



IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO



شہید محترمہ بینظیر بھٹو کی یاد میں

**SINDH BANK**  
**سندھ بینک**  
POWER TO THE PEOPLE

پاکستان

Half Yearly  
Financial  
Statements  
June 30, 2022

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## VISION

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

## MISSION

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

## Corporate Information

### Board of Directors

Mr. Anis A. Khan	Chairman/Non-Executive Director
Mr. Sajid Jamal Abro, Finance Secretary (GoS)	Non Executive Director / Nominee of GoS
Mr. Asif Jahangir	Non Executive Director / Nominee of GoS
Mr. Javaid Bashir Sheikh	Independent Director
Mr. Mohammed Aftab Alam	Non Executive Director
Mr. Adnan Ali Khan	Independent Director *
Mr. Imran Samad	President & CEO

**Chief Financial Officer** Dilshad Hussain Khan

**Company Secretary** Muhammad Irfan Zafar

**Auditors'** Naveed Zafar Ashfaq Jaffery & Co.  
Chartered Accountants

**Legal Advisors** Mohsin Tayebaly & Co

**Share Registrar** CDC Share Registrar Services Ltd.

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

**Registration Number** 0073917

**NTN Number** 3654008-7

**Website** [www.sindhbankltd.com.pk](http://www.sindhbankltd.com.pk)

\* He has been approved by the SBP on August 25, 2022 as Independent Director on the Board.

## Directors' Report

On behalf of the Board of Directors of Sindh Bank, I am presenting herewith the financial results for the half year ended June 30, 2022. Review of performance is presented below:

(Rs. in '000)

Balance Sheet	As on June 30, 2022	As on Dec 31, 2021	% age Change
Paid up Capital	25,524,428	25,524,428	
Shares Deposit Money	4,000,000	4,000,000	
Reserves & Accumulated loss	(10,263,112)	(9,775,499)	4.99%
<b>Paid up Capital &amp; Reserves</b>	<b>19,261,316</b>	<b>19,748,929</b>	<b>-2.47%</b>
Deficit on Revaluation of Investment	(675,476)	(1,121,647)	
<b>Equity</b>	<b>18,585,840</b>	<b>18,627,282</b>	<b>-0.22%</b>
<b>Borrowings</b>	<b>116,294,971</b>	<b>26,785,738</b>	<b>334.17%</b>
<b>Deposits</b>	<b>189,804,111</b>	<b>217,608,406</b>	<b>-12.78%</b>
<b>Investment (carrying value)</b>	<b>246,119,337</b>	<b>175,703,381</b>	<b>40.08%</b>
<b>Gross Advances</b>	<b>71,565,980</b>	<b>73,023,451</b>	<b>-2.00%</b>
Profit & Loss Account	Half Year Ended June 30, 2022	Half Year Ended June 30, 2021	% age Change
Markup/return/interest income	15,298,401	10,760,964	
Markup/return/interest expenses	(12,252,228)	(8,617,442)	
<b>Net markup/return/interest income</b>	<b>3,046,173</b>	<b>2,143,522</b>	<b>42.11%</b>
(Loss)/gain on sale of Investments	(130,586)	87,483	
Dividend Income	87,829	75,531	
Fee, Commission & Other Income	540,703	250,288	
<b>Non-mark-up/non-interest income</b>	<b>497,946</b>	<b>413,302</b>	<b>20.48%</b>
<b>Non mark-up/interest expenses</b>	<b>(3,242,840)</b>	<b>(2,699,197)</b>	<b>20.14%</b>
Provision/Diminution in value of investments	(5,048)	(163)	
Provision-specific & general against advances	(1,097,348)	(316,767)	
<b>Total Provisions</b>	<b>(1,102,396)</b>	<b>(316,930)</b>	<b>247.84%</b>
<b>Profit/(Loss) before Tax &amp; provisions</b>	<b>301,279</b>	<b>(142,373)</b>	<b>311.61%</b>
<b>Profit/(Loss) before Tax</b>	<b>(801,117)</b>	<b>(459,303)</b>	<b>74.42%</b>
<b>Profit/(Loss) After Tax</b>	<b>(487,613)</b>	<b>(306,032)</b>	<b>59.33%</b>
<b>Earnings / (Loss) per share (Rupees)</b>	<b>(0.19)</b>	<b>(0.12)</b>	<b>58.33%</b>
Other Information	As on June 30, 2022	As on Dec 31, 2021	% age Change
No. of Accounts	554,071	533,169	3.92%
Number of Branches	330	330	-

Significant improvement in the Bank's performance indicators was witnessed as profit before tax and provisions for the half year ended June 30, 2022 amounted to Rs.301.279 mn compared to loss / profit before tax and provisions of Rs.142.373 mn in the same period last year. However pre-tax loss for the half year ended June 30, 2022 amounted to Rs. 801.11 mn compared to pre-tax loss of Rs.459.31 mn in the same period last year and after tax loss for the half year ended June 30, 2022 amounted to Rs. 487.613mn compared to after tax loss of Rs.306.032 mn in the same period last year.

Major reason for the improvement in pre-tax and provisions profit was increase in Net Interest Income of Rs. 902.65 mn i.e 42.11%, mainly due to higher base effect and increase in policy rate (i.e. 6.75%) due to which repricing of earning assets (i.e Floating PIB's and performing Advances) was carried out. However loss before tax increased by Rs 342 mn due to increase in provisioning by Rs 785 mn on existing NPL portfolio due to withdrawal of FSV benefits required under time based criteria of SBP Prudential Regulations.

Total Assets stood at Rs.333.92 bn compared to Rs.270.19 bn as at December 31, 2021, there by registering an increase of 23.59%.

- Carrying value of Investments as at June30, 2022 amounted to Rs. 246.12 bn, increasing by Rs. 40.08% over Rs.175.70 bn as at December 31, 2021. Increase was pre-dominantly in floating rate PIBs by Rs 48 bn and short term Treasury bills by Rs 21 bn.
- Gross Advances decreased by 2.00% to Rs.71.566 bn from Rs.73.023 bn as at December 31, 2021, mainly due to recoveries of watch list, regular and NPLs customers by Rs 1.3 bn and bank is not in position to recoup such repayment due to regulatory restrictions on corporate advances.

Total Deposits decreased by 12.78% to Rs. 189.804 bn from Rs. 217.61 bn as on December 31, 2021, main reason of decrease is due to withdrawal of TDRs of Rs 26 bn by Finance Department KPK which could not be renewed due to high competitive rates offered by other banks. Number of customer accounts stood at 554,071 after increase of 20,902 accounts (i.e. 3.92%) during the half year which depicts new customer preferences and branches motivation to introduce new customers (NTBs).

Hectic efforts to reduce NPLs continue with the Bank managing to reduce its older NPL by Rs.387.37mn, where as hectic efforts are underway to recover major chunk in the second half of 2022.

#### Credit Rating

VIS Credit Rating Company Limited reaffirmed the Bank's long term entity rating of A+ (Single A Plus) and short term rating of A-1 (A-one) in its report dated June 28, 2022.

#### Economic Review

Year 2021-2022 was seen as a time of turbulence for the domestic economy after we celebrated economic prosperity during 2020-2021 after recovering. Country's economic numbers deteriorated at a faster pace during the later half of the year as political instability became a tipping point. Economic instability became much more pronounced due to deterioration of current account numbers and significant increase in inflation due to the almost 70% rise in oil prices and multiple jumps in food prices.

When we analyze the current economic deterioration of Pakistan as well as many other developing countries, it becomes visible that the war between Russia and Ukraine has made the survival of developing countries difficult as they were still reeling under the effect of COVID. The Russia/Ukraine war has increased the price of oil as well as wheat as countries engaged in war are significant commodity suppliers. Pakistan's current account deficit closed at US\$17.4 Bn (-4.60 of GDP) when compared to US\$2.82 Bn same period last year and inflation closed at 12.20% for FY22 under the pressure from rise in commodity prices as well as plus supply chain issue which still remain critical post COVID-18. PKR/USD parity deteriorated further as currency traded at 204.85 on 30th June against greenback due to the all-time high trade deficit of US\$44.77 Bn as well as stalemate on the IMF program.

Outlook for 2022-2023 is dependent on successful start of the IMF program as well as international commodity prices. In absence of decline in oil prices; economy will remain under pressure for coming months due to the possibility of stagflation. Inflation, which was announced at 24.90% for July22, is expected to average between 18%-20% for FY23. Inflation in Pakistan is partially the result of excessive domestic consumption besides contribution from commodity prices and in order to curb this demand SBP has increased policy rate by 8%

during the last 10 months. These efforts have resulted in slow down in few sectors as well as lowered consumption of petrol, however, the rest of the economy is yet to slow down to come out of the woods. As a result of unsustainable increase in imports, GoP is left with enough reserves to cover just 6 weeks of imports and PKR/USD parity declined to Rs.239.94 on 28th July, 2022, though it has recovered and is trading at 220 on 10th August, 2022. The IMF program is important to ensure economic stability for FY23 and the GoP is working towards ensuring receipt of US\$4 Bn from friendly countries; one of the primary conditions to disburse US\$1.2 Bn by IMF.

#### KSE100 Review

KSE100 declined by 6.85% during the last 6-months and closed at 41540.83 on 30th June, 2022; the performance of the index was marred by deterioration of economic and political sentiment of the Country. Companies listed on PSX have one of the highest earning growth among peer group countries; however, Pakistan's economic and political concerns largely overshadowed the strong earnings growth. PSX is significantly undervalued as KSE100 is trading at a P/E of 4X and PB of 0.7x; valuations are even lower than 2008. Market expects significant out performance once there is improvement in economic numbers and political dust settles down.

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

Sindh Microfinance Bank Limited ('SMFB') started its operations as a province level microfinance bank in May 2016 with an equity of Rs. 750 million and an aim to improve access to finance for the underprivileged segment of the Sindh Province.

Brief summary of financial highlights of the half year ended June 2022 showing below:

	As At June 30, 2022		As At Dec 31, 2021	
	# of A/c	Rs. In Million	# of A/c	Rs. In Million
<b>BALANCE SHEET</b>				
Gross Loan Portfolio	63,140	1,225	53,993	958
Total Assets		1,797		2085
Deposits	118,083	409	103,106	271
Borrowings		310		750
Total Liabilities		808		1,116
Net Equity		988		969
		<b>Half Year ended June 30, 2022</b>		<b>Half Year ended June 30, 2021</b>
<b>LENDING ACTIVITY</b>	# of A/c	Rs. In Million	# of A/c	Rs. In Million
Loan Disbursements	30,115	986	18,440	530
<b>PROFIT &amp; LOSS ACCOUNT</b>				
Net Interest Income		163		139
Profit Before Tax		26		16
Taxation		(7)		(3)
Profit After Tax		19		12

SMFB has presence in 84 locations in Sindh, employs more than 350 personnel and is a sustainable microfinance institution which has been profitable since inception.

The Net Equity of SMFB as of June 30, 2022 stood at PKR 988 million. SMFB plans to seek a national level license from the State Bank of Pakistan once the minimum capital requirements for a national level license are met. The Pakistan Credit Rating Agency (PACRA) has maintained the ratings of A- for the long term and A2 for the short term in its report dated March 29, 2022 which is reflective of SMFB's sanguine liquidity position, adequate profitability and low investment in non-earning assets.

The microfinance industry in Pakistan has been particularly hard hit by the COVID-19 pandemic which has affected the repaying capacity of low-income individuals. In addition to this, rising (almost hyper inflationary) economy has resulted in significant increases in the administrative costs of SMFB. Despite these challenges the management of SMFB is confident that the portfolio will grow and marginal level of profitability will be managed.

#### **Future Outlook**

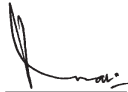
With encouraging results achieved so far, the management is determined to maintain its focus on the following major goals in the coming period:

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

#### **Acknowledgements**

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

On behalf of the Board of Directors



**Imran Samad**  
President/CEO  
Karachi, August 29, 2022



**Asif Jahangir**  
Non-Executive Director



## ڈائریکٹرز رپورٹ

میں بورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2022 کو اختتام پذیر نصف سال کے لیے بینک کے مالیاتی نتائج پیش کر رہا ہوں۔ کارکردگی کا جائزہ نیچے پیش کیا جاتا ہے؛

(روپے 000 میں)

بیلنس شیٹ	30 جون 2022 پر	31 دسمبر 2021 پر	فیصد تبدیلی
ادا شدہ سرمایہ	25,524,428	25,524,428	
حصص کی جمع شدہ رقم	4,000,000	4,000,000	
ذخائر اور جمع شدہ نقصان	(10,263,112)	(9,775,499)	4.99%
ادا شدہ سرمایہ اور ذخائر	<b>19,261,316</b>	19,748,929	-2.47%
سرمایہ کی دوبارہ قدر پذیری پر خسارہ	(675,476)	(1,121,647)	
ملکیتی سرمایہ	<b>18,585,840</b>	18,627,282	-0.22%
ادھار	<b>116,294,971</b>	26,785,738	334.17%
ڈپازٹس	<b>189,804,111</b>	217,608,406	-12.78%
سرمایہ کاری (Carrying value)	<b>246,119,337</b>	175,703,381	40.08%
مجموعی ایڈوانسز	<b>71,565,980</b>	73,023,451	-2.00%
نفع نقصان کا کھاتہ	30 جون 2022 کو اختتام پذیر 6 ماہ پر	30 جون 2021 کو اختتام پذیر 6 ماہ پر	فیصد تبدیلی
مارک اپ/ریٹرنز/سودی آمدنی	15,298,401	10,760,964	
مارک اپ/اخراجات/سودی اخراجات	(12,252,228)	(8,617,442)	
خالص مارک اپ/ریٹرنز/سودی آمدنی	<b>3,046,173</b>	<b>2,143,522</b>	<b>42.11%</b>
سرمایہ کی فروخت سے آمدنی/(نقصان)	(130,586)	87,483	
مقسومہ منافع (Dividend Income)	87,829	75,531	

نفع نقصان کا کھاتہ	30 جون 2022 کو اختتام پذیر 6 ماہ پر	30 جون 2021 کو اختتام پذیر 6 ماہ پر	فیصد تبدیلی
فیس، کمیشن اور دیگر آمدنی	540,703	250,288	
ہمارا کاپ/ غیر سودی آمدنی	497,946	413,302	20.48%
ہمارا کاپ/ غیر سودی اخراجات	(3,242,840)	(2,699,197)	20.14%
خصصات/ سرمایہ کی گھٹی ہوئی قدر	(5,048)	(163)	
خصصات - ایڈوانسز کے لیے مخصوص اور عام	(1,097,348)	(316,767)	
کل خصصات	(1,102,396)	(316,930)	247.84%
منافع/ (نقصان) قبل از ٹیکس اور خصصات	301,279	(142,373)	311.61%
منافع/ (نقصان) قبل از ٹیکس	(801,117)	(459,303)	74.42%
منافع/ (نقصان) بعد از ٹیکس	(487,613)	(306,032)	59.33%
آمدنی/ (نقصان) فی حصص (روپے)	(0.19)	(0.12)	58.33%
دیگر معلومات	30 جون 2022 کے اختتام پر	31 دسمبر 2021 کے اختتام پر	فیصد تبدیلی
کھاتوں کی تعداد	554,071	533,169	3.92%
شاخوں کی تعداد	330	330	

بینک کی کارکردگی کے اشاروں میں خاصی بہتری دیکھی گی، 30 جون 2022 کو اختتام پذیر نصف سال پر منافع قبل از محصول اور منافع کی مالیت 301.279 ملین روپے رہی جبکہ گذشتہ سال اسی مدت میں قبل از محصول منافع اور منافع کی مالیت 142.373 ملین روپے تھی۔ 30 جون 2022 کو اختتام پذیر نصف سال پر قبل از محصول نقصان کی مالیت 801.11 ملین روپے رہی اس کے مقابلے میں گذشتہ سال اسی مدت میں قبل از محصول نقصان کی مالیت 459.31 ملین روپے تھی اور 30 جون 2022 پر اختتام پذیر نصف سال پر نقصان بعد از محصول کی مالیت 487.613 ملین روپے رہی جبکہ اس کے مقابلے میں گذشتہ سال اسی مدت میں اس کی مالیت 306.032 ملین روپے تھی۔

اس بہتری کی بڑی وجہ قبل از محصول منافع اور منافع میں خالص سودی آمدن میں 902.65 ملین روپے یعنی 42.11 فیصد کا اضافہ ہے، جو بنیاد (base) کے بلند تر اثر اور پالیسی نرخ میں (یعنی 6.75 فیصد) اضافے کے باعث ہوا، جس کی وجہ سے کمانے والے اثاثہ جات (یعنی فلوئنگ PIBs اور فعال ایڈوانسز) کی قیمتوں کا دوبارہ تعین کیا گیا تاہم نقصان قبل از محصول میں 342 ملین کا اضافہ ہوا جس کی وجہ موجودہ غیر فعال قرضہ جات کے پورٹ فولیو کی مد میں 785 ملین روپے کا اضافی نقصان ہے جو کہ بینک دولت پاکستان کے محفوظ ضوابط کے مطابق وقت

کی بنیاد پر FSV سے حاصل فوائس سیدتبر داری کے سبب ہوا۔

زیر غور نصف سال کے اختتام پر مجموعی اثاثہ جات کی مالیت 23.59 فیصد اضافے کے ساتھ 333.92 ارب روپے رہی جبکہ اس کے مقابلے میں 31 دسمبر 2021 کو ان کی مالیت 270.19 ارب روپے تھی۔

• 30 جون 2022 پر سرمایہ کاری کی کیرنگ ویلیو (Carrying value) کی مالیت 40.08 فیصد اضافے کے ساتھ 246.12 ارب روپے رہی، جبکہ 31 دسمبر 2021 پر اس کی مالیت 175.70 ارب روپے تھی۔ یہ اضافہ زیادہ تر فلوئنگ ریٹ PIBs میں 48 ارب روپے اور قلیل المدت ٹریزری بلز (Treasury bills) میں 21 ارب روپے کے اضافے کے باعث تھا۔

• مجموعی ایڈوانسز 2 فیصد کمی کے ساتھ 71.566 ارب روپے ہو گئے جبکہ 31 دسمبر 2021 پر اس کی مالیت 73.023 ارب روپے تھی، اس کمی کی بنیادی وجہ باضابطہ اور غیر فعال گاہکوں سے 1.3 ارب روپے کی وصولیاں ہیں اور بینک اداراتی ایڈوانسز پر ریگولیٹری پابندیوں کے سبب ان کے دوبارہ اجراء کی پوزیشن میں نہیں ہے۔

31 دسمبر 2021 پر کل ڈپازٹس کی مالیت 217.61 ارب روپے تھی جو 12.78 فیصد کمی کے بعد 30 جون 2022 پر 189.804 ارب روپے ہو گئی، اس کمی کی بڑی وجہ خیر بختونخواہ کے شعبہ مالیت کی جانب سے 26 ارب روپے کی TDRs کا انخلاء اور دیگر بینکوں کی جانب سے مسابقتی نرخوں کی پیشکش کے سبب تجدید کا نہ ہونا ہے۔ نصف سال کے دوران کھاتے داروں کی تعداد میں 20,902 کھاتوں (یعنی 3.92 فیصد) کے اضافے کے بعد یہ تعداد 554,071 کھاتے ہو گئی جو گاہکوں کی ترجیح اور برانچوں کی نئے گاہکوں کو متعارف کرنے کی ترغیب کو ظاہر کرتا ہے۔

غیر فعال قرضہ جات کو کم کرنے کے لیے مستعدی سے کوششیں جاری ہیں، بینک پرانے 387.37 ملین روپے کے غیر فعال قرضہ جات کی وصولی کی ہے، جس کے لیے سال 2022 کے دوسرے نصف سال میں غیر فعال قرضہ جات کی بڑی مقدار کی وصولیابی کے لیے زور و شور سے کوششیں جاری ہیں۔

### کریڈٹ ریٹنگ

VIS کریڈٹ ریٹنگ کمپنی نے اپنی 28 جون 2022 کی رپورٹ میں بینک کی طویل المدت درجہ بندی کے لیے 'A+' (ثبت A) اور قلیل المدت درجہ بندی کے لیے 'A-1' (A-ون) کی توثیق کی ہے۔

### معاشی جائزہ

مالی سال 2020-2021 کے دوران بحالی کے بعد معاشی خوشحالی کا جشن منانے کے بعد مالی سال 2021-2022 کو ملکی معیشت کے لیے پلچل کے دور کے طور پر دیکھا گیا۔ سال کے دوسرے نصف کے دوران ملک کے معاشی اعداد و شمار تیزی سے خراب ہوئے جس کی وجہ سیاسی عدم توازن ملک میں تبدیلی کا نکتہ آغاز (Tipping point) بن گیا۔ معاشی عدم استحکام بہت زیادہ نمایاں ہو گیا جس کی وجہ جاری کھاتے کے اعداد و شمار خراب ہونا اور

افراط زر میں خاصہ اضافہ رہا جس کے سبب تیل کی قیمتوں میں تقریباً 70 فیصد اضافے سے غذائی اجناس کی قیمتوں میں متعدد بار اضافہ ہوا۔ جب ہم پاکستان کے ساتھ ساتھ بہت ساری دیگر ترقی پذیر ملکوں کے معاشی خرابی کا تجزیہ کرتے ہیں تو یہ نظر آتا ہے کہ روس اور یوکرین کی جنگ نے ترقی پذیر ملکوں کی بقاء کے معاملات کو مشکل بنا دیا ہے جو پہلے ہی کووڈ کے اثرات کے سبب لڑکھڑا رہے تھے۔ روس/یوکرین کی جنگ تیل کے ساتھ ساتھ گندم میں قیمتوں میں اضافہ کر چکی ہے کیونکہ جنگ میں مصروف ملک اجناس کے اہم سپلائرز ہیں۔ پاکستان کا جاری کھاتے کا خسارہ 17.4 ارب امریکی ڈالر (مجموعی قومی پیداوار کا -4.60 فیصد) جبکہ اس کے مقابلے میں گذشتہ سال اسی مدت کے دوران اس کی مالیت 2.8 ارب امریکی ڈالر تھی اور مالی سال 2022 میں کووڈ-19 کے بعد اجناس کی قیمتوں میں اضافے کے ساتھ ساتھ سپلائی چین کے مسائل کے دباؤ کے نتیجے میں افراط زر 12.20 فیصد پر بند ہوا۔ پاک روپے/ڈالر کی مساوات مبادلہ مزید خراب ہوئی اور 30 جون پر ڈالر کے مقابلے میں روپے کے سودے 204.85 روپے فی امریکی ڈالر پر ہوئے جس کی وجہ 44.77 ارب امریکی ڈالر تاریخی بلند تجارتی خسارہ کے ساتھ ساتھ IMF پروگرام میں پیشرفت کا قہطل ہے۔

مالی سال 2022-23 کے لیے مستقبل کے منظر نامے کا انحصار کامیاب IMF پروگرام کے آغاز کے ساتھ ساتھ بین الاقوامی اجناس کی قیمتوں پر ہے۔ تیل کی قیمتوں میں کمی نہ ہونے کی صورت میں آنے والے لمبوں میں معیشت دباؤ کا شکار رہے گی جس کی وجہ معاشی نموست روی (stagflation) کا شکار رہے گی۔ جولائی 2022 کے لیے افراط زر کا تخمینہ 24.90 فیصد لگایا گیا تھا جس کی توقع ہے کہ مالی سال 2023 میں افراط زر کا اوسط 18-20 فیصد کے درمیان رہے گا۔ پاکستان میں افراط زر جزوی طور پر حد سے زیادہ ملکی استعمال کے علاوہ اجناس کی قیمتوں کا بھی حصے کا نتیجہ ہے اور اس بڑھتی ہوئی طلب کو لگام دینے کے لیے بینک دولت پاکستان گذشتہ 10 ماہ میں پالیسی نرخ میں 8 فیصد کا اضافہ کر چکا ہے۔ ان کوششوں کا نتیجہ چند سیکلز میں سست روی کے ساتھ ساتھ پیٹرول کے استعمال میں کمی ہوگی، تاہم بقیہ معیشت کے مشکلات سے نکلنے کے لیے سست ہونا پڑے گا۔ درآمدات کے غیر پائیدار تسلسل کے نتیجے میں حکومت پاکستان کے پاس غیر ملکی زرمبادلہ کے ذخائر صرف چھ ہفتوں کی درآمدات کے لیے رہ گئے ہیں اور پاک روپے/امریکی ڈالر کی مبادلہ کی مساوات 28 جولائی 2022 پر کم ہو کر 239.94 روپے فی امریکی ڈالر ہو گئی تھی اگرچہ قدر میں اضافہ ہوا ہے اور 10 اگست 2022 پر اس کے سودے 220 روپے فی امریکی ڈالر پر ہوئے۔ مالی سال 2023 میں معیشت کے استحکام کو یقینی بنانے کے لیے IMF کا پروگرام ضروری ہے اور حکومت پاکستان، دوست ممالک سے 14 ارب امریکی ڈالر کی مدد کے لیے کام کر رہی ہے، جو 1.2 ارب امریکی ڈالر کے اجراء کے لیے اس کی بنیادی شرائط میں سے ایک ہے۔

## KSE100 انڈیکس کا جائزہ

KSE100 گذشتہ 6 ماہ میں 6.85 فیصد کم ہو کر 30 جون 2022 کو 41540.83 پوائنٹس پر بند ہوا؛ انڈیکس کی کارکردگی میں لگاؤ کی وجہ ملکی معاشی اور سیاسی صورتحال کی خرابی تھی۔ پاکستان اسٹاک ایکسچینج میں درج کمپنیوں کی آمدنی کی نمو اپنے ہمسر ملکوں کے اسٹاک ایکسچینج کی آمدنی کی نمو کے مقابلے میں بلند ترین تھی؛ تاہم، پاکستان کے معاشی اور سیاسی خدشات کے سبب مضبوط آمدنی کی نمو کو بہت زیادہ مائد کر دیا تھا۔ پاکستان اسٹاک ایکسچینج کی خاصی قدر کم رکھی ہے جبکہ لین دین P/E کے 4X اور PB کے 0.7x پر کر رہا تھا اور اس کی قدر پذیریری 2008 سے بھی کم ہے۔ حصص منڈی کو تو قہطل ہے کہ معاشی اعداد و شمار میں بہتری آنے اور سیاسی خلفشار کے بیٹھ جانے سے اس کی کارکردگی میں خاصی بہتری آئے گی۔

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

سندھ مائیکروفنانس بینک لمیٹڈ (SMFB)، نے صوبے کی سطح پر مائیکروفنانس آپریشن کا آغاز صوبہ سندھ میں مئی 2016 میں 750 ملین روپے کے ملکیتی سرمایہ سے کیا اور اس کا مقصد ہے کہ صوبہ سندھ میں غیر مراعات یافتہ طبقہ تک فنانس کی رسائی میں بہتری لائی جائے۔  
 جون 2022 پر اختتام پذیر نصف سال کی مالیاتی جھلکیوں کے مختصر خلاصہ درج ذیل ہے۔

31 دسمبر 2021 پر		30 جون 2022 پر		
روپے ملین میں	اکاؤنٹس کی تعداد	روپے ملین میں	اکاؤنٹس کی تعداد	بیلنس شیٹ
958	53,993	1,225	63,140	مجموعی قرضہ کا پورٹ فولیو
2085		1,797		کل اثاثہ جات
271	103,106	409	118,083	ڈپازٹس
750		310		ادھار
1,116		808		کل واجبات
969		988		خالص ملکیتی سرمایہ
30 جون 2021 کو اختتام پذیر نصف سال		30 جون 2022 کو اختتام پذیر نصف سال		
روپے ملین میں	اکاؤنٹس کی تعداد	روپے ملین میں	اکاؤنٹس کی تعداد	قرضہ جات کی فراہمی کی سرگرمیاں
530	18,440	986	30,115	قرضہ جات کی ادائیگیاں
				نفع نقصان کا کھاتہ
139		163		خالص سودی آمدنی
16		26		منافع قبل از محصول
(3)		(7)		محصول
12		19		منافع بعد از محصول

سندھ مائیکروفنانس بینک لمیٹڈ (SMFB) صوبہ سندھ میں 84 مقامات پر موجود ہے، اس کے عملے کی تعداد 350 سے زیادہ ہے اور یہ تسلسل سے جاری رہنے والا ادارہ ہے جو اپنے آغاز سے منافع بخش رہا ہے۔

30 جون 2022 پر سندھ مائیکروفنانس بینک لمیٹڈ (SMFB) کے خالص ملکیتی سرمایہ کی مالیت 988 ملین روپے رہی۔ سندھ مائیکروفنانس بینک لمیٹڈ (SMFB) چاہتا ہے کہ جیسے ہی قومی سطح کے لائسنس کی کم سے کم کھپچل کی ضرورت پوری ہوتی ہے تو وہ بینک دولت پاکستان سے قومی سطح کا لائسنس حاصل کرے۔ 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 سندھ مائیکروفنانس بینک لمیٹڈ کی مضبوط سیالیت کی صورت حال، منافع بخشی اور غیر آمدنی دینے والے اثاثہ جات پر انویسٹمنٹ کی نشان دہی کرتی ہے۔ پاکستان میں مائیکروفنانس کی صنعت کو 19- کی عالمی وباء سے بری طرح سے متاثر ہوئی جس نے کم آمدنی والے افراد کی قرضوں کی واپسی کو متاثر کیا۔ اس کے علاوہ، معیشت میں بڑھتے ہوئے افراد زر کا نتیجہ SMFB کی انتظامی لاگت میں خاصے اضافے کی شکل میں ہوا۔ ان مسائل کے باوجود SMFB کی انتظامیہ پر اعتماد ہے کہ پورٹ فولیو بڑھے گا اور معمولی سطح کی منافع بخشی حاصل کر پائے گی۔

### مستقبل کا منظر نامہ

اب تک کے حوصلہ افزاء حاصل کردہ نتائج کی بنا پر، انتظامیہ پر عزم ہے کہ آنے والی مدت میں، وہ و مندرجہ ذیل بڑے مقاصد پر توجہ جاری رکھے گی:


- (i) غیر فعال قرضوں کی بحالی اور کمی؛
- (ii) گاہکوں، SME، تجارتی کاروبار میں اضافہ؛
- (iii) متبادل فراہمی اور خدمات کے ذرائع جس کی بنیاد ٹیکنالوجی پلیٹ فارم پر ہو تاکہ گاہکوں کو سہولت فراہم کی جاسکے۔
- (iv) عملے کی تربیت (Training) اور ترقی
- (v) خطرے اور نگرانی کے ماحول کی مضبوطی

### اعتراف

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

### بورڈ آف ڈائریکٹرز کی جانب سے

a July -  
آصف جہانگیر  
نان ایگزیکٹو ڈائریکٹر

  
عمران صد

صدر/CEO

کراچی: 29 اگست 2022

**UNCONSOLIDATED CONDENSED INTERIM  
FINANCIAL STATEMENTS  
PERIOD ENDED  
JUNE 30, 2022**

# INDEPENDENT AUDITOR'S REVIEW REPORT

To the member of SINDH BANK LIMITED  
Report on review of Condensed Interim Unconsolidated Financial Statements

**Naveed Zafar Ashfaq Jaffery & Co.**  
Chartered Accountants

A member firm of



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Islamabad, Pakistan  
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## INDEPENDENT AUDITORS' REVIEW REPORT

To the Members of Sindh Bank Limited  
Report on Review of Condensed Interim Unconsolidated Financial Statements

### Introduction

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of Sindh Bank Limited ("the Bank") as at June 30, 2022, and the related condensed interim unconsolidated profit and loss account, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity, and condensed interim unconsolidated statement of cash flows and notes to the condensed interim unconsolidated financial statements for the six-month period then ended (here-in-after referred to as "condensed interim unconsolidated financial statements"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with the approved accounting standards as applicable in Pakistan for the interim financial reporting. Our responsibility is to express a conclusion on the condensed interim financial information based on our review.

### Scope of Review

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


### Conclusion

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

### Other Matter

The engagement partner on the review of condensed interim unconsolidated financial statements resulting in this independent auditors' review report is **Shah Naveed Saeed**.

Place: Islamabad  
Date: **29 AUG 2022**

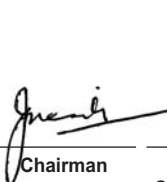
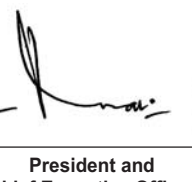

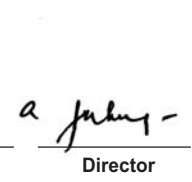

  
Naveed Zafar Ashfaq Jaffery & Co.  
Chartered Accountants



## Unconsolidated Condensed Interim Statement of Financial Position (Un-Audited) As At June 30, 2022

	Note	June 30, 2022 Un-audited	December 31, 2021 Audited
----- (Rupees in '000) -----			
<b>ASSETS</b>			
Cash and balances with treasury banks	7	19,050,227	19,341,933
Balances with other banks	8	764,154	1,092,559
Lendings to financial institutions	9	1,500,000	6,081,208
Investments-net	10	246,119,337	175,703,381
Advances-net	11	45,229,343	47,784,162
Fixed assets	12	2,800,118	3,147,597
Intangible assets	13	96,864	114,274
Deferred tax assets-net	14	13,478,716	13,252,533
Other assets	15	4,881,092	3,670,762
		<b>333,919,851</b>	<b>270,188,409</b>
<b>LIABILITIES</b>			
Bills payable	16	1,695,029	624,726
Borrowings	17	116,294,971	26,785,738
Deposits and other accounts	18	189,804,111	217,608,406
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	19	7,539,900	6,542,257
		<b>315,334,011</b>	<b>251,561,127</b>
<b>NET ASSETS</b>		<b>18,585,840</b>	<b>18,627,282</b>
<b>REPRESENTED BY</b>			
Share capital - net	20	25,524,428	25,524,428
Reserves		1,461,412	1,461,412
Shares deposit money	21	4,000,000	4,000,000
Deficit on revaluation of assets	22	(675,476)	(1,121,647)
Accumulated Loss		<b>(11,724,524)</b>	<b>(11,236,911)</b>
		<b>18,585,840</b>	<b>18,627,282</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	23		

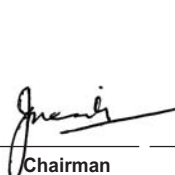
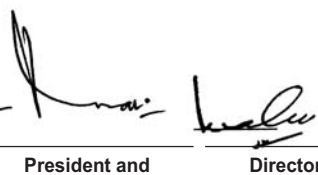


The annexed notes from 1 to 42 form an integral part of these unconsolidated condensed interim financial statements.

				
Chairman	President and Chief Executive Officer	Director	Director	Chief Financial Officer

## Unconsolidated Condensed Interim Profit and Loss Account (Un-audited) For The Half Year And Quarter Ended June 30, 2022

	Half year ended		Quarter ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Note	----- (Rupees in '000) -----			
Mark-up / Return / Interest Earned	24 15,298,401	10,760,964	8,590,050	5,822,223
Mark-up / Return / Interest Expensed	25 12,252,228	8,617,442	7,312,111	4,635,146
<b>Net Mark-up / Interest Income</b>	<b>3,046,173</b>	<b>2,143,522</b>	<b>1,277,939</b>	<b>1,187,077</b>
<b>Non Mark-up / Interest Income</b>				
Fee and Commission Income	26 205,873	163,670	116,318	92,907
Dividend Income	87,829	75,531	34,589	34,444
Foreign Exchange Income	330,642	85,300	248,686	26,856
Income / (loss) from derivatives	-	-	-	-
Gain / (Loss) on securities	27 (130,586)	87,483	(97,421)	78,350
Other Income	28 4,188	1,318	868	615
<b>Total non-markup/interest Income</b>	<b>497,946</b>	<b>413,302</b>	<b>303,040</b>	<b>233,172</b>
<b>Total Income</b>	<b>3,544,119</b>	<b>2,556,824</b>	<b>1,580,979</b>	<b>1,420,249</b>
<b>Non Mark-up / Interest Expenses</b>				
Operating expenses	29 3,242,080	2,635,481	1,758,487	1,326,868
Other charges	30 760	63,716	732	63,716
<b>Total non-markup/interest expenses</b>	<b>3,242,840</b>	<b>2,699,197</b>	<b>1,759,219</b>	<b>1,390,584</b>
<b>Profit / (Loss) before provisions</b>	<b>301,279</b>	<b>(142,373)</b>	<b>(178,240)</b>	<b>29,665</b>
Provisions and write offs - net	31 1,102,396	316,930	1,020,404	300,147
Extra ordinary / unusual items	-	-	-	-
<b>Loss before Taxation</b>	<b>(801,117)</b>	<b>(459,303)</b>	<b>(1,198,644)</b>	<b>(270,482)</b>
Taxation	32 (313,504)	(153,271)	(467,019)	(80,574)
<b>Loss after Taxation</b>	<b>(487,613)</b>	<b>(306,032)</b>	<b>(731,625)</b>	<b>(189,908)</b>
----- (Rupees) -----				
<b>Basic Loss per share</b>	33 (0.19)	(0.12)	(0.29)	(0.07)
<b>Diluted Loss per share</b>	34 (0.19)	(0.12)	(0.29)	(0.07)

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

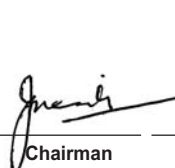
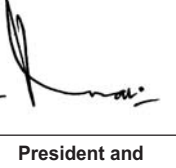








Chairman      President and Chief Executive Officer      Director      Director      Chief Financial Officer

## Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited) For The Half Year And Quarter Ended June 30, 2022

	Half year ended		Quarter ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	----- (Rupees in '000) -----			
Loss after taxation for the period	(487,613)	(306,032)	(731,625)	(189,908)
<b>Other comprehensive income</b>				
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>				
Movement in (Deficit) / surplus on revaluation of investments - net of tax	446,171	16,496	674,689	357,855
	(41,442)	(289,536)	(56,936)	167,947
<b>Items that will not be reclassified to profit and loss account in subsequent periods:</b>				
Remeasurement gain / (loss) on defined benefit obligations - net of deferred tax	-	-	-	-
<b>Total comprehensive (loss) / income</b>	(41,442)	(289,536)	(56,936)	167,947

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

				
Chairman	President and Chief Executive Officer	Director	Director	Chief Financial Officer

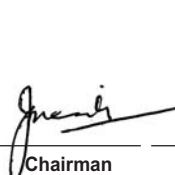
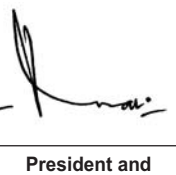

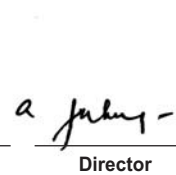
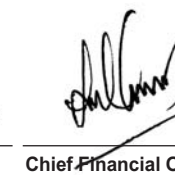
## Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited) For The Half Year Ended June 30, 2022

	Share Capital	Proposed Ordinary shares to be issued on amalgamation	Shares Deposit Money	Capital Reserves			Surplus / (Deficit) on revaluation of Investments	Unappropriated Profit / (Loss) **	Total
				Reserves on amalgamation	Share Premium	Statutory Reserve *			
Rupees in '000									
Balance as at January 01, 2021	19,710,130	3,814,298	2,000,000	19,443	51	1,451,928	(408,505)	(7,510,224)	19,077,121
Loss for the half year ended June 30, 2021	-	-	-	-	-	-	-	(306,032)	(306,032)
Other comprehensive income - net of tax	-	-	-	-	-	-	16,496	-	16,496
Issue of Shares during the period	5,814,298	(3,814,298)	(2,000,000)	-	-	-	-	-	-
Balance as at June 30, 2021	25,524,428	-	-	19,443	51	1,451,928	(392,009)	(7,816,256)	18,787,585
Loss for the half year ended December 31, 2021	-	-	-	-	-	-	-	(3,421,452)	(3,421,452)
Other comprehensive income/(loss) - net of tax	-	-	-	-	-	-	(729,638)	797	(728,841)
Share deposit money	-	-	4,000,000	-	-	-	-	-	4,000,000
Fair valuation adjustment of net assets of Sindh Leasing Company Limited	-	-	-	(10,010)	-	-	-	-	(10,010)
<b>Balance as at December 31, 2021</b>	<b>25,524,428</b>	<b>-</b>	<b>4,000,000</b>	<b>9,433</b>	<b>51</b>	<b>1,451,928</b>	<b>(1,121,647)</b>	<b>(11,236,911)</b>	<b>18,627,282</b>
Loss for the half year ended June 30, 2022	-	-	-	-	-	-	-	(487,613)	(487,613)
Other comprehensive income - net of tax	-	-	-	-	-	-	446,171	-	446,171
<b>Balance as at June 30, 2022</b>	<b>25,524,428</b>	<b>-</b>	<b>4,000,000</b>	<b>9,433</b>	<b>51</b>	<b>1,451,928</b>	<b>(675,476)</b>	<b>(11,724,524)</b>	<b>18,585,840</b>

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

\*\* As more fully explained in note 11.2.2 of these unconsolidated financial statements, unappropriated profit / (loss) includes an amount of Rs.6,563.81 million net of tax as at June 30, 2022 (December 31, 2021: Rs.7,184.65 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.

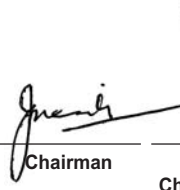


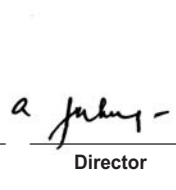







**Chairman**                      **President and  
Chief Executive Officer**                      **Director**                      **Director**                      **Chief Financial Officer**

## Unconsolidated Condensed Interim Cash Flow Statement (Un-audited) For The Half Year Ended June 30, 2022

		June 30, 2022	June 30, 2021
	Note	----- (Rupees in '000) -----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Loss before taxation		(801,117)	(459,303)
Less: Dividend income		(87,829)	(75,531)
		<u>(888,946)</u>	<u>(534,834)</u>
<b>Adjustments:</b>			
Depreciation	29	536,293	471,787
Amortisation	29	17,410	13,886
Provision against non-performing loans and advances - net	31	1,097,348	304,855
Provision for diminution in the value of investments - net	31	5,048	12,075
Gain on sale of operating fixed assets	28	(2,665)	(190)
		<u>1,653,434</u>	<u>802,413</u>
		764,488	267,579
<b>(Increase) / decrease in operating assets</b>			
Lendings to financial institutions		4,581,208	(3,335,843)
Advances - net		1,457,471	421,108
Other assets (excluding advance taxation)		(1,224,695)	1,623,479
		<u>4,813,984</u>	<u>(1,291,256)</u>
<b>Increase / (decrease) in operating liabilities</b>			
Bills payable		1,070,303	1,711,704
Borrowings from financial institutions		89,509,233	52,476,599
Deposits and other accounts		(27,804,295)	26,098,882
Other liabilities (excluding current taxation)		997,644	(980,304)
		<u>63,772,885</u>	<u>79,306,881</u>
		69,351,357	78,283,204
Income tax paid		(176,261)	(35,400)
<b>Net cash flows from / (used in) operating activities</b>		<u>69,175,096</u>	<u>78,247,804</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net investment in available-for-sale securities		(69,703,871)	(76,632,559)
Net investment in held-to-maturity securities		14,294	13,576
Dividends received		80,519	76,233
Investments in operating fixed assets		(189,306)	(101,744)
Sale proceeds from sale of fixed assets		3,157	242
<b>Net cash flows from / (used in) investing activities</b>		<u>(69,795,207)</u>	<u>(76,644,252)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Increase in cash and cash equivalents		(620,111)	1,603,552
<b>Cash and cash equivalents at the beginning of the year</b>		<u>20,434,492</u>	<u>18,671,970</u>
<b>Cash and cash equivalents at the end of the period</b>	35	<u>19,814,381</u>	<u>20,275,522</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 Half Year Ended June 30, 2022

### 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 (2021: 330) branches including 8 (2021: 8) sub-branches and 14 (2021: 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 99.96% ordinary shares of the Bank.
- 1.3 VIS Credit Rating Company Limited has reaffirmed the long term entity rating of A+ (Single A Plus) and short term rating of A-1 (A-one) in its report dated June 28, 2022.

### 1.4 Going Concern

Due to significant losses suffered by the Bank since the years 2018 and to address any material uncertainties, the management has been working on a Business Viability Plan approved by its Board of Directors in 73rd meeting held on September 13, 2019. The Plan aims to make the Bank a viable, self-sustaining institution. Important areas of focus where efforts are continuing and significant progress has been made are:

- Strengthening Bank's Capital -As planned, cash injection, of Rs. 11.7 billion was made in 2019 and Rs. 3.814 billion added during 2020 from amalgamation of Sindh Leasing Company Limited in Bank's Tier 1 Common Equity. A further amount of Rs. 4 billion has been received from GoS in the last quarter of 2021.
  - Improving Business Volumes and Profitability-This involves the Bank taking pro-active measures to:
    - i. Increase fee-based income from mainly trade-related business;
    - ii) Improve Net Interest margin;
      - a) Mobilize cost effective (CASA) deposits;
      - b) Launch new asset products in the Consumer and SME segments;
    - iii. make concerted efforts for recovery and reduction of Non-Performing Loans.
    - iv. Take cost rationalization measures;
  - Strengthening the Bank's Governance, Risk and Control environment.
  - The management is confident that barring any unforeseen contingencies, the Bank will be able to stage a turn-around. The Government of Sindh, Bank's major shareholder holding 99.96 percent of the Bank's equity is fully committed to supporting the Bank, whenever required.
- 1.5 Listing of the Bank will be undertaken in future after improvement in Bank's financial position and Regulator's guidance on the matter.

## 2. BASIS OF PRESENTATION

- 2.1** 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 March 22, 2019 and the requirements of the International Accounting Standard 34, "Interim Financial Reporting". These do not include all of the information required for the full set of annual financial statements and should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2021.
- 2.2** In accordance with the directives of the Federal Government regarding the shifting of the Banking system to Islamic modes, the State Bank of Pakistan has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by Banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these unconsolidated financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon. The Islamic Banking branches of the Bank have complied with the requirements set out under the Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) and notified under the provisions of the Companies Act, 2017.
- 2.3** The financial results of the Islamic Banking branches have been consolidated in these unconsolidated condensed interim financial statements for reporting purposes, after eliminating material inter-branch transactions / balances. Key financial figures of the Islamic Banking branches are disclosed in note 40 to these unconsolidated condensed interim financial statements.

## 3. STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

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

#### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of this condensed interim unconsolidated financial information is the same as that applied in the preparation of the unconsolidated financial statements for the year ended December 31, 2021.

#### 5. SIGNIFICANT ACCOUNTING POLICIES

5.1 The accounting policies adopted in the preparation of this unconsolidated condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2021.

#### 5.2 Standards, interpretations and amendments to published accounting and reporting standards that are relevant but not yet effective:

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard amendments, or interpretation and are not early adopted by the Bank:

Standard or Interpretation or Amendments	Effective date (annual periods beginning on or after)
IAS 1 - Classification of Financial Statements	January 01, 2023
IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 01, 2023
IAS 12 - Income Taxes (Amendments)	January 01, 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) - The amendment amends accounting treatment on loss of control of business or assets.	date under review

IFRS 9 - Financial Instruments has been made applicable in several overseas jurisdictions from January 01, 2018 and is progressively being adopted in others. The requirements of IFRS 9 are incorporated in the banks financial statements for the jurisdictions where IFRS 9 has been adopted. In terms of SBP's BPRD Circular Letter No. 03 of 2022 dated July 05, 2022 the effective date of implementation of IFRS 9 is January 01, 2024 for banks having assets size of less than Rs. 500 billion as per their Annual Financial Statements of December 31, 2021. Since Sindh Bank Limited has assets size of less than Rs. 500 billion as at December 31, 2021 therefore, the effective date of implementation of IFRS 9 would be January 01, 2024.

#### 6. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Bank for the year ended December 31, 2021.



		June 30, 2022 Un-audited	December 31, 2021 Audited
	Note	----- (Rupees '000) -----	
<b>7 CASH AND BALANCES WITH TREASURY BANKS</b>			
<b>In hand</b>			
Local currency		4,122,340	4,293,826
Foreign currency		167,476	175,646
		<b>4,289,816</b>	4,469,472
<b>With State Bank of Pakistan (SBP) in</b>			
Local currency current accounts	7.1	11,923,163	11,738,058
Foreign currency current accounts	7.2	162,321	144,789
Foreign currency deposit accounts			
- Non Remunerative	7.3	111,746	96,290
- Remunerative	7.4	207,047	178,410
		<b>12,404,277</b>	12,157,547
<b>With National Bank of Pakistan in</b>			
Local currency current accounts		2,318,808	2,657,534
Local currency deposit accounts	7.5	21,463	15,866
		<b>2,340,271</b>	2,673,400
<b>Prize bonds</b>		<b>15,863</b>	41,514
		<b>19,050,227</b>	19,341,933

- 7.1 This represents 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 0% to 0.12% profits (2021 : nil) per annum.
- 7.5 This includes savings account with National Bank of Pakistan carrying mark-up at 12.25% (2021: 7.25%) per annum.

		June 30, 2022 Un-audited	December 31, 2021 Audited
	Note	----- (Rupees '000) -----	
<b>8</b>	<b>BALANCES WITH OTHER BANKS</b>		
	<b>In Pakistan</b>		
	In current accounts	30	30
	In savings accounts	1,344	1,288
		<u>1,374</u>	<u>1,318</u>
	<b>Outside Pakistan</b>		
	In current accounts	762,780	1,091,241
		<u>764,154</u>	<u>1,092,559</u>

8.1 This includes savings account with a commercial bank carrying profit at the rate of 12.25% (2021: 7.25%) per annum.

**9 LENDINGS TO FINANCIAL INSTITUTIONS**

	Repurchase agreement lendings (Reverse Repo)	9.3	-	5,381,208
	Musharaka arrangements		-	700,000
	Mudarabah arrangements	9.2	1,500,000	-
			<u>1,500,000</u>	<u>6,081,208</u>
<b>9.1</b>	<b>Particulars of lending</b>			
	In local currency		1,500,000	6,081,208
	In foreign currencies		-	-
			<u>1,500,000</u>	<u>6,081,208</u>

9.2 This represents arrangement with an Islamic bank carrying mark-up at the rate of 15.00% (2021 : Nil) per annum maturing up to July 04, 2022 (2021 : Nil).

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

	June 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	----- (Rupees '000) -----					
Market Treasury Bills	-	-	-	992,564	-	992,564
Pakistan Investment Bonds	-	-	-	4,398,648	-	4,398,648
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,391,212</u>	<u>-</u>	<u>5,391,212</u>

**10 INVESTMENTS-NET**

**10.1 Investments by type**

Note	June 30, 2022 (Un-audited)				December 31, 2021 (Audited)			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
----- Rupees in '000 -----								
<b>Available-for-sale securities</b>								
Federal Government Securities								
Market Treasury Bills	64,020,256	-	(825,393)	63,194,863	42,881,078	-	(64,239)	42,816,839
Pakistan Investment Bonds 10.5	17,719,134	-	-	17,719,134	17,815,867	-	(1,495,398)	16,320,469
Pakistan Investment Bonds - Floater	140,944,341	-	(93,762)	140,850,579	93,251,484	-	(204,160)	93,047,324
Government of Pakistan - Ijarah Sukuk	4,000,012	-	(10,932)	3,989,080	3,000,017	-	(10,927)	2,989,090
Shares								
Listed	2,563,836	(342,758)	(200,014)	2,021,064	2,596,504	(344,000)	(93,489)	2,159,015
Non-government debt securities								
Mutual funds	215,049	(40,111)	22,765	197,703	215,049	(35,063)	29,450	209,436
	<b>229,462,628</b>	<b>(382,869)</b>	<b>(1,107,336)</b>	<b>227,972,423</b>	<b>159,759,999</b>	<b>(379,063)</b>	<b>(1,838,763)</b>	<b>157,542,173</b>
<b>Held-to-maturity securities</b>								
Federal Government Securities								
Pakistan Investment Bonds	16,730,151	-	-	16,730,151	16,744,421	-	-	16,744,421
Preference Shares - Unlisted	77,708	(77,708)	-	-	77,708	(77,708)	-	-
Non-government debt securities								
Term finance certificates - Listed	224,235	-	-	224,235	224,235	-	-	224,235
Term finance certificates - Unlisted	858,973	(416,445)	-	442,528	858,997	(416,445)	-	442,552
	<b>17,891,067</b>	<b>(494,153)</b>	<b>-</b>	<b>17,396,914</b>	<b>17,905,361</b>	<b>(494,153)</b>	<b>-</b>	<b>17,411,208</b>
<b>Investment in Subsidiary</b>								
Fully paid ordinary shares	750,000	-	-	750,000	750,000	-	-	750,000
<b>Total Investments</b>	<b>248,103,695</b>	<b>(877,022)</b>	<b>(1,107,336)</b>	<b>246,119,337</b>	<b>178,415,360</b>	<b>(873,216)</b>	<b>(1,838,763)</b>	<b>175,703,381</b>

	June 30, 2022 Un-audited	December 31, 2021 Audited
	----- (Rupees '000) -----	

**10.2 Investments given as collateral**

**Federal government securities**

Pakistan Investment Bonds	89,859,600	24,987,500
Market Treasury Bill	24,673,048	-
	<u>114,532,648</u>	<u>24,987,500</u>

**10.3 Provision for diminution in value of investments**

**10.3.1 Opening balance**

**Charge / reversals**

Charge for the period / year	5,048	87,342
Reversals for the period / year	-	-
Reversal on disposals for the period / year	(1,242)	(25,853)
Transfers - net	3,806	61,489
<b>Closing Balance</b>	<u>877,022</u>	<u>873,216</u>

	June 30, 2022 (Un-audited)		December 31, 2021 (Audited)	
	Non performing investments	Provision	Non performing investments	Provision
----- Rupees in '000 -----				
<b>10.3.2 Particulars of provision against equity / debt investments</b>				
<b>Category of classification</b>				
<b>Domestic</b>				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	<b>974,921</b>	<b>877,022</b>	971,115	873,216
<b>Total</b>	<b>974,921</b>	<b>877,022</b>	<b>971,115</b>	<b>873,216</b>

**10.3.3** The Bank has availed the benefit of forced sale value of collateral against non-performing investment on the basis of the instructions of the State Bank of Pakistan. Had the benefit not been taken by the Bank, provision against non-performing investment would have been higher by Rs. 97.90 million (2021: Rs.97.90 million). The resultant increase in profit due to FSV benefit taken will not be available for distribution as cash and stock dividend to shareholders.

**10.4** The market value of securities classified as held-to-maturity as at June 30, 2022 amounted to Rs. 16,371.81 million (December 31, 2021: Rs.18,251.87 million).

**10.5** The Bank requested SBP to allow reclassification of PIBs from AFS to HTM category on book value. Reclassification request did not acceded, however SBP allowed Sindh Bank to stagger its mark-to-market losses of PIB AFS portfolio on quarterly basis @25% starting from September 30, 2022 and to be completed by June 30, 2023.

	Performing		Non Performing		Total	
	June 30, 2022 (Un-audited)	December 31, 2021 (Audited)	June 30, 2022 (Un-audited)	December 31, 2021 (Audited)	June 30, 2022 (Un-audited)	December 31, 2021 (Audited)
----- Rupees in '000 -----						

<b>Loans, cash credits, agriculture, running finances etc.</b>	24,700,252	24,750,510	36,717,028	37,064,642	61,417,280	61,815,152
<b>Commodity finance</b>	7,473,978	8,195,361	-	-	7,473,978	8,195,361
<b>Net investment in finance lease</b>	836,422	1,084,150	296,447	321,528	1,132,869	1,405,678
<b>Islamic financing and related assets</b>						
Diminishing musharakah financing	1,100,463	1,191,226	13,319	14,127	1,113,782	1,205,353
Ijarah financing under IFAS 2	13,497	23,159	-	-	13,497	23,159
	<b>34,124,612</b>	35,244,406	<b>37,026,794</b>	37,400,297	<b>71,151,406</b>	72,644,703
<b>Bills discounted and purchased</b> (excluding market treasury bills)						
Payable in Pakistan	402,994	375,343	-	-	402,994	375,343
Payable outside Pakistan	8,175	-	3,405	3,405	11,580	3,405
	<b>411,169</b>	375,343	<b>3,405</b>	3,405	<b>414,574</b>	378,748
<b>Advances - gross</b>	<b>34,535,781</b>	35,619,749	<b>37,030,199</b>	37,403,702	<b>71,565,980</b>	73,023,451
<b>Provision for non-performing advances</b>						
- Specific Provision	-	-	25,418,120	24,339,746	25,418,120	24,339,746
- Specific provision on Leasing Portfolio	-	-	913,503	896,640	913,503	896,640
- General provision against consumer and small enterprise advances	5,014	2,903	-	-	5,014	2,903
	<b>5,014</b>	2,903	<b>26,331,623</b>	25,236,386	<b>26,336,637</b>	25,239,289
<b>Total Advances - Net</b>	<b>34,530,767</b>	35,616,846	<b>10,698,576</b>	12,167,316	<b>45,229,343</b>	47,784,162

11.1 Particulars of advances (Gross)	June 30, 2022	December 31, 2021
	Un-audited	Audited
	----- (Rupees '000) -----	
In local currency	71,565,980	73,023,451
In foreign currencies	-	-
	<u>71,565,980</u>	<u>73,023,451</u>

11.2 Advances include Rs. 37,030.19 (2021: Rs. 37,403.70) million which have been placed under non-performing status are as detailed below:

Category of Classification	Note	June 30, 2022		December 31, 2021	
		Un-audited	Provision	(Audited)	Provision
		Non performing Loans		Non performing Loans	
----- Rupees in '000 -----					
<b>Domestic</b>					
Other Assets Especially Mentioned	11.2.1	15,682	-	27,270	-
Substandard		14,555	64	20,125	1,625
Doubtful		18,334	4,185	888,099	296,028
Loss		36,981,628	26,327,374	36,468,208	24,938,733
<b>Total</b>		<u>37,030,199</u>	<u>26,331,623</u>	<u>37,403,702</u>	<u>25,236,386</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 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.10,662.45 (2021: Rs. 11,680.22 ) million. The resultant increase in profit due to FSV benefit taken will not be available for distribution as cash and stock dividend to shareholders.

11.2.3 Particulars of provision against advances

	June 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
	Specific	General	Total	Specific	General	Total
	----- Rupees in '000 -----					
Opening balance	25,236,386	2,903	25,239,289	19,500,410	2,208	19,502,618
Exchange adjustments	-	-	-	-	-	-
Charge for the period	1,108,746	2,111	1,110,857	5,976,561	695	5,977,256
Reversals	(62,078)	-	(62,078)	(334,983)	-	(334,983)
	<u>1,046,668</u>	<u>2,111</u>	<u>1,048,779</u>	<u>5,641,578</u>	<u>695</u>	<u>5,642,273</u>
Amounts charged off - Agriculture loans	48,569	-	48,569	93,301	-	93,301
Net charge / (reversal) during the period	1,095,237	2,111	1,097,348	5,734,879	695	5,735,574
Fair value adjustment on net assets of Sindh Leasing Co. Ltd-	-	-	-	1,097	-	1,097
Amounts written off	-	-	-	-	-	-
<b>Closing balance</b>	<u>26,331,623</u>	<u>5,014</u>	<u>26,336,637</u>	<u>25,236,386</u>	<u>2,903</u>	<u>25,239,289</u>

11.2.3.1 General provision against consumer loans represents provision maintained at an amount equal to 1% (2021: 1%) of the fully secured performing portfolio and 4% (2021: 4%) of the unsecured performing portfolio as required by the Prudential Regulations issued by SBP. General provision against Small Enterprises financing represents provision maintained at an amount equal to 0% (2021: 0%) of the fully secured performing portfolio and 1% of the unsecured performing portfolio as required by the Prudential Regulations issued by SBP.

		June 30, 2022 Un-audited	December 31, 2021 Audited
	Note	----- (Rupees '000) -----	
<b>12 FIXED ASSETS</b>			
Capital work-in-progress	12.1	107,747	73,166
Property and equipment		1,277,141	1,264,760
Right of use assets		1,415,230	1,809,671
		<u>2,800,118</u>	<u>3,147,597</u>

**12.1 Capital work-in-progress**

Civil works	7,642	4,396
Equipment	371	1,541
Advances to suppliers	99,734	67,229
	<u>107,747</u>	<u>73,166</u>

		June 30, 2022 Un-audited	June 30, 2021 Audited
		----- (Rupees '000) -----	
<b>12.2 Additions to fixed assets</b>			

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

**Property and equipment:**

Lease hold improvements	27,534	3,876
Furniture and fixture	2,575	1,512
Computer and office equipment	37,358	17,533
Vehicles	87,259	8,576
<b>Total</b>	<u>154,726</u>	<u>31,497</u>

**Disposal of fixed assets**

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

Furniture and fixture	10	21
Lease hold improvement	457	-
Computer and office equipment	24	-
Vehicles	-	31
<b>Total</b>	<u>491</u>	<u>52</u>

		June 30, 2022 Un-audited	December 31, 2021 Audited
		----- (Rupees '000) -----	
<b>13 INTANGIBLE ASSETS</b>			
Computer Software		96,864	114,274
Others		-	-
		<u>96,864</u>	<u>114,274</u>

	June 30, 2022	June 30, 2021
	<b>Un-audited</b>	
	----- Rupees in '000 -----	
<b>Additions to intangible assets</b>		
The additions intangible assets during the period:		
Computer Software	-	38,611
<b>Disposals of intangible assets</b>		
The net book value of intangible assets disposed off during the period.	-	-
<b>14 DEFERRED TAX ASSETS - NET</b>	<b>June 30, 2022</b>	<b>December 31, 2021</b>
<b>Deductible Temporary Differences on</b>	<b>Un-audited</b>	<b>Audited</b>
	----- (Rupees '000) -----	
- Provision against advances - general	8,566,412	8,420,982
- Tax losses carried forward	3,595,437	3,319,583
- Provision for diminution in the value of investments	128,109	247,735
- Deficit on revaluation of investments	431,861	717,118
- Others	903,467	705,534
	<b>13,625,286</b>	<b>13,410,952</b>
<b>Taxable Temporary Differences on</b>		
- Accelerated tax depreciation - tangible fixed asset	(5,933)	(20,465)
- Net investment in Lease Finance	(131,859)	(131,859)
- Accelerated tax amortization - intangible assets	(8,778)	(6,095)
	<b>(146,570)</b>	<b>(158,419)</b>
	<b>13,478,716</b>	<b>13,252,533</b>
<b>15 OTHER ASSETS</b>		
Income/ Mark-up accrued in local currency	4,075,426	3,045,472
Accrued commission income	14,011	7,234
Advances, deposits, advance rent and other prepayments	297,160	87,898
Receivable against sale of shares	176,226	268,770
Unrealised gain on forward forex revaluation - net	-	130,799
Insurance premium receivable against agriculture loans	9,604	12,565
Stationery and stamps on hand	24,394	7,984
Dividends receivable	7,310	-
Receivable against 1 Link ATM settlement account	167,699	-
Advance Taxation - net	18,379	40,054
Acceptances	10,160	-
Insurance claims receivable	17,740	16,252
Other receivables	62,983	53,734
	<b>4,881,092</b>	<b>3,670,762</b>
<b>16 BILLS PAYABLE</b>		
In Pakistan	1,695,029	624,726
Outside Pakistan	-	-
	<b>1,695,029</b>	<b>624,726</b>

17	BORROWINGS	Note	June 30, 2022	December 31, 2021
			Un-audited	Audited
			----- (Rupees '000) -----	
	<b>Secured</b>			
	Borrowings from State Bank of Pakistan			
	- Under export refinance scheme	17.2	1,636,778	1,695,919
	- Under long term finance facility	17.3	74,849	89,819
	<b>Repurchase agreement borrowings</b>			
	- State Bank of Pakistan (SBP)	17.4	90,000,000	25,000,000
	- Other commercial banks / (DFIs)	17.5	24,583,344	-
			114,583,344	25,000,000
			116,294,971	26,785,738
17.1	<b>Particulars of borrowings</b>			
	In local currency		116,294,971	26,785,738
	In foreign currencies		-	-
			116,294,971	26,785,738

17.2 These represent borrowings from SBP under export refinance scheme at the rates ranging from 1.00% to 2.00% (2021: 1.00% to 2.00%) per annum having maturity upto six months.

17.3 These represent borrowings from SBP under long term finance facility at the rate of 3.00% (2021: 3.00%) per annum having maturity upto 5 years.

17.4 These represent repurchase agreement borrowings from State Bank of Pakistan at the rates ranging from 13.87% to 13.97% (2021: 10.12%) per annum maturing up to August 05, 2022 (2021: February 18, 2022). The carrying value of securities given as collateral against these borrowings is given in note 10.2.

17.5 These represent repurchase agreement borrowings from commercial banks at the rates ranging from 12.80% to 13.83% (2021: Nil) per annum maturing up to July 08, 2022 (2021: nil). The carrying value of securities given as collateral against these borrowings is given in note 10.2.

## 18 DEPOSITS AND OTHER ACCOUNTS

	June 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	----- Rupees in '000 -----					
<b>Customers</b>						
Current deposits	58,763,491	465,426	59,228,917	61,100,359	393,151	61,493,510
Savings deposits	93,845,766	835,375	94,681,141	92,336,919	946,331	93,283,250
Term deposits	32,255,384	448,719	32,704,103	58,533,628	411,867	58,945,495
Margin and other deposits	607,902	-	607,902	563,852	-	563,852
	185,472,543	1,749,520	187,222,063	212,534,758	1,751,349	214,286,107
<b>Financial Institutions</b>						
Current deposits	126,727	22	126,749	47,372	19	47,391
Savings deposits	1,057,255	-	1,057,255	1,443,864	-	1,443,864
Term deposits	1,278,000	-	1,278,000	1,711,000	-	1,711,000
Margin and other deposits	120,044	-	120,044	120,044	-	120,044
	2,582,026	22	2,582,048	3,322,280	19	3,322,299
	188,054,569	1,749,542	189,804,111	215,857,038	1,751,368	217,608,406



19 OTHER LIABILITIES	Note	June 30,	December 31,
		2022	2021
		Un-audited	Audited
		----- (Rupees '000) -----	
Mark-up / return / interest payable in local currency		3,210,940	3,032,140
Mark-up / return / interest payable in foreign currency		2,838	2,947
Accrued expenses		338,826	124,448
Net defined benefit liability		74,987	93,779
Provision for compensated absences		215,811	224,032
Payable against 1 Link ATM settlement account		-	47,032
Unrealised loss against forward forex revaluation - net		989,330	-
Payable against purchase of operating fixed assets		20,420	13,660
Payable against purchase of shares		261,433	205,890
Retention money		66,690	60,701
Federal excise duty / sales tax on services payable		-	6,185
Lease liability		1,677,811	2,073,301
Withholding tax payable		83,616	36,542
Acceptances		10,160	-
Security deposit against lease contracts	19.1	298,225	362,368
Others		288,813	259,232
		<u>7,539,900</u>	<u>6,542,257</u>

19.1 These represent interest free security deposits received from lessees against lease contracts and are adjustable against residual value of leased assets at the expiry of the respective lease terms.

## 20 SHARE CAPITAL

### 20.1 Authorised capital

June 30,	December 31,		June 30,	December 31,
2022	2021		2022	2021
Un-audited	Audited		Un-audited	Audited
Number of Shares			----- Rupees in '000 -----	
<u>2,800,000,000</u>	<u>2,800,000,000</u>	Ordinary shares of Rs.10 each	<u>28,000,000</u>	<u>28,000,000</u>

### 20.2 Issued, subscribed and paid-up share capital

		Fully paid in cash		
2,171,013,000	2,171,013,000	Ordinary shares of Rs.10 each	21,710,130	21,710,130
381,429,817	381,429,817	Ordinary shares of Rs.10	3,814,298	3,814,298
		issued as consideration of amalgamation		
<u>2,552,442,817</u>	<u>2,552,442,817</u>		<u>25,524,428</u>	<u>25,524,428</u>

20.3 The Government of Sindh, through its Finance Department, owns 99.96% ordinary shares of the Bank.

## 21 SHARES DEPOSIT MONEY

Opening balance		4,000,000	2,000,000
Received during the period / year		-	4,000,000
Right shares issued during the period / year		-	(2,000,000)
		<u>4,000,000</u>	<u>4,000,000</u>

	Note	June 30, 2022 Un-audited	December 31, 2021 Audited
----- (Rupees '000) -----			
<b>22 DEFICIT ON REVALUATION OF ASSETS</b>			
<b>Available-for-sale securities</b>			
Federal government securities		(930,087)	(1,774,724)
Fully paid ordinary shares - listed		(200,014)	(93,489)
Units of mutual funds (units / certificates)		22,765	29,450
		<u>(1,107,336)</u>	<u>(1,838,763)</u>
Related deferred taxation		431,860	717,116
		<u>(675,476)</u>	<u>(1,121,647)</u>
<b>23 CONTINGENCIES AND COMMITMENTS</b>			
Guarantees	23.1	4,832,493	4,635,678
Commitments	23.2	162,541,531	52,600,081
Other contingent liabilities		-	-
		<u>167,374,024</u>	<u>57,235,759</u>
<b>23.1 Guarantees</b>			
Financial guarantees		877,534	1,059,301
Performance guarantees		1,457,026	151,016
Other guarantees		2,497,933	3,425,361
		<u>4,832,493</u>	<u>4,635,678</u>
<b>23.2 Commitments</b>			
<b>Documentary credits and short-term trade-related transactions</b>			
- letters of credit		203,908	536,689
<b>Commitments in respect of:</b>			
- forward foreign exchange contracts	23.2.1	37,873,837	12,941,129
- forward lending	23.2.2	124,463,786	39,122,263
<b>Other commitments</b>		-	-
		<u>162,541,531</u>	<u>52,600,081</u>
<b>23.2.1 Commitments in respect of forward foreign exchange contracts</b>			
Purchase		19,914,124	6,740,279
Sale		17,959,713	6,200,850
		<u>37,873,837</u>	<u>12,941,129</u>
<b>23.2.2 Commitments in respect of forward lending</b>			
Forward repurchase agreement lending		115,748,045	25,103,970
Forward resale agreement borrowing		-	5,382,772
Undrawn formal standby facilities, credit lines and other commitments to lend	23.2.2.1	8,715,741	8,635,521
		<u>124,463,786</u>	<u>39,122,263</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.

		<b>For the Half Year ended</b>	
		<b>June 30, 2022</b>	<b>June 30, 2021</b>
		----- Un-audited -----	
		----- Rupees in '000 -----	
<b>24</b>	<b>MARK-UP/RETURN/INTEREST EARNED</b>		
	Loans and advances	2,329,201	2,046,326
	Investments	12,532,160	8,363,150
	Lendings to financial institutions	430,290	343,762
	Balances with banks	6,750	7,726
		<u>15,298,401</u>	<u>10,760,964</u>
<b>25</b>	<b>MARK-UP/RETURN/INTEREST EXPENSED</b>		
	Deposits	7,151,562	4,762,441
	Borrowings	4,950,038	3,710,285
	Cost of swaps against foreign currency deposits / borrowings	59,427	31,516
	Lease liability against right of use assets	91,201	113,200
		<u>12,252,228</u>	<u>8,617,442</u>
<b>26</b>	<b>FEE AND COMMISSION INCOME</b>		
	Branch banking customer fees	28,554	25,343
	Consumer finance related fees	1,061	626
	Card related fees (debit cards)	92,494	70,385
	Commission on trade	31,858	26,425
	Commission on guarantees	30,292	17,769
	Credit related fees	11,515	8,797
	Commission on remittances including home remittances	9,517	13,820
	Others	582	505
		<u>205,873</u>	<u>163,670</u>
<b>27</b>	<b>GAIN / (LOSS) ON SECURITIES</b>		
	Realised	27.1 (130,586)	87,483
	Unrealised - held for trading	-	-
		<u>(130,586)</u>	<u>87,483</u>
<b>27.1</b>	<b>Realised gain/(loss) on:</b>		
	Federal Government Securities	(26,970)	21,642
	Shares of listed companies	(103,616)	65,841
	Others investments	-	-
		<u>(130,586)</u>	<u>87,483</u>
<b>28</b>	<b>OTHER INCOME</b>		
	Gain on sale of operating fixed assets	2,665	190
	Rent on property	385	570
	Incidental charges	1,008	403
	Others	130	155
		<u>4,188</u>	<u>1,318</u>

	Note	For the Half Year ended	
		June 30, 2022	June 30, 2021
		----- Un-audited ----- ----- Rupees in '000 -----	
<b>29 OPERATING EXPENSES</b>			
<b>Total compensation expense</b>	29.1	<b>1,737,783</b>	1,308,040
<b>Property expenses</b>			
Rent & taxes		10,971	19,194
Insurance		29,485	17,007
Utilities cost		146,136	107,861
Security (including guards)		190,083	167,690
Repairs & maintenance (including janitorial charges)		11,683	10,024
Depreciation		33,098	32,821
Depreciation on right of use assets		394,441	330,789
		<b>815,897</b>	685,386
<b>Information technology expenses</b>			
Software maintenance		58,951	38,387
Hardware maintenance		37,403	40,959
Depreciation		9,692	11,414
Amortisation		17,410	13,886
Network charges		7,077	5,296
Others		15,741	10,371
		<b>146,274</b>	120,313
<b>Other operating expenses</b>			
Directors' fees and allowances		7,200	7,350
Fees and allowances to Shariah Board		2,007	2,554
Legal & professional charges		9,521	16,371
Outsourced services costs		55,774	58,058
Travelling & conveyance		18,349	15,576
NIFT clearing charges		14,562	12,333
Depreciation		99,062	96,763
Training & development		405	151
Postage & courier charges		13,510	11,779
Communication		59,474	59,211
Stationery & printing		52,324	44,008
Marketing, advertisement & publicity		27,932	17,614
Donations		-	-
Auditors' Remuneration	29.2	7,283	7,573
Repairs & maintenance		58,758	56,640
Brokerage and commission		5,068	6,342
Entertainment		28,757	25,561
Fees and subscription		55,971	59,249
Insurance expenses		5,383	4,980
Others		20,786	19,629
		<b>542,126</b>	521,742
		<b>3,242,080</b>	2,635,481

**For the Half Year ended**

**June 30, 2022**      **June 30, 2021**

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

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

**Note**

**29.1 Total compensation expense**

Managerial Remuneration		
- Fixed	<b>1,049,042</b>	793,140
- Variable Cash Bonus / Awards etc.	<b>12,259</b>	5,239
Charge for defined benefit plan	<b>74,986</b>	39,262
Contribution to defined contribution plan	<b>59,210</b>	45,383
Rent & house maintenance	<b>302,538</b>	242,390
Utilities	<b>61,812</b>	48,972
Medical	<b>61,812</b>	48,970
Conveyance	<b>55,888</b>	44,894
Employee old age benefits contribution	<b>7,568</b>	7,390
Leave Fare Assistance	<b>17,691</b>	3,348
Staff Insurances	<b>33,865</b>	28,131
Others	<b>1,112</b>	921
	<b>1,737,783</b>	<b>1,308,040</b>

**29.2 Auditors' remuneration**

Audit fee	<b>5,966</b>	6,077
Fee for other statutory certifications	<b>597</b>	555
Special certifications and sundry advisory services	<b>281</b>	499
Out-of-pocket expenses	<b>439</b>	442
	<b>7,283</b>	<b>7,573</b>

**30 OTHER CHARGES**

Penalties imposed by State Bank of Pakistan	<b>760</b>	63,716
Others	-	-
	<b>760</b>	<b>63,716</b>

**31 PROVISIONS & WRITE OFFS - NET**

Provisions for diminution in value of investments	10.3.1	<b>5,048</b>	-
Provisions against investment in TFCs	10.3.1	-	12,075
Reversal of Provisions against loans & advances - specific		<b>(62,078)</b>	(83,118)
Provisions against loans & advances - specific		<b>1,157,315</b>	387,810
Provisions against loans & advances - general		<b>2,111</b>	163
Net provision during the period	11.2.3	<b>1,097,348</b>	304,855
Fixed assets written off		-	-
Bad debts written off directly		-	-
		<b>1,102,396</b>	<b>316,930</b>

	<b>For the Half Year ended</b>	
	<b>June 30, 2022</b>	<b>June 30, 2021</b>
	----- Un-audited -----	
	----- Rupees in '000 -----	
<b>32 TAXATION</b>		
Current	197,936	137,564
Prior years	-	-
Deferred	<u>(511,440)</u>	<u>(290,835)</u>
	<u>(313,504)</u>	<u>(153,271)</u>
<b>33 BASIC EARNINGS / (LOSS) PER SHARE</b>		
Profit / (Loss) for the period	<u>(487,613)</u>	<u>(306,032)</u>
Weighted average number of ordinary shares	<u>2,552,442,817</u>	<u>2,466,381,172</u>
Basic earnings / (loss) per share	<u>(0.19)</u>	<u>(0.12)</u>
<b>34 DILUTED EARNINGS / (LOSS) PER SHARE</b>		
Profit / (Loss) for the period	<u>(487,613)</u>	<u>(306,032)</u>
Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)	<u>2,552,442,817</u>	<u>2,466,381,172</u>
Diluted earnings / (loss) per share	<u>(0.19)</u>	<u>(0.12)</u>
<b>35 CASH AND CASH EQUIVALENTS</b>		
Cash and Balances with Treasury Banks	19,050,227	16,793,809
Balances with other banks	<u>764,154</u>	<u>3,481,713</u>
	<u>19,814,381</u>	<u>20,275,522</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.

<b>June 30, 2022 (Un-audited)</b>				
<b>Fair Value</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
----- Rupees in '000 -----				
<b>On balance sheet financial instruments</b>				
<b>Financial assets measured at fair value</b>				
<b>Available-for-sale securities</b>				
Pakistan Investment Bonds	-	158,569,713	-	158,569,713
Market Treasury Bills	-	63,194,863	-	63,194,863
Shares of listed companies	2,021,064	-	-	2,021,064
Units of mutual funds	75,303	122,400	-	197,703
Ijarah Sukuk - GoP	-	3,989,080	-	3,989,080
	<u>2,096,367</u>	<u>225,876,056</u>	<u>-</u>	<u>227,972,423</u>
<b>Off balance sheet financial instruments</b>				
Foreign exchange contracts (purchase)	-	19,914,124	-	19,914,124
Foreign exchange contracts (sale)	-	17,959,713	-	17,959,713
----- Rupees in '000 -----				
<b>December 31, 2021 (Audited)</b>				
<b>Fair Value</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
----- Rupees in '000 -----				
<b>On balance sheet financial instruments</b>				
<b>Financial assets measured at fair value</b>				
<b>Available-for-sale securities</b>				
Pakistan Investment Bonds	-	109,367,793	-	109,367,793
Market Treasury Bills	-	42,816,839	-	42,816,839
Shares of listed companies	2,159,015	-	-	2,159,015
Units of mutual funds	99,996	109,440	-	209,436
Ijarah Sukuk - GoP	-	2,989,090	-	2,989,090
	<u>2,259,011</u>	<u>155,283,162</u>	<u>-</u>	<u>157,542,173</u>
<b>Off balance sheet financial instruments</b>				
Foreign exchange contracts (purchase)	-	6,740,279	-	6,740,279
Foreign exchange contracts (sale)	-	6,200,850	-	6,200,850

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) -jjarah Sukuks	Fair values are derived using the PKISRV rates announced by the Financial Market Association (FMA) through Reuters.
Term Finance, Bonds and Sukuk certificates	Investments in debt securities (comprising term finance certificates, bonds, sukuk certificates and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.

### 37 SEGMENT INFORMATION

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

	June 30, 2022 (Un-audited)				Total
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	
	----- Rupees in '000 -----				
<b>Profit &amp; Loss</b>					
Net mark-up/return/profit income	7,975,335	18,711	-	(4,947,873)	3,046,173
Inter segment revenue - net	(8,876,989)	-	-	8,876,989	-
Non mark-up / return / interest income	259,676	343	-	237,927	497,946
Total Income	(641,978)	19,054	-	4,167,043	3,544,119
Segment direct expenses	(46,497)	(3,551)	-	(2,636,620)	(2,686,668)
Inter segment expense allocation	(55,617)	(14,033)	-	(486,522)	(556,172)
Total expenses	(102,114)	(17,584)	-	(3,123,142)	(3,242,840)
Provisions	(5,048)	-	-	(1,097,348)	(1,102,396)
<b>Profit / (Loss) before tax</b>	<b>(749,140)</b>	<b>1,470</b>	<b>-</b>	<b>(53,447)</b>	<b>(801,117)</b>
<b>Balance Sheet</b>					
Cash & Bank balances	12,404,926	-	-	7,409,455	19,814,381
Investments	246,119,337	-	-	-	246,119,337
Net inter segment lending	-	-	-	147,085,920	147,085,920
Lendings to financial institutions	1,500,000	-	-	-	1,500,000
Advances - performing	47,681	268,864	-	34,214,222	34,530,767
- non-performing (net)	-	4,618	-	10,693,958	10,698,576
Others	5,126,796	1,244	-	16,128,750	21,256,790
<b>Total Assets</b>	<b>265,198,740</b>	<b>274,726</b>	<b>-</b>	<b>215,532,305</b>	<b>481,005,771</b>



June 30, 2022 (Un-audited)					
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
----- Rupees in 000' -----					
Borrowings	114,658,193	-	-	1,636,778	116,294,971
Subordinated debt	-	-	-	-	-
Deposits & other accounts	-	-	-	189,804,111	189,804,111
Net inter segment borrowing	146,819,707	266,213	-	-	147,085,920
Others	2,470,175	8,513	-	6,756,241	9,234,929
<b>Total liabilities</b>	<b>263,948,075</b>	<b>274,726</b>	<b>-</b>	<b>198,197,130</b>	<b>462,419,931</b>
Equity	1,250,665	-	-	17,335,175	18,585,840
<b>Total Equity &amp; liabilities</b>	<b>265,198,740</b>	<b>274,726</b>	<b>-</b>	<b>215,532,305</b>	<b>481,005,771</b>
<b>Contingencies &amp; Commitments</b>	<b>153,621,882</b>	<b>-</b>	<b>-</b>	<b>13,752,142</b>	<b>167,374,024</b>

June 30, 2021 (Un-audited)					
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
----- Rupees in 000' -----					
<b>Profit &amp; Loss</b>					
Net mark-up/return/profit income	4,984,787	11,990	-	(2,853,255)	2,143,522
Inter segment revenue - net	(7,155,894)	-	-	7,155,894	-
Non mark-up / return / interest income	234,830	235	-	178,237	413,302
Total Income	(1,936,277)	12,225	-	4,480,876	2,556,824
Segment direct expenses	(51,441)	(2,290)	-	(2,103,775)	(2,157,506)
Inter segment expense allocation	(54,169)	(8,993)	-	(478,529)	(541,691)
Total expenses	(105,610)	(11,283)	-	(2,582,304)	(2,699,197)
Provisions	(12,075)	-	-	(304,855)	(316,930)
<b>Profit / (Loss) before tax</b>	<b>(2,053,962)</b>	<b>942</b>	<b>-</b>	<b>1,593,717</b>	<b>(459,303)</b>

December 31, 2021 (Audited)					
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
----- Rupees in 000' -----					
<b>Balance Sheet</b>					
Cash & Bank balances	12,158,168	-	-	8,276,324	20,434,492
Investments	175,703,381	-	-	-	175,703,381
Net inter segment lending	-	-	-	172,676,536	172,676,536
Lendings to financial institutions	6,081,208	-	-	-	6,081,208
Advances - performing	48,256	194,447	-	35,374,143	35,616,846
non-performing (net)	-	4,978	-	12,162,338	12,167,316
Others	4,778,330	8,060	-	15,398,776	20,185,166
<b>Total Assets</b>	<b>198,769,343</b>	<b>207,485</b>	<b>-</b>	<b>243,888,117</b>	<b>442,864,945</b>

	December 31, 2021 (Audited)				Total
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	
----- Rupees in 000' -----					
Borrowings	25,089,819	-	-	1,695,919	26,785,738
Subordinated debt	-	-	-	-	-
Deposits & other accounts	-	-	-	217,608,406	217,608,406
Net inter segment borrowing	172,476,511	200,025	-	-	172,676,536
Others	349,767	7,460	-	6,809,756	7,166,983
<b>Total liabilities</b>	<b>197,916,097</b>	<b>207,485</b>	<b>-</b>	<b>226,114,081</b>	<b>424,237,663</b>
Equity	853,246	-	-	17,774,036	18,627,282
<b>Total Equity &amp; liabilities</b>	<b>198,769,343</b>	<b>207,485</b>	<b>-</b>	<b>243,888,117</b>	<b>442,864,945</b>
<b>Contingencies &amp; Commitments</b>	<b>43,427,871</b>	<b>-</b>	<b>-</b>	<b>13,807,888</b>	<b>57,235,759</b>

### 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. 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 99.96% shareholding in the Bank and therefore entities which are owned and / or controlled by the GoS, or where the GoS may exercise significant influence, are related parties of the Bank. The Bank in the ordinary course of business enters into transactions with Government-related entities. Such transactions include lending to, deposits from and provision of other banking services to such entities. However, it is impracticable to disclose transactions with all other entities owned or controlled by the GoS.

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

	June 30, 2022 (Un-audited)				December 31, 2021 (Audited)			
	Directors	Key management personnel	Subsidiaries	Other related parties	Directors	Key management personnel	Subsidiaries	Other related parties
Rupees in '000'								
<b>Investments</b>								
Opening balance	-	-	750,000	-	-	-	750,000	-
Investment made during the period	-	-	-	-	-	-	-	-
Investment redeemed / disposed off during the period	-	-	-	-	-	-	-	-
Closing balance	-	-	750,000	-	-	-	750,000	-
<b>Advances</b>								
Opening balance	-	184,296	-	-	-	172,054	-	-
Addition during the period	-	37,083	-	-	-	20,834	-	-
Repaid during the period	-	72,431	-	-	-	29,496	-	-
Transfer in / (out) - net	-	-	-	-	-	20,904	-	-
Closing balance	-	148,948	-	-	-	184,296	-	-
<b>Other Assets</b>								
Interest / mark-up accrued	-	128	-	-	-	158	-	-
Other receivable	-	-	3	185	-	-	3	50
	-	128	3	185	-	158	3	50
<b>Deposits and other accounts</b>								
Opening balance	767	40,590	39,300	2,138,735	22,930	68,200	77,313	2,079,063
Received during the period	11,686	338,089	2,150,854	9,159,331	162,069	433,809	1,320,699	20,942,544
Withdrawn during the period	7,057	312,979	2,161,323	9,731,062	184,201	412,641	1,358,712	20,882,872
Transfer in / (out) - net	2,683	(163)	-	-	(31)	(48,778)	-	-
Closing balance	8,079	65,537	28,831	1,567,004	767	40,590	39,300	2,138,735
<b>Other Liabilities</b>								
Interest / mark-up payable	9	765	493	15,433	22	321	234	16,013

	June 30, 2022 (Un-audited)				June 30, 2021 (Un-audited)			
	Directors	Key management personnel	Subsidiaries	Other related parties	Directors	Key management personnel	Subsidiaries	Other related parties
----- Rupees in 000' -----								
<b>Income:</b>								
Mark-up / return / interest earned	-	2,547	-	-	-	3,758	-	-
Fee and commission income	-	4	221	17	-	6	32	11
Net gain on sale of securities	-	-	-	200	-	-	-	251
Other income	-	-	-	570	-	-	-	570
<b>Expenses:</b>								
Mark-up / return / interest paid	16	977	1,191	49,863	133	1,637	636	70,701
Remuneration paid	-	105,756	-	-	-	99,866	-	-
Contribution to provident fund	-	5,193	-	-	-	4,533	-	-
Provision for gratuity	-	11,945	-	-	-	3,746	-	-
Other staff benefits	-	20,612	-	-	-	9,158	-	-
Directors' meetings fee	7,200	-	-	-	7,350	-	-	-
Other expenses	200	-	-	-	622	-	-	-
Insurance premium paid	-	-	-	19,821	-	-	-	38,663
<b>Others:</b>								
Sale of Government Securities	-	-	31,035	2,865,000	-	-	-	2,533,500
Purchase of Government Securities	-	-	-	-	-	-	-	150,000
Gratuity paid	-	6,042	-	-	-	4,647	-	-
Leave encashment	-	1,994	-	-	-	1,807	-	-
Expenses recovered under agency arrangement	-	-	-	29	-	-	-	56
Insurance claims settled	-	-	-	7,989	-	-	-	1,234

As at the date of unconsolidated statement of financial position, loans/advances and deposits of government related entities amounted to Rs.7,473.98 million (note 11) and Rs.102,171.32 million (note 18). The above includes deposits amounting to Rs.29,605.01 (2021: Rs.30,744.37) million received through the Finance Department, Government of Sindh.

	June 30, 2022 Un-audited	December 31, 2021 Audited
----- (Rupees '000) -----		
<b>39 CAPITAL ADEQUACY, LEVERAGE RATIO &amp; LIQUIDITY REQUIREMENTS</b>		
<b>Minimum Capital Requirement (MCR)</b>		
Paid-up capital (net of losses)	<u>13,799,904</u>	<u>14,287,517</u>
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	5,417,731	5,689,232
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	<u>5,417,731</u>	<u>5,689,232</u>
Eligible Tier 2 Capital	<u>5,015</u>	-
<b>Total Eligible Capital (Tier 1 + Tier 2)</b>	<u><b>5,422,746</b></u>	<u><b>5,689,232</b></u>
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	26,430,883	29,004,835
Market Risk	11,196,693	11,647,751
Operational Risk	<u>7,165,969</u>	<u>7,165,969</u>
<b>Total Risk Weighted Assets</b>	<u><b>44,793,545</b></u>	<u><b>47,818,555</b></u>
<b>Common Equity Tier 1 Capital Adequacy ratio</b>	<u><b>12.09%</b></u>	<u><b>11.90%</b></u>
<b>Tier 1 Capital Adequacy Ratio</b>	<u><b>12.09%</b></u>	<u><b>11.90%</b></u>
<b>Total Capital Adequacy Ratio</b>	<u><b>12.11%</b></u>	<u><b>11.90%</b></u>
<b>National minimum capital requirements prescribed by SBP</b>		
CET1 minimum ratio	6.00%	6.00%
Tier 1 minimum ratio	7.50%	7.50%
Total capital minimum ratio	10.00%	10.00%
Total capital minimum ratio plus CCB	11.50%	11.50%
<b>Approach followed for determining Risk Weighted Assets</b>		
Credit Risk	<b>Comprehensive</b>	Comprehensive
Market Risk	<b>Maturity method</b>	Maturity method
Operational Risk	<b>Basic Indicator</b>	Basic Indicator
	June 30, 2022 Un-audited	December 31, 2021 Audited
	----- (Rupees '000) -----	
<b>Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	5,417,731	5,689,232
Total Exposures	<u>334,125,348</u>	<u>267,438,712</u>
Leverage Ratio (%)	<u><b>1.62%</b></u>	<u><b>2.13%</b></u>
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	138,226,036	126,415,608
Total Net Cash Outflow	<u>40,112,385</u>	<u>28,640,693</u>
Liquidity Coverage Ratio (%)	<u><b>345%</b></u>	<u><b>441%</b></u>
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	198,203,308	167,053,194
Total Required Stable Funding	<u>68,003,737</u>	<u>65,172,730</u>
Net Stable Funding Ratio	<u><b>291%</b></u>	<u><b>256%</b></u>

#### 40 ISLAMIC BANKING BUSINESS

The bank is operating with 14 Islamic Banking branches and 13 Islamic Banking Windows in Conventional branches (December 31, 2021 : 14 Islamic Banking branches and 13 Islamic Banking Windows).

The statement of financial position of the business is as follows:

		June 30, 2022 Un-audited	December 31, 2021 Audited
	Note	----- (Rupees '000) -----	
<b>Assets</b>			
Cash and balances with treasury banks		384,217	319,466
Balances with other banks		86,243	83,994
Due from financial institutions	40.1	1,500,000	700,000
Investments	40.2	4,111,480	3,098,530
Islamic financing and related assets	40.3	1,114,470	1,214,895
Fixed assets		162,138	178,015
Intangible assets		3,833	4,333
Deferred tax assets		-	190
Due from head office		37,361	20,457
Other assets		147,266	79,145
		<b>7,547,008</b>	<b>5,699,025</b>
<b>Liabilities</b>			
Bills payable		11,148	12,600
Due to financial institutions		650,000	250,000
Deposits and other accounts	40.4	6,074,577	4,623,856
Deferred tax liability		4,862	-
Due to head office		-	-
Other liabilities		206,610	226,815
		<b>6,947,197</b>	<b>5,113,271</b>
<b>Net Assets</b>		<b>599,811</b>	<b>585,754</b>
<b>Represented By</b>			
Islamic banking fund		1,100,000	1,100,000
Reserves		-	-
Surplus / (deficit) on revaluation of investments		7,605	(297)
Accumulated losses	40.8	(507,794)	(513,949)
		<b>599,811</b>	<b>585,754</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	40.5		

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

		Half Year ended	
		June 30, 2022	June 30, 2021
		----- Un-audited -----	
		----- Rupees in '000 -----	
Note			
	Profit / return on financing, investments and placements earned	40.6 <b>282,482</b>	205,686
	Return on deposits and other dues expensed	40.7 <b>186,841</b>	144,802
	<b>Net income earned before provisions</b>	<b>95,641</b>	60,884
	<b>Other income</b>		
	Fee, commission and brokerage income	<b>3,396</b>	3,824
	Income from dealing in foreign currencies	<b>(13)</b>	5
	Dividend income	<b>6,840</b>	5,940
	Gain on sale / redemption of securities	<b>-</b>	-
	Other income	<b>179</b>	18
		<b>10,402</b>	9,787
	<b>Total Income</b>	<b>106,043</b>	70,671
	<b>Other expenses</b>		
	Administrative expenses	<b>100,696</b>	90,827
	Other charges	<b>-</b>	-
	Total Other Expenses	<b>100,696</b>	90,827
	<b>Loss Before Provision</b>	<b>5,347</b>	(20,156)
	Provisions and write offs - net	<b>(808)</b>	7,000
	<b>Profit / (loss) before taxation</b>	<b>6,155</b>	(27,156)
	<b>Taxation</b>	<b>-</b>	-
	<b>Profit / (loss) after taxation</b>	<b>6,155</b>	(27,156)

The cash flow statement of the business is as follows:

	Half Year ended	
	June 30, 2022	June 30, 2021
	----- Un-audited ----- ----- Rupees in '000 -----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (loss) before taxation	6,155	(27,156)
Less: Dividend income	(6,840)	(5,940)
	(685)	(33,096)
<b>Adjustments</b>		
Depreciation	19,566	20,617
Amortisation	500	167
	20,066	20,784
	19,381	(12,312)
<b>(Increase) / decrease in operating assets</b>		
Balances with and due from financial institutions	(800,000)	(86,106)
Islamic financing and related assets - net	100,425	759,408
Due from head office	(16,904)	54,018
Other assets	(68,121)	1,593
	(784,600)	728,913
<b>(Decrease) / increase in operating liabilities</b>		
Bills payable	(1,452)	(1,079)
Due to financial institutions	400,000	285,000
Deposits and other accounts	1,450,721	(1,075,813)
Due to head office	-	29,154
Other liabilities	(20,206)	(38,549)
	1,829,063	(801,287)
	1,063,844	(84,686)
Income tax paid	-	-
<b>Net cash flow from / (used in) operating activities</b>	1,063,844	(84,686)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investment in securities	(999,995)	46,976
Dividend received	6,840	5,940
Investment in operating fixed assets	(3,689)	(5,930)
<b>Net cash flow from / (used in) investing activities</b>	(996,844)	46,986
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	-	-
<b>Increase in cash and cash equivalents</b>	67,000	(37,700)
Cash and cash equivalents at beginning of the year	403,460	400,984
<b>Cash and cash equivalents at end of the period</b>	470,460	363,284

40.1 Due from financial institutions	June 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	----- Rupees in '000 -----					
Musharaka arrangements	-	-	-	700,000	-	700,000
Mudaraba arrangements	1,500,000	-	1,500,000	-	-	-
	1,500,000	-	1,500,000	700,000	-	700,000



#### 40.2 Investments

	June 30, 2022 (Un-audited)				December 31, 2021 (Audited)			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
----- Rupees in '000 -----								
<b>Federal Government Securities:</b>								
- Ijarah Sukuks	4,000,012	-	(10,932)	3,989,080	3,000,017	-	(10,927)	2,989,090
<b>Islamic Fund:</b>								
- Listed Companies	99,000	-	23,400	122,400	99,000	-	10,440	109,440
<b>Total Investments</b>	<b>4,099,012</b>	<b>-</b>	<b>12,468</b>	<b>4,111,480</b>	<b>3,099,017</b>	<b>-</b>	<b>(487)</b>	<b>3,098,530</b>

#### 40.3 Islamic financing and related assets

	June 30, 2022 Un-audited	December 31, 2021 Audited
----- (Rupees '000) -----		
Ijarah financing under IFAS 2	13,497	23,159
Diminishing musharakah financing	1,113,782	1,205,353
	<b>1,127,279</b>	<b>1,228,512</b>
Less: provision against Islamic financing		
- Specific	12,809	13,617
- General	-	-
	<b>12,809</b>	<b>13,617</b>
<b>Islamic financing and related assets - net of provisions</b>	<b>1,114,470</b>	<b>1,214,895</b>

#### 41.4 Deposits and other accounts

	June 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
----- Rupees in '000 -----						
<b>Customers</b>						
Current deposit	820,029	995	821,024	516,991	1,135	518,126
Savings deposits	3,134,729	4,989	3,139,718	1,417,331	99,465	1,516,796
Term deposits	1,495,223	-	1,495,223	1,453,523	-	1,453,523
Margin and other deposits	23,892	-	23,892	5,015	-	5,015
	<b>5,473,873</b>	<b>5,984</b>	<b>5,479,857</b>	<b>3,392,860</b>	<b>100,600</b>	<b>3,493,460</b>
<b>Financial Institutions</b>						
Current deposits	1,973	-	1,973	1,917	-	1,917
Savings deposits	592,717	-	592,717	673,449	-	673,449
Term deposits	-	-	-	455,000	-	455,000
Margin and other deposits	30	-	30	30	-	30
	<b>594,720</b>	<b>-</b>	<b>594,720</b>	<b>1,130,396</b>	<b>-</b>	<b>1,130,396</b>
	<b>6,068,593</b>	<b>5,984</b>	<b>6,074,577</b>	<b>4,523,256</b>	<b>100,600</b>	<b>4,623,856</b>


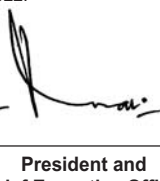



	June 30, 2022 Un-audited	December 31, 2021 Audited
<b>40.5 Contingencies and Commitments</b>	----- (Rupees '000) -----	
Guarantees	167,792	151,016
Letter of Credit	-	-
Commitments	-	-
	<u>167,792</u>	<u>151,016</u>
	<b>For Half Year ended</b>	
	June 30, 2022	June 30, 2021
	----- Un-audited -----	
<b>40.6 Profit / Return on Financing, Investments and Placements earned</b>	----- Rupees in '000 -----	
Financing	76,648	99,116
Investments	177,353	56,059
Deposits with financial institutions	28,481	50,511
	<u>282,482</u>	<u>205,686</u>
<b>40.7 Return on Deposits and other Dues Expensed</b>		
Deposits and other accounts	169,736	128,993
Due to Financial Institutions	9,372	7,609
Amortisation of lease liability against right-of-use assets	7,733	8,200
Others	-	-
	<u>186,841</u>	<u>144,802</u>
	June 30, 2022	December 31, 2021
	Un-audited	Audited
<b>40.8 Islamic Banking Business Accumulated Losses</b>	----- (Rupees '000) -----	
Opening Balance	(513,949)	(454,909)
Add: Islamic Banking profit / (loss) for the period/year	6,155	(59,040)
Less: Taxation	-	-
Less: Reserves	-	-
Less: Transferred / Remitted to Head Office	-	-
Closing Balance	<u>(507,794)</u>	<u>(513,949)</u>

**41 GENERAL**

Figures have been rounded off to the nearest thousand Rupees.

**42 DATE OF AUTHORISATION FOR ISSUE**

These unconsolidated financial statements were authorised for issue by the Board of Directors on August 29, 2022.


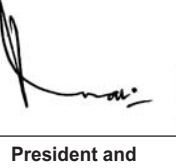



Chairman      President and Chief Executive Officer      Director      Director      Chief Financial Officer

**CONSOLIDATED CONDENSED INTERIM  
FINANCIAL STATEMENTS  
PERIOD ENDED  
JUNE 30, 2022**

## Consolidated Condensed Interim Statement of Financial Position As At June 30, 2022

		<b>June 30, 2022</b>	<b>December 31, 2021</b>
		<b>Un-audited</b>	<b>Audited</b>
	<b>Note</b>	----- (Rupees in '000) -----	
<b>ASSETS</b>			
Cash and balances with treasury banks	7	19,073,579	19,364,832
Balances with other banks	8	1,067,783	1,508,412
Lendings to financial institutions	9	1,500,000	6,081,208
Investments-net	10	245,399,353	175,428,966
Advances-net	11	46,433,511	48,728,627
Fixed assets	12	2,886,787	3,233,545
Intangible assets	13	98,768	116,671
Deferred tax assets-net	14	13,480,382	13,253,786
Other assets	15	4,991,116	3,770,967
		<b>334,931,279</b>	<b>271,487,014</b>
<b>LIABILITIES</b>			
Bills payable	16	1,695,029	624,726
Borrowings	17	116,604,971	27,535,738
Deposits and other accounts	18	190,177,976	217,842,678
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	19	7,629,368	6,637,242
		<b>316,107,344</b>	<b>252,640,384</b>
<b>NET ASSETS</b>		<b>18,823,935</b>	<b>18,846,630</b>
<b>REPRESENTED BY</b>			
Share capital - net	20	25,524,428	25,524,428
Reserves		1,521,138	1,516,452
Shares deposit money	21	4,000,000	4,000,000
Deficit on revaluation of assets	22	(675,476)	(1,121,647)
Accumulated Loss		(11,546,155)	(11,072,603)
		<b>18,823,935</b>	<b>18,846,630</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	<b>23</b>		

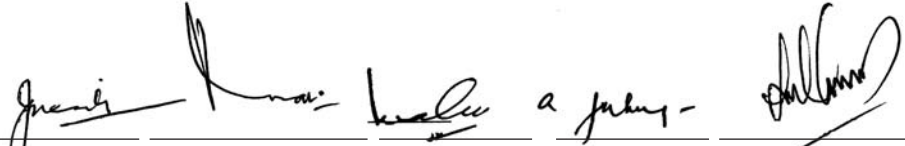
The annexed notes from 1 to 41 form an integral part of these consolidated condensed interim financial statements.

 Chairman	 President and Chief Executive Officer	 Director	 Director	 Chief Financial Officer
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## Consolidated Condensed Interim Profit And Loss Account (Un-audited) For The Half Year And Quarter Ended June 30, 2022

	Half year ended		Quarter ended		
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	
Note	----- (Rupees in '000) -----				
Mark-up / Return / Interest Earned	24	15,510,152	10,927,880	8,694,721	5,909,560
Mark-up / Return / Interest Expensed	25	12,300,754	8,645,502	7,333,212	4,648,936
<b>Net Mark-up / Interest Income</b>		<b>3,209,398</b>	<b>2,282,378</b>	<b>1,361,509</b>	<b>1,260,624</b>
<b>Non Mark-up / Interest Income</b>					
Fee and Commission Income	26	205,873	163,670	116,318	92,907
Dividend Income		87,829	75,531	34,589	34,444
Foreign Exchange Income		330,642	85,300	248,686	26,856
Income / (loss) from derivatives		-	-	-	-
Gain / (Loss) on securities	27	(130,586)	87,483	(97,421)	78,350
Other Income	28	4,188	1,318	868	615
<b>Total non-markup/interest income</b>		<b>497,946</b>	<b>413,302</b>	<b>303,040</b>	<b>233,172</b>
<b>Total Income</b>		<b>3,707,344</b>	<b>2,695,680</b>	<b>1,664,549</b>	<b>1,493,796</b>
<b>Non Mark-up / Interest Expenses</b>					
Operating expenses	29	3,371,210	2,747,123	1,826,866	1,386,306
Other charges	30	801	63,716	732	63,716
Total non-markup/interest expenses		3,372,011	2,810,839	1,827,598	1,450,022
<b>Profit / (loss) Before Provisions</b>		<b>335,333</b>	<b>(115,159)</b>	<b>(163,049)</b>	<b>43,774</b>
Provisions and write offs - net	31	1,110,692	328,243	1,025,688	305,671
Extra ordinary / unusual items		-	-	-	-
<b>Loss before Taxation</b>		<b>(775,359)</b>	<b>(443,402)</b>	<b>(1,188,737)</b>	<b>(261,897)</b>
Taxation	32	(306,493)	(149,792)	(464,644)	(78,988)
<b>Loss after Taxation</b>		<b>(468,866)</b>	<b>(293,610)</b>	<b>(724,093)</b>	<b>(182,909)</b>
----- (Rupees) -----					
<b>Basic (Loss) / Earnings per share</b>	33	<b>(0.18)</b>	<b>(0.12)</b>	<b>(0.28)</b>	<b>(0.07)</b>
<b>Diluted (Loss) / Earnings per share</b>	34	<b>(0.18)</b>	<b>(0.12)</b>	<b>(0.28)</b>	<b>(0.07)</b>

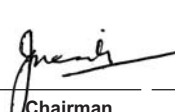
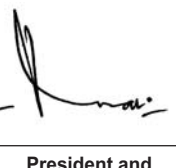


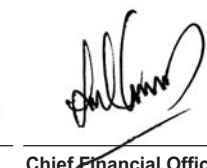
The annexed notes from 1 to 41 form an integral part of these consolidated condensed interim financial statements.

  
 Chairman      President and Chief Executive Officer      Director      Director      Chief Financial Officer

## Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited) For The Half Year And Quarter Ended June 30, 2022

	Half year ended		Quarter ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	----- (Rupees in '000) -----			
<b>Loss after taxation for the period</b>	<b>(468,866)</b>	<b>(293,610)</b>	<b>(724,093)</b>	<b>(182,909)</b>
<b>Other comprehensive income</b>				
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>				
Movement in (deficit) / surplus on revaluation of investments - net of tax	<u>446,171</u>	<u>16,496</u>	<u>674,689</u>	<u>357,855</u>
	<u>(22,695)</u>	<u>(277,114)</u>	<u>(49,404)</u>	<u>174,946</u>
<b>Items that will not be reclassified to profit and loss account in subsequent periods:</b>				
Remeasurement gain / (loss) on defined benefit obligations - net of deferred tax	-	-	-	-
<b>Total comprehensive income / (loss)</b>	<u><b>(22,695)</b></u>	<u><b>(277,114)</b></u>	<u><b>(49,404)</b></u>	<u><b>174,946</b></u>

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

Chairman      President and Chief Executive Officer      Director      Director      Chief Financial Officer

## Consolidated Condensed Interim Statement Of Changes In Equity (Un-audited) For The Half Year Ended June 30, 2022

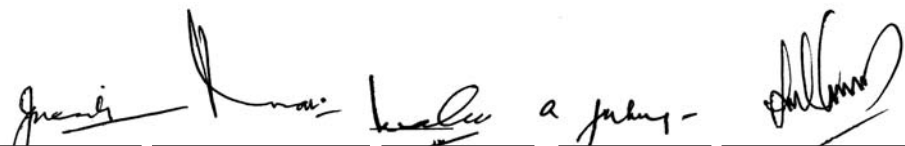
	Share Capital	Proposed Ordinary shares to be issued on amalgamation	Shares Deposit Money	Capital Reserves			Depositors protection fund reserve**	Surplus / (Deficit) on revaluation of Investments	Accumulated Loss ***	Total
				Reserves on amalgamation	Share Premium	Statutory Reserve *				
Rupees in '000										
Balance as at January 01, 2021	19,710,130	3,814,298	2,000,000	19,443	51	1,490,492	9,640	(408,505)	(7,365,678)	19,269,871
Loss for the half year ended June 30, 2021	-	-	-	-	-	-	-	-	(293,610)	(293,610)
Other comprehensive income - net of tax	-	-	-	-	-	-	-	16,496	-	16,496
Transfer to statutory reserve	-	-	-	-	-	2,484	-	-	(2,484)	-
Transfer to depositors' protection fund - 5% of the profit after tax for the period	-	-	-	-	-	-	621	-	(621)	-
Issue of Shares during the period	5,814,298	(3,814,298)	(2,000,000)	-	-	-	-	-	-	-
Balance as at June 30, 2021	25,524,428	-	-	19,443	51	1,492,976	10,261	(392,009)	(7,662,393)	18,992,757
Loss for the period (six months) ended December 31, 2021	-	-	-	-	-	-	-	-	(3,406,526)	(3,406,526)
Other comprehensive income / (loss) - net of tax	-	-	-	-	-	-	-	(729,638)	47	(729,591)
Transfer to statutory reserve	-	-	-	-	-	2,985	-	-	(2,985)	-
Transfer to depositors' protection fund - 5% of the profit after tax for the period	-	-	-	-	-	-	746	-	(746)	-
Share deposit money	-	-	4,000,000	-	-	-	-	-	-	4,000,000
Fair valuation adjustment of net assets of Sindh Leasing Company Limited	-	-	-	(10,010)	-	-	-	-	-	(10,010)
Balance as at December 31, 2021	25,524,428	-	4,000,000	9,433	51	1,495,961	11,007	(1,121,647)	(11,072,603)	18,846,630
Loss for the half year ended June 30, 2022	-	-	-	-	-	-	-	-	(468,866)	(468,866)
Other comprehensive income - net of tax	-	-	-	-	-	-	-	446,171	-	446,171
Transfer to statutory reserve	-	-	-	-	-	3,749	-	-	(3,749)	-
Transfer to depositors' protection fund - 5% of the profit after tax for the period	-	-	-	-	-	-	937	-	(937)	-
Balance as at June 30, 2022	25,524,428	-	4,000,000	9,433	51	1,499,710	11,944	(675,476)	(11,546,155)	18,823,935

\* 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.6,563.81 million net of tax as at June 30, 2022 (December 31, 2021: Rs. 7,184.65 million) representing additional profit arising from availing forced sale value benefit for determining provisioning requirement which is not available for the purpose of distribution of dividend to shareholders.

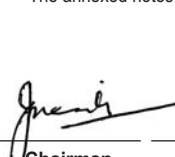
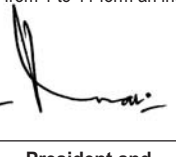
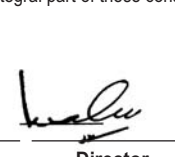
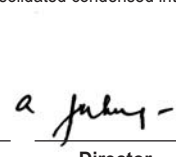
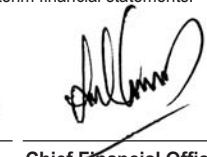
The annexed notes from 1 to 41 form an integral part of these consolidated condensed interim financial statements.

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

## Consolidated Condensed Interim Cash Flow Statement (Un-audited) For The Half Year Ended June 30, 2022

		June 30, 2022	June 30, 2021
	Note	----- (Rupees in '000) -----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Loss before taxation		(775,359)	(443,402)
Less: Dividend income		(87,829)	(75,531)
		<u>(863,188)</u>	<u>(518,933)</u>
<b>Adjustments:</b>			
Depreciation	29	547,058	482,165
Amortisation	29	17,941	13,886
Provision against non-performing loans and advances - net	31	1,104,580	315,102
Provision for diminution in the value of investments - net		5,048	12,075
Gain on sale of operating fixed assets	28	(2,665)	(190)
		<u>1,671,962</u>	<u>823,038</u>
		808,774	304,105
<b>(Increase) / decrease in operating assets</b>			
Lendings to financial institutions		4,581,208	(3,335,843)
Advances - net		1,190,536	261,653
Other assets (excluding advance taxation)		(1,231,633)	1,655,497
		4,540,111	(1,418,693)
<b>Increase / (decrease) in operating liabilities</b>			
Bills payable		1,070,303	1,711,704
Borrowings from financial institutions		89,069,233	52,476,599
Deposits and other accounts		(27,664,702)	26,020,796
Other liabilities (excluding current taxation)		992,128	(1,004,393)
		<u>63,466,962</u>	<u>79,204,706</u>
		68,815,847	78,090,118
Income tax paid		(186,567)	(46,748)
<b>Net cash flows from / (used in) operating activities</b>		<u>68,629,280</u>	<u>78,043,370</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net investment in available-for-sale securities		(69,703,871)	(76,632,559)
Net investment in held-to-maturity securities		459,863	701,509
Dividends received		80,519	76,233
Investments in operating fixed assets		(200,830)	(103,617)
Sale proceeds from sale of fixed assets		3,157	242
<b>Net cash flows from / (used in) investing activities</b>		<u>(69,361,162)</u>	<u>(75,958,192)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
		-	-
<b>(Decrease) / Increase in cash and cash equivalents</b>		<u>(731,882)</u>	2,085,178
<b>Cash and cash equivalents at the beginning of the year</b>		<u>20,873,244</u>	19,094,477
<b>Cash and cash equivalents at the end of the period</b>	35	<u>20,141,362</u>	<u>21,179,655</u>

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

Chairman      President and Chief Executive Officer      Director      Director      Chief Financial Officer



## Notes To The Consolidated Condensed Interim Financial Statements For The Half Year Ended June 30, 2022

### 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 (2021: 330) branches including 8 (2021: 8) sub-branches and 14 (2021: 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 99.96% ordinary shares of the Bank.

**1.1.3** VIS Credit Rating Company Limited has reaffirmed the long term entity rating of A+ (Single A Plus) and short term rating of A-1 (A-one) in its report dated June 28, 2022.

#### 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 18 (2021: 18) branches and 64 (2021: 62) services centers. The Bank holds 99.99% shares of the Microfinance Bank and remaining shares are held by the nominees of the Bank.

The credit rating companies PACRA has maintained the long term rating of the Microfinance Bank at "A" and short term rating at "A2" as of March 29, 2022.

#### 1.3 Going Concern

**1.3.1** Due to significant losses suffered by the Bank since the years 2018 and to address any material uncertainties, the management has been working on a Business Viability Plan approved by its Board of Directors in 73rd meeting held on September 13, 2019. The Plan aims to make the Bank a viable, self-sustaining institution. Important areas of focus where efforts are continuing and significant progress has been made are:

- Strengthening Bank's Capital -As planned, cash injection, of Rs. 11.7 billion was made in 2019 and Rs. 3.814 billion added during 2020 from amalgamation of Sindh Leasing Company Limited in Bank's Tier 1 Common Equity. A further amount of Rs. 4 billion has been received from GoS in the last quarter of 2021.
- Improving Business Volumes and Profitability-This involves the Bank taking pro-active measures to:
  - i. Increase fee-based income from mainly trade-related business;
  - ii) Improve Net Interest margin;
  - a) Mobilize cost effective (CASA) deposits;
  - b) Launch new asset products in the Consumer and SME segments;
  - iii. make concerted efforts for recovery and reduction of Non-Performing Loans.
  - iv. Take cost rationalization measures;
- Strengthening the Bank's Governance, Risk and Control environment.

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

## **2. BASIS OF PRESENTATION**

**2.1** The disclosures made in these consolidated condensed interim financial statements have been limited based on the format prescribed by the State Bank of Pakistan through BPRD Circular Letter No. 5 dated 22 March 2019 and the requirements of the International Accounting Standard 34, "Interim Financial Reporting". These do not include all of the information required for the full set of annual financial statements and should be read in conjunction with the financial statements of the Group for the year ended 31 December 2021.

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

## **3. STATEMENT OF COMPLIANCE**

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and

- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

The SBP vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) and International Accounting Standard 40, Investment Property (IAS 40) for Banking companies till further instructions. Further, according to the notification of the Securities and Exchange Commission of Pakistan (SECP) dated April 28, 2008, the IFRS - 7 Financial Instruments: Disclosures has not been made applicable for group. 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 financial statements for the year ended December 31, 2021.

#### 5. SIGNIFICANT ACCOUNTING POLICIES

5.1 The accounting policies adopted in the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Group for the year ended December 31, 2021.

5.2 **Standards, interpretations and amendments to published accounting and reporting standards that are relevant but not yet effective:**

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard amendments, or interpretation and are not early adopted by the Group:

Standard or Interpretation or Amendments	Effective date (annual periods beginning on or after)
IAS 1 - Classification of Financial Statements	January 01, 2023
IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 01, 2023
IAS 12 - Income Taxes (Amendments)	January 01, 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) - The amendment amends accounting treatment on loss of control of business or assets.	date under review

IFRS 9 - Financial Instruments : has been made applicable in several overseas jurisdictions from January 01, 2018 and is progressively being adopted in others. The requirements of IFRS 9 are incorporated in the group financial statements for the jurisdictions where IFRS 9 has been adopted. As per the SBP's BPRD Circular Letter No. 03 dated July 05, 2022, the applicability of IFRS 9 to banks in Pakistan having assets size Rs. 500 billion or above as per Annual Financial Statements of December 31, 2021, effective date of implementation January 01, 2023 and for all other banks and Microfinance banks (MFBs) effective date of implementation January 01, 2024.

## 6. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Group for the year ended December 31, 2021.

		June 30, 2022 Un-audited	December 31, 2021 Audited
	Note	----- (Rupees '000) -----	
<b>7 CASH AND BALANCES WITH TREASURY BANKS</b>			
<b>In hand</b>			
Local currency		4,123,038	4,294,590
Foreign currency		167,476	175,646
		<b>4,290,514</b>	<b>4,470,236</b>
<b>With State Bank of Pakistan (SBP) in</b>			
Local currency current accounts	7.1	11,940,828	11,755,480
Foreign currency current accounts	7.2	162,321	144,789
Foreign currency deposit accounts			
- Non Remunerative	7.3	111,746	96,290
- Remunerative	7.4	207,047	178,410
		<b>12,421,942</b>	<b>12,174,969</b>
<b>With National Bank of Pakistan in</b>			
Local currency current accounts		2,318,808	2,657,534
Local currency deposit accounts	7.5	26,452	20,579
		<b>2,345,260</b>	<b>2,678,113</b>
<b>Prize bonds</b>		<b>15,863</b>	<b>41,514</b>
		<b>19,073,579</b>	<b>19,364,832</b>

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

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 on Group's FCY deposits.

7.4 This represents foreign currency special cash reserve maintained with SBP. The Group are entitled to earn profit which is declared by SBP on a monthly basis. During the period, the SBP has declared 0% to 0.12% profits (2021 : nil) per annum.

7.5 This includes savings account with National Bank of Pakistan carrying mark-up at 12.25% (2021: 7.25%) per annum.

		June 30, 2022 Un-audited	December 31, 2021 Audited
	Note	----- (Rupees '000) -----	
<b>8</b>	<b>BALANCES WITH OTHER BANKS</b>		
	<b>In Pakistan</b>		
	In current accounts	30	13,069
	In savings accounts	304,973	404,102
		<b>305,003</b>	417,171
	<b>Outside Pakistan</b>		
	In current accounts	762,780	1,091,241
		<b>1,067,783</b>	<b>1,508,412</b>

8.1 This includes savings account with commercial banks and microfinance banks carrying mark-up ranging from 10.00% to 16.80% (2021: 7.25% to 11.75%) per annum.

**9 LENDINGS TO FINANCIAL INSTITUTIONS**

	Repurchase agreement lendings (Reverse Repo)	9.3	-	5,381,208
	Musharaka arrangements		-	700,000
	Mudarabah arrangements	9.2	1,500,000	-
			<b>1,500,000</b>	<b>6,081,208</b>
<b>9.1</b>	<b>Particulars of lending</b>			
	In local currency		1,500,000	6,081,208
	In foreign currencies		-	-
			<b>1,500,000</b>	<b>6,081,208</b>

9.2 This represents arrangement with an Islamic bank carrying mark-up at the rate of 15.00% (2021 : Nil) per annum maturing up to July 04, 2022 (2021 : Nil).

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

	June 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	----- (Rupees '000) -----					
Market Treasury Bills	-	-	-	992,564	-	992,564
Pakistan Investment Bonds	-	-	-	4,398,648	-	4,398,648
<b>Total</b>	-	-	-	<b>5,391,212</b>	-	<b>5,391,212</b>

10 INVESTMENTS-NET	June 30, 2022 (Un-audited)				December 31, 2021 (Audited)			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
10.1 Investments by type	----- Rupees in '000 -----							
<b>Available-for-sale securities</b>								
Federal Government Securities								
Market Treasury Bills	64,020,256	-	(825,393)	63,194,863	42,881,078	-	(64,239)	42,816,839
Pakistan Investment Bond	17,719,134	-	-	17,719,134	17,815,867	-	(1,495,398)	16,320,469
Pakistan Investment Bonds - Floater	140,944,341	-	(93,762)	140,850,579	93,251,484	-	(204,160)	93,047,324
Government of Pakistan - Ijarah Sukuk	4,000,012	-	(10,932)	3,989,080	3,000,017	-	(10,927)	2,989,090
Shares								
Listed	2,563,836	(342,758)	(200,014)	2,021,064	2,596,504	(344,000)	(93,489)	2,159,015
Non-government debt securities								
Mutual funds	215,049	(40,111)	22,765	197,703	215,049	(35,063)	29,450	209,436
	<u>229,462,628</u>	<u>(382,869)</u>	<u>(1,107,336)</u>	<u>227,972,423</u>	<u>159,759,999</u>	<u>(379,063)</u>	<u>(1,838,763)</u>	<u>157,542,173</u>
<b>Held-to-maturity securities</b>								
Federal Government Securities								
Pakistan Investment Bonds	16,730,151	-	-	16,730,151	16,744,421	-	-	16,744,421
Market Treasury Bills	30,016	-	-	30,016	25,585	-	-	25,585
Preference Shares - Unlisted	77,708	(77,708)	-	-	77,708	(77,708)	-	-
Term Deposits Accounts	-	-	-	-	450,000	-	-	450,000
Non-government debt securities								
Term finance certificates- Listed	224,235	-	-	224,235	224,235	-	-	224,235
Term finance certificates- Unlisted	858,973	(416,445)	-	442,528	858,997	(416,445)	-	442,552
	<u>17,921,083</u>	<u>(494,153)</u>	<u>-</u>	<u>17,426,930</u>	<u>18,380,946</u>	<u>(494,153)</u>	<u>-</u>	<u>17,886,793</u>
<b>Total Investments</b>	<u>247,383,711</u>	<u>(877,022)</u>	<u>(1,107,336)</u>	<u>245,399,353</u>	<u>178,140,945</u>	<u>(873,216)</u>	<u>(1,838,763)</u>	<u>175,428,966</u>

#### 10.2 Investments given as collateral

	June 30, 2022 Un-audited	December 31, 2021 Audited
	----- (Rupees '000) -----	
<b>Federal government securities</b>		
Pakistan Investment Bonds	89,859,600	24,987,500
Market Treasury Bills	24,673,048	-
	<u>114,532,648</u>	<u>24,987,500</u>

#### 10.3 Provision for diminution in value of investments

	June 30, 2022 Un-audited	December 31, 2021 Audited
10.3.1 Opening balance	873,216	811,727
<b>Charge / reversals</b>		
Charge for the period / year	5,048	87,342
Reversals for the period / year	-	-
Reversal on disposals	(1,242)	(25,853)
Transfers - net	3,806	61,489
<b>Closing Balance</b>	<u>877,022</u>	<u>873,216</u>

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

Category of classification	June 30, 2022 (Un-audited)		December 31, 2021 (Audited)	
	Non performing investments	Provision	Non performing investments	Provision
----- Rupees in '000 -----				
<b>Domestic</b>				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	<b>974,921</b>	<b>877,022</b>	971,115	873,216
<b>Total</b>	<b>974,921</b>	<b>877,022</b>	<b>971,115</b>	<b>873,216</b>

10.3.3 The Group have availed the benefit of forced sale value of collateral against non-performing investment on the basis of the instructions of the State Bank of Pakistan. Had the benefit not been taken by the Group, provision against non-performing investment would have been higher by Rs. 97.90 million (2021: Rs.97.90 million). The resultant increase in profit due to FSV benefit taken will not be available for distribution as cash and stock dividend to shareholders.

10.4 The market value of securities classified as held-to-maturity as at June 30, 2022 amounted to Rs. 16,371.81 million (December 31, 2021: Rs. 18,251.87 million).

### 11 ADVANCES - NET

	Performing		Non Performing		Total	
	June 30, 2022 (Un-audited)	December 31, 2021 (Audited)	June 30, 2022 (Un-audited)	December 31, 2021 (Audited)	June 30, 2022 (Un-audited)	December 31, 2021 (Audited)
----- Rupees in '000 -----						
<b>Loans, cash credits, agriculture, running finances etc.</b>	<b>25,884,265</b>	25,697,729	<b>36,757,781</b>	37,075,254	<b>62,642,046</b>	62,772,983
<b>Commodity finance</b>	<b>7,473,978</b>	8,195,361	-	-	<b>7,473,978</b>	8,195,361
<b>Net investment in finance lease</b>	<b>836,422</b>	1,084,150	<b>296,447</b>	321,528	<b>1,132,869</b>	1,405,678
<b>Islamic financing and related assets</b>						
Diminishing musharakah financing	1,100,463	1,191,226	13,319	14,127	1,113,782	1,205,353
Ijarah financing under IFAS 2	13,497	23,159	-	-	13,497	23,159
	<b>35,308,625</b>	36,191,625	<b>37,067,547</b>	37,410,909	<b>72,376,172</b>	73,602,534
<b>Bills discounted and purchased</b> (excluding market treasury bills)						
Payable in Pakistan	402,994	375,343	-	-	402,994	375,343
Payable outside Pakistan	8,175	-	3,405	3,405	11,580	3,405
	<b>411,169</b>	375,343	<b>3,405</b>	3,405	<b>414,574</b>	378,748
<b>Advances - gross</b>	<b>35,719,794</b>	36,566,968	<b>37,070,952</b>	37,414,314	<b>72,790,746</b>	73,981,282
<b>Provision for non-performing advances</b>						
- Specific	-	-	25,426,956	24,343,891	25,426,956	24,343,891
- Specific provision on Leasing portfolio	-	-	913,503	896,640	913,503	896,640
- General provision against consumer and small enterprise advances	16,776	12,124	-	-	16,776	12,124
	<b>16,776</b>	12,124	<b>26,340,459</b>	25,240,531	<b>26,357,235</b>	25,252,655
<b>Total Advances - Net</b>	<b>35,703,018</b>	<b>36,554,844</b>	<b>10,730,493</b>	<b>12,173,783</b>	<b>46,433,511</b>	<b>48,728,627</b>

June 30,  
2022  
Un-audited  
----- (Rupees '000) -----

December 31,  
2021  
Audited

**11.1 Particulars of advances (Gross)**

In local currency	72,790,746	73,981,282
In foreign currencies	-	-
	<u>72,790,746</u>	<u>73,981,282</u>

**11.2** Advances include Rs.37,062.86 (2021: Rs.37,414.31) million which have been placed under non-performing status as detailed below:

Category of Classification	Note	June 30, 2022 (Un-audited)		December 31, 2021 (Audited)	
		Non performing loans	Provision	Non performing loans	Provision
----- Rupees in '000 -----					
<b>Domestic</b>					
Other Assets Especially Mentioned	11.2.1	40,772	-	29,037	-
Substandard		16,665	592	21,655	2,007
Doubtful		28,822	9,429	895,204	299,581
Loss		36,984,693	26,330,438	36,468,418	24,938,943
Total		<u>37,070,952</u>	<u>26,340,459</u>	<u>37,414,314</u>	<u>25,240,531</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 have 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 Group, specific provision against non-performing advances would have been higher by Rs.10,662.45 (2021: Rs.11,680.22) million. The resultant increase in profit due to FSV benefit taken will not be available for distribution as cash and stock dividend to shareholders.



### 11.2.3 Particulars of provision against advances

	June 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
	Specific	General	Total	Specific	General	Total
----- Rupees in '000 -----						
Opening balance	25,240,531	12,124	25,252,655	19,501,319	7,488	19,508,807
Exchange adjustments	-	-	-	-	-	-
Charge for the period	1,113,437	4,652	1,118,089	5,985,775	4,636	5,990,411
Reversals	(62,078)	-	(62,078)	(334,983)	-	(334,983)
	1,051,359	4,652	1,056,011	5,650,792	4,636	5,655,428
Amounts charged off - Agriculture loans	48,569	-	48,569	93,301	-	93,301
Net charge / (reversal) during the period	1,099,928	4,652	1,104,580	5,744,093	4,636	5,748,729
Fair value adjustment on net assets of Sindh Leasing Co. Ltd	-	-	-	1,097	-	1,097
Amounts written off	-	-	-	(5,978)	-	(5,978)
Closing balance	26,340,459	16,776	26,357,235	25,240,531	12,124	25,252,655

11.2.3.1 General provision against consumer loans represents provision maintained at an amount equal to 1% (2021: 1%) of the fully secured performing portfolio and 4% (2021: 4%) of the unsecured performing portfolio as required by the Prudential Regulations issued by SBP. General provision against Small Enterprises financing represents provision maintained at an amount equal to 0% (2021: 0%) of the fully secured performing portfolio and 1% of the unsecured performing portfolio as required by the Prudential Regulations issued by SBP.

	Note	June 30,	December 31,
		2022 Un-audited	2021 Audited
----- (Rupees '000) -----			
<b>12 FIXED ASSETS</b>			
Capital work-in-progress	12.1	107,747	73,166
Property and equipment		1,299,641	1,282,018
Right of use assets		1,479,399	1,878,361
		<u>2,886,787</u>	<u>3,233,545</u>
<b>12.1 Capital work-in-progress</b>			
Civil works		7,642	4,396
Equipment		371	1,541
Advances to suppliers		99,734	67,229
		<u>107,747</u>	<u>73,166</u>

	June 30, 2022	June 30, 2021
<b>12.2 Additions to fixed assets</b>	<b>Un-audited</b>	
	----- Rupees in '000 -----	
The following additions have been made to fixed assets during the period:		
<b>Property and equipment :</b>		
Lease hold improvements	27,699	3,876
Furniture and fixture	2,605	1,589
Computer and office equipment	43,136	18,931
Vehicles	89,493	8,576
<b>Total</b>	<b>162,933</b>	<b>32,972</b>
<b>Disposal of fixed assets</b>		
The net book value of fixed assets disposed off during the period is as follows:		
Furniture and fixture	10	21
Lease hold improvements	457	-
Computer and office equipment	24	-
Vehicles	-	31
<b>Total</b>	<b>491</b>	<b>52</b>
	<b>June 30, 2022</b>	<b>December 31, 2021</b>
	<b>Un-audited</b>	<b>Audited</b>
	----- (Rupees '000) -----	
<b>13 INTANGIBLE ASSETS</b>		
Computer Software	98,768	116,671
Others	-	-
	<b>98,768</b>	<b>116,671</b>
	<b>June 30, 2022</b>	<b>June 30, 2021</b>
	<b>Un-audited</b>	
	----- Rupees in '000 -----	
The additions intangible assets during the period:		
Computer Software	39	39,008
<b>Disposals of intangible assets</b>		
The net book value of intangible assets disposed off during the period.		
	-	-

	June 30, 2022 Un-audited	December 31, 2021 Audited
<b>14 DEFERRED TAX ASSETS -NET</b>		
----- (Rupees '000) -----		
<b>Deductible Temporary Differences on</b>		
- Provision against advances - general	8,572,385	8,424,857
- Tax losses carried forward	3,595,437	3,319,583
- Provision for diminution in the value of investments	128,109	247,735
- Accelerated tax depreciation - right to use assets	(18,609)	(11,049)
- Deficit on revaluation of investments	431,861	717,118
- Others	918,246	714,855
	<b>13,627,429</b>	13,413,099
<b>Taxable Temporary Differences on</b>		
- Net investment in Lease Finance	(131,859)	(131,859)
- Accelerated tax depreciation - tangible fixed assets	(6,410)	(21,330)
- Others	-	(197)
- Accelerated tax amortization - intangible assets	(8,778)	(5,927)
	<b>(147,047)</b>	(159,313)
	<b>13,480,382</b>	13,253,786
<b>15 OTHER ASSETS</b>		
Income/ Mark-up accrued in local currency	4,137,978	3,107,249
Accrued commission income	14,011	7,234
Advances, deposits, advance rent and other prepayments	316,904	101,478
Receivable against sale of shares	176,226	268,770
Unrealised gain on forward forex revaluation - net	-	130,799
Insurance premium receivable against agriculture loans	9,604	12,565
Stationery and stamps on hand	24,394	7,984
Dividend receivable	7,310	-
Receivable against 1 Link ATM settlement account	167,699	-
Advance Taxation - net	46,107	64,901
Acceptances	10,160	-
Insurance claims receivable	17,740	16,252
Other receivables	62,983	53,735
	<b>4,991,116</b>	3,770,967
<b>16 BILLS PAYABLE</b>		
In Pakistan	1,695,029	624,726
Outside Pakistan	-	-
	<b>1,695,029</b>	624,726
<b>17 BORROWINGS</b>		
<b>Secured</b>		
Borrowings from State Bank of Pakistan		
- Under export refinance scheme	17.2 1,636,778	1,695,919
- Under long term finance facility	17.3 74,849	89,819
Repurchase agreement borrowings		
- State Bank of Pakistan (SBP)	17.4 90,000,000	25,000,000
- Other commercial banks / (DFIs)	17.5 24,583,344	-
	<b>114,583,344</b>	25,000,000
<b>Unsecured</b>		
- State Bank of Pakistan(SBP)	17.6 310,000	750,000
	<b>116,604,971</b>	27,535,738

	June 30, 2022 Un-audited	December 31, 2021 Audited
<b>17.1 Particulars of borrowings</b>	----- (Rupees '000) -----	
In local currency	116,604,971	27,535,738
In foreign currencies	-	-
	<u>116,604,971</u>	<u>27,535,738</u>

17.2 These represent borrowings from SBP under export refinance scheme at the rates ranging from 1.00% to 2.00% (2021: 1.00% to 2.00%) per annum having maturity upto six months.

17.3 These represent borrowings from SBP under long term finance facility at the rate of 3.00% (2021: 3.00%) per annum having maturity upto 5 years.

17.4 These represent repurchase agreement borrowings from State Bank of Pakistan at the rates ranging from 13.87% to 13.97% (2021: 10.12%) per annum maturing up to August 05, 2022 (2021: February 18, 2022). The carrying value of securities given as collateral against these borrowings is given in note 10.2.

17.5 These represent repurchase agreement borrowings from commercial banks at the rates ranging from 12.80% to 13.83% (2021: Nil) per annum maturing up to July 08, 2022 (2021: nil). The carrying value of securities given as collateral against these borrowings is given in note 10.2.

17.6 This represent borrowings from SBP under LOC fund of Microfinance Bank Ltd at the rate of Kibor 6 m - 1% (2020: Kibor +1%) per annum having maturity upto 5 years.

## 18 DEPOSITS AND OTHER ACCOUNTS

	June 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	----- Rupees in '000 -----					
<b>Customer</b>						
Current deposits	58,763,616	465,426	59,229,042	61,100,484	393,151	61,493,635
Savings deposits	93,848,505	835,375	94,683,880	92,107,801	946,331	93,054,132
Term deposits	32,397,404	448,719	32,846,123	58,783,628	411,867	59,195,495
Margin and other deposits	607,902	-	607,902	563,852	-	563,852
	<u>185,617,427</u>	<u>1,749,520</u>	<u>187,366,947</u>	<u>212,555,765</u>	<u>1,751,349</u>	<u>214,307,114</u>
<b>Financial Institutions</b>						
Current deposits	126,727	22	126,749	47,372	19	47,391
Savings deposits	1,286,236	-	1,286,236	1,657,129	-	1,657,129
Term deposits	1,278,000	-	1,278,000	1,711,000	-	1,711,000
Margin and other deposits	120,044	-	120,044	120,044	-	120,044
	<u>2,811,007</u>	<u>22</u>	<u>2,811,029</u>	<u>3,535,545</u>	<u>19</u>	<u>3,535,564</u>
	<u>188,428,434</u>	<u>1,749,542</u>	<u>190,177,976</u>	<u>216,091,310</u>	<u>1,751,368</u>	<u>217,842,678</u>

19 OTHER LIABILITIES	Note	June 30,	December 31,
		2022	2021
		Un-audited	Audited
		----- (Rupees '000) -----	
Mark-up / return / interest payable in local currency		3,239,682	3,059,322
Mark-up / return / interest payable in foreign currency		2,838	2,947
Accrued expenses		348,590	125,093
Net defined benefit liability		74,987	98,875
Provision for compensated absences		215,811	224,033
Unrealised loss on forward forex revaluation - net		989,330	-
Payable against 1 Link ATM settlement account		-	47,032
Payable to employees' provident fund		1,633	929
Payable against purchase of operating fixed assets		20,420	13,660
Payable against purchase of shares		261,433	205,890
Retention money		66,690	60,701
Federal excise duty / sales tax on services payable		-	4,599
Lease liability		1,727,141	2,129,702
Withholding tax payable		83,616	37,116
Acceptances		10,160	-
Security deposit against lease contracts	19.1	298,225	362,368
Others		288,812	264,975
		<u>7,629,368</u>	<u>6,637,242</u>

19.1 These represent interest free security deposits received from lessees against lease contracts and are adjustable against residual value of leased assets at the expiry of the respective lease terms.

## 20 SHARE CAPITAL - NET

20.1 Authorised capital	June 30,	December 31,		June 30,	December 31,
	2022	2021		2022	2021
		Un-audited	Audited	Un-audited	Audited
		----- Rupees in '000 -----			
	<u>2,800,000,000</u>	<u>2,800,000,000</u>	Ordinary shares of Rs.10 each	<u>28,000,000</u>	<u>28,000,000</u>
20.2 Issued, subscribed and paid-up share capital					
			Fully paid in cash		
	2,171,013,000	2,171,013,000	Ordinary shares of Rs.10 each	21,710,130	21,710,130
	381,429,817	381,429,817	Ordinary shares of Rs.10	3,814,298	3,814,298
			issued as consideration of amalgamation		
	<u>2,552,442,817</u>	<u>2,552,442,817</u>		<u>25,524,428</u>	<u>25,524,428</u>

20.3 The Government of Sindh, through its Finance Department, owns 99.96% ordinary shares of the Bank.

21 SHARES DEPOSIT MONEY	June 30,	December 31,	
	2022	2021	
		Un-audited	Audited
		----- Rupees in '000 -----	
Opening balance	4,000,000	2,000,000	
Received during the period / year	-	4,000,000	
Right shares issued during the period / year	-	(2,000,000)	
	<u>4,000,000</u>	<u>4,000,000</u>	

**22 DEFICIT ON REVALUATION OF ASSETS**

		June 30, 2022 Un-audited	December 31, 2021 Audited
	Note	----- (Rupees '000) -----	
<b>Available-for-sale securities</b>			
Federal Government securities		(930,087)	(1,774,724)
Fully paid ordinary shares - listed		(200,014)	(93,489)
Units of mutual funds (units / certificates)		22,765	29,450
		<u>(1,107,336)</u>	<u>(1,838,763)</u>
Related deferred taxation		431,860	717,116
		<u>(675,476)</u>	<u>(1,121,647)</u>

**23 CONTINGENCIES AND COMMITMENTS**

Guarantees	23.1	4,832,493	4,635,678
Commitments	23.2	162,541,531	52,600,081
Other contingent liabilities		-	-
		<u>167,374,024</u>	<u>57,235,759</u>

**23.1 Guarantees:**

Financial guarantees	877,534	1,059,301
Performance guarantees	1,457,026	151,016
Other guarantees	2,497,933	3,425,361
	<u>4,832,493</u>	<u>4,635,678</u>

**23.2 Commitments:**

<b>Documentary credits and short-term trade-related transactions</b>			
- letters of credit		203,908	536,689
<b>Commitments in respect of:</b>			
- forward foreign exchange contracts	23.2.1	37,873,837	12,941,129
- forward lending	23.2.2	124,463,786	39,122,263
Other commitments		-	-
		<u>162,541,531</u>	<u>52,600,081</u>

**23.2.1 Commitments in respect of forward foreign exchange contracts**

Purchase	19,914,124	6,740,279
Sale	17,959,713	6,200,850
	<u>37,873,837</u>	<u>12,941,129</u>

**23.2.2 Commitments in respect of forward lending**

Forward repurchase agreement lending	115,748,045	25,103,970
Forward resale agreement borrowing	-	5,382,772
Undrawn formal standby facilities, credit lines and other commitments to lend	23.2.2.1	8,715,741
		<u>124,463,786</u>
		<u>8,635,521</u>
		<u>39,122,263</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.

	<b>For Half Year ended</b>	
	<b>June 30, 2022</b>	<b>June 30, 2021</b>
	----- Un-audited -----	
	----- Rupees in '000 -----	
<b>24 MARK-UP/RETURN/INTEREST EARNED</b>	<b>Note</b>	
Loans and advances	2,503,692	2,160,951
Investments	12,547,938	8,363,150
Lendings to financial institutions	430,290	343,762
Balances with banks	28,232	60,017
	<u>15,510,152</u>	<u>10,927,880</u>
<b>25 MARK-UP/RETURN/INTEREST EXPENSED</b>		
Deposits	7,168,073	4,764,573
Borrowings	4,978,088	3,735,328
Cost of swaps against foreign currency deposits / borrowings	59,427	31,516
Lease liability against right of use assets	95,166	114,085
	<u>12,300,754</u>	<u>8,645,502</u>
<b>26 FEE AND COMMISSION INCOME</b>		
Branch banking customer fees	28,554	25,343
Consumer finance related fees	1,061	626
Card related fees (debit cards)	92,494	70,385
Commission on trade	31,858	26,425
Commission on guarantees	30,292	17,769
Credit related fees	11,515	8,797
Commission on remittances including home remittances	9,517	13,820
Others	582	505
	<u>205,873</u>	<u>163,670</u>
<b>27 GAIN / (LOSS) ON SECURITIES</b>		
Realised	27.1 (130,586)	87,483
Unrealised - held for trading	-	-
	<u>(130,586)</u>	<u>87,483</u>
<b>27.1 Realised gain/(loss) on:</b>		
Federal Government Securities	(26,970)	21,642
Shares of listed companies	(103,616)	65,841
Units of mutual funds	-	-
Others investments	-	-
	<u>(130,586)</u>	<u>87,483</u>
<b>28 OTHER INCOME</b>		
Gain on sale of operating fixed assets	2,665	190
Rent on property	385	570
Incidental charges	1,008	403
Others	130	155
	<u>4,188</u>	<u>1,318</u>

	Note	For Half Year ended	
		June 30, 2022	June 30, 2021
		----- Un-audited -----	
		----- Rupees in '000 -----	
<b>29 OPERATING EXPENSES</b>			
<b>Total compensation expense</b>	29.1	<b>1,829,946</b>	1,390,299
<b>Property expenses</b>			
Rent & taxes		10,971	19,194
Insurance		31,363	18,857
Utilities cost		148,369	109,766
Security (including guards)		190,083	167,690
Repairs & maintenance (including janitorial charges)		12,953	11,098
Depreciation		33,180	32,821
Depreciation on right of use assets		402,242	330,789
		<b>829,161</b>	690,215
<b>Information technology expenses</b>			
Software maintenance		60,805	40,596
Hardware maintenance		37,403	40,959
Depreciation		11,801	11,414
Amortisation		17,941	13,886
Network charges		7,077	5,296
Others		15,741	10,371
		<b>150,768</b>	122,522
<b>Other operating expenses</b>			
Directors' fees and allowances		7,548	7,580
Fees and allowances to Shariah Board		2,007	2,554
Legal & professional charges		9,593	16,443
Outsourced services costs		55,774	58,058
Travelling & conveyance		22,151	18,177
NIFT clearing charges		14,562	12,333
Depreciation		99,835	107,141
Training & development		920	360
Postage & courier charges		13,510	11,779
Communication		61,571	61,060
Stationery & printing		53,538	44,958
Marketing, advertisement & publicity		28,083	17,723
Donations		-	-
Auditors Remuneration	29.2	7,571	7,783
Repairs & maintenance		58,770	56,673
Brokerage and commission		5,068	6,342
Entertainment		29,563	26,317
Fees and subscription		62,687	62,002
Insurance expenses		5,383	4,980
Others		23,201	21,824
		<b>561,335</b>	544,087
		<b>3,371,210</b>	<b>2,747,123</b>



		<b>For Half Year ended</b>	
		<b>June 30, 2022</b>	<b>June 30, 2021</b>
		----- Un-audited -----	
		----- Rupees in '000 -----	
<b>29.1</b>	<b>Total compensation expense</b>		
	Managerial Remuneration		
	- Fixed	<b>1,141,205</b>	875,399
	- Variable Cash Bonus / Awards etc.	<b>12,259</b>	5,239
	Charge for defined benefit plan	<b>74,986</b>	39,262
	Contribution to defined contribution plan	<b>59,210</b>	45,383
	Rent & house maintenance	<b>302,538</b>	242,390
	Utilities	<b>61,812</b>	48,972
	Medical	<b>61,812</b>	48,970
	Conveyance	<b>55,888</b>	44,894
	Employee old age benefits contribution	<b>7,568</b>	7,390
	Leave Fare Assistance	<b>17,691</b>	3,348
	Staff Insurances	<b>33,865</b>	28,131
	Others	<b>1,112</b>	921
		<b><u>1,829,946</u></b>	<u>1,390,299</u>
<b>29.2</b>	<b>Auditors' remuneration</b>		
	Audit fee	<b>6,254</b>	6,287
	Fee for other statutory certifications	<b>597</b>	555
	Special certifications and sundry advisory services	<b>281</b>	499
	Out-of-pocket expenses	<b>439</b>	442
		<b><u>7,571</u></b>	<u>7,783</u>
<b>30</b>	<b>OTHER CHARGES</b>		
	Penalties imposed by State Bank of Pakistan	<b>801</b>	63,716
	Others	<b>-</b>	-
		<b><u>801</u></b>	<u>63,716</u>
<b>31</b>	<b>PROVISIONS &amp; WRITE OFFS - NET</b>		
	Provisions for diminution in value of investments	<b>5,048</b>	-
	Provisions against investment in TFCs	<b>-</b>	12,075
	Reversal of Provisions against loans & advances - specific	<b>(62,078)</b>	(83,118)
	Provisions against loans & advances - specific	<b>1,162,006</b>	396,574
	Provisions against loans & advances - general	<b>4,652</b>	1,646
	Net provision during the period	<b>1,104,580</b>	315,102
	Bad debts written off directly	<b>1,064</b>	1,066
		<b><u>1,110,692</u></b>	<u>328,243</u>

	<b>For Half Year ended</b>	
	<b>June 30, 2022</b>	<b>June 30, 2021</b>
	----- Un-audited -----	
	----- Rupees in '000 -----	
<b>32 TAXATION</b>		
Current	205,361	141,382
Prior years	-	-
Deferred	<u>(511,854)</u>	<u>(291,174)</u>
	<u>(306,493)</u>	<u>(149,792)</u>
<b>33 BASIC EARNINGS / (LOSS) PER SHARE</b>		
Profit / (Loss) for the period	<u>(468,866)</u>	<u>(293,610)</u>
Weighted average number of ordinary shares	<u>2,552,442,817</u>	<u>2,466,381,172</u>
Basic earnings / (loss) per share	<u>(0.18)</u>	<u>(0.12)</u>
<b>34 DILUTED EARNINGS / (LOSS) PER SHARE</b>		
Profit / (Loss) for the period	<u>(468,866)</u>	<u>(293,610)</u>
Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)	<u>2,552,442,817</u>	<u>2,466,381,172</u>
Diluted earnings / (loss) per share	<u>(0.18)</u>	<u>(0.12)</u>
<b>35 CASH AND CASH EQUIVALENTS</b>		
Cash and Balances with Treasury Banks	19,073,579	16,809,301
Balances with other banks	<u>1,067,783</u>	<u>4,370,354</u>
	<u>20,141,362</u>	<u>21,179,655</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 Group's accounting policies.

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 Group 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.

	<b>June 2022 (Un-audited)</b>			
	<b>Fair Value</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
----- Rupees in '000 -----				
<b>On balance sheet financial instruments</b>				
<b>Financial assets measured at fair value</b>				
<b>Available-for-sale securities</b>				
Pakistan Investment Bonds	-	158,569,713	-	158,569,713
Market Treasury Bills	-	63,194,863	-	63,194,863
Shares of listed companies	2,021,064	-	-	2,021,064
Term finance certificates - Listed	-	-	-	-
Units of mutual funds	75,303	122,400	-	197,703
Ijarah Sukuk - GoP	-	3,989,080	-	3,989,080
	<u>2,096,367</u>	<u>225,876,056</u>	<u>-</u>	<u>227,972,423</u>
<b>Off balance sheet financial instruments</b>				
Foreign exchange contracts (purchase)	-	19,914,124	-	19,914,124
Foreign exchange contracts (sale)	-	17,959,713	-	17,959,713
----- Rupees in '000 -----				
<b>December 31, 2021 (Audited)</b>				
<b>Fair Value</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
----- Rupees in '000 -----				
<b>On balance sheet financial instruments</b>				
<b>Financial assets measured at fair value</b>				
<b>Available-for-sale securities</b>				
Pakistan Investment Bonds	-	109,367,793	-	109,367,793
Market Treasury Bills	-	42,816,839	-	42,816,839
Shares of listed companies	2,159,015	-	-	2,159,015
Units of mutual funds	99,996	109,440	-	209,436
Ijarah Sukuk - GoP	-	2,989,090	-	2,989,090
	<u>2,259,011</u>	<u>155,283,162</u>	<u>-</u>	<u>157,542,173</u>
<b>Off balance sheet financial instruments</b>				
Foreign exchange contracts (purchase)	-	6,740,279	-	6,740,279
Foreign exchange contracts (sale)	-	6,200,850	-	6,200,850

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

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

### 37 SEGMENT INFORMATION

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

	June 2022 (Un-audited)				Total
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	
----- Rupees in '000 -----					
<b>Profit &amp; Loss</b>					
Net mark-up/return/profit income	8,138,560	18,711	-	(4,947,873)	3,209,398
Inter segment revenue - net	(8,876,989)	-	-	8,876,989	-
Non mark-up / return / interest income	259,676	343	-	237,927	497,946
Total Income	(478,753)	19,054	-	4,167,043	3,707,344
Segment direct expenses	(46,497)	(3,551)	-	(2,636,620)	(2,686,668)
Inter segment expense allocation	(184,788)	(14,033)	-	(486,522)	(685,343)
Total expenses	(231,285)	(17,584)	-	(3,123,142)	(3,372,011)
Provisions	(13,344)	-	-	(1,097,348)	(1,110,692)
<b>Profit / (loss) before tax</b>	<b>(723,382)</b>	<b>1,470</b>	<b>-</b>	<b>(53,447)</b>	<b>(775,359)</b>
<b>Balance Sheet</b>					
Cash & Bank balances	12,731,907	-	-	7,409,455	20,141,362
Investments	245,399,353	-	-	-	245,399,353
Net inter segment lending	-	-	-	147,085,920	147,085,920
Lendings to financial institutions	1,500,000	-	-	-	1,500,000
Advances - performing	1,219,932	268,864	-	34,214,222	35,703,018
- non-performing (net)	31,917	4,618	-	10,693,958	10,730,493
Others	5,327,059	1,244	-	16,128,750	21,457,053
<b>Total Assets</b>	<b>266,210,168</b>	<b>274,726</b>	<b>-</b>	<b>215,532,305</b>	<b>482,017,199</b>

	June 2022 (Un-audited)				
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
	----- Rupees in '000 -----				
Borrowings	114,968,193	-	-	1,636,778	116,604,971
Subordinated debt	-	-	-	-	-
Deposits & other accounts	373,865	-	-	189,804,111	190,177,976
Net inter segment borrowing	146,819,707	266,213	-	-	147,085,920
Others	2,559,643	8,513	-	6,756,241	9,324,397
<b>Total liabilities</b>	<b>264,721,408</b>	<b>274,726</b>	<b>-</b>	<b>198,197,130</b>	<b>463,193,264</b>
Equity	1,488,760	-	-	17,335,175	18,823,935
<b>Total Equity &amp; liabilities</b>	<b>266,210,168</b>	<b>274,726</b>	<b>-</b>	<b>215,532,305</b>	<b>482,017,199</b>
<b>Contingencies &amp; Commitments</b>	<b>153,621,882</b>	<b>-</b>	<b>-</b>	<b>13,752,142</b>	<b>167,374,024</b>

	June 2021 (Un-audited)				
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
	----- Rupees in '000 -----				
<b>Profit &amp; Loss</b>					
Net mark-up/return/profit income	4,984,787	150,846	-	(2,853,255)	2,282,378
Inter segment revenue - net	(7,155,894)	-	-	7,155,894	-
Non mark-up / return / interest income	234,830	235	-	178,237	413,302
Total Income	(1,936,277)	151,081	-	4,480,876	2,695,680
Segment direct expenses	(51,441)	(113,932)	-	(2,103,775)	(2,269,148)
Inter segment expense allocation	(54,169)	(8,993)	-	(478,529)	(541,691)
Total expenses	(105,610)	(122,925)	-	(2,582,304)	(2,810,839)
Provisions	(12,075)	(11,313)	-	(304,855)	(328,243)
<b>Profit / (loss) before tax</b>	<b>(2,053,962)</b>	<b>16,843</b>	<b>-</b>	<b>1,593,717</b>	<b>(443,402)</b>

	December 31, 2021 (Audited)				
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
	----- Rupees in '000 -----				
<b>Balance Sheet</b>					
Cash & Bank balance	12,158,168	438,752	-	8,276,324	20,873,244
Investments	174,953,381	475,585	-	-	175,428,966
Net inter segment lending	750,000	(750,000)	-	172,676,536	172,676,536
Lendings to financial institutions	6,081,208	-	-	-	6,081,208
Advances - performing	48,256	1,132,445	-	35,374,143	36,554,844
- non-performing	-	11,445	-	12,162,338	12,173,783
Others	4,778,330	197,863	-	15,398,776	20,374,969
<b>Total Assets</b>	<b>198,769,343</b>	<b>1,506,090</b>	<b>-</b>	<b>243,888,117</b>	<b>444,163,550</b>

	December 31, 2021 (Audited)				Total
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	
	----- Rupees in '000 -----				
Borrowings	25,089,819	750,000	-	1,695,919	27,535,738
Subordinated debt	-	-	-	-	-
Deposits & other accounts	-	234,272	-	217,608,406	217,842,678
Net inter segment borrowing	172,476,511	200,025	-	-	172,676,536
Others	349,767	102,446	-	6,809,755	7,261,968
<b>Total liabilities</b>	<u>197,916,097</u>	<u>1,286,743</u>	<u>-</u>	<u>226,114,080</u>	<u>425,316,920</u>
Equity	853,246	219,347	-	17,774,037	18,846,630
<b>Total Equity &amp; liabilities</b>	<u>198,769,343</u>	<u>1,506,090</u>	<u>-</u>	<u>243,888,117</u>	<u>444,163,550</u>
<b>Contingencies &amp; Commitments</b>	<u>43,427,871</u>	<u>-</u>	<u>-</u>	<u>13,807,888</u>	<u>57,235,759</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 99.96% shareholding in the Group and therefore entities which are owned and / or controlled by the GoS, or where the GoS may exercise significant influence, are related parties of the Group. The Group in the ordinary course of business enters into transaction with Government-related entities. Such transactions include lending to, deposits from and provision of other banking services to such entities. However, it is impracticable to disclose transactions with all other entities owned or controlled by the GoS.

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

	June 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
	Director	Key Management Personal	Other Related Parties	Director	Key Management Personal	Other related parties
----- Rupees in '000 -----						
<b>Investments</b>						
Opening balance	-	-	-	-	-	-
Investment made during the period / year	-	-	-	-	-	-
Investment redeemed / disposed off during the period / year	-	-	-	-	-	-
Closing balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Advances</b>						
Opening balance	-	211,252	-	-	201,487	-
Addition during the period / year	-	43,111	-	-	23,311	-
Repaid during the period / year	-	72,431	-	-	34,450	-
Transfer in / (out) - net	-	-	-	-	20,904	-
Closing balance	<u>-</u>	<u>181,932</u>	<u>-</u>	<u>-</u>	<u>211,252</u>	<u>-</u>
<b>Other Assets</b>						
Interest / mark-up receivables	-	128	-	-	158	-
Other receivables	-	-	185	-	-	50
	<u>-</u>	<u>128</u>	<u>185</u>	<u>-</u>	<u>158</u>	<u>50</u>
<b>Deposits and other accounts</b>						
Opening balance	767	40,596	2,138,735	22,930	68,200	2,079,063
Received during the period / year	11,686	338,089	9,159,331	162,069	433,815	20,942,544
Withdrawn during the period / year	7,057	312,979	9,731,062	184,201	412,641	20,882,872
Transfer in / (out) - net	2,683	(163)	-	(31)	(48,778)	-
Closing balance	<u>8,079</u>	<u>65,543</u>	<u>1,567,004</u>	<u>767</u>	<u>40,596</u>	<u>2,138,735</u>
<b>Other Liabilities</b>						
Interest / mark-up payable	9	765	15,433	22	321	16,013
	<u>9</u>	<u>765</u>	<u>15,433</u>	<u>22</u>	<u>321</u>	<u>16,013</u>

	June 30, 2022 (Un-audited)			June 30, 2021 (Un-audited)		
	Director	Key Management Personal	Other Related Parties	Director	Key Management Personal	December 31, 2018 Audited
----- Rupees in '000 -----						
<b>Income :</b>						
Mark-up / return / interest earned	-	2,958	-	-	4,259	-
Fee and commission income	-	4	17	-	6	11
Net gain on sale of securities	-	-	200	-	-	251
Other income	-	-	570	-	-	570
<b>Expenses :</b>						
Mark-up / return / interest paid	16	977	49,863	133	1,637	70,701
Remuneration paid	-	105,756	-	-	99,866	-
Contribution to provident fund	-	7,880	-	-	7,145	-
Provision for gratuity	-	14,345	-	-	6,146	-
Other staff benefits	-	20,612	-	-	9,158	-
Directors' meetings fee	7,548	-	-	7,580	-	-
Other expenses	200	-	-	622	-	-
Insurance premium paid	-	-	20,850	-	-	40,206
<b>Others :</b>						
Sale of Government Securities	-	-	2,865,000	-	-	2,533,500
Purchase of Government Securities	-	-	-	-	-	150,000
Gratuity paid	-	6,042	-	-	4,647	-
Leave encashment	-	1,994	-	-	1,807	-
Expenses recovered under agency arrangement	-	-	29	-	-	56
Insurance claims settled	-	-	8,024	-	-	1,234

As at the date of unconsolidated statement of financial position, loans/advances and deposits of government related entities amounted to Rs.7,473.98 million (note 11) and Rs.102,171.32 million (note 18). The above includes deposits amounting to Rs.29,605.01 (2021: Rs.30,744.37) million received through the Finance Department, Government of Sindh.




	June 30, 2022 Un-audited	December 31, 2021 Audited
	----- (Rupees '000) -----	
<b>39 CAPITAL ADEQUACY, LEVERAGE RATIO &amp; LIQUIDITY REQUIREMENTS</b>		
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	<u>13,978,273</u>	<u>14,451,825</u>
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	<u>6,447,812</u>	6,719,213
Eligible Additional Tier 1 (ADT 1) Capital	<u>-</u>	<u>-</u>
Total Eligible Tier 1 Capital	<u>6,447,812</u>	6,719,213
Eligible Tier 2 Capital	<u>16,776</u>	10,967
<b>Total Eligible Capital (Tier 1 + Tier 2)</b>	<u><b>6,464,588</b></u>	<u>6,730,180</u>
<b>Risk Weighted Assets (RWAs):</b>		
Credit Risk	<u>27,980,272</u>	30,836,591
Market Risk	<u>11,199,287</u>	12,089,179
Operational Risk	<u>7,692,311</u>	7,692,311
<b>Total Risk Weighted Assets</b>	<u><b>46,871,870</b></u>	<u>50,618,081</u>
<b>Common Equity Tier 1 Capital Adequacy ratio</b>	<u><b>13.76%</b></u>	<u>13.27%</u>
<b>Tier 1 Capital Adequacy Ratio</b>	<u><b>13.76%</b></u>	<u>13.27%</u>
<b>Total Capital Adequacy Ratio</b>	<u><b>13.79%</b></u>	<u>13.30%</u>
<b>Notional minimum capital requirements prescribed by SBP</b>		
CET1 minimum ratio	<u>6.00%</u>	6.00%
Tier 1 minimum ratio	<u>7.50%</u>	7.50%
Total capital minimum ratio	<u>10.00%</u>	10.00%
Total capital minimum ratio plus CCB	<u>11.50%</u>	11.50%
<b>Approach followed for determining Risk Weighted Assets</b>		
Credit Risk	<b>Comprehensive</b>	Comprehensive
Market Risk	<b>Maturity method</b>	Maturity method
Operational Risk	<b>Basic Indicator</b>	Basic Indicator
	June 30, 2022 Un-audited	December 31, 2021 Audited
	----- (Rupees '000) -----	
<b>Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	<u>6,447,812</u>	6,719,213
Total Exposures	<u>327,520,921</u>	265,491,048
Leverage Ratio (%)	<u>1.97%</u>	2.53%
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	<u>138,226,036</u>	126,415,608
Total Net Cash Outflow	<u>40,112,385</u>	28,640,693
Liquidity Coverage Ratio (%)	<u>345%</u>	441%
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	<u>198,203,308</u>	167,053,194
Total Required Stable Funding	<u>68,003,737</u>	65,172,730
Net Stable Funding Ratio	<u>291%</u>	256%

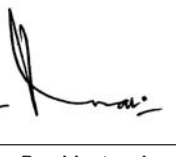
40 GENERAL

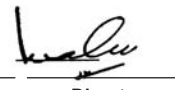
Figures have been rounded off to the nearest thousand rupee.

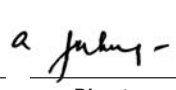
41 DATE OF AUTHORISATION FOR ISSUE

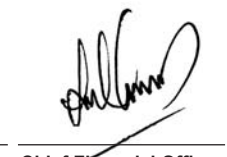
These consolidated financial statements were authorised for issue by the Board of Directors on August 29, 2022.

  
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President and  
Chief Executive Officer

  
Director

  
Director

  
Chief Financial Officer

## Branch Network



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### Number of Branches

S.No.	Regions	No. of Branches
1	South Region - Karachi	93
2	Balochistan Branches	16
3	Sindh Rural Region	97
4	Punjab Central Region	101
5	North Region KPK & Mirpur AJK Area	23
	<b>Total</b>	<b>330</b>



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