

IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO

شہید محترمہ بینظیر بھٹو کی یاد میں

SINDH BANK

سندھ بینک

POWER TO THE PEOPLE

بااختیار عوام

Annual

2020

Report

SINDH BANK
سندھ بینک
Power To Be Point

2020

بسم اللہ الرحمن الرحیم



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-1

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-1
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	
Anis A. Khan	Chairman/Non-Executive Director
Syed Hasan Naqvi, Finance Secretary (GoS)*	Non Executive Director
Sami ul Haq Khilji	Independent Director
Masooma Hussain	Non Executive Director
Javaid B. Sheikh	Independent Director
Imran Samad	President & CEO
Chief Financial Officer	Saeed Jamal Tariq
Company Secretary	Shamsuddin Khan
Auditors'	Naveed Zafar Ashfaq Jaffery & Co. Chartered Accountants
Legal Advisors	Mohsin Tayebaly & Co
Share Registrar	CDC Share Registrar Services Ltd.
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	0073917
NTN Number	3654008-7
Website	www.sindhbank.com.pk
Facebook	/SindhBankLimitedOfficial
Instagram	/SindhBankLimited
Linkedin	/company/sindh-bank-limited

*FPT clearance from SBP yet to be received



Chairman's Review

On behalf of the Board of Directors of Sindh Bank, I present this brief review, along-with the financial statements of the Bank for the year ended December 31, 2020.

During the year, the Bank registered lower pre-tax loss of Rs.5.335 billion compared to pre-tax loss of Rs.13.761 billion in 2019. After tax loss amounted to Rs.3.212 bn compared to loss of Rs.8.259 bn last year. Total operating income improved by Rs.2.314 bn (196%), led mainly by an increase of Rs.1.024 bn (55.4%) in net markup/interest Income and Non-markup income of Rs.622.8 mn compared to a loss of Rs.667.9 mn last year. Total provision for the year amounted to Rs.3,722.9 million which was lower than the amount of Rs.10,020.5 million recorded last year. Hectic recovery efforts by the management resulted in write-back of Rs.1,110.0 mn due to recovery of certain NPLs.

Total Deposits registered an increase of 38.4% and stood at Rs.185.6 billion compared to Rs.134.1 billion on December 31, 2019. Gross Advances remained almost static at Rs.76.3 billion as compared to Rs.76.4 billion on December 31, 2019.

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

	Rupees in '000
Loss before provisions and tax	**(1,612,125)**
Provision/diminution in value of investment	(306,734)
Provision against loans and advances	(3,416,208)
Loss before tax	**(5,335,067)**
Taxation	
- Current	238,711
- Prior year	-
- Deferred	(2,361,207)
	(2,122,496)
Loss after tax	**(3,212,571)**
Accumulated loss brought forward	(4,304,331)
Other comprehensive loss	6,678
Loss before appropriation	**(7,510,224)**
Appropriations:	
Transfer to Statutory Reserve	---
Accumulated loss carried forward	**(7,510,224)**

As planned, cash injection, of Rs. 11.7 billion in Bank's Tier 1 Common Equity was made by the Government of Sindh in 2019. Further, effective December 31, 2020, the merger of Sindh Leasing Company Limited ('SLCL') with and into Sindh Bank was approved by the State Bank of Pakistan. Impact of merger on Bank's equity amounts to approximately Rs.3.8 billion.

As at the year-end, Sindh Bank's Equity (i.e. Paid up Capital, Reserves, deficit on revaluation & accumulated losses), after merger of Sindh Leasing stood at Rupees 19.077 billion, increasing by about 11.71% over Rupees 17.077 billion last year. The Bank's risk adjusted Capital Adequacy stood at 15.20 percent against the 'relaxed' year-end 2020 requirement of 11.50 percent.

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

I would also like to appreciate the efforts and commitment of the Bank's management and staff in staging a monumental effort to achieve the record increase in deposits, improving operating profitability, pro-active measures for recovery of NPLs and strengthening risk management. I am confident that with their dedication and hard work, the Bank would be able to tide over these challenges enabling the Bank to stage a turnaround, InshaAllah.

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.

Anis.A.Khan
Chairman

Karachi: March 09, 2021

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

Profile of the Board of Directors



Anis A. Khan
Chairman

Mr. Khan is a businessman and possesses rich experience in marketing and corporate affairs particularly in media industry. He is widely travelled and is well known in business & commercial spheres.

Date of Joining the Board: March 29, 2018

Other Directorships/Offices held:
Chairman - Media Axis (Pvt) Ltd. HAVAS (Media Buying House)



Imran Samad
President & CEO

Mr. Imran Samad is the President & CEO of Sindh Bank Limited. Mr. Samad has more than 31 years of experience in Banks/Financial Institutions as President & CEO, Managing Director and Senior Executive/Group Head. His expertise includes Credits, Portfolio Management, Retail Banking, Corporate Finance, Islamic Banking, Agriculture Finance, IT related functions, SME and Micro Credit. He is a seasoned banker with extensive experience in turning around organizations.

Date of Joining the Board: September 20, 2019

Other Directorships/Offices held:
None



Syed Hasan Naqvi*
Finance Secretary, GoS

Mr. Naqvi is Finance Secretary, Government of Sindh and is a Non Executive Director on the Board of Sindh Bank. Being a Civil Servant he has been Finance Secretary, GoS, Special Finance Secretary, GoS, Director Investment-Export Processing Zone Authority, Additional Secretary, Governor House Sindh, and has held other important positions in GoS departments.

Date of Joining the Board: October 22, 2019 in his ex-offico capacity FPT clearance is pending with the SBP.

Other Directorships/Offices held:
Director - Sindh Modarba Management Limited
Director - Sindh Engro Coal Mining Company
(approval pending with SECP)

* 22.10.2019 (Appointed by the Board in its 74th Meeting) his FPT is pending with SBP for approval.



Sami ul Haq Khilji
Independent Director

Mr. Khilji is a retired Civil Servant and remained on various senior positions in the Government. His last position was that of Chairman Pakistan Railways. He possesses masters in Public Policy with Economics concentration from University of Wisconsin, Madison, USA. He has rich experience of management at higher level policy affairs to his credit.

Date of Joining the Board: April 24, 2018

Other Directorships/Offices held:
CEO - MM Management Consultants (Pvt) Ltd.



Javaid B. Sheikh
Independent Director

Mr. Javaid B. Sheikh has experience of more than 45 years of various Banks/DFIs. He possesses MBA Degree from USA. He is senior partner in a Lahore based consulting firm. He has vast experience of investment and development banking and is well known in commercial and corporate networks.

Date of Joining the Board: April 11, 2019

Other Directorships/Offices held:
Director - Prosperity Weaving Mills Ltd.



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. She has been instrumental in framing policy and procedural framework and implementation of institutional guidelines.

Date of Joining the Board: April 11, 2019

Other Directorships/Offices held:
None



From left to right: Javaid B. Sheikh, Masooma Hussain, Anis A. Khan (Chairman), Imran Samad (President & CEO) and Sami ul Khilji

Board of Directors:

1	Anis A. Khan	Chairman/N.E. Director
2	Syed Hasan Naqvi, Finance Secretary (GoS)*	Non Executive Director
3	Sami ul Haq Khilji	Independent Director
4	Masooma Hussain	Non Executive Director
5	Javaid B. Sheikh	Independent Director
6	Imran Samad	President & CEO

*FPT clearance from SBP yet to be received

Committees of the Board:

Audit Committee:

Javaid B. Sheikh	Chairman
Finance Secretary (GoS)	Member
Masooma Hussain	Member
Head of Internal Audit	Secretary

Human Resource & Remuneration Committee:

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

Nomination Committee:*

Finance Secretary (GoS)	Member
Company Secretary	Secretary

Risk Management Committee:

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

Information Technology Committee:

Sami ul Haq Khilji	Chairman
Anis A. Khan	Member
President/CEO	Member
Finance Secretary (GoS)	By Invitation
Head I.T.	Secretary

*The committee is presently non-functional for lack of membership

Terms of Reference

The number of meetings of the Board of Directors (BOD) and its Sub-Committees held during the year 2020 and the attendance by each director/committee member are provided in the Directors Report.

The Key terms of reference of the Board Committees are as follows.

Risk Management Committee

The Bank has formed a Board Risk Management Committee. The BRMC is primarily responsible for effective functioning of the risk management function within the Bank, and as a committee of the Board, acts with the delegated authority of the Board. It provides a platform to cover all material risk and also their mitigating tools.

The principle responsibilities of the Committee are as follows:

1. Review and oversee implementation of the Risk Management Policy including Enterprise Risk Management (ERM) Framework and Risk Appetite Framework (RAF) and provide recommendation to the Board to facilitate in decision regarding approval.
2. Review the tools and models developed by the Risk Management Division to measure and monitor risks; and Review regular risk reports related to Market, liquidity, credit and operational risk prepared by the Risk Management Division.
3. Ensure that the Bank has adequate capital available to absorb expected & unexpected losses and is able to achieve its strategic goals / objectives in short and long run.
4. Ensure appropriate risk controls and limits are established, properly implemented, communicated and monitored. Enforce actions upon violation of risk policies and procedures.
5. Review and administer the implementation of IFRS 9 as per SBP BPRD Circular 04 of 2019, dated 23rd October 2019.
6. Review any other risk related matters / regulatory changes that warrant discussion at the Committee

Nomination Committee

To review the structure, size and composition of the Committee and skills, knowledge, expertise, experience and diversity of the Board members and to suggest any changes and modification.

To identify and suggest for approval name(s) of the candidate(s) to fill the Board vacancies and to ensure that the proposed candidate(s) have sufficient time and skill to perform their obligations and meet FPT Criteria of SBP.

Prior to the appointment of Director(s) the Committee shall require the prospective candidate(s) to disclose any other business interest which may cause a result of conflict of interest between the prospective candidate(s) with the Bank and the Committee shall also require from him to submit his future business interest that may cause a conflict of interest. Upon receipt of the aforesaid information, the Committee shall minutely observe the nature of conflict of interest and make its own independent observations thereon.

Apart from the Directors the Committee shall seek candidature for CEO's position if fell vacant and select the best available candidates for final approval by the Board and the Government of Sindh. The Committee meets on need basis.

Audit Committee

The Board Audit Committee is responsible under the Code of Corporate Governance to review and recommend to the Board of Directors, the quarterly, half-yearly and annual financial statements of the Bank particularly focusing on the reasonableness of significant adjustment, major judgments and estimates, the adequacy of the disclosures in the financial statements, going concern assumption, change in accounting policies, related party transactions and compliance with applicable accounting standards.

BAC administers the Bank's financial reporting process on behalf of the Board and BAC has direct responsibility for appointment, retention, remuneration/ compensation and oversight of work of external auditors.

BAC is also responsible for reviewing and approving annual audit plan; scope, extent and procedure of internal audit and reporting framework. BAC is responsible to regularly reviews significant issues and observations raised by External & Internal Auditors along with progress thereon.

BAC also confers with the management to ensure the scope, sufficiency, adequacy and effectiveness of Internal Control Systems of the Bank including financial and operational controls, accounting systems, and reporting structures.

The other terms of reference of BAC include consideration of major findings of internal investigations and results of investigation of Whistle Blow. BAC is also responsible for monitoring and reviewing implementation of Whistle Blowing Policy.

Human Resource and Remuneration Committee

The BHR&RC is responsible for reviewing & recommending the HR Policy to the Board, appointment of Key Executives, Performance Appraisals & Performance Bonuses, revision in Salary Scales / Ranges, Incentive Schemes & Retirement Benefits. The Committee has a composition of three members & a secretary while President & CEO attends the meeting by invitation. The Committee meets on need basis but preferably once in a quarter.

Information Technology Committee

I.T. Committee principally manages the procurement requirements of the IT function ensuring unhindered performance of IT services and keeping in line with market dynamics and business objectives of the bank. Reporting to the BOD with recommendations for approval and changes in IT policies as needed with guidance on the application of IT resources. Additionally ITC also manages the security system requirements & policy of the bank.

Profiles of the Shariah Board Members

1. Mufti Muhammad Najeeb Khan

Mufti Muhammad Najeeb Khan is Chairman Shariah Board of Sindh Bank-Islamic Banking Division. He holds a degree of specialization in Islamic Jurisprudence/Islamic Finance "Takhassus" from JamiaDarulUloom, Karachi under the supervision of Justice Rtd. Mufti Taqi Usmani. He completed "Al-ShahdatulAalamiyyah" (equivalent to Masters in Arabic and Islamic Sciences) from JamiaDarulUloom, Faisalabad. He is a Shariah Board member of the following organizations:

- Summit Bank - Islamic Banking Operations
- UBL Fund Managers
- Pak Oman Islamic Fund
- HBZ Dubai As a trainer he has professional affiliations with various educational and training institutes including NIBAF (SBP), IDB, IBA-CEIF, LUMS, COMSAT, CIE, AAOIFI, UoK etc.

He is also the Principal of 'Hira Foundation School'

2. Mufti Zeeshan Abdul Aziz

Mufti Zeeshan Abdul Aziz is Member, Shariah Board of Sindh Bank-Islamic Banking Division. He has completed TakhassusFilIlfta (Specialization in Islamic Jurisprudence) majoring in Islamic Banking & Finance from JamiaDarulUloom, Karachi, under the supervision of Justice (R) Mufti Taqi Usmani. Besides being Shariah Advisor to some other Islamic Financial Institutions, Consultancy Firms and Halal Certification bodies within and outside Pakistan, he is also involved in teaching Islamic Banking & Takaful on different forums/universities as visiting faculty member.

3. Mufti Muhammad Hassan Ashraf Usmani

Mufti Muhammad Hassan Ashraf Usmani is the Resident Shariah Board Member of Sindh Bank- Islamic Banking Division. He has completed TakhassusFilIlfta (Specialization in Islamic Jurisprudence) from JamiaDarulUloom, Karachi, under the supervision of Justice (R) Mufti Taqi Usmani. Further, he has done his doctorate from Karachi University in the field of Islamic Finance. He is associated as a member of Shariah Supervisory Board of mutual funds, as well as member of the Teaching Faculty of Darul-Uloom, Karachi.

Terms of Reference and Meetings of the Shariah Board

The IBI shall have a SB comprises of three Shariah Scholars, i.e., Board Chairperson (Chairperson) and Board Members including one of the Member designated as Resident Shariah Board Member (RSBM) as per FAPC given in SGF provided by SBP. Further, every IBI shall have a Shariah Compliance Department (SCD) which may be headed by a RSBM or a suitably qualified, trained and experienced officer recommended by SB.

Sharia Board Meetings

Details of Meetings of the Shariah Board held during the year 2020 and attendance by each Shariah Board Member are given below:

S.No.	Name	Shariah Board Meetings	
		Held During the Year	Attended
1	**Mufti Muhammad Najeeb Khan**	4	4
2	**Mufti Zeeshan Abdul Aziz**	4	4
3	**Mufti Hassan Ashraf Usmani**	4	4
Total Meetings Held During the Year 2020		4	

Disclosure on Remuneration Policy of the Bank

The Human Resource Division at Sindh Bank acknowledges its people as the most significant resource and believes in providing a synergic work environment that fosters customer centricity and ownership in a proactive manner, while maintaining high moral standards.

We are an equal opportunity employer and are committed to hiring and retaining suitably qualified talent from across the country or abroad, through a merit-based and non-discriminatory selection process. We believe that engaged employees are more committed and deliver better results, hence we support staff retention. To improve key positions' bench-strength, Sindh Bank has a Succession Planning Policy, which identifies successors for senior roles within the organization, thus allowing upward career mobility to the right talent and help them in fulfilling their career growth aspirations.

Our Senior Management is highly approachable and has an open-door-policy. We organize country-wide Town Halls, which provide the ideal platform for open discussions between our Management Committee and staff. In addition to increasing employee engagement, this is an event where hard-work and sound performance are recognized and awarded; acknowledgement of special contributions and alignment with the Bank's culture & values takes place. We are highly focused on maintaining positive, constructive employee relations and such meetings foster a culture of transparency and good employee communications.

The Bank engaged an external consultant for assistance in implementation of the SBP's Revised Guidelines on Remuneration Practices. The major activities performed by them were identification of Material Risk Takers (MRTs) and Material Risk Controllers (MRCs), development of risk-adjusted balanced scorecards for all MRTs and MRCs, identification of areas for improvement and development of bank-wide remuneration policy. The Bank has processes in place to ensure that the consultants were independent, and no conflict of interest existed with any Board member or any of its key executives.

Our remuneration policy is market-aligned competitive pay, making our compensation fair and consistent, ensuring internal equity. In the event of death or disability, the Bank offers life and disability insurance, through an Insurance Company, to provide financial assistance to the staff. Life Insurance coverage provides financial support to the heirs of the deceased staff in the unfortunate event of death in service, complete coverage of House Loan, if availed, will be provided to the staff.

The Board is overall responsible for reviewing, approving and monitoring implementation of the Bank-wide remuneration frame work, based on the recommendations of Board's Human Resource & Remuneration Committee (HRRC), which shall be mainly responsible for overseeing the Bank's remuneration programme.

Since professionalism is paramount at Sindh Bank, our Code of Conduct is well-structured and in place. The Disciplinary Action policy provides an expertly designed corrective action process and a formal framework for issues to be dealt with fairly and swiftly. The policy ensures that employees are managed in a transparent manner and it also addresses instances where a staff's performance or conduct fails to meet the standards laid down by the Bank. Our proficient DA Team also deals with the staff's grievances promptly and professionally. Furthermore, a strict law-mandated harassment policy is in place alongwith awareness-raising and training sessions, warranting discipline in this respect.

Material Risk Taker (MRT)/ Material Risk Controller (MRC)

The MRTs and MRCs have been identified through a detailed assessment of the Bank's employees using various qualitative and quantitative criteria, as documented in the remuneration policy.

The Bank offers a compensation structure with a balanced mix of fixed and variable elements with the objective to encourage behaviors focused on achievement of long term sustainable results. For MRTs / MRCs the deferred variable component has been made part of their compensation structure.

Performance measurement of MRTs and MRCs

The Bank's performance management mechanism provides a sound basis for assessing employee performance holistically. The Banks remuneration policy is aligned with the performance management mechanism and differentiates pay appropriately amongst its employees based on degree of contribution, skill and availability of talent owing to competitive market forces by considering factors such as role, skills, competencies, experience and grade/seniority.

Performance measurement of MRTs /MRCs will be carried out through the risk adjusted balanced scorecards. The Bank is in a process to develop risk-adjusted balanced scorecards for all MRTs and MRCs for their performance measurement, which will ensure establishing a correlation between and alignment of risks and rewards. These scorecards are prepared at individual levels, incorporating various financial, non-financial/ qualitative and risk-adjusting factors.

The Bank has introduced an individual level accountability mechanism whereby a certain portion of variable compensation of the MRTs/MRCs will be deferred/withheld for a defined period, thus creating alignment between the employees and stakeholders interests and reinforcing that compensation is appropriately linked to longer term sustainable performance.

The deferred pay will be subject to claw back clause that permits the Bank to cancel or reduce, all or part of the amount of an unvested variable compensation award, due to specific crystalized risk, behavior, conduct or adverse performance outcome, attributable to the MRT/MRC.

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:

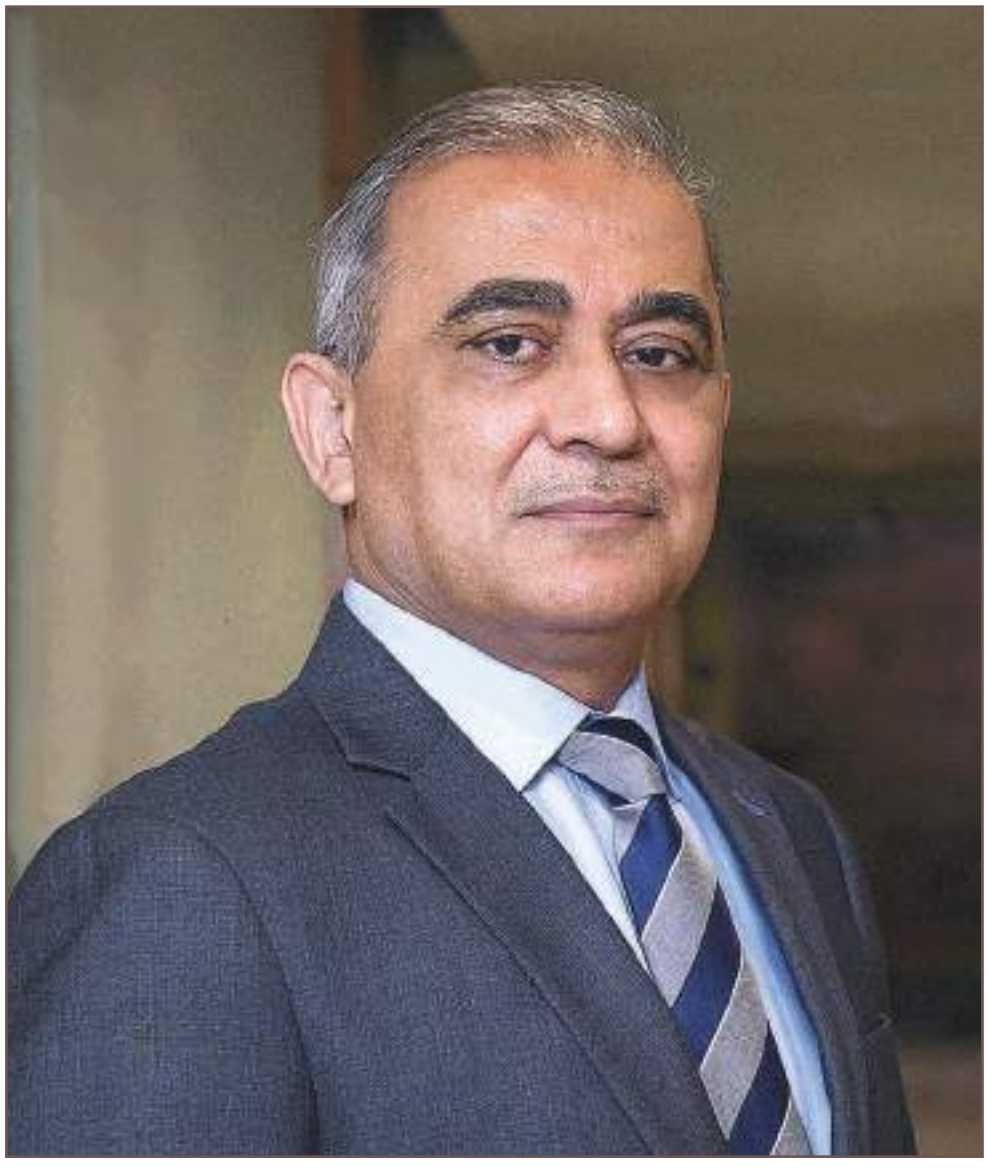
1. We will abide by the laws of the Country in all activities at work and beyond. Any suspected material violation of a law, regulation or ethical standard must be reported to the appropriate level of authority within the Bank. Where appropriate, the authority will report to the relevant statutory authority.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

Management



Imran Samad
President & CEO



Tajammul Hussain
SEVP/-Head HR & Training



Farhan Ashraf
SEVP - GBH Central Region



A. Rauf Chandio
EVP - GBH South Region



Saeed Jamal Tariq
EVP - CFO - Head Finance



Shamsuddin Khan
EVP - Company Secretary



Syed Assad Ali Shah
EVP- GBH Sindh Rural Region



Faisal Khan
EVP- Head Risk Management



Baqir Hussain
EVP-HR Division



Ata Hassan
EVP- Head IT



Lt. Col (Retd) Shahzad Begg
EVP- Head Administration



Rehmanullah Khattak
EVP-GBH North Region



Rehan Anjum
EVP- Head Corporate, SME, Consumer, Investment Banking & Credit



Ahmad Noor
EVP - Head Special Asset Management



Shahid Mughal
EVP-Head Audit & Inspection



Saleem Shaffi
EVP- Head Operations



Jeanette Chohan
EVP - Head Credit Administration Division



Naseer Ladani
SVP- Head Compliance,Vig & FRM



Rukhsana Narejo
SVP- Head Treasury & Financial Institutions



Alizain Wahab
SVP-Head Islamic Banking



Tahir Hussain Shah
SVP- Head Foreign Trade



Shams-ul -Abbas
SVP- Head Agriculture Credit



Shariq Jaleesi
SVP- Head Consumer Financing



Hasnain Merchant
SVP- Head Payment Services/ADC & Home Remittance



Saima Aziz
SVP-Head Marketing



Beverly D'souza
SVP- Head Service Quality Division



Muhammad Irfan Zafar
VP - Head Legal



Saddar Jehan Mian
VP- Head Treasury Operations

Events





ATM Installed at the Jinnah International Airport Karachi



MOU signing ceremony between Sindh Bank and Ministry of Industries - GoS



New Year's celebration held at the Head Office, Karachi



Performance Excellence Awards Ceremonies, 2020 held at different Region's and at the Head Office



Directors' Report

On behalf of the Board of Directors, I am presenting herewith the financial results of the Bank for the year ended December 31, 2020. Financial highlights are as follows:

(Rupees in '000)

Balance Sheet	As on December 31, 2020	As on December 31, 2019	%age Change
Paid up Capital	19,710,130	19,710,130	
Shares Deposit Money	2,000,000	2,000,000	
Proposed shares to be issued on amalgamation	3,814,298		
Reserves & accumulated loss	(6,038,802)	(2,852,352)	-111.71%
Paid up Capital & Reserves	**19,485,626**	**18,857,778**	**3.33%**
Deficit on Revaluation of Investment	(408,505)	(1,780,577)	
Equity	**19,077,121**	**17,077,201**	**11.71%**
Borrowings	**62,377,648**	**4,192,284**	**1387.92%**
Deposits	**185,570,689**	**134,049,662**	**38.43%**
Investment (carrying value)	**170,818,493**	**65,143,452**	**162.22%**
Gross Advances	**76,355,873**	**76,430,095**	**-0.10%**

(Rupees in '000)

Profit & Loss Account	Year Ended 31-Dec-20	Year Ended 31-Dec-19	%age Change
Markup/return/interest income	15,350,403	12,115,401	26.70%
Markup/return/interest expenses	12,476,302	10,265,615	21.53%
Net markup/return/interest income	**2,874,101**	**1,849,786**	**55.37%**
Capital loss on sale of Investments	(46,420)	(1,253,105)	
Dividends	96,651	115,212	
Fee, Commission & Other Income	572,537	469,981	
Non-mark-up/non-interest income	**622,768**	**(667,912)**	**193.24%**
Non mark-up/interest expenses	**5,108,994**	**4,922,552**	**3.79%**
Provision/Diminution in value of investments	306,734	261,781	
Provision-specific & general against Advances	3,416,208	9,758,717	
Total Provisions	**3,722,942**	**10,020,498**	
Loss before Tax	**(5,335,067)**	**(13,761,176)**	**61.23%**
Loss After Tax	**(3,212,571)**	**(8,259,860)**	**61.11%**
Loss per share (Rupees)	**(1.63)**	**(8.00)**	**79.62%**

Other Information	As on 31-Dec-20	As on 31-Dec-19	%age Change
No. of Accounts	**499,760**	**511,779**	**-2.35%**
Number of Branches	**330**	**330**	**-**

A. AMALGAMATION OF SINDH LEASING COMPANY LIMITED

The State Bank of Pakistan (SBP), vide letter no. BPRD (R&P-02)/SBL-SLCL/2020/14846 dated December 31, 2020, approved the Scheme of Amalgamation of Sindh Leasing Company Limited ('SLCL') with and into Sindh Bank Limited under Section 48 of the Banking Companies Ordinance, 1962 and the same has been made effective at 11:59 PM on December 31, 2020. The Balance Sheet figures disclosed in note 1.4 in un-consolidated financial statement, incorporate the effect of the figures of SLCL taken in the Bank's books, due to this amalgamation. This completes the last leg of the Capital Plan approved by the Government of Sindh in June 2019.

B. FINANCIAL REVIEW

Total Assets increased from Rs.160.6 bn to Rs.273.7 bn, depicting monetary growth of Rs.113.1 bn (70.4%) during the year, primarily driven by a significant increase in customers deposits, thanks to the monumental effort of Bank's retail banking team in close liaison with our senior management team, despite Covid-19. By the grace of Allah almighty, these efforts, unprecedented in Bank's history, are bearing fruit, and bodes well for the future of the Bank, In Sha Allah. Major financial statement segment-wise review is as follows:

a) Deposits

Deposits registered an increase of 38.43 percent and stood at Rs.185.6 billion compared to Rs. 134.04 billion on December 31, 2019. This increase is especially commendable, considering the fact that throughout 2019, there was a run like situation, with the Bank touching a low of Rs. 105.00 billion in September 2019. Ratio of Finance Department, Government of Sindh (GoS) Deposits to other Deposits was 12:88 as compared to 13:87 at the year ended 2019 and Number of customer accounts stood at 499,760 decreasing by 12,019 accounts (i.e. -2.35%), mainly due to closure of approximately 42,600 BISP accounts. Other than BISP, number of other customer accounts increased by 30,581 (5.97 %).

b) Advances

Gross Advances remained almost static at Rs. 76.36 bn as compared to Rs. 76.43 bn on December 31, 2019. Within Advances, increase of Rs.3.6 bn in risk free Commodity Financing was complemented by a similar decrease in other Advances, mainly Corporate. Depressing growth during the year was the regulatory restriction on Corporate advances and onset of Covid-19 due to which the Bank did not pursue its Consumer and SME business targets.

c) Investments

Carrying value of Investments as at December 31, 2020 increased by Rs.105.7 bn (162.2%) over 2019, financed mainly by an increase in customers Deposits and money market Borrowings. Increase was pre-dominantly in short term Market Treasury Bills (Rs.29.5 bn) and floating rate PIBs (Rs.67.2 bn).

Investment in the equities and mutual funds stood at Rs. 2,830 million, excluding Rs. 750 million in Sindh Microfinance Bank Limited (wholly owned subsidiary), decreased by 23.14 percent over December 31, 2019 (Rs. 3,682 million).

C. PROFIT AND LOSS ACCOUNT

Pre-tax loss for the year ended December 31, 2020 amounted to Rs.5.335 billion contrasting with loss of Rs.13.761 bn reported last year. After tax loss amounted to Rs.3.212 bn compared to loss of Rs.8.259 bn last year. Improvement in the Bank's performance trend are visible as the Bank's total operating income improved by Rs.2.314 bn (196%), led mainly by an increase of Rs.1.024 bn (55.4%) in net markup/interest Income and Non-markup income of Rs.622.8 mn compared to a loss of Rs.667.9 mn last year. Other reason for improved bottom-line was reduced provisioning of Rs.3,722.94 mn (net) compared to provision of Rs.10,020.49 mn last year. Hectic recovery efforts continue to reduce/contain NPLs, with the Bank managing to reduce its older NPLs, though marginal increase was witnessed due to new accounts transitioning into this category.

D. BRANCHES

The Bank maintained its presence through 330 branches spread over 169 cities/towns in Pakistan and included 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 & Balochistan	206	97
North: including Punjab, Islamabad, KPK, AJK & GB	124	72
Total	**330**	**169**

ECONOMIC REVIEW

Pakistan's GDP growth for Fiscal Year 2020 was negative 0.38%, the first ever decrease in 68 years. This decrease came on the back of the effect of Covid-19 outbreak. The outbreak and associated lockdowns resulted in a pronounced contraction during the last 4 months of FY 2020 due to which per capita income of the Country declined to a 7-year low of US$1,355 from US$1,455 last year (down by ~7% YoY). Before the onset of Covid-19, in the first 8 months of FY 2020, the economy had shown significant signs of stabilization due to the US$6bn IMF program that reduced the Current Account Deficit by implementing a tight monetary policy and move to a market-based exchange rate.

Efforts of the Government of Pakistan during CY 2020, remained focused towards measures for domestic recovery and economic activity. Various such measures were announced to support economic activity; the most significant being a Temporary Economic Refinance Facility, total disbursements under which stood at Rs.430 bn. Other supportive measures included policy rate reduction, announcement of textile and construction packages and other concessionary loan packages to revive affected industries. As a result of these measures, most of the economic activity indicators have witnessed significant improvement. The pickup of economic activity led to LSM growth of 8.16% YoY during the first half of FY 2021. LSM growth is expected to pick further pace in the remaining months of FY 2021 and will be duly supported by growth in textile production and recent capacity additions by local companies (cement and steel) in light of higher demand.

The current account remained in surplus by US$ 1.1 bn during first half of FY 2021, however lately has shown deterioration due to expanding trade deficit, which was led by an increase in food and automobiles items. The current account deficit for FY 2021 is now projected to remain below 1% percent of GDP.

Inflation remained in double-digits during first few months of CY 2020, however declined gradually to single digits, which led to a 625 bps cut in the policy rate, from 13.25% to 7.00% as at the end of December 2020. SBP while drawing comfort from the overall economic scenario i.e expanding exports and LSM growth of 8.16%, remains worried about inflation during remainder of FY 2021 due to supply-side bottlenecks. It expects inflation to range within 7-9% during the period, however, aims to see inflation trending toward the 5-7% over the medium-term.

The year 2020 was one of volatility as well as extra ordinary performance by selected sectors. The year started on a positive note due to Government's focus on economic stability post signing of US$6 bn. in 3-yrs IMF package, however, the euphoria soon faded as the Country was hit by pandemic. COVID related fears, country wide lock-down and its likely impact on economic activity as well as low corporate sector earnings sent the KSE100 to low of 27,229 on March 24, 2020 (down 37%) from its peak of 43,219 on January 13, 2020. However, due to lower than world average COVID cases and deaths, the economic fears subsided, which led to KSE100 index posting a return of 7.4% for CY20.

For FY 2021, the outlook for the economy remains contingent on the COVID-19 trajectory in the coming months. With domestic cases and deaths rising at slower than the world average, GOP is optimistic about achieving GDP growth rate in the range of 1.50% to 2.50%. GDP and inflation outlook remains comfortable on the back of reduced external debt serving (G-20 debt waiver), stimulus package(s), better water availability, lower oil prices, higher credit offtake, increased industrial machinery imports, fiscal incentives to SMEs and lower interest rates. Outlook for PSX remains bullish on the basis of LSM growth of 8.16% for 1HFY21, pick up of economic activity, announcements of various amnesty schemes as inflow of liquidity through external sources like Roshan Digital Account.

CREDIT RATING

VIS Credit Rating Company Limited has reaffirmed the long term entity rating of **A+ (Single A Plus)** and short term rating of **A-1 (A-one)** in its report dated July 06, 2020.

MINIMUM CAPITAL REQUIREMENT & CAPITAL ADEQUACY RATIO

The Bank is compliant with the minimum capital requirement prescribed by the State Bank of Pakistan while its Capital Adequacy Ratio stood at 15.2% as against the relaxed minimum requirement of 11.5% (Normal 12.5%) as on December 31, 2020.

RISK MANAGEMENT FRAMEWORK

Risk taking is central to banking activity. The Bank evaluates business opportunities in terms of the risk-reward relationship. The risks that Bank takes are reasonable, controlled, within its size, complexity and nature of business. The diversity of our business requires us to identify, measure and manage our risks effectively through different limits. At the Bank, the risk is managed through a framework, organizational structure, risk management and monitoring processes that are closely aligned with the activities of the Bank and in line with the guidelines given by the State Bank of Pakistan (SBP). The Bank also continues to invest in systems and people as part of its process of continuously strengthening the risk management function. The Bank's comprehensive and integrated risk management governance structure consists of Board, related Board Committee(s) and management subcommittees, with varying areas of responsibilities, in order to maintain a sustainable focus on monitoring and governance over differing categories of risks.

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

a) Handling of Covid 19 pandemic

To take measures aimed at fighting the spread of Covid-19 and ensure availability of uninterrupted financial services by the Bank in line with SBP directives, a Senior Management Committee ('the Committee') was formed by the Bank at the outset of the pandemic. To minimize the exposure to and impact of COVID-19, the following measures have been taken:

• Employees

The Bank has significantly scaled down the on-ground headcount at its offices across Pakistan. At the peak of the pandemic, a significant number of our employees were working remotely (while maintaining strong IT security) to implement social distancing for our colleagues in critical front office roles. Internal communications regarding social distancing and hygiene are regularly disseminated for the benefit of the employees. Actions taken included timely procurement of PPEs (Personal Protective Equipment) and taking timely measures for enabling a Covid-19 free work environment, including prompt action where any contingency arose.

• Customers

The Bank has remained connected with its customers on how to best continue to use do their day to day banking by using the Bank's various platforms and has kept them informed about regulatory changes affecting them. As advised by SBP, we collaborated with our customers to enable access to the various benefits and relaxations to dampen the impact of Covid-19. Assistance was provided to over 36 customers through deferment/rescheduling of loans amounting to Rs.3.4 bn.

The Committee, continues to monitor the situation within the Bank as well as outside and continues to provide guidance for taking appropriate corrective measures, where needed.

b) Major IT Initiatives

The Bank successfully launched the following to strengthen risk management and services:

a) Implementation of 1Link FRMS monitoring solution.
b) System based Profit pool management solution was implemented for Islamic Banking branches
c) Successfully completed PayPak EMV certification.
d) Only EMV Chip + PIN enable ATM cards being issued. All PayPak cards have been replaced with EMV Cards.
e) Upgradation of ATM Network-Out of 290 active ATMs, 70 have been made bio-metric enabled.

In addition to the above, the Bank is in the process of revamping its IT and Digital strategy considering the Bank's present and future needs in the following areas:

- Business Continuity - technology investments focused to provide high availability and data integrity.
- Information Security - operating securely without being disconnected.
- Innovation - launching new 'secure' products and services.
- Governance - adopting to international service delivery and security standards resulting in better and efficient services.
- Data center revamping-creating a secure fail-safe environment, ensuring high speed access with web based application firewalls, email security gateway, hyper converged infra-structure etc.

c) Home Remittances

During the year, the Home Remittances Unit was revamped and taken under the ambit of the newly established Payment Services Department. The merit of the change is reflected in the exceptional results achieved during 2020 in terms of both transaction numbers and volumes, as given below:

2019		2020		%age Increase	
Transactions	Amount in USD	Transactions	Amount in USD	Transactions	Amount in USD
25,505	9,576,522	49,797	24,116,859	95.2%	151.8%

The Bank has during the year has been successfully in taking on board, RIA Money Transfer, known to be one of the world's leading players, in addition to increasing their existing engagement with globally reputed companies such as Western Union, Money Gram etc.

d) Sindh Microfinance Bank Limited (wholly owned subsidiary)

Sindh Microfinance Bank Limited ('SMFB') was established in May 2016 with the aim to improve access to finance to the underprivileged segment of the Sindh Province, especially women. Despite the challenging circumstances of COVID-19 pandemic,

SMFB continued to remain a sustainable and profitable microfinance bank. SMFB played its role in empowering women by enabling access to finance to the economically active women in rural and semi urban areas of Sindh. To date SMFB has disbursed loans of more than Rs.3.6 bn (more than 136k loans) through its presence in 75 locations in the province of Sindh.

SMFB registered a profit before tax of Rs.70.1 mn for the year ended December 31, 2020 (December 31, 2019: Rs.68.8 mn). As at December 31, 2020, net equity of SMFB stood at Rs.942.7 mn with a paid up capital of Rs.750 mn.

The Pakistan Credit Rating Agency (PACRA) assigned the ratings of A- for the long term and A2 for the short term which in PACRA's perspective captures the strength of SMFB as a growing institution in the microfinance sector.

STAFF, TRAINING & DEVELOPMENT

Total number of staff working in the Bank i.e. executives, officers and support staff as at December 31, 2020 numbered 2,423 as compared to 2,377 as at December 31, 2019.

During 2020, in-house Training Programs were conducted in the areas of Banking, Branch Operations, Fair Treatment to Customers, Islamic Banking, SME Finance, Compliance (AML/CFT and name screening solutions), Home Remittances, & soft skills etc. In order strengthen regulatory compliance, greater focus was on AML/CFT, especially in the Account opening process.

Relevant officials were also nominated for ex-house training offerings from SBP, NIBAF, IBP and other renowned consultancies, including on Islamic Banking, being a focus growth of SBP.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Bank's focus in this area have remained muffled due to its financial constraints. Within these constraints,

- The Bank facilitated the disbursement of Rs. 1,328.89 million to 95 thousand Zakat beneficiaries on behalf of the Sindh Zakat & Ushar Department, Government of Sindh, through Sindh Bank's Benazir Muawanat Card.
- The Bank has for some time been converting, where feasible, its branches on solar energy to save on electricity costs and promote 'Green Banking'. So far 68 branches ie 20% of total branches, have been converted which are resulting in significant savings in electricity costs, besides benefitting the environment.

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 significant 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, 2020 amounted to Rs.1,087.835 million (2019 Rs. 859.68 million). Value of investments of Sindh Bank Limited Employees Gratuity Fund as at December 31, 2020 amounted to Rs.429.69 million (2019 Rs.337.39 million) and further an amount of Rs. 72.27 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.

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 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.

In terms of aforesaid Circular of SBP the performance evaluation is to be carried out once in three years by an outside agency. Accordingly performance evaluation in 2019 was carried out by an outside consultant, namely Beerbal & Co. Chartered Accountants, whose appointment was approved by the Board.

BOARD OF DIRECTORS

During the year under review attendance of Directors at the Board and Board Committee meetings was as under:

S. No.	Name of Directors	Board of Directors		Human Resource Committee		Board Audit Committee		Board Risk Management Committee		Board Procurement, IT and Security Committee	
		Held During the Year	Attended	Held During the Year	Attended	Held During the Year	Attended	Held During the Year	Attended	Held During the Year	Attended
1	Mr. Anis A. Khan	9	9	4	4	-	-	-	-	2	2
2	Mr. Sami ul Haq Khilji	9	8	4	4	-	-	-	-	2	2
3	Mr. Jawaid Bashir Sheikh	9	9	-	-	5	5	3	3	-	-
4	Mrs. Masooma Hussain	9	9	-	-	5	5	3	3	-	-
5	Mr. Imran Samad, President & CEO	9	9	-	-	-	-	3	3	2	2
	Total meetings held during the year	9		4		5		3		2	

BOARD COMMITTEES MEETINGS

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

PATTERN OF SHAREHOLDING

The pattern of shareholding is attached with this report.

EXTERNAL AUDITORS

The Bank has received an unqualified audit report for the year ended December 31, 2020, from its External Auditors M/S Naveed Zafar Ashfaq Jaffery & Co, Chartered Accountants.

The retiring auditors, being eligible, offer themselves for re-appointment for the year 2021. The Audit Committee of the Board has recommended the re-appointment of M/S Naveed Zafar Ashfaq Jaffery & Co, Chartered Accountants the retiring auditors, as external auditors of the Bank for another term.

FUTURE OUTLOOK

For FY 2021, the outlook for the economy remains contingent on the COVID-19 trajectory in the coming months. With impact of Covid-19 on the population being minimal in terms of deaths and active/total cases, GOP is optimistic about achieving GDP growth rate in the range of 1.50% to 2.50%.

Going forward, Sindh Bank is well-positioned to pursue its goal of achieving sustained growth, profitability and financial strength, especially after the outstanding performance during 2020 by the Bank's retail banking team. In this regard, management is determined to pursue the target of (i) Recovery and reduction of Non-Performing Loans, (ii) increase NIM and Trade related fee income, with increased focus on Consumer, SME and Commercial business, and (iii) Strengthening the Governance, Risk and Control environment, including the area of post disbursement credit monitoring. The Bank will also focus on restoring and building new correspondent banking relationships and establishing new tie-ups with major players in Home remittances industry.

Covid-19 will continue to burden profitability to some extent due to higher administrative costs, subdued credit off-take, declining business/trade volumes and rise in NPLs. However, as domestic and global businesses re-open, the situation will improve. Focus under the circumstances will be on use of alternate delivery and service channels and technologically superior solutions for making banking more accessible to our customers, which the Bank intends to do. Other dampers that are critical to Bank's ambitions are getting necessary enablers to affect a settlement with a major borrowers group and newer NPLs arising due to accountability related actions.

ACKNOWLEDGEMENTS

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

On behalf of the Board of Directors

Imran Samad
President/CEO

Masooma Hussain
Non Executive Director

Karachi, March 9, 2021

ڈائریکٹرز رپورٹ

میں بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2020 کو اختتام پذیر سال کے لیے بینک کے مالیاتی نتائج پیش کرتا ہوں۔اس سال کے اہم مالیاتی نکات درج ذیل ہیں:

(روپے000)

(Rupees in '000)

بیلنس شیٹ	31دسمبر2020پر	31دسمبر2019پر	فیصد تبدیلی
اداشدہ سرمایہ	19,710,130	19,710,130	
حصص کی جمع شدہ رقم	2,000,000	2,000,000	
انضمام پر تجویز کردہ حصص کا اجراء	3,814,298		
ذخائر اور جمع شدہ نقصان	(6,038,802)	(2,852,352)	-111.71%
اداشدہ سرمایہ اور ذخائر	**19,485,626**	**18,857,778**	**3.33%**
دوبارہ قدر پذیری پر خسارہ	(408,505)	(1,780,577)	
ملکیتی سرمایہ	**19,077,121**	**17,077,201**	**11.71%**
ادھار	**62,377,648**	**4,192,284**	**1387.92%**
ڈپازٹس	**185,570,689**	**134,049,662**	**38.43%**
سرمایہ کاری(Carrying value)	**170,818,493**	**65,143,452**	**162.22%**
مجموعی ایڈوانسز	**76,355,873**	**76,430,095**	**-0.10%**

(Rupees in '000)

نفع نقصان کا کھاتہ	اختتام پذیر سال 31دسمبر2020پر	اختتام پذیر سال 31دسمبر2019پر	فیصد تبدیلی
مارک اپ/ ریٹرنز/سودی آمدنی	15,350,403	12,115,401	26.70%
مارک اپ/ اخراجات/سودی اخراجات	12,476,302	10,265,615	21.53%
خالص مارک اپ/ ریٹرنز/سودی آمدنی	**2,874,101**	**1,849,786**	**55.37%**
سرمایہ کی فروخت سے کیپیٹل نقصان	(46,420)	(1,253,105)	
منقسمہ منافع	96,651	115,212	
فیس، کمیشن اور دیگر آمدنی	572,537	469,981	
بنامارک اپ/ غیر سودی آمدنی	**622,768**	**(667,912)**	**193.24%**
بنامارک اپ/ غیر سودی اخراجات	**5,108,994**	**4,922,552**	**3.79%**
مختصات/سرمایہ کی گھٹی ہوئی قدر	306,734	261,781	
مختصات-ایڈوانسز کے لیے مخصوص اور عام	3,416,208	9,758,717	
کل مختصات	**3,722,942**	**10,020,498**	
نقصان قبل از ٹیکس	**(5,335,067)**	**(13,761,176)**	**61.23%**
نقصان بعد از ٹیکس	**(3,212,571)**	**(8,259,860)**	**61.11%**
نقصان فی حصص (روپے)	**(1.63)**	**(8.00)**	**79.62%**

دیگر معلومات	31دسمبر2020پر	31دسمبر2019پر	فیصد تبدیلی
کھاتوں کی تعداد	499,760	511,779	-2.35%
شاخوں کی تعداد	330	330	

A. سندھ لیزنگ کمپنی لمیٹڈ کا انضمام

بینک دولت پاکستان اپنے 31دسمبر2020 کے مراسلہ نمبر BPRD(R&P-02)/SBL-SLCL/2020/14846 کے ذریعے بینکنگ کمپنیز آرڈیننس 1962 کی شق نمبر 48 کے تحت، سندھ لیزنگ کمپنی لمیٹڈ (SLCL) کی سندھ بینک لمیٹڈ کے ساتھ اور اس میں انضمام کی منظوری دے چکا ہے جو 31دسمبر2020 کی شب 11:59 بجے سے مؤثر ہو چکا ہے۔ بیلنس شیٹ کے نوٹ 1.4 میں درج اعداد و شمار، SLCL کے انضمام کی وجہ سے اس کی غیر انضمام شدہ مالیاتی دستاویزات کو بینک کی کتب میں شامل کرنے کے اثرات ہیں۔ یہ، جون 2019 میں حکومت سندھ کے منظور کردہ کیپٹل پلان کے آخری مرحلہ کی تکمیل ہے۔

B. مالیاتی جائزہ

سال کے دوران کل اثاثہ جات 160.6 ارب روپے سے بڑھ کر 273.7 ارب روپے ہو گئے جو 113.1 ارب روپے (70.4%) کی مالی نمو دکھا رہے ہیں جس کا بنیادی محرک گاہکوں کے ڈپازٹس میں خاصہ اضافہ تھا، جس کے لیے، کووڈ-19 کے باوجود، بینک کی ریٹیل بینکاری ٹیم کا اعلیٰ انتظامیہ سے مل کر شاندار کوششوں ہیں۔ اللہ کی مہربانی سے، بینک کی تاریخ میں ایسی کوششوں کی نذیر نہیں ہے اور اس کے بہتر نتائج آ رہے ہیں اور انشاءاللہ، یہ بینک کے بہتر مستقبل کی نشاندہی کرتے ہیں۔ مالیاتی دستاویزات کے بڑے طبقات کا جائزہ درج ذیل ہے؛

a. ڈپازٹس

ڈپازٹس 31دسمبر 2019 کے 134.04 ارب روپے کی مالیت میں 38.43 فیصد اضافے کے ساتھ 185.6 ارب روپے ہو گئے۔ یہ اضافہ خاص طور پر قابل تعریف ہے کیونکہ 2020 کے دوران بینک میں ایک گراوٹ کا رجحان رہا جس نے ستمبر 2020 میں 105.00 ارب روپے کی کم سطح کو چھوا حکومت سندھ کے شعبہ مالیات، کے ڈپازٹس کا دیگر ڈپازٹس سے تناسب گذشتہ سال 2019 کے 87:13 کے مقابلے میں 88:12 رہا اور کھاتے داروں کی تعداد 499,760 رہی جس میں 12,019 کھاتوں کی کمی (i.e.-2.35%) ہوئی جس کی وجہ BISP کھاتوں کے تقریباً 42,600 کھاتوں کی بندش تھی۔ BISP کے علاوہ دیگر گاہکوں کے کھاتوں میں 30,581 (5.97%) اضافہ ہوا۔

b. ایڈوانسز

مجموعی ایڈوانسز کی مالیت 31دسمبر 2019 کے 76.43 ارب روپے کے مقابلے میں 76.36 ارب روپے پر تقریباً ساکت رہی۔ ایڈوانسز کے اندر خطرے سے مبرا کموڈیٹی فنانسنگ میں 3.6 ارب روپے کے اضافے نے دیگر ایڈوانسز، بالخصوص اداراتی ایڈوانسز، میں اسی طرح کی کمی کو پورا کر دیا۔ سال کے دوران اداراتی ایڈوانسز پر انضباطی پابندی اور آغاز سے ہی کووڈ-19 کی صورتحال مایوس کن نمو کا سبب بنی، جس کی وجہ سے بینک Consumer اور SME کاروبار کے اہداف حاصل نہ کر سکا۔

c. سرمایہ کاری

سرمایہ کاری کی Carrying value میں، گاہکوں کے ڈپازٹس اور منی مارکیٹ سے ادھار میں اضافے کی وجہ سے، سال 2019 کے مقابلے 31 دسمبر 2020 پر 105.7 ارب روپے (162.2%) کا اضافہ ہوا۔ یہ اضافہ نمایاں طور پر قلیل المدت مارکیٹ ٹریزری بلز میں (29.5 ارب روپے) اور PIBs کے فلوٹنگ ریٹس میں (67.2 ارب روپے) تھا۔ ملکیتی سرمایہ کاری اور میوچل فنڈز سرمایہ کاری، سندھ مائیکرو فنانس بینک (مکمل ملکیتی ذیلی ادارہ) میں 750 ملین روپے کی سرمایہ کاری کے علاوہ 2,830 ملین روپے رہی اور 31دسمبر 2019 کی (3,682 ملین روپے) کی سرمایہ کاری میں 23.14 فیصد کی کمی ہوئی۔

C. نفع نقصان

31دسمبر 2020 کو اختتام پذیر سال کے دوران قبل از محصول نقصان 5.335 ارب روپے رہا جبکہ گذشتہ سال نقصان کی مالیت 13.761 ارب روپے تھی۔ 31دسمبر 2020 پر اختتام پذیر سال میں بعد از محصول نقصان کی مالیت 3.212 ارب روپے تھی جبکہ گذشتہ سال اس کی مالیت 8.259 ارب روپے تھی۔ بینک کی کارکردگی میں بہتری کے رجحان واضح ہیں جیسا کہ کل آپریٹنگ آمدنی میں 2.314 ارب روپے (196%) کا اضافہ ہوا جس کی وجہ خالص مارک اپ/سودی آمدنی میں 1.024 ارب روپے (55.4%) اور غیر مارک اپ آمدنی میں 622.8 ارب روپے اضافہ جبکہ گذشتہ سال اس میں 667.9 ارب روپے کا نقصان تھا۔ نچلی سطح میں بہتری کی دیگر وجوہات میں اس سال مختصات میں کی جانے والی رقم میں 3,722.94 ملین روپے کی (خالص) کمی جبکہ گذشتہ سال مختصات کی مالیت 10,020.49 ملین روپے تھی۔ NPLs میں کمی/قابو کرنے کی پرجوش کوششیں جاری ہیں۔ بینک کے پرانے NPLs کو کم کرنے کے انتظام کے ساتھ نئے کھاتوں کی اس کیٹیگری میں منتقلی میں معمولی اضافہ دیکھا گیا ہے۔

کریڈٹ ریٹنگ

VIS کریڈٹ ریٹنگ کمپنی نے اپنی 6 جولائی 2020 کی رپورٹ میں طویل المدت درجہ بندی 'A+' (Aپلس) اور قلیل المدت درجہ بندی 'A-1' (Aون) کی توثیق کی ہے۔

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

سندھ بینک، بینک دولت پاکستان (SBP) کی تجویز کردہ کم سے کم سرمایہ (Capital) کی تعمیل کرتا ہے۔ جبکہ SBP کی 31 دسمبر 2020 کی کم سے کم 11.5 فیصد (حسب قائدہ 12.5 فیصد) کی سرمایہ (Capital) کی موزونیت کے تناسب کے مقابلے میں سندھ بینک کا تناسب 15.2 فیصد رہا۔

خطرات سے نپٹنے کا انتظامی ڈھانچہ

خطرہ مول لینا، بینکاری کی مرکزی سرگرمی ہے۔ بینک کاروباری مواقعوں کا تخمینہ خطرے وانعام کے باہمی تعلق سے کرتا ہے۔ بینک کاروباری مواقعوں کے موزوں ہونے، قابو میں ہونے، اپنے سائز میں ہونے، اس کی پیچیدگی اور کاروبار کی نوعیت کی بنیاد پر خطرہ لیتا ہے۔ ہمارے کاروبار کے تنوع (diversity) ہم سے تقاضہ کرتا ہے کہ اس کی شناخت، پیمائش اور درپیش خطرات کو مؤثر طور پر مختلف متعین حدود کے تحت منظّم کیا جائے۔ بینک میں خطرے کو manage کرنے کا انتظام، بینک کی انتظامی ساخت، خطرے کو manage کرنے کا انتظام اور نگرانی کے پراسس کے ذریعے سے کیا جاتا ہے جو بینک کی سرگرمیوں سے بہت ہم آہنگ اور بینک دولت پاکستان (SBP) کی دی ہوئی ہدایات کے مطابق ہوتا ہے۔ اپنے رسک مینجمنٹ فنکشن کو مسلسل استحکام دینے کے عمل کے طور پر بینک اپنے نظام اور لوگوں میں سرمایہ کاری کے عمل کو جاری رکھتا ہے۔ مختلف کیٹیگریز کی نگرانی اور نظم وضبط پر توجہ جاری رکھنے کے لیے تبدیل ہوتی ہوئی ذمہ داریوں کے ساتھ، بینک کا جامع اور انضمام شدہ رسک مینجمنٹ کے نظم وضبط کا ڈھانچہ، بورڈ اور بورڈ سے متعلق کمیٹیوں اور مینجمنٹ کی ذیلی کمیٹیوں پر مشتمل ہے۔

مالیاتی رپورٹنگ پر اندرونی کنٹرول

سندھ بینک نے بینک کو درپیش اہم خطرات کی شناخت، تجزیہ اور بینک کو درپیش اہم خطرات سے نپٹنے 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 باقائدگی 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 کرتا ہے بشمول انتظامیہ کی ICFR کی قدر پذیری کے۔ انتظامیہ کا اندرونی کنٹرول کا بیان سالانہ رپورٹ میں شامل ہے۔

دیگر جھلکیاں

a. عالمی وباء کووڈ-19 کی مشکل صورتحال سے نپٹنا

کووڈ-19 کی عالمی وباء کے آغاز سے ہی، بینک دولت پاکستان (SBP) کے احکامات کے مطابق، بینک نے چند اقدامات کئے جن کا مقصد وباء کے پھیلاؤ کو روکنے اور مالی خدمات کی متواتر فراہمی کے لیے، جس میں ایک سینئر مینجمنٹ کمیٹی (کمیٹی) تشکیل دی گئی۔ کووڈ-19 کے اثرات کم سے کم رکھنے کے لیے درج ذیل اقدامات لیے جا چکے ہیں؛

- ملازمین

بینک نے، پاکستان بھر میں اپنے دفاتر میں، بڑی حد تک افراد کی تعداد کم کر دی ہے۔ وباء کی عروج پر، اپنے فرنٹ آفس کے اہم ساتھیوں سے سماجی فاصلے پر عملدرآمد کرنے کے لیے، ہمارے ملازمین گھر سے کام کر رہے تھے (مضبوط IT تحفظ کو برقرار رکھتے ہوئے)۔ ملازمین کے مفاد میں سماجی فاصلے اور حفظان صحت کے اندرونی پیغام کی وقفے وقفے سے تشہیر کی گئی – ذاتی تحفظ کے آلات (Personal Protective Equipment) بروقت خریداری اور کووڈ-19 سے پاک کام کے ماحول کو یقینی بنانے کے بروقت اقدامات اور کووڈ-19 سے متعلق غیر یقینی کی صورتحال پیدا ہونے کی صورت میں فوری عمل جیسے اقدامات شامل ہیں۔

- گاہک

بینک اپنے گاہکوں کے ساتھ رابطے میں رہا اور وقفے وقفے سے انہیں انضباطی تبدیلیوں اور وہ کس طرح سے ان کو متاثر کریں گے کے بارے میں معلومات فراہم کیں، کہ وہ متعدد پیلٹ فارمز (platforms) سے کس طرح اپنے روزمرہ بینکاری سے متعلق کام بہتر طریقے سے کر سکتے ہیں۔ جیسا کہ بینک دولت پاکستان (SBP) کے مشورے کے مطابق، کووڈ-19 کے اثرات کو کم کرنے کے لیے، ہم نے اپنے گاہکوں کو معلومات فراہم کی کہ وہ کس طرح سے متعدد فوائد اور رعایتوں تک رسائی کو یقینی بنا سکتے ہیں۔ 36 سے زیادہ گاہکوں کو 3.4 ارب روپے کے قرضوں کی التوا (deferment)/ری شیڈیولنگ فراہم کی گئیں۔

D. برانچ نیٹ ورک

بینک نے اپنی موجودگی کو پورے پاکستان میں 169 شہروں/قصبات کے 330 مقامات پر برقرار رکھا 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

مالی سال 2020 میں پاکستان کی مجموعی قومی پیداوار منفی 0.38 فیصد تھی جو گذشتہ 68 سالوں میں پہلی اس حد کی کمی ہے۔ یہ کمی کووڈ-19 وبا کے پھیلاؤ کے پس منظر میں آئی تھی۔ وبا کے پھیلاؤ کے ساتھ کاروباری سرگرمیوں کی بندش کے نتیجے میں سال 2020 کے آخری 4 ماہ میں ملک میں، گذشتہ سال کی 1,455 امریکی ڈالر فی کس آمدنی، نمایاں کمی کے ساتھ 1,355 امریکی ڈالر ہو گئی جو 7 سالوں کی کم ترسطح ہے (سال بہ سال کی بنیاد پر 7 فیصد کم)۔ کووڈ-19 کے آغاز سے پہلے سال 2020 کے پہلے 8 ماہ میں، IMF کے 6 ارب امریکی ڈالر کے پروگرام کی وجہ سے، معیشت نے استحکام کے اہم اشارے دکھائے جس نے جاری کھاتے کے خسارے کو کم کیا اور اس کے لیے سخت مالیاتی پالیسی کا نفاذ اور منڈی کی بنیاد پر مبادلہ نرخ کو تبدیل کیا گیا۔

سال 2020 کے دوران حکومت پاکستان کی کوششوں کا مرکز ملکی اور معاشی سرگرمیوں کی بحالی کے لیے کئے جانے والے اقدامات پر رہی۔ معاشی سرگرمی کی معاونت کے لئے متعدد اہم اقدامات کئے گئے؛ جس میں ٹمپریری اکنامک ری فنانس کی سہولت اور جس کی مد میں کل ادائیگیاں 430 ارب روپے رہیں۔ دیگر معاونت کے اقدامات میں پالیسی نرخ میں کمی، ٹیکسٹائل اور تعمیراتی مراعات کا اعلان اور دیگر متاثرہ صنعتوں کی بحالی کے لیے رعائتی قرضہ کی پیکیجز شامل ہیں۔ ان اقدامات کے نتیجے میں زیادہ تر معاشی سرگرمیوں کے اشاروں میں بہتری دیکھی گئی۔ معاشی سرگرمیوں میں اضافے نے سال بہ سال کی بنیاد پر سال 2021 کے پہلے چھ ماہ میں LSM میں 8.16 فیصد نمو دکھائی۔ توقع کی جاتی ہے کہ سال 2021 کے باقی مہینوں میں LSM نمو میں مزید اضافہ ہوگا اور بڑھتی ہوئی طلب کے پس منظر میں ٹیکسٹائل کی پیداوار کی نمو اور حالیہ مقامی کمپنیوں (سیمنٹ اور اسٹیل) کی استعداد میں اضافے میں معاونت ہوگی۔

سال 2021 کی پہلی ششماہی میں جاری کھاتے کا خسارہ سرپلس 1.1 ارب امریکی ڈالر رہا تاہم بعدازاں اس نے انحطاط دکھایا جس کی وجہ بڑھتا ہوا تجارتی خسارہ جس کی وجہ خوراک اور گاڑیوں کی درآمدات میں اضافہ تھا۔ مالی سال 2021 کے لیے اندازہ ہے کہ جاری کھاتے کا خسارہ مجموعی قومی پیداوار کے 1 فیصد سے کم رہے گا۔

سال 2020 کے پہلے چند ماہ کے دوران افراط زر دہرے عداد (double-digits) میں رہا تاہم بتدریج انفرادی عدد (single digit) میں آگیا جس کی وجہ سے دسمبر 2020 کیا ختتام پر 625 بیسس پوائنٹس کی کمی سے پالیسی نرخ 13.25 فیصد سے کم ہوکر 7 فیصد ہوگیا۔ مجموعی معاشی صورتحال کے پرسکون پس منظر میں، یعنی بڑھتی ہوئی برآمدات اور LSM میں 8.16 فیصد کی نمو کے باوجود SBP مالی سال 2021 کے باقی مدت میں افراط زر کے بارے میں فراہمی میں مشکلات کی وجہ سے پریشان رہا۔ وہ توقع کررہا ہے کہ سال کی باقی مدت میں افراط زر 7-9 فیصد کے درمیان رہے گا، تاہم اس کا قلیل المدت ہدف ،افراط زر کا رجحان 5-7 فیصد ہے۔

سال 2020، زود پذیری (volatility) اور منتخب شعبوں میں غیر معمولی کارکردگی کے سالوں میں سے ایک تھا۔ سال کا آغاز، 6 ارب امریکی ڈالر کے 3 سالہ پیکیج جیسے مثبت اشارے سے ہوا جس کے بعد حکومت کی توجہ معاشی استحکام کی جانب رہی تاہم جلد ہی یہ کیفیت، ملک میں وبا کے پھیلاؤ کے سبب، ماند پڑگئی۔ کووڈ سے منسلک خوف اور ملک بھر میں کاروباری بندش نے معاشی سرگرمیوں کو متاثر کیا اور ساتھ ہی اداراتی شعبے کی آمدنیوں میں کمی کے اثرات سے KSE100 انڈیکس جنوری 13، 2020 پر 43,219 کی بلند سطح سے مارچ 24، 2020 پر 27,229 (37 فیصد) کی کم سطح پر آگیا۔ تاہم پاکستان میں کووڈ کے کیسس اور اموات کی دنیا بھر سے کم تر اوسط کے باعث معاشی خوف کم ہوگیا جس کی وجہ سے KSE100 انڈیکس نے سال 2020 کے لیے 7.4 فیصد کا منافع دکھایا۔

مالی سال 2021 کے آنے والے مہینوں میں ملکی معیشت کا انحصار مستقبل کے منظرنامہ پر کووڈ-19 سے پیدا ہونے والے اثرات پر منحصر ہے۔ ملک میں کرونا کے کیسس اور اموات کے بڑھنے کی اوسط دنیا کی اوسط سے کم تر ہے، حکومت پاکستان پرامید ہے کہ مجموعی قومی پیداوار (GDP) کی نمو 1.50 فیصد سے 2.50 فیصد کے درمیان حاصل کرلے گی۔ بیرونی قرضوں کی ادائیگی (G-20 قرض کی چھوٹ) میں کمی، ترغیب دینے والے پیکیجز، پانی کی بہتر دستیابی، تیل کی کم قیمتیں، بلند تر قرضوں کی فراہمی، صنعتی مشینوں کی درآمد میں اضافے، SMEs کو مالیاتی ترغیبات اور سودی نرخوں کی کمی کے پس منظر میں مجموعی قومی پیداوار (GDP) اور افراط زر کا منظرنامہ اطمینان بخش ہے۔ 2021 کے نصف سال میں LSM کی 8.16 فیصد نمو، معاشی سرگرمیوں میں تیزی، متعدد عام معافی کی اسکیمیں جیسا کہ بیرونی ذرائع مثلاً روشن پاکستان اکاؤنٹ، کے سبب سیالیت کے اندرونی بہاؤ کے پس منظر میں PSX کا منظرنامہ تیزی کا رہا۔

اسٹاف کی تربیت اور ترقی

31 دسمبر 2020 پر بینک کے کل عملے یعنی ایگزیکیوٹیو، آفیسرز اور معاون اسٹاف کی تعداد 2,423 تھی اس کے مقابلے میں 31 دسمبر 2019 کو یہ تعداد 2,377 تھی۔

سال 2020 کے دوران بینک میں۔ بینکاری، برانچ آپریشنز، آڈٹ، SME فنانسنگ، بین القوامی تجارت، اسلامی بینکاری، تعمیل (AML/CFT اور نام کی پڑتال کا سلوشن)، ترسیل زر اور سافٹ اسکلز وغیرہ کی تربیت کے پروگرامز کا انعقاد کیا گیا۔ انضباطی تقاضوں کی تعمیل کے لیے AML/CFT پر زیادہ توجہ دی خاص طور پر نئے اکاؤنٹ کے کھولنے کے پراسس پر۔

SBP، NIBAF، IBP اور دیگر معروف کنسلٹینسیز (consultancies) کی جانب سے پیش کئے جانے والے تربیتی پروگرامز میں متعلقہ عملہ نامزد کیا گیا تھا بشمول اسلامی بینکاری جس کی نمو بینک دولت پاکستان کی توجہ کا مرکز ہے۔

ادارتی سماجی ذمہ داری (CSR)

بینک کی توجہ اس معاملے میں مالی مشکلات کی وجہ سے نظر انداز رہی۔ ان دشواریوں کے باوجود؛

- سندھ بینک نے بینظیر معاونت کارڈ کے ذریعے سے، حکومت سندھ کے زکواۃ وعشر شعبے کی جانب سے، 95 ہزار زکواۃ کے مستحقین کو 1,328.89 ملین کی ادائیگیوں کی سہولت فراہم کی۔
- بینک نے کچھ عرصے، جہاں ممکن ہو، سبز بینکاری کے فروغ اور بجلی کی قیمت میں بچت کے لیے، برانچوں کو شمسی توانائی پر منتقل کیا جارہا ہے۔ اب تک کل برانچوں کا 20 فیصد یعنی 68
- برانچوں کو کو شمسی توانائی پر منتقل کیا جاچکا ہے جو بجلی کی قیمت میں خاصی بچت کے علاوہ ماحول کے لیے بھی فائدہ مند ہے۔

ادارتی اور مالیاتی رپورٹنگ کا ڈھانچہ

- بینک کی انتظامیہ کے تیار کردہ مالیاتی گوشوارے اسکے معاملات کی حالت، عملی امور کے نتائج، کیش فلو اور ملکیت سرمایہ (equity) میں تبدیلی واضح طور پر پیش کرتے ہیں۔
- کمپنی نے مناسب کھاتوں کی کتابیں (Books of Accounts) رکھی ہوئی ہیں۔
- مالیاتی گوشواروں کی تیاری میں درست اکاؤنٹنگ 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 اسکا موثر نفاذ اور نگرانی کیجاتی 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 ٹریز کے ذریعے کارپوریٹ گورننس کے بارے میں ایک ڈائریکٹرز اوریئنٹیشن کورس کا انتظام کیا گیا، جس میں CEO صدر سمیت تمام ڈائریکٹرز شریک ہوئے۔
- گذشتہ چھ سالوں کے اہم مالیاتی اور آپریٹنگ اعداد و شمار کو سالانہ رپورٹ میں فراہم کیا جارہا 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، بمع 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 2020 پر سندھ بینک لمیٹڈ کے ملازمین کی پراویڈینٹ فنڈ کی سرمایہ کاری کی مالیت 1,087.835 ملین روپے (2019-859.68 ملین روپے) تھی۔ 31 دسمبر 2020 پر سندھ بینک لمیٹڈ کے گریجیوٹی فنڈ کی سرمایہ کاری کی مالیت 429.69 ملین روپیتھی (2019-337.39 ملین روپے) اور مزید 72.27 ملین روپے کی رقم کو بیلنس شیٹ کی تاریخ پر، فنڈ کی ایکچوریل قدر پذیری (Actuarial valuation) کے بعد منتقل کیا گیا ہے۔

- پبلک سیکٹر کمپنیز (کارپوریٹ گورننس) ضوابط مجریہ 2013ء کی تعمیل کا بیان سالانہ رپورٹ میں علیحدہ سے دیا گیا ہے۔

کمیٹی، بینک کے اندر اور بینک کے باہر صورتحال کی نگرانی کو جاری رکھے ہوئے ہے اور جہاں کہیں ضرورت ہو وہاں مناسب درستگی کے اقدامات کئے جا رہے ہیں۔

b. IT کے شعبہ میں بڑے اقدامات

بینک نے کامیابی سے رسک مینجمنٹ اور خدمات کو مستحکم کرنے کے درج ذیل اقدامات کا آغاز کیا ہے؛

- 1Link FRMS کی نگرانی کے monitoring solution کا نفاذ۔
- اسلامی بینکاری کی برانچوں میں نظام کی بنیاد پر پرافٹ پول مینجمنٹ سلوشن کا نفاذ کیا گیا،
- Pay Pak کی EMV کی تصدیق کی کامیابی سے تکمیل ۔
- صرف EMV چپ+ PIN سے چلنے والے ATM کارڈ جاری کیے جا رہے ہیں۔تمام PayPak کارڈز کو EMV کارڈز سے تبدیل کیا جا چکا ہے۔
- ATM نیٹ ورک میں بہتری-290 فعال ATMs میں سے 70 کو بائیومیٹرک سے چلنے والا کیا جا چکا ہے۔

مذکورہ بالا کے علاوہ، بینک اپنے موجودہ اور مستقبل کی ضروریات کو مدنظر رکھتے ہوئے IT اور ڈیجیٹل حکمت عملی کی، درج ذیل حلقوں میں تعمیر نو کے مرحلے میں ہے؛

- کاروبار کا تسلسل-زیادہ دستیابی اور ڈیٹا کی سالمیت پر توجہ دیتے ہوئے ٹیکنالوجی میں سرمایہ کاری۔
- معلومات کا تحفظ رابطہ منقطع ہوئے بغیر آپریٹنگ سیکیورٹی۔
- جدت پسندی نئی محفوظ مصنوعات (products) اور خدمات کا آغاز۔
- نظم وضبط (Governance) بین الاقوامی خدمات کی فراہمی اور تحفظ (security) کے معیار کو اختیار کرنا جس کا نتیجہ بہتر اور موثر خدمات ہیں۔
- ڈیٹا سینٹر کی تعمیر نو، تحفظ میں ناکامی سے محفوظ ماحول پیدا کرنا، ویب کی بنیاد پر چلنے والی ایپلیکیشن (application) فائروالز (firewalls) کے ذریعے سے تیز رفتار رسائی، ای میل سیکیورٹی گیٹ وے (email security gateway) اور ہائپر کنورجڈ انفرا اسٹرکچر (hyper converged infra-structure) وغیرہ۔

c. ملک میں ترسیل زر

سال کے دوران ملک میں ترسیل زر کے یونٹ کی تعمیر نو کی گئی تھی اور اس کو نئے تشکیل شدہ Payment Services Department کا حصہ بنا دیا گیا۔اس تبدیلی کے فوائد سال 2020 میں حاصل کردہ غیر معمولی نتائج میں نظر آتے ہیں، دونوں مدوں میں؛ بلحاظ ترسیل کی تعداد اور ان کا حجم ،جس کی تفصیل درج ذیل ہے ۔

2019		2020		فیصد اضافہ	
سودے	امریکی ڈالر میں مالیت	سودے	امریکی ڈالر میں مالیت	سودے	مالیت
25,505	9,576,522	49,797	24,116, 859	95.2%	151.8%

سال کے دوران بینک نے کامیابی سے، دنیا کی جانی پہچانی معروف کمپنی "RIA منی ٹرانسفر" کو اپنے ساتھ شامل کیا، علاوہ دنیا کی معروف کمپنیوں مثلاً ویسٹرن یونین، منی گرام وغیرہ کے۔

d. مائیکروفنانس بینک لمیٹڈ (مکمل طور پر ذیلی ادارہ)

سندھ مائیکروفنانس بینک لمیٹڈ (SMFB)، نے مائیکروفنانس آپریشن کا آغاز صوبہ سندھ میں مئی 2016 میں کیا جس کا مقصد سندھ کے پسماندہ طبقے تک، خاص طور پر عورتوں، تک فنانس تک رسائی میں بہتری لانا تھا۔ کووڈ-19 عالمی وباء کے نتیجے میں پیدا ہونے والی صورتحال کے باوجود SMFB نے ایک منافع بخش مائکروفنانس بینک کے طور پر کاروبار جاری رکھا۔

SMFB نے معاشی طور پر، سندھ میں دیہی اور نیم شہری علاقوں میں متحرک خواتین کو خودمختار بنانے کے لیے ان تک فنانس تک کی رسائی پہنچانے میں اہم کردار ادا کیا۔ اب تک 3.6 ارب روپے (136,000 قرضہ جات سے زیادہ) کی ادائیگیاں سندھ بھر میں 75 مقامات پر موجود دفاتر سے کی جا چکی ہیں۔

31 دسمبر 2020 پر اختتام پذیر سال میں 70.1 ملین روپے کے منافع قبل از محصول کا اندراج کیا (31 دسمبر 2019 :68.8 ملین روپے)۔31 دسمبر 2020 پر SMFB کا خالص ملکیتی سرمایہ 750 ملین روپے اور ادا شدہ سرمایہ 942.7 ملین روپے رہا۔

SMFB کی اعلیٰ کارکردگی کے اشاروں اور نادہندگی کے کم تناسب کی وجہ سے پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے طویل المدت درجہ بندی A- اور قلیل المدت درجہ بندی A2 تفویض کی ہیں جو PACRA کی نظر میں مائیکروفنانس کے سیکٹر میں SMFB ایک ابھرتا ہوا ادارہ ہے۔

مستقبل کا منظر نامہ

کووڈ-19 کے اتار چڑھاؤ کے سبب سال 2021 کے آنے والے چند ماہ میں معیشت کا منظر نامہ امکانی (contingent) ہے۔ ملک کی آبادی میں کووڈ-19 کے متاثرہ افراد اور اموات کے کیسس کم ہونے کے سبب ،حکومت پاکستان پر امید ہے کہ مجموعی قومی پیداوار (GDP) کی نمو 1.50 فیصد سے 2.50 فیصد کے درمیان میں حاصل کر لے گی۔

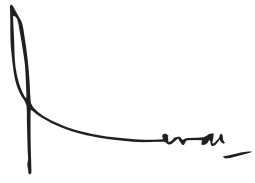
آگے بڑھتے ہوئے، سندھ بینک، تسلسل سے نمو، منافع بخشی اور مالیاتی قوت، خاص طور پر بینک کی ریٹیل ٹیم کی 2020 کے دوران غیر معمولی کارکردگی کے مقاصد کو حاصل کرنے کے لیے پوری طرح سے تیار ہے۔ اس سلسلے میں، انتظامیہ پر عزم ہے کہ ہدف کے حصول کی کوششیں جاری رکھے؛ (i) ناقص کارکردگی دکھانے والے قرضہ جات کی وصولیابی اور کمی، (ii) NIM اور تجارت سے متعلق فیس کی آمدنی کے ساتھ گاہکوں پر زیادہ توجہ اور تجارتی کاروبار اور (iii) نظم وضبط (Governance)، رسک اور کنٹرولڈ (Controlled) ماحول بشمول قرضوں کی فراہمی کے بعد نگرانی کی مضبوطی ۔ بینک مراسلاتی بینکاری کے تعلق کی بحالی اور ترقی پر بھی توجہ دے گا اور اس طرح سے ملکی ترسیل زر کی صنعت کے اہم کرداروں کے ساتھ نیا تعلق قائم کرے گا۔

کووڈ-19 کسی حد تک منافع بخشی پر بوجھ بنا رہے گا جس کے اسباب بلند تر انتظامی لاگت، گھٹی ہوئی قرضوں کی فراہمی، کم ہوتی ہوا کاروبار/تجارتی حجم اور ناقص کارکردگی دکھانے والے قرضہ جات میں اضافہ ہے۔ تاہم، ملکی اور عالمی کاروبار دوبارہ کھلنے سے صورتحال بہتر ہوگی۔ موجودہ حالات میں بینک کی توجہ متبادل فراہمی اور خدمات کے ذرائع اور ٹیکنالوجی کے ذریعے بہترین حل پیش کرنے پر ہوگی تاکہ گاہکوں تک بینکاری کی رسائی کو زیادہ کیا جائے، یہ وہ کام ہیں جو بینک کرنے کا ارادہ رکھتا ہے۔ بینک کی خواہشات میں دیگر رکاٹیں جو بینک کے لیے اہم ہیں ان میں بڑے قرضہ لینے والے گروپس کے ساتھ تصفیئے کو متاثر کرنے والے قابل عمل ضروری ذرائع کا حصول اور احتساب سے متعلق اقدامات کی وجہ سے نئے NPLs میں اضافہ ہے۔

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



عمران صمد
صدر/CEO
کراچی: 9 مارچ 2021



معصومہ حسین
نان ایگزیکٹیو ڈائیریکٹر

بورڈ، چیرمین، انفرادی ڈائریکٹر، آزاد ڈائریکٹرز، صدر اور CEO اور کمیٹیوں کی قدر پیمائی (evaluation)

SBP، BPRD کے سرکلر نمبر 11، بتاریخ 22 اگست 2016 اور پبلک سیکٹر کمپنیز (کارپوریٹ گورننس) رولز 2013 کے مطابق، بورڈ آف ڈائریکٹرز نے اپنے چوالیسویں اجلاس منعقدہ 21 نومبر 2016 کو اپنی کارکردگی، چیرمین کی کارکردگی، انفرادی ڈائریکٹر/کفیل ڈائریکٹرز، آزاد ڈائریکٹرز، صدر اور CEO اور بورڈ کی کمیٹیوں کی قدر پذیری کے لیے معیار اور طریقہ کار کی منظوری دے دی ہے۔ بورڈ کے تمام ارکان، اندرونی طور پر تیار کردہ میکینزم کے مطابق سالانہ قدر پذیری کر کے اپنی رپورٹ چیئرمین کو پیش کر چکے ہیں۔ بورڈ کی کارکردگی کی قدر پذیری، تمام ارکان نے انفرادی طور پر کی جس میں بورڈ کی ساخت اور ڈھانچہ، بورڈ کا حکمت عملیوں کی تیاری میں حصہ، پالیسی دھانچے کی تیاری، مستحکم اور موثر خطرے سے نپٹنے کا نظام، اندرونی نگرانی اور آڈٹ کے شعبہ جات شامل ہیں۔

بینک دولت پاکستان کے مذکورہ بالا سرکلر کے مطابق کارکردگی کی قدر پذیری تین سال میں ایک مرتبہ کسی بیرونی ادارے سے کروائی جائے۔ اس طرح سے سال 2020 میں کارکردگی کی قدر پذیری بیرہل اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے کی جس کے انتخاب کی منظوری بورڈ نے دی تھی۔

بورڈ کے ڈائریکٹرز

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

نمبر شمار	بورڈ ڈائریکٹرز کے نام	بورڈ کے ناظمین		انسانی وسائل کی کمیٹی		بورڈ کی آڈٹ کمیٹی		بورڈ کی رسک مینجمنٹ کمیٹی		بورڈ کی ایڈمن اور آئی ٹی خریداری کمیٹی	
		منعقدہ	شرکت	منعقدہ	شرکت	منعقدہ	شرکت	منعقدہ	شرکت	منعقدہ	شرکت
1	جناب انیس اے خان	9	9	4	4	-	-	-	-	2	2
2	جناب سمیع الحق خلجی	9	8	4	4	-	-	-	-	2	2
3	جناب جاوید بشیر شیخ	9	9	-	ء	5	5	3	3	-	-
4	محترمہ معصومہ حسین	9	9	-	-	5	5	3	3	-	-
5	جناب عمران صمد، صدر اور CEO	9	9	-	-	-	-	3	3	2	2
	سال کے دوران کل منعقدہ اجلاس	9		4		5		3		2	

بورڈ کمیٹیوں کے اجلاس

بورڈ کمیٹیوں کے اجلاس کی تفصیل اس رپورٹ میں پبلک سیکٹر کمپنیز (کارپوریٹ گورننس) رولز 2013 کی تعمیل کے اسٹیٹمنٹ میں ظاہر کی گئی ہے۔

حصص رکھنے کا رجحان (pattern)

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

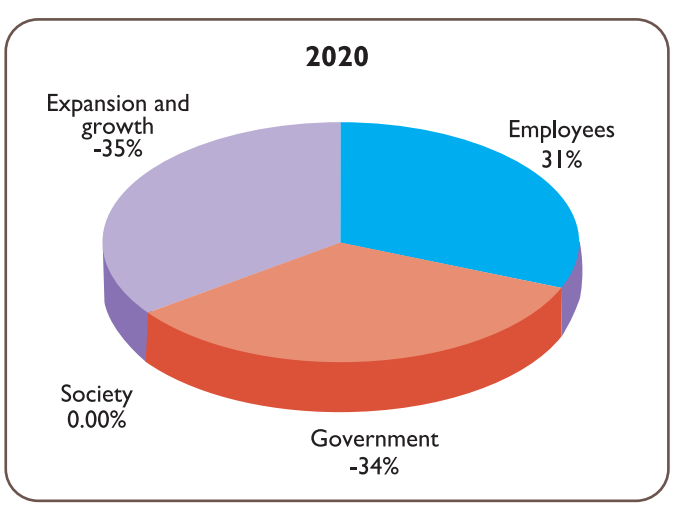
بیرونی محاسبین (AuditorsExternal)

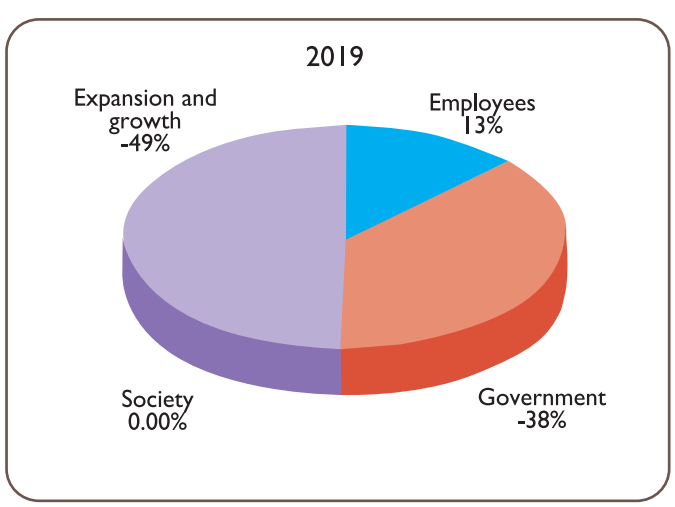
31 دسمبر 2020 پر اختتام پذیر سال کے لیے، بینک کو، اس کے بیرونی آڈیٹرز میسرز نوید ظفر اشفاق جعفری اینڈ کو، چارٹرڈ اکاؤنٹنٹس کی جانب سے unqualified آڈٹ رپورٹ موصول ہوئی ہے۔

سبکدوش ہونے والے آڈیٹرز دوبارہ انتخاب کے لیے اہل ہیں اس لیے انہوں نے سال 2021 کے لیے اپنے آپ کو پیش کیا۔ بورڈ کی آڈٹ کمیٹی نے ایک اور مدت کے لیے میسرز نوید ظفر اشفاق جعفری اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کا نام بطور بیرونی محاسبین دوبارہ انتخاب کے لیے تجویز کیا ہے۔

Value Added Statement

	2020 Rs. in million	%	2019 Rs. in million	%
Value Added				
Net interest income	2,874		1,850	
Non interest income	623		(668)	
Operating expenses excluding staff costs				
depreciation, amortization and donations	(1,575)		(1,561)	
Provision against advances, investments & others	(3,723)		(10,020)	
Value added available for distribution	(1,801)		(10,399)	
Distribution of value added:				
To employees				
Remuneration, provident fund and other benefits	2,503	-138.97%	2,361	-131.09%
To government				
Income tax	(2,122)	117.82%	(5,501)	305.42%
To society				
Donations	-	0.00%	-	0.00%
To expansion and growth				
Depreciation	1,005	-55.83%	979	-54.36%
Amortization	25	-1.39%	22	-1.22%
Retained in business	(3,213)	178.37%	(8,260)	458.60%
	(2,182)	121.15%	(7,259)	69.80%
	(1,801)	100%	(10,399)	100%





Vertical Analysis

Statement of Financial Position / Profit & Loss

	2020		2019		2018		2017		2016		2015	
	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%
STATEMENT OF FINANCIAL POSITION												
ASSETS												
Cash and balances with treasury banks	14,487	5%	13,553.00	8%	9,103	6%	9,680	5%	7,501	5%	5,298	4%
Balances with other banks	4,185	2%	839.00	1%	508	0%	3,023	1%	791	1%	1,936	2%
Lendings to financial institutions	8,213	3%	3,645.00	2%	5,383	3%	5,331	3%	6,939	5%	-	0%
Investments	170,818	62%	65,143.00	41%	55,351	36%	114,260	56%	71,539	49%	70,394	55%
Advances	56,853	21%	61,131.00	38%	73,632	47%	64,713	32%	51,833	35%	44,169	34%
Operating fixed assets	3,334	1%	3,828.00	2%	1,663	1%	1,655	1%	1,825	1%	1,899	1%
Deferred tax assets-net	10,182	4%	8,607.00	5%	4,028	3%	1,612	1%	1,191	1%	301	0%
Other assets	5,641	2%	3,853.00	2%	5,894	4%	4,602	2%	4,736	3%	4,245	3%
	273,714	**100%**	**160,599**	**100%**	**155,561**	**100%**	**204,876**	**100%**	**146,355**	**100%**	**128,242**	**100%**
LIABILITIES												
Bills payable	592	0%	495	0%	929	1%	905	0%	714	0%	289	0.23%
Borrowings from financial institutions	62,378	23%	4,192	3%	26,772	17%	50,971	25%	8,911	6%	27,161	21.18%
Deposits and other accounts	185,571	68%	134,050	83%	113,594	73%	134,207	66%	119,022	81%	84,077	65.56%
Deferred tax liability-net	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Other liabilities	6,096	2%	4,785	3%	3,027	2%	2,725	1%	2,177	1%	1,958	1.53%
	254,637	**93%**	**143,522**	**89%**	**144,322**	**93%**	**188,808**	**92%**	**130,824**	**89%**	**113,484**	**88%**
NET ASSETS	**19,077**	**7%**	**17,077**	**11%**	**11,239**	**7%**	**16,068**	**8%**	**15,531**	**11%**	**14,758**	**12%**
REPRESENTED BY												
Share capital	19,710	7%	19,710	12%	10,010	6%	10,010	5%	10,010	7%	10,000	8%
Shares Deposit Money	2,000	1%	2,000	1%								
Reserves	1,471	1%	1,452	1%	1,452	1%	1,452	1%	1,201	1%	923	1%
Proposed shares to be issued on amalgamation	3,814	1%										
(Accumulated loss) / Unappropriated profit	(7,510)	-3%	(4,304)	-3%	3,957	3%	5,176	3%	4,186	3%	3,077	2%
Surplus / (Deficit) on revaluation of investments - net of related deferred tax	(409)	0%	(1,781)	-1%	(4,181)	-3%	(570)	0%	134	0%	759	1%
	19,077	**7%**	**17,077**	**11%**	**11,238**	**7%**	**16,068**	**8%**	**15,531**	**11%**	**14,758**	**12%**
PROFIT & LOSS ACCOUNT												
Mark-up / return / interest earned	15,350	96%	12,115	106%	12,383	103%	11,541	90%	9,775	74%	10,127	74%
Fee, commission and brokerage	279	2%	304	3%	328	3%	454	4%	359	3%	234	2%
Income from dealing in foreign currencies	285	2%	159	1%	87	1%	104	1%	53	0%	69	1%
Capital gain and dividend income	50	0%	(1,138)	-10%	(820)	-7%	760	6%	3,075	23%	3,183	23%
Other income	9	0%	8	0%	16	0%	10	0%	9	0%	6	0%
Total income	**15,973**	**100%**	**11,448**	**100%**	**11,994**	**100%**	**12,869**	**100%**	**13,271**	**100%**	**13,619**	**100%**
Mark-up / return / interest expensed	12,476	78%	10,266	90%	7,508	63%	6,276	49%	5,371	40%	5,685	42%
Operating & admin expenses	5,109	32%	4,923	43%	4,527	38%	4,157	32%	3,865	29%	3,367	25%
Provision against investments & others	3,723	23%	10,020	88%	1,378	11%	253	2%	1,607	12%	2,516	18%
Taxation	(2,122)	-13%	(5,501)	-48%	(214)	-2%	927	7%	1,037	8%	821	6%
Total Expenses	**19,186**	**120%**	**19,708**	**172%**	**13,199**	**110%**	**11,613**	**90%**	**11,880**	**90%**	**12,389**	**91%**
(Loss) / Profit after taxation	**(3,213)**	**-20%**	**(8,260)**	**-72%**	**(1,205)**	**-10%**	**1,256**	**10%**	**1,391**	**10%**	**1,230**	**9%**

Horizontal Analysis

	2020 Rs. in million	20 vs 19 %	2019 Rs. in million	19 vs 18 %	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 %
STATEMENT OF FINANCIAL POSITION												
ASSETS												
Cash and balances with treasury banks	14,487	7%	13,553	49%	9,103	-6%	9,680	29%	7,501	42%	5,298	5%
Balances with other banks	4,185	399%	839	65%	508	-83%	3,023	282%	791	-59%	1,936	260%
Lendings to financial institutions	8,213	125%	3,645	-32%	5,383	1%	5,331	-23%	6,939	-	-	-100%
Investments	170,818	162%	65,143	18%	55,351	-52%	114,260	60%	71,539	2%	70,394	18%
Advances	56,853	-7%	61,131	-17%	73,632	14%	64,713	25%	51,833	17%	44,169	7%
Operating fixed assets	3,334	-13%	3,828	130%	1,663	0%	1,655	-9%	1,825	-4%	1,899	5%
Deferred tax assets-net	10,182	18%	8,607	114%	4,028	150%	1,612	35%	1,191	296%	301	
Other assets	5,641	46%	3,853	-35%	5,894	28%	4,602	-3%	4,736	12%	4,245	3%
	273,714	**70%**	**160,599**	**3%**	**155,561**	**-24%**	**204,876**	**40%**	**146,355**	**14%**	**128,242**	**3%**
LIABILITIES												
Bills payable	592	20%	495	-47%	929	3%	905	27%	714	147%	289	-28%
Borrowings from financial institutions	62,378	1388%	4,192	-84%	26,772	-47%	50,971	472%	8,911	-67%	27,161	-41%
Deposits and other accounts	185,571	38%	134,050	18%	113,594	-15%	134,207	13%	119,022	42%	84,077	36%
Deferred tax liability	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Other liabilities	6,096	27%	4,785	58%	3,027	11%	2,725	25%	2,177	11%	1,958	30%
	254,637	**77%**	**143,522**	**-1%**	**144,322**	**-24%**	**188,808**	**44%**	**130,824**	**15%**	**113,484**	**2%**
NET ASSETS	**19,077**	**12%**	**17,077**	**52%**	**11,239**	**-30%**	**16,068**	**3%**	**15,531**	**5%**	**14,758**	**5%**
REPRESENTED BY												
Share capital	19,710	0%	19,710.00	97%	10,010	0%	10,010	0%	10,010	0%	10,000	0%
Shares Deposit Money	2,000	0%	2,000.00	0%	-	0%						
Reserves	1,471	1%	1,452.00	0%	1,452	0%	1,452	21%	1,201	30%	923	37%
Proposed shares to be issued on amalgamation	3,814	0%										
(Accumulated loss) / Unappropriated profit	(7,510)	-74%	(4,304.00)	-209%	3,958	-23.53%	5,176	24%	4,186	36%	3,077	46%
Surplus / (Deficit) on revaluation of investments - net of related deferred tax	(409)	77%	(1,781.00)	-57%	(4,181)	633%	(570)	-525%	134	-82%	759	-43%
	19,077	**12%**	**17,077**	**52%**	**11,239**	**-30%**	**16,068**	**3%**	**15,531**	**5%**	**14,758**	**5%**
PROFIT & LOSS ACCOUNT												
Mark-up / return / interest earned	15,350	27%	12,115	-2%	12,383	7%	11,541	18%	9,775	-3%	10,127	13%
Fee, commission and brokerage	279	-8%	304	-7%	328	-28%	454	26%	359	53%	234	27%
Income from dealing in foreign currencies	285	79%	159	82%	87	-16%	104	96%	53	-24%	69	4%
Capital gain and dividend income	50	104%	(1,138)	39%	(820)	-208%	760	-75%	3,075	-3%	3,183	353%
Other income	9	11%	8	-49%	16	58%	10	8%	9	60%	6	46%
Total income	**15,973**	**40%**	**11,448**	**-5%**	**11,994**	**-7%**	**12,869**	**-3%**	**13,271**	**-3%**	**13,619**	**38%**
Mark-up / return / interest expensed	12,476	122%	10,266	37%	7,508	20%	6,276	17%	5,371	-6%	5,685	3%
Operating & admin expenses	5,109	104%	4,923	9%	4,527	9%	4,158	8%	3,865	15%	3,367	22%
Provision against investments & others	3,723	37%	10,020	627%	1,378	446%	252	-84%	1,607	-36%	2,516	11719%
Taxation	(2,122)	39%	(5,501)	2486%	(213)	-123%	927	-11%	1,037	26%	821	54%
Total Expenses	**19,186**	**3%**	**19,708**	**49%**	**13,200**	**14%**	**11,613**	**-2%**	**11,880**	**-4%**	**12,389**	**41%**
(Loss)/Profit after taxation	**(3,213)**	**61%**	**(8,260)**	**585%**	**(1,206)**	**-196%**	**1,256**	**-10%**	**1,391**	**13%**	**1,230**	**14%**

Key Performance Indicators

		2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Financial											
Investments-Gross	Rs. In million	172,300	68,567	62,027	115,145	71,341	69,235	57,437	37,383	62,556	26,246
Advances-Gross	" "	76,356	76,430	79,172	69,112	55,980	46,708	41,204	26,565	19,282	7,259
Deposits	" "	185,571	134,050	113,595	134,207	119,022	84,077	61,884	45,756	31,470	23,518
Shareholders' Equity	" "	19,077	17,077	11,238	16,067	15,397	14,000	12,777	11,702	11,037	10,750
Total Assets	" "	273,713	160,599	155,561	204,876	146,355	128,242	124,871	75,033	92,291	47,730
Net Interest Income	" "	2,874	1,850	4,875	5,265	4,404	4,442	3,435	2,258	2,038	1,463
Non Interest Income	" "	623	(668)	(389)	1,328	3,496	3,492	956	860	527	222
Operating Expenses	" "	5,109	4,923	4,527	4,158	3,865	3,367	2,759	2,142	1,278	514
(Loss)/ Profit Before provisions	" "	(1,612)	(3,741)	(41)	2,435	4,035	4,567	1,633	975	1,287	1,171
Provision against investments & others	" "	3,723	10,021	1,378	252	1,607	2,516	21	22	1	31
(Loss)/Profit Before Taxation	" "	(5,335)	(13,761)	(1,419)	2,182	2,428	2,051	1,612	953	1,286	1,140
(Loss)/Profit After Taxation	" "	(3,213)	(8,260)	(1,206)	1,256	1,391	1,230	1,079	666	887	750
Dividend Paid	" "	-	-	-	-	-	-	-	-	600	-
Non Financial											
No. of Customers (as of)	Numbers	484,730	497,507	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	" "	33,056	39,172	42,721	57,657	61,638	192,572	47,419	56,541	74,949	9,971
No. of ATM/Debit Cards Issued (as of)	" "	240,523	291,741	265,413	244,659	128,667	83,729	32,293	17,926	6,923	1,158
No. of Permanent Employees (as of)	" "	1,789	1,745	1,628	1,466	1501	1456	1,298	1,167	924	462
No. of ATM Machine (as of)	" "	271	265	252	240	225	192	105	24	19	3
No. of Mobile Banking Customers	" "	336,308	205,022	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	(2.71)	(6.98)	(1.42)	2.18	2.43	2.05	1.61	0.95	1.29	1.14
Book Value Per Share	" "	7.47	7.87	11.23	16.63	15.38	14.00	12.78	11.70	11.09	10.66
Return on Equity - Pre tax	%	-29.51%	-97.20%	-12.62%	13.63%	16.52%	15.32%	13.17%	8.39%	11.81%	9.09%
Return on Assets - Pre tax	" "	-2.46%	-8.71%	-0.79%	1.24%	1.77%	1.62%	1.61%	1.14%	1.97%	2.21%
Capital Adequacy Ratio	" "	15.20	13.15	8.02	15.67	17.50	20.13	22.57%	23.97%	38.51%	56.28%

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants
A member firm of
PrimeGlobal | An Association of Independent Accounting Firms

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REVIEW REPORT TO THE MEMBERS

On the Statement of Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Public Sector Companies (Corporate Governance) Rules, 2013 (the Rules) prepared by the Board of Directors of Sindh Bank Limited for the year ended December 31, 2020.

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 statues 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.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respect, with the best practices contained in the Rules as applicable to the Company for the year ended December 31, 2020.

Place: Islamabad
Date: March 09, 2021

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

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(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, 2020

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
Non Executive Director	**1. Mr. Anis A. Khan**	29.03.2018
Independent Director	**2. Mr. Sami-ul-Haq Khilji**	24.04.2018
Non Executive Director	**3. Syed Hasan Naqvi***	22.10.2019
Non Executive Director	**4. Mrs. Masooma Hussain**	11.04.2019
Independent Director	**5. Mr. Javaid Bashir Sheikh**	11.04.2019

* Appointed in 74thBoD Meeting held on 22.10.2019, his FPT documents, were declined by SBP on 23.04.2020. Thereafter, Chief Secretary, GoS through his letter dated 29.05.2020 requested to the Governor SBP, for approval of Mr. Naqvi, which was also forwarded by the bank on 08.06.2020 to SBP with a request for clearance of his FPT, being in the Ex-officio position, which is pending with SBP.

** To fill a casual vacancy Board co-opted Mr. Saleem Zamindar, as Independent Director on 12.02.2020, whose FPT documents have been rejected by SBP on 07.05.2020. On 02.12.2020 Board co-opted Mr. Asif Jahangir, nominee of Government of Sindh, as Non-Executive Director, whose FPT documents are pending with SBP.

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 Office of the Chairman of the Board is separate from Chief Executive of the Company.	Rule-4(1)	✔	
6	The Chairman is 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)	✔	

<table>
<tr><th>S. No.</th><th>Provision of the Rules</th><th>Rule No.</th><th>Y</th><th>N</th></tr>
<tr><td></td><td></td><td></td><td colspan="2">Tick the relevant box</td></tr>
<tr><td>11</td><td>The Board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the company.</td><td>Rule-5(5)(b)(vi)</td><td>✔</td><td></td></tr>
<tr><td>12</td><td>(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.</td><td>Rule-5(5)(c)(ii)</td><td>✔</td><td></td></tr>
<tr><td>13</td><td>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.</td><td>Rule-5(5)(c)(iii)</td><td>✔</td><td></td></tr>
<tr><td>14</td><td>The Board has developed a vision or mission statement and corporate strategy of the company.</td><td>Rule-5(6)</td><td>✔</td><td></td></tr>
<tr><td>15</td><td>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.</td><td>Rule-5(7)</td><td>✔</td><td></td></tr>
<tr><td>16</td><td>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.</td><td>Rule-5(8)</td><td>N/A</td><td></td></tr>
<tr><td>17</td><td>The Board has ensured compliance with policy directions requirements received from the Government.</td><td>Rule-5(11)</td><td>✔</td><td></td></tr>
<tr><td>18</td><td>(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.</td><td>Rule-6(1)
Rule-6(2)

Rule-6(3)</td><td>

✔</td><td></td></tr>
<tr><td>19</td><td>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.</td><td>Rule-8(2)</td><td>✔</td><td></td></tr>
<tr><td>20</td><td>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.</td><td>Rule-9</td><td>✔</td><td></td></tr>
<tr><td>21</td><td>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.</td><td>Rule-10
(b) N/A</td><td>✔</td><td></td></tr>
<tr><td>22</td><td>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.</td><td>Rule-11</td><td>✔</td><td></td></tr>
<tr><td>23</td><td>(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:
<table>
<tr><th>Committee</th><th>Total Members</th><th>Name of Chair
(I.D-Independent Director & NED-Non Executive Director)</th></tr>
<tr><td>Audit Committee</td><td>03</td><td>Mr. Javed Bashir Sheikh (I.D)
Mrs. Masooma Hussain (N.E.D)
Finance Secretary-GoS (N.E.D)</td></tr>
<tr><td>Risk Management Committee</td><td>03</td><td>Mr. Javed Bashir Sheikh (I.D)
Mrs. Masooma Hussain (N.E.D)
President & CEO</td></tr>
<tr><td>HRR Committee</td><td>03</td><td>Mr. Anis A. Khan (N.E.D)
Mr. Sami-ul-Haq Khilji (I.D)
Finance Secretary-GoS (N.E.D)
President & CEO (By invitation)</td></tr>
<tr><td>Information Technology Committee</td><td>03</td><td>Mr. Sami-ul-Haq Khilji (I.D)
Mr. Anis A. Khan (N.E.D)
President & CEO
Finance Secretary-GoS (By Invitation)</td></tr>
<tr><td>Nomination Committee</td><td>01</td><td>*Finance Secretary-GoS (N.E.D)</td></tr>
</table>
*The Committee is presently non functional for lack of members</td><td>Rule-12</td><td>✔</td><td></td></tr>
</table>

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 Committee / **Category & Number of Members** / **Professional background** Audit Committee / Mr. Javed Bashir Sheikh (I.D) / Ex-Banker Mrs. Masooma Hussain (N.E.D) / Ex-Banker FINANCE SECRETARY-GOS (N.E.D) / Secretary Finance, BPS-20			
	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)	✔	

Imran Samad
President & CEO

Masooma Hussain
Non Executive Director

Statement of Internal Control

This statement is presented to comply with the requirement of the 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 Bank's management is responsible for establishing and maintaining an adequate and effective system of internal controls and procedures under the policies approved by the Board. The management is also responsible for ensuring effectiveness and efficiency of operations, reliability of financial reporting, safeguarding of assets, evaluating effectiveness of the Bank's internal control system, review of significant policies, procedures and compliance with applicable laws and regulations. These regulations which contain information requirements on how internal control system is organized are designed to provide reasonable certainty regarding 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. All significant/ material findings of the internal audit activities and control gaps are reported to the Audit Committee and it actively monitors implementation of internal controls to ensure that identified risks are mitigated to safeguard interest of the Bank.

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 Treadway Commission) Framework of Internal Control-Integrated Framework to further enhance its internal control system and to manage the Bank's 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. Compliance Division through its specialized teams and centralized automated solutions, also oversees adherence to the regulatory requirements, with specific emphasis on Anti-Money Laundering (AML)/ Combating the Financing of Terrorism (CFT).

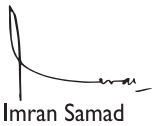
In accordance with SBP directives, the Bank has completed all the stages of ICFR and upon satisfactory completion of ICFR roadmap, SBP had granted waiver for the submission of Long Form Reports from External Auditors from the year 2015. An annual self-assessment report on ICFR has been submitted to SBP duly endorsed by the Board Audit Committee for the year 2019.

The Bank also successfully completed the cycle of reviewing the Internal Controls over Financial Reporting for the year 2020 and the process shall continue going forward, under SBP's Guidelines on Internal Controls. In accordance with SBP's directives, the Annual Assessment Report for the year 2020 shall be submitted to the State Bank of Pakistan by March 31, 2021.

The management 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



Imran Samad
President/CEO
Karachi, March 09, 2021

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 centralized, visible and accessible.
3. All complaints are forwarded to the Complaint Management Unit (CMU) of the bank Customer complaints are acknowledged. within 24 hours.
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. Upon closure of the complaint, the CMU will communicate the closure to the customer through email / letter to be sent at the complainant's available address.
7. 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 2020 a total of 4536 complaints were received by the bank and the average resolution time was 8 days.

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

Naveed Zafar Ashfaq Jaffery & Co.
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INDEPENDENT AUDITOR'S REPORT

To the members of Sindh Bank Limited

Report on the Audit of the Unconsolidated Financial Statements

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, 2020, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive loss, 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 21 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, 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, 2020 and of the loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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 Auditor's 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 opinion.

Emphasis of Matter

Without qualifying our opinion, we draw our attention to note 1.5 to unconsolidated Financial Statements on the 'Going Concern' which indicates the existence of material uncertainty that may cast significant doubt on the Bank's ability to continue as a going concern. However, the management is confident that the Bank will be able to stage a turn-around and the Government of Sindh, Bank's sole sponsor and major shareholder has demonstrated its commitment to supporting the Bank, when ever required. We are in agreement with the management for addressing the Going Concern issue and our opinion is not modified in respect of this matter.

Information Other than the Unconsolidated Financial Statements and Auditor's Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the Bank's Annual Report, but does not include the unconsolidated financial statements and auditor's 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. We have nothing to report in this regard.

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.

Auditor's 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 auditor's 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.

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- 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 auditor's 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 auditor's 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.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Bank/branches 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 inequity 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/branches which have come to our notice have been within the powers of the Bank/branches; 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.

The engagement partner on the audit resulting in this independent auditor's report is **Shah Naveed Saeed.**

Place: Islamabad
Date: March 09, 2021

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

Sindh Bank Limited
Unconsolidated Statement of Financial Position
As At December 31, 2020

	Note	2020	2019
		(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks	6	**14,486,693**	13,552,972
Balances with other banks	7	**4,185,277**	838,364
Lendings to financial institutions	8	**8,212,780**	3,645,392
Investments	9	**170,818,493**	65,143,452
Advances	10	**56,853,255**	61,131,052
Fixed assets	11	**3,265,367**	3,788,000
Intangible assets	12	**68,385**	39,964
Deferred tax assets - net	13	**10,182,327**	8,606,608
Other assets	14	**5,640,803**	3,853,130
		273,713,380	160,598,934
LIABILITIES			
Bills payable	15	**592,334**	495,010
Borrowings	16	**62,377,648**	4,192,284
Deposits and other accounts	17	**185,570,689**	134,049,662
Liabilities against assets subject to finance lease		**-**	-
Subordinated debt		**-**	-
Deferred tax liabilities		**-**	-
Other liabilities	18	**6,095,588**	4,784,777
		254,636,259	143,521,733
NET ASSETS		**19,077,121**	17,077,201
REPRESENTED BY			
Share capital - net	19	**19,710,130**	19,710,130
Reserves		**1,471,422**	1,451,979
Shares deposit money	20	**2,000,000**	2,000,000
Proposed Ordinary shares to be issued on amalgamation	21	**3,814,298**	-
Deficit on revaluation of assets	22	**(408,505)**	(1,780,577)
Accumulated Loss		**(7,510,224)**	(4,304,331)
		19,077,121	17,077,201
CONTINGENCIES AND COMMITMENTS	23		

The annexed notes from 1 to 47 and Annexures I and II (pages 1 to 10) 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, 2020

	Note	2020	2019
		(Rupees in '000)	
Mark-up / Return / Interest Earned	24	15,350,403	12,115,401
Mark-up / Return / Interest Expensed	25	12,476,302	10,265,615
Net Mark-up / return / Interest Income		2,874,101	1,849,786
NON MARK-UP / INTEREST INCOME			
Fee and Commission Income	26	278,684	303,709
Dividend Income		96,651	115,212
Foreign Exchange Income		284,977	158,692
Income / (loss) from derivatives		-	-
Gain / (Loss) on securities	27	(46,420)	(1,253,105)
Other Income	28	8,876	7,580
Total non-markup/interest Income		622,768	(667,912)
Total Income		3,496,869	1,181,874
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	29	5,108,067	4,902,734
Other charges	30	927	19,818
Total non-markup/interest expenses		5,108,994	4,922,552
LOSS BEFORE PROVISIONS		(1,612,125)	(3,740,678)
Provisions and write offs - net	31	3,722,942	10,020,498
Extra ordinary / unusual items		-	-
LOSS BEFORE TAXATION		(5,335,067)	(13,761,176)
Taxation	32	(2,122,496)	(5,501,316)
LOSS AFTER TAXATION		(3,212,571)	(8,259,860)
		---------- Rupees ----------	
Basic Loss per share	33	(1.63)	(8.00)
Diluted Loss per share	34	(1.63)	(8.00)

The annexed notes from 1 to 47 and Annexures I and II (pages 1 to 10) 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, 2020

	2020	2019
	(Rupees in '000)	
Loss after taxation for the year	**(3,212,571)**	(8,259,860)
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in surplus on revaluation of investments - net of tax	**1,372,072**	2,401,391
	(1,840,499)	(5,858,469)
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement gain / (loss) on defined benefit obligations - net of deferred tax	**6,678**	(2,760)
Total comprehensive loss	**(1,833,821)**	(5,861,229)

The annexed notes from 1 to 47 and Annexures I and II (pages 1 to 10) 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, 2020

	Share Capital	Proposed Ordinary shares to be issued on amalgamation	Shares Deposit Money	Capital Reserves			Surplus / (Deficit) on revaluation of investments	Accumulated Loss **	Total
				Reserves on amalgamation	Share Premium	Statutory Reserve *			
	(Rupees in '000')								
Balance as at January 01, 2019	10,010,130	-	-	-	51	1,451,928	(4,181,968)	3,958,289	11,238,430
Loss for the year ended December 31, 2019	-	-	-	-	-	-	-	(8,259,860)	(8,259,860)
Other comprehensive income /(loss) - net of tax	-	-	-	-	-	-	2,401,391	(2,760)	2,398,631
Issue of Shares during the year	9,700,000	-	-	-	-	-	-	-	9,700,000
Shares deposit money	-	-	2,000,000	-	-	-	-	-	2,000,000
Balance as at December 31, 2019	**19,710,130**	**-**	**2,000,000**	**-**	**51**	**1,451,928**	**(1,780,577)**	**(4,304,331)**	**17,077,201**
Loss for the year ended December 31, 2020	-	-	-	-	-	-	-	(3,212,571)	(3,212,571)
Proposed Ordinary shares to be issed and reserve upon amalgation of Sindh Leasing Company Ltd	-	3,814,298	-	19,443	-	-	-	-	3,833,741
Other comprehensive income - net of tax	-	-	-	-	-	-	1,372,072	6,678	1,378,750
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-
Transactions with owners recorded directly in equity									
Cash dividend	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2020	**19,710,130**	**3,814,298**	**2,000,000**	**19,443**	**51**	**1,451,928**	**(408,505)**	**(7,510,224)**	**19,077,121**

* 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 10.7.2 of these unconsolidated financial statements, unappropriated profit includes an amount of Rs.9,142.42 million net of tax as at December 31, 2020 (December 31, 2019: Rs. 9,541.05 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 47 and Annexures I and II (pages 1 to 10) 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, 2020

CASH FLOW FROM OPERATING ACTIVITIES	Note	2020 (Rupees in '000)	2019 (Rupees in '000)
Loss before taxation		(5,335,067)	(13,761,176)
Less: Dividend income		(96,651)	(115,212)
		(5,431,718)	(13,876,388)
Adjustments:			
Depreciation	29	1,005,490	978,643
Amortisation	29	24,965	21,711
Provision and write offs -net	31	3,722,942	10,020,498
Charge for defined benefit plan	37.1.4	83,218	71,496
Gain on sale of operating fixed assets	28	(4,331)	(1,358)
		4,832,284	11,090,990
		(599,434)	(2,785,398)
(Increase) / Decrease in operating assets			
Lendings to financial institutions		(4,567,388)	1,737,770
Advances - net		2,689,535	2,741,862
Other assets - net		(1,904,717)	2,062,559
		(3,782,570)	6,542,191
Increase / (Decrease) in operating liabilities			
Bills payable		97,324	(434,416)
Borrowings		58,185,364	(22,579,414)
Deposits and other accounts		53,647,234	20,455,118
Other liabilities (excluding current taxation)		646,616	1,758,628
		112,582,662	(800,084)
		108,200,658	2,956,709
Contribution to gratuity fund	37.1.3	(76,020)	(76,741)
Income tax paid		(33,902)	(222,387)
Net cash generated from / (used in) operating activities		108,090,736	2,657,581
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in available-for-sale securities		(103,753,790)	(6,580,429)
Net investment in held-to-maturity securities		26,263	40,081
Dividend received		95,949	127,294
Investments in operating fixed assets		(195,084)	(3,165,909)
Cash inflow from amalgamation of Sindh Leasing Company Ltd		10,784	-
Sale proceeds of operating fixed assets disposed off		5,776	2,417
Net cash (used in) / generated from investing activities		(103,810,102)	(9,576,546)
CASH FLOW FROM FINANCING ACTIVITIES			
Shares deposit money		-	2,000,000
Issue of share capital		-	9,700,000
Net cash (used in) / generated from financing activities		-	11,700,000
Increase in cash and cash equivalents		4,280,634	4,781,035
Cash and cash equivalents at the beginning of the year		14,391,336	9,610,301
Cash and cash equivalents at the end of the year	35	18,671,970	14,391,336

The annexed notes from 1 to 47 and Annexures I and II (pages 1 to 10) form an integral part of these unconsolidated financial statements.

Chairman | President and Chief Executive Officer | Director | Director | Chief Financial Officer

Sindh Bank Limited
Notes To The Unconsolidated Financial Statements
For The Year Ended December 31, 2020

1. STATUS AND NATURE OF BUSINESS

1.1 Sindh Bank Limited (the Bank) was incorporated in Pakistan on October 29, 2010 as a public unlisted company and is engaged in Commercial Banking, Corporate and Investment related activities. The Bank operates 330 (2019: 330) branches including 8 (2019: 8) sub-branches and 14 (2019: 14) Islamic banking branches in Pakistan. The Bank's registered office is located at 3rd floor, Federation House, Abdullah Shah Ghazi Road, Clifton, Karachi, Pakistan.

1.2 The Government of Sindh, through its Finance Department owns 99.95% ordinary shares of the Bank.

1.3 VIS Credit Rating Company Limited has reaffirmed the long term entity rating of A+ (Single A Plus) and short term rating of A-1 (A-one) in its report dated July 06, 2020.

1.4 AMALGAMATION OF SINDH LEASING COMPANY LIMITED WITH AND INTO THE BANK

Sindh Leasing Company Limited (the 'COMPANY') was incorporated in Pakistan on December 16, 2013 as an unlisted public company under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017). The Company's shares were wholly owned by the Government of Sindh.

The State Bank of Pakistan (SBP), vide letter no. BPRD (R&P-02)/SBL-SLCL/2020/14846 dated December 31, 2020, approved the Scheme of Amalgamation of Sindh Leasing Company Limited (the "Company") with and into Sindh Bank Limited (the "Bank") under Section 48 of the Banking Companies Ordinance, 1962 and the same has been made effective at 11:59 PM on December 31, 2020. Earlier, the Board of Directors of the Bank and Company, in their meetings held on May 07, 2019 and June 17, 2019 respectively, had resolved to present the draft Scheme of Amalgamation before the shareholders their approval subject to approval from the State Bank of Pakistan, Securities Exchange Commission of Pakistan and Competition Commission of Pakistan. The shareholders of the Bank and the Company approved the Scheme of Amalgamation in their Extraordinary General Meetings (EOGM) held on January 13, 2020. As per the Scheme of Amalgamation, the Bank needs to issue 381,429,817 ordinary shares of Rs. 10 each of the Bank to the sole shareholder (Government of Sindh) of the Company on the basis of the swap ratio of 1 (one) ordinary share of Sindh Bank Limited for every 0.9176 ordinary shares of Sindh Leasing Company Limited, as consideration for the merger.

As per Scheme of Amalgamation ('the Scheme'), all the assets, liabilities and obligations of the Company have as at the Effective Date i.e. December 31, 2020, been merged with, transferred to, vested in and assumed by the Bank, and Sindh Leasing Company Limited stands dissolved without winding up. Further as per the Scheme, the surviving entity is Sindh Bank Limited and therefore, the entire undertaking and business of Sindh Leasing Company Limited is thereon vested in and continues under the operations of Sindh Bank Limited.

Initial accounting of assets and liabilities acquired on amalgamation of Sindh Leasing Company Limited

IFRS 3 ' Business Combination' does not apply to a business combination of entities under common control.

The assets and liabilities of Sindh Bank Limited and Sindh Leasing Company Limited incorporated at carrying values, in these financial statements as at December 31, 2020 are as follows:

	Sindh Bank Limited	Sindh Leasing Company Ltd
	Amount Rs. 000	
ASSETS		
Cash and bank balances	18,393,379	278,591
Lendings to financial institutions	8,212,780	-
Investments	168,938,542	1,879,951
Property and equipment	3,317,252	16,500
Loans and advances	55,025,309	1,827,946
Other assets	15,569,650	253,480
Total Assets	**269,456,912**	**4,256,468**
Total Liabilities	254,213,532	422,727
NET ASSETS	**15,243,380**	**3,833,741**

Further, details of assets and liabilities and related adjustments of Sindh Bank Limited and Sindh Leasing Company Limited is disclosed in Annexure -I.

1.5 GOING CONCERN

Significant losses suffered by the Bank during the year of Rs. 3,212.6 million its accumulated losses of Rs. 7.51 billion and the rising NPLs and low operating income vis a vis the Bank's operating expenses, indicates a material uncertainty relating to Going Concern. However, the management has been working on a Business Viability Plan approved by its Board of Directors in 73rd meeting held on September 13, 2019. The Plan aims to make the Bank a viable, self-sustaining institution. Important areas of focus where efforts are continuing and significant progress has been made are:

- Improving Business Volumes and Profitability-This involves the Bank taking pro-active measures to:

  i. increase fee-based income from mainly trade-related business;
  ii. improving Net Interest margin i.e.
  a) mobilizing cost effective (CASA) deposits;
  b) launching new asset products in the Consumer and SME segments;
  iii. making concerted efforts for recovery and reduction of Non-Performing Loans.
  iv. taking cost rationalization measures;

- Strengthening the Bank's Governance, Risk and Control environment.

- Strengthening Bank's Capital -As planned, cash injection, of Rs. 11.7 billion in Bank's Tier 1 Common Equity was made by the Government of Sindh in 2019. Further, effective December 31, 2020, the merger of Sindh Leasing Company Limited with and into Sindh Bank was approved by the State Bank of Pakistan vide letter No. BPRD (R&P-02)/SBL-SLCL/2020/14846 dated December 31, 2020 and has been made effective on the same date.

- The management is confident that barring any unforeseen contingencies, the Bank will be able to stage a turn-around. The Government of Sindh, Bank's major shareholder holding 99.95 percent of the Bank's equity is fully committed to supporting the Bank, whenever required.

1.5.1 Listing of the Bank will be undertaken in future after improvement in Bank's financial position and Regulator's guidance on the matter.

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 bank is 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 Companies Act, 2017.

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 II to these unconsolidated financial statements.

3. STATEMENT OF COMPLIANCE

3.1 This Un-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 (IASB) 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 Ordinance 1962, the Companies Act 2017 or the directives issued by SBP and SECP differ with the requirements of IFRS or IFAS, the requirements of the Banking Companies Ordinance, 1962, Companies Act 2017, and the directives issued by the SBP and SECP shall prevail.

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.

3.2 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 had 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 funds 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 and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 01, 2020 but are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in these unconsolidated 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 amendments, or interpretation and are not early adopted by the Bank:

Standard or Interpretation or Amendments	Effective date (annual periods beginning on or after)
IAS 1 - Classification of Liabilities as Current or Non - Current - (Amendments)	January 01, 2023
IFRS 9 - Financial Instruments: Classification and Measurement	January 01, 2021
Interest Rate Bench Reform-Phase 2 - IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments)	January 01, 2021
IFRS 16 - Covid-19 Related Rent Concessions - (Amendments)	June 01, 2020
IAS 16 - Property, Plant and Equipment: Proceeds before intended use (Amendments)	January 01, 2021
IFRS 3 - Business Combination - (Amendments)	January 01, 2022
IAS 37 - Onerous Contracts - Costs of fulfilling a Contract - (Amendments)	January 01, 2022
IFRS 9 - Annual improvement process Financial Instruments	January 01, 2022
IFRS 1 - First time adoption of International Financial Reporting Standards -Subsidiary	January 01, 2022
IFRS 41 - Agriculture- Taxation in fair value measurements	January 01, 2022

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

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 1 - First time adoption of IFRSs	July 01, 2009
IFRS 17 - Insurance Contracts	January 01, 2023

IFRS 9 - Financial Instruments : has been applicable in several overseas jurisdictions from January 01, 2018 and is progressively being adopted in others. The requirements of this standard are incorporated in the bank financial statements for the jurisdictions where IFRS 9 has been adopted. As per the SBP's BPRD Circular Letter No. 4 dated October 23, 2019, the applicability of IFRS 9 to banks in Pakistan has been deferred to accounting periods beginning on or after January 01, 2021. The impact of the application of IFRS 9 in Pakistan on the bank's financial statements is being assessed and implementation guidelines are awaited.

The SECP, through SRO 229(I)/2019 dated February 14, 2019, has notified that IFRS 9, Financial Instruments, is applicable for accounting period ending on or after June 30, 2019. However, as per SBP, BPRD Circular No.04 of 2019 dated October 23, 2019 effective date of IFRS 9 implementation is January 01, 2021.

3.5 Critical accounting estimates and judgments

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

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

i) classification and impairment against investments (notes 5.3 and 31);
ii) classification of and provision against advances (notes 5.4 and 31);
iii) depreciation and amortization / useful lives of operating fixed assets (notes 5.5, 11 and 12);
iv) taxation (note 5.8);
v) staff retirement and other benefits (note 5.9);
vi) fair value of derivatives (note 5.17); and
vii) judgements made by management in identification and reporting segment information (note 41).

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 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 Rupees, which is the Bank's functional and presentation currency.

4.2 Functional & Presentation of Currency

This Un-consolidated financial statements are presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

The amount are rounded off to the nearest thousand rupees except as stated otherwise.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Cash and cash equivalents

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

5.2 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 :

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

5.2.2 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.

5.3 Investments

The bank classifies its investments as follows:

a) Held-for-trading

These are securities which are either acquired for generating profit from short-term fluctuations in market prices, interest rate movements, 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.

5.3.1 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.

5.3.2 Subsequent measurement

Held-for-trading

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

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 on subsequent reporting dates at fair value. Any surplus / deficit arising thereon is kept in other comprehensive income and taken to the profit and loss account when actually realised upon disposal or when the investment is considered 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 account as it arises provided the increased carrying value does not exceed cost.

5.3.3 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 30% 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.

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

5.4 Advances

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

Ijarah Financing

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

Diminishing Musharakah

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

5.5 Operating fixed assets and depreciation

5.5.1 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.

5.5.2 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.

5.5.3 Leases

The Bank assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Bank as a Lessee
A lessee recognizes a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments..

Right-of-use (RoU) Assets
The right-of-use assets recognised subsequent to the adoption of 'IFRS-16 Leases' are measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use assets are depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

Lease Liability
At the commencement date of the lease, the Bank recognises lease liability measured at the present value of the consideration (lease payments) to be made over the lease term and is adjusted for lease prepayments. The lease payments are discounted using the interest rate implicit in the lease, unless it is not readily determinable, in whch case the lessee may use the incremental rate of borrowing. After the commencement date, the carrying amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made.

Incremental borrowing rate
Borrowing rate that Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic enviorment. The Bank estimated the Incremental borrowing rate using observable input such as market interest rates.

5.6 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 rates 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.

5.7 Impairment

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.

5.8 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) Prior Year

This charge includes tax charge for prior years arising from assessments, changes in estimates and tax changes applied retrospectively.

c) 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 applicable 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.

5.9 Staff retirement and other benefits

a) Defined contribution plan

The Bank operates a recognised funded contributory provident fund for all its permanent employees to which equal contributions at the rate of 10 percent (2019: 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.

5.10 Acceptances

Acceptances comprise of undertakings made by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be simultaneously settled with reimbursement from the customers. Acceptances are accounted for as on-balance sheet transactions and are reported in "other assets" and "other liabilities" simultaneously.

5.11 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.

5.12 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.

5.12.1 Mark-up / return / interest on advances and 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.

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

5.12.3 Fees, brokerage and commission on letters of credit / guarantees and from other avenues is accrued and is recognized on time proportion basis.

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

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

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

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

5.13 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.

5.14 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.

5.15 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.

5.16 Foreign currency translation

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

5.17 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.

5.18 Offsetting

Financial assets and financial liabilities are offset 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.

5.19 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

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

b) Trading and sales (Treasury)

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

c) **Retail Banking**

This includes mortgage finance and personal loans to individual customers.

d) **Commercial banking and others**

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

5.20 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 Pak 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	2020	2019
		(Rupees in '000)	
In hand			
Local currency		**4,961,892**	3,082,460
Foreign currency		**252,331**	208,051
		5,214,223	3,290,511
With State Bank of Pakistan (SBP) in			
Local currency current accounts	6.1	**6,707,459**	7,790,641
Foreign currency current accounts	6.2	**153,339**	14,725
Foreign currency deposit accounts			
- Non Remunerative	6.3	**73,605**	77,503
- Remunerative	6.4	**141,572**	218,619
		7,075,975	8,101,488
With National Bank of Pakistan in			
Local currency current accounts		**2,100,360**	1,854,468
Local currency deposit accounts	6.5	**10,790**	188,077
		2,111,150	2,042,545
Prize bonds		**85,345**	118,428
	35	**14,486,693**	13,552,972

6.1 This represents 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 on 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 0.51% to 0.76% (2019 : 0.70% to 1.50%) per annum.

6.5 This includes savings account with National Bank of Pakistan carrying mark-up at 5.50% (2019: 11.25%) per annum.

	Note	2020	2019
		(Rupees in '000)	
7 BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		30	29,732
In savings account	7.1	15,962	21,563
		15,992	51,295
Outside Pakistan			
In current accounts	7.2	4,169,285	787,069
	35	4,185,277	838,364

7.1 This includes savings account with a commercial bank carrying profit at the rate of 5.50% (2019: 11.25%) per annum.

7.2 This includes Rs.3,342.32 million (2019: Rs. 413.02 million) held in Automated Investment Plans. This balance is current in nature and in case this 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			
Call money lendings	8.2	3,000,000	-
Repurchase agreement lendings (Reverse Repo)	8.3 & 8.7	3,969,535	3,645,392
Bai Muajjal with financial institutions	8.5 & 8.6	583,245	-
Musharaka arrangements	8.5	660,000	-
		8,212,780	3,645,392

8.1 Particulars of lending

In local currency	8,212,780	3,645,392
In foreign currencies	-	-
	8,212,780	3,645,392

8.2 This represents lending to a commercial bank carrying mark-up at 7.50% (2019: nil) per annum maturing on January 04, 2021.

8.3 This represents resale agreement lending with commercial banks carrying mark-up at 7.20% (2019 :13.05% to 13.35%) per annum maturing on March 18, 2021 (2019: January 02, 2020).

8.4 The average return on this product is 6.74% (2019: nil) per annum. The balance is maturing by February 15, 2021 (2019: nil).

8.5 This represents arrangement with an Islamic bank carrying mark-up in the range of 6.50% to 7.20% (2019: nil) per annum maturing up to January 06, 2021 (2019: nil)

8.6 Bai Muajjal

	2020	2019
	(Rupees in '000)	
Held with Financial Institution		
Bai Muajjal Placement	588,091	-
Less : Deferred income	(4,846)	-
	583,245	-

8.7 Securities held as collateral against Lending to financial institutions

	2020			2019		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	(Rupees in '000)					
Market Treasury Bills	-	-	-	3,643,328	-	3,643,328
Pakistan Investment Bonds	3,854,420	-	3,854,420	-	-	-
Total	3,854,420	-	3,854,420	3,643,328	-	3,643,328

9 INVESTMENTS

9.1 Investments by type

	Note	2020				2019			
		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									
Market Treasury Bills		51,311,160	-	43,094	51,354,254	21,921,061	-	(22,903)	21,898,158
Pakistan Investment Bonds		97,956,376	-	(694,937)	97,261,439	23,640,034	-	(2,603,000)	21,037,034
Government of Pakistan - Ijarah Sukuk		1,500,026	-	(540)	1,499,486	500,000	-	(5,000)	495,000
Shares									
Listed		2,437,740	(369,853)	(42,599)	2,025,288	2,589,037	(357,940)	(231,757)	1,999,340
Unlisted		100,000	-	-	100,000	100,000	-	-	100,000
Non-government debt securities									
Sukuk certificates		96,428	-	(316)	96,112	192,856	-	6,920	199,776
Mutual funds		215,048	(32,991)	25,619	207,676	915,049	(20,646)	(63,236)	831,167
		153,616,778	(402,844)	(669,679)	152,544,255	49,858,037	(378,586)	(2,918,976)	46,560,475
Held-to-maturity securities									
Federal Government Securities									
Pakistan Investment Bonds		16,772,088	-	-	16,772,088	16,798,258	-	-	16,798,258
Preference Shares - Unlisted		77,708	(77,708)	-	-	77,708	-	-	77,708
Non-government debt securities									
Term finance certificates - Listed		224,235	-	-	224,235	224,235	-	-	224,235
Term finance certificates - Unlisted		859,090	(331,175)	-	527,915	859,183	(126,407)	-	732,776
		17,933,121	(408,883)	-	17,524,238	17,959,384	(126,407)	-	17,832,977
Investment in Subsidiary									
Fully paid ordinary shares	9.3	750,000	-	-	750,000	750,000	-	-	750,000
Total Investments		172,299,899	(811,727)	(669,679)	170,818,493	68,567,421	(504,993)	(2,918,976)	65,143,452

9.2 Investments by segments

	2020				2019			
	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								
Market Treasury Bills	51,311,160	-	43,094	51,354,254	21,921,061	-	(22,903)	21,898,158
Pakistan Investment Bonds	114,728,464	-	(694,937)	114,033,527	40,438,292	-	(2,603,000)	37,835,292
Government of Pakistan - Ijarah Sukuk	1,500,026	-	(540)	1,499,486	500,000	-	(5,000)	495,000
	167,539,650	-	(652,383)	166,887,267	62,859,353	-	(2,630,903)	60,228,450
Shares								
Listed companies	2,437,740	(369,853)	(42,599)	2,025,288	2,589,037	(357,940)	(231,757)	1,999,340
Unlisted companies	177,708	(77,708)	-	100,000	177,708	-	-	177,708
	2,615,448	(447,561)	(42,599)	2,125,288	2,766,745	(357,940)	(231,757)	2,177,048
Non-government debt securities								
Term finance certificates - listed	224,235	-	-	224,235	224,235	-	-	224,235
Term finance certificates - unlisted	859,090	(331,175)	-	527,915	859,183	(126,407)	-	732,776
Sukuk certificates	96,428	-	(316)	96,112	192,856	-	6,920	199,776
	1,179,753	(331,175)	(316)	848,262	1,276,274	(126,407)	6,920	1,156,787
Mutual Funds								
Open ended	116,048	(32,991)	29,219	112,276	816,049	(20,646)	(76,646)	718,757
Islamic funds - REIT	99,000	-	(3,600)	95,400	99,000	-	13,410	112,410
	215,048	(32,991)	25,619	207,676	915,049	(20,646)	(63,236)	831,167
Investment in Subsidiary								
Sindh Microfinance Bank Ltd	750,000	-	-	750,000	750,000	-	-	750,000
Total Investments	172,299,899	(811,727)	(669,679)	170,818,493	68,567,421	(504,993)	(2,918,976)	65,143,452

9.3 Details of investment in Subsidiary

Name of Entity	2020							
	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%	1,899,240	956,489	362,143	52,684	53,164

Name of Entity	2019							
	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%	1,907,492	1,017,905	347,011	52,170	52,104

		2020	2019
		(Rupees in '000)	
9.4	**Investments given as collateral**		
	Federal government securities		
	Pakistan Investment Bonds	**52,185,578**	2,574,477
	Market Treasury Bills	**8,384,972**	-
		60,570,550	2,574,477
9.5	**Provision for diminution in value of investments**		
9.5.1	**Opening balance**	**504,993**	243,212
	Charge / reversals		
	Charge for the year	**306,734**	261,781
	Reversals for the year	**-**	-
	Reversal on disposals	**-**	-
	Transfers - net	**306,734**	261,781
	Closing Balance	**811,727**	504,993

9.5.2 Particulars of classified debt securities (Category of classification)	2020		2019	
	Non performing investments	Provision	Non performing investments	Provision
	---------- Rupees in '000 ----------			
Domestic				
Other assets especially mentioned				
Substandard	**-**	**-**	-	-
Doubtful	**-**	**-**	514,344	126,407
Loss	**994,895**	**811,727**	378,586	378,586
Total	**994,895**	**811,727**	892,930	504,993

9.5.2.1 The Bank has availed the benefit of forced sale value of collateral against non-performing investment on the basis of the instructions of the State Bank of Pakistan. Had the befefit not been taken by the Bank, provision against non-performing investment would have been higher by Rs. 183.17 million (2019: Rs.130.77 million). The resultant increase in profit due to FSV benefit taken will not be available for distribution as cash and stock dividend to shareholders.

		2020	2019
		---------- Cost ----------	
9.6	**Quality of Available for Sale Securities**	(Rupees in '000)	
	Particulars regarding quality of Available for Sale (AFS) securities		
	Federal Government Securities - Government guaranteed		
	Pakistan Investment Bonds	**97,956,376**	23,640,034
	Market Treasury Bills	**51,311,160**	21,921,061
	Government of Pakistan - Ijarah Sukuk	**1,500,026**	500,000
		150,767,562	46,061,095
	Shares (Equities)		
	Listed Companies		
	Refinery	**7,682**	7,682
	Fertilizer	**628,710**	618,582
	Cement	**63,745**	63,745
	Power Generation & Distribution	**267,863**	201,513
	Oil & Gas Marketing Companies	**638,481**	737,303
	Commercial Banks	**831,259**	960,212
		2,437,740	2,589,037

	2020	2019
	Cost	
	(Rupees in '000)	
Unlisted Companies		
Insurance	100,000	100,000
Other investments (Mutual Funds)		
Listed		
AM2+ / AAA (rr) / AM2++	99,000	799,000
AA / AA-	28,459	28,459
A+ / A-	87,589	87,590
	215,048	915,049
Other investments (Sukuk Certificates)		
Un-listed		
AAA	60,714	121,429
A-	35,714	71,427
	96,428	192,856
Shares (equities)		
Listed Companies		
Pakistan Refinery Limited	7,682	7,683
Fauji Fertilizer Company Limited	405,572	387,761
Fauji Fertilizer Bin Qasim Limited	158,135	165,819
Fatima Fertilizer Company Limited	65,002	65,002
Thatta Cement Company Limited	63,745	63,745
Nishat Chunian Power Limited	154,068	117,411
Hub Power Company Limited	113,795	84,103
Sui Southern Gas Company Limited	248,179	429,641
Sui Northern Gas Pipelines Limited	191,285	307,662
Oil & Gas Development Company Limited	78,308	-
Pak Petroleum Limited	82,701	-
Pakistan State Oil Limited	38,007	-
Summit Bank Limited	305,509	305,509
National Bank of Pakistan	-	343,450
Bank AlHabib Limited	39,768	-
Habib Bank Limited	87,726	-
United Bank Limited	70,724	-
MCB Bank Limited	200,883	184,602
Silk Bank Limited	126,649	126,649
	2,437,740	2,589,037

	2020		2019	
	Cost	Break-up value	Cost	Break-up value
	(Rupees in '000			
Unlisted Companies				
TPL Life Insurance Limited	100,000	23,868	100,000	30,371

9.6.1 The investment of 10 million of ordinary shares of Rs. 10 each in TPL Life Insurance Limited ('the company') is under buy back agreement dated 27th June, 2018. The company has provided cash of Rs. 60 million (2019: Rs. 60 million) under block account with the bank and investment by TPL Life Insurance in treasury bills of Rs. 41 million under investor portfolio settlement account; lien with the Bank. Therefore, no impairment has been accounted for.

9.7 Particulars relating to Held to Maturity securities	2020	2019
	Cost	
	(Rupees in '000)	
Federal Government Securities - Government guaranteed		
Pakistan Investment Bonds	**16,772,088**	16,798,258
Preference Shares - Unlisted Company		
Al-Arabia Sugar Mills Ltd	**77,708**	77,708
Non Government Debt Securities		
Listed		
Unrated	**224,235**	224,235
Un-listed		
AA	**119,880**	119,929
A-	**-**	224,910
BBB+	**224,866**	-
Unrated	**514,344**	514,344
	859,090	859,183
	17,933,121	17,959,384

9.7.1 The market value of securities classified as held-to-maturity as at December 31, 2020 amounted to Rs. 18,251.19 million (December 31, 2019: Rs.17,059.34 million).

10 ADVANCES

	Note	Performing		Non Performing		Total	
		2020	2019	2020	2019	2020	2019
		Rupees in '000					
Loans, cash credits, agriculture, running finances etc.		**26,030,306**	32,729,716	**35,090,263**	33,804,371	**61,120,569**	66,534,087
Commodity finance	10.2	**10,644,226**	7,020,595	**-**	-	**10,644,226**	7,020,595
Net investment in finance lease	10.3	**1,674,341**	-	**240,215**	-	**1,914,556**	-
Islamic financing and related assets							
Diminishing musharakah financing	10.4	**2,218,351**	1,790,039	**-**	-	**2,218,351**	1,790,039
Murabaha Financing	10.5	**-**	644,525	**-**	-	**-**	644,525
Ijarah financing under IFAS 2	10.6	**38,002**	61,542	**-**	-	**38,002**	61,542
		40,605,226	42,246,417	**35,330,478**	33,804,371	**75,935,704**	76,050,788
Bills discounted and purchased (excluding market treasury bills)							
Payable in Pakistan		**401,727**	369,077	**-**	-	**401,727**	369,077
Payable outside Pakistan		**15,037**	6,825	**3,405**	3,405	**18,442**	10,230
		416,764	375,902	**3,405**	3,405	**420,169**	379,307
Advances - gross	10.1	**41,021,990**	42,622,319	**35,333,883**	33,807,776	**76,355,873**	76,430,095
Provision for non-performing advances							
- Specific provision		**-**	-	**18,713,043**	15,297,231	**18,713,043**	15,297,231
- Specific provision on Leasing Portfolio		**-**	-	**787,367**	-	**787,367**	-
- General provision against consumer and small enterprise advances		**2,208**	1,812	**-**	-	**2,208**	1,812
		2,208	1,812	**19,500,410**	15,297,231	**19,502,618**	15,299,043
Advances - Net of Provision		**41,019,782**	42,620,507	**15,833,473**	18,510,545	**56,853,255**	61,131,052

		2020	2019
		(Rupees in '000)	
10.1	**Particulars of advances (Gross)**		
	In local currency	**76,355,873**	76,430,095
	In foreign currencies	**-**	-
		76,355,873	76,430,095

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

10.3 **Net investment in finance lease**

	2020				2019			
	Not later than one year	Over one year and up to five years	Over five years	Total	Not later than one year	Over one year and up to five years	Over five years	Total
	Rupees in '000							
Lease rental	240,990	1,524,324	-	1,765,314	-	-	-	-
Residual value	26,871	373,366	-	400,237	-	-	-	-
Minimum lease payments	267,861	1,897,690	-	2,165,551	-	-	-	-
Un-earned income for future periods	(128,910)	(122,085)	-	(250,995)	-	-	-	-
Present value of minimum lease payments	138,951	1,775,605	-	1,914,556	-	-	-	-

10.3.1 This represents portfolio taken on the books of the Bank due to amalgamation of the Sindh Leasing Company Ltd.

			2020	2019
			(Rupees in '000)	
10.4	**Diminishing musharakah financing**			
	Advance against musharakah		**-**	-
	Diminishing musharakah		**2,218,351**	1,790,039
			2,218,351	1,790,039
10.5	**Murabaha Financing**			
	Murabaha receivable - Gross		**-**	466,102
	Inventory for Murabaha		**-**	15,088
	Less : Deferred income		**-**	(36,577)
			-	444,613
	Advance against Murabaha financing		**-**	199,912
			-	644,525
10.6	**Ijarah financing under IFAS 2**			
	Net book value of assets	10.6.1	**38,002**	61,542
	Advance against Ijarah financing		**-**	-
			38,002	61,542

10.6.1 Particulars of assets under Ijarah

	2020							
	Cost			Accumulated depreciation				
	As at January 01	Additions/ Settled	As at December 31	As at January 01	Charge/ settled	As at December 31	Book value As at Decembe31	Rate of depreciation %
	(Rupees in '000)							
Vehicle	63,094	(20,499)	42,595	14,614	9,395	24,009	18,586	Over the Ijarah
Plant and machinery	48,000	-	48,000	34,938	(6,354)	28,584	19,416	period
Total	111,094	(20,499)	90,595	49,552	3,041	52,593	38,002	

	2019							
	Cost			Accumulated depreciation				
	As at January 01	Additions/ Settled	As at December 31	As at January 01	Charge/ settled	As at December 31	Book value As at Decembe31	Rate of depreciation %
	(Rupees in '000)							
Vehicle	76,000	(12,906)	63,094	27,088	(12,474)	14,614	48,480	Over the Ijarah
Plant and machinery	27,605	20,395	48,000	16,278	18,660	34,938	13,062	period
Total	103,605	7,489	111,094	43,366	6,186	49,552	61,542	

	2020	2019
	(Rupees in '000)	
10.6.2 Future Ijarah payments receivable		
Not later than one year	**16,449**	25,402
Later than one year and not later than five years	**21,553**	36,140
	38,002	61,542

10.7 Advances include Rs.35,333.88 (2019: Rs. 33,807.78) million which have been placed under non-performing status as detailed below:

		2020		2019	
Category of Classification		Non Performing Loans	Provision	Non Performing Loans	Provision
		(Rupees in '000)			
Domestic					
Other Assets Especially Mentioned	10.7.1	**34,523**	**-**	580,740	-
Substandard		**31,291**	**1,851**	2,013,140	233,933
Doubtful		**1,574,605**	**520,992**	1,507,601	183,888
Loss		**33,693,464**	**18,977,567**	29,706,295	14,879,410
Total		**35,333,883**	**19,500,410**	33,807,776	15,297,231

10.7.1 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.

10.7.2 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 the instructions of the 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.14,987.57 (2019: Rs.15,641.06) million. The resultant increase in profit due to FSV benefit taken will not be available for distribution as cash and stock dividend to shareholders.

10.7.3 Particulars of provision against advances

	2020			2019		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	15,297,231	1,812	15,299,043	5,538,312	2,014	5,540,326
Exchange adjustments	-	-	-	-	-	-
Charge for the year	3,970,216	396	3,970,612	9,976,656	-	9,976,656
Reversals	(1,001,443)	-	(1,001,443)	(356,792)	(202)	(356,994)
	2,968,773	396	2,969,169	9,619,864	(202)	9,619,662
Amounts charged off - agriculture loans	447,039	-	447,039	139,055	-	139,055
Net charge / (reversal) during the year	3,415,812	396	3,416,208	9,758,919	(202)	9,758,717
Addition due to amalgamation of Sindh Leasing Co. Ltd	787,367	-	787,367	-	-	-
Amounts written off	-	-	-	-	-	-
Closing balance	19,500,410	2,208	19,502,618	15,297,231	1,812	15,299,043

10.7.3.1 Particulars of provision against advances

	2020			2019		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
In local currency	19,500,410	2,208	19,502,618	15,297,231	1,812	15,299,043
In foreign currencies	-	-	-	-	-	-
	19,500,410	2,208	19,502,618	15,297,231	1,812	15,299,043

10.7.3.2 General provision against consumer loans represents provision maintained at an amount equal to 1% (2019: 1%) of the fully secured performing portfolio and 4% (2019: 4%) of the unsecured performing portfolio as required by the Prudential Regulations issued by SBP. General provision against Small Enterprises financing represents provision maintained at an amount equal to 0% (2019: 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	2020	2019
		(Rupees in '000)	
Capital work-in-progress	11.1	24,900	21,495
Property and equipment	11.2	1,420,821	1,574,036
Right of use assets	11.5	1,819,646	2,192,469
		3,265,367	3,788,000

11.1 Capital work-in-progress

Equipment		4,814	362
Advances to suppliers		20,086	21,133
	11.1.1	24,900	21,495

11.1.1 Movement in Capital work-in-progress

Opening balance	21,495	10,927
Transfer in	71,836	152,154
Transfer out	(68,431)	(141,586)
Write off	-	-
Closing balance	24,900	21,495

11.2 Property and Equipment

	2020				
	Lease hold improvements	Furniture and fixture	Computer and office equipment	Vehicles	Total
	(Rupees in '000)				
At January 1, 2020					
Cost / Revalued amount	1,276,325	546,912	1,581,670	378,503	3,783,410
Accumulated depreciation	363,254	335,816	1,299,561	210,743	2,209,374
Net book value	913,071	211,096	282,109	167,760	1,574,036
Year ended December 31, 2020					
Opening net book value	913,071	211,096	282,109	167,760	1,574,036
Additions	17,352	8,155	86,439	26,348	138,294
Movement in surplus on assets revalued during the year	-	-	-	-	-
Acquisitions through business combinations	7,484	1,495	578	6,935	16,492
Impairment loss recognised in the profit and loss account - net	-	-	-	-	-
Disposals	(71)	(35)	-	(1,340)	(1,446)
Depreciation charge	(64,606)	(54,171)	(125,430)	(62,356)	(306,563)
Exchange rate adjustments	-	-	-	-	-
Other adjustments / transfers	1	-	1	6	8
Closing net book value	873,231	166,540	243,697	137,353	1,420,821
At December 31, 2020					
Cost / Revalued amount	1,313,615	558,926	1,673,221	383,290	3,929,052
Accumulated depreciation	440,384	392,386	1,429,524	245,937	2,508,231
Net book value	873,231	166,540	243,697	137,353	1,420,821
Rate of depreciation (percentage)	5.00%	10.00%	33.33% & 20.0%	20.00%	

	2019				
	Lease hold improvements	Furniture and fixture	Computer and office equipment	Vehicles	Total
	(Rupees in '000)				
At January 1, 2019					
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
Year ended December 31, 2019					
Opening net book value	900,644	235,376	333,910	132,206	1,602,136
Additions	74,134	28,859	94,128	92,811	289,932
Movement in surplus on assets revalued during the year	-	-	-	-	-
Acquisitions through business combinations	-	-	-	-	-
Impairment loss recognised in the profit and loss account - net	-	-	-	-	-
Disposals	-	-	(59)	(1,000)	(1,059)
Depreciation charge	(61,707)	(53,138)	(145,870)	(56,258)	(316,973)
Exchange rate adjustments	-	-	-	-	-
Other adjustments / transfers	-	(1)	-	1	-
Closing net book value	913,071	211,096	282,109	167,760	1,574,036
At December 31, 2019					
Cost / Revalued amount	1,276,325	546,912	1,581,670	378,503	3,783,410
Accumulated depreciation	363,254	335,816	1,299,561	210,743	2,209,374
Net book value	913,071	211,096	282,109	167,760	1,574,036
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.1,253.85 million (2019: Rs.1,037.71 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	77,110	77,109	1	1	As Per HR Policy	Tahira Abid
Laptop	61,110	61,109	1	1	As Per HR Policy	Khaleequr Rehman Usmani
Laptop	61,110	61,109	1	1	As Per HR Policy	Muhammad Nadir Khan Jalbani
Laptop	61,110	61,109	1	1	As Per HR Policy	Anis Iqbal
CCTV System	108,345	108,335	10	3,000	Negotiation	Network
Fire Extinguisher	32,585	32,580	5	410	Negotiation	Sarwar Scrap Dealer
Fire Extinguisher	11,583	11,579	4	900	Negotiation	Wazeer Ahmed
Fire Extinguisher	30,218	30,212	6	6,000	Negotiation	Muhammad Azhar
Fire Extinguisher	19,430	19,425	5	900	Negotiation	Gul Hassan
Split Air conditioners	518,995	518,988	7	7,800	Negotiation	Amjad Electric & Refrigeration Services
Split Air conditioners	228,998	228,995	3	21,000	Negotiation	Best Cool
Split Air conditioners	419,997	419,992	5	25,000	Negotiation	Breez Cooling Tech Engineers
Split Air conditioners	188,514	188,512	2	14,500	Negotiation	Eman Electronics
Split Air conditioners	625,195	625,187	8	60,000	Negotiation	Hani Freezers Sales & Services
Split Air conditioners	415,996	415,991	5	30,000	Negotiation	Network
Split Air conditioners	521,285	521,280	5	3,000	Negotiation	Pak International Cooling Centre
Split Air conditioners	108,514	108,513	1	4,600	Negotiation	Super General Ref Cool Centre
Split Air conditioners	84,000	83,999	1	3,500	Negotiation	Top Cool Refrigeration
Split Air conditioners	110,687	110,684	3	16,000	Negotiation	Usman Cooling Service
Furniture	146,330	112,329	34,001	29,500	Negotiation	Amjad Electric & Refrigeration Services
Furniture	208,377	208,333	44	23,650	Negotiation	Design Furniture & Home Decor
Furniture	4,455	3,961	494	500	Negotiation	Shahbaz Ali Shah
UPS & Stablizer	104,402	104,398	4	6,500	Negotiation	Usman Cooling Service
Signage	127,577	56,918	70,659	2,025	Negotiation	Shahbaz Ali Shah
	4,275,923	**4,170,647**	**105,276**	**258,789**		
Vehicles						
Suzuki Mehran	632,000	631,999	1	465,000	Negotiation	Nawaz Khan
Suzuki Mehran	673,000	672,999	1	1	As Per HR Policy	Shahid Mahmood Mufti
Suzuki Alto VXR	712,000	711,999	1	411,818	Negotiation	Muhammad Umair
Suzuki Alto VXR	737,000	736,999	1	636,363	Negotiation	Agha Shahid Majeed Khan
Suzuki Alto VXR	737,000	736,999	1	645,000	Negotiation	Augmentech Business Solution Pvt Ltd
Suzuki Wagon R	957,000	956,999	1	1	As Per HR Policy	Humayun Khan
Suzuki Wagon R	959,000	958,999	1	1	As Per HR Policy	Ashfaq Ahmed Ansari
Suzuki Wagon R	964,000	963,999	1	1	As Per HR Policy	Muhammad Shahid Saleem
Suzuki Wagon R	964,000	931,866	32,134	32,134	As Per HR Policy	Malik Humayun Younis
Suzuki Wagon R	964,000	963,999	1	1	As Per HR Policy	Imran Nawaz Bodla
Suzuki Wagon R	964,000	963,999	1	1	As Per HR Policy	Khurram Shakeel
Suzuki Wagon R	964,000	963,999	1	1	As Per HR Policy	Saleem Ahmed
Suzuki Wagon R	964,000	963,999	1	1	As Per HR Policy	Radain Shah

Particulars of the Assets	Cost	Accumulated depreciation	Book Value	Sale Price	Mode of Disposal	Particulars of the Purchaser
	---------- Amount in Rupees ----------					
Suzuki Wagon R	964,000	963,999	1	1	As Per HR Policy	Mir Mohsin Talpur
Suzuki Wagon R	964,000	963,999	1	1	As Per HR Policy	Syed Muhammad Mustafa Rizvi
Suzuki Wagon R	964,000	963,999	1	1	As Per HR Policy	Muhammad Murtaza
Suzuki Wagon R	964,000	963,999	1	1	As Per HR Policy	Syed Muhammad Rizwan
Suzuki Wagon R	964,000	963,999	1	1	As Per HR Policy	Sadar Jehan Mian
Suzuki Cultus VXR	965,000	964,999	1	711,000	Negotiation	Augmentech Business Solution Pvt Ltd
Suzuki Wagon R	974,000	941,532	32,468	48,701	As Per HR Policy	Muhammad Nadir Jalbani
Suzuki Wagon R	1,047,000	1,046,999	1	1	As Per HR Policy	Jamil Ahmed Shaikh
Suzuki Cultus VXR	1,099,000	842,566	256,434	274,751	As Per HR Policy	Gulnar Cowasjee
Honda City	1,522,000	1,521,999	1	1	As Per HR Policy	Alizain Wahab
Toyota Corolla XLI	1,627,500	1,627,499	1	1	As Per HR Policy	Naeem Muhammad
Toyota Corolla XLI	1,627,500	1,627,499	1	1	As Per HR Policy	Shahid Siddiqui Amjad Mughal
Mercedes-Benz C 180	7,643,000	6,623,933	1,019,067	2,292,900	Employment terms	Tariq Ahsan
	32,516,000	**31,175,874**	**1,340,126**	**5,517,684**		
	36,791,923	**35,346,521**	**1,445,402**	**5,776,473**		

11.5 RIGHT OF USE ASSETS

	2020	2019
	(Rupees in '000)	
Year ended December 31		
Opening net book value	**2,192,469**	-
Additions	**326,104**	2,854,140
Disposals	**-**	-
Depreciation charge	**(698,927)**	(661,671)
Closing net book value	**1,819,646**	2,192,469
At December 31		
Cost	**3,180,244**	2,854,140
Accumulated depreciation	**(1,360,598)**	(661,671)
Net book value	**1,819,646**	2,192,469
Rate of depreciation (percentage)	**10% to 100%**	10% to 100%

12 INTANGIBLE ASSETS

Computer Software		
At January 1		
Cost	**238,028**	226,758
Accumulated amortisation and impairment	**198,064**	176,353
Net book value	**39,964**	50,405
Year ended December 31		
Opening net book value	**39,964**	50,405
Additions:		
- directly purchased	**53,386**	11,270
Disposals	**-**	-
Amortisation charge	**(24,965)**	(21,711)
Other adjustments	**-**	-
Closing net book value	**68,385**	39,964

	2020	2019
	(Rupees in '000)	
At December 31		
Cost	**292,861**	238,028
Accumulated amortisation and impairment	**224,476**	198,064
Net book value	**68,385**	39,964
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.163.317 million (2019: Rs. 150.47 million).

13 DEFERRED TAX ASSETS-NET

	2020				
	At Jan 1, 2020	Recognised in P&L A/C	Recognised in OCI	Recognised on Amalgamation (SLCL)	At Dec 31, 2020
	---------- (Rupees in '000) ----------				
Deductible Temporary Differences on					
- Provision against advances - general	**5,197,184**	**1,034,421**	**-**	**228,336**	**6,459,941**
- Tax losses carried forward	**2,208,679**	**913,690**	**(4,270)**	**-**	**3,118,099**
- Provision for diminution in the value of investments	**94,853**	**-**	**-**	**-**	**94,853**
- Deficit on revaluation of investments	**1,138,401**	**-**	**(877,226)**	**-**	**261,175**
- Accelerated tax depreciation - right to use assets	**41,594**	**(41,594)**	**-**	**-**	**-**
- Others	**-**	**427,378**	**-**	**-**	**427,378**
	8,680,711	**2,333,895**	**(881,496)**	**228,336**	**10,361,446**
Taxable Temporary Differences on					
- Accelerated tax depreciation - tangible fixed assets	**(66,027)**	**26,910**	**-**	**(469)**	**(39,586)**
- Net investment in lease Finance	**-**	**-**	**-**	**(131,859)**	**(131,859)**
- Accelerated tax amortization - intangible assets	**(8,076)**	**402**	**-**	**-**	**(7,674)**
	(74,103)	**27,312**	**-**	**(132,328)**	**(179,119)**
	8,606,608	**2,361,207**	**(881,496)**	**96,008**	**10,182,327**

	2019				
	At Jan 1, 2019	Recognised in P&L A/C	Recognised in OCI	Recognised on Amalgamation (SLCL)	At Dec 31, 2019
	---------- (Rupees in '000) ----------				
Deductible Temporary Differences on					
- Provision against advances - general	1,528,566	3,668,618	-	-	5,197,184
- Tax losses carried forward	249,212	1,957,703	1,764	-	2,208,679
- Provision for diminution in the value of investments	85,124	9,729	-	-	94,853
- Deficit on revaluation of investments	2,251,828	-	(1,113,427)	-	1,138,401
	4,114,730	5,636,050	(1,111,663)	-	8,639,117

	2019				
	At Jan 1, 2019	Recognised in P&L A/C	Recognised in OCI	Recognised on Amalgamation (SLCL)	At Dec 31, 2019
	---------- (Rupees in '000) ----------				
Taxable Temporary Differences on					
- Accelerated tax depreciation - right to use assets	-	41,594	-	-	41,594
- Accelerated tax depreciation - tangible fixed assets	(78,116)	12,089	-	-	(66,027)
- Accelerated tax amortization - intangible assets	(8,326)	250	-	-	(8,076)
	(86,442)	53,933	-	-	(32,509)
	4,028,288	5,689,983	(1,111,663)	-	8,606,608

13.1 In this respect, the management of the Bank has prepared five year projections which have been approved by the Board of Directors of the Bank. The projections involve certain key assumptions underlying the estimation of future taxable profits, such as cost to income ratio of the Bank, deposit composition, growth of deposits and advances, investment returns, expected recoveries of classified advances, etc. The management believes that it is probable that the Bank will be able to achieve the profits projected in the projections and consequently the deferred tax asset will be fully realized in the future.

	Note	2020	2019
		(Rupees in '000)	
14 OTHER ASSETS			
Income/ Mark-up accrued in local currency	14.1	**3,267,656**	3,128,583
Accrued commission income		**23,346**	7,234
Advances, deposits, advance rent and other prepayments		**61,980**	68,392
Receivable against sale of shares		**1,573,718**	-
Unrealised gain on forward forex revaluation - net		**229,271**	-
Insurance premium receivable against agriculture loans		**13,271**	30,531
Stationery and stamps on hand		**11,445**	3,816
Dividends receivable		**702**	-
Receivable against 1 Link ATM settlement account		**162,873**	207,120
Advance Taxation - net		**249,768**	375,199
Acceptances		**7,671**	4,297
Insurance claims receivable		**371**	142
Other receivables		**38,731**	27,816
		5,640,803	3,853,130
14.1 Income/ Mark-up accrued in local currency			
On loans and advances		**1,151,541**	1,701,652
On investments		**2,102,081**	1,425,264
Others		**14,034**	1,667
		3,267,656	3,128,583
15 BILLS PAYABLE			
In Pakistan		**592,334**	495,010
Outside Pakistan		**-**	-
		592,334	495,010

		Note	2020	2019
			(Rupees in '000)	
16	BORROWINGS			
	Secured			
	Borrowings from State Bank of Pakistan			
	- Under export refinance scheme	16.2	**1,752,141**	1,476,379
	- Under long term finance facility	16.3	**119,758**	149,698
	Repurchase agreement borrowings			
	- State Bank of Pakistan (SBP)	16.4	**57,883,940**	2,566,207
	- Other commercial banks / DFI's	16.5	**2,621,809**	-
			60,505,749	2,566,207
			62,377,648	4,192,284
16.1	**Particulars of borrowings with respect to Currencies**			
	In local currency		**62,377,648**	4,192,284
	In foreign currencies		**-**	-
			62,377,648	4,192,284

16.2 These represent borrowings from SBP under export refinance scheme at the rates ranging from 1.00% to 2.00% (2019: 1.00% to 2.00%) per annum having maturity upto six months.

16.3 These represent borrowings from SBP under long term finance facility at the rate of 3.00% (2019: 3.00%) per annum having maturity upto 5 years.

16.4 These represent repurchase agreement borrowings from State Bank of Pakistan at the rate of 7.07% (2019:13.32%) per annum maturing on January 04, 2021 (2019: January 03, 2020). The carrying value of securities given as collateral against these borrowings is given in note 9.4.

16.5 These represent repurchase agreement borrowings at the rates ranging from 6.50% to 6.90% (2019:13.32%) per annum maturing on January 04, 2021 (2019: January 03, 2020). The carrying value of securities given as collateral against these borrowings is given in note 9.4.

17 DEPOSITS AND OTHER ACCOUNTS

	Note	2020			2019		
		In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
		---------- Rupees in '000 ----------					
Customers							
Current deposits		**47,602,012**	**214,880**	**47,816,892**	43,527,915	218,087	43,746,002
Savings deposits		**74,259,411**	**815,417**	**75,074,828**	54,814,210	817,743	55,631,953
Term deposits		**58,407,259**	**353,557**	**58,760,816**	29,436,358	298,529	29,734,887
Certificate of investments (COIs)	17.3	**16,600**	**-**	**16,600**	-	-	-
Margin and other deposits		**638,005**	**-**	**638,005**	380,731	-	380,731
		180,923,287	**1,383,854**	**182,307,141**	128,159,214	1,334,359	129,493,573
Financial Institutions							
Current deposits		**61,045**	**17**	**61,062**	44,422	17	44,439
Savings deposits		**1,623,450**	**-**	**1,623,450**	2,707,612	-	2,707,612
Term deposits		**1,489,000**	**-**	**1,489,000**	1,714,000	-	1,714,000
Margin and other deposits		**90,036**	**-**	**90,036**	90,038	-	90,038
		3,263,531	**17**	**3,263,548**	4,556,072	17	4,556,089
		184,186,818	**1,383,871**	**185,570,689**	132,715,286	1,334,376	134,049,662

		2020	2019
		(Rupees in '000)	
17.1	**Composition of deposits**		
	- Individuals	**20,851,238**	16,249,771
	- Government (Federal and Provincial)	**127,198,473**	82,919,393
	- Public Sector Entities	**1,830,111**	6,228,983
	- Banking Companies	**9,313**	4,630
	- Non-Banking Financial Institutions	**3,254,235**	4,551,459
	- Private Sector	**32,427,319**	24,095,426
		185,570,689	134,049,662

17.2 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 2020, the deposits eligible to be covered under insurance arrangements amounted to Rs. 28,754.09 million (2019: Rs. 20,825.29 million) and premium paid amounted to Rs. 33.32 million (2019 : Rs. 29.05 million).

17.3 Sindh Leasing Company Limited customer deposits taken on the books upon amalgamation.

		Note	2020	2019
			(Rupees in '000)	
18	**OTHER LIABILITIES**			
	Mark-up / return / interest payable in local currency		**2,337,713**	1,601,190
	Mark-up / return / interest payable in foreign currency		**3,539**	5,482
	Accrued expenses		**101,623**	159,431
	Net defined benefit liability		**72,270**	76,020
	Provision for compensated absences		**179,686**	188,606
	Unrealised loss against forward forex revaluation - net		**-**	105,781
	Payable against purchase of operating fixed assets		**42,714**	34,002
	Payable against purchase of shares		**519,695**	-
	Retention money		**56,376**	68,457
	Federal excise duty / sales tax on services payable		**3,351**	3,691
	Lease liability	18.1	**2,119,589**	2,299,121
	Withholding tax payable		**32,736**	23,242
	Acceptances		**7,671**	4,297
	Security deposit against leases	18.2	**400,237**	-
	Others		**218,388**	215,457
			6,095,588	4,784,777
18.1	**Lease liability**			
	Opening balance		**2,299,121**	-
	Impact of adoption of IFRS 16		**-**	2,716,299
	Additions / renewals		**326,104**	-
	Borrowing cost		**271,264**	296,171
	Payments		**(776,900)**	(713,349)
	Closing balance		**2,119,589**	2,299,121
	Current lease liability		**772,476**	741,637
	Non current lease liability		**1,347,113**	1,557,484
			2,119,589	2,299,121

18.2 These represent interest free security deposits received from lessees against lease contracts of Sindh Leasing Company Limited was amalgamated into the Bank, and are adjustable against residual value of leased assets at the expiry of the respective lease terms.

19 SHARE CAPITAL

19.1 Authorised capital

2020	2019		2020	2019
Number of shares			(Rupees in '000)	
2,800,000,000	2,000,000,000	Ordinary shares of Rs.10 each	**28,000,000**	20,000,000

19.2 Issued, subscribed and paid-up share capital

		(fully paid in cash)		
1,971,013,000	1,001,013,000	Ordinary shares of Rs.10 each	**19,710,130**	10,010,130
-	970,000,000	Risght shares of Rs.10 each issued during the year	**-**	9,700,000
1,971,013,000	1,971,013,000		**19,710,130**	19,710,130

19.3 The Government of Sindh, through its Finance Department, owns 99.95% ordinary shares of the Bank.

20 SHARES DEPOSIT MONEY

	2020	2019
	(Rupees in '000)	
Opening balance	**2,000,000**	-
Shares deposit money	**-**	11,700,000
Right shares issued during the year	**-**	(9,700,000)
	2,000,000	2,000,000

20.1 The Government of Sindh has paid this amount against issue of ordinary shares which is in process.

21 PROPOSED ORDINARY SHARES TO BE ISSUED ON AMALGAMATION

	Note	2020	2019
		(Rupees in '000)	
	21.1	**3,814,298**	-

21.1 As per the Scheme of Amalgamation, the Bank needs to issue 381,429,817 ordinary shares of the Bank to the sole shareholder (Government of Sindh) of Sindh Leasing Company Limited on the basis of the swap ratio of 1 (one) ordinary share of Sindh Bank Limited for every 0.9176 ordinary shares of Sindh Leasing Company Limited, as consideration for the merger.

22 DEFICIT ON REVALUATION OF ASSETS

	Note	2020	2019
		(Rupees in '000)	
Available-for-sale securities			
Federal government securities		**(652,382)**	(2,630,903)
Fully paid ordinary shares - listed		**(42,599)**	(231,757)
Units of mutual funds (units / certificates)		**25,618**	(63,236)
Sukuk certificates		**(316)**	6,920
		(669,679)	(2,918,976)
Related deferred taxation		**261,174**	1,138,399
		(408,505)	(1,780,577)

23 CONTINGENCIES AND COMMITMENTS

-Guarantees	23.1	**3,473,161**	3,979,309
-Commitments	23.2	**99,865,985**	22,144,949
-Other contingent liabilities		**-**	-
		103,339,146	26,124,258

		Note	2020	2019
			(Rupees in '000)	
23.1	**Guarantees:**			
	Financial guarantees		**1,036,910**	1,814,543
	Performance guarantees		**1,947,878**	1,476,888
	Other guarantees		**488,373**	687,878
			3,473,161	3,979,309
23.2	**Commitments:**			
	Documentary credits and short-term trade-related transactions			
	- letters of credit		**2,215,675**	610,437
	Commitments in respect of:			
	- forward foreign exchange contracts	23.2.1	**24,357,415**	5,035,712
	- forward lending, borrowings and credits	23.2.2	**73,292,895**	16,498,800
	Other commitments		**-**	-
			99,865,985	22,144,949
23.2.1	**Commitments in respect of forward foreign exchange contracts**			
	Purchase		**9,983,985**	2,470,494
	Sale		**14,373,430**	2,565,218
			24,357,415	5,035,712
23.2.2	**Commitments in respect of forward lending, borrowings and credits**			
	Forward repurchase agreement borrowing		**60,551,083**	2,570,889
	Forward resale agreement lending		**3,980,497**	3,646,700
	Undrawn formal standby facilities, credit lines and other commitments to lend	23.2.2.1	**8,761,315**	10,281,211
			73,292,895	16,498,800

23.2.2.1 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.

23.3 Contigencies

23.3.1 The Income Tax returns of the Bank have been filed up to the tax year 2020 (accounting year ended December 31, 2019) and amendment of deemed assessment had been carried out till tax year 2018, whereby certain disallowances to the taxable income were made.

23.3.2 For tax year 2019, the ACIR issued show-cause notice assessing the income tax payable under section 122 (5A) of the ITO 2001, detailed replies to which have been submitted and assessment order is awaited.

Appeals against amended orders were filed before Commissioner Inland Revenue Authority (CIRA), who deleted all major disallowances and additions in 2014 at the end of 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.

With respect to Bank's operations in Azad Jammu & Kashmir (AJK), the Bank has filed income tax returns upto tax year 2020 (accounting year ended December 31, 2019) with the tax authorities of AJK. The Commissioner has issued amended assessment orders for various tax years. The Bank has filed appeals which are pending at CIRA, as their office is vacant.

23.3.3 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 have filed a suit before Honorable Sindh High Court and have challenged the vires of SWWF, which is pending for adjudication.

23.3.4 Sindh Leasing Company Limited - Amalgamated

The Income Tax returns of the Sindh Leasing Company Limited have been filed up to the tax year 2020 (accounting year ended June 30, 2019). The returns so filed were treated as assessment orders deemed to have been issued by Commissioner Inland Revenue (CIR) in terms of section 120(1) of the income tax ordinance 2001. For Tax Year 2017, audit proceedings under section 177 of Income Tax Ordinance 2001 have been initiated by the tax authorities, however no order has yet been passed.

Withholding tax monitoring proceedings of tax year 2015, 2018 and 2019 were initiated under section 176 of the Income Tax Ordinance, 2001 read with rule 44 of Income Tax Rules, 2002 by tax authorities, however, no orders have yet been passed.

23.3.5 Other Contingent Liabilities	2020	2019
	(Rupees in '000)	
Claims against the Bank not acknowledged as debt	**803,500**	1,050,064

These mainly represent 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, the 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.

24 MARK-UP/RETURN/INTEREST EARNED	2020	2019
	(Rupees in '000)	
On Loans and advances	**5,174,550**	6,458,959
On Investments	**9,743,889**	5,303,011
On Lendings to financial institutions	**414,800**	296,970
On Balances with banks	**17,164**	56,461
	15,350,403	12,115,401

25 MARK-UP/RETURN/INTEREST EXPENSED		
Deposits	**9,433,958**	7,588,849
Borrowings	**2,771,080**	2,380,595
Lease liability against right of use assets	**271,264**	296,171
Others	**-**	-
	12,476,302	10,265,615

26 FEE AND COMMISSION INCOME		
Branch banking customer fees	**38,415**	53,864
Consumer finance related fees	**629**	762
Card related fees (debit cards)	**129,263**	130,458
Commission on trade	**37,186**	48,756
Commission on guarantees	**32,046**	42,626
Credit related fees	**30,324**	19,533
Commission on remittances including home remittances	**10,310**	7,006
Others	**511**	704
	278,684	303,709

		Note	2020	2019
			(Rupees in '000)	
27	**GAIN / (LOSS) ON SECURITIES**			
	Realised	27.1	**(46,420)**	(1,253,105)
	Unrealised - held for trading		**-**	-
			(46,420)	(1,253,105)
27.1	**Realised (loss) / gain on:**			
	Federal Government Securities		**276,060**	(914,262)
	Shares of listed companies		**(274,628)**	(338,843)
	Mutual Funds		**(47,852)**	-
			(46,420)	(1,253,105)
28	**OTHER INCOME**			
	Incidental charges		**721**	2,464
	Gain on sale of operating fixed assets		**4,331**	1,358
	Rent on premises shared		**3,535**	3,513
	Prequalification application fee for tender		**39**	84
	Godwon charges		**250**	161
	Others		**-**	-
			8,876	7,580
29	**OPERATING EXPENSES**			
	Total compensation expense	29.2	**2,502,581**	2,360,779
	Property expenses			
	Rent & taxes		**12,382**	17,537
	Insurance		**31,518**	26,711
	Utilities cost		**220,445**	227,431
	Security		**320,527**	297,500
	Repairs & maintenance		**24,850**	31,023
	Depreciation		**64,606**	61,707
	Depreciation - right of use assets		**698,927**	661,671
			1,373,255	1,323,580
	Information technology expenses			
	Software maintenance		**73,713**	58,045
	Hardware maintenance		**60,325**	53,108
	Depreciation		**16,968**	15,648
	Amortisation		**24,965**	21,711
	Network charges		**9,723**	11,823
	Others		**29,898**	17,721
			215,592	178,056
	Other operating expenses			
	Directors' fees and allowances		**14,350**	33,350
	Fees and allowances to Shariah Board		**5,461**	5,368
	Legal & professional charges		**47,735**	46,297
	Travelling & conveyance		**31,237**	38,670
	NIFT clearing charges		**23,512**	19,338
	Training & development		**907**	1,271
	Postage & courier charges		**14,917**	19,985
	Communication		**110,963**	114,064
	Stationery & printing		**80,457**	80,357

	Note	2020	2019
		(Rupees in '000)	
Marketing, advertisement & publicity		**34,560**	61,341
Donations		**-**	-
Auditor's Remuneration	29.3	**11,026**	9,807
Repairs & maintenance		**105,626**	83,537
Brokerage and commission		**13,289**	6,912
Entertainment Expenses		**45,790**	43,460
Fees and subscription		**46,892**	57,035
Insurance expenses		**9,470**	8,174
Premium of deposit protection fund		**33,320**	29,006
Depreciation		**224,989**	239,617
Others		**162,138**	142,730
		1,016,639	1,040,319
		5,108,067	4,902,734

29.1 Total cost for the year included in other operating expenses relating to Janitorial outsourced activities is Rs. 109.032 million (2019: 104.772 million). These expenses represent payments made to companies incorporated in Pakistan.

29.2 Total compensation expense

Managerial Remuneration		
- Fixed	**1,506,903**	1,393,304
- Variable Cash Bonus / Awards	**9,251**	8,394
Charge for defined benefit plan	**83,218**	71,496
Contribution to defined contribution plan	**86,805**	77,801
Rent & house maintenance	**479,655**	445,226
Utilities	**95,232**	87,929
Medical	**95,227**	87,928
Conveyance	**63,415**	54,784
Employee old age benefits contribution	**14,425**	14,280
Leave Fare Assistance Allowances	**8,708**	30,311
Leave Encashment	**-**	31,495
Staff Insurances	**56,501**	55,707
Others	**3,241**	2,124
	2,502,581	2,360,779

29.3 Auditors' remuneration

Audit fee	**9,088**	8,262
Fee for other statutory certifications	**1,010**	918
Special certifications and sundry advisory services	**475**	245
Out-of-pocket expenses	**453**	382
	11,026	9,807

30 OTHER CHARGES

Penalties imposed by the State Bank of Pakistan	**927**	19,818
Others	**-**	-
	927	19,818

		Note	2020	2019
			(Rupees in '000)	
31	PROVISIONS & WRITE OFFS - NET			
	Provision / diminution in value of investments	9.5.1	**306,734**	261,781
	Provisions against loans & advances	10.7.3	**3,416,208**	9,758,717
	Fixed assets written off		**-**	-
	Bad debts written off directly		**-**	-
			3,722,942	10,020,498
32	TAXATION			
	Current		**238,711**	188,667
	Prior years		**-**	-
	Deferred		**(2,361,207)**	(5,689,983)
			(2,122,496)	(5,501,316)
32.1	Relationship between tax expense and accounting profit			
	Loss before tax		**(5,335,067)**	(13,761,176)
	Tax on (loss) / income @ 39%		**(2,080,676)**	(5,366,858)
	Permanent differences - Minimum Tax		**-**	188,667
	Effect of permanent differences		**(41,820)**	(323,125)
			(2,122,496)	(5,501,316)
33	BASIC EARNINGS/ (LOSS) PER SHARE			
	Loss for the year		**(3,212,571)**	(8,259,860)
	Weighted average number of ordinary shares		**1,971,013,000**	1,032,903,411
	Basic loss per share		**(1.63)**	(8.00)
34	DILUTED LOSS PER SHARE			
	Loss for the year		**(3,212,571)**	(8,259,860)
	Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)		**1,971,013,000**	1,032,903,411
	Diluted loss per share		**(1.63)**	(8.00)
35	CASH AND CASH EQUIVALENTS			
	Cash and Balance with Treasury Banks	6	**14,486,693**	13,552,972
	Balance with other banks	7	**4,185,277**	838,364
			18,671,970	14,391,336

			2020	2019
			---------- Number ----------	
36	STAFF STRENGTH			
	Permanent		**1,789**	1,745
	Temporary / on contract		**151**	160
	Total staff strength	36.2	**1,940**	1,905

36.1 In addition to the above 483 (2019: 472) staff from outsourced services companies were assigned to the Bank.

36.2 This includes 18 permanent staff and 3 outsourced staff of Sindh Leasing Company Limited amalgamated into the Bank as at close of business on December 31, 2020.

37 DEFINED BENEFIT AND CONTRIBUTION PLANS

37.1 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. The number of employees covered under the schemes are 1780 (2019: 1665).

37.1.1 Principal actuarial assumptions

The latest actuarial valuation was carried out as at December 31, 2020 using the Projected Unit Credit Method. Following are the significant assumptions used in the actuarial valuation:

	Note	2020	2019
		(Percentage)	
- Discount rate		**10.25%**	11.75%
- Expected rate of increase in salaries-short term		**9.50%**	8.50%
- Expected rate of increase in salaries-long term		**9.50%**	11.75%
- Expected return on plan assets		**10.25%**	11.75%
- Duration (Years)		**11.36**	11.75

		2020	2019
37.1.2 Reconciliation of net defined benefit liability		(Rupees in '000)	
Present value of defined benefit liability	37.1.5	**498,760**	413,412
Fair value of plan assets	37.1.6	**(426,490)**	(337,392)
Payable to defined benefit plan	37.1.3	**72,270**	76,020
37.1.3 Movement in net defined benefit liability			
Opening balance		**76,020**	76,741
Charge to profit and loss during the year	37.1.4	**83,218**	71,496
Remeasurement loss recognized in OCI	37.1.4	**(10,948)**	4,524
Bank's contribution		**(76,020)**	(76,741)
Closing balance		**72,270**	76,020
37.1.4 Charge for defined benefit plan			
In profit and loss			
Current service cost		**77,487**	66,220
Interest cost - net		**4,467**	5,276
Past service cost		**1,264**	-
Charge for the year		**83,218**	71,496
In other comprehensive income			
Remeasurement (gain) / loss on defined benefit obligation		**(28,313)**	(4,670)
Remeasurement loss on plan assets		**17,365**	9,194
		(10,948)	4,524
37.1.5 Changes in present value of defined benefit liability			
Opening balance		**413,412**	320,832
Current service cost		**77,487**	66,220
Interest cost		**47,818**	43,273

	Note	2020	2019
		(Rupees in '000)	
Past service cost		1,264	-
Benefits paid		(12,908)	(12,243)
Actuarial loss / (gain) on obligation			
- Financial assumptions		-	-
- Experience assumptions		(28,313)	(4,670)
		(28,313)	(4,670)
Closing balance		498,760	413,412

37.1.6 Fair value of plan assets

Fair value of plan assets at the beginning of the year		337,392	244,091
Expected return on plan assets		43,351	37,997
Bank's contributions		76,020	76,741
Benefits paid		(12,908)	(12,243)
Actuarial loss on assets - experience assumptions		(17,365)	(9,194)
Fair value of plan assets at the end of the year	37.1.7	426,490	337,392

37.1.7 Plan assets comprise

Balance held in bank accounts	426,490	337,392

37.1.8 Sensitivity analysis

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

	2020	2019
	(Rupees in '000)	
Discount rate (1% variation)	447,029	369,039
Future salary growth (1% variation)	562,491	468,016
Future mortality (1 year variation)	498,929	413,449

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.

37.1.9 The expected gratuity expense for the year commencing January 01, 2021 works out to Rs.92.93 milliom (2020: Rs. 76.51 million).

37.1.10 Maturity analysis

The weighted average duration of the defined benefit obligation works out to be 11.36 years. Expected benefit payments for the next five years are:

	2021	2022	2023	2024	2025
	(Rupees in '000)				
Expected benefit payments	36,933	28,168	22,705	40,474	30,663

37.1.11 Risks Associated with Defined Benefit Plans

Investment Risks
The risk arises when the actual performance of the invstment is lower than expectation. This is managed by formulating the investment plan in consultation with the trustee and the actuary.

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 was assumed. Since the benefit is calculated on the final salary, the benefit amount increases similary. 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 pose a risk to the benefit obligation. The movement of the liability can go either way.

37.2 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 salary 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.173.61 (2019: Rs.155.60) million. The number of employees as at December 31, 2020 eligible under the plan were 1,780 (2019: 1,665).

38. 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 service. Regular employees are entitled to 30 days privilege leave for each completed year of service. Unutilized privilege leave is 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. This is 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 of Rs.179.69 (2019: Rs.188.61) million has been made on the basis of actuarial recommendations.

	2020	2019
	(Rupees in '000)	
38.1 Movement of compensated absences		
Opening balance	**188,606**	161,037
(Reversal) / Expense for the year	**(5,210)**	31,495
Benefit paid during the year	**(3,710)**	(3,926)
Closing balance	**179,686**	188,606

39 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

39.1 Total Compensation Expense

	2020						
	Directors						
	Chairman	Executives (other than CEO)	Non-Executives	Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	(Rupees in ' 000')						
Fees and Allowances	3,450	-	10,900	4,977	-	-	-
Managerial Remuneration							
- Fixed	-	-	-	-	13,159	94,949	60,503
- Variable Cash Bonus / Awards	-	-	-	-	-	-	-
Charge for defined benefit plan	-	-	-	-	1,264	6,912	5,494
Contribution to defined contribution plan	-	-	-	-	1,316	7,549	5,988
Rent & house maintenance	-	-	-	-	5,922	42,727	27,226
Utilities	-	-	-	-	1,316	9,495	6,050
Medical	-	-	-	-	1,316	9,495	6,050
Conveyance	-	-	-	484	813	16,140	16,074
Bonus	-	-	-	-	2,424	15,148	9,643
Others	621	-	-	-	1,233	8,374	6,861
Total	4,071	-	10,900	5,461	28,763	210,789	143,889
Number of Persons	1	-	4	3	1	25	36

	2019						
	Directors						
	Chairman	Executives (other than CEO)	Non-Executives	Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	(Rupees in ' 000')						
Fees and Allowances	6,350	-	27,000	4,817	-	-	-
Managerial Remuneration							
- Fixed	-	-	-	-	11,252	88,007	56,204
- Variable Cash Bonus / Awards	-	-	-	-	-	-	-
Charge for defined benefit plan	-	-	-	-	1,666	7,961	8,702
Contribution to defined contribution plan	-	-	-	-	1,125	5,786	5,393
Rent & house maintenance	-	-	-	-	5,064	39,603	25,292
Utilities	-	-	-	-	1,125	8,801	5,620
Medical	-	-	-	-	1,125	8,801	5,620
Conveyance	-	-	-	550	645	16,180	17,020
Bonus	-	-	-	-	1,455	12,631	8,630
Others	228	-	-	-	938	8,544	7,816
Total	6,578	-	27,000	5,367	24,395	196,314	140,297
Number of Persons	2	-	8	3	2	26	37

39.1.1 The President and Chief Executive Officer and certain executives of the Bank are provided with free use of Bank maintained cars.

39.1.2 The term "Key Management Personnel" includes the following functional responsibilities:

(a) Any executive or key executive, acting as second to CEO, by whatever name called, and including the Chief Operating Officer (COO) and Deputy Managing Director.

(b) Any executive or key executive reporting directly to the CEO / President or a person mentioned in (a) above.

The term 'Material Risk Taker' and 'Material Risk Controller' have the same meaning as defined in revised guidelines on remuneration practices issued by the State Bank of Pakistan vide BPRD circular No. 1 of 2017.

39.1.3 The terms Directors, Executive Directors, Non-Executive Directors, CEO and Key Executives have same meaning as defined in Prudential Regulations (PRs) for Corporate and Commercial Banking. For the purpose of these disclosures Key Executive will also include Executives who have direct reporting line to the President/CEO or BoD or its Committees.

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

Sr. No.	Name of Directors	For Board Meetings	For Board Committee: Audit Committee	Risk Management Committee	Procurement, I.T. & Security Committee	Human Resource & Remuneration Committee	Nomination Committee	Total Amount Paid
		2020						
		Amount Rs. 000						
1	Mr. Javaid Bashir Sheikh	2,250	1,000	600	-	-	-	3,850
2	Mr. Anis Ahmed Khan	2,250	-	-	400	800	-	3,450
3	Mr. Sami Ul Haq Khilji	2,000	-	-	400	800	-	3,200
4	Mrs. Masooma Hussain	2,250	1,000	600	-	-	-	3,850
	Total Amount Paid	8,750	2,000	1,200	800	1,600	-	14,350

Sr. No.	Name of Directors	For Board Meetings	For Board Committee: Audit Committee	Risk Management Committee	Procurement, I.T. & Security Committee	Human Resource & Remuneration Committee	Nomination Committee	Total Amount Paid
		2019						
		Amount Rs. 000						
1	Mr. Afzal Ghani	250	-	-	-	-	-	250
2	Mr. Najam Ahmed Shah	2,750	1,000	-	400	1,000	600	5,750
3	Mr. Javaid Bashir Sheikh	2,250	400	1,000	-	400	-	4,050
4	Mr. Tajammal Hussain Bokharee	3,500	600	400	-	1,000	600	6,100
5	Mr. Muhammad Bilal Sheikh	2,000	400	-	-	400	600	3,400
6	Mr. Anis Ahmed Khan	2,750	-	200	200	1,400	200	4,750
7	Mr. Sami Ul Haq Khilji	3,250	1,400	200	400	800	-	6,050
8	Mrs. Masooma Hussain	2,000	-	800	200	-	-	3,000
	Total Amount Paid	18,750	3,800	2,600	1,200	5,000	2,000	33,350

39.3 Remuneration paid to Shariah Board Members

Items	2020 Chairman	2020 Member	2020 Resident Member	2019 Chairman	2019 Member	2019 Resident Member
	Amount Rs. 000					
Managerial Remuneration (Fixed)	2,400	1,271	1,306	2,000	1,382	1,436
Fuel Allowances	-	242	242	-	275	275
Total Amount	2,400	1,513	1,548	2,000	1,657	1,711
Total Number of Persons	1	1	1	1	1	1

40 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 5.17 to these financial statements.

The repricing profile, effective rates and maturity profile are stated in note 44.3.6 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.

40.1 Fair value of financial assets

IFRS 13 requires the Bank to make 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.

40.2 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.

	2020			
	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	-	97,261,439	-	97,261,439
Market Treasury Bills	-	51,354,254	-	51,354,254
Shares of listed companies	2,025,288	-	-	2,025,288
Term finance certificates - Listed	-	-	-	-
Units of mutual funds	123,254	84,422	-	207,676
Ijarah Sukuk - GoP	-	1,499,486	-	1,499,486
Sukuk bonds	-	96,112	-	96,112
	2,148,542	150,295,713	-	152,444,255
Off balance sheet financial instruments				
Foreign exchange contracts (purchase)	-	9,983,985	-	9,983,985
Foreign exchange contracts (sale)	-	14,373,430	-	14,373,430

	2019			
	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	-	21,037,034	-	21,037,034
Market Treasury Bills	-	21,898,158	-	21,898,158
Shares of listed companies	1,999,340	-	-	1,999,340
Term finance certificates - Listed	-	-	-	-
Units of mutual funds	123,254	707,913	-	831,167
Ijarah Sukuk - GoP	-	495,000	-	495,000
Sukuk bonds	-	199,776	-	199,776
	2,122,594	44,337,881	-	46,460,475
Off balance sheet financial instruments				
Foreign exchange contracts (purchase)	-	2,470,494	-	2,470,494
Foreign exchange contracts (sale)	-	2,565,218	-	2,565,218

The valuation techniques used for the above assets are disclosed as under:

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.

41 SEGMENT INFORMATION

41.1 Segment Details with respect to Business Activities

	2020				
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
	---------- Amount Rs. 000 ----------				
Profit & Loss					
Net mark-up/return/interest income	7,422,712	21,793	-	(4,570,404)	2,874,101
Inter segment revenue - net	(9,390,474)	-	-	9,390,474	-
Non mark-up / interest income	323,031	255	-	299,482	622,768
Total Income	(1,644,731)	22,048	-	5,119,552	3,496,869
Segment direct expenses	(73,935)	(3,361)	-	(3,478,358)	(3,555,654)
Inter segment expense allocation	(155,334)	(16,345)	-	(1,381,661)	(1,553,340)
Total expenses	(229,269)	(19,706)	-	(4,860,019)	(5,108,994)
Provisions	(306,734)	-	-	(3,416,208)	(3,722,942)
(Loss) / Profit before tax	(2,180,734)	2,342	-	(3,156,675)	(5,335,067)
Balance Sheet					
Cash & Bank balances	6,653,590	-	-	12,018,380	18,671,970
Investments	170,818,493	-	-	-	170,818,493
Net inter segment lending	-	-	-	128,207,417	128,207,417
Lendings to financial institutions	8,212,780	-	-	-	8,212,780
Advances - performing	40,376	245,343	-	40,734,063	41,019,782
- non-performing	-	-	-	15,833,473	15,833,473
Others	5,007,313	2,713	-	14,146,856	19,156,882
Total Assets	190,732,552	248,056	-	210,940,189	401,920,797
Borrowings	60,625,508	-	-	1,752,140	62,377,648
Subordinated debt	-	-	-	-	-
Deposits & other accounts	-	-	-	185,570,689	185,570,689
Net inter segment borrowing	127,964,432	242,985	-	-	128,207,417
Others	607,750	5,071	-	6,075,101	6,687,922
Total liabilities	189,197,690	248,056	-	193,397,930	382,843,676
Equity	1,534,862	-	-	17,542,259	19,077,121
Total Equity & liabilities	190,732,552	248,056	-	210,940,189	401,920,797
Contingencies & Commitments	88,888,995	-	-	14,450,151	103,339,146

	2019				
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
	Amount Rs. 000				
Profit & Loss					
Net mark-up/return/interest income	3,254,098	25,006	-	(1,429,318)	1,849,786
Inter segment revenue - net	(5,083,926)	-	-	5,083,926	-
Non mark-up / interest income	(991,396)	205	-	323,279	(667,912)
Total Income	(2,821,224)	25,211	-	3,977,887	1,181,874
Segment direct expenses	(75,983)	(1,810)	-	(3,242,703)	(3,320,496)
Inter segment expense allocation	(164,316)	(9,569)	-	(1,428,171)	(1,602,056)
Total expenses	(240,299)	(11,379)	-	(4,670,874)	(4,922,552)
Provisions	(261,780)	-	-	(9,758,718)	(10,020,498)
(Loss) / Profit before tax	(3,323,303)	13,832	-	(10,451,705)	(13,761,176)
Balance Sheet					
Cash & Bank balances	7,655,084	-	-	6,736,252	14,391,336
Investments	65,143,452	-	-	-	65,143,452
Net inter segment lending	-	-	-	77,263,685	77,263,685
Lendings to financial institutions	3,645,392	-	-	-	3,645,392
Advances - performing	34,685	175,431	-	42,410,391	42,620,507
- non-performing	-	-	-	18,510,545	18,510,545
Others	3,590,828	1,675	-	12,695,199	16,287,702
Total Assets	80,069,441	177,106	-	157,616,072	237,862,619
Borrowings	2,715,905	-	-	1,476,379	4,192,284
Subordinated debt	-	-	-	-	-
Deposits & other accounts	-	-	-	134,049,662	134,049,662
Net inter segment borrowing	77,093,104	170,581	-	-	77,263,685
Others	153,995	6,525	-	5,119,267	5,279,787
Total liabilities	79,963,004	177,106	-	140,645,308	220,785,418
Equity	106,437	-	-	16,970,764	17,077,201
Total Equity & liabilities	80,069,441	177,106	-	157,616,072	237,862,619
Contingencies & Commitments	21,626,593	-	-	4,497,665	26,124,258

42 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 and key management persons 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 99.95% 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 transactions 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:

	2020				2019			
	Directors	Key manage-ment personnel	Subsidiaries	Other related parties	Directors	Key manage-ment personnel	Subsidiaries	Other related parties
	Amount Rs. 000							
Investments								
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	-	62,587	-	46,874	-	124,018	76,518	109,375
Addition during the year	-	130,665	-	-	-	15,091	-	-
Repaid during the year	-	18,430	-	46,874	-	17,563	76,518	62,501
Transfer in / (out) - net	-	(2,768)	-	-	-	(58,959)	-	-
Closing balance	-	172,054	-	-	-	62,587	-	46,874
Other Assets								
Interest / mark-up accrued	-	150	-	-	-	30	-	1,857
Other receivable	-	-	-	-	-	-	75	435
	-	150	-	-	-	30	75	2,292
Deposits and other accounts								
Opening balance	21,698	67,060	82,373	3,519,086	52,636	65,375	31,418	1,231,625
Received during the year	49,633	320,609	1,156,766	9,854,048	220,006	428,671	3,649,601	13,320,173
Withdrawn during the year	48,401	313,181	1,161,826	9,151,255	225,413	424,436	3,598,646	11,032,474
Transfer in / (out) - net	-	(6,288)	-	(2,142,816)	(25,531)	(2,550)	-	(238)
Closing balance	22,930	68,200	77,313	2,079,063	21,698	67,060	82,373	3,519,086
Other Liabilities								
Interest / mark-up payable	215	346	111	82,299	245	865	481	46,685

	2020				2019			
	Directors	Key manage-ment personnel	Subsidiaries	Other related parties	Directors	Key manage-ment personnel	Subsidiaries	Other related parties
	Amount Rs. 000							
Income								
Mark-up / return / interest earned	-	3,946	-	2,181	-	2,147	4,368	10,051
Fee and commission income	3	13	39	24	-	10	302	30
Net gain on sale of securities	-	-	-	372	6	-	15	3,987
Other income	-	-	(38)	3,573	-	-	300	3,213
Expense								
Mark-up / return / interest paid	496	3,753	2,369	400,604	2,336	4,286	3,779	228,420
Rent paid	-	-	-	-	-	-	-	-
Remuneration paid	-	184,183	-	-	-	173,685	-	-
Contribution to provident fund	-	7,837	-	-	-	6,288	-	-
Provision for gratuity	-	7,313	-	-	-	6,287	-	-
Other staff benefits	-	19,729	-	-	-	16,396	-	-
Directors' meeting fee	14,350	-	-	-	33,350	-	-	-
Other expenses	621	-	-	-	351	-	-	-
Insurance premium paid	-	-	-	114,131	-	-	-	77,897
Others								
Sale of Government Securities	-	-	13,000	1,341,825	58,000	-	20,000	3,625,000
Purchase of Government Securities	-	-	-	-	-	22,500	-	110,000
Expenses recovered under agency arrangement	-	-	-	172	-	-	-	296
Insurance claims settled	-	-	-	675	-	-	-	5,800

As at the date of unconsolidated statement of financial position, loans/advances and deposits related to government related entities amounted to Rs.10,644.23 million (note 10.2) and Rs.80,746.69 million (note 17). The above includes deposits amounting to Rs.22,625.33 (2019: Rs.17,997.57) million received through the Finance Department, Government of Sindh.

	2020	2019
	---------- Rupees in '000 ----------	
43 CAPITAL ADEQUACY, LEVERAGE RATIOS & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	**12,199,906**	15,405,799
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	**9,923,597**	8,808,290
Eligible Additional Tier 1 (ADT 1) Capital	**-**	-
Total Eligible Tier 1 Capital	**9,923,597**	8,808,290
Eligible Tier 2 Capital	**2,208**	-
Total Eligible Capital (Tier 1 + Tier 2)	**9,925,805**	8,808,290
Risk Weighted Assets (RWAs):		
Credit Risk	**40,317,959**	44,033,523
Market Risk	**17,878,718**	14,302,521
Operational Risk	**7,107,436**	8,635,395
Total	**65,304,113**	66,971,439
Common Equity Tier 1 Capital Adequacy ratio	**15.20%**	13.15%
Tier 1 Capital Adequacy Ratio	**15.20%**	13.15%
Total Capital Adequacy Ratio	**15.20%**	13.15%
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	**11.50%**	12.50%
Approach followed for detrmining Risk Weighted Assets		
Credit Risk	**Comprehensive Maturity method**	Comprehensive Maturity
Market Risk		
Operational Risk	**Basic Indicator**	Basic Indicator

	2020	2019
	---------- Rupees in '000 ----------	
Leverage Ratio (LR):		
Eligiblle Tier-1 Capital	**9,923,597**	8,808,290
Total Exposures	**269,894,296**	159,896,115
Leverage Ratio (%)	**3.68%**	5.51%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	**74,110,684**	44,615,973
Total Net Cash Outflow	**20,177,398**	17,943,953
Liquidity Coverage Ratio (%)	**367%**	249%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	**128,910,815**	104,909,785
Total Required Stable Funding	**49,505,620**	69,852,945
Net Stable Funding Ratio	**260%**	150%

43.1 The full disclsoures on the Capital Adequacy, Leverage Ratios & 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. sindh bankltd.com/financials/basel-statements.

44. RISK MANAGEMENT

The Bank's risk management framework encompasses the culture, processes and structure and is directed towards the effective management of potential opportunities and threats to the Bank. The prime objective of the Bank's risk management strategy is to abandon the traditional approach of 'managing risk by silos' and to put in place integrated risk and economic capital management capabilities that will enable the Bank to achieve integrated view of risks across its various business operations and to gain strategic advantage from its risk management capabilities.

The Board of Directors (BOD) keeps an oversight on the Bank-wide risk management framework and approves the risk management strategy and policies of the Bank. The Board Risk Management Committee (BRMC), ensures that the Bank maintains a complete and prudent integrated risk management framework at all times and ensures that the risk exposures are maintained within acceptable levels. BRMC is responsible for reviewing the extent of design and adequacy of risk management framework. BRMC oversight ensures that risks are managed within the level of tolerance and risk appetite of the Bank.

44.1 Covid - 19

The COVID-19 pandemic has severly impacted and taken its toll on the businesses and economy in early 2020, in Pakistan forcing the governments and regulators to take various measures to dampen its impact. The State Bank of Pakistan, being the regulator, responding to the situation, has announced several relief measures to provide an impetus to the economy and business activities, which includes the following:

- Reducing the policy rate / discount rate by 625 bps since January, 2020;
- Reduction in the capital conservation buffer by 100 to 150 bps;
- Increasing the regulatory limit on extension of credit to SMEs to Rs.180 million;
- Relaxing the debt equity ratio for consumer loans from 50% to 60%;
- Allowing banks to defer borrower's principal loan payments by one year and or restructure/ reschedule loans of borrowers who require relief of principal repayment exceeding one year and/ or markup with no reflection on credit history; and
- Introduction of refinancing schemes for payment of wages and salaries.

COVID -19 impacted banks in Pakistan on a number of fronts including increase in overall credit risk pertaining to the loans and advances portfolio, reduced fee income due to overall slowdown in economic activity, reduction in operating cash flows, and managing cyber security threats as significant number of the employees will opt to work from home and ever increasing number of customers are being encouraged to use digital channels.

For the year ended December 31, 2020 such affected borrowers availed deferment / restructuring and rescheduling relief amounting to Rs. 3,378,71 million.

While reviewing COVID -19 impact assessment, the bank does not forsee any signficant adverse impact on the financial statements.

44.2 Credit risk

Credit risk arises from the potential that an obligor is either unwilling to perform on an obligation or its ability is impaired resulting in economic loss to the Bank. The objective of credit risk management is to keep credit risk exposure within permissible level, relevant to the Bank's risk appetite and capital, to maintain the soundness of assets and to ensure returns commensurate with risk. The Bank takes necessary measures to control such risk by evaluating, measuring and monitoring credit exposures.

The Bank has a comprehensive pre-approval evaluation process of credit risk embedded within Risk Management Division. The risk evaluation function is an integral part of Credit Risk Management Framework and is independent from the risk taking function. The credit evaluation department will independently identify actual and potential risks both on individual and on portfolio basis including adherence to relevant internal policies, procedures and related regulatory guidelines.

In addition to monitoring credit limits specified in the Prudential Regulations of the State Bank of Pakistan, the credit limit structure of the Bank includes internal limits as established by the Board of Directors and senior management. Credit Limits along with credit concentration is monitored on a regular basis and any exceptions are reported to the relevant authorities for their timely action where necessary.

The Bank uses comprehensive Approach for assessing the capital charge for Credit risk.

44.2.1 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	
	2020	2019	**2020**	2019	**2020**	2019
	(Rupees 000)					
Public/ Government	-	494,545	-	-	-	-
Private	**8,212,780**	3,150,847	-	-	-	-
Total	**8,212,780**	3,645,392	-	-	-	-

44.2.2 Investments

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

	Gross Investment		Non Performing Investment		Provision held	
	2020	2019	**2020**	2019	**2020**	2019
	(Rupees 000)					
Govt. of Pakistan	**167,539,650**	62,859,352	-	-	-	-
Banks	**2,185,953**	1,606,514	**305,797**	297,132	**305,797**	297,132
Cement	**63,745**	63,745	**34,923**	32,189	**34,923**	32,189
Fertilizer	**628,710**	618,582	**22,684**	22,684	**22,684**	22,684
Financial	**315,050**	1,791,873	**32,991**	20,646	**32,991**	20,646
Petroleum	**128,390**	7,682	**6,449**	5,935	**6,449**	5,935
Power (electricity), Gas & Water	**846,349**	1,027,622	-	-	-	-
Sugar	**592,052**	592,051	**592,051**	514,344	**408,883**	126,407
Total	**172,299,899**	68,567,421	**994,895**	892,930	**811,727**	504,993

44.2.2.1 Credit risk by public / private sector

	Gross Investments		Non Performing Investments		Provision held	
	2020	2019	**2020**	2019	**2020**	2019
	Amount Rs. 000					
Public/ Government	**168,283,705**	65,644,039	**6,449**	45,200	**6,449**	-
Private	**4,016,194**	2,923,382	**988,446**	847,730	**805,278**	504,993
Total	**172,299,899**	68,567,421	**994,895**	892,930	**811,727**	504,993

44.2.3 Advances

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

	Advances Gross		Non Performing Advances		Provision held	
	2020	2019	2020	2019	2020	2019
	(Rupees 000)					
Pharmaceuticals	21,219	35,162	-	-	-	-
Agriculture business	1,833,627	1,855,168	1,441,481	980,039	1,048,511	260,891
Manufacturing of textile	965,376	854,135	33,186	33,186	33,186	33,186
Cement	64,382	64,499	-	-	-	-
Transport, storage and communication	643,101	843,405	-	-	-	-
Wholesale and retail trade	1,499,646	1,580,351	462,048	413,795	226,005	173,933
Mining and quarrying	4,667,681	3,599,771	-	-	-	-
Hotel and restaurants	1,160,948	1,189,431	-	-	-	-
Petroleum	1,792,576	3,759,697	391,286	1,773,683	214,942	1,105,300
Media channels	2,253,297	2,398,139	1,499,380	1,499,380	392,830	23,980
Manufacture of basic iron and steel	1,926,079	2,037,785	1,756,740	1,756,740	1,423,134	1,313,378
Sugar	19,909,226	19,553,996	17,549,268	16,136,917	10,672,493	8,509,791
Automobile and transportation equipment	2,483,180	2,452,015	2,434,209	2,432,015	1,800,790	1,670,118
Chemicals and chemical products	1,506,508	1,519,737	1,098,591	1,098,591	981,382	893,311
Financial	2,565,902	3,364,777	1,183,766	1,183,766	406,389	280,940
Rice & Wheat	628,999	492,170	23,971	30,000	8,722	-
Construction, real estate and societies	4,715,025	4,805,314	2,901,365	2,896,716	745,977	456,350
Food	10,797,032	7,370,532	152,806	152,736	142,754	102,600
Insurance	7,652	13,475	-	-	-	-
Power, electricity and gas	9,997,791	11,511,501	2,234,166	2,586,728	997,987	422,469
Domestic Appliances	1,707,599	2,007,937	-	-	-	-
Education	20,357	23,083	14,881	-	7,185	-
Individuals	961,787	805,865	6,755	187	697	187
Others	4,226,883	4,292,151	2,149,984	833,294	397,426	50,797
Total	76,355,873	76,430,095	35,333,883	33,807,776	19,500,410	15,297,231

44.2.3.1 Credit risk by public / private sector

	Advances (Gross)		Non Performing Advances		Provision held	
	2020	2019	2020	2019	2020	2019
	(Rupees 000)					
Public/ Government	10,644,226	7,020,595	-	-	-	-
Private	65,711,647	69,409,500	35,333,883	33,807,776	19,500,410	15,297,231
Total	76,355,873	76,430,095	35,333,883	33,807,776	19,500,410	15,297,231

44.2.4 Contingencies and Commitments

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

	2020	2019
	Rupees in '000	
Chemical and pharmaceuticals	24,013	301,586
Manufacturing of textile	109,079	8,500
Transport, storage and communication	128,500	136,000
Wholesale and retail trade	653,691	345,290
Petroleum	1,971,167	201,637
Manufacture of basic iron and steel	19,607	24,962
Sugar	21,223	230,783
Automobile and transportation equipment	42,818	42,118
Financial	89,720,735	12,099,004
Construction, real estate and societies	519,715	862,716
Domestic Appliances	187,407	-
Power, electricity and gas	977,783	1,022,226
Education	2,270	310
Others	199,823	567,915
Total	94,577,831	15,843,047

	2020	2019
	Rupees in '000	
44.2.4.1 Credit risk by public / private sector		
Public/ Government	**57,928,791**	3,261,017
Private	**36,649,040**	12,582,030
Total	**94,577,831**	15,843,047

44.2.5 Concentration of Advances

The Bank's top 10 exposures (funded and non-funded) aggregated Rs. 32,476.20 million (2019: Rs. 28,210.47 million) as follows:

	2020	2019
	Rupees in '000	
Funded	**30,318,679**	27,703,303
Non Funded	**2,157,520**	507,162
Total Exposure	**32,476,199**	28,210,465

44.2.5.1 The sanctioned limits against these top 10 expsoures aggregated Rs. 34,879.07 million (2019: Rs. 32,183.77 million).

44.2.5.2 Total Funded Facilities Classified

Classified funded facilities of the Bank's top 10 exposures are as follows:

	2020		2019	
	Classified	Provision held	Classified	Provision held
	Amount Rs. 000			
OAEM	-	-	-	-
Substandard	-	-	-	-
Doubtful	3,674	1,097	-	-
Loss	8,323,958	4,644,760	8,002,976	3,497,963
Total	**8,327,632**	**4,645,857**	8,002,976	3,497,963

44.2.6 Advances - Province/Region-wise Disbursement & Utilization

Name of Province / Region	2020						
	Disbursements	UTILIZATION					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
		(Rupees) 000					
Punjab	9,920,434	9,919,697	737	-	-	-	-
Sindh	10,649,327	-	10,649,327	-	-	-	-
KPK including FATA	1,302	-	-	1,302	-	-	-
Balochistan	212,256	-	-	-	212,256	-	-
Islamabad	271,814	-	-	-	-	271,814	-
AJK including Gilgit-Baltistan	2,978	-	-	-	-	-	2,978
Total	21,058,111	9,919,697	10,650,064	1,302	212,256	271,814	2,978

Name of Province / Region	2019						
	Disbursements	UTILIZATION					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	---------- (Rupees) 000 ----------						
Punjab	23,893,780	23,865,800	27,980	-	-	-	-
Sindh	43,670,489	152,292	43,517,699	498	-	-	-
KPK including FATA	6,270	-	-	6,270	-	-	-
Balochistan	404,561	-	-	-	404,561	-	-
Islamabad	1,555,255	-	-	-	-	1,555,255	-
AJK including Gilgit-Baltistan	3,715	-	-	-	-	-	3,715
Total	69,534,070	24,018,092	43,545,679	6,768	404,561	1,555,255	3,715

44.3 Market risk

Market Risk is the risk of loss in earnings and capital due to adverse changes in interest rates, foreign exchange rates, equity prices and market conditions. Market Risk management aims to provide risk management practices that are integrated in key strategic, capital and financial planning process and day-to-day business processes across the Bank. The Bank's market risk mangement policies set out risk management parameters, governance and control framework as well as reporting arrangements.

The Bank has developed a market risk management framework to efficiently and effectively monitor and manage market risk in every transaction of Banking and Trading Book.

44.3.1 Balance sheet split by trading and banking books

	2020			2019		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	---------- Amount Rs. 000 ----------					
Cash and balances with treasury banks	**14,486,693**	**-**	**14,486,693**	13,552,972	-	13,552,972
Balances with other banks	**4,185,277**	**-**	**4,185,277**	838,364	-	838,364
Lendings to financial institutions	**8,212,780**	**-**	**8,212,780**	3,645,392	-	3,645,392
Investments	**170,818,493**	**-**	**170,818,493**	65,143,452	-	65,143,452
Advances	**56,853,255**	**-**	**56,853,255**	61,131,052	-	61,131,052
Fixed assets	**3,265,367**	**-**	**3,265,367**	3,788,000	-	3,788,000
Intangible assets	**68,385**	**-**	**68,385**	39,964	-	39,964
Deferred tax assets	**10,182,327**	**-**	**10,182,327**	8,606,608	-	8,606,608
Other assets	**5,640,803**	**-**	**5,640,803**	3,853,130	-	3,853,130
	273,713,380	**-**	**273,713,380**	160,598,934	-	160,598,934

44.3.2 Foreign exchange risk

The foreign exchange risk is defined as the current or prospective risk to earnings and capital arising from adverse movements in currency exchange rates. It refers to the impact of adverse movement in currency exchange rates on the value of open foreign currency positions. The objective of the foreign exchange risk management is to minimize the adverse impact of foreign exchange rate movements on the assets and liabilities mismatch (tenor and position) and maximize earnings. The Bank limits its currency exposure to the extent of statutory net open position prescribed by the SBP except in the cases where exemption is provided by SBP. Foreign exchange open and mismatch positions are controlled through close monitoring and are marked to market on a daily basis. Currency-wise positionjs is given below:

	2020			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	(Rupees in '000)			
Pakistan Rupee	268,923,249	253,248,850	4,389,445	20,063,844
United States Dollar	4,683,940	1,080,311	(4,292,746)	(689,117)
Great Britain Pound	44,901	213,268	-	(168,367)
Euro	41,632	93,830	(96,699)	(148,897)
Japanese Yen	3,949	-	-	3,949
Saudi Riyal	8,637	-	-	8,637
UAE Dirham	7,072	-	-	7,072
	273,713,380	254,636,259	-	19,077,121

	2019			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	(Rupees in '000)			
Pakistan Rupee	159,323,312	142,181,874	94,724	17,236,162
United States Dollar	929,617	979,925	(94,724)	(145,032)
Great Britain Pound	225,381	277,845	-	(52,464)
Euro	101,192	82,089	-	19,103
Japanese Yen	268	-	-	268
Saudi Riyal	8,370	-	-	8,370
UAE Dirham	9,465	-	-	9,465
Yuan	1,329	-	-	1,329
	160,598,934	143,521,733	-	17,077,201

44.3.3 Foreign exchange risk

	2020		2019	
	Banking book	Trading Book	Banking book	Trading Book
	(Rupees in '000)			
Impact of 1% change in foreign exchange rates on :				
- Profit and loss account	(34,027)	43,894	339	947
- Other comprehensive income	-	-	-	-

44.3.4 Equity position risk

The Bank's equity exposure is managed within the SBP limits for overall investment and per scrip exposure. In addition, there are also internal limits for each scrip.

	2020		2019	
	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	(120,534)	-	137,001)	-

44.3.5 Yield / interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in interest rates, including changes in the shape of the yield curve. Interest rate risk is inherent in the Bank's business and arises due to the mismatches in the contractual maturities or repricing of on- and off-balance sheet assets and liabilities. The Bank uses maturity Gap limits to monitor asset and liability gaps. Any breach are report to ALCO where it is discussed and appropriate action will be taken.

	2020		2019	
	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	(1,502,114)	-	(515,487)	-

44.3.6 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 the 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.

	2020											
			Exposed to Yield / Interest risk									
	Effective Yield / Interest rate	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	Non-interest bearing financial instruments
		(Rupees in '000)										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	0.90%	14,486,693	152,362	-	-	-	-	-	-	-	-	14,334,331
Balances with other banks	5.50%	4,185,277	15,962	-	-	-	-	-	-	-	-	4,169,315
Lendings to financial institutions	10.17%	8,212,780	8,212,780	-	-	-	-	-	-	-	-	-
Investments	8.67%	170,818,493	27,373,747	7,843,733	80,248,099	16,513,989	5,287,150	-	15,467,758	8,642,540	6,358,513	3,082,964
Advances	6.86%	56,853,255	49,892,846	354,349	643,756	402,280	1,095,216	2,539,884	451,956	1,263,094	133,977	75,897
Other assets		5,640,803	-	-	-	-	-	-	-	-	-	5,640,803
		260,197,301	85,647,697	8,198,082	80,891,855	16,916,269	6,382,366	2,539,884	15,919,714	9,905,634	6,492,490	27,303,310
Liabilities												
Bills payable		592,334	-	-	-	-	-	-	-	-	-	592,334
Borrowings from financial institutions	7.35%	62,377,648	60,505,748	1,752,141	-	-	119,759	-	-	-	-	-
Deposits and other accounts	6.38%	185,570,689	84,239,138	16,093,421	17,712,732	18,079,408	165,825	557,321	116,851	-	-	48,605,993
Other liabilities		6,095,588	-	-	-	-	-	-	-	-	-	6,095,588
		254,636,259	44,744,886	17,845,562	17,712,732	18,079,408	285,584	557,321	116,851	-	-	55,293,915
On-balance sheet gap		5,561,042	(59,097,189)	(9,647,480)	63,179,123	(1,163,139)	6,096,782	1,982,563	15,802,863	9,905,634	6,492,490	(27,990,605)
Off-balance sheet financial instruments												
Documentary credits and short-trem trade related transactions		8,761,315	1,914,720	2,671,124	933,339	784,606	911,274	213,051	164,141	1,169,060	-	-
Commitments in respect of :												
Forward foreign exchange contracts - purchase		9,983,985	102,965	8,590	9,872,430	-	-	-	-	-	-	-
Forward foreign exchange contracts - sale		(14,373,430)	(8,142,560)	(5,393,120)	(837,750)	-	-	-	-	-	-	-
Purchase and resale agreements - lending		3,980,497	-	3,980,497	-	-	-	-	-	-	-	-
Sale and repurchase agreements - borrowing		(60,551,083)	(60,551,083)	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		(52,198,716)	(66,675,958)	1,267,091	9,968,019	784,606	911,274	213,051	164,141	1,169,060	-	-
Total Yield / Interest Risk Sensitivity Gap			(125,773,147)	(8,380,389)	73,147,142	(378,533)	7,008,056	2,195,614	15,967,004	11,074,694	6,492,490	(27,990,605)
Cumulative yield / Interest Risk Sensitivity Gap			(125,773,147)	(134,153,536)	(61,006,394)	(61,384,927)	(54,376,871)	(52,181,257)	(36,214,253)	(25,139,559)	(18,647,069)	(46,637,674)
Reconciliation with total assets:												
Assets as per above		260,197,301										
Fixed assets		3,265,367										
Intangible assets		68,385										
Deferred tax asset		10,182,327										
Assets as per unconsolidated statement of financial position		273,713,380										
Reconciliation with total liabilities:												
Liabilities as per above		254,636,259										
Deferred tax liability		-										
Liabilities as per unconsolidated statement of financial position		254,636,259										

	2019												
			Exposed to Yield / Interest risk										
	Effective Yield / Interest rate	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	Non-interest bearing financial instruments
		(Rupees in '000)										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	1.50%	13,552,972	405,450	-	-	-	-	-	-	-	-	13,147,522
Balances with other banks	12.39%	838,364	21,564	-	-	-	-	-	-	-	-	816,800
Lendings to financial institutions	11.91%	3,645,392	3,645,392	-	-	-	-	-	-	-	-	-
Investments	9.70%	65,143,452	7,915,728	299,239	5,246,266	10,088,715	99	5,252,786	5,124,870	21,056,920	6,400,615	3,758,214
Advances	8.20%	61,131,052	52,784,598	2,365,408	756,828	457,557	715,108	917,010	1,498,047	1,438,942	123,440	74,114
Other assets		3,853,130	-	-	-	-	-	-	-	-	-	3,853,130
		148,164,362	64,772,732	2,664,647	6,003,094	10,546,272	715,207	6,169,796	6,622,917	22,495,862	6,524,055	21,649,780
Liabilities												
Bills payable		495,010	-	-	-	-	-	-	-	-	-	495,010
Borrowings from financial institutions	11.52%	4,192,284	2,566,207	1,476,379	-	-	149,698	-	-	-	-	-
Deposits and other accounts	6.76%	134,049,662	63,013,601	10,486,056	3,489,358	11,804,687	285,464	169,360	539,923	-	-	44,261,213
Other liabilities		4,784,777	-	-	-	-	-	-	-	-	-	4,784,777
		143,521,733	65,579,808	11,962,435	3,489,358	11,804,687	435,162	169,360	539,923	-	-	49,541,000
On-balance sheet gap		4,642,629	(807,076)	(9,297,788)	2,513,736	(1,258,415)	280,045	6,000,436	6,082,994	22,495,862	6,524,055	(27,891,220)
Off-balance sheet financial instruments												
Documentary credits and short-trem trade related transaction		10,281,211	2,733,777	2,588,815	1,798,015	1,675,707	77,139	175,098	449,923	782,737	-	-
Commitments in respect of :												
Forward foreign exchange contracts - purchase		2,470,494	1,133,969	1,329,700	6,825	-	-	-	-	-	-	-
Forward foreign exchange contracts - sale		(2,565,218)	(2,565,218)	-	-	-	-	-	-	-	-	-
Purchase and resale agreements - lending		3,646,700	3,646,700	-	-	-	-	-	-	-	-	-
Sale and repurchase agreements - borrowing		(2,570,889)	(2,570,889)	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		11,262,298	2,378,339	3,918,515	1,804,840	1,675,707	77,139	175,098	449,923	782,737	-	-
Total yield / Interest Risk Sensitivity Gap			1,571,263	(5,379,273)	4,318,576	417,292	357,184	6,175,534	6,532,917	23,278,599	6,524,055	(27,891,220)
Cumulative yield / Interest Risk Sensitivity Gap			1,571,263	(3,808,010)	510,566	927,858	1,285,042	7,460,576	13,993,493	37,272,092	43,796,147	15,904,927
Reconciliation with total assets:												
Assets as per above		148,164,362										
Fixed assets		3,788,000										
Intangible assets		39,964										
Deferred tax asset		8,606,608										
Assets as per unconsolidated statement of financial position		160,598,934										
Reconciliation with total liabilities:												
Liabilities as per above		143,521,733										
Deferred tax liability		-										
Liabilities as per unconsolidated statement of financial position		143,521,733										

44.4 Liquidity risk

The Bank monitors its liquidity risk through various liquidity ratios and liquidity risk indicators. Any deviations or breaches are reported to the relevant authorities for timely action. Moreover, Asset and Liability Management Committee (ALCO), a senior management committee, also reviews the liquidity position of the Bank on at least monthly basis and takes appropriate measures where required. The Bank uses liquidity gap ladder to assess the liquidity gaps and liquidity needs in different time buckets, under normal and stressed scenarios, whereas, the Contingency Funding Plan (CFP) of the Bank is also in place. The ALCO reviews the current economic situation, projected cash flows and asset / liability mix and approves strategy for managing liquidity. Mandatory stress tests of SBP are conducted, on a periodic basis, to test the adequacy of liquidity contingency plan and to identify the extent of liquidity stress that the Bank is able to take in current conditions.

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

	2020													
	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	14,486,693	14,486,693	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	4,185,277	4,185,277	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	8,212,780	8,212,780	-	-	-	-	-	-	-	-	-	-	-	-
Investments	170,818,493	-	-	-	5,241,419	2,374,673	6,327,274	35,928,052	16,265,426	534,091	6,387,350	67,416,858	14,064,383	16,278,967
Advances	56,853,255	6,973,718	458,481	19,967	2,588,163	1,403,366	12,323,378	2,935,278	2,084,378	2,005,837	2,824,804	6,524,564	4,462,094	12,249,227
Fixed assets	3,265,367	-	-	-	70,920	41,629	41,629	126,274	127,662	127,662	506,484	506,489	981,719	734,899
Intangible assets	68,385	-	-	-	1,873	1,873	1,873	5,683	5,745	5,745	22,793	22,800	-	-
Deferred tax assets	10,182,327	-	-	509,116	509,116	1,018,233	2,036,465	2,036,465	2,036,465	2,036,467	-	-	-	-
Other assets	5,640,803	2,704,256	13,654	246,739	1,346,905	403,398	302,433	603,303	-	-	-	-	-	20,115
	273,713,380	36,562,724	472,135	775,822	9,758,396	5,243,172	21,033,052	41,635,055	20,519,676	4,709,802	9,741,431	74,470,711	19,508,196	29,283,208
Liabilities														
Bills payable	592,334	592,334	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings from financial institutions	62,377,648	-	60,505,748	-	-	-	1,752,141	-	-	-	119,759	-	-	-
Deposits and other accounts	185,570,689	123,798,920	989,702	1,278,644	5,103,764	5,432,214	10,661,207	17,712,732	3,818,575	14,973,977	166,553	559,829	1,052,301	22,271
Deferred tax liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	6,095,588	4,146,737	115,671	82,979	71,563	170,838	846,408	454,348	88,910	86,230	3,434	18,839	9,631	-
	254,636,259	128,537,991	61,611,121	1,361,623	5,175,327	5,603,052	13,259,756	18,167,080	3,907,485	15,060,207	289,746	578,668	1,061,932	22,271
Gap	19,077,121	(91,975,267)	(61,138,986)	(585,801)	4,583,069	(359,880)	7,773,296	23,467,975	16,612,191	(10,350,405)	9,451,685	73,892,043	18,446,264	29,260,937
Share capital - net	19,710,130													
Reserves	1,471,422													
Shares deposit money	2,000,000													
Proposed shares to be issued on amalgamation	3,814,298													
Deficit on revaluation of assets	(408,505)													
Accumulated Loss	(7,510,224)													
Net assets	19,077,121													

	2019													
	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
Assets	(Rupees in '000)													
Cash and balances with treasury banks	13,552,972	13,552,972	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	838,364	838,364	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	3,645,392	3,645,392	-	-	-	-	-	-	-	-	-	-	-	-
Investments	65,143,452	-	-	-	7,915,728	-	1,111,296	5,908,519	9,430,013	1,182,346	99	5,252,786	5,324,647	29,018,018
Advances	61,131,052	15,399,763	536,861	23,336	1,278,309	2,547,231	1,816,970	10,923,161	1,061,427	2,033,473	1,927,599	3,155,402	8,325,925	12,101,595
Fixed assets	3,788,000	-	-	-	70,674	49,178	49,178	149,174	150,813	150,813	598,336	598,338	1,181,143	790,353
Intangible assets	39,964	-	-	-	1,095	1,095	1,095	3,321	3,357	3,357	13,320	13,324	-	-
Deferred tax assets	8,606,608	-	-	430,330	430,330	860,661	1,721,322	1,721,322	1,721,322	1,721,321	-	-	-	-
Other assets	3,853,130	649,392	1,463	-	1,680,432	621,966	248,874	644,294	-	-	-	-	-	6,709
	160,598,934	34,085,883	538,324	453,666	11,376,568	4,080,131	4,948,735	19,349,791	12,366,932	5,091,310	2,539,354	9,019,850	14,831,715	41,916,675
Liabilities														
Bills payable	495,010	495,010	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings from financial institutions	4,192,284	-	2,566,207	-	-	-	1,476,379	-	-	-	149,698	-	-	-
Deposits and other accounts	134,049,662	101,486,679	554,934	3,442,653	676,052	6,985,492	3,500,564	3,489,358	1,265,302	10,996,878	285,464	170,089	1,142,088	54,109
Deferred tax liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	4,784,777	3,859,968	35,549	136,678	16,395	203,616	202,596	109,320	48,944	145,653	7,870	2,890	15,298	-
	143,521,733	105,841,657	3,156,690	3,579,331	692,447	7,189,108	5,179,539	3,598,678	1,314,246	11,142,531	443,032	172,979	1,157,386	54,109
Gap	17,077,201	(71,755,774)	(2,618,366)	(3,125,665)	10,684,121	(3,108,977)	(230,804)	15,751,113	11,052,686	(6,051,221)	2,096,322	8,846,871	13,674,329	41,862,566

Share capital - net	19,710,130
Reserves	1,451,979
Shares deposit money	2,000,000
Deficit on revaluation of investments	(1,780,577)
Accumulated loss	(4,304,331)
Net assets	17,077,201

44.4.2 Maturity of assets and liabilities (based on SBP BSD Circular No. 03 date February 22, 2011)

	2020									
	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	14,486,693	5,207,089	3,869,433	2,338,026	3,072,145	-	-	-	-	-
Balances with other banks	4,185,277	4,185,277	-	-	-	-	-	-	-	-
Lendings to financial institutions	8,212,780	8,212,780	-	-	-	-	-	-	-	-
Investments	170,818,493	5,241,419	8,701,946	35,862,658	16,810,266	5,287,150	67,168,328	15,692,623	8,945,588	7,108,515
Advances	56,853,255	10,040,328	13,726,745	2,935,278	4,090,215	2,824,804	6,524,564	4,462,094	10,693,226	1,556,001
Operating fixed assets	3,265,367	70,920	83,258	126,274	255,324	506,484	506,489	981,719	278,363	456,536
Intangible assets	68,385	1,873	3,746	5,683	11,490	22,793	22,800	-	-	-
Deferred tax asset	10,182,327	1,018,232	3,054,698	2,036,465	4,072,932	-	-	-	-	-
Other assets	5,640,803	4,297,519	719,865	603,304	-	-	-	-	-	20,115
	273,713,380	38,275,437	30,159,691	43,907,688	28,312,372	8,641,231	74,222,181	21,136,436	19,917,177	9,141,167
Liabilities										
Bills payable	592,334	592,334	-	-	-	-	-	-	-	-
Borrowings from financial institutions	62,377,648	60,505,748	1,752,141	-	-	119,759	-	-	-	-
Deposits and other accounts	185,570,689	29,602,662	44,336,731	30,075,748	79,754,593	166,553	559,829	1,052,301	22,272	-
Deferred tax liability	-	-	-	-	-	-	-	-	-	-
Other liabilities	6,095,588	4,416,951	1,017,245	454,348	175,140	3,434	18,839	9,631	-	-
	254,636,259	95,117,695	47,106,117	30,530,096	79,929,733	289,746	578,668	1,061,932	22,272	-
Gap	19,077,121	(56,842,258)	(16,946,426)	13,377,592	(51,617,361)	8,351,485	73,643,513	20,074,504	19,894,905	9,141,167
Share capital - net	19,710,130									
Reserves	1,471,422									
Shares deposit money	2,000,000									
Proposed shares to be issued on amalgamation	3,814,298									
Deficit on revaluation of assets	(408,505)									
Accumulated Loss	(7,510,224)									
Net assets	19,077,121									

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.

	2019									
	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	13,552,972	5,855,639	1,680,396	1,237,206	4,779,731	-	-	-	-	-
Balances with other banks	838,364	838,364	-	-	-	-	-	-	-	-
Lendings to financial institutions	3,645,392	3,645,392	-	-	-	-	-	-	-	-
Investments	65,143,452	7,915,728	1,111,296	5,908,519	10,612,359	199,876	5,330,494	5,124,870	21,789,696	7,150,614
Advances	61,131,052	17,238,270	4,364,201	10,923,161	3,094,901	1,927,599	3,155,402	8,325,925	5,627,882	6,473,711
Operating fixed assets	3,788,000	70,674	98,356	149,174	301,626	598,336	598,338	1,181,143	333,817	456,536
Intangible assets	39,964	1,095	2,190	3,321	6,714	13,320	13,324	-	-	-
Deferred tax asset	8,606,608	860,660	2,581,983	1,721,322	3,442,643	-	-	-	-	-
Other assets	3,853,130	2,329,620	872,507	644,294	-	-	-	-	-	6,709
	160,598,934	38,755,442	10,710,929	20,586,997	22,237,974	2,739,131	9,097,558	14,631,938	27,751,395	14,087,570
Liabilities										
Bills payable	495,010	495,010	-	-	-	-	-	-	-	-
Borrowings from financial institutions	4,192,284	2,566,207	1,476,379	-	-	149,698	-	-	-	-
Deposits and other accounts	134,049,662	19,880,481	20,590,484	13,596,937	78,330,010	285,464	170,089	1,142,088	54,109	-
Deferred tax liability	-	-	-	-	-	-	-	-	-	-
Other liabilities	4,784,777	4,048,274	401,887	107,218	201,341	7,870	2,890	15,297	-	-
	143,521,733	26,989,972	22,468,750	13,704,155	78,531,351	443,032	172,979	1,157,385	54,109	-
Gap	17,077,201	11,765,470	(11,757,821)	6,882,842	(56,293,377)	2,296,099	8,924,579	13,474,553	27,697,286	14,087,570
Share capital - net	19,710,130									
Reserves	1,451,979									
Shares deposit money	2,000,000									
Deficit on revaluation of investments	(1,780,577)									
Accumulated loss	(4,304,331)									
Net assets	17,077,201									

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.

44.5 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems and external events.

The Bank strives to manage operational risk within acceptable levels through sound operational risk management practices.

The Bank has set up a separate Operational Risk Management (ORM) Unit. ORM Unit resides within Risk Management Division (RMD). Its responsibility is to implement Operational Risk management tools across the bank for effective measurement and monitoring of operational risk faced by different areas of the Bank.

45. EVENTS AFTER THE REPORTING PERIOD

As referred to in Note 21 above, 381,429,817 ordinary shares of Rs. 10 each of the Bank have been issued on January 13, 2021 to the sole shareholder (Government of Sindh) of formerly Sindh Leasing Company Limited in terms of the Scheme of Amalgamation.

46. GENERAL

46.1 Figures have been rounded off to the nearest thousand Rupees.

47. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue by the Board of Directors on March 09, 2021.

Chairman	President and Chief Executive Officer	Director	Director	Chief Financial Officer

ANNEXURE - I

AMALGAMATION OF SINDH LEASING COMPANY LIMITED ('Company') WITH AND INTO THE BANK

As per the Scheme of Amalgamation ('the Scheme'), all the assets, liabilities and obligations of the Company have as at the Effective Date i.e. December 31, 2020, been merged with, transferred to, vested in and assumed by the Bank, and Sindh Leasing Company Limited stands dissolved without winding up. Further as per the Scheme, the surviving entity is Sindh Bank Limited and therefore, the entire undertaking and business of Sindh Leasing Company Limited is thereon vested in and continues under the operations of Sindh Bank Limited (refer Note # 1.4). Proforma combined statement of Financial Position as at Amalgamation is as follows:

	Note	Sindh Bank Limited			Sindh Leasing Company Limited			Balances after Amalgamation
		Actual Balances	Adjustment with Leasing Co.	Adjusted Balances	Actual Balances	Adjustment	Adjusted Balances	
		(Rupees in '000')						
ASSETS								
Cash and balances with treasury banks	6	14,486,668	-	14,486,668	-	25	25	**14,486,693**
Balances with other banks	7	4,174,518	(267,807)	3,906,711	279,076	(510)	278,566	**4,185,277**
Lendings to financial institutions	8	8,212,780	-	8,212,780	-	-	-	**8,212,780**
Investments	9	170,813,542	(1,875,000)	168,938,542	1,879,951	-	1,879,951	**170,818,493**
Advances	10	55,025,309	-	55,025,309	1,827,946	-	1,827,946	**56,853,255**
Fixed assets	11	3,248,867	-	3,248,867	16,500	-	16,500	**3,265,367**
Intangible assets	12	68,385	-	68,385	-	-	-	**68,385**
Deferred tax assets - net	13	10,086,319	-	10,086,319	96,008	-	96,008	**10,182,327**
Other assets	14	5,553,740	(70,409)	5,483,331	157,436	36	157,472	**5,640,803**
		271,670,128	(2,213,216)	269,456,912	4,256,917	(449)	4,256,468	**273,713,380**
LIABILITIES								
Bills payable	15	592,334	-	592,334	-	-	-	**592,334**
Borrowings	16	62,377,648	-	62,377,648	-	-	-	**62,377,648**
Deposits and other accounts	17	187,696,896	(2,142,807)	185,554,089	16,600	-	16,600	**185,570,689**
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	**-**
Subordinated debt	-	-	-	-	-	-	-	**-**
Deferred tax liabilities	-	-	-	-	-	-	-	**-**
Other liabilities	18	5,759,870	(70,409)	5,689,461	406,576	(449)	406,127	**6,095,588**
		256,426,748	(2,213,216)	254,213,532	423,176	(449)	422,727	**254,636,259**
NET ASSETS		15,243,380	-	15,243,380	3,833,741	-	3,833,741	**19,077,121**

Adjustments:

Elimination of cross company transactions between Sindh Bank Limited and Sindh Leasing Company Limited are shown below:

Head of Accounts	Note	Amount Rs. 000	Reason of elimination
Balances with other banks	7	(267,807)	Sindh Leasing Company Limited balances of Saving Accounts maintained with the Bank.
Investments	9	(1,875,000)	Sindh Leasing Company Limited balances of TDRs maintained with the Bank.
	17	**(2,142,807)**	
Other assets / Liabilities	14 & 18	**(70,409)**	Accrued mark-up on deposits maintained by Sindh Leasing Company Limited.

SINDH BANK
سندھ بینک
POWER TO THE PEOPLE

Sa'adat
سعادت
ISLAMIC BANKING

OFFERING A WIDE RANGE OF ISLAMIC BANKING SOLUTIONS

Deposits (PKR/FCY):
Basic Banking Account
Asaan Account
Sa'adat Current Account
Sa'adat Savings Account
Sa'adat Daily Product Account
Sa'adat Business Account
Sa'adat Term Deposit

Finance / Trade:
Sa'adat Ijarah
Sa'adat Murabaha
(Local & Import)
Sa'adat Diminishing Musharaka
(Export Sight Bill Discounting)
Trade Services (Import/Export
Letter of Guarantee

Utility Bills Payment
SMS Banking
Debit Card
Online Banking
RTGS
Same Day Clearing
(Local & Intercity)
Home Remittances
FX portal for foreign exchange
applications/requests

Sa'adat
سعادت
ISLAMIC BANKING

Annexure II
ISLAMIC BAKNING BUSINESS FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

Islamic Banking Business
Statement of Financial Position
As At December 31, 2020

Annexure - II

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 (2019: 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	2020	2019
Assets		(Rupees in '000)	
Cash and balances with treasury banks		**321,759**	205,500
Balances with other banks		**79,225**	71,122
Due from financial institutions	1	**1,243,245**	-
Investments	2	**1,690,998**	807,186
Islamic financing and related assets	3	**2,249,168**	2,496,106
Fixed assets		**184,141**	234,212
Intangible assets		**-**	502
Deferred tax assets		**1,738**	-
Due from head office	5	**54,018**	41,404
Other assets		**54,759**	71,010
		5,879,051	3,927,042
Liabilities			
Bills payable		**16,210**	12,229
Due to financial institutions		**-**	417,000
Deposits and other accounts	4	**5,078,878**	3,093,401
Deferred tax liability		**-**	5,979
Due to head office	5	**-**	-
Other liabilities		**241,590**	237,582
		5,336,678	3,766,191
Net Assets		**542,373**	160,851
Represented By			
Islamic banking fund		**1,000,000**	500,000
Reserves		**-**	-
(Deficit) / Surplus on revaluation of investments		**(2,718)**	9,351
Accumulated loss	6	**(454,909)**	(348,500)
		542,373	160,851
CONTINGENCIES AND COMMITMENTS	7		

Islamic Banking Business
Profit and Loss Account
For The Year Ended December 31, 2020

Annexure - II

	Note	2020	2019
		(Rupees in '000)	
Profit / return on financing, investments and placements earned	10	**365,381**	395,786
Return on deposits and other dues expensed	11	**290,093**	364,981
Net income earned before provisions		**75,288**	30,805
Other income			
Fee, commission and brokerage income		**4,541**	5,680
Income from dealing in foreign currencies		**181**	(56)
Dividend income		**10,350**	12,060
Gain on sale / redemption of securities		**-**	-
Other income		**1,208**	1,271
		16,280	18,955
Total income		**91,568**	49,760
Other expenses			
Administrative expenses		**190,785**	190,805
Other charges		**7**	-
		190,792	190,805
Loss before provision		**(99,224)**	(141,045)
Provisions and write offs -net		**(7,185)**	-
Extra ordinary / unusual items		**-**	-
Loss before taxation		**(106,409)**	(141,045)
Taxation		**-**	-
Loss after taxation		**(106,409)**	(141,045)

Islamic Banking Business
Cash Flow Statement
For The Year Ended December 31, 2020

Annexure - II

CASH FLOW FROM OPERATING ACTIVITIES	Note	2020	2019
		(Rupees in '000)	
Loss before taxation		(106,409)	(141,045)
Less: Dividend income		(10,350)	(12,060)
		(116,759)	(153,105)
Adjustments			
Depreciation		46,762	52,660
Amortisation		502	3,451
Provision against non-performing loans and advances - net		7,185	-
		54,449	56,111
		(62,310)	(96,994)
(Increase) / decrease in operating assets			
Balances with and due from financial institutions		(1,243,245)	-
Islamic financing and related assets - net		239,753	574,861
Due from head office		(12,614)	(41,404)
Other assets		16,251	19,259
		(999,855)	552,716
(Decrease) / increase in operating liabilities			
Bills payable		3,981	(1,468)
Due to financial institutions		(417,000)	(872,946)
Deposits and other accounts		1,985,477	(202,892)
Due to head office		-	(1,412)
Other liabilities		4,008	182,416
		1,576,466	(896,302)
		514,301	(440,580)
Income tax paid		-	-
Net cash flow from / (used in) operating activities		514,301	(440,580)
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in securities		(903,598)	516,807
Dividend received		10,350	12,060
Investment in operating fixed assets		3,309	(202,694)
Net cash flow (used in) / from investing activities		(889,939)	326,173
CASH FLOW FROM FINANCING ACTIVITIES			
Islamic Banking Fund		500,000	-
Net cash from financing activity		500,000	-
Increase in cash and cash equivalents		124,362	(114,407)
Cash and cash equivalents at beginning of the year		276,622	391,029
Cash and cash equivalents at end of the year	9	400,984	276,622

Islamic Banking Business
Notes To Annexure - II
For The Year Ended December 31, 2020

1 DUE FROM FINANCIAL INSTITUTIONS

	Note	2020			2019		
		In local currencies	In foreign currencies	Total	In local currencies	In foreign currencies	Total
		(Rupees in '000')					
Bai Mujjal	1.1	583,245	-	583,245	-	-	-
Musharaka arrangements		660,000	-	660,000	-	-	-
		1,243,245	-	1,243,245	-	-	-
1.1 Bai Mujjal Placement		588,091	-	588,091	-	-	-
Less : Deferred income		(4,845)	-	(4,845)	-	-	-
		583,246	-	583,246	-	-	-

2 INVESTMENTS

	2020				2019			
	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:								
- Ijarah Sukuks	1,500,026	-	(540)	1,499,486	500,000	-	(5,000)	495,000
Islamic Fund:								
-Listed Companies	99,000	-	(3,600)	95,400	99,000	-	13,410	112,410
Non Government Debt Securities								
-Unlisted	96,428	-	(316)	96,112	192,856	-	6,920	199,776
Total Investments	1,695,454	-	(4,456)	1,690,998	791,856	-	15,330	807,186

3 ISLAMIC FINANCING AND RELATED ASSETS

	Note	2020	2019
		(Rupees in '000)	
Ijarah financing under IFAS 2	3.1	38,002	61,542
Murabaha Financing	3.2	-	644,525
Diminishing musharakah financing		2,218,351	1,790,039
		2,256,353	2,496,106
Less: provision against Islamic financing			
- Specific		(7,185)	-
- General		-	-
		(7,185)	-
Islamic financing and related assets - net of provision		2,249,168	2,496,106

3.1 Ijarah financing under IFAS 2

	Note	2020	2019
		(Rupees in '000)	
Net book value of assets	3.1.1	38,002	61,542
Advance against Ijarah financing		-	-
		38,002	61,542

Islamic Banking Business
Notes To Annexure - II
For The Year Ended December 31, 2020

3.1.1 Particulars of assets under Ijarah

	2020							
	Cost			Accumulated depreciation				
	As at January 01	Additions/ Settled	As at December 31	As at January 01	Charge/ settled	As at December 31	Book value As at Decembe31	Rate of depreciation %
	(Rupees in '000)							
Vehicle	63,093	(20,498)	42,595	14,613	9,396	24,009	18,586	Over the
Plant and machinery	48,000	-	48,000	34,938	(6,354)	28,584	19,416	period Ijarah
Total	111,093	(20,498)	90,595	49,551	3,042	52,593	38,002	

	2019							
	Cost			Accumulated depreciation				
	As at January 01	Additions/ Settled	As at December 31	As at January 01	Charge/ settled	As at December 31	Book value As at Decembe31	Rate of depreciation %
	(Rupees in '000)							
Vehicle	90,156	(27,063)	63,093	23,722	(9,109)	14,613	48,480	Over the
Plant and machinery	27,605	20,395	48,000	7,760	27,178	34,938	13,062	Ijarah period
Total	117,761	(6,668)	111,093	31,482	18,069	49,551	61,542	

		Note	2020	2019
			(Rupees in '000)	
3.1.2	**Future Ijarah payments receivable**			
	Not later than one year		16,449	25,402
	Later than one year and not later than five years		21,553	36,140
	Over five years		-	-
			38,002	61,542
3.2	**Murabaha Financing**			
	Murabaha financing	3.2.1	-	429,525
	Inventory for Murabaha		-	15,088
	Advances for Murabaha		-	199,912
			-	644,525
3.2.1	Murabaha receivable - gross	3.2.2	-	466,102
	Less: Deferred murabaha income	3.2.3	-	(36,577)
	Murabaha financings		-	429,525
3.2.2	**The movement in Murabaha financing during the year is as follows:**			
	Opening balance		466,102	600,168
	Sales during the year		-	932,447
	Adjusted during the year		(466,102)	(1,066,513)
	Closing balance		-	466,102

Islamic Banking Business
Notes To Annexure - II
For The Year Ended December 31, 2020

		2020	2019
		(Rupees in '000)	
3.2.3	**Deferred murabaha income**		
	Opening balance	**36,577**	31,372
	Arising during the year	**-**	57,372
	Less: Recognised during the year	**(36,577)**	(52,167)
	Closing balance	**-**	36,577
3.2.4	**Sector wise portfolio**		
	Chemical and chemical products	186,083	179,728
	Construction, real estate and societies	416,903	500,550
	Education	14,881	16,009
	Food	220,000	250,795
	Hotel and restaurants	135,000	150,000
	Power, electricity and gas	712,555	797,618
	Transport, Storage and Communication	137,385	137,612
	Wholesale and retail trade	399,525	399,498
	Individuals	-	876
	Insurance	7,652	13,475
	Others	24,953	35,761
	Pharmaceuticals	1,416	14,184
	Gross Financing	2,256,353	2,496,106
	Govt. of Pakistan	1,499,486	495,000
	Power, electricity and gas	60,408	125,448
	Financial Institutions	131,104	186,738
	Total Invested Funds	**3,947,351**	3,303,292

4 DEPOSITS AND OTHER ACCOUNTS	2020			2019		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	Rupees in '000					
Customers						
Current deposits	**471,108**	**1,606**	**472,714**	413,250	2,704	415,954
Savings deposits	**1,963,033**	**91,860**	**2,054,893**	808,969	84,567	893,536
Term deposits	**1,445,863**	**-**	**1,445,863**	523,193	-	523,193
Margin and other deposits	**8,598**	**-**	**8,598**	20,938	-	20,938
	3,888,602	**93,466**	**3,982,068**	1,766,350	87,271	1,853,621
Financial Institutions						
Current deposits	**1,187**	**-**	**1,187**	956	-	956
Savings deposits	**470,593**	**-**	**470,593**	1,238,794	-	1,238,794
Term deposits	**625,000**	**-**	**625,000**	-	-	-
Margin and other deposits	**30**	**-**	**30**	30	-	30
	1,096,810	**-**	**1,096,810**	1,239,780	-	1,239,780
	4,985,412	**93,466**	**5,078,878**	3,006,130	87,271	3,093,401

Islamic Banking Business
Notes To Annexure - II
For The Year Ended December 31, 2020

		2020	2019
		(Rupees in '000)	
4.1	**Composition of deposits**		
	- Individuals	**791,998**	865,248
	- Government (Federal and Provincial)	**1,039,067**	347,168
	- Public Sector Entities	**129,711**	116,062
	- Banking Companies	**453**	439
	- Non-Banking Financial Institutions	**1,096,357**	1,239,342
	- Private Sectors	**2,021,292**	525,142
		5,078,878	3,093,401

4.2 As at 31 December 2020, the deposits eligible to be covered under insurance arrangements amounted to Rs. 900.06 million (2019: Rs. 958.73 million)and premium paid amounted to Rs. 1.53 million (2019 : Rs. 1.86 million).

		2020	2019
		(Rupees in '000)	
5	**DUE FROM / (TO HEAD OFFICE)**		
	Interbranch transaction account (daily basis)	**54,018**	41,404
6	**ACCUMULATED LOSS**		
	Opening Balance	**(348,500)**	(207,455)
	Add: Islamic Banking loss for the year	**(106,409)**	(141,045)
	Less: Taxation	**-**	-
	Less: Reserves	**-**	-
	Less: Transferred / Remitted to Head Office	**-**	-
		-	-
	Closing Balance	**(454,909)**	(348,500)
7	**CONTINGENCIES AND COMMITMENTS**		
	-Guarantees	**134,441**	124,120
	-Letter of Credit	**4,373**	33,007
	-Commitments	**-**	-
		138,814	157,127
8	**CHARITY FUND**		
	Opening Balance	**280**	-
	Additions during the period		
	Received from customers on account of delayed payment	**12**	7
	Profit on charity saving account	**-**	-
	Other	**195**	273
		207	280

Islamic Banking Business
Notes To Annexure - II
For The Year Ended December 31, 2020

	2020	2019
	(Rupees in '000)	
Payments / utilization during the period		
Education	-	-
Chairity organisation	480	-
Hospital	-	-
	480	-
Closing Balance	7	280

9 CASH AND CASH EQUIVALENT

Cash and balances with treasury banks	321,759	205,500
Balances with other banks	79,225	71,122
	400,984	276,622

10 PROFIT / RETURN ON FINANCING, INVESTMENTS AND PLACEMENTS EARNED

Profit earned on:		
Financing	279,864	337,490
Investments	49,579	58,259
Placements	35,937	-
On deposits with financial institutions	1	37
	365,381	395,786

11 RETURN ON DEPOSITS AND OTHER DUES EXPENSED

Deposits and other accounts	249,305	204,838
Due to Financial Institutions	21,372	138,133
Amortisation of lease liability against right-of-use assets	19,416	22,010
	290,093	364,981

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:
- Depositors Funds
- Equity Funds

Priority of utilization of funds in the FI pool shall be:
- FI Funds
- Equity Funds

Islamic Banking Business
Notes To Annexure - II
For The Year Ended December 31, 2020

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.

12.1.3 Special and Financial Institution Pools.

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

12.1.4 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.

12.1.5 Parameters associated with risks and rewards

Following are the considerations 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 Mudarba arrangements from Head Office and Islamic Banking Financial Institutions;
- Elements of risks associated with different kind of investments;
- Regulatory requirements; and
- Shariah compliance.

Islamic Banking Business
Notes To Annexure - II
For The Year Ended December 31, 2020

12.1.6 Basis of Profit allocation

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

	2020	2019
	(Rupees in '000)	
Rubbal Maal (%)	**56.67%**	61.25%
Mudarib (%)	**43.33%**	38.75%

12.1.7 Mudarib's Share (in amount and percentage of distributable income)

Rubbul Maal (%)	**56.67%**	61.25%
Rubbul Maal (amount)	**30,011**	36,187
Mudarib (%)	**43.33%**	38.75%
Mudarib (amount)	**18,316**	22,971

12.1.8 Amount and percentage of mudarib's share transferred to depositors thought Hiba

Mudarib's share (amount)	**18,316**	22,971
Hiba (amount)	**5,759**	4,814
Hiba percentage of mudarib's share (%)	**31.44%**	22.34%

Amount and percentage of Mudarib's share transferred to depositors thought Hiba for Special Pool during 2020.

	2020	2019
	(Rupees in '000)	
Mudarib's share (amount)	**46,182**	35,399
Hiba (amount)	**6,648**	8,687
Hiba percentage of mudarib's share (%)	**14.40%**	25.40%

In addition to the General Pool, 20 Special Pools were also maintained during the year.

12.1.9 Profit rate earned vs profit rate distributed to the depositors during the year	**2020**	2019
Profit rate earned	**11.95%**	11.32%
Profit rate distributed to depositors	**8.29%**	9.68%

Shariah Board Report
For the year ended 31 December, 2020

By the grace of Almighty ALLAH Sindh Bank Islamic Banking has accomplished another year of operation. The Board of Directors (BODs) and management are responsible to provide effective and comprehensive Shariah compliance environment in line with Shariah Governance Framework (SGF) issued by State Bank of Pakistan (SBP) to ensure conformity of Sindh Bank Islamic Banking operations and products with Shariah principles.

Shariah Board (SB) Meetings
During the year SB of Sindh Bank Limited conducted four meetings. Minutes of the meetings were recorded and submitted to SBP in accordance with the regulatory requirement.

Shariah Compliance
SB has reviewed and evaluated the bases 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 Shariah reviews under the guidance of the Shariah Board including examination of different transactions on sample basis and obtained all necessary information and explanations which were considered sufficient evidence to form an opinion and provide reasonable assurance whether Sindh Bank Islamic Banking had complied with the respective Shariah rules and guidelines issued by SB and SBP.

In compliance with SBP instruction, SCD also conducted pre-disbursement review of profit & loss distribution to the depositors on monthly basis. 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 a vital role in the capacity building of human resource and helps in optimizing their utilization for flourishing & promotions of Islamic Banking Industry. Sindh Bank Islamic Banking particularly focuses on human resource development by providing in-house and external trainings opportunities.

Charity
During the year Sindh Bank Islamic Banking recovered charity of PKR. 211,074/- mainly on non-serving period of resigned employees and disbursed to the charitable organization as per approval of SB.

Shariah Board Opinion
In the light of Shariah reviews carried out based on test check basis, internal and external Shariah audit reports and SBP reports, SB is of the opinion 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 from time to time 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 its 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 guidelines & instructions on profit & loss distribution and Pool Management. However the pool management system has been implemented and in the final stages of validation from different stakeholders.
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.
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. Fully automated Pool management systems should be finalized on priority basis.
2. During the year Sindh Bank Islamic Banking has launched Auto & House financing products on the basis of Diminishing Musharakah for consumers. However, SB opined that further new products should be developed to facilitate the different types of customers and staff is to be further trained in this regard by internal & external trainings.
3. Islamic Financing Facilities be made available to Islamic Banking Staff on priority basis.
4. Suitable and skilled resources should be hired on vacant positions on priority basis.
5. Frequency of Islamic Banking trainings for all staff should be improved in all regions and Islamic Banking marketing by different means should be used to spread public awareness.
6. More Islamic Banking branches should be extended all over Pakistan to spread business.

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 of Sindh bank and State Bank of Pakistan.

Mufti Hassan Ashraf Usmani
RSBM / Head-SCD

Mufti Zeeshan Abdul Aziz
Member Shariah Board

Mufti Muhammad Najeeb Khan
Chairman Shariah Board

بسم اللہ الرّحمٰن الرّحیم

شریعہ بورڈ رپورٹ

(برائے مالی سال اختتام پذیر 31 دسمبر، 2020)

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

شریعہ بورڈ کے اجلاس:

دورانِ سال سندھ بینک لمیٹڈ کے شریعہ بورڈ کے چار اجلاس منعقد ہوئے۔ اجلاس کی کارروائی محفوظ کی گئی اور ریگولیٹری ضروریات کے تحت اسٹیٹ بینک آف پاکستان کو جمع کروادی گئی۔

شرعی تعمیل:

شریعہ بورڈ نے سال کے دوران سندھ بینک اسلامی بینکنگ کی طرف سے پیش کردہ مصنوعات وخدمات، معاہدوں، ٹرانزیکشنز اور پالیسیوں کی جانچ کی اور ان کی بنیادوں اور ان میں استعمال کیے گئے شرعی اصولوں کا جائزہ لیا۔

شرعی تعمیل کے شعبے نے شریعہ بورڈ کی رہنمائی کے تحت نمونہ جات کی بنیاد پر مختلف ٹرانزیکشنز کی جانچ پڑتال کی اور تمام ضروری معلومات اور وضاحتیں حاصل کیں، جو کہ بطورِ ثبوت رائے قائم کرنے کے لیے کافی 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 تعمیری صلاحیت:

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

صدقہ:

سال کے دوران سندھ بینک اسلامی بینکنگ خصوصاً مستعفی ملازمین کی کام نہ کرنے کی مدت سے -/211,074 روپے خیرات کی مد میں حاصل کیے جو کہ شریعہ بورڈ کی منظوری کے بعد خیراتی ادارے کو ادا کر دیئے گئے۔

شریعہ بورڈ کی رائے:

نمونہ جات کی بنیاد پر لیے گئے شرعی جائزے، اندرونی اور بیرونی شریعہ آڈٹ کی رپورٹس اور اسٹیٹ بینک آف پاکستان کی رپورٹس کی روشنی میں، 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، احکامات 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 پاس مجموعی آپریشنز کو شرعی اصولوں کے مطابق یقینی بنانے کے لئے ایک جامع طریقۂ کار موجود ہے۔

4۔ سندھ بینک اسلامی بینکنگ کے پاس ایسا نظام موجود ہے کہ جس سے یہ یقینی بنایا جا سکے کہ شرعاً ممنوع ذرائع سے حاصل ہونے والی آمدنی صدقات کے اکاؤنٹ میں جمع کر دی گئی ہے اور مناسب طریقے سے استعمال کی جا رہی ہے۔

5۔ سندھ بینک اسلامی بینکنگ نے نفع اور نقصان کی تقسیم اور پول مینجمنٹ کے حوالے سے اسٹیٹ بینک آف پاکستان کی ہدایات و احکامات کے مطابق عمل کیا ہے۔ تاہم پول مینجمنٹ سسٹم کو نافذ کیا گیا ہے اور مختلف متعلقین کی طرف سے توثیق کے آخری مراحل میں ہے۔

6۔ ملازمین اور انتظامیہ میں شعور کی سطح کو مضبوط بنانے کے لئے تربیت اور صلاحیت کی تعمیر کا شعبہ موجود ہے تاکہ مصنوعات اور طریقۂ کار کے ساتھ ساتھ شرعی تعمیل کی اہمیت کو سمجھا جا سکے۔

7۔ اپنے فرائض کو مؤثر طریقے سے انجام دینے کے لیے شریعہ بورڈ کو مناسب وسائل فراہم کیے گئے ہیں۔

شریعہ بورڈ کی سفارشات:

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

1۔ ترجیحی بنیاد پر مکمل طور پر خودکار رپول مینجمنٹ کا نظام موجود ہونا چاہیے۔

2۔ دورانِ سال سندھ بینک اسلامی بینکاری نے صارفین کے لئے شرکت متناقصہ کی بنیاد پر گاڑی اور گھر کی فنانسنگ مصنوعات کا آغاز کیا۔ تاہم شریعہ بورڈ کی رائے یہ ہے کہ مزید نئی مصنوعات تیار کی جائیں اور اس سلسلے میں داخلی اور خارجی تربیت سے عملے کو مزید تربیت دی جائے۔

3۔ اسلامی مالیاتی سہولیات کو اسلامی بینکنگ اسٹاف کے لیے ترجیحی بنیاد پر دستیاب کیا جائے۔

4۔ مناسب اور ہنرمند وسائل کو ترجیحی بنیادوں پر خالی آسامیوں پر رکھا جائے۔

5۔ تمام خطوں میں تمام عملے کے لئے اسلامی بینکاری تربیت کے تعدد کو بہتر بنایا جانا چاہئے اور عوامی بیداری پھیلانے کے لئے مختلف طریقوں سے اسلامی بینکاری کی تشہیر کا استعمال کیا جانا چاہئے۔

6۔ اسلامی بینکاری کے کاروبار کو پھیلانے کے لئے مزید اسلامی بینکاری کی شاخوں کو پورے پاکستان میں توسیع دی جانی چاہئے۔

شریعہ بورڈ اس موقع پر اللہ تعالیٰ کا شکر ادا کرتا ہے اور سندھ بینک کی سینئر مینجمنٹ اور اسٹیٹ بینک آف پاکستان کی مخلصانہ کاوشوں کے ذریعے اسلامی بینکنگ کی تعمیر، ترقی اور خوشحالی کیلیے اللہ تعالیٰ کی توفیق اور ہدایت کا طلب گار ہے۔

مفتی حسن اشرف عثمانی	مفتی ذیشان عبدالعزیز	مفتی محمد نجیب خان
ریزیڈنٹ شریعہ بورڈ بورڈ ممبر / ہیڈ۔ شریعہ کمپلائنس ڈپارٹمنٹ	ممبر شریعہ بورڈ	چیئرمین شریعہ بورڈ

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، احکامات 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 پاس مجموعی آپریشنز کو شرعی اصولوں کے مطابق یقینی بنانے کے لئے ایک جامع طریقۂ 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 کردی گئی ہے اور مناسب طریقے سے استعمال کی جارہی ہے۔

5۔ سندھ بینک اسلامی بینکنگ نے نفع اور نقصان کی تقسیم اور پول مینجمنٹ کے حوالے سے اسٹیٹ بینک آف پاکستان کی ہدایات واحکامات کے مطابق عمل کیا ہے۔ تاہم پول مینجمنٹ سسٹم کو نافذ کیا گیا ہے اور مختلف متعلقین کی طرف سے توثیق کے آخری مراحل میں ہے۔

6۔ ملازمین اور انتظامیہ میں شعور کی سطح کو مضبوط بنانے کے لئے تربیت اور صلاحیت کی تعمیر کا شعبہ موجود ہے تاکہ مصنوعات اور طریقۂ 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۔

شریعہ بورڈ کی سفارشات:

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

1۔ ترجیحی بنیاد پر مکمل طور پر خودکار پول مینجمنٹ کا نظام موجود ہونا چاہیے۔

2۔ دورانِ سال سندھ بینک اسلامی بینکاری نے صارفین کے لئے شرکت متناقصہ کی بنیاد پر گاڑی اور گھر کی فنانسنگ مصنوعات کا آغاز کیا۔ تاہم شریعہ بورڈ کی رائے یہ ہے کہ مزید نئی مصنوعات تیار کی جائیں اور اس سلسلے میں داخلی اور خارجی تربیت سے عملے کو مزید تربیت دی جائے۔

3۔ اسلامی مالیاتی سہولیات کو اسلامی بینکنگ اسٹاف کے لیے ترجیحی بنیاد پر دستیاب کیا جائے۔

4۔ مناسب اور ہنرمند وسائل کو ترجیحی بنیادوں پر خالی آسامیوں پر رکھا جائے۔

5۔ تمام خطوں میں تمام عملے کے لئے اسلامی بینکاری تربیت کے تعدد کو بہتر بنایا جانا چاہئے اور عوامی بیداری پھیلانے کے لئے مختلف طریقوں سے اسلامی بینکاری کی تشہیر کا استعمال کیا جانا چاہئے۔

6۔ اسلامی بینکاری کے کاروبار کو پھیلانے کے لئے مزید اسلامی بینکاری کی شاخوں کو پورے پاکستان میں توسیع دی جانی چاہئے۔

شریعہ بورڈ اس موقع پر اللہ تعالیٰ کا شکر ادا کرتا ہے اور سندھ بینک کی سینئر مینجمنٹ اور اسٹیٹ بینک آف پاکستان کی مخلصانہ کاوشوں کے ذریعے اسلامی بینکنگ کی تعمیر، ترقی اور خوشحالی کیلیے اللہ تعالیٰ کی توفیق اور ہدایت کا طلب گار ہے۔

مفتی حسن اشرف عثمانی	مفتی ذیشان عبدالعزیز	مفتی محمد نجیب خان
ریزیڈنٹ شریعہ بورڈ بورڈ ممبر / ہیڈ۔ شریعہ کمپلائنس ڈپارٹمنٹ	ممبر شریعہ بورڈ	چیئرمین شریعہ بورڈ

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INDEPENDENT AUDITOR'S REPORT

To the members of Sindh Bank Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Sindh Bank Limited and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2020, the consolidated profit and loss account, the consolidated statement of comprehensive loss, 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.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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 Auditor's 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 opinion.

Emphasis of Matter

Without qualifying our opinion, we draw our attention to note 1.4 to consolidated Financial Statements on the 'Going Concern' which indicates the existence of material uncertainty that may cast significant doubt on the Bank's ability to continue as a going concern. However, the management is confident that the Bank will be able to stage a turn-around and the Government of Sindh, Bank's sole sponsor and major shareholder has demonstrated its commitment to supporting the Bank, when ever required. We are in agreement with the management for addressing the Going Concern issue and our opinion is not modified in respect of this matter.

Information Other than the Consolidated Financial Statements and Auditor's 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 consolidated financial statements and auditor's 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. We have nothing to report in this regard.

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.

Auditor's 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 auditor's 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 auditor's 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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- 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.

  The engagement partner on the audit resulting in this independent auditor's report is Shah Naveed Saeed.

Place: Islamabad
Date: March 09, 2021

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

Sindh Bank Limited
Consolidated Statement of Financial Position
As At December 31, 2020

	Note	2020	2019
		(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks	6	**14,505,949**	13,566,622
Balances with other banks	7	**4,588,528**	1,080,537
Lendings to financial institutions	8	**8,212,780**	3,645,392
Investments	9	**170,756,426**	65,012,547
Advances	10	**57,407,061**	61,981,026
Fixed assets	11	**3,314,731**	3,837,529
Intangible assets	12	**71,154**	43,213
Deferred tax assets - net	13	**10,185,784**	8,613,301
Other assets	14	**5,745,156**	3,885,945
		274,787,569	161,666,112
LIABILITIES			
Bills payable	15	**592,334**	495,010
Borrowings	16	**63,127,648**	4,992,284
Deposits and other accounts	17	**185,634,979**	134,085,796
Liabilities against assets subject to finance lease		**-**	-
Subordinated debt		**-**	-
Deferred tax liabilities		**-**	-
Other liabilities	18	**6,162,737**	4,876,235
		255,517,698	144,449,325
NET ASSETS		**19,269,871**	17,216,787
REPRESENTED BY			
Share capital - net	19	**19,710,130**	19,710,130
Reserves		**1,519,626**	1,486,892
Shares deposit money	20	**2,000,000**	2,000,000
Proposed Ordinary shares to be issued on amalgamation	21	**3,814,298**	-
Deficit on revaluation of assets	22	**(408,505)**	(1,780,577)
Accumulated Loss		**(7,365,678)**	(4,199,658)
		19,269,871	17,216,787
CONTINGENCIES AND COMMITMENTS	23		

The annexed notes from 1 to 47 and Annexure-I 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, 2020

	Note	2020	2019
		(Rupees in '000)	
Mark-up / Return / Interest Earned	24	15,710,165	12,453,826
Mark-up / Return / Interest Expensed	25	12,553,538	10,328,086
Net Mark-up / return / Interest Income		3,156,627	2,125,740
NON MARK-UP / INTEREST INCOME			
Fee and Commission Income	26	278,684	303,709
Dividend Income		96,651	115,212
Foreign Exchange Income		284,977	158,692
Income / (loss) from derivatives		-	-
Gain / (Loss) on securities	27	(46,420)	(1,253,105)
Other Income	28	8,876	7,580
Total non-markup/interest Income		622,768	(667,912)
Total Income		3,779,395	1,457,828
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	29	5,305,952	5,096,610
Other charges	30	927	19,818
Total non-markup/interest expenses		5,306,879	5,116,428
LOSS BEFORE PROVISIONS		(1,527,484)	(3,658,600)
Provisions and write offs - net	31	3,737,459	10,033,923
Extra ordinary / unusual items		-	-
LOSS BEFORE TAXATION		(5,264,943)	(13,692,523)
Taxation	32	(2,105,056)	(5,484,828)
LOSS AFTER TAXATION		(3,159,887)	(8,207,695)
		---------- Rupees ----------	
Basic Loss per share	33	(1.60)	(7.95)
Diluted Loss per share	34	(1.60)	(7.95)

The annexed notes from 1 to 47 and Annexure-I form an integral part of these consolidated financial statements.

Chairman | President and Chief Executive Officer | Director | Director | Chief Financial Officer

Sindh Bank Limited
Consolidated Statement of Comprehensive Income
For The Year Ended December 31, 2020

	2020	2019
	(Rupees in '000)	
Loss after taxation for the year	(3,159,887)	(8,207,695)
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in surplus on revaluation of investments - net of tax	1,372,072	2,401,391
	(1,787,815)	(5,806,304)
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement gain / (loss) on defined benefit obligations - net of deferred tax	7,158	(2,826)
Total comprehensive loss	(1,780,657)	(5,809,130)

The annexed notes from 1 to 47 and Annexure-I form an integral part of these consolidated financial statements.

Chairman | President and Chief Executive Officer | Director | Director | Chief Financial Officer

Sindh Bank Limited
Consolidated Statement of Changes in Equity
For The Year Ended December 31, 2020

	Share Capital	Proposed Ordinary shares to be issued on amalgamation	Shares Deposit Money	Capital Reserve			Depositors' protection fund reserve **	Surplus / (Deficit) on revaluation of investments	Unappropriated Profit / (Loss) ***	Total
				Reserves on amalgamation	Share Premium	Statutory Reserve *				
	(Rupees in '000)									
Balance as at January 01, 2019	10,010,130	-	-	-	51	1,469,425	4,374	(4,181,968)	4,023,905	11,325,917
Loss for the year ended December 31, 2019	-	-	-	-	-	-	-	-	(8,207,695)	(8,207,695)
Other comprehensive income /(loss) - net of tax	-	-	-	-	-	-	-	2,401,391	(2,826)	2,398,565
Transfer to statutory reserve	-	-	-	-	-	10,434	-	-	(10,434)	-
Transfer to depositors' protection fund - 5% of the profit after tax for the year	-	-	-	-	-	-	2,608	-	(2,608)	-
Issue of Shares during the year	9,700,000	-	-	-	-	-	-	-	-	9,700,000
Shares deposit money	-	-	2,000,000	-	-	-	-	-	-	2,000,000
Balance as at December 31, 2019	19,710,130	-	2,000,000	-	51	1,479,859	6,982	(1,780,577)	(4,199,658)	17,216,787
Loss for the year ended December 31, 2020	-	-	-	-	-	-	-	-	(3,159,887)	(3,159,887)
Other comprehensive income - net of tax	-	-	-	-	-	-	-	1,372,072	7,158	1,379,230
Transfer to statutory reserve	-	-	-	-	-	10,633	-	-	(10,633)	-
Transfer to depositors' protection fund - 5% of the profit after tax for the year	-	-	-	-	-	-	2,658	-	(2,658)	-
Proposed Ordinary shares to be issed on amalgation of Sindh Leasing Company Ltd	-	3,814,298	-	19,443	-	-	-	-	-	3,833,741
Transactions with owners recorded directly in equity										
Cash dividend	-	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2020	19,710,130	3,814,298	2,000,000	19,443	51	1,490,492	9,640	(408,505)	(7,365,678)	19,269,871

* 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 10.7.2 of these consolidated financial statements, unappropriated profit includes an amount of Rs.9,142.42 million net of tax as at December 31, 2020 (December 31, 2019: Rs. 9,541.05 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.

Chairman | President and Chief Executive Officer | Director | Director | Chief Financial Officer

Sindh Bank Limited
Consolidated Cash Flow Statement
For The Year Ended December 31, 2020

	Note	2020	2019
		(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		(5,264,943)	(13,692,523)
Less: Dividend income		(96,651)	(115,212)
		(5,361,594)	(13,807,735)
Adjustments:			
Depreciation	29	1,024,404	998,123
Amortisation	29	26,028	22,467
Provision and write offs -net	31	3,735,603	10,031,830
Written-off operating fixed assets		401	-
Charge for defined benefit plan	37.1.5	87,882	74,748
Gain on sale of operating fixed assets	28	(4,331)	(1,358)
		4,869,987	11,125,810
		(491,607)	(2,681,925)
(Increase) / Decrease in operating assets			
Lendings to financial institutions		(4,567,388)	1,737,770
Advances - net		2,973,042	2,387,135
Other assets - net		(1,965,546)	2,062,751
		(3,559,892)	6,187,656
Increase / (Decrease) in operating liabilities			
Bills payable		97,324	(434,416)
Borrowings		58,135,364	(21,779,414)
Deposits and other accounts		53,675,390	20,444,896
Other liabilities (excluding current taxation)		626,631	1,838,346
		112,534,709	69,412
		108,483,210	3,575,143
Contribution to gratuity fund	37.1.4	(76,020)	(76,741)
Income tax paid		(61,600)	(245,149)
Net cash generated from / (used in) operating activities		108,345,590	3,253,253
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in available-for-sale securities		(103,753,790)	(6,580,429)
Net investment in held-to-maturity securities		(42,575)	(479,014)
Dividend received		95,949	127,294
Investments in operating fixed assets		(214,416)	(3,224,577)
Cash inflow from amalgamation of Sindh Leasing Company Ltd		10,784	-
Sale proceeds of operating fixed assets disposed off		5,776	2,417
Net cash (used in) / generated from investing activities		(103,898,272)	(10,154,309)
CASH FLOW FROM FINANCING ACTIVITIES			
Shares deposit money		-	2,000,000
Issue of share capital		-	9,700,000
Net cash (used in) / generated from financing activities		-	11,700,000
Increase in cash and cash equivalents		4,447,318	4,798,944
Cash and cash equivalents at the beginning of the year		14,647,159	9,848,215
Cash and cash equivalents at the end of the year	35	19,094,477	14,647,159

The annexed notes from 1 to 47 and Annexure-I form an integral part of these consolidated financial statements.

Chairman | President and Chief Executive Officer | Director | Director | Chief Financial Officer

Sindh Bank Limited
Notes to the Consolidated Financial Statements
For The Year Ended December 31, 2020

1. STATUS AND NATURE OF BUSINESS

The "Group" consists of:

1.1 Holding Company

1.1.1 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 (2019: 330) branches including 8 (2019: 8) sub-branches and 14 (2019: 14) Islamic banking branches in Pakistan. The Bank's registered office is located at 3rd floor, Federation House, Abdullah Shah Ghazi Road, Clifton, Karachi, Pakistan.

1.1.2 The Government of Sindh, through its Finance Department owns 99.95% ordinary shares of the Bank.

1.1.3 VIS Credit Rating Company Limited has reaffirmed the long term entity rating of A+ (Single A Plus) and short term rating of A-1 (A-one) in its report dated July 06, 2020.

1.2 Subsidiary company

1.2.1 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 provision of the company's Act, 2017 (previously 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 17 (2019: 17) branches and 58 (2019: 58) services centers. The Bank holds 99.99% shares of the Microfinance Bank and remaining shares are held by the nominees of the Bank.

The credit rating companies PACRA has maintained the long term rating of the Bank (Microfinance Bank) at "A-" and short term rating at "A2" as of April 30, 2020.

1.3 AMALGAMATION OF SINDH LEASING LIMITED WITH AND INTO THE BANK

Sindh Leasing Company Limited (the 'COMPANY') was incorporated in Pakistan on December 16, 2013 as an unlisted public company under the repealed Companies Ordinance, 1984 (New Companies Act, 2017). The Company's shares were wholly owned by the Government of Sindh.

The State Bank of Pakistan (SBP), vide letter no. BPRD (R&P-02)/SBL-SLCL/2020/14846 dated December 31, 2020, approved the Scheme of Amalgamation of Sindh Leasing Company Limited (the "Company") with and into Sindh Bank Limited (the "Bank") under Section 48 of the Banking Companies Ordinance, 1962 and the same has been made effective at 11:59 PM on December 31, 2020. Earlier, the Board of Directors of the Bank and Company, in their meetings held on May 07, 2019 and June 17, 2019 respectively, had resolved to present the draft Scheme of Amalgamation before the shareholders for their approval subject to approval from the State Bank of Pakistan, Securities Exchange Commission of Pakistan and Competition Commission of Pakistan. The shareholders of the Bank and the Company approved the Scheme of Amalgamation in their Extraordinary General Meetings (EOGM) held on January 13, 2020. As per the Scheme of Amalgamation, the Bank needs to issue 381,429,817 ordinary shares of Rs. 10 each of the Bank to the sole shareholder (Government of Sindh) of the Company on the basis of the swap ratio of 1 (one) ordinary share of Sindh Bank Limited for every 0.9176 ordinary shares of Sindh Leasing Company Limited, as consideration for the merger.

As per Scheme of Amalgamation ('the Scheme'), all the assets, liabilities and obligations of the Company have as at the Effective Date i.e. December 31, 2020, been merged with, transferred to, vested in and assumed by the Bank, and Sindh Leasing Company Limited stands dissolved without winding up. Further as per the Scheme, the surviving entity is Sindh Bank Limited and therefore, the entire undertaking and business of Sindh Leasing Company Limited is thereon vested in and continues under the operations of Sindh Bank Limited.

1.3.1 Initial accounting of assets and liabilities acquired on amalgamation of Sindh Leasing Company Limited

IFRS 3 ' Business Combination' does not apply to a business combination of entities under common control.

The assets and liabilities of Sindh Bank Limited and Sindh Leasing Company Limited incorporated at carrying values, in these financial statements as at December 31, 2020 are as follows:

	Sindh Bank Limited	Sindh Leasing Company Ltd
	Amount Rs. 000	
ASSETS		
Cash and bank balances	18,815,886	278,591
Lendings to financial institutions	8,212,780	-
Investments	168,876,475	1,879,951
Property and equipment	3,369,385	16,500
Loans and advances-net	55,579,115	1,827,946
Other assets	15,677,460	253,480
Total Assets	**270,531,101**	**4,256,468**
Total Liabilities	255,094,971	422,727
NET ASSETS	**15,436,130**	**3,833,741**

Further, details of assets and liabilities and related adjustments of Sindh Bank Limited and Sindh Leasing Company Limited is disclosed in Annexure -I.

1.4 GOING CONCERN

Significant losses suffered by the Bank during the year of Rs. 3,159.9 million its accumulated losses of Rs. 7.4 billion and the rising NPLs and low operating income vis a vis the Bank's operating expenses, indicates a material uncertainty relating to Going Concern. However, the management has been working on a Business Viability Plan approved by its Board of Directors in 73rd meeting held on September 13, 2019. The Plan aims to make the Bank a viable, self-sustaining institution. Important areas of focus where efforts are continuing and significant progress has been made are :

- Improving Business Volumes and Profitability-This involves the Bank taking pro-active measures to:

i. increase fee-based income from mainly trade-related business;
ii. improving Net Interest margin i.e.
a) mobilizing cost effective (CASA) deposits;
b) launching new asset products in the Consumer and SME segments;
iii. making concerted efforts for recovery and reduction of Non-Performing Loans.
iv. taking cost rationalization measures;

- Strengthening the Bank's Governance, Risk and Control environment.

- Strengthening Bank's Capital -As planned, cash injection, of Rs. 11.7 billion in Bank's Tier 1 Common Equity was made by the Government of Sindh in 2019. Further, effective December 31, 2020, the merger of Sindh Leasing Company Limited with and into Sindh Bank was approved by the State Bank of Pakistan vide letter No. BPRD (R&P-02)/SBL-SLCL/2020/14846 dated December 31, 2020 and has been made effective on the same date.

- The management is confident that barring any unforeseen contingencies, the Bank will be able to stage a turn-around. The Government of Sindh, Bank's major shareholder holding 99.95 percent of the Bank's equity is fully committed to supporting the Bank, whenever required.

1.4.1 Listing of the Bank will be undertaken in future after improvement in Bank's financial position and 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 Group from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these consolidated financial statements as such but are restricted to the amount of facility actually 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 (IASB) 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 Ordinance 1962, the Companies Act 2017 or the directives issued by SBP and SECP differ with the requirements of IFRS or IFAS, the requirements of the Banking Companies Ordinance, 1962, Companies Act 2017, 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.

3.3 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 had 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(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 funds established trust structure.

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

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Group's accounting periods beginning on or after January 01, 2020 but are considered not to be relevant or do not have any significant effect on the Group's operations and therefore not detailed in these consolidated financial statements.

3.5 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 amendments, or interpretation and are not early adopted by the Group:

Standard or Interpretation or Amendments	Effective date (annual periods beginning on or after)
IAS 1 - Classification of Liabilities as Current or Non - Current - (Amendments)	January 01, 2023
IFRS 9 - Financial Instruments: Classification and Measurement	January 01, 2021
Interest Rate Bench Reform-Phase 2 - IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments)	January 01, 2021

IFRS 16 - Covid-19 Related Rent Concessions - (Amendments)	June 01, 2020
IAS 16 - Property, Plant and Equipment: Proceeds before intended use (Amendments)	January 01, 2022
IFRS 3 - Business Combination - (Amendments)	January 01, 2022
IAS 37 - Onerous Contracts - Costs of fulfilling a Contract - (Amendments)	January 01, 2022
IFRS 9 - Annual improvement process Financial Instruments	January 01, 2022
IFRS 1 - First time adoption of International Financial Reporting Standards -Subsidiary	January 01, 2022
IFRS 41 - Agriculture- Taxation in fair value measurements	January 01, 2022

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

Standard	IASB Effective date (annual periods beginning on or after)
FRS 1 - First time adoption of IFRSs	July 01, 2009
IFRS 17 - Insurance Contracts	January 01, 2023

IFRS 9 - Financial Instruments : has been applicable in several overseas jurisdictions from January 01, 2018 and is progressively being adopted in others. The requirements of this standard are incorporated in the Group's financial statements for the jurisdictions where IFRS 9 has been adopted. As per the SBP's BPRD Circular Letter No. 4 dated October 23, 2019, the applicability of IFRS 9 to banks in Pakistan has been deferred to accounting periods beginning on or after January 01, 2021. The impact of the application of IFRS 9 in Pakistan on the Group's financial statements is being assessed and implementation guidelines are awaited.

The SECP, through SRO 229(I)/2019 dated February 14, 2019, has notified that IFRS 9, Financial Instruments, is applicable for accounting period ending on or after June 30, 2019. However, as per SBP, BPRD Circular No.04 of 2019 dated October 23, 2019 of SBP, effective date of IFRS 9 implementation is January 01, 2021.

3.6 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 5.3 and 31);
ii) classification and provision against advances (notes 5.4 and 31);
iii) depreciation and amortization / useful lives of operating fixed assets (notes 5.5, 11 and 12);
iv) taxation (note 5.8);
v) staff retirement and other benefits (note 5.9);
vi) fair value of derivatives (note 5.17); and
vii) judgements made by management in identification and reporting segment information (note 41).

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 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 Rupees, which is the Group's functional and presentation currency.

4.2 Functional & Presentation of Currency

These consolidated financial statements are presented in Pakistani Rupees, which is the Group's functional and presentation currency.

The amount are rounded off to the nearest thousand rupees except as stated otherwise.

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 Cash and cash equivalents

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

5.2 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 :

5.2.1 Repurchase / resale agreements

a) Sale of securities under repurchase agreement (repo)

Securities sold subject for repurchase agreements (repo) remain on the consolidated statement of financial position as investments and the counter party liability is included in borrowings from financial institutions. The difference between the sale and repurchase price is 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 for resale (reverse repo) are recorded as lendings to financial institutions. These transactions are accounted for on the settlement date. The difference between the purchase and resale price is recognized as mark-up return income over the period of the agreement using the effective interest rate method.

5.2.2 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.

5.3 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.

5.3.1 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 consolidated profit and loss account.

5.3.2 Subsequent measurement

Held-for-trading

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

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 on subsequent reporting dates at fair value. Any surplus / deficit arising thereon is kept other comprehensive income and taken to the profit and loss account when actually realised upon disposal or when the investment is considered 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.

5.3.3 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 30% 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.

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

5.4 Advances

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

Ijarah Financing

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

5.5 Operating fixed assets and depreciation

5.5.1 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.

5.5.2 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.

5.5.3 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a Lessee

A lessee recognizes a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments..

Right-of-use (RoU) Assets

The right-of-use assets recognised subsequent to the adoption of 'IFRS-16 Leases' are measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use assets are depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

Lease Liability

At the commencement date of the lease, the Group recognises lease liability measured at the present value of the consideration (lease payments) to be made over the lease term and is adjusted for lease prepayments. The lease payments are discounted using the interest rate implicit in the lease, unless it is not readily determinable, in which case the lessee may use the incremental rate of borrowing. After the commencement date, the carrying amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made.

Incremental borrowing rate

Borrowing rate that Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic enviorment. The Group estimated the Incremental borrowing rate using observable input such as market interest rates.

5.6 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 rates 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.

5.7 Impairment

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

5.8 Taxation

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

a) Current

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

b) Prior Year

This charge includes tax charge for prior years arising from assessments, changes in estimates and tax changes applied retrospectively.

c) 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 applicable 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.

5.9 Staff retirement and other benefits

a) Defined contribution plan

The Group operates a recognised funded contributory provident fund for all its permanent employees to which equal contributions at the rate of 10 percent (2019: 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 a 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.

5.10 Acceptances

Acceptances comprise of undertakings made by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be simultaneously settled with reimbursement from the customers. Acceptances are accounted for as on-balance sheet transactions and are reported in "other assets" and "other liabilities" simultaneously.

5.11 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.

5.12 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.

5.12.1 Mark-up / return / interest on advances and 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.

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

5.12.3 Fees, brokerage and commission on letters of credit / guarantees and from other avenues is accrued and is recognized on time proportion basis.

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

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

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

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

5.13 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.

5.14 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.

5.15 Earnings per share

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

5.16 Foreign currency translation

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

5.17 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.

5.18 Offsetting

Financial assets and financial liabilities are offset 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.

5.19 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

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

b) Trading and sales (Treasury)

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

c) Retail Banking

This includes mortgage finance and personal loans to individual customers.

d) Commercial banking and others

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

Geographical segments

5.20 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 Pak 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	2020	2019
		(Rupees in '000)	
In hand			
Local currency		**4,962,914**	3,083,197
Foreign currency		**252,331**	208,051
		5,215,245	3,291,248
With State Bank of Pakistan (SBP) in			
Local currency current accounts	6.1	**6,721,080**	7,801,629
Foreign currency current accounts	6.2	**153,339**	14,725
Foreign currency deposit accounts			
- Non Remunerative	6.3	**73,605**	77,503
- Remunerative	6.4	**141,572**	218,619
		7,089,596	8,112,476
With National Bank of Pakistan in			
Local currency current accounts		**2,100,360**	1,854,468
Local currency deposit accounts	6.5	**15,403**	190,002
		2,115,763	2,044,470
Prize bonds		**85,345**	118,428
	35	**14,505,949**	13,566,622

6.1 This represents 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 on 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 0.51% to 0.76% (2019 : 0.70% to 1.50%) per annum.

6.5 This includes savings account with National Bank of Pakistan carrying mark-up at 5.50% (2019: 11.25%) per annum.

7 BALANCES WITH OTHER BANKS	Note	2020	2019
		(Rupees in '000)	
In Pakistan			
In current account		30	29,732
In savings account	7.1	419,213	263,736
		419,243	293,468
Outside Pakistan			
In current accounts	7.2	4,169,285	787,069
		4,588,528	1,080,537

7.1 This includes savings account with commercial banks and microfinance banks carrying mark-up ranging from 5.50% to 10.75% (2019: 10.00% to 13.75%) per annum.

7.2 This includes Rs.3,342.32 million (2019: Rs. Rs.413.02 million) held in Automated Investment Plans. This balance is current in nature and in case this 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

Call money lendings	8.2	3,000,000	-
Repurchase agreement lendings (Reverse Repo)	8.3 & 8.7	3,969,535	3,645,392
Bai Muajjal with financial institutions	8.4 & 8.6	583,245	-
Musharaka arrangements	8.5	660,000	-
		8,212,780	3,645,392
8.1 Particulars of lending			
In local currency		8,212,780	3,645,392
In foreign currencies		-	-
		8,212,780	3,645,392

8.2 This represents lending to a commercial bank carrying mark-up at 7.50% (2019: nil) per annum maturing on January 2021.

8.3 This represents resale agreement lending with commercial banks carrying mark-up at 7.20% (2019 :13.05% to 13.35%) per annum maturing on March 18, 2021 (2019: January 02, 2020).

8.4 The average return on this product is 6.74% (2019: nil) per annum. The balance is maturing by February 15, 2021 (2019: nil).

8.5 This represents arrangement with an Islamic bank carrying mark-up in the range of 6.50% to 7.20% (2019: nil) per annum maturing up to January 06, 2021 (2019: nil).

8.6 Bai Muajjal	2020	2019
	(Rupees in '000)	
held with Financial Institution		
Bai Muajjal Placement	588,091	-
Less : Deferred income	(4,846)	-
	583,245	-

8.7 Securities held as collateral against Lending to financial institutions

	2020			2019		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	(Rupees in '000)					
Market Treasury Bills	-	-	-	3,643,328	-	3,643,328
Pakistan Investment Bonds	3,854,420	-	3,854,420	-	-	-
Total	3,854,420	-	3,854,420	3,643,328	-	3,643,328

9. INVESTMENTS

9.1 Investments by types

	2020				2019			
	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	97,956,376	-	(694,937)	97,261,439	23,640,034	-	(2,603,000)	21,037,034
Market Treasury Bills	51,311,160	-	43,094	51,354,254	21,921,061	-	(22,903)	21,898,158
Government of Pakistan - Ijarah Sukuk	1,500,026	-	(540)	1,499,486	500,000	-	(5,000)	495,000
Shares								
Listed	2,437,740	(369,853)	(42,599)	2,025,288	2,589,037	(357,940)	(231,757)	1,999,340
Unlisted	100,000	-	-	100,000	100,000	-	-	100,000
Non-government debt securities								
Term finance certificates listed	-	-	-	-	-	-	-	-
Sukuk certificates	96,428	-	(316)	96,112	192,856	-	6,920	199,776
Mutual funds	215,048	(32,991)	25,619	207,676	915,049	(20,646)	(63,236)	831,167
	153,616,778	(402,844)	(669,679)	152,544,255	49,858,037	(378,586)	(2,918,976)	46,560,475
Held-to-maturity securities								
Federal Government Securities								
Pakistan Investment Bonds	16,772,088	-	-	16,772,088	16,798,258	-	-	16,798,258
Market Treasury Bills	12,933	-	-	12,933	19,095	-	-	19,095
Preference Shares - Unlisted	77,708	(77,708)	-	-	77,708	-	-	77,708
Term Deposits Accounts	675,000	-	-	675,000	600,000	-	-	600,000
Non-government debt securities								
Term finance certificates- Listed	224,235	-	-	224,235	224,235	-	-	224,235
Term finance certificates- Unlisted	859,090	(331,175)	-	527,915	859,183	(126,407)	-	732,776
	18,621,054	(408,883)	-	18,212,171	18,578,479	(126,407)	-	18,452,072
Total Investments	172,237,832	(811,727)	(669,679)	170,756,426	68,436,516	(504,993)	(2,918,976)	65,012,547

9.2 Investments by segments

	2020				2019			
	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	114,728,464	-	(694,937)	114,033,527	40,438,292	-	(2,603,000)	37,835,292
Market Treasury Bills	51,324,093	-	43,094	51,367,187	21,940,156	-	(22,903)	21,917,253
Government of Pakistan - Ijarah Sukuk	1,500,026	-	(540)	1,499,486	500,000	-	(5,000)	495,000
	167,552,583	-	(652,383)	166,900,200	62,878,448	-	(2,630,903)	60,247,545
Shares								
Listed companies	2,437,740	(369,853)	(42,599)	2,025,288	2,589,037	(357,940)	(231,757)	1,999,340
Unlisted companies	177,708	(77,708)	-	100,000	177,708	-	-	177,708
	2,615,448	(447,561)	(42,599)	2,125,288	2,766,745	(357,940)	(231,757)	2,177,048
Non-government debt securities								
Term finance certificates - listed	224,235	-	-	224,235	224,235	-	-	224,235
Term finance certificates - unlisted	859,090	(331,175)	-	527,915	859,183	(126,407)	-	732,776
Sukuk certificates	96,428	-	(316)	96,112	192,856	-	6,920	199,776
	1,179,753	(331,175)	(316)	848,262	1,276,274	(126,407)	6,920	1,156,787
Mutual Funds								
Open ended	116,048	(32,991)	29,219	112,276	816,049	(20,646)	(76,646)	718,757
Islamic funds - REIT	99,000	-	(3,600)	95,400	99,000	-	13,410	112,410
	215,048	(32,991)	25,619	207,676	915,049	(20,646)	(63,236)	831,167
Others								
Term deposits accounts	675,000	-	-	675,000	600,000	-	-	600,000
Total Investments	172,237,832	(811,727)	(669,679)	170,756,426	68,436,516	(504,993)	(2,918,976)	65,012,547

		2020	2019
		(Rupees in '000)	
9.3	**Investments given as collateral**		
	Federal government securities		
	Pakistan Investment Bonds	**52,185,578**	2,574,477
	Market Treasury Bills	**8,384,972**	-
		60,570,550	2,574,477
9.4	**Provision for diminution in value of investments**		
9.4.1	**Opening balance**	**504,993**	243,212
	Charge / reversals		
	Charge for the year	**306,734**	261,781
	Reversals for the year	**-**	-
	Reversal on disposals	**-**	-
	Transfers - net	**306,734**	261,781
	Amounts written off	**-**	-
	Closing Balance	**811,727**	504,993

9.4.2 **Particulars of classified debt securities (Category of classification)**

Category of classification	2020		2019	
	Non performing investments	**Provision**	Non performing investments	Provision
Domestic	---------- (Rupees in '000) ----------			
Other assets especially mentioned	**-**	**-**	-	-
Substandard	**-**	**-**	-	-
Doubtful	**-**	**-**	514,344	126,407
Loss	**994,895**	**811,727**	378,586	378,586
Total	**994,895**	**811,727**	892,930	504,993

9.4.2.1 The Group has availed the benefit of forced sale value of collateral against non-performing investment on the basis of the instructions of the State Bank of Pakistan. Had the benefit not been taken by the Group, provision against non-performing investment would have been higher by Rs. 183.17 million (2019: Rs.130.77 million). The resultant increase in profit due to FSV benefit taken will not be available for distribution as cash and stock dividend to shareholders.

9.5 **Quality of Available for Sale Securities**

Particulars regarding quality of Available for Sale (AFS) securities	Note	2020	2019
		---------- Cost ----------	
		(Rupees in '000)	
Federal Government Securities - Government guaranteed			
Pakistan Investment Bonds		**97,956,376**	23,640,034
Market Treasury Bills	9.2	**51,311,160**	21,921,061
Government of Pakistan - Ijarah Sukuk	9.2	**1,500,026**	500,000
		150,767,562	46,061,095
Shares - Listed Companies			
Refinery		**7,682**	7,682
Fertilizer		**628,710**	618,582
Cement		**63,745**	63,745
Power Generation & Distribution		**267,863**	201,513
Oil & Gas Marketing Companies		**638,481**	737,303
Commercial Banks		**831,259**	960,212
		2,437,740	2,589,037
Unlisted Companies			
Insurance		**100,000**	100,000

	2020	2019
	---------- Cost ----------	
Other investments (Mutual Funds)	(Rupees in '000)	
Listed		
AM2+ / AAA (rr) / AM2++	**99,000**	799,000
AA / AA-	**28,459**	28,459
A+ / A-	**87,589**	87,590
	215,048	915,049
Other investments (Sukuk Certificates)		
Un-listed		
AAA	**60,714**	121,429
A-	**35,714**	71,427
	96,428	192,856
	153,616,778	49,858,037
Shares (equities)		
Listed Companies		
Pakistan Refinery Limited	**7,682**	7,683
Fauji Fertilizer Company Limited	**405,572**	387,761
Fauji Fertilizer Bin Qasim Limited	**158,135**	165,819
Fatima Fertilizer Company Limited	**65,002**	65,002
Thatta Cement Company Limited	**63,745**	63,745
Nishat Chunian Power Limited	**154,068**	117,411
Hub Power Company Limited	**113,795**	84,103
Sui Southern Gas Company Limited	**248,179**	429,641
Sui Northern Gas Pipelines Limited	**191,285**	307,662
Oil & Gas Development Company Limited	**78,308**	-
Pak Petroleum Limited	**82,701**	-
Pakistan State Oil Limited	**38,007**	-
Summit Bank Limited	**305,509**	305,509
National Bank of Pakistan	**-**	343,450
Bank AlHabib Limited	**39,768**	-
Habib Bank Limited	**87,726**	-
United Bank Limited	**70,724**	-
MCB Bank Limited	**200,883**	184,602
Silk Bank Limited	**126,649**	126,649
	2,437,740	2,589,037

	2020		2019	
	Cost	Break-up value	Cost	Break-up value
Unlisted Companies	---------- (Rupees in '000) ----------			
TPL Life Insurance Limited	**100,000**	**23,868**	100,000	30,371

9.5.1 The investment of 10 million of ordinary shares of Rs. 10 each in TPL Life Insurance Limited ('the company') is under buy back agreement dated June 27, 2018. The company has provided cash of Rs. 60 million (2019: Rs. 60 million) under block account with the bank and investment by TPL Life Insurance in treasury bills of Rs. 41 million under investor portfolio settlement account, lien with the Bank. Therefore, no impairment has been accounted for.

		2020	2019
		---------- Cost ----------	
		(Rupees in '000)	
9.6	**Particulars relating to Held to Maturity securities**		
	Federal Government Securities - Government guaranteed		
	Pakistan Investment Bonds	**16,772,088**	16,798,258
	Market Treasury Bills	**12,933**	19,095
		16,785,021	16,817,353
	Preference Shares - Unlisted Company		
	Al-Arabia Sugar Mills Ltd	**77,708**	77,708
	Non Government Debt Securities		
	Listed		
	Unrated	**224,235**	224,235
	Un-listed		
	AA	**119,880**	119,929
	A-	**-**	224,910
	BBB+	**224,866**	-
	Unrated	**514,344**	514,344
		859,090	859,183
	Term deposit accounts		
	Microfinance Banks	**675,000**	600,000
		18,621,054	18,578,479

9.6.1 The market value of securities classified as held-to-maturity as at December 31, 2020 amounted to Rs. 18,939.80 million (December 31, 2019: Rs.17,659.34 million).

10 ADVANCES

	Note	Performing		Non Performing		Total	
		2020	2019	2020	2019	2020	2019
		(Rupees '000)					
Loans, cash credits, agriculture, running finances etc.		26,584,981	33,577,570	35,095,583	33,820,880	61,680,564	67,398,450
Commodity finance	10.2	10,644,226	7,020,595	-	-	10,644,226	7,020,595
Net investment in finance lease	10.3	1,674,341	-	240,215	-	1,914,556	-
Islamic financing and related assets							
Diminishing musharakah financing	10.4	2,218,351	1,790,039	-	-	2,218,351	1,790,039
Murabaha Financing	10.5	-	644,525	-	-	-	644,525
Ijarah financing under IFAS 2	10.6	38,002	61,542	-	-	38,002	61,542
		41,159,901	43,094,271	35,335,798	33,820,880	76,495,699	76,915,151
Bills discounted and purchased (excluding market treasury bills)							
Payable in Pakistan		401,727	369,077	-	-	401,727	369,077
Payable outside Pakistan		15,037	6,825	3,405	3,405	18,442	10,230
		416,764	375,902	3,405	3,405	420,169	379,307
Advances - gross	10.1	41,576,665	43,470,173	35,339,203	33,824,285	76,915,868	77,294,458
Provision for non-performing advances							
- Specific provision		-	-	18,713,952	15,303,290	18,713,952	15,303,290
- Specific provision on Leasing portfolio		-	-	787,367	-	787,367	-
- General provision against consumer and small enterprise advances		7,488	10,142	-	-	7,488	10,142
		7,488	10,142	19,501,319	15,303,290	19,508,807	15,313,432
Advances - Net of Provision		41,569,177	43,460,031	15,837,884	18,520,995	57,407,061	61,981,026

	2020	2019
	(Rupees in '000)	
10.1 Particulars of advances (Gross)		
In local currency	76,915,868	77,294,458
In foreign currencies	-	-
	76,915,868	77,294,458

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

10.3 Net investment in finance lease

	2020				2019			
	Not later than one year	Over one year and less than five years	Over five years and above	Total	Not later than one year	Over one year and less than five years	Over five years and above	Total
	(Rupees in '000)							
Lease rental	240,990	1,524,324	-	1,765,314	-	-	-	-
Residual value	26,871	373,366	-	400,237	-	-	-	-
Minimum lease payments	267,861	1,897,690	-	2,165,551	-	-	-	-
Un-earned income for future periods	(128,910)	(122,085)	-	(250,995)	-	-	-	-
Present value of minimum lease payments	138,951	1,775,605	-	1,914,556	-	-	-	-

10.3.1 This represents portfolio taken on the books of the Bank due to amalgamation of Sindh Leasing Company Limited.

			2020	2019
10.4	**Diminishing musharakah financing**		(Rupees in '000)	
	Advance against musharakah		-	-
	Diminishing musharakah		**2,218,351**	1,790,039
			2,218,351	1,790,039
10.5	**Murabaha Financing**			
	Murabaha receivable - Gross		-	466,102
	Inventory for Murabaha		-	15,088
	Less : Deferred income		-	(36,577)
			-	444,613
	Advance against Murabaha financing		-	199,912
			-	644,525
10.6	**Ijarah financing under IFAS 2**			
	Net book value of assets	10.6.1	**38,002**	61,542
	Advance against Ijarah financing		-	-
			38,002	61,542

10.6.1 **Particulars of assets under Ijarah**

	2020							
	Cost			Accumulated depreciation				
	As at January 01	Additions/ Settled	As at December 31	As at January 01	Charge/ Settled	As at December 31	Book value As at Decembe31	Rate of depreciation %
	(Rupees in '000)							
Vehicle	**63,094**	**(20,499)**	**42,595**	**14,614**	**9,395**	**24,009**	**18,586**	**Over the**
Plant and machinery	**48,000**	**-**	**48,000**	**34,938**	**(6,354)**	**28,584**	**19,416**	**Ijarah period**
Total	**111,094**	**(20,499)**	**90,595**	**49,552**	**3,041**	**52,593**	**38,002**	

	2019							
	Cost			Accumulated depreciation				
	As at January 01	Additions/ Settled	As at December 31	As at January 01	Charge/ Settled	As at December 31	Book value As at Decembe31	Rate of depreciation %
	(Rupees in '000)							
Vehicle	76,000	(12,906)	63,094	27,088	(12,474)	14,614	48,480	Over the
Plant and machinery	27,605	20,395	48,000	16,278	18,660	34,938	13,062	Ijarah period
Total	103,605	7,489	111,094	43,366	6,186	49,552	61,542	

		2020	2019
		(Rupees in '000)	
10.6.2	**Future Ijarah payments receivable**		
	Not later than one year	**16,449**	32,032
	Later than one year and not later than five years	**21,553**	29,510
		38,002	61,542

10.7 Advances include Rs.35,339.20 (2019: Rs. 33,824.28) million which have been placed under non-performing status as detailed below:

Category of Classification	Note	2020 Non performing loans	2020 Provision	2019 Non performing loans	2019 Provision
		(Rupees in '000)			
Domestic					
Other Assets Especially Mentioned	10.7.1	**37,295**	**-**	584,145	-
Substandard		**32,802**	**2,229**	2,017,633	235,056
Doubtful		**1,575,617**	**521,498**	1,514,953	187,564
Loss		**33,693,489**	**18,977,592**	29,707,554	14,880,670
Total		**35,339,203**	**19,501,319**	33,824,285	15,303,290

10.7.1 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.

10.7.2 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 the 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.14,987.57 million (2019: Rs. 15,641.06 million). The resultant increase in profit due to FSV benefit taken will not be available for distribution as cash and stock dividend to shareholders.

10.7.3 Particulars of provision against advances

	2020 Specific	2020 General	2020 Total	2019 Specific	2019 General	2019 Total
	(Rupees in '000)					
Opening balance	**15,303,290**	**10,142**	**15,313,432**	5,539,001	7,890	5,546,891
Exchange adjustments	**-**	**-**	**-**	-	-	-
Charge for the year	**3,985,927**	**396**	**3,986,323**	9,985,535	2,454	9,987,989
Reversals	**(1,001,443)**	**(3,050)**	**(1,004,493)**	(356,792)	(202)	(356,994)
	2,984,448	**(2,654)**	**2,981,830**	9,628,743	2,252	9,630,995
Amounts charged off - agriculture loans	**447,039**	**-**	**447,039**	139,054	-	139,054
Net charge / (reversal) during the year	**3,431,523**	**(2,654)**	**3,428,869**	9,767,797	2,252	9,770,049
Transfer from Sindh Leasing Co. Ltd under amalgamation	**787,367**	**-**	**787,367**	-	-	-
Amounts written off	**(20,861)**	**-**	**(20,861)**	(3,508)	-	(3,508)
Closing balance	**19,501,319**	**7,488**	**19,508,807**	15,303,290	10,142	15,313,432

10.7.3.1 Particulars of provision against advances

	2020 Specific	2020 General	2020 Total	2019 Specific	2019 General	2019 Total
	(Rupees in '000)					
In local currency	**19,501,319**	**7,488**	**19,508,807**	15,303,290	10,142	15,313,432
In foreign currencies	**-**	**-**	**-**	-	-	-
	19,501,319	**7,488**	**19,508,807**	15,303,290	10,142	15,313,432

10.7.3.2 General provision against consumer loans represents provision maintained at an amount equal to 1% (2019: 1%) of the fully secured performing portfolio and 4% (2019: 4%) of the unsecured performing portfolio as required by the Prudential Regulations issued by SBP. General provision against Small Enterprises financing represents provision maintained at an amount equal to 0% (2019: 0%) of the fully secured performing portfolio and 1% of the unsecured performing portfolio as required by the Prudential Regulations issued by SBP.

		Note	2020	2019
			(Rupees in '000)	
11	FIXED ASSETS			
	Capital work-in-progress	11.1	24,900	21,495
	Property and equipment	11.3	1,440,082	1,587,425
	Right of use assets	11.6	1,849,749	2,228,609
			3,314,731	3,837,529
11.1	Capital work-in-progress			
	Equipment		4,814	362
	Advances to suppliers		20,086	21,133
			24,900	21,495
11.2	Movement in Capital work-in-progress			
	Opening balance		21,495	10,927
	Transfer in		71,836	152,154
	Transfer out		(68,431)	(141,586)
	Write off		-	-
	Closing balance		24,900	21,495

11.3 Property and Equipment

	2020				
	Lease hold improvements	Furniture and fixture	Computer and office equipment	Vehicles	Total
	(Rupees in '000)				
At January 1, 2020					
Cost / Revalued amount	1,278,925	548,236	1,596,885	380,960	3,805,006
Accumulated depreciation	363,495	336,148	1,304,938	213,000	2,217,581
Net book value	915,430	212,088	291,947	167,960	1,587,425
Year ended December 31, 2020					
Opening net book value	915,430	212,088	291,947	167,960	1,587,425
Additions	18,241	8,155	89,255	32,777	148,428
Movement in surplus on assets revalued during the year	-	-	-	-	-
Acquisitions through business combinations	7,484	1,495	578	6,935	16,492
Impairment loss recognised in the profit and loss account - net	-	-	-	-	-
Disposals	(354)	(35)	(2,474)	(3,799)	(6,662)
Depreciation charge	(64,649)	(54,423)	(128,385)	(62,968)	(310,425)
Exchange rate adjustments	-	-	-	-	-
Other adjustments / transfers	(92)	1,167	1,283	2,466	4,824
Closing net book value	876,060	168,447	252,204	143,371	1,440,082
At December 31, 2020					
Cost / Revalued amount	1,316,822	561,644	1,688,779	389,718	3,956,963
Accumulated depreciation	440,762	393,197	1,436,575	246,347	2,516,881
Net book value	876,060	168,447	252,204	143,371	1,440,082
Rate of depreciation (percentage)	5.00%	10.00%	33.33% & 20.0%	20.00%	

	2019				
	Lease hold improvements	Furniture and fixture	Computer and office equipment	Vehicles	Total
	(Rupees in '000)				
At January 1, 2019					
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	902,488	236,297	342,264	132,898	1,613,947
Year ended December 31, 2019					
Opening net book value	902,488	236,297	342,264	132,898	1,613,947
Additions	74,761	29,048	98,163	92,811	294,783
Movement in surplus on assets revalued during the year	-	-	-	-	-
Acquisitions through business combinations	-	-	-	-	-
Impairment loss recognised in the profit and loss account - net	-	-	-	-	-
Disposals	-	-	(59)	(1,000)	(1,059)
Depreciation charge	(61,819)	(53,256)	(148,421)	(56,750)	(320,246)
Exchange rate adjustments	-	-	-	-	-
Other adjustments / transfers	-	(1)	-	1	-
Closing net book value	915,430	212,088	291,947	167,960	1,587,425
At December 31, 2019					
Cost / Revalued amount	1,278,925	548,236	1,596,885	380,960	3,805,006
Accumulated depreciation	363,495	336,148	1,304,938	213,000	2,217,581
Net book value	915,430	212,088	291,947	167,960	1,587,425
Rate of depreciation (percentage)	5.00%	10.00%	33.33% & 20.0%	20.00%	

11.4 The cost of fully depreciated furniture and fixture, office and computer equipment still in use amounted to Rs.1,253.85 million (2019: Rs.1,037.71 million).

11.5 Disposals

Particular of the Assets	Cost	Accumulated depreciation	Book Value	Sale Price	Mode of Disposal	Particular of the Purchaser
	(Rupees)					
Computer and office equipment						
Laptop	77,110	77,109	1	1	As Per HR Policy	Tahira Abid
Laptop	61,110	61,109	1	1	As Per HR Policy	Khaleequr Rehman Usmani
Laptop	61,110	61,109	1	1	As Per HR Policy	Muhammad Nadir Khan Jalbani
Laptop	61,110	61,109	1	1	As Per HR Policy	Anis Iqbal
CCTV System	108,345	108,335	10	3,000	Negotiation	Network
Fire Extinguisher	32,585	32,580	5	410	Negotiation	Sarwar Scrab Dealer
Fire Extinguisher	11,583	11,579	4	900	Negotiation	Wazeer Ahmed
Fire Extinguisher	30,218	30,212	6	6,000	Negotiation	Muhammad Azhar
Fire Extinguisher	19,430	19,425	5	900	Negotiation	Gul Hassan
Split Air conditioners	518,995	518,988	7	7,800	Negotiation	Amjad Electric & Refrigeration Services

Particular of the Assets	Cost	Accumulated depreciation	Book Value	Sale Price	Mode of Disposal	Particular of the Purchaser
	----------(Rupees)----------					
Split Air conditioners	228,998	228,995	3	21,000	Negotiation	Best Cool
Split Air conditioners	419,997	419,992	5	25,000	Negotiation	Breez Cooling Tech Engineers
Split Air conditioners	188,514	188,512	2	14,500	Negotiation	Eman Electronics
Split Air conditioners	625,195	625,187	8	60,000	Negotiation	Hani Freezers Sales & Services
Split Air conditioners	415,996	415,991	5	30,000	Negotiation	Network
Split Air conditioners	521,285	521,280	5	3,000	Negotiation	Pak International Cooling Centre
Split Air conditioners	108,514	108,513	1	4,600	Negotiation	Super General Ref Cool Centre
Split Air conditioners	84,000	83,999	1	3,500	Negotiation	Top Cool Refrigeration
Split Air conditioners	110,687	110,684	3	16,000	Negotiation	Usman Cooling Service
Furniture	146,330	112,329	34,001	29,500	Negotiation	Amjad Electric & Refrigeration Services
Furniture	208,377	208,333	44	23,650	Negotiation	Design Furniture & Home Decor
Furniture	4,455	3,961	494	500	Negotiation	Shahbaz Ali Shah
UPS & Stablizer	104,402	104,398	4	6,500	Negotiation	Usman Cooling Service
Signage	127,577	56,918	70,659	2,025	Negotiation	Shahbaz Ali Shah
	4,275,923	**4,170,647**	**105,276**	**258,789**		
Vehicles						
Suzuki Mehran	632,000	631,999	1	465,000	Negotiation	Nawaz Khan
Suzuki Mehran	673,000	672,999	1	1	As Per HR Policy	Shahid Mahmood Mufti
Suzuki Alto VXR	712,000	711,999	1	411,818	Negotiation	Muhammad Umair
Suzuki Alto VXR	737,000	736,999	1	636,363	Negotiation	Agha Shahid Majeed Khan
Suzuki Alto VXR	737,000	736,999	1	645,000	Negotiation	Augmentech Business Solution Pvt Ltd
Suzuki Wagon R	957,000	956,999	1	1	As Per HR Policy	Humayun Khan
Suzuki Wagon R	959,000	958,999	1	1	As Per HR Policy	Ashfaq Ahmed Ansari
Suzuki Wagon R	964,000	963,999	1	1	As Per HR Policy	Muhammad Shahid Saleem
Suzuki Wagon R	964,000	931,866	32,134	32,134	As Per HR Policy	Malik Humayun Younis
Suzuki Wagon R	964,000	963,999	1	1	As Per HR Policy	Imran Nawaz Bodla
Suzuki Wagon R	964,000	963,999	1	1	As Per HR Policy	Khurram Shakeel
Suzuki Wagon R	964,000	963,999	1	1	As Per HR Policy	Saleem Ahmed
Suzuki Wagon R	964,000	963,999	1	1	As Per HR Policy	Radain Shah
Suzuki Wagon R	964,000	963,999	1	1	As Per HR Policy	Mir Mohsin Talpur
Suzuki Wagon R	964,000	963,999	1	1	As Per HR Policy	Syed Muhammad Mustafa Rizvi
Suzuki Wagon R	964,000	963,999	1	1	As Per HR Policy	Muhammad Murtaza
Suzuki Wagon R	964,000	963,999	1	1	As Per HR Policy	Syed Muhammad Rizwan
Suzuki Wagon R	964,000	963,999	1	1	As Per HR Policy	Sadar Jehan Mian
Suzuki Cultus VXR	965,000	964,999	1	711,000	Negotiation	Augmentech Business Solution Pvt Ltd
Suzuki Wagon R	974,000	941,532	32,468	48,701	As Per HR Policy	Muhammad Nadir Jalbani
Suzuki Wagon R	1,047,000	1,046,999	1	1	As Per HR Policy	Jamil Ahmed Shaikh
Suzuki Cultus VXR	1,099,000	842,566	256,434	274,751	As Per HR Policy	Gulnar Cowasjee
Honda City	1,522,000	1,521,999	1	1	As Per HR Policy	Alizain Wahab
Toyota Corolla XLI	1,627,500	1,627,499	1	1	As Per HR Policy	Naeem Muhammad
Toyota Corolla XLI	1,627,500	1,627,499	1	1	As Per HR Policy	Shahid Siddiqui Amjad Mughal
Mercedes-Benz C 180	7,643,000	6,623,933	1,019,067	2,292,900	Employement terms	Tariq Ahsan
	32,516,000	**31,175,874**	**1,340,126**	**5,517,684**		
	36,791,923	**35,346,521**	**1,445,402**	**5,776,473**		

	2020	2019
	(Rupees in '000)	
11.6 RIGHT OF USE ASSETS		
Year ended December 31		
Opening net book value	**2,228,609**	-
Additions	**335,119**	2,906,486
Disposals	**-**	-
Depreciation charge	**(713,979)**	(677,877)
Closing net book value	**1,849,749**	2,228,609
At December 31		
Cost	**3,225,399**	2,906,486
Accumulated depreciation	**(1,375,650)**	(677,877)
Net book value	**1,849,749**	2,228,609
Rate of depreciation (percentage)	**10% to 100%**	10% to 100%
12 INTANGIBLE ASSETS - Computer Software		
At January 1		
Cost	**243,278**	230,539
Accumulated amortisation and impairment	**200,065**	177,599
Net book value	**43,213**	52,940
Year ended December 31		
Opening net book value	**43,213**	52,940
Additions:		
- directly purchased	**53,969**	12,740
Disposals	**-**	-
Amortisation charge	**(26,028)**	(22,467)
Other adjustments	**-**	-
Closing net book value	**71,154**	43,213
At December 31,		
Cost	**298,694**	243,278
Accumulated amortisation and impairment	**227,540**	200,065
Net book value	**71,154**	43,213
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.163.317 million (2019: Rs. 150.47 million).

13 DEFERRED TAX ASSETS-NET

	2020				
	At Jan 1, 2020	Recognised in P&L A/C	Recgonised in OCI	Recognised on Amalgamation (SLCL)	At Dec 31, 2020
	(Rupees in '000')				
Deductible Temporary Differences on					
- Provision against advances - general	5,190,961	1,042,439	-	228,336	6,461,736
- Tax losses carried forward	2,212,111	910,258	(4,270)	-	3,118,099
- Provision for diminution in the value of investments	94,853	-	-	-	94,853
- Deficit on revaluation of investments	1,138,399	-	(877,224)	-	261,175
- Accelerated tax depreciation - right to use assets	52,075	(60,805)	-	-	(8,730)
- Others	-	438,871	-	-	438,871
	8,688,399	2,330,763	(881,494)	228,336	10,366,004
Taxable Temporary Differences on					
- Accelerated tax depreciation - tangible fixed assets	(67,022)	27,000	-	(469)	(40,491)
- Others	-	-	(197)	-	(197)
- Net investment in lease Finance	-	-	-	(131,859)	(131,859)
- Accelerated tax amortization - intangible assets	(8,076)	403	-	-	(7,673)
	(75,098)	27,403	(197)	(132,328)	(180,220)
	8,613,301	2,358,166	(881,691)	96,008	10,185,784

	2019				
	At Jan 1, 2019	Recognised in P&L A/C	Recgonised in OCI	Recognised on Amalgamation (SLCL)	At Dec 31 2019
	(Rupees in '000)				
Deductible Temporary Differences on					
- Provision against advances - general	1,528,566	3,662,395	-	-	5,190,961
- Tax losses carried forward	249,212	1,957,703	5,196	-	2,212,111
- Provision for diminution in the value of investments	85,124	9,729	-	-	94,853
- Deficit on revaluation of investments	2,251,828	-	(1,113,429)	-	1,138,399
	4,114,730	5,629,827	(1,108,233)	-	8,636,324
Taxable Temporary Differences on					
- Accelerated tax depreciation - right to use assets	-	52,075	-	-	52,075
- Accelerated tax depreciation - tangible fixed assets	(78,620)	11,598	-	-	(67,022)
- Accelerated tax amortization - intangible assets	(8,326)	250	-	-	(8,076)
	(86,946)	63,923	-	-	(23,023)
	4,027,784	5,693,750	(1,108,233)	-	8,613,301

13.1 In this respect, the management of the Group have prepared five year projections which have been approved by the Board of Directors of the Group. The projections involve certain key assumptions underlying the estimation of future taxable profits, such as cost to income ratio of the Group, deposit composition, growth of deposits and advances, investment returns, expected recoveries of classified advances, etc. The management believes that it is probable that the Group will be able to achieve the profits projected in the projections and consequently the deferred tax asset will be fully realized in the future.

	Note	2020	2019
		(Rupees in '000)	
14 OTHER ASSETS			
Income/ Mark-up accrued in local currency	14.1	**3,344,767**	3,155,483
Accrued commission income		**23,346**	7,234
Advances, deposits, advance rent and other prepayments		**74,800**	70,993
Receivable against sale of shares		**1,573,718**	-
Unrealised gain on forward forex revaluation - net		**229,271**	-
Insurance premium receivable against agriculture loans		**13,271**	30,531
Stationery and stamps on hand		**11,445**	3,816
Dividend receivable		**702**	-
Receivable against 1 Link ATM settlement account		**162,873**	207,120
Advance Taxation - net		**264,191**	378,512
Acceptances		**7,671**	4,297
Insurance claims receivable		**371**	142
Other receivables		**38,730**	27,817
		5,745,156	3,885,945
14.1 Income/ Mark-up accrued in local currency			
- On loans and advances		**1,180,130**	1,718,779
- On investments		**2,102,081**	1,425,264
- Others		**62,556**	11,440
		3,344,767	3,155,483
15 BILLS PAYABLE			
In Pakistan		**592,334**	495,010
Outside Pakistan		**-**	-
		592,334	495,010
16 BORROWINGS			
Secured			
Borrowings from State Bank of Pakistan			
- Under export refinance scheme	16.2	**1,752,141**	1,476,379
- Under long term finance facility	16.3	**119,758**	149,698
Repurchase agreement borrowings			
- State Bank of Pakistan(SBP)	16.4	**57,883,940**	2,566,207
- Other commercial banks / DFIs	16.5	**2,621,809**	-
		60,505,749	2,566,207
Unsecured			
- State Bank of Pakistan(SBP)	16.6	**750,000**	750,000
- Other microfinance bank		**-**	50,000
		63,127,648	4,992,284
16.1 Particulars of borrowings with respect to Currencies			
In local currency		**63,127,648**	4,992,284
In foreign currencies		**-**	-
		63,127,648	4,992,284

16.2 These represent borrowings from SBP under export refinance scheme at the rates ranging from 1.00% to 2.00% (2019: 1.00% to 2.00%) per annum having maturity upto six months.

16.3 These represent borrowings from SBP under long term finance facility at the rate of 3.00% (2019: 3.00%) per annum having maturity upto 5 years.

16.4 These represent repurchase agreement borrowings from State Bank of Pakistan at the rate of 7.07% (2019:13.32%) per annum maturing on January 04, 2021 (2019: January 03, 2020). The carrying value of securities given as collateral against these borrowings is given in note 9.4.

16.5 These represent repurchase agreement borrowings at the rates ranging from 6.50% to 6.90% (2019: nil) per annum maturing on January 04, 2021 (2019: nil). The carrying value of securities given as collateral against these borrowings is given in note 9.4.

16.6 This represent borrowings from SBP under LOC fund of Microfinance Bank Ltd at the rate of 6 month kibor +1% (2019: 6 month kibor +1%) per annum having maturity upto 5 years.

17 DEPOSITS AND OTHER ACCOUNTS

	Note	2020			2019		
		In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
		Rupees in '000					
Customers							
Current deposits		**47,602,311**	**214,880**	**47,817,191**	43,538,743	218,087	43,756,830
Savings deposits		**74,398,452**	**815,417**	**75,213,869**	54,929,829	817,743	55,747,572
Term deposits		**58,407,259**	**353,557**	**58,760,816**	29,436,358	298,529	29,734,887
Certificates of investment (COIs)	17.3	**16,600**	**-**	**16,600**	-	-	-
Margin and other deposits		**638,005**	**-**	**638,005**	380,731	-	380,731
		181,062,627	**1,383,854**	**182,446,481**	128,285,661	1,334,359	129,620,020
Financial Institutions							
Current deposits		**45,443**	**17**	**45,460**	44,422	17	44,439
Savings deposits		**1,564,002**	**-**	**1,564,002**	2,617,299	-	2,617,299
Term deposits		**1,489,000**	**-**	**1,489,000**	1,714,000	-	1,714,000
Margin and other deposits		**90,036**	**-**	**90,036**	90,038	-	90,038
		3,188,481	**17**	**3,188,498**	4,465,759	17	4,465,776
		184,251,108	**1,383,871**	**185,634,979**	132,751,420	1,334,376	134,085,796

17.1 Composition of deposits	2020	2019
	(Rupees in '000)	
- Individuals	**20,990,578**	16,276,218
- Government (Federal and Provincial)	**127,198,473**	82,919,393
- Public Sector Entities	**1,830,111**	6,228,983
- Banking Companies	**9,313**	4,630
- Non-Banking Financial Institutions	**3,179,185**	4,561,146
- Private Sectors	**32,427,319**	24,095,426
	185,634,979	134,085,796

17.2 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 2020, the deposits eligible to be covered under insurance arrangements amounted to Rs. 28,754.09 million (2019: Rs. 20,825.29 million) and premium paid amounted to Rs. 33.32 million (2019 : Rs. 29.05 million).

17.3 Sindh Leasing Company Limited customer deposits taken on the books upon amalgamation.

	Note	2020	2019
		(Rupees in '000)	
18 OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		**2,361,832**	1,649,102
Mark-up / return / interest payable in foreign currency		**3,539**	5,482
Accrued expenses		**101,973**	159,931
Net defined benefit liability		**84,851**	84,612
Unrealised loss against forward forex revaluation - net		**-**	105,781
Provision for compensated absences		**179,687**	188,606
Payable to employees' provident fund		**835**	602
Payable against purchase of operating fixed assets		**42,714**	34,002
Payable against purchase of shares		**519,695**	-
Retention money		**56,376**	68,457
Federal excise duty / sales tax on services payable		**3,351**	3,691
Lease liability	18.1	**2,141,076**	2,328,843
Withholding tax payable		**33,290**	23,761
Acceptances		**7,671**	4,297
Security deposit against leasess	18.2	**400,237**	-
Others		**225,610**	219,068
		6,162,737	4,876,235
18.1 Lease liability			
Opening balance		**2,328,843**	-
Impact of adoption of IFRS 16		**-**	2,768,645
Additions / renewals		**335,118**	-
Borrowing cost		**274,246**	300,634
Payments		**(797,131)**	(740,436)
Closing balance		**2,141,076**	2,328,843
Current lease liability		**793,963**	751,746
Non current lease liability		**1,347,113**	1,577,097
		2,141,076	2,328,843

18.2 These represent interest free security deposits received from lessees against lease contracts of Sindh Leasing Company Limited was amalgamated into the Bank, and are adjustable against residual value of leased assets at the expiry of the respective lease terms.

19 SHARE CAPITAL-NET

19.1 Authorised capital

2020	2019		2020	2019
Number of shares			(Rupees in '000)	
2,800,000,000	2,000,000,000	Ordinary shares of Rs.10 each	**28,000,000**	20,000,000

19.2 Issued, subscribed and paid-up share capital

		(fully paid in Cash)		
1,971,013,000	1,001,013,000	Ordinary shares of Rs.10 each	**19,710,130**	10,010,130
-	970,000,000	Risght shares of Rs.10 each issued during the year	**-**	9,700,000
1,971,013,000	**1,971,013,000**		**19,710,130**	19,710,130

19.3 The Government of Sindh, through its Finance Department, owns 99.95% ordinary shares of the Bank.

	Note	2020	2019
		(Rupees in '000)	
20 SHARES DEPOSIT MONEY			
Opening balance		**2,000,000**	-
Shares deposit money		**-**	11,700,000
Right shares issued during the year		**-**	(9,700,000)
		2,000,000	2,000,000

20.1 The Government of Sindh has paid this amount against issue of ordinary shares which is in process.

21 PROPOSED ORDINARY SHARES TO BE ISSUED ON AMALGAMATION	21.1	**3,814,298**	-

21.1 As per the Scheme of Amalgamation, the Bank needs to issue 381,429,817 ordinary shares of the Bank to the sole shareholder (Government of Sindh) of Sindh Leasing Company Limited on the basis of the swap ratio of 1 (one) ordinary share of Sindh Bank Limited for every 0.9176 ordinary shares of Sindh Leasing Company Limited, as consideration for the merger.

22 DEFICIT ON REVALUATION OF ASSETS - NET OF DEFERRED TAX			
Available-for-sale securities			
Federal government securities		**(652,382)**	(2,630,903)
Fully paid ordinary shares - listed		**(42,599)**	(231,757)
Units of mutual funds (units / certificates)		**25,618**	(63,236)
Sukuk certificates		**(316)**	6,920
		(669,679)	(2,918,976)
Related deferred taxation		**261,174**	1,138,399
		(408,505)	(1,780,577)

23 CONTINGENCIES AND COMMITMENTS			
-Guarantees	23.1	**3,473,161**	3,979,309
-Commitments	23.2	**99,865,985**	22,144,949
-Other contingent liabilities		**-**	-
		103,339,146	26,124,258
23.1 Guarantees:			
Financial guarantees		**1,036,910**	1,814,543
Performance guarantees		**1,947,878**	1,476,888
Other guarantees		**488,373**	687,878
		3,473,161	3,979,309
23.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		**2,215,675**	610,437
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	**24,357,415**	5,035,712
- forward lending, borrowings and credits	23.2.2	**73,292,895**	16,498,800
Other commitments		**-**	-
		99,865,985	22,144,949
23.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		**9,983,985**	2,470,494
Sale		**14,373,430**	2,565,218
		24,357,415	5,035,712

	Note	2020	2019
		(Rupees in '000)	
23.2.2 Commitments in respect of forward lending, borrowings and credits			
Forward repurchase agreement borrowing		**60,551,083**	2,570,889
Forward resale agreement lending		**3,980,497**	3,646,700
Undrawn formal standby facilities, credit lines and other commitments to lend	23.2.2.1	**8,761,315**	10,281,211
		73,292,895	16,498,800

23.2.2.1 Commitments to extend credit

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

23.3 Contingencies

23.3.1 The Income Tax returns of the Bank have been filed up to the tax year 2020 (accounting year ended December 31, 2019) and amendment of deemed assessment had been carried out till tax year 2018, whereby certain disallowances to the taxable income were made.

23.3.2 For tax year 2019, the ACIR issued show-cause notice assessing the income tax payable under section 122 (5A) of the ITO 2001, detailed replies to which have been submitted and assessment order is awaited.

Appeals against amended orders were filed before Commissioner Inland Revenue Authority (CIRA), who deleted all major disallowances and additions in 2014 at the end of 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.

With respect to Bank's operations in Azad Jammu & Kashmir (AJK), the Bank has filed income tax returns upto tax year 2020 (accounting year ended December 31, 2019) with the tax authorities of AJK. The Commissioner has issued amended assessment orders for various tax years. The Bank has filed appeals which are pending at CIRA, as their office is vacant.

23.3.3 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 have filed a suit before Honorable Sindh High Court and have challenged the vires of SWWF, which is pending for adjudication.

23.3.4 Sindh Leasing Company Limited - Amalgamated

The Income Tax returns of the Sindh Leasing Company Limited have been filed up to the tax year 2020 (accounting year ended June 30, 2019). The returns so filed were treated as assessment orders deemed to have been issued by Commissioner Inland Revenue (CIR) in terms of section 120(1) of the income tax ordinance 2001. For Tax Year 2017, audit proceedings under section 177 of Income Tax Ordinance 2001 have been initiated by the tax authorities, however no order has yet been passed.

Withholding tax monitoring proceedings of tax year 2015, 2018 and 2019 were initiated under section 176 of the Income Tax Ordinance, 2001 read with rule 44 of Income Tax Rules, 2002 by tax authorities, however, orders have yet been passed.

	2020	2019
	(Rupees in '000)	
23.3.5 Other Contingent Liabilities		
Claims against the Bank not acknowledged as debt	**803,500**	1,050,064

These mainly represent 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, the management is confident that the matters will be decided in Bank's favor and the possibility of any outcome against the Bank is remote and accordingly no provision has been made in these financial statements.

		Note	2020	2019
			(Rupees in '000)	
24	MARK-UP/RETURN/INTEREST EARNED			
	On Loans and advances		**5,416,578**	6,719,069
	On Investments		**9,744,799**	5,326,571
	On Lendings to financial institutions		**414,800**	296,970
	On Balances with banks		**133,988**	111,216
			15,710,165	12,453,826
25	MARK-UP/RETURN/INTEREST EXPENSED			
	Deposits		**9,434,876**	7,590,318
	Borrowings		**2,844,416**	2,437,133
	Lease liability against right of use assets		**274,246**	300,635
	Others		**-**	-
			12,553,538	10,328,086
26	FEE & COMMISSION INCOME			
	Branch banking customer fees		**38,415**	53,864
	Consumer finance related fees		**629**	762
	Card related fees (debit cards)		**129,263**	130,458
	Commission on trade		**37,186**	48,756
	Commission on guarantees		**32,046**	42,626
	Credit related fees		**30,324**	19,533
	Commission on remittances including home remittances		**10,310**	7,006
	Others		**511**	704
			278,684	303,709
27	GAIN / (LOSS) ON SECURITIES			
	Realised	27.1	**(46,420)**	(1,253,105)
	Unrealised - held for trading		**-**	-
			(46,420)	(1,253,105)
27.1	**Realised (loss) / gain on:**			
	Federal Government Securities		**276,060**	(914,262)
	Shares of listed companies		**(274,628)**	(338,843)
	Units of mutual funds		**(47,852)**	-
	Others investments		**-**	-
			(46,420)	(1,253,105)
28	OTHER INCOME			
	Incidental charges		**721**	2,464
	Gain on sale of operating fixed assets		**4,331**	1,358
	Rent on premises shared		**3,535**	3,513
	Prequalification application fee for tender		**39**	84
	Godwon charges		**250**	161
	Others		**-**	-
			8,876	7,580

29 OPERATING EXPENSES

	Note	2020	2019
		(Rupees in '000)	
Total compensation expenses	29.2	**2,646,788**	2,501,690
Property expense			
Rent & taxes		**12,382**	17,537
Insurance		**31,518**	26,711
Utilities cost		**224,009**	230,142
Security		**320,527**	297,500
Repairs & maintenance		**27,298**	33,175
Depreciation		**64,606**	61,819
Depreciation- right of use assets		**713,979**	677,877
		1,394,319	1,344,761
Information technology expenses			
Software maintenance		**73,713**	58,045
Hardware maintenance		**63,813**	57,406
Depreciation		**16,968**	18,200
Amortisation		**26,028**	22,467
Network charges		**9,723**	11,823
Others		**29,898**	17,720
		220,143	185,661
Other operating expenses			
Directors' fees and allowances		**14,625**	33,734
Fees and allowances to Shariah Board		**5,461**	5,368
Legal & professional charges		**48,012**	46,382
Travelling & conveyance		**34,993**	42,607
NIFT clearing charges		**23,512**	19,338
Depreciation		**228,851**	240,227
Training & development		**1,305**	2,083
Postage & courier charges		**14,917**	19,985
Communication		**114,826**	117,127
Stationery & printing		**82,052**	82,443
Marketing, advertisement & publicity		**34,750**	61,747
Donations		**-**	-
Auditor's Remuneration	29.3	**11,676**	10,546
Repairs & maintenance		**105,736**	83,575
Brokerage and commission		**13,289**	6,912
Entertainment Expenses		**45,790**	43,460
Premium of deposit protection fund		**33,320**	29,006
Fees and subscription		**54,018**	61,745
Insurance expenses		**12,361**	11,477
Others		**165,208**	146,736
		1,044,702	1,064,498
		5,305,952	5,096,610

29.1 Total cost for the year included in other operating expenses relating to Janitorial outsourced activities is Rs. 109.032 million (2019: 104.772 million). These expenses represent payments made to companies incorporated in Pakistan.

		Note	2020	2019
			(Rupees in '000)	
29.2	**Total compensation expense**			
	Managerial Remuneration			
	- Fixed		**1,636,848**	1,526,195
	- Variable Cash Bonus / Awards etc.		**9,251**	8,394
	Charge for defined benefit plan		**87,882**	74,748
	Contribution to defined contribution Plan		**91,680**	81,676
	Rent & house maintenance		**479,655**	445,226
	Utilities		**95,232**	87,929
	Medical		**95,227**	87,928
	Conveyance		**64,781**	54,784
	Employee old age benefits contribution		**16,472**	14,280
	Leave Fare Assistance Allowances		**8,708**	30,311
	Leave Encashment		**-**	31,495
	Staff Insurances		**56,501**	55,707
	Others staff		**4,551**	3,017
			2,646,788	2,501,690
29.3	**Auditors' remuneration**			
	Audit fee		**9,563**	8,737
	Fee for other statutory certifications		**1,010**	1,151
	Fee for audit of employee funds		**-**	-
	Special certifications and sundry advisory services		**605**	245
	Tax services		**-**	-
	Out-of-pocket expenses		**498**	413
			11,676	10,546
30	**OTHER CHARGES**			
	Penalties imposed by the State Bank of Pakistan		**927**	19,818
	Others		**-**	-
			927	19,818
31	**PROVISIONS & WRITE OFFS - NET**			
	Provisions / diminution in value of investments	9.4.1	**306,734**	261,781
	Provisions against loans & advances	10.7.3	**3,428,869**	9,770,049
	Fixed assets written off		**401**	-
	Bad debts written off directly		**1,455**	2,093
			3,737,459	10,033,923
32	**TAXATION**			
	Current		**255,299**	212,345
	Prior years		**(2,189)**	(3,423)
	Deferred		**(2,358,166)**	(5,693,750)
			(2,105,056)	(5,484,828)
32.1	**Relationship between tax expense and accounting profit**			
	Loss before tax		**(5,264,943)**	(13,692,523)
	Tax on (loss) / income at applicable rates		**(2,053,328)**	(5,460,629)
	Effect of prior year on current taxation		**(2,189)**	(3,423)
	Permanent differences - Minimum Tax		**-**	188,667
	Effect of permanent differences		**(49,539)**	(209,443)
			(2,105,056)	(5,484,828)

		Note	2020	2019
			(Rupees in '000)	
33	BASIC EARNINGS/ (LOSS) PER SHARE			
	Loss for the year		(3,159,887)	(8,207,695)
	Weighted average number of ordinary shares		1,971,013,000	1,032,903,411
	Basic loss per share		(1.60)	(7.95)
34	DILUTED LOSS PER SHARE			
	Loss for the year		(3,159,887)	(8,207,695)
	Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)		1,971,013,000	1,032,903,411
	Diluted loss per share		(1.60)	(7.95)
35	CASH AND CASH EQUIVALENTS			
	Cash and Balance with Treasury Banks	6	14,505,949	13,566,622
	Balance with other banks	7	4,588,528	1,080,537
			19,094,477	14,647,159

			2020	2019
			(Number)	
36	STAFF STRENGTH			
	Permanent		2,116	2,083
	Temporary / on contractual		206	201
	Total staff strength	36.2	2,322	2,284

36.1 In addition to the above 483 (2019: 472) staff from outsourced service companies were assigned to the Bank.

36.2 This includes 18 permanent staff and 3 outsourced staff of Sindh Leasing Company Limited amalgamated into the Group as at close of business on December 31, 2020.

37 DEFINED BENEFIT AND CONTRIBUTION PLANS

37.1 Defined benefit plan

The Group operates a recognised gratuity plan for all its permanent and full time employees in the management cadre who have completed the minimum qualifying period of three years. Contributions are made to the fund in accordance with the recommendations of an actuary. Employees are entitled to the benefits under the plan which comprise of the last drawn basic salary for each completed year of service, subject to completion of minimum three years services with the Group.

37.1.1 Number of Employees under the scheme is as follows :

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

	2020	2019
	(Number)	
- Provident fund	1,966	1,776
- Gratuity fund	2,192	1,939

37.1.2 Principal actuarial assumptions

The latest actuarial valuation was carried out as at December 31, 2020 using the Projected Unit Credit Method. Following are the significant assumptions used in the actuarial valuation:

	2020	2019
	(Percentage)	
- Discount rate	9.75% - 10.25%	11.25% - 11.75%
- Expected rate of increase in salaries	8.75% - 9.50%	10.25% - 11.75%
- Expected return on plan assets	10.25%	11.75%
- Duration (Years)	11.36	11.75

	Note	2020	2019
		(Rupees in '000)	
37.1.3 Reconciliation of net defined benefit liability			
Present value of defined benefit liability	37.1.6	511,341	422,004
Fair value of plan assets	37.1.7	(426,490)	(337,392)
Payable to defined benefit plan	37.1.4	84,851	84,612
37.1.4 Movement in net defined benefit liability			
Opening balance		84,612	81,988
Charge to profit and loss during the year	37.1.5	87,882	74,748
Remeasurement loss recognized in OCI	37.1.5	(11,623)	4,617
Bank's contribution		(76,020)	(76,741)
Closing balance		84,851	84,612
37.1.5 Charge for defined benefit plan			
In profit and loss			
Current service cost		81,267	68,777
Interest cost - net		5,351	5,971
Past service cost		1,264	-
Charge for the year		87,882	74,748
In other comprehensive income			
Remeasurement loss on defined benefit obligation		(28,988)	(4,577)
Remeasurement loss on plan assets		17,365	9,194
		(11,623)	4,617
37.1.6 Changes in present value of defined benefit liability			
Opening balance		422,004	326,079
Current service cost		81,267	68,777
Interest cost		48,703	43,968
Past service cost		1,264	-
Benefits paid		(12,909)	(12,243)
Actuarial loss / (gain) on obligation			
- Financial assumptions		(50)	-
- Experience assumptions		(28,938)	(4,577)
		(28,988)	(4,577)
Closing balance		511,341	422,004

	Note	2020	2019
		(Rupees in '000)	
37.1.7 Fair value of plan assets			
Fair value of plan assets at the beginning of the year		**337,392**	244,091
Expected return on plan assets		**43,351**	37,997
Bank's contributions		**76,020**	76,741
Benefits paid		**(12,908)**	(12,243)
Actuarial loss on assets - experience assumptions		**(17,365)**	(9,194)
Fair value of plan assets at the end of the year	37.1.8	**426,490**	337,392
37.1.8 Plan assets comprise			
Balance held in bank accounts		**426,490**	337,392

37.1.9 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:

	2020	2019
	(Rupees in '000)	
Discount rate (1% variation)	**458,918**	377,071
Future salary growth (1% variation)	**572,921**	477,264
Future mortality (1 year variation)	**499,923**	413,449

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.

37.1.10 The expected gratuity expense for the year commencing January 01, 2021 works out to Rs.92.93 milliom (2020: Rs. 76.51 million).

37.1.11 Maturity analysis

The weighted average duration of the defined benefit obligation works out to be 17.36 years. Expected benefit payments for the next five years are:

	2021	2022	2023	2024	2025
	(Rupees in '000)				
Expected benefit payments	37,927	29,795	24,763	42,781	33,798

37.1.12 Risks Associated with Defined Benefit Plans

Investment Risks

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

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 similary. 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 pose a risk to the benefit obligation. The movement of the liability can go either way.

37.2 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 salary 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.173.61 million (2019: Rs.155.60 million). The number of employees as at December 31, 2020 eligible under the plan were 1,780 (2019: 1,665).

38. COMPENSATED ABSENCES

The Group grants compensated absences to all its regular employees as per service rules. Minimum qualifying period for encashment is three years of service. Regular employees are entitled to 30 days privilege leave for each completed year of service. Unutilized privilege leave is 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. This is 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 of Rs.179.69 million (2019: Rs.188.61 million) has been made on the basis of actuarial recommendations.

		2020	2019
		(Rupees in '000)	
38.1	**Movement of compensated absences**		
	Opening balance	**188,606**	161,037
	Expense / (Reversal) for the year	**(5,210)**	31,495
	Benefit paid during the year	**(3,710)**	(3,926)
	Closing balance	**179,686**	188,606

39 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

39.1 Total Compensation Expense

	2020						
	Directors						
	Chairman	Executives (other than CEO)	Non-Executives	Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	(Rupees in ' 000')						
Fees and Allowances	3,450	-	11,125	4,977	-	-	-
Managerial Remuneration							
- Fixed	-	-	-	-	22,264	102,902	60,503
- Variable Cash Bonus / Awards	-	-	-	-	-	-	-
Charge for defined benefit plan	-	-	-	-	1,264	6,912	5,494
Contribution to defined contribution plan	-	-	-	-	2,226	8,344	5,988
Rent & house maintenance	-	-	-	-	10,019	46,306	27,226
Utilities	-	-	-	-	2,226	10,290	6,050
Medical	-	-	-	-	2,226	10,290	6,050
Conveyance	-	-	-	484	813	16,140	16,074
Bonus	-	-	-	-	3,919	16,436	9,643
Others	621	-	50	-	1,233	8,374	6,861
Total	4,071	-	11,175	5,461	46,190	225,994	143,889
Number of Persons	1	-	8	3	2	32	36

	2019						
	Directors						
	Chairman	Executives (other than CEO)	Non-Executives	Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	(Rupees in ' 000')						
Fees and Allowances	6,350	-	27,345	4,818	-	-	-
Managerial Remuneration							
- Fixed	-	-	-	-	20,222	100,172	56,204
- Variable Cash Bonus / Awards	-	-	-	-	-	-	-
Charge for defined benefit plan	-	-	-	-	1,666	7,961	8,702
Contribution to defined contribution plan	-	-	-	-	2,022	7,003	5,393
Rent & house maintenance	-	-	-	-	9,101	45,077	25,292
Utilities	-	-	-	-	2,022	10,018	5,620
Medical	-	-	-	-	2,022	10,018	5,620
Conveyance	-	-	-	550	645	16,180	17,020
Festival Bonus	-	-	-	-	2,825	13,540	8,630
Others	228	-	39	-	938	8,544	7,816
Total	6,578	-	27,384	5,368	41,463	218,513	140,297
Number of Persons	2	-	12	3	3	33	37

39.1.1 The President and Chief Executive Officer and certain executives of the Group are provided with free use of Group maintained cars.

39.1.2 The term "Key Management Personnel" includes the following functional responsibilities:

(a) Any executive or key executive, acting as second to CEO, by whatever name called, and including the Chief Operating Officer (COO) and Deputy Managing Director.

(b) Any executive or key executive reporting directly to the CEO / President or a person mentioned in (a) above.

The term 'Material Risk Taker' and 'Material Risk Controller' have the same meaning as defined in revised guidelines on remuneration practice issued by the State Bank of Pakistan vide BPRD circular No. 1 of 2017.

39.1.3 The terms Directors, Executive Directors, Non-Executive Directors, CEO and Key Executives have same meaning as defined in Prudential Regulations (PRs) for Corporate and Commercial Banking. For the purpose of these disclosures Key Executive will also include Executives who have direct reporting line to the President/CEO or BoD or its Committees.

		2020						
			For Board Committee					
Sr. No.	Name of Directors	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	Javaid Bashir Sheikh	2,250	1,000	600	-	-	-	3,850
2	Anis Ahmed Khan	2,250	-	-	400	800	-	3,450
3	Sami Ul Haq khilji	2,000	-	-	400	800	-	3,200
4	Masooma Hussain	2,250	1,000	600	-	-	-	3,850
5	Farooq Ahmed	75	-	-	-	-	-	75
6	Noor Muhammad	125	-	-	-	-	-	125
7	Naila Masood	75	-	-	-	-	-	75
	Total Amount Paid	9,025	2,000	1,200	800	1,600	-	14,625

		2019						
			For Board Committee					
Sr. No.	Name of Directors	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	250	-	-	-	-	-	250
2	Najam Ahmed Shah	2,750	1,000	-	400	1,000	600	5,750
3	Javaid Bashir Sheikh	2,250	400	1,000	-	400	-	4,050
4	Tajammal Hussain Bokharee	3,500	600	400	-	1,000	600	6,100
5	Muhammad Bilal Sheikh	2,000	400	-	-	400	600	3,400
6	Anis Ahmed Khan	2,750	-	200	200	1,400	200	4,750
7	Sami Ul Haq khilji	3,250	1,400	200	400	800	-	6,050
8	Masooma Hussain	2,000	-	800	200	-	-	3,000
9	Farooq Ahmed	90	-	-	-	-	-	90
10	Liaquat Ali	75	-	-	-	-	-	75
11	Noor Muhammad	90	-	-	-	-	-	90
12	Naila Masood	90	-	-	-	-	-	90
	Total Amount Paid	19,095	3,800	2,600	1,200	5,000	2,000	33,695

39.3 Remuneration paid to Shariah Board Members

	2020			2019		
Items	Chairman	Member	Resident Member	Chairman	Member	Resident Member
	Amount Rs. 000					
Managerial Remuneration (Fixed)	2,400	1,271	1,306	2,000	1,382	1,436
Fuel Allowances	-	242	242	-	275	275
Total Amount	2,400	1,513	1,548	2,000	1,657	1,711
Total Number of Persons	1	1	1	1	1	1

40 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 5.17 to these financial statements.

The repricing profile, effective rates and maturity profile are stated in note 44.3.6 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.

40.1 Fair value of financial assets

IFRS 13 requires the Group to make 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.

40.2 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.

	2020			
	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	-	97,261,439	-	97,261,439
Market Treasury Bills	-	51,354,254	-	51,354,254
Shares of listed companies	2,025,288	-	-	2,025,288
Term finance certificates - Listed	-	-	-	-
Units of mutual funds	207,676	-	-	207,676
Ijarah Sukuk - GoP	-	1,499,486	-	1,499,486
Sukuk bonds	-	96,112	-	96,112
	2,232,964	150,211,291	-	152,444,255
Off balance sheet financial instruments				
Foreign exchange contracts (purchase)	-	9,983,985	-	9,983,985
Foreign exchange contracts (sale)	-	14,373,430	-	14,373,430

	2019			
	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	-	21,037,034	-	21,037,034
Market Treasury Bills	-	21,898,158	-	21,898,158
Shares of listed companies	1,999,340	-	-	1,999,340
Term finance certificates - Listed	-	-	-	-
Units of mutual funds	123,254	707,913	-	831,167
Ijarah Sukuk - GoP	-	495,000	-	495,000
Sukuk bonds	-	199,776	-	199,776
	2,122,594	44,337,881	-	46,460,475
Off balance sheet financial instruments				
Foreign exchange contracts (purchase)	-	2,470,494	-	2,470,494
Foreign exchange contracts (sale)	-	2,565,218	-	2,565,218

The valuation techniques used for the above assets are disclosed as under:

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.

41 SEGMENT INFORMATION

41.1 Segment Details with respect to Business Activities

	2020				
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
	(Rupees in '000)				
Profit & Loss					
Net mark-up/return/interest income	7,422,712	304,319	-	(4,570,404)	3,156,627
Inter segment revenue - net	(9,390,474)	-	-	9,390,474	-
Non mark-up / interest income	323,031	255	-	299,482	622,768
Total Income	(1,644,731)	304,574	-	5,119,552	3,779,395
Segment direct expenses	(73,935)	(204,604)	-	(3,478,358)	(3,756,897)
Inter segment expense allocation	(155,334)	(12,987)	-	(1,381,661)	(1,549,982)
Total expenses	(229,269)	(217,591)	-	(4,860,019)	(5,306,879)
Provisions	(306,734)	(14,517)	-	(3,416,208)	(3,737,459)
(Loss) / Profit before tax	(2,180,734)	72,466	-	(3,156,675)	(5,264,943)
Balance Sheet					
Cash & Bank balances	6,653,590	422,507	-	12,018,380	19,094,477
Investments	170,068,493	687,933	-	-	170,756,426
Net inter segment lending	750,000	(750,000)	-	128,207,417	128,207,417
Lendings to financial institutions	8,212,780	-	-	-	8,212,780
Advances - performing	40,376	797,234	-	40,734,972	41,572,582
- non-performing	-	1,915	-	15,832,564	15,834,479
Others	5,007,313	162,656	-	14,146,856	19,316,825
Total Assets	190,732,552	1,322,245	-	210,940,189	402,994,986
Borrowings	60,625,508	750,000	-	1,752,140	63,127,648
Subordinated debt	-	-	-	-	-
Deposits & other accounts	-	64,290	-	185,570,689	185,634,979
Net inter segment borrowing	127,964,432	242,985	-	-	128,207,417
Others	607,750	72,220	-	6,075,101	6,755,071
Total liabilities	189,197,690	1,129,495	-	193,397,930	383,725,115
Equity	1,534,862	192,750	-	17,542,259	19,269,871
Total Equity & liabilities	190,732,552	1,322,245	-	210,940,189	402,994,986
Contingencies & Commitments	88,888,995	-	-	14,450,151	103,339,146

	2019				
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
	Amount Rs. 000				
Profit & Loss					
Net mark-up/return/profit income	3,254,098	300,960	-	(1,429,318)	2,125,740
Inter segment revenue - net	(5,083,926)	-	-	5,083,926	-
Non mark-up / interest income	(991,396)	205	-	323,279	(667,912)
Total Income	(2,821,224)	301,165	-	3,977,887	1,457,828
Segment direct expenses	(75,983)	(9,220)	-	(3,242,703)	(3,327,906)
Inter segment expense allocation	(164,317)	(196,034)	-	(1,428,171)	(1,788,522)
Total expenses	(240,300)	(205,254)	-	(4,670,874)	(5,116,428)
Provisions	(261,780)	(13,425)	-	(9,758,718)	(10,033,923)
(Loss) / Profit before tax	(3,323,304)	82,486	-	(10,451,705)	(13,692,523)
Balance Sheet					
Cash & Bank balances	7,655,084	255,823	-	6,736,252	14,647,159
Investments	65,143,452	(130,905)	-	-	65,012,547
Net inter segment lending	-	-	-	77,263,685	77,263,685
Lendings to financial institutions	3,645,392	-	-	-	3,645,392
Advances - performing	34,685	1,012,302	-	42,413,044	43,460,031
- non-performing	-	13,104	-	18,507,891	18,520,995
Others	3,590,828	93,961	-	12,695,199	16,379,988
Total Assets	80,069,441	1,244,285	-	157,616,071	238,929,797
Borrowings	2,715,905	800,000	-	1,476,379	4,992,284
Subordinated debt	-	-	-	-	-
Deposits & other accounts	-	36,134	-	134,049,662	134,085,796
Net inter segment borrowing	77,093,104	170,581	-	-	77,263,685
Others	153,995	97,983	-	5,119,267	5,371,245
Total liabilities	79,963,004	1,104,698	-	140,645,308	221,713,010
Equity	106,437	139,587	-	16,970,763	17,216,787
Total Equity & liabilities	80,069,441	1,244,285	-	157,616,071	238,929,797
Contingencies & Commitments	21,626,593	-	-	4,497,665	26,124,258

42 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 and key management persons 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 99.95% 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 transactions 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:

	2020			2019		
	Directors	Key manage-ment personnel	Other related parties	Directors	Key manage-ment 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	-	80,894	46,874	-	124,018	109,375
Addition during the year	-	141,791	-	-	33,398	-
Repaid during the year	-	18,430	46,874	-	17,563	62,501
Transfer in / (out) - net	-	(2,768)	-	-	(58,959)	-
Closing balance	-	201,487	-	-	80,894	46,874
Other Assets						
Interest / mark-up accrued	-	150	-	-	-	435
Other receivable	-	-	-	-	30	2,292
	-	150	-	-	30	2,727
Deposits and other accounts						
Opening balance	21,698	68,026	3,519,086	52,636	65,375	1,231,625
Received during the year	49,633	320,609	9,854,048	220,006	429,637	13,320,173
Withdrawn during the year	48,401	314,147	9,151,255	225,413	424,436	11,032,474
Transfer in / (out) - net	-	(6,288)	(2,142,816)	(25,531)	(2,550)	(238)
Closing balance	22,930	68,200	2,079,063	21,698	68,026	3,519,086
Other Liabilities						
Premium payable	-	-	1,517	-	-	15
Interest / mark-up payable	215	346	82,299	245	865	46,685

42 RELATED PARTY TRANSACTIONS

	2020			2019		
	Directors	Key manage-ment personnel	Other related parties	Directors	Key manage-ment personnel	Other related parties
	Amount Rs. 000					
Income:						
Mark-up / return / interest earned	-	4,695	2,181	-	2,328	10,051
Fee and commission income	3	13	24	-	10	30
Net gain on sale of securities	-	-	372	6	-	3,987
Other income	-	-	3,573	-	-	3,213
Expense :						
Mark-up / return / interest paid	496	3,753	400,604	2,336	4,286	228,420
Rent paid	-	-	-	-	-	-
Remuneration paid	-	216,818	-	-	212,951	-
Contribution to provident fund	-	12,712	-	-	10,163	-
Provision for gratuity	-	11,978	-	-	9,539	-
Other staff benefits	-	19,729	-	-	16,396	-
Directors' meeting fee	14,625	-	-	33,734	-	-
Commission paid on Advertisement	-	-	-	-	-	-
Other supplies & services	-	-	-	-	-	-
Other expenses	621	-	-	351	-	-
Insurance premium paid	-	-	114,948	-	-	81,379
Others:						
Sale of Government Securities	-	-	1,341,825	58,000	-	3,625,000
Purchase of Government Securities	-	-	-	-	22,500	110,000
"Expenses recovered under agency arrangement"	-	-	172	-	-	296
Insurance claims settled	-	-	675	-	-	5,800

As at the date of consolidated statement of financial position, loans/advances and deposits related to government related entities amounted to Rs.10,644.23 million (note 10.2) and Rs.80,746.69 million (note 17). The above includes deposits amounting to Rs.22,625.33 million (2019: Rs.17,997.57 million) received through the Finance Department, Government of Sindh.

43 CAPITAL ADEQUACY, LEVERAGE RATIOS & LIQUIDITY REQUIREMENTS

	2020	2019
	(Rupees in '000)	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	12,344,452	15,510,472
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	10,629,435	9,494,152
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	10,629,435	9,494,152
Eligible Tier 2 Capital	7,488	-
Total Eligible Capital (Tier 1 + Tier 2)	10,636,923	9,494,152

	2020	2019
	(Rupees in '000)	
Risk Weighted Assets (RWAs):		
Credit Risk	**40,032,455**	44,530,403
Market Risk	**17,878,718**	14,322,638
Operational Risk	**7,581,862**	9,007,923
Total	**65,493,035**	67,860,964
Common Equity Tier 1 Capital Adequacy ratio	**16.23%**	**13.99%**
Tier 1 Capital Adequacy Ratio	**16.23%**	**13.99%**
Total Capital Adequacy Ratio	**16.24%**	**13.99%**
Notional minimum capital requirements prescribed by SBP		
Common Equity Tier 1 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	**11.50%**	12.50%
Approach followed for detrmining Risk Weighted Assets		
Credit Risk	**Comprehensive**	Comprehensive
Market Risk	**Maturity**	Maturity
Operational Risk	**Basic Indicator**	Basic Indicator

	2020	2019
	(Rupees in '000)	
Leverage Ratio (LR):		
Eligiblle Tier-1 Capital	**10,629,435**	9,494,152
Total Exposures	**270,688,592**	167,315,997
Leverage Ratio (%)	**3.93%**	5.67%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	**74,110,684**	44,615,973
Total Net Cash Outflow	**20,177,398**	17,943,953
Liquidity Coverage Ratio (%)	**367%**	249%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	**128,910,815**	104,909,785
Total Required Stable Funding	**49,505,620**	69,852,945
Net Stable Funding Ratio	**260%**	150%

43.1 The full disclsoures on the Capital Adequacy, Leverage Ratios & Liquidity requirements as per SBP instructions issued from time to time shall be placed on the website. The link to the full discloures shall be short and clear and be provided within this note such as, The link to the full disclosure is available at http://www.sindhbankltd.com/financials/basel-statements.

44. RISK MANAGEMENT

The Group's risk management framework encompasses the culture, processes and structure and is directed towards the effective management of potential opportunities and threats to the Group. The prime objective of the Group's risk management strategy is to abandon the traditional approach of 'managing risk by silos' and to put in place integrated risk and economic capital management capabilities that will enable the Group to achieve integrated view of risks across its various business operations and to gain strategic advantage from its risk management capabilities.

The Board of Directors (BOD) keeps an oversight on the Group-wide risk management framework and approves the risk management strategy and policies of the Group. The Board Risk Management Committee (BRMC), ensures that the Group maintains a complete and prudent integrated risk management framework at all times and ensures that the risk exposures are maintained within acceptable levels. BRMC is responsible for reviewing the extent of design and adequacy of risk management framework. BRMC oversight ensures that risks are managed within the level of tolerance and risk appetite of the Group.

44.1 Covid - 19

The COVID-19 pandemic has severly impacted and taken its toll on the businesses units and economy in the early 2020, in Pakistan forcing the governments and regulators to take various measures to dampen its impact. The State Bank of Pakistan, being the regulator, responding to the situation, has announced several relief measures to provide an impetus to the economy and business activities, which include the following:

- Reducing the policy rate / discount rate by 625 bps since January, 2020;
- Reduction in the capital conservation buffer by 100 to 150 bps;
- Increasing the regulatory limit on extension of credit to SMEs to Rs.180 million;
- Relaxing the debt equity ratio for consumer loans from 50% to 60%;
- Allowing banks to defer borrower's principal loan payments by one year and or restructure/ reschedule loans of borrowers who require relief of principal repayment exceeding one year and/ or markup with no reflection on credit history; and
- Introduction of refinancing schemes for payment of wages and salaries.

COVID -19 impacted banks in Pakistan on a number of fronts including increase in overall credit risk pertaining to the loans and advances portfolio, reduced fee income due to overall slowdown in economic activity, reduction in operating cash flows, and managing cyber security threats as significant number of the employees will opt to work from home and ever increasing number of customers are being encouraged to use digital channels.

For the year ended December 31, 2020 such affected borrowers availed deferment / restructuring and rescheduling relief amounting to Rs. 3,378,71 million.

While reviewing COVID -19 impact assessment, the Group does not forsee any signficant adverse impact on the financial statements.

44.2 Credit risk

Credit risk arises from the potential that an obligor is either unwilling to perform on an obligation or its ability is impaired resulting in economic loss to the Group. The objective of credit risk management is to keep credit risk exposure within permissible level, relevant to the Group's risk appetite and capital, to maintain the soundness of assets and to ensure returns commensurate with risk. The Group takes necessary measures to control such risk by evaluating, measuring and monitoring credit exposures.

The Group has a comprehensive pre-approval evaluation process of credit risk embedded within Risk Management Division. The risk evaluation function is an integral part of Credit Risk Management Framework and is independent from the risk taking function. The credit evaluation department will independently identify actual and potential risks both on individual and on portfolio basis including adherence to relevant internal policies, procedures and related regulatory guidelines.

In addition to monitoring credit limits specified in the Prudential Regulations of the State Bank of Pakistan, the credit limit structure of the Group includes internal limits as established by the Board of Directors and senior management. Credit Limits along with credit concentration is monitored on a regular basis and any exceptions are reported to the relevant authorities for their timely action where necessary.

The Group uses comprehensive Approach for assessing the capital charge for Credit risk.

44.2.1 Lendings to financial institutions

Details of Lending to financial institutions and provision held by sectors

	Gross Lendings		Non Performing Lendings		Provision held	
	2020	2019	**2020**	2019	**2020**	2019
	---------- Amount Rs. 000 ----------					
Public/ Government	**-**	494,545	**-**	-	**-**	-
Private	**8,212,780**	3,150,847	**-**	-	**-**	-
Total	**8,212,780**	3,645,392	**-**	-	**-**	-

44.2.2 Investments

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

	Gross Investments		Non Performing Investments		Provision held	
	2020	2019	2020	2019	2020	2019
	(Rupees 000)					
Government of Pakistan	167,539,650	62,859,352	-	-	-	-
Banks	2,123,886	1,475,609	305,797	297,132	305,797	297,132
Cement	63,745	63,745	34,923	32,189	34,923	32,189
Fertilizer	628,710	618,582	22,684	22,684	22,684	22,684
Financial	315,050	1,791,873	32,991	20,646	32,991	20,646
Petroleum	128,390	7,682	6,449	5,935	6,449	5,935
Power (electricity), Gas & Water	846,349	1,027,622	-	-	-	-
Sugar	592,052	592,051	592,051	514,344	408,883	126,407
Total	172,237,832	68,436,516	994,895	892,930	811,727	504,993

44.2.2.1 Credit risk by public / private sector

	Gross Investments		Non Performing Investments		Provision held	
	2020	2019	2020	2019	2020	2019
	(Rupees 000)					
Public/ Government	168,283,705	65,644,039	6,449	45,200	6,449	-
Private	3,954,127	2,792,477	988,446	847,730	805,278	504,993
Total	172,237,832	68,436,516	994,895	892,930	811,727	504,993

44.2.3 Advances

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

	Advances (Gross)		Non Performing Advances		Provision held	
	2020	2019	2020	2019	2020	2019
	Amount Rs. 000					
Pharmaceuticals	21,219	35,162	-	-	-	-
Agriculture business	1,833,627	1,855,168	1,441,481	980,039	1,048,511	260,891
Manufacturing of textile	965,376	854,135	33,186	33,186	33,186	33,186
Cement	64,382	64,499	-	-	-	-
Transport, storage and communication	643,101	843,405	-	-	-	-
Wholesale and retail trade	1,499,646	1,580,351	462,048	413,795	226,005	173,933
Mining and quarrying	4,667,681	3,599,771	-	-	-	-
Hotel and restaurants	1,160,948	1,189,431	-	-	-	-
Petroleum	1,792,576	3,759,697	391,286	1,773,683	214,942	1,105,300
Media channels	2,253,297	2,398,139	1,499,380	1,499,380	392,830	23,980
Manufacture of basic iron and steel	1,926,079	2,037,785	1,756,740	1,756,740	1,423,134	1,313,378
Sugar	19,909,226	19,553,996	17,549,268	16,136,917	10,672,493	8,509,791
Automobile and transportation equipment	2,483,180	2,452,015	2,434,209	2,432,015	1,800,790	1,670,118
Chemicals and chemical products	1,506,508	1,519,737	1,098,591	1,098,591	981,382	893,311
Financial	2,565,902	3,364,777	1,183,766	1,183,766	406,389	280,940
Rice & Wheat	628,999	492,170	23,971	30,000	8,722	-
Construction, real estate and societies	4,715,025	4,805,314	2,901,365	2,896,716	745,977	456,350
Food	10,797,032	7,370,532	152,806	152,736	142,754	102,600
Insurance	7,652	13,475	-	-	-	-
Power, electricity and gas	9,997,791	11,511,501	2,234,166	2,586,728	997,987	422,469
Domestic Appliances	1,707,599	2,007,937	-	-	-	-
Education	20,357	23,083	14,881	-	7,185	-
Individuals	1,522,044	805,865	12,075	187	1,606	187
Others	4,226,621	5,156,514	2,149,984	849,803	397,426	56,856
Total	76,915,868	77,294,458	35,339,203	33,824,285	19,501,319	15,303,290

44.2.3.1 Credit risk by public / private sector

	Advances (Gross)		Non Performing Advances		Provision held	
	2020	2019	2020	2019	2020	2019
	(Rupees in '000)					
Public/ Government	11,204,483	7,020,595	560,257	-	560,257	-
Private	65,711,385	70,273,863	34,778,946	33,824,285	18,941,062	15,303,290
Total	76,915,868	77,294,458	35,339,203	33,824,285	19,501,319	15,303,290

44.2.4 **Contingencies and Commitments**

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

	2020	2019
	(Rupees 000)	
Chemical and pharmaceuticals	**24,013**	301,586
Manufacturing of textile	**109,079**	8,500
Transport, storage and communication	**128,500**	136,000
Wholesale and retail trade	**653,691**	345,290
Petroleum	**1,971,167**	201,637
Manufacture of basic iron and steel	**19,607**	24,962
Sugar	**21,223**	230,783
Automobile and transportation equipment	**42,818**	42,118
Financial	**89,720,735**	12,099,004
Construction, real estate and societies	**519,715**	862,716
Food	**187,407**	-
Power, electricity and gas	**977,783**	1,022,226
Education	**2,270**	310
Others	**199,823**	567,915
Total	**94,577,831**	15,843,047

44.2.4.1 **Credit risk by public / private sector**	2020	2019
	Amount Rs. 000	
Public/ Government	**57,928,791**	3,261,017
Private	**36,649,040**	12,582,030
Total	**94,577,831**	15,843,047

44.2.5 **Concentration of Advances**

The Group's top 10 exposures (funded and non-funded) aggregated Rs. 32,476.20 million (2019: Rs. 28,210.47 million) as follows:

	2020	2019
	Amount Rs. 000	
Funded	**30,318,679**	27,703,303
Non Funded	**2,157,520**	507,162
Total Exposure	**32,476,199**	28,210,465

44.2.5.1 The sanctioned limits against these top 10 expsoures aggregated Rs. 34,879.07 million (2019: Rs. 32,183.77 million).

44.2.5.2 **Total Funded Facilities Classified**

Classified funded facilities of the Group's top 10 exposures are as follows:

	2020		2019	
	Classified	Provision held	Classified	Provision held
	(Rupees 000)			
OAEM	**-**	**-**	-	-
Substandard	**-**	**-**	-	-
Doubtful	**3,674**	**1,097**	-	-
Loss	**8,323,958**	**4,644,760**	8,002,976	3,497,963
Total	**8,327,632**	**4,645,857**	8,002,976	3,497,963

44.2.6 Advances - Province/Region-wise Disbursement & Utilization

2020

Name of Province / Region	Disbursements	UTILIZATION					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	---------- (Rupees 000) ----------						
Punjab	9,920,434	9,919,697	737	-	-	-	-
Sindh	11,400,207	-	11,400,207	-	-	-	-
KPK including FATA	1,302	-	-	1,302	-	-	-
Balochistan	212,256	-	-	-	212,256	-	-
Islamabad	271,814		-	-	-	271,814	-
AJK including Gilgit-Baltistan	2,978	-	-	-	-	-	2,978
Total	21,808,991	9,919,697	11,400,944	1,302	212,256	271,814	2,978

2019

Name of Province / Region	Disbursements	UTILIZATION					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	---------- Amount Rs. 000 ----------						
Punjab	23,893,780	23,865,800	27,980	-	-	-	-
Sindh	43,670,489	152,292	43,517,699	498	-	-	-
KPK including FATA	6,270	-	-	6,270	-	-	-
Balochistan	404,561		-	-	404,561	-	-
Islamabad	1,555,255	-	-	-	-	1,555,255	-
AJK including Gilgit-Baltistan	3,715		-	-	-	-	3,715
Total	69,534,070	24,018,092	43,545,679	6,768	404,561	1,555,255	3,715

44.3 Market risk

Market Risk is the risk of loss in earnings and capital due to adverse changes in interest rates, foreign exchange rates, equity prices and market conditions. Market Risk management aims to provide risk management practices that are integrated in key strategic, capital and financial planning process and day-to-day business processes across the Group. The Group's market risk mangement policies set out risk management parameters, governance and control framework as well as reporting arrangements.

The Group have developed a market risk management framework to efficiently and effectively monitor and manage market risk in every transaction of Banking and Trading Book.

44.3.1 Balance sheet split by trading and banking books

	2020			2019		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	(Rupees 000)					
Cash and balances with treasury banks	**14,505,949**	**-**	**14,505,949**	13,566,622	-	13,566,622
Balances with other banks	**4,588,528**	**-**	**4,588,528**	1,080,537	-	1,080,537
Lendings to financial institutions	**8,212,780**	**-**	**8,212,780**	3,645,392	-	3,645,392
Investments	**170,756,426**	**-**	**170,756,426**	65,012,547	-	65,012,547
Advances	**57,407,061**	**-**	**57,407,061**	61,981,026	-	61,981,026
Fixed assets	**3,314,731**	**-**	**3,314,731**	3,837,529	-	3,837,529
Intangible assets	**71,154**	**-**	**71,154**	43,213	-	43,213
Deferred tax assets	**10,185,784**	**-**	**10,185,784**	8,613,301	-	8,613,301
Other assets	**5,745,156**	**-**	**5,745,156**	3,885,945	-	3,885,945
	274,787,569	**-**	**274,787,569**	161,666,112	-	161,666,112

44.3.2 Foreign exchange risk

The foreign exchange risk is defined as the current or prospective risk to earnings and capital arising from adverse movements in currency exchange rates. It refers to the impact of adverse movement in currency exchange rates on the value of open foreign currency positions. The objective of the foreign exchange risk management is to minimize the adverse impact of foreign exchange rate movements on the assets and liabilities mismatch (tenor and position) and maximize earnings. The Group limits its currency exposure to the extent of statutory net open position prescribed by the SBP except in the cases where exemption is provided by SBP. Foreign exchange open and mismatch positions are controlled through close monitoring and are marked to market on a daily basis. Curre ncy with position is given below:

	2020			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	(Rupees in '000)			
Pakistan Rupee	**269,997,438**	**254,130,289**	**4,389,445**	**20,256,594**
United States Dollar	**4,683,940**	**1,080,311**	**(4,292,746)**	**(689,117)**
Great Britain Pound	**44,901**	**213,268**	**-**	**(168,367)**
Euro	**41,632**	**93,830**	**(96,699)**	**(148,897)**
Japanese Yen	**3,949**	**-**	**-**	**3,949**
Saudi Riyal	**8,637**	**-**	**-**	**8,637**
UAE Dirham	**7,072**	**-**	**-**	**7,072**
	274,787,569	**255,517,698**	**-**	**19,269,871**

	2019			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	(Rupees in '000)			
Pakistan Rupee	160,390,491	143,109,467	94,724	17,375,748
United States Dollar	929,617	979,925	(94,724)	(145,032)
Great Britain Pound	225,381	277,845	-	(52,464)
Euro	101,192	82,089	-	19,104
Japanese Yen	268	-	-	268
Saudi Riyal	8,370	-	-	8,370
UAE Dirham	9,465	-	-	9,465
Chines Yuan	1,329	-	-	1,329
	161,666,112	144,449,325	-	17,216,787

	2020		2019	
	Banking book	Trading Book	Banking book	Trading Book
	(Rupees in '000)			
44.3.3 Foreign exchange risk				
Impact of 1% change in foreign exchange rates on :				
- Profit and loss account	**(34,027)**	**43,894**	339	947
- Other comprehensive income	**-**	**-**	-	-

44.3.4 Equity position risk

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

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

	2020		2019	
	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	**(120,534)**	**-**	(137,001)	-

44.3.5 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 Group's returns and capital base. ALCO, Treasury Division and RMD monitor the repricing / mismatch risks, basis risks, yield curve risks, and option risks on a continuous basis to minimize the yield / interest rate risk.

	2020		2019	
	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	**(1,502,114)**	**-**	(515,487)	-

44.3.6 Mismatch of interest rate sensitive assets and liabilities

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. The Group is exposed to interest / mark-up rate risk as a result of mismatches or gaps in the amount of interest / mark-up based assets and liabilities that mature or reprice in a given period. The Group manages this risk by matching / re-pricing the 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 Group.

	2020												
			Exposed to Yield / Interest risk										
	Effective Yield / Interest rate	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	Non-interest bearing financial instruments
		(Rupees in '000)										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	0.90%	14,505,949	156,976	-	-	-	-	-	-	-	-	14,348,973
Balances with other banks	5.50%	4,588,528	419,213	-	-	-	-	-	-	-	-	4,169,315
Lendings to financial institutions	10.17%	8,212,780	8,212,780	-	-	-	-	-	-	-	-	-
Investments	8.67%	170,756,426	27,586,675	8,318,733	80,248,099	16,513,989	5,287,150	-	15,467,758	8,642,540	6,358,518	2,332,964
Advances	6.86%	57,407,061	49,936,969	575,527	643,756	667,694	1,118,307	2,539,884	451,956	1,263,094	133,977	75,897
Other assets		5,745,156	-	-	-	-	-	-	-	-	-	5,745,156
		261,215,900	86,312,613	8,894,260	80,891,855	17,181,683	6,405,457	2,539,884	15,919,714	9,905,634	6,492,495	26,672,305
Liabilities												
Bills payable		592,334	-	-	-	-	-	-	-	-	-	592,334
Borrowings from financial institutions	7.35%	63,127,648	60,505,748	1,752,141	-	-	869,759	-	-	-	-	-
Deposits and other accounts	6.38%	185,634,979	84,289,020	16,093,421	17,712,732	18,079,408	180,233	557,321	116,851	-	-	48,605,993
Other liabilities		6,162,737	-	-	-	-	-	-	-	-	-	6,162,737
		255,517,698	144,794,768	17,845,562	17,712,732	18,079,408	1,049,992	557,321	116,851	-	-	55,361,064
On-balance sheet gap		5,698,202	(58,482,155)	(8,951,302)	63,179,123	(897,725)	5,355,465	1,982,563	15,802,863	9,905,634	6,492,495	(28,688,759)
Off-balance sheet financial instruments												
Documentary credits and short-trem trade related transactions		8,761,315	1,914,720	2,671,124	933,339	784,606	911,274	213,051	164,141	1,169,060	-	-
Commitments in respect of :												
Forward foreign exchange contracts - purchase		9,983,985	102,965	8,590	9,872,430	-	-	-	-	-	-	-
Forward foreign exchange contracts - sale		(14,373,430)	(8,142,560)	(5,393,120)	(837,750)	-	-	-	-	-	-	-
Purchase and resale agreements - lending		3,980,497	-	3,980,497	-	-	-	-	-	-	-	-
Sale and repurchase agreements - borrowing		(60,551,083)	(60,551,083)	-	-	-	-	-	-	-	-	-
Total yield / Interest Risk Sensitivity Gap		(52,198,716)	(66,675,958)	1,267,091	9,968,019	784,606	911,274	213,051	164,141	1,169,060	-	-
Total yield / Interest Risk Sensitivity Gap			(125,158,113)	(7,684,211)	73,147,142	(113,119)	6,266,739	2,195,614	15,967,004	11,074,694	6,492,495	(28,688,759)
Cumulative Yield / Interest Risk Sensitivity Gap			(125,158,113)	(132,842,324)	(59,695,182)	(59,808,301)	(53,541,562)	(51,345,948)	(35,378,944)	(24,304,250)	(17,811,755)	(46,500,514)
Reconciliation with total assets:												
Assets as per above		261,215,900										
Fixed assets		3,385,885										
Deferred tax asset		10,185,784										
Assets as per consolidated statement of financial position		274,787,569										
Reconciliation with total liabilities:												
Liabilities as per above		255,517,698										
Deferred tax liability		-										
Liabilities as per consolidated statement of financial position		255,517,698										

	Effective Yield / Interest rate	Total	Exposed to Yield / Interest risk									Non-interest bearing financial instruments
			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	
			2019									
		(Rupees in '000)										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	1.50%	13,566,622	405,450	-	-	-	-	-	-	-	-	13,161,172
Balances with other banks	12.39%	1,080,537	263,737	-	-	-	-	-	-	-	-	816,800
Lendings to financial institutions	11.91%	3,645,392	3,645,392	-	-	-	-	-	-	-	-	-
Investments	10.25%	65,012,547	8,134,823	599,239	5,246,266	10,188,715	99	5,252,786	5,124,870	21,056,920	6,400,615	3,008,214
Advances	8.20%	61,981,026	52,855,107	2,788,436	756,828	813,994	715,108	917,010	1,498,047	1,438,942	123,440	74,114
Other assets		3,885,945	-	-	-	-	-	-	-	-	-	3,885,945
		149,172,069	65,304,509	3,387,675	6,003,094	11,002,709	715,207	6,169,796	6,622,917	22,495,862	6,524,055	20,946,245
Liabilities												
Bills payable		495,010	-	-	-	-	-	-	-	-	-	495,010
Borrowings from financial institutions	11.52%	4,992,284	2,616,207	1,476,379	-	-	899,698	-	-	-	-	-
Deposits and other accounts	6.76%	134,085,796	63,027,042	10,500,464	3,489,358	11,805,887	285,464	169,360	539,923	-	-	44,268,298
Other liabilities		4,876,235	-	-	-	-	-	-	-	-	-	4,876,235
		144,449,325	65,643,249	11,976,843	3,489,358	11,805,887	1,185,162	169,360	539,923	-	-	49,639,543
On-balance sheet gap		4,722,744	(338,740)	(8,589,168)	2,513,736	(803,178)	(469,955)	6,000,436	6,082,994	22,495,862	6,524,055	(28,693,298)
Off-balance sheet financial instruments												
Documentary credits and short-trem trade related transaction		10,281,211	2,733,777	2,588,815	1,798,015	1,675,707	77,139	175,098	449,923	782,737	-	-
Commitments in respect of :												
Forward foreign exchange contracts - purchase		2,470,494	1,133,969	1,329,700	6,825	-	-	-	-	-	-	-
Forward foreign exchange contracts - sale		(2,565,218)	(2,565,218)	-	-	-	-	-	-	-	-	-
Purchase and resale agreements - lending		3,646,700	3,646,700	-	-	-	-	-	-	-	-	-
Sale and repurchase agreements - borrowing		(2,570,889)	(2,570,889)	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		11,262,298	2,378,339	3,918,515	1,804,840	1,675,707	77,139	175,098	449,923	782,737	-	-
Total yield / Interest Risk Sensitivity Gap			2,039,599	(4,670,653)	4,318,576	872,529	(392,816)	6,175,534	6,532,917	23,278,599	6,524,055	(28,693,298)
Cumulative yield / Interest Risk Sensitivity Gap			2,039,599	(2,631,054)	1,687,522	2,560,051	2,167,235	8,342,769	14,875,686	38,154,285	44,678,340	15,985,042
Reconciliation with total assets:		149,172,069										
Assets as per above		3,880,742										
Fixed assets		8,613,301										
Deferred tax asset												
Assets as per consolidated statement of financial position		161,666,112										
Reconciliation with total liabilities:												
Liabilities as per above		144,449,325										
Deferred tax liability		-										
Liabilities as per consolidated statement of financial position		144,449,325										

44.4 Liquidity risk

The Group monitors its liquidity risk through various liquidity ratios and liquidity risk indicators. Any deviations or breaches are reported to the relevant authorities for timely action. Moreover, Asset and Liability Management Committee (ALCO), a senior management committee, also reviews the liquidity position of the Group on at least monthly basis and takes appropriate measures where required. The Group uses liquidity gap ladder to assess the liquidity gaps and liquidity needs in different time buckets, under normal and stressed scenarios. Whereas, the Contingency Funding Plan (CFP) of the Group is also in place. The ALCO reviews the current economic situation, projected cash flows and asset / liability mix and approves strategy for managing appropriate liquidity. Mandatory stress tests of SBP are conducted, on a periodic basis, to test the adequacy of liquidity contingency plan and to identify the extent of liquidity stress that the Group is able to take in current conditions.

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

	2020													
	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	Over 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	14,505,949	14,505,949	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	4,588,528	4,588,528	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	8,212,780	8,212,780	-	-	-	-	-	-	-	-	-	-	-	-
Investments	170,756,426	-	-	-	5,454,352	2,374,673	6,327,274	36,403,052	16,265,426	534,091	6,387,350	67,416,858	14,064,383	15,528,967
Advances	57,407,061	7,527,524	458,481	19,967	2,588,163	1,403,366	12,323,378	2,935,278	2,084,378	2,005,837	2,824,804	6,524,564	4,462,094	12,249,227
Fixed assets	3,314,731	-	-	-	113,235	41,629	41,629	126,274	127,662	127,662	506,484	506,489	981,719	741,948
Intangible assets	71,154	-	-	-	1,873	1,873	1,873	5,683	5,745	5,745	22,793	25,569	-	-
Deferred tax assets	10,185,784	-	-	513,510	509,116	1,018,233	2,036,465	2,036,465	2,036,465	2,035,530	-	-	-	-
Other assets	5,745,156	2,808,107	13,654	246,739	1,346,905	403,398	302,433	603,805	-	-	-	-	-	20,115
	274,787,569	37,642,888	472,135	780,216	10,013,644	5,243,172	21,033,052	42,110,557	20,519,676	4,708,865	9,741,431	74,473,480	19,508,196	28,540,257
Liabilities														
Bills payable	592,334	592,334	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings from financial institutions	63,127,648	-	60,505,748	-	-	-	1,752,141	-	-	-	869,759	-	-	-
Deposits and other accounts	185,634,979	123,863,210	989,702	1,278,644	5,103,764	5,432,214	10,661,207	17,712,732	3,818,575	14,973,977	166,553	559,829	1,052,301	22,271
Deferred tax liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	6,162,737	4,213,886	115,671	82,979	71,563	170,838	846,408	454,348	88,910	86,230	3,434	18,839	9,631	-
	255,517,698	128,669,430	61,611,121	1,361,623	5,175,327	5,603,052	13,259,756	18,167,080	3,907,485	15,060,207	1,039,746	578,668	1,061,932	22,271
Gap	19,269,871	(91,026,542)	(61,138,986)	(581,407)	4,838,317	(359,880)	7,773,296	23,943,477	16,612,191	(10,351,342)	8,701,685	73,894,812	18,446,264	28,517,986
Share capital - net	19,710,130													
Reserves	1,519,626													
Shares deposit money	2,000,000													
Proposed Ordinary shares to be issued on amalgamation	3,814,298													
Deficit on revaluation of assets	(408,505)													
Accumulated Loss	(7,365,678)													
Net assets	19,269,871													

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

	2019													
	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	Over 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	13,566,622	13,566,622	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	1,080,537	1,080,537	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	3,645,392	3,645,392	-	-	-	-	-	-	-	-	-	-	-	-
Investments	65,012,547	-	-	-	8,115,728	-	1,411,296	5,908,519	9,430,013	1,301,441	99	5,252,786	5,324,647	28,268,018
Advances	61,981,026	15,399,767	536,861	23,336	1,348,814	2,547,231	1,816,970	11,346,189	1,061,427	2,389,910	1,927,599	3,155,402	8,325,925	12,101,595
Fixed assets	3,837,529	-	-	-	71,665	49,178	49,178	149,174	150,813	199,351	598,336	598,338	1,181,143	790,353
Intangible assets	43,213	-	-	-	1,095	1,095	1,095	3,321	3,357	6,606	13,320	13,324	-	-
Deferred tax assets	8,613,301	-	-	437,023	430,330	860,661	1,721,322	1,721,322	1,721,322	1,721,321	-	-	-	-
Other assets	3,885,945	682,207	1,463	-	1,680,432	621,966	248,874	644,294	-	-	-	-	-	6,709
	161,666,112	34,374,525	538,324	460,359	11,648,064	4,080,131	5,248,735	19,772,819	12,366,932	5,618,629	2,539,354	9,019,850	14,831,715	41,166,675
Liabilities														
Bills payable	495,010	495,010	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings from financial institutions	4,992,284	-	2,566,207	-	50,000	-	1,476,379	-	-	-	899,698	-	-	-
Deposits and other accounts	134,085,796	101,522,813	554,934	3,442,653	676,052	6,985,492	3,500,564	3,489,358	1,265,302	10,996,878	285,464	170,089	1,142,088	54,109
Deferred tax liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	4,876,235	3,951,426	35,549	136,678	16,395	203,616	202,596	109,320	48,944	145,653	7,870	2,890	15,298	-
	144,449,325	105,969,249	3,156,690	3,579,331	742,447	7,189,108	5,179,539	3,598,678	1,314,246	11,142,531	1,193,032	172,979	1,157,386	54,109
Gap	17,216,787	(71,594,724)	(2,618,366)	(3,118,972)	10,905,617	(3,108,977)	69,196	16,174,141	11,052,686	(5,523,902)	1,346,322	8,846,871	13,674,329	41,112,566

Share capital-net	19,710,130
Reserves	1,486,892
Share deposit money	2,000,000
Accumulated Loss	(4,199,658)
Deficit on revaluation of assets	(1,780,577)
Net assets	17,216,787

44.4.2 Maturity of assets and liabilities (based on SBP BSD Circular No. 03 date February 22, 2011)

	2020									
	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	14,505,949	5,226,345	3,869,433	2,338,026	3,072,145	-	-	-	-	-
Balances with other banks	4,588,528	4,588,528	-	-	-	-	-	-	-	-
Lendings to financial institutions	8,212,780	8,212,780	-	-	-	-	-	-	-	-
Investments	170,756,426	5,454,352	8,701,946	36,337,658	16,810,266	5,287,150	67,168,328	15,692,623	8,945,588	6,358,515
Advances	57,407,061	10,594,134	13,726,745	2,935,278	4,090,215	2,824,804	6,524,564	4,462,094	10,693,226	1,556,001
Operating fixed assets	3,314,731	120,284	83,258	126,274	255,324	506,484	506,489	981,719	278,363	456,536
Intangible assets	71,154	1,873	3,746	5,683	11,490	22,793	25,569	-	-	-
Deferred tax asset	10,185,784	1,021,689	3,054,698	2,036,465	4,072,932	-	-	-	-	-
Other assets	5,745,156	4,401,872	719,865	603,304	-	-	-	-	-	20,115
	274,787,569	39,621,857	30,159,691	44,382,688	28,312,372	8,641,231	74,224,950	21,136,436	19,917,177	8,391,167
Liabilities										
Bills payable	592,334	592,334	-	-	-	-	-	-	-	-
Borrowings from financial institutions	63,127,648	60,505,748	1,752,141	-	-	869,759	-	-	-	-
Deposits and other accounts	185,634,979	29,666,952	44,336,731	30,075,748	79,754,593	166,553	559,829	1,052,301	22,272	-
Deferred tax liability	-	-	-	-	-	-	-	-	-	-
Other liabilities	6,162,737	4,484,100	1,017,245	454,348	175,140	3,434	18,839	9,631	-	-
	255,517,698	95,249,134	47,106,117	30,530,096	79,929,733	1,039,746	578,668	1,061,932	22,272	-
Gap	19,269,871	(55,627,277)	(16,946,426)	13,852,592	(51,617,361)	7,601,485	73,646,282	20,074,504	19,894,905	8,391,167
Share capital - net	19,710,130									
Reserves	1,519,626									
Shares deposit money	2,000,000									
Proposed shares to be issued on amalgamation	3,814,298									
Deficit on revaluation of assets	(408,505)									
Accumulated Loss	(7,365,678)									
Net assets	19,269,871									

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.

	2019									
	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	13,566,622	5,869,289	1,680,396	1,237,206	4,779,731	-	-	-	-	-
Balances with other banks	1,080,537	1,080,537	-	-	-	-	-	-	-	-
Lendings to financial institutions	3,645,392	3,645,392	-	-	-	-	-	-	-	-
Investments	65,012,547	8,015,728	1,311,296	5,908,519	10,931,454	199,876	5,330,494	5,124,870	21,789,696	6,400,614
Advances	61,981,026	17,308,778	4,787,229	10,923,161	3,451,339	1,927,599	3,155,402	8,325,925	5,627,882	6,473,711
Operating fixed assets	3,837,529	71,665	98,356	149,174	301,626	646,874	598,338	1,181,143	333,817	456,536
Intangible assets	43,213	1,095	2,190	3,321	6,714	16,568	13,325	-	-	-
Deferred tax asset	8,613,301	867,353	2,581,983	1,721,322	3,442,643	-	-	-	-	-
Other assets	3,885,945	2,362,435	872,507	644,294	-	-	-	-	-	6,709
	161,666,112	39,222,272	11,333,957	20,586,997	22,913,507	2,790,917	9,097,559	14,631,938	27,751,395	13,337,570
Liabilities										
Bills payable	495,010	495,010	-	-	-	-	-	-	-	-
Borrowings from financial institutions	4,992,284	2,616,207	1,476,379	-	-	899,698	-	-	-	-
Deposits and other accounts	134,085,796	19,916,615	20,590,484	13,596,937	78,330,010	285,464	170,089	1,142,088	54,109	-
Deferred tax liability	-	-	-	-	-	-	-	-	-	-
Other liabilities	4,876,235	4,139,732	401,887	107,218	201,341	7,870	2,890	15,297	-	-
	144,449,325	27,167,564	22,468,750	13,704,155	78,531,351	1,193,032	172,979	1,157,385	54,109	-
Gap	17,216,787	12,054,708	(11,134,793)	6,882,842	(55,617,844)	1,597,885	8,924,580	13,474,553	27,697,286	13,337,570
Share capital-net	19,710,130									
Reserves	1,486,892									
Share deposit money	2,000,000									
Accumulated Loss	(4,199,658)									
Deficit on revaluation of investments	(1,780,577)									
Net assets	17,216,787									

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.

44.5 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems and external events.

The Group strives to manage operational risk within acceptable levels through sound operational risk management practices.

The Group has set up a separate Operational Risk Management (ORM) Unit. ORM Unit resides within Risk Management Division (RMD). Its responsibility is to implement Operational Risk management tools across the group for effective measurement and monitoring of operational risk faced by different areas of the Group.

45 EVENTS AFTER THE REPORTING PERIOD

As referred to in Note 21 above, 381,429,817 ordinary shares of Rs. 10 each of the Bank have been issued on January 13, 2021 to the sole shareholder (Government of Sindh) of formerly Sindh Leasing Company Limited in terms of the Scheme of Amalgamation.

46. GENERAL

46.1 Figures have been rounded off to the nearest thousand Rupees.

47. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue by the Board of Directors on March 09, 2021.

Chairman	President and Chief Executive Officer	Director	Director	Chief Financial Officer

ANNEXURE - I

AMALGAMATION OF SINDH LEASING COMPANY LIMITED ('Company') WITH AND INTO THE BANK

As per the Scheme of Amalgamation ('the Scheme'), all the assets, liabilities and obligations of the Company have as at the Effective Date i.e. December 31, 2020, been merged with, transferred to, vested in and assumed by the Bank, and Sindh Leasing Company Limited stands dissolved without winding up. Further as per the Scheme, the surviving entity is Sindh Bank Limited and therefore, the entire undertaking and business of Sindh Leasing Company Limited is thereon vested in and continues under the operations of Sindh Bank Limited (refer Note # 1.3). Proforma combined statement of Financial Position as at Amalgamation is as follows :

	Note	Group Level Accounts			Sindh Leasing Company Limited			Balances after Amalgamation
		Actual Balances	Adjustment with Leasing Co.	Adjusted Balances	Actual Balances	Adjustment	Adjusted Balances	
		---------- (Rupees in '000) ----------						
ASSETS								
Cash and balances with treasury banks	6	14,505,924	-	14,505,924	-	25	25	**14,505,949**
Balances with other banks	7	4,577,769	(267,807)	4,309,962	279,076	(510)	278,566	**4,588,528**
Lendings to financial institutions	8	8,212,780	-	8,212,780	-	-	-	**8,212,780**
Investments	9	170,751,475	(1,875,000)	168,876,475	1,879,951	-	1,879,951	**170,756,426**
Advances	10	55,579,115	-	55,579,115	1,827,946	-	1,827,946	**57,407,061**
Fixed assets	11	3,298,231	-	3,298,231	16,500	-	16,500	**3,314,731**
Intangible assets	12	71,154	-	71,154	-	-	-	**71,154**
Deferred tax assets - net	13	10,089,776	-	10,089,776	96,008	-	96,008	**10,185,784**
Other assets	14	5,658,093	(70,409)	5,587,684	157,436	36	157,472	**5,745,156**
		272,744,317	(2,213,216)	270,531,101	4,256,917	(449)	4,256,468	**274,787,569**
LIABILITIES								
Bills payable	15	592,334	-	592,334	-	-	-	**592,334**
Borrowings	16	63,127,648	-	63,127,648	-	-	-	**63,127,648**
Deposits and other accounts	17	187,761,186	(2,142,807)	185,618,379	16,600	-	16,600	**185,634,979**
Liabilities against assets subject to finance lease		-	-	-	-	-	-	**-**
Subordinated debt		-	-	-	-	-	-	**-**
Deferred tax liabilities		-	-	-	-	-	-	**-**
Other liabilities	18	5,827,019	(70,409)	5,756,610	406,576	(449)	406,127	**6,162,737**
		257,308,187	(2,213,216)	255,094,971	423,176	(449)	422,727	**255,517,698**
NET ASSETS		15,436,130	-	15,436,130	3,833,741	-	3,833,741	**19,269,871**

Adjustments:

Elimination of cross company transactions between Sindh Bank Limited and Sindh Leasing Company Limited are shown below:

Head of Accounts	Note	Amount Rs. 000	Reason of elimination
Balances with other banks	7	(267,807)	Sindh Leasing Company Limited balances of Saving Accounts maintained with the Bank.
Investments	9	(1,875,000)	Sindh Leasing Company Limited balances of TDRs maintained with the Bank.
	17	**(2,142,807)**	
Other assets / Liabilities	14 & 18	**(70,409)**	Accrued mark-up on deposits maintained by Sindh Leasing Company Limited.

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Notice of 10th Annual General Meeting

NOTICE is hereby given that the 10th Annual General Meeting of Sindh Bank Limited will be held on March 30, 2021 at 10.00 a.m at Federation House, Clifton, Karachi, to transact the following business:

A-Ordinary Business:

1- To confirm the minutes of 9th Annual General Meeting held on March 30, 2020.

2- To receive, consider and adopt the Audited consolidated/un-consolidated Financial Statements of the Bank for the year ended December 31, 2020, 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 2021 and fix their remuneration. The retiring Auditors Naveed Zafar Ashfaq Jaffrey& Co. have shown their willingness to act as the auditors for the year 2021 as well.

4- To elect 7 directors of the Bank as fixed by the Directors in their meeting held on February 2, 2021, for the next term of three years, in terms of Section 159(1) of the Companies Act, 2017. Following directors of the Bank will stand retired on the date of AGM:

(1) Mr. Anis A. Khan (2) Syed Hasan Naqvi (3) Mr. Asif Jahangir (4) Mr. Sami ul Haq Khilji (5), Mrs. Masooma Hussain and (6) Mr. Javaid B. Sheikh.

B-Special Business:

1- To approve payment of remuneration and provision of certain facilities to the President/CEO of the Bank.

2- 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-1 (C-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
March 9, 2021.

NOTES:

i. A member entitled to attend and vote at the 10th 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 March 26, 2021 to March 29, 2021 (both days inclusive). CDC Transaction IDs received in order at the Registered Office of the Company up to the close of business on March 25,2021 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 10th Annual General Meeting of Sindh Bank Limited (the "Bank") to be held on March 30, 2021:

Item No. 1 of Special Business:

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 2020 a gross sum of Rs.21,713,000/- in addition to bonus and other perquisites as per his term of appointment be and are hereby approved."

Item No.2 of Special Business:

1- 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 October18, 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, 2020

Number of Shareholders	Size of Shareholdings		Total Shares Held
	From	To	
6	1	100	6
31	101	500	15,500
36	501	1000	36,000
31	1001	5000	104,500
5	5001	10000	50,000
4	10001	15000	52,001
1	15001	20000	20,000
1	20001	25000	25,000
2	25001	30000	60,000
1	45001	50000	50,000
4	95001	100000	400,000
1	195001	200000	200,000
1	999995001	1000000000	1,969,999,993
124			**1,971,013,000**

Categories of Shareholders

As On December 31, 2020

Category No.	Shareholders	No. of Shares Held	Category wise No. of Share Holders	%
1	Individuals	400,000	3	0.02%
2	Investment Companies	-	-	-
3	Joint Stock Companies	-	-	-
4	**Director, Chief Executive, and their spouse and minor children**			
	ANIS AHMED KHAN	1	1	0.00%
	JAVAID BASHIR SHEIKH	1	1	0.00%
	MASOOMA HUSSAIN	10,001	1	0.00%
	SAMI UL HAQ KHILJI	1	1	0.00%
	NOMINEE SHARES OF EX-DIECRTORS	3	3	0.00%
	Sub-Total	10,007	7	
5	**Executives / Employees / Group employees**	603,000	113	0.03%
6	NIT/ICP			
7	Associated Companies,undertakings and related parties			
8	Banks, DFIs,NBFIs, Insurance companies, Modarbas & 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	50.74%
	Government of Sindh -Rights Shares *	970,000,000		49.21%
		1,969,999,993	1	99.95%
	TOTAL	**1,971,013,000**	**124**	**100.00%**

Shareholders holding ten percent or more voting interest in the listed company		
Total Paid -up Capital of the company		1,971,013,000
10% of the paid-up capital of the company		197,101,300
Name(s) of Shareholder(s)	No. of Shares held	Percentage (%)
Government of Sindh, through its Finance Department	1,969,999,993	99.95

* 970,000,000 Right Shares have been uploaded with CDC on February 04, 2021.

Branch Network



SOUTH REGION

KARACHI AREA

Mr. Abdul Rauf Chandio
EVP-I & Group Business Head
South Region
Tel: 021-35642101-2
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Mr. Dilawar Ahmed Dakhan
SVP-I & Area Manager,
Area II, Karachi
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Ms. Ghazala Ayaz
SVP-I & Area Manager,
Area III, Karachi
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Mr. Ayaz Ahmed Jagirani
VP-II & Area Manager,
Area IV, Karachi
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Mr. Muhammad Yousuf Khan Niazi
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Mr. Faisal Haroon Badshah
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BALOCHISTAN AREA

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Mr. Wali Muhammad Attar
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Mr. Muhammad Ayaz Tareen
OG-I & Branch Manager / Acting Area
Manager (Islamic Banking) - Balochistan
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SINDH RURAL REGION

Syed Assad Ali
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Mr. Zeeshan Qureshi
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Mr. Syed Tabish Ali Shah
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Mr. Kashif Ahmed Memon
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PUNJAB CENTRAL REGION

Mr. Farhan Ashraf Khan
SEVP & Group Business Head
Central Region
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Mr. Rizwan Mahmood Khan
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Lahore Area-I & Chief Manager
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Mr. Shoaib Naseem Khan
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Syed Akram Hussain Zaidi
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Mr. Syed Sohail Abbas
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Mr. Shafqat Ali Raja
SVP-I & Area Manager
Islamabad & Rawalpindi
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NORTH REGION
KPK & MIR PUR AJK AREA

Mr. Rehman Ullah Khatak
EVP1 Group Business Head
North Region
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Mr. Farooq Khan
SVP-I & Area Manager, KPK
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Fax: +92-91-5271949
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Mr. Intikhab Ashraf
VP-I & Area Manager
AJK / Gilgit Baltistan & Branch Manager
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ISLAMIC BANKING DIVISION

Mr. Alizain Wahab
SVP-I & Head of Islamic Banking
Tel: 021-35316801
Fax: 021-35316804
Email: alizain.wahab@sindhbankltd.com

Number of Branches

S.No.	Regions	No. of Branches
1	South Region - Karachi	93
2	Balochistan Branches	16
3	Sindh Rural Region	97
4	Punjab Central Region	103
5	North Region KPK & Mirpur AJK Area	21
	Total	330

Form of Proxy

I/We, _____, being member of Sindh Bank Limited and holding _____ ordinary share as per CDC Participant ID & Account No. _____, do hereby appoint

Mr_____ s/o_____ or failing him

Mr_____ s/o _____ as my Proxy in my absence to attend and vote for me and on my behalf at the 10th Annual General Meeting of the Bank to be held on 30th March 2021 at 10:00 a.m at the Head Office of Sindh Bank Limited, Federation House, Clifton, Karachi, and at any adjournment thereof.

As witness my/our hand this _____ day of _____2021.

1. Witness_____

   Signature_____

   CNIC No._____

   Address_____

Member's Signature
on Rs.5.00
Revenue Stamp

2. Witness_____

   Signature_____

   CNIC No._____

   Address_____

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

NOTES:

1. A member entitled to attend and vote at the 10th 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

میں/ہم ---------- ولد ---------- جو سندھ بینک لمیٹڈ کا/کے ممبر ہیں اور سی ڈی سی پارٹیسپینٹ ID اور اکاؤنٹ نمبر ---------- کے مطابق ------- آرڈنری شیئر رکھتا/رکھتے ہیں، جناب ---------- ولد ---------- یا ان کی عدم دستیابی کی صورت میں جناب ---------- ولد ---------- کو، میری/ہماری غیر موجودگی میں مورخہ 30 مارچ ، 2021 کو صبح 10.00 بجے سندھ بینک لمیٹڈ کے ہیڈ آفس واقع تیسری منزل، فیڈریشن ہاؤس، کلفٹن کراچی، میں منعقد ہونے والے بینک کے 10th سالانہ اجلاس عام میں شرکت کرنے اور میری/ہماری جانب سے ووٹ ڈالنے کے لیے اپنا نمائندہ مقرر کرتا ہوں / کرتے ہیں۔

دن ---------- 2021، میں/ہم گواہ ہیں ----------

1. گواہ ----------
   دستخط ----------
   سی این آئی سی نمبر ----------
   پتہ ----------

5.00 روپے کے ریونیو اسٹامپ پر ممبر کے دستخط

2. گواہ ----------
   دستخط ----------
   سی این آئی سی نمبر ----------
   پتہ ----------

(دستخط کو بینک کے پاس رجسٹرڈ نمونہ کے دستخط کے ساتھ ملنا چاہیئے)

نوٹس:

1. بینک کے 10th سالانہ اجلاس عام میں شرکت کا اہل ممبر اپنے بجائے کسی دوسرے شخص کو اجلاس میں شرکت کرنے اور ووٹ ڈالنے کے لیے مقرر کرسکتا 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 اٹارنی، جسے تحریری طور پر اختیار دیا گیا ہو، کے دستخط ہوں گے۔ اگر ممبر کارپوریشن ہے تو پھر انسٹرومنٹ پر اس کی وہ مہر ہوگی جو عام طور پر استعمال کی جاتی ہے۔
3. صحیح طور پر مکمل کیا ہوا فارم اجلاس کے مقررہ وقت سے کم از کم 48 گھنٹے قبل بینک کے رجسٹرڈ دفتر واقع تیسری منزل، فیڈریشن ہاؤس، عبداللہ شاہ غازی روڈ، کلفٹن، کراچی کو پیش کیا جائے۔
4. CDC اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر کو پراکسی مقرر کرتے وقت اپنے اور پراکسی کے CNIC/پاسپورٹ کی تصدیق شدہ نقول پراکسی فارم کے ساتھ جمع کرانا ہوں گی۔ اجلاس کے وقت پراکسی اپنا اصل CNIC یا پاسپورٹ پیش کرے گا۔ کارپوریٹ ادارے کی صورت میں پراکسی فارم کے ساتھ بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی بمعہ دستخط نمونہ پیش کرنا ہوں گے۔

SINDH BANK
سندھ بینک
POWER TO THE PEOPLE

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
https://smsbanking.sindhbank.com.pk

0800-33322 www.sindhbank.com.pk /SindhBankLimitedOfficial /SindhBankLimited /company/sindh-bank-limited

In Memory of Shaheed Mohtarma Benazir Bhutto

شہید محترمہ بینظیر بھٹو کی یاد میں

SINDH BANK

سندھ بینک

Power To The People

بااختیار عوام

www.sindhbank.com.pk

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/company/sindh-bank-limited

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