



IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO

شہید محترمہ بینظیر بھٹو کی یاد میں

SINDH BANK
سندھ بینک
POWER TO THE PEOPLE
بااختیار عوام



THIRD QUARTERLY REPORT
SEPTEMBER 30

2020

Contents

Vision and Mission Statements	02
Corporate Information.....	03
Directors' Report (English).....	04
Directors' Report (Urdu).....	08
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.....	53
Consolidated Condensed Interim Profit and Loss Account	54
Consolidated Condensed Interim Statement of Comprehensive Income.....	55
Consolidated Condensed Interim Statement of Changes in Equity.....	56
Consolidated Condensed Interim Statement of Cash Flows	57
Notes to the Consolidated Condensed Interim Financial Statements	58
Branch Network	86



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 nine months ended September 30, 2020. Review of performance during the period is given below.

Pre-tax loss for the nine months ended September 30, 2020 amounted to Rs.921.8 mn contrasting with loss of Rs.7.6 bn reported in the same period last year. Improvement in the Bank's performance trend are visible as the Bank registered (i) increase of 53.65% in net markup/interest Income, (ii) reversal of specific provision of Rs.33.9 mn (net) compared to additional provision of Rs.4,653.6 mn last year. Additional provision/impairment of Rs.1,076.4 mn, was more than offset by write-back amounting to Rs.1,110.0 mn, due to recovery of NPLs.

Summarized financial performance data is as follows:

(Rs. in '000)

Balance Sheet	As on	As on	% age Change
	Sept 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	(3,456,971)	(2,852,352)	-21.20%
Paid up Capital & Reserves	18,253,159	18,857,778	-3.21%
Surplus/(Deficit) on Revaluation	(320,401)	(1,780,577)	
Equity	17,932,758	17,077,201	5.01%
Borrowings	55,729,811	4,192,284	1229.34%
Deposits	166,272,066	134,049,662	24.04%
Investments (carrying value)	145,736,471	65,143,452	123.72%
Gross Advances	75,893,910	76,430,095	-0.70%
Profit & Loss Account	Nine Months Ended	Nine Months Ended	%age Change
	Sept 30, 2020	Sept 30, 2019	
Markup/return/interest income	11,283,522	9,046,858	
Markup/return/interest expenses	8,995,006	7,557,391	
Net markup/return/interest income	2,288,516	1,489,467	53.65%
Gain/loss on sale of Investments	(62,316)	(1,256,997)	
Dividend Income	75,869	100,674	
Fee, Commission & Other Income	379,835	355,508	
Non-mark-up/non-interest income	393,388	(800,815)	149.12%
Non mark-up/interest expenses	3,637,619	3,619,550	-0.50%
Provision-general (Consumer/SME)	78	257	
Provision/(Reversal) -specific	(33,999)	4,653,612	
Provisions	(33,921)	4,653,869	
Profit/(Loss) before Tax	(921,794)	(7,584,767)	87.85%
Profit/(Loss) After Tax	(604,619)	(4,553,732)	86.72%
Earnings/(Loss) per share (Rupees)	(0.31)	(4.55)	93.25%
Other Information	As On	As On	%age Change
	Sept 30, 2020	Dec 31, 2019	
No. of Accounts	488,975	511,779	-4.46%
Number of Branches	330	330	

The Balance Sheet footing over December 31, 2019 has increased to Rs.245.99 bn, depicting growth by Rs.85.4 bn (53.2%) whereas Deposits touched a record high of Rs.166 bn on September 30, 2020. This revival comes on the back of the low of Rs.105 bn in September 2019, an increase of 58% over the last one year. Growth in deposits during the reporting quarter was 7.1% (Rs.11 bn). Gross Advances decreased by 0.7% to Rs. 75.9 billion from Rs. 76.4 billion as at December 31, 2019. Investment portfolio increased by 123.7% over the position as at December 31, 2019. The Bank has re-vamped its Home Remittances activity during the second quarter and results have been remarkable, showing an increase of 150% in Rupee terms over corresponding period of 2019 and 127% in US\$ terms for the same period. As a result, the Bank contributed prominently in flow of FCY funds into the country. Number of customer accounts stood at 488,975, decreasing by 22,804 accounts (i.e. 4.46%), mainly due to closure of approximately 42,600 BISP accounts. Other than BISP, number of other customer accounts increased by 19,796.

Despite constrained by onset of Covid-19, the management has tried to maintain active liaison with the Bank's Retail Banking team and branches across Pakistan. By the grace of Allah almighty, these efforts, unprecedented in Bank's history, are bearing fruit, as evident above. This is very encouraging and bodes well for the future of the Bank.

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

Globally, in its update of the World Economic Outlook released in October 2020, IMF has projected Global growth to contract by 4.4% in FY 2020, a less severe contraction than forecast in the June 2020 World Economic Outlook (-4.9%). The revision reflects better-than anticipated second quarter GDP figures, mostly in advanced economies, where activity began to improve sooner than expected after lockdowns were scaled back in May and June 2020, as well as indicators of a stronger recovery in the third quarter. Global growth is projected at 5.2% in 2021, reflecting the more moderate downturn projected for 2020. Following the contraction in 2020 and recovery in 2021, the level of global GDP in 2021 is expected to be a modest 0.6% above that of 2019. The growth projections imply wide negative output gaps and elevated unemployment rates this year and in 2021 across both advanced and emerging market economies.

On the domestic front, Covid-19 pandemic severely dampened economic activity and FY 2020 GDP growth contracted by 0.40%. Before Covid-19, the Government had set a 4.0 % GDP growth target for FY 2020. Following deep contraction during March and April 2020, large scale manufacturing (LSM) index returned to expansion while high-frequency demand indicators such as auto sales, cement dispatches, POL sales and electricity consumption, picked up, while hospitality and service sectors remained subdued. Business confidence and outlook for growth has improved. Going forward, SBP projects growth to recover to slightly above 2.0% in FY 2021. Moody's expects Pakistan's economic growth in fiscal 2021 (ending June 2021) to be between 1-2 %.

On the Monetary Policy front, the policy rate remained unchanged at 7% during the quarter, however during the period ended September 30, 2020, the rate witnessed a 625 bps reduction. YOY headline inflation in September 2020 stood at 9.04%. The increase was almost entirely on account of food inflation, urban as well as rural. Forecast for inflation has risen slightly, primarily due to supply side shocks to food prices. Average inflation is now expected to fall within the previously announced range of 7 to 9%.



In addition to the above-stated policy rate decrease, the Monetary Policy Statement (September 2020) cites that series of targeted measures undertaken by SBP since the onset of Covid-19, has injected significant liquidity and further lowered funding costs for businesses and households. Together, these measures have injected an estimated stimulus of Rs. 1.58 Tn (3.8% of GDP), in the cash flows of businesses and households. Such measures include 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 reported forex reserves as at September 25, 2020 were US\$19.5 bn (including US\$12.4 bn with SBP). External account witnessed improvement with current account surplus during the 2 months of FY 2020 closing at US\$805 mn (1.8% of GDP) in comparison to the deficit of US\$1,214 mn (-2.80% of GDP) in the same period last year. Significant improvement in the external account position has been led by an increase in home remittances, which increased by 31% to US\$7,147 mn during the first quarter of FY 2021.

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 continued its profitable journey even during the challenging COVID-19 pandemic and lockdown situation and registered a profit after tax of Rs.48.5 mn (September 30, 2019: Rs.37.9 mn). As at September 30, 2020 the net equity of SMFB stood at Rs.938 mn with a paid up capital of Rs.750 mn and accumulated reserves of Rs.188 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 of approximately Rs.3.3 bn (more than 135,000 loans) through its presence in 75 locations in the province of Sindh.

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

As already stated in our previous reports, Covid-19 will likely impact Banks' profitability and growth going forward on the back of higher administrative costs, subdued credit off-take, declining business/trade volumes and rise in NPLs. However, as domestic and global businesses re-open, the situation will improve. Focus under the circumstances will be on use of alternate delivery and service channels and technologically superior solutions for making banking more accessible to our customers.

The management continues to tread on the path of restoring the Bank's financial strength and as emphasized in our earlier reports, is focusing on (i) Strengthening Bank's Capital-SBP sanction under Section 48 of the Banking Companies Ordinance, 1962 for the merger of Sindh Leasing Company Limited with and into Sindh Bank is awaited which is likely to augment Bank's Tier 1 Capital by Rs.3.0 bn; (ii) Improving Business Volumes and Profitability, (iii) Recovery and reduction of Non-Performing Loans and (iv) Strengthening the Governance, Risk and Control environment.

Acknowledgements

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

On behalf of the Board of Directors



Imran Samad
President/CEO
Karachi, October 23, 2020



ڈائریکٹرز رپورٹ

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

30 ستمبر 2020 کو اختتام پذیر نو ماہ میں قبل از محصول نقصان کی مالیت 921.8 ملین روپے رہی جبکہ اس کے برعکس گذشتہ سال کی اسی مدت میں قبل از محصول نقصان کی مالیت 7.6 ارب روپے تھی۔ درج ذیل وجوہات کی بدولت بینک کی کارکردگی میں بہتری کا رجحان نظر آتا ہے، (i) خالص مارک اپ/ سودی آمدنی میں 53.65 فیصد اضافہ، (ii) گذشتہ سال کی 4,653.6 ملین روپے کی اضافی مختصات کے مقابلے میں 33.9 ملین روپے (خالص) کے مخصوص مختصات کی واپسی۔ غیر فعال قرضہ جات (NPLs) میں سے وصولیوں کے باعث 1,110 ملین روپے کے مختصات کی واپسی نے 1,076.4 ملین روپے کے اضافی مختصات/ نقصانات کی تلافی کر دی۔

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

(روپے، 000 میں)			
بیلنس شیٹ	30 ستمبر 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	(3,456,971)	(2,852,352)	-21.20%
اداشدہ سرمایہ اور ذخائر	18,253,159	18,857,778	-3.21%
دوبارہ قدر پذیری پر اضافہ/ (خسارہ)	(320,401)	(1,780,577)	
ملکیتی سرمایہ	17,932,758	17,077,201	5.01%
ادھار رقم (Borrowings)	55,729,811	4,192,284	1229.34%
ڈپازٹس	166,272,066	134,049,662	24.04%
سرمایہ کاری (Carrying value)	145,736,471	65,143,452	123.72%
مجموعی ایڈوانسز	75,893,910	76,430,095	-0.70%

(روپے 000 میں)			
فیصد تبدیلی	30 ستمبر 2019 پر اختتام پذیر نو ماہ پر	30 ستمبر 2020 پر اختتام پذیر نو ماہ پر	نفع نقصان کا کھاتہ
	9,046,858	11,283,522	مارک اپ/ریٹرنز/سودی آمدنی
	(7,557,391)	(8,995,006)	مارک اپ/ریٹرنز/سودی اخراجات
53.65%	1,489,467	2,288,516	خالص مارک اپ/ریٹرنز/سودی آمدنی
	(1,256,997)	(62,316)	سرمایہ کی فروخت سے آمدنی/(نقصان)
	100,674	75,869	منقسمہ منافع (Dividend income)
	355,508	379,835	فیس، کمیشن اور دیگر آمدنی
149.12%	(800,815)	393,388	بنامارک اپ/غیر سودی آمدنی
-0.50%	3,619,550	3,637,619	بنامارک اپ/غیر سودی اخراجات
	257	78	عام مختصات (صارف/ایس ایم ای)
	4,653,612	(33,999)	مختصات/(واپسی) - مخصوص
	4,653,869	(33,921)	کل مختصات
87.85%	(7,584,767)	(921,794)	نفع/(نقصان) قبل از ٹیکس
86.72%	(4,553,732)	(604,619)	نفع/(نقصان) بعد از ٹیکس
93.25%	(4.55)	(0.31)	آمدنی/(نقصان) فی حصص (روپے)
			دیگر معلومات
-4.46%	511,779	488,975	کھاتوں کی تعداد
	330	330	شاخوں کی تعداد

31 دسمبر 2019 پر بیلنس شیٹ کی مالیت 245.99 ارب روپے تک بڑھ چکی ہے جو 85.4 ارب روپے (53.2%) کا اضافہ دکھارہی ہے جبکہ 30 ستمبر 2020 پر ڈپازٹس نے 166 ارب روپے کی بلند ترین سطح کو چھوا۔ یہ بحالی گذشتہ سال ستمبر 2019 کے 105 ارب روپے کی کم سطح کے ڈپازٹس میں 58 فیصد اضافہ ہے۔ بیان کردہ سہ ماہی میں ڈپازٹس کی نمو 7.1 فیصد (11 ارب روپے) تھی۔ مجموعی قرضے 0.7 فیصد کمی کے ساتھ 31 دسمبر 2019 کے 76.4 ارب روپے سے کم ہو کر 75.9 ارب روپے پر آ گئے۔ 31 دسمبر 2019 کی صورت حال سے سرمایہ کاری پورٹ فولیو میں 123.7 فیصد اضافہ ہوا۔ بینک نے دوسری سہ ماہی میں ملک میں ترسیلات زر کی



سرگرمیوں کی تشکیل نو کی ہے جس کے نتائج غیر معمولی رہے اور اس نے 2019 کی اس مدت میں روپے کی مد میں 150 فیصد اور ڈالر کی مد میں 127 فیصد اضافہ دکھایا۔ اس کے نتیجے میں ملک میں FCY فنڈز کے اندرونی بہاؤ میں نمایاں حصہ لیا۔ گاہکوں کے کھاتوں کی تعداد 488,975 رہی، جس میں 22,804 کھاتوں (یعنی 4.46 فیصد) کی کمی رہی جس کی بنیادی وجہ BISP کے تقریباً 42,600 کھاتوں کی بندش تھی۔ BISP کے علاوہ دیگر گاہکوں کے کھاتوں کی تعداد میں 19,796 کا اضافہ ہوا۔

کووڈ-19 کے آغاز پر پیدا ہونے والی مشکلات کے باوجود، انتظامیہ نے بینک کی ریٹیل بینکنگ کی ٹیم اور پاکستان بھر میں شاخوں سے مؤثر رابطہ رکھا۔ قادر مطلق اللہ تعالیٰ کی مہربانی سے بینک کی تاریخ کی بے مثل کاوشوں کے بہتر نتائج آرہے ہیں جیسا کہ اوپر ظاہر ہے۔ یہ بینک کے لیے ایک بہت حوصلہ افزا بات ہے اور اس کے بہتر مستقبل کی نشاندہی کرتا ہے۔

کریڈٹ ریٹنگ

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

معاشی جائزہ

IMF کی اکتوبر 2020 میں جاری کردی عالمی معاشی منظر نامے کے اپ ڈیٹ میں مستقبل کی عالمی نمو کا تخمینہ سال 2020 کے لئے 4.4% ہے جو اس کے جون 2020 کے تخمینے (-4.9%) سے کم شدت کا سکڑاؤ ہے۔ عالمی مجموعی قومی پیداوار کے اعداد و شمار پر نظر ثانی اس بات کی عکاس ہے کہ زیادہ تر ترقی یافتہ معیشتوں میں، جہاں مئی اور جون 2020 میں بندشوں (lockdowns) میں کمی ہونے کے بعد معاشی سرگرمیوں میں بہتری کا آغاز توقع سے پہلے ہو گیا تھا اور اس کے ساتھ تیسری سہ ماہی میں مستحکم بحالی کے اشارے ملے ہیں۔ مالی سال 2021 میں عالمی نمو کا تخمینہ 5.2 فیصد ہے جو 2020 کے مندی کے تخمینے کے حساب سے مناسب ہے۔ سال 2020 کے سکڑاؤ اور مالی سال 2021 میں بحالی کے بعد سال 2021 میں توقع ہے کہ عالمی مجموعی قومی پیداوار سال 2019 کے تخمینے سے مناسب طور پر 0.6 فیصد زیادہ رہے گی۔ نمو کے تخمینے اس بات کے عکاس ہیں کہ دونوں یعنی ترقی یافتہ اور ابھرتی ہوئی معیشتوں میں اس سال اور 2021 میں، منفی پیداواری خلاء اور بڑھتی ہوئی بے روزگاری ہوگی۔

ملکی محاذ پر، کووڈ-19 کی عالمی وبا معاشی سرگرمیوں پر اثر انداز ہوئی ہے اور سال 2020 میں مجموعی قومی پیداوار 0.40 فیصد تک سکڑ گئی۔ کووڈ-19 سے پہلے حکومت نے سال 2020 کے لیے مجموعی قومی پیداوار کی نمو کا ہدف 4.0 فیصد متعین کیا تھا۔ مارچ اور اپریل 2020 میں بڑے سکڑاؤ کے بعد بڑے پیمانے کی پیداوار کا انڈیکس واپس بڑھا ہے جبکہ فریکوئنسی کی طلب کے اشارے مثلاً گاڑیوں کی

فروخت، سیمنٹ کی ترسیل، POL کی فروخت اور بجلی کے استعمال میں اضافہ ہوا، جبکہ مہمان نوازی (hospitality) اور خدمات کے شعبہ جات دبے ہوئے رہے۔ کاروبار کا اعتماد اور ترقی کے منظر نامے میں بہتری آئی ہے۔ آگے بڑھتے ہوئے، بینک دولت پاکستان کا سال 2021 کی نمونہ بحالی کا اندازہ 2.0 فیصد سے ذرا زیادہ ہے۔ موڈیز (Moody's) کو توقع ہے کہ اقتصادی سال 2021 (اختتام جون 2021) میں پاکستان کی معاشی نمو 1-2 فیصد کے درمیان رہے گی۔

مالیاتی پالیسی کے محاذ پر پالیسی نرخ بنیاد تبدیلی کے 7 فیصد رہا جبکہ 30 ستمبر 2020 پر اختتام پذیر سہ ماہی کی مدت کے دوران نرخ میں 625 بیسیس پوائنٹس کمی دیکھی گئی۔ ستمبر 2020 میں سال بہ سال کی بنیاد پر شرح نمو والا افراط زر 9.04 فیصد رہا۔ افراط زر میں یہ اضافہ مکمل طور پر شہروں کے ساتھ ساتھ دیہی غذائی افراط زر کی بنیاد پر تھا۔ افراط زر کی پیشن گوئی میں معمولی اضافہ ہے، جس کی بنیاد وجہ فراہمی کے معاملات کی بنا پر قیمتوں میں آنے والا اضافہ ہے۔ اب توقع ہے کہ اوسط افراط زر گھٹ کر پہلے سے اعلان کردہ 7 تا 9 فیصد کی حد میں آجائے گی۔

مذکورہ بالا بیان کردہ پالیسی نرخ میں کمی کے ساتھ، مالیاتی پالیسی بیان (ستمبر 2020) میں بیان کردہ حقائق کے مطابق بینک دولت پاکستان نے کووڈ-19 کی عالمی وبا کے آغاز سے، متعین ہدف کے ساتھ سلسلہ وار (series) اقدامات اٹھائے، جس میں سیالیت (liquidity) میں خاصہ اضافہ اور کاروبار اور خاندانوں کے لیے فراہم کردہ فنڈز کی لاگت میں مزید کمی کرنا شامل ہیں۔ اس کے ساتھ، ان اقدامات نے کاروبار اور خاندانوں کو ایک اندازے کے مطابق 1.58 کھرب روپے (مجموعی قومی پیداوار کا 3.8 فیصد) کیش فلوز (cash flows) کی مدد میں فراہم کیا ہے۔ ان اقدامات میں ان کمپنیوں کو رعایتی قرضوں کی فراہمی جو اپنے کارکنوں کو ملازمت سے فارغ نہ کریں، قرضہ کی اصل رقم کی واپسی کی مدت میں ایک سال کی توسیع، قرضوں کی ری شیڈولنگ (rescheduling) کی مدت میں 90 سے 180 دنوں کا اضافہ، ڈیجیٹل بکاری کا فروغ اور کووڈ-19 سے نپٹنے میں ہونے والے اخراجات کو پورا کرنے کے لیے ہسپتالوں اور میڈیکل سینٹرز کو رعایتی قرضہ جات کی فراہمی شامل ہیں۔ بینک دولت پاکستان نے بینکوں کے لیے کیپیٹل کنزرویشن بفر (Capital Conservation Buffer) کو فی الوقت 2.5 فیصد کی موجودہ سطح سے کم کر کے 1.5 فیصد کر دیا ہے تاکہ بینکوں کے لئے کیپیٹل ایڈیکویسی کی ضرورت (Capital Adequacy Requirement) کے لئے گنجائش نکالی جائے تاکہ کووڈ-19 کے اثرات کو کم کرنے کے لیے مزید قرضے فراہم کئے جاسکیں۔

25 ستمبر 2020 کو پاکستان کے اعلان کردہ غیر ملکی زرمبادلہ کے ذخائر 19.5 ارب امریکی ڈالر (بشمول SBP کے پاس 12.4 ارب امریکی ڈالر) تھے۔ بیرونی کھاتے میں بہتری دیکھی گئی اس کے ساتھ جاری کھاتہ سال 2020 کے دو ماہ کے دوران زائد ضرورت (surplus) رہا جو 805 ملین امریکی ڈالر (مجموعی قومی پیداوار کا 1.8 فیصد) جبکہ اس کے مقابلے میں گزشتہ سال اسی مدت میں یہ



خسارہ 1,214 ملین امریکی ڈالر (مجموعی قومی پیداوار کا 2.80 فیصد) تھا۔ بیرونی کھاتے میں خاصی بہتری کی وجہ سے تریلیات زر میں اضافے سے ہوئی جو سال 2021 کی پہلی سہ ماہی میں 31 فیصد اضافے کے ساتھ 7,147 ملین امریکی ڈالر ہو گئیں۔

مائیکروفنانس بینک لمیٹڈ (مکمل طور پر ذیلی ادارہ)

سندھ مائیکروفنانس بینک لمیٹڈ (SMFB)، نے مائیکروفنانس آپریشن کا آغاز مئی 2016 میں صوبہ سندھ میں تین بنیادی مقاصد کے حصول کے لیے کیا۔ جس میں؛ خواتین کو بااختیار کرنا، روزگار کے مواقع پیدا کرنا اور تسلسل سے جاری رہنے والے آپریشن پر عملدرآمد شامل ہے۔

SMFB نے کووڈ-19 کی عالمی وبا سے پیدا ہونے والی مشکلات اور بندش کی وجہ سے درپیش صورتحال کے دوران بھی منافع بخشگی کا سفر جاری رکھا اور 48.5 ملین روپے کا بعد از محصول منافع درج کیا (30 ستمبر 2019: 37.9 ملین روپے)۔ 30 ستمبر 2020 پر SMFB کی خالص ملکی سرمایہ 938 ملین روپے رہا جس کے ساتھ ادا شدہ سرمایہ 750 ملین روپے اور جمع شدہ ذخائر 188 ملین روپے رہے۔

SMFB نے سندھ کے دیہی اور نیم شہری علاقوں میں معاشی طور پر متحرک خواتین کے لئے فنانس تک رسائی سے خواتین کو بااختیار بنانے میں اہم کردار ادا کیا ہے۔ SMFB اب تک صوبہ سندھ میں 75 مقامات کے ذریعے 135,000 سیزانڈ خواتین کو 3.3 ارب روپے سے زائد مالیت کے قرضہ جات فراہم کر چکا ہے۔

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

جیسا کہ پچھلی رپورٹ میں پہلے ہی بیان کیا جا چکا ہے کہ اس بات کا امکان ہے کہ کووڈ-19 بینک کی منافع بخشگی اور نمو کو متاثر کرے گا جس کی وجہ سے بلند تر انتظامی لاگتیں، سست و قرضہ جات کی طلب، گھٹتا ہوا کاروباری/تجارتی حجم اور ناکارکردگی دکھائی دے سکتی ہیں۔ موجودہ صورتحال میں ہماری توجہ کا مرکز خدمات کی فراہمی کے متبادل ذرائع اور ٹیکنالوجی کے ذریعے سے بینکاری کو گا بوں تک زیادہ رسائی کو ممکن بنانا ہے۔

منجمنٹ، بینک کی مالی استحکام کی بحالی کا سفر جاری رکھے گی اور جیسا کہ اپنی گذشتہ رپورٹوں میں زور دیا تھا، اس کی توجہ؛ (i) بینک کا کپیٹل مضبوط کرنا۔ بینک دولت پاکستان کی بینکنگ کمینیز آرڈیننس 1962 کی شق 48 کے تحت سندھ لیوننگ کمپنی لمیٹڈ کا سندھ بینک میں

انضمام کی منظوری کا انتظار ہے جس سے امکان ہے کہ بینک کے ٹیگز 1 کئیپٹل میں 3 ارب روپے کا اضافہ ہوگا، (ii) کاروباری حجم اور منافع بخشی میں میں بہتری، (iii) نا کارکردگی دکھانے والے قرضہ جات (NPLs) کی وصولیابی اور کمی، (iv) نظم و ضبط، خطرات (risk) اور نگرانی کے ماحول کو مستحکم کرنا۔

اعتراف

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

بورڈ آف ڈائریکٹرز کی جانب سے



عمران صد

صدر/ CEO

کراچی: 23 اکتوبر 2020



**UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION
QUARTER ENDED
SEPTEMBER 30, 2020**

Unconsolidated Condensed Interim Statement of Financial Position As at September 30, 2020

		September 30, 2020 Un-audited	December 31, 2019 Audited
	Note	----- (Rupees in '000) -----	
ASSETS			
Cash and balances with treasury banks	7	15,452,988	13,552,972
Balances with other banks	8	4,386,451	838,364
Lendings to financial institutions	9	3,700,568	3,645,392
Investments-net	10	145,736,471	65,143,452
Advances-net	11	60,779,453	61,131,052
Fixed assets	12	3,151,590	3,788,000
Intangible assets	13	73,780	39,964
Deferred tax assets-net	14	8,165,063	8,606,608
Other assets	15	4,543,798	3,853,130
		245,990,162	160,598,934
LIABILITIES			
Bills payable	16	510,167	495,010
Borrowings	17	55,729,811	4,192,284
Deposits and other accounts	18	166,272,066	134,049,662
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	19	5,545,360	4,784,777
		228,057,404	143,521,733
NET ASSETS		17,932,758	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
Deficit on revaluation of assets	22	(320,401)	(1,780,577)
Accumulated Loss		(4,908,950)	(4,304,331)
		17,932,758	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 Nine months and Quarter ended September 30, 2020

	Nine months ended		Quarter ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
Note	----- (Rupees in '000) -----			
Mark-up / Return / Interest Earned	24	11,283,522	9,046,858	3,859,795
Mark-up / Return / Interest Expensed	25	8,995,006	7,557,391	3,141,647
Net Mark-up / Interest Income		2,288,516	1,489,467	336,931
Non Mark-up / Interest Income				
Fee and Commission Income	26	204,834	231,666	65,011
Dividend Income		75,869	100,674	30,742
Foreign Exchange Income		167,316	118,899	98,495
Income / (loss) from derivatives		-	-	-
Gain / (Loss) on securities	27	(62,316)	(1,256,997)	122,061
Other Income	28	7,685	4,943	1,006
Total non-markup/interest Income		393,388	(800,815)	170,642
Total Income		2,681,904	688,652	1,035,463
Non Mark-up / Interest Expenses				
Operating expenses	29	3,637,509	3,599,772	1,251,965
Other charges	30	110	19,778	105
Total non-markup/interest expenses		3,637,619	3,619,550	1,252,070
Loss before provisions		(955,715)	(2,930,898)	(216,607)
Provisions and write offs - net Extra ordinary / unusual items	31	(33,921)	4,653,869	208,550
		-	-	-
Loss before Taxation		(921,794)	(7,584,767)	(425,157)
Taxation	32	(317,175)	(3,031,035)	(166,543)
Loss after Taxation		(604,619)	(4,553,732)	(258,614)
----- (Rupees) -----				
Basic (Loss) / Earnings per share	33	(0.31)	(4.55)	(0.13)
Diluted (Loss) / Earnings per share	34	(0.31)	(4.55)	(0.13)

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 Nine months and Quarter ended September 30, 2020

	Nine months ended		Quarter ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
	----- (Rupees in '000) -----			
Loss after taxation for the period	(604,619)	(4,553,732)	(258,614)	(1,677,697)
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>(604,619)</u>	<u>(4,553,732)</u>	<u>(258,614)</u>	<u>(1,677,697)</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	1,460,176	1,282,966	(393,541)	668,969
Total comprehensive income / (loss)	<u>855,557</u>	<u>(3,270,766)</u>	<u>(652,155)</u>	<u>(1,008,728)</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 Nine months ended September 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 after tax for the nine months ended September 30, 2019	-	-	-	-	-	(4,553,732)	(4,553,732)
Other comprehensive income - net of tax	-	-	-	-	1,282,966	-	1,282,966
Shares deposit money	-	6,700,000	-	-	-	-	6,700,000
Balance as at September 30, 2019	10,010,130	6,700,000	51	1,451,928	(2,899,002)	(595,443)	14,667,664
Loss after tax for the three months ended December 31, 2019	-	-	-	-	-	(3,706,128)	(3,706,128)
Other comprehensive income / (loss) - net of tax	-	-	-	-	1,118,425	(2,760)	1,115,665
Transfer to statutory reserve	-	-	-	-	-	-	-
Shares deposit money	-	5,000,000	-	-	-	-	5,000,000
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 after tax for the nine months ended September 30, 2020	-	-	-	-	-	(604,619)	(604,619)
Other comprehensive income - net of tax	-	-	-	-	1,460,176	-	1,460,176
Transfer to statutory reserve	-	-	-	-	-	-	-
Balance as at September 30, 2020	19,710,130	2,000,000	51	1,451,928	(320,401)	(4,908,950)	17,932,758

* 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 / (loss) includes an amount of Rs.9,946.85 million net of tax as at September 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 Nine months ended September 30, 2020

		September 30, 2020	September 30, 2019
Note	-----	(Rupees in '000)	-----
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		(921,794)	(7,584,767)
Less: Dividend income		(75,869)	(100,674)
		<u>(997,663)</u>	<u>(7,685,441)</u>
Adjustments:			
Depreciation	29	712,220	732,080
Amortisation	29	18,286	16,487
Provision against non-performing loans and advances - net	31	(184,586)	4,536,589
Provision for diminution in the value of investments - net		150,665	117,280
Gain on sale of operating fixed assets	28	(4,249)	(379)
		<u>692,336</u>	<u>5,402,057</u>
		<u>(305,327)</u>	<u>(2,283,384)</u>
(Increase) / decrease in operating assets			
Lendings to financial institutions		(55,176)	4,983,162
Advances		536,185	818,757
Other assets (excluding advance taxation)		(837,493)	1,915,639
		<u>(356,484)</u>	<u>7,717,558</u>
Increase / (decrease) in operating liabilities			
Bills payable		15,157	99,768
Borrowings from financial institutions		51,537,527	(1,518,640)
Deposits and other accounts		32,222,404	(8,390,691)
Other liabilities (excluding current taxation)		760,583	1,495,787
		<u>84,535,671</u>	<u>(8,313,776)</u>
		<u>83,873,860</u>	<u>(2,879,602)</u>
Income tax paid		(28,010)	(207,840)
Net cash flow from / (used in) operating activities		<u>83,845,850</u>	<u>(3,087,442)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in available-for-sale securities		(78,369,356)	(671,805)
Net investment in held-to-maturity securities		19,403	33,758
Dividends received		75,869	112,756
Investments in operating fixed assets		(129,293)	(3,051,699)
Sale proceeds from sale of fixed assets		5,630	1,379
Net cash flows (used in) investing activities		<u>(78,397,747)</u>	<u>(3,575,611)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Shares deposit money		-	6,700,000
Net cash flows from financing activities		-	6,700,000
Increase in cash and cash equivalents		5,448,103	36,947
Cash and cash equivalents at the beginning of the year		<u>14,391,336</u>	<u>9,610,301</u>
Cash and cash equivalents at the end of the period	35	<u>19,839,439</u>	<u>9,647,248</u>

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

			
Chairman	President and Chief Executive Officer	Director	Director Chief Financial Officer



Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) For the Nine months ended September 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 focusing 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, enabling the Bank to achieve compliance with regulatory CAR. 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 for:
 - i. increasing 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. making concerted efforts for recovery and reduction of Non-Performing Loans.
 - v. taking 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 news papers 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 last 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 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.

Listing of the Bank will be undertaken in future 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 disclosures required and should be read in conjunction with the annual financial statements of the Bank for the year ended 31 December 2019.

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

2.3 The financial results of the Islamic Banking branches have been consolidated in these unconsolidated condensed interim financial statements for reporting purposes, after eliminating material inter-branch transactions / balances. Key financial figures of the Islamic Banking branches are disclosed in note 40 to these unconsolidated condensed interim financial statements.

3. STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;



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

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

The SBP vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) and International Accounting Standard 40, Investment Property (IAS 40) for Banking companies till further instructions. Further, according to the notification of the Securities and Exchange Commission of Pakistan (SECP) dated April 28, 2008, 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 unconsolidated 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 periods ending on or after June 30, 2019. However, as per SBP, BPRD Circular No.04 of 2019 dated October 23, 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 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 in the capital conservation buffer by 100 bps to 150 bps
- Increasing the regulatory limit on extension of credit to a SME to Rs. 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 against 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 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 who have availed the SBP enabled deferment/ restructuring & rescheduling relief. Periodic monitoring of the borrower's accounts is being done in order to monitor their financial stability and mitigate Bank's credit risk.

6.2 Liquidity Risk Management:

In view of relaxation granted under SBP scheme for deferral of principal and markup and rescheduling of loans there will be an impact on the liquidity profile of the Bank. The Asset and Liability Committee (ALCO) of the Bank is continuously monitoring the liquidity position and the Bank is of the view 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, amounted to Rs. 3005 million as at September 30, 2020. During January to June 2020, the PSX 100 index declined by 15.5%, triggering an impairment of Rs 24.26 million (note 31) 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) requirement to 1.5%, resulting in a 1% decline in CAR requirement for all Tiers.

	September 30, 2020 Un-audited	December 31, 2019 Audited
Note	----- (Rupees '000) -----	
7 CASH AND BALANCES WITH TREASURY BANKS		
In hand		
Local currency	4,295,694	3,082,460
Foreign currency	253,488	208,051
	4,549,182	3,290,511
With State Bank of Pakistan (SBP) in		
Local currency current accounts	7.1 9,991,948	7,790,641
Foreign currency current accounts	7.2 104,036	14,725
Foreign currency deposit accounts		
- Non Remunerative	7.3 71,336	77,503
- Remunerative	7.4 135,170	218,619
	10,302,490	8,101,488
With National Bank of Pakistan in		
Local currency current accounts	564,820	1,854,468
Local currency deposit accounts	2,260	188,077
	567,080	2,042,545
Prize bonds	34,236	118,428
	15,452,988	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.

	September 30, 2020 Un-audited	December 31, 2019 Audited
Note	----- (Rupees '000) -----	
8 BALANCES WITH OTHER BANKS		
In Pakistan		
In current accounts	30	29,732
In savings accounts	8.1 7,119	21,563
	7,149	51,295
Outside Pakistan		
In current accounts	4,379,302	787,069
	4,386,451	838,364

- 8.1 This includes savings account with a commercial bank carrying profit at the rate of 5.50% (2019: 11.25%) per annum.



		September 30, 2020	December 31, 2019
		Un-audited	Audited
	Note	----- (Rupees '000) -----	
9	LENDINGS TO FINANCIAL INSTITUTIONS		
	Repurchase agreement lendings (Reverse Repo)	9.2 & 9.4 2,615,568	3,645,392
	Musharaka arrangements	9.3 1,085,000	-
		3,700,568	3,645,392
9.1	Particulars of lending		
	In local currency	3,700,568	3,645,392
	In foreign currencies	-	-
		3,700,568	3,645,392
9.2	This represents lending to commercial banks and DFIs carrying mark-up in the range of 7.20% to 7.50% (2019 :13.05% to 13.35%) per annum maturing up to October 19, 2020 (2019: January 02, 2020).		
9.3	This represent arrangement with an Islamic bank with average return of 6.25% per annum maturing on October 05, 2020		
9.4	Securities held as collateral against Lendings to financial institutions		

	September 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	536,240	-	536,240	3,643,328	-	3,643,328
Pakistan Investment Bonds	2,090,134	-	2,090,134	-	-	-
Total	2,626,374	-	2,626,374	3,643,328	-	3,643,328

10 INVESTMENTS - NET

10.1 Investments by type

	September 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	60,813,296	-	(586,135)	60,227,161	23,640,034	-	(2,603,000)	21,037,034
Market Treasury Bills	62,982,469	-	116,560	63,099,029	21,921,061	-	(22,903)	21,898,158
Government of Pakistan - Ijarah Sukuk	500,028	-	(955)	499,073	500,000	-	(5,000)	495,000
Shares								
Listed	2,789,766	(369,854)	2,948	2,422,860	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	126,785	-	(187)	126,598	192,856	-	6,920	199,776
Mutual funds	915,049	(32,991)	(57,476)	824,582	915,049	(20,646)	(63,236)	831,167
	128,227,393	(402,845)	(525,245)	127,299,303	49,858,037	(378,586)	(2,918,976)	46,560,475
Held-to-maturity securities								
Federal Government Securities								
Pakistan Investment Bonds	16,778,924	-	-	16,778,924	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	859,114	(252,813)	-	606,301	859,183	(126,407)	-	732,776
	17,939,981	(252,813)	-	17,687,168	17,959,384	(126,407)	-	17,832,977
Investment in Subsidiary								
Fully paid ordinary shares	750,000	-	-	750,000	750,000	-	-	750,000
Total Investments	146,917,374	(655,658)	(525,245)	145,736,471	68,567,421	(504,993)	(2,918,976)	65,143,452

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

10.2 Investments given as collateral

Federal government securities

Pakistan Investment Bonds	28,054,856	2,574,477
Market Treasury Bills	26,297,837	-
	54,352,693	2,574,477



	September 30, 2020 Un-audited	December 31, 2019 Audited
----- (Rupees '000) -----		
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
Reversals in the period	-	-
Reversal on disposals	-	-
Transfers - net	150,665	261,781
Closing Balance	655,658	504,993

	September 30, 2020 (Un-audited)		December 31, 2019 (Audited)	
	Non performing investments	Provision	Non performing investments	Provision
----- Rupees in '000 -----				
10.3.2 Particulars of provision against equity / debt investments				
Category of classification (domestic)				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	514,344	126,407
Loss	917,189	655,658	378,586	378,586
Total	917,189	655,658	892,930	504,993

10.4 The market value of securities classified as held-to-maturity as at September 30, 2020 amounted to Rs. 18,372.54 million (December 31, 2019: 17,059.34 million).

	Performing		Non Performing		Total	
	September 30, 2020 (Un-audited)	December 31, 2019 (Audited)	September 30, 2020 (Un-audited)	December 31, 2019 (Audited)	September 30, 2020 (Un-audited)	December 31, 2019 (Audited)
----- Rupees in '000 -----						
11 ADVANCES - NET						
Loans, cash credits, agriculture, running finances etc.						
In Pakistan	28,773,232	32,729,716	33,148,546	33,804,371	61,921,778	66,534,087
Commodity finance						
In Pakistan	11,308,226	7,020,595	-	-	11,308,226	7,020,595
Islamic financing and related assets						
Diminishing musharakah financing	1,607,827	1,790,039	15,352	-	1,623,179	1,790,039
Murabaha Financing	619,525	644,525	-	-	619,525	644,525
Ijarah financing under IFAS 2	44,242	61,542	-	-	44,242	61,542
	42,353,052	42,246,417	33,163,898	33,804,371	75,516,950	76,050,788
Bills discounted and purchased (excluding market treasury bills)						
Payable in Pakistan	358,593	369,077	-	-	358,593	369,077
Payable outside Pakistan	14,962	6,825	3,405	3,405	18,367	10,230
	373,555	375,902	3,405	3,405	376,960	379,307
Advances - gross	42,726,607	42,622,319	33,167,303	33,807,776	75,893,910	76,430,095
Provision for non-performing advances						
- Specific	-	-	15,112,566	15,297,231	15,112,566	15,297,231
- General provision against consumer and small enterprise advances	1,891	1,812	-	-	1,891	1,812
	1,891	1,812	15,112,566	15,297,231	15,114,457	15,299,043
Total Advances - Net	42,724,716	42,620,507	18,054,737	18,510,545	60,779,453	61,131,052

11.1 Particulars of advances (Gross)	September 30, 2020 Un-audited	December 31, 2019 Audited
	----- (Rupees '000) -----	
In local currency	75,893,910	76,430,095
In foreign currencies	-	-
	<u>75,893,910</u>	<u>76,430,095</u>

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

Category of Classification	September 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 85,362	-	580,740	-
Substandard	231,025	20,792	2,013,140	233,933
Doubtful	2,958,378	669,717	1,507,601	183,888
Loss	29,892,538	14,422,057	29,706,295	14,879,410
Total	<u>33,167,303</u>	<u>15,112,566</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.16,306.31 million (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

	September 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	604,278	79	604,357	9,976,656	-	9,976,656
Reversals	(1,012,976)	-	(1,012,976)	(356,792)	(202)	(356,994)
	(408,698)	79	(408,619)	9,619,864	(202)	9,619,662
Amounts charged off - Agriculture loans	224,033	-	224,033	139,055	-	139,055
Net charge / (reversal) during the period	(184,665)	79	(184,586)	9,758,919	(202)	9,758,717
Amounts written off	-	-	-	-	-	-
Closing balance	<u>15,112,566</u>	<u>1,891</u>	<u>15,114,457</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.



		September 30, 2020	December 31, 2019
		Un-audited	Audited
	Note	----- (Rupees '000) -----	
12 FIXED ASSETS			
Capital work-in-progress	12.1	14,494	21,495
Property and equipment		1,425,726	1,574,036
Right of use assets		1,711,370	2,192,469
		<u>3,151,590</u>	<u>3,788,000</u>
12.1 Capital work-in-progress			
Equipment		5,011	362
Advance to suppliers		9,483	21,133
		<u>14,494</u>	<u>21,495</u>

		Nine months ended	
		September 30, 2020	September 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 :

Leasehold improvements	8,049	27,763
Furniture and fixture	5,836	22,998
Computer and office equipment	53,030	62,219
Vehicles	17,274	26,938
Total	<u>84,189</u>	<u>139,918</u>

Disposal of fixed assets

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

Leasehold improvements	71	-
Furniture and fixture	34	-
Vehicles	1,276	1,000
Total	<u>1,381</u>	<u>1,000</u>

		September 30, 2020	December 31, 2019
		Un-audited	Audited
		----- (Rupees '000) -----	
13 INTANGIBLE ASSETS			
Computer Software		73,780	39,964
Others		-	-
		<u>73,780</u>	<u>39,964</u>

	Nine months ended	
	September 30,	September 30,
	2020	2019
	----- Un-audited -----	----- Rupees in '000 -----
Additions to intangible assets		
The following additions have been made to intangible assets during the period:		
Computer Software	52,102	4,722
Disposals of intangible assets		
The net book value of intangible assets disposed off during the period.	-	-
	September 30,	December 31,
	2020	2019
	Un-audited	Audited
	----- (Rupees '000) -----	
14 DEFERRED TAX ASSETS - NET		
Deductible Temporary Differences on		
- Provision against advances	4,827,088	5,197,184
- Tax losses carried forward	2,913,431	2,208,679
- Provision for diminution in the value of investments	94,853	94,853
- Deficit on revaluation of investments	204,846	1,138,401
- Others	174,835	-
	8,215,053	8,639,117
Taxable Temporary Differences on		
- Accelerated tax depreciation - right of use assets	-	41,594
- Accelerated tax depreciation - tangible assets	(41,785)	(66,027)
- Accelerated tax amortization - intangible assets	(8,205)	(8,076)
	(49,990)	(32,509)
	8,165,063	8,606,608
15 OTHER ASSETS		
Income/ Mark-up accrued in local currency	3,748,104	3,128,583
Accrued commission income	23,346	7,234
Advances, deposits, advance rent and other prepayments	213,979	68,392
Unrealised gain on forward forex revaluation - net	187,874	-
Insurance premium receivable against agriculture loans	12,743	30,531
Stationery and stamps on hand	4,572	3,816
Receivable against 1 Link ATM settlement account	84,109	207,120
Advance Taxation - net	228,374	375,199
Acceptances	-	4,297
Insurance claims receivable	333	142
Other receivables	40,364	27,816
	4,543,798	3,853,130



	September 30, 2020 Un-audited	December 31, 2019 Audited
	----- (Rupees '000) -----	
16	BILLS PAYABLE	
	In Pakistan	495,010
	Outside Pakistan	-
	<u>510,167</u>	<u>495,010</u>
17	BORROWINGS	
	Secured	
	Borrowings from State Bank of Pakistan	
	- Under export refinance scheme	1,476,379
	- Under long term finance facility	119,758
	Repurchase agreement borrowings	
	- State Bank of Pakistan (SBP)	2,566,207
	- Other commercial banks / DFIs	-
	<u>53,825,872</u>	<u>2,566,207</u>
	<u>426,681</u>	<u>-</u>
	<u>54,252,553</u>	<u>2,566,207</u>
	<u>55,729,811</u>	<u>4,192,284</u>
17.1	Particulars of borrowings	
	In local currency	4,192,284
	In foreign currencies	-
	<u>55,729,811</u>	<u>4,192,284</u>

18 DEPOSITS AND OTHER ACCOUNTS

	September 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	47,093,256	201,693	47,294,949	43,527,915	218,087	43,746,002
Savings deposits	67,078,387	719,675	67,798,062	54,814,210	817,743	55,631,953
Term deposits	45,772,740	356,467	46,129,207	29,436,358	298,529	29,734,887
Margin and other deposits	537,209	-	537,209	380,731	-	380,731
	<u>160,481,592</u>	<u>1,277,835</u>	<u>161,759,427</u>	<u>128,159,214</u>	<u>1,334,359</u>	<u>129,493,573</u>
Financial Institutions						
Current deposits	29,177	18	29,195	44,422	17	44,439
Savings deposits	1,671,406	-	1,671,406	2,707,612	-	2,707,612
Term deposits	2,722,000	-	2,722,000	1,714,000	-	1,714,000
Margin and other deposits	90,038	-	90,038	90,038	-	90,038
	<u>4,512,621</u>	<u>18</u>	<u>4,512,639</u>	<u>4,556,072</u>	<u>17</u>	<u>4,556,089</u>
	<u>164,994,213</u>	<u>1,277,853</u>	<u>166,272,066</u>	<u>132,715,286</u>	<u>1,334,376</u>	<u>134,049,662</u>

	September 30, 2020	December 31, 2019
	Un-audited	Audited
	----- (Rupees '000) -----	
19 OTHER LIABILITIES		
Mark-up / return / interest payable in local currency	2,733,229	1,601,190
Mark-up / return / interest payable in foreign currency	3,615	5,482
Accrued expenses	157,137	159,431
Net defined benefit liability	52,587	76,020
Provision for compensated absences	185,914	188,606
Unrealised loss against forward forex revaluation - net	-	105,781
Payable against purchase of operating fixed assets	14,934	34,002
Retention money	59,640	68,457
Federal excise duty / sales tax on services payable	2,874	3,691
Lease liability	1,927,075	2,299,121
Withholding tax payable	58,527	23,242
Acceptances	-	4,297
Others	349,828	215,457
	<u>5,545,360</u>	<u>4,784,777</u>
20 SHARE CAPITAL - NET		
20.1 Authorised capital		
September 30, 2020	December 31, 2019	
Un-audited	Audited	
Number of Shares		
----- Rupees in '000 -----		
<u>2,800,000,000</u>	<u>2,000,000,000</u>	Ordinary shares of Rs.10 each
	<u>28,000,000</u>	<u>20,000,000</u>
20.2 Issued, subscribed and paid-up share capital		
<u>1,971,013,000</u>	<u>1,971,013,000</u>	Ordinary shares of Rs.10 each Fully paid in cash
	<u>19,710,130</u>	<u>19,710,130</u>
20.3	The Government of Sindh, through its Finance Department, owns 99.95% ordinary shares of the Bank.	
21 SHARES DEPOSIT MONEY		
Opening balance	2,000,000	-
Received during the period / year	-	11,700,000
Right shares issued during the period / year	-	(9,700,000)
	<u>2,000,000</u>	<u>2,000,000</u>
22 SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS		
Available-for-sale securities		
Federal Government securities	(470,530)	(2,630,903)
Fully paid ordinary shares - listed	2,948	(231,757)
Units of mutual funds (units / certificates)	(57,476)	(63,236)
Sukuk certificates	(187)	6,920
	<u>(525,245)</u>	<u>(2,918,976)</u>
Related deferred taxation	204,844	1,138,399
	<u>(320,401)</u>	<u>(1,780,577)</u>



		September 30, 2020 Un-audited	December 31, 2019 Audited
	Note	----- (Rupees '000) -----	
23 CONTINGENCIES AND COMMITMENTS			
Guarantees	23.1	3,597,060	3,979,309
Commitments	23.2	84,174,605	22,144,949
Other contingent liabilities		-	-
		<u>87,771,665</u>	<u>26,124,258</u>
23.1 Guarantees:			
Financial guarantees		1,049,727	1,814,543
Performance guarantees		1,996,431	1,476,888
Other guarantees		550,902	687,878
		<u>3,597,060</u>	<u>3,979,309</u>
23.2 Commitments:			
Documentary credits and short-term trade-related transactions			
Letters of credit		1,459,638	610,437
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	15,664,513	5,035,712
- forward lending / borrowings	23.2.2	67,050,454	16,498,800
Other commitments		-	-
		<u>84,174,605</u>	<u>22,144,949</u>
23.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		5,464,652	2,470,494
Sale		10,199,861	2,565,218
		<u>15,664,513</u>	<u>5,035,712</u>
23.2.2 Commitments in respect of forward lending / borrowing			
Forward repurchase agreements lending		54,315,020	2,570,889
Forward resale agreements borrowing		2,618,657	3,646,700
Undrawn formal standby facilities, credit lines and other commitments to lend	23.2.2.1	10,116,777	10,281,211
		<u>67,050,454</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.			

		Nine months ended	
		September 30, 2020	September 30, 2019
		----- Un-audited -----	
		----- Rupees in '000 -----	
24	MARK-UP/RETURN/INTEREST EARNED		
	Loans and advances	4,372,743	4,892,361
	Investments	6,556,591	3,751,666
	Lendings to financial institutions	340,031	354,376
	Balances with banks	14,157	48,455
		<u>11,283,522</u>	<u>9,046,858</u>
25	MARK-UP/RETURN/INTEREST EXPENSED		
	Deposits	7,198,361	5,241,937
	Borrowings	1,567,983	2,027,448
	Cost of foreign currency swaps against foreign currency deposits / borrowings	41,763	61,719
	Lease liability against right of use assets	186,899	226,287
		<u>8,995,006</u>	<u>7,557,391</u>
26	FEE AND COMMISSION INCOME		
	Branch banking customer fees	26,734	41,804
	Consumer finance related fees	456	600
	Card related fees (debit cards)	96,410	97,090
	Commission on trade	23,999	40,718
	Commission on guarantees	26,160	31,915
	Credit related fees	23,720	13,990
	Commission on remittances including home remittances	7,129	4,995
	Others	226	554
		<u>204,834</u>	<u>231,666</u>
27	GAIN / (LOSS) ON SECURITIES		
	Realised	(62,316)	(1,256,997)
	Unrealised - held for trading	-	-
		<u>(62,316)</u>	<u>(1,256,997)</u>
27.1	Realised gain/(loss) on:		
	Federal Government Securities	278,267	(918,154)
	Shares of listed companies	(340,583)	(338,843)
	Others investments	-	-
		<u>(62,316)</u>	<u>(1,256,997)</u>
28	OTHER INCOME		
	Gain on sale of operating fixed assets	4,249	379
	Rent of property	2,680	2,875
	Incidental charges	561	564
	Others	195	1,125
		<u>7,685</u>	<u>4,943</u>



	Note	Nine months ended	
		September 30, 2020	September 30, 2019
		----- Un-audited -----	
		----- Rupees in '000 -----	
29 OPERATING EXPENSES			
Total compensation expense	29.1	1,755,450	1,732,965
Property expenses			
Rent & taxes		18,780	6,446
Insurance		22,616	20,090
Utilities cost		162,443	165,891
Security (including guards)		238,529	221,950
Repair & maintenance (including janitorial charges)		16,732	22,920
Depreciation		48,400	45,889
Depreciation on right of use assets		481,099	497,462
		988,599	980,648
Information technology expenses			
Software maintenance		54,624	36,366
Hardware maintenance		51,741	37,308
Depreciation		11,774	11,619
Amortisation		18,286	16,487
Network charges		4,612	6,117
Others		8,725	12,182
		149,762	120,079
Other operating expenses			
Directors' fees and allowances		10,750	29,050
Fees and allowances to Shariah Board		3,938	3,790
Legal & professional charges		37,882	39,450
Outsourced services costs		88,743	78,055
Travelling & conveyance		21,013	26,705
NIFT clearing charges		16,733	13,760
Training & development		428	911
Postage & courier charges		13,735	13,176
Communication		85,867	83,937
Stationery & printing		53,592	63,784
Marketing, advertisement & publicity		22,627	45,244
Donations		-	-
Auditors' Remuneration	29.2	8,872	8,210
Repairs & maintenance		65,757	60,143
Brokerage and commission		11,546	4,921
Entertainment		33,095	31,351
Fees and subscription		60,003	52,720
Insurance expenses		6,992	5,693
Depreciation		170,947	177,110
Others		31,178	28,070
		743,698	766,080
		3,637,509	3,599,772

Nine months ended
September 30, 2020 **September 30, 2019**

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

29.1 Total compensation expense

Managerial Remuneration			
- Fixed	1,063,209	1,039,777	
- Variable Cash Bonus / rewards etc.	8,926	365	
Charge for defined benefit plan	52,587	65,173	
Contribution to defined contribution plan	60,272	57,432	
Rent & house maintenance	334,953	330,816	
Utilities	66,486	65,193	
Medical	66,486	65,193	
Conveyance	42,199	38,845	
Employee old age benefits contribution	10,752	10,663	
Leave Fare Assistance	8,895	19,642	
Staff Insurances	39,051	37,040	
Others	1,634	2,826	
	1,755,450	1,732,965	

29.2 Auditors' remuneration

Audit fee	7,306	6,772	
Fee for other statutory certifications	757	728	
Special certifications and sundry advisory services	356	410	
Out-of-pocket expenses	453	300	
	8,872	8,210	

30 OTHER CHARGES

Penalties imposed by State Bank of Pakistan	110	19,778	
Others	-	-	
	110	19,778	

31 PROVISIONS & WRITE OFFS - NET

Provision for diminution in value of investments	10.3.1	24,258	117,280	
Provision against investment in TFCs	10.3.1	126,407	-	
Reversal of Provision against loans & advances - specific		(1,110,392)	-	
Provision against loans & advances - specific		925,728	4,536,332	
Provision against loans & advances - general		78	257	
Net provision during the period	11.2.3	(184,586)	4,536,589	
Bad debts written off directly		-	-	
		(33,921)	4,653,869	



	Nine months ended	
	September 30,	September 30,
	2020	2019
	----- Un-audited -----	
	----- Rupees in '000 -----	
32 TAXATION		
Current	174,835	140,961
Deferred	(492,010)	(3,171,996)
	<u>(317,175)</u>	<u>(3,031,035)</u>
33 BASIC EARNINGS / (LOSS) PER SHARE		
Profit / (Loss) for the period	<u>(604,619)</u>	<u>(4,553,732)</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>(0.31)</u>	<u>(4.55)</u>
34 DILUTED EARNINGS / (LOSS) PER SHARE		
Profit / (Loss) for the period	<u>(604,619)</u>	<u>(4,553,732)</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>(0.31)</u>	<u>(4.55)</u>
35 CASH AND CASH EQUIVALENTS		
Cash and Balances with Treasury Banks	15,452,988	8,916,366
Balances with other banks	4,386,451	730,882
	<u>19,839,439</u>	<u>9,647,248</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.

September 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	-	60,227,161	-	60,227,161
Market Treasury Bills	-	63,099,029	-	63,099,029
Shares of listed companies	2,422,860	-	-	2,422,860
Units of mutual funds	173,228	651,354	-	824,582
Ijarah Sukuk - GoP	-	499,073	-	499,073
Sukuk bonds	-	126,598	-	126,598
	<u>2,596,088</u>	<u>124,603,215</u>	<u>-</u>	<u>127,199,303</u>
Off balance sheet financial instruments				
Foreign exchange contracts (purchase)	-	5,464,652	-	5,464,652
Foreign exchange contracts (sale)	-	10,199,861	-	10,199,861
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
Units of mutual funds	195,599	635,568	-	831,167
Ijarah Sukuk - GoP	-	495,000	-	495,000
Sukuk bonds	-	199,776	-	199,776
	<u>2,194,939</u>	<u>44,265,536</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

	September 30, 2020 (Un-audited)				Total
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	
----- Rupees in '000 -----					
Profit & Loss					
Net mark-up/return/profit income	5,314,335	17,237	-	(3,043,056)	2,288,516
Inter segment revenue - net	(6,526,068)	-	-	6,526,068	-
Non mark-up / return / interest income	172,870	150	-	220,368	393,388
Total Income	(1,038,863)	17,387	-	3,703,380	2,681,904
Segment direct expenses	(48,887)	(1,501)	-	(2,830,849)	(2,881,237)
Inter segment expense allocation	(75,638)	(12,928)	-	(667,816)	(756,382)
Total expenses	(124,525)	(14,429)	-	(3,498,665)	(3,637,619)
Provisions	(150,665)	-	-	184,586	33,921
Profit / (Loss) before tax	(1,314,053)	2,958	-	389,301	(921,794)
Balance Sheet					
Cash & Bank balances	9,745,866	-	-	10,093,573	19,839,439
Investments	145,736,471	-	-	-	145,736,471
Net inter segment lending	-	-	-	106,322,329	106,322,329
Lendings to financial institutions	3,700,568	-	-	-	3,700,568
Advances - performing	36,199	198,427	-	42,490,090	42,724,716
- non-performing (net)	-	-	-	18,054,737	18,054,737
Others	2,895,689	2,009	-	13,036,533	15,934,231
Total Assets	162,114,793	200,436	-	189,997,262	352,312,491

September 30, 2020 (Un-audited)

	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
----- Rupees in '000 -----					
Borrowings	54,372,311	-	-	1,357,500	55,729,811
Subordinated debt	-	-	-	-	-
Deposits & other accounts	-	-	-	166,272,066	166,272,066
Net inter segment borrowing	106,128,440	193,889	-	-	106,322,329
Others	109,172	6,547	-	5,939,808	6,055,527
Total liabilities	160,609,923	200,436	-	173,569,374	334,379,733
Equity	1,504,870	-	-	16,427,888	17,932,758
Total Equity & liabilities	162,114,793	200,436	-	189,997,262	352,312,491
Contingencies & Commitments	72,598,190	-	-	15,173,475	87,771,665

September 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 income	2,087,156	18,617	-	(616,306)	1,489,467
Inter segment revenue - net	(3,634,543)	-	-	3,634,543	-
Non mark-up / return / interest income	(1,047,221)	200	-	246,206	(800,815)
Total Income	(2,594,608)	18,817	-	3,264,443	688,652
Segment direct expenses	(17,834)	2,639	-	(2,772,623)	(2,787,818)
Inter segment expense allocation	(83,173)	(9,569)	-	(738,990)	(831,732)
Total expenses	(101,007)	(6,930)	-	(3,511,613)	(3,619,550)
Provisions	(117,280)	-	-	(4,536,589)	(4,653,869)
Profit / (Loss) before tax	(2,812,895)	11,887	-	(4,783,759)	(7,584,767)

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 (net)	-	-	-	18,510,545	18,510,545
Others	3,590,828	1,675	-	12,695,199	16,287,702
Total Assets	80,069,441	177,106	-	157,616,072	237,862,619



	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 99.95% 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 period / year are as follows:

	September 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	-	96,398	-	-	-	15,091	-	-
Repaid during the period	-	12,172	-	34,375	-	17,563	76,518	62,501
Transfer in / (out) - net	-	-	-	-	-	(58,959)	-	-
Closing balance	-	146,813	-	12,499	-	62,587	-	46,874
Other Assets								
Interest / mark-up receivable	-	111	-	227	-	30	-	1,857
Other receivables	-	-	75	893	-	-	75	435
	-	111	75	1,120	-	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	44,861	239,721	829,920	5,051,189	220,006	428,671	3,649,601	13,320,173
Withdrawn during the period	43,220	228,049	875,330	4,632,804	225,413	424,436	3,598,646	11,032,474
Transfer in / (out) - net	-	(4,180)	-	-	(25,531)	(2,550)	-	(238)
Closing balance	23,339	74,552	36,963	3,937,471	21,698	67,060	82,373	3,519,086
Other Liabilities								
Interest / mark-up payable	156	485	108	192,412	245	865	481	46,685



	September 30, 2020 (Un-audited)				September 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	-	2,294	-	2,124	-	3,543	4,368	8,119
Fee and commission income	2	5	21	19	4	3	295	22
Net gain on sale of securities	-	-	-	356	-	-	-	1,270
Other income	-	-	-	2,680	-	-	225	2,230
Expenses :								
Mark-up / return / interest paid	393	2,941	2,044	316,058	1,973	3,096	2,685	72,615
Remuneration paid	-	136,084	-	-	-	122,757	-	-
Contribution to provident fund	-	5,656	-	-	-	4,285	-	-
Provision for gratuity	-	4,887	-	-	-	4,949	-	-
Other staff benefits	-	18,354	-	-	-	15,795	-	-
Directors' meetings fee	10,750	-	-	-	29,050	-	-	-
Other expenses	106	-	-	-	351	-	-	-
Insurance premium paid	-	-	-	64,839	-	-	-	46,759
Others :								
Sale of Government Securities	-	-	-	755,000	-	-	-	2,015,000
Purchase of Government Securities	-	-	-	-	-	-	-	110,000
Expenses recovered under								
agency arrangement	-	-	-	114	-	-	-	203
Insurance claims settled	-	-	-	581	-	-	-	5,748

As at the date of unconsolidated statement of financial position, loans/advances and deposits related to government related entities amounted to Rs.11,308.23 million and Rs.80,339.50 million respectively. The above includes deposits amounting to Rs.22,695.89 (2019: Rs.17,997.57) million received from the Finance Department, Government of Sindh.

	September 30, 2020 Un-audited	December 31, 2019 Audited
	----- (Rupees '000) -----	
39 CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	<u>14,801,180</u>	<u>15,405,799</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	9,952,890	8,808,290
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	<u>9,952,890</u>	<u>8,808,290</u>
Eligible Tier 2 Capital	-	-
Total Eligible Capital (Tier 1 + Tier 2)	<u>9,952,890</u>	<u>8,808,290</u>
Risk Weighted Assets (RWAs):		
Credit Risk	42,121,307	44,033,523
Market Risk	18,927,290	14,302,521
Operational Risk	8,635,395	8,635,395
Total Risk Weighted Assets	<u>69,683,992</u>	<u>66,971,439</u>
Common Equity Tier 1 Capital Adequacy ratio	<u>14.28%</u>	<u>13.15%</u>
Tier 1 Capital Adequacy Ratio	<u>14.28%</u>	<u>13.15%</u>
Total Capital Adequacy Ratio	<u>14.28%</u>	<u>13.15%</u>
Notional minimum capital requirements prescribed by SBP		
CET1 minimum ratio	6.00%	6.00%
Tier 1 minimum ratio	7.50%	7.50%
Total capital minimum ratio	10.00%	10.00%
Total capital minimum ratio plus CCB	11.50%	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	9,952,890	8,808,290
Total Exposure	<u>247,858,231</u>	<u>159,896,115</u>
Leverage Ratio	<u>4.02%</u>	<u>5.51%</u>
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	67,986,117	44,615,973
Total Net Cash Outflow	<u>19,256,319</u>	<u>17,943,953</u>
Liquidity Coverage Ratio	<u>353%</u>	<u>249%</u>
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	126,802,814	104,909,785
Total Required Stable Funding	<u>54,560,899</u>	<u>69,852,945</u>
Net Stable Funding Ratio	<u>232%</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 the business is as follows:

		September 30, 2020 Un-audited	December 31, 2019 Audited
	Note	----- (Rupees '000) -----	
Assets			
Cash and balances with treasury banks		231,753	205,500
Balances with other banks		76,602	71,122
Due from financial institutions	40.1	1,085,000	-
Investments	40.2	722,871	807,186
Islamic financing and related assets-net	40.3	2,279,525	2,496,106
Fixed assets		198,651	234,212
Intangible assets		91	502
Deferred tax assets		1,147	-
Due from head office		46,189	41,404
Other assets		46,604	71,010
		4,688,433	3,927,042
Liabilities			
Bills payable		39,575	12,229
Due to financial institutions		-	417,000
Deposits and other accounts	40.4	4,320,317	3,093,401
Deferred tax liability		-	5,979
Due to head office		-	-
Other liabilities		249,566	237,582
		4,609,458	3,766,191
Net Assets		78,975	160,851
Represented By			
Islamic banking fund		500,000	500,000
Reserves		-	-
(Deficit) / Surplus on revaluation of investments		(1,795)	9,351
Accumulated losses		(419,230)	(348,500)
		78,975	160,851
CONTINGENCIES AND COMMITMENTS	40.5		

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

	Nine months ended	
	September 30, 2020	September 30, 2019
	----- Un-audited -----	
Note	----- Rupees in '000 -----	
Profit / return on financing, investments and placements earned	40.6 278,085	296,602
Return on deposits and other dues expensed	40.7 213,575	258,670
Net income earned before provisions	64,510	37,932
Other income		
Fee, commission and brokerage income	3,479	3,856
Income from dealing in foreign currencies	169	(67)
Dividend income	8,100	8,910
Gain on sale / redemption of securities	-	-
Other income	906	637
	12,654	13,336
Total Income	77,164	51,268
Other expenses		
Administrative expenses	140,473	145,374
Other charges	-	-
Total Other Expenses	140,473	145,374
Loss Before Provision	(63,309)	(94,106)
Provisions and write offs - net	7,421	-
Loss before taxation	(70,730)	(94,106)
Taxation	-	-
Loss after taxation	(70,730)	(94,106)



The cash flow statement of the business is as follows:

Nine months ended
September 30, 2020 **September 30, 2019**
 ----- Un-audited -----
 ----- Rupees in '000 -----

CASH FLOW FROM OPERATING ACTIVITIES

Loss before taxation	(70,730)	(94,106)
Less: Dividend income	(8,100)	(8,910)
	(78,830)	(103,016)

Adjustments

Depreciation	35,772	12,600
Amortisation	410	2,606
	36,182	15,206
	(42,648)	(87,810)

(Increase) / decrease in operating assets

Balances with and due from financial institutions	(1,085,000)	-
Islamic financing and related assets - net	216,581	439,325
Due from head office	(4,785)	-
Other assets	24,406	19,674
	(848,798)	458,999

(Decrease) / increase in operating liabilities

Bills payable	27,346	11,352
Due to financial institutions	(417,000)	(222,728)
Deposits and other accounts	1,226,916	(656,383)
Due to head office	-	7,370
Other liabilities	11,984	6,525
	849,246	(853,864)
	(42,200)	(482,675)

Income tax paid

	-	-
Net cash flow from / (used in) operating activities	(42,200)	(482,675)

CASH FLOW FROM INVESTING ACTIVITIES

Net investment in securities	66,043	486,450
Dividend received	8,100	8,910
Investment in operating fixed assets	(210)	(2,614)
Net cash flow from / (used in) investing activities	73,933	492,746

CASH FLOW FROM FINANCING ACTIVITIES

	-	-
Increase in cash and cash equivalents	31,733	10,071
Cash and cash equivalents at beginning of the year	276,622	391,029
Cash and cash equivalents at end of the period	308,355	401,100

40.1 Due from financial institutions	September 30, 2020 (Un-audited)			December 31, 2019 (Audited)				
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total		
Musharaka arrangements	1,085,000	-	1,085,000	-	-	-		
	<u>1,085,000</u>	<u>-</u>	<u>1,085,000</u>	<u>-</u>	<u>-</u>	<u>-</u>		
	Amount Rs.000							
40.2 Investments	September 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
Federal Government Securities:								
- Ijarah Sukuks	500,028	-	(955)	499,073	500,000	-	(5,000)	495,000
Islamic Fund:								
-Listed Companies	99,000	-	(1,800)	97,200	99,000	-	13,410	112,410
Non Government Debt Securities								
-Unlisted	126,785	-	(187)	126,598	192,856	-	6,920	199,776
Total Investments	<u>725,813</u>	<u>-</u>	<u>(2,942)</u>	<u>722,871</u>	<u>791,856</u>	<u>-</u>	<u>15,330</u>	<u>807,186</u>
	Amount Rs.000							
40.3 Islamic financing and related assets	September 30, 2020 (Un-audited)		December 31, 2019 (Audited)					
	----- (Rupees '000) -----							
Ijarah financing under IFAS 2		44,242		61,542				
Murabaha Financing		550,926		444,613				
Diminishing musharakah financing		1,623,179		1,790,039				
Advances against Murabaha Financing		68,599		199,912				
		<u>2,286,946</u>		<u>2,496,106</u>				
Less: provision against Islamic financing								
- Specific		7,421		-				
- General		-		-				
		<u>7,421</u>		<u>-</u>				
Islamic financing and related assets - net of provisions		<u>2,279,525</u>		<u>2,496,106</u>				
	Amount Rs.000							
40.4 Deposits and other accounts	September 30, 2020 (Un-audited)			December 31, 2019 (Audited)				
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total		
Customers								
Current deposits	370,802	1,967	372,769	413,250	2,704	415,954		
Savings deposits	1,234,970	89,703	1,324,673	808,969	84,567	893,536		
Term deposits	1,473,692	-	1,473,692	523,193	-	523,193		
Margin and other deposits	9,350	-	9,350	20,938	-	20,938		
	<u>3,088,814</u>	<u>91,670</u>	<u>3,180,484</u>	<u>1,766,350</u>	<u>87,271</u>	<u>1,853,621</u>		
Financial Institutions								
Current deposits	1,042	-	1,042	956	-	956		
Savings deposits	1,138,761	-	1,138,761	1,238,794	-	1,238,794		
Margin and other deposits	30	-	30	30	-	30		
	<u>1,139,833</u>	<u>-</u>	<u>1,139,833</u>	<u>1,239,780</u>	<u>-</u>	<u>1,239,780</u>		
	<u>4,228,647</u>	<u>91,670</u>	<u>4,320,317</u>	<u>3,006,130</u>	<u>87,271</u>	<u>3,093,401</u>		



40.5 Contingencies and Commitments

	September 30, 2020 Un-audited	December 31, 2019 Audited
Guarantees	139,271	124,120
Letters of Credit	-	33,007
Commitments	-	-
	<u>139,271</u>	<u>157,127</u>

Nine months ended

40.6 Profit / Return on Financing, Investments and Placements earned

	September 30, 2020 Un-audited	September 30, 2019 Audited
Financing	234,705	252,126
Investments	34,560	44,412
Deposits with financial institutions	8,820	64
	<u>278,085</u>	<u>296,602</u>

40.7 Return on Deposits and other Dues Expensed

	September 30, 2020 Un-audited	December 31, 2019 Audited
Deposits and other accounts	179,179	151,908
Due to Financial Institutions	19,488	106,762
Amortisation of lease liability against right-of-use assets	14,908	-
Others	-	-
	<u>213,575</u>	<u>258,670</u>

40.8 Islamic Banking Business Accumulated Loss

	September 30, 2020 Un-audited	December 31, 2019 Audited
Opening Balance	(348,500)	(207,455)
Add: Islamic Banking loss for the period/year	(70,730)	(141,045)
Less: Taxation	-	-
Less: Reserves	-	-
Less: Transferred / Remitted to Head Office	-	-
	<u>(419,230)</u>	<u>(348,500)</u>

41 GENERAL

Figures have been rounded off to the nearest thousand Rupee.

42 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue by the Board of Directors on October 23, 2020.



Chairman



President and
Chief Executive Officer



Director



Director

Chief Financial Officer




**CONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION
QUARTER ENDED
SEPTEMBER 30, 2020**

Consolidated Condensed Interim Statement of Financial Position As at September 30, 2020

			September 30, 2020	December 31, 2019
	Note	Un-audited	Audited	
----- (Rupees in '000) -----				
ASSETS				
Cash and balances with treasury banks	7	15,460,404	13,566,622	
Balances with other banks	8	4,681,892	1,080,537	
Lendings to financial institutions	9	3,700,568	3,645,392	
Investments-net	10	145,761,471	65,012,547	
Advances-net	11	61,274,425	61,981,026	
Fixed assets	12	3,194,017	3,837,529	
Intangible assets	13	76,356	43,213	
Deferred tax assets-net	14	8,170,820	8,613,301	
Other assets	15	4,631,701	3,885,945	
		246,951,654	161,666,112	
LIABILITIES				
Bills payable	16	510,167	495,010	
Borrowings	17	56,479,811	4,992,284	
Deposits and other accounts	18	166,252,740	134,085,796	
Liabilities against assets subject to finance lease		-	-	
Subordinated debt		-	-	
Deferred tax liabilities		-	-	
Other liabilities	19	5,588,009	4,876,235	
		228,830,727	144,449,325	
NET ASSETS		18,120,927	17,216,787	
REPRESENTED BY				
Share capital - net	20	19,710,130	19,710,130	
Reserves		1,499,038	1,486,892	
Shares deposit money	21	2,000,000	2,000,000	
Deficit on revaluation of assets	22	(320,401)	(1,780,577)	
Accumulated Loss		(4,767,840)	(4,199,658)	
		18,120,927	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.



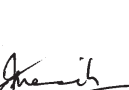
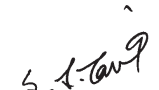
			
Chairman	President and Chief Executive Officer	Director	Director Chief Financial Officer



Consolidated Condensed Interim Profit And Loss Account (Un-audited) For the Nine months and Quarter ended September 30, 2020

	Nine months ended		Quarter ended		
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019	
Note ----- (Rupees in '000) -----					
Mark-up / Return / Interest Earned	24	11,567,975	9,283,389	3,940,548	3,418,487
Mark-up / Return / Interest Expensed	25	9,059,174	7,596,151	3,155,066	3,006,857
Net Mark-up / Interest Income		2,508,801	1,687,238	785,482	411,630
Non Mark-up / Interest Income					
Fee and Commission Income	26	204,834	231,666	65,011	66,046
Dividend Income		75,869	100,674	30,742	25,484
Foreign Exchange Income		167,316	118,899	98,495	76,577
Income / (loss) from derivatives		-	-	-	-
Gain / (Loss) on securities	27	(62,316)	(1,256,997)	122,061	1,289
Other Income	28	7,685	4,943	1,006	1,250
Total non-markup/interest Income		393,388	(800,815)	317,315	170,646
Total Income		2,902,189	886,423	1,102,797	582,276
Non Mark-up / Interest Expenses					
Operating expenses	29	3,779,663	3,737,853	1,296,109	1,312,642
Other charges	30	110	19,778	105	15,115
Total non-markup/interest expenses		3,779,773	3,757,631	1,296,214	1,327,757
Loss Before Provisions		(877,584)	(2,871,208)	(193,417)	(745,481)
Provisions and write offs - net Extra ordinary / unusual items	31	(21,941)	4,660,631	207,231	1,933,570
Loss before Taxation		(855,643)	(7,531,839)	(400,648)	(2,679,051)
Taxation	32	(299,607)	(3,015,686)	(160,656)	(1,014,607)
Loss after Taxation		(556,036)	(4,516,153)	(239,992)	(1,664,444)
----- (Rupees) -----					
Basic (Loss) / Earnings per share	33	(0.28)	(4.51)	(0.12)	(1.66)
Diluted (Loss) / Earnings per share	34	(0.28)	(4.51)	(0.12)	(1.66)

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 Nine months and Quarter ended September 30, 2020

	Nine months ended		Quarter ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
----- (Rupees in '000) -----				
Loss after taxation for the period	(556,036)	(4,516,153)	(239,992)	(1,664,444)
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	-	-	-	-
	(556,036)	(4,516,153)	(239,992)	(1,664,444)
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in surplus / (deficit) on revaluation of investments - net of tax	1,460,176	1,282,966	(393,541)	668,969
Total comprehensive income / (loss)	904,140	(3,233,187)	(633,533)	(995,475)

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 Nine months ended September 30, 2020

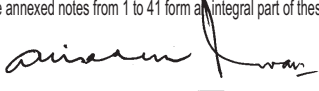
	Capital Reserves						Unappropriated Profit / (Loss) ***	Total
	Share Capital	Shares Deposit Money	Share Premium	Statutory Reserve *	Depositors protection fund reserve**	Surplus / (Deficit) on revaluation of assets		
	----- Rupees in '000 -----							
Balance as at January 01, 2019	10,010,130	-	51	1,469,425	4,374	(4,181,968)	4,023,905	11,325,917
Loss after tax for the nine months ended September 30, 2019	-	-	-	-	-	-	(4,516,153)	(4,516,153)
Other comprehensive income - net of tax	-	-	-	-	-	1,282,966	-	1,282,966
Transfer to statutory reserve	-	-	-	7,516	-	-	(7,516)	-
Transfer to depositors' protection fund - 5% of the profit after tax for the period	-	-	-	-	1,879	-	(1,879)	-
Shares deposit money	-	6,700,000	-	-	-	-	-	6,700,000
Balance as at September 30, 2019	10,010,130	6,700,000	51	1,476,941	6,253	(2,899,002)	(501,643)	14,792,730
Loss after tax for the three months ended December 31, 2019	-	-	-	-	-	-	(3,691,542)	(3,691,542)
Other comprehensive income / (loss) - net of tax	-	-	-	-	-	1,118,425	(2,826)	1,115,599
Transfer to statutory reserve	-	-	-	2,918	-	-	(2,918)	-
Transfer to depositors' protection fund - 5% of the profit after tax for the period	-	-	-	-	729	-	(729)	-
Shares deposit money	-	5,000,000	-	-	-	-	-	5,000,000
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 after tax for the nine months ended September 30, 2020	-	-	-	-	-	-	(556,036)	(556,036)
Other comprehensive income - net of tax	-	-	-	-	-	1,460,176	-	1,460,176
Transfer to statutory reserve	-	-	-	9,717	-	-	(9,717)	-
Transfer to depositors' protection fund - 5% of the profit after tax for the period	-	-	-	-	2,429	-	(2,429)	-
Balance as at September 30, 2020	19,710,130	2,000,000	51	1,489,576	9,411	(320,401)	(4,767,840)	18,120,927

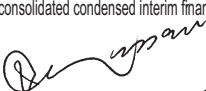
* Statutory reserve represents amount set aside as per the requirements of Section 21 of the Banking Companies Ordinance, 1962 in case of the Bank and under Microfinance Institution Ordinance, 2001 and Prudential Regulations "R-4 - Statutory Reserve" in the case of Sindh Microfinance Bank, to create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

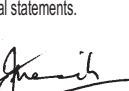
** The Sindh Microfinance Bank Limited is required under Microfinance Institutions Ordinance, 2001 to contribute 5% of its annual after tax profit to the Depositors' Protection Fund and profit earned on investments of the fund shall also be credited to the fund.

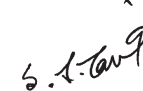
*** As more fully explained in note 11.2.2 of these unconsolidated financial statements, unappropriated profit / (loss) includes an amount of Rs.9,946.85 million net of tax as at September 30, 2020 (December 31, 2019: Rs. 9,541.05 million) representing additional profit arising from availing forced sale 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




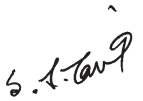

 Director


 Chief Financial Officer

Consolidated Condensed Interim Statement of Cash Flows (Un-audited) For the Nine months ended September 30, 2020

		September 30, 2020	September 30, 2019
	Note	----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		(855,643)	(7,531,839)
Less: Dividend income		(75,869)	(100,674)
		<u>(931,512)</u>	<u>(7,632,513)</u>
Adjustments:			
Depreciation	29	729,017	747,448
Amortisation	29	18,286	17,050
Provision and write offs-net	31	(193,857)	4,543,350
Provision for diminution in the value of investments - net		150,665	117,281
Gain on sale of operating fixed assets	28	(4,249)	(379)
		<u>699,862</u>	<u>5,424,750</u>
		<u>(231,650)</u>	<u>(2,207,763)</u>
(Increase) / decrease in operating assets			
Lendings to financial institutions		(55,176)	4,983,162
Advances		900,458	496,785
Other assets (excluding advance taxation)		(887,434)	1,908,078
		<u>(42,152)</u>	<u>7,388,025</u>
Increase / (decrease) in operating liabilities			
Bills payable		15,157	99,768
Borrowings from financial institutions		51,487,527	(768,640)
Deposits and other accounts		32,166,944	(8,433,503)
Other liabilities (excluding current taxation)		711,774	1,563,802
		<u>84,381,402</u>	<u>(7,538,573)</u>
		<u>84,107,600</u>	<u>(2,358,311)</u>
Income tax paid		(49,789)	(222,737)
Net cash flow from / (used in) operating activities		<u>84,057,811</u>	<u>(2,581,048)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in available-for-sale securities		(78,369,356)	(671,805)
Net investment in held-to-maturity securities		(136,502)	(66,242)
Dividends received		75,869	112,756
Investments in operating fixed assets		(138,315)	(3,108,641)
Sale proceeds from sale of fixed assets		5,630	1,379
Net cash flows from investing activities		<u>(78,562,674)</u>	<u>(3,732,553)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Issue of share capital		-	6,700,000
Net cash flows from financing activities		<u>-</u>	<u>6,700,000</u>
Increase in cash and cash equivalents		<u>5,495,137</u>	<u>386,399</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>20,142,296</u>	<u>10,234,614</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 Nine months ended September 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 focusing on the following areas:

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

- Improving Business Volumes and Profitability-This will involve the Bank taking pro-active measures for:
 - i. increasing 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. making concerted efforts for recovery and reduction of Non-Performing Loans.
 - v. taking 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 last being based on due diligence of 2017 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 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.

Listing of the Bank will be undertaken in future 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 condensed interim financial statements do not include all the information and disclosures required and should be read in conjunction with the annual financial statement 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 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 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.

The SBP vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) and International Accounting Standard 40, Investment Property (IAS 40) for Banking companies till further instructions. Further, according to the notification of the Securities and Exchange Commission of Pakistan (SECP) dated April 28, 2008, IFRS-7 Financial Instruments: Disclosures, has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated 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 consolidated financial information is the same as that applied in the preparation of the consolidated 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 consolidated condensed interim financial information are the same as those applied in the preparation of the consolidated 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 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 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 in the capital conservation buffer by 100 bps to 150 bps
- Increasing the regulatory limit on extension of credit to a SME to Rs.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 against principal repayment exceeding one year and/ or markup with no reflection on credit history; and
- Introduction of refinancing schemes for payment of wages and salaries.

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

6.1 Credit Risk Management:

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

The Credit Risk along with other credit support divisions are closely monitoring the borrowers who have availed the SBP enabled deferment/ restructuring & rescheduling relief. Periodic monitoring of the borrower's accounts is being done in order to monitor their financial stability and mitigate Group's credit risk.

6.2 Liquidity Risk Management:

In view of relaxation granted under SBP scheme for deferral of principal and markup and rescheduling of loans there will be an impact on the liquidity profile of the Group. The Asset and Liability Committee (ALCO) of the Bank is continuously monitoring the liquidity position and the Bank is of the view 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, amounted to Rs. 3005 million as at September 30, 2020. During January to June 2020, the PSX 100 index declined by 15.5%, triggering an impairment of Rs 24.26 million (note 31) 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 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 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 Group information assets are protected from emerging cyber threats and comply with the regulatory protocols required under the circumstances. The Group are 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 Bank 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) requirement to 1.5%, resulting in a 1% decline in CAR requirement for all Tiers.

		September 30, 2020 Un-audited	December 31, 2019 Audited
	Note	----- (Rupees '000) -----	
7 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		4,296,319	3,083,197
Foreign currency		253,488	208,051
		4,549,807	3,291,248
With State Bank of Pakistan (SBP) in			
Local currency current accounts	7.1	9,998,121	7,801,629
Foreign currency current accounts	7.2	104,036	14,725
Foreign currency deposit accounts			
- Non Remunerative	7.3	71,336	77,503
- Remunerative	7.4	135,170	218,619
		10,308,663	8,112,476
With National Bank of Pakistan in			
Local currency current accounts		565,438	1,854,468
Local currency deposit accounts		2,260	190,002
		567,698	2,044,470
Prize bonds		34,236	118,428
		15,460,404	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.

		September 30, 2020 Un-audited	December 31, 2019 Audited
	Note	----- (Rupees '000) -----	
8 BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		30	29,732
In savings accounts	8.1	302,560	263,736
		<u>302,590</u>	<u>293,468</u>
Outside Pakistan			
In current accounts		4,379,302	787,069
		<u>4,681,892</u>	<u>1,080,537</u>
8.1	This includes savings account with commercial banks and microfinance banks carrying mark-up ranging from 5.25% to 11.00% (2019: 10.00% to 13.75%) per annum.		
9 LENDINGS TO FINANCIAL INSTITUTIONS			
Repurchase agreement lendings (Reverse Repo)	9.2 & 9.4	2,615,568	3,645,392
Musharaka arrangements	9.3	1,085,000	-
		<u>3,700,568</u>	<u>3,645,392</u>
9.1 Particulars of lending			
In local currency		3,700,568	3,645,392
In foreign currencies		-	-
		<u>3,700,568</u>	<u>3,645,392</u>
9.2	This represents lending to commercial banks and DFIs carrying mark-up in the range of 7.20% to 7.50% (2019 :13.05% to 13.35%) per annum maturing up to October 19, 2020 (2019: January 02, 2020).		
9.3	This represent arrangement with an Islamic bank with average return of 6.25% per annum maturing on October 05, 2020		

9.3 Securities held as collateral against Lendings to financial institutions

	September 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	536,240	-	536,240	3,643,328	-	3,643,328
Pakistan Investment Bonds	2,090,134	-	2,090,134	-	-	-
Total	2,626,374	-	2,626,374	3,643,328	-	3,643,328

10 INVESTMENTS - NET

10.1 Investments by type

	September 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	60,813,296	-	(586,135)	60,227,161	23,640,034	-	(2,603,000)	21,037,034
Market Treasury Bills	62,982,469	-	116,560	63,099,029	21,921,061	-	(22,903)	21,898,158
Government of Pakistan - Ijarah Sukuk	500,028	-	(955)	499,073	500,000	-	(5,000)	495,000
Shares								
Listed	2,789,766	(369,854)	2,948	2,422,860	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	126,785	-	(187)	126,598	192,856	-	6,920	199,776
Mutual funds	915,049	(32,991)	(57,476)	824,582	915,049	(20,646)	(63,236)	831,167
	128,227,393	(402,845)	(525,245)	127,299,303	49,858,037	(378,586)	(2,918,976)	46,560,475
Held-to-maturity securities								
Federal Government Securities								
Pakistan Investment Bonds	16,778,924	-	-	16,778,924	16,798,258	-	-	16,798,258
Market Treasury Bills	-	-	-	-	19,095	-	-	19,095
Preference Shares - Unlisted	77,708	-	-	77,708	77,708	-	-	77,708
Term Deposits Accounts	775,000	-	-	775,000	600,000	-	-	600,000
Non-government debt securities								
Term finance certificates - listed	224,235	-	-	224,235	224,235	-	-	224,235
Term finance certificates - unlisted	859,114	(252,813)	-	606,301	859,183	(126,407)	-	732,776
	18,714,981	(252,813)	-	18,462,168	18,578,479	(126,407)	-	18,452,072
Total Investments	146,942,374	(655,658)	(525,245)	145,761,471	68,436,516	(504,993)	(2,918,976)	65,012,547



	September 30, 2020 Un-audited	December 31, 2019 Audited
----- (Rupees '000) -----		
10.2 Investments given as collateral		
Federal government securities		
Pakistan Investment Bonds	28,054,856	2,574,477
Market Treasury Bills	26,297,837	-
	<u>54,352,693</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
Reversals 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

Category of classification (domestic)	September 30, 2020 (Un-audited)		December 31, 2019 (Audited)	
	Non performing investments	Provision	Non performing investments	Provision
	----- Rupees in '000 -----			
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 September 30, 2020 amounted to Rs. 18,372.54 million (December 31, 2019: 17,059.34 million).

11 ADVANCES - NET

	Performing		Non Performing		Total	
	September 30, 2020 (Un-audited)	December 31, 2019 (Audited)	September 30, 2020 (Un-audited)	December 31, 2019 (Audited)	September 30, 2020 (Un-audited)	December 31, 2019 (Audited)
----- Rupees in '000 -----						
Loans, cash credits, agriculture, running finances etc.						
In Pakistan	29,272,667	33,577,570	33,149,200	33,820,880	62,421,867	67,398,450
Commodity finance						
In Pakistan	11,308,226	7,020,595	-	-	11,308,226	7,020,595
Islamic financing and related assets						
Diminishing musharakah financing	1,607,827	1,790,039	15,352	-	1,623,179	1,790,039
Murabaha Financing	619,525	644,525	-	-	619,525	644,525
Ijarah financing under IFAS 2	44,242	61,542	-	-	44,242	61,542
	<u>42,852,487</u>	<u>43,094,271</u>	<u>33,164,552</u>	<u>33,820,880</u>	<u>76,017,039</u>	<u>76,915,151</u>
Bills discounted and purchased (excluding market treasury bills)						
Payable in Pakistan	358,593	369,077	-	-	358,593	369,077
Payable outside Pakistan	14,962	6,825	3,405	3,405	18,367	10,230
	<u>373,555</u>	<u>375,902</u>	<u>3,405</u>	<u>3,405</u>	<u>376,960</u>	<u>379,307</u>
Advances - gross	<u>43,226,042</u>	<u>43,470,173</u>	<u>33,167,957</u>	<u>33,824,285</u>	<u>76,393,999</u>	<u>77,294,458</u>
Provision for non-performing advances						
- Specific	-	-	15,112,942	15,303,290	15,112,942	15,303,290
- General provision against consumer and small enterprise advances	6,632	10,142	-	-	6,632	10,142
	<u>6,632</u>	<u>10,142</u>	<u>15,112,942</u>	<u>15,303,290</u>	<u>15,119,574</u>	<u>15,313,432</u>
Total Advances - Net	<u>43,219,410</u>	<u>43,460,031</u>	<u>18,055,015</u>	<u>18,520,995</u>	<u>61,274,425</u>	<u>61,981,026</u>

September 30, 2020
Un-audited
 ----- (Rupees '000) -----

11.1 Particulars of advances (Gross)

In local currency	76,393,999	77,294,458
In foreign currencies	-	-
	<u>76,393,999</u>	<u>77,294,458</u>



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

Category of Classification	Note	September 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	85,442	-	584,145	-
Substandard		231,072	20,804	2,017,633	235,056
Doubtful		2,958,705	669,880	1,514,953	187,564
Loss		29,892,738	14,422,258	29,707,554	14,880,670
Total		<u>33,167,957</u>	<u>15,112,942</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.16,306.31 million (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

	September 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	619,846	79	619,925	9,985,535	2,454	9,987,989
Reversals	(1,012,976)	(3,589)	(1,016,565)	(356,792)	(202)	(356,994)
	(393,130)	(3,510)	(396,640)	9,628,743	2,252	9,630,995
Amounts charged off - Agriculture loans	224,033	-	224,033	139,054	-	139,054
Net charge / (reversal) during the period	(169,097)	(3,510)	(172,607)	9,767,797	2,252	9,770,049
Amounts written off	(21,251)	-	(21,251)	(3,508)	-	(3,508)
Closing balance	<u>15,112,942</u>	<u>6,632</u>	<u>15,119,574</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.

		September 30, 2020 Un-audited	December 31, 2019 Audited
	Note	----- (Rupees '000) -----	
12 FIXED ASSETS			
Capital work-in-progress	12.1	14,494	21,495
Property and equipment		1,445,099	1,587,425
Right of use assets		1,734,424	2,228,609
		<u>3,194,017</u>	<u>3,837,529</u>

12.1 Capital work-in-progress			
Equipment		5,011	362
Advance to suppliers		9,483	21,133
		<u>14,494</u>	<u>21,495</u>

		Nine months ended	
		September 30, 2020	September 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 :

Leasehold improvements	8,938	28,204
Furniture and fixture	5,836	23,094
Computer and office equipment	54,734	65,415
Vehicles	23,703	26,938
Total	<u>93,211</u>	<u>143,651</u>

Disposal of fixed assets

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

Leasehold improvements	71	-
Furniture and fixture	34	-
Vehicles	1,276	1,000
Total	<u>1,381</u>	<u>1,000</u>

		September 30, 2020 Un-audited	December 31, 2019 Audited
		----- (Rupees '000) -----	
13 INTANGIBLE ASSETS			
Computer Software		76,356	43,213
Others		-	-
		<u>76,356</u>	<u>43,213</u>



		Nine months ended	
		September 30,	September 30,
		2020	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>52,102</u>	<u>6,521</u>	
Disposals of intangible assets			
The net book value of intangible assets disposed off during the period.			
	<u>-</u>	<u>-</u>	
	September 30,	December 31,	
	2020	2019	
	Un-audited	Audited	
	----- (Rupees '000) -----		
14 DEFERRED TAX ASSETS -NET			
Deductible Temporary Differences on			
- Provision against advances - general	4,830,276	5,190,961	
- Tax losses carried forward	2,913,431	2,212,111	
- Provision for diminution in the value of investments	94,853	94,853	
- Deficit on revaluation of investments	204,846	-	
- Others	184,445	1,138,399	
	<u>8,227,851</u>	<u>8,636,324</u>	
Taxable Temporary Differences on			
- Accelerated tax depreciation - right of use assets	(6,685)	52,075	
- Accelerated tax depreciation - tangible assets	(42,141)	(67,022)	
- Accelerated tax amortization - intangible assets	(8,205)	(8,076)	
	<u>(57,031)</u>	<u>(23,023)</u>	
	<u>8,170,820</u>	<u>8,613,301</u>	
15 OTHER ASSETS			
Income/ Mark-up accrued in local currency	3,811,620	3,155,483	
Accrued commission income	23,346	7,234	
Advances, deposits, advance rent and other prepayments	229,907	70,993	
Unrealised gain on forward forex revaluation - net	187,874	-	
Insurance premium receivable against agriculture loans	12,743	30,531	
Stationery and stamps on hand	4,572	3,816	
Receivable against 1 Link ATM settlement account	84,109	207,120	
Advance Taxation - net	236,834	378,512	
Acceptances	-	4,297	
Insurance claims receivable	333	142	
Other receivables	40,363	27,817	
	<u>4,631,701</u>	<u>3,885,945</u>	
16 BILLS PAYABLE			
In Pakistan	510,167	495,010	
Outside Pakistan	-	-	
	<u>510,167</u>	<u>495,010</u>	

	Note	September 30,	December 31,
		2020	2019
		Un-audited	Audited
		----- (Rupees '000) -----	
17 BORROWINGS			
Secured			
Borrowings from State Bank of Pakistan			
- Under export refinance scheme		1,357,500	1,476,379
- Under long term finance facility		119,758	149,698
Repurchase agreement borrowings			
- State Bank of Pakistan (SBP)		53,825,872	2,566,207
- Other commercial banks / DFI's		426,681	-
		54,252,553	2,566,207
Unsecured			
- State Bank of Pakistan(SBP)		750,000	750,000
- Other microfinance bank		-	50,000
		750,000	800,000
		<u>56,479,811</u>	<u>4,992,284</u>
17.1 Particulars of borrowings			
In local currency		56,479,811	4,992,284
In foreign currencies		-	-
		<u>56,479,811</u>	<u>4,992,284</u>

18 DEPOSITS AND OTHER ACCOUNTS

	September 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	47,093,519	201,693	47,295,212	43,538,743	218,087	43,756,830
Savings deposits	67,097,344	719,675	67,817,019	54,929,829	817,743	55,747,572
Term deposits	45,772,740	356,467	46,129,207	29,436,358	298,529	29,734,887
Margin and other deposits	537,209	-	537,209	380,731	-	380,731
	<u>160,500,812</u>	<u>1,277,835</u>	<u>161,778,647</u>	<u>128,285,661</u>	<u>1,334,359</u>	<u>129,620,020</u>
Financial Institutions						
Current deposits	29,177	18	29,195	44,422	17	44,439
Savings deposits	1,632,860	-	1,632,860	2,617,299	-	2,617,299
Term deposits	2,722,000	-	2,722,000	1,714,000	-	1,714,000
Margin and other deposits	90,038	-	90,038	90,038	-	90,038
	<u>4,474,075</u>	<u>18</u>	<u>4,474,093</u>	<u>4,465,759</u>	<u>17</u>	<u>4,465,776</u>
	<u>164,974,887</u>	<u>1,277,853</u>	<u>166,252,740</u>	<u>132,751,420</u>	<u>1,334,376</u>	<u>134,085,796</u>



	September 30, 2020 Un-audited	December 31, 2019 Audited
19 OTHER LIABILITIES	----- (Rupees '000) -----	
Mark-up / return / interest payable in local currency	2,745,811	1,649,102
Mark-up / return / interest payable in foreign currency	3,615	5,482
Accrued expenses	159,627	159,931
Net defined benefit liability	64,778	84,612
Unrealised loss against forward forex revaluation - net	-	105,781
Provision for compensated absences	185,914	188,606
Payable to employees' provident fund	823	602
Payable against purchase of operating fixed assets	14,934	34,002
Retention money	59,640	68,457
Federal excise duty / sales tax on services payable	2,874	3,691
Lease liability	1,941,637	2,328,843
Withholding tax payable	58,527	23,761
Acceptances	-	4,297
Others	349,829	219,068
	<u>5,588,009</u>	<u>4,876,235</u>
20 SHARE CAPITAL - NET		
20.1 Authorised capital		
September 30, 2020	September 30, 2020	December 31, 2019
Un-audited	Un-audited	Audited
Number of Shares		
----- Rupees in '000 -----		
<u>2,800,000,000</u>	<u>2,000,000,000</u>	Ordinary shares of Rs.10 each
	<u>28,000,000</u>	<u>20,000,000</u>
20.2 Issued, subscribed and paid-up share capital		
<u>1,971,013,000</u>	<u>1,971,013,000</u>	Ordinary shares of Rs.10 each Fully paid in cash
	<u>19,710,130</u>	<u>19,710,130</u>
20.3	The Government of Sindh, through its Finance Department, owns 99.95% ordinary shares of the Bank.	
21 SHARES DEPOSIT MONEY		
Opening balance	2,000,000	-
Received during the period / year	-	11,700,000
Right shares issued during the period / year	-	(9,700,000)
	<u>2,000,000</u>	<u>2,000,000</u>
The Government of Sindh has paid this amount against issue of ordinary shares in due course.		
22 SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS		
Available-for-sale securities		
Federal Government securities	(470,530)	(2,630,903)
Fully paid ordinary shares - listed	2,948	(231,757)
Units of mutual funds (units / certificates)	(57,476)	(63,236)
Sukuk certificates	(187)	6,920
	<u>(525,245)</u>	<u>(2,918,976)</u>
Related deferred taxation	204,844	1,138,399
	<u>(320,401)</u>	<u>(1,780,577)</u>

			September 30, 2020 Un-audited	December 31, 2019 Audited
			----- (Rupees '000) -----	
23	CONTINGENCIES AND COMMITMENTS	Note		
	Guarantees	23.1	3,597,060	3,979,309
	Commitments	23.2	84,174,605	22,144,949
	Other contingent liabilities		-	-
			87,771,665	26,124,258
23.1	Guarantees:			
	Financial guarantees		1,049,727	1,814,543
	Performance guarantees		1,996,431	1,476,888
	Other guarantees		550,902	687,878
			3,597,060	3,979,309
23.2	Commitments:			
	Documentary credits and short-term trade-related transactions			
	Letters of credit		1,459,638	610,437
	Commitments in respect of:			
	- forward foreign exchange contracts	23.2.1	15,664,513	5,035,712
	- forward lending / borrowings	23.2.2	67,050,454	16,498,800
	Other commitments		-	-
			84,174,605	22,144,949
23.2.1	Commitments in respect of forward foreign exchange contracts			
	Purchase		5,464,652	2,470,494
	Sale		10,199,861	2,565,218
			15,664,513	5,035,712
23.2.2	Commitments in respect of forward lending / borrowing			
	Forward repurchase agreements lending		54,315,020	2,570,889
	Forward resale agreements borrowing		2,618,657	3,646,700
	Undrawn formal standby facilities, credit lines and other commitments to lend	23.2.2.1	10,116,777	10,281,211
			67,050,454	16,498,800

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.



		Nine months ended	
		September 30,	September 30,
		2020	2019
		----- Un-audited -----	
		----- Rupees in '000 -----	
24	MARK-UP/RETURN/INTEREST EARNED		
	Loans and advances	4,569,756	5,077,760
	Investments	6,556,590	3,751,665
	Lendings to financial institutions	340,031	354,376
	Balances with banks	101,598	99,588
		<u>11,567,975</u>	<u>9,283,389</u>
25	MARK-UP/RETURN/INTEREST EXPENSED		
	Deposits	7,199,019	5,239,469
	Borrowings	1,629,915	2,068,676
	Cost of foreign currency swaps against foreign currency deposits / borrowings	41,763	61,719
	Lease liability against right of use assets	188,477	226,287
		<u>9,059,174</u>	<u>7,596,151</u>
26	FEE AND COMMISSION INCOME		
	Branch banking customer fees	26,734	41,804
	Consumer finance related fees	456	600
	Card related fees (debit cards)	96,410	97,090
	Commission on trade	23,999	40,718
	Commission on guarantees	26,160	31,915
	Credit related fees	23,720	13,990
	Commission on remittances including home remittances	7,129	4,995
	Others	226	554
		<u>204,834</u>	<u>231,666</u>
27	GAIN / (LOSS) ON SECURITIES		
	Realised	(62,316)	(1,256,997)
	Unrealised - held for trading	-	-
		<u>(62,316)</u>	<u>(1,256,997)</u>
27.1	Realised gain/(loss) on:		
	Federal Government Securities	278,267	(918,154)
	Shares of listed companies	(340,583)	(338,843)
	Units of mutual funds	-	-
	Others investments	-	-
		<u>(62,316)</u>	<u>(1,256,997)</u>
28	OTHER INCOME		
	Gain on sale of operating fixed assets	4,249	379
	Rent of property	2,680	2,875
	Incidental charges	561	560
	Others	195	1,129
		<u>7,685</u>	<u>4,943</u>

	Note	Nine months ended	
		September 30, 2020	September 30, 2019
		----- Un-audited -----	
		----- Rupees in '000 -----	
29 OPERATING EXPENSES			
Total compensation expense	29.1	1,860,886	1,830,260
Property expenses			
Rent & taxes		18,780	6,446
Insurance		24,962	22,232
Utilities cost		164,798	167,746
Security (including guards)		238,529	221,950
Repair & maintenance (including janitorial charges)		17,149	24,855
Depreciation		48,400	45,971
Depreciation on right of use assets		494,185	510,662
		1,006,803	999,862
Information technology expenses			
Software maintenance		54,624	36,366
Hardware maintenance		54,270	38,807
Depreciation		11,774	13,256
Amortisation		18,286	17,050
Network charges		4,612	6,117
Others		8,725	12,182
		152,291	123,778
Other operating expenses			
Directors' fees and allowances		10,970	29,379
Fees and allowances to Shariah Board		3,938	3,790
Legal & professional charges		37,952	39,505
Outsourced services costs		88,743	78,327
Travelling & conveyance		23,879	29,491
NIFT clearing charges		16,733	13,760
Training & development		623	1,500
Postage & courier charges		13,850	13,176
Communication		88,764	86,342
Stationery & printing		54,540	65,593
Marketing, advertisement & publicity		22,765	45,437
Donations		-	-
Auditors Remuneration	29.2	9,304	8,598
Repairs & maintenance		66,924	62,596
Brokerage and commission		11,546	4,921
Entertainment		33,497	31,989
Fees and subscription		61,904	56,127
Insurance expenses		6,992	5,693
Depreciation		174,658	177,559
Others		32,101	30,170
		759,683	783,953
		3,779,663	3,737,853



Nine months ended
September 30, 2020 **September 30, 2019**

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

29.1 Total compensation expense

Managerial Remuneration			
- Fixed	1,158,940	1,127,663	
- Variable Cash Bonus / rewards etc.	8,926	365	
Charge for defined benefit plan	56,187	70,573	
Contribution to defined contribution plan	63,883	60,326	
Rent & house maintenance	334,953	330,816	
Utilities	66,486	65,193	
Medical	66,486	65,193	
Conveyance	43,138	38,845	
Employee old age benefits contribution	12,307	11,778	
Leave Fare Assistance	8,895	19,642	
Staff Insurances	39,051	37,040	
Others	1,634	2,826	
	1,860,886	1,830,260	

29.2 Auditors' remuneration

Audit fee	7,738	7,160	
Fee for other statutory certifications	757	728	
Special certifications and sundry advisory services	356	410	
Out-of-pocket expenses	453	300	
	9,304	8,598	

30 OTHER CHARGES

Penalties imposed by State Bank of Pakistan	110	19,778	
Others	-	-	
	110	19,778	

31 PROVISIONS & WRITE OFFS - NET

Provision for diminution in value of investments	10.3.1	24,258	117,281	
Provision against investment in TFCs	10.3.1	126,407	-	
Reversal of Provision against loans & advances - specific		(1,110,392)	-	
Provision against loans & advances - specific		940,309	4,541,526	
Provision against loans & advances - general		(3,510)	257	
Net provision during the period	11.2.3	(173,593)	4,541,783	
Bad debts written off directly		987	1,567	
		(21,941)	4,660,631	

Nine months ended

	September 30,	September 30,
	2020	2019

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

32 TAXATION			
Current	191,467	156,232	
Deferred	(491,074)	(3,171,918)	
	<u>(299,607)</u>	<u>(3,015,686)</u>	
33 BASIC EARNINGS / (LOSS) PER SHARE			
Profit / (Loss) for the period	<u>(556,036)</u>	<u>(4,516,153)</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>(0.28)</u>	<u>(4.51)</u>	
34 DILUTED EARNINGS / (LOSS) PER SHARE			
Profit / (Loss) for the period	<u>(556,036)</u>	<u>(4,516,153)</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>(0.28)</u>	<u>(4.51)</u>	
35 CASH AND CASH EQUIVALENTS			
Cash and Balances with Treasury Banks	15,460,404	8,952,800	
Balances with other banks	4,681,892	1,281,814	
	<u>20,142,296</u>	<u>10,234,614</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.

September 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	-	60,227,161	-	60,227,161
Market Treasury Bills	-	63,099,029	-	63,099,029
Shares of listed companies	2,422,860	-	-	2,422,860
Units of mutual funds	173,228	651,354	-	824,582
Ijarah Sukuk - GoP	-	499,073	-	499,073
Sukuk bonds	-	126,598	-	126,598
	<u>2,596,088</u>	<u>124,603,215</u>	<u>-</u>	<u>127,199,303</u>
Off balance sheet financial instruments				
Foreign exchange contracts (purchase)	-	5,464,652	-	5,464,652
Foreign exchange contracts (sale)	-	10,199,861	-	10,199,861
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
Units of mutual funds	195,599	635,568	-	831,167
Ijarah Sukuk - GoP	-	495,000	-	495,000
Sukuk bonds	-	199,776	-	199,776
	<u>2,194,939</u>	<u>44,265,536</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

	September 30, 2020 (Un-audited)				Total
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	
----- Rupees in '000 -----					
Profit & Loss					
Net mark-up/return/profit income	5,314,335	237,522	-	(3,043,056)	2,508,801
Inter segment revenue - net	(6,526,068)	-	-	6,526,068	-
Non mark-up / return / interest income	172,870	150	-	220,368	393,388
Total Income	(1,038,863)	237,672	-	3,703,380	2,902,189
Segment direct expenses	(48,887)	(1,501)	-	(2,830,849)	(2,881,237)
Inter segment expense allocation	(75,638)	(155,082)	-	(667,816)	(898,536)
Total expenses	(124,525)	(156,583)	-	(3,498,665)	(3,779,773)
Provisions	(150,665)	(11,980)	-	184,586	21,941
Profit / (loss) before tax	(1,314,053)	69,109	-	389,301	(855,643)
Balance Sheet					
Cash & Bank balances	9,745,866	302,857	-	10,093,573	20,142,296
Investments	145,736,471	25,000	-	-	145,761,471
Net inter segment lending	-	-	-	106,322,329	106,322,329
Lendings to financial institutions	3,700,568	-	-	-	3,700,568
Advances - performing	36,199	693,121	-	42,490,090	43,219,410
- non-performing (net)	-	279	-	18,054,736	18,055,015
Others	2,895,689	159,998	-	13,017,207	16,072,894
Total Assets	162,114,793	1,181,255	-	189,977,935	353,273,983



September 30, 2020 (Un-audited)

	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
----- Rupees in '000 -----					
Borrowings	54,372,311	750,000	-	1,357,500	56,479,811
Subordinated debt	-	-	-	-	-
Deposits & other accounts	-	-	-	166,252,740	166,252,740
Net inter segment borrowing	106,128,440	193,889	-	-	106,322,329
Others	109,172	49,197	-	5,939,807	6,098,176
Total liabilities	160,609,923	993,086	-	173,550,047	335,153,056
Equity	1,504,870	188,169	-	16,427,888	18,120,927
Total Equity & liabilities	162,114,793	1,181,255	-	189,977,935	353,273,983
Contingencies & Commitments	72,598,190	-	-	15,173,475	87,771,665

September 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 income	2,087,156	216,388	-	(616,306)	1,687,238
Inter segment revenue - net	(3,634,543)	-	-	3,634,543	-
Non mark-up / return / interest income	(1,047,221)	200	-	246,206	(800,815)
Total Income	(2,594,608)	216,588	-	3,264,443	886,423
Segment direct expenses	(17,834)	2,639	-	(2,772,623)	(2,787,818)
Inter segment expense allocation	(83,173)	(147,650)	-	(738,990)	(969,813)
Total expenses	(101,007)	(145,011)	-	(3,511,613)	(3,757,631)
Provisions	(117,280)	(6,762)	-	(4,536,588)	(4,660,630)
Profit / (loss) before tax	(2,812,895)	64,815	-	(4,783,758)	(7,531,838)

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 - net	-	13,104	-	18,507,891	18,520,995
Others	3,590,828	93,961	-	12,695,199	16,379,988
Total Assets	80,069,441	1,244,285	-	157,616,071	238,929,797

	December 31, 2019 (Audited)				
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
	----- 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	<u>79,963,004</u>	<u>1,104,698</u>	<u>-</u>	<u>140,645,308</u>	<u>221,713,010</u>
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 period / year are as follows:



	September 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	-	103,264	-	-	33,398	-
Repaid during the period	-	12,172	34,375	-	17,563	62,501
Transfer in / (out) - net	-	-	-	-	(58,959)	-
Closing balance	<u>-</u>	<u>171,986</u>	<u>12,499</u>	<u>-</u>	<u>80,894</u>	<u>46,874</u>
Other Assets						
Interest / mark-up receivables	-	111	227	-	-	435
Other receivables	-	-	893	-	30	2,292
	<u>-</u>	<u>111</u>	<u>1,120</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	44,861	239,721	5,051,189	220,006	429,637	13,320,173
Withdrawn during the period	43,220	229,013	4,632,804	225,413	424,436	11,032,474
Transfer in / (out) - net	-	(4,180)	-	(25,531)	(2,550)	(238)
Closing balance	<u>23,339</u>	<u>74,554</u>	<u>3,937,471</u>	<u>21,698</u>	<u>68,026</u>	<u>3,519,086</u>
Other Liabilities						
Provision for gratuity	-	-	-	-	-	15
Interest / mark-up payable	156	485	192,412	245	865	46,685
	<u>156</u>	<u>485</u>	<u>192,412</u>	<u>245</u>	<u>865</u>	<u>46,700</u>

	September 30, 2020 (Un-audited)			September 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	-	2,800	2,124	-	3,543	8,119
Fee and commission income	2	5	19	4	3	22
Net gain on sale of securities	-	-	356	-	-	1,270
Other income	-	-	2,680	-	-	2,230
Expenses :						
Mark-up / return / interest paid	393	2,941	316,058	1,973	3,096	72,615
Remuneration paid	-	136,084	-	-	122,757	-
Contribution to provident fund	-	9,267	-	-	4,285	-
Provision for gratuity	-	8,487	-	-	4,949	-
Other staff benefits	-	18,354	-	-	15,795	-
Directors' meetings fee	10,970	-	-	29,379	-	-
Other expenses	106	-	-	351	-	-
Insurance premium paid	-	-	66,821	-	-	49,147
Others :						
Sale of Government Securities	-	-	755,000	-	-	2,015,000
Purchase of Government Securities	-	-	-	-	-	110,000
Expenses recovered under agency arrangement	-	-	114	-	-	203
Insurance claims settled	-	-	581	-	-	5,748

As at the date of consolidated statement of financial position, loans/advances and deposits related to government related entities amounted to Rs.11,308.23 million and Rs.80,339.50 million respectively. The above includes deposits amounting to Rs.22,695.89 (2019: Rs.17,997.57) million received from the Finance Department, Government of Sindh.



	September 30, 2020 Un-audited	December 31, 2019 Audited
	----- (Rupees '000) -----	
39 CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	<u>14,942,290</u>	<u>15,510,472</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	10,501,638	9,494,152
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	<u>10,501,638</u>	<u>9,494,152</u>
Eligible Tier 2 Capital	-	-
Total Eligible Capital (Tier 1 + Tier 2)	<u>10,501,638</u>	<u>9,494,152</u>
Risk Weighted Assets (RWAs):		
Credit Risk	42,029,295	44,530,403
Market Risk	18,952,885	14,322,638
Operational Risk	9,007,923	9,007,923
Total Risk Weighted Assets	<u>69,990,103</u>	<u>67,860,964</u>
Common Equity Tier 1 Capital Adequacy ratio	<u>15.00%</u>	<u>13.99%</u>
Tier 1 Capital Adequacy Ratio	<u>15.00%</u>	<u>13.99%</u>
Total Capital Adequacy Ratio	<u>15.00%</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	10,501,638	9,494,152
Total Exposures	<u>248,178,876</u>	<u>167,315,997</u>
Leverage Ratio	<u>4.23%</u>	<u>5.67%</u>
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	67,986,117	44,615,973
Total Net Cash Outflow	<u>19,256,319</u>	<u>17,943,953</u>
Liquidity Coverage Ratio	<u>353%</u>	<u>249%</u>
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	126,802,814	104,909,785
Total Required Stable Funding	<u>54,560,899</u>	<u>69,852,945</u>
Net Stable Funding Ratio	<u>232%</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 October 23, 2020.



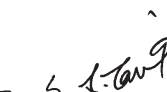
Chairman




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

CENTRAL REGION

Mr. Farhan Ashraf Khan

SEVP & Group Business Head
Central 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
Islamic Banking Punjab
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

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](https://www.facebook.com/SindhBankLimitedOfficial) [/SindhBankLimited](https://www.instagram.com/SindhBankLimited) [/company/sindh-bank-limited](https://www.linkedin.com/company/sindh-bank-limited)

Printed by: SAAM PRINTERS