



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

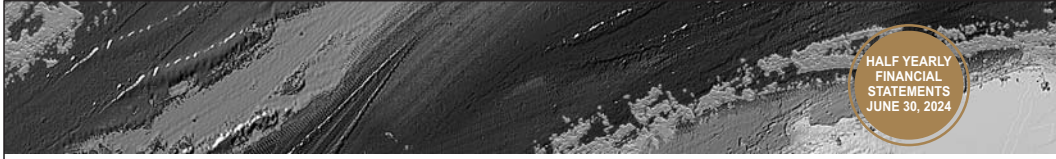
SINDH BANK

سندھ بینک

POWER TO THE PEOPLE

پاور ٹو دی پپل

HALF YEARLY
FINANCIAL
STATEMENTS
JUNE 30, 2024



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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. Mohammed Aftab Alam	Chairman / Independent Director
Mr. Fayaz Ahmed Jatoi	Finance Secretary (GoS)/Non Executive Director
Mr. Javaid Bashir Sheikh	Non Executive Director
Mrs. Shaista Bano Gilani	Independent Director
Mr. Imtiaz Ahmad Butt	Independent Director
Mr. Imran Samad	Non Executive Director
Mr. Farhan Ashraf Khan	Non Executive Director
Mr. Muhammad Anwaar	Acting President & CEO

Chief Financial Officer	Dilshad Hussain Khan
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Company Secretary	Muhammad Irfan Zafar
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Auditors'	Riaz Ahmad and Company Chartered Accountants.
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Legal Advisors	Mohsin Tayebaly & Co
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Share Registrar	CDC Share Registrar Services Ltd.
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Registered/Head Office	3rd, Floor Federation House Abdullah Shah Ghazi Road Clifton, Karachi-75600 UAN : +92-21-111-333-225 Fax : +92-21-35870543
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Registration Number	0073917
NTN Number	3654008-7
Website	www.sindhbank.com.pk
Facebook	/SindhBankLimitedOfficial
Instagram	/SindhBankLimited
LinkedIn	/Company/Sindh-bank-limited

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, 2024. Review of performance is presented below:

(Rs. in '000)			
Balance Sheet	As on June 30 2024	As on Dec 31, 2023	% age Change Increase/ (decrease)
Paid up Capital	34,524,428	34,524,428	-
Reserves	2,016,628	1,894,365	6.45%
Accumulated losses	(10,382,838)	(10,912,821)	(4.86%)
Paid up Capital net of accumulated losses	26,158,218	25,505,972	2.56%
Deficit on Revaluation of Assets -net	(202,842)	(1,033,628)	(80.37%)
Equity	25,955,376	24,472,344	6.06%
Borrowings	33,590,295	37,546,440	(10.54%)
Deposits	255,900,367	223,569,650	14.46%
Investment (carrying value)	200,938,551	166,503,472	20.68%
Gross Advances	102,998,845	77,511,411	32.88%
Profit & Loss Account	Half Year Ended		
	June 30, 2024	June 30, 2023	%age Change Increase/ (decrease)
Markup/return/interest income	22,587,634	26,892,364	(16.01 %)
Markup/return/interest expenses	18,389,120	23,536,204	(21.87%)
Net markup/return/interest income	4,198,514	3,356,160	25.10%
Fee, Commission & Other Income	344,549	285,595	20.64%
Foreign Exchange Income	20,718	596,559	(96.53%)
Dividend Income	31,691	97,890	(67.63%)
Gain/ (loss) on securities	119,442	(107,451)	211.15%
Non-mark-up/non-interest income	516,400	872,593	(40.82%)
Total Income	4,714,914	4,228,753	11.50%
Non-mark-up/interest expenses	4,541,659	3,921,607	15.81%
Profit / (Loss) before Tax & Provisions	173,255	307,146	(43.59%)
Credit allowance and write offs	174,095	311,822	(44.17%)
Reversal of credit allowance	(1,293,056)	(576,398)	124.33%
Credit allowance and write offs-net	(1,118,961)	(264,576)	322.93%
Profit / (Loss) Before Tax	1,292,216	571,722	126.02%
Profit / (Loss) After Tax	611,319	244,712	149.81%
Earning per share (Rupees)	0.18	0.08	125%
Other Information	As on June 30, 2024	As on Dec 31, 2023	%age Change
No. of Accounts	1,001,866	816,219	22.75%
Number of Branches	330	330	-

Pre-tax profit for the half year ended June 30, 2024 amounted to Rs.1,292-mn compared to pre-tax profit of Rs.571-mn in the same period last year, attributable factors of such variance are:

- The bank's key priority throughout the period was the recovery of non-performing loans. This focus yielded a substantial reversal of credit loss provisions, totaling Rs. 1,119 million, after accounting for additional provisions of Rs. 174 million. This outcome demonstrates the bank's effective management of its NPL portfolio and associated provisioning.
- Decrease in non-markup income by Rs.356.19-mn, main contribution factors are FX income decreased by Rs.575.84-mn, Fee commission income increased by Rs.53.83-mn and gain on securities increased by Rs.226.89-mn during the half year period.
- Increase in net Interest Income by Rs.842.35-mn i.e. 25.10%, during growth in earning assets, concentrate on cost effective deposit with prime focus for mobilization of current account through NTBs and recovery of NPL.
- Non markup expenses of the Bank rose by Rs.620-mn i.e 15.81% which was mainly attributable to rise in domestic inflation and supply chain constraint.

After tax profit for the half year ended June 30, 2024 amounted to Rs.611.31-mn compared to after tax profit of Rs.244.71-mn in the same period last year.

Total Assets stood at Rs.332.4-bn as compared to Rs.300.48-bn as at December 31, 2023, thereby registering increase of 10.63%. Carrying value of Investments as at June 30, 2024 amounted to Rs. 200.94- bn, increase by 20.68% over Rs.166.50-bn as at December 31, 2023. Gross Advances Increased by 32.88 % to Rs.103-bn from Rs.77.511-bn as at December 31, 2023 mainly due to commodity financing operations.

Total Deposits crossed Rs.250-bn Milestone and stood at Rs.255.90-bn registering an increase of 14.46% over Rs. 223.56-bn as on December 31, 2023. Number of customer accounts stood at 1,001,866 after increase of 185,647 accounts (i.e.22.75 % during the period which depicts trust of customers in brand and services of bank in response to efforts of field teams to introduce new customers to Bank..

CREDIT RATING

In view of significant improvement in the financial position, operating results and regulatory ratios above specified thresholds, VIS Credit Rating Company Limited has upgraded the long term entity rating to AA- (Double A Minus) from A+ (Single A Plus) and short term rating to A-1+ (A-One plus) from A-1 (A-one) in its report dated June 28, 2024.

MINIMUM CAPITAL REQUIREMENT & CAPITAL RATIOS

Bank's Capital Adequacy Ratio stood at 21.16% as against the minimum requirement of 11.50% and Leverage Ratio stood at 3.78% against minimum requirement of 3.0% as on June 30, 2024.

Implementation of IFRS 9 - Financial Instruments

As directed by the SBP via BPRD Circular no 3 of 2022, IFRS 9," Financial Instruments" is effective for periods beginning on or after 1 January, 2024 for banks having assets base of less than Rs 500 billion as at December 31, 2021, SBP via the same circular has finalized the instruction on IFRS 9(Application Instructions) for ensuring smooth and consistent implementation of the standard in the banks.

In accordance with the transitional provisions outlined in IFRS 9 Financial Instruments, The Bank has chosen the modified retrospective approach, refraining from restating comparative figures. Any alterations to the carrying values of financial assets and liabilities during the transition period were accounted for in the opening retained earnings and other reserves at the start of the current year, without revising the comparative data.

ECONOMIC OUTLOOK

In the current fiscal year, with the political landscape stabilized under the new administration, three primary objectives were outlined: finalizing the existing IMF program, presenting the Federal Budget for FY 25, and securing a new IMF Extended Fund Facility (EFF) arrangement. The existing IMF program was successfully concluded in March, setting the stage for negotiations on a new EFF. In July, IMF staff reached a staff-level agreement for a new 37-month EFF, valued at approximately \$7-bn. This agreement awaits final endorsement by the IMF Executive Board.

The Federal Budget for FY25 was introduced with a focus on securing a long-term IMF program. It targets a deficit of 5.9% of GDP, supported by a 2% primary surplus. The budget's cornerstone is a revenue target of Rs.17.8-tri, representing a 46% increase year-on-year. This includes a 40% increase in tax revenue to Rs.13-tri and a 64% rise in non-tax revenue to Rs.4.9-tri. Key tax revenue sources are income tax (+Rs.1.8-tri YoY) and sales tax (+Rs.1.3-tri YoY). The effectiveness of measures such as normalizing tax for the export sector remains critical, as any shortfalls could necessitate supplementary budgets, especially if they occur near or during an IMF agreement.

Non-tax revenues appear achievable, with a significant increase in SBP profits (+2.5x YoY) from Open Market Operations (OMOs) and a 33% YoY increase in the Petroleum Levy. However, achieving the targeted rise in the Petroleum Development Levy (PDL) from Rs60 to Rs.80 per liter will depend on stable international oil prices.

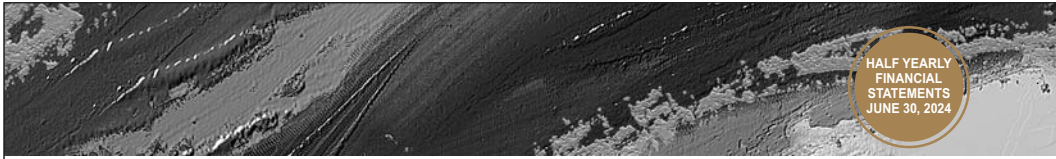
Inflation trends show a decrease, with the 12-month average Consumer Price Index (CPI) for FY24 at 23.89%. June 2024 saw CPI increase to 12.6% YoY, compared to 11.8% the previous month and 29.4% in June 2023. On a month-on-month basis, it rose by 0.5% in June 2024, up from a 3.2% decrease the previous month and a 0.3% decrease in June 2023.

During the last two Monetary Policy meetings the Policy Rate has been cut by 250basis points from 22% to 19.5%, The Real Interest Rates are still positive around 7-8%. Expectations are for further cuts this calendar year as inflation prints recede due to high base effects and strength in the external position weigh on policy decisions.

With Brent oil prices ranging between \$75 and \$85 per barrel and anticipated increases in gas and electricity prices, inflation is expected to remain between 11% and 15%. The high base effect from the previous year is likely to moderate headline inflation.

Pakistan's current account deficit (CAD) narrowed to \$681-mn for FY24, down from \$3.275-bn in FY23. The trade deficit decreased to \$24.39-bn in FY24 from \$25.86-bn in FY23, primarily due to a \$3.21-bn increase in exports, although this was partially offset by a \$472-mn rise in import prices. Workers' remittances rose to \$30.25-bn in FY24 from \$27-bn in FY23. Consequently, the CAD shrank to 0.2% of GDP from 1.0% the previous year.

Remittances in June 2024 reached a record \$3.158-bn, and inflows into SCRA for T-bills totaled \$600-mn for FY24, with \$230-mn in May 2024. This reflects a positive real interest rate environment and a resurgence of inflows into SCRA T-bills, which had ceased abruptly in 2020 due to COVID-19. The inflows have supported the USD/PKR exchange rate, which is trading around 278, with a strengthening rupee contributing to the improved CAD figure; The SBP anticipates that the CAD will remain between 0% and 1.0% of GDP in FY25.



Despite a reduction in sovereign risk following the IMF EFF staff-level agreement, economic challenges persist. These include ongoing negotiations with the IMF and efforts to secure additional funds and investments from foreign partners, particularly Saudi Arabia and the UAE.

PSX REVIEW

The Pakistan stock market recorded its best yearly return in over two decades, driven by optimism over improved economic conditions, promising valuations, and the central bank's shift to monetary easing.

The KSE-100 Index climbed 89.2% or 36,992 points to 78,444.9 in fiscal year ending June 2024 to post its biggest yearly gain since FY 2003.

Foreign investors returned to Pakistani equities after almost a decade. Overseas investors purchased stocks worth a total of \$140.8-mn in the fiscal year ending June 2024.

The banking sector, benefiting from high interest rates, along with cyclical sectors like energy, fertilizer, and Automobile, led the rally. Despite highest ever policy rates, the market witnessed re-rating on the back of historic low valuations and improving macroeconomic outlook.

Tight monetary policy during last two years, high base and some abatement in the commodity prices paved the way for a gradual deceleration in the rate of inflation, which in turn kicked off monetary easing cycle towards the end of FY24.

OUTLOOK FOR FY25 AND BEYOND

Though government has announced certain reform measures, such as change in pension rules, elimination of some tax exemptions, higher taxes on non-filers/real estate etc., in FY25 budget, major issues still remain unaddressed, like a sizable undocumented economy, large untaxed/under taxed sectors and a bloated public sector.

ELECTION OF DIRECTORS

The shareholders in their 13th Annual General Meeting (AGM), elected or re-elected seven (07) Directors whose FPT's clearances have been granted by the State Bank of Pakistan (SBP) on 27th August, 2024.

SINDH MICROFINANCE BANK LIMITED (WHOLLY OWNED SUBSIDIARY)

Sindh Microfinance Bank Limited ('SMFB') is a province level microfinance bank which started its operations in May 2016 with equity of Rs.750-mn. SMFB is perhaps the only microfinance bank in the country which has continuously been in profits since its inception and over the last 9 years the Bank increased its equity via internally generated profits from Rs.750-mn to Rs.1.17-bn. In January 2024, after achieving the required minimum capital for a National Level license, SMFB applied to the State Bank of Pakistan for a national level license.

The aim of the microfinance program of SMFB is to improve access to finance for the underprivileged segment of the Sindh Province, especially for the economically active women in rural and semi urban areas of Sindh. To date, SMFB has disbursed 364,637 loans totaling more than Rs.12-bn through its presence in 101 business locations in the province of Sindh.

During the half year period, the outstanding loan portfolio of SMFB crossed the mark of Rs.2-bn while keeping the portfolio at risk (PAR 30 days) below 1% of the loan portfolio. On the liability side deposits increased from Rs.1.3-bn as of December 2024 to Rs.1.48-bn as of June 2024. SMFB fully repaid its 2019 financing from the State Bank of Pakistan in June 2024 resulting in a decrease in borrowings from Rs.721-mn in December 2024 to Rs.589-mn in June 2024.

SMFB registered a profit before tax of Rs.99 -mn (HY 2023: Rs.45 -mn) which is an increase of 122% over the corresponding period last year. The Pakistan Credit Rating Agency (PACRA) maintained the ratings dated March 29, 2024 of A- for the long term and A2 for the short term which captures the strength of SMFB as a growing, resilient and sustainable institution in the microfinance sector.

Brief summary of financial highlights for the half year ended June 30, 2024 is as follows:

Balance Sheet	June 30, 2024		December 31 2023	
	# of Account	Rs. In million	# of Account	Rs. In million
Gross Loan Portfolio	79,247	2,115	74,180	1,972
Total Assets		3,656		3,415
Deposits	177,432	1,485	162,152	1,323
Borrowings		589		721
Total Liabilities		2,484		2,309
Net Equity		1,171		1,106

	Half Year Ended June 30, 2024		Half Year Ended June 30, 2023	
	# of Account	Rs. In million	# of Account	Rs. In million
Loan Disbursements	42,070	1,849	37,462	1,496
Profit & loss account				
Net Interest Income		400		260
Profit Before Tax		99		45
Taxation		(28)		(5)
Profit After Tax		71		40

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) Focus on Current account mobilization schemes;
- (iii) Increase of Consumer, SME and Commercial business;
- (iv) Alternate delivery and service channels based on technology platforms to facilitate our customers;
- (v) Training and development of Staff; and
- (vi) Strengthening the risk and control environment.

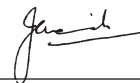
Acknowledgements

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



Muhammad Anwaar Sheikh
Acting President/CEO



Javaid Bashir Sheikh
(Non Executive Director)

Karachi, August 30, 2024

ڈائریکٹرز رپورٹ

میں بورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2024 کو اختتام پذیر نصف سال کے لیے بینک کے مالیاتی نتائج پیش کر رہا ہوں۔ کارکردگی کا جائزہ درج ذیل پیش ہے:

(روپے 000 میں)			بیلنس شیٹ
فیصد تبدیلی اضافہ/ (کمی)	31 دسمبر پر 2023	30 جون پر 2024	
-	34,524,428	34,524,428	اداشدہ سرمایہ
6.45%	1,894,365	2,016,628	ذخائر
(4.86%)	(10,912,821)	(10,382,838)	جمع شدہ نقصان
2.56%	25,505,972	26,158,218	اداشدہ سرمایہ اور جمع شدہ نقصان
(80.37%)	(1,033,628)	(202,842)	اداشدہ سرمایہ کی دوبارہ قدر پذیری پر خسارہ - خالص
6.06%	24,472,344	25,955,376	ملکی سرمایہ
(10.54%)	37,546,440	33,590,295	ادھار
14.46%	223,569,650	255,900,367	ڈپازٹس
20.68%	166,503,472	200,938,551	سرمایہ کاری (Carrying value)
32.88%	77,511,411	102,998,845	مجموعی ایڈوائسز

فیصد تبدیلی اضافہ/ (کمی)	نصف سال کے اختتام پر		نفع نقصان کا کھاتہ
	30 جون 2023 کو اختتام پذیر نصف سال پر	30 جون 2024 کو اختتام پذیر نصف سال پر	
			کل آمدنی
(16.01%)	26,892,364	22,587,634	مارک اپ/ ریٹرنز/ سودی آمدنی
(21.87%)	23,536,204	18,389,120	مارک اپ/ ریٹرنز/ سودی اخراجات
25.10%	3,356,160	4,198,514	خالص مارک اپ/ ریٹرنز/ سودی آمدنی
20.64%	285,595	344,549	فیس، کمیشن اور دیگر آمدن
(96.53%)	596,559	20,718	غیر ملکی زرمبادلہ سے (نقصان)/ آمدنی
(67.63%)	97,890	31,691	منقسمہ منافع (Dividend income)
211.15%	(107,451)	119,442	تمسکات پر نفع/ (نقصان)
(40.82%)	872,593	516,400	بنا مارک اپ/ غیر سودی آمدنی

فیصد تبدیلی	نصف سال کے اختتام پر		نفع نقصان کا کھاتہ
	30 جون 2023 کو	30 جون 2024 کو	
اضافہ/(کمی)	اختتام پذیر نصف سال پر	اختتام پذیر نصف سال پر	
11.50%	4,228,753	4,714,914	کل آمدنی
15.81%	3,921,607	4,541,659	بنامارک اپ/غیر سودی اخراجات
(43.59%)	307,146	173,255	منافع/نقصان قبل از محصل اور مختصات
(44.17%)	311,822	174,095	کریڈٹ الاؤنس اور رائٹ آف (write offs)
124.33%	(576,398)	(1,293,056)	کریڈٹ الاؤنس واپسی (Reversal)
322.93%	(264,576)	(1,118,961)	کریڈٹ الاؤنس اور رائٹ آف (write offs) - خالص
126.02%	571,722	1,292,216	منافع/نقصان قبل از ٹیکس
149.81%	244,712	611,319	منافع/نقصان بعد از ٹیکس
125%	0.08	0.18	منافع/(نقصان) فی حصص (روپے)

فیصد تبدیلی	31 دسمبر 2023 پر	30 جون 2024 پر	دیگر معلومات
22.75%	816,219	1,001,866	کھاتوں کی تعداد
-	330	330	شاخوں کی تعداد

- 30 جون 2024 پر اختتام پذیر نصف سال میں منافع قبل از محصل کی مالیت 1,292 ملین روپے رہی جبکہ اس کے مقابلے میں گذشتہ سال اسی مدت میں اس کی مالیت 571 ملین روپے تھی، اس تغیر کے عوامل درج ذیل ہیں:
- زیر خوردت کے دوران، بینک کی پوری توجہ غیر فعال قرضوں کی وصولیابی پر رہی، جس کے نتیجے میں کافی کریڈٹ لاس مختصات (credit loss provisions) کی واپسی ہوئی جن کی مالیت 1,119 ملین روپے تھی جو 174 ملین روپے کی اضافی مختصات کا حساب کتاب کرنے کے بعد رہی۔ یہ نتیجہ بینک کی غیر فعال قرضہ جات سے سٹپنے کے مؤثر انتظام کی نشاندہی کرتا ہے۔
 - بینک کی غیر مارک اپ آمدنی میں 356.19 ملین روپے کی کمی ہوئی جس کے اہم عوامل میں شامل ہیں، غیر ملکی زر مبادلہ میں 575.84 ملین روپے کی کمی، کمیشن فیس آمدنی میں 53.83 ملین روپے کا اضافہ اور تسمکات (securities) سے منافع کے 226.89 ملین روپے جو نصف سال کی مدت کے دوران ہوئے۔
 - خالص سودی آمدنی میں 842.35 ملین روپے کا اضافہ ہوا یعنی 25.10 فیصد، اثاثہ جات کی آمدنی میں اضافہ کے دوران توجہ کم لاگت ڈپازٹس (cost effective deposit) کے ساتھ مرکزی توجہ NTBs اور غیر فعال قرضہ جات کی وصولیابی کے ذریعے کرنٹ اکاؤنٹ کو متحرک کرنے پر رہی۔
 - بینک کو غیر مارک اپ اخراجات میں 620 ملین روپے یعنی 15.81 فیصد کے اضافے کا سامنا رہا جس کی اہم وجہ ملکی افراط زراور سپلائی چین کی رکاوٹیں رہیں۔

30 جون 2024 پر اختتام پذیر نصف سال میں منافع بعد از محصول کی مالیت 611.31 ملین روپے رہی جبکہ گزشتہ سال اسی مدت میں منافع بعد از محصول کی مالیت 244.71 ملین روپے تھی۔

30 جون 2024 پر کل اثاثہ جات 332.4 ارب روپے رہے جبکہ 31 دسمبر 2023 پر اس کی مالیت 300.48 ارب روپے تھی جو 10.63 فیصد کا اضافہ دکھا رہا ہے۔

30 جون 2024 پر سرمایہ کاری کی (Carrying value) کی مالیت 200.94 ارب روپے رہی جو کہ 31 دسمبر 2023 پر اس کی مالیت 166.50 ارب روپے میں 20.68 فیصد کا اضافہ دکھا رہا ہے۔ 31 دسمبر 2023 پر مجموعی ایڈوانسز کی مالیت 77.511 ارب روپے تھی جس میں زیر غور ششماہی کے اختتام پر 32.88 فیصد اضافے کے بعد اس کی مالیت 103 ارب روپے ہو گئی جس کی وجہ کموڈٹی فنانسینگ آپریشن (Commodity Financing Operations) رہا۔

زیر غور ششماہی میں کل ڈپازٹس نے 250 ارب روپے کا سنگ میل عبور کرتے ہوئے 14.46 فیصد اضافے کا اندراج کیا اور اس کی مالیت 255.90 ارب روپے رہی جبکہ 31 دسمبر 2023 پر اس کی مالیت 223.56 ارب روپے تھی۔ گاہکوں کے کھاتوں کی تعداد میں 185,647 (یعنی 22.75 فیصد) اضافے کے بعد بڑھ کر 1,001,866 کھاتے ہو گئے جو نئے گاہکوں کی ترجیح اور برانچوں کی سنے گاہکوں متعارف کرنے کو ظاہر کرتا ہے جس کا نتیجہ گاہکوں کے تعلق میں گہرائی اور شمولیت ہیں۔

کریڈٹ ریٹنگ

بینک کی اوپر بیان کردہ مالی صورتحال، مالیاتی نتائج اور عائد تناسب میں واضح بہتری کے پیش نظر VIS کریڈٹ ریٹنگ کمپنی نے اپنی 28 جون 2024 کی رپورٹ میں بینک کی طویل المدت درجہ بندی کے لیے 'A+' (مثبت A) سے بڑھا کر AA- (منفی) اور قلیل المدت درجہ بندی کے لیے 'A-1' (A- ون) سے بڑھا کر A-1+ (A ون مثبت) کی توثیق کی ہے۔

کم سے کم سرمایہ (capital) کی ضرورت اور کپٹل کی موزونیت کا تناسب

30 جون 2024 پر سندھ بینک کا سرمایہ کی موزونیت کا تناسب (Capital Adequacy Ratio) کم از کم 11.50 فیصد کی شرح کے مقابلے میں 21.16 فیصد رہا اور لیوریج تناسب (Leverage Ratio) کی کم سے کم 3 فیصد کے مقابلے میں 3.78 فیصد رہی۔

IFRS 9 کا نفاذ - مالیاتی دستاویزات

جیسا کہ بینک دولت پاکستان نے بذریعہ اپنے 2022 کے مراسلہ BPRD سرکلر نمبر 3 میں ہدایات کی ہیں کہ IFRS 9، "مالیاتی دستاویزات" کے مؤثر ہونے کی مدت پہلی جنوری 2024 یا اس کے بعد ان بینکوں کیلئے ہے جن کی 21 دسمبر 2021 پر اثاثہ کی بنیاد 500 ارب روپے سے کم تھی، بینک دولت پاکستان نے اسی سرکلر کے ذریعے IFRS 9 کو استعمال کرنے کی ہدایات کو حتمی شکل دی ہے تاکہ بینکوں میں IFRS 9 اسٹینڈرڈز کے یکساں اور منطقی نفاذ کو یقینی بنایا جاسکے۔

جیسا کہ IFRS 9 مالیاتی دستاویزات میں بیان کردہ تغیر پذیر شرط کے مطابق، بینک نے تبدیل شدہ ریٹرو سیکیلو اپروچ (retrospective approach) اختیار کی ہے اور مسابقتی اعداد و شمار کو دوبارہ بیان کرنے سے پرہیز کیا ہے۔ تغیر پذیر مدت کے دوران، مالیاتی اثاثہ جات اور واجبات کی کیئرنگ ویلیو (carrying values) میں ردوبدل کا حساب کتاب جاری سال کے آغاز پر ریٹینڈ ارننگ (retained earnings) اور دیگر ذخائر کی شروعات ہوں گی جو مسابقتی اعداد و شمار میں کسی نظر ثانی کے بغیر ہوگی۔

معاشی جائزہ

موجودہ مالی سال میں، نئی انتظامیہ کے زیر انتظام سیاسی منظر نامہ مستحکم ہوا ہے، تین بنیادی مقاصد زیر غور تھے: موجودہ بین الاقوامی مالیاتی فنڈ کے پروگرام کو حتمی شکل دینا، سال 2025 کے لیے وفاقی بجٹ پیش کرنا اور بین الاقوامی مالیاتی فنڈ کے اضافی مالی سہوت (Extended Fund Facility) معاہدے کا حصول۔ موجودہ بین الاقوامی مالیاتی فنڈ مارچ میں کامیابی سے پائیہ میچیل پینچا اور اضافی مالی سہوت (Extended Fund Facility) کے لیے مذاکرات کی بنیاد رکھی۔ جولائی میں، 37 ماہ کا ایک نیا اضافی مالی سہوت (Extended Fund Facility) کے لیے بین الاقوامی مالیاتی فنڈ ایک اسٹاف کی سطح کے معاہدے پر پہنچ گیا ہے جس کی مالیت تقریباً 17 ارب امریکی ڈالر ہے۔ یہ معاہدہ بین الاقوامی مالیاتی فنڈ کے ایکزیکیوٹو بورڈ (IMF EXECUTIVE BOARD) کی منظوری کا منتظر ہے۔

مالی سال 2025 کا وفاقی بجٹ پیش کر دیا گیا ہے جس کا مقصد بین الاقوامی مالیاتی فنڈ کا طویل المدت پروگرام کا حصول تھا۔ اس کا ہدف مجموعی قومی پیداوار کا 5.9 فیصد کا خسارہ جس کی معاونت 2 فیصد کے بنیادی زائد ضرورت (surplus) سے ہوگی۔ بجٹ کا بنیادی کٹہہ آمدنی (revenue) 17.8 کھرب روپے کا ہدف ہے جو سال بہ سال کی بنیاد پر 46 فیصد اضافہ دکھا رہا ہے۔ اس میں 40 فیصد اضافے کے بعد 13 کھرب کی محصولیاتی آمدنی اور 64 فیصد اضافے کے بعد 4.9 کھرب روپے کی غیر محصولیاتی آمدن شامل ہے۔ محصولیاتی آمدنی کے اہم ذرائع میں اگم ٹیکس (سال بہ سال کی بنیاد پر 1.8 کھرب روپے) اور سیلز ٹیکس (سال بہ سال کی بنیاد پر 1.3 کھرب روپے) شامل ہیں۔ ان اقدامات کے مؤثر ہونے کا انحصار مثلاً برآمدات کے سیکٹر کے لیے ٹیکس کو معمول پر لانا اہم ہے اور اس میں کسی بھی کمی سے سلیمنٹری بجٹ ضروری ہو جائے گا، اگر یہ خاص طور پر بین الاقوامی مالیاتی فنڈ کے معاہدے کے قریب یا اس کے دوران ہوا تو۔

بینک دولت پاکستان کے اوپن مارکیٹ آپریشن سے منافع میں (سال بہ سال 2.5 گنا) اضافے، اور پیٹرولیم لیوی میں 33 فیصد کے سال بہ سال اضافے کے ساتھ غیر محصولیاتی آمدن قابل حصول نظر آتی ہے۔ تاہم، متوقع پیٹرولیم ڈیولپمنٹ لیوی میں 60 روپے سے 80 روپے تک کے اضافے کا انحصار مستحکم بین الاقوامی تیل کی قیمتوں پر ہوگا۔

سال 2024 کے 12 ماہ کی اوسط کٹز یومر پرائس انڈیکس (CPI) 23.89 فیصد پر رہی جو افراط زر میں کمی کا رجحان دکھا رہا ہے۔ جون 2024 میں CPI سال بہ سال کی بنیاد پر بڑھ کر 12.6 فیصد رہا اس کے مقابلے میں گذشتہ ماہ 11.8 فیصد تھا اور جون 2023 میں یہ 29.4 فیصد تھا۔ ماہ بہ ماہ کی بنیاد پر، جون 2024 میں اس میں 0.5 فیصد اور پچھلے ماہ میں 3.2 فیصد کمی اور جون 2023 کے مقابلے میں 0.3 فیصد کمی رہی۔

گذشتہ دو ماہی پالیسی اجلاس میں پالیسی نرخ 250 پیس پوائنٹس کی کمی کے بعد 22 فیصد سے کم ہو کر 19.5 فیصد پر آچکا ہے۔ حقیقی سودی نرخ ابھی تک مثبت تقریباً 7-8 فیصد ہیں۔ توقعات ہیں کہ اس سال پالیسی نرخوں میں مزید کٹوتی ہوگی افراط زر کم ہوگا جس کی وجہ بلند بیس اینفلیکٹ اور ایکسٹرنل صورتحال کی اہمیت پالیسی فیصلوں پر ہوگی۔

برنٹ آئل کی قیمتیں 75 اور 85 امریکی ڈالر فی بیرل کی وجہ سے گیس اور بجلی کی قیمتوں میں متوقع اضافے سے توقع ہے کہ افراط زر 11 فیصد اور 15 فیصد کے درمیان رہے گا۔ گذشتہ سال کے ہائی نہیں افیکٹ سے امکان ہے کہ افراط زر معتدل رہے گا۔

مالی سال 2024 کے لیے پاکستان کا جاری کھاتے کا خسارہ کم ہو کر 681 ملین امریکی ڈالر ہو گیا جو مالی سال 2023 میں 3.275 ارب امریکی ڈالر تھا۔ مالی سال 2024 میں تجارتی خسارہ کم ہو کر 24.39 ارب امریکی ڈالر ہو گیا جبکہ مالی سال 2023 میں اس کی مالیت 25.86 ارب امریکی ڈالر تھی، اس کی بنیادی وجہ برآمدات میں 3.21 ارب امریکی ڈالر کا اضافہ تھا، اگرچہ اس میں درآمدات میں اضافے کی 472 ملین امریکی ڈالر کی جزوی تلافی شامل ہے۔ مالی سال 2024 میں ورکرز کی جانب سے ترسیل زر بڑھ کر 30.25

ارب امریکی ڈالر جو مالی سال 2023 میں 27 ارب امریکی ڈالر تھیں۔ اس کے نتیجے میں جاری کھاتے کا خسارہ سکڑ کر مجموعی قومی پیداوار 0.2 فیصد ہوگئی جو گزشتہ سال 1 فیصد تھی۔

جون 2024 میں ترسیل زر 3.158 ارب امریکی ڈالر کی ریکارڈ سطح پر پہنچ گئی اور SCRA میں ٹی بلز (T-bills) کے لیے اندرونی بہاؤ کل 600 ملین امریکی ڈالر تک پہنچ گیا جس میں 230 ملین ڈالر مئی 2024 میں آئے تھے۔ یہ مثبت حقیقی سودی نرخ کے ماحول کو ظاہر کرتا ہے اور SCRA کے ٹی بلز (T-bills) اندرونی بہاؤ کی تجدید کو بھی ظاہر کرتا ہے، جو 2020 میں کووڈ-19 کی وجہ سے اچانک رک گیا تھا۔ ترسیل زر کے اندرونی بہاؤ نے امریکی ڈالر/پاکستانی روپے کی شرح مبادلہ کی معاونت کی ہے، جس کا لین دین تقریباً 278 روپے فی امریکی ڈالر پر ہونے کے ساتھ طاقتور ہوتا ہوا روپیہ جاری کھاتے کے خسارے کے اعداد و شمار میں بہتری میں حصہ ڈال رہا ہے؛ بینک دولت پاکستان کو توقع ہے کہ مالی سال 2025 میں جاری کھاتے کا خسارہ، مجموعی قومی پیداوار کا 0 فیصد سے 1 فیصد رہے گا۔

بین الاقوامی مالیاتی فنڈ کی اضافی مالی سہولت (Extended Fund Facility) معاہدے کے بعد خود مختاری کے خطرات میں کمی کے باوجود معاشی مشکلات موجود ہیں۔ ان میں شامل ہیں بین الاقوامی مالیاتی فنڈ کے ساتھ جاری مذاکرات کے ذریعے اضافی فنڈز کا حصول اور غیر ملکی پائمنٹس سے سرمایہ کاری خاص طور پر سعودی عرب اور متحدہ عرب امارات۔

PSX کا جائزہ

پاکستان اسٹاک مارکیٹ نے گزشتہ دو دہائیوں سے زیادہ عرصہ کے بہترین سالانہ منافع کا اندراج کیا ہے جس کا محرک بہتر معاشی صورت حال کے بارے میں پر امیدی، امید افزا (promising) قدر اور مرکزی بینک کی مالیاتی آسانی کرنے کے بارے میں سوچ میں تبدیلی۔

جون 2024 پر اختتام پذیر مالی سال 2024 میں KSE-100 Index، 89.2 فیصد یا 36,992 پوائنٹس کے اضافے سے 78,444.9 پوائنٹس پر پہنچ گیا اور یہ 2003 کے بعد سب سے بڑا منافع کا اندراج کیا ہے۔

تقریباً ایک دہائی کے بعد غیر ملکی سرمایہ کار پاکستان کی ملکیتی سرمایہ کی مارکیٹ واپس آئے ہیں۔ جون 2024 پر اختتام پذیر مالی سال 2024 میں سمندر پار سرمایہ کاروں نے 140.8 ملین امریکی ڈالر کی مالیت کی اسٹاک کی خریداری کی ہے۔

بینکاری کے سیکٹر نے بلند سودی نرخوں سے فائدے کے ساتھ دیگر متواتر سیکٹرز جیسا کہ توانائی، کھاد اور آٹوموبائل سے فائدہ اٹھایا اور ریٹیل کی قیادت کی۔ بلند ترین پالیسی ریٹس کے باوجود، مارکیٹ میں تاریخی کم قدر (valuations) اور بہتر ہوتی ہوئی کلی معیشت (macroeconomic) کے پس منظر میں دوبارہ درجہ بندی (re-rating) دیکھی گئی۔

گزشتہ دو سالوں کے دوران، بلند بنی (high base) اور اجناس کی قیمتوں میں کچھ کمی سے افراط زر کی شرح کی رفتار میں کمی کے لیے راستہ بنایا، جس نے مالی سال 2024 کے آخر میں مالیاتی آسانیوں کا آغاز کر دیا۔

مالی سال 2025 اور اس سے آگے کا منظر نامہ

اگرچہ، مالی سال 2025 کے بجٹ میں، گورنمنٹ کچھ اصلاحات کے اقدامات کیے ہیں، جیسا کہ پینشن ضوابط، چند ٹیکسوں میں چھوٹ کا خاتمہ، بلند ٹیکسوں کا نان فالز/ریٹیل اسٹیٹ پر نفاذ وغیرہ، کے باوجود بڑے مسائل، بڑی غیر دستاویزی معیشت، بڑے ایف ٹیکس/کم ٹیکس دینے والے سیکٹرز اور بڑھتے ہوئے پبلک سیکٹر کو کوئی حل نہیں دیا۔

ڈائریکٹرز کا انتخاب

بورڈ آف ڈائریکٹرز کا انتخاب، 28 مارچ اور 3 مئی 2024 کو منعقدہ 13 ویں سالانہ عام اجلاس (AGM) میں کیا گیا اور حصص کنندگان نے سات (7) ڈائریکٹرز کو تین سالوں کے لیے منتخب کیا جس کو بینک دولت پاکستان نے اگست 27، 2024 کو منظور کیا ہے۔

مانیکرو فنانس بینک لمیٹڈ (مکمل طور پر ذیلی ادارہ)

سندھ مانیکرو فنانس بینک (SMFB) صوبائی سطح کا مانیکرو فنانس بینک ہے جس نے آپریشن کا آغاز 750 ملین روپے کے ملکیتی سرمائے سے مئی 2016 میں کیا۔ سندھ مانیکرو فنانس بینک شاید ہی ملک کا واحد مانیکرو فنانس بینک ہے جو گزشتہ 9 سال سے مسلسل منافع دے رہا ہے اور بینک نے اپنے منافع کے ذریعے سے اپنے ادا شدہ 750 ملین روپے کے سرمائے سے بڑھا کر 1.17 ارب روپے تک پہنچا دیا ہے۔ جنوری 2024 پر کم سے کم کپیٹل کی ضروریات کی تمام ضابطہ کی کارروائی مکمل کرنے کی بنیاد پر سندھ مانیکرو فنانس بینک نے، بینک دولت پاکستان کو قومی سطح کے لائسنس کے لیے درخواست دے دی ہے۔

مانیکرو فنانس پروگرام کا مقصد ہے کہ صوبہ سندھ کے غیر مراعات یافتہ طبقے، خاص طور پر دیہی اور نیم شہری علاقوں میں معاشی طور پر متحرک خواتین تک فنانس کی رسائی کو بہتر بنایا جائے۔ SMFB نے اب تک 364,637 قرضہ جات جن کی تقریباً مالیت 12 ارب روپے ہے، کی ادائیگیاں سندھ بھر میں 101 کاروباری مقامات پر موجود دفاتر سے کی جا چکی ہیں۔

نصف سال کی مدت کے دوران، سندھ مانیکرو فنانس بینک کے غیر معمولی لون پورٹ فولیو (loan portfolio) نے 2 ارب روپے کے ہدف کو عبور کرنے کے ساتھ پورٹ فولیو باخترہ (PAR 30 دن) کو لون پورٹ فولیو کے 1 فیصد سے کم رکھا ہے۔ مالی واجبات (liability) کی مدتیں دسمبر 2023 کے 1.3 ارب روپے کے ڈپازٹس سے بڑھ کر جون 2024 میں اس کی مالیت 1.48 ارب روپے ہو گئی۔ سندھ مانیکرو فنانس بینک نے بینک دولت پاکستان سے 2019 میں لی گئی فنانسنگ کو جون 2024 میں مکمل طور پر واپس کر دیا ہے جس کا نتیجہ اس کا دسمبر 2024 میں 721 ملین روپے کا ادھار کم ہو کر جون 2024 میں اس کی مالیت 589 ملین روپے رہ گئی ہے۔

سندھ مانیکرو فنانس نے موجودہ سال میں 99 ملین روپے (2023 میں 45 ملین روپے) کا منافع قبل از محصول کا اندراج کیا جو گزشتہ سال اسی مدت میں اس کی مالیت سے 122 فیصد زیادہ ہے۔ 29 مارچ 2024 پر پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے طویل المدت درجہ بندی A اور قلیل المدت درجہ بندی A2 کو برقرار رکھا ہے اور PACRA کی نظر میں مانیکرو فنانس کے سیکٹر میں SMFB ایک ترقی کرتا ہوا ادارہ ہے۔

30 جون 2024 پر اختتام پذیر نصف سال کی مختصر مالیاتی جھلکیاں درج ذیل ہیں؛

31 دسمبر 2023 پر		30 جون 2024 پر		بیلنس شیٹ
روپے ملین میں	کھاتوں کی تعداد	روپے ملین میں	کھاتوں کی تعداد	
1,927	74,180	2,115	79,247	مجموعی قرضہ کا پورٹ فولیو
3,415		3,656		کل اثاثہ جات
1,323	162,152	1,485	177,432	ڈپازٹس
721		589		ادھار
2,309		2,484		کل واجبات (Liabilities)
1,106		1,171		خالص ملکیتی سرمایہ (Equity)

30 جون 2023 پراختتام پذیر نصف سال		30 جون 2024 پراختتام پذیر نصف سال		
روپے ملین میں	کھاتوں کی تعداد	روپے ملین میں	کھاتوں کی تعداد	
1,496	37,462	1,849	42,070	قرضہ جات کی فراہمی
				نفع نقصان کا کھاتہ
260		400		خالص سودی آمدن
45		99		منافع قبل از محصول
(5)		(28)		محصول
40		71		منافع بعد از محصول

مستقبل کا منظر نامہ

اب تک حوصلہ افزاء نتائج حاصل کرنے کے بعد، انتظامیہ پر عزم ہے کہ وہ آنے والی مدت میں مندرجہ ذیل مقاصد پر اپنی توجہ برقرار رکھے گی:

- غیر فعال قرضوں کی بحالی اور کمی؛
- جاری کھاتوں کو متحرک کرنے کی اسکیم؛
- کنزرویٹو، SME اور کمرشل کاروبار میں اضافہ
- متبادل فراہمی اور خدمات کے ذرائع جس کی بنیاد ٹیکنالوجی پلیٹ فارم پر ہوتا کہ گاہکوں کو سہولت فراہم کی جاسکے۔
- عملی تربیت اور ترقی
- خطرے اور نگرانی کے ماحول کی مضبوطی

اعتراف

بورڈ آف ڈائریکٹرز کی جانب سے، میں خلوص دل سے ریگولیٹرز، 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

جاويد رشيد شيخ
نان ایگزیکٹو ڈائریکٹر

محمد انوار شيخ
قائم مقام صدر / CEO

کراچی

30 اگست 2024

Riaz Ahmad & Company
Chartered Accountants

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Bahria Town Tower, Block 2
P.E.C.H.S., Karachi, Pakistan
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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Sindh Bank Limited

Report on review of Unconsolidated Condensed Interim Financial Statements

Introduction

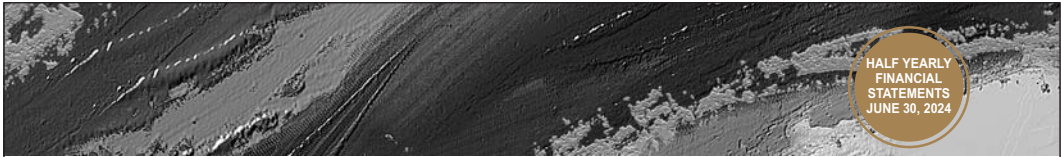
We have reviewed the accompanying unconsolidated condensed interim statement of financial position of SINDH BANK LIMITED ("the Bank") as at June 30, 2024, and the related unconsolidated condensed interim statement of profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim cash flow statement, and notes to the unconsolidated condensed interim financial statements for the half year then ended (here-in-after referred to as the "unconsolidated condensed interim financial statements"). Management is responsible for the preparation and presentation of these unconsolidated condensed interim financial statements in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures for the quarters ended June 30, 2024 and June 30, 2023, in the unconsolidated condensed interim statement of profit and loss account and unconsolidated condensed interim statement of comprehensive income have not been subject to review and therefore, we do not express a conclusion thereon.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of unconsolidated condensed interim financial statements consists 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 accompanying unconsolidated condensed interim financial statements are not prepared, in all material respects, in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting.



Riaz Ahmad & Company
Chartered Accountants

Emphasis of Matter

We draw attention to Note 15.1 to the unconsolidated condensed interim financial statements which states that the deferred tax asset has been recognized in the unconsolidated condensed interim financial statements on the basis of financial projections for the future years approved by Board of Directors of the Bank. The preparation of financial projection involves management assumptions regarding future business and economic conditions and significant change in assumptions may have impact on recoverability of the deferred tax assets.

Our conclusion is not modified in respect of this matter.

The engagement partner on the review resulting in this independent auditor's review report is **Junaid Ashraf**.

RIAZ AHMAD & COMPANY
Chartered Accountants

KARACHI

DATE: 30 AUGUST 2024
UDIN: RR202410045hcmQA2nES

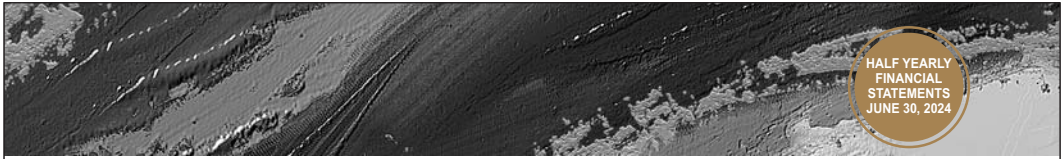
IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO
 شہید محترمہ بینظیر بھٹو کی یاد میں
SINDH BANK
سندھ بینک
 POWER TO THE PEOPLE
 باختیار عوام

HOMEREMITTANCE
 FASTEST AND RELIABLE WAY TO RECEIVE MONEY



Sindh Bank offers unmatched outreach
 with over 330 online branches in Pakistan to
 receive money from anywhere across the globe.






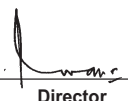



**UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS
HALF YEAR AND QUARTER ENDED
JUNE 30, 2024**

Unconsolidated Condensed Interim Statement of Financial Position As at June 30, 2024

	Note	June 30, 2024 Un-audited	December 31, 2023 Audited
----- (Rupees in '000) -----			
ASSETS			
Cash and balances with treasury banks	7	19,199,835	53,407,771
Balances with other banks	8	1,995,768	957,883
Lendings to financial institutions	9	3,500,000	-
Investments	10	200,938,551	166,503,472
Advances	11	76,166,639	50,623,045
Property and equipment	12	1,283,571	1,327,601
Right-of-use assets	13	3,042,652	2,608,849
Intangible assets	14	87,125	108,257
Deferred tax assets	15	16,375,825	17,193,965
Other assets	16	9,838,506	7,752,566
Total Assets		332,428,472	300,483,409
LIABILITIES			
Bills payable	17	2,352,828	898,762
Borrowings	18	33,590,295	37,546,440
Deposits and other accounts	19	255,900,367	223,569,650
Lease liabilities	20	3,739,020	3,138,067
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	21	10,890,586	10,858,146
Total Liabilities		306,473,096	276,011,065
NET ASSETS		25,955,376	24,472,344
REPRESENTED BY			
Share capital - net	22	34,524,428	34,524,428
Reserves		2,016,628	1,894,365
Deficit on revaluation of assets	23	(202,842)	(1,033,628)
Accumulated loss		(10,382,838)	(10,912,821)
		25,955,376	24,472,344
CONTINGENCIES AND COMMITMENTS			
	24		




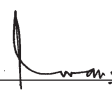

The annexed notes from 1 to 43 form an integral part of these unconsolidated condensed interim financial statements.


 Chief Financial Officer
 
 President and
 Chief Executive Officer
 
 Director
 
 Director
 
 Chairman

Unconsolidated Condensed Interim Profit and Loss Account (Un-audited) For the Quarter and Half Year Ended June 30, 2024

	Quarter ended		Half year ended		
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	
Note	(Rupees in '000)				
Mark-up / return / interest earned	25	11,749,121	14,310,025	22,587,634	26,892,364
Mark-up / return / interest expensed	26	9,576,495	12,496,966	18,389,120	23,536,204
Net Mark-up / Interest Income		2,172,626	1,813,059	4,198,514	3,356,160
NON MARK-UP / INTEREST INCOME					
Fee and commission income	27	167,113	142,537	336,628	282,790
Dividend income		15,990	48,199	31,691	97,890
Foreign exchange income		84,439	382,327	20,718	596,559
Income / (loss) from derivatives		-	-	-	-
Gain / (loss) on securities	28	17,244	(108,465)	119,442	(107,451)
Other Income	29	6,885	585	7,921	2,805
Total non-markup / interest income		291,671	465,183	516,400	872,593
Total income		2,464,297	2,278,242	4,714,914	4,228,753
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	30	2,296,420	2,094,194	4,541,638	3,865,669
Other charges	31	21	520	21	55,938
Total non-markup / interest expenses		2,296,441	2,094,714	4,541,659	3,921,607
Profit before credit loss allowance		167,856	183,528	173,255	307,146
Credit allowance / provisions and write offs - net	32	(595,827)	(110,107)	(1,118,961)	(264,576)
PROFIT BEFORE TAXATION		763,683	293,635	1,292,216	571,722
Taxation	33	422,259	218,556	680,897	327,010
PROFIT AFTER TAXATION		341,424	75,079	611,319	244,712
(Rupees)					
Basic earnings per share	34	0.08	0.03	0.18	0.08
Diluted earnings per share	35	0.08	0.03	0.18	0.08

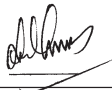
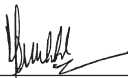

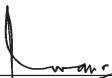

The annexed notes from 1 to 43 form an integral part of these unconsolidated condensed interim financial statements.

				
Chief Financial Officer	President and Chief Executive Officer	Director	Director	Chairman

Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited) For the Quarter and Half Year Ended June 30, 2024

	Quarter ended		Half year ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	----- (Rupees in '000) -----			
Profit after taxation for the period	341,424	75,079	611,319	244,712
Other comprehensive income / (loss)				
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in (deficit) / surplus on revaluation of debt investments through FVOCI - net of tax	(2,931)	65,892	(57,384)	(1,110,745)
	<u>338,493</u>	<u>140,971</u>	<u>553,935</u>	<u>(866,033)</u>
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement loss on defined benefit obligations - net of tax	(3,580)	-	(3,580)	-
Movement in (deficit) / surplus on revaluation of equity investments - net of tax	(181,320)	-	192,702	-
Movement in surplus / (deficit) on revaluation of non-banking assets - net of tax	-	-	-	-
	<u>(184,900)</u>	<u>-</u>	<u>189,122</u>	<u>-</u>
Total comprehensive income / (loss)	<u>153,593</u>	<u>140,971</u>	<u>743,057</u>	<u>(866,033)</u>

The annexed notes from 1 to 43 form an integral part of these unconsolidated condensed interim financial statements.

Chief Financial Officer President and Chief Executive Officer Director Director Chairman

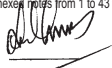
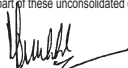

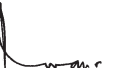

Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited) For the Half Year Ended June 30, 2024

	Capital Reserves				Surplus / (Deficit) on revaluation			Total	
	Share Capital	Shares Deposit Money	Reserves on amalgamation	Share Premium	Statutory Reserve *	Investments	Fixed / Non-banking assets		Accumulated loss
Rupees in '000									
Opening balance as at January 01, 2023 (audited)	29,524,428	-	9,433	51	1,451,928	(1,208,500)	-	(12,626,381)	17,150,959
Changes in equity for the half year ended June 30, 2023									
Profit after taxation	-	-	-	-	-	-	-	244,712	244,712
Share deposit money	-	5,000,000	-	-	-	-	-	-	5,000,000
Other comprehensive loss - net of tax	-	-	-	-	-	-	-	-	-
Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	-	-	-	-	-	(1,110,745)	-	-	(1,110,745)
Debt investments at FVOCI - reclassified to profit or loss	-	-	-	-	-	-	-	-	-
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	-
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	-	-
Total other comprehensive loss - net of tax	-	-	-	-	-	(1,110,745)	-	-	(1,110,745)
Transfer to statutory reserve	-	-	-	-	48,942	-	-	(48,942)	-
Balance as at June 30, 2023 (Un-audited)	29,524,428	5,000,000	9,433	51	1,500,870	(2,319,245)	-	(12,430,611)	21,284,926
Changes in equity for the half year ended December 31, 2023									
Profit after taxation	-	-	-	-	-	-	-	1,920,052	1,920,052
Other comprehensive income - net of tax	-	-	-	-	-	-	-	-	-
Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	-	-	-	-	-	1,193,817	-	-	1,193,817
Debt investments at FVOCI - reclassified to profit or loss	-	-	-	-	-	-	-	-	-
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-	-	(18,251)	(18,251)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	91,800	-	91,800
Total other comprehensive income - net of tax	-	-	-	-	-	1,193,817	91,800	(18,251)	1,267,366
Transfer to statutory reserve	-	-	-	-	384,010	-	-	(384,010)	-
Share deposit money	-	-	-	-	-	-	-	-	-
Issue of Shares during the year	5,000,000	(5,000,000)	-	-	-	-	-	-	-
Balance as at December 31, 2023 (audited)	34,524,428	-	9,433	51	1,884,881	(1,125,428)	91,800	(10,912,821)	24,472,344
Effect of reclassification on adoption of IFRS -09 - net of tax	-	-	-	-	-	-	-	-	-
Effect of adoption of IFRS 09 on Debt security	-	-	-	-	-	1,113,779	-	-	1,113,779
Effect of adoption of IFRS 09 on shares FVOCI	-	-	-	-	-	(363,757)	-	363,757	-
Effect of adoption of IFRS 09 on shares FVTPL	-	-	-	-	-	(54,554)	-	54,554	-
Effect of adoption of IFRS -09 - ECL net of tax	-	-	-	-	-	-	-	(373,804)	(373,804)
	-	-	-	-	-	695,468	-	44,507	739,975
Balance as at January 01, 2024 after adoption of IFRS-09	34,524,428	-	9,433	51	1,884,881	(429,960)	91,800	(10,868,314)	25,212,319
Changes in equity for the half year ended June 30, 2024									
Profit after taxation	-	-	-	-	-	-	-	611,319	611,319
Other comprehensive income - net of tax	-	-	-	-	-	-	-	-	-
Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	-	-	-	-	-	(57,384)	-	-	(57,384)
Movement in deficit on revaluation of equity investments - net of tax	-	-	-	-	-	192,702	-	-	192,702
Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-	-	-	-	(3,580)	(3,580)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	-	-
Total other comprehensive income - net of tax	-	-	-	-	-	135,318	-	(3,580)	131,738
Share deposit money	-	-	-	-	-	-	-	-	-
Transfer to statutory reserve	-	-	-	-	122,263	-	-	(122,263)	-
Closing balance as at June 30, 2024 (Un-audited)	34,524,428	-	9,433	51	2,007,144	(294,642)	91,800	(10,382,838)	25,955,376

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

** As more fully explained in note 10.3.3 & 11.3.2 of these unconsolidated financial statements, unappropriated profit / (loss) includes an amount of Rs. 3,122.52 million net of tax as at June 30, 2024 (December 31, 2023: Rs.3,148.13 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 43 form an integral part of these unconsolidated condensed interim financial statements.

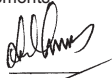

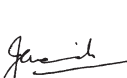








Chief Financial Officer **President and Chief Executive Officer** **Director** **Director** **Chairman**

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited) For the Half Year Ended June 30, 2024

		June 30, 2024	June 30, 2023
	Note	----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		1,292,216	571,722
Less: Dividend income		(31,691)	(97,890)
		<u>1,260,525</u>	<u>473,832</u>
Adjustments:			
Unrealised gain on securities measured at FVPL	28.2	(93,298)	-
Depreciation	30	147,176	135,316
Depreciation on right of use assets	30	398,627	392,892
Amortisation	30	21,135	19,556
Credit loss allowance / provisions and write offs - net	32	(1,118,961)	(264,576)
Gain on sale of property and equipment	29	(6,777)	(992)
Finance charges on leased assets		299,741	168,413
		<u>(352,357)</u>	<u>450,609</u>
		908,168	924,441
Increase in operating assets			
Lendings to financial institutions		(3,500,000)	(16,048,998)
Securities classified as FVPL		(266,878)	-
Advances		(25,487,434)	2,142,720
Other assets (excluding advance taxation)		(1,664,845)	(4,510,310)
		<u>(30,919,157)</u>	<u>(18,416,588)</u>
Decrease in operating liabilities			
Bills payable		1,454,066	1,277,927
Borrowings from financial institutions		(3,956,145)	(57,117,305)
Deposits and other accounts		32,330,717	23,179,792
Other liabilities (excluding current taxation)		14,623	3,477,813
		<u>29,843,261</u>	<u>(29,181,773)</u>
		(167,728)	(46,673,920)
		<u>(281,191)</u>	<u>(344,345)</u>
Income tax paid		-	-
Net cash used in operating activities		<u>(448,919)</u>	<u>(47,018,265)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in amortised cost securities		(19,440,593)	29,662,670
Net investment in securities classified as FVOCI		(12,620,462)	19,560,731
Dividends received		29,125	97,890
Investments in property and equipment		(107,677)	(74,786)
Disposal of property and equipment		11,396	1,454
Net cash (used in) / flow from investing activities		<u>(32,128,211)</u>	<u>49,247,959</u>
FLOW FROM FINANCING ACTIVITIES			
Share deposit money		-	5,000,000
Payments of lease obligations against right-of-use assets		(580,894)	(493,194)
Shares capital		-	-
Net cash (used in) / flow from financing activities		<u>(580,894)</u>	<u>4,506,806</u>
(Decrease) / increase in cash and cash equivalents		<u>(33,158,024)</u>	<u>6,736,500</u>
Cash and cash equivalents at the beginning of the period		<u>54,365,654</u>	<u>15,788,268</u>
Impact of expected credit loss allowance on adoption of IFRS-09		(10,190)	-
Charge of expected credit loss allowance during the period		(1,837)	-
		<u>(12,027)</u>	<u>-</u>
Cash and cash equivalents at the end of the period	36	<u>21,195,603</u>	<u>22,524,768</u>

The annexed notes from 1 to 43 form an integral part of these unconsolidated condensed interim financial statements

				
Chief Financial Officer	President and Chief Executive Officer	Director	Director	Chairman

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) For the Half Year Ended June 30, 2024

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 (2023: 330) branches including 8 (2023: 8) sub-branches and 14 (2023: 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 99.97% ordinary shares of the Bank.
- 1.3 VIS Credit Rating Company Limited has upgraded the long term entity rating to AA- (Double A Minus) from A+ (Single A Plus) and short term rating to A-1+ (A-One plus) from A-1 (A-one) in its report dated June 28, 2024.
- 1.4 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 STATEMENT OF COMPLIANCE

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

- International Accounting Standard 34 "Interim Financial Reporting" and 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 (ICAP) 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 IAS 34, IFRS or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

The SBP has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment Property' for banking companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' on banks through its notification S.R.O 411(I)/2008 dated April 28, 2008. The State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred the applicability of Islamic Financial Accounting Standard-3 for Profit and Loss Sharing on Deposits (IFAS-3) issued by the Institute of Chartered Accountants of Pakistan (ICAP) and notified by the SECP, vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IFS). Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements.

In addition to the above, the SBP has recently issued BPRD Circular Letter No. 16 of 2024 dated July 29, 2024 in which certain relaxations / clarifications have been provided upon adoption of IFRS-09 which are disclosed in note 4.2 to the unconsolidated condensed interim financial statements.

- 2.1.1** The disclosures made in these unconsolidated condensed interim financial statements have been limited based on the format prescribed by the SBP through BPRD Circular Letter No. 02 dated February 09, 2023 and the requirements of International Accounting Standard 34, "Interim Financial Reporting". These do not include all the information and disclosures required for annual financial statements, and therefore should be read in conjunction with the annual audited unconsolidated financial statements of the Bank for the year ended December 31, 2023.
- 2.1.2** These unconsolidated condensed interim financial statements represent separate financial statements of Sindh Bank Limited in which investment in a subsidiary is accounted for on the basis of cost less accumulated impairment losses, if any.
- 2.1.3** In accordance with the directives of the Federal Government regarding the shifting of the Banking system to Islamic modes, the State Bank of Pakistan has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by Banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these unconsolidated condensed interim financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon. The Islamic Banking branches of the Bank have complied with the requirements set out under the Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) and notified under the provisions of the Companies Act, 2017.
- 2.1.4** 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 41 to these unconsolidated condensed interim financial statements.
- 2.1.5** The Bank believes that there is no significant doubt on the ability to continue as a going concern. Therefore, the unconsolidated condensed interim financial statements have been prepared on a going concern basis.
- 2.2 Standards, interpretations of and amendments to published accounting and reporting standards that are effective in the current period:**

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that have become applicable to the Bank for accounting periods beginning on or after January 01, 2024 but are considered not to be relevant or do not have any material effect on the Bank's operations and are therefore not detailed in these unconsolidated condensed interim financial statements except for IFRS-09 (Financial Instruments), the impact of which is disclosed under note 4.2.

2.3 Standards, interpretations of and amendments to published accounting and reporting standards that are not yet effective:

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that will become applicable to the Bank for accounting periods beginning on or after January 01, 2025 but are considered not to be relevant or will not have any material effect on the Bank's financial statements except for:

- The new standard - IFRS 18 Presentation and Disclosure in Financial Statements ("IFRS 18") which has been published in April 2024 with applicability date of January 01, 2027 by IASB. IFRS 18 is yet to be adopted in Pakistan. IFRS 18 when adopted and applicable shall impact the presentation of 'Statement of Profit and Loss Account' with certain additional disclosures in the financial statements.
- Amendments to IFRS-09 Financial Instruments which clarify the date of recognition and derecognition of a financial asset or financial liability including settlement of liabilities through banking instruments and channels including electronic transfers. The amendment when applied may impact the timing of recognition and derecognition of financial liabilities.

3. BASIS OF PRESENTATION

3.1 Accounting convention

These unconsolidated condensed interim financial statements have been prepared under the historical cost convention except for non banking assets acquired in satisfaction of claims which are stated at revalued amounts; investment classified at fair value through profit or loss and at fair value through other comprehensive income; defined benefit obligations which are carried at present value; and right of use of assets and related lease liability measured at present value on initial recognition.

4 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the annual audited unconsolidated financial statements of the Bank for the year ended December 31, 2023 except for changes mentioned in notes 4.1 and 4.2.

- 4.1 The SBP, vide its BPRD Circular No. 02 dated February 09, 2023, issued the revised forms for the preparation of the condensed interim quarterly / half yearly financial statements of the Banks / DFIs which are applicable for quarterly / half yearly periods beginning on or after January 1, 2024 as per BPRD Circular Letter No. 07 of 2023 dated April 13, 2023. The implementation of the revised forms has resulted in certain changes to the presentation and disclosures of various elements of the unconsolidated condensed interim financial statements. The significant change is relating to right of use assets and corresponding lease liability which are now presented separately on the face of the statement of financial position. Previously, these were presented under property and equipment (earlier titled as fixed assets) and other liabilities respectively. There is no impact of this change on the unconsolidated condensed interim financial statements in terms of recognition and measurement of assets and liabilities.

The Bank has adopted the above changes in the presentation and made additional disclosures to the extent applicable to its operations and corresponding figures have been rearranged / reclassified to correspond to the current period presentation, as presented in note 42.

4.2 Change in Accounting Policy

As per SBP BPRD Circular Letter No. 07 of 2023 dated April 13, 2023, IFRS-09 Financial Instruments is applicable on banks with effect from January 01, 2024. IFRS-09 brings fundamental changes to the accounting for financial assets and to certain aspects of accounting for financial liabilities. To determine appropriate classification and measurement category, IFRS-09 requires all financial assets, except equity instruments, to be assessed based on combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The adoption of IFRS-09 has also fundamentally changed the impairment method of financial assets with a forward-looking Expected Credit Losses ("ECL") approach.

The SBP through its BPRD Circular Letter No. 16 dated July 29, 2024 has made certain amendments and extended the timelines of SBP's IFRS-09 Application Instructions to address most of the matters raised by the banks with a direction to ensure compliance by the extended timeline.

There are a few matters which include maintenance of general provision, income recognition on Islamic financings and fair valuation of subsidized loans, the treatments of which are still under deliberation with the SBP. The Bank has continued to follow the treatment adopted in respect of these matters in the prior periods till the time SBP issues the relevant guidance / clarification.

4.2.1 Classification

Financial Assets

Under IFRS-09, existing categories of financial assets: Held for trading ("HFT"), Available for sale ("AFS"), Held to maturity ("HTM") and loans and receivables have been replaced by:

- Financial assets at fair value through profit or loss account ("FVTPL")
- Financial assets at fair value through other comprehensive income ("FVOCI")
- Financial assets at amortised cost

Financial Liabilities

Under IFRS-09, the accounting for financial liabilities remains largely the same as before adoption of IFRS-09 and thus financial liabilities are being carried at amortised cost.

4.2.2 Business model assessment

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- The objectives for the portfolio, in particular, whether the management's strategy focuses on earning contractual revenue, maintaining a particular yield profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Bank's key management personnel;

- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and
- The expected frequency, value and timing of sale are also important aspects of the assessment. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

Eventually, the financial assets fall under either of the following three business models:

- i) Hold to Collect ("HTC") business model: Holding assets in order to collect contractual cash flows
- ii) Hold to Collect and Sell ("HTC&S") business model: Collecting contractual cash flows and selling financial assets
- iii) Other business models: Resulting in classification of financial assets as FVTPL

4.2.3 Assessments whether contractual cash flows are solely payments of principal and interest / profit ("SPPI")

As a second step of its classification process, the Bank assesses the contractual terms of financial assets to identify whether they meet the SPPI test. Principal for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium / discount). The most significant elements of interest / profit within a financing arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgment and considers relevant factors such as, but not limited to, the currency in which the financial asset is denominated, and the period for which the interest / profit rate is set. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with basic lending arrangement, the related financial asset is classified and measured at FVTPL.

4.2.4 Application to the Bank's financial assets

Debt based financial assets

Debt based financial assets held by the Bank include: advances, lendings to financial institutions, investment in federal government securities, listed and unlisted term finance certificates, unlisted preference shares, cash and balances with treasury banks, balances with other banks, and other financial assets.

- a) These are measured at amortised cost if they meet both of the following conditions and are not designated as FVTPL.
 - the assets are held within a business model whose objective is to hold assets to collect contractual cash flows; and
 - the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest / profit on the principal amount outstanding.

The business model for these financial assets can still be HTC even when sales of these financial assets occur. However, if more than an infrequent number of sales of significant value are made, the Bank assesses whether and how the sales are consistent with the HTC objective.

- b) Debt based financial assets are measured at FVOCI only if these meet both of the following conditions and are not designated as FVTPL:
- the asset are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
 - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest / profit on the principal amount outstanding.
- c) Debt based financial assets if these are held for trading purposes are classified as measured at FVTPL.

In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The application of these policies also resulted in classifications and consequent remeasurements of investments in Pakistan Investment Bonds (Fixed) held under available for sale portfolio as of December 31, 2023 to hold to collect based on the business model assessment. The following table reconciles their carrying amounts as reported on December 31, 2023 to the carrying amounts under IFRS-09 on transition to IFRS-09 on January 01, 2024:

Investment type and category	Balances as of December 31, 2023 (Audited)	IFRS-09 Classification	Balances as of December 31, 2023	Remeasurements	Balances as of January 01, 2024- Before ECL
----- Rupees in '000 -----					
Federal Government Securities					
		FVOCI			
Pakistan Investment Bonds - AFS	15,216,749	Amortised Cost	15,216,749	2,183,880	17,400,629
	<u>15,216,749</u>		<u>15,216,749</u>	<u>2,183,880</u>	<u>17,400,629</u>

Equity based financial assets

An equity instrument held by the Bank for trading purposes is classified as measured at FVTPL. On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. The Bank has decided to classify Rupees 498.085 million out of its available for sale equity investment portfolio which includes mutual funds units of Rupees 123.660 million as of December 31, 2023 to FVTPL.

IFRS-09 has eliminated impairment assessment requirements for investments in equity instruments. Accordingly, the Bank has reclassified impairment of Rupees 363.757 million on listed equity investments to unappropriated losses through remeasurements.

The measurement category and carrying amount of financial assets in accordance with the accounting and reporting standards as applicable in Pakistan before and after adoption of IFRS-09 as at January 1, 2024 are compared as follows:

Financial assets	Before adoption of IFRS-09		After adoption of IFRS 09	
	Measurement Category	Carrying amount as at December 31, 2023	Measurement Category	Carrying amount as at January 01, 2024 Before ECL
		----- Rupees in '000 -----		----- Rupees in '000 -----
Cash and balances with treasury banks	Loans and receivables	53,407,771		53,407,771
Balances with other banks	Loans and receivables	957,883		957,883
Lendings to financial institutions	Loans and receivables			
		133,244,953	Fair value through profit or loss account	498,058
Investments	Available for sale		Fair value through other comprehensive income	117,530,146
			Amortised cost	17,400,629
		133,244,953		135,428,833
	Held to maturity	32,508,519	Amortised cost	32,508,519
Advances	Loans and receivables	50,623,045	Amortised cost	50,633,231
Other assets	Loans and receivables	7,752,566	FVTPL/Amortised Cost	7,752,566
		278,494,737		280,688,803

4.2.5 Initial recognition and subsequent measurement

Financial assets and financial liabilities are recognised when the entity becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Bank purchases or sells the asset. Other financial assets and liabilities like advances, lending to financial institutions, deposits etc. are recognised when funds are transferred to the account or financial institutions. However, for cases, where funds are transferred on deferred payment basis, recognition is done when underlying asset is purchased.

a) Amortised cost ("AC")

Financial assets and financial liabilities under amortised cost category are initially recognised at fair value adjusted for directly attributable transaction cost. These are subsequently measured at amortised cost. An expected credit loss allowance ("ECL") is recognised for financial assets in the unconsolidated condensed interim statement of profit and loss account. Interest income / profit / expense on these assets / liabilities are recognised in the unconsolidated condensed interim statement of profit and loss account. On derecognition of these financial assets and liabilities, capital gain / loss will be recognised in the unconsolidated condensed interim statement of profit and loss account.

b) Fair value through other comprehensive income ("FVOCI")

Financial assets under FVOCI category are initially recognised at fair value adjusted for directly attributable transaction cost. These assets are subsequently measured at fair value with changes recorded in OCI. An expected credit loss allowance ("ECL") is recognised for debt based financial assets in the unconsolidated condensed interim statement of profit and loss account. Interest / profit / dividend income on these assets are recognised in the unconsolidated condensed interim statement of profit and loss account. On derecognition of debt based financial assets, capital gain / loss will be recognised in the unconsolidated condensed interim statement of profit and loss account. For equity based financial assets classified as FVOCI, capital gain / loss is transferred from surplus / deficit to unappropriated profit / loss.

c) Fair value through profit or loss ("FVTPL")

Financial assets under FVTPL category are initially recognised at fair value. Transaction cost will be directly recorded in the unconsolidated condensed interim statement of profit and loss account. These assets are subsequently measured at fair value with changes recorded in the unconsolidated condensed interim statement of profit and loss account. Interest / dividend income on these assets are recognised in the unconsolidated condensed interim statement of profit and loss account. On derecognition of these financial assets, capital gain / loss will be recognised in the unconsolidated condensed interim statement of profit and loss account. An expected credit loss allowance ("ECL") is not recognised for these financial assets.

4.2.6 Derecognition

Financial assets

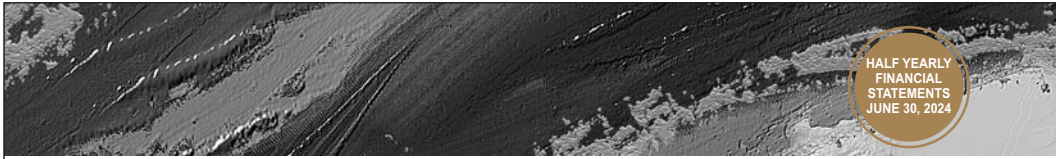
The Bank derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire;
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
- substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Bank enters into transactions whereby it transfers assets recognised in its unconsolidated condensed interim statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Bank also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.



On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the unconsolidated condensed interim statement of profit and loss account.

4.2.7 Expected Credit Loss ("ECL")

The Bank assesses on a forward-looking basis the ECL associated with all advances and other debt financial assets not held at FVTPL, together with letter of credit, guarantees and unutilised financing commitments hereinafter referred to as "Financial Instruments". The Bank recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or "LTECL"), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss ("12mECL"). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated at facility level.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Bank considers an exposure to have significantly increased in credit risk when there is considerable deterioration in the internal rating grade for subject customer. The Bank also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer / facility to the watch list, or the account becoming forborne. Regardless of the change in credit grades, generally, the Bank considers that there has been a significant increase in credit risk when contractual payments are more than 60 days past due. However, for certain portfolios, the Bank rebuts 60 DPD presumption based on behavioural analysis of its borrowers. When estimating ECLs on a collective basis for a group of similar assets, the Bank applies the similar principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Based on the above process, the Bank groups its financial instruments into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1: When financial instruments are first recognised, the Bank recognises an allowance based on 12mECLs. Stage 1 financial instruments also include facilities where the credit risk has improved and these have been reclassified from Stage 2. The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast Exposure At Default (EAD) and multiplied by the expected LGD and discounted by an approximation to the original Effective Interest Rate (EIR). This calculation is made for all the scenarios.

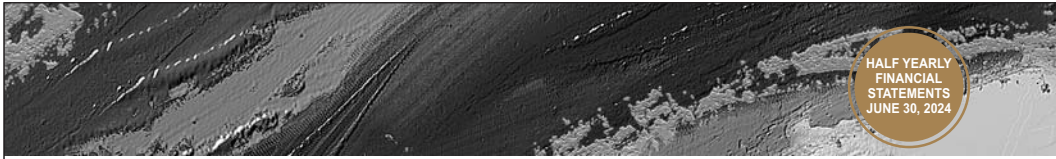
- Stage 2:** When a financial instrument has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 also includes facilities, where the credit risk has improved and the instrument has been reclassified from Stage 3. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs are applied over the lifetime of the instrument. The expected cash flows are discounted by an approximation to the original EIR.
- Stage 3:** For financial instruments considered credit-impaired, the Bank recognises the LTECLs for these instruments. The Bank uses a PD of 100% and LGD as computed for each portfolio or as prescribed by the SBP.
- Undrawn financing commitments** When estimating LTECLs for undrawn financings commitments, the Bank estimates the expected portion of the financings commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected cash flows if the financings is drawn down, based on a probability-weighting of the three scenarios. For revolving facilities that include both a financings and an undrawn commitment, ECLs are calculated on un-drawn portion of the facility and presented within other liabilities.
- Guarantee and letters of credit contracts** The Bank estimates ECLs based on the BASEL driven and internally developed credit conversion factor ("CCF") for guarantee and letter of credit contracts respectively. The calculation is made using a probability weighting of the three scenarios. The ECLs related to guarantee and letter of credit contracts are recognised within other liabilities.

The calculation of ECLs

The Bank calculates ECLs based on a three probability-weighted scenarios to measure the expected cash flows, discounted at an approximation to the EIR.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- PD** The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. PD is estimated based on statistical technique such as Transition Matrix approach. PDs for non advances portfolio is based on S&P's global transition default matrices, PDs are then adjusted using Resgression Model to incorporate forward looking information.
- EAD** The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and profit, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest / profit from missed payments. The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has a legal right to call it earlier. The product offering includes a variety of corporate and retail facilities, in which the Bank has the right to cancel and / or reduce the facilities with one day notice. However, in case of revolving facilities, the Bank does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the expectations of the customer behaviour, its likelihood of default and the Bank's future risk mitigation procedures, which could include reducing or cancelling the facilities.



LGD The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The discount rate used to discount the ECLs is based on the effective interest rate that is expected to be charged over the expected period of exposure to the facilities. In the absence of computation of the effective interest rate (at reporting date), the Bank uses an approximation e.g. contractual rate (at reporting date).

Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liabilities to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The Bank considers only those collaterals as eligible collaterals in the EAD calculation which have the following characteristics:

- History of legal certainty and enforceability
- History of enforceability and recovery

When estimating the ECLs, the Bank considers three scenarios (a base case, an upside, a downside). Each of these is associated with different PDs.

The Bank's management has only considered cash, liquid securities, and Government of Pakistan guarantees as eligible collaterals, while calculating EADs.

The credit exposure that have been guaranteed by the Government and Government Securities are exempted from the application of ECL calculation.

As per BPRD Circular No. 03 of 2022 dated July 05, 2022, ECL of Stage 1 and Stage 2 is calculated as per IFRS-09, while ECL of Stage 3 has been calculated based on higher of either the Prudential Regulations or IFRS-09 at segment level.

Forward looking information

In its ECL models, the Bank relies on range of the following forward looking information as economic inputs, such as:

- GDP growth
- Consumer price index
- Unemployment rate

Definition of default

The concept of "impairment" or "default" is critical to the implementation of IFRS-09 as it drives determination of risk parameters, i.e. PD, LGD and EAD.

As per BPRD Circular No. 03 of 2022 dated July 05, 2022 and BPRD Circular Letter No. 16 of 2024 dated July 29, 2024, ECL of Stage 1 and Stage 2 is calculated as per IFRS-09, while ECL of Stage 3 has been calculated based on higher of either the Prudential Regulations or IFRS-09 at borrower / facility level for corporate / commercial / SME loan portfolios and at segment / product basis for retail portfolio.

This implies that if one facility of a counterparty becomes 90+ DPD in repaying its contractual dues or as defined in PRs; all other facilities would deem to be classified as stage 3.

Write-offs

The Bank's accounting policy under IFRS-09 remains the same as it was under SBP regulations / existing reporting framework.

4.2.8 Adoption impacts

The Bank has adopted IFRS-09 effective from January 01, 2024 with modified retrospective approach as permitted under IFRS-09. The cumulative impact of initial application of Rupees 739.975 million has been recorded as an adjustment to equity at the beginning of the current accounting period. The details of the impacts of initial application are tabulated below:

Classification under IFRS 9								
Classification under SBP regulations	Balances as of December 31, 2023 (Audited)	At FVTPL	At FVOCI - with recycling	At amortised Cost	Remeasurement under IFRS 9	Recognition of ECL	Balances as of January 01, 2024	IFRS 09 Category
----- Rupees in '000 -----								
ASSETS								
Cash and bank balances with treasury banks	53,407,771	-	-	53,407,771	-	-	53,407,771	Amortised cost
Balances with other banks	957,883	-	-	957,883	-	(10,190)	947,693	Amortised cost
Lending to Financial Institutions	-	-	-	-	-	-	-	
Investments in financial assets								
-Held-for-Trading	-	498,058	-	498,058	-	-	498,058	FVTPL
-Available-for-Sale	133,244,953	(498,058)	(15,216,749)	117,530,146	-	-	117,530,146	FVOCI
-Held-to-Maturity	32,508,519	-	15,216,749	47,725,268	2,183,880	(23,544)	49,885,604	Amortised cost
-Subsidiary	750,000	-	-	750,000	-	-	750,000	Outside the scope of IFRS 09
	166,503,472	-	-	166,503,472	2,183,880	(23,544)	168,663,808	
Advances	50,623,045	-	-	50,623,045	10,186	(716,084)	49,917,147	Amortised cost
Property and equipment	1,327,601	-	-	1,327,601	-	-	1,327,601	Outside the scope of IFRS 09
Rights of use asset	2,608,849	-	-	2,608,849	-	-	2,608,849	Outside the scope of IFRS 09
Intangible assets	108,257	-	-	108,257	-	-	108,257	Outside the scope of IFRS 09
Deferred tax asset - net	17,193,965	-	-	17,193,965	(1,070,101)	368,931	16,492,795	Outside the scope of IFRS 09
Other assets	7,752,566	-	-	7,752,566	-	-	7,752,566	Amortised cost for financial assets
	300,483,409	-	-	300,483,409	1,123,965	(380,887)	301,226,487	
LIABILITIES								
Bills payable	898,762	-	-	898,762	-	-	898,762	Amortised cost
Borrowings	37,546,440	-	-	37,546,440	-	-	37,546,440	Amortised cost
Deposit and other accounts	223,569,650	-	-	223,569,650	-	-	223,569,650	Amortised cost
Lease liability against rights of use assets	3,138,067	-	-	3,138,067	-	-	3,138,067	Amortised cost
Other Liabilities	10,858,146	-	-	10,858,146	-	3,103	10,861,249	Amortised cost for financial liabilities
	276,011,065	-	-	276,011,065	-	3,103	276,014,168	
NET ASSETS REPRESENTED BY	24,472,344	-	-	24,472,344	1,123,965	(383,990)	25,212,319	
Share capital - net	34,524,428	-	-	34,524,428	-	-	34,524,428	Outside the scope of IFRS 09
Reserves	1,894,365	-	-	1,894,365	-	-	1,894,365	Outside the scope of IFRS 09
Deficit on revaluation of assets	(1,033,628)	-	-	(1,033,628)	695,468	-	(338,160)	
Accumulated loss	(10,912,821)	-	-	(10,912,821)	428,497	(383,990)	(10,868,314)	
	24,472,344	-	-	24,472,344	1,123,965	(383,990)	25,212,319	

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of unconsolidated condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form basis of making the judgments about carrying values of assets and liabilities which are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of its revision and future periods if the revision affects both current and future periods.

The significant judgments made by the management in applying the Bank's accounting policies and the key sources of estimation were the same as those applied in the preparation of annual audited financial statements for the year ended December 31, 2023 except for matters related to adoption of IFRS-09 which have been disclosed in note 4.2 to the unconsolidated condensed interim financial statements.

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, 2023.

		June 30, 2024 Un-audited	December 31, 2023 Audited
	Note	----- (Rupees '000) -----	
7 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		4,509,274	3,959,099
Foreign currencies		187,019	194,370
		4,696,293	4,153,469
With State Bank of Pakistan (SBP) in			
Local currency current accounts	7.1	12,388,050	47,075,466
Foreign currency current accounts	7.2	68,676	61,133
Foreign currency deposit accounts			
- Non Remunerative	7.3	137,921	158,549
- Remunerative	7.4	273,365	309,256
		12,868,012	47,604,404
With National Bank of Pakistan in			
Local currency current accounts		1,623,330	1,610,797
Local currency deposit accounts	7.5	1,430	22,571
		1,624,760	1,633,368
Prize bonds		10,770	16,530
Less: Credit loss allowance held against cash and balances with treasury banks		-	-
Cash and balances with treasury banks - net of credit loss allowance		19,199,835	53,407,771

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 4.32% to 4.35% profits (2023 : 3.39% - 4.34%) per annum.
- 7.5 This includes savings account with National Bank of Pakistan carrying mark-up at 20.5% (2023: 20.50%) per annum.

		June 30, 2024 Un-audited	December 31, 2023 Audited
	Note	----- (Rupees '000) -----	
8 BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		30	30
In deposit accounts	8.1	1,904	1,719
		1,934	1,749
Outside Pakistan			
In current accounts	8.2	2,005,861	956,134
Less: Credit loss allowance held against balances with other banks		(12,027)	-
Balances with other banks - net of credit loss allowance		<u>1,995,768</u>	<u>957,883</u>

8.1 This includes savings account with a commercial bank carrying profit at the rate of 20.5% (2023: 20.50%) per annum.

8.2 This includes Rs. 1,226.97 million (2023: Rs. 842.188 million) held in Automated Investment Plans. This balance is current in nature and in case this goes above a specified amount, the bank is entitled to earn interest from the correspondent banks at the agreed rates.

9 LENDINGS TO FINANCIAL INSTITUTIONS

Repurchase agreement lendings (Reverse Repo)		-	-
Musharaka arrangements		3,500,000	-
	9.1	<u>3,500,000</u>	<u>-</u>

9.1 Particulars of lending

In local currency		3,500,000	-
In foreign currencies		-	-
		<u>3,500,000</u>	<u>-</u>

June 30, 2024 (Un-audited)					
10 INVESTMENTS		Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying Value
10.1 Investments by type	Note	----- Rupees in '000 -----			
FVTPL					
Shares					
Listed		167,878	-	64,537	232,415
Mutual funds		99,000	-	49,860	148,860
		266,878	-	114,397	381,275
FVTOCI					
Federal Government Securities					
Pakistan Investment Bonds - Floater		143,795,360	-	(410,890)	143,384,470
Government of Pakistan - Ijarah Sukuk		3,999,994	-	20,941	4,020,935
Shares					
Listed		604,020	-	(154,917)	449,103
Mutual funds		59,203	-	(32,864)	26,339
		148,458,577	-	(577,730)	147,880,847
Amortised Cost					
Federal Government Securities					
Market Treasury Bills		22,858,535	-	-	22,858,535
Pakistan Investment Bonds		28,505,328	-	-	28,505,328
Preference Shares - Unlisted		77,708	(77,708)	-	-
Non-government debt securities					
Term finance certificates - Listed		224,235	(3,571)	-	220,664
Term finance certificates - Unlisted		858,877	(516,975)	-	341,902
		52,524,683	(598,254)	-	51,926,429
Investment in Subsidiary					
Fully paid ordinary shares	10.5	750,000	-	-	750,000
Total Investments		202,000,138	(598,254)	(463,333)	200,938,551

December 31, 2023 (Audited)					
Available-for-sale securities		Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
----- Rupees in '000 -----					
Federal Government Securities					
Market Treasury Bills		-	-	-	-
Pakistan Investment Bonds		17,400,629	-	(2,183,880)	15,216,749
Pakistan Investment Bonds - Floater		113,308,072	-	(319,502)	112,988,570
Government of Pakistan - Ijarah Sukuk		4,000,000	-	42,076	4,042,076
Shares					
Listed		971,211	(342,757)	212,934	841,388
Unlisted		-	-	-	-
Mutual funds & units		158,203	(43,684)	41,651	156,170
		135,838,115	(386,441)	(2,206,721)	133,244,953
Held-to-maturity securities					
Federal Government Securities					
Market Treasury Bills		20,660,590	-	-	20,660,590
Pakistan Investment Bonds		11,262,656	-	-	11,262,656
Preference Shares - Unlisted		77,708	(77,708)	-	-
Non-government debt securities					
Term finance certificates - Listed		224,235	-	-	224,235
Term finance certificates - Unlisted		858,901	(497,863)	-	361,038
		33,084,090	(575,571)	-	32,508,519
Investment in Subsidiary					
Fully paid ordinary shares		750,000	-	-	750,000
Total Investments		169,672,205	(962,012)	(2,206,721)	166,503,472

	June 30, 2024 Un-audited	December 31, 2023 Audited
10.2 Investments given as collateral	----- (Rupees '000) -----	
Federal government securities		
Pakistan Investment Bonds	31,881,600	35,733,600
	<u>31,881,600</u>	<u>35,733,600</u>
10.3 Credit loss allowance / provision for diminution in value of investments		
10.3.1 Opening balance	962,012	952,912
Impact of adoption of IFRS-09	(362,897)	-
Charge / reversals		
Charge for the period / year	-	9,100
Reversals for the period / year	(861)	-
Reversal on disposals for the period / year	-	-
Transfers - net	(861)	9,100
Amount written off	-	-
Closing Balance	<u>598,254</u>	<u>962,012</u>

June 30, 2024 (Un-audited)	
Outstanding amount	Credit loss allowance held
----- (Rupees '000) -----	

10.3.2 Particulars of credit loss allowance / provision against debt investments

Category of classification			
Domestic			
Performing	Stage 1	199,331,834	6,202
Underperforming	Stage 2	-	-
Non-performing	Stage 3	-	-
Other assets especially mentioned		-	-
Substandard		-	-
Doubtful		-	-
Loss		592,052	592,052
		<u>592,052</u>	<u>592,052</u>
Total		<u>199,923,886</u>	<u>598,254</u>

	December 31, 2023 (Audited)	
	Non performing investments	Provision
	----- (Rupees '000) -----	
Particulars of classified debt securities (Category of classification)		
Domestic		
Other assets especially mentioned	-	-
Substandard	-	-
Doubtful	-	-
Loss	592,052	575,571
Total	<u>592,052</u>	<u>575,571</u>

10.3.3 The Bank has availed the benefit of forced sale value of collateral against non-performing investment under the prudential regulation issued by 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: Nil (2023: Rs.16.480 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 ADVANCES

	June 30, 2024 (Un-audited)		
	Performing	Non Performing	Total
	----- Rupees in '000 -----		
Loans, cash credits, agriculture, running finances etc.	30,537,635	31,415,698	61,953,333
Commodity finance	39,499,954	-	39,499,954
Net investment in finance lease	255,751	407,009	662,760
Islamic financing and related assets	-	-	-
Diminishing musharakah financing	376,071	121,353	497,424
Ijarah financing under IFAS 2	9,535	-	9,535
	<u>70,678,946</u>	<u>31,944,060</u>	<u>102,623,006</u>
Bills discounted and purchased (excluding market treasury bills)			
Payable in Pakistan	19,405	348,639	368,044
Payable outside Pakistan	4,390	3,405	7,795
	<u>23,795</u>	<u>352,044</u>	<u>375,839</u>
Advances - gross	<u>70,702,741</u>	<u>32,296,104</u>	<u>102,998,845</u>
Credit loss allowance against advances			
Credit loss allowance against advances			
- Stage 1	257,871	-	257,871
- Stage 2	231,469	-	231,469
- Stage 3	-	26,342,866	26,342,866
	<u>489,340</u>	<u>26,342,866</u>	<u>26,832,206</u>
Total Advances - Net credit loss allowance	<u>70,213,401</u>	<u>5,953,238</u>	<u>76,166,639</u>

Dec 31, 2023 Audited

	Performing	Non Performing	Total
	----- Rupees in '000 -----		
Loans, cash credits, agriculture, running finances etc.	27,665,107	32,564,925	60,230,032
Commodity finance	15,619,270	-	15,619,270
Net investment in finance lease	305,814	410,329	716,143
Islamic financing and related assets			
Diminishing musharakah financing	433,901	121,353	555,254
Ijarah financing under IFAS 2	9,946	-	9,946
	44,034,038	33,096,607	77,130,645
Bills discounted and purchased (excluding market treasury bills)			
Payable in Pakistan	368,044	-	368,044
Payable outside Pakistan	9,317	3,405	12,722
	377,361	3,405	380,766
Advances - gross	44,411,399	33,100,012	77,511,411
Provision for non-performing advances			
- Specific provision	-	26,878,180	26,878,180
- Specific provision on Leasing Portfolio	-	-	-
- General provision against consumer and small enterprise advances	10,186	-	10,186
	10,186	26,878,180	26,888,366
Advances - Net of Provision	44,401,213	6,221,832	50,623,045

	June 30, 2024 Un-audited	December 31, 2023 Audited
	----- (Rupees '000) -----	
11.1 Particulars of advances (gross)		
In local currency	102,998,845	77,511,411
In foreign currencies	-	-
	102,998,845	77,511,411

11.2 Advances - Particulars of credit loss allowance

	June 30, 2024 (Un-audited)				December 31, 2023 (Audited)		
	Stage 1	Stage 2	Stage 3	Total	Specific	General	Total
----- Rupees in '000 -----							
Opening balance	10,186	-	26,878,180	26,888,366	27,089,777	7,212	27,096,989
Impact of adoption of IFRS 9	131,462	296,485	277,951	705,898	-	-	-
New Advances	10,807	-	-	10,807	-	2,974	2,974
Due to credit deterioration	-	-	-	-	-	-	-
Advances derecognised or repaid	(60,858)	(203,262)	(930,323)	(1,194,443)	(1,712,978)	-	(1,712,978)
Transfer to stage 1	165,988	531	-	166,519	-	-	-
Transfer to stage 2	286	129,095	-	129,381	-	-	-
Transfer to stage 3	-	8,620	122,888	131,508	2,766,522	-	2,766,522
	116,223	(65,016)	(807,435)	(756,228)	1,053,544	2,974	1,056,518
Amounts charged off - Agriculture loans	-	-	(5,830)	(5,830)	(42,356)	-	(42,356)
Net charge / (reversal) during the period	116,223	(65,016)	(813,265)	(762,058)	1,011,188	2,974	1,014,162
Transferred to other assets under							
DPS agreement	-	-	-	-	(1,222,785)	-	(1,222,785)
Changes in risk parameters	-	-	-	-	-	-	-
Amounts written off	-	-	-	-	-	-	-
Closing balance	257,871	231,469	26,342,866	26,832,206	26,878,180	10,186	26,888,366

11.3 Advances include Rs. 32,296.10 million (2023: Rs. 33,100.01) million which have been placed under non-performing status are as detailed below:

Category of Classification	Note	June 30, 2024 Un-audited	
		Non Performing Loans	Credit loss allowance / provision
		----- (Rupees '000) -----	
Domestic			
Other Assets Especially Mentioned	11.3.1	-	-
Substandard		19,611	-
Doubtful		48,657	3,617
Loss		32,227,836	26,339,249
Total		32,296,104	26,342,866
		----- (Rupees '000) -----	
		December 31, 2023 Audited	
		Non Performing Loans	Provision
		----- (Rupees '000) -----	
Domestic			
Other Assets Especially Mentioned		-	-
Substandard		8,889	333
Doubtful		116,780	932
Loss		32,974,343	26,876,915
Total		33,100,012	26,878,180

11.3.1 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.

11.3.2 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 under the prudential regulation issued by 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. 6,122.59 (2023: Rs. 6,156.33) million. The resultant increase in profit due to FSV benefit taken will not be available for distribution as cash and stock dividend to shareholders.

11.3.3 Particulars of credit loss allowance / provision against advances

	June 30, 2024 (Un-audited)				December 31, 2023 (Audited)		
	Stage 1	Stage 2	Stage 3	Total	Specific	General	Total
----- Rupees in '000 -----							
Opening balance	10,186	-	26,878,180	26,888,366	27,089,777	7,212	27,096,989
Impact of adoption of IFRS 9	131,462	296,485	277,951	705,898	-	-	-
Charge for the period	116,223	(65,016)	122,888	174,095	2,766,522	2,974	2,769,496
Reversals	-	-	(930,323)	(930,323)	(1,712,978)	-	(1,712,978)
	116,223	(65,016)	(807,435)	(756,228)	1,053,544	2,974	1,056,518
Amounts charged off - Agriculture loans	-	-	(5,830)	(5,830)	(42,356)	-	(42,356)
Net charge / (reversal) during the period	116,223	(65,016)	(813,265)	(762,058)	1,011,188	2,974	1,014,162
Transferred to other assets under DPS agreement	-	-	-	-	(1,222,785)	-	(1,222,785)
Amounts written off	-	-	-	-	-	-	-
Closing balance	257,871	231,469	26,342,866	26,832,206	26,878,180	10,186	26,888,366

		June 30, 2024 Un-audited	
		Outstanding amount	Credit loss allowance / provision
		----- (Rupees '000) -----	
11.3.3.2 Advances-Category of Classification	Note		
Performing	Stage 1	19,362,597	257,871
Underperforming	Stage 2	51,340,144	231,469
Non-Performing	Stage 3		
Substandard		19,611	-
Doubtful		48,657	3,617
Loss		32,227,836	26,339,249
Total		102,998,845	26,832,206

	Note	June 30, 2024 Un-audited	December 31, 2023 Audited
12 PROPERTY AND EQUIPMENT		----- (Rupees '000) -----	
Capital work-in-progress	12.1	40,368	1,321
Property and equipment		1,243,203	1,326,280
		<u>1,283,571</u>	<u>1,327,601</u>
12.1 Capital work-in-progress			
Civil works		8,360	-
Equipment		-	-
Advances to suppliers		32,008	1,321
		<u>40,368</u>	<u>1,321</u>
		June 30, 2024	June 30, 2023
12.2 Additions to property and equipment		----- Un-audited -----	----- (Rupees '000) -----
The following additions have been made to fixed assets during the period:			
Property and equipment :			
Lease hold improvements		8,976	17,162
Furniture and fixture		5,108	4,288
Computer and office equipment		44,612	24,049
Vehicles		9,934	9,817
Total		<u>68,630</u>	<u>55,316</u>
12.3 Disposal of property and equipment			
The net book value of fixed assets disposed off during the period is as follows:			
Furniture and fixture		-	-
Lease hold improvements		-	-
Computer and office equipment		-	462
Vehicles		4,619	-
Total		<u>4,619</u>	<u>462</u>
		June 30, 2024 Un-audited	December 31, 2023 Audited
13 RIGHT OF USE ASSETS		----- (Rupees '000) -----	
For the period / year ended			
Opening net book value		2,608,849	2,693,446
Additions		832,430	637,430
Disposals		-	-
Depreciation charge		(398,627)	(722,027)
Closing net book value		<u>3,042,652</u>	<u>2,608,849</u>
At June 30			
Cost		5,141,241	4,380,687
Accumulated depreciation		<u>(2,098,589)</u>	<u>(1,771,838)</u>
Net book value		<u>3,042,652</u>	<u>2,608,849</u>

	June 30, 2024 Un-audited	December 31, 2023 Audited
	----- (Rupees '000) -----	
14 INTANGIBLE ASSETS		
Computer Software	87,125	108,257
Others	-	-
	<u>87,125</u>	<u>108,257</u>
	June 30, 2024	June 30, 2023
	Un-audited	
	----- Rupees in '000 -----	
Additions to intangible assets		
The additions intangible assets during the period:		
Directly purchased	-	32,205
	<u>-</u>	<u>32,205</u>
Disposals of intangible assets		
The net book value of intangible assets disposed off during the period.	-	-
	<u>-</u>	<u>-</u>
	June 30, 2024	December 31, 2023
	Un-audited	
	----- (Rupees '000) -----	
15 DEFERRED TAX ASSETS		
Deductible Temporary Differences on		
- Provision against advances - general	10,075,967	11,103,063
- Tax losses carried forward	3,742,516	3,477,253
- Provision for diminution in the value of investments	119,174	119,174
- Deficit on revaluation of investments	283,088	1,081,294
- Impact of Adoption of IFRS 9	368,932	-
- Right-of-use assets	341,220	259,317
- Others	1,677,086	1,394,105
	<u>16,607,983</u>	<u>17,434,206</u>
Taxable Temporary Differences on		
- Accelerated tax depreciation - tangible fixed assets	10,204	501
- Net investment in finance lease	(131,859)	(131,859)
- Surplus on revaluation of non-banking assets	(88,200)	(88,200)
- Accelerated tax amortization - intangible assets	(22,303)	(20,683)
	<u>(232,158)</u>	<u>(240,241)</u>
	<u>16,375,825</u>	<u>17,193,965</u>

- 15.1 The Bank has an aggregate amount of deferred tax assets of Rs. 16,375.825 million (2023: Rs. 17,193.96 million) . Deferred tax asset has been recorded based on management's best estimate of the probable benefits expected to be realised in future years in the form of reduced tax liability as the Bank would be able to set off the profits earned in those years against the deferred tax asset. In this regard, the Bank has prepared financial projections for future taxable profits, which have been approved by the Board of the Bank, to assess the recoverability of deferred tax assets. The projections involve certain key management assumptions underlying the estimation of future taxable profits. The determination of future taxable profits is most sensitive to certain key assumptions such as growth in high yield consumer advances, investment returns, potential provision against assets, interest rates, cost of funds and expected recoveries of classified loans. Any significant change in such assumptions may have an effect on the recoverability of the deferred tax assets. Management believes that it is probable that the Bank will be able to achieve the profits and consequently, the deferred tax asset will be fully realised in future.

	June 30, 2024	December 31, 2023
Note	Un-audited	Audited
	----- (Rupees '000) -----	
16 OTHER ASSETS		
Income / mark-up accrued in local currency	7,868,077	5,772,428
Accrued commission income	157,731	19,730
Advances, deposits, advance rent and other prepayments	420,617	213,037
Receivable against sale of shares	-	8,586
Mark to market gain on forward foreign exchange contracts	173,515	225,309
Insurance premium receivable against agriculture loans	9,305	9,998
Stationery and stamps on hand	30,403	10,332
Dividends receivable	2,566	-
Receivable against 1 Link ATM settlement account	-	616,552
Insurance claims receivable	13,982	7,445
Non-Banking assets acquired in Satisfaction of Claims	1,770,000	1,770,000
Other receivables	76,924	141,934
	10,523,120	8,795,351
Less: credit loss allowance / provision held against other assets	16.1 (864,614)	(1,222,785)
Other assets (net of credit allowance)	9,658,506	7,572,566
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	16.2 180,000	180,000
	9,838,506	7,752,566
16.1 Movement in credit loss allowance / provision held against other assets		
Opening balance	(1,222,785)	-
Charge for the period / year	-	(1,222,785)
Reversals	358,171	-
Amount written off	-	-
Closing balance	(864,614)	(1,222,785)

16.2 Market value of non-banking assets acquired in satisfaction of claims

Non-banking assets acquired in satisfaction of claims have been valued at the average of two independent professional valuers' reports each dated August 11, 2023. As at reporting date, fair value does not differ materially from the recognized amount. These valuations were carried out by Joseph Lobo & Co. Pvt Ltd. and Iqbal A. Nanjee & Co. Pvt. Ltd. on the basis of professional assessment of present market values. The valuer are listed on the panel of Pakistan Bank's Association.

	June 30, 2024 Un-audited	December 31, 2023 Audited
Note	----- (Rupees '000) -----	
16.3 Non-banking assets acquired in satisfaction of claims		
Opening Balance	1,950,000	-
Additions	-	1,770,000
Revaluation	-	180,000
Disposals	-	-
Depreciation	-	-
Impairment	-	-
	<u>1,950,000</u>	<u>1,950,000</u>
17 BILLS PAYABLE		
In Pakistan	2,352,828	898,762
Outside Pakistan	-	-
	<u>2,352,828</u>	<u>898,762</u>
18 BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan		
- Under export refinance scheme	1,657,025	1,662,500
- Under long term finance facility	14,970	29,940
Repurchase agreement borrowings		
- State Bank of Pakistan (SBP)	13,000,000	16,000,000
- Other commercial banks / (DFIs)	18,918,300	19,854,000
	<u>31,918,300</u>	<u>35,854,000</u>
	<u>33,590,295</u>	<u>37,546,440</u>
18.1 Particulars of borrowings		
In local currency	33,590,295	37,546,440
In foreign currencies	-	-
	<u>33,590,295</u>	<u>37,546,440</u>

19 DEPOSITS AND OTHER ACCOUNTS

	June 30, 2024 (Un-audited)			December 31, 2023 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
----- Rupees in '000 -----						
Customers						
Current deposits	64,641,589	1,033,299	65,674,888	57,010,298	918,827	57,929,125
Savings deposits	150,413,520	1,380,783	151,794,303	126,210,668	1,231,979	127,442,647
Term deposits	34,889,586	216,122	35,105,708	34,311,181	282,821	34,594,002
Margin and other deposits	2,274,254	-	2,274,254	2,302,355	-	2,302,355
	<u>252,218,949</u>	<u>2,630,204</u>	<u>254,849,153</u>	<u>219,834,502</u>	<u>2,433,627</u>	<u>222,268,129</u>
Financial Institutions						
Current deposits	47,806	30	47,836	48,424	30	48,454
Savings deposits	883,378	-	883,378	733,005	-	733,005
Term deposits	-	-	-	400,000	-	400,000
Margin and other deposits	120,000	-	120,000	120,062	-	120,062
	<u>1,051,184</u>	<u>30</u>	<u>1,051,214</u>	<u>1,301,491</u>	<u>30</u>	<u>1,301,521</u>
	<u>253,270,133</u>	<u>2,630,234</u>	<u>255,900,367</u>	<u>221,135,993</u>	<u>2,433,657</u>	<u>223,569,650</u>

June 30, 2024
Un-audited
----- (Rupees '000) -----
December 31, 2023
Audited

20 LEASE LIABILITIES

Outstanding amount - opening balance	3,138,067	2,861,097
Additions during the year	882,106	871,350
Lease payments including interest	(580,894)	(1,178,421)
Interest expense	299,741	584,041
Exchange difference	-	-
Balance at the end of the period / year	<u>3,739,020</u>	<u>3,138,067</u>

20.1 Liabilities Outstanding

Not later than one year	514,806	482,842
Later than one year and upto five years	1,447,567	1,789,770
Over five years	1,776,647	865,455
Total at the period / year end	<u>3,739,020</u>	<u>3,138,067</u>

20.2 For the purpose of discounting, PKRV rates are being used.

	Note	June 30, 2024 Un-audited	December 31, 2023 Audited
----- (Rupees '000) -----			
21 OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		9,065,358	9,156,368
Mark-up / return / interest payable in foreign currency		2,695	4,125
Accrued expenses		466,384	353,216
Net defined benefit liability		61,704	151,556
Provision for compensated absences		305,977	309,951
Payable against 1 Link ATM settlement account		64,921	-
Payable against purchase of operating fixed assets		17,080	22,834
Retention money		54,478	63,987
Federal excise duty / sales tax on services payable		8,153	6,227
Withholding tax payable		203,416	153,071
Provision for taxation		143,179	128,758
Security deposit against lease contracts	21.1	162,422	179,971
Others		331,423	328,082
		<u>10,887,190</u>	<u>10,858,146</u>
Credit loss allowance against off-balance sheet obligations	21.2	3,396	-
		<u>10,890,586</u>	<u>10,858,146</u>

21.1 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.

	June 30, 2024 Un-audited	December 31, 2023 Audited
----- (Rupees '000) -----		
21.2 Credit loss allowance / provision against off-balance sheet obligations		
Opening balance	-	-
Impact of ECL recognised on adoption of IFRS-09	3,103	-
Charge for the period / year	293	-
Reversals	-	-
	293	-
Amount written off	-	-
Closing balance	<u>3,396</u>	<u>-</u>

22 SHARE CAPITAL

22.1 Authorised capital

June 30, 2024 Un-audited	December 31, 2023 Audited		June 30, 2024 Un-audited	December 31, 2023 Audited
Number of Shares			----- Rupees in '000 -----	
3,500,000,000	3,500,000,000	Ordinary shares of Rs.10 each	35,000,000	35,000,000

22.2 Issued, subscribed and paid-up share capital

3,071,013,000	2,571,013,000	Fully paid in cash Ordinary shares of Rs.10 each	30,710,130	25,710,130
-	500,000,000	Right share of Rs. 10/- each issued during the year	-	5,000,000
381,429,817	381,429,817	Ordinary shares of Rs. 10/- issued as consideration of amalgamation	3,814,298	3,814,298
<u>3,452,442,817</u>	<u>3,452,442,817</u>		<u>34,524,428</u>	<u>34,524,428</u>

22.3 The Government of Sindh, through its Finance Department, owns 99.97% ordinary shares of the Bank.

		June 30, 2024 Un-audited	December 31, 2023 Audited
	Note	----- (Rupees '000) -----	
23 DEFICIT ON REVALUATION OF ASSETS			
(Deficit) arising on revaluation of:			
- Securities measured at FVOCI - Debt	10.1	(389,948)	(2,461,306)
- Securities measured at FVOCI - Equity	10.1	(187,781)	254,585
- Non-banking assets acquired in satisfaction of claims		180,000	180,000
		<u>(397,729)</u>	<u>(2,026,721)</u>
Deferred tax on surplus / (deficit) on revaluation of:			
- Securities measured at FVOCI - Debt		191,075	1,206,040
- Securities measured at FVOCI - Equity		92,012	(124,747)
- Non-banking assets acquired in satisfaction of claims		(88,200)	(88,200)
		<u>194,887</u>	<u>993,093</u>
		<u>(202,842)</u>	<u>(1,033,628)</u>

24 CONTINGENCIES AND COMMITMENTS

Guarantees	24.1	7,613,144	7,385,376
Commitments	24.2	125,148,248	138,756,926
Other contingent liabilities		-	-
		<u>132,761,392</u>	<u>146,142,302</u>

	Note	June 30, 2024 Un-audited	December 31, 2023 Audited
----- (Rupees '000) -----			
24.1 Guarantees:			
Financial guarantees		843,955	846,955
Performance guarantees		2,245,749	5,029,483
Other guarantees		4,523,440	1,508,938
		<u>7,613,144</u>	<u>7,385,376</u>
24.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		2,155,981	6,955,172
Commitments in respect of:			
- forward foreign exchange contracts	24.2.1	67,939,246	79,256,691
- forward lending	24.2.2	55,053,021	52,545,063
Other commitments		-	-
		<u>125,148,248</u>	<u>138,756,926</u>
24.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		34,269,735	39,761,279
Sale		33,669,511	39,495,412
		<u>67,939,246</u>	<u>79,256,691</u>
24.2.2 Commitments in respect of forward lending			
Forward repurchase agreement lending		32,074,833	36,047,812
Undrawn formal standby facilities, credit lines and other commitments to lend	24.2.2.1	22,978,188	16,497,251
		<u>55,053,021</u>	<u>52,545,063</u>
24.2.2.1 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.			
25 MARK-UP/RETURN/INTEREST EARNED		June 30, 2024	June 30, 2023
Un-audited			
----- Rupees in '000 -----			
Loans and advances		5,607,090	3,243,896
Investments		16,498,893	22,714,441
lendings to financial institutions		399,647	833,968
Balances with banks		82,004	100,059
		<u>22,587,634</u>	<u>26,892,364</u>

		June 30, 2024	June 30, 2023
26 MARK-UP/RETURN/INTEREST EXPENSED	Note	Un-audited	
		----- Rupees in '000 -----	
Deposits		17,191,658	14,457,250
Borrowings		773,205	8,857,855
Cost of swaps against foreign currency deposits / borrowings		124,516	52,686
Lease liability against right of use assets		299,741	168,413
		<u>18,389,120</u>	<u>23,536,204</u>
27 FEE AND COMMISSION INCOME			
Branch banking customer fees		53,331	31,604
Consumer finance related fees		1,623	1,435
Card related fees (debit cards)		154,732	119,132
Commission on trade		72,976	79,283
Commission on guarantees		33,783	29,096
Credit related fees		9,582	3,656
Commission on remittances including home remittances		9,238	17,577
Others		1,363	1,007
		<u>336,628</u>	<u>282,790</u>
28 GAIN / (LOSS) ON SECURITIES			
Realised	28.1	26,144	(107,451)
Unrealised - Measured at FVPL	28.2	93,298	-
		<u>119,442</u>	<u>(107,451)</u>
28.1 Realised gain/(loss) on:			
Federal Government Securities		113	1,028
Shares of listed companies		26,031	(108,479)
		<u>26,144</u>	<u>(107,451)</u>
28.2 Net gain on financial assets / liabilities measured at FVPL:			
Designated upon initial recognition		-	-
Mandatorily measured at FVPL		93,298	-
		<u>93,298</u>	<u>-</u>
Net gain / (loss) on financial assets / liabilities measured at amortised cost		-	-
Net gain / (loss) on financial assets measured at FVOCI		-	-
Net gain / (loss) on investments in equity instruments designated at FVOCI		-	-
		<u>93,298</u>	<u>-</u>
29 OTHER INCOME			
Gain on sale of property and equipment - net		6,777	992
Rent on property		704	630
Incidental charges		290	1,073
Others		150	110
		<u>7,921</u>	<u>2,805</u>

		June 30, 2024	June 30, 2023
	Note	Un-audited	
		----- Rupees in '000 -----	
30 OPERATING EXPENSES			
Total compensation expense	30.1	2,440,686	2,088,984
Property expenses			
Rent & taxes		18,428	12,528
Insurance		27,087	28,994
Utilities cost		248,922	209,416
Security (including guards)		301,916	223,644
Repairs & maintenance (including janitorial charges)		13,717	10,184
Depreciation		35,363	34,677
Depreciation on right of use assets		398,627	392,892
		1,044,060	912,335
Information technology expenses			
Software maintenance		95,635	65,330
Hardware maintenance		76,922	61,748
Depreciation		36,755	9,121
Amortisation		21,135	19,556
Network charges		9,841	12,220
Others		22,900	21,199
		263,188	189,174
Other operating expenses			
Directors' fees and allowances		10,700	14,300
Fees and allowances to Shariah Board		1,788	2,349
Legal & professional charges		16,343	14,307
Outsourced services costs		108,032	71,987
Travelling & conveyance		26,590	23,901
NIFT clearing charges		17,522	17,446
Depreciation		74,971	91,518
Training & development		3,680	748
Postage & courier charges		11,986	14,396
Communication		146,551	74,374
Stationery & printing		91,544	72,918
Marketing, advertisement & publicity		40,542	36,021
Donations		-	-
Auditors' remuneration	30.2	8,340	7,611
Repairs & maintenance		73,360	79,056
Brokerage and commission		2,653	3,948
Entertainment		35,770	35,759
Fees and subscription		89,454	80,875
Insurance expenses		7,508	8,432
Others		26,370	25,230
		793,704	675,176
		4,541,638	3,865,669

	June 30, 2024	June 30, 2023
Note	----- Un-audited -----	
	----- Rupees in '000 -----	
30.1 Total compensation expense		
Managerial remuneration		
- Fixed	1,530,377	1,295,482
- Variable cash bonus / awards etc.	30,622	14,650
Charge for defined benefit plan	61,704	74,981
Contribution to defined contribution plan	74,941	66,668
Rent & house maintenance	398,306	360,806
Utilities	77,896	69,086
Medical	77,901	69,115
Conveyance	87,957	58,854
Employee old age benefits contribution	19,776	14,833
Leave fare assistance	27,830	22,293
Staff insurances	50,023	37,766
Others	3,353	4,450
	<u>2,440,686</u>	<u>2,088,984</u>
30.2 Auditors' remuneration		
Audit fee	7,087	6,000
Fee for other statutory certifications	778	650
Special certifications and sundry advisory services	-	500
Out-of-pocket expenses	475	461
	<u>8,340</u>	<u>7,611</u>
31 OTHER CHARGES		
Penalties imposed by State Bank of Pakistan	21	55,938
	<u>21</u>	<u>55,938</u>
32 CREDIT LOSS ALLOWANCE / PROVISIONS AND WRITE OFFS - NET		
(Reversal) / credit loss allowance for diminution in value of investments	10.3.1 (861)	879
Reversal of credit loss allowance / provision against loans and advances	(762,058)	(265,455)
Reversal of credit loss allowance / provision against other assets	16.1 (358,171)	-
Credit loss allowance against off-balance sheet obligations	21.2 293	-
Credit loss allowance against cash and bank balances	1,837	-
	<u>(1,118,961)</u>	<u>(264,576)</u>

	June 30, 2024	June 30, 2023
	----- Un-audited -----	
	----- Rupees in '000 -----	
33 TAXATION		
Current	295,612	347,146
Prior year	-	-
Deferred	385,285	(20,136)
	<u>680,897</u>	<u>327,010</u>
34 BASIC EARNINGS PER SHARE		
Profit for the period	611,319	244,712
Weighted average number of ordinary shares	3,452,442,817	2,952,442,817
Basic earnings per share	0.18	0.08
35 DILUTED EARNINGS PER SHARE		
Profit for the period	611,319	244,712
Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)	3,452,442,817	2,963,492,541
Diluted earnings per share	0.18	0.08
36 CASH AND CASH EQUIVALENTS		
Cash and balances with treasury banks	7 19,199,835	21,126,025
Balances with other banks	8 1,995,768	1,398,743
	<u>21,195,603</u>	<u>22,524,768</u>

37 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.

37.1 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.

- 37.2 The table below analyses the financial and non-financial assets carried at fair values, by valuation methods. For financial assets, the Bank essentially carries its investments in debt and equity securities at fair values. Valuation of investments is carried out as per guidelines specified by the SBP.

June 30, 2024 (Un-audited)			
Fair Value			
Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----			
On balance sheet financial instruments			
Financial assets measured at fair value			
Pakistan Investment Bonds	-	143,384,470	-
Market Treasury Bills	-	-	-
Shares of listed companies	681,518	-	-
Units of mutual funds	175,199	-	-
Ijarah Sukuk - GoP	-	4,020,935	-
	<u>856,717</u>	<u>147,405,405</u>	<u>-</u>
			<u>148,262,122</u>
Financial assets-disclosed but not measured at fair value			
Investments	-	-	-
Pakistan Investment Bonds	-	28,505,328	-
Market Treasury Bills	-	22,858,535	-
Others	-	-	562,566
	<u>-</u>	<u>51,363,863</u>	<u>562,566</u>
			<u>51,926,429</u>
Off balance sheet financial instruments			
Forward purchase of foreign exchange	-	34,269,735	-
	<u>-</u>	<u>34,269,735</u>	<u>-</u>
Forward sale of foreign exchange	-	33,669,511	-
	<u>-</u>	<u>33,669,511</u>	<u>-</u>
			<u>33,669,511</u>

December 31, 2023 (Audited)

Fair Value

Level 1	Level 2	Level 3	Total
----------------	----------------	----------------	--------------

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

On balance sheet financial instruments

Financial assets measured at fair value

Pakistan Investment Bonds	-	128,205,319	-	128,205,319
Shares of listed companies	841,388	-	-	841,388
Units of mutual funds	156,170	-	-	156,170
Ijarah Sukuk - GoP	-	4,042,076	-	4,042,076
	<u>997,558</u>	<u>132,247,395</u>	<u>-</u>	<u>133,244,953</u>

Financial assets-disclosed but not measured at fair value

Pakistan Investment Bonds	-	11,262,656	-	11,262,656
Market Treasury Bills	-	20,660,590	-	20,660,590
Others	-	-	585,273	585,273
	<u>-</u>	<u>31,923,246</u>	<u>585,273</u>	<u>32,508,519</u>

Off balance sheet financial instruments

Foreign exchange contracts (purchase)	-	39,761,279	-	39,761,279
Foreign exchange contracts (sale)	-	39,495,412	-	39,495,412

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.

38 SEGMENT INFORMATION

38.1 Segment Details with respect to Business Activities

	June 30, 2024 (Un-audited)				Total
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	
----- Rupees in '000 -----					
Profit & Loss					
Net mark-up/return/profit income	16,153,949	24,320	-	(11,979,755)	4,198,514
Inter segment revenue - net	(21,593,521)	-	-	21,593,521	-
Non mark-up / return / interest income	218,109	130	-	298,162	516,400
Total Income	(5,221,464)	24,450	-	9,911,928	4,714,914
Segment direct expenses	(49,688)	(3,136)	-	(3,616,308)	(3,669,132)
Inter segment expense allocation	(84,294)	(18,240)	-	(769,993)	(872,527)
Total expenses	(133,982)	(21,376)	-	(4,386,301)	(4,541,659)
Provisions	-	-	-	1,118,961	1,118,961
Profit / (Loss) before tax	(5,355,446)	3,074	-	6,644,588	1,292,216
Balance Sheet					
Cash & Bank balances	12,868,955	-	-	8,326,648	21,195,603
Investments	200,938,551	-	-	-	200,938,551
Net inter segment lending	-	-	-	189,991,858	189,991,858
Lendings to financial institutions	3,500,000	-	-	-	3,500,000
Advances - performing	61,453	785,855	-	69,366,093	70,213,401
- non-performing (net)	-	-	-	5,953,238	5,953,238
Others	6,525,341	3,984	-	24,098,354	30,627,680
Total Assets	223,894,300	789,839	-	297,736,191	522,420,331
Borrowings	31,933,270	-	-	1,657,025	33,590,295
Subordinated debt	-	-	-	-	-
Deposits & other accounts	-	-	-	255,900,367	255,900,367
Net inter segment borrowing	189,211,588	780,270	-	-	189,991,858
Others	274,320	9,569	-	16,698,545	16,982,435
Total liabilities	221,419,178	789,839	-	274,255,937	496,464,955
Equity	2,475,122	-	-	23,480,254	25,955,376
Total Equity & liabilities	223,894,300	789,839	-	297,736,191	522,420,331
Contingencies & Commitments	100,014,079	-	-	32,747,313	132,761,392

	June 30, 2023 (Un-audited)				
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
	----- Rupees in '000 -----				
Profit & Loss					
Net mark-up/return/profit income	14,742,997	22,880	-	(11,409,717)	3,356,160
Inter segment revenue - net	(18,005,539)	-	-	18,005,539	-
Non mark-up / return / interest income	558,758	57	-	313,778	872,593
Total Income	(2,703,784)	22,937	-	6,909,600	4,228,753
Segment direct expenses	(57,547)	(2,109)	-	(3,126,749)	(3,186,405)
Inter segment expense allocation	(73,527)	(17,160)	-	(644,515)	(735,202)
Total expenses	(131,074)	(19,269)	-	(3,771,264)	(3,921,607)
Provisions	(879)	-	-	265,455	264,576
Profit / (Loss) before tax	(2,835,737)	3,668	-	3,403,791	571,722

	December 31, 2023 (Audited)				
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
	----- Rupees in '000 -----				
Balance Sheet					
Cash & Bank balances	47,605,256	-	-	6,760,398	54,365,654
Investments	166,503,472	-	-	-	166,503,472
Net inter segment lending	-	-	-	183,460,692	183,460,692
Lendings to financial institutions	-	-	-	-	-
Advances - performing	49,100	694,211	-	43,657,902	44,401,213
Advances - non-performing (net)	-	-	-	6,221,832	6,221,832
Others	6,323,118	3,344	-	22,664,776	28,991,238
Total Assets	220,480,946	697,555	-	262,765,600	483,944,101
Borrowings	35,883,940	-	-	1,662,500	37,546,440
Subordinated debt	-	-	-	-	-
Deposits & other accounts	-	-	-	223,569,650	223,569,650
Net inter segment borrowing	182,771,285	689,407	-	-	183,460,692
Others	299,727	8,148	-	14,587,100	14,894,975
Total liabilities	218,954,952	697,555	-	239,819,250	459,471,757
Equity	1,525,994	-	-	22,946,350	24,472,344
Total Equity & liabilities	220,480,946	697,555	-	262,765,600	483,944,101
Contingencies & Commitments	115,302,612	-	-	30,837,799	146,140,411

39 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 99.97% 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, 2024 (Un-audited)				December 31, 2023 (Audited)			
	Directors	Key management personnel	Subsidiaries	Other related parties	Directors	Key management personnel	Subsidiaries	Other related parties
----- Rupees in 000' -----								
Investments								
Opening balance	-	-	750,000	-	-	-	750,000	-
Investment made during the period / year	-	-	-	-	-	-	-	-
Investment redeemed / disposed off during the period / year	-	-	-	-	-	-	-	-
Closing balance	-	-	750,000	-	-	-	750,000	-
Advances								
Opening balance	-	180,366	-	64,377	-	191,206	-	-
Addition during the period / year	-	25,100	-	-	-	15,342	-	-
Repaid during the period / year	-	26,558	-	-	-	70,836	-	-
Transfer in / (out) - net	-	21,100	-	-	-	44,654	-	64,377
Closing balance	-	200,008	-	64,377	-	180,366	-	64,377
Other Assets								
Interest / mark-up accrued	-	234	-	3,927	-	226	-	4,029
Other receivable	-	-	-	-	-	-	-	-
	-	234	-	3,927	-	226	-	4,029
Deposits and other accounts								
Opening balance	1,040	66,083	51,021	1,616,287	5,101	304,172	24,915	1,837,495
Received during the period / year	4,221	827,526	5,374,635	4,391,198	28,089	1,023,861	9,591,836	12,602,719
Withdrawn during the period / year	4,706	789,476	5,355,356	2,783,900	26,365	1,226,908	9,565,730	12,823,927
Transfer in / (out) - net	14	46,557	-	-	(5,785)	(35,042)	-	-
Closing balance	569	150,690	70,300	3,223,585	1,040	66,083	51,021	1,616,287
Other Liabilities								
Interest / mark-up payable	-	539	39	26,449	15	3,355	2,997	96,812

39 RELATED PARTY TRANSACTIONS

	June 30, 2024 (Un-audited)				June 30, 2023 (Un-audited)			
	Directors	Key management personnel	Subsidiaries	Other related parties	Directors	Key management personnel	Subsidiaries	Other related parties
Rupees in 000'								
Income:								
Mark-up / return / interest earned	-	3,867	-	7,915	-	3,945	-	-
Fee and commission income	-	9	453	3,123	1	6	309	26
Net gain on sale of securities	-	-	107	-	-	-	14	-
Other income	-	-	-	704	-	-	-	630
Expenses:								
Mark-up / return / interest paid	77	14,142	6,957	207,762	86	10,663	3,699	198,548
Remuneration paid	-	153,927	-	-	-	143,583	-	-
Contribution to provident fund	-	7,607	-	-	-	6,900	-	-
Provision for gratuity	-	18,524	-	-	-	6,311	-	-
Other staff benefits	-	35,110	-	-	-	27,189	-	-
Directors' meetings fee	10,700	-	-	-	14,300	-	-	-
Other expenses	150	-	-	-	250	-	-	-
Insurance premium paid	-	-	-	73,861	-	-	-	39,347
Others:								
Sale of Government Securities	-	-	360,000	-	-	-	117,500	-
Purchase of Government Securities	-	-	-	-	-	-	-	200,000
Gratuity paid	-	1,212	-	-	-	4,848	-	-
Leave encashment paid	-	1,540	-	-	-	4,000	-	-
Expenses recovered under agency arrangement	-	-	-	25	-	-	-	34
Insurance claims settled	-	-	-	5,862	-	-	-	4,464

As at the date of unconsolidated statement of financial position, loans/advances and deposits of government related entities amounted to Rs. 39,500 million (note 11) and Rs. 147,246 million (note 19). The above includes deposits amounting to Rs. 50,915.01 (2023: Rs. 46,275.31) million received through the Finance Department, Government of Sindh.

	June 30, 2024 Un-audited	December 31, 2023 Audited
	----- (Rupees '000) -----	
40 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	<u>24,141,590</u>	<u>23,611,607</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	11,169,302	7,865,342
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	<u>11,169,302</u>	<u>7,865,342</u>
Eligible Tier 2 Capital	<u>139,523</u>	<u>10,186</u>
Total Eligible Capital (Tier 1 + Tier 2)	<u>11,308,825</u>	<u>7,875,528</u>
Risk Weighted Assets (RWAs):		
Credit Risk	35,520,049	29,745,725
Market Risk	4,452,800	5,367,513
Operational Risk	<u>13,482,604</u>	<u>13,482,604</u>
Total Risk Weighted Assets	<u>53,455,453</u>	<u>48,595,842</u>
Common Equity Tier 1 Capital Adequacy ratio	<u>20.89%</u>	<u>16.19%</u>
Tier 1 Capital Adequacy Ratio	<u>20.89%</u>	<u>16.19%</u>
Total Capital Adequacy Ratio	<u>21.16%</u>	<u>16.21%</u>
Notional minimum capital requirements prescribed by SBP		
CET1 minimum ratio	6.00%	6.00%
Tier 1 minimum ratio	7.50%	7.50%
Total capital minimum ratio	10.00%	10.00%
Total capital minimum ratio plus CCB	11.50%	11.50%
Approach followed for determining Risk Weighted Assets		
Credit Risk	Comprehensive	Comprehensive
Market Risk	Maturity method	Maturity method
Operational Risk	Basic Indicator	Basic Indicator
	June 30, 2024 Un-audited	December 31, 2023 Audited
	----- (Rupees '000) -----	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	11,169,302	7,865,342
Total Exposures	<u>295,811,542</u>	<u>283,326,719</u>
Leverage Ratio (%)	<u>3.78%</u>	<u>2.78%</u>
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	139,290,679	163,924,564
Total Net Cash Outflow	<u>37,651,151</u>	<u>38,601,138</u>
Liquidity Coverage Ratio (%)	<u>370%</u>	<u>425%</u>
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	196,054,059	174,179,315
Total Required Stable Funding	<u>121,556,637</u>	<u>87,937,281</u>
Net Stable Funding Ratio	<u>161%</u>	<u>198%</u>

41 ISLAMIC BANKING BUSINESS

The bank is operating with 14 Islamic Banking branches and 13 Islamic Banking Windows in Conventional branches (December 31, 2023 : 14 Islamic Banking branches and 13 Islamic Banking Windows).

STATEMENT OF FINANCIAL POSITION

		June 30, 2024 Un-audited	December 31, 2023 Audited
	Note	----- (Rupees '000) -----	
Assets			
Cash and balances with treasury banks		487,971	171,655
Balances with other banks		2,789	975
Due from financial institutions	41.1	3,500,000	-
Investments	41.2	4,169,795	4,165,737
Islamic financing and related assets - net	41.3	472,847	554,235
Property and equipment		42,121	109,640
Right-of-use assets		165,367	-
Intangible assets		1,833	2,333
Deferred tax assets		-	-
Due from head office		-	15,160
Other assets		212,215	196,788
Total Assets		9,054,938	5,216,523
Liabilities			
Bills payable		336,261	8,976
Due to financial institutions		-	1,450,000
Deposits and other accounts	41.4	7,371,866	2,689,143
Deferred tax liability		10,261	32,701
Due to head office		66,687	-
Other liabilities		301,277	152,229
Total Liabilities		8,086,352	4,333,049
Net Assets		968,586	883,474
Represented By			
Islamic banking fund		1,100,000	1,100,000
Reserves		-	-
Surplus on revaluation of investments		10,965	34,035
Accumulated loss	41.8	(142,379)	(250,561)
		968,586	883,474
CONTINGENCIES AND COMMITMENTS	41.5		

STATEMENT OF PROFIT OR LOSS ACCOUNT

		For the half year ended		
		June 30, 2024	June 30, 2023	
		----- Un-audited -----		
Note		----- Rupees in '000 -----		
	Profit / return earned	41.6	521,145	419,961
	Profit / return expensed	41.7	<u>308,314</u>	<u>275,966</u>
	Net profit/return		212,831	143,995
	Other income			
	Fee, commission and brokerage income		7,289	9,085
	Income from dealing in foreign currencies		110	1,211
	Dividend income		9,000	7,920
	Gain on securities		25,200	-
	Other income		343	303
			<u>41,942</u>	<u>18,519</u>
	Total Income		254,773	162,514
	Other expenses			
	Administrative expenses		147,788	129,605
	Other charges		-	-
	Total other expenses		<u>147,788</u>	<u>129,605</u>
	Profit before credit loss allowance / provisions		106,985	32,909
	Credit allowance / provisions and write offs - net		<u>(46)</u>	<u>(475)</u>
	Profit before taxation		107,031	33,384

	June 30, 2024 Un-audited	December 31, 2023 Audited		
	----- (Rupees '000) -----			
41.1 LENDINGS TO FINANCIAL INSTITUTIONS				
Musharaka arrangements	<u>3,500,000</u>	-		
	<u>3,500,000</u>	-		
41.2 Investments	June 30, 2024 (Un-audited)			
	Cost/ Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value
	----- Rupees in '000 -----			
Measured at FVTPL				
-Listed Companies	99,000	-	49,860	148,860
Measured at FVOCI				
Federal Government Securities:				
- Ijarah Sukuks	3,999,994	-	20,941	4,020,935
Total Investments	<u>4,098,994</u>	<u>-</u>	<u>70,801</u>	<u>4,169,795</u>
	December 31, 2023 (Audited)			
	Cost/ Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	----- Rupees in '000 -----			
Federal Government Securities:				
- Ijarah Sukuks	4,000,000	-	42,076	4,042,076
Islamic Fund:				
-Listed Companies	99,000	-	24,661	123,661
Total Investments	<u>4,099,000</u>	<u>-</u>	<u>66,737</u>	<u>4,165,737</u>
41.3 Islamic financing and related assets				June 30, 2024 Un-audited Rupees in '000'
Ijarah financing under IFAS 2				9,535
Diminishing musharakah financing				<u>497,422</u>
				506,957
Less: Credit Loss Allowance against Islamic financings				
- Stage 1				223
- Stage 2				-
- Stage 3				<u>33,887</u>
				34,110
Islamic financing and related assets - net of provisions				<u>472,847</u>

	December 31, 2023 Audited
	Rupees in '000'
Islamic financing and related assets	
Ijarah financing under IFAS 2	9,946
Diminishing musharakah financing	555,254
	<u>565,200</u>
Less: provision against Islamic financing	
- Specific	10,965
- General	-
	<u>10,965</u>
Islamic financing and related assets - net of provisions	<u><u>554,235</u></u>

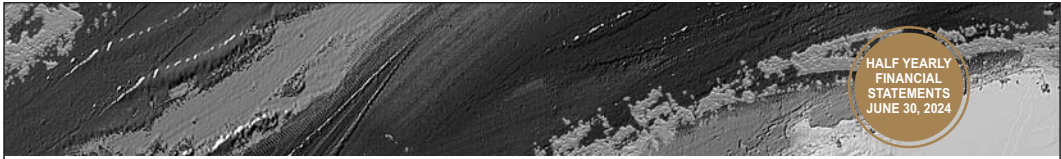
	<u>June 30, 2024 (Un-audited)</u>			<u>December 31, 2023 (Audited)</u>		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
41.4 Deposits and other accounts	----- Rupees in '000 -----					
Customers						
Current deposits	1,176,684	9,338	1,186,022	697,630	3,336	700,966
Savings deposits	5,112,289	5,269	5,117,558	1,587,194	5,321	1,592,515
Term deposits	995,877	-	995,877	347,408	-	347,408
Margin and other deposits	22,978	-	22,978	22,931	-	22,931
	<u>7,307,828</u>	<u>14,607</u>	<u>7,322,435</u>	<u>2,655,163</u>	<u>8,657</u>	<u>2,663,820</u>
Financial Institutions						
Current deposits	1,228	-	1,228	4,170	-	4,170
Savings deposits	48,203	-	48,203	21,103	-	21,103
Term deposits	-	-	-	-	-	-
Margin and other deposits	-	-	-	50	-	50
	<u>49,431</u>	<u>-</u>	<u>49,431</u>	<u>25,323</u>	<u>-</u>	<u>25,323</u>
	<u>7,357,259</u>	<u>14,607</u>	<u>7,371,866</u>	<u>2,680,486</u>	<u>8,657</u>	<u>2,689,143</u>

	June 30, 2024 Un-audited	December 31, 2023 Audited
	----- (Rupees '000) -----	
41.5 Contingencies and Commitments		
Guarantees	342,305	231,177
Letter of Credit	230,910	69,916
Commitments	-	-
	<u>573,215</u>	<u>301,093</u>

		For the half year ended	
		June 30, 2024	June 30, 2023
		----- Un-audited -----	
		----- Rupees in '000 -----	
41.6	Profit / Return on Financing, Investments and Placements earned		
	Financing	47,926	20,904
	Investments	433,957	355,827
	Deposits with financial institutions	39,262	43,230
		<u>521,145</u>	<u>419,961</u>
41.7	Return on Deposits and other Dues Expensed		
	Deposits and other accounts	165,654	236,293
	Due to Financial Institutions	135,389	31,971
	Amortisation of lease liability against right-of-use assets	7,271	7,702
	Others	-	-
		<u>308,314</u>	<u>275,966</u>
41.8	Islamic Banking Business Accumulated Losses		
	Opening Balance	(250,561)	(449,068)
	Impact of adoption of IFRS 9	1,151	-
	Profit for the period/year	107,031	198,507
	Taxation	-	-
	Closing Balance	<u>(142,379)</u>	<u>(250,561)</u>

42 GENERAL

- 42.1** Comparative information has been reclassified, rearranged or additionally incorporated in these unconsolidated condensed interim financial statements for the purposes of better presentation.
- 42.2** The Bank has not restated comparative information for 2023 for financial instruments in the scope of IFRS-09. Therefore, the comparative information for 2023 is reported under previous local regulatory requirements and is not comparable with the information presented for 2024.
- 42.3** The effect of reclassification, rearrangement, restatement in the comparative information presented in these consolidated condensed interim financial statements due to adoption of revised forms for the preparation of condensed interim financial statements as mentioned in note 4.1 is as follows:




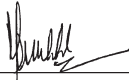
Description of Item	Nature	Rupees in '000'	From	To
Right of use assets	Asset	2,608,849	Property and equipment	Right-of-use assets
Lease liabilities against right of use assets	Liability	3,138,067	Other liabilities	Lease liabilities


42.4 Figures have been rounded off to the nearest thousand Rupees.

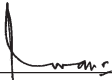
43 DATE OF AUTHORISATION FOR ISSUE


These unconsolidated financial statements were authorised for issue by the Board of Directors on August 30, 2024.


Chief Financial Officer


President and
Chief Executive Officer


Director


Director


Chairman

IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO
شہید محترمہ بینظیر بھٹو کی یاد میں
SINDH BANK
سندھ بینک
POWER TO THE PEOPLE
پاکستان کا انتخاب

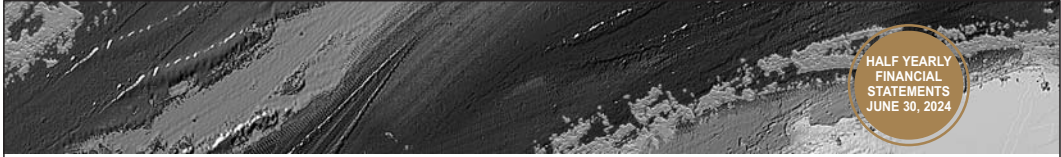
AUTO FINANCE



*Features

- Minimum Documentation.
- Quick and Hassle Free Processing.
- Low Mark-Up Rates.
- Flexible Financing.
- Financing of New and Used Cars (not older than 5 years).

* Terms & Conditions Apply



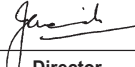




**CONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS
HALF YEAR AND QUARTER ENDED
JUNE 30, 2024**

Consolidated Condensed Interim Statement of Financial Position As at June 30, 2024

		June 30, 2024 Un-audited	December 31, 2023 Audited
	Note	----- (Rupees in '000) -----	
ASSETS			
Cash and balances with treasury banks	7	19,298,126	53,488,206
Balances with other banks	8	2,442,807	1,484,233
Lendings to financial institutions	9	3,500,000	-
Investments	10	200,863,479	166,397,880
Advances	11	78,209,428	52,528,902
Property and equipment	12	1,310,810	1,351,122
Right-of-use assets	13	3,168,396	2,704,359
Intangible assets	14	92,580	114,464
Deferred tax assets-net	15	16,399,446	17,201,220
Other assets	16	9,948,665	7,801,390
Total Assets		335,233,737	303,071,776
LIABILITIES			
Bills payable	17	2,352,828	898,762
Borrowings	18	34,179,045	38,267,440
Deposits and other accounts	19	257,290,812	224,841,914
Lease Liabilities	20	3,873,176	3,231,133
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	21	11,161,270	11,004,177
Total Liabilities		308,857,131	278,243,426
NET ASSETS		26,376,606	24,828,350
REPRESENTED BY			
Share capital - net	22	34,524,428	34,524,428
Reserves		2,126,901	1,985,305
Shares deposit money		-	-
Deficit on revaluation of assets	23	(202,842)	(1,033,628)
Accumulated Loss		(10,071,881)	(10,647,755)
		26,376,606	24,828,350
CONTINGENCIES AND COMMITMENTS	24		

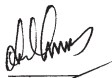

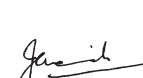


The annexed notes from 1 to 42 form an integral part of these consolidated condensed interim financial statements.

				
Chief Financial Officer	President and Chief Executive Officer	Director	Director	Chairman

Consolidated Condensed Interim Profit And Loss Account (Un-audited) For the Quarter and Half Year Ended June 30, 2024

	Quarter ended		Half year ended		
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023	
Note	----- (Rupees in '000) -----				
Mark-up / Return / Interest Earned	25	12,077,984	14,433,959	23,227,047	27,158,479
Mark-up / Return / Interest Expensed	26	9,694,878	12,545,691	18,628,216	23,624,881
Net Mark-up / Interest Income		2,383,106	1,888,268	4,598,831	3,533,598
NON MARK-UP / INTEREST INCOME					
Fee and Commission Income	27	167,113	224,882	336,628	365,135
Dividend Income		15,990	48,199	31,691	97,890
Foreign Exchange Income		84,439	382,327	20,718	596,559
Income / (loss) from derivatives		-	-	-	-
Gain / (Loss) on securities	28	17,244	(108,465)	119,442	(107,451)
Other Income	29	6,885	585	7,921	2,805
Total non-markup/interest Income		291,671	547,528	516,400	954,938
Total Income		2,674,777	2,435,796	5,115,231	4,488,536
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	30	2,419,026	2,188,868	4,789,265	4,038,701
Other charges	31	1,212	520	1,222	55,978
Total non-markup/interest expenses		2,420,238	2,189,388	4,790,487	4,094,679
Profit before credit loss allowance		254,539	246,408	324,744	393,857
Credit allowance / provisions and write offs - net	32	(568,105)	(72,897)	(1,067,132)	(222,810)
PROFIT BEFORE TAXATION		822,644	319,305	1,391,876	616,667
Taxation	33	445,345	218,328	709,296	332,248
PROFIT AFTER TAXATION		377,299	100,977	682,580	284,419
----- (Rupees) -----					
Basic earnings per share	34	0.09	0.04	0.20	0.10
Diluted earnings per share	35	0.09	0.04	0.20	0.10



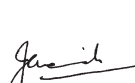


The annexed notes from 1 to 42 form an integral part of these consolidated condensed interim financial statements.

				
Chief Financial Officer	President and Chief Executive Officer	Director	Director	Chairman

Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited) For the Quarter and Half Year Ended June 30, 2024

	Quarter ended		Half year ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	----- (Rupees in '000) -----			
Profit after taxation for the period	377,299	100,977	682,580	284,419
Other comprehensive income / (loss)				
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in surplus / (deficit) on revaluation of debt investments through FVOCI - net of tax	(132,767)	65,892	1,056,393	(1,110,745)
	<u>244,532</u>	<u>166,869</u>	<u>1,738,973</u>	<u>(826,326)</u>
Items that will not be reclassified to profit and loss account in subsequent periods:				
Deferred tax on remeasurement gain / (loss) on defined benefit obligations	(3,580)	-	(3,580)	-
Movement in surplus / (deficit) on revaluation of equity investments - net of tax	(51,482)	-	(225,607)	-
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-
	<u>(55,062)</u>	<u>-</u>	<u>(229,187)</u>	<u>-</u>
Total comprehensive income / (loss)	<u>189,470</u>	<u>166,869</u>	<u>1,509,786</u>	<u>(826,326)</u>

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


 Chief Financial Officer
 
 President and Chief Executive Officer
 
 Director
 
 Director
 
 Chairman

Consolidated Condensed Interim Statement Of Changes In Equity (Un-audited) For the Half Year Ended June 30, 2024

	Share Capital	Shares Deposit Money	Capital Reserves			Statutory Reserve *	Depositors protection fund reserve**	Surplus / (Deficit) on revaluation		Accumulated Loss ***	Total
			Reserves on amalgamation	Share Premium	Investments			Fixed / Non-banking assets			
----- Rupees in '000 -----											
Opening balance as at January 01, 2023 (audited)	29,524,428	-	9,433	51	1,504,243	13,078	(1,208,500)	-	(12,429,398)	17,413,335	
Changes in equity for the half year ended June 30, 2023											
Profit after taxation	-	-	-	-	-	-	-	-	284,419	284,419	
Share deposit money	-	5,000,000	-	-	-	-	-	-	-	5,000,000	
Other comprehensive income - net of tax											
Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	-	-	-	-	-	-	(1,110,745)	-	-	(1,110,745)	
Debt investments at FVOCI – reclassified to profit or loss	-	-	-	-	-	-	-	-	-	-	
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	-	-	
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	-	-	-	
Total other comprehensive income - net of tax	-	-	-	-	-	-	(1,110,745)	-	-	(1,110,745)	
Transfer to statutory reserve	-	-	-	-	56,883	-	-	-	(56,883)	-	
Transfer to depository protection fund -5% of the profit after tax for the half year	-	-	-	-	-	1,985	-	-	(1,985)	-	
Balance as at June 30, 2023 (Un-audited)	29,524,428	5,000,000	9,433	51	1,561,126	15,063	(2,319,245)	-	(12,203,847)	21,587,009	
Changes in equity for the half year ended December 31, 2023											
Profit after taxation	-	-	-	-	-	-	-	-	1,971,833	1,971,833	
Other comprehensive income - net of tax											
Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	-	-	-	-	-	-	1,193,817	-	-	1,193,817	
Debt investments at FVOCI – reclassified to profit or loss	-	-	-	-	-	-	-	-	-	-	
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	(18,784)	(18,784)	
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	91,800	-	91,800	
Total other comprehensive income - net of tax	-	-	-	-	-	-	1,193,817	91,800	(18,784)	1,266,833	
Transfer to statutory reserve	-	-	-	-	394,368	-	-	-	(394,368)	-	
Share deposit money	-	-	-	-	-	-	-	-	-	-	

Consolidated Condensed Interim Statement Of Changes In Equity (Un-audited) For the Half Year Ended June 30, 2024

	Share Capital	Shares Deposit Money	Capital Reserves			Depositors protection fund reserve**	Surplus / (Deficit) on revaluation		Accumulated Loss ***	Total
			Reserves on amalgamation	Share Premium	Statutory Reserve *		Investments	Fixed / Non-banking assets		
----- Rupees in '000 -----										
Transfer to depository protection fund	-	-	-	-	-	2,589	-	-	(2,589)	-
-5% of the profit after tax for the half year return on investment	-	-	-	-	-	2,675	-	-	-	2,675
Issue of shares during the year	5,000,000	(5,000,000)	-	-	-	-	-	-	-	-
Balance as at December 31, 2023 (audited)	34,524,428	-	9,433	51	1,955,494	20,327	(1,125,428)	91,800	(10,647,755)	24,828,350
Effect of reclassification on adoption of IFRS -09 - net of tax	-	-	-	-	-	-	-	-	-	-
Effect of adoption of IFRS 09 on Debt security	-	-	-	-	-	-	1,113,779	-	-	1,113,779
Effect of adoption of IFRS 09 on shares FVOCI	-	-	-	-	-	-	(363,757)	-	363,757	-
Effect of adoption of IFRS 09 on shares FVTPL	-	-	-	-	-	-	(54,554)	-	54,554	-
Effect of adoption of IFRS -09 - ECL net of tax	-	-	-	-	-	-	-	-	(379,841)	(379,841)
	-	-	-	-	-	-	695,468	-	38,470	733,938
Balance as at January 01, 2024 after adoption of IFRS-09	34,524,428	-	9,433	51	1,955,494	20,327	(429,960)	91,800	(10,609,285)	25,562,288
Changes in equity for the half year ended June 30, 2024										
Profit after taxation	-	-	-	-	-	-	-	-	682,580	682,580
Other comprehensive income - net of tax	-	-	-	-	-	-	-	-	-	-
Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	-	-	-	-	-	-	(57,384)	-	-	(57,384)
Debt investments at FVOCI	-	-	-	-	-	-	192,702	-	-	192,702
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	(3,580)	(3,580)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	-	-	-
Total other comprehensive income - net of tax	-	-	-	-	-	-	135,318	-	(3,580)	131,738
Transfer to statutory reserve	-	-	-	-	136,516	-	-	-	(136,516)	-
Transfer to depository protection fund -5% of the profit after tax for the half year ended June 30, 2024	-	-	-	-	3,563	-	-	-	(3,563)	-
	-	-	-	-	1,517	-	-	-	(1,517)	-
Closing balance as at June 30, 2024 (Un-audited)	34,524,428	-	9,433	51	2,097,090	20,327	(294,642)	91,800	(10,071,881)	26,376,606

* 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 11.3.3 & 12.2.2 of these consolidated condensed interim financial statements, unappropriated profit includes an amount of Rs. 3,130.93 million net of tax as at June 30, 2024 (December 31, 2023: Rs. 3,148.13 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 consolidated condensed interim financial statements.

Consolidated Condensed Interim Cash Flow Statement (Un-audited) For the Half Year Ended June 30, 2024

		June 30, 2024	June 30, 2023
		----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES	Note		
Profit before taxation		1,391,876	616,667
Less: Dividend income		(31,691)	(97,890)
		<u>1,360,185</u>	<u>518,777</u>
Adjustments:			
Unrealised gain on securities measured at FVPL	28	(93,298)	(879)
Depreciation	30	151,669	539,106
Depreciation on right of use assets	30	414,668	-
Amortisation	30	22,075	19,556
Credit loss allowance/provisions and write offs - net	32	(1,065,184)	225,244
Gain on sale of property and equipment	29	(6,777)	(992)
Finance charges on leased assets		<u>310,265</u>	<u>782,035</u>
		<u>(266,582)</u>	<u>782,035</u>
		<u>1,093,603</u>	<u>1,300,812</u>
(Increase) / decrease in operating assets			
Lendings to financial institutions		(3,500,000)	(16,048,998)
Securities classified as FVPL		(266,878)	-
Advances		(25,674,697)	1,295,043
Other assets (excluding advance taxation)		(1,741,692)	(4,480,579)
		<u>(31,183,267)</u>	<u>(19,234,534)</u>
Increase / (decrease) in operating liabilities			
Bills payable		1,454,066	1,277,927
Borrowings from financial institutions		(4,088,395)	(56,792,305)
Deposits and other accounts		32,448,898	23,236,543
Other liabilities (excluding current taxation)		116,964	3,151,340
		<u>29,931,533</u>	<u>(29,126,495)</u>
		<u>(158,131)</u>	<u>(47,060,217)</u>
Income tax paid		(297,487)	(354,792)
Net cash flows from / (used in) operating activities		<u>(455,618)</u>	<u>(47,415,009)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in amortised cost securities		(19,471,223)	29,620,363
Net investment in securities classified as FVOCI		(12,620,462)	19,560,732
Dividends received		29,125	97,890
Investments in property and equipment		(115,975)	(75,188)
Disposal of property and equipment		11,396	1,454
Net cash flows from / (used in) investing activities		<u>(32,167,139)</u>	<u>49,205,252</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Share deposit money		-	5,000,000
Payments of lease obligations against right-of-use assets		(596,603)	-
Shares capital		-	-
Net cash (used in) / flow from financing activities		<u>(596,603)</u>	<u>5,000,000</u>
(Decrease)/increase in cash and cash equivalents		<u>(33,219,360)</u>	<u>6,790,243</u>
Cash and cash equivalents at the beginning of the year		<u>54,972,439</u>	<u>16,218,265</u>
Impact of expected credit loss allowance on adoption of IFRS-09		(10,190)	-
Charge of expected credit loss allowance during the period		(1,956)	-
		<u>(12,146)</u>	<u>-</u>
Cash and cash equivalents at the end of the period	36	<u>21,740,933</u>	<u>23,008,508</u>

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

				
Chief Financial Officer	President and Chief Executive Officer	Director	Director	Chairman

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For the Half Year Ended June 30, 2024

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 (2023: 330) branches including 8 (2023: 8) sub-branches and 14 (2023: 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 99.97% ordinary shares of the Bank.

1.1.3 VIS Credit Rating Company Limited has upgraded the long term entity rating to AA- (Double A Minus) from A+ (Single A Plus) and short term rating to A-1+ (A-One plus) from A-1 (A-one) in its report dated June 28, 2024.

	Percentage of holding	
	June 30, 2024	December 31, 2023
Subsidiary company		
Sindh Microfinance Bank Limited	99.99%	99.99%

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 provision of the company's Act, 2017 (previously 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 20 (2023: 19) branches and 81 (2023: 77) services centers. The Bank holds 99.99% shares of the Microfinance Bank and remaining shares are held by the nominees of the Bank.

2. BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

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

- International Accounting Standard 34 "Interim Financial Reporting" and 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 (ICAP) 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 IAS 34, IFRS or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

The SBP has deferred the applicability of International Accounting Standard (IAS) 40, 'Investment Property' for banking companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' on banks through its notification S.R.O 411(I)/2008 dated April 28, 2008. The State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred the applicability of Islamic Financial Accounting Standard-3 for Profit and Loss Sharing on Deposits (IFAS-3) issued by the Institute of Chartered Accountants of Pakistan (ICAP) and notified by the SECP, vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IFS). Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements.

In addition to the above, the SBP has recently issued BPRD Circular Letter No. 16 of 2024 dated July 29, 2024 in which certain relaxations / clarifications have been provided upon adoption of IFRS-09 which are disclosed in note 4.2 to the consolidated condensed interim financial statements.

- 2.1.1** The disclosures made in these consolidated condensed interim financial statements have been limited based on the format prescribed by the SBP through BPRD Circular Letter No. 02 dated February 09, 2023 and the requirements of International Accounting Standard 34, "Interim Financial Reporting". These do not include all the information and disclosures required for annual financial statements, and therefore should be read in conjunction with the annual audited consolidated financial statements of the Bank for the year ended December 31, 2023.
- 2.1.2** These consolidated condensed interim financial statements represent separate financial statements of Sindh Bank Limited in which investment in a subsidiary is accounted for on the basis of cost less accumulated impairment losses, if any.
- 2.1.3** In accordance with the directives of the Federal Government regarding the shifting of the Banking system to Islamic modes, the State Bank of Pakistan has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by Banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these unconsolidated condensed interim financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon. The Islamic Banking branches of the Bank have complied with the requirements set out under the Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) and notified under the provisions of the Companies Act, 2017.

2.1.4 The Bank believes that there is no significant doubt on the ability to continue as a going concern. Therefore, the consolidated condensed interim financial statements have been prepared on a going concern basis.

2.2 Standards, interpretations of and amendments to published accounting and reporting standards that are effective in the current period:

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that have become applicable to the Bank for accounting periods beginning on or after January 01, 2024 but are considered not to be relevant or do not have any material effect on the Bank's operations and are therefore not detailed in these consolidated condensed interim financial statements except for IFRS-09 (Financial Instruments), the impact of which is disclosed under note 4.2.

2.3 Standards, interpretations of and amendments to published accounting and reporting standards that are not yet effective:

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that will become applicable to the Bank for accounting periods beginning on or after January 01, 2025 but are considered not to be relevant or will not have any material effect on the Bank's financial statements except for:

- The new standard - IFRS 18 Presentation and Disclosure in Financial Statements ("IFRS 18") which has been published in April 2024 with applicability date of January 01, 2027 by IASB. IFRS 18 is yet to be adopted in Pakistan. IFRS 18 when adopted and applicable shall impact the presentation of 'Statement of Profit and Loss Account' with certain additional disclosures in the financial statements.
- Amendments to IFRS-09 Financial Instruments which clarify the date of recognition and derecognition of a financial asset or financial liability including settlement of liabilities through banking instruments and channels including electronic transfers. The amendment when applied may impact the timing of recognition and derecognition of financial liabilities.

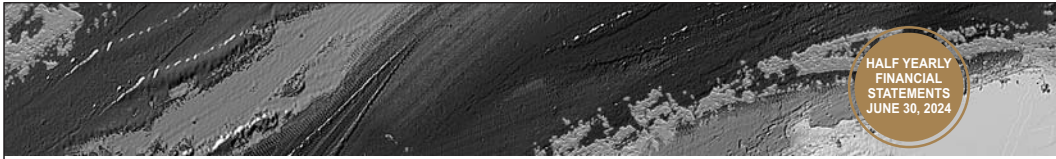
3. BASIS OF PRESENTATION

3.1 Accounting convention

These consolidated condensed interim financial statements have been prepared under the historical cost convention except for non banking assets acquired in satisfaction of claims which are stated at revalued amounts; investment classified at fair value through profit or loss and at fair value through other comprehensive income; defined benefit obligations which are carried at present value; and right of use of assets and related lease liability measured at present value on initial recognition.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the annual audited consolidated financial statements of the Bank for the year ended December 31, 2023 except for changes mentioned in notes 4.1 and 4.2.



- 4.1** The SBP, vide its BPRD Circular No. 02 dated February 09, 2023, issued the revised forms for the preparation of the condensed interim quarterly / half yearly financial statements of the Banks / DFIs which are applicable for quarterly / half yearly periods beginning on or after January 1, 2024 as per BPRD Circular Letter No. 07 of 2023 dated April 13, 2023. The implementation of the revised forms has resulted in certain changes to the presentation and disclosures of various elements of the consolidated condensed interim financial statements. The significant change is relating to right of use assets and corresponding lease liability which are now presented separately on the face of the statement of financial position. Previously, these were presented under property and equipment (earlier titled as fixed assets) and other liabilities respectively. There is no impact of this change on the consolidated condensed interim financial statements in terms of recognition and measurement of assets and liabilities.

The Bank has adopted the above changes in the presentation and made additional disclosures to the extent applicable to its operations and corresponding figures have been rearranged / reclassified to correspond to the current period presentation, as presented in note 42

4.2 Change in Accounting Policy

As per SBP BPRD Circular Letter No. 07 of 2023 dated April 13, 2023, IFRS-09 is applicable on banks with effect from January 01, 2024. IFRS-09 brings fundamental changes to the accounting for financial assets and to certain aspects of accounting for financial liabilities. To determine appropriate classification and measurement category, IFRS-09 requires all financial assets, except equity instruments, to be assessed based on combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The adoption of IFRS-09 has also fundamentally changed the impairment method of financial assets with a forward-looking Expected Credit Losses ("ECL") approach.

The SBP through its BPRD Circular Letter No. 16 dated July 29, 2024 has made certain amendments and extended the timelines of SBP's IFRS-09 Application Instructions to address most of the matters raised by the banks with a direction to ensure compliance by the extended timeline.

There are a few matters which include maintenance of general provision, income recognition on Islamic financings and fair valuation of subsidized loans, the treatments of which are still under deliberation with the SBP. The Bank has continued to follow the treatment adopted in respect of these matters in the prior periods till the time SBP issues the relevant guidance / clarification.

4.2.1 Classification

Financial Assets

Under IFRS-09, existing categories of financial assets: Held for trading ("HFT"), Available for sale ("AFS"), Held to maturity ("HTM") and loans and receivables have been replaced by:

- Financial assets at fair value through profit or loss account ("FVTPL")
- Financial assets at fair value through other comprehensive income ("FVOCI")
- Financial assets at amortised cost

Financial Liabilities

Under IFRS-09, the accounting for financial liabilities remains largely the same as before adoption of IFRS-09 and thus financial liabilities are being carried at amortised cost.

4.2.2 Business model assessment

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- The objectives for the portfolio, in particular, whether the management's strategy focuses on earning contractual revenue, maintaining a particular yield profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Bank's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed; and
- The expected frequency, value and timing of sale are also important aspects of the assessment. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

Eventually, the financial assets fall under either of the following three business models:

- i) Hold to Collect ("HTC") business model: Holding assets in order to collect contractual cash flows
- ii) Hold to Collect and Sell ("HTC&S") business model: Collecting contractual cash flows and selling financial assets
- iii) Other business models: Resulting in classification of financial assets as FVTPL

4.2.3 Assessments whether contractual cash flows are solely payments of principal and interest / profit ("SPPI")

As a second step of its classification process, the Bank assesses the contractual terms of financial assets to identify whether they meet the SPPI test. Principal for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium / discount). The most significant elements of interest / profit within a financing arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgment and considers relevant factors such as, but not limited to, the currency in which the financial asset is denominated, and the period for which the interest / profit rate is set. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with basic lending arrangement, the related financial asset is classified and measured at FVTPL.

4.2.4 Application to the Bank's financial assets

Debt based financial assets

Debt based financial assets held by the Bank include: advances, lendings to financial institutions, investment in federal government securities, listed and unlisted term finance certificates, unlisted preference shares, cash and balances with treasury banks, balances with other banks, and other financial assets.

a) These are measured at amortised cost if they meet both of the following conditions and are not designated as FVTPL:

- the assets are held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest / profit on the principal amount outstanding.

The business model for these financial assets can still be HTC even when sales of these financial assets occur. However, if more than an infrequent number of sales of significant value are made, the Bank assesses whether and how the sales are consistent with the HTC objective

b) Debt based financial assets are measured at FVOCI only if these meet both of the following conditions and are not designated as FVTPL:

- the asset are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest / profit on the principal amount outstanding

c) Debt based financial assets if these are held for trading purposes are classified as measured at FVTPL.

In addition, on initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The application of these policies also resulted in classifications and consequent remeasurements of investments in Pakistan Investment Bonds (Fixed) held under available for sale portfolio as of December 31, 2023 to hold to collect based on the business model assessment. The following table reconciles their carrying amounts as reported on December 31, 2023 to the carrying amounts under IFRS-09 on transition to IFRS-09 on January 01, 2024:

Investment type and category	Balances as of December 31, 2023 (Audited)	IFRS-09 Classification	Balances as of December 31, 2023	Remeasurements	Balances as of January 01, 2024- Before ECL
----- Rupees in '000 -----					
Federal Government Securities					
		FVOCI			
Pakistan Investment Bonds - AFS	15,216,749	Amortised Cost	15,216,749	2,183,880	17,400,629
	<u>15,216,749</u>		<u>15,216,749</u>	<u>2,183,880</u>	<u>17,400,629</u>

Equity based financial assets

An equity instrument held by the Bank for trading purposes is classified as measured at FVTPL. On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. The Bank has decided to classify Rupees 498.085 million out of its available for sale equity investment portfolio which includes mutual funds units of Rupees 123.660 million as of December 31, 2023 to FVTPL.

IFRS-09 has eliminated impairment assessment requirements for investments in equity instruments. Accordingly, the Bank has reclassified impairment of Rupees 363.757 million on listed equity investments to unappropriated losses through remeasurements.

The measurement category and carrying amount of financial assets in accordance with the accounting and reporting standards as applicable in Pakistan before and after adoption of IFRS-09 as at January 1, 2024 are compared as follows:

Financial assets	Before adoption of IFRS-09		After adoption of IFRS 09	
	Measurement Category	Carrying amount as at December 31, 2023	Measurement Category	Carrying amount as at January 01, 2024 Before ECL
		----- Rupees in '000 -----		----- Rupees in '000 -----
Cash and balances with treasury banks	Loans and receivables	53,488,206	Amortised cost	53,488,206
Balances with other banks	Loans and receivables	1,484,233	Amortised cost	1,484,233
Lendings to financial institutions	Loans and receivables	-	Amortised cost	-
Investments	Available for sale	133,244,953	Fair value through profit or loss account	498,058
			Fair value through other comprehensive income	117,530,146
			Amortised cost	17,400,629
				135,428,833
		133,244,953		135,428,833
	Held to maturity	33,152,927	Amortised cost	33,152,927
Advances	Loans and receivables	52,528,902	Amortised cost	52,528,902
Other assets	Loans and receivables	7,801,390	FVTPL/Amortised Cost	7,801,390
		<u>281,700,611</u>		<u>283,884,451</u>

4.2.5 Initial recognition and subsequent measurement

Financial assets and financial liabilities are recognised when the entity becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Bank purchases or sells the asset. Other financial assets and liabilities like advances, lending to financial institutions, deposits etc. are recognised when funds are transferred to the account or financial institutions. However, for cases, where funds are transferred on deferred payment basis, recognition is done when underlying asset is purchased.

a) Amortised cost ("AC")

Financial assets and financial liabilities under amortised cost category are initially recognised at fair value adjusted for directly attributable transaction cost. These are subsequently measured at amortised cost. An expected credit loss allowance ("ECL") is recognised for financial assets in the unconsolidated condensed interim statement of profit and loss account. Interest income / profit / expense on these assets / liabilities are recognised in the unconsolidated condensed interim statement of profit and loss account. On derecognition of these financial assets and liabilities, capital gain / loss will be recognised in the unconsolidated condensed interim statement of profit and loss account.

b) Fair value through other comprehensive income ("FVOCI")

Financial assets under FVOCI category are initially recognised at fair value adjusted for directly attributable transaction cost. These assets are subsequently measured at fair value with changes recorded in OCI. An expected credit loss allowance ("ECL") is recognised for debt based financial assets in the unconsolidated condensed interim statement of profit and loss account. Interest / profit / dividend income on these assets are recognised in the unconsolidated condensed interim statement of profit and loss account. On derecognition of debt based financial assets, capital gain / loss will be recognised in the unconsolidated condensed interim statement of profit and loss account. For equity based financial assets classified as FVOCI, capital gain / loss is transferred from surplus / deficit to unappropriated profit / loss.

c) Fair value through profit or loss ("FVTPL")

Financial assets under FVTPL category are initially recognised at fair value. Transaction cost will be directly recorded in the unconsolidated condensed interim statement of profit and loss account. These assets are subsequently measured at fair value with changes recorded in the unconsolidated condensed interim statement of profit and loss account. Interest / dividend income on these assets are recognised in the unconsolidated condensed interim statement of profit and loss account. On derecognition of these financial assets, capital gain / loss will be recognised in the unconsolidated condensed interim statement of profit and loss account. An expected credit loss allowance ("ECL") is not recognised for these financial assets.

4.2.6 Derecognition

Financial assets

The Bank derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire;
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Bank enters into transactions whereby it transfers assets recognised in its unconsolidated condensed interim statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Bank also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the unconsolidated condensed interim statement of profit and loss account.

4.2.7 Expected Credit Loss ("ECL")

The Bank assesses on a forward-looking basis the expected credit losses ('ECL') associated with all advances and other debt financial assets not held at FVTPL, together with letter of credit, guarantees and unutilised financing commitments hereinafter referred to as "Financial Instruments". The Bank recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or "LTECL"), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss ("12mECL"). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated at facility level.

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Bank considers an exposure to have significantly increased in credit risk when there is considerable deterioration in the internal rating grade for subject customer. The Bank also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer / facility to the watch list, or the account becoming forborne. Regardless of the change in credit grades, generally, the Bank considers that there has been a significant increase in credit risk when contractual payments are more than 60 days past due. However, for certain portfolios, the Bank rebuts 60 DPD presumption based on behavioural analysis of its borrowers. When estimating ECLs on a collective basis for a group of similar assets, the Bank applies the similar principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Based on the above process, the Bank groups its financial instruments into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1: When financial instruments are first recognised, the Bank recognises an allowance based on 12mECLs. Stage 1 financial instruments also include facilities where the credit risk has improved and these have been reclassified from Stage 2. The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast Exposure At Default (EAD) and multiplied by the expected LGD and discounted by an approximation to the original Effective Interest Rate (EIR). This calculation is made for all the scenarios.

- Stage 2:** When a financial instrument has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 also includes facilities, where the credit risk has improved and the instrument has been reclassified from Stage 3. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs are applied over the lifetime of the instrument. The expected cash flows are discounted by an approximation to the original EIR.
- Stage 3:** For financial instruments considered credit-impaired, the Bank recognises the LTECLs for these instruments. The Bank uses a PD of 100% and LGD as computed for each portfolio or as prescribed by the SBP.
- Undrawn financing commitments** When estimating LTECLs for undrawn financings commitments, the Bank estimates the expected portion of the financings commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected cash flows if the financings is drawn down, based on a probability-weighting of the three scenarios. For revolving facilities that include both a financings and an undrawn commitment, ECLs are calculated on un-drawn portion of the facility and presented within other liabilities.
- Guarantee and letters of credit contracts** The Bank estimates ECLs based on the BASEL driven and internally developed credit conversion factor ("CCF") for guarantee and letter of credit contracts respectively. The calculation is made using a probability weighting of the three scenarios. The ECLs related to guarantee and letter of credit contracts are recognised within other liabilities.

The calculation of ECLs

The Bank calculates ECLs based on a three probability-weighted scenarios to measure the expected cash flows, discounted at an approximation to the EIR.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- PD** The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. PD is estimated based on statistical technique such as Transition Matrix approach. PDs for non advances portfolio is based on S&P's global transition default matrices, PDs are then adjusted using Vicesek Model to incorporate forward looking information.
- EAD** The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and profit, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest / profit from missed payments. The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has a legal right to call it earlier. The product offering includes a variety of corporate and retail facilities, in which the Bank has the right to cancel and / or reduce the facilities with one day notice. However, in case of revolving facilities, the Bank does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the expectations of the customer behaviour, its likelihood of default and the Bank's future risk mitigation procedures, which could include reducing or cancelling the facilities.

LGD The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The discount rate used to discount the ECLs is based on the effective interest rate that is expected to be charged over the expected period of exposure to the facilities. In the absence of computation of the effective interest rate (at reporting date), the Bank uses an approximation e.g. contractual rate (at reporting date).

Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liabilities to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The Bank considers only those collaterals as eligible collaterals in the EAD calculation which have the following characteristics:

- History of legal certainty and enforceability
- History of enforceability and recovery

When estimating the ECLs, the Bank considers three scenarios (a base case, an upside, a downside). Each of these is associated with different PDs.

The Bank's management has only considered cash, liquid securities, and Government of Pakistan guarantees as eligible collaterals, while calculating EADs.

The credit exposure that have been guaranteed by the Government and Government Securities are exempted from the application of ECL calculation

As per BPRD Circular No. 03 of 2022 dated July 05, 2022, ECL of Stage 1 and Stage 2 is calculated as per IFRS-09, while ECL of Stage 3 has been calculated based on higher of either the Prudential Regulations or IFRS-09 at segment level.

Forward looking information

In its ECL models, the Bank relies on range of the following forward looking information as economic inputs, such as:

- GDP growth
- Consumer price index
- Unemployment rate

Definition of default

The concept of "impairment" or "default" is critical to the implementation of IFRS-09 as it drives determination of risk parameters, i.e. PD, LGD and EAD.

As per BPRD Circular No. 03 of 2022 dated July 05, 2022 and BPRD Circular Letter No. 16 of 2024 dated July 29, 2024, ECL of Stage 1 and Stage 2 is calculated as per IFRS-09, while ECL of Stage 3 has been calculated based on higher of either the Prudential Regulations or IFRS-09 at borrower / facility level for corporate / commercial / SME loan portfolios and at segment / product basis for retail portfolio.

This implies that if one facility of a counterparty becomes 90+ DPD in repaying its contractual dues or as defined in PRs; all other facilities would deem to be classified as stage 3.

Write-offs

The Bank's accounting policy under IFRS-09 remains the same as it was under SBP regulations / existing reporting framework.

4.2.8 Adoption impacts

The Bank has adopted IFRS-09 effective from January 01, 2024 with modified retrospective approach as permitted under IFRS-09. The cumulative impact of initial application of Rupees 729.789 million has been recorded as an adjustment to equity at the beginning of the current accounting period. The details of the impacts of initial application are tabulated below:

Classification under SBP regulations	Balances as of December 31, 2023 (Audited)	Classification under IFRS 9					Balances as of January 01, 2024	IFRS 09 Category
		At FVTPL	At FVOCI - with recycling	At amortised Cost	Remeasurement under IFRS 9	Recognition of ECL		
Rupees in '000								
ASSETS								
Cash and bank balances with treasury banks	53,488,206	-	-	53,488,206	-	-	53,488,206	Amortised cost
Balances with other banks	1,484,233	-	-	1,484,233	-	(10,317)	1,473,916	Amortised cost
Lending to Financial Institutions	-	-	-	-	-	-	-	
Investments in financial assets								
-Held-for-Trading	-	498,058	-	498,058	-	-	498,058	FVTPL
-Available-for-Sale	133,244,953	(498,058)	(15,216,749)	117,530,146	-	-	117,530,146	FVOCI
-Held-to-Maturity	33,152,927	-	15,216,749	48,369,676	2,183,880	(23,654)	50,529,902	Amortised cost
Advances	166,397,880	-	-	166,397,880	2,183,880	(23,654)	168,558,106	
Property and equipment	52,528,902	-	-	52,528,902	29,129	(742,628)	51,815,403	Amortised cost
Rights of use asset	1,351,122	-	-	1,351,122	-	-	1,351,122	Outside the scope of IFRS 09
Intangible assets	2,704,359	-	-	2,704,359	-	-	2,704,359	Outside the scope of IFRS 09
Deferred tax asset - net	114,464	-	-	114,464	-	-	114,464	Outside the scope of IFRS 09
Other assets	17,201,220	-	-	17,201,220	(1,070,101)	371,395	16,502,514	Outside the scope of IFRS 09
financial assets	7,801,390	-	-	7,801,390	-	(663)	7,800,727	Amortised cost for
	303,071,776	-	-	303,071,776	1,142,908	(405,867)	303,808,817	
LIABILITIES								
Bills payable	898,762	-	-	898,762	-	-	898,762	Amortised cost
Borrowings	38,267,440	-	-	38,267,440	-	-	38,267,440	Amortised cost
Deposit and other accounts	224,841,914	-	-	224,841,914	-	-	224,841,914	Amortised cost
Lease liability against rights of use assets	3,231,133	-	-	3,231,133	-	-	3,231,133	Amortised cost
Other Liabilities	11,004,177	-	-	11,004,177	-	3,103	11,007,280	Amortised cost for financial liabilities
	278,243,426	-	-	278,243,426	-	3,103	278,246,529	
NET ASSETS REPRESENTED BY	24,828,350	-	-	24,828,350	1,142,908	(408,970)	25,562,288	
Share capital - net	34,524,428	-	-	34,524,428	-	-	34,524,428	Outside the scope of IFRS 09
Reserves	1,985,305	-	-	1,985,305	-	-	1,985,305	Outside the scope of IFRS 09
Deficit on revaluation of assets	(1,033,628)	-	-	(1,033,628)	695,468	-	(338,160)	
Accumulated loss	(10,647,755)	-	-	(10,647,755)	447,440	(408,968)	(10,609,283)	
	24,828,350	-	-	24,828,350	1,142,908	(408,970)	25,562,288	

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of consolidated condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form basis of making the judgments about carrying values of assets and liabilities which are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of its revision and future periods if the revision affects both current and future periods.

The significant judgments made by the management in applying the Bank's accounting policies and the key sources of estimation were the same as those applied in the preparation of annual audited financial statements for the year ended December 31, 2023 except for matters related to adoption of IFRS-09 which have been disclosed in note 4.2 to the consolidated condensed interim financial statements.

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, 2023.

		June 30, 2024 Un-audited	December 31, 2023 Audited
	Note	----- (Rupees '000) -----	
7 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		4,512,587	3,960,469
Foreign currency		187,019	194,370
		4,699,606	4,154,839
With State Bank of Pakistan (SBP) in			
Local currency current accounts	7.1	12,473,307	47,152,820
Foreign currency current accounts	7.2	68,676	61,133
Foreign currency deposit accounts			
- Non Remunerative	7.3	137,921	158,549
- Remunerative	7.4	273,365	309,256
		12,953,269	47,681,758
With National Bank of Pakistan in			
Local currency current accounts		1,633,051	1,610,797
Local currency deposit accounts	7.5	1,430	24,282
		1,634,481	1,635,079
Prize bonds		10,770	16,530
Less: Credit loss allowance held against cash and balances with treasury banks		-	-
		19,298,126	53,488,206

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 FCY deposits.
- 7.4 This represents foreign currency special cash reserve maintained with SBP. The Group is entitled to earn profit which is declared by SBP on a monthly basis. During the period, the SBP has declared profit in the range of 4.32% to 4.35% (2023 : 3.39% - 4.34%) per annum.
- 7.5 This includes savings account with National Bank of Pakistan carrying mark-up at 20.5% (2023: 20.5%) per annum.

		June 30, 2024 Un-audited	December 31, 2023 Audited
	Note	----- (Rupees '000) -----	
8	BALANCES WITH OTHER BANKS		
	In Pakistan		
	In current accounts	4,875	1,500
	In savings accounts	444,218	526,599
		<u>449,093</u>	<u>528,099</u>
	Outside Pakistan		
	In current accounts	2,005,861	956,134
	Less: Credit loss allowance held against balances with other banks	<u>(12,147)</u>	<u>-</u>
		<u><u>2,442,807</u></u>	<u><u>1,484,233</u></u>

8.1 This includes savings account with commercial banks carrying profit in the range of 20.5% to 23.90% (2023: 16% to 23.9%) per annum.

8.2 This includes Rs. 1,226.97 million (2023: Rs. 842.188 million) held in Automated Investment Plans. This balance is current in nature and in case this goes above a specified amount, the bank is entitled to earn interest from the correspondent banks at the agreed rates.

9 LENDINGS TO FINANCIAL INSTITUTIONS

	Repurchase agreement lendings (Reverse Repo)	-	-
	Musharaka arrangements	3,500,000	-
		<u>3,500,000</u>	<u>-</u>
9.1	Particulars of lending		
	In local currency	3,500,000	-
	In foreign currencies	-	-
		<u>3,500,000</u>	<u>-</u>

June 30, 2024 (Un-audited)					
10 INVESTMENTS	Note	Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying Value
----- Rupees in '000 -----					
10.1 Investments by type					
FVTPL					
Shares					
Listed		167,878	-	64,537	232,415
Mutual funds		99,000	-	49,860	148,860
		266,878	-	114,397	381,275
FVTOCI					
Federal Government Securities					
Pakistan Investment Bonds - Floater		143,795,360	-	(410,890)	143,384,470
Government of Pakistan - Ijarah Sukuk		3,999,994	-	20,941	4,020,935
Shares					
Listed		604,020	-	(154,917)	449,103
Mutual funds		59,203	-	(32,864)	26,339
		148,458,577	-	(577,730)	147,880,847
Amortised Cost					
Federal Government Securities					
Market Treasury Bills		23,033,573	(110)	-	23,033,463
Pakistan Investment Bonds		28,505,328	-	-	28,505,328
Preference Shares - Unlisted		77,708	(77,708)	-	-
Term Deposit Accounts		500,000	-	-	500,000
Non-government debt securities					
Term finance certificates - Listed		224,235	(6,202)	-	218,033
Term finance certificates - Unlisted		858,877	(514,344)	-	344,533
		53,199,721	(598,364)	-	52,601,357
Total Investments		<u>201,925,176</u>	<u>(598,364)</u>	<u>(463,333)</u>	<u>200,863,479</u>

December 31, 2023 (Audited)					
Available-for-sale securities	Note	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
----- Rupees in '000 -----					
Available-for-sale securities					
Federal Government Securities					
Market Treasury Bills		-	-	-	-
Pakistan Investment Bonds		17,400,629	-	(2,183,880)	15,216,749
Pakistan Investment Bonds - Floater		113,308,072	-	(319,502)	112,988,570
Government of Pakistan - Ijarah Sukuk		4,000,000	-	42,076	4,042,076
Shares					
Listed		971,211	(342,757)	212,934	841,388
Mutual funds & Units		158,203	(43,684)	41,651	156,170
		135,838,115	(386,441)	(2,206,721)	133,244,953
Held-to-maturity securities					
Federal Government Securities					
Market Treasury Bills		20,804,998	-	-	20,804,998
Pakistan Investment Bonds		11,262,656	-	-	11,262,656
Preference Shares - Unlisted		77,708	(77,708)	-	-
Term Deposit Accounts		500,000	-	-	500,000
Non-government debt securities					
Term finance certificates - Listed		224,235	-	-	224,235
Term finance certificates - Unlisted		858,901	(497,863)	-	361,038
		33,728,498	(575,571)	-	33,152,927
Total Investments		<u>169,566,613</u>	<u>(962,012)</u>	<u>(2,206,721)</u>	<u>166,397,880</u>

	June 30, 2024 Un-audited	December 31, 2023 Audited
10.2 Investments given as collateral	----- (Rupees '000) -----	
Federal government securities		
Pakistan Investment Bonds	31,881,600	35,733,600
	<u>31,881,600</u>	<u>35,733,600</u>
10.3 Credit loss allowance / provision for diminution in value of investments		
10.3.1 Opening balance	962,012	952,912
Impact of adoption of IFRs-09	(362,897)	-
Charge / reversals		
Charge for the period / year	-	9,101
Reversals for the period / year	(751)	-
Reversal on disposals for the period / year	-	-
Transfers - net	(751)	9,101
Amount written off	-	-
Closing Balance	<u>598,364</u>	<u>962,012</u>

June 30, 2024 (Un-audited)	
Outstanding amount	Credit loss allowance held
----- (Rupees '000) -----	

10.3.2 Particulars of credit loss allowance / provision against debt investments

Category of classification			
Domestic			
Performing	Stage 1	674,905	-
Underperforming	Stage 2	-	-
Non-performing	Stage 3	-	-
Other assets especially mentioned		-	-
Substandard		-	-
Doubtful		-	-
Loss		-	-
		-	-
Total		<u>674,905</u>	<u>-</u>

December 31, 2023
 (Audited)

Non performing investments	Provision
----------------------------	-----------

----- (Rupees '000) -----

**Particulars of classified debt securities
 (Category of classification)**

Domestic		
Other assets especially mentioned	-	-
Substandard	-	-
Doubtful	-	-
Loss	592,051	575,571
Total	592,051	575,571

10.3.3 The Bank has availed the benefit of forced sale value of collateral against non-performing investment under the prudential regulation issued by 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: Nil (2023: Rs.16.480 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 ADVANCES

June 30, 2024 (Un-audited)

	Performing	Non Performing	Total
----- Rupees in '000 -----			
Loans, cash credits, agriculture, running finances etc.	32,640,907	31,427,066	64,067,973
Commodity finance	39,499,954	-	39,499,954
Net investment in finance lease	255,750	407,009	662,759
Islamic financing and related assets			
Diminishing musharakah financing	376,439	121,353	497,792
Ijarah financing under IFAS 2	9,166	-	9,166
	72,782,216	31,955,428	104,737,644
Bills discounted and purchased (excluding market treasury bills)			
Payable in Pakistan	19,405	348,639	368,044
Payable outside Pakistan	4,390	3,405	7,795
	23,795	352,044	375,839
Advances - gross	72,806,011	32,307,472	105,113,483
Credit loss allowance against advances			
Credit loss allowance against advances			
- Stage 1	318,422	-	318,422
- Stage 2	236,163	-	236,163
- Stage 3	-	26,349,470	26,349,470
	554,585	26,349,470	26,904,055
Total Advances - Net credit loss allowance	72,251,426	5,958,002	78,209,428

	Dec 31, 2023 Audited		
	Performing	Non Performing	Total
	----- Rupees in '000 -----		
ADVANCES - NET			
Loans, cash credits, agriculture, running finances etc.	29,586,554	32,570,853	62,157,407
Commodity finance	15,619,270	-	15,619,270
Net investment in finance lease	305,814	410,329	716,143
Islamic financing and related assets			
Diminishing musharakah financing	433,901	121,353	555,254
Ijarah financing under IFAS 2	9,946	-	9,946
	<u>45,955,485</u>	<u>33,102,535</u>	<u>79,058,020</u>
Bills discounted and purchased (excluding market treasury bills)			
Payable in Pakistan	368,044	-	368,044
Payable outside Pakistan	9,317	3,405	12,722
	<u>377,361</u>	<u>3,405</u>	<u>380,766</u>
Advances - gross	<u>46,332,846</u>	<u>33,105,940</u>	<u>79,438,786</u>
Provision for non-performing advances			
- Specific Provision	-	26,880,754	26,880,754
- General provision against consumer and small enterprise advances	29,130	-	29,130
	<u>29,130</u>	<u>26,880,754</u>	<u>26,909,884</u>
Advances - Net of provision	<u>46,303,716</u>	<u>6,225,186</u>	<u>52,528,902</u>

	June 30, 2024 Un-audited	December 31, 2023 Audited
	----- (Rupees '000) -----	
11.1 Particulars of advances (Gross)		
In local currency	<u>105,113,483</u>	79,438,786
In foreign currencies	<u>-</u>	-
	<u>105,113,483</u>	<u>79,438,786</u>

11.2 Advances - Particulars of credit loss allowance

	June 30, 2024 (Un-audited)				December 31, 2023 (Audited)		
	Stage 1	Stage 2	Stage 3	Total	Specific	General	Total
----- Rupees in '000 -----							
Opening balance	29,130	-	26,880,753	26,909,884	27,095,152	19,997	27,115,149
Impact of adoption of IFRS 9	135,654	297,744	280,101	713,499	-	-	-
New Advances	57,802	-	-	57,802	-	-	-
Due to credit deterioration	-	-	-	-	-	-	-
Advances derecognised or repaid	(67,242)	(203,357)	(930,632)	(1,201,231)	(1,712,978)	-	(1,712,978)
Transfer to stage 1	165,988	531	-	166,519	-	9,133	9,133
Transfer to stage 2	335	129,046	-	129,381	-	-	-
Transfer to stage 3	31	9,787	121,690	131,508	2,885,789	-	2,885,789
	156,914	(63,993)	(808,942)	(716,021)	1,172,811	9,133	1,181,944
Amounts charged off - Agriculture loans	-	-	(5,830)	(5,830)	(42,356)	-	(42,356)
Net charge / (reversal) during the period	156,914	(63,993)	(814,772)	(721,851)	1,130,455	9,133	1,139,588
Reversal of general provision	-	-	-	-	-	-	-
Amounts written off	(3,276)	(2,506)	(3,041)	(8,823)	(122,069)	-	(122,069)
Changes in risk parameters	-	4,918	6,429	11,347	-	-	-
Transferred to other assets under	-	-	-	-	(1,222,785)	-	(1,222,785)
DPS agreement	-	-	-	-	-	-	-
Closing balance	318,422	236,163	26,349,470	26,904,055	26,880,753	29,130	26,909,884

11.3 Advances include Rs. 32,307.47 million (2023: Rs. 33,105.94) million which have been placed under non-performing status as detailed below:

Category of Classification	Note	June 30, 2024 Un-audited	
		Non Performing Loans	Credit loss allowance
----- (Rupees '000) -----			
Domestic			
Other Assets Especially Mentioned		4,724	-
Substandard		24,245	-
Doubtful		50,146	3,617
Loss		32,228,357	26,345,853
Total		32,307,472	26,349,470
----- (Rupees '000) -----			
Category of Classification	Note	December 31, 2023 Audited	
		Non Performing Loans	Provision
----- (Rupees '000) -----			
Domestic			
Other Assets Especially Mentioned	11.3.1	1,277	-
Substandard		9,849	573
Doubtful		119,493	2,288
Loss		32,975,321	26,877,893
Total		33,105,940	26,880,754

11.3.1 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.

11.3.2 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 under the prudential regulation issued by 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. 6,122.59 (2023: Rs. 6,156.33) million. The resultant increase in profit due to FSV benefit taken will not be available for distribution as cash and stock dividend to shareholders.

11.3.3 Particulars of provision against advances

	June 30, 2024 (Un-audited)				December 31, 2023 (Audited)		
	Stage 1	Stage 2	Stage 3	Total	Specific	General	Total
	----- Rupees in '000 -----						
Opening balance	29,130	-	26,880,753	26,909,884	27,095,152	19,997	27,115,149
Exchange adjustments	-	-	-	-	-	-	-
Impact of adoption of IFRS 9	135,654	297,744	280,101	713,499	-	-	-
Charge for the period	153,638	(61,581)	124,769	216,825	2,885,789	9,133	2,894,922
Reversals	-	-	(930,323)	(930,323)	(1,712,978)	-	(1,712,978)
	153,638	(61,581)	(805,554)	(713,498)	1,172,811	9,133	1,181,944
Amounts charged off - Agriculture loans	-	-	(5,830)	(5,830)	(42,356)	-	(42,356)
Net charge / (reversal) during the period	153,638	(61,581)	(811,384)	(719,328)	1,130,455	9,133	1,139,589
Transferred to other assets under							
DPS agreement	-	-	-	-	(1,222,785)	-	(1,222,785)
Amounts written off	-	-	-	-	(122,069)	-	(122,069)
Closing balance	318,422	236,163	26,349,470	26,904,055	26,880,753	29,130	26,909,884

	Note	June 30, 2024 Un-audited	
		Outstanding amount	Credit loss allowance
		----- (Rupees '000) -----	
Advances-Category of Classification			
Performing	Stage 1	21,465,867	318,422
Underperforming	Stage 2	51,340,144	236,163
Non-Performing	Stage 3		
Substandard		24,245	-
Doubtful		50,146	3,617
Loss		32,233,081	26,345,853
		32,307,472	26,349,470
Total		105,113,483	26,904,055

		June 30, 2024 Un-audited	December 31, 2023 Audited
12	PROPERTY AND EQUIPMENT	----- (Rupees '000) -----	
	Capital work-in-progress	40,368	1,321
	Property and equipment	<u>1,270,442</u>	<u>1,349,801</u>
		<u>1,310,810</u>	<u>1,351,122</u>
12.1	Capital work-in-progress		
	Civil works	8,360	-
	Advances to suppliers	<u>32,008</u>	<u>1,321</u>
		<u>40,368</u>	<u>1,321</u>
		June 30, 2024	June 30, 2023
12.2	Additions to fixed assets	----- Un-audited ----- ----- (Rupees '000) -----	
	The following additions have been made to fixed assets during the period:		
	Property and equipment :		
	Leasehold improvements	9,227	17,412
	Furniture and fixture	5,223	4,288
	Vehicles	14,969	9,817
	Computer and office equipment	<u>47,509</u>	<u>24,745</u>
	Total	<u>76,928</u>	<u>56,262</u>
	Disposal of fixed assets		
	The net book value of fixed assets disposed off during the period is as follows:		
	Furniture and Fixture	-	-
	Lease hold improvements	-	-
	Computer and office equipment	-	462
	Vehicles	<u>4,619</u>	<u>-</u>
	Total	<u>4,619</u>	<u>462</u>
		June 30, 2024 Un-audited	December 31, 2023 Audited
13	RIGHT OF USE ASSETS	----- (Rupees '000) -----	
	For the period / year ended		
	Opening net book value	2,704,359	2,746,552
	Additions	878,705	703,712
	Disposals	-	-
	Depreciation charge	<u>(414,668)</u>	<u>(745,905)</u>
	Closing net book value	<u>3,168,396</u>	<u>2,704,359</u>
	At June 30		
	Cost	5,266,985	4,500,075
	Accumulated depreciation	<u>(2,098,589)</u>	<u>(1,795,716)</u>
	Net book value	<u>3,168,396</u>	<u>2,704,359</u>

	June 30, 2024 Un-audited	December 31, 2023 Audited
14 INTANGIBLE ASSETS	----- (Rupees '000) -----	
Computer Software	92,580	114,464
Others	-	-
	<u>92,580</u>	<u>114,464</u>
	----- Rupees in '000 -----	
Additions to intangible assets		
The additions to intangible assets during the period:		
Computer Software	<u>188</u>	<u>32,599</u>
Disposals of intangible assets		
The net book value of intangible assets disposed off during the period.	<u>-</u>	<u>-</u>
	----- (Rupees '000) -----	
15 DEFERRED TAX ASSETS - NET		
Deductible Temporary Differences on		
- Provision against advances - general	10,096,803	11,113,178
- Tax losses carried forward	3,742,516	3,477,253
- Provision for diminution in the value of investments	119,174	119,174
- Deficit on revaluation of investments	283,088	1,081,294
- Impact of Adoption of IFRS 9	368,932	-
- Right-of-use assets	380,125	396,514
- Others	1,677,783	1,282,725
	<u>16,668,421</u>	<u>17,470,138</u>
Taxable Temporary Differences on		
- Accelerated tax depreciation - tangible fixed assets	10,160	(364)
- Others	(36,466)	(27,895)
- Net investment in Lease Finance	(131,859)	(131,859)
- Surplus on revaluation of non-banking assets	(88,200)	(88,200)
- Accelerated tax amortization - intangible assets	(22,610)	(20,600)
	<u>(268,975)</u>	<u>(268,918)</u>
	<u>16,399,446</u>	<u>17,201,220</u>

15.1 The Bank has an aggregate amount of deferred tax assets of Rs. 16,399.45 million (2023: Rs. 17,201 million) . Deferred tax asset has been recorded based on management's best estimate of the probable benefits expected to be realised in future years in the form of reduced tax liability as the Bank would be able to set off the profits earned in those years against the deferred tax asset. In this regard, the Bank has prepared financial projections for future taxable profits, which have been approved by the Board of the Bank, to assess the recoverability of deferred tax assets. The projections involve certain key management assumptions underlying the estimation of future taxable profits. The determination of future taxable profits is most sensitive to certain key assumptions such as growth in high yield consumer advances, investment returns, potential provision against assets, interest rates, cost of funds and expected recoveries of classified loans. Any significant change in such assumptions may have an effect on the recoverability of the deferred tax assets. Management believes that it is probable that the Bank will be able to achieve the profits and consequently, the deferred tax asset will be fully realised in future.

Note	June 30, 2024 Un-audited	December 31, 2023 Audited
	----- (Rupees '000) -----	
16 OTHER ASSETS		
Income/ Mark-up accrued in local currency	7,967,014	5,814,866
Accrued commission income	157,731	19,730
Advances, deposits, advance rent and other prepayments	431,839	219,423
Receivable against sale of shares	-	8,586
Mark to market gain on forward foreign exchange contracts	173,515	225,309
Insurance premium receivable against agriculture loans	9,305	9,998
Stationery and stamps on hand	30,403	10,332
Dividends receivable	2,566	-
Receivable against 1 Link ATM settlement account	-	616,552
Insurance claims receivable	13,982	7,445
Non-Banking Assets Acquired in Satisfaction of Claims	1,770,000	1,770,000
Other receivables	76,924	141,934
	<u>10,633,279</u>	<u>8,844,175</u>
Less: credit loss allowance held against other assets	<u>(864,614)</u>	<u>(1,222,785)</u>
Other assets (net of credit allowance)	9,768,665	7,621,390
Surplus on revaluation of non-banking assets required in satisfaction of claims	180,000	180,000
	<u>9,948,665</u>	<u>7,801,390</u>

16.1 Market value of non-banking assets acquired in satisfaction of claims

Non-banking assets acquired in satisfaction of claims have been valued at the average of two independent professional valuers' reports each dated August 11, 2023. As at reporting date, fair value does not differ materially from the recognized amount. These valuations were carried out by Joseph Lobo & Co.Pvt Ltd. and Iqbal A. Nanjee & Co. Pvt. Ltd. on the basis of professional assessment of present market values. The valuer are listed on the panel of Pakistan Bank's Association.

16.2 Movement in Credit loss allowance held against other assets

Opening balance	(1,222,785)	-
Charge for the period / year	-	(1,222,785)
Reversals	358,171	-
Amount written off	-	-
Closing balance	<u>(864,614)</u>	<u>(1,222,785)</u>

	June 30, 2024 Un-audited	December 31, 2023 Audited
	----- (Rupees '000) -----	
16.3 Non-banking assets acquired in satisfaction of claims		
Opening Balance	1,950,000	-
Additions	-	1,770,000
Revaluation	-	180,000
Disposals	-	-
Depreciation	-	-
Impairment	-	-
	<u>1,950,000</u>	<u>1,950,000</u>
17 BILLS PAYABLE		
In Pakistan	2,352,828	898,762
Outside Pakistan	-	-
	<u>2,352,828</u>	<u>898,762</u>
18 BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan		
- Under export refinance scheme	1,657,025	1,662,500
- Under long term finance facility	14,970	29,940
Repurchase agreement borrowings		
- State Bank of Pakistan	13,000,000	16,000,000
- Other commercial bank	18,918,300	19,854,000
	31,918,300	35,854,000
Unsecured		
- State Bank of Pakistan(SBP)	495,000	571,000
- Other microfinance bank / company	93,750	150,000
	<u>34,179,045</u>	<u>38,267,440</u>
18.1 Particulars of borrowings		
In local currency	34,179,045	38,267,440
In foreign currencies	-	-
	<u>34,179,045</u>	<u>38,267,440</u>

19 DEPOSITS AND OTHER ACCOUNTS

	June 30, 2024 (Un-audited)			December 31, 2023 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
----- Rupees in '000 -----						
Customers						
Current deposits	64,646,704	1,033,299	65,680,003	57,010,572	918,827	57,929,399
Savings deposits	150,425,151	1,380,783	151,805,934	126,203,023	1,231,979	127,435,002
Term deposits	36,101,296	216,122	36,317,418	35,284,997	282,821	35,567,818
Margin and other deposits	2,274,254	-	2,274,254	2,302,355	-	2,302,355
	253,447,405	2,630,204	256,077,609	220,800,947	2,433,627	223,234,574
Financial Institutions						
Current deposits	47,806	30	47,836	48,424	30	48,454
Savings deposits	1,045,367	-	1,045,367	1,038,824	-	1,038,824
Term deposits	-	-	-	400,000	-	400,000
Margin and other deposits	120,000	-	120,000	120,062	-	120,062
	1,213,173	30	1,213,203	1,607,310	30	1,607,340
	254,660,578	2,630,234	257,290,812	222,408,257	2,433,657	224,841,914

June 30, 2024
Un-audited

December 31, 2023
Audited

----- (Rupees '000) -----

20 LEASE LIABILITIES

Outstanding amount - opening balance	3,231,133	2,896,585
Additions during the year	928,381	871,350
Lease payments including interest	(596,603)	(1,178,421)
Interest expense	310,265	641,619
Exchange difference	-	-
Balance at the end of the period / year	3,873,176	3,231,133
Liabilities Outstanding		
Not later than one year	514,806	482,842
Later than one year and upto five years	1,447,567	1,789,770
Over five years	1,910,803	958,521
Total at the period / year end	3,873,176	3,231,133

For the purpose of discounting PKRV rates are being used.

	Note	June 30, 2024 Un-audited	December 31, 2023 Audited
----- (Rupees '000) -----			
21 OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		9,253,574	9,315,772
Mark-up / return / interest payable in foreign currency		2,695	4,125
Accrued expenses		476,781	353,654
Net defined benefit liability		64,105	156,413
Payable against 1 Link ATM settlement account		64,921	-
Provision for compensated absences		305,977	309,951
Payable to employee's provident fund		1,024	297
Payable against purchase of operating fixed assets		17,080	22,834
Retention money		54,478	63,987
Federal excise duty / sales tax on services payable		8,153	6,226
Withholding tax payable		206,544	154,037
Provision for taxation		143,179	106,446
Security deposit against lease	21.1	162,422	179,971
Others		396,941	330,464
		<u>11,157,874</u>	<u>11,004,177</u>
Credit loss allowance against off-balance sheet obligations	21.2	3,396	-
		<u>11,161,270</u>	<u>11,004,177</u>

21.1 These represent interest free security deposits received from lessees against lease contracts of Sindh Leasing Company Limited was amalgamated into the Bank, and are adjustable against residual value of leased assets at the expiry of the respective lease terms.

	June 30, 2024 Un-audited	December 31, 2023 Audited
----- (Rupees '000) -----		
21.2 Credit loss allowance against off-balance sheet obligations		
Opening balance	-	-
Impact of ECL recognised on adoption of IFRS-09	3,103	-
Charge for the period / year	293	-
Reversals	-	-
	293	-
Amount written off	-	-
Closing balance	<u>3,396</u>	<u>-</u>

22 SHARE CAPITAL

22.1 Authorised capital

June 30, 2024 Un-audited	December 31, 2023 Audited		June 30, 2024 Un-audited	December 31, 2023 Audited
Number of Shares			----- Rupees in '000 -----	
<u>3,500,000,000</u>	<u>3,500,000,000</u>	Ordinary shares of Rs.10 each	<u>35,000,000</u>	<u>35,000,000</u>

22.2 Issued, subscribed and paid-up share capital

3,071,013,000	2,571,013,000	Fully paid in cash Ordinary shares of Rs.10 each	30,710,130	25,710,130
-	500,000,000	Right share of Rs. 10/- each issued during the year	-	5,000,000
<u>381,429,817</u>	<u>381,429,817</u>	Ordinary shares of Rs. 10/- issued as consideration of amalgamation	<u>3,814,298</u>	<u>3,814,298</u>
<u>3,452,442,817</u>	<u>3,452,442,817</u>		<u>34,524,428</u>	<u>34,524,428</u>

22.3 The Government of Sindh, through its Finance Department, owns 99.97% ordinary shares of the Bank.

		June 30, 2024 Un-audited	December 31, 2023 Audited
		----- (Rupees '000) -----	
23	DEFICIT ON REVALUATION OF ASSETS		
	(Deficit) arising on revaluation of:		
	- Securities measured at FVOCI - Debt	(389,948)	(2,461,306)
	- Securities measured at FVOCI - Equity	(187,781)	254,585
23.1	- Non-banking assets acquired in satisfaction of claims	<u>180,000</u>	<u>180,000</u>
		<u>(397,729)</u>	<u>(2,026,721)</u>
	Deferred tax on surplus / (deficit) on revaluation of:		
	- Securities measured at FVOCI - Debt	191,075	1,206,040
	- Securities measured at FVOCI - Equity	92,013	(124,747)
23.2	- Non-banking assets acquired in satisfaction of claims	<u>(88,200)</u>	<u>(88,200)</u>
		<u>194,888</u>	<u>993,093</u>
		<u>(202,842)</u>	<u>(1,033,628)</u>

24 CONTINGENCIES AND COMMITMENTS

Guarantees	24.1	7,613,144	7,385,376
Commitments	24.2	125,148,248	138,756,926
Other contingent liabilities		-	-
		<u>132,761,392</u>	<u>146,142,302</u>

	Note	June 30, 2024 Un-audited	December 31, 2023 Audited
----- (Rupees '000) -----			
24.1 Guarantees:			
Financial guarantees		843,955	7,385,376
Performance guarantees		2,245,749	138,756,926
Other guarantees		4,523,440	1,508,938
		<u>7,613,144</u>	<u>147,651,240</u>
24.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		2,155,981	6,955,172
Commitments in respect of:			
- forward foreign exchange contracts	24.2.1	67,939,246	79,256,691
- forward lending	24.2.2	55,053,021	52,545,063
Other commitments		-	-
		<u>125,148,248</u>	<u>138,756,926</u>
24.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		34,269,735	39,761,279
Sale		33,669,511	39,495,412
		<u>67,939,246</u>	<u>79,256,691</u>
24.2.2 Commitments in respect of forward lending			
Forward repurchase agreement lending		32,074,833	36,047,812
Undrawn formal standby facilities, credit lines and other commitments to lend	24.2.2.1	22,978,188	16,497,251
		<u>55,053,021</u>	<u>52,545,063</u>
24.2.2.1 Commitments to extend credit			
The Banks enters into 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.			
25 MARK-UP/RETURN/INTEREST EARNED		June 30, 2024	June 30, 2023
Un-audited			
----- Rupees in '000 -----			
Loans and advances		6,113,039	3,476,965
Investments		16,575,209	22,720,365
Lendings to financial institutions		399,647	833,968
Balances with banks		139,152	127,181
		<u>23,227,047</u>	<u>27,158,479</u>

		June 30, 2024	June 30, 2023
	Note	Un-audited	
		----- Rupees in '000 -----	
26 MARK-UP/RETURN/INTEREST EXPENSED			
Deposits		17,349,143	14,513,029
Borrowings		844,292	8,885,304
Cost of swaps against foreign currency deposits / borrowings		124,516	52,686
Lease liability against right of use assets		310,265	173,862
		<u>18,628,216</u>	<u>23,624,881</u>
27 FEE AND COMMISSION INCOME			
Branch banking customer fees		53,331	31,604
Consumer finance related fees		1,623	1,435
Card related fees (debit cards)		154,732	119,132
Commission on trade		72,976	79,283
Commission on guarantees		33,783	29,096
Credit related fees		9,582	86,001
Commission on remittances including home remittances		9,238	17,577
Others		1,363	1,007
		<u>336,628</u>	<u>365,135</u>
28 GAIN / (LOSS) ON SECURITIES			
Realised	28.1	26,144	(107,451)
Unrealised - Measured at FVPL		93,298	-
		<u>119,442</u>	<u>(107,451)</u>
28.1 Realised gain/(loss) on:			
Federal Government Securities		113	1,028
Shares of listed companies		26,031	(108,479)
		<u>26,144</u>	<u>(107,451)</u>
28.2 Net gain on financial assets / liabilities measured at FVPL:			
Designated upon initial recognition		-	-
Mandatorily measured at FVPL		93,298	-
		<u>93,298</u>	<u>-</u>
Net gain / (loss) on financial assets / liabilities measured at amortised cost		-	-
Net gain / (loss) on financial assets measured at FVOCI		-	-
Net gain / (loss) on investments in equity instruments designated at FVOCI		-	-
		<u>93,298</u>	<u>-</u>
29 OTHER INCOME			
Gain on sale of property and equipment - net		6,777	992
Rent on property		704	630
Incidental charges		290	1,073
Others		150	110
		<u>7,921</u>	<u>2,805</u>

		June 30, 2024	June 30, 2023
	Note	Un-audited	
		----- Rupees in '000 -----	
30 OPERATING EXPENSES			
Total compensation expense	30.1	2,613,777	2,215,377
Property expenses			
Rent & taxes		18,428	12,528
Insurance		39,271	31,120
Utilities cost		255,040	213,531
Security (including guards)		301,916	223,644
Repairs & maintenance		13,717	12,561
Depreciation		35,363	34,677
Depreciation on right of use assets		414,668	392,892
		1,078,403	920,953
Information technology expenses			
Software maintenance		100,019	68,454
Hardware maintenance		76,922	61,748
Depreciation		36,755	9,121
Amortisation		22,075	19,556
Network charges		9,841	12,220
Others		22,900	21,199
		268,512	192,298
Other operating expenses			
Directors' fees and allowances		11,006	14,670
Fees and allowances to Shariah Board		1,788	2,349
Legal & professional charges		16,435	14,379
Outsourced services costs		108,032	71,987
Travelling & conveyance		34,191	30,386
NIFT clearing charges		17,522	17,446
Depreciation		79,551	102,416
Training & development		4,341	748
Postage & courier charges		11,986	14,396
Communication		149,530	76,888
Stationery & printing		95,673	75,188
Marketing, advertisement & publicity		40,719	36,120
Donations		-	-
Auditors' Remuneration	30.2	8,542	7,885
Repairs & maintenance		76,787	79,056
Brokerage and commission		2,653	3,948
Entertainment		35,770	37,297
Fees and subscription		96,295	89,169
Insurance expenses		7,508	8,432
Others		30,244	27,313
		828,573	710,073
		4,789,265	4,038,701

	June 30, 2024	June 30, 2023
Note	----- Un-audited -----	----- Rupees in '000 -----
30.1 Total compensation expense		
Managerial Remuneration		
- Fixed	1,697,981	1,421,874
- Variable Cash Bonus / Awards etc.	30,622	14,650
Charge for defined benefit plan	64,104	74,981
Contribution to defined contribution plan	78,028	66,668
Rent & house maintenance	398,306	360,806
Utilities	77,896	69,086
Medical	77,901	69,115
Conveyance	87,957	58,854
Employees old age benefits contribution	19,776	14,833
Leave Fare Assistance	27,830	22,293
Staff Insurances	50,023	37,766
Others	3,353	4,451
	<u>2,613,777</u>	<u>2,215,377</u>
30.2 Auditors' remuneration		
Audit fee	7,289	6,274
Fee for other statutory certifications	778	650
Special certifications and sundry advisory services	-	500
Out-of-pocket expenses	475	461
	<u>8,542</u>	<u>7,885</u>
31 OTHER CHARGES		
Penalties imposed by the State Bank of Pakistan	1,222	55,978
	<u>1,222</u>	<u>55,978</u>
32 CREDIT LOSS & WRITE OFFS - NET		
(Reversal) / credit loss allowance for diminution in value of investments	(861)	879
(Reversal) of credit loss allowance / provision against loans and advances	(710,505)	(226,021)
(Reversal) of credit loss allowance / provision against other assets	(357,888)	-
Credit loss allowance against off-balance sheet obligations	174	-
Net provision during the period	-	777
(Reversal) of Credit loss allowance against cash and bank balances	1,948	1,555
	<u>(1,067,132)</u>	<u>(222,810)</u>

	June 30, 2024	June 30, 2023
	----- Un-audited -----	
	----- Rupees in '000 -----	
33 TAXATION		
Current	337,912	362,618
Prior years	-	-
Deferred	<u>371,384</u>	<u>(30,370)</u>
	<u>709,296</u>	<u>332,248</u>
34 BASIC EARNINGS PER SHARE		
Profit for the period	<u>682,580</u>	<u>284,419</u>
Weighted average number of ordinary shares	<u>3,452,442,817</u>	<u>2,952,442,817</u>
Basic earnings per share	<u>0.20</u>	<u>0.10</u>
35 DILUTED LOSS PER SHARE		
Profit for the period	<u>682,580</u>	<u>284,419</u>
Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)	<u>3,452,442,817</u>	<u>2,963,492,541</u>
Diluted earnings per share	<u>0.20</u>	<u>0.10</u>
36 CASH AND CASH EQUIVALENTS		
Cash and Balances with Treasury Banks	19,298,126	21,159,426
Balances with other banks	<u>2,442,807</u>	<u>1,849,082</u>
	<u>21,740,933</u>	<u>23,008,508</u>

37 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 these 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.

37.1 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.

37.2 The table below analyses the financial and non-financial assets carried at fair values, by valuation methods. For financial assets, the Bank essentially carries its investments in debt and equity securities at fair values. Valuation of investments is carried out as per guidelines specified by the SBP.

	June 30, 2024 (Un-audited)			
	Fair Value			
	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----			
On balance sheet financial instruments				
Financial assets measured at fair value				
Pakistan Investment Bonds	-	143,384,470	-	143,384,470
Shares of listed companies	681,518	-	-	681,518
Units of mutual funds	175,199	-	-	175,199
Ijarah Sukuk - GoP	-	4,020,935	-	4,020,935
	<u>856,717</u>	<u>147,405,405</u>	<u>-</u>	<u>148,262,122</u>
Financial assets-disclosed but not measured at fair value				
Pakistan Investment Bonds	-	28,505,328	-	28,505,328
Market Treasury Bills	-	23,033,463	-	23,033,463
Term Deposit Accounts	-	500,000	-	500,000
Others	-	-	562,566	562,566
	<u>-</u>	<u>52,038,791</u>	<u>562,566</u>	<u>52,601,357</u>
Off balance sheet financial instruments				
Foreign exchange contracts (purchase)	-	34,269,735	-	34,269,735
Foreign exchange contracts (sale)	-	33,669,511	-	33,669,511

December 31, 2023 (Audited)

Fair Value

Level 1	Level 2	Level 3	Total
---------	---------	---------	-------

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

On balance sheet financial instruments

Financial assets measured at fair value

Pakistan Investment Bonds	-	128,205,319	-	128,205,319
Shares of listed companies	841,388	-	-	841,388
Units of mutual funds	156,170	-	-	156,170
Ijarah Sukuk - GoP	-	4,042,076	-	4,042,076
	<u>997,558</u>	<u>132,247,395</u>	<u>-</u>	<u>133,244,953</u>

Financial assets-disclosed but not measured at fair value

Pakistan Investment Bonds	-	11,262,656	-	11,262,656
Market Treasury Bills	-	20,804,998	-	20,804,998
Term Deposit Accounts	-	500,000	-	500,000
Others	-	-	585,273	585,273
	<u>-</u>	<u>32,567,654</u>	<u>585,273</u>	<u>33,152,927</u>

Off balance sheet financial instruments

Foreign exchange contracts (purchase)	-	39,761,279	-	39,761,279
Foreign exchange contracts (sale)	-	39,495,412	-	39,495,412

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.

38 SEGMENT INFORMATION

38.1 Segment Details with respect to Business Activities

	June 30, 2024 (Un-audited)				
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
	----- Rupees in '000 -----				
Profit & Loss					
Net mark-up/return/profit income	16,153,949	24,320	-	(11,579,438)	4,598,831
Inter segment revenue - net	(21,593,521)	-	-	21,593,521	-
Non mark-up / return / interest income	218,109	130	-	298,162	516,400
Total Income	(5,221,464)	24,450	-	10,312,245	5,115,231
Segment direct expenses	(49,688)	(3,136)	-	(3,616,308)	(3,669,132)
Inter segment expense allocation	(84,294)	(18,240)	-	(1,018,821)	(1,121,355)
Total expenses	(133,982)	(21,376)	-	(4,635,129)	(4,790,487)
Provisions	-	-	-	1,067,132	1,067,132
Profit / (Loss) before tax	(5,355,446)	3,074	-	6,744,248	1,391,876
Balance Sheet					
Cash & Bank balances	12,868,955	-	-	8,871,978	21,740,933
Investments	200,863,479	-	-	-	200,863,479
Net inter segment lending	-	-	-	189,991,858	189,991,858
Lendings to financial institutions	3,500,000	-	-	-	3,500,000
Advances - performing	61,453	785,855	-	71,404,118	72,251,426
- non-performing (net)	-	-	-	5,958,002	5,958,002
Others	6,525,341	3,984	-	24,390,572	30,919,897
Total Assets	223,819,228	789,839	-	300,616,528	525,225,595
Borrowings	31,933,270	-	-	2,245,775	34,179,045
Subordinated debt	-	-	-	-	-
Deposits & other accounts	-	-	-	257,290,812	257,290,812
Net inter segment borrowing	189,211,588	780,270	-	-	189,991,858
Others	199,249	9,569	-	17,178,457	17,387,274
Total liabilities	221,344,107	789,839	-	276,715,044	498,848,989
Equity	2,475,122	-	-	23,901,485	26,376,606
Total Equity & liabilities	223,819,228	789,839	-	300,616,528	525,225,595
Contingencies & Commitments	100,014,079	-	-	32,747,313	132,761,392

	June 30, 2023 (Un-audited)				Total
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	
	----- Rupees in '000 -----				
Profit & Loss					
Net mark-up/return/profit income	14,845,226	22,880	-	(11,334,508)	3,533,598
Inter segment revenue - net	(18,005,539)	-	-	18,005,539	-
Non mark-up / return / interest income	558,758	57	-	396,123	954,938
Total Income	(2,601,555)	22,937	-	7,067,154	4,488,536
Segment direct expenses	(57,547)	(2,109)	-	(3,123,452)	(3,183,108)
Inter segment expense allocation	(73,527)	(17,160)	-	(820,884)	(911,571)
Total expenses	(131,074)	(19,269)	-	(3,944,336)	(4,094,679)
Provisions	(879)	-	-	223,689	222,810
Profit / (Loss) before tax	(2,733,508)	3,668	-	3,346,507	616,667

	December 31, 2023 (Audited)				Total
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	
	----- Rupees in '000 -----				
Balance Sheet					
Cash & Bank balances	47,605,256	-	-	7,367,183	54,972,439
Investments	166,503,472	-	-	(105,592)	166,397,880
Net inter segment lending	-	-	-	183,460,692	183,460,692
Lendings to financial institutions	-	-	-	-	-
Advances - performing	49,100	694,211	-	45,560,405	46,303,716
- non-performing (net)	-	-	-	6,225,186	6,225,186
Others	6,323,118	3,344	-	22,846,093	29,172,555
Total Assets	220,480,946	697,555	-	265,353,967	486,532,468
Borrowings	35,883,940	-	-	2,383,500	38,267,440
Subordinated debt	-	-	-	-	-
Deposits & other accounts	-	-	-	224,841,914	224,841,914
Net inter segment borrowing	182,771,285	689,407	-	-	183,460,692
Others	299,727	8,148	-	14,826,197	15,134,072
Total liabilities	218,954,952	697,555	-	242,051,611	461,704,118
Equity	1,525,994	-	-	23,302,356	24,828,350
Total Equity & liabilities	220,480,946	697,555	-	265,353,967	486,532,468
Contingencies & Commitments	115,302,612	-	-	30,837,799	146,140,411

39 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 99.97% 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, 2024 (Un-audited)			December 31, 2023 (Audited)		
	Director	Key Management Personal	Other Related Parties	Director	Key Management Personal	Other Related Parties
----- Rupees in '000 -----						
Investments						
Opening balance	-	-	-	-	-	-
Investment made during the period / year	-	-	-	-	-	-
Investment redeemed / disposed off during the period / year	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-
Advances						
Opening balance	-	211,890	64,377	-	222,730	-
Addition during the period / year	-	56,013	-	-	15,342	-
Repaid during the period / year	-	31,524	-	-	70,836	-
Transfer in / (out) - net	-	21,100	-	-	44,654	64,377
Closing balance	-	257,479	64,377	-	211,890	64,377
Other Assets						
Interest / mark-up accrued	-	234	3,927	-	226	4,029
Other receivables	-	-	-	-	-	-
	-	234	3,927	-	226	4,029
Deposits and other accounts						
Opening balance	1,040	66,089	1,616,287	5,101	304,178	1,837,495
Received during the period / year	4,221	827,532	4,391,198	28,089	1,023,861	12,602,719
Withdrawn during the period / year	4,706	789,476	2,783,900	26,365	1,226,908	12,823,927
Transfer in / (out) - net	14	46,557	-	(5,785)	(35,042)	-
Closing balance	569	150,702	3,223,585	1,040	66,089	1,616,287
Other Liabilities						
Premium payable	-	-	-	-	-	-
Interest / mark-up payable	-	539	26,449	15	3,355	96,812

	June 30, 2024 (Un-audited)			June 30, 2023 (Un-audited)		
	Director	Key Management Personal	Other Related Parties	Director	Key Management Personal	Other Related Parties
----- Rupees in '000 -----						
Income:						
Mark-up / return / interest earned	-	4,366	7,915	-	4,515	3,128
Fee and commission income	-	9	3,123	1	6	26
Net gain on sale of securities	-	-	-	-	-	-
Other income	-	-	704	-	-	630
Expenses:						
Mark-up / return / interest paid	77	14,142	207,762	86	10,663	198,548
Remuneration paid	-	177,983	-	-	163,516	-
Contribution to provident fund	-	7,728	-	-	9,587	-
Provision for gratuity	-	20,924	-	-	9,028	-
Other staff benefits	-	35,110	-	-	27,189	-
Directors' meetings fee	10,820	-	-	14,500	-	-
Other expenses	150	-	-	250	-	-
Insurance premium paid	-	-	85,576	-	-	40,915
Others:						
Sale of Government Securities	-	-	-	-	-	-
Purchase of Government Securities	-	-	360,000	-	-	200,000
Gratuity paid	-	6,069	-	-	4,848	2,504
Leave encashment	-	1,540	-	-	4,000	-
Expenses recovered under agency arrangement	-	-	25	-	-	34
Insurance claims settled	-	-	5,862	-	-	4,464

As at the date of consolidated statement of financial position, loans/advances and deposits of government related entities amounted to Rs. 39,500 million (note 12) and Rs. 147,246 million (note 20). The above includes deposits amounting to Rs. 50,915.01 (2023: Rs. 46,275.31) million received through the Finance Department, Government of Sindh.

	June 30, 2024 Un-audited	December 31, 2023 Audited
	----- (Rupees '000) -----	
40 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	<u>24,452,547</u>	<u>23,876,673</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	12,456,839	9,024,409
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	<u>12,456,839</u>	<u>9,024,409</u>
Eligible Tier 2 Capital	<u>148,047</u>	<u>29,130</u>
Total Eligible Capital (Tier 1 + Tier 2)	<u>12,604,886</u>	<u>9,053,539</u>
Risk Weighted Assets (RWAs):		
Credit Risk	36,759,234	31,857,368
Market Risk	4,452,800	5,367,513
Operational Risk	<u>14,262,320</u>	<u>14,262,320</u>
Total Risk Weighted Assets	<u>55,474,354</u>	<u>51,487,201</u>
Common Equity Tier 1 Capital Adequacy ratio	<u>22.46%</u>	<u>17.53%</u>
Tier 1 Capital Adequacy Ratio	<u>22.46%</u>	<u>17.53%</u>
Total Capital Adequacy Ratio	<u>22.72%</u>	<u>17.58%</u>
Notional minimum capital requirements prescribed by SBP		
CET1 minimum ratio	6.00%	6.00%
Tier 1 minimum ratio	7.50%	7.50%
Total capital minimum ratio	10.00%	10.00%
Total capital minimum ratio plus CCB	11.50%	11.50%
Approach followed for determining Risk Weighted Assets		
Credit Risk	Comprehensive Maturity method Basic Indicator	Comprehensive Maturity method Basic Indicator
Market Risk		
Operational Risk		
	June 30, 2024 Un-audited	December 31, 2023 Audited
	----- (Rupees '000) -----	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	12,456,839	9,024,409
Total Exposures	<u>332,867,521</u>	<u>299,187,871</u>
Leverage Ratio (%)	<u>3.74%</u>	<u>3.02%</u>
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	139,290,679	163,924,564
Total Net Cash Outflow	<u>37,651,151</u>	<u>38,601,138</u>
Liquidity Coverage Ratio (%)	<u>370%</u>	<u>425%</u>
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	196,054,059	174,179,315
Total Required Stable Funding	<u>121,556,637</u>	<u>87,937,281</u>
Net Stable Funding Ratio	<u>161%</u>	<u>198%</u>

41 GENERAL

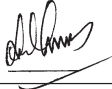
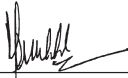



- 41.1 Comparative information has been reclassified, rearranged or additionally incorporated in these unconsolidated condensed interim financial statements for the purposes of better presentation.
- 41.2 The Bank has not restated comparative information for 2023 for financial instruments in the scope of IFRS-09. Therefore, the comparative information for 2023 is reported under previous local regulatory requirements and is not comparable with the information presented for 2024.
- 41.3 The effect of reclassification, rearrangement, restatement in the comparative information presented in these consolidated condensed interim financial statements due to adoption of revised forms for the preparation of condensed interim financial statements as mentioned in note 4.1 is as follows:

Description of Item	Nature	Rupees in '000'	From	To
Right of use assets	Asset	2,704,359	Property and equipment	Right-of-use assets
Lease liabilities against right of use assets	Liability	3,231,133	Other liabilities	Lease liabilities

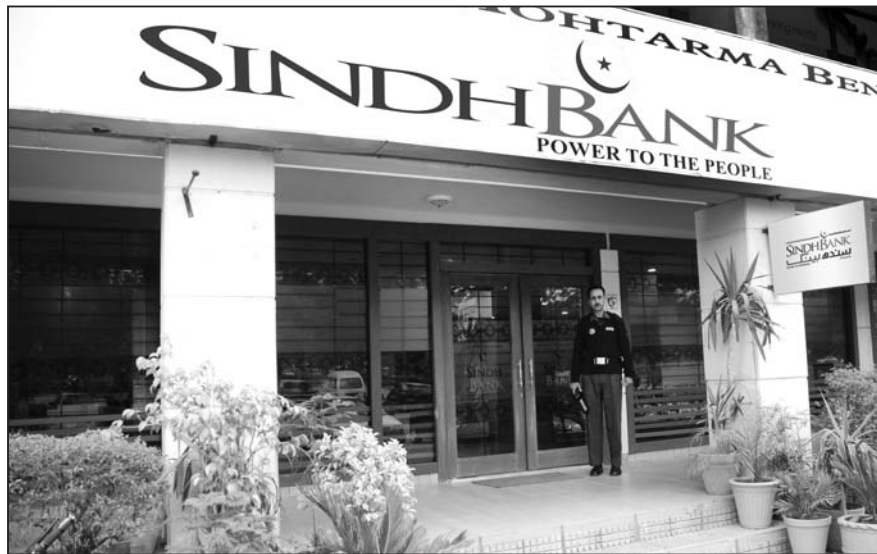
- 41.4 Figures have been rounded off to the nearest thousand Rupees.

42 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue by the Board of Directors on August 30, 2024.

				
Chief Financial Officer	President and Chief Executive Officer	Director	Director	Chairman

Branch Network



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Number of Branches

S.No.	Regions	No. of Branches
1	Karachi Areas	93
2	Balochistan Areas	16
3	Sindh Rural Areas	97
4	Central Region	101
5	North Region (KPK, Mirpur AJK & GB) Areas	23
	Total	330



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