2016			
Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
----- (Rupees in '000) -----			
145,555,780	129,651,840	(447,564)	15,456,376
490,410	1,004,314	573,879	59,975
199,142	122,301	(76,915)	(74)
96,610	46,033	(49,400)	1,177
1,449	-	-	1,449
11,982	-	-	11,982
146,355,373	130,824,488	-	15,530,885





### 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 mark-up / interest rates. Such risk taking is normal in a financial institution and could be an important source of profit earning. However, excess yield / interest rate risk may create a serious threat to a 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.

### 38.3.5 Mismatch of interest rate sensitive assets and liabilities

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

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	Effective Yield / Interest rate	2017										Non-interest bearing financial instruments
		Exposed to Yield / Interest risk										
		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) -----												
<b>On-balance sheet financial instruments</b>												
<b>Assets</b>												
Cash and balances with treasury banks		9,679,582	74,595	30,089	30,281	124,772	-	-	-	-	-	9,419,845
Balances with other banks	4.97%	3,023,451	2,015,935	200,000	-	-	-	-	-	-	-	807,516
Lendings to financial institutions	5.67%	5,331,327	4,966,750	-	364,577	-	-	-	-	-	-	-
Investments	7.92%	114,259,902	27,281,369	25,479,087	1,810,233	-	-	-	19,897,430	29,316,713	6,473,693	4,001,377
Advances	7.42%	64,713,341	54,527,730	1,441,620	486,964	4,238,546	508,274	715,358	1,774,642	862,215	93,056	64,936
Other assets		4,208,503	-	-	-	-	-	-	-	-	-	4,208,503
		201,216,106	88,866,379	27,150,796	2,692,055	4,363,318	508,274	715,358	21,672,072	30,178,928	6,566,749	18,502,177
<b>Liabilities</b>												
Bills payable		905,423	-	-	-	-	-	-	-	-	-	905,423
Borrowings from financial institutions	5.75%	50,971,174	36,004,969	2,968,335	-	11,997,870	-	-	-	-	-	-
Deposits and other accounts	4.09%	134,207,056	57,554,636	12,655,427	10,715,001	12,228,620	8,393	46,696	403,670	-	-	40,594,613
Other liabilities		2,331,015	-	-	-	-	-	-	-	-	-	2,331,015
		188,414,668	93,559,605	15,623,762	10,715,001	24,226,490	8,393	46,696	403,670	-	-	43,831,051
		12,801,438	(4,693,226)	11,527,034	(8,022,946)	(19,863,172)	499,881	668,662	21,268,402	30,178,928	6,566,749	(25,328,874)
<b>On-balance sheet gap</b>												
<b>Off-balance sheet financial instruments</b>												
Purchase and resale agreements		37,861,932	34,890,767	2,971,165	-	-	-	-	-	-	-	-
Sale and repurchase agreements		4,974,614	4,974,614	-	-	-	-	-	-	-	-	-
		42,836,546	39,865,381	2,971,165	-	-	-	-	-	-	-	-
<b>Total yield / Interest Risk Sensitivity Gap</b>												
		35,172,155	14,498,199	(8,022,946)	(19,863,172)	499,881	668,662	21,268,402	30,178,928	6,566,749	(25,328,874)	
<b>Cumulative yield / Interest Risk Sensitivity Gap</b>												
		35,172,155	49,670,354	41,647,408	21,784,236	22,284,117	22,952,779	44,221,181	74,400,109	80,966,858	55,637,984	
<b>Reconciliation with total assets:</b>												
Assets as per above		201,216,106										
Fixed assets		1,654,427										
Deferred tax asset		1,611,943										
Assets as per consolidated statement of financial position		204,482,476										
<b>Reconciliation with total liabilities:</b>												
Liabilities as per above		188,414,668										
Deferred tax liability		-										
Liabilities as per consolidated statement of financial position		188,414,668										

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Assets

Cash and balances with treasury banks  
Balances with other banks  
Lendings to financial institutions  
Investments  
Advances  
Operating fixed assets  
Deferred tax asset  
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
7,500,675	7,500,675	-	-	-	-	-	-	-	-
791,478	591,478	200,000	-	-	-	-	-	-	-
6,938,610	6,938,610	-	-	-	-	-	-	-	-
71,539,737	12,266,666	497,430	245,826	536,577	429,229	40	496,932	50,543,717	6,523,320
51,833,182	9,151,154	8,131,791	2,377,939	7,817,823	3,379,456	2,852,593	5,689,894	10,147,941	2,284,591
1,825,483	48,961	36,392	54,887	108,581	217,758	21,770	360,380	356,563	424,191
1,190,485	118,988	118,988	118,988	237,976	297,470	298,075	-	-	-
4,735,723	3,103,683	709,117	298,599	45,047	45,009	4,583	529,685	-	-
146,355,373	39,720,215	9,693,718	3,096,239	8,746,004	4,368,922	3,373,061	7,076,891	61,048,221	9,232,102

Liabilities

Bills payable  
Borrowings from financial institutions  
Deposits and other accounts  
Deferred tax liability  
Other liabilities

714,212	714,212	-	-	-	-	-	-	-	-
8,910,738	741,8915	-	1,491,823	-	-	-	-	-	-
119,022,240	82,993,767	11,524,948	10,794,966	13,394,522	199,927	11,310	102,800	-	-
-	-	-	-	-	-	-	-	-	-
2,177,298	1,333,943	310,843	263,548	255,678	8,055	56	5,175	-	-
130,824,488	92,460,837	11,835,791	12,550,337	13,650,200	207,982	11,366	107,975	-	-
15,530,885	(52,740,622)	(2,142,073)	(9,454,098)	(4,904,196)	4,160,940	3,361,695	6,968,916	61,048,221	9,232,102

Gap

Share capital  
Reserves  
Unappropriated profit  
Surplus on revaluation of investments  
Net assets

10,010,130	-	-	-	-	-	-	-	-	-
1,200,812	-	-	-	-	-	-	-	-	-
4,185,911	-	-	-	-	-	-	-	-	-
134,032	-	-	-	-	-	-	-	-	-
15,530,885	-	-	-	-	-	-	-	-	-

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

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

9,679,582	2,635,973	1,174,978	1,113,570	4,755,061	-	-	-	-	-
3,023,451	2,823,451	200,000	-	-	-	-	-	-	-
5,331,327	4,966,750	-	364,577	-	-	-	-	-	-
114,259,902	27,281,369	26,206,874	1,189,471	1,175,818	256,301	499,700	20,293,975	30,132,703	7,223,691
64,713,341	10,423,245	3,852,659	16,336,089	13,924,232	1,245,183	3,118,400	5,232,314	7,063,106	3,518,113
1,654,426	39,158	29,354	44,520	90,018	178,568	178,576	302,611	791,621	-
1,611,943	161,194	483,583	372,389	644,777	-	-	-	-	-
4,208,503	2,865,933	880,803	262,132	116,110	62,251	14,353	208	6,713	-
204,482,475	51,197,073	32,828,251	19,632,748	20,706,016	1,742,303	3,811,029	25,829,108	37,994,143	10,741,804

Liabilities

Bills payable  
Borrowings from financial institutions  
Deposits and other accounts  
Deferred tax liability  
Other liabilities

905,423	905,423	-	-	-	-	-	-	-	-
50,971,174	34,868,469	4,104,835	-	11,997,870	-	-	-	-	-
134,207,056	17,151,679	22,022,838	20,082,412	73,849,793	8,393	46,696	645,995	399,250	-
-	-	-	-	-	-	-	-	-	-
2,331,015	1,351,781	316,661	248,919	396,902	72	5,614	11,066	-	-
188,414,668	54,277,352	26,444,334	20,331,331	86,244,565	8,465	52,310	657,061	399,250	-
16,067,807	(3,080,279)	6,383,917	(698,583)	(65,538,549)	1,733,838	3,758,719	25,172,047	37,594,893	10,741,804

Gap

Share capital  
Reserves  
Unappropriated profit  
Deficit on revaluation of investment  
Net assets

10,010,130	-	-	-	-	-	-	-	-	-
1,451,979	-	-	-	-	-	-	-	-	-
5,175,820	-	-	-	-	-	-	-	-	-
(570,121)	-	-	-	-	-	-	-	-	-
16,067,808	-	-	-	-	-	-	-	-	-

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.







2016									
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)									
-----									
<b>Assets</b>									
Cash and balances with treasury banks	7500,675	3,137,597	2,287,773	1,919,419	155,886	-	-	-	-
Balances with other banks	791,478	591,478	200,000	-	-	-	-	-	-
Lendings to financial institutions	6938,610	-	-	-	-	-	-	-	-
Investments	715,39,737	8,680,966	1,420,801	1,259,515	1,186,999	429,229	496,932	50,543,717	7,271,577
Advances	51,833,182	9,151,154	8,131,791	2,377,939	7,817,823	3,379,456	5,689,894	10,147,941	2,284,591
Operating fixed assets	1,825,483	48,961	36,392	54,887	108,581	217,758	360,380	424,191	-
Deferred tax asset	1,190,485	119,593	118,988	118,988	237,976	297,470	297,470	-	-
Other assets	4,735,723	3,100,774	709,117	298,599	45,047	45,009	529,685	-	2,908
	146,355,373	31,769,133	12,904,862	6,029,347	9,552,312	4,368,922	7,076,891	61,048,221	99,83,267
<b>Liabilities</b>									
Bills payable	714,212	-	-	-	-	-	-	-	-
Borrowings from financial institutions	89,10,738	6,337,415	1,081,500	1,491,823	-	-	-	-	-
Deposits and other accounts	119,022,240	27,008,614	32,128,745	27,436,495	31,709,259	199,927	102,800	425,090	-
Deferred tax liability	-	-	-	-	-	-	-	-	-
Other liabilities	2,177,298	1,301,027	310,843	263,548	288,598	8,055	5,171	-	-
	130,824,488	35,361,268	33,521,088	29,191,866	31,997,857	207,982	107,971	425,090	-
<b>Gap</b>	15,530,885	(3,592,135)	(20,616,226)	(23,162,519)	(22,445,545)	4,160,940	6,968,920	60,623,131	9,983,267
-----									
Share capital	10010,130								
Reserves	1,200,812								
Unappropriated profit	4,185,911								
Surplus on revaluation of investments	134,032								
<b>Net assets</b>	15,530,885								

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.

### 38.4.3 Liquidity Coverage Ratio (LCR)

Asset & Liability Committee (ALCO) is responsible for reviewing and approving the liquidity risk limits, ensuring that the liquidity risk management practices are in line with the defined strategy. ALCO is also responsible to recommend Liquidity Risk policy for approval to BOD.

Liquidity risk is defined as the risk that a bank does not have sufficient financial resources to meet its obligations and commitments as they fall due and have no other choice to secure funds at a higher cost. The Bank ensures to maintain a diversified portfolio of liquid assets and funding base. Sources of funding comprise of a good mix of deposits. All liquidity limits including deposit concentration is reviewed in ALCO on a periodic basis. The Bank performs its Liquidity Stress Test on a periodic basis in order to ensure that sufficient liquidity is always available in order to fulfill Bank's financial commitments. Stress testing technique is also used to identify the potential impact of extreme yet plausible events or movements on the value of a portfolio. Stress testing scenarios are developed in guidance provided by the Regulator. The Bank also has in place approved Liquidity Contingency Plan. Further, Liquidity Risk Management is quantified by Liquidity Coverage Ratio and Net Stable Funding Ratio as communicated by the Regulator. Liquidity Coverage Ratio (LCR) refers to the highly liquid assets held by the bank to meet its short term obligations. LCR is used as a tool to manage liquidity risk. LCR has two components: high quality liquid asset (HQLA) and total net cash outflows. HQLA comprises of those assets that can be readily sold or employed as collateral for obtaining funds. HQLA structure has been divided into 1) cash and treasury balances, 2) marketable securities, 3) corporate debt securities with credit rating and 4) non-financial equity shares.

#### HIGH QUALITY LIQUID ASSETS

Total high quality liquid assets (HQLA)

Unweighted Value	Weighted Value
-----	-----
(Rupees in '000)	

- 58,757,071

#### CASH OUTFLOWS

Retail deposits and deposits from small business customers of which:

Stable deposit  
Less stable deposit

-	-
4,592,361	459,236
-	-
-	-
11,646,103	5,436,414
20,963,844	2,791,315
-	-
-	-
15,399,094	1,821,699
384,602	384,602
10,280,399	514,020
63,266,403	11,407,286

#### Additional requirements of which:

Outflows related to derivative exposures and other collateral requirements  
Outflows related to loss of funding on debt products  
Credit and liquidity facilities  
Other contractual funding obligations  
Other contingent funding obligations  
**TOTAL CASH OUTFLOWS**

#### CASH INFLOWS

Secured lending  
Inflows from fully performing exposures  
Other cash inflows

1,489,466	-
9,600,128	5,002,847
3,301,282	-
14,390,876	5,002,847

Total adjusted value

Total HQLA  
Total cash inflows  
**LIQUIDITY COVERAGE RATIO (LCR)**

58,757,071  
6,404,439  
**91%**



#### 38.4.4 Net Stable Funding Ratio (NSFR)

The objective of NSFR is to reduce funding risk over a longer time horizon by requiring banks to fund their activities with sufficiently stable sources of funding in order to mitigate the risk of future funding stress.

The ratio has been computed as prescribed by the State Bank of Pakistan through instructions for Basel-III - Liquidity Standards implementation in Pakistan.

2017				
Unweighted value by residual maturity				Weighted value
No maturity	Below 6 months	6 months to below 1 year	1 year and above 1 year	
----- (Rupees in '000) -----				
Capital:				
Regulatory capital	14,913,809	-	-	14,913,809
Other capital instruments	264,239	-	-	1,381,324
Retail deposits and deposit from small business customers:				
Stable deposits	-	-	-	-
Less stable deposits	10,997,656	3,044,866	460,601	13,052,811
Wholesale funding:				
Operational deposits	-	-	-	-
Other wholesale funding	15,692,612	5,052,835	7,622,321	17,692,215
Other liabilities:				
NSFR derivative liabilities	-	-	-	-
All other liabilities and equity not included in other categories	71,240,671	57,346,594	16,143,567	47,256,802
Total ASF				94,296,961
Total NSFR high-quality liquid assets (HQLA)	-	-	-	-
Deposits held at other financial institutions for operational purposes	-	-	-	-
Performing loans and securities:				
Performing loans to financial institutions secured by Level I HQLA	-	-	-	-
Performing loans to financial institutions secured by non-Level I HQLA and unsecured performing loans to financial institutions	-	473,125	2,684,645	1,884,826
Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which: With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	29,540,065	11,092,197	38,191,662
Securities that are not in default and do not qualify as HQLA including exchange-traded equities.	-	626,099	148,585	661,285
Other assets:				
Physical traded commodities, including gold	-	-	-	-
Assets posted as initial margin for derivative contracts	-	-	-	-
NSFR derivative assets	-	-	-	-
NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-
All other assets not included in the above categories	16,106,355	60,952,291	527,100	32,387,893
Off-balance sheet items	-	25,385,674	4,978,192	1,780,950
Total RSF				74,906,616
Net Stable Funding Ratio (%)				126%

#### 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

Figures have been rounded off to the nearest thousand rupee.

#### 40. DATE OF AUTHORISATION FOR ISSUE


These unconsolidated financial statements were authorised for issue by the Board of Directors on March 07, 2018.

  
Chairman

  
President and Chief Executive Officer

  
Director

  
Director

  
Chief Financial Officer



Annexure I  
ISLAMIC BAKNING BUSINESS  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
DECEMBER 31, 2017





## Islamic Banking Business Statement of Financial Position As at December 31, 2017

### ISLAMIC BANKING BUSINESS

The Bank commenced its Islamic Banking operations effective from June 26, 2014 and is operating with 14 Islamic Banking branches and 13 Islamic Banking Windows in Conventional branches (2015: 13 Branches and 2 Islamic Banking Windows) at the end of reporting period. The statement of financial position, profit and loss account and cash flow statement of the Islamic banking division are as follows:

	Note	2017 (Rupees in '000)	2016
<b>Assets</b>			
Cash and balances with treasury banks		429,291	231,041
Balances with other banks		132,556	100,595
Due from financial institutions		2,989,577	330,000
Investments		1,452,966	1,036,295
Islamic financing and related assets	A-I-I	2,291,322	2,150,591
Operating fixed assets		98,710	115,160
Deferred tax assets		-	-
Due from head office		-	-
Other assets		63,201	77,919
		<b>7,457,623</b>	<b>4,041,601</b>
<b>Liabilities</b>			
Bills payable		43,574	30,232
Due to financial institutions		-	150,000
Deposits and other accounts		6,975,899	3,433,210
- Current accounts		2,687,771	277,699
- Savings accounts		920,916	878,729
- Term deposits		168,500	82,424
- Other deposits and accounts		27,125	46,518
- Deposits from financial institutions - remunerative		3,171,225	2,146,615
- Deposits from financial institutions - non remunerative		362	1,225
Deferred tax liability		5,218	5,661
Due to head office		21,024	1,779
Other liabilities		60,310	42,792
		<b>7,106,025</b>	<b>3,663,674</b>
<b>Net Assets</b>		<b>351,598</b>	<b>377,927</b>
<b>Represented By</b>			
Islamic banking fund		500,000	500,000
Reserves		-	-
Accumulated losses		(158,510)	(131,835)
		<b>341,490</b>	<b>368,165</b>
Surplus on revaluation of investments		10,108	9,762
		<b>351,598</b>	<b>377,927</b>

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## Islamic Banking Business Profit and Loss Account For the year ended December 31, 2017

	Note	2017 (Rupees in '000)	2016
Profit / return on financing, investments and placements earned		329,516	196,576
Return on deposits and other dues expensed		(204,440)	(151,357)
Net income earned before provisions		125,076	45,219
Provision against non-performing financing - net		-	-
Provision for diminution in value of investments		-	-
<b>Net income earned after provisions</b>		<b>125,076</b>	<b>45,219</b>
<b>Other income</b>			
Fee, commission and brokerage income		6,852	4,457
Income from dealing in foreign currencies		24	62
Dividend income		13,050	10,621
Gain on sale / redemption of securities		100	3,107
Other income		1,298	1,228
		<b>21,324</b>	<b>19,475</b>
<b>Other expenses</b>		<b>146,400</b>	<b>64,694</b>
Administrative expenses		173,025	152,439
Other charges		50	-
<b>Loss before taxation</b>		<b>(173,075)</b>	<b>(152,439)</b>
Accumulated losses brought forward		(26,675)	(87,745)
Transferred to head office		(131,835)	(44,090)
Accumulated losses carried forward		-	-
		<b>(158,510)</b>	<b>(131,835)</b>



## Islamic Banking Business Statement of Cash Flows For the year ended December 31, 2017

	Note	2017 (Rupees in '000)	2016
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Loss before taxation		(26,675)	(87,745)
Less: Dividend income		(13,050)	(10,621)
		<u>(39,725)</u>	<u>(98,366)</u>
<b>Adjustments</b>			
Depreciation		16,739	15,337
Amortisation		3,474	3,474
		<u>20,213</u>	<u>18,811</u>
		<u>(19,512)</u>	<u>(79,555)</u>
<b>(Increase) / decrease in operating assets</b>			
Balances with and due from financial institutions		(2,659,577)	320,000
Islamic financing and related assets - net		(140,731)	(1,629,834)
Other assets		14,718	(2,544)
		<u>(2,785,590)</u>	<u>(1,312,378)</u>
<b>(Decrease) / increase in operating liabilities</b>			
Bills payable		13,342	29,906
Due to financial institutions		(150,000)	18,578
Deposits and other accounts		3,542,689	1,113,398
Due to head office		19,245	(59,105)
Other liabilities		17,518	8,882
		<u>3,442,794</u>	<u>1,111,659</u>
		<u>637,692</u>	<u>(280,274)</u>
Income tax paid		-	-
<b>Net cash (used in) / flow from operating activities</b>		<u>637,692</u>	<u>(280,274)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net investment in securities		(416,768)	359,360
Dividend received		13,050	10,621
Investment in operating fixed assets		(3,763)	(39,073)
<b>Net cash flow from / (used in) investing activities</b>		<u>(407,481)</u>	<u>330,908</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
<b>Increase in cash and cash equivalents</b>		<u>230,211</u>	<u>50,634</u>
Cash and cash equivalents at beginning of the year		331,636	281,002
<b>Cash and cash equivalents at end of the year</b>	A-I-2	<u>561,847</u>	<u>331,636</u>

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## Islamic Banking Business Notes to Annexure-I For the year ended December 31, 2017

	Note	2017 (Rupees in '000)	2016
<b>A-I-1 ISLAMIC FINANCING AND RELATED ASSETS</b>			
Net book value of assets / investment in Ijarah under IFAS 2		103,583	74,647
Diminishing musharaka		2,187,739	2,075,944
		<u>2,291,322</u>	<u>2,150,591</u>
<b>A-I-2 CASH AND CASH EQUIVALENT AT THE END OF THE YEAR</b>			
Cash and balances with treasury banks		429,291	231,041
Balances with other banks		132,556	100,595
		<u>561,847</u>	<u>331,636</u>
<b>A-I-3 REMUNERATION TO SHARIAH ADVISOR</b>		<u>2,759</u>	<u>2,518</u>
<b>A-I-4 CHARITY FUND</b>			
Opening balance		-	-
Addition during the year		45	-
Payment / utilization during the year		-	-
Closing balance		<u>45</u>	<u>-</u>

**A-I-5** Sindh Bank Limited - SA' ADAT Islamic Banking Division is maintaining the following pools for profit declaration and distribution:

**(i) General Pool, Special Pool and FI Pool**

**(a) Priority of utilization of funds in the general pool shall be as follows:**

- Depositors Funds
- Equity Funds

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

- FI Funds
- Equity Funds

**(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 is given to the quantum, type and period of risk assessed by applying following factors:

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

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

Special and Financial Institution Pools. Profit is calculated and distributed on the basis of pre agreed Profit Sharing Ratio.



## Islamic Banking Business Notes to Annexure-I For the year ended December 31, 2017

### (c) Identification and allocation of Pool related income and expenditure

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

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

### (d) Parameters associated with risks and rewards

Following are the consideration attached with risks and rewards of the general pool:

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

### A-I-6 BASIS OF PROFIT ALLOCATION

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

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## Islamic Banking Business Notes to Annexure-I For the year ended December 31, 2017

Note	2017 (Rupees in '000)	2016
Rubbal Maal	61.50%	65.00%
Mudarib	28.50%	35.00%

### A-I-7 MUDARIB SHARE (in amount and percentage of distributable income)

Rubbul Maal (%)	61.50%	65.00%
Rubbul Maal (amount)	34,404	27,006
Mudarib (%)	38.50%	35.00%
Mudarib (amount)	21,540	14,542

### A-I-8 Amount and percentage of mudarib share transferred to depositors thought Hiba

Mudarib share	21,540	14,542
Hiba	3,337	3,230
Hiba percentage of mudarib share	15.49%	22.21%

Amount and percentage of Mudarib share transferred to depositors thought Hiba for Special Pool during 2017:

Note	2017 (Rupees in '000)	2016
Mudarib share	40,664	18,691
Hiba	14,345	1,539
Hiba percentage of mudarib share	35.28%	8.23%

### A-I-9 Profit rate earned vs profit rate distributed to the depositors during the year

	2017	2016
Profit rate earned	6.79%	6.76%
Profit rate distributed to depositors	5.44%	5.35%





**Report of Shariah Board**  
**(For the Year ended December 31, 2017)**  
**In the name of Allah, the Beneficent, the Merciful**

While the Board of Directors and Executive Management are solely responsible to ensure that the operations of Sindh Bank Islamic Banking Division (SNDB-IBD) are conducted in compliance with Shariah principles at all times, we the Shariah Board Members are required to submit a report on the overall Shariah compliance environment of SNDB-IBD.

During the year ended December 31, 2017, Shariah Board meetings were held on quarterly basis, as under:

Meetings	Dates
First Sharia'ah Board Meeting	March 29, 2017
Second Sharia'ah Board Meeting	June 19, 2017
Third Sharia'ah Board Meeting	September 29, 2017
Fourth Shar'iah Board Meeting	December 29, 2017

To form our opinion as expressed in this report, the Shariah Compliance Department of SNDB-IBD carried out reviews, of each class of transactions, products, process flows and concepts. Further, the Shariah Board has also reviewed the periodical reports of Resident Shariah Board Member (RSBM) as well as the Internal Shariah Audit Division. The External Shariah Audit for the year 2017 is in process at the moment. Based on the above, Shariah Board is of the view that:

- SNDB-IBD has complied with Shariah rules and principles in the light of Fatwas (Shariah Rulings), instructions and guidelines issued by the Shariah Board from time to time, with regards to transactions and overall Shariah Compliance.
- SNDB-IBD has complied with the directives, regulations and guidelines related to Shariah compliance issued by State Bank of Pakistan (SBP) from time to time in accordance with the rulings of SBP, Shariah Board.
- SNDB-IBD has a comprehensive mechanism in place to ensure Shariah compliance in their overall operations.
- In the course of Shariah compliance of transactions, it was highlighted that SNDB-IBD has realized an amount of Rs.45,454/- as Non Shariah compliant, mainly on account of deduction of notice period pay of some employees who left bank during the year, which was instructed to be transferred into the Charity Account. The Bank has transferred the said amount into Charity Fund and will disburse it soon as per the Charity Policy of the Bank.
- SNDB-IBD has complied with the SBP instructions on profit and loss distribution and pool management in spirit of the related guidelines issued by SBP.

- While the Bank is actively pursuing training of its human resource about various aspects of Islamic Banking & Finance through training sessions and seminars, however, further improvement is required to raise the level of awareness of Islamic Banking & Finance of the staff, management and the BOD through enhanced training mechanism for each level. The management and the BOD have made sincere efforts and appreciate the importance of Shariah compliance in the overall operations of SNDB-IBD.
- The RSBM is acting as Head, Shariah Compliance Department (SCD) and, the bank is in process to strengthen SCD by inducting suitable resource (s), as soon as possible.
- Shariah Board of the Bank also takes this opportunity to place on record its gratitude to the Islamic Banking Division of SBP, for its continuous guidance and support.

  
 Mufti Ibrahim Essa  
 Chairman Shariah Board

  
 Dr. Mufti Hassan Usmani  
 Resident Shariah Board Member

  
 Mufti Zeeshan Abdul Aziz  
 Member Shariah Board

Date of Report: February 20, 2018



## شریعی بورڈ رپورٹ

(برائے مالی سال اختتام پذیر 31 دسمبر، 2017)

شروع اللہ کے نام سے جو سب پر مہربان ہے، بہت مہربان ہے

چونکہ بورڈ آف ڈائریکٹرز اور اعلیٰ منتظمین ہی پر اس بات کی ذمہ داری عائد ہوتی ہے کہ وہ اس بات کو یقینی بنائیں کہ سندھ بینک کے اسلامی بینکنگ ڈویژن کے تمام معاملات مسلسل شریعت کے اصولوں کے مطابق ہوں، اس لیے ہم (شریعی بورڈ) اس بات کے ذمہ دار ہیں کہ سندھ بینک اسلامی بینکنگ ڈویژن کو شریعت کے مطابق چلانے سے متعلق جو مجموعی صورتحال ہے اس کی رپورٹ جمع کروائیں۔

سال 2017 کے دوران، سہ ماہی بنیادوں پر شریعی بورڈ کے ہونے والے اجلاس مندرجہ ذیل تاریخوں میں منعقد ہوئے:

اجلاس	تاریخیں
شریعی بورڈ کا پہلا اجلاس	29 مارچ، 2017
شریعی بورڈ کا دوسرا اجلاس	19 جون، 2017
شریعی بورڈ کا تیسرا اجلاس	29 ستمبر، 2017
شریعی بورڈ کا چوتھا اجلاس	29 دسمبر، 2017

رپورٹ ہذا میں ہم نے جو مذکورہ رائے قائم کی ہے اس کے لیے سندھ بینک اسلامی بینکنگ ڈویژن کے شریعی کمپلائنس ڈپارٹمنٹ نے ہر قسم کے مالی معاملات، پراڈکٹس، طریقہ کار اور نظریات کا جائزہ لیا ہے۔ مزید برآں، شریعی بورڈ کی ان رپورٹس کا بھی جائزہ لیا ہے جو کہ آر ایس بی ایم اور اندرونی شریعی آڈٹ ڈویژن کی جانب سے وقتاً فوقتاً پیش کی جاتی رہی ہیں۔ فی الوقت بیرونی شریعی آڈٹ برائے مالی سال 2017 جاری ہے۔ مذکورہ بالا نکات کی روشنی میں شریعی بورڈ کی رائے ہے کہ:

(الف) سندھ بینک اسلامی بینکنگ ڈویژن نے، شریعی بورڈ کی جانب سے مالی معاملات اور دیگر مجموعی معاملات سے متعلق جاری کردہ فتاویٰ جات، ہدایات اور لائحہ عمل کی روشنی میں تمام شرعی اصول و ضوابط کی پاسداری کی ہے۔

(ب) سندھ بینک اسلامی بینکنگ ڈویژن، اسٹیٹ بینک آف پاکستان کے شریعت کی پاسداری کے حوالے سے وقتاً فوقتاً جاری کردہ احکامات، قوانین و ہدایات اور لائحہ عمل (جو اسٹیٹ بینک آف پاکستان کے شریعی بورڈ کے احکام کے مطابق ہیں) سے ہم آہنگ ہے۔

(ج) تمام کاموں میں شرعی اصولوں کی پاسداری کو یقینی بنانے کے لیے سندھ بینک اسلامی بینکنگ ڈویژن کے پاس ایک جامع نظام موجود ہے۔

(د) مالی معاملات میں شرعی اصولوں کی پاسداری کو جانچنے کے عمل کے دوران یہ بات سامنے آئی ہے کہ سندھ بینک اسلامی بینکنگ ڈویژن نے 45,454 روپے کی غیر شرعی آمدنی حاصل کی جو کہ بنیادی طور پر بینک کے ان ملازمین سے نوٹس پیر یڈپے کے تحت کٹوتی کے ذریعے وصول ہوئی جو دوران سال بینک کی ملازمت چھوڑ کر چلے گئے۔ اس آمدن کو خیراتی اکاؤنٹ میں منتقل کئے جانے کی ہدایات دی گئی تھیں۔ بینک نے اس رقم کو خیراتی اکاؤنٹ میں منتقل کر دیا ہے اور جلد ہی اس رقم کو بینک کی خیراتی پالیسی کے تحت خرچ کر دیا جائے گا۔

(ه) سندھ بینک اسلامی بینکنگ ڈویژن کے نفع و نقصان کی تقسیم اور پول کی انتظام کاری، اسٹیٹ بینک آف پاکستان کی جانب سے جاری کردہ متعلقہ ہدایات کے عین مطابق ہے۔

(و) گو کہ بینک فعال طریقے سے بذریعہ تربیتی نشستیں اور سیمینار اپنے افراد کار کو اسلامی بینکاری اور مالیاتی نظام کے بارے میں تربیت دے رہا ہے، تاہم عملہ، انتظامیہ اور بورڈ آف ڈائریکٹرز میں آگاہی پیدا کرنے کی غرض سے اسلامی بینکاری اور مالیاتی نظام کی تربیت میں مزید اضافے کی ضرورت ہے۔ انتظامیہ اور بورڈ آف ڈائریکٹرز نے اخلاص برہنی کوششیں کی ہیں اور انہوں نے سندھ بینک کو اسلامی بینکنگ ڈویژن کے مجموعی معاملات میں شریعت کی پاسداری کی اہمیت کو تسلیم کیا ہے۔

(ز) حالیہ آر ایس بی ایم بطور سربراہ شریعی کمپلائنس ڈپارٹمنٹ اپنی ذمہ داریاں نبھا رہے ہیں، تاہم بینک کی جانب سے اپنے شریعی کمپلائنس ڈپارٹمنٹ کو مزید تقویت دینے کی غرض سے جلد از جلد مناسب ذرائع زیر استعمال لانے کے لیے کوشاں ہے۔

(ح) بینک کا شریعی بورڈ اس موقع سے فائدہ اٹھاتے ہوئے اپنی جانب سے اسٹیٹ بینک آف پاکستان اسلامک بینکنگ ڈویژن کے بھرپور تعاون، حمایت اور رہنمائی کو شکریہ کے ساتھ ریکارڈ کا حصہ بنانا چاہتا ہے۔

مفتی ابراہیم عیسیٰ

چیئر مین شریعی بورڈ

مفتی ذیشان عبدالعزیز

ممبر شریعی بورڈ

ڈاکٹر مفتی احسان عثمانی

ریزیڈنٹ شریعی بورڈ ممبر

رپورٹ کی تاریخ: 20 فروری، 2018





EY Ford Rhodes  
 Chartered Accountants  
 Progressive Plaza, Beaumont Road  
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 Pakistan

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## Independent Assurance Report on Compliance with the Shari'ah Rules and Principles To the Board of Directors of Sindh Bank Limited - Sa'adat Islamic Banking

### 1. Introduction

We have undertaken a reasonable assurance engagement that the State Bank of Pakistan has required in terms of its Shari'ah Governance Framework - External Shari'ah Audit of Sindh Bank Limited - Sa'adat Islamic Banking [the Bank] for assessing compliance of the Bank's financial arrangements, contracts, and transactions having Shari'ah implications with Shari'ah rules and principles for the year ended 31 December 2017. This engagement was conducted by a multidisciplinary team including assurance practitioners and independent Shari'ah scholar.

### 2. Applicable Criteria

The criteria for the assurance engagement, against which the underlying subject matter (financial arrangements, contracts, and transactions having Shari'ah implications for the year ended 31 December 2017) is assessed, comprise of the Shari'ah rules and principles that for the purpose of External Shari'ah Audit, mean the following, in the sequence provided below:

- 1) Essentials, Regulations, Instructions and Guidelines issued by the State Bank of Pakistan (SBP) including the Shari'ah Standards issued by Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), as adopted by SBP with modifications, if any;
- 2) The rulings of SBP's Shari'ah Board as notified by SBP;
- 3) Requirements of the applicable Islamic Financial Accounting Standards as notified by the Securities and Exchange Commission of Pakistan (SECP) and as circulated by SBP;
- 4) Approvals and rulings given by the Shari'ah Board of the Bank in line with the SBP directives, regulations, instructions and guidelines issued in accordance with the rulings of SBP's Shari'ah Board.

The above criteria were evaluated for their implications on the financial statements of the Bank for the year ended 31 December 2017, which are annexed.

### 3. Management's Responsibility for Shari'ah Compliance

Bank's management is responsible to ensure that the financial arrangements, contracts and transactions having Shari'ah implications, entered into by the IBI with its customers, other financial institutions and stakeholders and related policies and procedures are, in substance and in their legal form, in compliance with the requirements of Shari'ah rules and principles. The management is also responsible for design, implementation and maintenance of appropriate internal control procedures with respect to such compliance and maintenance of relevant accounting records.

### 4. Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.



The firm applies International Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Historical Financial Information, And Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### 5. Our responsibility and summary of the work performed

Our responsibility in connection with this engagement is to express an opinion on compliance of the Bank's financial arrangements, contracts, and transactions having Shari'ah implications with Shari'ah rules and principles, in all material respects, for the year ended 31 December 2017 based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000, 'Assurance Engagements other than audits or reviews of historical financial statements', issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain reasonable assurance about whether the compliance of the Bank's financial arrangements, contracts and transactions having Shari'ah implications with Shari'ah rules and principles is free from material misstatement.

The procedures selected by us for the engagement depended on our judgement, including the assessment of the risks of material non-compliance with the Shari'ah rules and principles. In making those risk assessments, we considered and tested the internal control relevant to the Bank's compliance with the Shari'ah rules and principles in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. In this connection, we have also reviewed the work carried out by the Internal Shari'ah Audit Department and the Shari'ah reviews carried out by the Shari'ah Compliance Department. We have designed and performed necessary verification procedures on various financial arrangements, contracts, classes of transactions and related policies and procedures based on judgmental and systematic samples with regard to the compliance with Shari'ah rules and principles. In performing our audit procedures necessary guidance on Shari'ah matters was provided by independent Shari'ah scholar referred above.

We believe that the evidences we have obtained through performing our procedures were sufficient and appropriate to provide a basis for our opinion.

### 6. Conclusion

Based on our reasonable assurance engagement, we report that in our opinion, the Bank's financial arrangements, contracts and transactions for the year ended 31 December 2017 are in compliance with the Shari'ah rules and principles, in all material respects.

A long form report highlighting key matters noted during the course of engagement is issued separately to the Board of Director of the Bank of date.

*EY Ford Rhodes*

Chartered Accountants

Engagement Partner: Shaikh Ahmed Salman

Date: 12 March 2018

Karachi





EY Ford Rhodes  
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## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated statement of financial position of **Sindh Bank Limited** and its subsidiary company (the Group) as at **31 December 2017** and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement together with the notes forming part thereof, for the year then ended. We have expressed separate opinion on the financial statements of Sindh Bank Limited. The financial statements of Sindh Microfinance Bank Limited (the Subsidiary Company) were audited by another firm of Chartered Accountants whose report has been furnished to us and our opinion, in so far as it relates to the amounts included for such company, is based solely on the report of such auditor. These consolidated financial statements are the responsibility of the Group's management. Our responsibility is to express our opinion on these consolidated financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of the Sindh Bank Limited and its subsidiary company as at 31 December 2017 and the results of their operations for the year then ended.

The consolidated financial statements for the year ended 31 December 2016 were audited by another firm of Chartered Accountants, whose audit report dated 07 March 2017 expressed an unmodified opinion on the aforementioned consolidated financial statements.

Chartered Accountants

Audit Engagement Partner: Shaikh Ahmad Salman

Date: 12 March 2018

Karachi

## CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017



**Sindh Bank Limited**  
**Consolidated Statement of Financial Position**  
**As at December 31, 2017**

	Note	2017 (Rupees in '000)	2016
<b>ASSETS</b>			
Cash and balances with treasury banks	6	9,680,631	7,502,624
Balances with other banks	7	3,442,989	1,191,478
Lendings to financial institutions	8	5,331,327	6,938,610
Investments - net	9	113,509,902	70,889,737
Advances - net	10	65,051,730	51,901,838
Operating fixed assets	11	1,663,440	1,832,882
Deferred tax assets - net	12	1,611,539	1,190,077
Other assets - net	13	4,233,506	4,758,407
		204,525,064	146,205,653
<b>LIABILITIES</b>			
Bills payable	14	905,423	714,212
Borrowings	15	50,971,174	8,910,738
Deposits and other accounts	16	134,204,090	118,843,374
Sub-ordinated loan			
Liabilities against assets subject to finance lease			
Deferred tax liabilities - net	12	-	-
Other liabilities	17	2,327,166	2,178,766
		188,407,853	130,647,090
<b>NET ASSETS</b>		<b>16,117,211</b>	<b>15,558,563</b>
<b>REPRESENTED BY</b>			
<b>Shareholders' equity</b>			
Share capital	18	10,010,130	10,010,130
Reserves		1,464,329	1,207,731
Unappropriated profit		5,212,873	4,206,670
		16,687,332	15,424,531
(Deficit) / surplus on revaluation of assets - net of deferred tax	19	(570,121)	134,032
		16,117,211	15,558,563
<b>CONTINGENCIES AND COMMITMENTS</b>			
	20		

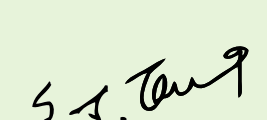
The annexed notes from 1 to 40 form an integral part of these consolidated financial statements.

  
Chairman

  
President and Chief Executive Officer

  
Director

  
Director

  
Chief Financial Officer

**Annual Report**  
**2017**



**Sindh Bank Limited**  
**Consolidated Profit and Loss Account**  
**For the year ended December 31, 2017**

	Note	2017 (Rupees in '000)	2016
<b>Mark-up / return / interest earned</b>			
Mark-up / return / interest earned	21	11,656,377	9,821,409
Mark-up / return / interest expensed	22	6,271,962	5,356,366
Net mark-up / return / interest income		5,384,415	4,465,043
<b>Provision against non performing loans and advances - net</b>			
Provision for diminution in the value of investments - net	10.5.3	255,160	1,608,142
Bad debts written off directly		-	-
		470	-
		255,630	1,608,142
Net mark-up / return / interest income after provisions		5,128,785	2,856,901
<b>Non mark-up / interest income</b>			
Fee, commission and brokerage income		453,507	358,828
Dividend income		156,062	141,517
Income from dealing in foreign currencies		103,555	52,754
Gain on sale of securities - net	23	604,425	2,933,656
Unrealised gain on revaluation of investments classified as 'held-for-trading'		-	-
Other income	24	9,973	9,211
Total non mark-up / interest income		1,327,522	3,495,966
		6,456,307	6,352,867
<b>Non mark-up / interest expenses</b>			
Administrative expenses	25	4,233,499	3,903,667
Other provisions / (reversals) against other assets		-	-
Other charges	26	9,421	525
Total non mark-up / interest expenses		4,242,920	3,904,192
		2,213,387	2,448,675
<b>Extraordinary / unusual items</b>			
		-	-
<b>Profit before taxation</b>		<b>2,213,387</b>	<b>2,448,675</b>
<b>Taxation</b>			
- Current		816,180	1,411,760
- Prior years		161,950	185,359
- Deferred		(42,303)	(551,735)
	27	935,827	1,045,384
		1,277,560	1,403,291
<b>Profit after taxation</b>		<b>1,277,560</b>	<b>1,403,291</b>
<b>Basic and diluted earnings per share (Rupees)</b>			
	28	1.28	1.40

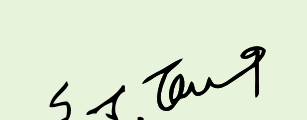
The annexed notes from 1 to 40 form an integral part of these consolidated financial statements.

  
Chairman

  
President and Chief Executive Officer

  
Director

  
Director

  
Chief Financial Officer



**Sindh Bank Limited**  
**Consolidated Statement of Comprehensive Income**  
**For the year ended December 31, 2017**

	Note	2017 (Rupees in '000)	2016
Profit after taxation		1,277,560	1,403,291
Other comprehensive income			
Components of comprehensive income reflected in equity			
Items that will be reclassified subsequently to profit and loss account		-	-
Items that will not be reclassified subsequently to profit and loss account:			
Measurement of net defined benefit liability		(22,706)	(5,639)
Related current tax credit		7,947	1,974
		(14,759)	(3,665)
Total comprehensive income for the year transferred to equity		1,262,801	1,399,626
Components of comprehensive income reflected below equity			
Items that will be reclassified subsequently to profit and loss account:			
Deficit on revaluation of investments		(1,083,312)	(961,303)
Related deferred tax credit		379,159	336,455
		(704,153)	(624,848)
Items that will not be reclassified subsequently to profit and loss account		-	-
Total comprehensive income		558,648	774,778

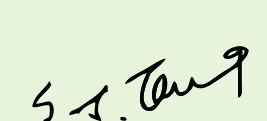
The annexed notes from I to 40 form an integral part of these consolidated financial statements.

  
Chairman

  
President and Chief Executive Officer

  
Director

  
Director

  
Chief Financial Officer



**Annual Report**  
**2017**

**Sindh Bank Limited**  
**Consolidated Cash Flow Statement**  
**For the year ended December 31, 2017**

	Note	2017 (Rupees in '000)	2016
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		2,213,387	2,448,675
Less: Dividend income		(156,062)	(141,517)
		2,057,325	2,307,158
Adjustments:			
Depreciation	11.2	354,102	375,215
Amortisation	11.3	28,994	30,104
Provision against non performing loans and advances - net	10.5.3	255,160	1,608,142
Written-off operating fixed assets		732	-
Charge for defined benefit plan	31	48,740	44,842
Gain on sale of operating fixed assets	24	(2,964)	(4,146)
		684,764	2,054,157
		2,742,089	4,361,315
(Increase) / decrease in operating assets			
Lendings to financial institutions		1,607,283	(6,538,610)
Advances - net		(13,405,052)	(9,340,891)
Other assets - net		550,036	(499,822)
		(11,247,733)	(16,379,323)
Increase / (decrease) in operating liabilities			
Bills payable		191,211	425,531
Borrowings		42,060,436	(18,249,959)
Deposits and other accounts		15,360,716	34,922,574
Other liabilities (excluding current taxation)		143,824	340,290
		57,756,187	17,438,436
		49,250,543	5,420,428
Contribution to gratuity fund	31	(50,481)	(49,287)
Income tax paid		(976,725)	(1,722,513)
Net cash flow from operating activities		48,223,337	3,648,628
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net investment in available-for-sale securities		(34,089,595)	(2,686,633)
Net investment in held-to-maturity securities		(9,613,882)	479,838
Dividend received		130,195	140,849
Investments in operating fixed assets		(225,993)	(348,943)
Sale proceeds of operating fixed assets disposed-off	11.4	5,456	16,485
Net cash used in investing activities		(43,793,819)	(2,398,404)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Issue of share capital		-	10,181
Net cash flow from financing activities		-	10,181
Increase in cash and cash equivalents		4,429,518	1,260,405
Cash and cash equivalents at the beginning of the year		8,694,102	7,433,697
Cash and cash equivalents at the end of the year	29	13,123,620	8,694,102

The annexed notes from I to 40 form an integral part of these consolidated financial statements.

  
Chairman

  
President and Chief Executive Officer

  
Director

  
Director

  
Chief Financial Officer





## Sindh Bank Limited Consolidated Statement of Changes in Equity For the year ended December 31, 2017

	Share Capital	Capital Reserve		Depositors' protection fund reserve **	Revenue Reserve	Total
		Share Premium	Statutory Reserve *		Unappropriated profit ***	
	----- (Rupees in '000) -----					
Balance as at January 01, 2016	10,000,000	-	925,638	761	3,088,325	14,014,724
Profit for the year ended December 31, 2016	-	-	-	-	1,403,291	1,403,291
Other comprehensive loss	-	-	-	-	(3,665)	(3,665)
Total comprehensive income for the year ended December 31, 2016	-	-	-	-	1,399,626	1,399,626
Transfer to depositors' protection fund - 5% of the profit after tax for the year	-	-	-	623	(623)	-
Transfer to statutory reserve	-	-	280,658	-	(280,658)	-
Issue of share capital (note 18.3)	10,130	51	-	-	-	10,181
Balance as at December 31, 2016	10,010,130	51	1,206,296	1,384	4,206,670	15,424,531
Profit for the year ended December 31, 2017	-	-	-	-	1,277,560	1,277,560
Other comprehensive loss	-	-	-	-	(14,759)	(14,759)
Total comprehensive income for the year ended December 31, 2017	-	-	-	-	1,262,801	1,262,801
Transfer to statutory reserve	-	-	255,512	-	(255,512)	-
Transfer to depositors' protection fund - 5% of the profit after tax for the year	-	-	-	1,086	(1,086)	-
Balance as at December 31, 2017	10,010,130	51	1,461,808	2,470	5,212,873	16,687,332

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

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

\*\*\* As more fully explained in note 10.5.2 of these consolidated financial statements, unappropriated profit includes an amount of Rs.1,594.62 million net of tax as at December 31, 2017 (2016: Rs.472.71 million) representing additional profit arising from availing forced sale value benefit for determining provisioning requirement which is not available for the purpose of distribution of dividend to shareholders.

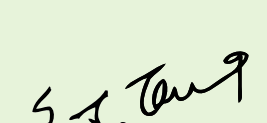
The annexed notes from 1 to 40 form an integral part of these consolidated financial statements.

  
Chairman

  
President and Chief Executive Officer

  
Director

  
Director

  
Chief Financial Officer

## Annual Report 2017

## Sindh Bank Limited Notes to the Consolidated Financial Statements For the year ended December 31, 2017

### I. STATUS AND NATURE OF BUSINESS

The "Group" consists of:

#### I.1 Holding Company

I.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 300 (2016: 260) branches including 8 (2016: 8) sub branches and 14 (2016: 14) Islamic banking branches in Pakistan. The Bank's registered office is located at 3rd Floor, Federation House, Abdullah Shah Ghazi Road, Clifton, Karachi, Pakistan.

I.1.2 The Government of Sindh, through its Finance Department owns 99.9% ordinary shares of the Bank.

I.1.3 JCR –VIS Credit Rating Company Limited has reaffirmed the Bank's medium to long term entity rating of 'AA' (Double A) with a 'Rating Watch-Developing' status and short term rating of 'A-I+' (A-One plus).

I.1.4 The State Bank of Pakistan (SBP) granted license to the Bank to conduct banking business subject to certain conditions which inter alia includes that the Bank shall get listed on stock exchange within three years from the date of commencement of business. The Bank, however, from time to time had obtained extensions in the time limit from SBP. During 2016, the Bank initiated the process of listing of its shares on Pakistan Stock Exchange (PSX). Approval of the draft Prospectus was given by PSX on October 25, 2016 with a deadline to publish the same in the newspapers by October 31, 2016. Publication of the Prospectus was however halted and the listing process was put on hold as the Government of Sindh (sole sponsor of Sindh Bank Limited) and the majority shareholders / sponsors of Summit Bank Limited agreed in principle, to consider a merger of the two institutions, with the Bank being the surviving entity. SBP's approval to conduct due diligence of Summit Bank was granted on December 27, 2016. On completion of the due diligence exercise, the Board of Directors and Shareholders of the respective banks had proposed a share swap ratio of 1:4.17 for which sanction was requested from SBP. However, subsequently, on the advice of SBP, it has been decided by the Board of Directors to re start due diligence process to arrive at fresh swap ratio based on the audited financial statements for the year ended 31 December 2017 and accordingly, formal approvals from the Board, shareholders and the SBP will be obtained for finalization of the merger process.

#### I.2 Subsidiary company

##### I.2.1 Sindh Microfinance Bank Limited

Sindh Microfinance Bank Limited (the Microfinance Bank) was incorporated on March 27, 2015 as a public company limited by shares under the Companies Ordinance, 1984. The Microfinance Bank obtained Microfinance banking license from State Bank of Pakistan (SBP) on October 16, 2015, to operate in Sindh Province. Subsequently the Microfinance Bank has received the certificate of commencement of business from Securities & Exchange Commission of Pakistan (SECP) on November 30, 2015. The Microfinance Bank's registered office is situated at 39/F, 2nd Floor, Muhammad Ali Cooperative Housing Society, Karachi. The Microfinance Bank's principal business will be to provide microfinance services to the poor and underserved segment of the society as envisaged under the Microfinance Institutions Ordinance, 2001. The Microfinance Bank operates with a network of 10 (2016: 5) branches and 40 (2016: 19) service centers. The Bank holds 99.99% shares of the Microfinance Bank and remaining shares are held by the nominees of the Bank.

### 2. BASIS OF PRESENTATION

The consolidated financial statements of the Group consist of financial statements of the holding company and the subsidiary company for the year ended December 31, 2017.



These consolidated financial statements have been prepared on the format prescribed by SBP 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 SBP vide BPRD circular No. 2 dated January 25, 2018 has specified the new reporting format for the financial statements of banking companies. The new format has revised the disclosure requirements and will become applicable for the consolidated financial statements of the Group for the year ending December 31, 2018.

In accordance with the directives of the Federal Government regarding the shifting of the Banking system to Islamic modes, the SBP 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 consolidated financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon. The Islamic Banking branches of the Group have complied with the requirements set out under the Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) and notified under the provisions of the repealed Companies Ordinance, 1984.

### 3. STATEMENT OF COMPLIANCE

- 3.1 These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the repealed Companies Ordinance, 1984, Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed 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 repealed Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the directives issued by the SBP and SECP shall prevail.
- 3.2 Effective May 30, 2017, the Companies Act, 2017 (the Act) was promulgated, however, the Securities and Exchange Commission of Pakistan (SECP) vide its circular No. 23 of 2017 dated October 04, 2017 decided that the companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984.

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

IFRS 8, 'Operating Segments' is effective for the Group's accounting periods beginning on or after January 01, 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 Group believes that as the SBP has defined the segment categorization in the above mentioned circular, the SBP requirements prevail over the requirements specified in IFRS 8. Accordingly, segment information disclosed in these consolidated financial statements is based on the requirements laid down by the SBP.

The SBP vide its BSD Circular No. 07 dated April 20, 2010 has clarified that for the purpose of preparation of financial statements in accordance with International Accounting Standard - 1 (Revised), 'Presentation of Financial Statements', two statement approach shall be adopted i.e. separate 'Profit and Loss Account' and 'Statement of Comprehensive Income' shall be presented and Balance Sheet shall be renamed as 'Statement of Financial Position'. The surplus / (deficit) on revaluation of available for sale (AFS) securities is required to be 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 consolidated financial statements.

- 3.3 The Group has adopted the following accounting standards, amendments and interpretations of IFRSs which became effective for the current year:

#### Standard or Interpretation

IAS 7 Statement of Cash Flows - Disclosure Initiative - (Amendment)

IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

#### Improvements to Accounting Standards Issued by the IASB

IFRS 12 Disclosure of Interests in Other Entities -  
Clarification of the scope of the disclosure requirements in IFRS 12

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any effect on the consolidated financial statements.

### 3.4 New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 2 – Share-based Payments – Classification and Measurement of Share-based Payments Transactions – (Amendments)	January 01, 2018
IFRS 10 – Consolidated Financial Statements and IAS 28 – Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – (Amendment)	Not yet finalized
IFRS 15 – Revenue from Contracts with Customers	July 01, 2018
IFRIC Interpretation 22 – Foreign Currency Transactions and Advance Consideration	January 01, 2018
IFRIC 23 – Uncertainty over Income Tax Treatments	January 01, 2019
IFRS 9 – Financial Instruments: Classification and Measurement	July 01, 2018
IFRS 9 Prepayment Features with Negative Compensation – (Amendments)	January 01, 2018
IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	January 01, 2018

The above standards, amendments and interpretations are not expected to have any material impact on the Group's consolidated financial statements in the period of initial application. With regard to IFRS -9, the Group considers that as the Prudential Regulations and other SBP directives currently provide the accounting framework for the measurement and valuation of investments and provision against non-performing financings, the implementation of IFRS-9 may require changes in the regulatory regime. Therefore, the Group expects that the SBP would issue suitable guidance and instruction on the application of IFRS-9 for the banking sector of Pakistan.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016. Such improvements are generally effective for accounting periods beginning on or after January 01, 2018 and January 01, 2019. The Group expects that such improvements to the standards will not have any impact on the Group's consolidated financial statements in the period of initial application.



Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 14 – Regulatory Deferral Accounts	January 01, 2016
IFRS 16 – Leases	January 01, 2019
IFRS 17 – Insurance Contracts	January 01, 2021

#### 4. BASIS OF MEASUREMENT

##### 4.1 Accounting convention

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

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

##### 4.2 Critical accounting estimates and judgments

The preparation of consolidated financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. Actual results may differ from these estimates. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. In particular, information about significant areas of estimates, uncertainty and critical judgments in applying accounting policies that have the most significant affect on the amounts recognized in the consolidated financial statements are as follows:

- classification and impairment against investments (notes 5.4 and 9);
- classification and provision against advances (notes 5.5 and 10);
- depreciation and amortization / useful lives of operating fixed assets (notes 5.6 and 11);
- taxation (note 5.8);
- staff retirement and other benefits (note 5.9);
- fair value of derivatives (note 5.15); and
- judgements made by management in identification and reporting segment information.

#### 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 5.1 Basis of consolidation

These consolidated financial statements include the financial statements of the Bank and its subsidiary. Subsidiary is an entity over which the Group has the power to govern the financial and operating policies accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Group controls another entity. Subsidiary



is fully consolidated from the date on which control is transferred to the Group. The assets and liabilities of subsidiary company have been consolidated on a line by line basis based on the financial statements as at December 31, 2017 and the carrying value of investments held by the Bank is eliminated against the subsidiary's shareholders' equity in these consolidated financial statements. Material intra-group balances and transactions have been eliminated.

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

##### 5.2 Cash and cash equivalents

For the preparation of consolidated cash flow statement, consolidated 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 Repurchase / resale agreements

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

- Sale of securities under repurchase agreement

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

- Purchase of securities under resale agreement

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

##### 5.4 Investments

The Group classifies its investments as follows:

- Held-for-trading

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

- Held-to-maturity

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

- Available-for-sale

These are investments which do not fall under the held-for-trading and 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 Group 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 consolidated 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 unquoted equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. Investments in other unquoted securities are valued at cost less impairment losses, if any.

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

Cost of investment is determined on moving average basis.

#### Impairment

Impairment loss in respect of investments classified as available-for-sale and held-to-maturity is recognized on the basis of management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in market value of an equity security is considered as an objective evidence of impairment, significant means 20% decline in market value as compared to cost, rebutted by in certain cases such as material market volatility, uncertainty and other market impacting external events, in which cases, a higher percentage is also consider by the management for determination of what is presumed as significant decline. Provision for diminution in the value of term finance certificates is made as per the requirements of Prudential Regulations issued by the State Bank of Pakistan. In case of impairment of available-for- sale securities, the cumulative loss that has been recognized directly in the surplus / deficit on revaluation of securities on the consolidated statement of financial position below equity is removed there from and recognized in the consolidated profit and loss account. For investments classified as held-to-maturity, the impairment loss is recognized in the consolidated profit and loss account.

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

#### Bai Muajjal

In Bai Muajjal, the Group sells Shariah compliant instruments on credit to other financial institutions. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period. The difference between the sale and the credit price is recognized over the credit period and recorded as income.

### 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 consolidated profit and loss account. Advances are written off when there is no realistic prospect of recovery after explicit approval from the Board of Directors. The general provision is for the inherent risk of losses which are known from experience to be present in any loan portfolio

#### Ijarah Financing

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

#### Diminishing Musharakah

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

### 5.6 Operating fixed assets and depreciation

#### a) Property and equipment - owned

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

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

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

Gains or losses on disposal, if any, are recognized in the consolidated 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 the assets become available for use.

#### c) Intangible assets

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



## 5.7 Impairment of financial assets

The carrying amount of assets is reviewed at each reporting date to determine whether there is any indication of impairment of any asset or group of assets. If any such indication exists, the recoverable amount of such assets is estimated and impairment losses are recognized immediately in the consolidated financial statements. The resulting impairment loss is taken to the consolidated profit and loss account.

## 5.8 Taxation

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

### a) Current

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

### b) Deferred

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

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

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

## 5.9 Staff retirement and other benefits

### a) Defined contribution plan

The Group operates recognized contributory provident fund for all its permanent employees to which equal contributions at the rate of 10% (2016: 10%) of basic salary are made by both the Group and the employees. The contributions are recognized as employee benefit expense when they are due.

### b) Defined benefit scheme

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

### c) Compensated absences

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

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## 5.10 Provisions against liabilities

Provisions are recognized when the Group has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each date of consolidated statement of financial position and are adjusted to reflect the current best estimate.

## 5.11 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.

## 5.12 Proposed dividend and transfers between reserves

Dividends and appropriations to reserves, except appropriations which are required by law, made subsequent to the date of consolidated statement of financial position are considered as non-adjusting events and are recorded in the consolidated 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.

## 5.13 Revenue recognition

**5.13.1** Mark-up / return / interest on loans and advances and return on investments are recognized on a time proportion basis using the effective interest rate method except that mark-up / return / interest on non-performing advances and investments is recognized on receipt basis, in accordance with the requirements of the Prudential Regulations issued by the SBP. Where debt securities are purchased at a premium or discount, such premium or discount is amortized through the consolidated profit and loss account over the remaining period till maturity.

**5.13.2** Dividend income from investments is recognized when the Group's right to receive the dividend is established.

**5.13.3** Fees, brokerage and commission on letters of credit / guarantees and others is recognized on time proportion basis.

**5.13.4** Financial advisory fees is recognized when the right to receive the fees is established.

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

**5.13.6** Rentals from Ijarah are recognized as income over the term of the contract net of depreciation expense.

**5.13.7** Profit on Diminishing Musharakah is recognized in consolidated profit and loss account on accrual basis.

## 5.14 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 Rupee at the rates of exchange prevailing at the reporting date. Translation gains and losses are included in the consolidated profit and loss account.

## 5.15 Financial instruments

### a) Financial assets and liabilities

Financial assets and liabilities carried on the consolidated statement of financial position include cash and bank balances, lendings to financial institutions, investments, advances, certain receivables, bills payable, borrowings



from financial institutions, deposits, subordinated loans and certain payables. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy notes associated with them.

b) Derivative financial instruments

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

5.16 Offsetting

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

5.17 Segment reporting

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

5.18 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.

5.19 Earnings per share

The Group presents basic earnings per share (EPS) which is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year / period. Diluted EPS is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding adjusted for the effects of all dilutive potential ordinary shares, if any.

5.20 Acceptances

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

5.21 Business segments

a) Corporate finance

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

b) Trading and sales

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



c) Retail banking

It includes mortgage finance and personal loans to individual customers.

d) Commercial banking and others

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

Geographical segments

The Group operates only in Pakistan.

5.22 Commitments

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

5.23 Provision against off-balance sheet obligations

Provision for guarantees, claims and other off balance sheet obligations is made when the Group 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 amount can be made. Charge to consolidated profit and loss account is stated net of expected recoveries.

6. CASH AND BALANCES WITH TREASURY BANKS

In hand

Local currency  
Foreign currency

Note	2017 (Rupees in '000)	2016
6.1	2,226,583 181,013 2,407,596	1,873,185 77,766 1,950,951
6.2	6,024,930	4,510,719
6.3	51,816	5,156
6.4	83,421	62,289
6.5	230,932 6,391,099	168,666 4,746,830
	863,596 18,340 881,936 9,680,631	788,106 16,737 804,843 7,502,624

With State Bank of Pakistan (SBP) in

Local currency current accounts  
Foreign currency current accounts  
Foreign currency deposit accounts  
- Non Remunerative  
- Remunerative

With National Bank of Pakistan in

Local currency current account  
Local currency Profit and loss (PLS) account





- 6.1 This includes national prize bonds of Rs.3.13 (2016: Rs.1.03) 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 and regulation R-3A of the Prudential Regulations, as applicable to the subsidiary. This is a sum not less than such percentage of Group's 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 (FCY) cash reserve maintained with SBP to comply with statutory reserve requirement applicable to Group's FCY deposits.
- 6.5 This represents foreign currency special cash reserve maintained with SBP. The Group is entitled to earn profit which is declared by SBP on a monthly basis. During the period, SBP has declared profits in the range of 0.06 % to 0.37 % (2016: Nil) per annum.

		2017	2016
		(Rupees in '000)	
7.	BALANCES WITH OTHER BANKS	Note	
	In Pakistan		
	In current accounts		56,460 15,016
	In saving accounts	7.1	35,473 90,746
	In term deposit accounts	7.2	2,600,000 600,000
	Outside Pakistan		
	In current accounts	7.3	751,056 485,716
			3,442,989 1,191,478

- 7.1 This includes saving deposits with a commercial bank carrying profit at the rate of 3.75% (2016: 3.75 to 3.85%) per annum.
- 7.2 This represents term deposit account with a commercial banks and microfinance banks for maturity from 3 months to 1 year (2016: 3 months) carrying mark-up ranging from 6.76% to 11.25% (2016: 6.95% to 11.25%) per annum.
- 7.3 This includes Rs.521.74 (2016: Rs.201.87) million held in Automated Investment Plans. This balance is current in nature and in case this balance goes above a specified amount, the Group is entitled to earn interest from the correspondent banks at the agreed rates.

		2017	2016
		(Rupees in '000)	
8.	LENDINGS TO FINANCIAL INSTITUTIONS	Note	
	Call money lendings		-
	Bai Muajjal	8.2	2,000,000
	Repurchase agreement lendings (reverse repo)	8.3 & 8.4	-
			4,938,610
			4,966,750
			5,331,327
			6,938,610
8.1	Particulars of lendings - by currency		
	Local currency		5,331,327
	Foreign currency		6,938,610
			-
			-
			5,331,327
			6,938,610

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- 8.2 This represents outright purchase of Government Ijarah Sukuk from SBP on deferred payment basis (Bai-Muajjal), at a return of 5.27% (2016: Nil) per annum maturing on June 21, 2018 (2016: Nil).
- 8.3 This represents resale agreement lending with a commercial bank carrying mark-up at a rate of 5.78% (2016: 5.80%) per annum maturing on January 05, 2018 (2016: January 03, 2017).
- 8.4 Securities held as collateral against lendings to financial institutions

	2017			2016		
	Held by Group	Further given as collateral	Total	Held by Group	Further given as collateral	Total
(Rupees in '000)						
Market Treasury Bills	4,974,450	-	4,974,450	-	4,940,415	4,940,415

## 9. INVESTMENTS - NET

9.1 Investments by types		2017			2016		
		Held by Group	Given as collateral	Total	Held by Group	Given as collateral	Total
	Note	----- (Rupees in '000) -----					
Available-for-sale securities							
Pakistan Investment Bonds	9.2.1	17,774,769	20,970,031	38,744,800	49,193,663	-	49,193,663
Market Treasury Bills	9.2.2	21,810,464	30,325,395	52,135,859	8,233,454	1,249,209	9,482,663
Fully paid ordinary shares - listed	9.2.6	3,476,796	-	3,476,796	2,235,424	-	2,235,424
Term finance certificates - listed	9.2.9	99,840	-	99,840	99,880	-	99,880
Term finance certificates - unlisted	9.2.10	-	-	-	12,527	-	12,527
Units of mutual funds	9.2.11	613,493	-	613,493	613,533	-	613,533
Islamic funds REIT	9.2.12	99,000	-	99,000	99,000	-	99,000
Government of Pakistan - Ijarah Sukuk	9.2.5	952,926	-	952,926	200,000	-	200,000
Sukuk certificates	9.2.3 & 9.2.4	385,714	-	385,714	482,143	-	482,143
		45,213,002	51,295,426	96,508,428	61,169,624	1,249,209	62,418,833
Held-to-maturity securities							
Pakistan Investment Bonds	9.2.1	16,846,115	-	16,846,115	7,458,429	-	7,458,429
Government of Pakistan - Ijarah Sukuk	9.2.5	-	-	-	239,729	-	239,729
Preference shares - listed	9.2.7	-	-	-	249,961	-	249,961
Preference shares - unlisted	9.2.8	61,305	-	61,305	-	-	-
Term finance certificates - listed	9.2.9	224,287	-	224,287	224,392	-	224,392
Certificate of deposit		-	-	-	100,000	-	100,000
Term finance certificates - Unlisted	9.2.10	754,686	-	754,686	-	-	-
		17,886,393	-	17,886,393	8,272,511	-	8,272,511
Total investments at cost		63,099,395	51,295,426	114,394,821	69,442,135	1,249,209	70,691,344
Less: Provision for diminution in value of investments	9.3	(7,810)	-	(7,810)	(7,810)	-	(7,810)
Investments (net of provisions)		63,091,585	51,295,426	114,387,011	69,434,325	1,249,209	70,683,534
(Deficit) / surplus on revaluation of available-for-sale securities	19	(686,688)	(190,421)	(877,109)	206,208	(5)	206,203
Total investments at market value - net of provisions		62,404,897	51,105,005	113,509,902	69,640,533	1,249,204	70,889,737



	2017	2016
Note	(Rupees in '000)	

9.2.1	55,590,915	56,652,092
9.2.2	52,135,859	9,482,663
9.2.3	242,857	303,572
9.2.5	952,926	439,729
	108,922,557	66,878,056
9.2.6	3,476,796	2,235,424
9.2.7	-	249,961
9.2.8	61,305	-
	61,305	249,961
9.2.9	324,127	324,272
9.2.10	754,686	12,527
	1,078,813	336,799
9.2.11	613,493	613,533
9.2.12	99,000	99,000
9.2.4	142,857	178,571
	-	100,000
	855,350	991,104

**9.2.5** This represents investment in Ijarah Sukuk of Government of Pakistan (GoP) having maturities from December 2018 to June 2020 (2016: December 2018) and carry profit at the rates ranging from 5.24% to 6.10% (2016: 3.98% to 5.45%) per annum.

	2017				2016		
Rating	Number of shares	Market value	Cost	Rating	Number of shares	Market value	Cost
			(Rupees in '000)				

A-/A2	108,100	3,803	7,682	A-/A2	108,100	4,716	7,682
AA/A1+	3,775,700	298,696	387,761	AA/A1+	3,701,600	386,336	479,074
Unrated	7,318,000	260,082	362,224	Unrated	3,018,000	154,552	188,364
AA-/A1+	1,591,500	49,146	65,002	AA-/A1+	1,541,000	56,866	63,357
-	-	-	-	A/A1	50,000	3,330	2,531
-	-	-	-	A+/A-1	50,000	7,709	6,042
-	-	-	-	Unrated	150,000	13,224	10,651
A-/A-2	3,375,000	74,250	102,852	A-/A-2	3,375,000	132,908	121,703
Unrated	3,950,500	130,011	176,658	A+/A-2	1,741,500	96,618	100,011
AA+/A1+	445,000	40,495	57,071	AA+/A1+	445,000	54,949	57,071
A+/A1	11,296,500	344,430	484,566	A+/A1	11,296,500	410,628	447,043
AA-/A1	2,728,800	258,172	361,177	AA-/A1	4,532,500	369,716	369,798
Unrated	17,692,319	396,308	495,385	-	-	-	-
A-/A-2	31,962,500	50,501	58,517	-	-	-	-
-	-	-	-	AA/A1+	1,110,000	42,136	31,201
AAA/A1+	7,161,000	347,738	483,610	AAA/A1+	3,265,500	244,553	243,993
-	-	-	-	AA-/A1+	28,394,500	51,394	60,264
AAA/A1+	470,530	99,903	128,782	-	-	-	-
A-/A-1	82,427,063	228,323	305,509	A/A-1	11,546,585	50,805	46,639
		<u>2,581,858</u>	<u>3,476,796</u>			<u>2,080,440</u>	<u>2,235,424</u>

[illegible]

2017				2016			
Rating	Number of shares	Market value	Amortized cost	Rating	Number of shares	Market value	Amortized cost
----- (Rupees in '000) -----				----- (Rupees in '000) -----			

Unrated	6,130,480	<u>61,305</u>	<u>61,305</u>	-	-	-	-
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Note	Rating	Number of certificates	2017			Rating	Number of certificates	2016			
			Face value per certificate	Market value	Cost			Face value per certificate	Market value	Cost	
			----- (Rupees in '000) -----						----- (Rupees in '000) -----		
1		1,000	100	100	100		1,000	100	100	100	100
2		1,000	100	100	100		1,000	100	100	100	100
3		1,000	100	100	100		1,000	100	100	100	100
4		1,000	100	100	100		1,000	100	100	100	100
5		1,000	100	100	100		1,000	100	100	100	100
6		1,000	100	100	100		1,000	100	100	100	100
7		1,000	100	100	100		1,000	100	100	100	100
8		1,000	100	100	100		1,000	100	100	100	100
9		1,000	100	100	100		1,000	100	100	100	100
10		1,000	100	100	100		1,000	100	100	100	100
11		1,000	100	100	100		1,000	100	100	100	100
12		1,000	100	100	100		1,000	100	100	100	100
13		1,000	100	100	100		1,000	100	100	100	100
14		1,000	100	100	100		1,000	100	100	100	100
15		1,000	100	100	100		1,000	100	100	100	100
16		1,000	100	100	100		1,000	100	100	100	100
17		1,000	100	100	100		1,000	100	100	100	100
18		1,000	100	100	100		1,000	100	100	100	100
19		1,000	100	100	100		1,000	100	100	100	100
20		1,000	100	100	100		1,000	100	100	100	100
21		1,000	100	100	100		1,000	100	100	100	100
22		1,000	100	100	100		1,000	100	100	100	100
23		1,000	100	100	100		1,000	100	100	100	100
24		1,000	100	100	100		1,000	100	100	100	100
25		1,000	100	100	100		1,000	100	100	100	100
26		1,000	100	100	100		1,000	100	100	100	100
27		1,000	100	100	100		1,000	100	100	100	100
28		1,000	100	100	100		1,000	100	100	100	100
29		1,000	100	100	100		1,000	100	100	100	100
30		1,000	100	100	100		1,000	100	100	100	100
31		1,000	100	100	100		1,000	100	100	100	100
32		1,000	100	100	100		1,000	100	100	100	100
33		1,000	100	100	100		1,000	100	100	100	100
34		1,000	100	100	100		1,000	100	100	100	100
35		1,000	100	100	100		1,000	100	100	100	100
36		1,000	100								

## Summit Bank Limited 9.2.9.1 A- (SO)

44,982	5,000	224,287	224,287	A (SO)	44,982	5,000	224,392	224,392
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325,680	324,127	325,406	324,277
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9.2.9.1 These term finance certificates are sub-ordinated in nature. 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.

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

Particulars	Coupon / Profit rates	Profit payment	Maturity
MCB Bank Limited (Formerly NIB Bank Limited) - second issue (unsecured)	6M KIBOR plus 1.15%	Semi-annually	June 19, 2022
Summit Bank Limited (unsecured)	6M KIBOR plus 3.25%	Semi-annually	October 27, 2018

9.2.10 Details of investment in term finance certificates - unlisted

2017						2016				
Rating	Number of certificates	Paid-up value per certificate	Market value	Cost		Rating	Number of certificates	Paid-up value per certificate	Market value	Cost
----- (Rupees in '000) ----						----- (Rupees in '000) ----				
<b>Held-to-maturity securities</b> <b>Note</b>										
Al-Arabia Sugar Mills Limited -										
1st issue	Unrated	105,937	5,000	529,686	529,686	-	-	-	-	-
Silk Bank Limited - 1st issue	9.2.10.1 A-	45,000	5,000	225,000	225,000	-	-	-	-	-
<b>Available-for-sale securities</b>										
Faysal Bank Limited -										
2nd issue	-	-	-	-	-	AA-	5,000	5,000	12,628	12,527
				<u>754,686</u>	<u>754,686</u>				<u>12,628</u>	<u>12,527</u>

9.2.10.1 These term finance certificates are sub-ordinated in nature. 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.

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

Particulars	Coupon / Profit rates	Profit payment	Maturity
Al-Arabia Sugar Mills Limited	6M KIBOR plus 0.20%	Semi-annually	December 30, 2026 (inclusive 1.5 years grace period)
Silk Bank Limited	6M KIBOR plus 1.85%	Semi-annually	August 10, 2025

9.2.11 Details of investments in mutual funds

	2017					2016			
	Rating	Number of units	Market/ net asset value	Cost		Rating	Number of units	Market/ net asset value	Cost
Available for sale securities			----- (Rupees in '000) ----					----- (Rupees in '000) ----	
Open end									
National Investment Unit Trust	AM2++	5,594,093	394,775	500,000	AM2+	5,892,058	515,791	500,000	
Closed end									
PICIC Growth Fund	AM2	1,049,500	29,753	28,459	AM2	1,049,500	31,968	28,459	
PICIC Investment Fund	AM2	6,343,500	84,686	85,034	AM2	6,346,500	88,216	85,074	
			114,439	113,493			120,184	113,533	
Total investments in mutual funds			509,214	613,493			635,975	613,533	

9.2.12 Details of investments in Islamic funds

Arif Habib Dolmen (REIT)	RR I	9,000,000	<u>99,000</u>	<u>99,000</u>	AM2-	9,000,000	<u>96,570</u>	<u>99,000</u>
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9.3 Particulars of provision for diminution in the value of investments - net

Opening balance	7,810	490
Charge for the year - through other comprehensive income	-	7,320
Closing balance	<u>7,810</u>	<u>7,810</u>

9.3.1 Particulars of provision by type and segment

Available-for-sale securities

Shares of listed companies

Note	2017 (Rupees in '000)	2016
	7,810	490
	-	7,320
9.4.1	<u>7,810</u>	<u>7,810</u>
	7,810	7,810

10. ADVANCES - NET

Loans, cash credits, agriculture, running finances etc.

- In Pakistan

Commodity finance

- In Pakistan

Islamic financing and related assets

- Diminishing musharakah financing

- Ijarah financing

Bills discounted and purchased (excluding market treasury bills)

- Payable in Pakistan

- Payable outside Pakistan

Advances - gross

Provision for non-performing advances

- Specific provision

- General provision against consumer and small enterprise advances

- General provision

Advances - net

10.1 Particulars of advances - gross

10.1.1 In local currency  
In foreign currency

10.1.2 Short term (for upto one year)  
Long term (for more than one year)

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

10.3 Diminishing musharakah financing

Diminishing musharakah

10.4 Ijarah financing

Net book value of assets

Advance against Ijarah financing

Note	2017 (Rupees in '000)	2016
	54,706,297	47,237,793
	11,552,078	6,245,905
	2,187,739	2,075,944
	103,583	74,647
	<u>68,549,697</u>	<u>55,634,289</u>
	794,124	404,430
	110,154	10,204
	<u>904,278</u>	<u>414,634</u>
10.1	<u>69,453,975</u>	<u>56,048,923</u>
	(397,624)	(143,034)
	(4,621)	(4,051)
	<u>(4,000,000)</u>	<u>(4,000,000)</u>
	<u>(4,402,245)</u>	<u>(4,147,085)</u>
	<u>65,051,730</u>	<u>51,901,838</u>
10.1.1	69,453,975	56,048,923
	-	-
	<u>69,453,975</u>	<u>56,048,923</u>
10.1.2	39,655,722	28,576,547
	<u>29,798,253</u>	<u>27,472,376</u>
	<u>69,453,975</u>	<u>56,048,923</u>
	2017 (Rupees in '000)	2016
	2,187,739	2,075,944
10.4.1	86,279	50,732
	<u>17,304</u>	<u>23,915</u>
	<u>103,583</u>	<u>74,647</u>







## 11. OPERATING FIXED ASSETS

Capital work-in-progress  
Property and equipment  
Intangible assets

Note	2017 (Rupees in '000)	2016
11.1	24,481	31,064
11.2	1,577,352	1,734,129
11.3	61,607	67,689
	<u>1,663,440</u>	<u>1,832,882</u>

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

### 11.2 Property and equipment - owned

	2017							
	Cost			Accumulated depreciation				
	As at January 01	Additions / (disposals)	As at December 31	As at January 01	Charge for the year / (disposals) /	As at December 31	Book value as at December 31	Rate of depreciation %
	----- (Rupees in '000) -----							
Leasehold improvements	1,040,048	88,110 -	1,128,158	191,236	53,060 -	244,296	883,862	5
Furniture and fixtures	473,432	19,052 (296)	492,188	184,188	47,832 (125)	231,895	260,293	10
Computer and office equipment	1,269,145	42,649 (2,459)	1,309,335	806,277	203,673 (1,993)	1,007,957	301,378	33.33 & 20
Vehicles	265,195	50,737 (27,458)	288,474	131,989	49,537 (24,871)	156,655	131,819	20
	3,047,820	200,548 (30,213)	3,218,155	1,313,690	354,102 (26,989)	1,640,803	1,577,352	
	2016							
	Cost			Accumulated depreciation				
	As at January 01	Additions / (disposals)	As at December 31	As at January 01	Charge for the year / (disposals) /	As at December 31	Book value as at December 31	Rate of depreciation %
	----- (Rupees in '000) -----							
Leasehold improvements	1,014,844	25,204 -	1,040,048	140,122	51,114 -	191,236	848,812	5
Furniture and fixtures	449,559	23,873 -	473,432	137,778	46,410 -	184,188	289,244	10
Computer and office equipment	1,080,063	190,589 (1,507)	1,269,145	579,640	227,862 (1,225)	806,277	462,868	33.33 & 20
Vehicles	215,120	104,903 (54,829)	265,194	124,931	49,829 (42,771)	131,989	133,205	20
	2,759,586	344,569 (56,336)	3,047,819	982,471	375,215 (43,996)	1,313,690	1,734,129	

11.2.1 The cost of fully depreciated furniture and fixture, office and computer equipment still in use amounted to Rs.678.87 (2016: Rs.328.19) million.

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### 11.3 Intangible assets

	2017							
	Cost		Accumulated amortization					
	As at January 01,	Additions	As at December 31,	As at January 01,	Amortization for the year	As at December 31,	Book value as at December 31,	Rate of amortization %
Software	----- (Rupees in '000) -----							
	188,552	22,912	211,464	120,863	28,994	149,857	61,607	20
	<u>188,552</u>	<u>22,912</u>	<u>211,464</u>	<u>120,863</u>	<u>28,994</u>	<u>149,857</u>	<u>61,607</u>	
	2016							
	Cost		Accumulated amortization					
	As at January 01,	Additions	As at December 31,	As at January 01,	Amortization for the year	As at December 31,	Book value as at December 31,	Rate of amortization %
Software	----- (Rupees in '000) -----							
	163,317	25,235	188,552	90,759	30,104	120,863	67,689	20
	<u>163,317</u>	<u>25,235</u>	<u>188,552</u>	<u>90,759</u>	<u>30,104</u>	<u>120,863</u>	<u>67,689</u>	

### 11.4 Disposals

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 -----						
<b>Vehicle</b>						
Honda Civic	1,794	1,794	-	-	As per Group Policy	Mr. Saeeduddin Khan
Toyota Corolla XLI	1,628	895	733	-	As per Group Policy	Mr. Fazal Ellahi (Late)
Toyota Corolla XLI	1,357	1,357	-	1,357	As per Group Policy	Mr. Syed Farrukh Raza
Suzuki Mehran	678	181	497	625	Insurance Claim	Sindh Insurance Co Ltd
Suzuki Mehran	673	314	359	471	As per Bid	Mr. Rana Abdul Samad
Suzuki Cultus VXR	1,099	348	751	769	As per Group Policy	Mr. Arshad Hussain
Aggregate of disposals not meeting criteria	20,229	19,982	247	1,623	As per Group Policy/Bid	Various
	<u>27,458</u>	<u>24,871</u>	<u>2,587</u>	<u>4,845</u>		
<b>Office equipment</b>						
Aggregate of disposals not meeting criteria	2,394	1,946	448	421	Various	Various
<b>Computers</b>						
Aggregate of disposals not meeting criteria	65	47	18	19	Various	Various
<b>Furniture and fixtures</b>						
Aggregate of disposals not meeting criteria	296	125	171	171	Various	Various
<b>December 31, 2017</b>	<u>30,213</u>	<u>26,989</u>	<u>3,224</u>	<u>5,456</u>		
December 31, 2016	<u>56,336</u>	<u>43,997</u>	<u>12,339</u>	<u>16,485</u>		



12. DEFERRED TAX ASSETS / (LIABILITIES) - net		Note	2017 (Rupees in '000)	2016
<b>Deductible temporary differences on:</b>				
- Provision against advances - general			1,400,000	1,400,000
- Provision for diminution in the value of investments			2,733	171
- Surplus / (deficit) on revaluation of investments - net			306,988	(72,171)
			1,709,721	1,328,000
<b>Taxable temporary differences on:</b>				
- Operating fixed assets - tangible			(88,988)	(128,059)
- Operating fixed assets - intangible			(9,194)	(9,864)
			(98,182)	(137,923)
			1,611,539	1,190,077

12.1 Reconciliation of deferred tax	2017				2016			
	Balance as at January 01	Recognized in profit and loss account	Recognized in equity	Balance as at December 31	Balance as at January 01	Recognized in profit and loss account	Recognized in equity	Balance as at December 31
	(Rupees in '000)							
<b>Deductible temporary differences on:</b>								
- Provision against advances - general	1,400,000	-	-	1,400,000	875,000	525,000	-	1,400,000
- Provision for diminution in the value of investments	171	2,562	-	2,733	171	-	-	171
- Provision against other assets	-	-	-	-	1,127	(1,127)	-	-
- (Deficit) / surplus on revaluation of investments	(72,171)	-	379,159	306,988	(408,626)	-	336,455	(72,171)
	1,328,000	2,562	379,159	1,709,721	467,672	523,873	336,455	1,328,000
<b>Taxable temporary differences on:</b>								
- Operating fixed assets - tangible	(128,059)	39,071	-	(88,988)	(155,266)	27,207	-	(128,059)
- Operating fixed assets - intangible	(9,864)	670	-	(9,194)	(10,519)	655	-	(9,864)
	(137,923)	39,741	-	(98,182)	(165,785)	27,862	-	(137,923)
	1,190,077	42,303	379,159	1,611,539	301,887	551,735	336,455	1,190,077

13. OTHER ASSETS - NET		Note	2017 (Rupees in '000)	2016
Accrued income on bank deposits, investments, COIs, placements and advances			3,397,774	3,227,911
Accrued commission income			11,210	322
Advances, deposits, advance rent and other prepayments			258,984	200,704
Advance against term finance certificates and preference shares			-	608,183
Receivable against sale of shares			147,531	369,716
Unrealised gain on forward forex revaluation - net			64,115	-
Insurance premium receivable against agriculture loans			26,991	45,166
Stationery and stamps on hand			10,088	12,359
Dividend receivable			26,535	668
Receivable against I Link ATM settlement account			273,165	275,379
Insurance claims receivable			746	3,306
Advance tax			-	4,522
Other receivables			16,367	10,171
			4,233,506	4,758,407

14. BILLS PAYABLE	Note	2017 (Rupees in '000)	2016
In Pakistan		905,423	714,212
Outside Pakistan		-	-
		<b>905,423</b>	<b>714,212</b>

15. BORROWINGS		2017	2016
In Pakistan		50,971,174	8,910,738
Outside Pakistan		-	-
		<b>50,971,174</b>	<b>8,910,738</b>

15.1 Particulars of borrowings with respect to currencies		2017	2016
In local currency		50,971,174	8,910,738
In foreign currency		-	-
		<b>50,971,174</b>	<b>8,910,738</b>

15.2 Details of borrowings		2017	2016
<b>Secured</b>			
Borrowings from State Bank of Pakistan (SBP) under export refinance scheme	15.2.1	1,136,500	1,081,500
Repurchase agreement borrowings			
- State Bank of Pakistan (SBP)	15.2.2	29,402,212	-
- Other commercial banks / DFIs	15.2.3	8,434,593	6,187,415
		<b>37,836,805</b>	<b>6,187,415</b>
Call borrowings	15.2.4	11,997,869	-
<b>Unsecured</b>			
Call / Clean borrowings		-	1,641,823
		<b>50,971,174</b>	<b>8,910,738</b>

15.2.1	These represent borrowings from SBP under export refinance scheme at the rates ranging from 1.00% to 2.00% (2016: 1.00% to 2.00%) per annum having maturity upto six months.
15.2.2	These represent repurchase agreement borrowings maturing on January 05, 2018. These borrowings are secured against Pakistan Investment Bonds and Treasury Bills and carry mark-up at 5.87% (2016: nil) per annum.
15.2.3	These repurchase agreement borrowings are secured against Pakistan Investment Bonds and Treasury Bills and carry mark-up at rates ranging from 5.78% to 6.00% (2016: 5.78%) per annum. These borrowings are repayable latest by February 27, 2018. The carrying value of securities given as collateral against these borrowings is given in note 9.1.
15.2.4	These represent call money borrowing from a commercial bank at the rate of 5.83% (2016: Nil) per annum with maturities in August and October 2018. The group has placed Pakistan Investment Bonds as collateral against these borrowings.





## 16. DEPOSITS AND OTHER ACCOUNTS

	Note	2017 (Rupees in '000)	2016
<b>Customers</b>			
Fixed deposits		36,674,370	33,787,351
Savings deposits		49,676,100	44,489,733
Current accounts - non-remunerative		39,776,448	31,361,350
Margin and other accounts - non-remunerative		653,611	799,926
		<u>126,780,529</u>	<u>110,438,360</u>
<b>Financial Institutions</b>			
Remunerative deposits		7,257,908	8,274,591
Non-remunerative deposits		165,653	130,423
		<u>7,423,561</u>	<u>8,405,014</u>
	16.1	<u>134,204,090</u>	<u>118,843,374</u>
<b>16.1 Particulars of deposits</b>			
In local currency		132,596,670	117,675,770
In foreign currency		1,607,420	1,167,604
		<u>134,204,090</u>	<u>118,843,374</u>

## 17. OTHER LIABILITIES

Mark-up / return/ interest payable in local currency		1,322,913	1,173,337
Mark-up / return/ interest payable in foreign currency		4,170	5,041
Accrued expenses		141,743	108,431
Net defined benefit liability	31.1.2	71,446	50,481
Payable to employees' provident fund		397	252
Provision for compensated absences	32	144,125	118,612
Unrealised loss against forward forex revaluation - net		-	45,039
Payable against purchase of operating fixed assets		99,853	45,892
Payable against purchase of shares		358,505	393,307
Retention money		67,872	60,459
Federal excise duty / sales tax on services payable		6,303	4,617
Provision for taxation - net		26,336	32,878
Withholding tax payable		17,113	9,170
Others		66,390	131,250
		<u>2,327,166</u>	<u>2,178,766</u>

## 18. SHARE CAPITAL

### 18.1 Authorised capital

2017	2016		2017	2016
Number of shares			(Rupees in '000)	
1,200,000,000	1,200,000,000	Ordinary shares of Rs. 10/- each	12,000,000	12,000,000

### 18.2 Issued, subscribed and paid-up share capital

1,001,013,000	1,001,013,000	Ordinary shares of Rs. 10/- each	10,010,130	10,010,130
		Fully paid in cash		

18.3 The Government of Sindh, through its Finance Department, owns 99.9% ordinary shares of the Group.

## 19. (DEFICIT) / SURPLUS ON REVALUATION OF ASSETS - NET OF DEFERRED TAX

### Available-for-sale securities

Federal government securities	101,915	319,177
Fully paid ordinary shares - listed	(887,129)	(147,175)
Units of mutual funds (units / certificates)	(104,279)	21,272
Sukuk certificates	10,831	11,693
Term finance certificates	1,553	1,236
	<u>(877,109)</u>	<u>206,203</u>
Related deferred taxation	12	(72,171)
	<u>(570,121)</u>	<u>134,032</u>

## 20. CONTINGENCIES AND COMMITMENTS

### 20.1 Direct credit substitutes

Includes general guarantees of indebtedness in favor of:

Government	1,881,587	2,479,754
Banking companies and other financial institutions	1,530,553	382,618
Others	1,440,255	739,659
	<u>4,852,395</u>	<u>3,602,031</u>

### 20.2 Trade related contingent liabilities

- Others

4,713,833 4,953,626

### 20.3 Commitments to extend credit

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

### 20.4 Transaction related contingent liabilities

Contingent liabilities in respect of guarantees given, favoring others

393,990 248,638

### 20.5 Commitments in respect of forward rate agreements - currency

- Purchase

5,108,914 7,407,583

- Sale

4,798,804 6,960,019

### 20.6 Commitments in respect of repo / reverse repo transactions

- Sale and repurchase agreements

37,861,932 6,191,349

- Purchase and resale agreements

4,974,614 4,941,750

### 20.7 Other commitments

Against purchase of shares

- 23,591



	Note	2017 (Rupees in '000)	2016
<b>21. MARK-UP / RETURN / INTEREST EARNED</b>			
On loans and advances to: Customers		4,808,795	3,963,112
On investments in: Available-for-sale securities Held-to-maturity securities		4,716,681 1,820,056	4,630,339 993,043
On deposits with financial institutions		78,656	53,530
On securities purchased under resale agreements		134,496	132,371
On call / clean lending		97,693	49,014
		<u>11,656,377</u>	<u>9,821,409</u>
<b>22. MARK-UP / RETURN / INTEREST EXPENSED</b>			
Deposits		5,285,403	4,346,929
Securities sold under repurchase agreements		604,936	850,375
Other short term borrowings		381,623	159,062
		<u>6,271,962</u>	<u>5,356,366</u>
<b>23. GAIN ON SALE OF SECURITIES - NET</b>			
Federal government securities			
- Market Treasury Bills		562	44
- Pakistan Investment Bonds		445,729	2,643,990
Others			
- Units of mutual funds		26,632	36,174
- Shares of listed companies		131,202	253,048
- Other investments		300	400
		<u>604,425</u>	<u>2,933,656</u>
<b>24. OTHER INCOME</b>			
Incidental charges	24.1	4,761	2,351
Gain on sale of operating fixed assets		2,964	4,146
Prequalification application fee for tender		143	124
Rental income		1,800	2,240
Others		305	350
		<u>9,973</u>	<u>9,211</u>

24.1 Includes account maintenance, statement issuance, bill collection and other charges recovered from customers.

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	Note	2017 (Rupees in '000)	2016
<b>25. ADMINISTRATIVE EXPENSES</b>			
Salaries, allowances and other benefits	25.1	1,970,385	1,746,439
Contribution to defined benefit plan	31.1.4	48,740	44,842
Contribution to defined contribution plan	31.2	60,330	51,446
Non-Executive Directors' fees		19,660	12,490
Rent, taxes, insurance, electricity, etc.		825,232	756,638
Legal and professional charges		29,729	21,544
Communications		120,302	146,986
Repairs and maintenance		214,035	191,186
Stationery and printing		79,276	75,011
Security services		248,114	232,559
Advertisement and publicity		74,558	65,661
Auditors' remuneration	25.2	8,168	7,504
Depreciation	11.2	354,102	375,215
Amortization	11.3	28,994	30,104
Travelling and conveyance		21,636	20,935
Brokerage and commission		8,338	10,643
Fees and subscription		58,996	54,190
Miscellaneous expense		62,904	60,274
		<u>4,233,499</u>	<u>3,903,667</u>

25.1 This includes balance of compensated absences amounting to Rs.30.92 (2016: Rs.57.10) million. Further refer note 32.

	Note	2017 (Rupees in '000)	2016
<b>25.2 Auditors' remuneration</b>			
<b>Grant Thornton Anjum Rahman</b>			
Audit fee		175	2,945
Half yearly review		80	1,213
Certifications and other advisory services		198	2,706
Out-of-pocket expenses		1,156	640
		<u>1,609</u>	<u>7,504</u>
<b>EY Ford Rhodes</b>			
Audit fee		3,240	-
Half yearly review		1,620	-
Certifications and other advisory services		1,512	-
Out-of-pocket expenses		187	-
		<u>6,559</u>	<u>-</u>
		<u>8,168</u>	<u>7,504</u>

25.3 The Group operates a short term employee benefit scheme which includes grant of special bonus to employees. Under this scheme, the special bonus for employees, including the President & Chief Executive Officer of the Group is determined on the basis of employees evaluation and the Group's performance during the year. The aggregate amount determined for eligible employees in respect of the above scheme relating to Executives and Chief Executive Officer of the Group amounted to Rs.35.19 (2016: Rs.23.37) million and Rs.3.13 (2016: Rs.23.66) million respectively and is included in salaries, allowances and benefits.



## 26. OTHER CHARGES

Penalties imposed by the SBP  
 Others

Note	2017 (Rupees in '000)	2016
	8,689	525
	732	-
	<u>9,421</u>	<u>525</u>

## 27. TAXATION

### Relationship between tax expense and accounting profit

Profit before tax	<u>2,213,387</u>	<u>2,448,675</u>
Tax on income	773,081	858,106
Effects of prior year on current taxation	161,950	184,795
Effects of permanent differences	796	2,483
	<u>935,827</u>	<u>1,045,384</u>

27.1 The Income Tax returns of the Group have been filed up to the tax year 2017 (accounting year ended December 31, 2016) and amendment of deemed assessment were carried out till tax year 2016, whereby certain disallowances to the taxable income were made.

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

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

After legislation of 18th amendment to the Constitution, Government of Sindh through the Sindh WWF Act, 2014 levy of SWWF was also introduced. As per Sindh WWF Act, 2014, banks/financial institutions are included in definition of "Industrial Establishment" Sindh WWF is imposed @ of 2% of the total income; Since the Group's operations are in all the three other Provinces and Azad Jammu & Kashmir as well, the Group along with other banks has filed a SUIT before honorable Sindh High Court and challenged the vires of SWWF, which is pending for adjudication.

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## 28. BASIC AND DILUTED EARNINGS PER SHARE

Profit after taxation

Note	2017 (Rupees in '000)	2016
	<u>1,277,560</u>	<u>1,403,291</u>
	----- (Numbers) -----	

Weighted average number of ordinary shares

<u>1,001,013,000</u>	<u>1,000,334,899</u>
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Basic and diluted earnings per share

<u>1.28</u>	<u>1.40</u>
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28.1 Diluted earnings per share has not been presented separately as the Group does not have any convertible instruments in issue at December 31, 2017 or 2016.

## 29. CASH AND CASH EQUIVALENTS

Cash and balances with treasury banks  
 Balances with other banks

6	<u>9,680,631</u>	7,502,624
7	<u>3,442,989</u>	<u>1,191,478</u>
	<u>13,123,620</u>	<u>8,694,102</u>

## 30. STAFF STRENGTH

Permanent  
 Temporary / on contractual basis  
 group own staff strength at the end of the year  
 Outsourced  
 Total staff strength

	----- (Numbers) -----	
	<u>1,677</u>	1,595
	<u>240</u>	<u>210</u>
	<u>1,917</u>	<u>1,805</u>
30.1	<u>403</u>	<u>388</u>
	<u>2,320</u>	<u>2,193</u>

30.1 This represents personnel hired by an outside contractor / agency and posted in the Group to perform various tasks / activities of the Group.

## 31. DEFINED BENEFIT AND CONTRIBUTION PLANS

### 31.1 Defined benefit plan

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

#### 31.1.1 Principal actuarial assumptions

The latest actuarial valuation was carried out as at December 31, 2017 using the Projected Unit Credit Method. Following are the significant assumptions used in the actuarial valuation:

	2017	2016
- Discount rate	9.50%	9.50%
- Expected rate of increase in salaries	9.00%	9.00%
- Expected return on plan assets	9.50%	9.50%





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### 31.1.2 Reconciliation of net defined benefit liability

	Note	2017 (Rupees in '000)	2016
Present value of defined benefit liability	31.1.5	239,044	170,787
Fair value of plan assets	31.1.6	(167,598)	(120,306)
Payable to defined benefit plan	31.1.3	71,446	50,481

### 31.1.3 Movement in net defined benefit liability

Opening balance		50,481	49,286
Charge to profit and loss during the year	31.1.4	48,740	44,842
Remeasurement loss recognized in OCI group contribution	31.1.4	22,706	5,639
		(50,481)	(49,286)
Closing balance		71,446	50,481

### 31.1.4 Charge for defined benefit plan

In profit and loss			
Current service cost		46,342	42,378
Interest cost - net		2,398	2,464
Charge for the year		48,740	44,842

#### In other comprehensive income

Remeasurement loss on defined benefit obligation		16,048	3,653
Remeasurement loss on plan assets		6,658	1,986
		22,706	5,639

### 31.1.5 Changes in present value of defined benefit liability

Opening balance		170,787	118,574
Current service cost		46,342	42,378
Interest cost		15,755	11,587
Benefits paid		(9,888)	(5,405)
Actuarial loss / (gain) on obligations			
- Financial assumptions		-	-
- Experience assumptions		16,048	3,653
		16,048	3,653
Closing balance		239,044	170,787

### 31.1.6 Fair value of plan assets

Fair value of plan assets at the beginning of the year		120,306	69,288
Expected return on plan assets		13,357	9,123
group contributions		50,481	49,286
Benefits paid		(9,888)	(5,405)
Actuarial loss on assets - experience assumptions		(6,658)	(1,986)
Fair value of plan assets at the end of the year	31.1.7	167,598	120,306

### 31.1.7 Plan assets comprise

Balance held in bank accounts		167,598	120,306
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### 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:

	Note	2017 (Rupees in '000)	2016
Discount rate (1% variation)		127,323	151,585
Future salary growth (1% variation)		165,072	194,690
Future mortality (1 year variation)		238,988	170,826

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 January 01, 2018 works out to Rs.30.28 (2016: Rs.47.03) million.

### 31.1.10 Maturity analysis

The weighted average duration of the defined benefit obligation works out to be 12.30 years. Expected benefit payments for the next five year are:

	2018	2019	2020	2021	2022
	----- Rupees in '000 -----				
Expected benefit payments	9,389	12,827	14,495	15,294	15,090

### 31.2 Defined contribution plan

The Group operates a recognised provident fund plan for all its permanent employees. Equal monthly contributions are made, both by the Group and its employees, to the fund at the rate of 10% of basic salaries of the employees. The minimum qualifying period of service for the purpose of the Group's contribution is one year. The contribution made by the Group and its employees during the year amounted to Rs.120.66 (2016: Rs.101.94) million. The number of employees as at December 31, 2017 eligible under the plan were 1,498 (2016: 1,449).

## 32. COMPENSATED ABSENCES

The Group grants compensated absences to all its regular employees as per service rules. Minimum qualifying period for encashment is three years of service. Regular employees are entitled to 30 days privilege leave for each completed year of service. Unutilized privilege leaves are accumulated upto a maximum of 60 days which would be encashed at the time of retirement from the regular service of the Group or severance of service except in case of dismissal. These are encashable on the basis of last drawn gross salary. The Group recognises the liability for compensated absences in respect of employees in the period in which these are earned up to the balance sheet date. The provision amount of Rs.144.13 (2016: Rs.118.61) million has been provided on the basis of actuarial recommendations.

### 32.1 Movement of compensated absences

	Note	2017 (Rupees in '000)	2016
Opening balance		118,612	63,498
Expense for the year		30,918	57,101
Benefit paid for the year		(5,405)	(1,987)
Closing balance		144,125	118,612



### 33. COMPENSATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	President / Chief Executive Officer		Directors		Executives	
	2017	2016	2017	2016	2017	2016
	(Rupees in '000)					
Fees	-	-	19,450	12,325	210	165
Managerial remuneration	14,545	11,008	-	3,097	440,566	363,644
Charge for defined benefit plan	1,247	814	-	-	25,039	21,601
Contribution for defined contribution plan	1,455	803	-	-	32,014	26,019
Rent and house maintenance	6,545	4,953	-	1,394	198,255	163,640
Utilities	1,455	1,101	-	310	44,057	36,365
Medical	1,455	1,101	-	310	44,057	36,365
Conveyance	610	510	-	158	109,350	84,355
Bonus	2,424	1,847	-	257	73,768	56,001
Others	1,905	2,392	1,517	1,603	51,903	40,788
	31,641	24,529	20,967	19,454	1,019,219	828,943
Number of Persons	1	2	7	7	393	334

33.1 The Chief Executive Officer and certain executives of the Group are provided with free use of the Group's maintained cars.

33.2 Executives mean employees, other than the President & 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 President & Chief Executive Officer of the Group are also entitled to performance bonus which is disclosed in note 25.3 to these consolidated financial statements.

### 34. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 'Fair Value Measurement' defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Group's accounting policy as stated in note 5.6 to these consolidated financial statements.

The repricing profile, effective rates and maturity profile are stated in note 38.3.5 to these consolidated financial statements.

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

#### Fair value hierarchy

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

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

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

Level 3: Unobservable inputs for the asset or liability.

34.1 The table below analyses the financial and non-financial assets carried at fair values, by valuation methods. For financial assets, the Group essentially carries its investments in debt and equity securities at fair values. Valuation of investments is carried out as per guidelines specified by the SBP.

	2017				
		Fair Value			
	Carrying value	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	-----	(Rupees in '000)			-----
Financial assets measured at fair value					
Available-for-sale securities					
Pakistan Investment Bonds	38,841,721	-	38,841,721	-	38,841,721
Market Treasury Bills	52,136,358	-	52,136,358	-	52,136,358
Shares of listed companies	2,581,857	2,581,857	-	-	2,581,857
Term finance certificates - listed	101,393	-	101,393	-	101,393
Units of mutual funds	608,214	213,439	394,775	-	608,214
Sukuk bonds	1,353,966	-	1,353,966	-	1,353,966

#### Off balance sheet financial instruments

Foreign exchange contracts (purchase)	-	-	5,108,914	-	5,108,914
Foreign exchange contracts (sale)	-	-	4,798,804	-	4,798,804

	2016				
	Carrying value	Fair Value			Total
		Level 1	Level 2	Level 3	
On balance sheet financial instruments					

Pakistan Investment Bonds	49,507,894	-	49,507,894	-	49,507,894
Market Treasury Bills	9,482,710	-	9,482,710	-	9,482,710
Shares of listed companies	2,080,439	2,080,439	-	-	2,080,439
Term finance certificates - listed	101,014	-	101,014	-	101,014
Term finance certificates - unlisted	12,629	-	12,629	-	12,629
Units of mutual funds	733,805	218,014	515,791	-	733,805
Sukuk bonds	698,735	-	698,735	-	698,735

#### Off balance sheet financial instruments

Foreign exchange contracts (purchase)	-	-	7,407,583	-	7,407,583
Foreign exchange contracts (sale)	-	-	6,960,019	-	6,960,019



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

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

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

The segment analysis with respect to business activities is as follows:

	Trading and sales	Retail banking	2017 Corporate finance	Commercial banking and others	Total
	(Rupees in '000)				
Total income	7,723,790	1,532	-	5,258,761	12,984,083
Inter segment revenue - net	(6,781,650)	-	-	6,781,650	-
Total income - net	942,140	1,532	-	12,040,411	12,984,083
Total expenses	(1,224,473)	(1,434)	-	(9,544,789)	(10,770,696)
Net income / (loss) before tax	(282,333)	98	-	2,495,622	2,213,387
Segment assets	130,473,857	123,892	-	73,927,314	204,525,063
Segment liabilities	50,318,536	651	-	138,088,665	188,407,852
Segment return on assets (ROA) (%)*	7.80%	9.46%	-	9.25%	-
Segment cost of funds (%)*	5.87%	4.09%	-	4.00%	-

\* Includes inter-segment revenue / cost.

	Trading and sales	Retail banking	2016 Corporate finance	Commercial banking and others	Total
	(Rupees in '000)				
Total income	8,969,910	-	-	4,375,844	13,345,754
Inter segment revenue - net	(4,709,959)	-	-	4,681,580	(28,379)
Total income - net	4,259,951	-	-	9,057,424	13,317,375
Total expenses	(1,144,350)	-	-	(9,724,350)	(10,868,700)
Net income before tax	3,115,601	-	-	(666,926)	2,448,675
Segment assets	86,196,979	-	-	60,008,675	146,205,654
Segment liabilities	8,148,404	-	-	122,498,687	130,647,091
Segment return on assets (ROA) (%)*	11.49%	-	-	9.35%	-
Segment cost of funds (%)*	7.60%	-	-	4.41%	-

\* Includes inter-segment revenue / cost.

### 36. RELATED PARTY TRANSACTIONS

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

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

Government of Sindh (GoS) through its Finance Department holds 99.9% shareholding in the Group and therefore entities which are owned and / or controlled by the GoS, or where the GoS may exercise significant influence, are related parties of the Group. The Group in the ordinary course of business enters into transaction with Government-related entities. Such transactions include lending to, deposits from and provision of other banking services to such entities. However, it is impracticable to disclose transactions with all other entities owned or controlled by GoS.

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





	2017			
	Key management personnel	Directors	Associates / subsidiaries	Other related parties
	----- (Rupees in '000) -----			
<b>Advances</b>				
Balance at the beginning of the year	120,768	-	-	234,375
Disbursed during the year	45,120	-	-	743,253
Repaid during the year	(24,384)	-	-	(698,117)
Balance at the end of the year	141,504	-	-	279,511
<b>Deposits</b>				
Balance at the beginning of the year	54,246	19,138	-	1,001,431
Received during the year	509,976	365,062	-	8,693,163
Withdrawals during the year	(453,066)	(306,098)	-	(8,813,448)
Balance at the end of the year	111,156	78,102	-	881,146
Purchase of Government securities	-	-	-	304,300
Investment in shares of subsidiary-outstanding	-	-	-	-
Sale of Government securities	-	-	-	190,000
Fee and commission income	18	4	-	24
Gain on sale of Government securities	-	-	-	35
Expenses recovered under agency arrangement	-	-	-	586
Mark-up receivable	97	-	-	4,236
Profit payable	947	406	-	7,932
Insurance premium paid	-	-	-	62,810
Insurance premium settled	-	-	-	46,762
	Year ended December 31, 2017			
Mark-up / return / interest earned	5,567	-	-	21,627
Mark-up / return / interest expensed	3,145	2,560	-	106,565
Gain on sale of Government securities	-	-	-	4,518
Rental income	-	-	-	1,800
Rent paid	-	-	-	2,475
Remuneration paid	183,469	-	-	-
Contribution to provident fund	5,265	-	-	-
Provision for gratuity	4,606	-	-	-
Other staff benefits	19,740	-	-	-
Directors' meeting fee	-	19,660	-	-
Other expenses	-	1,517	-	808

As at the date of consolidated statement of financial position, loans/advances and deposits related to government related entities amounted to Rs.11,552.08 million (note 10.2) and Rs.66,230.26 million (note 16). The above includes deposits amounting to Rs.19,333.93 (2016: Rs.19,896.41) million received through the Finance Department, Government of Sindh.

#### Advances

Balance at the beginning of the year	31,480	-	-	296,875
Disbursed during the year	103,001	-	-	-
Repaid during the year	(13,713)	-	-	(62,500)
Balance at the end of the year	120,768	-	-	234,375

#### Deposits

Balance at the beginning of the year	52,469	19,796	-	457,948
Received during the year	369,131	154,367	-	10,471,174
Withdrawals during the year	(367,354)	(155,025)	-	(9,927,691)
Balance at the end of the year	54,246	19,138	-	1,001,431

Purchase of Government securities	-	-	-	508,017
Sale of Government securities	-	-	-	799,537
Expenses recovered under agency arrangement	-	-	-	591
Mark-up receivable	69	-	-	4,972
Profit payable	367	163	-	10,824
Insurance premium paid	-	-	-	63,762
Sale proceeds received	-	-	-	10,157

#### Year ended December 31, 2016

Mark-up / return / interest earned	1,596	-	-	22,536
Mark-up / return / interest expensed	2,096	1,379	-	41,997
Gain on sale of Government securities	-	-	-	346
Rental income	-	-	-	2,240
Remuneration paid	154,970	5,491	-	-
Contribution to provident fund	4,606	-	-	-
Provision for gratuity	3,916	-	-	-
Other staff benefits	16,354	257	-	-
Directors' meeting fee	-	12,325	-	-
Other Expenses	-	1,380	-	-

### 37. CAPITAL ADEQUACY RATIO

**37.1** The Basel-III Framework is applicable to the Group both at the consolidated level (comprising of wholly owned subsidiary) and on unconsolidated basis. Subsidiary is included while calculating consolidated capital adequacy for the Group using full consolidation method whereas associates in which the Group has significant influence on equity method. Standardized approach is used for calculating the capital adequacy for credit and market risk, whereas, Basic Indicator Approach (BIA) is used for operational risk capital adequacy purposes.

### 37.2 Capital Management

#### Objectives and goals of managing capital

The Group 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; and
- 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 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, 2017. The raise was to be achieved in a phased manner. The paid up capital of the Group for the year ended December 31, 2017 stands at Rs.10.01 billion and is in compliance with the SBP requirement.

The capital adequacy ratio of the Group 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					
		2014	2015	2016	2017	2018	2019
1	CET I	5.50%	6.00%	6.00%	6.00%	6.00%	6.00%
2	ADT-I	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
3	Tier-I	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%
5	* CCB	0.00%	0.25%	0.65%	1.275%	1.90%	2.50%
6	Total Capital plus CCB	10.00%	10.25%	10.65%	11.275%	11.90%	12.50%

\*(Consisting of CET I only)

### 37.3 Group's regulatory capital is analysed into 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 consolidated financial statements and net unappropriated profits after all regulatory adjustments applicable on CET I (refer to note 37.5).

- Additional Tier I Capital (AT I), 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 AT I (refer to note 37.5).

- Tier 2 capital, which includes Subordinated debt Instruments, share premium on issuance of Subordinated debt/ instruments, general provisions for loan losses (up to a maximum of 1.25% of credit risk weighted assets), Net of tax reserves on revaluation of fixed assets and equity investments up to a maximum of 45% of the balance and foreign exchange translation reserves after all regulatory adjustments applicable on Tier-2 (refer to note 37.5).

The required capital adequacy ratio (11.275% of the risk-weighted assets) is achieved by the Group 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 risks 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 Group. As the Group carries on the business on a wide area network basis, it is critical that it is able to continuously monitor the exposure across the 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 Group to particular operations or activities.

### 37.4 Leverage Ratio

The leverage ratio of the Group as at December 31, 2017 is 7.07% (2016: 9.76%). The ratio has been computed as prescribed by the State Bank of Pakistan through instructions for Basel-III implementation in Pakistan.

As on December 31, 2017 total Tier I Capital of the Group amounts to Rs.15,345 (2016: Rs.15,345) million whereas the total exposure measure amounts to Rs.216.889 (2016: Rs.157.180) million.

### 37.5 Capital Adequacy

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

#### 37.5.1 Capital Adequacy

##### Common Equity Tier I capital (CET I): Instruments and reserves

	Note	2017 (Rupees in '000)	2016 (Rupees in '000)
1	Fully paid-up capital / capital deposited with SBP	10,010,130	10,010,130
2	Balance in Share Premium Account	51	51
3	Reserve for issue of Bonus Shares	-	-
4	Discount on Issue of shares	-	-
5	General/Statutory Reserves	1,464,278	1,207,680
6	Gain / (losses) on derivatives held as Cash Flow Hedge	-	-
7	Unappropriated / unremitted profits / (losses)	5,212,873	4,206,669
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	<b>CET I before Regulatory Adjustments</b>	<b>16,687,332</b>	<b>15,424,530</b>
10	Total regulatory adjustments applied to CET I (note 37.6.1)	1,342,618	79,417
11	<b>Common Equity Tier I</b>	<b>15,344,714</b>	<b>15,345,113</b>

##### Additional Tier I (AT I) 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	<b>AT I before regulatory adjustments</b>	<b>-</b>	<b>-</b>
18	Total regulatory adjustment applied to AT I capital (note 37.6.2)	-	-
19	Additional Tier I capital after regulatory adjustments	-	-
20	<b>Additional Tier I capital recognized for capital adequacy</b>	<b>-</b>	<b>-</b>
21	<b>Tier I Capital (CET I + admissible AT I) (11+20)</b>	<b>15,344,714</b>	<b>15,345,113</b>



	Note	2017 (Rupees in '000)	2016
<b>Tier 2 Capital</b>			
22	Qualifying Tier 2 capital instruments under Basel III plus any related share premium	-	-
23	Tier 2 capital instruments subject to phase-out arrangement issued under pre-Basel 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	815,886	639,292
27	Revaluation Reserves (net of taxes)	-	-
28	of which: Revaluation reserves on fixed assets	-	-
29	of which: Unrealized gains/losses on AFS	-	134,032
30	Foreign Exchange Translation Reserves	-	-
31	Undisclosed/Other Reserves (if any)	-	-
32	T2 before regulatory adjustments	815,886	773,324
33	Total regulatory adjustment applied to T2 capital (note 37.6.3)	171,414	5,838
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	<b>Total Tier 2 capital admissible for capital adequacy</b>	<b>644,472</b>	<b>767,486</b>
38	<b>TOTAL CAPITAL (T1 + admissible T2) (21+37)</b>	<b>15,989,186</b>	<b>16,112,599</b>
39	<b>Total Risk Weighted Assets (RWA) {for details refer note 37.7}</b>	<b>97,376,623</b>	<b>88,659,191</b>
<b>Capital Ratios and buffers (in percentage of risk weighted assets)</b>			
40	<b>CET I to total RWA</b>	<b>15.76%</b>	<b>17.31%</b>
41	<b>Tier-I capital to total RWA</b>	<b>15.76%</b>	<b>17.31%</b>
42	<b>Total capital to total RWA</b>	<b>16.42%</b>	<b>18.17%</b>
43	Bank specific buffer requirement (minimum CET I requirement plus capital conservation buffer plus any other buffer requirement)	7.28%	6.65%
44	of which: capital conservation buffer requirement	1.28%	0.65%
45	of which: counter cyclical 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)	8.48%	10.66%
<b>National minimum capital requirements prescribed by SBP</b>			
48	<b>CET I minimum ratio</b>	<b>6.00%</b>	<b>6.00%</b>
49	<b>Tier I minimum ratio</b>	<b>7.50%</b>	<b>7.50%</b>
50	<b>Total capital minimum ratio</b>	<b>10.00%</b>	<b>10.00%</b>
51	<b>Total capital minimum ratio plus CCB</b>	<b>11.275%</b>	<b>10.65%</b>

### 37.6 Regulatory Adjustments and Additional Information:

#### 37.6.1 Common Equity Tier 1 capital: Regulatory adjustments

	2017 Amount	2017 Amounts subject to Pre- Basel III treatment	2016 Amounts	2016 Amounts subject to Pre- Basel III treatment
----- Rupees in '000 -----				
1	Goodwill (net of related deferred tax liability)	-	-	-
2	All other intangibles (net of any associated deferred tax liability)	52,413	52,413	57,825
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	570,122	570,122	-
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)	813,676	650,941	35,987
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)	86,427	69,142	-
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 AT I and Tier 2 to cover deductions	-	-	-
22	Total regulatory adjustments applied to CET I (sum of 1 to 21)	1,522,638	1,342,618	93,812





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### 37.6.2 Additional Tier-I & Tier-I Capital: regulatory adjustments

	2017		2016	
	Amount	Amounts subject to Pre-Basel III treatment	Amounts	subject to Pre-Basel III treatment
----- Rupees in '000 -----				
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-Basel 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)	-	-	-	-

### 37.6.3 Tier 2 Capital: regulatory adjustments

31 Portion of deduction applied 50:50 to Tier-I and Tier-2 capital based on pre-Basel 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)	214,268	171,414	9,731	5,838
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)	214,268	171,414	9,731	5,838

### 37.6.4 Additional Information

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

2017 2016  
----- Rupees in '000 -----

-	-
-	-
2,634,423	1,582,389
-	-
2,634,423	1,582,389

### 37.6.5 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)

-	-
-	-
1,611,539	1,190,077
1,611,539	1,190,077

### 37.6.6 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

-	-
-	-
-	-
-	-
-	-

### 37.7 Capital Structure Reconciliation

	As per published financial statements	Under regulatory scope of reporting
	December 31, 2017	
	Rupees in '000	
Step I		
Assets		
Cash and balances with treasury banks	9,680,631	9,680,631
Balanced with other banks	3,442,989	3,442,989
Lending to financial institutions	5,331,327	5,331,327
Investments	113,509,902	113,509,902
Advances	65,051,730	65,051,730
Operating fixed assets	1,663,440	1,663,440
Deferred tax assets	1,611,539	1,611,539
Other assets	4,233,506	4,233,506
Total assets	204,525,064	204,525,064



	2017	2016
	----- Rupees in '000 -----	
<b>Liabilities &amp; Equity</b>		
Bills payable	905,423	905,423
Borrowings	50,971,174	50,971,174
Deposits and other accounts	134,204,090	134,204,090
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities	-	-
Other liabilities	2,327,166	2,327,166
<b>Total liabilities</b>	<b>188,407,853</b>	<b>188,407,853</b>
Share capital / head office capital account	10,010,130	10,010,130
Reserves	1,464,329	1,464,329
Unappropriated / unremitted profit / (losses)	5,212,873	5,212,873
Minority interest	-	-
Surplus on revaluation of assets	(570,121)	(570,121)
<b>Total equity</b>	<b>16,117,211</b>	<b>16,117,211</b>
<b>Total liabilities &amp; equity</b>	<b>204,525,064</b>	<b>204,525,064</b>

	As per published consolidated financial statements	Under regulatory scope of consolidation	Reference
	December 31, 2017		
	----- Rupees in '000 -----		
<b>Assets</b>			
Cash and balances with treasury banks	9,680,631	9,680,631	
Balanced with other banks	3,442,989	3,442,989	
Lending to financial institutions	5,331,327	5,331,327	
Investments	113,509,902	113,509,902	
- of which: non-significant capital investments in capital of other financial institutions exceeding 10% threshold	822,355	822,355	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)	112,687,547	112,687,547	e
Advances	65,051,730	65,051,730	
Shortfall in provisions/ excess of total EL amount over eligible provisions under IRB	-	-	f
General provisions reflected in Tier 2 capital	815,886	815,886	g
Fixed assets	1,663,440	1,663,440	
Deferred tax assets	1,542,397	1,542,397	
- of which: DTAs excluding those arising from temporary differences	-	-	h
- of which: DTAs arising from temporary differences exceeding regulatory threshold	69,142	69,142	i
Other assets	4,233,506	4,233,506	
- of which: goodwill	-	-	j
- of which: intangibles	61,607	61,607	k
- of which: Defined-benefit pension fund net assets	-	-	l
<b>Total assets</b>	<b>204,525,064</b>	<b>204,525,064</b>	

Step 2

<b>Liabilities &amp; Equity</b>
Bills payable
Borrowings
Deposits and other accounts
Sub-ordinated loans
- of which: eligible for inclusion in AT I
- of which: eligible for inclusion in Tier 2
Liabilities against assets subject to finance lease
Deferred tax liabilities
- of which: DTLs related to goodwill
- of which: DTLs related to intangible assets
- of which: DTLs related to defined pension fund net assets
- of which: other deferred tax liabilities
Other liabilities
<b>Total liabilities</b>
Share capital
- of which: amount eligible for CET I
- of which: amount eligible for AT I
Reserves
- of which: portion eligible for inclusion in CET I
- of which: portion eligible for inclusion in Tier 2
Unappropriated profit / (losses)
Minority interest
- of which: portion eligible for inclusion in CET I
- of which: portion eligible for inclusion in AT I
- of which: portion eligible for inclusion in Tier 2
Surplus on revaluation of assets
- of which: revaluation reserves on property
- of which: unrealized gains / (losses) on AFS
- In case of deficit on revaluation (deduction from CET I)

**Total Equity**  
**Total liabilities & Equity**

As per published consolidated financial statements  
December 31, 2017  
----- Rupees in '000 -----

Under regulatory scope of consolidation

Reference

905,423	905,423	
50,971,174	50,971,174	
134,204,090	134,204,090	
-	-	
-	-	m
-	-	n
-	-	
9,194	9,194	
-	-	o
9,194	9,194	p
-	-	q
-	-	r
2,327,166	2,327,166	
188,407,853	188,407,853	
10,010,130	10,010,130	
10,010,130	10,010,130	s
-	-	t
1,464,329	1,464,329	
1,464,329	1,464,329	u
-	-	v
5,212,873	5,212,873	w
-	-	
-	-	x
-	-	y
-	-	z
(570,121)	(570,121)	
-	-	
-	-	aa
570,121	570,121	ab
16,117,211	16,117,211	
204,525,064	204,525,064	



Step 3	Source based on reference number from step 2	Source based on reference number from step 2
Rupees in '000		
Common Equity Tier I capital (CET I): Instruments and reserves		
1 Fully Paid-up capital/ capital deposited with SBP	10,010,130	(s)
2 Balance in share premium account	51	
3 Reserve for issue of bonus shares	-	
4 General/ statutory reserves	1,464,278	(u)
5 Gain/(Losses) on derivatives held as cash flow hedge	-	
6 Unappropriated/unremitted profits/(losses)	5,212,873	(w)
7 Minority Interests arising from CET I capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET I capital of the consolidation group)	-	(x)
8 CET I before Regulatory Adjustments	16,687,332	
Common Equity Tier I capital: Regulatory Adjustments		
9 Goodwill (net of related deferred tax liability)	-	(j) - (o)
10 All other intangibles (net of any associated deferred tax liability)	52,413	(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 CET I capital instruments	-	(d)
15 Cash flow hedge reserve	-	
16 Investment in own shares/ CET I 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	570,121	(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)	650,941	(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)	69,142	(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 CET I 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 CET I due to insufficient AT I and Tier 2 to cover deductions	-	
30 Total regulatory adjustments applied to CET I	1,342,617	
31 Common Equity Tier I	15,344,715	
Additional Tier I (AT I) Capital		
32 Qualifying additional Tier-I instruments plus any related share premium	-	(t)
33 - of which: classified as equity	-	(m)
34 - of which: classified as liabilities	-	
35 Additional Tier-I capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT I)	-	(y)
36 - of which: instrument issued by subsidiaries subject to phase out	-	
37 AT I before regulatory adjustments		

Step 3	Source based on reference number from step 2	Source based on reference number from step 2
	Rupees in '000	
<b>Additional Tier I Capital: regulatory adjustments</b>		
38 Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-	
39 Investment in own AT I capital instruments	-	
40 Reciprocal cross holdings in additional Tier I 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-I capital	-	
44 Regulatory adjustments applied to additional Tier I due to insufficient Tier 2 to cover deductions	-	
45 Total of regulatory adjustment applied to AT I capital	-	
46 Additional Tier I capital	-	
47 <b>Additional Tier I capital recognized for capital adequacy</b>	-	
48 <b>Tier I Capital (CET I + admissible AT I)</b>	<b>15,344,715</b>	
<b>Tier 2 Capital</b>		
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	<b>815,886</b>	(g)
54 Revaluation reserves eligible for Tier 2	-	
55 - of which: portion pertaining to Property	-	portion of (aa)
56 - of which: portion pertaining to AFS securities	-	
57 Foreign exchange translation reserves	-	(v)
58 Undisclosed / other reserves (if any)	-	
59 <b>T2 before regulatory adjustments</b>	<b>815,886</b>	
<b>Tier 2 Capital: regulatory adjustments</b>		
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)	<b>171,414</b>	(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	<b>171,414</b>	
66 Tier 2 capital (T2)	<b>644,472</b>	
67 Tier 2 capital recognized for capital adequacy	<b>644,472</b>	
68 Excess additional Tier I capital recognized in Tier 2 capital	-	
69 <b>Total Tier 2 capital admissible for capital adequacy</b>	<b>644,472</b>	
<b>Total capital (T I + admissible T2)</b>	<b>15,989,187</b>	





37.8 Main features template of Regulatory Capital Instruments

1	Issuer	Sindh Bank Ltd
2	Unique identifier (e.g PSX Symbol or Bloomberg identifier etc.)	Un-quoted
3	Governing law(s) of the instrument	Laws applicable in Pakistan
<b>Regulatory treatment</b>		
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	Group & Solo
7	- Instrument type	Ordinary Shares
8	Amount recognized in regulatory capital (currency in PKR thousands as of reporting date)	10,010,130
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
<b>Coupons / Dividends</b>		
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	
<b>Convertible or non-convertible</b>		Non-convertible
23	If convertible, conversion trigger (s)	Not applicable
24	If convertible, fully or partially	Not applicable
25	If convertible, conversion rate	Not applicable
26	If convertible, mandatory or optional conversion	Not applicable
27	If convertible, specify instrument type convertible into	Not applicable
28	If convertible, specify issuer of instrument it converts into	Not applicable
<b>Write-down feature</b>		
29	If write-down, write-down trigger(s)	Not applicable
30	If write-down, full or partial	Not applicable
31	If write-down, permanent or temporary	Not applicable
32	If temporary write-down, description of write-up mechanism	Not applicable
33	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Residual Interest
34	Non-compliant transitioned features	No
35	If yes, specify non-compliant features	Not applicable

37.9 Risk Weighted Assets

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

Credit Risk:

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

Cash and cash equivalents

Sovereign

Public sector entities

Banks

Corporate

Retail

Residential mortgages

Past due loans

Deferred tax assets

Listed equity investment

Un-listed equity investment

Operating fixed assets

Other assets

2017		2016	
Capital Requirements	Risk Weighted Assets	Capital Requirements	Risk Weighted Assets
(Rupees in '000)			

-	-	-	-
-	-	-	-
5,149	51,494	16,079	160,787
129,159	1,291,588	143,153	1,431,530
4,028,223	40,282,227	3,444,490	34,444,902
188,278	1,882,779	193,688	1,936,882
24,147	241,469	11,449	114,490
577,705	5,777,049	157,316	1,573,164
381,278	3,812,783	297,519	2,975,193
39,063	390,634	58,232	582,316
9,196	91,958	-	-
160,183	1,601,831	176,519	1,765,194
63,471	634,712	86,135	861,347
5,605,852	56,058,524	4,584,580	45,845,805

Off-Balance sheet:

Non-market related

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

Market related

Foreign exchange contracts/ derivatives etc.

916,718	9,167,179	525,953	5,259,528
4,514	45,140	3,801	38,011
921,232	9,212,319	529,754	5,297,539

TOTAL CREDIT RISK

(a)

6,527,084	65,270,843	5,114,334	51,143,344
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Market Risk:

Capital Requirement for portfolios subject to standardized approach

Interest rate risk

Equity position risk

Foreign exchange risk

TOTAL MARKET RISK

(b)

1,688,026	16,880,264	2,265,246	22,652,460
507,826	5,078,262	555,651	5,556,513
11,897	118,968	2,703	27,025
2,207,749	22,077,494	2,823,600	28,235,998

Operational Risk:

Capital Requirement for portfolios subject to basic indicator approach

Operational risk

(c)

1,002,829	10,028,286	927,985	9,279,849
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TOTAL RISK WEIGHTED ASSETS

(a)+(b)+(c)

9,737,662	97,376,623	8,865,919	88,659,191
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	2017		2016	
	Required	Actual	Required	Actual
Capital Adequacy Ratios				
CET1 to total RWA	6.00%	15.76%	6.00%	17.31%
Tier-I capital to total RWA	7.50%	15.76%	7.50%	17.31%
Total capital to total RWA	10.00%	16.42%	10.00%	18.17%
Total capital plus CCB to total RWA	11.275%	16.42%	10.65%	18.17%

### 38. RISK MANAGEMENT

Under the Group's risk management framework, the Group's Risk Management Committee (BRMC) is responsible for review and improvement of the risk policies of the Group. On a management level, the Group 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 Group and take adequate measures to manage and control risks on timely basis.

#### 38.1 Credit risk

Credit risk strives to maximize the Group'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 Group's lending function is primarily focused on small and medium sized secured loans in agriculture, SME and consumer products. Large corporate, commercial and industrial loans are provided on selective basis whose policy is 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 using the auto risk system and reports to the CEO and the BRMC on a regular basis.

#### 38.2 Segments by class of business

##### 38.2.1 Segmental information

Segmental information by the class / nature of business and segment by distribution of advances, deposits and contingencies is given below:

	2017					
	Advances (Gross)		Deposits		Contingencies and commitments	
	(Rupees in '000)	Percent	(Rupees in '000)	Percent	(Rupees in '000)	Percent
Chemical and pharmaceuticals	1,471,125	2.12%	2,241,584	1.67%	82,331	0.13%
Agri-business	1,872,350	2.70%	2,099,868	1.56%	-	-
Manufacturing of textile	291,210	0.42%	105,643	0.08%	433,368	0.69%
Cement	373,223	0.54%	3,019	0.00%	-	-
Transport, storage and communication	1,341,428	1.93%	443,966	0.33%	25,225	-
Importers / exporters	344,651	0.50%	272,701	0.20%	209,189	0.33%
Wholesale and retail trade	793,957	1.14%	4,008,679	2.99%	192,616	0.31%
Mining and quarrying	3,156,122	4.54%	60,890	0.05%	120,834	-
Hotel and restaurants	1,038,560	1.50%	60,814	0.05%	-	-
Petroleum	132,463	0.19%	142,592	0.11%	1,362,052	2.17%
Media channel	1,101,572	1.59%	-	-	-	-
Manufacture of basic iron and steel	2,280,460	3.28%	61,773	0.05%	265,565	0.42%
Sugar	20,791,965	29.94%	194,371	0.14%	324,055	0.52%
Automobile and transportation equipment	2,711,143	3.90%	191,383	0.14%	665,443	1.06%
Financial	3,611,767	5.20%	10,494,209	7.82%	53,494,264	85.31%

	2017		2017		2017	
	Advances (gross)		Deposits		Contingencies and commitments	
	(Rupees in '000)	Percent	(Rupees in '000)	Percent	(Rupees in '000)	Percent
Rice	340,252	0.49%	58,765	0.04%	-	-
Construction, real estate and societies	4,439,688	6.39%	5,944,410	4.43%	977,303	1.56%
Public sector - provincial government funds / departments	-	-	19,333,927	14.41%	-	-
Food	12,096,598	17.42%	78,765	0.06%	133,272	0.21%
Insurance	17,537	-	129,495	0.10%	-	-
Power, electricity and gas	6,492,534	9.35%	2,537,379	1.89%	2,135,452	3.41%
Education	54,208	0.08%	11,859,253	8.84%	40,678	-
Individuals	866,128	1.25%	11,274,998	8.40%	-	-
Others	3,835,034	5.53%	62,605,606	46.66%	2,242,835	3.58%
Total	69,453,975	100%	134,204,090	100%	62,704,482	100%

	2016					
	Advances (gross)		Deposits		Contingencies and commitments	
	(Rupees in '000)	%	(Rupees in '000)	Percent	(Rupees in '000)	%
Chemical and pharmaceuticals	960,124	1.71%	1,485,771	1.25%	22,893	0.07%
Agri-business	2,567,016	4.58%	2,002,432	1.68%	-	-
Manufacturing of textile	167,442	0.30%	144,630	0.12%	413,386	1.21%
Cement	432,121	0.77%	81,059	0.07%	-	-
Transport, storage and communication	1,122,293	2.00%	995,841	0.84%	-	-
Importers / exporters	378,983	0.68%	198,700	0.17%	127,147	0.37%
Wholesale and retail trade	414,094	0.74%	4,396,380	3.70%	173,299	0.51%
Mining and quarrying	2,758,299	4.92%	69,434	0.06%	20,420	0.06%
Hotel and restaurants	1,074,455	1.92%	96,894	0.08%	-	-
Manufacture of basic iron and steel	1,985,919	3.54%	17,005	0.01%	107,912	0.31%
Sugar	16,484,721	29.41%	269,064	0.23%	121,294	0.35%
Automobile and transportation equipment	2,597,492	4.63%	147,097	0.12%	1,197,805	3.49%
Financial	2,458,866	4.39%	8,393,043	7.06%	26,100,701	76.08%
Rice	318,184	0.57%	70,053	0.06%	-	-
Construction, real estate and societies	4,375,160	7.81%	7,427,251	6.25%	1,157,825	3.38%
Public sector - provincial government funds / departments	-	0.00%	19,896,414	16.74%	-	0.00%
Food	6,781,675	12.10%	155,090	0.13%	189,562	0.55%
Insurance	-	-	11,971	0.01%	-	-
Power, electricity and gas	6,396,929	11.41%	565,145	0.48%	1,626,946	4.74%
Education	170,939	0.30%	10,315,436	8.68%	1,150	0.00%
Individuals	485,240	0.87%	8,924,585	7.51%	-	-
Others	4,118,971	7.36%	53,180,079	44.76%	3,044,656	8.88%
Total	56,048,923	100%	118,843,374	100%	34,304,996	100%



### 38.2.2 Details of non-performing advances and specific provisions by class of business segment

	2017			2016		
	Classified Advances	Specific provision held	%	Classified Advances	Specific provision held	%
	(Rupees in '000)		%	(Rupees in '000)		%
Agri-business	313,622	67,997	5.73%	297,846	29,268	19.00%
Importers / exporters	48,478	18,498	0.89%	18,498	18,498	1.00%
Sugar	3,754,252	150,034	68.73%	500,000	84,128	32.00%
Wholesale and retail trade	195,922	9,747	3.59%	-	-	-
Construction, real estate and societies	760,463	107,471	13.92%	616,686	-	39.00%
Food	188,660	43,877	3.45%	88,779	11,140	6.00%
Others	200,758	-	3.68%	47,566	-	3.00%
<b>Total</b>	<b>5,462,155</b>	<b>397,624</b>	<b>100%</b>	<b>1,569,375</b>	<b>143,034</b>	<b>100%</b>

### 38.2.3 Segment by sector

	2017					
	Advances (Gross)		Deposits		Contingencies and commitments	
	(Rupees in '000)	Percent	(Rupees in '000)	Percent	(Rupees in '000)	Percent
Public / Government	11,552,078	16.63%	79,666,844	59.36%	178,644	0.28%
Private	57,901,897	83.37%	54,537,246	40.64%	62,525,838	99.72%
<b>Total</b>	<b>69,453,975</b>	<b>100%</b>	<b>134,204,090</b>	<b>100%</b>	<b>62,704,482</b>	<b>100%</b>

	2016					
	Advances (Gross)		Deposits		Contingencies and commitments	
	(Rupees in '000)	Percent	(Rupees in '000)	Percent	(Rupees in '000)	Percent
Public / Government	6,245,905	20.15%	68,044,899	58.07%	248,586	0.72%
Private	49,803,018	79.85%	50,798,475	41.93%	34,056,410	99.28%
<b>Total</b>	<b>56,048,923</b>	<b>100%</b>	<b>118,843,374</b>	<b>100%</b>	<b>34,304,996</b>	<b>100%</b>

### 38.2.4 Details of non-performing advances and specific provisions by sector

	2017			2016		
	Classified Advances	Specific provision held	Percentage	Classified Advances	Specific provision held	Percentage
	(Rupees in '000)		%	(Rupees in '000)		%
Public / Government	-	-	-	-	-	-
Private	5,462,155	397,624	100%	1,569,375	143,034	100%
<b>Total</b>	<b>5,462,155</b>	<b>397,624</b>	<b>100%</b>	<b>1,569,375</b>	<b>143,034</b>	<b>100%</b>

### 38.2.5 Geographical segment analysis

	2017			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and commitments
		(Rupees in '000)		
Pakistan	2,213,387	204,525,064	16,117,211	62,704,482

	2016		
	Profit before taxation	Total assets employed	Net assets employed
		(Rupees in '000)	
Pakistan	2,448,675	146,205,654	15,558,563
<b>Total</b>	<b>2,448,675</b>	<b>146,205,654</b>	<b>15,558,563</b>

### 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 Group 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 Group 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 Group 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, 2017			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	(Rupees in '000)			
Pakistan Rupee	203,226,828	186,796,266	(310,109)	16,120,453
United States Dollar	1,031,318	1,244,601	145,875	(67,408)
Great Britain Pound	166,008	280,138	132,900	18,770
Euro	63,060	86,848	31,334	7,546
Japanese Yen	1,081	-	-	1,081
Saudi Riyal	1,341	-	-	1,341
Canadian Dollar	17,736	-	-	17,736
UAE Dirham	17,692	-	-	17,692
<b>Total</b>	<b>204,525,064</b>	<b>188,407,853</b>	<b>-</b>	<b>16,117,211</b>

	As at December 31, 2016			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	(Rupees in '000)			
Pakistan Rupee	145,406,060	129,474,442	(447,564)	15,484,054
United States Dollar	490,410	1,004,314	573,879	59,975
Great Britain Pound	199,142	122,301	(76,915)	(74)
Euro	96,610	46,033	(49,400)	1,177
Japanese Yen	1,449	-	-	1,449
UAE Dirham	11,982	-	-	11,982
<b>Total</b>	<b>146,205,653</b>	<b>130,647,090</b>	<b>-</b>	<b>15,558,563</b>





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

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 Group's returns and capital base. ALCO, Treasury Division and RMD monitor the repricing / mismatch risks, basis risks, yield curve risks, and option risks on a continuous basis to minimize the yield / interest rate risk.

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 Group 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.



38.3.5 Mismatch of interest rate sensitive assets and liabilities

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

Effective Yield / Interest rate	Total	Exposed to Yield / Interest risk										Non-interest bearing financial instruments
		Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years		
		(Rupees in '000)										
On-balance sheet financial instruments												
Assets												
4.97%	9,680,631	75,644	30,089	30,281	124,772	-	-	-	-	-	9,419,845	
5.67%	3,442,989	2,085,473	250,000	100,000	200,000	-	-	-	-	-	807,516	
7.92%	5,331,327	4,966,750	-	364,577	-	-	-	-	-	-	-	
7.42%	113,509,902	27,281,369	25,479,087	1,810,233	-	-	19,897,430	29,316,713	6,473,693	3,251,377		
	65,051,730	54,527,730	1,441,620	486,964	4,576,935	508,274	715,358	1,774,642	862,215	93,056		
	4,233,506	-	-	-	-	-	-	-	-	-	4,233,506	
	201,250,085	88,936,966	27,200,796	2,792,055	4,901,707	508,274	715,358	21,672,072	30,178,928	6,566,749	17,777,180	
Liabilities												
5.75%	905,423	-	-	-	-	-	-	-	-	-	905,423	
4.09%	50,971,174	36,004,969	2,968,335	-	11,997,870	-	-	-	-	-	-	
	134,204,090	57,550,570	12,655,427	10,715,001	12,228,620	8,393	46,696	403,670	-	-	40,595,713	
	2,327,166	-	-	-	-	-	-	-	-	-	2,327,166	
	188,407,853	93,555,539	15,623,762	10,715,001	24,226,490	8,393	46,696	403,670	-	-	43,828,302	
	12,842,232	(4,618,573)	11,577,034	(7,922,946)	(19,324,783)	499,881	668,662	21,268,402	30,178,928	6,566,749	(26,051,122)	
On-balance sheet gap												
Off-balance sheet financial instruments												
	37,861,932	34,890,767	2,971,165	-	-	-	-	-	-	-	-	
	4,974,614	4,974,614	-	-	-	-	-	-	-	-	-	
	42,836,546	39,865,381	2,971,165	-	-	-	-	-	-	-	-	
Total yield / Interest Risk Sensitivity Gap												
	35,246,808	14,548,199	(7,922,946)	(19,324,783)	499,881	668,662	21,268,402	30,178,928	6,566,749	(26,051,122)		
Cumulative yield / Interest Risk Sensitivity Gap												
	35,246,808	49,795,007	41,872,061	22,547,278	23,047,159	23,715,821	44,984,223	75,163,151	81,729,900	55,678,778		
Reconciliation with total assets:												
Assets as per above	201,250,085	-	-	-	-	-	-	-	-	-	-	
Fixed assets	1,663,440	-	-	-	-	-	-	-	-	-	-	
Deferred tax asset	1,611,539	-	-	-	-	-	-	-	-	-	-	
Assets as per unconsolidated statement of financial position	204,525,064	-	-	-	-	-	-	-	-	-	-	
Reconciliation with total liabilities:												
Liabilities as per above	188,407,853	-	-	-	-	-	-	-	-	-	-	
Deferred tax liability	-	-	-	-	-	-	-	-	-	-	-	
Liabilities as per unconsolidated statement of financial position	188,407,853	-	-	-	-	-	-	-	-	-	-	





Assets

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

Liabilities

Bills payable  
Borrowings from financial institutions  
Deposits and other accounts  
Deferred tax liability  
Other liabilities

Gap

Share capital  
Reserves  
Unappropriated profit  
Surplus on revaluation of investments  
Net 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)									
7,502,624	7,502,624	-	-	-	-	-	-	-	-
1,191,478	591,478	200,000	400,000	-	-	-	-	-	-
6,938,610	6,938,610	-	-	-	-	-	-	-	-
70,889,737	12,266,666	497,430	345,826	536,577	429,229	40	496,932	50,543,717	5,773,320
51,901,838	9,151,154	8,131,791	2,377,939	7,886,479	3,379,456	2,852,593	5,689,894	10,147,941	2,284,591
1,832,882	48,960	36,392	54,887	108,581	217,758	217,770	360,380	356,563	431,591
1,190,077	118,580	118,988	118,988	237,976	297,470	298,075	-	-	-
4,758,407	3,126,367	709,117	298,599	45,047	45,009	4,583	529,685	-	-
146,205,653	39,744,439	9,693,718	3,596,239	8,814,660	4,368,922	3,373,061	7,076,891	61,048,221	8,489,502
71,4212	71,4212	-	-	-	-	-	-	-	-
8,91,0738	7,418,915	-	1,491,823	-	-	-	-	-	-
118,843,374	82,814,901	11,524,948	10,794,966	13,394,522	199,927	11,310	102,800	-	-
-	-	-	-	-	-	-	-	-	-
2,178,766	1,335,412	310,843	263,548	255,678	8,055	55	5,175	-	-
130,647,090	92,283,440	11,835,791	12,550,337	13,650,200	207,982	11,365	107,975	-	-
15,558,563	(52,539,001)	(2,142,073)	(8,954,098)	(48,35,540)	4,160,940	3,361,696	6,968,916	61,048,221	8,489,502
10,010,130									
1,207,731									
4,206,670									
134,032									
15,558,563									





2016										
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)					
Cash and balances with treasury banks	7,502,624	3,139,546	2,287,773	1,919,419	155,886	-	-	-	-	-
Balances with other banks	1,191,478	591,478	200,000	400,000	-	-	-	-	-	-
Lendings to financial institutions	6,938,610	6,938,610	-	-	-	-	-	-	-	-
Investments	708,897,377	8,985,058	1,329,573	1,237,878	1,095,772	429,229	250,001	496,932	50,543,717	6,521,577
Advances	51,901,838	9,151,154	8,131,791	2,377,939	7,886,479	3,379,456	2,852,593	5,689,894	10,147,941	2,284,591
Operating fixed assets	1,832,882	48,960	36,392	54,887	108,581	217,758	217,770	360,380	356,563	431,591
Deferred tax asset	1,190,077	119,185	118,988	118,988	237,976	297,470	297,470	-	-	-
Other assets	47,584,007	3,123,459	709,117	298,599	45,047	45,009	4,584	529,685	-	2,907
	146,205,653	32,097,450	12,813,634	6,407,710	9,529,741	4,368,922	3,622,418	7,076,891	61,048,221	9,240,666
Liabilities	714,212	714,212	-	-	-	-	-	-	-	-
	89,10,738	6,337,415	1,081,500	1,491,823	-	-	-	-	-	-
Bills payable	118,843,374	26,829,748	32,128,745	27,436,495	31,709,259	199,927	11,310	102,800	425,090	-
Borrowings from financial institutions	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts	-	-	-	-	-	-	-	-	-	-
Deferred tax liability	2,178,766	1,302,496	310,843	263,548	288,598	8,055	55	5,171	-	-
Other liabilities	130,647,090	35,183,871	33,521,088	29,191,866	31,997,857	207,982	11,365	107,971	425,090	-
Gap	15,558,563	(3,086,421)	(20,707,454)	(22,784,156)	(22,468,116)	4,160,940	3,611,053	6,968,920	60,623,131	9,240,666
Share capital	10,010,130	-	-	-	-	-	-	-	-	-
Reserves	1,207,731	-	-	-	-	-	-	-	-	-
Unappropriated profit	4,206,670	-	-	-	-	-	-	-	-	-
Surplus on revaluation of investments	134,032	-	-	-	-	-	-	-	-	-
Net assets	15,558,563	(3,086,421)	(20,707,454)	(22,784,156)	(22,468,116)	4,160,940	3,611,053	6,968,920	60,623,131	9,240,666

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 Group.

### 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.





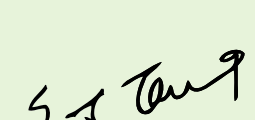
The Operational Risk Management Department (ORMD) works under the RMD and its responsibilities include identifying, monitoring, measuring and managing operational risks assumed by the Group. In adherence to industry best practice, the key functions of the ORMD are the operational risk policy and planning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

### 39. GENERAL

Figures have been rounded off to the nearest thousand rupee.

### 40. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue by the Board of Directors on March 07, 2018.

 Chairman	 President and Chief Executive Officer	 Director	 Director	 Chief Financial Officer
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## NOTICE OF SEVENTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Seventh Annual General Meeting of Sindh Bank Limited will be held on March 29, 2018 at 10.00 a.m at Federation House, Clifton, Karachi to transact the following business:

### Ordinary Business:

- 1- To confirm the minutes of 4th Extra-ordinary General Meeting held on 7th November, 2017.
- 2- To receive, consider and adopt the Audited consolidated/un-consolidated Accounts of the Bank for the period ended 31st December, 2017, 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 2018 and fix their remuneration. The retiring Auditors M/s. EY Ford Rhodes, Chartered Accountants, being eligible, have offered themselves for reappointment.
- 4- To elect 7 directors of the Bank as fixed by the Directors in their meeting held on 6th February, 2018, for the next term of three years in terms of section 159 of Companies Act, 2017. Following directors of the Bank will stand retired on 6th April, 2018 and retiring directors at Sr.# 3, 4 and 5 having completed their tenure under the Banking Companies Ordinance 1962 are not eligible for re-election.

- |                            |                                 |                                |                              |
|----------------------------|---------------------------------|--------------------------------|------------------------------|
| 1. Mr. Afzal Ghani         | 2. Finance Secretary (GoS)      | 3. Mr. Mohammad Shahid Murtaza | 4. Mr. Muhammad Naeem Sahgal |
| 5. Mr. Raja Muhammad Abbas | 6. Mr. Tajammal Husain Bokharee | 7. Mr. Muhammad Bilal Sheikh   |                              |

### Special Business:

- 1- To approve amendment in Article 116 of Articles of Association to bring it in conformity of Prudential Regulations # G-2 of SBP.
- 2- To approve payment of remuneration and provision of certain facilities to the President/CEO of the Bank.
- 3- To approve reimbursement of administrative expenses pertaining to office, staff and security of the Chairman in terms of SBP BPRD Circular # 09 of 2015 dated May 06, 2015.
- 4- To grant post facto approval for the payment of remuneration to non-executive Directors including Chairman, fixed by the Board, in terms of SBP Prudential Regulations # G-1C(2).

A statement of material facts under section 134(3) of the Companies Act, 2017 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

### 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 any other 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 notarized 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 Identity 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.
- (vi) Any person who seeks to contest the election for the office of directors shall, whether he is a retiring director or otherwise, file with the Bank's registered office not later than 14 days before the date of meeting at which election are to be held, his intention to offer himself for the election of directors in terms of section 159 of the Companies Act, 2017.

The Share transfer books of the company will remain closed from 23rd March, 2018 to 29th March, 2018 (both days inclusive). CDC Transaction IDs received in order at the Registered Office of the Company up to the close of business on 22nd March, 2018 will be considered as on time for the determination of entitlement of shareholder to attend and vote at the meeting. Members are required to notify immediately changes, if any, in their registered address.

### Statement under section 134(3)

- 1- Article 116 of the Articles of Association of the Bank was considered by SBP in contradiction of Regulation # G-2 of Prudential Regulations of SBP and had suggested for its amendment. Accordingly, the said Article 116 is intended to be amended to bring it in conformity with the Prudential Regulations. The resolution to amend the said Article is proposed as under:

“RESOLVED THAT Article 116 of the Articles of Association of Sindh Bank to be amended to read as:

Banks/DFIs shall not enter into leasing, renting and sale/purchase of any kind with their directors, officers, employees or such persons who either individually or in concert with family members beneficially own 5% or more of the equity of the bank/DFI. This restriction does not apply in case of purchase of vehicles by the paid directors, officers or employees of the banks/DFIs which remained in their own use, provided such sale is covered under the employees service rules duly approved by the Board of Directors of the banks/DFIs and is effected by the banks/DFIs at least at book value at the date of such transaction.”

- 2- The Shareholders' approval is sought for the payment of remuneration and provision of certain facilities to the President/CEO of the Bank. The following resolution may be passed:

“RESOLVED THAT the payment of remuneration to the President/CEO and to the Executive Director for the year 2017 a gross sum of Rs.24,554,000/- in addition to bonus and other perquisites as per their terms of appointment be and are hereby approved.”

- 3- The meeting fee payable to the non-executive members of the Board has been approved by the Board of Directors in its 43rd meeting held on 18th October, 2016 @ Rs.250,000/- and Rs.200,000/- per meeting of the Board and Committees of the Board, respectively. Payment of administrative expenses pertaining to the office, fuel, staff and security allocated to the Chairman. The decision of the Board, in terms of Article 104 of the Articles of Association of the Bank requires approval of the shareholders in Annual General Meeting as per Regulation G-1(C-2) of SBP Prudential Regulations and BPRD Circular # 09 of 2015. The non-executive members of the Board and the Board Committees are interested in the payment of fee and executive members of the Board have no interest in the matter.

## PATTERN OF SHAREHOLDINGS

AS ON DECEMBER 31, 2017

Number of Shareholders	From	Size of Shareholding	To	Total Shares held
5	1		100	5
31	101		500	15,500
36	501		1000	36,000
31	1001		5000	104,500
6	5001		10000	60,000
3	10001		15000	42,000
1	15001		20000	20,000
1	20001		25000	25,000
2	25001		30000	60,000
1	45001		50000	50,000
4	95001		100000	400,001
1	195001		200000	200,001
1	999995001		1000000000	999,999,993
123				1,001,013,000



## CATEGORIES OF SHAREHOLDERS AS ON DECEMBER 31, 2017

Category No.	Shareholders	Number of Shares held	Category wise No. of Share holders	(%)
1	Individuals	100,000	1	0.00
2	Investment Companies			
3	Joint Stock Companies			
4	Directors, Chief Executive Officer, and their Spouse and Minor Children			
	Mr. Afzal Ghani	200,001	1	
	Mr. Syed Hasan Naqvi*	1	1	
	Mr. Muhammad Shahid Murtaza	1	1	
	Mr. Muhammad Naeem Sahgal	1	1	
	Mr. Tajammal Husain Bokharee	1	1	
	Mr. Raja Muhammad Abbas	1	1	
	Mr. Muhammad Bilal Sheikh	100,001	1	
	Mr. Tariq Ahsan	100,000	1	
	Sub-Total:	400,007	8	0.04
5	Executives/Employees/Group employees	513,000	113	0.05
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	99.90
	Total	1,001,013,000	123	100.00

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

Total Paid-up Capital of the company	1,001,013,000 shares
10% of the paid-up capital of the Company	100,101,300 shares

Name(s) of Shareholder(s)	No. of Shares held	Percentage (%)
Government of Sindh, through its Finance Department	999,999,993	99.90

\* Mr. Syed Hasan Naqvi, Ex-Finance Secretary, Government of Sindh has been transferred on 22.12.2017, Share held will be transfer after posting of a new regular finance secretary.



**SINDH MICROFINANCE BANK LTD**  
 سنده مائیکرو فائننس بینک لمیٹڈ



Sindh Microfinance Bank (SMFB) is a wholly owned subsidiary of Sindh Bank.





## Sindh Bank Services & Facilities

- Asaan Account
- Sukoon Current Account
- Foreign Currency Accounts
- Young Talent Account
- Women Empowerment Account
- Attractive Deposit Schemes
- Auto Finance Facility for Locally Manufactured & Imported Cars
- Prime Minister Youth Business Loan
- Mark-Up Free Student Loans
- Sa'adat Islamic Banking
- Small & Medium Enterprise (SME) Credits
- SMS Banking
- ATM Network
- VISA, PayPak & UnionPay Debit Cards
- Call Center 24/7
- Lockers Facility
- Benazir Muawanat Card
- Agriculture Loans
- Sindh Abadgar Tractor Scheme
- Loans for Dairy/Cattle Farming
- Loans for Poultry Farming
- Benazir Revolving Credit Scheme for Purchased of Inputs (Seeds, Fertilizers & Pesticides)

## Branch Network



## SINDH & BALOCHISTAN REGION BRANCHES

### KARACHI BRANCHES

#### BAHADURSHAH ZAFAR MARKET BRANCH

Property No. G-3 of R. B. I I/22, III-A-239-B, Rambagh Quarters, Gwali Lane No. I, Karachi. Tel: 021-32743514, 32743515-6 Fax: 021-32743517

#### BUFFERZONE, NAGAN CHOWRANGI BRANCH

Plot No. 32, Sector I I-H, North Karachi Township Scheme, Karachi. Tel: 021-36409291, 36409294 Fax: 021-36409293

#### BAHADURABAD BRANCH

Plot No. I I I, Shop No.4, The City Towers, Bahadur Yar Jang Co-operative Housing Society, Alamgir Road, Karachi. Tel: 021-34892113-14, 34892116

#### BHAINS COLONY BRANCH

Plot No. 217, Block-A, Cattle (Bhains) Colony Landhi, Karachi. Tel: 021-35130661-62, 35130663

#### BAHRIA COMPLEX-II BRANCH

Plot # Misc.-2, Bahria Complex-II M.T. Khan Road, Karachi. Tel: 021-35642110, 35642109 Fax: 021-35642108

#### BOHRAPIR BRANCH

Shop No. 3 & 4, Plot Survey No. 88, RC.12 Ranchore Line Quarter, Karachi Tel: 021-32777761-62

#### CLIFTON BRANCH

Ground Floor; St-28, Block-5, Federation House, Clifton, Karachi. Tel: 021-35829460, 35829474 Fax: 35290333

#### COURT ROAD BRANCH

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

#### CLOTH MARKET BRANCH

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

#### CIVIC CENTER BRANCH

Ground Floor; Civic Center; Gulshan-e-Iqbal, Karachi. Tel: 021-99232501, 99232500

#### DHORAJEE BRANCH

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

#### D.H.A. PHASE-II BRANCH

Plot No. I3-C, Commercial Area "A", DHA Phase-II, Karachi. Tel: 021-35883711-12

#### DHA Phase-IV BRANCH

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

#### DHA 26th STREET BRANCH

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

#### DHA PHASE-VIII BRANCH

Ground Floor; Plot No. 75-C, Al-Murtaza, Lane-3, DHA, Phase-VIII, Karachi

#### DR. ZIAUDDIN AHMED ROAD BRANCH

Plot No. 2/I, Sheet No. C I I-9, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi .Tel: 021-35680251, 35680252

#### GARDEN EAST BRANCH

Plot No. GRE-491/2-B, Shop No.2 & 3, Seven Star Residency, Garden East Quarters, Karachi. Tel: 021-32243481

#### GOLE MARKET BRANCH

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

#### GULISTAN-E-JOHAR BRANCH

Shop # 7 & 8, Casim Paradise, Block-I8, Scheme 33, Gulistan-e-Johar, Karachi. Tel: 021-34623030, 302, 34623031 Fax: 021-3462033

#### GULSHAN-E-HADEED BRANCH

Plot No.C-53, Phase-I, Gulshan-e-Hadeed, Karachi. Tel: 021-34715101, 34715103 Fax: 021-34715104

#### GULSHAN-E-IQBAL BRANCH

Fl : I/I3, 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: 021-36832561, 36832562 Fax: 021-36832562

#### GIZRI BRANCH

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

#### HYDERI BRANCH

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

#### I. I. CHUNDRIGAR ROAD BRANCH

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

#### IBRAHIM HYDERI BRANCH

Commercial Plot, Situated in Naclass 25, Deh Ibrahim Hyderi, Karachi. Tel: 021-35090044

#### JAMSHED QUARTER BRANCH

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

#### JODIA BAZAR BRANCH

Shop No. I Ground Floor; Soomro Center, Jodia Bazar, Napier Quarter, Karachi. Tel: 021-32500380, 32500383 Fax: 021-32500384

#### JINNAH AVENUE BRANCH

Shop No.G-08, Plot o.02/I8, Sector-40, Mahran M. M. Alam Road, Malir Cantt. Karachi. Tel: 021-34027770-72

#### KARACHI ADMINISTRATION SOCIETY BRANCH

Plot # SA/90, Block-8, KAECHS Society, Opposite Shaheed-e-Millat Road, Karachi. Tel: 021-34300432, 34300433 Fax: 021-34300434

#### KHAYABAN-E-ITTEHAD BRANCH

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

#### KHAYABAN-E-SHAHBAZ BRANCH

Plot No. I I -C, Shop No. I & 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-I6, Karachi. Tel: 021-35144261, 35144262 Fax: 021-35144263

#### KEHKASHAN CLIFTON BRANCH

Plot No. F/I01, Block # 7, Scheme No.5, Kehkashan, Clifton, Karachi. Tel: 021-35295343, 35295342

#### KARIMABAD BRANCH

C-23, Al-Habib Blessing, Block-4, Federal B Area, Meena Bazar, Karimabad, Karachi. Tel: 021-36425541, 36425545 Fax : 021-36425542

#### KARACHI UNIVERSITY BRANCH

Main Campus, University of Karachi University Road, Karachi. Tel: 021-99261588, 99261586-87

#### KORANGI TOWNSHIP BRANCH

Plot No.0-13, Sector 33-A, Korangi, Karachi. Tel: 021-35121134-6

#### KEAMARI BRANCH

Plot No.18, Locality No.I I, Jungle Shah Keamari, Karachi. Tel: 021-32851793-94

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#### KHADDA MARKET BRANCH

Ground Floor; Plot No.18/2, Survey Sheet No.LY-6 Khadda Market, Lyari, Karachi Tel: 021-32385612

#### LANDHI BRANCH

Quarter No.14/I0, Block-5 D, Landhi Township, Karachi. Tel: 021-35046151, 35046152-3 Fax: 021-35046153

#### LEA MARKET BRANCH

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

#### LIAQUATABAD BRANCH

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

#### M. A. JINNAH ROAD BRANCH

Plot No.28/2, Shop No. 13, 14 & 15 Amber Medical Centre, M.A. Jinnah Road, Karachi. Tel: 021-32710835, 32710836

#### MALIR CANTT. BRANCH

Plot No. I I, Block-5, Cantt. Bazar Area, Malir Cantonment, Karachi. Tel: 021-34490951-4 Fax: 021-34490954

#### MEHMOODABAD BRANCH

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

#### MEMON GOTH BRANCH

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

#### 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: 021-34168112, 34168111-3

#### MALIR CITY BRANCH

Plot No. 46, Block-A, Malir Township, Near Atia Hospital, National Highway, Karachi. Tel: 021-34492291, 34492294 Fax: 021-34492293

#### NEW CHALLI BRANCH

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

#### NEW KARACHI BRANCH

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

#### NORTH KARACHI INDUSTRIAL AREA BRANCH

I/I, Sector I2-A, North Karachi Industrial Area, Karachi. Tel: 021-36963174, 36963171-2 Fax: 021-36963173

#### NORTH NAPIER ROAD BRANCH

Plot # 32/2, Survey # NP-10, Sheet # 10 Napier Quarters, Napier Road, Karachi. Tel: 021-32526345, 32526346-7 Fax: 021-32526347

#### NORTH NAZIMABAD BRANCH

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

#### NIŠTAR ROAD BRANCH

Shop No.1A, Ground Floor; Building Bearing Survey No.61/II, Nishtar Road, Karachi. Tel: 021-32731115, 32731117

#### NAZIMABAD BRANCH

Shop No.S-1, Plot No.26 Row-01, Sub Block-A, Block-1, Nazimabad, Liaquatabad Town, Karachi. Tel: 021-36610470

#### ORANGI TOWN BRANCH

Plot No.C.1-57, Sector No.11, Orangi Township, Karachi. Tel: 021-3660173-4

#### PAPER MARKET BRANCH

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

#### P.E.C.H.S. COMMERCIAL AREA BRANCH

Plot No.187-3A, Shop No. 3 & 4, Ground Floor; Dawood Apartment, Block-2, PECHS, Karachi. Tel: 021-34529071, 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: 34161331-2 Fax: 021-34161333

#### P.I.B. COLONY BRANCH

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

#### PREEDY STREET, SADDAR BRANCH

Property bearing # 326/2, Artillery Maidan, Preedy Street, Saddar Karachi. Tel: 32751704-05 Fax: 021-32711487

#### RASHID MINHAS ROAD BRANCH

Plot No.A-2, Shop No.S12 to S-15, Akbar Paradise, Block-A, National Cement, Employees Cooperative Housing Society, Rashid Minhas Road, Karachi. Tel: 021-34834581, 34834582 Fax: 021-34834583

#### 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: 021-34373974

#### S.I.T.E., BRANCH

B/9-B-2, SITE, Karachi. Tel: 021-36404032-33, 36404031 Fax: 021-36404033

#### 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: 021-34322270-73, 34322272 Fax: 021-34322271

#### SHERSHAH BRANCH

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

#### 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: 021-35882594

#### SINDH SECRETARIAT – SUB BRANCH

C.S. No.409, Sheet No. AM-I, Artillery Maidan 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: 021-36370523

#### STOCK EXCHANGE BRANCH

Property No. 142 & 143, Third Floor; Stock Exchange Building, Karachi. Tel: 021-32467891-2, 32467892 Fax: 021-32467894

#### SINDHI MUSLIM HOUSING SOCIETY BRANCH

Plot No. I17 & I18, Shah Abdul Latif Education Trust, Block-A, Sub-Block B, Sindh Muslim Cooperative Housing Society, Main Chowrang, Karachi. Tel: 021-34188530, 34188531 & 33 Fax: 021-34188532

#### SHIREEN JINNAH COLONY BRANCH

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

#### SHAH FAISAL COLONY BRANCH

House No.CB-52, Ground Floor; Alfalah Co-operative Housing Society (Drigh Colony) Shah Faisal Colony, Karachi. Tel: 021-34686441, 34686442

#### SINDH SOCIAL SECURITY INSTITUTION (SESSI) BRANCH

Ground Floor, Sindh Employees Social Security Institute , Head Office, ST/17, Block-06, Gulshan-e-Iqbal, Karachi. Tel: 021-34833834-35



#### TARIQ ROAD BRANCH

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

#### 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: 021-327551624

#### 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: 021-34826536

#### WATER PUMP BRANCH

Plot # 9, Block-16, Scheme # 16, Federal 'B' Area, Karachi.  
Tel: 021-36372419, 36372417  
Fax: 021-36372419

#### WEST WHARF BRANCH

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

### INTERIOR SINDH BRANCHES

#### BADAH BRANCH

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

#### 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, 4660553

#### BERANI BRANCH

Survey No.45(1-2-3) & 46, Deh Berani, Taluka Jam Nawaz Ali, District Sanghar.  
Tel: 0235-577501-2

#### BANDHI DISTRICT SHAHEED BENAZIRABAD BRANCH

Plot No.13 & 14 Farooque Town Bandhi, Deh 64, Nasrat Bandhi, Taluka Daur, Distt. Shaheed Benazirabad

#### CITIZEN COLONY, HYDERABAD BRANCH

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

#### CHACHRO DISTRICT THARPARKAR BRANCH

Shop Constructed on Jaryan No.285, Chachro, District Tharparkar  
Tel: 0232-273132

#### DADU BRANCH

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

#### DADU SUGAR MILLS – SUB BRANCH

Pyaro Goth, Distt. Dadu. Tel: 025-4551115

#### DAHARKI BRANCH

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

#### DIGRI BRANCH

Plot No. 118, Deh, 178, Mirwah Road, Digri.  
Tel: 0233-869589, 869591

#### DOKRI, DISTT. LARKANA BRANCH

Shop No. 3&4 Dokro, Moen-jo-Daro Road, Dokeri  
Tel: 0744-08006

#### 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 Ghara, District Thatta.  
Tel: 0298-760224, 760227

#### 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: 072-2574407, 2574417

#### GHARI KHATA BRANCH

Shop No.CSF/C/1075,20, Qazi Qayoom Road, Hyderabad.  
Tel: 022-2782203, 2783303

#### GARHI YASIN, DISTRICT SHIKARPUR BRANCH

City Survey No.148, Main Bazar Garhi Yasin, District Shikarpur.

#### HALA BRANCH

Survey No. 1397/88, Ward B, Gulshan Fahim Colony, Hala, District Matari.  
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: 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: 022-2107054, 2107053

#### JATI DISTRICT SUJAWAL BRANCH

Revenue No.789/766, Memon Shopping Mall Jati District Sujawal  
Tel: 0298-777010

#### JHUDO DISTRICT MIRPURKHAS BRANCH

Shop on Plot No.96, Qureshi & Qasia Mohallah Katchi Abadi, Jhudo  
Tel: 02338-77072

#### KHANPUR MAHAR, DISTT. GHOTKI BRANCH

Plot No.115-II, Khanpur Mahar, Taluka Khan Gharh, District Ghotki.  
Tel: 0723-653003

#### KANDHKOT BRANCH

S.No.167, opposite Shams petroleum Services Deh Akhero Kandhkot, District Kashmore Kandhkot.  
Tel: 0722-572006-07 Fax: 0722-572007

#### KANDIARO BRANCH

Jaryan No.1588, Opposite Zarai Taraqati Bank Ltd. Hospital Road, Taluka Kandiara, District Naushero Feroze.  
Tel: 0242-449946, 449945

#### KASHMORE BRANCH

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

#### KHAIRPUR BRANCH

Ground Floor; Syed Ramzan Ali Shah Trade Centre, Khairpurmirs  
Tel: 0243-715405, 715406, 715406-8  
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: 0297-806033, 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 Garaho, Main Station Road, Kunri, District Umerkot.  
Tel: 0238-557412, 557413, 557415  
Fax: 0238-557414

#### KHIPRO BRANCH

Plot No.Z-437, Khipro Town, Main Sanghar Khipro Road, Taluka Khipro, District Sanghar.  
Tel: 0235-865210-12, 865213

#### KOT BANGLOW DISTT. KHAIRPUR, BRANCH

City Survey No.388, Deh Tando Shah, Tapo Kotdiji Distt Khairpur  
Tel: 0243-556030-31

#### LARKANA BRANCH

Ground Floor; City Survey No. 1 Raza Shah Mohalla, VIP Road, Larkana  
Tel: 074-4040752, 799,074-404076  
Fax: 074-4040753

#### LATIFABAD HYDERABAD BRANCH

Plot No.06, Block-D, Unit No.VII, Latifabad, Hyderabad.  
Tel: 022-3816373, 3816371

#### MARKET AREA, HYDERABAD BRANCH

Shop No.A/1194, Ward-A, Market Road, Hyderabad.  
Tel: 022-2610706, 2610703

#### MATIARI BRANCH

Plot # 125, Situated Ward-A Town Opposite NADRA Office, Matari.  
Tel: 022-2760104, 2760105  
Fax: 022-2760106

#### MEHAR BRANCH

Shop No.1086, Ward-A, Mehar, District Dadu  
Tel: 0254-73060, 730602  
Fax: 0254-730603

#### MILITARY ROAD SUKKUR BRANCH

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

#### MIRPUR MATHELO 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: 0232-920191, 920192-5  
Fax: 0232-262195

#### MORO BRANCH

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

#### MEHRABPUR BRANCH

PTD No.III-A-43, Ward-16, Thari Road, Mehrabpur, Taluka Mehrabpur, District Naushahrofroze  
Tel: 0242-430862, 430863

#### MATLI DISTRICT BADIN BRANCH

Plot No.381/I, Unit-II, Category II, Noor Hamd Nodakari Colony, Taluka Matli, District Badin  
Tel: 0297-840444, 840443  
Fax: 0297-840442

#### MIRPUR BATHORO BRANCH

Survey No.381/A, Ward-A, Main Road Sujawal to Mirpur Bathoro, Taluka Mirpur Bathoro, District Sujawal  
Tel: 0298-779124

#### MUHALLA LUQMAN, KHAIRPUR BRANCH

Plot No.7,8,9,10,33,34,35 & 36 CS Nos.169,170 & 171, Arisha Colony Opp. Mill Colony Ciivil Hospital Road, Distt. Khairpur.  
Tel: 0243-685102-3

#### MIROKHAN, DISTRICT QAMBER SHAHDADKOT BRANCH

Jiryar No.105, Deh Shah Ali Tunia, Tappo & Taluka Mero Khan, District Qamber Shahdadkot  
Tel: 074-4049001-2

#### NAUDERO BRANCH

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

#### NAUSHAHRO FEROZ BRANCH

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

#### NASIRABAD BRANCH

Shop No.1-8, Madina Shopping Center, Mohallah Kathia Bazar, Badah Road, Nasirabad, District Kambar Shahdadkot  
Tel: 074-4710522, 471523-25

#### 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: 0243-610350 & 53, 610352

#### 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

#### 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: 074-4048471, 4048470  
Fax: 074-4048478

#### ROHRI BRANCH

City Survey No.2181/9, Ward-B, Mohallah Kot Janullah Shah, G.T. Road, Rohri, District Sukkur  
Tel: 071-5810701-2  
Fax: 071-5810703

#### SAEEDABAD BRANCH

Shop No.53/2-36, Main Saeedabad Road, Taluka Saeedabad, District Matari.  
Tel: 022-2767380, 2767381

#### SAKRAND BRANCH

Shop No.355/1-4, 356, 357, 367, Main Sakrand Road, Taluka Sakrand, District Shaheed Benazirabad.  
Tel: 0244-323391-2,

#### SANGHAR BRANCH

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

#### SHAHDADKOT 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

#### SHAHDADPUR 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.  
Tel: 022-3404161, 3404162-3

#### STATION ROAD LARKANA BRANCH

Plot No.03, Near Al-Abbas Chowk, Station Road, Larkana.  
Tel: 074-4040745-46

#### SALEHPAT DISTT. SUKKUR BRANCH

Shop No.1,2,3 & 4 Plot No.135 to 156 Deh Chak No.5, Salehpat, Distt. Sukkur  
Tel: 071-5660065-66





#### TANDO ADAM BRANCH

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

#### THARI MIRWAH, DISTT. KHAIRPUR BRANCH

Near Police Station Thari Mirwah,  
Taluka Mirwah Distt. Khairpur:  
Tel: 0243-790032-4

#### UMERKOT BRANCH

Plot No.52, Survey No.111, Umerkot Nagori Society,  
Tehsil & District Umerkot.  
Tel: 0238-920339, 920340

#### UBARO BRANCH

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

### BALOCHISTAN BRANCHES

#### CHAMAN BRANCH

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

#### DERA MURAD JAMALI BRANCH

Khatoni # 3014, Block # 84, National Highway Main  
Bazar, Dera Murad Jamali, District Naseerabad.  
Tel: 0838-710135-36  
Fax:0838-710138

#### DERA ALLAHYAR BRANCH

Shop No.36 & 37, Near Sohbat Pur Chowk,  
Quetta Road, Dera Allah Yar, Balochistan.  
Tel:0838-510123

#### GAWADAR BRANCH

The Coast Medical Building  
Airport Road, Moza Thani Ward, Gawadar:  
Tel: 0864-211410, 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: 081-2865680, 2865683

#### KHUZDAR BRANCH

Shop No.B-39, to B-42, Agha Abdul Zahir Market  
Rabia Khudari Road, Khuzdar, Balochistan.

#### LIAQAT BAZAR QUEETA BRANCH

Property Bearing Khasra No.75, 76, 77 & 79,  
Ward-22, Halqa Arban No.1, Tehsil City Quetta  
Tel: 0812-843431, 32  
Fax: 0812843429

#### LORALAI BRANCH

Shop No.1011-995, Bhagi Bazar,  
Loralai, Balochistan.  
Tel: 0824-660113

#### SIRKI ROAD QUETTA BRANCH

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

#### SIBI BRANCH

Shop No.3-1/1, 3-1/2 & 3-1/2-1, Jinnah Road,  
Saqi Chowk, Sibi, Balochistan

#### SARANAN BRANCH

shop No.3/3, Qita-2, Sikni Bazar, Battay Zai,  
Shabo Kanal, Tehsil Saranan, Distt. Pishin, Balochistan.  
Tel: 0862-452013-15

#### USTA MUHAMMAD BRANCH

Shop No.494/14-3-1 & Shop No.494/14-4,  
Jinnah Road, Usta Muhammad, Balochistan.  
Tel: 0838-612051-3

#### ZHOB BRANCH

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

### PUNJAB BRANCHES

#### ALI PUR CHATHA BRANCH

Khewat No.979, Khatooni No.1414,  
Khasra No.3620/1683, Gujranwala Road, Ali Pur  
Chatha, Tehsil Wazirabad, District Gujrawanwala.  
Tel: 055-6332740, 6332741-42

#### ALLAMA IQBAL TOWN LAHORE BRANCH

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

#### ASHRAFABAD, DISTRICT BAHAWALPUR BRANCH

Ashrafabad Sugar Mill,  
Village Ashrafabad,  
Disrtict Bahawalpur:  
Tel: 062-2870091-2

#### ALI WALA BRANCH

Khewat No.403, 414, 507, Village Ali Wala,  
Tehsil & District Muzaffargarh.  
Tel: 066-2013819

#### BAHRIA TOWN LAHORE BRANCH

Shop No.1, 2 & 3, Ground Floor, D Plaza,  
Commercial Area, Bahria Town, Lahore.  
Tel: 042-35340503-04

#### BLUE AREA ISLAMABAD BRANCH

Shop No. 1-5 & Mezzanine 1, Sohrab Plaza,  
Jinnah Avenue, Blue Area, Islamabad  
Tel: 051-2206329-31

#### BANK ROAD RAWALPINDI BRANCH

Kichlew Building, Bank Road, Saddar, Rawalpindi.  
Tel: 051-9270151-54

#### BURKI BRANCH

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

#### BANK SQUARE MODEL TOWN LAHORE BRANCH

Shop No.88, Bank Squire Market,  
Model Town, Lahore.  
Tel: 042-35915748-9

#### BUND ROAD LAHORE BRANCH

Khewat No.15, Khatooni # 84, Khasra #  
546/115/16, Mohallah Sanda, Bhatianwala, Bund  
Road, Gulshan-e-Ravi, Lahore.  
Tel: 042-37412216

#### CHAK GHANIAN, DISTRICT GUJRAT BRANCH

Village & PO Chak Ghanian,  
Tehsil Sarai Alamgir, District Gujrat.  
Tel: 0544-652536-37

#### CHICHAWATNI BRANCH

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

#### CHINIOT BRANCH

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

#### CIRCULAR ROAD LAHORE BRANCH

Shop No.1, SE-38-R-55/D,  
Opposite Akbari Mandi. Circular Road, Lahore.  
Tel: 042-37379401-03  
Fax: 042-37379404

#### DALWAL, CHAKWAL BRANCH

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

#### DAVIS ROAD LAHORE BRANCH

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

#### DERA GHAZI KHAN BRANCH

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

#### D.H.A. LAHORE BRANCH

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

#### DHA PHASE-IV, LAHORE BRANCH

145 CCA, Sector DD,  
Phase-IV, DHA, Lahore Cantt.  
Tel: 042-37185731-2

#### DHA PHASE-V, LAHORE BRANCH

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

#### DHA PHASE-VI LAHORE BRANCH

15-C, Main Boulevard, DHA Phase-VI, Lahore.  
Tel: 042-37180190-2, 37187445

#### DEPALPUR, DISTRICT OKARA BRANCH

Khewat No.35-36, Grains Market,  
Main Bazar Depalpur, District Okara.  
Tel: 0444-541516-19

#### DAROGHAWALA, LAHORE BRANCH

Khasr No.449/289, Khewat No.289, Khtoni No.639,  
Main G.T. Road, Hadbast Masoodpura  
Daroghawala, Lahore.  
Tel: 042-36551500-02

#### E-11 BRANCH, ISLAMABAD BRANCH

Plot No.1, Sector E-11/3, 051-2318103-4  
M.P.C.H.S, Islamabad.  
Tel: 051-2318105  
Fax: 051-2318102

#### FAISALABAD BRANCH

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

#### FEROZEPUR ROAD BRANCH

Plot # S-86-R-79, 79/2,  
Main Ferozepur Road, Ichra, Lahore.  
Tel: 042-37428322-5

#### FAISAL TOWN BRANCH

Plot No.25, Block A, Near Faisal Hospital,  
Faisal Town, Lahore.  
Tel: 042-35160996, 35160994-7  
Fax: 042-35160997

#### FATEH JANG, DISTT. ATTOCK BRANCH

Shop No.1-5, Ward No.6,057-2212882  
Moza Fateh Jang, District Attock. Tel: 057-2212988

#### F-11 MARKAZ, ISLAMABAD BRANCH

Plot No.39, Shops No.3, 4, 5, 18, & 19,  
Near Rahat Bakery, F-11, Markaz,  
Islamabad. Tel: 051-2224247, 2224249

#### G.T. ROAD GUJRANWALA BRANCH

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

#### 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, 3500497

#### GILGIT BRANCH

Khasra No.104/5093-5339, Khewat No.185/185,  
Z.S. Plasa, Main Shahrah-e-Quaid-Azam, Gilgit  
Tel: 05811-922528 Fax: 05811-922526-27

#### GHURKI LAHORE BRANCH

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

#### GHARI SHAHU LAHORE BRANCH

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

#### HARAPPA BRANCH

Main G.T. Road, Near Harappa Railway Station,  
Harappa, District Sahiwal. Tel: 040-4504066-67

#### HAROONABAD DISTRICT BAHAWALNAGAR BRANCH

Plot No.1/7, Bangla Road, Opposite Grain Market,  
Haroonabad, District Bahawalnagar:  
Tel: 06322-50310-13

#### HAVELI LAKHA, DISTRICT OKARA BRANCH

Khewat No.410/410, Khatoni No.526 to 542,  
Khasra No.35, Pakpatan Road,  
Haverli Lakha, Tehsil Depalpur, District Okara.  
Tel: 0444-775527-28

#### HEIR VILLAGE BEDIAN ROAD BRANCH

Khewat # 236, Khatooni # 360-366, Khasra # 2940,  
Mouza Heir, Tehsil Cantt, Lahore  
Tel: 042-35600231-2

#### 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: 055-6587171-72 Fax: 055-6587171

#### JOHAR TOWN LAHORE BRANCH

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

#### ADDA JANPUR, DISTT. RAHIM YAR KHAN BRANCH

KLP Road, Adda Janpur, Tehsil Liaqatpur,  
Distt. Rahim Yar Khan.  
Tel: 068-5791001

#### KALRA KHASA BRANCH

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

#### KUNJAH BRANCH

Plot No.5-A/15, Ward No.3, Kunjah,  
Tehsil & District Gujrat.  
Tel: 053-3383152, 3383154

#### KASUR BRANCH

B-2/13, R-1/D, Haji Farid Road, Kasur.  
Tel: 049-2720120-30

#### KHANEWAL BRANCH

Plot No.1743, Ground Floor,  
Sir Syed Road, Khanewal.  
Tel: 065-2558804, 2558806

#### KHUDDIAN KASUR BRANCH

Khewat # 3218, Khasra # 6671,  
Khuddian, District Kasur:  
Tel: 049-2790189-92

#### LALAMUSA BRANCH

Plot No.1/123 Tehsil Kharian, Lalamusa,  
District Gujrat  
Tel: 053-7511422-23  
Fax: 053-7511425

#### LIDHAR BRANCH

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

#### LILA DISTRICT JEHLUM BRANCH

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

#### MULTAN BRANCH

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

#### MANAWALA DISTRICT SHEIKHUPURA BRANCH

Main Bazar Village Manawala, Sheikhpura.  
Tel: 056-3771151, 3771153

#### MIAN CHANNU BRANCH

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

#### MAIN BOULEVARD DHA LAHORE BRANCH

Shop No.4, Mujtaba Plaza, Main Boulevard,  
DHA, Lahore Cantt.  
Tel: 042-36685800-01

#### MUREE ROAD RAWALPINDI BRANCH

K-583, Ch. Mouladad Khan Road,  
Main Murree Road, Rawalpindi  
Tel: 051-5781071-73

#### MAIN BOULEVARD GULBERG LAHORE BRANCH

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

#### MOHLANWAL BRANCH

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

#### MORR AIMANABAD BRANCH

Khasra No.1215/1 & 2, Khewat No.968,  
Khatoni No.11, Main G.T. Road, Morr Aminabad,  
District Gujranwala.  
Tel: 055-3263127-29

#### MUGHAL PURA LAHORE ARANCH

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

#### MOUZA GOJRA BRANCH

Khasra No.237, Khewat No.64/65,  
Khatoni No.435 to 452, Mouza Gojra,  
Tehsil Malakwal, District Mandi Bahauddin.  
Tel: 0546-599111-12  
Fax: 0546-599113

#### MINHALA VILLAGE LAHORE BRANCH

Minhala Village , Main Road, Near Govt. Higher  
Secondary School, Tehsil Shalamar, District Lahore.  
Tel: 042-36590663-64

#### MUSTAFAABAD (LALYANI) BRANCH

Khewat No.39 & 40, Khatooni # 44 & 45,  
Transfer # 6753, Khasra # 1177/3, Main Ferozepur  
Road, Lalyani (Mustafaabad) Kasur:  
Tel: 049-2450081-4



#### MINGORA DISTRICT SWAT BRANCH

Khata # 1495, Khatooni # 1688, Khasra # 809, Shahdra, Watkey, Opposite Sabzi Mandi, Mingora, Tehsil Babuzai, District Swat. Tel: 0946-815011

#### 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: 044-2511555, 2511234 Fax: 044-2511551

#### PECO ROAD LAHORE BRANCH

Plot No. I-C/P-II, Phase-III, Main Peco Road, Lahore. Tel: 042-35970192-93 Fax: 042-35172836

#### PESHAWAR ROAD RAWALPINDI BRANCH

Plot No.1211, Chur Harpal, Near Govt. College for VWomen, Peshawar Road, Rawalpindi. Tel: 051-5492992, 5492994 Fax: 051-5492995

#### PINDI BAHAUDDIN BRANCH

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

#### PWD HOUSING SOCIETY ISLAMABAD BRANCH

3-Civic Center, Block-A, PWD Employees Cooperative Housing Society, Islamabad. Tel: 051-5970735-37 Fax: 051-5970734

#### PABBI DISTRICT NOWSHEHRA BRANCH

Sr. No.9015, Khasra # 1244 & 1245, Main G.T. Road, Pabbi, District Nowshera. Tel: 0923-529217-18

#### RAHIM YAR KHAN BRANCH

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

#### RAIWIND LAHORE BRANCH

Plot 4-A, Mouza Niaz Baig, Main Raiwind Road, Lahore. Tel: 042-35963295-96

#### RAJA BAZAR RAWALPINDI BRANCH

Shop No.U/1328, Dingi Khuee, Raja Bazar, Rawalpindi. Tel: 051-5778509, 5778506-07

#### RING ROAD PESHAWAR BRANCH

Shop No.1-7, Block-C, Noor Decoration Plaza, Main Ring Road, Near Namkeen Restaurant, Mouza Achesni Yaban, Had Bast# 228, Distt. Peshawar. Tel: 091-5622597

#### SARGODHA BRANCH

Prince Cinema Market, Railway Road, Sargodha Tel: 048-9230510-11 Fax: 048-9230512

#### SATGARAH DISTRICT OKARA BRANCH

Adda Chow, Sat Garah, Tehsil and District Okara. Tel: 0442-664064-65

#### SIALKOT BRANCH

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

#### SHAHRAH-E-FATIMA JINNAH QUETTA BRANCH

G-4, G-12 & 13, Queens Center, 33-Shahrah-e-Fatima Jinnah (Queens Road), Lahore. Tel: 042-37424054, 37425878

#### SHAHDARA LAHORE BRANCH

Shop No. 1 & 2, Malik Market, Bus Stop Yousaf Park, Sheikhupura Road, Shahdara Lahore. Tel: 042-37912550

#### SABZAZAR SCHEME LAHORE BRANCH

Plot No. 308, Block-B, Sabzazar Scheme, Lahore Tel: 042-37497101-2

#### SHEIKHUPURA ROAD, GUJRANWALA BRANCH

Sr. No.11273, Khata # 122 \$ 128, 754/183, Had # 76, Tehsil Khiali, Shahpur Town, Gujranwala Tel: 055-4254601-2

#### SHAHKAS KHYBER AGENCY BRANCH

Muqaddas Market, Wazir Dhand, Shahkas, Khyber Agency. Tel: 091-5814428

#### TARAMARI ISLAMABAD BRANCH

Khewat No.18, Khatoni No.19, Khasra No.197/139, Taramari, Tehsil & District Islamabad. Tel: 051-2616001-02

#### TOBA TEK SINGH BRANCH

Khewat No.7/7, Khatoni No.7, Allama Iqbal Road, Mohalla Janj Ghar, Toba Tek Singh. Tel: 0462-512751-52

#### TALAGANG ROAD, CHAKWAL BRANCH

Khasra No.6150/2284, Khewat No.68, Khatooni No.143, Talagang Road, Chakwal. Tel: 0543-542066-8

#### TARA GARH DISTT. KASUR BRANCH

Khewat # 155, Khatooni No.499 & 505, tara Garh Chowk, Tara Garh, District Kasur. Tel: 049-2719015-18

#### VILLAGE KAHNA BRANCH

Hakim Ghulam Hussain Colony, Mozoa Gajomata, Kahna, Distt. Lahore. Tel: 042-35270082-83

#### VILLAGE HUJRA SHAH MUQEEM BRANCH

Khasra No.362/354, Khewat No.859, Hujra Road, Near Gillani Marriage Hall, Hujra Shah Muqem, Tehsil Depalpur, District Okara. Tel: 044-4860051-2

#### VILLAGE MANGA MANDI BRANCH

Near Javed High School, Multan Road, Manga Mandi, Tehsil & District Lahore. Tel: 042-35385062

#### VILLAGE QILA DEEDAR SINGH BRANCH

Khewat No.459, Khatooni # 539, Khasra # 4311/2716/2437, Hafizabad Road, (South) Mouza Qila Deedar Singh, District Gujranwala. Tel: 055-4711036-7

#### WAH CANTT RAWALPINDI BRANCH

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

#### WALTON ROAD LAHORE BRANCH

House No.E/48, Khasra No .2328/280, Kheot No.1, Khatoni No.537, Super Town, Walton Road, Lahore. Tel: 042-36626072-73

#### WAPDA TOWN LAHORE BRANCH

Plaza No.12, Block-A-1, P.E.C.H.S., Valencia (Commercial Area), Wapda Town, Lahore. Tel: 042-35224695-6

#### KPK & MIRPUR AJK

##### ABBOTTABAD BRANCH

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

##### 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-1, Phase-1, Bilal Commercial Market, Hayatabad, Peshawar Tel: 091-5823855, 5823873

##### KARKHANO MARKET PESHAWAR BRANCH

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

##### KOHAT BRANCH

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

##### MIRPUR AZAD KASHMIR BRANCH

Ground Floor, Portion No.2, Younus Plaza, Allama Iqbal Road, Mirpur, Azad Jammu & Kashmir. Tel: 05827-444520, 444550

##### MUZAFFARABAD BRANCH

Khasra No.1845/1314, Bank Road, Muzaffarabad Tel: 05822-920620, 920630

##### MERAN VILLAGE BRANCH

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

##### PESHAWAR BRANCH

Shop No. 4, Ground floor, Jasmine Arcade, I-Bashir lane, Fakhar-e-Alam Road, Peshawar. Tel: 091-5271950-51, 5250601

##### RAWALAKOT, AJK BRANCH

Plot No.D-20, Housing Scheme, Rawalakot, AJK. Tel: 05824-442571-72, 442620

##### UNIVERSITY ROAD PESHAWAR BRANCH

Khata No.179/661 & 662 New Khata Jamabandi No.193/738, University Road, Peshawar Tel: 091-5711606-07 Fax: 091-5711608

## ISLAMIC BANKING BRANCHES & ISLAMIC BANKING WINDOWS (IBWs)

### ISLAMIC BANKING BRANCHES

#### AIRPORT ROAD BRANCH, QUETTA

Khasra No.1246/140, Ground Floor, Pak Red Crescent Balochistan Almo Chowk, Airport Road, Quetta Tel: 081-2864804-5

#### ALLAMA SHABBIR AHMED USMANI ROAD BRANCH, KARACHI

Shop No. 2,3, & 4, Shaheen Heights, Block-7, KDA Scheme No.24, Gulshan-e-Iqbal, Karachi. Tel: 34833516-7

#### ASHRAF ROAD BRANCH, PESHAWAR

Haji Darvesh Plaza, New Rampura Gate, Ashraf Road, Peshawar Tel: 091-2600028, 0912600237

#### DADYAL BRANCH, AJK

Commercial Plots No.108 & 109, Dadyal Hamlet, District Mirpur Azad Kashmir. Tel: 05827-465990

#### EIDGAH ROAD BRANCH, BAHAWALPUR

Khata No. 62/119, Mouza Bahawalpur, Milad Chowk, Eidgah Road, Bahawalpur Tel: 062-2880857, 2880858

#### GHALLA MANDI BRANCH, SHEIKHUPURA

Shop No.V-4, S112, Ghalla Mandi, Sheikhupura Tel: 056-3790205-7

#### GHORI TOWN BRANCH, RAWALPINDI

Plot # MC-16, Ghori Town, Phase IV-A, Rawalpindi Tel: 051-2158511-2

#### KACHEHRI ROAD BRANCH, GUJRAT

Khewat No. 562-565, Khatooni No. 651-654, Khasra No. 2199/490, 2205/492, 2201/490, Nanwan Shah Pur, Kacheheri Road, Gujrat Tel: 053-3600071-73

#### KHAYABAN-E-ITTEHAD BRANCH, KARACHI

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

#### MODEL COLONY BRANCH, KARACHI

Plot No. 9-1/2-A Model Colony, Near National Saving Centre, Karachi Tel.: 021-34510021-23

#### MALL ROAD BRANCH, LAHORE

Shop No. 30 & 30/A, 1st & 2nd Floor, Plot No. S.19-R-30, Commercial Building, Shahrah-e-Quaid-e-Azam, Mall Road, Lahore. Tel: 042-37241866 Fax: 042-37241870

#### MARDAN BRANCH

Shop No. C-959/C, B/435/5, Survey No. 127/4 (New No. 401) Bank Road Mardan Cantt. Mardan Tel: 0937-875342-44

#### SAHIWAL BRANCH

Khewat # 142, Khatoni No. 161, Liaquat Road, Sahiwal Tel: 040-4223102 Fax: 040-4223104

#### SAMANABAD BRANCH, LAHORE

Plot # 91, Main Road, Samanabad Lahore Tel: 042-37535523

### ISLAMIC BANKING WINDOWS (IBW)

#### Bahadurabad Branch, Karachi

Shop # 4, The City Towers, Bahadur Yar Jang Cooperative Housing Society, Alamgir Road, Karachi Tel: 021-34892113-14 Fax: 021-34892115

#### Clifton Branch, Karachi

Ground Floor, Block-5, Federation House, Abdullah Shah Ghazi Road, Clifton, Karachi Tel: 021-35290332-35 Fax: 021-35290333

#### DHA, Phase-II Branch, Karachi

Plot # 13-C, Commercial Area "A", DHA Phase-II, Karachi Tel: 021-35883711-12 Fax: 021-35883713

#### DHA, Phase-V Branch, Lahore

CCA-39, Phase 5-C, DHA, Lahore Tel: 042-37182146-47 Fax: 042-37182147

#### Dhorajee Branch, Karachi

Block 7 & 8, C.P, Berar Cooperative Housing Society, Dhorajee Colony, Karachi Tel: 021-34891246-47 Fax: 021-34891248

#### Ferozepur Road Branch, Lahore

79/2, Main Ferozepur Road, Ichra, Lahore Tel: 042-37428322-25 Fax: 042-37428321

#### Ghari Shahu Branch, Lahore

Property # SE-6R-107/B, Allama Iqbal Road, Ghari Shahu, Tel: 042-36294721-22 Fax: 042-36294725

#### I.I. Chundrigar Road Branch, Karachi

P & O Building, I.I. Chundrigar Road, Karachi Tel: 021-32463744-45 Fax: 021-32463757

#### PECO Road Branch, Lahore

Phase-III, Main Peco Road, Lahore Tel: 042-35970192-93 Fax: 042-35970191

#### Raiwind Road Branch, Lahore

Plot # 4/4-A, Sultan Town, Main Raiwind Road, Lahore Tel: 042-35963295-96 Fax: 042-35963296

#### Sindhi Muslim Housing Society Branch, Karachi

Shah Abdul Latif Education Trust, Block-A, Sub-Block B, Sindhi Muslim Housing Society, Main Chowrangi, Karachi Tel: 021-34188530-31 Fax: 021-34188532

#### Sohrab Goth Branch, Karachi

Ground Floor, Al-Asif Square, Sohrab Goth, Karachi Tel: 021-36370520-21 Fax: 021-36370523

#### Tariq Road Branch, Karachi

56-C, Central Commercial Area, PECHS, Block-2, Karachi Tel: 021-34535131-34 Fax: 021-34535135



Notes:



## FORM OF PROXY

I/We, \_\_\_\_\_ S/o \_\_\_\_\_, being member of **Sindh Bank Limited** and holding \_\_\_\_\_ ordinary share as per CDC Participant ID & Account No. \_\_\_\_\_, do hereby appoint Mr \_\_\_\_\_ s/o \_\_\_\_\_ or failing him Mr \_\_\_\_\_ s/o \_\_\_\_\_ as my/our Proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 7th Annual General Meeting of the Bank to be held on 29th March 2018 at 10.00 a.m at the Head Office of Sindh Bank Limited, 3rd Floor Federation House, Clifton, Karachi, and at any adjournment thereof.

As witness my/our hand this \_\_\_\_\_ day of \_\_\_\_\_ 2018.

## I. 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 7th Annual General Meeting of the Bank may appoint any other person 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 appointing 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.





میں / ہم۔۔۔۔۔ ولد۔۔۔۔۔ جو سندھ بینک لمیٹڈ کا / کے ممبر ہیں اور سی ڈی سی پارٹنر شپ ID اور اکاؤنٹ نمبر۔۔۔۔۔

کے مطابق۔۔۔۔۔ آرڈرنری شیئر رکھتا / رکھتے ہیں، جناب۔۔۔۔۔ ولد۔۔۔۔۔ یا ان کی عدم دستیابی کی صورت میں

جناب۔۔۔۔۔ ولد۔۔۔۔۔ کو، میری / ہاماری غیر موجودگی میں 29 مارچ، 2018 کو صبح 10.00 بجے سندھ بینک لمیٹڈ کے ہیڈ آفس واقع

تیسری منزل، فیڈریشن باؤس، کلغٹن کراچی، میں منعقد ہونے والے بینک کے 7th سالانہ اجلاس عام میں شرکت کرنے اور میری / ہاماری جانب سے ووٹ ڈالنے کے لیے اپنا نامزدہ

مقرر کرتا ہوں / کرتے ہیں۔

1. بینک کے 7th سالانہ اجلاس عام میں شرکت کا اہل ممبر اپنے بجائے کسی دوسرے شخص کو اجلاس میں شرکت کرنے اور ووٹ ڈالنے کے لیے مقرر کر سکتا ہے۔ پراکسی کو اصل ممبر کی جگہ شرکت، اظہار خیال کرنے اور ووٹ دینے کا حق حاصل ہوگا۔
2. پراکسی مقرر کرنے کے انسٹرمنٹ پر ممبر (s) یا اس کے انارنی، جسے تحریری طور پر اختیار دیا گیا ہو، کے دستخط ہوں گے۔ اگر ممبر کارپوریشن ہے تو پھر انسٹرمنٹ پراس کی وہ مہر ہوگی جو عام طور پر استعمال کی جاتی ہے۔
3. صحیح طور پر مکمل کیا ہوا فارم اجلاس کے مقررہ وقت سے کم از کم 48 گھنٹے قبل بینک کے رجسٹرڈ دفتر واقع تیسری منزل، فیڈریشن ہاؤس، عبداللہ شاہ غازی روڈ، کلفٹن، کراچی کو پیش کیا جائے۔
4. CDC کاؤنٹ ہولڈر یا سب کاؤنٹ ہولڈر کو پراکسی مقرر کرتے وقت اپنے اور پراکسی کے CNIC/ پاسپورٹ کی تصدیق شدہ نقول پراکسی فارم کے ساتھ جمع کرانا ہوں گی۔ اجلاس کے وقت پراکسی اپنا اصل CNIC یا پاسپورٹ پیش کرے گا۔ کارپوریٹ ادارے کی صورت میں پراکسی فارم کے ساتھ بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی بعد دستخط نمونہ پیش کرنا ہوں گے۔



- All Transactions Alert
- Utility Bills Payment
- Mobile Top-ups
- Airline Ticket Payment
- Internet Service Providers (ISPs)
- Fee Payments of Educational Institutions
- Insurance Premium Payment
- Intra Bank Funds Transfer (PAYC)
- Inter Bank Funds Transfer (IBFT)
- Balance Enquiry
- Mini Statement
- Complete Statement of Account Via Email
- E-commerce
- Email Alerts