



**Un-Consolidated
Condensed Interim
Financial Statements
For The Half Year Ended
June 30, 2020**



INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Sindh Bank Limited

Report on review of Condensed Interim Unconsolidated Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Sindh Bank Limited (the Bank) as at June 30, 2020, and the related condensed interim statement of profit or loss for the half year then ended, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and the relevant notes for the half year then ended (here-in-after referred to as 'condensed interim financial statements'). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with the approved accounting standards as applicable in Pakistan for the interim financial reporting. Our responsibility is to express a conclusion on the condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by Independent Auditor of the Entity". A review of condensed interim financial information consist of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other Matter

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

Place: Islamabad

Date: _____

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

SINDH BANK LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

		June 30, 2020 Un-audited	December 31, 2019 Audited
	Note	----- Rupees in '000' -----	
ASSETS			
Cash and balances with treasury banks	7	16,044,253	13,552,972
Balances with other banks	8	547,672	838,364
Lendings to financial institutions	9	9,482,292	3,645,392
Investments-net	10	115,142,453	65,143,452
Advances-net	11	62,962,371	61,131,052
Fixed assets	12	3,361,995	3,788,000
Intangible assets	13	78,894	39,964
Deferred tax assets-net	14	7,686,563	8,606,608
Other assets	15	4,541,873	3,853,130
		219,848,366	160,598,934
LIABILITIES			
Bills payable	16	617,001	495,010
Borrowings	17	39,862,290	4,192,284
Deposits and other accounts	18	155,272,312	134,049,662
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	19	5,511,850	4,784,777
		201,263,453	143,521,733
NET ASSETS		18,584,913	17,077,201
REPRESENTED BY			
Share capital - net	20	19,710,130	19,710,130
Reserves		1,451,979	1,451,979
Shares deposit money	21	2,000,000	2,000,000
Surplus / (Deficit) on revaluation of assets	22	73,140	(1,780,577)
Accumulated Loss		(4,650,336)	(4,304,331)
		18,584,913	17,077,201

CONTINGENCIES AND COMMITMENTS

23

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

(Signature)
(Signature)
(Signature)
(Signature)
(Signature)

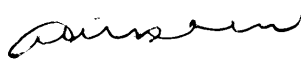
Chairman President and Chief Executive Officer Director Director Chief Financial Officer

SINDH BANK LIMITED
UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2020


		Half year ended		Quarter ended	
	Note	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
----- Rupees in '000' -----					
Mark-up / Return / Interest Earned	24	7,423,727	5,723,454	3,727,975	2,982,286
Mark-up / Return / Interest Expensed	25	5,853,359	4,570,918	2,940,434	2,567,355
Net Mark-up / Interest Income		1,570,368	1,152,536	787,541	414,931
Non Mark-up / Interest Income					
Fee and Commission Income	26	139,823	165,620	70,909	77,576
Dividend Income		45,127	75,190	21,803	42,305
Foreign Exchange Income		68,821	42,322	61,255	45,400
Income / (loss) from derivatives		-	-	-	-
Gain / (Loss) on securities	27	(184,377)	(1,258,286)	(184,542)	(618,781)
Other Income	28	6,679	3,697	2,569	2,009
Total non-markup/interest Income		76,073	(971,457)	(28,006)	(451,491)
Total Income		1,646,441	181,079	759,535	(36,560)
Non Mark-up / Interest Expenses					
Operating expenses	29	2,385,544	2,339,929	1,186,580	1,214,071
Other charges	30	5	4,663	5	4,332
Total non-markup/interest expenses		2,385,549	2,344,592	1,186,585	1,218,403
Loss before provisions		(739,108)	(2,163,513)	(427,050)	(1,254,963)
Provisions and write offs - net	31	(242,471)	2,723,539	502,981	748,552
Extra ordinary / unusual items		-	-	-	-
Loss before Taxation		(496,637)	(4,887,052)	(930,031)	(2,003,515)
Taxation	32	(150,632)	(2,011,017)	(419,300)	(719,601)
Loss after Taxation		(346,005)	(2,876,035)	(510,731)	(1,283,914)
----- Rupees in '000' -----					
Basic Earnings / (Loss) per share	33	(0.18)	(2.87)	(0.26)	(1.28)
Diluted Earnings / (Loss) per share	34	(0.18)	(2.87)	(0.26)	(1.28)

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


11/6/20



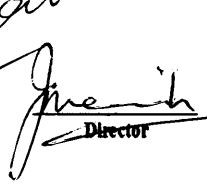
 Chairman




 President and
Chief Executive Officer



 Director



 Director




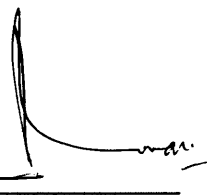
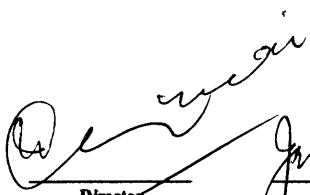


 Chief Financial
Officer

SINDH BANK LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2020

	Half year ended		Quarter ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	Rupees in '000'			
Loss after taxation for the period	(346,005)	(2,876,035)	(510,731)	(1,283,914)
Other comprehensive income				
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement gain / (loss) on defined benefit obligations - net of tax	(346,005)	(2,876,035)	(510,731)	(1,283,914)
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in surplus / (deficit) on revaluation of investments - net of tax	1,853,717	613,997	1,226,288	(161,352)
Total comprehensive income / (loss)	1,507,712	(2,262,038)	715,557	(1,445,266)

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

12/06/20

 _____ Chairman	 _____ President and Chief Executive Officer	 _____ Director	 _____ Director	 _____ Chief Financial Officer
--	--	---	---	--

SINDH BANK LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2020


	Share Capital	Shares Deposit Money	Capital Reserves		Surplus / (Deficit) on revaluation of Investments	Unappropriated Profit / (Loss) **	Total
			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 half year ended June 30, 2019	-	-	-	-	-	(2,876,035)	(2,876,035)
Other comprehensive income - net of tax	-	-	-	-	613,997	-	613,997
Shares deposit money	-	3,700,000	-	-	-	-	3,700,000
Balance as at June 30, 2019	10,010,130	3,700,000	51	1,451,928	(3,567,971)	1,082,254	12,676,392
Loss for the half year ended December 31, 2019	-	-	-	-	-	(5,383,825)	(5,383,825)
Other comprehensive income / (loss) - net of tax	-	-	-	-	1,787,394	(2,760)	1,784,634
Transfer to statutory reserve	-	-	-	-	-	-	-
Shares deposit money	-	8,000,000	-	-	-	-	8,000,000
Issue of Shares during the year	9,700,000	(9,700,000)	-	-	-	-	-
Balance as at December 31, 2019	19,710,130	2,000,000	51	1,451,928	(1,780,577)	(4,304,331)	17,077,201
Loss for the half year ended June 30, 2020	-	-	-	-	-	(346,005)	(346,005)
Other comprehensive income - net of tax	-	-	-	-	1,853,717	-	1,853,717
Transfer to statutory reserve	-	-	-	-	-	-	-
Balance as at June 30, 2020	19,710,130	2,000,000	51	1,451,928	73,140	(4,650,336)	18,584,913

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

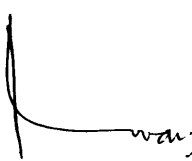
** As more fully explained in note 10.2.2 of these unconsolidated condensed interim financial statements, unappropriated profit includes an amount of Rs.9,840.06 million net of tax as at June 30, 2020 (December 31, 2019: Rs. 9,541.05 million) representing additional profit arising from availing forced 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.


11/2/20



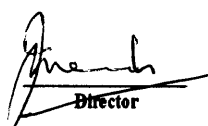
 Chairman




 President and
Chief Executive Officer



 Director



 Director

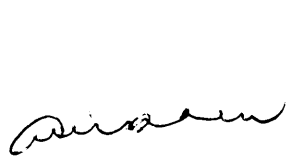


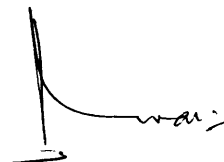
 Chief Financial
Officer


SINDH BANK LIMITED
UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2020

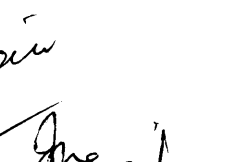
	Note	June 30, 2020	June 30, 2019
		Rupees in '000'	
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		(496,637)	(4,887,052)
Less: Dividend income		(45,127)	(75,190)
		(541,764)	(4,962,242)
Adjustments:			
Depreciation	29	474,531	489,147
Amortisation	29	11,383	11,104
Provision against non-performing loans and advances - net	31	(393,136)	2,656,049
Provision for diminution in the value of investments - net		150,665	67,490
Gain on sale of operating fixed assets	28	(4,284)	(48)
		239,159	3,223,742
		(302,605)	(1,738,500)
(Increase) / decrease in operating assets			
Lendings to financial institutions		(5,836,900)	4,583,162
Advances - net		(1,438,183)	(1,913,107)
Other assets (excluding advance taxation)		(777,029)	1,819,527
		(8,052,112)	4,489,582
Increase / (decrease) in operating liabilities			
Bills payable		121,991	(344,450)
Borrowings from financial institutions		35,670,006	(4,777,032)
Deposits and other accounts		21,222,650	(589,140)
Other liabilities (excluding current taxation)		727,073	1,901,148
		57,741,720	(3,809,474)
		49,387,003	(1,058,392)
Income tax paid		(22,535)	(202,160)
Net cash flow (used in) operating activities		49,364,468	(1,260,552)
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in available-for-sale securities		(47,123,661)	3,627,294
Net investment in held-to-maturity securities		12,875	27,434
Dividends received		41,462	77,789
Investments in operating fixed assets		(100,114)	(2,950,815)
Sale proceeds from sale of fixed assets		5,559	758
Net cash flows from investing activities		(47,163,879)	782,460
CASH FLOW FROM FINANCING ACTIVITIES			
Shares deposit money		-	3,700,000
Net cash flows from financing activities		-	3,700,000
Increase in cash and cash equivalents		2,200,589	3,221,908
Cash and cash equivalents at the beginning of the year		14,391,336	9,610,301
Cash and cash equivalents at the end of the period	35	16,591,925	12,832,209

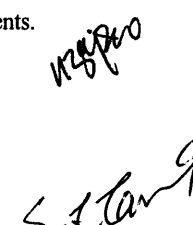
The annexed notes from 1 to 42 form an integral part of these unconsolidated condensed interim financial statements.


Chairman


President and
Chief Executive Officer


Director


Director


Chief Financial
Officer

SINDH BANK LIMITED
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2020

1. STATUS AND NATURE OF BUSINESS

- 1.1 Sindh Bank Limited (the Bank) was incorporated in Pakistan on October 29, 2010 as a public unlisted company and is engaged in Commercial Banking, Corporate and Investment related activities. The Bank operates 330 (2019: 330) branches including 8 (2019: 8) sub-branches and 14 (2019: 14) Islamic banking branches in Pakistan. The Bank's registered office is located at 3rd floor, Federation House, Abdullah Shah Ghazi Road, Clifton, Karachi, Pakistan.
- 1.2 The Government of Sindh, through its Finance Department owns 99.95% ordinary shares of the Bank.
- 1.3 VIS Credit Rating Company Limited has reaffirmed the long term entity rating of A+ (Single A Plus) and short term rating of A-1 (A-one) in its report dated July 06, 2020.

1.4 Going Concern

Due to significant losses suffered by the Bank in 2018 and 2019 and 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 June 30, 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. concerted efforts for recovery and reduction of Non-Performing Loans.
 - v. other cost rationalization measures;
- Strengthening the Bank's Governance, Risk and Control environment.

The Government of Sindh, Bank's major shareholder holding 99.95 percent of the Bank's equity is fully committed to supporting the Bank, whenever required.

- 1.5 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 was 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 condensed interim 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.

SINDH BANK LIMITED

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2020

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 condensed interim financial statements and should be read in conjunction with the condensed interim 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 condensed interim 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, the IFRS - 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated 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 condensed interim financial statements for the year ended December 31,

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 condensed interim financial statements of the Bank for the year ended

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 Amendments	Effective date
IFRS 3 - Business Combination - (Amendments)	January 01, 2020
IAS 1 - Presentation of condensed interim 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 01, 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 Amendments	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 '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 February 14, 2019, has notified that IFRS 9, Financial Instruments, is applicable for accounting period ending on or after June 30, 2019. However, as per SBP, BPRD Circular No.04 of 2019 dated October 23, 2019 of SBP, effective date of IFRS 9 implementation will be January 01, 2021.

6. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the unconsolidated financial statement for the year ended December 31, 2019. Necessary revisions in the risk management with other control divisions policies have been made to further strengthen the Bank's risk and control environment.

The COVID-19 Pandemic has taken its toll on the businesses and economy, not only in Pakistan, but across the globe forcing the governments and regulators to take various measures to dampen its impact. The State Bank of Pakistan, responding to the situation, has announced several relief measures to provide an impetus to the economy and business activities, which include the following:

- Reducing the policy rate / discount rate by 625 bps since Jan-2020;
- Reduction of Capital Conservation buffer by 100 to 150 bps;
- Increasing the regulatory limit on extension of credit to SMEs to 180 million;
- Relaxing the debt equity ratio for consumer loans from 50% to 60%;

SINDH BANK LIMITED

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2020

- Allowing banks to defer borrowers principal loan payments by one year and or restructure/ reschedule loans of borrowers who require relief of principal repayment exceeding one year and/ or markup with no reflection on credit history; and
- Introduction of refinancing schemes for payment of wages and salaries.

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

6.1 Credit Risk Management:

The Credit Risk Management function of the Banks is regularly monitoring the credit portfolio to identify borrowers most likely to get affected due to changes in the business and economic environment. Moreover, the applications received under relief package of SBP is being processed with taking proper care and scrutinized as per the guidelines provided by the Pakistan's Banking Association (PBA).

The Credit Risk along with other credit support divisions needs to ensure close monitoring since majority of the borrowers have availed the SBP enabled deferment/ restructuring & rescheduling relief. Periodic monitoring of the borrower's accounts needs to be done in order to ensure borrower's financial stability and mitigate Bank's credit risk.

6.2 Liquidity Risk Management:

In view relaxation granted by SBP for deferral principal and markup and rescheduling of loans there will be an impact on the maturity profile of the Bank. The Asset and Liability Committee (ALCO) along with the Investment Committee (IC) of the Bank is continuously monitoring the liquidity position and the Bank is confident that the liquidity buffer currently maintained is sufficient to cater to any adverse movement in the cash flow maturity profile.

6.3 Equity Risk Management:

The carrying value of the Bank's investment in listed equity securities classified as available-for-sale, amount to Rs. 3,005 million as at June30, 2020. During the period, the PSX 100 index has fallen by 15.50%, triggering an impairment of Rs 24.26 million which is fully recorded in the condensed interim unconsolidated financial statement of the current period.

6.4 Operational Risk Management:

The Bank is closely monitoring the situation and has invoked required action to ensure the safety and security of Bank staff and uninterrupted service to customers. The senior management of the Bank is continuously monitoring the situation and is taking timely decisions to resolve any concerns.

Business continuity plans (BCP) for respective areas are in place. The bank has enhanced monitoring of cyber security risk during these times. Remote work capabilities were enabled for staff, where required and related risk and control measure were assessed to ensure that the Banks' information assets are protected from emerging cyber threats and comply with the regulatory protocols required under the circumstances. The Bank is communicating with its customers on how they can connect with the Bank through digital and online channels. Bank has taken measures to ensure that service level are maintained, customer complaints are resolved and the Bank continues to meet the expectations of its employees, customers and regulators.

6.5 Capital Adequacy Ratio (CAR):

In order to encourage Banks to continue lending despite anticipated pressure on profits and credit risk, the SBP has relaxed the Capital Conversion Buffer (CCB) requirements to 1.5%, resulting in a 1% decline in CAR requirement for all Tiers.

Handwritten signature

SINDH BANK LIMITED
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2020

		June 30, 2020 <u>Un-audited</u>	December 31, 2019 <u>Audited</u>
	Note	----- Rupees in '000' -----	----- Rupees in '000' -----
7 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		4,012,610	3,082,460
Foreign currency		248,376	208,051
		4,260,986	3,290,511
With State Bank of Pakistan (SBP) in			
Local currency current accounts	7.1	10,504,449	7,790,641
Foreign currency current accounts	7.2	35,950	14,725
Foreign currency deposit accounts			
- Non Remunerative	7.3	72,347	77,503
- Remunerative	7.4	137,086	218,619
		10,749,832	8,101,488
With National Bank of Pakistan in			
Local currency current accounts		995,467	1,854,468
Local currency deposit accounts		2,582	188,077
		998,049	2,042,545
Prize bonds		35,386	118,428
		16,044,253	13,552,972

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.

		June 30, 2020 <u>Un-audited</u>	December 31, 2019 <u>Audited</u>
	Note	----- Rupees in '000' -----	----- Rupees in '000' -----
8 BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		23,900	29,732
In savings accounts	8.1	10,890	21,563
		34,790	51,295
Outside Pakistan			
In current accounts		512,882	787,069
		547,672	838,364

8.1 This includes savings account with a commercial bank carrying profit at the rate of 6.00% (2019: 11.25%) per annum.

9 LENDINGS TO FINANCIAL INSTITUTIONS

Repurchase agreement lendings (Reverse Repo)	9.2&9.3	9,482,292	3,645,392
		9,482,292	3,645,392
9.1 Particulars of lending			
In local currency		9,482,292	3,645,392
In foreign currencies		-	-
		9,482,292	3,645,392

9.2 This represents resale agreement lending to commercial banks and DFIs carrying mark-up in the range of 7.00% to 8.30% (2019 :13.05% to 13.35%) per annum maturing up to July 23, 2020 (2019: January 02, 2020).

Handwritten signature/initials

SINDH BANK LIMITED
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2020

9.3 Securities held as collateral against Lendings to financial institutions

	June 30, 2020 (Un-audited)			December 31, 2019 (Audited)		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	Rupees in '000'					
Market Treasury Bills	2,932,735	-	2,932,735	3,643,328	-	3,643,328
Pakistan Investment Bonds	6,794,001	-	6,794,001	-	-	-
Total	9,726,736	-	9,726,736	3,643,328	-	3,643,328

10 INVESTMENTS - NET

10.1 Investments by type

Available-for-sale securities

Federal Government Securities
Pakistan Investment Bonds
Market Treasury Bills
Government of Pakistan - Ijarah Sukuk
Shares
Listed
Unlisted
Non-Government debt securities
Sukuk certificates
Mutual funds

	June 30, 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'							
Federal Government Securities	19,338,377	-	122,777	19,461,154	23,640,034	-	(2,603,000)	21,037,034
Pakistan Investment Bonds	73,543,415	-	542,214	74,085,629	21,921,061	-	(22,903)	21,898,158
Market Treasury Bills	150,449	-	405	150,854	500,000	-	(5,000)	495,000
Government of Pakistan - Ijarah Sukuk								
Shares	2,789,766	(369,853)	(381,833)	2,038,080	2,589,037	(357,940)	(231,757)	1,999,340
Listed	100,000	-	-	100,000	100,000	-	-	100,000
Unlisted								
Non-Government debt securities	144,642	-	932	145,574	192,856	-	6,920	199,776
Sukuk certificates	915,049	(32,991)	(164,591)	717,467	915,049	(20,646)	(63,236)	831,167
Mutual funds								
Total Available-for-sale securities	96,981,698	(402,844)	119,904	96,698,758	49,858,037	(378,586)	(2,918,976)	46,560,475

Held-to-maturity securities

Federal Government Securities
Pakistan Investment Bonds
Preference Shares - Unlisted
Non-government debt securities
Term finance certificates - listed
Term finance certificates - unlisted

Federal Government Securities	16,785,431	-	-	16,785,431	16,798,258	-	-	16,798,258
Pakistan Investment Bonds	77,708	-	-	77,708	77,708	-	-	77,708
Preference Shares - Unlisted								
Non-government debt securities	224,235	-	-	224,235	224,235	-	-	224,235
Term finance certificates - listed	859,135	(252,814)	-	606,321	859,183	(126,407)	-	732,776
Term finance certificates - unlisted	17,946,509	(252,814)	-	17,693,695	17,959,384	(126,407)	-	17,832,977

Investment in Subsidiary

Fully paid ordinary shares
Total Investments

Fully paid ordinary shares	750,000	-	-	750,000	750,000	-	-	750,000
Total Investments	115,678,207	(655,658)	119,904	115,142,453	68,567,421	(504,993)	(2,918,976)	65,143,452

Handwritten signature

SINDH BANK LIMITED
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2020

10.2 Investments given as collateral	June 30, 2020 Un-audited	December 31, 2019 Audited
	----- Rupees in '000' -----	
Federal government securities		
Pakistan Investment Bonds	-	2,574,477
Market Treasury Bills	37,987,781	-
	<u>37,987,781</u>	<u>2,574,477</u>
10.3 Provision for diminution in value of investments		
10.3.1 Opening balance	504,993	243,212
Charge / reversals		
Charge for the year	150,665	261,781
Reversals for the year	-	-
Reversal on disposals	-	-
Transfers - net	150,665	261,781
Closing Balance	<u>655,658</u>	<u>504,993</u>

10.3.2 Particulars of provision against equity / debt investments	June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
	Non performing investments	Non performing investments
	Provision	Provision
	----- Rupees in '000' -----	
Category of classification		
Domestic		
Other assets especially mentioned	-	-
Substandard	-	-
Doubtful	-	514,344
Loss	917,188	378,586
Total	<u>917,188</u>	<u>892,930</u>
	<u>655,658</u>	<u>504,993</u>

10.4 The market value of securities classified as held-to-maturity as at June 30, 2020 amounted to Rs. 19,142.03 million (December 31,2019: 17,059.34 million).

Handwritten signature

SINDH BANK LIMITED
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2020

11 ADVANCES - NET

	Performing		Non Performing		Total	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
	(Un-audited)	Audited)	(Un-audited)	Audited)	(Un-audited)	Audited)
	Rupees in '000'					
Loans, cash credits, agriculture, running finances etc.						
In Pakistan	31,040,500	32,729,716	33,133,692	33,804,371	64,174,192	66,534,087
Commodity finance						
In Pakistan	11,020,788	7,020,595	-	-	11,020,788	7,020,595
Islamic financing and related assets						
Diminishing musharakah financing	1,631,256	1,790,039	15,554	-	1,646,810	1,790,039
Morabaha Financing	619,525	644,525	-	-	619,525	644,525
Ijarah financing under IFAS 2	49,384	61,542	-	-	49,384	61,542
	44,361,453	42,246,417	33,149,246	33,804,371	77,510,699	76,050,788
Bills discounted and purchased (excluding market treasury bills)						
Payable in Pakistan	348,639	369,077	-	-	348,639	369,077
Payable outside Pakistan	5,535	6,825	3,405	3,405	8,940	10,230
	354,174	375,902	3,405	3,405	357,579	379,307
Advances - gross	44,715,627	42,622,319	33,152,651	33,807,776	77,868,278	76,430,095
Provision for non-performing advances						
- Specific	-	-	14,903,952	15,297,231	14,903,952	15,297,231
- General provision against consumer and small enterprise advances	1,955	1,812	-	-	1,955	1,812
	1,955	1,812	14,903,952	15,297,231	14,905,907	15,299,043
Total Advances - Net	44,713,672	42,620,507	18,248,699	18,510,545	62,962,371	61,131,052

11.1 Particulars of advances (Gross)

	June 30, 2020	December 31, 2019
	Un-audited	Audited
	Rupees in '000'	
In local currency	77,868,278	76,430,095
In foreign currencies	-	-
	77,868,278	76,430,095

Handwritten signature

SINDH BANK LIMITED
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2020

11.2 Advances which have been placed under non-performing status as detailed below:

Category of Classification		June 30, 2020		December 31, 2019	
		Non	Provision	Non	Provision
		----- Rupees in '000' -----			
Domestic					
Other Assets Especially Mentioned	11.2.1	53,781	-	580,740	-
Substandard		914,379	128,710	2,013,140	233,933
Doubtful		2,698,942	497,176	1,507,601	183,888
Loss		29,485,549	14,278,066	29,706,295	14,879,410
Total		33,152,651	14,903,952	33,807,776	15,297,231

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 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.16,131.25 (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

	June 30, 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	553,042	143	553,185	9,976,656	-	9,976,656
Reversals	(1,000,697)	-	(1,000,697)	(356,792)	(202)	(356,994)
	(447,655)	143	(447,512)	9,619,864	(202)	9,619,662
Amounts charged off - Agriculture loans	54,376	-	54,376	139,055	-	139,055
Net charge / (reversal) during the period	(393,279)	143	(393,136)	9,758,919	(202)	9,758,717
Amounts written off	-	-	-	-	-	-
Closing balance	14,903,952	1,955	14,905,907	15,297,231	1,812	15,299,043

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.

		June 30, 2020	December 31, 2019
		Un-audited	Audited
		----- Rupees in '000' -----	
12	FIXED ASSETS	Note	
	Capital work-in-progress	12.1	12,845
	Property and equipment		1,477,478
	Right of use assets		1,871,672
			3,361,995
12.1	Capital work-in-progress		
	Equipment		5,011
	Advances to suppliers		7,834
			12,845
			21,495

Handwritten signature

SINDH BANK LIMITED
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2020

	June 30, 2020	June 30, 2019
	----- Un-audited) -----	
	----- Rupees in '000' -----	
12.2 Additions to fixed assets		
The following additions have been made to fixed assets during the period:		
Property and equipment :		
Lease hold improvements	7,784	14,781
Furniture and fixture	4,344	21,894
Computer and office equipment	31,704	48,574
Vehicles	14,619	5,258
Total	58,451	90,507
Disposal of fixed assets		
The net book value of fixed assets disposed off during the period is as follows:		
Vehicle	1,276	709
Total	1,276	709
	June 30, 2020	December 31, 2019
	Un-audited	Audited
	----- Rupees in '000' -----	
13 INTANGIBLE ASSETS		
Computer Software	78,894	39,964
Others	-	-
	78,894	39,964
	June 30, 2020	June 30, 2019
	Un-audited	Audited
	----- Rupees in '000' -----	
Additions to intangible assets		
The following additions have been made to intangible assets during the period:		
Computer Software	50,312	4,722
Disposals of intangible assets		
The net book value of intangible assets disposed off during the period.	-	-
	June 30, 2020	December 31, 2019
	Un-audited	Audited
	----- Rupees in '000' -----	
14 DEFERRED TAX ASSETS - NET		
Deductible Temporary Differences on		
- Provision against advances	4,745,728	5,197,184
- Tax losses carried forward	2,836,797	2,208,679
- Provision for diminution in the value of investments	94,853	94,853
- Deficit on revaluation of investments	(46,762)	1,138,401
- Others	114,486	-
	7,745,102	8,639,117
Taxable Temporary Differences on		
- Accelerated tax depreciation - right to use assets	-	41,594
- Accelerated tax depreciation - tangible assets	(50,939)	(66,027)
- Accelerated tax amortization - intangible assets	(7,600)	(8,076)
	(58,539)	(32,509)
	7,686,563	8,606,608

12/8/20

SINDH BANK LIMITED
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2020

15 OTHER ASSETS	Note	June 30, 2020 <u>Un-audited</u> ----- Rupees in '000' -----	December 31, 2019 <u>Audited</u> ----- Rupees in '000' -----
Income/ Mark-up accrued in local currency		3,393,736	3,128,583
Accrued commission income		23,310	7,234
Advances, deposits, advance rent and other prepayments		143,416	68,392
Unrealised gain on forward forex revaluation - net		146,777	-
Insurance premium receivable against agriculture loans		12,068	30,531
Stationery and stamps on hand		4,805	3,816
Dividends receivable		3,665	-
Receivable against sale of shares		344,709	-
Receivable against 1 Link ATM settlement account		150,835	207,120
Advance Taxation - net		283,248	375,199
Acceptances		-	4,297
Insurance claims receivable		101	142
Other receivables		35,203	27,816
		<u>4,541,873</u>	<u>3,853,130</u>
 16 BILLS PAYABLE			
In Pakistan		617,001	495,010
Outside Pakistan		-	-
		<u>617,001</u>	<u>495,010</u>
 17 BORROWINGS			
Secured			
Borrowings from State Bank of Pakistan			
- Under export refinance scheme	17.2	1,850,275	1,476,379
- Under long term finance facility	17.3	134,728	149,698
Repurchase agreement borrowings			
- State Bank of Pakistan (SBP)	17.4	37,877,287	2,566,207
		<u>39,862,290</u>	<u>4,192,284</u>
 17.1 Particulars of borrowings			
In local currency		39,862,290	4,192,284
In foreign currencies		-	-
		<u>39,862,290</u>	<u>4,192,284</u>
 17.2 This represent borrowings from SBP under export refinance scheme at the rates ranging from 1.00% to 2.00% (2019: 1.00% to 2.00%) per annum having maturity upto six months.			
 17.3 This represent borrowings from SBP under long term finance facility at the rate of 3.00% (2019: 3.00%) per annum having maturity upto 5 years (2019: 5 years).			
 17.4 These represent repurchase agreement borrowings at the rate of 7.07% (2019: 13.32%) per annum maturing on July 03, 2020 (2019: January 03, 2020). The carrying value of securities given as collateral against these borrowings is given in note 10.2.			

Handwritten signature

SINDH BANK LIMITED
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2020

18 DEPOSITS AND OTHER ACCOUNTS

	June 30, 2020 (Un-audited)			December 31, 2019 (Audited)		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	Rupees '000'					
Customers						
Current deposits	44,246,022	251,963	44,497,985	43,527,915	218,087	43,746,002
Savings deposits	66,731,336	792,145	67,523,481	54,814,210	817,743	55,631,953
Term deposits	37,929,439	288,561	38,218,000	29,436,358	298,529	29,734,887
Margin and other deposits	509,938	-	509,938	380,731	-	380,731
	149,416,735	1,332,669	150,749,404	128,159,214	1,334,359	129,493,573
Financial Institutions						
Current deposits	35,012	18	35,030	44,422	17	44,439
Savings deposits	2,181,840	-	2,181,840	2,707,612	-	2,707,612
Term deposits	2,216,000	-	2,216,000	1,714,000	-	1,714,000
Margin and other deposits	90,038	-	90,038	90,038	-	90,038
	4,522,890	18	4,522,908	4,556,072	17	4,556,089
	153,939,625	1,332,687	155,272,312	132,715,286	1,334,376	134,049,662
				June 30, 2020 Un-audited	December 31, 2019 Audited	
				----- Rupees in '000' -----		

19 OTHER LIABILITIES

Mark-up / return / interest payable in local currency	2,188,144	1,601,190
Mark-up / return / interest payable in foreign currency	4,985	5,482
Accrued expenses	149,691	159,431
Net defined benefit liability	34,714	76,020
Provision for compensated absences	186,748	188,606
Unrealised loss against forward forex revaluation - net	-	105,781
Payable against purchase of operating fixed assets	14,934	34,002
Payable against purchase of shares	492,738	-
Retention money	61,354	68,457
Federal excise duty / sales tax on services payable	4,240	3,691
Lease liability	2,055,276	2,299,121
Withholding tax payable	40,918	23,242
Acceptances	-	4,297
Others	278,108	215,457
	<u>5,511,850</u>	<u>4,784,777</u>

20 SHARE CAPITAL

20.1 Authorised capital					
	June 30, 2020 Un-audited	December 31, 2019 Audited		June 30, 2020 Un-audited	December 31, 2019 Audited
	Number of shares			----- Rupees in '000' -----	
	<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>
20.2 Issued, subscribed and paid-up share capital					
	<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>
20.3	The Government of Sindh, through its Finance Department, owns 99.95% ordinary shares of the Bank.				

21 SHARES DEPOSIT MONEY

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>

22 SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS

Available-for-sale securities		
Federal Government securities	665,395	(2,630,903)
Fully paid ordinary shares - listed	(381,832)	(231,757)
Units of mutual funds (units / certificates)	(164,591)	(63,236)
Sukuk certificates	932	6,920
	119,904	(2,918,976)
Related deferred taxation	(46,764)	1,138,399
	<u>73,140</u>	<u>(1,780,577)</u>

Handwritten signature

SINDH BANK LIMITED

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2020

	Note	June 30, 2020 Un-audited ----- Rupees in '000' -----	December 31, 2019 Audited
23 CONTINGENCIES AND COMMITMENTS			
-Guaran -Guarantees	23.1	3,748,425	3,979,309
-Commi -Commitments	23.2	69,647,823	22,144,949
-Other c -Other contingent liabilities		-	-
		<u>73,396,248</u>	<u>26,124,258</u>
23.1 Guarantees:			
Financial guarantees		1,519,907	1,814,543
Performance guarantees		1,443,206	1,476,888
Other guarantees		785,312	687,878
		<u>3,748,425</u>	<u>3,979,309</u>
23.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		1,458,467	610,437
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	13,230,573	5,035,712
- forward lending	23.2.2	54,958,783	16,498,800
Other commitments		-	-
		<u>69,647,823</u>	<u>22,144,949</u>
23.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		6,709,783	2,470,494
Sale		6,520,790	2,565,218
		<u>13,230,573</u>	<u>5,035,712</u>
23.2.2 Commitments in respect of forward lending			
Forward repurchase agreement lending		37,913,967	2,570,889
Forward resale agreement lending		9,498,233	3,646,700
Undrawn formal standby facilities, credit lines and other commitments to lend	23.2.2.1	7,546,583	10,281,211
		<u>54,958,783</u>	<u>16,498,800</u>
23.2.2.1 Commitments to extend credit			

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.

Handwritten signature

SINDH BANK LIMITED

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2020

		For Half Year ended	
		June 30, 2020	June 30, 2019
		----- Un-audited -----	
		----- Rupees in '000 -----	
24	MARK-UP/RETURN/INTEREST EARNED		
	On Loans and advances	3,258,922	3,098,977
	On Investments	3,872,201	2,321,730
	On Lendings to financial institutions	281,540	271,987
	On Balances with banks	11,064	30,760
		<u>7,423,727</u>	<u>5,723,454</u>
25	MARK-UP/RETURN/INTEREST EXPENSED		
	Deposits	5,066,220	3,226,423
	Borrowings	614,148	1,152,482
	Cost of foreign currency swaps against foreign currency deposits / borrowings	44,492	38,001
	Lease liability against right of use assets	128,499	154,012
		<u>5,853,359</u>	<u>4,570,918</u>
26	FEE AND COMMISSION INCOME		
	Branch banking customer fees	17,940	32,782
	Consumer finance related fees	283	527
	Card related fees (debit cards)	62,625	62,345
	Commission on trade	16,183	32,554
	Commission on guarantees	15,671	20,334
	Credit related fees	22,782	13,261
	Commission on remittances including home remittances	4,181	3,456
	Others	158	361
		<u>139,823</u>	<u>165,620</u>
27	GAIN / (LOSS) ON SECURITIES		
	Realised	27.1 (184,377)	(1,258,286)
	Unrealised - held for trading	-	-
		<u>(184,377)</u>	<u>(1,258,286)</u>
	27.1 Realised gain / (loss) on:		
	Federal Government Securities	156,206	(919,443)
	Shares of listed companies	(340,583)	(338,843)
	Others investments	-	-
		<u>(184,377)</u>	<u>(1,258,286)</u>
28	OTHER INCOME		
	Gain on sale of operating fixed assets	4,284	48
	Rent on property	1,936	2,477
	Incidental charges	399	564
	Others	60	608
		<u>6,679</u>	<u>3,697</u>

SINDH BANK LIMITED

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2020

		For Half Year ended	
		June 30, 2020	June 30, 2019
		Un-audited	
		Rupees in '000'	
29	OPERATING EXPENSES	Note	
	Total compensation expense	29.1	1,164,608 1,141,607
	Property expense		
	Rent & taxes		6,502 4,793
	Insurance		14,441 13,397
	Utilities cost		96,406 93,364
	Security (including guards)		155,492 144,398
	Repair & maintenance (including janitorial charges)		9,406 3,335
	Depreciation		32,257 30,401
	Depreciation on right of use assets		320,797 331,895
			635,301 621,583
	Information technology expenses		
	Software maintenance		36,746 26,639
	Hardware maintenance		33,487 20,254
	Depreciation		7,077 7,803
	Amortisation		11,383 11,104
	Network charges		3,452 6,064
	Others		5,427 7,629
			97,572 79,493
	Other operating expenses		
	Directors' fees and allowances		6,750 18,550
	Fees and allowances to Shariah Board		2,540 2,396
	Legal & professional charges		23,381 17,852
	Outsourced services costs		57,200 51,763
	Travelling & conveyance		12,762 15,510
	NIFT clearing charges		10,650 9,019
	Depreciation		114,400 119,048
	Training & development		322 626
	Postage & courier charges		8,496 7,731
	Communication		57,712 54,956
	Stationery & printing		36,202 42,242
	Marketing, advertisement & publicity		15,643 31,616
	Donations		- -
	Auditors' Remuneration	29.2	6,630 5,245
	Repairs & maintenance		39,702 40,341
	Brokerage and commission		7,507 3,589
	Entertainment		20,628 19,991
	Fees and subscription		42,361 35,791
	Insurance expenses		4,582 3,849
	Others		20,595 17,131
			488,063 497,246
			2,385,544 2,339,929

Handwritten signature

SINDH BANK LIMITED

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2020

		For Half Year ended	
		June 30, 2020	June 30, 2019
		Un-audited	
Note		Rupees in '000'	
29.1 Total compensation expense			
Managerial Remuneration			
- Fixed		710,634	681,762
- Variable Cash Bonus / Awards etc.		-	150
Charge for defined benefit plan		34,714	45,335
Contribution to defined contribution plan		40,025	37,594
Rent & house maintenance		222,238	219,330
Utilities		44,102	43,138
Medical		44,102	43,138
Conveyance		27,704	25,350
Employee old age benefits contribution		7,141	7,022
Leave Fare Assistance		5,982	11,338
Leave Encashment		-	-
Staff Insurances		25,756	24,301
Others		2,210	3,149
		1,164,608	1,141,607
29.2 Auditors' remuneration			
Audit fee		5,524	4,514
Fee for other statutory certifications		505	493
Special certifications and sundry advisory services		238	238
Out-of-pocket expenses		363	-
		6,630	5,245
30 OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		5	4,663
Others		-	-
		5	4,663
31 PROVISIONS & WRITE OFFS - NET			
Provisions for diminution in value of investments	10.3.1	24,258	67,490
Provisions against investment in TFCs	10.3.1	126,407	-
Reversal of Provisions against loans & advances - specific		(1,110,392)	-
Provisions against loans & advances - specific		717,113	2,655,945
Provisions against loans & advances - general		143	104
Net provision during the year	11.2.3	(393,136)	2,656,049
Bad debts written off directly		-	-
		(242,471)	2,723,539

SINDH BANK LIMITED

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2020

		For Half Year ended	
		June 30, 2020	June 30, 2019
		----- Un-audited -----	
		----- Rupees in '000' -----	
32 TAXATION			
Current		114,486	88,971
Prior years		-	-
Deferred		(265,118)	(2,099,988)
		<u>(150,632)</u>	<u>(2,011,017)</u>
33 BASIC EARNINGS / (LOSS) PER SHARE			
Profit / (Loss) for the period		<u>(346,005)</u>	<u>(2,876,035)</u>
Weighted average number of ordinary shares		<u>1,971,013,000</u>	<u>1,001,013,000</u>
Basic earnings / (loss) per share		<u>(0.18)</u>	<u>(2.87)</u>
34 DILUTED EARNINGS / (LOSS) PER SHARE			
Profit / (Loss) for the period		<u>(346,005)</u>	<u>(2,876,035)</u>
Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)		<u>1,971,013,000</u>	<u>1,001,013,000</u>
Diluted earnings / (loss) per share		<u>(0.18)</u>	<u>(2.87)</u>
35 CASH AND CASH EQUIVALENTS			
Cash and balances with Treasury Banks		16,044,253	11,287,150
Balances with other banks		547,672	1,545,059
		<u>16,591,925</u>	<u>12,832,209</u>

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.

Handwritten signature/initials

SINDH BANK LIMITED
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2020

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.

per guidelines specified by the SDA :

June 30, 2020 (Un-audited)				
Fair Value				
Level 1	Level 2	Level 3	Total	
----- Rupees in '000' -----				
On balance sheet financial instruments				
Financial assets measured at fair value				
Available-for-sale securities				
Pakistan Investment Bonds	-	19,461,154	-	19,461,154
Market Treasury Bills	-	74,085,629	-	74,085,629
Shares of listed companies	2,038,080	-	-	2,038,080
Units of mutual funds	120,531	596,936	-	717,467
Ijarah Sukuk - GoP	-	150,854	-	150,854
Sukuk bonds	-	145,574	-	145,574
2,158,611	94,440,147	-	96,598,758	
Off balance sheet financial instruments				
Foreign exchange contracts (purchase)	-	6,709,783	-	6,709,783
Foreign exchange contracts (sale)	-	6,520,790	-	6,520,790
December 31, 2019 (Audited)				
Fair Value				
Level 1	Level 2	Level 3	Total	
----- Rupees in '000' -----				
On balance sheet financial instruments				
Financial assets measured at fair value				
Available-for-sale securities				
Pakistan Investment Bonds	-	21,037,034	-	21,037,034
Market Treasury Bills	-	21,898,158	-	21,898,158
Shares of listed companies	1,999,340	-	-	1,999,340
Term finance certificates - Listed	-	-	-	-
Units of mutual funds	123,254	707,913	-	831,167
Ijarah Sukuk - GoP	-	495,000	-	495,000
Sukuk bonds	-	199,776	-	199,776
2,122,594	44,337,881	-	46,460,475	
Off balance sheet financial instruments				
Foreign exchange contracts (purchase)	-	2,470,494	-	2,470,494
Foreign exchange contracts (sale)	-	2,565,218	-	2,565,218

The valuation techniques used for the above assets are 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	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

msp

SINDH BANK LIMITED
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2020

37 SEGMENT INFORMATION

37.1 Segment Details with respect to Business Activities

	June 30, 2020 (Un-audited)				
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
Profit & Loss	Rupees in '000'				
Net mark-up/return/profit	3,512,558	12,410	-	(1,954,600)	1,570,368
Inter segment revenue - net	(4,030,769)	-	-	4,030,769	-
Non mark-up / return / interest income	(76,931)	105	-	152,899	76,073
Total Income	(595,142)	12,515	-	2,229,068	1,646,441
Segment direct expenses	(31,743)	(856)	-	(1,989,741)	(2,022,340)
Inter segment expense allocation	(36,321)	(9,308)	-	(317,580)	(363,209)
Total expenses	(68,064)	(10,164)	-	(2,307,321)	(2,385,549)
Provisions	(150,664)	-	-	393,135	242,471
Profit / (Loss) before tax	(813,870)	2,351	-	314,882	(496,637)
Balance Sheet	Rupees in '000'				
Cash & Bank balances	10,104,605	-	-	6,487,320	16,591,925
Investments	115,142,453	-	-	-	115,142,453
Net inter segment lending	-	-	-	97,163,042	97,163,042
Lendings to financial institutions	9,482,292	-	-	-	9,482,292
Advances - performing	28,966	204,626	-	44,480,080	44,713,672
Advances - non-performing (Net)	-	-	-	18,248,699	18,248,699
Others	2,714,922	2,922	-	12,951,481	15,669,325
Total Assets	137,473,238	207,548	-	179,330,622	317,011,408
Borrowings	38,012,015	-	-	1,850,275	39,862,290
Subordinated debt	-	-	-	-	-
Deposits & other accounts	-	-	-	155,272,312	155,272,312
Net inter segment borrowing	96,961,349	201,693	-	-	97,163,042
Others	572,963	5,855	-	5,550,033	6,128,851
Total liabilities	135,546,327	207,548	-	162,672,620	298,426,495
Equity	1,926,911	-	-	16,658,002	18,584,913
Total Equity & liabilities	137,473,238	207,548	-	179,330,622	317,011,408
Contingencies & Commitments	3,732,340	-	-	69,663,908	73,396,248

Handwritten signature

SINDH BANK LIMITED
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2020

	June 30, 2019 (Un-audited)				
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
Profit & Loss	Rupees in '000'				
Net mark-up/return/profit	1,417,876	11,846	-	(277,186)	1,152,536
Inter segment revenue - net	(2,437,275)	-	-	2,437,275	-
Non mark-up / return / interest income	(1,149,341)	200	-	177,684	(971,457)
Total Income	(2,168,740)	12,046	-	2,337,773	181,079
Segment direct expenses	(31,363)	(797)	-	(1,918,561)	(1,950,721)
Inter segment expense allocation	(39,387)	(9,568)	-	(344,916)	(393,871)
Total expenses	(70,750)	(10,365)	-	(2,263,477)	(2,344,592)
Provisions	(67,489)	-	-	(2,656,050)	(2,723,539)
Profit / (Loss) before tax	(2,306,979)	1,681	-	(2,581,754)	(4,887,052)
	December 31, 2019 (Audited)				
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
Balance Sheet	Rupees in '000'				
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
Advances - non-performing (Net)	-	-	-	18,510,545	18,510,545
Others	3,590,828	1,675	-	12,695,199	16,287,702
Total Assets	80,069,441	177,106	-	157,616,072	237,862,619
Borrowings	2,715,905	-	-	1,476,379	4,192,284
Subordinated debt	-	-	-	-	-
Deposits & other accounts	-	-	-	134,049,662	134,049,662
Net inter segment borrowing	77,093,104	170,581	-	-	77,263,685
Others	153,995	6,525	-	5,119,267	5,279,787
Total liabilities	79,963,004	177,106	-	140,645,308	220,785,418
Equity	106,437	-	-	16,970,764	17,077,201
Total Equity & liabilities	80,069,441	177,106	-	157,616,072	237,862,619
Contingencies & Commitments	21,626,593	-	-	4,497,665	26,124,258

Handwritten signature

SINDH BANK LIMITED
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2020

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:

	June 30, 2020 (Un-audited)				December 31, 2019 (Audited)			
	Directors	Key management personnel	Subsidiaries	Other related parties	Directors	Key management personnel	Subsidiaries	Other related parties
	Rupees in '000'							
Investments								
Opening balance	-	-	750,000	-	-	-	750,000	-
Investment made during the year	-	-	-	-	-	-	-	-
Investment redeemed / disposed off during the year	-	-	-	-	-	-	-	-
Closing balance	-	-	750,000	-	-	-	750,000	-
Advances								
Opening balance	-	62,587	-	46,874	-	124,018	76,518	109,375
Addition during the year	-	10,103	-	-	-	15,091	-	-
Repaid during the year	-	7,655	-	31,250	-	17,563	76,518	62,501
Transfer in / (out) - net	-	-	-	-	-	(58,959)	-	-
Closing balance	-	65,035	-	15,624	-	62,587	-	46,874
Other Assets								
Interest / mark-up receivable	-	68	-	482	-	30	-	1,857
Other receivable	-	-	75	1,043	-	-	75	435
	-	68	75	1,525	-	30	75	2,292
Deposits and other accounts								
Opening balance	21,698	67,060	82,373	3,519,086	52,636	65,375	31,418	1,231,625
Received during the year	42,684	149,828	541,318	3,680,101	220,006	428,671	3,649,601	13,320,173
Withdrawn during the year	40,123	151,167	559,834	3,144,893	225,413	424,436	3,598,646	11,032,474
Transfer in / (out) - net	-	(858)	-	-	(25,531)	(2,550)	-	(238)
Closing balance	24,259	64,863	63,857	4,054,294	21,698	67,060	82,373	3,519,086
Other Liabilities								
Interest / mark-up payable	100	623	172	140,624	245	865	481	46,685

SINDH BANK LIMITED
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2020

38 RELATED PARTY TRANSACTIONS

	June 30, 2020 (Un-audited)				June 30, 2019 (Un-audited)			
	Directors	Key management personnel	Subsidiaries	Other related parties	Directors	Key management personnel	Subsidiaries	Other related parties
	----- Rupees in '000' -----							
Income:								
Mark-up / return / interest earned	-	1,283	-	1,816	-	2,400	4,368	5,676
Fee and commission income	-	3	13	12	4	3	183	13
Net gain on sale of securities	-	-	-	-	-	-	-	11
Other income	-	-	-	1,787	-	-	150	1,996
Expense:								
Mark-up / return / interest paid	288	2,166	1,727	221,973	1,177	2,081	1,775	74,242
Remuneration paid	-	89,451	-	-	-	87,662	-	-
Contribution to provident fund	-	3,660	-	-	-	3,136	-	-
Provision for gratuity	-	3,291	-	-	-	3,546	-	-
Other staff benefits	-	8,883	-	-	-	8,726	-	-
Directors' meeting fee	6,750	-	-	-	18,550	-	-	-
Other expenses	-	-	-	-	351	-	-	-
Insurance premium paid	-	-	-	37,604	-	-	-	25,790
Others:								
Sale of Government Securities	-	-	-	-	-	-	-	325,000
Purchase of Government Securities	-	-	-	-	-	-	-	110,000
Expenses recovered under agency arrangement	-	-	-	86	-	-	-	116
Insurance claims settled	-	-	-	331	-	-	-	1,678

As at the date of unconsolidated statement of financial position, loans/advances and deposits related to government related entities amounted to Rs. 11,020.79 million and Rs. 75,130.41 million respectively. The above includes deposits amounting to Rs. 21,837.03 (2019: Rs. 17,997.57) million received from the Finance Department, Government of Sindh.

Handwritten signature/initials

SINDH BANK LIMITED
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2020

	June 30, 2020 <u>Un-audited</u>	December 31, 2019 <u>Audited</u>
Note	----- Rupees in '000' -----	----- Rupees in '000' -----
39 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	<u>15,059,794</u>	<u>15,405,799</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	11,714,652	8,808,290
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	<u>11,714,652</u>	<u>8,808,290</u>
Eligible Tier 2 Capital	-	-
Total Eligible Capital (Tier 1 + Tier 2)	<u>11,714,652</u>	<u>8,808,290</u>
Risk Weighted Assets (RWAs):		
Credit Risk	43,586,571	44,033,523
Market Risk	16,162,222	14,302,521
Operational Risk	<u>8,635,395</u>	<u>8,635,395</u>
Total Risk Weighted Assets	<u>68,384,188</u>	<u>66,971,439</u>
Common Equity Tier 1 Capital Adequacy ratio	<u>17.13%</u>	<u>13.15%</u>
Tier 1 Capital Adequacy Ratio	<u>17.13%</u>	<u>13.15%</u>
Total Capital Adequacy Ratio	<u>17.13%</u>	<u>13.15%</u>
National minimum capital requirements prescribed by SBP		
CET1 minimum ratio	6.00%	6.00%
Tier 1 minimum ratio	7.50%	7.50%
Total capital minimum ratio	10.00%	10.00%
Total capital minimum ratio plus CCB	11.50%	12.50%
Approach followed for determining Risk Weighted Assets		
Credit Risk	Comprehensive	Comprehensive
Market Risk	Maturity	Maturity
Operational Risk	method	method
	Basic Indicator	Basic Indicator
	June 30,	December 31,
	2020	2019
	<u>Un-audited</u>	<u>Audited</u>
	----- Rupees in '000' -----	----- Rupees in '000' -----
Leverage Ratio (LR):		
Eligible Tier-1 Capital	11,714,652	8,808,290
Total Exposures	<u>204,520,588</u>	<u>159,896,115</u>
Leverage Ratio (%)	<u>5.73%</u>	<u>5.51%</u>
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	60,533,633	44,615,973
Total Net Cash Outflow	<u>18,148,798</u>	<u>17,943,953</u>
Liquidity Coverage Ratio (%)	<u>334%</u>	<u>249%</u>
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	137,079,363	104,909,785
Total Required Stable Funding	<u>59,668,435</u>	<u>69,852,945</u>
Net Stable Funding Ratio	<u>230%</u>	<u>150%</u>

SINDH BANK LIMITED
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2020

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 the business is as follows:

		June 30, 2020 Un-audited	December 31, 2019 Audited
	Note	Rupees in '000'	
Assets			
Cash and balances with treasury banks		666,722	205,500
Balances with other banks		75,661	71,122
Due from financial institutions		-	-
Investments	40.1	394,438	807,186
Islamic financing and related assets	40.2	2,311,958	2,496,106
Fixed assets		210,573	234,212
Intangible assets		228	502
Deferred tax assets		-	-
Due from head office		263,136	41,404
Other assets		97,676	71,010
		4,020,392	3,927,042
Liabilities			
Bills payable		21,083	12,229
Due to financial institutions		-	417,000
Deposits and other accounts	40.3	3,627,532	3,093,401
Deferred tax liability		136	5,979
Due to head office		-	-
Other liabilities		262,486	237,582
		3,911,237	3,766,191
Net Assets		109,155	160,851
Represented By			
Islamic banking fund		500,000	500,000
Reserves		-	-
Surplus on revaluation of investments		212	9,351
Accumulated losses		(391,057)	(348,500)
		109,155	160,851
CONTINGENCIES AND COMMITMENTS	40.4		<i>122,820</i>

SINDH BANK LIMITED

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2020

The profit and loss accounts of the business is as follows:

	Note	June 30, 2020	June 30, 2019
		----- Un-audited -----	----- Un-audited -----
		----- Rupees in '000' -----	----- Rupees in '000' -----
Profit / return on financing, investments and placements earned	40.5	206,047	205,621
Return on deposits and other dues expensed	40.6	160,815	163,784
Net income earned before provisions		45,232	41,837
Other income			
Fee, commission and brokerage income		2,366	2,691
Income from dealing in foreign currencies		70	(90)
Dividend income		6,300	5,940
Gain on sale / redemption of securities		-	-
Other income		604	634
		9,340	9,175
Total Income		54,572	51,012
Other expenses			
Administrative expenses		93,368	95,973
Other charges		-	-
Total Other Expenses		93,368	95,973
Loss before provision		(38,796)	(44,961)
Provisions and write offs - net		3,761	-
Loss before taxation		(42,557)	(44,961)
Taxation		-	-
Loss after taxation		(42,557)	(44,961)

Handwritten signature

SINDH BANK LIMITED

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2020

The cash flow statement of the business is as follows:

	June 30, 2020	June 30, 2019
	----- Un-audited -----	
Note	----- Rupees in '000' -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(42,557)	(44,961)
Less: Dividend income	(6,300)	(5,940)
	(48,857)	(50,901)
Adjustments		
Depreciation	23,766	8,439
Amortisation	274	1,737
	24,040	10,176
	(24,817)	(40,725)
(Increase) / decrease in operating assets		
Balances with and due from financial institutions	-	-
Islamic financing and related assets - net	184,148	236,539
Due from head office	(221,732)	(1,286)
Other assets	(26,666)	(29,645)
	(64,250)	205,608
(Decrease) / increase in operating liabilities		
Bills payable	8,854	2,594
Due to financial institutions	(417,000)	(93,565)
Deposits and other accounts	534,131	(566,934)
Due to head office	-	(1,412)
Other liabilities	24,905	5,288
	150,890	(654,029)
	61,823	(489,146)
Income tax paid	-	-
Net cash flow from / (used in) operating activities	61,823	(489,146)
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in securities	397,765	468,592
Dividend received	6,300	5,940
Investment in operating fixed assets	(127)	(2,128)
Net cash flow from / (used in) investing activities	403,938	472,404
CASH FLOW FROM FINANCING ACTIVITIES		
	-	-
Increase in cash and cash equivalents	465,761	(16,742)
Cash and cash equivalents at beginning of the year	276,622	391,029
Cash and cash equivalents at end of the period	742,383	374,287

SINDH BANK LIMITED
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2020

40.1 Investments	June 30, 2019 (Un-audited)				December 31, 2019 (Audited)			
	Cost/ Amortised	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost /Amortised	Provision for diminution	Surplus / (Deficit)	Carrying Value
	Rupees in '000'							
Federal Government Securities:								
- Ijarah Sukuks	150,449	-	405	150,854	500,000	-	(5,000)	495,000
Islamic Fund:								
-Listed Companies	99,000	-	(990)	98,010	99,000	-	13,410	112,410
Non Government Debt Securities								
-Unlisted	144,642	-	932	145,574	192,856	-	6,920	199,776
Total Investments	394,091	-	347	394,438	791,856	-	15,330	807,186

40.2 Islamic financing and related assets

Ijarah financing under IFAS 2
Morabaha financing
Diminishing musharakah financing

Less: provision against Islamic financings

- Specific
- General

Islamic financing and related assets - net of provision

	June 30, 2020 Un-audited	December 31, 2019 Audited
	Rupees in '000'	
	49,384	61,542
	619,525	644,525
	1,646,810	1,790,039
	2,315,719	2,496,106
	3,761	-
	-	-
	3,761	-
	2,311,958	2,496,106

40.3 Deposits and other accounts

Customers

Current deposits
Savings deposits
Term deposits
Margin and other deposits

Financial Institutions

Current deposits
Savings deposits
Margin and other deposits

June 30, 2019 (Un-audited)			December 31, 2019 (Audited)		
In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
Rupees in '000'					
472,153	4,328	476,481	413,250	2,704	415,954
1,230,068	86,657	1,316,725	808,969	84,567	893,536
689,893	-	689,893	523,193	-	523,193
5,745	-	5,745	20,938	-	20,938
2,397,859	90,985	2,488,844	1,766,350	87,271	1,853,621
1,199	-	1,199	956	-	956
1,137,459	-	1,137,459	1,238,794	-	1,238,794
30	-	30	30	-	30
1,138,688	-	1,138,688	1,239,780	-	1,239,780
3,536,547	90,985	3,627,532	3,006,130	87,271	3,093,401

H2020

SINDH BANK LIMITED
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2020

	June 30, 2020 Un-audited	December 31, 2019 Audited
	----- Rupees in '000' -----	
40.4 Contingencies and Commitments		
-Guarantees	115,820	124,120
-Letter of Credit	-	33,007
-Commitments	-	-
	<u>115,820</u>	<u>157,127</u>
	For Half Year ended	
	June 30, 2020	June 30, 2019
	----- Un-audited -----	----- Audited -----
	----- Rupees in '000' -----	
40.5 Profit / Return on Financing, Investments and Placement earned		
Financing	179,504	175,103
Investments	24,620	30,454
Deposits with financial institutions	1,923	64
	<u>206,047</u>	<u>205,621</u>
40.6 Return on Deposits and other Dues Expensed		
Deposits and other accounts	131,913	101,294
Due to Financial Institutions	18,804	62,490
Amortisation of lease liability against right-of-use assets	10,098	-
Others	-	-
	<u>160,815</u>	<u>163,784</u>
40.7 Islamic Banking Business Accumulated Loss		
	June 30, 2020 Un-audited	December 31, 2019 Audited
	----- Rupees in '000' -----	
Opening Balance	(348,500)	(207,455)
Add: Islamic Banking loss for the period/year	(42,557)	(141,045)
Less: Taxation	-	-
Less: Reserves	-	-
Less: Transferred / Remitted to Head Office	-	-
	<u>(391,057)</u>	<u>(348,500)</u>
Closing Balance		

41 GENERAL

Figures have been rounded off to the nearest thousand Rupees.

42 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorised for issue by the Board of Directors on

Signature

Signature

Signature

Signature

Signature

Chairman President and
Chief Executive Officer Director Director Chief Financial
Officer

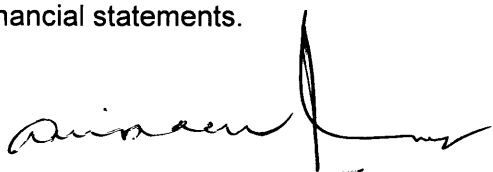
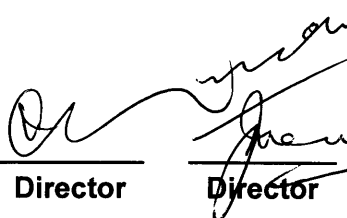


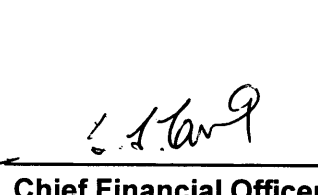
**Consolidated
Condensed Interim
Financial Statements
For The Half Year Ended
June 30, 2020**

SINDH BANK LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

		June 30, 2020 Un-audited	December 31, 2019 Audited
	Note	----- Rupees in '000 -----	
ASSETS			
Cash and balances with treasury banks	7	16,061,422	13,566,622
Balances with other banks	8	817,224	1,080,537
Lendings to financial institutions	9	9,482,292	3,645,392
Investments-net	10	115,067,453	65,012,547
Advances-net	11	63,603,786	61,981,026
Fixed assets	12	3,402,194	3,837,529
Intangible assets	13	81,622	43,213
Deferred tax assets-net	14	7,692,606	8,613,301
Other assets	15	4,602,765	3,885,945
		220,811,364	161,666,112
LIABILITIES			
Bills payable	16	617,001	495,010
Borrowings	17	40,612,290	4,992,284
Deposits and other accounts	18	155,229,517	134,085,796
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	19	5,598,096	4,876,235
		202,056,904	144,449,325
NET ASSETS			
		18,754,460	17,216,787
REPRESENTED BY			
Share capital - net	20	19,710,130	19,710,130
Reserves		1,494,382	1,486,892
Shares deposit money	21	2,000,000	2,000,000
Surplus / (Deficit) on revaluation of assets	22	73,140	(1,780,577)
Accumulated Loss		(4,523,192)	(4,199,658)
		18,754,460	17,216,787
CONTINGENCIES AND COMMITMENTS			
	23		

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

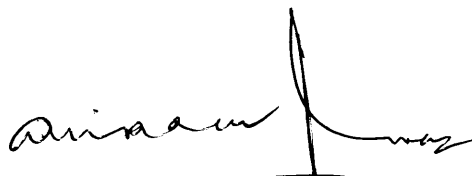

Chairman
**President and
Chief Executive Officer**

Director

Director

Chief Financial Officer

SINDH BANK LIMITED
CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2020

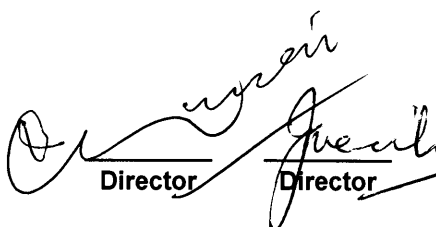
		Half year ended		Quarter ended	
	Note	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
----- Rupees in '000 -----					
Mark-up / Return / Interest Earned	24	7,627,427	5,864,902	3,826,276	3,062,265
Mark-up / Return / Interest Expensed	25	5,904,108	4,589,294	2,967,819	2,582,957
Net Mark-up / Interest Income		1,723,319	1,275,608	858,457	479,308
Non Mark-up / Interest Income					
Fee and Commission Income	26	139,823	165,620	70,909	77,576
Dividend Income		45,127	75,190	21,803	42,305
Foreign Exchange Income		68,821	42,322	61,255	45,400
Income / (loss) from derivatives		-	-	-	-
Gain / (Loss) on securities	27	(184,377)	(1,258,286)	(184,542)	(618,781)
Other Income	28	6,679	3,693	2,569	2,005
Total non-markup/interest Income		76,073	(971,461)	(28,006)	(451,495)
Total Income		1,799,392	304,147	830,451	27,813
Non Mark-up / Interest Expenses					
Operating expenses	29	2,483,554	2,425,211	1,230,283	1,258,186
Other charges	30	5	4,663	5	4,332
Total non-markup/interest expenses		2,483,559	2,429,874	1,230,288	1,262,518
Loss Before Provisions		(684,167)	(2,125,727)	(399,837)	(1,234,705)
Provisions and write offs - net	31	(229,172)	2,727,061	508,375	750,753
Extra ordinary / unusual items		-	-	-	-
Loss before Taxation		(454,995)	(4,852,788)	(908,212)	(1,985,458)
Taxation	32	(138,951)	(2,001,079)	(413,502)	(714,123)
Loss after Taxation		(316,044)	(2,851,709)	(494,710)	(1,271,335)
----- Rupees -----					
Basic (Loss) / Earnings per share	33	(0.16)	(2.85)	(0.25)	(1.27)
Diluted (Loss) / Earnings per share	34	(0.16)	(2.85)	(0.25)	(1.27)

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



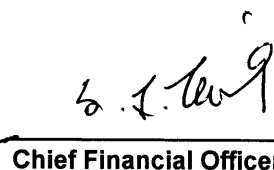
Chairman

President and
Chief Executive Officer



Director

Director




Chief Financial Officer


SINDH BANK LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2020

	Half year ended		Quarter ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	----- Rupees in '000 -----			
Loss after taxation for the period	(316,044)	(2,851,709)	(494,710)	(1,271,335)
Other comprehensive income				
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement gain / (loss) on defined benefit obligations - net of tax	- (316,044)	- (2,851,709)	- (494,710)	- (1,271,335)
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in surplus / (deficit) on revaluation of investments - net of tax	1,853,717	613,997	1,226,288	(161,352)
Total comprehensive income / (loss)	<u>1,537,673</u>	<u>(2,237,712)</u>	<u>731,578</u>	<u>(1,432,687)</u>


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



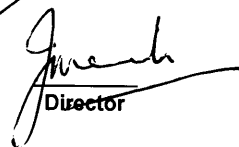
Chairman



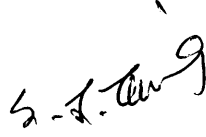
President and
Chief Executive Officer



Director



Director



Chief Financial Officer

SINDH BANK LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)
FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2020

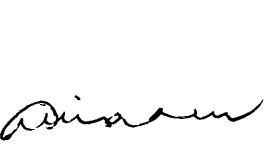
	Share Capital	Shares Deposit Money	Capital Reserves		Depositors' protection fund reserve **	Surplus / (Deficit) on revaluation of Investments	Unappropriated Profit / (Loss) ***	Total
			Share Premium	Statutory Reserve *				
	Rupees in '000							
Balance as at January 01, 2019	10,010,130	-	51	1,469,425	4,374	(4,181,968)	4,023,905	11,325,917
Loss for the half year ended June 30, 2019	-	-	-	-	-	-	(2,851,709)	(2,851,709)
Other comprehensive income - net of tax	-	-	-	-	-	613,997	-	613,997
Transfer to statutory reserve	-	-	-	4,866	-	-	(4,866)	-
Transfer to depositors' protection fund - 5% of the profit after tax for the year	-	-	-	-	1,216	-	(1,216)	-
Shares deposit money	-	3,700,000	-	-	-	-	-	3,700,000
Balance as at June 30, 2019	10,010,130	3,700,000	51	1,474,291	5,590	(3,567,971)	1,166,114	12,788,205
Loss for the period (six months) ended December 31, 2019	-	-	-	-	-	-	(5,355,986)	(5,355,986)
Other comprehensive income / (loss) - net of tax	-	-	-	-	-	1,787,394	(2,826)	1,784,568
Transfer to statutory reserve	-	-	-	5,568	-	-	(5,568)	-
Transfer to depositors' protection fund - 5% of the profit after tax for the year	-	-	-	-	1,392	-	(1,392)	-
Shares deposit money	-	8,000,000	-	-	-	-	-	8,000,000
Issue of Shares during the year	9,700,000	(9,700,000)	-	-	-	-	-	-
Balance as at December 31, 2019	19,710,130	2,000,000	51	1,479,859	6,982	(1,780,577)	(4,199,658)	17,216,787
Loss for the half year ended June 30, 2020	-	-	-	-	-	-	(316,044)	(316,044)
Other comprehensive income - net of tax	-	-	-	-	-	1,853,717	-	1,853,717
Transfer to statutory reserve	-	-	-	5,992	-	-	(5,992)	-
Transfer to depositors' protection fund - 5% of the profit after tax for the year	-	-	-	-	1,498	-	(1,498)	-
Balance as at June 30, 2020	19,710,130	2,000,000	51	1,485,851	8,480	73,140	(4,523,192)	18,754,460

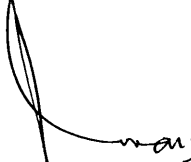
* Statutory reserve represents amount set aside as per the requirements of Section 21 of the Banking Companies Ordinance, 1962 in case of the Bank and under Microfinance Institution Ordinance, 2001 and Prudential Regulations "R-4 - Statutory Reserve" in the case of Sindh Microfinance Bank, to create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

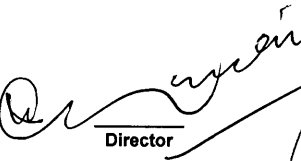
** The Sindh Microfinance Bank Limited is required under Microfinance Institutions Ordinance, 2001 to contribute 5% of its annual after tax profit to the Depositors' Protection Fund and profit earned on investments of the fund shall also be credited to the fund.

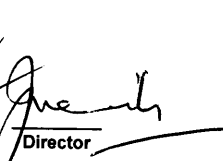
*** As more fully explained in note 10.2.2 of these unconsolidated financial statements, unappropriated profit includes an amount of Rs.9,840.06 million net of tax as at June 30, 2020 (December 31, 2019: Rs. 9,541.05 million) representing additional profit arising from availing forced sale value benefit for determining provisioning requirement which is not available for the purpose of distribution of dividend to shareholders.

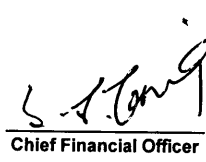
The annexed notes from 1 to 41 form an integral part of these consolidated condensed interim financial statements.


Chairman


President and Chief Executive Officer


Director

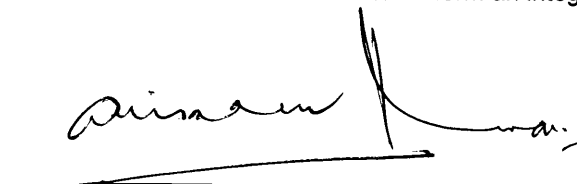

Director

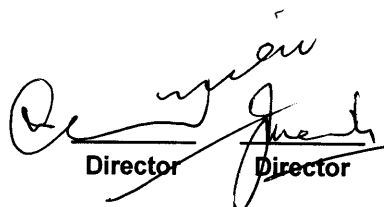

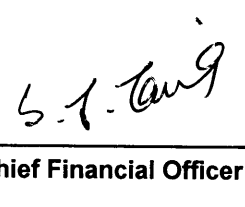

Chief Financial Officer

SINDH BANK LIMITED
CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)
FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2020

	Note	June 30, 2020	June 30, 2019
		----- Rupees in '000 -----	
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		(454,995)	(4,852,788)
Less: Dividend income		(45,127)	(75,190)
		<u>(500,122)</u>	<u>(4,927,978)</u>
Adjustments:			
Depreciation	29	485,708	498,623
Amortisation	29	11,383	11,477
Provision against non-performing loans and advances - net	31	(380,424)	2,658,429
Provision for diminution in the value of investments - net		150,665	67,490
Gain on sale of operating fixed assets	28	(4,284)	(48)
		<u>263,048</u>	<u>3,235,971</u>
		<u>(237,074)</u>	<u>(1,692,007)</u>
(Increase) / decrease in operating assets			
Lendings to financial institutions		(5,836,900)	4,583,162
Advances - net		(1,242,336)	(2,135,821)
Other assets (excluding advance taxation)		(802,272)	1,823,681
		<u>(7,881,508)</u>	<u>4,271,022</u>
Increase / (decrease) in operating liabilities			
Bills payable		121,991	(344,450)
Borrowings from financial institutions		35,620,006	(4,027,032)
Deposits and other accounts		21,143,721	(605,574)
Other liabilities (excluding current taxation)		721,861	1,952,802
		<u>57,607,579</u>	<u>(3,024,254)</u>
		<u>49,488,997</u>	<u>(445,239)</u>
Income tax paid		(36,400)	(208,010)
Net cash flow (used in) operating activities		<u>49,452,597</u>	<u>(653,249)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in available-for-sale securities		(47,103,908)	3,517,294
Net investment in held-to-maturity securities		(62,783)	73,884
Dividends received		41,462	77,789
Investments in operating fixed assets		(99,080)	(3,000,249)
Sale proceeds from sale of fixed assets		3,199	758
Net cash flows from investing activities		<u>(47,221,110)</u>	<u>669,476</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Issue of share capital		-	3,700,000
Net cash flows from financing activities		<u>-</u>	<u>3,700,000</u>
(Decrease) / Increase in cash and cash equivalents		<u>2,231,487</u>	<u>3,716,227</u>
Cash and cash equivalents at the beginning of the year		<u>14,647,159</u>	<u>9,848,215</u>
Cash and cash equivalents at the end of the period	35	<u>16,878,646</u>	<u>13,564,442</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

SINDH BANK LIMITED

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2020

1. STATUS AND NATURE OF BUSINESS

The "Group" consists of:

1.1 Holding Company

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

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

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

1.2 Subsidiary company

1.2.1 Sindh Microfinance Bank Limited

Sindh Microfinance Bank Limited (the Microfinance Bank) was incorporated on March 27, 2015 as a public company limited by shares under the 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 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 June 30, 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. recovery and reduction of
 - v. other cost rationalization measures;
- Strengthening the Group's Governance, Risk and Control environment.

The Government of Sindh, Bank's major shareholder holding 99.95 percent of the Bank's 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 was 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 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.

Standard, Interpretation or Amendments	Effective date
IFRS 3 - Business Combination - (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 Group's accounting periods beginning on or after January 01, 2020 but are considered not to be relevant or do not have any significant effect on the Group's operations and are therefore not detailed in these consolidated 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 Amendments	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 '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 Group are 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 periods ending 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

6. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Group are consistent with those disclosed in the consolidated financial statement for the year ended December 31, 2019. Necessary revisions in the risk management with other control divisions policies have been made to further strengthen the Group's risk and control environment.

The COVID-19 Pandemic has taken its toll on the businesses and economy, not only in Pakistan, but across the globe forcing the governments and regulators to take various measures to dampen its impact. The State Bank of Pakistan, responding to the situation, has announced several relief measures to provide an impetus to the economy and business activities, which include the following:

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

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

6.1 Credit Risk Management:

The Credit Risk Management function of the Group are regularly monitoring the credit portfolio to identify borrowers most likely to get affected due to changes in the business and economic environment. Moreover, the applications received under relief package of SBP is being processed with taking proper care and scrutinized as per the guidelines provided by the Pakistan's Banking Association (PBA).

The Credit Risk along with other credit support divisions needs to ensure close monitoring since majority of the borrowers have availed the SBP enabled deferment/ restructuring & rescheduling relief. Periodic monitoring of the borrower's accounts needs to be done in order to ensure borrower's financial stability and mitigate Group's credit risk.

6.2 Liquidity Risk Management:

In view relaxation granted by SBP for deferral principal and markup and rescheduling of loans there will be an impact on the maturity profile of the Group. The Asset and Liability Committee (ALCO) along with the Investment Committee (IC) of the Group are continuously monitoring the liquidity position and the Group are confident that the liquidity buffer currently maintained is sufficient to cater to any adverse movement in the cash flow maturity profile.

6.3 Equity Risk Management:

The carrying value of the Group's investment in listed equity securities classified as available-for-sale, amount to Rs. 3,005 million as at June30, 2020. During the period, the PSX 100 index has fallen by 15.50%, triggering an impairment of Rs 24.26 million which is fully recorded in the condensed interim consolidated financial statement of the current period.

6.4 Operational Risk Management:

The Group are closely monitoring the situation and has invoked required action to ensure the safety and security of Group staff and uninterrupted service to customers. The senior management of the Group are continuously monitoring the situation and is taking timely decisions to resolve any concerns.

Business continuity plans (BCP) for respective areas are in place. The group have enhanced monitoring of cyber security risk during these times. Remote work capabilities were enabled for staff, where required and related risk and control measure were assessed to ensure that the Groups' information assets are protected from emerging cyber threats and comply with the regulatory protocols required under the circumstances. The Group is communicating with its customers on how they can connect with the Group through digital and online channels. Group have taken measures to ensure that service level are maintained, customer complaints are resolved and the Group continues to meet the expectations of its employees, customers and regulators.

6.5 Capital Adequacy Ratio (CAR):

In order to encourage Group to continue lending despite anticipated pressure on profits and credit risk, the SBP has relaxed the Capital Conversion Buffer (CCB) requirements to 1.5%, resulting in a 1% decline in CAR requirement for all Tiers.

		June 30, 2020 <u>Un-audited</u>	December 31, 2019 <u>Audited</u>
	Note	----- Rupees in '000 -----	
7 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		4,013,216	3,083,197
Foreign currency		248,376	208,051
		4,261,592	3,291,248
With State Bank of Pakistan (SBP) in			
Local currency current accounts	7.1	10,515,662	7,801,629
Foreign currency current accounts	7.2	35,950	14,725
Foreign currency deposit accounts			
- Non Remunerative	7.3	72,347	77,503
- Remunerative	7.4	137,086	218,619
		10,761,045	8,112,476
With National Bank of Pakistan in			
Local currency current accounts		995,467	1,854,468
Local currency deposit accounts		7,932	190,002
		1,003,399	2,044,470
Prize bonds		35,386	118,428
		<u>16,061,422</u>	<u>13,566,622</u>

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.

		June 30, 2020 <u>Un-audited</u>	December 31, 2019 <u>Audited</u>
	Note	----- Rupees in '000 -----	
8 BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		23,900	29,732
In savings accounts	8.1	280,442	263,736
		304,342	293,468
Outside Pakistan			
In current accounts		512,882	787,069
		<u>817,224</u>	<u>1,080,537</u>

8.1 This includes savings account with commercial banks and microfinance banks carrying mark-up ranging from 6.00% to 12.00% (2019: 10.00% to 13.75%) per annum.

9 LENDINGS TO FINANCIAL INSTITUTIONS

Repurchase agreement lendings (Reverse Repo)	9.2&9.3	9,482,292	3,645,392
		<u>9,482,292</u>	<u>3,645,392</u>
9.1 Particulars of lending			
In local currency		9,482,292	3,645,392
In foreign currencies		-	-
		<u>9,482,292</u>	<u>3,645,392</u>

9.2 This represents resale agreement lending to commercial banks and DFIs carrying mark-up in the range of 7.00% to 8.30% (2019 :13.05% to 13.35%) per annum maturing up to July 23, 2020 (2019: January 02, 2020).

9.3 Securities held as collateral against Lendings to financial institutions

	June 30, 2020 (Un-audited)			December 31, 2019 (Audited)		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	----- Rupees in '000 -----					
Market Treasury Bills	2,932,735	-	2,932,735	3,643,328	-	3,643,328
Pakistan Investment Bonds	6,794,001	-	6,794,001	-	-	-
Total	9,726,736	-	9,726,736	3,643,328	-	3,643,328

10 INVESTMENTS - NET

10.1 Investments by type

	June 30, 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 -----							
Available-for-sale securities								
Federal Government Securities								
Pakistan Investment Bonds	19,338,377	-	122,777	19,461,154	23,640,034	-	(2,603,000)	21,037,034
Market Treasury Bills	73,523,662	-	542,214	74,065,876	21,921,061	-	(22,903)	21,898,158
Government of Pakistan - Ijarah Sukuk	150,449	-	405	150,854	500,000	-	(5,000)	495,000
Shares								
Listed	2,789,766	(369,853)	(381,833)	2,038,080	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	144,642	-	932	145,574	192,856	-	6,920	199,776
Mutual funds	915,049	(32,991)	(164,591)	717,467	915,049	(20,646)	(63,236)	831,167
	96,961,945	(402,844)	119,904	96,679,005	49,858,037	(378,586)	(2,918,976)	46,560,475
Held-to-maturity securities								
Federal Government Securities								
Pakistan Investment Bonds	16,785,431	-	-	16,785,431	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	675,000	-	-	675,000	600,000	-	-	600,000
Non-government debt securities								
Term finance certificates - listed	224,235	-	-	224,235	224,235	-	-	224,235
Term finance certificates - unlisted	859,135	(252,814)	-	606,321	859,183	(126,407)	-	732,776
	18,641,262	(252,814)	-	18,388,448	18,578,479	(126,407)	-	18,452,072
Total Investments	115,603,207	(655,658)	119,904	115,067,453	68,436,516	(504,993)	(2,918,976)	65,012,547

	June 30, 2020 Un-audited	December 31, 2019 Audited
	----- Rupees in '000 -----	
Investments given as collateral		
Federal government securities		
Pakistan Investment Bonds	-	2,574,477
Market Treasury Bills	37,987,781	-
	37,987,781	2,574,477

10.3 Provision for diminution in value of investments

10.3.1 Opening balance	504,993	243,212
Charge / reversals		
Charge for the period / year	150,665	261,781
Reversals for the period / year	-	-
Reversal on disposals	-	-
Transfers - net	150,665	261,781
Closing Balance	655,658	504,993

	June 30, 2020 (Un-audited)		December 31, 2019 (Audited)	
Category of classification	Non performing investments	Provision	Non performing investments	Provision
	----- Rupees in '000 -----			
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	514,344	126,407
Loss	917,188	655,658	378,586	378,586
Total	917,188	655,658	892,930	504,993

10.4 The market value of securities classified as held-to-maturity as at June 30, 2020 amounted to Rs. 19,142.03 million (December 31, 2019: 17,059.34 million).

11 ADVANCES - NET

	Performing		Non Performing		Total	
	June 30, 2020 (Un-audited)	December 31, 2019 Audited)	June 30, 2020 (Un-audited)	December 31, 2019 Audited)	June 30, 2020 (Un-audited)	December 31, 2019 Audited)
	----- Rupees in '000 -----					
Loans, cash credits, agriculture, running finances etc.						
In Pakistan	31,687,147	33,577,570	33,137,310	33,820,880	64,824,457	67,398,450
Commodity finance						
In Pakistan	11,020,788	7,020,595	-	-	11,020,788	7,020,595
Islamic financing and related assets						
Diminishing musharakah financing	1,631,256	1,790,039	15,554	-	1,646,810	1,790,039
Murabaha Financing	619,525	644,525	-	-	619,525	644,525
Ijarah financing under IFAS 2	49,384	61,542	-	-	49,384	61,542
	45,008,100	43,094,271	33,152,864	33,820,880	78,160,964	76,915,151
Bills discounted and purchased (excluding market treasury bills)						
Payable in Pakistan	348,639	369,077	-	-	348,639	369,077
Payable outside Pakistan	5,535	6,825	3,405	3,405	8,940	10,230
	354,174	375,902	3,405	3,405	357,579	379,307
Advances - gross	45,362,274	43,470,173	33,156,269	33,824,285	78,518,543	77,294,458
Provision for non-performing advances						
- Specific	-	-	14,906,505	15,303,290	14,906,505	15,303,290
- General provision against consumer and small enterprise advances	8,252	10,142	-	-	8,252	10,142
	8,252	10,142	14,906,505	15,303,290	14,914,757	15,313,432
Total Advances - Net	45,354,022	43,460,031	18,249,764	18,520,995	63,603,786	61,981,026

	June 30, 2020 Un-audited	December 31, 2019 Audited
	----- Rupees in '000 -----	
Particulars of advances (Gross)	78,518,543	77,294,458
	-	-
In local currency	78,518,543	77,294,458
In foreign currencies	-	-
	78,518,543	77,294,458

11.2 Advances which have been placed under non-performing status are as detailed below:

Category of Classification		June 30, 2020 (Un-audited)		December 31, 2019 (Audited)	
		Non Performing Loans	Provision	Non Performing Loans	Provision
		(Rupees in '000)			
Domestic					
Other Assets Especially Mentioned	11.2.1	53,912	-	584,145	-
Substandard		914,450	128,728	2,017,633	235,056
Doubtful		2,700,702	498,055	1,514,953	187,564
Loss		29,487,205	14,279,722	29,707,554	14,880,670
Total		<u>33,156,269</u>	<u>14,906,505</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.16,131.25 (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

	June 30, 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	567,787	144	567,931	9,985,535	2,454	9,987,989
Reversals	(1,000,697)	(2,034)	(1,002,731)	(356,792)	(202)	(356,994)
	(432,910)	(1,890)	(434,800)	9,628,743	2,252	9,630,995
Amounts charged off -						
Agriculture loans	54,376	-	54,376	139,054	-	139,054
Net charge /						
(reversal) during the	(378,534)	(1,890)	(380,424)	9,767,797	2,252	9,770,049
Amounts written off	(18,251)	-	(18,251)	(3,508)	-	(3,508)
Closing balance	<u>14,906,505</u>	<u>8,252</u>	<u>14,914,757</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.

12	FIXED ASSETS	Note	June 30, 2020 Un-audited	December 31, 2019 Audited
			----- Rupees in '000 -----	
	Capital work-in-progress	12.1	12,845	21,495
	Property and equipment		1,490,261	1,587,425
	Right of use assets		1,899,088	2,228,609
			<u>3,402,194</u>	<u>3,837,529</u>
12.1	Capital work-in-progress			
	Equipment		5,011	362
	Advances to suppliers		7,834	21,133
			<u>12,845</u>	<u>21,495</u>

12.2 Additions to fixed assets

The following additions have been made to fixed assets during the period:

Property and equipment :

Lease hold improvements
Furniture and fixture
Computer and office equipment
Vehicles
Total

June 30, 2020	June 30, 2019
----- Un-audited) -----	----- Un-audited) -----
----- Rupees in '000 -----	----- Rupees in '000 -----
-	-
-	22,083
435	49,292
8,673	14,781
9,108	86,156

Disposal of fixed assets

The net book value of fixed assets disposed off during the period is as follows:

Vehicle

Total

-	-
-	-

13 INTANGIBLE ASSETS

Computer Software
Others

June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
----- Rupees in '000 -----	----- Rupees in '000 -----
81,622	43,213
-	-
81,622	43,213

Additions to intangible assets

The following additions have been made to intangible assets during the period:

Computer Software

June 30, 2020	June 30, 2019
----- Un-audited) -----	----- Un-audited) -----
----- Rupees in '000 -----	----- Rupees in '000 -----
-	4,835

Disposals of intangible assets

The net book value of intangible assets disposed off during the period.

June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
----- Rupees in '000 -----	----- Rupees in '000 -----
-	-

14 DEFERRED TAX ASSETS -NET

Deductible Temporary Differences on

- Provision against advances - general
- Tax losses carried forward
- Provision for diminution in the value of investments
- Deficit on revaluation of investments
- Others

4,745,728	5,190,961
2,836,797	2,212,111
94,853	94,853
(46,762)	
114,486	1,138,399
7,745,102	8,636,324

Taxable Temporary Differences on

- Accelerated tax depreciation - right to use assets
- Accelerated tax depreciation - tangible assets
- Accelerated tax amortization - intangible assets

-	52,075
(44,896)	(67,022)
(7,600)	(8,076)
(52,496)	(23,023)
7,692,606	8,613,301

	Note	June 30, 2020 Un-audited	December 31, 2019 Audited
		----- Rupees in '000 -----	
15 OTHER ASSETS			
Income/ Mark-up accrued in local currency		3,441,543	3,155,483
Accrued commission income		23,310	7,234
Advances, deposits, advance rent and other prepayments		150,355	70,993
Unrealised gain on forward forex revaluation - net		146,777	-
Insurance premium receivable against agriculture loans		12,068	30,531
Stationery and stamps on hand		4,805	3,816
Dividend receivable		3,665	-
Receivable against sale of shares		344,709	-
Receivable against 1 Link ATM settlement account		150,835	207,120
Advance Taxation - net		289,395	378,512
Acceptances		-	4,297
Insurance claims receivable		101	142
Other receivables		35,202	27,817
		<u>4,602,765</u>	<u>3,885,945</u>
16 BILLS PAYABLE			
In Pakistan		617,001	495,010
Outside Pakistan		-	-
		<u>617,001</u>	<u>495,010</u>
17 BORROWINGS			
Secured			
Borrowings from State Bank of Pakistan			
- Under export refinance scheme	17.2	1,850,275	1,476,379
- Under long term finance facility	17.3	134,728	149,698
Repurchase agreement borrowings			
- State Bank of Pakistan (SBP)	17.4	37,877,287	2,566,207
Unsecured			
- State Bank of Pakistan(SBP)	17.5	750,000	750,000
- Other microfinance bank		-	50,000
		<u>750,000</u>	<u>800,000</u>
		<u>40,612,290</u>	<u>4,992,284</u>
17.1 Particulars of borrowings			
In local currency		40,612,290	4,992,284
In foreign currencies		-	-
		<u>40,612,290</u>	<u>4,992,284</u>

- 17.2 This represents 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 This represents 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 borrowings at the rate of 7.07% (2019: 13.32%) per annum maturing on July 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 borrowings 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

	June 30, 2020 (Un-audited)			December 31, 2019 (Audited)		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	Rupees '000					
Customers						
Current deposits	44,246,220	251,963	44,498,183	43,538,743	218,087	43,756,830
Savings deposits	66,732,935	792,145	67,525,080	54,929,829	817,743	55,747,572
Term deposits	37,946,847	288,561	38,235,408	29,436,358	298,529	29,734,887
Margin and other deposits	509,938	-	509,938	380,731	-	380,731
	149,435,940	1,332,669	150,768,609	128,285,661	1,334,359	129,620,020
Financial Institutions						
Current deposits	35,012	18	35,030	44,422	17	44,439
Savings deposits	2,119,840	-	2,119,840	2,617,299	-	2,617,299
Term deposits	2,216,000	-	2,216,000	1,714,000	-	1,714,000
Margin and other deposits	90,038	-	90,038	90,038	-	90,038
	4,460,890	18	4,460,908	4,465,759	17	4,465,776
	153,896,830	1,332,687	155,229,517	132,751,420	1,334,376	134,085,796

	June 30, 2020 Un-audited	December 31, 2019 Audited
	Rupees in '000	

19 OTHER LIABILITIES

Mark-up / return / interest payable in local currency	2,236,714	1,649,102
Mark-up / return / interest payable in foreign currency	4,985	5,482
Accrued expenses	154,744	159,931
Net defined benefit liability	45,706	84,612
Unrealised loss against forward forex revaluation - net	-	105,781
Provision for compensated absences	186,748	188,606
Payable to employees' provident fund	848	602
Payable against purchase of operating fixed assets	14,934	34,002
Payable against purchase of shares	492,738	-
Retention money	61,354	68,457
Federal excise duty / sales tax on services payable	4,240	3,691
Lease liability	2,076,059	2,328,843
Withholding tax payable	40,918	23,761
Acceptances	-	4,297
Others	278,108	219,068
	5,598,096	4,876,235

20 SHARE CAPITAL
20.1 Authorised capital

June 30, 2020 Un-audited	December 31, 2019 Audited		June 30, 2020 Un-audited	December 31, 2019 Audited
Number of shares			Rupees in '000	
2,000,000,000	2,000,000,000	Ordinary shares of Rs.10 each	20,000,000	20,000,000

20.2 Issued, subscribed and paid-up share capital

1,971,013,000	1,971,013,000	Ordinary shares of Rs.10 each Fully paid in cash	19,710,130	19,710,130
----------------------	----------------------	--	-------------------	-------------------

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

21 SHARES DEPOSIT MONEY

Opening balance	2,000,000	-
Received during the period / year	-	11,700,000
Right shares issued during the period / year	-	(9,700,000)
	2,000,000	2,000,000

The Government of Sindh has paid this amount against issue of ordinary shares in due course.

22 SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS

	June 30, 2020 Un-audited	December 31, 2019 Audited
	Rupees in '000	
Available-for-sale securities		
Federal Government securities	665,395	(2,630,903)
Fully paid ordinary shares - listed	(381,832)	(231,757)
Units of mutual funds (units / certificates)	(164,591)	(63,236)
Sukuk certificates	932	6,920
	119,904	(2,918,976)
Related deferred taxation	(46,764)	1,138,399
	73,140	(1,780,577)

		June 30, 2020 Un-audited	December 31, 2019 Audited
		----- Rupees in '000 -----	
23	CONTINGENCIES AND COMMITMENTS		
	-Guarantees	23.1 3,748,425	3,979,309
	-Commitments	23.2 69,647,823	22,144,949
	-Other contingent liabilities	-	-
		<u>73,396,248</u>	<u>26,124,258</u>
23.1	Guarantees:		
	Financial guarantees	1,519,907	1,814,543
	Performance guarantees	1,443,206	1,476,888
	Other guarantees	785,312	687,878
		<u>3,748,425</u>	<u>3,979,309</u>
23.2	Commitments:		
	Documentary credits and short-term trade-related transactions		
	- letters of credit	1,458,467	610,437
	Commitments in respect of:		
	- forward foreign exchange contracts	23.2.1 13,230,573	5,035,712
	- forward lending	23.2.2 54,958,783	16,498,800
	Other commitments	-	-
		<u>69,647,823</u>	<u>22,144,949</u>
23.2.1	Commitments in respect of forward foreign exchange contracts		
	Purchase	6,709,783	2,470,494
	Sale	6,520,790	2,565,218
		<u>13,230,573</u>	<u>5,035,712</u>
23.2.2	Commitments in respect of forward lending		
	Forward repurchase agreement lending	37,913,967	2,570,889
	Forward resale agreement lending	9,498,233	3,646,700
	Undrawn formal standby facilities, credit lines and other commitments to lend	23.2.2.1 7,546,583	10,281,211
		<u>54,958,783</u>	<u>16,498,800</u>

23.2.2.1 Commitments to extend credit

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.

		For Half Year ended	
		June 30, 2020	June 30, 2019
Note		----- Un-audited -----	----- Rupees in '000 -----
24	MARK-UP/RETURN/INTEREST EARNED		
	On Loans and advances	3,406,380	3,217,688
	On Investments	3,872,201	2,325,340
	On Lendings to financial institutions	281,540	271,987
	On Balances with banks	67,306	49,887
		<u>7,627,427</u>	<u>5,864,902</u>
25	MARK-UP/RETURN/INTEREST EXPENSED		
	Deposits	5,066,630	3,224,697
	Borrowings	662,750	1,169,899
	Cost of foreign currency swaps against foreign currency deposits / borrowings	44,492	38,001
	Lease liability against right of use assets	130,236	156,697
		<u>5,904,108</u>	<u>4,589,294</u>
26	FEE AND COMMISSION INCOME		
	Branch banking customer fees	17,940	32,782
	Consumer finance related fees	283	527
	Card related fees (debit cards)	62,625	62,345
	Commission on trade	16,183	32,554
	Commission on guarantees	15,671	20,334
	Credit related fees	22,782	13,261
	Commission on remittances including home remittances	4,181	3,456
	Others	158	361
		<u>139,823</u>	<u>165,620</u>
27	GAIN / (LOSS) ON SECURITIES		
	Realised	27.1 (184,377)	(1,258,286)
	Unrealised - held for trading	-	-
		<u>(184,377)</u>	<u>(1,258,286)</u>
27.1	Realised gain/(loss) on:		
	Federal Government Securities	156,206	(919,443)
	Shares of listed companies	(340,583)	(338,843)
	Units of mutual funds	-	-
	Others investments	-	-
		<u>(184,377)</u>	<u>(1,258,286)</u>
28	OTHER INCOME		
	Gain on sale of operating fixed assets	4,284	48
	Rent on property	1,936	2,477
	Incidental charges	245	560
	Others	214	608
		<u>6,679</u>	<u>3,693</u>

		For Half Year ended	
		June 30, 2020	June 30, 2019
		----- Un-audited -----	
		----- Rupees in '000 -----	
29 OPERATING EXPENSES	Note		
Total compensation expense	29.1	1,236,533	1,201,575
Property expenses			
Rent & taxes		6,502	4,929
Insurance		16,310	14,454
Utilities cost		97,670	94,464
Security (including guards)		155,492	144,398
Repair & maintenance (including janitorial charges)		10,401	4,504
Depreciation		32,257	30,450
Depreciation on right of use assets		320,797	339,978
		639,429	633,177
Information technology expenses			
Software maintenance		38,166	26,639
Hardware maintenance		33,487	20,979
Depreciation		7,077	8,843
Amortisation		11,383	11,477
Network charges		3,452	7,630
Others		5,427	7,629
		98,992	83,197
Other operating expenses			
Directors' fees and allowances		6,915	18,739
Fees and allowances to Shariah Board		2,540	2,396
Legal & professional charges		23,436	17,892
Outsourced services costs		57,200	51,909
Travelling & conveyance		14,202	17,106
NIFT clearing charges		10,650	9,019
Depreciation		125,577	119,352
Training & development		464	1,087
Postage & courier charges		8,496	7,731
Communication		60,005	54,956
Stationery & printing		37,373	43,172
Marketing, advertisement & publicity		15,741	31,781
Donations		-	-
Auditors Remuneration	29.2	6,965	5,603
Repairs & maintenance		39,757	41,868
Brokerage and commission		7,507	3,589
Entertainment		21,336	20,428
Fees and subscription		43,775	38,124
Insurance expenses		4,582	3,849
Others		22,079	18,661
		508,600	507,262
		2,483,554	2,425,211

		For Half Year ended	
		June 30, 2020	June 30, 2019
		----- Un-audited -----	
		----- Rupees in '000 -----	
29.1 Total compensation expense	Note		
Managerial Remuneration			
- Fixed		776,085	736,421
- Variable Cash Bonus / Awards etc.		-	150
Charge for defined benefit plan		37,114	48,935
Contribution to defined contribution plan		42,378	39,303
Rent & house maintenance		222,238	219,330
Utilities		44,102	43,138
Medical		44,102	43,138
Conveyance		28,359	25,350
Employee old age benefits contribution		8,207	7,022
Leave Fare Assistance		5,982	11,338
Staff Insurances		25,756	24,301
Others		2,210	3,149
		1,236,533	1,201,575
29.2 Auditors' remuneration			
Audit fee		5,859	4,872
Fee for other statutory certifications		505	493
Special certifications and sundry advisory services		238	238
Out-of-pocket expenses		363	-
		6,965	5,603
30 OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		5	4,663
Others		-	-
		5	4,663
31 PROVISIONS & WRITE OFFS - NET			
Provisions for diminution in value of investments	10.3.1	24,258	67,490
Provisions against investment in TFCs	10.3.1	126,407	-
Reversal of Provisions against loans & advances - specific		(1,110,392)	-
Provisions against loans & advances - specific		729,825	2,656,865
Provisions against loans & advances - general		143	1,564
Net provision during the year	11.2.3	(380,424)	2,658,429
Bad debts written off directly		587	1,142
		(229,172)	2,727,061

		For Half Year ended	
		June 30, 2020	June 30, 2019
		----- Un-audited -----	
		----- Rupees in '000 -----	
32	TAXATION		
	Current	125,517	99,049
	Prior years	-	-
	Deferred	(264,468)	(2,100,128)
		<u>(138,951)</u>	<u>(2,001,079)</u>
33	BASIC EARNINGS / (LOSS) PER SHARE		
	Profit / (Loss) for the period	<u>(316,044)</u>	<u>(2,851,709)</u>
	Weighted average number of ordinary shares	<u>1,971,013,000</u>	<u>1,001,013,000</u>
	Basic earnings / (loss) per share	<u>(0.16)</u>	<u>(2.85)</u>
34	DILUTED EARNINGS / (LOSS) PER SHARE		
	Profit / (Loss) for the period	<u>(316,044)</u>	<u>(2,851,709)</u>
	Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)	<u>1,971,013,000</u>	<u>1,001,013,000</u>
	Diluted earnings / (loss) per share	<u>(0.16)</u>	<u>(2.85)</u>
35	CASH AND CASH EQUIVALENTS		
	Cash and Balances with Treasury Banks	16,061,422	11,303,839
	Balances with other banks	817,224	2,260,603
		<u>16,878,646</u>	<u>13,564,442</u>
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 Group essentially carries its investments in debt and equity securities at fair values. Valuation of investments is carried out as per guidelines specified by the SBP.

	June 2020 (Un-audited)			
	Fair Value			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
On balance sheet financial instruments				
Financial assets measured at fair value				
Available-for-sale securities				
Pakistan Investment Bonds	-	19,461,154	-	19,461,154
Market Treasury Bills	-	74,065,876	-	74,065,876
Shares of listed companies	2,038,080	-	-	2,038,080
Term finance certificates - Listed	-	-	-	-
Units of mutual funds	120,531	596,936	-	717,467
Ijarah Sukuk - GoP	-	150,854	-	150,854
Sukuk bonds	-	145,574	-	145,574
	<u>2,158,611</u>	<u>94,420,394</u>	<u>-</u>	<u>96,579,005</u>
Off balance sheet financial instruments				
Foreign exchange contracts (purchase)	-	6,709,783	-	6,709,783
Foreign exchange contracts (sale)	-	6,520,790	-	6,520,790
	December 2019 (Audited)			
	Fair Value			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
On balance sheet financial instruments				
Financial assets measured at fair value				
Available-for-sale securities				
Pakistan Investment Bonds	-	21,037,034	-	21,037,034
Market Treasury Bills	-	21,898,158	-	21,898,158
Shares of listed companies	1,999,340	-	-	1,999,340
Term finance certificates - Listed	-	-	-	-
Units of mutual funds	123,254	707,913	-	831,167
Ijarah Sukuk - GoP	-	495,000	-	495,000
Sukuk bonds	-	199,776	-	199,776
	<u>2,122,594</u>	<u>44,337,881</u>	<u>-</u>	<u>46,460,475</u>
Off balance sheet financial instruments				
Foreign exchange contracts (purchase)	-	2,470,494	-	2,470,494
Foreign exchange contracts (sale)	-	2,565,218	-	2,565,218

The valuation techniques used for the above assets are 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

	June 2020 (Un-audited)				
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
Profit & Loss	Amount Rs. 000				
Net mark-up/return/profit income	3,512,558	164,318	-	(1,953,557)	1,723,319
Inter segment revenue - net	(4,030,769)	-	-	4,030,769	-
Non mark-up / return / interest income	(76,931)	1,148	-	151,856	76,073
Total Income	(595,142)	165,466	-	2,229,068	1,799,392
Segment direct expenses	(31,743)	(856)	-	(1,989,741)	(2,022,340)
Inter segment expense allocation	(36,321)	(107,318)	-	(317,580)	(461,219)
Total expenses	(68,064)	(108,174)	-	(2,307,321)	(2,483,559)
Provisions	(150,664)	(13,299)	-	393,135	229,172
Profit / (loss) before tax	(813,870)	43,993	-	314,882	(454,995)
Balance Sheet					
Cash & Bank balances	10,104,605	286,721	-	6,487,320	16,878,646
Investments	115,067,453	-	-	-	115,067,453
Net inter segment lending	-	(32,206)	-	97,163,042	97,130,836
Lendings to financial institutions	9,482,292	-	-	-	9,482,292
Advances - performing	28,966	844,976	-	44,480,080	45,354,022
Advances - non-performing (net)	-	1,065	-	18,248,699	18,249,764
Others	2,714,922	112,784	-	12,951,481	15,779,187
Total Assets	137,398,238	1,213,340	-	179,330,622	317,942,200
Borrowings	38,012,015	750,000	-	1,850,275	40,612,290
Subordinated debt	-	-	-	-	-
Deposits & other accounts	-	-	-	155,229,517	155,229,517
Net inter segment borrowing	96,886,349	201,693	-	42,794	97,130,836
Others	572,963	92,102	-	5,550,032	6,215,097
Total liabilities	135,471,327	1,043,795	-	162,672,618	299,187,740
Equity	1,926,911	169,545	-	16,658,004	18,754,460
Total Equity & liabilities	137,398,238	1,213,340	-	179,330,622	317,942,200
Contingencies & Commitments	3,732,340	-	-	69,663,908	73,396,248

	June 2019 (Un-audited)				
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
Profit & Loss	Amount Rs. 000				
Net mark-up/return/profit income	1,417,876	134,764	-	(277,186)	1,275,454
Inter segment revenue - net	(2,437,275)	-	-	2,437,429	154
Non mark-up / return / interest income	(1,149,341)	200	-	177,680	(971,461)
Total Income	(2,168,740)	134,964	-	2,337,923	304,147
Segment direct expenses	(31,363)	(86,079)	-	(1,918,561)	(2,036,003)
Inter segment expense allocation	(39,387)	(9,569)	-	(344,916)	(393,872)
Total expenses	(70,750)	(95,648)	-	(2,263,477)	(2,429,875)
Provisions	(67,489)	(3,522)	-	(2,656,050)	(2,727,061)
Profit / (loss) before tax	(2,306,979)	35,794	-	(2,581,604)	(4,852,789)

	December 31, 2019 (Audited)				
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
Balance Sheet	Amount Rs. 000				
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
Advances - non-performing (net)	-	13,104	-	18,507,891	18,520,995
Others	3,590,828	93,961	-	12,695,199	16,379,988
Total Assets	80,069,441	1,244,285	-	157,616,071	238,929,797
Borrowings	2,715,905	800,000	-	1,476,379	4,992,284
Subordinated debt	-	-	-	-	-
Deposits & other accounts	-	36,134	-	134,049,662	134,085,796
Net inter segment borrowing	77,093,104	170,581	-	-	77,263,685
Others	153,995	97,983	-	5,119,267	5,371,245
Total liabilities	79,963,004	1,104,698	-	140,645,308	221,713,010
Equity	106,437	139,587	-	16,970,763	17,216,787
Total Equity & liabilities	80,069,441	1,244,285	-	157,616,071	238,929,797
Contingencies & Commitments	21,626,593	-	-	4,497,665	26,124,258

38 RELATED PARTY TRANSACTIONS

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

Transactions with related parties includes deposits, advances and other banking services which are carried out on an arm's length basis. Transactions 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 99.95% shareholding in the Group and therefore entities which are owned and / or controlled by the GoS, or where the GoS may exercise significant influence, are related parties of the Group. The Group in the ordinary course of business enters into 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:

	June 30, 2020 (Un-audited)			December 31, 2019 (Audited)		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
	Amount Rs. 000					
Investments						
Opening balance	-	-	-	-	-	-
Investment made during the year	-	-	-	-	-	-
Investment redeemed / disposed off during the year	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-
Advances						
Opening balance	-	80,894	46,874	-	124,018	109,375
Addition during the year	-	10,103	-	-	33,398	-
Repaid during the year	-	8,825	31,250	-	17,563	62,501
Transfer in / (out) - net	-	-	-	-	(58,959)	-
Closing balance	-	82,172	15,624	-	80,894	46,874
Other Assets						
Interest / mark-up receivables	-	68	482	-	-	435
Other receivables	-	-	1,043	-	30	2,292
	-	68	1,525	-	30	2,727
Deposits and other accounts						
Opening balance	21,698	68,026	3,519,086	52,636	65,375	1,231,625
Received during the year	42,684	149,828	3,680,101	220,006	429,637	13,320,173
Withdrawn during the year	40,123	152,131	3,144,893	225,413	424,436	11,032,474
Transfer in / (out) - net	-	(858)	-	(25,531)	(2,550)	(238)
Closing balance	24,259	64,865	4,054,294	21,698	68,026	3,519,086
Other Liabilities						
Provision for gratuity	-	-	-	-	-	15
Interest / mark-up payable	100	909	140,624	245	865	46,685
	100	909	140,624	245	865	46,700

38 RELATED PARTY TRANSACTIONS

	June 30, 2020 (Un-audited)			June 30, 2019 (Un-audited)		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
	Amount Rs. 000					
Income :						
Mark-up / return / interest earned	-	1,283	1,816	-	2,400	5,676
Fee and commission income	-	3	12	4	3	13
Net gain on sale of securities	-	-	-	-	-	11
Other income	-	-	1,787	-	-	1,996
Expenses :						
Mark-up / return / interest paid	288	2,166	221,973	1,177	2,081	74,242
Remuneration paid	-	89,451	-	-	87,662	-
Contribution to provident fund	-	3,660	-	-	3,136	-
Provision for gratuity	-	3,291	-	-	3,546	-
Other staff benefits	-	8,883	-	-	8,726	-
Directors' meetings fee	6,915	-	-	18,739	-	-
Other expenses	-	-	-	351	-	-
Insurance premium paid	-	-	38,917	-	-	26,741
Others :						
Sale of Government Securities	-	-	-	-	-	325,000
Purchase of Government Securities	-	-	-	-	-	110,000
Expenses recovered under agency arrangement	-	-	86	-	-	116
Insurance claims settled	-	-	331	-	-	1,678

As at the date of consolidated statement of financial position, loans/advances and deposits related to government related entities amounted to Rs.11,020.79 million and Rs.75,130.41 million respectively. The above includes deposits amounting to Rs.21,837.03 (2019: Rs.17,997.57) million received from the Finance Department, Government of Sindh.

39 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum Capital Requirement (MCR):

Paid-up capital (net of losses)

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital

Eligible Additional Tier 1 (ADT 1) Capital

Total Eligible Tier 1 Capital

Eligible Tier 2 Capital

Total Eligible Capital (Tier 1 + Tier 2)

Risk Weighted Assets (RWAs):

Credit Risk

Market Risk

Operational Risk

Total Risk Weighted Assets

Common Equity Tier 1 Capital Adequacy ratio

Tier 1 Capital Adequacy Ratio

Total Capital Adequacy Ratio

National minimum capital requirements prescribed by SBP

CET1 minimum ratio

Tier 1 minimum ratio

Total capital minimum ratio

Total capital minimum ratio plus CCB

Approach followed for determining Risk Weighted Assets

Credit Risk

Market Risk

Operational Risk

June 30, 2020 Un-audited	December 31, 2019 Audited
--------------------------------	---------------------------------

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

15,186,938	15,510,472
------------	------------

12,084,427	9,494,152
------------	-----------

-	-
---	---

12,084,427	9,494,152
------------	-----------

-	-
---	---

12,084,427	9,494,152
------------	-----------

43,104,447	44,530,403
------------	------------

16,183,723	14,322,638
------------	------------

9,007,923	9,007,923
-----------	-----------

68,296,093	67,860,964
------------	------------

17.69%	13.99%
--------	--------

17.69%	13.99%
--------	--------

17.69%	13.99%
--------	--------

6.00%	6.00%
-------	-------

7.50%	7.50%
-------	-------

10.00%	10.00%
--------	--------

11.50%	12.50%
--------	--------

Comprehensive Maturity Basic Indicator	Comprehensive Maturity method Basic Indicator
--	---

June 30, 2020 Un-audited	December 31, 2019 Audited
--------------------------------	---------------------------------

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

Leverage Ratio (LR):

Eligible Tier-1 Capital

Total Exposures

Leverage Ratio (%)

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets

Total Net Cash Outflow

Liquidity Coverage Ratio (%)

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding

Total Required Stable Funding

Net Stable Funding Ratio

12,084,427	9,494,152
------------	-----------

226,859,797	167,315,997
-------------	-------------

5.33%	5.67%
-------	-------

60,533,633	44,615,973
------------	------------

18,148,798	17,943,953
------------	------------

334%	249%
------	------

137,079,363	104,909,785
-------------	-------------

59,668,435	69,852,945
------------	------------

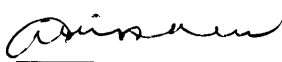
230%	150%
------	------

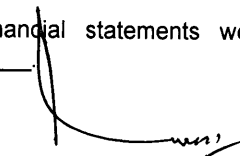
40 GENERAL


Figures have been rounded off to the nearest thousand rupee.


41 DATE OF AUTHORISATION FOR ISSUE

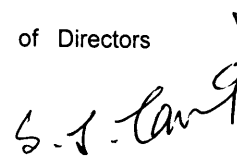
These consolidated financial statements were authorised for issue by the Board of Directors on _____


 Chairman


 President and
Chief Executive Officer


 Director


 Director


 Chief Financial
Officer