



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

SINDH BANK

سندھ بینک

POWER TO THE PEOPLE
بااختیار عوام

ANNUAL REPORT 2021

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IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO

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Sindh Bank Limited

Head Office:

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

Annual
2021
Report



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
Sajid Jamal Abro	Finance Secretary-GoS / Non-Executive Director
Asif Jahangir*	Nominee Director of GoS / Non-Executive Director
Masooma Hussain*	Non-Executive Director
Javaid Bashir Sheikh*	Independent Director
Muhammad Naeem Sahgal*	Independent Director
Mohammed Aftab Alam*	Non-Executive Director
Imran Samad	President / CEO
Chief Financial Officer	Dilshad Hussain Khan
Company Secretary	Muhammad Irfan Zafar

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

*The Directors have been elected/re-elected in 10th AGM held on April 02, 2021, subject to approval of State Bank of Pakistan, which is awaited.



Chairman's Review

On behalf of the Board of Directors of Sindh Bank, I present below a brief review, along with the financial statements of the Bank for the year ended December 31, 2021. A detailed review is presented in the Directors Report.

I am pleased to report noteworthy improvements in the Bank's performance indicators as Total Operating Losses decreased by a significant amount of Rs.1.37 bn (85.0%), led mainly by an increase of Rs.2.0 bn (70.6%) in Net Markup/Interest Income despite offset to some extent by a marginal decrease in Non-Markup Income to Rs.576.5 mn from Rs.622.8 mn, last year, mainly due to lower than expected FX income.

Pre-tax loss for the year ended December 31, 2021 increased to Rs.6.064 bn compared to loss of Rs.5.335 bn last year mainly due to increased provisioning (mainly on loans) of Rs.5,823 mn (net) compared to Rs.3,723 mn last year. Post tax loss for the year increased to Rs.3.727 bn compared to loss of Rs.3.212 bn 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.

Total Deposits registered an increase of 17.3% and stood at Rs.217.6 bn compared to Rs.185.6 bn on December 31, 2020. Gross Advances decreased by 4.4% and stood at Rs.73.0 bn at year-end 2021 compared to Rs. 76.4 bn on December 31, 2020, mainly due to a decrease of Rs.2.4 bn in Commodity Financing. Increase in SME & Consumer Financing was offset by no fresh disbursements and decrease in existing Corporate advances, mainly due to regulatory restrictions on such lending.

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

	Rupees in '000
Loss before provisions and tax	(241,185)
Provision/diminution in value of investment	(87,342)
Provision against loans and advances	(5,735,574)
Loss before tax	(6,064,101)
Taxation	
- Current	278,155
- Deferred	(2,614,772)
	(2,336,617)
Loss after tax	(3,727,484)
Accumulated loss brought forward	(7,510,224)
Other comprehensive income	797
Loss before appropriation	(11,236,911)
Appropriations:	
Transfer to Statutory Reserve	---
Accumulated loss carried forward	(11,236,911)

So far, cash injection, of Rs. 15.7 billion to support Bank's Tier I Capital has been made by the Government of Sindh during the years 2019 to 2021, of which Rs. 4.0 bn was received in 2021. In addition to this, Rs.3.8 bn was added after merger of Sindh Leasing Company Limited ('SLCL') with and into Sindh Bank, made effective from December 31, 2020.

As at the year-end, Sindh Bank's Equity (i.e. Paid up Capital, Reserves, deficit on revaluation & accumulated losses) stood at Rupees 18.627 billion, decreasing by about 2.36% over Rupees 19.077 billion last year. The Bank's risk adjusted Capital Adequacy stood at 11.9 percent against the 'relaxed' year-end 2021 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 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 continued efforts of Bank's management and staff in bringing about significant improvements in the Bank's financial indicators despite very challenging circumstances, especially in the areas of deposit mobilization, improving operating profitability, 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 08, 2022

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

Profile of the Board of Directors



Anis A. Khan*
Chairman & Non-Executive Director

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



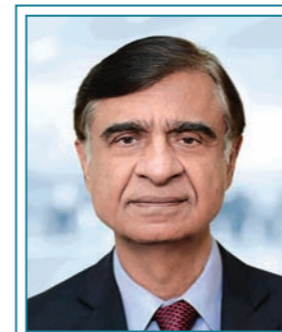
Masooma Hussain*
Non-Executive Director

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.



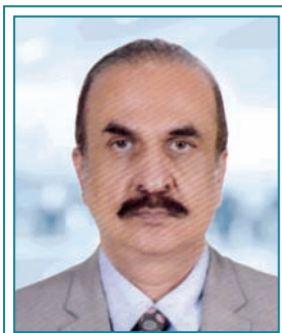
Imran Samad
President & CEO

Mr. Imran Samad is the President & CEO of Sindh Bank Limited. Mr. Samad has more than 32 years of experience in Bank/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, Micro Credit. He is a seasoned banker with extensive experience in turning around the organizations. He joined the Bank on September 20, 2019.



Javaid Bashir Sheikh*
Independent Director

Mr. Javaid Bashir Sheikh has experience of more than 45 years of various Banks/DFIs. He Possesses MBA Degree from USA. He is a 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 network.



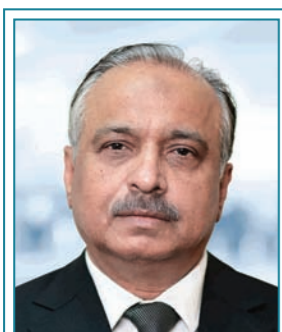
Sajid Jamal Abro
Finance Secretary-GoS/Non-Executive Director

Mr. Abro had assumed the charge as Finance Secretary, GoS on January 28, 2022 and coopted by the Board on February 8, 2022 in place of Syed Hasan Naqvi, ex-Finance Secretary of GoS. His FPT clearance of SBP has been received on March 29, 2022. He is a Civil Servant and has remained as Principal Secretary to Chief Minister Sindh, Secretary in several departments of GoS including, SGA & CD Deptt., Agriculture Deptt., Supply & Prices Deptt., Land Utilization Deptt., Minorities Affairs Deptt. He also remained as Commissioner Hyderabad & Mirpurkhas Divisions, Managing Director of SPPRA in furtherance to other important positions in GoS.



M. Naeem Sahgal*
Independent Director

Mr. Sahgal is an Advocate of Supreme Court having rich experience in his field. He has handled matters of Constitutional, Civil, Criminal, Companies, Customs, Banking, Labour, Taxation, Securities, Agreements and Concession Agreement, Capacity Building & Infrastructure Development, Negotiation in contracts and concessions etc. He remained as 'Independent Director' of Sindh Bank.



Asif Jahangir*
Nominee Director of GoS/
Non-Executive Director

Mr. Jahangir is a nominee Director of GoS having experience as Secretary, Rehabilitation Department, GoS, prior to that he remained Finance Secretary, GoS, Additional/Special Finance Secretary, GoS, Director of National Finance Commission, Acting Finance Secretary, Additional Finance Secretary-Finance Deptt., Additional Secretary-Energy Deptt., Additional Secretary-Education Deptt., Director-Finance & Admin (Provincial Disaster Management Authority) and other key posts of Government of Sindh.



M. Aftab Alam*
Non-Executive Director

Mr. Aftab Alam is a Senior Chartered Accountant, fellow Member of Institute of Chartered Accountants of Pakistan and Institute of Corporate Secretaries of Pakistan. He is presently working with Mega & Forbes Group (MFG) as Group Chief Financial Officer. He holds experience of IT functions including Financials accounting reporting and monitoring with automation on computer based accounting system and exposure of computerization of the system from basis transaction processing to timely financial reports.

*The Directors have been elected/re-elected in 10th AGM held on April 02, 2021, subject to approval of State Bank of Pakistan, which is awaited.



From left to right: Imran Samad (President & CEO), Asif Jahangir, Anis A. Khan (Chairman), Javaid Bashir Sheikh, Masooma Hussain.

Board of Directors:

- | | |
|---------------------------|--|
| 1) Anis A. Khan* | Chairman / Non-Executive Director |
| 2) Sajid Jamal Abro | Finance Secretary-GoS / Non-Executive Director |
| 3) Asif Jahangir* | Nominee Director of GoS / Non-Executive Director |
| 4) Masooma Hussain* | Non-Executive Director |
| 5) Javaid Bashir Sheikh* | Independent Director |
| 6) Muhammad Naeem Sahgal* | Independent Director |
| 7) Mohammed Aftab Alam* | Non-Executive Director |
| 8) Imran Samad | President / CEO |

*The Directors have been elected/re-elected in 10th AGM held on April 02, 2021, subject to approval of State Bank of Pakistan, which is awaited.

Committees of the Board:

Audit Committee

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

Human Resource & Remuneration Committee

Anis A. Khan	Chairman
Finance Secretary (GoS)	Member
President & CEO	By Invitation
Head of HR Division	Secretary

Risk Management Committee

Javaid Bashir Sheikh	Chairman
Masooma Hussain	Member
President & CEO	Member
Head of Risk Management Division	Secretary

Information Technology Committee

Anis A. Khan	Member
President & CEO	Member
Finance Secretary (GoS)	By Invitation
Head of IT Division	Secretary

Nomination Committee*

Finance Secretary (GoS)	Member
Company Secretary	Secretary

*The Committee is presently non-functional for lack of members and pending clearance of elected Directors' FPT by SBP.

Terms of Reference

The number of meetings of the Board of Directors (BOD) and its Sub-Committees held during the year 2021 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 or audit observations as 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

Mufti Muhammad Hassan Ashraf Usmani

Chairman Shariah Board

Mufti Muhammad Hassan Ashraf Usmani is the Chairman Shari'ah Board of Sindh Bank- Islamic Banking Division. He has completed Takhassus Fill Ifta (Specialization in Islamic Jurisprudence) from Jamia Darul Uloom, 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.

Mufti Zeeshan Abdul Aziz

Member Shariah Board

Mufti Zeeshan Abdul Aziz is Member Shariah Board of Sindh Bank-Islamic Banking Division. He has completed Takhassus Fill Ifta (Specialization in Islamic Jurisprudence) majoring in Islamic Banking & Finance from Jamia Darul Uloom, 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.

Mufti Muhammad Nadeem Siddiquie

Resident Shariah Board Member (RSBM)

Mufti Muhammad Nadeem Siddiquie is Resident Shariah Board Member (RSBM) of Sindh Bank - Islamic Banking Division. He is a learned Shariah Scholar and has completed his Shahadat-ul -Aalamiyyah from Tanzeem ul Madaris. He has done Specialization in Islamic Jurisprudence (Takhassus-fil-Ifta) and having Fatawa experience of over seven years. He started his career with Ernst & Young and have over eight years of Islamic Banking experience, his field of expertise are Shariah Advisory, Shariah Audit, and Product Structuring. He has diversified educational background with Bachelors of Commerce and Masters in Islamic Banking & Finance from University of Karachi and Junior Associates of Institute of Bankers Pakistan (JAIBP) from IBP. He holds teaching experience of Fiqh, Tafseer, Arabic Adab, and Hadith in various Madaris and Business Management in different institutions.

Terms of Reference and Meeting of 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 Members (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.

Shariah Board Meetings

Details of Meetings of the Shariah Board held during the year 2021 and attendance by each Shariah Board Member are given below:

S.No.	Name	Shariah Board Meetings	
		Held During the Year	Attended
1	Mufti Hassan Ashraf Usmani	4	4
2	Mufti Zeeshan Abdul Aziz	4	4
3	Mufti Muhammad Nadeem Siddiquie	4	4
Total Meetings Held During the Year 2021		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 framework 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 along with 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 Bank's 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

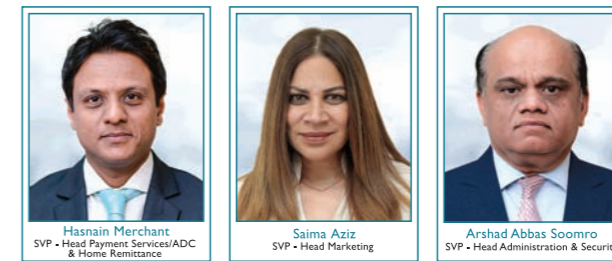
Note:

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



Events



Road Show held for Consumer Banking Product at Sindh Secretariat



Independence Day celebration at the Sindh Bank Head Office



Ms. Sultana Siddiqui as the Guest Speaker at the mentoring session for female staff



COVID-19 Vaccination drive at the Sindh Bank Head Office



At the launch of Sukoon Salary Loan at the Sindh Bank Head Office



Breast Cancer Awareness Day celebrated at the Sindh Bank Head Office



ATM on Wheels Van at the Cattle Mandi Karachi



At the launch of Nasheman Home Finance at the Sindh Bank 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, 2021. Financial highlights are as follows:

(Rupees in '000)

Balance Sheet	As on December 31, 2021	As on December 31, 2020	%age Change
Paid up Capital	25,524,428	19,710,130	
Shares Deposit Money	4,000,000	2,000,000	
Proposed shares to be issued on amalgamation	-	3,814,298	
Reserves & accumulated loss	(9,775,499)	(6,038,802)	-61.8
Paid up Capital & Reserves	19,748,929	19,485,626	1.4
Deficit on Revaluation of Investment	(1,121,647)	(408,505)	
Equity	18,627,282	19,077,121	-2.3%
Borrowings	26,785,738	62,377,648	-57.0%
Deposits	217,608,406	185,570,689	17.3%
Investment (carrying value)	175,703,381	170,818,493	2.8%
Gross Advances	73,023,451	76,355,873	-4.4%

(Rupees in '000)

Profit & Loss Account	Year Ended 31-Dec-2021	Year Ended 31-Dec-2020	%age Change
Markup/return/interest income	21,826,086	15,350,403	
Markup/return/interest expenses	16,921,716	12,476,302	
Net markup/return/interest income	4,904,370	2,874,101	70.6%
Gain/(loss) on sale of Investments	(6,435)	(46,420)	
Foreign Exchange Income	74,371	284,977	
Dividend Income	154,063	96,651	
Fee, Commission & Other Income	354,479	287,560	
Non mark-up/Non-interest income	576,478	622,768	-7.4%
Non mark-up/interest expenses	5,722,033	5,108,994	12.0%
Provision/Diminution in value of investments	87,342	306,734	
Provision-specific & general against Advances	5,735,574	3,416,208	
Total Provisions	5,822,916	3,722,942	
Loss before Tax & Provisions	(241,185)	(1,612,125)	85%
Loss Before Tax	(6,064,101)	(5,335,067)	-13.7%
Loss After Tax	(3,727,484)	(3,212,571)	-16%
Loss per share (Rupees)	(1.49)	(1.63)	8.6

Other Information	As on 31-Dec-2021	As on 31-Dec-2020	%age Change
No. of Accounts	533,169	499,760	6.7%
Number of Branches	330	330	-

A. Financial Review

Total Assets recorded a slight decrease from Rs.273.7 bn to Rs.270.2 bn during the year, primarily due to increase in deposits and decrease in borrowings, as given below. Segment-wise major financial statement review is as follows:

a) Deposits

Deposits registered an increase of 17.3% and stood at Rs. 217.6 bn compared to Rs. 185.6 bn on December 31, 2020. This increase indicates changing customer preferences and continuing motivation of our retail banking team to introduce new customers and products. Ratio of Finance Department, Government of Sindh (GoS) Deposits to other Deposits was 14:86 as compared to 12:88 at the year ended 2020. Number of customer accounts stood at 533,169 increasing by 33,409 accounts (i.e. 6.7%).

b) Advances

Gross Advances decreased by 4.4% and stood at Rs.73.0 bn at year-end 2021 compared to Rs. 76.4 bn on December 31, 2020, mainly due to decrease of Rs.2.4 bn under Commodity Financing. Besides, subduing growth during the year was the regulatory restriction on corporate advances and hence the management focused on increasing financing in the SMEs and Consumer segments. After soft launch of House Financing and Salary Loan products in Consumer segment and after satisfactory test run full-fledged launch will be undertaken in 2022, complemented by focused advertising and marketing.

c) Investments

Carrying value of Investments as at December 31, 2021 increased by Rs.4.8 bn (2.9%) over 2020. Increase of Rs. 12.1 bn was recorded in floating rate PIBs and Rs. 1.5 bn in GOP Ijara Sukuk, compared to reduction in Market Treasury Bills of Rs.8.5 bn.

Investment in equities and mutual funds stood at Rs. 2,889 million, excluding Rs. 750 million in Sindh Microfinance Bank Limited (wholly owned subsidiary), increasing by 2.1% over December 31, 2020 (Rs. 2,830 million).

B. Profit and Loss Account

Improvement in the Bank's performance indicators are clearly visible as total operating losses decreased by a significant amount of Rs.1.37 bn (85.0%), led mainly by an increase of Rs.2.0 bn (70.6%) in Net Mark-up/Interest Income despite a marginal decrease in Non-Markup Income to Rs.576.5 mn from Rs.622.8 mn, last year, due to lower than expected FX income.

Post tax loss for the year amounted to Rs.3.727 bn compared to loss of Rs.3.212 bn last year. Other reason for decrease in bottom-line was increased provisioning of Rs.5,823 mn (net) compared to provision of Rs.3,723 mn last year. Pre-tax loss for the year ended December 31, 2021 amounted to Rs.6.064 billion contrasting with loss of Rs.5.335 bn reported 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.

C. Branches

The Bank continued to maintain its presence through 330 branches spread over 169 cities/towns in Pakistan and included 14 branches which are dedicated to Islamic Banking. No new branches were opened during the year. 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

Economic growth assisted by various stimulus measures, increased at a faster than anticipated rate despite of economic and political challenges. The economy witnessed a V-shaped recovery during the year, which led to an increase in inflation and put pressure on domestic resources. Significantly increased import bill, particularly in the latter half of 2021 led to a deterioration of current account and 12.8% depreciation of PKR against USD. Besides above, the economy remains vulnerable as oil prices touched a 7-year high, trading at more than US\$90/barrel, effect of which is likely to trickle down across the entire economic landscape. Despite short term economic challenges, the medium to longer term growth potential remains intact due as the Government is focused on transformation of the economy by increasing productivity, investment, and private sector development.

Going forward, the Country has the potential to earn higher FX earnings through export of IT services, startup investment and continued sustainability on the home remittances front. COVID-19 has also been a blessing in disguise for textile exports, as main export orders were diverted to Pakistan due to higher infection ratios and lockdown in Sri Lanka as well Bangladesh.

During CY22 market expects commodity prices to normalize as supply chain issues are resolved and economic activity slows down due to expected withdrawal of fiscal and monetary stimulus. Projected GDP growth for next fiscal is expected to be around 4% with inflation expected to fall in single digit due to high base effect. However, external account is expected to remain constrained due to higher CAD, elevated debt servicing and reliance on external debt.

2021 was a volatile year for PSX as KSE 100 witnessed a healthy performance in the first half, whereas the second half was marred by number of negative news and events. The index started on a promising note due to reopening of international economies and sharp pickup in economic activity, which also led to exceptional improvement in profitability of the companies listed on the PSX with the Current Account showing a surplus, Pak Rupee showing stability, LSM recording robust growth and higher GDP growth rate and lower CPI. However, the momentum could not be sustained in the second half due to rising international commodity prices, over-heating of the domestic economy, deterioration of CAD due to sharp increase in import bill,

unstable political situation and testing relationship with USA. These factors hence subdued performance of the KSE 100 as it registered a marginal increase of 1.90% with the index closing at the level of 44,596 points.

CREDIT RATING

VIS Credit Rating Company Limited reaffirmed the Bank's long term entity rating of A+ (Single A Plus) and short term rating of **A-1 (A-one)** in its report dated June 30, 2021.

MINIMUM CAPITAL REQUIREMENT & CAPITAL ADEQUACY RATIO

The Bank is compliant with the minimum capital requirement prescribed by the State Bank of Pakistan as its Capital Adequacy Ratio stood at 11.90% as against the requirement of 11.5% as on December 31, 2021.

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 online platforms and 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. In this regard, last year the Bank provided assistance 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

On the innovation front, Sindh Bank took a major leap by successful implementation of multiple regulatory projects, including Electronic Proceeds Realization Certificate (ePRC), FX Cases Approval Automation, Pakistan Single Window (PSW) and Raast Phase - I (Instant Payment Gateway).

In the month of August, after beta testing Sindh Bank successfully launched its Retail Banking Mobile app for its customers using either Android or iPhone handsets. The mobile app is loaded with all standard features such as Fund transfer (intra/interbank), Utility Bill payment, Mobile and internet Top-Ups, and Biometric authentication to name few.

On the information security front, Sindh Bank implemented the state-of-the-art security solutions for End-point Detection and Response, Internet Security Gateway, Email security Gateway, and Network Sandboxing. In order to enhance the security of web application exposed to provide services to customers and partners, Sindh Bank deployed world's leading Web Application Firewall (WAF).

In addition, Sindh Bank completed the implementation of Security Incident and Event Monitoring (SIEM) solution as well as established its 24x7 Security Operations monitoring team. In order to improve service response time, bank upgraded its core banking database to faster SSD (Solid-State Drive) storage.

The implementation of MS Exchange significantly improved the intra-bank communication and collaboration.

c) Home Remittances

Sindh Bank via its network, made Home Remittance payments to about 125,000 customers during 2021, as compared to 50,000 payments in Year 2020.

Year 2022, new remittance company would on board named as Small World which is present in all over the world.

Sindh Bank also became a partner bank in the Federal Government's Sohni Dharti Remittance Program. Under this program, USD 55 Million+ was disbursed in year 2021, making the Bank eligible for SBP PRI Home Remittance incentives.

Summary of the exceptional results achieved during 2021 in terms of both transaction numbers and volumes, is given below:

YEAR	No Of Transactions	Amount In USD	Amount In PKR
2021	116,536	63,253,983	10,270,625,479
2020	49,797	24,116,859	3,923,920,543
% Change	134.02%	162.28%	161.74%

d) Sindh Microfinance Bank Limited (wholly owned subsidiary)

Sindh Microfinance Bank Limited ('SMFB') started its operations as a province level microfinance bank in May 2016 with an equity of Rs. 750 million. During the past five years SMFB has increased its equity to Rs. 969.4 million with internally generated profits and has plans to seek a national level license from the State Bank of Pakistan once the minimum capital requirements for a national level license are met.

To date SMFB has disbursed more than 179,000 loans amounting to approximately Rs.5 billion through its presence in 80 locations in the province of Sindh. The aim of the microfinance program of SMFB is to improve access to finance for the underprivileged segment of the Sindh Province, especially women. It is in this spirit, SMFB continues to play its role of empowering women by enabling access to finance to the economically active women in rural and semi urban areas of Sindh.

SMFB registered a profit before tax of Rs.45.8 million for the year ended December 31, 2021 as compared to Rs 70.1 million in same period last year and continued to remain a sustainable and profitable microfinance bank despite the challenging circumstances of COVID-19 pandemic which on the one hand impeded its growth due to restrictions and on the other hand SMFB had to provide deferment relief to most of its loan clients during the pandemic.

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, 2021 numbered 2,455 as compared to 2,423 as at December 31, 2020.

During 2021, in-house Training Programs were conducted in the areas of Banking, Branch Operations, Fair Treatment to Customers, International Trade, Islamic Banking, soft skills etc. SBP being important issues, we have focused more on trainings on Anti Money Launderings and Compliance.

In order to comply with regulatory requirements and to convey the message down the line, Area Managers, Branch and Operation Managers of all the 4 regions were provided training and entrusted the responsibility to conduct sessions on 'Fair Treatment of Customers' at branch level.

Relevant staff were nominated in ex-house training programs offered by NIBAF, IBP and other renowned consultancies. Since State Bank's emphasis during 2021 was also on Islamic banking, Compliance and Operations staff were nominated for such seminars/workshops at various locations across Pakistan.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Bank's focus in this area has remained steadfast in spite of its financial constraints. Within these constraints:

- The Bank conducted Covid-19 vaccination drive throughout the year to facilitate and vaccinate staff members as well as people of Sindh. The following table highlights just how far Bank has prioritized and provided assistance in Covid-19 vaccination drive.

Vaccination Drive	Period	Area Covered
Covid-19 Vaccination Drives covering Head Office and all the the branches of Karachi	June 2021- October 2021	<ul style="list-style-type: none"> Sindh Bank Head office Branches of Karachi
Covid-19 Vaccination Drives in Karachi For Citizens	August 2021-October 2021	<ul style="list-style-type: none"> Truck Adda Bhitt Shah Island Gerai Jamat Khana Machar Colony 2
Covid -19 Vaccination Drive in Sindh	August 2021-October 2021	<ul style="list-style-type: none"> Hyderabad Larkana Sukkur Sanghar
Covid-19 Vaccination on Wheels	October 2021	<ul style="list-style-type: none"> Dhorajee Malir Jamshed Road Clifton And may more areas of Karachi

- The bank provided sponsorships for the below mentioned activities:
 - Cyber Fraud Awareness Campaign by Pakistan Banks Association
 - Mithi Colors of Festival
 - Mega Festival Event Colors of Tharparkar
 - Karachi University Business School for a conference on Corporate Sustainability
 - NAB- Anti Corruption Campaign 2021
- Sindh Bank ATM on wheels was placed at Cattle Mandi-Sohrab Goth during July 15, 2021 to July 20, 2021 to facilitate the people coming to buy animals for sacrifice.

- Breast Cancer Awareness day was celebrated at the Head Office on October 08, 2021 in collaboration with State Bank and Pink Ribbon (an International NGO) to spread awareness about breast cancer, research and its prevention.
- Mentoring session with Madam Sultana Siddiqui was held on November 12, 2021 for the women employees of Sindh Bank on women Empowerment and women in Banking.

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.
- The Directors' Orientation Course on Corporate Governance was conducted through an ICAP approved trainer and was attended by President & CEO and all those directors who have been approved by the SBP to attend the meetings during assessment of FPT documents of elected directors.
- 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, 2021 amounted to Rs.1,346.945 million (2020 Rs.1,087.835 million). Value of investments of Sindh Bank Limited Employees Gratuity Fund as at December 31, 2021 amounted to Rs.516.012 million (2020 Rs.426.490 million) and further an amount of Rs. 93.779 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 State Bank's 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 approved the evaluation criteria and procedure for evaluation of its own performance, performance of Chairman, Individual Directors, Independent Directors, President & CEO and its Committees.

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 of Board's own performance, performance of Chairman, Individual Directors, Independent Directors, President & CEO and its Committees for the Year 2021 has been carried out by an outside consultant, namely M/s Grant Thornton Anjum Rahman, Chartered Accountants, which has been submitted to the Chairman.

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 IT 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	7	7	3	3	-	-	-	-	1	1
2	Mr. Sami ul Haq Khilji	7	2	3	2	-	-	-	-	1	1
3	Mr. Jawaid Bashir Sheikh	7	7	-	-	5	5	3	3	-	-
4	Mrs. Masooma Hussain	7	7	-	-	5	5	3	3	-	-
5	Mr. Asif Jahangir	7	5	3	1	1	1	-	-	-	-
6	Mr. Imran Samad, President & CEO	7	7	-	-	-	-	3	3	1	1
Total meetings held during the year		7		3		5		3		1	

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.

ELECTION OF THE BOARD OF DIRECTORS

During the year, election of the Board of Directors was held in 10th AGM, scheduled on March 30 & April 2 of 2021 and the shareholders elected seven (07) Directors for a period of three years, subject to the approval of State Bank of Pakistan, which is awaited.

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, 2021 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 2022. 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

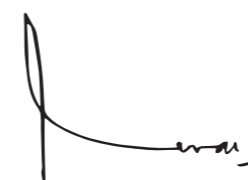
Despite challenges, the management is determined to pursue appropriate actions to make Sindh Bank a viable thriving institution, through its focus on the following major goals:

- Recovery and reduction of Non-Performing Loans;
- Increase NIM and Trade related fee income, with increased focus on Consumer, SME and Commercial business;
- Build new correspondent banking relationships;
- Establishing new tie-ups with major players in Home remittances industry;
- Focus on alternate delivery and service channels based on technology platforms to facilitate our customers;
- Training and development of Staff; and
- Strengthen the risk and control environment.

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

Karachi, March 8, 2022



Masooma Hussain
Non Executive Director

دیگر معلومات	31 دسمبر 2021 پر	31 دسمبر 2020 پر	فیصد تبدیلی
کھاتوں کی تعداد	533,169	499,760	6.7%
شاخوں کی تعداد	330	330	

مالیاتی جائزہ

A. سال کے دوران کل اثاثہ جات نے 273.7 ارب روپے سے 270 ارب روپے تک معمولی کمی کا اندراج کیا، جس کی بنیادی وجہ ڈپازٹس میں اضافہ اور ادھار لی جانے والی رقم میں کمی ہے، جیسا کہ درج ذیل بیان کیا گیا ہے۔ بڑے مالیاتی بیان کا طبقاتی جائزہ درج ذیل ہے:

ڈپازٹس (Deposits)

a. 31 دسمبر 2021 پر ڈپازٹس میں 17.3 فیصد اضافہ ہوا اور ان کی مالیت 217.6 ارب روپے رہی جبکہ 31 دسمبر 2020 کو اختتام پذیر سال پر ان کی مالیت 185.6 ارب روپے تھی یہ اضافہ گاہکوں کی ترجیح میں تبدیلی اور ریٹیل بینکاری ٹیم کی نئے گاہک اور بینک کی مصنوعات کو متعارف کروانے کی مسلسل کوششوں کی جانب اشارہ کرتا ہے۔ حکومت سندھ کے شعبہ مالیات، کے ڈپازٹس کا دیگر ڈپازٹس سے تناسب گذشتہ سال 2020 کے 12:88 کے مقابلے میں 14:86 رہا۔ کھاتے داروں کی تعداد 533,169 رہی جس میں 33,409 کھاتوں کا اضافہ ہوا (یعنی 6.7 فیصد)۔

ایڈوانسز (Advances)

b. مجموعی ایڈوانسز کی مالیت 31 دسمبر 2020 کو اختتام پذیر سال پر 76.4 ارب روپے کے مقابلے میں 31 دسمبر 2021 کو اختتام پذیر سال پر 4.4 فیصد کمی کے ساتھ 73.0 ارب روپے رہی 2.4 ارب روپے کمی کی اصل وجہ اجناس (Commodity) کی فنانسنگ تھی۔ اس کے علاوہ، سال کے دوران نمونہ کمی کی وجہ اداریاتی ایڈوانسز پر ریگولیٹری پابندیاں تھیں اس لیے انتظامیہ نے اپنی پوری توجہ SMEs اور گاہکوں کے سیگمنٹ میں فنانسنگ پر مرکوز رکھی۔ گاہکوں کے سیگمنٹ میں ہاؤس فنانسنگ اور تنخواہ پر قرض کی مصنوعات کو پیش کرنے کے اطمینان بخش تجربے کے بعد اسے سال 2022 میں مکمل طور پر پیش کیا جائے گا جس کی معاونت قابل توجہ تشہیر (advertising) اور مارکیٹنگ سے ہوگی۔

سرمایہ کاری (Investments)

c. 31 دسمبر 2021 کو اختتام پذیر سال میں سرمایہ کاری کی Carrying value میں گذشتہ سال کے مقابلے میں 14.8 ارب روپے (2.9 فیصد) کا اضافہ ہوا۔ فلوٹنگ ریٹ PIBs میں 12.1 ارب روپے اور حکومت پاکستان کے اجارہ سکوک میں 1.5 ارب روپے کے اضافے کا اندراج ہوا اور اس کے مقابلے میں مارکیٹ ٹریڈری بلز میں 8.5 ارب روپے کمی کی کا اندراج ہوا۔ ملکیتی سرمایہ کاری اور میچل فنڈ سرمایہ کاری 2.1 فیصد اضافے کے ساتھ 2,889 ملین روپے رہی، علاوہ سندھ مائیکرو فنانس بینک (مکمل ملکیتی ذیلی ادارہ) میں 750 ملین روپے کی سرمایہ کاری، جبکہ 31 دسمبر 2020 کو اختتام پذیر سال پر یہ مالیت 2,830 ملین روپے تھی۔

نفع نقصان کا کھاتہ

B. بینک کی کارکردگی میں بہتری کے اشارے بالکل واضح ہیں جیسا کہ کل آپریٹنگ نقصانات کی مالیت میں 1.37 ارب روپے (85.0 فیصد) کی خاصی کمی ہوئی ہے جس کی وجہ خالص مارک اپ/سودی آمدنی میں 2.0 ارب روپے (70.6 فیصد) کا اضافہ ہے، باوجود یہ کہ غیر سودی آمدنی گذشتہ سال کے 622.8 ملین روپے کے مقابلے میں معمولی کمی کے ساتھ 576.5 ملین روپے ہوئی کیونکہ غیر ملکی زرمبادلہ کی آمدنی توقع سے کم رہی۔

C. سال کے لیے بعد از محمول نقصان کی مالیت 3.727 ارب روپے رہی جبکہ گذشتہ سال اس کی مالیت 3.212 تھی۔ اس کمی کی دیگر وجہ مختصات میں 5,823 ملین روپے (خالص) کا اضافہ جبکہ گذشتہ سال اس کی مالیت 3,723 ملین روپے تھی۔ 31 دسمبر 2021 کو اختتام پذیر سال پر قبل از محمول نقصان کی مالیت 6.064 ارب روپے رہی جبکہ اس کے مقابلے میں گذشتہ سال اس کی مالیت 5.335 ارب روپے تھی۔ NPLs میں کمی/قابو کرنے کی پرجوش کوششیں جاری ہیں اور بینک کے پرانے NPLs کو کم کرنے کے انتظام کے ساتھ نئے کھاتوں کی اس کیٹیگری میں منتقلی میں معمولی اضافہ دیکھا گیا ہے۔

شاخیں (Branches)

C. 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۔ سال کے دوران کوئی نئی شاخ نہیں کھولی گئی۔ علاقائی تقسیم کی تفصیلات درج ذیل ہیں:

ڈائریکٹرز رپورٹ

میں بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2021 کو اختتام پذیر سال کے لیے بینک کے مالیاتی نتائج پیش کر رہا ہوں۔ مالیاتی جھلکیاں درج ذیل ہیں:

(روپے 000 میں)

بیلنس شیٹ	31 دسمبر 2021 پر	31 دسمبر 2020 پر	فیصد تبدیلی
اداشدہ سرمایہ	25,524,428	19,710,130	
حصص کی جمع شدہ رقم	4,000,000	2,000,000	
انضمام پر مجوزہ حصص کا اجراء	-	3,814,298	
ذخائر اور جمع شدہ نقصان	(9,775,499)	(6,038,802)	-61.8%
اداشدہ سرمایہ اور ذخائر	19,748,929	19,485,626	1.4%
دوبارہ قدر پذیری پر خسارہ	(1,121,647)	(408,505)	
ملکیتی سرمایہ	18,627,282	19,077,121	-2.3%
ادھار	26,785,738	62,377,648	-57.0%
ڈپازٹس	217,608,406	185,570,689	17.3%
سرمایہ کاری (Carrying value)	175,703,381	170,818,493	2.8%
مجموعی ایڈوانسز	73,023,451	76,355,873	-4.4%

(روپے 000 میں)

نفع نقصان کا کھاتہ	اختتام پذیر سال 31 دسمبر 2021 پر	اختتام پذیر سال 31 دسمبر 2020 پر	فیصد تبدیلی
مارک اپ/ریٹرنز/سودی آمدنی	21,826,086	15,350,403	
مارک اپ/اخراجات/سودی اخراجات	16,921,716	12,476,302	
خالص مارک اپ/اخراجات/سودی آمدنی	4,904,370	2,874,101	70.6%
سرمایہ کی فروخت سے آمدنی/(نقصان)	(6,435)	(46,420)	
غیر ملکی زرمبادلہ سے آمدنی	74,371	284,977	
منقسمہ منافع	154,063	96,651	
فیس، کمیشن اور دیگر آمدنی	354,479	287,560	
بنامارک اپ/غیر سودی آمدنی	576,478	622,768	-7.4%
بنامارک اپ/غیر سودی اخراجات	5,722,033	5,108,994	12.0%
مختصات/سرمایہ کی گھٹی ہوئی قدر	87,342	306,734	
مختصات - ایڈوانسز کے لیے مخصوص اور عام	5,735,574	3,416,208	
کل مختصات	5,822,916	3,722,942	
نقصان قبل از ٹیکس اور مختصات	(241,185)	(1,612,125)	85%
نقصان قبل از ٹیکس	(6,064,101)	(5,335,067)	-13.7%
نقصان بعد از ٹیکس	(3,727,484)	(3,212,571)	-16%
نقصان فی حصص (روپے)	(1.49)	(1.63)	8.6%

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 نے اپنے نظام اور لوگوں میں سرمایہ کاری کے عمل کو جاری رکھا۔ مختلف کٹیگریز کی نگرانی اور نظم و ضبط پر توجہ جاری رکھنے کے لیے تبدیل ہوتی ہوئی ذمہ داریوں کے ساتھ، بینک کا جامع اور انضمام شدہ رسک مینجمنٹ کے نظم و ضبط کا ڈھانچہ، بورڈ اور بورڈ سے متعلق کمیٹیوں اور مینجمنٹ کی ذیلی کمیٹیوں پر مشتمل ہے۔

مالیاتی رپورٹنگ پر اندرونی کنٹرول

سندھ بینک نے درپیش خطرات کی شناخت، تجزیہ اور ان 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 باقائدمی سے جائزہ لیتی ہے۔

بورڈ کا خیال ہے کہ، بینک کی موجودہ مالیاتی رپورٹنگ پر اندرونی کنٹرول کا نظام، مناسب حد تک قابل اعتبار، مضبوط اور موزوں ہے اور بیرونی مقاصد کے لیے، مالیاتی رپورٹنگ اور مالیاتی دستاویزات کی تیاری 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 عہدہ برآ ہونا

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 روکنا اور مالی خدمات کی متواتر فراہمی کے لیے، ایک سینئر مینجمنٹ 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 کی بروقت خریداری اور کووڈ-19 سے پاک کام کے ماحول کو یقینی بنانے کے بروقت اقدامات اور کووڈ-19 سے متعلق غیر یقینی 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، وہ کس طرح سے ان کو متاثر کریں گی کے بارے میں معلومات فراہم کیں، اور یہ کہ وہ متعدد ڈیجیٹل 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 کیں کہ وہ کس طرح سے متعدد ذمہ دار اور رعایتوں تک رسائی کو یقینی بنا سکتے ہیں۔ کووڈ-19 کی سہولیات کو مد نظر رکھتے ہوئے، گزشتہ سال 36 سے زیادہ گاہکوں کو 3.4 ارب روپے کے قرضوں کی التوا (deferment) / ری شیڈیولنگ فراہم کی گئیں۔

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

b. IT کے شعبے میں بڑے اقدامات

جدت کے محاذ پر بینک نے متعدد ریگولیٹری مضموبوں کا کامیابی سے نفاذ کیا بشمول الیکٹرانک پروسیڈرز یا لائسنس سرٹیفیکیشن (ePRC)، FX کے کسیر کی خود کار منظوری کا نظام، پاکستان سنگل ونڈ (PSW) اور راستہ کا مرحلہ 1 (فوری ادائیگی کا راستہ) کا نفاذ۔

اگست کے مہینے میں، بیٹا (beta) ٹیسٹنگ کے بعد، سندھ بینک نے اپنے گاہکوں جو Andriod یا iPhone استعمال کر رہے ہیں ان کے لیے، کامیابی سے ریٹیل بینکاری موبائل ایپ کا آغاز کر دیا گیا ہے۔ موبائل ایپ میں اسٹینڈرڈ خصوصیات شامل ہیں مثلاً فنڈ کی منتقلی (اپنے بینک یا دیگر بینک میں)، یونٹیلیٹی بلز کی ادائیگیاں، موبائل اور انٹرنیٹ کے اور ایپلیکیشنز کی تصدیق وغیرہ جیسی چند خصوصیات 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

معاشی اور سیاسی مسائل کے باوجود، متعدد زنجیری اقدامات کی معاونت سے ملکی معاشی نمو میں متوقع شرح سے زیادہ تیزی سے اضافہ ہوا۔ سال کے دوران معیشت نے وی (V) شکل کی بحالی دیکھی جس نے افراط زر میں اضافہ اور ملکی وسائل پر دباؤ بڑھا دیا۔ درآمدات کے بل میں خاصہ اضافہ ہوا خاص طور پر 2021 کے آخری نصف سال میں جس کے نتیجے میں جاری کھاتے کا انحطاط اور پاک روپے کی قدر میں ڈالر کے مقابلے میں 12.8 فیصد کمی آئی۔ مذکورہ بالا عوامل کے علاوہ، معیشت زود پذیر (vulnerable) رہی جس کی وجہ تیل کی قیمتوں کا سات سال کی بلند سطح پر ہونا ہے اور اس کے سودے 90 امریکی ڈالر فی بیرل پر ہو رہے ہیں، جس کے اثرات تمام معیشتوں پر آنے کے امکان ہیں۔ قلیل المدت معاشی مسائل کے باوجود، درمیانی سے طویل المدت نمو کے امکانات اپنی جگہ برقرار ہیں جس کی وجہ حکومت کی پیداواری صلاحیت (productivity) پر توجہ، سرمایہ کاری میں اضافے اور نجی شعبے کی ترقی کے لیے ضروری تبدیلیاں لانا ہے۔

آگے بڑھتے ہوئے، آئی ٹی کی خدمات کی برآمدات، کاروبار کے شروع کرنے کے لیے سرمایہ اور تسلسل جاری رہنے والی ترسیل زر کے ذریعے سے ملک غیر ملکی زرمبادلہ کی کمائی میں زیادہ اضافہ کر سکتا ہے۔ کووڈ-19 کی عالمی وباء سے پیدا ہونے والی خرابی پاکستان کے لیے اچھی ثابت ہوئی کیونکہ سری لنکا کے ساتھ ساتھ بنگلہ دیش میں وباء سے متاثر ہونے کی زیادہ شرح اور بندشوں کے باعث بڑے برآمدات کے سودوں کا رخ پاکستان کی جانب ہو گیا۔

سال 2022 میں توقع ہے کہ منڈی میں اجناس کی قیمتیں معمول پر آجائیں گی کیونکہ سپلائی چین سے متعلق مسائل حل کئے جا چکے ہیں اور اقتصادی و مالیاتی محرکات کی متوقع واپسی کے بعد معاشی سرگرمیاں سست پڑ جائیں گی۔ توقع ہے کہ اگلے مالی سال میں مجموعی قومی پیداوار کی نمو 4 فیصد کے آس پاس رہے گی اور اس کے ساتھ توقع ہے کہ بلند بنیاد کے اثری وجہ سے افراط زر سنگل ڈیجٹ (single digit) میں آجائے گا۔ تاہم، بلند جاری کھاتے کے خسارے (CAD)، بڑے ہوئے قرضوں کی قسطوں کی ادائیگی اور بیرونی قرضوں پر انحصار کی وجہ سے بیرونی کھاتہ دباؤ کا شکار رہے گا۔

KSE100 انڈیکس سال 2021 میں زود پذیر (volatile) رہا اور اس نے پہلے نصف سال میں صحت مند کارکردگی دکھائی جبکہ دوسرے نصف سال میں متعدد منفی خبروں اور واقعات سے کمزور رہا۔ انڈیکس نے امید افزا نوٹ پر آغاز کیا جس کی وجہ عالمی معیشتوں کا کھلنا اور معاشی سرگرمیوں میں تیزی سے اضافہ ہے جس کی وجہ سے پاکستان اسٹاک ایکسچینج میں درج کمپنیوں نے منافع بخشی میں غیر معمولی بہتری دکھائی اور جاری کھاتے نے (surplus) دکھایا، پاکستانی روپے نے استحکام دکھایا، بڑے پیمانے کے مثبتی پیداواری اداروں (LSM) نے زیادہ نمو کا اندراج کیا اور مجموعی قومی پیداوار (GDP) کی نمو بلند تر اور صارف کی قیمتوں کا انڈیکس (CPI) کم تر رہا۔ تاہم سال کے دوسرے نصف میں، عالمی طور پر اجناس کے بڑھتی ہوئی قیمتوں، ملکی معیشت میں زیادہ گرماگرمی، تیزی سے درآمدات کے بل میں اضافے کی وجہ سے جاری کھاتے کی خراب صورتحال، غیر مستحکم سیاسی صورتحال اور امریکہ سے تعلقات کے امتحان کی وجوہات کے سبب بہتری کی رفتار کا تسلسل جاری نہ رہا۔ ان عوامل کے سبب KSE100 انڈیکس کی کارکردگی گھٹ گئی اور اس میں 1.90 فیصد کا معمولی اضافہ ہونے کے ساتھ انڈیکس 44,596 پوائنٹس کی سطح پر بند ہوا۔

کریڈٹ ریٹنگ

VIS کریڈٹ ریٹنگ ایجنسی نے اپنی 30 جون 2021 کی رپورٹ میں بینک کی طویل المدت درجہ بندی کے لیے 'A+' (مثبت A) اور قلیل المدت درجہ بندی کے لیے 'A-1' (مثبت A) کی توثیق کی ہے۔

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

سندھ بینک، بینک دولت پاکستان (SBP) کی تجویز کردہ کم سے کم سرمایہ (Capital) کی تعمیل کرتا ہے اور اس کے سرمایہ (Capital) کی موزونیت کا تناسب 31 دسمبر 2021 پر کم از کم 11.50 فیصد کی شرح کے مقابلے میں 11.90 فیصد ہے۔

خطرات سے نپٹنے کا انتظامی ڈھانچہ

خطرہ مول لینا، بینکاری کی مرکزی سرگرمی ہے۔ بینک کاروباری موقعوں کا تخمینہ خطرہ وانعام کے باہمی تعلق سے کرتا ہے۔ بینک کاروباری موقعوں کے موزوں ہونے، قابو میں ہونے، اپنے سازش میں ہونے، اس کی پیچیدگی اور کاروبار کی نوعیت کی بنیاد پر خطرہ لیتا ہے۔ ہمارے کاروبار کا تنوع (diversity) ہم سے تقاضہ کرتا ہے کہ اس کی شناخت، پیمائش اور درپیش خطرات کو مؤثر طور پر مختلف متعین حدود کے تحت منظم کیا جائے۔ بینک میں خطرے کا انتظام، بینک کی انتظامی ساخت، خطرے کے انتظام اور نگرانی کے عمل کے ذریعے سے کیا جاتا ہے جو بینک کی سرگرمیوں سے بہت ہم آہنگ اور بینک

متعلقہ عملے اور IBP، NIBAF اور دیگر معروف کونسلٹنسیز (consultancies) کی جانب سے پیش کئے جانے والے تربیتی پروگرامز میں نامزد کیا گیا تھا۔ کیونکہ بینک دولت پاکستان نے 2021 میں اسلامی بینکاری پر زور دیا تھا اور اس کی تعمیل کرتے ہوئے آپریشن کے عملے کو پاکستان بھر میں مختلف مقامات پر منعقدہ سیمینار/ ورک شاپس میں نامزد کیا تھا۔

ادارتی سماجی ذمہ داری (CSR)

بینک کی توجہ اس معاملے میں مالی مشکلات کے باوجود غیر متزلزل ہے،

- بینک نے اپنے عملے کے ارکان کے ساتھ ساتھ سندھ کے لوگوں کی سہولت کے لیے سارا سال کووڈ-19 کی ویکسین لگانے کی مہم کا انعقاد کیا۔ مندرجہ ذیل ٹیبل یہ بتائے گا کہ بینک کی ویکسین لگانے کی مہم میں اس کی ترجیح تھی اور اس مہم میں کس حد تک معاونت کی،

ویکسین لگانے کی مہم	دورانیہ	مقامات جس کا احاطہ کیا گیا
کووڈ-19 کی ویکسین لگانے کی مہم کا بینک کے ہیڈ آفس اور کراچی کی تمام برانچیں۔	جون 2021- اکتوبر 2021	• سندھ بینک ہیڈ آفس • کراچی کی تمام برانچیں
کووڈ-19 کی ویکسین لگانے کی مہم کراچی کے عوام کے لیے۔	اگست 2021- اکتوبر 2021	• ٹرک اڈا • جزیرہ بھٹ شاہ • گیرانی، جماعت خانہ، جھڑ کالونی-2
کووڈ-19 کی ویکسین لگانے کی سندھ میں مہم	اگست 2021- اکتوبر 2021	• حیدرآباد • لاڑکانہ • سکھر • ساکھڑ
کووڈ-19 کی ویکسین لگانے کی مہم گاڑی پر	اکتوبر 2021	• دھوراجی • ملیہ • جمشید روڈ • کلشن اور کراچی کے بہت سے علاقے

- بینک نے مندرجہ ذیل سرگرمیوں کی مالی سرپرستی کی:
- پاکستان بینک ایسوسی ایشن کی جانب سے چلائی گئی سائبر فراڈ کی آگاہی مہم۔
- مٹھی رنگوں کا میلہ
- تھر پارکر کے رنگ، ایک بڑے میلے کا انعقاد
- جامعہ کراچی کے بزنس اسکول میں ادارتی تسلسل پر کانفرنس کا انعقاد
- نیب - کی بدعنوانی کی روک تھام کی مہم 2021
- 15 جولائی 2021 سے 20 جولائی 2021 کے دوران سندھ بینک ATM گاڑی پر موبیٹی منڈی، سہراب گوٹھ رکھا گیا تاکہ موبیٹی کے خریداری کے لیے آنے والے افراد کو سہولت ہو۔
- 8 اکتوبر 2021 کو بینک دولت پاکستان اور پنک رہن (ایک بین الاقوامی NGO) کے اشتراک سے سندھ بینک کے صدر دفتر میں چھائی کے سرطان کے بارے میں آگاہی کا دن منایا گیا اور اس پر کی جانے والی تحقیق اور بچاؤ کے بارے میں لوگوں کو بتایا گیا۔
- 12 نومبر 2021 کو محترمہ سلطانہ صدیقی کے ساتھ ایک سیشن کا انعقاد کیا گیا تاکہ سندھ بینک کی خواتین ملازمین کو عورت کو با اختیار بنانے اور بینکاری میں خواتین کے کردار کے بارے میں آگاہی حاصل ہو۔

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 ملکیٹی سرمایہ (equity) میں تبدیلی واضح طور پر پیش کرتے ہیں۔
- بینک نے مناسب کھاتوں کی کتابیں (Book of Accounts) تیار 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 فنانش رپورٹنگ اسٹینڈرڈز، جیسا کہ پاکستان کے بینکوں میں قابل اطلاق ہیں، پر عمل کیا گیا ہے اور ان سے کسی بھی انحراف کو مناسب طور پر ظاہر کیا گیا ہے اور اس کی وضاحت کی گئی ہے۔
- اندرونی کنٹرول کے نظام کا نقشہ مضبوط بنیادوں پر تیار کیا گیا ہے اور اس کا موثر نفاذ اور نگرانی کی جاتی رہی ہے۔
- بینک کے مستقبل میں ایک جاری رہنے والے ادارے کے طور پر چلتے رہنے میں کوئی شبہ نہیں ہے۔

معلومات کے تحفظ کے لیے، سندھ بینک نے فحش نمونہ تحفظ کے حل کا نفاذ کیا ہے جس میں اینڈ پوائنٹ ڈیٹیکشن اور رد عمل، انٹرنل سیکورٹی گیٹ وے، ای-میل سیکورٹی گیٹ وے اور نیٹ ورک سینڈ باکسنگ۔ ویب اپلیکیشن، جوگا بول اور شراکت داوروں کو خدمات فراہم کرتی ہے، کی سیکورٹی کو بڑھانے کے لیے سندھ بینک نے دنیا کی معروف ویب اپلیکیشن، فائروال استعمال کرنی شروع کر دی ہے۔

اس کے علاوہ، سندھ بینک نے سیکورٹی انسٹیٹ اور ایپس کی نگرانی کے حل کا نفاذ مکمل کر لیا ہے اور اس کے ساتھ ساتھ 24x7 سیکورٹی آپریشن کی نگرانی ٹیم بھی تشکیل دے دی ہے۔ خدمات پر رد عمل کے وقت میں بہتری کے لیے، بینک نے اپنا بنیادی بینکاری کا ڈیٹا تیز تر سولڈ اسٹیٹ ڈرائیو (SSD) پر منتقل کر دیا ہے۔ ایم ایس ایچ کے نفاذ سے بینکوں کے درمیان کیونٹیکیشن اور تعاون میں بہتری آگئی ہے۔

ملک میں ترسیل زر

سال 2021 کے دوران، سندھ بینک نے اپنے نیٹ ورک کے ذریعے ملک میں 125,000 گاہکوں کے ذریعے سے ترسیل زر کی جبکہ گذشتہ سال گاہکوں کی تعداد 50,000 تھی۔ سال 2022 میں ترسیل زر، اس سال ورلڈ نامی، ایک نئی کمپنی کے ساتھ ہوگی جو دنیا بھر میں کام کرتی ہے۔

سندھ بینک وفاقی حکومت کے سوبہ ہنری ترسیل زر پروگرام کا شریک بینک بھی بن گیا ہے۔ سال 2021 میں اس پروگرام کے تحت 55 ملین امریکی ڈالر سے زیادہ کی ادائیگیاں ہوئیں جس نے بینک کو بینک دولت پاکستان کے PRI ہوم ریٹینئس انسٹیٹیو کے لیے اہل بنا دیا ہے سال 2021 میں غیر معمولی نتائج کی، سودوں کی تعداد اور حجم کی مدد میں تفصیل درج ذیل ہے؛

سال	سودوں کی تعداد	امریکی ڈالر میں مالیت	پاکستانی روپے میں مالیت
2021	116,536	63,253,983	10,270,625,479
2020	49,797	24,116,859	3,923,920,543
	134.02%	162.28%	161.74%

مائیکرو فنانس بینک لمیٹڈ (مکمل طور پر ذیلی ادارہ)

سندھ مائیکرو فنانس بینک لمیٹڈ (SMFB) نے مائیکرو فنانس آپریشن کا آغاز سوبہ سندھ میں مئی 2016 میں 750 ملین روپے کے ملکیٹی سرمایہ سے کیا۔ گذشتہ پانچ سالوں میں SMFB نے اپنے منافع کے ذریعے سے اپنے ملکیٹی سرمایے کو 969.4 ملین روپے تک پہنچا دیا ہے اور اس کا ارادہ ہے، کہ جیسے ہی قومی سطح کے لائسنس کی کم سے کم کچھیل کی ضرورت پوری ہوتی ہے تو وہ بینک دولت پاکستان سے قومی سطح کا لائسنس حاصل کرے۔

اب تک 179,000 قرضہ جات کی تقریباً مالیت 5 ارب روپے کی ادائیگیاں سندھ بھر میں 80 مقامات پر موجود فائز سے کی جا چکی ہیں۔ مائیکرو فنانس پروگرام کا مقصد سندھ کے پسماندہ طبقے تک، خاص طور پر عورتوں، تک فنانس تک رسائی میں بہتری لانا تھا۔ اس جذبے کے تحت SMFB اپنا، سندھ میں دیہی اور نیم شہروں میں معاشی طور پر متحرک خواتین کو خود مختار بنانے کے لیے ان تک فنانس کی رسائی میں اہم کردار ادا کیا۔

31 دسمبر 2021 کو اختتام پذیر سال پر 45.8 ملین روپے کے منافع قبل از محصول کا اندراج کیا اس کے مقابلے میں گذشتہ سال اسی مدت کے دوران اس کی مالیت 70.1 ملین روپے تھی اور کووڈ-19 عالمی وبا کے نتیجے میں پیدا ہونے والی صورتحال، جس نے ایک جانب پابندیوں کے باعث نمونہ کم کیا اور دوسری جانب عالمی وبا کے دوران زیادہ تر قرضہ لینے والوں کو ادائیگیوں میں التوا دینے کے باوجود SMFB نے ایک منافع بخش مائیکرو فنانس بینک کے طور پر کاروبار جاری رکھا۔

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 مائیکرو فنانس کے سیکٹر میں SMFB ایک ترقی کرتا ہوا ادارہ ہے۔

اسٹاف کی تربیت اور ترقی

31 دسمبر 2021 پر بینک کے کل عملے یعنی ایگزیکٹو، ایگزیکٹو اور معاون اسٹاف کی تعداد 2,455 تھی اس کے مقابلے میں 31 دسمبر 2020 کو یہ تعداد 2,423 تھی۔ سال 2021 کے دوران بینک میں۔ بینکاری، برانچ آپریشنز، آڈٹ، گاہکوں سے مناسب برتاؤ، بین الاقوامی تجارت اور سافٹ اسکول وغیرہ کی تربیت کے پروگرامز کا انعقاد کیا گیا۔ بینک دولت پاکستان کے معاملات اہم ہیں اس لیے ہماری زیادہ توجہ مینی لائڈنگ کی روک تھام اور متعلقہ قوانین کی تعمیل کی تربیت پر رہی۔

رگولیری ضروریات کی تعمیل کے سلسلے میں برانچ کی سطح تک گاہکوں سے مناسب برتاؤ کے سلسلے میں ذمہ داریاں تفویض کر دی گئیں ہیں کہ وہ تربیت کا انعقاد کریں اور یہ پیغام تمام 4 رجسٹر، آپریشن اور برانچ مینیجرز اور نیچے لائن اسٹاف تک پہنچا دیا ہے۔

مدت کے لیے منتخب کیا جو بینک دولت پاکستان کی منظوری سے مشروط ہے جس کا انتظار ہے۔

حصص رکھنے کا رجحان (Pattern of Shareholding)

حصص رکھنے کا رجحان (Pattern of Shareholding) اس رپورٹ کے ساتھ منسلک ہے۔

بیرونی محاسبین (External Auditors)

31 دسمبر 2021 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 2022 کے لیے اپنے آپ کو پیش کیا۔ بورڈ کی آڈٹ کمیٹی نے میسرز نوید ظفر اشفاق جعفری اینڈ کمیٹی، چارٹرڈ اکاؤنٹنٹس کا نام بطور بیرونی محاسبین، ایک اور مدت کے لیے دوبارہ منتخب کرنے کے لیے تجویز کیا ہے۔

مستقبل کا منظر نامہ

مشکلات کے باوجود، انتظامیہ پر عزم ہے کہ مناسب اقدامات کے ذریعے سے سندھ بینک کو مندرجہ ذیل بڑے مقاصد پر توجہ دے کر، ایک قابل عمل خوشحال ادارہ بنائیں گے:

- غیر فعال قرضوں کی بحالی اور کمی؛
- NIM اور تجارت سے متعلق فیس میں اضافے کے ساتھ زیادہ توجہ SME، Consumers اور تجارتی کاروبار؛
- کرسپونڈنگ بینکاری کے تعلقات کی تشکیل؛
- ملکی ترسیل زرکی صنعت کے بڑے کرداروں سے تعلقات کی تشکیل؛
- متبادل فراہمی اور خدمات کے ذرائع جس کی بنیاد ٹیکنالوجی پلیٹ فارم پر ہوتا کہ گاہکوں کو سہولت فراہم کی جاسکے۔
- عملے کی تربیت اور ترقی اور
- خطرے اور نگرانی کے ماحول کی مضبوطی

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 شکر یہ ادا کرنا چاہتا ہوں۔


بورڈ آف ڈائریکٹرز کی جانب سے



عمران صد

صدر/CEO

کراچی: 8 مارچ 2022


معصومہ حسین
نان ایگزیکٹو ڈائریکٹر

- سال کے دوران ICAP کے منظور شدہ ایک ٹریڈر کے ذریعے کارپوریٹ گورننس کے بارے میں ایک ڈائریکٹرز اور ٹینٹیشن کورس کا انتظام کیا گیا، جس میں CEO اور صدر سمیت وہ تمام ڈائریکٹرز شریک ہوئے جنکی FPT دستاویزات کی جانچ کے دوران SBP نے ہدایات کیں۔
- گذشتہ چھ سالوں کے اہم مالیاتی اور آپریٹنگ اعداد و شمار کو سالانہ رپورٹ میں فراہم کیا جا رہا ہے۔
- تمام دستوری مالیاتی ذمہ داریاں، اگر کوئی ہیں، کو مناسب طور سے مالیاتی دستاویزات میں ظاہر کیا گیا ہے۔
- چیئرمین اور بورڈ کے دیگر ممبر صاحبان کے تقرر اور ان کے تقرر کی شرائط، بیع 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 2021 پر سندھ بینک لمیٹڈ کے ملازمین کی پراویڈینٹ فنڈ کی سرمایہ کاری کی مالیت 1,346.945 ملین روپے (2020-1,087.835 ملین روپے) تھی۔ 31 دسمبر 2021 پر سندھ بینک لمیٹڈ کے ملازمین کے گریجویٹ فنڈ کی سرمایہ کاری کی مالیت 516.012 ملین روپے تھی (2020-426.490 ملین روپے) اور مزید 93.779 ملین روپے کی رقم کو بیلنس شیٹ کی تاریخ پر، فنڈ کی ایکچوریل قدر پیری (actuarial valuation) کے بعد منتقل کیا گیا ہے۔
- پبلک سیکورٹیز (کارپوریٹ گورننس) ضوابط بحریہ 2013ء کی تعمیل کا بیان سالانہ رپورٹ میں علیحدہ سے دیا گیا ہے۔

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

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

بینک دولت پاکستان کے مذکورہ بالا سرکلر کے مطابق کارکردگی کی قدر پیمائی تین سال میں ایک مرتبہ کسی بیرونی ادارے سے کروائی جائے۔ اس طرح سے سال 2021 میں صدر، CEO اور بورڈ کی کمیٹیوں کی کارکردگی کی قدر پیمائی میسرز: گرانٹ تھورنٹن انچرمین، چارٹرڈ اکاؤنٹنٹس نے کی جسے چیئرمین کے پاس جمع کروا دیا گیا ہے۔

بورڈ کے ڈائریکٹرز

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

نمبر شمار	ڈائریکٹرز کے نام		بورڈ کے ڈائریکٹرز		ہیومن ریسورس کمیٹی		بورڈ کی آڈٹ کمیٹی		بورڈ کی رسک مینجمنٹ کمیٹی		آئی ٹی سربراہی کمیٹی	
	سال	منعقدہ	شرکت	سال	منعقدہ	شرکت	سال	منعقدہ	شرکت	سال	منعقدہ	شرکت
1	جناب انیس اے خان	7	7	3	3	-	-	-	-	-	1	1
2	جناب سید الحق ظہری	7	2	3	2	-	-	-	-	-	1	1
3	جناب جاوید بشیر شیخ	7	7	-	-	5	5	3	3	-	-	-
4	محترمہ معصومہ حسین	7	7	-	-	5	5	3	3	-	-	-
5	جناب آصف جہاگیر	7	5	3	1	5	1	-	-	-	-	-
6	جناب عمران صد صدر اور CEO	7	7	-	-	-	-	3	3	1	1	1
	سال کے دوران کل منعقدہ اجلاس	7	7	3	3	5	5	3	3	1	1	1

بورڈ کمیٹیوں کے اجلاس

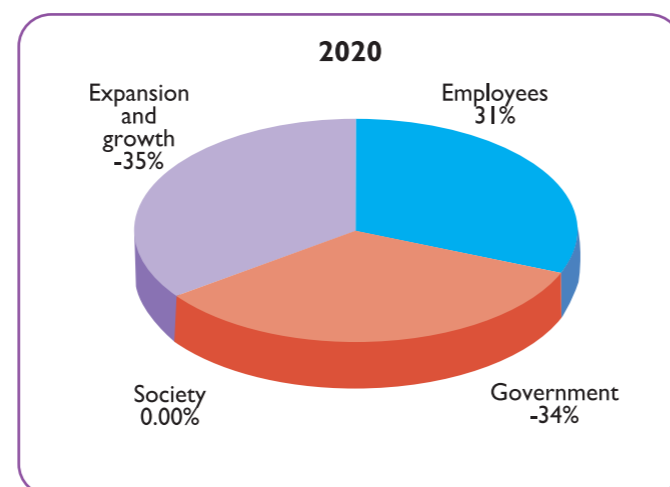
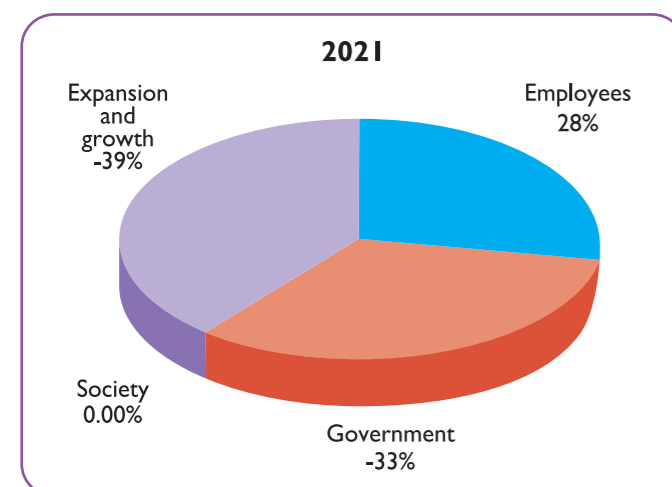
بورڈ کمیٹیوں کے اجلاس کی تفصیل اس رپورٹ میں پبلک سیکورٹیز (کارپوریٹ گورننس) رولز 2013 کی تعمیل کے بیان میں ظاہر کی گئی ہے۔

بورڈ آف ڈائریکٹرز کا انتخاب

سال کے دوران 30 مارچ اور 2 اپریل 2021 کو منعقدہ 10 ویں سالانہ عام اجلاس (AGM) میں بورڈ آف ڈائریکٹرز کا انتخاب ہوا اور حصص کنندگان نے سات (07) ڈائریکٹرز کو تین سال کی

Value Added Statement

	2021 Rs. in million	%	2020 Rs. in million	%
Value Added				
Net interest income	4,904		2,874	
Non interest income	576		623	
Operating expenses excluding staff costs				
depreciation, amortization and donations	(1,827)		(1,575)	
Provision against advances, investments & others	(5,823)		(3,723)	
Value added available for distribution	(2,170)		(1,801)	
Distribution of value added:				
To employees				
Remuneration, provident fund and other benefits	2,909	-133.96%	2,503	-138.97%
To government				
Income tax	(2,337)	107.68%	(2,122)	117.82%
To society				
Donations	-	0.00%	-	0.00%
To expansion and growth				
Depreciation	950	-43.77%	1,006	-55.86%
Amortization	35	-1.62%	25	-1.39%
Retained in business	(3,727)	171.71%	(3,213)	178.40%
	(2,742)	126.32%	(2,182)	121.15%
	(2,170)	100%	(1,801)	100%



Vertical Analysis

Statement of Financial Position / Profit & Loss

	2021 Rs. in million	%	2020 Rs. in million	%	2019 Rs. in million	%	2018 Rs. in million	%	2017 Rs. in million	%	2016 Rs. in million	%
STATEMENT OF FINANCIAL POSITION												
ASSETS												
Cash and balances with treasury banks	19,342	7%	14,487	5%	13,553	8%	9,103	6%	9,680	5%	7,501	5%
Balances with other banks	1,092	1%	4,185	2%	839	1%	508	0%	3,023	1%	791	1%
Lendings to financial institutions	6,081	2%	8,213	3%	3,645	2%	5,383	3%	5,331	3%	6,939	5%
Investments	175,703	65%	170,818	62%	65,143	41%	55,351	36%	114,260	56%	71,539	49%
Advances	47,784	18%	56,853	21%	61,131	38%	73,632	47%	64,713	32%	51,833	35%
Operating fixed assets	3,262	1%	3,334	1%	3,828	2%	1,663	1%	1,655	1%	1,825	1%
Deferred tax assets-net	13,253	5%	10,182	4%	8,607	5%	4,028	3%	1,612	1%	1,191	1%
Other assets	3,671	1%	5,641	2%	3,853	2%	5,894	4%	4,602	2%	4,736	3%
	270,188	100%	273,713	100%	160,599	100%	155,561	100%	204,876	100%	146,355	100%
LIABILITIES												
Bills payable	625	0%	592	0%	495	0%	929	1%	905	0%	714	0%
Borrowings from financial institutions	26,786	10%	62,378	23%	4,192	3%	26,772	17%	50,971	25%	8,911	6%
Deposits and other accounts	217,608	81%	185,571	68%	134,050	83%	113,594	73%	134,207	66%	119,022	81%
Deferred tax liability-net	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Other liabilities	6,542	2%	6,095	2%	4,785	3%	3,027	2%	2,725	1%	2,177	1%
	251,561	93%	254,636	93%	143,522	89%	144,322	93%	188,808	92%	130,824	89%
NET ASSETS	18,627	7%	19,077	7%	17,077	11%	11,239	7%	16,068	8%	15,531	11%
REPRESENTED BY												
Share capital	25,524	9%	19,710	7%	19,710	12%	10,010	6%	10,010	5%	10,010	7%
Shares Deposit Money	4,000	1%	2,000	1%	2,000	1%	-	-	-	-	-	-
Reserves	1,461	1%	1,471	1%	1,452	1%	1,452	1%	1,452	1%	1,201	1%
Proposed shares to be issued on amalgamation	-	0%	3,814	1%	-	0%	-	0%	-	0%	-	0%
(Accumulated loss) / Unappropriated profit	(11,237)	-4%	(7,510)	-3%	(4,304)	-3%	3,957	3%	5,176	3%	4,186	3%
"Surplus / (Deficit) on revaluation of investments - net of related deferred tax"	(1,121)	0%	(408)	0%	(1,781)	-1%	(4,181)	-3%	(570)	0%	134	0%
	18,627	7%	19,077	7%	17,077	11%	11,238	7%	16,068	8%	15,531	11%
PROFIT & LOSS ACCOUNT												
Mark-up / return / interest earned	21,826	97%	15,350	96%	12,115	106%	12,383	103%	11,541	90%	9,775	74%
Fee, commission and brokerage	352	2%	279	2%	304	3%	328	3%	454	4%	359	3%
Income from dealing in foreign currencies	74	0%	285	2%	159	1%	87	1%	104	1%	53	0%
Capital gain and dividend income	148	1%	50	0%	(1,138)	-10%	(820)	-7%	760	6%	3,075	23%
Other income	3	0%	9	0%	8	0%	16	0%	10	0%	9	0%
Total income	22,403	100%	15,973	100%	11,448	100%	11,994	100%	12,869	100%	13,271	100%
Mark-up / return / interest expensed	16,922	76%	12,476	78%	10,266	90%	7,508	63%	6,276	49%	5,371	40%
Operating & admin expenses	5,722	26%	5,109	32%	4,923	43%	4,527	38%	4,157	32%	3,865	29%
Provision against investments & others	5,823	26%	3,723	23%	10,020	88%	1,378	11%	253	2%	1,607	12%
Taxation	(2,337)	-10%	(2,122)	-13%	(5,501)	-48%	(214)	-2%	927	7%	1,037	8%
Total Expenses	26,130	117%	19,186	120%	19,708	172%	13,199	110%	11,613	90%	11,880	90%
(Loss)/Profit after taxation	(3,727)	-17%	(3,213)	-20%	(8,260)	-72%	(1,205)	-10%	1,256	10%	1,391	10%

Horizontal Analysis

	2021 Rs. in million	21 vs 20 %	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
STATEMENT OF FINANCIAL POSITION											
ASSETS											
Cash and balances with treasury banks	19,342	34%	14,487	7%	13,553	49%	9,103	-6%	9,680	29%	7,501
Balances with other banks	1,092	-74%	4,185	399%	839	65%	508	-83%	3,023	282%	791
Lendings to financial institutions	6,081	-26%	8,213	125%	3,645	-32%	5,383	1%	5,331	-23%	6,939
Investments	175,703	3%	170,818	162%	65,143	18%	55,351	-52%	114,260	60%	71,539
Advances	47,784	-16%	56,853	-7%	61,131	-17%	73,632	14%	64,713	25%	51,833
Operating fixed assets	3,262	-2%	3,334	-13%	3,828	130%	1,663	0%	1,655	-9%	1,825
Deferred tax assets-net	13,253	30%	10,182	18%	8,607	114%	4,028	150%	1,612	35%	1,191
Other assets	3,671	-35%	5,641	46%	3,853	-35%	5,894	28%	4,602	-3%	4,736
	<u>270,198</u>	<u>-1%</u>	<u>273,713</u>	<u>70%</u>	<u>160,599</u>	<u>3%</u>	<u>155,561</u>	<u>-24%</u>	<u>204,876</u>	<u>40%</u>	<u>146,355</u>
LIABILITIES											
Bills payable	625	6%	592	20%	495	-47%	929	3%	905	27%	714
Borrowings from financial institutions	26,786	-57%	62,378	1388%	4,192	-84%	26,772	-47%	50,971	472%	8,911
Deposits and other accounts	217,608	17%	185,571	38%	134,050	18%	113,594	-15%	134,207	13%	119,022
Deferred tax liability	-	0%	-	0%	-	0%	-	0%	-	0%	-
Other liabilities	6,542	7%	6,095	27%	4,785	58%	3,027	11%	2,725	25%	2,177
	<u>251,561</u>	<u>-1%</u>	<u>254,636</u>	<u>77%</u>	<u>143,522</u>	<u>-1%</u>	<u>144,322</u>	<u>-24%</u>	<u>188,808</u>	<u>44%</u>	<u>130,824</u>
NET ASSETS	<u>18,627</u>	<u>-2%</u>	<u>19,077</u>	<u>12%</u>	<u>17,077</u>	<u>52%</u>	<u>11,239</u>	<u>-30%</u>	<u>16,068</u>	<u>3%</u>	<u>15,531</u>
REPRESENTED BY											
Share capital	25,524	29%	19,710	0%	19,710.00	97%	10,010	0%	10,010	0%	10,010
Shares Deposit Money	4,000	100%	2,000	0%	2,000.00	0%	-	0%	-	0%	-
Reserves	1,461	1%	1,471	1%	1,452.00	0%	1,452	0%	1,452	21%	1,201
Proposed shares to be issued on amalgamation (Accumulated loss) / Unappropriated profit	(11,237)	50%	(7,510)	-74%	(4,304.00)	-209%	3,958	-23.53%	5,176	24%	4,186
"Surplus / (Deficit) on revaluation of investments - net of related deferred tax"	(1,121)	175%	(408)	77%	(1,781.00)	-57%	(4,181)	633%	(570)	-525%	134
	<u>18,627</u>	<u>-2%</u>	<u>19,077</u>	<u>12%</u>	<u>17,077</u>	<u>52%</u>	<u>11,239</u>	<u>-30%</u>	<u>16,068</u>	<u>3%</u>	<u>15,531</u>
PROFIT & LOSS ACCOUNT											
Mark-up / return / interest earned	21,826	42%	15,350	27%	12,115	-2%	12,383	7%	11,541	18%	9,775
Fee, commission and brokerage	352	26%	279	-8%	304	-7%	328	-28%	454	26%	359
Income from dealing in foreign currencies	74	-74%	285	79%	159	82%	87	-16%	104	96%	53
Capital gain and dividend income	148	194%	50	104%	(1,138)	39%	(820)	-208%	760	-75%	3,075
Other income	3	-72%	9	11%	8	-49%	16	58%	10	8%	9
Total income	<u>22,403</u>	<u>40%</u>	<u>15,973</u>	<u>40%</u>	<u>11,448</u>	<u>-5%</u>	<u>11,994</u>	<u>-7%</u>	<u>12,869</u>	<u>-3%</u>	<u>13,271</u>
Mark-up / return / interest expensed	16,922	36%	12,476	22%	10,266	37%	7,508	20%	6,276	17%	5,371
Operating & admin expenses	5,722	12%	5,109	4%	4,923	9%	4,527	9%	4,158	8%	3,865
Provision against investments & others	5,823	56%	3,723	-63%	10,020	627%	1,378	446%	252	-84%	1,607
Taxation	(2,337)	10%	(2,122)	-61%	(5,501)	2486%	(213)	-123%	927	-11%	1,037
Total Expenses	<u>26,130</u>	<u>-36%</u>	<u>19,186</u>	<u>3%</u>	<u>19,708</u>	<u>49%</u>	<u>13,200</u>	<u>14%</u>	<u>11,613</u>	<u>-2%</u>	<u>11,880</u>
(Loss)/Profit after taxation	<u>(3,727)</u>	<u>-16%</u>	<u>(3,213)</u>	<u>61%</u>	<u>(8,260)</u>	<u>585%</u>	<u>(1,206)</u>	<u>-196%</u>	<u>1,256</u>	<u>-10%</u>	<u>1,391</u>

Key Performance Indicators

		2021	2020	2019	2018	2017	2016
Financial							
Investments-Gross	Rs. In million	178,415	172,300	68,567	62,027	115,145	71,341
Advances-Gross	" "	73,023	76,356	76,430	79,172	69,112	55,980
Deposits	" "	217,608	185,571	134,050	113,595	134,207	119,022
Shareholders' Equity	" "	18,627	19,077	17,077	11,238	16,067	15,397
Total Assets	" "	270,188	273,713	160,599	155,561	204,876	146,355
Net Interest Income	" "	4,904	2,874	1,850	4,875	5,265	4,404
Non Interest Income	" "	576	623	(668)	(389)	1,328	3,496
Operating Expenses	" "	5,722	5,109	4,923	4,527	4,158	3,865
(Loss)/ Profit Before provisions	" "	(241)	(1,612)	(3,741)	(41)	2,435	4,035
Provision against investments & others	" "	5,823	3,723	10,021	1,378	252	1,607
(Loss)/Profit Before Taxation	" "	(6,064)	(5,335)	(13,761)	(1,419)	2,182	2,428
(Loss)/Profit After Taxation	" "	(3,727)	(3,213)	(8,260)	(1,206)	1,256	1,391
Dividend Paid	" "	-	-	-	-	-	-
Non Financial							
No. of Customers (as of)	Numbers	517,621	484,730	497,507	477,399	471,439	414,944
No. of New Branches Opened	" "	-	-	-	30	40	10
No. of New Accounts Opened	" "	36,034	33,056	39,172	42,721	57,657	61,638
No. of ATM/Debit Cards Issued (as of)	" "	192,776	240,523	291,741	265,413	244,659	128,667
No. of Permanent Employees (as of)	" "	1,829	1,789	1,745	1,628	1,466	1,501
No. of ATM Machine (as of)	" "	282	271	265	252	240	225
No. of Mobile Banking Customers	" "	339,793	336,308	205,022	180,718	188,157	170,367
Key Financial Ratios							
Earnings Per Share - Pre tax	Rupees	(2.38)	(2.71)	(6.98)	(1.42)	2.18	2.43
Book Value Per Share	" "	6.31	7.47	7.87	11.23	16.63	15.38
Return on Equity - Pre tax	%	-32.17%	-29.51%	-97.20%	-12.62%	13.63%	16.52%
Return on Assets - Pre tax	" "	-2.23%	-2.46%	-8.71%	-0.79%	1.24%	1.77%
Capital Adequacy Ratio	" "	11.90	15.20	13.15	8.02	15.67	17.50

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REVIEW REPORT TO THE MEMBERS

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

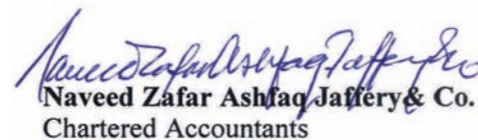
We have reviewed the enclosed Statement of Compliance with the best practices contained in the Public Sector Companies (Corporate Governance) Rules, 2013 (the Rules) prepared by the Board of Directors of Sindh Bank Limited for the year ended December 31, 2021.

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

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Bank's corporate governance procedures and risks.

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, 2021.

Place: Islamabad
Date: March 08, 2022



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	- December 31, 2021

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 at least one-third of its total members, as independent directors. At present the Board includes:	Rule-3(2)	✓																										
	<table border="1"> <thead> <tr> <th>Category</th> <th>Names</th> <th>Date of appointment</th> </tr> </thead> <tbody> <tr> <td>Non-Executive Director</td> <td>1. Mr. Anis A. Khan*</td> <td>02.04.2021</td> </tr> <tr> <td>Nominee of GoS / Non- Executive Director</td> <td>2. Mr. Asif Jahangir*</td> <td>Do</td> </tr> <tr> <td>Nominee of GoS / Executive Director</td> <td>3. Syed Hasan Naqvi*</td> <td>Do</td> </tr> <tr> <td>Non-Executive Director</td> <td>4. Mrs. Masooma Hussain*</td> <td>Do</td> </tr> <tr> <td>Independent Director</td> <td>5. Mr. Javaid Bashir Sheikh*</td> <td>Do</td> </tr> <tr> <td>Independent Director</td> <td>6. Muhammad Naeem Sahgal*</td> <td>Do</td> </tr> <tr> <td>Non-Executive Director</td> <td>7. Mohammed Aftab Alam*</td> <td>Do</td> </tr> </tbody> </table>	Category	Names	Date of appointment	Non-Executive Director	1. Mr. Anis A. Khan*	02.04.2021	Nominee of GoS / Non- Executive Director	2. Mr. Asif Jahangir*	Do	Nominee of GoS / Executive Director	3. Syed Hasan Naqvi*	Do	Non-Executive Director	4. Mrs. Masooma Hussain*	Do	Independent Director	5. Mr. Javaid Bashir Sheikh*	Do	Independent Director	6. Muhammad Naeem Sahgal*	Do	Non-Executive Director	7. Mohammed Aftab Alam*	Do				
Category	Names	Date of appointment																											
Non-Executive Director	1. Mr. Anis A. Khan*	02.04.2021																											
Nominee of GoS / Non- Executive Director	2. Mr. Asif Jahangir*	Do																											
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Non-Executive Director	4. Mrs. Masooma Hussain*	Do																											
Independent Director	5. Mr. Javaid Bashir Sheikh*	Do																											
Independent Director	6. Muhammad Naeem Sahgal*	Do																											
Non-Executive Director	7. Mohammed Aftab Alam*	Do																											
	* Appointed in elections conducted in 10th Annual General Meeting held on 2nd April, 2021, subject to approval of SBP, which is pending with SBP since 13th April, 2021.																												
	** On 28-01-2022 Mr. Sajid Jamal Abro has assumed the charge as Finance Secretary, GoS co-opted by the Board on 08-02-022 in place of Syed Hasan Naqvi, whose FPT documents has been submitted to SB for approval.																												
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. (the 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.	Rule-5(4)	✓																										
	(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.pk		✓																										
	(c) The Board has set in place adequate systems and controls for the identification and redressal of the grievances arising from unethical practices.		✓																										
9	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.	Rule-5(5)	✓																										
10	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest.	Rule-5(5)(b)(ii)	✓																										
11	The Board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the company.	Rule-5(5)(b)(vi)	✓																										

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 2020 in March 2021.

For the Year 2021, the Bank has also successfully completed the cycle of SBP's Internal Control over Financial Reporting roadmap. As per latest SBP directives of July 06, 2021, the banks which have completed all the stages of ICFR roadmap will continue to prepare Annual Assessment Report but they are allowed to discontinue its yearly submission to SBP. However, as part of SBP supervisory assessments, these reports may be required by SBP for evaluation purposes. Accordingly, the bank has prepared aforementioned Report for the Year 2021 and the same has been submitted to Board Audit Committee for its review and approval.

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 8, 2022

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 2021 a total of 5099 complaints were received by the bank and the average resolution time was 7 days.

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

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INDEPENDENT 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, 2021, 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, 2021 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, whenever 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.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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:

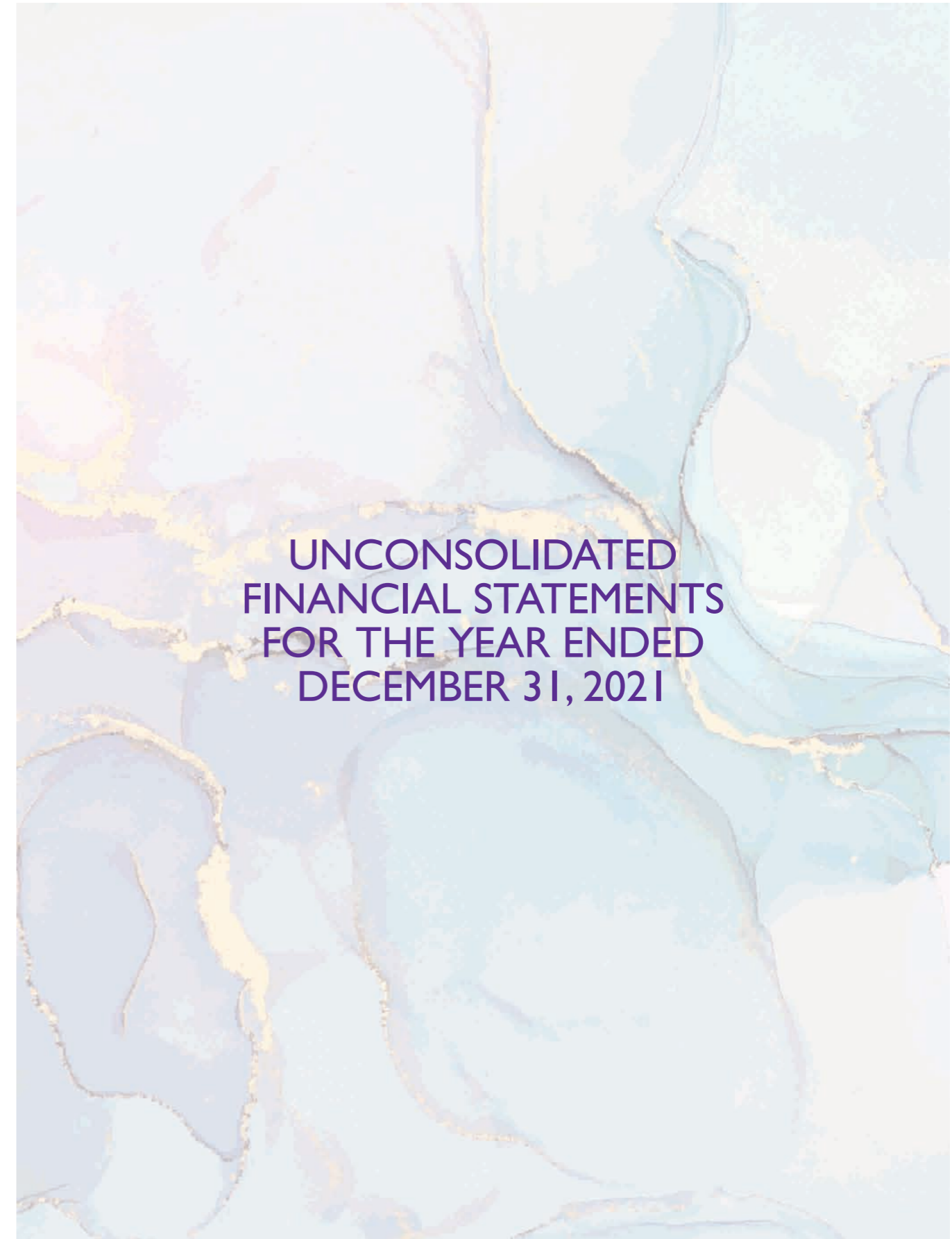
- proper books of account have been kept by the Bank/branches as required by the Companies Act, 2017(XIX of 2017) and the returns referred above from the branches have been found adequate for the purpose of our audit;
- the unconsolidated statement of financial position, the unconsolidated statement of profit or loss account, the unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and unconsolidated cash flow statement together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- 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
- 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 08, 2022

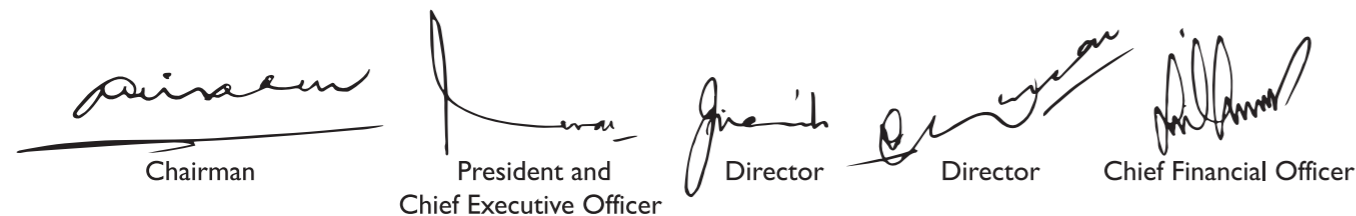
Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants



Sindh Bank Limited
Unconsolidated Statement of Financial Position
As At December 31, 2021

	Note	2021 (Rupees in '000)	2020 (Rupees in '000)
ASSETS			
Cash and balances with treasury banks	6	19,341,933	14,486,693
Balances with other banks	7	1,092,559	4,185,277
Lendings to financial institutions	8	6,081,208	8,212,780
Investments	9	175,703,381	170,818,493
Advances	10	47,784,162	56,853,255
Fixed assets	11	3,147,597	3,265,367
Intangible assets	12	114,274	68,385
Deferred tax assets - net	13	13,252,533	10,182,327
Other assets	14	3,670,762	5,640,803
		270,188,409	273,713,380
LIABILITIES			
Bills payable	15	624,726	592,334
Borrowings	16	26,785,738	62,377,648
Deposits and other accounts	17	217,608,406	185,570,689
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	18	6,542,257	6,095,588
		251,561,127	254,636,259
NET ASSETS		18,627,282	19,077,121
REPRESENTED BY			
Share capital - net	19	25,524,428	19,710,130
Reserves		1,461,412	1,471,422
Shares deposit money	20	4,000,000	2,000,000
Proposed Ordinary shares to be issued on amalgamation	21	-	3,814,298
Deficit on revaluation of assets	22	(1,121,647)	(408,505)
Accumulated Loss		(11,236,911)	(7,510,224)
		18,627,282	19,077,121
CONTINGENCIES AND COMMITMENTS	23		

The annexed notes from I to 46 and Annexures I (pages I to 9) form an integral part of these unconsolidated financial statements.

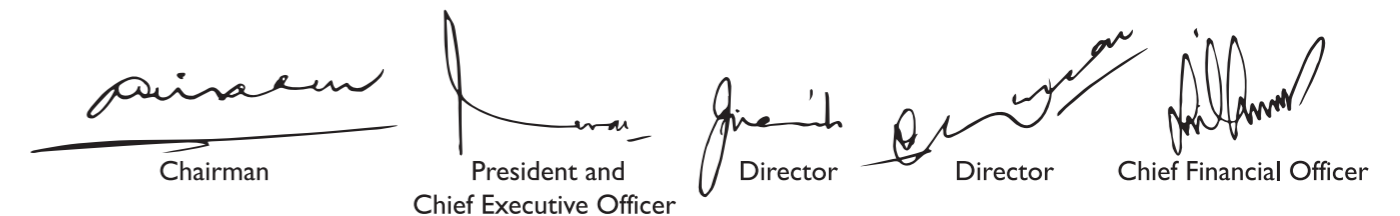


Chairman President and Chief Executive Officer Director Director Chief Financial Officer

Sindh Bank Limited
Unconsolidated Profit and Loss Account
For The Year Ended December 31, 2021

	Note	2021 (Rupees in '000)	2020 (Rupees in '000)
Mark-up / Return / Interest Earned	24	21,826,086	15,350,403
Mark-up / Return / Interest Expensed	25	16,921,716	12,476,302
Net Mark-up / return / Interest Income		4,904,370	2,874,101
NON MARK-UP / INTEREST INCOME			
Fee and Commission Income	26	351,958	278,684
Dividend Income		154,063	96,651
Foreign Exchange Income		74,371	284,977
Income / (loss) from derivatives		-	-
Gain / (Loss) on securities	27	(6,435)	(46,420)
Other Income	28	2,521	8,876
Total non-markup/interest Income		576,478	622,768
Total Income		5,480,848	3,496,869
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	29	5,654,393	5,108,067
Other charges	30	67,640	927
Total non-markup/interest expenses		5,722,033	5,108,994
LOSS BEFORE PROVISIONS		(241,185)	(1,612,125)
Provisions and write offs - net	31	5,822,916	3,722,942
Extra ordinary / unusual items		-	-
LOSS BEFORE TAXATION		(6,064,101)	(5,335,067)
Taxation	32	(2,336,617)	(2,122,496)
LOSS AFTER TAXATION		(3,727,484)	(3,212,571)
		----- Rupees -----	
Basic Loss per share	33	(1.49)	(1.63)
Diluted Loss per share	34	(1.49)	(1.63)

The annexed notes from I to 46 and Annexures I (pages I to 9) 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, 2021

	2021	2020
	(Rupees in '000)	
Loss after taxation for the year	(3,727,484)	(3,212,571)
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in (deficit) / surplus on revaluation of investments - net of tax	(713,142)	1,372,072
	<u>(4,440,626)</u>	<u>(1,840,499)</u>
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement gain on defined benefit obligations - net of deferred tax	797	6,678
Total comprehensive loss	<u>(4,439,829)</u>	<u>(1,833,821)</u>

The annexed notes from I to 46 and Annexures I (pages I to 9) form an integral part of these unconsolidated financial statements.


Chairman

President and Chief Executive Officer

Director

Director

Chief Financial Officer



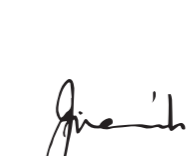


Sindh Bank Limited
Unconsolidated Statement of Changes in Equity
For The Year Ended December 31, 2021

	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, 2020	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)
Other comprehensive income / (loss) - net of tax	-	-	-	-	-	-	1,372,072	6,678	1,378,750
Proposed Ordinary shares to be issued and reserve upon amalgamation of Sindh Leasing Company Ltd	-	3,814,298	-	19,443	-	-	-	-	3,833,741
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
Loss for the year ended December 31, 2021	-	-	-	-	-	-	-	(3,727,484)	(3,727,484)
Other comprehensive income - net of tax	-	-	-	-	-	-	(713,142)	797	(712,345)
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-
Issue of shares during the year	5,814,298	(3,814,298)	(2,000,000)	-	-	-	-	-	-
Share deposit money	-	-	4,000,000	-	-	-	-	-	4,000,000
Fair valuation adjustment of net assets of Sindh Leasing Company Limited	-	-	-	(10,010)	-	-	-	-	(10,010)
Transactions with owners recorded directly in equity									
Cash dividend	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2021	25,524,428	-	4,000,000	9,433	51	1,451,928	(1,121,647)	(11,236,911)	18,627,282

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

** As more fully explained in note 10.6.2 of these unconsolidated financial statements, unappropriated profit includes an amount of Rs.7,184.65 million net of tax as at December 31, 2021 (December 31, 2020: Rs. 9,142.42 million) representing additional profit arising from availing forced sale value benefit for determining provisioning requirement which is not available for the purpose of distribution of dividend to shareholders.

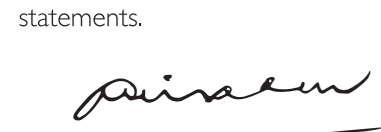
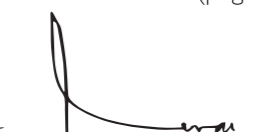
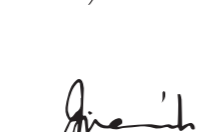


The annexed notes from I to 46 and Annexures I (pages I to 9) form an integral part of these unconsolidated financial statements.


Chairman

President and Chief Executive Officer

Director

Director

Chief Financial Officer

Sindh Bank Limited
Unconsolidated Cash Flow Statement
For The Year Ended December 31, 2021

	Note	2021 (Rupees in '000)	2020
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		(6,064,101)	(5,335,067)
Less: Dividend income		(154,063)	(96,651)
		(6,218,164)	(5,431,718)
Adjustments:			
Depreciation	29	950,371	1,005,490
Amortisation	29	35,085	24,965
Provision and write offs -net	31	5,822,916	3,722,942
Charge for defined benefit plan	37.1.4	95,085	83,218
Gain on sale of operating fixed assets	28	(284)	(4,331)
		6,903,173	4,832,284
		685,009	(599,434)
(Increase) / Decrease in operating assets			
Lendings to financial institutions		2,131,572	(4,567,388)
Advances - net		3,333,519	2,689,535
Other assets - net		1,759,625	(1,904,717)
		7,224,716	(3,782,570)
Increase / (Decrease) in operating liabilities			
Bills payable		32,392	97,324
Borrowings		(35,591,910)	58,185,364
Deposits and other accounts		32,037,717	53,647,234
Other liabilities (excluding current taxation)		425,159	652,740
		(3,096,642)	112,582,662
		4,813,083	108,200,658
Contribution to gratuity fund	37.1.3	(72,270)	(76,020)
Income tax paid		(68,441)	(33,902)
		4,672,372	108,090,736
Net cash generated from / (used in) operating activities			
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in available-for-sale securities		(6,169,074)	(103,753,790)
Net investment in held-to-maturity securities		27,760	26,263
Dividend received		154,765	95,949
Investments in operating fixed assets		(914,173)	(195,084)
Cash inflow from amalgamation of Sindh Leasing Company Ltd		-	10,784
Fair valuation adjustment of net assets of Sindh Leasing Company Limited		(10,010)	-
Sale proceeds of operating fixed assets disposed off		882	5,776
		(6,909,850)	(103,810,102)
Net cash (used in) / generated from investing activities			
CASH FLOW FROM FINANCING ACTIVITIES			
Share deposit money		4,000,000	-
Shares capital		-	-
		4,000,000	-
Net cash (used in) / generated from financing activities			
Increase in cash and cash equivalents		1,762,522	4,280,634
Cash and cash equivalents at the beginning of the year		18,671,970	14,391,336
Cash and cash equivalents at the end of the year	35	20,434,492	18,671,970

The annexed notes from I to 46 and Annexures I (pages I to 9) 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, 2021

I. 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 (2020: 330) branches including 8 (2020: 8) sub-branches and 14 (2020: 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 99.96% 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 June 30, 2021.

1.4 FAIR VALUE OF NET ASSETS OF FORMELY SINDH LEASING COMPANY LIMITED

In compliance of SBP sanction letter dated December 31, 2020 under Section 48 of the Banking Companies Ordinance, 1962 and made effective at 11:59 PM on December 31, 2020. In the sanction letter, SBP had also advised Sindh Bank Limited to conduct Independent Assessment/ Fair valuation of the Merger and expected 'Merger Reserve' excess of SLCL's Net Assets against Purchase Consideration. In this regard the Bank had appointed independent auditors issued final report, which was submitted to SBP for approval, in this respect SBP have approved for their fair vale merger reserves assess the independent auditors vide their letter No. SBPHOK-BPRD-RAPD-SNB-186105 dated February 18, 2022.

In the light of independent auditor's report duly approved by SBP, the Bank has incorporated fair value adjustment in these financial statements showing as below:

	Carrying Value (Dec. 2020)	Fair value adjustments (Rupees in '000')	Fair value after adjustments
Assets			
Cash and bank balances	279,075	-	279,075
Accrued markup	70,378	(189)	70,189
Investments	1,879,951	1	1,879,952
Prepayments and other receivables	7,247	(534)	6,713
Intangible assets	-	-	-
Property and equipment	16,500	(6,296)	10,204
Deposits	433	-	433
Loans and advances	47,457	(1,895)	45,562
Net investment in finance leases	1,780,489	(1,097)	1,779,392
Deferred Tax Asset - net	96,008	-	96,008
Taxation - net	79,378	-	79,378
	4,256,916	(10,010)	4,246,906
Liabilities			
Accrued markup on certificates of deposits	135	-	135
Trade and other payables	6,204	-	6,204
Certificates of deposits	16,600	-	16,600
Security deposits against leases	400,236	-	400,236
	423,175	-	423,175
Net Assets acquired	3,833,741	(10,010)	3,823,731

Details of the fair values of the net assets acquired, purchase consideration and gain on bargain purchase as follows:

(Rupees in '000')

Fair value of net assets acquired	3,823,731
Purchase consideration (381,429,817 Sindh Bank shares issued @Rs. 10)	<u>(3,814,298)</u>
Gain on bargain purchase (Merger reserves)	<u><u>9,433</u></u>

1.5 GOING CONCERN

Due to significant losses suffered by the Bank since the years 2018 and to address any material uncertainties, 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:

- Strengthening Bank's Capital -As planned, cash injection, of Rs. 11.7 billion was made in 2019 and Rs. 3.814 billion added during 2020 from amalgamation of Sindh Leasing Company Limited in Bank's Tier I Common Equity. A further amount of Rs. 4 billion has been received from GoS in the last quarter of 2021.
- 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) Improve Net Interest margin;
 - a) Mobilize cost effective (CASA) deposits;
 - b) Launch new asset products in the Consumer and SME segments;
 - iii. make concerted efforts for recovery and reduction of Non-Performing Loans.
 - iv. Take cost rationalization measures;
- Strengthening the Bank's Governance, Risk and Control environment.
- 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 99.96 percent of the Bank's equity is fully committed to supporting the Bank, whenever required.

1.6 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 I 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.

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

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 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.

3.4 **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 Bank's accounting periods beginning on or after January 01, 2021 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.

3.5 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 Bank:

Standard or Interpretation or Amendments	Effective date (annual periods beginning on or after)
IAS 1 - Classification of Financial Statements	January 01, 2023
IAS 16 - Property, Plant and Equipment (Amendments)	January 01, 2022
IFRS 3 - Business Combination	January 01, 2022
IAS 37 - Provision, Contingent Liabilities	January 01, 2022
IFRS 16 - Leases - (Amendments)	January 01, 2022
IFRS 41 - Agriculture - (Amendments)	January 01, 2022
IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 01, 2023
IAS 12 - Income Taxes (Amendments)	January 01, 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) - The amendment amends accounting treatment on loss of control of business or assets.	date under review

As per State Bank of Pakistan (SBP)' BPRD circular letter no. 24 of 2021, IFRS 9 'Financial Instruments' is applicable to banks/DFIs/MFBs effective January 1, 2022. The aforementioned circular letter contained instructions for quarterly parallel reporting purposes to the SBP only and it was stated that final instructions will be issued based on the results of parallel reporting. However, banks have submitted their reservations on instructions issued for parallel reporting through the Pakistan Banks Association (PBA) and requested that they are addressed in the final instructions to be issued. The reservations are pervasive and points of contention inter alia include, retaining some relaxations given presently in the Prudential Regulations, prescription of macro-economic variables, retaining meal regulatory requirements related to IFRS 9 related areas on overseas branches, impact on capital adequacy ratio, adequacy of significant increase in credit risk criteria, future tax impact of any reversals, recording of expected credit loss on local currency denominated Government securities, further clarifications required in certain areas etc.

Due to the fact that final instructions have not yet been issued and the large number of reservations over the draft instructions, the banks are collectively of the opinion that impact on initial application of IFRS 9 cannot be determined as required under IAS 8.

The SECP, through SRO 229(I)/2019 dated 14 February, 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 23 October, 2019 of SBP, effective date of IFRS 9 implementation is January 01, 2021.

3.6 Critical accounting estimates and judgments

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

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

- classification and impairment against investments (notes 5.3 and 31);
- classification of and provision against advances (notes 5.4 and 31);
- depreciation and amortization / useful lives of operating fixed assets (notes 5.5, 11 and 12);
- taxation (note 5.8);
- staff retirement and other benefits (note 5.9);
- fair value of derivatives (note 5.17); and
- 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 statement of profit or 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 remeasurement are included in the statement of profit or 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 statement of profit or 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 statement of profit or 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 statement of profit or loss account. For investments classified as held-to-maturity, the impairment loss is recognized in the unconsolidated statement of profit or loss account.

5.3.4 Gain or loss on sale of investments is included in the statement of profit or 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 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 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 environment. 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 (2020: 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 statement of profit or 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 statement of profit or 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

In hand

Local currency
Foreign currency

Note 2021 2020
(Rupees in '000)

4,293,826	4,961,892
175,646	252,331
4,469,472	5,214,223

With State Bank of Pakistan (SBP) in

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

6.1	11,738,058	6,707,459
6.2	144,789	153,339
6.3	96,290	73,605
6.4	178,410	141,572
	12,157,547	7,075,975

With National Bank of Pakistan in

Local currency current accounts
Local currency deposit accounts

6.5	2,657,534	2,100,360
	15,866	10,790
	2,673,400	2,111,150
	41,514	85,345
35	19,341,933	14,486,693

Prize bonds

- 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 Nil profits (2020 : 0.51% to 0.76%) per annum.
- 6.5 This includes savings account with National Bank of Pakistan carrying mark-up at 7.25% (2020: 5.50%) per annum.

7 BALANCES WITH OTHER BANKS

In Pakistan

In current accounts
In savings account

Note	2021 (Rupees in '000)	2020
	30	30
7.1	1,288	15,962
	1,318	15,992
	1,091,241	4,169,285
7.2	1,092,559	4,185,277

Outside Pakistan

In current accounts

7.1 This includes savings account with a commercial bank carrying profit at the rate of 7.25% (2020: 5.50%) per annum.

7.2 This includes Rs.637.12 million (2020: Rs. Rs. 3,342.32 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
Repurchase agreement lendings (Reverse Repo)
Musharaka arrangements
Bai Muajjal with financial institutions

Note	2021 (Rupees in '000)	2020
	-	3,000,000
8.2 & 8.5	5,381,208	3,969,535
8.3	700,000	660,000
8.4	-	583,245
	6,081,208	8,212,780

8.1 Particulars of lending

In local currency
In foreign currencies

	6,081,208	8,212,780
	-	-
	6,081,208	8,212,780

8.2 This represents resale agreement lending with commercial bank and financial institutions carrying mark-up in the range of 10.50% to 10.70% (2020 :7.20%) per annum maturing up to January 07, 2022 (2020: March 18, 2021).

8.3 This represents arrangement with an Islamic bank carrying mark-up at the rate of 10.00% (2020: 6.50% to 7.20%) per annum maturing up to January 06, 2022 (2020: January 06, 2021).

8.4 Bai Muajjal

Held with Financial Institution
Bai Muajjal Placement
Less : Deferred income

Note	2021 (Rupees in '000)	2020
	-	588,091
	-	(4,846)
	-	583,245

8.5 Securities held as collateral against Lending to financial institutions

	2021			2020		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
----- (Rupees in '000) -----						
Market Treasury Bills	992,564	-	992,564	-	-	-
Pakistan Investment Bonds	4,398,648	-	4,398,648	3,854,420	-	3,854,420
Total	5,391,212	-	5,391,212	3,854,420	-	3,854,420

9 INVESTMENTS

9.1 Investments by type

	2021				2020			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
----- (Rupees in '000) -----								
Note								
Available-for-sale securities								
Federal Government Securities								
Market Treasury Bills	42,881,078	-	(64,239)	42,816,839	51,311,160	-	43,094	51,354,254
Pakistan Investment Bonds	111,067,351	-	(1,699,558)	109,367,793	97,956,376	-	(694,937)	97,261,439
Government of Pakistan - Ijarah Sukuk	3,000,017	-	(10,927)	2,989,090	1,500,026	-	(540)	1,499,486
Shares								
Listed	2,596,504	(344,000)	(93,489)	2,159,015	2,437,740	(369,853)	(42,599)	2,025,288
Unlisted	-	-	-	-	100,000	-	-	100,000
Non-government debt securities								
Sukuk certificates	-	-	-	-	96,428	-	(316)	96,112
Mutual funds	215,049	(35,063)	29,450	209,436	215,048	(32,991)	25,619	207,676
	159,759,999	(379,063)	(1,838,763)	157,542,173	153,616,778	(402,844)	(669,679)	152,544,25
Held-to-maturity securities								
Federal Government Securities								
Pakistan Investment Bonds	16,744,421	-	-	16,744,421	16,772,088	-	-	16,772,088
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	858,997	(416,445)	-	442,552	859,090	(331,175)	-	527,915
	17,905,361	(494,153)	-	17,411,208	17,933,121	(408,883)	-	17,524,238
Investment in Subsidiary								
Fully paid ordinary shares	9.3	750,000	-	750,000	750,000	-	-	750,000
Total Investments		178,415,360	(873,216)	175,703,381	172,299,899	(811,727)	(669,679)	170,818,493

9.2 Investments by segments

	2021				2020			
	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	42,881,078	-	(64,239)	42,816,839	51,311,160	-	43,094	51,354,254
Pakistan Investment Bonds	127,811,772	-	(1,699,558)	126,112,214	114,728,464	-	(694,937)	114,033,527
Government of Pakistan - Ijarah Sukuk	3,000,017	-	(10,927)	2,989,090	1,500,026	-	(540)	1,499,486
	173,692,867	-	(1,774,724)	171,918,143	167,539,650	-	(652,383)	166,887,267
Shares								
Listed companies	2,596,504	(344,000)	(93,489)	2,159,015	2,437,740	(369,853)	(42,599)	2,025,288
Unlisted companies	77,708	(77,708)	-	-	177,708	(77,708)	-	100,000
	2,674,212	(421,708)	(93,489)	2,159,015	2,615,448	(447,561)	(42,599)	2,125,288
Non-government debt securities								
Term finance certificates - listed	224,235	-	-	224,235	224,235	-	-	224,235
Term finance certificates - unlisted	858,997	(416,445)	-	442,552	859,090	(331,175)	-	527,915
Sukuk certificates	-	-	-	-	96,428	-	(316)	96,112
	1,083,232	(416,445)	-	666,787	1,179,753	(331,175)	(316)	848,262
Mutual Funds								
Open ended	116,049	(35,063)	19,010	99,996	116,048	(32,991)	29,219	112,276
Islamic funds - REIT	99,000	-	10,440	109,440	99,000	-	(3,600)	95,400
	215,049	(35,063)	29,450	209,436	215,048	(32,991)	25,619	207,676
Investment in Subsidiary								
Sindh Microfinance Bank Ltd	750,000	-	-	750,000	750,000	-	-	750,000
Total Investments	178,415,360	(873,216)	(1,838,763)	175,703,381	172,299,899	(811,727)	(669,679)	170,818,493

9.3 Details of investment in Subsidiary

Name of Entity	2021							
	Incorporation date	Incorporation Country	Percentage holding (%)	Total Assets	Total Liabilities	Total Revenue	Profit after taxation	Total Comprehensive Income
----- Rupees in '000 -----								
Sindh Microfinance Bank Ltd	27-03-2015	Pakistan	100%	2,085,357	1,116,010	345,467	27,347	26,597
----- Rupees in '000 -----								
2020								
----- Rupees in '000 -----								
Sindh Microfinance Bank Ltd	27-03-2015	Pakistan	100%	1,899,240	956,489	362,143	52,684	53,164

9.4 Investments given as collateral

Federal government securities

Pakistan Investment Bonds
Market Treasury Bills

	2021	2020
	----- (Rupees in '000) -----	
Pakistan Investment Bonds	24,987,500	52,185,578
Market Treasury Bills	-	8,384,972
Total	24,987,500	60,570,550

9.5 Provision for diminution in value of investments

9.5.1 Opening balance

Charge / reversals

Charge for the year
Reversals for the year
Reversal on disposals
Transfers - net
Closing Balance

	2021	2020
Opening balance	811,727	504,993
Charge for the year	87,342	306,734
Reversals for the year	-	-
Reversal on disposals	(25,853)	-
Transfers - net	61,489	306,734
Closing Balance	873,216	811,727

9.5.2 Particulars of classified debt securities (Category of classification)

Domestic

Other assets especially mentioned
Substandard
Doubtful
Loss
Total

	2021		2020	
	Non performing investments	Provision	Non performing investments	Provision
----- Rupees in '000 -----				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	971,115	873,216	994,895	811,727
Total	971,115	873,216	994,895	811,727

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 benefit 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.

9.6 Quality of Available for Sale Securities

Particulars regarding quality of Available for Sale (AFS) securities

Federal Government Securities - Government guaranteed

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

	2021	2020
----- Cost -----		
Pakistan Investment Bonds	111,067,351	97,956,376
Market Treasury Bills	42,881,078	51,311,160
Government of Pakistan - Ijarah Sukuk	3,000,017	1,500,026
Total	156,948,446	150,767,562

Shares (Equities)

Listed Companies
Refinery
Fertilizer
Cement
Power Generation & Distribution
Oil & Gas Marketing Companies
Commercial Banks

	2021	2020
Listed Companies	7,682	7,682
Refinery	628,710	628,710
Fertilizer	63,745	63,745
Cement	267,863	267,863
Power Generation & Distribution	499,881	638,481
Oil & Gas Marketing Companies	1,128,623	831,259
Total	2,596,504	2,437,740

	2021	2020
	(Rupees in '000)	
10.1 Particulars of advances (Gross)		
In local currency	73,023,451	76,355,873
In foreign currencies	-	-
	<u>73,023,451</u>	<u>76,355,873</u>

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

	2021				2020			
	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	527,296	677,997	-	1,205,293	240,990	1,524,324	-	1,765,314
Residual value	84,187	278,181	-	362,368	26,871	373,366	-	400,237
Minimum lease payments	611,483	956,178	-	1,567,661	267,861	1,897,690	-	2,165,551
Un-earned income for future periods	(80,310)	(81,673)	-	(161,983)	(128,910)	(122,085)	-	(250,995)
Present value of minimum lease payments	<u>531,173</u>	<u>874,505</u>	<u>-</u>	<u>1,405,678</u>	<u>138,951</u>	<u>1,775,605</u>	<u>-</u>	<u>1,914,556</u>

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

10.4 Diminishing musharakah financing

	2021	2020
	(Rupees in '000)	
Advance against musharakah	1,816	-
Diminishing musharakah	1,203,537	2,218,351
	<u>1,205,353</u>	<u>2,218,351</u>

10.5 Ijarah financing under IFAS 2

Net book value of assets	10.5.1	23,159	38,002
Advance against Ijarah financing		-	-
		<u>23,159</u>	<u>38,002</u>

10.5.1 Particulars of assets under Ijarah

	2021							
	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	Rate of depreciation %
	----- (Rupees in '000) -----							
Vehicle	42,595	(4,729)	37,866	24,009	4,332	28,341	9,525	Over the Ijarah
Plant and machinery	48,000	(20,000)	28,000	28,584	(14,218)	14,366	13,634	
Total	<u>90,595</u>	<u>(24,729)</u>	<u>65,866</u>	<u>52,593</u>	<u>(9,886)</u>	<u>42,707</u>	<u>23,159</u>	

	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	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	<u>111,094</u>	<u>(20,499)</u>	<u>90,595</u>	<u>49,552</u>	<u>3,041</u>	<u>52,593</u>	<u>38,002</u>	

10.5.2 Future Ijarah payments receivable

	2021	2020
	(Rupees in '000)	
Not later than one year	8,586	16,449
Later than one year and not later than five years	14,573	21,553
	<u>23,159</u>	<u>38,002</u>

10.6 Advances include Rs.37,403.70 (2020: Rs. 35,333.88) million which have been placed under non-performing status as detailed below:

Category of Classification	2021		2020	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	----- (Rupees in '000) -----			
Domestic				
Other Assets Especially Mentioned	27,270	-	34,523	-
Substandard	20,125	1,625	31,291	1,851
Doubtful	888,099	296,028	1,574,605	520,992
Loss	36,468,208	24,938,733	33,693,464	18,977,567
Total	<u>37,403,702</u>	<u>25,236,386</u>	<u>35,333,883</u>	<u>19,500,410</u>

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

10.6.2 The Bank has availed the benefit of forced sale value on plant and machinery under charge and mortgaged residential and commercial property (land and building only) held as collateral against non-performing advances on the basis of 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. 11,680.22 (2020: Rs.14,987.57) million. The resultant increase in profit due to FSV benefit taken will not be available for distribution as cash and stock dividend to shareholders.

10.6.3 Particulars of provision against advances

	2021			2020		
	Specific	General	Total	Specific	General	Total
	----- (Rupees in '000) -----					
Opening balance	19,500,410	2,208	19,502,618	15,297,231	1,812	15,299,043
Exchange adjustments	-	-	-	-	-	-
Charge for the year	5,976,561	695	5,977,256	3,970,216	396	3,970,612
Reversals	(334,983)	-	(334,983)	(1,001,443)	-	(1,001,443)
	5,641,578	695	5,642,273	2,968,773	396	2,969,169
Amounts charged off - agriculture loans	93,301	-	93,301	447,039	-	447,039
Net charge / (reversal) during the year	5,734,879	695	5,735,574	3,415,812	396	3,416,208
Addition due to amalgamation of Sindh Leasing Co. Ltd	-	-	-	787,367	-	787,367
Fair value adjustment on net assets of Sindh Leasing Co. Ltd	1,097	-	1,097	-	-	-
Amounts written off	-	-	-	-	-	-
Closing balance	<u>25,236,386</u>	<u>2,903</u>	<u>25,239,289</u>	<u>19,500,410</u>	<u>2,208</u>	<u>19,502,618</u>

10.6.3.1 Particulars of provision against advances

	2021			2020		
	Specific	General	Total	Specific	General	Total
	----- (Rupees in '000) -----					
In local currency	25,236,386	2,903	25,239,289	19,500,410	2,208	19,502,618
In foreign currencies	-	-	-	-	-	-
	<u>25,236,386</u>	<u>2,903</u>	<u>25,239,289</u>	<u>19,500,410</u>	<u>2,208</u>	<u>19,502,618</u>

10.6.3.2 General provision against consumer loans represents provision maintained at an amount equal to 1% (2020: 1%) of the fully secured performing portfolio and 4% (2020: 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% (2020: 0%) of the fully secured performing portfolio and 1% of the unsecured performing portfolio as required by the Prudential Regulations issued by SBP.

II	FIXED ASSETS	Note	2021	2020
			(Rupees in '000)	
	Capital work-in-progress	11.1	73,166	24,900
	Property and equipment	11.2	1,264,760	1,420,821
	Right of use assets	11.5	1,809,671	1,819,646
			<u>3,147,597</u>	<u>3,265,367</u>
11.1	Capital work-in-progress			
	Civil works		4,396	-
	Equipment		1,541	4,814
	Advances to suppliers		67,229	20,086
		11.1.1	<u>73,166</u>	<u>24,900</u>
11.1.1	Movement in Capital work-in-progress			
	Opening balance		24,900	21,495
	Transfer in		153,701	71,836
	Transfer out		(105,435)	(68,431)
	Write off		-	-
	Closing balance		<u>73,166</u>	<u>24,900</u>

11.2 Property and Equipment

	2021				
	Lease hold improvements	Furniture and fixture	Computer and office equipment	Vehicles	Total
	----- (Rupees in '000) -----				
At January 1, 2021					
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	<u>873,231</u>	<u>166,540</u>	<u>243,697</u>	<u>137,353</u>	<u>1,420,821</u>
Year ended December 31, 2021					
Opening net book value	873,231	166,540	243,697	137,353	1,420,821
Additions	11,377	4,394	57,427	58,228	131,426
Movement in surplus on assets revalued during the year	-	-	-	-	-
Acquisitions through business combinations	-	-	-	-	-
Impairment loss recognised in the profit and loss account - net	-	-	-	-	-
Disposals	(392)	(27)	(147)	(31)	(597)
Depreciation charge	(65,790)	(52,782)	(105,783)	(56,229)	(280,584)
Exchange rate adjustments	-	-	-	-	-
Other adjustments / transfers	(6,297)	-	(2)	(7)	(6,306)
Closing net book value	<u>812,129</u>	<u>118,125</u>	<u>195,192</u>	<u>139,314</u>	<u>1,264,760</u>
At December 31, 2021					
Cost / Revalued amount	1,324,292	562,730	1,721,214	384,506	3,992,742
Accumulated depreciation	512,163	444,605	1,526,022	245,192	2,727,982
Net book value	<u>812,129</u>	<u>118,125</u>	<u>195,192</u>	<u>139,314</u>	<u>1,264,760</u>
Rate of depreciation (percentage)	<u>5.00%</u>	<u>10.00%</u>	<u>33.33% & 20.0%</u>	<u>20.00%</u>	

	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	<u>913,071</u>	<u>211,096</u>	<u>282,109</u>	<u>167,760</u>	<u>1,574,036</u>

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	<u>873,231</u>	<u>166,540</u>	<u>243,697</u>	<u>137,353</u>	<u>1,420,821</u>

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	<u>873,231</u>	<u>166,540</u>	<u>243,697</u>	<u>137,353</u>	<u>1,420,821</u>
Rate of depreciation (percentage)	<u>5.00%</u>	<u>10.00%</u>	<u>33.33% & 20.0%</u>	<u>20.00%</u>	

11.3 The cost of fully depreciated furniture and fixture, office and computer equipment still in use amounted to Rs.1,473.56 million (2020: Rs.1,253.85 million).

11.4 Disposals

Particulars of the Assets	Cost	Accumulated depreciation	Book Value	Sale Proceeds	Mode of Disposal	Particulars of the Purchaser
----- Rupees -----						
Computer and office equipment						
Laptop	61,110	61,109	1	1	As Per HR Policy	Shahzad Begg
Laptop	77,110	77,109	1	1	As Per HR Policy	Khawaja Tajammul Hussain
Laptop	61,110	61,109	1	1	As Per HR Policy	Syed Usman
CCTV System	51,300	51,298	2	31,045	Insurance Claim	Sindh Insurance Limited
UPS	170,400	170,397	3	11,400	Negotiation	Khalil Ahmed Iron & Scrap Merchant
Isolation Transformer	22,500	3,750	18,750	5,000	Negotiation	Office Equipment Services
Other Machined & Equipment	197,969	197,965	4	6,300	Negotiation	Khalil Ahmed Iron & Scrap Merchant
Split Air conditioners	533,550	533,545	5	29,000	Negotiation	Abbasi Iron Store
Split Air conditioners	72,177	72,175	2	10,000	Negotiation	Abdul Majeed & Arif Sons
Split Air conditioners	726,432	726,425	7	71,000	Negotiation	Al Mustafa Workshop
Split Air conditioners	1,058,627	1,058,615	12	49,200	Negotiation	Attari Refrigeration
Split Air conditioners	996,609	986,148	10,461	76,000	Negotiation	Best Airconditioned AC Servicing
Split Air conditioners	160,000	159,998	2	15,000	Negotiation	Bismillah A.Rehman Nizamuddin Workshop
Split Air conditioners	653,292	653,285	7	63,700	Negotiation	Hakkan Associates SMC Pvt Ltd
Split Air conditioners	653,710	653,702	8	43,600	Negotiation	HVAC Enterprises
Split Air conditioners	593,800	593,792	8	40,000	Negotiation	Imtiaz Ali
Split Air conditioners	396,998	396,993	5	38,000	Negotiation	Lucky Brothers
Split Air conditioners	288,997	288,993	4	10,000	Negotiation	Mughal Refrigeration Centre
Split Air conditioners	695,743	695,736	7	49,700	Negotiation	Sindh Electric Works
Split Air conditioners	876,995	876,984	11	55,000	Negotiation	Usman Cooling Service
Split Air conditioners	540,997	540,990	7	49,000	Negotiation	Zam Zam Cooling Service
Furniture	22,360	20,567	1,793	1,300	Negotiation	HVAC Enterprises
Furniture	489,568	486,061	3,507	51,900	Negotiation	Khalil Ahmed Iron & Scrap Merchant
Furniture	78,200	56,724	21,476	4,000	Negotiation	Lucky Brothers
Bank Note Sorting Machine	545,000	426,916	118,084	125,000	Negotiation	Seesam Solution Pvt Ltd
Signage	309,950	166,550	143,400	3,700	Negotiation	Syed Ghous Shah Bukhari
Signage	294,866	99,517	195,349	10,000	Negotiation	Zik Cement Stakage
Signage	94,920	41,672	53,248	1,700	Negotiation	Allah Rakha Kabar Khana
	10,724,290	10,158,125	566,165	850,548		
Vehicles						
Suzuki Wagon R	33,282,000	33,281,966	34	34	As Per HR Policy	Various Staff
Suzuki Cultus VXR	6,267,500	6,267,494	6	6	As Per HR Policy	Various Staff
Toyota Corolla XLI	1,642,500	1,642,499	1	1	As Per HR Policy	Rizwan Mahmood
Toyota Corolla XLI	1,642,500	1,642,499	1	1	As Per HR Policy	Dilshad Khan
Toyota Corolla XLI	1,642,500	1,642,499	1	1	As Per HR Policy	Jeanette Chohan
Toyota Corolla XLI	1,642,500	1,642,499	1	1	As Per HR Policy	Shamsul Abbas
Toyota Corolla XLI	1,644,000	1,643,999	1	1	As Per HR Policy	Shazia Andleeb
Toyota Corolla GLI	1,862,500	1,831,457	31,043	31,043	As Per HR Policy	Khawaja Tajammul Hussain
Toyota Corolla Altis	2,322,500	2,322,499	1	1	As Per HR Policy	Syed Assad Ali
Honda Civic	2,475,500	2,475,499	1	1	As Per HR Policy	Shahzad Begg
Honda Civic	2,587,500	2,587,499	1	1	As Per HR Policy	Farhan Ashraf
	57,011,500	56,980,409	31,091	31,091		
	67,735,790	67,138,534	597,256	881,639		

11.5 RIGHT OF USE ASSETS

Year ended December 31

Opening net book value	1,819,646	2,192,469
Additions	659,812	326,104
Disposals	-	-
Depreciation charge	(669,787)	(698,927)
Closing net book value	1,809,671	1,819,646

At December 31

Cost	3,840,056	3,180,244
Accumulated depreciation	(2,030,385)	(1,360,598)
Net book value	1,809,671	1,819,646

Rate of depreciation (percentage)

	2021	2020
	----- Rupees in '000 -----	
	10% to 100%	10% to 100%

12 INTANGIBLE ASSETS

Computer Software

At January 1

Cost	292,861	238,028
Accumulated amortisation and impairment	224,476	198,064
Net book value	68,385	39,964

Year ended December 31

Opening net book value

Additions:

- directly purchased

Disposals

Amortisation charge

Other adjustments

Closing net book value

At December 31

Cost	373,835	292,861
Accumulated amortisation and impairment	259,561	224,476
Net book value	114,274	68,385
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.188.78 million (2020: Rs. 163.317 million).

13 DEFERRED TAX ASSETS-NET

	2021				At Dec 31, 2021
	At Jan 1, 2021	Recognised in P&L A/C	Recognised in OCI	Recognised on Amalgamation (SLCL)	
----- (Rupees in '000) -----					
Deductible Temporary Differences on					
- Provision against advances - general	6,459,941	1,961,041	-	-	8,420,982
- Tax losses carried forward	3,118,099	201,993	(509)	-	3,319,583
- Provision for diminution in the value of investments	94,853	152,882	-	-	247,735
- Deficit on revaluation of investments	261,175	-	455,943	-	717,118
- Others	427,378	278,156	-	-	705,534
	10,361,446	2,594,072	455,434	-	13,410,952
Taxable Temporary Differences on					
- Accelerated tax depreciation - tangible fixed assets	(39,586)	19,121	-	-	(20,465)
- Net investment in Lease Finance	(131,859)	-	-	-	(131,859)
- Accelerated tax amortization - intangible assets	(7,674)	1,579	-	-	(6,095)
	(179,119)	20,700	-	-	(158,419)
	10,182,327	2,614,772	455,434	-	13,252,533
----- (Rupees in '000) -----					
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

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.

14 OTHER ASSETS

	2021	2020
	(Rupees in '000)	
Income/ Mark-up accrued in local currency	3,045,472	3,267,656
Accrued commission income	7,234	23,346
Advances, deposits, advance rent and other prepayments	87,898	61,980
Receivable against sale of shares	268,770	1,573,718
Unrealised gain on forward forex revaluation - net	130,799	229,271
Insurance premium receivable against agriculture loans	12,565	13,271
Stationery and stamps on hand	7,984	11,445
Dividends receivable	-	702
Receivable against I Link ATM settlement account	-	162,873
Advance Taxation - net	40,054	249,768
Acceptances	-	7,671
Insurance claims receivable	16,252	371
Other receivables	53,734	38,731
	3,670,762	5,640,803

14.1 Income/ Mark-up accrued in local currency

	2021	2020
On loans and advances	692,013	1,151,541
On investments	2,349,909	2,102,081
Others	3,550	14,034
	3,045,472	3,267,656

15 BILLS PAYABLE

	2021	2020
In Pakistan	624,726	592,334
Outside Pakistan	-	-
	624,726	592,334

16 BORROWINGS	Note	2021		2020	
		(Rupees in '000)		(Rupees in '000)	
Secured					
Borrowings from State Bank of Pakistan					
- Under export refinance scheme	16.2	1,695,919		1,752,141	
- Under long term finance facility	16.3	89,819		119,758	
Repurchase agreement borrowings - Secured					
- State Bank of Pakistan (SBP)	16.4	25,000,000		57,883,940	
- Other commercial banks / DFI's		-		2,621,809	
		25,000,000		60,505,749	
		26,785,738		62,377,648	
16.1 Particulars of borrowings with respect to Currencies					
In local currency		26,785,738		62,377,648	
In foreign currencies		-		-	
		26,785,738		62,377,648	

- 16.2** These represent borrowings from SBP under export refinance scheme at the rates ranging from 1.00% to 2.00% (2020: 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% (2020: 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 10.12% (2020: 7.07%) per annum maturing on February 18, 2022 (2020: January 04, 2021). The carrying value of securities given as collateral against these borrowings is given in note 9.4.

17 DEPOSITS AND OTHER ACCOUNTS

	2021			2020		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	----- Rupees in '000 -----					
Customers						
Current deposits	61,100,359	393,151	61,493,510	47,602,012	214,880	47,816,892
Savings deposits	92,336,919	946,331	93,283,250	74,259,411	815,417	75,074,828
Term deposits	58,533,628	411,867	58,945,495	58,407,259	353,557	58,760,816
Certificate of investments (COIs)	-	-	-	16,600	-	16,600
Margin and other deposits	563,852	-	563,852	638,005	-	638,005
	212,534,758	1,751,349	214,286,107	180,923,287	1,383,854	182,307,141
Financial Institutions						
Current deposits	47,372	19	47,391	61,045	17	61,062
Savings deposits	1,443,864		1,443,864	1,623,450	-	1,623,450
Term deposits	1,711,000		1,711,000	1,489,000	-	1,489,000
Margin and other deposits	120,044		120,044	90,036	-	90,036
	3,322,280	19	3,322,299	3,263,531	17	3,263,548
	215,857,038	1,751,368	217,608,406	184,186,818	1,383,871	185,570,689

17.1 Composition of deposits

	2021	2020
	(Rupees in '000)	
- Individuals	24,011,183	20,851,238
- Government (Federal and Provincial)	153,369,167	127,198,473
- Public Sector Entities	2,709,765	1,830,111
- Banking Companies	8,437	9,313
- Non-Banking Financial Institutions	3,313,862	3,254,235
- Private Sector	34,195,992	32,427,319
	217,608,406	185,570,689

- 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 2021, the deposits eligible to be covered under insurance arrangements amounted to Rs. 32,255.45 million (2020: Rs. 28,754.09 million) and premium paid amounted to Rs. 46.01 million (2020 : Rs. 33.32 million).

18 OTHER LIABILITIES

	2021	2020
	(Rupees in '000)	
Mark-up / return / interest payable in local currency	3,032,140	2,337,713
Mark-up / return / interest payable in foreign currency	2,947	3,539
Accrued expenses	124,448	101,623
Net defined benefit liability	93,779	72,270
Provision for compensated absences	224,032	179,686
Payable against I Link ATM settlement account	47,032	-
Payable against purchase of operating fixed assets	13,660	42,714
Payable against purchase of shares	205,890	519,695
Retention money	60,701	56,376
Federal excise duty / sales tax on services payable	6,185	3,351
Lease liability	2,073,301	2,119,589
Withholding tax payable	36,542	32,736
Acceptances	-	7,671
Security deposit against leases	362,368	400,237
Others	259,232	218,388
	6,542,257	6,095,588

18.1 Lease liability

	2021	2020
Opening balance	2,119,589	2,299,121
Impact of adoption of IFRS 16	-	-
Additions / renewals	659,812	326,104
Borrowing cost	227,250	271,264
Payments	(933,350)	(776,900)
Closing balance	2,073,301	2,119,589
Current lease liability	885,940	772,476
Non current lease liability	1,187,361	1,347,113
	2,073,301	2,119,589

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

	2021	2020		2021	2020
	Number of shares			(Rupees in '000)	
	<u>2,800,000,000</u>	<u>2,800,000,000</u>	Ordinary shares of Rs.10 each	<u>28,000,000</u>	<u>28,000,000</u>

19.2 Issued, subscribed and paid-up share capital

	2021	2020		2021	2020
	(fully paid in cash)			(Rupees in '000)	
	<u>1,971,013,000</u>	<u>1,971,013,000</u>	Ordinary shares of Rs.10 each	<u>19,710,130</u>	<u>19,710,130</u>
	<u>200,000,000</u>	-	Right shares of Rs.10 each issued during the year	<u>2,000,000</u>	-
	<u>381,429,817</u>	-	Ordinary shares of Rs. 10 issued as consideration of amalgamation	<u>3,814,298</u>	-
	<u>2,552,442,817</u>	<u>1,971,013,000</u>		<u>25,524,428</u>	<u>19,710,130</u>

19.3 The Government of Sindh, through its Finance Department, owns 99.96% ordinary shares of the Bank.

20 SHARES DEPOSIT MONEY

	Note	2021	2020
		(Rupees in '000)	
Opening balance		<u>2,000,000</u>	<u>2,000,000</u>
Shares deposit money	20.1	<u>4,000,000</u>	-
Right shares issued during the year		<u>(2,000,000)</u>	-
		<u>4,000,000</u>	<u>2,000,000</u>

20.1 To meet the CAR requirement, the sponsor of the Bank, GoS has injected Rs 4 billion as an 'advance against issuance of shares' to support the Bank's Capital Adequacy requirement, with the condition that this amount shall be returned upon reversal of provision by the Bank against the Non Performing Advances. In this regard the Bank has requested SBP to approve this condition of sponsors.

21 PROPOSED ORDINARY SHARES TO BE ISSUED ON AMALGAMATION

	Note	2021	2020
		(Rupees in '000)	
Opening balance		<u>3,814,298</u>	<u>3,814,298</u>
Shares issued during the year	21.1	<u>(3,814,298)</u>	-
		<u>-</u>	<u>3,814,298</u>

21.1 As per the Scheme of Amalgamation during the year, the Bank issued 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

	2021	2020
	(Rupees in '000)	
Available-for-sale securities		
Federal government securities	<u>(1,774,724)</u>	<u>(652,382)</u>
Fully paid ordinary shares - listed	<u>(93,489)</u>	<u>(42,599)</u>
Units of mutual funds (units / certificates)	<u>29,450</u>	<u>25,618</u>
Sukuk certificates	<u>-</u>	<u>(316)</u>
	<u>(1,838,763)</u>	<u>(669,679)</u>
Related deferred taxation	<u>717,116</u>	<u>261,174</u>
	<u>(1,121,647)</u>	<u>(408,505)</u>

23 CONTINGENCIES AND COMMITMENTS

	Note	2021	2020
		(Rupees in '000)	
-Guarantees	23.1	<u>4,635,678</u>	<u>3,473,161</u>
-Commitments	23.2	<u>52,600,081</u>	<u>99,865,985</u>
-Other contingent liabilities		<u>-</u>	<u>-</u>
		<u>57,235,759</u>	<u>103,339,146</u>

23.1 Guarantees:

Financial guarantees	<u>1,059,301</u>	<u>1,036,910</u>
Performance guarantees	<u>151,016</u>	<u>1,947,878</u>
Other guarantees	<u>3,425,361</u>	<u>488,373</u>
	<u>4,635,678</u>	<u>3,473,161</u>

23.2 Commitments:

Documentary credits and short-term trade-related transactions

- letters of credit	<u>536,689</u>	<u>2,215,675</u>
Commitments in respect of:		
- forward foreign exchange contracts	23.2.1 <u>12,941,129</u>	<u>24,357,415</u>
- forward lending, borrowings and credits	23.2.2 <u>39,122,263</u>	<u>73,292,895</u>
Other commitments	<u>-</u>	<u>-</u>
	<u>52,600,081</u>	<u>99,865,985</u>

23.2.1 Commitments in respect of forward foreign exchange contracts

Purchase	<u>6,740,279</u>	<u>9,983,985</u>
Sale	<u>6,200,850</u>	<u>14,373,430</u>
	<u>12,941,129</u>	<u>24,357,415</u>

23.2.2 Commitments in respect of forward lending, borrowings and credits

Forward repurchase agreement borrowing	<u>25,103,970</u>	<u>60,551,083</u>
Forward resale agreement lending	<u>5,382,772</u>	<u>3,980,497</u>
Undrawn formal standby facilities, credit lines and other commitments to lend	23.2.2.1 <u>8,635,521</u>	<u>8,761,315</u>
	<u>39,122,263</u>	<u>73,292,895</u>

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 Contingencies

23.3.1 The Income Tax returns of the Bank have been filed up to the tax year 2021 (accounting year ended December 31, 2020) and amendment of deemed assessment were carried out till tax year 2019, whereby certain disallowances to the taxable income were made.

23.3.2 For tax year 2020, the ACIR issued show-cause notice assessing the income tax return under section 122 (5A) of the ITO 2001, detailed replies 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 on which demand of Rs.5.95 million arose. Subsequently, the Bank has filed an appeal before Appellate Tribunal Inland Revenue (ATIR) in respect of demand of Rs.5.95 million as mentioned above, which are pending. Large Tax Payer Unit (LTU) has also filed appeals in the ATIR against the decision of CIRA.

With respect to Bank's operations in Azad Jammu & Kashmir (AJK), bank has filed income tax returns upto tax year 2021 (accounting year ended December 31, 2020) 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.

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% to the total income. Since the Bank is trans provincial entity and the operations of the Bank in also in other Provinces and in Azad Jammu & Kashmir as well, the Bank along with other banks have filed a suit before Honorable Sindh High Court and challenged the vires of SWWF, which is pending for adjudication.

23.3.4 Sindh Leasing Company Limited - Amalgamated

The Income Tax returns of the Ex-Sindh Leasing Company Limited have been filed up to the tax year 2021 (accounting year ended December 31, 2020, interim period). 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, order not yet passed.

23.3.5 Other Contingent Liabilities	(Rupees in '000)	
	2021	2020
Claims against the Bank not acknowledged as debts	792,500	803,500

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	Note	(Rupees in '000)	
		2021	2020
On Loans and advances	24.1	4,138,961	5,174,550
On Investments		17,031,925	9,743,889
On Lendings to financial institutions		639,863	414,800
On Balances with banks		15,337	17,164
		<u>21,826,086</u>	<u>15,350,403</u>

24.1 This includes income from Leasing business amounting to Rs.116.56 million (2020: nil).

25 MARK-UP/RETURN/INTEREST EXPENSED

Deposits	10,342,439	9,433,958
Borrowings	6,352,028	2,771,080
Lease liability against right of use assets	227,249	271,264
Others	-	-
	<u>16,921,716</u>	<u>12,476,302</u>

26 FEE AND COMMISSION INCOME

Branch banking customer fees	46,706	38,415
Consumer finance related fees	1,186	629
Card related fees (debit cards)	162,838	129,263
Commission on trade	56,026	37,186
Commission on guarantees	41,787	32,046
Credit related fees	18,779	30,324
Commission on remittances including home remittances	23,772	10,310
Others	864	511
	<u>351,958</u>	<u>278,684</u>

27 GAIN / (LOSS) ON SECURITIES	Note	(Rupees in '000)	
		2021	2020
Realised	27.1	(6,435)	(46,420)
Unrealised - held for trading		-	-
		<u>(6,435)</u>	<u>(46,420)</u>
27.1 Realised (loss) / gain on:			
Federal Government Securities		45,857	276,060
Shares of listed companies		(52,292)	(274,628)
Mutual Funds		-	(47,852)
		<u>(6,435)</u>	<u>(46,420)</u>
28 OTHER INCOME			
Incidental charges		799	721
Gain on sale of operating fixed assets		284	4,331
Rent on premises shared		1,140	3,535
Prequalification application fee for tender		23	39
Godwon charges		275	250
Others		-	-
		<u>2,521</u>	<u>8,876</u>
29 OPERATING EXPENSES			
Total compensation expense	29.2	2,908,642	2,502,581
Property expense			
Rent & taxes		19,870	12,382
Insurance		36,573	31,518
Utilities cost		270,271	220,445
Security		342,836	320,527
Repairs & maintenance		22,898	24,850
Depreciation		65,790	64,606
Depreciation - right of use assets		669,787	698,927
		<u>1,428,025</u>	<u>1,373,255</u>
Information technology expenses			
Software maintenance		67,544	73,713
Hardware maintenance		71,515	60,325
Depreciation		23,420	16,968
Amortisation		35,085	24,965
Network charges		11,088	9,723
Others		46,877	29,898
		<u>255,529</u>	<u>215,592</u>
Other operating expenses			
Directors' fees and allowances		10,975	14,350
Fees and allowances to Shariah Board		4,354	5,461
Legal & professional charges		57,061	47,735
Travelling & conveyance		35,766	31,237
NIFT clearing charges		24,732	23,512
Training & development		971	907
Postage & courier charges		24,640	14,917
Communication		120,216	110,963
Stationery & printing		87,935	80,457

Note	2021 (Rupees in '000)	2020
Marketing, advertisement & publicity	44,607	34,560
Donations	-	-
Auditor's Remuneration	12,410	11,026
Repairs & maintenance	106,782	105,626
Brokerage and commission	12,239	13,289
Entertainment Expenses	54,374	45,790
Fees and subscription	59,776	46,892
Insurance expenses	9,938	9,470
Premium of deposit protection fund	46,007	33,320
Depreciation	191,374	224,989
Others	158,040	162,138
	<u>1,062,197</u>	<u>1,016,639</u>
	<u>5,654,393</u>	<u>5,108,067</u>
29.1	Total cost for the year included in other operating expenses relating to Janitorial outsourced activities is Rs. 106.81 million (2020: 109.032 million). These expenses represent payments made to companies incorporated in Pakistan.	
29.2	Total compensation expense	
Managerial Remuneration		
- Fixed	1,718,663	1,506,903
- Variable Cash Bonus / Awards	12,664	9,251
Charge for defined benefit plan	95,085	83,218
Contribution to defined contribution plan	99,324	86,805
Rent & house maintenance	521,898	479,655
Utilities	105,444	95,232
Medical	105,443	95,227
Conveyance	97,701	63,415
Employee old age benefits contribution	14,889	14,425
Leave Fare Assistance Allowances	18,019	8,708
Leave Encashment	52,693	-
Staff Insurances	65,594	56,501
Others	1,225	3,241
	<u>2,908,642</u>	<u>2,502,581</u>
29.3	Auditors' remuneration	
Audit fee	9,998	9,088
Fee for other statutory certifications	1,111	1,010
Special certifications and sundry advisory services	760	475
Out-of-pocket expenses	541	453
	<u>12,410</u>	<u>11,026</u>
OTHER CHARGES		
Penalties imposed by the State Bank of Pakistan	67,640	927
Others	-	-
	<u>67,640</u>	<u>927</u>

Note	2021 (Rupees in '000)	2020
31	PROVISIONS & WRITE OFFS - NET	
Provision / diminution in value of investments	87,342	306,734
Provisions against loans & advances	5,735,574	3,416,208
General provision reversed	-	-
Net provision during the year	5,735,574	3,416,208
Fixed assets written off	-	-
Bad debts written off directly	-	-
	<u>5,822,916</u>	<u>3,722,942</u>
32	TAXATION	
Current	278,155	238,711
Prior years	-	-
Deferred	(2,614,772)	(2,361,207)
	<u>(2,336,617)</u>	<u>(2,122,496)</u>
32.1	Relationship between tax expense and accounting profit	
Loss / Profit before tax	(6,064,101)	(5,335,067)
Tax on (loss) / income @ 39%	(2,364,999)	(2,080,676)
Permanent differences - Minimum Tax	-	-
Effect of permanent differences	28,382	(41,820)
	<u>(2,336,617)</u>	<u>(2,122,496)</u>
33	BASIC EARNINGS/ (LOSS) PER SHARE	
Loss for the year	(3,727,484)	(3,212,571)
Weighted average number of ordinary shares	2,509,765,672	1,971,013,000
Basic loss per share	<u>(1.49)</u>	<u>(1.63)</u>
34	DILUTED EARNINGS/ (LOSS) PER SHARE	
Loss for the year	(3,727,484)	(3,212,571)
Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)	2,509,765,672	1,971,013,000
Diluted loss per share	<u>(1.49)</u>	<u>(1.63)</u>
35	CASH AND CASH EQUIVALENTS	
Cash and Balance with Treasury Banks	19,341,933	14,486,693
Balance with other banks	1,092,559	4,185,277
	<u>20,434,492</u>	<u>18,671,970</u>

	2021	2020
	----- Number -----	
36 STAFF STRENGTH		
Permanent	1,829	1,789
Temporary / on contractual basis	151	151
Total staff strength	<u>1,980</u>	<u>1,940</u>

36.1 In addition to the above 478 (2020: 483) staff from outsourcing services companies were assigned to the Bank.

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 1785 (2020: 1780).

37.1.1 Principal actuarial assumptions

The latest actuarial valuation was carried out as at December 31, 2021 using the Projected Unit Credit Method. Following are the significant assumptions used in the actuarial valuation:

	2021	2020
Note	----- (Percentage) -----	
- Discount rate	12.25%	10.25%
- Expected rate of increase in salaries-short term	10.00%	9.50%
- Expected rate of increase in salaries-long term	11.25%	9.50%
- Expected return on plan assets	12.25%	10.25%
- Duration (Years)	10.83	11.36

37.1.2 Reconciliation of net defined benefit liability

	2021	2020
	----- (Rupees in '000) -----	
Present value of defined benefit liability	37.1.5 611,779	498,760
Fair value of plan assets	37.1.6 (518,000)	(426,490)
Payable to defined benefit plan	37.1.3 93,779	72,270

37.1.3 Movement in net defined benefit liability

	2021	2020
Opening balance	72,270	76,020
Charge to profit and loss during the year	37.1.4 95,085	83,218
Remeasurement loss recognized in OCI	37.1.4 (1,306)	(10,948)
Bank's contribution	(72,270)	(76,020)
Closing balance	<u>93,779</u>	<u>72,270</u>

37.1.4 Charge for defined benefit plan

In profit and loss

	2021	2020
	----- (Rupees in '000) -----	
Current service cost	91,381	77,487
Interest cost - net	3,704	4,467
Past service cost	-	1,264
Charge for the year	<u>95,085</u>	<u>83,218</u>

In other comprehensive income

Remeasurement (gain) / loss on defined benefit obligation	(8,995)	(28,313)
Remeasurement loss on plan assets	7,689	17,365
	<u>(1,306)</u>	<u>(10,948)</u>

37.1.5 Changes in present value of defined benefit liability

	2021	2020
Opening balance	498,760	413,412
Current service cost	91,381	77,487
Interest cost	50,124	47,818
Past service cost	-	1,264
Benefits paid	(19,491)	(12,908)
Actuarial loss / (gain) on obligation		
- Experience assumptions	(8,995)	(28,313)
Closing balance	<u>611,779</u>	<u>498,760</u>

37.1.6 Fair value of plan assets

	2021	2020
Fair value of plan assets at the beginning of the year	426,490	337,392
Expected return on plan assets	46,420	43,351
Bank's contributions	72,270	76,020
Benefits paid	(19,491)	(12,908)
Actuarial loss on assets - experience assumptions	(7,689)	(17,365)
Fair value of plan assets at the end of the year	<u>518,000</u>	<u>426,490</u>

37.1.7 Plan assets comprise

Balance held in bank accounts	<u>518,000</u>	<u>426,490</u>
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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:

	2021	2020
	----- (Rupees in '000) -----	
Discount rate (1% variation)	550,860	447,029
Future salary growth (1% variation)	686,605	562,491
Future mortality (1 year variation)	612,429	498,929

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, 2022 works out to Rs.95.63 million (2021: Rs. 92.93 million).

37.1.10 Maturity analysis

The weighted average duration of the defined benefit obligation works out to be 10.83 years. Expected benefit payments for the next five years are:

	2022	2023	2024	2025	2026
	----- (Rupees in '000) -----				
Expected benefit payments	46,709	28,589	46,319	39,192	33,722

37.1.11 Risks Associated with Defined Benefit Plans

Investment Risks

The risk arises when the actual performance of the investment is lower than expectation. This is managed by formulating 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 similarly. The risk is managed by actuarial valuations and accounting for benefits based on that.

Withdrawal Risk

The risk of actual withdrawals varying with the actuarial assumptions can 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.198.65 (2020: Rs.173.61) million. The number of employees as at December 31, 2021 eligible under the plan were 1,829 (2020: 1,780).

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.224.03 (2020: Rs.179.69) million has been made on the basis of actuarial recommendations.

38.1 Movement of compensated absences

	2021	2020
	----- (Rupees in '000) -----	
Opening balance	179,686	188,606
(Reversal) / Expense for the year	52,693	(5,210)
Benefit paid during the year	(8,347)	(3,710)
Closing balance	224,032	179,686

39 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

39.1 Total Compensation Expense

	2021						
	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
Chairman	Executives (other than CEO)	Non-Executives					
	----- (Rupees in ' 000') -----						
Fees and Allowances	2,325	-	8,650	3,780	-	-	-
Managerial Remuneration	-	-	-	-	14,545	104,855	67,475
- Fixed	-	-	-	-	-	1,330	1,083
- Variable Cash Bonus / Awards	-	-	-	-	1,403	12,027	5,795
Charge for defined benefit plan	-	-	-	-	1,455	9,336	6,603
Contribution to defined contribution plan	-	-	-	-	6,545	47,185	30,364
Rent & house maintenance	-	-	-	-	1,455	10,485	6,747
Utilities	-	-	-	-	1,455	10,485	6,747
Medical	-	-	-	574	1,005	19,269	22,469
Conveyance	-	-	-	-	2,424	16,087	10,086
Bonus	-	-	-	-	1,518	10,526	8,213
Others	1,322	-	-	-	-	-	-
Total	3,647	-	8,650	4,354	31,805	241,585	165,582
Number of Persons	1	-	4	3	1	27	37
	----- (Rupees in ' 000') -----						
	2020						
	Directors			Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	Chairman	Executives (other than CEO)	Non-Executives				
	----- (Rupees in ' 000') -----						
Fees and Allowances	3,450	-	10,900	4,977	-	-	-
Managerial Remuneration	-	-	-	-	13,159	94,949	60,503
- Fixed	-	-	-	-	-	-	-
- Variable Cash Bonus / Awards	-	-	-	-	1,264	6,912	5,494
Charge for defined benefit plan	-	-	-	-	1,316	7,549	5,988
Contribution to defined contribution plan	-	-	-	-	5,922	42,727	27,226
Rent & house maintenance	-	-	-	-	1,316	9,495	6,050
Utilities	-	-	-	-	1,316	9,495	6,050
Medical	-	-	-	484	813	16,140	16,074
Conveyance	-	-	-	-	2,424	15,148	9,643
Bonus	-	-	-	-	1,233	8,374	6,861
Others	621	-	-	-	-	-	-
Total	4,071	-	10,900	5,461	28,763	210,789	143,889
Number of Persons	1	-	4	3	-	25	36

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" means the following functional responsibilities:

- 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.
- Any executive or key executive reporting directly to the CEO / President or the 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.

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

		2021						
		For Board Committee						
Sr. No.	Name of Directors	For Board Meetings	Audit Committee	Risk Management Committee	I.T. Committee	Human Resource & Remuneration Committee	Nomination Committee	Total Amount Paid
		Amount Rs. 000						
1	Mr. Javaid Bashir Sheikh	1,550	950	575	-	-	-	3,075
2	Mr. Anis Ahmed Khan	1,550	-	-	200	575	-	2,325
3	Mr. Sami Ul Haq Khilji	500	-	-	200	400	-	1,100
4	Mr. Asif Jahangir	1,050	175	-	-	175	-	1,400
5	Mrs. Masooma Hussain	1,550	950	575	-	-	-	3,075
Total Amount Paid		6,200	2,075	1,150	400	1,150	-	10,975

		2020						
		For Board Committee						
Sr. No.	Name of Directors	For Board Meetings	Audit Committee	Risk Management Committee	I.T. Committee	Human Resource & Remuneration Committee	Nomination Committee	Total Amount Paid
		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

39.3 Remuneration paid to Shariah Board Members

Items	2021			2020		
	Chairman	Member	Resident Member	Chairman	Member	Resident Member
Amount Rs. 000						
Managerial Remuneration (Fixed)	1,836	1,291	653	2,400	1,271	1,306
Fuel Allowances	155	287	132	-	242	242
Total Amount	1,991	1,578	785	2,400	1,513	1,548
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 44.2.6 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.

	2021			
	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	-	109,367,793	-	109,367,793
Market Treasury Bills	-	42,816,839	-	42,816,839
Shares of listed companies	2,159,015	-	-	2,159,015
Term finance certificates - Listed	-	-	-	-
Units of mutual funds	99,996	109,440	-	209,436
Ijarah Sukuk - GoP	-	2,989,090	-	2,989,090
Sukuk bonds	-	-	-	-
Total	2,259,011	155,283,162	-	157,542,173

Off balance sheet financial instruments

Foreign exchange contracts (purchase)	-	6,740,279	-	6,740,279
Foreign exchange contracts (sale)	-	6,200,850	-	6,200,850

	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
Total	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

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

	2021				
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
----- Amount Rs. 000 -----					
Statement of Profit or Loss Account					
Net mark-up/return/interest income	11,358,794	25,334	-	(6,479,758)	4,904,370
Inter segment revenue - net	(15,927,013)	-	-	15,927,013	-
Non mark-up / interest income	185,749	591	-	390,138	576,478
Total Income	(4,382,470)	25,925	-	9,837,393	5,480,848
Segment direct expenses	(97,564)	(5,318)	-	(4,477,571)	(4,580,453)
Inter segment expense allocation	(114,158)	(19,001)	-	(1,008,421)	(1,141,580)
Total expenses	(211,722)	(24,319)	-	(5,485,992)	(5,722,033)
Provisions	(87,343)	-	-	(5,735,573)	(5,822,916)
(Loss) / Profit before tax	(4,681,535)	1,606	-	(1,384,172)	(6,064,101)
Statement of Financial Position					
Cash & Bank balances	12,158,168	-	-	8,276,324	20,434,492
Investments	175,703,381	-	-	-	175,703,381
Net inter segment lending	-	-	-	172,676,536	172,676,536
Lendings to financial institutions	6,081,208	-	-	-	6,081,208
Advances - performing	48,256	194,447	-	35,374,143	35,616,846
- non-performing	-	4,978	-	12,162,338	12,167,316
Others	4,778,330	8,060	-	15,398,776	20,185,166
Total Assets	198,769,343	207,485	-	243,888,117	442,864,945
Borrowings	25,089,819	-	-	1,695,919	26,785,738
Subordinated debt	-	-	-	-	-
Deposits & other accounts	-	-	-	217,608,406	217,608,406
Net inter segment borrowing	172,476,511	200,025	-	-	172,676,536
Others	349,767	7,460	-	6,809,756	7,166,983
Total liabilities	197,916,097	207,485	-	226,114,081	424,237,663
Equity	853,246	-	-	17,774,036	18,627,282
Total Equity & liabilities	198,769,343	207,485	-	243,888,117	442,864,945
Contingencies & Commitments	43,427,871	-	-	13,807,888	57,235,759

	2020				
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
----- Amount Rs. 000 -----					
Statement of Profit or Loss Account					
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)
Statement of Financial Position					
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

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 99.96% 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:

	2021				2020			
	Directors	Key management personnel	Subsidiaries	Other related parties	Directors	Key management personnel	Subsidiaries	Other related parties
----- (Rupees in '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	-	172,054	-	-	-	62,587	-	46,874
Addition during the year	-	20,834	-	-	-	130,665	-	-
Repaid during the year	-	29,496	-	-	-	18,430	-	46,874
Transfer in / (out) - net	-	20,904	-	-	-	(2,768)	-	-
Closing balance	-	184,296	-	-	-	172,054	-	-
Other Assets								
Interest / mark-up accrued	-	158	-	-	-	150	-	-
Other receivable	-	-	3	50	-	-	-	-
	-	158	3	50	-	150	-	-
Deposits and other accounts								
Opening balance	22,930	68,200	77,313	2,079,063	21,698	67,060	82,373	3,519,086
Received during the year	162,069	433,809	1,320,699	20,942,544	49,633	320,609	1,156,766	9,854,048
Withdrawn during the year	184,201	412,641	1,358,712	20,882,872	48,401	313,181	1,161,826	9,151,255
Transfer in / (out) - net	(31)	(48,778)	-	-	-	(6,288)	-	(2,142,816)
Closing balance	767	40,590	39,300	2,138,735	22,930	68,200	77,313	2,079,063
Other Liabilities								
Interest / mark-up payable	22	321	234	16,013	215	346	111	82,299

	2021				2020			
	Directors	Key management personnel	Subsidiaries	Other related parties	Directors	Key management personnel	Subsidiaries	Other related parties
----- (Rupees in '000') -----								
Income								
Mark-up / return / interest earned	-	7,857	-	-	-	3,946	-	2,181
Fee and commission income	3	14	104	36	3	13	39	24
Net gain on sale of securities	-	-	6	251	-	-	-	372
Other income	-	-	-	1,140	-	-	(38)	3,573
Expense								
Mark-up / return / interest paid	272	2,951	1,534	145,250	496	3,753	2,369	400,604
Rent paid	-	-	-	-	-	-	-	-
Remuneration paid	-	214,470	-	-	-	184,183	-	-
Contribution to provident fund	-	10,280	-	-	-	7,837	-	-
Provision for gratuity	-	12,729	-	-	-	7,313	-	-
Other staff benefits	-	23,617	-	-	-	19,729	-	-
Directors' meeting fee	10,975	-	-	-	14,350	-	-	-
Other expenses	1,322	-	-	-	621	-	-	-
Insurance premium paid	-	-	-	123,999	-	-	-	114,131
Others								
Sale of Government Securities	-	-	27,000	3,755,500	-	-	13,000	1,341,825
Purchase of Government Securities	-	-	-	1,575,000	-	-	-	-
Gratuity paid	-	4,647	-	-	-	-	-	-
Leave encashment paid	-	2,126	-	-	-	-	-	-
Insurance claims settled	-	-	-	3,259	-	-	-	675
Expenses recovered under agency arrangement	-	-	-	128	-	-	-	172

As at the date of unconsolidated statement of financial position, loans/advances and deposits related to government related entities and its related entities amounted to Rs.15,155.29 million (note 10.2) and Rs.109,010.91 million (note 17). The above includes deposits amounting to Rs.30,744.37 (2020: Rs.22,625.33) million received through the Finance Department, Government of Sindh.

43 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)

2021 2020
----- Rupees in '000 -----

14,287,517 12,199,906

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier I (CET I) Capital

5,689,232 9,923,597

Eligible Additional Tier I (ADT I) Capital

- -

Total Eligible Tier I Capital

5,689,232 9,923,597

Eligible Tier 2 Capital

- 2,208

Total Eligible Capital (Tier I + Tier 2)

5,689,232 9,925,805

Risk Weighted Assets (RWAs):

Credit Risk

29,004,835 40,317,959

Market Risk

11,647,751 17,878,718

Operational Risk

7,165,969 7,107,436

Total

47,818,555 65,304,113

Common Equity Tier I Capital Adequacy ratio

11.90% 15.20%

Tier I Capital Adequacy Ratio

11.90% 15.20%

Total Capital Adequacy Ratio

11.90% 15.20%

Notional minimum capital requirements prescribed by SBP

CET I minimum ratio

6.00% 6.00%

Tier I minimum ratio

7.50% 7.50%

Total capital minimum ratio

10.00% 10.00%

Total capital minimum ratio plus CCB

11.50% 11.50%

Approach followed for determining Risk Weighted Assets

Credit Risk

Comprehensive Maturity method Basic Indicator Comprehensive Maturity method Basic Indicator

Market Risk

Operational Risk

2021 2020

----- Rupees in '000 -----

Leverage Ratio (LR):

Eligible Tier-I Capital

5,689,232 9,923,597

Total Exposures

267,438,712 269,894,296

Leverage Ratio (%)

2.13% 3.68%

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets

126,415,608 74,110,684

Total Net Cash Outflow

28,640,693 20,177,398

Liquidity Coverage Ratio (%)

441% 367%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding

167,053,194 128,910,815

Total Required Stable Funding

65,172,730 49,505,620

Net Stable Funding Ratio

256% 260%

43.1 The full disclosures on the Capital Adequacy, Leverage Ratio & Liquidity requirements as per SBP instructions issued from time to time are placed on the Bank's website. The link to the full disclosure is available at <http://www.sindhbank.com.pk/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 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 BOD 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.

44.1.1 Lendings to financial institutions

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

	Gross Lendings		Non Performing Lendings		Provision held	
	2021	2020	2021	2020	2021	2020
	----- (Rupees 000) -----					
Public/ Government	-	-	-	-	-	-
Private	6,081,208	8,212,780	-	-	-	-
Total	6,081,208	8,212,780	-	-	-	-

44.1.2 Investments

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

	Gross Investment		Non Performing Investment		Provision held	
	2021	2020	2021	2020	2021	2020
	----- (Rupees 000) -----					
Govt. of Pakistan	173,692,868	167,539,650	-	-	-	-
Banks	2,447,510	2,185,953	279,945	305,797	279,944	305,797
Cement	63,745	63,745	34,923	34,923	34,923	34,923
Fertilizer	628,710	628,710	22,684	22,684	22,684	22,684
Financial	215,049	315,050	35,063	32,991	35,063	32,991
Petroleum	141,141	128,390	6,449	6,449	6,449	6,449
Power (electricity), Gas & Water	634,286	846,349	-	-	-	-
Sugar	592,051	592,052	592,051	592,051	494,153	408,883
Total	178,415,360	172,299,899	971,115	994,895	873,216	811,727

44.1.2.1 Credit risk by public / private sector

	Gross Investments		Non Performing Investments		Provision held	
	2021	2020	2021	2020	2021	2020
	----- Amount Rs. 000 -----					
Public/ Government	174,540,528	168,283,705	6,449	6,449	6,449	6,449
Private	3,874,832	4,016,194	964,666	988,446	866,767	805,278
Total	178,415,360	172,299,899	971,115	994,895	873,216	811,727

44.1.3 Advances

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

	Advances Gross		Non Performing Advances		Provision held	
	2021	2020	2021	2020	2021	2020
	----- (Rupees 000) -----					
Pharmaceuticals	69,822	21,219	-	-	-	-
Agriculture business	1,561,830	1,833,627	1,321,325	1,441,481	1,055,014	1,048,511
Manufacturing of textile	814,823	965,376	33,186	33,186	33,186	33,186
Cement	64,377	64,382	-	-	-	-
Transport, storage and communication	343,550	643,101	-	-	-	-
Wholesale and retail trade	1,558,247	1,499,646	463,950	462,048	277,924	226,005
Mining and quarrying	5,075,453	4,667,681	-	-	-	-
Hotel and restaurants	981,130	1,160,948	-	-	-	-
Petroleum	3,213,557	1,792,576	2,022,460	391,286	2,022,460	214,942
Media channels	1,576,852	2,253,297	1,475,685	1,499,380	392,830	392,830
Manufacture of basic iron and steel	2,187,544	1,926,079	1,756,740	1,756,740	1,532,889	1,423,134
Sugar	20,424,172	19,909,226	17,623,859	17,549,268	12,024,843	10,672,493
Automobile and transportation equipment	2,469,659	2,483,180	2,434,209	2,434,209	1,940,286	1,800,790
Chemicals and chemical products	1,194,117	1,506,508	1,103,884	1,098,591	1,062,925	981,382
Financial	1,939,927	2,565,902	1,177,884	1,183,766	447,069	406,389
Rice & Wheat	695,151	628,999	-	23,971	-	8,722
Construction, real estate and societies	4,024,784	4,715,025	2,901,023	2,901,365	1,559,387	745,977
Food	8,348,167	10,797,032	152,806	152,806	147,536	142,754
Insurance	3,254	7,652	-	-	-	-
Power, electricity and gas	9,462,932	9,997,791	3,030,104	2,234,166	2,026,974	997,987
Domestic Appliances	1,557,208	1,707,599	-	-	-	-
Education	18,663	20,357	15,732	14,881	14,419	7,185
Individuals	1,409,410	961,787	6,921	6,755	1,943	697
Others	4,028,822	4,226,883	1,883,934	2,149,984	696,701	397,426
Total	73,023,451	76,355,873	37,403,702	35,333,883	25,236,386	19,500,410

44.1.3.1 Credit risk by public / private sector

	Advances (Gross)		Non Performing Advances		Provision held	
	2021	2020	2021	2020	2021	2020
	----- (Rupees 000) -----					
Public/ Government	8,195,361	10,644,226	-	-	-	-
Private	64,828,090	65,711,647	37,403,702	35,333,883	25,236,386	19,500,410
Total	73,023,451	76,355,873	37,403,702	35,333,883	25,236,386	19,500,410

44.1.4 Contingencies and Commitments

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

	2021	2020
	----- Rupees in '000 -----	
Chemical and pharmaceuticals	20,000	24,013
Manufacturing of textile	74,805	109,079
Transport, storage and communication	128,500	128,500
Wholesale and retail trade	909,285	653,691
Petroleum	116,991	1,971,167
Manufacture of basic iron and steel	108,031	19,607
Sugar	33,590	21,223
Automobile and transportation equipment	44,666	42,818
Financial	44,274,652	89,720,735
Construction, real estate and societies	633,753	519,715
Domestic Appliances	366,444	187,407
Power, electricity and gas	1,527,171	977,783
Education	3,830	2,270
Others	358,520	199,823
Total	48,600,238	94,577,831

44.1.4.1 Credit risk by public / private sector

Public/ Government	41,161	57,928,791
Private	48,559,077	36,649,040
Total	48,600,238	94,577,831

44.1.5 Concentration of Advances

The bank's top 10 exposures (funded and non-funded) aggregated Rs. 30,297.41 million (2020: Rs. 32,476.20 million) as follows:

Funded	29,800,814	30,318,679
Non Funded	496,595	2,157,520
Total Exposure	30,297,409	32,476,199

44.1.5.1 The sanctioned limits against these top 10 exposures aggregated Rs. 36,612.81 million (2020: Rs. 34,879.07 million).

44.1.5.2 Total Funded Facilities Classified

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

	2021		2020	
	Classified	Provision held	Classified	Provision held
	----- Amount Rs. 000 -----			
OAEM	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	3,674	1,097
Loss	10,345,023	7,113,124	8,323,958	4,644,760
Total	10,345,023	7,113,124	8,327,632	4,645,857

44.1.6 Advances - Province/Region-wise Disbursement & Utilization

Name of Province / Region	Disbursements	2021					AJK including Gilgit-Baltistan
		UTILIZATION					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	
		----- (Rupees) 000 -----					
Punjab	20,612,020	20,578,071	32,336	-	1,613	-	-
Sindh	31,655,002	23,097	31,629,596	-	2,309	-	-
KPK including FATA	11,764	-	-	11,764	-	-	-
Balochistan	642,881	-	-	-	642,881	-	-
Islamabad	873,522	1,881	-	-	-	871,641	-
AJK including Gilgit-Baltistan	83,790	-	-	-	-	-	83,790
Total	53,878,979	20,603,049	31,661,932	11,764	646,803	871,641	83,790

Name of Province / Region	Disbursements	2020					AJK including Gilgit-Baltistan
		UTILIZATION					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	
		----- (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

44.2 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 management 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.

44.2.1 Statement of financial position split by trading and banking books

	2021			2020		
	Banking book	Trading book	Total	Banking book	Trading book	Total
----- Amount Rs. 000 -----						
Cash and balances with treasury banks	19,341,933	-	19,341,933	14,486,693	-	14,486,693
Balances with other banks	1,092,559	-	1,092,559	4,185,277	-	4,185,277
Lendings to financial institutions	6,081,208	-	6,081,208	8,212,780	-	8,212,780
Investments	175,703,381	-	175,703,381	170,818,493	-	170,818,493
Advances	47,784,162	-	47,784,162	56,853,255	-	56,853,255
Fixed assets	3,147,597	-	3,147,597	3,265,367	-	3,265,367
Intangible assets	114,274	-	114,274	68,385	-	68,385
Deferred tax assets	13,252,533	-	13,252,533	10,182,327	-	10,182,327
Other assets	3,670,762	-	3,670,762	5,640,803	-	5,640,803
	270,188,409	-	270,188,409	273,713,380	-	273,713,380

44.2.2 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.

	2021			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
----- (Rupees in '000) -----				
Pakistan Rupee	268,514,921	249,806,814	(539,429)	18,168,678
United States Dollar	1,150,568	1,418,470	539,429	271,527
Great Britain Pound	310,086	235,336	-	74,750
Euro	164,518	100,507	-	64,011
Japanese Yen	1,259	-	-	1,259
Saudi Riyal	9,533	-	-	9,533
UAE Dirham	37,390	-	-	37,390
Chines Yen	134	-	-	134
	270,188,409	251,561,127	-	18,627,282

	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

44.2.3 Foreign exchange risk

Impact of 1% change in foreign exchange rates on:

- Statement of profit or loss account
- Other comprehensive income

	2021		2020	
	Banking book	Trading Book	Banking book	Trading Book
----- (Rupees in '000) -----				
	679	(5,394)	(34,027)	43,894
	-	-	-	-

44.2.4 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.

Impact of 5% change in equity prices on:

- Statement of profit or loss account
- Other comprehensive income

	2021		2020	
	Banking book	Trading Book	Banking book	Trading Book
----- (Rupees in '000) -----				
	-	-	-	-
	(122,308)	-	(120,534)	-

44.2.5 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.

Impact of 1% change in interest rates on:

- Statement of profit or loss account
- Other comprehensive income

	2021		2020	
	Banking book	Trading Book	Banking book	Trading Book
----- (Rupees in '000) -----				
	-	-	-	-
	(1,551,744)	-	(1,502,114)	-

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.

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

On-balance sheet financial instruments

	19,341,933	1,092,559	6,081,208	175,703,381	47,784,162	3,670,762	253,674,005	104,134,206	32,499,176	46,596,645	7,394,710	1,294,297	4,330,268	17,677,701	12,343,420	296,606	27,106,976	
Assets																		
Cash and balances with treasury banks	19,341,933	1,092,559	6,081,208	175,703,381	47,784,162	3,670,762	253,674,005	104,134,206	32,499,176	46,596,645	7,394,710	1,294,297	4,330,268	17,677,701	12,343,420	296,606	27,106,976	
Balances with other banks	1,092,559	1,288	6,081,208	62,343,412	30,605,089	347,243	1,746,110	5,648,600	1,294,297	384,155	196,884	6,031,922	296,606	3,118,450	78,836	3,670,762		
Lendings to financial institutions	6,081,208	1,288	6,081,208	46,249,402	1,894,087	-	-	-	-	-	-	-	-	-	-	-	-	
Investments	175,703,381	62,343,412	30,605,089	347,243	1,894,087	-	-	-	-	-	-	-	-	-	-	-	-	
Advances	47,784,162	35,514,022	1,894,087	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other assets	3,670,762	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Liabilities																		
Bills payable	624,726	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	624,726
Borrowings from financial institutions	26,785,738	25,000,000	1,695,919	92,894,998	27,395,528	-	-	-	-	-	-	-	-	-	-	-	-	62,224,798
Deposits and other accounts	217,608,406	92,894,998	27,395,528	21,005,052	-	-	-	-	-	-	-	-	-	-	-	-	-	6,542,257
Other liabilities	6,542,257	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,542,257
On-balance sheet gap	2,112,878	(13,760,792)	3,407,729	25,591,593	(5,478,421)	12,873,131	(5,478,421)	12,873,131	735,474	59,414	94,830	415,000	11,928,420	296,606	(42,284,805)			

Off-balance sheet financial instruments

	5,172,367	63,658	873,462	365,786	2,349,252	523,442	326,883	400	669,484	
Off-balance sheet financial instruments										
Documentary credits and short-term trade related transactions	5,172,367	63,658	873,462	365,786	2,349,252	523,442	326,883	400	669,484	
Commitments in respect of:										
Forward foreign exchange contracts - purchase	6,740,279	259,914	6,476,960	-	3,405	-	-	-	-	
Forward foreign exchange contracts - sale	(6,200,850)	(6,200,850)	-	-	-	-	-	-	-	
Purchase and resale agreements - lending	5,382,772	5,382,772	-	-	-	-	-	-	-	
Sale and repurchase agreements - borrowing	(25,103,970)	(25,103,970)	-	-	-	-	-	-	-	
Off-balance sheet gap	(14,009,402)	(25,598,476)	7,350,422	365,786	2,352,657	523,442	326,883	400	669,484	
Total yield / Interest Risk Sensitivity Gap	(39,359,268)	10,758,151	25,957,379	(3,125,764)	1,082,265	4,597,737	17,583,271	12,597,904	296,606	(42,284,805)
Cumulative yield / Interest Risk Sensitivity Gap	(39,359,268)	10,758,151	25,957,379	(3,125,764)	1,082,265	4,597,737	17,583,271	12,597,904	296,606	(42,284,805)

Reconciliation with total assets:

Assets as per above	253,674,005
Fixed assets	3,147,597
Intangible assets	114,274
Deferred tax asset	13,252,533
Assets as per unconsolidated statement of financial position	270,188,409

Reconciliation with total liabilities:

Liabilities as per above	251,561,127
Deferred tax liability	-
Liabilities as per unconsolidated statement of financial position	251,561,127

On-balance sheet financial instruments

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

Off-balance sheet financial instruments

	14,486,693	152,362	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,334,331	
Assets																			
Cash and balances with treasury banks	14,486,693	152,362	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,334,331
Balances with other banks	4,185,277	15,962	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,169,315
Lendings to financial institutions	8,212,780	8,212,780	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	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	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	-	-	-	-	-	-	-	-	
Other assets	5,640,803	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,640,803
Liabilities																			
Bills payable	592,334	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	592,334
Borrowings from financial institutions	62,377,648	60,505,748	1,752,141	18,079,408	119,759	165,825	557,321	116,851	-	-	-	-	-	-	-	-	-	-	48,605,993
Deposits and other accounts	185,570,689	84,239,138	16,093,421	17,712,732	18,079,408	285,584	557,321	1,168,511	1,982,563	15,802,863	9,905,634	6,492,490	27,303,310	-	-	-	-	-	6,095,588
Other liabilities	6,095,588	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	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	27,303,310								
Off-balance sheet financial instruments																			
Documentary credits and short-term 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

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.

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

Assets	2021												
	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 Days to 1 months	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Above 9 months to 1 years	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
Cash and balances with treasury banks	19,341,933	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	1,092,559	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	6,081,208	-	-	-	-	-	-	-	-	-	-	-	-
Investments	175,703,381	-	18,239,683	20,621,287	3,955,868	1,129,505	845,374	5,326,466	25,555,258	68,109,873	3,946,113	20,792,625	7,181,329
Advances	47,784,162	13,526	259,094	938,173	2,328,061	11,171,423	1,975,778	1,343,362	1,548,203	4,840,744	3,109,040	4,577,354	11,197,096
Fixed assets	3,147,597	-	-	112,990	39,824	39,824	120,801	122,128	9,600	484,530	484,533	947,956	672,883
Intangible assets	114,274	-	-	3,130	3,130	3,130	9,496	9,600	38,087	38,101	-	-	-
Deferred tax assets	13,252,533	-	662,627	1,325,253	1,325,253	1,325,253	1,325,253	1,325,253	1,987,880	1,987,880	2,650,507	-	-
Other assets	3,670,762	3,357	-	1,133,085	523,046	461,133	436,223	-	101,606	-	-	-	20,487
Liabilities	270,188,409	16,883	19,161,404	23,471,292	8,175,182	14,130,268	4,712,925	8,126,809	29,324,675	75,461,114	10,228,294	26,317,935	19,071,795
Bills payable	624,726	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings from financial institutions	26,785,738	25,000,000	-	-	-	1,695,919	-	-	-	89,819	-	-	-
Deposits and other accounts	217,608,406	1,083,185	580,262	5,257,109	5,632,384	14,300,912	21,016,482	6,639,254	6,900,826	648,175	60,877	110,282	415,000
Deferred tax liability	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	6,542,257	1,815,989	20,647	276,037	312,383	693,597	902,611	236,132	142,710	750,550	370,886	993,446	2,311
Gap	18,627,282	(125,414,540)	(26,091,260)	(18,560,495)	(7,938,146)	(2,230,415)	(17,206,168)	(1,251,423)	22,281,139	(73,972,570)	9,796,531	25,214,207	18,654,484
Share capital - net	25,524,428	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	1,461,412	-	-	-	-	-	-	-	-	-	-	-	-
Share deposit money	4,000,000	-	-	-	-	-	-	-	-	-	-	-	-
Deficit on revaluation of assets	(1,121,647)	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated Loss	(1,236,911)	-	-	-	-	-	-	-	-	-	-	-	-
Net assets	18,627,282	-	-	-	-	-	-	-	-	-	-	-	-

2020

Assets	2020												
	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 Days to 1 months	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Above 9 months to 1 years	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
Cash and balances with treasury banks	14,486,693	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	4,185,277	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	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	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	1,018,233	2,036,465	2,036,465	2,036,465	2,036,465	2,036,467	-	-	-	-
Other assets	5,640,803	13,654	246,739	1,346,905	403,398	302,433	603,303	-	-	-	-	-	20,115
Liabilities	273,713,380	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
Bills payable	592,334	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings from financial institutions	62,377,648	60,505,748	-	-	-	1,752,141	-	-	-	119,759	-	-	-
Deposits and other accounts	185,570,689	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	115,671	82,979	71,563	170,838	846,408	454,348	88,910	86,230	3,434	18,839	9,631	-
Gap	19,077,121	(91,975,267)	(61,138,986)	(585,801)	(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	-	-	-	-	-	-	-	-	-	-	-	-
Share deposit money	2,000,000	-	-	-	-	-	-	-	-	-	-	-	-
Proposed shares to be issued and reserves on amalgamation	3,814,298	-	-	-	-	-	-	-	-	-	-	-	-
Deficit on revaluation of investments	(408,505)	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated loss	(7,510,224)	-	-	-	-	-	-	-	-	-	-	-	-
Net assets	19,077,121	-	-	-	-	-	-	-	-	-	-	-	-

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

2021

Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	2021				
					Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years

Assets

	(Rupees in '000)									
	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	
Cash and balances with treasury banks	19,341,933	6,156,198	4,733,243	2,078,543	4,336,814	2,037,135	-	-	-	-
Balances with other banks	1,092,559	1,092,559	-	-	-	-	-	-	-	-
Lending to financial institutions	6,081,208	6,081,208	-	-	-	-	-	-	-	-
Investments	175,703,381	38,860,969	5,085,373	845,374	30,881,724	68,109,873	3,946,112	6,529,229	750,000	-
Advances	47,784,162	5,693,100	13,499,484	1,975,778	2,930,117	4,802,192	3,109,040	10,308,316	888,781	-
Operating fixed assets	3,147,597	112,990	79,649	120,801	244,256	484,530	484,533	672,882	-	-
Intangible assets	114,274	3,130	6,261	9,496	19,200	38,087	38,100	-	-	-
Deferred tax asset	13,252,533	1,325,254	2,650,506	3,313,133	1,987,880	2,650,507	-	-	-	-
Other assets	3,670,762	2,128,267	984,179	436,223	101,606	-	-	-	-	20,487
270,188,409	61,453,675	27,038,695	6,791,468	41,826,850	77,459,697	10,228,292	26,220,037	17,510,427	1,659,268	

Liabilities

Bills payable	624,726	-	-	-	-	-	-	-	-	-
Borrowings from financial institutions	26,785,738	25,000,000	1,695,919	-	-	89,819	-	-	-	-
Deposits and other accounts	217,608,406	34,495,506	53,884,811	37,838,926	90,154,829	648,175	60,877	415,000	-	-
Deferred tax liability	-	-	-	-	-	-	-	-	-	-
Other liabilities	6,542,257	2,137,630	1,005,980	902,611	378,842	750,550	370,886	993,446	2,312	-
251,561,127	62,257,862	56,586,710	38,741,537	90,533,671	1,488,544	431,763	1,103,728	417,312	2,312	-
Gap	18,627,282	(804,187)	(29,548,015)	(48,706,821)	75,971,153	9,796,529	25,116,309	17,093,115	1,659,268	-

Share capital - net	25,524,428
Reserves	1,461,412
Share Deposit Money	4,000,000
Deficit on revaluation of assets	(1,121,647)
Accumulated Loss	(11,236,911)
Net assets	18,627,282

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.

2020

Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	2020				
					Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years

Assets

	(Rupees in '000)									
	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	
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	-	-	-	-	-	-	-	-
Lending to financial institutions	8,212,780	8,212,780	-	-	-	-	-	-	-	-
Investments	170,818,493	5,241,419	8,701,946	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	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	506,489	981,719	278,363	456,536	-
Intangible assets	68,385	1,873	3,746	5,683	11,490	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	7,198,665	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	559,829	1,052,301	22,272	-	-
Deferred tax liability	-	-	-	-	-	-	-	-	-	-
Other liabilities	6,095,588	4,416,951	1,017,245	454,348	1,751,140	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)	(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
Share deposit money	2,000,000
Proposed shares to be issued and reserves 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.

44.4 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. GENERAL

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


46. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue by the Board of Directors on March 08, 2022.


Chairman
 
President and Chief Executive Officer
 
Director
 
Director
 
Chief Financial Officer







AUTO FINANCE



***Features**

1. Minimum Documentation
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IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO
SINDH BANK
 سندھ بینک
 POWER TO THE PEOPLE
 باختیار عوام

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
 Trade Services
 (Import/Export Letter
 of Guarantee)

Other Services:

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 I ISLAMIC BANKING BUSINESS FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

**ISLAMIC BANKING BUSINESS
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021**

ANNEXURE - I

ISLAMIC BANKING BUSINESS

The Bank commenced its Islamic Banking operations effective from June 26, 2014 and is operating with 14 Islamic Banking branches and 13 Islamic Banking Windows in Conventional branches (2020: 14 Branches and 13 Islamic Banking Windows) at the end of year. The statement of financial position, profit and loss account and cash flow statement of the Islamic banking division are as follows:

	Note	2021 (Rupees in '000)	2020
Assets			
Cash and balances with treasury banks		319,466	321,759
Balances with other banks		83,994	79,225
Due from financial institutions	1	700,000	1,243,245
Investments	2	3,098,530	1,690,998
Islamic financing and related assets	3	1,214,895	2,249,168
Fixed assets		178,015	184,141
Intangible assets		4,333	-
Deferred tax assets		190	1,738
Due from head office	6	20,457	54,018
Other assets		79,145	54,759
		5,699,025	5,879,051
Liabilities			
Bills payable		12,600	16,210
Due to financial institutions		250,000	-
Deposits and other accounts	5	4,623,856	5,078,878
Deferred tax liability		-	-
Due to head office		-	-
Other liabilities		226,815	241,590
		5,113,271	5,336,678
Net Assets		585,754	542,373
Represented By			
Islamic banking fund		1,100,000	1,000,000
Reserves		-	-
Deficit on revaluation of investments		(297)	(2,718)
Accumulated loss	7	(513,949)	(454,909)
		585,754	542,373
CONTINGENCIES AND COMMITMENTS	8		

**ISLAMIC BANKING BUSINESS
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2021**

ANNEXURE - I

Note	2021 (Rupees in '000)	2020	
Profit / return on financing, investments and placements earned	11	415,094	365,381
Return on deposits and other dues expensed	12	298,266	290,093
Net income earned		116,828	75,288
Other income			
Fee, commission and brokerage income		7,083	4,541
Income from dealing in foreign currencies		(103)	181
Dividend income		11,880	10,350
Gain on sale / redemption of securities		-	-
Other income		437	1,208
		19,297	16,280
Total income		136,125	91,568
Other expenses			
Administrative expenses		188,733	190,785
Other charges		-	7
		188,733	190,792
Loss before provision		(52,608)	(99,224)
Provisions and write offs -net		(6,432)	(7,185)
Extra ordinary / unusual items		-	-
Loss before taxation		(59,040)	(106,409)
Taxation		-	-
Loss after taxation		(59,040)	(106,409)

**Islamic Banking Business
Cash Flow Statement
For The Year Ended December 31, 2021**

Annexure - I

Note	2021 (Rupees in '000)	2020
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(59,040)	(106,409)
Less: Dividend income	(11,880)	(10,350)
	<u>(70,920)</u>	<u>(116,759)</u>
Adjustments		
Depreciation	41,783	46,762
Amortisation	667	502
Provision against non-performing loans and advances - net	6,432	7,185
	<u>48,882</u>	<u>54,449</u>
	<u>(22,038)</u>	<u>(62,310)</u>
(Increase) / decrease in operating assets		
Balances with and due from financial institutions	543,245	(1,243,245)
Islamic financing and related assets - net	1,027,841	239,753
Due from head office	33,561	(12,614)
Other assets	(24,386)	16,251
	<u>1,580,261</u>	<u>(999,855)</u>
(Decrease) / increase in operating liabilities		
Bills payable	(3,610)	3,981
Due to financial institutions	250,000	(417,000)
Deposits and other accounts	(455,022)	1,985,477
Due to head office	-	-
Other liabilities	(14,775)	4,008
	<u>(223,407)</u>	<u>1,576,466</u>
	<u>1,334,816</u>	<u>514,301</u>
Income tax paid	-	-
Net cash flow from / (used in) operating activities	<u>1,334,816</u>	<u>514,301</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in securities	(1,403,563)	(903,598)
Dividend received	11,880	10,350
Investment in operating fixed assets	(40,657)	3,309
Net cash flow (used in) / from investing activities	<u>(1,432,340)</u>	<u>(889,939)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Islamic Banking Fund	100,000	500,000
Net cash from financing activity	<u>100,000</u>	<u>500,000</u>
Increase in cash and cash equivalents	2,476	124,362
Cash and cash equivalents at beginning of the year	400,984	276,622
Cash and cash equivalents at end of the year	<u>403,460</u>	<u>400,984</u>

**Islamic Banking Business
Notes To Annexure - I
For The Year Ended December 31, 2021**

I	DUE FROM FINANCIAL INSTITUTIONS	Note	2021			2020				
			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		700,000	-	700,000	660,000	-	660,000		
			<u>700,000</u>	<u>-</u>	<u>700,000</u>	<u>1,243,245</u>	<u>-</u>	<u>1,243,245</u>		
1.1	Bai Mujjal Placement		-	-	-	588,091	-	588,091		
	Less : Deferred income		-	-	-	(4,845)	-	(4,845)		
			<u>-</u>	<u>-</u>	<u>-</u>	<u>583,246</u>	<u>-</u>	<u>583,246</u>		
2 INVESTMENTS										
			2021				2020			
			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			3,000,017	-	(10,927)	2,989,090	1,500,026	-	(540)	1,499,486
Islamic Fund:										
-Listed Companies			99,000	-	10,440	109,440	99,000	-	(3,600)	95,400
Non Government Debt Securities:										
-Unlisted			-	-	-	-	96,428	-	(316)	96,112
Total Investments			<u>3,099,017</u>	<u>-</u>	<u>(487)</u>	<u>3,098,530</u>	<u>1,695,454</u>	<u>-</u>	<u>(4,456)</u>	<u>1,690,998</u>
3 ISLAMIC FINANCING AND RELATED ASSETS										
			Note	2021	2020					
----- (Rupees in '000) -----										
Ijarah financing under IFAS 2			3.1	23,159	38,002					
Diminishing musharakah financing				1,205,353	2,218,351					
				<u>1,228,512</u>	<u>2,256,353</u>					
Less: provision against Islamic financing										
- Specific				(13,617)	(7,185)					
- General				-	-					
				<u>(13,617)</u>	<u>(7,185)</u>					
Islamic financing and related assets - net of provision				<u>1,214,895</u>	<u>2,249,168</u>					
3.1 Ijarah financing under IFAS 2										
			Note	2021	2020					
----- (Rupees in '000) -----										
Net book value of assets			3.1.1	23,159	38,002					
Advance against Ijarah financing				-	-					
				<u>23,159</u>	<u>38,002</u>					

Islamic Banking Business Notes To Annexure - I For The Year Ended December 31, 2021

3.1.1 Particulars of assets under Ijarah

	2021							Rate of depreciation %
	Cost			Accumulated depreciation			Book value As at December 31	
	As at January 01	Additions/ Settled	As at December 31	As at January 01	Charge/ settled	As at December 31		
(Rupees in '000)								
Vehicle	42,595	(4,729)	37,866	24,009	4,332	28,341	9,525	Over the period Ijarah
Plant and machinery	48,000	(20,000)	28,000	28,584	(14,218)	14,366	13,634	
Total	90,595	(24,729)	65,866	52,593	(9,886)	42,707	23,159	
2020								
	Cost			Accumulated depreciation			Book value As at December 31	Rate of depreciation %
	As at January 01	Additions/ Settled	As at December 31	As at January 01	Charge/ settled	As at December 31		
(Rupees in '000)								
Vehicle	63,093	(20,498)	42,595	14,613	9,396	24,009	18,586	Over the Ijarah period
Plant and machinery	48,000	-	48,000	34,938	(6,354)	28,584	19,416	
Total	111,093	(20,498)	90,595	49,551	3,042	52,593	38,002	

3.1.2 Future Ijarah payments receivable

	2021	2020
Not later than one year	8,586	16,449
Later than one year and not later than five years	14,573	21,553
Over five years	-	-
Total	23,159	38,002

4 SECTOR WISE PORTFOLIO

	2021	2020
Chemical and chemical products	13,634	186,083
Construction, real estate and societies	-	416,903
Education	14,127	14,881
Food	165,000	220,000
Hotel and restaurants	-	135,000
Power, electricity and gas	1,241,094	712,555
Transport, Storage and Communication	82,355	137,385
Wholesale and retail trade	313,525	399,525
Individuals	4,154	-
Insurance	3,254	7,652
Pharmaceuticals	885	1,416
Others	10,998	24,953
Gross Financing	1,849,026	2,256,353
Govt. of Pakistan	2,989,090	1,499,486
Power, electricity and gas	-	60,408
Financial Institutions	109,440	131,104
Total Invested Funds	4,947,556	3,947,351

Islamic Banking Business Notes To Annexure - I For The Year Ended December 31, 2021

5 DEPOSITS

	2021			2020		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
(Rupees in '000)						
Customers						
Current deposits	516,991	1,135	518,126	471,108	1,606	472,714
Savings deposits	1,417,331	99,465	1,516,796	1,963,033	91,860	2,054,893
Term deposits	1,453,523	-	1,453,523	1,445,863	-	1,445,863
Margin and other deposits	5,015	-	5,015	8,598	-	8,598
Total	3,392,860	100,600	3,493,460	3,888,602	93,466	3,982,068
Financial Institutions						
Current deposits	1,917	-	1,917	1,187	-	1,187
Savings deposits	673,449	-	673,449	470,593	-	470,593
Term deposits	455,000	-	455,000	625,000	-	625,000
Margin and other deposits	30	-	30	30	-	30
Total	1,130,396	-	1,130,396	1,096,810	-	1,096,810
Total	4,523,256	100,600	4,623,856	4,985,412	93,466	5,078,878

5.1 Composition of deposits

	2021	2020
- Individuals	752,935	791,998
- Government (Federal and Provincial)	154,767	1,039,067
- Public Sector Entities	129,790	129,711
- Banking Companies	468	453
- Non-Banking Financial Institutions	1,129,928	1,096,357
- Private Sectors	2,455,968	2,021,292
Total	4,623,856	5,078,878

5.2 As at 31 December 2021, the deposits eligible to be covered under insurance arrangements amounted to Rs. 855.37 million (2020: Rs. 900.06 million) and premium paid amounted to Rs. 1.44 million (2020 : Rs. 1.53 million).

6 DUE FROM / (TO HEAD OFFICE)

	2021	2020
Interbranch transaction account (daily basis)	20,457	54,018

7 ACCUMULATED LOSS

	2021	2020
Opening Balance	(454,909)	(348,500)
Add: Islamic Banking loss for the year	(59,040)	(106,409)
Less: Taxation	-	-
Less: Reserves	-	-
Less: Transferred / Remitted to Head Office	-	-
Closing Balance	(513,949)	(454,909)

Islamic Banking Business Notes To Annexure - I For The Year Ended December 31, 2021

	2021	2020
	(Rupees in '000)	
8 CONTINGENCIES AND COMMITMENTS		
-Guarantees	151,016	134,441
-Letter of Credit	-	4,373
-Commitments	-	-
	<u>151,016</u>	<u>138,814</u>
9 CHARITY FUND		
Opening Balance	7	280
Additions during the period		
Received from customers on account of delayed payment	1	12
Profit on charity saving account	-	-
Other	658	195
	<u>659</u>	<u>207</u>
Payments / utilization during the period		
Education	-	-
Chairity organisation	-	480
Hospital	-	-
	<u>-</u>	<u>480</u>
Closing Balance	<u>666</u>	<u>7</u>
10 CASH AND CASH EQUIVALENT		
Cash and balances with treasury banks	319,466	321,759
Balances with other banks	83,994	79,225
	<u>403,460</u>	<u>400,984</u>
11 PROFIT / RETURN ON FINANCING, INVESTMENTS AND PLACEMENTS EARNED		
Profit earned on:		
Financing	172,108	279,864
Investments	144,080	49,579
Placements	98,905	35,937
On deposits with financial institutions	1	1
	<u>415,094</u>	<u>365,381</u>
12 RETURN ON DEPOSITS AND OTHER DUES EXPENSED		
Deposits and other accounts	253,414	249,305
Due to Financial Institutions	28,465	21,372
Amortisation of lease liability against right-of-use assets	16,387	19,416
	<u>298,266</u>	<u>290,093</u>

Islamic Banking Business Notes To Annexure - I For The Year Ended December 31, 2021

13 POOL MANAGEMENT

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

13.1.1 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

13.1.2 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.

13.1.3 Special and Financial Institution Pools.

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

13.1.4 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.

Islamic Banking Business
Notes To Annexure - I
For The Year Ended December 31, 2021

13.1.5 Parameters associated with risks and rewards

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

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

13.1.6 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.

	2021	2020
	(Rupees in '000)	
Rubbal Maal	65.00%	56.67%
Mudarib	35.00%	43.33%

13.1.7 MUDARIB'S SHARE (in amount and percentage of distributable income)

Rubbul Maal (%)	65.00%	56.67%
Rubbul Maal (amount)	37,616	30,011
Mudarib (%)	35.00%	43.33%
Mudarib (amount)	16,959	18,316

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

Mudarib's share	16,959	18,316
Hiba	4,039	5,759
Hiba percentage of mudarib's share	23.82%	31.44%

Amount and percentage of Mudarib's share transferred to depositors thought Hiba for Special Pool during 2021.

Islamic Banking Business
Notes To Annexure - I
For The Year Ended December 31, 2021

	2021	2020
	(Rupees in '000)	
Mudarib's share	18,156	46,182
Hiba	8,121	6,648
Hiba percentage of mudarib's share	23.82%	14.40%

Amount and percentage of Mudarib share transferred to depositors thought Hiba for Special Pool during 2021.

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

	2021	2020
	Percentage	
Profit rate earned	10.51%	11.95%
Profit rate distributed to depositors	5.63%	8.29%



Shariah Board's Report For the year ended December 31, 2021

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 and revised 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.

Sindh Bank Islamic Banking has provided adequate resources to Shari'ah Compliance Department enabling them to discharge their duties effectively and ensuring the Shari'ah Compliance environment.

Shariah Audit

Sindh Bank Islamic Banking have dedicated Internal Shariah Audit is in place, playing a significant role in ensuring Shariah compliance under the guidelines provided by SB and SBP.

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. During the year SB and SCD provided Islamic Banking & Finance trainings to various staff. Further, Sindh Bank Islamic Banking has utilized the online digital training platform of NIBAF to abreast its staff with the fundamental knowledge of Islamic Banking & Finance.

Moreover, with the aim of building awareness of Islamic Banking & Finance among general public, SB in coordination with the management of Sindh Bank Islamic Banking conducted several public awareness sessions.

In order to spread the teachings of Holy Quran and enhancing the awareness of Islamic Banking & Finance, SCD has started a practice to deliver Quranic Verses to all staff.

Charity

During the year Sindh Bank Islamic Banking recovered charity of PKR. 679,799/- and has been credited into charity account.

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 Shariah rules and principles in the light of Fatawa, rulings and guidelines issued by its Shariah Board and SBP.
2. Sindh Bank Islamic Banking has a comprehensive mechanism in place to ensure Shariah compliance in its overall operations.
3. 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 Shariah have been credited to charity account and are being properly utilized.
4. Sindh Bank Islamic Banking has complied with the SBP guidelines & instructions on profit & loss distribution and Pool Management.
5. 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.
6. The Shariah Board has been provided adequate resources enabling it to discharge its duties effectively.

Recommendations from Shariah Board

On the basis of above, SB recommends that;

1. Suitable and skilled resources should be hired on vacant positions on need basis.
2. 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.
3. More Islamic Banking branches should be extended all over Pakistan to spread business.
4. Charity recovered during the year should be utilized within regulatory time frame.

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 Muhammad Nadeem Siddiquie
RSBM / Head-SCD

Mufti Zeeshan Abdul Aziz
Member Shariah Board

Mufti Hassan Ashraf Usmani
Chairman Shariah Board



شریعی بورڈ رپورٹ

31 دسمبر 2021

اللہ تعالیٰ کے فضل سے سندھ بینک اسلامی بینکنگ کا مزید ایک سالہ آپریشن مکمل ہو گیا ہے۔ اسٹیٹ بینک آف پاکستان (ایس بی پی) کے جاری کردہ شریعی گورننس فریم ورک (ایس جی ایف) کے مطابق بورڈ آف ڈائریکٹرز 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۔

شریعی بورڈ کے اجلاس:

دوران سال سندھ بینک لمیٹڈ کے شریعی 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:

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

شرعی تعمیل کے شعبے نے شریعی 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 بطور ثبوت رائے قائم کرنے کے لیے کافی ہیں کہ سندھ بینک اسلامی بینکنگ نے شریعی 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 شریعی آڈٹ نے منافع کی تقسیم کا بعد از ترسیل سہ ماہی جائزہ لیا اور شریعی بورڈ کو اپنی رپورٹ پیش کی۔ سندھ بینک اسلامک بینکنگ نے شریعی کمپلائنس ڈپارٹمنٹ کو مناسب وسائل فراہم کیے ہیں تاکہ وہ اپنے فرائض کو مؤثر طریقے سے ادا کر سکیں اور شریعت کی تعمیل کے ماحول کو یقینی بنا سکیں۔

شریعی آڈٹ:

سندھ بینک اسلامک بینکنگ میں غیر جانبدارانہ اندرونی شریعی آڈٹ موجود ہے، جو شریعی بورڈ اور اسٹیٹ بینک آف پاکستان کی فراہم کردہ ہدایات کے تحت شرعی تعمیل کو یقینی بنانے میں اہم کردار ادا کر رہا ہے۔

تربیت اور تعمیر صلاحیت:

انسانی وسائل کی صلاحیت کی تعمیر و ترقی اور اسلامی بینکنگ انڈسٹری کو فروغ دینے میں تربیت اہم کردار ادا کرتی ہے۔ سندھ بینک اسلامی بینکنگ خاص طور پر داخلی اور خارجی تربیتی مواقع فراہم کر کے انسانی وسائل کی ترقی پر خاص توجہ مرکوز کرتا ہے۔ دوران سال شریعی بورڈ اور شریعی کمپلائنس ڈپارٹمنٹ نے مختلف عملے کو اسلامک بینکنگ اور فنانس کی تربیت فراہم کی۔ مزید، سندھ بینک اسلامک بینکنگ نے اپنے عملے کو اسلامی بینکاری اور مالیات کی بنیادی معلومات سے روشناس کرانے کے لیے NIBAF کے آن لائن ڈیجیٹل ٹریننگ پلیٹ فارم کا استعمال کیا ہے۔

مزید برآں، عام لوگوں میں اسلامک بینکنگ اور فنانس کے بارے میں آگاہی پیدا کرنے کے مقصد سے، شریعی بورڈ نے سندھ بینک اسلامک بینکنگ کی انتظامیہ کے ساتھ مل کر کئی عوامی آگاہی پروگرامز کا انعقاد کیا۔ قرآن پاک کی تعلیمات کو عام کرنے اور اسلامی بینکاری اور مالیات کے بارے میں آگاہی بڑھانے کے لیے، شریعی کمپلائنس ڈپارٹمنٹ نے تمام عملے کو قرآنی آیات پہنچانے کی مشق کا آغاز کیا ہے۔

صدقہ:

سال کے دوران سندھ بینک اسلامی بینکنگ نے -/679,799 روپے خیرات کی مدد میں حاصل کیے اور مذکورہ رقم کو خیراتی اکاؤنٹ میں جمع کر دیا گیا ہے۔

شریعی بورڈ کی رائے:

نمونہ جات کی بنیاد پر لیے گئے شرعی جائزے، اندرونی اور بیرونی شریعی آڈٹ کی رپورٹس اور اسٹیٹ بینک آف پاکستان کی رپورٹس کی روشنی میں، شریعی بورڈ کی رائے یہ ہے کہ:

- ۱ - سندھ بینک اسلامی بینکنگ نے شریعی بورڈ اور اسٹیٹ بینک آف پاکستان کے جاری کردہ فتاویٰ، احکام اور ہدایات کی روشنی میں شرعی قوانین اور اصولوں کے مطابق کام کیا ہے۔
- ۲ - سندھ بینک اسلامی بینکنگ کے پاس مجموعی آپریشنز کو شرعی اصولوں کے مطابق یقینی بنانے کے لئے ایک جامع طریقہ کار موجود ہے۔
- ۳ - 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 کر دی گئی ہے اور مناسب طریقے سے استعمال کی جا رہی ہے۔
- ۴ - سندھ بینک اسلامک بینکنگ نے منافع اور نقصان کی تقسیم اور پول مینجمنٹ سے متعلق اسٹیٹ بینک کے رہنما خطوط اور ہدایات کی تعمیل کی ہے۔
- ۵ - ملازمین اور انتظامیہ میں شعور کی سطح کو مضبوط بنانے کے لئے تربیت اور صلاحیت کی تعمیر کا شعبہ موجود ہے تاکہ مصنوعات اور طریقہ کار کے ساتھ ساتھ شرعی تعمیل کی اہمیت کو سمجھا جاسکے۔
- ۶ - اپنے فرائض کو مؤثر طریقے سے انجام دینے کے لیے شریعی بورڈ کو مناسب وسائل فراہم کیے گئے ہیں۔

شریعی بورڈ کی سفارشات:

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

- ۱ - ضرورت کی بنیاد پر خالی آسامیوں پر مناسب اور ہنرمند وسائل کی خدمات حاصل کی جائیں۔
 - ۲ - تمام خطوں میں تمام عملے کے لئے اسلامی بینکاری تربیت کے تعداد کو بہتر بنایا جانا چاہئے اور عوامی بیداری پھیلانے کے لئے مختلف طریقوں سے اسلامی بینکاری کی تشہیر کا استعمال کیا جانا چاہئے۔
 - ۳ - اسلامی بینکاری کے کاروبار کو پھیلانے کے لئے مزید اسلامی بینکاری کی شاخوں کو پورے پاکستان میں توسیع دی جانی چاہئے۔
 - ۴ - سال کے دوران وصول کی گئی خیرات کو ریگولیٹری ٹائم فریم کے اندر استعمال کیا جانا چاہیے۔
- شریعی بورڈ اس موقع پر اللہ تعالیٰ کا شکر ادا کرتا ہے اور سندھ بینک کی سینئر مینجمنٹ اور اسٹیٹ بینک آف پاکستان کی مخلصانہ کوششوں کے ذریعے اسلامی بینکنگ کی تعمیر، ترقی اور خوشحالی کے لئے اللہ تعالیٰ کی توفیق اور ہدایت کا طلب گار ہے۔

مفتی حسان اشرف عثمانی
چیئرمین شریعی بورڈ

مفتی ذیشان عبدالعزیز
ممبر شریعی بورڈ

مفتی محمد عدیم صدیقی
ریزیڈنٹ شریعی بورڈ ممبر / ہیڈ - شریعی کمپلائنس ڈپارٹمنٹ

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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, 2021, 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, 2021 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 1.5 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, whenever 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.

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

A member firm of



An Association of
Independent Accounting Firms

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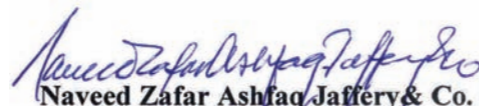
If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- 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 08, 2022


Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

**CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2021**

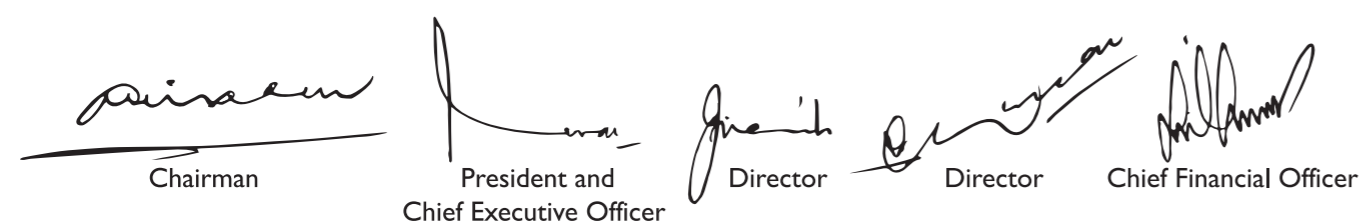
Sindh Bank Limited
Consolidated Statement of Financial Position
As At December 31, 2021

	Note	2021 (Rupees in '000)	2020 (Rupees in '000)
ASSETS			
Cash and balances with treasury banks	6	19,364,832	14,505,949
Balances with other banks	7	1,508,412	4,588,528
Lendings to financial institutions	8	6,081,208	8,212,780
Investments	9	175,428,966	170,756,426
Advances	10	48,728,627	57,407,061
Fixed assets	11	3,233,545	3,314,731
Intangible assets	12	116,671	71,154
Deferred tax assets - net	13	13,253,786	10,185,784
Other assets	14	3,770,967	5,745,156
		271,487,014	274,787,569
LIABILITIES			
Bills payable	15	624,726	592,334
Borrowings	16	27,535,738	63,127,648
Deposits and other accounts	17	217,842,678	185,634,979
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	18	6,637,242	6,162,737
		252,640,384	255,517,698
NET ASSETS		18,846,630	19,269,871
REPRESENTED BY			
Share capital - net	19	25,524,428	19,710,130
Reserves		1,516,452	1,519,626
Shares deposit money	20	4,000,000	2,000,000
Proposed Ordinary shares to be issued on amalgamation	21	-	3,814,298
Deficit on revaluation of assets	22	(1,121,647)	(408,505)
Accumulated Loss		(11,072,603)	(7,365,678)
		18,846,630	19,269,871

CONTINGENCIES AND COMMITMENTS

23

The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.

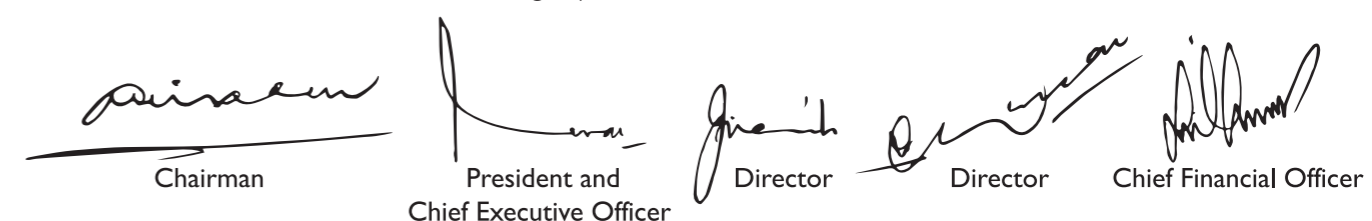


Chairman President and Chief Executive Officer Director Director Chief Financial Officer

Sindh Bank Limited
Consolidated Profit and Loss Account
For The Year Ended December 31, 2021

	Note	2021 (Rupees in '000)	2020 (Rupees in '000)
Mark-up / Return / Interest Earned	24	22,170,060	15,710,165
Mark-up / Return / Interest Expensed	25	16,982,024	12,553,538
Net Mark-up / return / Interest Income		5,188,036	3,156,627
NON MARK-UP / INTEREST INCOME			
Fee and Commission Income	26	351,958	278,684
Dividend Income		154,063	96,651
Foreign Exchange Income		74,371	284,977
Income / (loss) from derivatives		-	-
Gain / (Loss) on securities	27	(6,435)	(46,420)
Other Income	28	2,521	8,876
Total non-markup/interest Income		576,478	622,768
Total Income		5,764,514	3,779,395
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	29	5,876,794	5,305,952
Other charges	30	67,640	927
Total non-markup/interest expenses		5,944,434	5,306,879
LOSS BEFORE PROVISIONS		(179,920)	(1,527,484)
Provisions and write offs - net	31	5,838,368	3,737,459
Extra ordinary / unusual items		-	-
LOSS BEFORE TAXATION		(6,018,288)	(5,264,943)
Taxation	32	(2,318,152)	(2,105,056)
LOSS AFTER TAXATION		(3,700,136)	(3,159,887)
		----- Rupees -----	
Basic Loss per share	33	(1.47)	(1.60)
Diluted Loss per share	34	(1.47)	(1.60)

The annexed notes from 1 to 46 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, 2021

	2021	2020
	(Rupees in '000)	
Loss after taxation for the year	(3,700,136)	(3,159,887)
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in (Deficit) / surplus on revaluation of investments - net of tax	<u>(713,142)</u>	<u>1,372,072</u>
	<u>(4,413,278)</u>	<u>(1,787,815)</u>
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement gain on defined benefit obligations - net of deferred tax	47	7,158
Total comprehensive loss	<u>(4,413,231)</u>	<u>(1,780,657)</u>

The annexed notes from I to 46 form an integral part of these consolidated financial statements.

Sindh Bank Limited
Consolidated Statement of Changes in Equity
For The Year Ended December 31, 2021


	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	Accumulated Loss ***	Total
				Reserves on amalgamation	Share Premium	Statutory Reserve *				
(Rupees in '000)										
Balance as at January 01, 2020	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 issued on amalgamation of Sindh Leasing Company Ltd	-	3,814,298	-	19,443	-	-	-	-	-	3,833,741
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
Loss for the year ended December 31, 2021	-	-	-	-	-	-	-	-	(3,700,136)	(3,700,136)
Other comprehensive income - net of tax	-	-	-	-	-	-	-	(713,142)	47	(713,095)
Fair valuation adjustment of net assets of Sindh Leasing Company Limited	-	-	-	(10,010)	-	-	-	-	-	(10,010)
Transfer to statutory reserve	-	-	-	-	-	5,469	-	-	(5,469)	-
Transfer to depositors' protection fund - 5% of the profit after tax for the year	-	-	-	-	-	-	1,367	-	(1,367)	-
Issue of shares during the year	5,814,298	(3,814,298)	(2,000,000)	-	-	-	-	-	-	-
Share deposit money	-	-	4,000,000	-	-	-	-	-	-	4,000,000
Balance as at December 31, 2021	25,524,428	-	4,000,000	9,433	51	1,495,961	11,007	(1,121,647)	(11,072,603)	18,846,630


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


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


*** As more fully explained in note 10.6.2 of these consolidated financial statements, unappropriated profit includes an amount of Rs.7,184.65 million net of tax as at December 31, 2021 (December 31, 2020: Rs. 9,142.42 million) representing additional profit arising from availing forced sale value benefit for determining provisioning requirement which is not available for the purpose of distribution of dividend to shareholders.


The annexed notes from I to 46 form an integral part of these consolidated financial statements.

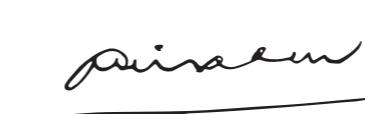

Chairman



President and Chief Executive Officer



Director



Director



Chief Financial Officer


Chairman


President and Chief Executive Officer


Director

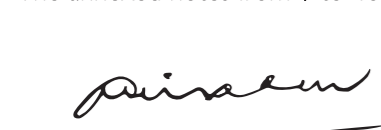
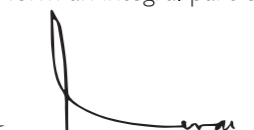
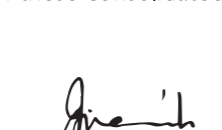



Director


Chief Financial Officer

Sindh Bank Limited
Consolidated Cash Flow Statement
For The Year Ended December 31, 2021

	Note	2021 (Rupees in '000)	2020
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		(6,018,288)	(5,264,943)
Less: Dividend income		(154,063)	(96,651)
		<u>(6,172,351)</u>	<u>(5,361,594)</u>
Adjustments:			
Depreciation	29	969,595	1,024,404
Amortisation	29	36,009	26,028
Provision and write offs -net	31	5,836,071	3,735,603
Written-off operating fixed assets		-	401
Charge for defined benefit plan	37.1.4	99,431	87,882
Gain on sale of operating fixed assets	28	(284)	(4,331)
		<u>6,940,822</u>	<u>4,869,987</u>
		<u>768,471</u>	<u>(491,607)</u>
(Increase) / Decrease in operating assets			
Lendings to financial institutions		2,131,572	(4,567,388)
Advances - net		2,929,705	2,973,042
Other assets - net		1,774,197	(1,965,546)
		<u>6,835,474</u>	<u>(3,559,892)</u>
Increase / (Decrease) in operating liabilities			
Bills payable		32,392	97,324
Borrowings		(35,591,910)	58,135,364
Deposits and other accounts		32,207,699	53,675,390
Other liabilities (excluding current taxation)		460,480	626,631
		<u>(2,891,339)</u>	<u>112,534,709</u>
		<u>4,712,606</u>	<u>108,483,210</u>
Contribution to gratuity fund	37.1.3	(84,851)	(76,020)
Income tax paid		(95,126)	(61,600)
Net cash generated from / (used in) operating activities		<u>4,532,629</u>	<u>108,345,590</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in available-for-sale securities		(6,169,074)	(103,753,790)
Net investment in held-to-maturity securities		240,108	(42,575)
Dividend received		154,765	95,949
Investments in operating fixed assets		(970,533)	(214,416)
Cash inflow from amalgamation of Sindh Leasing Company Ltd		-	10,784
Fair valuation adjustment of net assets of Sindh Leasing Company Limited		(10,010)	-
Sale proceeds of operating fixed assets disposed off		882	5,776
Net cash (used in) / generated from investing activities		<u>(6,753,862)</u>	<u>(103,898,272)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Share deposit money		4,000,000	-
Issue of share capital		-	-
Net cash (used in) / generated from financing activities		<u>4,000,000</u>	<u>-</u>
Increase in cash and cash equivalents		1,778,767	4,447,318
Cash and cash equivalents at the beginning of the year		<u>19,094,477</u>	<u>14,647,159</u>
Cash and cash equivalents at the end of the year	35	<u>20,873,244</u>	<u>19,094,477</u>

The annexed notes from I to 46 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, 2021

I. STATUS AND NATURE OF BUSINESS

The "Group" consists of:

I.1 Holding Company

I.1.1 Sindh Bank Limited (the Bank) was incorporated in Pakistan on October 29, 2010 as a public unlisted company and is engaged in Commercial Banking, Corporate and Investment related activities. The Bank operates 330 (2020: 330) branches including 8 (2020: 8) sub-branches and 14 (2020: 14) Islamic banking branches in Pakistan. The Bank's registered office is located at 3rd floor, Federation House, Abdullah Shah Ghazi Road, Clifton, Karachi, Pakistan.

I.1.2 The Government of Sindh, through its Finance Department owns 99.96% ordinary shares of the Bank.

I.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 June 30, 2021.

I.2 Subsidiary company

I.2.1 Sindh Microfinance Bank Limited

Sindh Microfinance Bank Limited (the Microfinance Bank) was incorporated on March 27, 2015 as a public company limited by shares under the 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 18 (2020: 17) branches and 62 (2020: 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 Microfinance Bank at "A-" and short term rating at "A2" as of April 30, 2021.

I.3 FAIR VALUE OF NET ASSETS OF FORMELY SINDH LEASING COMPANY LIMITED

In compliance of SBP sanction letter dated December 31, 2020 under Section 48 of the Banking Companies Ordinance, 1962 and made effective at 11:59 PM on December 31, 2020. In the sanction letter, SBP had also advised Sindh Bank Limited to conduct Independent Assessment/ Fair valuation of the Merger and expected 'Merger Reserve' excess of SLCL's Net Assets against Purchase Consideration. In this regard the Bank had appointed independent auditors issued final report, which was submitted to SBP for approval, in this respect SBP have approved for their fair value merger reserves assess the independent auditors vide their letter No. SBPHOK-BPRD-RAPD-SNB-186105 dated February 18, 2022.

In the light of independent auditor's report duly approved by SBP, the Bank has incorporated fair value adjustment in these financial statements showing as below:

Sindh Bank Limited
Notes to the Consolidated Financial Statements
For The Year Ended December 31, 2021

	Carrying Value (Dec. 2020)	Fair value adjustments	Fair value after adjustments
	(Rupees in '000')		
Assets			
Cash and bank balances	279,075	-	279,075
Accrued markup	70,378	(189)	70,189
Investments	1,879,951	1	1,879,952
Prepayments and other receivables	7,247	(534)	6,713
Intangible assets	-	-	-
Property and equipment	16,500	(6,296)	10,204
Deposits	433	-	433
Loans and advances	47,457	(1,895)	45,562
Net investment in finance leases	1,780,489	(1,097)	1,779,392
Deferred Tax Asset - net	96,008	-	96,008
Taxation - net	79,378	-	79,378
	4,256,916	(10,010)	4,246,906
Liabilities			
Accrued markup on certificates of deposits	135	-	135
Trade and other payables	6,204	-	6,204
Certificates of deposits	16,600	-	16,600
Security deposits against leases	400,236	-	400,236
	423,175	-	423,175
Net Assets acquired	3,833,741	(10,010)	3,823,731

Details of the fair values of the net assets acquired, purchase consideration and gain on bargain purchase as follows:

	-(Rupees in '000)-
Fair value of net assets acquired	3,823,731
Purchase consideration (381,429,817 Sindh Bank shares issued @Rs. 10)	(3,814,298)
Gain on bargain purchase (Merger reserves)	9,433

1.4 GOING CONCERN

Due to significant losses suffered by the Bank since the years 2018 and to address any material uncertainties, 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:

- Strengthening Bank's Capital -As planned, cash injection, of Rs. 11.7 billion was made in 2019 and Rs. 3.814 billion added during 2020 from amalgamation of Sindh Leasing Company Limited in Bank's Tier I Common Equity. A further amount of Rs. 4 billion has been received from GoS in the last quarter of 2021.
- 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. Improve Net Interest margin;
 - a) Mobilize cost effective (CASA) deposits;
 - b) Launch new asset products in the Consumer and SME segments;
 - iii. make concerted efforts for recovery and reduction of Non-Performing Loans.
 - iv. Take cost rationalization measures;
- Strengthening the Bank's Governance, Risk and Control environment.
- 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 99.96 percent of the Bank's equity is fully committed to supporting the Bank, whenever required.

1.5 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(I) 2016 dated January 28, 2016, has notified that requirements of IFRS 10 and section 228 of Company Act 2017 will not be applicable with respect to investment in mutual 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, 2021 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 Financial Statements	January 01, 2023
IAS 16 - Property, Plant and Equipment (Amendments)	January 01, 2022
IFRS 3 - Business Combination	January 01, 2022
IAS 37 - Provision, Contingent Liabilities	January 01, 2022
IFRS 16 - Leases - (Amendments)	January 01, 2022
IFRS 41 - Agriculture - (Amendments)	January 01, 2022
IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 01, 2023
IAS 12 - Income Taxes (Amendments)	January 01, 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) - The amendment amends accounting treatment on loss of control of business or assets.	date under review

As per State Bank of Pakistan (SBP)' BPRD circular letter no. 24 of 2021, IFRS 9 'Financial Instruments' is applicable to banks / DFIs / MFBs effective January 1, 2022. The aforementioned circular letter contained instructions for quarterly parallel reporting purposes to the SBP only and it was stated that final instructions will be issued based on the results of parallel reporting. However, banks have submitted their reservations on instructions issued for parallel reporting through the Pakistan Banks Association (PBA) and requested that they are addressed in the final instructions to be issued. The reservations are pervasive and points of contention inter alia include, retaining some relaxations given presently in the Prudential Regulations, prescription of macro-economic variables, retaining meal regulatory requirements related to IFRS 9 related areas on overseas branches, impact on capital adequacy ratio, adequacy of significant increase in credit risk criteria, future tax impact of any reversals, recording of expected credit loss on local currency denominated Government securities, further clarifications required in certain areas etc.

Due to the fact that final instructions have not yet been issued and the large number of reservations over the draft instructions, the banks are collectively of the opinion that impact on initial application of IFRS 9 cannot be determined as required under IAS 8.

The SECP, through SRO 229(I)/2019 dated 14 February, 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 23 October, 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, 5.6, 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 statement of profit or 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 remeasurement are included in the statement of profit or 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 statement of profit or 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 statement of profit or loss account. For investments classified as held-to-maturity, the impairment loss is recognized in the consolidated statement of profit or loss account.

5.3.4 Gain or loss on sale of investments is included in the statement of profit or 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 statement of profit or 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 statement of profit or 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 statement of profit or 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 statement of profit or loss account as and when incurred.

Depreciation is charged to the consolidated statement of profit or 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 statement of profit or 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 environment. 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 statement of profit or 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 statement of profit or 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 statement of profit or 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 statement of profit or 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 statement of profit or 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 statement of profit or 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 statement of profit or 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 statement of profit or 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.

5.20 Geographical segments

The Group operates only in Pakistan.

5.21 Commitments

Commitments for outstanding forward foreign exchange contracts are disclosed in these consolidated financial statements at committed amounts. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in 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 statement of profit or loss account is stated net of expected recoveries.

	Note	2021 (Rupees in '000)	2020
6 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		4,294,590	4,962,914
Foreign currency		175,646	252,331
		4,470,236	5,215,245
With State Bank of Pakistan (SBP) in			
Local currency current accounts	6.1	11,755,480	6,721,080
Foreign currency current accounts	6.2	144,789	153,339
Foreign currency deposit accounts			
- Non Remunerative	6.3	96,290	73,605
- Remunerative	6.4	178,410	141,572
		12,174,969	7,089,596
With National Bank of Pakistan in			
Local currency current accounts		2,657,534	2,100,360
Local currency deposit accounts	6.5	20,579	15,403
		2,678,113	2,115,763
Prize bonds			
	35	41,514	85,345
		19,364,832	14,505,949

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 Nil profits (2020 : 0.51% to 0.76%) per annum.

6.5 This includes savings account with National Bank of Pakistan carrying mark-up at 7.75% (2020: 5.50%) per annum.

7 BALANCES WITH OTHER BANKS

In Pakistan

In current account
In savings account

Outside Pakistan

In current accounts

	Note	2021 (Rupees in '000)	2020
		13,069	30
	7.1	404,102	419,213
		417,171	419,243
	7.2	1,091,241	4,169,285
		1,508,412	4,588,528

7.1 This includes savings account with commercial banks and microfinance banks carrying mark-up ranging from 7.25% to 11.75% (2020: 5.50% to 10.75%) per annum.

7.2 This includes Rs. 637.12 million (2020: Rs. 3,342.32 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
Repurchase agreement lendings (Reverse Repo)
Musharaka arrangements
Bai Muajjal with financial institutions

8.1 Particulars of lending

In local currency
In foreign currencies

8.2 This represents resale agreement lending with commercial bank and financial institutions carrying mark-up in the range of 10.50% to 10.70% (2020 :7.20%) per annum maturing up to January 07, 2022 (2020: March 18, 2021).

8.3 This represents arrangement with an Islamic bank carrying mark-up at the rate of 10.00% (2020: 6.50% to 7.20%) per annum maturing up to January 06, 2022 (2020: January 06, 2021).

8.4 Bai Muajjal

held with Financial Institution
Bai Muajjal Placement
Less : Deferred income

8.5 Securities held as collateral against Lending to financial institutions

	2021			2020		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	(Rupees in '000)					
Market Treasury Bills	992,564	-	992,564	-	-	-
Pakistan Investment Bonds	4,398,648	-	4,398,648	3,854,420	-	3,854,420
Total	5,391,212	-	5,391,212	3,854,420	-	3,854,420

9. INVESTMENTS

9.1 Investments by types

	2021				2020			
	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	42,881,078	-	(64,239)	42,816,839	51,311,160	-	43,094	51,354,254
Pakistan Investment Bonds	111,067,351	-	(1,699,558)	109,367,793	97,956,376	-	(694,937)	97,261,439
Government of Pakistan - Ijarah Sukuk	3,000,017	-	(10,927)	2,989,090	1,500,026	-	(540)	1,499,486
Shares								
Listed	2,596,504	(344,000)	(93,489)	2,159,015	2,437,740	(369,853)	(42,599)	2,025,288
Unlisted	-	-	-	-	100,000	-	-	100,000
Non-government debt securities								
Sukuk certificates	-	-	-	-	96,428	-	(316)	96,112
Mutual funds	215,049	(35,063)	29,450	209,436	215,048	(32,991)	25,619	207,676
	159,759,999	(379,063)	(1,838,763)	157,542,173	153,616,778	(402,844)	(669,679)	152,544,255
Held-to-maturity securities								
Federal Government Securities								
Pakistan Investment Bonds	16,744,421	-	-	16,744,421	16,772,088	-	-	16,772,088
Market Treasury Bills	25,585	-	-	25,585	12,933	-	-	12,933
Preference Shares - Unlisted	77,708	(77,708)	-	-	77,708	(77,708)	-	-
Term Deposits Accounts	450,000	-	-	450,000	675,000	-	-	675,000
Non-government debt securities								
Term finance certificates- Listed	224,235	-	-	224,235	224,235	-	-	224,235
Term finance certificates- Unlisted	858,997	(416,445)	-	442,552	859,090	(331,175)	-	527,915
	18,380,946	(494,153)	-	17,886,793	18,621,054	(408,883)	-	18,212,171
Total Investments	178,140,945	(873,216)	(1,838,763)	175,428,966	172,237,832	(811,727)	(669,679)	170,756,426

9.2 Investments by segments

	2021				2020			
	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	42,906,663	-	(64,239)	42,842,424	51,324,093	-	43,094	51,367,187
Pakistan Investment Bonds	127,811,772	-	(1,699,558)	126,112,214	114,728,464	-	(694,937)	114,033,527
Government of Pakistan - Ijarah Sukuk	3,000,017	-	(10,927)	2,989,090	1,500,026	-	(540)	1,499,486
	173,718,452	-	(1,774,724)	171,943,728	167,552,583	-	(652,383)	166,900,200
Shares								
Listed companies	2,596,504	(344,000)	(93,489)	2,159,015	2,437,740	(369,853)	(42,599)	2,025,288
Unlisted companies	77,708	(77,708)	-	-	177,708	(77,708)	-	100,000
	2,674,212	(421,708)	(93,489)	2,159,015	2,615,448	(447,561)	(42,599)	2,125,288
Non-government debt securities								
Term finance certificates - listed	224,235	-	-	224,235	224,235	-	-	224,235
Term finance certificates - unlisted	858,997	(416,445)	-	442,552	859,090	(331,175)	-	527,915
Sukuk certificates	-	-	-	-	96,428	-	(316)	96,112
	1,083,232	(416,445)	-	666,787	1,179,753	(331,175)	(316)	848,262
Mutual Funds								
Open ended	116,049	(35,063)	19,010	99,996	116,048	(32,991)	29,219	112,276
Islamic funds - REIT	99,000	-	10,440	109,440	99,000	-	(3,600)	95,400
	215,049	(35,063)	29,450	209,436	215,048	(32,991)	25,619	207,676
Others								
Term deposits accounts	450,000	-	-	450,000	675,000	-	-	675,000
Total Investments	178,140,945	(873,216)	(1,838,763)	175,428,966	172,237,832	(811,727)	(669,679)	170,756,426

9.3 Investments given as collateral

Federal government securities
Pakistan Investment Bonds
Market Treasury Bills

	2021	2020
	(Rupees in '000)	
	24,987,500	52,185,578
	-	8,384,972
	24,987,500	60,570,550

9.4 Provision for diminution in value of investments

9.4.1 Opening balance

	811,727	504,993
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Charge / reversals

Charge for the year
Reversals for the year
Reversal on disposals
Transfers - net
Amounts written off
Closing Balance

	87,342	306,734
	-	-
	(25,853)	-
	61,489	306,734
	-	-
	873,216	811,727

9.4.2 Particulars of classified debt securities

Category of classification	2021		2020	
	Non performing investments	Provision	Non performing investments	Provision
----- (Rupees in '000) -----				
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	971,115	873,216	994,895	811,727
Total	971,115	873,216	994,895	811,727

9.4.2.1 The Group have 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. 97.90 million (2020: Rs.183.17 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

Federal Government Securities - Government guaranteed

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

	2021	2020
	----- Cost -----	
	(Rupees in '000)	
	111,067,351	97,956,376
	42,881,078	51,311,160
	3,000,017	1,500,026
	156,948,446	150,767,562

Shares - Listed Companies

Refinery
Fertilizer
Cement
Power Generation & Distribution
Oil & Gas Marketing Companies
Commercial Banks

	7,682	7,682
	628,710	628,710
	63,745	63,745
	267,863	267,863
	499,881	638,481
	1,128,623	831,259
	2,596,504	2,437,740

	2021	2020
	----- Cost ----- (Rupees in '000)	
Unlisted Companies		
Insurance	-	100,000
Other investments (Mutual Funds)		
Listed		
AM2+	99,000	99,000
AA / AA-	28,459	28,459
A+ / A-	87,590	87,589
	215,049	215,048

	2021	2020
Other investments (Sukuk Certificates)		
Un-listed		
AAA	-	60,714
A-	-	35,714
	-	96,428
	159,759,999	153,616,778

	2021	2020
Equity Securities - Listed Companies		
Pakistan Refinery Limited	7,682	7,682
Fauji Fertilizer Company Limited	405,573	405,572
Fauji Fertilizer Bin Qasim Limited	158,136	158,135
Fatima Fertilizer Company Limited	65,002	65,002
Thatta Cement Company Limited	63,745	63,745
Nishat Chunian Power Limited	154,068	154,068
Hub Power Company Limited	113,795	113,795
Sui Southern Gas Company Limited	141,307	248,179
Sui Northern Gas Pipelines Limited	129,401	191,285
Oil & Gas Development Company Limited	95,715	78,308
Pak Petroleum Limited	95,451	82,701
Pakistan State Oil Limited	38,007	38,007
Summit Bank Limited	305,509	305,509
National Bank of Pakistan	315,716	-
Bank AL Habib Limited	39,768	39,768
Habib Bank Limited	87,726	87,726
United Bank Limited	70,724	70,724
MCB Bank Limited	243,315	200,883
Silk Bank Limited	65,864	126,649
	2,596,504	2,437,740

	2021		2020	
	Cost	Break-up value	Cost	Break-up value
	----- (Rupees in '000) -----			
Unlisted Companies				
TPL Life Insurance Limited	-	-	100,000	23,868

9.6 Particulars relating to Held to Maturity securities
Federal Government Securities - Government guaranteed

	2021	2020
Pakistan Investment Bonds	16,744,421	16,772,088
Market Treasury Bills	25,585	12,933
	16,770,006	16,785,021

Preference Shares - Unlisted Company
Al-Arabia Sugar Mills Ltd

	77,708	77,708
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Non Government Debt Securities
Listed

Unrated	224,235	224,235
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Un-listed

AA	119,832	119,880
BBB+	224,821	224,866
Unrated	514,344	514,344
	858,997	859,090

Term deposit accounts
Microfinance Banks

	450,000	675,000
	18,380,946	18,621,054

9.6.1 The market value of securities classified as held-to-maturity as at December 31, 2021 amounted to Rs. 18,277.89 million (December 31, 2020: Rs.18,939.80 million).

10 ADVANCES

	Performing		Non Performing		Total	
	2021	2020	2021	2020	2021	2020
	Note ----- (Rupees '000) -----					
Loans, cash credits, agriculture, running finances etc.	25,697,729	26,584,981	37,075,254	35,095,583	62,772,983	61,680,564
Commodity finance	8,195,361	10,644,226	-	-	8,195,361	10,644,226
Net investment in finance lease	1,084,150	1,674,341	321,528	240,215	1,405,678	1,914,556
Islamic financing and related assets						
Diminishing musharakah financing	1,191,226	2,218,351	14,127	-	1,205,353	2,218,351
Ijarah financing under IFAS 2	23,159	38,002	-	-	23,159	38,002
	36,191,625	41,159,901	37,410,909	35,335,798	73,602,534	76,495,699
Bills discounted and purchased (excluding market treasury bills)						
Payable in Pakistan	375,343	401,727	-	-	375,343	401,727
Payable outside Pakistan	-	15,037	3,405	3,405	3,405	18,442
	375,343	416,764	3,405	3,405	378,748	420,169
Advances - gross	36,566,968	41,576,665	37,414,314	35,339,203	73,981,282	76,915,868
Provision for non-performing advances						
- Specific provision	-	-	24,343,891	18,713,952	24,343,891	18,713,952
- Specific provision on Leasing portfolio	-	-	896,640	787,367	896,640	787,367
- General provision against consumer and small enterprise advances	12,124	7,488	-	-	12,124	7,488
	12,124	7,488	25,240,531	19,501,319	25,252,655	19,508,807
Advances - Net of Provision	36,554,844	41,569,177	12,173,783	15,837,884	48,728,627	57,407,061

10.1 Particulars of advances (Gross)	2021		2020	
	(Rupees in '000)			
In local currency	73,981,282		76,915,868	
In foreign currencies	-		-	
	<u>73,981,282</u>		<u>76,915,868</u>	

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	2021				2020			
	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	527,296	677,997	-	1,205,293	240,990	1,524,324	-	1,765,314
Residual value	84,187	278,181	-	362,368	26,871	373,366	-	400,237
Minimum lease payments	611,483	956,178	-	1,567,661	267,861	1,897,690	-	2,165,551
Un-earned income for future periods	(80,310)	(81,673)	-	(161,983)	(128,910)	(122,085)	-	(250,995)
Present value of minimum lease payments	<u>531,173</u>	<u>874,505</u>	<u>-</u>	<u>1,405,678</u>	<u>138,951</u>	<u>1,775,605</u>	<u>-</u>	<u>1,914,556</u>

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

10.4 Diminishing musharakah financing	2021		2020	
	(Rupees in '000)			
Advance against musharakah	1,816		-	
Diminishing musharakah	1,203,537		2,218,351	
	<u>1,205,353</u>		<u>2,218,351</u>	

10.5 Ijarah financing under IFAS 2

Net book value of assets Advance against Ijarah financing	10.5.1	2021		2020	
		(Rupees in '000)			
		23,159		38,002	
		<u>-</u>		<u>-</u>	
		<u>23,159</u>		<u>38,002</u>	

10.5.1 Particulars of assets under Ijarah

	2021							
	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	Rate of depreciation %
	(Rupees in '000)							
Vehicle	42,595	(4,729)	37,866	24,009	4,332	28,341	9,525	Over the
Plant and machinery	48,000	(20,000)	28,000	28,584	(14,218)	14,366	13,634	Ijarah period
Total	<u>90,595</u>	<u>(24,729)</u>	<u>65,866</u>	<u>52,593</u>	<u>(9,886)</u>	<u>42,707</u>	<u>23,159</u>	
	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	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	<u>111,094</u>	<u>(20,499)</u>	<u>90,595</u>	<u>49,552</u>	<u>3,041</u>	<u>52,593</u>	<u>38,002</u>	

10.5.2 Future Ijarah payments receivable	2021		2020	
	(Rupees in '000)			
Not later than one year	8,586		16,449	
Later than one year and not later than five years	14,573		21,553	
	<u>23,159</u>		<u>38,002</u>	

10.6 Advances include Rs.37,414.31 (2020: Rs. 35,339.20) million which have been placed under non-performing status as detailed below:

Category of Classification	2021		2020	
	Non performing loans	Provision	Non performing loans	Provision
	(Rupees in '000)			
Domestic				
Other Assets Especially Mentioned	29,037	-	37,295	-
Substandard	21,655	2,007	32,802	2,229
Doubtful	895,204	299,581	1,575,617	521,498
Loss	36,468,418	24,938,943	33,693,489	18,977,592
Total	<u>37,414,314</u>	<u>25,240,531</u>	<u>35,339,203</u>	<u>19,501,319</u>

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

10.6.2 The Group has availed the benefit of forced sale value (FSV) on plant and machinery under charge and mortgaged residential and commercial property (land and building only) held as collateral against non-performing advances on the basis of instructions of 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. 11,680.22 million (2020: Rs. 14,987.57 million). The resultant increase in profit due to FSV benefit taken will not be available for distribution as cash and stock dividend to shareholders.

10.6.3 Particulars of provision against advances	2021			2020		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	19,501,319	7,488	19,508,807	15,303,290	10,142	15,313,432
Exchange adjustments	-	-	-	-	-	-
Charge for the year	5,985,775	4,636	5,990,411	3,985,927	396	3,986,323
Reversals	(334,983)	-	(334,983)	(1,001,443)	(3,050)	(1,004,493)
	<u>5,650,792</u>	<u>4,636</u>	<u>5,655,428</u>	<u>2,984,484</u>	<u>(2,654)</u>	<u>2,981,830</u>
Amounts charged off - agriculture loans	93,301	-	93,301	447,039	-	447,039
Net charge / (reversal) during the year	<u>5,744,093</u>	<u>4,636</u>	<u>5,748,729</u>	<u>3,431,523</u>	<u>(2,654)</u>	<u>3,428,869</u>
Transfer from Sindh Leasing Co. Ltd under amalgamation	-	-	-	787,367	-	787,367
Fair value adjustment on net assets of Sindh Leasing Co. Ltd	1,097	-	1,097	-	-	-
Amounts written off	(5,978)	-	(5,978)	(20,861)	-	(20,861)
Closing balance	<u>25,240,531</u>	<u>12,124</u>	<u>25,252,655</u>	<u>19,501,319</u>	<u>7,488</u>	<u>19,508,807</u>

10.6.3.1 Particulars of provision against advances

	2021			2020		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
In local currency	25,240,531	12,124	25,252,655	19,501,319	7,488	19,508,807
In foreign currencies	-	-	-	-	-	-
	<u>25,240,531</u>	<u>12,124</u>	<u>25,252,655</u>	<u>19,501,319</u>	<u>7,488</u>	<u>19,508,807</u>

10.6.3.2 General provision against consumer loans represents provision maintained at an amount equal to 1% (2020: 1%) of the fully secured performing portfolio and 4% (2020: 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% (2020: 0%) of the fully secured performing portfolio and 1% of the unsecured performing portfolio as required by the Prudential Regulations issued by SBP.

	Note	2021	2020
		(Rupees in '000)	
11 FIXED ASSETS			
Capital work-in-progress	11.1	73,166	24,900
Property and equipment	11.3	1,282,018	1,440,082
Right of use assets	11.6	1,878,361	1,849,749
		3,233,545	3,314,731
11.1 Capital work-in-progress			
Civil works		4,396	-
Equipment		1,541	4,814
Advances to suppliers		67,229	20,086
		73,166	24,900
11.2 Movement in Capital work-in-progress			
Opening balance		24,900	21,495
Transfer in		153,701	71,836
Transfer out		(105,435)	(68,431)
Write off		-	-
Closing balance		73,166	24,900

	2021				
	Lease hold improvements	Furniture and fixture	Computer and office equipment	Vehicles	Total
(Rupees in '000)					
At January 1, 2021					
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

Year ended December 31, 2021					
Opening net book value	876,060	168,447	252,204	143,371	1,440,082
Additions	11,456	4,393	60,219	58,228	134,296
Movement in surplus on assets revalued during the year	-	-	-	-	-
Acquisitions through business combinations	-	-	-	-	-
Impairment loss recognised in the statement of profit or loss account - net	-	-	-	-	-
Disposals	(392)	(27)	(147)	(31)	(597)
Depreciation charge	(65,952)	(53,054)	(108,941)	(57,511)	(285,458)
Exchange rate adjustments	-	-	-	-	-
Other adjustments / transfers	(6,297)	-	(2)	(6)	(6,305)
Closing net book value	814,875	119,759	203,333	144,051	1,282,018

At December 31, 2021					
Cost / Revalued amount	1,327,578	565,447	1,739,565	390,935	4,023,525
Accumulated depreciation	512,703	445,688	1,536,232	246,884	2,741,507
Net book value	814,875	119,759	203,333	144,051	1,282,018

Rate of depreciation (percentage) **5.00%** **10.00%** **33.33% & 20.0%** **20.00%**

	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 statement of profit or 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%	

11.4 The cost of fully depreciated furniture and fixture, office and computer equipment still in use amounted to Rs.1,476.54 million (2020: Rs.1,253.85 million).

Particular of the Assets	Cost	Accumulated depreciation	Book Value	Sale Proceeds	Mode of Disposal	Particular of the Purchaser
Computer and office equipment						
Laptop	61,110	61,109	1	1	As Per HR Policy	Shahzad Begg
Laptop	77,110	77,109	1	1	As Per HR Policy	Khawaja Tajammul Hussain
Laptop	61,110	61,109	1	1	As Per HR Policy	Syed Usman
CCTV System	51,300	51,298	2	31,045	Insurance Claim	Sindh Insurance Limited
UPS	170,400	170,397	3	11,400	Negotiation	Khalil Ahmed Iron & Scrap Merchant
Isolation Transformer	22,500	3,750	18,750	5,000	Negotiation	Office Equipment Services
Other Machined & Equipment	197,969	197,965	4	6,300	Negotiation	Khalil Ahmed Iron & Scrap Merchant
Split Air conditioners	533,550	533,545	5	29,000	Negotiation	Abbasi Iron Store
Split Air conditioners	72,177	72,175	2	10,000	Negotiation	Abdul Majeed & Arif Sons
Split Air conditioners	726,432	726,425	7	71,000	Negotiation	Al Mustafa Workshop

Particular of the Assets	Cost	Accumulated depreciation	Book Value	Sale Proceeds	Mode of Disposal	Particular of the Purchaser
------(Rupees)-----						
Split Air conditioners	1,058,627	1,058,615	12	49,200	Negotiation	Attari Refrigeration
Split Air conditioners	996,609	986,148	10,461	76,000	Negotiation	Best Airconditioned AC Servicing
Split Air conditioners	160,000	159,998	2	15,000	Negotiation	Bismillah A.Rehman Nizamuddin Workshop
Split Air conditioners	653,292	653,285	7	63,700	Negotiation	Hakkan Associates SMC Pvt Ltd
Split Air conditioners	653,710	653,702	8	43,600	Negotiation	HVAC Enterprises
Split Air conditioners	593,800	593,792	8	40,000	Negotiation	Imtiaz Ali
Split Air conditioners	396,998	396,993	5	38,000	Negotiation	Lucky Brothers
Split Air conditioners	288,997	288,993	4	10,000	Negotiation	Mughal Refrigeration Centre
Split Air conditioners	695,743	695,736	7	49,700	Negotiation	Sindh Electric Works
Split Air conditioners	876,995	876,984	11	55,000	Negotiation	Usman Cooling Service
Split Air conditioners	540,997	540,990	7	49,000	Negotiation	Zam Zam Cooling Service
Furniture	22,360	20,567	1,793	1,300	Negotiation	HVAC Enterprises
Furniture	489,568	486,061	3,507	51,900	Negotiation	Khalil Ahmed Iron & Scrap Merchant
Furniture	78,200	56,724	21,476	4,000	Negotiation	Lucky Brothers
Bank Note Sorting Machine	545,000	426,916	118,084	125,000	Negotiation	Seesam Solution Pvt Ltd
Signage	309,950	166,550	143,400	3,700	Negotiation	Syed Ghous Shah Bukhari
Signage	294,866	99,517	195,349	10,000	Negotiation	Zik Cement Stakage
Signage	94,920	41,672	53,248	1,700	Negotiation	Allah Rakha Kabar Khana
	10,724,290	10,158,125	566,165	850,548		
Vehicles						
Suzuki Wagon R	33,282,000	33,281,966	34	34	As Per HR Policy	Various Staff
Suzuki Cultus VXR	6,267,500	6,267,494	6	6	As Per HR Policy	Various Staff
Toyota Corolla XLI	1,642,500	1,642,499	1	1	As Per HR Policy	Rizwan Mahmood
Toyota Corolla XLI	1,642,500	1,642,499	1	1	As Per HR Policy	Dilshad Khan
Toyota Corolla XLI	1,642,500	1,642,499	1	1	As Per HR Policy	Jeanette Chohan
Toyota Corolla XLI	1,642,500	1,642,499	1	1	As Per HR Policy	Shamsul Abbas
Toyota Corolla XLI	1,644,000	1,643,999	1	1	As Per HR Policy	Shazia Andleeb
Toyota Corolla GLI	1,862,500	1,831,457	31,043	31,043	As Per HR Policy	Khawaja Tajammul Hussain
Toyota Corolla Altis	2,322,500	2,322,499	1	1	As Per HR Policy	Syed Assad Ali
Honda Civic	2,475,500	2,475,499	1	1	As Per HR Policy	Shahzad Begg
Honda Civic	2,587,500	2,587,499	1	1	As Per HR Policy	Farhan Ashraf
	57,011,500	56,980,409	31,091	31,091		
	67,735,790	67,138,534	597,256	881,639		

11.6 RIGHT OF USE ASSETS

Year ended December 31

	2021 (Rupees in '000)	2020 (Rupees in '000)
Opening net book value	1,849,749	2,228,609
Additions	712,749	335,119
Disposals	-	-
Depreciation charge	(684,137)	(713,979)
Closing net book value	1,878,361	1,849,749

At December 31

Cost	3,923,097	3,225,399
Accumulated depreciation	(2,044,736)	(1,375,650)
Net book value	1,878,361	1,849,749

Rate of depreciation (percentage)

10% to 100%	10% to 100%
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INTANGIBLE ASSETS - Computer Software

At January 1

Cost	298,694	243,278
Accumulated amortisation and impairment	227,540	200,065
Net book value	71,154	43,213

Year ended December 31

Opening net book value	71,154	43,213
Additions:		
- directly purchased	81,526	53,969
Disposals	-	-
Amortisation charge	(36,009)	(26,028)
Other adjustments	-	-
Closing net book value	116,671	71,154

At December 31,

Cost	380,220	298,694
Accumulated amortisation and impairment	263,549	227,540
Net book value	116,671	71,154
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.188.78 million (2020: Rs. 163.32 million).

13 DEFERRED TAX ASSETS-NET

	2021				
	At Jan 1, 2021	Recognised in P&L A/C	Recognised in OCI	Recognised on Amalgamation (SLCL)	At Dec 31, 2021
----- (Rupees in '000) -----					
Deductible Temporary Differences on					
- Provision against advances - general	6,461,736	1,963,121	-	-	8,424,857
- Tax losses carried forward	3,118,099	201,993	(509)	-	3,319,583
- Provision for diminution in the value of investments	94,853	152,882	-	-	247,735
- Deficit on revaluation of investments	261,175	-	455,943	-	717,118
- Accelerated tax depreciation - right to use assets	(8,730)	(2,319)	-	-	(11,049)
- Others	438,871	275,984	-	-	714,855
	10,366,004	2,591,661	455,434	-	13,413,099
Taxable Temporary Differences on					
- Accelerated tax depreciation on tangible fixed assets	(40,491)	19,161	-	-	(21,330)
- Others	(197)	-	-	-	(197)
- Net investment in Lease Finance	(131,859)	-	-	-	(131,859)
- Accelerated tax amortization - intangible assets	(7,673)	1,746	-	-	(5,927)
	(180,220)	20,907	-	-	(159,313)
	10,185,784	2,612,568	455,434	-	13,253,786
----- (Rupees in '000) -----					
	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	5,190,961	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 on 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

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.

14 OTHER ASSETS

Note	2021		2020	
	(Rupees in '000)		(Rupees in '000)	
14.1	3,107,249	3,344,767		
	7,234	23,346		
	101,478	74,800		
	268,770	1,573,718		
	130,799	229,271		
	12,565	13,271		
	7,984	11,445		
	-	702		
	-	162,873		
	64,901	264,191		
	-	7,671		
	16,252	371		
	53,735	38,730		
	3,770,967	5,745,156		
14.1	Income/ Mark-up accrued in local currency			
	- On loans and advances	753,170	1,180,130	
	- On investments	2,349,910	2,102,081	
	- Others	4,169	62,556	
		3,107,249	3,344,767	
15	BILLS PAYABLE			
	In Pakistan	624,726	592,334	
	Outside Pakistan	-	-	
		624,726	592,334	
16	BORROWINGS			
	Secured			
	Borrowings from State Bank of Pakistan			
	- Under export refinance scheme	1,695,919	1,752,141	
	- Under long term finance facility	89,819	119,758	
	Repurchase agreement borrowings - Secured			
	- State Bank of Pakistan(SBP)	25,000,000	57,883,940	
	- Other commercial banks / DFIs	-	2,621,809	
		25,000,000	60,505,749	
	Unsecured			
	- State Bank of Pakistan(SBP)	750,000	750,000	
	- Other microfinance bank	-	-	
		27,535,738	63,127,648	
16.1	Particulars of borrowings with respect to Currencies			
	In local currency	27,535,738	63,127,648	
	In foreign currencies	-	-	
		27,535,738	63,127,648	

- 16.2 These represent borrowings from SBP under export refinance scheme at the rates ranging from 1.00% to 2.00% (2020: 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% (2020: 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 10.12% (2020: 7.07%) per annum maturing on February 18, 2022 (2020: January 04, 2021). The carrying value of securities given as collateral against these borrowings is given in note 9.3.
- 16.5 This represent borrowings from SBP under LOC fund of Microfinance Bank Ltd at the rate of 6 month kibar +1% / -1% (2020: 6 month kibar +1% / -1%) per annum having maturity upto 5 years.

17 DEPOSITS AND OTHER ACCOUNTS

	2021			2020		
	In Local Currency	In Foreign currencies	Tota	In Local Currency	In Foreign currencies	Total
----- Rupees in '000 -----						
Customers						
Current deposits	61,100,484	393,151	61,493,635	47,602,311	214,880	47,817,191
Savings deposits	92,107,801	946,331	93,054,132	74,398,452	815,417	75,213,869
Term deposits	58,783,628	411,867	59,195,495	58,407,259	353,557	58,760,816
Certificates of investment (COIs)	-	-	-	16,600	-	16,600
Margin and other deposits	563,852	-	563,852	638,005	-	638,005
	<u>212,555,765</u>	<u>1,751,349</u>	<u>214,307,114</u>	<u>181,062,627</u>	<u>1,383,854</u>	<u>182,446,481</u>
Financial Institutions						
Current deposits	47,372	19	47,391	45,443	17	45,460
Savings deposits	1,657,129	-	1,657,129	1,564,002	-	1,564,002
Term deposits	1,711,000	-	1,711,000	1,489,000	-	1,489,000
Margin and other deposits	120,044	-	120,044	90,036	-	90,036
	<u>3,535,545</u>	<u>19</u>	<u>3,535,564</u>	<u>3,188,481</u>	<u>17</u>	<u>3,188,498</u>
	<u>216,091,310</u>	<u>1,751,368</u>	<u>217,842,678</u>	<u>184,251,108</u>	<u>1,383,871</u>	<u>185,634,979</u>

17.1 Composition of deposits

- Individuals	24,032,190	20,990,578
- Government (Federal and Provincial)	153,369,167	127,198,473
- Public Sector Entities	2,709,765	1,830,111
- Banking Companies	258,453	9,313
- Non-Banking Financial Institutions	3,277,111	3,179,185
- Private Sectors	34,195,992	32,427,319
	<u>217,842,678</u>	<u>185,634,979</u>

- 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 2021, the deposits eligible to be covered under insurance arrangements amounted to Rs. 32,255.45 million (2020: Rs. 28,754.09 million) and premium paid amounted to Rs. 46.01 million (2020 : Rs. 33.32 million).

18 OTHER LIABILITIES

Note	2021 (Rupees in '000)	2020
	3,059,322	2,361,832
	2,947	3,539
	125,093	101,973
	98,875	84,851
	47,032	-
	224,033	179,687
	929	835
	13,660	42,714
	205,890	519,695
	60,701	56,376
	4,599	3,351
18.1	2,129,702	2,141,076
	37,116	33,290
	-	7,671
18.2	362,368	400,237
	264,975	225,610
	<u>6,637,242</u>	<u>6,162,737</u>

18.1 Lease liability

Opening balance	2,141,076	2,328,843
Impact of adoption of IFRS 16	-	-
Additions / renewals	723,384	335,118
Borrowing cost	233,766	274,246
Payments	(968,524)	(797,131)
Closing balance	<u>2,129,702</u>	<u>2,141,076</u>

Current lease liability	942,341	793,963
Non current lease liability	1,187,361	1,347,113
	<u>2,129,702</u>	<u>2,141,076</u>

- 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

	2021	2020	2021	2020
	Number of shares		Number of shares	
	<u>2,800,000,000</u>	<u>2,800,000,000</u>	<u>28,000,000</u>	<u>28,000,000</u>
		Ordinary shares of Rs.10 each		

19.2 Issued, subscribed and paid-up share capital (fully paid in Cash)

	1,971,013,000	1,971,013,000	19,710,130	19,710,130
	200,000,000	-	2,000,000	-
	381,429,817	-	3,814,298	-
	<u>2,552,442,817</u>	<u>1,971,013,000</u>	<u>25,524,428</u>	<u>19,710,130</u>
		Ordinary shares of Rs.10 each		
		Right shares of Rs.10 each issued during the year		
		Ordinary shares of Rs. 10 issued as consideration of amalgamation		

- 19.3 The Government of Sindh, through its Finance Department, owns 99.96% ordinary shares of the Bank.

	Note	2021 (Rupees in '000)	2020 (Rupees in '000)
20 SHARES DEPOSIT MONEY			
Opening balance		2,000,000	2,000,000
Shares deposit money	20.1	4,000,000	-
Right shares issued during the year		(2,000,000)	-
		<u>4,000,000</u>	<u>2,000,000</u>
20.1			
To meet the CAR requirement, the sponsor of the Group, GoS has injected Rs 4 billion as an 'advance against issuance of shares' to support the Group's Capital Adequacy requirement, with the condition that this amount shall be returned upon reversal of provision by the Bank against the Non Performing Advances. In this regard the Group has requested SBP to approve this condition of sponsors.			
21 PROPOSED ORDINARY SHARES TO BE ISSUED ON AMALGAMATION	Note	2021 (Rupees in '000)	2020 (Rupees in '000)
Opening balance		3,814,298	3,814,298
Shares issued during the year	21.1	(3,814,298)	-
		<u>-</u>	<u>3,814,298</u>
21.1			
As per the Scheme of Amalgamation during the year, the Bank issued 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	Note	2021 (Rupees in '000)	2020 (Rupees in '000)
Available-for-sale securities			
Federal government securities		(1,774,724)	(652,382)
Fully paid ordinary shares - listed		(93,489)	(42,599)
Units of mutual funds (units / certificates)		29,450	25,618
Sukuk certificates		-	(316)
		<u>(1,838,763)</u>	<u>(669,679)</u>
Related deferred taxation		717,116	261,174
		<u>(1,121,647)</u>	<u>(408,505)</u>
23 CONTINGENCIES AND COMMITMENTS			
-Guarantees	23.1	4,635,678	3,473,161
-Commitments	23.2	52,600,081	99,865,985
-Other contingent liabilities		-	-
		<u>57,235,759</u>	<u>103,339,146</u>
23.1 Guarantees:			
Financial guarantees		1,059,301	1,036,910
Performance guarantees		151,016	1,947,878
Other guarantees		3,425,361	488,373
		<u>4,635,678</u>	<u>3,473,161</u>
23.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		536,689	2,215,675
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	12,941,129	24,357,415
- forward lending, borrowings and credits	23.2.2	39,122,263	73,292,895
Other commitments		-	-
		<u>52,600,081</u>	<u>99,865,985</u>
23.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		6,740,279	9,983,985
Sale		6,200,850	14,373,430
		<u>12,941,129</u>	<u>24,357,415</u>

	Note	2021 (Rupees in '000)	2020 (Rupees in '000)
23.2.2 Commitments in respect of forward lending, borrowings and credits			
Forward repurchase agreement borrowing		25,103,970	60,551,083
Forward resale agreement lending		5,382,772	3,980,497
Undrawn formal standby facilities, credit lines and other commitments to lend	23.2.2.1	8,635,521	8,761,315
		<u>39,122,263</u>	<u>73,292,895</u>
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 2021 (accounting year ended December 31, 2020) and amendment of deemed assessment were carried out till tax year 2019, whereby certain disallowances to the taxable income were made.			
23.3.2			
For tax year 2020, the ACIR issued show-cause notice assessing the income tax return under section 122 (5A) of the ITO 2001, detailed replies 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 on which demand of Rs.5.95 million arose. Subsequently, the Bank has filed an appeal before Appellate Tribunal Inland Revenue (ATIR) in respect of demand of Rs.5.95 million as mentioned above, which are pending. Large Tax Payer Unit (LTU) has also filed appeals in the ATIR against the decision of CIRA.			
With respect to Bank's operations in Azad Jammu & Kashmir (AJK), bank has filed income tax returns upto tax year 2021 (accounting year ended December 31, 2020) 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.			
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% to the total income. Since the Bank is trans provincial entity and the operations of the Bank in also in other Provinces and in Azad Jammu & Kashmir as well, the Bank along with other banks have filed a suit before Honorable Sindh High Court and challenged the vires of SWWF, which is pending for adjudication.			
23.3.4 Sindh Leasing Company Limited - Amalgamated			
The Income Tax returns of the Ex-Sindh Leasing Company Limited have been filed up to the tax year 2021 (accounting year ended December 31, 2020, interim period). 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, order not yet passed.			
23.3.5 Other Contingent Liabilities			
Claims against the Bank not acknowledged as debts		792,500	803,500
		<u>792,500</u>	<u>803,500</u>
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	Note	2021	2020
			(Rupees in '000)	
	On Loans and advances	24.1	4,392,768	5,416,578
	On Investments		17,032,008	9,744,799
	On Lendings to financial institutions		639,863	414,800
	On Balances with banks		105,421	133,988
			<u>22,170,060</u>	<u>15,710,165</u>
24.1	This includes income from Leasing business amounting to Rs. 116.56 million (2020: nil).			
25	MARK-UP/RETURN/INTEREST EXPENSED			
	Deposits		10,344,503	9,434,876
	Borrowings		6,403,756	2,844,416
	Lease liability against right of use assets		233,765	274,246
	Others		-	-
			<u>16,982,024</u>	<u>12,553,538</u>
26	FEE & COMMISSION INCOME			
	Branch banking customer fees		46,706	38,415
	Consumer finance related fees		1,186	629
	Card related fees (debit and credit cards)		162,838	129,263
	Commission on trade		56,026	37,186
	Commission on guarantees		41,787	32,046
	Credit related fees		18,779	30,324
	Commission on remittances including home remittances		23,772	10,310
	Others		864	511
			<u>351,958</u>	<u>278,684</u>
27	GAIN / (LOSS) ON SECURITIES			
	Realised	27.1	(6,435)	(46,420)
	Unrealised - held for trading		-	-
			<u>(6,435)</u>	<u>(46,420)</u>
27.1	Realised (loss) / gain on:			
	Federal Government Securities		45,857	276,060
	Shares of listed companies		(52,292)	(274,628)
	Units of mutual funds		-	(47,852)
	Others investments		-	-
			<u>(6,435)</u>	<u>(46,420)</u>
28	OTHER INCOME			
	Incidental charges		799	721
	Gain on sale of operating fixed assets		284	4,331
	Rent on premises shared		1,140	3,535
	Prequalification application fee for tender		23	39
	Godwon charges		275	250
	Others		-	-
			<u>2,521</u>	<u>8,876</u>

29	OPERATING EXPENSES	Note	2021	2020
			(Rupees in '000)	
	Total compensation expense	29.2	3,073,628	2,646,788
	Property expense			
	Rent & taxes		19,870	12,382
	Insurance		36,573	31,518
	Utilities cost		274,792	224,009
	Security		342,836	320,527
	Repairs & maintenance		25,116	27,298
	Depreciation		65,952	64,606
	Depreciation- right of use assets		684,137	713,979
			<u>1,449,276</u>	<u>1,394,319</u>
	Information technology expenses			
	Software maintenance		67,544	73,713
	Hardware maintenance		71,515	63,813
	Depreciation		26,578	16,968
	Amortisation		36,009	26,028
	Network charges		11,088	9,723
	Others		51,492	29,898
			<u>264,226</u>	<u>220,143</u>
	Other operating expenses			
	Directors' fees and allowances		11,545	14,625
	Fees and allowances to Shariah Board		4,354	5,461
	Legal & professional charges		57,205	48,012
	Travelling & conveyance		40,050	34,993
	NIFT clearing charges		24,732	23,512
	Depreciation		192,928	228,851
	Training & development		1,532	1,305
	Postage & courier charges		24,640	14,917
	Communication		123,969	114,826
	Stationery & printing		89,771	82,052
	Marketing, advertisement & publicity		44,930	34,750
	Donations		-	-
	Auditor's Remuneration	29.3	13,139	11,676
	Repairs & maintenance		106,835	105,736
	Brokerage and commission		12,239	13,289
	Entertainment Expenses		54,374	45,790
	Premium of deposit protection fund		46,007	33,320
	Fees and subscription		66,182	54,018
	Insurance expenses		13,177	12,361
	Others		162,055	165,208
			<u>1,089,664</u>	<u>1,044,702</u>
			<u>5,876,794</u>	<u>5,305,952</u>

29.1 Total cost for the year included in other operating expenses relating to Janitorial outsourced activities is Rs. 106.81 million (2020: 109.032 million). These expenses represent payments made to companies incorporated in Pakistan.

	Note	2021 (Rupees in '000)	2020 (Rupees in '000)
29.2 Total compensation expense			
Managerial Remuneration			
- Fixed		1,873,837	1,636,848
- Variable Cash Bonus / Awards etc.		12,664	9,251
Charge for defined benefit plan		99,431	87,882
Contribution to defined contribution Plan		104,790	91,680
Rent & house maintenance		521,898	479,655
Utilities		105,444	95,232
Medical		105,443	95,227
Conveyance		97,701	64,781
Employee old age benefits contribution		14,889	16,472
Leave Fare Assistance Allowances		12,809	8,708
Leave Encashment		57,903	-
Staff Insurances		65,594	56,501
Others staff		1,225	4,551
		<u>3,073,628</u>	<u>2,646,788</u>
29.3 Auditors' remuneration			
Audit fee		10,597	9,563
Fee for other statutory certifications		1,134	1,010
Special certifications and sundry advisory services		798	605
Out-of-pocket expenses		610	498
		<u>13,139</u>	<u>11,676</u>
30 OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan		67,640	927
Others		-	-
		<u>67,640</u>	<u>927</u>
31 PROVISIONS & WRITE OFFS - NET			
Provisions / diminution in value of investments	9.4.1	87,342	306,734
Provisions against loans & advances		5,748,729	3,428,869
General provision - reversed		-	-
Net provision during the year	10.6.3	5,748,729	3,428,869
Fixed assets written off		-	401
Bad debts written off directly		2,297	1,455
		<u>5,838,368</u>	<u>3,737,459</u>
32 TAXATION			
Current		294,416	255,299
Prior years		-	(2,189)
Deferred		(2,612,568)	(2,358,166)
		<u>(2,318,152)</u>	<u>(2,105,056)</u>
32.1 Relationship between tax expense and accounting profit			
Loss before tax		<u>(6,018,288)</u>	<u>(5,264,943)</u>
Tax on (loss) / income at applicable rates		(2,347,132)	(2,053,328)
Effect of prior year on current taxation		-	(2,189)
Effect of permanent differences		28,980	(49,539)
		<u>(2,318,152)</u>	<u>(2,105,056)</u>

		2021 (Rupees in '000)	2020 (Rupees in '000)
33 BASIC EARNINGS/ (LOSS) PER SHARE			
Loss for the year		<u>(3,700,136)</u>	<u>(3,159,887)</u>
Weighted average number of ordinary shares		<u>2,509,765,672</u>	<u>1,971,013,000</u>
Basic loss per share		<u>(1.47)</u>	<u>(1.60)</u>
34 DILUTED EARNINGS/ (LOSS) PER SHARE			
Loss for the year		<u>(3,700,136)</u>	<u>(3,159,887)</u>
Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)		<u>2,509,765,672</u>	<u>1,971,013,000</u>
Diluted loss per share		<u>(1.47)</u>	<u>(1.60)</u>
35 CASH AND CASH EQUIVALENTS	Note	2021 (Rupees in '000)	2020 (Rupees in '000)
Cash and Balance with Treasury Banks	6	19,364,832	14,505,949
Balance with other banks	7	1,508,412	4,588,528
		<u>20,873,244</u>	<u>19,094,477</u>
36 STAFF STRENGTH		2021 ----- (Number) -----	2020 ----- (Number) -----
Permanent		2,082	2,116
Temporary / on contractual basis		248	206
Total staff strength	36.1	<u>2,330</u>	<u>2,322</u>
36.1	In addition to the above 478 (2020: 483) staff from outsourcing service companies were assigned to the Bank.		
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. The number of employees covered under the schemes are 2135 (2020: 2192).			
37.1.1 Principal actuarial assumptions			
The latest actuarial valuation was carried out as at December 31, 2021 using the Projected Unit Credit Method. Following are the significant assumptions used in the actuarial valuation:			
		2021 ----- (Percentage) -----	2020 ----- (Percentage) -----
- Discount rate		11.75% - 12.25%	9.75% - 10.25%
- Expected rate of increase in salaries-short term		10.00% - 10.75%	8.75% - 9.50%
- Expected rate of increase in salaries-long term		10.75% - 11.25%	8.75% - 9.50%
- Expected return on plan assets		12.25%	10.25%
- Duration (Years)		10.83	11.36

Note	2021 (Rupees in '000)	2020 (Rupees in '000)
37.1.2 Reconciliation of net defined benefit liability		
Present value of defined benefit liability	37.1.5 631,568	511,341
Fair value of plan assets	37.1.6 (532,693)	(426,490)
Payable to defined benefit plan	37.1.3 98,875	84,851
37.1.3 Movement in net defined benefit liability		
Opening balance	84,851	84,612
Charge to profit and loss during the year	37.1.4 99,431	87,882
Remeasurement loss recognized in OCI	37.1.4 (556)	(11,623)
Bank's contribution	(84,851)	(76,020)
Closing balance	98,875	84,851
37.1.4 Charge for defined benefit plan		
In profit and loss		
Current service cost	95,266	81,267
Interest cost - net	4,165	5,351
Past service cost	-	1,264
Charge for the year	99,431	87,882
In other comprehensive income		
Remeasurement loss on defined benefit obligation	(8,498)	(28,988)
Remeasurement loss on plan assets	7,942	17,365
	(556)	(11,623)
37.1.5 Changes in present value of defined benefit liability		
Opening balance	511,341	422,004
Current service cost	95,266	81,267
Interest cost	51,180	48,703
Past service cost	-	1,264
Benefits paid	(17,721)	(12,909)
Actuarial loss / (gain) on obligation		
- Financial assumptions	98	(50)
- Experience assumptions	(8,596)	(28,938)
	(8,498)	(28,988)
Closing balance	631,568	511,341
37.1.6 Fair value of plan assets		
Fair value of plan assets at the beginning of the year	426,490	337,392
Expected return on plan assets	47,016	43,351
Bank's contributions	84,851	76,020
Benefits paid	(17,722)	(12,908)
Actuarial loss on assets - experience assumptions	(7,942)	(17,365)
Fair value of plan assets at the end of the year	37.1.7 532,693	426,490
37.1.7 Plan assets comprise		
Balance held in bank accounts	532,693	426,490
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:

	2021 (Rupees in '000)	2020 (Rupees in '000)
Discount rate (1% variation)	565,910	458,918
Future salary growth (1% variation)	703,673	572,921
Future mortality (1 year variation)	612,429	499,923

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, 2022 works out to Rs.95.63 million (2021: Rs. 92.93 million).

37.1.10 Maturity analysis

The weighted average duration of the defined benefit obligation works out to be 10.83 years. Expected benefit payments for the next five years are:

	2022	2023	2024	2025	2026
	(Rupees in '000)				
Expected benefit payments	48,659	30,923	49,068	43,160	36,695

37.1.11 Risks Associated with Defined Benefit Plans

Investment Risks

The risk arises when the actual performance of the investment is lower than expectation. This is managed by formulating 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 similarly. The risk is managed by actuarial valuations and accounting for benefits based on that.

Withdrawal Risk

The risk of actual withdrawals varying with the actuarial assumptions can 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.209.58 million (2020: Rs.183.36 million). The number of employees as at December 31, 2021 eligible under the plan were 2082 (2020: 1780).

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.224.03 million (2020: Rs.179.68 million) has been made on the basis of actuarial recommendations.

38.1 Movement of compensated absences

	2021	2020
	(Rupees in '000)	
Opening balance	179,686	188,606
Expense / (Reversal) for the year	52,693	(5,210)
Benefit paid during the year	(8,347)	(3,710)
Closing balance	<u>224,032</u>	<u>179,686</u>

39 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

39.1 Total Compensation Expense

	2021						
	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	2,325	-	9,220	3,780	-	-	-
Managerial Remuneration							
- Fixed	-	-	-	-	23,784	114,706	67,475
- Variable Cash Bonus / Awards	-	-	-	-	-	1,330	1,083
Charge for defined benefit plan	-	-	-	-	1,403	12,027	5,795
Contribution to defined contribution plan	-	-	-	-	2,379	10,321	6,603
Rent & house maintenance	-	-	-	-	10,702	51,618	30,364
Utilities	-	-	-	-	2,379	11,470	6,747
Medical	-	-	-	-	2,379	11,470	6,747
Conveyance	-	-	-	574	1,005	19,269	22,469
Bonus	-	-	-	-	3,964	17,524	10,086
Others	1,322	-	60	-	1,518	10,526	8,213
Total	<u>3,647</u>	<u>-</u>	<u>9,280</u>	<u>4,354</u>	<u>49,513</u>	<u>260,261</u>	<u>165,582</u>
Number of Persons	<u>1</u>	<u>-</u>	<u>8</u>	<u>3</u>	<u>2</u>	<u>35</u>	<u>37</u>
	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	<u>4,071</u>	<u>-</u>	<u>11,175</u>	<u>5,461</u>	<u>46,190</u>	<u>225,994</u>	<u>143,889</u>
Number of Persons	<u>1</u>	<u>-</u>	<u>8</u>	<u>3</u>	<u>2</u>	<u>32</u>	<u>36</u>

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" means the following functional responsibilities:

- 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.
- Any executive or key executive reporting directly to the CEO / President or the 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.

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

		2021						
		For Board Committee						
Sr. No.	Name of Directors	For Board Meetings	Audit Committee	Risk Management Committee	Procurement, I.T. Committee	Human Resource & Remuneration Committee	Nomination Committee	Total Amount Paid
Amount Rs. 000								
1	Mr. Javaid Bashir Sheikh	1,550	950	575	-	-	-	3,075
2	Mr. Anis Ahmed Khan	1,550	-	-	200	575	-	2,325
3	Mr. Sami Ul Haq Khilji	500	-	-	200	400	-	1,100
4	Mr. Asif Jahangir	1,050	175	-	-	175	-	1,400
5	Mrs. Masooma Hussain	1,550	950	575	-	-	-	3,075
6	Mr. Abdul Sattar Jumani	110	-	-	-	-	-	110
7	Mr. Farooq Ahmed	110	-	-	-	-	-	110
8	Mr. Noor Muhammad Soomro	110	-	-	-	-	-	110
9	Mr. Shamsuddin Khan	60	-	-	-	20	-	80
10	Ms. Naila Masood	110	-	30	-	20	-	160
Total Amount Paid		6,700	2,075	1,180	400	1,190	-	11,545

		2020						
		For Board Committee						
Sr. No.	Name of Directors	For Board Meetings	Audit Committee	Risk Management Committee	Procurement, I.T. 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

39.3 Remuneration paid to Shariah Board Members

Items	2021			2020		
	Chairman	Member	Resident Member	Chairman	Member	Resident Member
Amount Rs. 000						
Managerial Remuneration (Fixed)	1,836	1,291	653	2,400	1,271	1,306
Fuel Allowances	155	287	132	-	242	242
Total Amount	1,991	1,578	785	2,400	1,513	1,548
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 44.2.6 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.

	2021			
	Level 1	Level 2	Level 3	Total
Fair Value (Rupees in '000)				
On balance sheet financial instruments				
Financial assets measured at fair value				
Available-for-sale securities				
Pakistan Investment Bonds	-	109,367,793	-	109,367,793
Market Treasury Bills	-	42,816,839	-	42,816,839
Shares of listed companies	2,159,015	-	-	2,159,015
Term finance certificates - Listed	-	-	-	-
Units of mutual funds	99,996	109,440	-	209,436
Ijarah Sukuk - GoP	-	2,989,090	-	2,989,090
Sukuk bonds	-	-	-	-
	2,259,011	155,283,162	-	157,542,173
Off balance sheet financial instruments				
Foreign exchange contracts (purchase)	-	6,740,279	-	6,740,279
Foreign exchange contracts (sale)	-	6,200,850	-	6,200,850

	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
	<u>2,232,964</u>	<u>150,211,291</u>	<u>-</u>	<u>152,444,255</u>
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

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

	2021				
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
	----- (Rupees in '000) -----				
Statement of Profit or Loss Account					
Net mark-up/return/interest income	11,358,794	309,000	-	(6,479,758)	5,188,036
Inter segment revenue - net	(15,927,013)	-	-	15,927,013	-
Non mark-up / interest income	185,749	591	-	390,138	576,478
Total Income	<u>(4,382,470)</u>	<u>309,591</u>	<u>-</u>	<u>9,837,393</u>	<u>5,764,514</u>
Segment direct expenses	(97,564)	(227,720)	-	(4,477,571)	(4,802,855)
Inter segment expense allocation	(114,158)	(19,001)	-	(1,008,420)	(1,141,579)
Total expenses	<u>(211,722)</u>	<u>(246,721)</u>	<u>-</u>	<u>(5,485,991)</u>	<u>(5,944,434)</u>
Provisions	(87,343)	(15,452)	-	(5,735,573)	(5,838,368)
(Loss) / Profit before tax	<u>(4,681,535)</u>	<u>47,418</u>	<u>-</u>	<u>(1,384,171)</u>	<u>(6,018,288)</u>
Statement of Financial Position					
Cash & Bank balances	12,158,168	438,752	-	8,276,324	20,873,244
Investments	174,953,381	475,585	-	-	175,428,966
Net inter segment lending	750,000	(750,000)	-	172,676,536	172,676,536
Lendings to financial institutions	6,081,208	-	-	-	6,081,208
Advances - performing	48,256	1,132,445	-	35,374,143	36,554,844
- non-performing	-	11,445	-	12,162,338	12,173,783
Others	4,778,330	197,863	-	15,398,776	20,374,969
Total Assets	<u>198,769,343</u>	<u>1,506,090</u>	<u>-</u>	<u>243,888,117</u>	<u>444,163,550</u>
Borrowings	25,089,819	750,000	-	1,695,919	27,535,738
Subordinated debt	-	-	-	-	-
Deposits & other accounts	-	234,272	-	217,608,406	217,842,678
Net inter segment borrowing	172,476,511	200,025	-	-	172,676,536
Others	349,767	102,446	-	6,809,755	7,261,968
Total liabilities	<u>197,916,097</u>	<u>1,286,743</u>	<u>-</u>	<u>226,114,080</u>	<u>425,316,920</u>
Equity	853,246	219,347	-	17,774,037	18,846,630
Total Equity & liabilities	<u>198,769,343</u>	<u>1,506,090</u>	<u>-</u>	<u>243,888,117</u>	<u>444,163,550</u>
Contingencies & Commitments	43,427,871	-	-	13,807,888	57,235,759

	2020				
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
(Rupees in '000')					
Statement of Profit or Loss Account					
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)
Statement of Financial Position					
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	-	40,731,567	41,569,177
- non-performing	-	1,915	-	15,835,969	15,837,884
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

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:

	2021			2020		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
(Rupees in '000')						
Investments						
Opening balance	-	-	-	-	-	-
Investment made during the year	-	-	-	-	-	-
Investment redeemed / disposed off during the year	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-
Advances						
Opening balance	-	201,487	-	-	80,894	46,874
Addition during the year	-	23,311	-	-	141,791	-
Repaid during the year	-	34,450	-	-	18,430	46,874
Transfer in / (out) - net	-	20,904	-	-	(2,768)	-
Closing balance	-	211,252	-	-	201,487	-
Other Assets						
Interest / mark-up accrued	-	158	-	-	150	-
Other receivable	-	-	50	-	-	-
	-	158	50	-	150	-
Deposits and other accounts						
Opening balance	22,930	68,200	2,079,063	21,698	68,026	3,519,086
Received during the year	162,069	433,815	20,942,544	49,633	320,609	9,854,048
Withdrawn during the year	184,201	412,641	20,882,872	48,401	314,147	9,151,255
Transfer in / (out) - net	(31)	(48,778)	-	-	(6,288)	(2,142,816)
Closing balance	767	40,596	2,138,735	22,930	68,200	2,079,063
Other Liabilities						
Premium payable	-	-	-	-	-	1,517
Interest / mark-up payable	22	321	16,013	215	346	82,299
	22	321	16,013	215	346	83,816

42 RELATED PARTY TRANSACTIONS

	2021			2020		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
Income:	(Rupees in '000)					
Mark-up / return / interest earned	-	7,857	-	-	4,695	2,181
Fee and commission income	3	14	36	3	13	24
Net gain on sale of securities	-	-	251	-	-	372
Other income	-	-	1,140	-	-	3,573
Expense:	(Rupees in '000)					
Mark-up / return / interest paid	272	3,930	145,250	496	3,753	400,604
Rent paid	-	-	-	-	-	-
Remuneration paid	-	214,470	-	-	216,818	-
Contribution to provident fund	-	15,746	-	-	12,712	-
Provision for gratuity	-	17,075	-	-	11,978	-
Other staff benefits	-	23,617	-	-	19,729	-
Directors' meeting fee	10,975	-	-	14,625	-	-
Commission paid on Advertisement	-	-	-	-	-	-
Other supplies & services	-	-	-	-	-	-
Other expenses	-	-	-	621	-	-
Insurance premium paid	-	-	125,962	-	-	114,948
Others:	(Rupees in '000)					
Sale of Government Securities	-	-	3,755,500	-	-	1,341,825
Purchase of Government Securities	-	-	1,575,000	-	-	-
Gratuity paid	-	4,647	-	-	-	-
Leave encashment paid	-	2,126	-	-	-	-
Expenses recovered under agency arrangement	-	-	128	-	-	172
Insurance claims settled	-	-	3,259	-	-	675

As at the date of consolidated statement of financial position, loans/advances and deposits related to government related entities and its related entities amounted to Rs.15,155.29 million (note 10.2) and Rs.109,010.91 million (note 17). The above includes deposits amounting to Rs.30,744.37 (2020: Rs.22,625.33) million received through the Finance Department, Government of Sindh.

43 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses) 14,451,825 2,344,452

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier I (CET I) Capital	6,719,213	10,629,435
Eligible Additional Tier I (ADT I) Capital	-	-
Total Eligible Tier I Capital	6,719,213	10,629,435
Eligible Tier 2 Capital	10,967	7,488
Total Eligible Capital (Tier I + Tier 2)	6,730,180	10,636,923

Risk Weighted Assets (RWAs):

Credit Risk	30,836,591	40,032,455
Market Risk	12,089,179	17,878,718
Operational Risk	7,692,311	7,581,862
Total	50,618,081	65,493,035

Common Equity Tier I Capital Adequacy ratio

13.27% 16.23%

Tier I Capital Adequacy Ratio

13.27% 16.23%

Total Capital Adequacy Ratio

13.30% 16.24%

Notional minimum capital requirements prescribed by SBP

Common Equity Tier I minimum ratio	6.00%	6.00%
Tier I minimum ratio	7.50%	7.50%
Total capital minimum ratio	10.00%	10.00%
Total capital minimum ratio plus CCB	11.50%	11.50%

Approach followed for determining Risk Weighted Assets

	Comprehensive Maturity Method Basic Indicator	Comprehensive Maturity Method Basic Indicator
	2021	2020
	(Rupees in '000)	
Credit Risk	6,719,211	10,629,435
Market Risk	265,491,048	270,688,592
Operational Risk	2.53%	3.93%

Leverage Ratio (LR):

Eligible Tier-I Capital	6,719,211	10,629,435
Total Exposures	265,491,048	270,688,592
Leverage Ratio (%)	2.53%	3.93%

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets	126,415,608	74,110,684
Total Net Cash Outflow	28,640,693	20,177,398
Liquidity Coverage Ratio (%)	441%	367%

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding	167,053,194	128,910,815
Total Required Stable Funding	65,172,730	49,505,620
Net Stable Funding Ratio	256%	260%

43.1 The full disclosures on the Capital Adequacy, Leverage Ratio & Liquidity requirements as per SBP instructions issued from time to time shall be placed on the website. The link to the full disclosures 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 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 BOD 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.

44.1.1 Lendings to financial institutions

Details of Lending to financial institutions and provision held by sectors

	Gross Lendings		Non Performing Lendings		Provision held	
	2021	2020	2021	2020	2021	2020
(Rupees in '000)						
Public/ Government	-	-	-	-	-	-
Private	6,081,208	8,212,780	-	-	-	-
Total	6,081,208	8,212,780	-	-	-	-

44.1.2 Investments

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

	Gross Investments		Non Performing Investments		Provision held	
	2021	2020	2021	2020	2021	2020
(Rupees in '000')						
Government of Pakistan	173,718,453	167,539,650	-	-	-	-
Banks	2,147,510	2,123,886	279,945	305,797	279,944	305,797
Cement	63,745	63,745	34,923	34,923	34,923	34,923
Fertilizer	628,710	628,710	22,684	22,684	22,684	22,684
Financial	215,049	315,050	35,063	32,991	35,063	32,991
Petroleum	141,141	128,390	6,449	6,449	6,449	6,449
Power (electricity), Gas & Water	634,286	846,349	-	-	-	-
Sugar	592,051	592,052	592,051	592,051	494,153	408,883
Total	178,140,945	172,237,832	971,115	994,895	873,216	811,727

44.1.2.1 Credit risk by public / private sector

	Gross Investments		Non Performing Investments		Provision held	
	2021	2020	2021	2020	2021	2020
(Rupees in '000')						
Public/ Government	174,566,113	168,283,705	6,449	6,449	6,449	6,449
Private	3,574,832	3,954,127	964,666	988,446	866,767	805,278
Total	178,140,945	172,237,832	971,115	994,895	873,216	811,727

44.1.3 Advances

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

	Advances (Gross)		Non Performing Advances		Provision held	
	2021	2020	2021	2020	2021	2020
(Rupees 000)						
Pharmaceuticals	69,822	21,219	-	-	-	-
Agriculture business	1,561,830	1,833,627	1,321,325	1,441,481	1,055,014	1,048,511
Manufacturing of textile	814,823	965,376	33,186	33,186	33,186	33,186
Cement	64,377	64,382	-	-	-	-
Transport, storage and communication	343,550	643,101	-	-	-	-
Wholesale and retail trade	1,558,247	1,499,646	463,950	462,048	277,924	226,005
Mining and quarrying	5,075,453	4,667,681	-	-	-	-
Hotel and restaurants	981,130	1,160,948	-	-	-	-
Petroleum	3,213,557	1,792,576	2,022,460	391,286	2,022,460	214,942
Media channels	1,576,852	2,253,297	1,475,685	1,499,380	392,830	392,830
Manufacture of basic iron and steel	2,187,544	1,926,079	1,756,740	1,756,740	1,532,889	1,423,134
Sugar	20,424,172	19,909,226	17,623,859	17,549,268	12,024,843	10,672,493
Automobile and transportation equipment	2,469,659	2,483,180	2,434,209	2,434,209	1,940,286	1,800,790
Chemicals and chemical products	1,194,117	1,506,508	1,103,884	1,098,591	1,062,925	981,382
Financial	1,939,927	2,565,902	1,177,884	1,183,766	447,069	406,389
Rice & Wheat	695,151	628,999	-	23,971	-	8,722
Construction, real estate and societies	4,024,784	4,715,025	2,901,023	2,901,365	1,559,387	745,977
Food	8,348,167	10,797,032	152,806	152,806	147,536	142,754
Insurance	3,254	7,652	-	-	-	-
Power, electricity and gas	9,462,932	9,997,791	3,030,104	2,234,166	2,026,974	997,987
Domestic Appliances	1,557,208	1,707,599	-	-	-	-
Education	18,663	20,357	15,732	14,881	14,419	7,185
Individuals	1,409,410	1,522,044	6,921	12,075	1,943	1,606
Others	4,986,653	4,226,621	1,894,546	2,149,984	700,846	397,426
Total	73,981,282	76,915,868	37,414,314	35,339,203	25,240,531	19,501,319

44.1.3.1 Credit risk by public / private sector

	Advances (Gross)		Non Performing Advances		Provision held	
	2021	2020	2021	2020	2021	2020
(Rupees in '000)						
Public/ Government	8,195,361	11,204,483	-	560,257	-	560,257
Private	65,785,921	65,711,385	37,414,314	34,778,946	25,240,531	18,941,062
Total	73,981,282	76,915,868	37,414,314	35,339,203	25,240,531	19,501,319

44.1.4 Contingencies and Commitments

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

	2021	2020
	(Rupees in '000)	
Chemical and pharmaceuticals	20,000	24,013
Manufacturing of textile	74,805	109,079
Transport, storage and communication	128,500	128,500
Wholesale and retail trade	909,285	653,691
Petroleum	116,991	1,971,167
Manufacture of basic iron and steel	108,031	19,607
Sugar	33,590	21,223
Automobile and transportation equipment	44,666	42,818
Financial	44,274,652	89,720,735
Construction, real estate and societies	633,753	519,715
Domestic Appliances	366,444	187,407
Power, electricity and gas	1,527,171	977,783
Education	3,830	2,270
Others	358,520	199,823
Total	48,600,238	94,577,831

44.1.4.1 Credit risk by public / private sector

	2021	2020
	(Rupees in '000)	
Public/ Government	41,161	57,928,791
Private	48,559,077	36,649,040
Total	48,600,238	94,577,831

44.1.5 Concentration of Advances

The Group's are top 10 exposures (funded and non-funded) aggregated Rs. 30,297.41 million (2020: Rs. 32,476.20 million) as follows:

	2021	2020
	(Rupees in '000)	
Funded	29,800,814	30,318,679
Non Funded	496,595	2,157,520
Total Exposure	30,297,409	32,476,199

44.1.5.1 The sanctioned limits against these top 10 exposures aggregated Rs. 36,612.81 million (2020: Rs. 34,879.07 million).

44.1.5.2 Total Funded Facilities Classified

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

	2021		2020	
	Classified	Provision held	Classified	Provision held
(Rupees in '000')				
OAEM	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	3,674	1,097
Loss	10,345,023	7,113,124	8,323,958	4,644,760
Total	10,345,023	7,113,124	8,327,632	4,645,857

44.1.6 Advances - Province/Region-wise Disbursement & Utilization

Name of Province / Region	Disbursements	2021					
		UTILIZATION					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
----- (Rupees in '000') -----							
Punjab	20,612,020	20,578,071	32,336	-	1,613	-	-
Sindh	31,655,002	23,097	31,629,596	-	2,309	-	-
KPK including FATA	11,764	-	-	11,764	-	-	-
Balochistan	642,881	-	-	-	642,881	-	-
Islamabad	873,522	1,881	-	-	-	871,641	-
AJK including Gilgit-Baltistan	83,790	-	-	-	-	-	83,790
Total	53,878,979	20,603,049	31,661,932	11,764	646,803	871,641	83,790

Name of Province / Region	Disbursements	2020					
		UTILIZATION					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
----- (Rupees in '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

44.2 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 management 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.

44.2.1 Balance sheet split by trading and banking books

	2021			2020		
	Banking book	Trading book	Total	Banking book	Trading book	Total
----- (Rupees in '000') -----						
Cash and balances with treasury banks	19,364,832	-	19,364,832	14,505,949	-	14,505,949
Balances with other banks	1,508,412	-	1,508,412	4,588,528	-	4,588,528
Lendings to financial institutions	6,081,208	-	6,081,208	8,212,780	-	8,212,780
Investments	175,428,966	-	175,428,966	170,756,426	-	170,756,426
Advances	48,728,627	-	48,728,627	57,407,061	-	57,407,061
Fixed assets	3,233,545	-	3,233,545	3,314,731	-	3,314,731
Intangible assets	116,671	-	116,671	71,154	-	71,154
Deferred tax assets	13,253,786	-	13,253,786	10,185,784	-	10,185,784
Other assets	3,770,967	-	3,770,967	5,745,156	-	5,745,156
Total	271,487,014	-	271,487,014	274,787,569	-	274,787,569

44.2.2 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.

	2021			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
----- (Rupees in '000') -----				
Pakistan Rupee	269,813,526	250,886,071	(539,429)	18,388,026
United States Dollar	1,150,568	1,418,470	539,429	271,527
Great Britain Pound	310,086	235,336	-	74,750
Euro	164,518	100,507	-	64,011
Japanese Yen	1,259	-	-	1,259
Saudi Riyal	9,533	-	-	9,533
UAE Dirham	37,390	-	-	37,390
Chinese Yen	134	-	-	134
Total	271,487,014	252,640,384	-	18,846,630

	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
Total	274,787,569	255,517,698	-	19,269,871

44.2.3 Foreign exchange risk

Impact of 1% change in foreign exchange rates on :	2021		2020	
	Banking book	Trading Book	Banking book	Trading Book
	----- (Rupees in '000) -----			
- Statement of Profit or loss account	679	(5,394)	(34,027)	43,894
- Other comprehensive income	-	-	-	-

44.2.4 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.

Impact of 5% change in equity prices on :	2021		2020	
	Banking book	Trading Book	Banking book	Trading Book
	----- (Rupees in '000) -----			
- Profit and loss account	-	-	-	-
- Other comprehensive income	(122,308)	-	(120,534)	-

44.2.5 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.

Impact of 1% change in interest rates on :	2021		2020	
	Banking book	Trading Book	Banking book	Trading Book
	----- (Rupees in '000) -----			
- Profit and loss account	-	-	-	-
- Other comprehensive income	(1,551,744)	-	(1,502,114)	-

44.2.6

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.

Effective Yield / Interest rate	2021										Non-interest bearing financial instruments	
	Total	Up to 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years		
	----- (Rupees in '000) -----											
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	19,364,832	194,260	-	-	-	-	-	-	-	-	-	19,170,572
Balances with other banks	1,508,412	403,049	-	-	-	-	-	-	-	-	-	1,105,363
Lendings to financial institutions	6,081,208	6,081,208	-	-	-	-	-	-	-	-	-	-
Investments	175,428,966	62,368,997	31,055,089	46,249,402	5,648,600	3,946,113	17,480,817	6,311,498	2,368,450	-	-	2,368,450
Advances	48,728,627	35,514,023	1,894,087	347,243	2,690,575	384,155	196,884	6,031,922	296,606	-	-	78,835
Other assets	3,770,967	-	-	-	-	-	-	-	-	-	-	3,770,967
	254,883,012	104,561,537	32,949,176	46,596,645	8,339,175	1,294,297	4,330,268	17,677,701	12,343,420	296,606	-	26,494,187
Liabilities												
Bills payable	624,726	-	-	-	-	-	-	-	-	-	-	624,726
Borrowings from financial institutions	27,535,738	25,750,000	1,695,919	-	-	-	-	-	-	-	-	-
Deposits and other accounts	217,842,678	93,129,145	27,395,528	21,005,052	12,873,131	645,655	59,414	94,830	415,000	-	-	62,224,923
Other liabilities	6,637,242	-	-	-	-	-	-	-	-	-	-	6,637,242
	252,640,384	118,879,145	29,091,447	21,005,052	12,873,131	735,474	59,414	94,830	415,000	-	-	69,486,891
	2,242,628	(14,317,608)	3,857,729	25,591,593	(4,533,956)	558,823	4,270,854	17,582,871	11,928,420	296,606	-	(42,992,704)
On-balance sheet gap	5,172,367	63,658	873,462	365,786	2,349,252	523,442	326,883	400	669,484	-	-	-
Off-balance sheet financial instruments												
Documentary credits and short-term trade related transactions												
	6,740,279	259,914	6,476,960	-	3,405	-	-	-	-	-	-	-
Commitments in respect of:												
Forward foreign exchange contracts - purchase	(6,200,850)	(6,200,850)	-	-	-	-	-	-	-	-	-	-
Forward foreign exchange contracts - sale	5,382,772	5,382,772	-	-	-	-	-	-	-	-	-	-
Purchase and resale agreements - lending	(25,103,970)	(25,103,970)	-	-	-	-	-	-	-	-	-	-
Sale and repurchase agreements - borrowing	(14,009,402)	(25,598,476)	7,350,422	365,786	2,352,657	523,442	326,883	400	669,484	-	-	-
Total yield / Interest Risk Sensitivity Gap	(39,916,084)	11,208,151	25,957,379	(2,181,299)	1,082,265	4,597,737	17,583,271	12,597,904	296,606	(42,992,704)	-	-
Cumulative yield / Interest Risk Sensitivity Gap	(39,916,084)	(28,707,933)	(2,750,554)	(4,931,853)	7,481,149	18,331,420	30,929,324	31,225,930	(11,766,774)	-	-	-
Reconciliation with total assets:												
Assets as per above	254,883,012											
Fixed assets	3,350,216											
Deferred tax asset	13,253,786											
Assets as per consolidated statement of financial position	271,487,014											
Reconciliation with total liabilities:												
Liabilities as per above	252,640,384											
Deferred tax liability	-											
Liabilities as per consolidated statement of financial position	252,640,384											

2020

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

(Rupees in '000)

On-balance sheet financial instruments

Assets	0.90%	5.50%	10.17%	8.67%	6.86%	261,215,900	86,312,613	8,894,260	80,891,855	17,181,683	6,405,457	15,919,714	9,905,634	6,492,495	26,672,305	
Cash and balances with treasury banks	14,505,949	15,6976	-	-	-	-	-	-	-	-	-	-	-	-	-	14,348,973
Balances with other banks	4,588,528	419,213	-	-	-	-	-	-	-	-	-	-	-	-	-	4,169,315
Lending to financial institutions	8,212,780	8,212,780	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	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	1,263,094	133,977	75,897	5,745,156	-	
Advances	57,407,061	49,936,969	5,755,527	643,756	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	5,745,156	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	261,215,900	156,976	8,894,260	80,891,855	17,181,683	6,405,457	15,919,714	9,905,634	6,492,495	26,672,305						

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	185,694,979	84,289,020	16,093,421	17,712,732	18,079,408	557,321	11,685,116	15,802,863	9,905,634	6,492,495	28,688,759	-	-	-	-	-
Other liabilities	6,162,737	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,162,737
Total	265,517,698	144,794,768	17,845,562	17,712,732	18,079,408	557,321	11,685,116	15,802,863	9,905,634	6,492,495	28,688,759					

On-balance sheet gap

265,517,698	144,794,768	17,845,562	17,712,732	18,079,408	557,321	11,685,116	15,802,863	9,905,634	6,492,495	28,688,759						
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Off-balance sheet financial instruments

Documentary credits and short-term trade related transaction	8,761,315	1,914,720	2,671,124	933,339	784,606	911,274	213,051	164,141	1,169,060	-	-	-	-	-	-	-
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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							

Cumulative yield / Interest Risk Sensitivity Gap

(125,158,113)	(125,158,113)	(32,842,324)	(59,695,182)	(59,808,301)	(53,541,562)	(51,345,948)	(17,811,755)	(46,500,514)								
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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	<u>274,787,569</u>

Reconciliation with total liabilities:

Liabilities as per above	255,517,698
Deferred tax liability	-
Liabilities as per consolidated statement of financial position	<u>255,517,698</u>

44.3

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.

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

Assets	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	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)
Cash and balances with treasury banks	19,364,832	19,364,832	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	1,508,412	1,508,412	-	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	6,081,208	6,081,208	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	175,428,966	18,239,683	13,526	259,094	20,621,287	3,981,453	1,579,505	845,374	5,326,466	25,555,258	68,109,873	3,946,113	20,792,625	6,431,329	
Advances	48,728,627	4,482,308	4,482,308	2,549,941	1,081,257	2,328,061	11,171,423	2,549,941	1,343,362	1,773,881	4,840,744	3,110,580	4,577,354	11,197,096	
Fixed assets	3,233,545	3,233,545	-	-	112,990	39,824	39,824	120,801	122,128	122,128	484,530	484,530	484,530	758,831	
Intangible assets	11,671	11,671	-	-	3,130	3,130	9,496	9,496	9,600	9,600	36,087	40,498	947,956	-	
Deferred tax assets	13,253,786	13,253,786	-	-	662,627	1,325,253	1,325,253	1,325,253	1,325,253	1,987,880	1,987,880	2,651,760	-	-	
Other assets	3,770,967	1,092,028	3,357	-	1,133,085	523,046	461,133	436,223	-	101,606	-	-	-	20,489	
Total	271,487,014	32,528,788	16,883	19,161,404	23,614,376	8,200,767	14,580,268	5,287,088	8,126,809	29,550,353	75,461,114	10,233,484	26,317,935	18,407,745	

Liabilities

Bills payable	624,726	624,726	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings from financial institutions	27,535,738	25,000,000	25,000,000	-	-	750,000	1,695,919	21,016,482	6,639,254	6,904,826	89,819	60,877	110,282	415,000	
Deposits and other accounts	217,842,678	155,179,522	1,083,185	580,262	5,257,109	5,632,384	14,300,912	21,016,482	6,639,254	6,904,826	662,583	60,877	110,282	415,000	
Deferred tax liability	6,637,242	1,910,974	24,958	20,647	276,037	312,383	693,597	902,611	236,132	142,710	750,550	370,886	993,446	2,311	
Other liabilities	252,640,384	157,715,222	26,108,143	600,909	5,533,146	6,694,767	16,690,428	21,919,093	6,875,386	7,047,536	1,502,952	431,763	1,103,728	417,311	
Total	18,846,630	(125,186,434)	(26,091,260)	18,560,495	18,081,230	1,506,000	(2,110,160)	(16,632,005)	1,251,423	22,502,817	73,958,162	9,801,721	25,214,207	17,990,434	

Share capital - net

Reserves	25,524,428
Shares deposit money	1,516,452
Deficit on revaluation of assets	4,000,000
Accumulated Loss	(1,121,647)
Net assets	<u>18,846,630</u>

44.3.1

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 month	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 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
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	7,527,524	5,454,352	2,374,673	36,403,052	6,327,274	16,265,426	534,091	6,387,350	67,416,858	14,064,383	15,528,967	-	-
Advances	57,407,061	1,9967	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	981,719	-	-
Fixed assets	3,314,731	-	113,235	41,629	126,274	127,662	127,662	127,662	506,484	506,489	25,569	-	-	-
Intangible assets	71,154	-	1,873	1,873	5,683	5,745	5,745	5,745	22,793	22,793	-	-	-	-
Deferred tax assets	10,185,784	-	513,510	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	302,433	603,805	-	-	-	-	-	-	-
Liabilities	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
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	-	989,702	1,278,644	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	-
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													
Share deposit money	2,000,000													
Proposed Ordinary shares to be issued and reserves on amalgamation	3,814,298													
Deficit on revaluation of assets	(408,505)													
Accumulated Loss	(7,365,678)													
Net assets	<u>19,269,871</u>													

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

2021

	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
Assets										
Cash and balances with treasury banks	19,364,832	6,179,097	4,733,243	2,078,543	4,336,814	2,037,135	-	-	-	-
Balances with other banks	1,508,412	1,508,412	-	-	-	-	-	-	-	-
Lending to financial institutions	6,081,208	6,081,208	-	-	-	-	-	-	-	-
Investments	175,428,966	38,860,969	5,535,373	870,959	30,881,724	68,109,873	3,946,112	20,694,727	6,529,229	-
Advances	48,728,627	5,818,244	13,499,484	2,549,941	2,930,117	5,027,870	3,128,521	4,577,354	10,308,316	888,780
Operating fixed assets	3,233,545	112,990	79,649	120,801	244,256	484,530	484,533	947,956	758,830	-
Intangible assets	116,671	3,130	6,261	9,496	19,200	38,087	40,497	-	-	-
Deferred tax asset	13,253,786	1,325,254	2,650,506	1,325,253	3,313,133	1,987,880	2,651,760	-	-	-
Other assets	3,770,967	2,228,470	984,179	436,223	101,606	-	-	-	-	-
Liabilities	271,487,014	62,117,774	27,488,695	7,391,216	41,826,850	77,685,375	10,251,423	26,220,037	17,596,375	909,269
Bills payable	624,726	624,726	-	-	-	-	-	-	-	-
Borrowings from financial institutions	27,535,738	25,750,000	1,695,919	-	-	89,819	-	-	-	-
Deposits and other accounts	217,842,678	34,711,370	53,884,811	37,838,926	90,158,829	662,583	60,877	110,282	415,000	-
Deferred tax liability	-	-	-	-	-	-	-	-	-	-
Other liabilities	6,637,242	2,232,615	1,005,980	902,611	378,842	750,550	370,886	993,446	2,312	-
Gap	252,640,384	63,318,711	56,586,710	38,741,537	90,537,671	1,502,952	431,763	1,103,728	417,312	-
Share capital - net	18,846,630	(1,200,937)	(29,098,015)	(31,350,321)	(48,710,821)	76,182,423	9,819,660	25,116,309	17,179,063	909,269
Reserves	25,524,428									
Share deposit money	1,516,452									
Deficit on revaluation of assets	4,000,000									
Accumulated Loss	(1,121,647)									
Net assets	<u>18,846,630</u>									

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

2020

	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	3,869,433	2,338,026	3,072,145	-	-	-	-	-
Balances with other banks	4,588,528	-	-	-	-	-	-	-	-
Lending to financial institutions	8,212,780	-	-	-	-	-	-	-	-
Investments	170,756,426	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	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	83,258	126,274	255,324	506,484	506,489	981,719	278,363	456,536
Intangible assets	71,154	3,746	5,683	11,490	22,793	25,569	-	-	-
Deferred tax asset	10,185,784	1,021,689	2,036,465	4,072,932	-	-	-	-	-
Other assets	5,745,156	4,401,872	603,304	-	-	-	-	-	-
	274,787,569	39,621,857	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	-	-	-	-	-	-	-	-
Borrowings from financial institutions	63,127,648	1,752,141	-	-	869,759	-	-	-	-
Deposits and other accounts	185,634,979	44,336,731	30,075,748	79,754,593	1,665,533	559,829	1,052,301	22,272	-
Deferred tax liability	-	-	-	-	-	-	-	-	-
Other liabilities	6,162,737	1,017,245	454,348	175,140	3,434	18,839	9,631	-	-
	255,517,698	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)	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	-	-	-	-	-	-	-	-
Share 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	(55,627,277)	13,852,592	(51,617,361)	7,601,485	73,646,282	20,074,504	19,894,905	8,391,167

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.

44.4 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. GENERAL


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


46. DATE OF AUTHORISATION FOR ISSUE


These consolidated financial statements were authorised for issue by the Board of Directors on March 08, 2022.


 Chairman


 President and
 Chief Executive Officer


 Director


 Director


 Chief Financial Officer

Notice Of 11th Annual General Meeting

NOTICE is hereby given that the 11th Annual General Meeting of Sindh Bank Limited will be held on March 30, 2022 at 10.00 a.m at Federation House, Clifton, Karachi, to transact the following business:

A-Ordinary Business:

- 1- To confirm the minutes of 10th Annual General Meeting held on 30th March, 2021 & 2nd April, 2021.
- 2- To receive, consider and adopt the Audited consolidated/un-consolidated Financial Statements of the Bank for the year ended 31st December, 2021, 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 2022 and fix their remuneration. The retiring Auditors Naveed Zafar Ashfaq Jaffrey & Co., have shown their willingness to act as the auditors for the year 2022 and eligible to be appointed.

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 and payment of Administrative expenses pertaining to office, staff and security of the Chairman in terms of SBP BPRD Circular # 09 of 2015 dated May 06, 2015.
- 3- To approve the 20% remuneration of the fee of Board/Committee Meetings for performing extra services other than directorship to the Chairman of Board/Committees, as per BPRD Circular No.05 of 2021, dated 22.11.2021 (Clause (vii) of G-14 of Corporate Governance Regulatory Framework).
- 4- 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

Muhammad Irfan Zafar

Company Secretary
March 09, 2022

NOTES:

- i. A member entitled to attend and vote at the 11th 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 23, 2022 to March 30, 2022 (both days inclusive). CDC Transaction IDs received in order at the Registered Office of the Company up to the close of business on March 21, 2022 will be considered as on time for the determination of shareholder's entitlement 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 11th Annual General Meeting of Sindh Bank Limited (the "Bank") to be held on March 30, 2022:

Item No. 1 of Special Business:

The Shareholders' approval or decision is sought for the payment of remuneration and provision of certain facilities to the President/CEO of the Bank. In 10th AGM, the matter was discussed and referred to the Board of Directors to review the same for the Year-2020, but due to pending FPT approvals of the all-07 elected Directors with SBP the same could not be reviewed. The following resolution if considered by the Shareholders 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/-, and provision of certain facilities & for the Year-2021 a gross sum of Rs.24,000,000/- in addition to bonus and other perquisites as per his term of appointment be and are hereby approved."

Item No.2 of Special Business:

The meeting fee payable to the non-executive members of the Board was earlier approved by the Board of Directors in its 43rd meeting held on 18th October, 2016 @ Rs.250,000/- and Rs.200,000/- per meeting of the Board and Committees of the Board, respectively. Payment of administrative expenses pertaining to the office, fuel, staff and security allocated to the Chairman was also approved by the Board. The decision of the Board, in terms of Article 104 of the Articles of Association of the Bank requires approval of the shareholders in Annual General Meeting as per Regulation G-1(C-2) of SBP Prudential Regulations and BPRD Circular # 09 of 2015. Hence, the meeting fee payable to the non-executive members of the Board & Administrative expenses to the Chairman had presented in the 10th AGM held on 30th March & 2nd April, 2021, which were referred for its further review by the Board. Thereafter, the said agenda was discussed and meeting fee payable to the non-executive members of the Board had been reduced by the Board of Directors in its 87th meeting held on 29th April, 2021 @ Rs.200,000/- & Rs.175,000/- per meeting of the Board and Committees of the Board, respectively. 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. The following resolution may be passed: -

"THE SHAREHOLDERS RESOLVE TO approve post facto approval for the payment of fee to the non-executive Directors during the Year-2020 from 1st Jan-2020 till 87th Board meeting held on 29.04.2021 as earlier approved in 43rd Board meeting and subsequently from 88th Board meeting @ Rs.200,000/- for attending Board's meeting & Rs.175,000/- for attending Board's Committees' meeting, as reduced in 87th Board Meeting of the Directors.

"THE SHAREHOLDERS FURTHER RESOLVE TO approve post facto approval for the payment of administrative expenses pertaining to office, staff and security of the ex-chairman during the Year-2020 & 2021, in terms of SBP BPRD Circular # 09 of 2015, dated May 06, 2015.

Item No.3 of Special Business:

As per BPRD Circular No.05 of 2021, dated 22.11.2021 (Clause (vii) of G-14 of Corporate Governance Regulatory Framework) 20% remuneration of the fee of Board/Committee Meetings for performing extra services other than directorship may be accorded to the Chairman of Board/Committees. Therefore, the following resolutions may be passed for approval of 20% remuneration of the Board Meeting fee @ Rs.200,000/- & Rs.175,000/- to the Chairman of Board/Committees for providing extra services; other than directorship:

"THE SHAREHOLDERS RESOLVE TO approve 20% of the remuneration fixed by the Directors for attending Board/Committees meetings, from time to time, to the Chairman of Board/Committees in order to meet administrative expenses related to provide extra services; other than directorship, as per BPRD Circular # 05 of 2021.

"THE SHAREHOLDERS HEREBY FURTHER RESOLVES TO approve the amendments in Clause 'd' under the head of 'Remuneration of Directors' of the Director's Remuneration Policy approved by the shareholders in its 09th AGM held on March 30, 2020 as under: -

"d. The remuneration of a director performing extra services, including holding the office of Chairman of Board/Committees, may additionally be determined up to 20% of the remuneration set for such director" as per BPRD Circular # 05 of 2021 in order to meet administrative expenses related to the extra services provided to the Bank".

Pattern of Shareholdings

AS ON DECEMBER 31, 2021

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	2599995001	2600000000	2,551,429,810
124			2,552,442,817

Categories of Shareholders

As On December 31, 2021

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%
	JAVOID BASHIR SHEIKH	1	1	0.00%
	MASOOMA HUSSAIN	10,001	1	0.00%
	NOMINEE SHARES OF EX-DIRECTORS	4	4	0.00%
	Sub-Total	10,007	7	
5	Executives / Employees / Group employees	603,000	113	0.02%
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	2,551,429,810	1	99.96%
TOTAL		2,552,442,817	124	100.00%

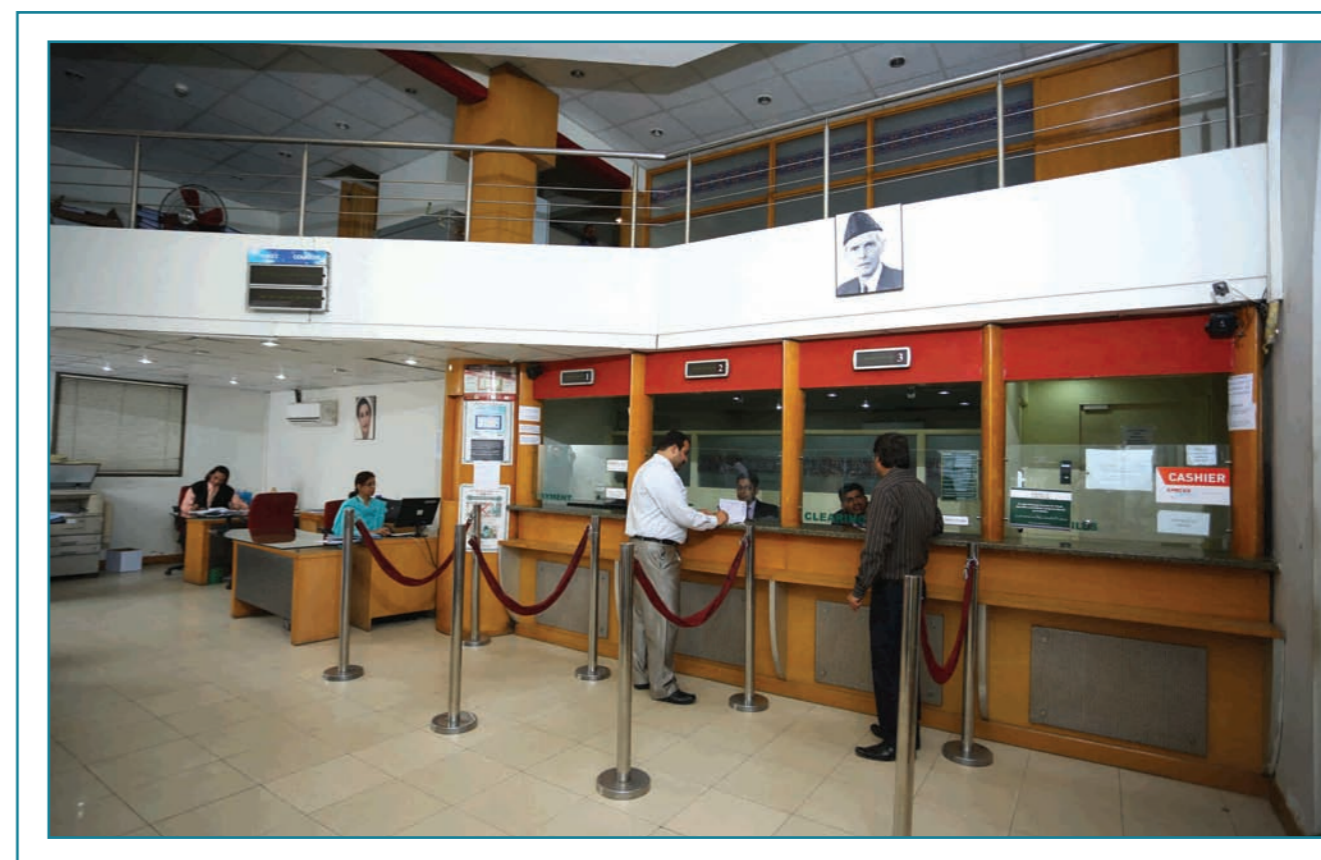
Shareholders holding ten percent or more voting interest in the listed company

Total Paid-up Capital of the company 2,552,442,817

10% of the paid-up capital of the company 255,244,282

Name(s) of Shareholder(s)	No. of Shares held	Percentage (%)
Government of Sindh, through its Finance Department	2,551,429,810	99.96

Branch Network



SOUTH REGION

KARACHI AREA

Mr. Abdul Rauf Chandio
Group Business Head
South Region
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Mr. Dilwar Ahmed Dakhan
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Mr. Ayaz Ahmed Jagirani
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Mr. Shafique Ahmed

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Mr. Aijaz Ali Bugti

Area Manager
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Mr. Faisal Haroon Badshah

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Islamic Banking - Karachi
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SINDH RURAL REGION

Syed Assad Ali

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PUNJAB CENTRAL REGION

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Mr. Mubashar Uddin Khan
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NORTH REGION KPK & MIR PUR AJK AREA

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Mr. Johar Ayub Khan
Area Manager
KPK-II
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Mr. Intikhab Ashraf
Area Manager
AJK / Gilgit Baltistan
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ISLAMIC BANKING DIVISION

Mr. Faisal Mujeeb
Officiating Head of Islamic
Banking Division
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Email: faisal.mujeeb@sindhbankltd.com

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 11th Annual General Meeting of the Bank to be held on 30th March 2022 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 _____ 2022.

1. Witness _____

Signature _____

CNIC No. _____

Address _____

2. Witness _____

Signature _____

CNIC No. _____

Address _____

Member's Signature
on Rs.5.00
Revenue Stamp

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

NOTES:

1. A member entitled to attend and vote at the 11th 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.

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	101
5	North Region KPK & Mirpur AJK Area	23
Total		330

