

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 2023

SINDH BANK
سندھ بینک
POWER TO THE PEOPLE



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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.

Entity Ratings

Long - Term Rating A+
Short - Term Rating A-1

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

Long - Term Rating A+
Good credit quality; Protection factors are adequate. Risk factors may vary with possible changes in the economy.

Short -Term Rating A-1
Highest certainty of timely payment; Liquidity factors are excellent and supported by good fundamental protection factors. Risk factors are minor.

Core Values

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

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

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

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

Corporate Information

Board of Directors

Mr. Anis A. Khan	Chairman / Non-Executive Director
Dr. Kazim Hussain Jatoi	Finance Secretary-GoS / Non-Executive Director
Mr. Javaid Bashir Sheikh	Independent Director
Mr. Mohammed Aftab Alam	Non-Executive Director
Mrs. Shaista Bano Gilani	Independent Director
Mr. Imtiaz Ahmad Butt	Independent Director
Mr. Imran Samad	President / CEO

Note: A casual vacancy exists on the Board of Directors after tendering resignation by Mr. Asif Jahangir, Non Executive Director (Nominee of GoS).

Dilshad Hussain Khan	Chief Financial Officer
Muhammad Irfan Zafar	Company Secretary

Auditors'	M/s Riaz Ahmad & Company Chartered Accountants
Legal Advisor	M/s Mohsin Tayebaly & Co
Share Registrar	CDC Share Registrar Services Ltd.
Registered/Head Office	3rd, Floor Federation House Abdullah Shah Ghazi Road Clifton, Karachi-75600 UAN : +92-21-111-333-225 Fax : +92-21-35870543
Registration Number	0073917
NTN Number	3654008-7
Website	www.sindhbank.com.pk
Facebook	/SindhBankLimitedOfficial
Instagram	/SindhBankLimited
Linkedin	/company/sindh-bank-limited



Chairman's Review

On behalf of the Board of Directors of Sindh Bank, I present below review, along-with the financial statements of the Bank for the year ended December 31, 2023. A detailed review is presented in the Directors Report.

I am pleased to report that noteworthy improvements in the Bank's performance indicators were witnessed , as total income for the year stood at Rs. 9.85 bn compared to last year's Rs. 6.40 bn, depicting an increase by Rs. 3.45 bn (i.e. 53.91 %) over 2022. Major reasons for the improvement in total income are (i) increase in Net Interest Income by Rs. 2.67 bn i.e. 50.35 % and (ii) increase in non markup income by Rs. 776 mn, main contribution factors FX income increased by Rs 165 mn, Fee commission income increased by Rs. 174 mn and capital gain on securities increased by Rs. 495 mn during the year.

Pre-tax profit for the year ended December 31, 2023 amounted to Rs. 657 mn compared to Pre-tax loss of Rs. 2.269 bn last year mainly due to decreased provisioning (mainly on loans) of Rs.1,023 mn (net of reversal of provision of Rs. 1.713 bn) compared to Rs.1.938 bn last year.

The post-tax profit for the year increased to Rs. 2.17 bn compared to a loss of Rs. 1.38 bn last year, Reasons for improvement in post tax profit was due to Return on financings, investments, and placements increased to Rs. 50 bn from Rs. 36 bn last year - higher by 38.29 % , less provisioning requirement during the year i.e. Rs. 1.02 bn (net of reversal of provision of Rs. 1.713 bn) compared to Rs. 1.938 bn in reported period last year and enhancement of the Super Tax rate to 10% for tax years 2024 and onwards. Consequently, this change resulted in the reversal of deferred tax charge of Rs. 2,297 mn.

Total Deposits registered an increase of 0.24% and stood at Rs. 223.569 bn compared to Rs.223.043 bn on December 31, 2022. Gross Advances increased by 9.34% and stood at Rs. 77.51 bn at year-end 2023 compared to Rs. 70.89 bn on December 31, 2022, mainly due to commodity financing of Rs. 10 bn provided to Trading Corporation.

Hectic recovery efforts continue to reduce/contain NPLs, with the Bank managing to reduce its older NPLs by Rs 1.86 bn and reversal of provision of Rs 1.72 bn.

Bank has successfully launched yet another product for Solar Financing for consumers as well as commercial segments during the year, to reduce the burden of bills on consumers and SME businesses in view of increasing electricity tariffs.

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

	Rupees in '000
Total income	9,859,120
Profit before provisions and tax	1,680,806
Provision/diminution in value of investment	(9,101)
Provision against loans and advances	(1,014,893)
Profit before tax	656,812
Taxation	
- Current	783,858
- Prior Years	2,126
- Deferred	(2,293,936)
	(1,507,952)
Profit after tax	2,164,764
Accumulated loss brought forward	(12,626,381)
Other comprehensive income	(18,251)
Loss before appropriation	(10,479,868)
Appropriations:	
Transfer to Statutory Reserve	(432,953)
Accumulated loss carried forward	**10,912,821**

As at the year-end, Sindh Bank's Equity (i.e. Paid up Capital, Reserves, deficit on revaluation & accumulated losses) stood at Rs. 24.47 bn (including Capital of Rs. 5 bn injected by Sindh Government in June 2023), increasing by about 42.69 % over Rs. 17.150 bn last year. The Bank's risk adjusted Capital Adequacy stood at 16.21% against requirement of 11.50% and leverage ratio 2.78% against requirement 3%.

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

I would also like to appreciate the continued efforts of Bank's management and staff in bringing about significant improvements in the Bank's financial indicators despite very challenging circumstances, especially in the areas of deposit mobilization, improving operating profitability, recovery of NPLs and strengthening risk management. I am confident that with their continued dedication and hard work, the Bank would be able to tide over these challenges enabling the Bank to stage a turnaround, InshaAllah.

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



Anis.A.Khan
Chairman

Karachi: February 22, 2024

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

Profile of the Board of Directors



Anis A. Khan
Chairman & Non-Executive Director

Mr. Khan is a businessman and possesses rich experience in marketing and corporate affairs particularly in the media industry. He has travelled widely and is well known in business & commercial circles. He is a Certified Director from IBA.



Imran Samad
President & CEO

Mr. Imran Samad is the President & CEO of Sindh Bank Limited. He has more than 35+ years of experience in Bank/Financial Institutions as President & CEO, Managing Director and Senior Executive / Group Head. His expertise includes Credits, Portfolio Management, Retail Banking, Corporate Finance, Islamic Banking, Agriculture Finance, IT related functions, SME, Micro Credit. He is a seasoned banker with extensive experience in turning around organizations. He joined the Bank on 20th September, 2019.



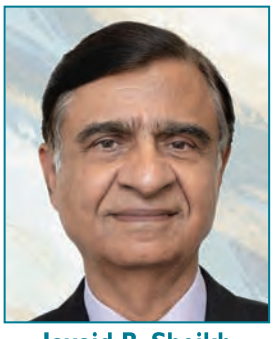
Imtiaz Ahmad Butt
Independent Director

Mr. Imtiaz A. Butt has more than 35 years of varied experience in matters of IT and Software programming, He has worked as Director General (IT) in Lahore Electric Supply Corporation (LESCO), he was also designated, as Director/Deputy Director/ IESCO & MEPCO respectively, he has worked on Diamer-Basha Dam and implemented various important projects with IT support in Electric Distribution Companies. He holds a Masters of Statistics Degree from Punjab University, MBA from the School of Business and Commerce affiliated with Preston University USA and is a Certified Diploma holder in Software Quality Profession from NUST/Pakistan Institute of Quality Control and has attended various courses specially in IT (software Development Tools etc.).



Kazim Hussain Jatoi
Finance Secretary-GoS/
Non-Executive Director

Dr. Kazim Hussain Jatoi is a Civil Servant and presently posted as 'Finance Secretary, GoS'. He remained as Member of Chief Minister Inspection Team & Secretary in Fisheries and Coastal Development in Govt. of Balochistan. He also remained as Secretary in Food in Govt. of KPK, as a Director General in Port Qasim Authority & Managing Director in Karachi Fish Harbor Authority and also as Secretary in several departments of GoS including, Food Deptt., Health Deptt., Public Health Engineering Deptt. & Home Deptt., in furtherance to other important positions in GoS.



Javaid B. Sheikh
Independent Director

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



M. Aftab Alam
Non-Executive Director

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



Shaista Bano Gilani
Independent Director

Mrs. Shaista Gilani holds twenty (20) years of varied experience in matters of corporate law & regulations, competition law, economic policy, enforcement, advocacy and research. She remained in SECP as Deputy Registrar of Companies and focal person and in CCP she served as Joint Director & Director General, lastly she served as a member & acting Chairperson of CCP as well as nominated member of the complaints redressal committee of Audit Oversight Board Pakistan. During association with CCP she has adjudicated various important cases and her judgments have been reported in the PLD as well. She is also a voluntary Executive Member of the UGOOD, a non-governmental organization. She holds Masters in Economics in Competition Law from UK & MBA from Pakistan, as well as Member of ACCA & its Sub Committee on "Corporate Governance". She is a Certified Director from the ICAP.



From left to right: Mr. M. Aftab Alam, Mrs. Shaista Bano Gilani, Mr. Javaid Bashir Sheikh, Mr. Anis A. Khan (Chairman), Dr. Kazim Hussain Jatoi, Mr. Imran Samad (President & CEO) and Mr. Imtiaz Ahmad Butt.

Board of Directors

1) Mr. Anis A. Khan	Chairman / Non-Executive Director
2) Dr. Kazim Hussain Jatoi	Finance Secretary-GoS / Non-Executive Director
3) Mr. Javaid Bashir Sheikh	Independent Director
4) Mr. Mohammed Aftab Alam	Non-Executive Director
5) Mrs. Shaista Bano Gilani	Independent Director
6) Mr. Imtiaz Ahmad Butt	Independent Director
7) Mr. Imran Samad	President / CEO

Note: A casual vacancy exists on the Board of Directors after tendering resignation by Mr. Asif Jahangir, Non Executive Director (Nominee of GoS).

Committees of the Board

Audit Committee:

Mr. Javaid B. Sheikh	Chairman
Mr. Mohammed Aftab Alam	Member
Mrs. Shaista Bano Gilani	Member
Vacant Position	Member
Head of Internal Audit Division	Secretary

Board Human Resource & Remuneration Committee:

Mrs. Shaista Bano Gilani	Chairman
Mr. Anis A. Khan	Member
Finance Secretary (GoS)	Member
Head of HR Division	Secretary

Board Risk Management Committee:

Finance Secretary (GoS)	Chairman
Mr. Javaid B. Sheikh	Member
Mr. Imtiaz Ahmad Butt	Member
Vacant Position	Member
Head of Risk Management Division	Secretary

Board Information Technology Committee:

Mr. Anis A. Khan	Chairman
Mr. Mohammed Aftab Alam	Member
Mr. Imtiaz Ahmad Butt	Member
Head of IT Division	Secretary

Board Nomination Committee:

Mr. Anis A. Khan	Chairman
Finance Secretary (GoS)	Member
Mr. Mohammed Aftab Alam	Member
Company Secretary	Secretary

Board Special Assets Management Committee:

Mr. Anis A. Khan	Chairman
Finance Secretary (GoS)	Member
Mr. Mohammed Aftab Alam	Member
President & CEO	By Invitation
Head of SAM Division	Secretary

Terms of Reference

The number of meetings of the Board of Directors (BOD) and its Sub-Committees held during the year 2023 and the attendance by each director/committee member are provided in the Directors' Report.

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

Risk Management Committee

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

The principle responsibilities of the Committee are as follows:

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

Nomination Committee

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

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

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

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

Audit Committee

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

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

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

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

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

Human Resource and Remuneration Committee

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

Information Technology Committee

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

Profiles of the Shariah Board Members

Mufti Muhammad Hassan Ashraf Usmani

Chairman Shariah Board

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

Mufti Zeeshan Abdul Aziz

Member Shariah Board

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

Mufti Muhammad Nadeem Siddiqui

Resident Shariah Board Member (RSBM)

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

Terms of Reference and Meeting of Shariah Board

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

Shariah Board Meetings

Details of Meetings of the Shariah Board held during the year 2023 and attendance by each Shariah Board Member are given below:

S.No.	Name	Shariah Board Meetings	
		Held During the Year	Attended
1	Mufti Hassan Ashraf Usmani	4	4
2	Mufti Zeeshan Abdul Aziz	4	4
3	Mufti Muhammad Nadeem Siddiqui	4	4
Total Meetings Held During the Year 2023		4	

Disclosure on Remuneration Policy of the Bank

PURPOSE AND SCOPE

The Bank has developed a fair, objective, transparent and sound Remuneration Policy that is aligned with risks and responsibilities of Financial Intermediation.

The scope of Remuneration Policy covers all employees across the Bank who are materially responsible for risk taking or risk controlling activities.

OBJECTIVES

Following are the main objectives of Remuneration Policy:

- Our remuneration policy is market-aligned competitive pay, making our compensation fair and consistent, ensuring internal equity.
- We are equal opportunity employer and are committed to hiring and retaining suitably qualified talent from across the country or abroad, through a merit-based and non-discriminatory selection process.
- We believe that engaged employees are more committed and deliver better results, hence we support staff retention.

GOVERNANCE FRAMEWORK

The banks Governance framework with respect to the aforementioned Guidelines, aims at guaranteeing an appropriate control on remuneration practices, ensuring that decisions are taken with sufficient independence and in an informed way, by such authorities and functions, to which different responsibilities are delegated.
The board is overall responsible for reviewing, approving and monitoring implementation of the Bank-wide remuneration frame work, based on the recommendations of Boards Human Resource & Remuneration Committee(HRRC), which shall be mainly responsible for overseeing the Banks remuneration programmed.

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

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

Qualitative Inclusion criteria

The following qualitative criteria has been applied for identification of MRTs and MRCs:

- President & CEO and Deputy CEO
- Members of critical management Committees;
- Members of the senior management;
- Heads of critical functions responsible for managing business and risks and controls;

Quantitative Inclusion Criteria

The bank has carried out detailed assessment of individuals subjecting the bank to significant risks. The materiality of significant risks has been determined through the quantitative criteria for each major risk type i.e.; i) Credit Risk; ii) Market risk, iii) Operational Risk; iv) Liquidity Risk; and v) Financial Expenditure Approval Authority.

COMPENSATION STRUCTURE

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

Fixed Remuneration

Fixed remuneration comprises of base salary (including annual increment therein) and role-based fixed allowances, if applicable. Fixed remuneration shall not vary with performance and is payable, in accordance with HR Policies.

Variable Remuneration based on Performance

Since the Sindh Bank does not have any other variable remuneration than Annual Performance Bonuses. It was decided in principle that the management to disburse the approved amount of Performance Bonuses and to the designated MRTS & MRCS with 50:50 within 3 years or more, to be decided by the Committee, on case to case basis.

Other benefits

In the event of death or disability, the bank offers life and disability insurance, through an insurance Company, to provide financial assistance to the staff. Life insurance coverage provides financial Support to the hires of the deceased staff in the unfortunate event of death in service, complete coverage of house Loan, if availed, will be provided to the staff.

PERFORMANCE MEASUREMENT OF MRTs AND MRCs

The MRT and MRCs have been identified through a detailed assessment of the banks employees using various qualitative and quantitative criteria as documented in the remuneration policy.

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

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

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

Payment of Performance Bonus to MRTs AND MRCs within a period of 3 years or more, as per discretion of the of the Committee to reduce or expand the period of retention but not less than 3 years in any case as per Revised Guidelines provided by SBP. In case of any deficiency on the part of the employee concerned during deferred payment period, the retained amount can be changed or even forfeited keeping in view the gravity of the deficiency.

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:

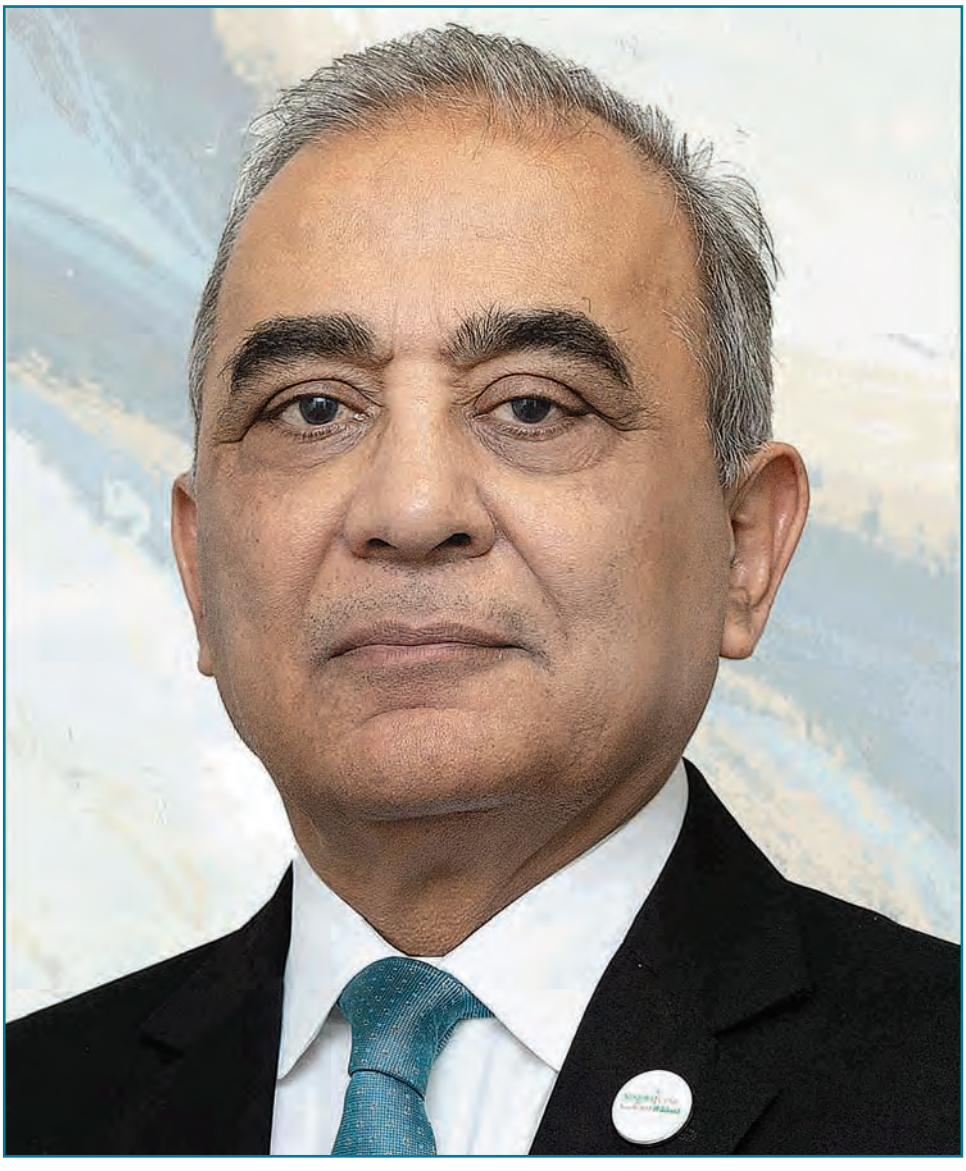
1. We will abide by the laws of the Country in all activities at work and beyond. Any suspected material violation of a law, regulation or ethical standard must be reported to the appropriate level of authority within the Bank. Where appropriate, the authority will report to the relevant statutory authority.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

    ● Inappropriate Conduct ● Sexual Harassment ● Corruption and Retaliation ● Discriminatory Behavior ● Grapevine and Gossips ● Intentional Dishonesty ● Drug Abuse and Anti Environmental Activities ● Insider Trading ● Money Laundering

Note:

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

Management



Imran Samad
President & CEO



Muhammad Anwaar
Deputy CEO



Tariq Ahsan
SEVP - Head Service Quality Division



A. Rauf Chandio
SEVP - RGM - Sindh Rural Region



Syed Assad Ali Shah
SEVP - RGM - South Region



Baqir Hussain
SEVP - Head HR & Training



Ata Hassan
EVP - Head IT



Rehmanullah Khattak
EVP - RGM - GBH North Region



Dilshad Hussain Khan
EVP - CFO - Head Finance
Acting Head Treasury/FI



Rizwan Mahmood
EVP - RGM - Central Region



Ahmad Noor
EVP - Head Special Asset Management



Rehan Anjum
EVP - Head Audit



Saleem Shaffi
EVP - Head Operations



Amir Ali
EVP - Head Compliance Vig & FRM



Sadia Bukhari
EVP - Head Risk Management



Shariq Jaleesi
EVP - Head Credit Administration Division



Tahir Hussain Shah
EVP - Head Centralised Foreign Trade



Saima Aziz
SVP - Head Marketing & Media
Focal Person - Gender Diversity



Bashir Ahmed Wassan
SVP - Head Agriculture Credit



Naeem Muhammad
SVP / Chief Information Security Officer (CISO)



Hasnain Merchant
SVP - Head Payment Services & Head Islamic Banking



Arshad Abbas Soomro
SVP - Head Administration & Security



Muhammad Irfan Zafar
SVP - Company Secretary & Head Legal Department



Ruqayya Marghoob Rizvi
VP - Head Corporate & Investment Banking



Naila Asad Shaikh
VP - Head SME



Syed Mudassir Abbas
AVP - Head Treasury Operations



Saifuddin Sahito
AVP - Incharge Consumer Department

(As of December 31, 2023)

Events



Certificate distribution ceremony for highest achievers of the certified Cash Officers and General Banking Officers Program in collaboration with IBP.



The 3rd Women's Power Run, sponsored by Sindh Bank.



PHC Job Fair 2023 at Karachi Expo Centre, sponsored by Sindh Bank.



Launch of Solar Finance Facility.





Breast Cancer Awareness session for 'Pinktober' 2023.



Celebrating the nation's 76th Independence Day at Sindh Bank's Head Office.



Event on Financial Literacy at Government Karachi College for Women.



Sindh Bank Managers' Conference 2023 (Central Region).



Sindh Bank Managers' Conference 2023 (South Region)



Sindh Bank Managers' Conference 2023 (Sindh Rural Region).



Sindh Bank Managers' Conference 2023 (North Region).



New Year 2023 celebrations at Sindh Bank's Head Office.



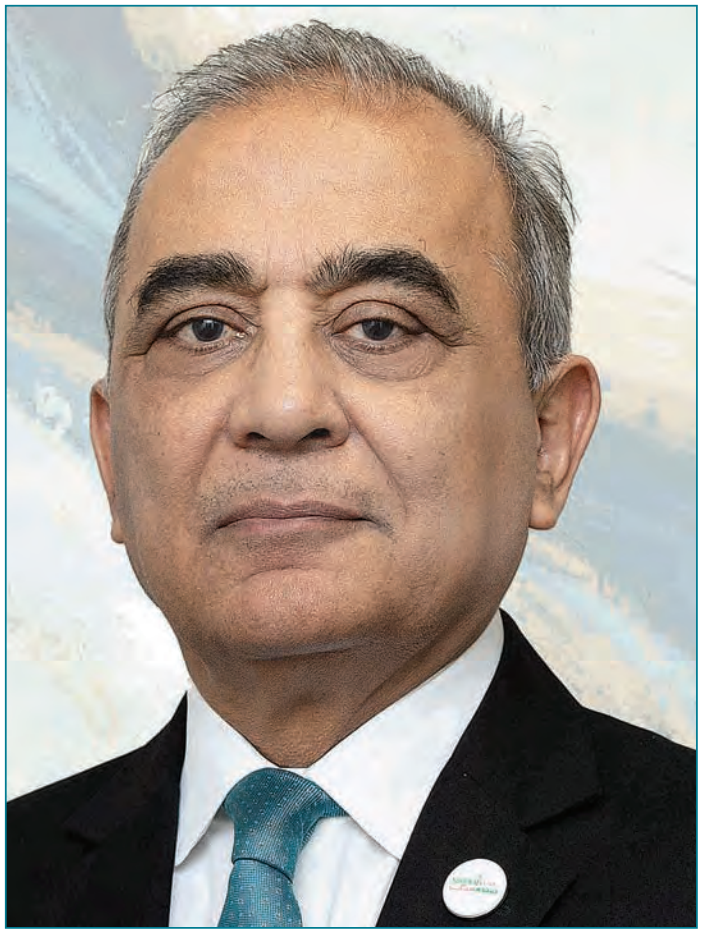
Signing Ceremony with PTCL for the deployment of SD-WAN Solution.



Celebrating International Women's Day 2023.



Celebrating the victorious Sindh Bank Cricket Team, Champions of 19th SBP Governor Cup.



Directors' Report

On behalf of the Board of Directors, I am presenting herewith the financial results of the Bank for the year ended December 31, 2023. Financial highlights are as follows:

(Rupees in '000)

Balance Sheet	As on December 31, 2023	As on December 31, 2022	%age Change Increase/ (decrease)
Paid up capital	34,524,428	29,524,428	16.94%
Reserves	1,894,365	1,461,412	29.63%
Accumulated losses	(10,912,821)	(12,626,381)	13.57%
Paid up capital net of accumulated losses	**25,505,972**	**18,359,459**	**38.93%**
Deficit on revaluation of assets-net	(1,033,628)	(1,208,500)	(14.47%)
Equity	**24,472,344**	**17,150,959**	**42.69%**
Borrowings	**37,546,440**	**106,934,714**	**(64.89%)**
Deposits	**223,569,650**	**223,043,950**	**0.24%**
Investment (carrying value)	**166,503,472**	**254,552,777**	**(34.59%)**
Gross advances	**77,511,411**	**70,899,317**	**9.33%**

(Rupees in '000)

Profit & Loss Account	Year Ended 31-Dec-2023	Year Ended 31-Dec-2022	%age Change Increase/(decrease)
Markup/return/interest income	50,308,343	36,377,762	38.29%
Markup/return/interest expenses	42,314,885	31,061,343	36.23%
Net markup/return/interest income	**7,993,458**	**5,316,419**	**50.35%**
Fee, commission & other income	612,116	435,879	40.43%
Foreign exchange income	723,490	557,561	29.76%
Dividend income	192,353	253,607	(24.15%)
Gain/(loss) on sale of investments	337,703	(157,712)	314.12%
Non-mark-up/non-interest income	**1,865,662**	**1,089,335**	**71.27%**
Total income	**9,859,120**	**6,405,754**	**53.91%**
Non mark-up/interest expenses	**8,178,314**	**6,736,209**	**21.41%**
Provision/diminution in value of investments	9,101	80,939	(88.76%)
Provision-specific & general against advances & bad debts written off directly	1,014,893	1,857,699	(45.37%)
Total provisions	**1,023,994**	**1,938,638**	**(47.18%)**
Profit / (Loss) before tax & provisions	**1,680,806**	**(330,455)**	**608.63%**
Profit / (Loss) before tax	**656,812**	**(2,269,093)**	**128.95%**
Profit / (Loss) after tax	**2,164,764**	**(1,385,750)**	**256.22%**
Profit / (Loss) per share (Rupees)	**0.72**	**(0.54)**	**233.33%**

Other Information	As on 31-Dec-2023	As on 31-Dec-2022	%age Change Increase/(decrease)
No. of accounts	816,219	573,882	42.23%
Number of branches	330	330	

A. Financial Review

Total Assets recorded decrease from Rs. 357.8 bn to Rs. 300.4 bn decrease by Rs. 57.4 bn (i.e. 16.04%) during the year, primarily attributed by decrease in investment by Rs 88.04 bn.

Major financial statement segment-wise review is as follows:

I. Deposits

Deposits registered a slight increase by Rs. 525 mn (i.e. 0.24%) and stood at Rs. 223.56 bn compared to Rs. 223.04 bn on December 31, 2022 slight increase due to Bank strategy to shed high cost deposit and more focus on Current Account deposits (CA). Number of customer accounts stood at 816,219 after increase of 242,337 accounts (42.23%). Bank's focus on continuously innovating product offering and ensuring unparalleled and seamless service delivery to customers through both digital and physical channels.

II. Advances

Gross Advances increased by Rs. 6.61 bn (i.e. 9.34%) and stood at Rs. 77.51 bn at year-end 2023 compared to Rs. 70.89 bn on December 31, 2022, mainly due to commodity financing of Rs. 10 bn provided to Trading Corporation of Pakistan. Bank has successfully launched yet another product for solar power financing for consumers as well as commercial segments during the year, in view of the increasing cost of electricity and managing the expense budgets of consumers and SME business.

Hectic recovery efforts continue to reduce/contain NPLs, with the Bank managing to reduce its older NPLs by Rs 1.86 bn and reversal of provision of Rs. 1.71 bn.

III. Investments

Carrying value of Investments as at December 31, 2023 decreased by Rs.88.04 bn (34.59%) and stood at Rs.166.50 bn at year-end 2023 compared to Rs.254.55 bn on December 31, 2022 as per strategy, bank did not reinvest funds received upon maturity of investments, and instead, the bank adjusted its Repo borrowing.

Gross Investment in equities and mutual funds stood at Rs. 1,207 mn, excluding Rs. 750 mn in Sindh Microfinance Bank Limited (wholly owned subsidiary), decreased by 1,871 mn (i.e.60.78 %) over December 31, 2022 (Rs. 3,078 mn), decrease occurred due to the bank's strategy to offload equity market shares on attractive prices, resulting in record capital gains of Rs. 337 mn during the year as compare to capital loss of Rs.157 mn during 2022.

B. Profit and Loss Account

Improvement in the Bank's performance indicators was witnessed as Total Income for the year stood at Rs 9.86 bn compare to last year Rs. 6.40 bn, depicting an increase by Rs. 3.45 bn (i.e. 53.91%) over 2022. Major reasons for the improvement in total income are as below:

(i) Increase in Net Interest Income by Rs. 2.68 bn i.e. 50.35 % and
(ii) Increase in non-markup income by Rs. 776 mn, main contribution factors FX income increased by Rs. 166 mn, Fee commission income increased by Rs 175 mn during the year and capital gain on securities increase by Rs. 495 mn.

Since 2018, for the first time, the Bank recorded a profit before tax of Rs 657 mn, with a consistent growth trajectory throughout the year. This was backed by record quarterly profits, contrasting with a loss before tax of Rs. 2,269 mn reported last year.

Post tax Profit for the year amounted to Rs. 2.16 bn compared to post tax loss of Rs.1.38 bn last year. Reasons for improvement in post-tax Profit was due to Return on financings, investments, and placements increased to Rs. 50 bn from Rs. 36 bn last year - higher by 38.29% driven by substantial rise in earning assets and a higher underlying benchmark policy rate. The average policy rate during the year increased from 13.16% to 20.68%, less Provisioning requirement during the year i.e. Rs. 1.02 bn (net of reversal of provision of Rs. 1.713 bn) compared to Rs. 1.938 bn in reported period last year and enhancement of the Super Tax rate to 10% for tax years 2024 and onwards. Consequently, this change resulted in the reversal of deferred tax charge of Rs. 2,297 mn.

C. Branches

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

Regions	No. of Branches	No. of Cities / Towns
South: including Karachi, Sindh-other cities / towns & Balochistan	206	97
North: including Punjab, Islamabad, KPK, AJK & GB	124	72
Total	330	169

ECONOMIC REVIEW

Since the start of the year Pakistan was under the stress of external debt payments. However, Pakistan's economy improved in the second half of 2023. The primary drivers were the Stand-by-Agreement (SBA) with IMF in July 2023 and the contingent economic support from Saudi Arabia, UAE, and China. This improved Pakistan's balance of payments, put the country on the fiscal consolidation path and helped the country in economic recovery.

Inflation remained high throughout the year. During the second half of CY23, the Consumer Price Index (CPI) averaged approximately 28.8%, showing a decrease from 33.10% in the first half of CY24. Inflation surged in the latter part of year due to frequent hikes in gas tariffs and rising fuel prices, aligning with IMF directives. The surge in inflation has been broad based during the whole year. The headline inflation is expected to decline significantly in the second half of CY2024 due to contained aggregate demand, easing supply constraints, moderation in international commodity prices and favorable base effect.

The current account demonstrated a surplus of USD 397 mn in December 2023, a notable shift from USD 365 mn deficit in December 2022. The current account surplus helped bring down the H1-FY24 deficit by 77% to USD 831 mn, a substantial improvement from the USD 3.6 bn deficit recorded in the same period last year. The surplus was primarily driven by a 14% YoY uptick in overall exports and a 13% YoY surge in remittances, while imports saw a marginal 0.1% YoY decline.

Although the sovereign risk has since receded, significant economic challenges remain for Pakistan, including forthcoming negotiations with the IMF and seeking additional aid from foreign backers, particularly Saudi Arabia and the UAE.

The World Bank has projected Pakistan's economic growth at 1.7% for the ongoing fiscal year 2023-24, attributing the subdued economic outlook to tight monetary policy and political uncertainty. Loan from the International Monetary Fund (IMF) have provided much-needed dollars' inflows and stability. The new government after the elections is expected to abide by the IMF terms and complete the current program successfully.

PSX REVIEW

During 2023, the Stock Market outperformed with a remarkable return of 55%. This marked the first time in seven years that the index surpassed CPI inflation and fixed-income returns. Recent developments on the macroeconomic and geopolitical fronts have laid the foundation for a sustained bull run in the Pakistan equities market. The KSE100 index's unprecedented rally to record-high levels signals revitalized investor confidence, driven by measures taken to address the country's longstanding issues.

In November 2023, the KSE-100 index of the Pakistan Stock Exchange (PSX) experienced a remarkable surge, soaring by 33% and surpassing the historical milestone of 58,199 points for the first time ever.
Building on this success, the index continued its upward trajectory in December 2023, crossing the highest point at 66,000, marking yet another significant achievement.

Moreover, record-high profits amid attractive valuations, ample domestic liquidity, the resurgence of foreign investor interest, and the increasing importance of Pakistan in the geopolitical landscape are likely to make equities the go-to investment in 2024 and beyond.

CREDIT RATING

VIS Credit Rating Company Limited reaffirmed the Bank's long term entity rating of A+ (Single A Plus) and short term rating of A-1 (A-one) in its report dated June 27, 2023.

MINIMUM CAPITAL REQUIREMENT & CAPITAL ADEQUACY RATIO

Bank's Capital Adequacy Ratio stood at 16.21% as against the minimum requirement of 11.50% and Leverage Ratio stood at 2.78% against minimum requirement of 3% as on December 31, 2023.

RISK MANAGEMENT FRAMEWORK

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

INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

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

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

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

OTHER HIGHLIGHTS

a) Major IT Initiatives

Sindh Bank is continuously striving to improve its technical infrastructure, in order to provide innovative and secure financial solutions to its customers.

In 2023, Sindh Bank invested significantly in Server Hardware Upgrade and Communication Infrastructure upgrade. Bank procured high-end Dell Servers with high-speed storage to enhance system efficiency and up-time.

Bank achieved a significant milestone by adopting SD WAN (Software Defined Wide Area Network) solution. The solution will enhance Bank's capability to adopt the best available connectivity option. SD WAN can connect branches directly to the data center or to Software as Service applications, shortening transit time, reducing overhead, eliminating bottlenecks and enhancing application performance.

On Digital Banking front, Sindh Bank opened more than 150K accounts of flood affected people across multiple districts digitally. During the process, Bank ensured that all the regulatory compliance related to AML/CFT is followed.

Bank had started the issuance of e-stamp paper on Government of Sindh behalf since November 2022.

The number of branches enabled for e-stamp issuance, were increased to 100. Bank also started the collection of lower denomination e-stamp fee. Sindh Bank is now also working as settlement Bank for Sindh Revenue Board for Point of Sale tax collection via 1Link's 1Bill Service.

On the information security front, Bank initiated the PCI DSS (Payment Card Industry Data Security Standard) assessment to ensure secure payment system environment.

b) Home Remittances

Sindh Bank via its network, made Home Remittance payments to about 110,382 customers during 2023, as compared to 117,129 payments in Year 2022.

Year 2022, Sindh Bank became Super-Agent of Western Union and made first sub agent named as Bank of Azad Jammu Kashmir.

Sindh Bank also became a partner bank in the Federal Government's Sohni Dharti Remittance Program. Under this program, USD 50 million+was disbursed in year 2023, making the Bank eligible for SBP PRI Home Remittance incentives.

Despite the challenges faced by the country in-respect of remittance, Bank performance can be gauged with the below summary of the results achieved during 2023 in terms of both transaction numbers and volumes, as given below:

The Bank is destined to take on-board wide range of exchange companies for better growth of Home Remittance business.

YEAR	No Of Transactions	Amount In USD	Amount In PKR
2023	110,382	42,659,369	11,956,186,714
2022	117,129	50,853,085	10,384,617,531

c) Sindh Microfinance Bank Limited (wholly owned subsidiary)

Brief summary of financial highlights for the year ended December 31, 2023 shown below:

Sindh Microfinance Bank Limited (SMFB) is a province level microfinance bank which started its operations in May 2016 with equity of Rs. 750 mn. As of December 31, 2023, SMFB has increased its equity to Rs.1.1 bn with internally generated profits. SMFB is perhaps the only microfinance bank in the country which has continuously been in profits since its inception almost 9 years ago. Based on its sustainable results, in December 2023 SMFB applied to the State Bank of Pakistan for a national level license.

The aim of the microfinance program of SMFB is to improve access to finance for the underprivileged segment especially for the economically active women in rural and semi urban areas of Sindh. To date, SMFB has disbursed 323,000 loans amounting to Rs.10.4 bn through its presence in 96 business locations in the province of Sindh. The depth of the impact of SMFB can be gauged by the fact that the average income of SMFB borrowers is $2.8 per day which is well below the poverty line of $3.65 /day set by the World Bank which means the social impact of SMFB is at the bottom of the pyramid level. It is also pertinent to note that employment generation is at the heart of the SMFB's mission and to this end SMFB has created the first employment opportunities for more than 2000 young individuals in the rural and semi urban areas of Sindh and in addition to that hundreds of thousands of jobs were created through disbursement of over 300,000 loans.

SMFB registered a profit before tax of Rs.136-mn (2022: Rs.56-mn) which is an increase of 142% over the corresponding period last year. The outstanding loan portfolio of SMFB has reached almost Rs. 2 bn which has been majorly financed by deposits of more than Rs. 1.3 bn. During 2023 SMFB financed more than 78,000 loans amounting to Rs. 3.2 bn. SMFB also boasts one of the best recovery ratios in the industry since is portfolio at risk (PAR) has remained under 1% for most of its 8 years of operations. Only during COVID 19 and the 2022 floods, PAR increased beyond the 1% threshold. During the challenging situation of the floods of 2022 and COVID 19, SMFB managed to recover 90% of its affected portfolio which is a testament to the loyalty of its borrowers and the grass root level dedication of the credit team of SMFB.

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

Brief summary of financial highlights of SMFB for the year ended December 31, 2023 showing below:

	December 31 2023		December 31 2022	
Balance Sheet				
	# of Account	Rs. In million	# of Account	Rs. In million
Gross loan portfolio	74,180	1,927	66,133	1,321
Total assets		3,355		2,008
Deposits	162,152	1,323	129,056	600
Borrowings		721		310
Total liabilities		2,254		995
Net equity		1,102		1,012
Lending activity				
Loan disbursements	78,576	3,221	57,778	1,991
Profit & loss account				
Net interest income		620		345
Profit before tax		131		57
Taxation		(39)		(16)
Profit after tax		91		41

STAFF, TRAINING & DEVELOPMENT

Total number of staff working in the Bank i.e. executives, officers and support staff as at December 31, 2023 numbered 2,611 (Including 525 outsource staff) as compared to 2,494 (Including 502 outsource staff) as at December 31, 2022.

In the Calendar year ending December 2023, training department conducted a total of 119 training programs, comprising 55 in-house and 64 ex-house training sessions, covering diverse areas such as Branch Banking Operations, Islamic Banking, Compliance, and Risk Management. Notably, this following year the bank collaborated with 'The Institute of Bankers Pakistan (IBP)' to introduce a certification course for cash officers and general banking officers, certifying 411 officers across three batches. These initiatives, attended by 2,271 participants, aligned with State Bank of Pakistan directives, emphasizing Gender Sensitivity, Anti-Money Laundering/Compliance, and Islamic Banking training.
Additionally, staff participated in external programs offered by reputable institutions like NIBAF, IBP, LRC, and other well-known consultancies focusing on key areas such as Islamic Banking, Compliance, and Risk Management, in line with SBP's priorities.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Bank continues to support multi-sectoral initiatives in health, education and community welfare that encourage financial inclusion, health and education.

The Bank organized / provided sponsorships for the below mentioned events during 2023:

- Breast Cancer Awareness Day was celebrated at the Head Office Sindh Bank to spread awareness about breast cancer and its prevention.
- Sponsorships were given to various institutions like Pakistan Hindu Council for 17th combined Hindu Marriages Event held at Railway Ground Karachi, sending Anti-Corruption Banners to Sindh Bank Branches all over Pakistan, Conference 2023, annual Urs Hazrat Lal Shahbaz Qalandar, Airport Security Force for ASF Passing out Parade- 51st Basic Aviation Security Course.
- The following products were launched specially for Women as a part of CSR.
  i. Mera Ghar Home Finance ii. Meri Gari Auto Finance iii. Azaadi Salary Loan iv. Haya Digital Account v. Haya Asaan Account

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 significant doubt about the Bank's ability to continue as a going concern in the foreseeable future.
- The Directors' Orientation Course on Corporate Governance was conducted through an ICAP approved trainer and was attended by President & CEO and all those directors who have been approved by the SBP to attend the meetings during assessment of FPT documents of elected directors.
- Key financial and operating data for six years is being provided in the annual report.
- All the statutory liabilities, if any have been adequately disclosed in the financial statements.
- The appointment of the Chairman and other members of the Board and the terms of their appointment along with remuneration policy adopted are in the best interest of the Bank as well as in line with best practices.
- Value of investments of Sindh Bank Limited Employees Provident Fund as at December 31, 2023 amounted to Rs. 2,082.8 mn (2022 Rs. 1,671.4 mn). Value of investments of Sindh Bank Limited Employees Gratuity Fund as at December 31, 2023 Rs. 805.5 mn amounted to (2022 Rs. 632.6 mn) and further an amount Rs. 151.6 mn has been transferred subsequent to the balance sheet date, based on actuarial valuation of the fund.
- Statement of compliance with the Public Sector Companies (Corporate Governance) Rules, 2013 is given separately in the Annual Report.

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

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

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

The Directors' Orientation Course on Corporate Governance was conducted through an ICAP approved trainer and was attended by President & CEO and all other Directors in their 110 BOD meeting held on 22.02.2024

BOARD OF DIRECTORS

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

S. No.	Name of Directors	Board of Directors		Board Human Resource Committee		Board Audit Committee		Board Risk Management Committee		Board IT Committee		Board Nomination Committee		Board SAM Committee	
		Held During the Year	Attended	Held During the Year	Attended	Held During the Year	Attended	Held During the Year	Attended	Held During the Year	Attended	Held During the Year	Attended	Held During the Year	Attended
1	Mr. Anis A. Khan	8	8	4	4	-	-	-	-	3	3	1	1	5	5
2	Dr. Kazim Hussain Jatoi	8	2	4	2	-	-	4	1	-	-	-	-	5	1
3	Mr. Adnan Ali Khan (a)	8	4	4	1	-	-	-	-	3	1	-	-	-	-
4	Mr. Asif Jahangir (b)	8	5	-	-	7	3	4	2	-	-	-	-	-	-
5	Mr. Javaid Bashir Sheikh	8	8	-	-	7	7	4	4	-	-	-	-	-	-
6	Mr. Mohammed Aftab Alam	8	8	-	-	7	7	-	-	3	3	1	1	5	5
7	Mr. Sajid Jamal Abro (c)	8	6	4	2	-	-	4	2	-	-	1	1	5	3
8	Mrs. Shaista Bano Gilani	8	8	4	3	7	5	4	2	-	-	-	-	-	-
9	Mr. Imtiaz Ahmed Butt	8	2	-	-	-	-	4	-	3	1	-	-	-	-
10	Mr. Imran Samad, President & CEO	8	8	-	-	-	-	-	-	-	-	-	-	-	
Total Meetings held during the year		8		4		7		4		3		1		5	

CHANGES IN THE BOARD OF DIRECTORS

There are following changes in the Board composition during the period:

a) Mr. Imtiaz Ahmad Butt, Independent Director has been co-opted in place of outgoing Director Mr. Adnan A. Khan by the Board in its 106th BoD meeting held on August 29, 2023, whose approval has been received from SBP on October 09, 2023.

b) In place of Mr. Asif Jahangir, GoS Nominee/Non-Executive Director after his resignation, one Mr. Mushtaq Malik, was approved by the Board for his cooption in its 106th BoD held on August 29, 2023 subject to GoS & SBP approval, whose approval was sought from Government of Sindh being replacement of GoS Nominee, and is awaited.

c) Mr. Sajid Jamal Abro, Finance Secretary (FS) GoS has been transferred on September 05, 2023 and Dr. Kazim Hussain Jatoi, the new Finance Secretary of GoS has been appointed by the Board of Directors through Circular Resolution No.02/2023, dated 18.09.2023, which was then ratified by the Board in its 107th meeting held on October 26, 2023, whose approval has been received from SBP on October 24, 2023.

BOARD COMMITTEES MEETINGS

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

PATTERN OF SHAREHOLDING

The pattern of shareholding is attached with this report.

EXTERNAL AUDITORS

During the period previous external auditor's M/S RSM Avais Hyder Liaquat Nauman Chartered Accountants had resigned on April 27, 2023. In order to fill the casual vacancy, the Board of Directors in its meeting held on August 3, 2023 has appointed M/S Riaz Ahmad and Company, Chartered Accountants as statutory auditors of the Bank for the year 2023, on the recommendation of Board Audit Committee.

FUTURE OUTLOOK

With encouraging results achieved so far, the management is determined to maintain its focus on the following major goals in the coming period:

(i) Recovery and reduction of Non-Performing Loans;
(ii) Focus on Current Account mobilization schemes;
(iii) Increase of Consumer, SME and Commercial business;
(iv) Alternate delivery and service channels based on technology platforms to facilitate our customers;
(v) Training and development of Staff; and
(vi) Strengthening the risk and control environment.

Acknowledgements

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

On behalf of the Board of Directors

Imran Samad
President/CEO

Mohammed Aftab Alam
Non Executive Director

Karachi, February 22 2024

ڈائریکٹرز رپورٹ

میں بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2023 کو اختتام پذیر سال کے لیے بینک کے مالیاتی نتائج پیش کر رہا ہوں۔ مالیاتی جھلکیاں درج ذیل ہیں؛

(روپے 000، میں)

بیلنس شیٹ	31 دسمبر 2023 پر	31 دسمبر 2022 پر	فیصد تبدیلی اضافہ/ (کمی)
ادا شدہ سرمایہ	34,524,428	29,524,428	16.94%
ذخائر	1,894,365	1,461,412	29.63%
جمع شدہ نقصان	(10,912,821)	(12,626,381)	13.57%
ادا شدہ سرمایہ بمع جمع شدہ نقصان	**25,505,972**	**18,359,459**	**38.93%**
اثاثہ جات کی دوبارہ قدر پذیری پر خسارہ- خالص	(1,033,628)	(1,208,500)	(14.47%)
ملکیتی سرمایہ	**24,472,344**	**17,150,959**	**42.69%**
ادھار	**37,546,440**	**106,934,714**	**(64.89%)**
ڈپازٹس	**223,569,650**	**223,043,950**	**0.24%**
سرمایہ کاری (Carrying value)	**166,503,472**	**254,552,777**	**(34.59%)**
مجموعی ایڈوانسز	**77,511,411**	**70,899,317**	**9.33%**

نفع نقصان کا کھاتہ	31 دسمبر 2023 پر اختتام پذیر سال کے لیے	31 دسمبر 2022 پر اختتام پذیر سال کے لیے	فیصد تبدیلی اضافہ/ (کمی)
مارک اپ/ ریٹرنز/ سودی آمدنی	50,308,343	36,377,762	38.29%
مارک اپ/ ریٹرنز/ سودی اخراجات	42,314,885	31,061,343	36.23%
خالص مارک اپ/ ریٹرنز/ سودی آمدنی	**7,993,458**	**5,316,419**	**50.35%**
فیس، کمیشن اور دیگر آمدن	612,116	435,879	40.43%
غیر ملکی زرمبادلہ سے آمدنی	723,490	557,561	29.76%
منقسمہ منافع	192,353	253,607	(24.15%)
سرمایہ کاری کی فروخت سے نفع/ (نقصان)	337,703	(157,712)	314.12%
بنا مارک اپ/ غیر سودی آمدنی	**1,865,662**	**1,089,335**	**71.27%**
کل آمدن	**9,859,120**	**6,405,754**	**53.91%**
بنا مارک اپ/ غیر سودی اخراجات	**8,178,314**	**6,736,209**	**21.41%**
مختصات/ سرمایہ کی گھٹی ہوئی قدر	9,101	80,939	(88.76%)
مختصات- ایڈوانسز کے لیے مخصوص اور عام	1,014,893	1,857,699	(45.37%)
کل مختصات	**1,023,994**	**1,938,638**	**(47.18%)**
منافع/ (نقصان) قبل از ٹیکس اور مختصات	**1,680,806**	**(330,455)**	608.63%
منافع/ (نقصان) قبل از ٹیکس	656,812	**(2,269,093)**	**128.95%**
منافع/ (نقصان) بعد از ٹیکس	2,164,764	**(1,385,750)**	256.22%
منافع/ (نقصان) فی حصص (روپے)	0.72	**(0.54)**	233.33%

دیگر معلومات	31 دسمبر 2023 پر	31 دسمبر 2022 پر	فیصد تبدیلی اضافہ/(کمی)
کھاتوں کی تعداد	816,219	573,882	42.23%
شاخوں کی تعداد	330	330	-

A. مالیاتی جائزہ

سال کے دوران کل اثاثہ جات میں 57.4 ارب روپے (یعنی 16.04 فیصد) کی کمی کے بعد ان کی مالیت 357.8 ارب روپے سے گھٹ کر 300.4 ارب روپے ہوگئی، جس کی بنیادی وجہ سرمایہ کاری میں 88.04 ارب روپے کی کمی ہے۔

بڑے مالیاتی بیان کا طبقاتی جائزہ درج ذیل ہے:

I. ڈپازٹس (Deposits)

31 دسمبر، 2022 پر 223.04 ارب روپے ڈپازٹس کی مالیت میں 525 ملین روپے (یعنی 0.24 فیصد) کے معمولی اضافے کے بعد اس کی مالیت 223.56 ارب روپے ہوگئی جس کی وجہ بینک کی زیادہ لاگت والے ڈپازٹس سے چھٹکارہ پا کر زیادہ توجہ کرنٹ اکاؤنٹ دینے کی حکمت عملی پر رہی۔ گاہکوں کے کھاتوں کی تعداد میں 242,337 کھاتوں (یعنی 42.23 فیصد) کے اضافے سے ان کی تعداد 816,219 ہوگئی۔ بینک کی توجہ گاہکوں کو مسلسل جدید مصنوع (innovating product) پیش کیے جانے اور ان کو بے مثل اور بلا کسی رکاوٹ کے دونوں طرح کی، برقی (digital) اور مادی (physical) ذرائع سے خدمات کی فراہمی کو یقینی بنانے پر ہے۔

II. ایڈوانسز (Advances)

مجموعی ایڈوانسز کی مالیت 31 دسمبر 2022 کو اختتام پذیر سال کے 70.89 ارب روپے کے مقابلے میں 31 دسمبر 2023 کو اختتام پذیر سال پر 6.61 ارب روپے (یعنی 9.34 فیصد) اضافے کے ساتھ 77.51 ارب روپے رہی، اس اضافے کی اصل وجہ ٹریڈنگ کارپوریشن آف پاکستان کو 10 ارب روپے کی اجناس (Commodity) کی فنانسنگ تھی۔ سال کے دوران بجلی کی بڑھتی ہوئی لاگت اور عام صارفین اور SME کاروبار کرنے والوں کے بجٹ کا انتظام کرنے میں سہولت دینے کے لیے، بینک نے عام گاہکوں کے ساتھ تجارتی سیگمنٹ کے لیے شمسی توانائی کی فنانسنگ کی ایک اور مصنوع (product) کامیابی سے پیش کی ہے۔

غیر فعال قرضوں کو کم کرنے/اسی سطح پر برقرار رکھنے کے لیے، وصولیابی کی بھرپور کوششیں جاری ہیں جس میں دیرینہ 1.86 ارب روپے کے غیر فعال قرضہ جات کو کم کرنے اور 1.71 ارب روپے کی مختصات (provision) کی واپسی کی کوششیں شامل ہیں۔

III. سرمایہ کاری (Investments)

31 دسمبر 2023 کو اختتام پذیر سال کے دوران سرمایہ کاری کی Carrying value میں 88.04 ارب روپے (34.59 فیصد) کمی سے سال 2023 کے اختتام پر اس کی مالیت 166.50 ارب روپے ہوگئی جبکہ 31 دسمبر 2022 کو اختتام پذیر سال پر اس کی مالیت 254.55 ارب روپے تھی۔ بینک کی حکمت عملی کے مطابق سرمایہ کاری کی تکمیلی مدت پوری ہونے کے بعد وصول ہونے والے فنڈز کی دوبارہ سرمایہ کاری نہیں کی گئی اور اس کی بجائے بینک نے اس کو ریپو بورووِنگ (Repo borrowing) میں ایڈجسٹ کیا۔

ملکیتی سرمائے (equities) اور میوچل فنڈز میں مجموعی سرمایہ کاری کی مالیت 1,207 ملین روپے رہی، اس کے علاوہ 750 ملین کی سندھ مائیکرو فنانس بینک لمیٹڈ (مکمل طور پر ذیلی ادارہ) کے، جس میں 31 دسمبر 2022 (3,078 ملین روپے) سے 1,871 ملین روپے (یعنی 60.78 فیصد) کی کمی آئی، یہ کمی بینک کی ملکیتی سرمایہ کی مارکیٹ کے شیئر بہتر قیمت پر فروخت کرنے کی حکمت عملی کی وجہ سے آئی جس کا نتیجہ سال کے دوران 337 ملین روپے کا ریکارڈ کیپیٹل گین (capital gains) ہوا، اس کے مقابلے میں سال 2022 میں 157 ملین روپے کا کیپیٹل نقصان ہوا تھا۔

B. نفع نقصان کا کھاتہ

زیرِ غور سال کے دوران، بینک کی کارکردگی کے اشاروں میں بہتری کے سبب 9.86 ارب روپے کی کل آمدنی دکھائی اس کے مقابلے میں گذشتہ سال اس کی مالیت 6.40 ارب روپے تھی لہذا سال 2022 کے مقابلے میں 3.45 ارب روپے (یعنی 53.91 فیصد) کا اضافہ دکھا رہا ہے۔ کل آمدن میں اضافے کی بڑی وجوہات درج ذیل ہیں:

(i) خالص سودی آمدنی میں 2.68 ارب روپے یعنی 50.35 فیصد کا اضافہ اور

(ii) سال کے دوران، نان مارک اپ آمدنی میں 776 ملین کا اضافہ، جس کے بنیادی عوامل (factors) میں شامل ہیں، غیر ملکی زرمبادلہ سے آمدنی 166 ملین روپے کا اضافہ، فیس کمیشن سے آمدنی میں 175 ملین روپے کا اضافہ اور تمسکات (securities) میں 495 ملین روپے کا اضافہ رہا۔

سال 2018 کے بعد سے، بینک نے پہلی مرتبہ 657 ملین روپے کے منافع قبل از محصول کا اندراج کیا جبکہ سال کے دوران یہ نمو مسلسل بڑھتی رہی تھی۔ اس کی معاونت سہ ماہی کا ریکارڈ منافع تھا اس کے برعکس گذشتہ سال نقصان قبل از محصول کی مالیت 2,269 ملین روپے تھی۔ سال کے لیے منافع بعد از محصول کی مالیت 2.16 ارب روپے رہی جبکہ گذشتہ

سال نقصان بعداز محصول کی مالیت 1.38 ارب روپے تھی۔ منافع بعداز محصول میں بہتری کی وجوہات فنانسنگ، سرمایہ کاری اور پلیسمنٹ سے ہونے والی آمدنی (یعنی 38.29 فیصد زیادہ) بڑھ کر 50 ارب روپے ہوگئی جب کہ گذشتہ سال اس کی مالیت 36 ارب روپے تھی جس کے محرکات میں کمانے والے اثاثہ جات میں خاصہ اضافہ اور بلند تر بنیادی بینچ مارک پالیسی ریٹ (benchmark policy rate) تھے۔ سال کے دوران اوسط پالیسی نرخ 13.16 فیصد سے بڑھ کر 20.68 فیصد ہوگیا۔ سال کے دوران مختصات کی ضرورت میں کمی آئی اور یہ 1.02 ارب روپے (1.713 ارب روپے میں سے واپسی کے بعد خالص) رہے جبکہ گذشتہ سال اس کی مالیت 1.938 ارب روپے تھی اور اس کے ساتھ 2024 اور اس کے بعد سے 10 فیصد کی شرح سے سپرٹیکس کا اضافہ ہے۔ نتیجتاً اس تبدیلی سے مؤخر ٹیکس میں 2,297 ملین روپے کی واپسی ہوئی۔

C. شاخیں (Branches)

بینک نے اپنی موجودگی کو پورے پاکستان میں 169 شہروں/قصبات کے 330 مقامات پر برقرار رکھا جس میں اسلامی بینکاری کے لیے مخصوص 14 شاخیں بھی شامل ہیں۔ سال کے دوران کوئی نئی شاخ نہیں کھولی گئی۔ علاقائی تقسیم کی تفصیلات درج ذیل ہیں:

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

معاشی جائزہ:

سال کے آغاز سے ہی پاکستان بیرونی قرضہ کی ادائیگی کی وجہ سے دباؤ کا شکار تھا۔ تاہم پاکستان کی معیشت میں 2023 کے دوسرے نصف سال میں بہتری آئی۔ اس بہتری کے بنیادی محرک بین الاقوامی مالیاتی فنڈ سے جولائی 2023 میں اسٹینڈ-بائی-ایگریمنٹ (SBA) اور سعودی عرب، متحدہ عرب امارات اور چین سے عارضی معاشی معاونت تھی۔ اس سے پاکستان کے ادائیگیوں کے توازن میں بہتری آئی، جس نے ملک کو مالیاتی استحکام کی راہ پر ڈال دیا اور ملک کی معاشی بحالی میں مدد دی۔

سال بھر افراط زر بلند رہی۔ جاری سال 2023 کے دوسرے نصف سال میں کنزیومر پرائس انڈیکس (Consumer Price Index) اوسط تقریباً 28.8 فیصد رہا، جو جاری سال 2023 کے پہلے نصف سال کے 33.10 فیصد سے کم ہوا۔ سال کے آخری حصے میں افراط زر تیزی سے بڑھنے کی وجہ بین الاقوامی مالیاتی فنڈ کی ہدایات پر عمل درآمد، بار بار گیس کے ٹیرفس (tariffs) اور ایندھن کی قیمتوں میں اضافہ تھا۔ سارے سال کے دوران افراط زر میں تیزی وسیع بنیاد (broad based) پر رہی۔ توقع ہے کہ جاری سال 2024 کے دوسرے نصف سال میں شہ سرخیوں والے افراط زر میں خاصی کمی آئے گی جو مجموعی طلب (aggregate demand) کو قابو رکھنے، فراہمی (supply) کی رکاوٹوں کو دور کرنے، بین الاقوامی اجناس کی قیمتوں میں اعتدال اور معاون بنیادی اثرات کی وجہ سے ہوں گی۔ دسمبر 2023 میں جاری کھاتے (current account) نے 397 ملین امریکی ڈالر کو زائد از ضرورت دکھایا جو دسمبر 2022 کے 365 ملین امریکی ڈالر کے خسارے سے نمایاں تبدیلی ہے۔ مالی سال 2024 کے پہلے نصف میں زائد از ضرورت نے جاری کھاتے (current account) کے خسارے میں 77 فیصد کمی کی اور اسے 831 ملین امریکی ڈالر پر لے آیا جو گذشتہ سال اسی مدت میں 3.6 ارب امریکی ڈالر کے مقابلے میں نمایاں بہتری ہے۔ زائد از ضرورت جاری کھاتے کا بنیادی محرک سال بہ سال کی مجموعی برآمدات میں 14 فیصد اضافہ اور سال بہ سال 13 فیصد ترسیل زر میں اضافہ جبکہ سال بہ سال درآمدات میں 0.1 فیصد کی معمولی کمی ہے۔

خود مختاری کا خطرہ اگرچہ کم ہو چکا ہے لیکن پاکستان کو خاصی معاشی مشکلات کا سامنا باقی ہے، بشمول بین الاقوامی مالیاتی فنڈ سے عنقریب ہونے والے مذاکرات اور غیر ملکی امداد فراہم کرنے والے ممالک خاص طور پر سعودی عرب اور متحدہ عرب امارات کی جانب سے اضافی مدد درکار ہوگی۔

ورلڈ بینک نے جاری مالی سال 2023-24 کے لیے پاکستان کی معاشی نمو کا تخمینہ 1.7 فیصد لگایا ہے جس کی وجوہات غیر روشن معاشی منظر نامہ سے سخت مالیاتی پالیسی اور سیاسی غیر یقینی ہیں۔ بین الاقوامی مالیاتی فنڈ سے قرضہ نے ڈالر کی ضروری آمد اور اسے استحکام دیا ہے۔ توقع ہے کہ الیکشن کے بعد حکومت بین الاقوامی مالیاتی فنڈ کی شرائط کو پورا کرے گی اور جاری پروگرام کو کامیابی سے مکمل کرے گی۔

PSX کا جائزہ

سال 2023 کے دوران اسٹاک مارکیٹ نے بہترین کارکردگی دکھاتے ہوئے 55 فیصد کا غیر معمولی منافع درج کیا۔ گذشتہ 7 سالوں میں یہ پہلی مرتبہ ہوا ہے کہ PSX انڈیکس، (CPI) افراطِ زر اور فکسڈ آمدنی کے منافع سے آگے نکل گیا ہے۔ کلی معیشت (macroeconomic) اور جغرافیائی محاذ پر حالیہ پیش رفت نے پاکستان کی (equities market) میں مسلسل تیزی کی بنیاد رکھ دی ہے۔ KSE100 انڈیکس نے بے مثل تیزی کا بلند ریکارڈ قائم کر کے سرمایہ کاروں کا اعتماد بحال کرنے کے اشارے دیئے ہیں، اس کے محرک ملک کے دیرینہ مسائل حل کرنے کے اقدامات سے ہوگا۔

نومبر 2023 میں پاکستان اسٹاک ایکسچینج (PSX) کے KSE-100 انڈیکس نے 33 فیصد کی تیزی دکھائی اور پہلی مرتبہ 58,199 پوائنٹس کے تاریخی سنگ میل کو عبور کیا، اس کامیابی کو بنیاد بنا کر دسمبر 2023 میں انڈیکس نے پوائنٹس کی تیزی کا سفر جاری رکھا اور 66,000 پوائنٹس کی بلند ترین سطح کو عبور کر کے ایک اور نمایاں کامیابی حاصل کی ہے۔

علاوہ ازیں، پرکشش قدر، ملکی لیکویڈیٹی میں استحکام، غیر ملکی سرمایہ کاروں کی دلچسپی میں نئی روح پھونکنے اور مستقبل کے جغرافیائی منظر نامے میں پاکستان کی بڑھتی ہوئی اہمیت سے امکان ہے کہ ملکیتی سرمایہ کاری کی ترغیب دیں گے اور 2024 میں اور اس کے بعد بھی سرمایہ کاری کریں گے۔

کریڈٹ ریٹنگ

VIS کریڈٹ ریٹنگ کمپنی نے اپنی 27 جون 2023 کی رپورٹ میں بینک کی طویل المدت درجہ بندی کے لیے 'A+' (ایک مثبت A) اور قلیل المدت درجہ بندی کے لیے '1A-' (A-ون) ریٹنگ کی توثیق کی ہے۔

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

سندھ بینک کا سرمایہ کی موزونیت کا تناسب (Capital Adequacy Ratio) 31 دسمبر 2023 پر کم از کم 11.50 فیصد کی شرح کے مقابلے میں 16.21 فیصد ہے اور لیوریج تناسب (Ratio Leverage) کی کم سے کم 3 فیصد کے مقابلے میں 2.78 فیصد رہی۔

خطرات سے نپٹنے کا انتظامی ڈھانچہ

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

مالیاتی رپورٹنگ پر اندرونی کنٹرول

سندھ بینک نے درپیش خطرات کی شناخت، تجزیہ اور ان خطرات سے نپٹنے کے لیے ایک مربوط پلان تشکیل دیا ہے اور اس میں مالیاتی رپورٹنگ پر اندرونی کنٹرول کا نظام شامل ہے۔ اس عمل کا بورڈ کی آڈٹ کمیٹی باقاعدگی سے جائزہ لیتی ہے۔

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

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

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

دیگر جھلکیاں

a) IT کے شعبہ میں بڑے اقدامات

بینک کی مسلسل کوشش ہے کہ وہ اپنے ٹیکنیکل انفرااسٹرکچر میں بہتری لائے تاکہ وہ اپنے گاہکوں کو اختراعی (innovative) اور محفوظ حل دیتا رہے۔

سال 2023 سندھ بینک نے سرور ہارڈ ویئر (Server Hardware) اور کمیونیکیشن انفرااسٹرکچر (Communication Infrastructure) میں بہتر کارکردگی کے لیے خاصی سرمایہ کاری کی ہے۔ بینک نے برق رفتار ڈیٹا کو اسٹور رکھنے کے لئے تاکہ سسٹم کی کارکردگی اور ٹائم بڑھے، ہائی-اینڈ ڈیل سرور (high-end Dell Servers) کی خریداری کی ہے۔ بینک نے SD WAN (Software Defined Wide Area Network) سولوشن (solution) اختیار کر کے ایک اور سنگ میل عبور کیا ہے۔ اس سولوشن (solution)

کے ذریعے سے بینک کی صلاحیت میں اضافہ ہوگا کہ وہ دستیاب کنکٹیویٹی آپشن (connectivity option) میں سے بہترین کا انتخاب کرے ۔ SD WAN کے ذریعے سے بینک کی شاخوں کو براہ راست ڈیٹا سینٹر یا سوفٹ ویئر سے بطور سروس ایپلیکیشن (application service) سے رابطہ ہو جائے گا جس سے ٹرانزٹ ٹائم (transit time) مختصر ہوگا، اوور ہیڈ (overhead) لاگت میں کمی آئے گی، رکاوٹیں کم ہوں گی اور ایپلیکیشن (application) کی کارکردگی میں اضافہ ہوگا۔

ڈیجیٹل بینکاری کے شعبے میں سندھ بینک نے متعدد اضلاع میں سیلاب سے متاثرین کے ڈیڑھ لاکھ سے زیادہ کھاتے کھولے ہیں۔ اس عمل کے دوران بینک نے اس بات کو یقینی بنایا ہے کہ CFT/AML سے متعلق تمام ضوابط کی تعمیل کی جائے۔

نومبر 2022 سے حکومت سندھ کی جانب سے بینک نے ای-اسٹامپ پیپر جاری کرنے کا آغاز کر دیا ہے۔ بینک کی بہت ساری شاخوں کو ای-اسٹامپ کے اجراء کے قابل بنا دیا ہے اور ایسی شاخوں کی تعداد 100 ہوگئی ہے۔ بینک نے کم مالیت کے ای-اسٹامپ فیس کی وصولی کا آغاز کر دیا ہے ۔ سندھ بینک سندھ ریونیو بورڈ کی جانب سے پوائنٹ آف سیل ٹیکس (Point of Sale tax) کی وصولی بذریعہ 1Link's بطور تصفیہ کروانے والے بینک کے بھی کام کر رہا ہے۔

معلومات کے تحفظ کے محاذ پر بینک نے PCI DSS (Payment Card Industry Data Security Standard) تشخیص کا آغاز کر دیا ہے تاکہ ادائیگی کے سسٹم کے ماحول کو محفوظ بنایا جائے۔

b) ملک میں ترسیلِ زر

سال 2023 کے دوران، سندھ بینک نے اپنے نیٹ ورک کے ذریعے ملک میں 110,382 گاہکوں کے ذریعے سے ترسیلِ زر کی جبکہ اس کے مقابلے میں گذشتہ سال 2022 میں گاہکوں کی تعداد 117,129 تھی۔

سال 2022 میں سندھ بینک ویسٹرن یونین (Western Union) کا سپر ایجنٹ بن گیا تھا اور اس نے بینک آف آزاد جموں کشمیر کو اپنا پہلا ذیلی نمائندہ (sub agent) بنالیا ہے۔

سندھ بینک وفاقی حکومت کے سوہنی دھرتی سیل زر پروگرام کا شریک بینک بھی بن گیا ہے۔ سال 2023 میں اس پروگرام کے تحت 50 ملین امریکی ڈالر سے زیادہ کی ادائیگیاں ہوئیں جس نے بینک کو (SBP PRI Remittance Incentive) کے لیے اہل بنا دیا ہے۔

ملک کو غیر ملکی زرمبادلہ کی ترسیلِ زر میں مشکلات کے باوجود بینک کی کارکردگی کا اندازہ درج ذیل سال 2023 کے نتائج کے خلاصے سے لگایا جاسکتا ہے جو ٹرانزیکشن کی تعداد اور حجم کی مد میں ہیں بینک کی کوشش ہے کہ وسیع بنیاد مبادلہ کمپنیوں کو ساتھ ملا کر ملکی زرمبادلہ کی ترسیل کے کاروبار میں اچھی نمو کا حصول ہو۔

سال	ٹرانزیکشن کی تعداد	امریکی ڈالر میں مالیت	پاکستانی روپے میں مالیت
2023	110,382	42,659,369	11,956,186,714
2022	117,129	50,853,085	10,384,617,531

c) مائیکروفنانس بینک لمیٹڈ (مکمل طور پر ذیلی ادارہ)

31 دسمبر 2023 کو اختتام پذیر سال پر مالیاتی جھلکیوں کا مختصر خلاصہ درج ذیل ہے۔

سندھ مائیکروفنانس بینک (SMFB) صوبائی سطح کا مائیکروفنانس بینک ہے جس نے آپریشن کا آغاز مئی 2016 میں 750 ملین روپے سے کیا۔ 31 دسمبر 2023 تک SMFB نے اپنے منافع کے ذریعے سے اپنے ملکیتی سرمائے کو 1.1 ارب روپے تک پہنچا دیا ہے۔ سندھ مائیکروفنانس بینک شاید ہی ملک کا واحد مائیکروفنانس بینک ہے جو 9 سال پہلے اپنے آغاز سے مسلسل منافع دے رہا ہے۔ مسلسل بہتر نتائج کی بنیاد پر سندھ مائیکروفنانس بینک نے دسمبر 2023 میں بینک دولت پاکستان کو قومی سطح کے لائسنس کے لیے درخواست دے دی ہے۔

مائیکروفنانس پروگرام کا مقصد ہے کہ صوبہ سندھ کے غیر مراعات یافتہ طبقے، خاص طور پر دیہی اور نیم شہری علاقوں میں معاشی طور پر متحرک خواتین تک فنانس کی رسائی کو بہتر بنایا جائے۔

SMFB نے اب تک 323,000 قرضہ جات جن کی تقریباً مالیت 10.4 ارب روپے ہے، کی ادائیگیاں سندھ بھر میں 96 مقامات پر موجود دفاتر سے کی ہیں۔ سندھ مائیکروفنانس بینک کے اثرات کی گہرائی کا اندازہ اس بات سے لگایا جاسکتا ہے کہ سندھ مائیکروفنانس بینک سے قرضہ کی اوسط آمدنی 2.8 امریکی ڈالر روزانہ ہے جو ورلڈ بینک کے متعین کردہ غربت کی لکیر 3.65 امریکی ڈالر روزانہ سے خاصی کم ہے، اس کا مطلب یہ ہے کہ سندھ مائیکروفنانس بینک کے سماجی اثرات ابھی تک پرامڈ (pyramid) کی نچلی سطح پر ہیں۔ اس بات پر غور کرنا مناسب ہوگا کہ سندھ مائیکرو فنانس بینک کا بنیادی مشن روزگار کے موقع پیدا کرنا ہے اور اس سلسلے میں سندھ مائیکروفنانس بینک نے سندھ کے دیہی اور نیم شہری علاقوں کے 2000 نوجوانوں کے لیے پہلی مرتبہ روزگار کے مواقع پیدا کیے ہیں اور اس کے علاوہ 300,000 سے زیادہ قرضہ جات کی فراہمی سے ہزاروں روزگار کے مواقع پیدا کئے تھے۔

سال2023 میں136 ملین روپے (2022 میں 56 ملین روپے) کا منافع قبل از محصول کا اندراج کیا جو گذشتہ سال اسی مدت سے 142 فیصد زیادہ ہے۔ سندھ مائیکرو فنانس بینک کے قرضوں کے بقایاجات کا پورٹ فولیو 2 ارب روپے تک پہنچ چکا ہے جس کو زیادہ تر 1.3 ارب روپے کے ڈپازٹس سے فنانس کیا گیا تھا۔ 2023 کے دوران سندھ مائیکرو فنانس بینک نے 78,000 سے زیادہ کے قرضہ جات کی فراہمی کی جس کی مالیت 3.2 ارب روپے رہی۔ سندھ مائیکرو فنانس بینک فخر سے یہ بات بتانا چاہتا ہے کہ اس کا وصولیابی کا تناسب، انڈسٹری کے بہترین تناسب میں سے ایک ہے اور گذشتہ 8 سالوں کے آپریشن میں اس کا پورٹ فولیو ایٹ رسک (portfolio at risk) 1 فیصد سے کم رہا۔ صرف کووڈ-19 اور 2022 کے سیلاب کے دوران پورٹ فولیو ایٹ رسک (portfolio at risk) 1 فیصد کی حد سے بڑھا تھا۔ کووڈ-19 اور 2022 کے سیلاب کی مشکل صورتحال کے دوران سندھ مائیکرو فنانس بینک اپنے متاثرہ پورٹ فولیو میں سے 90 فیصد کی وصولیابی کو ممکن کر پایا، جو قرضہ لینے والوں کے عہد کی پاسداری اور وفاداری اور سندھ مائیکرو فنانس بینک کی کریڈٹ ٹیم کا نچلی سطح تک کام کے لگن کا ثبوت ہے۔

پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے طویل المدت درجہ بندی A- اور قلیل المدت درجہ بندی A2 تفویض کی ہیں اور PACRA کی نظر میں مائیکرو فنانس کے سیکٹر میں SMFB ایک ترقی کرتا ہوا ادارہ ہے۔

31 دسمبر 2023 اختتام پذیر سال ماہ کی مختصر مالیاتی جھلکیاں درج ذیل ہیں:

	31 دسمبر 2023		31 دسمبر 2022	
بیلنس شیٹ				
	کھاتوں کی تعداد	روپے ملین میں	کھاتوں کی تعداد	روپے ملین میں
مجموعی قرضہ کا پورٹ فولیو	74,180	1,927	66,133	1,321
کل اثاثہ جات		3,355		2,008
ڈپازٹس	162,152	1,323	129,056	600
ادھار		721		310
کل واجبات (Liabilities)		2,254		995
خالص ملکیتی سرمایہ (Equity)		1,102		1,012
قرضہ جات کی فراہمی کی سرگرمی				
قرضہ جات کی فراہمی	78,576	3,221	57,778	1,991
نفع نقصان کا کھاتہ				
خالص سودی آمدن		642		345
منافع قبل از محصول		136		56
محصول		(46)		(16)
منافع بعد از محصول		89		40

اسٹاف کی تربیت اور ترقی

31 دسمبر 2023 پر بینک کے کل عملے یعنی ایگزیکیوٹیو، آفیسرز اور معاون اسٹاف کی تعداد 2,611 تھی (بشمول 525 ٹھیکیداری عملہ) اس کے مقابلے میں 31 دسمبر 2022 کو یہ تعداد 2,494 (بشمول 502 ٹھیکیداری عملہ) تھی۔

دسمبر 2023 کو اختتام پذیر سال کے دوران بینک نے 119 ٹریننگ پروگرامز کا انعقاد کیا جس میں 55 اندرونی (in-house) اور 64 بیرونی (Ex-house) ٹریننگ سیشنز شامل تھے۔ جس میں برانچ بینکاری آپریشنز، اسلامی بینکاری، تعمیل اور رسک مینجمنٹ وغیرہ کی تربیت کے پروگرامز کا انعقاد کیا گیا۔ اس سال کی خاص بات، انسٹیٹیوٹ آف بینکرز پاکستان سے بینک کا اشتراک تھا جس میں کیش آفیسرز اور جنرل بینکنگ آفیسرز کے لئے سرٹیفکیشن کورس متعارف کروایا گیا جس میں تین بیچز سے 411 آفیسرز نے سرٹیفائی کیا۔ ان ٹریننگ کے اقدامات میں 2,271 شرکاء نے حصہ لیا جو بینک دولت پاکستان کی ہدایات سے ہم آہنگ تھی جس میں زیادہ زور صنفی حساسیت، سیاہ دھن کو سفید کرنے کا تدارک/تعمیل اور اسلامی بینکاری کی ٹریننگ شامل ہیں۔

اس کے علاوہ اسٹاف نے معروف اداروں مثلاً NIBAF، IBP، LRC اور دیگر معروف مشاورتی اداروں کے پیش کردہ اسلامی بینکاری، تعمیل اور رسک مینجمنٹ سے متعلق بینک دولت پاکستان کے ترجیحی ٹریننگ پروگرام میں شرکت کی۔

بورڈ کے ڈائریکٹرز

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

نمبر شمار	ڈائریکٹرز کے نام	بورڈ کے ڈائریکٹرز		بورڈ کی ہیومن ریسورس کمیٹی		بورڈ کی آڈٹ کمیٹی		بورڈ کی رسک مینجمنٹ کمیٹی		بورڈ کی آئی ٹی مینجمنٹ کمیٹی		بورڈ کی نامزدگی کمیٹی		بورڈ کی SAM کمیٹی	
		سال میں منعقدہ	شرکت	سال میں منعقدہ	شرکت	سال میں منعقدہ	شرکت	سال میں منعقدہ	شرکت	سال میں منعقدہ	شرکت	سال میں منعقدہ	شرکت	سال میں منعقدہ	شرکت
1	جناب انیس اے خان	8	8	4	4	-	-	-	-	3	3	1	1	5	5
2	ڈاکٹر کاظم حسین جتوئی	8	2	4	2	-	-	4	1	-	-	-	-	5	1
3	جناب عدنان علی خان (a)	8	4	4	1	-	-	-	-	3	1	-	-	-	-
4	جناب آصف جہانگیر (b)	8	5	-	-	7	3	4	2	-	-	-	-	-	-
5	جناب جاوید بشیر شیخ	8	8	-	-	7	7	4	4	-	-	-	-	-	-
6	جناب محمد آفتاب عالم	8	8	-	-	7	7	-	-	3	3	1	1	5	5
7	جناب ساجد جمال ابڑو (c)	8	6	4	2	-	-	4	2	-	-	1	1	5	3
8	مسز شائستہ بانو گیلانی	8	8	4	3	7	5	4	2	-	-	-	-	-	-
9	جناب امتیاز احمد بٹ	8	2	-	-	-	-	4	-	3	1	-	-	-	-
10	جناب عمران صمد، صدر اور CEO	8	8	-	-	-	-	-	-	-	-	-	-	-	-
	سال کے دوران منعقدہ اجلاس	8		4		7		4		3		1		5	

بورڈ آف ڈائریکٹرز میں تبدیلی

زیر غور مدت کے دوران بورڈ کی ساخت میں مندرجہ ذیل تبدیلیاں ہوئیں:

a) بورڈ کے 29 اگست 2023 کو منعقدہ 106 ویں اجلاس میں جناب عدنان اے۔ خان کو رخصت ہونے والے ڈائریکٹر کی جگہ جناب امتیاز احمد بٹ، آزاد ڈائریکٹر کو شریک انتخاب (co-opted) کیا جا چکا ہے جن کی منظوری بینک دولت پاکستان سے 9 اکتوبر 2023 کو موصول ہو چکی تھی۔

b) جناب آصف جہانگیر، گورنمنٹ آف سندھ کے نامزد کردہ/ نان ایگزیکیوٹیو ڈائریکٹر کے مستعفی ہونے کے بعد، بورڈ نے 29 اگست 2023 کو منعقدہ 106 ویں اجلاس میں جناب مشتاق ملک کو شریک انتخاب (cooption) کرنے کی منظوری دے دی ہے، جو گورنمنٹ آف سندھ اور بینک دولت پاکستان سے منظوری سے مشروط ہے، جن کی منظوری کے لیے گورنمنٹ آف سندھ سے اپنے نامزد رکن کی تبدیلی کے لیے درخواست کی ہے اور جس کی منظوری کا انتظار ہے۔

c) جناب ساجد جمال ابڑو، فنانس سیکریٹری گورنمنٹ آف سندھ کا 5 ستمبر 2023 کو تبادلہ ہو گیا اور بورڈ آف ڈائریکٹرز نے 18 ستمبر 2023 کو سرکلر ریزولیشن نمبر 02/2023 کے ذریعے ڈاکٹر کاظم حسین جتوئی، نئے فنانس سیکریٹری، گورنمنٹ آف سندھ کا انتخاب کر لیا ہے، جس کی منظوری بورڈ نے 26 اکتوبر 2023 کی منعقدہ 107 ویں اجلاس میں دے دی ہے اور بینک دولت پاکستان سے بھی ان کی منظوری 24 اکتوبر 2023 کو موصول ہو چکی ہے۔

ادارتی سماجی ذمہ داری (CSR)

بینک نے صحت، تعلیم، کمیونٹی فلاح و بہبود کے ملٹی سیکٹورل (multi-sectoral) اقدامات کی معاونت جاری رکھی جو مالیاتی شمولیت، صحت اور تعلیم کی حوصلہ افزائی کرتی ہے۔
بینک نے سال 2023 میں درج ذیل ایونٹس کا انعقاد کیا/ مالی سرپرستی کی:

- بینک کے ہیڈ آفس میں چھاتی کے سرطان سے آگاہی کا دن منایا گیا تا کہ چھاتی کے سرطان کے پھیلاؤ کی روک تھام اور اس کے تدارک کے لیے اقدامات کیے جائیں
- متعدد اداروں کی مالی سرپرستی کی مثلاً پاکستان ہندو کونسل کی 17 ویں اجتماعی شادیوں کا ایونٹ، جس کا انعقاد ریلوے گراؤنڈ کراچی میں ہوا، پاکستان بھر میں سندھ بینک کی شاخوں کو "اینٹی کرپشن" کے بینرز بھجوائے، کانفرنس 2023، حضرت لال شہباز قلندر کا سالانہ عرس، ائیر پورٹ سیکیورٹی فورس کی پاسنگ آؤٹ پریڈ 51 ویں بیسک ایوی ایشن سیکیورٹی کورس۔
- ادارتی سماجی ذمہ داری (CSR) پروگرام کے تحت مندرجہ ذیل مصنوع (products) کا خاص طور پر خواتین کے لیے آغاز کیا ۔

1) میرا گھر ہوم فنانس 2) میری گاڑی آٹو فنانس 3) آزادی سیلری لون
4) حیاء ڈیجیٹل اکاؤنٹ 5) حیاء آسان اکاؤنٹ

ادارتی اور مالیاتی رپورٹنگ کا ڈھانچہ

- بینک کی انتظامیہ کے تیار کردہ مالیاتی گوشوارے اس کے معاملات کی حالت، عملی امور کے نتائج، کیش فلو اور ملکیتی سرمایہ (equity) میں تبدیلی واضح طور پر پیش کرتے ہیں۔
- بینک نے مناسب کھاتوں کی کتابیں (Books of Accounts) تیار رکھی ہوئی ہیں۔
- مالیاتی گوشواروں کی تیاری میں درست اکاؤنٹنگ پالیسیوں کا یکساں اطلاق کیا گیا ہے اور اکاؤنٹنگ تخمینوں کی بنیاد معقول اور محتاط فیصلوں پر ہے۔
- مالیاتی گوشواروں کی تیاری میں انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز، جیسا کہ پاکستان کے بینکوں میں قابل اطلاق ہیں، پر عمل کیا گیا ہے اور ان سے کسی بھی انحراف کو مناسب طور پر ظاہر کیا گیا ہے اور اس کی وضاحت کی گئی ہے
- اندرونی کنٹرول کے نظام کا نقشہ مضبوط بنیادوں پر تیار کیا گیا ہے اور اس کا موثر نفاذ اور نگرانی کی جاتی رہی ہے۔
- بینک کے مستقبل میں ایک جاری رہنے والے ادارے کے طور پر چلتے رہنے میں کوئی شبہ نہیں ہے۔
- سال کے دوران ICAP کے منظور شدہ ایک ٹریننگ کے ذریعے کارپوریٹ گورننس کے بارے میں ڈائریکٹرز اوریئنٹیشن کورس کا انتظام کیا گیا، جس میں CEO اور صدر سمیت وہ تمام ڈائریکٹرز شریک ہوئے جنکی FPT دستاویزات کی جانچ کے دوران SBP نے ہدایات جاری کیں۔
- گذشتہ چھ سالوں کے اہم مالیاتی اور آپریٹنگ اعداد و شمار کو سالانہ رپورٹ میں فراہم کیا جا رہا ہے۔
- تمام دستوری مالیاتی ذمہ داریاں، اگر کوئی ہیں، کو مناسب طور سے مالیاتی دستاویزات میں ظاہر کیا گیا ہے۔
- چیئرمین اور بورڈ کے دیگر ممبر صاحبان کے تقرر اور ان کے تقرر کی شرائط، بمع ان کے معاوضے کے لیے اختیار کردہ پالیسی جو بینک کے بہترین مفاد میں ہے اور بہترین طریقوں سے بھی مطابقت رکھتی ہے
- 31 دسمبر 2023 پر سندھ بینک لمیٹڈ کے ملازمین کی پراویڈینٹ فنڈ کی سرمایہ کاری کی مالیت 2,082.8 ملین روپے (2022-1,671.4 ملین روپے) ہوگئی۔ 31 دسمبر 2023 پر سندھ بینک لمیٹڈ کے ملازمین کے گریجویٹی فنڈ کی سرمایہ کاری کی مالیت 805.5 ملین Corporate Governance تھی (2022-632.6 ملین روپے) اور مزید 151.6 ملین روپے کی رقم کو بیلنس شیٹ کی تاریخ پر، فنڈ کی ایکچوریل قدر پذیری (actuarial valuation) کے بعد منتقل کیا گیا ہے۔
- پبلک سیکٹر کمپنیز (کارپوریٹ گورننس) ضوابط مجریہ 2013ء کی تعمیل کا بیان سالانہ رپورٹ میں علیحدہ سے دیا گیا ہے۔

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

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

بورڈ کے ارکان نے سالانہ بنیاد پر، بینک کا اندرونی طور پر تیار کردہ میکینزم تیار کر کے چیئرمین کے پاس جمع کروا دیا ہے۔ بورڈ کی کارکردگی پر تمام ڈائیریکٹرز انفرادی طور پر بورڈ کی ساخت اور ڈھانچہ، حکمت عملی کی تیاری میں بورڈ کا حصہ، پالیسی کا ڈھانچہ، مضبوط اور مؤثر رسک مینجمنٹ، انٹرنل کنٹرول آڈٹ فنکشنز کا متعین معیار کی بنیاد پر تخمینہ لگاتے ہیں۔
ڈائریکٹرز کا اداراتی نظم وضبط (Corporate Governance) سے آگاہی کا کورس ICAP کے منظور شدہ ٹریز (trainer) کا انعقاد 22 فروری 2024 کو بورڈ آف ڈائیریکٹرز 110 ویں اجلاس میں ہوا جس میں صدر، چیف ایگزیکٹیو ڈائریکٹر اور دیگر تمام ڈائریکٹرز نے شرکت کی۔

بورڈ کمیٹیوں کے اجلاس

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

حصص رکھنے کا رجحان (pattern)

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

بیرونی محاسبین (External Auditors)

زیرغور مدت میں بیرونی آڈیٹرز میسرز-RSM اویس حیدر لیاقت نعمان، چارٹرڈ اکاؤنٹنٹس نے 27 اپریل 2023 کو استعفیٰ دے دیا تھا۔ اس لئے خالی آسامی کو پر کرنے کے لیے بورڈ آف ڈائریکٹرز اپنے 3 اگست 2023 کو منعقدہ اجلاس میں بورڈ کی آڈٹ کمیٹی کی سفارش پر میسرز- ریاض احمد اینڈ کمپنی کو سال 2023 کے لئے بطور بینک کا دستوری آڈیٹرز منتخب کرلیا ہے۔

مستقبل کا منظرنامہ

اب تک حوصلہ افزا نتائج حاصل کرنے کے بعد، انتظامیہ پرعزم ہے کی وہ آنے والی مدت میں مندرجہ ذیل مقاصد پر اپنی توجہ برقرار رکھے گی:

(i) غیر فعال قرضوں کی بحالی اور کمی:

(ii) کرنٹ اکاؤنٹ کو متحرک کرنے کی اسکیم:

(iii) کنزیومر، SME اور کمرشل کاروبار میں اضافہ

(iv) متبادل فراہمی اور خدمات کے ذرائع جس کی بنیاد ٹیکنالوجی پلیٹ فارم پر ہوتا کہ گاہکوں کو سہولت فراہم کی جاسکے۔

(v) عملے کی تربیت اور ترقی

(vi) خطرے اور نگرانی کے ماحول کی مضبوطی

اعتراف

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

بورڈ آف ڈائریکٹرز کی جانب سے

عمران صمد
صدر/CEO
کراچی: 22 فروری 2024

محمد آفتاب عالم
نان ایگزیکٹیو ڈائریکٹر

Key Performance Indicators

		2023	2022	2021	2020	2019	2018
Financial							
Investments-gross	Rs. In million	169,672	257,487	178,415	172,300	68,567	62,027
Advances-gross	" "	77,511	70,899	73,023	76,356	76,430	79,172
Deposits	" "	223,570	223,044	217,608	185,571	134,050	113,595
Shareholders' equity	" "	24,472	17,151	18,627	19,077	17,077	11,238
Total assets	" "	300,483	357,850	270,188	273,713	160,599	155,561
Net interest income	" "	7,993	5,316	4,904	2,823	1,850	4,875
Non interest income	" "	1,866	1,089	576	623	(668)	(389)
Operating expenses	" "	8,178	6,736	5,722	5,109	4,923	4,527
(Loss) / profit before provisions	" "	1,681	(330)	(241)	(1,612)	(3,741)	(41)
Provision against investments & others	" "	1,024	1,939	5,823	3,723	10,021	1,378
(Loss) / profit before taxation	" "	657	(2,269)	(6,064)	(5,335)	(13,761)	(1,419)
(Loss) / profit after taxation	" "	2,165	(1,386)	(3,727)	(3,213)	(8,260)	(1,206)
Dividend paid	" "	-	-	-	-	-	-
Non Financial							
No. of customers (as of)	Numbers	816,219	556,539	517,621	484,730	497,507	477,399
No.of new branches opened	" "	-	-	-	-	-	30
No. of new accounts opened	" "	253,947	69,587	36,034	33,056	39,172	42,721
No. of ATM / debit cards issued (as of)	" "	205,483	107,831	192,776	240,523	291,741	265,413
No. of permanent employees (as of)	" "	1,908	1,894	1,829	1,789	1,745	1,628
No. of ATM machines (as of)	" "	278	282	282	271	265	252
No. of mobile banking customers	" "	413,287	385,046	339,793	336,308	205,022	180,718
Key Financial Ratios							
Earnings per share	Rupees	0.72	(0.54)	(1.49)	(1.63)	(8.00)	(1.20)
Book value per share	" "	7.09	6.65	6.31	7.47	7.67	11.23
Return on equity	%	10.40%	(7.75)	(19.77)	(17.77)	(58.43)	(8.83)
Return on assets	" "	0.66%	(0.44)	(1.37)	(1.48)	(5.23)	(0.67)
Capital adequacy ratio	" "	16.21	5.38	11.90	15.20	13.15	8.02

Vertical Analysis

Statement of Financial Position / Profit & Loss

	2023		2022		2021		2020		2019		2018	
	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%
STATEMENT OF FINANCIAL POSITION												
ASSETS												
Cash and balances with treasury banks	53,408	18%	14,169	4%	19,342	7%	14,487	5%	13,553	8%	9,103	6%
Balances with other banks	958	0%	1,620	0.5%	1,092	0%	4,185	2%	839	1%	508	0%
Lendings to financial institutions	-	0%	19,967	6%	6,081	2%	8,213	3%	3,645	2%	5,383	3%
Investments	166,503	55%	254,553	71%	175,703	65%	170,818	62%	65,143	41%	55,351	36%
Advances	50,623	17%	43,802	12%	47,784	18%	56,853	21%	61,131	38%	73,632	47%
Operating fixed assets	4,045	1%	4,150	1%	3,262	1%	3,334	1%	3,828	2%	1,663	1%
Deferred tax assets-net	17,194	6%	14,662	4%	13,252	5%	10,182	4%	8,607	5%	4,028	3%
Other assets	7,753	3%	4,928	1%	3,671	1%	5,641	2%	3,853	2%	5,894	4%
	300,483	**100%**	**357,850**	**100%**	**270,188**	**100%**	**273,714**	**100%**	**160,599**	**100%**	**155,561**	**100%**
LIABILITIES												
Bills payable	899	0%	726	0.21%	625	0%	592	0%	495	0%	929	1%
Borrowings from financial institutions	37,546	12%	106,935	30%	26,786	10%	62,378	23%	4,192	3%	26,772	17%
Deposits and other accounts	223,570	74%	223,044	62%	217,608	81%	185,571	68%	134,050	83%	113,594	73%
Deferred tax liability-net	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%
Other liabilities	13,996	5%	9,995	3%	6,542	2%	6,096	2%	4,785	3%	3,027	2%
	276,011	92%	340,699	95%	251,561	93%	254,637	93%	143,522	89%	144,322	93%
NET ASSETS	24,472	8%	17,151	5%	18,627	7%	19,077	7%	17,077	11%	11,239	7%
REPRESENTED BY												
Share capital	34,524	11%	29,524	8%	25,524	9%	19,710	7%	19,710	12%	10,010	6%
Shares deposit money	-	0%	-	0%	-	0%	2,000	1%	2,000	1%		0%
Reserves	1,894	1%	1,461	0%	1,461	1%	1,471	1%	1,452	1%	1,452	1%
Proposed shares to be issued on amalgamation	-	0%	-	0%	-	0%	3,814	1%		0%		0%
(Accumulated loss) / Unappropriated profit	(10,913)	-4%	(12,626)	-4%	(11,237)	-4%	(7,510)	-3%	(4,304)	-3%	3,957	3%
Deficit /(Surplus) on revaluation of investments - net of related deferred tax	**(1,034)**	**0%**	**(1,209)**	**0%**	**(1,122)**	**0%**	**(409)**	**0%**	**(1,781)**	**-1%**	**(4,181)**	**-3%**
	24,472	**8%**	**17,151**	**5%**	**18,627**	**7%**	**19,077**	**7%**	**17,077**	**11%**	**11,238**	**7%**
PROFIT & LOSS ACCOUNT												
Mark-up / return / interest earned	50,308	96%	36,378	97.1%	21,826	97%	15,350	96%	12,115	106%	12,383	103%
Fee, commission and brokerage	603	1%	428	101%	352	2%	279	2%	304	3%	328	3%
Income from dealing in foreign currencies	723	1%	558	1%	74	0%	285	2%	159	1%	87	1%
Capital gain and dividend income	530	1%	96	0.3%	148	1%	50	0%	(1,138)	-10%	(820)	-7%
Other income	9	0%	8	0.0%	3	0%	9	0%	8	0%	16	0%
Total income	**52,174**	**100%**	**37,467**	**100%**	**22,402**	**100%**	**15,973**	**100%**	**11,448**	**100%**	**11,994**	**100%**
Mark-up / return / interest expensed	42,315	81%	31,061	81.90%	16,922	76%	12,476	78%	10,266	90%	7,508	63%
Operating & admin expenses	8,178	16%	6,736	17.98%	5,722	26%	5,109	32%	4,923	43%	4,527	38%
Provision against investments & others	1,024	2%	1,939	5.18%	5,823	26%	3,723	23%	10,020	88%	1,378	11%
Taxation	(1,508)	-3%	(883)	2.36%	(2,337)	-10%	(2,122)	-13%	(5,501)	-48%	(214)	-2%
Total Expenses	**50,009**	**96%**	**38,853**	**103%**	**26,130**	**117%**	**19,186**	**120%**	**19,708**	**172%**	**13,199**	**110%**
(Loss) / profit after taxation	**2,165**	**4%**	**(1,386)**	**3.7%**	**(3,727)**	**-17%**	**(3,213)**	**-20%**	**(8,260)**	**-72%**	**(1,205)**	**-10%**

Horizontal Analysis

	2023 Rs. in million	23vs 22 %	2022 Rs. in million	22 vs 21 %	2021 Rs. in million	21 vs 20 %	2020 Rs. in million	20vs 19 %	2019 Rs. in million	19vs 18 %	2018 Rs. in million
STATEMENT OF FINANCIAL POSITION											
ASSETS											
Cash and balances with treasury banks	53,408	277%	14,169	-27%	19,342	34%	14,487	7%	13,553	49%	9,103
Balances with other banks	958	-41%	1,620	48%	1,092	-74%	4,185	399%	839	65%	508
Lendings to financial institutions	-	-100%	19,967	228%	6,081	-26%	8,213	125%	3,645	-32%	5,383
Investments	166,503	-35%	254,553	45%	175,703	3%	170,818	162%	65,143	18%	55,351
Advances	50,623	16%	43,802	-8%	47,784	-16%	56,853	-7%	61,131	-17%	73,632
Operating fixed assets	4,045	-3%	4,150	27%	3,262	-2%	3,334	-13%	3,828	130%	1,663
Deferred tax assets-net	17,194	17%	14,662	11%	13,252	30%	10,182	18%	8,607	114%	4,028
Other assets	7,753	57%	4,928	34%	3,671	-35%	5,641	46%	3,853	-35%	5,894
	300,483	**-16%**	**357,850**	**32%**	**270,188**	**-1%**	**273,714**	**70%**	**160,599**	**3%**	**155,561**
LIABILITIES											
Bills payable	899	24%	726	16%	625	6%	592	20%	495	-47%	929
Borrowings from financial institutions	37,546	-65%	106,935	299%	26,786	-57%	62,378	1388%	4,192	-84%	26,772
Deposits and other accounts	223,570	0%	223,044	2%	217,608	17%	185,571	38%	134,050	18%	113,594
Deferred tax liability	-		-		-	0%	-	0%	-	0%	-
Other liabilities	13,996	40%	9,995	53%	6,542	7%	6,096	27%	4,785	58%	3,027
	276,011	**-19%**	**340,699**	**35%**	**251,561**	**-1%**	**254,637**	**77%**	**143,522**	**-1%**	**144,322**
NET ASSETS	**24,472**	**43%**	**17,151**	**-8%**	**18,627**	**-2%**	**19,077**	**12%**	**17,077**	**52%**	**11,239**
REPRESENTED BY											
Share capital	34,524	17%	29,524	16%	25,524	29%	19,710	0%	19,710	97%	10,010
Shares deposit money	-				4,000	-100%	2,000	0%	2,000	0%	-
Reserves	1,894	30%	1,461	0%	1,461	-1%	1,471	1%	1,452	0%	1,452
Proposed shares to be issued on amalgamation	-	-	-	-	-	-100%	3,814	0%	-	0%	-
(Accumulated loss) / Unappropriated profit	(10,913)	-14%	(12,626)	12%	(11,237)	50%	(7,510)	-74%	(4,304)	-209%	3,958
Surplus / (Deficit) on revaluation of investments - net of related defferred tax	(1,034)	-15%	(1,209)	8%	(1,122)	175%	(409)	77%	(1,781)	-57%	(4,181)
	24,472	**43%**	**17,151**	**-8%**	**18,627**	**-2%**	**19,077**	**12%**	**17,077**	**52%**	**11,239**
PROFIT & LOSS ACCOUNT											
Mark-up / return / interest earned	50,308	38%	36,378	67%	21,826	42%	15,350	27%	12,115	-2%	12,383
Fee, commission and brokerage	603	41%	428	22%	352	26%	279	-8%	304	-7%	328
Income from dealing in foreign currencies	723	30%	558	650%	74	-74%	285	79%	159	82%	87
Capital gain and dividend income	530	453%	96	-35%	148	194%	50	104%	(1,138)	39%	(820)
Other income	9	17%	8	200%	3	-72%	9	11%	8	-49%	16
Total income	**52,174**	**39%**	**37,467**	**67%**	**22,402**	**40%**	**15,973**	**40%**	**11,448**	**-5%**	**11,994**
Mark-up / return / interest expensed	42,315	36%	31,061	84%	16,922	36%	12,476	22%	10,266	37%	7,508
Operating & admin expenses	8,178	21%	6,736	18%	5,722	12%	5,109	4%	4,923	9%	4,527
Provision against investments & others	1,024	-47%	1,939	-67%	5,823	56%	3,723	-63%	10,020	627%	1,378
Taxation	(1,508)	71%	(883)	-62%	(2,337)	10%	(2,122)	-61%	(5,501)	2486%	(213)
Total Expenses	**50,009**	**29%**	**38,853**	**49%**	**26,130**	**-36%**	**19,186**	**3%**	**19,708**	**49%**	**13,200**
Profit / (Loss) after taxation	**2,165**	**-256%**	**(1,386)**	**-63%**	**(3,727)**	**-16%**	**(3,213)**	**61%**	**(8,260)**	**585%**	**(1,206)**

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Riaz Ahmad & Company
Chartered Accountants

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REVIEW REPORT TO THE MEMBERS

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Public Sector Companies (Corporate Governance) Rules, 2013 (the Rules) prepared by the Board of Directors of SINDH BANK LIMITED (the Bank) for the year ended 31 December 2023.

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

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

The Rules require the Bank to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not. Moreover, the Public Sector Companies (Corporate Governance) Rules, 2013 also require the Board to ensure compliance with the law as well as Bank's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with supplier of goods and services. Compliance with above stated requirements has been checked, on a test basis, as part of the audit of the financial statements of the Bank for the purpose of expressing an opinion on those financial statements.

Based on our review, nothing has come to our attention which causes us to believe that the 'Statement of Compliance' does not appropriately reflect the Bank's compliance, in all material respects, with the best practices contained in the Rules as applicable to the Bank for the year ended 31 December 2023.

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Junaid Ashraf

KARACHI

DATE: 27 February, 2024
UDIN: CR202310045lcUyKIQ27

A member of Nexia International

(SCHEDULE-I)

Statement of Compliance with the Public Sector Companies (Code of Corporate Governance) Rules 2013		
Name of company	-	Sindh Bank Limited
Name of the line ministry	-	Finance Department, Govt. of Sindh
For the year ended	-	31st December, 2023

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

II. The Company has complied with the provisions of the Rules in the following manner:

S. No.	Provision of the Rules	Rule No.	Y	N
			Tick the relevant box	
1	The independent directors meet the criteria of independence, as defined under the Rules.	Rule-2(d)	✔	
2	The Board has atleast one-third of its total members, as independent directors. At present the board includes: **Category** / **Names** / **Date of appointment** Non-Executive Director — 1. Mr. Anis A. Khan — 02/04/2021 Finance Secretary GoS / Non-Executive Director — 2. Dr. Kazim Hussain Jatoi — 18/09/2023 Independent Director — 3. Mr. Javaid Bashir Sheikh — 02/04/2021 Non-Executive Director — 4. Mr. Mohammed Aftab Alam — 02/04/2021 Independent Director — 5. Mrs. Shaista Bano Gilani — 30/09/2022 Independent Director — 6. Mr. Imtiaz Ahmad Butt — 29/08/2023 Note: The Board of Directors in its 106th Board Meeting held on 29.08.2023 has coopted Mr. Mushtaq Malik in place of Mr. Asif Jahangir, Non-Executive Director (Nominee of GoS) who has tendered his resignation. As Mr. Asif Jahangir was the Nominee of GoS, therefore request dated 31.08.2023 has been made for obtaining GoS approval in this respect, as desired by Finance Secretary, GoS, which reply is still awaited, after receiving the same his FPT documents will be submitted to SBP for approval.	Rule-3(2)	✔	
3	The directors have confirmed that none of them is serving as a director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.	Rule-3(5)	✔	
4	The appointing authorities have applied the fit and proper criteria given in the Annexure in making nominations of the persons for election as board members under the provisions of the Companies Act, 2017 (the Act, 2017).	Rule-3(7)	✔	
5	The Office of the Chairman of the Board is separate from the Chief Executive of the Company.	Rule-4(1)	✔	
6	The Chairman is elected by the Board of Directors, except where Chairman of the Board has been appointed by the Government.	Rule-4(4)	✔	
7	The Board has evaluated the candidates for the position of the Chief Executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission. (Not applicable, where the chief executive has been nominated by the Government).	Rule-5(2)	✔	
8	(a) The Company has prepared a "Code of Conduct" to ensure that professional standards and corporate values are in place.	Rule-5(4)	✔	
	(b) The Board has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures, including posting the same on the companies' website. www.sindhbank.com.pk		✔	
	(c) The Board has set in place adequate systems and controls for the identification and redressal of the grievances arising from unethical practices.		✔	
9	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.	Rule-5(5)	✔	
10	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest.	Rule-5(5)(b)(ii)	✔	
11	The Board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the company.	Rule-5(5)(b)(vi)	✔	
12	The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service.	Rule-5(5)(c)(ii)	✔	

S. No.	Provision of the Rules	Rule No.	Y	N
			Tick the relevant box	
13	The Board has ensured compliance with the law as well as the Company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services.	Rule-5(5)(c)(iii)	✔	
14	The Board has developed a vision or mission statement and corporate strategy of the Company.	Rule-5(6)	✔	
15	The Board has developed significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended, has been maintained.	Rule-5(7)	✔	
16	The Board has quantified the outlay of any action in respect of any service delivered or goods sold by the Company as a public service obligation, and has submitted its request for appropriate compensation to the Government for consideration.	Rule-5(8)	N/A	
17	The Board has ensured compliance with policy directions requirements received from the Government.	Rule-5(11)	✔	
18	(a) The Board has met at least four times during the year. (b) Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. (c) The minutes of the meetings were appropriately recorded and circulated.	Rule-6(1) Rule-6(2) Rule-6(3)	✔ ✔ ✔	
19	The Board has monitored and assessed the performance of senior management on annual basis set for the and held them accountable for accomplishing objectives, goals and key performance indicators purpose.	Rule-8(2)	✔	
20	The Board has reviewed and approved the related party transactions placed before it after recommendation of Audit Committee. A party wise record of transactions entered into with the related parties during the year has been maintained.	Rule-9	✔	
21	(a) The Board has approved the profit and loss account for, and balance sheet as at the end of, the first, second and third quarter of the year as well as the financial year end. (b) In case of listed PSCs, the Board has prepared half yearly account and undertaken limited scope review by the auditors. (c) The Board has placed the annual financial statements on the Company's website.	Rule-10	✔ N/A ✔	
22	All the Board members underwent an orientation course arranged by the Company to apprise them of the material developments and information as specified in the Rules.	Rule-11	✔	
23	(a) The Board has formed the requisite committees, as specified in the Rules. (b) The committees were provided with written term of reference defining their duties, authority and composition. (c) The minutes of the meetings of the committees were circulated to all the Board members. (d) The committees were chaired by the following non-executive directors:	Rule-12	✔ ✔ ✔ ✔	

Committee	Total Members	Name of Chair (I.D-Independent Director & NED-Non Executive Director)
Board Audit Committee	03	Mr. Javaid Bashir Sheikh (I.D) Mr. Mohammed Aftab Alam (N.E.D) Mrs. Shaista Bano Gilani (I.D)
Board Risk Management Committee	03	Finance Secretary-GoS (N.E.D) Mr. Javaid Bashir Sheikh (I.D) Mr. Imtiaz Ahmad Butt (I.D)
Board HRR Committee	03	Mrs. Shaista Bano Gilani (I.D) Mr. Anis A. Khan (N.E.D) Finance Secretary-GoS (N.E.D)
Board Information Technology Committee	03	Mr. Anis A. Khan (N.E.D) Mr. Mohammed Aftab Alam (N.E.D) Mr. Imtiaz Ahmad Butt (I.D)
Board Nomination Committee	03	Mr. Anis A. Khan (N.E.D) Finance Secretary-GoS (N.E.D) Mr. Mohammed Aftab Alam (N.E.D)
Board Special Assets Management Committee	03	Mr. Anis A. Khan (N.E.D) Finance Secretary-GoS (N.E.D) Mr. Mohammed Aftab Alam (N.E.D)

S. No.	Provision of the Rules	Rule No.	Y	N
			Tick the relevant box	
24	The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, by whatever name called, with their remuneration and terms and conditions of employment.	Rules-13	✔	
25	The Chief Financial Officer and the Company Secretary have requisite qualification as prescribed by Rules.	Rules-14	✔	
26	The Company has adopted International Financial Reporting Standards notified by the SECP in terms of Sub-section I of Section 225 of the Act, 2017.	Rule-16	✔	
27	The directors' report for this year has been prepared in compliance with the requirements of the Act, 2017 and the Rules and fully describes the salient matters required to be disclosed.	Rule-17	✔	
28	The directors, CEO and executives, or their relatives, are not, directly or indirectly, concerned or interested in any contract or arrangement entered into by or on behalf of the Company except those disclosed to the company.	Rule-18	✔	
29	a. A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place and no director is involved in deciding his own remuneration. b. The annual report of the Company contains criteria and details of remuneration of each director.	Rule-19	✔	
30	The financial statements of the Company were duly endorsed by the Chief Executive and Chief Financial Officer, before consideration and approval of the Audit Committee and the Board.	Rule-20	✔	
31	I. The Board has formed an Audit Committee, with defined and written terms of reference, and having the following members: 2. The Chief Executive and Chairman of the Board are not members of the Audit Committee.	Rule-21(1)(2)		
32	a. The Chief Financial Officer, the Chief Internal Auditor and a representative of the external auditors attended all meetings of the Audit Committee at which issues relating to accounts and audit were discussed. b. The Audit Committee met the external auditors, at least once a year, without the presence of the Chief Financial Officer,the Chief Internal Auditor and other executives. c. The Audit Committee met the Chief Internal Auditor and other members of the internal audit function, at least once a year, without the presence of Chief Financial Officer and external auditors.	Rule-21(3)	✔ ✔ ✔	
33	a. The Board has set up an effective internal audit function, which has an audit charter, duly approved by the Audit Committee. b. The Chief Internal Auditor has requisite qualification and experience prescribed in the Rules. c. The internal audit reports have been provided to the external auditor for their review.	Rule-22	✔ ✔ ✔	
34	The external auditors of the Company have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan.	Rule-23(4)	✔	
35	The auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit services.	Rule-23(5)	✔	

Name of Committee	Category & Number of Members	Professional background
Board Audit Committee	Mr. Javaid Bashir Sheikh (I.D)	Ex-Banker
	Mr. Mohammed Aftab Alam (N.E.D)	Chartered Accountant
	Mrs. Shaista Bano Gilani (I.D)	Ex-DG of SECP & Ex member CCP

Imran Samad
President & CEO

Mohammed Aftab Alam
Non Executive Director

Statement of Internal Control

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

The Bank's management is responsible for establishing and maintaining an adequate and effective system of internal controls and procedures under the policies approved by the Board. The management is also responsible for ensuring effectiveness and efficiency of operations, reliability of financial reporting, safeguarding of assets, evaluating effectiveness of the Bank's internal control system, review of significant policies, procedures and compliance with applicable laws and regulations. These regulations which contain information requirements on how internal control system is organized are designed to provide reasonable certainty regarding the reliability of financial reporting.

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

In order to discharge the above responsibility, the Board Audit Committee has direct oversight responsibility to ensure the independence of the Internal Audit Function and External Audit. The Audit Committee meetings are held once in every quarter to discuss the scope and results of the work performed by the Internal Audit Department. All significant / material findings of the internal audit activities and control gaps are reported to the Audit Committee and it actively monitors implementation of internal controls to ensure that identified risks are mitigated to safeguard interest of the Bank.

The Audit Committee also meets with External Auditors prior to approval of half-yearly and final results of the Bank. Based on observations and weaknesses found and identified by the Internal and External Auditors, appropriate improvements in internal controls are made wherever possible, by the management and approval of the Board of Directors is taken where required.

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

The Bank has adopted and implemented the internationally accepted COSO (Committee of Sponsoring Organizations of Treadway Commission) Framework of Internal Control-Integrated Framework to further enhance its internal control system and to manage the Bank's risk on an integrated enterprise wide basis enabling it to meet the requirements of 'Guidelines on Internal Controls' issued by the State Bank of Pakistan. The Bank has developed a comprehensive testing and reporting framework for ensuring ongoing operating effectiveness of majority of key controls and has significantly addressed the design improvement opportunities identified to complete the project related initiatives.

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

The management assists the Board in the implementation of its approved policies and procedures pertaining to Internal Control over Financial Reporting. The management is continuously in the process of enhancing the documentation of the system of Internal Control over Financial Reporting. While concerted efforts have always been made to comply with the guidelines issued by SBP, the identification, evaluation, and management of risks within each of the Bank's key activities, and their continued evaluation and changes to policies and procedures remains an ongoing process. Compliance Division through its specialized teams and centralized automated solutions, also oversees adherence to the regulatory requirements, with specific emphasis on Anti-Money Laundering (AML) / Combating the Financing of Terrorism (CFT) / Countering Proliferation Financing (CPF).

In accordance with SBP directives, the Bank has completed all the stages of ICFR and upon satisfactory completion of ICFR roadmap, SBP had granted waiver for the submission of Long Form Reports from External Auditors from the year 2015.

For the Year 2023, the Bank has successfully completed the cycle of SBP's Internal Control over Financial Reporting roadmap. As per SBP directives of July 06, 2021, the banks which have completed all the stages of ICFR roadmap will continue to prepare Annual Assessment Report but they are allowed to discontinue its yearly submission to SBP. However, as part of SBP supervisory assessments, these reports may be required by SBP for evaluation purposes. Accordingly, the bank has prepared aforementioned Report for the Year 2023 and the same has been submitted to Board Audit Committee for its review and approval from the BOD.

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

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

On behalf of the Board

Imran Samad
President/CEO
Karachi, February 22, 2024

Environmental & Social Risk Management / Green Banking

Environmental Risk is actual or potential threats of adverse effects on the environment and living organisms by effluents, emissions, wastes, chemical releases, resource depletion, etc. Arising out of the Bank or its clients' operational activities. Green Banking Objective is to reduce the vulnerability of the portfolio performance from the risks arising due to climate change and by transforming into a resource-efficient and sustainable financing institution.

Sindh Bank Limited has its Green Banking Policy approved by the BOD. A dedicated Environmental Risk Management Unit is established under the Risk Management Division for identification, vetting, and approving projects from an Environmental Risk Management (ERMs). Enterprise Risk Management Division has developed its 'Environmental and Social Undertaking' which is composed of environmental and social covenants. This Environmental and Social undertaking is an integral part of the credit approval process as per regulatory guideline. All the relevant credit proposals require review by the Environmental Risk & Management Unit before Head Office Credit Committee (HOCC) approval. Environmental and Social Risk Management primarily requires that any relevant lending opportunity is to be reviewed and evaluated under Environmental Risk Avoidance list, and applicable national laws on environment, health, safety, and social issues, and the customer must provide Undertaking to ensure compliance of Environmental Risk Covenants. The undertaking consisting of Environmental Risk Covenants is now made part of the agreements with the customer to legally bind the customer to comply with all the national and local environmental rules and regulations.

Social responsibility in the financial sector has evolved and its significance has increased considerably in the past couple of decades. In order to meet the evolved social obligations, Sindh Bank has initiated various activities focusing on environmental preservation and energy conservation. The Bank aims to promote the concept of own impact reduction, paperless culture, carbon emissions reduction, and encouraging plantation. Being a socially responsible Bank, we are keen to provide our input in the reduction of emissions, increase awareness through environment-friendly practices, and reduce our carbon footprint through the establishment of Solar powered ATMs. To reduce its own impact the Bank has converted its 68 branches totally to renewable energy systems i.e. solar systems. All the branches and Head Office have dedicated the core banking system and further improved the manual procedures towards digital banking. Sindh Bank Limited has successfully launched its Digital/internet banking services through SMS banking. Customers can now successfully transfer funds and pay their utility bills and other payments through SMS banking. The Bank has developed digital banking solutions with an aim to integrate paperless culture within the Bank as well as among the customers.

The Bank has successfully launched renewable energy (Solar) financing facilities for households, corporate, SME Agriculture Businesses (solar tube wells), and technological advancement for Agri financing. Marketing activities are to be carried out using a digital medium such as social media.

Disclosure in Annual Accounts on Consumer Grievances Handling Mechanism

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

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

1. Every complaint is treated fairly, impartially and with transparency
2. Complaint handling mechanism is centralized, visible and accessible
3. All complaints are forwarded to the Complaint Management Unit (CMU) of the bank Customer complaints are acknowledged within 24 hours
4. Complaints are investigated and resolved within the time limit prescribed by the State Bank of Pakistan (7 to 30 days depending on the severity of the complaint)
5. In case a complaint is not resolved within the stipulated time, customer is advised of the status through an interim reply
6. Upon closure of the complaint, the CMU will communicate the closure to the customer through email / letter to be sent at the complainant's available address.
7. In case a complaint is declined by the bank the customer will be provided with the alternative grievance redressal forums

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

During the year 2023 a total of 14,876 complaints were received by the bank and the average resolution time was 11.18 days.

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

Riaz Ahmad & Company
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the members of Sindh Bank Limited
Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of SINDH BANK LIMITED (“the Bank”), which comprise the unconsolidated statement of financial position as at December 31, 2023, and the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement for the year then ended, along with unaudited certified returns received from the branches except for 22 branches which have been audited by us and notes to the unconsolidated financial statements, including material accounting policy information and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and unconsolidated cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and, give the information required by the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at December 31, 2023 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 13.1 to the unconsolidated financial statements which states that the deferred tax asset has been recognized in the unconsolidated financial statements on the basis of financial projections for the future years approved by Board of Directors of the Bank. The preparation of financial projection involves management assumptions regarding future business and economic conditions and significant change in assumptions may have impact on recoverability of the deferred tax assets.

Our opinion is not modified in respect of this matter

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

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

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

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

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Chartered Accountants

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- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

   a) Proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017) and the returns referred above from the branches have been found adequate for the purpose of our audit;

   b) The unconsolidated statement of financial position, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

   c) Investments made, expenditure incurred and guarantees extended during the year were in accordance with the objects and powers of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank; and

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

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

Other Matter

The unconsolidated financial statements of the Bank for the year ended December 31, 2022 were audited by another firm of Chartered Accountants who expressed an unmodified opinion vide their report dated March 10, 2023.

The engagement partner on the audit resulting in this independent auditor's report is Junaid Ashraf.

RIAZ AHMAD & COMPANY
Chartered Accountants

KARACHI

DATE: 27 FEBRUARY 2024
UDIN: AR202310045VN0la7YXc

UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

Sindh Bank Limited
Unconsolidated Statement of Financial Position
As At December 31, 2023

	Note	2023	2022
		(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks	6	**53,407,771**	14,168,738
Balances with other banks	7	**957,883**	1,619,530
Lendings to financial institutions	8	**-**	19,967,424
Investments	9	**166,503,472**	254,552,777
Advances	10	**50,623,045**	43,802,328
Fixed assets	11	**3,936,450**	4,032,522
Intangible assets	12	**108,257**	117,271
Deferred tax assets - net	13	**17,193,965**	14,662,046
Other assets	14	**7,752,566**	4,927,691
		300,483,409	357,850,327
LIABILITIES			
Bills payable	15	**898,762**	726,148
Borrowings	16	**37,546,440**	106,934,714
Deposits and other accounts	17	**223,569,650**	223,043,950
Liabilities against assets subject to finance lease		**-**	-
Subordinated debt		**-**	-
Deferred tax liabilities		**-**	-
Other liabilities	18	**13,996,213**	9,994,556
		276,011,065	340,699,368
NET ASSETS		**24,472,344**	17,150,959
REPRESENTED BY			
Share capital - net	19	**34,524,428**	29,524,428
Reserves		**1,894,365**	1,461,412
Deficit on revaluation of assets - net	20	**(1,033,628)**	(1,208,500)
Accumulated Loss		**(10,912,821)**	(12,626,381)
		24,472,344	17,150,959
CONTINGENCIES AND COMMITMENTS	21		

The annexed notes from 1 to 44 and Annexure - I (page 1 to 1) and Annexure - II (pages 1 to 9) form an integral part of these unconsolidated financial statements.

Chairman	President and Chief Executive Officer	Director	Director	Chief Financial Officer

Sindh Bank Limited
Unconsolidated Profit and Loss Account
For The Year Ended December 31, 2023

	Note	2023	2022
		(Rupees in '000)	
Mark-up / Return / Interest Earned	22	**50,308,343**	36,377,762
Mark-up / Return / Interest Expensed	23	**42,314,885**	31,061,343
Net Mark-up / Return / Interest Income		**7,993,458**	5,316,419
NON MARK-UP / INTEREST INCOME			
Fee and Commission Income	24	**603,239**	428,314
Dividend Income		**192,353**	253,607
Foreign Exchange Income		**723,490**	557,561
Income / (loss) from derivatives		**-**	-
Gain / (loss) on securities	25	**337,703**	(157,712)
Other Income	26	**8,877**	7,565
Total non-markup/interest Income		**1,865,662**	1,089,335
Total Income		**9,859,120**	6,405,754
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	27	**8,119,190**	6,726,416
Other charges	28	**59,124**	9,793
Total non-markup/interest expenses		**8,178,314**	6,736,209
PROFIT / (LOSS) BEFORE PROVISIONS		**1,680,806**	(330,455)
Provisions and write offs - net	29	**1,023,994**	1,938,638
Extra ordinary / unusual items		**-**	-
PROFIT / (LOSS) BEFORE TAXATION		**656,812**	(2,269,093)
Taxation	30	**(1,507,952)**	(883,343)
PROFIT / (LOSS) AFTER TAXATION		**2,164,764**	(1,385,750)
		---------- Rupees ----------	
Basic Earnings / (Loss) per share	31	**0.72**	(0.54)
Diluted Earnings / (Loss) per share	32	**0.72**	(0.54)

The annexed notes from 1 to 44 and Annexure - I (page 1 to 1) and Annexure - II (pages 1 to 9) form an integral part of these unconsolidated financial statements.

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

Sindh Bank Limited
Unconsolidated Statement of Comprehensive Income
For The Year Ended December 31, 2023

	2023	2022
	(Rupees in '000)	
Profit / (Loss) after taxation for the year	**2,164,764**	(1,385,750)
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in (deficit) / surplus on revaluation of investments - net of tax	**83,072**	(86,853)
	2,247,836	(1,472,603)
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement gain on defined benefit obligations - net of deferred tax	**(18,251)**	(3,720)
Movement in surplus on revaluation of non-banking assets - net of tax	**91,800**	-
	73,549	(3,720)
Total comprehensive income / (loss)	**2,321,385**	(1,476,323)

The annexed notes from 1 to 44 and Annexure - I (page 1 to 1) and Annexure - II (pages 1 to 9) form an integral part of these unconsolidated financial statements.

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

Sindh Bank Limited
Unconsolidated Statement of Changes in Equity
For The Year Ended December 31, 2023

	Share Capital	Shares Deposit Money	Capital Reserves		Statutory Reserve *	Surplus / (Deficit) on revaluation		Accumulated Loss **	Total
			Reserves on amalgamation	Share Premium		Investments	Fixed/Non-banking assets		
	(Rupees in '000')								
Balance as at January 01, 2022	25,524,428	4,000,000	9,433	51	1,451,928	(1,121,647)	-	(11,236,911)	18,627,282
Loss for the year ended December 31, 2022	-	-	-	-	-	-	-	(1,385,750)	(1,385,750)
Other comprehensive income / (loss) - net of tax	-	-	-	-	-	(86,853)	-	(3,720)	(90,573)
Transactions with owners, recorded directly in equity									
Issue of Shares during the year	4,000,000	(4,000,000)	-	-	-	-	-	-	-
Balance as at December 31, 2022	**29,524,428**	**-**	**9,433**	**51**	**1,451,928**	**(1,208,500)**	**-**	**(12,626,381)**	**17,150,959**
Profit / Loss for the year ended December 31, 2023	-	-	-	-	-	-	-	2,164,764	2,164,764
Other comprehensive income - net of tax	-	-	-	-	-	83,072	91,800	(18,251)	156,621
Transfer to statutory reserve	-	-	-	-	432,953	-	-	(432,953)	-
Transactions with owners, recorded directly in equity									
Shares deposit money	-	5,000,000	-	-	-	-	-	-	5,000,000
Issue of shares during the year	5,000,000	(5,000,000)	-	-	-	-	-	-	-
Balance as at December 31, 2023	**34,524,428**	**-**	**9,433**	**51**	**1,884,881**	**(1,125,428)**	**91,800**	**(10,912,821)**	**24,472,344**

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

** As more fully explained in notes 9.5.2.1 & 10.6.2 of these unconsolidated financial statements, unappropriated profit includes an amount of Rs. 3,148.13 million net of tax as at December 31, 2023 (December 31, 2022: Rs. 4,737.96 million) representing additional profit arising from availing forced sale value benefit for determining provisioning requirement which is not available for the purpose of distribution of dividend to shareholders.

The annexed notes from 1 to 44 and Annexure - I (page 1 to 1) and Annexure - II (pages 1 to 9) form an integral part of these unconsolidated financial statements.

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

Sindh Bank Limited
Unconsolidated Cash Flow Statement
For The Year Ended December 31, 2023

CASH FLOW FROM OPERATING ACTIVITIES	Note	2023	2022
		(Rupees in '000)	
Profit / (Loss) before taxation		656,812	(2,269,093)
Less: Dividend income		(192,353)	(253,607)
		464,459	(2,522,700)
Adjustments:			
Depreciation	27	277,197	286,687
Depreciation on right of use assets	27	722,027	655,364
Interest expense on lease liability		584,041	221,035
Amortisation	27	41,219	35,219
Provision and write offs-net	29	1,023,994	1,938,638
Charge for defined benefit plan	35.1.4	115,770	98,588
Gain on sale of operating fixed assets	26	(5,115)	(3,630)
		2,759,133	3,231,901
		3,223,592	709,201
(Increase) / Decrease in operating assets			
Lendings to financial institutions		19,967,424	(13,886,216)
Advances - net		(6,612,094)	2,124,135
Other assets - net		(3,880,572)	(1,284,071)
		9,474,758	(13,046,152)
Increase / (Decrease) in operating liabilities			
Bills payable		172,614	101,422
Borrowings		(69,388,274)	80,148,976
Deposits and other accounts		525,700	5,435,544
Other liabilities (excluding current taxation)		4,412,558	4,192,733
		(64,277,402)	89,878,675
		(51,579,052)	77,541,724
Contribution to gratuity fund	35.1.3	(104,688)	(93,779)
Income tax paid		(644,314)	(441,118)
Net cash (used in) / generated from operating activities		(52,328,054)	77,006,827
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in available-for-sale securities		78,770,659	(54,850,018)
Net investment in held-to-maturity securities		9,043,970	(24,222,699)
Dividend received		192,353	253,606
Investments in operating fixed assets		(930,242)	(1,866,555)
Sale proceeds of operating fixed assets disposed off		7,121	4,993
Net cash generated from / (used in) investing activities		87,083,861	(80,680,673)
CASH FLOW FROM FINANCING ACTIVITIES			
Shares deposit money		5,000,000	-
Payment of lease liability against right of use assets		(1,178,421)	(972,378)
Shares capital		-	-
Net cash generated from / (used in) financing activities		3,821,579	(972,378)
Increase / (decrease) in cash and cash equivalents		38,577,386	(4,646,224)
Cash and cash equivalents at the beginning of the year		15,788,268	20,434,492
Cash and cash equivalents at the end of the year	33	54,365,654	15,788,268

The annexed notes from 1 to 44 and Annexure - I (page 1 to 1) and Annexure - II (pages 1 to 9) form an integral part of these unconsolidated financial statements.

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

Sindh Bank Limited
Notes To The Unconsolidated Financial Statements
For The Year Ended December 31, 2023

1. STATUS AND NATURE OF BUSINESS

1.1 Sindh Bank Limited (the Bank) was incorporated in Pakistan on October 29, 2010 as a public unlisted company and is engaged in Commercial Banking, Corporate and Investment related activities. The Bank operates 330 (2022: 330) branches including 8 (2022: 8) sub-branches and 14 (2022: 14) Islamic banking branches in Pakistan. The Bank's registered office is located at 3rd floor, Federation House, Abdullah Shah Ghazi Road, Clifton, Karachi, Pakistan.

1.2 The Government of Sindh, through its Finance Department owns 99.97% ordinary shares of the Bank.

1.3 VIS Credit Rating Company Limited has reaffirmed the long term entity rating of A+ (Single A Plus) and short term rating of A-1 (A-one) in its report dated June 27, 2023.

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

2. BASIS OF PRESENTATION

2.1 These unconsolidated financial statements have been prepared in conformity with the format of financial statements prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular No. 02, dated 25 January 2018. These unconsolidated financial statements represent separate financial statements of the Bank. The consolidated financial statements of the bank is being issued separately.

2.2 In accordance with the directives of the Federal Government regarding the shifting of the Banking system to Islamic modes, the State Bank of Pakistan has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by Banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these unconsolidated financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon. The Islamic Banking branches of the Bank have complied with the requirements set out under the Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) and notified under the provisions of the Companies Act, 2017.

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

2.4 The Bank believes that there is no significant doubt on the Bank's ability to continue as a going concern. Therefore, the unconsolidated financial statements continue to be prepared on the going concern basis.

3. STATEMENT OF COMPLIANCE

3.1 This un-consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. The accounting and reporting standards comprise of :

- Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act 2017;

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act 2017;

- Provisions of and directives issued under the Companies Act 2017, Banking Companies Ordinance, 1962 and the directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

In case requirements of Banking Companies Ordinance 1962, the Companies Act 2017 or the directives issued by SBP and SECP differ with the requirements of IFRS or IFAS, the requirements of the Banking Companies Ordinance, 1962, Companies Act 2017, and the directives issued by the SBP and SECP shall prevail.

3.2 The SBP vide BSD Circular Letter No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) and International Accounting Standard 40, Investment Property (IAS 40) for Banking companies till further instructions. SBP vide its BPRD Circular No. 07 of 2023 dated 23 April 2023 directed the Banks in Pakistan to implement IFRS 9, 'Financial Instruments' with effect from 01 January 2024. Further, according to the notification of the Securities and Exchange Commission of Pakistan (SECP) dated April 28, 2008, the IFRS - 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

3.3 SBP vide its BPRD Circular No. 04 dated 25 February 2015, has clarified that the reporting requirements of IFAS 3, 'Profit and Loss Sharing on Deposits' for Islamic Banking Institutions (IBIs) relating to annual, half yearly and quarterly financial statements would be notified by SBP though issuance of specific instructions and uniform disclosure formats in consultation with IBIs. These reporting requirements have not been ratified to date. Accordingly, the disclosure requirements under IFAS 3 have not been considered in the preparation of these unconsolidated financial statements.

3.4 IFRS 10, 'Consolidated Financial Statements' was made applicable from period beginning on or after 01 January 2015 vide S.R.O 633 (I) / 2014 dated 10 July 2014 by SECP. However, SECP has directed through S.R.O 56 (I) / 2016 dated 28 January 2016 that the requirement of consolidation under section 228 of the Companies Act, 2017 and IFRS 10, 'Consolidated Financial Statements' is not applicable in case of investment by companies in mutual funds established under trust structure.

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

There are certain amendments to existing accounting and reporting standards that have become applicable to the Bank for accounting periods beginning on or after January 01, 2023. These are either considered to not be relevant or do not have any significant impact and accordingly have not been detailed in these financial statements, except as disclosed below.

IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies (Amendments)

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Bank's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Bank's unconsolidated financial statements.

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

As per BPRD Circular Letter No. 07 of 2023 dated 23 April 2023, the effective date for the implementation of IFRS 9 Financial Instruments is accounting period beginning on or after January 1, 2024. SBP has also extended the preparation of annual / interim financial statement on the revised formats to the first quarter of 2024. SBP has issued detailed instructions on the application of the Standard, including transitional provisions, impact on the Capital Adequacy Ratio (CAR) calculation and reporting requirements.

The IFRS 9 application instructions and guidelines that have been issued as part of the circular include the following key components:

a) Basis for classification and measurement of debt and equity securities;

b) Framework for determination of "Expected Credit Losses (ECL)" under the requirements of IFRS 9, including required risk management policies;

c) Credit exposures (in local currency) that have been guaranteed by the Government and Government Securities have been exempted from the application of the above ECL Framework;

d) In respect of non-performing exposures (Stage 3 exposures) provision would be made considering higher of IFRS 9 ECL or provision computed under existing PRs' requirements;

e) In order to mitigate the impact of ECL provisioning on capital, a transitional arrangement is allowed to the banks to absorb the impact on regulatory capital and fully described in Annexure B to the aforementioned circular.

The actual impact of adopting IFRS 9 on the Bank's unconsolidated financial statements in the year 2024 may not be accurately estimated because it will be dependent on the financial instruments that the Bank would hold during next year and economic conditions at that time as well as accounting elections and judgements that it will make in future.

Further, the following IFRS as notified under the Companies Act, 2017 and the amendments thereto will be effective for future periods and not early adopted:

Standards and amendments	Effective date (accounting periods beginning on or after)
- IAS 1 - Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - (Amendments) January 01, 2024	01 January 2024
- IAS 7 and IFRS 7 - Disclosures: Supplier Finance Arrangements - (Amendments) January 01, 2024	01 January 2024
- IFRS 16 - Lease Liability in a Sale and Leaseback - (Amendments) January 01, 2024	01 January 2024
- IAS 21 - Lack of exchangeability - (Amendments) January 01, 2025	01 January 2025
- IFRS 17 - Insurance Contracts January 01, 2026	01 January 2026
- IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)	Not yet announced

The above standards, amendments and improvements are not expected to have any material impact on the unconsolidated financial statements of the Bank for the future periods.

Further, following new standard has been issued by IASB which is yet to be notified by SECP for the purpose of applicability in Pakistan.

Standard	IASB Effective date (accounting periods beginning on or after)
- IFRS 1 – First-time Adoption of International Financial Reporting Standards	01 January 2004

3.7 Critical accounting estimates and judgments

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

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

i) Classification and impairment against investments (notes 5.3 and 29);

ii) Classification of and provision against advances (notes 5.4 and 29);

iii) Depreciation and amortization / useful lives of operating fixed assets (notes 5.5, 11 and 12);

iv) Non-banking assets acquired in satisfaction of claims (note 5.7);

v) Taxation (note 5.9);

vi) Staff retirement and other benefits (note 5.10);

vii) Fair value of derivatives (note 5.18); and

viii) Judgements made by management in identification and reporting segment information (note 39).

4. BASIS OF MEASUREMENT

4.1 Accounting convention

These unconsolidated financial statements have been prepared under the historical cost convention except for certain investments, non-banking assets acquired in satisfaction of claims, right of use assets, lease liability and commitments in respect of foreign exchange and futures contracts which are measured at fair values and certain employee benefits and investments which are measured on present value basis.

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

4.2 Functional & Presentation of Currency

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

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

5. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information related to preparation of these unconsolidated financial statements are consistent with those of the previous financial year, are as follows:

5.1 Cash and cash equivalents

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

5.2 Lending to / borrowing from Financial Institutions

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

5.2.1 Repurchase / resale agreements

a) Sale of securities under repurchase agreement (repo)

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

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

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

5.2.2 Bai Maujjal

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

5.3 Investments

The bank classifies its investments as follows:

a) Held-for-trading

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

b) Held-to-maturity

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

c) Available-for-sale

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

d) Subsidiaries

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

5.3.1 Initial measurement

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

5.3.2 Subsequent measurement

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

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

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

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

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

5.3.3 Impairment

The Bank determines that available-for-sale listed equity investments are impaired when there has been a significant or prolonged decline in the fair value of these investments below their cost. The determination of what is significant or prolonged requires judgement. In making this judgement, the Bank evaluates, among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial condition of the investee, industry and sector performance and changes in technology. A subsequent increase in the fair value of a previously impaired listed equity security is recorded in the statement of financial position in the surplus / deficit on revaluation of securities account and only recorded through the profit and loss account when realised on disposal.

A decline in the carrying value of unlisted equity securities is charged to the profit and loss account. A subsequent increase in the carrying value, up to the cost of the investment, is credited to the profit and loss account.

Provision for diminution in the value of debt securities held in Pakistan is made as per the Prudential Regulations issued by the SBP. Provision against investments by the Bank's overseas branches is made as per the requirements of their respective regulatory regimes.

When a debt security, classified as available-for-sale, is considered to be impaired, the balance in the surplus / deficit on revaluation of securities account is transferred to the profit and loss account as an impairment charge. If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed through the profit and loss account.

When a debt security, classified as held-to-maturity, is considered to be impaired, the impairment is directly charged to the profit and loss account as held-to-maturity securities are carried at amortized cost. Any subsequent reversal of an impairment loss, up to the cost of the investment in the debt security, is credited to the profit and loss account

Provision for diminution in the value of other securities is made after considering objective evidence of impairment.

The Bank considers that a decline in the recoverable value of its investments in subsidiaries below their carrying value may be evidence of impairment. Recoverable value is calculated as the higher of fair value less costs to sell and value in use. An impairment loss is recognised when the recoverable value falls below the carrying value and is charged to the profit and loss account. Any subsequent reversal of an impairment loss, up to the carrying value of the investment in subsidiaries, associates and joint ventures, is credited to the profit and loss account.

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

5.4 Advances

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

Ijarah Financing

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

Diminishing Musharakah

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

5.5 Operating fixed assets and depreciation

5.5.1 Property and equipment - owned

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

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

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

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

5.5.2 Capital work-in-progress

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

5.5.3 Leases

The Bank enters into lease arrangements principally in respect of office space for its operations. The Bank assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Bank as a Lessee

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

The Bank applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Bank recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use (RoU) Assets

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

Lease Liability

At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. After the commencement date, the Bank reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate. The lease payments are discounted using the interest rate implicit in the lease, unless it is not readily determinable, in which case the lessee may use the incremental rate of borrowing. After the commencement date, the carrying amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made.

Incremental borrowing rate

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

5.6 Intangible assets

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

5.7 Non-banking assets acquired in satisfaction of claims

Non-banking assets acquired in satisfaction of claims are initially recorded at cost and are carried at revalued amounts less accumulated depreciation and impairment, if any. These assets are revalued with sufficient regularity by professionally qualified valuers to ensure that their net carrying value does not differ materially from their fair value. An increase in the market value over the acquisition cost is recorded as a surplus on revaluation. A decline in the market value is adjusted against the surplus of that asset or, if no surplus exists, is charged to the profit and loss account as an impairment. A subsequent increase in the market value of an impaired asset is reversed through the profit and loss account up to the extent of the impairment and thereafter credited to the surplus on revaluation of that asset. All direct costs of acquiring title to the asset are charged immediately to the profit and loss account.

Depreciation on assets acquired in satisfaction of claims is charged to the profit and loss account on the same basis as depreciation charged on the Bank's owned fixed assets.

If the recognition of such assets results in a reduction in non-performing loans, such reductions and the corresponding reductions in provisions held against non-performing loans are disclosed separately.

These assets are generally intended for sale. Gains and losses realized on the sale of such assets are disclosed separately from gains and losses realized on the sale of fixed assets. Surplus on revaluation (net of deferred tax) realized on disposal of these assets is transferred directly to unappropriated profit.

However, if such an asset, after initial recording, is used by the Bank for its own operations, the asset, along with any related surplus, is transferred to fixed assets.

5.8 Impairment

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

5.9 Taxation

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

a) Current

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

b) Prior Year

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

c) Deferred

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

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

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

5.10 Staff retirement and other benefits

a) Defined contribution plan

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

b) Defined benefit plan

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

c) Compensated absences

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

5.11 Acceptances

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

5.12 Provisions against liabilities

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

5.13 Revenue recognition

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

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

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

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

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

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

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

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

5.14 Borrowings / deposits and their cost

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

5.15 Proposed dividend and transfers between reserves

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

5.16 Earnings per share

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

5.17 Foreign currency translation

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

5.18 Financial instruments

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

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

5.19 Offsetting

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

5.20 Segment reporting

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

Business segments

a) Corporate Finance

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

b) Trading and sales (Treasury)

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

c) Retail Banking

This includes mortgage finance and personal loans to individual customers.

d) Commercial banking and others

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

5.21 Geographical segments

The Bank operates only in Pakistan.

5.22 Commitments

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

5.23 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.

	Note	2023	2022
		(Rupees in '000)	
6. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		**3,959,099**	4,593,287
Foreign currency		**194,370**	112,285
		4,153,469	4,705,572
With State Bank of Pakistan (SBP) in			
Local currency current accounts	6.1	**47,075,466**	9,015,993
Foreign currency current accounts	6.2	**61,133**	105,966
Foreign currency deposit accounts			
- Non remunerative	6.3	**158,549**	104,727
- Remunerative	6.4	**309,256**	205,270
		47,604,404	9,431,956
With National Bank of Pakistan in			
Local currency current accounts		**1,610,797**	22,429
Local currency deposit accounts	6.5	**22,571**	5
		1,633,368	22,434
Prize bonds		**16,530**	8,776
	33	**53,407,771**	14,168,738

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

6.2 This represents US Dollar Settlement Account maintained with SBP.

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

6.4 This represents foreign currency special cash reserve maintained with SBP. The Bank is entitled to earn profit which is declared by SBP on a monthly basis. During the period, the SBP has declared 3.39% to 4.34% profits (2022 : 0% to 3.14%) per annum.

6.5 This includes savings account with National Bank of Pakistan carrying mark-up at 20.5% (2022: 14.50%) per annum.

		Note	2023	2022
			(Rupees in '000)	
7.	BALANCES WITH OTHER BANKS			
	In Pakistan			
	In current accounts		**30**	30
	In savings account	7.1	**1,719**	1,434
			1,749	1,464
	Outside Pakistan			
	In current accounts	7.2	**956,134**	1,618,066
		33	**957,883**	1,619,530

7.1 This includes savings account with a commercial bank carrying profit at the rate of 20.5% (2022: 14.50%) per annum.

7.2 This includes Rs. 842.188 million (2022: Rs. 678.603 million) held in Automated Investment Plans. This balance is current in nature and in case this goes above a specified amount, the bank is entitled to earn interest from the correspondent banks at the agreed rates.

8.	LENDINGS TO FINANCIAL INSTITUTIONS			
	Repurchase agreement lendings (Reverse Repo)	8.1	-	19,967,424
			-	19,967,424
8.1	Particulars of lending			
	In local currency		-	19,967,424
	In foreign currencies		-	-
			-	19,967,424

8.2 Securities held as collateral against Lending to financial institutions

	2023			2022		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	(Rupees in '000)					
Market Treasury Bills	-	-	-	18,016,775	-	18,016,775
Pakistan Investment Bonds	-	-	-	1,975,600	-	1,975,600
Total	-	-	-	19,992,375	-	19,992,375

9 INVESTMENTS

9.1 Investments by type

	Note	2023				2022			
		Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
		(Rupees in '000)							
Available-for-sale securities									
Federal government securities									
Market treasury bills		-	-	-	-	64,108,973	-	(180,402)	63,928,571
Pakistan investment bonds		17,400,629	-	(2,183,880)	15,216,749	17,616,725	-	(1,265,020)	16,351,705
Pakistan investment bonds - floater		113,308,072	-	(319,502)	112,988,570	125,882,687	-	(167,136)	125,715,551
Government of Pakistan - Ijarah Sukuk		4,000,000	-	42,076	4,042,076	4,000,008	-	(14,598)	3,985,410
Shares									
Listed		971,211	(342,757)	212,934	841,388	2,785,332	(342,757)	(373,481)	2,069,094
Unlisted		-	-	-	-	-	-	-	-
Mutual funds & units		158,203	(43,684)	41,651	156,170	215,049	(42,806)	19,492	191,735
		135,838,115	(386,441)	(2,206,721)	133,244,953	214,608,774	(385,563)	(1,981,145)	212,242,066
Held-to-maturity securities									
Federal government securities									
Market treasury bills		20,660,590	-	-	20,660,590	29,623,413	-	-	29,623,413
Pakistan investment bonds		11,262,656	-	-	11,262,656	11,343,755	-	-	11,343,755
Preference shares - unlisted		77,708	(77,708)	-	-	77,708	(77,708)	-	-
Non-government debt securities									
Term finance certificates - listed		224,235	-	-	224,235	224,235	-	-	224,235
Term finance certificates - unlisted		858,901	(497,863)	-	361,038	858,949	(489,641)	-	369,308
		33,084,090	(575,571)	-	32,508,519	42,128,060	(567,349)	-	41,560,711
Investment in subsidiary									
Fully paid ordinary shares	9.3	750,000	-	-	750,000	750,000	-	-	750,000
Total investments		169,672,205	(962,012)	(2,206,721)	166,503,472	257,486,834	(952,912)	(1,981,145)	254,552,777

9.2 Investments by segments

	2023				2022			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	(Rupees in '000)							
Federal government securities								
Market treasury bills	20,660,590	-	-	20,660,590	93,732,386	-	(180,402)	93,551,984
Pakistan investment bonds	141,971,357	-	(2,503,381)	139,467,976	154,843,167	-	(1,432,155)	153,411,012
Government of Pakistan - Ijarah Sukuk	4,000,000	-	42,076	4,042,076	4,000,008	-	(14,598)	3,985,410
	166,631,947	-	(2,461,305)	164,170,642	252,575,561	-	(1,627,155)	250,948,406
Shares								
Listed companies	971,211	(342,757)	212,934	841,388	2,785,332	(342,757)	(373,481)	2,069,094
Unlisted companies	77,708	(77,708)	-	-	77,708	(77,708)	-	-
	1,048,919	(420,465)	212,934	841,388	2,863,040	(420,465)	(373,481)	2,069,094
Non-government debt securities								
Term finance certificates - listed	224,235	-	-	224,235	224,235	-	-	224,235
Term finance certificates - unlisted	858,901	(497,863)	-	361,038	858,949	(489,641)	-	369,308
	1,083,136	(497,863)	-	585,273	1,083,184	(489,641)	-	593,543
Mutual Funds & units								
Open ended	59,203	(43,684)	16,990	32,509	116,049	(42,806)	(4,269)	68,974
REIT - units	99,000	-	24,661	123,661	99,000	-	23,760	122,760
	158,203	(43,684)	41,651	156,170	215,049	(42,806)	19,491	191,734
Investment in subsidiary								
Sindh microfinance Bank Ltd	750,000	-	-	750,000	750,000	-	-	750,000
Total investments	169,672,205	(962,012)	(2,206,720)	166,503,472	257,486,834	(952,912)	(1,981,145)	254,552,777

9.3 Details of investment in subsidiary

	2023							
	Incorporation date	Incorporation Country	Percentage holding (%)	Total Assets	Total Liabilities	Total Revenue	Profit after taxation	Total Comprehensive Income
				(Rupees in '000)				
Sindh microfinance Bank Limited	27-03-2015	Pakistan	100%	3,414,693	2,308,691	949,395	91,487	90,954

Details of investment in subsidiary

	2022							
	Incorporation date	Incorporation Country	Percentage holding (%)	Total Assets	Total Liabilities	Total Revenue	Profit after taxation	Total Comprehensive Income
				(Rupees in '000)				
Sindh microfinance Bank Limited	27-03-2015	Pakistan	100%	2,007,714	995,341	469,686	41,409	43,026

		2023	2022
		(Rupees in '000)	
9.4	**Investments given as collateral**		
	Federal government securities		
	Pakistan investment bonds	**35,733,600**	104,589,900
	Market treasury bills	**-**	-
		35,733,600	104,589,900
9.5	**Provision for diminution in value of investments**		
9.5.1	**Opening balance**	**952,912**	873,216
	Charge / reversals		
	Charge for the year	**9,100**	80,939
	Reversals for the year	**-**	-
	Reversal on disposals	**-**	(1,243)
	Transfers - net	**9,100**	79,696
	Closing balance	**962,012**	952,912

9.5.2 Particulars of classified debt securities (Category of classification)	2023 Non performing investments	2023 Provision	2022 Non performing investments	2022 Provision
	---------- Rupees in '000 ----------			
Domestic				
Other assets especially mentioned	**-**	**-**	-	-
Substandard	**-**	**-**	-	-
Doubtful	**-**	**-**	-	-
Loss	**592,051**	**575,571**	592,051	567,349
Total	**592,051**	**575,571**	592,051	567,349

9.5.2.1 The Bank has availed the benefit of forced sale value of collateral against non-performing investment on the basis of the instructions of the State Bank of Pakistan. Had the benefit not been taken by the Bank, provision against non-performing investment would have been higher by Rs. 16.480 million (2022: Rs. 24.7 million). The resultant increase in profit due to FSV benefit taken will not be available for distribution as cash and stock dividend to shareholders.

		2023	2022
		---------- Cost ----------	
		(Rupees in '000)	
9.6	**Quality of Available for Sale Securities**		
	Particulars regarding quality of available for sale (AFS) securities		
	Federal Government Securities - Government guaranteed		
	Pakistan investment bonds	**130,708,701**	143,499,412
	Market treasury bills	**-**	64,108,973
	Government of Pakistan - Ijarah Sukuk	**4,000,000**	4,000,008
		134,708,701	211,608,393
	Shares (Equities)		
	Listed Companies		
	Refinery	**7,682**	7,682
	Fertilizer	**345,285**	531,870
	Cement	**63,745**	63,745
	Power generation & distribution	**-**	364,285
	Oil & gas marketing companies	**186,049**	597,630
	Commercial Banks	**368,450**	1,220,120
		971,211	2,785,332

	2023	2022
	Cost	
	(Rupees in '000)	
Other investments (Mutual Funds and Units)		
Listed		
AAA	**99,000**	99,000
AA+	**16,239**	28,459
A+ / A-	**42,964**	87,590
	158,203	215,049
	135,838,115	214,608,774
Equity Securities		
Listed Companies		
Pakistan Refinery Limited	**7,682**	7,682
Fauji Fertilizer Company Limited	**280,283**	280,283
Fauji Fertilizer Bin Qasim Limited	**-**	186,585
Fatima Fertilizer Company Limited	**65,002**	65,002
Thatta Cement Company Limited	**63,745**	63,745
Nishat Chunian Power Limited	**-**	201,358
Hub Power Company Limited	**-**	162,925
Sui Southern Gas Company Limited	**164,142**	164,142
Sui Northern Gas Pipelines Limited	**-**	129,401
Oil & Gas Development Company Limited	**21,905**	119,384
Pak Petroleum Limited	**-**	132,476
Pakistan State Oil Limited	**-**	52,228
Bank Makramah Limited (Summit Bank)	**305,509**	305,509
National Bank of Pakistan	**-**	233,102
Bank AlHabib Limited	**-**	39,007
Meezan Bank Ltd	**-**	85,390
Habib Bank Limited	**-**	205,598
United Bank Limited	**-**	80,853
MCB Bank Limited	**-**	207,721
Silk Bank Limited	**62,943**	62,941
	971,211	2,785,332

9.7 Particulars relating to Held to Maturity securities	2023	2022
	Cost	
	(Rupees in '000)	
Federal Government Securities - Government guaranteed		
Pakistan Investment Bonds	**11,262,656**	11,343,755
Market Treasury Bills	**20,660,590**	29,623,413
	31,923,246	40,967,168
Preference Shares - Unlisted Company		
Al-Arabia Sugar Mills Ltd	**77,708**	77,708
Non Government Debt Securities		
Listed		
Unrated	**224,235**	224,235
Un-listed		
AA	**119,737**	119,785
Unrated	**224,820**	224,820
Unrated	**514,344**	514,344
	858,901	858,949
	33,084,090	42,128,060

9.7.1 The market value of securities classified as held-to-maturity as at December 31, 2023 amounted to Rs. 29,916.83 million (December 31, 2022: Rs. 40,242.39 million).

10 ADVANCES

	Note	Performing		Non Performing		Total	
		2023	2022	2023	2022	2023	2022
		Rupees in '000					
Loans, cash credits, agriculture, running finances etc.		**27,665,107**	28,762,623	**32,564,925**	34,531,096	**60,230,032**	63,293,719
Commodity finance	10.2	**15,619,270**	5,205,042	**-**	-	**15,619,270**	5,205,042
Net investment in finance lease	10.3	**305,814**	538,713	**410,329**	420,881	**716,143**	959,594
Islamic financing and related assets							
Diminishing musharakah financing	10.4	**433,901**	1,021,768	**121,353**	11,898	**555,254**	1,033,666
Ijarah financing under IFAS 2	10.5	**9,946**	11,371	**-**	-	**9,946**	11,371
		44,034,038	35,539,517	**33,096,607**	34,963,875	**77,130,645**	70,503,392
Bills discounted and purchased (excluding market treasury bills)							
Payable in Pakistan		**368,044**	386,782	**-**	-	**368,044**	386,782
Payable outside Pakistan		**9,317**	5,738	**3,405**	3,405	**12,722**	9,143
		377,361	392,520	**3,405**	3,405	**380,766**	395,925
Advances - gross	10.1	**44,411,399**	35,932,037	**33,100,012**	34,967,280	**77,511,411**	70,899,317
Provision for non-performing advances							
- Specific provision		**-**	-	**26,878,180**	27,089,777	**26,878,180**	27,089,777
- General provision against consumer and small enterprise advances		**10,186**	7,212	**-**	-	**10,186**	7,212
		10,186	7,212	**26,878,180**	27,089,777	**26,888,366**	27,096,989
Advances - Net of Provision		**44,401,213**	35,924,825	**6,221,832**	7,877,503	**50,623,045**	43,802,328

		2023	2022
		(Rupees in '000)	
10.1	Particulars of advances (Gross)		
	In local currency	**77,511,411**	70,899,317
	In foreign currencies	**-**	-
		77,511,411	70,899,317

10.2 This represents commodity financing provided to Food Department and Trading Corporation of Pakistan.

10.3 Net investment in finance lease

	2023				2022			
	Not later than one year	Over one year and up to five years	Over five years	Total	Not later than one year	Over one year and up to five years	Over five years	Total
	Rupees in '000							
Lease rental	**142,323**	**512,715**	**-**	**655,038**	326,395	538,791	-	865,186
Residual value	**116,409**	**63,562**	**-**	**179,971**	217,996	19,886	-	237,882
Minimum lease payments	**258,732**	**576,277**	**-**	**835,009**	544,391	558,677	-	1,103,068
Un-earned income for future periods	**(19,423)**	**(99,443)**	**-**	**(118,866)**	(114,407)	(29,067)	-	(143,474)
Present value of minimum lease payments	**239,309**	**476,834**	**-**	**716,143**	429,984	529,610	-	959,594

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

			2023	2022
			(Rupees in '000)	
10.4	Diminishing musharakah financing			
	Advance against musharakah		**-**	8,526
	Diminishing musharakah		**555,254**	1,025,140
			555,254	1,033,666
10.5	Ijarah financing under IFAS 2			
	Net book value of assets	10.5.1	**9,946**	11,371
	Advance against Ijarah financing		**-**	-
			9,946	11,371

10.5.1 Particulars of assets under Ijarah

	2023							
	Cost			Accumulated depreciation				
	As at January 01	Additions/ Settled	As at December 31	As at January 01	Charge/ settled	As at December 31	Book value As at	Rate of depreciation %
	(Rupees in '000)							
Vehicle	**16,224**	**(16,224)**	**-**	**14,019**	**(14,019)**	**-**	**-**	Over the Ijarah period
Plant and machinery	**28,000**	**950**	**28,950**	**18,834**	**170**	**19,004**	**9,946**	
Total	**44,224**	**(15,274)**	**28,950**	**32,853**	**(13,849)**	**19,004**	**9,946**	

	2022							
	Cost			Accumulated depreciation				
	As at January 01	Additions/ Settled	As at December 31	As at January 01	Charge/ settled	As at December 31	Book value As at	Rate of depreciation %
	(Rupees in '000)							
Vehicle	37,866	(21,642)	16,224	28,341	(14,322)	14,019	2,205	Over the Ijarah period
Plant and machinery	28,000	-	28,000	14,366	4,468	18,834	9,166	
Total	65,866	(21,642)	44,224	42,707	(9,854)	32,853	11,371	

10.5.2 Future Ijarah payments receivable	2023	2022
	(Rupees in '000)	
Not later than one year	**9,946**	11,371
Later than one year and not later than five years	**-**	-
	9,946	11,371

10.6 Advances include Rs. 33,100.01 (2022: Rs. 34,967.28) million which have been placed under non-performing status as detailed below:

Category of Classification		2023 Non Performing Loans	2023 Provision	2022 Non Performing Loans	2022 Provision
		(Rupees in '000)			
Domestic					
Other Assets Especially Mentioned	10.6.1	**-**	**-**	26,794	-
Substandard		**8,889**	**333**	10,979	36
Doubtful		**116,780**	**932**	198,971	23,739
Loss		**32,974,343**	**26,876,915**	34,730,536	27,066,002
Total		**33,100,012**	**26,878,180**	34,967,280	27,089,777

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

10.6.2 The Bank has availed the benefit of forced sale value on plant and machinery under charge and mortgaged residential and commercial property (land and building only) held as collateral against non-performing advances on the basis of the instructions of the State Bank of Pakistan. Had the benefit not been taken by the Bank, specific provision against non-performing advances would have been higher by Rs. 6,156.33 (2022: Rs.7,742.44) million. The resultant increase in profit due to FSV benefit taken will not be available for distribution as cash and stock dividend to shareholders.

10.6.3 Particulars of provision against advances

	2023 Specific	2023 General	2023 Total	2022 Specific	2022 General	2022 Total
	(Rupees in '000)					
Opening balance	**27,089,777**	**7,212**	**27,096,989**	25,236,386	2,903	25,239,289
Exchange adjustments	**-**	**-**	**-**	-	-	-
Charge for the year	**2,766,522**	**2,974**	**2,769,496**	2,718,477	4,309	2,722,786
Reversals	**(1,712,978)**	**-**	**(1,712,978)**	(860,608)	-	(860,608)
	1,053,544	**2,974**	**1,056,518**	1,857,869	4,309	1,862,178
Amounts (reversal) / charged off - agriculture loans	**(42,356)**	**-**	**(42,356)**	(4,478)	-	(4,478)
Net charge during the year	**1,011,188**	**2,974**	**1,014,162**	1,853,391	4,309	1,857,700
Transferred to other assets under DPS agreement	**(1,222,785)**	**-**	**(1,222,785)**	-	-	-
Amounts written off	**-**	**-**	**-**	-	-	-
Closing balance	**26,878,180**	**10,186**	**26,888,366**	27,089,777	7,212	27,096,989

10.6.3.1 Particulars of provision against advances

	2023 Specific	2023 General	2023 Total	2022 Specific	2022 General	2022 Total
	(Rupees in '000)					
In local currency	**26,878,180**	**10,186**	**26,888,366**	27,089,777	7,212	27,096,989
In foreign currencies	**-**	**-**	**-**	-	-	-
	26,878,180	**10,186**	**26,888,366**	27,089,777	7,212	27,096,989

10.6.3.2 General provision against consumer loans represents provision maintained at an amount equal to 1% (2022: 1%) of the fully secured performing portfolio and 4% (2022: 4%) of the unsecured performing portfolio as required by the Prudential Regulations issued by SBP. General provision against Small Enterprises financing represents provision maintained at an amount equal to 0% (2022: 0%) of the fully secured performing portfolio and 1% of the unsecured performing portfolio as required by the Prudential Regulations issued by SBP.

		Note	2023	2022
11	FIXED ASSETS		(Rupees in '000)	
	Capital work-in-progress	11.1	1,321	26,725
	Property and equipment	11.2	1,326,280	1,312,351
	Right of use assets	11.5	2,608,849	2,693,446
			3,936,450	4,032,522
11.1	Capital work-in-progress			
	Civil works		-	4,325
	Equipment		-	2,041
	Advances to suppliers		1,321	20,359
		11.11	1,321	26,725
11.1.1	Movement in Capital work-in-progress			
	Opening balance		26,725	73,166
	Transfer in		36,287	211,216
	Transfer out		(61,691)	(257,657)
	Write off		-	-
	Closing balance		1,321	26,725

11.2 Property and Equipment

	2023				
	Lease hold improvements	Furniture and fixture	Computer and office equipment	Vehicles	Total
	---------- (Rupees in '000) ----------				
At January 1, 2023					
Cost / Revalued amount	1,389,947	569,082	1,791,443	504,654	4,255,126
Accumulated depreciation	578,789	485,711	1,613,467	264,808	2,942,775
Net book value	811,158	83,371	177,976	239,846	1,312,351
Year ended December 31, 2023					
Opening net book value	811,158	83,371	177,976	239,846	1,312,351
Additions	30,542	8,263	236,341	17,988	293,134
Disposals	-	-	-	(2,006)	(2,006)
Depreciation charge	(69,667)	(23,944)	(104,238)	(79,350)	(277,199)
Closing net book value	772,033	67,690	310,079	176,478	1,326,280
At December 31, 2023					
Cost / Revalued amount	1,420,489	577,307	2,021,062	493,571	4,512,429
Accumulated depreciation	648,456	509,617	1,710,983	317,093	3,186,149
Net book value	772,033	67,690	310,079	176,478	1,326,280
Rate of depreciation (percentage)	5.00%	10.00%	33.33% & 20.0%	20.00%	

	2022				
	Lease hold improvements	Furniture and fixture	Computer and office equipment	Vehicles	Total
	---------- (Rupees in '000) ----------				
At January 1, 2022					
Cost / Revalued amount	1,324,292	562,730	1,721,214	384,506	3,992,742
Accumulated depreciation	512,163	444,605	1,526,022	245,192	2,727,982
Net book value	812,129	118,125	195,192	139,314	1,264,760
Year ended December 31, 2022					
Opening net book value	812,129	118,125	195,192	139,314	1,264,760
Additions	66,740	6,593	84,200	178,107	335,640
Disposals	(711)	(10)	(24)	(617)	(1,362)
Depreciation charge	(67,000)	(41,337)	(101,392)	(76,958)	(286,687)
Closing net book value	811,158	83,371	177,976	239,846	1,312,351
At December 31, 2022					
Cost / Revalued amount	1,389,947	569,082	1,791,443	504,654	4,255,126
Accumulated depreciation	578,789	485,711	1,613,467	264,808	2,942,775
Net book value	811,158	83,371	177,976	239,846	1,312,351
Rate of depreciation (percentage)	5.00%	10.00%	33.33% & 20.0%	20.00%	

11.3 The cost of fully depreciated fixed assets that are still in the Bank's use is as follows:

	2023	2022
	(Rupees in '000)	
Leasehold improvements	**325**	309
Furniture and fixtures	**382,511**	305,766
Electrical, office and computer equipment	**1,512,720**	1,341,356
Vehicles	**118,385**	96,376
	2,013,941	1,743,807

11.4 Disposal

Description	Cost	Net Book Value	Sale Proceeds	Mode Of Disposal	Particular of The Purchaser
	----------(Rupees in '000)----------				
Computers & Office Equipment					
Items with WDV of below Rs. 250,000/- and cost of less than Rs. 1,000,000/-	6,760	-	855	Negotiation	Various
Motor Vehicles					
Toyota Corolla Altis	2,323	-	-	As Per HR Policy	Tariq Ahsan
Toyota Corolla XLI	2,505	292	418	As Per HR Policy	Rukhsana Narejo
Suzuki Cultus	1,250	-	-	As Per HR Policy	Husn-E-Kamil
Suzuki Wagon R	1,104	-	-	As Per HR Policy	Kazim Hussain
Suzuki Wagon R	1,877	1,252	2,000	Insurance Claim	Sindh Insurance Ltd
Suzuki Wagon R	1,104	-	-	As Per HR Policy	Nazia Rasheed
Suzuki Wagon R	1,104	-	-	As Per HR Policy	Naheed Hashmat
Suzuki Wagon R	1,104	-	-	As Per HR Policy	Ghulam Mustafa Mahar
Suzuki Wagon R	1,104	-	-	As Per HR Policy	Kashif Ahmed Memon
Suzuki Wagon R	1,104	-	-	As Per HR Policy	Khalil Ahmed
Suzuki Wagon R	1,104	-	-	As Per HR Policy	Muhammad Azam Gondal
Suzuki Wagon R	1,104	-	-	As Per HR Policy	Ali Raza
Suzuki Wagon R	1,104	-	-	As Per HR Policy	Wali Muhammad Attar
Suzuki Wagon R	1,104	-	-	As Per HR Policy	Syed Irfan Ali
Suzuki Wagon R	1,104	-	-	As Per HR Policy	Muhammad Adeel Siddiqui
Suzuki Wagon R	1,104	-	-	As Per HR Policy	Ikhlaq Ahmed
Suzuki Wagon R	1,104	-	-	As Per HR Policy	Muhammad Affan Khan
Suzuki Wagon R	1,104	-	-	As Per HR Policy	Khawaja Muhammad Atif
Suzuki Wagon R	1,540	462	462	As Per HR Policy	Syeda Sumaira Zaidi
Items with WDV of below Rs. 250,000/- and cost of less than Rs. 1,000,000/-	4,120	-	3,386	Auction	Various
	29,071	**2,006**	**6,266**		
TOTAL	**35,831**	**2,006**	**7,121**		

11.5 RIGHT OF USE ASSETS	2023	2022
	---------- Rupees in '000 ----------	
Year ended December 31		
Opening net book value	**2,693,446**	1,809,671
Additions	**637,430**	1,539,139
Disposals	**-**	-
Depreciation charge	**(722,027)**	(655,364)
Closing net book value	**2,608,849**	2,693,446
At December 31		
Cost	**4,380,687**	4,875,656
Accumulated depreciation	**(1,771,838)**	(2,182,210)
Net book value	**2,608,849**	2,693,446
Rate of depreciation (percentage)	**10% to 100%**	10% to 100%

12. INTANGIBLE ASSETS

Computer Software		
At January 1		
Cost	**412,051**	373,835
Accumulated amortisation and impairment	**294,780**	259,561
Net book value	**117,271**	114,274
Year ended December 31		
Opening net book value	**117,271**	114,274
Additions:		
- directly purchased	**32,205**	38,217
Disposals	**-**	-
Amortisation charge	**(41,219)**	(35,220)
Other adjustments	**-**	-
Closing net book value	**108,257**	117,271
At December 31		
Cost	**444,256**	412,051
Accumulated amortisation and impairment	**335,999**	294,780
Net book value	**108,257**	117,271
Rate of amortisation (percentage)	**20%**	20%
Useful life	**5 years**	5 years

12.1 The cost of fully amortised software still in use amounted to Rs. 232.911 million (2022: Rs. 227.226 million) .

13 DEFERRED TAX ASSETS-NET

	2023			
	At Jan 1, 2023	Recognised in P&L A/C	Recognised in OCI	At Dec 31, 2023
	(Rupees in '000)			
Deductible Temporary Differences on				
- Provision against advances - general	9,108,677	1,994,386	-	11,103,063
- Tax losses carried forward	3,782,989	(323,272)	17,536	3,477,253
- Provision for diminution in the value of investments	94,853	24,321	-	119,174
- Deficit on revaluation of investments	772,647	-	308,647	1,081,294
- Others	985,289	408,816	-	1,394,105
- Others (RoU)	65,384	193,933	-	259,317
	14,809,839	2,298,184	326,183	17,434,206
Taxable Temporary Differences on				
- Accelerated tax depreciation - tangible fixed assets	(3,797)	4,298	-	501
- Net investment in Lease Finance	(131,859)	-	-	(131,859)
- Surplus on revaluation of non-banking assets	-	-	(88,200)	(88,200)
- Accelerated tax amortization - intangible assets	(12,137)	(8,546)	-	(20,683)
	(147,793)	(4,248)	(88,200)	(240,241)
	14,662,046	2,293,936	237,983	17,193,965

	2022			
	At Jan 1, 2022	Recognised in P&L A/C	Recognised in OCI	At Dec 31, 2022
	(Rupees in '000)			
Deductible Temporary Differences on				
- Provision against advances - general	8,420,982	687,695	-	9,108,677
- Tax losses carried forward	3,319,583	461,028	2,378	3,782,989
- Provision for diminution in the value of investments	247,735	(152,882)	-	94,853
- Deficit on revaluation of investments	717,118	-	55,529	772,647
- Others	705,534	279,755	-	985,289
- Others (RoU)	-	65,384	-	65,384
	13,410,952	1,340,980	57,907	14,809,839
Taxable Temporary Differences on				
- Accelerated tax depreciation - tangible fixed assets	(20,465)	16,668	-	(3,797)
- Net investment in Lease Finance	(131,859)	-	-	(131,859)
- Accelerated tax amortization - intangible assets	(6,095)	(6,042)	-	(12,137)
	(158,419)	10,626	-	(147,793)
	13,252,533	1,351,606	57,907	14,662,046

13.1 The Bank has an aggregate amount of deferred tax assets of Rs. 17,193.96 million (2022: Rs. 14,662.05 million). Deferred tax asset has been recorded based on management's best estimate of the probable benefits expected to be realised in future years in the form of reduced tax liability as the Bank would be able to set off the profits earned in those years against the deferred tax asset. In this regard, the Bank has prepared financial projections for future taxable profits, which have been approved by the Board of the Bank, to assess the recoverability of deferred tax assets. The projections involve certain key management assumptions underlying the estimation of future taxable profits. The determination of future taxable profits is most sensitive to certain key assumptions such as growth in high yield consumer advances, investment returns, potential reversal of provision against assets, interest rates, cost of funds and expected recoveries of classified loans. Any significant change in such assumptions may have an effect on the recoverability of the deferred tax assets. Management believes that it is probable that the Bank will be able to achieve the profits and consequently, the deferred tax asset will be fully realised in future.

14. OTHER ASSETS

	Note	2023	2022
		(Rupees in '000)	
Income / Mark-up accrued in local currency	14.1	5,772,428	4,261,207
Accrued commission income		19,730	19,730
Advances, deposits, advance rent and other prepayments		213,037	182,617
Receivable against sale of shares		8,586	56,982
Mark to market gain on forward foreign exchange contracts		225,309	-
Insurance premium receivable against agriculture loans		9,998	9,841
Stationery and stamps on hand		10,332	18,966
Receivable against 1 Link ATM settlement account		616,552	305,152
Advance Taxation - net		-	12,912
Insurance claims receivable		7,445	3,375
Non-Banking Assets Acquired in Satisfaction of Claims	14.2	1,770,000	-
Other receivables		141,934	56,909
		8,795,351	4,927,691
Less: Provison held against other assets		(1,222,785)	-
Other assets (net of provision)		7,572,566	4,927,691
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		180,000	-
		7,752,566	4,927,691

14.1 Income/ Mark-up accrued in local currency

	2023	2022
	(Rupees in '000)	
On loans and advances	2,705,396	1,629,075
On investments	3,065,999	2,615,414
Others	1,033	16,718
	5,772,428	4,261,207

14.2 Market value of non-banking assets acquired in satisfaction of claims

Non-banking assets acquired in satisfaction of claims have been valued at the average of two independent professional valuers' reports each dated August 11, 2023. As at reporting date, fair value does not differ materially from the recognized amount. These valuations were carried out by Joseph Lobo & Co.Pvt Ltd. and Iqbal A. Nanjee & Co. Pvt. Ltd. on the basis of professional assessment of present market values. The valuer are listed on the panel of Pakistan Bank's Association.

14.3 Non-banking assets acquired in satisfaction of claims

	Note	2023	2022
		(Rupees in '000)	
Opening Balance		-	-
Additions		1,770,000	-
Revaluation		180,000	-
Disposals		-	-
Depreciation		-	-
Impairment		-	-
		1,950,000	-

15. BILLS PAYABLE

	2023	2022
	(Rupees in '000)	
In Pakistan	898,762	726,148
Outside Pakistan	-	-
	898,762	726,148

	Note	2023	2022
		(Rupees in '000)	
16. BORROWINGS			
Secured			
Borrowings from State Bank of Pakistan			
- Under export refinance scheme	16.2	**1,662,500**	1,874,835
- Under long term finance facility	16.3	**29,940**	59,879
Repurchase agreement borrowings - Secured			
- State Bank of Pakistan (SBP)	16.4	**16,000,000**	105,000,000
- Other commercial banks / DFI's	19.5	**19,854,000**	-
		35,854,000	105,000,000
		37,546,440	106,934,714
16.1 Particulars of borrowings with respect to Currencies			
In local currency		**37,546,440**	106,934,714
In foreign currencies		**-**	-
		37,546,440	106,934,714

16.2 These represent borrowings from SBP under export refinance scheme at the rates ranging from 17% to 18% (2022: 8% to 10%) per annum having maturity upto six months.

16.3 These represent borrowings from SBP under long term finance facility at the rate of 3% (2022: 3%) per annum having maturity upto 5 years.

16.4 These represent repurchase agreement borrowings from State Bank of Pakistan at the rates ranging from 22.11% to 23% (2022: 15.22% to 16.17%) per annum maturing on January 12, 2024 (2022: Feburary 24, 2023). The carrying value of securities given as collateral against these borrowings is given in note 9.4.

16.5 These represent repurchase agreement borrowings from Other commercial DFI's at the rate 22.95% (2022: NIL) per annum maturing on January 12, 2024 (2022: NIL).

17 DEPOSITS AND OTHER ACCOUNTS

	2023			2022		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	Rupees in '000					
Customers						
Current deposits	**57,010,298**	**918,827**	**57,929,125**	57,625,016	538,290	58,163,306
Savings deposits	**126,210,668**	**1,231,979**	**127,442,647**	98,443,519	1,009,539	99,453,058
Term deposits	**34,311,181**	**282,821**	**34,594,002**	61,811,366	435,818	62,247,184
Margin and other deposits	**2,302,355**	**-**	**2,302,355**	480,506	-	480,506
	219,834,502	**2,433,627**	**222,268,129**	218,360,407	1,983,647	220,344,054
Financial Institutions						
Current deposits	**48,424**	**30**	**48,454**	53,242	24	53,266
Savings deposits	**733,005**	**-**	**733,005**	627,586	-	627,586
Term deposits	**400,000**	**-**	**400,000**	1,899,000	-	1,899,000
Margin and other deposits	**120,062**	**-**	**120,062**	120,044	-	120,044
	1,301,491	**30**	**1,301,521**	2,699,872	24	2,699,896
	221,135,993	**2,433,657**	**223,569,650**	221,060,279	1,983,671	223,043,950

17.1 Composition of deposits

	2023	2022
	(Rupees in '000)	
- Individuals	**40,275,850**	33,292,276
- Government (federal and provincial)	**143,233,090**	150,415,341
- Public sector entities	**760,909**	3,580,365
- Banking companies	**231,314**	14,847
- Non-Banking financial institutions	**1,301,521**	2,685,049
- Private sector	**37,766,966**	33,056,072
	223,569,650	223,043,950

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

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

As at December 31, 2023, the deposits eligible to be covered under insurance arrangements amounted to Rs. 52,145.15 million (2022: Rs. 39,403.11 million) and premium paid amounted to Rs. 63.04 million (2022 : Rs. 51.61 million).

18. OTHER LIABILITIES

		2023	2022
		(Rupees in '000)	
Mark-up / return / interest payable in local currency		**9,156,368**	4,740,408
Mark-up / return / interest payable in foreign currency		**4,125**	3,485
Accrued expenses		**353,216**	281,813
Net defined benefit liability		**151,556**	104,688
Provision for compensated absences		**309,951**	250,602
Payable against 1 Link ATM settlement account		**-**	-
Payable against purchase of operating fixed assets		**22,834**	44,089
Payable against purchase of shares		**-**	309,248
Retention money		**63,987**	56,547
Federal excise duty / sales tax on services payable		**6,227**	1,835
Lease liability against right of use assets	18.1	**3,138,067**	2,861,097
Withholding tax payable		**153,071**	20,919
Provision for taxation		**128,758**	-
Mark to market loss on forward foreign exchange contracts		**-**	692,112
Security deposit against leases	18.2	**179,971**	237,882
Others		**328,082**	389,831
		13,996,213	9,994,556

18.1 Lease liability against right of use assets

Opening balance	**2,861,097**	2,073,301
Additions / renewals	**871,350**	1,539,139
Borrowing cost	**584,041**	221,035
Payments	**(1,178,421)**	(972,378)
Closing balance	**3,138,067**	2,861,097
Current lease liability	**482,842**	865,906
Non current lease liability	**2,655,225**	1,995,191
	3,138,067	2,861,097

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

19 SHARE CAPITAL - NET

19.1 Authorised capital

2023	2022		2023	2022
Number of shares			(Rupees in '000)	
3,500,000,000	3,000,000,000	Ordinary shares of Rs.10 each	**35,000,000**	30,000,000

19.2 Issued, subscribed and paid-up share capital

		Fully paid in cash:		
2,571,013,000	2,171,013,000	Ordinary shares of Rs.10 each	**25,710,130**	**21,710,130**
500,000,000	400,000,000	Right shares of Rs.10 each issued during the year	**5,000,000**	**4,000,000**
381,429,817	381,429,817	Ordinary shares of Rs. 10 issued as consideration of amalgamation	**3,814,298**	3,814,298
3,452,442,817	2,952,442,817		**34,524,428**	29,524,428

19.3 The Government of Sindh, through its Finance Department, owns 99.97% ordinary shares of the Bank.

20 DEFICIT ON REVALUATION OF ASSETS - NET

	Note	2023	2022
		(Rupees in '000)	
Surplus / (deficit) on revaluation of			
- Available-for-sale securities			
Federal government securities		**(2,461,306)**	(1,627,156)
Fully paid ordinary shares - listed		**212,934**	(373,481)
Units of mutual funds (units / certificates)		**41,651**	19,492
	9.1	**(2,206,721)**	(1,981,145)
- Non-banking assets acquired in satisfaction of claims	20.1	**180,000**	-
		(2,026,721)	(1,981,145)
Deferred tax on surplus / (deficit) on revaluation of:			
- Available for sale securities	13	**1,081,293**	772,645
- Non-banking assets acquired in satisfaction of claims	20.1	**(88,200)**	-
		993,093	772,645
		(1,033,628)	(1,208,500)

20.1 Surplus on revaluation of non-banking assets acquired in satisfaction of claims

Surplus on revaluation as at January 01		**-**	-
Recognised during the year		**180,000**	-
Surplus on revaluation as at December 31		**180,000**	-
Less: related deferred tax liability on:			
- revaluation as at January 01		**-**	-
- revaluation recognised during the year		**(88,200)**	-
	13	**(88,200)**	-
		91,800	-

		Note	2023	2022
21	CONTINGENCIES AND COMMITMENTS		(Rupees in '000)	
	-Guarantees	21.1	**7,385,376**	4,475,012
	-Commitments	21.2	**138,756,926**	167,300,904
	-Other contingent liabilities		**-**	-
			146,142,302	171,775,916
21.1	Guarantees:			
	Financial guarantees		**846,955**	695,773
	Performance guarantees		**5,029,483**	2,684,368
	Other guarantees		**1,508,938**	1,094,871
			7,385,376	4,475,012
21.2	Commitments:			
	Documentary credits and short-term trade-related transactions			
	- letters of credit		**6,955,172**	549,961
	Commitments in respect of:			
	- forward foreign exchange contracts	21.2.1	**79,256,691**	32,362,486
	- forward lending, borrowings and credits	21.2.2	**52,545,063**	134,388,457
	Other commitments		**-**	-
			138,756,926	167,300,904
21.2.1	Commitments in respect of forward foreign exchange contracts			
	Purchase		**39,761,279**	16,669,577
	Sale		**39,495,412**	15,692,909
			79,256,691	32,362,486
21.2.2	Commitments in respect of forward lending, borrowings and credits			
	Forward repurchase agreement borrowing		**36,047,812**	106,368,612
	Forward resale agreement lending		**-**	19,984,859
	Undrawn formal standby facilities, credit lines and other commitments to lend	21.2.2.1	**16,497,251**	8,034,986
			52,545,063	134,388,457

21.2.2.1 Commitments to extend credit

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

21.3 Contigencies

21.3.1 The Income Tax returns of the Bank have been filed till tax year 2023 (accounting year ended December 31, 2022) and amendment of deemed assessment(s) was carried out till tax year 2020, whereby certain disallowances to the taxable income were made.

Appeals against amended orders were filed before Commissioner Inland Revenue Authority (CIRA), these appeals were decided in Bank's favor and thereby delated impugned demands.

With respect to Bank's operations in Azad Jammu & Kashmir (AJK), Bank has filed income tax returns upto tax year 2023 (accounting year ended December 31, 2022) with the tax authorities of AJK. The Commissioner has issued amended assessment orders upto tax year 2019. The Bank has filed appeals which are pending at CIRA.

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

The Federal government has levied windfall tax vide S.R.O.1588 (I) / 2023 dated 21st November, 2023, on foreign exchange income for the tax year 2022 and 2023. The Bank along with other banks have filed petition before the High Court who has granted stay against recovery.

The management is confident that these matters will be decided in favour of the Bank and consequently has not made any provision in respect of these amounts.

Through the Finance Act, 2023, 10% of super tax under section 4C levied on Banks in addition to normal tax rate i.e. 39%, Accordingly, the related impact of these changes have been incorporated in the current year. The Bank along with other banks have also filed petition before the High Court who has granted stay against recovery of super tax.

21.3.2 Sindh Leasing Company Limited - Amalgamated

The Income Tax returns of the Ex-Sindh Leasing Company Limited have been filed up to the tax year 2021 (accounting year ended December 31, 2020, interim period). ACIR initiated proceedings under section 122(5A) of the Ordinance which were finalized through order, increasing taxable income to Rs. 40,242,222 and raising additional tax demand of Rs. 2,974,421. The tax demand was duly paid under protest.

Appeal was filed before the Commissioner Inland Revenue Appeals (CIRA) on March 22, 2022 which was decided in Bank's favor and thereby deleting the whole of the impugned tax demand, accordingly, the refund application also filed.

Withholding tax monitoring proceedings of tax year 2015, 2018 and 2019 were initiated under section 176 of the income tax ordinance, 2001 read with rule 44 of income tax rules, 2002 by tax authorities, however, order not yet passed.

	Note	2023	2022
		(Rupees in '000)	
21.3.3 Other Contingent Liabilities			
Claims against the Bank not acknowledged as debts		**792,500**	792,500

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

		2023	2022
22. MARK-UP / RETURN / INTEREST EARNED		(Rupees in '000)	
On loans and advances	22.1	**7,485,434**	5,204,543
On investments		**41,521,114**	29,811,880
On lendings to financial institutions		**1,121,885**	1,331,571
On balances with banks		**179,910**	29,768
		50,308,343	36,377,762

22.1 This includes income from Leasing business amounting to Rs. 37.03 million (2022: Rs. 63.85) million.

		Note	2023	2022
			(Rupees in '000)	
23.	**MARK-UP / RETURN / INTEREST EXPENSED**			
	Deposits		**30,875,978**	16,357,329
	Borrowings		**10,854,866**	14,482,979
	Finance charge on lease liability against right of use assets		**584,041**	221,035
			42,314,885	31,061,343
24.	**FEE AND COMMISSION INCOME**			
	Branch banking customer fees		**74,627**	63,120
	Consumer finance related fees		**3,521**	2,189
	Card related fees (debit cards)		**271,392**	213,977
	Commission on trade		**153,953**	59,043
	Commission on guarantees		**57,045**	51,888
	Credit related fees		**11,262**	17,000
	Commission on remittances including home remittances		**27,961**	20,223
	Others		**3,478**	874
			603,239	428,314
25.	**GAIN / (LOSS) ON SECURITIES**			
	Realised	25.1	**337,703**	(157,712)
	Unrealised - held for trading		**-**	-
			337,703	(157,712)
25.1	**Realised gain / (loss) on:**			
	Federal Government Securities		**9,799**	(22,658)
	Shares of listed companies		**314,106**	(135,054)
	Mutual funds		**13,798**	-
			337,703	(157,712)
26.	**OTHER INCOME**			
	Incidental charges		**2,246**	2,529
	Gain on sale of operating fixed assets		**5,115**	3,630
	Rent on premises shared		**1,284**	1,130
	Prequalification application fee for tender		**72**	26
	Godown charges		**160**	250
			8,877	7,565

27. OPERATING EXPENSES

	Note	2023	2022
		(Rupees in '000)	
Total compensation expense	27.2	**4,293,740**	3,565,869
Property expense			
Rent & taxes		**80,566**	32,373
Insurance		**56,062**	54,990
Utilities cost		**515,542**	401,268
Security		**467,344**	402,784
Repairs & maintenance		**20,509**	25,455
Depreciation		**69,667**	67,000
Depreciation - right of use assets		**722,027**	655,364
		1,931,717	1,639,234
Information technology expenses			
Software maintenance		**143,977**	125,744
Hardware maintenance		**125,604**	86,167
Depreciation		**33,692**	18,726
Amortisation		**41,219**	35,219
Network charges		**21,904**	14,700
Others		**73,900**	45,935
		440,296	326,491
Other operating expenses			
Directors' fees and allowances		**26,950**	17,900
Fees and allowances to Shariah Board		**4,697**	4,018
Legal & professional charges		**56,852**	28,357
Travelling & conveyance		**54,675**	43,591
NIFT clearing charges		**34,932**	31,764
Training & development		**4,575**	2,032
Postage & courier charges		**31,603**	25,814
Communication		**188,670**	125,507
Stationery & printing		**165,377**	107,644
Marketing, advertisement & publicity		**73,039**	56,558
Donations		**-**	50,003
Auditor's Remuneration	27.3	**12,773**	12,755
Repairs & maintenance		**169,092**	126,805
Brokerage and commission		**6,774**	9,280
Entertainment Expenses		**75,302**	62,650
Fees and subscription		**105,608**	68,817
Insurance expenses		**16,200**	13,675
Premium of deposit protection fund		**63,045**	51,609
Depreciation		**173,838**	200,961
Outsourced service costs	27.1	**143,553**	112,568
Others		**45,882**	42,514
		1,453,437	1,194,822
		8,119,190	6,726,416

27.1 Total cost for the year included in other operating expenses relating to Janitorial outsourced activities is Rs. 143.552 million (2022: 112.528 million). These expenses represent payments made to companies incorporated in Pakistan.

		Note	2023	2022
			(Rupees in '000)	
27.2	**Total compensation expense**			
	Managerial Remuneration			
	- Fixed		**2,630,471**	2,175,509
	- Variable Cash Bonus / Awards		**16,045**	12,349
	Charge for defined benefit plan		**115,770**	98,589
	Contribution to defined contribution plan		**133,182**	117,742
	Rent & house maintenance		**673,148**	602,965
	Utilities		**138,763**	123,274
	Medical		**138,847**	123,350
	Conveyance		**120,507**	114,356
	Dearness Allowance		**48,115**	-
	Employee old age benefits contribution		**32,229**	17,602
	Leave Fare Assistance Allowances		**76,976**	65,868
	Leave Encashment		**80,671**	40,905
	Staff Insurances		**79,680**	69,874
	Others		**9,336**	3,486
			4,293,740	3,565,869
27.3	**Auditors' remuneration**			
	Audit fee		**10,585**	10,497
	Fee for other statutory certifications		**955**	1,166
	Special certifications and sundry advisory services		**610**	549
	Out-of-pocket expenses		**623**	543
			12,773	12,755
28.	**OTHER CHARGES**			
	Penalties imposed by the State Bank of Pakistan		**59,124**	9,793
	Others		**-**	-
			59,124	9,793
29.	**PROVISIONS & WRITE OFFS - NET**			
	Provision / diminution in value of investments	9.5.1	**9,100**	80,939
	Provisions against loans & advances		**1,011,188**	1,853,390
	General provision		**2,974**	4,309
	Net provision during the year	10.6.3	**1,014,162**	1,857,699
	Fixed assets written off		**-**	-
	Bad debts written off directly		**732**	-
			1,023,994	1,938,638
30.	**TAXATION**			
	Current		**783,858**	468,263
	Prior years		**2,126**	-
	Deferred		**(2,293,936)**	(1,351,606)
			(1,507,952)	(883,343)
30.1	**Relationship between tax expense and accounting profit**			
	Profit / (Loss) before tax		**656,812**	(2,269,093)
	Tax on income / (Loss) @ applicable rate		**321,838**	(884,946)
	Effect of permanent differences		**296,126**	3,819
	Effect of change in rate		**(2,296,522)**	-
	Prior year tax		**2,126**	-
	Others		**168,480**	(2,216)
			(1,507,952)	(883,343)

	Note	2023	2022
		(Rupees in '000)	

31. BASIC EARNINGS / (LOSS) PER SHARE

Profit / (Loss) for the year		**2,164,764**	(1,385,750)
Weighted average number of ordinary shares		**3,018,196,242**	2,580,935,968
Basic Profit / (loss) per share		**0.72**	(0.54)

32. DILUTED EARNINGS / (LOSS) PER SHARE

Profit / (Loss) for the year		**2,164,764**	(1,385,750)
Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)		**3,018,196,242**	2,580,935,968
Diluted profit / (loss) per share		**0.72**	(0.54)

33. CASH AND CASH EQUIVALENTS

Cash and Balance with Treasury Banks	6	**53,407,771**	14,168,738
Balance with other banks	7	**957,883**	1,619,530
		54,365,654	15,788,268

34. STAFF STRENGTH

Permanent	**1,908**	1,894
Temporary / on contractual basis	**178**	98
Total staff strength	**2,086**	1,992

34.1 In addition to the above 525 (2022: 502) staff from outsourcing services companies were assigned to the Bank.

35. DEFINED BENEFIT AND CONTRIBUTION PLANS

35.1 Defined benefit plan

The Bank operates a recognised gratuity plan for all its permanent and full time employees in the management cadre who have completed the minimum qualifying period of three years. Contributions are made to the fund in accordance with the recommendations of an actuary. Employees are entitled to the benefits under the plan which comprise of the last drawn basic salary for each completed year of service, subject to completion of minimum three years services with the Bank. The number of employees covered under the schemes are 2,074 (2022: 1,885).

35.1.1 Principal actuarial assumptions

The latest actuarial valuation was carried out as at December 31, 2023 using the Projected Unit Credit Method. Following are the significant assumptions used in the actuarial valuation:

	Note	2023	2022
		(Rupees in '000)	
- Discount rate		**15.50%**	14.25%
- Expected rate of increase in salaries-short term		**12.50%**	10.00%
- Expected rate of increase in salaries-long term		**14.50%**	13.25%
- Expected return on plan assets		**15.50%**	14.25%
- Duration (Years)		**7.36**	10.43

35.1.2 Reconciliation of net defined benefit liability

Present value of defined benefit obligation	35.1.5	**957,065**	737,312
Fair value of plan assets	35.1.6	**(805,509)**	(632,624)
Payable to defined benefit plan	35.1.3	**151,556**	104,688

		Note	2023	2022
			(Rupees in '000)	
35.1.3	**Movement in net defined benefit liability**			
	Opening balance		**104,688**	93,779
	Charge to profit and loss during the year	35.1.4	**115,770**	98,589
	Remeasurement loss recognized in OCI	35.1.4	**35,786**	6,099
	Bank's contribution		**(104,688)**	(93,779)
	Closing balance		**151,556**	104,688
35.1.4	**Charge for defined benefit plan**			
	In profit and loss			
	Current service cost		**108,310**	92,845
	Interest cost - net		**7,460**	5,743
	Past service cost		**-**	-
	Charge for the year		**115,770**	98,588
	In other comprehensive income			
	Remeasurement (gain) / loss on defined benefit obligation		**82,986**	(6,877)
	Remeasurement loss / (gain) on plan assets		**(47,200)**	12,976
			35,786	6,099
35.1.5	**Changes in present value of defined benefit obligations**			
	Opening balance		**737,312**	611,779
	Current service cost		**108,310**	92,845
	Interest cost		**99,972**	72,901
	Benefits paid		**(71,515)**	(33,336)
	Actuarial loss / (gain) on obligation - Experience assumptions		**82,986**	(6,877)
	Closing balance		**957,065**	**737,312**
35.1.6	**Fair value of plan assets**			
	Fair value of plan assets at the beginning of the year		**632,624**	518,000
	Expected return on plan assets		**92,512**	67,157
	Bank's contributions		**104,688**	93,779
	Benefits paid		**(71,515)**	(33,336)
	Actuarial gain / (loss) on assets - experience assumptions		**47,200**	(12,976)
	Fair value of plan assets at the end of the year	35.1.7	**805,509**	632,624
35.1.7	**Plan assets comprise**			
	Balance held in bank accounts		**805,509**	632,624

35.1.8 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:

Discount rate (1% variation)	**891,178**	666,398
Future salary growth (1% variation)	**1,036,434**	824,154
Future mortality (1 year variation)	**956,832**	737,637

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

35.1.9 The expected gratuity expense for the year commencing January 01, 2024 works out to Rs. 138.222 million (2023: Rs. 108.655 million).

35.1.10 Maturity analysis

The weighted average duration of the defined benefit obligation works out to be 7.36 years. Expected benefit payments for the next five years are:

	2024	2025	2026	2027	2028
	(Rupees in '000)				
Expected benefit payments	104,185	95,859	94,567	117,144	115,219

35.1.11 Risks Associated with Defined Benefit Plans

Investment Risks

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

Longevity Risks

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

Salary Increase Risk

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

Withdrawal Risk

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

35.2 Defined contribution plan

The Bank operates a recognised provident fund plan for all its permanent employees. Equal monthly contributions are made, both by the Bank and its employees, to the fund at the rate of 10% of basic salary of the employees. The minimum qualifying period of service for the purpose of the Bank's contribution is one year. The contribution made by the Bank and its employees during the year amounted to Rs. 266.36 (2022: Rs.235.48) million. The number of employees as at December 31, 2023 eligible under the plan were 1,866 (2022: 1,825).

36. COMPENSATED ABSENCES

The Bank grants compensated absences to all its regular employees as per service rules. Minimum qualifying period for encashment is three years of service. Regular employees are entitled to 30 days privilege leave for each completed year of service. Unutilized privilege leave is accumulated upto a maximum of 60 days which would be encashed at the time of retirement from the regular service of the Bank or severance of service except in case of dismissal. This is encashable on the basis of last drawn gross salary. The Bank recognises the liability for compensated absences in respect of employees in the period in which these are earned up to the balance sheet date. The provision of Rs. 309.95 (2022: Rs.250.603) million has been made on the basis of actuarial recommendations.

36.1 Movement of compensated absences

	Note	2023	2022
		(Rupees in '000)	
Opening balance		**250,603**	224,032
(Reversal) / Expense for the year		**80,671**	40,906
Benefit paid during the year		**(21,323)**	(14,335)
Closing balance		**309,951**	250,603

37. COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

37.1 Total Compensation Expense

	2023						
	Directors						
	Chairman	Executives (other than CEO)	Non-Executives	Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	(Rupees in ' 000')						
Fees and allowances	4,600	-	22,350	3,386	-	-	-
Managerial remuneration							
- Fixed	-	-	-	-	14,545	139,705	112,873
- Variable cash bonus / awards	-	-	-	-	-	1,240	-
Charge for defined benefit plan	-	-	-	-	1,463	12,869	9,437
Contribution to defined contribution plan	-	-	-	-	1,455	13,188	11,287
Rent & house maintenance	-	-	-	-	6,545	62,867	50,793
Utilities	-	-	-	-	1,455	13,970	11,287
Medical	-	-	-	-	1,455	13,970	11,287
Conveyance	-	-	-	1,311	2,294	37,761	55,591
Bonus	-	-	-	-	2,766	19,663	16,554
Others	400	-	-	-	6,109	18,485	13,091
Total	5,000	-	22,350	4,697	38,087	333,718	292,200
Number of persons	1	-	8	2	1	27	43

	2022						
	Directors						
	Chairman	Executives (other than CEO)	Non-Executives	Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	(Rupees in ' 000')						
Fees and allowances	3,175	-	14,725	2,780	-	-	-
Managerial remuneration							
- Fixed	-	-	-	-	14,545	124,086	80,043
- Variable cash bonus / awards	-	-	-	-	-	1,000	-
Charge for defined benefit plan	-	-	-	-	1,437	9,854	6,228
Contribution to defined contribution plan	-	-	-	-	1,455	11,668	7,872
Rent & house maintenance	-	-	-	-	6,545	55,839	36,019
Utilities	-	-	-	-	1,455	12,409	8,004
Medical	-	-	-	-	1,455	12,409	8,004
Conveyance	-	-	-	1,340	1,644	26,773	34,575
Bonus	-	-	-	-	2,082	19,897	13,286
Others	300	-	-	-	1,150	16,365	11,326
Total	3,475	-	14,725	4,120	31,768	290,300	205,357
Number of persons	1	-	6	2	1	25	36

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

37.1.2 The term "Key Management Personnel" means the following functional responsibilities:

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

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

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

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

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

Sr. No.	Name of Directors	2023							
		For Board Meetings	For Board Committee						
			Audit Committee	Risk Management Committee	Procurement, I.T. & Security Committee	Human Resource & Remuneration Committee	Special Asset Management Committee	Nomination Committee	Total Amount Paid
		(Rupees in ' 000')							
1	Mr. Anis A Khan	2,000	-	-	600	800	1,000	200	4,600
2	Mr. Javaid B.Sheikh	2,000	1,400	800	-	-	-	-	4,200
3	Ms. Shaista Bano Gilani	2,000	1,000	400	-	600	-	-	4,000
4	Mr. Mohammad Aftab Alam	2,000	1,400	-	600	-	1,000	200	5,200
5	Mr. Kazim Hussain Jatoi	500	-	200	-	400	200	-	1,300
6	Mr. Imtiaz Ahmad Butt	500	-	200	200	-	-	-	900
7	Mr. Asif Jahangir	1,250	600	400	-	-	-	-	2,250
8	Mr. Sajid Jamal Abro	1,500	-	400	-	400	600	200	3,100
9	Mr. Adnan Ali Khan	1,000	-	-	200	200	-	-	1,400
	Total Amount Paid	12,750	4,400	2,400	1,600	2,400	2,800	600	26,950

Sr. No.	Name of Directors	2022							
		For Board Meetings	For Board Committee						
			Audit Committee	Risk Management Committee	I.T. Committee	Human Resource & Remuneration Committee	Special Asset Management Committee	Nomination Committee	Total Amount Paid
		(Rupees in ' 000')							
1	Mr. Anis Ahmed Khan	1,800	-	-	375	200	600	200	3,175
2	Mr. Sajid Jamal Abro	1,650	175	575	-	200	600	200	3,400
3	Mr. Asif Jahangir	2,050	400	200	175	-	-	-	2,825
4	Mr. Javaid Bashir Sheikh	2,050	750	575	-	-	-	-	3,375
5	Mr. Mohammed Aftab Alam	1,450	400	-	375	-	600	200	3,025
6	Mr. Adnan Ali Khan	750	-	-	200	200	-	-	1,150
7	Mrs. Masooma Hussain	600	350	-	-	-	-	-	950
	Total Amount Paid	10,350	2,075	1,350	1,125	600	1,800	600	17,900

37.3 Remuneration paid to Shariah Board Members

Items	2023			2022		
	Chairman	Member	Resident Member	Chairman	Member	Resident Member
	(Rupees in ' 000')					
Managerial Remuneration (Fixed)	1,717	1,669	-	1,561	1,517	-
Fuel Allowances	655	655	-	470	470	-
Total Amount	2,372	2,324	-	2,031	1,987	-
Total Number of Persons	1	1		1	1	

38. FAIR VALUE MEASUREMENTS

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

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

The repricing profile, effective rates and maturity profile are stated in note 42.2.6 to these financial statements.

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

38.1 Fair value of financial assets

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

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

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

Level 3: Unobservable inputs for the asset or liability.

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

	2023			
	Fair Value			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
On balance sheet financial instruments				
Financial assets measured at fair value				
Available-for-sale securities				
Pakistan Investment Bonds	-	128,205,319	-	128,205,319
Shares of listed companies	841,388	-	-	841,388
Units of mutual funds	156,170	-	-	156,170
Ijarah Sukuk - GoP	-	4,042,076	-	4,042,076
Sukuk bonds	-	-	-	-
	997,558	132,247,395	-	133,244,953
Off balance sheet financial instruments				
Foreign exchange contracts (purchase)	-	39,761,279	-	39,761,279
Foreign exchange contracts (sale)	-	39,495,412	-	39,495,412

	2022			
	Fair Value			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
On balance sheet financial instruments				
Financial assets measured at fair value				
Available-for-sale securities				
Pakistan Investment Bonds	-	142,067,256	-	142,067,256
Market Treasury Bills	-	63,928,571	-	63,928,571
Shares of listed companies	2,069,094	-	-	2,069,094
Term finance certificates - Listed	-	-	-	-
Units of mutual funds	68,975	122,760	-	191,735
Ijarah Sukuk - GoP	-	3,985,410	-	3,985,410
Sukuk bonds	-	-	-	-
	2,138,069	210,103,997	-	212,242,066
Off balance sheet financial instruments				
Foreign exchange contracts (purchase)	-	16,669,577	-	16,669,577
Foreign exchange contracts (sale)	-	15,692,909	-	15,692,909

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

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

39. SEGMENT INFORMATION

39.1 Segment Details with respect to Business Activities

	2023				
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
	(Rupees in '000)				
Profit & Loss					
Net mark-up / return / interest income	32,035,688	49,791	-	(24,092,021)	7,993,458
Inter segment revenue - net	(38,819,878)	-	-	38,819,878	-
Non mark-up / interest income	1,211,700	175	-	653,787	1,865,662
Total Income	(5,572,490)	49,966	-	15,381,644	9,859,120
Segment direct expenses	(114,925)	(3,990)	-	(6,471,139)	(6,590,054)
Inter segment expense allocation	(159,326)	(37,343)	-	(1,391,591)	(1,588,260)
Total expenses	(274,251)	(41,333)	-	(7,862,730)	(8,178,314)
Provisions	(9,101)	-	-	(1,014,893)	(1,023,994)
(Loss) / Profit before tax	(5,855,842)	8,633	-	6,504,021	656,812
Balance Sheet					
Cash & Bank balances	47,605,256	-	-	6,760,398	54,365,654
Investments	166,503,472	-	-	-	166,503,472
Net inter segment lending	-	-	-	183,460,692	183,460,692
Lendings to financial institutions	-	-	-	-	-
Advances - performing	49,100	694,211	-	43,657,902	44,401,213
Advances - non-performing	-	-	-	6,221,832	6,221,832
Others	6,323,118	3,344	-	22,664,776	28,991,238
Total Assets	220,480,946	697,555	-	262,765,600	483,944,101
Borrowings	35,883,940	-	-	1,662,500	37,546,440
Subordinated debt	-	-	-	-	-
Deposits & other accounts	-	-	-	223,569,650	223,569,650
Net inter segment borrowing	182,771,285	689,407	-	-	183,460,692
Others	299,727	8,148	-	14,587,100	14,894,975
Total liabilities	218,954,952	697,555	-	239,819,250	459,471,757
Equity	1,525,994	-	-	22,946,350	24,472,344
Total Equity & liabilities	220,480,946	697,555	-	262,765,600	483,944,101
Contingencies & Commitments	115,302,612	-	-	30,837,799	146,140,411

	2022				
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
	(Rupees in '000)				
Profit & Loss					
Net mark-up / return / interest income	16,703,966	40,824	-	(11,428,371)	5,316,419
Inter segment revenue - net	(22,136,445)	-	-	22,136,445	-
Non mark-up / interest income	606,009	453	-	482,873	1,089,335
Total Income	(4,826,470)	41,277	-	11,190,947	6,405,754
Segment direct expenses	(101,900)	(5,528)	-	(5,375,967)	(5,483,395)
Inter segment expense allocation	(125,281)	(30,618)	-	(1,096,915)	(1,252,814)
Total expenses	(227,181)	(36,146)	-	(6,472,882)	(6,736,209)
Provisions	(80,939)	-	-	(1,857,699)	(1,938,638)
(Loss) / Profit before tax	(5,134,590)	5,131	-	2,860,366	(2,269,093)
Balance Sheet					
Cash & Bank balances	9,432,651	-	-	6,355,617	15,788,268
Investments	254,552,777	-	-	-	254,552,777
Net inter segment lending	-	-	-	181,249,550	181,249,550
Lendings to financial institutions	19,967,424	-	-	-	19,967,424
Advances - performing	47,748	470,947	-	35,406,130	35,924,825
Advances - non-performing	-	1,800	-	7,875,703	7,877,503
Others	4,903,213	2,574	-	18,833,743	23,739,530
Total Assets	288,903,813	475,321	-	249,720,743	539,099,877
Borrowings	105,059,879	-	-	1,874,835	106,934,714
Subordinated debt	-	-	-	-	-
Deposits & other accounts	-	-	-	223,043,950	223,043,950
Net inter segment borrowing	180,782,307	467,243	-	-	181,249,550
Others	2,440,114	8,078	-	8,272,512	10,720,704
Total liabilities	288,282,300	475,321	-	233,191,297	521,948,918
Equity	621,513	-	-	16,529,446	17,150,959
Total Equity & liabilities	288,903,813	475,321	-	249,720,743	539,099,877
Contingencies & Commitments	158,715,957	-	-	13,059,959	171,775,916

40. RELATED PARTY TRANSACTIONS

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

Transactions with related parties includes deposits, advances and other banking services which are carried out on an arm's length basis. Transaction with executives and key management persons are undertaken at terms in accordance with employment agreements and service rules. Contributions to and accruals in respect of staff retirement benefit plans are made in accordance with the terms of the benefit plan. Remuneration of the President & Chief Executive Officer and directors are determined in accordance with the terms of their appointment.

Government of Sindh (GoS) through its Finance Department holds 99.97% shareholding in the Bank and therefore entities which are owned and / or controlled by the GoS, or where the GoS may exercise significant influence, are related parties of the Bank. The Bank in the ordinary course of business enters into transactions with Government-related entities. Such transactions include lending to, deposits from and provision of other banking services to such entities. However, it is impracticable to disclose transactions with all other entities owned or controlled by GoS.

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

	2023				2022			
	Directors	Key management personnel	Subsidiaries	Other related parties	Directors	Key management personnel	Subsidiaries	Other related parties
	(Rupees in '000')							
Investments								
Opening balance	-	-	750,000	-	-	-	750,000	-
Investment made during the year	-	-	-	-	-	-	-	-
Investment redeemed / disposed off during the year	-	-	-	-	-	-	-	-
Closing balance	-	-	750,000	-	-	-	750,000	-
Advances								
Opening balance	-	191,206	-	-	-	184,296	-	-
Addition during the year	-	15,342	-	-	-	73,125	-	-
Repaid during the year	-	70,836	-	-	-	104,370	-	-
Transfer in / (out) - net	-	44,654	-	64,377	-	38,155	-	-
Closing balance	-	180,366	-	64,377	-	191,206	-	-
Other Assets								
Interest / mark-up accrued	-	226	-	4,029	-	233	-	-
Other receivable	-	-	-	-	-	-	3	-
	-	226	-	4,029	-	233	3	-
Deposits and other accounts								
Opening balance	5,101	304,172	24,915	1,837,495	767	40,590	39,300	2,138,735
Received during the year	28,089	1,023,861	9,591,836	12,602,719	20,783	923,785	5,147,175	16,435,032
Withdrawn during the year	26,365	1,226,908	9,565,730	12,823,927	19,132	732,137	5,161,560	16,736,272
Transfer in / (out) - net	(5,785)	(35,042)	-	-	2,683	71,934	-	-
Closing balance	1,040	66,083	51,021	1,616,287	5,101	304,172	24,915	1,837,495
Other Liabilities								
Interest / mark-up payable	15	3,355	2,997	96,812	21	3,949	400	28,249

	2023				2022			
	Directors	Key management personnel	Subsidiaries	Other related parties	Directors	Key management personnel	Subsidiaries	Other related parties
	(Rupees in '000')							
Income								
Mark-up / return / interest earned	-	7,926	-	15,552	-	7,067	-	-
Fee and commission income	3	8	738	50	2	27	478	39
Net gain on sale of securities	-	-	153	1,380	-	-	5	232
Other income	-	-	-	1,283	-	-	-	1,130
Expense								
Mark-up / return / interest paid	152	17,242	7,976	248,550	61	7,820	3,753	200,472
Remuneration paid	-	304,675	-	-	-	253,087	-	-
Contribution to provident fund	-	14,746	-	-	-	12,512	-	-
Provision for gratuity	-	14,699	-	-	-	11,964	-	-
Other staff benefits	-	33,397	-	-	-	27,569	-	-
Directors' meeting fee	26,950	-	-	-	17,900	-	-	-
Other expenses	400	-	-	-	500	-	-	-
Insurance premium paid	-	-	-	121,028	-	-	-	122,889
Others								
Sale of Government Securities	-	-	527,500	2,850,000	-	-	123,035	5,544,300
Purchase of Government Securities	-	-	-	1,325,000	-	-	-	-
Gratuity paid	-	14,186	-	-	-	-	-	-
Leave encashment paid	-	8,480	-	-	-	-	-	-
Insurance claims settled	-	-	-	7,843	-	-	-	26,032
Expenses recovered under agency arrangement	-	-	-	58	-	-	-	77

As at the date of unconsolidated statement of financial position, loans / advances and deposits related to government related entities and its related entities amounted to Rs. 15,619.27 million (note 10.2) and Rs. 114,219.44 million (note 17). The above includes deposits amounting to Rs. 46,275.31 million (2022: Rs.34,328.51) million received through the Finance Department, Government of Sindh.

	2023	2022
	---------- Rupees in '000 ----------	
41 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	**23,611,607**	16,898,047
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	**7,865,342**	2,288,600
Eligible Additional Tier 1 (ADT 1) Capital	**-**	-
Total Eligible Tier 1 Capital	**7,865,342**	2,288,600
Eligible Tier 2 Capital	**10,186**	7,212
Total Eligible Capital (Tier 1 + Tier 2)	**7,875,528**	2,295,812
Risk Weighted Assets (RWAs):		
Credit Risk	**29,745,725**	26,979,421
Market Risk	**5,367,513**	6,237,413
Operational Risk	**13,482,604**	9,454,405
Total	**48,595,842**	42,671,239
Common Equity Tier 1 Capital Adequacy ratio	**16.19%**	5.36%
Tier 1 Capital Adequacy Ratio	**16.19%**	5.36%
Total Capital Adequacy Ratio	**16.21%**	5.38%
Notional minimum capital requirements prescribed by SBP		
CET1 minimum ratio	**6.00%**	6.00%
Tier 1 minimum ratio	**7.50%**	7.50%
Total capital minimum ratio	**10.00%**	10.00%
Total capital minimum ratio plus CCB	**11.50%**	11.50%
Approach followed for detrmining Risk Weighted Assets		
Credit Risk	**Comprehensive Maturity method**	Comprehensive Maturity method
Market Risk		
Operational Risk	**Basic Indicator**	Basic Indicator

	2023	2022
	---------- Rupees in '000 ----------	
Leverage Ratio (LR):		
Eligiblle Tier-1 Capital	**7,865,342**	2,288,600
Total Exposures	**283,326,719**	338,819,641
Leverage Ratio (%)	**2.78%**	0.68%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	**163,924,564**	132,719,755
Total Net Cash Outflow	**38,601,138**	37,666,184
Liquidity Coverage Ratio (%)	**425%**	352%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	**174,179,315**	159,888,541
Total Required Stable Funding	**87,937,281**	78,670,959
Net Stable Funding Ratio	**198%**	203%

41.1 The full disclsoures on the Capital Adequacy, Leverage Ratio & Liquidity requirements as per SBP instructions issued from time to time are placed on the Bank's website. The link to the full disclosure is avialable at http://www.sindhbankltd.com/financials/basel-statements.

42. RISK MANAGEMENT

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

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

42.1 Credit risk

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

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

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

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

42.1.1 Lendings to financial institutions

Credit risk by public / private sector

	Gross Lendings		Non Performing Lendings		Provision held	
	2023	2022	**2023**	2022	**2023**	2022
	(Rupees 000)					
Public / Government	**-**	-	**-**	-	**-**	-
Private	**-**	**19,967,424**	**-**	-	**-**	-
Total	**-**	**19,967,424**	**-**	-	**-**	-

42.1.2 Investment in debt securities

Credit risk by industry sector

	Gross Investment		Non Performing Investment		Provision held	
	2023	2022	2023	2022	2023	2022
	(Rupees 000)					
Govt. of Pakistan	166,631,947	252,575,561	-	-	-	-
Banks	568,793	568,841	-	-	-	-
Sugar	592,051	592,051	592,051	592,051	575,571	567,350
Total	167,792,791	253,736,453	592,051	592,051	575,571	567,350

42.1.2.1 Credit risk by public / private sector

	Gross Investments		Non Performing Investments		Provision held	
	2023	2022	2023	2022	2023	2022
	(Rupees 000)					
Public / Government	166,631,947	252,575,561	-	-	-	-
Private	1,160,844	1,160,892	592,051	592,051	575,571	567,350
Total	167,792,791	253,736,453	592,051	592,051	575,571	567,350

42.1.3 Advances

Credit risk by industry sector

	Advances Gross		Non Performing Advances		Provision held	
	2023	2022	2023	2022	2023	2022
	(Rupees 000)					
Pharmaceuticals	61,632	268,796	-	-	-	-
Agriculture business	1,256,388	1,376,383	1,129,258	1,203,409	1,086,424	1,112,904
Manufacturing of textile	642,487	802,264	10,677	43,863	1,012	33,186
Cement	64,377	64,377	-	-	-	-
Transport, storage and communication	57,710	57,824	-	-	-	-
Wholesale and retail trade	1,398,721	1,623,116	363,082	462,575	358,166	350,511
Mining and quarrying	6,331,186	6,782,029	-	-	-	-
Hotel and restaurants	855,106	865,234	-	-	-	-
Petroleum	3,110,840	3,039,883	2,022,460	2,022,460	2,022,460	2,022,460
Media channels	2,018,180	2,220,936	1,200,509	-	828,869	-
Manufacture of basic iron and steel	2,056,439	2,256,314	1,756,740	1,756,740	1,671,736	1,642,645
Sugar	17,671,473	20,559,081	14,073,382	17,122,073	10,191,637	12,350,339
Automobile and transportation equipment	2,433,935	2,446,607	2,433,254	2,434,209	2,433,254	2,299,625
Chemicals and chemical products	1,251,168	1,121,652	1,103,884	1,103,884	1,103,884	1,079,225
Financial	1,909,468	1,828,881	1,177,884	1,177,884	519,970	480,446
Rice & Wheat	819,624	699,487	-	-	-	-
Construction, real estate and societies	2,966,255	2,959,973	2,670,716	2,556,722	2,598,716	1,821,612
Food	15,906,722	5,508,539	136,747	152,806	136,747	152,806
Insurance	-	1,467	-	-	-	-
Power, electricity and gas	8,320,833	8,900,159	3,119,032	2,948,239	2,492,653	2,626,535
Domestic appliances	1,519,064	1,659,365	-	-	-	-
Education	12,895	117,554	11,353	11,898	10,965	11,481
Individuals	2,417,779	1,897,753	1,271	2,004	1,271	1,702
Others	4,429,129	3,841,643	1,889,763	1,968,514	1,420,416	1,104,300
Total	77,511,411	70,899,317	33,100,012	34,967,280	26,878,180	27,089,777

42.1.3.1 Credit risk by public / private sector

	Advances (Gross)		Non Performing Advances		Provision held	
	2023	2022	**2023**	2022	**2023**	2022
	---------- (Rupees 000) ----------					
Public / Government	**15,619,270**	5,210,287	**-**	-	**-**	-
Private	**61,892,141**	65,689,030	**33,100,012**	34,967,280	**26,878,180**	27,089,777
Total	**77,511,411**	70,899,317	**33,100,012**	34,967,280	**26,878,180**	27,089,777

42.1.4 Contingencies and Commitments

Credit risk by industry sector

	2023	2022
	---------- Rupees in '000 ----------	
Chemical and pharmaceuticals	**39,456**	27,730
Manufacturing of textile	**107,764**	63,926
Transport, storage and communication	**128,500**	128,900
Wholesale and retail trade	**2,681,000**	1,107,525
Petroleum	**116,991**	116,991
Manufacture of basic iron and steel	**191,514**	11,543
Sugar	**70,635**	21,223
Automobile and transportation equipment	**93,099**	49,802
Financial	**121,642,641**	159,565,957
Construction, real estate and societies	**327,862**	289,365
Domestic appliances	**628,083**	14,000
Power, electricity and gas	**2,838,515**	1,454,425
Education	**84,163**	30,830
Trusts and Non-profit Organizations	**107,097**	-
Others	**585,840**	858,713
Total	**129,643,160**	163,740,930

42.1.4.1 Credit risk by public / private sector

Public / Government	**16,156,357**	106,368,612
Private	**113,486,803**	57,372,318
Total	**129,643,160**	163,740,930

42.1.5 Concentration of Advances

The bank's top 10 exposures (funded and non-funded) aggregated Rs. 46,428.87 million (2022: Rs. 28,724.62 million) as follows:

Funded	**36,110,938**	28,670,815
Non Funded	**10,317,933**	53,801
Total Exposure	**46,428,871**	28,724,616

42.1.5.1 The sanctioned limits against these top 10 expsoures aggregated Rs. 42,836.15 million (2022: Rs. 32,461.52 million).

42.1.5.2 Total Funded Facilities Classified

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

	2023		2022	
	Classified	Provision held	Classified	Provision held
	---------- Amount Rs. 000 ----------			
OAEM	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	9,580,052	6,773,408	10,175,435	7,074,074
Total	9,580,052	6,773,408	10,175,435	7,074,074

42.1.6 Advances - Province / Region-wise Disbursement & Utilization

	2023						
Name of Province / Region	Disbursements	UTILIZATION					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	---------- (Rupees) 000 ----------						
Punjab	23,278,169	23,278,169	-	-	-	-	-
Sindh	71,254,281	-	71,254,281	-	-	-	-
KPK including FATA	786,535	-	-	786,535	-	-	-
Balochistan	816,711	-	-	-	816,711	-	-
Islamabad	3,571,971	-	-	-	-	3,571,971	-
AJK including Gilgit-Baltistan	8,048	-	-	-	-	-	8,048
Total	99,715,715	23,278,169	71,254,281	786,535	816,711	3,571,971	8,048

	2022						
Name of Province / Region	Disbursements	UTILIZATION					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
	---------- (Rupees) 000 ----------						
Punjab	22,827,862	22,827,862	-	-	-	-	-
Sindh	34,643,340	-	34,643,340	-	-	-	-
KPK including FATA	246,989	-	-	246,989	-	-	-
Balochistan	1,975,405	-	-	-	579,775	1,395,629	-
Islamabad	1,112,975	-	-	-	-	1,112,975	-
AJK including Gilgit-Baltistan	24,007	-	-	-	-	-	24,007
Total	60,830,578	22,827,862	34,643,340	246,989	579,775	2,508,604	24,007

42.2 Market risk

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

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

42.2.1 Balance sheet split by trading and banking books

	2023			2022		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	(Rupees in '000)					
Cash and balances with treasury banks	53,407,771	-	53,407,771	14,168,738	-	14,168,738
Balances with other banks	957,883	-	957,883	1,619,530	-	1,619,530
Lendings to financial institutions	-	-	-	19,967,424	-	19,967,424
Investments	166,503,472	-	166,503,472	254,552,777	-	254,552,777
Advances	50,623,045	-	50,623,045	43,802,328	-	43,802,328
Fixed assets	3,936,450	-	3,936,450	4,032,522	-	4,032,522
Intangible assets	108,257	-	108,257	117,271	-	117,271
Deferred tax assets	17,193,965	-	17,193,965	14,662,046	-	14,662,046
Other assets	7,752,566	-	7,752,566	4,927,691	-	4,927,691
	300,483,409	-	300,483,409	357,850,327	-	357,850,327

42.2.2 Foreign exchange risk

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

	2023			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	(Rupees in '000)			
Pakistan Rupee	298,820,634	273,571,602	(265,867)	24,983,165
United States Dollar	1,482,151	2,092,432	263,865	(346,416)
Great Britain Pound	38,572	190,780	-	(152,207)
Euro	79,288	154,540	-	(75,252)
Japanese Yen	-	1,711	2,002	291
Saudi Riyal	39,351	-	-	39,351
UAE Dirham	1,771	-	-	1,771
Chines Yen	21,641	-	-	21,641
	300,483,409	276,011,065	-	24,472,344

	2022			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	(Rupees in '000)			
Pakistan Rupee	355,705,216	338,764,756	(976,669)	15,963,791
United States Dollar	1,145,576	1,637,318	976,669	484,927
Great Britain Pound	754,313	163,013	-	591,301
Euro	15,559	-	-	15,559
Japanese Yen	184,824	134,282	-	50,542
Saudi Riyal	1,404	-	-	1,404
UAE Dirham	6,528	-	-	6,528
Chines Yen	36,906	-	-	36,906
	357,850,327	340,699,368	-	17,150,959

42.2.3 Foreign exchange risk

	2023		2022	
	Banking book	Trading Book	Banking book	Trading Book
Impact of 1% change in foreign exchange rates on:	(Rupees in '000)			
- Profit and loss account	7,583	(2,659)	(2,117)	(9,767)
- Other comprehensive income	-	-	-	-

42.2.4 Equity position risk

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

	2023		2022	
	Banking book	Trading Book	Banking book	Trading Book
Impact of 5% change in equity prices on:	(Rupees in '000)			
- Profit and loss account	-	-	-	-
- Other comprehensive income	(68,355)	-	(839,543)	-

42.2.5 Yield / interest rate risk

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

	2023		2022	
	Banking book	Trading Book	Banking book	Trading Book
Impact of 1% change in interest rates on:	(Rupees in '000)			
- Profit and loss account	-	-	-	-
- Other comprehensive income	(1,111,917)	-	(6,780,309)	-

42.2.6 Mismatch of interest rate sensitive assets and liabilities

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

	2023											
			Exposed to Yield / Interest risk									
	Effective Yield / Interest rate	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	Non-interest bearing financial instruments
		(Rupees in '000)										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks		53,407,771	331,828	-	-	-	-	-	-	-	-	53,075,943
Balances with other banks	5.20%	957,883	1,719	-	-	-	-	-	-	-	-	956,164
Lendings to financial institutions		-	-	-	-	-	-	-	-	-	-	-
Investments	19.12%	166,503,472	117,030,676	224,820	360,453	24,424,774	8,438,176	8,075,876	-	6,201,139	-	1,747,558
Advances	10.52%	50,623,045	23,112,077	903,717	7,375,204	11,157,852	441,213	1,253,245	1,334,360	3,303,976	1,651,246	90,155
Other assets		7,752,566	-	-	-	-	-	-	-	-	-	7,752,566
		279,244,737	140,476,300	1,128,537	7,735,657	35,582,626	8,879,389	9,329,121	1,334,360	9,505,115	1,651,246	63,622,386
Liabilities												
Bills payable		898,762	-	-	-	-	-	-	-	-	-	898,762
Borrowings from financial institutions	18.70%	37,546,440	35,854,000	1,662,500	-	-	29,940	-	-	-	-	-
Deposits and other accounts	13.75%	223,569,650	7,403,087	133,516,353	8,859,514	12,131,920	109,264	169,056	980,462	-	-	60,399,994
Other liabilities		13,996,213	-	-	-	-	-	-	-	-	-	13,996,213
		276,011,065	43,257,087	135,178,853	8,859,514	12,131,920	139,204	169,056	980,462	-	-	75,294,969
On-balance sheet gap		3,233,672	97,219,213	(134,050,316)	(1,123,857)	23,450,706	8,740,185	9,160,065	353,898	9,505,115	1,651,246	(11,672,583)
Off-balance sheet financial instruments												
Documentary credits and short-term trade related transactions		14,340,548	835,505	7,211,056	1,159,650	3,183,032	163,395	137,506	1,642,240	8,164	-	-
Commitments in respect of :												
Forward foreign exchange contracts - purchase		39,761,279	25,084,479	14,662,264	14,536	-	-	-	-	-	-	-
Forward foreign exchange contracts - sale		(39,495,412)	(9,068,952)	(21,291,525)	(9,134,935)	-	-	-	-	-	-	-
Purchase and resale agreements - lending		-	-	-	-	-	-	-	-	-	-	-
Sale and repurchase agreements - borrowing		(36,045,921)	(36,045,921)	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		(21,439,506)	(19,194,889)	581,795	(7,960,749)	3,183,032	163,395	137,506	1,642,240	8,164	-	-
Total yield / Interest Risk Sensitivity Gap			78,024,324	(133,468,521)	(9,084,606)	26,633,738	8,903,580	9,297,571	1,996,138	9,513,279	1,651,246	(11,672,583)
Cumulative yield / Interest Risk Sensitivity Gap			78,024,324	(55,444,197)	(64,528,803)	(37,895,065)	(28,991,485)	(19,693,914)	(17,697,776)	(8,184,497)	(6,533,251)	(18,205,834)

Reconciliation with total assets:	
Assets as per above	279,244,737
Fixed assets	3,936,450
Intangible assets	108,257
Deferred tax asset	17,193,965
Assets as per unconsolidated statement of financial position	300,483,409
Reconciliation with total liabilities:	
Liabilities as per above	276,011,065
Deferred tax liability	-
Liabilities as per unconsolidated statement of financial position	276,011,065

42.2.6 Mismatch of interest rate sensitive assets and liabilities

	2022											
			Exposed to Yield / Interest risk									
	Effective Yield / Interest rate	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	Non-interest bearing financial instruments
		(Rupees in '000)										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks		14,168,738	205,275	-	-	-	-	-	-	-	-	13,963,463
Balances with other banks	1.29%	1,619,530	1,434	-	-	-	-	-	-	-	-	1,618,096
Lendings to financial institutions	13.70%	19,967,424	19,967,424	-	-	-	-	-	-	-	-	-
Investments	12.58%	254,552,777	110,950,595	64,677,692	48,733,044	248,938	3,141,807	9,095,852	8,435,137	6,258,882	-	3,010,830
Advances	7.34%	43,802,328	13,829,737	2,492,455	6,193,029	4,884,063	1,835,324	219,025	1,708,677	11,167,879	1,377,833	94,306
Other assets		4,927,691	-	-	-	-	-	-	-	-	-	4,927,691
		339,038,488	144,954,465	67,170,147	54,926,073	5,133,001	4,977,131	9,314,877	10,143,814	17,426,761	1,377,833	23,614,386
Liabilities												
Bills payable		726,148	-	-	-	-	-	-	-	-	-	726,148
Borrowings from financial institutions	13.45%	106,934,714	50,000,000	56,874,835	-	-	59,879	-	-	-	-	-
Deposits and other accounts	8.25%	223,043,950	94,641,259	20,511,196	11,852,319	35,635,375	93,272	722,360	448,549	322,500	-	58,817,120
Other liabilities		9,994,556	-	-	-	-	-	-	-	-	-	9,994,556
		340,699,368	144,641,259	77,386,031	11,852,319	35,635,375	153,151	722,360	448,549	322,500	-	69,537,824
On-balance sheet gap		(1,660,880)	313,206	(10,215,884)	43,073,754	(30,502,374)	4,823,980	8,592,517	9,695,265	17,104,261	1,377,833	(45,923,438)
Off-balance sheet financial instruments												
Documentary credits and short-trem trade related transactions		5,024,973	126,275	2,422,018	319,145	916,140	398,511	3,698	835,156	4,030	-	-
Commitments in respect of:												
Forward foreign exchange contracts - purchase		16,669,577	2,810,100	13,859,477	-	-	-	-	-	-	-	-
Forward foreign exchange contracts - sale		(15,692,909)	(15,211,160)	(481,749)	-	-	-	-	-	-	-	-
Purchase and resale agreements - lending		19,984,859	19,984,859	-	-	-	-	-	-	-	-	-
Sale and repurchase agreements - borrowing		106,368,612)	(50,918,175)	(55,450,437)	-	-	-	-	-	-	-	-
Off-balance sheet gap		(80,382,112)	(43,208,101)	(39,650,691)	319,145	916,140	398,511	3,698	835,156	4,030	-	-
Total yield / Interest Risk Sensitivity Gap			(42,894,895)	(49,866,575)	43,392,899	(29,586,234)	5,222,491	8,596,215	10,530,421	17,108,291	1,377,833	(45,923,438)
Cumulative yield / Interest Risk Sensitivity Gap			(42,894,895)	(92,761,470)	(49,368,571)	(78,954,805)	(73,732,314)	(65,136,099)	(54,605,678)	(37,497,387)	(36,119,554)	(82,042,992)
Reconciliation with total assets:												
Assets as per above		339,038,488										
Fixed assets		4,032,522										
Intangible assets		117,271										
Deferred tax asset		14,662,046										
Assets as per unconsolidated statement of financial position		357,850,327										
Reconciliation with total liabilities:												
Liabilities as per above		340,699,368										
Deferred tax liability		-										
Liabilities as per unconsolidated statement of financial position		340,699,368										

42.3 Liquidity risk

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

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

	2023													
	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 Days to 1 months	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Above 9 months to 1 years	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
	(Rupees in '000)													
Assets														
Cash and balances with treasury banks	53,407,771	3,434,488	2,772,853	1,968,144	8,291,291	853,177	2,039,018	3,116,907	30,931,893	-	-	-	-	-
Balances with other banks	957,883	957,883	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	166,503,472	-	-	79,408,000	-	-	420,694	372,571	3,764,184	21,089,119	42,018,776	8,075,876	4,266,896	7,087,356
Advances	50,623,045	7,166,530	2,339	650,703	251,226	1,873,843	99,867	7,913,926	2,570,048	10,865,134	573,265	3,348,752	1,350,599	13,956,813
Fixed assets	3,936,450	-	-	-	65,477	64,157	64,157	194,610	96,749	196,747	580,579	680,596	1,380,506	612,872
Intangible assets	108,257	-	-	-	2,966	2,966	2,966	8,996	9,095	9,095	36,082	36,091	-	-
Deferred tax assets	17,193,965	-	-	893,418	1,746,869	2,493,738	2,987,476	2,987,476	2,987,476	3,097,512	-	-	-	-
Other assets	7,752,566	1,811,535	874	20,472	2,370,160	287,689	736,020	2,423,550	-	-	91,613	-	-	10,653
	300,483,409	13,370,436	2,776,066	82,940,737	12,727,989	5,575,570	6,350,198	17,018,036	40,359,445	35,257,607	43,300,315	12,141,315	6,998,001	21,667,694
Liabilities														
Bills payable	898,762	898,762	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings from financial institutions	37,546,440	-	35,854,000	-	-	-	1,662,500	-	-	-	29,940	-	-	-
Deposits and other accounts	223,569,650	185,063,043	1,761,939	1,191,665	4,439,986	3,207,041	2,133,831	8,859,896	1,927,999	13,708,850	111,870	173,970	989,560	-
Deferred tax liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	13,996,213	1,420,236	260,374	175,867	233,339	505,793	353,703	812,825	7,229,196	216,998	624,957	618,074	1,544,851	-
	276,011,065	187,382,041	37,876,313	1,367,532	4,673,325	3,712,834	4,150,034	9,672,721	9,157,195	13,925,848	766,767	792,044	2,534,411	-
Gap	24,472,344	(174,011,605)	(35,100,247)	81,573,205	8,054,664	1,862,736	2,200,164	7,345,315	31,202,250	21,331,759	42,533,548	11,349,271	4,463,590	21,667,694

Share capital - net	34,524,428
Reserves	1,894,365
Shares deposit money	-
Deficit on revaluation of assets	(1,033,628)
Accumulated Loss	(10,912,821)
Net assets	24,472,344

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

	2022													
	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 Days to 1 months	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Above 9 months to 1 years	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
	(Rupees in '000)													
Assets														
Cash and balances with treasury banks	14,168,738	14,168,738	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	1,619,530	1,619,530	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	19,967,424	19,967,424	-	-	-	-	-	-	-	-	-	-	-	-
Investments	254,552,777	-	-	29,862,895	-	44,264,248	20,493,874	45,787,204	-	61,550,377	23,699,591	9,095,852	12,670,070	7,128,666
Advances	43,802,328	5,232,297	66,632	947,120	73,273	2,347,791	2,227,756	6,239,654	1,667,495	4,218,476	3,055,958	1,110,309	3,665,039	12,950,528
Fixed assets	4,032,522	-	-	-	82,102	55,377	55,377	167,976	169,822	169,822	673,750	673,753	1,334,492	650,051
Intangible assets	117,271	-	-	-	3,213	3,213	3,213	9,745	9,852	9,852	39,087	39,096	-	-
Deferred tax assets	14,662,046	-	-	733,102	733,102	1,466,205	1,466,205	1,466,205	1,466,205	2,199,307	2,199,307	2,932,408	-	-
Other assets	4,927,691	1,545,140	57,409	787,591	1,060,737	306,148	431,234	558,633	-	137,474	-	-	-	43,325
	357,850,327	42,533,129	124,041	32,330,708	1,952,427	48,442,982	24,677,659	54,229,417	3,313,374	68,285,308	29,667,693	13,851,418	17,669,601	20,772,570
Liabilities														
Bills payable	726,148	726,148	-	-	-	-	-	-	-	-	-	-	-	`-
Borrowings from financial institutions	106,934,714	-	105,000,000	-	-	-	1,874,835	-	-	-	59,879	-	-	-
Deposits and other accounts	223,043,950	156,898,568	1,323,178	269,267	1,753,252	5,357,040	6,370,352	11,852,426	7,463,627	30,149,813	95,597	725,184	463,146	322,500
Deferred tax liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	9,994,556	539,144	613,648	1,084,537	1,009,534	747,456	178,128	946,625	2,042,251	361,576	791,997	582,605	1,097,055	-
	340,699,368	158,163,860	106,936,826	1,353,804	2,762,786	6,104,496	8,423,315	12,799,051	9,505,878	30,511,389	947,473	1,307,789	1,560,201	322,500
Gap	17,150,959	(115,630,731)	(106,812,785)	30,976,904	(810,359)	42,338,486	16,254,344	41,430,366	(6,192,504)	37,773,919	28,720,220	12,543,629	16,109,400	20,450,070

Share capital - net	29,524,428
Reserves	1,461,412
Shares deposit money	
Deficit on revaluation of investments	(1,208,500)
Accumulated loss	(12,626,381)
Net assets	17,150,959

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

	2023									
	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	53,407,771	4,945,993	3,762,023	1,964,505	42,735,250	-	-	-	-	-
Balances with other banks	957,883	957,883	-	-	-	-	-	-	-	-
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-
Investments	166,503,472	79,632,235	420,694	372,571	24,629,067	43,755,672	9,590,876	1,151,218	6,201,139	750,000
Advances	50,623,045	8,070,798	1,973,710	7,913,926	13,435,182	573,265	3,348,752	1,350,599	12,047,213	1,909,600
Operating fixed assets	3,936,450	65,477	128,314	194,610	293,497	480,579	713,406	1,447,696	612,871	-
Intangible assets	108,257	2,966	5,931	8,996	18,189	36,082	36,093	-	-	-
Deferred tax asset	17,193,965	2,640,287	4,481,214	4,987,477	5,084,987	-	-	-	-	-
Other assets	7,752,566	4,203,042	1,023,709	2,376,074	-	139,089	-	-	-	10,652
	300,483,409	100,518,681	11,795,595	17,818,159	86,196,172	44,984,687	13,689,127	3,949,513	18,861,223	2,670,252
Liabilities										
Bills payable	898,762	898,762	-	-	-	-	-	-	-	-
Borrowings from financial institutions	37,546,440	35,854,000	1,662,500	-	-	29,940	-	-	-	-
Deposits and other accounts	223,569,650	41,082,015	48,274,578	27,365,071	105,572,587	111,870	173,971	989,558	-	-
Deferred tax liability	-	-	-	-	-	-	-	-	-	-
Other liabilities	13,996,213	2,089,814	859,496	812,825	7,446,194	624,957	618,074	1,544,853	-	-
	276,011,065	79,924,591	50,796,574	28,177,896	113,018,781	766,767	792,045	2,534,411	-	-
Gap	24,472,344	20,594,090	(39,000,979)	(10,359,737)	(26,822,609)	44,217,920	12,897,082	1,415,102	18,861,223	2,670,252
Share capital - net	34,524,428									
Reserves	1,894,365									
Shares deposit money	-									
Deficit on revaluation of assets	(1,033,628)									
Accumulated Loss	(10,912,821)									
Net assets	24,472,344									

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.

	2022									
	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	14,168,738	3,385,525	4,356,444	1,577,116	4,735,711	113,942	-	-	-	-
Balances with other banks	1,619,530	1,619,530	-	-	-	-	-	-	-	-
Lendings to financial institutions	19,967,424	19,967,424	-	-	-	-	-	-	-	-
Investments	254,552,777	29,862,894	64,758,122	45,787,204	61,550,377	23,699,591	10,818,832	10,947,090	6,378,667	750,000
Advances	43,802,328	6,319,322	4,575,548	6,239,654	5,591,554	3,350,375	1,110,307	3,665,039	11,572,697	1,377,832
Operating fixed assets	4,032,522	82,102	110,753	167,976	339,644	673,750	673,753	1,334,492	650,052	-
Intangible assets	117,271	3,213	6,425	9,745	19,704	39,087	39,097	-	-	-
Deferred tax asset	14,662,046	1,466,204	2,932,410	1,466,205	3,665,512	2,199,307	2,932,408	-	-	-
Other assets	4,927,691	3,450,879	737,382	558,633	137,474	-	-	-	43,323	-
	357,850,327	66,157,093	77,477,084	55,806,533	76,039,976	30,076,052	15,574,397	15,946,621	18,644,739	2,127,832
Liabilities										
Bills payable	726,148	726,148	-	-	-	-	-	-	-	-
Borrowings from financial institutions	106,934,714	105,000,000	1,874,835	-	-	59,879	-	-	-	-
Deposits and other accounts	223,043,950	31,445,722	47,671,790	27,542,230	114,777,781	95,597	725,184	463,146	322,500	-
Deferred tax liability	-	-	-	-	-	-	-	-	-	-
Other liabilities	9,994,556	3,246,861	925,583	946,625	2,403,827	791,997	582,605	1,097,058	-	-
	340,699,368	140,418,731	50,472,208	28,488,855	117,181,608	947,473	1,307,789	1,560,204	322,500	-
Gap	17,150,959	(74,261,638)	27,004,876	27,317,678	(41,141,632)	29,128,579	14,266,608	14,386,417	18,322,239	2,127,832
Share capital - net	29,524,428									
Reserves	1,461,412									
Shares deposit money	-									
Deficit on revaluation of assets	(1,208,500)									
Accumulated Loss	(12,626,381)									
Net assets	17,150,959									

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

42.4 Operational risk

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

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

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

43. GENERAL

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

44. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue by the Board of Directors on February 22, 2024.

Chairman	President and Chief Executive Officer	Director	Director	Chief Financial Officer

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- Partial and Premature Adjustment Allowed
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* Terms and Conditions Apply

Statement Showing Written-off Loans Or Any Other Financial Relief of Rupees Five Hundred Thousand Or Above Provided During The Year Ended 31-Dec-2023

Annexure - I

Sr. No.	Name and address of the borrower	Name of individuals / partners / directors (with CNIC No.)	Father's / Husband's name	Outstanding Liabilities at beginning of year				Principal written-off	Interest/ Mark-up written-off/ waived *	Other financial relief provided	Total (9+10+11)
				Principal	Interest / Mark-up	Other than Interest/ Mark-up	Total				
1	2	3	4	5	6	7	8	9	10	11	12
								Rupees in '000			
NIL											

Relief includes amounts which would be due to the Bank under contractual arrangements whether or not accrued in the books.

*Waiver of cost of fund allowed as per decree.

We have nothing to report in this regard.

Sa'adat سعادت
ISLAMIC BANKING

OFFERING A WIDE RANGE OF ISLAMIC BANKING SOLUTIONS

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

Finance / Trade
Sa'adat Ijarah
Sa'adat Murabaha
(Local & Import)
Sa'adat Diminishing Musharaka
Trade Services
(Import / Export Letter of Guarantee)
Consumer Financing
(Auto & House)
Sa'adat Sukoon Salary Financing

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

Sa'adat
سعادت
ISLAMIC BANKING

ANNEXURE II
ISLAMIC BAKNING BUSINESS FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

ISLAMIC BANKING BUSINESS STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2023

ANNEXURE - II

ISLAMIC BANKING BUSINESS

The Bank commenced its Islamic Banking operations effective from June 26, 2014 and is operating with 14 Islamic Banking branches and 13 Islamic Banking Windows in Conventional branches (2022: 14 Branches and 13 Islamic Banking Windows) at the end of year. The statement of financial position, profit and loss account and cash flow statement of the Islamic banking division are as follows:

	Note	2023	2022
Assets		(Rupees in '000)	
Cash and balances with treasury banks		**171,655**	308,289
Balances with other banks		**975**	1,091
Due from financial institutions		**-**	-
Investments	1	**4,165,737**	4,108,170
Islamic financing and related assets	2	**554,235**	1,033,556
Fixed assets		**109,640**	170,539
Intangible assets		**2,333**	3,333
Deferred tax assets		**-**	-
Due from head office	5	**15,160**	14,563
Other assets		**196,788**	194,838
		5,216,523	5,834,379
Liabilities			
Bills payable		**8,976**	7,279
Due to financial institutions		**1,450,000**	1,000,000
Deposits and other accounts	4	**2,689,143**	3,933,951
Deferred tax liability		**32,701**	6,437
Due to head office	5	**-**	-
Other liabilities		**152,229**	233,055
		4,333,049	5,180,722
Net Assets		**883,474**	653,657
Represented By			
Islamic banking fund		**1,100,000**	1,100,000
Reserves		**-**	-
Surplus on revaluation of investments		**34,035**	2,725
Accumulated loss	6	**(250,561)**	(449,068)
		883,474	653,657
CONTINGENCIES AND COMMITMENTS	7		

ISLAMIC BANKING BUSINESS
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2023

ANNEXURE -II

	Note	2023	2022
		(Rupees in '000)	
Profit / return on financing, investments and placements earned	10	**992,515**	701,231
Return on deposits and other dues expensed	11	**573,773**	446,704
Net income earned		**418,742**	254,527
Other income			
Fee, commission and brokerage income		**22,505**	8,248
Income from dealing in foreign currencies		**1,852**	374
Dividend income		**16,920**	14,400
Gain on sale / redemption of securities		**-**	-
Other income		**714**	387
		41,991	23,409
Total income		**460,733**	277,936
Other expenses			
Administrative expenses		**262,721**	215,172
Other charges		**20**	19
		262,741	215,191
Profit before provision		**197,992**	62,745
Provisions and write offs -net		**515**	2,136
Extra ordinary / unusual items		**-**	-
Profit before taxation		**198,507**	64,881
Taxation		**-**	-
Profit after taxation		**198,507**	64,881

Islamic Banking Business
Cash Flow Statement
For The Year Ended December 31, 2023

Annexure - II

	Note	2023	2022
		(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		198,507	64,881
Less: Dividend income		(16,920)	(14,400)
		181,587	50,481
Adjustments			
Depreciation		44,152	39,565
Amortisation		1,000	1,000
Provision against non-performing loans and advances - net		(515)	(2,136)
		44,637	38,429
		226,224	88,910
(Increase) / decrease in operating assets			
Balances with and due from financial institutions		-	700,000
Islamic financing and related assets - net		479,837	183,475
Due from head office		(597)	5,894
Other assets		(1,952)	(115,693)
		477,288	773,676
(Decrease) / increase in operating liabilities			
Bills payable		1,697	(5,321)
Due to financial institutions		450,000	750,000
Deposits and other accounts		(1,244,808)	(689,905)
Due to head office		-	-
Other liabilities		(80,826)	6,240
		(873,937)	61,014
		(170,425)	923,600
Income tax paid		-	-
Net cash flow from / (used in) operating activities		(170,425)	923,600
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in securities		8	(999,991)
Dividend received		16,920	14,400
Investment in operating fixed assets		16,747	(32,089)
Net cash flow (used in) / from investing activities		33,675	(1,017,680)
CASH FLOW FROM FINANCING ACTIVITIES			
Islamic Banking Fund		-	-
Net cash from financing activity		-	-
Increase in cash and cash equivalents		(136,750)	(94,080)
Cash and cash equivalents at beginning of the year		309,380	403,460
Cash and cash equivalents at end of the year	9	172,631	309,380

Islamic Banking Business
Notes To Annexure - II
For The Year Ended December 31, 2023

1 INVESTMENTS

	2023				2022			
	Cost/ Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost/ Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	(Rupees in '000')							
Federal Government Securities:								
- Ijarah Sukuks	**4,000,000**	**-**	**42,076**	**4,042,076**	4,000,008	-	(14,598)	3,985,410
REIT Units:								
-Listed	**99,000**	**-**	**24,661**	**123,661**	99,000	-	23,760	122,760
Total Investments	**4,099,000**	**-**	**66,737**	**4,165,737**	4,099,008	-	9,162	4,108,170

2 ISLAMIC FINANCING AND RELATED ASSETS

	Note	2023	2022
		(Rupees in '000)	
Ijarah financing under IFAS 2	2.1	**9,946**	11,371
Diminishing musharakah financing		**555,254**	1,033,666
		565,200	1,045,037
Less: provision against Islamic financing			
- Specific		**(10,965)**	(11,481)
- General		**-**	-
		(10,965)	(11,481)
Islamic financing and related assets - net of provision		**554,235**	1,033,556

Islamic Banking Business
Notes To Annexure - II
For The Year Ended December 31, 2023

		2023	2022
2.1 Ijarah financing under IFAS 2		(Rupees in '000)	
Net book value of assets	2.1.1	**9,946**	11,371
Advance against Ijarah financing		**-**	-
		9,946	11,371

2.1.1 Particulars of assets under Ijarah

	2023							
	Cost			Accumulated depreciation				
	As at January 01	Additions/ Settled	As at December 31	As at January 01	Charge/ settled	As at December 31	Book value As at Decembe31	Rate of depreciation %
	(Rupees in '000)							
Vehicle	16,224	(16,224)	-	14,019	(14,019)	-	-	Over the
Plant and machinery	28,000	950	28,950	18,834	170	19,004	9,946	Ijarah period
Total	44,224	(15,274)	28,950	32,853	(13,849)	19,004	9,946	

	2022							
	Cost			Accumulated depreciation				
	As at January 01	Additions/ Settled	As at December 31	As at January 01	Charge/ settled	As at December 31	Book value As at Decembe31	Rate of depreciation %
	(Rupees in '000)							
Vehicle	37,866	(21,642)	16,224	28,341	(14,322)	14,019	2,205	Over the and
Plant machinery	28,000	-	28,000	14,366	4,468	18,834	9,166	Ijarah period
Total	65,866	(21,642)	44,224	42,707	(9,854)	32,853	11,371	

	2023	2022
2.1.2 Future Ijarah payments receivable	(Rupees in '000)	
Not later than one year	**9,946**	11,371
Later than one year and not later than five years	**-**	-
Over five years	**-**	-
	9,946	11,371

Islamic Banking Business
Notes To Annexure - II
For The Year Ended December 31, 2023

3 SECTOR WISE PORTFOLIO

	2023	2022
	(Rupees in '000)	
Chemical and chemical products	**9,603**	9,166
Construction, real estate and societies	**-**	-
Education	**11,353**	11,898
Food	**-**	165,000
Hotel and restaurants	**-**	-
Power, electricity and gas	**413,599**	521,131
Transport, storage and communication	**-**	27,452
Wholesale and retail trade	**-**	286,525
Individuals	**13,547**	11,488
Insurance	**-**	1,467
Others	**117,534**	10,911
Pharmaceuticals	**-**	-
Gross Financing	**565,636**	1,045,037
Govt. of Pakistan	**4,042,075**	3,985,410
Financial Institutions	**123,660**	122,760
Total Invested Funds	**4,731,371**	5,153,207

4 DEPOSITS

	2023			2022		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	Rupees in '000					
Customers						
Current deposits	**697,630**	**3,336**	**700,966**	791,885	1,081	792,966
Savings deposits	**1,587,194**	**5,321**	**1,592,515**	1,904,738	6,040	1,910,778
Term deposits	**347,408**	**-**	**347,408**	500,121	-	500,121
Margin and other deposits	**22,931**	**-**	**22,931**	28,768	-	28,768
	2,655,163	**8,657**	**2,663,820**	3,225,512	7,121	3,232,633
Financial Institutions						
Current deposits	**4,170**	**-**	**4,170**	2,711	-	2,711
Savings deposits	**21,103**	**-**	**21,103**	98,577	-	98,577
Term deposits	**-**	**-**	**-**	600,000	-	600,000
Margin and other deposits	**50**	**-**	**50**	30	-	30
	25,323	**-**	**25,323**	701,318	-	701,318
	2,680,486	**8,657**	**2,689,143**	3,926,830	7,121	3,933,951

4.1 Composition of deposits

	2023	2022
	(Rupees in '000)	
- Individuals	**42,038**	870,384
- Government (Federal and Provincial)	**277,586**	382,186
- Public Sector Entities	**129,759**	131,353
- Banking Companies	**500**	484
- Non-Banking Financial Institutions	**25,323**	700,834
- Private Sectors	**2,213,937**	848,710
	2,689,143	933,951

4.2 As at 31 December 2023, the deposits eligible to be covered under insurance arrangements amounted to Rs. 1,009.67 million (2022: Rs. 1,274.73 million) and premium paid amounted to Rs. 2.04 million (2022 : Rs. 1.37 million).

Islamic Banking Business
Notes To Annexure - II
For The Year Ended December 31, 2023

		2023	2022
		(Rupees in '000)	
5	**DUE FROM / (TO HEAD OFFICE)**		
	Interbranch transaction account (daily basis)	**15,160**	14,563
6	**ACCUMULATED LOSS**		
	Opening balance	**(449,068)**	(513,949)
	Add: Islamic Banking profit / (loss) for the year	**198,507**	64,881
	Less: Taxation	**-**	-
	Less: Reserves	**-**	-
	Less: Transferred / Remitted to Head Office	**-**	-
		-	-
	Closing Balance	**(250,561)**	(449,068)
7	**CONTINGENCIES AND COMMITMENTS**		
	-Guarantees	**231,177**	178,617
	-Letter of credit	**69,916**	353,321
	-Commitments	**-**	-
		301,093	531,938
8	**CHARITY FUND**		
	Opening balance	**221**	666
	Additions during the period		
	Received from customers on account of delayed payment	**3**	48
	Profit on charity saving account	**-**	-
	Other	**752**	972
		755	1,020
	Payments / utilization during the period		
	Education	**-**	-
	Chairity organisation	**160**	1,465
	Hospital	**-**	-
		160	1,465
	Closing balance	**816**	221
9	**CASH AND CASH EQUIVALENT**		
	Cash and balances with treasury banks	**171,655**	308,289
	Balances with other banks	**975**	1,091
		172,630	309,380
10	**PROFIT / RETURN ON FINANCING, INVESTMENTS AND PLACEMENTS EARNED**		
	Profit earned on:		
	Financing	**147,829**	173,047
	Investments	**800,872**	468,260
	Placements	**43,814**	59,924
	On deposits with financial institutions	**-**	-
		992,515	**701,231**
11	**RETURN ON DEPOSITS AND OTHER DUES EXPENSED**		
	Deposits and other accounts	**428,877**	383,290
	Due to financial institutions	**130,181**	39,825
	Amortisation of lease liability against right-of-use assets	**14,715**	23,589
		573,773	446,704

Islamic Banking Business
Notes To Annexure - II
For The Year Ended December 31, 2023

12 POOL MANAGEMENT

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

12.1.1 General Pool, Special Pools and FI Pools

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

- Depositors Funds

- Equity Funds

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

- FI Funds

- Equity Funds

12.1.2 Weightages for distribution of profit in general pool

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

- Contracted period, nature and type of deposits / fund.

- Payment cycle of profit on such deposits / fund i.e. monthly, quarterly or on maturity.

- Magnitude of risk.

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

12.1.3 Special and Financial Institution Pools.

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

12.1.4 Identification and allocation of Pool related income and expenditure

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

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

Islamic Banking Business
Notes To Annexure - II
For The Year Ended December 31, 2023

12.1.5 Parameters associated with risks and rewards

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

12.1.6 Basis of profit allocation

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

	2023	2022
	(Rupees in '000)	
Rubbal Maal	**67.22%**	67.70%
Mudarib	**32.78%**	32.30%

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

Rubbul Maal (%)	**67.22%**	67.70%
Rubbul Maal (amount)	**30,290**	40,659
Mudarib (%)	**32.78%**	32.30%
Mudarib (amount)	**16,610**	19,265

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

Mudarib's share	**16,610**	19,265
Hiba	**1,072**	4,604
Hiba percentage of mudarib's share	**6.45%**	23.90%

In addition to the General Pool, 12 Special Pools were maintained as on December 31, 2023.

Amount and percentage of Mudarib's share transferred to depositors thought Hiba for Special Pool during 2023.

	2023	2022
	(Rupees in '000)	
Mudarib's share	**45,709**	32,730
Hiba	**13,151**	8,790
Hiba percentage of mudarib's share	**28.77%**	26.86%

12.1.9 Profit rate earned vs. profit rate distributed to the depositors during the year

	2023	2022
Profit rate earned	**20.34%**	14.32%
Profit rate distributed to depositors	**13.94%**	9.29%

Sa'adat
سعادت
ISLAMIC BANKING

Shariah Board's Report

For the year ended December 31, 2023

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

Shariah Board (SB) Meetings

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

Shariah Compliance

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

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

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

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

Shariah Audit

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

Training & Capacity Building

Training and development plays a vital role in the capacity building of human resource and helps in optimizing their utilization for flourishing & promotions of Islamic Banking Industry. Sindh Bank - Islamic Banking particularly focuses on human resource development by providing in-house and external trainings opportunities. During the year SCD provided Islamic Banking & Finance trainings to various staff. Further, Sindh Bank - Islamic Banking has utilized the online digital training platform to abreast its staff with the fundamental knowledge of Islamic Banking & Finance. Islamic Banking branch and conventional branch staff have attended the Islamic Banking sessions on various topics.

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

Charity

During the year Sindh Bank - Islamic Banking recovered charity of PKR 816,224.36/- and has been credited into charity account. Charity amount of PKR 160,000/- have been distributed to a charitable institution.

Shariah Board Opinion

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

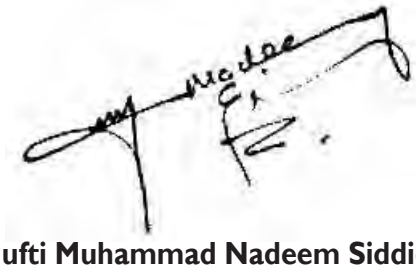
1. Sindh Bank - Islamic Banking has complied with Shariah rules and principles in the light of Fatawa, rulings and guidelines issued by its Shariah Board and SBP.
2. Sindh Bank - Islamic Banking has a comprehensive mechanism in place to ensure Shariah compliance in its overall operations.
3. Sindh Bank - Islamic Banking has a well-defined system in place which is sound enough to ensure that any earnings realized from sources or by means prohibited by Shariah have been credited to charity account and are being properly utilized.
4. Sindh Bank - Islamic Banking has complied with the SBP guidelines & instructions on profit & loss distribution and Pool Management.
5. Training and capacity building department is in place to strengthen the level of awareness of staff and management in understanding the importance of products and processes as well as the Shariah Compliance.
6. The Shariah Board has been provided adequate resources enabling it to discharge its duties effectively.

Recommendations from Shariah Board

On the basis of above, SB recommend that;

1. The Federal Shariat court of Pakistan in its decision prohibited the Riba and all its form. In light of the decision of Honorable court bank should rigorously convert its conventional branches into Islamic branches.
2. Frequency of Islamic Banking and Shariah related trainings at all levels should be enhanced across all regions, particularly trainings for senior management and branch staff should be arranged.
3. Shariah compliance review of branches should be extended to all regions.
4. The bank should use Marketing means for the promotion of Islamic banking products and services.

Shariah Board would like to take this opportunity to offer praise to ALLAH Almighty and seek His guidance and tawfeeq for further progress, development and prosperity of Islamic Banking, under the sincere efforts of senior management of Sindh Bank and State Bank of Pakistan.



Mufti Muhammad Nadeem Siddiqui
RSBM / Head-SCD



Mufti Zeeshan Abdul Aziz
Member Shariah Board



Mufti Hassan Ashraf Usmani
Chairman Shariah Board

شریعہ بورڈ کی رائے:

نمونہ جات کی بنیاد پر لیے گئے شرعی جائزے، اندرونی اور بیرونی شریعہ آڈٹ کی رپورٹس کی روشنی میں، شریعہ بورڈ کی رائے یہ ہے کہ:

۱۔ سندھ بینک اسلامی بینکنگ نے شریعہ بورڈ اور اسٹیٹ بینک آف پاکستان کے جاری کردہ فتاویٰ، احکام اور ہدایات کی روشنی میں شرعی قوانین اور اصولوں کے مطابق کام کیا ہے۔

۲۔ سندھ بینک اسلامی بینکنگ کے پاس مجموعی آپریشنز کو شرعی اصولوں کے مطابق یقینی بنانے کے لئے ایک جامع طریقہ کار موجود ہے۔

۳۔ سندھ بینک اسلامی بینکنگ کے پاس ایسا نظام موجود ہے کہ جس سے یہ یقینی بنایا جاسکے کہ شرعاً ممنوع ذرائع سے حاصل ہونے والی آمدنی صدقات کے اکاؤنٹ میں جمع کردی گئی ہے اور مناسب طریقے سے استعمال کی جارہی ہے۔

۴۔ سندھ بینک اسلامک بینکنگ نے منافع اور نقصان کی تقسیم اور پول مینجمنٹ سے متعلق اسٹیٹ بینک کے رہنما خطوط اور ہدایات کی تعمیل کی ہے۔

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

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

شریعہ بورڈ کی سفارشات:

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

۱۔ وفاقی شرعی عدالت کے امتناع ربوٰ کے فیصلے کی روشنی میں یہ ہدایت دی جاتی ہے کہ مروجہ بنکاری سے اسلامی بنکاری کی طرف ڈھلنے کے عمل کو تیز کیا جائے۔

۲۔ تمام ریجنز کے تمام سطحوں پر شریعہ اور اسلامک بینکنگ سے متعلق ٹریننگ کا اہتمام کیا جائے بالخصوص اعلیٰ عہدیداروں اور برانچ اسٹاف کی ٹریننگ ترجیحی بنیادوں پر مرتب کی جائے۔

۳۔ تمام ریجنز کیلئے شریعہ کمپلائنس ریویو کا دائرہ وسیع کیا جائے۔

۴۔ بینک کو اسلامی بینکاری مصنوعات اور خدمات کے فروغ کے لیے مارکیٹنگ کے ذرائع استعمال کرنے چاہئیں۔

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

مفتی محمد ندیم صدیقی	**مفتی ذیشان عبدالعزیز**	**مفتی حسان اشرف عثمانی**
ریزیڈنٹ شریعہ بورڈ ممبر/ ہیڈ- شریعہ کمپلائنس ڈپارٹمنٹ	ممبر شریعہ بورڈ	چیئرمین شریعہ بورڈ

Sa'adat سعادت
ISLAMIC BANKING

بسم اللہ الرحمن الرحیم

شریعہ بورڈ کی رپورٹ

31 دسمبر 2023

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

شریعہ بورڈ کے اجلاس:

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

شرعی تعمیل:

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

شرعی تعمیل کے شعبے نے شریعہ بورڈ کی رہنمائی کے تحت نمونہ جات کی بنیاد پر مختلف ٹرانزیکشنز کی جانچ پڑتال کی اور تمام ضروری معلومات اور وضاحتیں حاصل کیں، جو کہ بطورِ ثبوت رائے قائم کرنے کے لیے کافی ہیں کہ سندھ بینک اسلامی بینکنگ نے شریعہ بورڈ اور اسٹیٹ بینک آف پاکستان کی طرف سے جاری کردہ متعلقہ شرعی قوانین اور ہدایات کے مطابق عمل کیا ہے۔ اسٹیٹ بینک آف پاکستان کی ہدایات کے مطابق، شرعی تعمیل کے شعبے نے ماہانہ طور پر نفع اور نقصان کی تقسیم کا قبل از ترسیل جائزہ لیا۔ اندرونی شریعہ آڈٹ نے منافع کی تقسیم کا بعد از ترسیل سہ ماہی جائزہ لیا اور شریعہ بورڈ کو اپنی رپورٹ پیش کی۔ سندھ بینک اسلامک بینکنگ نے شریعہ کمپلائنس ڈپارٹمنٹ کو مناسب وسائل فراہم کیے ہیں تاکہ وہ اپنے فرائض کو مؤثر طریقے سے ادا کرسکیں اور شریعت کی تعمیل کے ماحول کو یقینی بنا سکیں۔

شریعہ آڈٹ:

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

تربیت اور تعمیرِ صلاحیت:

انسانی وسائل کی صلاحیت کی تعمیر وترقی اور اسلامی بینکنگ انڈسٹری کو فروغ دینے میں تربیت اہم کردار ادا کرتی ہے۔ سندھ بینک اسلامی بینکنگ نے خاص طور پر داخلی اور خارجی تربیتی مواقع فراہم کرکے انسانی وسائل کی ترقی پر عملے کو اسلامی بینکاری اور مالیات کی بنیادی معلومات سے روشناس کرانے کے لیے آن لائن ڈیجیٹل ٹریننگ پلیٹ فارم کا استعمال کیا ہے۔ مختلف عنوانات پر دی جانے والی ٹریننگ میں اسلامی بینکاری اور عمومی بینکاری سے متعلقہ افراد نے شرکت کی۔

قرآن پاک کی تعلیمات کو عام کرنے اور اسلامی بینکاری اور مالیات کے بارے میں آگاہی بڑھانے کے لیے، شریعہ کمپلائنس ڈپارٹمنٹ نے تمام عملے کو قرآنی آیات پہنچانے کی مشق کا آغاز کیا ہے۔

صدقہ:

رواں سال سندھ بینک اسلامک بینکنگ نے چیریٹی کی مد میں 816,224.36 روپے وصول کرکے چیریٹی اکاؤنٹ میں جمع کئے۔ چیریٹی کی مجموعی رقم 160,000 روپے ایک خیراتی ادارے کو دے دی گئی۔

SINDH BANK
سندھ بینک
POWER TO THE PEOPLE

Sa'adat
سعادت
ISLAMIC BANKING

AUTO FINANCE



ISLAMIC MODE

*FEATURES

- Minimum Documentation
- Quick Processing
- Low Profit Rates
- Financing from 1 Year to 5 Years
- Flexible Financing
- Financing of New and Used Locally Manufactured Cars

Sa'adat سعادت
ISLAMIC BANKING

SUKOON
SALARY FINANCE



SHARIAH COMPLIANT

***FEATURES:**

- Financing Amount upto 18 take home salaries or 1.5(m) whichever is less
- Financing up to 4 years
- Prompt and hassle free processing with minimum documentation
- Low profit rate

* Terms and Conditions Apply

Riaz Ahmad & Company
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the members of Sindh Bank Limited
Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of SINDH BANK LIMITED and its subsidiary company ("the Group"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, consolidated of financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 13.1 to the consolidated financial statements which states that the deferred tax asset has been recognized in the consolidated financial statements on the basis of financial projections for the future years approved by Board of Directors of the Bank. The preparation of financial projection involves management assumptions regarding future business and economic conditions and significant change in assumptions may have impact on recoverability of the deferred tax assets.

Our opinion is not modified in respect of this matter.

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

A member of Nexia International

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures

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that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Other Matter

The consolidated financial statements of the Group for the year ended December 31, 2022 were audited by another firm of Chartered Accountants who expressed an unmodified opinion vide their report dated March 10, 2023.

The engagement partner on the audit resulting in this independent auditor's report is Junaid Ashraf.

RIAZ AHMAD & COMPANY
Chartered Accountants

KARACHI

DATE: 27 February, 2024
UDIN: AR202310045Oza9g7GhB

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

Sindh Bank Limited
Consolidated Statement of Financial Position
As At December 31, 2023

	Note	2023	2022
		(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks	6	**53,488,206**	14,204,082
Balances with other banks	7	**1,484,233**	2,014,183
Lendings to financial institutions	8	**-**	19,967,424
Investments	9	**166,397,880**	253,857,565
Advances	10	**52,528,902**	45,105,226
Fixed assets	11	**4,055,481**	4,113,696
Intangible assets	12	**114,464**	124,022
Deferred tax assets - net	13	**17,201,220**	14,662,219
Other assets	14	**7,801,390**	5,048,053
		303,071,776	359,096,470
LIABILITIES			
Bills payable	15	**898,762**	726,148
Borrowings	16	**38,267,440**	107,244,714
Deposits and other accounts	17	**224,841,914**	223,632,712
Liabilities against assets subject to finance lease		**-**	-
Subordinated debt		**-**	-
Deferred tax liabilities		**-**	-
Other liabilities	18	**14,235,310**	10,079,561
		278,243,426	341,683,135
NET ASSETS		**24,828,350**	17,413,335
REPRESENTED BY			
Share capital - net	19	**34,524,428**	29,524,428
Reserves		**1,985,305**	1,526,805
Deficit on revaluation of assets	20	**(1,033,628)**	(1,208,500)
Accumulated loss		**(10,647,755)**	(12,429,398)
		24,828,350	17,413,335
CONTINGENCIES AND COMMITMENTS	21		

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

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

Sindh Bank Limited
Consolidated Profit and Loss Account
For The Year Ended December 31, 2023

	Note	2023	2022
		(Rupees in '000)	
Mark-up / Return / Interest Earned	22	**51,248,347**	36,842,955
Mark-up / Return / Interest Expensed	23	**42,634,953**	31,181,376
Net Mark-up / return / Interest Income		**8,613,394**	5,661,579
NON MARK-UP / INTEREST INCOME			
Fee and commission income	24	**602,501**	427,836
Dividend income		**192,353**	253,607
Foreign exchange income		**723,490**	557,561
Income / (loss) from derivatives		**-**	-
Gain / (loss) on securities	25	**337,703**	(157,712)
Other income	26	**8,877**	7,565
Total non-markup / interest income		**1,864,924**	1,088,857
Total income		**10,478,318**	6,750,436
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	27	**8,477,970**	7,000,000
Other charges	28	**59,164**	9,834
Total non-markup / interest expenses		**8,537,134**	7,009,834
PROFIT / (LOSS) BEFORE PROVISIONS		**1,941,184**	(259,398)
Provisions and write offs - net	29	**1,153,568**	1,952,454
Extra ordinary / unusual items		**-**	-
PROFIT / (LOSS) BEFORE TAXATION		**787,616**	(2,211,852)
Taxation	30	**(1,468,636)**	(867,513)
PROFIT / (LOSS) AFTER TAXATION		**2,256,252**	(1,344,339)
		--------(Rupees)--------	
Basic Earnings / (Loss) per share	31	**0.75**	(0.52)
Diluted Earnings / (Loss) per share	32	**0.75**	(0.52)

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

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

Sindh Bank Limited
Consolidated Statement of Comprehensive Income
For The Year Ended December 31, 2023

	2023	2022
	(Rupees in '000)	
Profit / (Loss) after taxation for the year	2,256,252	(1,344,339)
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in (deficit) / surplus on revaluation of investments - net of tax	83,072	(86,853)
	2,339,324	(1,431,192)
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement loss on defined benefit obligations - net of deferred tax	(18,784)	(2,103)
Surplus on revaluation of non-banking assets - net of tax	91,800	-
	73,016	(2,103)
Total comprehensive Income / (Loss)	2,412,340	(1,433,295)

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

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

Sindh Bank Limited
Consolidated Statement of Changes in Equity
For The Year Ended December 31, 2023

	Share Capital	Share Deposit Money	Capital Reserve		Statutory Reserve *	Depositors' protection fund reserve **	Surplus / (Deficit) on revaluation of investments		Accumulated Loss ***	Total
			Reserves on amalgamation	Share Premium			Investments	Fixed/Non-banking assets		
	(Rupees in '000)									
Balance as at January 01, 2022	25,524,428	4,000,000	9,433	51	1,495,961	11,007	(1,121,647)		(11,072,603)	18,846,630
Loss for the year ended December 31, 2022	-	-	-	-	-	-	-		(1,344,339)	(1,344,339)
Other comprehensive income - net of tax	-	-	-	-	-	-	(86,853)		(2,103)	(88,956)
Transfer to statutory reserve	-	-	-	-	8,282	-	-		(8,282)	-
Transfer to depositors' protection fund - 5% of the profit after tax for the year	-	-	-	-	-	2,071	-		(2,071)	-
Issue of shares during the year	4,000,000	(4,000,000)	-	-	-	-	-		-	-
Shares deposit money	-	-	-	-	-	-	-		-	-
Balance as at December 31, 2022	**29,524,428**	**-**	**9,433**	**51**	**1,504,243**	**13,078**	**(1,208,500)**	**-**	**(12,429,398)**	**17,413,335**
Profit for the year ended December 31, 2023	-	-	-	-	-	-	-	-	2,256,252	2,256,252
Other comprehensive income - net of tax	-	-	-	-	-	-	83,072	91,800	(18,784)	156,088
Transfer to statutory reserve	-	-	-	-	451,251	-	-	-	(451,251)	-
Transfer to depositors' protection fund - 5% of the profit after tax for the year	-	-	-	-	-	4,574	-	-	(4,574)	-
return on investment	-	-	-	-	-	2,675	-	-	-	2,675
Issue of shares during the year	5,000,000	(5,000,000)	-	-	-	-	-	-	-	-
Shares deposit money	-	5,000,000	-	-	-	-	-	-	-	5,000,000
Balance as at December 31, 2023	**34,524,428**	**-**	**9,433**	**51**	**1,955,494**	**20,327**	**(1,125,428)**	**91,800**	**(10,647,755)**	**24,828,350**

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

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

*** As more fully explained in note 9.4.2.1 & 10.6.2 of these consolidated financial statements, unappropriated profit includes an amount of Rs. 3,148.13 million net of tax as at December 31, 2023 (December 31, 2022: Rs. 4,737.96 million) representing additional profit arising from availing forced sale value benefit for determining provisioning requirement which is not available for the purpose of distribution of dividend to shareholders.

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

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

Sindh Bank Limited
Consolidated Cash Flow Statement
For The Year Ended December 31, 2023

	Note	2023	2022
		(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		787,616	(2,211,852)
Less: dividend income		(192,353)	(253,607)
		595,263	(2,465,459)
Adjustments:			
Depreciation	27	285,052	293,897
Depreciation on right of use assets	27	745,905	669,406
Amortisation	27	43,136	36,232
Provision and write offs -net	29	1,139,557	1,945,818
Written-off operating fixed assets		-	-
Charge for defined benefit plan	35.1.4	123,050	104,137
Gain on sale of operating fixed assets	26	(5,115)	(3,630)
		2,331,585	3,045,860
		2,926,848	580,401
(Increase) / Decrease in operating assets			
Lendings to financial institutions		19,967,424	(13,886,216)
Advances - net		(7,218,411)	1,758,522
Other assets - net		(3,167,418)	(1,291,153)
		9,581,595	(13,418,847)
Increase / (Decrease) in operating liabilities			
Bills payable		172,614	101,422
Borrowings		(68,977,275)	79,708,975
Deposits and other accounts		1,209,202	5,790,034
Other liabilities (excluding current taxation)		4,339,137	3,434,002
		(63,256,322)	89,034,433
		(50,747,879)	76,195,987
Contribution to gratuity fund	35.1.3	(107,191)	(99,643)
Income tax paid		(628,492)	(469,603)
Net cash generated from operating activities		(51,483,562)	75,626,741
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in available-for-sale securities		78,770,659	(54,850,018)
Net investment in held-to-maturity securities		8,454,350	(23,801,902)
Dividend received		192,353	253,607
Investments in operating fixed assets		(1,008,326)	(1,888,400)
Sale proceeds of operating fixed assets disposed off		7,121	4,993
Net cash (used in) / generated from investing activities		86,416,157	(80,281,720)
CASH FLOW FROM FINANCING ACTIVITIES			
Shares deposit money		5,000,000	-
Payment of lease liability against right of use assets		(1,178,421)	-
Issue of share capital		-	-
Net cash generated from financing activities		3,821,579	-
Increase in cash and cash equivalents		38,754,174	(4,654,979)
Cash and cash equivalents at the beginning of the year		16,218,265	20,873,244
Cash and cash equivalents at the end of the year	33	54,972,439	16,218,265

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

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

Sindh Bank Limited
Notes to the Consolidated Financial Statements
For The Year Ended December 31, 2023

1. STATUS AND NATURE OF BUSINESS

The "Group" consists of:

1.1 Holding Company

1.1.1 Sindh Bank Limited (the Bank) was incorporated in Pakistan on October 29, 2010 as a public unlisted company and is engaged in Commercial Banking, Corporate and Investment related activities. The Bank operates 330 (2022: 330) branches including 8 (2022: 8) sub-branches and 14 (2022: 14) Islamic banking branches in Pakistan. The Bank's registered office is located at 3rd floor, Federation House, Abdullah Shah Ghazi Road, Clifton, Karachi, Pakistan.

1.1.2 The Government of Sindh, through its Finance Department owns 99.97% ordinary shares of the Bank.

1.1.3 VIS Credit Rating Company Limited has reaffirmed the long term entity rating of A+ (Single A Plus) and short term rating of A-1 (A-one) in its report dated June 27, 2023.

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

1.2 Subsidiary company

1.2.1 Sindh Microfinance Bank Limited

Sindh Microfinance Bank Limited (the Microfinance Bank) was incorporated on March 27, 2015 as a public company limited by shares under the provision of the company's Act, 2017 (previously Companies Ordinance, 1984). The Microfinance Bank obtained Microfinance banking license from State Bank of Pakistan (SBP) on October 16th, 2015, to operate in Sindh Province. Subsequently the Microfinance Bank has received the certificate of commencement of business from Securities & Exchange Commission of Pakistan (SECP) on November 30, 2015. The Microfinance Bank's registered office is situated at 39/F, 2nd Floor, Muhammad Ali Cooperative Housing Society, Karachi. The Microfinance Bank's principal business will be to provide microfinance services to the poor and underserved segment of the society as envisaged under the Microfinance Institutions Ordinance, 2001. The Microfinance Bank operates with a network of 19 (2022: 19) branches and 77 (2022: 71) services centers. The Bank holds 99.99% shares of the Microfinance Bank and remaining shares are held by the nominees of the Bank.

The credit rating companies PACRA has maintained the long term rating of the Microfinance Bank at "A-" and short term rating at "A2" as of March 29, 2023.

2. BASIS OF PRESENTATION

2.1 These consolidated financial statements have been prepared in conformity with the format of financial statements prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular No. 02, dated 25 January 2018. These consolidated financial statements represent separate financial statements of the Group.

2.2 In accordance with the directives of the Federal Government regarding the shifting of the Banking system to Islamic modes, the State Bank of Pakistan has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by Group from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these consolidated financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon. The Islamic Banking branches of the Group have complied with the requirements set out under the Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) and notified under the provisions of the Companies Act, 2017.

2.3 The Group believes that there is no significant doubt on the Group's ability to continue as a going concern. Therefore, the consolidated financial statements continue to be prepared on the going concern basis.

3. STATEMENT OF COMPLIANCE

3.1 This consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. The accounting and reporting standards comprise of :

- Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act 2017;
- Provisions of and directives issued under the Companies Act 2017, Banking Companies Ordinance, 1962 and the directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

In case requirements of Banking Companies Ordinance 1962, the Companies Act 2017 or the directives issued by SBP and SECP differ with the requirements of IFRS or IFAS, the requirements of the Banking Companies Ordinance, 1962, Companies Act 2017, and the directives issued by the SBP and SECP shall prevail.

3.2 The SBP vide BSD Circular Letter No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) and International Accounting Standard 40, Investment Property (IAS 40) for Banking companies till further instructions. SBP vide its BPRD Circular No. 07 of 2023 dated 23 April 2023 directed the Banks in Pakistan to implement IFRS 9, 'Financial Instruments' with effect from 01 January 2024. Further, according to the notification of the Securities and Exchange Commission of Pakistan (SECP) dated April 28, 2008, the IFRS - 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

SBP vide its BPRD Circular No. 04 dated 25 February 2015, has clarified that the reporting requirements of IFAS 3, 'Profit and Loss Sharing on Deposits' for Islamic Banking Institutions (IBIs) relating to annual, half yearly and quarterly financial statements would be notified by SBP though issuance of specific instructions and uniform disclosure formats in consultation with IBIs. These reporting requirements have not been ratified to date. Accordingly, the disclosure requirements under IFAS 3 have not been considered in the preparation of these consolidated financial statements.

3.3 SBP vide its BPRD Circular No. 04 dated 25 February 2015, has clarified that the reporting requirements of IFAS 3, 'Profit and Loss Sharing on Deposits' for Islamic Banking Institutions (IBIs) relating to annual, half yearly and quarterly financial statements would be notified by SBP though issuance of specific instructions and uniform disclosure formats in consultation with IBIs. These reporting requirements have not been ratified to date. Accordingly, the disclosure requirements under IFAS 3 have not been considered in the preparation of these consolidated financial statements.

3.4 IFRS 10, 'Consolidated Financial Statements' was made applicable from period beginning on or after 01 January 2015 vide S.R.O 633 (I) / 2014 dated 10 July 2014 by SECP. However, SECP has directed through S.R.O 56 (I) / 2016 dated 28 January 2016 that the requirement of consolidation under section 228 of the Companies Act, 2017 and IFRS 10, 'Consolidated Financial Statements' is not applicable in case of investment by companies in mutual funds established under trust structure.

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

There are certain amendments to existing accounting and reporting standards that have become applicable to the Group for accounting periods beginning on or after January 01, 2023. These are either considered not to be relevant or do not have any significant impact and accordingly have not been detailed in these financial statements, except as disclosed below.

"IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies (Amendments)

The amendments to IAS 1 and IFRS practice statement 2 making materiality judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures."

The amendments have had an impact on The Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in The Group's consolidated financial statements.

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

As per BPRD Circular Letter No. 07 of 2023 dated 23 April 2023, the effective date for the implementation of IFRS 9 Financial Instruments is accounting period beginning on or after January 1, 2024. SBP has also extended the preparation of annual / interim financial statement on the revised formats to the first quarter of 2024. SBP has issued detailed instructions on the application of the standard, including transitional provisions, impact on the Capital Adequacy Ratio (CAR) calculation and reporting requirements.

The IFRS 9 application instructions and guidelines that have been issued as part of the circular include the following key components:

a) Basis for classification and measurement of debt and equity securities;
b) Framework for determination of "Expected Credit Losses (ECL)" under the requirements of IFRS 9, including required risk management policies;
c) Credit exposures (in local currency) that have been guaranteed by the Government and Government Securities have been exempted from the application of the above ECL Framework;
d) In respect of non-performing exposures (Stage 3 exposures) provision would be made considering higher of IFRS 9 ECL or provision computed under existing PRs' requirements;
e) In order to mitigate the impact of ECL provisioning on capital, a transitional arrangement is allowed to The Groups to absorb the impact on regulatory capital and fully described in Annexure B to the aforementioned circular.

The actual impact of adopting IFRS 9 on The Group's consolidated financial statements in the year 2024 may not be accurately estimated because it will be dependent on the financial instruments that The Group would hold during next year and economic conditions at that time as well as accounting elections and judgements that it will make in future.

Further, the following IFRS as notified under the Companies Act, 2017 and the amendments thereto will be effective for future periods and not early adopted:

Standards and amendments	Effective date (accounting periods beginning on or after)
- IAS 1 - Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - (Amendments) January 01, 2024	01 January 2024
- IAS 7 and IFRS 7 - Disclosures: Supplier Finance Arrangements - (Amendments) January 01, 2024	01 January 2024
- IFRS 16 - Lease Liability in a Sale and Leaseback - (Amendments) January 01, 2024	01 January 2024
- IAS 21 - Lack of exchangeability – (Amendments) January 01, 2025	01 January 2025
- IFRS 17 - Insurance Contracts January 01, 2026	01 January 2026
- IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)	Not yet announced

The above standards, amendments and improvements are not expected to have any material impact on the consolidated financial statements of the Group for the future periods.

Further, following new standard has been issued by IASB which is yet to be notified by SECP for the purpose of applicability in Pakistan.

Standard	IASB Effective date (accounting periods beginning on or after)
- IFRS 1 – First-time Adoption of International Financial Reporting Standards	01 January 2004

3.7 Critical accounting estimates and judgments

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

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

i) Classification and impairment against investments (notes 5.3 and 29);

ii) Classification and provision against advances (notes 5.4 and 29);

iii) Depreciation and amortization / useful lives of operating fixed assets (notes 5.5, 5.6, 11 and 12);

iv) Non-banking assets acquired in satisfaction of claims (note 5.7);

v) Taxation (note 5.9);

vi) Staff retirement and other benefits (note 6);

vii) Fair value of derivatives (note 5.17); and

viii) Judgements made by management in identification and reporting segment information (note 39)

4. BASIS OF MEASUREMENT

4.1 Accounting convention

These consolidated financial statements have been prepared under the historical cost convention except for certain investments, non-banking assets acquired in satisfaction of claims, right of use assets, lease liability and commitments in respect of foreign exchange and futures contracts which are measured at fair values and certain employee benefits and investments which are measured on present value basis.

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

4.2 Functional & Presentation of Currency

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

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

5. MATERIAL ACCOUNTING POLICY INFORMATION

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

5.1 Cash and cash equivalents

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

5.2 Lending to / borrowing from Financial Institutions

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

5.2.1 Repurchase / resale agreements

a) Sale of securities under repurchase agreement (repo)

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

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

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

5.2.2 Bai Maujjal

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

5.3 Investments

The group classifies its investments as follows:

a) Held-for-trading

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

b) Held-to-maturity

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

c) Available-for-sale

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

5.3.1 Initial measurement

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

5.3.2 Subsequent measurement

Held-for-trading

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

Held-to-maturity

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

Available-for-sale

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

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

5.3.3 Impairment

The Group determines that available-for-sale listed equity investments are impaired when there has been a significant or prolonged decline in the fair value of these investments below their cost. The determination of what is significant or prolonged requires judgement. In making this judgement, the Group evaluates, among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial condition of the investee, industry and sector performance and changes in technology. A subsequent increase in the fair value of a previously impaired listed equity security is recorded in the statement of financial position in the surplus / deficit on revaluation of securities account and only recorded through the profit and loss account when realised on disposal.

A decline in the carrying value of unlisted equity securities is charged to the profit and loss account. A subsequent increase in the carrying value, up to the cost of the investment, is credited to the profit and loss account.

Provision for diminution in the value of debt securities held in Pakistan is made as per the Prudential Regulations issued by the SBP. Provision against investments by the Group's overseas operations is made as per the requirements of their respective regulatory regimes.

When a debt security, classified as available-for-sale, is considered to be impaired, the balance in the surplus / deficit on revaluation of securities account is transferred to the profit and loss account as an impairment charge. If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed through the profit and loss account.

When a debt security, classified as held-to-maturity, is considered to be impaired, the impairment is directly charged to the profit and loss account as held-to-maturity securities are carried at amortized cost. Any subsequent reversal of an impairment loss, up to the cost of the investment in the debt security, is credited to the profit and loss account.

Provision for diminution in the value of other securities is made after considering objective evidence of impairment.

The Group considers that a decline in the recoverable value of its investments in associates and joint ventures below their carrying value may be evidence of impairment. Recoverable value is calculated as the higher of fair value less costs to sell and value in use. An impairment loss is recognised when the recoverable value falls below the carrying value and is charged to the profit and loss account. Any subsequent reversal of an impairment loss, up to the carrying value of the investment in associates and joint ventures, is credited to the profit and loss account.

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

5.4 Advances

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

Ijarah Financing

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

Diminishing Musharakah

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

5.5 Operating fixed assets and depreciation

5.5.1 Property and equipment - owned

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

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

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

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

5.5.2 Capital work-in-progress

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

5.5.3 Leases

The Group enters into lease arrangements principally in respect of office space for its operations. The Group assesses at contract inception whether a contract is, or contains, a lease.. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a Lessee

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

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use (RoU) Assets

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

Lease liability

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate. The lease payments are discounted using the interest rate implicit in the lease, unless it is not readily determinable, in which case the lessee may use the incremental rate of borrowing. After the commencement date, the carrying amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made.

Incremental borrowing rate

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

5.6 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. amortisation is charged to the consolidated profit and loss account applying the straight line method at the rates specified in note 12, to these consolidated financial statements from the date an intangible asset is available for use. The useful life and amortisation method are reviewed and adjusted, if appropriate, at each date of consolidated statement of financial position.

5.7 Non-banking assets acquired in satisfaction of claims

Non-banking assets acquired in satisfaction of claims are initially recorded at cost and are carried at revalued amounts less accumulated depreciation and impairment, if any. These assets are revalued with sufficient regularity by professionally qualified valuers to ensure that their net carrying value does not differ materially from their fair value. An increase in the market value over the acquisition cost is recorded as a surplus on revaluation. A decline in the market value is adjusted against the surplus of that asset or, if no surplus exists, is charged to the profit and loss account as an impairment. A subsequent increase in the market value of an impaired asset is reversed through the profit and loss account up to the extent of the impairment and thereafter credited to the surplus on revaluation of that asset. All direct costs of acquiring title to the asset are charged immediately to the profit and loss account.

Depreciation on assets acquired in satisfaction of claims is charged to the profit and loss account on the same basis as depreciation charged on the Group's owned fixed assets.

If the recognition of such assets results in a reduction in non-performing loans, such reductions and the corresponding reductions in provisions held against non-performing loans are disclosed separately.

These assets are generally intended for sale. Gains and losses realized on the sale of such assets are disclosed separately from gains and losses realized on the sale of fixed assets. Surplus on revaluation (net of deferred tax) realized on disposal of these assets is transferred directly to unappropriated profit.

However, if such an asset, after initial recording, is used by the Group for its own operations, the asset, along with any related surplus, is transferred to fixed assets.

5.8 Impairment

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

5.9 Taxation

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

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

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

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

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

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

5.10 Staff retirement and other benefits

a) Defined contribution plan
The Group operates a recognised funded contributory provident fund for all its permanent employees to which equal contributions at the rate of 10% (2019: 10%) of basic salary are made by both the Group and the employees. The contributions are recognized as employee benefit expense when they are due.

b) Defined benefit plan
The Group operates a recognised funded gratuity scheme for all its permanent employees who complete the prescribed eligibility period of service. Provision is made annually to meet the cost of such gratuity benefits on the basis of actuarial recommendations using the projected unit credit method.

c) Compensated absences
The Group makes provision in the financial statements for its liabilities towards compensated absences. Liability under the scheme is determined on the basis of actuarial advice using the projected unit credit method.

5.11 Acceptances

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

5.12 Provisions against liabilities

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

5.13 Revenue recognition

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

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

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

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

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

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

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

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

5.14 Borrowings / deposits and their cost

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

5.15 Proposed dividend and transfers between reserves

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

5.16 Earnings per share

The Group presents basic earnings per share (EPS) which is calculated by dividing the profit or loss attributable to ordinary shareholders of the 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.

5.17 Foreign currency translation

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

5.18 Financial instruments

a) Financial assets and liabilities

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

b) Derivative financial instruments

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

5.19 Offsetting

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

5.20 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

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

b) Trading and sales (Treasury)

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

c) Retail Banking

This includes mortgage finance and personal loans to individual customers.

d) Commercial banking and others

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

Geographical segments

5.21 The Group operates only in Pakistan.

5.22 Commitments

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

5.23 Provision against off balance sheet obligations

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

6 CASH AND BALANCES WITH TREASURY BANKS	Note	2023	2022
		(Rupees in '000)	
In hand			
Local currency		**3,960,469**	4,594,195
Foreign currency		**194,370**	112,285
		4,154,839	4,706,480
With State Bank of Pakistan (SBP) in			
Local currency current accounts	6.1	**47,152,820**	9,042,458
Foreign currency current accounts	6.2	**61,133**	105,966
Foreign currency deposit accounts			
- Non remunerative	6.3	**158,549**	104,727
- Remunerative	6.4	**309,256**	205,270
		47,681,758	9,458,421
With National Bank of Pakistan in			
Local currency current accounts		**1,610,797**	22,428
Local currency deposit accounts	6.5	**24,282**	7,977
		1,635,079	30,405
Prize bonds		**16,530**	8,776
	33	**53,488,206**	14,204,082

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

6.2 This represents US Dollar Settlement Account maintained with SBP.

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

6.4 This represents foreign currency special cash reserve maintained with SBP. The Group is entitled to earn profit which is declared by SBP on a monthly basis. During the period, the SBP has declared 3.39% to 4.34% profits (2022 : 0% to 3.14%) per annum.

6.5 This includes savings account with National Bank of Pakistan carrying mark-up at 20.5% (2022: 14.5%) per annum.

7 BALANCES WITH OTHER BANKS

	Note	2023	2022
		(Rupees in '000)	
In Pakistan			
In current account		**1,500**	2,025
In savings account	7.1	**526,599**	394,091
		528,099	396,116
Outside Pakistan			
In current accounts	7.2	**956,134**	1,618,067
		1,484,233	2,014,183

7.1 This includes savings account with a commercial bank carrying profit at the range of 16% to 23.9% (2022: 14.50%) per annum.

7.2 This includes Rs. 842.188 million (2022: Rs. 678.603 million) held in Automated Investment Plans. This balance is current in nature and in case this goes above a specified amount, the Group is entitled to earn interest from the correspondent banks at the agreed rates.

8 LENDINGS TO FINANCIAL INSTITUTIONS

	Note	2023	2022
		(Rupees in '000)	
Call money lendings		-	-
Repurchase agreement lendings (Reverse Repo)	8.2 & 8.3	-	19,967,424
Musharaka arrangements		-	-
		-	19,967,424

8.1 Particulars of lending

	2023	2022
In local currency	-	19,967,424
In foreign currencies	-	-
	-	19,967,424

8.2 Securities held as collateral against Lending to financial institutions

	2023			2022		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	(Rupees in '000)					
Market treasury bills	-	-	-	18,016,775	-	18,016,775
Pakistan investment bonds	-	-	-	1,975,600	-	1,975,600
Total	-	-	-	19,992,375	-	19,992,375

9. INVESTMENTS

9.1 Investments by types

	2023				2022			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	(Rupees in '000)							
Available-for-sale securities								
Federal Government securities								
Market treasury bills	-	-	-	-	64,108,973	-	(180,402)	63,928,571
Pakistan investment bonds	17,400,629	-	(2,183,880)	15,216,749	17,616,725	-	(1,265,020)	16,351,705
Pakistan investment bonds - floater	113,308,072	-	(319,502)	112,988,570	125,882,687	-	(167,136)	125,715,551
Government of Pakistan - Ijarah Sukuk	4,000,000	-	42,076	4,042,076	4,000,008	-	(14,598)	3,985,410
Shares								
Listed	971,211	(342,757)	212,934	841,388	2,785,332	(342,757)	(373,481)	2,069,094
Mutual funds & Units	158,203	(43,684)	41,651	156,170	215,049	(42,806)	19,492	191,735
	135,838,115	(386,441)	(2,206,721)	133,244,953	214,608,774	(385,563)	(1,981,145)	212,242,066
Held-to-maturity securities								
Federal Government securities								
Market treasury bills	20,804,998	-	-	20,804,998	29,678,201	-	-	29,678,201
Pakistan investment bonds	11,262,656	-	-	11,262,656	11,343,755	-	-	11,343,755
Preference shares - unlisted	77,708	(77,708)	-	-	77,708	(77,708)	-	-
Term deposit accounts	500,000	-	-	500,000	-	-	-	-
Non-government debt securities								
Term finance certificates- listed	224,235	-	-	224,235	224,235	-	-	224,235
Term finance certificates- unlisted	858,901	(497,863)	-	361,038	858,949	(489,641)	-	369,308
	33,728,498	(575,571)	-	33,152,927	42,182,848	(567,349)	-	41,615,499
Total Investments	169,566,613	(962,012)	(2,206,721)	166,397,880	256,791,622	(952,912)	(1,981,145)	253,857,565

9.2 Investments by segments

	2023				2022			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	(Rupees in '000)							
Federal Government securities								
Market treasury bills	20,804,998	-	-	20,804,998	93,787,174	-	(180,402)	93,606,772
Pakistan investment bonds	141,971,357	-	(2,503,382)	139,467,975	154,843,167	-	(1,432,155)	153,411,012
Government of Pakistan - Ijarah Sukuk	4,000,000	-	42,076	4,042,076	4,000,008	-	(14,598)	3,985,410
	166,776,355	-	(2,461,306)	164,315,049	252,630,349	-	(1,627,155)	251,003,194
Shares								
Listed companies	971,211	(342,757)	212,934	841,388	2,785,332	(342,757)	(373,481)	2,069,094
Unlisted companies	77,708	(77,708)	-	-	77,708	(77,708)	-	-
	1,048,919	(420,465)	212,934	841,388	2,863,040	(420,465)	(373,481)	2,069,094
Non-government debt securities								
Term finance certificates - listed	224,235	-	-	224,235	224,235	-	-	224,235
Term finance certificates - unlisted	858,901	(497,863)	-	361,038	858,949	(489,641)	-	369,308
Sukuk certificates	-	-	-	-	-	-	-	-
	1,083,136	(497,863)	-	585,273	1,083,184	(489,641)	-	593,543
Mutual funds & units								
Open ended	59,203	(43,684)	16,990	32,509	116,049	(42,806)	(4,269)	68,974
REIT - units	99,000	-	24,661	123,661	99,000	-	23,760	122,760
	158,203	(43,684)	41,651	156,170	215,049	(42,806)	19,491	191,734
Others								
Term deposits accounts	500,000	-	-	500,000	-	-	-	-
Total Investments	169,566,613	(962,012)	(2,206,721)	166,397,880	256,791,622	(952,912)	(1,981,145)	253,857,565

		2023	2022
9.3	Investments given as collateral	(Rupees in '000)	
	Federal Government securities		
	Pakistan investment bonds	**35,733,600**	104,589,900
	Market treasury bills	**-**	-
		35,733,600	104,589,900
9.4	Provision for diminution in value of investments		
9.4.1	Opening balance	**952,912**	873,216
	Charge / reversals		
	Charge for the year	**9,101**	80,939
	Reversals for the year	**-**	-
	Reversal on disposals	**-**	(1,243)
	Transfers - net	**9,101**	79,696
	Amounts written off	**-**	-
	Closing balance	**962,012**	952,912

9.4.2 Particulars of classified debt securities (Category of classification)

Category of classification	2023 Non performing investments	2023 Provision	2022 Non performing investments	2022 Provision
	(Rupees in '000)			
Domestic				
Other assets especially mentioned	**-**	**-**	-	-
Substandard	**-**	**-**	-	-
Doubtful	**-**	**-**	-	-
Loss	**592,051**	**575,571**	592,051	567,349
Total	**592,051**	**575,571**	592,051	567,349

9.4.2.1 The Group have availed the benefit of forced sale value of collateral against non-performing investment on the basis of the instructions of the State Bank of Pakistan. Had the benefit not been taken by the Group, provision against non-performing investment would have been higher by Rs. 16.480 million (2022: Rs. 24.7 million). The resultant increas in profit due to FSV benefit taken will not be available for distribution as cash and stock dividend to shareholders.

			2023	2022
9.5	Quality of Available for Sale Securities		Cost (Rupees in '000)	
	Particulars regarding quality of Available for Sale (AFS) securities			
	Federal Government securities - Government guaranteed			
	Pakistan investment bonds		**130,708,701**	143,499,412
	Market treasury bills		**-**	64,108,973
	Government of Pakistan - Ijarah Sukuk		**4,000,000**	4,000,008
			134,708,701	211,608,393
	Shares - Listed Companies			
	Refinery		**7,682**	7,682
	Fertilizer		**345,285**	531,870
	Cement		**63,745**	63,745
	Power generation & distribution		**-**	364,285
	Oil & gas marketing companies		**186,049**	597,630
	Commercial banks		**368,450**	1,220,120
		9.5.1	**971,211**	2,785,332

	2023	2022
	---------- Cost ----------	
	(Rupees in '000)	
Other investments (Mutual Funds)		
Listed		
AAA	**99,000**	99,000
AA+	**16,239**	28,459
A+ / A-	**42,964**	87,590
	158,203	215,049
	135,838,115	214,608,774

9.5.1 Equity securities - listed companies

Pakistan Refinery Limited	**7,682**	7,682
Fauji Fertilizer Company Limited	**280,283**	280,283
Fauji Fertilizer Bin Qasim Limited	**-**	186,585
Fatima Fertilizer Company Limited	**65,002**	65,002
Thatta Cement Company Limited	**63,745**	63,745
Nishat Chunian Power Limited	**-**	201,358
Hub Power Company Limited	**-**	162,925
Sui Southern Gas Company Limited	**164,142**	164,142
Sui Northern Gas Pipelines Limited	**-**	129,401
Oil & Gas Development Company Limited	**21,905**	119,384
Pak Petroleum Limited	**-**	132,476
Pakistan State Oil Limited	**-**	52,228
Summit Bank Limited	**305,509**	305,509
National Bank of Pakistan	**-**	233,102
Bank AlHabib Limited	**-**	39,007
Meezan Bank Limited	**-**	85,390
Habib Bank Limited	**-**	205,598
United Bank Limited	**-**	80,853
MCB Bank Limited	**-**	207,721
Silk Bank Limited	**62,943**	62,941
	971,211	2,785,332

	2023	2022
	(Rupees in '000)	
	---------- Cost ----------	

9.6 Particulars relating to held to maturity securities

Federal Government securities - Government guaranteed		
Pakistan investment bonds	**11,262,656**	11,343,755
Market treasury bills	**20,804,998**	29,678,201
	32,067,654	41,021,956
Preference Shares - Unlisted Company		
Al-Arabia Sugar Mills Ltd	**77,708**	77,708
Non Government Debt Securities		
Listed		
Unrated	**224,235**	224,235
Un-listed		
AA	**119,737**	119,785
BBB+	**224,820**	224,820
Unrated	**514,344**	514,344
	858,901	858,949
Term deposit accounts		
Microfinance Banks	**500,000**	-
	33,728,499	42,182,848

9.6.1 The market value of securities classified as held-to-maturity as at December 31, 2023 amounted to Rs. 30,061.24 million (December 31, 2022: Rs. 40,297.18 million).

10 ADVANCES

	Note	Performing		Non Performing		Total	
		2023	2022	**2023**	2022	**2023**	2022
		---------- (Rupees '000) ----------					
Loans, cash credits, agriculture, running finances etc.		**29,586,554**	30,047,225	**32,570,853**	34,567,552	**62,157,407**	64,614,777
Commodity finance	10.2	**15,619,270**	5,205,042	**-**	-	**15,619,270**	5,205,042
Net investment in finance lease	10.3	**305,814**	538,713	**410,329**	420,881	**716,143**	959,594
Islamic financing and related assets							
Diminishing musharakah financing	10.4	**433,901**	1,021,768	**121,353**	11,898	**555,254**	1,033,666
Ijarah financing under IFAS 2	10.5	**9,946**	11,371	**-**	-	**9,946**	11,371
		45,955,485	36,824,119	**33,102,535**	35,000,331	**79,058,020**	71,824,450
Bills discounted and purchased (excluding market treasury bills)							
Payable in Pakistan		**368,044**	386,782	**-**	-	**368,044**	386,782
Payable outside Pakistan		**9,317**	5,738	**3,405**	3,405	**12,722**	9,143
		377,361	392,520	**3,405**	3,405	**380,766**	395,925
Advances - gross	10.1	**46,332,846**	37,216,639	**33,105,940**	35,003,736	**79,438,786**	72,220,375
Provision for non-performing advances							
- Specific provision		**-**	-	**26,880,754**	27,095,152	**26,880,754**	27,095,152
- General provision against consumer and small enterprise advances		**29,130**	19,997	**-**	-	**29,130**	19,997
		29,130	19,997	**26,880,754**	27,095,152	**26,909,884**	27,115,149
Advances - Net of Provision		**46,303,716**	37,196,642	**6,225,186**	7,908,584	**52,528,902**	45,105,226

10.1 Particulars of advances (Gross)	2023	2022
	(Rupees in '000)	
In local currency	**79,438,786**	72,220,375
In foreign currencies	**-**	-
	79,438,786	72,220,375

10.2 This represents commodity financing provided to Food Department and Trading Corporation of Pakistan.

10.3 Net investment in finance lease

	2023				2022			
	Not later than one year	Over one year and less than five years	Over five years and above	Total	Not later than one year	Over one year and less than five years	Over five years and above	Total
	(Rupees in '000)							
Lease rental	**142,323**	**512,715**	**-**	**655,038**	326,395	538,791	-	865,186
Residual value	**116,409**	**63,562**	**-**	**179,971**	217,996	19,886	-	237,882
Minimum lease payments	**258,732**	**576,277**	**-**	**835,009**	544,391	558,677	-	1,103,068
Un-earned income for future periods	**(19,423)**	**(99,443)**	**-**	**(118,866)**	(114,407)	(29,067)	-	(143,474)
Present value of minimum lease payments	**239,309**	**476,834**	**-**	**716,143**	429,984	529,610	-	959,594

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

10.4 Diminishing musharakah financing	Note	2023	2022
		(Rupees in '000)	
Advance against musharakah		**-**	8,526
Diminishing musharakah		**555,254**	1,025,140
		555,254	1,033,666

10.5 Ijarah financing under IFAS 2			
Net book value of assets	10.5.1	**9,946**	11,371
Advance against Ijarah financing		**-**	-
		9,946	11,371

10.5.1 Particulars of assets under Ijarah

	2023							
	Cost			Accumulated depreciation				
	As at January 01	Additions/ Settled	As at December 31	As at January 01	Charge/ Settled	As at December 31	Book value As at December 31	Rate of depreciation %
	(Rupees in '000)							
Vehicle	**16,224**	**(16,224)**	**-**	**14,019**	**(14,019)**	**-**	**-**	**Over the**
Plant and machinery	**28,000**	**950**	**28,950**	**18,834**	**170**	**19,004**	**9,946**	**Ijarah period**
Total	**44,224**	**(15,274)**	**28,950**	**32,853**	**(13,849)**	**19,004**	**9,946**	

	2022							
	Cost			Accumulated depreciation				
	As at January 01	Additions/ Settled	As at December 31	As at January 01	Charge/ Settled	As at December 31	Book value As at December 31	Rate of depreciation %
	(Rupees in '000)							
Vehicle	37,866	(21,642)	16,224	28,341	(14,322)	14,019	2,205	Over the
Plant and machinery	28,000	-	28,000	14,366	4,468	18,834	9,166	Ijarah period
Total	65,866	(21,642)	44,224	42,707	(9,854)	32,853	11,371	

10.5.2 Future Ijarah payments receivable	2023	2022
	(Rupees in '000)	
Not later than one year	9,946	11,371
Later than one year and not later than five years	-	-
	9,946	11,371

10.6 Advances include Rs. 33,105.94 million (2022: Rs. 35,003.74) million which have been placed under non-performing status as detailed below:

Category of Classification		2023		2022	
		Non performing loans	Provision	Non performing loans	Provision
		(Rupees in '000)			
Other assets especially mentioned	10.6.1	1,277	-	52,185	-
Substandard		9,849	573	12,914	519
Doubtful		119,493	2,288	207,444	27,975
Loss		32,975,321	26,877,893	34,731,193	27,066,658
Total		33,105,940	26,880,754	35,003,736	27,095,152

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

10.6.2 The Group has availed the benefit of forced sale value on plant and machinery under charge and mortgaged residential and commercial property (land and building only) held as collateral against non-performing advances on the basis of the instructions of the State Bank of Pakistan. Had the benefit not been taken by the Bank, specific provision against non-performing advances would have been higher by Rs. 6,156.33 (2022: Rs. 7,742.44) million. The resultant increase in profit due to FSV benefit taken will not be available for distribution as cash and stock dividend to shareholders.

10.6.3 Particulars of provision against advances

	2023			2022		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
Opening balance	27,095,152	19,997	27,115,149	25,240,531	12,124	25,252,655
Exchange adjustments	-	-	-	-	-	-
Charge for the year	2,885,789	9,133	2,894,922	2,726,401	7,873	2,734,274
Reversals	(1,712,978)	-	(1,712,978)	(860,610)	-	(860,610)
	1,172,811	9,133	1,181,944	1,865,791	7,873	1,873,664
Amounts charged off - agriculture loans	(42,356)	-	(42,356)	(4,478)	-	(4,478)
Net charge / (reversal) during the year	1,130,455	9,133	1,139,588	1,861,313	7,873	1,869,186
Transferred to other assets under DPS agreement	(1,222,785)	-	(1,222,785)	-	-	-
Amounts written off	(122,069)	-	(122,069)	(6,692)	-	(6,692)
Closing balance	26,880,753	29,130	26,909,883	27,095,152	19,997	27,115,149

10.6.3.1 Particulars of provision against advances

	2023			2022		
	Specific	General	Total	Specific	General	Total
	(Rupees in '000)					
In local currency	26,880,753	29,130	26,909,883	27,095,152	19,997	27,115,149
In foreign currencies	-	-	-	-	-	-
	26,880,753	29,130	26,909,883	27,095,152	19,997	27,115,149

10.6.3.2 General provision against consumer loans represents provision maintained at an amount equal to 1% (2022: 1%) of the fully secured performing portfolio and 1% (2022: 1%) of the unsecured performing portfolio as required by the prudential regulations issued by SBP. General provision against Small Enterprises financing represents provision maintained at an amount equal to 1% (2022: 1%) of the fully secured performing portfolio and 1% of the unsecured performing portfolio as required by the prudential regulations issued by SBP.

		Note	2023	2022
			(Rupees in '000)	
11	FIXED ASSETS			
	Capital work-in-progress	11.1	1,321	26,725
	Property and equipment	11.3	1,349,801	1,340,419
	Right-of-use assets	11.6	2,704,359	2,746,552
			4,055,481	4,113,696
11.1	Capital work-in-progress			
	Civil works		-	4,325
	Equipment		-	2,041
	Advances to suppliers		1,321	20,359
			1,321	26,725
11.2	Movement in Capital work-in-progress			
	Opening balance		26,725	73,166
	Transfer in		36,287	211,216
	Transfer out		(61,691)	(257,657)
	Closing balance		1,321	26,725

11.3 Property and Equipment

	2023				
	Lease hold improvements	Furniture and fixture	Computer and office equipment	Vehicles	Total
	(Rupees in '000)				
At January 1, 2023					
Cost / Revalued amount	1,393,502	571,829	1,825,281	513,316	4,303,928
Accumulated depreciation	579,501	487,068	1,628,707	268,233	2,963,509
Net book value	814,001	84,761	196,574	245,083	1,340,419
Year ended December 31, 2023					
Opening net book value	814,001	84,761	196,574	245,083	1,340,419
Additions	30,792	8,648	239,015	17,988	296,443
Movement in surplus on assets revalued during the year	-	-	-	-	-
Acquisitions through business combinations	-	-	-	-	-
Impairment loss recognised in the profit and loss account - net	-	-	-	-	-
Disposals	-	-	-	(2,006)	(2,006)
Depreciation charge	(69,872)	(24,256)	(109,849)	(81,078)	(285,055)
Exchange rate adjustments	-	-	-	-	-
Other adjustments / transfers	-	-	-	-	-
Closing net book value	774,921	69,153	325,740	179,987	1,349,801
At December 31, 2023					
Cost / Revalued amount	1,424,294	580,440	2,057,574	502,234	4,564,542
Accumulated depreciation	649,373	511,287	1,731,834	322,247	3,214,741
Net book value	774,921	69,153	325,740	179,987	1,349,801
Rate of depreciation (percentage)	5.00%	10.00%	33.33% & 20.0%	20.00%	

	2022				
	Lease hold improvements	Furniture and fixture	Computer and office equipment	Vehicles	Total
	(Rupees in '000)				
At January 1, 2022					
Cost / Revalued amount	1,327,578	565,447	1,739,565	390,935	4,023,525
Accumulated depreciation	512,703	445,688	1,536,232	246,884	2,741,507
Net book value	814,875	119,759	203,333	144,051	1,282,018
Year ended December 31, 2022					
Opening net book value	814,875	119,759	203,333	144,051	1,282,018
Additions	67,009	6,623	99,688	180,341	353,661
Movement in surplus on assets revalued during the year	-	-	-	-	-
Acquisitions through business combinations	-	-	-	-	-
Impairment loss recognised in the profit and loss account - net	-	-	-	-	-
Disposals	(711)	(10)	(24)	(617)	(1,362)
Depreciation charge	(67,172)	(41,611)	(106,423)	(78,692)	(293,898)
Exchange rate adjustments	-	-	-	-	-
Other adjustments / transfers	-	-	-	-	-
Closing net book value	814,001	84,761	196,574	245,083	1,340,419
At December 31, 2022					
Cost / revalued amount	1,393,502	571,829	1,825,281	513,316	4,303,928
Accumulated depreciation	579,501	487,068	1,628,707	268,233	2,963,509
Net book value	814,001	84,761	196,574	245,083	1,340,419
Rate of depreciation (percentage)	5.00%	10.00%	33.33% & 20.0%	20.00%	

11.4 The cost of fully depreciated fixed assets that are still in the Group's use is as follows:

	2023	2022
	(Rupees in '000)	
Leasehold improvements	**325**	309
Furniture and fixtures	**382,511**	305,766
Electrical, office and computer equipment	**1,512,720**	1,341,356
Vehicles	**118,385**	101,849
	2,013,941	1,749,280

11.5 Disposal

Description	Cost	Net Book Value	Sale Proceeds	Mode Of Disposal	Parttculars of The Purchaser
	----------(Rupees in '000)----------				
Computers & Office Equipment					
Items with WDV of below Rs. 250,000/- and cost of less than Rs. 1,000,000/-	6,760	-	855	Negotiation	Various
Motor Vehicles					
Toyota Corolla Altis	2,323	-	-	As Per HR Policy	Tariq Ahsan
Toyota Corolla XLI	2,505	292	418	As Per HR Policy	Rukhsana Narejo
Suzuki Cultus	1,250	-	-	As Per HR Policy	Husn-E-Kamil
Suzuki Wagon R	1,104	-	-	As Per HR Policy	Kazim Hussain
Suzuki Wagon R	1,877	1,251	2,000	Insurance Claim	Sindh Insurance Ltd
Suzuki Wagon R	1,104	-	-	As Per HR Policy	Nazia Rasheed
Suzuki Wagon R	1,104	-	-	As Per HR Policy	Naheed Hashmat
Suzuki Wagon R	1,104	-	-	As Per HR Policy	Ghulam Mustafa Mahar
Suzuki Wagon R	1,104	-	-	As Per HR Policy	Kashif Ahmed Memon
Suzuki Wagon R	1,104	-	-	As Per HR Policy	Khalil Ahmed
Suzuki Wagon R	1,104	-	-	As Per HR Policy	Muhammad Azam Gondal
Suzuki Wagon R	1,104	-	-	As Per HR Policy	Ali Raza
Suzuki Wagon R	1,104	-	-	As Per HR Policy	Wali Muhammad Attar
Suzuki Wagon R	1,104	-	-	As Per HR Policy	Syed Irfan Ali
Suzuki Wagon R	1,104	-	-	As Per HR Policy	Muhammad Adeel Siddiqui
Suzuki Wagon R	1,104	-	-	As Per HR Policy	Ikhlaq Ahmed
Suzuki Wagon R	1,104	-	-	As Per HR Policy	Muhammad Affan Khan
Suzuki Wagon R	1,104	-	-	As Per HR Policy	Khawaja Muhammad Atif
Suzuki Wagon R	1,540	462	462	As Per HR Policy	Syeda Sumaira Zaidi
Items with WDV of below Rs. 250,000/- and cost of less than Rs. 1,000,000/-	4,120	-	3,386	Auction	Various
	29,071	2,006	6,266		
TOTAL	35,831	2,006	7,121		

	2023	2022
	(Rupees in '000)	

11.6 RIGHT-OF-USE ASSETS

Year ended December 31		
Opening net book value	**2,746,552**	1,878,361
Additions	**703,712**	1,537,597
Depreciation charge	**(745,905)**	(669,406)
Closing net book value	**2,704,359**	2,746,552
At December 31		
Cost	**4,500,075**	4,945,865
Accumulated depreciation	**(1,795,716)**	(2,199,313)
Net book value	**2,704,359**	2,746,552
Rate of depreciation (percentage)	**10% to 100%**	10% to 100%

12 INTANGIBLE ASSETS - Computer Software

At January 1		
Cost	**423,803**	380,220
Accumulated amortisation and impairment	**299,781**	263,549
Net book value	**124,022**	116,671
Year ended December 31		
Opening net book value	**124,022**	116,671
Additions:		
- directly purchased	**33,578**	43,584
Amortisation charge	**(43,136)**	(36,232)
Closing net book value	**114,464**	124,022
At December 31,		
Cost	**457,382**	423,803
Accumulated amortisation and impairment	**342,918**	299,781
Net book value	**114,464**	124,022
Rate of amortisation (percentage)	**20%**	20%
Useful life	**5 year**	5 year

12.1 The cost of fully amortised software still in use amounted to Rs. 232.911 million (2022: Rs. 227.23 million)

13 DEFERRED TAX ASSETS-NET

	2023			
	At Jan 1, 2023	Recognised in P&L A/C	Recognised in OCI	At Dec 31, 2023
	(Rupees in '000)			
Deductible Temporary Differences on				
- Provision against advances - general	9,117,819	1,995,359	-	11,113,178
- Tax losses carried forward	3,782,989	(323,272)	17,536	3,477,253
- Provision for diminution in the value of investments	94,853	24,321	-	119,174
- Deficit on revaluation of investments	772,647	-	308,647	1,081,294
- Accelerated tax depreciation - right-of-use assets	(12,302)	408,816	-	396,514
- Others	1,071,012	211,495	218	1,282,725
	14,827,018	2,316,719	326,401	17,470,138
Taxable Temporary Differences on				
- Accelerated tax depreciation - tangible fixed assets	(5,410)	5,046	-	(364)
- Others	(15,598)	(12,297)	-	(27,895)
- Net investment in Lease Finance	(131,859)	-	-	(131,859)
- Surplus on revaluation of non-banking assets	-	-	(88,200)	(88,200)
- Accelerated tax amortization - intangible assets	(11,932)	(8,668)	-	(20,600)
	(164,799)	(15,919)	(88,200)	(268,918)
	14,662,219	2,300,800	238,201	17,201,220

	2022			
	At Jan 1, 2022	Recognised in P&L A/C	Recognised in OCI	At Dec 31, 2022
	(Rupees in '000)			
Deductible Temporary Differences on				
- Provision against advances - general	8,424,857	692,962	-	9,117,819
- Tax losses carried forward	3,319,583	461,689	1,717	3,782,989
- Provision for diminution in the value of investments	247,735	(152,882)	-	94,853
- Deficit on revaluation of investments	717,118	-	55,529	772,647
- Accelerated tax depreciation - right to use assets	(11,049)	(1,253)	-	(12,302)
- Others	714,855	356,157	-	1,071,012
	13,413,099	1,356,673	57,246	14,827,018
Taxable Temporary Differences on				
- Accelerated tax depreciation - tangible fixed assets	(21,330)	15,920	-	(5,410)
- Others	(197)	(15,401)	-	(15,598)
- Net investment in Lease Finance	(131,859)	-	-	(131,859)
- Accelerated tax amortization - intangible assets	(5,927)	(6,005)	-	(11,932)
	(159,313)	(5,486)	-	(164,799)
	13,253,786	1,351,187	57,246	14,662,219

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

	Note	2023	2022
		(Rupees in '000)	
14 OTHER ASSETS			
Income / Mark-up accrued in local currency	14.1	**5,814,866**	4,331,108
Accrued commission income		**19,730**	19,730
Advances, deposits, advance rent and other prepayments		**219,423**	195,156
Receivable against sale of shares		**8,586**	56,982
Mark to market gain on forward foreign exchange contracts		**225,309**	-
Insurance premium receivable against agriculture loans		**9,998**	9,841
Stationery and stamps on hand		**10,332**	18,966
Dividend receivable		**-**	-
Receivable against 1 Link ATM settlement account		**616,552**	305,152
Advance Taxation - net		**-**	50,834
Insurance claims receivable		**7,445**	3,375
Non-Banking assets acquired in satisfaction of claims	14.2	**1,770,000**	-
Other receivables		**141,934**	56,909
		8,844,175	5,048,053
Less: Provison held against other assets		**(1,222,785)**	-
Other assets (net of provision)		**7,621,390**	5,048,053
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		**180,000**	-
		7,801,390	5,048,053

14.1 Income / Mark-up accrued in local currency

- On loans and advances	**2,747,073**	1,697,226
- On investments	**3,066,760**	2,615,414
- Others	**1,033**	18,468
	5,814,866	4,331,108

14.2 Market value of non-banking assets acquired in satisfaction of claims

Non-banking assets acquired in satisfaction of claims have been valued at the average of two independent professional valuers' reports each dated August 11, 2023. As at reporting date, fair value does not differ materially from the recognized amount. These valuations were carried out by Joseph Lobo & Co.Pvt Ltd. and Iqbal A. Nanjee & Co. Pvt. Ltd. on the basis of professional assessment of present market values. The valuer are listed on the panel of Pakistan Bank's Association.

14.3 Non-banking assets acquired in satisfaction of claims	Note	2023	2022
		(Rupees in '000)	
Opening balance		**-**	-
Additions		**1,770,000**	-
Revaluation		**180,000**	-
Disposals		**-**	-
Depreciation		**-**	-
Impairment		**-**	-
		1,950,000	-

15 BILLS PAYABLE

In Pakistan	**898,762**	726,148
Outside Pakistan	**-**	-
	898,762	726,148

	Note	2023	2022
		(Rupees in '000)	
16 BORROWINGS			
Secured			
Borrowings from State Bank of Pakistan			
- Under export refinance scheme	16.2	**1,662,500**	1,874,835
- Under long term finance facility	16.3	**29,940**	59,879
Repurchase agreement borrowings - Secured			
- State Bank of Pakistan (SBP)	16.4	**16,000,000**	105,000,000
- Other commercial banks / DFIs		**19,854,000**	-
		35,854,000	105,000,000
Unsecured			
- State Bank of Pakistan (SBP)	16.5	**571,000**	310,000
- Other microfinance bank	16.6	**150,000**	-
		38,267,440	107,244,714

16.1 Particulars of borrowings with respect to Currencies

In local currency	**38,267,440**	107,244,714
In foreign currencies	**-**	-
	38,267,440	107,244,714

16.2 These represent borrowings from SBP under export refinance scheme at the rates ranging from 17% to 18% (2022: 8% to 10%) per annum having maturity upto six months.

16.3 These represent borrowings from SBP under long term finance facility at the rate of 3% (2022: 3.00%) per annum having maturity upto 5 years.

16.4 These represent repurchase agreement borrowings from State Bank of Pakistan at the rates ranging from 22.11% to 23% (2022: 15.22% to 16.17%) per annum maturing on January 02, 2024 (2022: February 24, 2023). The carrying value of securities given as collateral against these borrowings is given in note 9.3.

16.5 This represent borrowings from SBP under LOC fund of Microfinance Bank Ltd at the rate of 6 month kibor +1% /-1% (2022: 6 month kibor +1% / -1%) per annum having maturity upto 5 years.

16.6 The Group obtained borrowing from Pakistan Microfinance Investment Corporation Ltd. (PMIC). A total amount of Rs. 150 million was sanctioned and received by the Group in two tranches amounting to Rs. 75 million each at a markup rate of six months KIBOR +2.5%. The interest on the facility is payable quarterly and the principle is repayable in 4 quarterly installments by January 2025.

17 DEPOSITS AND OTHER ACCOUNTS

	2023			2022		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	Rupees in '000					
Customers						
Current deposits	**57,010,572**	**918,827**	**57,929,399**	57,625,139	538,290	58,163,429
Savings deposits	**126,203,023**	**1,231,979**	**127,435,002**	98,451,962	1,009,539	99,461,501
Term deposits	**35,284,997**	**282,821**	**35,567,818**	62,121,959	435,818	62,557,777
Margin and other deposits	**2,302,355**	**-**	**2,302,355**	480,506	-	480,506
	220,800,947	**2,433,627**	**223,234,574**	218,679,566	1,983,647	220,663,213
Financial Institutions						
Current deposits	**48,424**	**30**	**48,454**	53,242	24	53,266
Savings deposits	**1,038,824**	**-**	**1,038,824**	897,189	-	897,189
Term deposits	**400,000**	**-**	**400,000**	1,899,000	-	1,899,000
Margin and other deposits	**120,062**	**-**	**120,062**	120,044	-	120,044
	1,607,310	**30**	**1,607,340**	2,969,475	24	2,969,499
	222,408,257	**2,433,657**	**224,841,914**	221,649,041	1,983,671	223,632,712

17.1 Composition of deposits

	2023	2022
	(Rupees in '000)	
- Individuals	**40,549,975**	33,467,773
- Government (federal and provincial)	**143,233,090**	150,415,341
- Public sector entities	**760,909**	3,580,365
- Banking companies	**537,134**	264,863
- Non-Banking financial institutions	**1,301,521**	2,648,298
- Private sectors	**38,478,944**	33,256,072
	224,861,573	223,632,712

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

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

As at 31 December 2023, the deposits eligible to be covered under insurance arrangements amounted to Rs. 52,145.15 million (2022: Rs. 39,403.11 million) and premium paid amounted to Rs. 63.04 million (2022 : Rs. 51.61 million).

	Note	2023	2022
		(Rupees in '000)	
18 OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		**9,315,772**	4,776,890
Mark-up / return / interest payable in foreign currency		**4,125**	3,485
Accrued expenses		**353,654**	282,605
Net defined benefit liability		**156,413**	107,192
Provision for compensated absences		**309,951**	250,603
Payable to employees' provident fund		**297**	784
Payable against purchase of operating fixed assets		**22,834**	44,089
Payable against purchase of shares		**-**	309,248
Retention money		**63,987**	56,547
Federal excise duty / sales tax on services payable		**6,226**	1,835
Lease liability against right of use assets	18.1	**3,231,133**	2,896,585
Mark to market loss on forward foreign exchange contracts		**-**	692,112
Withholding tax payable		**154,037**	23,742
Provision for taxation		**106,446**	-
Security deposit against leasess	18.2	**179,971**	237,882
Others		**330,464**	395,962
		14,235,310	10,079,561

18.1 Lease liability against right of use assets

Opening balance	**2,896,585**	2,129,702
Impact of adoption of IFRS 16	**-**	-
Additions / renewals	**871,350**	1,539,139
Borrowing cost	**641,619**	235,296
Payments	**(1,178,421)**	(1,007,552)
Closing balance	**3,231,133**	2,896,585
Current lease liability	**503,666**	901,394
Non current lease liability	**2,727,467**	1,995,191
	3,231,133	2,896,585

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

19 SHARE CAPITAL-NET

19.1 Authorised capital

2023	2022		2023	2022
Number of shares			Number of shares	
3,500,000,000	3,000,000,000	Ordinary shares of Rs.10 each	**35,000,000**	30,000,000

19.2 Issued, subscribed and paid-up share capital — **Fully paid in Cash**

2,571,013,000	2171,013,000	Ordinary shares of Rs.10 each	**25,710,130**	21,710,130
500,000,000	400,000,000	Risght shares of Rs.10 each issued during the year	**5,000,000**	4,000,000
381,429,817	381,429,817	Ordinary shares of Rs. 10 issued as	**3,814,298**	3,814,298
3,452,442,817	2,952,442,817	consideration of amalgamation	**34,524,428**	29,524,428

19.3 The Government of Sindh, through its Finance Department, owns 99.97% ordinary shares of the Group.

			2023	2022
20	DEFICIT ON REVALUATION OF ASSETS - NET OF DEFERRED TAX		(Rupees in '000)	
	Surplus / (deficit) on revaluation of			
20.1	- Available-for-sale securities			
	Federal Government securities		(2,461,306)	(1,627,156)
	Fully paid ordinary shares - listed		212,934	(373,481)
	Units of mutual funds (units / certificates)		41,651	19,492
		9.1	(2,206,721)	(1,981,145)
	- Non-banking assets acquired in satisfaction of claims	20.2	180,000	-
			(2,026,721)	(1,981,145)
	Deferred tax on surplus / (deficit) on revaluation of:			
	- Available for sale securities	13	1,081,293	772,645
	- Non-banking assets acquired in satisfaction of claims	20.2	(88,200)	-
			993,093	772,645
			(1,033,628)	(1,208,500)
20.2	Surplus on revaluation of non-banking assets acquired in satisfaction of claims			
	Surplus on revaluation as at January 01		-	-
	Recognised during the year		180,000	-
	Surplus on revaluation as at December 31		180,000	-
	Less: related deferred tax liability on:			
	- revaluation as at January 01		-	-
	- revaluation recognised during the year		(88,200)	-
		13	(88,200)	-
			91,800	-
21	CONTINGENCIES AND COMMITMENTS			
	-Guarantees	21.1	7,385,376	4,475,012
	-Commitments	21.2	140,645,785	167,300,904
	-Other contingent liabilities		-	-
			148,031,161	171,775,916
21.1	Guarantees:			
	Financial guarantees		846,955	695,773
	Performance guarantees		5,029,483	2,684,368
	Other guarantees		1,508,938	1,094,871
			7,385,376	4,475,012
21.2	Commitments:			
	Documentary credits and short-term trade-related transactions			
	- letters of credit		6,955,172	549,961
	Commitments in respect of:			
	- forward foreign exchange contracts	21.2.1	79,256,691	32,362,486
	- forward lending, borrowings and credits	21.2.2	54,433,922	134,388,457
	Other commitments		-	-
			140,645,785	167,300,904
21.2.1	Commitments in respect of forward foreign exchange contracts			
	Purchase		39,761,279	16,669,577
	Sale		39,495,412	15,692,909
			79,256,691	32,362,486

	Note	2023	2022
		(Rupees in '000)	
21.2.2 Commitments in respect of forward lending, borrowings and credits			
Forward repurchase agreement borrowing		**37,936,671**	106,368,612
Forward resale agreement lending		**-**	19,984,859
Undrawn formal standby facilities, credit lines and other commitments to lend	21.2.2.1	**16,497,251**	8,034,986
		54,433,922	134,388,457

21.2.2.1 Commitments to extend credit

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

21.3 Contingencies

The Income Tax returns of the Group have been filed up to the tax year 2023 (accounting year ended December 31, 2022) and amendment of deemed assessment were carried out till tax year 2021, whereby certain disallowances to the taxable income were made.

Appeals against amended orders were filed before Commissioner Inland Revenue Authority (CIRA), these appeals decided in bank's favor and thereby delated impugned demands.

With respect to Group's operations in Azad Jammu & Kashmir (AJK), bank has filed income tax returns upto tax year 2023 (accounting year ended December 31, 2022) with the tax authorities of AJK. The Commissioner has issued amended assessment orders upto tax year 2019. The Group has filed appeals which are pending at CIRA.

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

The Federal Government has levied windfall tax vide S.R.O.1588 (I)/2023 dated November 21, 2023, on foreign exchange income for the tax year 2022 and 2023. The Group along with other banks have filed petition before the High Court who has granted stay against recovery.

The management is confident that these matters will be decided in favour of the Group and consequently has to made any provision in respect of these amounts.

Through the Finance Act, 2023, 10% of super tax under section 4C levied on Banks in addition to normal tax rate i.e. 39%, Accordingly, the related impact of these changes have been incorporated in the current year. The Group along with other banks ahve also filed petition before the High Court who has granted stay against recovery of super tax.

21.3.1 Sindh Leasing Company Limited - Amalgamated

The Income Tax returns of the Ex-Sindh Leasing Company Limited have been filed up to the tax year 2021 (accounting year ended December 31, 2020, interim period). ACIR initiated proceedings under section 122(5A) of the Ordinance which were finalized through order, increasing taxable income to Rs. 40,242,222 and raising additional tax demand of Rs. 2,974,421. The tax demand was duly paid under protest.

Appeal was filed before the Commissioner Inland Revenue Appeals (CIRA) on March 22, 2022 which was decided in Bank's favour and thereby deleting the whole of the impugned tax demand, accordingly, the refund application filed.

Withholding tax monitoring proceedings of tax year 2015, 2018 and 2019 were initiated under section 176 of the income tax ordinance, 2001 read with rule 44 of income tax rules, 2002 by tax authorities, however, order not yet passed.

	2023	2022
	(Rupees in '000)	
21.3.2 Other Contingent Liabilities		
Claims against the Group not acknowledged as debts	**792,500**	792,500

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

22 MARK-UP/RETURN/INTEREST EARNED

	Note	2023	2022
		(Rupees in '000)	
On loans and advances	22.1	8,265,792	5,596,350
On investments		41,537,920	29,816,335
On lendings to financial institutions		1,121,885	1,331,570
On balances with banks		322,750	98,700
		51,248,347	36,842,955

22.1 This includes income from Leasing business amounting to Rs. 36.98 (2022: 63.85) million.

23 MARK-UP/RETURN/INTEREST EXPENSED

Deposits	31,065,634	16,424,938
Borrowings	10,960,439	14,524,511
Lease liability against right of use assets	608,880	231,927
Others	-	-
	42,634,953	31,181,376

24 FEE & COMMISSION INCOME

Branch banking customer fees	73,889	62,642
Consumer finance related fees	3,521	2,189
Card related fees (debit cards)	271,392	213,977
Commission on trade	153,953	59,043
Commission on guarantees	57,045	51,888
Credit related fees	11,262	17,000
Commission on remittances including home remittances	27,961	20,223
Others	3,478	874
	602,501	427,836

25 GAIN / (LOSS) ON SECURITIES

Realised	25.1	337,703	(157,712)
Unrealised - held for trading		-	-
		337,703	(157,712)

25.1 Realised (loss) / gain on:

Federal Government Securities	9,799	(22,658)
Shares of listed companies	314,106	(135,054)
Units of mutual funds	13,798	-
Others investments	-	-
	337,703	(157,712)

26 OTHER INCOME

Incidental charges	2,246	799
Gain on sale of operating fixed assets	5,115	3,630
Rent on premises shared	1,284	1,130
Prequalification application fee for tender	72	26
Godown charges	160	250
Others	-	1,730
	8,877	7,565

27 OPERATING EXPENSES

	Note	2023	2022
		(Rupees in '000)	
Total compensation expense	27.2	**4,554,276**	3,764,016
Property expense			
Rent & taxes		**80,566**	32,373
Insurance		**56,062**	54,990
Utilities cost		**525,367**	408,588
Security		**467,344**	402,784
Repairs & maintenance		**20,509**	26,018
Depreciation		**69,667**	67,000
Depreciation- right of use assets		**745,905**	669,406
		1,965,420	1,661,159
Information technology expenses			
Software maintenance		**151,157**	128,645
Hardware maintenance		**125,604**	86,167
Depreciation		**41,547**	18,726
Amortisation		**43,136**	36,232
Network charges		**21,904**	14,700
Others		**73,900**	45,935
		457,248	330,405
Other operating expense			
Directors' fees and allowances		**27,389**	18,380
Fees and allowances to Shariah Board		**4,697**	4,018
Legal & professional charges		**68,981**	28,501
Travelling & conveyance		**68,666**	52,649
NIFT clearing charges		**34,932**	33,872
Depreciation		**173,838**	208,171
Training & development		**5,700**	3,180
Postage & courier charges		**31,603**	25,814
Communication		**194,137**	130,312
Stationery & printing		**170,596**	110,796
Marketing, advertisement & publicity		**73,257**	56,813
Donations		**-**	50,003
Auditor's remuneration	27.4	**13,455**	13,441
Repairs & maintenance		**173,936**	131,273
Brokerage and commission		**6,036**	9,280
Entertainment expenses		**75,302**	62,650
Premium of deposit protection fund		**63,045**	51,609
Fees and subscription		**105,608**	75,647
Insurance expenses		**16,200**	16,760
Outsourced service lost	27.1	**143,553**	112,568
Others		**50,095**	48,683
		1,501,026	1,244,420
		8,477,970	7,000,000

27.1 Total cost for the year included in other operating expenses relating to Janitorial outsourced activities is Rs. 143.552 million (2022: 112.52 million). These expenses represent payments made to companies incorporated in Pakistan.

		Note	2023	2022
			(Rupees in '000)	
27.2	**Total compensation expense**			
	Managerial remuneration			
	- Fixed		**2,877,321**	2,363,049
	- Variable cash bonus / awards etc.		**16,045**	12,349
	Charge for defined benefit plan		**119,875**	104,137
	Contribution to defined contribution plan		**138,290**	122,801
	Rent & house maintenance		**673,148**	602,965
	Utilities		**138,763**	123,274
	Medical		**138,847**	123,350
	Conveyance		**120,507**	114,356
	Dearness allowance		**48,115**	-
	Employee old age benefits contribution		**32,229**	17,602
	Leave fare assistance allowances		**76,976**	65,868
	Leave encashment		**80,671**	40,905
	Staff insurances		**84,153**	69,874
	Others staff		**9,336**	3,486
			4,554,276	3,764,016
27.3	**Auditors' remuneration**			
	Audit fee		**11,268**	11,083
	Fee for other statutory certifications		**955**	1,266
	Special certifications and sundry advisory services		**610**	549
	Out-of-pocket expenses		**622**	543
			13,455	13,441
28	**OTHER CHARGES**			
	Penalties imposed by the State Bank of Pakistan		**59,164**	9,834
	Others		**-**	-
			59,164	9,834
29	**PROVISIONS & WRITE OFFS - NET**			
	Provisions / diminution in value of investments	9.4.1	**9,101**	80,939
	Provisions against loans & advances		**1,130,456**	1,864,879
	General provision		**9,132**	4,309
	Net provision during the year	10.6.3	**1,139,588**	1,869,188
	Fixed assets written off		**-**	-
	Bad debts written off directly		**4,879**	2,327
			1,153,568	1,952,454
30	**TAXATION**			
	Current		**830,038**	483,674
	Prior years		**2,126**	-
	Deferred		**(2,300,800)**	(1,351,187)
			(1,468,636)	(867,513)
30.1	**Relationship between tax expense and accounting profit**			
	Profit / (Loss) before tax		**787,616**	(2,211,852)
	Tax on income / (loss) at applicable rates		**(385,932)**	(862,622)
	Effect of prior year on current taxation		**-**	-
	Effect of permanent differences		**(1,082,704)**	(4,891)
			(1,468,636)	(867,513)

30.2 During the period, rate of super tax was enhanced to 10% for the tax year 2024 and onwards. Accordingly, the impact of this change has been incorporated in these consolidated financial statements.

31 BASIC EARNINGS/ (LOSS) PER SHARE

	Note	2023	2022
		(Rupees in '000)	
Profit / (Loss) for the year		**2,256,252**	(1,344,339)
Weighted average number of ordinary shares		**3,018,196,242**	2,580,935,968
Basic Profit / (loss) per share		**0.75**	(0.52)

32 DILUTED EARNINGS / (LOSS) PER SHARE

Profit / (Loss) for the year		**2,256,252**	(1,344,339)
Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)		**3,018,196,242**	2,580,935,968
Diluted profit / (loss) per share		**0.75**	(0.52)

33 CASH AND CASH EQUIVALENTS

Cash and balance with treasury banks	6	**53,488,206**	14,204,082
Balance with other banks	7	**1,484,233**	2,014,183
		54,972,439	16,218,265

34 STAFF STRENGTH

Permanent		**2,104**	2,097
Temporary / on contractual basis		**408**	296
Total staff strength	34.1	**2,512**	2,393

34.1 In addition to the above 525 (2022: 502) staff from outsourcing service companies were assigned to the Group.

35 DEFINED BENEFIT AND CONTRIBUTION PLANS

35.1 Defined benefit plan

The Group operates a recognised gratuity plan for all its permanent and full time employees in the management cadre who have completed the minimum qualifying period of three years. Contributions are made to the fund in accordance with the recommendations of an actuary. Employees are entitled to the benefits under the plan which comprise of the last drawn basic salary for each completed year of service, subject to completion of minimum three years services with the Group. The number of employees covered under the schemes are 2,268 (2022: 2,286).

35.1.1 Principal actuarial assumptions

The latest actuarial valuation was carried out as at December 31, 2023 using the Projected Unit Credit Method.

Following are the significant assumptions used in the actuarial valuation:

	2023	2022
	(Percentage)	
- Discount rate	**14.50% - 15.50%**	14.25% - 14.50%
- Expected rate of increase in salaries-short term	**12.50% to 15.50%**	10% to 13.5%
- Expected rate of increase in salaries-long term	**14.50%**	13.25% - 13.50%
- Expected return on plan assets	**15.50%**	14.25%
- Duration (Years)	**7.36%**	10.43%

	Note	2023	2022
		(Rupees in '000)	
35.1.2 Reconciliation of net defined benefit liability			
Present value of defined benefit liability	35.1.5	**991,460**	755,215
Fair value of plan assets	35.1.6	**(831,873)**	(648,024)
Payable to defined benefit plan	35.1.3	**159,587**	107,191
35.1.3 Movement in net defined benefit liability			
Opening balance		**107,191**	98,875
Charge to profit and loss during the year	35.1.4	**123,050**	104,137
Remeasurement loss recognized in OCI	35.1.4	**36,621**	3,822
Bank's contribution		**(107,191)**	(99,643)
Closing balance		**159,671**	107,191
35.1.4 Charge for defined benefit plan			
In profit and loss			
Current service cost		**113,291**	98,171
Interest cost - net		**9,759**	5,966
Charge for the year		**123,050**	104,137
In other comprehensive income			
Remeasurement loss on defined benefit obligation		**83,821**	(9,079)
Remeasurement loss on plan assets		**(47,200)**	12,901
		36,621	3,822
35.1.5 Changes in present value of defined benefit liability			
Opening balance		**765,077**	631,568
Current service cost		**113,291**	98,171
Interest cost		**102,271**	74,592
Past service cost		**-**	-
Benefits paid		**(73,000)**	(30,175)
Actuarial loss / (gain) on obligation		**-**	
- Financial assumptions		**61**	155
- Demographic assumptions		**-**	(185)
- Experience assumptions		**83,760**	(9,049)
		83,821	(9,079)
Closing balance		**991,460**	765,077
35.1.6 Fair value of plan assets			
Fair value of plan assets at the beginning of the year		**657,885**	532,693
Expected return on plan assets		**92,596**	68,626
Bank's contributions		**107,192**	99,642
Benefits paid		**(73,000)**	(30,175)
Actuarial loss on assets - experience assumptions		**47,200**	(12,901)
Fair value of plan assets at the end of the year	35.1.7	**831,873**	657,885

	2023	2022
	(Rupees in '000)	

35.1.7 Plan assets comprise

Balance held in bank accounts	**831,873**	657,885

35.1.8 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:

Discount rate (1% variation)	**911,594**	683,211
Future salary growth (1% variation)	**1,058,851**	842,742
Future mortality (1 year variation)	**956,832**	737,637

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

35.1.9 The expected gratuity expense for the year commencing January 01, 2024 works out to Rs. 138.222 million (2023: Rs. 108.66 million).

35.1.10 Maturity analysis

The weighted average duration of the defined benefit obligation works out to be 7.36 years. Expected benefit payments for the next five years are:

	2024	2025	2026	2027	2028
	(Rupees in '000)				
Expected benefit payments	107,800	100,453	98,307	131,529	118,325

35.1.11 Risks Associated with Defined Benefit Plans

Investment Risks

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

Longevity Risks

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

Salary Increase Risk

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

Withdrawal Risk

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

35.2 Defined contribution plan

The Group operates a recognised provident fund plan for all its permanent employees. Equal monthly contributions are made, both by the Group and its employees, to the fund at the rate of 10% of basic salary of the employees. The minimum qualifying period of service for the purpose of the Group's contribution is one year. The contribution made by the Group and its employees during the year amounted to Rs. 286.86 million (2022: Rs. 246 million). The number of employees as at December 31, 2023 eligible under the plan were 2,060 (2022: 2147).

36 COMPENSATED ABSENCES

The Group grants compensated absences to all its regular employees as per service rules. Minimum qualifying period for encashment is three years of service. Regular employees are entitled to 30 days privilege leave for each completed year of service. Unutilized privilege leave is accumulated upto a maximum of 60 days which would be encashed at the time of retirement from the regular service of the Group or severance of service except in case of dismissal. This is encashable on the basis of last drawn gross salary. The Group recognises the liability for compensated absences in respect of employees in the period in which these are earned up to the balance sheet date. The provision of Rs. 309.95 million (2022: Rs. 250.60 million) has been made on the basis of actuarial recommendations.

	Note	2023	2022
		(Rupees in '000)	
36.1 Movement of compensated absences			
Opening balance		**250,603**	224,032
Expense / (reversal) for the year		**80,671**	40,906
Benefit paid during the year		**(21,323)**	(14,335)
Closing balance		**309,951**	250,603

37 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

37.1 Total Compensation Expense

	2023						
	Directors						
	Chairman	Executives (other than CEO)	Non-Executives	Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	(Rupees in ' 000')						
Fees and allowances	4,673	-	22,497	3,386	-	-	-
Managerial remuneration							
- Fixed	-	-	-	-	22,128	155,265	112,873
- Variable cash bonus / awards	-	-	-	-	-	1,240	-
Charge for defined benefit plan	-	-	-	-	1,463	12,869	9,437
Contribution to defined contribution plan	-	-	-	-	2,213	14,744	11,287
Rent & house maintenance	-	-	-	-	9,957	69,869	50,793
Utilities	-	-	-	-	2,213	15,526	11,287
Medical	-	-	-	-	2,213	15,526	11,287
Conveyance	-	-	-	1,311	2,294	37,761	55,591
Bonus	-	-	-	-	3,921	23,280	16,554
Others	400	-	-	-	6,109	18,485	13,091
Total	5,073	-	22,497	4,697	52,511	364,565	292,200
Number of Persons	1	-	11	2	2	37	43

	2022						
	Directors						
	Chairman	Executives (other than CEO)	Non-Executives	Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers/ Controllers
	(Rupees in ' 000')						
Fees and allowances	3,175	-	15,205	2,780	-	-	-
Managerial remuneration							
- Fixed	-	-	-	-	23,207	134,122	80,043
- Variable cash bonus / awards	-	-	-	-	-	1,000	-
Charge for defined benefit plan	-	-	-	-	1,437	9,854	6,228
Contribution to defined contribution plan	-	-	-	-	2,321	12,672	7,872
Rent & house maintenance	-	-	-	-	10,443	60,355	36,019
Utilities	-	-	-	-	2,321	13,413	8,004
Medical	-	-	-	-	2,321	13,413	8,004
Conveyance	-	-	-	1,340	1,644	26,773	34,575
Bonus	-	-	-	-	3,622	21,420	13,286
Others	300	-	-	-	1,150	16,365	11,326
Total	3,475	-	15,205	4,120	48,466	309,387	205,357
Number of persons	1	-	9	2	2	31	36

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

37.1.2 The term "Key Management Personnel" means the following functional responsibilities:

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

(b) Any executive or key executive reporting directly to the CEO / President or the person mentioned in (a) above. The term 'Material Risk Taker' and 'Material Risk Controller' have the same meaning as defined in revised guidelines on remuneration practice issued by the State Bank of Pakistan vide BPRD circular No. 1 of 2017.

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

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

		2023							
			For Board Committee						
Sr. No.	Name of Directors	For Board Meetings	Audit Committee	Risk Management Committee	I.T. Committee	Human Resource & Remuneration Committee	Special Asset Management Committee	Nomination Committee	Total Amount Paid
		Amount Rs. 000							
1	Mr. Anis A Khan	2,000	-	-	600	800	1,000	200	4,600
2	Mr. Javaid B.Sheikh	2,000	1,400	800	-	-	-	-	4,200
3	Ms. Shaista Bano Gilani	2,000	1,000	400	-	600	-	-	4,000
4	Mr. Mohammed Aftab Alam	2,000	1,400	-	600	-	1,000	200	5,200
5	Mr. Kazim Hussain Jatoi	500	-	200	-	400	200	-	1,300
6	Mr. Imtiaz Ahmad Butt	500	-	200	200	-	-	-	900
7	Mr. Asif Jahangir	1,250	600	400	-	-	-	-	2,250
8	Mr. Sajid Jamal Abro	1,500	-	400	-	400	600	200	3,100
9	Mr. Adnan Ali Khan	1,000	-	-	200	200	-	-	1,400
10	Mr.Abdul Quddus Khan	60	-	-	-	-	-	-	60
11	Mr. Ghulam Mustafa Suhag	60	-	-	-	-	-	-	60
12	Mr. Sikandar Abbasi	100	-	-	-	-	-	-	100
	Total Amount Paid	12,970	4,400	2,400	1,600	2,400	2,800	600	27,170

		2022							
			For Board Committee						
Sr. No.	Name of Directors	For Board Meetings	Audit Committee	Risk Management Committee	I.T. Committee	Human Resource & Remuneration Committee	Special Asset Management Committee	Nomination Committee	Total Amount Paid
		Amount Rs. 000							
1	Mr. Anis Ahmed Khan	1,800	-	-	375	200	600	200	3,175
2	Mr. Sajid Jamal Abro	1,650	175	575	-	200	600	200	3,400
3	Mr. Asif Jahangir	2,050	400	200	175	-	-	-	2,825
4	Mr. Javaid Bashir Sheikh	2,050	750	575	-	-	-	-	3,375
5	Mr. Mohammed Aftab Alam	1,450	400	-	375	-	600	200	3,025
6	Mr. Adnan Ali Khan	750	-	-	200	200	-	-	1,150
7	Mrs. Masooma Hussain	600	350	-	-	-	-	-	950
8	Mr.Abdul Quddus Khan	80	-	-	-	-	-	-	80
9	Mr. Abdul Sattar Jumani	40	-	-	-	-	-	-	40
10	Dr. Noor Muhammad Soomro	40	-	-	-	-	-	-	40
11	Mr. Ghulam Mustafa Suhag	80	-	-	-	-	-	-	80
12	Mr. Farooq Ahmed	40	-	-	-	-	-	-	40
13	Ms.Naila Masood	40	-	-	-	20	-	-	60
14	Mr. Shamsuddin Khan	40	-	-	-	20	-	-	60
15	Mr. Sikandar Abbasi	80	-	-	-	-	-	-	80
Total amount paid		10,790	2,075	1,350	1,125	640	1,800	600	18,380

37.3 Remuneration paid to Shariah Board Members

Items	2023			2022		
	Chairman	Member	Resident Member	Chairman	Member	Resident Member
	Amount Rs. 000					
Managerial remuneration (fixed)	**1,717**	**1,669**	**-**	1,561	1,517	-
Fuel allowances	**655**	**655**	**-**	470	470	-
Total amount	**2,372**	**2,324**	**-**	2,031	1,987	-
Total number of persons	**1**	**1**		1	1	

38 FAIR VALUE MEASUREMENTS

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

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

The repricing profile, effective rates and maturity profile are stated in note 44.2.6 to these financial statements.

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

38.1 Fair value of financial assets

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

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

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

Level 3: Unobservable inputs for the asset or liability.

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

	2023			
	Fair Value			
	Level 1	Level 2	Level 3	Total
	---------- (Rupees in '000) ----------			
On balance sheet financial instruments				
Financial assets measured at fair value				
Available-for-sale securities				
Pakistan investment bonds	-	128,205,319	-	128,205,319
Shares of listed companies	841,388	-	-	841,388
Units of mutual funds	156,170	-	-	156,170
Ijarah Sukuk - GoP	-	4,042,076	-	4,042,076
	997,558	132,247,395	-	133,244,953
Off balance sheet financial instruments				
Foreign exchange contracts (purchase)	-	39,761,279	-	39,761,279
Foreign exchange contracts (sale)	-	39,495,412	-	39,495,412

	2022			
	Fair Value			
	Level 1	Level 2	Level 3	Total
	---------- (Rupees in '000) ----------			
On balance sheet financial instruments				
Financial assets measured at fair value				
Available-for-sale securities				
Pakistan investment bonds	-	142,067,256	-	142,067,256
Market treasury bills	-	63,928,571	-	63,928,571
Shares of listed companies	2,069,094	-	-	2,069,094
Units of mutual funds	68,975	122,760	-	191,735
Ijarah Sukuk - GoP	-	3,985,410	-	3,985,410
	2,138,069	210,103,997	-	212,242,066
Off balance sheet financial instruments				
Foreign exchange contracts (purchase)	-	16,669,577	-	16,669,577
Foreign exchange contracts (sale)	-	15,692,909	-	15,692,909

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

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

39 SEGMENT INFORMATION

39.1 Segment Details with respect to Business Activities

	2023				
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
	(Rupees in '000)				
Profit & Loss					
Net mark-up / return / interest income	32,035,688	49,791	-	(24,092,021)	7,993,458
Inter segment revenue - net	(38,819,878)	-	-	38,819,878	-
Non mark-up / interest income	1,211,700	175	-	653,787	1,865,662
Total Income	(5,572,490)	49,966	-	15,381,644	9,859,120
Segment direct expenses	(114,925)	(3,990)	-	(8,519,863)	(8,638,778)
Inter segment expense allocation	(159,326)	(37,343)	-	(1,390,855)	(1,587,524)
Total expenses	(274,251)	(41,333)	-	(9,910,718)	(10,226,302)
Provisions	(9,101)	-	-	1,033,095	1,023,994
(Loss) / Profit before tax	(5,855,842)	8,633	-	6,504,021	656,812
Balance Sheet					
Cash & Bank balances	47,605,256	-	-	7,367,183	54,972,439
Investments	166,503,472	-	-	(105,592)	166,397,880
Net inter segment lending	-	-	-	183,460,692	183,460,692
Lendings to financial institutions	-	-	-	-	-
Advances - performing	49,100	694,211	-	45,560,405	46,303,716
Advances - non-performing	-	-	-	6,225,186	6,225,186
Others	6,323,118	3,344	-	22,846,093	29,172,555
Total Assets	220,480,946	697,555	-	265,353,967	486,532,468
Borrowings	35,883,940	-	-	2,383,500	38,267,440
Subordinated debt	-	-	-	-	-
Deposits & other accounts	-	-	-	224,841,914	224,841,914
Net inter segment borrowing	182,771,285	689,407	-	-	183,460,692
Others	299,727	8,148	-	14,826,197	15,134,072
Total liabilities	218,954,952	697,555	-	242,051,611	461,704,118
Equity	1,525,994	-	-	23,302,356	24,828,350
Total Equity & liabilities	220,480,946	697,555	-	265,353,967	486,532,468
Contingencies & Commitments	115,302,612	-	-	30,837,799	146,140,411

	2022				
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
	(Rupees in '000')				
Profit & Loss					
Net mark-up / return / interest income	16,703,966	385,984	-	(11,428,371)	5,661,579
Inter segment revenue - net	(22,136,445)	-	-	22,136,445	-
Non mark-up / interest income	606,009	453	-	482,395	1,088,857
Total Income	(4,826,470)	386,437	-	11,190,469	6,750,436
Segment direct expenses	(101,900)	(4,027)	-	(5,375,967)	(5,481,894)
Inter segment expense allocation	(125,281)	(30,618)	-	(1,372,041)	(1,527,940)
Total expenses	(227,181)	(34,645)	-	(6,748,008)	(7,009,834)
Provisions	(80,939)	(13,816)	-	(1,857,699)	(1,952,454)
(Loss) / Profit before tax	(5,134,590)	337,976	-	2,584,762	(2,211,852)
Balance Sheet					
Cash & bank balances	9,432,651	429,997	-	6,355,617	16,218,265
Investments	253,802,777	54,788	-	-	253,857,565
Net inter segment lending	750,000	(750,000)	-	181,249,550	181,249,550
Lendings to financial institutions	19,967,424	-	-	-	19,967,424
Advances - performing	47,748	1,742,765	-	35,406,130	37,196,643
Advances - non-performing	-	32,880	-	7,875,703	7,908,583
Others	4,903,213	211,034	-	18,833,743	23,947,990
Total Assets	288,903,813	1,721,464	-	249,720,743	540,346,020
Borrowings	105,059,879	310,000	-	1,874,835	107,244,714
Subordinated debt	-	-	-	-	-
Deposits & other accounts	-	588,762	-	223,043,950	223,632,712
Net inter segment borrowing	180,782,307	467,243	-	-	181,249,550
Others	2,440,114	93,084	-	8,272,511	10,805,709
Total liabilities	288,282,300	1,459,089	-	233,191,296	522,932,685
Equity	621,513	262,375	-	16,529,447	17,413,335
Total Equity & liabilities	288,903,813	1,721,464	-	249,720,743	540,346,020
Contingencies & Commitments	158,715,957	-	-	13,059,959	17,775,916

40 RELATED PARTY TRANSACTIONS

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

Transactions with related parties includes deposits, advances and other banking services which are carried out on an arm's length basis. Transaction with executives and key management persons are undertaken at terms in accordance with employment agreements and service rules. Contributions to and accruals in respect of staff retirement benefit plans are made in accordance with the terms of the benefit plan. Remuneration of the President & Chief Executive Officer and directors are determined in accordance with the terms of their appointment.

Government of Sindh (GoS) through its Finance Department holds 99.95% shareholding in the Group and therefore entities which are owned and / or controlled by the GoS, or where the GoS may exercise significant influence, are related parties of the Group. The Group in the ordinary course of business enters into transactions with Government-related entities. Such transactions include lending to, deposits from and provision of other banking services to such entities. However, it is impracticable to disclose transactions with all other entities owned or controlled by GoS.

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

	2023			2022		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
	(Rupees in '000')					
Investments						
Opening balance	-	-	-	-	-	-
Investment made during the year	-	-	-	-	-	-
Investment redeemed / disposed off during the year	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-
Advances						
Opening balance	-	222,730	-	-	211,252	-
Addition during the year	-	15,342	-	-	77,693	-
Repaid during the year	-	70,836	-	-	104,370	-
Transfer in / (out) - net	-	44,654	64,377	-	38,155	-
Closing balance	-	211,890	64,377	-	222,730	-
Other Assets						
Interest / mark-up accrued	-	226	4,029	-	233	-
Other receivable	-	-	-	-	-	-
	-	226	4,029	-	233	-
Deposits and other accounts						
Opening balance	5,101	304,178	1,837,495	767	40,596	2,138,735
Received during the year	28,089	1,023,861	12,602,719	20,783	923,785	16,435,032
Withdrawn during the year	26,365	1,226,908	12,823,927	19,132	732,137	16,736,272
Transfer in / (out) - net	(5,785)	(35,042)	-	2,683	71,934	-
Closing balance	1,040	66,089	1,616,287	5,101	304,178	1,837,495
Other Liabilities						
Premium payable	-	-	-	-	-	-
Interest / mark-up payable	15	3,355	96,812	21	3,949	28,249
	15	3,355	96,812	21	3,949	28,249

40 RELATED PARTY TRANSACTIONS

	2023			2022		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
	(Rupees in '000)					
Income:						
Mark-up / return / interest earned	-	9,047	23,526	-	8,079	4,492
Fee and commission income	3	8	50	2	27	39
Net gain on sale of securities	-	-	1,380	-	-	232
Other income	-	-	1,283	-	-	1,130
Expense:						
Mark-up / return / interest paid	152	17,242	248,550	61	7,820	200,472
Remuneration paid	-	304,675	-	-	253,087	-
Contribution to provident fund	-	19,854	-	-	17,570	-
Provision for gratuity	-	18,805	-	-	17,512	-
Other staff benefits	-	33,397	-	-	27,569	-
Directors' meeting fee	27,170	-	-	18,380	-	-
Other expenses	400	-	-	500	-	-
Insurance premium paid	-	-	121,766	-	-	125,748
Others:						
Sale of Government Securities	-	-	2,850,000	-	-	5,544,300
Purchase of Government Securities	-	-	1,325,000	-	-	119,668
Gratuity paid	-	14,186	-	-	-	5,863
Leave encashment paid	-	8,480	-	-	-	-
Expenses recovered under agency arrangement	-	-	58	-	-	77
Insurance claims settled	-	-	7,843	-	-	26,032

As at the date of consolidated statement of financial position, loans/advances and deposits related to government related entities and its related entities amounted to Rs. 15,619.27 million (note 10.2) and Rs. 114,219.44 million (note 17.1). The above includes deposits amounting to Rs. 46,275.31 (2022: Rs.34,328.51) million received through the Finance Department, Government of Sindh.

41 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2023	2022
	(Rupees in '000)	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	23,876,673	17,095,030
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) capital	9,024,409	3,343,643
Eligible Additional Tier 1 (ADT 1) capital	-	-
Total eligible tier 1 capital	9,024,409	3,343,643
Eligible tier 2 capital	29,130	19,997
Total eligible capital (tier 1 + tier 2)	9,053,539	3,363,640

	2023	2022
	(Rupees in '000)	
Risk Weighted Assets (RWAs):		
Credit risk	**31,857,368**	28,233,237
Market risk	**5,367,513**	6,537,413
Operational risk	**14,262,320**	10,052,361
Total	**51,487,201**	44,823,011
Common Equity Tier 1 Capital Adequacy ratio	**17.53%**	7.46%
Tier 1 Capital Adequacy Ratio	**17.53%**	7.46%
Total Capital Adequacy Ratio	**17.58%**	7.50%
Notional minimum capital requirements prescribed by SBP		
Common equity tier 1 minimum ratio	**6.00%**	6.00%
Tier 1 minimum ratio	**7.50%**	7.50%
Total capital minimum ratio	**10.00%**	10.00%
Total capital minimum ratio plus CCB	**11.50%**	11.50%
Approach followed for detrmining Risk Weighted Assets		
Credit risk	**Comprehensive**	Comprehensive
Market risk	**Maturity**	Maturity
Operational risk	**Basic Indicator**	Basic Indicator

	2023	2022
	(Rupees in '000)	
Leverage Ratio (LR):		
Eligiblle tier-1 capital	**9,024,409**	3,343,643
Total exposures	**299,187,871**	350,271,053
Leverage Ratio (%)	**3.02%**	0.95%
Liquidity Coverage Ratio (LCR):		
Total high quality liquid assets	**163,924,564**	132,719,755
Total net cash outflow	**38,601,138**	37,666,184
Liquidity coverage ratio (%)	**425%**	352%
Net Stable Funding Ratio (NSFR):		
Total available stable funding	**174,179,315**	159,888,541
Total required stable funding	**87,937,281**	78,670,959
Net stable funding ratio	**198%**	203%

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

42. RISK MANAGEMENT

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

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

42.1 Credit risk

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

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

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

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

42.1.1 Lendings to financial institutions

Credit risk by public / private sector

	Gross Lendings		Non Performing Lendings		Provision held	
	2023	2022	**2023**	2022	**2023**	2022
	(Rupees in '000')					
Public / Government	**-**	-	**-**	-	**-**	-
Private	**-**	19,967,424	**-**	-	**-**	-
Total	**-**	19,967,424	**-**	-	**-**	-

42.1.2 Investment in debt securities

Credit risk by industry sector

	Gross Investments		Non Performing		Provision held	
	2023	2022	**2023**	2022	**2023**	2022
	(Rupees in '000)					
Government of Pakistan	**166,776,355**	252,606,591	**-**	-	**-**	-
Banks	**1,856,379**	1,788,960	**456,344**	278,701	**278,701**	278,701
Cement	**96,145**	63,745	**34,923**	34,923	**34,923**	34,923
Fertilizer	**79,167**	531,870	**22,684**	22,684	**22,684**	22,684
Financial	**156,912**	238,809	**43,684**	42,806	**43,684**	42,806
Petroleum	**9,604**	192,385	**6,449**	6,449	**6,449**	6,449
Power (electricity), gas & water	**-**	777,210	**-**	-	**-**	-
Sugar	**592,051**	592,052	**414,409**	592,051	**575,571**	567,350
Total	**169,566,613**	256,791,622	**978,493**	977,614	**962,012**	952,913

42.1.2.1 Credit risk by public / private sector

	Gross Investments		Non Performing Investments		Provision held	
	2023	2022	**2023**	2022	**2023**	2022
	(Rupees in '000')					
Public / Government	**168,413,844**	253,403,110	**322,381**	6,449	**322,381**	6,449
Private	**1,152,769**	3,388,512	**656,112**	971,165	**639,631**	946,464
Total	**169,566,613**	256,791,622	**978,493**	977,614	**962,012**	952,913

42.1.3 Advances

Credit risk by industry sector

	Advances (Gross)		Non Performing Advances		Provision held	
	2023	2022	**2023**	2022	**2023**	2022
	(Rupees 000)					
Pharmaceuticals	**61,632**	268,796	**-**	-	**-**	-
Agriculture business	**1,256,388**	1,376,383	**1,129,258**	1,203,409	**1,086,424**	1,112,904
Manufacturing of textile	**642,487**	802,264	**10,677**	43,863	**1,012**	33,186
Cement	**64,377**	64,377	**-**	-	**-**	-
Transport, storage and communication	**57,710**	57,824	**-**	-	**-**	-
Wholesale and retail trade	**1,398,721**	1,623,116	**363,082**	462,575	**358,166**	350,511
Mining and quarrying	**6,331,186**	6,782,029	**-**	-	**-**	-
Hotel and restaurants	**855,106**	865,234	**-**	-	**-**	-
Petroleum	**3,110,840**	3,039,883	**2,022,460**	2,022,460	**2,022,460**	2,022,460
Media channels	**2,018,180**	2,220,936	**1,200,509**	-	**828,869**	-
Manufacture of basic iron and steel	**2,056,439**	2,256,314	**1,756,740**	1,756,740	**1,671,736**	1,642,645
Sugar	**17,671,473**	20,559,081	**14,073,382**	17,122,073	**10,191,637**	12,350,339
Automobile and transportation equipment	**2,433,935**	2,446,607	**2,433,254**	2,434,209	**2,433,254**	2,299,625
Chemicals and chemical products	**1,251,168**	1,121,652	**1,103,884**	1,103,884	**1,103,884**	1,079,225
Financial	**1,909,468**	1,828,881	**1,177,884**	1,177,884	**519,970**	480,446
Rice & Wheat	**819,624**	699,487	**-**	-	**-**	-
Construction, real estate and societies	**2,966,255**	2,959,973	**2,670,716**	2,596,716	**2,598,716**	1,828,893
Food	**15,906,722**	5,508,539	**136,747**	152,806	**136,747**	152,806
Insurance	**-**	1,467	**-**	-	**-**	-
Power, electricity and gas	**8,320,833**	8,900,159	**3,119,032**	2,948,239	**2,492,653**	2,626,535
Domestic appliances	**1,519,064**	1,659,365	**-**	-	**-**	-
Education	**12,895**	117,555	**11,353**	11,898	**10,965**	11,481
Individuals	**2,417,779**	1,897,753	**1,271**	2,004	**1,271**	1,702
Others	**6,356,504**	5,162,700	**1,895,691**	1,964,976	**1,422,990**	1,102,394
Total	**79,438,786**	72,220,375	**33,105,940**	35,003,736	**26,880,754**	27,095,152

42.1.3.1 Credit risk by public / private sector

	Advances (Gross)		Non Performing Advances		Provision held	
	2023	2022	**2023**	2022	**2023**	2022
	(Rupees in '000)					
Public / Government	**15,619,270**	5,210,287	**-**	-	**-**	-
Private	**63,819,516**	67,010,088	**33,105,940**	35,003,736	**26,880,754**	27,095,152
Total	**79,438,786**	72,220,375	**33,105,940**	35,003,736	**26,880,754**	27,095,152

42.1.4 Contingencies and Commitments

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

	2023	2022
	(Rupees in '000)	
Chemical and pharmaceuticals	**39,456**	27,730
Manufacturing of textile	**107,764**	63,926
Transport, storage and communication	**128,500**	128,900
Wholesale and retail trade	**2,681,000**	1,107,525
Petroleum	**116,991**	116,991
Manufacture of basic iron and steel	**191,514**	11,543
Sugar	**70,635**	21,223
Automobile and transportation equipment	**93,099**	49,802
Financial	**121,642,641**	159,565,957
Construction, real estate and societies	**327,862**	289,365
Domestic appliances	**628,083**	14,000
Power, electricity and gas	**2,838,515**	1,454,425
Education	**84,163**	30,830
Trusts and non-profit organizations	**107,097**	-
Others	**585,840**	858,713
Total	**129,643,160**	163,740,930

	2023	2022
42.1.4.1 Credit risk by public / private sector	(Rupees in '000)	
Public / Government	**16,156,357**	106,368,612
Private	**113,486,803**	57,372,318
Total	**129,643,160**	163,740,930

42.1.5 Concentration of Advances

The Group's are top 10 exposures (funded and non-funded) aggregated Rs. 46,428.87 million (2022: Rs. 28,724.62 million) as follows:

Funded	**36,110,938**	28,670,815
Non funded	**10,317,933**	53,801
Total exposure	**46,428,871**	28,724,616

42.1.5.1 The sanctioned limits against these top 10 expsoures aggregated Rs. 42,836.15 million (2022: Rs. 36,612.81 million).

42.1.5.2 Total Funded Facilities Classified

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

	2023		2022	
	Classified	**Provision held**	Classified	Provision held
	(Rupees in '000')			
OAEM	**-**	**-**	-	-
Substandard	**-**	**-**	-	-
Doubtful	**-**	**-**	-	-
Loss	**9,580,052**	**6,773,408**	10,175,435	7,074,074
Total	**9,580,052**	**6,773,408**	10,175,435	7,074,074

42.1.6 Advances - Province/Region-wise Disbursement & Utilization

Name of Province / Region	Disbursements	UTILIZATION					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
		(Rupees in '000')					
		2023					
Punjab	23,278,169	23,278,169	-	-	-	-	-
Sindh	71,254,281	-	71,254,281	-	-	-	
KPK including FATA	786,535	-	-	786,535	-	-	-
Balochistan	816,711	-	-	-	816,711	-	-
Islamabad	3,571,971	-	-	-	-	3,571,971	-
AJK including Gilgit-Baltistan	8,048	-	-	-	-	-	8,048
Total	99,715,715	23,278,169	71,254,281	786,535	816,711	3,571,971	8,048

Name of Province / Region	Disbursements	UTILIZATION					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
		(Rupees in '000')					
		2022					
Punjab	22,827,862	22,827,862	-	-	-	-	-
Sindh	34,643,340	-	34,643,340	-	-	-	-
KPK including FATA	246,989	-	-	246,989	-	-	-
Balochistan	1,975,405	-	-	-	579,775	1,395,629	-
Islamabad	1,112,975	-	-	-	-	1,112,975	-
AJK including Gilgit-Baltistan	24,007	-	-	-	-	-	24,007
Total	60,830,578	22,827,862	34,643,340	246,989	579,775	2,508,604	24,007

42.2 Market risk

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

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

44.2.1 Balance sheet split by trading and banking books

	2023			2022		
	Banking book	Trading book	Total	Banking book	Trading book	Total
	(Rupees in '000')					
Cash and balances with treasury banks	**53,488,206**	**-**	**53,488,206**	14,204,082	-	14,204,082
Balances with other banks	**1,484,233**	**-**	**1,484,233**	2,014,183	-	2,014,183
Lendings to financial institutions	**-**	**-**	**-**	19,967,424	-	19,967,424
Investments	**166,397,880**	**-**	**166,397,880**	253,857,565	-	253,857,565
Advances	**52,528,902**	**-**	**52,528,902**	45,105,226	-	45,105,226
Fixed assets	**4,055,481**	**-**	**4,055,481**	4,113,696	-	4,113,696
Intangible assets	**114,464**	**-**	**114,464**	124,022	-	124,022
Deferred tax assets	**17,201,220**	**-**	**17,201,220**	14,662,219	-	14,662,219
Other assets	**7,801,390**	**-**	**7,801,390**	5,048,053	-	5,048,053
	303,071,776	**-**	**303,071,776**	359,096,470	-	359,096,470

42.2.2 Foreign exchange risk

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

	2023			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	(Rupees in '000)			
Pakistan Rupee	**301,409,001**	**275,803,963**	**(265,867)**	**25,339,172**
United States Dollar	**1,482,151**	**2,092,432**	**265,867**	**(344,414)**
Great Britain Pound	**38,572**	**190,780**	**-**	**(152,207)**
Euro	**79,288**	**154,540**	**-**	**(75,252)**
Japanese Yen	**-**	**1,711**	**2,002**	**291**
Saudi Riyal	**39,351**	**-**	**-**	**39,351**
UAE Dirham	**1,771**	**-**	**-**	**1,771**
Chines Yen	**21,641**	**-**	**-**	**21,641**
	303,071,776	**278,243,426**	**2,002**	**24,830,352**

	2022			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	(Rupees in '000)			
Pakistan Rupee	356,951,360	339,748,523	(976,669)	16,226,168
United States Dollar	1,145,576	1,637,318	976,669	484,928
Great Britain Pound	754,313	163,013	-	591,301
Euro	15,559	-	-	15,559
Japanese Yen	184,824	134,282	-	50,542
Saudi Riyal	1,404	-	-	1,404
UAE Dirham	6,528	-	-	6,528
Chines Yen	36,906	-	-	36,906
	359,096,470	341,683,135	-	17,413,335

44.2.3 Foreign exchange risk

Impact of 1% change in foreign exchange rates on :	2023		2022	
	Banking book	Trading Book	Banking book	Trading Book
	(Rupees in '000)			
- Profit and loss account	**7,583**	**(2,659)**	(2,117)	(9,767)
- Other comprehensive income	**-**	**-**	-	-

42.2.4 Equity position risk

Equity position risk in trading book arises due to change in price of shares or levels of equity indices. The Group's equity and mutual fund exposure is managed within the SBP limits for overall investment and per scrip exposure. In addition, there are internal limits for trading positions as well as stop loss limits, dealer limits, future contracts limits and continuous funding system limits.

Impact of 5% change in equity prices on :	2023		2022	
	Banking book	Trading Book	Banking book	Trading Book
	(Rupees in '000)			
- Profit and loss account	**-**	**-**	-	-
- Other comprehensive income	**(68,355)**	**-**	(839,543)	-

42.2.5 Yield / interest rate risk

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

Impact of 1% change in interest rates on :	2023		2022	
	Banking book	Trading Book	Banking book	Trading Book
	(Rupees in '000)			
- Profit and loss account	**-**	**-**	-	-
- Other comprehensive income	**(1,111,917)**	**-**	(6,780,309)	-

42.2.6 Mismatch of interest rate sensitive assets and liabilities

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

	2023											
			Exposed to Yield / Interest risk									
	Effective Yield / Interest rate	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	Non-interest bearing financial instruments
		(Rupees in '000)										
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks		53,488,206	416,263	-	-	-	-	-	-	-	-	53,071,943
Balances with other banks	5.20%-17.50%	1,484,233	1,719	-	-	-	-	-	-	-	-	1,482,514
Lendings to financial institutions		-	-	-	-	-	-	-	-	-	-	-
Investments	12.58%-19.12%	166,397,880	83,450,072	224,820	360,453	24,319,182	42,018,776	8,075,876	-	6,201,139	-	1,747,562
Advances	10.52%-44.00%	52,528,902	23,112,077	1,903,717	8,275,204	11,157,852	441,213	1,253,245	1,334,360	3,303,976	1,651,246	96,012
Other assets		7,801,390	-	-	-	-	-	-	-	-	-	7,801,390
		281,700,611	106,980,131	2,128,537	8,635,657	35,477,034	42,459,989	9,329,121	1,334,360	9,505,115	1,651,246	64,199,421
Liabilities												
Bills payable		898,762	-	-	-	-	-	-	-	-	-	898,762
Borrowings from financial institutions	8.00%-18.70%	38,267,440	35,854,000	2,383,500	-	-	29,940	-	-	-	-	-
Deposits and other accounts	6.35%-13.75%	224,841,914	7,403,087	133,516,353	8,859,514	12,131,920	109,264	169,056	980,462	-	-	61,672,258
Other liabilities		14,235,310	-	-	-	-	-	-	-	-	-	14,235,310
		278,243,426	43,257,087	135,899,853	8,859,514	12,131,920	139,204	169,056	980,462	-	-	76,806,330
On-balance sheet gap		3,457,185	63,723,044	(133,771,316)	(223,857)	23,345,114	42,320,785	9,160,065	353,898	9,505,115	1,651,246	(12,606,909)
Off-balance sheet financial instruments												
Documentary credits and short-trem trade related transactions		14,340,548	835,505	7,211,056	1,159,650	3,183,032	163,395	137,506	1,642,240	8,164	-	-
Commitments in respect of :												
Forward foreign exchange contracts - purchase		39,761,279	25,084,479	14,662,264	14,536	-	-	-	-	-	-	-
Forward foreign exchange contracts - sale		(39,495,412)	(9,068,952)	(21,291,525)	(9,134,935)	-	-	-	-	-	-	-
Purchase and resale agreements - lending		-	-	-	-	-	-	-	-	-	-	-
Sale and repurchase agreements - borrowing		(36,045,921)	(36,045,921)	-	-	-	-	-	-	-	-	-
Total yield / Interest Risk Sensitivity Gap		(21,439,506)	(19,194,889)	581,795	(7,960,749)	3,183,032	163,395	137,506	1,642,240	8,164	-	-
Total yield / Interest Risk Sensitivity Gap			44,528,155	(133,189,521)	(8,184,606)	26,528,146	42,484,180	9,297,571	1,996,138	9,513,279	1,651,246	(12,606,909)
Cumulative yield / Interest Risk Sensitivity Gap			44,528,155	(88,661,366)	(96,845,972)	(70,317,826)	(27,833,646)	(18,536,075)	(16,539,937)	(7,026,658)	(5,375,412)	(17,982,321)
Reconciliation with total assets:												
Assets as per above		281,700,611										
Fixed assets		4,169,945										
Deferred tax asset		17,201,220										
Assets as per consolidated statement of financial position		-										
		303,071,776										
Reconciliation with total liabilities:												
Liabilities as per above		278,243,426										
Deferred tax liability		-										
Liabilities as per consolidated statement of financial position		-										
		278,243,426										

	Effective Yield / Interest rate	Total	Exposed to Yield / Interest risk									Non-interest bearing financial instruments
			Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	
			2022									
			(Rupees in '000)									
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks		14,204,082	217,704	-	-	-	-	-	-	-	-	13,986,378
Balances with other banks	1.29%-17.50%	2,014,183	381,995	-	-	-	-	-	-	-	-	1,632,188
Lendings to financial institutions	13.70%	19,967,424	19,967,424	-	-	-	-	-	-	-	-	-
Investments	12.58%-16.85%	253,857,565	110,950,595	64,677,692	48,787,832	248,938	3,141,807	9,095,852	8,435,137	6,258,882	-	2,260,830
Advances	7.34%-44.00%	45,105,226	13,829,737	2,492,455	7,495,927	4,884,063	1,835,324	219,025	1,708,677	11,167,879	1,377,833	94,306
Other assets		5,048,053	-	-	-	-	-	-	-	-	-	5,048,053
		340,196,533	145,347,455	67,170,147	56,283,759	5,133,001	4,977,131	9,314,877	10,143,814	17,426,761	1,377,833	23,021,755
Liabilities												
Bills payable		726,148	-	-	-	-	-	-	-	-	-	726,148
Borrowings from financial institutions	8.00%-13.45%	107,244,714	50,000,000	56,874,835	-	310,000	59,879	-	-	-	-	-
Deposits and other accounts	6.35%-8.69%	223,632,712	94,641,259	20,511,196	11,852,319	36,224,137	93,272	722,360	448,549	322,500	-	58,817,120
Other liabilities		10,079,561	-	-	-	-	-	-	-	-	-	10,079,561
		341,683,135	144,641,259	77,386,031	11,852,319	36,534,137	153,151	722,360	448,549	322,500	-	69,622,829
On-balance sheet gap		(1,486,602)	706,196	(10,215,884)	44,431,440	(31,401,136)	4,823,980	8,592,517	9,695,265	17,104,261	1,377,833	(46,601,074)
Off-balance sheet financial instruments												
Documentary credits and short-trem trade related transaction		5,024,973	126,275	2,422,018	319,145	916,140	398,511	3,698	835,156	4,030	-	-
Commitments in respect of :												
Forward foreign exchange contracts - purchase		16,669,577	2,810,100	13,859,477	-	-	-	-	-	-	-	-
Forward foreign exchange contracts - sale		(15,692,909)	(15,211,160)	(481,749)	-	-	-	-	-	-	-	-
Purchase and resale agreements - lending		19,984,859	19,984,859	-	-	-	-	-	-	-	-	-
Sale and repurchase agreements - borrowing		(106,368,612)	(50,918,175)	(55,450,437)	-	-	-	-	-	-	-	-
Total yield / Interest Risk Sensitivity Gap		(80,382,112)	(43,208,101)	(39,650,691)	319,145	916,140	398,511	3,698	835,156	4,030	-	-
Total yield / Interest Risk Sensitivity Gap			(42,501,905)	(49,866,575)	44,750,585	(30,484,996)	5,222,491	8,596,215	10,530,421	17,108,291	1,377,833	(46,601,074)
Cumulative yield / Interest Risk Sensitivity Gap			(42,501,905)	(92,368,480)	(47,617,895)	(78,102,891)	(72,880,400)	(64,284,185)	(53,753,764)	(36,645,473)	(35,267,640)	(81,868,714)
Reconciliation with total assets:												
Assets as per above		340,196,533										
Fixed assets		4,237,718										
Deferred tax asset		14,662,219										
Assets as per consolidated statement of financial position		-										
		359,096,470										
Reconciliation with total liabilities:		341,683,135										
Liabilities as per above		-										
Deferred tax liability		-										
Liabilities as per consolidated statement of financial position		341,683,135										

42.3 Liquidity risk

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

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

	2023													
	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 years	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
	(Rupees in '000)													
Assets														
Cash and balances with treasury banks	53,488,206	3,434,488	2,857,288	1,968,144	8,291,291	853,177	2,039,018	3,116,907	30,927,893	-	-	-	-	-
Balances with other banks	1,484,233	1,484,233	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments	166,397,880	-	-	79,408,000	-	-	420,694	266,979	3,764,184	21,089,119	42,018,776	8,075,876	4,266,896	7,087,356
Advances	52,528,902	7,166,530	2,339	650,703	251,226	1,873,843	99,867	8,913,926	3,070,048	11,265,134	579,120	3,348,752	1,350,599	13,956,815
Fixed assets	4,055,481	-	-	-	65,477	64,157	127,339	194,610	96,749	196,747	580,579	680,596	1,380,506	668,721
Intangible assets	114,464	-	-	-	2,966	2,966	2,966	15,203	9,095	9,095	36,082	36,091	-	-
Deferred tax assets	17,201,220	-	-	893,418	1,746,869	2,493,738	2,987,476	2,988,925	2,987,476	3,103,318	-	-	-	-
Other assets	7,801,390	1,811,535	874	20,472	2,370,160	287,689	736,020	2,479,627	-	-	84,360	-	-	10,653
	303,071,776	13,896,786	2,860,501	82,940,737	12,727,989	5,575,570	6,413,380	17,976,177	40,855,445	35,663,413	43,298,917	12,141,315	6,998,001	21,723,545
Liabilities														
Bills payable	898,762	898,762	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings from financial institutions	38,267,440	-	36,575,000	-	-	-	1,662,500	-	-	-	29,940	-	-	-
Deposits and other accounts	224,841,914	185,063,043	1,761,939	1,191,665	4,439,986	4,207,041	2,233,831	8,959,896	2,019,922	13,708,850	111,870	173,970	969,901	-
Deferred tax liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	14,235,310	1,420,236	260,374	175,867	233,339	505,793	353,703	1,001,186	7,229,196	216,998	624,957	618,074	1,595,587	-
	278,243,426	187,382,041	38,597,313	1,367,532	4,673,325	4,712,834	4,250,034	9,961,082	9,249,118	13,925,848	766,767	792,044	2,565,488	-
Gap	24,828,350	(173,485,255)	(35,736,812)	81,573,205	8,054,664	862,736	2,163,346	8,015,095	31,606,327	21,737,565	42,532,150	11,349,271	4,432,513	21,723,545

Share capital - net	34,524,428
Reserves	1,985,305
Shares deposit money	-
Deficit on revaluation of assets	(1,033,628)
Accumulated Loss	(10,647,755)
Net assets	24,828,350

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

	2022													
	Total	Upto 1 Day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 years
	(Rupees in '000)													
Assets														
Cash and balances with treasury banks	14,204,082	14,204,082	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	2,014,183	2,014,183	-	-	-	-	-	-	-	-	-	-	-	-
Lending to financial institutions	19,967,424	19,967,424	-	-	-	-	-	-	-	-	-	-	-	-
Investments	253,857,565	-	-	29,862,895	-	44,264,248	20,493,874	45,841,992	-	61,550,377	23,699,591	9,095,852	12,670,070	6,378,666
Advances	45,105,226	5,232,297	66,632	947,120	180,734	2,992,559	2,765,062	6,239,654	1,667,495	4,218,476	3,087,482	1,110,309	3,646,877	12,950,528
Fixed assets	4,113,696	-	-	-	82,102	55,377	55,377	167,976	169,822	169,822	673,750	673,753	1,334,492	731,225
Intangible assets	124,022	-	-	-	3,213	3,213	3,213	9,745	9,852	9,852	39,087	45,847	-	-
Deferred tax assets	14,662,219	-	-	733,102	733,102	1,466,205	1,466,205	1,466,205	1,466,205	2,199,307	2,199,307	2,932,581	-	-
Other assets	5,048,053	1,545,140	57,409	787,591	1,060,737	306,148	431,234	675,364	-	141,105	-	-	-	43,325
	359,096,470	42,963,126	124,041	32,330,708	2,059,888	49,087,750	25,214,965	54,400,936	3,313,374	68,288,939	29,699,217	13,858,342	17,651,439	20,103,744
Liabilities														
Bills payable	726,148	726,148	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings from financial institutions	107,244,714	-	105,000,000	-	-	310,000	1,874,835	-	-	-	59,879	-	-	-
Deposits and other accounts	223,632,712	156,898,568	1,323,178	269,267	1,753,252	5,357,040	6,370,352	11,852,426	7,623,970	30,149,813	238,297	1,010,903	463,146	322,500
Deferred tax liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	10,079,561	539,144	613,648	1,084,537	1,056,130	747,456	178,128	947,167	2,042,251	361,576	829,989	582,480	1,097,055	-
	341,683,135	158,163,860	106,936,826	1,353,804	2,809,382	6,414,496	8,423,315	12,799,593	9,666,221	30,511,389	1,128,165	1,593,383	1,560,201	322,500
Gap	17,413,335	(115,200,734)	(106,812,785)	30,976,904	(749,494)	42,673,254	16,791,650	41,601,343	(6,352,847)	37,777,550	28,571,052	12,264,959	16,091,238	19,781,244

Share capital-net	29,524,428
Reserves	1,526,805
Proposed ordinary shares to be issued and reserves on amalgamation	-
Deficit on revaluation of assets	(1,208,500)
Accumulated Loss	(12,429,398)
Net assets	17,413,335

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

	2023									
	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	53,488,206	4,945,993	3,762,023	1,964,505	42,815,685	-	-	-	-	-
Balances with other banks	1,484,233	1,484,233	-	-	-	-	-	-	-	-
Lendings to financial institutions	-	-	-	-	-	-	-	-	-	-
Investments	166,397,880	79,632,230	420,694	372,571	24,523,475	43,755,672	9,590,876	1,151,218	6,201,144	750,000
Advances	52,528,902	8,070,798	2,973,710	8,813,926	13,435,182	579,120	3,348,752	1,350,599	12,047,213	1,909,602
Operating fixed assets	4,055,481	65,477	128,314	257,792	293,497	480,579	713,406	1,447,696	668,720	-
Intangible assets	114,464	2,966	5,931	15,203	18,189	36,082	36,093	-	-	-
Deferred tax asset	17,201,220	2,640,287	4,481,214	4,987,477	5,092,242	-	-	-	-	-
Other assets	7,801,390	4,203,042	1,023,709	2,352,836	-	211,151	-	-	-	10,652
	303,071,776	101,045,026	12,795,595	18,764,310	86,178,270	45,062,604	13,689,127	3,949,513	18,917,077	2,670,254
Liabilities										
Bills payable	898,762	898,762	-	-	-	-	-	-	-	-
Borrowings from financial institutions	38,267,440	36,575,000	1,662,500	-	-	29,940	-	-	-	-
Deposits and other accounts	224,841,914	41,082,015	48,274,578	28,365,071	105,572,587	111,870	373,971	1,061,822	-	-
Deferred tax liability	-	-	-	-	-	-	-	-	-	-
Other liabilities	14,235,310	2,089,814	859,496	812,825	7,446,194	813,318	618,073	1,595,590	-	-
	278,243,426	80,645,591	50,796,574	29,177,896	113,018,781	955,128	992,044	2,657,412	-	-
Gap	24,828,350	20,399,435	(38,000,979)	(10,413,586)	(26,840,511)	44,107,476	12,697,083	1,292,101	18,917,077	2,670,254
Share capital - net	34,524,428									
Reserves	1,985,305									
Shares deposit money	-									
Deficit on revaluation of assets	(1,033,628)									
Accumulated Loss	(10,647,755)									
Net assets	24,828,350									

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.

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	2022										
	Total	Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	14,204,082	3,384,109	4,356,444	1,577,116	4,772,471	113,942	-	-	-	-
Balances with other banks	2,014,183	2,014,183	-	-	-	-	-	-	-	-
Lendings to financial institutions	19,967,424	19,967,424	-	-	-	-	-	-	-	-
Investments	253,857,565	29,862,894	64,758,122	45,841,992	61,550,377	23,699,591	10,818,832	10,947,090	6,378,667	-
Advances	45,105,226	6,426,783	4,575,548	6,884,422	6,128,860	3,363,738	1,110,307	3,665,039	11,572,697	1,377,832
Operating fixed assets	4,113,696	82,102	110,753	167,976	339,644	673,750	673,753	1,334,492	731,226	-
Intangible assets	124,022	3,213	6,425	9,745	19,704	39,087	45,848	-	-	-
Deferred tax asset	14,662,219	1,466,204	2,932,410	1,466,205	3,665,512	2,199,307	2,932,581	-	-	-
Other assets	5,048,053	3,567,610	737,382	558,633	137,474	-	-	-	46,954	-
	359,096,470	66,774,522	77,477,084	56,506,089	76,614,042	30,089,415	15,581,321	15,946,621	18,729,544	1,377,832
Liabilities										
Bills payable	726,148	726,148	-	-	-	-	-	-	-	-
Borrowings from financial institutions	107,244,714	105,310,000	1,874,835	-	-	59,879	-	-	-	-
Deposits and other accounts	223,632,712	31,445,722	47,671,790	27,702,573	114,777,781	238,297	725,184	748,865	322,500	-
Deferred tax liability	-	-	-	-	-	-	-	-	-	-
Other liabilities	10,079,561	3,293,457	925,583	947,167	2,403,827	829,863	582,605	1,097,059	-	-
	341,683,135	140,775,327	50,472,208	28,649,740	117,181,608	1,128,039	1,307,789	1,845,924	322,500	-
Gap	17,413,335	(74,000,805)	27,004,876	27,856,349	(40,567,566)	28,961,376	14,273,532	14,100,697	18,407,044	1,377,832
Share capital-net	29,524,428									
Reserves	1,526,805									
Proposed shares to be issued on amalgamation	-									
Deficit on revaluation of assets	(1,208,500)									
Accumulated Loss	(12,429,398)									
Net assets	17,413,335									

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.

42.4 Operational risk

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

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

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

43. GENERAL

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

44. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue by the Board of Directors on February 22, 2024.

Chairman	President and Chief Executive Officer	Director	Director	Chief Financial Officer

Notice Of 13th Annual General Meeting

NOTICE is hereby given that the 13th Annual General Meeting of Sindh Bank Limited will be held on March 28, 2024 (Thursday) at 10.30 a.m at Sindh Bank's Head Office, Federation House, Clifton, Karachi, to transact the following business:-

A-Ordinary Business:

1- To confirm the minutes of 08th Extra Ordinary General Meeting held on October 3, 2023.

2- To receive, consider and adopt the Audited consolidated/un-consolidated Financial Statements of the Bank for the year ended 31st December, 2023, together with Directors' and Auditors' Reports thereon and pass necessary resolutions in this regard.

3- To consider and approve appointment of Auditors of the Bank for the year 2024 and fix their remuneration. And to ratify the Circular Resolution # 01/2023 dated August 3, 2023 passed by the Board of Directors and then ratified by the Board in its 106th meeting held on August 29, 2023 for filling up the casual vacancy of External Auditor and appointment/cooption of M/s. Riaz Ahmad & Company, Chartered Accountants Auditors as External Auditors of the Bank for the Year-2023 against their Audit fee of Rs.12 mn in place of M/s. RSM Avais Hyder Liaquat Nauman, Chartered Accountants, who had resigned on 27.07.2023.

4- To elect 07-directors of the Bank as fixed by the Directors in their meeting held on 22nd February, 2024, for the next term of three years, in terms of Section 159(1) of the Companies Act, 2017. Following directors of the Bank will stand retired on the date of AGM, other than a casual vacancy already exist on the Board of Directors. The retiring director at Srl. No.1 having completed his tenure under the Banking Companies Ordinance 1962 and is not eligible for re-election:

1) Mr. Anis A. Khan (2) Dr. Kazim Hussain Jatoi (3) Mr. Javaid Bashir Sheikh (4) Mr. Mohammed Aftab Alam (5) Mrs. Shaista Bano Gilani and (6) Mr. Imtiaz Ahmad Butt.

B-Special Business:

A. To grant post facto approval for the payment of remuneration to non-executive Directors and payment of 20% remuneration of the fee during the Year-2023 of Board/Committee Meetings for performing extra services other than directorship to the Chairman of Board, as per BPRD Circular No.05 of 2021.

B. To approve payment of remuneration and provision of certain facilities to the President/CEO of the Bank.

C. A statement of material facts under section 134(3) of the Companies Act, 2017 relating to aforesaid special business to be transacted is appended below:

D. Any other business with the permission of the chair.

By order of the Board;

Muhammad Irfan Zafar
Company Secretary

NOTES:

i. A member entitled to attend and vote at the 13th Annual General Meeting of the Bank may appoint another member as his / her proxy to attend and vote instead of him / her. The proxy shall have the right to attend, speak and vote in place of the member appointed him at the meeting.

ii. The instrument appointing a proxy should be signed by the member(s) or by his / her Attorney, duly authorized in writing. If the member is a Corporation, its common seal should be affixed to the instrument.

iii. The Proxy Form duly completed, must be deposited at the Bank's Registered Office at 3rd Floor, Federation House, Abdullah Shah Ghazi Road, Clifton, Karachi not less than 48 hours before the time of holding the meeting.

iv. CDC account holder or sub-account holder appointing a proxy should furnish attested copies of his / her own as well as the proxy's CNIC / Passport with the proxy form. The proxy shall also produce his / her original CNIC or passport at the time of meeting. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted along with proxy form.

The Share transfer books of the company will remain closed from March 22, 2024 to March 28, 2024 (both days inclusive). CDC Transaction IDs received in order at the Registered Office of the Company up to the close of business on March 23, 2024 will be considered as on time for the determination of shareholder's entitlement to attend and vote at the meeting. Members are required to notify immediately changes, if any, in their registered address.

STATEMENT U/S 134 (3) OF THE COMPANIES ACT, 2017 CONCERNING THE SPECIAL BUSINESS

This statement sets out the material facts concerning the Special Business given in above Special Business of above agenda, to be transacted at the 13th Annual General Meeting of Sindh Bank Limited (the "Bank") to be held on March 28, 2024:

Item No. 1 of Special Business:

The meeting fee payable to the non-executive members of the Board approved by the Board of Directors in its 95th meeting held on 02nd June, 2022 as directorship fee @ Rs.250,000/- for Board meetings and Rs.200,000/- for its Sub-Committee meetings. 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 SBP Regulations. Further, payment of 20% extra Services paid to the Chairman during the currency of Year-2023, as per already approved criteria by the Shareholders in its 11th AGM held on 30.03.2022, as per SBP's CGRF-2021. The non-executive members of the Board and the Board Committees are interested in the payment of fee and executive members of the Board have no interest in the matter. The following resolution may be passed: -

"THE SHAREHOLDERS RESOLVE TO approve post facto approval for the payment of fee to the non-executive Directors during the Year-2023 from 1st Jan-2023 to 31st Dec-2023 @ Rs.250,000/- for Board meetings & Rs.200,000/- for its Committees meetings.

"THE SHAREHOLDERS FURTHER RESOLVE TO give post facto approval for the payment of extra 20% of the amount of each Board meeting fees for providing extra services to the Chairman during the Year-2023, as earlier approved by the Shareholders in its 11th AGM held on 30.03.2022, as per SBP's CGRF-2021.

Item No.2 of Special Business:

The Shareholders' approval is sought for the payment of remuneration and provision of certain facilities to the President/CEO of the Bank. Earlier the Shareholders referred this agenda to the Board of Directors for decision, in their meeting in presence of the GoS representative in their earlier meetings, hence, the same was then lastly discussed and resolved by the Board of Directors in their 103rd BoD meeting held on 27th April, 2023, who after their approval, referred to the Shareholders with recommendation for the post-facto approval for increase of President/CEO's Gross Salary from Rs.1,237,500/- to Rs.2,000,000/ per month effective from April-2020 and payment of salary/remuneration and provision of certain facilities to the President/CEO for the Years 2020 (Rs.21,713,000/-), 2021 (Rs.24,000,000/-) & 2022 (Rs.24,000,000/-), in addition to bonus and other perquisites as per his term of appointment. Further Rs.24,000,000/- during the Year-2023 in addition to bonus and other perquisites as per his term of appointment, have also been paid to the President/CEO, which approval is also sought from the Shareholders. The following resolution may be passed:

"THE SHAREHOLDER HEREBY RESOLVES to approve the President/CEO's Gross Salary of Rs.2,000,000/ pm, from April-2020 and payment of salary/remuneration and provision of certain facilities to the President/CEO for the Years 2020, 2021, 2022 & 2023, in addition to bonus and other perquisites as per his term of appointment"

Pattern of Shareholdings

AS ON DECEMBER 31, 2023

# Of Shareholders	Shareholdings' Slab			Total Shares Held
7	1	To	100	7
31	101	To	500	15,500
36	501	To	1000	36,000
31	1001	To	5000	104,500
6	5001	To	10000	60,000
3	10001	To	15000	42,000
1	15001	To	20000	20,000
1	20001	To	25000	25,000
2	250001	To	30000	60,000
1	450001	To	50000	50,000
4	950001	To	100000	400,000
1	1950001	To	200000	200,000
1	3451429501	To	3451430000	3,451,429,810
125				**3,452,442,817**

Categories of Shareholders

As On December 31, 2023

Category No.	Shareholders	No. of Shares Held	Category wise No. of Share Holders	%
1	Individuals	410,000	4	0.01%
2	Investment companies	-	-	-
3	Joint stock companies	-	-	-
4	**Director, Chief Executive, and their spouse and minor children**			
	Mr. Anis A. Khan	1	1	0.00%
	Dr. Kazim Hussain Jatoi	1	1	0.00%
	Mr. Javaid Bashir Sheikh	1	1	0.00%
	Mr. Mohammed Aftab Alam	1	1	0.00%
	Mrs. Shaista Bano Gilani	1	1	0.00%
	Mr. Imtiaz Ahmad Butt	1	1	0.00%
	Nominal shares of ex-director	1	1	0.00%
	Sub-Total	7	7	
5	**Executives / Employees / Group employees**	603,000	113	0.02%
6	NIT/ICP			
7	Associated companies,undertakings and related parties			
8	Banks, DFIs, NBFIs, insurance companies, modarbas & mutual funds			
9	Foreign investors			
10	Co-operative societies			
11	Charitable trusts			
12	Others-Government of Sindh, through its finance department	3,451,429,810	1	99.97%
	TOTAL	**3,452,442,817**	**125**	**100.00%**

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

Total paid-up capital of the company		3,425,442,817
10% of the paid-up capital of the company		345,244,282
Name(s) of shareholder(s)	No. of shares held	Percentage (%)
Government of Sindh, through its finance department	3,451,429,810	99.97

Branch Network



SOUTH REGION

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SINDH RURAL REGION

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Mr. Johar Ayub Khan
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Area Manager
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ISLAMIC BANKING DIVISION

Mr. Hasnain Merchant
Head of Islamic Banking Division
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Number of Branches

S.No.	Regions	No. of Branches
1	Karachi Areas	93
2	Balochistan Areas	16
3	Sindh Rural Areas	97
4	Central Region	101
5	North Region (KPK, Mirpur AJK & GB) Areas	23
	Total	330

Form of Proxy

I/We, _____, being member of Sindh Bank Limited and holding _____ ordinary share as per CDC Participant ID & Account No. _____, do hereby appoint Mr_____ s/o_____ or failing him Mr_____ s/o _____ as my Proxy in my absence to attend and vote for me and on my behalf at 13th Annual General Meeting of the Bank to be held on 28th March 2024 at 10:30 a.m at the Head Office of Sindh Bank Limited, Federation House, Clifton, Karachi, and at any adjournment thereof.

As witness my/our hand this _____ day of _____2024.

1. Witness_____

   Signature_____

   CNIC No._____

   Address_____

Member's Signature
on Rs.5.00
Revenue Stamp

2. Witness_____

   Signature_____

   CNIC No._____

   Address_____

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

NOTES:

1. A member entitled to attend and vote at the 13th Annual General Meeting of the Bank may appoint any person as his/her/its proxy to attend and vote instead of his/her/its. The proxy shall have the right to attend, speak and vote in place of the member appointed him at the meeting.

2. The instrument appointing a proxy should be signed by the member(s) or by his/her/its Attorney, duly authorized in writing. If the member is a Corporation, its common seal should be affixed to the instrument.

3. The proxy form duly completed, must be deposited at the Bank's Registered Office at 3rd Floor, Federation House, Abdullah Shah Ghazi Road, Clifton, Karachi not less than 48 hours before the time of holding the meeting.

4. CDC account holder or sub-account holder appointing a proxy should furnish attested copies of his/her/its own as well as the proxy's CNIC / Passport with the proxy form. The proxy shall also produce his/her/its original CNIC or passport at the time of meeting. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted along with proxy form.

پراکسی فارم

میں/ہم ---------- ولد ---------- جو سندھ بینک لمیٹڈ کا/کے ممبر ہیں اور سی ڈی سی پارٹیسپینٹ ID اور اکاؤنٹ نمبر ---------- کے مطابق ------- آرڈنری شیئر رکھتا/رکھتے ہیں، جناب ---------- ولد ---------- یا ان کی عدم دستیابی کی صورت میں جناب ---------- ولد ---------- کو، میری/ہماری غیر موجودگی میں مورخہ 28 مارچ، 2024 کو صبح 10:30 بجے سندھ بینک لمیٹڈ کے ہیڈ آفس واقع تیسری منزل، فیڈریشن ہاؤس، کلفٹن کراچی میں درج بالا تاریخ یا کسی بھی تبدیل شدہ تاریخ پر منعقد ہونے والے اجلاس میں یا بینک کے 13th سالانہ اجلاس عام میں شرکت کرنے اور میری/ہماری جانب سے ووٹ ڈالنے کے لیے اپنا نمائندہ مقرر کرتا ہوں / کرتے ہیں۔

دن ---------- 2024، میں/ہم گواہ ہیں ----------

1. گواہ ----------
   دستخط ----------
   سی این آئی سی نمبر ----------
   پتہ ----------

5.00 روپے کے
ریونیو اسٹامپ پر ممبر کے دستخط

2. گواہ ----------
   دستخط ----------
   سی این آئی سی نمبر ----------
   پتہ ----------

(دستخط کو بینک کے پاس رجسٹرڈ نمونہ کے دستخط کے ساتھ ملنا چاہیئے)

نوٹس:

1. بینک کے 13th سالانہ اجلاس عام میں شرکت کا اہل ممبر اپنے بجائے کسی دوسرے شخص کو اجلاس میں شرکت کرنے اور ووٹ ڈالنے کے لیے مقرر کرسکتا ہے۔ پراکسی کو اصل ممبر کی جگہ شرکت، اظہار خیال کرنے اور ووٹ دینے کا حق حاصل ہوگا۔
2. پراکسی مقرر کرنے کے انسٹرومنٹ پر ممبر(s) یا اس کے اٹارنی، جسے تحریری طور پر اختیار دیا گیا ہو، کے دستخط ہوں گے۔ اگر ممبر کارپوریشن ہے تو پھر انسٹرومنٹ پر اس کی وہ مہر ہوگی جو عام طور پر استعمال کی جاتی ہے۔
3. صحیح طور پر مکمل کیا ہوا فارم اجلاس کے مقررہ وقت سے کم از کم 48 گھنٹے قبل بینک کے رجسٹرڈ دفتر واقع تیسری منزل، فیڈریشن ہاؤس، عبداللہ شاہ غازی روڈ، کلفٹن، کراچی کو پیش کیا جائے۔
4. CDC اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر کو پراکسی مقرر کرتے وقت اپنے اور پراکسی کے CNIC/پاسپورٹ کی تصدیق شدہ نقول پراکسی فارم کے ساتھ جمع کرانا ہوں گی۔ اجلاس کے وقت پراکسی اپنا اصل CNIC یا پاسپورٹ پیش کرے گا۔ کارپوریٹ ادارے کی صورت میں پراکسی فارم کے ساتھ بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی بمعہ دستخط نمونہ پیش کرنا ہوں گے۔

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