



IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO



شہید و محترمہ بینظیر بھٹو کی یاد میں

SINDH BANK
سندھ بینک
POWER TO THE PEOPLE
بااختیار عوام



HALF YEARLY FINANCIAL
STATEMENTS JUNE 30

2020

Contents

Vision and Mission Statements	02
Corporate Information.....	03
Directors' Report (English).....	04
Directors' Report (Urdu).....	08
Independent Auditor's Review Report	14
Unconsolidated Condensed Interim Statement of Financial Position.....	15
Unconsolidated Condensed Interim Profit and Loss Account.....	16
Unconsolidated Condensed Interim Statement of Comprehensive Income	17
Unconsolidated Condensed Interim Statement of Changes in Equity.....	18
Unconsolidated Condensed Interim Statement of Cash Flows	19
Notes to the Unconsolidated Condensed Interim Financial Statements	20
Consolidated Condensed Interim Statement of Financial Position.....	52
Consolidated Condensed Interim Profit and Loss Account	53
Consolidated Condensed Interim Statement of Comprehensive Income.....	54
Consolidated Condensed Interim Statement of Changes in Equity.....	55
Consolidated Condensed Interim Statement of Cash Flows	56
Notes to the Consolidated Condensed Interim Financial Statements	57
Branch Network	85



VISION

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

MISSION

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

Corporate Information

Board of Directors

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

Chief Financial Officer Saeed Jamal Tariq

Company Secretary Shamsuddin Khan

Auditors' Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

Legal Advisors Mohsin Tayebaly & Co

Share Registrar CDC Share Registrar Services Ltd.

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

Registration Number 0073917

NTN Number 3654008-7

Website www.sindhbank.com.pk

*FPT clearance from SBP not received



Directors' Report

On behalf of the Board of Directors of Sindh Bank, I am presenting herewith the financial results for the half year ended June 30, 2020. Review of performance is presented below.

Pre-tax loss for the half year ended June 30, 2020 amounted to Rs.497 mn contrasting with pre-tax loss of Rs. 4,887 million reported in the same period last year. Reasons are (i) increase of 36.2 % in Net Markup/Interest Income, (ii) reversal of specific provisions of Rs 1.11 bn due to recovery of NPLs, (iii) specific provisions/diminution of Rs.867.92 mn compared to Rs.2.72 bn last year, and (iv) recording of loss/impairment on investments of Rs. 184.38 mn compared to Rs 1.26 bn reported last year. Summarized financial performance data is as follows:

(Rs. in '000)

Balance Sheet	As on	As on	% age Change
	June 30, 2020	Dec 31, 2019	
Paid up Capital	19,710,130	19,710,130	-
Shares Deposit Money	2,000,000	2,000,000	
Reserves & Accumulated loss	(3,198,357)	(2,852,352)	-12.13%
Paid up Capital & Reserves	18,511,773	18,857,778	-1.83%
Surplus/(Deficit) on Revaluation	73,140	(1,780,577)	
Equity	18,584,913	17,077,201	8.83%
Borrowings	39,862,290	4,192,284	850.85%
Deposits	155,272,312	134,049,662	15.83%
Investments (carrying value)	115,142,453	65,143,452	76.75%
Gross Advances	77,868,278	76,430,095	1.88%
Profit & Loss Account	Half Year Ended	Half Year Ended	%age Change
	June 30, 2020	June 30, 2019	
Markup/return/interest income	7,423,727	5,723,454	
Markup/return/interest expenses	5,853,359	4,570,918	
Net markup/return/interest income	1,570,368	1,152,536	36.25%
Gain/loss on sale of Investments	(184,377)	(1,258,286)	
Dividend Income	45,127	75,190	
Fee, Commission & Other Income	215,323	211,639	
Non-mark-up/non-interest income	76,073	(971,457)	107.83%
Non-mark-up/interest expenses	2,385,549	2,344,592	1.75%
Provision-general (Consumer/SME)	143	104	
Provision/(Reversal) -specific	(242,614)	2,723,435	
Provisions	(242,471)	2,723,539	
Profit/(Loss) before Tax	(496,637)	(4,887,052)	89.84%
Profit/(Loss) After Tax	(346,005)	(2,876,035)	87.97%
Earnings/(Loss) per share (Rupees)	(0.18)	(2.87)	93.73%
Other Information	As on	As on	%age Change
	June 30, 2020	Dec 31, 2019	
No. of Accounts	525,863	511,779	2.75%
Number of Branches	330	330	

Deposits touched a record high of Rs. 155 bn (June 30, 2020), from a low of Rs. 104 bn in September 2019, an increase of 49% in a short span of 9 months. Previous high was Rs. 147 bn in May 2018.

Number of customer accounts stood at 525,863 after increase of 14,084 accounts (i.e. 2.75%) during the half year. Gross Advances increased by 1.88% to Rs. 77.9 billion from Rs. 76.4 billion as at December 31, 2019. Investment portfolio increased by 76.75% over the position as at December 31, 2019.

Since taking over in September 2019, I have maintained close liaison with our Retail Banking team by visiting over 60 branches across Pakistan, unfortunately slowed-down by the onset of Covid-19, besides having addressed approximately 6 meetings of branch and area managers (covering about 290 branches). During this inter-action, management's expectations and the role of branches in turning around the bank was emphasized. I am pleased to report, that these efforts, unprecedented in Bank's history, are bearing fruit as initial results (as stated above) are very encouraging.

Credit Rating

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.

Economic Review

The outbreak of Coronavirus (Covid-19) pandemic during March 2020, has been taking a significant toll on human life and economies around the world. This combined with the US-China Trade war is denting global growth and resulting in significant fiscal and monetary easing. Fears of a second wave in several countries loom, with the risks to global outlook heavily skewed towards the downside. Globally, in its update of the World Economic Outlook released in June 2020, the IMF downgraded its 2020 global growth forecast further to minus 4.9 %, 1.9 % lower than its projections in April 2020, the sharpest downturn since the great depression.

On the domestic front, the Covid-19 pandemic is weighing in on economic activity resulting in lower tax revenue, wider trade deficit and higher debt burden. Before the spread of Coronavirus (Covid-19), the Government had set a 4.0 % GDP growth target for FY 2020. In the Monetary Policy Statement dated April 16, 2020, further downward revision in the outlook for the economy had been forecast with this expected to contract by 1.5 % in FY2020, fortunately however, estimates suggest a much lesser decrease is of 0.4 % only. Moody's expects Pakistan's economic growth in fiscal 2021 (ending June 2021) to be between 1-2 %.

On the Monetary Policy front, the half year ended June 30, 2020 witnessed a 625 bps reduction in the Policy rate. With this reduction, the policy rate presently stands at 7 %. CPI which was 14.6 % in the month of January 2020, decreased to 10.2 % during March 2020 and reduced further to 8.6 % in June 2020.

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

Pakistan's forex reserves closed at US\$ 18 bn (including US\$ 11.2 bn with SBP). Current account deficit continued to show improvement as it closed at US dollars 3.0 bn, improving by 78% over the previous fiscal year. For budgetary support and to deal with the impact of Covid-19 on Pakistan's external account, IMF disbursed US\$ 2.8 bn, of which support through Rapid Financing Instrument amounted to US\$ 1.4 bn, while ADB agreed to provide US\$ 1.7 bn for budgetary support, of which US\$ 800 mn was received before June 30, 2020 and remaining US\$ 900 mn will be disbursed by December 31, 2020. In addition to this, deferment of debt amounting to US\$ 2.0 bn by G-20 nations and other multilateral agencies and US\$ 3.0 bn by friendly countries, which along-with increase in FDI flows and Home Remittances, lent stability to the external account.



Sindh Microfinance Bank Limited (wholly owned subsidiary)

Sindh Microfinance Bank Limited ('SMFB') was established in May 2016 with three main objectives; to empower women, create employment and build sustainable operations, in the province of Sindh.

SMFB has managed to stay true to its objectives by building sustainable microfinance operations and continuing to be profitable since inception. As at June 30, 2020 the net equity of SMFB stood at Rs. 919 mn with a paid up capital of Rs. 750 mn and accumulated reserves of Rs. 169 mn. SMFB has also played its role in empowering women by enabling access to finance to the economically active women in rural and semi urban areas of Sindh. To date SMFB has disbursed loans in excess of Rs. 3.2 bn (more than 125,000 loans) through its presence in 75 locations in the province of Sindh.

As a microfinance bank primarily operating in the province of Sindh, one of the key objectives of SMFB is to create employment for the underprivileged youth in Sindh. SMFB has to date employed more than 1000 young individuals from Sindh and provided them with the necessary training and experience to succeed in the microfinance industry.

During the second quarter of 2020, COVID-19 severely affected the earning capacity of the lower income segment of the society in Sindh. Most of SMFB's borrowers faced difficulties in loan repayment due to depleted incomes and a focus on preserving cash for essential goods. However, despite the challenges SMFB's field team was able to build stronger relationships with clients and consequently build customer loyalty which has enabled SMFB to sail through the crisis period with strong recoveries and a profitable outlook for 2020.

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

Future Outlook

Covid-19 will likely impact Banks' profitability and growth going forward due to mounting administrative costs, subdued credit off-take and declining business/trade volumes and rise of NPLs. However, as domestic and global businesses open, the situation may improve somewhat. The Board and Management is conscious of the challenges ahead and a re-thinking in the way business is to be done is in progress, which will include increasing focus to the use of alternate delivery and service channels and developing technologically superior solutions for making banking more accessible to our customers.

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

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

Acknowledgements

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

On behalf of the Board of Directors



Imran Samad
President/CEO
Karachi, August 27, 2020



ڈائریکٹرز رپورٹ

میں بورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2020 کو اختتام پذیر ششماہی کے لیے بینک کے مالیاتی نتائج پیش کر رہا ہوں۔ کارکردگی کا جائزہ درج ذیل پیش ہے۔

30 جون 2020 کو اختتام پذیر ششماہی پر قبل از محمول نقصان کی مالیت 497 ملین روپے رہی جبکہ اس کے برعکس گزشتہ سال کی اسی مدت پر قبل از محمول نقصان کی مالیت 4,887 ملین روپے تھی۔ اس کی وجوہات ہیں، (i) خالص مارک اپ/ سودی آمدنی میں 36.2 فیصد اضافہ، (ii) ایک ناکارکردگی دکھانے والے قرضہ جات (NPL) کی وصولیائی کی وجہ سے 1.11 ارب روپے کے مخصوص مختصات کی واپسی (iii) گزشتہ سال کی 2.72 ارب روپے کے مقابلے میں 867.92 ملین روپے کی مخصوص مختصات/تخفیف (diminution)، اور (iv) گزشتہ سال کی اسی مدت میں سرمایہ کاری کی فروخت سے ہونے والے 1.26 ارب روپے کے نقصان کے مقابلے میں 184.38 ملین روپے کے نقصان کا اندراج کیا گیا ہے۔ مالیاتی کارکردگی کے اعداد و شمار کا خلاصہ درج ذیل ہے:

(روپے، 000 میں)			
تینٹس شیٹ	30 جون 2020 پر	31 دسمبر 2019 پر	فیصد تبدیلی
اداشدہ سرمایہ	19,710,130	19,710,130	
حصص کی جمع شدہ رقم	2,000,000	2,000,000	
ذخائر اور جمع شدہ نقصان	(3,198,357)	(2,852,352)	-12.13%
اداشدہ سرمایہ اور ذخائر	18,511,773	18,857,778	-1.83%
دوبارہ قدر پذیری پر اضافہ/ (خسارہ)	73,140	(1,780,577)	
ملکیتی سرمایہ	18,584,913	17,077,201	8.83%
ادھار رقم (Borrowings)	39,862,290	4,192,284	850.85%
ڈپازٹس	155,272,312	134,049,662	15.83%
سرمایہ کاری (Carrying Value)	115,142,453	65,143,452	76.75%
مجموعی ایڈوانسز	77,868,278	76,430,095	1.88%

(روپے،000 میں)			
فیصد تبدیلی	30 جون 2019 پر اختتام پذیر نصف سال پر	30 جون 2020 پر اختتام پذیر نصف سال پر	نفع نقصان کا کھاتہ
	5,723,454	7,423,727	مارک اپ/ریٹرنز/سودی آمدنی
	4,570,918	5,853,359	مارک اپ/ریٹرنز/سودی اخراجات
36.25%	1,152,536	1,570,368	خالص مارک اپ/ریٹرنز/سودی آمدنی
	(1,258,286)	(184,377)	سرمایہ کی فروخت سے آمدنی/(نقصان)
	75,190	45,127	منقسمہ منافع (Dividend income)
	211,639	215,323	فیس، کمیشن اور دیگر آمدنی
107.83%	(971,457)	76,073	بنامارک اپ/غیر سودی آمدنی
1.75%	2,344,592	2,385,549	بنامارک اپ/غیر سودی اخراجات
	104	143	عام مختصات (صارف/ایس ایم ای)
	2,723,435	(242,614)	مختصات/(واپسی) - مخصوص
	2,723,539	(242,471)	کل مختصات
89.84%	(4,887,052)	(496,637)	نفع/(نقصان) قبل از ٹیکس
87.97%	(2,876,035)	(346,005)	نفع/(نقصان) بعد از ٹیکس
93.73%	(2.87)	(0.18)	آمدنی/(نقصان) فی حصص (روپے)
فیصد تبدیلی	31 دسمبر 2019 پر	30 جون 2020 پر	دیگر معلومات
2.75%	511,779	525,863	کھاتوں کی تعداد
	330	330	شاخوں کی تعداد

30 جون 2020 پر ڈپازٹس نے 155 ارب روپے کی بلند ترین سطح کو چھوا جو ستمبر 2019 پر 104 ارب روپے کی کم سطح پر تھے۔ لہذا صرف نو ماہ کی قلیل مدت میں ڈپازٹس میں 49 فیصد اضافہ ہوا۔ ڈپازٹس کی گذشتہ بلند ترین سطح مئی 2018 میں 147 ارب روپے تھی۔ نصف سال کے دوران کھاتے داروں کی تعداد میں 14,084 کھاتوں (یعنی 2.75 فیصد) کے اضافے کے ساتھ 525,863 کھاتے ہو گئے۔ 31 دسمبر 2019 کے 76.4 ارب کے مجموعی ایڈوانسز میں 1.88 فیصد اضافے کے بعد اس کی مالیت 77.9 ارب روپے ہو گئی۔ سرمایہ کاری پورٹ فولیو 31 دسمبر 2019 کی صورتحال سے 76.75 فیصد بڑھ گیا۔



ستمبر 2019 میں ذمہ داریاں سنبھالنے کے بعد میں نے اپنے ریٹیل بینکاری کی ٹیم کے ساتھ قریبی رابطہ رکھا اور پاکستان بھر میں 60 شاخوں کے دورے کئے۔ بد قسمتی سے کووڈ-19 وبا کے سبب معیشت میں سست روی کے باوجود (290 شاخوں کا احاطہ کرتے ہوئے) برانچ اور ایریا مینیجرز پر مشتمل 6 اجلاس سے خطاب کیا۔ اس باہمی رابطے کے دوران، بینک کی کارکردگی میں بڑی تبدیلی لانے کے سلسلے میں انتظامیہ کی توقعات اور شاخوں کے کردار پر زور دیا، مجھے اس بات کی اطلاع دیتے ہوئے خوشی ہو رہی ہے کہ یہ کاؤٹیں، جس کی بینک کی تاریخ میں مثال نہیں ملتی، رنگ لاری ہیں جیسا کہ ابتدائی نتائج (جیسا کہ اوپر بیان کیا گیا ہے) بہت حوصلہ افزا ہیں۔

کریڈٹ ریٹنگ

VIS کریڈٹ ریٹنگ کمپنی نے اپنی 6 جولائی 2020 کی رپورٹ میں بینک کی طویل المدت درجہ بندی کے لیے 'A+' (شیت A) اور قلیل المدت درجہ بندی کے لیے 'A'-1 (A-ون) کی توثیق کی ہے۔

معاشی جائزہ

مارچ 2020 کے دوران کرونا وائرس (کووڈ-19) کی عالمی وبا کے پھیلاؤ نے دنیا بھر میں انسانی جانوں اور معیشت کی بھاری قیمت ادا کی ہے۔ اس سے منسلک امریکہ اور چین کی تجارتی جنگ بھی عالمی نمو کو متاثر کر رہی ہے جس کا نتیجہ خاصی اقتصادی اور مالیاتی آسانی نکلا۔ متعدد ملکوں میں کرونا وائرس کی دوسری لہر سر پر متاثر رہی ہے جس کے ساتھ عالمی منظر نامہ تیز رفتاری سے نیچے جانے کا خطرہ ہے۔ جون 2020 میں جاری کردہ عالمی معیشت کے منظر نامے کی تازہ ترین صورتحال کے تحت، IMF نے 2020 کے لیے عالمی نمو کے تخمینے کو مزید منفی 4.9 فیصد کر دیا ہے، جو اپریل 2020 کے تخمینوں سے 1.9 فیصد کم ہے، جو عالمی کساد بازاری کے بعد سے تیز ترین گراؤ ہے۔

ملکی محاذ پر، کووڈ-19 کی عالمی وبا معاشی سرگرمیوں پر اثر انداز ہو رہی ہے جس کا نتیجہ کم تر محصول کی مالگداری، وسیع تر تجارتی خسارہ اور بلند تر قرضوں کا بوجھ ہے۔ کرونا وائرس (کووڈ-19) کے پھیلاؤ سے پہلے حکومت سال 2020 کے لیے مجموعی قومی پیداوار کا ہدف 4 فیصد متعین کیا جا چکا تھا۔ 16 اپریل 2020 کے جاری کردہ مالیاتی پالیسی بیان میں معیشت کے مستقبل کے منظر نامے میں مزید کمی کی نظر ثانی کی جا چکی تھی جس کا تخمینہ ہے کہ اس میں سال 2020 کے لیے 1.5 فیصد کمی کا اندازہ لگایا جا چکا تھا، تاہم خوش قسمتی سے، تخمینے سے اندازہ ہے گراؤٹ میں صرف 0.4 فیصد کمی ہوگی۔ موڈی (Moody) کو توقع ہے کہ اقتصادی سال 2021 (اختتام جون 2021) میں پاکستان کی معاشی نمو 2-1 فیصد کے درمیان رہے گی۔

مالیاتی پالیسی کے محاذ پر 30 جون 2020 پر اختتام پذیر نصف سال پر پالیسی نرخ میں 625 بیس پوائنٹس کمی دیکھی۔ اس کمی کے ساتھ، فی الوقت پالیسی نرخ 7 فیصد ہے۔ CPI جو جنوری 2020 میں 14.6 فیصد تھا مارچ 2020 میں گھٹ کر 10.2 فیصد اور جون 2020 میں مزید کم ہو کر 8.6 فیصد ہو گیا۔

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

پاکستان کے غیر ملکی زرمبادلہ کے ذخائر 18 ارب امریکی ڈالر پر بند ہوئے (بشمول SBP کے پاس 11.2 ارب امریکی ڈالر)۔ جاری کھاتے کا خسارہ ترقی پذیر بہتری دکھاتا رہا اور 3 ارب امریکی ڈالر پر بند ہوا جس میں گزشتہ مالی سال کے مقابلے میں 78 فیصد بہتری آئی۔ پاکستان کے بیرونی کھاتے کے سلسلے میں بجٹ سے متعلق معاونت اور کرونا وائرس کے اثرات سے نپٹنے کے لیے IMF نے 2.8 ارب امریکی ڈالر فراہم کیے، جس میں سے اپنے "ریپیڈ فنانشنگ انسٹرومنٹ" کے ذریعے 1.4 ارب امریکی ڈالر کی مدد پہلے ہی فراہم کر چکا ہے جبکہ ADB بجٹ کی تیاری کے سلسلے میں 1.7 ارب امریکی ڈالر کی مدد فراہم کرنے پر اتفاق کر چکا ہے جس میں سے 800 ملین امریکی ڈالر 30 جون 2020 سے پہلے موصول ہو چکے ہیں اور بقایا 900 ملین امریکی ڈالر 31 دسمبر 2020 تک فراہم کر دے گا۔ اس کے علاوہ 20-G ملگوں اور دیگر کثیرالفریق (multilateral) اداروں نے 2 ارب امریکی ڈالر مالیت کے قرضے کی ادائیگی کا انوا اور 3 ارب امریکی ڈالر دوست ممالک جس کے ساتھ ملک میں براہ راست غیر ملکی سرمایہ کاری (FDI) میں اضافہ اور تزیل زرکی وجہ سے بیرونی کھاتے میں استحکام آیا ہے۔

مائیکروفنانس بینک لمیٹڈ (مکمل طور پر ذیلی ادارہ)

سندھ مائیکروفنانس بینک لمیٹڈ (SMFB)، نے مائیکروفنانس آپریشن کا آغاز صوبہ سندھ میں مئی 2016 میں تین بنیادی مقاصد کو مد نظر رکھ کر کیا کہ سندھ میں خواتین کو باختیار کرنا، روزگار کے مواقع پیدا کرنا اور تسلسل سے جاری رہنے والے آپریشن پر عملدرآمد۔

SMFB ایک تسلسل سے جاری رہنے والے مائیکروفنانس آپریشن اور اپنے آغاز سے منافع بخش ادارہ ہونے کے باعث اپنے وعدوں کو سچ ثابت کرنے کے قابل ہو سکا ہے۔ SMFB کا 30 جون 2020 پر خالص ملکیتی سرمایہ 919 ملین روپے کے ساتھ ادا شدہ سرمایہ 750 ملین روپے اور جمع شدہ حاصل ذخائر 169 ملین روپے رہے۔ SMFB نے سندھ کے دیہاتی اور نیم شہری علاقوں میں معاشی طور پر متحرک خواتین کے لئے فنانشل سبک رسائی سے خواتین کو باختیار بنانے میں اہم کردار ادا کیا ہے۔ SMFB اب تک صوبہ سندھ میں 75 مقامات کے ذریعے 125,000 سے زائد خواتین کو 3.2 ارب روپے سے زائد مالیت کے قرضہ جات فراہم کر چکا ہے۔



SMFB بطور مائیکروفنانس بینک سندھ میں کام کر رہا ہے اور اس کے اہم مقاصد میں سے ایک سندھ کے پسماندہ نوجوانوں کے لیے روزگار کے مواقع پیدا کرنا ہے۔ اب تک سندھ مائیکروفنانس بینک، سندھ کے 1000 نوجوانوں کو روزگار کے مواقع فراہم کر چکا ہے اور ان کو مائیکروفنانس کی صنعت میں کامیاب ہونے کے سلسلے میں تجربہ اور تربیت فراہم کیا جا چکا ہے۔

سال 2020 کی دوسری سہ ماہی میں، کووڈ-19 نے سندھ میں معاشرے کے کم آمدنی والے طبقے کی کمانے کی استعداد کو بری طرح سے متاثر کیا تھا۔ SMFB کے زیادہ تر قرضہ لینے والوں کو گھتی ہوئی آمدنی اور ضروری اشیاء کی خریداری کے لیے نقد رقم کو محفوظ کرنے پر توجہ کے سبب ان کو قرضوں کی اقساط کی ادائیگی میں مشکلات کا سامنا تھا۔ تاہم، مشکلات کے باوجود، SMFB کی فیلڈ میں کام کرنے والی ٹیم کی کوششوں کی وجہ سے وہ اپنے گاہکوں سے مضبوط تعلقات بنانے کے قابل ہوئے جس کے نتیجے میں گاہکوں کی بینک سے وابستگی حاصل کرنے میں کامیاب ہوئے جس نے SMFB کے لیے یہ ممکن بنایا کہ بحران کے دوران کامیابی سے سامنا کرنے کے ساتھ مستحکم وصولیوں اور سال 2020 کے لیے منافع بخشی کا مستقبل کے منظر نامہ حاصل کیا۔

پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے طویل المدت درجہ بندی A- اور قلیل المدت درجہ بندی A2 تفویض کی ہیں جو PACRA کی نظر میں مائیکروفنانس کے سیکٹر میں SMFB کو ایک ابھرتا ہوا ادارہ ہونا ظاہر کرتا ہے۔

مستقبل کا منظر نامہ

کووڈ-19 سے امکان ہے کہ آنے والے دنوں میں بینک کی منافع بخشی اور نمو کو متاثر کرے گی جس کی وجہ بڑھتی ہوئی انتظامی لاگتیں، قرضے لینے کا محدود عمل، کاروبار/تجارت کا کم ہونا اور بڑھتے ہوئے ناکارکردگی دکھانے والے قرضہ جات ہیں۔ تاہم، جیسے جیسے ملکی اور عالمی کاروبار کھلتے ہیں تو صورتحال کچھ بہتر ہو سکتی ہے۔ بورڈ اور انتظامیہ آنے والی مشکلات سے آگاہ ہے اور کاروبار کرنے کے طریقوں پر دوبارہ غور و خوض کا عمل جاری ہے، جس میں ہماری توجہ کا مرکز خدمات کی فراہمی کے متبادل ذرائع اور ٹیکنالوجی کی بنیاد پر اعلیٰ ترین بینکاری سے متعلق مسائل کے حل کے ذریعے سے بینکاری کو گاہکوں تک زیادہ رسائی کو ممکن بنانا ہے۔

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

• بینک کا کیپیٹل مضبوط کرنا

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

• کاروبار کے حجم اور منافع بخشی میں بہتری لانا
 Consumers اور SME سیکٹرز اور فیس کی بنیاد پر کاروبار میں اضافہ، موثر لاگت کے ڈپازٹس کو متحرک کرنا اور نئے
 اسٹیٹ (asset) مصنوعات (products) کو پیش کرنے کے لیے اقدامات کرنا اور خرچے گھٹانے کے لیے حقیقت پسندانہ
 اقدامات کرنا۔

• ناکارکردگی دکھانے والے قرضہ جات کی وصولی اور کمی
 مخصوص اثاثہ جات پیمنٹ (SAM) ڈویژن کی تشکیل کی جا چکی ہے تاکہ ناکارکردگی دکھانے والے قرضہ جات (NPLs)
 کی وصولی کی جائے اور اس میں کمی کیلئے اقدامات کیے جاسکیں۔ جہاں ممکن ہو، بڑے قرضہ لینے والوں/گروپس سے مذاکرات
 کے ذریعے تصفیے پر پہنچنے کی بھرپور کوششیں جاری رہیں گی۔

• نظم و ضبط، رسک اور کنٹرول ماحول کو مضبوط کرنا
 اس سلسلے میں اہم پیش رفت کی جا چکی ہے۔

اعتراف

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

بورڈ آف ڈائریکٹرز کی جانب سے

عمران احمد

صدر/CEO

کراچی: 27 اگست 2020



INDEPENDENT AUDITOR'S REVIEW REPORT
To the members of SINDH BANK LIMITED
Report on review of Condensed Interim Unconsolidated Financial Statements

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

A member firm of



3-B, ATS Centre, 30 West, Block "A"
Fazal-ul-Haq Road, Blue Area,
Islamabad, Pakistan
Ph: +92-51-2878530-32, 2822785
Fax: +92-51-2206283
E-mail: isl@nzaj.com.pk
Web: www.nzaj.com.pk

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: 27 AUG 2020

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

Other Offices | 1st Floor, Modern Motors House, Beaumont Road, Karachi, Pakistan - Ph: +92 21-35671909 Fax: +92 21-35210626 Email: khi@nzaj.com.pk
201-Regency Plaza, M.M. Alam Road, Gulberg-II, Lahore, Pakistan - Ph: +92 42-37321969, 37249053 Fax: +92 42-37324103 Email: lhr@nzaj.com.pk
1st Floor Lamsay Arcade, Oppt.Green's Banquet Hall, Peshawar Pakistan - Ph: +92 91-5276102, 5274995 Fax: 091-5274968 Email: pesh@nzaj.com.pk

Unconsolidated Condensed Interim Statement of Financial Position As At June 30, 2020

		June 30, 2020	December 31, 2019
	Note	Un-audited	Audited
----- (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.

				
Chairman	President and Chief Executive Officer	Director	Director	Chief Financial Officer



Unconsolidated Condensed Interim Profit and Loss Account (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	
Note	----- (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 Extra ordinary / unusual items	31	(242,471)	2,723,539	502,981	748,552
		-	-	-	-
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)-----					
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.







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

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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	(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)	<u>1,507,712</u>	<u>(2,262,038)</u>	<u>715,557</u>	<u>(1,445,266)</u>

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

				
Chairman	President and Chief Executive Officer	Director	Director	Chief Financial Officer



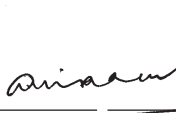
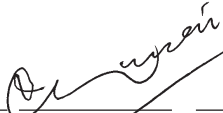



Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited) For The Half Year Ended June 30, 2020

	Share Capital	Shares Deposit Money	Capital Reserves		Surplus / (Deficit) on revaluation of assets	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 11.2.2 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.

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

Unconsolidated Condensed Interim Statement of Cash Flows (Un-audited) For The Half Year Ended June 30, 2020

		June 30, 2020	June 30, 2019
Note	-----	(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



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.

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 condensed interim financial statements do not include all the information and disclosure required for annual financial statements and should be read in conjunction with the annual financial statement of the bank for the year ended December 31, 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 annual financial statements for the year ended December 31, 2019.

5. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Standard, Interpretation or 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 audited financial statements 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%;
- 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 are being processed with taking proper care as per the guidelines provided by the Pakistan Banks Association (PBA).

The Credit Risk along with other credit support divisions are closely monitoring the borrowers which have availed the SBP enabled deferment/ restructuring & rescheduling relief. Periodic monitoring of the borrower's accounts is being done in order to monitor 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) 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 June 30, 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 statements of the current period.

6.4 Operational Risk Management:

The Bank is closely monitoring the covid-19 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 measures 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 levels 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.

	June 30, 2020 Un-audited	December 31, 2019 Audited
Note	----- (Rupees '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 Un-audited	December 31, 2019 Audited
Note	----- (Rupees '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.



		June 30, 2020 Un-audited	December 31, 2019 Audited
	Note	----- (Rupees '000) -----	
9	LENDINGS TO FINANCIAL INSTITUTIONS		
Repurchase agreement lendings (Reverse Repo)	9.2 & 9.3	<u>9,482,292</u>	<u>3,645,392</u>
		<u>9,482,292</u>	<u>3,645,392</u>
9.1	Particulars of lending		
In local currency		<u>9,482,292</u>	3,645,392
In foreign currencies		<u>-</u>	<u>-</u>
		<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 '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	<u>9,726,736</u>	<u>-</u>	<u>9,726,736</u>	<u>3,643,328</u>	<u>-</u>	<u>3,643,328</u>

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	73,543,415	-	542,214	74,085,629	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
	<u>96,981,698</u>	<u>(402,844)</u>	<u>119,904</u>	<u>96,698,758</u>	<u>49,858,037</u>	<u>(378,586)</u>	<u>(2,918,976)</u>	<u>46,560,475</u>
Held-to-maturity securities								
Federal Government Securities								
Pakistan Investment Bonds	16,785,431	-	-	16,785,431	16,798,258	-	-	16,798,258
Preference Shares - Unlisted	77,708	-	-	77,708	77,708	-	-	77,708
Non-government debt securities								
Term finance certificates - listed	224,235	-	-	224,235	224,235	-	-	224,235
Term finance certificates - unlisted	859,135	(252,814)	-	606,321	859,183	(126,407)	-	732,776
	<u>17,946,509</u>	<u>(252,814)</u>	<u>-</u>	<u>17,693,695</u>	<u>17,959,384</u>	<u>(126,407)</u>	<u>-</u>	<u>17,832,977</u>
Investment in Subsidiary								
Fully paid ordinary shares	750,000	-	-	750,000	750,000	-	-	750,000
Total Investments	<u>115,678,207</u>	<u>(655,658)</u>	<u>119,904</u>	<u>115,142,453</u>	<u>68,567,421</u>	<u>(504,993)</u>	<u>(2,918,976)</u>	<u>65,143,452</u>

10.2 Investments given as collateral

Federal government securities

	June 30, 2020 Un-audited	December 31, 2019 Audited
Pakistan Investment Bonds	-	2,574,477
Market Treasury Bills	37,987,781	-
	<u>37,987,781</u>	<u>2,574,477</u>



	June 30, 2020 Un-audited	December 31, 2019 Audited
10.3 Provision for diminution in value of investments	----- (Rupees '000) -----	
10.3.1 Opening balance	504,993	243,212
Charge / reversals		
Charge for the period	150,665	261,781
Reversal in the period	-	-
Reversal on disposals	-	-
Transfers - net	150,665	261,781
Closing Balance	<u>655,658</u>	<u>504,993</u>

	June 30, 2020 (Un-audited)		December 31, 2019 (Audited)	
	Non performing investments	Provision	Non performing investments	Provision
10.3.2 Particulars of provision against equity / debt investments	----- Rupees in '000 -----			
Category of classification				
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	514,344	126,407
Loss	917,188	655,658	378,586	378,586
Total	<u>917,188</u>	<u>655,658</u>	<u>892,930</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).

	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)
11 ADVANCES - NET	----- 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
	<u>44,361,453</u>	<u>42,246,417</u>	<u>33,149,246</u>	<u>33,804,371</u>	<u>77,510,699</u>	<u>76,050,788</u>
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
	<u>354,174</u>	<u>375,902</u>	<u>3,405</u>	<u>3,405</u>	<u>357,579</u>	<u>379,307</u>
Advances - gross	<u>44,715,627</u>	<u>42,622,319</u>	<u>33,152,651</u>	<u>33,807,776</u>	<u>77,868,278</u>	<u>76,430,095</u>
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
	<u>1,955</u>	<u>1,812</u>	<u>14,903,952</u>	<u>15,297,231</u>	<u>14,905,907</u>	<u>15,299,043</u>
Total Advances - Net	<u>44,713,672</u>	<u>42,620,507</u>	<u>18,248,699</u>	<u>18,510,545</u>	<u>62,962,371</u>	<u>61,131,052</u>

11.1 Particulars of advances (Gross)	June 30, 2020 Un-audited	December 31, 2019 Audited
	----- (Rupees '000) -----	
In local currency	77,868,278	76,430,095
In foreign currencies	-	-
	<u>77,868,278</u>	<u>76,430,095</u>

11.2 Advances which have been placed under non-performing status 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	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	<u>33,152,651</u>	<u>14,903,952</u>	<u>33,807,776</u>	<u>15,297,231</u>

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

11.2.2 The Bank has availed the benefit of forced sale value on plant and machinery under charge and mortgaged residential and commercial property (land and building only) held as collateral against non-performing advances on the basis of the instructions of the State Bank of Pakistan. Had the benefit not been taken by the Bank, specific provision against non-performing advances would have been higher by Rs.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	<u>14,903,952</u>	<u>1,955</u>	<u>14,905,907</u>	<u>15,297,231</u>	<u>1,812</u>	<u>15,299,043</u>

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



		June 30, 2020	December 31, 2019
		Un-audited	Audited
	Note	----- (Rupees '000) -----	
12 FIXED ASSETS			
Capital work-in-progress	12.1	12,845	21,495
Property and equipment		1,477,478	1,574,036
Right of use assets		1,871,672	2,192,469
		<u>3,361,995</u>	<u>3,788,000</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>

		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	<u>58,451</u>	<u>90,507</u>

Disposal of fixed assets

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

Vehicle	1,276	709
Total	<u>1,276</u>	<u>709</u>

		June 30, 2020	December 31, 2019
		Un-audited	Audited
		----- (Rupees '000) -----	
13 INTANGIBLE ASSETS			
Computer Software		78,894	39,964
Others		-	-
		<u>78,894</u>	<u>39,964</u>

	June 30, 2020	June 30, 2019
	Un-audited	
	----- Rupees in '000 -----	
Additions to intangible assets		
The following additions have been made to intangible assets during the period:		
Computer Software	<u>50,312</u>	<u>4,722</u>
Disposals of intangible assets		
The net book value of intangible assets disposed off during the period.		
	<u>-</u>	<u>-</u>
	June 30, 2020	December 31, 2019
	Un-audited	Audited
	----- (Rupees '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	-
	<u>7,745,102</u>	8,639,117
Taxable Temporary Differences on		
- Accelerated tax depreciation - right of use assets	-	41,594
- Accelerated tax depreciation - tangible assets	(50,939)	(66,027)
- Accelerated tax amortization - intangible assets	(7,600)	(8,076)
	<u>(58,539)</u>	(32,509)
	<u>7,686,563</u>	8,606,608
15 OTHER ASSETS		
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>	3,853,130
16 BILLS PAYABLE		
In Pakistan	617,001	495,010
Outside Pakistan	-	-
	<u>617,001</u>	495,010



17	BORROWINGS	Note	June 30, 2020	December 31, 2019			
			Un-audited	Audited			
----- (Rupees '000) -----							
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 represents 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.						
18	DEPOSITS AND OTHER ACCOUNTS						
			June 30, 2020 (Un-audited)	December 31, 2019 (Audited)			
			In Local Currency	In Local Currency			
			In Foreign Currencies	In Foreign Currencies			
			Total	Total			
----- Rupees in '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	December 31, 2019	
	Un-audited	Audited	
19 OTHER LIABILITIES	----- (Rupees '000) -----		
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 - NET			
20.1 Authorised capital			
June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
Un-audited	Audited	Un-audited	Audited
Number of Shares			
----- Rupees in '000 -----			
<u>2,000,000,000</u>	<u>2,000,000,000</u>	<u>20,000,000</u>	<u>20,000,000</u>
Ordinary shares of Rs.10 each			
20.2 Issued, subscribed and paid-up share capital			
<u>1,971,013,000</u>	<u>1,971,013,000</u>	<u>19,710,130</u>	<u>19,710,130</u>
Ordinary shares of Rs.10 each Fully paid in cash			
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	
	<u>119,904</u>	<u>(2,918,976)</u>	
Related deferred taxation	(46,764)	1,138,399	
	<u>73,140</u>	<u>(1,780,577)</u>	



	Note	June 30, 2020 Un-audited	December 31, 2019 Audited
----- (Rupees '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
		----- 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	(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>



		For Half Year ended	
		June 30, 2020	June 30, 2019
Note		----- Un-audited -----	----- Rupees in '000 -----
29	OPERATING EXPENSES		
	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	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

For Half Year ended

	June 30, 2020	June 30, 2019
Note	----- Un-audited -----	----- 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 period	11.2.3	(393,136)		2,656,049
Bad debts written off directly		-		-
		(242,471)		2,723,539



	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	<u>(265,118)</u>	<u>(2,099,988)</u>
	<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	<u>547,672</u>	<u>1,545,059</u>
	<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.

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.

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
	<u>2,158,611</u>	<u>94,440,147</u>	<u>-</u>	<u>96,598,758</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 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
	<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 30, 2020 (Un-audited)				
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
	----- Rupees in '000 -----				
Profit & Loss					
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					
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
- 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

June 30, 2020 (Un-audited)					
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
----- Rupees in '000 -----					
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

June 30, 2019 (Un-audited)					
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
----- Rupees in '000 -----					
Profit & Loss					
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
----- Rupees in '000 -----					
Balance Sheet					
Cash & Bank balances	7,655,084	-	-	6,736,252	14,391,336
Investments	65,143,452	-	-	-	65,143,452
Net inter segment lending	-	-	-	77,263,685	77,263,685
Lendings to financial institutions	3,645,392	-	-	-	3,645,392
Advances - performing	34,685	175,431	-	42,410,391	42,620,507
- non-performing	-	-	-	18,510,545	18,510,545
Others	3,590,828	1,675	-	12,695,199	16,287,702
Total Assets	80,069,441	177,106	-	157,616,072	237,862,619



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

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 period	-	-	-	-	-	-	-	-
Investment redeemed / disposed off during the period	-	-	-	-	-	-	-	-
Closing balance	-	-	750,000	-	-	750,000	-	-
Advances								
Opening balance	-	62,587	-	46,874	-	124,018	76,518	109,375
Addition during the period	-	10,103	-	-	-	15,091	-	-
Repaid during the period	-	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 period	42,684	149,828	541,318	3,680,101	220,006	428,671	3,649,601	13,320,173
Withdrawn during the period	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



	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.

	June 30, 2020 Un-audited	December 31, 2019 Audited
	----- (Rupees '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	8,635,395	8,635,395
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 method	Maturity method
Operational Risk	Basic Indicator	Basic Indicator
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>



40 ISLAMIC BANKING BUSINESS

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

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

		June 30, 2020 Un-audited	December 31, 2019 Audited
	Note	----- (Rupees '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		

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

		June 30, 2020	June 30, 2019
	Note	----- Un-audited ----- ----- 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)



The cash flow statement of these branches is as follows:

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

40.1 Investments	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:								
- 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	<u>394,091</u>	<u>-</u>	<u>347</u>	<u>394,438</u>	<u>791,856</u>	<u>-</u>	<u>15,330</u>	<u>807,186</u>

40.2 Islamic financing and related assets	June 30, 2020	December 31, 2019
	Un-audited	Audited
----- (Rupees '000) -----		
Ijarah financing under IFAS 2	49,384	61,542
Morabaha financing	619,525	644,525
Diminishing musharakah financing	1,646,810	1,790,039
	<u>2,315,719</u>	<u>2,496,106</u>
Less: provision against Islamic financings		
- Specific	3,761	-
- General	-	-
	<u>3,761</u>	<u>-</u>
Islamic financing and related assets - net of provision	<u>2,311,958</u>	<u>2,496,106</u>

40.3 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 in '000 -----						
Customers						
Current deposits	472,153	4,328	476,481	413,250	2,704	415,954
Savings deposits	1,230,068	86,657	1,316,725	808,969	84,567	893,536
Term deposits	689,893	-	689,893	523,193	-	523,193
Margin and other deposits	5,745	-	5,745	20,938	-	20,938
	<u>2,397,859</u>	<u>90,985</u>	<u>2,488,844</u>	<u>1,766,350</u>	<u>87,271</u>	<u>1,853,621</u>
Financial Institutions						
Current deposits	1,199	-	1,199	956	-	956
Savings deposits	1,137,459	-	1,137,459	1,238,794	-	1,238,794
Margin and other deposits	30	-	30	30	-	30
	<u>1,138,688</u>	<u>-</u>	<u>1,138,688</u>	<u>1,239,780</u>	<u>-</u>	<u>1,239,780</u>
	<u>3,536,547</u>	<u>90,985</u>	<u>3,627,532</u>	<u>3,006,130</u>	<u>87,271</u>	<u>3,093,401</u>



	June 30, 2020 Un-audited	December 31, 2019 Audited
	----- (Rupees '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 the Half year ended	
	June 30, 2020	June 30, 2019
	----- Un-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>
	June 30, 2020	December 31, 2019
	Un-audited Audited	
	----- (Rupees '000) -----	
40.7 Islamic Banking Business Accumulated Loss		
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>

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 August 27, 2020.


Chairman


President and
Chief Executive Officer


Director


Director


Chief Financial Officer



Consolidated Condensed Interim Statement of Financial Position As At June 30, 2020

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

Consolidated Condensed Interim Profit And Loss Account (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	
Note	----- (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



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	<u>(316,044)</u>	<u>(2,851,709)</u>	<u>(494,710)</u>	<u>(1,271,335)</u>
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

Consolidated Condensed Interim Statement Of Changes In Equity (Un-audited) For The Half Year Ended June 30, 2020

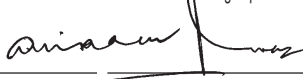
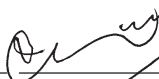

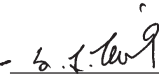
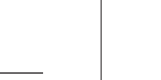
	Capital Reserves						Unappropriated Profit / (Loss) ***	Total
	Share Capital	Shares Deposit Money	Share Premium	Statutory Reserve *	Depositors protection fund reserve**	Surplus / (Deficit) on revaluation of assets		
	----- Rupees in '000 -----							
Balance as at January 01, 2019	10,010,130	-	51	1,469,425	4,374	(4,181,968)	4,023,905	11,325,917
Loss for the 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 11.2.2 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.

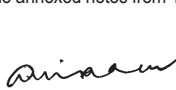
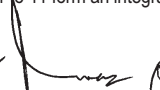
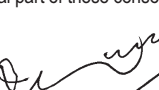
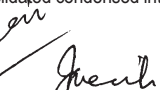
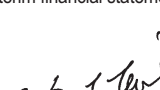
				
Chairman	President and Chief Executive Officer	Director	Director	Chief Financial Officer



Consolidated Condensed Interim Statement of Cash Flows (Un-audited) For The Half Year Ended June 30, 2020

		June 30, 2020	June 30, 2019
	Note	----- (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 from / (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 (used in) / 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

Notes To The Consolidated Condensed Interim Financial Statements For The Half Year 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. concerted efforts for recovery and reduction of Non-Performing Loans.
 - 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 January 01, 2021.

6. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Group are consistent with those disclosed in the consolidated audited financial statements 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 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 are being processed with taking proper care as per the guidelines provided by the Pakistan Banks Association (PBA).

The Credit Risk along with other credit support divisions are closely monitoring the borrowers which have availed the SBP enabled deferment/ restructuring & rescheduling relief. Periodic monitoring of the borrower's accounts is being done in order to monitor 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) 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 June 30, 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 statements of the current period.

6.4 Operational Risk Management:

The Group are closely monitoring the covid-19 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 measures 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 levels 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 Un-audited	December 31, 2019 Audited
	Note	----- (Rupees '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
		16,061,422	13,566,622

- 7.1 This represents the cash reserve required to be maintained with SBP as per the requirement of Section 22 of the Banking Companies Ordinance, 1962. This is a sum not less than such percentage of the Group's time and demand liabilities in Pakistan as may be prescribed by the SBP.
- 7.2 This represents US Dollar Settlement Account maintained with SBP.
- 7.3 This represents foreign currency (FCY) cash reserve maintained with SBP to comply with statutory reserve requirement applicable to Bank's FCY deposits.
- 7.4 This represents foreign currency special cash reserve maintained with SBP. The Group is entitled to earn profit which is declared by SBP on a monthly basis. During the period, the SBP has declared profits in the range of 0.51% to 0.76% (2019 : 0.70% to 1.50%) per annum.

	June 30, 2020 Un-audited	December 31, 2019 Audited
Note	----- (Rupees '000) -----	
8 BALANCES WITH OTHER BANKS		
In Pakistan		
In current accounts	23,900	29,732
In savings accounts	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.	8.1	
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 '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 '000) -----		
10.2 Investments given as collateral		
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 period	150,665	261,781
Reversal in the period	-	-
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	Provision	Non performing investments	Provision
Category of classification	----- Rupees in '000 -----			
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	514,344	126,407
Loss	917,188	655,658	378,586	378,586
Total	<u>917,188</u>	<u>655,658</u>	<u>892,930</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).



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
 ----- (Rupees '000) -----
 December 31, 2019
 Audited

11.1 Particulars of advances (Gross)

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	Note	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 period	(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.

	June 30, 2020	June 30, 2019
	Un-audited	
	----- Rupees in '000 -----	
Additions to intangible assets		
The following additions have been made to intangible assets during the period:		
Computer Software	-	4,835
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 '000) -----	
14 DEFERRED TAX ASSETS -NET		
Deductible Temporary Differences on		
- Provision against advances - general	4,745,728	5,190,961
- Tax losses carried forward	2,836,797	2,212,111
- Provision for diminution in the value of investments	94,853	94,853
- Deficit on revaluation of investments	(46,762)	-
- Others	114,486	1,138,399
	7,745,102	8,636,324
Taxable Temporary Differences on		
- Accelerated tax depreciation - right of use assets	-	52,075
- Accelerated tax depreciation - tangible assets	(44,896)	(67,022)
- Accelerated tax amortization - intangible assets	(7,600)	(8,076)
	(52,496)	(23,023)
	7,692,606	8,613,301
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
	4,602,765	3,885,945
16 BILLS PAYABLE		
In Pakistan	617,001	495,010
Outside Pakistan	-	-
	617,001	495,010



17	BORROWINGS	Note	June 30,	December 31,
			2020	2019
			Un-audited	Audited
----- (Rupees '000) -----				
	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
			750,000	800,000
			<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			December 31, 2019		
	(Un-audited)			(Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
----- Rupees in '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
	<u>149,435,940</u>	<u>1,332,669</u>	<u>150,768,609</u>	<u>128,285,661</u>	<u>1,334,359</u>	<u>129,620,020</u>
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
	<u>4,460,890</u>	<u>18</u>	<u>4,460,908</u>	<u>4,465,759</u>	<u>17</u>	<u>4,465,776</u>
	<u>153,896,830</u>	<u>1,332,687</u>	<u>155,229,517</u>	<u>132,751,420</u>	<u>1,334,376</u>	<u>134,085,796</u>

	June 30, 2020	December 31, 2019																	
	Un-audited	Audited																	
	----- (Rupees '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																	
	<u>5,598,096</u>	<u>4,876,235</u>																	
20 SHARE CAPITAL - NET																			
20.1 Authorised capital																			
<table border="0" style="width: 100%;"> <thead> <tr> <th style="width: 30%;"></th> <th style="text-align: right; width: 20%;">June 30, 2020</th> <th style="text-align: right; width: 20%;">December 31, 2019</th> <th style="width: 30%;"></th> </tr> <tr> <th></th> <th style="text-align: right;">Un-audited</th> <th style="text-align: right;">Audited</th> <th></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Number of Shares</td> <td colspan="2" style="text-align: center;">----- Rupees in '000 -----</td> <td></td> </tr> <tr> <td>2,000,000,000</td> <td style="text-align: right;"><u>2,000,000,000</u></td> <td style="text-align: right;"><u>2,000,000,000</u></td> <td>Ordinary shares of Rs.10 each</td> </tr> </tbody> </table>		June 30, 2020	December 31, 2019			Un-audited	Audited		Number of Shares	----- Rupees in '000 -----			2,000,000,000	<u>2,000,000,000</u>	<u>2,000,000,000</u>	Ordinary shares of Rs.10 each	June 30, 2020	December 31, 2019	
	June 30, 2020	December 31, 2019																	
	Un-audited	Audited																	
Number of Shares	----- Rupees in '000 -----																		
2,000,000,000	<u>2,000,000,000</u>	<u>2,000,000,000</u>	Ordinary shares of Rs.10 each																
	Un-audited	Audited																	
	----- Rupees in '000 -----																		
2,000,000,000	<u>2,000,000</u>	<u>20,000,000</u>																	

 June 30, 2020 | **December 31, 2019** | || | **Un-audited** | **Audited** | |
| | **----- Rupees in '000 -----** | | |
| **2,000,000,000** | **2,000,000** | **20,000,000** | |
 June 30, 2020 | **December 31, 2019** | || | **Un-audited** | **Audited** | |
| | **----- Rupees in '000 -----** | | |
| **2,000,000,000** | **2,000,000** | **20,000,000** | |
 June 30, 2020 | **December 31, 2019** | || | **Un-audited** | **Audited** | |
| | **----- Rupees in '000 -----** | | |
| **2,000,000,000** | **2,000,000** | **20,000,000** | |
 June 30, 2020 | **December 31, 2019** | || | **Un-audited** | **Audited** | |
| | **----- Rupees in '000 -----** | | |
| **2,000,000,000** | **2,000,000** | **20,000,000** | |
 June 30, 2020 | **December 31, 2019** | || | **Un-audited** | **Audited** | |
| | **----- Rupees in '000 -----** | | |
| **2,000,000,000** | **2,000,000** | **20,000,000** | |
 June 30, 2020 | **December 31, 2019** | || | **Un-audited** | **Audited** | |
| | **----- Rupees in '000 -----** | | |
| **2,000,000,000** | **2,000,000** | **20,000,000** | |
 June 30, 2020 | **December 31, 2019** | || | **Un-audited** | **Audited** | |
| | **----- Rupees in '000 -----** | | |
| **2,000,000,000** | **2,000,000** | **20,000,000** | |
 June 30, 2020 | **December 31, 2019** | || | **Un-audited** | **Audited** | |
| | **----- Rupees in '000 -----** | | |
| **2,000,000,000** | **2,000,000** | **20,000,000** | |
 June 30, 2020 | **December 31, 2019** | || | **Un-audited** | **Audited** | |
| | **----- Rupees in '000 -----** | | |
| **2,000,000,000** | **2,000,000** | **20,000,000** | |
 June 30, 2020 | **December 31, 2019** | || | **Un-audited** | **Audited** | |
| | **----- Rupees in '000 -----** | | |
| **2,000,000,000** | **2,000,000** | **20,000,000** | |
 June 30, 2020 | **December 31, 2019** | || | **Un-audited** | **Audited** | |
| | **----- Rupees in '000 -----** | | |
| **2,000,000,000** | **2,000,000** | **20,000,000** | |
 June 30, 2020 | **December 31, 2019** | || | **Un-audited** | **Audited** | |
| | **----- Rupees in '000 -----** | | |
| **2,000,000,000** | **2,000,000** | **20,000,000** | |
 June 30, 2020 | **December 31, 2019** | || | **Un-audited** | **Audited** | |
| | **----- Rupees in '000 -----** | | |
| **2,000,000,000** | **2,000,000** | **20,000,000** | |
 June 30, 2020 | **December 31, 2019** | || | **Un-audited** | **Audited** | |
| | **----- Rupees in '000 -----** | | |
| **2,000,000,000** | **2,000,000** | **20,000,000** | |
 June 30, 2020 | **December 31, 2019** | || | **Un-audited** | **Audited** | |
| | **----- Rupees in '000 -----** | | |
| **2,000,000,000** | **2,000,000** | **20,000,000** | |
 June 30, 2020 | **December 31, 2019** | || | **Un-audited** | **Audited** | |
| | **----- Rupees in '000 -----** | | |
| **2,000,000,000** | **2,000,000** | **20,000,000** | |
 June 30, 2020 | **December 31, 2019** | || | **Un-audited** | **Audited** | |
| | **----- Rupees in '000 -----** | | |
| **2,000,000,000** | **2,000,000** | **20,000,000** | |
 June 30, 2020 | **December 31, 2019** | || | **Un-audited** | **Audited** | |
| | **----- Rupees in '000 -----** | | |
| **2,000,000,000** | **2,000,000** | **20,000,000** | |
 June 30, 2020 | **December 31, 2019** | || | **Un-audited** | **Audited** | |
| | **----- Rupees in '000 -----** | | |
| **2,000,000,000** | **2,000,000** | **20,000,000** | |
 June 30, 2020 | **December 31, 2019** | || | **Un-audited** | **Audited** | |
| | **----- Rupees in '000 -----** | | |
| **2,000,000,000** | **2,000,000** | **20,000,000** | |
 June 30, 2020 | **December 31, 2019** | || | **Un-audited** | **Audited** | |
| | **----- Rupees in '000 -----** | | |
| **2,000,000,000** | **2,000,000** | **20,000,000** | |
 June 30, 2020 | **December 31, 2019** | || | **Un-audited** | **Audited** | |
| | **----- Rupees in '000 -----** | | |
| **2,000,000,000** | **2,000,000** | **20,000,000** | |
 June 30, 2020 | **December 31, 2019** | || | **Un-audited** | **Audited** | |
| | **----- Rupees in '000 -----** | | |
| **2,000,000,000** | **2,000,000** | **20,000,000** | |
 June 30, 2020 | **December 31, 2019** | || | **Un-audited** | **Audited** | |
| | **----- Rupees in '000 -----** | | |
| **2,000,000,000** | **2,000,000** | **20,000,000** | |
 June 30, 2020 | **December 31, 2019** | || | **Un-audited** | **Audited** | |
| | **----- Rupees in '000 -----** | | |
| **2,000,000,000** | **2,000,000** | **20,000,000** | |
 June 30, 2020 | **December 31, 2019** | || | **Un-audited** | **Audited** | |
| | **----- Rupees in '000 -----** | | |
| **2,000,000,000** | **2,000,000** | **20,000,000** | |
 June 30, 2020 | **December 31, 2019** | || | **Un-audited** | **Audited** | |
| | **----- Rupees in '000 -----** | | |
| **2,000,000,000** | **2,000,000** | **20,000,000** | |
 June 30, 2020 | **December 31, 2019** | || | **Un-audited** | **Audited** | |
| | **----- Rupees in '000 -----** | | |
| **2,000,000,000** | **2,000,000** | **20,000,000** | |
 June 30, 2020 | **December 31, 2019** | || | **Un-audited** | **Audited** | |
| | **----- Rupees in '000 -----** | | |
| **2,000,000,000** | **2,000,000** | **20,000,000** | |
 June 30, 2020 | **December 31, 2019** | || | **Un-audited** | **Audited** | |
| | **----- Rupees in '000 -----** | | |
| **2,000,000,000** | **2,000,000** | **20,000,000** | |
 June 30, 2020 | **December 31, 2019** | || | **Un-audited** | **Audited** | |
| | **----- Rupees in '000 -----** | | |
| **2,000,000,000** | **2,000,000** | **20,000,000** | |
 June 30, 2020 | **December 31, 2019** | || | **Un-audited** | **Audited** | |
| | **----- Rupees in '000 -----** | | |
| **2,000,000,000** | **2,000,000** | **20,000,000** | |
 June 30, 2020 | **December 31, 2019** | || | **Un-audited** | **Audited** | |
| | **----- Rupees in '000 -----** | | |
| **2,000,000,000** | **2,000,000** | **20,000,000** | |
 June 30, 2020 | **December 31, 2019** | || | **Un-audited** | **Audited** | |
| | **----- Rupees in '000 -----** | | |
| **2,000,000,000** | **2,000,000** | **20,000,000** | |
 June 30, 2020 | **December 31, 2019** | || | **Un-audited** | **Audited** | |
| | **----- Rupees in '000 -----** | | |
| **2,000,000,000** | **2,000,000** | **20,000,000** | |
 June 30, 2020 | **December 31, 2019** | || | **Un-audited** | **Audited** | |
| | **----- Rupees in '000 -----** | | |
| **2,000,000,000** | **2,000,000** | **20,000,000** | |
 June 30, 2020 | **December 31, 2019** | || | **Un-audited** | **Audited** | |
| | **----- Rupees in '000 -----** | | |
| **2,000,000,000** | **2,000,000** | **20,000,000** | |
 June 30, 2020 | **December 31, 2019** | || | **Un-audited** | **Audited** | |
| | **----- Rupees in '000 -----** | | |
| **2,000,000,000** | **2,000,000** | **20,000,000** | |
 June 30, 2020 | **December 31, 2019** | || | **Un-audited** |



		June 30, 2020 Un-audited	December 31, 2019 Audited
	Note	----- (Rupees '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
		----- 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,	June 30,
		2020	2019
Note		----- Un-audited -----	----- Rupees in '000 -----
29	OPERATING EXPENSES		
	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	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, **June 30,**
2020 **2019**

----- Un-audited -----

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

Note

29.1 Total compensation expense

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
	<u>1,236,533</u>	<u>1,201,575</u>

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	-
	<u>6,965</u>	<u>5,603</u>

30 OTHER CHARGES

Penalties imposed by State Bank of Pakistan	5	4,663
Others	-	-
	<u>5</u>	<u>4,663</u>

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 period	11.2.3	(380,424)	2,658,429
Bad debts written off directly		587	1,142
		<u>(229,172)</u>	<u>2,727,061</u>



	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	<u>(264,468)</u>	<u>(2,100,128)</u>
	<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	<u>817,224</u>	<u>2,260,603</u>
	<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 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
	<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
	----- Rupees in '000 -----				
Profit & Loss					
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
- 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

June 2020 (Un-audited)					
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
----- Rupees in '000 -----					
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
----- Rupees in '000 -----					
Profit & Loss					
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
----- Rupees in '000 -----					
Balance Sheet					
Cash & Bank balances	7,655,084	255,823	-	6,736,252	14,647,159
Investments	65,143,452	(130,905)	-	-	65,012,547
Net inter segment lending	-	-	-	77,263,685	77,263,685
Lendings to financial institutions	3,645,392	-	-	-	3,645,392
Advances - performing	34,685	1,012,302	-	42,413,044	43,460,031
- non-performing	-	13,104	-	18,507,891	18,520,995
Others	3,590,828	93,961	-	12,695,199	16,379,988
Total Assets	80,069,441	1,244,285	-	157,616,071	238,929,797



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

38 RELATED PARTY TRANSACTIONS

The related parties of the 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)		
	Director	Key Management Personal	Other Related Parties	Director	Key Management Personal	Other Related Parties
----- Rupees in '000 -----						
Investments						
Opening balance	-	-	-	-	-	-
Investment made during the period	-	-	-	-	-	-
Investment redeemed / disposed off during the period	-	-	-	-	-	-
Closing balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Advances						
Opening balance	-	80,894	46,874	-	124,018	109,375
Addition during the period	-	10,103	-	-	33,398	-
Repaid during the period	-	8,825	31,250	-	17,563	62,501
Transfer in / (out) - net	-	-	-	-	(58,959)	-
Closing balance	<u>-</u>	<u>82,172</u>	<u>15,624</u>	<u>-</u>	<u>80,894</u>	<u>46,874</u>
Other Assets						
Interest / mark-up receivables	-	68	482	-	-	435
Other receivables	-	-	1,043	-	30	2,292
	<u>-</u>	<u>68</u>	<u>1,525</u>	<u>-</u>	<u>30</u>	<u>2,727</u>
Deposits and other accounts						
Opening balance	21,698	68,026	3,519,086	52,636	65,375	1,231,625
Received during the period	42,684	149,828	3,680,101	220,006	429,637	13,320,173
Withdrawn during the period	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	<u>24,259</u>	<u>64,865</u>	<u>4,054,294</u>	<u>21,698</u>	<u>68,026</u>	<u>3,519,086</u>
Other Liabilities						
Provision for gratuity	-	-	-	-	-	15
Interest / mark-up payable	100	909	140,624	245	865	46,685
	<u>100</u>	<u>909</u>	<u>140,624</u>	<u>245</u>	<u>865</u>	<u>46,700</u>



	June 30, 2020 (Un-audited)			June 30, 2019 (Un-audited)		
	Director	Key Management Personal	Other Related Parties	Director	Key Management Personal	Other Related Parties
	----- Rupees in '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.

	June 30, 2020 Un-audited	December 31, 2019 Audited
	----- (Rupees '000) -----	
39 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	<u>15,186,938</u>	<u>15,510,472</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	12,084,427	9,494,152
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	<u>12,084,427</u>	<u>9,494,152</u>
Eligible Tier 2 Capital	-	-
Total Eligible Capital (Tier 1 + Tier 2)	<u>12,084,427</u>	<u>9,494,152</u>
Risk Weighted Assets (RWAs):		
Credit Risk	43,104,447	44,530,403
Market Risk	16,183,723	14,322,638
Operational Risk	9,007,923	9,007,923
Total Risk Weighted Assets	<u>68,296,093</u>	<u>67,860,964</u>
Common Equity Tier 1 Capital Adequacy ratio	<u>17.69%</u>	<u>13.99%</u>
Tier 1 Capital Adequacy Ratio	<u>17.69%</u>	<u>13.99%</u>
Total Capital Adequacy Ratio	<u>17.69%</u>	<u>13.99%</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 method	Maturity method
Operational Risk	Basic Indicator	Basic Indicator
Leverage Ratio (LR):		
Eligible Tier-1 Capital	12,084,427	9,494,152
Total Exposures	<u>226,859,797</u>	<u>167,315,997</u>
Leverage Ratio (%)	<u>5.33%</u>	<u>5.67%</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>



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 August 27, 2020.


Chairman


President and
Chief Executive Officer


Director


Director


Chief Financial Officer

Branch Network

SOUTHERN REGION

KARACHI AREA

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

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

Mr. Dilawar Ahmed Dakhan
 SVP-I & Area Manager,
 Area II, Karachi
 Tel: 021-35290331
 Email:dilawar.dakhan@sindhbankltd.com

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

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

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

Mr. Zahid Noshewani
 VP-II & Area Manager,
 Area VI, Karachi
 Tel: 35680251-2
 Email:zahid.noshewani@sindhbankltd.com

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

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

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

BALUCHISTAN AREA

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

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

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

RURAL SINDH REGION

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

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



Mr. Syed Tabish Ali Shah

VP-II & Area Manager,
Hyderabad Area II
Tel: 022-2653170
Email: tabish.shah@sindhbankltd.com

Mr. Kashif Ahmed Memon

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

Mr. Bashir Ahmed Wassan

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

Mr. Jamil Ahmed Shaikh

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

Mr. Muhammad Yousif

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

Mr. Bashir Ahmed Ghoto

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

Mr. Kazim Hussain Qadri

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

Mr. Abdul Majid Khoso

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

Mr. Syed Gul Muhammad Shah

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

PUNJAB & NORTHERN REGION

Mr. Farhan Ashraf Khan

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

Mr. Rizwan Mahmood Khan

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

Ms. Shazia Andleeb

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

Mr. Salman Satti

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

Mr. Shoaib Naseem Khan

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

Syed Akram Hussain Zaidi

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

Mr. Syed Sohail Abbas

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

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

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

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

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

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

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

Number of Branches

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

SERVING YOU IN MANY WAYS

Products & Services

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

SMS Banking

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



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

0800-33322 www.sindhbank.com.pk /SindhBankLimitedOfficial /SindhBankLimited /company/sindh-bank-limited