



IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO



شہید و حترمہ بینظیر بھٹو کی یاد میں

SINDH BANK
سندھ بینک

POWER TO THE PEOPLE

بااختیار عوام

Half Yearly
Financial
Statements
June 30, 2021

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VISION

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

MISSION

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

Corporate Information

Board of Directors

Mr. Anis A. Khan*	Chairman/Non-Executive Director
Syed Hasan Naqvi, Finance Secretary (GoS)*	Non Executive Director / Nominee of GoS
Mr. Asif Jahangir*	Non Executive Director / Nominee of GoS
Mrs. Masooma Hussain*	Non Executive Director
Mr. Javaid Bashir Sheikh*	Independent Director
Mr. Muhammad Naeem Sahgal*	Independent Director
Mr. Mohammed Aftab Alam*	Non Executive Director
Mr. Imran Samad	President & CEO

Chief Financial Officer

Saeed Jamal Tariq

Company Secretary

Muhammad Irfan Zafar

Auditors'

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

Legal Advisors

Mohsin Tayebaly & Co

Share Registrar

CDC Share Registrar Services Ltd.

Registered / Head Office

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

Registration Number

0073917

NTN Number

3654008-7

Website

www.sindhbank.com.pk

*All Directors have been elected / re-elected in 10th AGM held on April 2, 2021, subject to the approval of SBP, which is awaited.

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, 2021. Review of performance is presented below.

(Rs. in '000)

Balance Sheet	As on June 30, 2021	As on Dec 31, 2020	% age Change
Paid up Capital	25,524,428	19,710,130	
Shares Deposit Money	-	2,000,000	
Proposed shares to be issued on amalgamation		3,814,298	
Reserves & Accumulated loss	(6,344,834)	(6,038,802)	-5.1%
Paid up Capital & Reserves	19,179,594	19,485,626	-1.6%
Deficit on Revaluation of Investments	(392,009)	(408,505)	
Equity	18,787,585	19,077,121	-1.5%
Borrowings	114,854,247	62,377,648	84.1%
Deposits	211,669,571	185,570,689	14.1%
Investments (carrying value)	247,452,443	170,818,493	44.9%
Gross Advances	75,934,766	76,355,873	-0.6%
Profit & Loss Account	Half Year ended June 30, 2021	Half Year ended June 30, 2020	%age Change
Markup/return/interest income	10,760,964	7,423,727	
Markup/return/interest expenses	(8,617,442)	(5,853,359)	
Net markup/return/interest income	2,143,522	1,570,368	36.5%
Gain/loss on sale of Investments	87,483	(184,377)	
Dividend Income	75,531	45,127	
Fee, Commission & Other Income	250,288	215,323	
Non-mark-up/non-interest income	413,302	76,073	443.3%
Non mark-up/interest expenses	(2,699,197)	(2,385,549)	(13.1%)
Provision/Diminution in value of investments	(163)	(143)	
Provision-specific & general against advances	(316,767)	242,614	
Total (Provision)/Reversal of Provision	(316,930)	242,471	230.7%
(Loss) before Tax & provisions	(142,373)	(739,108)	80.7%
(Loss) before Tax	(459,303)	(496,637)	
(Loss) after Tax	(306,032)	(346,005)	
(Loss) per share (Rupees)	(0.12)	(0.18)	
Other Information	As on June 30, 2021	As on Dec 31, 2020	%age Change
No. of Accounts	517,182	499,760	3.5%
Number of Branches	330	330	

Pre-tax Loss for the half-year ended June 30, 2021 amounted to Rs.459.3 mn compared to pre-tax Loss of Rs.496.6 mn during the first half of last year. Excluding the impact of reversal of Loan loss provisions last year, the Bank recorded a significant improvement in its core profitability as its Loss before tax & provisions stood reduced to Rs 142.4 mn compared to Rs.739.1 mn last year. The improvement was brought about by increases of (i) Rs.573.2 mn i.e. 36.5% in net markup/interest income, (ii) Rs.337.2 mn i.e.443.3% in other income supported by increases in capital gains, dividends, FX income and a marginal increase in Fee & Commission.

The Bank continued its forward momentum in the area of Home Remittances and achieved yet another period of stellar results, as given below:

2020 (HY June 30)		2021 (HY June 30)		% age Increase	
Transactions	Amount in USD	Transactions	Amount in USD	Transactions	Amount in USD
16,038	7,065,113	54,664	31,171,278	240.8%	341.2%

Improvement of 36.5% in Net Interest Earned was enabled by significant rise in Customers deposits from Rs.155.3 bn as at June 30, 2020 to Rs.211.7 bn on June 30, 2021 combined with reduction in cost of deposits from 7.5% to 5.1% during the respective half years. Borrowings (mainly for arbitrage) increased to Rs.114.8 bn on June 30, 2021 compared to Rs.39.9 bn at June 30, 2020. These factors made more funds available for lending & investment by the Bank.

Compared to December 31, 2020, Total Assets increased by 28.9% standing at Rs.352.7 bn on June 30, 2021 whereas carrying value of Investments increased by 44.9% over the same period. Increase in Investments was in short term MTBs and floating rate PIBs. Gross Advances on the other hand decreased slightly by 0.6% to Rs. 75.9 bn.

Total Deposits increased by 14.1% to Rs. 211.7 bn from Rs. 185.6 bn on December 31, 2020. Number of customer accounts stood at 517,182 after increase of 17,422 accounts (i.e. 3.5%) during the period, depicting changing customer preferences and motivation by our retail banking team to introduce new customers

Credit Rating

VIS Credit Rating Company Limited reaffirmed the Bank's long term entity rating of **A+ (Single A Plus)** and short term rating of A-1 (A-one) in its report dated June 30, 2021.

Economic Review

All time high Remittances of US\$ 29.3 bn on the back of various incentives offered by SBP, inflow of US\$ 1.8 bn in Roshan Digital Accounts. Exports of US\$ 25.6 bn and GDP growth of 3.9% during FY 2021 made the economic headlines. GDP growth is projected to be in the range of 4 - 5% during FY 2022.

Due to external flows under the IMF loan program and new Sukuk launch by GOP, Pakistan's FX reserves recorded an all-time high of US\$ 25 bn, at the same time containing Current Account Deficit ('CAD') at 0.6% of GDP. After recording surpluses in the first half, the deficit widened in the second half of FY 2021 due to pick up in domestic activity, vaccine and capital goods import payments and higher global commodity prices. MPC in their Statement of July 27, 2021 notes that the market-based flexible exchange rate system, resilience in remittances, an improving outlook for exports, and appropriate macro-economic policy settings should help contain the CAD in the range of 2-3% of GDP in FY 2022. SBP's forecast for FY 2022 depicts an encouraging picture, as FX reserves received a boost after receipt of US\$ 2.8 bn on account of IMF SDR rights and US\$ 1 bn against Sukuk issue. With 4% depreciation in the PKR/USD parity after June 30, 2021, PKR stands closer to its real value.

Average inflation in FY 2021 was 9.9% while it remained in the range of 9% - 11% during FY 2021, after touching a low of 5.7% in the month of January 2021. This occurred due to higher food and energy prices and increase in electricity tariff. Average inflation is projected to remain in the range of 7 - 9% during FY 2022.

PSX ended the HY ended June 30, 2021 on a positive note as the KSE-100 index posted a return of 8.1%, closing at 47,356 points compared to 43,755 points on December 31, 2020. Market performance was based on continuing accommodative economic policies as well as various proactive measures taken by GoP to tackle negative effects of the pandemic.

Sindh Microfinance Bank Limited (wholly owned subsidiary)

Sindh Microfinance Bank Limited ('SMFB') was established in May 2016 with the aim to improve access to finance at the grass roots level in Sindh Province with particular focus on women. To date SMFB has disbursed more than 150,000 loans of over Rs.4.4 bn through its presence in 78 business locations covering the province of Sindh.

SMFB continues to show profits despite a challenging situation due to the continuing COVID-19 pandemic, which has had a negative impact on portfolio growth and profitability during HY2021. As of June 30, 2021, net equity of SMFB stood at Rs.955.1 mn with a paid up capital of Rs.750 mn. Going forward, SMFB will continue to focus on strengthening its equity by various means, to enable it to apply for a national level license and extend its outreach to the whole of Pakistan.

The Pakistan Credit Rating Agency (PACRA) has maintained the ratings of A- for the long term and A2 for the short term with a stable outlook which in PACRA's perspective draw comfort from SMFB's liquidity position, profitability and low investment in non-earning assets.

Future Outlook

Going forward, MPC expects GDP growth to remain between 4 to 5% during FY 2022. Despite the recent momentum, risks remain due to the emergence of new variants of Covid-19 remain.

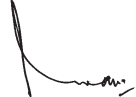
After outstanding performance by our retail banking team in 2020 and during 2021 (first half), Sindh Bank is well-positioned to pursue its goal of achieving sustained financial growth, strength and profitability. Hence, the management is determined to pursue its goals of (i) Recovery and reduction of Non-Performing Loans, (ii) increase NIM and Trade related fee income, with increased focus on Consumer, SME and Commercial business, restoring, building new correspondent banking relationships and establishing new tie-ups with major players in Home remittances industry, (iii) strengthening the risk and control environment, and (iv) focus on alternate delivery and service channels and other technologically superior solutions for making banking more accessible to our customers

Regarding reduction of NPLs, a factor that is critical to the Bank achieving its above goals are getting necessary enablers to affect a settlement with a major borrowers group and no fresh NPLs arising due to accountability related actions.

Acknowledgements

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

On behalf of the Board of Directors



Imran Samad
 President/CEO
 Karachi, September 29, 2021



Masooma Hussain
 Non Executive Director

ڈائریکٹرز رپورٹ

میں یورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2021 کو اختتام پذیر ششماہی کے لیے بینک کے مالیاتی نتائج پیش کر رہا ہوں۔
کارکردگی کا جائزہ درج ذیل ہے۔

(روپے 000 میں)

بیلنس شیٹ	30 جون 2021 پر	31 دسمبر 2020 پر	فیصد تبدیلی
اداشدہ سرمایہ	25,524,428	19,710,130	
حصص کی ڈپازٹ رقم	-	2,000,000	
انضمام پر مجوزہ حصص کا اجراء	-	3,814,298	
ذخائر اور جمع شدہ نقصان	(6,344,834)	(6,038,802)	-5.1%
اداشدہ سرمایہ اور ذخائر	19,179,594	19,485,626	-1.6%
سرمایہ کی دوبارہ قدر پذیری پر خسارہ	(392,009)	(408,505)	
ملکیتی سرمایہ	18,787,585	19,077,121	-1.5%
ادھار	114,854,247	62,377,648	84.1%
ڈپازٹس	211,669,571	185,570,689	14.1%
سرمایہ کاری (Carrying value)	247,452,443	170,818,493	44.9%
مجموعی ایڈوانسز	75,934,766	76,355,873	-0.6%
نفع نقصان کا کھاتہ	30 جون 2021 پر اختتام پذیر نصف سال پر	30 جون 2020 پر اختتام پذیر نصف سال پر	فیصد تبدیلی
مارک اپ/ریٹرنز/سودی آمدنی	10,760,964	7,423,727	
مارک اپ/ریٹرنز/سودی اخراجات	(8,617,442)	(5,853,359)	
خالص مارک اپ/ریٹرنز/سودی آمدنی	2,143,522	1,570,368	36.5%
سرمایہ کی فروخت سے آمدنی/(نقصان)	87,483	(184,377)	
منقسم آمدنی (Dividend income)	75,531	45,127	

نفع نقصان کا کھاتہ	30 جون 2021 پر اختتام پذیر نصف سال پر	30 جون 2020 پر اختتام پذیر نصف سال پر	فیصد تبدیلی
فیس، کمیشن اور دیگر آمدنی	250,288	215,323	
بنامارک اپ/غیر سودی آمدنی	413,302	76,073	443.3%
بنامارک اپ/غیر سودی اخراجات	(2,699,197)	(2,385,549)	(13.1%)
خصصات/سرمایہ کی گھٹی ہوئی قدر	(163)	(143)	
خصصات-ایڈوانسز کے لیے مخصوص اور عام	(316,767)	242,614	
کل خصصات	(316,930)	242,471	230.7%
(نقصان) قبل از ٹیکس اور خصصات	(142,373)	(739,108)	80.7%
(نقصان) قبل از ٹیکس	(459,303)	(496,637)	
(نقصان) بعد از ٹیکس	(306,032)	(346,005)	
(نقصان) فی شخص (روپے)	(0.12)	(0.18)	
دیگر معلومات	30 جون 2021 پر	31 دسمبر 2020 پر	فیصد تبدیلی
کھاتوں کی تعداد	517,182	499,760	3.5%
شاخوں کی تعداد	330	330	

30 جون 2021 کو اختتام پذیر ششماہی پر قبل از محصول نقصان کی مالیت 459.3 ملین روپے رہی جبکہ اس کے برعکس گزشتہ سال کی اسی مدت پر قبل از محصول نقصان کی مالیت 496.6 ملین روپے تھی۔ اگر گزشتہ سال قرضہ پر نقصان کی واپسی کی خصصات کے اثرات کو شامل نہ کریں، تو بینک نے اپنی بنیادی منافع بخشی میں کافی بہتری کا اندراج کیا جیسا کہ نقصان قبل از ٹیکس اور خصصات گھٹ کر 142.4 ملین روپے رہا اس کے مقابلے میں گزشتہ سال اس کی مالیت 739.1 ملین روپے تھی۔ اس بہتری کی درج ذیل وجوہات ہیں: (i) خالص مارک اپ/سودی آمدنی میں 573.2 ملین روپے یعنی 36.5 فیصد اضافہ، (ii) دیگر آمدنی میں 337.2 ملین روپے یعنی 443.3 فیصد اضافہ جس کی معاونت کیپیٹل گین، منقسمہ منافع، FX آمدنی اور فیس اور کمیشن کی مد میں معمولی اضافہ۔

بینک نے اندرونی ترسیل زر کے سلسلے میں اپنے آگے بڑھنے کی رفتار کو جاری رکھا اور ایک اور ششماہی میں بہترین نتائج حاصل کئے، جن کی تفصیل درج ذیل ہے۔

فیصد اضافہ		2021 (30 جون نصف سال)		2020 (30 جون نصف سال)	
امریکی ڈالر میں مالیت	لین دین	امریکی ڈالر میں مالیت	لین دین	امریکی ڈالر میں مالیت	لین دین
341.2%	240.8%	31,171,278	54,664	7,065,113	16,038

خالص سودی آمدن میں 36.5 فیصد اضافہ، 30 جون 2020 پر گاہکوں کے ڈپازٹس کے 155.3 ارب روپے سے بڑھ کر 30 جون 2021 پر 211.7 ارب روپے ہونے اور ساتھ ساتھ مذکورہ مدت میں ڈپازٹس کی لاگت 7.5 فیصد سے گھٹ کر 5.1 فیصد ہونے کی بدولت ہوا۔ قرضہ (mainly for arbitrage) 30 جون 2020 کے 39.9 ارب روپے سے بڑھ کر 30 جون 2021 پر 114.8 ارب روپے ہو گیا۔ ان عناصر کی وجہ سے بینک کے پاس قرضوں کی فراہمی اور سرمایہ کاری کے لیے زیادہ فنڈز دستیاب رہے۔

کل اثاثہ جات، 31 دسمبر 2020 کے مقابلے میں 28.9 فیصد اضافے کے ساتھ 30 جون 2021 پر بڑھ کر 352.7 ارب روپے رہے جبکہ اسی مدت میں سرمایہ کاری کی Carrying value میں 44.9 فیصد اضافہ ہوا۔ سرمایہ میں اضافہ قلیل المدت MTBs اور فلوئنگ ریٹ PIBs سے ہوا۔ دوسری جانب مجموعی ایڈونٹسز میں 0.6 فیصد کی معمولی کمی سے اس کی مالیت گھٹ کر 75.9 ارب روپے رہی۔

31 دسمبر 2020 کے 185.6 ارب کے کل ڈپازٹس 14.1 فیصد اضافے کے بعد 211.7 ارب روپے ہو گئے۔ اسی مدت کے دوران گاہکوں کے کھاتوں کی تعداد میں 17,422 کھاتوں (یعنی 3.5 فیصد) کے اضافے کے ساتھ انکی تعداد بڑھ کر 517,182 کھاتے ہو گئی جو کہ گاہکوں کی ترجیح ظاہر کرتی ہے اس میں ریٹیل بینکنگ ٹیم کی جانب سے نئے گاہکوں کو اکاؤنٹ کھولنے کی ترغیب دینے کی کوششیں بھی شامل ہیں۔

کریڈٹ ریٹنگ

VIS کریڈٹ ریٹنگ کمپنی نے اپنی 30 جون 2021 کی رپورٹ میں بینک کی طویل المدت درجہ بندی کے لیے 'A+' (مثبت A) اور قلیل المدت درجہ بندی کے لیے 'A-1' (A-ون) کی توثیق کی ہے۔

معاشی جائزہ

مالی سال 2021 میں 29.3 ارب امریکی ڈالر کی بلند ترین ترسیل زرخس کی پشت پناہی بینک دولت پاکستان کی متعدد ترغیبات رہیں، روشن ڈیجیٹل اکاؤنٹس سے 1.8 ارب امریکی ڈالر آئے اور برآمدات سے 25.6 ارب امریکی ڈالر آئے اور مجموعی قومی پیداوار میں 3.9 فیصد کی نمو معیشت کی شہ سرخیاں رہیں۔ مالی سال 2022 میں مجموعی قومی پیداوار کی نمو کا تخمینہ 4 تا 5 فیصد لگایا جا رہا ہے۔

IMF کے قرضے کے پروگرام اور حکومت پاکستان کے نئے سکوک کے اجراء کے سبب بیرونی بھاؤ سے پاکستان کے غیر ملکی زرمبادلہ کے ذخائر 25 ارب امریکی ڈالر کی بلند ترین سطح پر ہیں اور اس کے ساتھ جاری کھاتے کے خسارے ('CAD') کو مجموعی قومی پیداوار کے 0.6 فیصد پر برقرار رکھا۔ پہلے نصف میں زائد از ضرورت کا اندراج کرنے کے بعد مالی سال 2021 کے دوسرے نصف میں خسارہ بڑھا جس کی وجہ ملک میں کاروباری سرگرمی میں اضافہ، ویکسین اور کپڑوں کی گڈز کی درآمدات کی ادائیگیاں اور اجناس کی بلند تر عالمی قیمتیں ہیں۔ MPC نے اپنے 27 جولائی 2021 کے بیان میں بتایا کہ منڈی کی بنیاد پر پگھلاؤ مبادلہ نرخ کا نظام، ترسیل زریں اضافہ ہونے کی صلاحیت، برآمدات میں بہتر ہوتا ہوا منظر نامہ اور مناسب کئی معیشت کی پالیسی کی ترتیب، مالی سال 2022 میں جاری کھاتے کے خسارے کو مجموعی قومی پیداوار کا 2-3 فیصد تک رکھنے میں معاون ہوں گی۔ مالی سال 2022 کے لیے بینک دولت پاکستان کا تخمینہ ایک حوصلہ افزا تصویر پیش کرتا ہے جیسا کہ IMF SDR rights سے 2.8 ارب امریکی ڈالر اور سکوک کی اجراء سے 1 ارب امریکی ڈالر کی وصولی سے غیر ملکی زرمبادلہ کے ذخائر میں ایک بڑھاوا دیا ہے۔ جون 2021 کے بعد USD/ PKR کے مبادلہ کی مساوات میں 4 فیصد کی فرسودگی سے پاکستانی روپیہ اپنی اصل قدر کے قریب پہنچ گیا۔

مالی سال 2021 میں اوسط افراط زر 9.9 فیصد تھی جبکہ مالی سال 2021 کے دوران 9 فیصد تا 11 فیصد رہی۔ اس کی وجہ بلند تر غذا اور توانائی کی قیمتیں اور بجلی کے نرخ میں اضافہ ہیں۔ مالی سال 2022 کے دوران اوسط افراط زر اندازہ ہے کہ 7-9 فیصد رہے گا۔

30 جون 2021 پر اختتام پذیر نصف سال پر، پاکستان اسٹاک ایکسچینج نے مثبت رجحان دکھایا اور PSX-100 انڈیکس نے 8.1 فیصد کا اضافہ دکھایا اور 31 دسمبر 2020 کے 43,755 پوائنٹس سے بڑھ کر 47,356 پوائنٹس پر بند ہوا۔ منڈی کی کارکردگی کی بنیاد جاری فراخ دلانہ پالیسیوں کے ساتھ ساتھ حکومت پاکستان کی جانب سے عالمی وباء کے منفی اثرات سے نپٹنے کے لیے بروقت اٹھائے گئے اقدامات ہیں۔

مائیکرو فنانس بینک لمیٹڈ (مکمل طور پر ذیلی ادارہ)

سندھ مائیکرو فنانس بینک لمیٹڈ (SMFB)، نے مائیکرو فنانس آپریشن کا آغاز مئی 2016 میں کیا جس کا مقصد صوبہ سندھ میں معاشرے کی انتہائی پگھلی سطح تک فنانس کی رسائی کے خاص توجہ عورتوں کے روزگار کے مواقع پیدا کرنا۔ اب تک SMFB، صوبہ سندھ میں اپنی 78 کاروباری مقامات سے 14.4 ارب روپے مالیت کے 150,000 قرضوں کی فراہمی کر چکا ہے۔

SMFB نے مالی سال 2021 کے نصف سال کے دوران، کووڈ-19 کی عالمی وباء کے تسلسل سے پیدا ہونے والی مشکل صورتحال جس کی وجہ سے پورٹ فولیو کی نمو اور منافع بخشی پر ہونے والے منفی اثرات کے باوجود، SMFB منافع دکھا تا رہا۔ 30 جون 2021 پر

SMFB کی خالص ملکیتی سرمایہ کی مالیت 955.1 ملین روپے کے ساتھ ادا شدہ سرمایہ کی مالیت 750 ملین روپے رہی۔ آگے بڑھتے ہوئے، SMFB اپنی توجہ مختلف ذرائع سے اپنے ملکیتی سرمایہ کو مستحکم کرنے پر رکھے گا تاکہ وہ قومی سطح کے لائسنس کی درخواست دے اور وہ اپنی رسائی پورے پاکستان بھر میں فراہم کر سکے۔

پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے طویل المدت درجہ بندی کو "A" اور قلیل المدت درجہ بندی کو "A2" پر مستحکم منظر نامہ کے ساتھ برقرار رکھا ہے جو PACRA کی نظر میں SMFB کی سیالیت کی صورتحال، منافع بخشی اور غیر کمانے والے اثاثہ جات پر کم سرمایہ طمینان بخش ہے۔

مستقبل کا منظر نامہ

آگے بڑھتے ہوئے، MPC کو توقع ہے کہ مالی سال 2022 میں مجموعی قومی پیداوار کی نمو 4 تا 5 فیصد رہے گی۔ اس حالیہ تیزی کے باوجود کووڈ-19 کی لہر کے پھر سرائٹھانے کا خطرہ موجود ہے۔

سال 2020 اور 2021 میں ہماری ریٹیل بینکاری کی ٹیم کی غیر معمولی کارکردگی کے بعد، سندھ بینک بہتر پوزیشن میں آگیا ہے کہ اپنے تسلسل سے مالیاتی نمو، استحکام اور منافع بخشی کے مقاصد حاصل کرنے کی کوشش کرے گا۔ اس لیے انتظامیہ پر عزم ہے کہ اپنے مقاصد حاصل کرنے کی کوششیں جاری رکھے جن میں شامل ہیں (i) ناکارکردگی دکھانے والے قرضہ جات میں بحالی اور کی، (ii) NIM تجارت سے متعلق فیس کی آمدنی کے ساتھ SME، consumer اور تجارتی کاروبار، بحالی، نئی مراسلہ نگار (correspondent) بینکاری تعلقات کی تعمیر اور تزیل زر کی صنعت کے بڑے کھلاڑیوں سے نئے روابط کی تشکیل جیسے معاملات پر زیادہ توجہ مرکوز کرنا، (iii) خطرے اور نگرانی کے ماحول کو مضبوط کرنا اور، (iv) متبادل فراہمی اور خدمات کے ذرائع اور دیگر ٹیکنالوجی کی بنیاد پر اعلیٰ بینکاری کے حل جو گاہکوں کے لیے رسائی کے قابل ہو، پر توجہ دینا۔

غیر فعال قرضہ جات کو کم کرنے سے متعلق ایک ایسا عنصر جو بینک کے اوپر دیئے گئے مقاصد کے لیے انتہائی اہم ہے کہ بڑے قرضہ لینے والے ایک گروپ سے تصفیہ کے لیے کسی محرک کا ہونا ضروری ہے اور نئے غیر فعال قرضہ جات (NPLs) جو احتساب سے متعلق اقدامات کے سبب بڑھ سکتے ہیں۔

اعتراف

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

بورڈ آف ڈائریکٹرز کی جانب سے

عمران صد

صدر/CEO

کراچی، 29 ستمبر 2021

معصومہ حسین

نان ایگزیکٹو ڈائریکٹر

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of SINDH BANK LIMITED

Report on review of Condensed Interim Unconsolidated Financial Statements

Naveed Zafar Ashfaq Jaffery & Co.

Chartered Accountants

A member firm of



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Islamabad, Pakistan
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Fax: +92-51-2206283
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INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Sindh Bank Limited

Report on review of Condensed Interim Unconsolidated Financial Statements

Introduction

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of Sindh Bank Limited ("the Bank") as at June 30, 2021, and the related condensed interim unconsolidated profit and loss account, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity, and condensed interim unconsolidated statement of cash flows and notes to the condensed interim unconsolidated financial statements for the six-month period then ended (here-in-after referred to as "condensed interim unconsolidated financial statements"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with the approved accounting standards as applicable in Pakistan for the interim financial reporting. Our responsibility is to express a conclusion on the condensed interim financial information based on our review.

Scope of Review

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

Conclusion

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

Other Matter

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

Place: Islamabad
Date: September 29, 2021

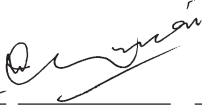
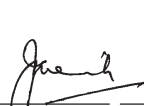
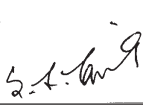

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

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Unconsolidated Condensed Interim Statement of Financial Position As At June 30, 2021

		June 30, 2021 Un-audited	December 31, 2020 Audited
Note		----- (Rupees in '000) -----	
ASSETS			
Cash and balances with treasury banks	7	16,793,809	14,486,693
Balances with other banks	8	3,481,713	4,185,277
Lendings to financial institutions	9	11,548,623	8,212,780
Investments	10	247,452,443	170,818,493
Advances-net	11	56,127,292	56,853,255
Fixed assets	12	2,856,661	3,265,367
Intangible assets	13	93,110	68,385
Deferred tax assets-net	14	10,462,616	10,182,327
Other assets	15	3,914,458	5,640,803
		352,730,725	273,713,380
LIABILITIES			
Bills payable	16	2,304,038	592,334
Borrowings	17	114,854,247	62,377,648
Deposits and other accounts	18	211,669,571	185,570,689
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	19	5,115,284	6,095,588
		333,943,140	254,636,259
NET ASSETS		18,787,585	19,077,121
REPRESENTED BY			
Share capital - net	20	25,524,428	19,710,130
Reserves		1,471,422	1,471,422
Shares deposit money	21	-	2,000,000
Proposed Ordinary shares to be issued on amalgamation	22	-	3,814,298
Deficit on revaluation of assets	23	(392,009)	(408,505)
Accumulated Loss		(7,816,256)	(7,510,224)
		18,787,585	19,077,121
CONTINGENCIES AND COMMITMENTS			
	24		

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

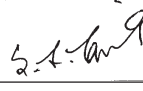
 Chairman President and Chief Executive Officer Director Director Chief Financial Officer

Unconsolidated Condensed Interim Profit and Loss Account (Un-audited) For The Half Year And Quarter Ended June 30, 2021

	Half year ended		Quarter ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Note	(Rupees in '000)			
Mark-up / Return / Interest Earned	25 10,760,964	7,423,727	5,822,223	3,727,975
Mark-up / Return / Interest Expensed	26 8,617,442	5,853,359	4,635,146	2,940,434
Net Mark-up / Interest Income	2,143,522	1,570,368	1,187,077	787,541
Non Mark-up / Interest Income				
Fee and Commission Income	27 163,670	139,823	92,907	70,909
Dividend Income	75,531	45,127	34,444	21,803
Foreign Exchange Income	85,300	68,821	26,856	61,255
Income / (loss) from derivatives	-	-	-	-
Gain / (Loss) on securities	28 87,483	(184,377)	78,350	(184,542)
Other Income	29 1,318	6,679	615	2,569
Total non-markup/interest Income	413,302	76,073	233,172	(28,006)
Total Income	2,556,824	1,646,441	1,420,249	759,535
Non Mark-up / Interest Expenses				
Operating expenses	30 2,635,481	2,385,544	1,326,868	1,186,580
Other charges	31 63,716	5	63,716	5
Total non-markup/interest expenses	2,699,197	2,385,549	1,390,584	1,186,585
(Loss) / Profit before provisions	(142,373)	(739,108)	29,665	(427,050)
Provisions and write offs - net	32 (316,930)	242,471	(300,147)	(502,981)
Extra ordinary / unusual items	-	-	-	-
Loss before Taxation	(459,303)	(496,637)	(270,482)	(930,031)
Taxation	33 (153,271)	(150,632)	(80,574)	(419,300)
Loss after Taxation	(306,032)	(346,005)	(189,908)	(510,731)
	(Rupees)			
Basic Loss per share	34 (0.12)	(0.18)	(0.07)	(1.28)
Diluted Loss per share	35 (0.12)	(0.18)	(0.07)	(1.28)

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



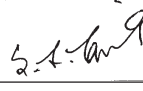
Chairman President and
Chief Executive Officer Director Chief Financial Officer

Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited) For The Half Year And Quarter Ended June 30, 2021

	Half year ended		Quarter ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	(Rupees in '000)			
Loss after taxation for the period	(306,032)	(346,005)	(189,908)	(510,731)
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in (deficit) / surplus on revaluation of investments - net of tax	<u>16,496</u> <u>(289,536)</u>	<u>1,853,717</u> <u>1,507,712</u>	<u>357,855</u> <u>167,947</u>	<u>1,226,288</u> <u>715,557</u>
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement gain / (loss) on defined benefit obligations - net of deferred tax	-	-	-	-
Total comprehensive income / (loss)	<u>(289,536)</u>	<u>1,507,712</u>	<u>167,947</u>	<u>715,557</u>

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



 Chairman President and Chief Executive Officer Director Director Chief Financial Officer

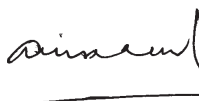
Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited) For The Half Year Ended June 30, 2021

	Share Capital	Proposed Ordinary shares to be issued on amalgamation	Shares Deposit Money	Capital Reserves			Surplus / (Deficit) on revaluation of Investments	Accumulated Loss **	Total
				Reserves on amalgamation	Share Premium	Statutory Reserve *			
	Rupees in '000								
Balance as at January 01, 2020	19,710,130	-	2,000,000	-	51	1,451,928	(1,780,577)	(4,304,331)	17,077,201
Loss for the half year ended June 30, 2020	-	-	-	-	-	-	-	(346,005)	(346,005)
Other comprehensive income - net of tax	-	-	-	-	-	-	1,853,717	-	1,853,717
Balance as at June 30, 2020	19,710,130	-	2,000,000	-	51	1,451,928	73,140	(4,650,336)	18,584,913
Loss for the half year ended December 31, 2020	-	-	-	-	-	-	-	(2,866,566)	(2,866,566)
Other comprehensive income /(loss) - net of tax	-	-	-	-	-	-	(481,645)	6,678	(474,967)
Proposed Ordinary shares to be issued and reserve upon amalgamation of Sindh Leasing Company Ltd	-	3,814,298	-	19,443	-	-	-	-	3,833,741
Balance as at December 31, 2020	19,710,130	3,814,298	2,000,000	19,443	51	1,451,928	(408,505)	(7,510,224)	19,077,121
Loss for the half year ended June 30, 2021	-	-	-	-	-	-	-	(306,032)	(306,032)
Other comprehensive income - net of tax	-	-	-	-	-	-	16,496	-	16,496
Issue of Shares during the period	5,814,298	(3,814,298)	(2,000,000)	-	-	-	-	-	-
Balance as at June 30, 2021	25,524,428	-	-	19,443	51	1,451,928	(392,009)	(7,816,256)	18,787,585

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

** As more fully explained in note 11.2.2 of these unconsolidated financial statements, unappropriated profit / (loss) includes an amount of Rs.9,284.38 million net of tax as at June 30, 2021 (December 31, 2020: Rs. 9,142.42 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.


Chairman


**President and
Chief Executive Officer**


Director

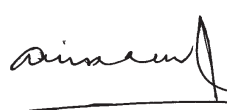

Director

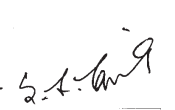

Chief Financial Officer

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited) For The Half Year Ended June 30, 2021

		June 30, 2021	June 30, 2020
	Note	----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		(459,303)	(496,637)
Less: Dividend income		(75,531)	(45,127)
		<u>(534,834)</u>	<u>(541,764)</u>
Adjustments:			
Depreciation	30	471,787	474,531
Amortisation	30	13,886	11,383
Provision against non-performing loans and advances - net	32	304,855	(393,136)
Provision for diminution in the value of investments - net	32	12,075	150,665
Gain on sale of operating fixed assets	29	(190)	(4,284)
		<u>802,413</u>	<u>239,159</u>
		267,579	(302,605)
(Increase) / decrease in operating assets			
Lendings to financial institutions		(3,335,843)	(5,836,900)
Advances - net		421,108	(1,438,183)
Other assets (excluding advance taxation)		<u>1,623,479</u>	<u>(777,029)</u>
		(1,291,256)	(8,052,112)
Increase / (decrease) in operating liabilities			
Bills payable		1,711,704	121,991
Borrowings from financial institutions		52,476,599	35,670,006
Deposits and other accounts		26,098,882	21,222,650
Other liabilities (excluding current taxation)		<u>(980,304)</u>	<u>727,073</u>
		<u>79,306,881</u>	<u>57,741,720</u>
		78,283,204	49,387,003
Income tax paid		<u>(35,400)</u>	<u>(22,535)</u>
Net cash flows from / (used in) operating activities		78,247,804	49,364,468
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in available-for-sale securities		(76,632,559)	(47,123,661)
Net investment in held-to-maturity securities		13,576	12,875
Dividends received		76,233	41,462
Investments in operating fixed assets		(101,744)	(100,114)
Sale proceeds from sale of fixed assets		242	5,559
Net cash flows from / (used in) investing activities		(76,644,252)	(47,163,879)
CASH FLOW FROM FINANCING ACTIVITIES			
		-	-
Increase in cash and cash equivalents		1,603,552	2,200,589
Cash and cash equivalents at the beginning of the year		18,671,970	14,391,336
Cash and cash equivalents at the end of the period	36	20,275,522	16,591,925

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



 Chairman President and Chief Executive Officer Director Director Chief Financial Officer

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) For The Half Year Ended June 30, 2021

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 (2020: 330) branches including 8 (2020: 8) sub-branches and 14 (2020: 14) Islamic banking branches in Pakistan. The Bank's registered office is located at 3rd floor, Federation House, Abdullah Shah Ghazi Road, Clifton, Karachi, Pakistan.
- 1.2** The Government of Sindh, through its Finance Department owns 99.96% ordinary shares of the Bank.
- 1.3** VIS Credit Rating Company Limited has reaffirmed the long term entity rating of A+ (Single A Plus) and short term rating of A-1 (A-one) in its report dated June 30, 2021.

1.4 Going Concern

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

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

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

2. BASIS OF PRESENTATION

- 2.1** The disclosures made in these unconsolidated condensed interim financial statements have been limited based on the format prescribed by the State Bank of Pakistan through BPRD Circular Letter No. 5 dated 22 March 2019 and the requirements of the International Accounting Standard 34, "Interim Financial Reporting". These do not include all of the information required for the full set of annual financial statements and should be read in conjunction with the financial statements of the Bank for the year ended 31 December 2020.

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

2.3 The financial results of the Islamic Banking branches have been consolidated in these unconsolidated condensed interim financial statements for reporting purposes, after eliminating material inter-branch transactions / balances. Key financial figures of the Islamic Banking branches are disclosed in note 41 to these unconsolidated condensed interim financial statements.

3. STATEMENT OF COMPLIANCE

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

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

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

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of this condensed interim unconsolidated financial information is the same as that applied in the preparation of the audited unconsolidated financial statements for the year ended December 31, 2020.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 The accounting policies adopted in the preparation of this unconsolidated condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2020.

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

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

Standard or Interpretation or Amendments	Effective date (annual periods beginning on or after)
IAS 37 - Onerous Contracts - Costs of fulfilling a Contract - (Amendments)	January 01, 2022
IFRS 3 - Business Combination - (Amendments)	January 01, 2022
IFRS 1 - First time adoption of International Financial Reporting Standards -Subsidiary	January 01, 2022
IFRS 9 - Annual improvement process Financial Instruments	January 01, 2022
IFRS 41 - Agriculture- Taxation in fair value measurements	January 01, 2022
IAS 1 - Classification of Liabilities as Current or Non - Current - (Amendments)	January 01, 2023

5.3 Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 1 - First time adoption of IFRSs	July 01, 2009
IFRS 17 - Insurance Contracts	January 01, 2023

IFRS 9 - Financial Instruments : has been applicable in several overseas jurisdictions from January 01, 2018 and is progressively being adopted in others. The requirements of IFRS 9 are incorporated in the bank financial statements for the jurisdictions where IFRS 9 has been adopted. As per the SBP's BPRD Circular Letter No. 24 dated July 05, 2021, the applicability of IFRS 9 to banks in Pakistan was deferred to accounting periods beginning on or after January 01, 2022.

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, 2020.

		June 30, 2021 Un-audited	December 31, 2020 Audited
	Note	----- (Rupees '000) -----	
7 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		4,758,409	4,961,892
Foreign currency		194,234	252,331
		4,952,643	5,214,223
With State Bank of Pakistan (SBP) in			
Local currency current accounts	7.1	9,364,195	6,707,459
Foreign currency current accounts	7.2	280,266	153,339
Foreign currency deposit accounts			
- Non Remunerative	7.3	77,592	73,605
- Remunerative	7.4	150,886	141,572
		9,872,939	7,075,975
With National Bank of Pakistan in			
Local currency current accounts		1,609,871	2,100,360
Local currency deposit accounts	7.5	14,071	10,790
		1,623,942	2,111,150
Prize bonds		344,285	85,345
		16,793,809	14,486,693

- 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 Nil profit (2020: 0.51% to 0.76%) per annum.
- 7.5** This includes savings account with National Bank of Pakistan carrying mark-up at 5.50% (2020: 5.50%) per annum.

	Note	June 30, 2021 Un-audited	December 31, 2020 Audited
		----- (Rupees '000) -----	
8 BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		30	30
In savings accounts	8.1	3,390	15,962
		3,420	15,992
Outside Pakistan			
In current accounts		3,478,293	4,169,285
		3,481,713	4,185,277

8.1 This includes savings account with a commercial bank carrying profit at the rate of 5.50% (2020: 5.50%) per annum.

9 LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings		-	3,000,000
Repurchase agreement lendings (Reverse Repo)	9.2 & 9.4	10,219,272	3,969,535
Bai Muajjal with financial institutions	9.3	1,329,351	583,245
Musharaka arrangements		-	660,000
		11,548,623	8,212,780
9.1 Particulars of lending			
In local currency		11,548,623	8,212,780
In foreign currencies		-	-
		11,548,623	8,212,780

9.2 This represents resale agreement lending with a financial institution and commercial banks carrying mark-up in the range of 7.10% to 7.35% (2020 :7.20%) per annum maturing up to July 09, 2021 (2020: March 18, 2021).

9.3 This represents arrangement with an Islamic bank carrying mark-up at 7.30% (2020: 6.50% to 7.20%) per annum maturing up to December 01, 2021 (2020: January 06, 2021).

9.4 Securities held as collateral against Lendings to financial institutions

	June 30, 2021 (Un-audited)			December 31, 2020 (Audited)		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	----- (Rupees '000) -----					
Market Treasury Bills	1,559,757	-	1,559,757	-	-	-
Pakistan Investment Bonds	8,689,010	-	8,689,010	3,854,420	-	3,854,420
Total	10,248,767	-	10,248,767	3,854,420	-	3,854,420

10 INVESTMENTS

10.1 Investments by type

	June 30, 2021 (Un-audited)				December 31, 2020 (Audited)			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
	----- Rupees in '000 -----							
Available-for-sale securities								
Federal Government Securities								
Market Treasury Bills	106,955,295	-	46,449	107,001,744	51,311,160	-	43,094	51,354,254
Pakistan Investment Bonds	118,727,316	-	(680,328)	118,046,988	97,956,376	-	(694,937)	97,261,439
Government of Pakistan - Ijarah Sukuk	1,501,265	-	11,895	1,513,160	1,500,026	-	(540)	1,499,486
Shares								
Listed	2,776,346	(344,001)	(56,334)	2,376,011	2,437,740	(369,853)	(42,599)	2,025,288
Unlisted	-	-	-	-	100,000	-	-	100,000
Non-government debt securities								
Sukuk certificates	48,213	-	(28)	48,185	96,428	-	(316)	96,112
Mutual funds	215,049	(32,991)	35,709	217,767	215,048	(32,991)	25,619	207,676
	<u>230,223,484</u>	<u>(376,992)</u>	<u>(642,637)</u>	<u>229,203,855</u>	<u>153,616,778</u>	<u>(402,844)</u>	<u>(669,679)</u>	<u>152,544,255</u>
Held-to-maturity securities								
Federal Government Securities								
Pakistan Investment Bonds	16,758,558	-	-	16,758,558	16,772,088	-	-	16,772,088
Preference Shares - Unlisted	77,708	(77,708)	-	-	77,708	(77,708)	-	-
Non-government debt securities								
Term finance certificates - Listed	224,235	-	-	224,235	224,235	-	-	224,235
Term finance certificates - Unlisted	859,044	(343,249)	-	515,795	859,090	(331,175)	-	527,915
	<u>17,919,545</u>	<u>(420,957)</u>	<u>-</u>	<u>17,498,588</u>	<u>17,933,121</u>	<u>(408,883)</u>	<u>-</u>	<u>17,524,238</u>
Investment in Subsidiary								
Fully paid ordinary shares	750,000	-	-	750,000	750,000	-	-	750,000
Total Investments	<u>248,893,029</u>	<u>(797,949)</u>	<u>(642,637)</u>	<u>247,452,443</u>	<u>172,299,899</u>	<u>(811,727)</u>	<u>(669,679)</u>	<u>170,818,493</u>

10.2 Investments given as collateral

Federal government securities

Pakistan Investment Bonds	92,748,000	52,185,578
Market Treasury Bills	19,936,563	8,384,972
	<u>112,684,563</u>	<u>60,570,550</u>

June 30,
2021
Un-audited
----- (Rupees '000) -----
December 31,
2020
Audited

	June 30, 2021 Un-audited	December 31, 2020 Audited
10.3 Provision for diminution in value of investments	----- (Rupees '000) -----	
10.3.1 Opening balance	811,727	504,993
Charge / reversals		
Charge for the period / year	12,075	306,734
Reversals for the period / year	-	-
Reversal on disposals for the period / year	(25,853)	-
Transfers - net	(13,778)	306,734
Closing Balance	797,949	811,727

	June 30, 2021 (Un-audited)		December 31, 2020 (Audited)	
	Non performing investments	Provision	Non performing investments	Provision
10.3.2 Particulars of provision against equity / debt investments	----- Rupees in '000 -----			
Category of classification				
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	969,044	797,949	994,895	811,727
Total	969,044	797,949	994,895	811,727

10.3.3 The Bank has availed the benefit of forced sale value of collateral against non-performing investments on the basis of instructions of the State Bank of Pakistan. Had the benefit not been taken by the Bank, provision against non-performing investments would have been higher by Rs. 171.09 million (2020: Rs.183.17 million). The resultant increase in profit due to FSV benefit taken will not be available for distribution as cash and stock dividend to shareholders.

10.4 The market value of securities classified as held-to-maturity as at June 30, 2021 amounted to Rs.18,121.50 million (December 31, 2020: Rs.18,251.19 million).

11 ADVANCES - NET

	Performing		Non Performing		Total	
	June 30, 2021 (Un-audited)	December 31, 2020 (Audited)	June 30, 2021 (Un-audited)	December 31, 2020 (Audited)	June 30, 2021 (Un-audited)	December 31, 2020 (Audited)
	----- Rupees in '000 -----					
Loans, cash credits, agriculture, running finances etc.	27,204,109	26,030,306	35,440,382	35,090,263	62,644,491	61,120,569
Commodity finance	9,654,931	10,644,226	-	-	9,654,931	10,644,226
Net investment in finance lease	1,476,905	1,674,341	239,029	240,215	1,715,934	1,914,556
Islamic financing and related assets						
Diminishing musharakah financing	1,461,972	2,218,351	14,695	-	1,476,667	2,218,351
Murabaha Financing	-	-	-	-	-	-
Ijarah financing under IFAS 2	27,278	38,002	-	-	27,278	38,002
	39,825,195	40,605,226	35,694,106	35,330,478	75,519,301	75,935,704
Bills discounted and purchased (excluding market treasury bills)						
Payable in Pakistan	392,632	401,727	-	-	392,632	401,727
Payable outside Pakistan	19,427	15,037	3,405	3,405	22,832	18,442
	412,059	416,764	3,405	3,405	415,464	420,169
Advances - gross	40,237,254	41,021,990	35,697,511	35,333,883	75,934,765	76,355,873
Provision for non-performing advances						
- Specific Provision	-	-	18,961,829	18,713,043	18,961,829	18,713,043
- Specific provision on Leasing Portfolio	-	-	843,274	787,367	843,274	787,367
- General provision against consumer and small enterprise advances	2,370	2,208	-	-	2,370	2,208
	2,370	2,208	19,805,103	19,500,410	19,807,473	19,502,618
Total Advances - Net	40,234,884	41,019,782	15,892,408	15,833,473	56,127,292	56,853,255

	June 30, 2021 Un-audited	December 31, 2020 Audited
	----- (Rupees '000) -----	
11.1 Particulars of advances (Gross)		
In local currency	75,934,765	76,355,873
In foreign currencies		
	<u>75,934,765</u>	<u>76,355,873</u>

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

		June 30, 2021 Un-audited		December 31, 2020 (Audited)	
Category of Classification	Note	Non performing Loans	Provision	Non performing Loans	Provision
----- Rupees in '000 -----					
Domestic					
Other Assets Especially Mentioned	11.2.1	17,542	-	34,523	-
Substandard		97,530	20,155	31,291	1,851
Doubtful		1,503,329	537,817	1,574,605	520,992
Loss		34,079,110	19,247,131	33,693,464	18,977,567
Total		35,697,511	19,805,103	35,333,883	19,500,410

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

11.2.2 The Bank has availed the benefit of forced sale value on plant and machinery under charge and mortgaged residential and commercial property (land and building only) held as collateral against non-performing advances on the basis of the instructions of the State Bank of Pakistan. Had the benefit not been taken by the Bank, specific provision against non-performing advances would have been higher by Rs.15,049.20 (2020: Rs. 14,987.57) million. The resultant increase in profit due to FSV benefit taken will not be available for distribution as cash and stock dividend to shareholders.

11.2.3 Particulars of provision against advances

	June 30, 2021 (Un-audited)			December 31, 2020 (Audited)		
	Specific	General	Total	Specific	General	Total
----- Rupees in '000 -----						
Opening balance	19,500,410	2,208	19,502,618	15,297,231	1,812	15,299,043
Exchange adjustments	-	-	-	-	-	-
Charge for the period	306,389	162	306,551	3,970,216	396	3,970,612
Reversals	(96,546)	-	(96,546)	(1,001,443)	-	(1,001,443)
	209,843	162	210,005	2,968,773	396	2,969,169
Amounts charged off - Agriculture loans	94,850	-	94,850	447,039	-	447,039
Net charge / (reversal) during the period	304,693	162	304,855	3,415,812	396	3,416,208
Transfer from Sindh Leasing Co. Ltd upon amalgamation	-	-	-	787,367	-	787,367
Amounts written off	-	-	-	-	-	-
Closing balance	<u>19,805,103</u>	<u>2,370</u>	<u>19,807,473</u>	<u>19,500,410</u>	<u>2,208</u>	<u>19,502,618</u>

11.2.3.1 General provision against consumer loans represents provision maintained at an amount equal to 1% (2020: 1%) of the fully secured performing portfolio and 4% (2020: 4%) of the unsecured performing portfolio as required by the Prudential Regulations issued by SBP. General provision against Small Enterprises financing represents provision maintained at an amount equal to 0% (2020: 0%) of the fully secured performing portfolio and 1% of the unsecured performing portfolio as required by the Prudential Regulations issued by SBP.

		June 30, 2021 Un-audited	December 31, 2020 Audited	
		----- (Rupees '000) -----		
12	FIXED ASSETS			
		Note		
	Capital work-in-progress	12.1	56,546	24,900
	Property and equipment		1,311,258	1,420,821
	Right of use assets		1,488,857	1,819,646
			<u>2,856,661</u>	<u>3,265,367</u>
12.1	Capital work-in-progress			
	Equipment		2,741	4,814
	Advances to suppliers		53,805	20,086
			<u>56,546</u>	<u>24,900</u>
			June 30, 2021	June 30, 2020
			Un-audited	
			----- Rupees in '000 -----	
12.2	Additions to fixed assets			
	The following additions have been made to fixed assets during the period:			
	Property and equipment :			
	Leasehold improvements		3,876	7,784
	Furniture and fixture		1,512	4,344
	Computer and office equipment		17,533	31,704
	Vehicles		8,576	14,619
	Total		<u>31,497</u>	<u>58,451</u>
	Disposal of fixed assets			
	The net book value of fixed assets disposed off during the period is as follows:			
	Furniture and fixture		21	-
	Vehicles		31	1,276
	Total		<u>52</u>	<u>1,276</u>
			June 30, 2021 Un-audited	December 31, 2020 Audited
			----- (Rupees '000) -----	
13	INTANGIBLE ASSETS			
	Computer Software		93,110	68,385
	Others		-	-
			<u>93,110</u>	<u>68,385</u>

	June 30, 2021	June 30, 2020
	Un-audited	
	----- Rupees in '000 -----	
Additions to intangible assets		
The additions to intangible assets during the period:		
Computer Software	<u>38,611</u>	<u>50,312</u>
Disposals of intangible assets		
The net book value of intangible assets disposed off during the period:	<u>-</u>	<u>-</u>
	June 30, 2021	December 31, 2020
	Un-audited	Audited
	----- (Rupees '000) -----	
14 DEFERRED TAX ASSETS - NET		
Deductible Temporary Differences on		
- Provision against advances - general	6,429,881	6,459,941
- Tax losses carried forward	3,291,358	3,118,099
- Provision for diminution in the value of investments	94,853	94,853
- Deficit on revaluation of investments	250,628	261,175
- Others	565,023	427,378
	<u>10,631,743</u>	<u>10,361,446</u>
Taxable Temporary Differences on		
- Accelerated tax depreciation - tangible fixed assets	(29,870)	(39,586)
- Net investment in Lease Finance	(131,859)	(131,859)
- Accelerated tax amortization - intangible assets	(7,398)	(7,674)
	<u>(169,127)</u>	<u>(179,119)</u>
	<u>10,462,616</u>	<u>10,182,327</u>
15 OTHER ASSETS		
Income/ Mark-up accrued in local currency	3,167,388	3,267,656
Accrued commission income	12,025	23,346
Advances, deposits, advance rent and other prepayments	159,951	61,980
Receivable against sale of shares	-	1,573,718
Unrealised gain on forward forex revaluation - net	186,136	229,271
Insurance premium receivable against agriculture loans	13,425	13,271
Stationery and stamps on hand	9,412	11,445
Dividends receivable	-	702
Receivable against 1 Link ATM settlement account	162,488	162,873
Advance Taxation - net	147,604	249,768
Acceptances	2,816	7,671
Insurance claims receivable	509	371
Other receivables	52,704	38,731
	<u>3,914,458</u>	<u>5,640,803</u>
16 BILLS PAYABLE		
In Pakistan	2,304,038	592,334
Outside Pakistan	-	-
	<u>2,304,038</u>	<u>592,334</u>

		June 30, 2021 Un-audited	December 31, 2020 Audited
		----- (Rupees '000) -----	
17 BORROWINGS			
Secured			
Borrowings from State Bank of Pakistan			
- Under export refinance scheme	17.2	1,825,800	1,752,141
- Under long term finance facility	17.3	104,789	119,758
Repurchase agreement borrowings			
- State Bank of Pakistan (SBP)	17.4	95,336,376	57,883,940
- Other commercial banks / DFI's	17.5	17,587,282	2,621,809
		<u>112,923,658</u>	<u>60,505,749</u>
		<u>114,854,247</u>	<u>62,377,648</u>
17.1 Particulars of borrowings			
In local currency		114,854,247	62,377,648
In foreign currencies		-	-
		<u>114,854,247</u>	<u>62,377,648</u>
17.2	These represent borrowings from SBP under export refinance scheme at the rates ranging from 1.00% to 2.00% (2020: 1.00% to 2.00%) per annum having maturity upto six months.		
17.3	These represent borrowings from SBP under long term finance facility at the rate of 3.00% (2020: 3.00%) per annum having maturity upto 5 years.		
17.4	These represent repurchase agreement borrowings from State Bank of Pakistan at the rate of 7.06% (2020: 7.07%) per annum maturing on July 02, 2021 (2020: January 04, 2021). The carrying value of securities given as collateral against these borrowings is given in note 10.2.		
17.5	These represent repurchase agreement borrowings at the rates ranging from 7.55% to 7.70% (2020: 6.50% to 6.90%) per annum maturing on July 02, 2021 (2020: January 04, 2021). The carrying value of securities given as collateral against these borrowings is given in note 10.2.		

18 DEPOSITS AND OTHER ACCOUNTS

	June 30, 2021 (Un-audited)			December 31, 2020 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	----- Rupees in '000 -----					
Customers						
Current deposits	56,333,736	245,268	56,579,004	47,602,012	214,880	47,816,892
Savings deposits	79,402,829	778,510	80,181,339	74,259,411	815,417	75,074,828
Term deposits	70,744,918	358,170	71,103,088	58,407,259	353,557	58,760,816
Certificates of investment COI	5,000	-	5,000	16,600	-	16,600
Margin and other deposits	387,326	-	387,326	638,005	-	638,005
	<u>206,873,809</u>	<u>1,381,948</u>	<u>208,255,757</u>	<u>180,923,287</u>	<u>1,383,854</u>	<u>182,307,141</u>
Financial Institutions						
Current deposits	38,580	17	38,597	61,045	17	61,062
Savings deposits	1,732,173	-	1,732,173	1,623,450	-	1,623,450
Term deposits	1,553,000	-	1,553,000	1,489,000	-	1,489,000
Margin and other deposits	90,044	-	90,044	90,036	-	90,036
	<u>3,413,797</u>	<u>17</u>	<u>3,413,814</u>	<u>3,263,531</u>	<u>17</u>	<u>3,263,548</u>
	<u>210,287,606</u>	<u>1,381,965</u>	<u>211,669,571</u>	<u>184,186,818</u>	<u>1,383,871</u>	<u>185,570,689</u>

	June 30, 2021 Un-audited	December 31, 2020 Audited
19 OTHER LIABILITIES	----- (Rupees '000) -----	
Mark-up / return / interest payable in local currency	2,094,674	2,337,713
Mark-up / return / interest payable in foreign currency	2,325	3,539
Accrued expenses	172,901	101,623
Net defined benefit liability	39,261	72,270
Provision for compensated absences	174,059	179,686
Payable against purchase of operating fixed assets	15,234	42,714
Payable against purchase of shares	23,838	519,695
Retention money	53,829	56,376
Federal excise duty / sales tax on services payable	10,241	3,351
Lease liability	1,792,820	2,119,589
Withholding tax payable	34,401	32,736
Acceptances	2,816	7,671
Security deposit against lease contracts	390,760	400,237
Others	308,125	218,388
	<u>5,115,284</u>	<u>6,095,588</u>

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

20 SHARE CAPITAL

20.1 Authorised capital

June 30, 2021 Un-audited	December 31, 2020 Audited		June 30, 2021 Un-audited	December 31, 2020 Audited
Number of Shares			----- Rupees in '000 -----	
2,800,000,000	2,800,000,000	Ordinary shares of Rs.10 each	28,000,000	28,000,000

20.2 Issued, subscribed and paid-up share capital

		Fully paid in cash		
1,971,013,000	1,971,013,000	Ordinary shares of Rs.10 each	19,710,130	19,710,130
200,000,000	-	Right shares of Rs.10 each		
		issued during the period	2,000,000	-
381,429,817	-	Ordinary shares of Rs.10 issued		
		as consideration of amalgamation	3,814,298	-
<u>2,552,442,817</u>	<u>1,971,013,000</u>		<u>25,524,428</u>	<u>19,710,130</u>

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

21 SHARES DEPOSIT MONEY

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

		June 30, 2021 Un-audited	December 31, 2020 Audited
	Note	----- (Rupees '000) -----	
22 PROPOSED ORDINARY SHARES TO BE ISSUED ON AMALGAMATION			
Opening balance		3,814,298	3,814,298
Shares issued during the period / year		(3,814,298)	-
		<u>-</u>	<u>3,814,298</u>
23 DEFICIT ON REVALUATION OF ASSETS			
Available-for-sale securities			
Federal government securities		(621,984)	(652,382)
Fully paid ordinary shares - listed		(56,334)	(42,599)
Units of mutual funds (units / certificates)		35,709	25,618
Sukuk certificates		(28)	(316)
		<u>(642,637)</u>	<u>(669,679)</u>
Related deferred taxation		250,628	261,174
		<u>(392,009)</u>	<u>(408,505)</u>
24 CONTINGENCIES AND COMMITMENTS			
Guarantees	24.1	3,780,958	3,473,161
Commitments	24.2	157,961,664	99,865,985
Other contingent liabilities		-	-
		<u>161,742,622</u>	<u>103,339,146</u>
24.1 Guarantees:			
Financial guarantees		1,078,444	1,036,910
Performance guarantees		2,108,801	1,947,878
Other guarantees		593,713	488,373
		<u>3,780,958</u>	<u>3,473,161</u>
24.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		54,703	2,215,675
Commitments in respect of:			
- forward foreign exchange contracts	24.2.1	26,864,877	24,357,415
- forward lending	24.2.2	131,042,084	73,292,895
Other commitments		-	-
		<u>157,961,664</u>	<u>99,865,985</u>
24.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		11,503,424	9,983,985
Sale		15,361,453	14,373,430
		<u>26,864,877</u>	<u>24,357,415</u>
24.2.2 Commitments in respect of forward lending			
Forward repurchase agreement lending		113,037,990	60,551,083
Forward resale agreement borrowing		10,239,330	3,980,497
Undrawn formal standby facilities, credit lines and other commitments to lend	24.2.2.1	7,764,764	8,761,315
		<u>131,042,084</u>	<u>73,292,895</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.

		For the Half Year ended	
		June 30, 2021	June 30, 2020
		----- Un-audited -----	
		----- Rupees in '000 -----	
25	MARK-UP/RETURN/INTEREST EARNED		
	Loans and advances	2,046,326	3,258,922
	Investments	8,363,150	3,872,201
	Lendings to financial institutions	343,762	281,540
	Balances with banks	7,726	11,064
		<u>10,760,964</u>	<u>7,423,727</u>
26	MARK-UP/RETURN/INTEREST EXPENSED		
	Deposits	4,762,441	5,066,220
	Borrowings	3,710,285	614,148
	Cost of swaps against foreign currency deposits / borrowings	31,516	44,492
	Lease liability against right of use assets	113,200	128,499
		<u>8,617,442</u>	<u>5,853,359</u>
27	FEE AND COMMISSION INCOME		
	Branch banking customer fees	25,343	17,940
	Consumer finance related fees	626	283
	Card related fees (debit cards)	70,385	62,625
	Commission on trade	26,425	16,183
	Commission on guarantees	17,769	15,671
	Credit related fees	8,797	22,782
	Commission on remittances including home remittances	13,820	4,181
	Others	505	158
		<u>163,670</u>	<u>139,823</u>
28	GAIN / (LOSS) ON SECURITIES		
	Realised	87,483	(184,377)
	Unrealised - held for trading	-	-
		<u>87,483</u>	<u>(184,377)</u>
28.1	Realised gain/(loss) on:		
	Federal Government Securities	21,642	156,206
	Shares of listed companies	65,841	(340,583)
	Others investments	-	-
		<u>87,483</u>	<u>(184,377)</u>
29	OTHER INCOME		
	Gain on sale of operating fixed assets	190	4,284
	Rent on property	570	1,936
	Incidental charges	403	399
	Others	155	60
		<u>1,318</u>	<u>6,679</u>

30 OPERATING EXPENSES

		For the Half Year ended	
		June 30, 2021	June 30, 2020
Note		----- Un-audited -----	----- Rupees in '000 -----
Total compensation expense		30.1 1,308,040	1,164,608
Property expenses			
Rent & taxes		19,194	6,502
Insurance		17,007	14,441
Utilities cost		107,861	96,406
Security (including guards)		167,690	155,492
Repairs & maintenance (including janitorial charges)		10,024	9,406
Depreciation		32,821	32,257
Depreciation on right of use assets		330,789	320,797
		685,386	635,301
Information technology expenses			
Software maintenance		38,387	36,746
Hardware maintenance		40,959	33,487
Depreciation		11,414	7,077
Amortisation		13,886	11,383
Network charges		5,296	3,452
Others		10,371	5,427
		120,313	97,572
Other operating expenses			
Directors' fees and allowances		7,350	6,750
Fees and allowances to Shariah Board		2,554	2,540
Legal & professional charges		16,371	23,381
Outsourced services costs		58,058	57,200
Travelling & conveyance		15,576	12,762
NIFT clearing charges		12,333	10,650
Depreciation		96,763	114,400
Training & development		151	322
Postage & courier charges		11,779	8,496
Communication		59,211	57,712
Stationery & printing		44,008	36,202
Marketing, advertisement & publicity		17,614	15,643
Donations		-	-
Auditors' Remuneration	30.2	7,573	6,630
Repairs & maintenance		56,640	39,702
Brokerage and commission		6,342	7,507
Entertainment		25,561	20,628
Fees and subscription		59,249	42,361
Insurance expenses		4,980	4,582
Others		19,629	20,595
		521,742	488,063
		<u>2,635,481</u>	<u>2,385,544</u>

For the Half Year ended

June 30, 2021 **June 30, 2020**

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

Note

30.1 Total compensation expense

Managerial Remuneration

- Fixed
 - Variable Cash Bonus / Awards etc.
 Charge for defined benefit plan
 Contribution to defined contribution plan
 Rent & house maintenance
 Utilities
 Medical
 Conveyance
 Employee old age benefits contribution
 Leave Fare Assistance
 Staff Insurances
 Others

793,140	710,634
5,239	-
39,262	34,714
45,383	40,025
242,390	222,238
48,972	44,102
48,970	44,102
44,894	27,704
7,390	7,141
3,348	5,982
28,131	25,756
921	2,210
1,308,040	1,164,608

30.2 Auditors' remuneration

Audit fee
 Fee for other statutory certifications
 Special certifications and sundry advisory services
 Out-of-pocket expenses

6,077	5,524
555	505
499	238
442	363
7,573	6,630

31 OTHER CHARGES

Penalties imposed by the State Bank of Pakistan
 Others

63,716	5
-	-
63,716	5

32 PROVISIONS & WRITE OFFS - NET

Provisions for diminution in value of investments
 Provisions against investment in TFCs
 Reversal of Provisions against loans
 & advances - specific
 Provisions against loans & advances - specific
 Provisions against loans & advances - general
 Net provision during the period
 Fixed assets written off
 Bad debts written off directly

10.3.1	-	(24,258)
10.3.1	(12,075)	(126,407)
	83,118	1,110,392
	(387,810)	(717,113)
	(163)	(143)
11.2.3	(304,855)	393,136
	-	-
	-	-
	(316,930)	242,471

		For the Half Year ended	
		June 30, 2021	June 30, 2020
		----- Un-audited -----	
		----- Rupees in '000 -----	
33	TAXATION		
	Current	137,564	114,486
	Prior years	-	-
	Deferred	(290,835)	(265,118)
		<u>(153,271)</u>	<u>(150,632)</u>
34	BASIC LOSS PER SHARE		
	Loss for the period	<u>(306,032)</u>	<u>(346,005)</u>
	Weighted average number of ordinary shares	<u>2,466,381,172</u>	<u>1,971,013,000</u>
	Basic loss per share	<u>(0.12)</u>	<u>(0.18)</u>
35	DILUTED LOSS PER SHARE		
	Loss for the period	<u>(306,032)</u>	<u>(346,005)</u>
	Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)	<u>2,466,381,172</u>	<u>1,971,013,000</u>
	Diluted loss per share	<u>(0.12)</u>	<u>(0.18)</u>
36	CASH AND CASH EQUIVALENTS		
	Cash and Balances with Treasury Banks	16,793,809	16,044,253
	Balances with other banks	<u>3,481,713</u>	<u>547,672</u>
		<u>20,275,522</u>	<u>16,591,925</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, 2021 (Un-audited)				
Fair Value				
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	----- Rupees in '000 -----			
Financial assets measured at fair value				
Available-for-sale securities				
Pakistan Investment Bonds	-	118,046,988	-	118,046,988
Market Treasury Bills	-	107,001,744	-	107,001,744
Shares of listed companies	2,276,011	-	-	2,276,011
Units of mutual funds	118,587	99,180	-	217,767
Ijarah Sukuk - GoP	-	1,513,160	-	1,513,160
Sukuk bonds	-	48,185	-	48,185
	<u>2,394,598</u>	<u>226,709,257</u>	<u>-</u>	<u>229,103,855</u>
Off balance sheet financial instruments				
Foreign exchange contracts (purchase)	-	<u>11,503,424</u>	-	<u>11,503,424</u>
Foreign exchange contracts (sale)	-	<u>15,361,453</u>	-	<u>15,361,453</u>
December 31, 2020 (Audited)				
Fair Value				
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	----- Rupees in '000 -----			
Financial assets measured at fair value				
Available-for-sale securities				
Pakistan Investment Bonds	-	97,261,439	-	97,261,439
Market Treasury Bills	-	51,354,254	-	51,354,254
Shares of listed companies	2,025,288	-	-	2,025,288
Units of mutual funds	123,254	84,422	-	207,676
Ijarah Sukuk - GoP	-	1,499,486	-	1,499,486
Sukuk bonds	-	96,112	-	96,112
	<u>2,148,542</u>	<u>150,295,713</u>	<u>-</u>	<u>152,444,255</u>
Off balance sheet financial instruments				
Foreign exchange contracts (purchase)	-	<u>9,983,985</u>	-	<u>9,983,985</u>
Foreign exchange contracts (sale)	-	<u>14,373,430</u>	-	<u>14,373,430</u>

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, 2021 (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	4,984,787	11,990	-	(2,853,255)	2,143,522
Inter segment revenue - net	(7,155,894)	-	-	7,155,894	-
Non mark-up / return / interest income	234,830	235	-	178,237	413,302
Total Income	(1,936,277)	12,225	-	4,480,876	2,556,824
Segment direct expenses	(51,441)	(2,290)	-	(2,103,775)	(2,157,506)
Inter segment expense allocation	(54,169)	(8,993)	-	(478,529)	(541,691)
Total expenses	(105,610)	(11,283)	-	(2,582,304)	(2,699,197)
Provisions	(12,075)	-	-	(304,855)	(316,930)
Profit / (Loss) before tax	(2,053,962)	942	-	1,593,717	(459,303)
Balance Sheet					
Cash & Bank balances	9,881,551	-	-	10,393,971	20,275,522
Investments	247,452,443	-	-	-	247,452,443
Net inter segment lending	-	-	-	158,285,635	158,285,635
Lendings to financial institutions	11,548,623	-	-	-	11,548,623
Advances - performing	39,585	196,627	-	39,998,672	40,234,884
- non-performing (net)	-	289	-	15,892,119	15,892,408
Others	3,902,702	2,086	-	13,422,057	17,326,845
Total Assets	272,824,904	199,002	-	237,992,454	511,016,360

June 30, 2021 (Un-audited)				
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others
	Rupees in 000'			
Borrowings	113,028,447	-	-	1,825,800
Subordinated debt	-	-	-	-
Deposits & other accounts	-	-	-	211,669,571
Net inter segment borrowing	158,092,339	193,296	-	-
Others	178,168	5,706	-	7,235,448
Total liabilities	271,298,954	199,002	-	220,730,819
Equity	1,525,950	-	-	17,261,635
Total Equity & liabilities	272,824,904	199,002	-	237,992,454
Contingencies & Commitments	150,142,197	-	-	11,600,425

June 30, 2020 (Un-audited)				
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others
	Rupees in 000'			
Profit & Loss				
Net mark-up/return/profit income	3,512,558	12,410	-	(1,954,600)
Inter segment revenue - net	(4,030,769)	-	-	4,030,769
Non mark-up / return / interest income	(76,931)	105	-	152,899
Total Income	(595,142)	12,515	-	2,229,068
Segment direct expenses	(31,743)	(856)	-	(1,989,741)
Inter segment expense allocation	(36,321)	(9,308)	-	(317,580)
Total expenses	(68,064)	(10,164)	-	(2,307,321)
Provisions	(150,664)	-	-	393,135
Profit / (Loss) before tax	(813,870)	2,351	-	314,882

December 31, 2020 (Audited)				
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others
	Rupees in 000'			
Balance Sheet				
Cash & Bank balances	6,653,590	-	-	12,018,380
Investments	170,818,493	-	-	-
Net inter segment lending	-	-	-	128,207,417
Lendings to financial institutions	8,212,780	-	-	-
Advances - performing	40,376	245,343	-	40,734,063
- non-performing	-	-	-	15,833,473
Others	5,007,313	2,713	-	14,146,856
Total Assets	190,732,552	248,056	-	210,940,189

	December 31, 2020 (Audited)				
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
	Rupees in 000'				
Borrowings	60,625,508	-	-	1,752,140	62,377,648
Subordinated debt	-	-	-	-	-
Deposits & other accounts	-	-	-	185,570,689	185,570,689
Net inter segment borrowing	127,964,432	242,985	-	-	128,207,417
Others	607,750	5,071	-	6,075,101	6,687,922
Total liabilities	189,197,690	248,056	-	193,397,930	382,843,676
Equity	1,534,862	-	-	17,542,259	19,077,121
Total Equity & liabilities	190,732,552	248,056	-	210,940,189	401,920,797
Contingencies & Commitments	88,888,995	-	-	14,450,151	103,339,146

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

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

	June 30, 2021 (Un-audited)				December 31, 2020 (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	-	172,054	-	-	-	62,587	-	46,874
Addition during the period / year	-	8,198	-	-	-	130,665	-	-
Repaid during the period / year	-	13,721	-	-	-	18,430	-	46,874
Transfer in / (out) - net	-	13,130	-	-	-	(2,768)	-	-
Closing balance	-	179,661	-	-	-	172,054	-	-
Other Assets								
Interest / mark-up accrued	-	120	-	-	-	150	-	-
Other receivables	-	-	3	570	-	-	-	-
	-	120	3	570	-	150	-	-
Deposits and other accounts								
Opening balance	22,930	68,200	77,313	2,079,063	21,698	67,060	82,373	3,519,086
Received during the period / year	28,276	246,523	502,208	11,419,525	49,633	320,609	1,156,766	9,854,048
Withdrawn during the period / year	47,135	239,745	531,748	11,343,509	48,401	313,181	1,161,826	9,151,255
Transfer in / (out) - net	(31)	(41,848)	-	-	-	(6,288)	-	(2,142,816)
Closing balance	4,040	33,130	47,773	2,155,079	22,930	68,200	77,313	2,079,063
Other Liabilities								
Interest / mark-up payable	28	186	94	17,484	215	346	111	82,299

	June 30, 2021 (Un-audited)				June 30, 2020 (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	-	3,758	-	-	-	1,283	-	1,816
Fee and commission income	-	6	32	11	-	3	13	12
Net gain on sale of securities	-	-	-	251	-	-	-	-
Other income	-	-	-	570	-	-	-	1,787
Expenses:								
Mark-up / return / interest paid	133	1,637	636	70,701	288	2,166	1,727	221,973
Remuneration paid	-	99,866	-	-	-	89,451	-	-
Contribution to provident fund	-	4,533	-	-	-	3,660	-	-
Provision for gratuity	-	3,746	-	-	-	3,291	-	-
Other staff benefits	-	9,158	-	-	-	8,883	-	-
Directors' meetings fee	7,350	-	-	-	6,750	-	-	-
Other expenses	622	-	-	-	-	-	-	-
Insurance premium paid	-	-	-	38,663	-	-	-	37,604
Others:								
Sale of Government Securities	-	-	-	2,533,500	-	-	-	-
Purchase of Government Securities	-	-	-	150,000	-	-	-	-
Gratuity paid	-	4,647	-	-	-	-	-	-
Leave encashment	-	1,807	-	-	-	-	-	-
Expenses recovered under								
agency arrangement	-	-	-	56	-	-	-	86
Insurance claims settled	-	-	-	1,234	-	-	-	331

As at the date of unconsolidated statement of financial position, loans/advances and deposits of government related entities amounted to Rs.9,654.93 million and Rs.93,764.96 million respectively. The above includes deposits amounting to Rs.21,939.49 (2020: Rs.22,625.33) million received through the Finance Department, Government of Sindh.

	June 30, 2021 Un-audited	December 31, 2020 Audited
	----- (Rupees '000) -----	
40 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	<u>17,708,172</u>	<u>12,199,906</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	8,969,710	9,923,597
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	<u>8,969,710</u>	<u>9,923,597</u>
Eligible Tier 2 Capital	-	2,208
Total Eligible Capital (Tier 1 + Tier 2)	<u>8,969,710</u>	<u>9,925,805</u>
Risk Weighted Assets (RWAs):		
Credit Risk	39,483,954	40,317,959
Market Risk	19,972,752	17,878,718
Operational Risk	<u>7,107,436</u>	<u>7,107,436</u>
Total Risk Weighted Assets	<u>66,564,142</u>	<u>65,304,113</u>
Common Equity Tier 1 Capital Adequacy ratio	<u>13.48%</u>	<u>15.20%</u>
Tier 1 Capital Adequacy Ratio	<u>13.48%</u>	<u>15.20%</u>
Total Capital Adequacy Ratio	<u>13.48%</u>	<u>15.20%</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, 2021 Un-audited	December 31, 2020 Audited
	----- (Rupees '000) -----	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	8,969,710	9,923,597
Total Exposures	<u>278,204,114</u>	<u>269,894,296</u>
Leverage Ratio (%)	<u>3.22%</u>	<u>3.68%</u>
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	111,566,574	74,110,684
Total Net Cash Outflow	<u>25,200,525</u>	<u>20,177,398</u>
Liquidity Coverage Ratio (%)	<u>443%</u>	<u>367%</u>
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	170,761,252	128,910,815
Total Required Stable Funding	<u>71,937,333</u>	<u>49,505,620</u>
Net Stable Funding Ratio	<u>237%</u>	<u>260%</u>

41 ISLAMIC BANKING BUSINESS

The bank is operating with 14 Islamic Banking branches and 13 Islamic Banking Windows in Conventional branches (December 31, 2020 : 14 Islamic Banking branches and 13 Islamic Banking Windows).

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

		June 30, 2021 Un-audited	December 31, 2020 Audited
	Note	----- (Rupees '000) -----	
Assets			
Cash and balances with treasury banks		293,739	321,759
Balances with other banks		69,545	79,225
Due from financial institutions	41.1	1,329,351	1,243,245
Investments	41.2	1,660,525	1,690,998
Islamic financing and related assets	41.3	1,489,760	2,249,168
Fixed assets		164,454	184,141
Intangible assets		4,833	-
Deferred tax assets		-	1,738
Due from head office		-	54,018
Other assets		53,166	54,759
		5,065,373	5,879,051
Liabilities			
Bills payable		15,131	16,210
Due to financial institutions		285,000	-
Deposits and other accounts	41.4	4,003,065	5,078,878
Deferred tax liability		4,698	-
Due to head office		29,154	-
Other liabilities		203,042	241,590
		4,540,090	5,336,678
Net Assets		525,283	542,373
Represented By			
Islamic banking fund		1,000,000	1,000,000
Reserves		-	-
Surplus / (deficit) on revaluation of investments	41.8	7,348	(2,718)
Accumulated loss		(482,065)	(454,909)
		525,283	542,373
CONTINGENCIES AND COMMITMENTS	41.5		

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

		Half Year ended		
		June 30, 2021	June 30, 2020	
		----- Un-audited -----	----- Un-audited -----	
		----- Rupees in '000 -----	----- Rupees in '000 -----	
Note				
	Profit / return on financing, investments and placements earned	41.6	205,686	206,047
	Return on deposits and other dues expensed	41.7	144,802	160,815
	Net income earned before provisions		60,884	45,232
	Other income			
	Fee, commission and brokerage income		3,824	2,366
	Income from dealing in foreign currencies		5	70
	Dividend income		5,940	6,300
	Gain on sale / redemption of securities		-	-
	Other income		18	604
			9,787	9,340
	Total Income		70,671	54,572
	Other expenses			
	Administrative expenses		90,827	93,368
	Other charges		-	-
	Total Other Expenses		90,827	93,368
	Loss Before Provision		(20,156)	(38,796)
	Provisions and write offs - net		7,000	3,761
	Loss before taxation		(27,156)	(42,557)
	Taxation		-	-
	Loss after taxation		(27,156)	(42,557)

The cash flow statement of the business is as follows:

	Half Year ended	
	June 30, 2021	June 30, 2020
	----- Un-audited -----	
	----- Rupees in '000 -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(27,156)	(42,557)
Less: Dividend income	(5,940)	(6,300)
	(33,096)	(48,857)
Adjustments		
Depreciation	20,617	23,766
Amortisation	167	274
	20,784	24,040
	(12,312)	(24,817)
(Increase) / decrease in operating assets		
Balances with and due from financial institutions	(86,106)	-
Islamic financing and related assets - net	759,408	184,148
Due from head office	54,018	(221,732)
Other assets	1,593	(26,666)
	728,913	(64,250)
(Decrease) / increase in operating liabilities		
Bills payable	(1,079)	8,854
Due to financial institutions	285,000	(417,000)
Deposits and other accounts	(1,075,813)	534,131
Due to head office	29,154	-
Other liabilities	(38,549)	24,905
	(801,287)	150,890
	(84,686)	61,823
Income tax paid	-	-
Net cash flow from / (used in) operating activities	(84,686)	61,823
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in securities	46,976	397,765
Dividend received	5,940	6,300
Investment in operating fixed assets	(5,930)	(127)
Net cash flow from / (used in) investing activities	46,986	403,938
CASH FLOW FROM FINANCING ACTIVITIES	-	-
Increase in cash and cash equivalents	(37,700)	465,761
Cash and cash equivalents at beginning of the year	400,984	276,622
Cash and cash equivalents at end of the period	363,284	742,383

41.1 Due from financial institutions

	June 30, 2021 (Un-audited)			December 31, 2020 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	----- Rupees in '000 -----					
Musharaka arrangements	-	-	-	660,000	-	660,000
Bai Mujaal	1,329,351	-	1,329,351	583,245	-	583,245
	1,329,351	-	1,329,351	1,243,245	-	1,243,245

41.2 Investments

	June 30, 2021 (Un-audited)				December 31, 2020 (Audited)			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
----- Rupees in '000 -----								
Federal Government Securities:								
- Ijarah Sukuks	1,501,265	-	11,895	1,513,160	1,500,026	-	(540)	1,499,486
Islamic Fund:								
- Listed Companies	99,000	-	180	99,180	99,000	-	(3,600)	95,400
Non Government Debt Securities								
- Unlisted	48,213	-	(28)	48,185	96,428	-	(316)	96,112
Total Investments	<u>1,648,478</u>	<u>-</u>	<u>12,047</u>	<u>1,660,525</u>	<u>1,695,454</u>	<u>-</u>	<u>(4,456)</u>	<u>1,690,998</u>

41.3 Islamic financing and related assets

	June 30, 2021 Un-audited	December 31, 2020 Audited
----- (Rupees '000) -----		
Ijarah financing under IFAS 2	27,278	38,002
Murabaha Financing	-	-
Diminishing musharakah financing	1,476,667	2,218,351
	<u>1,503,945</u>	<u>2,256,353</u>
Less: provision against Islamic financing		
- Specific	14,185	7,185
- General	-	-
	<u>14,185</u>	<u>7,185</u>
Islamic financing and related assets - net of provisions	<u>1,489,760</u>	<u>2,249,168</u>

41.4 Deposits and other accounts

	June 30, 2021 (Un-audited)			December 31, 2020 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
----- Rupees in '000 -----						
Customers						
Current deposits	478,698	21,125	499,823	471,108	1,606	472,714
Savings deposits	1,543,777	90,454	1,634,231	1,963,033	91,860	2,054,893
Term deposits	814,766	-	814,766	1,445,863	-	1,445,863
Margin and other deposits	6,466	-	6,466	8,598	-	8,598
	<u>2,843,707</u>	<u>111,579</u>	<u>2,955,286</u>	<u>3,888,602</u>	<u>93,466</u>	<u>3,982,068</u>
Financial Institutions						
Current deposits	1,034	-	1,034	1,187	-	1,187
Savings deposits	581,715	-	581,715	470,593	-	470,593
Term deposits	465,000	-	465,000	625,000	-	625,000
Margin and other deposits	30	-	30	30	-	30
	<u>1,047,779</u>	<u>-</u>	<u>1,047,779</u>	<u>1,096,810</u>	<u>-</u>	<u>1,096,810</u>
	<u>3,891,486</u>	<u>111,579</u>	<u>4,003,065</u>	<u>4,985,412</u>	<u>93,466</u>	<u>5,078,878</u>

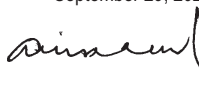
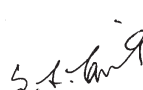
	June 30, 2021 Un-audited	December 31, 2020 Audited
41.5 Contingencies and Commitments	----- (Rupees '000) -----	
Guarantees	136,871	134,441
Letters of Credit	-	4,373
Commitments	-	-
	<u>136,871</u>	<u>138,814</u>
	For Half Year ended	
	June 30, 2021	June 30, 2020
	----- Un-audited -----	----- Rupees in '000 -----
41.6 Profit / Return on Financing, Investments and Placements earned		
Financing	99,116	179,504
Investments	56,059	24,620
Deposits with financial institutions	50,511	1,923
	<u>205,686</u>	<u>206,047</u>
41.7 Return on Deposits and other Dues Expensed		
Deposits and other accounts	128,993	131,913
Due to Financial Institutions	7,609	18,804
Amortisation of lease liability against right-of-use assets	8,200	10,098
Others	-	-
	<u>144,802</u>	<u>160,815</u>
	June 30, 2021 Un-audited	December 31, 2020 Audited
41.8 Islamic Banking Business Accumulated Loss	----- (Rupees '000) -----	
Opening Balance	(454,909)	(348,500)
Add: Islamic Banking loss for the period/year	(27,156)	(106,409)
Less: Taxation	-	-
Less: Reserves	-	-
Less: Transferred / Remitted to Head Office	-	-
	<u>-</u>	<u>-</u>
Closing Balance	<u>(482,065)</u>	<u>(454,909)</u>

42 GENERAL

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 September 29, 2021.

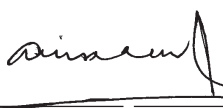
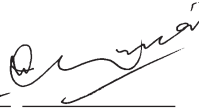
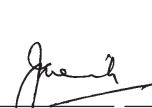
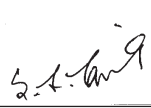
			
Chairman	President and Chief Executive Officer	Director	Chief Financial Officer

Consolidated Condensed Interim Statement of Financial Position As At June 30, 2021

AS At June 30, 2021

		June 30, 2021 Un-audited	December 31, 2020 Audited
	Note	----- (Rupees in '000) -----	
ASSETS			
Cash and balances with treasury banks	7	16,809,301	14,505,949
Balances with other banks	8	4,370,354	4,588,528
Lendings to financial institutions	9	11,548,623	8,212,780
Investments	10	246,702,443	170,756,426
Advances-net	11	56,830,306	57,407,061
Fixed assets	12	2,897,580	3,314,731
Intangible assets	13	95,819	71,154
Deferred tax assets-net	14	10,466,608	10,185,784
Other assets	15	3,994,323	5,745,156
		353,715,357	274,787,569
LIABILITIES			
Bills payable	16	2,304,038	592,334
Borrowings	17	115,604,247	63,127,648
Deposits and other accounts	18	211,655,775	185,634,979
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	19	5,158,540	6,162,737
		334,722,600	255,517,698
NET ASSETS		18,992,757	19,269,871
REPRESENTED BY			
Share capital - net	20	25,524,428	19,710,130
Reserves		1,522,731	1,519,626
Shares deposit money	21	-	2,000,000
Proposed Ordinary shares to be issued on amalgamation	22	-	3,814,298
Deficit on revaluation of assets	23	(392,009)	(408,505)
Accumulated Loss		(7,662,393)	(7,365,678)
		18,992,757	19,269,871
CONTINGENCIES AND COMMITMENTS		24	

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

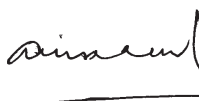





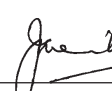
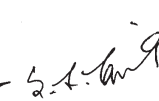
 Chairman President and Chief Executive Officer Director Director Chief Financial Officer

Consolidated Condensed Interim Profit And Loss Account (Un-audited) For The Half Year And Quarter Ended June 30, 2021

		Half year ended		Quarter ended	
		June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Note		(Rupees in '000)			
Mark-up / Return / Interest Earned	25	10,927,880	7,627,427	5,909,560	3,826,276
Mark-up / Return / Interest Expensed	26	8,645,502	5,904,108	4,648,936	2,967,819
Net Mark-up / Interest Income		2,282,378	1,723,319	1,260,624	858,457
Non Mark-up / Interest Income					
Fee and Commission Income	27	163,670	139,823	92,907	70,909
Dividend Income		75,531	45,127	34,444	21,803
Foreign Exchange Income		85,300	68,821	26,856	61,255
Income / (loss) from derivatives		-	-	-	-
Gain / (Loss) on securities	28	87,483	(184,377)	78,350	(184,542)
Other Income	29	1,318	6,679	615	2,569
Total non-markup/interest Income		413,302	76,073	233,172	(28,006)
Total Income		2,695,680	1,799,392	1,493,796	830,451
Non Mark-up / Interest Expenses					
Operating expenses	30	2,747,123	2,483,554	1,386,306	1,230,283
Other charges	31	63,716	5	63,716	5
Total non-markup/interest expenses		2,810,839	2,483,559	1,450,022	1,230,288
(Loss) / Profit Before Provisions		(115,159)	(684,167)	43,774	(399,837)
Provisions and write offs - net	32	(328,243)	229,172	(305,671)	(508,375)
Extra ordinary / unusual items		-	-	-	-
Loss before Taxation		(443,402)	(454,995)	(261,897)	(908,212)
Taxation	33	(149,792)	(138,951)	(78,988)	(413,502)
Loss after Taxation		(293,610)	(316,044)	(182,909)	(494,710)
(Rupees)					
Basic Loss per share	34	(0.12)	(0.16)	(0.07)	(1.27)
Diluted Loss per share	35	(0.12)	(0.16)	(0.07)	(1.27)

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



Chairman President and
Chief Executive Officer Director Director Chief Financial Officer

Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited) For The Half Year And Quarter Ended June 30, 2021

	Half year ended		Quarter ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	----- (Rupees in '000) -----			
Loss after taxation for the period	(293,610)	(316,044)	(182,909)	(494,710)
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in (deficit) / surplus on revaluation of investments - net of tax	<u>16,496</u> <u>(277,114)</u>	<u>1,853,717</u> <u>1,537,673</u>	<u>357,855</u> <u>174,946</u>	<u>1,226,288</u> <u>731,578</u>
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement gain / (loss) on defined benefit obligations - net of deferred tax	-	-	-	-
Total comprehensive income / (loss)	<u>(277,114)</u>	<u>1,537,673</u>	<u>174,946</u>	<u>731,578</u>

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


 Chairman


 President and Chief Executive Officer


 Director


 Director


 Chief Financial Officer

Consolidated Condensed Interim Statement Of Changes In Equity (Un-audited) For The Half Year Ended June 30, 2021

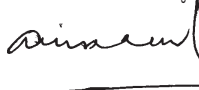
	Share Capital	Proposed Ordinary shares to be issued on amalgamation	Shares Deposit Money	Capital Reserves			Depositors protection fund reserve**	Surplus / (Deficit) on revaluation of Investments	Accumulated Loss ***	Total
				Reserves on amalgamation	Share Premium	Statutory Reserve *				
Rupees in '000										
Balance as at January 01, 2020	19,710,130	-	2,000,000	-	51	1,479,859	6,982	(1,780,577)	(4,199,658)	17,216,787
Loss for the half year ended June 30, 2020	-	-	-	-	-	-	-	-	(316,044)	(316,044)
Other comprehensive income - net of tax	-	-	-	-	-	-	-	1,853,717	-	1,853,717
Transfer to statutory reserve	-	-	-	-	-	5,992	-	-	(5,992)	-
Transfer to depositors' protection fund - 5% of the profit after tax for the period	-	-	-	-	-	-	1,498	-	(1,498)	-
Balance as at June 30, 2020	19,710,130	-	2,000,000	-	51	1,485,851	8,480	73,140	(4,523,192)	18,754,460
Loss for the period (six months) ended December 31, 2020	-	-	-	-	-	-	-	-	(2,843,843)	(2,843,843)
Other comprehensive income / (loss) - net of tax	-	-	-	-	-	-	-	(481,645)	7,158	(474,487)
Transfer to statutory reserve	-	-	-	-	-	4,641	-	-	(4,641)	-
Transfer to depositors' protection fund - 5% of the profit after tax for the period	-	-	-	-	-	-	1,160	-	(1,160)	-
Proposed Ordinary shares to be issued on amalgamation of Sindh Leasing Company Ltd	-	3,814,298	-	19,443	-	-	-	-	-	3,833,741
Balance as at December 31, 2020	19,710,130	3,814,298	2,000,000	19,443	51	1,490,492	9,640	(408,505)	(7,365,678)	19,269,871
Loss for the half year ended June 30, 2021	-	-	-	-	-	-	-	-	(293,610)	(293,610)
Other comprehensive income - net of tax	-	-	-	-	-	-	-	16,496	-	16,496
Transfer to statutory reserve	-	-	-	-	-	2,484	-	-	(2,484)	-
Transfer to depositors' protection fund - 5% of the profit after tax for the period	-	-	-	-	-	-	621	-	(621)	-
Issue of Shares during the period	5,814,298	(3,814,298)	(2,000,000)	-	-	-	-	-	-	-
Balance as at June 30, 2021	25,524,428	-	-	19,443	51	1,492,976	10,261	(392,009)	(7,662,393)	18,992,757

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

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

*** As more fully explained in note 11.2.2 of these consolidated financial statements, unappropriated profit / (loss) includes an amount of Rs.9,284.37 million net of tax as at June 30, 2020 (December 31, 2019: Rs. 9,541.05 million) representing additional profit arising from availing forced sale value benefit for determining provisioning requirement which is not available for the purpose of distribution of dividend to shareholders.

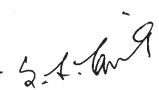
The annexed notes from 1 to 42 form an integral part of these consolidated condensed interim financial statements.


Chairman


**President and
Chief Executive Officer**


Director


Director

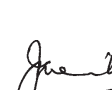
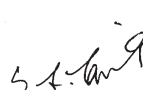

Chief Financial Officer

Consolidated Condensed Interim Cash Flow Statement (Un-audited) For The Half Year Ended June 30, 2021

		June 30, 2021	June 30, 2020
	Note	----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		(443,402)	(454,995)
Less: Dividend income		(75,531)	(45,127)
		<u>(518,933)</u>	<u>(500,122)</u>
Adjustments:			
Depreciation	30	482,165	485,708
Amortisation	30	13,886	11,383
Provision against non-performing loans and advances - net	32	315,102	(380,424)
Provision for diminution in the value of investments - net		12,075	150,665
Gain on sale of operating fixed assets	29	(190)	(4,284)
		<u>823,038</u>	<u>263,048</u>
		304,105	(237,074)
(Increase) / decrease in operating assets			
Lendings to financial institutions		(3,335,843)	(5,836,900)
Advances - net		261,653	(1,242,336)
Other assets (excluding advance taxation)		1,655,497	(802,272)
		<u>(1,418,693)</u>	<u>(7,881,508)</u>
Increase / (decrease) in operating liabilities			
Bills payable		1,711,704	121,991
Borrowings from financial institutions		52,476,599	35,620,006
Deposits and other accounts		26,020,796	21,143,721
Other liabilities (excluding current taxation)		(1,004,393)	721,861
		<u>79,204,706</u>	<u>57,607,579</u>
		78,090,118	49,488,997
Income tax paid		(46,748)	(36,400)
Net cash flows from / (used in) operating activities		78,043,370	49,452,597
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in available-for-sale securities		(76,632,559)	(47,103,908)
Net investment in held-to-maturity securities		701,509	(62,783)
Dividends received		76,233	41,462
Investments in operating fixed assets		(103,617)	(99,080)
Sale proceeds from sale of fixed assets		242	3,199
Net cash flows from / (used in) investing activities		(75,958,192)	(47,221,110)
CASH FLOW FROM FINANCING ACTIVITIES			
		-	-
Increase in cash and cash equivalents		2,085,178	2,231,487
Cash and cash equivalents at the beginning of the year		19,094,477	14,647,159
Cash and cash equivalents at the end of the period	36	21,179,655	16,878,646

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



Chairman President and Chief Executive Officer Director Director Chief Financial Officer

Notes To The Consolidated Condensed Interim Financial Statements For The Half Year Ended June 30, 2021

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 (2020: 330) branches including 8 (2020: 8) sub-branches and 14 (2020: 14) Islamic banking branches in Pakistan. The Bank's registered office is located at 3rd floor, Federation House, Abdullah Shah Ghazi Road, Clifton, Karachi, Pakistan.

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

1.1.3 VIS Credit Rating Company Limited has reaffirmed the long term entity rating of A+ (Single A Plus) and short term rating of A-1 (A-one) in its report dated June 30, 2021.

1.2 Subsidiary company

1.2.1 Sindh Microfinance Bank Limited

Sindh Microfinance Bank Limited (the Microfinance Bank) was incorporated on March 27, 2015 as a public company limited by shares under the Companies Ordinance, 1984. The Microfinance Bank obtained Microfinance banking license from State Bank of Pakistan (SBP) on October 16th, 2015, to operate in Sindh Province. Subsequently the Microfinance Bank has received the certificate of commencement of business from Securities & Exchange Commission of Pakistan (SECP) on November 30, 2015. The Microfinance Bank's registered office is situated at 39/F, 2nd Floor, Muhammad Ali Cooperative Housing Society, Karachi. The Microfinance Bank's principal business will be to provide microfinance services to the poor and underserved segment of the society as envisaged under the Microfinance Institutions Ordinance, 2001. The Microfinance Bank operates with a network of 17 (2020: 17) branches and 58 (2020: 58) services centers. The Bank holds 99.99% shares of the Microfinance Bank and remaining shares are held by the nominees of the Bank.

1.3 Going Concern

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

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

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

2. BASIS OF PRESENTATION

2.1 The disclosures made in these consolidated condensed interim financial statements have been limited based on the format prescribed by the State Bank of Pakistan through BPRD Circular Letter No. 5 dated 22 March 2019 and the requirements of the International Accounting Standard 34, "Interim Financial Reporting". These do not include all of the information required for the full set of annual financial statements and should be read in conjunction with the financial statements of the Group for the year ended 31 December 2020.

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

3. STATEMENT OF COMPLIANCE

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

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

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

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

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of this condensed interim consolidated financial information is the same as that applied in the preparation of the audited consolidated financial statements for the year ended December 31, 2020.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 The accounting policies adopted in the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Group for the year ended December 31, 2020.

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

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

Standard or Interpretation or Amendments	Effective date (annual periods beginning on or after)
IAS 37 - Onerous Contracts - Costs of fulfilling a Contract - (Amendments)	January 01, 2022
IFRS 3 - Business Combination - (Amendments)	January 01, 2022
IFRS 1 - First time adoption of International Financial Reporting Standards -Subsidiary	January 01, 2022
IFRS 9 - Annual improvement process Financial Instruments	January 01, 2022
IFRS 41 - Agriculture- Taxation in fair value measurements	January 01, 2022
IAS 1 - Classification of Liabilities as Current or Non - Current - (Amendments)	January 01, 2023

- 5.3 Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 1 - First time adoption of IFRSs	July 01, 2009
IFRS 17 - Insurance Contracts	January 01, 2023

IFRS 9 - Financial Instruments : has been applicable in several overseas jurisdictions from January 01, 2018 and is progressively being adopted in others. The requirements of IFRS 9 are incorporated in the group financial statements for the jurisdictions where IFRS 9 has been adopted. As per the SBP's BPRD Circular Letter No. 24 dated July 05, 2021, the applicability of IFRS 9 to banks in Pakistan was deferred to accounting periods beginning on or after January 01, 2022.

6. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Group for the year ended December 31, 2020.

		June 30, 2021 Un-audited	December 31, 2020 Audited
	Note	----- (Rupees '000) -----	
7 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		4,759,221	4,962,914
Foreign currency		194,234	252,331
		4,953,455	5,215,245
With State Bank of Pakistan (SBP) in			
Local currency current accounts	7.1	9,373,610	6,721,080
Foreign currency current accounts	7.2	280,266	153,339
Foreign currency deposit accounts			
- Non Remunerative	7.3	77,592	73,605
- Remunerative	7.4	150,886	141,572
		9,882,354	7,089,596
With National Bank of Pakistan in			
Local currency current accounts		1,615,136	2,100,360
Local currency deposit accounts	7.5	14,071	15,403
		1,629,207	2,115,763
Prize bonds		344,285	85,345
		16,809,301	14,505,949

- 7.1 This represents cash reserve required to be maintained with SBP as per the requirement of Section 22 of the Banking Companies Ordinance, 1962.
- 7.2 This represents US Dollar Settlement Account maintained with SBP.
- 7.3 This represents foreign currency (FCY) cash reserve maintained with SBP to comply with statutory reserve requirement applicable on Group's FCY deposits.
- 7.4 This represents foreign currency special cash reserve maintained with SBP. The Group is entitled to earn profit which is declared by SBP on a monthly basis. During the period, the SBP has declared Nil profit (2020: 0.51% to 0.76%) per annum.
- 7.5 This includes savings account with National Bank of Pakistan carrying mark-up at 5.50% (2020: 5.50%) per annum.

		June 30, 2021 Un-audited	December 31, 2020 Audited
	Note	----- (Rupees '000) -----	
8 BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		30	30
In savings accounts	8.1	892,031	419,213
		892,061	419,243
Outside Pakistan			
In current accounts		3,478,293	4,169,285
		4,370,354	4,588,528

- 8.1 This includes savings account with commercial banks and microfinance banks carrying mark-up ranging from 5.00% to 9.45% (2020: 5.50% to 10.75%) per annum.

9 LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings		-	3,000,000
Repurchase agreement lendings (Reverse Repo)	9.2 & 9.4	10,219,272	3,969,535
Bai Muajjal with financial institutions	9.3	1,329,351	583,245
Musharaka arrangements		-	660,000
		11,548,623	8,212,780
9.1 Particulars of lending			
In local currency		11,548,623	8,212,780
In foreign currencies		-	-
		11,548,623	8,212,780

- 9.2 This represents resale agreement lending with a financial institution and commercial banks carrying mark-up in the range of 7.10% to 7.35% (2020 :7.20%) per annum maturing up to July 09, 2021 (2020: March 18, 2021).

9.3 This represents arrangement with an Islamic bank carrying mark-up at 7.30%(2020: 6.50% to 7.20%) per annum maturing up to December 01, 2021 (2020: January 06, 2021).

9.4 Securities held as collateral against Lendings to financial institutions

	June 30, 2021 (Un-audited)			December 31, 2020 (Audited)		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
----- (Rupees '000) -----						
Market Treasury Bills	1,559,757	-	1,559,757	-	-	-
Pakistan Investment Bonds	8,689,010	-	8,689,010	3,854,420	-	3,854,420
Total	10,248,767	-	10,248,767	3,854,420	-	3,854,420

10 INVESTMENTS

10.1 Investments by type

	June 30, 2021 (Un-audited)				December 31, 2020 (Audited)			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
----- Rupees in '000 -----								
Available-for-sale securities								
Federal Government Securities								
Pakistan Investment Bonds	118,727,316	-	(680,328)	118,046,988	97,956,376	-	(694,937)	97,261,439
Market Treasury Bills	106,955,295	-	46,449	107,001,744	51,311,160	-	43,094	51,354,254
Government of Pakistan - Ijarah Sukuk	1,501,265	-	11,895	1,513,160	1,500,026	-	(540)	1,499,486
Shares								
Listed	2,776,346	(344,001)	(56,334)	2,376,011	2,437,740	(369,853)	(42,599)	2,025,288
Unlisted	-	-	-	-	100,000	-	-	100,000
Non-government debt securities								
Sukuk certificates	48,213	-	(28)	48,185	96,428	-	(316)	96,112
Mutual funds	215,049	(32,991)	35,709	217,767	215,048	(32,991)	25,619	207,676
	230,223,484	(376,992)	(642,637)	229,203,855	153,616,778	(402,844)	(669,679)	152,544,255
Held-to-maturity securities								
Federal Government Securities								
Pakistan Investment Bonds	16,758,558	-	-	16,758,558	16,772,088	-	-	16,772,088
Market Treasury Bills	-	-	-	-	12,933	-	-	12,933
Preference Shares - Unlisted	77,708	(77,708)	-	-	77,708	(77,708)	-	-
Term Deposits Accounts	-	-	-	-	675,000	-	-	675,000
Non-government debt securities								
Term finance certificates- Listed	224,235	-	-	224,235	224,235	-	-	224,235
Term finance certificates- Unlisted	859,044	(343,249)	-	515,795	859,090	(331,175)	-	527,915
	17,919,545	(420,957)	-	17,498,588	18,621,054	(408,883)	-	18,212,171
Total Investments	248,143,029	(797,949)	(642,637)	246,702,443	172,237,832	(811,727)	(669,679)	170,756,426

10.2 Investments given as collateral

Federal government securities

	June 30, 2021 Un-audited	December 31, 2020 Audited
Pakistan Investment Bonds	92,748,000	52,185,578
Market Treasury Bills	19,936,563	8,384,972
	<u>112,684,563</u>	<u>60,570,550</u>

10.3 Provision for diminution in value of investments

10.3.1 Opening balance	811,727	504,993
Charge / reversals		
Charge for the period / year	12,075	306,734
Reversals for the period / year	-	-
Reversal on disposals	(25,853)	-
Transfers - net	(13,778)	306,734
Closing Balance	<u>797,949</u>	<u>811,727</u>

June 30, 2021 (Un-audited)		December 31, 2020 (Audited)	
Non performing investments	Provision	Non performing investments	Provision
----- Rupees in '000 -----			

10.3.2 Particulars of provision against equity / debt investments

Category of classification

Domestic

Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	969,044	797,949	994,895	811,727
Total	<u>969,044</u>	<u>797,949</u>	<u>994,895</u>	<u>811,727</u>

10.3.3 The Bank has availed the benefit of forced sale value of collateral against non-performing investments on the basis of instructions of the State Bank of Pakistan. Had the benefit not been taken by the Bank, provision against non-performing investments would have been higher by Rs. 171.09 million (2020: Rs.183.17 million). The resultant increase in profit due to FSV benefit taken will not be available for distribution as cash and stock dividend to shareholders.

10.4 The market value of securities classified as held-to-maturity as at June 30, 2021 amounted to Rs.18,121.50 million (December 31, 2020: Rs.18,251.19 million).

11 ADVANCES

	Performing		Non Performing		Total	
	June 30, 2021 (Un-audited)	December 31, 2020 (Audited)	June 30, 2021 (Un-audited)	December 31, 2020 (Audited)	June 30, 2021 (Un-audited)	December 31, 2020 (Audited)
----- Rupees in '000 -----						
Loans, cash credits, agriculture, running finances etc.	27,907,739	26,584,981	35,454,558	35,095,583	63,362,297	61,680,564
Commodity finance	9,654,931	10,644,226	-	-	9,654,931	10,644,226
Net investment in finance lease	1,477,148	1,674,341	239,029	240,215	1,716,177	1,914,556
Islamic financing and related assets						
Diminishing musharakah financing	1,461,972	2,218,351	14,695	-	1,476,667	2,218,351
Murabaha Financing	-	-	-	-	-	-
Ijarah financing under IFAS 2	27,278	38,002	-	-	27,278	38,002
	40,529,068	41,159,901	35,708,282	35,335,798	76,237,350	76,495,699
Bills discounted and purchased (excluding market treasury bills)						
Payable in Pakistan	392,632	401,727	-	-	392,632	401,727
Payable outside Pakistan	19,427	15,037	3,405	3,405	22,832	18,442
	412,059	416,764	3,405	3,405	415,464	420,169
Advances - gross	40,941,127	41,576,665	35,711,687	35,339,203	76,652,814	76,915,868
Provision for non-performing advances						
- Specific	-	-	18,970,100	18,713,952	18,970,100	18,713,952
- Specific provision on Leasing portfolio	-	-	843,274	787,367	843,274	787,367
- General provision against consumer and small enterprise advances	9,134	7,488	-	-	9,134	7,488
	9,134	7,488	19,813,374	19,501,319	19,822,508	19,508,807
Total Advances - Net	40,931,993	41,569,177	15,898,313	15,837,884	56,830,306	57,407,061

June 30, 2021
 Un-audited
 ----- (Rupees '000) -----

11.1 Particulars of advances (Gross)

In local currency	76,652,814	76,915,868
In foreign currencies	-	-
	76,652,814	76,915,868

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

Category of Classification	Note	June 30, 2021 (Un-audited)		December 31, 2020 (Audited)	
		Non performing loans	Provision	Non performing loans	Provision
		----- Rupees in '000 -----			
Domestic					
Other Assets Especially Mentioned	11.2.1	18,535	-	37,295	-
Substandard		98,790	20,470	32,802	2,229
Doubtful		1,511,265	541,785	1,575,617	521,498
Loss		34,083,097	19,251,119	33,693,489	18,977,592
Total		35,711,687	19,813,374	35,339,203	19,501,319

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

11.2.2 The Group has availed the benefit of forced sale value on plant and machinery under charge and mortgaged residential and commercial property (land and building only) held as collateral against non-performing advances on the basis of the instructions of the State Bank of Pakistan. Had the benefit not been taken by the Bank, specific provision against non-performing advances would have been higher by Rs.15,049.20 (2020: Rs. 14,987.57) million. The resultant increase in profit due to FSV benefit taken will not be available for distribution as cash and stock dividend to shareholders.

11.2.3 Particulars of provision against advances

	June 30, 2021 (Un-audited)			December 31, 2020 (Audited)		
	Specific	General	Total	Specific	General	Total
----- Rupees in '000 -----						
Opening balance	19,501,319	7,488	19,508,807	15,303,290	10,142	15,313,432
Exchange adjustments	-	-	-	-	-	-
Charge for the period	315,152	1,646	316,798	3,985,927	396	3,986,323
Reversals	(96,546)	-	(96,546)	(1,001,443)	(3,050)	(1,004,493)
	218,606	1,646	220,252	2,984,484	(2,654)	2,981,830
Amounts charged off - Agriculture loans	94,850	-	94,850	447,039	-	447,039
Net charge / (reversal) during the period	313,456	1,646	315,102	3,431,523	(2,654)	3,428,869
Amounts written off	(1,401)	-	(1,401)	(20,861)	-	(20,861)
Transfer from Sindh Leasing Co. Ltd upon amalgamation	-	-	-	787,367	-	787,367
Closing balance	19,813,374	9,134	19,822,508	19,501,319	7,488	19,508,807

11.2.3.1 General provision against consumer loans represents provision maintained at an amount equal to 1% (2020: 1%) of the fully secured performing portfolio and 4% (2020: 4%) of the unsecured performing portfolio as required by the Prudential Regulations issued by SBP. General provision against Small Enterprises financing represents provision maintained at an amount equal to 0% (2020: 0%) of the fully secured performing portfolio and 1% of the unsecured performing portfolio as required by the Prudential Regulations issued by SBP.

		June 30, 2021 Un-audited	December 31, 2020 Audited
	Note	----- (Rupees '000) -----	
12 FIXED ASSETS			
Capital work-in-progress	12.1	56,546	24,900
Property and equipment		1,329,600	1,440,082
Right of use assets		1,511,434	1,849,749
		<u>2,897,580</u>	<u>3,314,731</u>
12.1 Capital work-in-progress			
Equipment		2,741	4,814
Advances to suppliers		53,805	20,086
		<u>56,546</u>	<u>24,900</u>
		June 30, 2021	June 30, 2020
		Un-audited	
		----- Rupees in '000 -----	
12.2 Additions to fixed assets			
The following additions have been made to fixed assets during the period:			
Property and equipment :			
Leasehold improvements		3,876	7,784
Furniture and fixture		1,589	4,344
Computer and office equipment		18,931	31,704
Vehicles		8,576	14,619
Total		<u>32,972</u>	<u>58,451</u>
Disposal of fixed assets			
The net book value of fixed assets disposed off during the period is as follows:			
Furniture and fixture		21	-
Vehicles		31	1,276
Total		<u>52</u>	<u>1,276</u>
		June 30, 2021 Un-audited	December 31, 2020 Audited
		----- (Rupees '000) -----	
13 INTANGIBLE ASSETS			
Computer Software		95,819	71,154
Others		-	-
		<u>95,819</u>	<u>71,154</u>

	June 30, 2021	June 30, 2020
	Un-audited	
	----- Rupees in '000 -----	
Additions to intangible assets		
The additions to intangible assets during the period:		
Computer Software	<u>39,008</u>	<u>50,312</u>
Disposals of intangible assets		
The net book value of intangible assets disposed off during the period.	<u>-</u>	<u>-</u>
14 DEFERRED TAX ASSETS -NET	June 30, 2021 Un-audited	December 31, 2020 Audited
	----- (Rupees '000) -----	
Deductible Temporary Differences on		
- Provision against advances - general	6,434,241	6,461,736
- Tax losses carried forward	3,291,358	3,118,099
- Provision for diminution in the value of investments	94,853	94,853
- Accelerated tax depreciation - right to use assets	3,182	(8,730)
- Deficit on revaluation of investments	250,628	261,175
- Others	568,972	438,871
	<u>10,643,234</u>	<u>10,366,004</u>
Taxable Temporary Differences on		
- Net investment in Lease Finance	(131,859)	(131,859)
- Accelerated tax depreciation - tangible fixed assets	(37,369)	(40,491)
- Others	-	(197)
- Accelerated tax amortization - intangible assets	(7,398)	(7,673)
	<u>(176,626)</u>	<u>(180,220)</u>
	<u>10,466,608</u>	<u>10,185,784</u>
15 OTHER ASSETS		
Income/ Mark-up accrued in local currency	3,215,412	3,344,767
Accrued commission income	12,025	23,346
Advances, deposits, advance rent and other prepayments	169,838	74,800
Receivable against sale of shares	-	1,573,718
Unrealised gain on forward forex revaluation - net	186,136	229,271
Insurance premium receivable against agriculture loans	13,425	13,271
Stationery and stamps on hand	9,412	11,445
Dividend receivable	-	702
Receivable against 1 Link ATM settlement account	162,488	162,873
Advance Taxation - net	169,557	264,191
Acceptances	2,816	7,671
Insurance claims receivable	509	371
Other receivables	52,705	38,730
	<u>3,994,323</u>	<u>5,745,156</u>
16 BILLS PAYABLE		
In Pakistan	2,304,038	592,334
Outside Pakistan	-	-
	<u>2,304,038</u>	<u>592,334</u>

		June 30, 2021 Un-audited	December 31, 2020 Audited
		----- (Rupees '000) -----	
17 BORROWINGS			
Secured			
Borrowings from State Bank of Pakistan			
- Under export refinance scheme	17.2	1,825,800	1,752,141
- Under long term finance facility	17.3	104,789	119,758
Repurchase agreement borrowings			
- State Bank of Pakistan (SBP)	17.4	95,336,376	57,883,940
- Other commercial banks / DFIs	17.5	17,587,282	2,621,809
		112,923,658	60,505,749
Unsecured			
- State Bank of Pakistan (SBP)	17.6	750,000	750,000
		115,604,247	63,127,648
17.1 Particulars of borrowings			
In local currency		115,604,247	63,127,648
In foreign currencies		-	-
		115,604,247	63,127,648
17.2	These represent borrowings from SBP under export refinance scheme at the rates ranging from 1.00% to 2.00% (2020: 1.00% to 2.00%) per annum having maturity upto six months.		
17.3	These represent borrowings from SBP under long term finance facility at the rate of 3.00% (2020: 3.00%) per annum having maturity upto 5 years.		
17.4	These represent repurchase agreement borrowings from State Bank of Pakistan at the rate of 7.06% (2020: 7.07%) per annum maturing on July 02, 2021 (2020: January 04, 2021). The carrying value of securities given as collateral against these borrowings is given in note 10.2.		
17.5	These represent repurchase agreement borrowings at the rates ranging from 7.55% to 7.70% (2020: 6.50% to 6.90%) per annum maturing on July 02, 2021 (2020: January 04, 2021). The carrying value of securities given as collateral against these borrowings is given in note 10.2.		
17.6	This represent borrowings from SBP under LOC fund of Microfinance Bank Ltd at the rate of Kibor +1% (2020: Kibor +1%) per annum having maturity upto 5 years.		

18 DEPOSITS AND OTHER ACCOUNTS

	June 30, 2021 (Un-audited)			December 31, 2020 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	----- Rupees in '000 -----					
Customers						
Current deposits	56,333,856	245,268	56,579,124	47,602,311	214,880	47,817,191
Savings deposits	79,405,500	778,510	80,184,010	74,398,452	815,417	75,213,869
Term deposits	70,759,326	358,170	71,117,496	58,407,259	353,557	58,760,816
Certificates of investment COIs	5,000	-	5,000	16,600	-	16,600
Margin and other deposits	387,326	-	387,326	638,005	-	638,005
	206,891,008	1,381,948	208,272,956	181,062,627	1,383,854	182,446,481
Financial Institutions						
Current deposits	38,580	17	38,597	45,443	17	45,460
Savings deposits	1,701,178	-	1,701,178	1,564,002	-	1,564,002
Term deposits	1,553,000	-	1,553,000	1,489,000	-	1,489,000
Margin and other deposits	90,044	-	90,044	90,036	-	90,036
	3,382,802	17	3,382,819	3,188,481	17	3,188,498
	210,273,810	1,381,965	211,655,775	184,251,108	1,383,871	185,634,979

19 OTHER LIABILITIES

Note

	June 30, 2021 Un-audited	December 31, 2020 Audited
	----- (Rupees '000) -----	
Mark-up / return / interest payable in local currency	2,119,834	2,361,832
Mark-up / return / interest payable in foreign currency	2,325	3,539
Accrued expenses	176,726	101,973
Net defined benefit liability	41,656	84,851
Provision for compensated absences	174,059	179,687
Payable to employees' provident fund	904	835
Payable against purchase of operating fixed assets	15,234	42,714
Payable against purchase of shares	23,838	519,695
Retention money	53,829	56,376
Federal excise duty / sales tax on services payable	10,241	3,351
Lease liability	1,803,791	2,141,076
Withholding tax payable	34,401	33,290
Acceptances	2,816	7,671
Security deposit against lease contracts	390,760	400,237
Others	308,126	225,610
	<u>5,158,540</u>	<u>6,162,737</u>

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

20 SHARE CAPITAL - NET

20.1 Authorised capital

June 30, 2021 Un-audited	December 31, 2020 Audited		June 30, 2021 Un-audited	December 31, 2020 Audited
Number of Shares			----- Rupees in '000 -----	
<u>2,800,000,000</u>	<u>2,800,000,000</u>	Ordinary shares of Rs.10 each	<u>28,000,000</u>	<u>28,000,000</u>

20.2 Issued, subscribed and paid-up share capital

		Fully paid in cash		
1,971,013,000	1,971,013,000	Ordinary shares of Rs.10 each	19,710,130	19,710,130
200,000,000	-	Right shares of Rs.10 each issued during the period	2,000,000	-
381,429,817	-	Ordinary shares of Rs.10 issued as consideration of amalgamation	3,814,298	-
<u>2,552,442,817</u>	<u>1,971,013,000</u>		<u>25,524,428</u>	<u>19,710,130</u>

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

21 SHARES DEPOSIT MONEY

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

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

		June 30, 2021 Un-audited	December 31, 2020 Audited
	Note	----- (Rupees '000) -----	
22 PROPOSED ORDINARY SHARES TO BE ISSUED ON AMALGAMATION			
Opening balance		3,814,298	3,814,298
Shares issued during the period / year		(3,814,298)	-
		<u>-</u>	<u>3,814,298</u>
23 DEFICIT ON REVALUATION OF ASSETS			
Available-for-sale securities			
Federal Government securities		(621,983)	(652,382)
Fully paid ordinary shares - listed		(56,334)	(42,599)
Units of mutual funds (units / certificates)		35,709	25,618
Sukuk certificates		(28)	(316)
		<u>(642,636)</u>	<u>(669,679)</u>
Related deferred taxation		250,627	261,174
		<u>(392,009)</u>	<u>(408,505)</u>
24 CONTINGENCIES AND COMMITMENTS			
Guarantees	24.1	3,780,958	3,473,161
Commitments	24.2	157,961,664	99,865,985
Other contingent liabilities		-	-
		<u>161,742,622</u>	<u>103,339,146</u>
24.1 Guarantees:			
Financial guarantees		1,078,444	1,036,910
Performance guarantees		2,108,801	1,947,878
Other guarantees		593,713	488,373
		<u>3,780,958</u>	<u>3,473,161</u>
24.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		54,703	2,215,675
Commitments in respect of:			
- forward foreign exchange contracts	24.2.1	26,864,877	24,357,415
- forward lending	24.2.2	131,042,084	73,292,895
Other commitments		-	-
		<u>157,961,664</u>	<u>99,865,985</u>
24.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		11,503,424	9,983,985
Sale		15,361,453	14,373,430
		<u>26,864,877</u>	<u>24,357,415</u>
24.2.2 Commitments in respect of forward lending			
Forward repurchase agreement lending		113,037,990	60,551,083
Forward resale agreement borrowing		10,239,330	3,980,497
Undrawn formal standby facilities, credit lines and other commitments to lend	24.2.2.1	7,764,764	8,761,315
		<u>131,042,084</u>	<u>73,292,895</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.

		For Half Year ended	
		June 30, 2021	June 30, 2020
		----- Un-audited -----	
		----- Rupees in '000 -----	
25	MARK-UP/RETURN/INTEREST EARNED	Note	
	Loans and advances	2,160,951	3,406,380
	Investments	8,363,150	3,872,201
	Lendings to financial institutions	343,762	281,540
	Balances with banks	60,017	67,306
		<u>10,927,880</u>	<u>7,627,427</u>
26	MARK-UP/RETURN/INTEREST EXPENSED		
	Deposits	4,764,573	5,066,630
	Borrowings	3,735,328	662,750
	Cost of swaps against foreign currency deposits / borrowings	31,516	44,492
	Lease liability against right of use assets	114,085	130,236
		<u>8,645,502</u>	<u>5,904,108</u>
27	FEE AND COMMISSION INCOME		
	Branch banking customer fees	25,343	17,940
	Consumer finance related fees	626	283
	Card related fees (debit cards)	70,385	62,625
	Commission on trade	26,425	16,183
	Commission on guarantees	17,769	15,671
	Credit related fees	8,797	22,782
	Commission on remittances including home remittances	13,820	4,181
	Others	505	158
		<u>163,670</u>	<u>139,823</u>
28	GAIN / (LOSS) ON SECURITIES		
	Realised	28.1 87,483	(184,377)
	Unrealised - held for trading	-	-
		<u>87,483</u>	<u>(184,377)</u>
28.1	Realised gain/(loss) on:		
	Federal Government Securities	21,642	156,206
	Shares of listed companies	65,841	(340,583)
	Units of mutual funds	-	-
	Others investments	-	-
		<u>87,483</u>	<u>(184,377)</u>
29	OTHER INCOME		
	Gain on sale of operating fixed assets	190	4,284
	Rent on property	570	1,936
	Incidental charges	403	245
	Others	155	214
		<u>1,318</u>	<u>6,679</u>

		For Half Year ended	
		June 30, 2021	June 30, 2020
Note		----- Un-audited -----	----- Rupees in '000 -----
30	OPERATING EXPENSES		
	Total compensation expense	30.1 1,390,299	1,236,533
	Property expenses		
	Rent & taxes	19,194	6,502
	Insurance	18,857	16,310
	Utilities cost	109,766	97,670
	Security (including guards)	167,690	155,492
	Repairs & maintenance (including janitorial charges)	11,098	10,401
	Depreciation	32,821	32,257
	Depreciation on right of use assets	330,789	320,797
		690,215	639,429
	Information technology expenses		
	Software maintenance	40,596	38,166
	Hardware maintenance	40,959	33,487
	Depreciation	11,414	7,077
	Amortisation	13,886	11,383
	Network charges	5,296	3,452
	Others	10,371	5,427
		122,522	98,992
	Other operating expenses		
	Directors' fees and allowances	7,580	6,915
	Fees and allowances to Shariah Board	2,554	2,540
	Legal & professional charges	16,443	23,436
	Outsourced services costs	58,058	57,200
	Travelling & conveyance	18,177	14,202
	NIFT clearing charges	12,333	10,650
	Depreciation	107,141	125,577
	Training & development	360	464
	Postage & courier charges	11,779	8,496
	Communication	61,060	60,005
	Stationery & printing	44,958	37,373
	Marketing, advertisement & publicity	17,723	15,741
	Donations	-	-
	Auditors Remuneration	7,783	6,965
	Repairs & maintenance	56,673	39,757
	Brokerage and commission	6,342	7,507
	Entertainment	26,317	21,336
	Fees and subscription	62,002	43,775
	Insurance expenses	4,980	4,582
	Others	21,824	22,079
		544,087	508,600
		2,747,123	2,483,554

		For Half Year ended	
		June 30, 2021	June 30, 2020
		----- Un-audited -----	
		----- Rupees in '000 -----	
Note			
30.1 Total compensation expense			
Managerial Remuneration			
- Fixed		875,399	776,085
- Variable Cash Bonus / Awards etc.		5,239	-
Charge for defined benefit plan		39,262	37,114
Contribution to defined contribution plan		45,383	42,378
Rent & house maintenance		242,390	222,238
Utilities		48,972	44,102
Medical		48,970	44,102
Conveyance		44,894	28,359
Employee old age benefits contribution		7,390	8,207
Leave Fare Assistance		3,348	5,982
Staff Insurances		28,131	25,756
Others		921	2,210
		<u>1,390,299</u>	<u>1,236,533</u>
30.2 Auditors' remuneration			
Audit fee		6,287	5,859
Fee for other statutory certifications		555	505
Special certifications and sundry advisory services		499	238
Out-of-pocket expenses		442	363
		<u>7,783</u>	<u>6,965</u>
31 OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan		63,716	5
Others		-	-
		<u>63,716</u>	<u>5</u>
32 PROVISIONS & WRITE OFFS - NET			
Provisions for diminution in value of investments	10.3.1	-	(24,258)
Provisions against investment in TFCs	10.3.1	(12,075)	(126,407)
Reversal of Provisions against loans & advances - specific		83,118	1,110,392
Provisions against loans & advances - specific		(396,574)	(729,825)
Provisions against loans & advances - general		(1,646)	(143)
Net provision during the period	11.2.3	(315,102)	380,424
Bad debts written off directly		(1,066)	(587)
		<u>(328,243)</u>	<u>229,172</u>

		For Half Year ended	
		June 30, 2021	June 30, 2020
		----- Un-audited -----	
		----- Rupees in '000 -----	
33	TAXATION		
	Current	141,382	125,517
	Prior years	-	-
	Deferred	(291,174)	(264,468)
		<u>(149,792)</u>	<u>(138,951)</u>
34	BASIC LOSS PER SHARE		
	Loss for the period	<u>(293,610)</u>	<u>(316,044)</u>
	Weighted average number of ordinary shares	<u>2,466,381,172</u>	<u>1,971,013,000</u>
	Basic loss per share	<u>(0.12)</u>	<u>(0.16)</u>
35	DILUTED LOSS PER SHARE		
	Loss for the period	<u>(293,610)</u>	<u>(316,044)</u>
	Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)	<u>2,466,381,172</u>	<u>1,971,013,000</u>
	Diluted loss per share	<u>(0.12)</u>	<u>(0.16)</u>
36	CASH AND CASH EQUIVALENTS		
	Cash and Balances with Treasury Banks	16,809,301	16,061,422
	Balances with other banks	4,370,354	817,224
		<u>21,179,655</u>	<u>16,878,646</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 Group's accounting policies.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are either short term in nature or in the case of customer loans and deposits are frequently repriced.

37.1 Fair value of financial assets

IFRS 13 requires the Group to carry out fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy is as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

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

June 2021 (Un-audited)				
Fair Value				
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	----- Rupees in '000 -----			
Financial assets measured at fair value				
Available-for-sale securities				
Pakistan Investment Bonds	-	118,046,988	-	118,046,988
Market Treasury Bills	-	107,001,744	-	107,001,744
Shares of listed companies	2,276,011	-	-	2,276,011
Term finance certificates - Listed	-	-	-	-
Units of mutual funds	118,587	99,180	-	217,767
Ijarah Sukuk - GoP	-	1,513,160	-	1,513,160
Sukuk bonds	-	48,185	-	48,185
	<u>2,394,598</u>	<u>226,709,257</u>	<u>-</u>	<u>229,103,855</u>
Off balance sheet financial instruments				
Foreign exchange contracts (purchase)	-	<u>11,503,424</u>	-	<u>11,503,424</u>
Foreign exchange contracts (sale)	-	<u>15,361,453</u>	-	<u>15,361,453</u>
December 31, 2020 (Audited)				
Fair Value				
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	----- Rupees in '000 -----			
Financial assets measured at fair value				
Available-for-sale securities				
Pakistan Investment Bonds	-	97,261,439	-	97,261,439
Market Treasury Bills	-	51,354,254	-	51,354,254
Shares of listed companies	2,025,288	-	-	2,025,288
Term finance certificates - Listed	-	-	-	-
Units of mutual funds	123,254	84,422	-	207,676
Ijarah Sukuk - GoP	-	1,499,486	-	1,499,486
Sukuk bonds	-	96,112	-	96,112
	<u>2,148,542</u>	<u>150,295,713</u>	<u>-</u>	<u>152,444,255</u>
Off balance sheet financial instruments				
Foreign exchange contracts (purchase)	-	<u>9,983,985</u>	-	<u>9,983,985</u>
Foreign exchange contracts (sale)	-	14,373,430	-	14,373,430

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 2021 (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	4,984,787	150,846	-	(2,853,255)	2,282,378
Inter segment revenue - net	(7,155,894)	-	-	7,155,894	-
Non mark-up / return / interest income	234,830	235	-	178,237	413,302
Total Income	(1,936,277)	151,081	-	4,480,876	2,695,680
Segment direct expenses	(51,441)	(113,932)	-	(2,103,775)	(2,269,148)
Inter segment expense allocation	(54,169)	(8,993)	-	(478,529)	(541,691)
Total expenses	(105,610)	(122,925)	-	(2,582,304)	(2,810,839)
Provisions	(12,075)	(11,313)	-	(304,855)	(328,243)
Profit / (loss) before tax	(2,053,962)	16,843	-	1,593,717	(443,402)
Balance Sheet					
Cash & Bank balances	9,881,551	935,128	-	10,362,976	21,179,655
Investments	246,702,443	-	-	-	246,702,443
Net inter segment lending	750,000	(750,000)	-	158,285,635	158,285,635
Lendings to financial institutions	11,548,623	-	-	-	11,548,623
Advances - performing	39,585	893,493	-	39,998,915	40,931,993
- non-performing (net)	-	6,194	-	15,892,119	15,898,313
Others	3,902,702	129,814	-	13,421,814	17,454,330
Total Assets	272,824,904	1,214,629	-	237,961,459	512,000,992

June 2021 (Un-audited)					
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
Rupees in '000					
Borrowings	113,028,447	750,000	-	1,825,800	115,604,247
Subordinated debt	-	-	-	-	-
Deposits & other accounts	-	17,199	-	211,638,576	211,655,775
Net inter segment borrowing	158,092,339	193,296	-	-	158,285,635
Others	178,168	48,962	-	7,235,448	7,462,578
Total liabilities	271,298,954	1,009,457	-	220,699,824	493,008,235
Equity	1,525,950	205,172	-	17,261,635	18,992,757
Total Equity & liabilities	272,824,904	1,214,629	-	237,961,459	512,000,992
Contingencies & Commitments	150,142,197	-	-	11,600,425	161,742,622

June 2020 (Un-audited)					
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
Rupees in '000					
Profit & Loss					
Net mark-up/return/profit income	3,512,558	164,318	-	(1,953,557)	1,723,319
Inter segment revenue - net	(4,030,769)	-	-	4,030,769	-
Non mark-up / return / interest income	(76,931)	1,148	-	151,856	76,073
Total Income	(595,142)	165,466	-	2,229,068	1,799,392
Segment direct expenses	(31,743)	(856)	-	(1,989,741)	(2,022,340)
Inter segment expense allocation	(36,321)	(107,318)	-	(317,580)	(461,219)
Total expenses	(68,064)	(108,174)	-	(2,307,321)	(2,483,559)
Provisions	(150,664)	(13,299)	-	393,135	229,172
Profit / (loss) before tax	(813,870)	43,993	-	314,882	(454,995)

December 31, 2020 (Audited)					
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
Rupees in '000					
Balance Sheet					
Cash & Bank balances	6,653,590	422,507	-	12,018,380	19,094,477
Investments	170,068,493	687,933	-	-	170,756,426
Net inter segment lending	750,000	(750,000)	-	128,207,417	128,207,417
Lendings to financial institutions	8,212,780	-	-	-	8,212,780
Advances - performing	40,376	797,234	-	40,731,567	41,569,177
- non-performing	-	1,915	-	15,835,969	15,837,884
Others	5,007,313	162,656	-	14,146,856	19,316,825
Total Assets	190,732,552	1,322,245	-	210,940,189	402,994,986

	December 31, 2020 (Audited)				
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
	Rupees in '000				
Borrowings	60,625,508	750,000	-	1,752,140	63,127,648
Subordinated debt	-	-	-	-	-
Deposits & other accounts	-	64,290	-	185,570,689	185,634,979
Net inter segment borrowing	127,964,432	242,985	-	-	128,207,417
Others	607,750	72,220	-	6,075,101	6,755,071
Total liabilities	189,197,690	1,129,495	-	193,397,930	383,725,115
Equity	1,534,862	192,750	-	17,542,259	19,269,871
Total Equity & liabilities	190,732,552	1,322,245	-	210,940,189	402,994,986
Contingencies & Commitments	88,888,995	-	-	14,450,151	103,339,146

39 RELATED PARTY TRANSACTIONS

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

Transactions with related parties includes deposits, advances and other banking services which are carried out on an arm's length basis. Transaction with executives are undertaken at terms in accordance with employment agreements and service rules. Contributions to and accruals in respect of staff retirement benefit plans are made in accordance with the terms of the benefit plan. Remuneration of the President & Chief Executive Officer and directors are determined in accordance with the terms of their appointment.

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

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

Investments

	June 30, 2021 (Un-audited)			December 31, 2020 (Audited)		
	Director	Key Management Personal	Other Related Parties	Director	Key Management Personal	Other Related Parties
	Rupees in '000					
Opening balance	-	-	-	-	-	-
Investment made during the period / year	-	-	-	-	-	-
Investment redeemed / disposed off during the period / year	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-

Advances

Opening balance	-	201,487	-	-	80,894	46,874
Addition during the period / year	-	8,198	-	-	141,791	-
Repaid during the period / year	-	14,920	-	-	18,430	46,874
Transfer in / (out) - net	-	13,130	-	-	(2,768)	-
Closing balance	-	207,895	-	-	201,487	-

Other Assets

Interest / mark-up receivables	-	120	-	-	150	-
Other receivables	-	-	570	-	-	-
	-	120	570	-	150	-

Deposits and other accounts

Opening balance	22,930	68,200	2,079,063	21,698	68,026	3,519,086
Received during the period / year	28,276	246,525	11,419,525	49,633	320,609	9,854,048
Withdrawn during the period / year	47,135	239,745	11,343,509	48,401	314,147	9,151,255
Transfer in / (out) - net	(31)	(41,848)	-	-	(6,288)	(2,142,816)
Closing balance	4,040	33,132	2,155,079	22,930	68,200	2,079,063

Other Liabilities

Provision for gratuity	-	-	-	-	-	1,517
Interest / mark-up payable	28	186	17,484	215	346	82,299
	28	186	17,484	215	346	83,816

	June 30, 2021 (Un-audited)			June 30, 2020 (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	-	4,259	-	-	1,283	1,816
Fee and commission income	-	6	11	-	3	12
Net gain on sale of securities	-	-	251	-	-	-
Other income	-	-	570	-	-	1,787
Expenses :						
Mark-up / return / interest paid	133	1,637	70,701	288	2,166	221,973
Remuneration paid	-	99,866	-	-	89,451	-
Contribution to provident fund	-	7,145	-	-	3,660	-
Provision for gratuity	-	6,146	-	-	3,291	-
Other staff benefits	-	9,158	-	-	8,883	-
Directors' meetings fee	7,580	-	-	6,915	-	-
Other expenses	622	-	-	-	-	-
Insurance premium paid	-	-	40,206	-	-	38,917
Others :						
Sale of Government Securities	-	-	2,533,500	-	-	-
Purchase of Government Securities	-	-	150,000	-	-	-
Gratuity paid	-	4,647	-	-	-	-
Leave encashment	-	1,807	-	-	-	-
Expenses recovered under						
agency arrangement	-	-	56	-	-	86
Insurance claims settled	-	-	1,234	-	-	331

As at the date of consolidated statement of financial position, loans/advances and deposits of government related entities amounted to Rs.9,654.93 million and Rs.93,764.96 million respectively. The above includes deposits amounting to Rs.21,939.49 (2020: Rs.22,625.33) million received through the Finance Department, Government of Sindh.

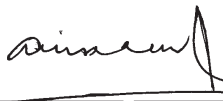
	June 30, 2021 Un-audited	December 31, 2020 Audited
	----- (Rupees '000) -----	
40 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	17,862,035	12,344,452
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	9,795,608	10,629,435
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	9,795,608	10,629,435
Eligible Tier 2 Capital	-	7,488
Total Eligible Capital (Tier 1 + Tier 2)	9,795,608	10,636,923
Risk Weighted Assets (RWAs):		
Credit Risk	40,330,923	40,032,455
Market Risk	19,997,442	17,878,718
Operational Risk	7,581,862	7,581,862
Total Risk Weighted Assets	67,910,227	65,493,035
Common Equity Tier 1 Capital Adequacy ratio	14.42%	16.23%
Tier 1 Capital Adequacy Ratio	14.42%	16.23%
Total Capital Adequacy Ratio	14.42%	16.24%
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, 2021 Un-audited	December 31, 2020 Audited
	----- (Rupees '000) -----	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	9,795,608	10,629,435
Total Exposures	300,753,274	270,688,592
Leverage Ratio (%)	3.26%	3.93%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	111,566,574	74,110,684
Total Net Cash Outflow	25,200,525	20,177,398
Liquidity Coverage Ratio (%)	443%	367%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	170,761,252	128,910,815
Total Required Stable Funding	71,937,333	49,505,620
Net Stable Funding Ratio	237%	260%

41 GENERAL

Figures have been rounded off to the nearest thousand rupee.

42 DATE OF AUTHORISATION FOR ISSUE

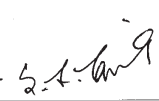
These consolidated financial statements were authorised for issue by the Board of Directors on September 29, 2021.


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Chief Executive Officer


Director


Director


Chief Financial Officer

Branch Network



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Number of Branches

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



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