



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

# SINDH BANK

## سندھ بینک

POWER TO THE PEOPLE باختیار عوام



FIRST  
QUARTERLY  
FINANCIAL  
STATEMENTS  
MARCH 31  
**2020**

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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.

## Corporate Information

### Board of Directors

Anis A. Khan	Acting Chairman/Non-Executive Director
Syed Hasan Naqvi, Finance Secretary (GoS)*	Non Executive Director
Sami ul Haq Khilji	Independent Director
Masooma Hussain	Non Executive Director
Javaid B. Sheikh	Independent Director
Imran Samad	President & CEO

### Chief Financial Officer

Saeed Jamal Tariq

### Company Secretary

Shamsuddin Khan

### Auditors'

Naveed Zafar Ashfaq Jaffery & Co.  
Chartered Accountants

### Legal Advisors

Mohsin Tayebaly & Co

### Share Registrar

CDC Share Registrar Services Ltd.

### Registered / Head Office

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

### Registration Number

0073917

### NTN Number

3654008-7

### Website

[www.sindhbankltd.com](http://www.sindhbankltd.com)

\*FPT clearance from SBP not received



## Directors' Report

On behalf of the Board of Directors of Sindh Bank, I am presenting herewith the financial results for the first quarter ended March 31, 2020. Review of performance is presented below.

Pre-tax profit for the quarter ended March 31, 2020 amounted to Rs.433.4 mn contrasting with pre-tax loss of Rs.2,883.5 mn reported in the first quarter last year. Reasons are (i) increase of 6 percent in net markup/interest income, (ii) reversal of specific provisions of Rs 0.745 bn due to recovery of an NPL, (iii) Rs. 0.165 mn gain on sale of investments compared to loss of Rs 639.5 mn reported in same quarter of last year.

Summarized financial performance data is as follows:

(Rs. in '000)

Balance Sheet	As on Mar 31, 2020	As on Dec 31, 2019	% age Change
Paid up Capital	19,710,130	19,710,130	-
Shares Deposit Money	2,000,000	2,000,000	
Reserves & accumulated losses	(2,688,174)	(2,852,352)	5.76%
<b>Paid up Capital &amp; Reserves</b>	<b>19,022,504</b>	<b>18,857,778</b>	<b>-0.87%</b>
Deficit on Revaluation	(1,153,148)	(1,780,577)	
<b>Equity</b>	<b>17,869,356</b>	<b>17,077,201</b>	<b>4.64%</b>
<b>Borrowings</b>	<b>12,915,034</b>	<b>4,192,284</b>	<b>208.07%</b>
<b>Deposits</b>	<b>136,757,585</b>	<b>134,049,662</b>	<b>2.02%</b>
<b>Investments (carrying value)</b>	<b>83,608,118</b>	<b>65,143,452</b>	<b>28.34%</b>
<b>Gross Advances</b>	<b>73,305,591</b>	<b>76,430,095</b>	<b>-4.09%</b>
Profit & Loss Account	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019	%age Change
Markup/return/interest income	3,695,752	2,741,168	
Markup/return/interest expenses	(2,912,925)	(2,003,563)	
<b>Net markup/return/interest income</b>	<b>782,827</b>	<b>737,605</b>	<b>6.13%</b>
Gain / (loss) on sale of Investments	165	(639,505)	
Dividend Income	23,324	32,885	
Fee, Commission & Other Income	80,590	86,654	
<b>Non-mark-up/non-interest income</b>	<b>104,079</b>	<b>(519,966)</b>	<b>120.02</b>
<b>Non mark-up/interest expenses</b>	<b>(1,198,964)</b>	<b>(1,126,189)</b>	<b>-6.46%</b>
Provision-general (Consumer/SME)	(8)	(70)	
Reversal / (Provision) -specific	745,460	(1,974,917)	
<b>Provisions</b>	<b>745,452</b>	<b>(1,974,987)</b>	
<b>Profit/(Loss) before Tax</b>	<b>433,394</b>	<b>(2,883,537)</b>	<b>115%</b>
<b>Profit/(Loss) After Tax</b>	<b>164,726</b>	<b>(1,592,121)</b>	<b>110.31%</b>
<b>Earnings/(Loss) per share (Rupees)</b>	<b>0.08</b>	<b>(1.59)</b>	<b>108.18%</b>
Other Information	As on Mar 31, 2020	As on Dec 31, 2019	%age Change
No. of Accounts	521,000	511,779	1.8%
Number of Branches	330	330	

Improvement in profitability figures for the comparative quarters, is due to increase in Bank's resource base after injection of planned equity by GoS, success of our recovery efforts and increase in customer deposits, making more funds available for investment.

Total Deposits increased by 2.02% to Rs. 136.8 bn from Rs. 134 bn on December 31, 2019. Government of Sindh, Finance Department deposits constituted 14.5% of the total deposits. Number of customer accounts stood at 521,000 after increase of 9,221 accounts (i.e. 1.8%) during the quarter. Gross Advances decreased by 4.09% to Rs. 73.5 bn from Rs. 76.4 bn as at December 31, 2019. Investment portfolio increased by 28.34% over the position as at December 31, 2019, partially financed by borrowings, which increased by Rs.8.7 bn (i.e. 208%) .

#### **Credit Rating**

VIS Credit Rating Company (Formerly JCR-VIS Credit Rating Company) in their report dated July 05, 2019, had assigned the Bank (i) medium to long term entity rating of '**A+**' (**Single A plus**) and (ii) short term rating of '**A1**' (**A One**) with a 'Stable' outlook.

#### **Economic Review**

The overwhelming development during March 2020 has been the outbreak of Coronavirus (Covid-19) pandemic, which is taking a significant toll on human life and economies around the world. Globally, Covid-19 has spread significantly which has caused major disruptions in economic activity with the IMF initially downgrading its global growth outlook for 2020 from 3.3 percent to below zero and thereafter revising its projections to a 3 percent decrease i.e. expecting the world economy to enter into the sharpest downturn since the great depression. On the domestic front, high frequency indicators of activity like retail sales, credit card spending, cement production, export orders, tax collection and mobility data from Google's Community Mobility reports, suggests a significant slowdown in most parts of the economy.

Before the spread of Coronavirus (Covid-19), the Government had set a 4.0 percent GDP growth target for FY 2020. In the Monetary Policy Statement dated April 16, 2020, further downward revision in the outlook for the economy has been forecast with this expected to contract by 1.5 percent in FY2020 before recovering to a growth of around 2 percent in FY2021. Reason cited is the high level of uncertainty about the severity and duration of the Covid-19 shock.

On the Monetary Policy front, the first cut in policy rate of 75 bps was announced on March 17, 2020 due to improvement of the inflation outlook. In subsequent emergent MPC meetings, a second cut of 150 bps was announced on March 24, 2020 and a further cut of 200 bps was announced on April 16, 2020 due to a significant slowdown in most parts of the economy arising from factors stated above. With the cumulative reduction of 425 bps so far, the policy rate presently stands at 9 percent. CPI which was 14.6 percent in the month of January 2020, decreased to 10.2 percent during March 2020. Weekly SPI releases in April 2020 show marked reduction in the inflation momentum.

The above cut in policy rate, will complement other measures so far taken by SBP to support the economy, including concessional financing to companies that do not lay-off workers, one year extension in principal repayments, increasing the period for rescheduling of loans from 90 to 180 days, promoting digital banking, and concessional financing for hospitals and medical centers for meeting expenses to combat Covid-19. SBP has also reduced the Capital Conservation Buffer (CCB) from the existing level of 2.5 percent to 1.5 percent, for the time being, to create room in the Capital Adequacy Requirement of the Banks for further lending and offsetting the other effects of Covid-19.

Current account deficit continued to show progressive improvement as it closed at US dollars 2.8 bn for the nine months ended March 2020 with imports contracting by 16.2 percent, exports increasing by 1.1 percent. Home remittances during the 9 months ended March 31, 2020 amounted to US\$ 17.0 bn, increasing by 6 percent over last year's corresponding figure.



FX reserves stood at US\$ 17.4 bn as at March 31, 2020 declining by 4 percent after December 31, 2019. For budgetary support and to deal with the impact of Covid-19 on Pakistan's external account, IMF has already disbursed US\$ 1.4 bn support through its Rapid Financing instrument whereas ADB has agreed to provide US\$ 1.7 bn for budgetary support, of which US\$ 800 mn will be disbursed before June 30, 2020 and remaining US\$ 900 mn by December 31, 2020.

PSX 100 index ended as at March 2020 at 29,232 points, recording a decrease of 28 percent over 40,735 points as at December 31, 2019. Extreme volatility was experienced from February 2020 onwards, due to Covid-19 in line with other stock markets worldwide.

#### **Sindh Microfinance Bank Limited (wholly owned subsidiary)**

Sindh Microfinance Bank Limited ('SMFB') started microfinance operations in May 2016 in the province of Sindh. Since its inception, SMFB has been consistently registering profits and has accumulated reserves currently standing at Rs.154 mn. SMFB has achieved these results through sustainable organic growth in the loan portfolio of the Bank. The outstanding loan portfolio of SMFB stood at Rs.794 mn as at March 31, 2020 and had as of date disbursed in excess of Rs. 3.2 bn (more than 125,000 loans) to women engaged in business, agriculture, fisheries and livestock related activities through its presence in 75 locations (of which 17 are branches and 58 are financial centers) in the province of Sindh.

Due to SMFB's strong performance indicators and low default ratio, the Pakistan Credit Rating Agency (PACRA) assigned the ratings of A- for the long term and A2 for the short term which in PACRA's perspective captures the strength of SMFB as a growing institution in the microfinance sector. As at March 31, 2020 the Net Equity of SMFB stood at Rs. 903.5 mn with a paid up capital of Rs. 750 mn.

#### **Future Outlook**

The spread of Covid-19 is likely to impact Bank's profitability and growth going forward as costs mount and credit off-take remains restricted, business/trade volumes decrease, NPLs rise and cash flows become restrained from loan recoveries slow down. A re-thinking in the way we do business will be undertaken which will include increasing our focus to the use of alternate delivery and service channels and developing technologically superior solutions for making banking more accessible to our customers.

Despite challenges, the Bank will continue to work towards restoring its financial strength and viability, by focusing on the following areas as envisaged in its Business Viability Plan:

- **Strengthening Bank's Capital**-As per approved plan, Rs.11.7 bn was injected in Bank's Share Capital, by the Government of Sindh (Bank's sole sponsor) in 2019. It is expected that the Bank's Share Capital will further increase by Rs. 3.0 bn through the merger of Sindh Leasing Company Limited ('SLCL'), which is in advanced stages.
- **Improving Business Volumes and Profitability**-Taking measures for increasing fee-based business, mobilizing cost effective (CASA) deposits, launching new asset products in the Consumer and SME segments, and other cost rationalization measures.
- **Recovery and reduction of Non-Performing Loans**-Special Assets Management Division (SAM) has been established to pursue recovery and remedial measures for reducing NPLs. Hectic efforts will continue for reaching negotiated settlement(s) with major borrowers/group(s), where considered feasible.
- **Strengthening the Governance, Risk and Control environment.**

#### **Acknowledgements**

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

On behalf of the Board of Directors

**Imran Samad**  
President / CEO  
Karachi, April 30, 2020

## ڈائریکٹرز رپورٹ

میں بورڈ آف ڈائریکٹرز کی جانب سے 31 مارچ 2020 کو اختتام پذیر پہلی سہ ماہی کے لیے بینک کے مالیاتی نتائج پیش کر رہا ہوں۔ کارکردگی کا جائزہ درج ذیل پیش ہے۔

31 مارچ 2020 کو اختتام پذیر سہ ماہی پر قبل از محمول منافع کی مالیت 433.4 ملین روپے رہی جبکہ اس کے برعکس گذشتہ سال کی پہلی سہ ماہی پر قبل از محمول نقصان کی مالیت 2,883.5 ملین روپے تھی۔ اس کی وجوہات ہیں، (i) خالص مارک اپ/سودی آمدنی میں 6 فیصد اضافہ، (ii) ایک ناکارکردگی دکھانے والے قرضہ (NPL) کی وصولیابی کی وجہ سے 0.745 ارب روپے کے مخصوص مختصات کی واپسی (iii) گذشتہ سال پہلی سہ ماہی میں سرمایہ کاری کی فروخت سے ہونے والے 639.5 ملین روپے کے نقصان کے مقابلے میں اس سال کی پہلی سہ ماہی میں 0.165 ملین روپے کا منافع۔

مالیاتی کارکردگی کے اعداد و شمار کا خلاصہ درج ذیل ہیں:

(روپے 000)			
بیلنس شیٹ	31 مارچ 2020 پر	31 دسمبر 2019 پر	فیصد تبدیلی
اداشدہ سرمایہ	19,710,130	19,710,130	-
حصص کی ڈپازٹ رقم	2,000,000	2,000,000	
ذخائر اور جمع شدہ نقصان	(2,688,174)	(2,852,352)	5.76%
اداشدہ سرمایہ اور ذخائر	19,022,504	18,857,778	-0.87%
دوبارہ قدر پذیری پر (خسارہ)	(1,153,148)	(1,780,577)	
ملکیتی سرمایہ	17,869,356	17,077,201	4.64%
ادھار رقم (Borrowings)	12,915,034	4,192,284	208.07%
ڈپازٹس	136,757,585	134,049,662	2.02%
سرمایہ کاری (Investment) (Carrying Value)	83,608,118	65,143,452	28.34%
مجموعی ایڈوانسز	73,305,591	76,430,095	-4.09%





نفع نقصان کا کھاتہ	31 مارچ 2020 پر اختتام پذیر پہلے 3 ماہ پر	31 مارچ 2019 پر اختتام پذیر پہلے 3 ماہ پر	فیصد تبدیلی
مارک اپ / ریٹرنز / سودی آمدنی	3,695,752	2,741,168	
مارک اپ / ریٹرنز / سودی اخراجات	(2,912,925)	(2,003,563)	
خالص مارک اپ / ریٹرنز / سودی آمدنی	<b>782,827</b>	<b>737,605</b>	<b>6.13%</b>
سرمایہ کی فروخت سے آمدنی / (نقصان)	165	(639,505)	
منتقسمہ منافع (Dividend income)	23,324	32,885	
فیس، کمیشن اور دیگر آمدنی	80,590	86,654	
بنامارک اپ / غیر سودی آمدنی	104,079	(519,966)	120.02%
بنامارک اپ / غیر سودی اخراجات	<b>(1,198,964)</b>	<b>(1,126,189)</b>	<b>-6.46%</b>
عام خصوصیات (صارف / ایس ایم ای)	(8)	(70)	
(خصوصیات) / واپسی - مخصوص	745,460	(1,974,917)	
کل خصوصیات	<b>745,452</b>	<b>(1,974,987)</b>	
نفع / نقصان قبل از ٹیکس	433,394	(2,883,537)	115%
نفع / نقصان بعد از ٹیکس	164,726	(1,592,121)	110.31%
آمدنی / (نقصان) فی حصص (روپے)	0.08	(1.59)	108.18%
دیگر معلومات	31 مارچ 2020 پر	31 دسمبر 2019 پر	فیصد تبدیلی
کھاتوں کی تعداد	<b>521,000</b>	<b>511,779</b>	<b>1.8%</b>
شاخوں کی تعداد	330	330	

تفاتی سہ ماہیوں (quarters) میں منافع بخش کے اعداد و شمار میں بہتری کی وجوہات میں، حکومت سندھ کا بینک کے ملکیتی سرمائے میں طے شدہ رقم جمع کروانا، وصولیاتی کی کوششوں کی کامیابی اور گاہکوں کے ڈپازٹس میں اضافے سے سرمایہ کاری کے لیے زیادہ فنڈز دستیاب ہونا شامل ہیں۔

کل ڈپازٹس 31 دسمبر 2019 کے 134 ارب روپے میں 2.02 فیصد اضافے سے بڑھ کر 136.8 ہو گئے۔ حکومت سندھ کے شعبہ

مالیات، کے ڈپازٹس کا کل ڈپازٹس سے تناسب 14.5 فیصد رہا۔ سہ ماہی کے دوران کھاتے داروں کی تعداد 9,221 کھاتوں (یعنی 1.8 فیصد) کے اضافے کے بعد 521,000 کھاتے ہو گئی۔ 31 دسمبر 2019 کے 76.4 ارب کے مجموعی ایڈوانسز میں 4.09 فیصد کی بعد اس کی مالیت 73.5 ارب روپے رہ گئی۔ سرمایہ کاری پورٹ فولیو 31 دسمبر 2019 کی صورت حال سے 28.34 فیصد بڑھ گیا جس میں جزوی سرمایہ کاری قرضوں سے کی گئی تھی جو کہ 8.7 ارب روپے (یعنی 208 فیصد) سے بڑھ گئے۔

### کریڈٹ ریٹنگ

VIS کریڈٹ ریٹنگ کمپنی (سابقہ JCR-VIS کریڈٹ ریٹنگ کمپنی) نے اپنی 5 جولائی 2019 کی رپورٹ میں بینک کی entity ریٹنگ (i) درمیانی سے طویل المدت درجہ بندی کے لیے 'A+' (مثبت A) اور (ii) قلیل المدت درجہ بندی کے لیے "A1 (A) مستحکم پس منظر کے ساتھ تفویض کی ہے۔

### معاشی جائزہ

مارچ 2020 میں کرونا وائرس (Covid-19) کی عالمی وبا کا پھیلنا ایک مغلوب کرنے والا واقعہ رہا جس نے تمام دنیا میں انسانی زندگی اور معیشت میں خاصی تباہی پھیلا دی ہے۔ کرونا وائرس دنیا بھر میں خاصہ پھیل چکا ہے اور معاشی سرگرمیوں میں بہت خلل ڈال چکا ہے جس کی وجہ سے ابتدائی طور پر سال 2020 کے لیے IMF نے عالمی نمو کے منظر نامے کو 3.3 فیصد سے گھٹا کر صفر سے نیچے کر دیا ہے اور اس کے بعد نظر ثانی شدہ اندازوں کے مطابق 3 فیصد کی توقع کی جارہی ہے یعنی توقع کی جارہی کہ گریٹ ڈپریشن کے بعد عالمی معیشت سب سے بڑی کساد بازی (تیز ترین گراؤ) کے دور میں داخل ہوگی۔ داخلی محاذ پر بلند تعداد (frequency) کی سرگرمی کے اشارے جیسا کہ پرچون کی فروخت، کریڈٹ کارڈ سے خرچے، جیسے سیمٹ کی پیداوار، برآمدات کے سودے، ٹیکس کی وصولیابی اور، گوگل کی کمیونٹی کے موبیلیٹی اعداد و شمار، موبیلیٹی رپورٹس اس بات کا اشارہ دے رہے ہیں کہ معیشت کے زیادہ تر شعبہ جات میں خاصی گراؤ رہے گی۔

کرونا وائرس کے پھیلاؤ سے پہلے، حکومت مالی سال 2020 کے لیے مجموعی قومی پیداوار (GDP) کی 4 فیصد نمو کے ہدف کا تعین کر چکی تھی۔ 16 اپریل 2020 کے مالیاتی پالیسی بیان میں معیشت کے منظر نامے میں مالیاتی سال 2020 کے لیے پیش گوئی کی جارہی ہے کہ یہ 1.5 فیصد سکڑے گی جس کے بعد مالی سال 2021 میں 2 فیصد کی نمو بحال ہونے کی توقع ہے۔ اس کی بیان کردہ وجوہات میں کرونا وبا کے بارے میں اس کی شدت اور اس کے دورانیہ کے بارے میں غیر یقینی ہے۔

مالیاتی محاذ پر، افراط زر کے منظر نامے میں بہتری کی وجہ سے 75 پیسے پوائنٹس کی کٹوتی کا پہلا اعلان 17 مارچ 2020 کو ہوا۔



MPC کے ہنگامی اجلاسوں کے بعد 150 بیسیس پوائنٹس کی دوسری کٹوتی 24 مارچ 2020 پر اور 200 بیسیس پوائنٹس کی مزید کٹوتی کا اعلان 16 اپریل 2020 کو ہوا، جس کی وجہ مذکورہ بالا بیان کردہ عوامل ہیں جن کی وجہ سے معیشت کے زیادہ تر شعبہ جات میں سست روی رہی۔ اب تک 425 بیسیس پوائنٹس کی مجموعی کمی کے ساتھ موجودہ پالیسی نرخ 9 فیصد ہے۔ CPI جو جنوری 2020 میں 14.6 فیصد تھا مارچ 2020 کے دوران کم ہو کر 10.2 فیصد ہو گیا۔ اپریل 2020 میں SPI کے ہفتہ وار اعلامیوں (releases) سے افراط زر کی رفتار میں نمایاں کمی ظاہر کر رہی ہیں۔

مذکورہ بالا پالیسی نرخ میں کٹوتی بینک دولت پاکستان کے معیشت کی بحالی کے سلسلے میں اٹھائے جانے والے اقدامات کو مدد فراہم کرے گی بشمول ملازمین کی ملازمت جاری رکھنے کے رعائتی قرضہ جات کی فراہمی، اصل قرضہ جات کی ادائیگیوں میں ایک سال کی چھوٹ، قرضہ جات کی ادائیگی کے شیڈول میں 90 تا 180 دنوں کا اضافہ، برقی (digital) بینکاری کا فروغ اور ہپتالوں اور میڈیکل مراکز کو رعائتی قرضہ جات کی فراہمی تاکہ وہ کرونا وائرس سے جنگ کے سلسلے کے اخراجات پورے کر سکیں۔ بینک دولت پاکستان نے، وقتی طور پر کیپیٹل کٹز رویشن بفر (CCB) کی موجودہ سطح کو 2.5 فیصد سے کم کر کے 1.5 فیصد کر دیا ہے تاکہ بینکوں کے کیپیٹل کی موزونیت کے لیے گنجائش پیدا کی جائے تاکہ مزید قرضہ جات فراہم کئے جاسکیں اور کرونا کے دیگر اثرات سے بچا جاسکے۔

جاری کھاتے کا خسارہ ترقی پذیر بہتری دکھاتے ہوئے مارچ 2020 میں نو ماہ کے اختتام پر 2.8 ارب امریکی ڈالر پر بندہوا جسکے ساتھ درآمدت میں 16.2 فیصد کمی اور برآمدات میں 1.1 فیصد اضافہ ہوا۔ 31 مارچ 2020 میں نو ماہ کے اختتام پر ملکی ترسیل زر کی مالیت 17.0 ارب امریکی ڈالر رہی جس میں گزشتہ سال اسی مدت کے اعداد و شمار میں 6 فیصد اضافہ ہوا۔

غیر ملکی زرمبادلہ کے ذخائر 31 دسمبر 2019 کی مالیت میں 4 فیصد کمی کے ساتھ 31 مارچ 2020 میں 17.4 ارب امریکی ڈالر ہو گئی۔ پاکستان کے بیرونی کھاتے کے سلسلے میں بجٹ سے متعلق معاونت اور کرونا کے اثرات سے نپٹنے کے لیے IMF پہلے ہی سے اپنے "ریپڈ فناننگ انسٹرومنٹ" 1.4 ارب امریکی ڈالر کی مدد فراہم کر چکا ہے جبکہ ADB بجٹ کی تیار کی کے سلسلے میں 1.7 ارب امریکی ڈالر کی مدد فراہم کرنے پر اتفاق کر چکا ہے جس میں سے 800 ملین امریکی ڈالر 30 جون 2020 سے پہلے اور بقیہ 900 ملین امریکی ڈالر 31 دسمبر 2020 تک فراہم کر دے گا۔

مارچ 2020 کے اختتام پر PSX-100 انڈیکس 29,232 پوائنٹس پر بند ہوا جس میں 31 دسمبر 2019 کے 40,735 پوائنٹس میں 28 فیصد کمی کا اندراج کیا۔ فروری 2020 سے اور اس کے بعد کرونا وائرس کی وجہ سے پاکستان اسٹاک ایکسچینج نے شدید ترین زود پذیری کا سامنا کیا اور دنیا بھر کی اسٹاک مارکیٹوں کو بھی اسی طرح کا سامنا کرنا پڑا۔

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

سندھ مائیکروفنانس بینک لمیٹڈ (SMFB)، نے مائیکروفنانس آپریشن کا آغاز صوبہ سندھ میں مئی 2016 میں کیا۔ ایک غیر معمولی کے طور پر SMFB اپنے آپریشن کے پہلے سال سے مسلسل منافع کا اندراج کرتا رہا ہے اور اس کے جمع شدہ ذخائر 154 ملین روپوں سے تجاوز کر چکے ہیں۔ SMFB نے اس کے حصول بینک کے قرضہ جات کے پورٹ فولیو میں اساسی (organic) نمو سے حاصل کیا۔ 31 مارچ 2020 پر قرضوں کا پورٹ فولیو 794 ملین روپے رہا اور اب تک 3.2 ارب روپے (125,000 قرضہ جات سے زیادہ) کی ادائیگیاں ان عورتوں کو جو کاروبار، زراعت، ہفت روزہ اور مال مویشی کے کام میں مصروف ہیں ان کو سندھ بھر میں 75 مقامات پر موجود 17 شاخیں اور 58 مالیاتی مراکز سے کی جا چکی ہیں۔

SMFB کی اعلیٰ کارکردگی کے اشاروں اور نادر ہندگی کے کم تناسب کی وجہ سے پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے طویل المدت درجہ بندی A- اور قلیل المدت درجہ بندی A2 تفویض کی ہیں جو PACRA کی نظر میں مائیکروفنانس کے سیکٹر میں SMFB ایک ابھرتا ہوا ادارہ ہے۔ 31 مارچ 2020 پر SMFB کا خالص ملکیتی سرمایہ 903.5 ملین روپے کے ساتھ اس کا ادا شدہ سرمایہ 750 ملین روپے رہا۔

## مستقبل کا منظر نامہ

کرونا وائرس کی وبا کے پھیلاؤ سے امکان ہے کہ بینک کی منافع بخشی متاثر ہو اور آنے والے دنوں میں لاگتیں بڑھیں گی اور قرضے لینے کا عمل محدود رہے گا، کاروبار تجارت کا حجم کم ہوگا، ناکارکردگی دکھانے والے قرضہ جات بڑھیں گے اور قرضوں کی وصولیوں میں سست روی سے کیش فلو (flow cash) کی صورتحال تھوڑی کم ہو سکتی ہے۔ کاروبار کرنے کے طریقوں پر دوبارہ غور کرنا ہوگا جس میں ہماری توجہ کا مرکز بینکاری اور خدمات فراہم کرنے کے متبادل ذرائع اور ٹیکنالوجی کے بہتر استعمال سے گاہکوں تک زیادہ رسائی حاصل کرنا ہوگا۔

مسائل کے باوجود بینک اپنی مالیاتی استحکام کی بحالی اور نتیجہ viability پر کام کرتا رہے گا اور اس سلسلے میں اپنے بزنس پلان ذیل میں دیئے گئے کاموں پر توجہ دے رہا ہے:

- بینک کا کیپیٹل مضبوط کرنا۔ منظور شدہ پلان کے تحت 2019 میں حکومت سندھ (بینک کا واحد اسپانسر) نے بینک کے حصص کیپیٹل میں 11.7 ارب روپے جمع کروادیئے تھے۔ توقع ہے کہ سندھ لیژنگ کمپنی لمیٹڈ (SLCL) کے انضمام سے بینک کے حصص کیپیٹل میں تقریباً 3.0 ارب روپے کا مزید اضافہ ہوگا بینک میں SLCL کے انضمام کا عمل اگلی سطح کے مراحل میں ہے۔



- کاروبار کے حجم اور منافع بخشی میں بہتری لانا  
Consumers اور SME سیکمنٹس اور فیس کی بنیاد پر کاروبار میں اضافہ، کم لاگت کے ڈپازٹس کو متحرک کرنا اور نئے  
اسیٹ (asset) پروڈکٹس کو پیش کرنے کے لیے جارحانہ اقدامات کرنا اور خرچے گھٹانے کے لیے حقیقت پسندانہ  
اقدامات کرنا۔
- ناکارکردگی دکھانے والے قرضہ جات کی وصولی اور کمی  
مخصوص اثاثہ جات مینجمنٹ (SAM) ڈویژن کی تشکیل کی جا چکی ہے تاکہ ناکارکردگی دکھانے والے قرضہ  
جات (NPLs) کی وصولی کی جائے اور اس میں کمی کیلئے اقدامات کیے جاسکیں۔ جہاں ممکن ہو، بڑے قرضہ لینے  
والوں/گروپس سے مذاکرات کے ذریعے تصفیے پر پہنچنے کی بھرپور کوششیں جاری رہیں گی۔
- نظم و ضبط، رسک اور کنٹرول ماحول کو مضبوط کرنا۔

### اعتراف

بورڈ آف ڈائریکٹرز کی جانب سے، میں خلوص دل سے ریگولیشنز، حصص کنندگان اور گاہکوں کا ان کی بینک انتظامیہ کی مسلسل رہنمائی اور  
حمایت کرنے پر شکر ادا کرنا چاہتا ہوں۔

بورڈ آف ڈائریکٹرز کی جانب سے

  
عمران صد




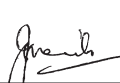
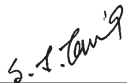
صدر/CEO

کراچی: 30 اپریل 2020

## Unconsolidated Condensed Interim Statement of Financial Position As At March 31, 2020

		<b>March 31, 2020 Un-audited</b>	<b>December 31, 2019 Audited</b>
	<b>Note</b>	----- (Rupees in '000) -----	
<b>ASSETS</b>			
Cash and balances with treasury banks	7	10,616,836	13,552,972
Balances with other banks	8	1,098,957	838,364
Lendings to financial institutions	9	3,184,131	3,645,392
Investments-net	10	83,608,118	65,143,452
Advances-net	11	58,752,000	61,131,052
Fixed assets	12	3,601,049	3,788,000
Intangible assets	13	56,464	39,964
Deferred tax assets-net	14	7,993,381	8,606,608
Other assets	15	4,210,484	3,853,130
		<b>173,121,420</b>	<b>160,598,934</b>
<b>LIABILITIES</b>			
Bills payable	16	461,276	495,010
Borrowings	17	12,915,034	4,192,284
Deposits and other accounts	18	136,757,585	134,049,662
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	19	5,118,169	4,784,777
		<b>155,252,064</b>	<b>143,521,733</b>
<b>NET ASSETS</b>		<b>17,869,356</b>	<b>17,077,201</b>
<b>REPRESENTED BY</b>			
Share capital - net	20	19,710,130	19,710,130
Reserves		1,484,924	1,451,979
Shares deposit money	21	2,000,000	2,000,000
Deficit on revaluation of assets	22	(1,153,148)	(1,780,577)
Accumulated Loss		(4,172,550)	(4,304,331)
		<b>17,869,356</b>	<b>17,077,201</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	23		

The annexed notes from 1 to 42 form an integral part of these unconsolidated condensed interim financial statements.

				
Chairman	President and Chief Executive Officer	Director	Director	Chief Financial Officer



## Unconsolidated Condensed Interim Profit and Loss Account (Un-audited) For The Quarter Ended March 31, 2020

		<b>March 31, 2020</b>	<b>March 31, 2019</b>
<b>Note</b>	----- (Rupees in '000) -----		
Mark-up / Return / Interest Earned	24	<b>3,695,752</b>	2,741,168
Mark-up / Return / Interest Expensed	25	<b>2,912,925</b>	2,003,563
<b>Net Mark-up / Interest Income</b>		<b>782,827</b>	737,605
<b>Non Mark-up / Interest Income</b>			
Fee and Commission Income	26	<b>68,914</b>	88,044
Dividend Income		<b>23,324</b>	32,885
Foreign Exchange Income		<b>7,566</b>	(3,078)
Income / (loss) from derivatives		-	-
Gain / (Loss) on securities	27	<b>165</b>	(639,505)
Other Income	28	<b>4,110</b>	1,688
<b>Total non-markup/interest Income</b>		<b>104,079</b>	(519,966)
<b>Total Income</b>		<b>886,906</b>	217,639
<b>Non Mark-up / Interest Expenses</b>			
Operating expenses	29	<b>1,198,964</b>	1,125,858
Other charges	30	-	331
<b>Total non-markup/interest expenses</b>		<b>1,198,964</b>	1,126,189
<b>Loss before provisions</b>		<b>(312,058)</b>	(908,550)
Provisions and write offs - net Extra ordinary / unusual items	31	<b>(745,452)</b>	1,974,987
<b>Profit / (Loss) before Taxation</b>		<b>433,394</b>	(2,883,537)
Taxation	32	<b>268,668</b>	(1,291,416)
<b>Profit / (Loss) after Taxation</b>		<b>164,726</b>	(1,592,121)
		----- Rupees -----	
<b>Basic Earnings / (Loss) per share</b>	33	<b>0.08</b>	(1.59)
<b>Diluted Earnings / (Loss) per share</b>	34	<b>0.08</b>	(1.59)

The annexed notes from 1 to 42 form an integral part of these unconsolidated condensed interim financial statements.

Chairman

President and  
Chief Executive Officer

Director






Director

Chief Financial Officer

**Unconsolidated Condensed Interim Statement of  
 Comprehensive Income (Un-audited)  
 For The Quarter Ended March 31, 2020**

	<u>March 31, 2020</u>	<u>March 31, 2019</u>
	----- (Rupees in '000) -----	
<b>Profit / (Loss) after taxation for the period</b>	<b>164,726</b>	<b>(1,592,121)</b>
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified to profit and loss account in subsequent periods:</b>		
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-
	<u>164,726</u>	<u>(1,592,121)</u>
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>		
Movement in surplus / (deficit) on revaluation of investments - net of tax	<b>627,429</b>	<b>775,349</b>
<b>Total comprehensive income / (loss)</b>	<u><b>792,155</b></u>	<u><b>(816,772)</b></u>

The annexed notes from 1 to 42 form an integral part of these unconsolidated condensed interim financial statements.

Chairman      President and Chief Executive Officer      Director      Director      Chief Financial Officer





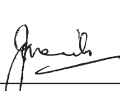
## Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited) For The Quarter Ended March 31, 2020

	Capital Reserves				Surplus / (Deficit) on revaluation of assets	Unappropriated Profit / (Loss) **	Total
	Share Capital	Shares Deposit Money	Share Premium	Statutory Reserve *			
Rupees in '000							
Balance as at January 01, 2019	10,010,130	-	51	1,451,928	(4,181,968)	3,958,289	11,238,430
Loss for the quarter ended March 31, 2019	-	-	-	-	-	(1,592,121)	(1,592,121)
Other comprehensive income /(loss) - net of tax	-	-	-	-	775,349	-	775,349
Balance as at March 31, 2019	10,010,130	-	51	1,451,928	(3,406,619)	2,366,168	10,421,658
Loss for the period (nine months) ended December 31, 2019	-	-	-	-	-	(6,667,739)	(6,667,739)
Other comprehensive income /(loss) - net of tax	-	-	-	-	1,626,042	(2,760)	1,623,282
Transfer to statutory reserve	-	-	-	-	-	-	-
Issue of Shares during the year	9,700,000	-	-	-	-	-	9,700,000
Shares deposit money	-	2,000,000	-	-	-	-	2,000,000
<b>Balance as at December 31, 2019</b>	<b>19,710,130</b>	<b>2,000,000</b>	<b>51</b>	<b>1,451,928</b>	<b>(1,780,577)</b>	<b>(4,304,331)</b>	<b>17,077,201</b>
Profit for the quarter ended March 31, 2020	-	-	-	-	-	164,726	164,726
Other comprehensive income - net of tax	-	-	-	-	627,429	-	627,429
Transfer to statutory reserve	-	-	-	32,945	-	(32,945)	-
<b>Balance as at March 31, 2020</b>	<b>19,710,130</b>	<b>2,000,000</b>	<b>51</b>	<b>1,484,873</b>	<b>(1,153,148)</b>	<b>(4,172,550)</b>	<b>17,869,356</b>

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

\*\* As more fully explained in note 11.2.2 of these unconsolidated financial statements, unappropriated profit includes an amount of Rs.9,523.49 million net of tax as at March 31, 2020 (December 31, 2019: Rs. 9,541.05 million) representing additional profit arising from availing forced sale value benefit for determining provisioning requirement which is not available for the purpose of distribution of dividend to shareholders.

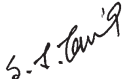
The annexed notes from 1 to 42 form an integral part of these unconsolidated condensed interim financial statements.

 Chairman  
 President and Chief Executive Officer  
 Director  
 Director  
 Chief Financial Officer

## Unconsolidated Condensed Interim Statement of Cash Flows (Un-audited) For The Quarter Ended March 31, 2020

		March 31, 2020	March 31, 2019
	Note	----- (Rupees in '000) -----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit / (Loss) before taxation		433,394	(2,883,537)
Less: Dividend income		(23,324)	(32,885)
		<u>410,070</u>	<u>(2,916,422)</u>
<b>Adjustments:</b>			
Depreciation	29	238,081	78,744
Amortisation	29	5,119	5,357
Provision against non-performing loans and advances - net	31	(745,452)	1,974,987
Provision for diminution in the value of investments - net		-	-
Gain on sale of operating fixed assets	28	(2,942)	(30)
		<u>(505,194)</u>	<u>2,059,058</u>
		<u>(95,124)</u>	<u>(857,364)</u>
<b>(Increase) / decrease in operating assets</b>			
Lendings to financial institutions		461,261	2,439,150
Advances - net		3,124,504	(589,139)
Other assets (excluding advance taxation)		(390,441)	2,568,216
		<u>3,195,324</u>	<u>4,418,227</u>
<b>Increase / (decrease) in operating liabilities</b>			
Bills payable		(33,734)	(155,035)
Borrowings from financial institutions		8,722,750	(5,286,983)
Deposits and other accounts		2,707,923	(2,870,327)
Other liabilities (excluding current taxation)		333,392	(961,513)
		<u>11,730,331</u>	<u>(9,273,858)</u>
		<u>14,830,531</u>	<u>(5,712,995)</u>
Income tax paid		(19,446)	(138,513)
<b>Net cash flow from / (used in) operating activities</b>		<u>14,811,085</u>	<u>(5,851,508)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net investment in available-for-sale securities		(17,442,373)	10,027,944
Net investment in held-to-maturity securities		6,278	21,213
Dividends received		19,274	15,052
Investments in operating fixed assets		(73,006)	(35,120)
Sale proceeds from sale of fixed assets		3,199	30
<b>Net cash flows from investing activities</b>		<u>(17,486,628)</u>	<u>10,029,119</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Issue of share capital		-	-
<b>Net cash flow from / (used in) financing activities</b>		<u>-</u>	<u>-</u>
(Decrease) / Increase in cash and cash equivalents		<u>(2,675,543)</u>	<u>4,177,611</u>
<b>Cash and cash equivalents at the beginning of the year</b>		<u>14,391,336</u>	<u>9,610,301</u>
<b>Cash and cash equivalents at the end of the period</b>	35	<u>11,715,793</u>	<u>13,787,912</u>

The annexed notes from 1 to 42 form an integral part of these unconsolidated condensed interim financial statements.

 Chairman  
 President and Chief Executive Officer  
 Director  
 Director  
 Chief Financial Officer



## Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) For The Quarter Ended March 31, 2020

### 1 STATUS AND NATURE OF BUSINESS

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

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

1.3 VIS Credit Rating Company (Formerly JCR-VIS Credit Rating Company) in their report dated July 05, 2019, had assigned the Bank (i) medium to long term entity rating of '**A+**' (**Single A plus**) and (ii) short term rating of '**A1**' (**A One**) with a 'Stable' outlook.

#### 1.4 Going Concern

Due to significant losses suffered by the Bank in 2018 and 2019 and to address any material uncertainty posed by rising NPLs and low operating income vis a vis the bank's operating expenses, the management is working on a Business Viability Plan approved by its Board of Directors. The Plan aims to make the Bank a viable, self-sustaining institution going forward by focussing on the following areas:

- Strengthening Bank's Capital-With the injection of Rs. 11.7 billion by the Government of Sindh, in Bank's Common Equity (Tier 1) during the year 2019, the Bank has achieved compliance with regulatory CAR on March 31, 2020. Going forward, the completion of merger of Sindh Leasing Company Limited with and into Sindh Bank will further augment Bank's capital base and adequacy.
- improving Business Volumes and Profitability-This will involve the Bank taking pro-active measures to:
  - i. increase fee-based income from mainly trade-related business;
  - ii. mobilizing cost effective (CASA) deposits;
  - iii. launching new asset products in the Consumer and SME segments;
  - iv. make concerted efforts for recovery and reduction of Non-Performing Loans.
  - v. rationalize costs;
- Strengthening the Bank's Governance, Risk and Control environment.

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

1.5 The State Bank of Pakistan (SBP) granted license to the Bank to conduct banking business subject to certain conditions which inter alia included that the Bank will get listed on stock exchange within three years from the date of commencement of business. The Bank, however, from time to time had obtained extensions in the time limit from SBP. During 2016, the Bank initiated the process of listing of its shares on Pakistan Stock Exchange (PSX). Approval of the draft Prospectus was given by PSX on October 25, 2016 with a deadline to publish the same in the newspapers by October 31, 2016. Publication of the Prospectus was however halted and the listing process put on hold as the Government of Sindh (sole sponsor of Sindh Bank Limited) and the majority shareholders / sponsors of Summit Bank Limited agreed

in principle, to consider a merger of the two institutions, with the Bank being the surviving entity. However the matter suffered significant delays for various reasons, with the first exercise being carried out on the basis of due diligence of 2016 audited financials and the latest being based on due diligence of 2017 audited financial statements, whereafter the Board of Directors and Shareholders of both the Banks approved the merger during August 2018. Approval of Sindh Cabinet, a pre-requisite for sanction by the State Bank of Pakistan, was sought, but was not received. Subsequently, due to financial condition of Summit Bank requiring a much higher capital injection and the Bank's own concerns about meeting the Capital Adequacy Ratio, the Board of Directors of Sindh Bank in their 65th meeting held on April 02, 2019 considered it advisable not to pursue the merger.

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

## 2 BASIS OF PRESENTATION

- 2.1 The disclosures made in these unconsolidated condensed interim financial statements have been limited based on the format prescribed by the State Bank of Pakistan through BPRD Circular Letter No. 5 dated 22 March 2019 and the requirements of the International Accounting Standard 34, "Interim Financial Reporting". These do not include all of the information required for the full set of annual financial statements and should be read in conjunction with the financial statements of the Bank for the year ended 31 December 2019.
- 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 condensed interim financial statements for reporting purposes, after eliminating material inter-branch transactions / balances. Key financial figures of the Islamic Banking branches are disclosed in note 40 to these unconsolidated condensed interim financial statements.

## 3 STATEMENT OF COMPLIANCE

These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

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

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



The SBP vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) and International Accounting Standard 40, Investment Property (IAS 40) for Banking companies till further instructions. Further, according to the notification of the Securities and Exchange Commission of Pakistan (SECP) dated April 28, 2008, 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 condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

#### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of this condensed interim unconsolidated financial information is the same as that applied in the preparation of the unconsolidated financial statements for the year ended December 31, 2019.

#### 5 SIGNIFICANT ACCOUNTING POLICIES

5.1 The accounting policies adopted in the preparation of this unconsolidated condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2019.

#### 5.2 Standards, interpretations and amendments to approved accounting standards that are effective in the current period.

The following new standards and interpretations of and amendments to existing accounting standards will be effective from the dates mentioned below against the respective standard, interpretation or amendment

Standard, Interpretation or Amendment	Effective date
- IFRS 3 - Business Combinations (Amendments)	January 01, 2020
- IAS 1 - Presentation of Financial Statements (Amendments)	January 01, 2020
- IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 01, 2020

In addition, there are certain new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 1, 2020 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these unconsolidated condensed interim financial statements.

#### 5.3 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following new standards and interpretations of and amendments to existing accounting standards will be effective from the dates mentioned below against the respective standard, interpretation or amendment (if any):

Standard, Interpretation or Amendment	Effective date
- IFRS 9 - Financial Instruments: Classification and Measurement	January 01, 2021

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

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

## 6 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Bank for the year ended December 31, 2019.

		March 31, 2020 Un-audited	December 31, 2019 Audited
	Note	----- (Rupees '000) -----	
<b>7 CASH AND BALANCES WITH TREASURY BANKS</b>			
<b>In hand</b>			
Local currency		4,654,399	3,082,460
Foreign currency		246,439	208,051
		<b>4,900,838</b>	<b>3,290,511</b>
<b>With State Bank of Pakistan (SBP) in</b>			
Local currency current accounts	7.1	4,860,875	7,790,641
Foreign currency current accounts	7.2	16,717	14,725
Foreign currency deposit accounts			
- Non Remunerative	7.3	71,768	77,503
- Remunerative	7.4	194,240	218,619
		<b>5,143,600</b>	<b>8,101,488</b>
<b>With National Bank of Pakistan in</b>			
Local currency current accounts		348,340	1,854,468
Local currency deposit accounts		95,582	188,077
		<b>443,922</b>	<b>2,042,545</b>
<b>Prize bonds</b>		<b>128,476</b>	<b>118,428</b>
		<b>10,616,836</b>	<b>13,552,972</b>

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

7.2 This represents US Dollar Settlement Account maintained with SBP.

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

7.4 This represents foreign currency special cash reserve maintained with SBP. The Bank is entitled to earn profit which is declared by SBP on a monthly basis. During the period, the SBP has declared profits in the range of 0.51% to 0.76% (2019 : 0.70% to 1.50%) per annum.



		March 31, 2020 Un-audited	December 31, 2019 Audited
	Note	----- (Rupees '000) -----	
<b>8 BALANCES WITH OTHER BANKS</b>			
<b>In Pakistan</b>			
In current accounts		9,330	29,732
In savings accounts	8.1	6,615	21,563
		<b>15,945</b>	51,295
<b>Outside Pakistan</b>			
In current accounts		1,083,012	787,069
		<b>1,098,957</b>	838,364

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

**9 LENDINGS TO FINANCIAL INSTITUTIONS**

Repurchase agreement lendings (Reverse Repo)	9.2 & 9.3	3,184,131	3,645,392
		<b>3,184,131</b>	3,645,392

**9.1 Particulars of lending**

In local currency		3,184,131	3,645,392
In foreign currencies		-	-
		<b>3,184,131</b>	3,645,392

9.2 This represents resale agreement lending to commercial banks and DFIs carrying mark-up in the range of 11.00% to 12.65% (2019 :13.05% to 13.35%) per annum maturing up to April 03, 2020 (2019: January 02, 2020).

**9.3 Securities held as collateral against Lendings to financial institutions**

	March 31, 2020 (Un-audited)			December 31, 2019 (Audited)		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	----- (Rupees '000) -----					
Market Treasury Bills	-	-	-	3,643,328	-	3,643,328
Pakistan Investment Bonds	3,271,314	-	3,271,314	-	-	-
Total	<b>3,271,314</b>	<b>-</b>	<b>3,271,314</b>	<b>3,643,328</b>	<b>-</b>	<b>3,643,328</b>

**10 INVESTMENTS - NET**

**10.1 Investments by type**

	March 31, 2020 (Un-audited)				December 31, 2019 (Audited)			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
----- Rupees in '000 -----								
<b>Available-for-sale securities</b>								
Federal Government Securities								
Pakistan Investment Bonds	23,578,029	-	(963,945)	22,614,084	23,640,034	-	(2,603,000)	21,037,034
Market Treasury Bills	39,056,394	-	295,305	39,351,699	21,921,061	-	(22,903)	21,898,158
Government of Pakistan - Ijarah Sukuk	500,000	-	-	500,000	500,000	-	(5,000)	495,000
Shares								
Listed	2,975,939	(357,940)	(936,050)	1,681,949	2,589,037	(357,940)	(231,757)	1,999,340
Unlisted	100,000	-	-	100,000	100,000	-	-	100,000
Non-Government debt securities								
Sukuk certificates	174,999	-	4,393	179,392	192,856	-	6,920	199,776
Mutual funds	915,049	(20,646)	(290,108)	604,295	915,049	(20,646)	(63,236)	831,167
	<u>67,300,410</u>	<u>(378,586)</u>	<u>(1,890,405)</u>	<u>65,031,419</u>	<u>49,858,037</u>	<u>(378,586)</u>	<u>(2,918,976)</u>	<u>46,560,475</u>
<b>Held-to-maturity securities</b>								
Federal Government Securities								
Pakistan Investment Bonds	16,792,002	-	-	16,792,002	16,798,258	-	-	16,798,258
Preference Shares - Unlisted	77,708	-	-	77,708	77,708	-	-	77,708
Non-government debt securities								
Term finance certificates - listed	224,235	-	-	224,235	224,235	-	-	224,235
Term finance certificates - unlisted	859,161	(126,407)	-	732,754	859,183	(126,407)	-	732,776
	<u>17,953,106</u>	<u>(126,407)</u>	<u>-</u>	<u>17,826,699</u>	<u>17,959,384</u>	<u>(126,407)</u>	<u>-</u>	<u>17,832,977</u>
<b>Investment in Subsidiary</b>								
Fully paid ordinary shares	750,000	-	-	750,000	750,000	-	-	750,000
<b>Total Investments</b>	<u>86,003,516</u>	<u>(504,993)</u>	<u>(1,890,405)</u>	<u>83,608,118</u>	<u>68,567,421</u>	<u>(504,993)</u>	<u>(2,918,976)</u>	<u>65,143,452</u>

**10.2 Investments given as collateral**

**Federal government securities**

	March 31, 2020 Un-audited	December 31, 2019 Audited
Pakistan Investment Bonds	9,712,252	2,574,477
Market Treasury Bills	1,978,364	-
	<u>11,690,616</u>	<u>2,574,477</u>





	March 31, 2020 Un-audited	December 31, 2019 Audited
<b>10.3 Provision for diminution in value of investments</b>	----- (Rupees '000) -----	
10.3.1 Opening balance	504,993	243,212
<b>Charge / reversals</b>		
Charge for the period	-	261,781
Reversals for the period	-	-
Reversal on disposals	-	-
Transfers - net	-	261,781
<b>Closing Balance</b>	<b>504,993</b>	<b>504,993</b>

**10.3.2 Particulars of provision against equity / debt investments**

Category of classification	March 31, 2020 (Un-audited)		December 31, 2019 (Audited)	
	Non performing investments	Provision	Non performing investments	Provision
	----- Rupees in '000 -----			
<b>Domestic</b>				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	514,344	126,407	514,344	126,407
Loss	378,586	378,586	378,586	378,586
<b>Total</b>	<b>892,930</b>	<b>504,993</b>	<b>892,930</b>	<b>504,993</b>

10.4 The market value of securities classified as held-to-maturity as at March 31, 2020 amounted to Rs. 18,360.52 million (December 31, 2019: 17,059.34 million).

11 ADVANCES - NET	Performing		Non Performing		Total	
	March 31, 2020 (Un-audited)	December 31, 2019 (Audited)	March 31, 2020 (Un-audited)	December 31, 2019 (Audited)	March 31, 2020 (Un-audited)	December 31, 2019 (Audited)
	----- Rupees in '000 -----					
<b>Loans, cash credits, agriculture, running finances etc.</b>						
In Pakistan	32,033,148	32,729,716	32,391,110	33,804,371	64,424,258	66,534,087
<b>Commodity finance</b>						
In Pakistan	6,176,595	7,020,595	-	-	6,176,595	7,020,595
<b>Islamic financing and related assets</b>						
Diminishing musharakah financing	1,669,717	1,790,039	-	-	1,669,717	1,790,039
Murabaha Financing	619,525	644,525	-	-	619,525	644,525
Ijarah financing under IFAS 2	56,627	61,542	-	-	56,627	61,542
	40,555,612	42,246,417	32,391,110	33,804,371	72,946,722	76,050,788
<b>Bills discounted and purchased (excluding market treasury bills)</b>						
Payable in Pakistan	348,639	369,077	-	-	348,639	369,077
Payable outside Pakistan	6,825	6,825	3,405	3,405	10,230	10,230
	355,464	375,902	3,405	3,405	358,869	379,307
<b>Advances - gross</b>	40,911,076	42,622,319	32,394,515	33,807,776	73,305,591	76,430,095
<b>Provision for non-performing advances</b>						
- Specific	-	-	14,551,770	15,297,231	14,551,770	15,297,231
- General provision against consumer and small enterprise advances	1,821	1,812	-	-	1,821	1,812
	1,821	1,812	14,551,770	15,297,231	14,553,591	15,299,043
<b>Advances - Net of Provision</b>	<b>40,909,255</b>	<b>42,620,507</b>	<b>17,842,745</b>	<b>18,510,545</b>	<b>58,752,000</b>	<b>61,131,052</b>

11.1 Particulars of advances (Gross)	March 31, 2020 Un-audited	December 31, 2019 Audited
	----- (Rupees '000) -----	
In local currency	73,305,591	76,430,095
In foreign currencies	-	-
	<u>73,305,591</u>	<u>76,430,095</u>

11.2 Advances include Rs.32,394.52 (2019: Rs. 33,807.78) millions which have been placed under non-performing status as detailed below:

Category of Classification	March 31, 2020 (Un-audited)		December 31, 2019 (Audited)	
	Non performing loans	Provision	Non performing loans	Provision
	----- Rupees in '000 -----			
<b>Domestic</b>				
Other Assets Especially Mentioned	11.2.1 249,371	-	580,740	-
Substandard	1,824,985	236,929	2,013,140	233,933
Doubtful	1,185,119	252,059	1,507,601	183,888
Loss	29,135,040	14,062,782	29,706,295	14,879,410
Total	<u>32,394,515</u>	<u>14,551,770</u>	<u>33,807,776</u>	<u>15,297,231</u>

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

11.2.2 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.15,612.28 (2019: Rs.15,641.06 ) million. The resultant increase in profit due to FSV benefit taken will not be available for distribution as cash and stock dividend to shareholders.

11.2.3 Particulars of provision against advances

	March 31, 2020 (Un-audited)			December 31, 2019 (Audited)		
	Specific	General	Total	Specific	General	Total
	----- Rupees in '000 -----					
Opening balance	15,297,231	1,812	15,299,043	5,538,312	2,014	5,540,326
Exchange adjustments	-	-	-	-	-	-
Charge for the period	260,577	9	260,586	9,976,656	-	9,976,656
Reversals	(1,036,975)	-	(1,036,975)	(356,792)	(202)	(356,994)
	(776,398)	9	(776,389)	9,619,864	(202)	9,619,662
Amounts charged off - Agriculture loans	30,937	-	30,937	139,055	-	139,055
Net charge / (reversal) during the period	(745,461)	9	(745,452)	9,758,919	(202)	9,758,717
Amounts written off	-	-	-	-	-	-
Closing balance	<u>14,551,770</u>	<u>1,821</u>	<u>14,553,591</u>	<u>15,297,231</u>	<u>1,812</u>	<u>15,299,043</u>

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



		March 31, 2020 Un-audited	December 31, 2019 Audited
	Note	----- (Rupees '000) -----	
<b>12 FIXED ASSETS</b>			
Capital work-in-progress	12.1	30,817	21,495
Property and equipment		1,538,258	1,574,036
Right of use assets		2,031,974	2,192,469
		<u>3,601,049</u>	<u>3,788,000</u>
<b>12.1 Capital work-in-progress</b>			
Equipment		6,385	362
Advances to suppliers		24,432	21,133
		<u>30,817</u>	<u>21,495</u>
		March 31, 2020	March 31, 2019
<b>12.2 Additions to fixed assets</b>		<b>Un-audited</b> ----- Rupees in '000 -----	
The following additions have been made to fixed assets during the period:			
<b>Property and equipment :</b>			
Lease hold improvements		6,990	2,893
Furniture and fixture		3,854	8,602
Computer and office equipment		16,600	20,306
Vehicles		14,619	3,818
<b>Total</b>		<u>42,063</u>	<u>35,619</u>
<b>Disposal of fixed assets</b>			
The net book value of fixed assets disposed off during the period is as follows:			
Vehicle		256	-
<b>Total</b>		<u>256</u>	<u>-</u>
		March 31, 2020 Un-audited	December 31, 2019 Audited
		----- (Rupees '000) -----	
<b>13 INTANGIBLE ASSETS</b>			
Computer Software		56,464	39,964
Others		-	-
		<u>56,464</u>	<u>39,964</u>

	<b>March 31, 2020</b>	<b>March 31, 2019</b>
	<b>Un-audited</b>	
	----- Rupees in '000 -----	
<b>Additions to intangible assets</b>		
The following additions have been made to intangible assets during the period:		
Computer Software	<u>21,619</u>	<u>-</u>
<b>Disposals of intangible assets</b>		
The net book value of intangible assets disposed off during the period.		
	<u>-</u>	<u>-</u>
	<b>March 31, 2020</b>	<b>December 31, 2019</b>
	<b>Un-audited</b>	<b>Audited</b>
	----- (Rupees '000) -----	
<b>14 DEFERRED TAX ASSETS</b>		
<b>Deductible Temporary differences on</b>		
- Provision against advances	<b>4,608,379</b>	5,197,184
- Tax losses carried forward	<b>2,619,386</b>	2,208,679
- Provision for diminution in the value of investments	<b>94,853</b>	94,853
- Deficit on revaluation of investments	<b>737,258</b>	1,138,401
	<b>8,059,876</b>	8,639,117
<b>Taxable Temporary differences on</b>		
- Accelerated tax depreciation - right to use assets	-	41,594
- Accelerated tax depreciation - tangible	<b>(58,671)</b>	(66,027)
- Accelerated tax amortization - intangible	<b>(7,824)</b>	(8,076)
	<b>(66,495)</b>	(32,509)
	<b>7,993,381</b>	8,606,608
<b>15 OTHER ASSETS</b>		
Income/ Mark-up accrued in local currency	<b>3,114,400</b>	3,128,583
Accrued commission income	<b>7,234</b>	7,234
Advances, deposits, advance rent and other prepayments	<b>73,385</b>	68,392
Unrealised gain on forward forex revaluation - net	<b>184,758</b>	-
Insurance premium receivable against agriculture loans	<b>21,921</b>	30,531
Stationery and stamps on hand	<b>3,803</b>	3,816
Dividends receivable	<b>4,050</b>	-
Receivable against 1 Link ATM settlement account	<b>95,492</b>	207,120
Advance Taxation - net	<b>338,062</b>	375,199
Acceptances	<b>333,948</b>	4,297
Insurance claims receivable	<b>99</b>	142
Other receivables	<b>33,332</b>	27,816
	<b>4,210,484</b>	3,853,130
<b>16 BILLS PAYABLE</b>		
In Pakistan	<b>461,276</b>	495,010
Outside Pakistan	<b>-</b>	-
	<b>461,276</b>	495,010



17	BORROWINGS	Note	March 31, 2020	December 31, 2019			
			Un-audited	Audited			
----- (Rupees '000) -----							
<b>Secured</b>							
Borrowings from State Bank of Pakistan							
	- Under export refinance scheme	17.2	1,375,779	1,476,379			
	- Under long term finance facility	17.3	134,728	149,698			
<b>Repurchase agreement borrowings - Secured</b>							
	- State Bank of Pakistan (SBP)	17.4	11,404,527	2,566,207			
			<u>12,915,034</u>	<u>4,192,284</u>			
17.1	<b>Particulars of borrowings</b>						
	In local currency		12,915,034	4,192,284			
	In foreign currencies		-	-			
			<u>12,915,034</u>	<u>4,192,284</u>			
17.2	These represent borrowing from SBP under export refinance scheme at the rates ranging from 1.00% to 2.00% (2019: 1.00% to 2.00%) per annum having maturity upto six months.						
17.3	These represent borrowing from SBP under long term finance facility at the rate of 3.00% (2019: 3.00%) per annum having maturity upto 5 years (2019: 5 years).						
17.4	These represent repurchase agreement borrowing at the rate of 11.06% (2019: 13.32%) per annum maturing on April 03, 2020 (2019: January 03, 2020 ). The carrying value of securities given as collateral against these borrowings is given in note 10.2.						
18	<b>DEPOSITS AND OTHER ACCOUNTS</b>						
		March 31, 2020 (Un-audited)		December 31, 2019 (Audited)			
		In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
----- Rupees in '000 -----							
<b>Customers</b>							
	Current deposits	36,469,695	201,671	36,671,366	43,527,915	218,087	43,746,002
	Savings deposits	61,485,535	785,705	62,271,240	54,814,210	817,743	55,631,953
	Term deposits	32,017,961	328,955	32,346,916	29,436,358	298,529	29,734,887
	Margin and other deposits	609,013	-	609,013	380,731	-	380,731
		<u>130,582,204</u>	<u>1,316,331</u>	<u>131,898,535</u>	<u>128,159,214</u>	<u>1,334,359</u>	<u>129,493,573</u>
<b>Financial Institutions</b>							
	Current deposits	21,790	18	21,808	44,422	17	44,439
	Savings deposits	2,578,204	-	2,578,204	2,707,612	-	2,707,612
	Term deposits	2,169,000	-	2,169,000	1,714,000	-	1,714,000
	Margin and other deposits	90,038	-	90,038	90,038	-	90,038
		<u>4,859,032</u>	<u>18</u>	<u>4,859,050</u>	<u>4,556,072</u>	<u>17</u>	<u>4,556,089</u>
		<u>135,441,236</u>	<u>1,316,349</u>	<u>136,757,585</u>	<u>132,715,286</u>	<u>1,334,376</u>	<u>134,049,662</u>

	<b>March 31, 2020 Un-audited</b>	<b>December 31, 2019 Audited</b>												
<b>19 OTHER LIABILITIES</b>	<b>----- (Rupees '000) -----</b>													
Mark-up / return / interest payable in local currency	1,750,504	1,601,190												
Mark-up / return / interest payable in foreign currency	3,497	5,482												
Accrued expenses	171,779	159,431												
Net defined benefit liability	93,071	76,020												
Provision for compensated absences	188,003	188,606												
Unrealised loss against forward forex revaluation - net	-	105,781												
Payable against purchase of operating fixed assets	24,023	34,002												
Payable against purchase of shares	2,433	-												
Retention money	65,866	68,457												
Federal excise duty / sales tax on services payable	1,921	3,691												
Lease liability	2,191,192	2,299,121												
Withholding tax payable	52,526	23,242												
Acceptances	333,948	4,297												
Others	239,406	215,457												
	<u>5,118,169</u>	<u>4,784,777</u>												
<b>20 SHARE CAPITAL - NET</b>														
<b>20.1 Authorised capital</b>														
<table border="0" style="width: 100%;"> <thead> <tr> <th style="width: 40%;"></th> <th style="text-align: center; width: 20%;"><b>March 31, 2020 Un-audited</b></th> <th style="text-align: center; width: 20%;"><b>December 31, 2019 Audited</b></th> <th style="width: 20%;"></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;"><b>Number of Shares</b></td> <td colspan="2" style="text-align: center;"><b>----- Rupees in '000 -----</b></td> <td></td> </tr> <tr> <td><u>2,000,000,000</u></td> <td style="text-align: right;"><u>2,000,000,000</u></td> <td style="text-align: right;"><u>2,000,000,000</u></td> <td>Ordinary shares of Rs.10 each</td> </tr> </tbody> </table>		<b>March 31, 2020 Un-audited</b>	<b>December 31, 2019 Audited</b>		<b>Number of Shares</b>	<b>----- Rupees in '000 -----</b>			<u>2,000,000,000</u>	<u>2,000,000,000</u>	<u>2,000,000,000</u>	Ordinary shares of Rs.10 each	<b>March 31, 2020 Un-audited</b>	<b>December 31, 2019 Audited</b>
	<b>March 31, 2020 Un-audited</b>	<b>December 31, 2019 Audited</b>												
<b>Number of Shares</b>	<b>----- Rupees in '000 -----</b>													
<u>2,000,000,000</u>	<u>2,000,000,000</u>	<u>2,000,000,000</u>	Ordinary shares of Rs.10 each											
	<u>20,000,000</u>	<u>20,000,000</u>												
<b>20.2 Issued, subscribed and paid-up share capital</b>														
<u>1,971,013,000</u>	<u>1,971,013,000</u>	<u>1,971,013,000</u>	Ordinary shares of Rs.10 each Fully paid in cash											
<b>20.3</b>			The Government of Sindh, through its Finance Department, owns 99.95% ordinary shares of the Bank.											
<b>21 SHARES DEPOSIT MONEY</b>														
Opening balance	2,000,000	-												
Received during the period / year	-	11,700,000												
Right shares issued during the period / year	-	(9,700,000)												
	<u>2,000,000</u>	<u>2,000,000</u>												
<b>22 DEFICIT ON REVALUATION OF ASSETS</b>														
<b>Available-for-sale securities</b>														
Federal Government securities	(668,640)	(2,630,903)												
Fully paid ordinary shares - listed	(936,050)	(231,757)												
Units of mutual funds (units / certificates)	(290,108)	(63,236)												
Sukuk certificates	4,393	6,920												
	<u>(1,890,405)</u>	<u>(2,918,976)</u>												
Related deferred taxation	737,257	1,138,399												
	<u>(1,153,148)</u>	<u>(1,780,577)</u>												



	Note	March 31, 2020 Un-audited	December 31, 2019 Audited
----- (Rupees '000) -----			
<b>23 CONTINGENCIES AND COMMITMENTS</b>			
-Guarantees	23.1	3,975,156	3,979,309
-Commitments	23.2	43,545,653	22,144,949
-Other contingent liabilities		-	-
		<u>47,520,809</u>	<u>26,124,258</u>
<b>23.1 Guarantees:</b>			
Financial guarantees		1,714,488	1,814,543
Performance guarantees		1,438,257	1,476,888
Other guarantees		822,411	687,878
		<u>3,975,156</u>	<u>3,979,309</u>
<b>23.2 Commitments:</b>			
<b>Documentary credits and short-term trade-related transactions</b>			
- letters of credit		2,565,813	610,437
<b>Commitments in respect of:</b>			
- forward foreign exchange contracts	23.2.1	13,087,439	5,035,712
- forward lending	23.2.2	27,892,401	16,498,800
Other commitments		-	-
		<u>43,545,653</u>	<u>22,144,949</u>
<b>23.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		6,178,544	2,470,494
Sale		6,908,895	2,565,218
		<u>13,087,439</u>	<u>5,035,712</u>
<b>23.2.2 Commitments in respect of forward lending</b>			
Forward repurchase agreement lending		11,421,808	2,570,889
Forward resale agreement lending		3,188,366	3,646,700
Undrawn formal standby facilities, credit lines and other commitments to lend	23.2.2.1	13,282,227	10,281,211
		<u>27,892,401</u>	<u>16,498,800</u>
<b>23.2.2.1 Commitments to extend credit</b>			

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

		<b>For the Quarter ended</b>	
		<b>March 31, 2020</b>	<b>March 31, 2019</b>
		----- Un-audited -----	
		----- Rupees in '000 -----	
<b>24</b>	<b>MARK-UP/RETURN/INTEREST EARNED</b>		
	On Loans and advances	1,837,335	1,440,025
	On Investments	1,627,688	1,165,585
	On Lendings to financial institutions	223,405	129,634
	On Balances with banks	7,324	5,924
		<u>3,695,752</u>	<u>2,741,168</u>
<b>25</b>	<b>MARK-UP/RETURN/INTEREST EXPENSED</b>		
	Deposits	2,709,427	1,464,521
	Borrowings	114,269	523,517
	Cost of swaps against foreign currency deposits / borrowings	23,131	15,525
	Lease liability against right of use assets	66,098	-
		<u>2,912,925</u>	<u>2,003,563</u>
<b>26</b>	<b>FEE AND COMMISSION INCOME</b>		
	Branch banking customers fees	10,504	16,774
	Consumer finance related fees	205	256
	Card related fees (debit cards)	33,878	31,331
	Commission on trade	10,473	19,521
	Commission on guarantees	8,805	12,462
	Credit related fees	2,743	6,087
	Commission on remittances including home remittances	2,198	1,446
	Others	108	167
		<u>68,914</u>	<u>88,044</u>
<b>27</b>	<b>GAIN / (LOSS) ON SECURITIES</b>		
	Realised	165	(639,505)
	Unrealised - held for trading	-	-
		<u>165</u>	<u>(639,505)</u>
<b>27.1</b>	<b>Realised gain / (loss) on:</b>		
	Federal Government Securities	165	(639,505)
	Shares of listed companies	-	-
	Other investment	-	-
		<u>165</u>	<u>(639,505)</u>
<b>28</b>	<b>OTHER INCOME</b>		
	Gain on sale of operating fixed assets	2,942	30
	Rent on property	893	1,073
	Incidental charges	245	564
	Others	30	21
		<u>4,110</u>	<u>1,688</u>





		<b>For the Quarter ended</b>	
		<b>March 31, 2020</b>	<b>March 31, 2019</b>
<b>Note</b>		----- Un-audited -----	----- Rupees in '000 -----
<b>29</b>	<b>OPERATING EXPENSES</b>		
	<b>Total compensation expense</b>	29.1 <b>583,917</b>	516,262
	<b>Property expense</b>		
	Rent & taxes	3,277	197,775
	Insurance	7,444	6,478
	Utilities cost	47,997	36,041
	Security (including guards)	76,439	70,806
	Repair & maintenance (including janitorial charges)	5,251	1,578
	Depreciation	16,106	15,157
	Depreciation - right of use assets	160,495	-
		<b>317,009</b>	<b>327,835</b>
	<b>Information technology expenses</b>		
	Software maintenance	17,353	12,839
	Hardware maintenance	13,910	10,258
	Depreciation	3,498	3,636
	Amortisation	5,119	5,357
	Network charges	2,567	1,274
	Others	3,188	4,245
		<b>45,635</b>	<b>37,609</b>
	<b>Other operating expenses</b>		
	Directors' fees and allowances	2,150	4,100
	Fees and allowances to Shariah Board	1,184	794
	Legal & professional charges	16,331	6,962
	Outsourced services costs	26,903	25,646
	Travelling & conveyance	9,457	6,818
	NIFT clearing charges	5,992	4,502
	Depreciation	57,982	59,951
	Training & development	289	463
	Postage & courier charges	4,929	4,830
	Communication	25,140	26,008
	Stationery & printing	17,579	18,519
	Marketing, advertisement & publicity	9,564	17,391
	Donations	-	-
	Auditors' Remuneration	3,133	2,634
	Repair & maintenance	18,990	21,940
	Brokerage and commission	2,482	1,825
	Entertainment	11,651	10,463
	Fees and subscription	26,702	22,218
	Insurance expenses	2,015	1,916
	Others	9,930	7,172
		<b>252,403</b>	<b>244,152</b>
		<b>1,198,964</b>	<b>1,125,858</b>

**For the Quarter ended**  
**March 31, 2020**      **March 31, 2019**  
 ----- Un-audited -----  
 ----- Rupees in '000 -----

**29.1 Total compensation expense**

	March 31, 2020	March 31, 2019
Managerial Remuneration		
- Fixed	353,375	309,465
- Variable Cash Bonus / Awards etc.	-	150
Charge for defined benefit plan	17,051	15,048
Contribution to defined contribution plan	19,856	16,714
Rent & house maintenance	110,674	98,923
Utilities	21,950	19,428
Medical	21,950	19,428
Conveyance	14,384	11,761
Employees old age benefits contribution	3,574	3,457
Leave Fare Assistance	5,745	6,433
Staff Insurances	12,893	12,126
Others	2,465	3,329
	<b>583,917</b>	<b>516,262</b>

**29.2 Auditors' remuneration**

Audit fee	2,762	2,257
Fee for other statutory certifications	252	258
Special certifications and sundry advisory services	119	119
	<b>3,133</b>	<b>2,634</b>

**30 OTHER CHARGES**

Penalties imposed by State Bank of Pakistan	-	331
Others	-	-
	<b>-</b>	<b>331</b>

**31 PROVISIONS & WRITE OFFS - NET**

Provisions for diminution in value of investments	-	-
Reversal of Provisions against loans & advances - specific	(939,157)	-
Provisions against loans & advances - specific	193,697	1,974,917
Provisions against loans & advances - general	8	70
Net provision during the period	(745,452)	1,974,987
Bad debts written off directly	-	-
	<b>(745,452)</b>	<b>1,974,987</b>

11.2.3



	<b>For the Quarter ended</b>	
	<b>March 31, 2020</b>	<b>March 31, 2019</b>
	----- Un-audited -----	
	----- Rupees in '000 -----	
<b>32 TAXATION</b>		
Current	<b>56,583</b>	35,327
Prior years	-	-
Deferred	<b>212,085</b>	(1,326,743)
	<b>268,668</b>	(1,291,416)
<b>33 BASIC EARNINGS / (LOSS) PER SHARE</b>		
Profit / (Loss) for the period	<b>164,726</b>	(1,592,121)
Weighted average number of ordinary shares	<b>1,971,013,000</b>	1,001,013,000
Basic earnings / (loss) per share	<b>0.08</b>	(1.59)
<b>34 DILUTED EARNINGS / (LOSS) PER SHARE</b>		
Profit / (Loss) for the period	<b>164,726</b>	(1,592,121)
Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)	<b>1,971,013,000</b>	1,001,013,000
Diluted earnings / (loss) per share	<b>0.08</b>	(1.59)
<b>35 CASH AND CASH EQUIVALENTS</b>		
Cash and Balance with Treasury Banks	<b>10,616,836</b>	9,651,836
Balance with other banks	<b>1,098,957</b>	4,136,076
	<b>11,715,793</b>	13,787,912

**36 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.

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.

**36.1 Fair value of financial assets**

IFRS 13 requires the Bank to carry out fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy is as follows:

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.

- 36.2 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.

<b>March 31, 2020 (Un-audited)</b>				
<b>Fair Value</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
----- Rupees in '000 -----				
<b>On balance sheet financial instruments</b>				
<b>Financial assets measured at fair value</b>				
<b>Available-for-sale securities</b>				
Pakistan Investment Bonds	-	22,614,084	-	22,614,084
Market Treasury Bills	-	39,351,699	-	39,351,699
Shares of listed companies	1,681,949	-	-	1,681,949
Units of mutual funds	120,531	483,764	-	604,295
Ijarah Sukuk - GoP	-	500,000	-	500,000
Sukuk bonds	-	179,392	-	179,392
	<u>1,802,480</u>	<u>63,128,939</u>	<u>-</u>	<u>64,931,419</u>
<b>Off balance sheet financial instruments</b>				
Foreign exchange contracts (purchase)	-	6,178,544	-	6,178,544
Foreign exchange contracts (sale)	-	6,908,895	-	6,908,895
<b>December 31, 2019 (Audited)</b>				
<b>Fair Value</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
----- Rupees in '000 -----				
<b>On balance sheet financial instruments</b>				
<b>Financial assets measured at fair value</b>				
<b>Available-for-sale securities</b>				
Pakistan Investment Bonds	-	21,037,034	-	21,037,034
Market Treasury Bills	-	21,898,158	-	21,898,158
Shares of listed companies	1,999,340	-	-	1,999,340
Term finance certificates - Listed	-	-	-	-
Units of mutual funds	123,254	707,913	-	831,167
Ijarah Sukuk - GoP	-	495,000	-	495,000
Sukuk bonds	-	199,776	-	199,776
	<u>2,122,594</u>	<u>44,337,881</u>	<u>-</u>	<u>46,460,475</u>
<b>Off balance sheet financial instruments</b>				
Foreign exchange contracts (purchase)	-	2,470,494	-	2,470,494
Foreign exchange contracts (sale)	-	2,565,218	-	2,565,218



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

Item	Valuation techniques and input used
Fully paid-up ordinary shares /close end mutual funds	Fair value is determined on the basis of closing quoted market prices available at the Pakistan Stock Exchange.
Open ended mutual funds	Fair value is based on redemption prices as at the close of the business day.
Pakistan Investment Bonds / Market Treasury Bills	Fair values are derived using the PKRV rates (Reuters page).
Government of Pakistan (GoP) - Ijarah Sukuks	Fair values are 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.

### 37 SEGMENT INFORMATION

#### 37.1 Segment Details with respect to Business Activities

	March 31, 2020 (Un-audited)				Total
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	
----- Amount Rs. 000 -----					
<b>Profit &amp; Loss</b>					
Net mark-up/return/profit income	1,721,563	6,119	-	(943,962)	783,720
Inter segment revenue - net	(1,912,635)	-	-	1,912,635	-
Non mark-up / return / interest income	28,204	50	-	74,932	103,186
Total Income	(162,868)	6,169	-	1,043,605	886,906
Segment direct expenses	(15,025)	(419)	-	(1,008,564)	(1,024,008)
Inter segment expense allocation	(17,496)	(9,569)	-	(147,891)	(174,956)
Total expenses	(32,521)	(9,988)	-	(1,156,455)	(1,198,964)
Provisions	-	-	-	745,452	745,452
Profit / (Loss) before tax	(195,389)	(3,819)	-	632,602	433,394
<b>Balance Sheet</b>					
Cash & Bank balances	4,502,506	-	-	7,213,287	11,715,793
Investments	83,608,118	-	-	-	83,608,118
Net inter segment lending	-	-	-	81,662,567	81,662,567
Lendings to financial institutions	3,184,131	-	-	-	3,184,131
Advances - performing	26,956	157,063	-	40,725,236	40,909,255
- non-performing	-	-	-	17,842,745	17,842,745
Others	2,537,286	2,368	-	13,321,724	15,861,378
<b>Total Assets</b>	<b>93,858,997</b>	<b>159,431</b>	<b>-</b>	<b>160,765,559</b>	<b>254,783,987</b>

**March 31, 2020 (Un-audited)**

	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
----- Amount Rs. 000 -----					
Borrowings	11,539,255	-	-	1,375,779	12,915,034
Subordinated debt	-	-	-	-	-
Deposits & other accounts	-	-	-	136,757,585	136,757,585
Net inter segment borrowing	81,509,183	153,384	-	-	81,662,567
Others	61,511	6,047	-	5,511,887	5,579,445
<b>Total liabilities</b>	<b>93,109,949</b>	<b>159,431</b>	<b>-</b>	<b>143,645,251</b>	<b>236,914,631</b>
Equity	749,048	-	-	17,120,308	17,869,356
<b>Total Equity &amp; liabilities</b>	<b>93,858,997</b>	<b>159,431</b>	<b>-</b>	<b>160,765,559</b>	<b>254,783,987</b>
<b>Contingencies &amp; Commitments</b>	<b>27,697,613</b>	<b>-</b>	<b>-</b>	<b>19,823,196</b>	<b>47,520,809</b>

**March 31, 2019 (Un-audited)**

	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
----- Amount Rs. 000 -----					
<b>Profit &amp; Loss</b>					
Net mark-up/return/profit income	762,033	5,617	-	(30,045)	737,605
Inter segment revenue - net	(1,060,689)	-	-	1,060,689	-
Non mark-up / return / interest income	(613,418)	115	-	93,337	(519,966)
Total Income	(912,074)	5,732	-	1,123,981	217,639
Segment direct expenses	(11,119)	(384)	-	(908,093)	(919,596)
Inter segment expense allocation	(20,659)	(9,569)	-	(176,365)	(206,593)
Total expenses	(31,778)	(9,953)	-	(1,084,458)	(1,126,189)
Provisions	-	-	-	(1,974,987)	(1,974,987)
Profit / (Loss) before tax	(943,852)	(4,221)	-	(1,935,464)	(2,883,537)

**December 31, 2019 (Audited)**

	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
----- Amount Rs. 000 -----					
<b>Balance Sheet</b>					
Cash & Bank balances	7,655,084	-	-	6,736,252	14,391,336
Investments	65,143,452	-	-	-	65,143,452
Net inter segment lending	-	-	-	77,263,685	77,263,685
Lendings to financial institutions	3,645,392	-	-	-	3,645,392
Advances - performing	34,685	175,431	-	42,410,391	42,620,507
- non-performing	-	-	-	18,510,545	18,510,545
Others	3,590,828	1,675	-	12,695,199	16,287,702
<b>Total Assets</b>	<b>80,069,441</b>	<b>177,106</b>	<b>-</b>	<b>157,616,072</b>	<b>237,862,619</b>



	December 31, 2019 (Audited)				Total
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	
----- Amount Rs. 000 -----					
Borrowings	2,715,905	-	-	1,476,379	4,192,284
Subordinated debt	-	-	-	-	-
Deposits & other accounts	-	-	-	134,049,662	134,049,662
Net inter segment borrowing	77,093,104	170,581	-	-	77,263,685
Others	153,995	6,525	-	5,119,267	5,279,787
Total liabilities	79,963,004	177,106	-	140,645,308	220,785,418
Equity	106,437	-	-	16,970,764	17,077,201
Total Equity & liabilities	<u>80,069,441</u>	<u>177,106</u>	<u>-</u>	<u>157,616,072</u>	<u>237,862,619</u>
Contingencies & Commitments	<u>21,626,593</u>	<u>-</u>	<u>-</u>	<u>4,497,665</u>	<u>26,124,258</u>

### 38 RELATED PARTY TRANSACTIONS

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

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

Government of Sindh (GoS) through its Finance Department holds 99.9% shareholding in the Bank and therefore entities which are owned and / or controlled by the GoS, or where the GoS may exercise significant influence, are related parties of the Bank. The Bank in the ordinary course of business enters into 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:

	March 31, 2020 (Un-audited)				December 31, 2019 (Audited)			
	Directors	Key management personnel	Subsidiaries	Other related parties	Directors	Key management personnel	Subsidiaries	Other related parties
	Amount Rs. 000							
<b>Investments</b>								
Opening balance	-	-	750,000	-	-	-	750,000	-
Investment made during the period	-	-	-	-	-	-	-	-
Investment redeemed / disposed off during the period	-	-	-	-	-	-	-	-
Closing balance	-	-	750,000	-	-	-	750,000	-
<b>Advances</b>								
Opening balance	-	62,587	-	46,874	-	124,018	76,518	109,375
Addition during the period	-	6,503	-	-	-	15,091	-	-
Repaid during the period	-	4,862	-	15,625	-	17,563	76,518	62,501
Transfer in / (out) - net	-	-	-	-	-	(58,959)	-	-
Closing balance	-	64,228	-	31,249	-	62,587	-	46,874
<b>Other Assets</b>								
Interest / mark-up accrued	-	73	-	1,178	-	30	-	1,857
Other receivable	-	-	75	893	-	-	75	435
	-	73	75	2,072	-	30	75	2,292
<b>Deposits and other accounts</b>								
Opening balance	21,698	67,060	82,373	3,519,086	52,636	65,375	31,418	1,231,625
Received during the period	30,617	84,932	290,335	1,845,410	220,006	428,671	3,649,601	13,320,173
Withdrawn during the period	28,899	88,765	340,596	1,482,260	225,413	424,436	3,598,646	11,032,474
Transfer in / (out) - net	-	-	-	-	(25,531)	(2,550)	-	(238)
Closing balance	23,416	63,227	32,112	3,882,236	21,698	67,060	82,373	3,519,086
<b>Other Liabilities</b>								
Mark-up / interest payable	117	675	366	93,318	245	865	481	46,685





	March 31, 2020 (Un-audited)				March 31, 2019 (Un-audited)			
	Directors	Key management personnel	Subsidiaries	Other related parties	Directors	Key management personnel	Subsidiaries	Other related parties
	----- Amount Rs. 000 -----							
<b>Income :</b>								
Mark-up / return / interest earned	-	621	-	1,254	-	1,226	2,274	3,033
Fee and commission income	-	2	11	7	-	2	91	7
Other income	-	-	-	893	-	-	150	998
<b>Expense :</b>								
Mark-up / return / interest paid	156	1,284	1,115	114,226	451	826	470	33,079
Remuneration paid	-	44,023	-	-	-	42,710	-	-
Contribution to provident fund	-	1,761	-	-	-	1,527	-	-
Provision for gratuity	-	1,467	-	-	-	1,255	-	-
Other staff benefits	-	477	-	-	-	417	-	-
Directors' meeting fee	2,150	-	-	-	4,100	-	-	-
Insurance premium paid	-	-	-	25,705	351	-	-	15,765
<b>Others :</b>								
Sale of Government Securities	-	-	-	-	-	-	-	110,000
Purchase of Government Securities	-	-	-	-	-	-	-	110,000
Expenses recovered under								
agency arrangement	-	-	-	28	-	-	-	46
Insurance claims settled	-	-	-	305	-	-	-	1,259

As at the date of unconsolidated statement of financial position, loans/advances and deposits related to government related entities amounted to Rs.6,176.60 million and Rs.66,547.38 million respectively. The above includes deposits amounting to Rs.19,787.36 (2019: Rs.17,997.57) million received from the Finance Department, Government of Sindh.

	March 31, 2020 Un-audited	December 31, 2019 Audited
----- (Rupees '000) -----		
<b>39 CAPITAL ADEQUACY, LEVERAGE RATIO &amp; LIQUIDITY REQUIREMENTS</b>		
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	<u>15,537,580</u>	<u>15,405,799</u>
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	10,668,142	8,808,290
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	<u>10,668,142</u>	<u>8,808,290</u>
Eligible Tier 2 Capital	-	-
<b>Total Eligible Capital (Tier 1 + Tier 2)</b>	<u><b>10,668,142</b></u>	<u><b>8,808,290</b></u>
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	44,946,080	44,033,523
Market Risk	15,294,761	14,302,521
Operational Risk	8,635,395	8,635,395
<b>Total Risk Weighted Assets</b>	<u><b>68,876,236</b></u>	<u><b>66,971,439</b></u>
<b>Common Equity Tier 1 Capital Adequacy ratio</b>	<u><b>15.49%</b></u>	<u><b>13.15%</b></u>
<b>Tier 1 Capital Adequacy Ratio</b>	<u><b>15.49%</b></u>	<u><b>13.15%</b></u>
<b>Total Capital Adequacy Ratio</b>	<u><b>15.49%</b></u>	<u><b>13.15%</b></u>
<b>Notional minimum capital requirements prescribed by SBP</b>		
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	11.25%	12.50%
<b>Approach followed for determining Risk Weighted Assets</b>		
Credit Risk	<b>Comprehensive</b>	Comprehensive
Market Risk	<b>Maturity method</b>	Maturity method
Operational Risk	<b>Basic Indicator</b>	Basic Indicator
<b>Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	10,668,142	8,808,290
Total Exposures	<u>168,386,137</u>	<u>159,896,115</u>
Leverage Ratio (%)	<u><b>6.34%</b></u>	<u><b>5.51%</b></u>
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	52,213,854	44,615,973
Total Net Cash Outflow	<u>19,446,948</u>	<u>17,943,953</u>
Liquidity Coverage Ratio (%)	<u><b>268%</b></u>	<u><b>249%</b></u>
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	110,001,595	104,909,785
Total Required Stable Funding	<u>68,862,947</u>	<u>69,852,945</u>
Net Stable Funding Ratio	<u><b>160%</b></u>	<u><b>150%</b></u>



#### 40 ISLAMIC BANKING BUSINESS

The bank is operating with 14 Islamic Banking branches and 13 Islamic Banking Windows in Conventional branches (December 31, 2019 : 14 Islamic Banking branches and 13 Islamic Banking Windows).

The statement of financial position of these branches is as follows:

		March 31, 2020 Un-audited	December 31, 2019 Audited
	Note	----- (Rupees '000) -----	
<b>Assets</b>			
Cash and balances with treasury banks		278,142	205,500
Balances with other banks		71,403	71,122
Due from financial institutions		-	-
Investments	40.1	771,372	807,186
Islamic financing and related assets	40.2	2,345,869	2,496,106
Fixed assets		222,324	234,212
Intangible assets		365	502
Deferred tax assets		1,024	-
Due from head office		-	41,404
Other assets		78,897	71,010
		<b>3,769,396</b>	<b>3,927,042</b>
<b>Liabilities</b>			
Bills payable		15,055	12,229
Due to financial institutions		299,053	417,000
Deposits and other accounts	40.3	2,868,268	3,093,401
Deferred tax liability		-	5,979
Due to head office		187,584	-
Other liabilities		260,351	237,582
		<b>3,630,311</b>	<b>3,766,191</b>
<b>Net Assets</b>		<b>139,085</b>	<b>160,851</b>
<b>Represented By</b>			
Islamic banking fund		500,000	500,000
Reserves		-	-
(Deficit) / Surplus on revaluation of investments		(1,602)	9,351
Accumulated losses		(359,313)	(348,500)
		<b>139,085</b>	<b>160,851</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	40.4		

**The profit and loss account of these branches is as follows:**

		<b>March 31, 2020</b>	<b>March 31, 2019</b>
	Note	----- Un-audited ----- ----- Rupees in '000 -----	
Profit / return on financing, investments and placements earned	40.5	<b>117,459</b>	100,422
Return on deposits and other dues expensed	40.6	<b>86,225</b>	83,231
Net income earned before provisions		<b>31,234</b>	17,191
Provision against non-performing financing - net		-	-
Provision for diminution in value of investments		-	-
<b>Net income earned after provisions</b>		<b>31,234</b>	17,191
<b>Other income</b>			
Fee, commission and brokerage income		1,268	1,164
Income from dealing in foreign currencies		51	(171)
Dividend income		3,150	2,970
Gain on sale / redemption of securities		-	-
Other income		303	306
		<b>4,772</b>	4,269
		<b>36,006</b>	21,460
<b>Other expenses</b>			
Administrative expenses		46,819	45,770
Other charges		-	-
		<b>46,819</b>	45,770
<b>Loss before taxation</b>		<b>(10,813)</b>	(24,310)
Taxation		-	-
<b>Loss after taxation</b>		<b>(10,813)</b>	(24,310)



The cash flow statement of these branches is as follows:

	March 31, 2020	March 31, 2019
	----- Un-audited -----	
	----- Rupees in '000 -----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(10,813)	(24,310)
Less: Dividend income	(3,150)	(2,970)
	<u>(13,963)</u>	<u>(27,280)</u>
<b>Adjustments</b>		
Depreciation	12,015	4,208
Amortisation	137	869
	<u>12,152</u>	<u>5,077</u>
	(1,811)	(22,203)
<b>(Increase) / decrease in operating assets</b>		
Balances with and due from financial institutions	-	-
Islamic financing and related assets - net	150,237	169,901
Due from head office	41,404	-
Other assets	(7,887)	17,967
	<u>183,754</u>	<u>187,868</u>
<b>(Decrease) / increase in operating liabilities</b>		
Bills payable	2,826	3,944
Due to financial institutions	(117,947)	(371,638)
Deposits and other accounts	(225,133)	(336,431)
Due to head office	187,584	43,726
Other liabilities	22,770	10,979
	<u>(129,900)</u>	<u>(649,420)</u>
	52,043	(483,755)
Income tax paid	-	-
<b>Net cash (used in) / flow from operating activities</b>	<u>52,043</u>	<u>(483,755)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investment in securities	17,857	438,211
Dividend received	3,150	2,970
Investment in operating fixed assets	(127)	(199)
<b>Net cash flow from / (used in) investing activities</b>	<u>20,880</u>	<u>440,982</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	-	-
<b>Increase in cash and cash equivalents</b>	<u>72,923</u>	<u>(42,773)</u>
Cash and cash equivalents at beginning of the year	276,622	391,029
<b>Cash and cash equivalents at end of the period</b>	<u>349,545</u>	<u>348,256</u>

40.1 Investments	March 31, 2020 (Un-audited)				December 31, 2019 (Audited)			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
----- Rupees in '000 -----								
<b>Federal Government Securities:</b>								
- Ijarah Sukuks	500,000	-	-	500,000	500,000	-	(5,000)	495,000
<b>Islamic Fund:</b>								
-Listed Companies	99,000	-	(7,020)	91,980	99,000	-	13,410	112,410
<b>Non Government Debt Securities</b>								
-Unlisted	174,999	-	4,393	179,392	192,856	-	6,920	199,776
<b>Total Investments</b>	<u>773,999</u>	<u>-</u>	<u>(2,627)</u>	<u>771,372</u>	<u>791,856</u>	<u>-</u>	<u>15,330</u>	<u>807,186</u>

40.2 Islamic financing and related assets	March 31, 2020	December 31, 2019
	Un-audited	Audited
----- (Rupees '000) -----		
Ijarah financing under IFAS 2	56,627	61,542
Murabaha Financing	619,525	644,525
Diminishing musharakah financing	1,669,717	1,790,039
	<u>2,345,869</u>	<u>2,496,106</u>
Less: provision against Islamic financings		
- Specific	-	-
- General	-	-
-	-	-
<b>Islamic financing and related assets - net of provision</b>	<u>2,345,869</u>	<u>2,496,106</u>

40.3 Deposits and other accounts	March 31, 2020 (Un-audited)			December 31, 2019 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
----- Rupees in '000 -----						
<b>Customers</b>						
Current deposits	366,204	2,096	368,300	413,250	2,704	415,954
Savings deposits	746,207	86,188	832,395	808,969	84,567	893,536
Term deposits	500,393	-	500,393	523,193	-	523,193
Margin and other deposits	7,669	-	7,669	20,938	-	20,938
	<u>1,620,473</u>	<u>88,284</u>	<u>1,708,757</u>	<u>1,766,350</u>	<u>87,271</u>	<u>1,853,621</u>
<b>Financial Institutions</b>						
Current deposits	978	-	978	956	-	956
Savings deposits	1,128,503	-	1,128,503	1,238,794	-	1,238,794
Term deposits	30,000	-	30,000	-	-	-
Margin and other deposits	30	-	30	30	-	30
	<u>1,159,511</u>	<u>-</u>	<u>1,159,511</u>	<u>1,239,780</u>	<u>-</u>	<u>1,239,780</u>
	<u>2,779,984</u>	<u>88,284</u>	<u>2,868,268</u>	<u>3,006,130</u>	<u>87,271</u>	<u>3,093,401</u>



	March 31, 2020 Un-audited	December 31, 2019 Audited
<b>40.4 Contingencies and Commitments</b>	----- (Rupees '000) -----	
- Guarantees	123,820	124,120
- Letters of Credit	-	33,007
- Commitments	-	-
	<u>123,820</u>	<u>157,127</u>
	<b>For the Quarter ended</b>	
	March 31, 2020	March 31, 2019
	----- Un-audited -----	
<b>40.5 Profit / Return on Financing, Investments and Placement earned</b>	----- Rupees in '000 -----	
Financing	103,857	83,889
Investments	13,602	16,469
Deposits with financial institutions	-	64
	<u>117,459</u>	<u>100,422</u>
<b>40.6 Return on Deposits and other Dues Expensed</b>		
Deposits and other accounts	67,614	52,607
Due to Financial Institutions	13,523	30,624
Amortisation of lease liability against right-of-use assets	5,088	-
Others	-	-
	<u>86,225</u>	<u>83,231</u>
	March 31, 2020 Un-audited	December 31, 2019 Audited
<b>40.7 Islamic Banking Business Accumulated Loss</b>	----- (Rupees '000) -----	
Opening Balance	(348,500)	(207,455)
Add: Islamic Banking loss for the period/year	(10,813)	(141,045)
Less: Taxation	-	-
Less: Reserves	-	-
Less: Transferred / Remitted to Head Office	-	-
	<u>(359,313)</u>	<u>(348,500)</u>

**41 GENERAL**

Figures have been rounded off to the nearest thousand Rupees.

**42 DATE OF AUTHORISATION FOR ISSUE**






These unconsolidated financial statements were authorised for issue by the Board of Directors on April 30, 2020.

Chairman	President and Chief Executive Officer	Director	Director	Chief Financial Officer

## Consolidated Condensed Interim Statement of Financial Position As At March 31, 2020

		<b>March 31, 2020</b>	<b>December 31, 2019</b>
	<b>Note</b>	<b>Un-audited</b>	<b>Audited</b>
		----- (Rupees in '000) -----	
<b>ASSETS</b>			
Cash and balances with treasury banks	7	10,630,442	13,566,622
Balances with other banks	8	1,376,444	1,080,537
Lendings to financial institutions	9	3,184,131	3,645,392
Investments-net	10	83,377,871	65,012,547
Advances-net	11	59,548,451	61,981,026
Fixed assets	12	3,645,678	3,837,529
Intangible assets	13	59,450	43,213
Deferred tax assets-net	14	8,000,280	8,613,301
Other assets	15	4,258,812	3,885,945
		<b>174,081,559</b>	<b>161,666,112</b>
<b>LIABILITIES</b>			
Bills payable	16	461,276	495,010
Borrowings	17	13,665,034	4,992,284
Deposits and other accounts	18	136,749,480	134,085,796
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	19	5,182,887	4,876,235
		<b>156,058,677</b>	<b>144,449,325</b>
<b>NET ASSETS</b>		<b>18,022,882</b>	<b>17,216,787</b>
<b>REPRESENTED BY</b>			
Share capital - net	20	19,710,130	19,710,130
Reserves		1,523,322	1,486,892
Shares deposit money	21	2,000,000	2,000,000
Deficit on revaluation of assets	22	(1,153,148)	(1,780,577)
Accumulated Loss		(4,057,422)	(4,199,658)
		<b>18,022,882</b>	<b>17,216,787</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	23		

The annexed notes from 1 to 41 form an integral part of these consolidated condensed interim financial statements.

				
Chairman	President and Chief Executive Officer	Director	Director	Chief Financial Officer





## Consolidated Condensed Interim Profit And Loss Account (Un-audited) For The Quarter Ended March 31, 2020

		March 31, 2020	March 31, 2019
	Note	----- (Rupees in '000) -----	
Mark-up / Return / Interest Earned	24	3,801,151	2,802,637
Mark-up / Return / Interest Expensed	25	2,936,289	2,006,337
<b>Net Mark-up / Interest Income</b>		<b>864,862</b>	<b>796,300</b>
<b>Non Mark-up / Interest Income</b>			
Fee and Commission Income	26	68,914	88,044
Dividend Income		23,324	32,885
Foreign Exchange Income		7,566	(3,078)
Income / (loss) from derivatives		-	-
Gain / (Loss) on securities	27	165	(639,505)
Other Income	28	4,110	1,688
<b>Total non-markup/interest Income</b>		<b>104,079</b>	<b>(519,966)</b>
<b>Total Income</b>		<b>968,941</b>	<b>276,334</b>
<b>Non Mark-up / Interest Expenses</b>			
Operating expenses	29	1,253,271	1,167,025
Other charges	30	-	331
<b>Total non-markup/interest expenses</b>		<b>1,253,271</b>	<b>1,167,356</b>
<b>Loss Before Provisions</b>		<b>(284,330)</b>	<b>(891,022)</b>
Provisions and write offs - net Extra ordinary / unusual items	31	(737,547)	1,976,308
		-	-
<b>Profit / (Loss) before Taxation</b>		<b>453,217</b>	<b>(2,867,330)</b>
Taxation	32	274,551	(1,286,956)
<b>Profit / (Loss) after Taxation</b>		<b>178,666</b>	<b>(1,580,374)</b>
		----- Rupees -----	
<b>Basic Earnings / (Loss) per share</b>	33	<b>0.09</b>	<b>(1.58)</b>
<b>Diluted Earnings / (Loss) per share</b>	34	<b>0.09</b>	<b>(1.58)</b>

The annexed notes from 1 to 41 form an integral part of these consolidated condensed interim financial statements.



Chairman



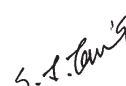
President and  
Chief Executive Officer



Director



Director




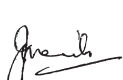



Chief Financial Officer

## Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited) For The Quarter Ended March 31, 2020

	<b>March 31, 2020</b>	<b>March 31, 2019</b>
	----- (Rupees in '000) -----	
<b>Profit / (Loss) after taxation for the period</b>	<b>178,666</b>	<b>(1,580,374)</b>
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified to profit and loss account in subsequent periods:</b>		
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-
	<u>178,666</u>	<u>(1,580,374)</u>
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>		
Movement in surplus / (deficit) on revaluation of investments - net of tax	<b>627,429</b>	<b>775,349</b>
<b>Total comprehensive income / (loss)</b>	<u><b>806,095</b></u>	<u><b>(805,025)</b></u>

The annexed notes from 1 to 41 form an integral part of these consolidated condensed interim financial statements.

				
Chairman	President and Chief Executive Officer	Director	Director	Chief Financial Officer



## Consolidated Condensed Interim Statement Of Changes In Equity (Un-audited) For The Quarter Ended March 31, 2020

	Capital Reserves						Unappropriated Profit / (Loss) **	Total
	Share Capital	Shares Deposit Money	Share Premium	Statutory Reserve *	Depositors protection fund reserve**	Surplus / (Deficit) on revaluation of assets		
	Rupees in '000							
Balance as at January 01, 2019	10,010,130	-	51	1,469,425	4,374	(4,181,968)	4,023,905	11,325,917
Loss for the quarter ended March 31, 2019	-	-	-	-	-	-	(1,580,374)	(1,580,374)
Other comprehensive income / (loss) - net of tax	-	-	-	-	-	775,349	-	775,349
Transfer to statutory reserve	-	-	-	2,349	-	-	(2,349)	-
Transfer to depositors' protection fund - 5% of the profit after tax for the period	-	-	-	-	587	-	(587)	-
Balance as at March 31, 2019	10,010,130	-	51	1,471,774	4,961	(3,406,619)	2,440,595	10,520,892
Loss for the period (nine months) ended December 31, 2019	-	-	-	-	-	-	(6,627,321)	(6,627,321)
Other comprehensive income / (loss) - net of tax	-	-	-	-	-	1,626,042	(2,826)	1,623,216
Transfer to statutory reserve	-	-	-	8,085	-	-	(8,085)	-
Transfer to depositors' protection fund - 5% of the profit after tax for the period	-	-	-	-	2,021	-	(2,021)	-
Issue of Shares during the year	9,700,000	-	-	-	-	-	-	9,700,000
Shares deposit money	-	2,000,000	-	-	-	-	-	2,000,000
<b>Balance as at December 31, 2019</b>	<b>19,710,130</b>	<b>2,000,000</b>	<b>51</b>	<b>1,479,859</b>	<b>6,982</b>	<b>(1,780,577)</b>	<b>(4,199,658)</b>	<b>17,216,787</b>
Profit for the quarter ended March 31, 2020	-	-	-	-	-	-	178,666	178,666
Other comprehensive income - net of tax	-	-	-	-	-	627,429	-	627,429
Transfer to statutory reserve	-	-	-	35,733	-	-	(35,733)	-
Transfer to depositors' protection fund - 5% of the profit after tax for the period	-	-	-	-	697	-	(697)	-
<b>Balance as at March 31, 2020</b>	<b>19,710,130</b>	<b>2,000,000</b>	<b>51</b>	<b>1,515,592</b>	<b>7,679</b>	<b>(1,153,148)</b>	<b>(4,057,422)</b>	<b>18,022,882</b>

\* 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 11.2.2 of these consolidated financial statements, unappropriated profit includes an amount of Rs.9,523.49 million net of tax as at March 31, 2019 (December 31, 2019: Rs. 9,541.05 million) representing additional profit arising from availing forced sale value benefit for determining provisioning requirement which is not available for the purpose of distribution of dividend to shareholders.

The annexed notes from 1 to 41 form an integral part of these consolidated condensed interim financial statements.









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

## Consolidated Condensed Interim Cash Flow Statement (Un-audited) For The Quarter Ended March 31, 2020

		March 31, 2020	March 31, 2019
	Note	----- (Rupees in '000) -----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit / (Loss) before taxation		453,217	(2,867,330)
Less: Dividend income		<u>(23,324)</u>	<u>(32,885)</u>
		429,893	(2,900,215)
<b>Adjustments:</b>			
Depreciation	29	243,383	79,416
Amortisation	29	5,378	5,547
Provision against non-performing loans and advances - net	31	(738,006)	1,976,308
Provision for diminution in the value of investments - net		-	-
Gain on sale of operating fixed assets	28	(2,942)	(30)
		<u>(492,187)</u>	<u>2,061,241</u>
		(62,294)	(838,974)
<b>(Increase) / decrease in operating assets</b>			
Lendings to financial institutions		461,261	2,439,150
Advances - net		3,170,581	(666,478)
Other assets (excluding advance taxation)		<u>(403,672)</u>	<u>2,572,733</u>
		3,228,170	4,345,405
<b>Increase / (decrease) in operating liabilities</b>			
Bills payable		(33,734)	(155,035)
Borrowings from financial institutions		8,672,750	(5,177,768)
Deposits and other accounts		2,663,684	(2,869,365)
Other liabilities (excluding current taxation)		<u>306,652</u>	<u>(957,910)</u>
		11,609,352	(9,160,078)
		14,775,228	(5,653,647)
Income tax paid		<u>(27,817)</u>	<u>(141,473)</u>
<b>Net cash flow from / (used in) operating activities</b>		<u>14,747,411</u>	<u>(5,795,120)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net investment in available-for-sale securities		(17,442,373)	10,027,944
Net investment in held-to-maturity securities		105,620	67,663
Dividends received		19,274	15,052
Investments in operating fixed assets		(73,404)	(35,433)
Sale proceeds from sale of fixed assets		3,199	30
<b>Net cash flows from investing activities</b>		<u>(17,387,684)</u>	<u>10,075,256</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Issue of share capital		-	-
<b>Net cash flow from / (used in) financing activities</b>		-	-
<b>(Decrease) / Increase in cash and cash equivalents</b>		<u>(2,640,273)</u>	<u>4,280,136</u>
<b>Cash and cash equivalents at the beginning of the year</b>		<u>14,647,159</u>	<u>9,848,215</u>
<b>Cash and cash equivalents at the end of the period</b>	35	<u>12,006,886</u>	<u>14,128,351</u>

The annexed notes from 1 to 41 form an integral part of these consolidated condensed interim financial statements.

 Chairman
  President and Chief Executive Officer
  Director
  Director
  Chief Financial Officer



## Notes To The Consolidated Condensed Interim Financial Statements For The Quarter Ended March 31, 2020

### 1 STATUS AND NATURE OF BUSINESS

The "Group" consists of:

#### 1.1 Holding Company

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

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

1.1.3 VIS Credit Rating Company (Formerly JCR-VIS Credit Rating Company) in their report dated July 05, 2019, had assigned the Bank (i) medium to long term entity rating of 'A+' (Single A plus) and (ii) short term rating of 'A1' (A One) with a 'Stable' outlook.

#### 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 Companies Ordinance, 1984. The Microfinance Bank obtained Microfinance banking license from State Bank of Pakistan (SBP) on October 16th, 2015, to operate in Sindh Province. Subsequently the Microfinance Bank has received the certificate of commencement of business from Securities & Exchange Commission of Pakistan (SECP) on November 30, 2015. The Microfinance Bank's registered office is situated at 39/F, 2nd Floor, Muhammad Ali Cooperative Housing Society, Karachi. The Microfinance Bank's principal business will be to provide microfinance services to the poor and underserved segment of the society as envisaged under the Microfinance Institutions Ordinance, 2001. The Microfinance Bank operates with a network of 17 (2019: 17) branches and 58 (2019: 58) services centers. The Bank holds 99.99% shares of the Microfinance Bank and remaining shares are held by the nominees of the Bank.

#### 1.3 Going Concern

1.3.1 Due to significant losses suffered by the Bank in 2018 and 2019 and to address any material uncertainty posed by rising NPLs and low operating income vis a vis the bank's operating expenses, the management is working on a Business Viability Plan approved by its Board of Directors. The Plan aims to make the Bank a viable, self-sustaining institution going forward by focussing on the following areas:

- Strengthening Bank's Capital-With the injection of Rs. 11.7 billion by the Government of Sindh, in Bank's Common Equity (Tier 1) during the year 2019, the Bank has achieved compliance with regulatory CAR on March 31, 2020. Going forward, the completion of merger of Sindh Leasing Company Limited with and into Sindh Bank will further augment Bank's capital base and adequacy.

- improving Business Volumes and Profitability-This will involve the Bank taking pro-active measures to:
  - i. increase fee-based income from mainly trade-related business;
  - ii. mobilizing cost effective (CASA) deposits;
  - iii. launching new asset products in the Consumer and SME segments;
  - iv. make concerted efforts for recovery and reduction of Non-Performing Loans.
  - v. rationalize costs;
- Strengthening the Group's Governance, Risk and Control environment.

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

**1.3.2** The State Bank of Pakistan (SBP) granted license to the Bank to conduct banking business subject to certain conditions which inter alia included that the Bank will get listed on stock exchange within three years from the date of commencement of business. The Bank, however, from time to time had obtained extensions in the time limit from SBP. During 2016, the Bank initiated the process of listing of its shares on Pakistan Stock Exchange (PSX). Approval of the draft Prospectus was given by PSX on October 25, 2016 with a deadline to publish the same in the newspapers by October 31, 2016. Publication of the Prospectus was however halted and the listing process put on hold as the Government of Sindh (sole sponsor of Sindh Bank Limited) and the majority shareholders / sponsors of Summit Bank Limited agreed in principle, to consider a merger of the two institutions, with the Bank being the surviving entity. However the matter suffered significant delays for various reasons, with the first exercise being carried out on the basis of due diligence of 2016 audited financials and the latest being based on due diligence of 2017 audited financial statements, where after the Board of Directors and Shareholders of both the Banks approved the merger during August 2018. Approval of Sindh Cabinet, a pre-requisite for sanction by the State Bank of Pakistan, was sought, but was not received. Subsequently, due to financial condition of Summit Bank requiring a much higher capital injection and the Group's own concerns about meeting the Capital Adequacy Ratio, the Board of Directors of Sindh Bank in their 65th meeting held on April 02, 2019 considered it advisable not to pursue the merger.

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

## **2 BASIS OF PRESENTATION**

**2.1** The disclosures made in these consolidated condensed interim financial statements have been limited based on the format prescribed by the State Bank of Pakistan through BPRD Circular Letter No. 5 dated 22 March 2019 and the requirements of the International Accounting Standard 34, "Interim Financial Reporting". These do not include all of the information required for the full set of annual financial statements and should be read in conjunction with the financial statements of the Group for the year ended 31 December 2019.



- 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.

### **3 STATEMENT OF COMPLIANCE**

These consolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

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

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

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

### **4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The basis for accounting estimates adopted in the preparation of this condensed interim consolidated financial information is the same as that applied in the preparation of the consolidated financial statements for the year ended December 31, 2019.

**5 SIGNIFICANT ACCOUNTING POLICIES**

5.1 The accounting policies adopted in the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Group for the year ended December 31, 2019.

**5.2 Standards, interpretations and amendments to approved accounting standards that are effective in the current period.**

The following new standards and interpretations of and amendments to existing accounting standards will be effective from the dates mentioned below against the respective standard, interpretation or amendment

<b>Standard, Interpretation or Amendment</b>	<b>Effective date</b>
- IFRS 3 - Business Combinations (Amendments)	January 01, 2020
- IAS 1 - Presentation of Financial Statements (Amendments)	January 01, 2020
- IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 01, 2020

In addition, there are certain new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 1, 2020 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these unconsolidated condensed interim financial statements.

**5.3 Standards, interpretations and amendments to approved accounting standards that are not yet effective**

The following new standards and interpretations of and amendments to existing accounting standards will be effective from the dates mentioned below against the respective standard, interpretation or amendment (if any):

<b>Standard, Interpretation or Amendment</b>	<b>Effective date</b>
- IFRS 9 - Financial Instruments: Classification and Measurement	January 01, 2021

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





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

## 6 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Group for the year ended December 31, 2019.

		March 31, 2020 Un-audited	December 31, 2019 Audited
	Note	----- (Rupees '000) -----	
<b>7 CASH AND BALANCES WITH TREASURY BANKS</b>			
<b>In hand</b>			
Local currency		4,655,208	3,083,197
Foreign currency		246,439	208,051
		<b>4,901,647</b>	3,291,248
<b>With State Bank of Pakistan (SBP) in</b>			
Local currency current accounts	7.1	4,872,087	7,801,629
Foreign currency current accounts	7.2	16,717	14,725
Foreign currency deposit accounts			
- Non Remunerative	7.3	71,768	77,503
- Remunerative	7.4	194,240	218,619
		<b>5,154,812</b>	8,112,476
<b>With National Bank of Pakistan in</b>			
Local currency current accounts		348,340	1,854,468
Local currency deposit accounts		97,167	190,002
		<b>445,507</b>	2,044,470
<b>Prize bonds</b>		128,476	118,428
		<b>10,630,442</b>	13,566,622

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

7.2 This represents US Dollar Settlement Account maintained with SBP.

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

7.4 This represents foreign currency special cash reserve maintained with SBP. The Group is entitled to earn profit which is declared by SBP on a monthly basis. During the period, the SBP has declared profits in the range of 0.51% to 0.76% (2019 : 0.70% to 1.50%) per annum.

			March 31, 2020 Un-audited	December 31, 2019 Audited
			----- (Rupees '000) -----	
<b>8</b>	<b>BALANCES WITH OTHER BANKS</b>	<b>Note</b>		
	<b>In Pakistan</b>			
	In current accounts		9,330	29,732
	In savings accounts	8.1	284,102	263,736
			293,432	293,468
	<b>Outside Pakistan</b>			
	In current accounts		1,083,012	787,069
			1,376,444	1,080,537

8.1 This includes savings account with commercial banks and microfinance banks carrying mark-up ranging from 9.00% to 14.30% (2019: 10.00% to 13.75%) per annum.

**9 LENDINGS TO FINANCIAL INSTITUTIONS**

	Repurchase agreement lendings (Reverse Repo)	9.2 & 9.3	3,184,131	3,645,392
			3,184,131	3,645,392

**9.1 Particulars of lending**

	In local currency		3,184,131	3,645,392
	In foreign currencies		-	-
			3,184,131	3,645,392

9.2 This represents resale agreement lending to commercial banks and DFIs carrying mark-up in the range of 11.00% to 12.65% (2019 :13.05% to 13.35%) per annum maturing up to April 03, 2020 (2019: January 02, 2020).

**9.3 Securities held as collateral against Lendings to financial institutions**

	March 31, 2020 (Un-audited)			December 31, 2019 (Audited)		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
----- (Rupees '000) -----						
Market Treasury Bills	-	-	-	3,643,328	-	3,643,328
Pakistan Investment Bonds	3,271,314	-	3,271,314	-	-	-
Total	3,271,314	-	3,271,314	3,643,328	-	3,643,328



**10 INVESTMENTS - NET**

**10.1 Investments by type**

	March 31, 2020 (Un-audited)				December 31, 2019 (Audited)			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
----- Rupees in '000 -----								
<b>Available-for-sale securities</b>								
Federal Government Securities								
Pakistan Investment Bonds	23,578,029	-	(963,945)	22,614,084	23,640,034	-	(2,603,000)	21,037,034
Market Treasury Bills	39,056,394	-	295,305	39,351,699	21,921,061	-	(22,903)	21,898,158
Government of Pakistan - Ijarah Sukuk	500,000	-	-	500,000	500,000	-	(5,000)	495,000
Shares								
Listed	2,975,939	(357,940)	(936,050)	1,681,949	2,589,037	(357,940)	(231,757)	1,999,340
Unlisted	100,000	-	-	100,000	100,000	-	-	100,000
Non-Government debt securities								
Sukuk certificates	174,999	-	4,393	179,392	192,856	-	6,920	199,776
Mutual funds	915,049	(20,646)	(290,108)	604,295	915,049	(20,646)	(63,236)	831,167
	<u>67,300,410</u>	<u>(378,586)</u>	<u>(1,890,405)</u>	<u>65,031,419</u>	<u>49,858,037</u>	<u>(378,586)</u>	<u>(2,918,976)</u>	<u>46,560,475</u>
<b>Held-to-maturity securities</b>								
Federal Government Securities								
Pakistan Investment Bonds	16,792,002	-	-	16,792,002	16,798,258	-	-	16,798,258
Market Treasury Bills	19,753	-	-	19,753	19,095	-	-	19,095
Preference Shares - Unlisted	77,708	-	-	77,708	77,708	-	-	77,708
Term Deposits Accounts	500,000	-	-	500,000	600,000	-	-	600,000
Non-government debt securities								
Term finance certificates - listed	224,235	-	-	224,235	224,235	-	-	224,235
Term finance certificates - unlisted	859,161	(126,407)	-	732,754	859,183	(126,407)	-	732,776
	<u>18,472,859</u>	<u>(126,407)</u>	<u>-</u>	<u>18,346,452</u>	<u>18,578,479</u>	<u>(126,407)</u>	<u>-</u>	<u>18,452,072</u>
<b>Total Investments</b>	<u>85,773,269</u>	<u>(504,993)</u>	<u>(1,890,405)</u>	<u>83,377,871</u>	<u>68,436,516</u>	<u>(504,993)</u>	<u>(2,918,976)</u>	<u>65,012,547</u>

	<b>March 31, 2020 Un-audited</b>	<b>December 31, 2019 Audited</b>
----- (Rupees '000) -----		
<b>10.2 Investments given as collateral</b>		
<b>Federal government securities</b>		
Pakistan Investment Bonds	<b>9,712,252</b>	2,574,477
Market Treasury Bills	<b>1,978,364</b>	-
	<u><b>11,690,616</b></u>	<u>2,574,477</u>

	March 31, 2020 Un-audited	December 31, 2019 Audited
<b>10.3 Provision for diminution in value of investments</b>	----- (Rupees '000) -----	
10.3.1 Opening balance	504,993	243,212
<b>Charge / reversals</b>		
Charge for the period / year	-	261,781
Reversals for the period / year	-	-
Reversal on disposals	-	-
Transfers - net	-	261,781
<b>Closing Balance</b>	<b>504,993</b>	<b>504,993</b>

**10.3.2 Particulars of provision against equity / debt investments**

Category of classification	March 31, 2020 (Un-audited)		December 31, 2019 (Audited)	
	Non performing investments	Provision	Non performing investments	Provision
	----- Rupees in '000 -----			
<b>Domestic</b>				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	514,344	126,407	514,344	126,407
Loss	378,586	378,586	378,586	378,586
<b>Total</b>	<b>892,930</b>	<b>504,993</b>	<b>892,930</b>	<b>504,993</b>

10.4 The market value of securities classified as held-to-maturity as at March 31, 2020 amounted to Rs. 18,880.27 million (December 31, 2019: Rs. 17,659.34 million).

11 ADVANCES - NET	Performing		Non Performing		Total	
	March 31, 2020 (Un-audited)	December 31, 2019 (Audited)	March 31, 2020 (Un-audited)	December 31, 2019 (Audited)	March 31, 2020 (Un-audited)	December 31, 2019 (Audited)
	----- Rupees in '000 -----					
<b>Loans, cash credits, agriculture, running finances etc.</b>						
In Pakistan	32,831,326	33,577,570	32,404,729	33,820,880	65,236,055	67,398,450
<b>Commodity finance</b>						
In Pakistan	6,176,595	7,020,595	-	-	6,176,595	7,020,595
<b>Islamic financing and related assets</b>						
Diminishing musharakah financing	1,669,717	1,790,039	-	-	1,669,717	1,790,039
Murabaha Financing	619,525	644,525	-	-	619,525	644,525
Ijarah financing under IFAS 2	56,627	61,542	-	-	56,627	61,542
	41,353,790	43,094,271	32,404,729	33,820,880	73,758,519	76,915,151
<b>Bills discounted and purchased (excluding market treasury bills)</b>						
Payable in Pakistan	348,639	369,077	-	-	348,639	369,077
Payable outside Pakistan	6,825	6,825	3,405	3,405	10,230	10,230
	355,464	375,902	3,405	3,405	358,869	379,307
<b>Advances - gross</b>	41,709,254	43,470,173	32,408,134	33,824,285	74,117,388	77,294,458
<b>Provision for non-performing advances</b>						
- Specific	-	-	14,559,302	15,303,290	14,559,302	15,303,290
- General provision against consumer and small enterprise advances	9,635	10,142	-	-	9,635	10,142
	9,635	10,142	14,559,302	15,303,290	14,568,937	15,313,432
<b>Advances - Net of Provision</b>	<b>41,699,619</b>	<b>43,460,031</b>	<b>17,848,832</b>	<b>18,520,995</b>	<b>59,548,451</b>	<b>61,981,026</b>



	March 31, 2020 Un-audited	December 31, 2019 Audited
	----- (Rupees '000) -----	
<b>11.1 Particulars of advances (Gross)</b>		
In local currency	74,117,388	77,294,458
In foreign currencies	-	-
	<u>74,117,388</u>	<u>77,294,458</u>

11.2 Advances include Rs. 32,408.13 (2019: Rs. 33,824.28) millions which have been placed under non-performing status as detailed below:

Category of Classification	March 31, 2020 (Un-audited)		December 31, 2019 (Audited)	
	Non performing loans	Provision	Non performing loans	Provision
	----- Rupees in '000 -----			
<b>Domestic</b>				
Other Assets Especially Mentioned 11.2.1	250,497	-	584,145	-
Substandard	1,826,327	237,264	2,017,633	235,056
Doubtful	1,193,027	256,013	1,514,953	187,564
Loss	29,138,283	14,066,025	29,707,554	14,880,670
Total	<u>32,408,134</u>	<u>14,559,302</u>	<u>33,824,285</u>	<u>15,303,290</u>

11.2.1 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, Infrastructure Project Financing and Small and Medium Enterprise Financing issued by the State Bank of Pakistan.

11.2.2 The Group has availed the benefit of forced sale value (FSV) on plant and machinery under charge and mortgaged residential and commercial property (land and building only) held as collateral against non-performing advances on the basis of instructions of the State Bank of Pakistan. Had the benefit not been taken by the Group, specific provision against non-performing advances would have been higher by Rs.15,612.28 (2019: Rs.15,641.06) million. The resultant increase in profit due to FSV benefit taken will not be available for distribution as cash and stock dividend to shareholders.

**11.2.3 Particulars of provision against advances**

	March 31, 2020 (Un-audited)			December 31, 2019 (Audited)		
	Specific	General	Total	Specific	General	Total
	----- Rupees in '000 -----					
Opening balance	15,303,290	10,142	15,313,432	5,539,001	7,890	5,546,891
Exchange adjustments	-	-	-	-	-	-
Charge for the period	268,539	8	268,547	9,985,535	2,454	9,987,989
Reversals	(1,036,975)	(515)	(1,037,490)	(356,792)	(202)	(356,994)
	(768,436)	(507)	(768,943)	9,628,743	2,252	9,630,995
Amounts charged off - Agriculture loans	30,937	-	30,937	139,054	-	139,054
Net charge / (reversal) during the period	(737,499)	(507)	(738,006)	9,767,797	2,252	9,770,049
Amounts written off	(6,489)	-	(6,489)	(3,508)	-	(3,508)
Closing balance	<u>14,559,302</u>	<u>9,635</u>	<u>14,568,937</u>	<u>15,303,290</u>	<u>10,142</u>	<u>15,313,432</u>

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

			March 31, 2020 Un-audited	December 31, 2019 Audited
<b>12</b>	<b>FIXED ASSETS</b>	<b>Note</b>	----- (Rupees '000) -----	
	Capital work-in-progress	12.1	30,817	21,495
	Property and equipment		1,551,109	1,587,425
	Right of use assets		2,063,752	2,228,609
			3,645,678	3,837,529
<b>12.1</b>	<b>Capital work-in-progress</b>			
	Equipment		6,385	362
	Advances to suppliers		24,432	21,133
			30,817	21,495
			March 31, 2020	March 31, 2019
<b>12.2</b>	<b>Additions to fixed assets</b>		----- Rupees in '000 -----	
	The following additions have been made to fixed assets during the period:			
	<b>Property and equipment :</b>			
	Lease hold improvements		7,124	2,893
	Furniture and fixture		3,854	8,602
	Computer and office equipment		16,864	20,620
	Vehicles		14,619	3,818
	<b>Total</b>		42,461	35,933
	<b>Disposal of fixed assets</b>			
	The net book value of fixed assets disposed off during the period is as follows:			
	Vehicle		256	-
	<b>Total</b>		256	-
			March 31, 2020 Un-audited	December 31, 2019 Audited
<b>13</b>	<b>INTANGIBLE ASSETS</b>		----- (Rupees '000) -----	
	Computer Software		59,450	43,213
	Others		-	-
			59,450	43,213



	March 31, 2020	March 31, 2019
	<b>Un-audited</b>	
	----- Rupees in '000 -----	
<b>Additions to intangible assets</b>		
The following additions have been made to intangible assets during the period:		
Computer Software	-	-
	<u>          </u>	<u>          </u>
<b>Disposals of intangible assets</b>		
The net book value of intangible assets disposed off during the period.	-	-
	<u>          </u>	<u>          </u>
	<b>March 31, 2020</b>	<b>December 31, 2019</b>
	<b>Un-audited</b>	<b>Audited</b>
	----- (Rupees '000) -----	
<b>14 DEFERRED TAX ASSETS</b>		
<b>Deductible Temporary differences on</b>		
- Provision against advances - general	4,608,379	5,190,961
- Tax losses carried forward	2,619,386	2,212,111
- Provision for diminution in the value of investments	94,853	94,853
- Deficit on revaluation of investments	737,258	1,138,399
	<b>8,059,876</b>	<b>8,636,324</b>
<b>Taxable Temporary differences on</b>		
- Accelerated tax depreciation - right to use assets	-	52,075
- Accelerated tax depreciation - tangible fixed assets	(51,772)	(67,022)
- Accelerated tax amortization - intangible assets	(7,824)	(8,076)
	<b>(59,596)</b>	<b>(23,023)</b>
	<b>8,000,280</b>	<b>8,613,301</b>
<b>15 OTHER ASSETS</b>		
Income/ Mark-up accrued in local currency	3,154,725	3,155,483
Accrued commission income	7,234	7,234
Advances, deposits, advance rent and other prepayments	75,793	70,993
Unrealised gain on forward forex revaluation - net	184,758	-
Insurance premium receivable against agriculture loans	21,921	30,531
Stationery and stamps on hand	3,803	3,816
Dividend receivable	4,050	-
Receivable against 1 Link ATM settlement account	95,492	207,120
Advance Taxation - net	343,657	378,512
Acceptances	333,948	4,297
Insurance claims receivable	99	142
Other receivables	33,332	27,817
	<b>4,258,812</b>	<b>3,885,945</b>
<b>16 BILLS PAYABLE</b>		
In Pakistan	461,276	495,010
Outside Pakistan	-	-
	<b>461,276</b>	<b>495,010</b>

17	BORROWINGS	Note	March 31, 2020	December 31, 2019
			Un-audited	Audited
			----- (Rupees '000) -----	
	<b>Secured</b>			
	Borrowings from State Bank of Pakistan			
	- Under export refinance scheme	17.2	1,375,779	1,476,379
	- Under long term finance facility	17.3	134,728	149,698
	<b>Repurchase agreement borrowings - Secured</b>			
	- State Bank of Pakistan (SBP)	17.4	11,404,527	2,566,207
	<b>Unsecured</b>			
	- State Bank of Pakistan(SBP)	17.5	750,000	750,000
	- Other microfinance bank		-	50,000
			750,000	800,000
			<u>13,665,034</u>	<u>4,992,284</u>
17.1	<b>Particulars of borrowings</b>			
	In local currency		13,665,034	4,992,284
	In foreign currencies		-	-
			<u>13,665,034</u>	<u>4,992,284</u>

- 17.2 These represent borrowing from SBP under export refinance scheme at the rates ranging from 1.00% to 2.00% (2019: 1.00% to 2.00%) per annum having maturity upto six months.
- 17.3 These represent borrowing from SBP under long term finance facility at the rate of 3.00% (2019: 3.00%) per annum having maturity upto 5 years (2019: 5 years).
- 17.4 These represent repurchase agreement borrowing at the rate of 11.06% (2019: 13.32%) per annum maturing on April 03, 2020 (2019: January 03, 2020 ). The carrying value of securities given as collateral against these borrowings is given in note 10.2.
- 17.5 This represent borrowing from SBP under LOC fund of Microfinance Bank Ltd at the rate of Kibor +1% (2019: Kibor +1%) per annum having maturity upto 5 years.

18 DEPOSITS AND OTHER ACCOUNTS

	March 31, 2020 (Un-audited)			December 31, 2019 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	----- Rupees in '000 -----					
<b>Customers</b>						
Current deposits	36,469,815	201,671	36,671,486	43,538,743	218,087	43,756,830
Savings deposits	61,487,017	785,705	62,272,722	54,929,829	817,743	55,747,572
Term deposits	32,035,369	328,955	32,364,324	29,436,358	298,529	29,734,887
Margin and other deposits	609,013	-	609,013	380,731	-	380,731
	<u>130,601,214</u>	<u>1,316,331</u>	<u>131,917,545</u>	<u>128,285,661</u>	<u>1,334,359</u>	<u>129,620,020</u>
<b>Financial Institutions</b>						
Current deposits	21,790	18	21,808	44,422	17	44,439
Savings deposits	2,551,089	-	2,551,089	2,617,299	-	2,617,299
Term deposits	2,169,000	-	2,169,000	1,714,000	-	1,714,000
Margin and other deposits	90,038	-	90,038	90,038	-	90,038
	<u>4,831,917</u>	<u>18</u>	<u>4,831,935</u>	<u>4,465,759</u>	<u>17</u>	<u>4,465,776</u>
	<u>135,433,131</u>	<u>1,316,349</u>	<u>136,749,480</u>	<u>132,751,420</u>	<u>1,334,376</u>	<u>134,085,796</u>





	March 31, 2020 Un-audited	December 31, 2019 Audited														
<b>19 OTHER LIABILITIES</b>	----- (Rupees '000) -----															
Mark-up / return / interest payable in local currency	1,772,536	1,649,102														
Mark-up / return / interest payable in foreign currency	3,497	5,482														
Accrued expenses	179,635	159,931														
Net defined benefit liability	102,797	84,612														
Unrealised loss against forward forex revaluation - net	-	105,781														
Provision for compensated absences	188,003	188,606														
Payable to employees' provident fund	696	602														
Payable against purchase of operating fixed assets	24,023	34,002														
Payable against purchase of shares	2,433	-														
Retention money	65,866	68,457														
Federal excise duty / sales tax on services payable	1,921	3,691														
Lease liability	2,215,601	2,328,843														
Withholding tax payable	52,526	23,761														
Acceptances	333,948	4,297														
Others	239,405	219,068														
	<u>5,182,887</u>	<u>4,876,235</u>														
<b>20 SHARE CAPITAL - NET</b>																
<b>20.1 Authorised capital</b>																
<table border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: left;">March 31, 2020 Un-audited</th> <th style="text-align: left;">December 31, 2019 Audited</th> <th></th> </tr> </thead> <tbody> <tr> <td colspan="3" style="text-align: center;"><b>Number of Shares</b></td> </tr> <tr> <td style="text-align: right;"><u>2,000,000,000</u></td> <td style="text-align: right;"><u>2,000,000,000</u></td> <td>Ordinary shares of Rs.10 each</td> </tr> </tbody> </table>	March 31, 2020 Un-audited	December 31, 2019 Audited		<b>Number of Shares</b>			<u>2,000,000,000</u>	<u>2,000,000,000</u>	Ordinary shares of Rs.10 each	<table border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: left;">March 31, 2020 Un-audited</th> <th style="text-align: left;">December 31, 2019 Audited</th> </tr> </thead> <tbody> <tr> <td colspan="2" style="text-align: center;">----- Rupees in '000 -----</td> </tr> <tr> <td style="text-align: right;"><u>20,000,000</u></td> <td style="text-align: right;"><u>20,000,000</u></td> </tr> </tbody> </table>	March 31, 2020 Un-audited	December 31, 2019 Audited	----- Rupees in '000 -----		<u>20,000,000</u>	<u>20,000,000</u>
March 31, 2020 Un-audited	December 31, 2019 Audited															
<b>Number of Shares</b>																
<u>2,000,000,000</u>	<u>2,000,000,000</u>	Ordinary shares of Rs.10 each														
March 31, 2020 Un-audited	December 31, 2019 Audited															
----- Rupees in '000 -----																
<u>20,000,000</u>	<u>20,000,000</u>															
<b>20.2 Issued, subscribed and paid-up share capital</b>																
<table border="0" style="width: 100%;"> <tbody> <tr> <td style="text-align: right;"><u>1,971,013,000</u></td> <td style="text-align: right;"><u>1,971,013,000</u></td> <td>Ordinary shares of Rs.10 each Fully paid in cash</td> </tr> </tbody> </table>	<u>1,971,013,000</u>	<u>1,971,013,000</u>	Ordinary shares of Rs.10 each Fully paid in cash	<table border="0" style="width: 100%;"> <tbody> <tr> <td style="text-align: right;"><u>19,710,130</u></td> <td style="text-align: right;"><u>19,710,130</u></td> </tr> </tbody> </table>	<u>19,710,130</u>	<u>19,710,130</u>										
<u>1,971,013,000</u>	<u>1,971,013,000</u>	Ordinary shares of Rs.10 each Fully paid in cash														
<u>19,710,130</u>	<u>19,710,130</u>															
<b>20.3</b>	The Government of Sindh, through its Finance Department, owns 99.95% ordinary shares of the Bank.															
<b>21 SHARES DEPOSIT MONEY</b>																
Opening balance	2,000,000	-														
Received during the period / year	-	11,700,000														
Right shares issued during the period / year	-	(9,700,000)														
	<u>2,000,000</u>	<u>2,000,000</u>														
The Government of Sindh has paid this amount against issue of ordinary shares in due course.																
<b>22 DEFICIT ON REVALUATION OF ASSETS</b>																
<b>Available-for-sale securities</b>																
Federal Government securities	(668,640)	(2,630,903)														
Fully paid ordinary shares - listed	(936,050)	(231,757)														
Units of mutual funds (units / certificates)	(290,108)	(63,236)														
Sukuk certificates	4,393	6,920														
	<u>(1,890,405)</u>	<u>(2,918,976)</u>														
Related deferred taxation	737,257	1,138,399														
	<u>(1,153,148)</u>	<u>(1,780,577)</u>														

		March 31, 2020 Un-audited	December 31, 2019 Audited
	Note	----- (Rupees '000) -----	
<b>23 CONTINGENCIES AND COMMITMENTS</b>			
-Guarantees	23.1	3,975,156	3,979,309
-Commitments	23.2	43,545,653	22,144,949
-Other contingent liabilities		-	-
		<u>47,520,809</u>	<u>26,124,258</u>
<b>23.1 Guarantees:</b>			
Financial guarantees		1,714,488	1,814,543
Performance guarantees		1,438,257	1,476,888
Other guarantees		822,411	687,878
		<u>3,975,156</u>	<u>3,979,309</u>
<b>23.2 Commitments:</b>			
<b>Documentary credits and short-term trade-related transactions</b>			
- letters of credit		2,565,813	610,437
<b>Commitments in respect of:</b>			
- forward foreign exchange contracts	23.2.1	13,087,439	5,035,712
- forward lending	23.2.2	27,892,401	16,498,800
Other commitments		-	-
		<u>43,545,653</u>	<u>22,144,949</u>
<b>23.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		6,178,544	2,470,494
Sale		6,908,895	2,565,218
		<u>13,087,439</u>	<u>5,035,712</u>
<b>23.2.2 Commitments in respect of forward lending</b>			
Forward repurchase agreement lending		11,421,808	2,570,889
Forward resale agreement lending		3,188,366	3,646,700
Undrawn formal standby facilities, credit lines and other commitments to lend	23.2.2.1	13,282,227	10,281,211
		<u>27,892,401</u>	<u>16,498,800</u>
<b>23.2.2.1 Commitments to extend credit</b>			

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



		<b>For the Quarter ended</b>	
		<b>March 31, 2020</b>	<b>March 31, 2019</b>
		----- Un-audited -----	
		----- Rupees in '000 -----	
<b>24</b>	<b>MARK-UP/RETURN/INTEREST EARNED</b>		
	On Loans and advances	1,914,592	1,492,438
	On Investments	1,646,927	1,165,585
	On Lendings to financial institutions	223,405	129,634
	On Balances with banks	16,227	14,980
		<u>3,801,151</u>	<u>2,802,637</u>
<b>25</b>	<b>MARK-UP/RETURN/INTEREST EXPENSED</b>		
	Deposits	2,709,916	1,465,837
	Borrowings	136,210	524,975
	Cost of swaps against foreign currency deposits / borrowings	23,131	15,525
	Lease liability against right of use assets	67,032	-
		<u>2,936,289</u>	<u>2,006,337</u>
<b>26</b>	<b>FEE AND COMMISSION INCOME</b>		
	Branch banking customers fees	10,504	16,774
	Consumer finance related fees	205	256
	Card related fees (debit cards)	33,878	31,331
	Commission on trade	10,473	19,521
	Commission on guarantees	8,805	12,462
	Credit related fees	2,743	6,087
	Commission on remittances including home remittances	2,198	1,446
	Others	108	167
		<u>68,914</u>	<u>88,044</u>
<b>27</b>	<b>GAIN / (LOSS) ON SECURITIES</b>		
	Realised	165	(639,505)
	Unrealised - held for trading	-	-
		<u>165</u>	<u>(639,505)</u>
<b>27.1</b>	<b>Realised gain / (loss) on:</b>		
	Federal Government Securities	165	(639,505)
	Shares of listed companies	-	-
	Units of mutual funds	-	-
	Other investments	-	-
		<u>165</u>	<u>(639,505)</u>
<b>28</b>	<b>OTHER INCOME</b>		
	Gain on sale of operating fixed assets	2,942	30
	Rent on property	893	1,073
	Incidental charges	245	564
	Others	30	21
		<u>4,110</u>	<u>1,688</u>

		<b>For the Quarter ended</b>	
		<b>March 31, 2020</b>	<b>March 31, 2019</b>
<b>Note</b>		----- Un-audited -----	----- Rupees in '000 -----
<b>29</b>	<b>OPERATING EXPENSES</b>		
	<b>Total compensation expense</b>	<b>29.1 623,338</b>	<b>545,015</b>
	<b>Property expense</b>		
	Rent & taxes	3,277	202,472
	Insurance	8,540	7,012
	Utilities cost	48,611	36,479
	Security (including guards)	76,439	70,806
	Repair & maintenance (including janitorial charges)	5,791	2,613
	Depreciation	16,106	15,184
	Depreciation - right of use assets	160,495	-
		<b>319,259</b>	<b>334,566</b>
	<b>Information technology expenses</b>		
	Software maintenance	18,129	13,302
	Hardware maintenance	13,910	10,328
	Depreciation	3,498	3,636
	Amortisation	5,378	5,547
	Network charges	2,567	1,274
	Others	3,188	4,245
		<b>46,670</b>	<b>38,332</b>
	<b>Other operating expenses</b>		
	Directors' fees and allowances	2,260	4,163
	Fees and allowances to Shariah Board	1,184	794
	Legal & professional charges	16,346	6,992
	Outsourced services costs	26,903	25,646
	Travelling & conveyance	10,913	7,478
	NIFT clearing charges	5,992	4,502
	Depreciation	63,284	60,596
	Training & development	431	518
	Postage & courier charges	4,929	4,830
	Communication	26,233	26,603
	Stationery & printing	18,552	19,215
	Marketing, advertisement & publicity	9,622	17,529
	Donations	-	-
	Auditors Remuneration	3,133	2,634
	Repair & maintenance	19,070	21,940
	Brokerage and commission	2,482	1,825
	Entertainment	12,134	10,713
	Fees and subscription	27,933	23,621
	Insurance expenses	2,015	1,916
	Others	10,588	7,597
		<b>264,004</b>	<b>249,112</b>
		<b>1,253,271</b>	<b>1,167,025</b>



**For the Quarter ended**

**March 31, 2020**      **March 31, 2019**

----- Un-audited -----  
 ----- Rupees in '000 -----

**Note**

**29.1 Total compensation expense**

Managerial Remuneration		
- Fixed	<b>390,027</b>	338,218
- Variable Cash Bonus / Awards etc.	-	150
Charge for defined benefit plan	<b>18,251</b>	15,048
Contribution to defined contribution plan	<b>20,875</b>	16,714
Rent & house maintenance	<b>110,674</b>	98,923
Utilities	<b>21,950</b>	19,428
Medical	<b>21,950</b>	19,428
Conveyance	<b>14,384</b>	11,761
Employees old age benefits contribution	<b>4,124</b>	3,457
Leave Fare Assistance	<b>5,745</b>	6,433
Staff Insurances	<b>12,893</b>	12,126
Others	<b>2,465</b>	3,329
	<b>623,338</b>	545,015

**29.2 Auditors' remuneration**

Audit fee	<b>2,762</b>	2,257
Fee for other statutory certifications	<b>252</b>	258
Special certifications and sundry advisory services	<b>119</b>	119
	<b>3,133</b>	2,634

**30 OTHER CHARGES**

Penalties imposed by State Bank of Pakistan	-	331
Others	-	-
	-	331

**31 PROVISIONS & WRITE OFFS - NET**

Provisions for diminution in value of investments	-	-
Reversal of Provisions against loans & advances - specific	<b>(939,157)</b>	-
Provisions against loans & advances - specific	<b>201,657</b>	1,976,238
Provisions against loans & advances - general	<b>(506)</b>	70
Net provision during the period	<b>(738,006)</b>	1,976,308
Fixed assets written off	-	-
Bad debts written off directly	<b>459</b>	-
	<b>(737,547)</b>	1,976,308

11.2.3

	<b>For the Quarter ended</b>	
	<b>March 31, 2020</b>	<b>March 31, 2019</b>
	----- Un-audited -----	
	----- Rupees in '000 -----	
<b>32 TAXATION</b>		
Current	<b>62,672</b>	39,865
Prior years	-	-
Deferred	<b>211,879</b>	(1,326,821)
	<b>274,551</b>	(1,286,956)
<b>33 BASIC EARNINGS / (LOSS) PER SHARE</b>		
Profit / (Loss) for the period	<b>178,666</b>	(1,580,374)
Weighted average number of ordinary shares	<b>1,971,013,000</b>	1,001,013,000
Basic earnings / (loss) per share	<b>0.09</b>	(1.58)
<b>34 DILUTED EARNINGS / (LOSS) PER SHARE</b>		
Profit / (Loss) for the period	<b>178,666</b>	(1,580,374)
Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)	<b>1,971,013,000</b>	1,001,013,000
Diluted earnings / (loss) per share	<b>0.09</b>	(1.58)
<b>35 CASH AND CASH EQUIVALENTS</b>		
Cash and Balance with Treasury Banks	<b>10,630,442</b>	9,665,144
Balance with other banks	<b>1,376,444</b>	4,463,207
	<b>12,006,886</b>	14,128,351

**36 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.

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.

**36.1 Fair value of financial assets**

IFRS 13 requires the Bank to carry out fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy is as follows:



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.

36.2 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.

<b>March 31, 2020 (Un-audited)</b>				
<b>Fair Value</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
----- Rupees in '000 -----				
<b>On balance sheet financial instruments</b>				
<b>Financial assets measured at fair value</b>				
<b>Available-for-sale securities</b>				
Pakistan Investment Bonds	-	22,614,084	-	22,614,084
Market Treasury Bills	-	39,351,699	-	39,351,699
Shares of listed companies	1,681,949	-	-	1,681,949
Term finance certificates - Listed	-	-	-	-
Units of mutual funds	120,531	483,764	-	604,295
Ijarah Sukuk - GoP	-	500,000	-	500,000
Sukuk bonds	-	179,392	-	179,392
	<u>1,802,480</u>	<u>63,128,939</u>	<u>-</u>	<u>64,931,419</u>
<b>Off balance sheet financial instruments</b>				
Foreign exchange contracts (purchase)	-	6,178,544	-	6,178,544
Foreign exchange contracts (sale)	-	6,908,895	-	6,908,895
<b>December 31, 2019 (Audited)</b>				
<b>Fair Value</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
----- Rupees in '000 -----				
<b>On balance sheet financial instruments</b>				
<b>Financial assets measured at fair value</b>				
<b>Available-for-sale securities</b>				
Pakistan Investment Bonds	-	21,037,034	-	21,037,034
Market Treasury Bills	-	21,898,158	-	21,898,158
Shares of listed companies	1,999,340	-	-	1,999,340
Term finance certificates - Listed	-	-	-	-
Units of mutual funds	123,254	707,913	-	831,167
Ijarah Sukuk - GoP	-	495,000	-	495,000
Sukuk bonds	-	199,776	-	199,776
	<u>2,122,594</u>	<u>44,337,881</u>	<u>-</u>	<u>46,460,475</u>
<b>Off balance sheet financial instruments</b>				
Foreign exchange contracts (purchase)	-	2,470,494	-	2,470,494
Foreign exchange contracts (sale)	-	2,565,218	-	2,565,218

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

Item	Valuation techniques and input used
Fully paid-up ordinary shares /close end mutual funds	Fair value is determined on the basis of closing quoted market prices available at the Pakistan Stock Exchange.
Open ended mutual funds	Fair value is based on redemption prices as at the close of the business day.
Pakistan Investment Bonds / Market Treasury Bills	Fair values are derived using the PKRV rates (Reuters page).
Government of Pakistan (GoP) - Ijarah Sukuks	Fair values are 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.

### 37 SEGMENT INFORMATION

#### 37.1 Segment Details with respect to Business Activities

	March 31, 2020 (Un-audited)				Total
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	
----- Amount Rs. 000 -----					
<b>Profit &amp; Loss</b>					
Net mark-up/return/profit income	1,721,563	88,154	-	(944,855)	864,862
Inter segment revenue - net	(1,912,635)	-	-	1,912,635	-
Non mark-up / return / interest income	28,204	50	-	75,825	104,079
Total Income	(162,868)	88,204	-	1,043,605	968,941
Segment direct expenses	(15,025)	(54,726)	-	(1,008,564)	(1,078,315)
Inter segment expense allocation	(17,496)	(9,569)	-	(147,891)	(174,956)
Total expenses	(32,521)	(64,295)	-	(1,156,455)	(1,253,271)
Provisions	-	(7,905)	-	745,452	737,547
Profit / (loss) before tax	(195,389)	16,004	-	632,602	453,217
<b>Balance Sheet</b>					
Cash & Bank balances	4,502,506	291,093	-	7,213,287	12,006,886
Investments	83,608,118	(230,247)	-	-	83,377,871
Net inter segment lending	-	-	-	81,662,567	81,662,567
Lendings to financial institutions	3,184,131	-	-	-	3,184,131
Advances - performing	26,956	947,427	-	40,725,236	41,699,619
- non-performing	-	6,087	-	17,842,745	17,848,832
Others	2,537,286	105,210	-	13,321,724	15,964,220
<b>Total Assets</b>	<u>93,858,997</u>	<u>1,119,570</u>	<u>-</u>	<u>160,765,559</u>	<u>255,744,126</u>





March 31, 2020 (Un-audited)

	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
----- Amount Rs. 000 -----					
Borrowings	11,539,255	750,000	-	1,375,779	13,665,034
Subordinated debt	-	-	-	-	-
Deposits & other accounts	-	(8,105)	-	136,757,585	136,749,480
Net inter segment borrowing	81,509,183	153,384	-	-	81,662,567
Others	61,511	70,765	-	5,511,887	5,644,163
<b>Total liabilities</b>	<b>93,109,949</b>	<b>966,044</b>	<b>-</b>	<b>143,645,251</b>	<b>237,721,244</b>
Equity	749,048	153,526	-	17,120,308	18,022,882
<b>Total Equity &amp; liabilities</b>	<b>93,858,997</b>	<b>1,119,570</b>	<b>-</b>	<b>160,765,559</b>	<b>255,744,126</b>
<b>Contingencies &amp; Commitments</b>	<b>27,697,613</b>	<b>-</b>	<b>-</b>	<b>19,823,196</b>	<b>47,520,809</b>

March 31, 2019 (Un-audited)

	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
----- Amount Rs. 000 -----					
<b>Profit &amp; Loss</b>					
Net mark-up/return/profit income	762,033	64,312	-	(30,045)	796,300
Inter segment revenue - net	(1,060,689)	-	-	1,060,689	-
Non mark-up / return / interest income	(613,418)	115	-	93,337	(519,966)
Total Income	(912,074)	64,427	-	1,123,981	276,334
Segment direct expenses	(11,119)	(41,551)	-	(908,093)	(960,763)
Inter segment expense allocation	(20,659)	(9,569)	-	(176,365)	(206,593)
Total expenses	(31,778)	(51,120)	-	(1,084,458)	(1,167,356)
Provisions	-	(1,321)	-	(1,974,987)	(1,976,308)
Profit / (loss) before tax	(943,852)	11,986	-	(1,935,464)	(2,867,330)

December 31, 2019 (Audited)

	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
----- Amount Rs. 000 -----					
<b>Balance Sheet</b>					
Cash & Bank balances	7,655,084	255,823	-	6,736,252	14,647,159
Investments	65,143,452	(130,905)	-	-	65,012,547
Net inter segment lending	-	-	-	77,263,685	77,263,685
Lendings to financial institutions	3,645,392	-	-	-	3,645,392
Advances - performing	34,685	1,012,302	-	42,413,044	43,460,031
- non-performing	-	13,104	-	18,507,891	18,520,995
Others	3,590,828	93,961	-	12,695,199	16,379,988
<b>Total Assets</b>	<b>80,069,441</b>	<b>1,244,285</b>	<b>-</b>	<b>157,616,071</b>	<b>238,929,797</b>

	December 31, 2019 (Audited)				Total
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	
----- Amount Rs. 000 -----					
Borrowings	2,715,905	800,000	-	1,476,379	4,992,284
Subordinated debt	-	-	-	-	-
Deposits & other accounts	-	36,134	-	134,049,662	134,085,796
Net inter segment borrowing	77,093,104	170,581	-	-	77,263,685
Others	153,995	97,983	-	5,119,267	5,371,245
Total liabilities	79,963,004	1,104,698	-	140,645,308	221,713,010
Equity	106,437	139,587	-	16,970,763	17,216,787
Total Equity & liabilities	<u>80,069,441</u>	<u>1,244,285</u>	<u>-</u>	<u>157,616,071</u>	<u>238,929,797</u>
Contingencies & Commitments	<u>21,626,593</u>	<u>-</u>	<u>-</u>	<u>4,497,665</u>	<u>26,124,258</u>

### 38 RELATED PARTY TRANSACTIONS

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

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

The Government of Sindh (GoS) through its Finance Department holds 99.9% shareholding in the Bank and therefore entities which are owned and / or controlled by the GoS, or where the GoS may exercise significant influence, are related parties of the Bank. The Bank in the ordinary course of business enters into transaction with Government-related entities. Such transactions include lending to, deposits from and provision of other banking services to such entities. However, it is impracticable to disclose transactions with all other entities owned or controlled by the GoS.

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



	March 31, 2020 (Un-audited)			December 31, 2019 (Audited)		
	Director	Key Management Personal	Other Related Parties	Director	Key Management Personal	December 31, 2018 Audited
----- Amount Rs. 000 -----						
<b>Investments</b>						
Opening balance	-	-	-	-	-	-
Investment made during the period	-	-	-	-	-	-
Investment redeemed / disposed off during the period	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-
<b>Advances</b>						
Opening balance	-	62,587	46,874	-	124,018	109,375
Addition during the period	-	6,503	-	-	33,398	-
Repaid during the period	-	4,862	15,625	-	17,563	62,501
Transfer in / (out) - net	-	-	-	-	(58,959)	-
Closing balance	-	64,228	31,249	-	80,894	46,874
<b>Other Assets</b>						
Interest / mark-up accrued	-	73	1,178	-	-	435
Other receivable	-	-	893	-	30	2,292
	-	73	2,072	-	30	2,727
<b>Deposits and other accounts</b>						
Opening balance	21,698	67,060	3,519,086	52,636	65,375	1,231,625
Received during the period	30,617	84,932	1,845,410	220,006	429,637	13,320,173
Withdrawn during the period	28,899	88,765	1,482,260	225,413	424,436	11,032,474
Transfer in / (out) - net	-	-	-	(25,531)	(2,550)	(238)
Closing balance	23,416	63,227	3,882,236	21,698	68,026	3,519,086
<b>Other Liabilities</b>						
Provision for gratuity	-	9,726	-	-	-	15
mark-up / interest payable	117	675	93,318	245	865	46,685
	117	10,401	93,318	245	865	46,700

	March 31, 2020 (Un-audited)			March 31, 2019 (Un-audited)		
	Director	Key Management Personal	Other Related Parties	Director	Key Management Personal	December 31, 2018 Audited
----- Amount Rs. 000 -----						
<b>Income :</b>						
Mark-up / return / interest earned	-	621	1,254	-	1,226	3,033
Fee and commission income	-	2	7	-	2	7
Other income	-	-	893	-	-	998
<b>Expense :</b>						
Mark-up / return / interest paid	156	1,284	114,226	451	826	33,079
Remuneration paid	-	51,432	-	-	49,356	-
Contribution to provident fund	-	2,780	-	-	2,341	-
Provision for gratuity	-	2,667	-	-	3,055	-
Other staff benefits	-	477	-	-	417	-
Directors' meeting fee	2,260	-	-	4,163	-	-
Insurance premium paid	-	-	26,493	351	-	17,120
<b>Others :</b>						
Sale of Government Securities	-	-	-	-	-	110,000
Purchase of Government Securities	-	-	-	-	-	110,000
Expenses recovered under						
agency arrangement	-	-	28	-	-	46
Insurance claims settled	-	-	305	-	-	1,259

As at the date of consolidated statement of financial position, loans/advances and deposits related to government related entities amounted to Rs.6,176.60 million and Rs.66,547.38 million respectively. The above includes deposits amounting to Rs.19,787.36 (2019: Rs.17,997.57) million received from the Finance Department, Government of Sindh.




	March 31, 2020 Un-audited	December 31, 2019 Audited
----- (Rupees '000) -----		
<b>39 CAPITAL ADEQUACY, LEVERAGE RATIO &amp; LIQUIDITY REQUIREMENTS</b>		
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	15,652,708	15,510,472
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	11,141,398	9,494,152
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	11,141,398	9,494,152
Eligible Tier 2 Capital	-	-
<b>Total Eligible Capital (Tier 1 + Tier 2)</b>	<b>11,141,398</b>	<b>9,494,152</b>
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	44,688,100	44,530,403
Market Risk	15,314,907	14,322,638
Operational Risk	9,007,923	9,007,923
<b>Total Risk Weighted Assets</b>	<b>69,010,930</b>	<b>67,860,964</b>
<b>Common Equity Tier 1 Capital Adequacy ratio</b>	<b>16.14%</b>	<b>13.99%</b>
<b>Tier 1 Capital Adequacy Ratio</b>	<b>16.14%</b>	<b>13.99%</b>
<b>Total Capital Adequacy Ratio</b>	<b>16.14%</b>	<b>13.99%</b>
<b>Notional minimum capital requirements prescribed by SBP</b>		
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	11.25%	12.50%
<b>Approach followed for determining Risk Weighted Assets</b>		
Credit Risk	<b>Comprehensive</b>	Comprehensive
Market Risk	<b>Maturity method</b>	Maturity method
Operational Risk	<b>Basic Indicator</b>	Basic Indicator
<b>Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	11,141,398	9,494,152
Total Exposures	182,046,975	167,315,997
Leverage Ratio (%)	6.12%	5.67%
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	52,213,854	44,615,973
Total Net Cash Outflow	19,446,948	17,943,953
Liquidity Coverage Ratio (%)	268%	249%
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	110,001,595	104,909,785
Total Required Stable Funding	68,862,947	69,852,945
Net Stable Funding Ratio	160%	150%


40 GENERAL

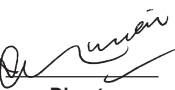
Figures have been rounded off to the nearest thousand rupee.


41 DATE OF AUTHORISATION FOR ISSUE

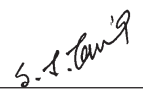
These consolidated financial statements were authorised for issue by the Board of Directors on April 30, 2020.

  
Chairman

  
President and  
Chief Executive Officer

  
Director

  
Director

  
Chief Financial Officer



## Branch Network

### SOUTHERN REGION - KARACHI

**Mr. Abdul Rauf Chandio**

EVP-I & Group Business Head  
Southern Region  
Tel: 021-35642101-2  
Fax: 021-35642104  
Email: rauf.chandio@sindhbankltd.com

**Mr. Shahzad Hussain**

VP-I & Area Manager,  
Area I, Karachi  
Tel: 021-32415399, 32420672  
Email: shahzad.khowaja@sindhbankltd.com

**Mr. Dilawar Ahmed Dakhan**

SVP-I & Area Manager,  
Area II, Karachi  
Tel: 021-35862711  
Fax: 021-35862728  
Email: dilawar.dakhan@sindhbankltd.com

**Mr. Muhammad Ali**

SVP-II & Area Manager,  
Area III, Karachi  
Tel: 021-34891246  
Fax: 021-34891248  
Email: muhammad.ali@sindhbankltd.com

**Mr. Ayaz Ahmed Jagirani**

VP-II & Officiating Area Manager,  
Area IV, Karachi  
Tel: 021-34373972, 34373975  
Fax: 34373974  
Email: ayaz.jagirani@sindhbankltd.com

**Mr. Muhammad Yousuf Khan Niazi**

SVP-II & Area Manager,  
Area V, Karachi  
Tel: 021-35144261, 35144262  
Fax: 021-35144263  
Email: yousuf.niazi@sindhbankltd.com

**Mr. Zahid Noshervani**

VP-II & Area Manager,  
Area VI, Karachi  
Tel: 35680251-2  
Email: zahid.noshervani@sindhbankltd.com

**Mr. Shafique Ahmed**

VP-II & Area Manager,  
Area VII, Karachi  
Tel: 021-34968976-77  
Fax: 021-34834583  
Email: shafique.chandio@sindhbankltd.com

**Mr. Aijaz Ali Bugti**

AVP-I & Area Manager,  
Area VIII, Karachi  
Tel: 021-32526863, 32526864  
Fax: 021-32526865  
Email: aijaz.bugti@sindhbankltd.com

**Mr. Faisal Haroon Badshah**

VP-I & Branch Manager /  
Area Manager  
-Islamic Banking - Karachi  
Tel: 021-35316805  
Fax: 021-35316807  
Email: faisal.haroon@sindhbankltd.com

### BALUCHISTAN AREA BRANCHES

**Mr. Haq Nawaz**

SVP-II & Acting Area Manager,  
Balochistan Area,  
Tel: +92-81-2865683  
Fax: +92-81-2865682  
Email: haq.nawaz@sindhbankltd.com

**Mr. Wali Muhammad Attar**

AVP-I & Acting Area Manager,  
Balochistan Area II,  
Tel: 0838-710135, 0838-710136  
Fax: 0838-710138  
Email: wali.attar@sindhbankltd.com

**Mr. Muhammad Ayaz Tareen**

OG-I & Branch Manager / Acting Area Manager  
(Islamic Banking) - Balochistan  
Tel: 081-2864804-5  
Email: ayaz.tareen@sindhbankltd.com

### RURAL SINDH REGION

**Syed Assad Ali**

EVP-I & Group Business Head  
Sindh Rural  
Tel: 021-35829376  
Fax: 021-35870543  
Email: assad.ali@sindhbankltd.com

**Mr. Zeeshan Qureshi**

VP-I & Area Manager,  
Hyderabad Area  
Tel: 022-9330061  
Email: zeeshan.qureshi@sindhbankltd.com

**Mr. Syed Tabish Ali Shah**

VP-II & Area Manager,  
Hyderabad Area II  
Tel: 022-9240091, Fax: 022-9240094  
Email: tabish.shah@sindhbankltd.com

**Mr. Kashif Ahmed Memon**

AVP-I & Area Manager,  
Hyderabad Area III  
Tel: 0298-760224  
Email: kashif.memon@sindhbankltd.com

**Mr. Bashir Ahmed Wassan**

VP-I & Area Manager,  
Hyderabad Area IV  
Tel: 0298-550528  
Fax: 0298-550529  
Email: bashir.wassan@sindhbankltd.com

**Mr. Jamil Ahmed Shaikh**

VP-I & Area Manager,  
Mirpurkhas  
Tel: 023-3876405  
Fax: 023-3876406  
Email: jamil.shaikh@sindhbankltd.com

**Mr. Muhammad Yousif**

VP-II & Area Manager,  
Sukkur Area I  
Tel: 0243-9280415  
Email: yousif.kurio@sindhbankltd.com

**Mr. Bashir Ahmed Ghoto**

VP-II & Area Manager,  
Sukkur Area II  
Tel: 0723-684431  
Fax: 0723-684432  
Email: bashir.ghoto@sindhbankltd.com

**Mr. Kazim Hussain Qadri**

AVP-I & Acting Area Manager,  
Larkana Area-I  
Tel: 074-4040752  
Fax: 074-4040753  
Email: kazim.hussain@sindhbankltd.com

**Mr. Abdul Majid Khoso**

VP-II & Area Manager,  
Larkana Area-II  
Tel: 0722-576325  
Fax: 0722-567289  
Email: majid.khoso@sindhbankltd.com

**Mr. Syed Gul Muhammad Shah**

VP-II & Area Manager  
Larkana Area-III  
Tel: 0254-620523,  
Fax: 0254-620513  
Email: syed.gul@sindhbankltd.com

**PUNJAB & NORTHERN REGION**

**Mr. Farhan Ashraf Khan**

SEVP & Group Business Head  
North / Lahore Area I  
Tel: 042-99264343  
Fax: 042-99264342  
Email: farhan.khan@sindhbankltd.com

**Mr. Rizwan Mahmood Khan**

SVP-I & Area Manager  
Lahore Area-II & Chief Manager  
Tel: 042-99264334  
Fax: 042-99264341  
Email: rizwan.mahmood@sindhbankltd.com

**Ms. Shazia Andleeb**

SVP-I & Area Manager  
Lahore Area III & Chief Manager  
Tel: 042-99268880, 99268883  
Fax: 042-99268882  
Email: shazia.andleeb@sindhbankltd.com

**Mr. Salman Satti**

SVP-I & Area Manager  
Lahore Area IV & Chief Manager  
Tel: 042-35340503, 35340504  
Email: salman.satti@sindhbankltd.com

**Mr. Shoab Naseem Khan**

VP-I & Area Manager  
Lahore Area V  
Tel: 042-37182146-7  
Email: shoab.khan@sindhbankltd.com

**Syed Akram Hussain Zaidi**

SVP-I & Area Manager  
Gujranwala  
Tel: 055-3840015  
Fax: 055-9200993  
Email: akram.zaidi@sindhbankltd.com

**Mr. Syed Sohail Abbas**

VP-I & Area Manager - Multan  
Tel: 061-4585203  
Fax: 061-4585207  
Email: sohail.abbas1@sindhbankltd.com





**Mr. Shahid Mahmood Mufti**  
AVP-I & Branch Manager / Area Manager  
Islamic Banking Punjab  
Tel: 042-37241866-67  
Fax: 042-37241870  
Email: shahid.mahmood@sindhbankltd.com

**Mr. Shafqat Ali Raja**  
SVP-I & Area Manager  
Islamabad & Rawalpindi  
Tel: 051-9270151  
Email: shafqat.raja@sindhbankltd.com

**Mr. Khurram Zia**  
AVP-II & Branch Manager /  
Area Manager  
Islamic Banking Rawalpindi & AJK  
Tel: 051-2158511-2  
Email: khurram.zia@sindhbankltd.com

**Mr. Farooq Khan**  
SVP-I & Area Manager, KPK  
Tel: +92-91-5271951  
Fax: +92-91-5271949  
Email: farooq.khan@sindhbankltd.com

**Mr. Intikhab Ashraf**  
VP-I & Area Manager  
AJK / Gilgit Baltistan & Branch Manager  
Tel: 05822-920630, 05822-920620-612  
Email: intikhab.ashraf@sindhbankltd.com

**Mr. Irfan Younis**  
AVP-I & Branch Manager /  
Area Manager - Islamic Banking KPK  
Tel: 0937-875343-44  
Email: irfan.hoti@sindhbankltd.com

## Number of Branches

S.No.	Regions	No. of Branches
1	Southern Region - Karachi	93
2	Balochistan Branches	16
3	Rural Sindh Region	97
4	Punjab & Northern Region	103
5	KPK & Mirpur AJK	21
	<b>Total</b>	<b>330</b>

## SERVING YOU IN MANY WAYS

### Products & Services

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- Foreign Currency Accounts
- Sukoon Current Account
- Asaan Account
- Women Empowerment Account
- Young Talent Account
- Small & Medium Enterprises (SME) Credits
- Auto Finance • Call Center 24/7
- Agriculture Loans
- Islamic Banking • ATM Network
- Lockers Facility
- VISA, PayPak & UnionPay Debit Cards

### SMS Banking

- Transaction Alerts • Utility Bills Payment
- Mobile Top-ups • Airline Ticket Payment
- Internet Service Providers (ISPS) Payments
- Fee Payments of Educational Institutions
- Insurance Premium Payment
- Intra Bank Funds Transfer (PAYC)
- Inter Bank Funds Transfer (IBFT)
- Balance Enquiry • Mini Statement
- Complete Statement of Account Via Email
- E-commerce • Email Alerts



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