

Serving You In Many Ways

Products & Services

- Attractive Deposit Schemes
- Sukoon Current Account • Asaan Account
- Women Empowerment Account
- Young Talent Account
- Foreign Currency Accounts
- Small & Medium Enterprises (SME) Credits
- Auto Finance Facility for Locally Manufactured & Imported Cars • Agriculture Loans
- Mark-Up Free Student Loans
- Islamic Banking • ATM Network
- Lockers Facility • Call Center 24/7
- 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



3rd Floor, Federation House,
Abdullah Shah Ghazi Road, Clifton, Karachi-75600.
UAN: +92-21-111-333-225 Call Centre: 0800-33322
Web: www.sindhbankltd.com



ANNUAL
REPORT
2018



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 **A+**
 Short-Term Rating **A-I**

Definitions by VIS Credit Rating Co. Ltd
 (Formerly JCR-VIS Credit rating Co. Ltd)

Long - Term Rating **A+**

Good credit quality; Protection factors are adequate.
 Risk factors may vary with possible changes in the economy.

Short -Term Rating **A-I**

Highest certainty of timely payment; Liquidity factors are excellent and supported by good fundamental protection factors. Risk factors are minor.

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

Tajammal Husain Bokharee
 Najam Ahmed Shah
 Anis A. Khan
 Sami ul Haq Khilji
 Masooma Hussain
 Javaid B. Sheikh
 Muhammad Bilal Sheikh
 Tariq Ahsan

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

Chief Financial Officer
 Company Secretary

Saeed Jamal Tariq
 Shamsuddin Khan

Auditors'

Naveed Zafar Ashfaq Jaffery & Co.
 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.

Chairman's Message



CHAIRMAN'S REVIEW

On behalf of the Board of Directors of Sindh Bank, I present this review, along-with the financial statements of the Bank for the year ended December 31, 2018. During the year, the Bank's branch network grew to 330 branches established in 169 cities in Pakistan.

Pre-tax loss for the year ended December 31, 2018 amounted to Rs.1.419 billion which represents a decrease of 165% over Rs.2.182 billion earned in the same period last year. It is worth noting that up until the half year ended June 30, 2018, the Bank earned Pre-tax profit of Rs.876 million, however in the latter half of the year, JIT/NAB investigation into allegedly fake accounts and blocking of bank accounts of some of our major borrowers/groups, triggered their default which affected our profitability for the year.

Net Markup/Return Income registered a decline of 7.4 percent over 2017. While Markup/Return earned increased by just 7.3 percent due to increase in NPLs for reasons mentioned above and Markup/Return expense increased by 19.6 percent due to increase in SBP's policy rate by 4 percent.

Bank registered a Non-markup/non-interest loss of Rs. 388.6 million, compared to income of Rs. 1,327.7 million in 2017 mainly due to loss of Rs. 545.5 mn on strategic sale of long term PIBs (against gain of Rs. 446.3 million in 2017) and (ii) loss on sale of shares of Rs. 361.6 million (against gain of Rs.131.2 million in 2017).

Total Deposits registered a decrease of 15.36 percent and stood at Rs. 113.6 billion compared to Rs. 134.2 billion on December 31, 2017. Reason for the decline is stated in the Directors Report. Gross Advances increased by 14.56 percent to Rs. 79.2 billion as compared to Rs. 69.1 billion on December 31, 2017.

The financial results and appropriations, as recommended by the Board, are summarized below:

	Rupees in '000
Loss before provisions and tax	(40,886)
Provision for diminution in value of investment	(235,402)
Provision against loans and advances	(1,141,501)
Fixed Assets written off	(943)
Loss before tax	(1,418,732)
Taxation	
- Current	159,984
- Prior year	91,319
- Deferred	(464,855)
Loss after tax	(1,205,180)
Un-appropriated profit brought forward	5,175,820
Other comprehensive loss	(12,351)
Profit available for appropriation	3,958,289
Appropriations:	
Transfer to Statutory Reserve	---
Un-appropriated profit carried forward	3,958,289

As at the year-end, Sindh Bank's Equity (i.e. Paid up Capital, Reserves, deficit on revaluation & unappropriated profits) stood at Rupees 11.238 billion, decreasing by about 30% over Rupees 16.068 billion last year. The Bank's risk adjusted Capital Adequacy stood at 8.02 percent against the year-end 2018 requirement of 11.90 percent. Considering the shortfall and projected future requirements, the Bank is working on a time-bound capital plan, duly approved by its Board of Directors, which envisages injection of an amount of Rs. 11.2 billion by December 31, 2019 with the help and support of its sole sponsor, the Government of Sindh.

I would like to thank the Government of Sindh for their continued help and support to 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 am confident that the Bank's executives and staff will work with the needed commitment and efforts to face the challenges presently confronting the Bank, especially in reducing NPLs, strengthening risk management, increasing business, and restoring profitability.

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.

Tajammal Husain Bokharee
 Chairman

Karachi: June 7, 2019

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

Major Achievements in 2018

- 30 on-line branches established expanding Sindh Bank's branch network to 330 locations spread over 169 cities/towns across Pakistan
- 20 branches are planned to be opened in 2019, thereby expanding the Bank's network to 350 on-line branches by the year end 2019.
- Sindh Microfinance Bank (SMFB) registered a profit in its first year and has been operating profitably with accumulated reserves in excess of Rs. 87 million. SMFB has achieved this through sustainable organic growth while maintaining a very low client delinquency ratio of less than 0.5%. The outstanding loan portfolio of SMFB stood at Rs. 589.7 million as at December 31, 2018 and to date has disbursed Rs. 1.5 billion (more than 65,000 loans) to women engaged in business, agriculture, fisheries and livestock.
- The Bank's branches handled home remittances to the tune of Rs 1.869 billion through 35,618 transactions during 2018.
- The Bank is in the process of issuing contact-less EMV chip based ATMs/Debit cards for security and convenience of its customers. Contact-less cards integrated with EMV Chip will enable the customer to make payments in a safe and hassle free manner.
- The Bank has introduced bio-metric ATMs. Initially 10 ATMs have been deployed with this capability and deployment on another 60 ATMs is in process.
- The Bank has also introduced an internet interface to its state of the art SMS Banking application. By visiting the Bank's website www.sindhbankltd.com, all the functions that are available to a customer through SMS banking via a mobile phone, can be performed on PC or Smart phone via the internet.
- During 2018, in-house Training Programs were conducted in the areas of Banking, Branch Operations, Anti Money Laundering, Fair Treatment to Customers, Audit, SME Financing, International Trade, Cyber Security Awareness, Islamic Banking Orientation sessions, soft skills etc.
- During 2018, the Bank facilitated payments amounting to Rs. 612 million to around 42 thousand beneficiaries under Government of Pakistan's Benazir Income Support Program.
- Disbursement of an amount of Rs. 1,328 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.
- The Bank ATM network stands at 257 ATMs which by the end of 2019 will be 305.

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/>

Board of Directors



Tajammal Husain Bokharee
 Chairman/Independent Director

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



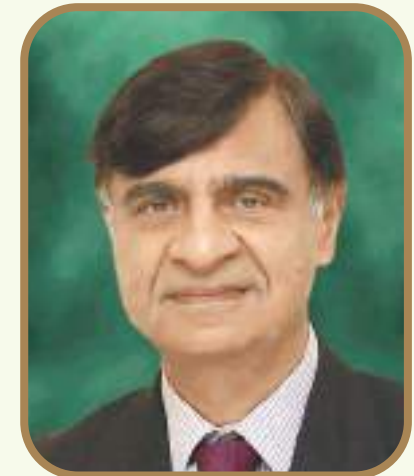
Muhammad Bilal Sheikh
 Non Executive Director

Mr. Sheikh is a career banker having experience of over 51 years. He has been Chief Executive of various Banks and DFIs for the last 21 years.



Sami ul Haq Khilji
 Independent Director

Mr. Sami ul Haq Khilji is a retired Civil Servant. His last assignment was Chairman Pakistan Railways. Presently he is the CEO of M.M. Managemt Consultants (Pvt.) Ltd.



Javaid B. Sheikh
 Non Executive Director

Mr. Sheikh has experience of more than 45 years in various Banks/DFIs. He possesses MBA Degree from USA. He is a senior partner in consulting firm namely JSSR-Lahore.



Najam Ahmed Shah
 Finance Secretary
 Government of Sindh
 Non Executive Director

Mr. Shah is a career Civil Servant, presently he is the Finance Secretary of GoS. He possesses MSC degree from Cranfield University, UK and MPA from Harvard University, USA.



Tariq Ahsan
 President & CEO

Mr. Tariq Ahsan joined the Bank in December 2010. He has over 30 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, NDLC, NDLC and Bank of Oman. He possesses Masters in Business Administration with specializations in Marketing and Finance.



Anis A. Khan
 Non Executive Director

Mr. Khan is a businessman, presently he is Chairman of Media Axis (Pvt) Ltd. and HAVAS (Media Buying House)



Masooma Hussain
 Non Executive Director

Mrs. Hussain is a career banker having experience of over 50 years in the field of Operations, Credits, Domestic & International Banking.



From left to right: Tariq Ahsan (President & CEO), Sami ul Haq Khilji, Najam Ahmed Shah, Masooma Hussain

Board of Directors:

1	Tajammal Husain Bokharee	Chairman/Independent Director
2	Najam Ahmed Shah, Finance Secretary (GoS)	Non Executive Director
3	Anis A. Khan	Non Executive Director
4	Sami ul Haq Khilji	Independent Director
5	Masooma Hussain	Non Executive Director
6	Javaid B. Sheikh	Non Executive Director
7	Muhammad Bilal Sheikh	Non Executive Director
8	Tariq Ahsan	President & CEO

Tajammal H. Bokharee (Chairman), Muhammad Bilal Sheikh, Anis A. Khan and Javaid B. Sheikh

Audit Committee:

Sami ul Haq Khilji	Chairman
Finance Secretary (GoS)	Member
M. Bilal Sheikh	Member
Javaid B. Sheikh	Member
Head of Internal Audit	Secretary

Human Resource & Remuneration Committee:

Anis A. Khan	Chairman
M. Bilal Sheikh	Member
Sami ul Haq Khilji	Member
Finance Secretary (GoS)	Member
President/CEO	By Invitation
Head of HR Division	Secretary

Nomination Committee:

Tajammal H. Bokharee	Chairman
Finance Secretary (GoS)	Member
M. Bilal Sheikh	Member
Company Secretary	Secretary

Risk Management Committee:

Javaid B. Sheikh	Chairman
Masooma Hussain	Member
President/CEO	Member
Head of Risk Management Division	Secretary

Procurement, I.T. & Security Committee:

Tajammal H. Bokharee	Chairman
Anis A. Khan	Member
Mrs. Masooma Hussain	Member
President/CEO	Member
Finance Secretary/(GoS)	By Invitation
Head I.T./Head of Admin.	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:

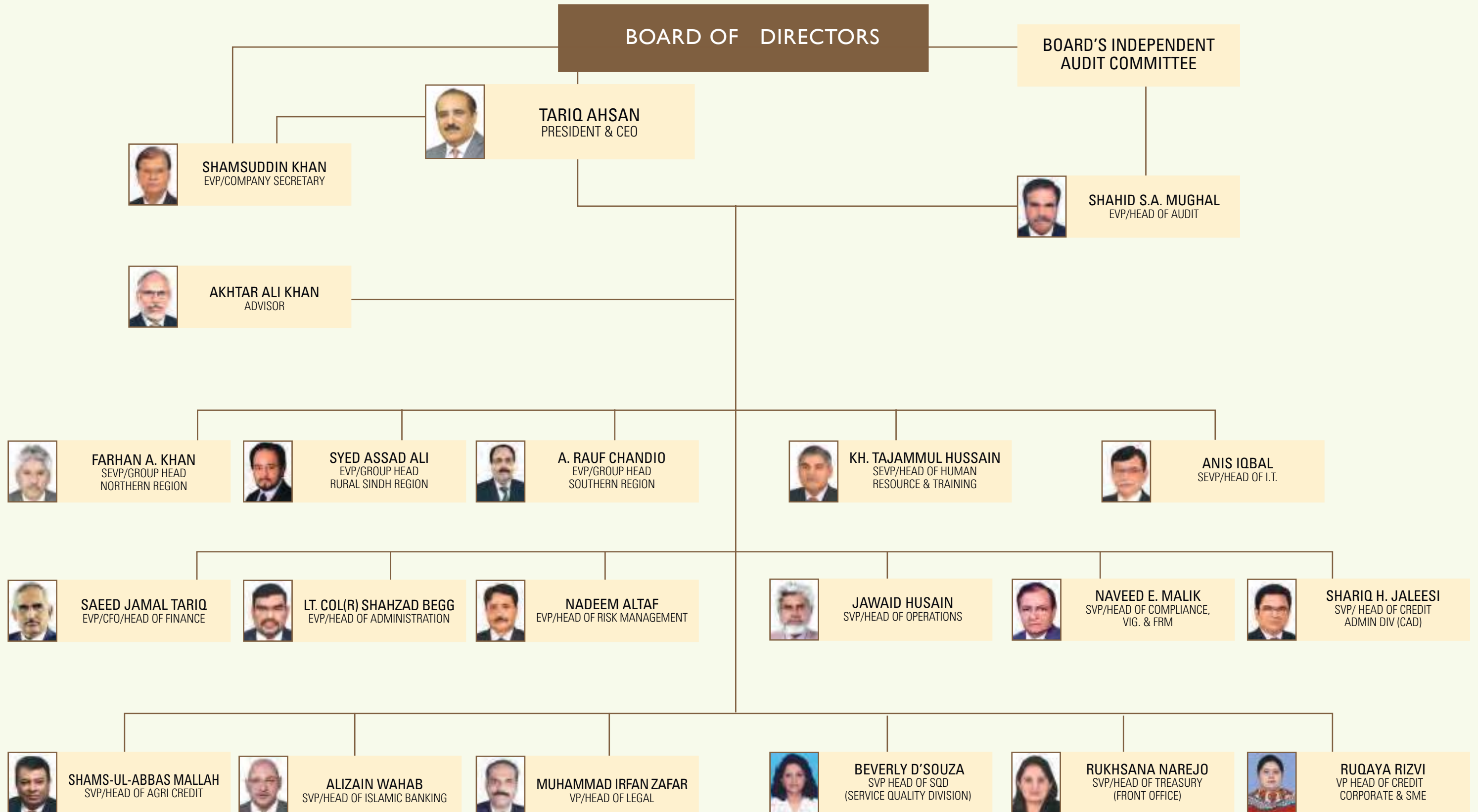
1. We will abide by the laws of the Country in all activities at work and beyond. Any suspected material violation of a law, regulation or ethical standard must be reported to the appropriate level of authority within the Bank. Where appropriate, the authority will report to the relevant statutory authority.
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 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

Note:

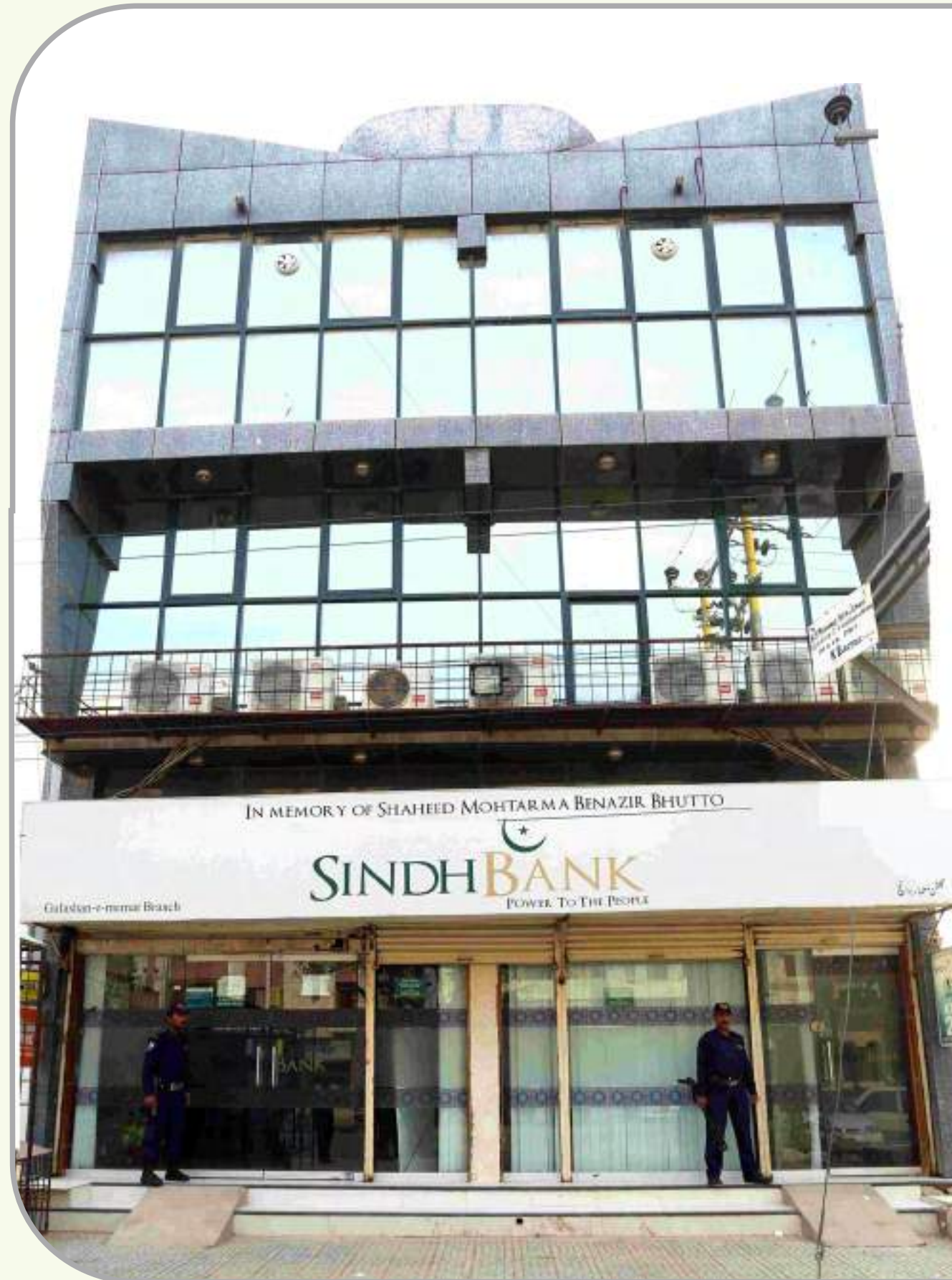
In terms of Regulation 4, Item # 10 notified by State Bank of Pakistan (SBP) vide BPRD Circular No. 02 dated 13/09/2012, "Employees of the banks are strictly prohibited to disclose the facts to the customer or any other quarter that a suspicious transaction or related information is being or has been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

ORGANO GRAM



Our Branches





Directors' Report



On behalf of the Board of Directors, I present the 8th Annual Report of the Bank for the year ended December 31, 2018. Financial highlights for the year are as follows:

(Rupees in '000)

Balance Sheet	As on 31-Dec-18	As on 30-Jun-18	As on 31-Dec-17	%age Change from Dec-17
Paid up Capital	10,010,130	10,010,130	10,010,130	-
Reserves & un-appropriated profits	5,410,268	7,141,060	6,627,799	-18.37%
Paid up Capital & Reserves (Deficit) /Surplus on Revaluation	15,420,398 (4,181,968)	17,151,190 (1,225,391)	16,637,929 (570,121)	-7.32%
Equity	11,238,430	15,925,799	16,067,808	-30.06%
Deposits	113,594,544	122,255,320	134,207,056	-15.36%
Investment (net of repos)	29,848,668	53,535,415	64,425,228	-53.67%
Gross Advances	79,171,957	75,214,218	69,112,166	14.56%

Profit & Loss Account	Year Ended 31-Dec-18	Half Year Ended 30-Jun-18	Year Ended 31-Dec-17	%age Change From Dec-17
Markup/return/interest income	12,382,921	6,809,987	11,541,183	7.29%
Markup/return/interest expenses	7,507,771	3,804,066	6,276,431	19.62%
Net markup/return/interest income	4,875,150	3,005,921	5,264,752	-7.40%
Capital gains & Dividends	(820,138)	2,929	760,487	
Fee, Commission & Other Income	431,523	225,833	567,209	
Non-mark-up/non-interest income	(388,615)	228,762	1,327,696	-129.27%
Non mark-up/interest expenses	4,527,421	2,180,287	4,156,848	8.90%
Provision-general (reversed)	(4,000,000)	739	-	
Provision-specific	5,376,903	54,347	252,434	
Total Provisions	1,377,846	178,362	253,166	
(Loss)/ Profit before Tax	(1,418,732)	876,034	2,182,434	-165%
(Loss)/ Profit After Tax	(1,205,180)	513,261	1,255,835	-195.96%
(Loss)/Earnings per share (Rupees)	-1.2	0.51	1.25	-195.96%

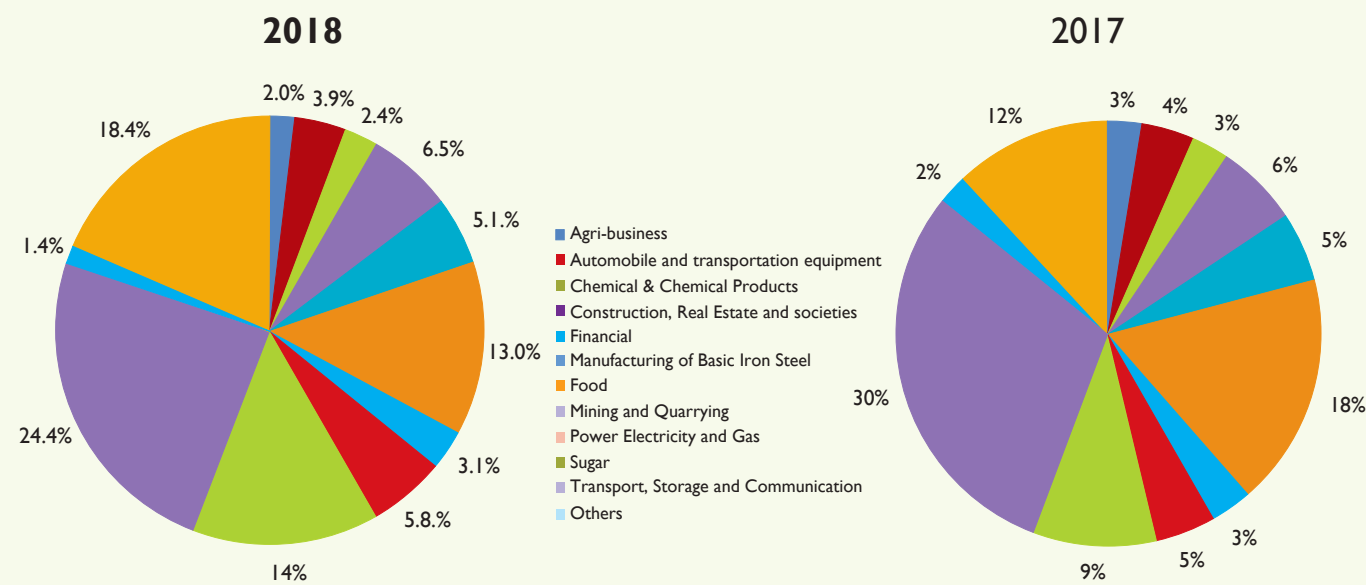
Other Information	As on 31-Dec-18	As on 30-Jun-18	As on 31-Dec-17	%age Change From Dec-17
No. of Accounts	477,399	461,863	475,801	0.34%
Number of Branches	330	300	300	10%

A. DEPOSITS

Total Deposits registered a decrease of 15.36 percent and stood at Rs. 113.6 billion compared to Rs. 134.2 billion on December 31, 2017. Ratio of Finance Department, Government of Sindh (GoS) Deposits to other Deposits was 11:89 as compared to 14:86 at the year ended 2017 and number of customer accounts at 477,399 registered an increase of 0.34 percent over 2017. Decrease in Deposits was witnessed from June 30, 2018 onwards, mainly by corporate customers, due to the negative media hype generated by investigation into alleged fake accounts.

B. ADVANCES

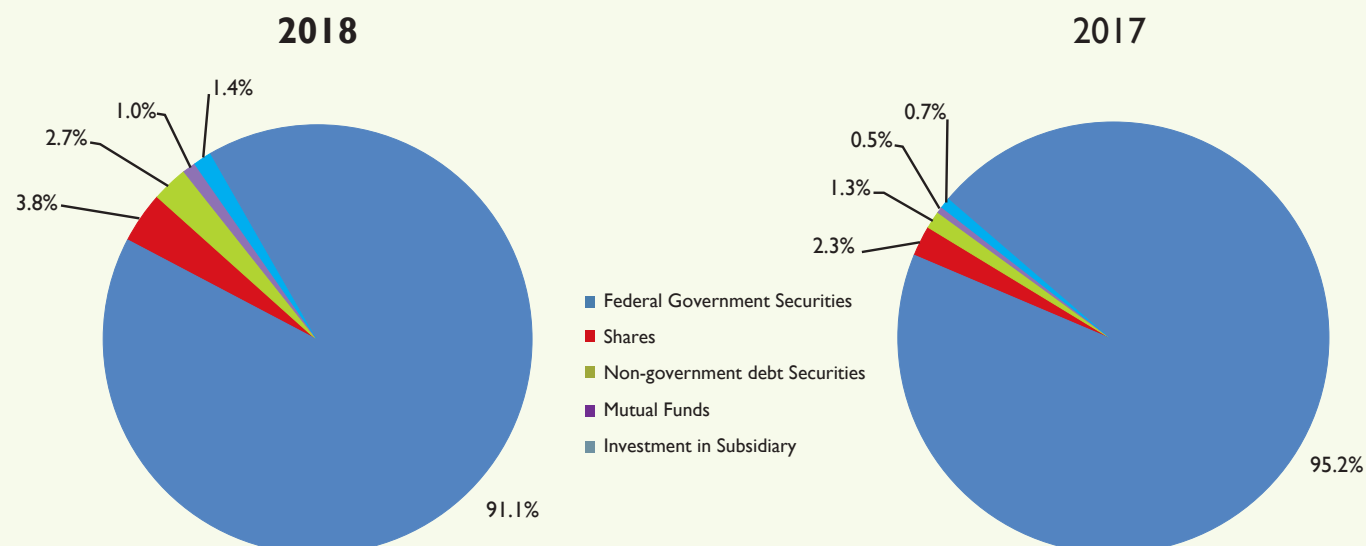
Gross Advances increased by 14.56 percent to Rs. 79.2 billion as compared to Rs. 69.1 billion on December 31, 2017. Sector-wise exposure is as follows:



C. INVESTMENTS

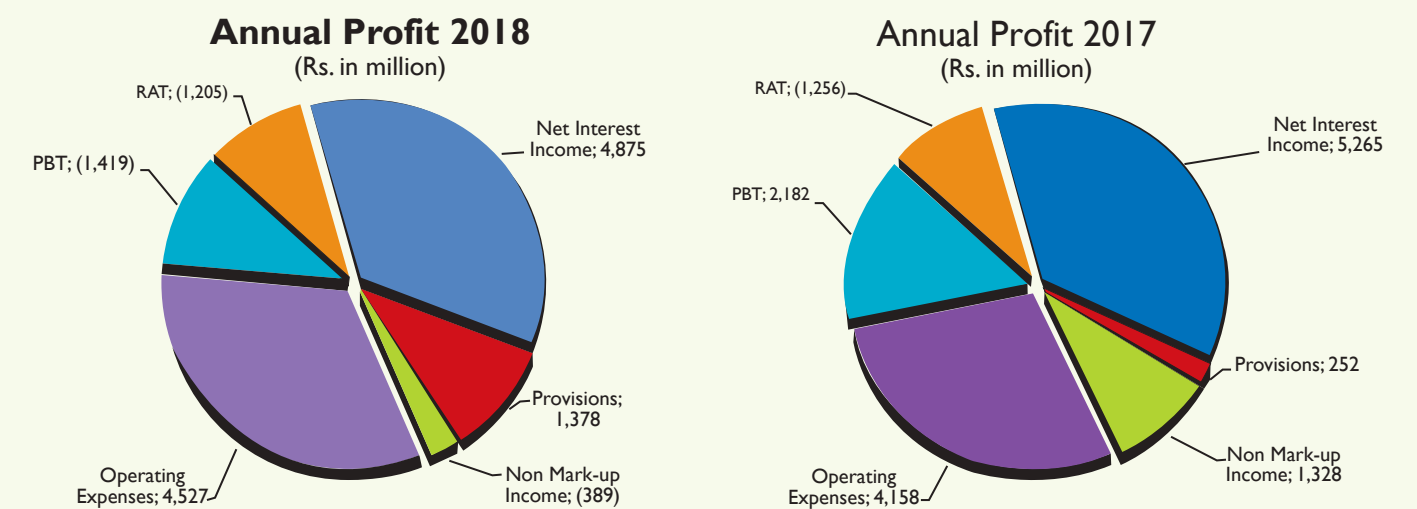
Investments, net of diminution/revaluation deficit/surplus, decreased by 51.6 percent over 2017. Government securities at cost/amortized cost decreased by 48.3 percent to Rs. 56.1 billion on December 31, 2018 compared to Rs. 108.7 billion as at December 31, 2017. Investment in long-term Pakistan Investment Bonds decreased by Rs. 5.2 billion while short-term Market Treasury bills decreased by Rs. 47.2 billion. Proceeds of Market Treasury Bills were commensurate with increase in Advances, repayment of Bank's Repo Borrowings and encashment of Deposits.

Investment in the equities and mutual funds stood at Rs. 3,641 million, decreasing by 14.35 percent over December 31, 2017 (Rs. 4,251 million). Break-down by type of investments is as under:



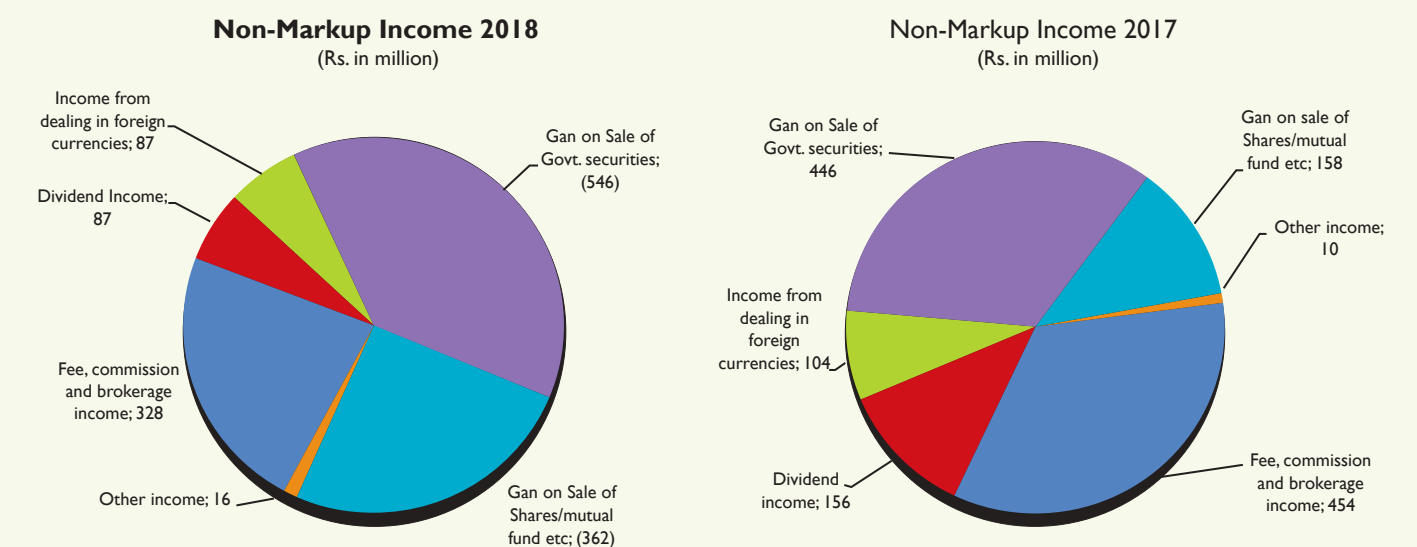
D. PROFIT AND LOSS

Pre-tax loss for the year ended December 31, 2018 amounted to Rs. 1.419 billion which represents a decrease of 165% over Rs. 2.182 billion earned in the same period last year. It is noteworthy that till the half year ended June 30, 2018, the Bank had earned Pre-tax profit of Rs. 876 million. However, after June 2018, investigation by JIT/NAB, sponsors arrests and blocking of bank accounts of some of our major borrowers/group, led to their default and suspension of markup thereon, which affected our profitability for the year. Breakup is as follows:



Net Markup/Return Income registered a decline of 7.4 percent over 2017. While Markup/Return earned increased by a meagre 7.3 percent, Markup/Return expense increased by 19.6 percent due to increase in KIBOR led by gradual increase in SBP's policy rate from 6 percent at year-end 2017 to 10 percent at end of 2018. Significant increase in the Bank's NPLs were the main reason for reduction in Markup/Return earnings and hence the decline in Net Markup/Return Income.

Against Non-markup/non-interest income of Rs. 1,327.7 million earned in 2017, the year 2018 ended with a loss of Rs. 388.6 million. This is attributed mainly to (i) loss on sale of long term PIBs of Rs. 545.5 million (against gain of Rs. 446.3 million in 2017) due to a strategic decision to reduce exposure, and (ii) realized loss on sale of shares of Rs. 361.6 million (against gain of Rs. 131.2 million in 2017). Break-up is as follows:



E. BRANCH NETWORK

The Bank has its presence at 330 locations spread over 169 cities/towns around 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
South: including Karachi, Sindh-other cities/towns & Baluchistan	206	97
North: including Punjab, Islamabad, KPK, AJK & GB	124	72
Total	330	169

ECONOMIC REVIEW

Monetary Policy tightening, exchange rate adjustments, reduction in PSDP spending and regulatory measures are impacting domestic economic activity. This has resulted in contraction in GDP growth, decline in imports, contraction in Large Scale Manufacturing ('LSM') and moderation of private sector credit for fixed investment.

SBP report on the 'State of Pakistan's Economy' forecasts Real GDP growth during FY 2019 to slow down to 3.5-4 percent during FY 2019 compared to 5.2 percent during FY 2018. Reasons cited are the slowdown in growth of the agriculture sector and stabilization measures (mentioned above) taken to stabilize and preserve economic stability.

Pakistan has reached a staff-level agreement with the International Monetary Fund for a 39-months long Extended Fund Facility of around US\$ 6 billion. The program is designed to restore macro-economic stability and support sustainable economic growth.

Consumer Price Index (CPI) rose to 8.8 percent in April 2019 on a year-on-year basis. Average headline CPI inflation reached 7.0 percent in FY 2019 (July to April) compared to 3.8 percent in the same period last year due to rising domestic fuel, food prices and input costs. Average CPI inflation is expected to be in the range of 6.5-7.5 percent during FY 2019. SBP Policy rate which was 6.0 percent on December 31, 2017 increased to 10.0 percent as at end of 2018 and at present stands at 12.25 percent.

Reflecting the effect of stabilization policies, current account deficit narrowed to US\$ 9.6 billion in FY 2019 (July to March) as compared to a deficit of US\$ 13.6 billion during the same period last year, a decrease of 29 percent. Reduction was achieved by import compression and healthy growth in workers remittances, though the increase was partially offset by higher international oil prices. Exports have stagnated in terms of receipts though in terms of volume, these have begun to grow. Liquid FX reserves declined to US\$ 15.1 billion on May 24, 2019 from US\$ 16.4 billion at year end FY 2018 and US\$ 21.4 billion at year end FY 2017.

PSX 100 index ended the year 2018 at 29,565 points, down by 10.7 percent over 33,100 points as at year-end 2017. Turbulence was observed in the market within the year due to the fallout of election activity, placing of Pakistan on the FATF grey list, stabilization measures being taken by the Government, including rising interest rates, weakening Pak Rupee and deteriorating economic numbers. Index stood at 35,975 points as on May 31, 2019.

CREDIT RATING

JCR-VIS Credit Rating has maintained the Bank medium to long term entity rating of 'AA' (Double A) and short term rating of 'A-I+' (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, which has now been called off. Rating exercise for 2018-19 is in progress.

MINIMUM CAPITAL REQUIREMENT & CAPITAL ADEQUACY RATIO

The Bank is non-compliant with the minimum capital requirement prescribed by the State Bank of Pakistan while its Capital Adequacy Ratio stood at 8.02% as against the minimum requirement of 11.9% as on December 31, 2018.

Considering the shortfall and projected future requirements, the Bank is working on a time-bound capital plan, duly approved by its Board of Directors. The plan, with the assistance and support of the Government of Sindh, the Bank's sole sponsor, envisages step-wise injection of a total amount of Rs. 14.7 billion of which Rs. 11.2 billion will be injected by December 31, 2019 and a further amount of Rs. 3.5 billion by June 30, 2020, in the following manner (subject to regulatory approvals):

- Equity injection of Rs. 3.7 billion;
- Equity injection of Rs. 3 billion approximately through the merger of Sindh Leasing Company Limited;
- Injection of 4.5 billion; and
- Equity Injection of Rs. 3.5 billion.

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 Control is included in the Annual Report.

OTHER HIGHLIGHTS

Sindh Microfinance Bank Limited ('SMFB') started microfinance operations in May 2016 in the province of Sindh. Whereas all other MFBs suffered losses in their first year of operations, SMFB registered a profit in its first year and has been operating profitably with accumulated reserves in excess of Rs. 87 million. SMFB has achieved this through sustainable organic growth while maintaining a very low client delinquency ratio of less than 0.5%.

The outstanding loan portfolio of SMFB stood at Rs. 589.7 million as at December 31, 2018 and to date has disbursed Rs. 1.5 billion (more than 65,000 loans) to women engaged in business, agriculture, fisheries and livestock related activities through its presence in 60 locations (of which 13 are branches and 47 are financial centers) in the province of Sindh. In October 2018 the Pakistan Credit Rating Agency (PACRA) rated it as 'A minus' for the long term and A2 for the short term, with a stable outlook.

As at December 31, 2018 the Net Equity of SMFB stood at Rs. 837.5 million with a paid up capital of Rs. 750 million.

BENAZIR INCOME SUPPORT PROGRAM

The Bank has been handling this scheme since its start for Tando Muhammad Khan district in the province of Sindh. The number of beneficiaries presently stands at 41,843. Total amount disbursed during 2018 amounted to Rs.612 million as compared to Rs.806 million disbursed in 2017. Handling BISP provides the Bank an opportunity to serve the less privileged segments of the population.

HOME REMITTANCES

The Bank's branches handled home remittances to the tune of Rs 1.869 billion through 35,618 transactions during 2018 as compared to Rs 1.715 billion through 37,159 transactions in 2017. The Bank has arrangements in this regard with globally reputed companies such as Western Union, Money Gram and Express Money.

IT INITIATIVES

The Bank is in the process of issuing contact-less EMV chip based ATMs/Debit cards for security and convenience of its customers. Contact-less cards integrated with EMV Chip will enable the customer to make payments in a safe and hassle free manner.

The Bank has introduced bio-metric ATMs. On bio-metric (finger print) enabled ATM machines, after inserting the ATM Card, the customer may carry out a transaction by just touching the bio-metric device instead of entering a PIN and in the instance that the customer is not carrying his ATM card, he may enter his CNIC number and execute a transaction by just the touch of his finger. Initially 10 ATMs have been deployed with this capability and deployment on another 60 ATMs is in process.

The Bank has also introduced an internet interface to its state of the art SMS Banking application. By visiting the Bank's website www.sindhbankltd.com, all the functions that are available to a customer through SMS banking via a mobile phone, can be performed on PC or Smart phone via the internet.

STAFF, TRAINING & DEVELOPMENT

Total number of staff working in the Bank i.e. executives, officers and support staff as at December 31, 2018 numbered 2246 as compared to 2,109 as at December 31, 2017.

During 2018, in-house Training Programs were conducted in the areas of Banking, Branch Operations, Anti Money Laundering, Fair Treatment to Customers, Audit, SME Financing, International Trade, Cyber Security Awareness, Islamic Banking Orientation sessions, soft skills etc.

In order to comply with regulatory requirements and to convey the message down the line, Area Managers, Branch and Operation Managers of all the 3 regions were provided training and entrusted the responsibility to conduct sessions on 'Fair Treatment to Customers' at branch level.

Relevant staff was nominated in ex-house training offerings from SBP, NIBAF, IBP and other renowned consultancies. Since State Bank's focus during 2018 was on promotion and regulation of SME Financing and Islamic Banking, staff was nominated for such seminars/workshops at various locations across Pakistan.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

During 2018, the Bank facilitated payments amounting to Rs. 612 million to around 42 thousand beneficiaries under Government of Pakistan's Benazir Income Support Program. Further disbursement of an amount of Rs. 1,328 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. During the year Bank contributed an amount of Rs. 4.082 million to the honorable Supreme Court of Pakistan fund for construction of Diamer Bhasha & Mohmand Dams.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- The financial statements prepared by the management of the bank, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the bank have been maintained.

- Appropriate accounting policies have been applied consistently in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The International Financial Reporting Standards, as applicable to banks in Pakistan, have been followed in preparation of financial statements and any departures therefrom have been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There is no doubt about the Bank's ability to continue as a going concern in the foreseeable future.
- 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 six years is being provided in the annual report.
- All the statutory liabilities, if any have been adequately disclosed in the financial statements.
- The appointment of the Chairman and other members of the Board and the terms of their appointment along with remuneration policy adopted are in the best interest of the Bank as well as in line with best practices.
- Value of investments of Sindh Bank Limited Employees Provident Fund as at December 31, 2018 amounted to Rs. 607.28 million (2017-Rs. 439.3 million). Value of investments of Sindh Bank Limited Employees Gratuity Fund as at December 31, 2018 amounted to Rs.244.091 million (2017-Rs.167.6 million) and further an amount of Rs. 76.76 million has been transferred subsequent to the balance sheet date, based on actuarial valuation of the fund.
- Statement of compliance with the Public Sector Companies (Corporate Governance) Rules, 2013 is given separately in the Annual Report.

QUALIFICATION IN THE AUDITORS REPORT

During the year, the Bank has made provisions amounting to Rs 5,540 million (Note 10) for non-performing advances on time based criteria allowed under the State Bank of Pakistan 'Prudential Regulations' (SBP-PRs), after taking benefit of forced sale value of collateral it holds against these non-performing advances.

The Bank's External Auditors have disagreed with the Company's treatment of using the above criteria, which is also permissible under the SBP-PRs and have instead resorted to classifying these on 'Subjective' basis by disallowing the entire Forced Sale Value of the collateral held against certain facilities and downgrading all these facilities to 'Loss' category. Reason assigned by them is as follows:

“As also stated in note 1.4 and note 21.3.3 to the financial statements, in view of on-going investigations by the National Accountability Bureau (NAB) and litigation in courts of law against major borrower groups of the Bank, we consider that the advances relating to such borrower groups are not recoverable in foreseeable future and should be classified in loss category. Further, it is not possible for us to determine that the collaterals held by the Bank against these advances are realizable in the foreseeable future. Accordingly, we consider an additional provision of Rs. 12,056 million, using subjective criteria described by the State Bank of Pakistan (SBP) in its PRs, is required.”

The Bank disagrees with the External Auditors assertion narrated above and believes that the matter of subjective classification requires judgement about a borrower's willingness to settle its obligation, which the Bank is in the best position to exercise, especially due to its interaction with the borrowers. Further, the Bank holds a valid and legally enforceable claim against the tangible assets held as collateral against these facilities, which will be exercised at the time the Bank considers appropriate. During that time the Bank will take benefit of the FSV as permitted by following the objective criteria allowed under SBP-PRs, as even the Regulator seldom disallows this benefit.

EVALUATION OF BOARD, CHAIRMAN, INDIVIDUAL DIRECTORS, INDEPENDENT DIRECTORS, PRESIDENT & CEO & 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 framework, 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	52nd Meeting held on 11.01.2018	53rd Meeting held on 06.02.2018	54th Meeting held on 07.03.2018	55th Meeting held on 25.04.2018	56th Meeting held on 03.05.2018	57th Meeting held on 22.06.2018	58th Meeting held on 10.08.2018	59th Meeting held on 15.08.2018	60th Meeting held on 18.10.2018	61st Meeting held on 06.12.2018	Total Meetings Attended
1	Mr. Afzal Ghani	✓	✓	✓	✓	—	✓	✓	✓	✓	✓	9
2	Mr. Muhammad Shahid Murtaza	✓	✓	✓	—	—	—	—	—	—	—	3
3	Mr. Muhammad Naeem Sehgal	✓	✓	✓	—	—	—	—	—	—	—	3
4	Mr. Tajammul Husain Bokharee	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10
5	Mr. Raja Muhammad Abbas	✓	✓	✓	—	—	—	—	—	—	—	3
6	Mr. Muhammad Bilal Sheikh	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10
7	Mr. Asif Jahangir*	—	—	—	✓	✓	✓	—	—	—	—	3
8	Mr. Qaisar P. Mufti	—	—	—	✓	✓	✓	✓	✓	—	—	5
9	Mr. Samil ul Haq Khilji	—	—	—	✓	✓	✓	✓	✓	✓	✓	7
10	Mr. Anis A. Khan	—	—	—	✓	✓	—	—	✓	✓	✓	5
11	Mr. Noor Alam*	—	—	—	—	—	—	—	✓	✓	✓	3
12	Mr. Tariq Ahsan, President & CEO	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10
Meeting Attendance		7	7	7	8	7	7	7	8	7	6	

* Mr Asif Jahangir (ex-finance Secretary GoS) remained as director from 29-03-2018 to 20-06-2018, who was replaced by Mr Noor Alam Khan (ex-finance Secretary GoS) remained from 10-08-2018 to 16-10-2018 and was replaced by Mr Najam Ahmed Shah (Finance Secretary, GoS) as per notification dated 16-10-2018 of GoS. SBP approval received on 01-03-2019.

During year 2018, after completion of their tenure under the Banking Companies Ordinance, 1962, Mr. Mohammad Shahid Murtaza, Mr Muhammad Naeem Sehgal and Mr Raja Muhammad Abbas retired and in the election held in the Annual General Meeting on March 29, 2018, Mr Sami-ul-Haq Khilji, Mr. Anis A. Khan and Mr. Qaiser P. Mufti were elected as directors. Mr Qaiser P. Mufti thereafter resigned during the period.

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

During the year 2018 a casual vacancy occurred with the resignation of EY Ford Rhodes, Chartered Accountants, which was filled by the appointment of M/S Naveed Zafar Ashfaq Jaffery & Co Chartered Accountants. The retiring auditors, being eligible, offer themselves for re-appointment for the year 2019. The Audit Committee of the Board has recommended that M/s Naveed Zafar Ashfaq Jaffery & Co Chartered Accountants, the retiring auditors, be re-appointed as the external auditors of the Bank for the year 2019.

FUTURE OUTLOOK

Real GDP growth during FY 2019 is likely to reduce significantly (3.5-4.0 percent), mainly due to slowdown in the agriculture sector, contraction in Large Scale Manufacturing and stabilization measures taken to preserve macroeconomic stability such as measures to slowdown the growing external front and reducing the burgeoning current account and fiscal deficits.

The Board of Directors in its meeting held on April 02, 2019 have decided to call off the merger of Summit Bank, being inadvisable in the present circumstances.

The Bank is pursuing a structured plan to augment its capital/capital adequacy with the help and support of the Government of Sindh (Bank's sole sponsor) as mentioned in Note 1.4 to the financial statements.

20 branches are planned to be opened in next year thereby expanding the Bank's network to 350 by the year end 2019.

Along with all-out efforts to improve loan recoveries and reduce NPLs, the Bank will continue to pursue a strategy for increasing business, restoring profitability, net markup/Interest margins and fee based income.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I would like to sincerely thank the regulators, shareholders and customers for their continued guidance and support.

On behalf of the Board of Directors



Tariq Ahsan

President/CEO

Karachi, June 7, 2019

ڈائریکٹرز رپورٹ

میں، بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2018 کو اختتام پذیر سال کے لیے بینک کی آٹھویں سالانہ رپورٹ پیش کرتا ہوں۔ اس سال کے اہم مالیاتی نکات درج ذیل ہیں:
 (روپے 000' میں)

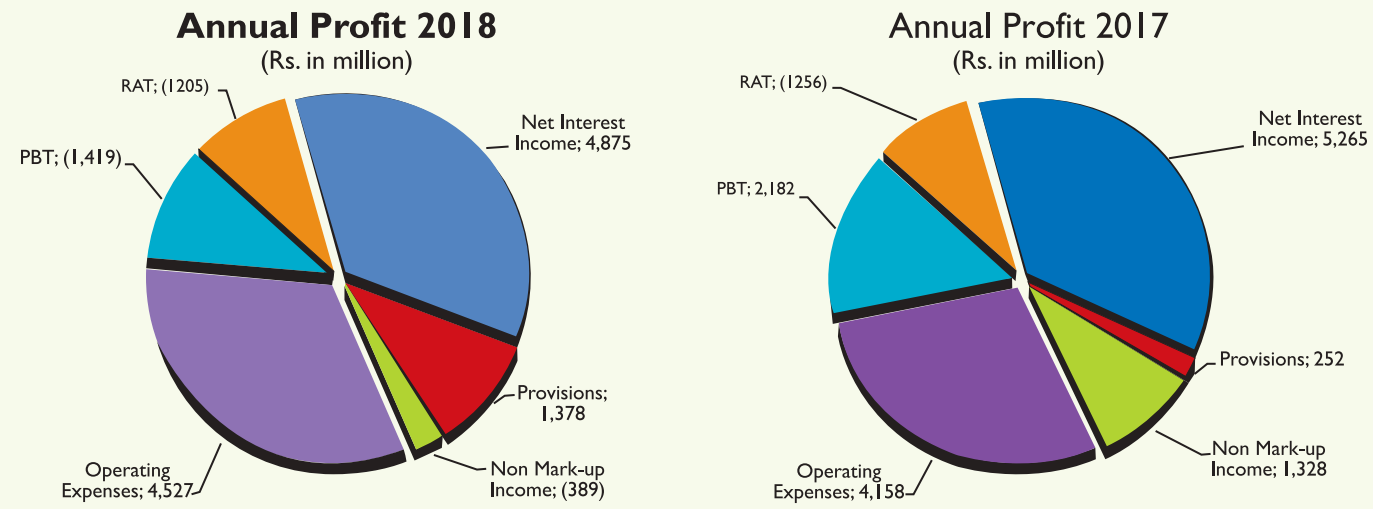
بیلنس شیٹ	اختتام پذیر سال 31 دسمبر 2018 پر	اختتام پذیر ششماہی 30 جون 2018 پر	اختتام پذیر سال 31 دسمبر 2017 پر	دسمبر 2017 سے فیصد تبدیلی
اداشدہ سرمایہ	10,010,130	10,010,130	10,010,130	-
ذخائر اور غیر مختص شدہ منافع	5,410,268	7,141,060	6,627,799	-18.37%
اداشدہ سرمایہ اور ذخائر	15,420,398	17,151,190	16,637,929	-7.32%
دوبارہ قدر پذیری پر (خسارہ)/ اضافہ	(4,181,968)	(1,225,391)	(570,121)	
ملکیتی سرمایہ	11,238,430	15,925,799	16,067,808	-30.06%
ڈپازٹس	113,594,544	122,255,320	134,207,056	-15.36%
سرمایہ کاری (ریپونکال کر)	29,848,668	53,535,415	64,425,228	-53.67%
مجموعی ایڈانسرز	79,171,957	75,214,218	69,112,166	14.56%
نفع نقصان کا کھاتہ	اختتام پذیر سال 31 دسمبر 2018 پر	اختتام پذیر ششماہی 30 جون 2018 پر	اختتام پذیر سال 31 دسمبر 2017 پر	دسمبر 2017 سے فیصد تبدیلی
مارک اپ/ ریٹرنز/ سودی آمدنی	12,382,921	6,809,987	11,541,183	7.29%
مارک اپ/ اخراجات/ سودی اخراجات	7,507,771	3,804,066	6,276,431	19.62%
خالص مارک اپ/ ریٹرنز/ سودی آمدنی	4,875,150	3,005,921	5,264,752	-7.40%
کمپیٹل گین اور منقسمہ منافع	(820,138)	2,929	760,487	
فیس، کمیشن اور دیگر آمدنی	431,523	225,833	567,209	
بنامارک اپ/ غیر سودی آمدنی	(388,615)	228,762	1,327,696	-129.27%
بنامارک اپ/ غیر سودی اخراجات	4,527,421	2,180,287	4,156,848	8.90%
عام مختصات (Provisions) (واپس لئے گئے)	(4,000,000)	739	-	
مخصوص مختصات (Provisions)	5,376,903	54,347	252,434	
کل مختصات (Provisions)	1,377,846	178,362	253,166	
(نقصان) منافع قبل از ٹیکس	(1,418,732)	876,034	2,182,434	-165%
(نقصان) منافع بعد از ٹیکس	(1,205,180)	513,261	1,255,835	-195.96%
(نقصان)/ آمدنی فی حصص (روپے)	-1.2	0.51	1.25	-195.96%
دیگر معلومات	اختتام پذیر سال 31 دسمبر 2018 پر	اختتام پذیر ششماہی 30 جون 2018 پر	اختتام پذیر سال 31 دسمبر 2017 پر	دسمبر 2017 سے فیصد تبدیلی
کھاتوں کی تعداد	477,399	461,863	475,801	0.34%
شاخوں کی تعداد	330	300	300	10.00%

A. ڈپازٹس

کل ڈپازٹس 31 دسمبر 2017 کے 134.2 ارب روپے کی مالیت میں 15.36 فیصد کمی کے ساتھ 113.6 ارب روپے ہو گئے۔ حکومت سندھ کے شعبہ مالیات، کے ڈپازٹس کا دیگر ڈپازٹس سے تناسب گزشتہ سال 2017 کے 86:14 کے مقابلے میں 89:11 رہا اور سال 2017 کے کھاتے داروں کی تعداد میں 0.34 فیصد اضافے کے ساتھ یہ تعداد 477,399 کھاتے ہو گئی،۔ جون 2018 کے بعد سے ڈپازٹس میں کمی اداریاتی گاہوں کے ڈپازٹس کو نکالوانے سے ہوئی جس کی وجہ سے بینک اکاؤنٹس پر تحقیقات کے سلسلے میں ذرائع ابلاغ کی پیدا کردہ منفی تنقید کا سامنا ہے۔

D. نفع و نقصان

31 دسمبر 2018 پر اختتام پذیر سال پر قبل از محصول نقصان کی مالیت 1.419 ارب روپے رہی جبکہ گزشتہ سال اسی مدت میں منافع کی مالیت 2.182 ارب روپے تھی جس میں 165 فیصد کی ہوئی۔ یہ بات قابل غور ہے کہ 30 جون، 2018 کو اختتام پذیر ششماہی پریکٹک نے 876 ملین روپے کا قبل از محصول منافع حاصل کیا تھا۔ تاہم جون، 2018 کے بعد مشترکہ تحقیقاتی ٹیم (JIT)/نیب (NAB) کی تفتیش، کفیلوں (sponsors) کی گرفتاریاں اور ہمارے کچھ بڑے قرضہ لینے والے/گروپس کے کھاتوں کی بندش سے نابدہندہ ہونے اور ان پر منافع کی بندش کی وجہ سے ہماری سال کی منافع بخشی (profitability) متاثر ہوئی۔ اس کی تفصیلات درج ذیل ہے:

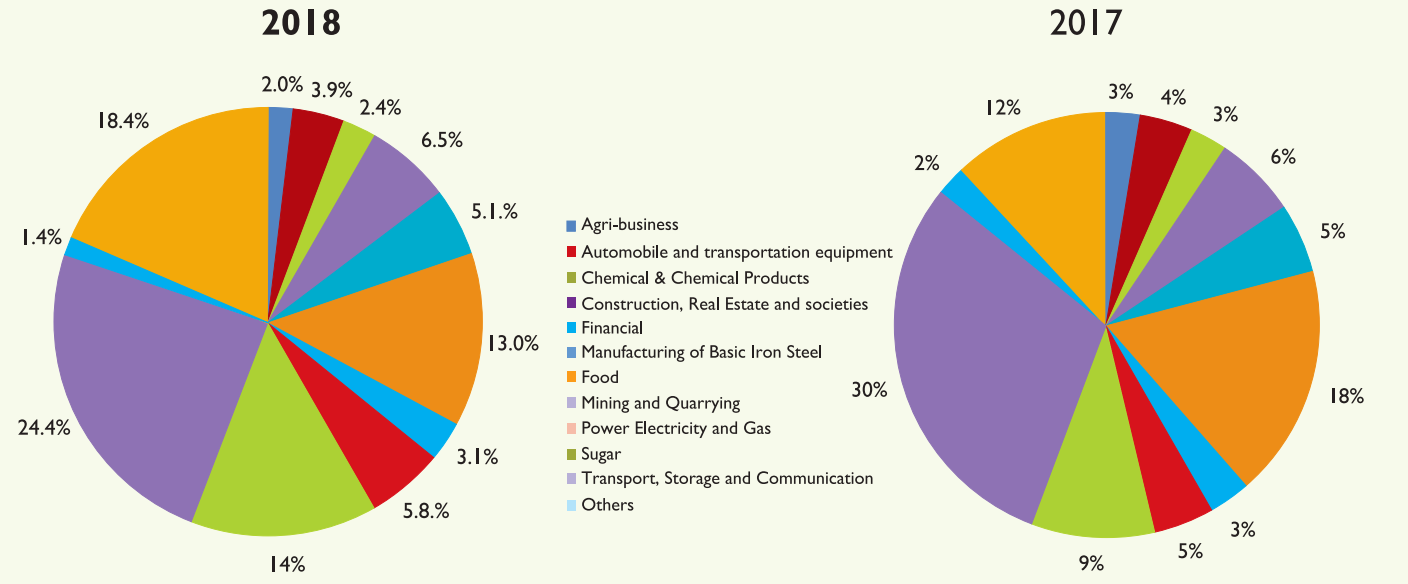


سال 2017 کے مقابلے میں خالص مارک اپ/ریٹرن آمدنی میں 7.4 فیصد کمی کا اندراج ہوا۔ جبکہ مارک اپ/ریٹرن سے آمدنی میں معمولی 7.3 فیصد اضافہ ہوا، مارک اپ/ریٹرن کے اخراجات میں 19.6 فیصد اضافہ ہوا، جس کی وجہ KIBOR میں اضافہ ہے اور اس میں اضافے کی وجہ بینک دولت پاکستان کے پالیسی نرخ میں بتدریج اضافہ ہے جو سال 2017 میں 6 فیصد سے بڑھ کر سال 2018 میں 10 فیصد ہو گیا ہے۔ بینک کے ناکارکردگی دکھانے والے قرضہ جات (NPLs) میں خاطر خواہ اضافہ، مارک اپ/ریٹرن آمدنی میں کمی کی اصل وجہ ہے اور اس لیے خالص مارک اپ/ریٹرن کی آمدنی میں کمی ہے۔

سال 2017 کے 1,327.7 ملین روپے کے غیر مارک اپ/غیر سودی آمدنی کے برخلاف سال 2018 میں اس کی مالیت 388.6 ملین روپے کے نقصان پر رہی۔ اس کا اصل تعلق: (i) طویل المدت پاکستان انویسٹمنٹ بانڈز میں سرمایہ کاری میں 5.2 ارب روپے کی کمی ہوئی جبکہ قلیل المدت منڈی کے ٹریڈری بلز میں 47.2 ارب روپے کی کمی ہوئی۔ منڈی کے ٹریڈری بلز سے آنے والی رقم، ایڈوانسز، ریپو قرضہ کی واپس ادائیگی اور ڈپازٹس کی نقد ادائیگی سے مطابقت رکھتی ہے۔

B. ایڈوانسز

مجموعی ایڈوانسز 14.56 فیصد اضافے سے 31 دسمبر، 2017 کے 69.1 ارب روپے کے مقابلے میں 79.2 ارب روپے تک پہنچ گئے۔ شعبہ وار تفصیل درج ذیل ہے:

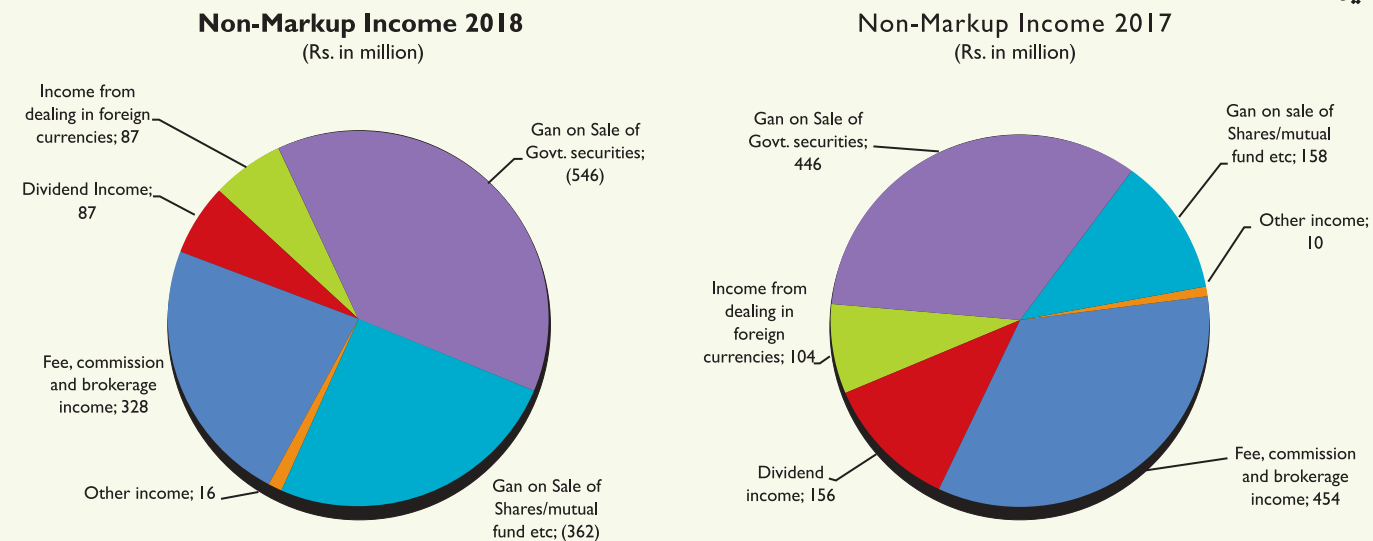
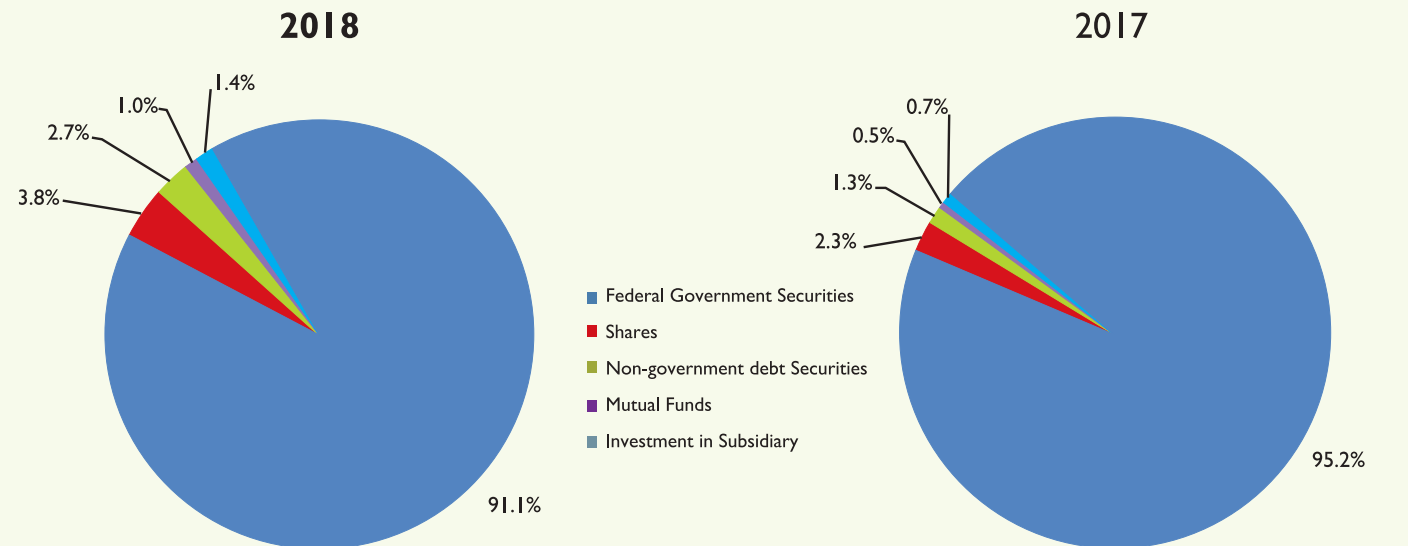


C. سرمایہ کاری

سال 2017 کے مقابلے میں سرمایہ کاری کے بعد ہونے والی تخفیف/دوبارہ قدر پذیری میں 51.6 فیصد کمی ہوئی۔ 31 دسمبر، 2018 تک حکومتی تسکات 48.3 فی صد کی کے ساتھ 56.1 ارب روپے رہے جبکہ 31 دسمبر، 2017 میں اس کی مالیت 108.7 ارب روپے تھی۔

طویل المدت پاکستان انویسٹمنٹ بانڈز میں سرمایہ کاری میں 5.2 ارب روپے کی کمی ہوئی جبکہ قلیل المدت منڈی کے ٹریڈری بلز میں 47.2 ارب روپے کی کمی ہوئی۔ منڈی کے ٹریڈری بلز سے آنے والی رقم، ایڈوانسز، ریپو قرضہ کی واپس ادائیگی اور ڈپازٹس کی نقد ادائیگی سے مطابقت رکھتی ہے۔

ملکی سرمایہ اور میوچل فنڈز میں سرمایہ کاری 31 دسمبر، 2017 کی سرمایہ کاری (4,251 ملین روپے) میں 14.35 فیصد کمی کے ساتھ 3,641 ملین روپے رہی۔ سرمایہ کاری کی تفصیلات درج ذیل ہیں:



سرمایہ کی اس کمی اور مستقبل کی متوقع ضروریات کو مد نظر رکھتے ہوئے بینک، بورڈ آف ڈائریکٹرز کے منظور کردہ، متعین۔ مدت کی سرمایہ کے منصوبے پر کام کر رہا ہے۔ بینک کا خیال ہے کہ حکومت سندھ، جو بینک کی واحد کفیل ہے، کی معاونت اور حمایت سے، اس منصوبے کے لیے، 14.7 ارب روپے کے کل ملکیتی سرمایہ کو مرحلہ وار شامل کیا جائے گا جس میں سے 30 جون، 2020 تک 3.5 ارب روپے اور 31 دسمبر 2019 مزید 11.2 ارب روپے کو مندرجہ ذیل طریقے سے شامل کرنا چاہتی ہے (جو انضباطی منظوری سے مشروط ہے):

- 3.7 ارب روپے کا ملکیتی سرمایہ کا ڈالنا۔
- تقریباً 3 ارب روپے کا ملکیتی سرمایہ سندھ لیزنگ کمپنی لمیٹڈ کے انضمام کے ذریعے۔
- 4.5 ارب روپے کا ملکیتی سرمایہ کا ڈالنا اور
- 3.5 ارب روپے کا ملکیتی سرمایہ کا ڈالنا۔

خطرات سے نبٹنے کا انتظامی ڈھانچہ

سندھ بینک کے پاس اس کے آپریشن کے حجم اور پیچیدگیوں سے مطابقت رکھتا ہوا کاروباری خطرات سے نبٹنے کا انتظامی ڈھانچہ موجود ہے تاکہ درپیش کاروباری خطرات کی متعین حدود میں ان کے مناسب طور پر نبٹنے کے انتظام کو یقینی بنایا جاسکے۔ سال کے دوران خطرے سے نبٹنے کے خود کار نظام میں مزید بہتری/توسیع کی گئی تاکہ بینک کا اپنے آپریشن پر بہتر کنٹرول ہو سکے۔ اس میں ماہیتی (qualitative) بہتری کے لیے کوششیں جاری ہیں تاکہ بینک خطرات سے نبٹنے 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 عمل تشکیل دیا ہے اور اس میں مالیاتی رپورٹنگ پر اندرونی کنٹرول کا نظام شامل ہے۔ اس عمل کا بورڈ کی آڈٹ کمیٹی باقاعدگی سے جائزہ لیتی ہے۔

بورڈ کا خیال ہے کہ بینک کے موجودہ 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۔

دیگر جھلکیاں

مانیکرو فنانس بینک لمیٹڈ (مکمل طور پر ذیلی ادارہ)

سندھ مانیکرو فنانس بینک لمیٹڈ (SMFB) نے مانیکرو فنانس آپریشن کا آغاز صوبہ سندھ میں مئی 2016 میں کیا۔ زیادہ تر MFBS اپنے آپریشن کے پہلے سال میں نقصان میں رہے جبکہ SMFB اپنے آپریشن کے پہلے سال سے منافع بخش آپریشن کر رہا ہے اور اس کے جمع شدہ ذخائر 87 ملین سے تجاوز کر چکے ہیں۔ SMFB نے اس کا حصول تسلسل سے اساسی (organic) نمو سے حاصل کیا جبکہ گاہک ڈیلینکینسی (delinquency client) کا تناسب کو کم سطح پر برقرار رکھا گیا 0.5 فیصد سے کم ہے۔

31 دسمبر 2018 پر قرضے کا پورٹ فولیو 589.7 ملین روپے رہا اور اب تک 1.5 ارب روپے (65,000 قرضہ جات سے زیادہ) کی ادائیگیاں ان عورتوں کو جو کاروبار، زراعت، فشریز اور مال مویشی کے کام سے متعلق سرگرمیوں میں مصروف ہیں ان کو سندھ بھر میں 60 مقامات پر موجودگی (جس میں 13 شاخیں ہیں اور 47 مالیاتی مراکز ہیں) کی چابکی ہیں۔ اکتوبر 2018 میں پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے مستحکم منظر نامے کے ساتھ طویل المدت درجہ بندی 'منفی A' اور قلیل المدت 'A2' تفویض کی ہیں۔

31 دسمبر 2018 پر SMFB کا ادا شدہ سرمایہ 750 ملین روپے کے ساتھ خالص ملکیتی سرمایہ 837.5 ملین روپے رہا۔

E. برانچ نیٹ ورک

بینک کی موجودگی کا پھیلاؤ پورے پاکستان میں 169 شہروں/قصبات میں 330 مقامات پر ہے، جس میں اسلامی بینکاری کے لیے مخصوص 14 شاخیں بھی شامل ہیں۔ علاقائی تقسیم کی تفصیلات درج ذیل ہیں:

علاقہ	شاخوں کی تعداد	شہروں/قصبات کی تعداد
جنوب: بشمول کراچی، سندھ، دیگر شہر/قصبات اور بلوچستان	206	97
شمال: بشمول پنجاب، اسلام آباد، خیبر پختونخواہ، آزاد جموں کشمیر اور گلگت بلتستان	124	72
کل تعداد	330	169

معاشی جائزہ

مالیاتی پالیسی میں سختی، مبادلہ نرخ میں تبدیلی، PSDP کے اخراجات میں کمی اور انضباطی (regulatory) اقدامات، ملکی معاشی سرگرمیوں کو متاثر کر رہے ہیں۔ اس کا نتیجہ مجموعی قومی پیداوار میں، درآمدات میں اور بڑے پیمانے کی پیداواری (LSM) شعبہ میں کمی اور نجی شعبے کے غیر لچکدار (fixed) سرمایہ کے لیے قرضوں میں اعتدال کی صورت میں نکلا۔

اسٹیٹ بینک کی "پاکستان کی معیشت کی صورتحال پر رپورٹ کے مطابق، سال 2019 کے دوران حقیقی مجموعی قومی پیداوار کی نمو گھٹ کر 4-3.5 فیصد رہے گی جبکہ اس کے مقابلے میں سال 2018 میں یہ 5.2 فیصد رہی۔ اس سست روی کی بیان کردہ وجوہات میں زراعتی شعبے کی نمو میں سست روی اور استحکام کے لیے کئے جانے والے (اوپر بیان کردہ) اقدامات ہیں تاکہ معاشی استحکام کو مستحکم اور برقرار رکھا جاسکے۔

پاکستان اور انٹرنیشنل مانیٹری فنڈ کے درمیان 6 ارب امریکی ڈالر کا 39 ماہ کا طویل توسیعی فنڈ کی سہولت کے لیے اسٹاف کی سطح کا معاہدہ ہو چکا ہے۔ اس پروگرام کی تیاری کا مقصد ملکی معیشت کا استحکام اور معاشی نمو کے تسلسل کے لیے معاونت ہے۔

سال بہ سال کی بنیاد پر اپریل 2019 میں صارفین کی قیوتوں کا انڈیکس (CPI) بڑھ کر 8.8 فیصد ہو گیا۔ سال 2019 (جولائی تا اپریل) میں افراط زر کی شرح سرنجی کی اوسط 7.0 CPI فیصد ہو گئی ہے، جبکہ اس کے مقابلے میں گزشتہ سال اسی مدت میں یہ 3.8 فیصد تھی، جس کی وجہ ملک میں تیل اور خوراک کی بڑھتی ہوئی قیمتیں اور خام مال (input) کی لاگت میں اضافہ ہیں۔ توقع ہے کہ سال 2019 کے دوران اوسط CPI افراط زر 6.5-7.5 کی حد میں رہے گی۔ 31 دسمبر 2017 میں بینک دولت پاکستان کا پالیسی نرخ 6.0 فیصد تھا، جو سال 2018 کے آخر میں بڑھ کر 10 فیصد ہو گیا اور اس وقت 12.25 فیصد ہے۔

استحکام کی پالیسیوں کے اثرات کی عکاسی کرتے ہوئے، جاری کھاتے کا خسارہ سال 2019 (جولائی تا مارچ) میں کم ہو کر 9.6 ارب امریکی ڈالر ہو گیا جبکہ گزشتہ سال اسی مدت میں یہ خسارہ 13.6 ارب امریکی ڈالر تھا جو 29 فیصد کی ظاہر کرتا ہے۔ خسارے میں اس کی وجہ درآمدات میں کمی اور سمندر پار پاکستانی کارکنوں کی جانب سے ترسیل زر میں صحت منداضافہ تھیں، جسکی جزوی طور پر عالمی سطح پر تیل کی بلند قیمتوں نے اس کی تلافی کر دی۔ برآمدات، وصولیاء کی مد میں سکت رہی جبکہ حجم کی مد میں اس نے بڑھنا شروع کر دیا ہے۔ سال 2018 کے اختتام پر سیال غیر ملکی زرمبادلہ کے ذخائر 16.4 ارب امریکی ڈالر کے مقابلے میں 24 مئی 2019 میں گھٹ کر 15.1 ارب امریکی ڈالر ہو گئے، جبکہ سال 2017 کے اختتام پر یہ 21.4 ارب امریکی ڈالر تھے۔

سال 2017 کے اختتام پر PSX-100 انڈیکس 33,100 پوائنٹس میں 10.7 فیصد کمی کے ساتھ سال 2018 کے اختتام پر 29,565 پوائنٹس پر بند ہوا۔ انتخابات کی سرگرمیوں، پاکستان کو FATF کی گری (grey) فہرست میں رکھنا، حکومت کی جانب سے استحکام کے اقدامات بشمول بڑھتے ہوئے سودی نرخ، پاکستانی روپے کا کمزور ہونا اور ابتر ہوتے ہوئے اعداد و شمار کی وجہ سے حصص کی منڈی میں سال بھر کھلبلی دیکھی گئی۔ 31 مئی 2019 میں انڈیکس 35,975 پوائنٹس رہا۔

کریڈٹ ریٹنگ

سٹٹ بینک اور سندھ بینک کے تجویز کردہ انضمام اور سندھ بینک کے جاری رہنے کی وجہ سے VIS-JCR کریڈٹ ریٹنگ کمپنی نے بینک کو 'AA' (ڈبل A) درمیانی سے طویل المدت اور A-1+' (A ون پلس) entity ریٹنگ واچ-ڈیویلیپنگ اسٹیٹس کے ساتھ دی، جس انضمام کو اب ختم کر دیا گیا ہے۔ بینک کی 2018-2019 کے لیے درجہ بندی کی مشق جاری ہے۔

کم سے کم سرمایہ (capital) کی ضرورت اور کمپیٹل کی موزونیت کا تناسب

سندھ بینک، اسٹیٹ بینک آف پاکستان (SBP) کی تجویز کردہ کم سے کم سرمایہ (capital) کی پابندی کی تعمیل کر رہا ہے جبکہ اس کی کمپیٹل کی موزونیت کا تناسب، SBP کی 31 دسمبر، 2018 کی کم سے کم 11.9 فیصد کی حد کے مقابلے میں 8.02 فیصد ہے۔

- کمپنی نے مناسب کھاتوں کی کتابیں (Accounts of Books) رکھی ہوئی ہیں۔
- مالیاتی گوشواروں کی تیاری میں درست اکاؤنٹنگ 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 مستقبل میں ایک جاری رہنے والے ادارے کے طور پر چلتے رہنے میں کوئی شبہ نہیں ہے۔
- سال کے دوران ICAP کے منظور شدہ ایک ٹریڈر کے ذریعے کارپوریٹ گورننس کے بارے میں ایک ڈائریکٹرز اور مینیشن کورس کا انتظام کیا گیا، جس میں CEO اور صدر سمیت تمام ڈائریکٹرز شریک ہوئے۔
- گزشتہ چھ سالوں کا اہم مالیاتی اور آپریٹنگ 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 تقرر اور ان کے تقرر کی شرائط، مع ان کے معاوضے کے لیے اختیار کردہ پالیسی بینک کے بہترین مفاد میں ہے اور بہترین طور طریقوں سے بھی مطابقت رکھتی ہے۔
- 31 دسمبر، 2018 پر سندھ بینک لمیٹڈ کے ملازمین کی پراویڈینٹ فنڈ کی سرمایہ کاری کی مالیت 607.28 ملین روپے (2017-439.3 ملین روپے) تھی۔ 31 دسمبر، 2018 پر سندھ بینک لمیٹڈ کے گریجویٹ فنڈ کی سرمایہ کاری کی مالیت 244.091 ملین روپے تھی (2017 میں 167.6 ملین روپے) اور مزید 76.76 ملین روپے کی رقم کو بیلنس شیٹ کی تاریخ پر، فنڈ کی ایکچوریل قدر پذیریری (Actuarial Valuation) کے بعد منتقل کیا گیا ہے۔
- پبلک سیکرٹیز (کارپوریٹ گورننس) ضوابط مجریہ 2013ء کی تعمیل کا بیان سالانہ رپورٹ میں علیحدہ سے دیا گیا ہے۔

آڈیٹرز کی رپورٹ میں کوآپٹیکیشن (اختلاف)

سال کے دوران بینک نے ناکارکردگی دکھانے والے قرضہ جات (Advances) کے لیے بینک دولت پاکستان کے 'پروڈینشل ریگولیشن' (PRs-SBP) کے تحت 5,540 ملین روپے (نوٹ 10) کی مالیت مختص کی ہے، جس میں اس کے پاس ناکارکردگی دکھانے والے قرضہ جات کے سلسلے میں رہن شدہ اثاثوں کی جبری فروخت سے فائدہ اٹھایا گیا ہے۔ مذکورہ بالا معیار جس کی PRs-SBP کے تحت بھی اجازت ہے اس کے استعمال سے بینک کے بیرونی محاسبین (Auditors) متفق نہیں ہیں اور اس کی بجائے ان کا کہنا ہے کہ تمام سہولتوں کی درجہ بندی سبجیکٹیو (Subjective) اہلیت کی بنیاد پر کی جائے اور تمام مخصوص سہولتوں کی مد میں رہن شدہ اثاثوں (collateral) کی جبری فروخت کی قدر کو رد کیا ہے اور ان تمام سہولتوں کی درجہ بندی کم کر کے نقصان کے درجے میں تبدیل کر دیا جائے۔ تفویض کردہ وجہ درج ذیل ہے:

"جیسا کہ مالیاتی دستاویزات کے نوٹ نمبر 1.4 اور نوٹ نمبر 21.3.3 میں بیان کیا گیا ہے، قومی احتساب بیورو (NAB) کی جاری تفتیش اور بینک کے قرضہ لینے والے بڑے گروپ کے خلاف عدالت میں مقدمہ بازی کے پس منظر میں، ہمارا خیال ہے کہ بینک کے بڑے قرض دار گروپس کو دئے جانے والے قرضوں کی وصولیابی کا مستقبل قریب میں کوئی امکان نہیں ہے اور ان کو نقصان کی درجہ بندی میں ڈالنا چاہیے۔ مزید یہ کہ ہمارے لیے یہ ممکن نہیں ہے کہ اس بات کا تعین کریں کہ ان قرضوں کے عوض، بینک کے پاس رہن شدہ اثاثے (collaterals) مستقبل قریب میں وصولی کے قابل ہیں کہ نہیں۔ نتیجہ کے طور پر، ہمارا خیال ہے کہ 12,056 ملین روپے کی اضافی رقم مختص کرنی چاہیے جس کے لیے بینک دولت پاکستان کے PRs میں سبجیکٹیو (Subjective) اہلیت کے معیار درکار ہوں گے۔

بینک بیرونی محاسبین کے مذکورہ بالا حتمی موقف سے متفق نہیں ہے اور اسے یقین ہے کہ سبجیکٹیو درجہ بندی کے معاملے کے لیے قرض دار کی جانب سے مالی ذمہ داریوں کے تصفیے کرنے کے لیے فیصلہ درکار ہے، جس میں بینک بہترین صورتحال میں ہے کہ اس کا استعمال کرے جبکہ وہ قرض داروں سے رابطہ میں ہے۔ مزید یہ کہ بینک کے پاس ان سہولتوں کے عوض مادی اثاثہ جات بطور اضافی ضمانت موجود ہیں جو موثر اور قابل اطلاق دعویٰ ہے اس کا استعمال اس وقت کیا جائے گا جب بینک مناسب سمجھے گا۔ اس دوران بینک اس جبری فروخت کی قدر (FSV) کا فائدہ اٹھائے گا اور اس کے لیے PRs-SBP کے اوڈجیکٹیو (objective) معیار کے استعمال کی اجازت ہے، جس کو ریگولیٹری بھی شاذ ہی نام منظور کرتا ہے۔

بینظیر انکم سپورٹ پروگرام

بینک اپنے آغاز سے، سندھ کی ڈسٹرکٹ ٹنڈو محمد خان میں اس اسکیم کو پینڈل کرتا رہا ہے۔ اس اسکیم کے تحت مستفید ہونے والوں کی تعداد 41,843 رہی۔ سال 2018 میں فراہم کردہ رقم کی مالیت 612 ملین روپے رہی جبکہ سال 2017 میں اس کی مالیت 806 ملین روپے تھی۔ BISP کو پینڈل کرنے سے بینک کو ایک موقع فراہم ہوتا ہے کہ آبادی کے کم مراعات یافتہ طبقے کی خدمت کر سکے۔

ملک میں ترسیل زر

سندھ بینک نے سال 2018 کے دوران 35,618 ٹرانزیکشنز کے ذریعے 1.869 ارب روپے کی اندرون ملک ترسیل زر کی، جبکہ سال 2017 میں 37,159 ٹرانزیکشنز کے ذریعے سے یہ رقم 1.715 ارب روپے تھی۔ اس سلسلے میں سندھ بینک نے بین الاقوامی طور پر معروف کمپنیوں جیسا کہ ویسٹرن یونین، مانی گرام اور ایکسپریس مانی کے اشتراک سے انتظام کیا ہے۔

آئی ٹی (IT) اقدامات

بینک، گاہکوں کے تحفظ اور سہولت کے لیے کونٹیکٹ لیس (Contact Less) چپ بیسڈ (EMV) / ڈیبٹ کارڈ اجراء کے مرحلے میں ہے۔ SBP نے نہ صرف اس کو لازماً قرار دیا ہے بلکہ یہ وقت کی ضرورت بھی ہے تاکہ کارڈ کا غلط استعمال کم سے کم کیا جاسکے اور دھوکہ دہی سے بچا جاسکے۔ کونٹیکٹ لیس (Contact Less) کارڈ کا انضمام چپ بیسڈ (EMV) سے ہے جو گاہکوں کو ادائیگیوں کے لیے محفوظ اور پریشانی سے پاک طریقہ فراہم کرتا ہے۔

بینک بائیومیٹرک (metric-bio) اے ٹی ایف متعارف کروا چکا ہے۔ بائیومیٹرک (انگلی کے نشان) کے ذریعے عمل کرنے والی ATM مشینز میں ATM کارڈ کو داخل کرنے کے بعد بجائے پین کوڈ کا اندراج کرنے اور اگر گاہک اپنا ATM کارڈ لانا بھول بھی گیا ہے تو وہ اپنے شناختی کارڈ کے اندراج کے بعد اپنی انگلی سے بائیومیٹرک آلے کو چھو کر پیسے نکال سکتا ہے۔ ابتدائی طور پر اس صلاحیت کے ساتھ 10 اے ٹی ایف کی تنصیب کی جا چکی ہے اور مزید 60 اے ٹی ایف تنصیب کے مراحل میں ہیں۔

بینک SMS بینکاری کی اسٹیٹ آف دی آرٹ سروس کو استعمال کرنے کے لیے انٹرنیٹ کے انٹرفیس کو بھی متعارف کروا چکا ہے۔ بینک کی ویب سائٹ www.sindhbankltd.com پر جا کر اپنے اسمارٹ فون یا ذاتی کمپیوٹر کے ذریعے SMS بینکاری کی تمام سہولیات دستیاب ہیں۔

اسٹاف کی تربیت اور ترقی

31 دسمبر، 2018 پر بینک کے کل عملے یعنی ایگزیکوٹیو، آفیسرز اور معاون اسٹاف کی تعداد 2246 تھی اس کے مقابلے میں 31 دسمبر، 2017 کو یہ تعداد 2,109 تھی۔ سال 2018 کے دوران بینک میں اندرونی طور پر بینکاری، برانچ آپریشنز، سیاہ دھن کو سفید کرنے کے معاملات، گاہکوں سے مناسب برتاؤ، آڈٹ، SME فنانسنگ، بین القوامی تجارت، سائبر سیکیورٹی کے بارے میں آگاہی، اسلامی بینکاری کا تعارفی سیشن اور سافٹ اسکور کی تربیت کے پروگرامز کا انعقاد کیا گیا۔

انضباطی تقاضوں کی تعمیل کرنے کے لیے اور تمام عملے تک پیغام پہنچانے کے لیے تمام علاقوں کے ایریا مینجرز، برانچ مینجرز اور آپریشن مینجرز کی تربیت کی گئی اور ان کو یہ ذمہ داری دی گئی ہے کہ وہ برانچ کی سطح پر گاہکوں سے مناسب سلوک کے بارے میں سیشنز کا انعقاد کریں۔

IBP، NIBAF، SBP اور دیگر معروف کونسلٹنٹس (consultancies) کی جانب سے پیش کئے جانے والے تربیتی پروگرامز میں متعلقہ عملہ نامزد کیا گیا تھا جیسا کہ سال 2018 کے دوران SBP کی نگاہ SME فنانسنگ اور اسلامی بینکاری کے فروغ اور اس کو باضابطہ بنانے پر مرکوز رہی لہذا پاکستان بھر میں عملے کو ایسے سیمینارز اور کشاپ میں شرکت کے لیے نامزد کیا گیا۔

ادارتی سماجی ذمہ داری (CSR)

سال 2018 کے دوران بینک نے حکومت پاکستان کے بینظیر انکم سپورٹ پروگرام کے تحت اس اسکیم سے مستفید ہونے والے تقریباً بیالیس ہزار افراد کو 612 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 1,328 ملین روپے کی ادائیگی، سندھ بینک کے بینظیر معاونت کارڈ کے ذریعے کی گئی۔

سال کے دوران بینک نے ڈیامر بھاشا اور مہنڈ ڈیم کی تعمیر کے لیے معزز عدالت عظمیٰ کے فنڈ میں 4.082 ملین روپے سے معاونت 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۔

کمپنیز آرڈیننس 1962 کے تحت، سال 2018 کے دوران، جناب محمد شاہد مرتضیٰ، جناب محمد نعیم سہگل اور راجہ محمد عباس کے عہدے کی مدت ختم ہو گئی تھی اور 29 مارچ 2018 کو منعقدہ عام اجلاس میں ہونے والے انتخاب میں جناب سمیع الحق خلجی، جناب انیس احمد خان اور قیصر پی۔ مفتی بطور ڈائریکٹر منتخب ہوئے تھے۔ اس کے بعد اسی مدت میں جناب قیصر پی۔ مفتی نے استعفیٰ دے دیا۔

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

بورڈ کمیٹیوں کے اجلاس

بورڈ کمیٹیوں کے اجلاس کی تفصیل اس رپورٹ میں پبلک سیلکمپنیز (کارپوریٹ گورننس) رولز 2013 کی تعمیل کے اسٹینڈٹ میں ظاہر کیا گیا ہے۔

حصص رکھنے کا رجحان (pattern)

حصص رکھنے کا رجحان (pattern) اس رپورٹ کے ساتھ منسلک ہے۔

بیرونی محاسبین (Auditors External)

سال 2018 کے دوران میسرز EY فورڈرھوڈز، چارٹرڈ اکاؤنٹینٹس کے مستعفی ہونے سے ایک عارضی آسانی پیدا ہوئی تھی جس کو میسرز نوید ظفر اشفاق جعفری اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس نے پڑی۔ سبکدوش ہونے والے محاسبین دوبارہ انتخاب کے لیے اہل ہیں اس لیے انہوں نے سال 2019 کے لیے اپنے آپ کو پیش کیا۔ بورڈ کی آڈٹ کمیٹی نے سال 2019 کے لیے سبکدوش ہونے والے میسرز نوید ظفر اشفاق جعفری اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس کو بطور بیرونی محاسبین دوبارہ انتخاب کے لیے نام تجویز کیا ہے۔

مستقبل کا منظر نامہ

سال 2019 کے دوران امکان ہے کہ حقیقی مجموعہ قومی پیداوار (GDP) خاصی کم (3.5-4.0 فیصد) ہو جائے گی جس کی وجہ زراعت کے شعبے میں سست روی، بڑے پیمانے کی مینوفیکچرنگ کا سکڑنا اور کئی معیشت کو تحفظ اور استحکام کے لیے کئے جانے والے اقدامات کی وجہ سے بڑھتا ہوا بیرونی محاذ سست ہوگا اور بڑھا ہوا جاری کھاتے اور اقتصادی خسارہ کم ہوگا۔

بورڈ آف ڈائریکٹرز نے اپنے 2 اپریل 2019 کے منعقدہ اجلاس میں یہ فیصلہ کیا ہے کہ سمٹ بینک کے ساتھ انضمام کو منسوخ کر دیا جائے، جو موجودہ حالات میں غیر دانشمندانہ ہے۔

بینک ایک منظم منصوبہ کے حصول کی تدبیر کر رہا ہے، تاکہ حکومت سندھ (بینک کا واحد سرپرست) کی مدد اور حمایت سے اپنے سرمایہ/کمپیوٹل کی موزونیت کو بڑھایا جاسکے جیسا کہ، مالیاتی دستاویزات کے نوٹ 1.4 میں ظاہر کیا گیا ہے۔

سال 2019 میں مزید 20 برانچیں کھولنے کا منصوبہ ہے اس طرح سے 2019 کے اختتام میں بینک کی شاخوں کا جال 350 شاخوں تک ہو جائے گا۔

قرضہ جات کی وصولیوں میں بہتری اور ناکارکردگی دکھانے والے قرضہ جات (NPLs) کو کم کرنے کے لیے، بینک اپنی تمام ممکنہ کوششوں کے ساتھ کاروبار میں اضافہ، منافع بخشی کی بحالی، خالص مارک اپ/سودی آمدنی میں اضافہ اور فیس کی بنیاد سے آمدنی میں اضافے کی حکمت عملی 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 اور حمایت کرنے پر شکریہ ادا کرنا چاہتا ہوں۔

بورڈ آف ڈائریکٹرز کی جانب سے



طارق احسن

صدر/CEO

کراچی: 7 جون 2019

بورڈ، چیئرمین، انفرادی ڈائریکٹر، آزاد ڈائریکٹرز، صدر اور CEO اور کمیٹیوں کی قدر پیمائی (Evaluation)

BPRD-SBP کے سرکلر نمبر 11، بتاریخ 22 اگست 2016 اور پبلک سیلکمپنیز (کارپوریٹ گورننس) رولز 2013 کے مطابق، بورڈ آف ڈائریکٹرز نے اپنے چوالیسوں اجلاس منعقدہ 21 نومبر 2016 کو اپنی کارکردگی، چیئرمین کی کارکردگی، انفرادی ڈائریکٹر/نفل ڈائریکٹرز، آزاد ڈائریکٹرز، صدر اور CEO اور بورڈ کی کمیٹیوں کی قدر پیمائی کے لیے معیار اور طریقہ کار کی منظوری دے دی ہے۔

بورڈ کے ارکان اندرونی طور پر تیار کردہ میکنیزم کی بنیاد پر سالانہ قدر پیمائی کر کے اپنی رپورٹس چیئرمین کو پیش کر چکے ہیں۔ بورڈ کی کارکردگی کی قدر پیمائی 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 مؤثر خطرات سینئیر کا انتظام، اندرونی کنٹرول اور آڈٹ فنکشن وغیرہ، پر کر چکے ہیں۔

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

بورڈ کے ڈائریکٹرز

زیر جائزہ سال کے دوران بورڈ کے ڈائریکٹرز آف بورڈ کے اجلاس کی حاضری کی تفصیلات درج ذیل تھیں:

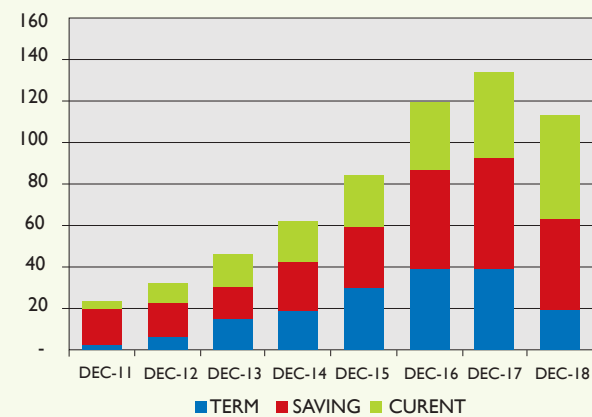
نمبر شمار	ڈائریکٹر کے نام	52 واں اجلاس 11 جنوری	53 واں اجلاس 6 فروری	54 واں اجلاس 7 مارچ	55 واں اجلاس 25 اپریل	56 واں اجلاس 3 مئی	57 واں اجلاس 22 جون	58 واں اجلاس 10 اگست	59 واں اجلاس 15 اگست	60 واں اجلاس 18 ستمبر	61 واں اجلاس 6 نومبر	کل اجلاس میں شرکت
1	جناب افضل غنی	✓	✓	✓	✓	—	✓	✓	✓	✓	✓	9
2	جناب محمد شاہ مرتضیٰ	✓	✓	✓	—	—	—	—	—	—	—	3
3	جناب محمد نعیم سہگل	✓	✓	✓	—	—	—	—	—	—	—	3
4	جناب قمل حسین بخاری	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10
5	جناب راجہ محمد عباس	✓	✓	✓	—	—	—	—	—	—	—	3
6	جناب محمد بلال شیخ	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10
7	جناب آصف جہانگیر	—	—	—	✓	✓	✓	—	—	—	—	3
8	جناب قیصر پی۔ مفتی	—	—	—	✓	✓	✓	✓	✓	—	—	5
9	جناب سمیع الحق خلجی	—	—	—	✓	✓	✓	✓	✓	✓	✓	7
10	جناب انیس اے خان	—	—	—	✓	✓	—	—	✓	✓	✓	5
11	ڈاکٹر نور عالم	—	—	—	—	—	✓	—	✓	✓	—	3
12	جناب طارق احسن، صدر اور CEO	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10
اجلاس میں حاضری		7	7	7	8	7	7	7	8	7	6	

* جناب آصف جہانگیر (سابق سیکریٹری مالیات، حکومت سندھ) 2018-03-29 تا 2018-06-20 ڈائریکٹر رہے جن کی جگہ جناب نور عالم خان (سیکریٹری مالیات، حکومت سندھ) نے لی، جو 2018-08-10 سے 2018-10-16 تک ڈائریکٹر رہے جن کی جگہ جناب نجم احمد شاہ (سابق سیکریٹری مالیات، حکومت سندھ) نے لی جو سندھ گورنمنٹ کے 2018-10-16 کے اعلامیہ کے ذریعہ سے ہوئی۔ بینک دولت پاکستان کی منظوری 2019-03-01 کو موصول ہوئی۔

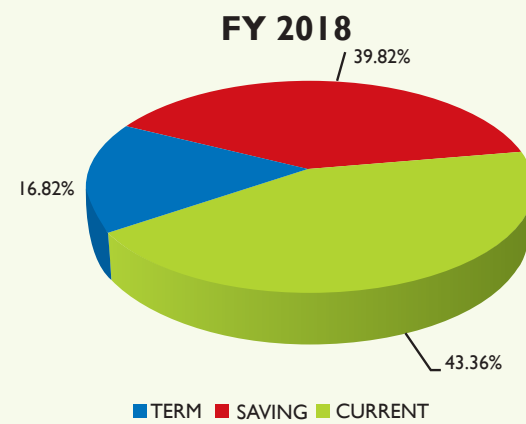
FINANCIAL HIGHLIGHTS

DEPOSITS

Rupees In billion

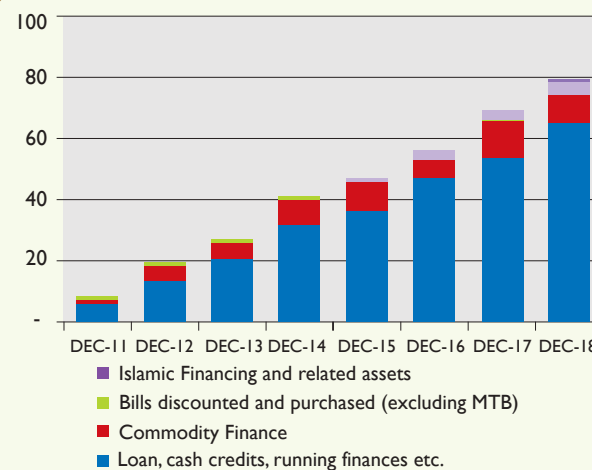


FY 2018

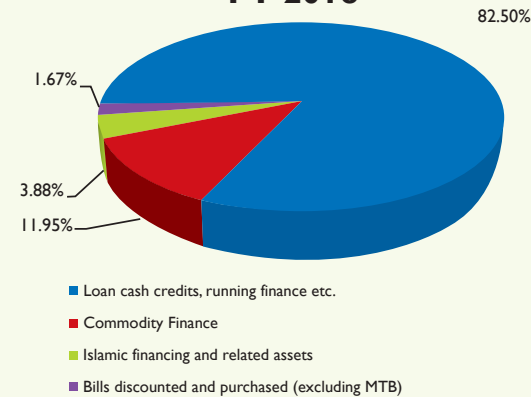


ADVANCES

Rupees In billion

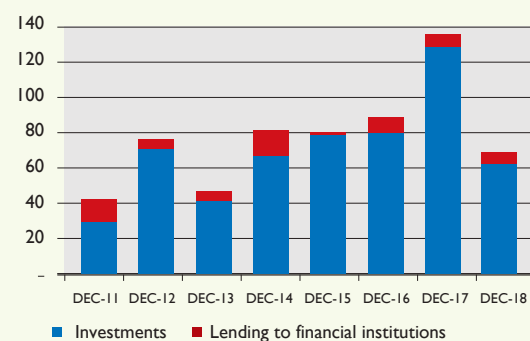


FY 2018



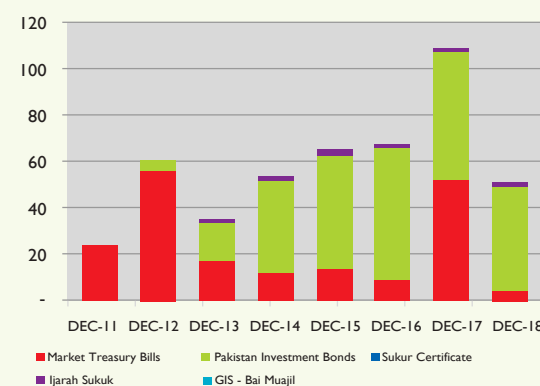
INVESTMENTS / LENDINGS

Rupees In billion



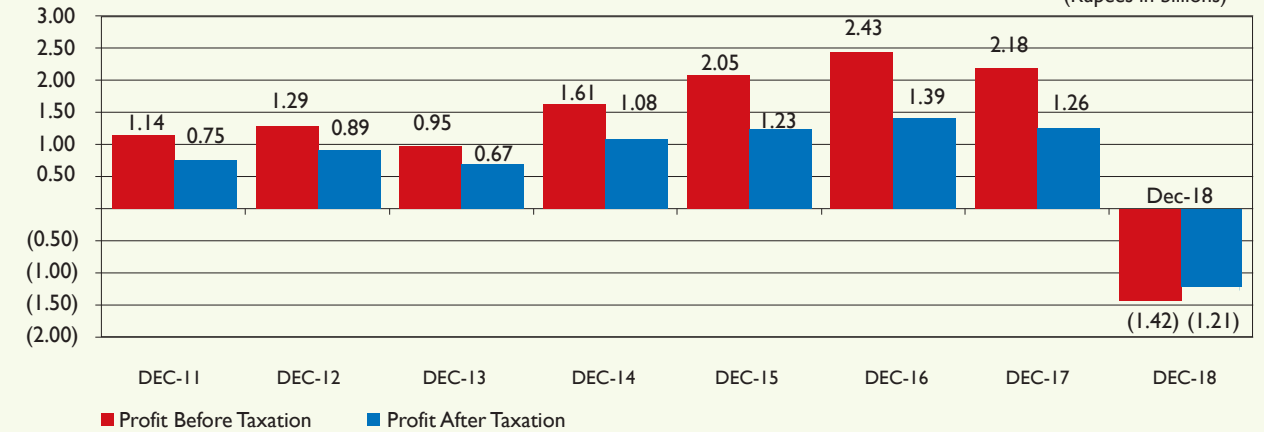
INVESTMENT IN GOP SECURITIES

Rupees In billion



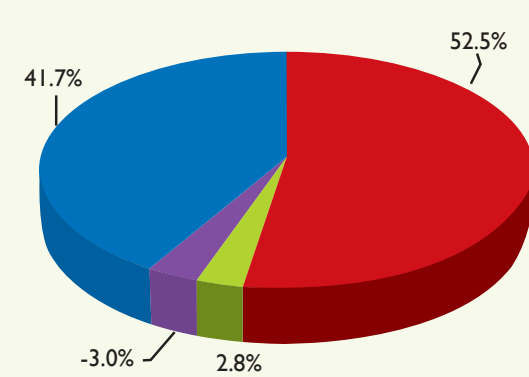
PROFIT

(Rupees in billions)

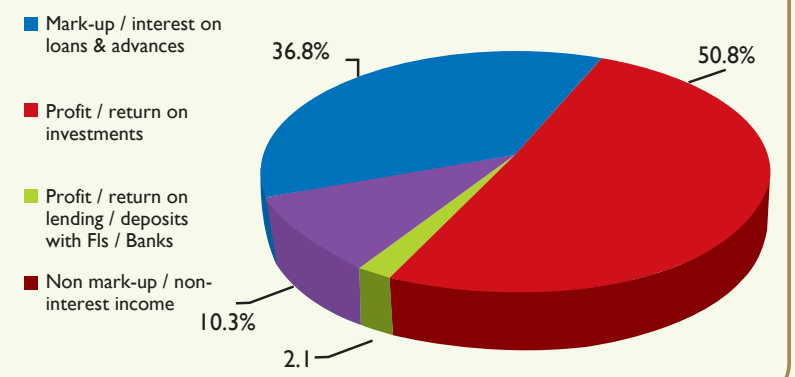


INCOME

FY 2018

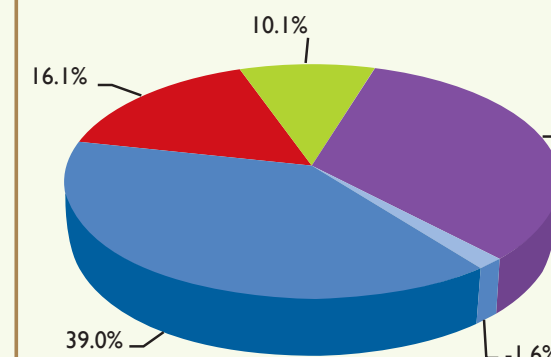


FY 2017

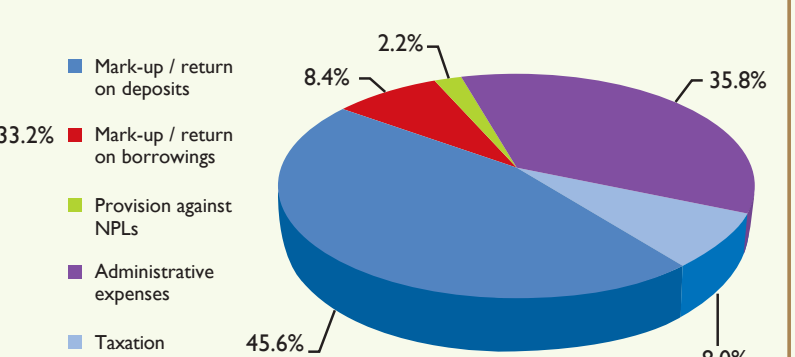


EXPENSES

FY 2018

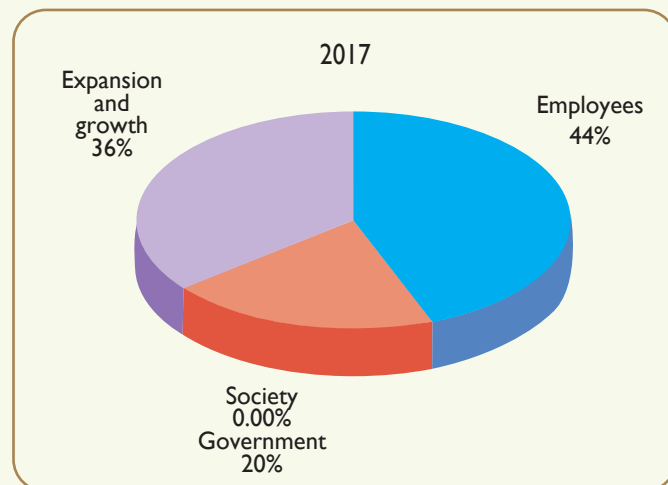
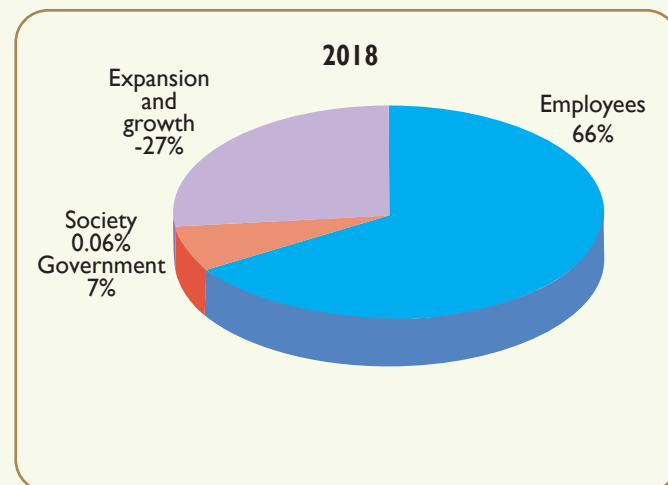


FY 2017



Value Added Statement

	2018 Rs. in million	%	2017 Rs. in million	%
Value Added				
Net interest income	4,875		5,264	
Non interest income	(389)		1,328	
Operating expenses excluding staff costs depreciation, amortization and donations	(2,071)		(1,756)	
Provision against advances, investments & others	(1,378)		(252)	
Value added available for distribution	1,037		4,584	
Distribution of value added:				
To employees				
Remuneration, provident fund and other benefits	2,105	202.99%	2,020	194.79%
To government				
Income tax	(213)	-20.54%	927	89.39%
To society				
Donations	2	0.19%	-	0.00%
To expansion and growth				
Depreciation	322	31.05%	352	33.94%
Amortization	27	2.60%	29	2.80%
Retained in business	(1,206)	-116.30%	1,256	121.12%
	(857)	-82.64%	1,637	35.71%
	1,037	100%	4,584	100%



Vertical Analysis

Statement of Financial Position / Profit & Loss

	2018 Rs. in million	%	2017 Rs. in million	%	2016 Rs. in million	%	2015 Rs. in million	%	2014 Rs. in million	%	2013 Rs. in million	%	2012 Rs. in million	%	2011 Rs. in million	%
STATEMENT OF FINANCIAL POSITION																
ASSETS																
Cash and balances with treasury banks	9,103	6%	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	508	0%	3,023	1%	791	1%	1,936	2%	538	0%	191	0%	425	0%	244	1%
Lendings to financial institutions	5,383	3%	5,331	3%	6,939	5%	-	0%	12,665	10%	4,036	5%	4,620	5%	10,905	23%
Investments	55,351	36%	114,260	56%	71,539	49%	70,394	55%	59,467	48%	36,786	49%	62,631	68%	26,082	55%
Advances	73,632	47%	64,713	32%	51,833	35%	44,169	34%	41,185	33%	26,565	35%	19,282	21%	7,259	15%
Operating fixed assets	1,663	1%	1,655	1%	1,825	1%	1,899	1%	1,812	1%	1,766	2%	1,557	2%	584	1%
Deferred tax assets-net	4,028	3%	1,612	1%	1,191	1%	301	0%								
Other assets	5,894	4%	4,602	2%	4,736	3%	4,245	3%	4,138	3%	2,170	3%	1,347	1%	1,000	2%
	155,561	100%	204,876	100%	146,355	100%	128,242	100%	124,871	100%	75,033	100%	92,291	100%	47,730	100%
LIABILITIES																
Bills payable	929	1%	905	0%	714	0%	289	0.23%	400	0%	363	0%	176	0%	42	0%
Borrowings from financial institutions	26,772	17%	50,971	25%	8,911	6%	27,161	21.18%	46,077	37%	16,758	22%	48,602	53%	13,013	27%
Deposits and other accounts	113,594	73%	134,207	66%	119,022	81%	84,077	65.56%	61,884	50%	45,756	61%	31,470	34%	23,518	49%
Deferred tax liability-net	-	0%	-	0%	0%	-			903	1%	10	0%	207	0%	10	0%
Other liabilities	3,027	2%	2,725	1%	2,177	1%	1,958	1.53%	1,506	1%	820	1%	747	1%	484	1%
	144,322	93%	188,808	92%	130,824	89%	113,484	88%	110,769	89%	63,706	85%	81,203	88%	37,067	78%
NET ASSETS	11,239	7%	16,068	8%	15,531	11%	14,758	12%	14,102	11%	11,327	15%	11,088	12%	10,663	22%
REPRESENTED BY																
Share capital	10,010	6%	10,010	5%	10,010	7%	10,000	8%	10,000	8%	10,000	13%	10,000	11%	10,000	21%
Reserves	1,452	1%	1,452	1%	1,201	1%	923	1%	676	1%	460	1%	327	0%	150	0%
Unappropriated profit	3,958	3%	5,176	3%	4,186	3%	3,077	2%	2,102	2%	1,242	2%	710	1%	600	1%
Surplus / (Deficit) on revaluation of investments - net of related deferred tax	(4,181)	-3%	(570)	0%	134	0%	759	1%	1,325	1%	(375)	-1%	51	0%	(87)	0%
	11,239	7%	16,068	8%	15,531	11%	14,758	12%	14,102	11%	11,327	15%	11,088	12%	10,663	22%
PROFIT & LOSS ACCOUNT																
Mark-up / return / interest earned	12,383	103%	11,541	90%	9,775	74%	10,127	74%	8,932	90%	6,329	88%	6,141	92%	3,704	94%
Fee, commission and brokerage	328	3%	454	4%	359	3%	234	2%	184	2%	163	2%	99	1%	11	0%
Income from dealing in foreign currencies	87	1%	104	1%	53	0%	69	1%	66	1%	44	1%	44	1%	2	0%
Capital gain and dividend income	(820)	-7%	760	6%	3,075	23%	3,183	23%	702	7%	651	9%	382	6%	209	5%
Other income	16	0%	10	0%	9	0%	6	0%	4	0%	3	0%	1	0%	0.34	0%
Total income	11,994	100%	12,869	100%	13,271	100%	13,619	100%	9,889	100%	7,189	100%	6,668	100%	3,926	100%
Mark-up / return / interest expensed	7,508	63%	6,276	49%	5,371	40%	5,685	42%	5,497	56%	4,072	57%	4,103	62%	2,241	57%
Operating & admin expenses	4,527	38%	4,158	32%	3,865	29%	3,367	25%	2,759	28%	2,142	30%	1,278	19%	514	13%
Provision against investments & others	1,378	11%	252	2%	1,607	12%	2,516	18%	21	0%	22	0%	1	0%	31	1%
Taxation	(214)	-2%	927	7%	1,037	8%	821	6%	532	5%	287	4%	399	6%	390	10%
Total Expenses	13,199	110%	11,613	90%	11,880	90%	12,389	91%	8,809	89%	6,523	91%	5,781	87%	3,177	81%
(Loss)/Profit after taxation	(1,205)	-10%	1,256	10%	1,391	10%	1,230	9%	1,079	11%	666	9%	887	13%	750	19%

Horizontal Analysis

	2018 Rs. in million	18 vs 17 %	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
STATEMENT OF FINANCIAL POSITION															
ASSETS															
Cash and balances with treasury banks	9,103	-6%	9,680	29%	7,501	42%	5,298	5%	5,066	44%	3,519	45%	2,431	47%	1,656
Balances with other banks	508	-83%	3,023	282%	791	-59%	1,936	260%	538	182%	191	-55%	425	74%	244
Lendings to financial institutions	5,383	1%	5,331	-23%	6,939	-	-	-100%	12,665	214%	4,036	-13%	4,620	-58%	10,905
Investments	55,351	-52%	114,260	60%	71,539	2%	70,394	18%	59,467	62%	36,786	-41%	62,631	140%	26,082
Advances	73,632	14%	64,713	25%	51,833	17%	44,169	7%	41,185	55%	26,565	38%	19,282	166%	7,259
Operating fixed assets	1,663	0%	1,655	-9%	1,825	-4%	1,899	5%	1,812	3%	1,766	13%	1,557	167%	584
Deferred tax assets-net	4,028	150%	1,612	35%	1,191	296%	301								
Other assets	5,894	28%	4,602	-3%	4,736	12%	4,245	3%	4,138	91%	2,170	61%	1,347	35%	1,000
	155,561	-24%	204,876	40%	146,355	14%	128,242	3%	124,871	66%	75,033	-19%	92,291	93%	47,730
LIABILITIES															
Bills payable	929	3%	905	27%	714	147%	289	-28%	400	10%	363	106%	176	317%	42
Borrowings from financial institutions	26,772	-47%	50,971	472%	8,911	-67%	27,161	-41%	46,077	175%	16,758	-66%	48,602	274%	13,013
Deposits and other accounts	113,594	-15%	134,207	13%	119,022	42%	84,077	36%	61,884	35%	45,756	45%	31,470	34%	23,518
Deferred tax liability	-	0%	-	0%	0	-	-	-	903	9391%	10	-95%	207	1908%	10
Other liabilities	3,027	11%	2,725	25%	2,177	11%	1,958	30%	1,506	84%	820	10%	747	54%	484
	144,322	-24%	188,808	44%	130,824	15%	113,484	2%	110,769	74%	63,706	-22%	81,203	119%	37,067
NET ASSETS	11,239	-30%	16,068	3%	15,531	5%	14,758	5%	14,102	25%	11,327	2%	11,088	4%	10,663
REPRESENTED BY															
Share capital	10,010	0%	10,010	0%	10,010	0%	10,000	0%	10,000	0%	10,000	0%	10,000	0%	10,000
Reserves	1,452	0%	1,452	21%	1,201	30%	923	37%	676	47%	460	41%	327	118%	150
Unappropriated profit	3,958	-23.53%	5,176	24%	4,186	36%	3,077	46%	2,102	69%	1,242	75%	710	18%	600
Surplus / (Deficit) on revaluation of investments - net of related deferred tax	(4,181)	633%	(570)	-525%	134	-82%	759	-43%	1,325	-453%	(375)	-838%	51	-159%	(87)
	11,239	-30%	16,068	3%	15,531	5%	14,758	5%	14,102	25%	11,327	2%	11,088	4%	10,663
PROFIT & LOSS ACCOUNT															
Mark-up / return / interest earned	12,383	7%	11,541	18%	9,775	-3%	10,127	13%	8,932	41%	6,329	3%	6,141	66%	3,704
Fee, commission and brokerage	328	-28%	454	26%	359	53%	234	27%	184	13%	163	65%	99	830%	11
Income from dealing in foreign currencies	87	-16%	104	96%	53	-24%	69	4%	66	51%	44	-1%	44	1840%	2
Capital gain and dividend income	(820)	-208%	760	-75%	3,075	-3%	3,183	353%	702	8%	651	70%	382	83%	209
Other income	16	58%	10	8%	9	60%	6	46%	4	41%	3	102%	1	311%	0.34
Total income	11,994	-7%	12,869	-3%	13,271	-3%	13,619	38%	9,889	38%	7,189	8%	6,668	70%	3,926
Mark-up / return / interest expensed	7,508	20%	6,276	17%	5,371	-6%	5,685	3%	5,497	35%	4,072	-1%	4,103	83%	2,241
Operating & admin expenses	4,527	9%	4,158	8%	3,865	15%	3,367	22%	2,759	29%	2,142	68%	1,278	149%	514
Provision against investments & others	1,378	446%	252	-84%	1,607	-36%	2,516	11719%	21	-3%	22	1942%	1	-97%	31
Taxation	(213)	-123%	927	-11%	1,037	26%	821	54%	532	85%	287	-28%	399	2%	390
Total Expenses	13,200	14%	11,613	-2%	11,880	-4%	12,389	41%	8,809	35%	6,523	13%	5,781	82%	3,177
(Loss)/Profit after taxation	(1,206)	-196%	1,256	-10%	1,391	13%	1,230	14%	1,079	62%	666	-25%	887	18%	750

Key Performance Indicators

		2018	2017	2016	2015	2014	2013	2012	2011
Financial									
Investments-Gross	Rs. In million	62,027	115,145	71,341	69,235	57,437	37,383	62,556	26,246
Advances-Gross	" "	79,172	69,112	55,980	46,708	41,204	26,565	19,282	7,259
Deposits	" "	113,595	134,207	119,022	84,077	61,884	45,756	31,470	23,518
Shareholders' Equity	" "	11,238	16,067	15,397	14,000	12,777	11,702	11,037	10,750
Total Assets	" "	155,561	204,876	146,355	128,242	124,871	75,033	92,291	47,730
Net Interest Income	" "	4,875	5,265	4,404	4,442	3,435	2,258	2,038	1,463
Non Interest Income	" "	(389)	1,328	3,496	3,492	956	860	527	222
Operating Expenses	" "	4,527	4,158	3,865	3,367	2,759	2,142	1,278	514
Profit Before provisions	" "	(41)	2,435	4,035	4,567	1,633	975	1,287	1,171
Provision against investments & others	" "	1,378	252	1,607	2,516	21	22	1	31
(Loss)/Profit Before Taxation	" "	(1,419)	2,182	2,428	2,051	1,612	953	1,286	1,140
(Loss)/Profit After Taxation	" "	(1,205)	1,256	1,391	1,230	1,079	666	887	750
Dividend Paid	" "	-	-	-	-	-	-	600	-

Non Financial									
No. of Customers (as of)	Numbers	477,399	471,439	414,944	355,567	162,992	120,643	74,600	8,120
No. of New Branches Opened	" "	30	40	10	25	25	40	110	50
No. of New Accounts Opened	" "	42,721	57,657	61,638	192,572	47,419	56,541	74,949	9,971
No. of ATM/Debit Cards Issued (as of)	" "	265,413	244,659	128,667	83,729	32,293	17,926	6,923	1,158
No. of Permanent Employees (as of)	" "	1,628	1,466	1,501	1,456	1,298	1,167	924	462
No. of ATM Machine (as of)	" "	252	240	225	192	105	24	19	3
No. of Mobile Banking Customers	" "	180,718	188,157	170,367	143,608	86,045	62,248	34,040	5,983

Key Financial Ratios									
Earnings Per Share - Pre tax	Rupees	(1.42)	2.18	2.43	2.05	1.61	0.95	1.29	1.14
Book Value Per Share	" "	11.23	16.63	15.38	14.00	12.78	11.70	11.09	10.66
Return on Equity - Pre tax	%	-12.62%	13.63%	16.52%	15.32%	13.17%	8.39%	11.81%	9.09%
Return on Assets - Pre tax	" "	-0.79%	1.24%	1.77%	1.62%	1.61%	1.14%	1.97%	2.21%
Capital Adequacy Ratio	" "	8.02	15.67	17.50	20.13	22.57%	23.97%	38.51%	56.28%

(SCHEDULE-I)

Statement of Compliance with the Public Sector Companies (Code of 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, 2018

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 atleast one-third of its total members, as independent directors. At present the board includes:		Rule-3(2)	✓		
	Category	Names				Date of last appointment
	Independent Directors	1. Mr. Afzal Ghani 2. Mr. Sami-ul-Haq Khilji 3. Mr. Tajammal Husain Bokharee				29.03.2018 24.04.2018 29.03.2018
	Non-Executive Directors	1. Mr. Anis A. Khan 2. Mr. Muhammad Bilal Sheikh 3. Mr. Najam Ahmed Shah				29.03.2018 29.03.2018 16.10.2018
<p>-Mr. Qaiser P. Mufti elected on 29.03.2018 had resigned on 04.09.2018, and in order to fill-up the casual vacancy, the board resolved for appointment of one lady director in its 61st BoDs meeting, who withdrawn her consent from directorship before sending FPT documents to SBP, thereafter in 62nd meeting of Board of Directors resolved to forward the FPT of Mrs. Masooma Hussain to fill up the casual vacancy, which were submitted on 11.02.2019.</p> <p>-Mr. Asif Jahangir remained as N.E.D (Finance Secretary GoS) from 29.03.2018 - 20.06.2018.</p> <p>-Dr. Noor Alam remained as N.E.D (Finance Secretary GoS) from 10.08.2018 - 16.10.2018, who was replaced by Mr. Najam Ahmed Shah as per Notification dated 16.10.2018 of GoS, although SBP approval is received on 01.03.2019.</p>						
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.		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 by the Board of Directors, except where Chairman of the Board has been appointed by the Government.		Rule-4(4)	✓		
7	The Board has evaluated the candidates for the position of the Chief Executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission. (Not applicable, where the chief executive has been nominated by the Government).		Rule-5(2)	✓		
8	(a) The Company has prepared a "Code of Conduct" to ensure that professional standards and corporate values are in place. (b) The Board 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 companies' website. sindhbankltd.com . (c) The Board has set in place adequate systems and controls for the identification and redressal of the 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)	✓		

S. No.	Provision of the Rules	Rule No.	Y	N																		
			Tick the relevant box																			
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.	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)	✓																			
14	The Board has developed a vision or mission statement and corporate strategy of the company.	Rule-5(6)	✓																			
15	The Board has developed 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(7)	✓																			
16	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																			
17	The Board has ensured compliance with policy directions requirements received from the Government.	Rule-5(11)	✓																			
18	(a) The Board has met at least four times during the year. (b) Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. (c) The minutes of the meetings were appropriately recorded and circulated.	Rule-6(1) Rule-6(2) Rule-6(3)	 ✓																			
19	The Board has monitored and assessed the performance of senior management on annual basis and held them accountable for accomplishing objectives, goals and key performance indicators set for the purpose.	Rule-8(2)	✓																			
20	The Board has reviewed and approved the related party transactions placed before it after recommendation of audit committee.A party wise record of transactions entered into with the related parties during the year has been maintained.	Rule-9	✓																			
21	a. 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. b. In case of listed PSCs, the Board has prepared half yearly account and undertaken limited scope review by the auditors. c. The Board has placed the annual financial statements on the company's website.	Rule-10 (b) N/A	✓																			
22	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.	Rule-11	✓																			
23	(a) The board has formed the requisite committees, as specified in the Rules. (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:	Rule-12	✓																			
<table><tr><th>Committee</th><th>Number of members</th><th>Name of Chair</th></tr><tr><td>Audit Committee</td><td>03</td><td>Mr. Sami-ul-Haq Khilji, 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 & Security Committee</td><td>03</td><td>Finance Secretary (GoS), Non-Executive Director</td></tr><tr><td>Nomination Committee</td><td>03</td><td>Mr. Tajammul Husain Bokharee Independent Director</td></tr></table>					Committee	Number of members	Name of Chair	Audit Committee	03	Mr. Sami-ul-Haq Khilji, Independent Director	Risk Management Committee	03	Mr. Tajammal Husain Bokharee, Independent Director	Human Resources Committee	04	Mr. Afzal Ghani, Independent Director	Procurement, I.T & Security Committee	03	Finance Secretary (GoS), Non-Executive Director	Nomination Committee	03	Mr. Tajammul Husain Bokharee Independent Director
Committee	Number of members	Name of Chair																				
Audit Committee	03	Mr. Sami-ul-Haq Khilji, Independent Director																				
Risk Management Committee	03	Mr. Tajammal Husain Bokharee, Independent Director																				
Human Resources Committee	04	Mr. Afzal Ghani, Independent Director																				
Procurement, I.T & Security Committee	03	Finance Secretary (GoS), Non-Executive Director																				
Nomination Committee	03	Mr. Tajammul Husain Bokharee Independent Director																				

S. No.	Provision of the Rules		Rule No.	Y	N
				Tick the relevant box	
24	The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, by whatever name called, with their remuneration and terms and conditions of employment.		Rules-13	✓	
25	The Chief Financial Officer and the Company Secretary have requisite qualification as prescribed by Rules.		Rules-14	✓	
26	The Company has adopted International Financial Reporting Standards notified by the Commission in terms of Sub-section 1 of Section 225 of the Act.		Rule-16	✓	
27	The directors' report for this year has been prepared in compliance with the requirements of the Act and the Rules and fully describes the salient matters required to be disclosed.		Rule-17	✓ ✓	
28	The directors, CEO and executives, or their relatives, are not, directly or indirectly, concerned or interested in any contract or arrangement entered into by or on behalf of the company except those disclosed to the company.		Rule-18		
29	a. A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place and no director is involved in deciding his own remuneration. b. The annual report of the company contains criteria and details of remuneration of each director.		Rule-19	✓	
30	The financial statements of the company were duly endorsed by the chief executive and chief financial officer, before consideration and approval of the audit committee and the board.		Rule-20	✓	
31	The Board has formed an audit committee, with defined and written terms of reference, and having the following members:		Rule-21(1)&(2)	✓	
	Number of members	Category	Professional background		
	Audit Committee	Mr. Sami-ul-Haq Khilji Chairman/Independent Director Mr. Tajammal H. Bokharee Member/Independent Director Mr. Muhammad Bilal Sheikh Member/Non Executive Director	Retired Civil Servant Ex-banker Banker		
	The chief executive and chairman of the Board are not members of the audit committee.				
32	a. The chief financial officer, the chief internal auditor and a representative of the external auditors attended all meetings of the audit committee at which issues relating to accounts and audit were discussed. b. The audit committee met the external auditors, at least once a year, without the presence of the chief financial officer, the chief internal auditor and other executives. c. The audit committee met the chief internal auditor and other members of the internal audit function, at least once a year, without the presence of chief financial officer and external auditors.		Rule-21(3)	✓	
33	a. The board has set up an effective internal audit function, which has an audit charter, duly approved by the Audit Committee. b. The chief internal auditor has requisite qualification and experience prescribed in the Rules. c. The internal audit reports have been provided to the external auditor for their review.		Rule-22	× ✓ ✓	✓ *
34	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)	✓	
35	The auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit services.		Rule-23(5)	✓	


 Tariq Ahsan
 President & CEO


 TAJAMMAL HUSAIN BOKHAREE
 Chairman/ Independent Director

(SCHEDULE-II)

Explanation for Non-Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013

We confirm that all other material requirements envisaged in the Rules have been complied with [except for the following, toward which reasonable progress is being made by the company to seek compliance by the end of next accounting year]:

Sr. No. I.	Rule/ sub-rule No. 22 *	Reasons for non-compliance	Future Course of Action
		The Internal Audit Function lacks effectiveness. It is hampered by lack of adequate resources and could not perform management audits as per approved Audit Plan. Hiring of skilled resources was initially held-up in view of the merger. Since the merger was delayed, the Bank advertised in newspapers for hiring of staff for 5 key positions. Upon completion of the hiring process, only three suitable candidates could be hired. Two IS Auditors joined on 13 July 2018. The candidate hired on 30-April-2018 as Management Auditor, was planned to be elevated to Team-Leader, but he resigned & left the Bank on 11 July 2018. The available resources completed regulatory certification tasks and could not perform specialized HO audits. New hiring plan is being implemented, in the first phase hiring will be carried out to fill-in vacant positions in senior cadres. Once the senior positions are filled-in, in the next phase hiring of Audit Officers will be implemented and effectiveness of the Internal Audit Function will be ensured.	The effectiveness of the Internal Audit Function is being strengthened by hiring additional human resource with professional qualifications and relevant experience of specialized audits by December 31, 2019.



TARIQ AHSAN
 PRESIDENT & CEO



TAJAMMAL HUSAIN BOKHAREE
 Chairman/ Independent Director

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.



Naveed Zafar Ashfaq Jaffery & Co. Chartered Accountants

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Web: www.nzaj.com.pk

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. Limited for the year ended December 31, 2018.

The responsibility for compliance with the Rules is that of the Board of Directors of the Company. 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 Company'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.

Following instances of non-compliance with the requirements of the Rules were observed which are not stated in the Statement of Compliance:

1. The Human Resource Policy needs to be amended to provide equality of opportunity, and open and fair procedures for making of appointments. (Rule 5(5)(c)(ii))
2. We were not provided with sufficient appropriate audit evidence that the Board has monitored and assessed the performance of senior management (except for the CEO) and held them accountable for accomplishing objectives and key performance indicators. (Rule 8(2))

Based on our review, except for the above instances of non-compliances, 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 Company for the year ended December 31, 2018.

Further, we highlight instance of non-compliance with the requirements of the Rules as reflected in Schedule II to the Statement of Compliance.

Dated: 31 MAY 2019
Place: Islamabad

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

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 2018.

The Bank also successfully completed the cycle of review Internal Control over Financial Reporting for the year 2018 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 2018 has been submitted by Board Audit Committee to the State Bank of Pakistan on March 29, 2019.

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
 June 07, 2019

Disclosure in Annual Accounts 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 entailing the following:

1. Every complaint is treated fairly, impartially and with transparency.
2. Complaint handling mechanism is visible and accessible.
3. All complaints are forwarded to the Complaint Management Unit (CMU) of the bank. Customer complaints are acknowledged within two working days.
4. Complaints are investigated and resolved within the time limit prescribed by the State Bank of Pakistan (7 to 30 days depending on the severity of the complaint)
5. In case a complaint is not resolved within the stipulated time, customer is 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.

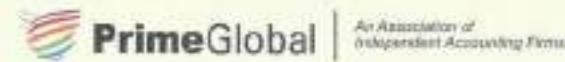
Complaint trends and GAP analysis reports are shared with the Senior Management & Business owners on quarterly basis, to improve customer experience & avoid recurrence of instances.

During the year 2018 approximately 290 complaints were received by the bank and the average resolution time was 6 days.

Complaint lodgment procedure has been made public through display of placards in branches, ATM Booths and the Bank's website.

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INDEPENDENT AUDITORS' REPORT

To the members of Sindh Bank Limited

Report on the Audit of the Unconsolidated Financial Statements

Qualified Opinion

We have audited the annexed unconsolidated financial statements of Sindh Bank Limited (the Bank), which comprise the unconsolidated statement of financial position as at December 31, 2018, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement for the year then ended, which incorporate unaudited certified returns received from the branches except for 19 branches which have been audited by us, and notes to the unconsolidated financial statements including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, except for the matter discussed in "Basis for Qualified Opinion" section of our report, the unconsolidated statement of financial position, unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and unconsolidated cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards, as applicable in Pakistan, and give the information required by the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at December 31, 2018 and of the loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

- The Bank has made provisions amounting to Rs 5,540 million (note 10) for non-performing advances on time based criteria as per the State Bank of Pakistan Prudential Regulations (PR), after taking benefit of forced sale value of collaterals it holds against these non-performing advances. In view of on-going investigations by the National Accountability Bureau (NAB) and litigation in courts of law against major borrower groups of the Bank, and as also described in note 21.3.3 to the financial statements, we consider that the advances relating to such borrower groups are not recoverable in foreseeable future and should be classified in loss category. Further, we are unable to determine that the collaterals held by the Bank against these advances are realisable in the foreseeable future. Accordingly, we consider an additional provision of Rs. 12,056 million, using subjective criteria described by the State Bank of Pakistan (SBP) in its PR, is required. Had this provision been made, the Bank's loss before taxation for the year would have increased to Rs. 13,475 million, benefit for tax provision would have increased to Rs. 4,433 million, loss after tax would have increased to Rs. 9,041 million, advances-net would have been reduced to Rs. 61,576 million, total assets would have been reduced to Rs. 147,725 million, un-appropriated profit would have converted to accumulated losses of Rs. 3,878 million and net equity would have been Rs. 3,402 million.

Naveed Zafar Ashfaq Jaffery & Co.
 Chartered Accountants



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

Material Uncertainty Regarding Going Concern

As explained in note 1.4 to these financial statements, during 2018, the Bank suffered losses, arising mainly due to NPLs. The Bank's Basel III Capital Adequacy Ratio as at 31 December 2018 was 8.02 percent of Risk Weighted Assets (RWA), which was below the required minimum of 11.90 percent. This ratio will further deteriorate if the impact of additional provisioning of Rs. 12,056 million is taken into account. This situation indicates that a material uncertainty exists that may cast significant doubts on Bank's ability to continue as a going concern. The management has drawn up plans to address this issue and the Government of Sindh which is the sole sponsor of the Bank has committed, through its letter of support No. FD (RES II)5(6)2017 dated June 26, 2019 to inject Rs. 14.7 billion as equity in the Bank by end of June 2020. We are in agreement with the Bank's plan and projection for addressing the issue of going concern and our opinion is not modified in respect of this matter.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 1.4 to these financial statements which describes that during 2018, the Bank suffered losses, arising mainly due to NPLs. Due to these losses, Bank's equity as at December 31, 2018 is reduced to Rs. 11.2 billion from Rs. 16.1 billion as at December 31, 2017 and the Bank's Capital Adequacy Ratio as at 31 December 2018 is also reduced to 8.02 percent of Risk Weighted Assets (RWA), down from 15.67% as at December 31, 2017, as against required minimum of 11.90 percent. To address any material uncertainty about the Bank's going concern status and keeping in view the present and future capital requirements, the Bank has submitted to the State Bank of Pakistan, a time-bound capital plan, duly approved by its Board of Directors. Based on this plan, the management has prepared these financial statements on going concern basis. The plan, envisages injection of an amount of Rs. 14.7 billion in Sindh Bank by Government of Sindh, the sole sponsor of the Bank, by June 30, 2020, through following measures (subject to regulatory approvals):

- Cash equity injection of Rs. 8 billion
- Equity injection of Rs.3 billion through merger of Sindh Leasing Company Limited,
- Issue of unsecured Term Finance Certificates of Rs. 1.3 billion for Additional Tier I capital;
- Issue of unsecured Term Finance Certificates of Rs. 2.4 billion for Tier II capital.

The Boards of Directors of the Bank and Sindh Leasing Company Ltd. have already given their 'in principle' approval for merger of Sindh Leasing Company Limited into Sindh Bank as well as approved the Draft Term Sheets for the issuance of above TFCs, subject to regulatory approvals.

Key Audit Matters

Not applicable being a non-listed company.

Information Other than the Unconsolidated and Consolidated Financial Statements and Auditors' Reports Thereon

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

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

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

As explained in the "Basis for Qualified Opinion" paragraph of our report, the Bank has not made provisions for non-performing advances, amounting to Rs. 12,056 million, using a subjective criteria described by the State Bank of Pakistan (SBP) in its PR. In addition, the Director's report and the financial analysis do not consider the impact of this shortfall in provision for non-performing advances

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

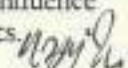
Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and for such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

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

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

Auditors' Responsibilities for the Audit of the Unconsolidated Financial Statements

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



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

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

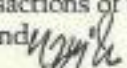
We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

Based on our audit, except for the effects of the matters referred in the Basis of Qualified Opinion section of our report, we further report that in our opinion:

- a) proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017) and the returns referred above from the branches have been found adequate for the purpose of our audit;
- b) the unconsolidated statement of financial position, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and unconsolidated cash flow statement together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were in accordance with the objects and powers of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank; and



- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

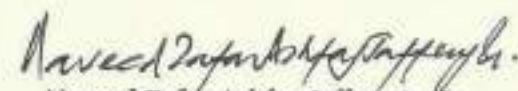
We confirm that for the purpose of our audit we have covered more than sixty per cent of the total advances of the Bank.

Other Matters

1. Prior year's financial statements were audited by another firm of Chartered Accountant who expressed an un-modified opinion on March 12, 2018.
2. We were not appointed as Auditor of the Bank until after the year end. As such we could not physically count cash and other assets as at December 31, 2018. However, we have satisfied ourselves with the balances appearing as at December 31, 2018 by performing alternate procedures.
3. As explained in note 21.3.3 to the financial statements, the Supreme Court of Pakistan taking suo-moto notice regarding widespread reports of opening of fake accounts in Summit Bank Ltd., Sindh Bank Ltd., National bank Ltd., United Bank Limited, and MCB Bank Ltd, in Human Rights Case No.39216-G of 2018, constituted a Joint Investigation Team (JIT) on September 5, 2018 to investigate the matter of opening of alleged fake accounts and allied matters. On December 19, 2018, the JIT submitted its Final (Synthesis) Report before the Supreme Court of Pakistan. During the investigation, the JIT probed into thirty two allegedly fake accounts opened in above mentioned banks, and opined that prime facie cognizable offences have been made out inter-alia involving corruption, corrupt practices and money laundering. On January 7, 2019, the Honorable Supreme Court of Pakistan disposed off the above suo-moto case by ordering National Accountability Bureau (NAB) to investigate the case further and file references (if required) within a period of two months, before the Accountability Courts at Islamabad/Rawalpindi. It also directed the JIT to submit its entire record to NAB at Islamabad. Since then the NAB is investigating the matters raised in the JIT report and has filed five references in the Accountability Courts. Only 8 out of 32 alleged fake accounts have been opened in Sindh Bank and NAB has so far filed five references in the Accountability Courts, none of which is against the Bank. The management has informed us that the investigations by NAB have not been concluded yet. The consequential impact, if any, of the outcome of the NAB investigation and litigations in this matter has not been reflected in these financial statements.

The engagement partner on the audit resulting in this independent auditors' report is Mr. Javed K Siddiqui

Place: Islamabad
 Dated: June 27, 2019







 Naveed Zafar Ashfaq Jaffery & Co.
 Chartered Accountants

**UNCONSOLIDATED
 FINANCIAL STATEMENTS
 FOR THE YEAR ENDED
 DECEMBER 31, 2018**

Sindh Bank Limited
Unconsolidated Statement of Financial Position
As At December 31, 2018

	Note	2018 (Rupees in '000)	2017
ASSETS			
Cash and balances with treasury banks	6	9,102,696	9,679,582
Balances with other banks	7	507,605	3,023,451
Lendings to financial institutions	8	5,383,162	5,331,327
Investments - net	9	55,350,066	114,259,902
Advances - net	10	73,631,631	64,713,341
Fixed assets	11	1,613,063	1,593,876
Intangible assets	12	50,405	60,551
Deferred tax assets - net	13	4,028,288	1,611,943
Other assets	14	5,894,051	4,602,493
		155,560,967	204,876,466
LIABILITIES			
Bills payable	15	929,426	905,423
Borrowings	16	26,771,698	50,971,174
Deposits and other accounts	17	113,594,544	134,207,056
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	18	3,026,869	2,725,005
		144,322,537	188,808,658
NET ASSETS		11,238,430	16,067,808
REPRESENTED BY			
Share capital - net	19	10,010,130	10,010,130
Reserves		1,451,979	1,451,979
Deficit on revaluation of assets	20	(4,181,968)	(570,121)
Unappropriated profit		3,958,289	5,175,820
		11,238,430	16,067,808
CONTINGENCIES AND COMMITMENTS			
	21		






The annexed notes from I to 44 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 Profit and Loss Account
For The Year Ended December 31, 2018

	Note	2018 (Rupees in '000)	2017
Mark-up / Return / Interest Earned	22	12,382,921	11,541,183
Mark-up / Return / Interest Expensed	23	7,507,771	6,276,431
Net Mark-up / return / Interest Income		4,875,150	5,264,752
Non mark-up / interest Income			
Fee and Commission Income	24	328,461	453,691
Dividend Income		86,957	156,062
Foreign Exchange Income		87,365	103,555
Income / (loss) from derivatives		-	-
Gain / (Loss) on securities	25	(907,095)	604,425
Other Income	26	15,697	9,963
Total non-markup/interest Income		(388,615)	1,327,696
Total Income		4,486,535	6,592,448
Non mark-up / interest Expenses			
Operating expenses	27	4,439,505	4,148,159
Other charges	28	87,916	8,689
Total non-markup/interest expenses		4,527,421	4,156,848
(Loss) / Profit Before Provisions		(40,886)	2,435,600
Provisions and write offs - net	29	1,377,846	253,166
Extra ordinary / unusual items		-	-
(Loss) / Profit before Taxation		(1,418,732)	2,182,434
Taxation	30	(213,552)	926,599
(Loss) / Profit after Taxation		(1,205,180)	1,255,835
----- Rupees -----			
Basic (Loss) / Earnings per share	31	(1.20)	1.25
Diluted (Loss) / Earnings per share	32	(1.20)	1.25


The annexed notes from I to 44 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, 2018

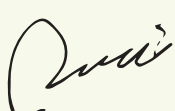
Note	2018 (Rupees in '000)	2017
(Loss) / Profit after taxation for the year	(1,205,180)	1,255,835
Other comprehensive income		
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement loss on defined benefit obligations - net of tax	(12,351)	(14,759)
	(1,217,531)	1,241,076
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in deficit on revaluation of investments - net of tax	(3,611,847)	(704,153)
Total comprehensive (loss) / income	(4,829,378)	536,923


The annexed notes from I to 44 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 Changes in Equity
For The Year Ended December 31, 2018


	Share Capital	Capital Reserves		Surplus / (Deficit) on revaluation of Investments	Unappropriated Profit/(Loss) **	Total
		Share Premium	Statutory Reserve *			
	----- (Rupees in '000) -----					
Balance as at January 01, 2017 as previously reported	10,010,130	51	1,200,761	-	4,185,911	15,396,853
Effect of retrospective change in presentation - net of tax	-	-	-	134,032	-	134,032
Opening balance as at January 01, 2017 (restated)	10,010,130	51	1,200,761	134,032	4,185,911	15,530,885
Profit for the year ended December 31, 2017	-	-	-	-	1,255,835	1,255,835
Other comprehensive income /(loss) - net of tax	-	-	-	(704,153)	(14,759)	(718,912)
Transfer to statutory reserve	-	-	251,167	-	(251,167)	-
Balance as at December 31, 2017	10,010,130	51	1,451,928	(570,121)	5,175,820	16,067,808
Loss for the year ended December 31, 2018	-	-	-	-	(1,205,180)	(1,205,180)
Other comprehensive income /(loss) - net of tax	-	-	-	(3,611,847)	(12,351)	(3,624,198)
Transfer to statutory reserve	-	-	-	-	-	-
Balance as at December 31, 2018	10,010,130	51	1,451,928	(4,181,968)	3,958,289	11,238,430


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

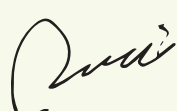
** As more fully explained in note 10.6.2 of these unconsolidated financial statements, unappropriated profit includes an amount of Rs.5,568.16 million net of tax as at December 31, 2017 (December 31, 2017: Rs. 1,594.62 million) representing additional profit arising from availing forced sale value benefit for determining provisioning requirement which is not available for the purpose of distribution of dividend to shareholders.


The annexed notes from I to 44 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 Cash Flow Statement
For The Year Ended December 31, 2018

CASH FLOW FROM OPERATING ACTIVITIES

(Loss) / Profit before taxation
 Less: Dividend income

Adjustments:

Depreciation
 Amortisation
 Provision against non-performing loans and advances - net
 Reversal of general provision
 Provision for diminution in the value of investments - net
 Written-off operating fixed assets
 Charge for defined benefit plan
 Gain on sale of operating fixed assets

(Increase) / decrease in operating assets

Lendings to financial institutions
 Advances - net
 Other assets - net

Increase / (decrease) in operating liabilities

Bills payable
 Borrowings
 Deposits and other accounts
 Other liabilities (excluding current taxation)

Contribution to gratuity fund
 Income tax paid

Net cash flow from operating activities



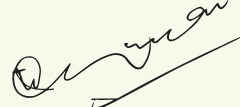

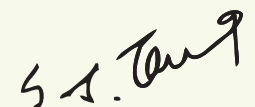
CASH FLOW FROM INVESTING ACTIVITIES

Net investment in available-for-sale securities
 Net investment in held-to-maturity securities
 Dividend received
 Investments in operating fixed assets
 Sale proceeds of operating fixed assets disposed off
Net cash used in investing activities

CASH FLOW FROM FINANCING ACTIVITIES

Issue of share capital
 Increase in cash and cash equivalents
Cash and cash equivalents at the beginning of the year
Cash and cash equivalents at the end of the year

The annexed notes from I to 44 and Annexure I form an integral part of these unconsolidated financial statements.

 Chairman
 President and Chief Executive Officer
 Director
 Director
 Chief Financial Officer

Note	2018 (Rupees in '000)	2017
	(1,418,732)	2,182,434
	(86,957)	(156,062)
	(1,505,689)	2,026,372
27	321,716	352,614
27	27,150	28,652
29	5,141,501	252,434
29	(4,000,000)	-
29	235,402	-
	-	732
35.1.5	57,740	48,740
26	(4,968)	(2,964)
	1,778,541	680,208
	272,852	2,706,580

	(51,835)	1,607,283
	(10,059,791)	(13,132,593)
	(964,532)	158,365
	(11,076,158)	(11,366,945)

	24,003	191,211
	(24,199,476)	42,060,436
	(20,612,512)	15,184,816
	329,478	536,556
	(44,458,507)	57,973,019
	(55,261,813)	49,312,654
35.1.4	(71,446)	(50,481)
	(625,692)	(960,919)
	(55,958,951)	48,301,254

	53,230,820	(34,089,595)
	(113,072)	(9,713,882)
	101,410	130,195
	(358,445)	(222,548)
	5,506	5,456
	52,866,219	(43,890,374)

	-	-
	(3,092,732)	4,410,880
	12,703,033	8,292,153
33	9,610,301	12,703,033

Sindh Bank Limited
Notes To The Unconsolidated Financial Statements
For The Year Ended December 31, 2018

I. STATUS AND NATURE OF BUSINESS

I.1 Sindh Bank Limited (the Bank) was incorporated in Pakistan on October 29, 2010 as a public unlisted company and is engaged in Commercial Banking, Corporate and Investment related activities. The Bank operates 330 (2017: 300) branches including 8 (2017: 8) sub-branches and 14 (2017: 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.2 The Government of Sindh, through its Finance Department owns 99.9% ordinary shares of the Bank.

I.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) in its report dated July 05, 2018.

I.4 Going Concern

During the year 2018, the Bank suffered losses, arising mainly due to provisioning of non- performing loans. Due to these losses, Bank' s equity as at December 31, 2018 is reduced to Rs. 11.2 billion from Rs. 16.1 billion as at December 31, 2017 and the Bank' s Capital Adequacy Ratio as at December 31, 2018 is also reduced to 8.02 percent of Risk Weighted Assets (RWA), down from 15.67% as at December 31, 2017, as against required minimum of 11.90 percent. To address any material uncertainty about the Bank' s going concern status and keeping in view the present and future capital requirements, the Bank has submitted to the State Bank of Pakistan, a time-bound capital plan, duly approved by its Board of Directors. Based on this plan, the management has prepared these financial statements on going concern basis. The plan, envisages injection of an amount of Rs. 14.7 billion of which Rs. 11.2 billion will be injected by December 31, 2019 and a further amount of Rs. 3.5 billion by June 30, 2020, in the following manner (subject to regulatory approvals):

- Cash equity injection of Rs. 8 billion
- Equity injection of Rs. 3 billion through merger of Sindh Leasing Company Limited
- Cash equity or issue of Term Finance Certificates of Rs. 1.3 billion for Additional Tier I capital (subject to GoS discretion)
- Cash equity or issue of Term Finance Certificates of Rs. 2.4 billion for Additional Tier II capital (subject to GoS discretion)

The Board of Directors of the Bank and SLCL have already given their ' in principle' approval for merger of Sindh Leasing Company Limited into Sindh Bank as well as approved the Draft Term Sheets for the issuance of above TFCs, subject to regulatory approvals. Other formalities are in process.

The Bank is also undertaking an organizational restructuring exercise aimed at improving its business focus and setting up a dedicated Department/Unit for undertaking efforts for recovery/restructuring of its Non Performing Loans.

The Government of Sindh, the Bank' s major shareholder holding 99.9 percent of the Bank' s equity is fully committed to supporting the Bank, whenever required.

I.5 The State Bank of Pakistan (SBP) granted license to the Bank to conduct banking business subject to certain conditions which inter alia included that the Bank will 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. However the matter suffered significant delays for various reasons, with the first exercise being carried out on the basis of due diligence of 2016 audited financials and the latest being based on due diligence of 2017 financial statements, whereafter the Board of Directors and Shareholders of both the Banks approved the merger during August 2018. Approval of Sindh Cabinet, a pre-requisite for sanction by the State Bank of Pakistan, was sought, but was not received. Subsequently, due to financial condition of Summit Bank requiring a much higher capital injection and the Bank's own concerns about meeting the Capital Adequacy Ratio, the Board of Directors of Sindh Bank in their 65th meeting held on April 02, 2019 considered it advisable not to pursue the merger.

Due to the present negative sentiments on the PSX and the negative publicity surrounding the Bank, listing of the Bank will remain on hold until after Regulator's guidance on the matter is sought.

2. BASIS OF PRESENTATION

- 2.1 These unconsolidated financial statements have been prepared in conformity with the format of financial statements prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular No.02, dated 25 January 2018. These unconsolidated financial statements represent separate financial statements of the Bank. The consolidated financial statements of the Group are being issued separately.
- 2.2 In accordance with the directives of the Federal Government regarding the shifting of the Banking system to Islamic modes, the State Bank of Pakistan has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by Banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these unconsolidated financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon. The Islamic Banking branches of the Bank have complied with the requirements set out under the Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) and notified under the provisions of the repealed Companies Ordinance, 1984.
- 2.3 The financial results of the Islamic Banking branches have been consolidated in these unconsolidated financial statements for reporting purposes, after eliminating material inter-branch transactions / balances. Key financial figures of the Islamic Banking branches are disclosed in Annexure I to these unconsolidated financial statements.

3. STATEMENT OF COMPLIANCE

- 3.1 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 Companies Act 2017, Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act 2017, provisions of and directives issued under the Companies Act 2017 and the Banking Companies Ordinance, 1962 and the directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP). In case requirements of Banking Companies 1962, the Companies Act 2017 or the directives issued by SBP and SECP differ with the requirements of IFRS or IFAS, the requirement of companies Act 2017, the Banking Companies Ordinance, 1962 and the directives issued by the SBP and SECP shall prevail.
- 3.2 The SBP vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) and International Accounting Standard 40, Investment Property (IAS 40) for Banking companies till further instructions. Further, according to the notification of the Securities and Exchange Commission of Pakistan (SECP) dated April 28, 2008, the IFRS - 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

SECP has notified IFAS 3, 'Profit and Loss Sharing on Deposits' issued by the ICAP. IFAS 3 shall be followed with effect from the financial periods beginning on or after 01 January 2014 in respect of accounting for transactions relating to 'Profit and Loss Sharing on Deposits' as defined by the said standard. The standard has resulted in

certain new disclosures in the financial statements of the Bank. However SBP through BPRD Circular Letter No. 4 dated 25 February 2015, has deferred the applicability of IFAS 3 till further instructions and prescribed the Banks to prepare their annual and periodical financial statements as per existing prescribed formats issued vide BPRD Circular 02 of 2018, as amended from time to time.

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

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

There are certain new standards, amendments and interpretations that are mandatory for the Bank's accounting periods beginning on or after 01 January 2018 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are, therefore, not disclosed in these financial statements.

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

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

Standard or Interpretation or Amendments	Effective date (annual periods beginning on or after)
IFRS 15 - Revenue from contracts with customers	July 01, 2018
IFRS 11 - Joint Venture	January 01, 2019
IFRS 16 - Leases	January 01, 2019
IAS 19 - Employee Benefits - (Amendments)	January 01, 2019
IAS 28 - Investments in Associates and Joint Ventures - (Amendments)	January 01, 2019
IFRIC 23 - Uncertainty over Income Tax Treatment	January 01, 2019
IFRS 3 - Business Combination - (Amendments)	January 01, 2020
IFRS 9 - Financial Instruments: Classification and Measurement	June 30, 2019

IFRS 16 replaces existing guidance on accounting for leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an arrangement contains a Lease', SIC-15 'Operating Leases- Incentive and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognizes "a right to use asset" representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. On adoption of IFRS 16, the Bank shall recognize a 'right to use asset' with a corresponding liability for lease payments. The Bank is in the process of assessing the full impact of this standard.

IFRS 9: 'Financial Instruments' addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on an 'Expected Credit Losses' (ECL) approach rather than the 'incurred credit losses' approach. The ECL has impact on all assets of the Bank which are exposed to credit risk. The Bank is in the process of assessing the full impact of this standard.

The SBP vide its Letter no. BPRD/ RPD / 2018-7837 dated 10 April 2018 required all Banks to conduct an impact and readiness assessment of the new standard based on the financial statements for the year ended 31 December 2017. The Bank has carried out an impact and readiness assessment exercise as per the above directive. The readiness and impact assessment exercise highlighted certain systems, policies, process and other gaps. The Bank has also identified additional provisioning requirements based on the requirement of the readiness and impact assessment exercise. The exact impact of additional provisioning requirement will be determined after implementation of certain gaps and the Bank is in the process of assessing the full impact of this standard.

There are certain new and amended standards and interpretations that are mandatory for the Bank' s accounting periods beginning on or after 01 January 2019 but are considered not to be relevant or will not have any significant effect on the Bank' s operations and are therefore not detailed in these financial statements.

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:

- classification and impairment against investments (notes 5.4 and 29);
- classification of and provision against advances (notes 5.5 and 29);
- depreciation and amortization / useful lives of operating fixed assets (5.6, 5.7 and 11);
- taxation (note 5.9);
- staff retirement and other benefits (note 5.10);
- fair value of derivatives (note 5.18); and
- judgements made by management in identification and reporting segment information (note 39).

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 Change in accounting policies

SBP prescribed a new format for financial statements of banks effective from the year ended 31 December 2018. Accordingly, these unconsolidated financial statements are prepared in accordance with the new format. The changes impacting (other than certain presentation changes) these unconsolidated financial statements include:

- Intangible assets are now being presented separately in statement of financial position (previously presented under operating fixed assets); (note 12)
- Recording of acceptances on-balance sheet item (previously disclosed as off-balance sheet item) (note 14 and 18).

- Inclusion of surplus / deficit on revaluation of assets as part of equity (previously shown below equity) (note 20).
- Other reversal of provisions / write offs have now been combined under provisions & write off - net (note 29).

In addition, Companies Act, 2017 also became effective for the financial statements for the year ended 31 December 2018. As the Bank's financial statements are prepared in accordance with the format prescribed by SBP, it did not have a direct impact on the financial statements except that for disclosure of related parties transactions, as required by fourth schedule of Companies Act, 2017 the definition of related parties as given in IAS 24 - Related parties has been followed.

5.2 Cash and cash equivalents

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

5.3 Lending to / borrowing from Financial Institutions

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

5.3.1 Repurchase / resale agreements

a) Sale of securities under repurchase agreement (repo)

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

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

Securities purchased under agreements to 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.

5.3.2 Bai Maujjal

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

5.4 Investments

The bank classifies its investments as follows:

a) Held-for-trading

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

b) Held-to-maturity

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

c) Available-for-sale

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

d) Subsidiaries

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

5.4.1 Initial measurement

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

5.4.2 Subsequent measurement

Held-for-trading

Investment classified as held-for-trading are measured at subsequent reporting dates at fair value. Gain and losses on remeasurment are included in the profit and loss accounts.

Held-to-maturity

Investments classified as held-to-maturity are carried at amortized cost. Unquoted equity securities are valued at lower of cost and break-up value. Break-up value of unquoted equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. Investments in other unquoted securities are valued at cost less impairment losses, if any.

Available-for-sale

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

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

Subsidiaries

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

5.4.3 Impairment

Impairment loss in respect of investments classified as available-for-sale and held-to-maturity is recognized on the basis of management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in market value of an equity security is considered as an objective evidence of impairment, significant means 20% decline in market value as compared to cost, except when uncertain circumstances such as material market volatility, uncertainty and other market impacting external events, in which cases, a higher percentage is also considered by the management for determination of what is presumed as significant decline. Provision for diminution in the value of term finance certificates is made as per the requirements of Prudential Regulations issued by the State Bank of Pakistan. In case of impairment of available-for-sale securities,

the cumulative loss that has been recognized directly in the surplus / (deficit) on revaluation of securities on the unconsolidated statement of financial position below equity is removed there from and recognized in the unconsolidated profit and loss account. For investments classified as held-to-maturity, the impairment loss is recognized in the unconsolidated profit and loss account.

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

5.5 Advances

Advances are stated net of provisions for non-performing advances. Specific and general provisions are made based on appraisal of the loan portfolio that takes into account the requirements of the Prudential Regulations issued by the State Bank of Pakistan. The provisions against non-performing advances are charged to the 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.

5.6 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 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.

5.7 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.

5.8 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.

5.9 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 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.

5.10 Staff retirement and other benefits

a) Defined contribution plan

The Bank operates recognised funded contributory provident fund for all its permanent employees to which equal contributions at the rate of 10 percent (2017: 10 percent) of basic salary are made by both the Bank and the employees. The contributions are recognized as employee benefit expense when they are due.

b) Defined benefit plan

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

c) Compensated absences

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

5.11 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. As explained in note 5.1, acceptances are accounted for as on-balance sheet transactions and are reported in "other assets" and "other liabilities" simultaneously.

5.12 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.

5.13 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.

5.13.1 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 amortised through the unconsolidated profit and loss account over the remaining period of maturity.

5.13.2 Dividend income from investments is recognized when the Bank'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 accrued and 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 unconsolidated profit and loss account in the year in which they arise.

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

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

5.14 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.

5.15 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.

5.16 Earnings per share

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

5.17 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.

5.18 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.

5.19 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.

5.20 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 (Treasury)

Its 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 business.

Geographical segments

The Bank operates only in Pakistan.

5.21 Commitments

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

5.22 Provision against off balance sheet obligations

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

6	CASH AND BALANCES WITH TREASURY BANKS	Note	2018	2017
			(Rupees in '000)	
	In hand			
	Local currency		2,547,097	2,223,176
	Foreign currency		207,746	181,013
			2,754,843	2,404,189
	With State Bank of Pakistan (SBP) in			
	Local currency current accounts	6.1	4,532,517	6,024,205
	Foreign currency current accounts	6.2	94,098	51,816
	Foreign currency deposit accounts			
	- Non Remunerative	6.3	110,466	83,421
	- Remunerative	6.4	305,921	230,932
			5,043,002	6,390,374
	With National Bank of Pakistan in			
	Local currency current accounts		1,113,527	863,596
	Local currency deposit accounts		189,094	18,296
			1,302,621	881,892
	Prize bonds		2,230	3,127
		33	9,102,696	9,679,582

- 6.1 This represents the cash reserve required to be maintained with SBP as per the requirement of Section 22 of the Banking Companies Ordinance, 1962
- 6.2 This represents US Dollar Settlement Account maintained with SBP.
- 6.3 This represents foreign currency (FCY) cash reserve maintained with SBP to comply with statutory reserve requirement applicable to Bank's FCY deposits.
- 6.4 This represents foreign currency special cash reserve maintained with SBP. The Bank is entitled to earn profit which is declared by SBP on a monthly basis. During the period, the SBP has declared profits in the range of 0.56% to 1.35% (2017 : 0.06% to 0.37%) per annum.

7 BALANCES WITH OTHER BANKS

In Pakistan

In current accounts
 In saving accounts
 In term deposit accounts

Note	2018 (Rupees in '000)	2017
7.1	30,919 45,441 -	56,460 15,935 2,200,000
	76,360	2,272,395

Outside Pakistan

In current account

7.2	431,245	751,056
33	507,605	3,023,451

- 7.1 This includes saving deposits with a commercial bank carrying profit at the rate of 8.00% (2017: 3.75%) per annum.
- 7.2 This includes Rs.141.07 (2017: Rs. 521.74) 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

Bai Muajjal receivable
 - with State Bank of Pakistan
 Repurchase agreement lendings (Reverse Repo)

Note	2018 (Rupees in '000)	2017
8.2&8.3	- 5,383,162 5,383,162	364,577 4,966,750 5,331,327

8.1 Particulars of lending

In local currency
 In foreign currencies

5,383,162	5,331,327
-	-
5,383,162	5,331,327

- 8.2 This represents resale agreement lending with commercial banks carrying mark-up with range of 10.30% to 12.50% (2017 :5.78%) per annum maturity varying from January 02, 2019 to January 14, 2019 (2017: January 05, 2018).

8.3 Securities held as collateral against Lending to financial institutions

	2018			2017		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
----- (Rupees in '000) -----						
Market Treasury Bills	1,498,743	-	1,498,743	4,974,450	-	4,974,450
Pakistan Investment Bonds	2,884,673	-	2,884,673	-	-	-
Shares	1,792,348	-	1,792,348	-	-	-
Total	6,175,764	-	6,175,764	4,974,450	-	4,974,450

9 INVESTMENTS

9.1 Investments by type

Available-for-sale securities

Federal Government Securities
 Pakistan Investment Bonds
 Market Treasury Bills
 Government of Pakistan - Ijarah Sukuk
 Shares
 Shares - Listed
 Shares - Unlisted
 Non-government debt securities
 Term finance certificates listed
 Sukuk certificates
 Mutual funds

2018				2017			
Cost / Amortis ed cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortis ed cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
----- (Rupees in '000) -----							
33,517,406	-	(5,737,539)	27,779,867	38,744,800	-	96,921	38,841,721
4,887,658	-	(391)	4,887,267	52,135,859	-	499	52,136,358
920,378	-	(8,866)	911,512	952,926	-	4,495	957,421
2,748,032	(243,212)	(556,827)	1,947,993	3,476,796	(7,810)	(887,129)	2,581,857
100,000	-	-	100,000				
99,800	-	25	99,825	99,840	-	1,553	101,393
289,285	-	8,813	298,098	385,714	-	10,831	396,545
715,049	-	(139,010)	576,039	712,493	-	(104,279)	608,214
43,277,608	(243,212)	(6,433,795)	36,600,601	96,508,428	(7,810)	(877,109)	95,623,509

Held-to-maturity securities

Federal Government Securities
 Pakistan Investment Bonds
 Preference Shares - Unlisted
 Non-government debt securities
 Term finance certificates listed
 Term finance certificates unlisted

16,822,905	-	-	16,822,905	16,846,115	-	-	16,846,115
77,708	-	-	77,708	61,305	-	-	61,305
224,235	-	-	224,235	224,287	-	-	224,287
874,617	-	-	874,617	754,686	-	-	754,686
17,999,465	-	-	17,999,465	17,886,393	-	-	17,886,393

Investment in Subsidiary

Fully paid ordinary shares

9.3

Total Investments

750,000	-	-	750,000	750,000	-	-	750,000
62,027,073	(243,212)	(6,433,795)	55,350,066	115,144,821	(7,810)	(877,109)	114,259,902

9.2 Investments by segments

Federal Government Securities

Pakistan Investment Bonds
 Market Treasury Bills
 Government of Pakistan - Ijarah Sukuk

2018				2017			
Cost / Amortis ed cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortis ed cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
----- (Rupees in '000) -----							
50,340,311	-	(5,737,539)	44,602,772	55,590,915	-	96,921	55,687,836
4,887,658	-	(391)	4,887,267	52,135,859	-	499	52,136,358
920,378	-	(8,866)	911,512	952,926	-	4,495	957,421
56,148,347	-	(5,746,796)	50,401,551	108,679,700	-	101,915	108,781,615

Shares

Listed companies
 Unlisted companies

2,748,032	(243,212)	(556,827)	1,947,993	3,476,796	(7,810)	(887,129)	2,581,857
177,708	-	-	177,708	61,305	-	-	61,305
2,925,740	(243,212)	(556,827)	2,125,701	3,538,101	(7,810)	(887,129)	2,643,162

Non-government debt securities

Term finance certificates listed
 Term finance certificates unlisted
 Sukuk certificates

324,035	-	25	324,060	324,127	-	1,553	325,680
874,617	-	-	874,617	754,686	-	-	754,686
289,285	-	8,813	298,098	385,714	-	10,831	396,545
1,487,937	-	8,838	1,496,775	1,464,527	-	12,384	1,476,911

Mutual Funds

Open end
 Islamic funds

616,049	-	(147,920)	468,129	613,493	-	(104,279)	509,214
99,000	-	8,910	107,910	99,000	-	-	99,000
715,049	-	(139,010)	576,039	712,493	-	(104,279)	608,214

Investment in Subsidiary

Sindh Microfinance Bank Ltd

Total Investments

750,000	-	-	750,000	750,000	-	-	750,000
62,027,073	(243,212)	(6,433,795)	55,350,066	115,144,821	(7,810)	(877,109)	114,259,902

9.3 Details of investment in Subsidiary

Name of Entity	2018							
	Incorporation date	Incorporation Country	Percentage holding (%)	Total Assets	Total Liabilities	Total Revenue	Profit after taxation	Total Comprehensive Income
----- Amount in '000 -----								
Sindh Microfinance Bank Ltd	27-03-2015	Pakistan	100%	1,003,454	165,971	207,310	38,084	38,084
Name of Entity	2017							
	Incorporate date	Incorporate Country	Percentage holding (%)	Total Assets	Total Liabilities	Total Revenue	Profit after taxation	Total Comprehensive Income
----- Amount in '000 -----								
Sindh Microfinance Bank Ltd	27-03-2015	Pakistan	100%	803,905	4,507	119,678	21,725	21,725

9.4 Investments given as collateral

Federal government securities

Pakistan Investment Bonds	25,553,017	20,779,942
Market Treasury Bills	-	30,325,064
	25,553,017	51,105,005

9.5 Provision for diminution in value of investments

9.5.1 Opening balance

Charge / reversals

Charge for the year	235,402	-
Reversals for the year	-	-
Reversal on disposals	-	-
Transfers - net	235,402	-
Closing Balance	243,212	7,810

Current year impairment on investments was recorded where a decline of 30% or more in market value of investment was reported (refer note 5.4)

9.5.2 Particulars of provision against equity securities

Category of classification

Domestic
 Other assets especially mentioned
 Substandard
 Doubtful
 Loss
Total

2018		2017	
Non performing investments	Provision	Non performing investments	Provision
----- Rupees in '000 -----			
-	-	-	-
-	-	-	-
-	-	-	-
243,212	243,212	7,810	7,810
243,212	243,212	7,810	7,810

9.6 Quality of Available for Sale Securities

Details regarding quality of Available for Sale (AFS) securities

Federal Government Securities - Government guaranteed

Pakistan Investment Bonds
 Market Treasury Bills
 Government of Pakistan - Ijarah Sukuk

Shares (Equities)

Listed Companies

Refinery
 Fertilizer
 Cement
 Power Generation & Distribution
 Oil & Gas Marketing Companies
 Commercial Banks
 Inv.Banks/Inv.Cos./Securities Cos.

Unlisted Companies

Insurance

Other investments

Listed

AAA, AA, A / AM2
 AM2++
 RRI

Equity Securities

Listed Companies

Pakistan Refinery Limited
 Fauji Fertilizer Company Limited
 Fauji Fertilizer Bin Qasim Limited
 Fatima Fertilizer Company Limited
 Thatta Cement Company Limited
 Nishat Chunian Power Limited
 Hub Power Company Limited
 Sui Southern Gas Company Limited
 Sui Northern Gas Pipelines Limited
 Pakistan Stock Exchange
 Summit Bank Limited
 National Bank of Pakistan
 MCB Bank Limited
 Silk Bank Limited

Note	2018	2017
	Cost	
	(Rupees in '000)	

9.1	33,517,406	38,744,800
9.1	4,887,658	52,135,859
9.1	920,378	952,926
	39,325,442	91,833,585

	7,682	7,682
	814,987	814,987
	63,745	102,852
	260,919	233,729
	630,198	845,743
	970,501	976,418
	-	495,385
	2,748,032	3,476,796

	100,000	-
--	---------	---

	505,134	599,047
	500,000	500,000
	99,000	99,000
	1,104,134	1,198,047
	43,277,608	96,508,428

	7,682	7,682
	387,761	387,761
	362,224	362,224
	65,002	65,002
	63,745	102,852
	176,816	176,658
	84,103	57,071
	357,420	484,566
	272,778	361,177
	-	495,385
	305,509	305,509
	421,540	483,610
	157,707	128,782
	85,743	58,517
	2,748,032	3,476,796

	2018	2017		
	Cost	Break-up value	Cost	Break-up value
	----- (Rupees in '000) -----			
Unlisted Companies				
TPL Life Insurance Limited	100,000	28,853	-	-

9.7	Particulars relating to Held to Maturity securities	2018	2017
		----- Cost -----	
		(Rupees in '000)	
Federal Government Securities - Government guaranteed			
Pakistan Investment Bonds		16,822,905	16,846,115
Preference Shares - Unlisted Company			
Al-Arabia Sugar Mills Ltd		77,708	61,305
Non Government Debt Securities			
Listed			
BBB- (SO) / A-(SO)		224,235	224,287
Un-listed			
AA, A-		344,931	225,000
Unrated		529,686	529,686
		874,617	754,686
		17,999,465	17,886,393

9.7.1 The market value of securities classified as held-to-maturity as at December 31, 2018 amounted to Rs. 15,869.70 million (December 31, 2017: Rs. 19,202.71 million).

10 ADVANCES- NET

		Performing		Non Performing		Total	
	Note	2018	2017	2018	2017	2018	2017
----- Rupees in '000 -----							
Loans, cash credits, agriculture, running finances etc.							
In Pakistan		40,458,170	48,902,333	24,864,619	5,462,155	65,322,789	54,364,488
Commodity finance							
In Pakistan	10.2	9,463,078	11,552,078	-	-	9,463,078	11,552,078
Islamic financing and related assets							
Diminishing musharakah financing	10.3	2,271,898	2,187,739	-	-	2,271,898	2,187,739
Murabaha Financing	10.4	737,746	-	-	-	737,746	-
Ijarah financing under IFAS 2	10.5	61,323	103,583	-	-	61,323	103,583
		52,992,215	62,745,733	24,864,619	5,462,155	77,856,834	68,207,888
Bills discounted and purchased (excluding market treasury bills)							
Payable in Pakistan		1,302,457	794,124	-	-	1,302,457	794,124
Payable outside Pakistan		9,261	110,154	3,405	-	12,666	110,154
		1,311,718	904,278	3,405	-	1,315,123	904,278
Advances - gross	10.1	54,303,933	63,650,011	24,868,024	5,462,155	79,171,957	69,112,166
Provision for non-performing advances							
- Specific provision		-	-	5,538,312	397,624	5,538,312	397,624
- General provision against consumer and small enterprise advances		2,014	1,201	-	-	2,014	1,201
- General provision		-	4,000,000	-	-	-	4,000,000
		2,014	4,001,201	5,538,312	397,624	5,540,326	4,398,825
Advances - Net of Provision		54,301,919	59,648,810	19,329,712	5,064,531	73,631,631	64,713,341

		2018	2017
		(Rupees in '000)	
10.1	Particulars of advances (Gross)	Note	
	In local currency		79,171,957
	In foreign currencies		69,112,166
			-
			79,171,957
10.2	This represents commodity financing provided to Food Department, Government of Sindh, in syndication with other commercial banks.		
10.3	Diminishing musharakah financing		
	Advance against musharakah		-
	Diminishing musharakah		2,187,739
			2,271,898
10.4	Murabaha Financing		
	Murabaha receivable - Gross		600,168
	Less : Deferred income		(31,372)
			568,796
	Advance against Murabaha financing		168,950
			737,746
10.5	Ijarah financing under IFAS 2		
	Net book value of assets	10.5.1	60,239
	Advance against Ijarah financing		1,084
			61,323
			86,279
			17,304
			103,583

10.5.1 Particulars of assets under Ijarah

2018							
Cost			Accumulated depreciation			Book value As at December 31	Rate of depreciation %
As at January 01	Additions/ Settled	As at December 31	As at January 01	Charge/ settled	As at December 31		
----- (Rupees in '000) -----							
Vehicle	90,156	(14,156)	76,000	23,722	3,366	27,088	48,912
Plant and machinery	27,605	-	27,605	7,760	8,518	16,278	11,327
Total	117,761	(14,156)	103,605	31,482	11,884	43,366	60,239

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

	2018	2017
	(Rupees in '000)	
10.5.2 Future Ijarah payments receivable		
Not later than one year	30,729	27,378
Later than one year and not later than five years	29,510	58,901
	60,239	86,279

10.6 Advances include Rs. 24,868 (2017 5,462) million which have been placed under non-performing status as detailed below:

Category of Classification		2018		2017	
		Non Performing Loans	Provision	Non Performing Loans	Provision
----- (Rupees in '000) -----					
Domestic					
Other Assets Especially Mentioned	10.6.1	216,752	-	75,652	-
Substandard		7,998,774	510,404	2,775,339	54,265
Doubtful		9,092,101	404,590	900,000	3,884
Loss		7,560,397	4,623,318	1,711,164	339,475
Total		24,868,024	5,538,312	5,462,155	397,624

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

10.6.2 The Bank has availed the benefit of forced sale value on plant and machinery under charge and mortgaged residential and commercial property (land and building only) held as collateral against non-performing advances on the basis of 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.8,566.40 (2017: Rs.2,453.26) million. The resultant increase in profit due to FSV benefit taken will not be available for distribution as cash and stock dividend to shareholders.

10.6.3 Particulars of provision against advances

	2018			2017		
	Specific	General	Total	Specific	General	Total
----- (Rupees in '000) -----						
Opening balance	397,624	4,001,201	4,398,825	143,034	4,003,357	4,146,391
Exchange adjustments	-	-	-	-	-	-
Charge for the year	5,089,279	813	5,090,092	263,199	-	263,199
Reversals	(22,291)	(4,000,000)	(4,022,291)	(8,609)	(2,156)	(10,765)
	5,066,988	(3,999,187)	1,067,801	254,590	(2,156)	252,434
Amounts charged off - agriculture loans	73,700	-	73,700	-	-	-
Net charge / (reversal) during the year	5,140,688	(3,999,187)	1,141,501	254,590	(2,156)	252,434
Amounts written off	-	-	-	-	-	-
Closing balance	5,538,312	2,014	5,540,326	397,624	4,001,201	4,398,825

10.6.3.1 Particulars of provision against advances

	2018			2017		
	Specific	General	Total	Specific	General	Total
----- (Rupees in '000) -----						
In local currency	5,538,312	2,014	5,540,326	397,624	4,001,201	4,398,825
In foreign currencies	-	-	-	-	-	-
	5,538,312	2,014	5,540,326	397,624	4,001,201	4,398,825

10.6.3.2 General provision against consumer loans represents provision maintained at an amount equal to 1% (2017: 1%) of the fully secured performing portfolio and 4% (2017: 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% (2017: 0%) of the fully secured performing portfolio and 1% of the unsecured performing portfolio as required by the Prudential Regulations issued by SBP.

11 FIXED ASSETS

Note	2018	2017
	(Rupees in '000)	
11.1 Capital work-in-progress		
Equipment	10,927	24,481
Property and equipment	1,602,136	1,569,395
	1,613,063	1,593,876

11.1 Capital work-in-progress

Equipment	2,334	4,629
Advances to suppliers	8,593	19,852
	10,927	24,481

11.2 Property and Equipment

	2018				
	Lease hold improvements	Furniture and fixture	Computer and office equipment	Vehicle	Total
----- (Rupees in '000) -----					
At January 1, 2018					
Cost / Revalued amount	1,126,644	491,462	1,303,527	286,016	3,207,649
Accumulated depreciation	244,253	231,808	1,006,811	155,382	1,638,254
Net book value	882,391	259,654	296,716	130,634	1,569,395

Year ended December 2018

Opening net book value	882,391	259,654	296,716	130,634	1,569,395
Additions	75,547	26,591	201,465	52,336	355,938
Movement in surplus on assets revalued during the year	-	-	-	-	-
Acquisitions through business combinations	-	-	-	-	-
Impairment loss recognised in the profit and loss account - net	-	-	-	-	-
Disposals	-	-	(43)	(1,438)	(1,481)
Depreciation charge	(57,294)	(50,870)	(164,228)	(49,324)	(321,716)
Exchange rate adjustments	-	-	-	-	-
Other adjustments / transfers	1	1	-	(1)	1
Closing net book value	900,644	235,376	333,910	132,206	1,602,136

At December 31, 2018

Cost / Revalued amount	1,202,191	518,053	1,494,903	310,425	3,525,572
Accumulated depreciation	301,547	282,677	1,160,993	178,219	1,923,436
Net book value	900,644	235,376	333,910	132,206	1,602,136

Rate of depreciation (percentage)

	2017				
	Lease hold improvements	Furniture and fixture	Computer and office equipment	Vehicle	Total
----- (Rupees in '000) -----					
At January 1, 2017					
Cost / Revalued amount	1,039,601	473,086	1,265,333	262,737	3,040,757
Accumulated depreciation	191,227	184,152	806,043	131,207	1,312,629
Net book value	848,374	288,934	459,290	131,530	1,728,128

	2017				
	Lease hold improvements	Furniture and fixture	Computer and office equipment	Vehicle	Total
	(Rupees in '000)				
Year ended December 2017					
Opening net book value	848,374	288,934	459,290	131,530	1,728,128
Additions	87,043	18,672	40,653	50,737	197,105
Movement in surplus on assets revalued during the year	-	-	-	-	-
Acquisitions through business combinations	-	-	-	-	-
Impairment loss recognised in the profit and loss account - net	-	-	-	-	-
Disposals	-	(171)	(466)	(2,587)	(3,224)
Depreciation charge	(53,026)	(47,781)	(202,761)	(49,046)	(352,614)
Exchange rate adjustments	-	-	-	-	-
Other adjustments / transfers	-	-	-	-	-
Closing net book value	882,391	259,654	296,716	130,634	1,569,395
At December 31, 2017					
Cost / Revalued amount	1,126,644	491,462	1,303,527	286,016	3,207,649
Accumulated depreciation	244,253	231,808	1,006,811	155,382	1,638,254
Net book value	882,391	259,654	296,716	130,634	1,569,395
Rate of depreciation (percentage)	5.00%	10.00%	33.33% & 20.0%	20.00%	

11.3 The cost of fully depreciated furniture and fixture, office and computer equipment still in use amounted to Rs.818.18 (2017: Rs.678.87) million.

11.4 Disposals

Particulars of the Assets	Cost	Accumulated depreciation	Book Value	Sale Price	Mode of Disposal	Particulars of the Purchaser
----- Amount in Rupees -----						
Computer and office equipment						
Laptop	61,110	61,109	1	1	As Per HR Policy	Ms Masooma Hussain
Laptop	61,110	61,109	1	1	As Per HR Policy	Muhammad Saeed Khan
Fire Extinguisher	27,898	27,895	3	1,278	Negotiation	Construction Company
Fire Extinguisher	9,202	9,197	5	2,852	Negotiation	Construction Company
Fire Extinguisher	3,886	3,885	1	300	Negotiation	Aftab Ahmad
Fire Extinguisher	8	3	5	2,400	Negotiation	Azgar Ali
Fire Extinguisher	3	1	2	1,200	Negotiation	Channa Autos Motor Garage
Fire Extinguisher	1	0	1	300	Negotiation	Foji Harware & Gases
Fire Extinguisher	4	1	3	2,000	Negotiation	Jamal Ahmed
Fire Extinguisher	30,218	30,212	6	1,800	Negotiation	Karachi New Battery Centre & Solar System
Fire Extinguisher	1	0	1	500	Negotiation	M. Sajid
Fire Extinguisher	5,036	5,035	1	350	Negotiation	M.Abbas Khan
Fire Extinguisher	30,218	30,212	6	1,800	Negotiation	M.Dad
Fire Extinguisher	30,218	30,212	6	960	Negotiation	Muhammad Nazir
Fire Extinguisher	3,393	2,148	1,245	500	Negotiation	Muhammad saeed
Fire Extinguisher	30,218	30,212	6	3,000	Negotiation	Nadir Hussain
Fire Extinguisher	19,430	19,425	5	2,000	Negotiation	New Rehman Autos
Fire Extinguisher	4	1	3	1,200	Negotiation	Osaka Batteries
Fire Extinguisher	30,222	30,213	9	8,000	Negotiation	Saif Fire Engineering
Fire Extinguisher	57,504	56,105	1,399	8,900	Negotiation	Salamat Ali
Fire Extinguisher	4	1	3	800	Negotiation	Zameer Hussain
Fire Extinguisher	30,218	30,212	6	1,712	Negotiation	Zeeshan Haider
Split Air Conditioner	347,437	347,430	7	105,786	Tender	Nazim Ali
Split Air Conditioner	636,235	636,224	11	46,000	Negotiation	Paksitan Enterprises
CCTV Camera etc.	8,607,951	8,586,459	21,492	155,000	Tender	Qazi Rehman
CCTV Camera	67,400	48,330	19,070	33,700	Insurance Claim	Sindh Insurance Ltd
	10,088,930	10,045,631	43,299	382,340		

	Cost	Accumulated depreciation	Book Value	Sale Price	Mode of Disposal	Particulars of the Purchaser
----- Amount in Rupees -----						
Vehicle						
Suzuki Alto VXR	712,000	711,999	1	458,893	Tender	Syed Adil Ali
Suzuki Alto VXR	712,000	711,999	1	414,351	Tender	Imran Ahmed
Suzuki Mehran	632,000	631,999	1	322,800	Tender	Hafiz Muhammad Umais
Suzuki Cultus VXR	965,000	964,999	1	638,893	Tender	Syed Adil Ali
Suzuki Cultus VXR	965,000	964,999	1	660,000	Tender	Ghazal Tahir
Suzuki Cultus VXR	885,000	884,999	1	658,000	Tender	Wasim Mirza
Suzuki Cultus VXR	985,000	984,999	1	668,893	Tender	Syed Adil Ali
Suzuki Cultus VXR	870,000	869,999	1	622,000	Tender	Hafiz Muhammad Umais
Suzuki Mehran	632,000	631,999	1	1	As Per HR Policy	Ghulam Mustafa Memon
Suzuki Mehran	632,000	610,915	21,085	31,619	As Per HR Policy	Mehmood Hussain
Suzuki Alto VXR	737,000	736,999	1	1	As Per HR Policy	Kashif Aziz
Suzuki Cultus VXR	881,500	881,499	1	1	As Per HR Policy	Mr. Allah Bukhsh
Suzuki Wagon R	957,000	653,949	303,051	1	As Per HR Policy	Mukhtiaran bibi w/o Wali Muhammad (late)
Suzuki Cultus VXR	965,000	964,999	1	1	As Per HR Policy	Naeem Akhtar Rizvi
Suzuki Cultus VXR	965,000	964,999	1	1	As Per HR Policy	Ghulam Hussain Abro
Suzuki Wagon R	984,000	344,400	639,600	1	As Per HR Policy	Shazma Naeem(late)
Suzuki Cultus VXR	985,000	984,999	1	1	As Per HR Policy	Mr. Jawaid Hussain
Suzuki Cultus VXR	990,000	989,999	1	1	As Per HR Policy	Yousuf Khan Niazi
Suzuki Cultus VXR	990,000	989,999	1	1	As Per HR Policy	Muhammad Shamim
Suzuki Cultus VXR	990,000	989,999	1	1	As Per HR Policy	Muhammad Khan Chand
Suzuki Cultus VXR	1,010,000	1,009,999	1	1	As Per HR Policy	Muhammad Salman Satti
Suzuki Cultus VXR	1,010,000	976,315	33,685	33,685	As Per HR Policy	Shah-e-Room Khan
Toyota Corrola XLI	1,374,000	1,373,999	1	1	As Per HR Policy	Ali Gohar Shaikh
Toyota Corolla XLI	1,537,500	1,537,499	1	1	As Per HR Policy	Muhammad Parvez Shaikh
Toyota Corolla XLI	1,537,500	1,537,499	1	1	As Per HR Policy	Saeed Jamal Tariq
Toyota Corolla XLI	1,551,500	1,551,499	1	1	As Per HR Policy	Akhtar Ali Khan
Honda Civic	1,794,000	1,793,999	1	1	As Per HR Policy	Khawaja Ghalib
Suzuki Mehran	678,000	237,300	440,700	615,000	Insurance Claim	Sindh Insurance Ltd
	27,927,000	26,488,855	1,438,145	5,124,151		
	38,015,930	36,534,486	1,481,444	5,506,491		

12 INTANGIBLE ASSETS

Computer Software

At January 1,

Cost

Accumulated amortisation and impairment

Net book value

Year ended December 31,

Opening net book value

Additions:

- directly purchased

Disposals

Amortisation charge

Other adjustments

Closing net book value

At December 31,

Cost

Accumulated amortisation and impairment

Net book value

Rate of amortisation (percentage)

Useful life

	2018	2017
	(Rupees in '000)	
Cost	209,753	186,841
Accumulated amortisation and impairment	149,202	120,550
Net book value	60,551	66,291
Year ended December 31,		
Opening net book value	60,551	66,291
Additions:		
- directly purchased	17,004	22,912
Disposals	-	-
Amortisation charge	(27,150)	(28,652)
Other adjustments	-	-
Closing net book value	50,405	60,551
At December 31,		
Cost	226,758	209,753
Accumulated amortisation and impairment	176,353	149,202
Net book value	50,405	60,551
Rate of amortisation (percentage)	20%	20%
Useful life	5 years	5 years

12.1 The cost of fully amortised software still in use amounted to Rs.118,081 (2017: Rs.83,964) million.
 2018

13 DEFERRED TAX ASSETS

Deductible Temporary Differences on

- Provision against advances - general
- Tax losses carried forward
- Post retirement employee benefits
- Provision for diminution in the value of investments
- Deficit on revaluation of investments

At Jan 1 2018	Recognised in P&L A/C	Recognised in OCI	At Dec 31, 2018
----- (Rupees in '000) -----			
1,400,000	128,566	-	1,528,566
-	242,562	-	242,562
-	-	6,650	6,650
2,733	82,391	-	85,124
306,988	-	1,944,840	2,251,828
1,709,721	453,519	1,951,490	4,114,730

Taxable Temporary Differences on

- Accelerated tax depreciation - tangible fixed assets
- Accelerated tax amortization - intangible assets

(88,584)	10,468	-	(78,116)
(9,194)	868	-	(8,326)
(97,778)	11,336	-	(86,442)
1,611,943	464,855	1,951,490	4,028,288

2017

At Jan 1 2017	Recognised in P&L A/C	Recognised in OCI	At Dec 31, 2017
---------------	-----------------------	-------------------	-----------------

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

Deductible Temporary Differences on

- Provision against advances - general
- Provision for diminution in the value of investments
- Deficit on revaluation of investments

1,400,000	-	-	1,400,000
171	2,562	-	2,733
(72,171)	-	379,159	306,988
1,328,000	2,562	379,159	1,709,721

Taxable Temporary Differences on

- Accelerated tax depreciation - tangible fixed assets
- Accelerated tax amortization - intangible assets

(127,651)	39,067	-	(88,584)
(9,864)	670	-	(9,194)
(137,515)	39,737	-	(97,778)
1,190,485	42,299	379,159	1,611,943

	Note	2018 (Rupees in '000)	2017
14 OTHER ASSETS			
Income/ Mark-up accrued in local currency	14.1	3,458,998	3,385,097
Accrued commission income		11,673	11,210
Advances, deposits, advance rent and other prepayments		202,570	246,658
Receivable against sale of shares		460,288	147,531
Unrealised gain on forward forex revaluation - net		436,069	64,115
Insurance premium receivable against agriculture loans		28,993	26,991
Stationery and stamps on hand		9,157	10,088
Dividends receivable		12,082	26,535
Receivable against I Link ATM settlement account		62,759	273,165
Advance Taxation - net		341,479	-
Acceptances		850,511	393,990
Insurance claims receivable		-	746
Other receivables		19,472	16,367
		5,894,051	4,602,493

14.1 Income/ Mark-up accrued in local currency

- On loans and advances
- On investments
- Others

Note 2018 2017
 (Rupees in '000)

	1,643,644	1,363,888
	1,806,693	2,002,441
	8,661	18,768
14	3,458,998	3,385,098

15 BILLS PAYABLE

- In Pakistan
- Outside Pakistan

	929,426	905,423
	-	-
	929,426	905,423

16 BORROWINGS

Secured

- Borrowings from State Bank of Pakistan
- Under export refinance scheme

16.2	1,270,300	1,136,500
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Repurchase agreement borrowings - Secured

- State Bank of Pakistan (SBP)
- Other commercial banks / DFI's

16.3	23,501,398	29,402,212
16.4	2,000,000	8,434,593

	25,501,398	37,836,805
	-	11,997,869
	26,771,698	50,971,174

Call borrowings - Secured

16.1 Particulars of borrowings with respect to Currencies

- In local currency
- In foreign currencies

	26,771,698	50,971,174
	-	-
	26,771,698	50,971,174

16.2 These represent borrowings from SBP under export refinance scheme at the rates ranging from 1.00% to 2.00% (2017: 1.00% to 2.00%) per annum having maturity upto six months.

16.3 These represent repurchase agreement borrowings rate at 10.23% (2017:5.87%) per annum maturing on January 04, 2019 (2017: January 05, 2018). The carrying value of securities given as collateral against these borrowings is given in note 9.4.

16.4 These represent repurchase agreement borrowings rate at 9.90% (2017:5.78% to 6.00%) per annum maturing on January 07, 2019 (2017: February 17, 2018). The carrying value of securities given as collateral against these borrowings is given in note 9.4.

17 DEPOSITS AND OTHER ACCOUNTS

	2018			2017		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
----- Rupees in '000 -----						
Customers						
Current deposits	48,402,934	328,897	48,731,831	39,464,699	310,649	39,775,348
Savings deposits	42,011,549	1,215,819	43,227,368	48,651,675	1,024,217	49,675,892
Term deposits	17,601,781	358,536	17,960,317	36,401,828	272,542	36,674,370
Margin and other deposits	494,804	-	494,804	653,611	-	653,611
	108,511,068	1,903,252	110,414,320	125,171,813	1,607,408	126,779,221
Financial Institutions						
Current deposits	45,197	15	45,212	75,639	12	75,651
Savings deposits	2,226,976	-	2,226,976	4,778,182	-	4,778,182
Term deposits	805,000	-	805,000	2,484,000	-	2,484,000
Margin and other deposits	103,036	-	103,036	90,002	-	90,002
	3,180,209	15	3,180,224	7,427,823	12	7,427,835
	111,691,277	1,903,267	113,594,544	132,599,636	1,607,420	134,207,056

17.1 Composition of deposits

	2018 (Rupees in '000)	2017
- Individuals	13,030,024	11,274,998
- Government (Federal and Provincial)	72,558,806	72,650,180
- Public Sector Entities	3,849,599	7,016,663
- Banking Companies	7,135	1,303,858
- Non-Banking Financial Institutions	3,173,089	9,324,120
- Private Sector	20,975,891	32,637,237
	<u>113,594,544</u>	<u>134,207,056</u>

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

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

As at 31 December 2018, the deposits eligible to be covered under insurance arrangements amount to Rs. 18,128.5 million premium paid of Rs. 14.22 million.

18 OTHER LIABILITIES

	2018 (Rupees in '000)	2017
Mark-up / return / interest payable in local currency	872,595	1,322,913
Mark-up / return / interest payable in foreign currency	4,398	4,170
Accrued expenses	172,850	139,837
Net defined benefit liability	76,741	71,446
Provision for compensated absences	161,037	144,125
Unrealised loss against forward forex revaluation - net	-	-
Payable against purchase of operating fixed assets	69,397	99,853
Payable against purchase of shares	544,148	358,505
Retention money	73,588	67,872
Federal excise duty / sales tax on services payable	2,825	6,303
Provision for taxation - net	-	32,910
Withholding tax payable	26,786	16,821
Acceptances	850,511	393,990
Others	171,993	66,260
	<u>3,026,869</u>	<u>2,725,005</u>

19 SHARE CAPITAL

19.1 Authorised capital

2018	2017		2018	2017
Number of shares			----- (Rupees in '000) -----	
<u>1,200,000,000</u>	1,200,000,000	Ordinary shares of Rs.10 each	<u>12,000,000</u>	12,000,000

19.2 Issued, subscribed and paid-up share capital

<u>1,001,013,000</u>	1,001,013,000	Ordinary shares of Rs.10 each Fully paid in cash	<u>10,010,130</u>	10,010,130
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19.3 The Government of Sindh, through its Finance Department, owns 99.90% ordinary shares of the Bank.

20 DEFICIT ON REVALUATION OF ASSETS

Available-for-sale securities

	2018 (Rupees in '000)	2017
Federal government securities	(5,746,796)	101,915
Fully paid ordinary shares - listed	(556,827)	(887,129)
Units of mutual funds (units / certificates)	(139,010)	(104,279)
Sukuk certificates	8,813	10,831
Term finance certificates	25	1,553
	<u>(6,433,795)</u>	<u>(877,109)</u>
Related deferred taxation	2,251,827	306,988
	<u>(4,181,968)</u>	<u>(570,121)</u>

21 CONTINGENCIES AND COMMITMENTS

-Guarantees	21.1	4,669,810	4,852,395
-Commitments	21.2	120,910,034	73,209,153
-Other contingent liabilities		-	-
		<u>125,579,844</u>	<u>78,061,548</u>

21.1 Guarantees:

Financial guarantees	2,199,892	2,560,027
Performance guarantees	1,494,341	1,593,556
Other guarantees	975,577	698,812
	<u>4,669,810</u>	<u>4,852,395</u>

21.2 Commitments:

Documentary credits and short-term trade-related transactions		
- letters of credit	2,505,009	4,713,833
Commitments in respect of:		
- forward foreign exchange contracts	21.2.1 75,890,620	9,907,718
- forward lending	21.2.2 42,514,405	58,587,602
Other commitments	-	-
	<u>120,910,034</u>	<u>73,209,153</u>

21.2.1 Commitments in respect of forward foreign exchange contracts

Purchase	38,100,944	5,108,914
Sale	37,789,676	4,798,804
	<u>75,890,620</u>	<u>9,907,718</u>

21.2.2 Commitments in respect of forward lending

Forward repurchase agreement lending	25,541,849	37,861,932
Forward resale agreement lending	5,391,248	4,974,614
Undrawn formal standby facilities, credit lines and other commitments to lend	21.2.2.1 11,581,308	15,751,056
	<u>42,514,405</u>	<u>58,587,602</u>

21.2.2.1 Commitments to extend credit

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

21.3 Contingencies

21.3.1 Government of Sindh through the Sindh WWF Act, 2014, has introduced levy of SWWF. As per Sindh WWF Act, 2014, banks / financial institutions are included in definition of “ Industrial Establishment” Sindh WWF is imposed at the rate of 2% of the total income. Since the Bank’ s operations are in three other Provinces and Azad Jammu & Kashmir as well, the Bank along with other banks has filed a suit before Honorable Sindh High and challenged the vires of SWWF, which is pending for adjudication.

21.3.2 The Income Tax returns of the Bank have been filed up to the tax year 2018 (accounting year ended December 31, 2017) and amendment of deemed assessment were carried out till tax year 2017, whereby certain disallowances to be taxable income were made. Appeals against amended orders were filed before Commissioner Inland Revenue Authority (CIRA), who deleted all major disallowances and additions in 2014 on which demand of Rs.5.95 million arose.

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

21.3.3 The Supreme Court of Pakistan taking suo-motu notice regarding widespread reports of opening of fake accounts in Summit Bank Ltd., Sindh Bank Ltd., National bank Ltd.,United Bank Limited, and MCB Bank Ltd,in Human Rights Case No.39216-G of 2018, constituted a Joint Investigation Team (JIT) on September 5, 2018 to investigate the matter of opening of alleged fake accounts and allied matters. On December 19, 2018, the JIT submitted its Final (Synthesis) Report before the Supreme Court of Pakistan. During the investigation, the JIT probed into thirty two allegedly fake accounts opened in above mentioned banks, and opined that prime facie cognizable offences have been made out interalia involving corruption, corrupt practices and money laundering. On January 7, 2019, the Honorable Supreme Court of Pakistan disposed off the above suo-moto case by ordering National Accountability Bureau (NAB) to investigate the case further and file references (if required) within a period of two months, before the Accountability Courts at Islamabad/Rawalpindi. It also directed the JIT to submit its entire record to NAB at Islamabad Since then the NAB is investigating the matters raised in the JIT report and has filed Five references in the Accountability Courts, none of which are against the Bank. Only 8 out of 32 fake accounts were opened in two branches of the Bank. The management has already taken suitable steps to address the matter and further strengthen controls in this area of AML/KYC. Though it will take time for any adjudication in the matter, the management do not foresee material adverse consequences for the Bank

	2018	2017
	(Rupees in '000)	
21.3.4 Other Contingent Liabilities		
Claims against the Bank not acknowledged as debts	45,500	45,500

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

	Note	2018 (Rupees in '000)	2017
22 MARK-UP/RETURN/INTEREST EARNED			
On Loans and advances		5,322,984	4,737,030
On Investments		6,700,761	6,535,239
On Lendings to financial institutions		302,826	232,189
On Balances with banks		56,350	36,725
		<u>12,382,921</u>	<u>11,541,183</u>
23 MARK-UP/RETURN/INTEREST EXPENSED			
Deposits		5,313,003	5,289,872
Borrowings		2,194,768	986,559
Others		-	-
		<u>7,507,771</u>	<u>6,276,431</u>
24 FEE AND COMMISSION INCOME			
Branch banking customer fees		65,942	81,452
Consumer finance related fees		667	270
Card related fees (debit cards)		107,822	105,597
Commission on trade		80,312	103,091
Commission on guarantees		48,657	59,748
Credit related fees		16,957	71,629
Commission on remittances including home remittances		7,425	6,818
Commission on Wheat Grower account		-	24,544
Others		679	542
		<u>328,461</u>	<u>453,691</u>
25 GAIN / (LOSS) ON SECURITIES			
Realised	25.1	(907,095)	604,425
Unrealised - held for trading		-	-
		<u>(907,095)</u>	<u>604,425</u>
25.1 Realised (loss) / gain on:			
Federal Government Securities		(545,503)	446,291
Shares of listed companies		(361,592)	131,202
Units of mutual funds		-	26,632
Others investments		-	300
		<u>(907,095)</u>	<u>604,425</u>
26 OTHER INCOME			
Incidental charges		2,608	4,761
Gain on sale of operating fixed assets		4,968	2,964
Rent on property		7,796	1,800
Prequalification application fee for tender		105	134
Godown charges		220	252
Others		-	52
		<u>15,697</u>	<u>9,963</u>

	Note	2018 (Rupees in '000)	2017
27 OPERATING EXPENSES		4,439,505	4,148,159
Total compensation expense	27.1	2,105,206	2,020,205
Property expense			
Rent & taxes		706,853	608,024
Insurance		25,396	21,569
Utilities cost		210,340	175,588
Security		273,091	248,114
Repair & maintenance		10,772	10,166
Depreciation		57,294	53,025
		1,283,746	1,116,486
Information technology expenses			
Software maintenance		55,029	57,703
Hardware maintenance		37,891	21,249
Depreciation		21,419	27,803
Amortisation		27,150	28,653
Network charges		8,449	7,702
Others		16,514	15,214
		166,452	158,324
Other operating expenses			
Directors' fees and allowances		21,250	19,450
Fees and allowances to Shariah Board		3,106	2,759
Legal & professional charges		21,921	26,374
Outsourced services costs		88,896	71,448
Travelling & conveyance		26,542	20,029
NIFT clearing charges		14,932	14,281
Training & development		1,338	1,510
Postage & courier charges		21,087	18,980
Communication		100,331	91,858
Stationery & printing		77,888	69,353
Marketing, advertisement & publicity		61,830	74,351
Donations	27.2	2,041	-
Auditors Remuneration	27.3	10,501	7,738
Repair & maintenance		51,266	49,480
Brokerage and commission		11,287	8,338
Entertainment Expenses		38,729	33,299
Fees and subscription		34,589	36,061
Insurance expenses		7,584	8,040
Premium of deposit proction fund		14,219	-
Depreciation - others		243,003	271,785
Others		31,761	28,010
		884,101	853,144
		4,439,505	4,148,159
27.1 Total compensation expense			
Managerial Remuneration			
- Fixed		1,251,959	1,163,634
- Variable Cash Bonus / Awards		11,574	53,377
Charge for defined benefit plan		57,740	48,740
Contribution to defined contribution plan		65,417	58,291
Rent & house maintenance		399,692	378,048
Utilities		78,598	74,226
Medical		78,576	74,223
Conveyance		54,556	51,647
Employee old age benefits contribution		12,664	12,211

	Note	2018 (Rupees in '000)	2017
Leave Fare Assistance Allownaces		29,648	31,999
Leave Encashment		18,934	30,918
Staff Insurances		44,064	42,474
Others		1,784	417
		2,105,206	2,020,205
<p>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.9.01 (2017: Rs.20.40) million and Rs. 2.42 (2017: Rs.3.13) million respectively and is included in salaries, allowances and benefits.</p>			
27.2 Details of donations paid during the year		2018 (Rupees in '000)	2017
Contribution to Supreme Court of Pakistan's Fund for Construction of Diamer Basha & Mohmand Dam		2,041	-
27.3 Auditors' remuneration			
Audit fee		8,343	4,860
Fee for other statutory certifications		918	1,188
Special certifications and sundry advisory services		432	324
Out-of-pocket expenses		808	1,366
		10,501	7,738
28 OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		87,916	8,689
Others		-	-
		87,916	8,689
29 PROVISIONS & WRITE OFFS - NET			
Provisions for diminution in value of investments	9.5.1	235,402	-
Provisions against loans & advances		5,141,501	252,434
General provision reversal		(4,000,000)	-
Net provision during the year	10.6.3	1,141,501	252,434
Fixed assets written off		943	732
Bad debts written off directly		-	-
		1,377,846	253,166
30 TAXATION			
Current		159,984	806,948
Prior years		91,319	161,950
Deferred		(464,855)	(42,299)
		(213,552)	926,599

	Note	2018 (Rupees in '000)	2017
30.1 Relationship between tax expense and accounting profit			
(Loss) / Profit before tax		(1,418,732)	2,182,434
Tax on (loss) / income @ 35% (2017: 35%)		(496,556)	763,852
Effects of prior year on current taxation	30.2	91,319	161,950
Permanent differences of Minimum Tax		159,984	-
Effects of permanent differences		31,701	797
		(213,552)	926,599
30.2 The Finance Act, 2018 / Supplementary (2nd ammendment) Bill 2019 has introduced certain amendments relating to taxation of banking companies. As per these amendments, super tax at the rate of 4 percent of the taxable income has been levied for tax year 2018 (accounting year ended 31 December 2017). Accordingly an amount of Rs. 91.32 million has been recognised in these financial statements.			
30.3 The Income Tax returns of the Bank have been filed up to the tax year 2018 (accounting year ended December 31, 2017) and amendment of deemed assessment were carried out till tax year 2017, whereby certain disallowances to be taxable income were made.			
Appeals against amended orders were filed before Commissioner Inland Revenue Authority (CIRA), who deleted all major disallowances and additions in 2014 on which demand of Rs.5.95 million arose.			
Subsequently, the Bank has filed an appeal before Appellate Tribunal Inland Revenue (ATIR) in respect of demand of Rs.5.95 million as mentioned above, which are pending. Large Tax Payer Unit (LTU) has also filed appeals in the ATIR against the decision of CIRA.			
31 BASIC EARNINGS/ (LOSS) PER SHARE	Note	2018 (Rupees in '000)	2017
(Loss) / Profit for the year		(1,205,180)	1,255,835
Weighted average number of ordinary shares		1,001,013,000	1,001,013,000
Basic (loss) / earnings per share		(1.20)	1.25
32 DILUTED EARNINGS/ (LOSS) PER SHARE			
(Loss) / Profit for the year		(1,205,180)	1,255,835
Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)		1,001,013,000	1,001,013,000
Diluted (loss) / earnings per share		(1.20)	1.25
33 CASH AND CASH EQUIVALENTS			
Cash and Balance with Treasury Banks	6	9,102,696	9,679,582
Balance with other banks	7	507,605	3,023,451
		9,610,301	12,703,033
34 STAFF STRENGTH		2018	2017
Permanent		1,628	1,466
Temporary / on contractual basis		164	240
Total staff strength		1,792	1,706

34.1	In addition to the above 454 (2017: 403) staff from outsourcing services companies were assigned to the Bank.		
35 DEFINED BENEFIT AND CONTRIBUTION PLANS			
35.1 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.			
35.1.1	Number of Employees under the scheme	2018 ----- (Number) -----	2017
The number of employees covered under the following defined benefit schemes are:			
	- Provident fund	1,515	1,446
	- Gratuity fund	1,515	1,448
35.1.2	Principal actuarial assumptions		
The latest actuarial valuation was carried out as at December 31, 2018 using the Projected Unit Credit Method. Following are the significant assumptions used in the actuarial valuation:			
	- Discount rate	13.75%	9.50%
	- Expected rate of increase in salaries	13.25%	9.00%
	- Expected return on plan assets	13.75%	9.50%
35.1.3	Reconciliation of net defined benefit liability	Note	2018 (Rupees in '000)
	Present value of defined benefit liability	35.1.6	320,832
	Fair value of plan assets	35.1.7	(244,091)
	Payable to defined benefit plan	35.1.4	76,741
35.1.4	Movement in net defined benefit liability		
	Opening balance		71,446
	Charge to profit and loss during the year	35.1.5	57,740
	Remeasurement loss recognized in OCI	35.1.5	19,001
	Bank's contribution		(71,446)
	Closing balance		76,741
35.1.5	Charge for defined benefit plan		
	In profit and loss		
	Current service cost		54,346
	Interest cost - net		3,394
	Charge for the year		57,740

Note	2018 (Rupees in '000)	2017

In other comprehensive income

Remeasurement loss on defined benefit obligation

Remeasurement loss on plan assets

12,257	16,048
6,744	6,658
19,001	22,706

35.1.6 Changes in present value of defined benefit liability

Opening balance

Current service cost

Interest cost

Benefits paid

Actuarial loss / (gain) on obligation

- Financial assumptions

- Experience assumptions

Closing balance

239,044	170,787
54,346	46,342
22,368	15,755
(7,182)	(9,888)
-	-
12,257	16,048
12,257	16,048
320,832	239,044

35.1.7 Fair value of plan assets

Fair value of plan assets at the beginning of the year

Expected return on plan assets

Bank's contributions

Benefits paid

Actuarial loss on assets - experience assumptions

Fair value of plan assets at the end of the year

35.1.8

167,598	120,306
18,974	13,357
71,446	50,481
(7,182)	(9,888)
(6,744)	(6,658)
244,091	167,598

35.1.8 Plan assets comprise

Balance held in bank accounts

244,091	167,598
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35.1.9 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	2018 (Rupees in '000)	2017
Discount rate (1% variation)	361,719	127,323
Future salary growth (1% variation)	363,183	165,072
Future mortality (1 year variation)	320,844	238,988

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.

35.1.10 The expected gratuity expense for the year commencing January 01, 2019 works out to Rs.67.92 million (2018: Rs.30.28) million.

35.1.11 Maturity analysis

The weighted average duration of the defined benefit obligation works out to be 11.73 years. Expected benefit payments for the next five years are:

	2019	2020	2021	2022	2023
	(Rupees in '000)				
Expected benefit payments	16,783	18,562	20,143	21,485	17,740

35.1.12 Risks Associated with Defined Benefit Plans

Investment Risks

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

Longevity Risks

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

Salary Increase Risk

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

Withdrawal Risk

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

35.2 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.130.83 (2017: Rs.116.58) million. The number of employees as at December 31, 2018 eligible under the plan were 1,515 (2017: 1,448).

36. 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.164.39 (2017: Rs.144.13) million has been provided on the basis of actuarial recommendations.

36.1 Movement of compensated absences

Opening balance
 Expense for the year
 Benefit paid for the year
 Closing balance

	2018 (Rupees in '000)	2017
Opening balance	144,125	118,612
Expense for the year	18,802	30,918
Benefit paid for the year	(1,890)	(5,405)
Closing balance	161,037	144,125

37 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

37.1 Total Compensation Expense

2018						
Directors				Members Shariah Board	President / CEO	Key Management Personnel
Chairman	Executives (other than CEO)	Non- Executives				
(Rupees in '000)						
Fees and Allowances	2,850	-	18,400	2,550	-	-
Managerial Remuneration						
- Fixed	-	-	-	-	16,000	225,342
- Variable Cash Bonus / Awards	-	-	-	-	-	-
Charge for defined benefit plan	-	-	-	-	1,488	16,226
Contribution to defined contribution plan	-	-	-	-	1,600	17,720
Rent & house maintenance	-	-	-	-	7,200	101,404
Utilities	-	-	-	-	1,600	22,534
Medical	-	-	-	-	1,600	22,534
Conveyance	-	-	-	556	762	44,060
Bonus	-	-	-	-	2,424	36,003
Others	1,348	-	-	-	1,466	23,485
Total	4,198	-	18,400	3,106	34,140	509,308
Number of Persons	1	-	10	3	1	101
2017						
Directors				Members Shariah Board	President / CEO	Key Management Personnel
Chairman	Executives (other than CEO)	Non- Executives				
(Rupees in '000)						
Fees and Allowances	2,350	-	17,100	2,300	-	-
Managerial Remuneration						
- Fixed	-	-	-	-	14,545	222,045
- Variable Cash Bonus / Awards	-	-	-	-	-	-
Charge for defined benefit plan	-	-	-	-	1,247	12,002
Contribution to defined contribution plan	-	-	-	-	1,455	14,704
Rent & house maintenance	-	-	-	-	6,545	99,920
Utilities	-	-	-	-	1,455	22,205
Medical	-	-	-	-	1,455	22,205
Conveyance	-	-	-	479	610	40,602
Bonus	-	-	-	-	2,424	37,204
Others	1,517	-	-	-	1,905	22,085
Total	3,867	-	17,100	2,779	31,641	492,972
Number of Persons	1	-	6	3	1	98

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

37.1.2 Executives mean employees, other than the President & Chief Executive Officer and Directors, whose basic salary exceeds one million and two hundred thousand Rupees in a financial year.

37.1.3 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 27.1 to these unconsolidated financial statements.

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

		2018						
Sr. No.	Name of Directors	For Board Committee						Total Amount Paid
		For Board Meetings	Audit Committee	Risk Management Committee	Procurement, I.T. & Security Committee	Human Resource & Remuneration Committee	Nomination Committee	
1	Afzal Ghani	2,250	-	-	-	600	-	2,850
2	Muhammad Shahid Murtaza	750	-	200	200	-	-	1,150
3	Muhammad Naeem Sahgal	750	200	-	-	200	-	1,150
4	Tajammal Hussain Bokharee	2,500	-	600	200	-	200	3,500
5	Raja Muhammad Abbas	750	200	-	200	-	-	1,150
6	Muhammad Bilal Sheikh	2,500	800	-	-	600	200	4,100
7	Anis A. Khan	1,250	-	200	-	200	-	1,650
8	Sami Ul Haq	1,750	400	-	200	-	-	2,350
9	Asif Janhangir	750	200	-	-	-	200	1,150
10	Noor Alam	750	-	-	-	-	-	750
11	Qaiser Parwaiz	1,250	200	-	-	-	-	1,450
Total Amount Paid		15,250	2,000	1,000	800	1,600	600	21,250
		2017						
Sr. No.	Name of Directors	For Board Committee						Total Amount Paid
		For Board Meetings	Audit Committee	Risk Management Committee	Procurement, I.T. & Security Committee	Human Resource & Remuneration Committee	Nomination Committee	
1	Afzal Ghani	1,750	-	-	-	600	-	2,350
2	Muhammad Shahid Murtaza	1,750	200	200	400	-	-	2,550
3	Muhammad Naeem Sahgal	1,750	800	-	-	600	-	3,150
4	Tajammal Hussain Bokharee	1,750	-	400	400	-	-	2,550
5	Raja Muhammad Abbas	1,750	600	200	200	-	-	2,750
6	Muhammad Bilal Sheikh	1,750	800	-	-	600	-	3,150
7	Syed Hassan Naqvi	1,750	800	-	400	-	-	2,950
Total Amount Paid		12,250	3,200	800	1,400	1,800	-	19,450

37.3 Remuneration paid to Shariah Board Members

	2018			2017		
	Chairman	Member	Resident Member	Chairman	Member	Resident Member
Amount Rs. 000						
Managerial Remuneration (Fixed)	491	994	1,065	540	840	900
Fuel Allowances	120	218	218	131	174	174
Total Amount	611	1,212	1,283	671	1,014	1,074
Total Number of Persons	1	1	1	1	1	1

38 FAIR VALUE MEASUREMENTS

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

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy as stated in note 5.4 to these financial statements.

The repricing profile, effective rates and maturity profile are stated in note 42.2.5 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.

38.1 Fair value of financial assets

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.

Level 3: Unobservable inputs for the asset or liability.

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

	2018			
	Fair Value			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
On balance sheet financial instruments				
Financial assets measured at fair value				
Available-for-sale securities				
Pakistan Investment Bonds	-	27,779,867	-	27,779,867
Market Treasury Bills	-	4,887,267	-	4,887,267
Shares of listed companies	1,947,993	-	-	1,947,993
Term finance certificates - Listed	-	99,825	-	99,825
Units of mutual funds	118,067	457,972	-	576,039
Ijarah Sukuk - GoP	-	911,512	-	911,512
Sukuk bonds	-	298,098	-	298,098
	<u>2,066,060</u>	<u>34,434,541</u>	<u>-</u>	<u>36,500,601</u>
Off balance sheet financial instruments				
Foreign exchange contracts (purchase)	-	38,100,944	-	38,100,944
Foreign exchange contracts (sale)	-	37,789,676	-	37,789,676

	2017			
	Fair Value			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
On balance sheet financial instruments				
Financial assets measured at fair value				
Available-for-sale securities				
Pakistan Investment Bonds	-	38,841,721	-	38,841,721
Market Treasury Bills	-	52,136,358	-	52,136,358
Shares of listed companies	2,581,857	-	-	2,581,857
Term finance certificates - Listed	-	101,393	-	101,393
Units of mutual funds	213,439	394,775	-	608,214
Ijarah Sukuk - GoP	-	957,421	-	957,421
Sukuk bonds	-	396,545	-	396,545
	2,795,296	92,828,213	-	95,623,509
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

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

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

39 SEGMENT INFORMATION

39.1 Segment Details with respect to Business Activities

	2018				
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
	(Rupees 000)				
Profit & Loss					
Net mark-up/return/profit	4,828,055	12,759	-	34,336	4,875,150
Inter segment revenue - net	(5,963,064)	-	-	5,963,064	-
Non mark-up / return / interest income	(752,292)	630	-	363,047	(388,615)
Total Income	(1,887,301)	13,389	-	6,360,447	4,486,535
Segment direct expenses	(61,263)	(1,720)	-	(3,673,272)	(3,736,255)
Inter segment expense allocation	(79,117)	(9,569)	-	(702,480)	(791,166)
Total expenses	(140,380)	(11,289)	-	(4,375,752)	(4,527,421)
Provisions	(235,402)	-	-	(1,142,444)	(1,377,846)
(Loss) / Profit before tax	(2,263,083)	2,100	-	842,251	(1,418,732)
Balance Sheet					
Cash & Bank balances	4,647,822	-	-	4,962,479	9,610,301
Investments	55,350,066	-	-	-	55,350,066
Net inter segment lending	-	-	-	47,318,274	47,318,274
Lendings to financial institutions	5,383,162	-	-	-	5,383,162
Advances - performing	17,570	199,128	-	48,550,314	48,767,012
- non-performing	-	-	-	24,864,619	24,864,619
Others	4,791,331	1,339	-	6,793,137	11,585,807
Total Assets	70,189,951	200,467	-	132,488,823	202,879,241
Borrowings	25,501,398	-	-	1,270,300	26,771,698
Subordinated debt	-	-	-	-	-
Deposits & other accounts	-	-	-	113,594,544	113,594,544
Net inter segment borrowing	47,122,809	195,465	-	-	47,318,274
Others	205,672	5,002	-	3,745,621	3,956,295
Total liabilities	72,829,879	200,467	-	118,610,465	191,640,811
Equity	(2,639,928)	-	-	13,878,358	11,238,430
Total Equity & liabilities	70,189,951	200,467	-	132,488,823	202,879,241
Contingencies & Commitments	106,823,717	-	-	18,756,127	125,579,844

	2017				
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
	Amount Rs. 000				
Profit & Loss					
Net mark-up/return/profit	5,798,484	1,262	-	(534,994)	5,264,752
Inter segment revenue - net	(6,781,650)	-	-	6,781,650	-
Non mark-up / return / interest income	849,717	270	-	477,709	1,327,696
Total Income	(133,449)	1,532	-	6,724,365	6,592,448
Segment direct expenses	(52,744)	(1,434)	-	(3,203,244)	(3,257,422)
Inter segment expense allocation	(89,943)	(947)	-	(808,536)	(899,426)
Total expenses	(142,687)	(2,381)	-	(4,011,780)	(4,156,848)
Provisions	-	-	-	(253,166)	(253,166)
(Loss) / Profit before tax	(276,136)	(849)	-	2,459,419	2,182,434
Balance Sheet					
Cash & Bank balances	8,136,011	-	-	4,567,022	12,703,033
Investments	114,259,902	-	-	-	114,259,902
Net inter segment lending	-	-	-	79,160,844	79,160,844
Lendings to financial institutions	5,331,327	-	-	-	5,331,327
Advances - performing	19,704	119,673	-	59,111,809	59,251,186
- non-performing	-	-	-	5,462,155	5,462,155
Others	2,721,385	4,219	-	5,143,259	7,868,863
Total Assets	130,468,329	123,892	-	153,445,089	284,037,310
Borrowings	49,834,674	-	-	1,136,500	50,971,174
Subordinated debt	-	-	-	-	-
Deposits & other accounts	-	-	-	134,207,056	134,207,056
Net inter segment borrowing	79,037,603	123,241	-	-	79,160,844
Others	502,380	651	-	3,127,397	3,630,428
Total liabilities	129,374,657	123,892	-	138,470,953	267,969,502
Equity	1,093,672	-	-	14,974,136	16,067,808
Total Equity & liabilities	130,468,329	123,892	-	153,445,089	284,037,310
Contingencies & Commitments	52,744,264	-	-	25,317,284	78,061,548

40 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:

	2018				2017			
	Directors	Key management personnel	Subsidiaries	Other related parties	Directors	Key management personnel	Subsidiaries	Other related parties
Investments	Amount Rs. 000							
Opening balance	-	-	750,000	-	-	-	750,000	-
Investment made during the year	-	-	-	-	-	-	-	-
Investment redeemed / disposed off during the year	-	-	-	-	-	-	-	-
Closing balance	-	-	750,000	-	-	-	750,000	-
Advances								
Opening balance	-	141,504	-	279,511	-	120,768	-	234,375
Addition during the year	-	9,373	219,537	3,152,969	-	45,120	-	743,253
Repaid during the year	-	25,140	143,019	172,501	-	(28,735)	-	(698,117)
Transfer in / (out) - net	-	(1,719)	-	(3,150,604)	-	4,351	-	-
Closing balance	-	124,018	76,518	109,375	-	141,504	-	279,511
Other Assets								
Interest / mark-up accrued	-	84	2,002	3,199	97	-	-	4,236
Other receivable	-	-	540	2,160	-	-	-	586
	-	84	2,542	5,359	97	-	-	4,822
Deposits and other accounts								
Opening balance	78,102	111,156	4,253	881,146	19,138	54,246	181,707	1,001,431
Received during the year	222,411	595,233	1,752,625	8,530,546	365,062	509,976	1,120,016	8,693,163
Withdrawn during the year	223,803	616,937	1,725,460	8,180,073	306,098	453,066	1,297,470	8,813,448
Transfer in / (out) - net	(24,074)	(24,077)	-	6	-	-	-	-
Closing balance	52,636	65,375	31,418	1,231,625	78,102	111,156	4,253	881,146
Other Liabilities								
Interest / mark-up payable	284	643	215	8,440	406	947	122	7,932
	2018				2017			
	Directors	Key management personnel	Subsidiaries	Other related parties	Directors	Key management personnel	Subsidiaries	Other related parties
Income :	Amount Rs. 000							
Mark-up / return / interest earned	-	5,179	5,199	68,920	-	5,567	-	21,627
Fee and commission income	3	15	294	29	4	18	184	24
Net gain on sale of securities	-	-	-	63	-	-	-	35
Other income	-	-	1,400	6,396	-	-	-	1,800
Expense:								
Mark-up / return / interest paid	1,882	3,655	1,571	83,641	2,560	3,145	4,423	106,565
Rent paid	-	-	-	206	-	-	-	2,475
Remuneration paid	-	177,857	-	-	-	183,469	-	-
Contribution to provident fund	-	5,977	-	-	-	5,265	-	-
Provision for gratuity	-	5,684	-	-	-	4,606	-	-
Other staff benefits	-	26,869	-	-	-	19,740	-	-
Directors' meeting fee	21,250	-	-	-	19,450	-	-	-
Commission paid on Advertisement	-	-	-	1,124	-	-	-	-
Other supplies & services	-	-	-	2,296	-	-	-	-
Other expenses	1,348	-	-	-	1,517	-	-	-
Insurance premium paid	-	-	-	77,002	-	-	-	62,590
Others :								
Sale of Government Securities	-	-	-	628,200	-	-	-	190,000
Purchase of Government Securities	-	-	-	-	-	-	-	304,300
Expenses recovered under agency arrangement	-	-	-	504	-	-	-	586
Insurance claims settled	-	-	-	4,916	-	-	-	46,762

As at the date of unconsolidated statement of financial position, loans/advances and deposits related to government related entities amounted to Rs.9,463.08 million (note 10.2) and Rs.67,647.32 million (note 17.1). The above includes deposits amounting to Rs.13,039.25 (2017: Rs.19,333.93) million received through the Finance Department, Government of Sindh.

41 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum Capital Requirement (MCR):

Paid-up capital

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital
 Eligible Additional Tier 1 (ADT 1) Capital- -
 Total Eligible Tier 1 Capital
 Eligible Tier 2 Capital -

Total Eligible Capital (Tier 1 + Tier 2)

Risk Weighted Assets (RWAs):

Credit Risk
 Market Risk
 Operational Risk
 Total Risk Weighted Assets

Common Equity Tier 1 Capital Adequacy ratio

Tier 1 Capital Adequacy Ratio

Total Capital Adequacy Ratio

Notional minimum capital requirements prescribed by SBP

CET1 minimum ratio	6.00%	6.00%
Tier 1 minimum ratio	7.50%	7.50%
Total capital minimum ratio	10.00%	10.00%
Total capital minimum ratio plus CCB	11.90%	11.28%

Approach followed for determining Risk Weighted Assets

Credit Risk	Comprehensive Maturity Basic Indicator 2018	Comprehensive method Basic Indicator 2017
Market RiskMaturity method		
Operational Risk		

Leverage Ratio (LR):

Eligible Tier-1 Capital	7,094,833	14,913,809
Total Exposures	168,791,395	208,980,881

Leverage Ratio (%)

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets	37,014,311	58,757,071
Total Net Cash Outflow	23,741,031	6,404,439
Liquidity Coverage Ratio (%)	156%	917%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding	99,806,522	94,296,961
Total Required Stable Funding	80,679,221	74,906,616
Net Stable Funding Ratio	124%	126%

41.1 The full disclosures on the CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS as per SBP instructions issued from time to time are placed on the Bank's website. The link to the full disclosure is available at <http://www.sindhbankltd.com/financials/basel-statements>.

42. 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.

42.1 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 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.

42.1.1 Lendings to financial institutions

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

	Gross Lendings		Non Performing Lendings		Provision held	
	2018	2017	2018	2017	2018	2017
	----- (Rupees 000) -----					
Public/ Government	-	364,577	-	-	-	-
Private	5,383,162	4,966,750	-	-	-	-
Total	5,383,162	5,331,327	-	-	-	-

42.1.2 Investments

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

	Gross Investments		Non Performing Investments		Provision held	
	2018	2017	2018	2017	2018	2017
	----- Amount Rs. 000 -----					
Govt. of Pakistan	50,401,552	108,781,614	-	-	-	-
Banks	1,336,218	1,419,945	237,919	5,015	237,919	5,015
Cement	44,888	74,250	-	-	-	-
Fertilizer	681,358	607,923	-	-	-	-
Financial	1,426,038	1,754,522	-	-	-	-
Petroleum	2,389	3,803	5,293	2,795	5,293	2,795
Power (electricity), Gas & Water	850,231	1,026,856	-	-	-	-
Sugar	607,393	590,990	-	-	-	-
Total	55,350,066	114,259,902	243,212	7,810	243,212	7,810

42.1.2.1 Credit risk by public / private sector

	Gross Investments		Non Performing Investments		Provision held	
	2018	2017	2018	2017	2018	2017
	----- Amount Rs. 000 -----					
Public/ Government	51,059,961	109,035,362	-	-	-	-
Private	4,290,105	5,224,540	243,212	7,810	243,212	7,810
Total	55,350,066	114,259,902	243,212	7,810	243,212	7,810

42.1.3 Advances

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

	Advances (Gross)		Non Performing Advances		Provision held	
	2018	2017	2018	2017	2018	2017
	----- Amount Rs. 000 -----					
Pharmaceuticals	33,349	132,078	-	-	-	-
Agriculture business	1,575,722	1,872,350	412,276	313,622	121,836	67,997
Manufacturing of textile	1,070,967	291,210	-	-	-	-
Cement	95,962	373,223	-	-	-	-
Transport, storage and communication	1,078,851	1,636,928	-	-	-	-
Importers / exporters	346,456	344,651	198,313	48,478	19,338	18,498
Wholesale and retail trade	1,111,574	793,957	214,234	195,922	69,789	9,747
Mining and quarrying	4,585,143	3,156,122	-	-	-	-
Hotel and restaurants	1,503,547	1,038,560	-	-	-	-
Petroleum	395,623	132,463	-	-	-	-
Media channel	2,394,137	1,101,572	1,499,525	-	-	-
Manufacture of basic iron and steel	2,451,587	2,280,460	-	-	-	-
Sugar	19,350,617	20,791,965	14,716,655	3,754,252	4,563,965	150,034
Automobile and transportation equipment	3,089,809	2,711,143	1,765,509	-	271,802	-
Chemical and chemical products	1,862,355	1,843,044	1,098,591	-	154,331	-
Financial	4,030,019	3,611,767	1,183,766	-	6,264	-
Rice	447,106	340,252	-	-	-	-
Construction, real estate and societies	5,148,634	4,439,688	2,614,346	760,463	234,432	107,471
Food	10,262,670	12,096,598	152,850	188,660	85,265	43,877
Insurance	11,286	17,537	-	-	-	-
Power, electricity and gas	11,129,912	6,492,534	813,110	-	3,460	-
Domestic Appliances	1,863,214	1,345,065	-	-	-	-
Education	58,781	58,054	-	-	-	-
Individuals	719,540	524,319	-	-	-	-
Others	4,555,095	1,686,624	198,847	200,758	7,831	-
Total	79,171,957	69,112,166	24,868,024	5,462,155	5,538,312	397,624

42.1.3.1 Credit risk by public / private sector

	Advances (Gross)		Non Performing Advances		Provision held	
	2018	2017	2018	2017	2018	2017
	----- Amount Rs. 000 -----					
Public/ Government	9,463,078	11,552,078	-	-	-	-
Private	69,708,879	57,560,088	24,868,024	5,462,155	5,538,312	397,624
Total	79,171,957	69,112,166	24,868,024	5,462,155	5,538,312	397,624

42.1.4 Contingencies and Commitments

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

	2018 ----- Amount Rs. 000 -----	2017
Chemical and pharmaceuticals	101,197	82,331
Manufacturing of textile	53,406	433,368
Transport, storage and communication	100,200	25,225
Importers / exporters	51,341	209,189
Wholesale and retail trade	286,018	192,616
Mining and quarrying	113,970	120,834
Petroleum	1,185,169	1,362,052
Manufacture of basic iron and steel	84,668	265,565
Sugar	21,223	324,055
Automobile and transportation equipment	118,687	665,443
Financial	107,803,717	53,494,264
Construction, real estate and societies	1,174,589	977,303
Food	100,930	133,272
Power, electricity and gas	1,510,703	2,135,452
Education	3,762	40,678
Others	1,288,957	1,848,845
Total	113,998,536	62,310,492

42.1.4.1 Credit risk by public / private sector

Public/ Government	23,706,462	178,644
Private	90,292,074	62,131,848
Total	113,998,536	62,310,492

42.1.5 Concentration of Advances

The bank top 10 exposures (funded and non-funded) aggregated to Rs. 29,127.54 million (2017: Rs. 28,780.13 million) as follows:

Funded	26,952,453	27,246,323
Non Funded	2,175,091	1,533,809
Total Exposure	29,127,543	28,780,132

42.1.5.1 The sanctioned limits against these top 10 exposures aggregated to amount of Rs 32,448.62 million (2017: Rs. 30,799.03 million).

42.1.5.2 Total Funded Facilities Classified

Classified funded facilities of the bank top 10 exposure as are follows:

	2018 Classified	2018 Provision held	2017 Classified	2017 Provision held
	----- Amount Rs. 000 -----			
OAEM	-	-	-	-
Substandard	3,299,738	271,802	866,219	39,094
Doubtful	3,207,795	224,999	-	-
Loss	1,544,513	1,348,513	-	-
Total	8,052,046	1,845,314	866,219	39,094

42.1.6 Advances - Province/Region-wise Disbursement & Utilization

Name of Province / Region	Disbursements	2018 UTILIZATION					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
		(Rupees) 000					
Punjab	26,760,931	26,750,315	10,615	-	-	-	-
Sindh	92,624,304	1,317,347	90,438,822	-	868,135	-	-
KPK including FATA	80,686	-	-	80,686	-	-	-
Balochistan	231,616	-	-	-	231,616	-	-
Islamabad	1,979,074	-	-	-	-	1,979,074	-
AJK including Gilgit-Baltistan	8,997	-	-	-	-	-	8,997
Total	121,685,607	28,067,662	90,449,437	80,686	1,099,751	1,979,074	8,997

Name of Province / Region	Disbursements	2017 UTILIZATION					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
		(Rupees) 000					
Punjab	90,862,154	90,862,154	-	-	-	-	-
Sindh	39,847,305	461,097	38,949,025	-	437,182	-	-
KPK including FATA	6,819	-	-	6,819	-	-	-
Balochistan	81,099	-	-	-	81,099	-	-
Islamabad	359,455	-	-	-	-	359,455	-
AJK including Gilgit-Baltistan	9,438	-	-	-	-	-	9,438
Total	131,166,270	91,323,251	38,949,025	6,819	518,281	359,455	9,438

42.2 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.

42.2.1 Balance sheet split by trading and banking books

	2018			2017		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	----- Amount Rs. 000 -----					
Cash and balances with treasury banks	9,102,696	-	9,102,696	9,679,582	-	9,679,582
Balances with other banks	507,605	-	507,605	3,023,451	-	3,023,451
Lendings to financial institutions	5,383,162	-	5,383,162	5,331,327	-	5,331,327
Investments	55,350,066	-	55,350,066	114,259,902	-	114,259,902
Advances	73,631,631	-	73,631,631	64,713,341	-	64,713,341
Fixed assets	1,613,063	-	1,613,063	1,593,876	-	1,593,876
Intangible assets	50,405	-	50,405	60,551	-	60,551
Deferred tax assets	4,028,288	-	4,028,288	1,611,943	-	1,611,943
Other assets	5,894,051	-	5,894,051	4,602,493	-	4,602,493
Total	155,560,967	-	155,560,967	204,876,466	-	204,876,466

42.2.2 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.

	2018			Net foreign currency exposure
	Assets	Liabilities	Off-balance sheet items	
	----- (Rupees in '000) -----			
Pakistani Rupee	154,411,492	142,414,870	(311,268)	11,685,353
United States Dollar	874,849	1,597,723	131,895	(590,978)
Great Britain Pound	120,374	244,940	173,747	49,180
Euro	90,969	65,004	5,626	31,591
Japanese Yen	183	-	-	183
Canadian Dollar	57,920	-	-	57,920
Saudi Riyal	659	-	-	659
UAE Dirham	3,306	-	-	3,306
Chines Yuan	1,214	-	-	1,214
	<u>155,560,967</u>	<u>- 144,322,537</u>	<u>-</u>	<u>11,238,430</u>

	2017			Net foreign currency exposure
	Assets	Liabilities	Off-balance sheet items	
	----- (Rupees in '000) -----			
Pakistani Rupee	203,578,230	187,197,071	(310,109)	16,071,050
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
Canadian Dollar	17,736	-	-	17,736
Saudi Riyal	1,341	-	-	1,341
UAE Dirham	17,692	-	-	17,692
	<u>204,876,466</u>	<u>188,808,658</u>	<u>-</u>	<u>16,067,808</u>

	2018		2017	
	Banking book	Trading Book	Banking book	Trading Book
	----- (Rupees in '000) -----			
- Profit and loss account	7,582	(3,113)	3,134	(3,101)
- Other comprehensive income	-	-	-	-

42.2.3 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.

	2018		2017	
	Banking book	Trading Book	Banking book	Trading Book
	----- (Rupees in '000) -----			
Impact of 5% change in equity prices on:				
- Profit and loss account	-	-	-	-
- Other comprehensive income	(121,811)	-	(159,504)	-

42.2.4 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.

	2018		2017	
	Banking book	Trading Book	Banking book	Trading Book
	----- (Rupees in '000) -----			
Impact of 1% change in interest rates on:				
- Profit and loss account	-	-	-	-
- Other comprehensive income	(341,220)	-	(924,717)	-

42.2.5

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.

2018

Effective Yield / Interest rate	Exposed to Yield / Interest risk										Non-interest bearing financial instruments	
	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) -----												
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	9,102,696	245,263	42,575	32,474	174,704	-	-	-	-	-	8,607,680	
Balances with other banks	507,605	45,441	-	-	-	-	-	-	-	-	462,164	
Lendings to financial institutions	5,383,162	5,383,162	-	-	-	-	-	-	-	-	-	
Investments	55,350,066	4,887,266	756,365	1,651,923	-	-	13,817,142	24,346,662	6,438,968	3,451,740	-	
Advances	73,631,631	62,480,968	488,617	862,905	761,722	1,541,213	1,023,691	2,086,972	2,052,060	2,265,775	67,708	
Other assets	5,894,051	-	-	-	-	-	-	-	-	-	5,894,051	
	149,869,211	73,042,100	1,287,557	2,547,302	936,426	1,541,213	1,023,691	15,904,114	26,398,722	8,704,743	18,483,343	
Liabilities												
Bills payable	929,426	-	-	-	-	-	-	-	-	-	929,426	
Borrowings from financial institutions	26,771,698	20,675,768	6,095,930	-	-	-	-	-	-	-	-	
Deposits and other accounts	113,594,544	50,394,370	3,193,664	5,233,804	4,343,587	49,602	137,112	867,523	-	-	49,374,882	
Other liabilities	3,026,869	-	-	-	-	-	-	-	-	-	3,026,869	
	144,322,537	71,070,138	9,289,594	5,233,804	4,343,587	49,602	137,112	867,523	-	-	53,331,177	
	5,546,674	1,971,962	(8,002,037)	(2,686,502)	(3,407,161)	1,491,611	886,579	15,036,591	26,398,722	8,704,743	(34,847,834)	
On-balance sheet gap												
Off-balance sheet financial instruments												
Purchase and resale agreements	25,541,849	25,541,849	-	-	-	-	-	-	-	-	-	
Sale and repurchase agreements	5,391,248	5,391,248	-	-	-	-	-	-	-	-	-	
Off-balance sheet gap	30,933,097	30,933,097	-	-	-	-	-	-	-	-	-	
Total yield / Interest Risk Sensitivity Gap												
	32,905,059	(8,002,037)	(2,686,502)	(3,407,161)	1,491,611	886,579	15,036,591	26,398,722	8,704,743	(34,847,834)		
Cumulative yield / Interest Risk Sensitivity Gap												
	32,905,059	24,903,022	22,216,520	18,809,359	20,300,970	21,187,549	36,224,140	62,622,862	71,327,605	36,479,771		
Reconciliation with total assets:												
Assets as per above	149,869,211											
Fixed assets	1,663,468											
Deferred tax asset	4,028,288											
Assets as per unconsolidated statement of financial position	155,560,967											
Reconciliation with total liabilities:												
Liabilities as per above	144,322,537											
Deferred tax liability	-											
Liabilities as per unconsolidated statement of financial position	144,322,537											

2017

Effective Yield / Interest rate	Exposed to Yield / Interest risk										Non-interest bearing financial instruments	
	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) -----												
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	9,679,582	74,595	30,089	30,281	124,772	-	-	-	-	-	9,419,845	
Balances with other banks	3,023,451	2,015,935	200,000	-	-	-	-	-	-	-	807,516	
Lendings to financial institutions	5,331,327	4,966,750	-	364,577	-	-	-	-	-	-	-	
Investments	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	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	4,602,493	-	-	-	-	-	-	-	-	-	4,602,493	
	201,610,096	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	18,896,167	
Liabilities												
Bills payable	905,423	-	-	-	-	-	-	-	-	-	905,423	
Borrowings from financial institutions	50,971,174	36,004,969	2,968,335	-	11,997,870	-	-	-	-	-	-	
Deposits and other accounts	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	2,725,005	-	-	-	-	-	-	-	-	-	2,725,005	
	188,808,658	93,559,605	15,623,762	10,715,001	24,226,490	8,393	46,696	403,670	-	-	44,225,041	
On-balance sheet gap	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)	
Off-balance sheet financial instruments												
Purchase and resale agreements	37,861,932	34,890,767	2,971,165	-	-	-	-	-	-	-	-	
Sale and repurchase agreements	4,974,614	4,974,614	-	-	-	-	-	-	-	-	-	
Off-balance sheet gap	42,836,546	39,865,381	2,971,165	-	-	-	-	-	-	-	-	
Total yield / Interest Risk Sensitivity Gap												
	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)		
Cumulative yield / Interest Risk Sensitivity Gap												
	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		
Reconciliation with total assets:												
Assets as per above	201,610,096											
Fixed assets	1,654,427											
Deferred tax asset	1,611,943											
Assets as per unconsolidated statement of financial position	204,876,466											
Reconciliation with total liabilities:												
Liabilities as per above	188,808,658											
Deferred tax liability	-											
Liabilities as per unconsolidated statement of financial position	188,808,658											

42.3 Liquidity risk

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

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

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

2018														
Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 Days to 1 months	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Above 9 months to 1 years	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years	
(Rupees in '000)														
Cash and balances with treasury banks	9,102,696	356,153	475,049	980,427	1,498,186	464,260	429,190	946,180	1,286,151	2,667,100	-	-	-	
Balances with other banks	507,605	25,380	50,760	177,662	253,803	-	-	-	-	-	-	-	-	
Lending to financial institutions	5,383,162	-	4,383,162	1,000,000	-	-	-	-	-	-	-	-	-	
Investments	55,350,066	-	4,887,266	-	-	-	1,080,756	987,789	-	1,490,574	-	420,462	32,367,979	
Advances	73,631,631	18,114,005	42,453	1,401,485	-	3,015,971	10,248,899	3,751,926	3,794,530	1,709,339	3,109,203	2,464,922	14,355,183	
Fixed assets	1,613,063	-	-	-	24,491	13,564	13,564	41,144	41,596	41,596	165,026	165,028	793,170	
Intangible assets	50,405	-	-	-	1,381	1,381	1,381	4,189	4,235	4,235	16,800	16,803	-	
Deferred tax assets	4,028,288	-	-	-	402,829	805,658	805,658	805,658	805,658	805,656	-	-	-	
Other assets	5,894,051	203	415,993	421,967	3,601,866	683,712	377,528	249,128	30,803	11,650	47,246	47,248	6,707	
	155,560,967	18,495,741	10,254,683	3,981,541	7,779,845	4,581,717	12,956,976	6,786,014	5,962,973	6,730,150	3,338,275	3,114,463	24,055,550	47,523,039
Liabilities														
Bills payable	929,426	185,885	185,885	278,828	278,828	-	-	-	-	-	-	-	-	-
Borrowings from financial institutions	26,771,698	-	25,501,398	-	-	-	1,270,300	-	-	-	-	-	-	-
Deposits and other accounts	113,594,544	1,918,881	3,413,389	4,926,101	8,745,510	6,754,082	5,815,484	14,609,706	17,591,762	48,280,621	49,602	137,112	1,264,792	87,502
Deferred tax liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	3,026,869	217,120	645,535	651,798	1,154,212	67,790	32,075	132,405	79,262	9,015	7,863	2,712	27,082	-
	144,322,537	2,321,886	29,746,207	5,856,727	10,178,550	6,821,872	7,117,859	14,742,111	17,671,024	48,289,636	57,465	139,824	1,291,874	87,502
Gap	11,238,430	16,173,855	(19,491,524)	(1,875,186)	(2,398,705)	(2,240,155)	5,839,117	(7,956,097)	(11,708,051)	(41,559,486)	3,280,810	2,974,639	22,763,676	47,435,537
Share capital	10,010,130													
Reserves	1,451,979													
Unappropriated profit	3,958,289													
Deficit on revaluation of investments	(4,181,968)													
Net assets	11,238,430													

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

2017														
(Rupees in '000)														
Assets	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 Days to 1 months	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Above 9 months to 1 years	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
Cash and balances with treasury banks	9,679,582	294,537	412,711	795,295	1,133,429	560,912	614,066	1,113,570	1,315,423	3,439,639	-	-	-	-
Balances with other banks	3,023,451	41,173	2,082,345	288,208	411,725	-	200,000	-	-	-	-	-	-	-
Lending to financial institutions	5,331,327	-	4,966,750	-	-	-	-	364,577	-	-	-	-	-	-
Investments	114,259,902	-	5,845,727	-	21,435,642	24,854,990	1,351,884	1,189,471	-	1,175,818	256,301	499,700	20,293,975	37,356,394
Advances	64,713,341	5,183,418	865,824	234,835	4,166,464	3,046,814	805,845	16,336,089	4,616,757	9,307,475	1,245,183	3,118,400	5,232,314	10,553,923
Fixed assets	1,593,876	-	-	-	37,499	13,018	13,018	39,488	39,922	39,922	158,386	158,390	302,611	791,622
Intangible assets	60,551	-	-	-	-	1,659	1,659	5,032	5,087	5,087	20,182	20,186	-	-
Deferred tax assets	1,611,943	-	-	-	161,194	161,194	322,389	322,389	322,389	322,388	-	-	-	-
Other assets	4,208,503	-	111,155	102,649	2,652,128	504,406	376,397	262,132	75,359	40,751	62,251	14,353	208	6,714
	204,482,476	5,519,128	14,284,512	1,420,987	29,999,740	29,142,993	3,685,258	19,632,748	6,374,937	14,331,080	1,742,303	3,811,029	25,829,108	48,708,653
Liabilities														
Bills payable	905,423	181,085	181,085	271,627	271,626	-	-	-	-	-	-	-	-	-
Borrowings from financial institutions	50,971,174	-	34,868,469	-	-	2,968,335	1,136,500	-	8,499,012	3,498,858	-	-	-	-
Deposits and other accounts	134,207,056	1,896,083	3,552,205	4,821,605	6,881,786	10,043,500	11,979,338	20,082,412	18,264,475	55,585,318	8,393	46,696	645,995	399,250
Deferred tax liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	2,331,015	86,276	435,162	299,994	530,350	166,021	150,640	248,919	302,307	94,595	72	5,614	11,065	-
	188,414,668	2,163,444	39,036,921	5,393,226	7,683,762	13,177,856	13,266,478	20,331,331	27,065,794	59,178,771	8,465	52,310	657,060	399,250
Gap	16,067,808	3,355,684	(24,752,409)	(3,972,239)	22,315,978	15,965,137	(9,581,220)	(698,583)	(20,690,857)	(44,847,691)	1,733,838	3,758,719	25,172,048	48,309,403
Share capital	10,010,130													
Reserves	1,451,979													
Unappropriated profit	5,175,820													
Deficit on revaluation of investments	(570,121)													
Net assets	16,067,808													

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

2018										
Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	
----- (Rupees in '000) -----										
Assets										
Cash and balances with treasury banks	9,102,696	910,270	2,730,809	4,551,347	-	-	-	-	-	-
Balances with other banks	507,605	50,760	1,52,281	253,804	-	-	-	-	-	-
Lendings to financial institutions	5,383,162	5,383,162	-	-	-	-	-	-	-	-
Investments	55,350,066	5,157,440	810,522	2,285,957	-	420,462	14,115,240	25,101,302	7,188,969	
Advances	73,631,631	21,555,232	13,264,871	3,751,926	3,109,203	2,464,922	9,626,426	8,496,619	5,858,563	
Operating fixed assets	1,613,063	24,491	41,144	83,191	165,026	165,028	313,884	342,849	450,322	
Intangible assets	50,405	1,381	2,762	4,189	16,800	16,805	-	-	-	
Deferred tax asset	4,028,288	402,829	1,208,486	805,658	-	-	-	-	-	
Other assets	5,894,051	4,440,029	1,061,241	42,453	47,246	47,246	-	6,709	-	
	155,560,967	37,925,594	8,545,656	14,340,405	3,338,275	3,114,462	24,055,550	33,947,479	13,497,854	
Liabilities										
Bills payable										
Borrowings from financial institutions	929,426	185,885	278,828	278,828	-	-	-	-	-	
Deposits and other accounts	26,771,698	25,501,398	1,270,300	-	-	-	-	-	-	
Deferred tax liability	113,594,544	14,315,929	33,654,226	51,515,815	49,602	137,112	-	87,502	-	
Other liabilities	3,026,869	2,668,666	132,405	88,277	7,863	2,712	1,264,791	-	-	
	144,322,537	42,671,878	34,065,459	51,882,920	57,465	139,824	1,291,872	87,502	-	
Gap	11,238,430	(4,746,283)	(25,519,803)	(37,542,515)	3,280,809	2,974,638	22,763,678	33,859,977	13,497,854	
Share capital	10,010,130									
Reserves	1,451,979									
Unappropriated profit	3,958,289									
Deficit on revaluation of investments	(4,181,968)									
Net assets	11,238,430									

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.

2017										
Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	
----- (Rupees in '000) -----										
Assets										
Cash and balances with treasury banks	9,679,582	2,635,973	1,174,978	1,113,570	4,755,061	-	-	-	-	-
Balances with other banks	3,023,451	2,823,451	200,000	-	-	-	-	-	-	-
Lendings to financial institutions	5,331,327	4,966,750	-	364,577	-	-	-	-	-	-
Investments	114,259,902	27,281,369	26,206,874	1,189,471	1,175,818	256,301	499,700	30,132,703	7,223,691	
Advances	64,713,341	10,423,245	3,852,659	16,336,089	13,924,232	1,245,183	3,118,400	5,232,314	35,18,113	
Operating fixed assets	1,593,876	37,499	26,036	39,488	79,844	158,386	158,390	7,063,106	791,622	
Intangible assets	60,551	1,659	3,318	5,032	10,174	20,182	20,186	-	-	
Deferred tax asset	1,611,943	16,1194	483,583	322,389	644,777	-	-	-	-	
Other assets	4,602,493	3,259,923	880,803	262,132	116,110	62,251	14,353	6,713	-	
	204,876,466	51,591,063	32,828,251	19,632,748	20,706,016	3,811,029	25,829,108	37,994,144	10,741,804	
Liabilities										
Bills payable										
Borrowings from financial institutions	905,423	905,423	-	-	-	-	-	-	-	
Deposits and other accounts	50,971,174	34,868,469	4,104,835	-	11,997,870	-	-	-	-	
Deferred tax liability	134,207,056	17,151,679	22,022,838	20,082,412	73,849,793	8,393	46,696	399,250	-	
Other liabilities	-	-	-	-	-	-	-	-	-	
	2,725,005	1,745,771	316,661	248,919	396,902	72	5,614	11,066	-	
Gap	188,808,658	54,671,342	26,444,334	20,331,331	86,244,565	8,465	52,310	399,250	-	
	16,067,808	(3,080,279)	(698,583)	(65,538,549)	1,733,838	3,758,719	25,172,047	37,594,894	10,741,804	
Share capital	10,010,130									
Reserves	1,451,979									
Unappropriated profit	5,175,820									
Deficit on revaluation of investments	(570,121)									
Net assets	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.

42.4 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.

42.4.1 Operational risk Disclosures - Basel-II Specific

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. The Bank cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Bank is able to manage operational risk. Controls include effective segregation of duties, access, authorization and reconciliation procedures and staff education. During the year, certain breaches of internal controls occurring in prior years were noted by the Bank. The management has taken appropriate administrative and corrective actions on these breaches.

The Bank uses Risk Control Self Assessment and monitoring of Key Risk Indicators to mitigate operational losses. The Bank's operational risk management framework, as laid down in the operational risk policy, duly approved by Board of Directors, is flexible enough to implement in stages and permits the overall risk management approach to evolve in the light of organizational learning and the future needs of the Bank. Operational loss events are reviewed and appropriate corrective actions taken on an ongoing basis, including measures to improve control procedures with respect to design and operative effectiveness.

Currently, the Bank is reporting operational risk capital charge under Basic Indicator Approach (BIA). However, the Bank took a number of initiatives with respect to operational risk management.

43. GENERAL

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

43.2 Corresponding Figures

Comparative information has been re-classified re-arranged or additionally incorporated in these financial statements wherever necessary to facilitate comparison and better presentation in accordance with new format prescribed by State Bank of Pakistan (SBP) vide BPRD circular no. 2 of 2018.

43.3 Re-classification

- Intangible assets are now being presented separately in statement of financial position. (previously presented in operating fixed assets note 12)
- Recording of acceptances on-balance sheet item (previously disclosed as off-balance sheet item) (note 14 and 18)
- Inclusion of surplus / deficit on revaluation of assets as part of equity (previously shown below equity) (note 20)
- Other reversal of provisions / write offs have now been combined under provisions & write off - net (note 29)

44. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue by the Board of Directors on June 07, 2019.



Chairman



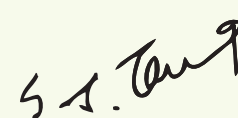
President and Chief Executive Officer



Director



Director



Chief Financial Officer

WALK THROUGH YOUR BUSINESS AND BANKING NEEDS WITH

سکون

CURRENT ACCOUNT



BENEFITS AND FACILITIES*:

- Free Personalized Cheque Book
- Free Pay Orders
- Free Debit / ATM Card
- Free ATM Withdrawal Insurance Coverage
- Free On-Line Banking
- Financing Facility up to 90% of the balance in account



Annexure I
 ISLAMIC BAKNING BUSINESS
 FINANCIAL STATEMENTS
 FOR THE YEAR ENDED
 DECEMBER 31, 2018

Islamic Banking Business
 Statement of Financial Position
 As At December 31, 2018

ANNEXURE - I

ISLAMIC BANKING BUSINESS

The Bank commenced its Islamic Banking operations effective from June 26, 2014 and is operating with 14 Islamic Banking branches and 13 Islamic Banking Windows in Conventional branches (2017: 14 Branches and 13 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	2018 (Rupees in '000)	2017
Assets			
Cash and balances with treasury banks		265,494	429,291
Balances with other banks		125,535	132,556
Due from financial institutions	1	-	2,989,577
Investments	2	1,317,520	1,452,966
Islamic financing and related assets	3	3,070,967	2,291,322
Fixed assets		84,178	91,283
Intangible assets		3,953	7,427
Deferred tax assets		-	-
Due from head office		-	-
Other assets		90,269	63,201
		4,957,916	7,457,623
Liabilities			
Bills payable		13,697	43,574
Due to financial institutions		1,289,946	-
Deposits and other accounts	4	3,296,293	6,975,899
Deferred tax liability		3,100	5,218
Due to head office	5	1,412	21,024
Other liabilities		55,166	60,310
		4,659,614	7,106,025
Net Assets		298,302	351,598
Represented By			
Islamic banking fund		500,000	500,000
Reserves		-	-
Surplus on revaluation of investments		5,757	10,108
Accumulated losses	6	(207,455)	(158,510)
		298,302	351,598

CONTINGENCIES AND COMMITMENTS

7

Islamic Banking Business
 Profit and Loss Account
 For The Year Ended December 31, 2018

ANNEXURE - I

	Note	2018 (Rupees in '000)	2017
Profit / return on financing, investments and placements earned	10	422,350	329,516
Return on deposits and other dues expensed	11	310,222	204,440
Net income earned before provisions		112,128	125,076
Provision against non-performing financing - net		-	-
Provision for diminution in value of investments		-	-
Net income earned after provisions		112,128	125,076
Other income			
Fee, commission and brokerage income		5,489	6,852
Income from dealing in foreign currencies		(88)	24
Dividend income		11,070	13,050
Gain on sale / redemption of securities		-	100
Other income		1,281	1,298
		17,752	21,324
		129,880	146,400
Other expenses			
Administrative expenses		178,825	173,025
Other charges		-	50
		178,825	173,075
Loss before taxation		(48,945)	(26,675)
Taxation		-	-
Loss after taxation		(48,945)	(26,675)

Islamic Banking Business
 Cash Flow Statement
 For The Year Ended December 31, 2018

Annexure - I

	2018	2017
Note	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(48,945)	(26,675)
Less: Dividend income	(11,070)	(13,050)
	(60,015)	(39,725)
Adjustments		
Depreciation	16,915	16,739
Amortisation	3,474	3,474
	20,389	20,213
	(39,626)	(19,512)
(Increase) / decrease in operating assets		
Balances with and due from financial institutions	2,989,577	(2,659,577)
Islamic financing and related assets - net	(779,645)	(140,731)
Due from head office	-	-
Other assets	(27,068)	14,718
	2,182,864	(2,785,590)
(Decrease) / increase in operating liabilities		
Bills payable	(29,877)	13,342
Due to financial institutions	1,289,946	(150,000)
Deposits and other accounts	(3,679,606)	3,542,689
Due to head office	(19,612)	19,245
Other liabilities	(5,144)	17,518
	(2,444,293)	3,442,794
	(301,055)	637,692
Income tax paid	-	-
Net cash (used in) / flow from operating activities	(301,055)	637,692
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in securities	128,977	(416,768)
Dividend received	11,070	13,050
Investment in operating fixed assets	(9,810)	(3,763)
Net cash flow from / (used in) investing activities	130,237	(407,481)
CASH FLOW FROM FINANCING ACTIVITIES		
	-	-
Increase in cash and cash equivalents	(170,818)	230,211
Cash and cash equivalents at beginning of the year	561,847	331,636
Cash and cash equivalents at end of the year	391,029	561,847

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Islamic Banking Business
 Notes To Annexure - I
 For The Year Ended December 31, 2018

		2018			2017			
		In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total	
I Due from Financial Institutions		----- Amount Rs. 000 -----						
Unsecured		-	-	-	2,625,000	-	2,625,000	
Bai Muajjal Receiveable from State Bank of Pakistan		-	-	-	364,577	-	364,577	
		-	-	-	2,989,577	-	2,989,577	
		2018			2017			
2 Investments by segments:	Cost/ Amortis ed cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost/ Amortis ed cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
----- Amount Rs. 000 -----								
Federal Government Securities:								
- Ijarah Sukuks	920,378	-	(8,866)	911,512	952,926	-	4,495	957,421
Islamic Fund:								
-Listed Companies	99,000	-	8,910	107,910	99,000	-	-	99,000
Non Government Debt Securities								
-Unlisted	289,285	-	8,813	298,098	385,714	-	10,831	396,545
Total Investments	1,308,663	-	8,857	1,317,520	1,437,640	-	15,326	1,452,966
3 Islamic financing and related assets		Note			2018 (Rupees in '000)		2017	
Ijarah financing under IFAS 2		3.1			61,323		103,583	
Murabaha Financing		3.2			737,746		-	
Diminishing musharakah financing					2,271,898		2,187,739	
					3,070,967		2,291,322	
Less: provision against Islamic financings								
- Specific					-		-	
- General					-		-	
					-		-	
Islamic financing and related assets - net of provision					3,070,967		2,291,322	
3.1 Ijarah financing under IFAS 2								
Net book value of assets		3.1.1			60,239		86,279	
Advance against Ijarah financing					1,084		17,304	
					61,323		103,583	

Islamic Banking Business Notes To Annexure - I For The Year Ended December 31, 2018

3.1.1 Particulars of assets under Ijarah

2018							
Cost			Accumulated depreciation			Book value As at Decembe31	Rate of depreciation %
As at January 01	Additions/ Settled	As at December 31	As at January 01	Charge/ settled	As at December 31		
----- (Rupees in '000) -----							
Vehicle	90,156	(14,156)	76,000	23,722	3,366	27,088	Over the Ijarah period
Plant and machinery	27,605	-	27,605	7,760	8,518	16,278	
Total	117,761	(14,156)	103,605	31,482	11,884	43,366	
2017							
Cost			Accumulated depreciation			Book value As at Decembe31	Rate of depreciation %
As at January 01	Additions/ Settled	As at December 31	As at January 01	Charge/ settled	As at December 31		
----- (Rupees in '000) -----							
Vehicle	33,455	56,701	90,156	8,848	14,874	23,722	Over the Ijarah period
Plant and machinery	27,605	-	27,605	1,480	6,280	7,760	
Total	61,060	56,701	117,761	10,328	21,154	31,482	

3.1.2 Future Ijarah payments receivable		2018	2017
		(Rupees in '000)	
Not later than one year		30,729	27,378
Later than one year and not later than five years		29,510	58,901
Over five years		-	-
		60,239	86,279
		2018	2017
		(Rupees in '000)	
3.2 Murabaha Financing			
Murabaha financing	3.2.1	568,796	-
Inventory for Murabaha		-	-
Advances for Murabaha		168,950	-
		737,746	-
3.2.1 Murabaha receivable - gross	3.2.2	600,168	-
Less: Deferred murabaha income	3.2.3	(31,372)	-
Murabaha financings		568,796	-
3.2.2 The movement in Murabaha financing during the year is as follows:			
Opening balance		-	-
Sales during the year		600,168	-
Adjusted during the year		-	-
Closing balance		600,168	-
3.2.3 Deferred murabaha income			
Opening balance		-	-
Arising during the year		(31,372)	-
Less: Recognised during the year		-	-
Closing balance		(31,372)	-

Islamic Banking Business Notes To Annexure - I For The Year Ended December 31, 2018

3.2.4 Sector wise portfolio

	2018	2017
	(Rupees in '000)	
Chemical and chemical products	341,540	520,000
Construction, real estate and societies	500,823	216,667
Education	19,194	3,845
Food	334,924	-
Hotel and restaurants	330,000	270,000
Individuals	1,345	1,117
Insurance	11,286	17,537
Others	38,765	34,703
Pharmaceuticals	21,270	31,343
Power, electricity and gas	876,287	949,044
Transport, Storage and Communication	192,710	247,066
Wholesale and retail trade	402,823	-
Total Gross Financing	3,070,967	2,291,322
GoP Ijarah Sukuk	911,512	957,421
Power, electricity and gas	187,151	253,748
Financial Institutions	218,857	241,797
	4,388,487	3,744,288
Total Invested Funds		

4 Deposits

	2018			2017		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	Rupees in '000					
Customers						
Current deposits	366,113	3,103	369,216	2,686,434	1,337	2,687,771
Savings deposits	1,491,216	144,672	1,635,888	769,075	151,841	920,916
Term deposits	492,229	-	492,229	168,500	-	168,500
Margin and other deposits	9,262	-	9,262	27,125	-	27,125
	2,358,820	147,775	2,506,595	3,651,134	153,178	3,804,312
Financial Institutions						
Current deposits	1,491	-	1,491	362	-	362
Savings deposits	788,177	-	788,177	2,171,225	-	2,171,225
Term deposits	-	-	-	1,000,000	-	1,000,000
Margin and other deposits	30	-	30	-	-	-
	789,698	-	789,698	3,171,587	-	3,171,587
	3,148,518	147,775	3,296,293	6,822,721	153,178	6,975,899

**Islamic Banking Business
 Notes To Annexure - I
 For The Year Ended December 31, 2018**

4.1 Composition of deposits

- Individuals
- Government (Federal and Provincial)
- Banking Companies
- Non-Banking Financial Institutions
- Private Sectors

2018	2017
(Rupees in '000)	
861,136	807,084
337,309	2,279,542
425	1,000,411
789,273	2,171,176
1,308,151	717,686
3,296,293	6,975,899

5 Due from / to head office

Interbranch transaction account (daily basis)

(1,412)	21,024
---------	--------

6 Islamic Banking Business Unappropriated Loss

Opening Balance

Add: Islamic Banking profit for the period

(158,510)	(131,835)
(48,945)	(26,675)

Less: Taxation

Less: Reserves

Less: Transferred / Remitted to Head Office

-	-
-	-
-	-

Closing Balance

(207,455)	(158,510)
-----------	-----------

7 CONTINGENCIES AND COMMITMENTS

- Guarantees
- Letter of Credit
- Commitments

121,295	127,770
1,576	10,062
-	-
122,870	137,832

8 Charity Fund

Opening Balance

45	-
----	---

Additions during the period

Received from customers on account of delayed payment

Profit on charity saving account

Other

-	45
35	-
35	45

Payments / utilization during the period

Education

Hospital

-	-
80	-
80	-

Closing Balance

-	45
---	----

**Islamic Banking Business
 Notes To Annexure - I
 For The Year Ended December 31, 2018**

9 Cash and cash equivalent

Cash and balances with treasury banks

Balances with other banks

2018	2017
(Rupees in '000)	
265,494	429,291
125,535	132,556
391,029	561,847

**10 Profit/Return Earned on Financing,
 Investments and Placement**

Profit earned on:

Financing

Investments

Placements

On deposits with financial institutions

221,523	163,491
94,466	75,919
105,460	89,416
901	690
422,350	329,516

11 Profit on Deposits and other Dues Expensed

Deposits and other accounts

Due to Financial Institutions

Others

282,647	202,835
27,575	1,605
-	-
310,222	204,440

12 Pool Management

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

12.1.1 General Pool, Special Pools and FI Pools

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

- Depositor Funds
- Equity Funds

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

- FI Funds
- Equity Funds

Islamic Banking Business Notes To Annexure - I For The Year Ended December 31, 2018

12.1.2 Weightages for distribution of profit in general pool

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

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

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

Special and Financial Institution Pools.

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

12.1.3 Identification and allocation of Pool related income and expenditure

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

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

12.1.4 Parameters associated with risks and rewards

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

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

12.1.5 Basis of Profit allocation

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

Islamic Banking Business Notes To Annexure - I For The Year Ended December 31, 2018

	2018 (Rupees in '000)	2017 (Rupees in '000)
Rubbal Maal	60.00%	61.50%
Mudarib	40.00%	28.50%

12.1.6 MUDARIB SHARE (in amount and percentage of distributable income)

Rubbul Maal (%)	60.00%	61.50%
Rubbul Maal (amount)	31,116	34,404
Mudarib (%)	40.00%	38.50%
Mudarib (amount)	20,744	21,540

12.1.7 Amount and percentage of mudarib share transferred to depositors thought Hiba

Mudarib share	20,744	21,540
Hiba	3,732	3,337
Hiba percentage of mudarib share	17.79%	15.49%

Amount and percentage of Mudarib share transferred to depositors thought Hiba for Special Pool during 2018.

	2018 (Rupees in '000)	2017 (Rupees in '000)
Mudarib share	48,879	40,664
Hiba	14,628	14,345
Hiba percentage of mudarib share	30.83%	35.28%

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

	2018 (Rupees in '000)	2017 (Rupees in '000)
Profit rate earned	7.49%	6.79%
Profit rate distributed to depositors	6.30%	5.44%



Shariah Board Report

For the year ended 31 December, 2018

By the grace of Almighty ALLAH, Sindh Bank Limited Islamic Banking has completed another year of successful operations. The Board of Directors and management are responsible to provide effective and comprehensive Shariah governance to ensure full conformity of Sindh Bank Islamic Banking operations with Shariah principals and its development.

Shariah Board Meetings

During the year SB of Sindh Bank Limited Islamic Banking has conducted four meetings which were attended by full quorum. The minutes of the meeting were recorded and timely submitted to the regulator in accordance with the regulatory requirements.

Shariah Compliance

SB has reviewed and evaluated the basis and Shariah principles used in products & services, agreements & contracts, transactional structures and policies introduced by Sindh Bank Islamic Banking during the year.

Shariah Compliance Department (SCD) has also conducted the Shariah reviews under the guidance of the Shariah Board which included examination of different departments and transactions on sample basis and obtained all necessary information and explanations which was considered sufficient evidence to form an opinion and provide reasonable assurance whether Sindh Bank Islamic Banking has complied with respective Shariah rules and guidelines issued by SB and SBP.

In compliance with SBP's instruction, SCD is conducting pre-disbursement review of profit & loss distribution to the depositors on monthly basis while Internal Shariah Audit also conducted quarterly post-disbursement audits of profit distribution and presented their reports to the SB.

Training & Capacity Building

Training and development plays vital role in the capacity building of human resources and helps in optimizing their utilization for flourishing escalation of an Islamic Bank and as well as the Islamic Banking Industry. Sindh Bank Islamic Banking pay particular attention for human resource development by providing in-house and external Islamic Banking trainings to its employees.

Charity

During the year Sindh Bank Islamic Banking recovered charity on non-serving period of resigned employees and disbursed the charity to the approved charitable organization as per directives of SB.

Shariah Board's Opinion

In light of Shariah reviews carried out based on test check basis, internal and external Shariah audit reports and SBP reports, the SB's opinion is that;

1. Sindh Bank - Islamic Banking has complied with Shari'ah rules and principles in the light of Fatawa, rulings and guidelines issued by its Shari'ah Board.
2. Sindh Bank - Islamic Banking has complied with directives, regulations, instructions and guidelines related to Shari'ah compliance issued by SBP In accordance with the rulings of SBP's Shari'ah Board.
3. Sindh Bank Islamic Banking has a comprehensive mechanism in place to ensure Shari'ah compliance in their overall operations.



4. Sindh Bank Islamic Banking has a well-defined system in place which is sound enough to ensure that any earnings realized from sources or by means prohibited by Shari'ah have been credited to charity account and are being properly utilized.
5. Sindh Bank -- Islamic Banking has complied with the SBP's guidelines instructions on profit & loss distribution and Pool Management. However the pool management is not yet automated and managed on software. The Pool Management automation system is acquired which will be implemented in near future.
6. Training and capacity building department is in place to strengthen the level of awareness of staff and management in understanding the importance of products and processes as well as the Shariah Compliance for the same.
7. The Shari'ah Board has been provided adequate resources enabling it to discharge its duties effectively.

Recommendations from Shariah Board

On the basis of above, SB recommend that;

1. After observing some improvements in Pool management systems and the efforts of the management towards automation of the system is noted, SB recommend to finalize the automation of the system on priority basis.
2. New products should be developed along with sufficient staff to provide solutions and to the customers to increase the business as well.
3. It is recommended that Staff Financing Facility be made available to the Islamic Banking Staff on priority basis.
4. It is recommended that preference should be given to experienced and trained Islamic Finance Professionals, with Islamic mindset while hiring new staff members.
5. Staff Provident Fund of Sindh Bank - Islamic Banking should be managed under Shariah guidelines & invested in Shariah Compliant Avenues.

Shari'ah Board would like to take this opportunity to offer praise to ALLAH Almighty and seek His guidance and tawfeeq for further progress, development and prosperity of Islamic Banking, under the sincere efforts of senior management, and Islamic Banking industry in Pakistan as a whole.



صدقہ:

سال کے دوران سندھ بینک اسلامی بینکنگ نے خصوصاً مستغنی ملازمین کی کام نہ کرنے کی مدت سے -/80,249 روپے حاصل کیے اور شریعہ بورڈ کی ہدایات کے مطابق منظور خیراتی ادارے کو رقم کی ادائیگی کی۔

شریعیہ بورڈ کی رائے:

شرعی جائزے کی روشنی میں، نمونے کی بنیاد پر اندرونی اور بیرونی شریعہ آڈٹ کی رپورٹس اور اسٹیٹ بینک آف پاکستان کی رپورٹس کی بنیاد پر، شریعہ بورڈ کی رائے یہ ہے کہ:

- 1- سندھ بینک اسلامی بینکنگ نے شریعہ بورڈ کے جاری کردہ فتاویٰ، احکام اور ہدایات کی روشنی میں شرعی قوانین اور اصولوں کے مطابق کام کیا ہے۔
- 2- سندھ بینک اسلامی بینکنگ نے شرعی تعمیل سے متعلق اسٹیٹ بینک آف پاکستان کی جانب سے وقتاً فوقتاً جاری کردہ ہدایات اور قواعد و ضوابط کے مطابق کام کیا ہے جو کہ اسٹیٹ بینک آف پاکستان کے شریعہ بورڈ کے فیصلوں کے مطابق ہیں۔
- 3- سندھ بینک اسلامی بینکنگ کے مجموعی آپریشنز کو شرعی اصولوں کے مطابق یقینی بنانے کے لیے ایک جامع طریقہ کار موجود ہے۔
- 4- سندھ بینک اسلامی بینکنگ کے پاس ایسا نظام موجود ہے کہ جس سے یہ یقینی بنایا جاسکے کہ شرعاً ممنوع ذرائع سے حاصل ہونے والی آمدنی صدقات کے اکاؤنٹ میں جمع کرا دی گئی ہے اور مناسب طریقے سے استعمال کی جا رہی ہے۔
- 5- سندھ بینک اسلامی بینکنگ نے منافع اور نقصان کی تقسیم اور پول منجمنٹ پر اسٹیٹ بینک آف پاکستان کی ہدایات کے مطابق عمل کیا ہے۔ تاہم پول منجمنٹ خود کار نہیں ہے۔ پول منجمنٹ کا خود کار سسٹم حاصل کیا جا رہا ہے اور اگلے چند ماہ میں لاگو کر دیا جائے گا۔
- 6- ملازمین اور انتظامیہ میں شعور کی سطح کو مضبوط بنانے کے لیے تربیت اور صلاحیت کی تعمیر کا شعبہ موجود ہے تاکہ مصنوعات اور طریقہ کار کے ساتھ ساتھ شرعی تعمیل کی اہمیت کو سمجھا جاسکے۔
- 7- اپنے فرائض کو مؤثر طریقے سے انجام دینے کے لیے شریعہ بورڈ کو مناسب وسائل فراہم کیے گئے ہیں۔

شریعیہ بورڈ کی سفارشات:

مندرجہ بالا کی بنیاد پر، شریعہ بورڈ کی سفارش ہے کہ:

- 1- ترجیحی بنیاد پر مکمل طور پر خود کار پول منجمنٹ سسٹم موجود ہونا چاہیئے۔
 - 2- شریعہ بورڈ کی سفارش ہے کہ نئی مصنوعات تیار کی جائیں اور اس سلسلے میں داخلی اور خارجی تربیت سے عمل کو مزید تربیت دی جائے۔
 - 3- اسلامی مالیاتی سہولیات کو اسلامی بینکنگ اسٹاف کے لیے ترجیحی بنیاد پر دستیاب کیا جائے۔
- شریعیہ بورڈ اس موقع پر اللہ تعالیٰ سے دعا کرتا ہے اور سندھ بینک کی سینئر منجمنٹ اور اسٹیٹ بینک آف پاکستان کی مخلصانہ کوششوں کے ذریعے اسلامی بینکنگ کی تعمیر، ترقی اور خوشحالی کے لیے اللہ تعالیٰ کی توفیق کا طلب گار ہے۔



بسم الله الرحمن الرحيم

شریعیہ بورڈ رپورٹ

(برائے مالی سال اختتام پذیر 31 دسمبر، 2018)

اللہ تعالیٰ کے فضل سے سندھ بینک اسلامی بینکنگ کا مزید ایک سالہ آپریشن مکمل ہو گیا ہے۔ اسٹیٹ بینک آف پاکستان (ایس بی پی) کے جاری کردہ شریعہ گورننس فریم ورک (ایس جی ایف) کے مطابق بورڈ آف ڈائریکٹرز اور انتظامیہ مؤثر اور جامع شرعی تعمیل کے ماحول کو فراہم کرنے کے لیے ذمہ دار ہیں تاکہ سندھ بینک کے اسلامی بینکنگ آپریشن اور مصنوعات شرعی اصولوں کے مطابق رہیں۔

شریعیہ بورڈ کے اجلاس:

دوران سال سندھ بینک لمیٹڈ کے شریعہ بورڈ کے چار اجلاس منعقد ہوئے۔ اجلاس کے منٹس ریکارڈ کیے گئے اور ریگولیٹری ضرورت کے تحت اسٹیٹ بینک آف پاکستان کو جمع کروادے گئے۔

شرعی تعمیل:

شریعیہ بورڈ نے سال کے دوران سندھ بینک اسلامی بینکنگ کی طرف سے پیش کردہ مصنوعات و خدمات، معاہدوں، ٹرانزیکشنز اور پالیسیوں کا شرعی اصولوں کی روشنی میں جائزہ لیا۔

شرعی تعمیل کے شعبے نے شریعہ بورڈ کی رہنمائی کے تحت نمونے کی بنیاد پر مختلف ٹرانزیکشنز کی جانچ پڑتال کی اور تمام ضروری معلومات اور وضاحتیں حاصل کیں، جن کی روشنی میں رائے قائم کرنے اور اس بات کی یقین دہانی کے لیے کافی ثبوت موجود ہیں کہ سندھ بینک اسلامی بینکنگ نے شریعہ بورڈ اور اسٹیٹ بینک آف پاکستان کی طرف سے جاری کردہ متعلقہ شرعی قوانین اور ہدایات کے مطابق عمل کیا ہے۔

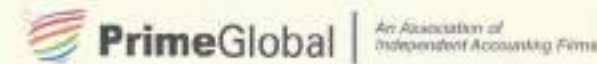
اسٹیٹ بینک آف پاکستان کی ہدایات کے مطابق، شرعی تعمیل کے شعبے نے ماہانہ طور پر نفع اور نقصان کی تقسیم کا قبل از ترسیل جائزہ لیا۔ اندرونی شریعہ آڈٹ نے منافع کی تقسیم کا بعد از ترسیل سہ ماہی جائزہ لیا اور شریعہ بورڈ کو اپنی رپورٹ پیش کی۔

تربیت اور تعمیر صلاحیت:

انسانی وسائل کی صلاحیت کی تعمیر و ترقی اور اسلامی بینکنگ انڈسٹری کو فروغ دینے میں تربیت اہم کردار ادا کرتی ہے۔ سندھ بینک اسلامی بینکنگ خاص طور پر اندرونی اور بیرونی تربیتی مواقع فراہم کر کے انسانی وسائل کی ترقی پر توجہ مرکوز کرتا ہے۔

Naveed Zafar Ashfaq Jaffery & Co.
 Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

To the members of Sindh Bank Limited

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

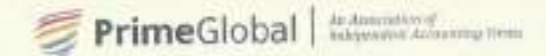
We have audited the annexed consolidated financial statements of Sindh Bank Limited (the "Group", which consists of Sindh Bank Ltd and Sindh Microfinance Bank Ltd.), which comprise the consolidated statement of financial position as at December 31, 2018, the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements including a summary of significant accounting policies and other explanatory information. The financial Statements of Sindh Microfinance Bank Ltd. (the subsidiary) were audited by another firm of Chartered Accountants who expressed an un-modified opinion dated February 20, 2019, and whose report has been furnished to us. Our opinion, in so far as it relates to the amounts included for the subsidiary, is based on the report of its auditors.

In our opinion, except for the matter discussed in "Basis for Qualified Opinion" section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2018 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards statement as applicable in Pakistan.

Basis for Qualified Opinion

- The Group has made provisions amounting to Rs 3,347 million (note 10) for non-performing advances on time based criteria as per the State Bank of Pakistan Prudential Regulations (PR), after taking benefit of forced sale value of collaterals it holds against these non-performing advances. In view of on-going investigations by the National Accountability Bureau (NAB) and litigation in courts of law against its major borrower groups, and as also described in note 21.3.3 to the consolidated financial statements, we consider that the advances relating to such borrower groups are not recoverable in foreseeable future and should be classified in loss category. Further, we are unable to determine that the collaterals held by the Group against these advances are realisable in the foreseeable future. Accordingly, we consider an additional provision of Rs. 12,056 million, using subjective criteria described by the State Bank of Pakistan (SBP) in its PR, is required. Had this provision been made, the Group's loss before taxation for the year would have increased to Rs. 13,423 million, benefit for tax provision would have increased to Rs. 4,419 million, loss after tax would have increased to Rs. 9,003 million, advances-net would have been reduced to Rs. 62,082 million, total assets would have been reduced to Rs. 147,867 million, un-appropriated profit would have converted to accumulated losses of Rs. 3,812 million and net equity would have been reduced to Rs. 3,490 million.

Naveed Zafar Ashfaq Jaffery & Co.
 Chartered Accountants



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

Material Uncertainty Regarding Going Concern

As explained in note 13.1 to these financial statements, during 2018, the Group suffered losses, arising mainly due to NPLs. The Group's Basel III Capital Adequacy Ratio as at 31 December 2018 was 8.59 percent of Risk Weighted Assets (RWA), which was below the required minimum of 11.90 percent. This ratio will further deteriorate if the impact of additional provisioning of Rs. 12,056 million is taken into account. This situation indicates that a material uncertainty exists that may cast significant doubts on Group's ability to continue as a going concern. The management has drawn up plans to address this issue and the Government of Sindh which is the sponsor of the Group has committed, through its letter of support No. FD (RES II)5(6)2017 dated June 26, 2019 to inject Rs. 14.7 billion as equity in Sindh Bank by end of June 2020. We are in agreement with the management's plan and projection for addressing the issue of going concern and our opinion is not modified in respect of this matter.

Emphasis of Matter

Without qualifying our opinion, we draw attention to note 13.1 to these financial statements which describes that during 2018, the Group suffered losses, arising mainly due to NPLs. Due to these losses, the Group's equity as at December 31, 2018 is reduced to Rs. 11.3 billion from Rs. 16.1 billion as at December 31, 2017 and the Group's Capital Adequacy Ratio as at 31 December 2018 is also reduced to 8.59 percent of Risk Weighted Assets (RWA), as against required minimum of 11.90 percent. To address any material uncertainty about the Group's going concern status and keeping in view the present and future capital requirements, Sindh Bank has submitted to the State Bank of Pakistan, a time-bound capital plan, duly approved by its Board of Directors. Based on this plan, the management has prepared these financial statements on going concern basis. The plan, envisages injection of an amount of Rs. 14.7 billion in Sindh Bank Ltd. by Government of Sindh, the sole sponsor of the Bank, by June 30, 2020, through following measures (subject to regulatory approvals):

- Cash equity injection of Rs. 8 billion
- Equity injection of Rs.3 billion through merger of Sindh Leasing Company Limited.
- Issue of unsecured Term Finance Certificates of Rs. 1.3 billion for Additional Tier I capital;
- Issue of unsecured Term Finance Certificates of Rs. 2.4 billion for Tier II capital.

The Boards of Directors of Sindh Bank and Sindh Leasing Company Ltd. have already given their 'in principle' approval for merger of Sindh Leasing Company Limited into Sindh Bank as well as approved the Draft Term Sheets for the issuance of above TFCs, subject to regulatory approvals. Other formalities are in process.

Key Audit Matters

Not applicable.

Information Other than the Unconsolidated and Consolidated Financial Statements and Auditors' Reports Thereon

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

As explained in the "Basis for Qualified Opinion" paragraph of our report, the Group has not made provisions for non-performing advances, amounting to Rs. 12,056 million, using a subjective criteria described by the State Bank of Pakistan (SBP) in its PR. In addition, the Director's report and financial analysis do not consider the impact of this shortfall in provision for non-performing advances.

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

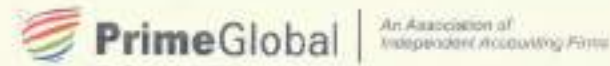
We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

1. Prior year's financial statements were audited by another firm of Chartered Accountant who expressed an un-modified opinion on March 12, 2018.
2. We were not appointed as Auditor of Sindh Bank Ltd. until after the year end. As such we could not physically count cash and other assets as at December 31, 2018. However, we have satisfied ourselves with the balances appearing as at December 31, 2018 by performing alternate procedures.
3. As explained in note 21.3.3 to the financial statements, the Supreme Court of Pakistan taking suo-moto notice regarding widespread reports of opening of fake accounts in Summit Bank.

Naveed Zafar Ashfaq Jaffery & Co.
 Chartered Accountants



Ltd., Sindh Bank Ltd., National Bank Ltd., United Bank Limited, and MCB Bank Ltd, in Human Rights Case No.39216-G of 2018, constituted a Joint Investigation Team (JIT) on September 5, 2018 to investigate the matter of opening of alleged fake accounts and allied matters. On December 19, 2018, the JIT submitted its Final (Synthesis) Report before the Supreme Court of Pakistan. During the investigation, the JIT probed into thirty two allegedly fake accounts opened in above mentioned banks, and opined that prime facie cognizable offences have been made out inter-alia involving corruption, corrupt practices and money laundering. On January 7, 2019, the Honorable Supreme Court of Pakistan disposed off the above suo-moto case by ordering National Accountability Bureau (NAB) to investigate the case further and file references (if required) within a period of two months, before the Accountability Courts at Islamabad/Rawalpindi. It also directed the JIT to submit its entire record to NAB at Islamabad Since then the NAB is investigating the matters raised in the JIT report and has filed Five references in the Accountability Courts. Only 8 out of 32 alleged fake accounts have been opened in Sindh Bank and NAB has so far filed five references in the Accountability Courts, none of which is against the Bank. The management has informed us that the investigations by NAB have not been concluded yet. The consequential impact, if any, of the outcome of the NAB investigation and litigations in this matter has not been reflected in these financial statements.

The engagement partner on the audit resulting in this independent auditors' report is Mr. Javed K Siddiqui

Place: Islamabad
 Dated: June 27, 2019




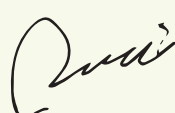
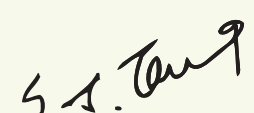
Naveed Zafar Ashfaq Jaffery
 Naveed Zafar Ashfaq Jaffery & Co.
 Chartered Accountants

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

Sindh Bank Limited
Consolidated Statement of Financial Position
As At December 31, 2018

		2018	2017
	Note	(Rupees in '000)	(Restated)
ASSETS			
Cash and balances with treasury banks	6	9,122,815	9,680,631
Balances with other banks	7	725,400	3,042,989
Lendings to financial institutions	8	5,383,162	5,331,327
Investments - net	9	54,700,066	113,909,902
Advances - net	10	74,138,210	65,051,730
Fixed assets	11	1,624,874	1,601,833
Intangible assets	12	52,940	61,607
Deferred tax assets - net	13	4,027,784	1,611,539
Other assets	14	5,927,974	4,627,496
		155,703,225	204,919,054
LIABILITIES			
Bills payable	15	929,426	905,423
Borrowings	16	26,771,698	50,971,174
Deposits and other accounts	17	113,640,900	134,204,090
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	18	3,035,284	2,721,156
		144,377,308	188,801,843
NET ASSETS		11,325,917	16,117,211
REPRESENTED BY			
Share capital - net	19	10,010,130	10,010,130
Reserves		1,473,850	1,464,329
Deficit on revaluation of assets	20	(4,181,968)	(570,121)
Unappropriated profit		4,023,905	5,212,873
		11,325,917	16,117,211
CONTINGENCIES AND COMMITMENTS	21		





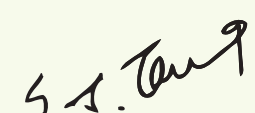
The annexed notes from 1 to 44 and form an integral part of these consolidated financial statements.

 Chairman
 President and Chief Executive Officer
 Director
 Director
 Chief Financial Officer

Sindh Bank Limited
Consolidated Profit and Loss Account
For The Year Ended December 31, 2018

		2018	2017
	Note	(Rupees in '000)	(Restated)
Mark-up / Return / Interest Earned	22	12,583,461	11,656,377
Mark-up / Return / Interest Expensed	23	7,506,016	6,271,962
Net Mark-up / return / Interest Income		5,077,445	5,384,415
Non mark-up / interest Income			
Fee and Commission Income	24	328,167	453,507
Dividend Income		86,957	156,062
Foreign Exchange Income		87,365	103,555
Income / (loss) from derivatives		-	-
Gain / (Loss) on securities	25	(907,095)	604,425
Other Income	26	14,297	9,973
Total non-markup/interest Income		(390,309)	1,327,522
Total Income		4,687,136	6,711,937
Non mark-up / interest Expenses			
Operating expenses	27	4,582,749	4,233,499
Other charges	28	88,713	8,689
Total non-markup/interest expenses		4,671,462	4,242,188
Profit / (Loss) Before Provisions		15,674	2,469,749
Provisions and write offs - net	29	1,382,443	256,362
Extra ordinary / unusual items		-	-
(Loss) / Profit before Taxation		(1,366,769)	2,213,387
Taxation	30	(199,673)	935,827
(Loss) / Profit after Taxation		(1,167,096)	1,277,560
		-----Rupees-----	
Basic (Loss) / Earnings per share	31	(1.17)	1.28
Diluted (Loss) / Earnings per share	32	(1.17)	1.28






The annexed notes from 1 to 44 and form an integral part of these consolidated financial statements.

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 Director
 Director
 Chief Financial Officer

Sindh Bank Limited
Consolidated Statement of Comprehensive Income
For The Year Ended December 31, 2018

	2018 (Rupees in '000)	2017
(Loss) / Profit after taxation for the year	(1,167,096)	1,277,560
Other comprehensive income		
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement gain / (loss) on defined benefit obligations - net of tax	(12,351) (1,179,447)	(14,759) 1,262,801
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in surplus / (deficit) on revaluation of investments - net of tax	(3,611,847)	(704,153)
Total comprehensive (loss) / income	(4,791,294)	558,648

The annexed notes from 1 to 44 and form an integral part of these consolidated financial statements.

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 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, 2018





	Share Capital	Share Premium	Capital Reserve Statutory Reserve *	Depositors' protection fund reserve **	Surplus / (Deficit) on revaluation of Investments	Unappropriated Profit / (Loss) ***	Total
	(Rupees in '000)						
Balance as at January 01, 2017 as previously reported	10,010,130	51	1,206,296	1,384	-	4,206,670	15,424,531
Effect of retrospective change in presentation - net of tax	-	-	-	-	134,032	-	134,032
Opening balance as at January 01, 2017 (restated)	10,010,130	51	1,206,296	1,384	134,032	4,206,670	15,558,563
Profit for the year ended December 31, 2017	-	-	-	-	-	1,277,560	1,277,560
Other comprehensive income /(loss) - net of tax	-	-	-	-	(704,153)	(14,759)	(718,912)
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 (restated)	10,010,130	51	1,461,808	2,470	(570,121)	5,212,873	16,117,211
Loss for the year ended December 31, 2018	-	-	-	-	-	(1,167,096)	(1,167,096)
Other comprehensive income/(loss) - net of tax	-	-	-	-	(3,611,847)	(12,351)	(3,624,198)
Transfer to statutory reserve	-	-	7,617	-	-	(7,617)	-
Transfer to depositors' protection fund - 5% of the profit after tax for the year	-	-	-	1,904	-	(1,904)	-
Balance as at December 31, 2018	10,010,130	51	1,469,425	4,374	(4,181,968)	4,023,905	11,325,917

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

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

*** As more fully explained in note 10.6.2 of these consolidated financial statements, unappropriated profit includes an amount of Rs.5,568.16 million net of tax as at December 31, 2017 (December 31, 2017: Rs. 1,594.62 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.




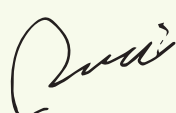

The annexed notes from 1 to 44 and form an integral part of these consolidated financial statements.

 Chairman
 President and Chief Executive Officer
 Director
 Director
 Chief Financial Officer

Sindh Bank Limited
Consolidated Cash Flow Statement
For The Year Ended December 31, 2018

		2018	2017
	Note	(Rupees in '000)	(Restated)
CASH FLOW FROM OPERATING ACTIVITIES			
(Loss) / Profit before taxation		(1,366,769)	2,213,387
Less: Dividend income		(86,957)	(156,062)
		(1,453,726)	2,057,325
Adjustments:			
Depreciation	27	324,101	354,102
Amortisation	27	27,741	28,994
Provision against non-performing loans and advances - net	29	5,144,815	255,160
Reversal of general provision	29	(4,000,000)	-
Provision for diminution in the value of investments - net	29	235,402	-
Written-off operating fixed assets		-	732
Charge for defined benefit plan	35.1.5	62,987	48,740
Gain on sale of operating fixed assets	26	(4,968)	(2,964)
		1,790,078	684,764
		336,352	2,742,089
(Increase) / decrease in operating assets			
Landings to financial institutions		(51,835)	1,607,283
Advances - net		(10,231,295)	(13,405,052)
Other assets - net		(969,223)	156,046
		(11,252,353)	(11,641,723)
Increase / (decrease) in operating liabilities			
Bills payable		24,003	191,211
Borrowings		(24,199,476)	42,060,436
Deposits and other accounts		(20,563,190)	15,360,716
Other liabilities (excluding current taxation)		329,921	537,814
		(44,408,742)	58,150,177
		(55,324,743)	49,250,543
Contribution to gratuity fund	35.1.4	(71,446)	(50,481)
Income tax paid		(637,126)	(976,725)
Net cash flow from operating activities		(56,033,315)	48,223,337
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in available-for-sale securities		53,230,820	(34,089,595)
Net investment in held-to-maturity securities		186,928	(10,013,882)
Dividend received		101,410	130,195
Investments in operating fixed assets		(366,754)	(225,993)
Sale proceeds of operating fixed assets disposed off		5,506	5,456
Net cash used in investing activities		53,157,910	(44,193,819)
CASH FLOW FROM FINANCING ACTIVITIES			
Issue of share capital		-	-
Increase in cash and cash equivalents		(2,875,405)	4,029,518
Cash and cash equivalents at the beginning of the year		12,723,620	8,694,102
Cash and cash equivalents at the end of the year	33	9,848,215	12,723,620

The annexed notes from I to 44 and form an integral part of these consolidated financial statements.

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 President and Chief Executive Officer
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 Director
 Chief Financial Officer

Sindh Bank Limited
Notes to the Consolidated Financial Statements
For The Year Ended December 31, 2018

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 330 (2017: 300) branches including 8 (2017: 8) sub-branches and 14 (2017: 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-1+' (A-One plus) in its report dated July 05, 2018.

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 16th, 2015, to operate in Sindh Province. Subsequently the Microfinance Bank has received the certificate of commencement of business from Securities & Exchange Commission of Pakistan (SECP) on November 30, 2015. The Microfinance Bank's registered office is situated at 39/F, 2nd Floor, Muhammad Ali Cooperative Housing Society, Karachi. The Microfinance Bank's principal business will be to provide microfinance services to the poor and underserved segment of the society as envisaged under the Microfinance Institutions Ordinance, 2001. The Microfinance Bank operates with a network of 13 (2017: 10) branches and 47 (2017: 40) services centers. The Bank holds 99.99% shares of the Microfinance Bank and remaining shares are held by the nominees of the Bank.

I.3 Going Concern

I.3.1 During the year 2018, the Group suffered losses, arising mainly due to provisioning of non- performing loans. Due to these. Due to these losses, the Group' s equity as at December 31, 2018 is reduced to Rs. 11.2 billion from Rs. 16.1 billion as at December 31, 2017 and the Group' s Capital Adequacy Ratio as at 31 December 2018 is also reduced to 8.59 percent of Risk Weighted Assets (RWA), as against required minimum of 11.90 percent. To address any material uncertainty about the Group' s going concern status and keeping in view the present and future capital requirements, the Group has submitted to the State Bank of Pakistan, a time-bound capital plan, duly approved by Board of Directors of Sindh Bank. Based on this plan, the management has prepared these financial statements on going concern basis. The plan, envisages injection of an amount of Rs.14.7 billion of which Rs. 11.2 billion will be injected by December 31, 2019 and a further amount of Rs.3.5 billion by June 30, 2020, in the following manner (subject to regulatory approvals):

- Cash equity injection of Rs. 8 billion
- Equity injection of Rs. 3 billion through merger of Sindh Leasing Company Limited
- Cash equity or issue of Term Finance Certificates of Rs. 1.3 billion for Additional Tier I capital (subject to GoS discretion)
- Cash equity or issue of Term Finance Certificates of Rs. 2.4 billion for Additional Tier II capital (subject to GoS discretion)

The Board of Directors of the Bank and SLCL have already given their 'in principle' approval for merger of Sindh Leasing Company Limited into Sindh Bank as well as approved the Draft Term Sheets for the issuance of above TFCs, subject to regulatory approvals. Other formalities are in process.

The Group is also undertaking an organizational restructuring exercise aimed at improving its business focus and setting up a dedicated Department/Unit for undertaking efforts for recovery/restructuring of its Non Performing Loans.

The Government of Sindh, the Bank's major shareholder holding 99.9 percent of the Bank's equity is fully committed to supporting the Group, whenever required.

- 1.3.2** The State Bank of Pakistan (SBP) granted license to the Bank to conduct banking business subject to certain conditions which inter alia included that the Bank will 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. However the matter suffered significant delays for various reasons, with the first exercise being carried out on the basis of due diligence of 2016 audited financials and the latest being based on due diligence of 2017 financial statements, where after the Board of Directors and Shareholders of both the Banks approved the merger during August 2018. Approval of Sindh Cabinet, a pre-requisite for sanction by the State Bank of Pakistan, was sought, but was not received. Subsequently, due to financial condition of Summit Bank requiring a much higher capital injection and the Group's own concerns about meeting the Capital Adequacy Ratio, the Board of Directors of Sindh Bank in their 65th meeting held on April 02, 2019 considered it advisable not to pursue the merger.

Due to the present negative sentiments on the PSX and the negative publicity surrounding the Bank, listing of the Bank will remain on hold pending Regulator's guidance on the matter.

2. BASIS OF PRESENTATION

- 2.1** These consolidated financial statements have been prepared in conformity with the format of financial statements prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular No. 02, dated 25 January 2018. These consolidated financial statements represent separate financial statements of the Group.
- 2.2** In accordance with the directives of the Federal Government regarding the shifting of the Banking system to Islamic modes, the State Bank of Pakistan has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by Banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these unconsolidated financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon. The Islamic Banking branches of the Bank have complied with the requirements set out under the Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) and notified under the provisions of the Companies Act, 2017.

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 Companies Act, 2017, Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017 and the Banking Companies Ordinance, 1962 and the directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP). In case requirements differ, the provisions and directions issued under Companies Act, 2017, the Banking Companies Ordinance, 1962 and the directives issued by the SBP and SECP shall prevail.
- 3.2** The SBP vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) and International Accounting Standard 40, Investment Property (IAS 40) for Banking companies till further instructions. Further, according to the notification

of the Securities and Exchange Commission of Pakistan (SECP) dated April 28, 2008, the IFRS - 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

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

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

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

There are certain new standards, amendments and interpretations that are mandatory for the Group's accounting periods beginning on or after 01 January 2018 but are considered not to be relevant or do not have any significant effect on the Group's operations and are, therefore, not disclosed in these financial statements.

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

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

Standard or Interpretation or Amendment	Effective date (annual periods beginning on or after)
IFRS 15 - Revenue from contracts with customers	July 01, 2018
IFRS 11 - Joint Venture	January 01, 2019
IFRS 16 - Leases	January 01, 2019
IAS 19 - Employee Benefits	January 01, 2019
IAS 28 - Investments in Associates and Joint Ventures	January 01, 2019
IFRIC 23 - Uncertainty over Income Tax Treatment	January 01, 2019
IFRS 3 - Business Combination	January 01, 2020
IFRS 9 - Financial Instruments: Classification and Measurement	June 30, 2019

IFRS 16 replaces existing guidance on accounting for leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an arrangement contains a Lease', SIC-15 'Operating Leases- Incentive and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognizes "a right to use asset" representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. On adoption of IFRS 16, the Group shall recognize a 'right to use asset' with a corresponding liability for lease payments. The Group is in the process of assessing the full impact of this standard.

IFRS 9: 'Financial Instruments' addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on an 'Expected Credit Losses' (ECL) approach rather than the 'incurred credit losses' approach. The ECL has impact on all assets of the Group which are exposed to credit risk. The Group is in the process of assessing the full impact of this standard.

The SBP vide its Letter no. BPRD/ RPD / 2018-7837 dated 10 April 2018 required all Banks to conduct an impact and readiness assessment of the new standard based on the financial statements for the year ended 31 December 2017. The Group has carried out an impact and readiness assessment exercise as per the above directive. The readiness and impact assessment exercise highlighted certain systems, policies, process and other gaps. The Group has also identified additional provisioning requirements based on the requirement of the readiness and impact assessment exercise. The exact impact of additional provisioning requirement will be determined after implementation of certain gaps and the Group is in the process of assessing the full impact of this standard.

There are certain new and amended standards and interpretations that are mandatory for the Group's accounting periods beginning on or after 01 January 2019 but are considered not to be relevant or will not have any significant effect on the Group's operations and are therefore not detailed in these financial statements.

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 and certain employee benefits and investments which are measured on present value basis.

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. The consolidated financial statements are presented in Pak 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:

- i) classification and impairment against investments (notes 5.4 and 29);
- ii) classification and provision against advances (notes 5.5 and 29);
- iii) depreciation and amortization / useful lives of operating fixed assets (5.6 and 5.7);
- iv) taxation (note 5.9);
- v) staff retirement and other benefits (note 5.10);
- vi) fair value of derivatives (note 5.18); and
- vii) judgements made by management in identification and reporting segment information (note 39).

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Change in accounting policies

SBP prescribed a new format for financial statements of banks effective from the year ended 31 December 2018. Accordingly, these unconsolidated financial statements are prepared in accordance with the new format. The changes impacting (other than certain presentation changes) these unconsolidated financial statements include:

- Intangible assets are now being presented separately in statement of financial position (previously presented in operating fixed assets);

- Recording of acceptances on-balance sheet item (previously disclosed as off-balance sheet item) (note 14 and 18).
- Inclusion of surplus / deficit on revaluation of assets as part of equity (previously shown below equity) note 20.
- Other reversal of provisions / write offs have now been combined under provisions & write off - net (note 29).

In addition, Companies Act, 2017 also became effective for the financial statements for the year ended 31 December 2018. As the Bank's financial statements are prepared in accordance with the format prescribed by SBP, it did not have a direct impact on the financial statements except that for disclosure of related parties transactions, as required by fourth schedule of Companies Act, 2017 the definition of related parties as given in IAS 24 - Related parties has been followed.

5.2 Cash and cash equivalents

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

5.3 Lending to / borrowing from Financial Institutions

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

5.3.1 Repurchase / resale agreements

a) Sale of securities under repurchase agreement (repo)

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

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

Securities purchased under agreements to 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.

5.3.2 Bai Maujjal

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

5.4 Investments

The group classifies its investments as follows:

a) Held-for-trading

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

b) Held-to-maturity

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

c) Available-for-sale

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

5.4.1 Initial measurement

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

5.4.2 Subsequent measurement

Held-for-trading

Investment classified as held-for-trading are measured at subsequent reporting dates at fair value. Gain and losses on remeasurment are included in the profit and loss accounts

Held-to-maturity

Investments classified as held-to-maturity are carried at amortized cost. Unquoted equity securities are valued at lower of cost and break-up value. Break-up value of unquoted equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. Investments in other unquoted securities are valued at cost less impairment losses, if any.

Available-for-sale

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

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

5.4.3 Impairment

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

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

5.5 Advances

Advances are stated net of provisions for non-performing advances. Specific and general provisions are made based on appraisal of the loan portfolio that takes into account the requirements of the Prudential Regulations issued by the State Bank of Pakistan. The provisions against non-performing advances are charged to the 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 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 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 Groups Musharakah share by the customer. Specific and general provisions are made in accordance with the requirement of prudential regulations and other directives issued by the SBP and charged to consolidated 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 to these consolidated financial statements after taking into account residual value, if significant. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each date of consolidated statement of financial position. Depreciation is charged from the month the assets are available for use while no depreciation is charged in the month in which the assets are disposed off.

Gains or losses on disposal, if any, are recognized in the consolidated 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.

5.7 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation 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 amortisation method are reviewed and adjusted, if appropriate, at each date of consolidated statement of financial position.

5.8 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.

5.9 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 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.

5.10 Staff retirement and other benefits

a) Defined contribution plan

The Group operates recognised funded contributory provident fund for all its permanent employees to which equal contributions at the rate of 10 percent (2017: 10 percent) of basic salary are made by both the Group and the employees. The contributions are recognized as employee benefit expense when they are due.

b) Defined benefit plan

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

c) Compensated absences

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

5.11 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. As explained in note 5.1, acceptances are accounted for as on-balance sheet transactions and are reported in "other assets" and "other liabilities" simultaneously.

5.12 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.

5.13 Revenue recognition

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

5.13.1 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 amortised through the consolidated profit and loss account over the remaining period of maturity.

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

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

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

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

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

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

5.14 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.

5.15 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.

5.16 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 Bank by the weighted average number of ordinary shares outstanding during the year / period. Diluted EPS is determined by adjusting the unconsolidated profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

5.17 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 consolidated profit and loss account.

5.18 Financial instruments

a) Financial assets and liabilities

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

b) Derivative financial instruments

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

5.19 Offsetting

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

5.20 Segment reporting

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

Business segments

a) Corporate Finance

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 (Treasury)

Its 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.

5.21 Commitments

Commitments for outstanding forward foreign exchange contracts are disclosed in these consolidated financial statements at committed amounts. Contingent liabilities / commitments for letters of credit and letters of guarantee

denominated in foreign currencies are expressed in Rupee terms at the rates of exchange prevailing at the date of the consolidated statement of financial position.

5.22 Provision against off balance sheet obligations

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

6. CASH AND BALANCES WITH TREASURY BANKS

Note	2018 (Rupees in '000)	2017
In hand		
Local currency	2,547,631	2,223,456
Foreign currency	207,746	181,013
	2,755,377	2,404,469
With State Bank of Pakistan (SBP) in		
Local currency current accounts	6.1 4,545,398	6,024,930
Foreign currency current accounts	6.2 94,098	51,816
Foreign currency deposit accounts		
- Non Remunerative	6.3 110,466	83,421
- Remunerative	6.4 305,921	230,932
	5,055,883	6,391,009
With National Bank of Pakistan in		
Local currency current accounts	1,120,231	863,596
Local currency deposit accounts	189,094	18,340
	1,309,325	881,936
Prize bonds	2,230	3,127
	9,122,815	9,680,631

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

6.2 This represents US Dollar Settlement Account maintained with SBP.

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

6.4 This represents foreign currency special cash reserve maintained with SBP. The Group is entitled to earn profit which is declared by SBP on a monthly basis. During the period, the SBP has declared profits in the range of 0.56% to 1.35% (2017 : 0.06% to 0.37%) per annum.

Note	2018 (Rupees in '000)	2017
7. BALANCES WITH OTHER BANKS		
In Pakistan		
In current accounts	30,919	56,400
In saving accounts	263,326	35,473
In term deposit accounts	-	2,200,000
	294,155	2,291,933
Outside Pakistan		
In current accounts	7.2 431,245	751,056
	725,400	3,042,989

7.1 This includes saving deposits with a commercial bank carrying profit at the rate of 8.00% (2017: 3.75%) per annum.

This represents term deposit account with a commercial banks and microfinance banks for maturity from 3 months to 6 months (2017: 3 months to 1 year) carrying mark-up ranging from 8.00% to 10.25% (2017: 6.76% to 11.25%) per annum.

7.2 This includes Rs.141.07 (2017: Rs. 521.74) 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.

8. LENDINGS TO FINANCIAL INSTITUTIONS

Bai Muajjal receivable

- with State Bank of Pakistan

Repurchase agreement lendings (reverse repo)

Note	2018 (Rupees in '000)	2017
	-	364,577
8.3 & 8.4	<u>5,383,162</u>	<u>4,966,750</u>
	<u>5,383,162</u>	<u>5,331,327</u>

8.1 Particulars of lendings - by currency

Local currency

Foreign currency

5,383,162	5,331,327
-	-
<u>5,383,162</u>	<u>5,331,327</u>

8.2 This represents resale agreement lending with commercial banks carrying mark-up with range of 10.30% to 12.50% (2017 :5.78%) per annum maturity varying from January 02, 2019 to January 14, 2019 (2017: January 05, 2018).

8.3 Securities held as collateral against Lending to financial institutions

	2018		2017		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral
	----- (Rupees in '000) -----				
Market Treasury Bills	1,498,743	-	1,498,743	4,974,450	-
Pakistan Investment Bonds	2,884,673	-	2,884,673	-	-
Shares	1,792,348	-	1,792,348	-	-
Total	<u>6,175,764</u>	<u>-</u>	<u>6,175,764</u>	<u>4,974,450</u>	<u>-</u>

9. INVESTMENTS - NET

9.1 Investments by types

	2018				2017			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
----- (Rupees in '000) -----								
Available-for-sale securities								
Federal Government Securities								
Pakistan Investment Bonds	33,517,406	-	(5,737,539)	27,779,867	38,744,800	-	96,921	38,841,721
Market Treasury Bills	4,887,658	-	(391)	4,887,267	52,135,859	-	499	52,136,358
Government of Pakistan - Ijarah Sukuk	920,378	-	(8,866)	911,512	952,926	-	4,495	957,421
Shares								
Shares - Listed	2,748,032	(243,212)	(556,827)	1,947,993	3,476,796	(7,810)	(887,129)	2,581,857
Shares - Unlisted	100,000	-	-	100,000	-	-	-	-
Non-government debt securities								
Term finance certificates listed	99,800	-	25	99,825	99,840	-	1,553	101,393
Sukuk certificates	289,285	-	8,813	298,098	385,714	-	10,831	396,545
Mutual funds	715,049	-	(139,010)	576,039	712,493	-	(104,279)	608,214
	<u>43,277,608</u>	<u>(243,212)</u>	<u>(6,433,795)</u>	<u>36,600,601</u>	<u>96,508,428</u>	<u>(7,810)</u>	<u>(877,109)</u>	<u>95,623,509</u>
Held-to-maturity securities								
Federal Government Securities								
Pakistan Investment Bonds	16,822,905	-	-	16,822,905	16,846,115	-	-	16,846,115
Preference Shares - Unlisted	77,708	-	-	77,708	61,305	-	-	61,305
Term Deposits Accounts	100,000	-	-	100,000	400,000	-	-	400,000
Non-government debt securities								
Term finance certificates listed	224,235	-	-	224,235	224,287	-	-	224,287
Term finance certificates unlisted	874,617	-	-	874,617	754,686	-	-	754,686
	<u>18,099,465</u>	<u>-</u>	<u>-</u>	<u>18,099,465</u>	<u>18,286,393</u>	<u>-</u>	<u>-</u>	<u>18,286,393</u>
Total Investments	<u>61,377,073</u>	<u>(243,212)</u>	<u>(6,433,795)</u>	<u>54,700,066</u>	<u>114,794,821</u>	<u>(7,810)</u>	<u>(877,109)</u>	<u>113,909,902</u>

9.2 Investments by segments

	2018				2017			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
----- (Rupees in '000) -----								
Federal Government Securities								
Pakistan Investment Bonds	50,340,311	-	(5,737,539)	44,602,772	55,590,915	-	96,921	55,687,836
Market Treasury Bills	4,887,658	-	(391)	4,887,267	52,135,859	-	499	52,136,358
Government of Pakistan - Ijarah Sukuk	920,378	-	(8,866)	911,512	952,926	-	4,495	957,421
	<u>56,148,347</u>	<u>-</u>	<u>(5,746,796)</u>	<u>50,401,551</u>	<u>108,679,700</u>	<u>-</u>	<u>101,915</u>	<u>108,781,615</u>
Shares								
Listed companies	2,748,032	(243,212)	(556,827)	1,947,993	3,476,796	(7,810)	(887,129)	2,581,857
Unlisted companies	177,708	-	-	177,708	61,305	-	-	61,305
	<u>2,925,740</u>	<u>(243,212)</u>	<u>(556,827)</u>	<u>2,125,701</u>	<u>3,538,101</u>	<u>(7,810)</u>	<u>(887,129)</u>	<u>2,643,162</u>
Non-government debt securities								
Term finance certificates listed	324,035	-	25	324,060	324,127	-	1,553	325,680
Term finance certificates unlisted	874,617	-	-	874,617	754,686	-	-	754,686
Sukuk certificates	289,285	-	8,813	298,098	385,714	-	10,831	396,545
	<u>1,487,937</u>	<u>-</u>	<u>8,838</u>	<u>1,496,775</u>	<u>1,464,527</u>	<u>-</u>	<u>12,384</u>	<u>1,476,911</u>
Mutual Funds								
Open end	616,049	-	(147,920)	468,129	613,493	-	(104,279)	509,214
Islamic funds	99,000	-	8,910	107,910	99,000	-	-	99,000
	<u>715,049</u>	<u>-</u>	<u>(139,010)</u>	<u>576,039</u>	<u>712,493</u>	<u>-</u>	<u>(104,279)</u>	<u>608,214</u>
Others								
Term deposits accounts	100,000	-	-	100,000	400,000	-	-	400,000
Total Investments	<u>61,377,073</u>	<u>(243,212)</u>	<u>(6,433,795)</u>	<u>54,700,066</u>	<u>114,794,821</u>	<u>(7,810)</u>	<u>(877,109)</u>	<u>113,909,902</u>

9.3 Investments given as collateral

Federal government securities

Pakistan Investment Bonds
 Market Treasury Bills

Note	2018 (Rupees in '000)	2017
	25,553,017	20,779,942
	-	30,325,064
	<u>25,553,017</u>	<u>51,105,005</u>

9.4 Provision for diminution in value of investments

9.4.1 Opening balance

7,810 7,810

Charge / reversals

Charge for the year

Reversals for the year

Reversal on disposals

Transfers - net

Amounts written off

Closing Balance

235,402	-
-	-
-	-
235,402	-
-	-
<u>243,212</u>	<u>7,810</u>

Current year impairment on investments was recorded, where thirty percent decline in market value of investment (Refer note 5.4)

9.4.2 Particulars of provision against equity securities

Category of classification

Domestic

Other assets especially mentioned

Substandard

Doubtful

Loss

Total

Category of classification	2018		2017	
	Non performing investments	Provision	Non performing investments	Provision
	----- (Rupees in '000) -----			
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	243,212	243,212	7,810	7,810
Total	<u>243,212</u>	<u>243,212</u>	<u>7,810</u>	<u>7,810</u>

9.5 Quality of Available for Sale Securities

Details regarding quality of Available for Sale (AFS) securities

Federal Government Securities - Government guaranteed

Pakistan Investment Bonds

Market Treasury Bills

Government of Pakistan - Ijarah Sukuk

Note	2018 ----- Cost ----- (Rupees in '000)	2017
	33,517,406	38,744,800
9.2	4,887,658	52,135,859
9.2	920,378	952,926
	<u>39,325,442</u>	<u>91,833,585</u>

Shares

Listed Companies

Refinery

Fertilizer

Cement

Power Generation & Distribution

Oil & Gas Marketing Companies

Commercial Banks

Inv.Banks/Inv.Cos./Securities Cos.

Unlisted Companies

Insurance

Other investments

Listed

AAA ,AA, A / AM2

AM2++

RR I

Note	2018 ----- Cost ----- (Rupees in '000)	2017
	7,682	7,682
	814,987	814,987
	63,745	102,852
	260,919	233,729
	630,198	845,743
	970,501	976,418
	-	495,385
	<u>2,748,032</u>	<u>3,476,796</u>
	<u>100,000</u>	<u>-</u>
	505,134	599,047
	500,000	500,000
	99,000	99,000
	<u>1,104,134</u>	<u>1,198,047</u>
	<u>43,177,608</u>	<u>96,508,428</u>

Equity Securities

Listed Companies

Pakistan Refinery Limited

Fauji Fertilizer Company Limited

Fauji Fertilizer Bin Qasim Limited

Fatima Fertilizer Company Limited

Thatta Cement Company Limited

Nishat Chunian Power Limited

Hub Power Company Limited

Sui Southern Gas Company Limited

Sui Northern Gas Pipelines Limited

Pakistan Stock Exchange

Summit Bank Limited

National Bank of Pakistan

MCB Bank Limited

Silk Bank Limited

7,682	7,682
387,761	387,761
362,224	362,224
65,002	65,002
63,745	102,852
176,816	176,658
84,103	57,071
357,420	484,566
272,778	361,177
-	495,385
305,509	305,509
421,540	483,610
157,707	128,782
85,743	58,517
<u>2,748,032</u>	<u>3,476,796</u>

2018		2017	
Cost	Break-up value	Cost	Break-up value
----- (Rupees in '000) -----			
100,000	28,853	-	-
		2018	2017
		----- Cost ----- (Rupees in '000)	
Guaranteed		16,822,905	16,846,115
		77,708	61,305
		224,235	224,287
		344,931	225,000
		529,686	529,686
		874,617	754,686
		100,000	400,000
		18,099,465	18,286,393

9.6.1 The market value of securities classified as held-to-maturity as at December 31, 2018 amounted to Rs. 15,869.70 million (December 31, 2017: Rs.19,202.71 million).

10 ADVANCES- NET

		Performing		Non Performing		Total	
		2018	2017	2018	2017	2018	2017
	Note	----- (Rupees '000) -----					
Loans, cash credits, agriculture, running finances etc.							
In Pakistan		40,968,909	49,244,142	24,867,024	5,462,155	65,835,933	54,706,297
Commodity finance							
In Pakistan	10.2	9,463,078	11,552,078	-	-	9,463,078	11,552,078
Islamic financing and related assets							
Diminishing musharakah financing	10.3	2,271,898	2,187,739	-	-	2,271,898	2,187,739
Murabaha Financing	10.4	737,746	-	-	-	737,746	-
Ijarah financing under IFAS 2	10.5	61,323	103,583	-	-	61,323	103,583
		53,502,954	63,087,542	24,867,024	5,462,155	78,369,978	68,549,697
Bills discounted and purchased (excluding market treasury bills)							
Payable in Pakistan		1,302,457	794,124	-	-	1,302,457	794,124
Payable outside Pakistan		9,261	110,154	3,405	-	12,666	110,154
		1,311,718	904,278	3,405	-	1,315,123	904,278
Advances - gross	10.1	54,814,672	63,991,820	24,870,429	5,462,155	79,685,101	69,453,975
Provision for non-performing advances							
- Specific provision		-	-	5,539,001	397,624	5,539,001	397,624
- General provision against consumer and small enterprise advances		7,890	4,621	-	-	7,890	4,621
- General provision		-	4,000,000	-	-	-	4,000,000
		7,890	4,004,621	5,539,001	397,624	5,546,891	4,402,245
Advances - Net of Provision		54,806,782	59,987,199	19,331,428	5,064,531	74,138,210	65,051,730

10.1 Particulars of advances (Gross)

In local currency	79,685,101	69,453,975
In foreign currencies	-	-
	<u>79,685,101</u>	<u>69,453,975</u>

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

2018	2017
(Rupees in '000)	

10.3 Diminishing musharakah financing

Advance against musharakah	-	-
Diminishing musharakah	2,271,898	2,187,739
	<u>2,271,898</u>	<u>2,187,739</u>

10.4 Murabaha Financing

	Note	2018 (Rupees in '000)	2017
Murabaha receivable - Gross		600,168	-
Less : Deferred income		(31,372)	-
		568,796	-
Advance against Murabaha financing		168,950	-
		737,746	-

10.5 Ijarah financing under IFAS 2

Net book value of assets	10.5.1	60,239	86,279
Advance against Ijarah financing		1,084	17,304
		61,323	103,583

10.5.1 Particulars of assets under Ijarah

2018							
Cost			Accumulated depreciation			Book value As at Decembe31	Rate of depreciation %
As at January 01	Additions/ Settled	As at December 31	As at January 01	Charge/ settled	As at December 31		
(Rupees in '000)							
Vehicle	90,156	(14,156)	76,000	23,722	3,366	27,088	48,912
Plant and machinery	27,605	-	27,605	7,760	8,518	16,278	11,327
Total	117,761	(14,156)	103,605	31,482	11,884	43,366	60,239

2017							
Cost			Accumulated depreciation			Book value As at Decembe31	Rate of depreciation %
As at January 01	Additions	As at December 31	As at January 01	Charge/ settled	As at December 31		
(Rupees in '000)							
Vehicle	33,455	56,701	90,156	8,848	14,874	23,722	66,434
Plant and machinery	27,605	-	27,605	1,480	6,280	7,760	19,845
Total	61,060	56,701	117,761	10,328	21,154	31,482	86,279

10.5.2 Future Ijarah payments receivable

Not later than one year	30,729	27,378
Later than one year and not later than five years	29,510	58,901
	60,239	86,279

10.6 Advances include Rs.24,870.42 (2017 5,462.16) million which have been placed under non-performing status as detailed below:

Category of Classification	Note	2018		2017	
		Non performing loans	Provision	Non performing loans	Provision
		(Rupees in '000)			
Domestic					
Other Assets Especially Mentioned	10.6.1	217,105	-	75,652	-
Substandard		8,000,207	510,763	2,775,339	54,265
Doubtful		9,092,679	404,879	900,000	3,884
Loss		7,560,438	4,623,359	1,711,164	339,475
Total		24,870,429	5,539,001	5,462,155	397,624

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

10.6.2 The Group has availed the benefit of forced sale value (FSV) on plant and machinery under charge and mortgaged residential and commercial property (land and building only) held as collateral against non-performing advances on the basis of instructions of State Bank of Pakistan. Had the benefit not been taken by the Group, specific provision against non-performing advances would have been higher by Rs.8,566.40 (2017: Rs.2,453.26) million. The resultant increase in profit due to FSV benefit taken will not be available for distribution as cash and stock dividend to shareholders.

10.6.3 Particulars of provision against advances

	2018			2017		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	397,624	4,004,621	4,402,245	143,034	4,004,051	4,147,085
Exchange adjustments	-	-	-	-	-	-
Charge for the year	5,089,800	3,269	5,093,069	263,199	2,726	265,925
Reversals	(22,291)	(4,000,000)	(4,022,291)	(8,609)	(2,156)	(10,765)
	5,067,509	(3,996,731)	1,070,778	254,590	570	255,160
Amounts charged off - agriculture loans	73,700	-	73,700	-	-	-
Net charge / (reversal) during the year	5,141,209	(3,996,731)	1,144,478	254,590	570	255,160
Amounts written off	168	-	-	-	-	-
Closing balance	5,539,001	7,890	5,546,723	397,624	4,004,621	4,402,245

10.6.3.1 Particulars of provision against advances

	2018			2017		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
In local currency	5,539,001	7,890	5,546,723	397,624	4,004,621	4,402,245
In foreign currencies	-	-	-	-	-	-
	5,539,001	7,890	5,546,723	397,624	4,004,621	4,402,245

10.6.3.2 General provision against consumer loans represents provision maintained at an amount equal to 1% (2017: 1%) of the fully secured performing portfolio and 4% (2017: 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% (2017: 0%) of the fully secured performing portfolio and 1% of the unsecured performing portfolio as required by the Prudential Regulations issued by SBP.

II. FIXED ASSETS

	Note	2018 (Rupees in '000)	2017
Capital work-in-progress	11.1	10,927	24,481
Property and equipment	11.2	1,613,947	1,577,352
		<u>1,624,874</u>	<u>1,601,833</u>

11.1 Capital work-in-progress

Equipment	2,334	4,629
Advances to suppliers	8,593	19,852
	<u>10,927</u>	<u>24,481</u>

11.2 Property and Equipment

	Lease hold improvements	Furniture and fixture	2018 Computer and office equipment	Vehicle	Total
	----- (Rupees in '000) -----				
At January 1, 2018					
Cost / Revalued amount	1,128,158	492,188	1,309,335	288,474	3,218,155
Accumulated depreciation	244,296	231,895	1,007,957	156,655	1,640,803
Net book value	<u>883,862</u>	<u>260,293</u>	<u>301,378</u>	<u>131,819</u>	<u>1,577,352</u>

Year ended December 2018

Opening net book value	883,862	260,293	301,378	131,819	1,577,352
Additions	76,006	27,000	206,838	52,333	362,177
Movement in surplus on assets revalued during the year	-	-	-	-	-
Acquisitions through business combinations	-	-	-	-	-
Impairment loss recognised in the profit and loss account - net	-	-	-	-	-
Disposals	-	-	(43)	(1,438)	(1,481)
Depreciation charge	(57,380)	(50,997)	(165,909)	(49,815)	(324,101)
Exchange rate adjustments	-	-	-	-	-
Other adjustments / transfers	1	1	-	(1)	1
Closing net book value	<u>902,488</u>	<u>236,297</u>	<u>342,264</u>	<u>132,898</u>	<u>1,613,947</u>

At December 31, 2018

Cost / Revalued amount	1,204,164	519,189	1,506,083	312,883	3,542,319
Accumulated depreciation	301,676	282,892	1,163,819	179,985	1,928,372
Net book value	<u>902,488</u>	<u>236,297</u>	<u>342,264</u>	<u>132,898</u>	<u>1,613,947</u>
Rate of depreciation (percentage)	<u>5.00%</u>	<u>10.00%</u>	<u>33.33% & 20.0%</u>	<u>20.00%</u>	

	Lease hold improvements	Furniture and fixture	2017 Computer and office equipment	Vehicle	Total
	----- (Rupees in '000) -----				
At January 1, 2017					
Cost / Revalued amount	1,040,048	473,432	1,269,145	265,194	3,047,819
Accumulated depreciation	191,236	184,188	806,277	131,989	1,313,690
Net book value	<u>848,812</u>	<u>289,244</u>	<u>462,868</u>	<u>133,205</u>	<u>1,734,129</u>

Year ended December 2017

Opening net book value	848,812	289,244	462,868	133,205	1,734,129
Additions	88,110	19,052	42,649	50,737	200,548
Movement in surplus on assets revalued during the year	-	-	-	-	-
Acquisitions through business combinations	-	-	-	-	-
Impairment loss recognised in the profit and loss account - net	-	-	-	-	-
Disposals	-	(296)	(2,459)	(27,458)	(30,213)
Depreciation charge	(53,060)	(47,707)	(201,680)	(24,665)	(327,112)
Exchange rate adjustments	-	-	-	-	-
Other adjustments / transfers	-	-	-	-	-
Closing net book value	<u>883,862</u>	<u>260,293</u>	<u>301,378</u>	<u>131,819</u>	<u>1,577,352</u>

At December 31, 2017

Cost / Revalued amount	1,128,158	492,188	1,309,335	288,474	3,218,155
Accumulated depreciation	244,296	231,895	1,007,957	156,655	1,640,803
Net book value	<u>883,862</u>	<u>260,293</u>	<u>301,378</u>	<u>131,819</u>	<u>1,577,352</u>
Rate of depreciation (percentage)	<u>5.00%</u>	<u>10.00%</u>	<u>33.33% & 20.0%</u>	<u>20.00%</u>	

11.3 The cost of fully depreciated furniture and fixture, office and computer equipment still in use amounted to Rs.818.18 (2017: Rs.678.87) million.

11.4 Disposal

Particular of the Assets	Cost	Accumulated depreciation	Book Value	Sale Price	Mode of Disposal	Particular of the Purchaser
(Rupees in '000)						
Computer and office equipment						
Laptop	61,110	61,109	1	1	As Per HR Policy	Ms Masooma Hussain
Laptop	61,110	61,109	1	1	As Per HR Policy	Muhammad Saeed Khan
Fire Extinguisher	27,898	27,895	3	1,278	Negotiation	Construction Company
Fire Extinguisher	9,202	9,197	5	2,852	Negotiation	Construction Company
Fire Extinguisher	3,886	3,885	1	300	Negotiation	Aftab Ahmad
Fire Extinguisher	8	3	5	2,400	Negotiation	Azgar Ali
Fire Extinguisher	3	1	2	1,200	Negotiation	Channa Autos Motor Garage
Fire Extinguisher	1	0	1	300	Negotiation	Foji Harware & Gases
Fire Extinguisher	4	1	3	2,000	Negotiation	Jamal Ahmed
Fire Extinguisher	30,218	30,212	6	1,800	Negotiation	Karachi New BatteryCentre & Solar System
Fire Extinguisher	1	0	1	500	Negotiation	M. Sajid
Fire Extinguisher	5,036	5,035	1	350	Negotiation	M.Abbas Khan
Fire Extinguisher	30,218	30,212	6	1,800	Negotiation	M.Dad
Fire Extinguisher	30,218	30,212	6	960	Negotiation	Muhammad Nazir
Fire Extinguisher	3,393	2,148	1,245	500	Negotiation	Muhammad saeed
Fire Extinguisher	30,218	30,212	6	3,000	Negotiation	Nadir Hussain
Fire Extinguisher	19,430	19,425	5	2,000	Negotiation	New Rehman Autos
Fire Extinguisher	4	1	3	1,200	Negotiation	Osaka Batteries
Fire Extinguisher	30,222	30,213	9	8,000	Negotiation	Saif Fire Engineering
Fire Extinguisher	57,504	56,105	1,399	8,900	Negotiation	Salamat Ali
Fire Extinguisher	4	1	3	800	Negotiation	Zameer Hussain
Fire Extinguisher	30,218	30,212	6	1,712	Negotiation	Zeeshan Haider
Split Air Conditioner	347,437	347,430	7	105,786	Tender	Nazim Ali
Split Air Conditioner	636,235	636,224	11	46,000	Negotiation	Paksitan Enterprises
CCTV Camera etc.	8,607,951	8,586,459	21,492	155,000	Tender	Qazi Rehman
CCTV Camera	67,400	48,330	19,070	33,700	Insurance Claim	Sindh Insurance Ltd
	10,088,930	10,045,631	43,299	382,340		

Particular of the Assets	Cost	Accumulated depreciation	Book Value	Sale Price	Mode of Disposal	Particular of the Purchaser
(Rupees in '000)						
Vehicle						
Suzuki Alto VXR	712,000	711,999	1	458,893	Tender	Syed Adil Ali
Suzuki Alto VXR	712,000	711,999	1	414,351	Tender	Imran Ahmed
Suzuki Mehran	632,000	631,999	1	322,800	Tender	Hafiz Muhammad Umais
Suzuki Cultus VXR	965,000	964,999	1	638,893	Tender	Syed Adil Ali
Suzuki Cultus VXR	965,000	964,999	1	660,000	Tender	Ghazal Tahir
Suzuki Cultus VXR	885,000	884,999	1	658,000	Tender	Wasim Mirza
Suzuki Cultus VXR	985,000	984,999	1	668,893	Tender	Syed Adil Ali
Suzuki Cultus VXR	870,000	869,999	1	622,000	Tender	Hafiz Muhammad Umais
Suzuki Mehran	632,000	631,999	1	1	As Per HR Policy	Ghulam Mustafa Memon
Suzuki Mehran	632,000	610,915	21,085	31,619	As Per HR Policy	Mehmood Hussain
Suzuki Alto VXR	737,000	736,999	1	1	As Per HR Policy	Kashif Aziz
Suzuki Cultus VXR	881,500	881,499	1	1	As Per HR Policy	Mr. Allah Bukhsh
Suzuki Wagon R	957,000	653,949	303,051	1	As Per HR Policy	Mukhtiaran bibi w/o Wali Muhammad(late)
Suzuki Cultus VXR	965,000	964,999	1	1	As Per HR Policy	Naeem Akhtar Rizvi
Suzuki Cultus VXR	965,000	964,999	1	1	As Per HR Policy	Ghulam Hussain Abro
Suzuki Wagon R	984,000	344,400	639,600	1	As Per HR Policy	Shazma Naeem(late)
Suzuki Cultus VXR	985,000	984,999	1	1	As Per HR Policy	Mr. Jawaid Hussain
Suzuki Cultus VXR	990,000	989,999	1	1	As Per HR Policy	Yousuf Khan Niazi
Suzuki Cultus VXR	990,000	989,999	1	1	As Per HR Policy	Muhammad Shamim
Suzuki Cultus VXR	990,000	989,999	1	1	As Per HR Policy	Muhammad Khan Chand
Suzuki Cultus VXR	1,010,000	1,009,999	1	1	As Per HR Policy	Muhammad Salman Satti
Suzuki Cultus VXR	1,010,000	976,315	33,685	33,685	As Per HR Policy	Shah-e-Room Khan
Toyota Corrola XLI	1,374,000	1,373,999	1	1	As Per HR Policy	Ali Gohar Shaikh
Toyota Corolla XLI	1,537,500	1,537,499	1	1	As Per HR Policy	Muhammad Parvez Shaikh
Toyota Corolla XLI	1,537,500	1,537,499	1	1	As Per HR Policy	Saeed Jamal Tariq
Toyota Corolla XLI	1,551,500	1,551,499	1	1	As Per HR Policy	Akhtar Ali Khan
Honda Civic	1,794,000	1,793,999	1	1	As Per HR Policy	Khawaja Ghalib
Suzuki Mehran	678,000	237,300	440,700	615,000	Insurance Claim	sindh insurance ltd
	27,927,000	26,488,855	1,438,145	5,124,151		
	38,015,930	36,534,486	1,481,444	5,506,491		

12 INTANGIBLE ASSETS - Computer Software

At January 1,

Cost	209,753	188,552
Accumulated amortisation and impairment	149,202	120,863
Net book value	60,551	67,689

Year ended December 31,

Opening net book value	60,551	67,689
Additions:		
- directly purchased	19,539	22,912
Disposals	-	-
Amortisation charge	(27,150)	(28,994)
Other adjustments	-	-
Closing net book value	52,940	61,607

At December 31,

Cost	230,539	211,464
Accumulated amortisation and impairment	177,599	149,857
Net book value	52,940	61,607
Rate of amortisation (percentage)	20%	20%
Useful life	5 year	5 year

12.1 The cost of fully amortised software still in use amounted to Rs.118,081 (2017: Rs.83,964) million.

13 DEFERRED TAX ASSETS

	2018			
	At Jan 1, 2018	Recognised in P&L A/C	Recognised in OCI	At Dec 31, 2018
	----- (Rupees in '000) -----			
Deductible Temporary Differences on				
- Provision against advances - general	1,400,000	128,566	-	1,528,566
- Tax losses carried forward	-	242,562	-	242,562
- Post retirement employee benefit	-	-	6,650	6,650
- Provision for diminution in the value of investments	2,733	82,391	-	85,124
- Deficit on revaluation of investments	306,988	-	1,944,840	2,251,828
	1,709,721	453,519	1,951,490	4,114,730
Taxable Temporary Differences on				
- Accelerated tax depreciation - tangible fixed assets	(88,988)	10,368	-	(78,620)
- Accelerated tax amortization - intangible assets	(9,194)	868	-	(8,326)
	(98,182)	11,236	-	(86,946)
	1,611,539	464,755	1,951,490	4,027,784

	2017			
	At Jan 1, 2017	Recognised in P&L A/C	Recognised in OCI	At Dec 31, 2017
	----- (Rupees in '000) -----			
Deductible Temporary Differences on				
- Provision against advances - general	1,400,000	-	-	1,400,000
- Provision for diminution in the value of investments	171	2,562	-	2,733
- Deficit on revaluation of investments	(72,171)	-	379,159	306,988
	1,328,000	2,562	379,159	1,709,721
Taxable Temporary Differences on				
- Accelerated tax depreciation - tangible fixed assets	(128,059)	39,071	-	(88,988)
- Accelerated tax amortization - intangible assets	(9,864)	670	-	(9,194)
	(137,923)	39,741	-	(98,182)
	1,190,077	42,303	379,159	1,611,539

14 OTHER ASSETS

	Note	2018 (Rupees in '000)	2017
Income/ Mark-up accrued in local currency	14.1	3,473,661	3,397,774
Accrued commission income		11,673	11,210
Advances, deposits, advance rent and other prepayments		218,793	258,984
Receivable against sale of shares		460,288	147,531
Unrealised gain on forward forex revaluation - net		436,069	64,115
Insurance premium receivable against agriculture loans		28,993	26,991
Stationery and stamps on hand		9,157	10,088
Dividend receivable		12,082	26,535
Receivable against Link ATM settlement account		62,759	273,165
Advance Taxation - net		345,708	-
Acceptances		850,511	393,990
Insurance claims receivable		-	746
Other receivables		18,280	16,367
		5,927,974	4,627,496

14.1 Income/ Mark-up accrued in local currency

- On loans and advances	1,654,318	1,370,128
- On investments	1,806,694	2,002,441
- Others	12,649	25,205
	3,473,661	3,397,774

15 BILLS PAYABLE

In Pakistan	929,426	905,423
Outside Pakistan	-	-
	929,426	905,423

16 BORROWINGS	Note	2018 (Rupees in '000)	2017
Secured			
Borrowings from State Bank of Pakistan			
Under export refinance scheme	16.2	1,270,300	1,136,500
Repurchase agreement borrowings - Secured			
- State Bank of Pakistan (SBP)	16.3	23,501,398	29,402,212
- Other commercial banks / DFI's	16.4	2,000,000	8,434,593
		25,501,398	37,836,805
Call borrowings - Secured		-	11,997,869
		26,771,698	50,971,174
16.1 Particulars of borrowings with respect to Currencies			
In local currency		26,771,698	50,971,174
In foreign currencies		-	-
		26,771,698	50,971,174

16.2 These represent borrowings from SBP under export refinance scheme at the rates ranging from 1.00% to 2.00% (2017: 1.00% to 2.00%) per annum having maturity upto six months.

16.3 These represent repurchase agreement borrowings rate at 10.23% (2017:5.87%) per annum maturing on January 04, 2019 (2017: January 05, 2018). The carrying value of securities given as collateral against these borrowings is given in note 9.4.

16.4 These represent repurchase agreement borrowings rate at 9.90% (2017:5.78% to 6.00%) per annum maturing on January 07, 2019 (2017: February 17, 2018). The carrying value of securities given as collateral against these borrowings is given in note 9.4.

17 DEPOSITS AND OTHER ACCOUNTS	2018			2017		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	Rupees in '000					
Customers						
Current deposits	48,416,669	328,897	48,745,566	39,465,799	310,649	39,776,448
Savings deposits	42,074,632	1,215,819	43,290,451	48,651,883	1,024,217	49,676,100
Term deposits	17,601,781	358,536	17,960,317	36,401,828	272,542	36,674,370
Margin and other deposits	494,808	-	494,808	653,611	-	653,611
	108,587,890	1,903,252	110,491,142	125,173,121	1,607,408	126,780,529
Financial Institutions						
Current deposits	44,884	15	44,899	75,639	12	75,651
Savings deposits	2,196,827	-	2,196,827	4,773,908	-	4,773,908
Term deposits	805,000	-	805,000	2,484,000	-	2,484,000
Margin and other deposits	103,032	-	103,032	90,002	-	90,002
	3,149,743	15	3,149,758	7,423,549	12	7,423,561
	111,737,633	1,903,267	113,640,900	132,596,670	1,607,420	134,204,090

17.1 Composition of deposits	2018 (Rupees in '000)	2017
- Individuals	13,026,048	11,272,032
- Government (Federal and Provincial)	72,558,806	72,650,180
- Public Sector Entities	3,849,599	7,016,663
- Banking Companies	7,135	1,303,858
- Non-Banking Financial Institutions	3,223,421	9,324,120
- Private Sector	20,975,891	32,637,237
	113,640,900	134,204,090

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

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

As at 31 December 2018, the deposits eligible to be covered under insurance arrangements amount to Rs. 18,128.5 million premium paid of Rs. 14.22 million.

18 OTHER LIABILITIES	2018 (Rupees in '000)	2017
Mark-up / return / interest payable in local currency	872,676	1,322,913
Mark-up / return / interest payable in foreign currency	4,398	4,170
Accrued expenses	173,328	141,743
Net defined benefit liability	81,988	71,446
Provision for compensated absences	161,037	144,125
Payable to employees' provident fund	512	397
Payable against purchase of operating fixed assets	69,397	99,853
Payable against purchase of shares	544,148	358,505
Retention money	73,588	67,872
Federal excise duty / sales tax on services payable	2,825	6,303
Provision for taxation - net	-	26,336
Withholding tax payable	27,251	17,113
Acceptances	850,511	393,990
Others	173,625	66,390
	3,035,284	2,721,156

19 SHARE CAPITAL

19.1 Authorised capital

2018	2017	
Number of shares		
1,200,000,000	1,200,000,000	Ordinary shares of Rs.10 each
12,000,000	12,000,000	

19.2 Issued, subscribed and paid-up share capital

1,001,013,000	1,001,013,000	Ordinary shares of Rs.10 each Fully paid in cash	10,010,130	10,010,130
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19.3 The Government of Sindh, through its Finance Department, own 99.90% ordinary shares of the Bank.

20	DEFICIT ON REVALUATION OF ASSETS - NET OF DEFERRED TAX	Note	2018 (Rupees in '000)	2017
	Available-for-sale securities			
	Federal government securities		(5,746,796)	101,915
	Fully paid ordinary shares - listed		(556,827)	(887,129)
	Units of mutual funds (units / certificates)		(139,010)	(104,279)
	Sukuk certificates		8,813	10,831
	Term finance certificates		25	1,553
			(6,433,795)	(877,109)
	Related deferred taxation		2,251,827	306,988
			(4,181,968)	(570,121)
21	CONTINGENCIES AND COMMITMENTS			
	-Guarantees	21.1	4,669,810	4,852,395
	-Commitments	21.2	120,910,034	73,209,153
	-Other contingent liabilities		-	-
			125,579,844	78,061,548
21.1	Guarantees:			
	Financial guarantees		2,199,892	2,560,027
	Performance guarantees		1,494,341	1,593,556
	Other guarantees		975,577	698,812
			4,669,810	4,852,395
21.2	Commitments:			
	Documentary credits and short-term trade-related transactions			
	- letters of credit		2,505,009	4,713,833
	Commitments in respect of:			
	- forward foreign exchange contracts	21.2.1	75,890,620	9,907,718
	- forward lending	21.2.2	42,514,405	58,587,602
	Other commitments		-	-
			120,910,034	73,209,153
21.2.1	Commitments in respect of forward foreign exchange contracts			
	Purchase		38,100,944	5,108,914
	Sale		37,789,676	4,798,804
			75,890,620	9,907,718
21.2.2	Commitments in respect of forward lending			
	Forward repurchase agreement lending		25,541,849	37,861,932
	Forward resale agreement lending		5,391,248	4,974,614
	Undrawn formal standby facilities, credit lines and other commitments to lend	21.2.2.1	11,581,308	15,751,056
			42,514,405	58,587,602
21.2.2.1	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.

21.3 Contingencies

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

21.3.2 The Income Tax returns of the Group have been filed up to the tax year 2018 (accounting year ended December 31, 2017) and amendment of deemed assessment were carried out till tax year 2017, whereby certain disallowances to be taxable income were made.

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

Subsequently, the 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 Payer Unit (LTU) has also filed appeals in the ATIR against the decision of CIRA.

21.3.3 The Supreme Court of Pakistan taking suo-motu notice regarding widespread reports of opening of fake accounts in Summit Bank Ltd., Sindh Bank Ltd., National bank Ltd.,United Bank Limited, and MCB Bank Ltd,in Human Rights Case No.39216-G of 2018, constituted a Joint Investigation Team (JIT) on September 5, 2018 to investigate the matter of opening of alleged fake accounts and allied matters. On December 19, 2018, the JIT submitted its Final (Synthesis) Report before the Supreme Court of Pakistan. During the investigation, the JIT probed into thirty two allegedly fake accounts opened in above mentioned banks, and opined that prime facie cognizable offences have been made out inter alia involving corruption, corrupt practices and money laundering. On January 7, 2019, the Honorable Supreme Court of Pakistan disposed off the above suo-moto case by ordering National Accountability Bureau (NAB) to investigate the case further and file references (if required) within a period of two months, before the Accountability Courts at Islamabad/Rawalpindi. It also directed the JIT to submit its entire record to NAB at Islamabad Since then the NAB is investigating the matters raised in the JIT report and has filed Five references in the Accountability Courts, none of which are against the Bank.

Only 8 of 32 alleged fake accounts were opened in two branches of Sindh Bank.The management has already taken suitable steps to address the matter and further strengthen controls in this area of AML/KYC.

Though it will take time for any adjudication in the matter, we do not foresee material adverse legal consequences for the Bank.

22	MARK-UP/RETURN/INTEREST EARNED	2018 (Rupees in '000)	2017
	On Loans and advances	5,492,566	4,808,795
	On Investments	6,700,761	6,536,737
	On Lendings to financial institutions	302,826	232,189
	On Balances with banks	87,308	78,656
		12,583,461	11,656,377

	Note	2018 (Rupees in '000)	2017
23 MARK-UP/RETURN/INTEREST EXPENSED			
Deposits		5,311,248	5,285,403
Borrowings		2,194,768	986,559
Others		-	-
		<u>7,506,016</u>	<u>6,271,962</u>
24 FEE & COMMISSION INCOME			
Branch banking customer fees		65,648	81,268
Consumer finance related fees		667	270
Card related fees (debit cards)		107,822	105,597
Commission on trade		80,312	103,091
Commission on guarantees		48,657	59,748
Credit related fees		16,957	71,629
Commission on remittances including home remittances		7,425	6,818
Commission on Wheat Grower account		-	24,544
Others		679	542
		<u>328,167</u>	<u>453,507</u>
25 GAIN / (LOSS) ON SECURITIES			
Realised	25.1	(907,095)	604,425
Unrealised - held for trading		-	-
		<u>(907,095)</u>	<u>604,425</u>
25.1 Realised (loss) / gain on:			
Federal Government Securities		(545,503)	446,291
Shares of listed companies		(361,592)	131,202
Units of mutual funds		-	26,632
Others investments		-	300
		<u>(907,095)</u>	<u>604,425</u>
26 OTHER INCOME			
Incidental charges		2,608	4,761
Gain on sale of operating fixed assets		4,968	2,964
Rent on property		6,396	1,800
Prequalification application fee for tender		105	143
Godown charges		220	252
Others		-	53
		<u>14,297</u>	<u>9,973</u>
27 OPERATING EXPENSES			
Total compensation expense	27.1	2,203,147	2,079,455
Property expense			
Rent & taxes		719,964	616,502
Insurance		28,014	22,482
Utilities cost		212,851	177,221
Security		273,091	248,114
Repair & maintenance		10,772	11,671
Depreciation		57,380	54,514
		<u>1,302,072</u>	<u>1,130,504</u>

	Note	2018 (Rupees in '000)	2017
Information technology expenses			
Software maintenance		55,029	57,703
Hardware maintenance		42,672	21,403
Depreciation - I.T.		23,099	27,803
Amortisation		27,741	28,995
Network charges		8,449	7,702
*Others I.T.		16,514	15,214
		<u>173,504</u>	<u>158,820</u>
Other operating expenses			
Directors' fees and allowances		21,514	19,660
Fees and allowances to Shariah Board		3,106	2,759
Legal & professional charges		22,120	26,970
Outsourced services costs		90,495	72,300
Travelling & conveyance		29,380	21,636
NIFT clearing charges		14,932	14,281
Depreciation - others		243,622	271,785
Training & development		2,069	1,708
Postage & courier charges		21,087	18,980
Communication		103,483	93,621
Stationery & printing		79,930	70,391
Marketing, advertisement & publicity		62,224	74,558
Donations	27.2	2,041	-
Auditors Remuneration	27.3	11,310	8,168
Repair & maintenance		54,079	50,753
Brokerage and commission		11,287	8,338
Entertainment Expenses		39,318	33,605
Fees and subscription		50,711	38,386
Insurance expenses		7,584	8,040
*Others		33,734	28,781
		<u>904,026</u>	<u>864,720</u>
		<u>4,582,749</u>	<u>4,233,499</u>
27.1 Total compensation expense			
Managerial Remuneration			
- Fixed		1,339,893	1,220,846
- Variable Cash Bonus / Awards etc.		11,574	53,377
Charge for defined benefit plan		62,987	48,740
Contribution to defined contribution Plan		68,341	60,330
Rent & house maintenance		400,889	378,048
Utilities		78,598	74,226
Medical		78,576	74,223
Conveyance		55,195	51,647
Employee old age benefits contribution		12,664	12,211
Leave Fare Assistance Allowances		29,648	31,999
Leave Encashment		18,934	30,918
Staff Insurances		44,064	42,474
Others staff		1,784	416
		<u>2,203,147</u>	<u>2,079,455</u>

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.9.01 (2017: Rs.20.40) million and Rs. 2.42 (2017: Rs.3.13) million respectively and is included in salaries, allowances and benefits.

	Note	2018 (Rupees in '000)	2017
27.2 Details of donations paid during the year			
Contribution to Supreme Court of Pakistan's Fund for Construction of Diamer Basha & Mohmand Dam		2,041	-
27.3 Auditors' remuneration			
Audit fee		8,708	5,115
Fee for other statutory certifications		918	1,188
Special certifications and sundry advisory services		828	522
Out-of-pocket expenses		856	1,343
		11,310	8,168
28 OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		88,713	8,689
Others		-	-
		88,713	8,689
29 PROVISIONS & WRITE OFFS - NET			
Provisions for diminution in value of investments	9.4.1	235,402	-
Provisions against loans & advances		5,144,815	255,160
General provision reversal		(4,000,000)	-
Net provision during the year	10.6.3	1,144,815	255,160
Fixed assets written off		943	732
Bad debts written off directly		1,283	470
		1,382,443	256,362
30 TAXATION			
Current		173,763	816,180
Prior years		91,319	161,950
Deferred		(464,755)	(42,303)
		(199,673)	935,827
30.1 Relationship between tax expense and accounting profit			
(Loss) / Profit before tax		(1,366,769)	2,213,387
Tax on (loss) / income at applicable rates		(482,777)	773,081
Effects of prior year on current taxation	30.2	91,319	161,950
Permanent differences of Minimum Tax		159,984	-
Effects of permanent differences		31,801	796
		(199,673)	935,827

30.2 The Finance Act, 2018 / Supplementary (2nd ammendmend) Bill 2019 has introduced certain amendments relating to taxation of banking companies. As per these amendments, super tax at the rate of 4 percent of the taxable income has been levied for tax year 2018 (accounting year ended 31 December 2017). Accordingly an amount of Rs. 91.32 million has been recognised in these financial statements.

30.3 The Income Tax returns of the Group have been filed up to the tax year 2018 (accounting year ended December 31, 2017) and amendment of deemed assessment were carried out till tax year 2017, whereby certain disallowances to be taxable income were made.

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

Subsequently, the 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 Payer Unit (LTU) has also filed appeals in the ATIR against the decision of CIRA.

	Note	2018 (Rupees in '000)	2017
31 BASIC (LOSS) / EARNINGS PER SHARE			-
(Loss) / Profit for the year		(1,167,096)	1,277,560
Weighted average number of ordinary shares		1,001,013,000	1,001,013,000
Basic (loss) / earnings per share		(1.17)	1.28
32 DILUTED (LOSS) / EARNINGS PER SHARE			
(Loss) / Profit for the year		(1,167,096)	1,277,560
Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)		1,001,013,000	1,001,013,000
Diluted (loss) / earnings per share		(1.17)	1.28
33 CASH AND CASH EQUIVALENTS			
Cash and Balance with Treasury Banks	6	9,122,815	9,680,631
Balance with other banks	7	725,400	3,042,989
		9,848,215	12,723,620
		2018	2017
		----- Number -----	
34 STAFF STRENGTH			
Permanent		1,831	1,677
Temporary / on contractual basis		164	240
Total staff strength		1,995	1,917

34.1 In addition to the above 519 (2017: 403) staff from outosrcing service companies were assigned to the Bank.

35 DEFINED BENEFIT AND CONTRIBUTION PLANS

35.1 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.

35.1.1 Number of Employees under the scheme

The number of employees covered under the following defined benefit schemes are:

	2018	2017
	----- (Number) -----	
- Provident fund	1,605	1,578
- Gratuity fund	1,665	1,448

35.1.2 Principal actuarial assumptions

The latest actuarial valuation was carried out as at December 31, 2018 using the Projected Unit Credit Method. Following are the significant assumptions used in the actuarial valuation:

	2018	2017
	----- (Percentage) -----	
- Discount rate	13.25% - 13.75%	9.50%
- Expected rate of increase in salaries	12.25% - 13.25%	9.00%
- Expected return on plan assets	13.75%	9.50%

35.1.3 Reconciliation of net defined benefit liability

	Note	2018	2017
		(Rupees in '000)	
Present value of defined benefit liability	35.1.6	326,079	239,044
Fair value of plan assets	35.1.7	(244,091)	(167,598)
Payable to defined benefit plan	35.1.4	81,988	71,446

35.1.4 Movement in net defined benefit liability

Opening balance		71,446	50,481
Charge to profit and loss during the year	35.1.5	62,987	48,740
Remeasurement loss recognized in OCI	35.1.5	19,001	22,706
Bank's contribution		(71,446)	(50,481)
Closing balance		81,988	71,446

35.1.5 Charge for defined benefit plan

In profit and loss			
Current service cost		59,593	46,342
Interest cost - net		3,394	2,398
Charge for the year		62,987	48,740

	Note	2018	2017
		(Rupees in '000)	
In other comprehensive income			
Remeasurement loss on defined benefit obligation		12,257	16,048
Remeasurement loss on plan assets		6,744	6,658
		19,001	22,706

35.1.6 Changes in present value of defined benefit liability

Opening balance		239,044	170,787
Current service cost		59,593	46,342
Interest cost		22,368	15,755
Benefits paid		(7,182)	(9,888)
Actuarial loss / (gain) on obligation			
- Financial assumptions		-	-
- Experience assumptions		12,257	16,048
		12,257	16,048
Closing balance		326,079	239,044

35.1.7 Fair value of plan assets

Fair value of plan assets at the beginning of the year		167,598	120,306
Expected return on plan assets		18,974	13,357
Bank's contributions		71,446	50,481
Benefits paid		(7,182)	(9,888)
Actuarial loss on assets - experience assumptions		(6,744)	(6,658)
Fair value of plan assets at the end of the year	35.1.8	244,091	167,598

35.1.8 Plan assets comprise

Balance held in bank accounts		244,091	167,598
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35.1.9 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	2018	2017
		(Rupees in '000)	
Discount rate (1% variation)		361,719	127,323
Future salary growth (1% variation)		363,183	165,072
Future mortality (1 year variation)		320,844	238,988

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.

35.1.10 The expected gratuity expense for the year commencing January 01, 2019 works out to Rs.67.92 milliion (2018: Rs.30.28).

35.1.11 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:

	2019	2020	2021	2022	2023
	(Rupees in '000)				
Expected benefit payments	16,783	18,562	20,143	21,485	17,740

35.1.12 Risks Associated with Defined Benefit Plans

- Investment Risks

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

- Longevity Risks

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

- Salary Increase Risk

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

- Withdrawal Risk

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

35.2 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.130.83 (2017: Rs.116.58) million. The number of employees as at December 31, 2018 eligible under the plan were 1,515 (2017: 1,498).

36. 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 services. Regular employees are entitled to 30 days privilege leave for each completed year of service. Unused 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.164.39 (2017: Rs.144.13) million has been provided on the basis of actuarial recommendations.

	Note	2018	2017
		(Rupees in '000)	
36.1 Movement of compensated absences			
Opening balance		144,125	118,612
Expense for the year		18,802	30,918
Benefit paid for the year		(1,890)	(5,405)
Closing balance		161,037	144,125

37 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

37.1 Total Compensation Expense

	2018					
	(Rupees in '000')					
	Chairman	Executives (other than CEO)	Non-Executives	Members Shariah Board	President / CEO	Key Management Personnel
Fees and Allowances	2,850	-	18,664	2,550	-	-
Managerial Remuneration						
- Fixed	-	-	-	-	22,988	230,019
- Variable Cash Bonus / Awards	-	-	-	-	-	-
Charge for defined benefit plan	-	-	-	-	1,488	16,226
Contribution to defined contribution plan	-	-	-	-	2,299	18,207
Rent & house maintenance	-	-	-	-	10,344	103,509
Utilities	-	-	-	-	2,299	23,002
Medical	-	-	-	-	2,299	23,002
Conveyance	-	-	-	556	762	44,060
Festival Bonus	-	-	-	-	3,507	36,364
Others	1,348	-	-	-	2,354	24,863
Total	4,198	-	18,664	3,106	48,340	519,252
Number of Persons	1	-	14	3	2	104
	2017					
	(Rupees in '000')					
	Chairman	Executives (other than CEO)	Non-Executives	Members Shariah Board	President / CEO	Key Management Personnel
Fees and Allowances	2,350	-	17,310	2,300	-	-
Managerial Remuneration						
- Fixed	-	-	-	-	75,213	225,546
- Variable Cash Bonus / Awards	-	-	-	-	-	-
Charge for defined benefit plan	-	-	-	-	1,247	12,002
Contribution to defined contribution plan	-	-	-	-	1,455	15,080
Rent & house maintenance	-	-	-	-	9,275	101,495
Utilities	-	-	-	-	2,062	22,555
Medical	-	-	-	-	2,062	22,555
Conveyance	-	-	-	479	610	40,602
Festival Bonus	-	-	-	-	3,291	37,795
Others	1,517	-	-	-	2,497	22,962
Total	3,867	-	17,310	2,779	97,712	500,592
Number of Persons	1	-	9	3	2	100

- 37.1.1 The Chief Executive Officer and certain executives of the Group are provided with free use of the Bank's maintained cars.
- 37.1.2 Executives mean employees, other than the President & Chief Executive Officer and Directors, whose basic salary exceeds five hundred thousand Rupees in a financial year.
- 37.1.3 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 27.1 to these consolidated financial statements.

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

Sr. No.	Name of Directors	2018						
		For Board Meetings	For Board Committee					Total Amount Paid
			Audit Committee	Risk Management Committee	Procurement, I.T. & Security Committee	Human Resource & Remuneration Committee	Nomination Committee	
Amount Rs. 000								
1	Afzal Ghani	2,250	-	-	-	600	-	2,850
2	Muhammad Shahid Murtaza	750	-	200	200	-	-	1,150
3	Muhammad Naeem Sahgal	750	200	-	-	200	-	1,150
4	Tajammal Hussain Bokharee	2,500	-	600	200	-	200	3,500
5	Raja Muhammad Abbas	750	200	-	200	-	-	1,150
6	Muhammad Bilal Sheikh	2,500	800	-	-	600	200	4,100
7	Anis A. Khan	1,250	-	200	-	200	-	1,650
8	Sami Ul Haq	1,750	400	-	200	-	-	2,350
9	Asif Janhangir	750	200	-	-	-	200	1,150
10	Noor Alam	750	-	-	-	-	-	750
11	Qaiser Parwaiz	1,250	200	-	-	-	-	1,450
12	Farooq Ahmed	60	-	-	-	-	-	60
13	Liaquat Ali	60	-	-	-	-	-	60
14	Noor Muhammad	72	-	-	-	-	-	72
15	Naila Masood	60	-	-	-	-	-	60
Total Amount Paid		15,502	2,000	1,000	800	1,600	600	21,502

Sr. No.	Name of Directors	2017						
		For Board Committee						
		For Board Meetings	Audit Committee	Risk Management Committee	Procurement, I.T. & Security Committee	Human Resource & Remuneration Committee	Nomination Committee	Total Amount Paid
		Amount Rs. 000						
1	Afzal Ghani	1,750	-	-	-	600	-	2,350
2	Muhammad Shahid Murtaza	1,750	200	200	400	-	-	2,550
3	Muhammad Naeem Sahgal	1,750	800	-	-	600	-	3,150
4	Tajammal Hussain Bokharee	1,750	-	400	400	-	-	2,550
5	Raja Muhammad Abbas	1,750	600	200	200	-	-	2,750
6	Muhammad Bilal Sheikh	1,750	800	-	-	600	-	3,150
7	Syed Hassan Naqvi	1,750	800	-	400	-	-	2,950
Total Amount Paid		12,250	3,200	800	1,400	1,800	-	19,450

37.3 Remuneration paid to Shariah Board Members

Items	2018			2017		
	Chairman	Member	Resident Member	Chairman	Member	Resident Member
Amount Rs. 000						
Managerial Remuneration (Fixed)	491	994	1,065	540	840	900
Fuel Allowances	120	218	218	131	174	174
Total Amount	611	1,212	1,283	671	1,014	1,074
Total Number of Persons	1	1	1	1	1	1

38 FAIR VALUE MEASUREMENTS

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

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Group's accounting policy as stated in note 5.18 to these financial statements.

The repricing profile, effective rates and maturity profile are stated in note 42.2.5 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.

38.1 Fair value of financial assets

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:

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.

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

	2018			
	Fair Value			
	Level 1	Level 2	Level 3	Total
----- (Rupees in '000') -----				
On balance sheet financial instruments				
Financial assets measured at fair value				
Available-for-sale securities				
Pakistan Investment Bonds	-	27,779,867	-	27,779,867
Market Treasury Bills	-	4,887,267	-	4,887,267
Shares of listed companies	1,947,993	-	-	1,947,993
Term finance certificates - Listed	-	99,825	-	99,825
Units of mutual funds	118,067	457,972	-	576,039
Ijarah Sukuk - GoP	-	911,512	-	911,512
Sukuk bonds	-	298,098	-	298,098
	2,066,060	34,434,541	-	36,500,601
Off balance sheet financial instruments				
Foreign exchange contracts (purchase)	-	38,100,944	-	38,100,944
Foreign exchange contracts (sale)	-	37,789,676	-	37,789,676

On balance sheet financial instruments

Financial assets measured at fair value

Available-for-sale securities

	2017 Fair Value			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Pakistan Investment Bonds	-	38,841,721	-	38,841,721
Market Treasury Bills	-	52,136,358	-	52,136,358
Shares of listed companies	2,581,857	-	-	2,581,857
Term finance certificates - Listed	-	101,393	-	101,393
Units of mutual funds	213,439	394,775	-	608,214
Ijarah Sukuk - GoP	-	957,421	-	957,421
Sukuk bonds	-	396,545	-	396,545
	<u>2,795,296</u>	<u>92,828,213</u>	<u>-</u>	<u>95,623,509</u>

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

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

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

39 SEGMENT INFORMATION

39.1 Segment Details with respect to Business Activities

	2018				
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
	----- Amount Rs. 000 -----				
Profit & Loss					
Net mark-up/return/profit	4,828,055	213,360	-	34,336	5,075,751
Inter segment revenue - net	(5,963,064)	-	-	5,963,064	-
Non mark-up / return / interest income	(752,292)	630	-	363,047	(388,615)
Total Income	(1,887,301)	213,990	-	6,360,447	4,687,136
Segment direct expenses	(61,263)	(145,761)	-	(3,673,272)	(3,880,296)
Inter segment expense allocation	(79,117)	(9,569)	-	(702,480)	(791,166)
Total expenses	(140,380)	(155,330)	-	(4,375,752)	(4,671,462)
Provisions	(235,402)	(4,597)	-	(1,142,444)	(1,382,443)
(Loss) / Profit before tax	<u>(2,263,083)</u>	<u>54,063</u>	<u>-</u>	<u>842,251</u>	<u>(1,366,769)</u>
Balance Sheet					
Cash & Bank balances	4,647,822	237,914	-	4,962,479	9,848,215
Investments	54,700,066	-	-	-	54,700,066
Net inter segment lending	650,000	(650,000)	-	47,318,274	47,318,274
Lendings to financial institutions	5,383,162	-	-	-	5,383,162
Advances - performing	17,570	703,302	-	48,550,314	49,271,186
- non-performing	-	2,405	-	24,864,619	24,867,024
Others	4,791,331	49,104	-	6,793,137	11,633,572
Total Assets	<u>70,189,951</u>	<u>342,725</u>	<u>-</u>	<u>132,488,823</u>	<u>203,021,499</u>
Borrowings	25,501,398	-	-	1,270,300	26,771,698
Subordinated debt	-	-	-	-	-
Deposits & other accounts	-	46,356	-	113,594,544	113,640,900
Net inter segment borrowing	47,122,809	195,465	-	-	47,318,274
Others	205,672	13,417	-	3,745,621	3,964,710
Total liabilities	<u>72,829,879</u>	<u>255,238</u>	<u>-</u>	<u>118,610,465</u>	<u>191,695,582</u>
Equity	(2,639,928)	87,487	-	13,878,358	11,325,917
Total Equity & liabilities	<u>70,189,951</u>	<u>342,725</u>	<u>-</u>	<u>132,488,823</u>	<u>203,021,499</u>
Contingencies & Commitments	<u>106,823,717</u>	<u>-</u>	<u>-</u>	<u>18,756,127</u>	<u>125,579,844</u>

	2017				
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
	(Rupees in '000)				
Profit & Loss					
Net mark-up/return/profit	5,798,484	120,751	-	(534,994)	5,384,241
Inter segment revenue - net	(6,781,650)	-	-	6,781,650	-
Non mark-up / return / interest income	849,717	270	-	477,709	1,327,696
Total Income	(133,449)	121,021	-	6,724,365	6,711,937
Segment direct expenses	(52,744)	(1,434)	-	(3,203,976)	(3,258,154)
Inter segment expense allocation	(89,943)	(85,555)	-	(808,536)	(984,034)
Total expenses	(142,687)	(86,989)	-	(4,012,512)	(4,242,188)
Provisions	-	(3,928)	-	(252,434)	(256,362)
(Loss) / Profit before tax	(276,136)	30,104	-	2,459,419	2,213,387
Balance Sheet					
Cash & Bank balances	7,736,011	420,587	-	4,567,022	12,723,620
Investments	113,909,902	-	-	-	113,909,902
Net inter segment lending	-	-	-	79,157,878	79,157,878
Lendings to financial institutions	5,331,327	-	-	-	5,331,327
Advances - performing	19,704	458,062	-	59,111,809	59,589,575
- non-performing	-	-	-	5,462,155	5,462,155
Others	2,721,385	37,831	-	5,143,259	7,902,475
Total Assets	129,718,329	916,480	-	153,442,123	284,076,932
Borrowings	49,834,674	-	-	1,136,500	50,971,174
Subordinated debt	-	-	-	-	-
Deposits & other accounts	-	-	-	134,204,090	134,204,090
Net inter segment borrowing	78,287,603	870,275	-	-	79,157,878
Others	502,380	(3,198)	-	3,127,397	3,626,579
Total liabilities	128,624,657	867,077	-	138,467,987	267,959,721
Equity	1,093,672	49,403	-	14,974,136	16,117,211
Total Equity & liabilities	129,718,329	916,480	-	153,442,123	284,076,932
Contingencies & Commitments	52,744,264	-	-	25,317,284	78,061,548

40 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:

	2018			2017		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
	Amount Rs. 000					
Investments						
Opening balance	-	-	-	-	-	-
Investment made during the year	-	-	-	-	-	-
Investment redeemed / disposed off during the year	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-
Advances						
Opening balance	-	141,504	279,511	-	120,768	234,375
Addition during the year	-	9,373	3,152,969	-	45,120	743,253
Repaid during the year	-	25,140	172,501	-	(28,735)	(698,117)
Transfer in / (out) - net	-	(1,719)	(3,150,604)	-	4,351	-
Closing balance	-	124,018	109,375	-	141,504	279,511
Other Assets						
Interest / mark-up accrued	-	84	3,199	-	97	4,236
Other receivable	-	-	2,160	-	-	586
	-	84	5,359	-	97	4,822
Deposits and other accounts						
Opening balance	78,102	111,156	881,146	19,138	54,246	1,001,431
Received during the year	222,411	595,233	8,530,546	365,062	509,976	8,693,163
Withdrawn during the year	223,803	616,937	8,180,073	306,098	453,066	8,813,448
Transfer in / (out) - net	(24,074)	(24,077)	6	-	-	-
Closing balance	52,636	65,375	1,231,625	78,102	111,156	881,146
Other Liabilities						
Premium payable	-	-	1,355	-	-	-
Interest / mark-up payable	284	643	8,440	406	947	7,932

40 RELATED PARTY TRANSACTIONS

	2018			2017		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
Income:	Amount Rs. 000					
Mark-up / return / interest earned	-	5,179	68,920	-	5,567	21,627
Fee and commission income	3	15	29	4	18	24
Net gain on sale of securities	-	-	63	-	-	35
Other income	-	-	7,796	-	-	1,800
Expense:						
Mark-up / return / interest paid	1,882	3,655	83,641	2,560	3,145	106,565
Rent paid	-	-	206	-	-	2,475
Remuneration paid	-	187,800	-	-	183,469	-
Contribution to provident fund	-	5,977	-	-	5,265	-
Provision for gratuity	-	14,771	-	-	4,606	-
Other staff benefits	-	26,869	-	-	19,740	-
Directors' meeting fee	21,514	-	-	19,450	-	-
Commission paid on Advertisement	-	-	1,124	-	-	-
Other supplies & services	-	-	2,296	-	-	-
Other expenses	1,348	-	-	1,517	-	-
Insurance premium paid	-	-	79,128	-	-	62,810
Others:						
Sale of Government Securities	-	-	628,200	-	-	190,000
Purchase of Government Securities	-	-	-	-	-	304,300
"Expenses recovered under agency arrangement"	-	-	504	-	-	586
Contribution to providend fund	-	-	2,924	-	-	-
Provision for gratuity	-	-	5,247	-	-	-
Insurance claims settled	-	-	4,916	-	-	46,762

As at the date of unconsolidated statement of financial position, loans/advances and deposits related to government related entities amounted to Rs.9,463.08 million (note 10.2) and Rs.67,647.32 million (note 17.1). The above includes deposits amounting to Rs.13,039.25 (2017: Rs.19,333.93) million received through the Finance Department, Government of Sindh.

41 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum Capital Requirement (MCR):

	2018	2017
	(Rupees in '000)	
Paid-up capital (net of losses)	15,507,885	16,687,332

Capital Adequacy Ratio (CAR):

	2018	2017
Eligible Common Equity Tier I (CET I) Capital	7,632,037	15,344,714
Eligible Additional Tier I (ADT I) Capital	-	-
Total Eligible Tier I Capital	7,632,037	15,344,714
Eligible Tier 2 Capital	-	644,472
Total Eligible Capital (Tier I + Tier 2)	7,632,037	15,989,186

Risk Weighted Assets (RWAs):

	2018	2017
	(Rupees in '000)	
Credit Risk	62,832,149	65,270,843
Market Risk	15,590,337	22,077,494
Operational Risk	10,455,685	10,028,286
Total Risk Weighted Assets	88,878,171	97,376,623

Common Equity Tier I Capital Adequacy ratio

8.59%	15.76%
-------	--------

Tier I Capital Adequacy Ratio

8.59%	15.76%
-------	--------

Total Capital Adequacy Ratio

8.59%	16.42%
-------	--------

Notional minimum capital requirements prescribed by SBP

CET I minimum ratio	6.00%	6.00%
Tier I minimum ratio	7.50%	7.50%
Total capital minimum ratio	10.00%	10.00%
Total capital minimum ratio plus CCB	11.90%	11.275%

Approach followed for detmrining Risk Weighted Assets

	Comprehensive Maturity Basic Indicator	Comprehensive Maturity Basic Indicator
Credit Risk		
Market Risk		
Operational Risk		

Leverage Ratio (LR):

	2018	2017
	(Rupees in '000')	
Eligible Tier-I Capital	7,632,037	15,344,715
Total Exposures	167,912,118	216,888,740
Leverage Ratio (%)	4.55%	7.07%

Liquidity Coverage Ratio (LCR):

	2018	2017
Total High Quality Liquid Assets	37,014,311	58,757,071
Total Net Cash Outflow	23,741,031	6,404,439
Liquidity Coverage Ratio (%)	156%	917%

Net Stable Funding Ratio (NSFR):

	2018	2017
Total Available Stable Funding	99,894,009	94,296,961
Total Required Stable Funding	80,679,221	74,906,616
Net Stable Funding Ratio	124%	126%

41.1 The full disclsoures on the CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS as per SBP instructions issued from time to time shall be placed on the website. The link to the full disclsoures shall be short and clear and be provided within this note such as, The link to the full disclosure is avialable at <http://www.sindhbankltd.com/financials/basel-statements>.

42. 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.

42.1 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.

42.1.1 Lendings to financial institutions

Details of Lending to financial institutions and provision held by sectors

	Gross Lendings		Non Performing Lendings		Provision held	
	2018	2017	2018	2017	2018	2017
----- Amount Rs. 000 -----						
Public/ Government	-	364,577	-	-	-	-
Private	5,383,162	4,966,750	-	-	-	-
Total	5,383,162	5,331,327	-	-	-	-

42.1.2 Investments

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

	Gross Investments		Non Performing Investments		Provision held	
	2018	2017	2018	2017	2018	2017
----- (Rupees 000) -----						
Govt. of Pakistan	50,401,552	108,781,614	-	-	-	-
Banks	1,336,218	1,419,945	237,919	5,015	237,919	5,015
Cement	44,888	74,250	-	-	-	-
Fertilizer	681,358	607,923	-	-	-	-
Financial	776,038	1,404,522	-	-	-	-
Petroleum	2,389	3,803	5,293	2,795	5,293	2,795
Power (electricity), Gas & Water	850,231	1,026,856	-	-	-	-
Sugar	607,393	590,990	-	-	-	-
Total	54,700,006	113,909,902	243,212	7,810	243,212	7,810

42.1.2.1 Credit risk by public / private sector

	Gross Investments		Non Performing Investments		Provision held	
	2018	2017	2018	2017	2018	2017
----- (Rupees 000) -----						
Public/ Government	51,059,961	109,035,362	-	-	-	-
Private	3,640,105	4,874,540	243,212	7,810	243,212	7,810
Total	54,700,066	113,909,902	243,212	7,810	243,212	7,810

42.1.3 Advances

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

	Advances (Gross)		Non Performing Advances		Provision held	
	2018	2017	2018	2017	2018	2017
----- Amount Rs. 000 -----						
Pharmaceuticals	33,349	132,078	-	-	-	-
Agriculture business	1,575,722	1,872,350	412,276	313,622	121,836	67,997
Manufacturing of textile	1,070,967	291,210	-	-	-	-
Cement	95,962	373,223	-	-	-	-
Transport, storage and communication	1,078,851	1,636,928	-	-	-	-
Importers / exporters	346,456	344,651	198,313	48,478	19,338	18,498
Wholesale and retail trade	1,111,574	793,957	214,234	195,922	69,789	9,747
Mining and quarrying	4,585,143	3,156,122	-	-	-	-
Hotel and restaurants	1,503,547	1,038,560	-	-	-	-
Petroleum	395,623	132,463	-	-	-	-
Media channel	2,394,137	1,101,572	1,499,525	-	-	-
Manufacture of basic iron and steel	2,451,587	2,280,460	-	-	-	-
Sugar	19,350,617	20,791,965	14,716,655	3,754,252	4,563,965	150,034
Automobile and transportation equipment	3,089,809	2,711,143	1,765,509	-	271,802	-
Chemical and chemical products	1,862,355	1,843,044	1,098,591	-	154,331	-
Financial	4,030,019	3,611,767	1,183,766	-	6,264	-
Rice	447,106	340,252	-	-	-	-
Construction, real estate and societies	5,148,634	4,439,688	2,614,346	760,463	234,432	107,471
Food	10,262,670	12,096,598	152,850	188,660	85,265	43,877
Insurance	11,286	17,537	-	-	-	-
Power, electricity and gas	11,129,912	6,492,534	813,110	-	3,460	-
Domestic Appliances	1,863,214	1,345,065	-	-	-	-
Education	58,781	58,054	-	-	-	-
Individuals	719,540	524,319	-	-	-	-
Others	5,068,239	2,028,433	201,252	200,758	8,520	-
Total	79,685,101	69,453,975	24,870,429	5,462,155	5,539,001	397,624

42.1.3.1 Credit risk by public / private sector

	Advances (Gross)		Non Performing Advances		Provision held	
	2018	2017	2018	2017	2018	2017
----- (Rupees in '000) -----						
Public/ Government	9,463,078	11,552,078	-	-	-	-
Private	70,222,023	57,901,897	24,870,429	5,462,155	5,539,001	397,624
Total	79,685,101	69,453,975	24,870,429	5,462,155	5,539,001	397,624

42.1.4 Contingencies and Commitments

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

	2018	2017
	----- (Rupees 000) -----	
Chemical and pharmaceuticals	101,197	82,331
Manufacturing of textile	53,406	433,368
Transport, storage and communication	100,200	25,225
Importers / exporters	51,341	209,189
Wholesale and retail trade	286,018	192,616
Mining and quarrying	113,970	120,834
Petroleum	1,185,169	1,362,052
Manufacture of basic iron and steel	84,668	265,565
Sugar	21,223	324,055
Automobile and transportation equipment	118,687	665,443
Financial	107,803,717	53,494,264
Construction, real estate and societies	1,174,589	977,303
Food	100,930	133,272
Power, electricity and gas	1,510,703	2,135,452
Education	3,762	40,678
Others	1,288,957	1,848,845
Total	113,998,536	62,310,492

42.1.4.1 Credit risk by public / private sector

	2018	2017
	----- Amount Rs. 000 -----	
Public/ Government	23,706,462	178,644
Private	90,292,074	62,131,848
Total	113,998,536	62,310,492

42.1.5 Concentration of Advances

The Group's top 10 exposures (funded and non-funded) aggregating to Rs. 29,127.54 million (2017: Rs. 28,780.13 million) are as follows :

	2018	2017
	----- Amount Rs. 000 -----	
Funded	26,952,453	27,246,323
Non Funded	2,175,091	1,533,809
Total Exposure	29,127,543	28,780,132

42.1.5.1 The sanctioned limits against these top 10 exposures aggregated to amount of Rs 32,448.62 million (2017: Rs. 30,799.03 million).

42.1.5.2 Total Funded Facilities Classified

Classified funded facilities of the bank top 10 exposure as are follows:

	2018		2017	
	Classified	Provision held	Classified	Provision held
	----- (Rupees 000) -----			
OAEM	-	-	-	-
Substandard	3,299,738	271,802	866,219	39,094
Doubtful	3,207,795	224,999	-	-
Loss	1,544,513	1,348,513	-	-
Total	8,052,046	1,845,314	866,219	39,094

42.1.6 Advances - Province/Region-wise Disbursement & Utilization

Name of Province / Region	Disbursements	2018					
		UTILIZATION					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
		----- (Rupees 000) -----					
Punjab	26,760,931	26,750,315	10,615	-	-	-	-
Sindh	92,624,304	1,317,347	90,438,822	-	868,135	-	-
KPK including FATA	80,686	-	-	80,686	-	-	-
Balochistan	231,616	-	-	-	231,616	-	-
Islamabad	1,979,074	-	-	-	-	1,979,074	-
AJK including Gilgit-Baltistan	8,997	-	-	-	-	-	8,997
Total	121,685,607	28,067,662	90,449,437	80,686	1,099,751	1,979,074	8,997

Name of Province / Region	Disbursements	2017					
		UTILIZATION					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
		----- Amount Rs. 000 -----					
Punjab	90,862,154	90,862,154	-	-	-	-	-
Sindh	39,847,305	461,097	38,949,025	-	437,182	-	-
KPK including FATA	6,819	-	-	6,819	-	-	-
Balochistan	81,099	-	-	-	81,099	-	-
Islamabad	359,455	-	-	-	-	359,455	-
AJK including Gilgit-Baltistan	9,438	-	-	-	-	-	9,438
Total	131,166,270	91,323,251	38,949,025	6,819	518,281	359,455	9,438

42.2 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.

42.2.1 Balance sheet split by trading and banking books

	2018			2017		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	----- (Rupees 000) -----					
Cash and balances with treasury banks	9,122,815	-	9,122,815	9,680,631	-	9,680,631
Balances with other banks	725,400	-	725,400	3,042,989	-	3,042,989
Lendings to financial institutions	5,383,162	-	5,383,162	5,331,327	-	5,331,327
Investments	54,700,066	-	54,700,066	113,909,902	-	113,909,902
Advances	74,138,210	-	74,138,210	65,051,730	-	65,051,730
Fixed assets	1,624,874	-	1,624,874	1,601,833	-	1,601,833
Intangible assets	52,940	-	52,940	61,607	-	61,607
Deferred tax assets	4,027,784	-	4,027,784	1,611,539	-	1,611,539
Other assets	5,927,974	-	5,927,974	4,627,496	-	4,627,496
Total	155,703,225	-	155,703,225	204,919,054	-	204,919,054

42.2.2 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.

	2018			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	(Rupees in '000)			
Pakistani Rupee	154,553,750	142,469,641	(311,268)	11,772,840
United States Dollar	874,849	1,597,723	131,895	(590,978)
Great Britain Pound	120,374	244,940	173,747	49,180
Euro	90,969	65,004	5,626	31,591
Japanese Yen	183	-	-	183
Canadian Dollar	57,920	-	-	57,920
Saudi Riyal	659	-	-	659
UAE Dirham	3,306	-	-	3,306
Chines Yuan	1,214	-	-	1,214
	<u>155,703,225</u>	<u>144,377,308</u>	<u>-</u>	<u>11,325,917</u>
	2017			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	(Rupees in '000)			
Pakistani Rupee	203,620,818	187,190,256	(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
Canadian Dollar	17,736	-	-	17,736
Saudi Riyal	1,341	-	-	1,341
UAE Dirham	17,692	-	-	17,692
	<u>204,919,054</u>	<u>188,801,843</u>	<u>-</u>	<u>16,117,211</u>

	2018		2017	
	Banking book	Trading Book	Banking book	Trading Book
	(Rupees in '000)			
Impact of 1% change in foreign exchange rates on:				
- Profit and loss account	7,582	(3,113)	3,134	(3,101)
- Other comprehensive income	-	-	-	-

42.2.3 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.

	2018		2017	
	Banking book	Trading Book	Banking book	Trading Book
	(Rupees in '000)			
Impact of 5% change in equity prices on :				
- Profit and loss account	-	-	-	-
- Other comprehensive income	(121,811)	-	(159,504)	-

42.2.4 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.

	2018		2017	
	Banking book	Trading Book	Banking book	Trading Book
	(Rupees in '000)			
Impact of 1% change in interest rates on:				
- Profit and loss account	-	-	-	-
- Other comprehensive income	(341,220)	-	(924,717)	-

42.2.5

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.

2018

	Effective Yield / Interest rate	Exposed to Yield / Interest risk										Non-interest bearing financial instruments
		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) -----												
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	0.96%	9,122,815	245,263	42,575	32,474	174,704	-	-	-	-	-	8,627,799
Balances with other banks	7.33%	725,400	263,236	-	-	-	-	-	-	-	-	462,164
Lendings to financial institutions	7.63%	5,383,162	5,383,162	-	-	-	-	-	-	-	-	-
Investments	7.96%	54,700,066	4,986,760	756,365	1,651,923	-	-	-	13,817,142	24,346,662	6,438,968	2,702,246
Advances	7.12%	74,138,210	62,561,774	777,858	1,050,117	711,042	1,541,213	1,023,691	2,086,972	2,052,060	2,265,775	67,708
Other assets		5,927,974	-	-	-	-	-	-	-	-	-	5,927,974
		149,997,627	73,440,195	1,576,798	2,734,514	885,746	1,541,213	1,023,691	15,904,114	26,398,722	8,704,743	17,787,891
Liabilities												
Bills payable		929,426	-	-	-	-	-	-	-	-	-	929,426
Borrowings from financial institutions	6.73%	26,771,698	20,675,768	6,095,930	-	-	-	-	-	-	-	-
Deposits and other accounts	4.18%	113,640,900	50,440,726	3,193,664	5,233,804	4,343,587	49,602	137,112	867,523	-	-	49,374,882
Other liabilities		3,035,284	-	-	-	-	-	-	-	-	-	3,035,284
		144,377,308	71,116,494	9,289,594	5,233,804	4,343,587	49,602	137,112	867,523	-	-	53,339,592
		5,620,319	2,323,701	(7,712,796)	(2,499,290)	(3,457,841)	1,491,611	886,579	15,036,591	26,398,722	8,704,743	(35,551,701)
On-balance sheet gap												
		-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet financial instruments												
Purchase and resale agreements		25,541,849	25,541,849	-	-	-	-	-	-	-	-	-
Sale and repurchase agreements		5,391,248	5,391,248	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		30,933,097	30,933,097	-	-	-	-	-	-	-	-	-
Total yield / Interest Risk Sensitivity Gap												
		33,256,798	(7,712,796)	(2,499,290)	(3,457,841)	1,491,611	886,579	15,036,591	26,398,722	8,704,743	(35,551,701)	
Cumulative yield / Interest Risk Sensitivity Gap												
		33,256,798	25,544,002	23,044,712	19,586,871	21,078,482	21,965,061	37,001,652	63,400,374	72,105,117	36,553,416	
Reconciliation with total assets:												
Assets as per above		149,997,627										
Fixed assets		1,677,814										
Deferred tax asset		4,027,784										
Assets as per unconsolidated statement of financial position		155,703,225										
Reconciliation with total liabilities:												
Liabilities as per above		144,377,308										
Deferred tax liability		-										
Liabilities as per unconsolidated statement of financial position		144,377,308										

2017

	Effective Yield / Interest rate	Exposed to Yield / Interest risk										Non-interest bearing financial instruments
		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) -----												
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	4.97%	9,680,631	74,595	30,089	30,281	124,772	-	-	-	-	-	9,420,894
Balances with other banks	5.67%	3,042,989	2,235,473	-	-	-	-	-	-	-	-	807,516
Lendings to financial institutions	7.92%	5,331,327	4,966,750	-	364,577	-	-	-	-	-	-	3,251,377
Investments	7.42%	113,909,902	27,681,369	25,479,087	1,810,233	-	-	-	19,897,430	29,316,713	6,473,693	64,936
Advances		65,051,730	54,866,119	1,441,620	486,964	4,238,546	508,274	715,358	1,774,642	862,215	93,056	4,627,496
Other assets		4,627,496	-	-	-	-	-	-	-	-	-	18,172,219
		201,644,075	89,824,306	26,950,796	2,692,055	4,363,318	508,274	715,358	21,672,072	30,178,928	6,566,749	905,423
Liabilities												
Bills payable		905,423	-	-	-	-	-	-	-	-	-	40,594,613
Borrowings from financial institutions	5.75%	50,971,174	36,004,969	2,968,335	-	11,997,870	-	-	-	-	-	2,721,156
Deposits and other accounts	4.09%	134,204,090	57,551,670	12,655,427	10,715,001	12,228,620	8,393	46,696	403,670	-	-	44,221,192
Other liabilities		2,721,156	-	-	-	-	-	-	-	-	-	(26,048,973)
		188,801,843	93,556,639	15,623,762	10,715,001	24,226,490	8,393	46,696	403,670	-	-	
		12,842,232	(3,732,333)	11,327,034	(8,022,946)	(19,863,172)	499,881	668,662	21,268,402	30,178,928	6,566,749	
On-balance sheet gap												
Off-balance sheet financial instruments												
Purchase and resale agreements		37,861,932	34,890,767	2,971,165	-	-	-	-	-	-	-	-
Sale and repurchase agreements		4,974,614	4,974,614	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		42,836,546	39,865,381	2,971,165	-	-	-	-	-	-	-	-
Total yield / Interest Risk Sensitivity Gap												
		36,133,048	14,298,199	(8,022,946)	(19,863,172)	499,881	668,662	21,268,402	30,178,928	6,566,749	(26,048,973)	
Cumulative yield / Interest Risk Sensitivity Gap												
		36,133,048	50,431,247	42,408,301	22,545,129	23,045,010	23,713,672	44,982,074	75,161,002	81,727,751	55,678,778	
Reconciliation with total assets:												
Assets as per above		201,644,075										
Fixed assets		1,663,440										
Deferred tax asset		1,611,539										
Assets as per unconsolidated statement of financial position		204,919,054										
Reconciliation with total liabilities:												
Liabilities as per above		188,801,843										
Deferred tax liability		-										
Liabilities as per unconsolidated statement of financial position		188,801,843										

42.3 Liquidity risk

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

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

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

2018													
Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months to 1 years	Above 9 months to 1 years	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
	(Rupees in '000)												
Assets													
Cash and balances with treasury banks	9,122,815	371,696	470,472	966,698	1,475,304	464,260	946,180	1,286,151	2,712,864	-	-	-	-
Balances with other banks	725,400	243,175	50,760	177,662	-	-	-	-	-	-	-	-	-
Lending to financial institutions	5,383,162	-	4,383,162	1,000,000	-	-	-	-	-	-	-	-	-
Investments	54,700,066	100,000	4,887,266	-	-	-	987,966	-	1,490,650	-	420,462	14,115,240	31,617,979
Advances	74,138,210	18,114,005	42,453	1,401,485	2,078,095	3,015,971	10,538,141	3,794,530	1,896,551	3,058,522	2,464,922	9,626,426	14,355,183
Fixed assets	1,624,874	-	-	-	24,491	13,564	41,144	41,596	41,596	165,026	165,015	313,884	804,994
Intangible assets	52,940	-	-	-	1,381	1,381	4,189	4,235	4,235	16,800	19,338	-	-
Deferred tax assets	4,027,784	-	-	-	402,320	804,641	804,641	804,641	809,221	-	-	-	-
Other assets	5,927,974	203	225,989	231,963	683,712	377,528	249,128	30,803	11,650	47,246	46,056	-	6,704
	155,703,225	18,829,079	10,060,102	3,777,808	8,252,386	4,581,208	13,244,948	6,785,174	5,961,956	6,966,767	3,287,594	3,115,793	24,055,550
													46,784,860
Liabilities													
Bills payable	929,426	185,885	185,885	278,828	278,828	-	-	-	-	-	-	-	-
Borrowings from financial institutions	26,771,698	-	25,501,398	-	-	1,270,300	-	-	-	-	-	-	-
Deposits and other accounts	113,640,900	1,918,881	3,409,745	4,926,101	8,745,510	6,754,082	14,659,706	17,591,762	48,280,621	49,602	137,112	1,264,792	87,502
Deferred tax liability	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	3,035,284	127,957	563,614	377,213	1,619,649	67,790	132,405	79,262	9,015	7,863	2,712	15,729	-
	144,377,308	2,232,723	29,660,642	5,582,142	10,643,987	6,821,872	14,792,111	17,671,024	48,289,636	57,465	139,824	1,280,521	87,502
Gap	11,325,917	16,596,356	(19,600,540)	(1,804,334)	(2,391,601)	(2,240,664)	6,127,089	(8,006,937)	(41,322,869)	3,230,129	2,975,969	22,775,029	46,697,358
Share capital													
Share capital	10,010,130	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	1,473,850	-	-	-	-	-	-	-	-	-	-	-	-
Unappropriated profit	4,023,905	-	-	-	-	-	-	-	-	-	-	-	-
Deficit on revaluation of investments	(4,181,968)	-	-	-	-	-	-	-	-	-	-	-	-
Net assets	11,325,917	-	-	-	-	-	-	-	-	-	-	-	-

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

2017														
Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 months	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Above 9 months to 1 years	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years	
														(Rupees in '000)
Assets														
Cash and balances with treasury banks	9,679,582	294,537	412,711	795,295	1,133,429	560,912	614,066	1,113,570	1,315,423	3,439,639	-	-	-	-
Balances with other banks	3,023,451	41,173	2,082,345	288,208	411,725	-	200,000	-	-	-	-	-	-	-
Lending to financial institutions	5,331,327	-	4,966,750	-	-	-	-	364,577	-	-	-	-	-	-
Investments	114,259,902	-	5,845,727	-	21,435,642	24,854,990	1,351,884	1,189,471	-	1,175,818	256,301	499,700	20,293,975	37,356,394
Advances	64,713,341	5,183,418	865,824	234,835	4,166,464	3,046,814	805,845	16,336,089	4,616,757	9,307,475	1,245,183	3,118,400	5,232,314	10,553,923
Fixed assets	1,593,876	-	-	-	37,499	13,018	13,018	39,488	39,922	158,386	158,390	302,611	791,622	-
Intangible assets	60,551	-	-	-	1,659	1,659	1,659	5,032	5,087	20,182	20,186	-	-	-
Deferred tax assets	1,611,943	-	-	-	161,194	161,194	322,389	322,389	322,389	322,388	-	-	-	-
Other assets	4,208,503	-	111,155	102,649	2,652,128	504,406	376,397	262,132	75,359	40,751	62,251	14,353	208	6,714
	204,482,476	5,519,128	14,284,512	1,420,987	29,999,740	29,142,993	3,685,258	19,632,748	6,374,937	14,331,080	1,742,303	381,1029	25,829,108	48,708,653
Liabilities														
Bills payable	905,423	181,085	181,085	271,627	271,626	-	-	-	-	-	-	-	-	-
Borrowings from financial institutions	50,971,174	-	34,868,469	-	-	2,968,335	1,136,500	-	8,499,012	3,498,858	-	-	-	-
Deposits and other accounts	134,207,056	1,896,083	3,552,205	4,821,605	6,881,786	10,043,500	11,979,338	20,082,412	18,264,475	55,585,318	8,393	46,696	645,995	399,250
Deferred tax liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	2,331,015	86,276	435,162	299,994	530,350	166,021	150,640	248,919	302,307	94,595	72	5,614	11,065	-
	188,414,668	2,163,444	39,036,921	5,393,226	7,683,762	13,177,856	13,266,478	20,331,331	27,065,794	59,178,771	8,465	52,310	657,060	399,250
Gap	16,067,808	3,355,684	(24,752,409)	(3,972,239)	22,315,978	(5,965,137	(9,581,220)	(698,583)	(20,690,857)	(44,847,691)	1,733,838	3,758,719	25,172,048	48,309,403
Share capital														
Reserves	10,010,130	-	-	-	-	-	-	-	-	-	-	-	-	-
Unappropriated profit	1,451,979	-	-	-	-	-	-	-	-	-	-	-	-	-
Deficit on revaluation of investments	5,175,820	-	-	-	-	-	-	-	-	-	-	-	-	-
Net assets	(570,121)	-	-	-	-	-	-	-	-	-	-	-	-	-
	16,067,808	-	-	-	-	-	-	-	-	-	-	-	-	-

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

42.4 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.

42.4.1 Operational risk Disclosures - Basel-II Specific

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. The Bank cannot expect to eliminate all operational risks, but through a control framework and by monitoring and responding to potential risks, the Bank is able to manage operational risk. Controls include effective segregation of duties, access, authorization and reconciliation procedures and staff education.

The Bank uses Risk Control Self Assessment and monitoring of Key Risk Indicators to mitigate operational losses. The Bank's operational risk management framework, as laid down in the operational risk policy, duly approved by Board of Directors, is flexible enough to implement in stages and permits the overall risk management approach to evolve in the light of organizational learning and the future needs of the Bank. Operational loss events are reviewed and appropriate corrective actions taken on an ongoing basis, including measures to improve control procedures with respect to design and operative effectiveness.

Currently, the Bank is reporting operational risk capital charge under Basic Indicator Approach (BIA). However, the Bank took a number of initiatives with respect to operational risk management.

43. GENERAL

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

43.2 Corresponding Figures

Comparative information has been re-arranged or additionally incorporated in these financial statements wherever necessary to facilitate comparison and better presentation in accordance with new format prescribed by State Bank of Pakistan (SBP) vide BPRD circular no. 2 of 2018.

43.3 Re-classification

Intangible assets are now being presented separately in statement of financial position (previously presented in operating fixed assets); (note 12).

Recording of acceptances on-balance sheet item (previously disclosed as off-balance sheet item) (note 14 and 18).

Inclusion of surplus / deficit on revaluation of assets as part of equity (previously shown below equity) (note 20).

Other reversal of provisions / write offs have now been combined under provisions & write off - net (note 29).

44. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue by the Board of Directors on June 07, 2019.



Chairman



President and Chief Executive Officer



Director



Director



Chief Financial Officer

AUTO FINANCE FOR LOCALLY MANUFACTURED & IMPORTED CARS



FEATURES*:

- Minimum documentation • Quick processing • Low mark-up rats
- Financing up to 7 years • Financing Minimum Rs. 500,000 to Maximum Rs. 15 Million
- Financing for new cars (Locally manufactured) and imported cars

NOTICE OF 8TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 8th Annual General Meeting of Sindh Bank Limited will be held on June 28, 2019 at 10.00 a.m at Federation House, Clifton, Karachi, to transact the following business:

A-Ordinary Business:

- 1- To confirm the minutes of 5th Extraordinary General Meeting held on 31st August, 2018.
- 2- To receive, consider and adopt the Audited consolidated/un-consolidated Financial Statements of the Bank for the year ended 31st December, 2018, 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 2019 and fix their remuneration. The retiring Auditors Naveed Zafar Ashfaq Jaffrey & Co. have shown their willingness to act as the auditors for the year 2019 as well.

B-Special Business:

- 1- To increase the Authorized Capital of the Bank from Rs.12 billion to Rs.20 billion & amend clause V of the Memorandum & Article-5 of the Articles of Association of the Bank, as recommended by the Board of Directors in its 65th Board Meeting held on 2nd April, 2019.
- 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. A member entitled to attend and vote at the 8th Annual General Meeting of the Bank may appoint another member as his / her proxy to attend and vote instead of him / her. The proxy shall have the right to attend, speak and vote in place of the member appointed him at the meeting.
- ii. The instrument appointing a proxy should be signed by the member(s) or by his / her Attorney, duly authorized in writing. If the member is a Corporation, its common seal should be affixed to the instrument.
- iii. 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.
- iv. CDC account holder or sub-account holder appointing a proxy should furnish attested copies of his / her own as well as the proxy's CNIC / Passport with the proxy form. The proxy shall also produce his / her 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.

The Share transfer books of the company will remain closed from 22nd June, 2019 to 28th June, 2019 (both days inclusive). CDC Transaction IDs received in order at the Registered Office of the Company up to the close of business on 21st June, 2019 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) of The Companies Act, 2017 Concerning The Special Business

This statement sets out the material facts concerning the Special Business given in above Special Business of above agenda, to be transacted at the 8th Annual General Meeting of Sindh Bank Limited (the "Bank") to be held on June 28, 2019:

"THE MEMBERS OF SINDH BANK DO HEREBY RESOLVES THAT the Authorized Capital of the Bank be increased from Rs.12.0 billion (Pak Rupees Twelve billion) to Rs.20 billion (Pak Rupees Twenty billion) comprising of 2,000,000,000 ordinary shares of Rs.10/- each, and the shareholders of the Bank hereby approve, as and by way of a 'Special Resolution', the following amendment in the Memorandum & Articles of Association of the Bank for increase in the authorized capital of the Bank:"

"THE MEMBERS OF SINDH BANK DO HEREBY FURTHER RESOLVES THAT Clause V of the Memorandum of Association of the Bank be and is hereby amended as follows:

"V. The Capital of the Bank shall be PKR 20,000,000,000/- (Pak Rupees Twenty billion only) divided into 2,000,000,000 (Two Billion) Ordinary Shares of PKR 10/- each (Pak Rupees Ten only) with power to increase or decrease the capital from time to time and divide the shares, present or future, into several classes."

THE MEMBERS OF SINDH BANK DO HEREBY FURTHER RESOLVES THAT Article 5 of the Articles of Association of the Bank be and is hereby amended as follows:

5. Capital:

- (a) The Authorized Share Capital of the Bank shall be PKR 20,000,000,000/- (Pak Rupees Twenty billion only) divided into 2,000,000,000 (Two Billion) Ordinary Shares of PKR 10.00/- each (Pak Rupees ten each);
- (b) Out of the above, capital may be issued by the Directors of the Company from time to time, as the Directors may deem necessary."

Item No.2 to 4 of Special Business:

- 1- 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 for the year 2018 a gross sum of Rs.26,400,000/-, in addition to bonus and other perquisites as per his term of appointment be and are hereby approved."

- 2- 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 was also approved by the Board. 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, 2018

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, 2018

Category No.	Shareholders	Number of Shares held	Category wise No. of Share holders	(%)
1	Individuals	300,000	2	0.03
2	Investment Companies			
3	Joint Stock Companies			
4	Directors/Chairman, Chief Executive Officer, and their Spouse and Minor Children			
	Mr.Tajammal Husain Bokharee	1	1	
	Mr. Najam Ahmed Shah	1	1	
	Mr.Anis A. Khan	1	1	
	Mr. Sami ul Haq Khilji	1	1	
	Mrs. Masooma Hussain	1	1	
	Mr. Javaid B. Sheikh	1	1	
	Mr. Muhammad Bilal Sheikh	100,001	1	
	Mr.Tariq Ahsan	100,000	1	
	Sub-Total:	200,007	8	0.02
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



SINDH MICROFINANCE BANK LTD
 سنده مائیکرو فائنانس بینک لمیٹڈ



Sindh Microfinance Bank (SMFB) is a wholly owned subsidiary of Sindh Bank.

Sindh Microfinance Bank Products are female centric

- Sujag Aurat
- Fisheries Loan
- Livestock Loan
- Agri Loan (to be introduced shortly)

Products & Services Offered

- 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
- 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

ABUL HASAN ISPAHAHANI ROAD BRANCH
 Plot No.A-1/10, Block No.4,
 Gulshan-e-Iqbal, Karachi
 Tel: 021-34991561

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

BAHRIA TOWN BRANCH
 Plot No.109-A, Precinct-A, Street Commercial
 Lane-05, Midway Commercial, Bahria Town,
 Karachi

BAHADURABAD BRANCH
 Plot No.111, Shop No.4, The City Towers,
 Bahadur Yar Jang Co-operative Housing Society,
 Alamgir Road, Karachi.
 Tel: 021-34892113-14, 34892116

BAHRIA COMPLEX-II BRANCH
 Plot # Misc.-2, Bahria Complex-II
 M.T. Khan Road, Karachi.
 Tel: 021-35642110, 35642109
 Fax: 021-35642108

BHAINS COLONY BRANCH
 Plot No. 217, Block-A,
 Cattle (Bhains) Colony Landhi, Karachi.
 Tel: 021-35130661-62, 35130663

BALDIA TOWN BRANCH
 Plot No.667, Anjam Colony,
 Badia Town, Karachi
 Tel: 021-32595102

BOHRAPIR BRANCH
 Shop No. 3 & 4, Plot Survey No. 88, RC.12
 Ranchore Line Quarter, Karachi
 Tel: 021-32777761-62

BUFFERZONE, NAGAN CHOWRANGI BRANCH
 Plot No. 32, Sector 11-H,
 North Karachi Township Scheme, Karachi.
 Tel: 021-36409291, 36409294
 Fax: 021-36409293

CLIFTON BRANCH
 Ground Floor, St-28, Block-5,
 Federation House, Clifton, Karachi.
 Tel: 021-35829460, 35829474
 Fax: 35290333

CIVIC CENTER BRANCH
 Ground Floor, Civic Center, Gulshan-e-Iqbal, Karachi.
 Tel: 021-99232501, 99232500

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

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. 13-C, Commercial Area,
 DHA Phase-II, Karachi.
 Tel: 021-35883711-12

DHA Phase-IV BRANCH
 Shop# 1,2,3, and 4, Plot No.III
 9th Commercial Street, Phase-IV,
 DHA, Clifton Cantonment, Karachi.
 Tel: 021-35313005
 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. 2/1, Sheet No. C 11-9,
 Imperial Court, Dr. Ziauddin Ahmed Road,
 Karachi .Tel: 021-35680251, 35680252

GADAP TOWN BRANCH
 Plot No.345, Haji Zakaria Jokhio Goth,
 Distt. Malir, Karachi

GARDEN EAST BRANCH
 Plot No. GRE-491/2-B,
 Shop No.2 & 3, Seven Star Residency,
 Garden East Quarters, Karachi.
 Tel: 021-32243481

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

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

GULSHAN-E-IQBAL BLOCK 13D-2 BRANCH
 Plot No.SB-04, Shop No.1 & 2,
 Block 13D-2, Scheme 24, Gulshan-e-Iqbal, Karachi

GULISTAN-E-JOHAR BRANCH
 Shop # 7 & 8, Casim Paradise, Block-18,
 Scheme 33, Gulistan-e-Johar, Karachi.
 Tel: 021-34623030, 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 : 1/13, block 5, KDA Scheme No.24,
 Main Rashid Minhas Road, Gulshan-e-Iqbal
 Karachi.
 Tel: 021-34968976, 34968977, 34968979

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

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

IBRAHIM HYDERI BRANCH
 Commercial Plot, Situated in Naclass 25,
 Deh Ibrahim Hyderi, Karachi.
 Tel: 021-35090044

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

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

JINNAH AVENUE BRANCH
 Shop No.G-08, Plot o.02/18,
 Sector-40, Mahrnan M. M. Alam Road,
 Malir Cantt. Karachi.
 Tel: 021-34027770-72

JODIA BAZAR BRANCH
 Shop No. 1 Ground Floor, Soomro Center,
 Jodia Bazar, Napier Quarter, Karachi.
 Tel: 021-32500380, 32500383
 Fax: 021-32500384

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

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

KEAMARI BRANCH
 Plot No.18, Locality No.11,
 Jungle Shah Keamari, Karachi.
 Tel: 021-32851793-94

KEHKASHAN CLIFTON BRANCH
 Plot No. F/101, Block # 7,
 Scheme No.5, Kehkashan,
 Clifton, Karachi.
 Tel: 021-35295343, 35295342

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

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

KORANGI TOWNSHIP BRANCH
 Plot No.0-13, Sector 33-A,
 Korangi, Karachi.
 Tel: 021-35121134-6

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.14/10, 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.11, Block-S, Cantt. Bazar Area,
 Malir Cantonment, Karachi.
 Tel: 021-34490951-4
 Fax: 021-34490954

MALIR CITY BRANCH
 Plot No. 46, Block-A, Malir Township,
 Near Atia Hospital, National Highway, Karachi.
 Tel: 021-34492291, 34492294
 Fax: 021-34492293

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

NAZIMABAD BRANCH
 Shop No.S-1, Plot No.26 Row-01, Sub Block-A,
 Block-1, Nazimabad, Liaquatabad Town, Karachi.
 Tel: 021-36610470

NISHTAR ROAD BRANCH
 Shop No.1A, Ground Floor, Building Bearing
 Survey No.61/II, Nishtar Road, Karachi.
 Tel: 021-32731115, 32731117

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
 1/1, Sector 12-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

ORANGI TOWN BRANCH
 Plot No.C.1-57, Sector No.11,
 Orangi Township, Karachi.
 Tel: 021-36660173-4

ORANGI TOWN BRANCH
 Plot No.L-1 & Plot No.L-245,
 Section 1/D, Orangi Town, Karachi

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

QUAIDABAD BRANCH
 Plot No.SV-09, Maria Center,
 Quaidabad, Landhi, Karachi
 Tel: 021-34623030

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

SAADI TOWN BRANCH
 Plot No.C-33 (Commercial), Block-II, Saadi Town,
 Scheme-33, Gulzar-e-Hijri, Malir Cantt, Karachi
 Tel: 0345-3114024

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

SAMANABAD / GULBERG BRANCH
 Plot No.R-323, Block-18, Scheme No.16,
 F.B. Area, Samanabad, Gulberg, Karachi

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

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-1 & A-2,
 SITE Area, Karachi.
 Tel: 021-32580000, 32583257
 Fax: 021-32583259

S.I.T.E., BRANCH
 B/9-B-2, SITE, Karachi.
 Tel: 021-36404032-33, 36404031
 Fax: 021-36404033

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

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

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

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

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

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

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

AHMED PUR BRANCH

Jiryan No.309, Survey No.625, Ahmed Pur, Taluka Kingri, District Khairpur

ANAJ MANDI LARKANA BRANCH

Survey No.3830/1831 & 1981/1, Ward-A, Mohallah Shewa Mandi, Main Road Larkana
 Tel: 074-4040754-5

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

BANDHI DISTRICT SHAHEED BENAZIRABAD BRANCH

Plot No.13 & 14 Farooque Town Bandhi, Deh 64, Nasrat Bandhi, Taluka Daur, Distt. Shaheed Benazirabad
 Tel: 0244-326241-42

BAWANI SUGAR MILLS-SUB-BRANCH

Ahmed Nagar, Talhar Distt. Badin.
 Tel: 0297-830084-5

BERANI BRANCH

Survey No.45(1-2-3) & 46, Deh Berani, Taluka Jam Navaz Ali, District Sanghar.
 Tel: 0235-577501-2

BHAN SAEEDABAD BRANCH

Jaryan No.698, Main Bhan Saeedabad Road, District Jamshoro.
 Tel: 025-4660552-4, 4660553

BULARI SHAH KARIM BRANCH

Revenue Survey No.55, Main Bulari Shah Market Road, Deh & Tappo Bulari, Taluka Bulari Shah Karim, District Tando Muhammad Khan

BUXAPUR, DISTRICT KASHMORE BRANCH

Jiryan No.06, Buxapur Town, Main Buxapur Market, District Kashmore
 Tel: 0722-620555

CITIZEN COLONY, HYDERABAD BRANCH

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

CHUNDKO DISTRICT KHAIRPUR BRANCH

Jiryan No.40, Main Road Chundko, Taluka Nara, District Khairpur
 Tel: 0243-559114

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: 0254-551578

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

GARHI YASIN, DISTRICT SHIKARPUR BRANCH

City Survey No.148, Main Bazar Garhi Yasin, District Shikarpur.
 Tel: 0726-572163

GHARI KHAIRO DISTT. JAOBABAD BRANCH

Shop No.13, VF-II, Jiryan No.13, Main Road Town Ghari Khairo, District Jacobabad

GOLARCHI DISTRICT BADIN BRANCH

Plot No.A-1, Jiryan No.618, Main Golarchi Road, Deh Bharo Dari, Tappo Golarchi, District Badin
 Tel: 0297-853133

GHARO BRANCH

Jaryan No.197, Main National Highway Road, Taluka Gharo, 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

HALA BRANCH

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

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

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

JOURNALIST SOCIETY BRANCH

Plot No.9, Journalist Co-operative Housing Society, Near Center Jail, Hyderabad.
 Tel: 022-2107054, 2107053

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 Kandiaro, 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

KHANPUR MAHAR, DISTT. GHOTKI BRANCH

Plot No.115-II, Khanpur Mahar, Taluka Khan Gharh, District Ghotki.
 Tel: 0723-653003

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

KOT BANGLOW DISTT. KHAIRPUR, BRANCH

City Survey No.388, Deh Tando Shah, Tapo Kotdiji Distt Khairpur
 Tel: 0243-556030-31

KHIPRO BRANCH

Plot No.Z-437, Khipro Town, Main Sanghar Khipro Road, Taluka Khipro, District Sanghar.
 Tel: 0235-865210-12, 865213

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

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

MADEJI, DISTRICT SHIKARPUR BRANCH

City Survey No.22, Deh Hafeez Dero, Madeji Taluka Ghari Yaseen, District Shikarpur

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

MATLI DISTRICT BADIN BRANCH

Plot No.381/1, Unit-II, Category II, Noor Hamd Nodakari Colony, Taluka Matli, District Badin
 Tel: 0297-840444, 840443
 Fax: 0297-840442

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: 071-5816556-9

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

MIRPUR SAKRO BRANCH

Jiryan No.500/499, Main Road Mirpur Sakro Deh Mirpur Sakro, Tappo & Taluka Mirpur Sakro, District Thatta

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.
 Tel: 0242-410458, 410500-1

MEHRABPUR BRANCH

PTD No.III-A-43, Ward-16, Thari Road, Mehrabpur, Taluka Mehrabpur, District Naushahrofroze
 Tel: 0242-430862, 430863

MIRPUR BATHORO BRANCH

Survey No.381/A, Ward-A, Main Road Sujawal to Mirpur Bathoro, Taluka Mirpur Bathoro, District Sujawal
 Tel: 0298-779124

MIROKHAN, DISTRICT QAMBER SHAHDADKOT BRANCH

Jiryan No.105, Deh Shah Ali Tunia, Tappo & Taluka Mero Khan, District Qamber Shahdadkot
 Tel: 074-4049001-2

MUHALLA LUQMAN, KHAIRPUR BRANCH

Plot No.7,8,9,10,33,34,35 & 36 CS Nos.169,170 & 171, Arisha Colony Opp. Mill Colony Civil Hospital Road, Distt. Khairpur.
 Tel: 0243-685102-3

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

SADDAR HYDERABAD BRANCH

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

SAEEDABAD BRANCH

Shop No.53/2-36, Main Saeedabad Road, Taluka Saeedabad, District Matari.
 Tel: 022-2767380, 2767381

SAJAWAL BRANCH

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

SAKRAND BRANCH

Shop No.355/1-4, 356, 357, 367, Main Sakrand Road, Taluka Sakrand, District Shaheed Benazirabad.
 Tel: 0244-323391-2

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

SANGHAR BRANCH

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

SEHWAN BRANCH

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

SHAHADADKOT BRANCH

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

SHAHDADPUR

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

TANDO JAM BRANCH

Jiryan No.399, Mir Mohallah Main Road Tando Jam, Taluka & Distt. Hyderabad
 Tel: 022-2765326

THATTA BRANCH

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

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

THUL BRANCH

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

UMERKOT BRANCH

Plot No.52, Survey No.1111, 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

KASI ROAD QUETTA BRANCH

Intiqal No.433, Kitta No.2, Kashi Road, Quetta

KHUZDAR BRANCH

Shop No.B-39, to B-42, Agha Abdul Zahir Market Rabia Khudari Road, Khuzdar; Balochistan.
 Tel: 0848-550051

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
 Tel: 0833-500052

SARANAN BRANCH

shop No.3/3, Qita-2, Sikni Bazar; Battay Zai, Shabo Kanal, Tehsil Saranan, Distt. Pishin, Balochistan.
 Tel: 082-6452013-15

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

LAHORE

ALLAMA IQBAL TOWN LAHORE BRANCH

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

BAHRIA TOWN LAHORE BRANCH

Shop No.1, 2 & 3, Ground Floor; D Plaza, Commercial Area, Bahria Town, Lahore.
 Tel: 042-35340503-04

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

BURKI BRANCH

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

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

DAVIS ROAD LAHORE BRANCH

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

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

FAISAL TOWN BRANCH

Plot No.25, Block A, Near Faisal Hospital, Faisal Town, Lahore.
 Tel: 042-35160996, 35160994-7
 Fax: 042-35160997

FEROZEPUR ROAD BRANCH

Plot # S-86-R-79, 79/2, Main Ferozepur Road, Ichra, Lahore.
 Tel: 042-37428322-5

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

HEIR VILLAGE BEDIAN ROAD BRANCH

Khewat # 236, Khatooni # 360-366, Khasra # 2940, Mouza tHeir; Tehsil Cantt, Lahore
 Tel: 042-35600231-2

JOHAR TOWN LAHORE BRANCH

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

LIDHAR BRANCH

Village Lidhar; VVagha Town, Lahore.
 Tel: 042-37165307
 Fax: 042-37165309

MAIN BOULEVARD DHA LAHORE BRANCH

Shop No. 4, Mujtaba Plaza, Main Boulevard, DHA, Lahore Cantt.
 Tel: 042-36685800-01

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

MUGHAL PURA LAHORE ARANCH

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

MINHALA VILLAGE LAHORE BRANCH

Minhala Village, Main Road, Near Govt. Higher Secondary School, Tehsil Shalamar, District Lahore.
 Tel: 042-36590663-64

PECO ROAD LAHORE BRANCH

Plot No.1-C/P-II, Phase-III, Main Peco Road, Lahore.
 Tel: 042-35970192-93
 Fax: 042-35172836

RAIWIND LAHORE BRANCH

Plot 4-A, Mouza Niaz Baig, Main Raiwind Road, Lahore.
 Tel: 042-35963295-96

SHAHRAH-E-FATIMA JINNAH 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

VILLAGE KAHNA BRANCH

Hakim Ghulam Hussain Colony, Mozaa Gajomata, Kahna, Distt. Lahore.
 Tel: 042-35270082-83

VILLAGE MANGA MANDI BRANCH

Near Javed High School, Multan Road, Manga Mandi, Tehsil & District Lahore.
 Tel: 042-35385062

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

ISLAMABAD/RAWALPINDI BRANCHES

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

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

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

MUREE ROAD RAWALPINDI BRANCH

K-583, Ch. Mouladad Khan Road, Main Murree Road, Rawalpindi
 Tel: 051-5781071-73

PESHAWAR ROAD RAWALPINDI BRANCH

Plot No.1211, Chur Harpal, Near Govt. College for Women, Peshawar Road, Rawalpindi.
 Tel: 051-5492992, 5492994
 Fax: 051-5492995

PWD HOUSING SOCIETY ISLAMABAD BRANCH

3-Civic Center, Block-A, PWD Employees Cooperative Housing Society, Islamabad.
 Tel: 051-5970735-37
 Fax: 051-5970734

RAJA BAZAR RAWALPINDI BRANCH

Shop No.U/1328, Dingi Khuee, Raja Bazar; Rawalpindi.
 Tel: 051-5778509, 5778506-07

TARAMARI ISLAMABAD BRANCH

Khewat No.18, Khatoni No.19, Khasra No.197/139, Taramari, Tehsil & District Islamabad.
 Tel: 051-2616001-02

OTHER PUNJAB BRANCHES

ADDA JANPUR, DISTT. RAHIM YAR KHAN BRANCH

KLP Road, Adda Janpur; Tehsil Liaquatpur; Distt. Rahim Yar Khan.
 Tel: 068-5791001

ADDA UTTARY MOUZA GITH BARABAR BRANCH

Khewat No.105/105, Khatoni No.137 to 140, 165 to 167, Adda Uttary Mouza Gith Barabar; Tehsil & District Multan

ALI PUR CHATHA BRANCH

Khewat No.979, Khatooni No.1414, Khasra No.3620/1683, Gujranwala Road, Ali Pur Chatha, Tehsil Wazirabad, District Gujranwala.
 Tel: 055-6332740, 6332741-42

ASHRAFABAD, DISTRICT BAHAWALPUR BRANCH

Ashrafabad Sugar Mill, Village Ashrafabad, Disrtict Bahawalpur:
 Tel: 062-2870091-2

ALI WALA BRANCH

Shop No.403, 414, 507, Village Ali Wala, Tehsil & District Muzaffargarh.
 Tel: 066-2013819

BHALWAL, DISTT. SARGODHA BRANCH

Khewat # 579, Khatoni # 589, Khasra # 890/2, Mandi Bhalwal, Block # 3, Post Office Road, Tehsil Bhalwal, District Sargodha

BAHAWALNAGAR BRANCH

Khata No.2222, Khatoni No.2310, Al-Fazal Market, Oasbia Minchanabad Road, Tehsil & District Bahawalnagar

CHAK GHANIAN, DISTRICT GUJRAT BRANCH

Village & PO Chak Ghanian, Tehsil Sarai Alamgir, District Gujrat.
 Tel: 0544-291341, 291339

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

DERA GHAZI KHAN BRANCH

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

DEPALPUR, DISTRICT OKARA BRANCH

Khewat No.35-36, Grains Market, Main Bazar Depalpur; District Okara.
 Tel: 0444-541516-19

FAISALABAD BRANCH

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

FATEH JANG, DISTT. ATTOCK BRANCH

Shop No.1-5, Ward No.6, 057-2212882 Moza Fateh Jang, District Attock.
 Tel: 057-2212988

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

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

LILA DISTRICT JEHLUM BRANCH
Post Office Lilla Town, Tehsil Pind
Daden Khan, District Jhelum.
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

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

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

MURREE BRANCH
Property No.161-A/1, Rich Villah,
Cart Road, Murree, Tehsil Murree,
District Rawalpindi
Tel: 051-3413664 051-3413665

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

PABBI DISTRICT NOWSHEHRA BRANCH
Sr.No.9015, Khasra # 1244 & 1245,
Main G.T. Road, Pabbi, District Nowshehra.
Tel: 0923-529217-18

PEER FATEH DARYA BRANCH
Khewat No.368/355, Khatoni No.160, Kela No.16,
Mouza Pir Fateh Darya, Jamalain Wali Road,
Tehsil Sadiqabad, District Rahim Yar Khan

PINDI BAHAUDDIN BRANCH
Village Pindi Bahauddin, Rasool Road,
Tehsil & District Mandi Bahauddin.
Tel: 0546-600446

RAHIM YAR KHAN BRANCH
24 Model Town 068-5877062, Rahim Yar Khan.
Tel: 068-5877062, 5877064

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

SATGARAHA DISTRICT OKARA BRANCH
Adda Chow, Sat Garah, Tehsil and District Okara.
Tel: 0442-664064-5

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

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

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

TOBA TEK SINGH BRANCH
Khewat No.7/7, Khatoni No.7, Allama Iqbal Road,
Mohalla Janj Ghar, Toba Tek Singh.
Tel: 0462-512751-52

VILLAGE HUIJRA SHAH MUQEEM BRANCH
Khasra No.362/354, Khewat No.859, Hujra Road,
Near Gillani Marriage Hall, Hujra Shah Muqeem,
Tehsil Depalpur, District Okara.
Tel: 044-4860051-2

VILLAGE QILA DEEDAR SINGH BRANCH
Khewat No.459, Khatooni # 539,
Khasra # 4311/2716/2437, Hafizabad Road, ,
District Gujranwala.
Tel: 055-4711036-7

WAH CANTT RAWALPINDI BRANCH
82-A, Minar Road, Lala Rukh, Wah Cantt.
Tel: 051-4531862-63

KPK & MIRPUR AJK

ABBOTTABAD BRANCH
Opposite Radio Pakistan, Mansehra Road,
Abbottabad.
Tel: 0992-330391
Fax: 0992-330393

BATKHELA, DISTRICT MALAKAND BRANCH
Shops No.1 to 4, Bahadur Khan Plaza, Main
Bazar, Batkhela, Tehsil Batkhela, District Malakand
Tel: 0932-410636-7

DARRA-E-ADAM KHAIL BRANCH
Shop No.1 to 7,
Nawab Shah Plaza, Darra
Bazar Muhammad Khel,
Gargan Khel, Tehsil
Darra Adam Khel, Distt. FR. Kohat
Tel: 0922-810226

DANYORE, GILGIT BRANCH
Khasra No.959, Village Shanot, Tehsil Danyore,
District Gilgit
Tel: 05811-922693-5

DERA ISMAIL KHAN BRANCH
Shop No.1 & 2, Sharjah Market,
North Circular Road, Dera Ismail Khan
Tehsil & District Dera Ismail Khan
Tel: 0966-791389-90

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

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-I, 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, AJK
Tel: 05827-444520, 444550

MERAN VILLAGE BRANCH
Meran Village Tehsil Parva
(Tandianwala Sugar Mills Ltd) Dera Ismail Khan.
Tel: 0966-756112-4

MUZAFFARABAD BRANCH
Khasra No.1845/1314, Bank Road, Muzaffarabad
Tel: 05822-920620, 920630

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, SI12, Ghalla Mandi, Sheikhpura
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 & 021-34510024

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: 0937-875343 & 0937-875344

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: 021-35829346 & 35829460 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
39-CCA, Commercial Area Phase-V, 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
107 B, Allama Iqbal Road, Ghari Shahu, Lahore
Tel: 042-36294721 & 042-36294722
Fax: 042-36294724

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 Chowrang, 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
55 & 56-C, Central Commercial Area, Block-2,
PECHS, Karachi
Tel: 021-34535132-34 Fax: 021-34535135

Notes:

FORM OF PROXY

I/We, _____, being member of **Sindh Bank Limited** and holding ____ ordinary shares 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 8th Annual General Meeting of the Bank to be held on 28th June 2019 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 _____ 2019.

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 8th Annual General Meeting of the Bank may appoint any 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 appointed him at the meeting.
2. The instrument appointing a proxy should be signed by the member(s) or by his/her/its Attorney, duly authorized in writing. If the member is a Corporation, its common seal should be affixed to the instrument.
3. The Proxy Form duly completed, must be deposited at the Bank's Registered Office at 3rd Floor, Federation House, Abdullah Shah Ghazi Road, Clifton, Karachi not less than 48 hours before the time of holding the meeting.
4. CDC account holder or sub-account holder appointing a proxy should furnish attested copies of his/her/its own as well as the proxy's CNIC / Passport with the proxy form. The proxy shall also produce his/her/its original CNIC or passport at the time of meeting. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted along with proxy form.

پراکسی فارم

[illegible][illegible]

5.00 روپے کے
ریونیواسٹامپ پر ممبر کے دستخط

(دستخط کو بینک کے پاس رجسٹرڈ
نمونہ کے دستخط کے ساتھ
ملنا چاہیئے)

1. گواہ

دستخط

سی این آئی سی نمبر

پتہ

2. گواہ

دستخط

سی این آئی سی نمبر

پتہ

نوٹس:

1. بینک کے 8th سالانہ اجلاس عام میں شرکت کا اہل ممبر اپنے بچائے 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 انسٹرومنٹ پر ممبر (s) یا اس کے انٹارنی، جسے تحریری طور پر اختیار دیا گیا ہو، کے دستخط ہوں گے۔ اگر ممبر کارپوریشن ہے تو پھر انسٹرومنٹ 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 عازی روڈ، بکلفٹن، 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 یا پاور آف انٹارنی بمعہ دستخط نمونہ پیش کرنا ہوں گے۔



IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO

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