

## Serving You In Many Ways:

### SERVICES AND FACILITIES:

- ATTRACTIVE DEPOSIT SCHEMES
- ASAAN ACCOUNT
- WOMEN EMPOWERMENT ACCOUNT
- YOUNG TALENT ACCOUNT
- FOREIGN CURRENCY ACCOUNT
- AGRICULTURE LOANS
- MARKUP FREE STUDENT LOANS
- SMALL & MEDIUM ENTERPRISE (SME) CREDITS
- ISLAMIC BANKING
- ATM NETWORK
- VISA & UNIONPAY DEBIT CARDS
- LOCKER FACILITY

### SMS BANKING:

- BALANCE INQUIRY
- INTRA AND INTER BANK FUNDS TRANSFER (IBFT)
- MINI STATEMENT
- UTILITY BILLS PAYMENT
- MOBILE TOP UP
- TRANSACTION ALERTS
- COMPLETE STATEMENT OF ACCOUNT VIA EMAIL



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

# SINDH BANK

# سندھ بینک

POWER TO THE PEOPLE بااختیار عوام

ANNUAL REPORT 2015

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

## SINDH BANK

## سندھ بینک

POWER TO THE PEOPLE بااختیار عوام

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

ANNUAL REPORT 2015







بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ







## Vision

Our vision is to be a leading bank which would play a positive role to generate economic activities for empowering the people by meeting their financial needs for running a successful business and create employment opportunities.



## Mission

To develop as a leading Commercial Bank in the country by meeting its stated objectives of promoting economic development of the country in general and in the Province of Sindh in particular.





## Contents

Corporate Information	01
Core Values	03
Corporate Objectives	05
Chairman's Message	07
Achievements & Plans	09
Board of Directors	13
Committees of the Board	16
Entity Ratings	17
Statement of Ethics and Business Practices	18
Organogram	19
Directors' Report	21
Financial Highlights	31
Value Added Statement	33
Vertical Analysis	34
Horizontal Analysis	35
Key Performance Indicators	37
Corporate Governance Statement	38
Review Report on Code of Corporate Governance	41
Statement of Internal Controls	42
Auditors' Report on Unconsolidated Financial Statements	43
Unconsolidated Financial Statements	45
Islamic Banking Business	114
Shariah Advisor's Report	120
Auditors' Report on Consolidated Financial Statements	123
Consolidated Financial Statements	124
Notice of Fifth Annual General Meeting	185
Pattern of Shareholding	186
Branch Network	187





## Corporate Information

### Board of Directors

Afzal Ghani	Chairman
Muhammad Naeem Sahgal	Director
Mohammad Shahid Murtaza	Director
Mohammad Sohail Khan Rajput	Director
Raja Muhammad Abbas	Director
Tajammal Husain Bokharee	Director
Muhammad Bilal Sheikh	Director
M. Naim Farooqui	President & CEO

Chief Financial Officer	Saeed Jamal Tariq
Company Secretary	Shamsuddin Khan

Auditors	Grant Thornton Anjum Rahman Chartered Accountants
----------	--

Legal Advisors	Mohsin Tayebaly & Co
Share Registrar	Central Depository Company of Pakistan Limited

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

Registration Number	0073917
NTN Number	3654008-7
Website	www.sindhbankltd.com





# CORE VALUES

## Integrity

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

## Customer Focus

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

## Team Work

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

## Innovation

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



## Corporate Objectives

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

Thus the Bank's policies are focused on:

- Enhancing small farmers access to institutional credit and supporting national strategy for increasing agricultural output by funding farm and non-farm projects.
- Promoting SME sector by providing financial solutions to small and medium sized entrepreneurs.
- Funding projects yielding economic benefits to the country.
- Supporting projects that empower women.
- Providing banking facilities in the unbanked areas particularly in the province of Sindh.
- Providing e-banking services to enable Bank's customers to have fast and easy access meeting their banking requirements by installing the most modern and efficient technological applications that satisfy customers' expectations.
- Fulfilling its Corporate Social Responsibility in all segments of the Society, particularly for promoting and enhancing education in Pakistan, by supporting and providing interest free loans to meritorious students for higher education, with job guarantee in Sindh Bank.
- Laying a sound foundation for the bank and delivering attractive value for the shareholders' investment while remaining within the ambit of regulatory requirements.





## Chairman's Message



On behalf of the Board of Directors of Sindh Bank, it gives me great pleasure to present this review, along with the financial statements of the Bank for the year ended December 31, 2015. Growth in network to 250 branches spread across 125 cities in Pakistan and aggregated profits (before tax) of over Rs. 7 billion were recorded in the five years since inception.

Profit (before tax) for 2015 increased by 27% to Rs. 2,051 million from Rs. 1,612 million recorded in 2014. This translates into EPS (after tax) of Rs. 1.23. The financial results and appropriations, as recommended by the Board, are summarized below:

	Rupees in '000
<b>Profit before provisions and tax</b>	4,571,854
General Provisions	(2,500,000)
General Provisions against consumer & small enterprises	(1,523)
Specific provisions against non-performing advances	(18,832)
<b>Profit before tax</b>	<b>2,051,499</b>
Taxation - Current	1,617,389
- Prior year	102,556
- Deferred	(898,709)
<b>Profit after tax</b>	<b>1,230,263</b>
Un-appropriated profit brought forward	2,100,911
Other comprehensive loss	(8,206)
<b>Profit available for appropriation</b>	<b>3,322,968</b>
<b>Appropriations:</b>	
Transfer to Statutory Reserve	(246,053)
<b>Un-appropriated profit carried forward</b>	<b>3,076,915</b>

Total Deposits as at December 31, 2015 registered an increase of 35.9% to Rs. 84.076 billion as compared to Rs. 61.884 billion on December 31, 2014. Gross advances increased by 13.3% to Rs. 46.665 billion as compared to Rs. 41.203 billion on December 31, 2014. NPLs remain at a nominal level of less than 1 percent of Advances. As at the year-end, Sindh Bank's equity, including surplus on revaluation, stands at Rupees 14.758 billion, with a capital adequacy level of 20.13% against the required 10.25%.

Economic outlook for 2016 remains favorable on the back of low inflation, activity generated by CPEC and a stable external sector. Pressure on the banking spreads will remain, though I am confident that this can be managed through momentum generated by underperforming branches.

The Board places on record its appreciation for the services rendered by Mr. M. Bilal Sheikh, the outgoing President & CEO, in so successfully steering the Bank since its formation and wish the incoming President & CEO Mr. M. Naim Farooqui, the best in handling the challenges faced in leading the Bank.

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

Afzal Ghani  
Chairman

Karachi: March 1, 2016

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





## Agriculture Loan

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



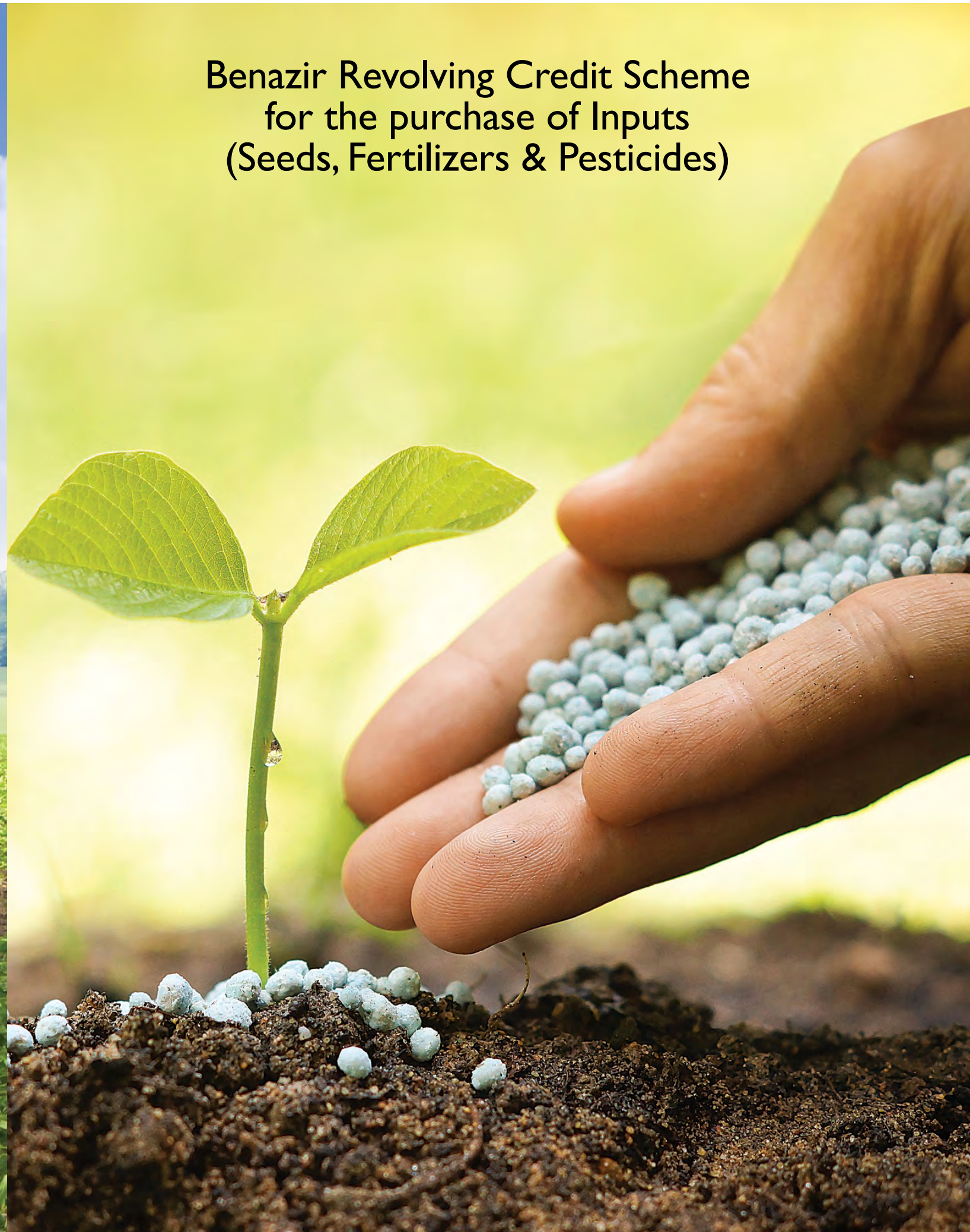




## Sindh Abadgar Tractor Scheme



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







## Loans for Dairy/Cattle Farming



## Loans for Poultry Farming







Major Achievements in 2015  
and  
Plans for 2016







## Major Achievements in 2015

- 25 on-line branches established. The Bank now has its presence in 250 locations stretched over 125 cities/towns across Pakistan.
- 8 new Islamic Banking branches were opened increasing the network to 13 along with two Islamic Banking Windows in Karachi. During the year, depository products catering to different customer needs such as 'Business Account' were rolled out and strengthening of policies, processes and systems was pursued to ensure continuous improvement in service delivery.
- The Bank entered into arrangements with MoneyGram Int'l, world's second largest money remittance company, for making payment of home remittances.
- Training sessions were conducted across Pakistan covering more than 1400 employees on the highly sensitive areas of Operations, Internal Controls, Compliance, Fraud Prevention and FATCA.
- To filter employees of Sindh Government Organizations, Sindh Bank opened more than 70,000 accounts of employees of Sindh Government Local Bodies within a short time frame of 3 months. The genuineness of the employees was verified by obtaining their fingerprints on biometric machines, purchased specially for this purpose and placed at all the Karachi branches. Subsequently their salaries are being disbursed through Sindh Bank.
- Opened more than 72,000 accounts of Zakat Mustehqeen and issued 'Benazir Muawanat Cards' for disbursement of Zakat to them through ATM.
- Implemented Sindh Revenue Board on-line Tax Collection System.
- Launched China UnionPay Debit Card and distributed more than 40,000 cards.
- Added 87 ATMs to our network, across Pakistan, now making a total of 192.
- Signed an agreement with VISA International for Debit Card launch.
- Sindh Microfinance Bank received the MFB license in October 2015 and is likely to start operations in the second quarter of 2016 after getting Commencement Certificate from SBP.

## Plans for 2016

- 50 branches are planned to be opened during 2016.
- The Bank will continue to expand its Islamic Banking footprint through 7 new branches as well as windows pan Pakistan. While introducing new asset and liability products, our focus will continue to be on Shariah Compliance, Technology platforms and consistent investment in skills upgrade.
- The Bank will focus on enhancing commission based income by exploring new avenues.
- Bank will also make home remittance arrangements with other top rated international companies.
- Training outreach will be extended by setting more hubs in Southern Punjab, KPK and Baluchistan.
- VISA Debit Card will be launched by the second quarter of 2016.
- 73 ATMs will be added to the network by the end of the year to improve the Bank's branchless banking presence.



## Board of Directors



**Afzal Ghani**  
Chairman/ Independent Director

Mr. Ghani is a Senior Chartered Accountant and is a Business Executive, having vast experience as a Professional Business Executive and Corporate Expert. He is the Chairman of the Board of Directors.



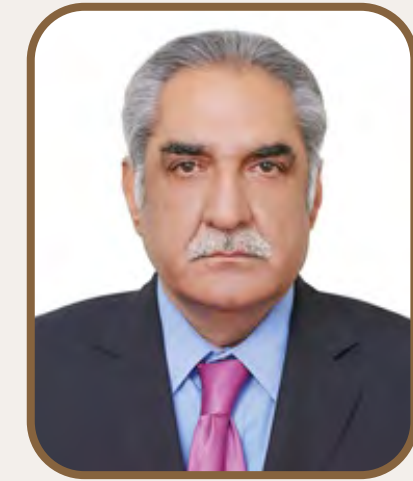
**Tajammal Husain Bokharee**  
Independent Director

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



**Muhammad Naeem Sahgal**  
Independent Director

Mr. Sahgal is a Supreme Court Advocate and a Partner of Walker Martineue Saleem, an eminent law firm of the country. He possesses Master's degree in law from UK.



**Raja Muhammad Abbas**  
Independent Director

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



**Mohammad Sohail Khan Rajput**  
Nominee Director of Government of Sindh

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



**Mohammad Shahid Murtaza**  
Independent Director

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



**M. Naim Farooqui**  
President & CEO

Mr. Farooqui is an MBA having 32 years of Banking, Investment Banking and related experience in foreign and local financial institutions. Prior to joining Sindh Bank he was the Chief Executive Officer of Sindh Leasing Company Limited, a company sponsored and owned 100% by Government of Sindh.



**Muhammad Bilal Sheikh**  
Director

Mr. Sheikh is a career banker having experience of over 48 years. He has been Chief Executive of various Banks and DFIs for the last 18 years.





**Board of Directors of Sindh Bank:**

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

**Committees of the Board:**

<b>Risk Management Committee:</b>	
Tajammal Husain Bokharee	Chairman
Raja Muhammad Abbas	Member
Muhammad Bilal Sheikh	Member
President & CEO	Member
Head of Risk Management	Secretary
<b>Procurement &amp; Information Technology Committee:</b>	
Mohammad Sohail Khan Rajput	Chairman
Mohammad Shahid Murtaza	Member
Tajammal Husain Bokharee	Member
President & CEO	Member
Head of Information Technology	Secretary

**Human Resource & Remuneration Committee:**

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

**Audit Committee:**

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

**Nomination Committee:**

Raja Muhammad Abbas	Chairman
Tajammal Husain Bokharee	Member
Muhammad Bilal Sheikh	Member
President & CEO	Member
Company Secretary	Secretary





## VISA & UnionPay Debit Cards

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





## Entity Ratings



## Long-Term Rating AA Short-Term Rating A-I+ Outlook-Stable

Definitions by JCR-VIS Credit Rating Co. Ltd.

### Long-Term Rating AA

High Credit Quality. Protection factors are strong. Risk is modest but may vary slightly from time to time because of economic conditions.

### Short-Term Rating A-I+

Highest certainty of timely payment; Short-term liquidity, including internal operating factors and/or access to alternative sources of funds, is outstanding and safety is just below risk free Government of Pakistan's short-term obligations.

## Statement of Ethics and Business Practices

This Statement of Ethics and Business Practices applies to all Employees of Sindh Bank Limited. It strives to set forth certain standards and rules of conduct followed in the corporate entities, globally. Our culture of ethics and integrity shall from the beginning define who we are as a Bank and how we as colleagues treat each other, our customers and stakeholders.

This Statement of Ethics and Business Practices attempts to introduce the Employees to the types of attitudes and conduct that create an honest, fair and legal workplace. It will be surrounded by 3 basic beliefs:

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

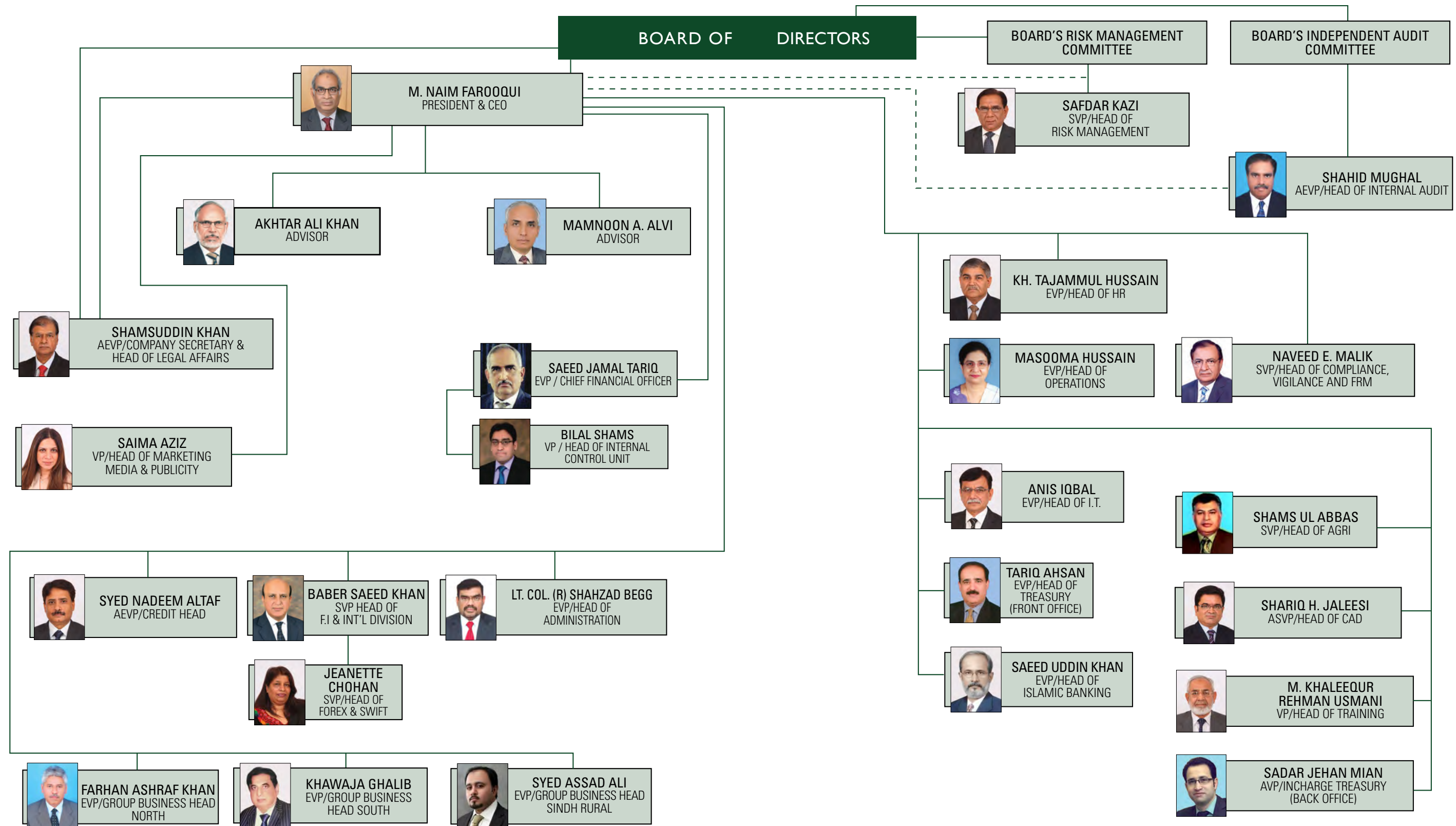
### General Principles and Significant Aspects of Code of Ethics:

1. We will abide by the laws of the Country in all activities at work and beyond. Any suspected material violation of a law, regulation or ethical standard must be reported to the appropriate level of authority within the Bank. Where appropriate, the authority will report to the relevant statutory authority.
2. We will always demonstrate high standard of conduct at work place or outside as good citizens of Pakistan.
3. We will adhere to a high level of professional practices commensurate with Bank's aim to achieve growth in earning for shareholders over the long term undertaking business compatible with our character and business norms.
4. We will behave with integrity and honesty in our dealing with customers, colleagues, supervisors and all others with whom we interact.
5. We, as the Bank employees have a responsibility towards all stakeholders to make decisions strictly on the basis of Bank's interests, without regard to personal gain. A conflict of interest can arise when one's judgment could be influenced, or might appear as being influenced, by the possibility of personal benefit. Even if it's not intentional, the appearance of a conflict may be just as damaging to employees' and Bank's reputation, as an actual conflict. We would always be on the lookout for situations that may create a conflict of interest, and do everything we can to avoid them.
6. Situation may arise holding an employee in conflict of his interest with the interest of the Bank. In such situation, to enable the Bank to make objective decisions, the employee must declare in advance the possible conflict of interest, to his/her senior. The management may require the employee to dissociate him/her from any involvement in a decision by the Bank that relates to such personal conflict.
7. Our involvement in an outside activity or any external position held must not give rise to any real or apparent conflict with a customer's interest, must not adversely reflect on the Bank and must not interfere with an individual's performance.
8. We will not solicit or accept gifts, sponsorship, hospitality or favor which would compromise, or give the appearance of compromising our position or any business decision taken by or on behalf of the Bank. Accepting gifts and entertainment can cause a conflict of interest, or the appearance of a conflict between personal interests and professional responsibility. The Bank's culture is to never accept gifts or entertainment from any supplier, potential supplier, or any person the employee has reason to believe may be seeking to influence business decisions or transactions.
9. We, besides working with honesty and faithfulness shall maintain strict secrecy regarding the Bank's affairs and the affairs of its constituents and subsidiaries, if any. We shall use our utmost endeavors to promote the interest of the Bank and shall show courtesy and attention in all dealing with customers.
10. We shall not use for personal gain or benefit or, except insofar as it is necessary in the regular course of business, disclose to anyone within or outside the Bank any information obtained in the course of work that is of confidential nature. We will not disclose intentionally or carelessly, any information that is of confidential nature without the prior approval from the respective departmental head. In official communication or prospective communication with prospective or current client, ensure that information is given only on need to know basis.
11. We shall not engage in any other profession, trade or business activity for remuneration or enter into the employment of any other person firm or company. An engagement in social and welfare service beyond normal office hours may however, be encouraged.
12. We shall not make any false or misleading statement in relation to our appointment or performance of our duties in the Bank. To ensure accuracy of information that would be provided to the public, the employees are prohibited from making any statement, including statements about financial matters (written or verbal) on behalf of the Bank to media, news publications, business publications, or any other source without prior approval from the respective department of the Bank.
13. Personal, social and unofficial visits during working hours are discouraged. In the event of an emergency, visitors may be entertained outside the work area, or in the designated reception area to ensure confidentiality of information and minimum disruption.
14. We shall not bring or attempt to bring political or other influence, directly or indirectly, nor shall we take part in, subscribe to and or assist in any way, any political activity.
15. If we are found involved or convicted in a criminal offence, we shall immediately bring to the notice of the Management through our head of department or, if arrested and released on bail, soon after such release.
16. We shall generally dissuade from following evils:
  - Inappropriate Conduct • Sexual Harassment • Corruption and Retaliation • Discriminatory Behavior • Grapevine and Gossips
  - Intentional Dishonesty • Drug Abuse and Anti Environmental Activities • Insider Trading • Money Laundering

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



## SINDH BANK ORGANOGRAM



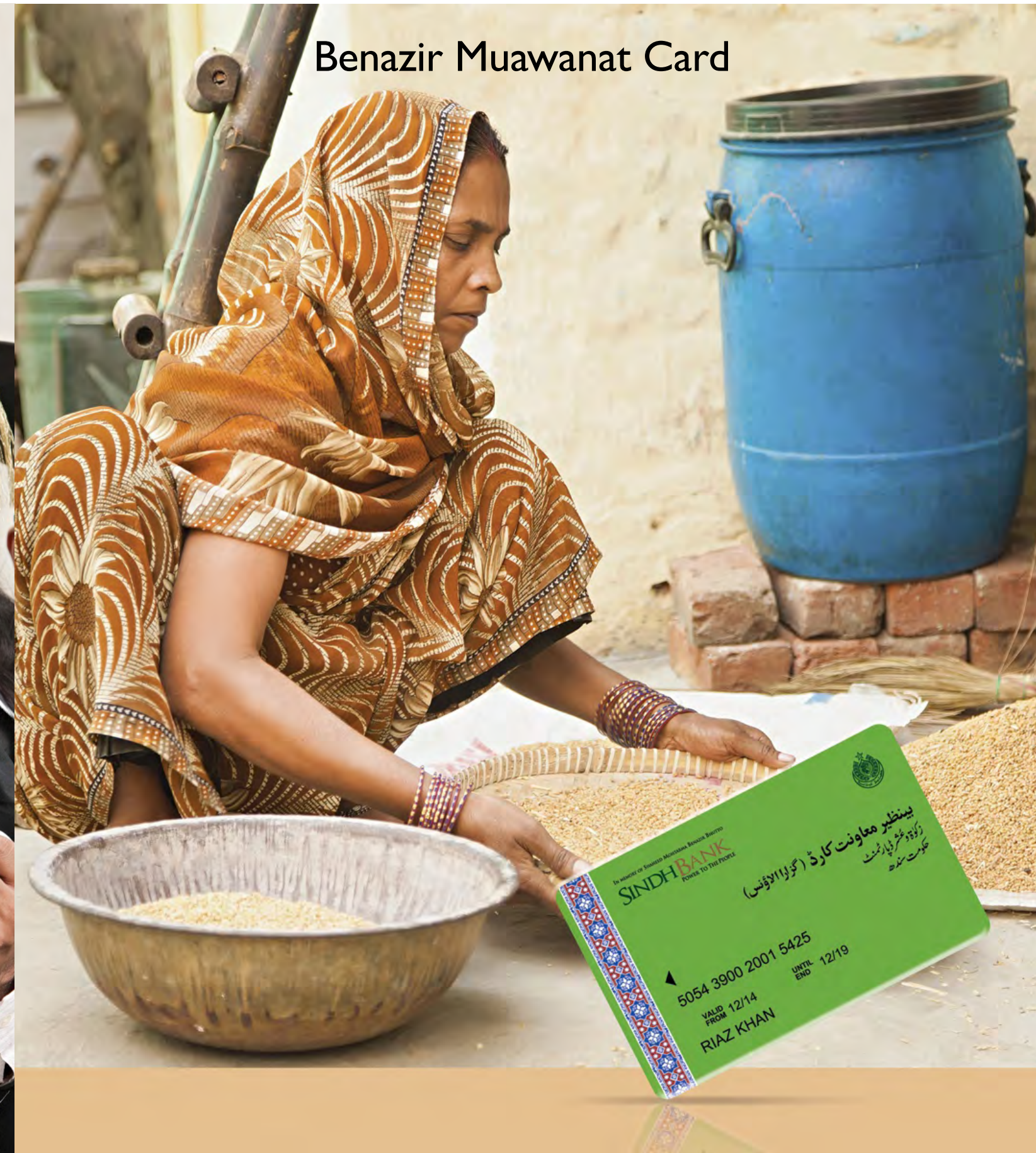




## Mark-up Free Student Loans



## Benazir Muawanat Card



Sindh Bank Limited's student finance-cum-employment-program for post-graduation is in accordance with the directives of the Government of Sindh and with a view to promote education in the country and support meritorious students who otherwise cannot afford cost of post graduation education. The students of Universities/Colleges recognized by Higher Education Commission are eligible to apply for loan under this interest-free scheme with job guarantee in Sindh Bank.

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





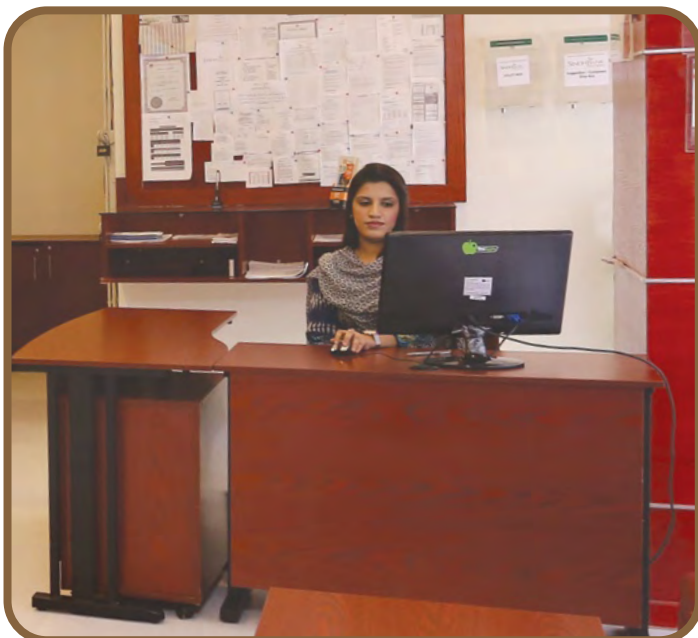
## Our Staff and Branches













## Events



Mr. Muhammad Bilal Sheikh, presenting a cheque of Rs 10 Million to Professor Adib-UI-Hasan Rizvi at the Sindh Institute of Urology and Transplantation (SIUT) Karachi.



Mr. Akhtar Ali Khan at the signing ceremony between MoneyGram and Sindh Bank



Directors' Orientation Course on Corporate Governance was conducted through an ICAP approved trainer.



Participants at the Women Leaders Summit held in Karachi



Cash Award Ceremony for passing the Institute of Bankers Pakistan's (IBP) exams.



Job Fair 2015 sponsored by Sindh Bank at the Benazir Bhutto Shaheed University Lyari -Karachi





## Attractive Deposit Schemes

Through a wide range of financial services, Sindh Bank is aiming to create an economic environment that will play a significant role in the economic development of the country. For this purpose, Sindh Bank has launched many attractive Savings and Deposit Schemes for its customers. The customers now have a better opportunity to deposit their money for higher profits.







## Directors' Report



On behalf of the Board of Directors of Sindh Bank Limited I am pleased to present the 5th Annual Report of the Bank for the year ended December 31, 2015. In the year under review, the Bank recorded growth in all the key performance indicators adding to the soundness of the Bank. Financial highlights are as follows:

(Rupees in '000)

Balance Sheet	As on December 31, 2015	As on December 31, 2014	% age Change
Paid up Capital	10,000,000	10,000,000	-
Equity*	14,758,390	14,102,394	4.70%
Deposits	84,076,644	61,884,036	35.9%
Investment (net of repos)	48,111,792	20,382,791	136.0%
Gross Advances	46,708,032	41,203,781	13.4%

Profit & Loss Account	Year Ended December 31, 2015	Year Ended December 31, 2014	% age Change
Net markup/profit/interest income	4,442,415	3,435,347	29.3%
Non-mark-up/non-interest income	3,491,838	956,465	265.0%
Non mark-up/interest expenses	3,362,399	2,761,048	22.0%
Operating Profit	4,567,436	1,632,973	179.7%
Provisions-general	2,501,523	-	-
Provisions-specific	18,342	19,078	-3.9%
Profit before Tax	2,051,499	1,611,686	27.3%
Profit After Tax	1,230,263	1,079,479	13.9%
Earnings per share (Rupees)	1.23	1.08	13.9%

Other Information	As on December 31, 2015	As on December 31, 2014	% age Change
No. of Accounts	358,084	166,563	115.0%
Number of Branches	250	225	11.1%

\*including revaluation on AFS securities

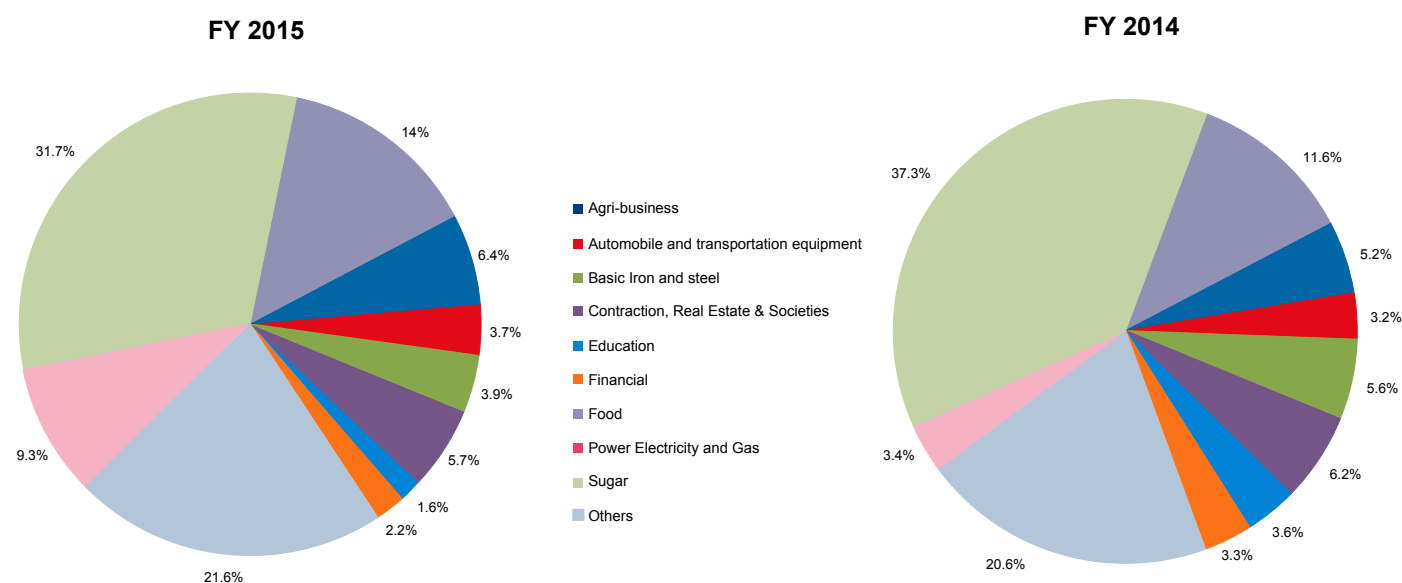
### A. DEPOSITS

Total Deposits during 2015 registered an increase of 36 percent and stood at Rs. 84.076 billion as compared to Rs. 61.884 billion as on December 31, 2014. The ratio of deposits placed by Govt. of Sindh (GoS) to other deposits now stands at 19:81 as compared to 25:75 last year. Growth in other deposits stands at 47 percent which is indicative of enhanced public/depositors' confidence in the Bank. Number of accounts stands at 358,084 registering an increase of 115 percent over 2014.

### B. ADVANCES

As at December 31, 2015, Gross Advances increased by 13.4 percent to Rs. 46.708 billion as against Rs. 41.204 billion as on December 31, 2014. Portfolio infection ratio is less than 1 percent, which reflects good health as well as prudence exercised by the management in extending credits. Sector-wise exposure position is as follows:

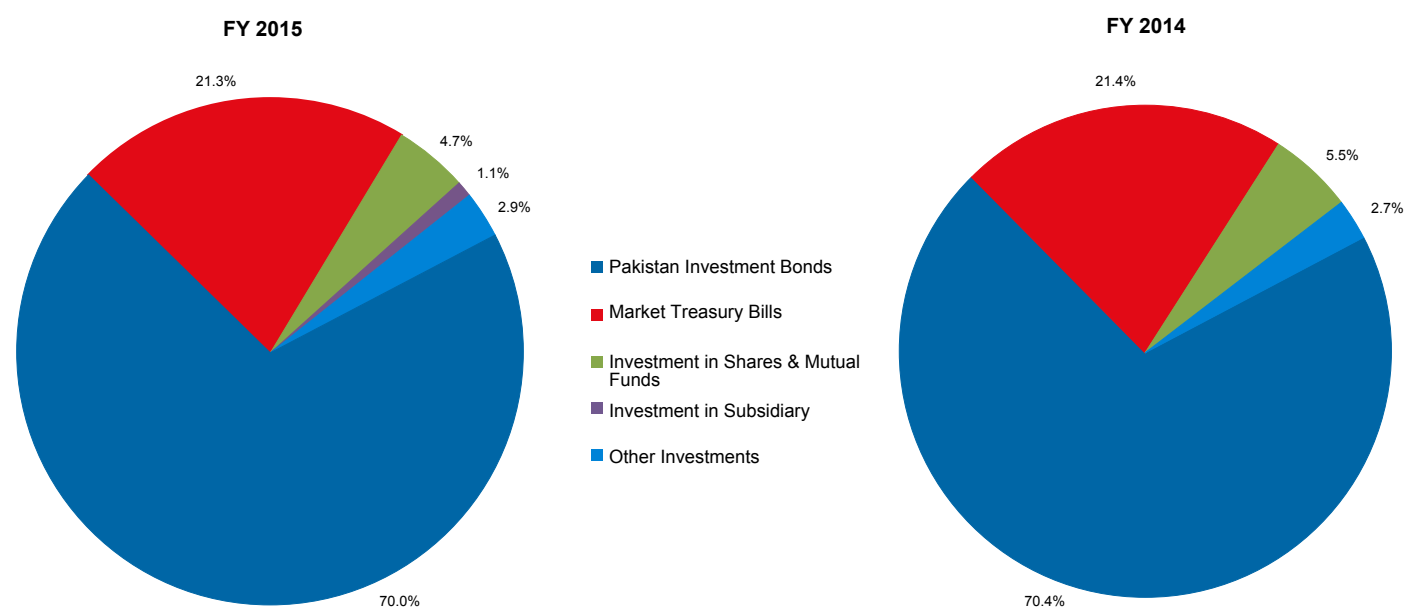




Out of total advances of Rs. 14.792 billion to the Sugar sector, exposure to the extent of Rs. 2.744 billion is secured against 100% cash collateral and Rs. 4.695 billion against pledge of Sugar with 20% margin.

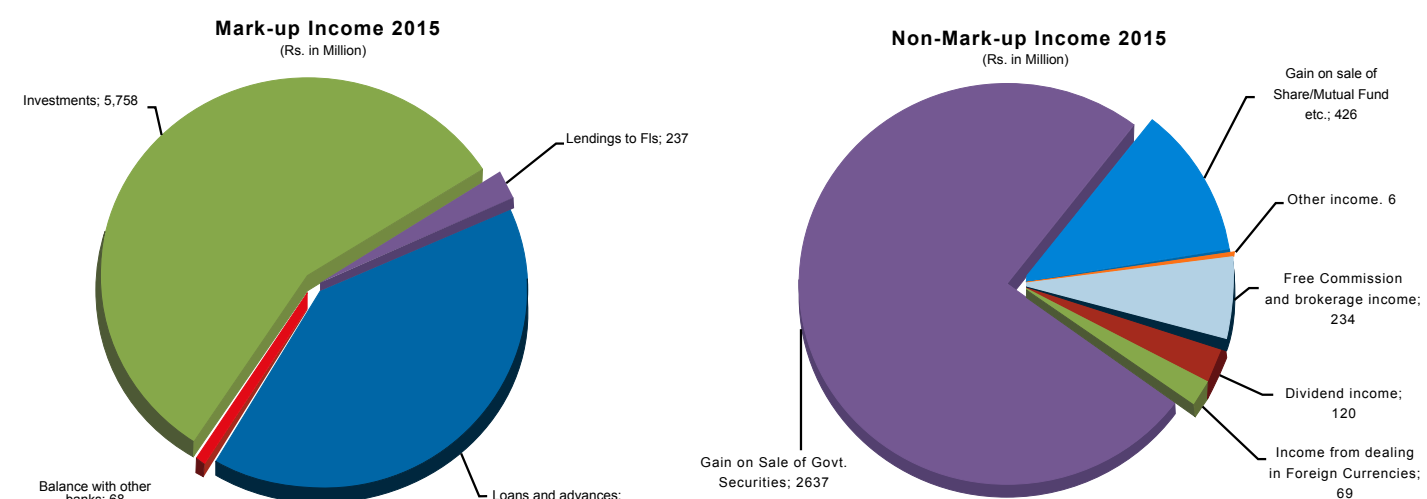
### C. INVESTMENTS

Investments in Government securities registered an increase of 20.6 percent at Rs. 64.278 billion as compared to Rs. 53.318 billion on December 31, 2014. The Bank's investment in Capital Market increased from Rs. 3,148 million as on December 31, 2014 to Rs. 3,271 million on December 31, 2015 which remained almost flat compared with the previous year. Segregation, by type of investment is as presented below:



### D. PROFIT

Pre-tax profit for the year ended December 2015 stood at Rs. 2,051 million as against Rs. 1,612 million earned in the corresponding period of 2014, registering an increase of 27.3%. This was mainly due to an increase of Rs. 1,041 million in total net mark-up/non mark-up income after provisions. Significant increase in non-mark-up/interest income resulted from realization of capital gains on sale of Bank's investments in Pakistan Investment Bonds and Shares/Mutual Funds. As an abundant caution, general provision of Rs. 2.5 billion on advances has been made on the basis of Management's risk assessment. This is in addition to general provision of Rs. 1.523 million against Consumer/Small Enterprises Financing and specific provision of Rs. 18.342 million against other advances, required under Prudential Regulations.



### E. BRANCH NETWORK

The Bank has its presence at 250 locations spread over 125 cities/towns across Pakistan. This includes 13 dedicated Islamic Banking branches providing a wide range of market-based products and services. Region wise break-up is as under:

Regions	No. of Branches	No. of Cities/Towns
<b>South:</b> including Karachi, Rural Sindh & Balochistan	153	70
<b>North:</b> including Punjab, KPK, AJK & GB	97	55
<b>Total</b>	<b>250</b>	<b>125</b>





## ECONOMIC REVIEW

During Fiscal Year 2015 (FY 2015), real GDP growth of 4.2 percent (Target 5.1 percent) was recorded, a seven year high, marginally higher than 4 percent recorded in FY 2014. The impetus to growth came from a strong services sector and modest recovery in Agriculture. Factors for shortfall against the target included lackluster performance of industry and agriculture growth at 2.9 percent falling short of FY 2015 target of 3.3 percent. Factors impeding growth included security situation during the period, damage to crops due to weather conditions and energy shortages compounded by slow-down in exports. On a positive note however, private sector credit picked up and large scale manufacturing gained traction in the later part of 2016 as it grew by 4.4 percent as compared to 3.1 percent (same period last year).

CPI inflation fell from 8.6 percent in FY 2014 to 4.5 percent in FY 2015, while average CPI inflation declined to 2.1 percent during the first five months of FY 2016. SBP expects average CPI to remain in the range of 3-4 percent.

Improved macroeconomic indicators enabled SBP to continue with its accommodative monetary policy stance, slashing the discount rate by 300 bps during 2015 to its lowest ever level of 6.5 percent.

FX reserves exceeded US\$ 20 billion at the year-end and Rupee remained stable, on account of a robust increase in workers' remittances, continued support from IFIs and a sharp decline in global oil prices.

Starting the year on a high, the KSE 100 index lost steam midway during 2015, ending the year at 32,816 points, thereby registering only a slight increase of 2.1 percent. This is mainly attributed to sluggish performance of the global markets and foreign selling thereby.

## CHANGES IN THE BOARD OF DIRECTORS

Mr. M. Bilal Sheikh on reaching the age of 70 years retired as the President/CEO of the Bank on 4th November, 2015. The Board through formal process approved the appointment of Mr. M. Naim Farooqui to be the next President/CEO of the Bank which was also endorsed by the GoS. In the interim, pending Mr. Farooqui's joining the Bank, the Board assigned the charge as acting President to Mr. Akhtar Ali Khan being senior most executive of the Bank.

Mr. Naim Farooqui assumed charge as President/CEO of the Bank on 7th December, 2015.

The Board is thankful to Mr. M. Bilal Sheikh, for his immense contribution in successfully steering the Bank since its formation, running profitably since inception and making it one of the fastest growing banks in terms of branch network, in Pakistan's history. As a member of the Board though, the Bank would continue to benefit from his valuable input.

## CREDIT RATING

The JCR-VIS Credit Rating Company has assigned the Bank, medium to long-term entity rating of AA (Double AA) with a Stable outlook. The short-term rating stands at A-1 +.

## MINIMUM CAPITAL REQUIREMENT & CAPITAL ADEQUACY RATIO

The Bank is fully compliant with the Minimum Capital Requirement prescribed by the State Bank of Pakistan while its Capital Adequacy Ratio stood at 20.13% as against the minimum requirement of 10.25%.

## RISK MANAGEMENT FRAMEWORK

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

## INTERNAL CONTROL OVER FINANCIAL REPORTING

Sindh Bank has established overarching controls and is also working continuously to document, evaluate and improve controls in all significant processes. Control activities are designed to manage the risks that have been identified in the risk assessment. The Bank has successfully completed the update and review of Internal Control over Financial Reporting exercise for the Year 2015 as per SBP Internal Control Guidelines.

The Board Audit Committee, provides supervision and overall guidance in improving the effectiveness of the internal control system.

## MAJOR HIGHLIGHTS OF THE YEAR

- Islamic Banking Division**  
 Sindh Bank has expanded its Islamic Banking network to 13 dedicated Islamic Banking Branches (IBBs) and two Islamic Banking Windows (IBWs) providing Shariah compliant products and services to the customers. During 2015, Islamic banking has shown satisfactory growth, considering the size of its operations, however we expect the momentum to pick up significantly during 2016 with the expansion in IBBs and IBWs along with the launch of new assets and liability side products.
- Prime Minister's Youth Business Loan Program**  
 With a view to eradicate poverty by giving the youth, opportunities of financial independence through self-employment, the Government of Pakistan introduced Prime Minister's Youth Business Loans Programme (PMYB) in December 2014. This scheme is for young entrepreneurs between the age group of 21 - 45 years, designed to provide subsidized financing at a rate of 6% per annum for extension of small business loans up to Rs. 2 million across Pakistan and Azad Jammu & Kashmir including Federally Administered Tribal Areas. It has a 50% quota for women and 5% quota for families of shaheeds, widows and disabled persons. Sindh Bank has committed participation of up-to Rs. 100 million out of which Rs. 2.7 million had been disbursed till December 31, 2015.





- **Benazir Income Support Program**

The Bank has been handling this scheme since its start from the Tando Muhammad Khan district. The number of beneficiaries had reached 40,359 as at December 31, 2015 as against 37,031 as of December 31, 2014. Total amount disbursed during 2015 stands at Rs. 714 million as compared to Rs. 741 million disbursed during 2014. Handling this provides the Bank an opportunity to serve the less privileged segments of population.

- **Microfinance Bank**

Sindh Microfinance Bank (SMFB), a wholly-owned subsidiary of Sindh Bank, received the MFB license in October 2015 and is in the process of finalization of operational formalities leading to commencement of business. It is expected that SMFB will start its operations in the second quarter of 2016 after getting commencement certificate from the SBP. SMFB's major focus will be on empowering rural women in the province of Sindh and inculcating the habit of saving among the poor still unable to utilize the formal banking services.

- **Home Remittances**

Sindh Bank branches handled home remittances to the tune of Rs. 1,485 million through 35,784 transactions during 2015 as compared to Rs. 1,281 million through 30,265 transactions handled during 2014. Being a member of the Pakistan Remittance Initiatives (PRI), the Bank has entered into arrangements with MoneyGram Int'l, world's second largest money remittance company, for making payments of home remittances. Besides that, the Bank is also handling Home Remittances sent via Western Union and processing transactions for 6 other exchange companies on behalf of the Bank of Punjab.

During 2016, there are plans to introduce other reputed exchange companies, thus contributing to the national cause of enhancing home remittances.

- **Sindh Bank Debit Card**

In our endeavor to fulfill customer needs and provide market based products and services, the Bank launched the globally accepted UnionPay Debit Card. The Card can be used at any POS machine or ATM in Pakistan as well as in 190 countries worldwide. The Bank plans to launch the more widely accepted, VISA Debit Card for its customers during 2016.

## AGRICULTURE FINANCING

The Bank's exposure to the sector as at December 31, 2015 aggregated Rs. 2,979 million encompassing 7,004 farmers, compared to an amount of Rs. 2,106 million to 5,539 farmers as at December 31, 2014.

Agricultural credit disbursement target of Rs. 3,000 million has been assigned by SBP for FY 2016. Against this, an amount of Rs. 1,780 million (59 percent) has been utilized during the first half of FY 2016.

## IT INITIATIVES

The Bank's IT managed smooth rollout of core banking software at 17 conventional and 8 Islamic Banking Branches, established during the year. Islamic Banking Windows have also been opened/enabled in two conventional branches and more will be added in 2016 to increase outreach and enhance cross platform services to 'Shariah' sensitive customers.

Sindh Bank has been entrusted the task of disbursing funds to 84,000 Zakat beneficiaries. The beneficiaries will be able to withdraw these funds through Benazir Muawanat Cards to be issued by Sindh Bank, thereby assisting the provincial Zakat authorities in speedy and transparent disbursement of funds. As of December 31, 2015, 78,066 cards had been issued.

## STAFF, TRAINING & DEVELOPMENT

Total Bank staff i.e. executives, officers and support, increased to 1,985 as on December 31, 2015 from 1,776 at the end of December 2014.

Training opportunities during 2015 were provided for each level of bank /branch staff and 1400 plus staff, across Pakistan, underwent training in various disciplines through in-house training offerings as well as outsourced consultants. Primary focus during the year was on creating awareness for strengthening internal controls, adoption of prudent banking practices, fulfilling regulatory requirements, fraud avoidance strategies, branch banking operations, credit, trade, remittance handling and other areas needed to enhance soft skills with the aim to create competitive advantage for the Bank.

## CORPORATE SOCIAL RESPONSIBILITY

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

- An amount of Rs. 10 million was donated to the Sindh Institute of Urology and Transplantation (SIUT) for providing free of cost healthcare services.
- An amount of Rs. 1 million was disbursed against the remaining commitment of Rs. 10 million, to the Aga Khan Hospital and Medical College Foundation, for construction of a dedicated 10 bedded Pediatric Intensive Care Unit.
- Sindh Bank had signed an MOU with the GoS Zakat & Ushr Department in 2014 for disbursement of 'Guzara Allowance' to eligible persons. To date disbursement to over 72 thousand such persons (mustehqueen) has been made through issuance of the 'Benazir Muawanat ATM Cards'.
- On the instructions of the Government of Sindh, accounts of over 69 thousand employees of local bodies and other organizations have been opened at Sindh Bank branches through which salaries are being disbursed. The gigantic exercise was completed within a very short period after undergoing the required formalities, including personal presence and biometric verification of the account holders. Sindh Bank thereby facilitated GoS in its endeavor to screen out absentee/ghost employees. For this purpose, the Bank incurred expenditure for procurement and installing dedicated ATMs at various locations, biometric machines and other related matters.

## CORPORATE AND FINANCIAL REPORTING FRAMEWORK

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



- Appropriate accounting policies have been applied consistently in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The International Financial Reporting Standards, as applicable to banks in Pakistan, have been followed in preparation of financial statements and any departures there from have been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There is no doubt about the Bank's ability to continue as a going concern in the foreseeable future.
- There has been no material departure from the best practices of corporate governance, as detailed in the Public Sector Companies (Corporate Governance) Rules, 2013.
- During the year a Directors' Orientation Course on Corporate Governance was conducted through an ICAP approved trainer and was attended by all Directors including the CEO.
- Key financial and operating data for five years i.e. since inception is being provided in the annual report.
- All the statutory liabilities, if any have been adequately disclosed in the financial statements.
- The appointment of the Chairman and other Members of the Board and the terms of their appointment along with remuneration policy adopted are in the best interest of the Bank as well as in line with the best practices.
- Value of investments of Sindh Bank Limited Employees Provident Fund as at December 31, 2015 was Rs. 236.63 million (2014 - Rs. 158.74 million). Value of investments of Sindh Bank Limited Employees Gratuity Fund as at December 31, 2015 was Rs. 69.29 million (2014- Rs. 40.07 million) and Rs. 49.29 million has been transferred subsequent to the balance sheet date, based on actuarial valuation of the fund.

## BOARD MEETINGS

During the year under review details of Board Meetings attended by the Directors are as under:

S.No.	Name of Directors	32nd Meeting held on 24.02.2015	33rd Meeting held on 07.04.2015	34th Meeting held on 12.08.2015	35th Meeting held on 15.09.2015	36th Meeting held on 14.10.2015	37th Meeting held on 03.11.2015	38th Meeting held on 03.12.2015	39th Meeting held on 30.12.2015	Total Meetings Attended
1	Mr. Afzal Ghani	•	•	•	•	•	•	•	•	8
2	Mr. Mohammad Sohail Khan Rajput	•	•	•	•	•	•	•	•	7
3	Mr. Mohammad Shahid Murtaza	•	•	•	•	•	•	•	•	8
4	Mr. Muhammad Naeem Sahgal	•	•	•	•	•	•	•	•	8
5	Mr. Tajammal Husain Bokharee	•	•	•	•	•	•	•	•	8
6	Mr. Raja Muhammad Abbas	•	•	•	•	•	•	•	•	7
7	Mr. Muhammad Bilal Sheikh	•	•	•	•	•	•	•	•	6
8	Mr. Akhtar Ali Khan <sup>(1)</sup>						•			1
9	Mr. M. Naim Farooqui <sup>(2)</sup>							•		1
Meeting Attendance		7	7	7	6	7	7	7	6	

1) Mr. Akhtar Ali Khan was co-opted in place of Mr. Muhammad Bilal Sheikh, as Acting President & CEO on 04.11.2015.

2) Mr. M. Naim Farooqui replaced Mr. Akhtar Ali Khan as the President/CEO on 07.12.2015.

## PATTERN OF SHAREHOLDING

The pattern of shareholding is attached with this report.

## EXTERNAL AUDITORS

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

## FUTURE OUTLOOK

Economic outlook for 2016 remains favorable with marked improvement in the security situation, stability on the political front combined with a stable external sector, low inflation and interest rates and improving energy scenario.

Energy and infrastructure projects under CPEC are expected to drive growth in the medium and long term as demand for private sector credit increases.

We expect that the momentum generated by branches ie those opened before 2015 will give a boost to profitability. As yields on longer term PIBs decline, the Bank's focus will be to increase it's advances to the desirable Advances to Deposit ratio of 60 percent.

Another 50 branches including 7 dedicated to Islamic Banking, are planned to be opened during 2016. To further expand outreach and customer convenience, numerous Islamic Banking windows will also be established in conventional banking branches based on the market potential for Islamic products. Further, 73 ATMs, many of these on off-site locations, will be added to the Bank's network during 2016, bringing the total to 265 ATMs by the end of the year, thereby significantly improving the Bank's branchless banking presence.

Process for listing of the Bank on the Pakistan Stock Exchange has been initiated and is expected to be accomplished in the first half of 2016.

## 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 in the Bank.

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

On behalf of the Board of Directors.



**M. Naim Farooqui**

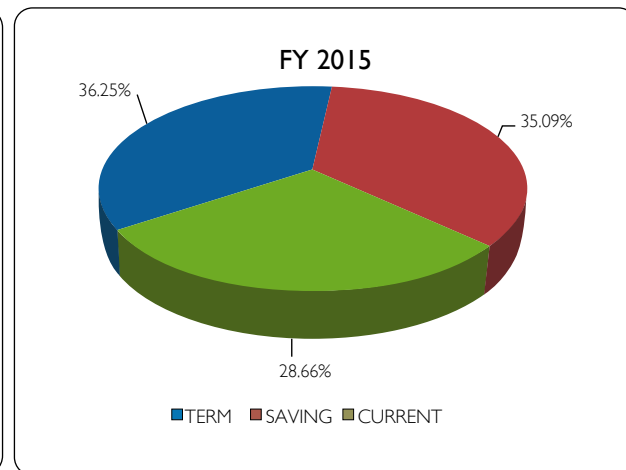
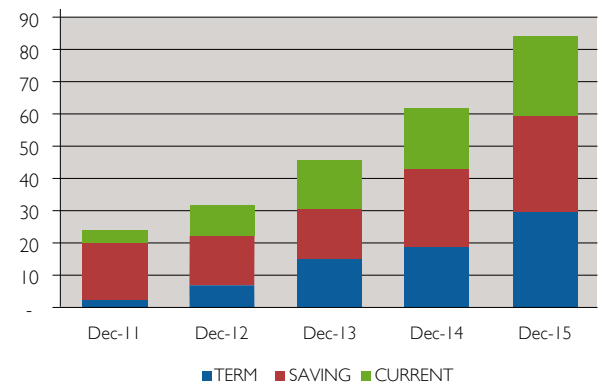
President/CEO

Karachi - March 01, 2016

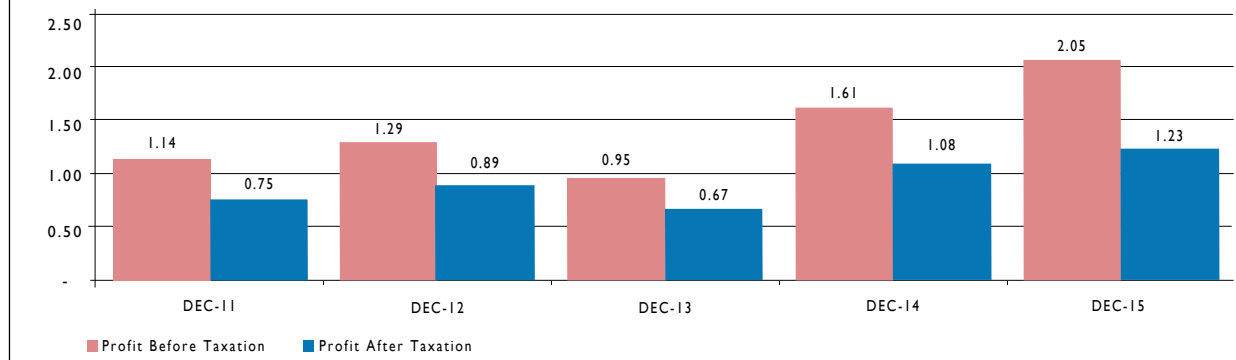


# Financial Highlights

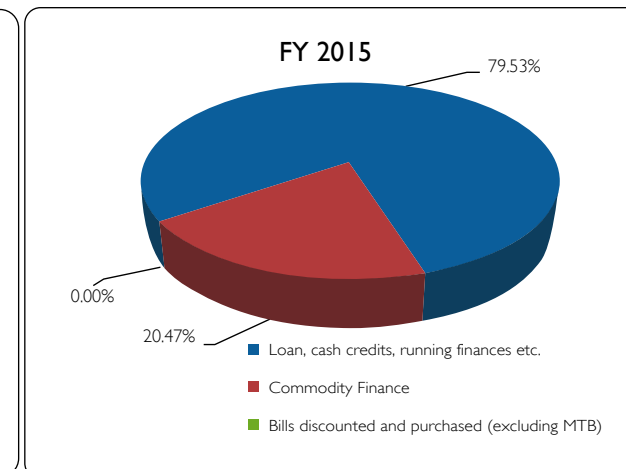
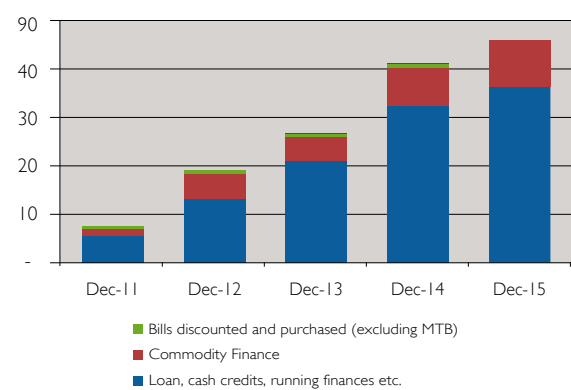
**DEPOSITITS** Rupees in billion



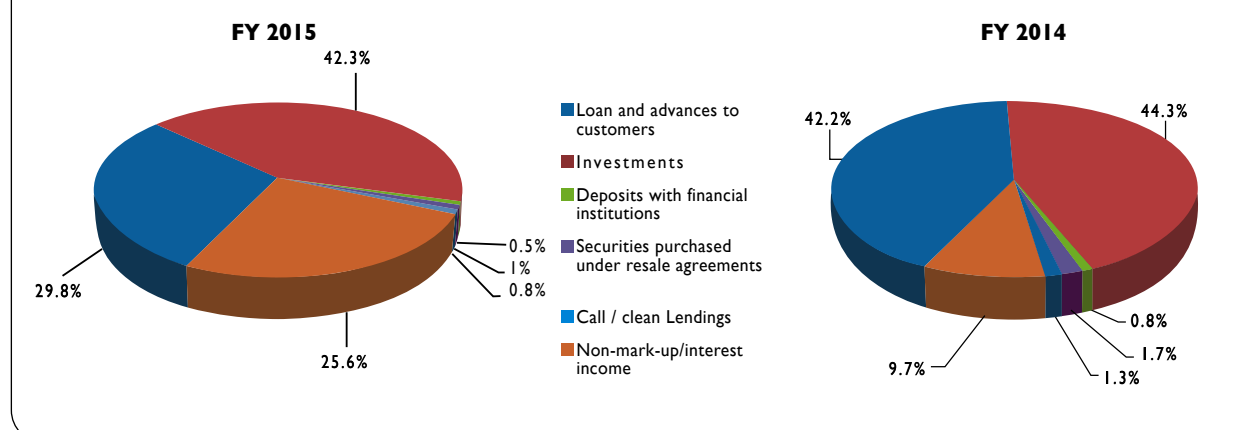
**PROFIT** Rupees in billion



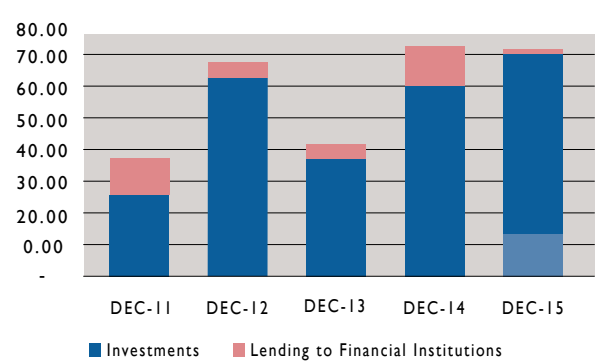
**ADVANCES** Rupees in billion



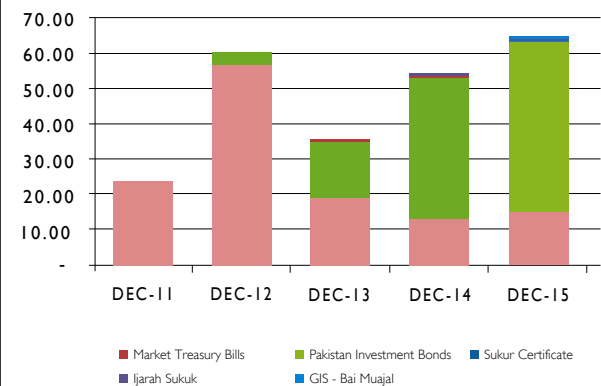
**INCOME**



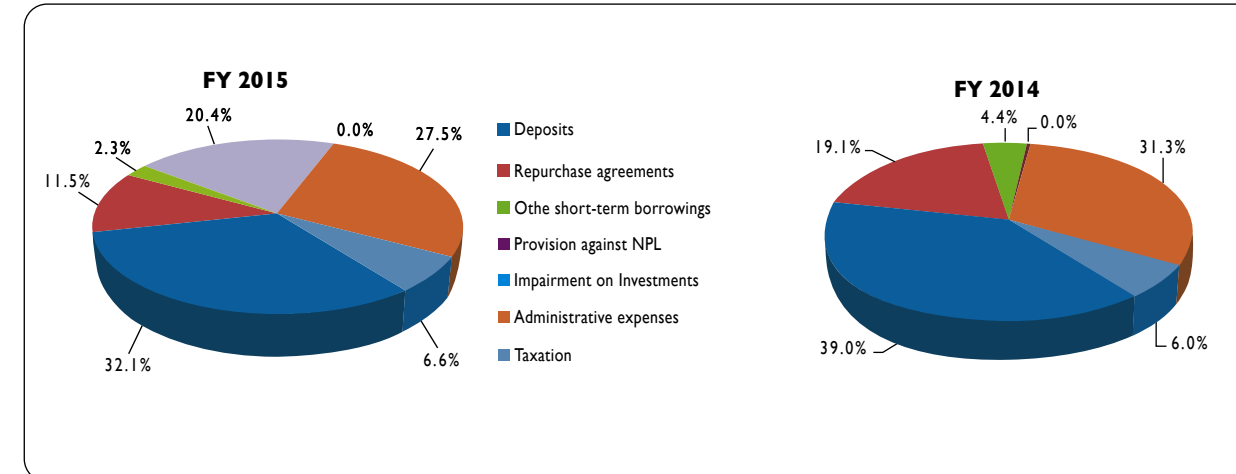
**INVESTMENTS** Rupees in billion



**GOVERNMENT SECURITIES** Rupees in billion



**EXPENSES**







## ATM and e-Banking Services

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

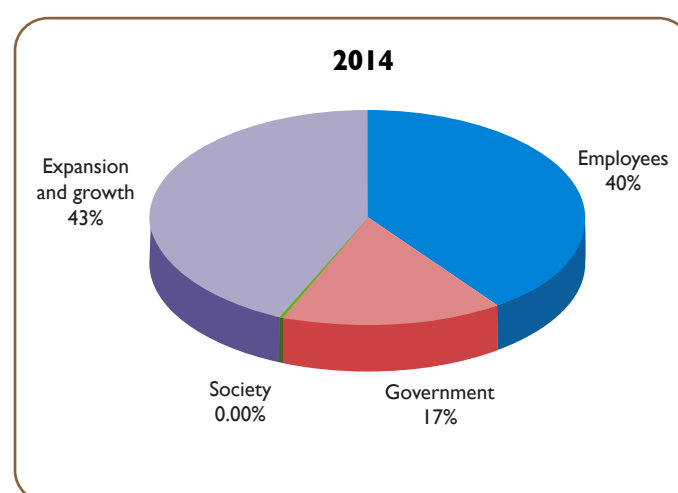
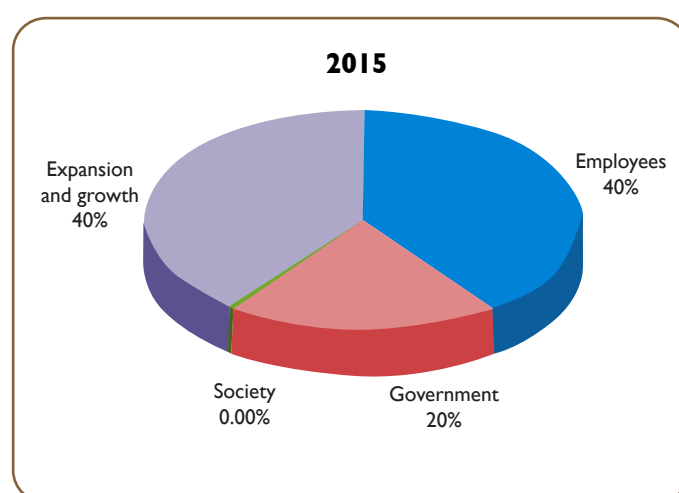






## Value Added Statement

	2015 Rs. in million	%	2014 Rs. in million	%
<b>Value Added</b>				
Net interest income	4,442		3,435	
Non interest income	3,492		956	
Operating expenses excluding staff costs depreciation, amortization and donations	(1,372)		(1,146)	
Provision against advances, investments & others	(2,516)		(21)	
<b>Value added available for distribution</b>	<b>4,046</b>		<b>3,225</b>	
<b>Distribution of value added:</b>				
<b>To employees</b>				
Remuneration, provident fund and other benefits	1,613	39.87%	1,287	39.91%
<b>To government</b>				
Income tax	821	20.30%	532	16.50%
<b>To society</b>				
Donations	11	0.27%	11	0.34%
<b>To expansion and growth</b>				
Depreciation	340	8.40%	291	9.01%
Amortization	31	0.76%	25	0.77%
Retained in business	1,230	30.40%	1,079	33.47%
	1,601	39.57%	1,395	43.25%
	4,046	100%	3,225	100%



## Vertical Analysis

### Statement of Financial Position / Profit & Loss

	2015		2014		2013		2012		2011	
	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%
<b>STATEMENT OF FINANCIAL POSITION</b>										
<b>ASSETS</b>										
Cash and balances with treasury banks	5,298	4%	5,066	4%	3,519	5%	2,431	3%	1,656	3%
Balances with other banks	1,086	1%	538	0%	191	0%	425	0%	244	1%
Lendings to financial institutions	850	1%	12,665	10%	4,036	5%	4,620	5%	10,905	23%
Investments	70,394	55%	59,467	48%	36,786	49%	62,631	68%	26,082	55%
Advances	44,169	34%	41,185	33%	26,565	35%	19,282	21%	7,259	15%
Operating fixed assets	1,899	1%	1,812	1%	1,766	2%	1,557	2%	584	1%
Deferred tax assets-net	301	0%	-	-	-	-	-	-	-	-
Other assets	4,245	3%	4,138	3%	2,170	3%	1,347	1%	1,000	2%
	<b>128,242</b>	<b>100%</b>	<b>124,871</b>	<b>100%</b>	<b>75,033</b>	<b>100%</b>	<b>92,291</b>	<b>100%</b>	<b>47,730</b>	<b>100%</b>
<b>LIABILITIES</b>										
Bills payable	289	0.25%	400	0%	363	0%	176	0%	42	0%
Borrowings from financial institutions	27,161	24%	46,077	37%	16,758	22%	48,602	53%	13,013	27%
Deposits and other accounts	84,077	74%	61,884	50%	45,756	61%	31,470	34%	23,518	49%
Deferred tax liability-net	-	-	903	1%	10	0%	207	0%	10	0%
Other liabilities	1,958	2%	1,506	1%	820	1%	747	1%	484	1%
	<b>113,484</b>	<b>100%</b>	<b>110,769</b>	<b>89%</b>	<b>63,706</b>	<b>85%</b>	<b>81,203</b>	<b>88%</b>	<b>37,067</b>	<b>78%</b>
<b>NET ASSETS</b>										
	<b>14,758</b>	<b>12%</b>	<b>14,102</b>	<b>11%</b>	<b>11,327</b>	<b>15%</b>	<b>11,088</b>	<b>12%</b>	<b>10,663</b>	<b>22%</b>
<b>REPRESENTED BY</b>										
Share capital	10,000	8%	10,000	8%	10,000	13%	10,000	11%	10,000	21%
Reserves	923	1%	676	1%	460	1%	327	0%	150	0%
Unappropriated profit	3,077	2%	2,102	2%	1,242	2%	710	1%	600	1%
Surplus / (Deficit) on revaluation of investments - net of related deferred tax	759	1%	1,325	1%	(375)	-1%	51	0%	(87)	0%
	<b>14,758</b>	<b>12%</b>	<b>14,102</b>	<b>11%</b>	<b>11,327</b>	<b>15%</b>	<b>11,088</b>	<b>12%</b>	<b>10,663</b>	<b>22%</b>
<b>PROFIT &amp; LOSS ACCOUNT</b>										
Mark-up / return / interest earned	10,127	74%	8,932	90%	6,329	88%	6,141	92%	3,704	94%
Fee, commission and brokerage	234	2%	184	2%	163	2%	99	1%	11	0%
Income from dealing in foreign currencies	69	1%	66	1%	44	1%	44	1%	2	0%
Capital gain and dividend income	3,183	23%	702	7%	651	9%	382	6%	209	5%
Other income	6	0%	4	0%	3	0%	1	0%	0.34	0%
<b>Total income</b>	<b>13,619</b>	<b>100%</b>	<b>9,889</b>	<b>100%</b>	<b>7,189</b>	<b>100%</b>	<b>6,668</b>	<b>100%</b>	<b>3,926</b>	<b>100%</b>
Mark-up / return / interest expensed	5,685	42%	5,497	56%	4,072	57%	4,103	62%	2,241	57%
Operating & admin expenses	3,367	25%	2,759	28%	2,142	30%	1,278	19%	514	13%
Provision against investments & others	2,516	18%	21	0%	22	0%	1	0%	31	1%
Taxation	821	6%	532	5%	287	4%	399	6%	390	10%
<b>Total Expenses</b>	<b>12,389</b>	<b>91%</b>	<b>8,809</b>	<b>89%</b>	<b>6,523</b>	<b>91%</b>	<b>5,781</b>	<b>87%</b>	<b>3,177</b>	<b>81%</b>
<b>Profit after taxation</b>	<b>1,230</b>	<b>9%</b>	<b>1,079</b>	<b>11%</b>	<b>666</b>	<b>9%</b>	<b>887</b>	<b>13%</b>	<b>750</b>	<b>19%</b>



## Horizontal Analysis

	2015 Rs. in million	15 vs 14 %	2014 Rs. in million	14 vs 13 %	2013 Rs. in million	13 vs 12 %	2012 Rs. in million	12 vs 11 %	2011 Rs. in million
<b>STATEMENT OF FINANCIAL POSITION</b>									
<b>ASSETS</b>									
Cash and balances with treasury banks	5,298	5%	5,066	44%	3,519	45%	2,431	47%	1,656
Balances with other banks	1,086	102%	538	182%	191	-55%	425	74%	244
Lendings to financial institutions	850	-93%	12,665	214%	4,036	-13%	4,620	-58%	10,905
Investments	70,394	18%	59,467	62%	36,786	-41%	62,631	140%	26,082
Advances	44,169	7%	41,185	55%	26,565	38%	19,282	166%	7,259
Operating fixed assets	1,899	5%	1,812	3%	1,766	13%	1,557	167%	584
Deferred tax assets-net	301	-	-	-	-	-	-	-	-
Other assets	4,245	3%	4,138	91%	2,170	61%	1,347	35%	1,000
	<b>128,242</b>	<b>3%</b>	<b>124,871</b>	<b>66%</b>	<b>75,033</b>	<b>-19%</b>	<b>92,291</b>	<b>93%</b>	<b>47,730</b>
<b>LIABILITIES</b>									
Bills payable	289	-28%	400	10%	363	106%	176	317%	42
Borrowings from financial institutions	27,161	41%	46,077	175%	16,758	-66%	48,602	274%	13,013
Deposits and other accounts	84,077	36%	61,884	35%	45,756	45%	31,470	34%	23,518
Deferred tax liability	-	-	903	9391%	10	-95%	207	1908%	10
Other liabilities	1,958	30%	1,506	84%	820	10%	747	54%	484
	<b>113,484</b>	<b>2%</b>	<b>110,769</b>	<b>74%</b>	<b>63,706</b>	<b>-22%</b>	<b>81,203</b>	<b>119%</b>	<b>37,067</b>
<b>NET ASSETS</b>	<b>14,758</b>	<b>5%</b>	<b>14,102</b>	<b>25%</b>	<b>11,327</b>	<b>2%</b>	<b>11,088</b>	<b>4%</b>	<b>10,663</b>
<b>REPRESENTED BY</b>									
Share capital	10,000	0%	10,000	0%	10,000	0%	10,000	0%	10,000
Reserves	923	37%	676	47%	460	41%	327	118%	150
Unappropriated profit	3,077	46%	2,102	69%	1,242	75%	710	18%	600
Surplus / (Deficit) on revaluation of investments - net of related deferred tax	759	-43%	1,325	-453%	(375)	-838%	51	-159%	(87)
	<b>14,758</b>	<b>5%</b>	<b>14,102</b>	<b>25%</b>	<b>11,327</b>	<b>2%</b>	<b>11,088</b>	<b>4%</b>	<b>10,663</b>
<b>PROFIT &amp; LOSS ACCOUNT</b>									
Mark-up / return / interest earned	10,127	13%	8,932	41%	6,329	3%	6,141	66%	3,704
Fee, commission and brokerage	234	27%	184	13%	163	65%	99	830%	11
Income from dealing in foreign currencies	69	4%	66	51%	44	-1%	44	1840%	2
Capital gain and dividend income	3,183	353%	702	8%	651	70%	382	83%	209
Other income	6	46%	4	41%	3	102%	1	311%	0.34
<b>Total income</b>	<b>13,619</b>	<b>38%</b>	<b>9,889</b>	<b>38%</b>	<b>7,189</b>	<b>8%</b>	<b>6,668</b>	<b>70%</b>	<b>3,926</b>
Mark-up / return / interest expensed	5,685	3%	5,497	35%	4,072	-1%	4,103	83%	2,241
Operating & admin expenses	3,367	22%	2,759	29%	2,142	68%	1,278	149%	514
Provision against investments & others	2,516	11719%	21	-3%	22	1942%	1	-97%	31
Taxation	821	54%	532	85%	287	-28%	399	2%	390
<b>Total Expenses</b>	<b>12,389</b>	<b>41%</b>	<b>8,809</b>	<b>35%</b>	<b>6,523</b>	<b>13%</b>	<b>5,781</b>	<b>82%</b>	<b>3,177</b>
<b>Profit after taxation</b>	<b>1,230</b>	<b>14%</b>	<b>1,079</b>	<b>62%</b>	<b>666</b>	<b>-25%</b>	<b>887</b>	<b>18%</b>	<b>750</b>

## SMS Banking

- **UTILITY BILLS PAYMENT**  
(PTCL, SSGC, KE, LESCO, KWSB & others)
- **MOBILE TOP-UPS**  
(UFONE, MOBILINK, TELENOR, WARID, ZONG & Vfone)
- **MAJOR ISPs**  
(PTCL EVO, WI-TRIBE, QUBEE & WATEEN)
- **FEE PAYMENTS OF SELECTED EDUCATIONAL INSTITUTIONS**  
(LUMS, PGOC)
- **AIRLINE TICKET PAYMENT**  
(SHAHEEN AIRLINES)
- **INSURANCE Premium PAYMENT**  
(EFU & JUBILEE LIFE)
- **TAX PAYMENT**  
(SINDH REVENUE BOARD - SRB)
- **INTER AND INTRA BANK FUNDS TRANSFER (IBFT)**  
(HBL, UBL, ABL, SCB & Many Others)
- **BALANCE ENQUIRY**
- **MINI STATEMENT**
- **COMPLETE STATEMENT OF ACCOUNT VIA EMAIL**
- **TRANSACTION ALERTS**







## Key Performance Indicators

		2015	2014	2013	2012	2011
<b>Financial</b>						
Investments-Gross	Rs. In million	69,235	57,437	37,383	62,556	26,246
Advances-Gross	" "	46,708	41,204	26,565	19,282	7,259
Deposits	" "	84,077	61,884	45,756	31,470	23,518
Shareholders' Equity	" "	14,000	12,777	11,702	11,037	10,750
Total Assets	" "	128,242	124,871	75,033	92,291	47,730
Net Interest Income	" "	4,442	3,435	2,258	2,038	1,463
Non Interest Income	" "	3,492	956	860	527	222
Operating Expenses	" "	3,367	2,759	2,142	1,278	514
Profit Before provisions	" "	4,567	1,633	975	1,287	1,171
Provision against investments & others	" "	2,516	21	22	1	31
Profit Before Taxation	" "	2,051	1,612	953	1,286	1,140
Profit After Taxation	" "	1,230	1,079	666	887	750
Dividend Paid	" "	-	-	-	600	-
<b>Non Financial</b>						
No. of Customers (as of)	Numbers	355,567	162,992	120,643	74,600	8,120
No. of New Branches Opened	" "	25	25	40	110	50
No. of New Accounts Opened	" "	192,572	47,419	56,541	74,949	9,971
No. of ATM/Debit Cards Issued (as of)	" "	83,729	32,293	17,926	6,923	1,158
No. of Permanent Employees (as of)	" "	1,456	1,298	1,167	924	462
No. of ATM Machine (as of)	" "	192	105	24	19	3
No. of Mobile Banking Customers	" "	143,608	86,045	62,248	34,040	5,983
<b>Key Financial Ratios</b>						
Earnings Per Share - Pre tax	Rupees	2.05	1.61	0.95	1.29	1.14
Book Value Per Share	" "	14.00	12.78	11.70	11.09	10.66
Return on Equity - Pre tax	%	15.32%	13.17%	8.39%	11.81%	9.09%
Return on Assets - Pre tax	" "	1.62%	1.61%	1.14%	1.97%	2.21%
Capital Adequacy Ratio	" "	20.13%	22.57%	23.97%	38.51%	56.28%

## Statement Of Compliance With The Best Practices Of Code Of Corporate Governance For The Year Ended December 31, 2015

The Board of Directors extends full support and commitment to implement the requirements of the Code of Corporate Governance (the Code), as contained in Prudential Regulations G- I for Corporate / Commercial banking issued by the State Bank of Pakistan (SBP). The Code is being complied with for the purpose of establishing a framework of good governance whereby the Bank is managed in compliance with the best practices of corporate governance and rules for Public Sector Companies (Corporate Governance) Rules, 2013.

The Bank has applied the principles contained in the Code in the following manner:

1. The Board comprises of seven Directors, which is represented by five independent, one ex-officio non-executive Director being nominee of the Government of Sindh, with the President & Chief Executive Officer being the executive member. None of the directors is serving as a Director in more than five public sector and listed companies including the Bank, except the Finance Secretary, Government of Sindh in his ex-officio capacity.
2. Casual vacancy occurred during the year in the Board due to retirement of Mr. M. Bilal Sheikh on 4th November, 2015, as Director and CEO.
3. All Directors of the Bank are registered taxpayers and none of them has defaulted in payment of any loan to any bank / DFI / NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. The appointment of the Chairman and other Members of the Board and the terms of their appointment along with the remuneration policy adopted are in the best interest of the Bank as well as in line with best practices.
5. Statement of Ethics and Business Practices has been approved by the Directors of the Bank.
6. The Board has formulated a 'Vision' and 'Mission' Statement and all corporate strategies and significant policies have been made with appropriate delegation of authorities and responsibilities to various levels of management. Record of particulars of significant policies and the approvals/amendments thereto has been maintained.
7. Powers of the Board are duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer and key Executives, have been taken by the Board.
8. The Board has approved appointment of the Chief Financial Officer, Head of Internal Audit and the Company Secretary, including their remuneration and terms and conditions of employment.





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

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

10. The Directors, Chief Executive and Executives do not hold any interest in the shares of the Bank other than that disclosed in the pattern of shareholding.
11. All related party transactions entered during the year were at arm's length basis and were placed before the Audit Committee and the Board of Directors. These transactions were duly reviewed and approved by the Audit Committee and the Board of Directors.
12. During the year a Directors' Orientation Course on Corporate Governance was conducted through an ICAP's approved trainer and was attended by all directors including the CEO.
13. The Directors' Report for the year ended December 31, 2015 has been prepared in compliance with the requirements of the Code and the corporate and financial reporting requirements have been complied with.
14. The financial statements of the Bank for the year ended December 31, 2015 were duly endorsed by the Chief Executive and the Chief Financial Officer before presenting to the Audit Committee and then to the Board for approval. Further, half-yearly financial statements were subjected to limited review by the statutory auditors. Furthermore, the quarterly un-audited financial statements of the Bank were circulated along with the Directors' Report.
15. The Board has formed an Audit Committee comprising of three members out of them two were independent Directors, one being the Chairman of the Committee. Terms of reference of the Audit Committee have been determined by the Board. Meetings of the Audit Committee were held at least once every quarter prior to approval of the quarterly, half-yearly and final accounts of the Bank, as required by the Code.
16. The Board has set up an effective internal audit function. The staff of Internal Audit Department is suitably qualified and experienced for the purpose, is conversant with the policies and procedures of the Bank and involved in the internal audit function on a full time basis.

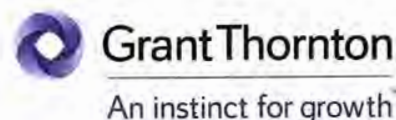
17. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan.
18. The system of sound internal control is in place and effectively monitored in the Bank.
19. The statutory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

This Statement of Compliance with best practices of Code of Corporate Governance is being presented and circulated with the annual report of the Bank.

M. Naim Farooqui  
President & CEO

Karachi  
March 01, 2016





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

**GRANT THORNTON ANJUM RAHMAN**  
1st & 3rd Floor,  
Modern Motors House  
Beaumont Road,  
Karachi 75530  
T +92 021 3567 2951-56  
F +92 021 3568 8834  
www.gtpak.com

We have reviewed the Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance (the Code) and Public Sector Companies (Corporate Governance) Rules, 2013 (the Rules) for the year ended December 31, 2015, prepared by the Board of Directors (the Board) of **Sindh Bank Limited** ("the Bank") to comply with the regulation G-1 of the Prudential Regulations for the Corporate / Commercial Banking issued by the State Bank of Pakistan.

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

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

Further, clause x (a) of the Code and clause 9 of the Rules requires the Bank to place before the Board for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevailed in arm's length transactions and transactions which are not executed at arm's length priced recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement does not appropriately reflect the Bank's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance and Public Sector Companies (Corporate Governance) Rules, 2013 as applicable to the Bank, for the year ended December 31, 2015.

We draw attention to clause 1 of the Statement which describes the non-compliance with the requirements of the Rules.

Date: March 08, 2016  
Karachi

*Grant Thornton Anjum Rahman*  
**Grant Thornton Anjum Rahman**  
Chartered Accountants  
**Muhammad Shaukat Naseeb**  
Engagement Partner

## Statement of Internal Controls

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

The Board of Directors of the Bank is responsible for establishing and maintaining an adequate and effective system of internal controls which has the main objectives of ensuring effectiveness and efficiency of operations, reliability of financial reporting, safeguarding of assets and compliance with applicable laws and regulations.

The control activities are being closely monitored across the Bank through Compliance, Internal Audit Division and Internal Control Department covering key internal controls in all banking activities. In order to discharge the above responsibility, the Board of Directors has formed an Audit Committee with direct oversight responsibility to ensure the independence of the internal audit function and external audit. The Audit Committee meetings are held once in every quarter to discuss the scope and results of the work performed by the Internal Audit Department.

The Audit Committee also meets with external auditors prior to approval of half-yearly and final results of the Bank. Based on observations and weaknesses found and identified by the internal and external auditors, appropriate improvements in internal controls are made wherever possible, by the Management with the approval of the Board of Directors.

Due to inherent limitations, any system of internal controls is exposed to the risk of human error, system failure and circumvention and overriding of controls. Therefore, evaluation and monitoring of existing internal controls is an ongoing process. It is pertinent to mention that, 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 Bank risk on an integrated enterprise wide basis enabling it to meet the requirements of 'Guidelines on Internal Controls' issued by the State Bank of Pakistan. The Bank has developed a comprehensive testing and reporting framework for ensuring ongoing operating effectiveness of majority of key controls and has significantly addressed the design improvement opportunities identified to complete the project related initiatives.

During the year statutory auditors submitted their Long Form Report to SBP on all stages of ICFR roadmap for the year ended 2014. Upon satisfactory completion of the ICFR roadmap, SBP has granted conditional exemption to the Bank from the submission of statutory auditors' annual assessment report (LFR) on the efficacy of ICFR.

The Bank has successfully completed the update and review of Internal Control over Financial Reporting exercise for the Year 2015 as per SBP Internal Control Guidelines. In accordance with the said directives, the Annual Assessment Report on the efficacy of the ICFR for the Year 2015 ended will be submitted by Board Audit Committee to the SBP by 31st March 2016.

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

On behalf of the Board

**M. Naim Farooqui**  
President & CEO

Karachi  
March 01, 2016





## Small and Medium Enterprise (SME) Credits

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







## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

### GRANT THORNTON ANJUM RAHMAN

1st & 3rd Floor,  
Modern Motors House  
Beaumont Road,  
Karachi 75530

T +92 021 3567 2951-56  
F +92 021 3568 8834  
www.gtpak.com

We have audited the annexed unconsolidated statement of financial position of **Sindh Bank Limited** ("the Bank") as at December 31, 2015 and the related unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the 'the financial statements') for the year then ended, in which are incorporated the unaudited certified returns from the branches except for sixteen branches which have been audited by us and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Bank's Board of Directors to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with approved accounting standards and the requirements of the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984). Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, which in case of loans and advances covered more than 60% of the total loans and advances of the Bank, we report that:

- (a) in our opinion, proper books of accounts have been kept by the Bank as required by the Companies Ordinance, 1984 (XLVII of 1984), and the returns referred to above received from the branches have been found adequate for the purposes of our audit;
- (b) in our opinion:
  - (i) the statement of financial position and the related profit and loss account together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

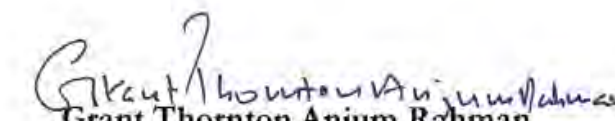
Chartered Accountants  
Member of Grant Thornton International Ltd  
Offices in Islamabad & Lahore

- (ii) the expenditure incurred during the year was for the purpose of the Bank's business; and
- (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), in the manner so required and give a true and fair view of the state of the Bank's affairs as at the December 31, 2015, and its true balance of profit, its comprehensive income, its cash flows and its changes in equity for the year then ended; and
- (d) in our opinion Zakat deductible at source, under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

### Emphasis of matter paragraph

We draw attention to note 18.4 to the financial statements which highlights the current status of listing requirement as imposed by the State Bank of Pakistan. Our opinion is not qualified in respect of this matter.

Dated: March 08, 2016  
Karachi

  
Grant Thornton Anjum Rahman  
Chartered Accountants  
Muhammad Shaukat Naseeb  
Engagement Partner





**Prime Minister's**  
Youth Programme

# Prime Minister's Youth Business Loan

**Loan Facility up to Rs 20 lakh**

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

## Features:

- **For the first time in Pakistan, 50% of loans for women and 5% for families of Shaheed, widows and disabled persons.**
- The bank will provide 90% of the total cost as a loan for your business ventures.
- The loan repayment tenure is up to 8 years including grace period of one year.
- The loan recipient will pay only 6% mark-up.
- Loans will be disbursed in all provinces, Gilgit, Baltistan and Azad Jammu and Kashmir so that unemployed youth across the country can benefit from these equally.

## Processing of Loan: Very easy and transparent.

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

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





UNCONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015





Sindh Bank Limited  
Unconsolidated Statement of Financial Position  
As at December 31, 2015

	Note	2015 (Rupees in '000)	2014
<b>ASSETS</b>			
Cash and balances with treasury banks	6	5,297,608	5,066,350
Balances with other banks	7	1,086,079	537,713
Lendings to financial institutions	8	850,000	12,665,492
Investments - net	9	70,394,245	59,466,891
Advances - net	10	44,169,089	41,184,703
Operating fixed assets	11	1,899,077	1,811,990
Deferred tax assets - net	12	300,805	-
Other assets - net	13	4,245,212	4,138,341
		<b>128,242,115</b>	<b>124,871,480</b>
<b>LIABILITIES</b>			
Bills payable	14	288,681	399,591
Borrowings	15	27,160,697	46,076,636
Deposits and other accounts	16	84,076,644	61,884,036
Subordinated loan		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net	12	-	902,707
Other liabilities	17	1,957,703	1,506,116
		<b>113,483,725</b>	<b>110,769,086</b>
<b>NET ASSETS</b>		<b>14,758,390</b>	<b>14,102,394</b>
<b>REPRESENTED BY</b>			
Share capital	18	10,000,000	10,000,000
Reserves		922,596	676,543
Unappropriated profit		3,076,915	2,100,911
		<b>13,999,511</b>	<b>12,777,454</b>
Surplus on revaluation of assets - net of tax	19	758,879	1,324,940
		<b>14,758,390</b>	<b>14,102,394</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	20		

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

President & Chief Executive Officer

Chairman

Director

Director

Sindh Bank Limited  
Unconsolidated Profit and Loss Account  
For the year ended December 31, 2015

	Note	2015 (Rupees in '000)	2014
Mark-up / return / interest earned	21	10,127,239	8,932,332
Mark-up / return / interest expensed	22	5,684,824	5,496,985
Net mark-up / return / interest income		<b>4,442,415</b>	<b>3,435,347</b>
Provision against non performing loans and advances - net	10.5.3	2,519,865	19,078
Provision for diminution in the value of investments - net	9.4	490	-
Bad debts written off directly		-	-
		<b>2,520,355</b>	<b>19,078</b>
Net mark-up / return / interest income after provisions		<b>1,922,060</b>	<b>3,416,269</b>
<b>Non mark-up / interest income</b>			
Fee, commission and brokerage income		234,278	184,366
Dividend income		120,098	180,603
Income from dealing in foreign currencies		69,180	66,217
Gain on sale of securities - net	23	3,062,553	521,365
Unrealised gain on revaluation of investments classified as held for trading		-	-
Other income	24	5,729	3,914
Total non mark-up / interest income		<b>3,491,838</b>	<b>956,465</b>
		<b>5,413,898</b>	<b>4,372,734</b>
<b>Non mark-up / interest expenses</b>			
Administrative expenses	25	3,353,026	2,740,050
Other (reversals) / provisions	13.1	(4,418)	2,209
Other charges	26	13,791	18,789
Total non mark-up / interest expenses		<b>3,362,399</b>	<b>2,761,048</b>
		<b>2,051,499</b>	<b>1,611,686</b>
Extraordinary / unusual items		-	-
<b>Profit before taxation</b>		<b>2,051,499</b>	<b>1,611,686</b>
<b>Taxation</b>			
- Current		1,617,389	554,467
- Prior years		102,556	-
- Deferred		(898,709)	(22,260)
	27	<b>821,236</b>	<b>532,207</b>
<b>Profit after taxation</b>		<b>1,230,263</b>	<b>1,079,479</b>
<b>Basic and diluted earnings per share - Rupees</b>	28	<b>1.23</b>	<b>1.08</b>

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

President & Chief Executive Officer

Chairman

Director

Director





Sindh Bank Limited  
Unconsolidated Statement of Comprehensive Income  
For the year ended December 31, 2015

	2015	2014
	(Rupees in '000)	
Profit after taxation for the year	1,230,263	1,079,479
Other comprehensive income		
Components of comprehensive income reflected in equity		
Items that will be reclassified subsequently to profit and loss account:	-	-
Items that will not be reclassified subsequently to profit and loss account:		
Remeasurement of net defined benefit liability	(12,624)	(4,105)
Related current tax credit	4,418	-
	(8,206)	(4,105)
Total comprehensive income for the year transferred to equity	1,222,057	1,075,374
Components of comprehensive income reflected below equity		
Items that will be reclassified subsequently to profit and loss account:		
(Deficit) / surplus on revaluation of investments	(870,864)	2,615,590
Related deferred tax charge / (credit)	304,803	(915,457)
	(566,061)	1,700,133
Items that will not be reclassified subsequently to profit and loss account:	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>655,996</b>	<b>2,775,507</b>

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

President & Chief Executive Officer

Chairman

Director

Director

Sindh Bank Limited  
Unconsolidated Statement of Cash Flows  
For the year ended December 31, 2015

Note	2015	2014
	(Rupees in '000)	
	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	
	2,051,499	1,611,686
	(120,098)	(180,603)
	1,931,401	1,431,083
	<b>Adjustments for non-cash charges</b>	
	339,953	290,575
11.2	30,769	24,686
11.3	2,519,865	19,078
10.5.3	490	-
9.4	(4,418)	2,209
	36,662	30,773
31	(780)	(1,036)
24	2,922,541	366,285
	4,853,942	1,797,368
	<b>(Increase) / decrease in operating assets</b>	
	11,815,492	(8,629,134)
	(5,504,251)	(14,638,939)
	31,383	(2,004,296)
	6,342,624	(25,272,369)
	<b>Increase / (decrease) in operating liabilities</b>	
	(110,910)	37,069
	(18,915,939)	29,318,268
	22,192,608	16,127,816
	177,834	598,322
	3,343,593	46,081,475
	14,540,159	22,606,474
31	(34,878)	(24,179)
	(1,641,722)	(448,401)
	12,863,559	22,133,894
	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	
	(8,713,772)	(15,143,959)
	(2,326,747)	(4,921,499)
	(750,000)	-
	120,098	185,853
	(428,605)	(362,081)
11.4	15,091	2,169
	(12,083,935)	(20,239,517)
	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	
	-	-
	779,624	1,894,377
	<b>Increase in cash and cash equivalents</b>	
	5,604,063	3,709,686
	<b>Cash and cash equivalents at beginning of the year</b>	
	6,383,687	5,604,063
29	6,383,687	5,604,063

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

President & Chief Executive Officer

Chairman

Director

Director





Sindh Bank Limited  
Unconsolidated Statement of Changes in Equity  
For the year ended December 31, 2015

	Share capital	Reserves		Total
		Statutory Reserve *	Revenue Unappropriated profit **	
----- (Rupees in '000) -----				
<b>Balance as at January 01, 2014</b>	10,000,000	460,647	1,241,433	11,702,080
Profit for the year ended December 31, 2014	-	-	1,079,479	1,079,479
Other comprehensive loss	-	-	(4,105)	(4,105)
Total comprehensive income for the year ended December 31, 2014	-	-	1,075,374	1,075,374
Transfer to statutory reserve	-	215,896	(215,896)	-
<b>Balance as at December 31, 2014</b>	<b>10,000,000</b>	<b>676,543</b>	<b>2,100,911</b>	<b>12,777,454</b>
Profit for the year ended December 31, 2015	-	-	1,230,263	1,230,263
Other comprehensive loss	-	-	(8,206)	(8,206)
Total comprehensive income for the year ended December 31, 2015	-	-	1,222,057	1,222,057
Transfer to statutory reserve	-	246,053	(246,053)	-
<b>Balance as at December 31, 2015</b>	<b>10,000,000</b>	<b>922,596</b>	<b>3,076,915</b>	<b>13,999,511</b>

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

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

\*\* As more fully explained in note 10.5.2 of these unconsolidated financial statements, unappropriated profit includes an amount of Rs. 37.86 million net of tax as at December 31, 2015 (December 31, 2014 : Rs 39.84 million) representing additional profit arising from availing Forced Sale Value (FSV) benefit for determining provisioning requirement which is not available for the purpose of distribution of dividend to shareholders.

Sindh Bank Limited  
Notes to the Unconsolidated Financial Statement  
For the year ended December 31, 2015

1 STATUS AND NATURE OF BUSINESS

1.1 Sindh Bank Limited (the Bank) was incorporated in Pakistan on October 29, 2010 as a public unlisted company and is engaged in Commercial Banking, Corporate and Investment related activities. The Bank operates 250 branches (2014: 225) including 8 sub branches (2014: 8) and 13 Islamic banking branches (2014: 5) in Pakistan. The Bank's registered office is located at 3rd floor, Federation House, Abdullah Shah Ghazi Road, Clifton, Karachi, Pakistan.

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

1.3 JCR –VIS Credit Rating Company Limited has reaffirmed the medium to long term entity rating of 'AA' (Double A) with a "Stable outlook", and short term rating of 'A-1+' (A-One plus) of the Bank.

2 BASIS OF PRESENTATION

These unconsolidated financial statements represent separate financial statements of the Bank. The consolidated financial statements of the Group are being issued separately.

These unconsolidated financial statements have been prepared on the format prescribed by SBP under BSD Circular No. 4 dated February 17, 2006, 'Revised Forms of Annual Financial statements', effective from the accounting year ended December 31, 2006.

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 Ordinance, 1984.

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

3 STATEMENT OF COMPLIANCE

These unconsolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board, Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984 and the Banking Companies Ordinance, 1962 and the directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP). In case requirements differ, the provisions and directions issued under Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the directives issued by the SBP and SECP shall prevail.

President & Chief Executive Officer

Chairman

Director

Director





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

Further, according to the notification of the Securities and Exchange Commission of Pakistan (SECP) through S.R.O 411(1)/2008 dated April 28, 2008, IFRS - 7 "Financial Instruments: Disclosures" has not been made applicable for Banking companies / financial institutions. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by SBP.

IFRS 8, 'Operating Segments' is effective for the Bank's accounting periods beginning on or after January 1, 2009. All banking companies in Pakistan are required to prepare their annual financial statements in line with the format prescribed under BSD Circular No. 4 dated February 17, 2006, 'Revised Forms of Annual Financial statements', effective from the accounting year ended December 31, 2006. The management of the Bank believes that as the SBP has defined the segment categorisation in the above mentioned circular, the SBP requirements prevail over the requirements specified in IFRS 8. Accordingly, segment information disclosed in these unconsolidated financial statements is based on the requirements laid down by the SBP.

SBP vide BSD Circular No. 07 dated April 20, 2010 has clarified that for the purposes of preparation of financial statements in accordance with International Accounting Standard - 1 (Revised), 'Presentation of Financial Statements', two statements approach shall be adopted i.e. separate 'Profit and Loss Account' and 'Statement of Comprehensive Income' be presented, and Balance Sheet be renamed as 'Statement of Financial Position'. Furthermore, the surplus / (deficit) on revaluation of available for sale (AFS) securities only, may be included in the 'Statement of Comprehensive Income'. However, it should continue to be shown separately in the statement of financial position below equity. Accordingly, the above requirements have been adopted in the preparation of these unconsolidated financial statements.

The State Bank of Pakistan through PRD Circular No. 04 of 2015 dated February 25, 2015 has deferred applicability of Islamic Financial Accounting Standard 3 for Profit & Loss sharing on Deposits (IFAS - 3) issued by the Institute of Chartered Accountants of Pakistan and notified by the Securities and Exchange Commission of Pakistan (SECP), vide their SRO No. 571 of 2013 dated June 12, 2013 for institutions offering Islamic Financial Services. The standard will result in certain new disclosures in the unconsolidated financial statements.

### 3.1 Standard, amendment or interpretation to published approved accounting standards

#### 3.1.1 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year:

The Bank has adopted the following new standards, amendments to published standards and interpretations of IFRSs which became effective during the current year.

Standard or Interpretation	Effective date
IFRS 10 - Consolidated Financial Statements	January 1, 2015
IFRS 11 - Joint Arrangements	January 1, 2015
IFRS 12 - Disclosure of Interests in other Entities	January 1, 2015
IFRS 13 - Fair Value Measurement	January 1, 2015
IAS 27 - Separate Financial Statements	January 1, 2015
IAS 19 - Employee Contributions (Amendments to IAS 19)	July 1, 2014
Annual Improvements to IFRSs 2011 - 2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2010 - 2012 Cycle	July 1, 2014

Adoption of the above revisions, interpretations and amendments of the standards had no significant effect on the amounts for the year ended December 31, 2014 and 2015.

#### 3.1.2 Standards, amendments to published standards and interpretations that are effective but not relevant

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

#### Standards, interpretations and amendments to published approved accounting standards, that are not yet effective and not early adopted by the Bank

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

Amendments or Improvements	Effective date
IAS 1 - Disclosure Initiative (Amendments)	January 1, 2016
IFRS 10, IFRS 12 and IAS 28 - Investment Entities : Applying the Consolidation Exception (Amendments)	January 1, 2016
IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)	January 1, 2016
Annual Improvements to IFRS 2012 - 2014 Cycle	January 1, 2016

Amendments or Improvements	Effective date
Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)	January 1, 2016
IAS 27 - Equity method in Separate Financial Statements (Amendments)	January 1, 2016
IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments)	January 1, 2016
IFRS 11 - Accounting for Interests in joint operations (Amendments)	January 1, 2016

All the above standards, amendments and interpretations do not have significant impact on the unconsolidated financial statements of the Bank.

#### 3.1.3 Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP)

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purposes of applicability in Pakistan.

Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
IFRS 14 - Regulatory Deferral Accounts	January 1, 2016
IFRS 15 - Revenue from Contracts with Customers	January 1, 2018
IFRS 16 - Leases	January 1, 2019





## 4 BASIS OF MEASUREMENT

### 4.1 Accounting convention

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

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

### 4.2 Critical accounting estimates and judgments

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

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

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

## 5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 5.1 Cash and cash equivalents

For the preparation of cash flow statement, cash and cash equivalents include cash and balances with treasury banks and balances with other banks excluding any term deposits with original term of greater than three months.

### 5.2 Repurchase / resale agreements

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

- a) Sale of securities under repurchase agreement

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

- b) Purchase of securities under resale agreement

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

### 5.3 Investments

Investment in subsidiary is stated at cost less provision for impairment, if any. Other investments are classified as follows:

- a) Held-for-trading

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

- b) Held-to-maturity

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

- c) Available-for-sale

These are investments which do not fall under the held for trading and held to maturity categories.

All purchases and sales of investments that require delivery within the time frame established by regulations or market convention are recognized at the trade date. Trade date is the date on which the Bank commits to purchase or sell the investment.

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

Quoted securities, other than those classified as held-to-maturity are subsequently stated at fair value.

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

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

Cost of investment is determined on moving average basis.

Impairment loss in respect of investments classified as available-for-sale and held-to-maturity is recognized on the basis of management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in market value of an equity security is considered as an objective evidence of impairment, significant means 20% decline in market value as compared to carrying value and prolonged means twelve months decline in fair value of an equity in vestment below its cost.





Provision for diminution in the value of term finance certificates is made as per the requirements of Prudential Regulations issued by the State Bank of Pakistan. In case of impairment of available-for-sale securities, the cumulative loss that has been recognized directly in the surplus / (deficit) on revaluation of securities on the unconsolidated statement of financial position below equity is removed therefrom and recognized in the unconsolidated profit and loss account. For investments classified as held-to-maturity, the impairment loss is recognized in the unconsolidated profit and loss account.

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

#### 5.4 Advances

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

##### Ijarah Financing

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

##### Diminishing Musharakah

In Musharakah based financing, the Bank enters into Musharika 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 issued by the SBP and other directives issued by the SBP and charged to unconsolidated profit and loss account.

#### 5.5 Operating fixed assets and depreciation

##### a) Property and equipment - owned

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

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

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

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

##### b) Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. All expenditure connected with specific assets incurred during installation and related advances there against, if any, are carried under this head. These are transferred to specific assets as and when assets become available for use.

##### c) Intangible assets

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

#### 5.6 Impairment in non-financial assets

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

#### 5.7 Taxation

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

##### a) Current

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

##### b) Deferred

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

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

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

#### 5.8 Staff retirement and other benefits

##### a) Defined contribution plan

The Bank operates a recognised contributory provident fund for all its permanent employees to which equal contributions at the rate of 10 percent (2014: 10 percent) of basic salary are made by both the Bank and the employees. The contributions are recognized as employee benefit expense when they are due.





b) Defined benefit scheme

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

c) Compensated absences

The Bank makes provision for compensated vested absences accumulated by its eligible employees on the basis of last drawn gross salary.

**5.9 Provisions against liabilities**

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

**5.10 Borrowings / deposits and their cost**

Borrowings / deposits are recorded at the proceeds received. Borrowing / deposit costs are recognized as an expense in the period in which these are incurred using the effective mark-up / interest rate method.

**5.11 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.

**5.12 Revenue recognition**

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

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

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

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

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

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

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

**5.13 Foreign currency translation**

Transactions in foreign currencies are translated into Pak Rupee at the exchange rates prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are re-translated to Pak Rupees at the rates of exchange prevailing at the reporting date. Translation gains and losses are included in the unconsolidated profit and loss account

**5.14 Financial instruments**

a) Financial assets and liabilities

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

b) Derivative financial instruments

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

**5.15 Offsetting**

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

**5.16 Segment reporting**

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

**Business segments**

a) Corporate Finance

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

b) Trading and sales

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

c) Retail Banking

It includes mortgage finance and personal loans to individual customers.

d) Commercial banking and others

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

**Geographical segments**

The Bank operates only in Pakistan.





#### 5.17 Dividend distribution and appropriation

Dividends and other appropriations (except appropriations which are required by law) are recognized in the period in which these are approved.

#### 5.18 Earnings per share

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

#### 5.19 Acceptances

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

#### 5.20 Commitments

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

#### 5.21 Provision against off-balance sheet obligations

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

6 CASH AND BALANCES WITH TREASURY BANKS	Note	2015		2014	
		(Rupees in '000)			
<b>In hand</b>					
Local currency	6.1	1,382,014	1,173,032		
Foreign currencies		73,578	70,466		
		<b>1,455,592</b>	<b>1,243,498</b>		
<b>With State Bank of Pakistan (SBP) in</b>					
Local currency current account	6.2	2,646,094	2,373,351		
Foreign currency current account	6.3	7,639	33,884		
Foreign currency deposit account					
- Non Remunerative	6.4	99,924	134,146		
- Remunerative	6.5	280,812	392,890		
		<b>3,034,469</b>	<b>2,934,271</b>		
<b>With National Bank of Pakistan in</b>					
Local currency current account		785,967	816,534		
Local currency PLS account		21,580	72,047		
		<b>807,547</b>	<b>888,581</b>		
		<b>5,297,608</b>	<b>5,066,350</b>		

6.1 This includes national prize bonds of Rs. 1.28 million (2014: Rs. 0.962 million).

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

6.3 This represents US Dollar Settlement Account maintained with SBP.

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

6.5 This represents foreign currency special cash reserve maintained with SBP. The Bank is entitled to earn profit which is declared by SBP on a monthly basis. During the year, the SBP has not remunerated any return on the account.

7 BALANCES WITH OTHER BANKS	Note	2015		2014	
		(Rupees in '000)			
<b>In Pakistan</b>					
On current accounts		23,949	19,797		
On savings accounts	7.1	68,351	297,019		
<b>Outside Pakistan</b>					
On current accounts	7.2	993,779	220,897		
		<b>1,086,079</b>	<b>537,713</b>		

7.1 This represents saving deposits with a commercial bank carrying profit at the rate of 4.00 % per annum (2014: 6.50%).

7.2 This includes Rs. 846,052 million (2014: Rs. 71,756 million) held in Automated Investment Plans. This balance is current in nature and in case this balance is 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		-	3,500,000
Term deposits	8.2	850,000	200,000
Repurchase agreement lendings	8.3	-	8,515,492
Musharika financing		-	450,000
		<b>850,000</b>	<b>12,665,492</b>
<b>8.1 Particulars of lendings - by currency</b>			
In local currency		850,000	12,665,492
In foreign currency		-	-
		<b>850,000</b>	<b>12,665,492</b>

8.2 This represents term deposit accounts with commercial banks carrying mark-up at rates ranging from 6.50% to 7.40% per annum (2014: 9.75%).



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

	2015			2014		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
----- (Rupees in '000) -----						
Market treasury bills	-	-	-	1,999,270	4,840,530	6,839,800
Pakistan investment bonds	-	-	-	1,675,692	-	1,675,692
Term finance certificates	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,674,962</u>	<u>4,840,530</u>	<u>8,515,492</u>

### 9 INVESTMENTS - Net

#### 9.1 Investments by types

Note	2015			2014		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
----- (Rupees in '000) -----						
<b>Available-for-sale securities</b>						
Pakistan investment bonds	19,453,305	21,598,694	41,051,999	10,053,040	25,245,161	35,298,201
Market treasury bills	14,743,790	-	14,743,790	-	12,318,524	12,318,524
Fully paid ordinary shares - Listed	2,068,118	-	2,068,118	1,830,302	-	1,830,302
Term finance certificates - Listed	99,920	-	99,920	99,980	-	99,980
Term finance certificates - Unlisted	397,657	-	397,657	396,373	-	396,373
Units of mutual funds	493,580	-	493,580	817,897	-	817,897
Islamic funds REIT	99,000	-	99,000	-	-	-
Government of Pakistan - Ijarah sukuk	200,000	-	200,000	-	-	-
Sukuk certificates	578,571	-	578,571	250,000	-	250,000
	<u>38,133,941</u>	<u>21,598,694</u>	<u>59,732,635</u>	<u>13,447,592</u>	<u>37,563,685</u>	<u>51,011,277</u>
<b>Held-to-maturity securities</b>						
Pakistan investment bonds	7,444,973	-	7,444,973	5,131,132	-	5,131,132
Sukuk certificates	-	-	-	425,000	-	425,000
Government of Pakistan - Ijarah sukuk	239,780	-	239,780	144,909	-	144,909
GIS - Bai Muajal	232,880	-	232,880	-	-	-
Preference shares - Listed	249,961	-	249,961	249,961	-	249,961
Preference shares - Unlisted	360,260	-	360,260	250,000	-	250,000
Term finance certificates - Listed	224,495	-	224,495	224,600	-	224,600
	<u>8,752,349</u>	<u>-</u>	<u>8,752,349</u>	<u>6,425,602</u>	<u>-</u>	<u>6,425,602</u>
<b>Investment in Subsidiary</b>						
Fully paid ordinary shares	750,000	-	750,000	-	-	-
<b>Total Investments at cost</b>	<u>47,636,290</u>	<u>21,598,694</u>	<u>69,234,984</u>	<u>19,873,194</u>	<u>37,563,685</u>	<u>57,436,879</u>
Provision for diminution in value of investments	(490)	-	(490)	-	-	-
<b>Investments (net of provisions)</b>	<u>47,635,800</u>	<u>21,598,694</u>	<u>69,234,494</u>	<u>19,873,194</u>	<u>37,563,685</u>	<u>57,436,879</u>
Surplus on revaluation of available or sale securities	475,992	683,759	1,159,751	509,597	1,520,415	2,030,012
<b>Investments at revalued amounts - net of provisions</b>	<u>48,111,792</u>	<u>22,282,453</u>	<u>70,394,245</u>	<u>20,382,791</u>	<u>39,084,100</u>	<u>59,466,891</u>

#### 9.2 Investments by segment

##### Federal government securities

	Note	2015	2014
		(Rupees in '000)	
Pakistan investment bonds	9.2.1	48,496,972	40,429,333
Market treasury bills	9.2.2	14,743,790	12,318,524
Sukuk certificates	9.2.3	364,285	425,000
GIS - Bai Muajal	9.2.5	232,880	-
GoP - Ijarah sukuk	9.2.6	439,780	144,909
		<u>64,277,707</u>	<u>53,317,766</u>

##### Ordinary shares

	Note	2015 (Rupees in '000)	2014
Listed companies	9.2.7	2,068,118	1,830,302

##### Preference shares

	Note	2015 (Rupees in '000)	2014
Listed	9.2.8	249,961	249,961
Unlisted	9.2.9	360,260	250,000
		<u>610,221</u>	<u>499,961</u>

##### Term finance certificates

	Note	2015 (Rupees in '000)	2014
Listed	9.2.10	324,415	324,580
Unlisted	9.2.11	397,657	396,373
		<u>722,072</u>	<u>720,953</u>

##### Investment in subsidiary - unlisted

Note	2015 (Rupees in '000)	2014
9.3	750,000	-

##### Other investments

	Note	2015 (Rupees in '000)	2014
Units of mutual funds	9.2.12	493,580	817,897
Islamic funds REIT	9.2.13	99,000	-
Sukuk certificates	9.2.4	214,286	250,000
		<u>806,866</u>	<u>1,067,897</u>

##### Total investments at cost

	Note	2015 (Rupees in '000)	2014
Provision for diminution in value of investments	9.4	(490)	-
<b>Investments (net of provisions)</b>		<u>69,234,984</u>	<u>57,436,879</u>
Surplus on revaluation of available for sale securities	19	1,159,751	2,030,012
<b>Investments at revalued amounts - net of provisions</b>		<u>70,394,245</u>	<u>59,466,891</u>

9.2.1 These securities have tenure of 5 to 20 years (2014: 5 to 10 years). The effective yield on these investments ranges from 7.79% to 12.94% per annum (2014: 9.92% to 12.98% per annum) with maturities from July 2018 to August 2031 (2014: May 2016 to July 2024).

9.2.2 These securities are for a maximum period of one year (2014: 1 year). The effective yield on these investments ranges from 6.35% to 6.90% per annum (2014: 9.70% to 10.00% per annum) with maturities from 2 months to 8 months (2014: 3 months to 4 months).

9.2.3 This represents investment in Sukuk certificates of WAPDA maturing on October 14, 2021. The effective rate of profit is 6 months KIBOR plus 1.00% per annum (2014: 6 months KIBOR plus 1.75% per annum) payable semi annually.

9.2.4 This represents investment in privately placed sukuk certificate of AlBaraka Bank Pakistan Limited maturing, on September 26, 2021. The effective rate of profit is 6 months KIBOR plus 1.25% per annum (2014: 6 months KIBOR plus 1.25% per annum), payable semi-annually.

9.2.5 This represents investment in GIS Bai Muajal maturing on November 18, 2016. The effective rate of profit is 5.99% per annum (2014: Nil).

9.2.6 This represents investment in Ijarah Sukuk of Government of Pakistan having maturity of three years (2014: 3 to 4 years). The effective rate of profit ranges from 4.75% to 5.89% per annum (2014: 7.49% to 9.49%).



9.2.7 Details of investment in listed ordinary shares are as follows:

	2015				2014			
	Rating	Number of shares	Market value	Cost	Rating	Number of shares	Market value	Cost
	(Rupees in '000)				(Rupees in '000)			
<b>Available-for-sale securities</b>								
Fully paid ordinary shares of Rs. 10/- each (unless stated otherwise)								
Pakistan Refinery Limited	A-/A2	108,100	4,887	7,682	A-/A2	104,158	16,952	8,892
Fauji Fertilizer Company Limited	Unrated	3,445,600	406,512	499,994	Unrated	4,191,700	490,890	489,992
Fauji Fertilizer Bin Qasim Limited	Unrated	3,018,000	158,988	188,365	Unrated	2,250,000	101,723	97,070
Fatima Fertilizer Company Limited	AA-/A-1	1,080,000	48,308	47,901	AA-/A-1	1,835,000	65,638	61,155
Arif Habib Corporation Limited	Unrated	-	-	-	Unrated	4,000,000	110,000	119,357
Aisha Steel Mills Limited	Unrated	-	-	-	Unrated	4,092,000	33,923	40,920
Aisha Steel Mills Limited - Letters of Right	Unrated	-	-	-	Unrated	1,450,000	218	-
Thatta Cement Company Limited	Unrated	3,375,000	87,379	95,808	Unrated	3,375,000	111,375	95,808
Nishat Chunian Power Limited	A+/A-2	1,741,500	95,870	100,011	A+/A-2	1,700,000	84,235	77,225
Hub Power Company Limited	AA+/A1+	445,000	45,657	46,030	AA+/A1+	515,500	40,395	32,478
Sui Southern Gas Company Limited	AA- / A1	11,296,500	421,924	499,411	AA- / A1+	13,850,000	537,103	467,217
Sui Northern Gas Pipelines Limited	AA- / A1	4,000,000	96,160	95,272	AA- / A1+	6,000,000	172,260	128,894
Allied Bank Limited	AA+/A1+	900,000	84,834	102,121	AA+/A1+	900,000	102,222	102,121
Bank Al-Falah Limited	AA/A1+	1,110,000	31,990	31,201	AA/A1+	1,110,000	38,717	31,201
National Bank of Pakistan	AAA/A-1+	4,265,500	230,508	269,406	-	-	-	-
NIB Bank Limited	AA-/A1+	15,402,500	29,265	36,292	AA-/A1+	12,000,000	27,840	29,348
Summit Bank Limited	A/A-1	11,872,585	46,659	48,624	A/A-1	11,872,585	52,834	48,624
<b>Total investment in shares of listed companies</b>			<b>1,788,941</b>	<b>2,068,118</b>			<b>1,986,325</b>	<b>1,830,302</b>

9.2.8 Details of investment in preference shares - listed

	2015				2014			
	Rating	Number of shares	Market value	Cost	Rating	Number of shares	Market value	Cost
	(Rupees in '000)				(Rupees in '000)			
<b>Held to maturity securities</b>								
Summit Bank Limited	A/A-1	24,996,067	249,961	249,961	A/A-1	24,996,067	249,961	249,961

9.2.9 Details of investment in preference shares - unlisted

	2015				2014			
	Rating	Number of shares	Market value	Amortized Cost	Rating	Number of shares	Market value	Cost
	(Rupees in '000)				(Rupees in '000)			
<b>Held to maturity securities</b>								
Silk Bank Limited *	A-/A-2	100,000,000	250,000	360,260	A-/A-2	100,000,000	250,000	250,000

\* Put Option : The Bank has an option to sell on the expiry of 3 Years, its outstanding shares at a strike price of Rs. 3.70 per share. Call Option : Issuer is entitled to exercise call option after the end of first year from the date of issue till the expiry of 3 years at strike price ranging from Rs. 2.85 to Rs. 3.70 per share. The Bank intends to exercise the put option at the end of 3 years on March 15, 2016.

9.2.10 Details of investment in term finance certificates - listed

	2015				2014					
	Rating	Number of certificates	Face value per certificate	Market value	Cost	Rating	Number of certificates	Face value per certificate	Market value	Cost
	(Rupees)				(Rupees)					
	(Rupees in '000)				(Rupees in '000)					
<b>Unsecured</b>										
<b>Available-for-sale securities</b>										
NIB Bank Limited - 2nd issue	A+	20,000	5,000	98,921	99,920	A+	20,000	5,000	98,582	99,980
<b>Held-to-maturity securities</b>										
Summit Bank Limited	A (SO)	44,982	5,000	224,495	224,495	A (SO)	44,982	5,000	224,600	224,600
				<b>323,416</b>	<b>324,415</b>				<b>323,182</b>	<b>324,580</b>

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

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

Particulars	Coupon / Profit rates	Profit payment	Redemption terms
NIB Bank Limited - Second issue (unsecured)	1.15% above 6 months KIBOR	Semi-annually	Eight years from June 19, 2014 (date of issue).
Summit Bank Limited (unsecured)	3.25% above 6 months KIBOR	Semi-annually	Seven years from October 27, 2011 (date of issue).

9.2.11 Details of investment in term finance certificates - unlisted

Note	Rating	Number of certificates	2015			2014					
			Face value per certificate	Market value	Cost	Rating	Number of certificates	Face value per certificate	Market value	Cost	
			(Rupees)	(Rupees in '000)				(Rupees)	(Rupees in '000)		
Bank Al-Habib Limited - 4th issue	9.2.11.1	AA	10,000	5,000	56,778	51,389	AA-	10,000	5,000	51,408	51,408
Faysal Bank Limited - 2nd issue	9.2.11.1	AA-	5,000	5,000	25,686	25,121	AA-	5,000	5,000	25,242	25,242
Engro Fertilizers Limited - 4th issue		AA	5,000	5,000	24,389	24,410	AA-	5,000	5,000	24,191	24,191
Engro Fertilizers Limited - 5th issue		AA	60,000	5,000	271,703	296,737	AA-	60,000	5,000	295,532	295,532
					<b>378,556</b>	<b>397,657</b>				<b>396,373</b>	<b>396,373</b>

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

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

Particulars	Other information	Rate	Profit payment	Redemption terms
Bank Al-Habib Limited - 4th issue (unsecured)	Chief Executive Officer: Mr. Abbas D. Habib	15% per annum from year 1 to 5 and 15.5% per annum from year 6 to 10	Semi- annually	Ten years from June 30, 2011 (date of issue).
Faysal Bank Limited - 2nd issue (unsecured)	Chief Executive Officer: Mr. Nauman Ansari	2.25% above 6 months KIBOR	Semi- annually	Seven years from December 27, 2010 (date of issue).
Engro Fertilizers Limited- 4th issue (secured)	Chief Executive Officer: Mr. Ruhail Mohammad	1.70% above 6 months KIBOR	Semi-annually	Ten years from March 18, 2008 (date of issue).
Engro Fertilizers Limited - 5th issue (secured)	Chief Executive Officer: Mr. Ruhail Mohammad	1.45% above 6 months KIBOR	Semi-annually	Ten years from March 18, 2008 (date of issue).

9.2.12 Details of investments in mutual funds

	2015				2014			
	Rating	Number of units	Market / net asset value	Cost	Rating	Number of units	Market / net asset value	Cost
	(Rupees in '000)				(Rupees in '000)			
<b>Available for sale securities</b>								
<b>Open end</b>								
National Investment Unit Trust	AM2-	5,040,000	318,730	350,046	AM2-	11,659,277	769,862	750,000
NIT- Islamic Equity fund	AM2-	3,001,541	29,580	30,000	-	-	-	-
<b>Closed end</b>								
PICIC growth fund	AM2-	1,049,500	23,645	28,459	AM2-	569,500	14,038	17,197
PICIC investment fund	AM2-	6,346,500	72,540	85,075	AM2-	3,383,500	41,279	50,700
			<b>96,185</b>	<b>113,534</b>			<b>55,317</b>	<b>67,897</b>
<b>Total Investments in mutual funds</b>			<b>444,495</b>	<b>493,580</b>			<b>825,179</b>	<b>817,897</b>

9.2.13 Details of investments in Islamic funds

Arif Habib Dolmen (REIT)	RR1	9,000,000	96,570	99,000	-	-	-	-
--------------------------	-----	-----------	--------	--------	---	---	---	---





**9.3 Particulars of investment in subsidiary**

	Number of shares held	Paid-up value per share Rupees	Total book value (Rupees in '000)	Percentage holding	Break-up value per share Rupees	Based on audited accounts as at	Name of Chief Executive officer
Sindh Microfinance Bank Limited - unlisted (Incorporated on March 27, 2015)	75,000,000	10.00	750,000	100%	10.20	31-Dec-15	Mr. Shoaib Arif

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

	2015 (Rupees in '000)	2014 (Rupees in '000)
Opening balance	-	16,956
Charge for the year - through profit and loss account	490	-
Reversals - through other comprehensive income	-	(13,619)
	490	(13,619)
Reversal on disposal of shares	-	(3,337)
	490	-

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

	2015	2014
Available-for-sale securities		
Shares of listed companies	490	-

**10 ADVANCES - Net**

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

	2015	2014
- In Pakistan	36,554,438	32,687,459
<b>Commodity finance</b>		
- In Pakistan	9,410,220	8,049,704
<b>Islamic financing and related assets</b>		
- Diminishing musharakah	501,705	-
- Ijarah under IFAS 2	19,052	-
	46,485,415	40,737,163

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

	2015	2014
- Payable in Pakistan	198,106	65,371
- Payable outside Pakistan	24,511	401,247
	222,617	466,618

	2015	2014
<b>Advances - gross</b>	46,708,032	41,203,781

**Provision for non-performing advances**

	2015	2014
- Specific provision	(37,420)	(19,078)
- General provision against consumer & small enterprise advances	(1,523)	-
- General provision	(2,500,000)	-
	(2,538,943)	(19,078)

	2015	2014
<b>Advances - net of provision</b>	44,169,089	41,184,703

**10.1 Particulars of Advances - Gross**

	2015	2014
10.1.1 In local currency	46,708,032	41,203,781
In foreign currency	-	-
	46,708,032	41,203,781

	Note	2015 (Rupees in '000)	2014 (Rupees in '000)
10.1.2 Short term (for upto one year)		29,108,692	30,193,378
Long term (for more than one year)		17,599,340	11,010,403
		46,708,032	41,203,781

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

	2015	2014
10.3 Diminishing musharakah financing		
Diminishing musharakah	501,705	-

	Note	2015	2014
10.4 Ijarah under IFAS 2			
Net book value of assets	10.4.1	13,916	-
Advance against Ijarah financing		5,136	-
		19,052	-

**10.4.1 Particulars of Assets Under Ijarah**

	2015							
	Cost		Accumulated Depreciation			Book Value As at December 31, 2015	Rate of depreciation (%)	
As at January 01, 2015	Additions	As at December 31, 2015	As at January 01, 2015	Charge	As at December 31, 2015			
	(Rupees in '000)							
Vehicles	-	15,724	15,724	-	1,808	1,808	13,916	33.33%
<b>Total</b>	-	15,724	15,724	-	1,808	1,808	13,916	

10.5 Advances include Rs 290.281 million (2014: Rs. 340.359 million) which have been placed under non-performing status as detailed below

Category of classification	Note	2015					2014				
		Classified Advances		Provision Required	Provision Held		Classified Advances		Provision Required	Provision Held	
		Domestic	Overseas	Total			Domestic	Overseas	Total		
(Rupees in '000)											
Other Assets Especially Mentioned (OAEM)	10.5.1	138,177	-	138,177	-	-	72,693	-	72,693	-	-
Substandard		33,036	-	33,036	554	554	246,532	-	246,532	104	104
Doubtful		62,029	-	62,029	5,936	5,936	2,636	-	2,636	476	476
Loss		57,039	-	57,039	30,930	30,930	18,498	-	18,498	18,498	18,498
		290,281	-	290,281	37,420	37,420	340,359	-	340,359	19,078	19,078

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

10.5.2 The Bank has availed the benefit of FSV on mortgaged residential and commercial property (land and building only) held as collateral against non-performing advances on the basis of instructions of State Bank of Pakistan. Had the benefit not been taken by the Bank, specific provision against non-performing advances would have been higher by Rs. 58.240 million (2014: Rs 61.290 million). The resultant increase in profit due to FSV benefit taken will not be available for distribution as cash and stock dividend to shareholders.



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

Note	2015			2014		
	Specific	General	Total	Specific	General	Total
Opening balance	19,078	-	19,078	-	-	-
Charge for the year						
- Specific provision	18,342	-	18,342	19,078	-	19,078
- General provision	-	2,500,000	2,500,000	-	-	-
- General provision against consumer & small enterprise advances	-	1,523	1,523	-	-	-
Reversals	-	-	-	-	-	-
Net charge	18,342	2,501,523	2,519,865	19,078	-	19,078
Amount written off	-	-	-	-	-	-
Closing balance	37,420	2,501,523	2,538,943	19,078	-	19,078

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

10.5.3.2 General provision against consumer loans represents provision maintained at an amount equal to 1.5% of the fully secured performing portfolio and 5% of the unsecured performing portfolio as required by the Prudential Regulations issued by the SBP. General provision against Small Enterprise finance represents provision maintained at an amount equal to 1% of the fully secured performing portfolio as required by the Prudential Regulations issued by the SBP.

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

Debts due by directors, executives or officers of the Bank or any of them either severally or jointly with any other persons:

Note	2015	2014
	(Rupees in '000)	
Balance at beginning of the year	176,965	128,193
Loans granted during the year	188,248	93,467
Repayments made during the year	(86,664)	(44,695)
Balance at end of the year	278,549	176,965

Debts due by companies or firms in which the directors of the Bank are interested as directors, partners or in the case of private companies as members:

Note	2015	2014
Balance at beginning of the year	375,000	406,250
Loans granted during the year	-	-
Repayments made during the year	(78,125)	(31,250)
Balance at end of the year	296,875	375,000
	575,424	551,965

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

10.6.2 This includes loan balance of an entity where more than 20% equity is held by the Government of Sindh.

## 11 OPERATING FIXED ASSETS

Capital work-in-progress	11.1	51,928	12,244
Property and equipment	11.2	1,774,591	1,729,393
Intangible assets	11.3	72,558	70,353
		1,899,077	1,811,990

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

### 11.2 Property and equipment - own use

	2015							
	Cost		Accumulated depreciation			Book value	Rate of depreciation %	
As at January 01, 2015	Additions / (disposals) Adjustment	As at December 31, 2015	As at January 01, 2015	Charge (disposals) Adjustment	As at December 31, 2015	as at December 31, 2015		
(Rupees in '000)								
Leasehold improvements	881,218	134,505	1,014,723	94,743	45,379	140,122	874,601	5
Furniture and fixtures	416,736	34,217	449,376	94,552	43,571	137,776	311,600	10
Computer and office equipment	878,367	202,971	1,080,006	374,535	207,007	579,639	500,367	33.33 & 20
Vehicles	212,874	29,238	212,662	95,972	44,199	124,639	88,023	20
	2,389,195	400,931	2,756,767	659,802	340,156	982,176	1,774,591	
		(31,890)			(17,579)			
		(1,469)			(203)			

	2014							
	Cost		Accumulated depreciation			Book value	Rate of depreciation %	
As at January 01, 2014	Additions / (disposals) Adjustment	As at December 31, 2014	As at January 01, 2014	Charge (disposals) Adjustment	As at December 31, 2014	as at December 31, 2014		
(Rupees in '000)								
Leasehold improvements	839,665	79,715	881,218	53,850	41,467	94,743	786,475	5
Furniture and fixtures	364,384	52,373	416,736	53,861	40,691	94,552	322,184	10
Computer and office equipment	629,251	249,565	878,367	204,119	170,815	374,535	503,832	33.33 & 20
Vehicles	156,912	59,222	212,874	59,974	38,240	95,972	116,902	20
	1,990,212	440,875	2,389,195	371,804	291,213	659,802	1,729,393	
		(3,709)			(2,577)			
		(38,183)			(638)			

11.2.1 Depreciation amounting to Rs. 339.95 million (2014: Rs. 290.58 million) has been reported in administrative expenses, refer note 25, after adjusting the amounts as referred to in note 11.2.





11.2.2 The cost of fully depreciated furniture and fixture, office and computer equipment still in use amounted to Rs. 80.701 million (2014: Rs. 41.581 million).

### 11.3 Intangible assets

	2015							
	Cost		Accumulated amortization			Book value as at December 31, 2015	Rate of amortization %	
	As at January 01, 2015	Additions / (deletion)	As at December 31, 2015	As at January 01, 2015	Amortization for the year			
----- (Rupees in '000) -----								
Software	130,343	32,974	163,317	59,990	30,769	90,759	72,558	20
	130,343	32,974	163,317	59,990	30,769	90,759	72,558	
----- (Rupees in '000) -----								
	2014							
	Cost		Accumulated amortization			Book value as at December 31, 2014	Rate of amortization %	
	As at January 01, 2014	Additions / (deletion)	As at December 31, 2014	As at January 01, 2014	Amortization for the year			
----- (Rupees in '000) -----								
Software	118,081	12,262	130,343	35,304	24,686	59,990	70,353	20
	118,081	12,262	130,343	35,304	24,686	59,990	70,353	

### 11.4 Disposal

Details of disposal of fixed assets having cost of more than Rs. 1,000,000/- or net book value of Rs.250,000/- or above are given below:

	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of buyers
----- Rupees in '000 -----						
<b>Motor vehicles</b>						
Mercedes Benz	22,053	8,821	13,232	13,232	As per Bank Policy	Muhammad Bilal Sheikh (Ex CEO)
Toyota Corolla Altis	1,830	1,800	30	30	As per Bank Policy	Muhammad Bilal Sheikh (Ex CEO)
Honda Civic	1,794	1,793	1	1	As per Bank Policy	Khawaja Tajammul Hussain (Employee)
Toyota Corolla 2. OD	1,439	1,367	72	288	As per Bank Policy	Mamnoon Ahmed Alvi (Ex employee)
Toyota Corolla XLI	1,394	1,022	372	372	As per Bank Policy	Syed Aftab Ahmed (Ex employee)
	28,510	14,803	13,707	13,923		
Aggregate of disposals not meeting criteria	3,380	2,776	604	1,168	Various	Various
<b>Total - 2015</b>	<b>31,890</b>	<b>17,579</b>	<b>14,311</b>	<b>15,091</b>		
Total - 2014	3,709	2,577	1,132	2,169		

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

#### Deductible temporary differences on:

- Provision against advances - general
- Provision for diminution in the value of investments
- Provision against other assets

2015 2014  
(Rupees in '000)

(875,000)	-
(171)	-
-	(1,546)
<b>(875,171)</b>	<b>(1,546)</b>

#### Taxable temporary differences on:

- Operating fixed assets - tangible
- Operating fixed assets - intangible
- Surplus / (deficit) on revaluation of investments

155,221	177,215
10,519	13,609
408,626	713,429
<b>574,366</b>	<b>904,253</b>
<b>(300,805)</b>	<b>902,707</b>

### 12.1 Reconciliation of deferred tax

	2015				2014			
	Balance as at January 01, 2015	Recognised in profit and loss account	Recognised in other Comprehensive income	Balance as at December 31, 2015	Balance as at January 01, 2014	Recognised in profit and loss account	Recognised in other Comprehensive income	Balance as at December 31, 2014
----- (Rupees in '000) -----								
<b>Deductible temporary differences on:</b>								
- Deficit on revaluation of investments	-	-	-	-	(202,027)	-	202,027	-
- Provision against advances - general	-	(875,000)	-	(875,000)	-	-	-	-
- Provision for diminution in the value of investments	-	(171)	-	(171)	(5,935)	5,935	-	-
- Provision for other assets	(1,546)	1,546	-	-	(773)	(773)	-	(1,546)
	<b>(1,546)</b>	<b>(873,625)</b>	<b>-</b>	<b>(875,171)</b>	<b>(208,735)</b>	<b>5,162</b>	<b>202,027</b>	<b>(1,546)</b>
<b>Taxable temporary differences on:</b>								
- Operating fixed assets - tangible	177,215	(21,994)	-	155,221	201,332	(24,117)	-	177,215
- Operating fixed assets - intangible	13,609	(3,090)	-	10,519	16,914	(3,305)	-	13,609
- Surplus on revaluation of investments	713,429	-	(304,803)	408,626	-	-	713,429	713,429
	<b>904,253</b>	<b>(25,084)</b>	<b>(304,803)</b>	<b>574,366</b>	<b>218,246</b>	<b>(27,422)</b>	<b>713,429</b>	<b>904,253</b>
	<b>902,707</b>	<b>(898,709)</b>	<b>(304,803)</b>	<b>(300,805)</b>	<b>9,511</b>	<b>(22,260)</b>	<b>915,456</b>	<b>902,707</b>

### 13 OTHER ASSETS - net

- Accrued income on bank deposits, investments, COIs, placements and advances
- Accrued commission income
- Advances, deposits, advance rent and other prepayments
- Receivable against sale of shares
- Insurance premium receivable against agriculture loans
- Stationery and stamps on hand
- Receivable against I Link ATM settlement account
- Insurance claims receivable
- Other receivables

Note 2015 2014  
(Rupees in '000)

	3,637,416	3,617,484
	5,337	40,096
	343,125	360,816
	133,979	143
	54,448	28,948
	2,789	5,478
	59,901	46,493
	1,407	5,690
	6,810	37,611
	<b>4,245,212</b>	<b>4,142,759</b>
13.1 Provision held against other assets	-	(4,418)
	<b>4,245,212</b>	<b>4,138,341</b>



	Note	2015 (Rupees in '000)	2014
<b>13.1 Provision held against other assets</b>			
Opening balance		4,418	2,209
(Reversal) / charge during the year		(4,418)	2,209
Closing balance		-	4,418
<b>14 BILLS PAYABLE</b>			
In Pakistan		288,68	399,591
Outside Pakistan		-	-
		<u>288,681</u>	<u>399,591</u>
<b>15 BORROWINGS</b>			
In Pakistan		27,160,697	46,076,636
Outside Pakistan		-	-
	15.1	<u>27,160,697</u>	<u>46,076,636</u>
<b>15.1 Particulars of borrowings - by currency</b>			
In local currency		27,160,697	46,076,636
In foreign currency		-	-
		<u>27,160,697</u>	<u>46,076,636</u>
<b>15.2 Details of borrowings</b>			
<b>Secured</b>			
Borrowings from State Bank of Pakistan under export refinance scheme	15.2.1	1,571,771	832,000
Repurchase agreement borrowings			
- State Bank of Pakistan	15.2.2	22,088,926	33,416,015
- Other commercial banks / DFIs		-	9,830,690
		<u>22,088,926</u>	<u>43,246,705</u>
<b>Unsecured</b>			
Call borrowings	15.2.3	3,500,000	1,997,931
		<u>27,160,697</u>	<u>46,076,636</u>
15.2.1	These carry mark-up at the rate of 3.50% (2014: 5.50% to 6.50%) per annum having maturity upto six months.		
15.2.2	These carry mark-up at the rate of 6.25% (2014: 9.50%) per annum, maturing in January 2016.		
15.2.3	These represent call money borrowings from commercial banks at the rate of 6.40 % (2014: 9.50% to 9.55%) per annum with maturity in February 2016.		
<b>16 DEPOSITS AND OTHER ACCOUNTS</b>	Note	2015 (Rupees in '000)	2014
<b>Customers</b>			
Fixed deposits		28,145,127	18,845,190
Savings deposits		28,795,581	21,586,982
Current accounts - non-remunerative		22,722,693	18,075,130
Margin and other accounts - non-remunerative		1,273,544	773,557
		<u>80,936,945</u>	<u>59,280,859</u>
<b>Financial Institutions</b>			
Remunerative deposits		3,100,991	2,571,688
Non-remunerative deposits		38,708	31,489
		<u>3,139,699</u>	<u>2,603,177</u>
	16.1	<u>84,076,644</u>	<u>61,884,036</u>

	Note	2015 (Rupees in '000)	2014
<b>16.1 Particulars of deposits by currency</b>			
In local currency		82,223,494	60,655,735
In foreign currency		1,853,150	1,228,301
		<u>84,076,644</u>	<u>61,884,036</u>
<b>17 OTHER LIABILITIES</b>			
Mark-up / return/ interest payable in local currency		1,238,986	1,017,423
Mark-up / return/ interest payable in foreign currency		7,123	9,162
Unearned commission on LCs		5,094	45,372
Net defined benefit liability	31.1.2	49,286	34,879
Provision for compensated absences		63,498	37,054
Payable against forward forex revaluation - net		12,931	55,978
Accrued expenses		82,217	87,683
Payable against purchase of operating fixed assets		94,916	51,401
Payable against purchase of shares		142,025	-
Retention money		66,153	47,198
Federal excise duty / sales tax on services payable		4,481	1,707
Provision for taxation - net		151,954	78,149
Withholding tax payable		10,018	5,201
Others		29,021	34,909
		<u>1,957,703</u>	<u>1,506,116</u>
<b>18 SHARE CAPITAL</b>			
<b>18.1 Authorised share capital</b>			
2015		2014	
Number of shares			
		2015	2014
		(Rupees in '000)	
		<u>1,000,000,000</u>	<u>1,000,000,000</u>
		1,000,000,000	1,000,000,000
		Ordinary shares of Rs. 10/- each	
<b>18.2 Issued, subscribed and paid-up share capital</b>			
		<u>1,000,000,000</u>	<u>1,000,000,000</u>
		1,000,000,000	1,000,000,000
		Ordinary shares of Rs. 10/- each fully paid in cash	
<b>18.3</b>	The Government of Sindh, through its Finance Department, owns 100% ordinary shares of the Bank.		
<b>18.4</b>	The State Bank of Pakistan (SBP) granted license to the Bank to conduct business subject to certain conditions which, inter alia, included that the Bank shall get listed on the stock exchange within three years from the date of commencement of business i.e. till April 06, 2014. Further extension of one year had been granted by SBP vide letter No. BPRD (LD-06)/602-Sindh Bank/2014-7697 upto April 30, 2015. On March 18, 2015 the Bank has again applied for extension of one year upto April 2016.		





19	SURPLUS ON REVALUATION OF ASSETS - Net of tax	Note	2015 (Rupees in '000)	2014
	<b>Available-for-sale securities</b>			
	Federal government securities		1,517,228	1,868,128
	Ordinary shares - Listed		(274,417)	156,019
	Units of mutual funds		(51,516)	7,282
	Sukuk Certificates		(11,429)	-
	Term finance certificates		(20,115)	(1,417)
	Reversal of impairment on shares of listed companies	9.1	1,159,751	2,030,012
	Related deferred taxation	12.1	(408,627)	(713,430)
			<u>758,879</u>	<u>1,324,940</u>
20	<b>CONTINGENCIES AND COMMITMENTS</b>			
20.1	<b>Direct credit substitutes</b>			
	Includes general guarantees of indebtedness in favour of:			
	i) Government		80,000	886,731
	ii) Banking companies and other financial institutions		26,228	51,826
	iii) Others		3,364,791	135,707
			<u>3,471,019</u>	<u>1,074,264</u>
20.2	<b>Trade related contingent liabilities</b>			
	Others		<u>3,214,204</u>	<u>4,481,192</u>
20.3	<b>Commitments to extend credit</b>			
	The Bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.			
20.4	<b>Transaction related contingent liabilities</b>			
	Contingent liabilities in respect of guarantee given, favouring Others		<u>108,115</u>	<u>118,011</u>
20.5	<b>Commitments in respect of forward rate agreements - currency</b>			
	Purchase		<u>12,728,132</u>	<u>10,776,823</u>
	Sale		<u>12,153,946</u>	<u>10,133,431</u>
20.6	<b>Commitments in respect of repo / call money transactions</b>			
	Sale and repurchase agreements		<u>22,092,708</u>	<u>43,357,187</u>
	Purchase and resale agreements		-	<u>8,526,436</u>
	Call money lending		-	<u>2,500,000</u>

21	MARK-UP / RETURN / INTEREST EARNED	Note	2015 (Rupees in '000)	2014
	On loans and advances to:			
	Customers		4,063,754	4,170,261
	On investments in:			
	Held-for-trading securities		240	-
	Available-for-sale securities		4,749,357	3,675,290
	Held-to-maturity securities		1,008,775	708,600
	On deposits with financial institutions		67,797	78,789
	On securities purchased under resale agreements		131,106	172,597
	On call / clean lending		106,210	126,795
			<u>10,127,239</u>	<u>8,932,332</u>
22	<b>MARK-UP / RETURN / INTEREST EXPENSED</b>			
	Deposits		3,979,852	3,434,625
	Securities sold under repurchase agreements		1,425,781	1,678,402
	Other short term borrowings		279,191	383,958
			<u>5,684,824</u>	<u>5,496,985</u>
23	<b>GAIN ON SALE OF SECURITIES - net</b>			
	<b>Federal government securities</b>			
	- Market treasury bills		750	3,125
	- Pakistan investment bonds		2,636,197	211,911
	<b>Others</b>			
	- Units of mutual funds		20,272	109,372
	- Shares of listed companies		405,234	196,957
	- Other investments		100	-
			<u>3,062,553</u>	<u>521,365</u>
24	<b>OTHER INCOME</b>			
	Prequalification application fee for tender		171	321
	Gain on sale of fixed assets		780	1,036
	Excess insurance claim received		1,786	-
	Others		2,992	2,557
			<u>5,729</u>	<u>3,914</u>
25	<b>ADMINISTRATIVE EXPENSES</b>			
	Salaries, allowances and benefits		1,532,703	1,221,050
	Contribution to defined benefit plan	31.1.4	36,662	30,773
	Contribution to defined contribution plan	31.2	43,685	34,897
	Non-Executive Director's fee		10,350	6,700
	Rent, taxes, insurance, electricity, etc.		638,264	554,195
	Legal and professional charges		10,516	11,325
	Communications		99,208	87,383
	Repairs and maintenance		151,284	106,701
	Stationery and printing		75,449	49,817
	Security service charges		188,728	145,475
	Advertisement and publicity		55,358	65,974
	Donation	25.1	11,000	11,000





	Note	2015 (Rupees in '000)	2014
Depreciation	11.2.1	339,953	290,575
Amortization	11.3	30,769	24,686
Auditors' remuneration	25.2	8,326	5,672
Travelling and conveyance		24,091	17,428
Brokerage and commission		13,423	10,942
Fees and subscription		33,728	30,501
Entertainment		27,197	19,290
Miscellaneous expenses		22,332	15,666
		<b>3,353,026</b>	<b>2,740,050</b>

25.1 None of the directors, executives or their spouses had any interest in the donee. Details of donations given in excess of Rs. 100,000 are given below:

	2015 (Rupees in '000)	2014
<b>Donee</b>		
Aga Khan Hospital and Medical College Foundation	1,000	9,000
Sindh Institute of Urology and Transplantation (SIUT)	10,000	-
For drought victims of Thar	-	2,000
	<b>11,000</b>	<b>11,000</b>
<b>25.2 Auditors' remuneration</b>		
Audit fee	1,914	1,663
Half yearly review	1,000	901
Certifications and other advisory services	1,560	2,644
Corporate finance services	3,150	-
Tax services	-	156
Out of pocket expenses	702	308
	<b>8,326</b>	<b>5,672</b>

25.3 The Bank operates a short term employee benefit scheme which includes grant of special bonus to employees. Under this scheme, the special bonus for employees, including the President & Chief Executive Officer of the Bank is determined on the basis of employees evaluation and the Bank's performance during the year. The aggregate amount determined for eligible employees in respect of the above scheme relating to Executives and President & Chief Executive Officer of the Bank amounted to Rs.26.217 million (2014: Rs. 11.539 million) and Rs.28.392 million (2014: Rs. 14.56 million) respectively and is included in salaries, allowances and benefits.

	Note	2015 (Rupees in '000)	2014
<b>26 OTHER CHARGES</b>			
Penalties imposed by the SBP		13,791	18,789

	Note	2015	2014
<b>27 TAXATION</b>			
Current		1,617,389	554,467
Prior years		102,556	-
Deferred	12.1	(898,709)	(22,260)
		<b>821,236</b>	<b>532,207</b>

	Note	2015 (Rupees in '000)	2014
<b>27.1 Relationship between tax expense and accounting profit</b>			
Profit before tax		2,051,499	1,611,686
Tax on income @ 35%		718,025	564,090
Prior years tax due to amendment in the Finance bill		36,721	-
Tax at reduced rate		-	(36,058)
Effect of permanent differences		655	2,180
Adjustment of one time super tax for 2015		65,835	-
Reversal of impairment		-	1,995
		<b>821,236</b>	<b>532,207</b>

## 28 BASIC AND DILUTED EARNINGS PER SHARE

	2015	2014
Profit after taxation	1,230,263	1,079,479
	(Numbers)	
Weighted average number of ordinary shares	1,000,000,000	1,000,000,000
	(Rupees)	
Basic and diluted earnings per share	1.23	1.08

## 29 CASH AND CASH EQUIVALENTS

	Note	2015 (Rupees in '000)	2014
Cash and balances with treasury banks	6	5,297,608	5,066,350
Balances with other bank	7	1,086,079	537,713
		<b>6,383,687</b>	<b>5,604,063</b>

## 30 STAFF STRENGTH

	Note	2015 (Numbers)	2014
Permanent		1,456	1,298
Temporary / on contractual basis		170	157
Bank's own staff at end of the year		1,626	1,455
Outsourced	30.1	359	321
Total staff strength		<b>1,985</b>	<b>1,776</b>

30.1 This represents personnel hired by an outside contractor / agency and posted in the Bank to perform various tasks / activities of the Bank.

## 31 DEFINED BENEFIT AND CONTRIBUTION PLANS

### 31.1 Defined benefit plan

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





	2015	2014
<b>31.1.1 Principal actuarial assumptions</b>		
The latest actuarial valuation was carried out as at December 31, 2015 using the Projected Unit Credit Method. Following are the significant assumptions used in the actuarial valuation:		
Discount rate	10.00%	11.25%
Expected rate of increase in salaries	9.50%	10.75%
	2015	2014
<b>31.1.2 Reconciliation of net defined benefit liability</b>		
Present value of defined benefit liability	118,574	74,948
Fair value of plan assets	(69,288)	(40,070)
Payable to defined benefit plan	49,286	34,878
<b>31.1.3 Movement in net defined benefit liability</b>		
Opening balance	34,878	24,179
Charge to profit and loss during the year	36,662	30,773
Remeasurement loss recognized in OCI	12,624	4,105
Bank's contribution	(34,878)	(24,179)
Closing balance	49,286	34,878
<b>31.1.4 Charge for defined benefit plan</b>		
<b>In profit and loss</b>		
Current service cost	34,700	29,202
Interest cost - net	1,962	1,571
Charge for the year	36,662	30,773
<b>In other comprehensive income</b>		
Remeasurement loss on defined benefit obligation	11,089	3,795
Remeasurement loss on plan assets	1,535	310
	12,624	4,105
<b>31.1.5 Changes in present value of defined benefit liability</b>		
Opening balance	74,948	39,179
Current Service cost	34,700	29,202
Interest cost	7,867	4,951
Benefits paid	(10,030)	(2,179)
Actuarial loss / (gain) on obligation		
- Demographic assumptions	-	580
- Financial assumptions	5,515	4,398
- Experience assumptions	5,574	(1,183)
	11,089	3,795
Closing balance	118,574	74,948

	Note	2015 (Rupees in '000)	2014 (Rupees in '000)
<b>31.1.6 Fair value of plan assets</b>			
Fair value of plan assets at the beginning of the year		40,070	15,000
Expected return on plan assets		5,905	3,380
Bank's contributions		34,878	24,179
Benefits paid		(10,030)	(2,179)
Actuarial loss on assets			
- Experience assumptions		(1,535)	(310)
Fair value of plan assets at the end of the year	31.1.7	69,288	40,070
<b>31.1.7 Plan assets comprise:</b>			
Balance held in bank accounts		69,288	40,070
<b>31.1.8 Sensitivity analysis</b>			
Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:			
Discount rate (1% variation)		104,951	66,371
Future salary growth (1% variation)		135,576	85,319
Future mortality (1 year variation)		118,575	74,964

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of sensitivity of the assumptions shown.

31.1.9 The expected gratuity expense for the year commencing January 01, 2016 works out to Rs. 43,490 million.

**31.1.10 Maturity analysis:**

The weighted average duration of the defined benefit obligation works out to be 14.04 years. Expected benefit payments for the next five year are:

	2016	2017	2018	2019	2020
	(Rupees in '000)				
Expected benefit payments	6,914	5,876	4,556	6,935	7,704

**31.2 Defined contribution plan**

The Bank operates a recognised provident fund scheme for all its permanent employees. Equal monthly contributions are made, both by the Bank and its employees, to the fund at the rate of 10.00 % of basic salary of the employees. The minimum qualifying period of service for the purpose of Bank's contribution is one year. The contribution made by the Bank and its employees during the year amounted to Rs. 87.37 million (2014: Rs. 69.79 million). The number of employees as at December 31, 2015 eligible under the scheme were 1271 (2014: 1141).

**32 COMPENSATED ABSENCES**

The Bank grants compensated absences to all its regular employees as per service rules. Regular employees are entitled to 30 days privilege leave for each completed year of service. Unutilized privilege leave is accumulated upto a maximum of 60 days which can be encashed at the time of retirement from the regular service of the Bank or severance of service except dismissal. These are encashable on the basis of last drawn gross salary. Minimum qualifying period for encashment is three years of service.





**33 COMPENSATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES**

	President & Chief Executive Officer *		Directors		Executives	
	2015	2014	2015	2014	2015	2014
	(Rupees in '000)					
Fees	-	-	10,350	6,700	-	-
Managerial remuneration	29,747	27,796	-	-	292,479	223,760
Charge for defined benefit plan	2,939	2,868	-	-	27,155	16,304
Contribution for defined contribution plan	2,936	2,780	-	-	19,512	14,518
Rent and house maintenance	13,386	12,508	-	-	131,615	100,692
Utilities	2,975	2,780	-	-	29,248	22,376
Medical	2,975	2,780	-	-	29,248	22,376
Conveyance	573	885	-	-	71,971	74,320
Bonus	4,840	4,412	-	-	48,156	37,652
Others	13,830	1,385	588	-	37,237	27,277
	<u>74,201</u>	<u>58,194</u>	<u>10,938</u>	<u>6,700</u>	<u>686,621</u>	<u>539,275</u>
Number of person(s)	<u>2</u>	<u>1</u>	<u>6</u>	<u>6</u>	<u>267</u>	<u>217</u>

\* This includes Rs. 72.876 million paid to the outgoing President & Chief Executive Officer of the Bank during the year.

- 33.1** The Chief Executive Officer and certain executives of the Bank are provided with free use of the Bank's maintained cars.
- 33.2** Executives mean employees, other than the President & Chief Executive Officer and Directors, whose basic salary exceeds five hundred thousand rupees in a financial year.
- 33.3** In addition to above, all executives, including the President & Chief Executive Officer of the Bank are also entitled to bonus which is disclosed in note 25.3 to these unconsolidated financial statements.

**34 FAIR VALUE OF FINANCIAL INSTRUMENTS**

The fair value of traded investments is based on quoted market prices, except for tradeable securities classified by the Bank as 'held to maturity'. Quoted securities classified as held to maturity are carried at cost. Fair value of unquoted equity investments other than in subsidiary is determined on the basis of break up value of these investments as per the latest available audited financial statements.

Fair value of fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy as stated in note 5 to these financial statements.

The maturity and repricing profile and effective rates are stated in notes 38.2.5, 38.3.1 and 38.3.2 respectively.

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 re-priced.

- 34.1** The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurement :

**Level 1:** Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities

**Level 2:** Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3:** Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

- 34.2** The Bank's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred. There were no transfers between levels 1 and 2 during the year.

**(a) Financial instruments in level 1**

Financial instruments included in level 1 comprise of investments in listed ordinary shares and units of mutual funds.

**(b) Financial instruments in level 2**

Financial instruments included in level 2 comprise of Sukuk Bonds, Pakistan Investment Bonds, Market Treasury Bills, Term Finance certificates and Forward Exchange Contracts.

**(c) Financial instruments in level 3.**

Currently, no financial instruments are classified in level 3

- 34.3** 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.





	2015				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
----- (Rupees in '000) -----					
<b>On balance sheet financial instruments</b>					
<b>Financial assets measured at fair value</b>					
<b>Available-for-sale securities</b>					
Pakistan investment bonds	42,563,182	-	42,563,182	-	42,563,182
Market treasury bills	14,747,575	-	14,747,575	-	14,747,575
Shares of listed companies	1,889,395	1,889,395	-	-	1,889,395
Term finance certificates	477,462	-	477,462	-	477,462
Units of mutual funds	444,879	444,879	-	-	444,879
Sukuk bonds	769,403	-	769,403	-	769,403
<b>Financial assets not measured at fair value</b>					
Cash and balances with treasury banks	5,297,608	-	-	-	-
Balances with other banks	1,086,079	-	-	-	-
Lendings to financial institutions	850,000	-	-	-	-
<b>Held to maturity investments</b>					
Pakistan investment bonds	7,444,973	-	-	-	-
GoP - Ijarah sukuk	239,780	-	-	-	-
GIS - Bai Muajal	232,880	-	-	-	-
Listed preference shares	249,961	-	-	-	-
Unlisted preference shares	360,260	-	-	-	-
Listed term finance certificates	224,495	-	-	-	-
Ordinary shares of unlisted companies-Subsidiary	750,000	-	-	-	-
Advances	44,169,089	-	-	-	-
Other assets	4,245,212	-	-	-	-
	<u>126,042,233</u>	<u>2,334,274</u>	<u>58,557,622</u>	<u>-</u>	<u>60,891,896</u>
<b>Financial liabilities not measured at fair value</b>					
Bills payable	288,681	-	-	-	-
Borrowings	27,160,697	-	-	-	-
Deposits and other accounts	84,076,644	-	-	-	-
Other liabilities	1,957,703	-	-	-	-
	<u>113,483,725</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Off balance financial instruments</b>					
Foreign exchange contracts purchase	-	-	12,685,104	-	12,685,104
Foreign exchange contracts sale	-	-	12,162,392	-	12,162,392

	2014				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
----- (Rupees in '000) -----					
<b>On balance sheet financial instruments</b>					
<b>Financial assets measured at fair value</b>					
<b>Available-for-sale securities</b>					
Pakistan investment bonds	37,162,520	-	37,162,520	-	37,162,520
Market treasury bills	12,322,333	-	12,322,333	-	12,322,333
Shares of listed companies	2,041,638	2,041,638	-	-	2,041,638
Term finance certificates	494,936	-	494,936	-	494,936
Units of mutual funds	769,862	769,862	-	-	769,862
Sukuk bonds	250,000	-	250,000	-	250,000
<b>Financial assets not measured at fair value</b>					
Cash and balances with treasury banks	5,066,350	-	-	-	-
Balances with other banks	537,713	-	-	-	-
Lendings to financial institutions	12,665,492	-	-	-	-
<b>Held to maturity investments</b>					
Pakistan investment bonds	5,131,132	-	-	-	-
Sukuk bonds	569,909	-	-	-	-
Listed preference shares	249,961	-	-	-	-
Unlisted preference shares	250,000	-	-	-	-
Listed term finance certificates	224,600	-	-	-	-
Advances	41,184,703	-	-	-	-
Other assets	4,138,341	-	-	-	-
	<u>123,059,490</u>	<u>2,811,500</u>	<u>50,229,789</u>	<u>-</u>	<u>53,041,289</u>
<b>Financial liabilities not measured at fair value</b>					
Bills payable	399,591	-	-	-	-
Borrowings	46,076,636	-	-	-	-
Deposits and other accounts	61,884,036	-	-	-	-
Other liabilities	1,506,116	-	-	-	-
	<u>109,866,379</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Off balance financial instruments</b>					
Foreign exchange contracts purchase	-	-	10,631,125	-	10,631,125
Foreign exchange contracts sale	-	-	10,224,186	-	10,224,186





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

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

### 35 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The Bank has structured its key business areas in various segments in a manner that each segment becomes a distinguishable component of the Bank that is engaged in providing products or services (business segment), which is subject to risks and rewards that are different from those of other segments. The business segments within the Bank have been broadly categorized into the following classifications in accordance with the requirements of the State Bank of Pakistan:

#### Business segments

##### a) Corporate Finance

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

##### b) Trading and sales

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

##### c) Retail Banking

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

##### d) Commercial Banking and others

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

#### Geographical segments

The Bank operates only in Pakistan.

Based on the above structure, the segment information for the year ended December 31, 2015 is given below:

	2015				Total
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	
	(Rupees in '000)				
Total income	9,235,946	-	-	4,383,131	13,619,077
Inter segment revenue - net	(3,772,312)	-	-	3,772,312	-
Total income - net	5,463,634	-	-	8,155,443	13,619,077
Total expenses	(1,783,499)	-	-	(9,784,079)	(11,567,578)
Net income / (loss) before tax	3,680,135	-	-	(1,628,636)	2,051,499
Segment assets	76,191,806	-	-	52,050,309	128,242,115
Segment liabilities	25,781,179	-	-	87,702,546	113,483,725
Segment return on assets (ROA) (%)*	13.19%	-	-	10.30%	-
Segment cost of funds (%)*	8.17%	-	-	5.11%	-

\* Includes inter-segment revenue / cost.

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

\* Includes inter-segment revenue / cost.



### 36 RELATED PARTY TRANSACTIONS

The related parties of the Bank comprise associated undertakings, directors, staff retirement funds and key management personnel (including their associates).

Usual transactions with related parties includes deposits, advances and other banking services which are carried out in accordance with agreed terms. Transaction with executives are undertaken at terms in accordance with employment agreements and service rules.

Contributions to and accruals in respect of staff retirement benefit plans are made in accordance with the terms of the benefit plan. Remuneration of the President & Chief Executive Officer and Directors are determined in accordance with the terms of their appointment.

Government of Sindh (the GoS) through its Finance Department holds 100% 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 Government related 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:

	2015			
	Key management personnel	Directors	Associates / subsidiaries	Other related parties
	----- (Rupees in '000) -----			
<b>Advances</b>				
Balance at the beginning of the year	18,445	-	-	375,000
Disbursed during the period	21,917	-	-	-
Repaid during the period	(8,882)	-	-	(78,125)
Balance at the end of the year	<u>31,480</u>	<u>-</u>	<u>-</u>	<u>296,875</u>
<b>Deposits</b>				
Balance at the beginning of the year	72,032	15,516	-	2,556,369
Received during the period	439,183	27,088	1,337,083	25,862,030
Withdrawals during the period	(458,746)	(22,808)	(1,183,373)	(27,960,451)
Balance at the end of the year	<u>52,469</u>	<u>19,796</u>	<u>153,710</u>	<u>457,948</u>
Purchase of Government securities	-	-	-	4,606,075
Investment in shares of subsidiary	-	-	750,000	-
Sale of Government securities	-	-	-	330,813
Expenses recovered under agency arrangement	-	-	-	518
Mark-up receivable	21	-	-	6,813
Profit payable	572	123	2,398	6,343
Insurance premium paid	-	-	-	22,744

	2015			
	Key management personnel	Directors	Associates / subsidiaries	Other related parties
	----- (Rupees in '000) -----			
	<b>Year ended December 31, 2015</b>			
Mark-up / interest / return earned	952	-	-	33,258
Mark-up / interest / return expensed	3,407	1,155	36,619	128,851
Gain on sale of Government securities	-	-	-	153
Rental income	-	-	-	1,200
Remuneration paid	161,127	-	-	-
Contribution to provident fund	5,841	-	-	-
Provision for gratuity	7,551	-	-	-
Other staff benefits	30,995	-	-	-
Directors' meeting fee	-	10,350	-	-
Other Expenses	-	588	-	-

As at the date of unconsolidated statement of financial position, loans/advances, deposits and contingencies related to government related entities amounted to Rs. 9,410 million (note 10.2), Rs. 39,160 million (note 16.2) and Rs. 385 million (note 20) respectively. The above included deposits amounting to Rs.15,688 million (2014 : Rs.15,277 million) received through the Finance Department, Government of Sindh.

	2014			
	Key management personnel	Directors	Associates / subsidiaries	Other related parties
	----- (Rupees in '000) -----			
<b>Advances</b>				
Balance at the beginning of the year	29,523	-	-	406,250
Disbursed during the period	12,372	-	-	-
Adjustment for outgoing parties	(18,085)	-	-	-
Repaid during the period	(5,365)	-	-	(31,250)
Balance at the end of the year	<u>18,445</u>	<u>-</u>	<u>-</u>	<u>375,000</u>
<b>Deposits</b>				
Balance at the beginning of the year	78,286	-	-	2,238,559
Received during the period	397,758	94,559	-	9,138,531
Adjustment for outgoing parties	(1,989)	(413)	-	-
Withdrawals during the period	(402,023)	(78,097)	-	(8,820,721)
Balance at the end of the year	<u>72,032</u>	<u>16,049</u>	<u>-</u>	<u>2,556,369</u>
Purchase of Government securities	-	-	-	274,934
Sale of Government securities	-	-	-	8,202,556
Sale proceeds of fixed assets	-	-	-	1,250
Expenses recovered under agency arrangement	-	-	-	60
Mark-up receivable	12	-	-	23,966
Profit payable	713	325	-	9,684





	Year ended December 31, 2014			
	Key management personnel	Directors	Associates / subsidiaries	Other related parties
	----- (Rupees in '000) -----			
Mark-up / interest / return earned	836	-	-	48,927
Mark-up / interest / return expensed	3,531	1,003	-	285,199
Gain on sale of Government securities	-	-	-	2,926
Gain on sale of fixed assets	-	-	-	940
Remuneration paid	144,636	-	-	-
Contribution to provident fund	5,118	-	-	-
Provision for gratuity	5,605	-	-	-
Other staff benefits	15,979	-	-	-
Directors' meeting fee	-	6,700	-	-

### 37 CAPITAL ADEQUACY RATIO

37.1 The Basel-III Framework is applicable to the bank both at the consolidated level (comprising of wholly/partially owned subsidiaries & associates) and on a stand alone basis. Subsidiaries are included while calculating Consolidated Capital Adequacy for the Bank using full consolidation method whereas associates in which the bank has significant influence equity method is used. Standardized Approach is used for calculating the Capital Adequacy for Credit and Market risk, whereas, Basic Indicator Approach (BIA) is used for Operational Risk Capital Adequacy purposes.

### 37.2 Capital Management

#### Objectives and goals of managing capital

The Bank manages its capital to attain the following objectives and goals:

- an appropriately capitalized status, as defined by banking regulations;
- acquire strong credit ratings that enable an optimized funding mix and liquidity sources at lesser costs;
- cover all risks underlying business activities;
- retain flexibility to harness future investment opportunities; build and expand even in stressed times.

#### Statutory minimum capital requirement and Capital Adequacy Ratio

The State Bank of Pakistan through BSD Circular No.07 of 2009 dated April 15, 2009 required the minimum paid up capital (net of losses) for all locally incorporated banks to be raised to Rs. 10 billion by the year ended on December 31, 2015. The raise was to be achieved in a phased manner. The paid up capital of the Bank for the year ended December 31, 2015 stands at Rs. 10 billion and is in compliance with the SBP requirement.

The capital adequacy ratio of the Bank is subject to the Basel-III capital adequacy guidelines stipulated by the State Bank of Pakistan through BPRD Circular No. 06 of 2013 dated August 15, 2013. These requirements are applicable from December 31, 2013 with full implementation in a phased manner intended by December 31, 2019. Under the Basel-III guidelines, banks are required to maintain the following ratios on an on-going basis:

#### Phase-in arrangement and full implementation of the minimum capital requirements:

S. No.	Ratio	Year ended (December 31)					
		2014	2015	2016	2017	2018	2019
1	CET I	5.50%	6.00%	6.00%	6.00%	6.00%	6.00%
2	ADT-I	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
3	Tier-I	7.00%	7.50%	7.50%	7.50%	7.50%	7.50%
4	Total Capital	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
5	CCB *	0.00%	0.25%	0.65%	1.275%	1.90%	2.50%
6	Total Capital plus CCB	10.00%	10.25%	10.65%	11.275%	11.90%	12.50%

\*(Consisting of CET I only)

Bank's regulatory capital is analysed into three tiers:

- Common Equity Tier I Capital (CETI), which includes fully paid up capital (including bonus shares), balance in share premium account, general reserves, statutory reserves as per the financial statements and net unappropriated profits after all regulatory adjustments applicable on CETI (refer to note 37.3).
- Additional Tier I Capital (ATI), which includes perpetual non-cumulative preference shares and share premium resulting from the issuance of preference shares, balance in share premium account after all regulatory adjustments applicable to ATI (refer to note 37.3)
- Tier-2 capital, which includes Subordinated debt/ Instruments, share premium on issuance of Subordinated debt/instruments, general provisions for loan losses (up to a maximum of 1.25% of credit risk weighted assets), net of tax reserves on revaluation of fixed assets and equity in vestments up to a maximum, of 45% of the balance and foreign exchange translation reserves after all regulatory adjustments applicable to Tier-2 (refer to note 37.3).

The required capital adequacy ratio (10.25% of the risk-weighted assets) is achieved by the Bank through improvement in the asset quality at the existing volumes ensuring better recovery management and composition of asset mix with low risk. Banking operations are categorized as either trading book or banking book and risk-weighted assets are determined according to specified requirements of the State Bank of Pakistan that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures. The total risk-weighted exposures comprise of credit risk, market risk and operational risk.

Basel-III Framework enables a more risk-sensitive regulatory capital calculation to promote long term viability of the Bank. As the Bank carries on business on a wide area network basis, it is critical that it is able to continuously monitor the exposure across the entire organization and aggregate the risks so as to take an integrated approach/view. Maximization of the return on risk-adjusted capital is the principal basis to be used in determining how capital is allocated within the Bank to particular operations or activities.

The Bank remained compliant with all externally imposed capital requirements throughout the year. Further, there has been no material change in the Bank's management of capital during the year.

### 37.3 Capital Adequacy

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

- 1 Fully Paid-up Capital/ Capital deposited with SBP
- 2 Balance in Share Premium Account
- 3 Reserve for issue of Bonus Shares
- 4 Discount on Issue of shares
- 5 General/ Statutory Reserves
- 6 Gain/(Losses) on derivatives held as Cash Flow Hedge
- 7 Unappropriated/unremitted profits/ (losses)
- 8 Minority Interests arising from CET I capital instruments issued to third parties by consolidated bank subsidiaries (amount allowed in CET I capital of the consolidation group)

	2015	2014
	----- Rupees in '000 -----	
	10,000,000	10,000,000
	-	-
	-	-
	-	-
	922,596	676,543
	-	-
	3,076,915	2,100,911
	-	-





	2015	2014
	----- Rupees in '000 -----	
9 <b>CET I before Regulatory Adjustments</b>	13,999,511	12,777,454
10 Total regulatory adjustments applied to CET I (Note 37.4.1)	540,203	578,224
11 <b>Common Equity Tier I</b>	13,459,308	12,199,230
<b>Additional Tier I (AT I) Capital</b>		
12 Qualifying Additional Tier-I capital instruments plus any related share premium	-	-
13 of which: Classified as equity	-	-
14 of which: Classified as liabilities	-	-
15 Additional Tier-I capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group AT I)	-	-
16 of which: instrument issued by subsidiaries subject to phase out	-	-
17 <b>ATI before regulatory adjustments</b>	-	-
18 <b>Total regulatory adjustment applied to AT I capital (Note 37.4.2)</b>	-	-
19 Additional Tier I capital after regulatory adjustments	-	-
20 <b>Additional Tier I capital recognized for capital adequacy</b>	-	-
21 <b>Tier I Capital (CET I + admissible AT I) (11+20)</b>	13,459,308	12,199,230
<b>Tier 2 Capital</b>		
22 Qualifying Tier 2 capital instruments under Basel III plus any related share premium	-	-
23 Tier 2 capital instruments subject to phaseout arrangement issued under pre-Basel 3 rules	-	-
24 Tier 2 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group tier 2)	-	-
25 of which: instruments issued by subsidiaries subject to phase out	-	-
26 General provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	547,029	-
27 Revaluation Reserves (net of taxes)	-	-
28 of which: Revaluation reserves on fixed assets	-	-
29 of which: Unrealized gains/losses on AFS	758,879	1,324,940
30 Foreign Exchange Translation Reserves	-	-
31 Undisclosed/Other Reserves (if any)	-	-
32 <b>T2 before regulatory adjustments</b>	1,305,908	1,324,940
33 Total regulatory adjustment applied to T2 capital (Note 37.4.3)	120,461	136,830
34 Tier 2 capital (T2) after regulatory adjustments	-	-
35 Tier 2 capital recognized for capital adequacy	-	-
36 Portion of Additional Tier I capital recognized in Tier 2 capital	-	-
37 <b>Total Tier 2 capital admissible for capital adequacy</b>	1,185,447	1,188,110
38 <b>TOTAL CAPITAL (T1 + admissible T2) (21+37)</b>	14,644,755	13,387,340
39 <b>Total Risk Weighted Assets (RWA) {for details refer Note 37.7}</b>	72,753,903	59,310,167

	2015	2014
	----- Rupees in '000 -----	
<b>Capital Ratios and buffers (in percentage of risk weighted assets)</b>		
	%	%
40 <b>CET I to total RWA</b>	18.50%	20.57%
41 <b>Tier-I capital to total RWA</b>	18.50%	20.57%
42 <b>Total capital to total RWA</b>	20.13%	22.57%
43 Bank specific buffer requirement (minimum CET I requirement plus capital conservation buffer plus any other buffer requirement)	6.00%	5.50%
44 of which: capital conservation buffer requirement	0.00%	0.00%
45 of which: countercyclical buffer requirement	0.00%	0.00%
46 of which: D-SIB or G-SIB buffer requirement	0.00%	0.00%
47 <b>CET I available to meet buffers (as a percentage of risk weighted assets)</b>	12.50%	15.07%
<b>National minimum capital requirements prescribed by SBP</b>		
48 <b>CET I minimum ratio</b>	6.00%	5.50%
49 <b>Tier I minimum ratio</b>	7.50%	7.00%
50 <b>Total capital minimum ratio</b>	10.00%	10.00%
51 <b>Total capital minimum ratio plus CCB</b>	10.25%	10.00%

#### 37.4 Regulatory adjustments and additional information

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

	2015	2014
	----- Rupees in '000 -----	
1 Goodwill (net of related deferred tax liability)	-	-
2 All other intangibles (net of any associated deferred tax liability)	62,039	56,744
3 Shortfall in provisions against classified assets	-	-
4 Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
5 Defined-benefit pension fund net assets	-	-
6 Reciprocal cross holdings in CET I capital instruments of banking, financial and insurance entities	-	-
7 Cash flow hedge reserve	-	-
8 Investment in own shares/ CET I instruments	-	-
9 Securitization gain on sale	-	-
10 Capital shortfall of regulated subsidiaries	-	-
11 Deficit on account of revaluation from bank's holdings of fixed assets/ AFS	-	-
12 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	478,164	521,480
13 Significant investments in the common stocks of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-
14 Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-
15 Amount exceeding 15% threshold	-	-
16 of which: significant investments in the common stocks of financial entities	-	-
17 of which: deferred tax assets arising from temporary differences	-	-
18 National specific regulatory adjustments applied to CET I capital	-	-
19 Investments in TFCs of other banks exceeding the prescribed limit	-	-
20 Any other deduction specified by SBP	-	-
21 Adjustment to CET I due to insufficient AT I and Tier 2 to cover deductions	-	-
22 Total regulatory adjustments applied to CET I (sum of 1 to 21)	540,203	578,224

	2015	2014
	----- Rupees in '000 -----	
	Amount subject to Pre-Basel III treatment	Amount subject to Pre-Basel III treatment
1 Goodwill (net of related deferred tax liability)	-	-
2 All other intangibles (net of any associated deferred tax liability)	62,039	56,744
3 Shortfall in provisions against classified assets	-	-
4 Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-
5 Defined-benefit pension fund net assets	-	-
6 Reciprocal cross holdings in CET I capital instruments of banking, financial and insurance entities	-	-
7 Cash flow hedge reserve	-	-
8 Investment in own shares/ CET I instruments	-	-
9 Securitization gain on sale	-	-
10 Capital shortfall of regulated subsidiaries	-	-
11 Deficit on account of revaluation from bank's holdings of fixed assets/ AFS	-	-
12 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	478,164	521,480
13 Significant investments in the common stocks of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-
14 Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-
15 Amount exceeding 15% threshold	-	-
16 of which: significant investments in the common stocks of financial entities	-	-
17 of which: deferred tax assets arising from temporary differences	-	-
18 National specific regulatory adjustments applied to CET I capital	-	-
19 Investments in TFCs of other banks exceeding the prescribed limit	-	-
20 Any other deduction specified by SBP	-	-
21 Adjustment to CET I due to insufficient AT I and Tier 2 to cover deductions	-	-
22 Total regulatory adjustments applied to CET I (sum of 1 to 21)	540,203	578,224



	2015		2014	
	Amount to Pre- Basel III treatment	Amount to Pre- Basel III treatment	Amount to Pre- Basel III treatment	Amount to Pre- Basel III treatment
	Rupees in '000			
<b>37.4.2 Additional Tier-I &amp; Tier-I Capital: regulatory adjustments</b>				
23 Investment in mutual funds exceeding the prescribed limit [SBP specific adjustment]	-	-	-	-
24 Investment in own AT1 capital instruments	-	-	-	-
25 Reciprocal cross holdings in Additional Tier 1 capital instruments of banking, financial and insurance entities	-	-	-	-
26 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-	-
27 Significant investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	375,000	-	-
28 Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-BaseI III treatment which, during transitional period, remain subject to deduction from additional tier-1 capital	-	-	-	-
29 Adjustments to Additional Tier I due to insufficient Tier 2 to cover deductions	-	-	-	-
<b>30 Total regulatory adjustment applied to AT1 capital (sum of 23 to 29)</b>	-	<b>375,000</b>	-	-
<b>37.4.3 Tier 2 Capital: regulatory adjustments</b>				
31 Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-BaseI III treatment which, during transitional period, remain subject to deduction from tier-2 capital	-	375,000	375,000	-
32 Reciprocal cross holdings in Tier 2 instruments of banking, financial and insurance entities	-	-	-	-
33 Investment in own Tier 2 capital instrument	-	-	-	-
34 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	120,461	48,185	136,830	27,366
35 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-	-
<b>36 Total regulatory adjustment applied to T2 capital (sum of 31 to 35)</b>	<b>120,461</b>	<b>423,185</b>	<b>136,830</b>	<b>27,366</b>
	2015		2014	
	(Rupees in '000)			
<b>37.4.4 Additional Information</b>				
37 Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre-BaseI III Treatment)				
(i) of which: Deferred tax assets	-	-	-	-
(ii) of which: Defined-benefit pension fund net assets	-	-	-	-
(iii) of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is less than 10% of the issued common share capital of the entity	1,992,372	-	-	-
(iv) of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is more than 10% of the issued common share capital of the entity	-	-	-	-
	<b>1,992,372</b>	-	-	-
<b>Amounts below the thresholds for deduction (before risk weighting)</b>				
38 Non-significant investments in the capital of other financial entities	-	-	-	-
39 Significant investments in the common stock of financial entities	-	-	-	-
40 Deferred tax assets arising from temporary differences (net of related tax liability)	300,805	-	-	-
	<b>300,805</b>	-	-	-
Applicable caps on the inclusion of provisions in Tier 2				
41 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	-	-	-	-
42 Cap on inclusion of provisions in Tier 2 under standardized approach	-	-	-	-
43 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	-	-	-
44 Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	-	-	-

### 37.5 Capital Structure Reconciliation

#### Assets

Cash and balances with treasury banks  
Balanced with other banks  
Lendings to financial institutions  
Investments - net  
Advances - net  
Operating fixed assets  
Deferred tax assets - net  
Other assets - net

#### Total assets

#### Liabilities & Equity

Bills payable  
Borrowings  
Deposits and other accounts  
Sub-ordinated loans  
Liabilities against assets subject to finance lease  
Deferred tax liabilities - net  
Other liabilities

#### Total liabilities

Share capital/ head office capital account  
Reserves  
Unappropriated/ unremitted profit/ (losses)  
Minority interest  
Surplus on revaluation of assets

#### Total equity

#### Total liabilities & equity

As per published financial statements Under regulatory scope of consolidation

December 31, 2015  
(Rupees in '000)

5,297,608	5,297,608
1,086,079	1,086,079
850,000	850,000
70,394,245	70,394,245
44,169,089	44,169,089
1,899,077	1,899,077
300,805	300,805
4,245,212	4,245,212
<b>128,242,115</b>	<b>128,242,115</b>
288,681	288,681
27,160,697	27,160,697
84,076,644	84,076,644
-	-
-	-
-	-
1,957,703	1,957,703
<b>113,483,725</b>	<b>113,483,725</b>
10,000,000	10,000,000
922,596	922,596
3,076,915	3,076,915
-	-
758,879	758,879
<b>14,758,390</b>	<b>14,758,390</b>
<b>128,242,115</b>	<b>128,242,115</b>





Step 2

December 31, 2015

As per published financial statements	Under regulatory scope of consolidation	Reference
---------------------------------------	---	-----------

(Rupees in '000)

**Assets**

Cash and balances with treasury banks	5,297,608	5,297,608	
Balances with other banks	1,086,079	1,086,079	
Lending to financial institutions	850,000	850,000	
Investments	70,394,245	70,394,245	
- of which: non-significant capital investments in capital of other financial institutions exceeding 10% threshold	598,625	598,625	a
- of which: significant capital investments in financial sector entities exceeding regulatory threshold	-	-	b
- of which: mutual funds exceeding regulatory threshold	-	-	c
- of which: reciprocal crossholding of capital instrument	-	-	d
- of which: others	69,795,620	69,795,620	e
Advances	44,169,089	44,169,089	
Shortfall in provisions/ excess of total EL amount over eligible provisions under IRB	-	-	f
General provisions reflected in Tier 2 capital	547,029	547,029	g
Fixed assets	1,899,077	1,899,077	
Deferred tax assets	300,805	300,805	
- of which: DTAs excluding those arising from temporary differences	-	-	h
- of which: DTAs arising from temporary differences exceeding regulatory threshold	-	-	i
Other assets	4,245,212	4,245,212	
- of which: goodwill	-	-	j
- of which: intangibles	72,558	72,558	k
- of which: Defined-benefit pension fund net assets	-	-	l
<b>Total assets</b>	<b>128,242,115</b>	<b>128,242,115</b>	

**Liabilities & Equity**

Bills payable	288,681	288,681	
Borrowings	27,160,697	27,160,697	
Deposits and other accounts	84,076,644	84,076,644	
Sub-ordinated loans	-	-	
- of which: eligible for inclusion in AT I	-	-	m
- of which: eligible for inclusion in Tier 2	-	-	n
Liabilities against assets subject to finance lease	-	-	
Deferred tax liabilities	10,519	10,519	
- of which: DTLs related to goodwill	-	-	o
- of which: DTLs related to intangible assets	10,519	10,519	p
- of which: DTLs related to defined pension fund net assets	-	-	q
- of which: other deferred tax liabilities	-	-	r

Other liabilities

**Total liabilities**

Share capital

- of which: amount eligible for CET I

- of which: amount eligible for AT I

Reserves

- of which: portion eligible for inclusion in CET I

- of which: portion eligible for inclusion in Tier 2

Unappropriated profit/ (losses)

Minority Interest

- of which: portion eligible for inclusion in CET I

- of which: portion eligible for inclusion in AT I

- of which: portion eligible for inclusion in Tier 2

Surplus on revaluation of assets

- of which: revaluation reserves on property

- of which: unrealized gains / (losses) on AFS

- In case of deficit on revaluation (deduction from CET I)

**Total Equity**

**Total liabilities & Equity**

December 31, 2015

As per published financial statements	Under regulatory scope of consolidation	Reference
---------------------------------------	---	-----------

(Rupees in '000)

1,957,703	1,957,703	
113,483,725	113,483,725	
10,000,000	10,000,000	
10,000,000	10,000,000	s
-	-	t
922,596	922,596	
922,596	922,596	u
-	-	v
3,076,915	3,076,915	w
-	-	
-	-	x
-	-	y
-	-	z
758,879	758,879	
-	-	
758,879	758,879	aa
-	-	ab
14,758,390	14,758,390	
128,242,115	128,242,115	

Step 3

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

1	Fully Paid-up capital/ capital deposited with SBP	10,000,000	(s)
2	Balance in share premium account	-	
3	Reserve for issue of bonus shares	-	
4	General/ statutory reserves	922,596	(u)
5	Gain/(Losses) on derivatives held as cash flow hedge	-	
6	Unappropriated/unremitted profits/(losses)	3,076,915	(w)
7	Minority Interests arising from CET I capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET I capital of the consolidation group)	-	(x)
8	<b>CET I before Regulatory Adjustments</b>	<b>13,999,511</b>	

**Common Equity Tier I capital: Regulatory Adjustments**

9	Goodwill (net of related deferred tax liability)	-	(j) - (o)
10	All other intangibles (net of any associated deferred tax liability)	62,039	(k) - (p)
11	Shortfall of provisions against classified assets	-	(f)
12	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	{(h) - r} * x%
13	Defined-benefit pension fund net assets	-	{(l) - (q)} * x%
14	Reciprocal cross holdings in CET I capital instruments	-	(d)
15	Cash flow hedge reserve	-	
16	Investment in own shares/ CET I instruments	-	
17	Securitization gain on sale	-	
18	Capital shortfall of regulated subsidiaries	-	

Source based on reference number from step 2	Source based on reference number from step 2
(Rupees in '000)	Reference





	Step 3	Source based on reference number from step 2 (Rupees in '000)	Source based on reference number from step 2 Reference	Step 3	Source based on reference number from step 2 (Rupees in '000)	Source based on reference number from step 2 reference
19	Deficit on account of revaluation from bank's holdings of property / AFS	-	(ab)	59	T2 before regulatory adjustments	1,305,908
20	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	478,164	(a) - (ac) - (ae)		<b>Tier-2 Capital: regulatory adjustments</b>	
21	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	(b) - (ad) - (af)	60	Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Base I treatment which, during transitional period, remain subject to deduction from tier-2 capital	-
22	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	(i)	61	Reciprocal cross holdings in Tier-2 instruments	-
23	Amount exceeding 15% threshold	-		62	Investment in own Tier 2 capital instrument	-
24	- of which: significant investments in the common stocks of financial entities	-		63	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	120,461
25	- of which: deferred tax assets arising from temporary differences	-		64	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-
26	National specific regulatory adjustments applied to CET I capital	-		65	Amount of regulatory adjustment applied to T2 capital	120,461
27	Investment in TFCs of other banks exceeding the prescribed limit	-		66	Tier 2 capital (T2)	1,185,447
28	Any other deduction specified by SBP	-		67	Tier 2 capital recognized for capital adequacy	1,185,447
29	Regulatory adjustment applied to CET I due to insufficient AT I and Tier 2 to cover deductions	-		68	Excess additional Tier 1 capital recognized in Tier-2 capital	-
30	<b>Total regulatory adjustments applied to CET I</b>	<b>(540,203)</b>		69	<b>Total Tier-2 capital admissible for capital adequacy</b>	<b>1,185,447</b>
31	<b>Common Equity Tier I</b>	<b>13,459,308</b>			<b>Total capital (T1 + admissible T2)</b>	<b>14,644,755</b>
	<b>Additional Tier I (AT I) Capital</b>					
32	Qualifying additional Tier-I instruments plus any related share premium	-				
33	- of which: classified as equity	-	(t)			
34	- of which: classified as liabilities	-	(m)			
35	Additional Tier-I capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT I)	-	(y)			
36	- of which: instruments issued by subsidiaries subject to phase out	-				
37	<b>AT I before regulatory adjustments</b>	<b>-</b>				
	<b>Additional Tier I Capital: regulatory adjustments</b>					
38	Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-				
39	Investment in own AT I capital instruments	-				
40	Reciprocal cross holdings in additional Tier I capital instruments	-				
41	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(ac)			
42	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(ad)			
43	Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Base I treatment which, during transitional period, remain subject to deduction from Tier-I capital	-	44			
	Regulatory adjustments applied to additional Tier 1 due to insufficient Tier 2 to cover deductions	375,000				
45	Total of regulatory adjustment applied to AT I capital	375,000				
46	<b>Additional Tier I capital</b>	<b>-</b>				
47	<b>Additional Tier I capital recognized for capital adequacy</b>	<b>-</b>				
48	<b>Tier I Capital (CET I + admissible AT I)</b>	<b>13,459,308</b>				
	<b>Tier 2 Capital</b>					
49	Qualifying Tier 2 capital instruments under Basel III	-	(n)			
50	Capital instruments subject to phase out arrangement from Tier-2 (Pre-Base I instruments)	-				
51	Tier-2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier 2)	-	(z)			
52	- of which: instruments issued by subsidiaries subject to phase out	-				
53	General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit risk weighted assets	547,029	(g)			
54	Revaluation reserves eligible for Tier 2	758,879				
55	- of which: portion pertaining to Property	-	portion of (aa)			
56	- of which: portion pertaining to AFS securities	758,879				
57	Foreign exchange translation reserves	-	(v)			
58	Undisclosed / other reserves (if any)	-				





37.6 Main features template of Regulatory Capital Instruments

1	Issuer	Sindh Bank Limited
2	Unique identifier (eg KSE Symbol or Bloomberg identifier etc.)	Un-quoted
3	Governing law(s) of the instrument	Laws applicable in Pakistan
	Regulatory treatment	
4	- Transitional Basel III rules	Common Equity Tier I
5	- Post-transitional Basel III rules	Common Equity Tier I
6	- Eligible at solo / group / group & solo	Group & Solo
7	- Instrument type	Ordinary Shares
8	Amount recognized in regulatory capital (Currency in PKR thousands as of reporting date)	10,000,000
9	Par value of instrument	Rs. 10
10	Accounting classification	Shareholders
11	Original date of issuance	October 29, 2010
12	Perpetual or dated	Perpetual
13	Original maturity date	Not applicable
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	Not applicable
16	Subsequent call dates, if applicable	Not applicable
	Coupons / Dividends	
17	Fixed or floating dividend/ coupon	Floating Dividend
18	Coupon rate and any related index/ benchmark	Not applicable
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	Not applicable
25	If convertible, fully or partially	Not applicable
26	If convertible, conversion rate	Not applicable
27	If convertible, mandatory or optional conversion	Not applicable
28	If convertible, specify instrument type convertible into	Not applicable
29	If convertible, specify issuer of instrument it converts into	Not applicable
30	Write-down feature	No
31	If write-down, write-down trigger(s)	Not applicable
32	If write-down, full or partial	Not applicable
33	If write-down, permanent or temporary	Not applicable
34	If temporary write-down, description of write-up mechanism	Not applicable
35	Position in subordination hierarchy in liquidation (specify instrument) type immediately senior to instrument	Residual Interest
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	Not applicable

The instruments issued by the Bank till December 31, 2015 include only ordinary shares having face value of Rs. 10 each (Refer Note 18). Therefore, requirements other than those disclosed above with respect to main features of Regulatory Capital Instruments is not applicable in case of Sindh Bank Limited as at December 31, 2015.

37.7 Capital Adequacy

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

2015		2014	
Capital Requirements	Risk Weighted Assets	Capital Requirements	Risk Weighted Assets
----- Rupees in '000 -----			

**Credit Risk:**

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

Cash & cash equivalents	-	-	-	-
Sovereign	-	-	-	-
Public sector entities	17,942	179,421	21,793	217,927
Banks	72,973	729,730	159,804	1,598,040
Corporate	2,870,782	28,707,816	2,281,381	22,813,812
Retail	229,205	2,292,053	175,065	1,750,653
Residential mortgages	7,500	74,995	5,216	52,163
Past due loans	32,514	325,137	48,192	481,921
Deferred Tax Assets	75,201	752,010	-	-
Listed equity investment	100,852	1,008,524	142,564	1,425,638
Un-listed equity investment	166,539	1,665,390	47,451	474,514
Operating fixed assets	182,652	1,826,519	174,164	1,741,637
Other assets	21,814	218,141	37,385	373,845
	<b>3,777,974</b>	<b>37,779,736</b>	<b>3,093,015</b>	<b>30,930,150</b>

**Off-Balance sheet :**

**Non-market related**

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

	592,629	5,926,291	514,290	5,142,899
--	---------	-----------	---------	-----------

**Market related**

Foreign Exchange contracts/ derivatives etc.

	5,626	56,258	7,328	73,277
	<b>598,255</b>	<b>5,982,549</b>	<b>521,618</b>	<b>5,216,176</b>

**TOTAL CREDIT RISK (a)**

	<b>4,376,229</b>	<b>43,762,285</b>	<b>3,614,633</b>	<b>36,146,326</b>
--	------------------	-------------------	------------------	-------------------

**Market Risk:**

**Capital Requirement for portfolios subject to standardized approach:**

Interest rate risk	1,798,318	17,983,175	1,231,706	12,317,064
Equity position risk	377,879	3,778,791	408,328	4,083,276
Foreign exchange risk	11,174	111,738	27,218	272,175
<b>TOTAL MARKET RISK (b)</b>	<b>2,187,371</b>	<b>21,873,704</b>	<b>1,667,252</b>	<b>16,672,515</b>

**Operational Risk :**

**Capital Requirement for portfolios subject to basic indicator approach:**

Operational Risk (c)	712,102	7,117,914	649,133	6,491,326
----------------------	---------	-----------	---------	-----------

<b>TOTAL RISK WEIGHTED ASSETS (a)+(b)+(c)</b>	<b>7,275,702</b>	<b>72,753,903</b>	<b>5,931,018</b>	<b>59,310,167</b>
---	------------------	-------------------	------------------	-------------------



### Capital Adequacy Ratios

	2015		2014	
	Required	Actual	Required	Actual
CET1 to total RWA	6.00%	18.50%	5.50%	20.57%
Tier-I capital to total RWA	7.50%	18.50%	7.00%	20.57%
Total capital to total RWA	10.00%	20.13%	10.00%	22.57%
Total capital plus CCB to total RWA	10.25%	20.13%	10.00%	22.57%

### 38 RISK MANAGEMENT

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

#### 38.1 Credit risk

Credit risk strives to maximize the Bank's risk adjusted rate of return by maintaining credit risk exposure within acceptable parameters. The effective management of credit risk is a critical component of a comprehensive approach to risk management and essential to the long term success of any banking organization.

The Bank's lending function is primarily focused on small and medium sized secured loans in agriculture, SME and consumer products. Large corporate, commercial and industrial loans are provided on selective basis whose policy is subject to review as and when required.

Under RMD, the Credit Risk Management Department (CRMD) is responsible to ensure that credit risk stays within the parameters set by the Board, and to set up and monitor system parameters for identifying risks, monitoring of these risks and early warning systems. RMD monitors credit on a portfolio basis using the Auto Risk system and reports to the CEO and the BRMC on a regular basis.

#### 38.1.1 Segment information

##### 38.1.1.1 Segment by class of business

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

	2015					
	Advances (Gross)		Deposits		Contingencies and commitments	
	(Rupees in '000)	Percent	(Rupees in '000)	Percent	(Rupees in '000)	Percent
Chemical and pharmaceuticals	716,001	1.53%	851,835	1.01%	3,411	0.01%
Agri-business	2,979,691	6.38%	2,030,415	2.41%	-	0.00%
Manufacturing of textile	114,307	0.24%	134,530	0.16%	401,143	0.75%
Cement	727,565	1.56%	14,529	0.02%	-	0.00%
Transport, Storage and Communication	755,426	1.62%	350,071	0.42%	-	0.00%
Importers / Exporters	324,404	0.69%	190,106	0.23%	133,278	0.25%
Wholesale and retail trade	38,360	0.08%	3,701,818	4.40%	55,511	0.10%
Mining and quarrying	374,214	0.80%	335,012	0.40%	3,000	0.01%
Hotel and restaurants	499,270	1.07%	74,527	0.09%	-	0.00%
Manufacturing of basic iron and steel	1,844,842	3.95%	65,291	0.08%	84,747	0.16%
Sugar	14,792,556	31.67%	200,150	0.24%	301,369	0.56%
Automobile and transportation equipment	1,735,653	3.72%	230,555	0.27%	73,922	0.14%
Financial	1,016,798	2.18%	3,045,606	3.62%	47,531,646	88.40%
Rice	183,446	0.39%	94,559	0.11%	-	0.00%

	2015					
	Advances (Gross)		Deposits		Contingencies and commitments	
	(Rupees in '000)	Percent	(Rupees in '000)	Percent	(Rupees in '000)	Percent
Construction, Real Estate & Societies	2,685,529	5.75%	3,388,076	4.03%	1,121,030	2.08%
Public Sector - Provincial	-	-	-	-	-	-
Government Funds / Departments	-	-	15,688,225	18.66%	-	0.00%
Food	10,068,982	21.56%	321,956	0.38%	72,442	0.13%
Insurance	-	-	94,094	0.11%	-	0.00%
Power Electricity and Gas	4,326,171	9.26%	1,297,548	1.54%	1,585,896	2.95%
Education	728,293	1.56%	4,596,686	5.47%	1,150	0.00%
Individuals	247,632	0.53%	7,929,366	9.43%	-	0.00%
Others	2,548,892	5.46%	39,441,689	46.92%	2,399,579	4.46%
<b>Total</b>	<b>46,708,032</b>	<b>100.00%</b>	<b>84,076,644</b>	<b>100.00%</b>	<b>53,768,124</b>	<b>100.00%</b>

	2014					
	Advances (Gross)		Deposits		Contingencies and commitments	
	(Rupees in '000)	Percent	(Rupees in '000)	Percent	(Rupees in '000)	Percent
Chemical and pharmaceuticals	2,351	-	37,872	0.06%	4,092	0.01%
Agri-business	2,125,970	5.16%	2,545,125	4.11%	-	-
Manufacturing of textile	153,488	0.37%	150,340	0.24%	664,558	0.85%
Cement	784,303	1.90%	-	-	-	-
Transport, Storage and Communication	5,756	0.01%	303,894	0.49%	41,385	0.05%
Importers / Exporters	279,339	0.68%	294,437	0.48%	154,456	0.20%
Wholesale and retail trade	5,180	0.01%	2,881,453	4.66%	90,325	0.12%
Mining and quarrying	-	-	52,221	0.08%	3,000	0.00%
Hotels and restaurants	468,949	1.14%	76,457	0.12%	-	-
Manufacture of basic iron and steel	2,311,270	5.61%	23,730	0.04%	-	-
Sugar	15,356,906	37.27%	165,433	0.27%	567,582	0.72%
Automobile and transportation equipment	1,322,416	3.21%	310,246	0.50%	63,484	0.08%
Financial	1,360,445	3.30%	1,841,355	2.98%	72,236,520	92.06%
Rice	152,089	0.37%	106,151	0.17%	-	-
Construction	2,562,746	6.22%	1,834,519	2.96%	410,964	0.52%
Public Sector - Provincial	-	-	-	-	-	-
Government Funds / Departments	-	-	15,277,309	24.69%	-	-
Food	8,481,659	20.58%	761,822	1.23%	-	-
Insurance	-	-	76,068	0.12%	4,067	0.01%
Power Electricity and Gas	1,390,989	3.38%	1,306,715	2.11%	3,475,897	4.43%
Education	1,498,469	3.64%	644,915	1.04%	1,150	-
Individuals	177,547	0.43%	7,413,837	11.98%	-	-
Others	2,763,909	6.72%	25,780,137	41.66%	749,864	0.95%
<b>Total</b>	<b>41,203,781</b>	<b>100%</b>	<b>61,884,036</b>	<b>100%</b>	<b>78,467,344</b>	<b>100%</b>

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

	2015			2014		
	Classified Advances	Specific provision held	Percentage	Classified Advances	Specific provision held	Percentage
	(Rupees in '000)		%	Rupees in '000)		%
Agri-business	227,849	18,922	78.49%	80,098	580	23.53%
Financial	-	-	0.00%	241,763	-	71.03%
Importers / Exporters	18,498	18,498	6.37%	18,498	18,498	5.43%
Others	43,934	-	15.14%	-	-	0.00%
<b>Total</b>	<b>290,281</b>	<b>37,420</b>	<b>100.00%</b>	<b>340,359</b>	<b>19,078</b>	<b>100%</b>



### 38.1.1.3 Segment by sector

	2015					
	Advances (Gross)		Deposits		Contingencies and commitments	
	(Rupees in '000)	Percent	(Rupees in '000)	Percent	(Rupees in '000)	Percent
Public / Government	9,410,220	20.15%	48,826,543	58.07%	22,609,673	42.05%
Private	37,297,812	79.85%	35,250,101	41.93%	31,158,451	57.95%
<b>Total</b>	<b>46,708,032</b>	<b>100.00%</b>	<b>84,076,644</b>	<b>100.00%</b>	<b>53,768,124</b>	<b>100.00%</b>

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

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

	2015			2014		
	Classified Advances	Specific provision held	Percentage	Classified Advances	Specific provision held	Percentage
	(Rupees in '000)		%	Rupees in '000)		%
Public / Government	-	-	-	-	-	-
Private	290,281	37,420	100.00%	340,359	19,078	100%
<b>Total</b>	<b>290,281</b>	<b>37,420</b>	<b>100.00%</b>	<b>340,359</b>	<b>19,078</b>	<b>100%</b>

### 38.1.1.5 Geographical Segment Analysis

	2015			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and commitments
	(Rupees in '000)			
<b>Pakistan</b>	<b>2,051,499</b>	<b>128,242,115</b>	<b>14,758,390</b>	<b>53,768,124</b>

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

## 38.2 Market risk

Market Risk is the risk that the value of 'on' or 'off' balance sheet positions will be adversely affected by movements in equity and interest rate markets, currency exchange rates and commodity prices.

The market risk management organization in the Bank comprises of the Board of Directors, BRMC, Asset and Liability Committee (ALCO), RMD and within the RMD the Market and Asset Liability Risk Management Department.

### 38.2.1 Foreign exchange/currency risk

Foreign exchange risk is the risk that the Bank may suffer losses as a result of adverse exchange rate movements during a period in which it has an open position, either in the form of a balance sheet asset or liability account, or off balance sheet item. Likewise foreign exchange settlement risk is the risk of loss when a bank in a foreign exchange transaction pays the currency it sold but does not receive the currency it bought. FX settlement failures can arise from counter party default, operational problems, market liquidity constraints and other factors.

	As at December 31, 2015			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	----- (Rupees in '000) -----			
Pakistan Rupee	126,786,384	111,623,451	(574,187)	14,588,746
United States Dollar	1,338,014	1,707,518	531,550	162,046
Great Britain Pound	83,397	116,983	36,900	3,314
Euro	31,422	35,773	5,737	1,386
Japanese Yen	2,066	-	-	2,066
UAE Dirham	832	-	-	832
<b>Total</b>	<b>128,242,115</b>	<b>113,483,725</b>	<b>-</b>	<b>14,758,390</b>

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

### 38.2.2 Equity position risk

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

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

### 38.2.3 Price risk

Price risk is the risk that the value of a security or portfolio of securities will decline in the future. It is the risk of losing money due to a fall in the market price of a security that the Bank owns. It results from changes in the value of marked-to-market financial instruments. Transactions in equity securities are subject to systemic and non-systemic risks. In order to counter these the BRMC has laid down the limits of various investments, while the Treasury Division and RMD monitor these investments on a daily basis.





### 38.2.4 Yield / interest rate risk

Yield / Interest rate risk reflects the degree of vulnerability of an organization to adverse changes in mark-up / interest rates. Such risk taking is normal in a financial institution and could be an important source of profit earning. However, excess yield / interest rate risk may create a serious threat to a Bank's returns and capital base. ALCO, Treasury Division and RMD monitor the repricing / mismatch risks, basis risks, yield curve risks, and option risks on a continuous basis to minimize the yield / interest rate risk.

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

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. The Bank is exposed to interest / mark-up rate risk as a result of mismatches or gaps in the amount of interest / mark-up based assets and liabilities that mature or re-priced in a given period. The Bank manages this risk by matching / re-pricing of assets and liabilities. The Bank is not excessively exposed to interest/mark-up rate risk as its assets and liabilities are re-priced frequently. The Assets and Liabilities Committee (ALCO) of the Bank monitors and manages the interest rate risk with the objective of limiting the potential adverse effects on the profitability of the Bank.

Effective Yield / Interest rate	Total	Exposed to Yield / Interest risk							Non-interest bearing financial instruments	
		Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years		Over 5 to 10 years
<b>On-balance sheet financial instruments</b>										
<b>Assets</b>										
Cash and balances with treasury banks	5,297,608	93,056	108,112	45,532	55,693	-	-	-	-	4,995,215
Balances with other banks	1,086,079	1,062,130	-	-	-	-	-	-	-	23,949
Lending to financial institutions	850,000	650,000	200,000	-	-	-	-	-	-	-
Investments	70,394,245	-	10,811,753	1,131,796	5,051,575	290	7,990,389	4,532,208	31,114,405	6,427,599
Advances	44,169,089	32,555,442	1,892,704	4,112,700	2,217,976	428,205	475,556	1,802,414	570,888	43,876
Other assets	4,245,212	-	-	-	-	-	-	-	-	4,245,212
<b>Liabilities</b>										
Bills payable	126,042,233	34,360,628	13,012,569	5,290,028	7,325,244	428,495	8,465,945	6,334,622	31,685,293	6,496,927
Borrowings from Financial Institutions	288,681	-	-	-	-	-	-	-	-	288,681
Deposits and other accounts	27,160,697	22,088,926	3,500,000	1,571,771	-	-	-	-	-	-
Other liabilities	84,076,644	33,852,388	4,991,395	7,173,990	13,927,731	27,224	39,172	29,800	-	24,034,944
<b>On-balance sheet gap</b>										
On-balance sheet gap	113,483,725	55,941,314	8,491,395	8,745,761	13,927,731	27,224	39,172	29,800	31,685,293	26,281,328
<b>Off-balance sheet financial instruments</b>										
Purchase and resale agreements	12,558,508	(21,580,686)	4,521,174	(3,455,733)	(6,602,487)	401,271	8,426,773	6,304,822	31,685,293	6,496,927
Sale and repurchase agreements	-	-	-	-	-	-	-	-	-	-
<b>Off-balance sheet gap</b>										
Off-balance sheet gap	22,092,708	22,092,708	-	-	-	-	-	-	-	-
<b>Total Yield / Interest Risk Sensitivity Gap</b>										
Total Yield / Interest Risk Sensitivity Gap	22,092,708	22,092,708	-	-	-	-	-	-	-	-
<b>Cumulative Yield / Interest Risk Sensitivity Gap</b>										
Cumulative Yield / Interest Risk Sensitivity Gap	512,022	4,521,174	(3,455,733)	(6,602,487)	401,271	8,426,773	6,304,822	31,685,293	6,496,927	(13,638,846)
<b>Reconciliation with total assets</b>										
Assets as per above	126,042,233									
Fixed assets	1,899,077									
Deferred tax asset	300,805									
Assets as per Unconsolidated Statement of Financial Position	128,242,115									
<b>Reconciliation with total liabilities</b>										
Liabilities as per above	113,483,725									
Deferred tax liability	-									
Liabilities as per Unconsolidated Statement of Financial Position	113,483,725									



Effective Yield / Interest rate	Exposed to Yield / Interest risk						Non-interest bearing financial instalments
	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	

## On-balance sheet financial instruments

	(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	Above 5 to 10 years
<b>Assets</b>								
Cash and balances with treasury banks	3,1839	37,637	19,647	306,089	-	-	-	4,671,138
Balances with other banks	517,916	-	-	-	-	-	-	19,797
Lendings to financial institutions	12,665,492	2,200,000	-	450,000	-	-	-	-
Investments	59,466,891	10,611,831	3,198,577	-	8,560,533	3,748,600	8,376,018	21,659,970
Advances	41,184,703	14,498,088	1,486,079	4,754,964	126,995	328,570	728,690	4,108,514
Other assets	4,138,341	-	-	-	-	-	-	48,355
	123,059,490	25,063,335	27,710,261	5,511,053	8,687,528	4,077,170	9,104,708	25,768,434
								48,355
								12,141,320
<b>Liabilities</b>								
Bills payable	399,591	-	-	-	-	-	-	399,591
Borrowings from Financial Institutions	46,076,636	45,065,743	489,893	521,000	-	-	-	-
Deposits and other accounts	61,884,036	24,551,037	5,149,538	7,061,242	29,181	13,475	500	-
Other liabilities	1,506,116	-	-	-	-	-	-	-
	109,866,379	69,616,780	5,639,431	7,582,242	29,181	13,475	500	-
	13,193,111	(44,553,445)	22,070,830	(2,071,189)	8,658,347	4,063,695	9,104,208	25,768,434
								48,355
								(8,644,564)
<b>On-balance sheet gap</b>								
	8,526,436	-	-	-	-	-	-	-
	43,357,187	-	-	-	-	-	-	-
	51,883,623	-	-	-	-	-	-	-
<b>Total Yield / Interest Risk Sensitivity Gap</b>	7,330,178	22,070,830	(1,251,560)	(2,071,189)	8,658,347	4,063,695	9,104,208	25,768,434
	7,330,178	29,401,008	28,149,448	26,078,259	34,736,606	38,800,301	47,904,509	73,672,943
								73,721,298
								65,076,734

## Reconciliation with total assets:

Assets as per above

Fixed assets

Assets as per Unconsolidated Statement of Financial Position

124,871,480

Reconciliation with total liabilities:

Liabilities as per above

Deferred tax liability

Liabilities as per Unconsolidated Statement of Financial Position

109,866,379

902,707

11,07,69,086

## 38.3 Liquidity risk

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

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

## 38.3.1 Maturity of assets and liabilities (based on contractual maturities)

	2015									
	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	
<b>Assets</b>										
Cash and balances with treasury banks	5,297,608	-	-	-	-	-	-	-	-	-
Balances with other banks	1,086,079	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	850,000	200,000	-	-	-	-	-	-	-	-
Investments	70,394,245	10,301,374	6,341	5,057,935	267,592	9,163,032	4,525,950	31,557,050	7,180,702	-
Advances	44,169,089	7,973,832	13,751,219	4,866,865	1,128,084	2,595,102	6,771,641	2,261,268	2,742,047	-
Operating fixed assets	1,899,077	70,352	-	111,771	224,156	-	362,910	374,453	437,304	-
Deferred tax asset	300,805	37,462	56,500	-	-	-	-	-	-	-
Other assets	4,245,212	-	-	-	-	-	-	-	-	-
	128,242,115	21,958,157	12,617,867	10,036,571	1,619,832	11,982,303	11,660,501	34,192,771	10,360,053	-
<b>Liabilities</b>										
Bills payable	288,681	-	-	-	-	-	-	-	-	-
Borrowings from Financial Institutions	27,160,697	3,500,000	1,571,771	-	-	-	-	-	-	-
Deposits and other accounts	84,076,644	4,991,395	7,173,990	13,927,731	27,224	39,172	29,800	-	-	-
Deferred tax liability	-	-	-	-	-	-	-	-	-	-
Other liabilities	1,957,703	1,957,703	-	-	-	-	-	-	-	-
	113,483,725	82,222,642	8,491,395	13,927,731	27,224	39,172	29,800	-	-	-
	14,758,390	(60,264,485)	4,126,472	(3,891,160)	1,592,608	11,943,131	11,630,701	34,192,771	10,360,053	-
<b>Gap</b>										
Share capital	10,000,000	-	-	-	-	-	-	-	-	-
Reserves	922,596	-	-	-	-	-	-	-	-	-
Unappropriated Profit	3,076,915	-	-	-	-	-	-	-	-	-
Surplus on revaluation of investments	758,879	-	-	-	-	-	-	-	-	-
<b>Net Asset</b>	14,758,390	-	-	-	-	-	-	-	-	-



Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	
										(Rupees in '000)
<b>Assets</b>										
Cash and balances with treasury banks	5,066,350	-	-	-	-	-	-	-	-	-
Balances with other banks	537,713	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	12,665,492	2,200,000	-	450,000	-	-	-	-	-	-
Investments	59,466,891	9,897,230	2,820,142	166	8,573,297	3,761,561	8,889,941	22,213,092	-	-
Advances	41,184,703	12,986,740	2,060,189	6,471,345	488,933	875,029	3,219,294	4,830,868	464,113	-
Operating fixed assets	1,811,990	30,901	57,217	113,190	227,003	227,016	367,770	357,713	393,243	-
Other assets	4,138,341	3,497,404	280,692	76,251	78,972	103,920	30,599	66,366	4,137	-
	124,871,480	32,247,514	25,402,599	5,013,799	7,113,673	9,393,153	12,543,371	27,401,673	861,493	-
<b>Liabilities</b>										
Bills payable	399,591	-	-	-	-	-	-	-	-	-
Borrowings from Financial Institutions	46,076,636	489,893	-	-	-	-	-	-	-	-
Deposits and other accounts	61,884,036	5,149,538	6,198,886	7,061,242	29,181	13,476	500	344,511	-	-
Deferred tax liability	902,707	-	-	-	-	-	-	-	-	-
Other liabilities	1,506,116	217,136	423,591	128,033	771	721	24	-	-	-
	110,769,086	90,190,583	5,856,567	6,622,477	7,710,275	29,952	14,197	344,511	-	-
Gap	14,102,394	(57,943,069)	19,546,032	(1,608,678)	(596,602)	9,363,201	4,880,008	27,057,162	861,493	-
Share capital	10,000,000	-	-	-	-	-	-	-	-	-
Reserves	676,543	-	-	-	-	-	-	-	-	-
Unappropriated Profit	2,100,911	-	-	-	-	-	-	-	-	-
Surplus on revaluation of investments	1,324,940	-	-	-	-	-	-	-	-	-
Net Assets	14,102,394	-	-	-	-	-	-	-	-	-

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

Liabilities  
Bills payable  
Borrowings from Financial Institutions  
Deposits and other accounts  
Deferred tax liability  
Other liabilities  
Gap  
Share capital  
Reserves  
Unappropriated Profit  
Surplus on revaluation of investments  
Net Assets

## 38.3.2

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

Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	
										(Rupees in '000)
<b>Assets</b>										
Cash and balances with treasury banks	5,297,608	2,685,028	1,455,427	1,048,022	109,131	-	-	-	-	-
Balances with other banks	1,086,079	1,086,079	-	-	-	-	-	-	-	-
Lendings to financial institutions	850,000	650,000	200,000	-	-	-	-	-	-	-
Investments	70,394,245	11,246,068	890,067	5,563,783	267,592	9,163,032	4,525,950	31,557,050	7,180,703	-
Advances	44,169,089	7,973,832	2,079,031	13,751,219	4,866,865	1,128,084	2,595,102	6,771,641	2,261,268	2,742,047
Operating fixed assets	1,899,077	70,352	37,462	56,500	111,771	224,156	224,169	362,910	374,453	437,304
Deferred tax asset	300,805	30,080	30,080	30,080	60,161	75,201	75,203	-	-	-
Other assets	4,245,212	3,432,166	420,738	71,481	82,997	89,878	30,217	114,877	-	2,858
	128,242,115	15,927,537	15,468,806	15,847,369	10,794,708	1,784,911	12,087,723	34,192,771	10,362,912	-
<b>Liabilities</b>										
Bills payable	288,681	288,681	-	-	-	-	-	-	-	-
Borrowings from Financial Institutions	27,160,697	22,088,926	3,500,000	1,571,771	-	-	-	-	-	-
Deposits and other accounts	84,076,644	20,353,143	18,534,315	18,112,502	26,653,573	27,224	39,172	29,800	326,915	-
Deferred tax liability	1,957,703	939,971	286,236	321,105	406,310	1,712	633	1,736	-	-
Other liabilities	113,483,725	43,670,721	22,320,551	20,005,378	27,059,883	28,936	39,805	31,536	326,915	-
Gap	14,758,390	(27,743,184)	(6,851,745)	(4,158,009)	(16,265,175)	1,755,975	12,047,918	11,743,842	33,865,856	10,362,912
Share capital	10,000,000	-	-	-	-	-	-	-	-	-
Reserves	922,596	-	-	-	-	-	-	-	-	-
Unappropriated Profit	3,076,915	-	-	-	-	-	-	-	-	-
Surplus on revaluation of investments	758,879	-	-	-	-	-	-	-	-	-
Net Assets	14,758,390	-	-	-	-	-	-	-	-	-

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

Liabilities  
Bills payable  
Borrowings from Financial Institutions  
Deposits and other accounts  
Deferred tax liability  
Other liabilities  
Gap  
Share capital  
Reserves  
Unappropriated Profit  
Surplus on revaluation of investments  
Net Assets

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.





	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
<b>Assets</b>									
Cash and balances with treasury banks	2,185,300	1,173,896	1,051,788	655,366	-	-	-	-	-
Balances with other banks	537,713	-	-	450,000	-	-	-	-	-
Lendings to financial institutions	10,015,492	2,200,000	4,094,632	766,337	8,573,297	3,761,561	22,213,093	-	-
Investments	9,788,192	11,168,030	2,060,189	6,471,345	488,933	875,029	3,219,294	4,830,868	464,113
Advances	1,811,990	30,901	37,937	57,217	227,003	227,016	367,770	393,243	-
Operating fixed assets	3,497,404	280,692	76,251	78,972	1,03,920	30,599	66,366	-	-
Other assets	26,055,002	27,847,295	7,340,077	8,535,210	9,393,153	4,894,205	12,543,371	27,401,674	861,493
<b>Liabilities</b>									
Bills payable	399,591	-	-	-	-	-	-	-	-
Borrowings from Financial Institutions	45,065,743	489,893	-	521,000	-	-	-	-	-
Deposits and other accounts	13,532,798	15,998,611	14,961,599	17,003,362	29,181	13,475	500	344,510	-
Deferred tax liability	90,701	90,701	90,701	181,402	226,752	222,451	-	-	-
Other liabilities	1,506,116	735,840	217,136	128,033	771	721	24	-	-
Gap	11,076,908	59,824,673	16,796,341	17,833,797	256,704	236,647	524	344,510	-
Share capital	(33,769,671)	11,050,954	(8,135,814)	(9,298,587)	9,136,449	4,657,558	12,542,847	27,057,164	861,493
Reserves	10,000,000	-	-	-	-	-	-	-	-
Unappropriated Profit	676,543	-	-	-	-	-	-	-	-
Surplus on revaluation of investments	2,100,911	-	-	-	-	-	-	-	-
Net Assets	1,324,940	-	-	-	-	-	-	-	-
	14,102,394	-	-	-	-	-	-	-	-

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

	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
<b>Liabilities</b>									
Bills payable	399,591	-	-	-	-	-	-	-	-
Borrowings from Financial Institutions	45,065,743	489,893	-	521,000	-	-	-	-	-
Deposits and other accounts	13,532,798	15,998,611	14,961,599	17,003,362	29,181	13,475	500	344,510	-
Deferred tax liability	90,701	90,701	90,701	181,402	226,752	222,451	-	-	-
Other liabilities	1,506,116	735,840	217,136	128,033	771	721	24	-	-
Gap	11,076,908	59,824,673	16,796,341	17,833,797	256,704	236,647	524	344,510	-
Share capital	(33,769,671)	11,050,954	(8,135,814)	(9,298,587)	9,136,449	4,657,558	12,542,847	27,057,164	861,493
Reserves	10,000,000	-	-	-	-	-	-	-	-
Unappropriated Profit	676,543	-	-	-	-	-	-	-	-
Surplus on revaluation of investments	2,100,911	-	-	-	-	-	-	-	-
Net Assets	1,324,940	-	-	-	-	-	-	-	-
	14,102,394	-	-	-	-	-	-	-	-

## Sindh Bank Limited

### Notes to the Unconsolidated Financial Statements

#### For the year ended December 31, 2015

#### 38.4 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events; which includes legal risk, but excludes strategic and reputational risk.

The Operational Risk Management Department (ORMD) works under the RMD and its responsibilities include identifying, monitoring, measuring and managing operational risks assumed by the Bank. In adherence to industry best practices, the key functions of the ORMD are the operational risk policy and planning function, operational risk assessment function, operational risk measurement and analytics function and operational risk monitoring, mitigation and control function.

#### 39 GENERAL


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

#### 40 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue by the Board of Directors in their 40th meeting held on March 01, 2016.

  
President & Chief Executive Officer

  
Chairman

  
Director

  
Director





*Sa'adat*  
سعادت  
ISLAMIC BANKING

**Annexure I**

ISLAMIC BANKING BUSINESS  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
DECEMBER 31, 2015





## Islamic Banking Business Statement of Financial Position As at December 31, 2015

### ISLAMIC BANKING BUSINESS

The Bank commenced its Islamic Banking operations effective from June 26, 2014 and is operating with 13 Islamic Banking branches and 2 Islamic Banking Windows in Conventional branches (2014: 5) at the end of reporting period. The statement of financial position, profit and loss account and cash flow statement of the Islamic banking division are as follows:

	Note	2015	2014
		(Rupees in '000)	
<b>Assets</b>			
Cash and balances with treasury banks		157,424	201,343
Balances with other banks		123,578	250,000
Balances with and due from financial institutions		650,000	875,000
Investments		1,368,213	394,909
Islamic financing and related assets	A-1-I	520,757	-
Operating fixed assets		94,898	28,110
Deferred tax assets		4,207	-
Due from head office		-	862
Other assets		75,375	47,086
		<b>2,994,452</b>	<b>1,797,310</b>
<b>Liabilities</b>			
Bills payable		326	123
Due to financial institutions		131,422	-
Deposits and other accounts		2,319,812	1,286,553
- Current accounts		84,192	17,627
- Saving accounts		256,909	27,342
- Term Deposits		56,690	26,000
- Other Deposits		409	200
- Deposits from Financial Institutions - Remunerative		1,921,460	1,215,384
- Deposits from Financial Institutions - Non Remunerative		152	-
Deferred tax liability		-	-
Due to head office		60,884	-
Other liabilities		33,910	12,019
		<b>2,546,354</b>	<b>1,298,695</b>
<b>Net Assets</b>		<b>448,098</b>	<b>498,615</b>
<b>Represented By</b>			
Islamic banking fund		500,000	500,000
Reserves		-	-
Accumulated loss		(44,090)	(1,385)
		<b>455,910</b>	<b>498,615</b>
Deficit on revaluation of investments		(7,812)	-
		<b>448,098</b>	<b>498,615</b>

## Islamic Banking Business Profit and Loss Account For the year ended December 31, 2015

	January 01, 2015 to to December 31, 2015	June 26, 2014 to December 31, 2014
		(Rupees in '000)
Profit/ return on financing, investments and placements earned	136,186	28,136
Return on deposits and other dues expensed	101,013	5,640
Net income earned before provisions	35,173	22,496
Provision against non-performing loans and advances - net	-	-
Provision for diminution in value of investments	-	-
<b>Net income earned after provisions</b>	<b>35,173</b>	<b>22,496</b>
<b>Other income</b>		
Fee, commission and brokerage income	13,243	48
Loss from dealing in foreign currencies	(264)	-
Dividend income	688	-
Gain on sale/redemption of securities	50	-
Other income	602	-
	<b>14,319</b>	<b>48</b>
<b>Other expenses</b>		
Administrative expenses	92,197	23,929
<b>Loss before taxation</b>	<b>(42,705)</b>	<b>(1,385)</b>
Accumulated loss brought forward	(1,385)	-
Transferred to head office	-	-
<b>Accumulated loss carry forward</b>	<b>(44,090)</b>	<b>(1,385)</b>





**Islamic Banking Business**  
**Statement of Cash Flows**  
**For the year ended December 31, 2015**

	January 01, 2015 to to December 31, 2015	June 26, 2014 to December 31, 2014
Note	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(42,705)	(1,385)
Less: Dividend income	(688)	-
	<b>(43,393)</b>	<b>(1,385)</b>
<b>Adjustments</b>		
Depreciation	6,782	1,258
Amortisation	2,973	24
	<b>9,755</b>	<b>1,282</b>
	<b>(33,638)</b>	<b>(103)</b>
<b>(Increase) / decrease in operating assets</b>		
Balances with and due from financial institutions	225,000	(875,000)
Islamic Financing and Related Assets-net	(520,757)	-
Other assets (excluding advance taxation)	(28,289)	(47,081)
Due from Head Office	862	(862)
	<b>(323,184)</b>	<b>(922,943)</b>
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	203	123
Due to financial institutions	131,422	-
Deposits and other accounts	1,033,259	1,286,553
Due to Head Office	60,885	-
Other liabilities	21,890	12,019
	<b>1,247,659</b>	<b>1,298,695</b>
	<b>890,837</b>	<b>375,649</b>
Income tax paid	-	(5)
<b>Net cash flows from operating activities</b>	<b>890,837</b>	<b>375,644</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investment in securities	(985,323)	(394,909)
Dividend received	688	-
Investment in operating fixed assets	(76,543)	(29,392)
Sale proceeds from disposal of operating fixed assets	-	-
<b>Net cash flows used in investing activities</b>	<b>(1,061,178)</b>	<b>(424,301)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Islamic Banking Fund	-	500,000
<b>Increase in cash and cash equivalents</b>	<b>(170,341)</b>	<b>451,343</b>
Cash and cash equivalents at beginning of the period	451,343	-
<b>Cash and cash equivalents at end of the period</b>	<b>281,002</b>	<b>451,343</b>

**Islamic Banking Business**  
**Notes to Annexure-I**  
**For the year ended December 31, 2015**

	2015	2014
	(Rupees in '000)	
<b>A-I-1 ISLAMIC FINANCING AND RELATED ASSETS</b>		
Net book value of assets / investment in Ijarah	19,052	-
Diminishing musharika	501,705	-
	<b>520,757</b>	<b>-</b>
<b>A-I-2 CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD</b>		
Cash and balances with treasury banks	157,424	201,343
Balances with other banks	123,578	250,000
	<b>281,002</b>	<b>451,343</b>
<b>A-I-3 REMUNERATION TO SHARIAH ADVISOR</b>	<b>1,727</b>	<b>1,139</b>
<b>A-I-4 CHARITY FUND</b>		
Opening balance	-	-
Addition during the year	-	-
Payment / utilization during the year	-	-
Closing balance	-	-
<b>A-I-5 Sindh Bank Limited - SA' ADAT Islamic Banking Division is maintaining the following pools for profit declaration and distribution :</b>		
<b>(i) General Pool, Special Pools and FI Pools.</b>		
(a) Priority of utilization of funds in the general pool shall be as follows :		
- Depositor Funds		
- Equity Funds		
Priority of utilization of funds in the FI pool shall be		
- FI Funds		
- Equity Funds		
(b) <b>Weightages for distribution of profit in pools</b>		
Profits are calculated on the basis of weightages assigned to different tiers and tenors. These weightages are announced quarterly. While considering weightages emphasis shall be given to the quantum, type and period of risk assessed by applying following factors.		
- Contracted period, nature and type of deposits / fund.		
- Payment cycle of profit on such deposit / fund i.e. monthly, quarterly or on maturity.		
- Magnitude of Risk.		
Any change in profit sharing weightages of any category of deposit/fund providers shall be applicable from next period.		
Special and FI Pools		
Profit is calculated and distributed on the basis of pre agreed Profit Sharing Ratio.		
(c) <b>Identification and allocation of Pool related income and expenditure</b>		
The allocation of income and expenditure to different pools is being done based on a pre-defined basis and accounting principles as mentioned below;		



## Islamic Banking Business Notes to the Annexure-I For the year ended December 31, 2015

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.

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

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

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

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

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

	2015		2014	
	('000)	%	('000)	%
Rubbal Maal		64%		50%
Mudarib		36%		50%

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

	2015		2014	
	(amount)	%	(amount)	%
Rubbul Maal (%)		64%		50%
Rubbul Maal (amount)	4,663		121	
Mudarib (%)		36%		50%
Mudarib (amount)	2,616		121	

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

	2015		2014	
	(amount)	%	(amount)	%
Mudarib Share	2,617		121	
Hiba	729		12	
Hiba percentage of mudarib share		27.86%		9.92%

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

	2015	2014
Profit rate earned	6.59%	9.59%
Profit rate distributed to depositors	4.88%	4.81%

## Report of Shariah Supervisory Committee For the Year ended 31st December 2015

### In the name of Allah, the Beneficent, the Merciful

1. While the Board of Directors and Executive Management are solely responsible to ensure that the operations of Sindh Bank Limited-Islamic Banking Division (hereby referred as "the Bank") are conducted in a manner that comply with Shariah principles at all times, we are required to submit a report on the overall Shariah Compliance environment of Sindh Bank Limited-Islamic Banking Division.
2. To form our opinion as expressed in this report, the Shariah Compliance Department of the bank carried out reviews, on test check basis, of each class of transactions, the relevant documentation and process flows. Further, we have also reviewed the report of the internal Shariah audit. Based on above, we are of the view that:
  - i. Sindh Bank-IBD has complied with Shariah rules and principles in the light of Fatawa, rulings and guidelines issued by its Shariah Supervisory Committee.
  - ii. IBD has complied with directives, regulations, instructions and guidelines related to Shariah compliance issued by SBP in accordance with the rulings of SBP's Shariah Board.
  - iii. The Bank has a comprehensive mechanism in place to ensure Shariah compliance in their overall operations.
  - iv. The Bank 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 will be credited to charity account and will be properly utilized.
  - v. The Bank has complied with the SBP instructions on profit and loss distribution and pool management.
  - vi. The Shariah Supervisory Committee has been provided adequate resources enabling it to discharge its duties effectively.
3. Further, the following are the significant issues/recommendations of the Shariah Supervisory Committee, which have been taken up with the management:





- i. Trainings on Islamic Banking, its basics, Sa'adat Islamic Banking products were conducted for BoD as per the requirement of Shariah Governance Framework (SGF) and the staff of newly established IBBs. However, during the Shariah Compliance review it was observed that the staff of branches established in 2014, needs refreshers and knowledge updating on Islamic Banking.
- ii. Training and capacity building in Islamic Banking particularly orientation programs for Support functions as well as the senior management of the Bank should be arranged, to improve their understanding on Islamic Banking & Finance.
- iii. The bank should ensure induction of a dedicated resource for Profit & Loss Distribution System, and further strengthening of the Shariah Compliance function in view of increasing network, business volumes as well as to fully meet the requirements of Shariah Governance Framework implemented by SBP, in 2015.
- iv. The bank should focus on development and launching of new innovative asset/liability side products. The Product Development function, which is an important area in Islamic Banking should be strengthened in line with market practices.
- v. The Human Resource Division should notify/circularize the recommendations of the Shariah Supervisory Committee approved by the BoD regarding staff financing, health/medical facility etc. as an addendum/part of the HR Policy Manual.

**Mufti Ibrahim Essa**

Member Shariah Supervisory Committee

**Mufti Zeeshan Abdul Aziz**

Shariah Advisor

Date of Report: 12 February 2016

## OFFERING A WIDE RANGE OF ISLAMIC BANKING SOLUTIONS

### Deposits (PKR/FCY)

Basic Banking Account  
Sa'adat Current Account  
Sa'adat Savings Account  
Sa'adat Daily Product Account  
Sa'adat Business Account  
Sa'adat Asaan Account  
Sa'adat Term Deposits

### Finance/Trade

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

### Services & Facilities

ATM Network  
Utility Bills Payment  
SMS Banking  
Debit Cards  
Online Banking  
RTGS  
Same Day Clearing (Local & Intercity)  
Home Remittances

### 13 Islamic Banking Branches (IBBs)

02 Islamic Banking Windows (IBWs) in Karachi

More IBBs & IBWs coming up all over Pakistan this year





## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

GRANT THORNTON ANJUM RAHMAN  
1st & 3rd Floor,  
Modern Motors House  
Beaumont Road,  
Karachi 75530  
T +92 021 3567 2951-56  
F +92 021 3568 8834  
www.gtpak.com

We have audited the annexed consolidated financial statements comprising consolidated statement of financial position of **Sindh Bank Limited** and its subsidiary company (the Group) as at December 31, 2015 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the 'consolidated financial statements') for the year then ended. We have also expressed separate opinions on the financial statements of Sindh Bank Limited and its subsidiary Sindh Microfinance Bank Limited. These consolidated financial statements are responsibility of the Holding Bank's management. Our responsibility is to express our opinion on these consolidated financial statements based on our audit.

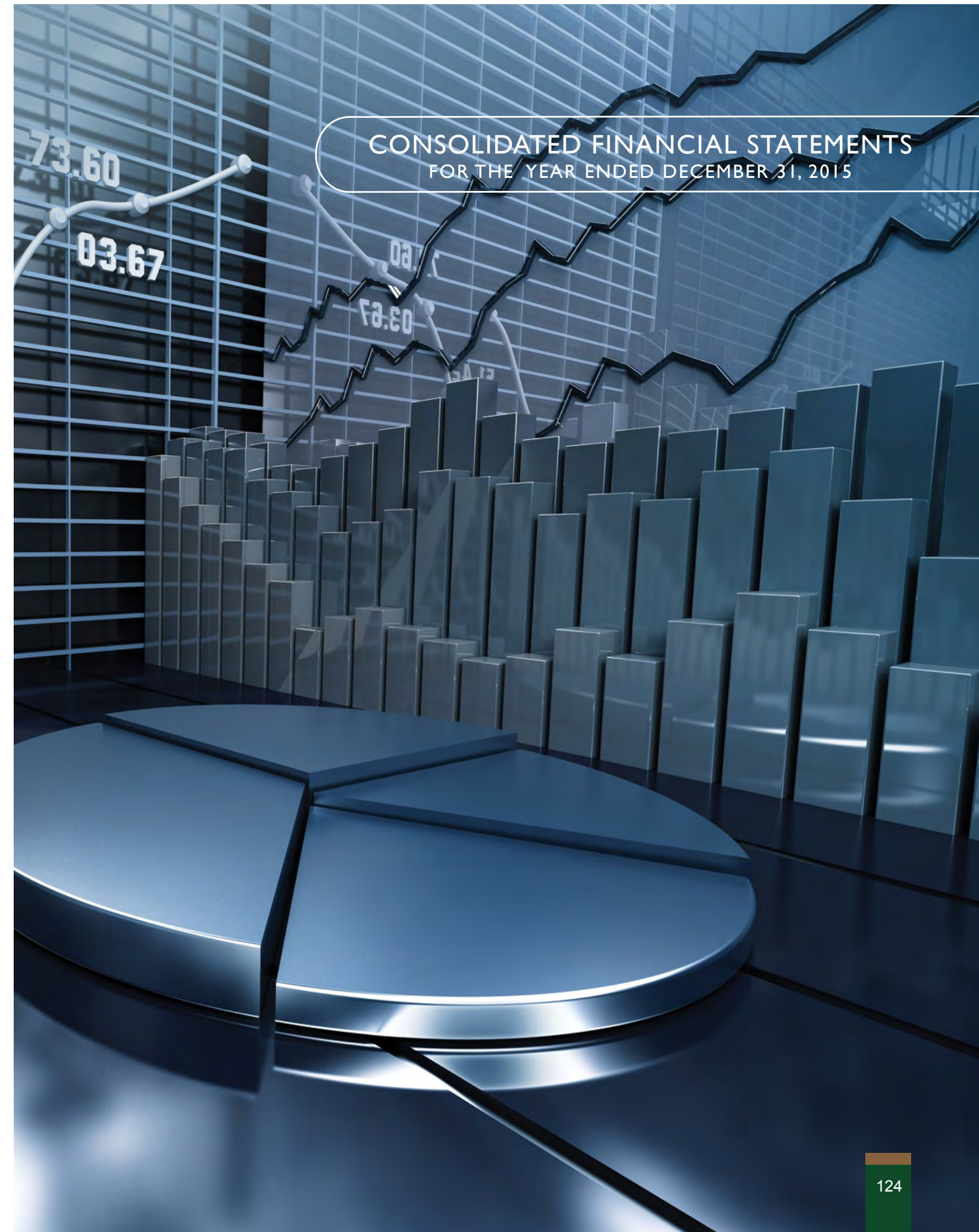
Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements presents fairly the financial position of Sindh Bank Limited and its subsidiary company as at December 31, 2015 and results of their operations for the year/period then ended.

Date: March 08, 2016  
Karachi

*Grant Thornton Anjum Rahman*  
Grant Thornton Anjum Rahman  
Chartered Accountants  
Muhammad Shaukat Naseeb  
Engagement Partner

Chartered Accountants  
Member of Grant Thornton International Ltd  
Offices in Islamabad & Lahore



## CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015





**Sindh Bank Limited**  
**Consolidated Statement of Financial Position**  
**As at December 31, 2015**

ASSETS	Note	2015 (Rupees in '000)
Cash and balances with treasury banks	6	5,297,618
Balances with other banks	7	1,086,079
Lendings to financial institutions	8	1,450,000
Investments - net	9	69,644,245
Advances - net	10	44,169,089
Operating fixed assets	11	1,901,601
Deferred tax assets - net	12	301,887
Other assets - net	13	4,253,395
		<b>128,103,914</b>
<b>LIABILITIES</b>		
Bills payable	14	288,681
Borrowings	15	27,160,697
Deposits and other accounts	16	83,920,800
Sub-ordinated loan		-
Liabilities against assets subject to finance lease		-
Deferred tax liabilities - net	12	-
Other liabilities	17	1,960,133
		<b>113,330,311</b>
<b>NET ASSETS</b>		<b>14,773,603</b>
<b>REPRESENTED BY</b>		
Share capital	18	10,000,000
Reserves		925,638
Unappropriated profit		3,088,325
Depositors' protection fund		761
		<b>14,014,724</b>
Surplus on revaluation of assets - net of tax	19	758,879
		<b>14,773,603</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	20	

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

President & Chief Executive Officer

Chairman

Director

Director

**Sindh Bank Limited**  
**Consolidated Profit and Loss Account**  
**For the year ended December 31, 2015**

	Note	2015 (Rupees in '000)
Mark-up / return / interest earned	21	10,129,122
Mark-up / return / interest expensed	22	5,648,204
Net mark-up / return / interest income		<b>4,480,918</b>
Provision against non performing loans and advances - net	10.5.3	2,519,865
Provision for diminution in the value of investments - net	9.3	490
Bad debts written off directly		-
		<b>2,520,355</b>
<b>Net mark-up / return / interest income after provisions</b>		<b>1,960,563</b>
<b>Non mark-up / interest income</b>		
Fee, commission and brokerage income		234,278
Dividend income		120,098
Income from dealing in foreign currencies		69,180
Gain on sale of securities - net	23	3,062,553
Unrealised gain on revaluation of investments classified as held for trading		-
Other income	24	5,729
Total non mark-up / interest income		<b>3,491,838</b>
		<b>5,452,401</b>
<b>Non mark-up / interest expenses</b>		
Administrative expenses	25	3,368,124
Other provisions-reversals	13.1	(4,418)
Other charges	26	13,791
Total non mark-up / interest expenses		<b>3,377,497</b>
		<b>2,074,904</b>
Extraordinary / unusual items		-
<b>Profit before taxation</b>		<b>2,074,904</b>
<b>Taxation</b>		
- Current		1,626,663
- Prior years		102,556
- Deferred	27	(899,791)
		<b>829,428</b>
<b>Profit after taxation</b>		<b>1,245,476</b>
<b>Basic and diluted earnings per share - Rupees</b>	28	<b>1.25</b>

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

President & Chief Executive Officer

Chairman

Director

Director





Sindh Bank Limited  
Consolidated Statement of Comprehensive Income  
For the year ended December 31, 2015

	2015 (Rupees in '000)
Profit after taxation for the year	1,245,476
Other comprehensive income	
Components of comprehensive income reflected in equity	
Items that will be reclassified subsequently to profit and loss account:	-
Items that will not be reclassified subsequently to profit and loss account:	
Remeasurement of net defined benefit liability	(12,624)
Related current tax credit	4,418
	(8,206)
Total comprehensive income for the year transferred to equity	1,237,270
Components of comprehensive income reflected below equity	
Items that will be reclassified subsequently to profit and loss account:	
Deficit on revaluation of investments	(870,864)
Related deferred tax charge	304,803
	(566,061)
Items that will not be reclassified subsequently to profit and loss account:	-
Total Comprehensive Income	671,209

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

President & Chief Executive Officer

Chairman

Director

Director

Sindh Bank Limited  
Consolidated Statement of Cash Flows  
For the year ended December 31, 2015

	Note	2015 (Rupees in '000)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation		2,074,904
Less: Dividend income		(120,098)
		1,954,806
<b>Adjustments for non-cash charges</b>		
Depreciation	11.2	340,248
Amortisation	11.3	30,769
Provision against non performing loans and advances - net	10.5.3	2,519,865
Provision for diminution in the value of investments - net		490
Other provisions-reversals	13.1	(4,418)
Charge for defined benefit plan	31.1.4	36,662
Gain on sale of operating fixed assets	24	(780)
		2,922,836
		4,877,642
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions		11,215,492
Advances - net		(5,504,251)
Other assets - (excluding advance taxation)		23,200
		5,734,441
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable		(110,910)
Borrowings		(18,915,939)
Deposits and other accounts		22,036,764
Other liabilities (excluding current taxation)		178,529
		3,188,444
		13,800,527
Gratuity paid		(34,878)
Income tax paid		(1,649,261)
<b>Net cash generated from operating activities</b>		12,116,388
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investment in available for sale securities		(8,713,772)
Net investment in held to maturity securities		(2,326,747)
Investment in subsidiary		-
Dividend received		120,098
Investment in operating fixed assets		(431,424)
Proceeds from sale of operating fixed assets	11.4	15,091
<b>Net cash used in investing activities</b>		(11,336,754)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
<b>Increase in cash and cash equivalents</b>		779,634
Cash and cash equivalents at beginning of the year		5,604,063
<b>Cash and cash equivalents at end of the year</b>	29	6,383,697

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

President & Chief Executive Officer

Chairman

Director

Director





Sindh Bank Limited  
Consolidated Statement of Changes in Equity  
For the year ended December 31, 2015

	Reserves			Revenue	Total
	Share capital	Statutory Reserve *	Depositors' protection fund reserve **		
	(Rupees in '000)				
Balance as at January 1, 2015	10,000,000	676,543	-	2,100,911	12,777,454
Profit for the year ended December 31, 2015	-	-	-	1,245,476	1,245,476
Other comprehensive loss	-	-	-	(8,206)	(8,206)
Total comprehensive income for the year ended December 31, 2015	-	-	-	1,237,270	1,237,270
Transfer to statutory reserve	-	249,095	-	(249,095)	-
Transfer to depositors' protection fund	-	-	761	(761)	-
- 5% of the profit after tax for the year	-	-	-	-	-
- Returns on investments -net of tax	-	-	-	-	-
<b>Balance as at December 31, 2015</b>	<b>10,000,000</b>	<b>925,638</b>	<b>761</b>	<b>3,088,325</b>	<b>14,014,724</b>

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

\* Statutory reserves 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 Institutions 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 the Microfinance Institutions Ordinance, 2001 to contribute 5% of its annual after tax profit to the Depositors' Protection Fund and profit earned on investments of the fund shall also be credited to the fund.

\*\*\* As more fully explained in note 10.5.2 of consolidated financial statements, unappropriated profit includes an amount of Rs. 37.86 million net of tax as at December 31, 2015, representing additional profit arising from availing Forced Sale Value (FSV) benefit for determining provisioning requirement, which is not available for the purpose of distribution of dividend to shareholders.

President & Chief Executive Officer

Chairman

Director

Director

Sindh Bank Limited  
Notes to the Consolidated Financial Statements  
For the year ended December 31, 2015

1 STATUS AND NATURE OF BUSINESS

The "Group" consists of:

**Holding Company**

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 250 branches including 8 sub branches and 13 Islamic banking branches in Pakistan. The Bank's registered office is located at 3rd floor, Federation House, Abdullah Shah Ghazi Road, Clifton, Karachi, Pakistan.

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

JCR -VIS Credit Rating Company Limited has reaffirmed the medium to long term entity rating of 'AA' (Double A) with a "Stable outlook", and short term rating of 'A-1+' (A-One plus) of the Bank.

**Subsidiary company**

**Sindh Microfinance Bank Limited**

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

The Bank and the Microfinance Bank (the Group) have reporting date of December 31, 2015. However, the subsidiary's financial statements have been consolidated for the period from March 27, 2015 to December 31, 2015.

2 BASIS OF PRESENTATION

The consolidated financial statements of the Group consists of the holding company and subsidiary company for the year ended December 31, 2015.

These consolidated financial statements have been prepared on the format prescribed by SBP under BSD Circular No. 4 dated February 17, 2006, 'Revised Forms of Annual Financial statements', effective from the accounting year ended December 31, 2006.

In accordance with the directives of the Federal Government regarding the shifting of the Banking system to Islamic modes, the SBP has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by Banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these consolidated financial statements as such but are restricted to the amount of facility actually 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 Ordinance, 1984.





### 3 STATEMENT OF COMPLIANCE

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, Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, Microfinance institutions ordinance 2001 and the Banking Companies Ordinance, 1962 and the directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP). In case requirements differ, the provisions and directions issued under Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, the Microfinance institutions ordinance 2001, and the directives issued by the SBP and SECP shall prevail.

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

Further, according to the notification of the Securities and Exchange Commission of Pakistan (SECP) through S.R.O 411(1)/2008 dated April 28, 2008, IFRS - 7 'Financial Instruments: Disclosures' has not been made applicable for Banking companies / financial institutions. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by SBP.

IFRS 8, 'Operating Segments' is effective for the accounting periods beginning on or after January 1, 2009. All banking companies in Pakistan are required to prepare their annual financial statements in line with the format prescribed under BSD Circular No. 4 dated February 17, 2006, 'Revised Forms of Annual Financial statements', effective from the accounting year ended December 31, 2006 and Microfinance Bank are required to prepare their annual financial statements in line with the format prescribed under BSD Circular No. 11 dated December 30, 2003, effective from the accounting year ended December 31, 2003. The management of the Group believes that as the SBP has defined the segment categorisation in the above mentioned circular, the SBP requirements prevail over the requirements specified in IFRS 8. Accordingly, segment information disclosed in these consolidated financial statements is based on the requirements laid down by the SBP.

SBP vide its BSD Circular No. 07 dated April 20, 2010 has clarified that for the purposes of preparation of financial statements in accordance with International Accounting Standard - 1 (Revised), 'Presentation of Financial Statements', two statement approach shall be adopted i.e. separate 'Consolidated Profit and Loss Account' and 'Consolidated Statement of Comprehensive Income' be presented, and Balance Sheet be renamed as 'Consolidated Statement of Financial Position'. Furthermore, the surplus / (deficit) on revaluation of available for sale (AFS) securities only, may be included in the 'Consolidated Statement of Comprehensive Income'. However, it should continue to be shown separately in the consolidated statement of financial position below equity. Accordingly, the above requirements have been adopted in the preparation of these consolidated financial statements.

The State Bank of Pakistan through BPRD Circular No.04 of 2015 dated February 25, 2015 has deferred the applicability of Islamic Financial Accounting Standard 3 for Profit & Loss sharing on Deposits (IFAS - 3) issued by the Institute of Chartered Accountants of Pakistan and notified by the Securities and Exchange Commission of Pakistan (SECP), vide their SRO No. 571 of 2013 dated June 12, 2013 for institutions offering Islamic Financial Services. The standard will result in certain new disclosures in the consolidated financial statements.

#### 3.1 Standard, amendment or interpretation to published approved accounting standards

##### 3.1.1 Standards, interpretations and amendments to published approved accounting standards that are effective in the current period:

The Group has adopted the following new standards, amendments to published standards and interpretations of IFRSs which became effective during the current year:

Standard or Interpretation	Effective date
IFRS 10 - Consolidated Financial Statements	January 1, 2015
IFRS 11 - Joint Arrangements	January 1, 2015
IFRS 12 - Disclosure of Interests in other Entities	January 1, 2015
IFRS 13 - Fair Value Measurement	January 1, 2015
IAS 27 - Separate Financial Statements	January 1, 2015
IAS 28 - Investments in Associates and Joint Ventures	January 1, 2015
IAS 19 - Employee Contributions (Amendments to IAS 19)	July 1, 2014
Annual Improvements to IFRSs 2011 - 2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2010 - 2012 Cycle	July 1, 2014

Adoption of the above revisions, amendments and interpretations of the standards had no significant effect on the amounts for the year ended December 31, 2015.

##### 3.1.2 Standards, amendments to published standards and interpretations that are effective but not relevant

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

##### Standards, interpretations and amendments to published approved accounting standards, that are not yet effective and not early adopted by the Group

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

Amendments or Improvements	Effective date
IAS 1 - Disclosure Initiative (Amendments)	January 1, 2016
IFRS 10, IFRS 12 and IAS 28 - Investment Entities : Applying the Consolidation Exception (Amendments)	January 1, 2016
IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)	January 1, 2016
Annual Improvements to IFRS 2012 - 2014 Cycle	January 1, 2016
Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)	January 1, 2016
IAS 27 - Equity method in Separate Financial Statements (Amendments)	January 1, 2016
IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments)	January 1, 2016
IFRS 11 - Accounting for Interests in joint operations (Amendments)	January 1, 2016

All the above standards, amendments and interpretations do not have significant impact on the consolidated financial statements of the Group.

##### 3.1.3 Standards, amendments and interpretations to the published standards that are not yet notified by the Securities and Exchange Commission of Pakistan (SECP).

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.





Standard or Interpretation	IASB effective date (Annual periods beginning on or after)
IFRS 14 - Regulatory Deferral Accounts	January 1, 2016
IFRS 15 - Revenue from Contracts with Customers	January 1, 2018
IFRS 16 - Leases	January 1, 2019

#### 4 BASIS OF MEASUREMENT

##### 4.1 Accounting convention

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

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

##### 4.2 Critical accounting estimates and judgments

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

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

- i) classification and impairment against investments (notes 5.4 and 9)
- ii) classification and provision against advances (notes 5.5 and 10)
- iii) depreciation and amortization / useful lives of operating fixed assets (5.6 and 11)
- iv) taxation (note 5.8)
- v) staff retirement benefits (note 5.9)
- vi) fair value of derivatives (note 5.15)

#### 5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 5.1 Basis of consolidation

These consolidated financial statements include the financial statements of the holding company and its subsidiary. Subsidiary is an entity over which the Group has the power to govern the financial and operating policies accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Group controls another entity. Subsidiary is fully consolidated from the date on which control is transferred to the Group. The assets and liabilities of subsidiary company have been consolidated on a line by line basis based on the financial statements as at December 31, 2015 and the carrying value of investments held by the Bank is eliminated against the subsidiary's shareholders' equity in these consolidated financial statements. Material intra-group balances and transactions have been eliminated.

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

##### 5.2 Cash and cash equivalents

For the preparation of consolidated cash flow statement, cash and cash equivalents include cash and balances with treasury banks and balances with other banks excluding any term deposits with original term of greater than three months.

##### 5.3 Repurchase / resale agreements

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

- a) Sale of securities under repurchase agreement

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

- b) Purchase of securities under resale agreement

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

##### 5.4 Investments

The 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 price, interest rate movements, dealers' margin or are securities included in a portfolio in which a pattern of short-term profit taking exists.

- b) Held-to-maturity

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

- c) Available-for-sale

These are investments, which do not fall under the held-for-trading and held to maturity categories.

All purchases and sales of investments that require delivery within the time frame established by regulations or market convention are recognized at the trade date. Trade date is the date on which the Group commits to purchase or sell the investment.

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

Quoted securities, other than those classified as held-to-maturity are subsequently stated at fair value.





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

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

Cost of investment is determined on moving average basis.

Impairment loss in respect of investments classified as available-for-sale and held-to-maturity is recognized on the basis of management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in market value of an equity security is considered as an objective evidence of impairment, significant means 20% decline in market value as compared to carrying value and prolonged means twelve months decline in fair value of an equity investment below its cost.

Provision for diminution in the value of term finance certificates is made as per the requirements of Prudential Regulations issued by the State Bank of Pakistan. In case of impairment of available for sale securities, the cumulative loss that has been recognized directly in the surplus / (deficit) on revaluation of securities on the consolidated statement of financial position below equity is removed therefrom and recognized in the consolidated profit and loss account. For investments classified as held-to-maturity, the impairment loss is recognized in the consolidated profit and loss account.

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

## 5.5 Advances

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

### Ijarah Financing

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

### Diminishing Musharakah

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

## 5.6 Operating fixed assets and depreciation

### a) Property and equipment - owned

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

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

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

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

### b) Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. All expenditure connected with specific assets incurred during installation and related advances thereagainst, if any, are carried under this head. These are transferred to specific assets as and when assets become available for use.

### c) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is charged to the consolidated profit and loss account applying the straight line method at the rate specified in note 11 of 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 in non-financial assets

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

## 5.8 Taxation

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

### a) Current

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

### b) Deferred

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





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

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

#### 5.9 Staff retirement and other benefits

##### a) Defined contribution plan

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

##### b) Defined benefit scheme

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

##### c) Compensated absences

The Bank makes provision for compensated vested absences accumulated by its eligible employees on the basis of last drawn gross salary.

#### 5.10 Provisions against liabilities

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

#### 5.11 Borrowings / deposits and their cost

Borrowings / deposits are recorded at the proceeds received. Borrowing / deposit costs are recognized as an expense in the period in which these are incurred using the effective mark-up / interest rate method.

#### 5.12 Proposed dividend and transfers between reserves

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

#### 5.13 Revenue recognition

Mark-up / interest / return on loans and advances and return on investments are recognized on a time proportion basis using the effective interest rate method except that mark-up / interest / return on non-performing advances and

investments is recognized on receipt basis, in accordance with the requirements of the Prudential Regulations issued by the SBP. Where debt securities are purchased at a premium or discount, such premium or discount is amortised through the consolidated profit and loss account over the remaining period till maturity.

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

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

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

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

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

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

#### 5.14 Foreign currency translation

Transactions in foreign currencies are translated into Pak Rupee at the exchange rates prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated to Pak Rupee at the rates of exchange prevailing at the reporting date. Translation gains and losses are included in the consolidated profit and loss account.

#### 5.15 Financial instruments

##### a) Financial assets and liabilities

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

##### b) Derivative financial instruments

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

#### 5.16 Offsetting

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

#### 5.17 Dividend distribution and appropriation

Dividends and other appropriations (except appropriations which are required by law) are recognized in the period in which these are approved.

#### 5.18 Earnings per share

The 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.

#### 5.19 Acceptances

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

#### 5.20 Segment reporting

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

##### Business segments

##### a) Corporate Finance

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

##### b) Trading and sales

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

##### c) Retail Banking

It includes mortgage finance and personal loans to individual customers.

##### d) Commercial banking and others

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

##### Geographical segments

The Group operates only in Pakistan.

#### 5.21 Commitments

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

#### 5.22 Provision against off-balance sheet obligations

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

	Note	2015 (Rupees in '000)
<b>6 CASH AND BALANCES WITH TREASURY BANKS</b>		
<b>In hand</b>		
Local currency	6.1	1,382,024
Foreign currencies		73,578
		<u>1,455,602</u>
<b>With State Bank of Pakistan (SBP) in</b>		
Local currency current account	6.2	2,646,094
Foreign currency current account	6.3	7,639
Foreign currency deposit account		
- Non Remunerative	6.4	99,924
- Remunerative	6.5	280,812
		<u>3,034,469</u>
<b>With National Bank of Pakistan in</b>		
Local currency current account		785,967
Local currency PLS account		21,580
		<u>807,547</u>
		<u>5,297,618</u>
6.1	This includes national prize bonds of Rs. 1.28 million.	
6.2	This represents the cash reserve required to be maintained with SBP as per the requirement of the Banking Companies Ordinance, 1962. This is a sum not less than such percentage of its time and demand liabilities in Pakistan as may be prescribed by SBP.	
6.3	This represents US Dollar Settlement Account maintained with SBP.	
6.4	This represents foreign currency cash reserve maintained with SBP, presently, equivalent to at least 5% of the Group's foreign currency deposits mobilised under the FE-25 scheme.	
6.5	This represents foreign currency special cash reserve maintained with SBP. The Group is entitled to earn profit which is declared by SBP on a monthly basis. During the year SBP has not remunerated any return on the account.	
<b>7 BALANCES WITH OTHER BANKS</b>	Note	2015 (Rupees in '000)
<b>In Pakistan</b>		
On current account		23,949
On saving accounts	7.1	68,351
<b>Outside Pakistan</b>		
On current accounts	7.2	993,779
		<u>1,086,079</u>
7.1	This represents saving deposits with a commercial bank carrying profit at the rate of 4.00 % per annum.	
7.2	This includes Rs. 846.052 million held in Automated Investment Plans. This balance is current in nature and in case the balance in the account is above a specified amount, the Group is entitled to earn interest from the correspondent banks at the agreed rates.	





8 LENDINGS TO FINANCIAL INSTITUTIONS		Note	2015 (Rupees in '000)
	Term deposit	8.2	1,050,000
	Letters of placement	8.3	400,000
			<u>1,450,000</u>
8.1	Particulars of lendings		
	In local currency		1,450,000
	In foreign currency		-
			<u>1,450,000</u>
8.2	This represents term deposit accounts with commercial banks carrying mark-up at rates ranging from 6.50% to 7.40% per annum.		
8.3	This represents letter of placement having maturity of 3 months from the date of investment on a monthly roll over basis. The letter of placement carrying markup ranging from 7.0% to 7.5% per annum.		

## 9 INVESTMENTS - net

### 9.1 Investments by types

#### Available-for-sale securities

	Note	2015 (Rupees in '000)		Total
		Held by Bank	Given as collateral	
Pakistan investment bonds	9.2.1	19,453,305	21,598,694	41,051,999
Market treasury bills	9.2.2	14,743,790	-	14,743,790
Ordinary shares - Listed	9.2.7	2,068,118	-	2,068,118
Term finance certificates - Listed	9.2.10	99,920	-	99,920
Term finance certificates - Unlisted	9.2.11	397,657	-	397,657
Units of mutual funds	9.2.12	493,580	-	493,580
Islamic fund REIT	9.2.13	99,000	-	99,000
Government of Pakistan - Ijarah sukuk	9.2.6	200,000	-	200,000
Sukuk certificates	9.2.3 & 9.2.4	578,571	-	578,571
		<u>38,133,941</u>	<u>21,598,694</u>	<u>59,732,635</u>

#### Held-to-maturity securities

Pakistan investment bonds	9.2.1	7,444,973	-	7,444,973
Government of Pakistan - Ijarah sukuk	9.2.6	239,780	-	239,780
GIS - Bai Muajal	9.2.5	232,880	-	232,880
Preference shares - Listed	9.2.8	249,961	-	249,961
Preference shares - Unlisted	9.2.9	360,260	-	360,260
Term finance certificates - Listed	9.2.10	224,495	-	224,495
		<u>8,752,349</u>	<u>-</u>	<u>8,752,349</u>

#### Total Investments at cost

Provision for diminution in value of investments	9.3	(490)	-	(490)
		<u>46,886,290</u>	<u>21,598,694</u>	<u>68,484,984</u>

#### Investments (net of provisions)

Surplus on revaluation of available for sale securities	19	475,992	683,759	1,159,751
---	----	---------	---------	-----------

#### Investments at revalued amounts - net of provisions

		<u>47,361,792</u>	<u>22,282,453</u>	<u>69,644,245</u>
--	--	-------------------	-------------------	-------------------

9.2 Investments by segment		Note	2015 (Rupees in '000)
<b>Federal government securities</b>			
	Pakistan investment bonds	9.2.1	48,496,972
	Market treasury bills	9.2.2	14,743,790
	Sukuk certificates	9.2.3	364,285
	GIS - Bai Muajal	9.2.5	232,880
	GoP - Ijarah sukuk	9.2.6	439,780
			<u>64,277,707</u>
<b>Ordinary shares</b>			
	Listed companies	9.2.7	2,068,118
<b>Preference shares</b>			
	Listed	9.2.8	249,961
	Unlisted	9.2.9	360,260
			<u>610,221</u>
<b>Term finance certificates</b>			
	Listed	9.2.10	324,415
	Unlisted	9.2.11	397,657
			<u>722,072</u>
<b>Other investments</b>			
	Units of mutual funds	9.2.12	493,580
	Islamic fund REIT	9.2.13	99,000
	Sukuk certificates	9.2.4	214,286
			<u>806,866</u>
<b>Total investments at cost</b>			
	Provision for diminution in value of investments	9.3	(490)
			<u>68,484,984</u>
<b>Investments (net of provisions)</b>			
	Surplus on revaluation of available for sale securities	19	1,159,751
			<u>69,644,245</u>

9.2.1 These securities have tenure of 5 to 20 years. The effective yield on these investments ranges from 7.79% to 12.94% per annum with maturities from July 2018 to August 2031.

9.2.2 These securities are for a maximum period of one year. The effective yield on these investments ranges from 6.35% to 6.90% per annum with maturities from 2 months to 8 months.

9.2.3 This represents investment in Sukuk certificates of WAPDA maturing on October 14, 2021. The effective rate of profit is 6 months KIBOR plus 1.00% per annum, payable semi annually.

9.2.4 This represents investment in privately placed sukuk certificate of alBaraka Bank Pakistan Limited maturing, on September 26, 2021. The effective rate of profit is 6 months KIBOR plus 1.25% per annum, payable semi-annually.

9.2.5 This represents investment in GIS Bai Muajal maturing on November 18, 2016. The effective rate of profit is 5.99% per annum.

9.2.6 This represents investment in Ijarah Sukuk of Government of Pakistan having maturity of three years. The effective rate of profit ranges from 4.75% to 5.89% per annum.



9.2.7 Details of investment in fully paid ordinary shares - listed

Rating	2015 Number of shares	Market value	Cost	
------(Rupees in '000)-----				
<b>Available-for-sale securities</b>				
Fully paid ordinary shares of Rs. 10/- each (unless stated otherwise)				
Pakistan Refinery Limited	A-/A2	108,100	4,887	7,682
Fauji Fertilizer Company Limited	Unrated	3,445,600	406,512	499,994
Fauji Fertilizer Bin Qasim Limited	Unrated	3,018,000	158,988	188,365
Fatima Fertilizer Company Limited	AA-/A-1	1,080,000	48,308	47,901
Thatta Cement Company Limited	Unrated	3,375,000	87,379	95,808
Nishat Chunian Power Limited	A+/A-2	1,741,500	95,870	100,011
Hub Power Company Limited	AA+/A1+	445,000	45,657	46,030
Sui Southern Gas Company Limited	AA- / A1	11,296,500	421,924	499,411
Sui Northern Gas Pipelines Limited	AA- / A1	4,000,000	96,160	95,272
Allied Bank Limited	AA+/A1+	900,000	84,834	102,121
Bank Al-Falah Limited	AA/A1+	1,110,000	31,990	31,201
National Bank of Pakistan	AAA/A-1+	4,265,500	230,508	269,406
NIB Bank Limited	AA-/A1+	15,402,500	29,265	36,292
Summit Bank Limited	A/A-1	11,872,585	46,659	48,624
<b>Total investment in shares of listed companies</b>		<b>1,788,941</b>	<b>2,068,118</b>	

9.2.8 Details of investment in preference shares - listed

Rating	2015 Number of shares	Market/ net asset value	Cost
------(Rupees in '000)-----			
<b>Held to maturity securities</b>			
Summit Bank Limited			
A/A-1	24,996,067	249,961	249,961
<b>Held to maturity securities</b>			
Summit Bank Limited			
A/A-1	100,000,000	250,000	360,260

9.2.9 Details of investment in preference shares - unlisted

Rating	2015 Number of shares	Market/ net asset value	Amortised Cost
------(Rupees in '000)-----			
<b>Held to maturity securities</b>			
Silk Bank Limited *			
A-/A-2	100,000,000	250,000	360,260

\* Put Option : The Group has an option to sell on the expiry of 3 years, its outstanding shares at strike price of Rs. 3.70 per share. Call Option : The issuer is entitled to exercise call option after the end of first year from date of issue till the expiry of 3 years at strike price ranging from Rs. 2.85 to Rs. 3.70 per share. Group intends to exercise the put option at the end of 3 years on March 15, 2016.

9.2.10 Details of investment in term finance certificates - listed

Rating	2015 Number of certificates	Face value per certificate	Market value	Cost
		(Rupees)	------(Rupees in '000)-----	
<b>Available-for-sale securities</b>				
NIB Bank Limited - 2nd issue				
A+	20,000	5,000	98,921	99,920
<b>Held-to-maturity securities</b>				
Summit Bank Limited				
A (SO)	44,982	5,000	224,495	224,495
		10,000	323,416	324,415

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

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

Particulars	Rate	Profit payment	Redemption terms
NIB Bank Limited - 2nd issue (unsecured)	1.15% above 6 months KIBOR	Semi-annually	Eight years from June 19, 2014 (date of issue).
Summit Bank Limited (unsecured)	3.25% above 6 months KIBOR	Semi-annually	Seven years from October 27, 2011 (date of issue).

9.2.11 Details of investment in term finance certificates - unlisted

Note	Rating	Number of certificates	2015		Market value	Cost
			Face value per certificate	(Rupees)		
			(Rupees)		(Rupees in '000)	
Bank Al-Habib Limited - 4th issue	9.2.11.1	AA	10,000	5,000	56,778	51,389
Faysal Bank Limited - 2nd issue	9.2.11.1	AA-	5,000	5,000	25,686	25,121
Engro Fertilizers Limited - 4th issue		AA	5,000	5,000	24,389	24,410
Engro Fertilizers Limited - 5th issue		AA	60,000	5,000	271,703	296,737
					378,556	397,657

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

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

Particulars	Other information	Rate	Profit payment	Redemption terms
Bank Al-Habib Limited - 4th issue (unsecured)	Chief Executive Officer: Mr. Abbas D. Habib	15% per annum from year 1 to 5 and 15.5% per annum from year 6 to 10	Semi- annually	Ten years from June 30, 2011 (date of issue).
Faysal Bank Limited - 2nd issue (unsecured)	Chief Executive Officer: Mr. Nauman Ansari	2.25% above 6 months KIBOR	Semi- annually	Seven years from December 27, 2010 (date of issue).
Engro Fertilizers Limited- 4th issue (secured)	Chief Executive Officer: Mr. Ruhail Mohammad	1.70% above 6 months KIBOR	Semi-annually	Ten years from March 18, 2008 (date of issue).
Engro Fertilizers Limited - 5th issue (secured)	Chief Executive Officer: Mr. Ruhail Mohammad	1.45% above 6 months KIBOR	Semi-annually	Ten years from March 18, 2008 (date of issue).

9.2.12 Details of investments in mutual funds

Rating	2015 Number of units	2015	
		Market/ net asset value	Cost
		(Rupees in '000)	
<b>Available-for-sale securities</b>			
<b>Open end</b>			
National Investment Unit Trust NIT- Islamic Equity fund			
AM2	5,040,000	318,730	350,046
AM2	3,001,541	29,580	30,000
		348,310	380,046
<b>Closed end</b>			
PICIC growth fund PICIC investment fund			
AM2-	1,049,500	23,645	28,459
AM2-	6,346,500	72,540	85,075
		96,185	113,534
<b>Total Investment in mutual funds</b>		<b>444,495</b>	<b>493,580</b>





		2015	
Rating	Number of units	Market / net asset value	Cost
(Rupees in '000)			
9.2.13	Details of investment in Islamic funds		
	Arif Habib Dolmen (REIT)	RR1 9,000,000	96,570 99,000
9.3	Particulars of provision for diminution in the value of investments - net (provision)	Note	2015 (Rupees in '000)
	Opening balance		-
	Charge for the year - through profit and loss account		490
	Reversals - through other comprehensive income		-
			490
	Reversal on disposal of shares		-
		9.3.1	490
9.3.1	Particulars of provision - by type and segment		
	Available-for-sale securities		
	Shares of listed companies		490
10	ADVANCES - net		490
	Loans, cash credits, agriculture, running finances etc.		
	In Pakistan		36,554,438
	Commodity finance		
	In Pakistan	10.2	9,410,220
	Islamic financing and related assets		
	Diminishing musharakah	10.3	501,705
	Ijarah under IFAS 2	10.4	19,052
			46,485,415
	Bills discounted and purchased (excluding market treasury bills)		
	Payable in Pakistan		198,106
	Payable outside Pakistan		24,511
			222,617
	Advances - gross	10.1	46,708,032
	Provision for non-performing advances		
	Specific provision	10.5	(37,420)
	General provision against consumer & small enterprise advances	10.5.3.2	(1,523)
	General provision	10.5.3.1	(2,500,000)
			(2,538,943)
	Advances - net of provision		44,169,089
10.1	Breakdown of Advances - Gross		
10.1.1	In local currency	10.1.2	46,708,032
	In foreign currency		-
			46,708,032
10.1.2	Short term (for upto one year)		29,108,692
	Long term (for more than one year)		17,599,340
			46,708,032
10.2	This represents commodity financing provided to Food Department, Government of Sindh, in syndication with other commercial banks.		

		Note	2015 (Rupees in '000)
10.3	Diminishing musharakah		501,705
	Diminishing musharakah financing		
10.4	Ijarah under IFAS 2		13,916
	Net book value of assets	10.4.1	5,136
	Advance against Ijarah financing		19,052

		2015							
		Cost		Accumulated Depreciation		Book value	Rate of		
		As at January 01, 2015	Additions	As at December 31, 2015	As at January 01, 2015	Charge	As at December 31, 2015	depreciation %	
(Rupees in '000)									
Vehicle		-	15,724	15,724	-	1,808	1,808	13,916	33.33%
Total		-	15,724	15,724	-	1,808	1,808	13,916	

10.5 Advances include Rs. 290.281 million which have been placed under non-performing status as detailed below:

		Note	2015			Provision Required	Provision Held
			Classified Advances				
			Domestic	Overseas	Total		
(Rupees in '000)							
Other Assets Especially Mentioned (OAEM)		10.5.1	138,177	-	138,177	-	-
Substandard			33,036	-	33,036	554	554
Doubtful			62,029	-	62,029	5,936	5,936
Loss			57,039	-	57,039	30,930	30,930
			290,281	-	290,281	37,420	37,420

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

10.5.2 The Group has availed the benefit of FSV on mortgaged residential and commercial property (land and building only) held as collateral against non-performing advances on the basis of instructions of the SBP. Had the benefit not been taken by the Group, specific provision against non-performing advances would have been higher by Rs. 58.240 million. The resultant increase in profit due to FSV benefit taken will not be available for distribution as cash and stock dividend to shareholders.

		Note	2015		
			Specific	General	Total
(Rupees '000)					
Opening balance			19,078	-	19,078
Charge for the year					
Specific provision			18,342	-	18,342
General provision		10.5.3.1	-	2,500,000	2,500,000
General provision against consumer & small enterprise advances		10.5.3.2	-	1,523	1,523
Reversals			-	-	-
Net charge			18,342	2,501,523	2,519,865
Amount written off			-	-	-
Closing balance			37,420	2,501,523	2,538,943

10.5.3.1 In line with prudent policies, the Group has made a general provision against its loans and advances portfolio. This general provision is in addition to the requirements of the Prudential Regulations based on time based criteria.





10.5.3.2 General provision against consumer loans represents provision maintained at an amount equal to 1.5% of the fully secured performing portfolio and 5% of the unsecured performing portfolio as required by the Prudential Regulations issued by the SBP. General provision against Small Enterprise financing represents provision maintained at an amount equal to 1% of the fully secured performing portfolio as required by the Prudential Regulations issued by the SBP.

		2015
10.6 Particulars of loans and advances to directors, executives / officers associated companies, subsidiaries etc.	Note	(Rupees in '000)
Debts due by directors, executives or officers of the Group or any of them either severally or jointly with any other persons:		
Balance at beginning of year		176,965
Loans granted during the year		188,248
Repayments made during the year		(86,664)
Balance at end of year	10.6.1	<u>278,549</u>
Debts due by companies or firms in which the directors of the Group are interested as directors, partners or in the case of private companies as members:		
Balance at beginning of year	10.6.2	<u>375,000</u>
Loans granted during the year		-
Repayments made during the year		(78,125)
Balance at end of year		<u>296,875</u>
		<u>575,424</u>

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

10.6.2 This includes loan balance of an entity where more than 20% equity is held by the Government of Sindh.

		2015
11 OPERATING FIXED ASSETS	Note	(Rupees in '000)
Capital work-in-progress	11.1	51,928
Property and equipment	11.2	1,777,115
Intangible assets	11.3	72,558
		<u>1,901,601</u>

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

## 11.2 Property and equipment - own use

	2015						
	Cost			Accumulated depreciation		Book value as at December 31, 2015	Rate of depreciation %
	As at January 01, 2015	Additions / (disposals) Adjustment	As at December 31, 2015	As at January 01, 2015	Change for the year / (disposals) adjustment		
(Rupees in '000)							
Leasehold improvements	881,218	134,626	1,014,844	94,743	45,379	140,122	5
Furniture and fixtures	416,736	34,400 (1,000) (387) (1,190)	449,559	94,552	43,573 (299) (48)	137,778	10
Computer and office equipment	878,367	203,028 (2,083) 751	1,080,063	374,535	207,008 (1,794) (109)	579,640	33.33 & 20
Vehicles	212,874	31,696 (29,420) (30)	215,120	95,972	44,491 (15,486) (46)	124,931	20
	<u>2,389,195</u>	<u>403,750 (31,890) (1,469)</u>	<u>2,759,586</u>	<u>659,802</u>	<u>340,451 (17,579) (203)</u>	<u>982,471</u>	<u>1,777,115</u>

11.2.1 Depreciation amounting to Rs. 340,248 million has been reported in administrative expenses, (refer note 25), after adjusting the amounts as referred to in note 11.2.

11.2.2 The cost of fully depreciated furniture and fixture, office and computer equipment still in use amounted to Rs. 80.701 million.

## 11.3 Intangible assets

	2015						
	Cost			Accumulated amortization		Book value as at December 31, 2015	Rate of Amortization %
	As at January 01, 2015	Additions / (disposals)	As at December 31, 2015	As at January 01, 2015	Amortization for the year		
(Rupees in '000)							
Software	130,343	32,974	163,317	59,990	30,769	90,759	20
	<u>130,343</u>	<u>32,974</u>	<u>163,317</u>	<u>59,990</u>	<u>30,769</u>	<u>90,759</u>	<u>72,558</u>

## 11.4 Disposals

Details of disposal of operating fixed assets having cost of more than Rs. 1,000,000/- or net book value of Rs.250,000/- or above are given below:





	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of buyers
----- Rupees in '000 -----						
<b>Motor vehicles</b>						
Mercedes Benz	22,053	8,821	13,232	13,232	As per Bank Policy	Muhammad Bilal Sheikh (Ex CEO)
Toyota Corrola Altis	1,830	1,800	30	30	As per Bank Policy	Muhammad Bilal Sheikh (Ex CEO)
Honda Civic	1,794	1,793	1	1	As per Bank Policy	Khawaja Tajammul Hussain (Employee)
Toyota Corrola 2.0D	1,439	1,367	72	288	As per Bank Policy	Mamnoon Ahmed Alvi (Ex Employee)
Toyota Corrola XLI	1,394	1,022	372	372	As per Bank Policy	Syed Aftab Ahmed (Ex Employee)
	<b>28,510</b>	<b>14,803</b>	<b>13,707</b>	<b>13,923</b>		
Aggregate of disposals not meeting criteria	3,380	2,776	604	1,168	Various	Various
<b>December 31, 2015</b>	<b>31,890</b>	<b>17,579</b>	<b>14,311</b>	<b>15,091</b>		

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

2015  
(Rupees in '000)

### Deductible temporary differences on:

- Provision against advances - general
- Provision for diminution in the value of investments
- Pre incorporation expenses

(875,000)  
(171)  
(1,127)  
(876,298)

### Taxable temporary differences on:

- Operating fixed assets - tangible
- Operating fixed assets - intangible
- Surplus / (deficit) on revaluation of investments

155,266  
10,519  
408,626  
574,411  
(301,887)

### 12.1 Reconciliation of deferred tax

2015

	Balance as at January 01, 2015	Recognised in profit and loss account	Recognised in other Comprehensive income	Balance as at December 31, 2015
----- (Rupees in '000) -----				
Deductible temporary differences on:				
- Deficit on revaluation of investments	-	-	-	-
- Provision against advances - general	-	(875,000)	-	(875,000)
- Provision for diminution in the value of investments	-	(171)	-	(171)
- Provision for other assets	(1,546)	419	-	(1,127)
	(1,546)	(874,752)	-	(876,298)
Taxable temporary differences on:				
- Operating fixed assets - tangible	177,215	(21,949)	-	155,266
- Operating fixed assets - intangible	13,609	(3,090)	-	10,519
- Surplus on revaluation of investments	713,429	-	(304,803)	408,626
	904,253	(25,039)	(304,803)	574,411
	902,707	(899,791)	(304,803)	(301,887)

### Deductible temporary differences on:

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

### Taxable temporary differences on:

- Operating fixed assets - tangible
- Operating fixed assets - intangible
- Surplus on revaluation of investments

## 13 OTHER ASSETS - net

2015  
Note (Rupees in '000)

Accrued income on bank deposits, investments, COIs placements and advances	3,638,383
Accrued commission income	5,337
Advances, deposits, advance rent and other prepayments	350,341
Receivable against sale of shares	133,979
Insurance premium receivable against agriculture loans	54,448
Stationery and stamps on hand	2,789
Receivable against I Link ATM settlement account	59,901
Insurance claims receivable	1,407
Other receivables	6,810
	<b>4,253,395</b>
Provision held against other assets	13.1 -
	<b>4,253,395</b>

### 13.1 Provision held against other assets

Opening balance	4,418
Reversals during the year	(4,418)
Closing balance	-

## 14 BILLS PAYABLE

In Pakistan	288,681
Outside Pakistan	-
	<b>288,681</b>

## 15 BORROWINGS

In Pakistan	27,160,697
Outside Pakistan	-
	<b>27,160,697</b>

### 15.1 Particulars of borrowings by currency

In local currency	27,160,697
In foreign currency	-
	<b>27,160,697</b>

### 15.2 Details of borrowings

<b>Secured</b>	
Borrowings from State Bank of Pakistan under export refinance scheme	15.2.1 1,571,771
Repurchase agreement borrowings	
- State Bank of Pakistan	15.2.2 22,088,926
- Other commercial banks / DFI's	-
	<b>22,088,926</b>

### Unsecured

Call borrowings	15.2.3 3,500,000
	<b>27,160,697</b>

15.2.1 These carry mark-up at the rate of 3.50% per annum having maturity upto six months.

15.2.2 These carry mark-up at the rate of 6.25% per annum maturing in January 2016.

15.2.3 These represent call money borrowings from commercial banks at the rate of 6.40 % per annum with maturity in February 2016.





16	DEPOSITS AND OTHER ACCOUNTS	Note	2015 (Rupees in '000)
	<b>Customers</b>		
	Fixed deposits		28,145,127
	Savings deposits		28,795,581
	Current accounts - non-remunerative		22,722,693
	Margin and other accounts - non-remunerative		1,273,544
			<u>80,936,945</u>
	<b>Financial Institutions</b>		
	Remunerative deposits		2,945,147
	Non-remunerative deposits		38,708
			<u>2,983,855</u>
		16.1	<u>83,920,800</u>
16.1	<b>Particulars of deposits by currency</b>		
	In local currency	16.2	82,067,650
	In foreign currency		1,853,150
			<u>83,920,800</u>
16.2	The above includes deposits amounting to Rs.15,688 billion received through the Finance Department, Government of Sindh.		
17	<b>OTHER LIABILITIES</b>	Note	2015 (Rupees in '000)
	Mark-up / return/ interest payable in local currency		1,238,986
	Mark-up / return/ interest payable in foreign currency		7,123
	Unearned commission on LCs		5,094
	Net defined benefit liability	31.1.2	49,286
	Payable to employees' provident fund		221
	Provision for compensated absences		63,498
	Payable against forward forex revaluation - net		12,931
	Accrued expenses		82,543
	Payable against purchase of assets		94,916
	Payable against purchase of shares		142,025
	Retention money - suppliers / contractors		66,153
	Federal excise duty / sales tax on services payable		4,481
	Provision for taxation-net		153,689
	Withholding tax payable		10,166
	Others		29,021
			<u>1,960,133</u>

18	SHARE CAPITAL	Note	2015 (Rupees in '000)
18.1	<b>Authorised share capital</b>		
			2015
	<b>Number of shares</b>		
	<u>1,000,000,000</u> Ordinary shares of Rs. 10/- each		<u>10,000,000</u>
18.2	<b>Issued, subscribed and paid-up share capital</b>		
	<u>1,000,000,000</u> Ordinary shares of Rs. 10/- each fully paid in cash		<u>10,000,000</u>
18.3	The Government of Sindh, through its Finance Department, owns 100% ordinary shares of the Bank.		
18.4	The State Bank of Pakistan (SBP) granted license to the Bank to conduct business subject to the certain conditions which, inter alia, includes that the Bank shall get listed on the stock exchange within three years from the date of commencement of business i.e. till April 06, 2014. Further extension of one year has been granted by SBP vide letter No. BPRD (LD-06)/602-Sindh Bank/2014-7697 upto April 30, 2015. On March 18, 2015 the Bank again applied for extension of one year upto April 2016.		
19	<b>SURPLUS ON REVALUATION</b>	Note	2015 (Rupees in '000)
	<b>Net of deferred tax</b>		
	<b>Available-for-sale securities</b>		
	Federal government securities		1,517,228
	Ordinary shares - Listed		(274,417)
	Units of mutual funds (units / certificates)		(51,516)
	Sukuk Certificates		(11,429)
	Term finance certificates		(20,115)
		9.1	<u>1,159,751</u>
	Reversal of impairment on shares of listed companies		7,755
			<u>1,167,506</u>
	Related deferred taxation	12.1	(408,627)
			<u>758,879</u>
20	<b>CONTINGENCIES AND COMMITMENTS</b>		
20.1	<b>Direct credit substitutes</b>		
	Includes general guarantees of indebtedness in favor of :		
	Government		80,000
	Banking companies and other financial institutions		26,228
	Others		3,364,791
			<u>3,471,019</u>





	2015 (Rupees in '000)
<b>20.2 Trade related contingent liabilities</b>	
- Others	<u>3,214,204</u>
<b>20.3 Commitments to extend credit</b>	
The Bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.	
<b>20.4 Transaction related contingent liabilities</b>	
Contingent liabilities in respect of guarantees given, favoring Others	<u>108,115</u>
<b>20.5 Commitments in respect of forward rate agreements - currency</b>	
- Purchase	<u>12,728,132</u>
- Sale	<u>12,153,946</u>
<b>20.6 Commitments in respect of repo / call money transactions</b>	
- Sale and repurchase agreements	<u>22,092,708</u>
- Purchase and resale agreements	<u>-</u>
- Call money lending	<u>-</u>
<b>21 MARK-UP / RETURN / INTEREST EARNED</b>	
On loans and advances to:	
Customers	4,063,754
On investments in:	
Held-for-trading securities	240
Available-for-sale securities	4,749,357
Held-to-maturity securities	1,009,691
On deposits with financial institutions	68,764
On securities purchased under resale agreements	131,106
On call / clean lending	106,210
	<u>10,129,122</u>
<b>22 MARK-UP / RETURN / INTEREST EXPENSED</b>	
Deposits	3,943,232
Securities sold under repurchase agreements	1,425,781
Other short term borrowings	279,191
	<u>5,648,204</u>
<b>23 GAIN ON SALE OF SECURITIES - net</b>	
<b>Federal government securities</b>	
- Market treasury bills	750
- Pakistan investment bonds	2,636,197
<b>Others</b>	
- Units in mutual funds	20,272
- Shares of listed companies	405,234
- Other investments	100
	<u>3,062,553</u>

	2015 Note (Rupees in '000)
<b>24 OTHER INCOME</b>	
Prequalification application fee for tender	171
Gain on sale of operating fixed assets	780
Excess insurance claim received	1,786
Others	2,992
	<u>5,729</u>
<b>25 ADMINISTRATIVE EXPENSES</b>	
Salaries, allowances and benefits	1,541,008
Contribution to defined benefit plan	31.1.4 36,662
Contribution to defined contribution plan	31.2 43,795
Non-Executive Director's fee	10,470
Rent, taxes, insurance, electricity, etc.	639,375
Legal and professional charges	10,635
Communications	99,218
Repairs and maintenance	151,543
Stationery and printing	75,502
Security service charges	188,728
Advertisement and publicity	55,612
Donation	25.1 11,000
Depreciation	11.2 340,248
Amortization	11.3 30,769
Auditors remuneration	25.2 8,436
Travelling and conveyance	24,344
Brokerage and commission	13,423
Fees and subscription	37,754
Entertainment	27,270
Miscellaneous expense	22,332
	<u>3,368,124</u>
<b>25.1</b> None of the directors, executives or their spouses had any interest in the donee. Details of donations given in excess of Rs. 100,000 are given below:	
<b>Donee</b>	
Aga Khan Hospital and Medical College Foundation	1,000
Sindh Institute of Urology and Transplantation (SIUT)	10,000
	<u>11,000</u>
<b>25.2 Auditors' remuneration</b>	
Audit fee	1,989
Half yearly review	1,025
Certifications and other advisory services	1,560
Corporate finance services	3,150
Out of pocket expenses	712
	<u>8,436</u>





25.3 The Bank operates a short term employee benefit scheme which includes grant of special bonus to employees. Under this scheme, the special bonus for employees, including the President & Chief Executive Officer of the Bank is determined on the basis of employees evaluation and the Bank's performance during the year. The aggregate amount determined for eligible employees in respect of the above scheme relating to Executives and President & Chief Executive Officer of the Bank amounted to Rs.26.217 million and Rs.28.392 million respectively and is included in salaries, allowances and benefits.

		2015
	Note	(Rupees in '000)
<b>26 OTHER CHARGES</b>		
Penalties imposed by the SBP		<u>13,791</u>
<b>27 TAXATION</b>		
Current		1,626,663
Prior years		102,556
Deferred	12.1	<u>(899,791)</u>
		<u>829,428</u>
<b>27.1 Relationship between tax expense and accounting profit</b>		
Profit before tax		2,074,904
Tax on income @ 35%		726,216
Prior years tax due to amendment in Finance bill		36,722
Tax at reduced rate		-
Effect of permanent differences		655
Adjustment of one time super tax for 2015		65,835
Reversal of impairment		-
		<u>829,428</u>
<b>28 BASIC AND DILUTED EARNINGS PER SHARE</b>		
Profit after taxation		<u>1,245,476</u>
Weighted average number of ordinary shares		<u>1,000,000,000</u>
Basic and diluted earnings per share - Rupees		1.25
<b>29 CASH AND CASH EQUIVALENTS</b>		
Cash and balances with treasury banks	6	5,297,618
Balances with other banks	7	<u>1,086,079</u>
		<u>6,383,697</u>
<b>30 STAFF STRENGTH (numbers)</b>		
Permanent		1,462
Temporary / on contractual basis		173
Bank's own staff at the end of the year		<u>1,635</u>
Outsourced		359
Total staff strength	30.1	<u>1,994</u>

30.1 This represents personnel hired by an outside contractor / agency and posted in the Group to perform various tasks / activities of the Group.

### 31 DEFINED BENEFIT AND CONTRIBUTION PLANS

#### 31.1 Defined benefit plan

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

##### 31.1.1 Principal actuarial assumptions

The latest actuarial valuation was carried out as at December 31, 2015 using the Projected Unit Credit Method actuarial cost. Following are the significant assumptions used in the actuarial valuation:

		2015
	Note	(Rupees in '000)
- Discount rate		10.00%
- Expected rate of increase in salaries		9.50%
<b>31.1.2 Reconciliation of net defined benefit liability</b>		
Present value of defined benefit obligations	31.1.5	118,574
Fair value of plan assets	31.1.6	<u>(69,288)</u>
Payable to defined benefit plan	31.1.3	<u>49,286</u>
<b>31.1.3 Movement in net defined benefit liability</b>		
Opening balance		34,878
Charge to profit and loss during the year	31.1.4	36,662
Remeasurement loss recognized in OCI	31.1.4	12,624
Bank's contribution		<u>(34,878)</u>
Closing balance		<u>49,286</u>
<b>31.1.4 Charge for defined benefit plan</b>		
<b>In profit and loss</b>		
Current service cost		34,700
Interest cost - net		1,962
Charge for the year		<u>36,662</u>
<b>In other comprehensive income</b>		
Remeasurement loss on defined benefit obligation		11,089
Remeasurement loss on plan assets		1,535
		<u>12,624</u>
<b>31.1.5 Changes in present value of defined benefit obligation</b>		
Opening balance		74,948
Current service cost		34,700
Interest cost		7,867
Benefits paid		<u>(10,030)</u>
Actuarial loss on obligation		-
- Demographic assumptions		5,515
- Financial assumptions		5,574
- Experience assumptions		<u>11,089</u>
Closing balance		<u>118,574</u>





31.1.6 Changes in fair value of plan assets	Note	2015 (Rupees in '000)
Fair value of plan assets as at the beginning of the year		40,070
Expected return on plan assets		5,905
Bank's contribution		34,878
Benefits paid		(10,030)
Actuarial loss on assets		
- Experience assumptions		(1,535)
Fair value of plan assets at the end of the year	31.1.7	<u>69,288</u>

### 31.1.7 Plan assets comprise:

Balance held in bank accounts	<u>69,288</u>
-------------------------------	---------------

### 31.1.8 Sensitivity analysis

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

	2015 (Rupees in '000)
Discount rate (1% variation)	<u>104,951</u>
Future salary growth (1% variation)	<u>135,576</u>
Future mortality (1 year variation)	<u>118,575</u>

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of sensitivity of the assumptions shown.

31.1.9 The expected gratuity expense for the year commencing January 01, 2016 works out to Rs. 43.490 million.

### 31.1.10 Maturity analysis:

The weighted average duration of the defined benefit obligation works out to be 14.04 years. Expected benefit payments for the next five years are:

	2016	2017	2018	2019	2020
	-----Rupees '000-----				
Expected benefit payments	6,914	5,876	4,556	6,935	7,704

### 31.2 Defined contribution plan

The Group operates a recognised provident fund scheme for all its permanent employees. Equal monthly contributions are made, both by the Group and its employees, to the fund at the rate of 10.00% of basic salaries of the employees. The minimum qualifying period of service for the purpose of the Group's contribution is one year. The contribution made by the Group and its employees during the year amounted to Rs. 87.37 million. The number of employees as at December 31, 2015 eligible under the scheme were 1271.

### 32 COMPENSATED ABSENCES

The Bank grants compensated absences to all its regular employees as per service rules. Regular employees are entitled to 30 days privilege leave for each completed year of service. Unutilized privilege leaves are accumulated upto a maximum of 60 days which could be encashed at the time of retirement from the regular service of the Group or severance of service except dismissal. These are encashable on the basis of last drawn gross salary. Minimum qualifying period for encashment is three years of service.

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

	President & Chief Executive Officer *	Directors	Executives
2015 ----- (Rupees in '000) -----			
Fees	-	10,470	-
Managerial remuneration	33,069	-	293,182
Charge for defined benefit plan	2,939	-	27,155
Contribution for defined contribution plan	2,936	-	19,512
Rent and house maintenance	14,881	-	131,931
Utilities	3,307	-	29,318
Medical	3,307	-	29,318
Conveyance	573	-	71,981
Bonus	5,507	-	48,156
Others	13,830	588	37,256
	<u>80,349</u>	<u>11,058</u>	<u>687,809</u>
Number of person(s)	<u>3</u>	<u>8</u>	<u>271</u>

\* This includes Rs. 72.876 million (including terminal benefits) paid to the outgoing President & Chief Executive Officer of the Bank during the year.

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

33.2 Executives mean employees, other than the Chief Executive Officer and Directors, whose basic salary exceeds five hundred thousand rupees in a financial year.

33.3 In addition to the above, all executives, including the President & Chief Executive Officer also entitled to bonus which is disclosed in note 25.3 to these consolidated financial statements.

### 34 FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of traded investments is based on quoted market prices, except for tradeable securities classified by the Group as 'held to maturity'. Quoted securities classified as held to maturity are carried at cost. Fair value of unquoted equity investments other than investments in associates and subsidiaries is determined on the basis of break up value of these investments as per the latest available audited financial statements.

Fair value of fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Group's accounting policy as stated in note 5 to these financial statements.

The maturity and repricing profile and effective rates are stated in notes 38.3.5, 38.4.1 and 38.4.2 respectively.

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 re-priced.

34.1 The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurement:

**Level I:** Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.





**Level 2:** Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3:** Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

**34.2** The Group's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred. There were no transfers between levels 1 and 2 during the year.

**(a) Financial instruments in level 1**

Financial instruments included in level 1 comprise of investments in listed ordinary shares and units of mutual funds.

**(b) Financial instruments in level 2**

Financial instruments included in level 2 comprise of Sukuk Bonds, Pakistan Investment Bonds, Market Treasury Bills, Term Finance Certificates and Forward Exchange Contracts.

**(c) Financial instruments in level 3**

Currently, no financial instruments are classified in level 3

**34.3** 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.

Carrying value	2015			Total	
	Fair value				
	Level 1	Level 2	Level 3		
----- (Rupees in '000) -----					
<b>On balance sheet financial instruments</b>					
<b>Financial assets measured at fair value</b>					
<b>Available-for-sale securities</b>					
Pakistan investment bonds	42,563,182	-	42,563,182	-	42,563,182
Market treasury bills	14,747,575	-	14,747,575	-	14,747,575
Shares of listed companies	1,889,395	1,889,395	-	-	1,889,395
Term finance certificates	477,462	-	477,462	-	477,462
Units of mutual funds	444,879	444,879	-	-	444,879
Sukuk bonds	769,403	-	769,403	-	769,403
<b>Financial assets not measured at fair value</b>					
Cash and balances with treasury banks	5,297,618	-	-	-	-
Balances with other banks	1,086,079	-	-	-	-
Lendings to financial institutions	1,450,000	-	-	-	-
<b>Held to maturity investments</b>					
Pakistan investment bonds	7,444,973	-	-	-	-
GoP - Ijarah sukuk	239,780	-	-	-	-
GIS - Bai Muajal	232,880	-	-	-	-
Listed preference shares	249,961	-	-	-	-
Unlisted preference shares	360,260	-	-	-	-
Listed term finance certificates	224,495	-	-	-	-
Advances	44,169,089	-	-	-	-
Other assets	4,253,395	-	-	-	-
	<u>125,900,426</u>	<u>2,334,274</u>	<u>58,557,622</u>	<u>-</u>	<u>60,891,896</u>
<b>Financial liabilities not measured at fair value</b>					
Bills payable	288,68	-	-	-	-
Borrowings	27,160,697	-	-	-	-
Deposits and other accounts	83,920,800	-	-	-	-
Other liabilities	1,960,133	-	-	-	-
	<u>113,330,311</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Off balance sheet financial instruments</b>					
Foreign exchange contracts purchase	-	-	12,685,104	-	12,685,104
Foreign exchange contracts sale	-	-	12,162,392	-	12,162,392





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

Item	Valuation techniques and input used
Fully paid-up ordinary shares /Close end mutual funds	Fair values of investments in listed equity securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange.
Open ended mutual funds	Fair values of investments in units of open ended mutual funds are determined 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 of GoP Ijarah Sukuks are derived using the PKISRV rates announced by the Financial Market Association (FMA) through Reuters. These rates denote an average of quotes received from eight different pre-defined / approved dealers / brokers
Term Finance, Bonds and Sukuk certificates	Investments in debt securities (comprising of 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. In the determination of the rates, the MUFAP takes into account the holding pattern of these securities and categorises these as traded, thinly traded and non-traded securities.

### 35 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The Group is in the process of structuring its key business areas in various segments in a manner that each segment becomes a distinguishable component of the Group that is engaged in providing products or services (business segment), which is subject to risks and rewards that are different from those of other segments. The business segments within the Group have been broadly categorized into the following classifications in accordance with the requirements of the State Bank of Pakistan.

#### Business segments

##### a) Corporate Finance

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

##### b) Trading and sales

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

##### c) Retail Banking

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

##### d) Commercial Banking and others

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

#### Geographical segments

The Group operates only in Pakistan.

Based on the above structure, the segment information for the year ended December 31, 2015 is given below:

	2015				Total
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	
	----- (Rupees in '000) -----				
Total income	9,235,946	-	-	4,385,014	13,620,960
Inter segment revenue - net	(3,772,312)	-	-	3,772,312	-
Total income - net	5,463,634	-	-	8,157,326	13,620,960
Total expenses	(1,783,499)	-	-	(9,762,557)	(11,546,056)
Net income / (loss) before tax	3,680,135	-	-	(1,605,231)	2,074,904
Segment assets	76,191,806	-	-	51,912,108	128,103,914
Segment liabilities	25,781,179	-	-	87,549,132	113,330,311
Segment return on assets (%)*	13.19%	-	-	10.30%	-
Segment cost of funds (%)*	8.17%	-	-	5.11%	-

\* Includes inter-segment revenue / cost.

### 36 RELATED PARTY TRANSACTIONS

The related parties of the Group comprise associated undertakings, directors, staff retirement funds and key management personnel (including their associates).

Usual transactions with related parties includes deposits, advances and other banking services which are carried out in accordance with agreed terms. Transaction with executives are undertaken at terms in accordance with employment agreements and service rules.

Contributions to and accruals in respect of staff retirement benefit plans are made in accordance with the terms of the benefit plan. Remuneration of the Chief Executive Officer and Directors are determined in accordance with the terms of their appointment.

Government of Sindh (the GoS) through its Finance Department holds owns 100% 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 Group in the ordinary course of business enters into transaction with Government-related entities. Such transactions include lending to, deposits from and provision of other banking services to Government related 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:

	2015			
	Key management personnel	Directors	Associates / subsidiaries	Other related parties
	----- (Rupees in '000) -----			
<b>Advances</b>				
Balance at the beginning of the year	18,445	-	-	375,000
Disbursed during the year	21,917	-	-	-
Repaid during the year	(8,882)	-	-	(78,125)
Balance at the end of the year	31,480	-	-	296,875





	2015			
	Key management personnel	Directors	Associates / subsidiaries	Other related parties
	----- (Rupees in '000) -----			
<b>Deposits</b>				
Balance at the beginning of the year	72,032	15,516	-	2,556,369
Received during the year	439,183	27,088	-	5,862,030
Withdrawals during the year	(458,746)	(22,808)	-	(27,960,451)
Balance at the end of the year	52,469	19,796	-	457,948
Purchase of Government securities	-	-	-	4,606,075
Investment in shares	-	-	-	-
Sale of Government securities	-	-	-	330,813
Expenses recovered under agency arrangement	-	-	-	518
Mark-up receivable	21	-	-	6,813
Profit payable	572	123	-	6,343
Insurance premium paid	-	-	-	22,773
	Year ended December 31, 2015			
	----- (Rupees in '000) -----			
Mark-up / interest / return earned	952	-	-	33,258
Mark-up / interest / return expensed	3,407	1,155	-	128,851
Gain on sale of Government securities	-	-	-	153
Rental income	-	-	-	1,200
Remuneration paid	161,127	-	-	-
Contribution to provident fund	5,841	-	-	-
Provision for gratuity	7,551	-	-	-
Other staff benefits	30,995	-	-	-
Directors' meeting fee	-	10,470	-	-
Other Expenses	-	588	-	-

As at the date of consolidated statement of financial position, loans/advances, deposits and contingencies related to government related entities amounted to Rs. 9,410 million, Rs. 39,160 million (note 16.2) and Rs. 385 million (note 20) respectively. The above includes deposits amounting to Rs. 15,688 million received through the Finance Department, Government of Sindh.

### 37 CAPITAL ADEQUACY RATIO

37.1 The Basel-III Framework is applicable to the Group both at the consolidated level (comprising of wholly/partially owned subsidiaries & associates) and on a stand alone basis. Subsidiaries are included while calculating Consolidated Capital Adequacy for the Group using full consolidation method whereas associates in which the Group has significant influence on equity method. Standardized Approach is used for calculating the Capital Adequacy for Credit and Market risk, whereas, Basic Indicator Approach (BIA) is used for Operational Risk Capital Adequacy purposes.

#### 37.2 Capital Management

##### Objectives and goals of managing capital

The Group manages its capital to attain the following objectives and goals:

- an appropriately capitalized status, as defined by banking regulations;
- acquire strong credit ratings that enable an optimized funding mix and liquidity sources at lesser costs;

- cover all risks underlying business activities;
- retain flexibility to harness future investment opportunities; build and expand even in stressed times.

##### Statutory minimum capital requirement and Capital Adequacy Ratio

The State Bank of Pakistan through BSD Circular No.07 of 2009 dated April 15, 2009 required the minimum paid up capital (net of losses) for all locally incorporated banks to be raised to Rs. 10 billion by the year ended on December 31, 2015. The raise was to be achieved in a phased manner. The paid up capital of the Group for the year ended December 31, 2015 stands at Rs. 10 billion and is in compliance with the SBP requirement.

The Capital Adequacy Ratio of the Group is subject to the Basel-III capital adequacy guidelines stipulated by the State Bank of Pakistan through BPRD Circular No.06 of 2013 dated August 15, 2013. These requirements are applicable from December 31, 2013 with full implementation in a phased manner intended by December 31, 2019. Under the Basel-III guidelines, banks are required to maintain the following ratios on an ongoing basis:

##### Phase-in arrangement and full implementation of the minimum capital requirement:

S. No.	Ratio	Year ended				
		2015	2016	2017	2018	2019
1	CET I	6.00%	6.00%	6.00%	6.00%	6.00%
2	ADT-I	1.50%	1.50%	1.50%	1.50%	1.50%
3	Tier-I	7.50%	7.50%	7.50%	7.50%	7.50%
4	Total Capital	10.00%	10.00%	10.00%	10.00%	10.00%
5	CCB *	0.25%	0.65%	1.275%	1.90%	2.50%
6	Total Capital plus CCB	10.25%	10.65%	11.275%	11.90%	12.50%

\* Consisting of CET I only

Bank's regulatory capital is analysed into the following three tiers:

- Common Equity Tier I Capital (CETI), which includes fully paid up capital (including bonus shares), balance in share premium account, general reserves, statutory reserves as per the financial statements and net unappropriated profits after all regulatory adjustments applicable on CETI (refer to note 37.3).
- Additional Tier I Capital (ATI), which includes perpetual non-cumulative preference shares and share premium resulting from the issuance of preference shares, balance in share premium account after all regulatory adjustment applicable on ATI (refer to note 37.3)
- Tier capital, which includes Subordinated debt/Instruments, share premium on issuance of instruments included in Tier-2, general provisions for loan losses (up to a maximum of 1.25% of credit risk weighted assets), Net of tax reserves on revaluation of fixed assets and equity investments up to a maximum, of 45% of the balance and foreign exchange translation reserves after all regulatory adjustments applicable on Tier-2 (refer to note 37.3).

The required capital adequacy ratio (10.25% of the risk-weighted assets) has been achieved by the Group through improvement in asset quality at the existing volumes ensuring better recovery management and composition of asset mix with low risk. Banking operations are categorized as either trading book or banking book and risk-weighted assets are determined according to specified requirements of the State Bank of Pakistan that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures. The total risk-weighted exposures comprise of the credit risk, market risk and operational risk.





Basel-III Framework enables a more risk-sensitive regulatory capital calculation to promote long term viability of the Bank. As the Group carries on business on a wide area network basis, it is critical that it is able to continuously monitor the exposure across the entire organization and aggregate the risks so as to take an integrated approach/view. Maximization of the return on risk-adjusted capital is the principal basis to be used in determining how capital is allocated within the Bank to particular operations or activities.

The Group remained compliant with all externally imposed capital requirements throughout the year. Further, there has been no material change in the Group's management of capital during the year.

		2015 Rupees in '000
<b>37.3</b>	<b>Capital Adequacy</b>	
	<b>Common Equity Tier I capital (CET I): Instruments and reserves</b>	
1	Fully Paid-up Capital/ Capital deposited with SBP	10,000,000
2	Balance in Share Premium Account	-
3	Reserve for issue of Bonus Shares	-
4	Discount on Issue of shares	-
5	General/ Statutory Reserves	925,638
6	Gain/(Losses) on derivatives held as Cash Flow Hedge	-
7	Unappropriated/unremitted profits/ (losses)	3,089,085
8	Minority Interests arising from CET I capital instruments issued to third parties by consolidated bank subsidiaries (amount allowed in CET I capital of the consolidation group)	-
<b>9</b>	<b>CET I before Regulatory Adjustments</b>	<b>14,014,723</b>
10	Total regulatory adjustments applied to CET I (Note 37.4.1)	(538,987)
<b>11</b>	<b>Common Equity Tier I</b>	<b>13,475,736</b>
	<b>Additional Tier I (AT I) Capital</b>	
12	Qualifying Additional Tier-I capital instruments plus any related share premium	-
13	of which: Classified as equity	-
14	of which: Classified as liabilities	-
15	Additional Tier-I capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group AT I)	-
16	of which: instrument issued by subsidiaries subject to phase out	-
<b>17</b>	<b>ATI before regulatory adjustments</b>	<b>-</b>
18	Total regulatory adjustment applied to AT I capital (Note 37.4.2)	-
19	Additional Tier I capital after regulatory adjustments	-
<b>20</b>	<b>Additional Tier I capital recognized for capital adequacy</b>	<b>-</b>
<b>21</b>	<b>Tier I Capital (CET I + admissible AT I) (11+20)</b>	<b>13,475,736</b>
	<b>Tier 2 Capital</b>	
22	Qualifying Tier 2 capital instruments under Basel III plus any related share premium	-
23	Tier 2 capital instruments subject to phaseout arrangement issued under pre-Basel 3 rules	-
24	Tier 2 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group tier 2)	-
25	of which: instruments issued by subsidiaries subject to phase out	-
26	General provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	534,623
27	Revaluation Reserves (net of taxes)	-
28	of which: Revaluation reserves on fixed assets	-
29	of which: Unrealized gains/losses on AFS	758,879
30	Foreign Exchange Translation Reserves	-
31	Undisclosed/Other Reserves (if any)	-
<b>32</b>	<b>T2 before regulatory adjustments</b>	<b>1,293,502</b>

		2015 Rupees in '000
33	Total regulatory adjustment applied to T2 capital (Note 37.4.3)	120,155
34	Tier 2 capital (T2) after regulatory adjustments	1,173,347
35	Tier 2 capital recognized for capital adequacy	1,173,347
36	Portion of Additional Tier I capital recognized in Tier 2 capital	-
<b>37</b>	<b>Total Tier 2 capital admissible for capital adequacy</b>	<b>1,173,347</b>
<b>38</b>	<b>TOTAL CAPITAL (T1 + admissible T2) (21+37)</b>	<b>14,649,083</b>
<b>39</b>	<b>Total Risk Weighted Assets (RWA) {for details refer Note 37.7}</b>	<b>71,785,607</b>
	<b>Capital Ratios and buffers (in percentage of risk weighted assets)</b>	
<b>40</b>	<b>CET I to total RWA</b>	<b>18.77%</b>
<b>41</b>	<b>Tier-I capital to total RWA</b>	<b>18.77%</b>
<b>42</b>	<b>Total capital to total RWA</b>	<b>20.41%</b>
43	Bank specific buffer requirement (minimum CET I requirement plus capital conservation buffer plus any other buffer requirement)	6.00%
44	of which: capital conservation buffer requirement	0.00%
45	of which: countercyclical buffer requirement	0.00%
46	of which: D-SIB or G-SIB buffer requirement	0.00%
47	CET I available to meet buffers (as a percentage of risk weighted assets)	12.77%
	<b>National minimum capital requirements prescribed by SBP</b>	
<b>48</b>	<b>CET I minimum ratio</b>	<b>6.00%</b>
<b>49</b>	<b>Tier I minimum ratio</b>	<b>7.50%</b>
<b>50</b>	<b>Total capital minimum ratio</b>	<b>10.00%</b>
<b>51</b>	<b>Total capital minimum ratio plus CCB</b>	<b>10.25%</b>





37.4 Regulatory Adjustments and Additional Information:

	2015			2015	
	Amount	Amounts subject to Pre- Basel III treatment		Amount	Amounts subject to Pre- Basel III treatment
	----- Rupees in '000 -----			----- Rupees in '000 -----	
<b>37.4.1 Common Equity Tier I capital: Regulatory adjustments</b>					
1 Goodwill (net of related deferred tax liability)	-	-	28 Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from additional tier-1 capital	-	-
2 All other intangibles (net of any associated deferred tax liability)	62,039	62,039	29 Adjustments to Additional Tier I due to insufficient Tier 2 to cover deductions	-	-
3 Shortfall in provisions against classified assets	-	-	<b>30 Total regulatory adjustment applied to AT1 capital (sum of 23 to 29)</b>	-	-
4 Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-	<b>37.4.3 Tier 2 Capital: regulatory adjustments</b>		
5 Defined-benefit pension fund net assets	-	-	31 Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	-	-
6 Reciprocal cross holdings in CET1 capital instruments of banking, financial and insurance entities	-	-	32 Reciprocal cross holdings in Tier 2 instruments of banking, financial and insurance entities	-	-
7 Cash flow hedge reserve	-	-	33 Investment in own Tier 2 capital instrument	-	-
8 Investment in own shares/ CET1 instruments	-	-	34 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	120,155	48,062
9 Securitization gain on sale	-	-	35 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-
10 Capital shortfall of regulated subsidiaries	-	-	<b>36 Total regulatory adjustment applied to T2 capital (sum of 31 to 35)</b>	120,155	48,062
11 Deficit on account of revaluation from bank's holdings of fixed assets/ AFS	-	-			
12 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	476,948	190,779	<b>37.4.4 Additional Information</b>		
13 Significant investments in the common stocks of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-	Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre-Basel III Treatment)		
14 Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-	(i) of which: deferred tax assets	-	-
15 Amount exceeding 15% threshold	-	-	(ii) of which: Defined-benefit pension fund net assets	-	-
16 of which: significant investments in the common stocks of financial entities	-	-	(iii) of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is less than 10% of the issued common share capital of the entity	1,992,372	
17 of which: deferred tax assets arising from temporary differences	-	-	(iv) of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is more than 10% of the issued common share capital of the entity	-	
18 National specific regulatory adjustments applied to CET1 capital	-	-		1,992,372	
19 Investments in TFCs of other banks exceeding the prescribed limit	-	-	<b>Amounts below the thresholds for deduction (before risk weighting)</b>		
20 Any other deduction specified by SBP	-	-	38 Non-significant investments in the capital of other financial entities	-	
21 Adjustment to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-	-	39 Significant investments in the common stock of financial entities	-	
<b>22 Total regulatory adjustments applied to CET1 (sum of 1 to 21)</b>	<b>538,987</b>	<b>252,818</b>	40 Deferred tax assets arising from temporary differences (net of related tax liability)	301,887	
				301,887	
<b>37.4.2 Additional Tier-I &amp; Tier-I Capital: regulatory adjustments</b>			<b>Applicable caps on the inclusion of provisions in Tier 2</b>		
23 Investment in mutual funds exceeding the prescribed limit [SBP specific adjustment]	-	-	41 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	-	
24 Investment in own AT1 capital instruments	-	-			
25 Reciprocal cross holdings in Additional Tier I capital instruments of banking, financial and insurance entities	-	-			
26 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-			
27 Significant investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-			





	2015 Rupees in '000
42 Cap on inclusion of provisions in Tier 2 under standardized approach	-
43 Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-
44 Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-

### 37.5 Capital Structure Reconciliation

	As per published financial statements	Under regulator scope of reporting
<b>Step 1</b>		
<b>December 31, 2015</b>		
<b>Rupees in '000</b>		
<b>Assets</b>		
Cash and balances with treasury banks	5,297,618	5,297,618
Balanced with other banks	1,086,079	1,086,079
Lendings to financial institutions	1,450,000	1,450,000
Investments - net	69,644,245	69,644,245
Advances - net	44,169,089	44,169,089
Operating fixed assets	1,901,601	1,901,601
Deferred tax assets - net	301,887	301,887
Other assets - net	4,253,395	4,253,395
<b>Total assets</b>	<b>128,103,914</b>	<b>128,103,914</b>
<b>Liabilities &amp; Equity</b>		
Bills payable	288,681	288,681
Borrowings	27,160,697	27,160,697
Deposits and other accounts	83,920,800	83,920,800
Sub-ordinated loans	-	-
Liabilities against assets subject to finance lease	-	-
Deferred tax liabilities - net	-	-
Other liabilities	1,960,133	1,960,133
<b>Total liabilities</b>	<b>113,330,311</b>	<b>113,330,311</b>
Share capital/ head office capital account	10,000,000	10,000,000
Reserves	925,638	925,638
Depositors' protection fund	761	761
Unappropriated/ unremitted profit/ (losses)	3,088,325	3,088,325
Minority interest	-	-
Surplus on revaluation of assets	758,879	758,879
<b>Total equity</b>	<b>14,773,603</b>	<b>14,773,603</b>
<b>Total liabilities &amp; equity</b>	<b>128,103,914</b>	<b>128,103,914</b>

### Step 2

#### Assets

Cash and balances with treasury banks	5,297,618	5,297,618	
Balanced with other banks	1,086,079	1,086,079	
Lendings to financial institutions	1,450,000	1,450,000	
Investments	69,644,245	69,644,245	
- of which: non-significant capital investments in capital of other financial institutions exceeding 10% threshold	597,104	597,104	a
- of which: significant capital investments in financial sector entities exceeding regulatory threshold	-	-	b
- of which: mutual funds exceeding regulatory threshold	-	-	c
- of which: reciprocal crossholding of capital instrument	-	-	d
- of which: others	69,047,141	69,047,141	e
Advances	44,169,089	44,169,089	
Shortfall in provisions/ excess of total EL amount over eligible provisions under IRB	-	-	f
General provisions reflected in Tier 2 capital	534,624	534,624	g
Fixed assets	1,901,601	1,901,601	
Deferred tax assets	301,887	301,887	
- of which: DTAs excluding those arising from temporary differences	-	-	h
- of which: DTAs arising from temporary differences exceeding regulatory threshold	-	-	i
Other assets	4,253,395	4,253,395	
- of which: goodwill	-	-	j
- of which: intangibles	72,558	72,558	k
- of which: Defined-benefit pension fund net assets	-	-	l
<b>Total assets</b>	<b>128,103,914</b>	<b>128,103,914</b>	

#### Liabilities & Equity

Bills payable	288,681	288,681	
Borrowings	27,160,697	27,160,697	
Deposits and other accounts	83,920,800	83,920,800	
Sub-ordinated loans	-	-	
- of which: eligible for inclusion in AT I	-	-	m
- of which: eligible for inclusion in Tier 2	-	-	n
Liabilities against assets subject to finance lease	-	-	
Deferred tax liabilities	10,519	10,519	
- of which: DTLs related to goodwill	-	-	o
- of which: DTLs related to intangible assets	10,519	10,519	p
- of which: DTLs related to defined pension fund net assets	-	-	q
- of which: other deferred tax liabilities	-	-	r
Other liabilities	1,960,133	1,960,133	
<b>Total liabilities</b>	<b>113,330,311</b>	<b>113,330,311</b>	
<b>Share capital</b>	<b>10,000,000</b>	<b>10,000,000</b>	
- of which: amount eligible for CET I	10,000,000	10,000,000	s
- of which: amount eligible for AT I	-	-	t









Step 3		Source based on reference number from step 2	Source based on reference number from step 2	Step 3		Source based on reference number from step 2	Source based on reference number from step 2
		Rupees in '000	Reference			Rupees in '000	Reference
41	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(ac)	66	Tier 2 capital (T2)	1,173,348	
42	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(ad)	67	Tier 2 capital recognized for capital adequacy	1,173,348	
43	Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from Tier-1 capital	-		68	Excess additional Tier 1 capital recognized in Tier 2 capital	-	
44	Regulatory adjustments applied to additional Tier 1 due to insufficient Tier 2 to cover deductions	-		69	Total Tier 2 capital admissible for capital adequacy	1,173,348	
45	Total of regulatory adjustment applied to AT1 capital	-			<b>Total capital (T1 + admissible T2)</b>	<b>14,649,084</b>	
46	<b>Additional Tier 1 capital</b>	-					
47	<b>Additional Tier 1 capital recognized for capital adequacy</b>	-					
48	<b>Tier 1 Capital (CET1 + admissible AT1)</b>	13,475,736					
	<b>Tier 2 Capital</b>						
49	Qualifying Tier 2 capital instruments under Basel III	-	(n)				
50	Capital instruments subject to phase out arrangement from Tier 2 (Pre-Basel III instruments)	-					
51	Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group Tier 2)	-	(z)				
52	- of which: instruments issued by subsidiaries subject to phase out	-					
53	General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit risk weighted assets	534,624	(g)				
54	Revaluation reserves eligible for Tier 2	758,879					
55	- of which: portion pertaining to Property	-	portion of (aa)				
56	- of which: portion pertaining to AFS securities	758,879					
57	Foreign exchange translation reserves	-	(v)				
58	Undisclosed / other reserves (if any)	-					
59	<b>T2 before regulatory adjustments</b>	1,293,503					
	<b>Tier 2 Capital: regulatory adjustments</b>						
60	Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from Tier-2 capital	-					
61	Reciprocal cross holdings in Tier 2 instruments	-					
62	Investment in own Tier 2 capital instrument	-					
63	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	120,155	(ae)				
64	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(af)				
65	Amount of regulatory adjustment applied to T2 capital	120,155					





37.6 Main features template of Regulatory Capital Instruments

1	Issuer	Sindh Bank Ltd
2	Unique identifier (eg KSE Symbol or Bloomberg identifier etc.)	Un-quoted
3	Governing law(s) of the instrument	Laws applicable in Pakistan
<b>Regulatory treatment</b>		
4	- Transitional Basel III rules	Common Equity Tier I
5	- Post-transitional Basel III rules	Common Equity Tier I
6	- Eligible at solo / group / group & solo	Group & Solo
7	- Instrument type	Ordinary Shares
8	Amount recognized in regulatory capital (Currency in PKR thousands as of reporting date)	10,000,000
9	Par value of instrument	Rs. 10
10	Accounting classification	Shareholders
11	Original date of issuance	October 29, 2010
12	Perpetual or dated	Perpetual
13	Original maturity date	Not applicable
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	Not applicable
16	Subsequent call dates, if applicable	Not applicable
<b>Coupons / Dividends</b>		
17	Fixed or floating dividend/ coupon	Floating Dividend
18	Coupon rate and any related index/ benchmark	Not applicable
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	Not applicable
25	If convertible, fully or partially	Not applicable
26	If convertible, conversion rate	Not applicable
27	If convertible, mandatory or optional conversion	Not applicable
28	If convertible, specify instrument type convertible into	Not applicable
29	If convertible, specify issuer of instrument it converts into	Not applicable
30	Write-down feature	No
31	If write-down, write-down trigger(s)	Not applicable
32	If write-down, full or partial	Not applicable
33	If write-down, permanent or temporary	Not applicable
34	If temporary write-down, description of write-up mechanism	Not applicable
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Residual Interest
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	Not applicable

The instruments issued by the Group till December 31, 2015 included only ordinary shares having face value of Rs. 10 each (Refer Note 18). Therefore, requirements other than those disclosed above with respect to main features of Regulatory Capital Instruments is not applicable in case of Sindh Bank Limited as at December 31, 2015.

37.7 Capital Adequacy

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

**Credit Risk:**

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

Cash & cash equivalents  
Sovereign  
Public sector entities  
Banks  
Corporate  
Retail  
Residential mortgages  
Past due loans  
Deferred Tax Assets  
Listed equity investment  
Un-listed equity investment  
Operating fixed assets  
Other assets

2015	
Capital Requirements	Risk Weighted Assets
(Rupees in '000)	
-	-
-	-
17,942	179,421
80,976	809,762
2,874,798	28,747,977
229,205	2,292,053
7,500	74,995
32,514	325,138
75,472	754,715
100,852	1,008,524
54,039	540,390
182,904	1,829,043
22,536	225,357
<b>3,678,738</b>	<b>36,787,375</b>

**Off-Balance sheet:**

**Non-market related**

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

592,629	5,926,291
5,626	56,258
<b>598,255</b>	<b>5,982,549</b>

**Market related**

Foreign Exchange contracts/ derivatives etc.

**TOTAL CREDIT RISK**

(a) **4,276,993** **42,769,924**

**Market Risk:**

**Capital Requirement for portfolios subject to Standardized Approach:**

Interest rate risk  
Equity position risk  
Foreign exchange risk

1,798,318	17,983,176
377,879	3,778,789
11,174	111,739
<b>2,187,371</b>	<b>21,873,704</b>

**TOTAL MARKET RISK**

(b) **2,187,371** **21,873,704**

**Operational Risk:**

**Capital Requirement for portfolios subject to Basic Indicator Approach:**

Operational Risk

(c) **712,102** **7,141,979**

**TOTAL RISK WEIGHTED ASSETS**

(a)+(b)+(c) **7,176,466** **71,785,607**

**Capital Adequacy Ratios**

CET1 to total RWA  
Tier-I capital to total RWA  
Total capital to total RWA  
Total capital plus CCB to total RWA

2015	
Required	Actual
6.00%	18.77%
7.50%	18.77%
10.00%	20.41%
10.25%	20.41%



## 38 RISK MANAGEMENT

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

### 38.1 Credit risk

Credit risk strives to maximize the Group's risk adjusted rate of return by maintaining credit risk exposure within acceptable parameters. The effective management of credit risk is a critical component of a comprehensive approach to risk management and essential to the long term success of any banking organization.

The Group's lending function is primarily focused on small and medium sized secured loans in agriculture, SME and consumer products. Large corporate, commercial and industrial loans are provided on selective basis whose policy is subject to review as and when required.

Under RMD, the Credit Risk Management Department (CRMD) is responsible to ensure that credit risk stays within the parameters set by the Board, and to set up and monitor system parameters for identifying risks, monitoring of these risks and early warning systems. RMD monitors credit on a portfolio basis using the Auto Risk system and reports to the CEO and the BRMC on a regular basis.

### 38.2 Segments by class of business

#### 38.2.1 Segment information

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

	2015					
	Advances (Gross)		Deposits		Contingencies and commitments	
	(Rupees in '000)	Percent	(Rupees in '000)	Percent	(Rupees in '000)	Percent
Chemical and pharmaceuticals	716,001	1.53%	851,835	1.02%	3,411	0.01%
Agri-business	2,979,691	6.38%	2,030,415	2.42%	-	0.00%
Manufacturing of textile	114,307	0.24%	134,530	0.16%	401,143	0.75%
Cement	727,565	1.56%	14,529	0.02%	-	0.00%
Transport, Storage and Communication	755,426	1.62%	350,071	0.42%	-	0.00%
Importers / Exporters	324,404	0.69%	190,106	0.23%	133,278	0.25%
Wholesale and retail trade	38,360	0.08%	3,701,818	4.41%	55,511	0.10%
Mining and quarrying	374,214	0.80%	335,012	0.40%	3,000	0.01%
Hotels and restaurants	499,270	1.07%	74,527	0.09%	-	0.00%
Manufacturing of basic iron and steel	1,844,842	3.95%	65,291	0.08%	84,747	0.16%
Sugar	14,792,556	31.67%	200,150	0.24%	301,369	0.56%
Automobile and transportation equipment	1,735,653	3.72%	230,555	0.27%	73,922	0.14%
Financial	1,016,798	2.18%	2,889,762	3.44%	47,531,646	88.40%
Rice	183,446	0.39%	94,559	0.11%	-	0.00%
Construction, Real Estate & Societies	2,685,529	5.75%	3,388,076	4.04%	1,121,030	2.08%
Public Sector - Provincial	-	-	-	-	-	-
Government Funds / Departments	-	0.00%	15,688,225	18.69%	-	0.00%
Food	10,068,982	21.56%	321,956	0.38%	72,442	0.13%
Insurance	-	-	94,094	0.11%	-	0.00%
Power Electricity and Gas	4,326,171	9.26%	1,297,548	1.55%	1,585,896	2.95%
Education	728,293	1.56%	4,596,686	5.48%	1,150	0.00%
Individuals	247,632	0.53%	7,929,366	9.45%	-	0.00%
Others	2,548,892	5.46%	39,441,689	46.92%	2,399,579	4.46%
<b>Total</b>	<b>46,708,032</b>	<b>100%</b>	<b>83,920,800</b>	<b>100%</b>	<b>53,768,124</b>	<b>100%</b>

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

	2015		
	Classified Advances	Specific provision held	Percentage
	(Rupees in '000)		%
Financial	227,849	18,922	78.49%
Importers / Exporters	18,498	18,498	6.37%
Others	43,934	-	15.14%
<b>Total</b>	<b>290,281</b>	<b>37,420</b>	<b>100.00%</b>

#### 38.2.3 Segment by sector

	Advances (Gross)		Deposits		Contingencies and commitments	
	(Rupees in '000)	Percent	(Rupees in '000)	Percent	(Rupees in '000)	Percent
Public / Government	9,410,220	20.15%	48,826,543	58.18%	22,609,673	42.05%
Private	37,297,812	79.85%	35,094,257	41.82%	31,158,451	57.95%
<b>Total</b>	<b>46,708,032</b>	<b>100.00%</b>	<b>83,920,800</b>	<b>100.00%</b>	<b>53,768,124</b>	<b>100.00%</b>

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

	2015		
	Classified Advances	Specific provision held	Percentage
	(Rupees in '000)		%
Public / Government	-	-	-
Private	290,281	37,420	100.00%
<b>Total</b>	<b>290,281</b>	<b>37,420</b>	<b>100.00%</b>

#### 38.2.5 Geographical Segment Analysis

	2015			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and commitments
	(Rupees in '000)			
Pakistan	2,074,904	128,103,914	14,773,603	53,768,124

### 38.3 Market risk

Market Risk is the risk that the value of 'on' or 'off' balance sheet positions will be adversely affected by movements in equity and interest rate markets, currency exchange rates and commodity prices.

The market risk management organization in the Group comprises of the Board of Directors, BRMC, Asset and Liability Committee (ALCO), RMD and within the RMD the Market and Asset Liability Risk Management Department.

#### 38.3.1 Foreign exchange / currency risk

Foreign exchange risk is the risk that the Group may suffer losses as a result of adverse exchange rate movements during a period in which it has an open position, either in the form of a balance sheet asset or liability account, or off balance sheet item. Likewise foreign exchange settlement risk is the risk of loss when the Group in a foreign exchange transaction, pays the currency it sold but does not receive the currency it bought. FX settlement failures can arise from counter party default, operational problems, market liquidity constraints and other factors.





As at December 31, 2015

	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	----- (Rupees in '000) -----			
Pakistan Rupee	126,648,183	111,470,037	(574,187)	14,603,959
United States Dollar	1,338,014	1,707,518	531,550	162,046
Great Britain Pound	83,397	116,983	36,900	3,314
Euro	31,422	35,773	5,737	1,386
Japanese Yen	2,066	-	-	2,066
UAE Dirham	832	-	-	832
	<u>128,103,914</u>	<u>113,330,311</u>	<u>-</u>	<u>14,773,603</u>

38.3.2 Equity position risk

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

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

38.3.3 Yield / interest rate risk

Yield / Interest rate risk reflects the degree of vulnerability of an organization to adverse changes in markup / interest rates. Such risk taking is normal in a financial institution and could be an important source of profit earning. However, excess yield / interest rate risk may create a serious threat to a Group's returns and capital base. ALCO, Treasury Division and RMD monitor the repricing / mismatch risks, basis risks, yield curve risks, and option risks on a continuous basis to minimize the yield / interest rate risk.

38.3.4 Price risk

Price risk is the risk that the value of a security or portfolio of securities will decline in the future. It is the risk of losing money due to a fall in the market price of a security that the Bank owns. It results from changes in the value of marked-to-market financial instruments. Transactions in equity securities are subject to systemic and non-systemic risks. In order to counter these the BRMC has laid down the limits of various investments, while the Treasury Division and RMD monitor these investments on a daily basis.

38.3.5 Mismatch of interest rate sensitive assets and liabilities

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. The Group is exposed to interest / mark-up rate risk as a result of mismatches or gaps in the amount of interest / mark-up based assets and liabilities that mature or re-priced in a given period. The Group manages this risk by matching / re-pricing of assets and liabilities. The Group is not excessively exposed to interest/mark-up rate risk as its assets and liabilities are re-priced frequently. The Assets and Liabilities Committee (ALCO) of the 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	Total	Exposed to Yield / Interest risk							Non-interest bearing financial instruments	
		Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years		Above 5 to 10 years
		----- (Rupees in '000) -----								
<b>On-balance sheet financial instruments</b>										
<b>Assets</b>										
Cash and balances with treasury banks	5,297,618	93,056	108,112	45,532	55,693	-	-	-	-	4,995,225
Balances with other banks	1,086,079	1,062,130	-	-	-	-	-	-	-	23,949
Lending to financial institutions	1,450,000	650,000	200,000	600,000	-	-	-	-	-	-
Investments	69,644,245	-	10,811,753	1,131,796	5,051,575	290	7,990,389	4,532,208	31,114,405	2,584,230
Advances	44,169,089	32,555,442	1,892,704	4,112,700	2,217,976	428,205	475,556	1,802,414	570,888	43,876
Other assets	4,253,395	-	-	-	-	-	-	-	-	4,253,395
	<u>125,900,426</u>	<u>34,360,628</u>	<u>13,012,569</u>	<u>5,890,028</u>	<u>7,325,244</u>	<u>428,495</u>	<u>8,465,945</u>	<u>6,334,622</u>	<u>31,685,293</u>	<u>6,496,927</u>
<b>Liabilities</b>										
Bills payable	288,681	-	-	-	-	-	-	-	-	288,681
Borrowings from Financial Institutions	27,160,697	22,088,926	3,500,000	1,571,771	-	-	-	-	-	-
Deposits and other accounts	83,920,800	33,696,544	4,991,395	7,173,990	13,927,731	27,224	39,172	29,800	-	24,034,944
Other liabilities	1,960,133	-	-	-	-	-	-	-	-	1,960,133
	<u>113,330,311</u>	<u>55,785,470</u>	<u>8,491,395</u>	<u>8,745,761</u>	<u>13,927,731</u>	<u>27,224</u>	<u>39,172</u>	<u>29,800</u>	<u>31,685,293</u>	<u>26,283,758</u>
<b>On-balance sheet gap</b>	<u>12,570,115</u>	<u>(21,424,842)</u>	<u>4,521,174</u>	<u>(2,855,733)</u>	<u>(6,602,487)</u>	<u>401,271</u>	<u>8,426,773</u>	<u>6,304,822</u>	<u>6,496,927</u>	<u>(14,383,083)</u>
<b>Off-balance sheet financial instruments</b>										
Purchase and resale agreements	-	-	-	-	-	-	-	-	-	-
Sale and repurchase agreements	-	-	-	-	-	-	-	-	-	-
<b>Off-balance sheet gap</b>	<u>22,092,708</u>	<u>22,092,708</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Yield / Interest-Risk Sensitivity Gap</b>	<u>667,866</u>	<u>4,521,174</u>	<u>(2,855,733)</u>	<u>(6,602,487)</u>	<u>401,271</u>	<u>8,426,773</u>	<u>6,304,822</u>	<u>31,685,293</u>	<u>6,496,927</u>	<u>(14,383,083)</u>
<b>Cumulative Yield / Interest Risk Sensitivity Gap</b>	<u>667,866</u>	<u>5,189,040</u>	<u>2,333,307</u>	<u>(4,269,180)</u>	<u>(3,867,909)</u>	<u>4,558,864</u>	<u>10,863,686</u>	<u>42,548,979</u>	<u>49,045,906</u>	<u>34,662,823</u>
<b>Reconciliation with total assets:</b>										
Assets as per above	125,900,426									
Operating fixed assets	1,901,601									
Deferred tax asset	301,887									
Assets as per consolidated statement of financial position	<u>128,103,914</u>									
<b>Reconciliation with total liabilities:</b>										
Liabilities as per above	113,330,311									
Deferred tax liability	-									
Liabilities as per consolidated statement of financial position	<u>113,330,311</u>									



### 38.4 Liquidity risk

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

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

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

	2015									
	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
<b>Assets</b>										
Cash and balances with treasury banks	5,297,618	5,297,618	-	-	-	-	-	-	-	-
Balances with other banks	1,086,079	1,086,079	-	-	-	-	-	-	-	-
Lendings to financial institutions	1,450,000	650,000	200,000	600,000	-	-	-	-	-	-
Investments	69,644,245	2,334,269	10,301,374	6,341	5,057,935	267,592	9,163,032	4,525,950	31,557,050	6,430,703
Advances	44,169,089	7,973,832	2,079,031	13,751,219	4,866,865	1,128,084	2,595,102	6,771,641	2,261,268	2,742,047
Operating fixed assets	1,901,601	70,352	37,462	56,500	111,771	224,156	224,169	362,910	374,453	439,828
Deferred tax asset	301,887	301,887	-	-	-	-	-	-	-	-
Other assets	4,253,395	4,253,395	-	-	-	-	-	-	-	-
	128,103,914	21,967,432	12,617,867	14,414,060	10,036,571	1,619,832	11,982,303	11,660,501	34,192,771	9,612,577
<b>Liabilities</b>										
Bills payable	288,681	288,681	-	-	-	-	-	-	-	-
Borrowings from Financial Institutions	27,160,697	22,088,926	3,500,000	1,571,771	-	-	-	-	-	-
Deposits and other accounts	83,920,800	57,404,573	4,991,395	7,173,990	13,927,731	27,224	39,172	29,800	326,915	-
Deferred tax liability	-	-	-	-	-	-	-	-	-	-
Other liabilities	1,960,133	1,960,133	-	-	-	-	-	-	-	-
	113,330,311	81,742,313	8,491,395	8,745,761	13,927,731	27,224	39,172	29,800	326,915	-
<b>Gap</b>	14,773,603	(59,774,881)	4,126,472	5,668,299	(3,891,160)	1,592,608	11,943,131	11,630,701	33,865,856	9,612,577
Share capital	10,000,000									
Reserves including depositor's protection fund	926,399									
Unappropriated Profit	3,088,325									
Surplus on revaluation of investments	758,879									
<b>Net Asset</b>	14,773,603									

Share capital  
Reserves including depositor's protection fund  
Unappropriated Profit  
Surplus on revaluation of investments  
**Net Asset**

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

	2015									
	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
<b>Assets</b>										
Cash and balances with treasury banks	5,297,618	2,685,038	1,455,427	1,048,022	109,131	-	-	-	-	-
Balances with other banks	1,086,079	1,086,079	-	-	-	-	-	-	-	-
Lendings to financial institutions	1,450,000	650,000	200,000	600,000	-	-	-	-	-	-
Investments	69,644,245	-	11,246,068	890,067	5,563,783	267,592	9,163,032	4,525,950	31,557,050	6,430,703
Advances	44,169,089	7,973,832	2,079,031	13,751,219	4,866,865	1,128,084	2,595,102	6,771,641	2,261,268	2,742,047
Operating fixed assets	1,901,601	70,352	37,462	56,500	111,771	224,156	224,169	362,910	374,453	439,828
Deferred tax asset	301,887	301,887	30,188	30,188	60,377	75,472	75,474	-	-	-
Other assets	4,253,395	3,432,166	420,738	72,448	90,213	89,878	30,217	114,877	-	2,858
	128,103,914	15,927,655	15,468,914	16,448,444	10,802,140	1,785,182	12,087,994	11,775,378	34,192,771	9,615,436
<b>Liabilities</b>										
Bills payable	288,681	288,681	-	-	-	-	-	-	-	-
Borrowings from Financial Institutions	27,160,697	22,088,926	3,500,000	1,571,771	-	-	-	-	-	-
Deposits and other accounts	83,920,800	57,731,488	4,991,395	7,173,990	13,927,731	27,224	39,172	29,800	-	-
Deferred tax liability	-	-	-	-	-	-	-	-	-	-
Other liabilities	1,960,133	1,960,133	-	-	-	-	-	-	-	-
	113,330,311	82,069,228	8,491,395	8,745,761	13,927,731	27,224	39,172	29,800	-	-
<b>Gap</b>	14,773,603	(66,141,573)	6,977,519	7,702,683	(3,125,591)	1,757,958	12,048,822	11,745,578	34,192,771	9,615,436
Share capital	10,000,000									
Reserves including depositor's protection fund	926,399									
Unappropriated Profit	3,088,325									
Surplus on revaluation of investments	758,879									
<b>Net Asset</b>	14,773,603									

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





## Sindh Bank Limited Notes to the Consolidated Financial Statements For the year ended December 31, 2015

### 38.5 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events; which includes legal risk, but excludes strategic and reputational risk.

The Operational Risk Management Department (ORMD) works under the RMD and its responsibilities include identifying, monitoring, measuring and managing operational risks assumed by the Group. In adherence to industry best practices, the key functions of the ORMD are the operational risk policy and planning function, operational risk assessment function, operational risk measurement and analytics function and operational risk monitoring, mitigation and control function.

### 39 GENERAL

39.1 Figures have been rounded off to the nearest thousand rupee, unless otherwise specified.

### 40 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue by the Board of Directors in their 40th meeting held on March 01, 2016.

President & Chief Executive Officer

Chairman

Director

Director





## NOTICE OF FIFTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Fifth Annual General Meeting of Sindh Bank Limited will be held on March 29, 2016 at 10.00 a.m at Federation House, Clifton, Karachi to transact the following business:

### Ordinary Business:

- 1- To confirm the minutes of 3rd Extra-ordinary General Meeting held on 21st January, 2016.
- 2- To receive, consider and adopt the Audited consolidated/un-consolidated Accounts of the Bank for the period ended 31st December, 2015, 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 2016 and fix their remuneration. The retiring auditors Grant Thornton Anjum Rahman, Chartered Accountants, being eligible have offered them for re-appointment.

### Special Business:

- 1- To approve payment of remuneration and provision of certain facilities to the President/CEO and Executive Director of the Bank.
- 2- To approve reimbursement of administrative expenses pertaining to office, staff and security of the Chairman in terms of SBP BPRD Circular # 09 of 2015 dated May 06, 2015.
- 3- To grant post facto approval for the payment of remuneration to non-executive Directors including Chairman, fixed by the Board, in terms of SBP Prudential Regulations # G-1C(2).

A statement of material facts under section 160(1) (b) of the Companies Ordinance, 1984 relating to aforesaid special business # 2 to be transacted is appended below.

- 4- Any other business with the permission of the chair.

By order of the Board

Shamsuddin Khan  
Company Secretary

### NOTES:

- (i) All members are entitled to attend and vote at the Meeting.
- (ii) A member entitled to attend and vote at this Meeting may appoint another member as his/her proxy to attend and vote.
- (iii) The instrument of proxy and the power of attorney or other commission (if any) under which it is signed, or notarized certified copy of that power of attorney or authority to be effective must be deposited at the Registered Office of the company not less than 48 hours before the time for holding the Meeting.
- (iv) Members are advised to bring their National Identity Cards along with CDC Participant ID and account number at the meeting venue.
- (v) If any proxies are granted by any such shareholders, the same must be accompanied with attested copies of the National Identity Cards/Authority Letter of the grantors and the signatures on the proxy form should be the same as that appearing on the National Identity Cards/Authority Letter.

The Share transfer books of the company will remain closed from 22nd March, 2016 to 29th March, 2016 (both days inclusive). CDC Transaction IDs received in order at the Registered Office of the Company up to the close of business on 21st March, 2016 will be considered as on time for the determination of entitlement of shareholder to attend and vote at the meeting. Members are required to notify immediately changes, if any, in their registered address.

### Statement under section 160(1)(b)

- 1- The Shareholders' approval is sought for the payment of remuneration and provision of certain facilities to the President/CEO and E.D of the Bank. The following resolution may be passed:  
  
"RESOLVED THAT the payment of remuneration to the President/CEO for the year 2015 a gross sum of Rs. 49,081,981/- and to President and Executive Director for the year 2016, in addition to bonus and other perquisites as per their terms of appointment be and are hereby approved."
- 2- The meeting fee payable to the non-executive members of the Board has been revised by the Board of Directors in its 40th meeting held on 1st March, 2016 @ Rs.175,000/- and Rs.150,000/- per meeting of the Board and Committees of the Board, respectively. Payment of administrative expenses pertaining to the office, staff and security allocated to the Chairman. The decision of the Board, in terms of Article 104 of the Articles of Association of the Bank requires approval of the shareholders in Annual General Meeting as per Regulation G-1(C-2) of SBP Prudential Regulations and BPRD Circular # 09 of 2015. The non-executive members of the Board and the Board Committees are interested in the payment of fee and executive members of the Board have no interest in the matter.

## PATTERN OF SHAREHOLDING

Number of Shareholders	Size of Shareholding Rs. 10 each	Total Shares held
7	100	7
1	999,995,001	999,999,993
<b>8</b>		<b>1,000,000,000</b>

## PATTERN OF SHAREHOLDING UNDER CODE OF CORPORATE GOVERNANCE

Category No.	Categories of Shareholders	Number of Shares held	Category wise No. of share holders	(%)
1	Individuals			
2	Investment Companies			
3	Joint Stock Companies			
4	Directors, Mr. Afzal Ghani Mr. M. Sohail Khan Rajput Mr. Muhammad Shahid Murtaza Mr. Muhammad Naeem Sahgal Mr. Tajammal Husain Bokharee Mr. Raja Muhammad Abbas Mr. Muhammad Bilal Sheikh		7	-
5	Executives			
6	NIT / ICP			
7	Associated Companies, undertakings and related parties			
8	Banks, DFIs, NBFIs, Insurance companies, Modarabas & Mutual Funds			
9	Foreign Investors			
10	Co-operative Societies			
11	Charitable Trusts			
12	Others - Government of Sindh, through its Finance Department	999,999,993	1	100
	<b>Total</b>	<b>1,000,000,000</b>	<b>8</b>	<b>100</b>

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

Total Paid-up Capital of the company	1,000,000,000 shares	
10% of the paid-up capital of the Company	100,000,000 shares	
Name(s) of Shareholder(s)	No. of Shares held	Percentage (%)
Government of Sindh, through its Finance Department	999,999,993	100





## BRANCH NETWORK





## SINDH & BALOCHISTAN REGION BRANCHES

### KARACHI BRANCHES

#### BAHADURSHAH ZAFAR MARKET BRANCH

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

#### BAHADURABAD BRANCH

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

#### BAHRIA COMPLEX-II BRANCH

Plot No-MISC-02 Bahria Complex-II,  
M.T. Khan Road, Karachi  
Tel: 35642110, 35642109

#### BHAINS COLONY BRANCH

Plot No. 217, Block-A,  
Cattle (Bhains) Colony, Landhi, Karachi  
Tel: 021-35130661-3

#### BUFFERZONE NAGAN CHOWRANGI BRANCH

Plot No. 32, Sector I I-H,  
North Karachi Township Scheme, Karachi  
Tel: 021-36409291  
Fax: 36409293

#### CIVIC CENTER BRANCH

Ground Floor, Civic Center,  
Gulshan-e-Iqbal, Karachi  
Tel: 021-99232500

#### CLIFTON BRANCH

Ground Floor, St-28, Block-5,  
Federation House, Clifton, Karachi  
Tel: 35829346, 35829460, 35829474

#### CLOTH MARKET BRANCH

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

#### COURT ROAD BRANCH

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

#### DHORAJEE BRANCH

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

#### DHA PHASE-II BRANCH

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

#### DHA PHASE-IV BRANCH

Shop # 1,2,3, and 4, Plot No.III 9th Commercial  
Street, Phase-IV, DHA, Clifton Cantonment, Karachi  
Tel: 021-35313005, 35313006  
Fax: 35313007

#### DHA 26th STREET BRANCH

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

#### GARDEN EAST BRANCH

Plot No. GRE-491/2-B, Shop No. 2 & 3,  
Seven Star Residency, Garden East Quarters, Karachi  
Tel: 021-032243481, 32243482-4

#### GIZRI BRANCH

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

#### GOLE MARKET BRANCH

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

#### GULISTAN-E-JOHAR BRANCH

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

#### GULSHAN-E-HADEED BRANCH

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

#### GULSHAN-E-IQBAL BRANCH

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

#### GULSHAN-E-MAYMAR BRANCH

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

#### HYDERI BRANCH

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

#### I.I. CHUNDRIGAR ROAD BRANCH

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

#### JAMSHED QUARTER BRANCH

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

#### JODIA BAZAR BRANCH

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

#### KARACHI ADMINISTRATION SOCIETY BRANCH

Plot # 5A/90, Block-8, K.A.E.C.H.S., Society,  
Opposite Shaheed-e-Millat Road, Karachi  
Tel: 021-34300432, 34300433  
Fax: 34300434

#### KARIMABAD BRANCH

C-23, Al-Habib Blessing, Block-4,  
Federal B Area, Meena Bazar, Karimabad, ,  
Karachi Tel: 36425541-42

#### KHAYABAN-E-ITTEHAD BRANCH

Plot No.128-N, Muslim Commercial Area,  
Khayaban-e-Ittehad, DHA, Phase-VI, Karachi  
Tel: 021-35846658, 35846675  
Fax: 35847709

#### KHAYABAN-E-SHAHBAZ BRANCH

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

#### KORANGI INDUSTRIAL AREA BRANCH

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

#### KEHKASHAN CLIFTON BRANCH

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

#### LANDHI BRANCH

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

#### LEA MARKET BRANCH

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

#### LIAQUATABAD BRANCH

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

#### M. A. JINNAH ROAD BRANCH

Plot# 28/2, Shop No. 13, 14 & 15,  
Amber Medical Centre, M.A. Jinnah Road, Karachi  
Tel: 021-32710835-36

#### MALIR CITY BRANCH

Plot No. 46, Block-A, Malir Township,  
Near Atia Hospital, National Highway, Karachi  
Tel: 021-34492291  
Fax: 34492293

#### MALIR CANTT. BRANCH

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

#### MEHMOODABAD BRANCH

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

#### MEMON GOTH BRANCH

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

#### METROVILLE BRANCH

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

#### MOHAMMAD ALI SOCIETY BRANCH

Plot No. 39/F, Mohammad Ali Society, Karachi  
Tel: 021-34168110-12  
Fax: 34168111

#### NEW CHALLI BRANCH

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

#### NEW KARACHI BRANCH

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

#### NORTH KARACHI INDUSTRIAL AREA BRANCH

I/I, Sector 12-A, North Karachi  
Industrial Area, Karachi  
Tel: 021-36963174, 36963171-2  
Fax: 36963173

#### NORTH NAPIER ROAD BRANCH

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

#### NORTH NAZIMABAD BRANCH

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

#### PAPER MARKET BRANCH

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

#### P.E.C.H.S. COMMERCIAL AREA BRANCH

Plot No.187-3A, Shop No. 3 & 4,  
Ground Floor, Dawood Apartment,  
Block-2, P.E.C.H.S., Karachi  
Tel: 021-34529071 & 73, 34529072

#### PIA EMPLOYEES CO-OPERATIVE HOUSING SOCIETY BRANCH

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

#### PIB COLONY BRANCH

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

#### PREEDY STREET, SADDAR BRANCH

Property bearing # 326/2, Artillery Maidan,  
Preedy Street, Saddar Karachi  
Tel: 021-32751704, 32751705  
Fax: 32711487

#### RASHID MINHAS ROAD BRANCH

Plot No. A-2, Shop No. S12 to S-15, Akbar Paradise,  
Block-A, National Cement Employees Co-operative  
Housing Society, Rashid Minhas Road, Karachi  
Tel: 34834581 34834582  
Fax: 34834583

#### SAFOORA GOTH BRANCH

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

#### SHAHEED-E-MILLAT ROAD BRANCH

Show Room # G-01, Sagar Heights, Block-3,  
M.S.G.P. Co-operative Housing Society,  
Shaheed-d-Millat Road, Karachi  
Tel: 021-34373972, 34373975  
Fax: 34373974

#### SHAHRAH-E-FAISAL BRANCH

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

#### SHERSHAH BRANCH

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

#### SHIREEN JINNAH COLONY BRANCH

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

#### SIR SYED HOSPITAL – SUB BRANCH

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

#### SINDH SECRETARIAT SUB BRANCH

C.S. No. 409, Sheet No. AM-1,  
Artillery Maidan Quarter, Karachi  
Tel: 021-32622045, 32622046-48

#### SINDHI MUSLIM HOUSING SOCIETY BRANCH

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

#### S.I.T.E. BRANCH

B/9-B-2, S.I.T.E., Karachi  
Tel: 021-36404032, 36404031  
Fax: 36404033

#### SOHRAB GOTH BRANCH

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

#### STOCK EXCHANGE BRANCH

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

#### TARIQ ROAD BRANCH

Plot No. 55-C, 56-C,  
Central Commercial Area, Block-2,  
P.E.C.H.S., Karachi  
Tel: 021-34535131-33, 34535134  
Fax: 34535135



**TIMBER MARKET BRANCH**

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

**UNIVERSITY ROAD,  
GULSHAN-E-IQBAL BRANCH**

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

**WATER PUMP BRANCH**

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

**WEST WHARF BRANCH**

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

**INTERIOR SINDH BRANCHES**

**BADAH BRANCH**

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

**BADIN BRANCH**

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

**BAWANI SUGAR MILLS  
SUB BRANCH**

Ahmed Nagar, Talhar Distt. Badin  
Tel: 0297-830084-5

**BERANI BRANCH**

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

**BHAN SAEEDABAD BRANCH**

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

**CITIZEN COLONY BRANCH, HYDERABAD**

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

**DADU BRANCH**

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

**DADU SUGAR MILLS  
SUB BRANCH**

Pyaro Goth, Distt. Dadu  
Tel: 025-4551115

**DAHARKI BRANCH**

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

**DIGRI BRANCH**

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

**GAMBAT BRANCH**

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

**GHARI KHATA BRANCH**

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

**GHARO BRANCH**

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

**GHOTKI BRANCH**

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

**GHOUSPUR BRANCH**

Shop No.1 & 2, Shahi Bazar,  
Near Shah Hussain Masjid Ghauspur,  
Taluka Kandhkot, District  
Kashmore-Kandhkot  
Tel: 072-2574407, 2574417

**HALA BRANCH**

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

**ISLAMKOT BRANCH**

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

**JACOBABAD BRANCH**

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

**JAMSHORO BRANCH**

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

**JOURNALIST SOCIETY BRANCH**

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

**KANDHKOT BRANCH**

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

**KANDIARO BRANCH**

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

**KASHMORE BRANCH**

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

**KHAIRPUR BRANCH**

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

**KHANPUR MAHAR BRANCH,  
DISTT. GHOTKI**

Plot No.115-II, Khanpur Mahar,  
Taluka Khan Gharh, District Ghotki  
Tel.: 0723-653003

**KHAIRPUR NATHAN SHAH BRANCH**

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

**KHIPRO BRANCH**

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

**KHOSKI SUGAR MILLS  
SUB BRANCH**

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

**KOTRI BRANCH**

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

**KUNRI BRANCH**

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

**LARKANA BRANCH**

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

**LATIFABAD BRANCH, HYDERABAD**

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

**MARKET AREA BRANCH, HYDERABAD**

Shop No. A/1194, Ward-A,  
Market Road, Hyderabad  
Tel: 022-2610706, 2610703

**MATIARI BRANCH**

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

**MALTI BRANCH, DISTRICT BADIN**

Plot No. 381/1, Unit-II, Category II,  
Noor Hamd Nodakari Colony,  
Taluka Malti, District Badin  
Tel: 0297-840444 0297-840443  
Fax: 0297-840442

**MEHAR BRANCH**

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

**MEHRABPUR BRANCH**

PTD No. III-A-43, Ward-I6,  
Thari Road, Mehrabpur,  
Taluka Mehrabpur,  
District Naushahro Feroz  
Tel: 0242-430861-3

**MILITARY ROAD SUKKUR BRANCH**

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

**MIRPUR MATHELO BRANCH**

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

**MIRPURKHAS BRANCH**

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

**MITHI BRANCH**

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

**MORO BRANCH**

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

**NAUDERO BRANCH**

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

**NAUSHAHRO FERAZ BRANCH**

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

**NASIRABAD BRANCH**

Shop No.1-8, Madina Shopping Center,  
Mohallah Kathia Bazar, Badah Road,  
Nasirabad, District Kambar Shahdadkot  
Tel: 074-4710522-25

**PANO AQIL BRANCH**

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

**PIR JO GOTH BRANCH**

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

**QAMBAR BRANCH**

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

**QASIMABAD, HYDERABAD BRANCH**

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

**QAZI AHMED BRANCH**

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

**RATODERO BRANCH**

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

**ROHRI BRANCH**

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

**SADDAR BRANCH, HYDERABAD**

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

**SAEEDABAD BRANCH**

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

**SAKRAND BRANCH**

Shop No.355/1-4, 356, 357, 367,  
Main Sakrand Road, Taluka Sakrand  
District Shaheed Benazirabad  
Tel: 0244-323391, 323392

**SANGHAR BRANCH**

Plot No.A-B,  
City Survey No.124/A-B  
Co-operative Housing Society, Sanghar  
Tel: 0235-542680, 542682  
Fax: 0235-542683

**SAJAWAL BRANCH**

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

**SEHWAN BRANCH**

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



**SHAHDADKOT BRANCH**

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

**SHAHDADPUR BRANCH**

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

**SHAHEED BENAZIRABAD BRANCH**

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

**SHIKARPUR BRANCH**

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

**SHIKARPUR RICE MILLS (SUB BRANCH)**

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

**STATION ROAD BRANCH, LARKANA**

Plot No.03, Near Al-Abbas Chowk,  
Station Road, Larkana  
Tel: 074-4040745-46

**SUKKUR BRANCH**

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

**SULTANABAD BRANCH**

Sabzi Mandi, Sultanabad, Deh Salki Tapo Kamaro,  
Taluka & District Tando Allahyar  
Tel: 022-3404061-3

**TANDO ADAM BRANCH**

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

**TANDO ALLAHYAR BRANCH**

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

**TANDO ALLAHYAR SUGAR MILLS  
SUB BRANCH**

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

**TANDO MUHAMMAD KHAN BRANCH**

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

**THATTA BRANCH**

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

**THATTA CEMENT – SUB-BRANCH**

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

**THUL BRANCH**

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

**UMERKOT BRANCH**

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

**UBARO BRANCH**

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

**BALOCHISTAN BRANCHES**

**CHAMAN BRANCH**

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

**DERA MURAD JAMALI BRANCH**

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

**GAWADAR BRANCH**

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

**HUB BRANCH**

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

**JINNAH ROAD BRANCH, QUETTA**

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

**LIAQAT BAZAR BRANCH, QUETTA**

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

**SIRKI ROAD BRANCH, QUETTA**

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

**ZHOB BRANCH**

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

**NORTH REGION BRANCHES**

**PUNJAB BRANCHES**

**ADDA JANPUR BRANCH**

DISTT. RAHIM YAR KHAN  
KLP Road, Adda Janpur,  
Tehsil Liaqatpur,  
Distt. Rahim Yar Khan

**ALLAMA IQBAL TOWN BRANCH**

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

**BAHRIA TOWN BRANCH**

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

**BURKI BRANCH**

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

**CHUNG BRANCH**

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

**CIRCULAR ROAD BRANCH**

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

**DAVIS ROAD BRANCH**

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

**DEPALPUR BRANCH, DISTRICT OKARA**

Khewat No. 35-36, Grains Market,  
Main Bazar Depalpur, District Okara  
Tel: 0444-541516 0444-541517-19

**DHA BRANCH**

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

**DHA PHASE-V BRANCH**

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

**DHA PHASE-VI BRANCH**

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

**FAISAL TOWN BRANCH**

Plot No. 25, Block A,  
Near Masood Hospital,  
Faisal Town, Lahore  
Tel: 042-35160996 042-35160994-7  
Fax: 042-35236756

**FATEH JANG BRANCH,  
DISTT. ATTOCK**

Shop No.1-5, Ward No.6,  
Moza Fateh Jang, District Attock  
Tel: 057-2212988 057-2212882

**FEROZEPUR ROAD BRANCH**

Plot S-86-R-79, 79/2,  
Main Ferozepur Road, Ichra, Lahore  
Tel: 042-37428322-5

**GHARI SHAHU BRANCH**

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

**GHURKI BRANCH**

Khewat No. 8, Khatooni No. 576/568,  
Khata No.156/702, Ghurki  
Union Council,  
District Lahore  
Tel: 042-366581845-8, 366581847

**JOHAR TOWN BRANCH**

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

**LIDHAR BRANCH**

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

**MAIN BOULEVARD DHA BRANCH**

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

**MAIN BOULEVARD GULBERG BRANCH**

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

**MOHLANWAL BRANCH**

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

**MUGHAL PURA BRANCH**

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

**PECO ROAD BRANCH**

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

**RAIWIND BRANCH, LAHORE**

Plot 4-A, Mousa Niaz Baig,  
Main Raiwind Road, Lahore  
Tel: 042-35963296

**SHAHRAH-E-FATIMA JINNAH BRANCH**

G-4, G-12 & 13, Queens Center,  
33-Shahrah-e-Fatima Jinnah  
(Queens Road), Lahore  
Tel:042-37425878  
Fax: 042-37590625

**VILLAGE KAHNA BRANCH**

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

**VILLAGE MINHALA BRANCH, LAHORE**

Village Minhala, Main Road,  
Near Govt. Higher Secondary School,  
Tehsil Shalamar, District Lahore  
Tel: 042-36590661-4

**WALTON ROAD BRANCH**

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

**WAPDA TOWN BRANCH**

Plaza No.12, Block-A-I, P.E.C.H.S.,  
Valencia (Commercial Area),  
Wapda Town, Lahore  
Tel: 042-35224695-6

**RAWALPINDI/ISLAMABAD  
BRANCHES**

**BANK ROAD, BRANCH RAWALPINDI**

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

**BLUE AREA BRANCH, ISLAMABAD**

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

**E-I I BRANCH, ISLAMABAD**

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

**F-I I MARKAZ, ISLAMABAD BRANCH**

Plot No. 39, Shops No. 3, 4, 5, 18, & 19,  
Near Rahat Bakery, F-I I, Markaz, Islamabad  
Tel: 051-2224246

**MUREE ROAD BRANCH, RAWALPINDI**

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

**PESHAWAR ROAD BRANCH, RAWLPINDI**

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

**PWD HOUSING SOCIETY ISLAMABAD  
BRANCH**

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

**RAJA BAZAR BRANCH, RAWALPINDI**

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

**TARAMARI BRANCH ISLAMABAD**

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

**WAH CANTT BRANCH RAWALPINDI**

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



#### OTHER NORTH BRANCHES

##### ALI PUR CHATHA BRANCH

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

##### ASHRAFABAD BRANCH, DISTRICT BAHAWALPUR

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

##### ALI WALA BRANCH

Khewat No. 403, 414, 507, Village Ali Wala,  
Tehsil & District Muzaffargarh  
Tel: 066-2013819

##### CHAK GHANIAN, BRANCH DISTRICT GUJRAT

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

##### CHICHAWATNI BRANCH

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

##### CHINIOT BRANCH

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

##### DALWAL BRANCH, CHAKWAL

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

##### DERA GHAZI KHAN BRANCH

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

##### FAISALABAD BRANCH

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

##### G.T. ROAD GUJRANWALA BRANCH

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

##### GAGGO MANDI BRANCH

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

##### GILGIT BRANCH

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

##### HARAPPA BRANCH

Main G.T. Road,  
Near Harappa Railway Station,  
Harappa, District Sahiwal  
Tel: 0404-4504066, 4504067

##### HAROONABAD DISTRICT BRANCH BAHAWALNAGAR

Plot No. 1/7, Bangla Road,  
Opposite Grain Market,  
Haroonabad,  
District Bahawalnagar  
Tel: 06322-50310-13

##### HAVELI LAKHA BRANCH DISTRICT OKARA

Khewat No. 410/410, Khatoni No. 526 to  
542, Khasra No. 35, Pakpatan Road,  
Haverli Lakha, Tehsil Depalpur,  
District Okara  
Tel: 0444-775527-28

##### JEHLUM BRANCH

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

##### JANDIALA DHABWALA BRANCH

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

##### KALRA KHASA BRANCH

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

##### KASUR BRANCH

B-2/13, R-1/D, Haji Farid Road, Kasur  
Tel: 049-2720120

##### KHANEWAL BRANCH

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

##### KUNJAH BRANCH

Plot No. 5-A/15,  
Ward No. 3, Kunjah,  
Tehsil & District Gujrat.  
Tel: 053-3383152, 053-3383153-4

##### LALAMUSA BRANCH

Plot No.11/123 Tehsil Kharian,  
Lalamusa, District Gujrat  
Tel: 053-7511422, 7511424  
Fax: 053-7511425

##### LILA BRANCH, DISTRICT JEHLUM

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

##### MULTAN BRANCH

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

##### MANAWALA BRANCH DISTRICT SHEIKHUPURA

Main Bazar Village Manawala, Sheikhupura  
Tel: 056-3771151

##### MIAN CHANNU BRANCH

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

##### MORR AIMANABAD BRANCH

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

##### MOUZA GOJRA BRANCH

Khasra No.12/22/2, Khewat No.64/65,  
Khatoni No. 435, Mouza Gojra, Tehsil Malakwal,  
District Mandi Bahauddin  
Tel: 0546-5991111-13

##### NANKANA SAHIB BRANCH

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

##### OKARA BRANCH

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

##### PINDI BAHAUDDIN BRANCH

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

##### RAHIM YAR KHAN BRANCH

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

##### SARGODHA BRANCH

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

##### SATGARAH DISTRICT OKARA BRANCH

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

##### SIALKOT BRANCH

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

##### TALAGANG ROAD, BRANCH, CHAKWAL

Khasra No. 6150/2284,  
Khewat No. 68, Khatooni No.143,  
Talagang Road, Chakwal  
Tel: 0543-542066

##### TOBA TEK SINGH BRANCH

Khewat No.777, Khatoni No.7,  
Allama Iqbal Road, Mohalla Janj Ghar,  
Toba Tek Singh  
Tel: 0462-512751, 0462-512752

#### KPK & MIRPUR AJK BRANCHES

##### ABBOTTABAD BRANCH

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

##### G.T. ROAD, PESHAWAR BRANCH

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

##### HAYATABAD BRANCH, PESHAWAR

Unit No.13, Sector D-1,  
Phase-I, Bilal Commercial Market,  
Hayatabad, Peshawar  
Tel: 091-5823873, 5823855, 5823865

##### KARKHANO MARKET BRANCH, PESHAWAR

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

##### KOHAT BRANCH

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

##### MERAN BRANCH

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

##### MIRPUR AZAD KASHMIR BRANCH

Ground Floor, Portion No. 2,  
Younus Plaza, Allama Iqbal Road,  
Mirpur, Azad Jammu & Kashmir  
Tel: 05827-444520, 05827-444550

##### MUZAFFARABAD BRANCH

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

##### PESHAWAR BRANCH

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

##### RAWALAKOT, AJK BRANCH

Plot No. D-20,  
Housing Scheme,  
Rawalakot, AJK.  
Tel: 05824-442571-72

##### UNIVERSITY ROAD PESHAWAR BRANCH

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

#### ISLAMIC BANKING BRANCHES & ISLAMIC BANKING WINDOWS (IBWs)

**ALLAMA SHABBIR AHMED USMANI RD. BRANCH**  
Shop No. 2,3, & 4, Shaheen Heights, Block-7, KDA Scheme  
No.24, Gulshan-e-Iqbal, Karachi. Tel: 34833516-7

##### ASHRAF ROAD BRANCH, PESHAWAR

Haji Darvesh Plaza, New Rampur Gate, Ashraf Road,  
Peshawar. Tel: 091-2600028, 0912600037

##### DADYAL, AJK BRANCH

Commercial Plots No.108 & 109, Dadyal Hamlet, District  
Mirpur Azad Kashmir. Tel: 05827-465990

##### EIDGAH ROAD BRANCH, BAHAWALPUR

Khata No. 62/119, Moza Bahawalpur,  
Milad Chowk, Eidgah Road, Bahawalpur  
Tel: 062-2880857, 2880858

##### GHALLA MANDI BRANCH, SHEIKHUPURA

Shop No.V-4, SI 12, Ghalla Mandi, Sheikhupura

##### GHORI TOWN BRANCH, RAWALPINDI

Plot # MC-16, Ghori Town, Phase-IV, Rawalpindi  
Tel: 051-4313870

##### KACHEHRI ROAD BRANCH, GUJRAT

Khewat No. 562-565, Khatooni No. 651-654,  
Khasra No. 2199/490, 2205/492, 2201/490,  
Nanwan Shah Pur, Kacheheri Road, Gujrat  
Tel: 053-3600071-73

##### KHAYABAN-E-ITTEHAD BRANCH, KARACHI

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

##### MODEL COLONY BRANCH

Plot No. 9-1/2-A, Model Colony, Near National Saving  
Centre, Karachi. Tel: 021-34510021-23

##### MALL ROAD BRANCH, LAHORE

Shop No. 30 & 30/A, 1ST & 2ND Floor, Plot No. S.19-  
R-30, Commercial Building, Shahrah-e-Quaid-e-Azam,  
Mall Road, Lahore. Tel: 042-37241866 Fax: 042-37241870

##### MARDAN BRANCH

Shop No. C-959/C, B/435/5, Survey No. 127/4  
(New No. 401) Bank Road Mardan Cantt. Mardan  
Tel: 0937-875342-44

##### SAHIWAL BRANCH

Khewat # 142, Khatoni No. 161, Liaquat Road, Sahiwal  
Tel: 040-4223102 Fax: 040-4223104

##### SAMANABAD BRANCH, LAHORE

Plot # 91, Main Road, Samanabad Lahore  
Tel: 042-37535523

##### IBW - II. CHUNDRIGAR ROAD BRANCH

II. Chundrigar Road, Karachi  
Tel: 021-32415399 Fax: 021-32463757

##### IBW - CLIFTON BRANCH

Federation House, Clifton Karachi  
Tel: 021-35290331 Fax: 021-35290333









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

# SINDH BANK

## سندھ بینک

POWER TO THE PEOPLE  
بااختیار عوام

**BANKING CONVENIENCE AT ITS BEST  
WITH 250 ON-LINE BRANCHES IN 125 CITIES**



### SERVICES AND FACILITIES:

- ATTRACTIVE DEPOSIT SCHEMES
- ASAAN ACCOUNT
- WOMEN EMPOWERMENT ACCOUNT
- YOUNG TALENT ACCOUNT
- FOREIGN CURRENCY ACCOUNT
- AGRICULTURE LOANS
- MARKUP FREE STUDENT LOANS
- SMALL & MEDIUM ENTERPRISE (SME) CREDITS
- ISLAMIC BANKING
- ATM NETWORK
- VISA & UNIONPAY DEBIT CARDS
- LOCKER FACILITY

### SMS BANKING:

- BALANCE INQUIRY
- INTRA AND INTER BANK FUNDS TRANSFER (IBFT)
- MINI STATEMENT
- UTILITY BILLS PAYMENT
- MOBILE TOP UP
- TRANSACTION ALERTS
- COMPLETE STATEMENT OF ACCOUNT VIA EMAIL

LONG TERM: AA  
SHORT TERM: A-1+  
(JCR-VIS)

