



IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO

شہید محترمہ بینظیر بھٹو کی یاد میں

SINDH BANK

سندھ بینک

POWER TO THE PEOPLE

بالاختیار عوام

Half Yearly
Financial
Statements
June 30, 2023

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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*

Anis A. Khan	Chairman/Non-Executive Director
Sajid Jamal Abro	Finance Secretary (GoS)/Nominee of GoS
Javaid Bashir Sheikh	Independent Director
Mohammad Aftab Alam	Non Executive Director
Shaista Bano Gilani	Independent Director
Imran Samad	President & CEO

Chief Financial Officer Dilshad Hussain Khan

Company Secretary Muhammad Irfan Zafar

Auditors' Riaz Ahmad and Company
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
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NTN Number 3654008-7
Website www.sindhbank.com.pk
Facebook /SindhBankLimitedOfficial
Instagram /SindhBankLimited
LinkedIn /Company/Sindh-bank-limited

* Mr. Adnan Ali Khan, Independent Director has resigned and BoDs have co-opted Mr. Imtiaz Ahmad Malik in his place, Mr. Asif Jahangir, Nominee of GoS has also resigned, hence, in his place Mr. Mushtaq Malik has been co-opted by the Board in its 106th meeting held on 29.08.2023, subject to the necessary requisite approvals.

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, 2023. Review of performance is presented below:

(Rupees in '000)

Balance Sheet	As on		% age Change
	June 30, 2023	Dec 31, 2022	
Paid up Capital	29,524,428	29,524,428	
Share Deposit Money	5,000,000	-	
Reserves & accumulated loss	(10,920,257)	(11,164,969)	
Paid up Capital & Reserves	23,604,171	18,359,459	28.56%
Deficit on Revaluation of Investment	(2,319,245)	(1,208,500)	91.91%
Equity	21,284,926	17,150,959	24.10%
Borrowings	49,817,409	106,934,714	-53.41%
Deposits	246,223,742	223,043,950	10.392%
Investment (carrying value)	203,507,605	254,552,777	-20.05%
Gross Advances	68,756,597	70,899,317	-3.02%
Profit & Loss Account	Half Year Ended		
	June 30, 2023	June 30, 2022	%age Change
Total Income			
Markup/return/interest income	26,892,364	15,298,401	75.79%
Markup/return/interest expenses	23,536,204	12,252,228	92.10%
Net markup/return/interest income	3,356,160	3,046,173	10.18%
Fee, Commission & Other Income	285,595	210,061	
Dividend Income	97,890	87,829	
Foreign Exchange Income	596,559	330,642	
Gain/ (loss) on sale of Investments	(107,451)	(130,586)	
Non-mark-up/non-interest income	872,593	497,946	75.24%
Non mark-up/interest expenses	3,921,607	3,242,840	20.93%
Provision /Diminution in value of investment	879	5,048	
Provisions against loans & advances - general	284,096	1,159,426	
Reversal of specific provision due to recovery	(549,551)	(62,078)	
Total Provisions (Reversal)	(264,576)	1,102,396	-124%
Profit before Tax & Provisions	307,146	301,279	1.95%
Profit/(Loss) Before Tax	571,722	(801,117)	171.37%
Profit/(Loss) After Tax	244,712	(487,613)	150.19%
Earnings/(Loss) per share (EPS) (Rupees)	0.08	(0.19)	163.16%
Other Information	As on		%age Change
	June 30, 2023	Dec 31, 2022	
No. of Accounts	637,475	573,882	11.1%
Number of Branches	330	330	-

Pre-tax profit for the half year ended June 30, 2023 amounted to Rs. 571.7 mn compared to pre-tax loss of Rs 801.12 mn in the same period last year, attributable factors of such variance are:

- The Bank experienced a noteworthy rise in net Interest Income, amounting to Rs. 310 mn, reflecting a growth of 10.18%. This positive development can be primarily attributed to the maintenance of average policy rates at 20.0 percent during the initial half of 2023, in contrast to the 11 percent observed in the corresponding period of the previous year. It is important to note that this increase is subject to a limitation of 10%, influenced by the substantial volume of Non-Performing Loans/TFC amounting to Rs. 35 billion, as well as investments in fixed Pakistan Investment Bonds (PIB) valued at Rs. 27.6 billion (face value).
- Increase in non markup income by Rs 375 mn , main contribution factors are FX income increased by Rs 266 mn and Fee commission income increased by Rs 77 mn during the half year period ,
- Non markup expenses of the Bank rose by Rs 679 mn i.e 20.93% which was mainly attributable to abnormal rise in domestic inflation and FX rates.
- Reversal of Provision on non performing loan by Rs 550 mn with compare to reversal of Rs 62 mn in same period last year. Additional provision recorded by Rs 284 mn with compare to Rs 1,157 mn provided in same period last year due to withdrawal of FSV benefits.

After tax profit for the half year ended June 30, 2023 amounted to Rs. 244. 712 mn compared to after tax loss of Rs. 487.61 mn in the same period last year.

Total Assets stood at Rs.332.47 bn as compared to Rs.357.85 bn as at December 31, 2022, thereby registering decrease of 7.09 %. Carrying value of Investments as at June 30, 2023 amounted to Rs. 203.57 bn, decreased by 20.05 % over Rs.254.55 bn as at December 31, 2022. Gross Advances decreased by 3.02% to Rs. 68.75 bn from Rs.70.89 bn as at December 31, 2022, mainly due to regulatory restrictions on corporate advances and high cost of fund.

Total Deposits with increase by Rs 23.17 bn stood at Rs. 246.22 bn compared to Rs. 223.04 bn as on December 31, 2022. Number of customer accounts stood at 637,475 after increase of 63,593 accounts (i.e. 11.08% during the period which depicts new customer preferences and branches motivation to introduce new customers (NTBs).

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 27, 2023.

MINIMUM CAPITAL REQUIREMENT & CAPITAL ADEQUACY RATIO

Bank's Capital Adequacy Ratio stood at 13.33% as against the minimum requirement of 11.50 % as on June 30, 2023, after capital injection of Rs 5 billion by GoS in June 2023, significant improvement in capital ratio witnessed.

STAFF, TRAINING & DEVELOPMENT

During the half year ended June 2023, 27 In-house and 15 Ex-house Training Programs were conducted in the areas of Branch Banking Operations, cash management, collection recoveries tools and techniques, Agri-Business Risk & Lending Techniques, Islamic Banking, SME Finance, Compliance (AML/CFT) Cyber Security, Risk Management, Gender Sensitivity, managerial soft skills, and HR Orientation for newly hired cash officers and general banking officers, etc.

Additionally, this half year we introduced a certification course program for cash officers and general banking officers with the collaboration of Institute of Bankers Pakistan (IBP). In the first phase as of June 2023, 119 officers were awarded certification.

CHANGE OF EXTERNAL AUDITORS

During the period previous external auditors M/S RSM Avais Hyder Liaquat Nauman Chartered Accountants has resigned on April 27, 2023. To fill the casual vacancy, on August 03, 2023 BOD appoint M/S Riaz Ahmad and Company Chartered Accountant as a statutory auditors of the Bank for the year 2023, on the recommendation of audit committee.

CHANGES IN THE BOARD OF DIRECTORS

A casual vacancy has been created after resignation of Mr. Adnan Ali Khan, Independent Director, which was accepted by the Board in its meeting held on May 31, 2023 and the casual vacancy will be filled within due course of time.

ECONOMIC REVIEW

The commencement of the year 2023 was nothing short of a bleak outlook of the economy marked by pessimism getting the better of investors' confidence. The ninth review of the EFF with the IMF which was supposed to complete by the end of CY23 having stated in Nov'23, was hanging in the air as both sides could not draw upon an agreement over the program targets and reforms.

The dearth of the IMF program reflected in deteriorating indicators of the economy. Inflation skyrocketed to 38% in May'23, a level last seen in 1973, PKR witnessed steep devaluation against the greenback and peaked at 299 (11th May). The difference in interbank exchange rate and open market widened to the extent that remittances saw a decline as grey market offered better rates to the expats.

Country witnessed enhanced economic pressures amid depleting foreign exchange reserves, largely restricted imports, and allowing imports of essential items on priority basis. Being an import dependent economy, the lack of inputs severely dented the industrial output. Import compression however, turned the current account balance into green zone.

In the midst of all the mayhem for last 6MTHCY23, the fund and the government kept negotiating. After much resistance by the govt. due to the fear of losing political capital, it finally started accepting all the conditions of the fund. Interest rates were jacked up to combat inflationary pressures, the exchange rate was set free and market determined, reduced its external financing requirement (compressing imports) and negotiated with bilateral partners to bridge its external financing needs for FY23 and prepared the FY24 in line with the funds' demand. Having met all prior conditions of the IMF, the funds stern stance over the country's commitment to institutional reforms did not change much.

PSX REVIEW

PSX demonstrated exceptional performance, characterized by positive developments on IMF program during last few months. At the onset of the month, the government secured a significant Stand-by Arrangement (SBA) facility of USD 3bn from the IMF, of which USD 1.2bn was promptly disbursed. This pivotal IMF deal led to an upgrade in Pakistan's sovereign rating by Fitch from CCC- to CCC. Following IMF support, the SBP received significant inflows/rollovers from allied nations, boosting the country's forex reserves level to USD 8.2bn by month-end. Remarkably, the KSE-100 index displayed remarkable growth, closing at 48,035 points, representing a substantial increase of 6,582 points or 15.9% on a MoM basis (the highest monthly return since Apr 20). In addition to this, PSX witnessed a foreign buy of USD 18.2mn, the highest monthly net inflow since Jul'19.

SINDH MICROFINANCE BANK LIMITED (WHOLLY OWNED SUBSIDIARY)

Sindh Microfinance Bank Limited ('SMFB') started its operations as a province level microfinance bank in May 2016 with equity of Rs. 750 million. As of June 30, 2023, SMFB has increased its equity to more than Rs. 1 billion with internally generated profits.

Despite the challenging times for the Microfinance Sector, SMFB in April 2023 declared 24% dividend through issue of bonus shares of PKR 180 million raising the paid up capital to PKR 930 million.

SMFB continues to remain a sustainable and profitable institution and during the half year ended June 30, 2023 SMFB registered a profit before tax of Rs. 45.0 million (HY June 30, 2022: Rs. 26.0 million). SMFB has plans to very soon apply for a National level license from the State Bank of Pakistan.

To date, SMFB has disbursed almost 275,000 loans amounting to almost Rs. 8.5 bn through its presence in 96 business locations in the province of Sindh. The aim of the microfinance program of SMFB is to improve access to finance for the underprivileged segment of the Sindh Province, especially economically active women in rural and semi urban areas of Sindh.

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

Brief summary of financial highlights for the half year ended June 30, 2023 showing below:

	June 30, 2023		December 31 2022	
Balance Sheet	# of Account	Rs. In million	# of Account	Rs. In million
Gross Loan Portfolio	63,140	1,716	66,133	1,321
Total Assets		2,438		2,008
Deposits	118,083	668	129,056	600
Borrowings		635		310
Total Liabilities		1,386		995
Net Equity		1,052		1,012

	Half Year Ended June 30, 2023		Half Year Ended June 30 2022	
	# of Account	Rs. In million	# of Account	Rs. In million
Loan Disbursements	37,475	1,496	30,115	986
Profit & loss account				
Net Interest Income		177		163
Profit Before Tax		45		26
Taxation		(5)		(7)
Profit After Tax		40		19

FUTURE OUTLOOK


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

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

Acknowledgements

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

On behalf of the Board of Directors



Imran Samad
President/CEO

Karachi, August 29, 2023



Mohammad Aftab Alam
(Non Executive Director)

ڈائریکٹرز رپورٹ

میں بورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2023 کو اختتام پذیر نصف سال کے لئے بینک کے مالیاتی نتائج پیش کر رہا ہوں۔
مالیاتی جھلکیاں درج ذیل ہیں:

(روپے 000 میں)

بیلنس شیٹ	30 جون 2023 پر	31 دسمبر 2022 پر	فیصد تبدیلی
ادا شدہ سرمایہ	29,524,428	29,524,428	
حصص کی جمع شدہ رقم	5,000,000	-	
ذخائر اور جمع شدہ نقصان	(10,920,257)	(11,164,969)	
ادا شدہ سرمایہ	23,604,171	18,359,459	28.56%
سرمایہ کی دوبارہ قدر پذیری پر خسارہ	(2,319,245)	(1,208,500)	91.91%
ملکیتی سرمایہ	21,284,926	17,150,959	24.10%
ادھار	49,817,409	106,934,714	-53.41%
ڈپازٹس	246,223,742	223,043,950	10.392%
سرمایہ کاری (Carrying value)	203,507,605	254,552,777	-20.05%
مجموعی ایڈوانسز	68,756,597	70,899,317	-3.02%

چھ ماہ کے اختتام پر			نفع نقصان کا کھاتہ
فیصد تبدیلی	30 جون 2022 پر	30 جون 2023 پر	کل آمدن
75.79%	15,298,401	26,892,364	مارک اپ / ریٹرنز / سودی آمدن
92.10%	12,252,228	23,536,204	مارک اپ / ریٹرنز / سودی اخراجات
10.18%	3,046,173	3,356,160	خالص مارک اپ / ریٹرنز / سودی آمدن

	چھ ماہ کے اختتام پر		
	30 جون 2023 پر	30 جون 2022 پر	فیصد تبدیلی
نفع نقصان کا کھاتہ	285,595	210,061	
فیس، کمیشن اور دیگر آمدن	97,890	87,829	
منقسمہ منافع (Dividend Income)	596,559	330,642	
غیر ملکی زرمبادلہ سے آمدنی	(107,451)	(130,586)	
سرمایہ کاری کی فروخت سے نفع/ (نقصان)	872,593	497,946	75.24%
بنامارک اپ/ غیر سودی آمدنی	3,921,607	3,242,840	20.93%
بنامارک اپ/ غیر سودی اخراجات	879	5,048	
سرمایہ کاری کی قدر میں مختصات/ تخفیف	284,096	1,159,426	
مختصات - قرضہ جات/ ایڈوانسز کے لئے - عام	(549,551)	(62,078)	
وصولیابی کے سبب مخصوص مختصات کی واپسی	(264,576)	1,102,396	-124%
کل مختصات (واپسی)	307,146	301,279	1.95%
منافع قبل از ٹیکس اور مختصات	571,722	(801,117)	171.37%
منافع/ (نقصان) قبل از ٹیکس	244,712	(487,613)	150.19%
منافع/ (نقصان) بعد از ٹیکس	0.08	(0.19)	163.16%
آمدنی فی حصص (روپے)			
دیگر معلومات	30 جون 2023 پر	31 دسمبر 2022 پر	فیصد تبدیلی
کھاتوں کی تعداد	637,475	573,882	11.1%
شاخوں کی تعداد	330	330	

30 جون 2023ء کو اختتام پذیر نصف سال پر منافع قبل از محصول 571.7 ملین روپے رہا جبکہ اس کے مقابلے میں گزشتہ سال اسی مدت کے دوران نقصان قبل از محصول کی مالیت 801.12 ملین روپے تھی۔ اس اتار چڑھاؤ کے عوامل درج ذیل ہیں:

- بینک کی خالص سودی آمدنی میں 310 ملین کا قابل قدر اضافہ دیکھنے میں آیا جو 10.18 فیصد نمو کو ظاہر کرتا ہے۔ یہ مثبت صورتحال بنیادی طور پر 2023 کے ابتدائی نصف سال کے دوران 20 فیصد کی اوسط شرح کو برقرار رکھنے کے سبب رہی اس کے برخلاف گزشتہ سال اسی مدت کے دوران یہ شرح 11 فیصد تھی۔ یہ بات قابل غور ہے کہ یہ اضافہ 10 فیصد کی پابندی سے مشروط ہے جو 35 ارب روپے کی مالیت کے غیر فعال قرضہ جات/ TFC کے خاصے حجم کے ساتھ ساتھ 27.6 ارب

- روپے کے فکسڈ پاکستان انویسٹمنٹ بانڈز (PIB) (فیس ویلیو) میں سرمایہ کاری سے متاثر ہوئے ہیں۔
- نصف سال میں غیر مارک اپ آمدنی میں 375 ملین روپے کا اضافہ ہوا جس میں غیر ملکی زرمبادلہ سے آمدن کے 266 ملین روپے اور فیس کمیشن کے 77 ملین روپے کے اضافے کا بڑا حصہ شامل تھا۔
- بینک کے غیر سودی اخراجات 679 ملین روپے یعنی 20.93 فیصد سے بڑھے جس کی بنیادی وجہ غیر معمولی افراط زر اور غیر ملکی زرمبادلہ کی شرح مبادلہ میں اضافہ تھا۔
- زیر غور مدت میں غیر فعال قرضہ جات پر 550 ملین روپے کے خصصات کی واپسی ہوئی جبکہ اس کے مقابلے میں گزشتہ سال اسی مدت میں اس کی مالیت 62 ملین روپے تھی۔ 284 ملین روپے کی اضافی خصصات کی گئیں جبکہ اس کے مقابلے میں گزشتہ سال اسی مدت میں اس کی مالیت 1,157 ملین روپے تھی جس کی وجہ FSV کے فوائد سے دستبرداری تھی۔
- 30 جون 2023 کو اختتام پذیر نصف سال پر منافع بعد از محمول 244.712 ملین روپے رہا جبکہ اس کے مقابلے میں گزشتہ سال اسی مدت کے دوران نقصان بعد از محمول کی مالیت 487.61 ملین روپے تھی۔

31 دسمبر 2022 کے 357.85 ارب روپے کے کل اثاثہ جات کے مقابلے میں 30 جون 2023 پر کل اثاثہ جات کی مالیت 332.47 ارب روپے رہی اور اس طرح سے 7.09 فیصد کمی کا اندراج ہوا۔ 30 جون 2023 کے اختتام پر سرمایہ کاری کی Carrying value کی مالیت 203.57 ارب روپے رہی جبکہ 31 دسمبر 2022 پر اس کی مالیت 254.55 ارب روپے تھی جس میں 20.05 فیصد کمی کا اندراج ہوا۔ مجموعی ایڈوانسز کی مالیت 31 دسمبر 2022 کو اختتام پذیر سال کے 70.89 ارب روپے میں 3.02 فیصد کمی کے بعد 68.75 ارب روپے ہو گئی جس کی اصل وجہ اداراتی ایڈوانسز پر ریگولیٹری پابندیاں تھیں۔

31 دسمبر 2022 پر کل ڈپازٹس کی مالیت 223.04 ارب روپے تھی جو 23.17 ارب روپے اضافے کے بعد 30 جون 2023 پر 246.22 ارب روپے ہو گئی۔ زیر غور نصف سال میں 63,593 کھاتوں یعنی 11.08 فیصد کے اضافے کے بعد کھاتوں کی تعداد بڑھ کر 637,475 ہو گئی جو گا کھوں کی ترجیح اور برانچوں کی نئے گا کھوں کو متعارف کروانے کی ترغیب ظاہر کرتی ہے۔

کریڈٹ ریٹنگ

VIS کریڈٹ ریٹنگ کمپنی نے اپنی 27 جون 2023 کی رپورٹ میں بینک کی طویل المدت درجہ بندی کے لئے 'A+' (مثبت A) اور قلیل المدت درجہ بندی کے لئے 'A-1' (A-ون) کی توثیق کی ہے۔

کم سے کم سرمایہ (Capital) کی ضرورت اور کیپیٹل کی موزونیت کا تناسب

حکومت سندھ کی جانب سے 5 ارب روپے کا سرمایہ داخل کرنے کے بعد 30 جون 2023 پر سندھ بینک کے سرمایہ کی موزونیت کا

تناسب (Capital Adequacy Ratio) کم از کم 11.50 فیصد کی شرح کے مقابلے میں 13.33 فیصد رہا جس کی وجہ سے سرمایہ کی موزونیت کے تناسب میں خاصی بہتری آئی ہے۔

اسٹاف کی ٹریننگ اور ڈیولپمنٹ

جون 2023 کو اختتام پذیر نصف سال کے دوران بینک کے اندر 27 اور بینک سے باہر 15 ٹریننگ کے پروگرام منعقد کئے گئے جن میں برانچ بینکنگ آپریشنز، کیش مینجمنٹ، رقم جمع کروانے اور وصولیوں کے طریقہ کار اور ٹیکنیک، اسلامی بینکاری، SME فنانس، سائبر (AML / CFT) سیکورٹی کی تعمیل، رسک مینجمنٹ، جنس کی حساسیت (Gender Sensitivity) منیجیریل سافٹ سکلز (Managerial Soft Skills)، نئے کیش افسران اور عام بینکاری کے افسران کے HR کے آگاہی پروگرام شامل ہیں۔ اس کے علاوہ اس نصف سال میں، انسٹیٹیوٹ آف بینکرز پاکستان (IBP) کے اشتراک سے کیش افسران اور عام بینکاری کے افسران کے لئے سرٹیفکیشن کورس پروگرام (Certification Course Program) کا انعقاد کیا گیا۔ پہلے مرحلہ میں 30 جون 2023 تک 119 افسران کو سرٹیفیکیشن دیئے گئے۔

بیرونی محاسبین (External Auditors)

زیر نوردت کے دوران سابقہ بیرونی آڈیٹرز، میسرز RSM: اویس حیدر لیاقت نعمان، چارٹرڈ اکاؤنٹینٹس 27 اپریل 2023 کو مستعفی ہو گئے تھے۔ یہ عارضی خلا پر کرنے کے لئے آڈٹ کمیٹی کی سفارش پر 3 اگست 2023 پر میسرز، ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس کو بینک کے دستوری آڈیٹرز کے طور پر منتخب کر لیا گیا ہے۔

بورڈ کے ڈائریکٹرز میں تبدیلی

جناب عدنان علی خان، آزاد ڈائریکٹر کے استعفیٰ دینے کے بعد ایک عارضی خالی آسامی پیدا ہوئی تھی اور بورڈ نے ان کا استعفیٰ اپنی 31 مئی 2023 کے اجلاس میں قبول کر لیا تھا اور اس عارضی خالی آسامی کو جلد از جلد پر کر دیا جائے گا۔

معاشی جائزہ

سال 2023 کا آغاز معیشت کے تاریک منظر نامے سے کم نہیں تھا اور سرمایہ کاروں کے اعتماد سے متعلق مایوس کن صورتحال رہی۔ IMF کے ساتھ EFF کا 9 واں جائزہ، جسے سال 2023 کے اختتام پر مکمل ہونا تھا وہ ہوا میں لٹک رہا ہے جس کی وجہ دونوں جانب سے پروگرام کے اہداف اور اصلاحات پر متفق نہ ہونا ہے۔ IMF پروگرام کی کمی کا اثر گہرتے ہوئے معاشی اشاروں (Indicators of the Economy) پر ہوا۔ مئی 2023 میں افراط زر آسمان کو چھوتی ہوئی 38 فیصد تک رہی، یہ سطح آخری بار

1973 میں دیکھی گئی تھی، ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں تیزی سے کمی کے ساتھ یہ 299 (11 مئی) کی بلند ترین سطح پر رہا۔ انٹرنیٹ اور اوپن مارکیٹ کا فرق اس حد تک بڑھ گیا ہے کہ غیر ملکی زرمبادلہ کی ترسیل میں کمی آگئی ہے کیونکہ اوپن مارکیٹ سمندر پار پاکستانیوں کو بہتر نرخ دے رہی ہے۔

ملک نے گھٹتے ہوئے غیر ملکی زرمبادلہ کے ذخائر، زیادہ تر درآمدات پر پابندی اور ترجیح کی بنیاد پر ناگزیر اشیاء کی درآمدات کی اجازت دینے کے پس منظر میں بڑھا ہوا معاشی دباؤ دیکھا۔ درآمدات پر انحصار کرنے والی معیشت ہونے کے سبب خام مال کی عدم دستیابی نے صنعتی پیداوار کو دھچکا لگا دیا۔ تاہم درآمدات کو حجم کے گھٹانے کے عمل سے کرنٹ اکاؤنٹ بیلنس میں کمی ہوئی ہے۔

سال 2023 کے گزشتہ 6 ماہ میں تمام ہنگاموں کے دوران فنڈ اور اور حکومت کے درمیان مذاکرات جاری رہے۔ سیاسی حمایت کھونے کے خوف سے گورنمنٹ نے کافی مزاحمت کے بعد بالآخر فنڈ کی تمام شرائط ماننا شروع کر دی ہیں۔ افراط زر کے دباؤ کی روک تھام نے سودی شرح کو بڑھایا، شرح مبادلہ کو آزاد چھوڑ دیا کہ مارکیٹ تعین کرے گی، ایکسٹرنل فناننگ کی ضروریات (درآمدات میں سکڑاؤ) کو کم کیا اور باہمی شرائط داروں سے سال 2023 کے لئے ایکسٹرنل فناننگ کی ضروریات کی کمی کو دور کرنے کے، مذاکرات کئے اور فنڈ کے تقاضوں کے مطابق مالی سال 2024 کے لئے تیاری کی۔ IMF کی تمام پیشگی شرائط تسلیم کرنے کے باوجود فنڈ کے اداراتی اصلاحات کے وعدے کے بارے میں، سخت موقف میں کوئی تبدیلی نہیں آئی ہے۔

PSX کا جائزہ

IMF کے پروگرام میں مثبت پیش رفت ہونے کے بعد گزشتہ چند ماہ میں PSX نے غیر معمولی کارکردگی دکھائی۔ مہینے کے آغاز پر، گورنمنٹ نے IMF سے 3 ارب امریکی ڈالر کی نمایاں اسٹینڈ بائی سہولت حاصل کی، اس میں سے 1.2 ارب امریکی ڈالر کی فوری ادائیگی کر دی گئی ہے۔ IMF کے ساتھ اس اہم معاملے کے نتیجے میں فٹچ (Fitch) نے پاکستان کی خود مختاری درجہ بندی۔ CCC سے بڑھا کر CCC کر دی ہے۔ IMF کی معاونت کے بعد بینک دولت پاکستان کو اتحادی ملکوں سے خاصی ترسیلات/ رول اوور وصول ہوئے، اور ملک کے غیر ملکی زرمبادلہ کے ذخائر اضافے کے بعد ماہ کے آخر تک 8.2 ارب امریکی ڈالر کی سطح پر پہنچ گئے۔ KSE-100 انڈیکس نے غیر معمولی نمو دکھائی اور ماہانہ کی بنیاد پر 6,582 پوائنٹس کے نمایاں اضافے کے بعد 48,035 پوائنٹس پر بند ہوا (2020 اپریل سے ماہانہ منافع کی بلند ترین سطح)۔ اس کے علاوہ PSX نے 18 بلین امریکی ڈالر خریداری کی جو جولائی 2019 سے اب تک بلند ترین ماہانہ نیٹ ان فلو (inflow net) ہے۔

مائیکرو فنانس بینک لمیٹڈ (مکمل طور پر ذیلی ادارہ)

سندھ مائیکرو فنانس بینک لمیٹڈ (SMFB) نے مائیکرو فنانس آپریشن کا آغاز سندھ میں مئی 2016 میں 750 بلین روپے سے ملکیتی سرمایہ سے کیا۔ 30 جون 2023 تک SMFB نے اپنے منافع کے ذریعے سے اپنے ملکیتی سرمائے کو ایک (1) ارب روپے سے زیادہ پہنچا دیا ہے۔

مانیکرو فنانس سیکٹر کو درپیش مشکلات کے باوجود SMFB نے اپریل 2023 میں 24 فیصد 180 ملین روپے کے مقسمہ منافع کا بذریعہ یونٹ شیئرز کا اعلان کیا تھا اور ادا شدہ سرمایہ کو 930 ملین روپے تک بڑھا دیا۔

30 جون 2023 کے نصف سال کے دوران SMFB بحیثیت ایک تسلسل سے جاری رہنے والے اور منافع بخش ادارے کے رہا، SMFB نے 45 ملین روپے کا منافع قبل از محصول حاصل کیا (نصف سال 2022: 26 ملین روپے)۔ SMFB کا ارادہ ہے کہ وہ جلد ہی بینک دولت پاکستان سے قومی سطح کا لائسنس حاصل کرے۔

SMFB نے اب تک 275,000 قرضہ جات جن کی تقریباً مالیت 8.5 ارب روپے ہے، کی ادائیگیاں سندھ بھر میں 96 مقامات پر موجود دفاتر سے کی ہیں۔ مانیکرو فنانس پروگرام کا مقصد سندھ کے پسماندہ طبقے، خاص طور پر خواتین تک، فنانس کی رسائی میں بہتری لانا تھا۔ اس جذبے کے تحت SMFB نے سندھ میں دیہی اور نیم شہروں میں معاشی طور پر متحرک خواتین کو خود مختار بنانے کے لئے ان تک فنانس کی رسائی میں اہم کردار ادا کیا۔

پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے طویل المدت درجہ بندی A - اور قلیل المدت درجہ بندی A2 تفویض کی ہیں، PACRA کی نظر میں مانیکرو فنانس کے سیکٹر میں SMFB ایک ترقی کرتا ہوا ادارہ ہے۔

30 جون 2023 کو اختتام پذیر نصف سال کی مختصر مالیاتی جھلکیاں درج ذیل ہیں؛

31 دسمبر 2022	30 جون 2023 پر
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بیلس شیٹ

روپے ملین میں	کھاتوں کی تعداد	روپے ملین میں	کھاتوں کی تعداد	
1,321	66,133	1,716	63,140	مجموعی قرضہ کا پورٹ فولیو
2,008		2,438		کل اثاثہ جات
600	129,056	668	118,083	ڈپازٹس
310		635		ادھار
995		1,386		کل واجبات (Liabilities)
1,012		1,052		خالص ملکیتی سرمایہ (Equity)

قرضہ جات کی فراہمی کی سرگرمی	30 جون 2023 پر اختتام پذیر نصف سال	30 جون 2022 پر اختتام پذیر نصف سال	986
	37,475	1,496	30,115

نفع نقصان کا کھاتا

خالص سودی آمدن	177	163	
منافع قبل از محصول	45	26	
محصول	(5)	(7)	
منافع بعد از محصول	40	19	

مستقبل کا منظر نامہ


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

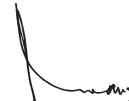
- غیر فعال قرضوں کی بحالی اور کمی؛
- کنزیومر، SME اور تجارتی کاروبار میں اضافہ؛
- متبادل فراہمی اور خدمات کے ذرائع جس کی بنیاد ٹیکنالوجی پلیٹ فارم پر ہوتا ہے کہ ان کو سہولت فراہم کی جاسکے۔
- عمل کی تربیت اور ترقی
- خطرے اور نگرانی کے ماحول کی مضبوطی

اعتراف

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

بورڈ آف ڈائریکٹرز کی جانب سے


محمد آفتاب عالم
نان ایگزیکٹو ڈائریکٹر


عمران احمد
صدر CEO

کراچی: 29 اگست 2023

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Sindh Bank Limited

Report on review of Unconsolidated Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of SINDH BANK LIMITED ("the Bank") as at June 30, 2023, and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim cash flow statement, and notes to the unconsolidated condensed interim financial statements for the half year then ended (here-in-after referred to as "unconsolidated condensed interim financial statements"). Management is responsible for the preparation and presentation of this unconsolidated condensed interim financial statements in accordance with the approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these unconsolidated condensed interim financial statements based on our review. The figures for the quarters ended June 30, 2023 and June 30, 2022, in the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

Scope of Review

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

Conclusion

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

Riaz Ahmad & Company
Chartered Accountants

Emphasis of Matter

We draw attention to Note 14.1 to the unconsolidated condensed interim financial statements which states that the deferred tax asset has been recognized in the unconsolidated condensed interim financial statements on the basis of financial projections for the future years approved by Board of Directors of the Bank. The preparation of financial projection involves management assumptions regarding future business and economic conditions and significant change in assumptions may have impact on recoverability of the deferred tax assets.

Our conclusion is not modified in respect of this matter.

Other Matter

The unconsolidated condensed interim financial statements of the Bank for the period ended June 30, 2022, and unconsolidated annual financial statement of the Bank for the year ended December 31, 2022, have been reviewed and audited by another firm of chartered accountant who vide their reports dated August 29, 2022, and March 10, 2023, expressed an unmodified conclusion and opinion thereon respectively.

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



RIAZ AHMAD & COMPANY
Chartered Accountants

KARACHI

DATE: 31 AUGUST 2023
UDIN: RR20231004529oDpzIsM

**UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS
PERIOD ENDED
JUNE 30, 2023**

Unconsolidated Condensed Interim Statement of Financial Position As At June 30, 2023

		June 30, 2023	December 31, 2022
	Note	Un-audited	Audited
----- (Rupees in '000) -----			
ASSETS			
Cash and balances with treasury banks	7	21,126,025	14,168,738
Balances with other banks	8	1,398,743	1,619,530
Lendings to financial institutions	9	36,016,422	19,967,424
Investments-net	10	203,507,605	254,552,777
Advances-net	11	41,925,063	43,802,328
Fixed assets	12	3,546,432	4,032,522
Intangible assets	13	129,921	117,271
Deferred tax assets-net	14	15,392,330	14,662,046
Other assets	15	9,435,199	4,927,691
		332,477,740	357,850,327
LIABILITIES			
Bills payable	16	2,004,075	726,148
Borrowings	17	49,817,409	106,934,714
Deposits and other accounts	18	246,223,742	223,043,950
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	19	13,147,588	9,994,556
		311,192,814	340,699,368
NET ASSETS		21,284,926	17,150,959
REPRESENTED BY			
Share capital - net	20	29,524,428	29,524,428
Reserves		1,510,354	1,461,412
Shares deposit money	21	5,000,000	-
Deficit on revaluation of assets	22	(2,319,245)	(1,208,500)
Accumulated Loss		(12,430,611)	(12,626,381)
		21,284,926	17,150,959
CONTINGENCIES AND COMMITMENTS	23		

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


 Chairman


 President and Chief Executive Officer


 Director


 Director


 Chief Financial Officer

Unconsolidated Condensed Interim Profit and Loss Account (Un-audited) For The Half Year And Quarter Ended June 30, 2023

	Half year ended		Quarter ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Note	----- (Rupees in '000) -----			
Mark-up / Return / Interest Earned	24 26,892,364	15,298,401	14,310,025	8,590,050
Mark-up / Return / Interest Expensed	25 23,536,204	12,252,228	12,496,966	7,312,111
Net Mark-up / Interest Income	3,356,160	3,046,173	1,813,059	1,277,939
Non Mark-up / Interest Income				
Fee and Commission Income	26 282,790	205,873	142,537	116,318
Dividend Income	97,890	87,829	48,199	34,589
Foreign Exchange Income	596,559	330,642	382,327	248,686
Income / (loss) from derivatives	-	-	-	-
Gain / (Loss) on securities	27 (107,451)	(130,586)	(108,465)	(97,421)
Other Income	28 2,805	4,188	585	868
Total non-markup/interest Income	872,593	497,946	465,183	303,040
Total Income	4,228,753	3,544,119	2,278,242	1,580,979
Non Mark-up / Interest Expenses				
Operating expenses	29 3,865,669	3,242,080	2,094,194	1,758,487
Other charges	30 55,938	760	520	732
Total non-markup/interest expenses	3,921,607	3,242,840	2,094,714	1,759,219
Profit / (Loss) before provisions	307,146	301,279	183,528	(178,240)
Provisions and write offs - net Extra ordinary / unusual items	31 (264,576)	1,102,396	(110,107)	1,020,404
Profit / (Loss) before Taxation	571,722	(801,117)	293,635	(1,198,644)
Taxation	32 327,010	(313,504)	218,556	(467,019)
Profit / (Loss) after Taxation	244,712	(487,613)	75,079	(731,625)
----- (Rupees) -----				
Basic earning / (loss) per share	33 0.08	(0.19)	0.03	(0.29)
Diluted earning / (loss) per share	34 0.08	(0.19)	0.03	(0.29)

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

 Chairman
  President and
Chief Executive Officer
  Director
  Director
  Chief Financial Officer

Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited) For The Half Year And Quarter Ended June 30, 2023

	Half year ended		Quarter ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
----- (Rupees in '000) -----				
Profit / (Loss) after taxation for the period	244,712	(487,613)	75,079	(731,625)
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>(1,110,745)</u>	<u>446,171</u>	<u>65,892</u>	<u>674,689</u>
	(866,033)	(41,442)	140,971	(56,936)
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 (loss) / Inome	<u>(866,033)</u>	<u>(41,442)</u>	<u>140,971</u>	<u>(56,936)</u>

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

 Chairman
 President and Chief Executive Officer
 Director
 Director
 Chief Financial Officer

Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited) For The Half Year Ended June 30, 2023

	Share Capital	Shares Deposit Money	Capital Reserves			Surplus / (Deficit) on revaluation of Investments	Accumulated Profit / (Loss) **	Total
			Reserves on amalgamation	Share Premium	Statutory Reserve *			
Rupees in '000								
Balance as at January 01, 2022	25,524,428	4,000,000	9,433	51	1,451,928	(1,121,647)	(11,236,911)	18,627,282
Loss for the half year ended June 30, 2022	-	-	-	-	-	-	(487,613)	(487,613)
Other comprehensive income - net of tax	-	-	-	-	-	446,171	-	446,171
Balance as at June 30, 2022	25,524,428	4,000,000	9,433	51	1,451,928	(675,476)	(11,724,524)	18,585,840
Loss for the half year ended December 31, 2022	-	-	-	-	-	-	(898,137)	(898,137)
Other comprehensive income /(loss) - net of tax	-	-	-	-	-	(533,024)	(3,720)	(536,744)
Share deposit money	4,000,000	(4,000,000)	-	-	-	-	-	-
Balance as at December 31, 2022	29,524,428	-	9,433	51	1,451,928	(1,208,500)	(12,626,381)	17,150,959
Loss for the half year ended June 30, 2023	-	-	-	-	-	-	244,712	244,712
Share deposit money	-	5,000,000	-	-	-	-	-	5,000,000
Transfer to statutory reserve	-	-	-	-	48,942	-	(48,942)	-
Other comprehensive income - net of tax	-	-	-	-	-	(1,110,745)	-	(1,110,745)
Balance as at June 30, 2023	29,524,428	5,000,000	9,433	51	1,500,870	(2,319,245)	(12,430,611)	21,284,926

* 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. 4,547.10 million net of tax as at June 30, 2023 (December 31, 2022: Rs.4,737.96 million) representing additional profit arising from availing forced sale value benefit for determining provisioning requirement which is not available for the purpose of distribution of dividend to shareholders.

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







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

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited) For The Half Year Ended June 30, 2023

		June 30, 2023	June 30, 2022
	Note	----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit/(Loss) before taxation		571,722	(801,117)
Less: Dividend income		<u>(97,890)</u>	<u>(87,829)</u>
		473,832	(888,946)
Adjustments:			
Depreciation	29	528,208	536,293
Amortisation	29	19,556	17,410
Provision against non-performing loans and advances - net	31	(265,455)	1,097,348
Provision for diminution in the value of investments - net	31	879	5,048
Gain on sale of operating fixed assets	28	(992)	(2,665)
		<u>282,196</u>	<u>1,653,434</u>
		756,028	764,488
(Increase) / decrease in operating assets			
Lendings to financial institutions		(16,048,998)	4,581,208
Advances - net		2,142,720	1,457,471
Other assets (excluding advance taxation)		(4,510,310)	(1,224,695)
		(18,416,588)	4,813,984
Increase / (decrease) in operating liabilities			
Bills payable		1,277,927	1,070,303
Borrowings from financial institutions		(57,117,305)	89,509,233
Deposits and other accounts		23,179,792	(27,804,295)
Other liabilities (excluding current taxation)		3,153,032	997,644
		<u>(29,506,554)</u>	<u>63,772,885</u>
		(47,167,114)	69,351,357
Income tax paid		(344,345)	(176,261)
Net cash flows from / (used in) operating activities		<u>(47,511,459)</u>	<u>69,175,096</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in available-for-sale securities		19,560,731	(69,703,871)
Net investment in held-to-maturity securities		29,662,670	14,294
Dividends received		97,890	80,519
Investments in operating fixed assets		(74,786)	(189,306)
Sale proceeds from sale of fixed assets		1,454	3,157
Net cash flows from / (used in) investing activities		<u>49,247,959</u>	<u>(69,795,207)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Share deposit money		5,000,000	-
Shares capital		-	-
Net cash flows from financing activities		<u>5,000,000</u>	<u>-</u>
Increase in cash and cash equivalents		6,736,500	(620,111)
Cash and cash equivalents at the beginning of the year		<u>15,788,268</u>	<u>20,434,492</u>
Cash and cash equivalents at the end of the period	35	<u>22,524,768</u>	<u>19,814,381</u>

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







Chairman President and
 Chief Executive Officer Director Director Chief Financial Officer

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) For The Half Year Ended June 30, 2023

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 (2022: 330) branches including 8 (2022: 8) sub-branches and 14 (2022: 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 27, 2023.
- 1.4 Listing of the Bank will be undertaken in future after improvement in Bank's financial position and Regulator's guidance on the matter.

2. BASIS OF PRESENTATION

- 2.1 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 2022.
- 2.2 In accordance with the directives of the Federal Government regarding the shifting of the Banking system to Islamic modes, the State Bank of Pakistan has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by Banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these unconsolidated condensed interim financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon. The Islamic Banking branches of the Bank have complied with the requirements set out under the Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) and notified under the provisions of the Companies Act, 2017.
- 2.3 The financial results of the Islamic Banking branches have been consolidated in these unconsolidated condensed interim financial statements for reporting purposes, after eliminating material inter-branch transactions / balances. Key financial figures of the Islamic Banking branches are disclosed in note 40 to these unconsolidated condensed interim financial statements.

3. STATEMENT OF COMPLIANCE

These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. 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 Quarter ended December 31, 2022.

5 SIGNIFICANT ACCOUNTING POLICIES

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

There are certain amendments to existing accounting and reporting standards that have become applicable to the Bank for accounting periods beginning on or after January 01, 2023. These are considered either not to be relevant or do not have any significant impact on these condensed interim financial statements.

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

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

6. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Bank for the year ended December 31, 2022.

		June 30, 2023 Un-audited	December 31, 2022 Audited
	Note	----- (Rupees '000) -----	
7 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		4,383,069	4,593,287
Foreign currency		96,942	112,285
		4,480,011	4,705,572
With State Bank of Pakistan (SBP) in			
Local currency current accounts	7.1	14,904,886	9,015,993
Foreign currency current accounts	7.2	65,360	105,966
Foreign currency deposit accounts			
- Non Remunerative	7.3	160,873	104,727
- Remunerative	7.4	307,104	205,270
		15,438,223	9,431,956
With National Bank of Pakistan in			
Local currency current accounts		1,197,901	22,429
Local currency deposit accounts	7.5	3,278	5
		1,201,179	22,434
Prize bonds		6,612	8,776
		<u>21,126,025</u>	<u>14,168,738</u>

- 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 3.39% to 4.19% profits (2022 : 0% - 3.14%) per annum.
- 7.5 This includes savings account with National Bank of Pakistan carrying mark-up at 19.5% (2022: 14.50%) per annum.

		June 30, 2023 Un-audited	December 31, 2022 Audited
	Note	----- (Rupees '000) -----	
8 BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		30	30
In savings accounts	8.1	1,541	1,434
		<u>1,571</u>	<u>1,464</u>
Outside Pakistan			
In current accounts		<u>1,397,172</u>	<u>1,618,066</u>
		<u><u>1,398,743</u></u>	<u><u>1,619,530</u></u>

8.1 This includes savings account with a commercial bank carrying profit at the rate of 19.5% (2022: 14.50%) per annum.

9 LENDINGS TO FINANCIAL INSTITUTIONS

Repurchase agreement lendings (Reverse Repo)	9.2 & 9.3	35,666,422	19,967,424
Musharaka arrangements		350,000	-
		<u>36,016,422</u>	<u>19,967,424</u>

9.1 Particulars of lending

In local currency		36,016,422	19,967,424
In foreign currencies		-	-
		<u>36,016,422</u>	<u>19,967,424</u>

9.2 This represents arrangement with commercial banks carrying mark-up in the range of 22.15% to 22.70% (2022 : 15.75% to 16.20%) per annum maturing up to July 04, 2023 (2022 : January 06, 2023).

9.3 Securities held as collateral against Lendings to financial institutions

	June 30, 2023 (Un-audited)			December 31, 2022 (Audited)		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	----- (Rupees '000) -----					
Market Treasury Bills	34,678,116	-	34,678,116	18,016,775	-	18,016,775
Pakistan Investment Bonds	<u>959,600</u>	-	<u>959,600</u>	<u>1,975,600</u>	-	<u>1,975,600</u>
Total	<u><u>35,637,716</u></u>	-	<u><u>35,637,716</u></u>	<u><u>19,992,375</u></u>	-	<u><u>19,992,375</u></u>

10 INVESTMENTS	June 30, 2023 (Un-audited)				December 31, 2022 (Audited)				
	Note	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
10.1 Investments by type									
----- Rupees in '000 -----									
Available-for-sale securities									
Federal Government Securities									
Market Treasury Bills		-	-	-	-	64,108,973	-	(180,402)	63,928,571
Pakistan Investment Bonds		17,511,762	-	(3,100,044)	14,411,718	17,616,725	-	(1,265,020)	16,351,705
Pakistan Investment Bonds - Floater Government of Pakistan - Ijarah Sukuk		170,529,353	-	(398,363)	170,130,990	125,882,687	-	(167,136)	125,715,551
Shares									
Listed		4,000,003	-	(20,453)	3,979,550	4,000,008	-	(14,598)	3,985,410
Mutual funds		2,791,876	(342,757)	(302,585)	2,146,534	2,785,332	(342,757)	(373,481)	2,069,094
		215,049	(43,684)	19,407	190,772	215,049	(42,806)	19,492	191,735
		195,048,043	(386,441)	(3,802,038)	190,859,564	214,608,774	(385,563)	(1,981,145)	212,242,066
Held-to-maturity securities									
Federal Government Securities									
Market Treasury Bills		-	-	-	-	29,623,413	-	-	29,623,413
Pakistan Investment Bonds		11,304,522	-	-	11,304,522	11,343,755	-	-	11,343,755
Preference Shares - Unlisted		77,708	(77,708)	-	-	77,708	(77,708)	-	-
Non-government debt securities									
Term finance certificates - Listed		224,235	-	-	224,235	224,235	-	-	224,235
Term finance certificates - Unlisted		858,925	(489,641)	-	369,284	858,949	(489,641)	-	369,308
		12,465,390	(567,349)	-	11,898,041	42,128,060	(567,349)	-	41,560,711
Investment in Subsidiary									
Fully paid ordinary shares	10.5	750,000	-	-	750,000	750,000	-	-	750,000
Total Investments		208,263,433	(953,790)	(3,802,038)	203,507,605	257,486,834	(952,912)	(1,981,145)	254,552,777
					June 30, 2023 Un-audited	December 31, 2022 Audited			
					----- (Rupees '000) -----				
10.2 Investments given as collateral									
Federal government securities									
Pakistan Investment Bonds					47,472,600				104,589,900
Market Treasury Bills					-				-
					47,472,600				104,589,900
10.3 Provision for diminution in value of investments									
10.3.1 Opening balance					952,912				873,216
Charge / reversals									
Charge for the period / year					879				80,939
Reversals for the period / year					-				-
Reversal on disposals for the period / year					-				(1,243)
Transfers - net					879				79,696
Closing Balance					953,790				952,912

June 30, 2023 (Un-audited)		December 31, 2022 (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	978,493	953,790	977,614	952,912
Total	978,493	953,790	977,614	952,912

10.3.3 The Bank has availed the benefit of forced sale value of collateral against non-performing investment under the prudential regulation issued by the State Bank of Pakistan. Had the benefit not been taken by the Bank, provision against non-performing investment would have been higher by Rs. 24.70 million (2022: Rs.24.70 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, 2023 amounted to Rs. 9,923.90 million (December 31, 2022: Rs.40,242.39 million).

10.5 During the quarter June 2023 Sindh MicroFinance Bank Limited had issued 18 million ordinary shares of Rs. 10 each, these shares have been allotted as fully paid up bonus shares in the proportion of 24 shares for every hundred existing shares ranking pari passu in all respects with the existing ordinary shares of the company.

11 ADVANCES - NET

Performing		Non Performing		Total	
June 30, 2023 (Un-audited)	December 31, 2022 (Audited)	June 30, 2023 (Un-audited)	December 31, 2022 (Audited)	June 30, 2023 (Un-audited)	December 31, 2022 (Audited)

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

Loans, cash credits, agriculture, running finances etc.	26,670,662	28,762,623	34,051,827	34,531,096	60,722,489	63,293,719
Commodity finance	5,917,270	5,205,042	-	-	5,917,270	5,205,042
Net investment in finance lease	432,883	538,713	418,748	420,881	851,631	959,594
Islamic financing and related assets						
Diminishing musharakah financing	887,957	1,021,768	11,423	11,898	899,380	1,033,666
Ijarah financing under IFAS 2	10,605	11,371	-	-	10,605	11,371
	33,919,377	35,539,517	34,481,998	34,963,875	68,401,375	70,503,392
Bills discounted and purchased (excluding market treasury bills)						
Payable in Pakistan	348,639	386,782	-	-	348,639	386,782
Payable outside Pakistan	3,178	5,738	3,405	3,405	6,583	9,143
	351,817	392,520	3,405	3,405	355,222	395,925
Advances - gross	34,271,194	35,932,037	34,485,403	34,967,280	68,756,597	70,899,317
Provision for non-performing advances						
- Specific Provision	-	-	26,823,545	27,089,777	26,823,545	27,089,777
- General provision against consumer and small enterprise advances	7,989	7,212	-	-	7,989	7,212
	7,989	7,212	26,823,545	27,089,777	26,831,534	27,096,989
Total Advances - Net	34,263,205	35,924,825	7,661,858	7,877,503	41,925,063	43,802,328

11.1 Particulars of advances (Gross)	June 30, 2023	December 31, 2022
	Un-audited	Audited
	----- (Rupees '000) -----	
In local currency	68,756,597	70,899,317
In foreign currencies	-	-
	<u>68,756,597</u>	<u>70,899,317</u>

11.2 Advances include Rs. 34,485.40 (2022: Rs. 34,967.28) million which have been placed under non-performing status are as detailed below:

Category of Classification	Note	June 30, 2023 Un-audited		December 31, 2022 (Audited)	
		Non performing Loans	Provision	Non performing Loans	Provision
----- Rupees in '000 -----					
Domestic					
Other Assets Especially Mentioned	11.2.1	10,931	-	26,794	-
Substandard		12,331	-	10,979	36
Doubtful		334,474	642	198,971	23,739
Loss		34,127,667	26,822,903	34,730,536	27,066,002
Total		<u>34,485,403</u>	<u>26,823,545</u>	<u>34,967,280</u>	<u>27,089,777</u>

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

11.2.2 The Bank has availed the benefit of forced sale value on plant and machinery under charge and mortgaged residential and commercial property (land and building only) held as collateral against non-performing advances under the prudential regulation issued by the State Bank of Pakistan. Had the benefit not been taken by the Bank, specific provision against non-performing advances would have been higher by Rs. 7,473.82 (2022: Rs. 7,742.44) 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, 2023 (Un-audited)			December 31, 2022 (Audited)		
	Specific	General	Total	Specific	General	Total
----- Rupees in '000 -----						
Opening balance	27,089,777	7,212	27,096,989	25,236,386	2,903	25,239,289
Exchange adjustments	-	-	-	-	-	-
Charge for the period	310,166	777	310,943	2,718,477	4,309	2,722,786
Reversals	(549,551)	-	(549,551)	(860,608)	-	(860,608)
	(239,385)	777	(238,608)	1,857,869	4,309	1,862,178
Amounts charged off - Agriculture loans	(26,847)	-	(26,847)	(4,478)	-	(4,478)
Net charge / (reversal) during the period	(266,232)	777	(265,455)	1,853,391	4,309	1,857,700
Amounts written off	-	-	-	-	-	-
Closing balance	<u>26,823,545</u>	<u>7,989</u>	<u>26,831,534</u>	<u>27,089,777</u>	<u>7,212</u>	<u>27,096,989</u>

11.2.3.1 General provision against consumer loans represents provision maintained at an amount equal to 1% (2022: 1%) of the fully secured performing portfolio and 4% (2022: 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% (2022: 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 2023 Un-audited	December 31, 2022 Audited
	Note	----- (Rupees '000) -----	
12 FIXED ASSETS			
Capital work-in-progress	12.1	13,991	26,725
Property and equipment		1,231,886	1,312,351
Right of use assets		2,300,555	2,693,446
		<u>3,546,432</u>	<u>4,032,522</u>
12.1 Capital work-in-progress			
Civil works		4,225	4,325
Equipment		190	2,041
Advances to suppliers		9,576	20,359
		<u>13,991</u>	<u>26,725</u>
		June 30, 2023	June 30, 2022
		Un-audited	
		----- Rupees in '000 -----	
12.2 Additions to fixed assets			
The following additions have been made to fixed assets during the period:			
Property and equipment :			
Lease hold improvements		17,162	27,534
Furniture and fixture		4,288	2,575
Computer and office equipment		24,049	37,358
Vehicles		9,817	87,259
Total		<u>55,316</u>	<u>154,726</u>
Disposal of fixed assets			
The net book value of fixed assets disposed off during the period is as follows:			
Furniture and fixture		-	10
Lease hold improvements		-	457
Computer and office equipment		462	24
Vehicles		-	-
Total		<u>462</u>	<u>491</u>
		June 30, 2023 Un-audited	December 31, 2022 Audited
		----- (Rupees '000) -----	
13 INTANGIBLE ASSETS			
Computer Software		129,921	117,271
Others		-	-
		<u>129,921</u>	<u>117,271</u>

	June 30, 2023	June 30, 2022
	Un-audited	
	----- Rupees in '000 -----	
Additions to intangible assets		
The additions intangible assets during the period:		
Computer Software	32,205	-
Disposals of intangible assets		
The net book value of intangible assets disposed off during the period.	-	-
	June 30, 2023	December 31, 2022
	Un-audited	Audited
	----- (Rupees '000) -----	
14 DEFERRED TAX ASSETS - NET		
Deductible Temporary Differences on		
- Provision against advances - general	8,439,633	9,108,677
- Tax losses carried forward	4,176,450	3,782,989
- Provision for diminution in the value of investments	94,853	94,853
- Deficit on revaluation of investments	1,482,795	772,647
- Others	1,335,113	1,050,673
	15,528,844	14,809,839
Taxable Temporary Differences on		
- Accelerated tax depreciation - tangible fixed assets	10,188	(3,797)
- Net investment in Lease Finance	(131,859)	(131,859)
- Accelerated tax amortization - intangible assets	(14,843)	(12,137)
	(136,514)	(147,793)
	15,392,330	14,662,046

- 14.1** The Bank has an aggregate amount of deferred tax assets of Rs. 15,392 million (2022: Rs. 14,662 million). Deferred tax asset has been recorded based on management's best estimate of the probable benefits expected to be realised in future years in the form of reduced tax liability as the Bank would be able to set off the profits earned in those years against the deferred tax asset. In this regard, the Bank has prepared financial projections for future taxable profits, which have been approved by the Board of the Bank, to assess the recoverability of deferred tax assets. The projections involve certain key management assumptions underlying the estimation of future taxable profits. The determination of future taxable profits is most sensitive to certain key assumptions such as growth in high yield consumer advances, investment returns, potential provision against assets, interest rates, cost of funds and expected recoveries of classified loans. Any significant change in such assumptions may have an effect on the recoverability of the deferred tax assets. Management believes that it is probable that the Bank will be able to achieve the profits and consequently, the deferred tax asset will be fully realised in future.

	June 30, 2023 Un-audited	December 31, 2022 Audited
	----- (Rupees '000) -----	
15 OTHER ASSETS		
Income/ Mark-up accrued in local currency	8,644,273	4,261,207
Accrued commission income	19,730	19,730
Advances, deposits, advance rent and other prepayments	335,691	182,617
Receivable against sale of shares	154,220	56,982
Insurance premium receivable against agriculture loans	9,572	9,841
Stationery and stamps on hand	18,299	18,966
Dividends receivable	-	-
Receivable against 1 Link ATM settlement account	138,689	305,152
Advance Taxation - net	10,110	12,912
Acceptances	-	-
Insurance claims receivable	8,856	3,375
Other receivables	95,759	56,909
	<u>9,435,199</u>	<u>4,927,691</u>
16 BILLS PAYABLE		
In Pakistan	2,004,075	726,148
Outside Pakistan	-	-
	<u>2,004,075</u>	<u>726,148</u>
17 BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan		
- Under export refinance scheme	1,772,500	1,874,835
- Under long term finance facility	44,909	59,879
Repurchase agreement borrowings		
- State Bank of Pakistan (SBP)	48,000,000	105,000,000
- Other commercial banks / (DFIs)	-	-
	<u>48,000,000</u>	<u>105,000,000</u>
	<u>49,817,409</u>	<u>106,934,714</u>
17.1 Particulars of borrowings		
In local currency	49,817,409	106,934,714
In foreign currencies	-	-
	<u>49,817,409</u>	<u>106,934,714</u>

18 DEPOSITS AND OTHER ACCOUNTS

	June 30, 2023 (Un-audited)			December 31, 2022 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
----- Rupees in '000 -----						
Customers						
Current deposits	53,718,921	827,152	54,546,073	57,625,016	538,290	58,163,306
Savings deposits	122,176,555	1,634,273	123,810,828	98,443,519	1,009,539	99,453,058
Term deposits	60,820,875	285,719	61,106,594	61,811,366	435,818	62,247,184
Margin and other deposits	3,508,347	-	3,508,347	480,506	-	480,506
	<u>240,224,698</u>	<u>2,747,144</u>	<u>242,971,842</u>	<u>218,360,407</u>	<u>1,983,647</u>	<u>220,344,054</u>
Financial Institutions						
Current deposits	39,122	31	39,153	53,242	24	53,266
Savings deposits	683,747	-	683,747	627,586	-	627,586
Term deposits	2,409,000	-	2,409,000	1,899,000	-	1,899,000
Margin and other deposits	120,000	-	120,000	120,044	-	120,044
	<u>3,251,869</u>	<u>31</u>	<u>3,251,900</u>	<u>2,699,872</u>	<u>24</u>	<u>2,699,896</u>
	<u>243,476,567</u>	<u>2,747,175</u>	<u>246,223,742</u>	<u>221,060,279</u>	<u>1,983,671</u>	<u>223,043,950</u>

19 OTHER LIABILITIES

	June 30, 2023 Un-audited	December 31, 2022 Audited
	----- (Rupees '000) -----	
	Note	
Mark-up / return / interest payable in local currency	8,439,606	4,740,408
Mark-up / return / interest payable in foreign currency	4,185	3,485
Accrued expenses	386,369	281,813
Net defined benefit liability	74,981	104,688
Provision for compensated absences	240,618	250,602
Payable against 1 Link ATM settlement account	-	-
Unrealised loss against forward forex revaluation - net	168,115	692,112
Payable against purchase of operating fixed assets	29,101	44,089
Payable against purchase of shares	268,372	309,248
Retention money	56,734	56,547
Federal excise duty / sales tax on services payable	3,470	1,835
Lease liability	2,536,315	2,861,097
Withholding tax payable	50,136	20,919
Acceptances	-	-
Security deposit against lease contracts	19.1 237,336	237,882
Others	652,250	389,831
	<u>13,147,588</u>	<u>9,994,556</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, 2023 Un-audited	December 31, 2022 Audited		June 30, 2023 Un-audited	December 31, 2022 Audited
Number of Shares			----- Rupees in '000 -----	
<u>3,000,000,000</u>	<u>3,000,000,000</u>	Ordinary shares of Rs.10 each	<u>30,000,000</u>	<u>30,000,000</u>

20.2 Issued, subscribed and paid-up share capital

June 30, 2023 Un-audited	December 31, 2022 Audited		June 30, 2023 Un-audited	December 31, 2022 Audited
		Fully paid in cash		
<u>2,952,442,817</u>	<u>2,552,442,817</u>	Ordinary shares of Rs. 10/- Each	<u>29,524,428</u>	<u>25,524,428</u>
<u>-</u>	<u>400,000,000</u>	Right shares of Rs.10/- Each	<u>-</u>	<u>4,000,000</u>
<u>2,952,442,817</u>	<u>2,952,442,817</u>		<u>29,524,428</u>	<u>29,524,428</u>

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

21 SHARES DEPOSIT MONEY

Opening balance	-	4,000,000
Received during the period / year	<u>5,000,000</u>	-
Right shares issued during the period / year	-	<u>(4,000,000)</u>
	<u>5,000,000</u>	<u>-</u>

22 DEFICIT ON REVALUATION OF ASSETS

Note

	June 30, 2023 Un-audited	December 31, 2022 Audited
----- (Rupees '000) -----		
Available-for-sale securities		
Federal government securities	(3,518,860)	(1,627,156)
Fully paid ordinary shares - listed	(302,585)	(373,481)
Units of mutual funds (units / certificates)	<u>19,407</u>	<u>19,492</u>
	<u>(3,802,038)</u>	<u>(1,981,145)</u>
Related deferred taxation	<u>1,482,793</u>	<u>772,645</u>
	<u>(2,319,245)</u>	<u>(1,208,500)</u>

23 CONTINGENCIES AND COMMITMENTS

Guarantees	23.1	<u>6,314,184</u>	4,475,012
Commitments	23.2	<u>156,491,872</u>	167,300,904
Other contingent liabilities		-	-
		<u>162,806,056</u>	<u>171,775,916</u>

23.1 Guarantees:

Financial guarantees	<u>878,198</u>	695,773
Performance guarantees	<u>1,300,320</u>	2,684,368
Other guarantees	<u>4,135,666</u>	1,094,871
	<u>6,314,184</u>	<u>4,475,012</u>

	June 30, 2023 Un-audited	December 31, 2022 Audited
Note	----- (Rupees '000) -----	
23.2 Commitments:		
Documentary credits and short-term trade-related transactions		
- letters of credit	4,148,875	549,961
Commitments in respect of:		
- forward foreign exchange contracts	23.2.1 54,291,383	32,362,486
- forward lending	23.2.2 98,051,614	134,388,457
Other commitments	-	-
	<u>156,491,872</u>	<u>167,300,904</u>

23.2.1 Commitments in respect of forward foreign exchange contracts

Purchase	27,829,140	16,669,577
Sale	26,462,243	15,692,909
	<u>54,291,383</u>	<u>32,362,486</u>

23.2.2 Commitments in respect of forward lending

Forward repurchase agreement lending	49,777,547	106,368,612
Forward resale agreement borrowing	35,669,854	19,984,859
Undrawn formal standby facilities, credit lines and other commitments to lend	23.2.2.1 12,604,213	8,034,986
	<u>98,051,614</u>	<u>134,388,457</u>

23.2.2.1 Commitments to extend credit

The Bank makes commitments to extend credit in the normal course of its business but these are revocable commitments that do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

	For the Half Year ended	
	June 30, 2023	June 30, 2022
Note	----- Un-audited ----- ----- Rupees in '000 -----	
24 MARK-UP/RETURN/INTEREST EARNED		
Loans and advances	3,243,896	2,329,201
Investments	22,714,441	12,532,160
Lendings to financial institutions	833,968	430,290
Balances with banks	100,059	6,750
	<u>26,892,364</u>	<u>15,298,401</u>

	Note	For the Half Year ended	
		June 30, 2023	June 30, 2022
		----- Un-audited -----	----- Rupees in '000 -----
25 MARK-UP/RETURN/INTEREST EXPENSED			
Deposits		14,457,250	7,151,562
Borrowings		8,857,855	4,950,038
Cost of swaps against foreign currency deposits / borrowings		52,686	59,427
Lease liability against right of use assets		168,413	91,201
		<u>23,536,204</u>	<u>12,252,228</u>
26 FEE AND COMMISSION INCOME			
Branch banking customer fees		31,604	28,554
Consumer finance related fees		1,435	1,061
Card related fees (debit cards)		119,132	92,494
Commission on trade		79,283	31,858
Commission on guarantees		29,096	30,292
Credit related fees		3,656	11,515
Commission on remittances including home remittances		17,577	9,517
Others		1,007	582
		<u>282,790</u>	<u>205,873</u>
27 GAIN / (LOSS) ON SECURITIES			
Realised	27.1	(107,451)	(130,586)
Unrealised - held for trading		-	-
		<u>(107,451)</u>	<u>(130,586)</u>
27.1 Realised gain/(loss) on:			
Federal Government Securities		1,028	(26,970)
Shares of listed companies		(108,479)	(103,616)
Others investments		-	-
		<u>(107,451)</u>	<u>(130,586)</u>
28 OTHER INCOME			
Gain on sale of operating fixed assets		992	2,665
Rent on property		630	385
Incidental charges		1,073	1,008
Others		110	130
		<u>2,805</u>	<u>4,188</u>

	Note	For the Half Year ended	
		June 30, 2023	June 30, 2022
		----- Un-audited ----- ----- Rupees in '000 -----	
29 OPERATING EXPENSES			
Total compensation expense	29.1	2,088,984	1,737,783
Property expenses			
Rent & taxes		12,528	10,971
Insurance		28,994	29,485
Utilities cost		209,416	146,136
Security (including guards)		223,644	190,083
Repairs & maintenance (including janitorial charges)		10,184	11,683
Depreciation		34,677	33,098
Depreciation on right of use assets		392,892	394,441
		912,335	815,897
Information technology expenses			
Software maintenance		65,330	58,951
Hardware maintenance		61,748	37,403
Depreciation		9,121	9,692
Amortisation		19,556	17,410
Network charges		12,220	7,077
Others		21,199	15,741
		189,174	146,274
Other operating expenses			
Directors' fees and allowances		14,300	7,200
Fees and allowances to Shariah Board		2,349	2,007
Legal & professional charges		14,307	9,521
Outsourced services costs		71,987	55,774
Travelling & conveyance		23,901	18,349
NIFT clearing charges		17,446	14,562
Depreciation		91,518	99,062
Training & development		748	405
Postage & courier charges		14,396	13,510
Communication		74,374	59,474
Stationery & printing		72,918	52,324
Marketing, advertisement & publicity		36,021	27,932
Donations		-	-
Auditors' Remuneration	29.2	7,611	7,283
Repairs & maintenance		79,056	58,758
Brokerage and commission		3,948	5,068
Entertainment		35,759	28,757
Fees and subscription		80,875	55,971
Insurance expenses		8,432	5,383
Others		25,230	20,786
		675,176	542,126
		3,865,669	3,242,080

For the Half Year ended

June 30, 2023 **June 30, 2022**

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

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

Note

29.1 Total compensation expense

Managerial Remuneration		
- Fixed	1,295,482	1,049,042
- Variable Cash Bonus / Awards etc.	14,650	12,259
Charge for defined benefit plan	74,981	74,986
Contribution to defined contribution plan	66,668	59,210
Rent & house maintenance	360,806	302,538
Utilities	69,086	61,812
Medical	69,115	61,812
Conveyance	58,854	55,888
Employee old age benefits contribution	14,833	7,568
Leave Fare Assistance	22,293	17,691
Staff Insurances	37,766	33,865
Others	4,450	1,112
	2,088,984	1,737,783

29.2 Auditors' remuneration

Audit fee	6,000	5,966
Fee for other statutory certifications	650	597
Special certifications and sundry advisory services	500	281
Out-of-pocket expenses	461	439
	7,611	7,283

30 OTHER CHARGES

Penalties imposed by State Bank of Pakistan	55,938	760
Others	-	-
	55,938	760

31 PROVISIONS & WRITE OFFS - NET

Provisions for diminution in value of investments	10.3.1	879	5,048
Provisions against investment in TFCs	10.3.1	-	-
Reversal of Provisions against loans & advances - specific		(549,551)	(62,078)
Provisions against loans & advances - specific		283,319	1,157,315
Provisions against loans & advances - general		777	2,111
Net provision during the period	11.2.3	(265,455)	1,097,348
Fixed assets written off		-	-
Bad debts written off directly		-	-
		(264,576)	1,102,396

	For the Half Year ended	
	June 30, 2023	June 30, 2022
	----- Un-audited -----	
	----- Rupees in '000 -----	
32 TAXATION		
Current	347,146	197,936
Prior years	-	-
Deferred	<u>(20,136)</u>	<u>(511,440)</u>
	<u>327,010</u>	<u>(313,504)</u>
33 BASIC EARNINGS / (LOSS) PER SHARE		
Profit / (Loss) for the period	<u>244,712</u>	<u>(487,613)</u>
Weighted average number of ordinary shares	<u>2,952,442,817</u>	<u>2,552,442,817</u>
Basic earnings / (loss) per share	<u>0.08</u>	<u>(0.19)</u>
34 DILUTED EARNINGS / (LOSS) PER SHARE		
Profit / (Loss) for the period	<u>244,712</u>	<u>(487,613)</u>
Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)	<u>2,963,492,541</u>	<u>2,552,442,817</u>
Diluted earnings / (loss) per share	<u>0.08</u>	<u>(0.19)</u>
35 CASH AND CASH EQUIVALENTS		
Cash and Balances with Treasury Banks	21,126,025	19,050,227
Balances with other banks	<u>1,398,743</u>	<u>764,154</u>
	<u>22,524,768</u>	<u>19,814,381</u>

36 FAIR VALUE MEASUREMENTS

IFRS 13 "Fair Value Measurement" defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy.

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

36.1 Fair value of financial assets

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

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

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

Level 3: Unobservable inputs for the asset or liability.

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

June 30, 2023 (Un-audited)				
Fair Value				
Level 1	Level 2	Level 3	Total	
----- Rupees in '000 -----				
On balance sheet financial instruments				
Financial assets measured at fair value				
Available-for-sale securities				
Pakistan Investment Bonds	-	184,542,708	-	184,542,708
Market Treasury Bills	-	-	-	-
Shares of listed companies	2,146,534	-	-	2,146,534
Units of mutual funds	75,303	115,469	-	190,772
Ijarah Sukuk - GoP	-	3,979,550	-	3,979,550
	<u>2,221,837</u>	<u>188,637,727</u>	<u>-</u>	<u>190,859,564</u>
Off balance sheet financial instruments				
Foreign exchange contracts (purchase)	-	27,829,140	-	27,829,140
Foreign exchange contracts (sale)	-	26,462,243	-	26,462,243
December 31, 2022 (Audited)				
Fair Value				
Level 1	Level 2	Level 3	Total	
----- Rupees in '000 -----				
On balance sheet financial instruments				
Financial assets measured at fair value				
Available-for-sale securities				
Pakistan Investment Bonds	-	142,067,256	-	142,067,256
Market Treasury Bills	-	63,928,571	-	63,928,571
Shares of listed companies	2,069,094	-	-	2,069,094
Units of mutual funds	68,975	122,760	-	191,735
Ijarah Sukuk - GoP	-	3,985,410	-	3,985,410
	<u>2,138,069</u>	<u>210,103,997</u>	<u>-</u>	<u>212,242,066</u>
Off balance sheet financial instruments				
Foreign exchange contracts (purchase)	-	16,669,577	-	16,669,577
Foreign exchange contracts (sale)	-	15,692,909	-	15,692,909

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

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

37 SEGMENT INFORMATION

37.1 Segment Details with respect to Business Activities

	June 30, 2023 (Un-audited)				Total
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	
	----- Rupees in '000 -----				
Profit & Loss					
Net mark-up/return/profit income	14,742,997	22,880	-	(11,409,717)	3,356,160
Inter segment revenue - net	(18,005,539)	-	-	18,005,539	-
Non mark-up / return / interest income	558,758	57	-	313,778	872,593
Total Income	(2,703,784)	22,937	-	6,909,600	4,228,753
Segment direct expenses	(57,547)	(2,109)	-	(3,126,749)	(3,186,405)
Inter segment expense allocation	(73,527)	(17,160)	-	(644,515)	(735,202)
Total expenses	(131,074)	(19,269)	-	(3,771,264)	(3,921,607)
Provisions	(879)	-	-	265,455	264,576
Profit / (Loss) before tax	(2,835,737)	3,668	-	3,403,791	571,722
Balance Sheet					
Cash & Bank balances	15,438,963	-	-	7,085,805	22,524,768
Investments	203,507,605	-	-	-	203,507,605
Net inter segment lending	-	-	-	215,194,340	215,194,340
Lendings to financial institutions	36,016,422	-	-	-	36,016,422
Advances - performing	45,649	494,577	-	33,722,979	34,263,205
- non-performing (net)	-	5,898	-	7,655,960	7,661,858
Others	10,080,577	2,857	-	18,420,448	28,503,882
Total Assets	265,089,216	503,332	-	282,079,532	547,672,080

June 30, 2023 (Un-audited)

	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
----- Rupees in 000' -----					
Borrowings	48,044,909	-	-	1,772,500	49,817,409
Subordinated debt	-	-	-	-	-
Deposits & other accounts	-	-	-	246,223,742	246,223,742
Net inter segment borrowing	214,700,608	493,731	-	-	215,194,340
Others	2,292,342	9,601	-	12,849,720	15,151,663
Total liabilities	265,037,859	503,332	-	260,845,962	526,387,154
Equity	51,357	-	-	21,233,569	21,284,926
Total Equity & liabilities	265,089,216	503,332	-	282,079,531	547,672,080
Contingencies & Commitments	104,068,930	-	-	58,737,126	162,806,056

June 30, 2022 (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	7,975,335	18,711	-	(4,947,873)	3,046,173
Inter segment revenue - net	(8,876,989)	-	-	8,876,989	-
Non mark-up / return / interest income	259,676	343	-	237,927	497,946
Total Income	(641,978)	19,054	-	4,167,043	3,544,119
Segment direct expenses	(46,497)	(3,551)	-	(2,636,620)	(2,686,668)
Inter segment expense allocation	(55,617)	(14,033)	-	(486,522)	(556,172)
Total expenses	(102,114)	(17,584)	-	(3,123,142)	(3,242,840)
Provisions	(5,048)	-	-	(1,097,348)	(1,102,396)
Profit / (Loss) before tax	(749,140)	1,470	-	(53,447)	(801,117)

December 31, 2022 (Audited)

	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
----- Rupees in 000' -----					
Balance Sheet					
Cash & Bank balances	9,432,651	-	-	6,355,617	15,788,268
Investments	254,552,777	-	-	-	254,552,777
Net inter segment lending	-	-	-	181,249,550	181,249,550
Lendings to financial institutions	19,967,424	-	-	-	19,967,424
Advances - performing	47,748	470,947	-	35,406,130	35,924,825
- non-performing (net)	-	1,800	-	7,875,703	7,877,503
Others	4,903,213	2,574	-	18,833,743	23,739,530
Total Assets	288,903,813	475,321	-	249,720,743	539,099,877

	December 31, 2022 (Audited)				Total
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	
----- Rupees in 000' -----					
Borrowings	105,059,879	-	-	1,874,835	106,934,714
Subordinated debt	-	-	-	-	-
Deposits & other accounts	-	-	-	223,043,950	223,043,950
Net inter segment borrowing	180,782,307	467,243	-	-	181,249,550
Others	2,440,114	8,078	-	8,272,512	10,720,704
Total liabilities	288,282,300	475,321	-	233,191,297	521,948,918
Equity	621,513	-	-	16,529,446	17,150,959
Total Equity & liabilities	288,903,813	475,321	-	249,720,743	539,099,877
Contingencies & Commitments	158,715,957	-	-	13,059,959	171,775,916

38 RELATED PARTY TRANSACTIONS

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

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

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

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

	June 30, 2023 (Un-audited)				December 31, 2022 (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 year	-	-	-	-	-	-	-	-
Investment redeemed / disposed off during the year	-	-	-	-	-	-	-	-
Closing balance	-	-	750,000	-	-	-	750,000	-
Advances								
Opening balance	-	191,206	-	-	-	184,296	-	-
Addition during the period / year	-	10,172	-	-	-	73,125	-	-
Repaid during the period / year	-	38,504	-	-	-	104,370	-	-
Transfer in / (out) - net	-	-	-	-	-	38,155	-	-
Closing balance	-	162,874	-	-	-	191,206	-	-
Other Assets								
Interest / mark-up accrued	-	232	-	-	-	233	-	-
Other receivable	-	-	3	-	-	-	3	-
	-	232	3	-	-	233	3	-
Deposits and other accounts								
Opening balance	5,101	304,172	24,915	1,837,495	767	40,590	39,300	2,138,735
Received during the period / year	15,670	566,237	3,710,662	3,958,842	20,783	923,785	5,147,175	16,435,032
Withdrawn during the period / year	13,498	769,740	3,707,074	3,404,450	19,132	732,137	5,161,560	16,736,272
Transfer in / (out) - net	-	(29,785)	-	-	2,683	71,934	-	-
Closing balance	7,273	70,884	28,503	2,391,887	5,101	304,172	24,915	1,837,495
Other Liabilities								
Interest / mark-up payable	3	1,054	44	6,786	21	3,949	400	28,249

	June 30, 2023 (Un-audited)				June 30, 2022 (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	-	3,945	-	-	-	2,547	-	-
Fee and commission income	1	6	309	26	-	4	221	17
Net gain on sale of securities	-	-	14	-	-	-	-	200
Other income	-	-	-	630	-	-	-	570
Expenses:								
Mark-up / return / interest paid	86	10,663	3,699	198,548	16	977	1,191	49,863
Remuneration paid	-	143,583	-	-	-	105,756	-	-
Contribution to provident fund	-	6,900	-	-	-	5,193	-	-
Provision for gratuity	-	6,311	-	-	-	11,945	-	-
Other staff benefits	-	27,189	-	-	-	20,612	-	-
Directors' meetings fee	14,300	-	-	-	7,200	-	-	-
Other expenses	250	-	-	-	200	-	-	-
Insurance premium paid	-	-	-	39,347	-	-	-	19,821
Others:								
Sale of Government Securities	-	-	117,500	-	-	-	31,035	2,865,000
Purchase of Government Securities	-	-	-	200,000	-	-	-	-
Gratuity paid	-	4,848	-	-	-	6,042	-	-
Leave encashment paid	-	4,000	-	-	-	1,994	-	-
Expenses recovered under								
agency arrangement	-	-	-	34	-	-	-	29
Insurance claims settled	-	-	-	4,464	-	-	-	7,989

As at the date of unconsolidated statement of financial position, loans/advances and deposits of government related entities amounted to Rs.5,917.27 million (note 11) and Rs.124,673.68 million (note 18). The above includes deposits amounting to Rs. 47,032.9 (2022: Rs.34,328.51) million received through the Finance Department, Government of Sindh.

	June 30, 2023 Un-audited	December 31, 2022 Audited
	----- (Rupees '000) -----	
39 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	<u>17,093,817</u>	<u>16,898,047</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	6,346,965	2,288,600
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	<u>6,346,965</u>	<u>2,288,600</u>
Eligible Tier 2 Capital	7,989	7,212
Total Eligible Capital (Tier 1 + Tier 2)	<u>6,354,954</u>	<u>2,295,812</u>
Risk Weighted Assets (RWAs):		
Credit Risk	29,792,686	26,979,421
Market Risk	8,441,282	6,237,413
Operational Risk	9,454,405	9,454,405
Total Risk Weighted Assets	<u>47,688,373</u>	<u>42,671,239</u>
Common Equity Tier 1 Capital Adequacy ratio	<u>13.31%</u>	<u>5.36%</u>
Tier 1 Capital Adequacy Ratio	<u>13.31%</u>	<u>5.36%</u>
Total Capital Adequacy Ratio	<u>13.33%</u>	<u>5.38%</u>
Notional minimum capital requirements prescribed by SBP		
CET1 minimum ratio	6.00%	6.00%
Tier 1 minimum ratio	7.50%	7.50%
Total capital minimum ratio	10.00%	10.00%
Total capital minimum ratio plus CCB	11.50%	11.50%
Approach followed for determining Risk Weighted Assets		
Credit Risk	Comprehensive Maturity method Basic Indicator	Comprehensive Maturity method Basic Indicator
Market Risk		
Operational Risk		
	June 30, 2023 Un-audited	December 31, 2022 Audited
	----- (Rupees '000) -----	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	6,346,965	2,288,600
Total Exposures	<u>341,996,248</u>	<u>338,819,641</u>
Leverage Ratio (%)	<u>1.86%</u>	<u>0.68%</u>
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	163,735,875	132,719,755
Total Net Cash Outflow	<u>37,843,865</u>	<u>37,666,184</u>
Liquidity Coverage Ratio (%)	<u>433%</u>	<u>352%</u>
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	181,477,526	159,888,541
Total Required Stable Funding	<u>68,290,397</u>	<u>78,670,959</u>
Net Stable Funding Ratio	<u>266%</u>	<u>203%</u>

40 ISLAMIC BANKING BUSINESS

The bank is operating with 14 Islamic Banking branches and 13 Islamic Banking Windows in Conventional branches (December 31, 2022 : 14 Islamic Banking branches and 13 Islamic Banking Windows).

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

		June 30, 2023 Un-audited	December 31, 2022 Audited
	Note	----- (Rupees '000) -----	
Assets			
Cash and balances with treasury banks		420,053	308,289
Balances with other banks		12,350	1,091
Due from financial institutions	40.1	350,000	-
Investments	40.2	4,102,400	4,108,170
Islamic financing and related assets	40.3	898,979	1,033,556
Fixed assets		151,758	170,539
Intangible assets		2,833	3,333
Deferred tax assets		-	-
Due from head office		-	14,563
Other assets		203,611	194,838
		6,141,984	5,834,379
Liabilities			
Bills payable		290,745	7,279
Due to financial institutions		180,000	1,000,000
Deposits and other accounts	40.4	4,427,313	3,933,951
Deferred tax liability		1,323	6,437
Due to head office		314,360	-
Other liabilities		241,855	233,055
		5,455,596	5,180,722
Net Assets		686,388	653,657
Represented By			
Islamic banking fund		1,100,000	1,100,000
Reserves		-	-
Surplus / (deficit) on revaluation of investments		2,072	2,725
Accumulated losses	40.8	(415,684)	(449,068)
		686,388	653,657
CONTINGENCIES AND COMMITMENTS	40.5		

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

		For the Half Year ended	
		June 30, 2023	June 30, 2022
		----- Un-audited -----	
		----- Rupees in '000 -----	
Note			
	Profit / return earned	40.6 419,961	282,482
	Profit / return expensed	40.7 275,966	186,841
	Net profit/return	143,995	95,641
	Other income		
	Fee, commission and brokerage income	9,086	3,396
	Income from dealing in foreign currencies	1,211	(13)
	Dividend income	7,920	6,840
	Gain on sale / redemption of securities	-	-
	Other income	302	179
		18,519	10,402
	Total Income	162,514	106,043
	Other expenses		
	Administrative expenses	129,605	100,696
	Other charges	-	-
	Total Other Expenses	129,605	100,696
	Profit before provision	32,909	5,347
	Provisions and write offs - net	(475)	(808)
	Profit before taxation	33,384	6,155
	Taxation	-	-
	Profit after taxation	33,384	6,155

The cash flow statement of the business is as follows

	For the Half Year ended	
	June 30, 2023	June 30, 2022
	----- Un-audited -----	----- Rupees in '000 -----
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	33,384	6,155
Less: Dividend income	(7,920)	(6,840)
	25,464	(685)
Adjustments		
Depreciation	19,403	19,566
Amortisation	500	500
	19,903	20,066
	45,367	19,381
(Increase) / decrease in operating assets		
Balances with and due from financial institutions	(350,000)	(800,000)
Islamic financing and related assets - net	134,577	100,425
Due from head office	14,563	(16,904)
Other assets	(8,775)	(68,121)
	(209,635)	(784,600)
(Decrease) / increase in operating liabilities		
Bills payable	283,466	(1,452)
Due to financial institutions	(820,000)	400,000
Deposits and other accounts	493,362	1,450,721
Due to head office	314,360	-
Other liabilities	8,800	(20,206)
	279,988	1,829,063
	115,720	1,063,844
Income tax paid	-	-
Net cash flow from / (used in) operating activities	115,720	1,063,844
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in securities	5	(999,995)
Dividend received	7,920	6,840
Investment in operating fixed assets	(622)	(3,689)
Net cash flow from / (used in) investing activities	7,303	(996,844)
CASH FLOW FROM FINANCING ACTIVITIES		
	-	-
Increase in cash and cash equivalents	123,023	67,000
Cash and cash equivalents at beginning of the year	309,380	403,460
Cash and cash equivalents at end of the period	432,403	470,460

40.1 Due from financial institutions	June 30, 2023 (Un-audited)			December 31, 2022 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	----- Rupees in '000 -----					
Musharaka arrangements	350,000	-	350,000	-	-	-
Mudaraba arrangements	-	-	-	-	-	-
	350,000	-	350,000	-	-	-

40.2 Investments	June 30, 2023 (Un-audited)				December 31, 2022 (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	4,000,003	-	(20,453)	3,979,550	4,000,008	-	(14,598)	3,985,410
Islamic Fund:								
- Listed Companies	99,000	-	23,850	122,850	99,000	-	23,760	122,760
Total Investments	<u>4,099,003</u>	<u>-</u>	<u>3,397</u>	<u>4,102,400</u>	<u>4,099,008</u>	<u>-</u>	<u>9,162</u>	<u>4,108,170</u>

40.3 Islamic financing and related assets	June 30, 2023 Un-audited	December 31, 2022 Audited
	----- (Rupees '000) -----	
Ijarah financing under IFAS 2	10,605	11,371
Diminishing musharakah financing	899,380	1,033,666
	<u>909,985</u>	<u>1,045,037</u>
Less: provision against Islamic financing		
- Specific	11,006	11,481
- General	-	-
	<u>11,006</u>	<u>11,481</u>
Islamic financing and related assets - net of provisions	<u>898,979</u>	<u>1,033,556</u>

40.4 Deposits and other accounts	June 30, 2023 (Un-audited)			December 31, 2022 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
----- Rupees in '000 -----						
Customers						
Current deposits	805,144	11,206	816,350	791,885	1,081	792,966
Savings deposits	853,587	7,402	860,989	1,904,738	6,040	1,910,778
Term deposits	2,131,723	-	2,131,723	500,121	-	500,121
Margin and other deposits	23,531	-	23,531	28,768	-	28,768
	<u>3,813,985</u>	<u>18,608</u>	<u>3,832,593</u>	<u>3,225,512</u>	<u>7,121</u>	<u>3,232,633</u>
Financial Institutions						
Current deposits	1,973	-	1,973	2,711	-	2,711
Savings deposits	592,717	-	592,717	98,577	-	98,577
Term deposits	-	-	-	600,000	-	600,000
Margin and other deposits	30	-	30	30	-	30
	<u>594,720</u>	<u>-</u>	<u>594,720</u>	<u>701,318</u>	<u>-</u>	<u>701,318</u>
	<u>4,408,705</u>	<u>18,608</u>	<u>4,427,313</u>	<u>3,926,830</u>	<u>7,121</u>	<u>3,933,951</u>

	June 30, 2023 Un-audited	December 31, 2022 Audited
40.5 Contingencies and Commitments	----- (Rupees '000) -----	
Guarantees	211,811	178,617
Letter of Credit	1,288,770	353,321
Commitments	-	-
	<u>1,500,581</u>	<u>531,938</u>
	For the Half Year ended	
	June 30, 2023	June 30, 2022
	----- Un-audited -----	
	----- Rupees in '000 -----	
40.6 Profit / Return on Financing, Investments and Placements earned	Note	
Financing	20,904	76,648
Investments	355,827	177,353
Deposits with financial institutions	43,230	28,481
	<u>419,961</u>	<u>282,482</u>
40.7 Return on Deposits and other Dues Expensed		
Deposits and other accounts	236,293	169,736
Due to Financial Institutions	31,971	9,372
Amortisation of lease liability against right-of-use assets	7,702	7,733
Others	-	-
	<u>275,966</u>	<u>186,841</u>
	June 30, 2023 Un-audited	December 31, 2022 Audited
	----- (Rupees '000) -----	
40.8 Islamic Banking Business Accumulated Losses		
Opening Balance	(449,068)	(513,949)
Add: Islamic Banking profit / (loss) for the period/year	33,384	64,881
Less: Taxation	-	-
Less: Reserves	-	-
Less: Transferred / Remitted to Head Office	-	-
	<u>(415,684)</u>	<u>(449,068)</u>

41 GENERAL

Figures have been rounded off to the nearest thousand Rupees.

42 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue by the Board of Directors on August 29, 2023.

 Chairman	 President and Chief Executive Officer	 Director	 Director	 Chief Financial Officer
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**CONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS
PERIOD ENDED
JUNE 30, 2023**

Consolidated Condensed Interim Statement of Financial Position As At June 30, 2023

	Note	June 30, 2023 Un-audited	December 31, 2022 Audited
----- (Rupees in '000) -----			
ASSETS			
Cash and balances with treasury banks	7	21,159,426	14,204,082
Balances with other banks	8	1,849,082	2,014,183
Lendings to financial institutions	9	36,016,422	19,967,424
Investments	10	202,854,699	253,857,565
Advances	11	43,584,939	45,105,226
Fixed assets	12	3,617,653	4,113,696
Intangible assets	13	136,129	124,022
Deferred tax assets-net	14	15,402,736	14,662,219
Other assets	15	9,522,563	5,048,053
		334,143,649	359,096,470
LIABILITIES			
Bills payable	16	2,004,075	726,148
Borrowings	17	50,452,409	107,244,714
Deposits and other accounts	18	246,869,255	223,632,712
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	19	13,230,901	10,079,561
		312,556,640	341,683,135
NET ASSETS		21,587,009	17,413,335
REPRESENTED BY			
Share capital - net	20	29,524,428	29,524,428
Reserves		1,585,673	1,526,805
Shares deposit money	21	5,000,000	-
Deficit on revaluation of assets	22	(2,319,245)	(1,208,500)
Accumulated Loss		(12,203,847)	(12,429,398)
		21,587,009	17,413,335
CONTINGENCIES AND COMMITMENTS	23		

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

 Chairman
  President and Chief Executive Officer
  Director
  Director
  Chief Financial Officer

Consolidated Condensed Interim Profit And Loss Account (Un-audited) For The Half Year And Quarter Ended June 30, 2023

	Half year ended		Quarter ended		
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	
Note	----- (Rupees in '000) -----				
Mark-up / Return / Interest Earned	24	27,158,479	15,510,152	14,433,959	8,694,721
Mark-up / Return / Interest Expensed	25	23,624,881	12,300,754	12,545,691	7,333,212
Net Mark-up / Interest Income		3,533,598	3,209,398	1,888,268	1,361,509
Non Mark-up / Interest Income					
Fee and Commission Income	26	365,135	205,873	224,882	116,318
Dividend Income		97,890	87,829	48,199	34,589
Foreign Exchange Income		596,559	330,642	382,327	248,686
Income / (loss) from derivatives		-	-	-	-
Gain / (Loss) on securities	27	(107,451)	(130,586)	(108,465)	(97,421)
Other Income	28	2,805	4,188	585	868
Total non-markup/interest Income		954,938	497,946	547,528	303,040
Total Income		4,488,536	3,707,344	2,435,796	1,664,549
Non Mark-up / Interest Expenses					
Operating expenses	29	4,038,701	3,371,210	2,188,868	1,826,866
Other charges	30	55,978	801	520	732
Total non-markup/interest expenses		4,094,679	3,372,011	2,189,388	1,827,598
Profit / (Loss) before provisions		393,857	335,333	246,408	(163,049)
Provisions and write offs - net	31	(222,810)	1,110,692	(72,897)	1,025,688
Extra ordinary / unusual items		-	-	-	-
Profit/(Loss) before Taxation		616,667	(775,359)	319,305	(1,188,737)
Taxation	32	332,248	(306,493)	218,328	(464,644)
Profit/(Loss) after Taxation		284,419	(468,866)	100,977	(724,093)
----- (Rupees) -----					
Basic Earning/(Loss) per share	33	0.10	(0.18)	0.04	(0.28)
Diluted Earning/(Loss) per share	34	0.10	(0.18)	0.04	(0.28)

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







Chairman President and Chief Executive Officer Director Director Chief Financial Officer

Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited) For The Half Year And Quarter Ended June 30, 2023

	Half year ended		Quarter ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	----- (Rupees in '000) -----			
Profit after taxation for the period	284,419	(468,866)	100,977	(724,093)
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>(1,110,745)</u>	<u>446,171</u>	<u>65,892</u>	<u>674,689</u>
	(826,326)	(22,695)	166,869	(49,404)
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>(826,326)</u>	<u>(22,695)</u>	<u>166,869</u>	<u>(49,404)</u>

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


 Chairman


 President and Chief Executive Officer


 Director


 Director


 Chief Financial Officer

Consolidated Condensed Interim Statement Of Changes In Equity (Un-audited) For The Half Year And Quarter Ended June 30, 2023

	Share Capital	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, 2022	25,524,428	4,000,000	9,433	51	1,495,961	11,007	(1,121,647)	(11,072,603)	18,846,630
Profit after tax for the half year ended June 30, 2022	-	-	-	-	-	-	-	(468,866)	(468,866)
Other comprehensive income - net of tax	-	-	-	-	-	-	446,171	-	446,171
Transfer to statutory reserve	-	-	-	-	3,749	-	-	(3,749)	-
Transfer to depository protection fund -5% of the profit after tax for the half year	-	-	-	-	-	937	-	(937)	-
Balance as at June 30, 2022	25,524,428	4,000,000	9,433	51	1,499,710	11,944	(675,476)	(11,546,155)	18,823,935
Loss after tax for the six months ended December 31, 2022	-	-	-	-	-	-	-	(875,473)	(875,473)
Other comprehensive income /(loss) - net of tax	-	-	-	-	-	-	(533,024)	(2,103)	(535,127)
Transfer to statutory reserve	-	-	-	-	4,533	-	-	(4,533)	-
Transfer to depository protection fund -5% of the profit after tax for the half year	-	-	-	-	-	1,134	-	(1,134)	-
Share deposit money	4,000,000	(4,000,000)	-	-	-	-	-	-	-
Balance as at December 31, 2022	29,524,428	-	9,433	51	1,504,243	13,078	(1,208,500)	(12,429,398)	17,413,335
Profit / (Loss) after tax for the half year ended June 30, 2023	-	-	-	-	-	-	-	284,419	284,419
Other comprehensive income - net of tax	-	-	-	-	-	-	(1,110,745)	-	(1,110,745)
Transfer to statutory reserve	-	-	-	-	56,883	-	-	(56,883)	-
Share deposit money	-	5,000,000	-	-	-	-	-	-	5,000,000
Transfer to depository protection fund -5% of the profit after tax for the half year ended June 30, 2023	-	-	-	-	-	1,985	-	(1,985)	-
Balance as at June 30, 2023	29,524,428	5,000,000	9,433	51	1,561,126	15,063	(2,319,245)	(12,203,847)	21,587,009

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

** As more fully explained in note 11.2.2 of these unconsolidated condensed interim financial statements, unappropriated profit includes an amount of Rs.4,547.10 million net of tax as at June 30, 2023 (December 31, 2022: Rs. 4,737.96 million) representing additional profit arising from availing forced sale value benefit for determining provisioning requirement which is not available for the purpose of distribution of dividend to shareholders.

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







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

Consolidated Condensed Interim Cash Flow Statement (Un-audited) For The Half Year And Quarter Ended June 30, 2023

	June 30, 2023	June 30, 2022
Note	----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	616,667	(775,359)
Less: Dividend income	<u>(97,890)</u>	<u>(87,829)</u>
	518,777	(863,188)
Adjustments:		
Depreciation	29 539,106	547,058
Amortisation	29 19,556	17,941
Provision and write offs -net	31 225,244	1,109,628
Gain on sale of operating fixed assets	28 <u>(992)</u>	<u>(2,665)</u>
	782,035	1,671,962
	1,300,812	808,774
(Increase) / decrease in operating assets		
Lendings to financial institutions	<u>(16,048,998)</u>	4,581,208
Advances	1,295,043	1,190,536
Other assets (excluding advance taxation)	<u>(4,480,579)</u>	<u>(1,231,633)</u>
	(19,234,534)	4,540,111
Increase / (decrease) in operating liabilities		
Bills payable	1,277,927	1,070,303
Borrowings from financial institutions	<u>(56,792,305)</u>	89,069,233
Deposits and other accounts	23,236,543	(27,664,702)
Other liabilities (excluding current taxation)	<u>3,151,340</u>	992,128
	(29,126,495)	63,466,962
	(47,060,217)	68,815,847
Income tax paid	<u>(354,792)</u>	<u>(186,567)</u>
Net cash flows from / (used in) operating activities	<u>(47,415,009)</u>	68,629,280
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in available-for-sale securities	19,560,732	(69,703,871)
Net investment in held-to-maturity securities	29,620,363	459,863
Dividends received	97,890	80,519
Investments in operating fixed assets	<u>(75,188)</u>	<u>(200,830)</u>
Sale proceeds from sale of fixed assets	1,454	3,157
Net cash flows from / (used in) investing activities	49,205,252	(69,361,162)
CASH FLOW FROM FINANCING ACTIVITIES		
Share deposit money	5,000,000	-
Shares capital	-	-
Net cash flows from financing activities	5,000,000	-
Increase/(decrease) in cash and cash equivalents	6,790,243	(731,882)
Cash and cash equivalents at the beginning of the year	16,218,265	20,873,244
Cash and cash equivalents at the end of the period	35 <u>23,008,508</u>	<u>20,141,362</u>

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

 Chairman
 President and Chief Executive Officer
 Director
 Director
 Chief Financial Officer

Notes To The Consolidated Condensed Interim Financial Statements (Un-audited) For The Half Year And Quarter Ended June 30, 2023

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 (2022: 330) branches including 8 (2022: 8) sub-branches and 14 (2022: 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 27, 2023.

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 provision of the company's Act, 2017 (previously Companies Ordinance, 1984). The Microfinance Bank obtained Microfinance banking license from State Bank of Pakistan (SBP) on October 16th, 2015, to operate in Sindh Province. Subsequently the Microfinance Bank has received the certificate of commencement of business from Securities & Exchange Commission of Pakistan (SECP) on November 30, 2015. The Microfinance Bank's registered office is situated at 39/F, 2nd Floor, Muhammad Ali Cooperative Housing Society, Karachi. The Microfinance Bank's principal business will be to provide microfinance services to the poor and underserved segment of the society as envisaged under the Microfinance Institutions Ordinance, 2001. The Microfinance Bank operates with a network of 19 (2022: 19) branches and 73 (2022: 71) services centers. The Bank holds 99.99% shares of the Microfinance Bank and remaining shares are held by the nominees of the Bank.

The credit rating companies PACRA has maintained the long term rating of the Microfinance Bank at "A-" and short term rating at "A2" as of March 29, 2023.

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 Bank for the year ended 31 December 2022.

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

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 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 consolidated financial information is the same as that applied in the preparation of the audited unconsolidated financial statements for the year ended December 31, 2022.

5. SIGNIFICANT ACCOUNTING POLICIES

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

There are certain amendments to existing accounting and reporting standards that have become applicable to the Group for accounting periods beginning on or after January 01, 2023. These are considered either not to be relevant or do not have any significant impact on these condensed interim financial statements.

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

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

6. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Group for the year ended December 31, 2022.

		June 30, 2023 Un-audited	December 31, 2022 Audited
	Note	----- (Rupees '000) -----	
7 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		4,383,834	4,594,195
Foreign currency		96,942	112,285
		4,480,776	4,706,480
With State Bank of Pakistan (SBP) in			
Local currency current accounts	7.1	14,931,370	9,042,458
Foreign currency current accounts	7.2	65,360	105,966
Foreign currency deposit accounts			
- Non Remunerative	7.3	160,873	104,727
- Remunerative	7.4	307,104	205,270
		15,464,707	9,458,421
With National Bank of Pakistan in			
Local currency current accounts		1,204,053	22,428
Local currency deposit accounts	7.5	3,278	7,977
		1,207,331	30,405
Prize bonds		6,612	8,776
		21,159,426	14,204,082

- 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 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 profit in the range of 3.39% to 4.19% (2022 : 0% - 3.14%) per annum.
- 7.5 This includes savings account with National Bank of Pakistan carrying mark-up at 19.50% (2022: 14.50%) per annum.

		June 30, 2023 Un-audited	December 31, 2022 Audited
	Note	----- (Rupees '000) -----	
8 BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		30	2,025
In savings accounts	8.1	451,879	394,091
		451,909	396,116
Outside Pakistan			
In current accounts		1,397,173	1,618,067
		1,849,082	2,014,183

- 8.1 This includes savings account with commercial banks carrying profit in the range of 16% to 22.10% (2022: 14.50% to 18.50%) per annum.

9 LENDINGS TO FINANCIAL INSTITUTIONS

Repurchase agreement lendings (Reverse Repo)	9.3	35,666,422	19,967,424
Musharaka arrangements	9.2	350,000	-
		36,016,422	19,967,424

9.1 Particulars of lending

In local currency		36,016,422	19,967,424
In foreign currencies		-	-
		36,016,422	19,967,424

- 9.2 This represents arrangement with commercial banks carrying mark-up in the range of 22.15% to 22.70% (2022: 15.75% to 16.20%) per annum maturing up to July 04, 2023 (2022: January 06, 2023).

9.3 Securities held as collateral against Lendings to financial institutions

	June 30, 2023 (Un-audited)			December 31, 2022 (Audited)		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	----- (Rupees '000) -----					
Market Treasury Bills	34,678,116	-	34,678,116	18,016,775	-	18,016,775
Pakistan Investment Bonds	959,600	-	959,600	1,975,600	-	1,975,600
Total	35,637,716	-	35,637,716	19,992,375	-	19,992,375

10 INVESTMENTS

10.1 Investments by type

	June 30, 2023 (Un-audited)				December 31, 2022 (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	-	-	-	-	64,108,973	-	(180,402)	63,928,571
Pakistan Investment Bonds	17,511,762	-	(3,100,044)	14,411,718	17,616,725	-	(1,265,020)	16,351,705
Pakistan Investment Bonds - Floater	170,529,353	-	(398,363)	170,130,990	125,882,687	-	(167,136)	125,715,551
Government of Pakistan - Ijarah Sukuk	4,000,003	-	(20,453)	3,979,550	4,000,008	-	(14,598)	3,985,410
Shares								
Listed	2,791,875	(342,757)	(302,585)	2,146,533	2,785,332	(342,757)	(373,481)	2,069,094
Non-government debt securities								
Mutual funds	215,049	(43,684)	19,407	190,772	215,049	(42,806)	19,492	191,735
	195,048,042	(386,441)	(3,802,038)	190,859,563	214,608,774	(385,563)	(1,981,145)	212,242,066
Held-to-maturity securities								
Federal Government Securities								
Market Treasury Bills	59,594	-	-	59,594	29,678,201	-	-	29,678,201
Pakistan Investment Bonds	11,304,523	-	-	11,304,523	11,343,755	-	-	11,343,755
Preference Shares - Unlisted	77,708	(77,708)	-	-	77,708	(77,708)	-	-
Term Deposit Certificates	37,500	-	-	37,500	-	-	-	-
Non-government debt securities								
Term finance certificates - Listed	224,235	-	-	224,235	224,235	-	-	224,235
Term finance certificates - Unlisted	858,925	(489,641)	-	369,284	858,949	(489,641)	-	369,308
	12,562,485	(567,349)	-	11,995,136	42,182,848	(567,349)	-	41,615,499
Total Investments	207,610,527	(953,790)	(3,802,038)	202,854,699	256,791,622	(952,912)	(1,981,145)	253,857,565

	June 30, 2023 Un-audited	December 31, 2022 Audited
	----- (Rupees '000) -----	
10.2 Investments given as collateral		
Federal government securities		
Pakistan Investment Bonds	47,472,600	104,589,900
	<u>47,472,600</u>	<u>104,589,900</u>
10.3 Provision for diminution in value of investments		
10.3.1 Opening balance	952,912	873,216
Charge / reversals		
Charge for the period / year	879	80,939
Reversals for the period / year	-	-
Reversal on disposals for the period / year	-	(1,243)
Transfers - net	879	79,696
Closing Balance	<u>953,790</u>	<u>952,912</u>

	June 30, 2023 (Un-audited)		December 31, 2022 (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	978,493	953,790	977,614	952,912
Total	<u>978,493</u>	<u>953,790</u>	<u>977,614</u>	<u>952,912</u>

10.3.3 The Bank has availed the benefit of forced sale value of collateral against non-performing investment on the basis of prudential regulations of the State Bank of Pakistan. Had the benefit not been taken by the Bank, provision against non-performing investment would have been higher by Rs. 24.70 million (2022: Rs.24.70 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, 2023 amounted to Rs. 10,020.96 million (December 31, 2022: Rs.40,242.39 million).

11 ADVANCES - NET

	Performing		Non Performing		Total	
	June 30, 2023 (Un-audited)	December 31, 2022 (Audited)	June 30, 2023 (Un-audited)	December 31, 2022 (Audited)	June 30, 2023 (Un-audited)	December 31, 2022 (Audited)
----- Rupees in '000 -----						
Loans, cash credits, agriculture, running finances etc.	28,347,807	30,047,225	34,091,495	34,567,552	62,439,301	64,614,777
Commodity finance	5,917,270	5,205,042	-	-	5,917,270	5,205,042
Net investment in finance lease	432,883	538,713	418,748	420,881	851,631	959,594
Islamic financing and related assets	-	-	-	-	-	-
Diminishing musharakah financing	887,957	1,021,768	11,423	11,898	899,380	1,033,666
Ijarah financing under IFAS 2	10,605	11,371	-	-	10,605	11,371
	<u>35,596,522</u>	<u>36,824,119</u>	<u>34,521,666</u>	<u>35,000,331</u>	<u>70,118,187</u>	<u>71,824,450</u>
Bills discounted and purchased (excluding market treasury bills)						
Payable in Pakistan	348,639	386,782	-	-	348,639	386,782
Payable outside Pakistan	3,179	5,738	3,405	3,405	6,583	9,143
	<u>351,818</u>	<u>392,520</u>	<u>3,405</u>	<u>3,405</u>	<u>355,222</u>	<u>395,925</u>
Advances - gross	<u>35,948,339</u>	<u>37,216,639</u>	<u>34,525,070</u>	<u>35,003,736</u>	<u>70,473,409</u>	<u>72,220,375</u>
Provision for non-performing advances						
- Specific Provision	-	-	26,830,290	27,095,152	26,830,290	27,095,152
- General provision against consumer and small enterprise advances	58,180	19,997	-	-	58,180	19,997
	<u>58,180</u>	<u>19,997</u>	<u>26,830,290</u>	<u>27,095,152</u>	<u>26,888,470</u>	<u>27,115,149</u>
Total Advances - Net	<u>35,890,159</u>	<u>37,196,642</u>	<u>7,694,780</u>	<u>7,908,584</u>	<u>43,584,939</u>	<u>45,105,226</u>

June 30,
2023
(Un-audited) December 31,
2022
Audited
----- (Rupees '000) -----

11.1 Particulars of advances (Gross)

In local currency	<u>70,473,409</u>	72,220,375
In foreign currencies	<u>-</u>	-
	<u>70,473,409</u>	<u>72,220,375</u>

11.2 Advances include Rs. 34,525.070 (2022: Rs.35,003.74) million which have been placed under non-performing status as detailed below:

Category of Classification	Note	June 30, 2023 (Un-audited)		December 31, 2022 (Audited)	
		Non performing loans	Provision	Non performing loans	Provision
----- Rupees in '000 -----					
Domestic					
Other Assets Especially Mentioned	11.2.1	37,068	-	52,185	-
Substandard		14,712	595	12,914	519
Doubtful		344,480	5,645	207,444	27,975
Loss		34,128,810	26,824,050	34,731,193	27,066,658
Total		34,525,070	26,830,290	35,003,736	27,095,152

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

11.2.2 The Bank has availed the benefit of forced sale value on plant and machinery under charge and mortgaged residential and commercial property (land and building only) held as collateral against non-performing advances as required by the prudential regulations 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. 7,473.82 (2022: Rs. 7,742.44) 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, 2023 (Un-audited)			December 31, 2022 (Audited)		
	Specific	General	Total	Specific	General	Total
----- Rupees in '000 -----						
Opening balance	27,095,152	19,997	27,115,149	25,240,531	12,124	25,252,655
Exchange adjustments	-	-	-	-	-	-
Charge for the period	312,975	38,183	351,158	2,726,401	7,873	2,734,274
Reversals	(549,551)	-	(549,551)	(860,610)	-	(860,610)
	(236,576)	38,183	(198,393)	1,865,791	7,873	1,873,664
Amounts charged off - Agriculture loans	(26,847)	-	(26,847)	(4,478)	-	(4,478)
Net charge / (reversal) during the period	(263,423)	38,183	(225,240)	1,861,313	7,873	1,869,186
Amounts written off	(1,439)	-	(1,439)	(6,692)	-	(6,692)
Closing balance	26,830,290	58,180	26,888,470	27,095,152	19,997	27,115,149

11.2.3.1 General provision against consumer loans represents provision maintained at an amount equal to 1% (2022: 1%) of the fully secured performing portfolio and 4% (2022: 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% (2022: 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, 2023 (Un-audited)	December 31, 2022 Audited
Note	----- (Rupees '000) -----	
12 FIXED ASSETS		
Capital work-in-progress	12.1 13,991	26,725
Property and equipment	1,257,023	1,340,419
Right of use assets	2,346,639	2,746,552
	<u>3,617,653</u>	<u>4,113,696</u>

12.1 Capital work-in-progress		
Civil works	4,225	4,325
Equipment	190	2,041
Advances to suppliers	9,576	20,359
	<u>13,991</u>	<u>26,725</u>

	June 30, 2023	June 30, 2022
12.2 Additions to fixed assets	----- Rupees in '000 -----	

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

Property and equipment :

Leasehold improvements	17,412	27,699
Furniture and fixture	4,288	2,605
Computer and office equipment	24,745	43,136
Vehicles	9,817	89,493
Total	<u>56,262</u>	<u>162,933</u>

Disposal of fixed assets

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

Furniture and Fixture		10
Lease hold improvements	-	457
Computer and office equipment	462	24
Vehicles	-	-
Total	<u>462</u>	<u>491</u>

	June 30, 2023 (Un-audited)	December 31, 2022 Audited
13 INTANGIBLE ASSETS	----- (Rupees '000) -----	
Computer Software	136,129	124,022
Others	-	-
	<u>136,129</u>	<u>124,022</u>

	June 30, 2023	June 30, 2022
Additions to intangible assets	Un-audited	
	----- Rupees in '000 -----	
The additions to intangible assets during the period:		
Computer Software	<u>32,599</u>	<u>39</u>
Disposals of intangible assets		
The net book value of intangible assets disposed off during the period.	<u>-</u>	<u>-</u>
	June 30, 2023	December 31, 2022
	(Un-audited)	Audited
	----- (Rupees '000) -----	
14 DEFERRED TAX ASSETS - NET		
Deductible Temporary Differences on		
- Provision against advances - general	8,456,144	9,117,819
- Tax losses carried forward	4,176,450	3,782,989
- Provision for diminution in the value of investments	94,853	94,853
- Deficit on revaluation of investments	1,482,795	772,647
- Others	1,342,610	1,058,710
	<u>15,552,852</u>	<u>14,827,018</u>
Taxable Temporary Differences on		
- Accelerated tax depreciation - tangible fixed assets	9,942	(5,410)
- Others	(11,373)	(15,598)
- Net investment in Lease Finance	(133,851)	(131,859)
- Accelerated tax amortization - intangible assets	(14,834)	(11,932)
	<u>(150,116)</u>	<u>(164,799)</u>
	<u>15,402,736</u>	<u>14,662,219</u>

- 14.1** The Bank has an aggregate amount of deferred tax assets of Rs. 15,392 million (2022: Rs. 14,662 million). Deferred tax asset has been recorded based on management's best estimate of the probable benefits expected to be realised in future years in the form of reduced tax liability as the Bank would be able to set off the profits earned in those years against the deferred tax asset. In this regard, the Bank has prepared financial projections for future taxable profits, which have been approved by the Board of the Bank, to assess the recoverability of deferred tax assets. The projections involve certain key management assumptions underlying the estimation of future taxable profits. The determination of future taxable profits is most sensitive to certain key assumptions such as growth in high yield consumer advances, investment returns, potential provision against assets, interest rates, cost of funds and expected recoveries of classified loans. Any significant change in such assumptions may have an effect on the recoverability of the deferred tax assets. Management believes that it is probable that the Bank will be able to achieve the profits and consequently, the deferred tax asset will be fully realised in future.

	June 30, 2023 Un-audited	December 31, 2022 Audited
	----- (Rupees '000) -----	
15 OTHER ASSETS		
Income/ Mark-up accrued in local currency	8,681,268	4,331,108
Accrued commission income	19,730	19,730
Advances, deposits, advance rent and other prepayments	353,163	195,156
Receivable against sale of shares	154,220	56,982
Unrealised gain on forward forex revaluation - net	-	-
Insurance premium receivable against agriculture loans	9,572	9,841
Stationery and stamps on hand	18,299	18,966
Dividends receivable	-	-
Receivable against 1 Link ATM settlement account	138,689	305,152
Advance Taxation - net	43,007	50,834
Insurance claims receivable	8,856	3,375
Other receivables	95,759	56,909
	<u>9,522,563</u>	<u>5,048,053</u>
16 BILLS PAYABLE		
In Pakistan	2,004,075	726,148
Outside Pakistan	-	-
	<u>2,004,075</u>	<u>726,148</u>
17 BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan		
- Under export refinance scheme	1,772,500	1,874,835
- Under long term finance facility	44,909	59,879
Repurchase agreement borrowings		
- State Bank of Pakistan	48,000,000	105,000,000
- Other commercial bank	-	-
	<u>48,000,000</u>	<u>105,000,000</u>
Unsecured		
- State Bank of Pakistan(SBP)	560,000	310,000
- Other microfinance bank	75,000	-
	<u>50,452,409</u>	<u>107,244,714</u>
17.1 Particulars of borrowings		
In local currency	50,452,409	107,244,714
In foreign currencies	-	-
	<u>50,452,409</u>	<u>107,244,714</u>

18 DEPOSITS AND OTHER ACCOUNTS

	June 30, 2023 (Un-audited)			December 31, 2022 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
----- Rupees in '000 -----						
Customers						
Current deposits	53,719,443	827,152	54,546,595	57,625,139	538,290	58,163,429
Savings deposits	122,181,239	1,634,273	123,815,512	98,451,962	1,009,539	99,461,501
Term deposits	61,170,258	285,719	61,455,977	62,121,959	435,818	62,557,777
Margin and other deposits	3,508,347	-	3,508,347	480,506	-	480,506
	<u>240,579,287</u>	<u>2,747,144</u>	<u>243,326,431</u>	<u>218,679,566</u>	<u>1,983,647</u>	<u>220,663,213</u>
Financial Institutions						
Current deposits	38,144	31	38,175	53,242	24	53,266
Savings deposits	975,649	-	975,649	897,189	-	897,189
Term deposits	2,409,000	-	2,409,000	1,899,000	-	1,899,000
Margin and other deposits	120,000	-	120,000	120,044	-	120,044
	<u>3,542,793</u>	<u>31</u>	<u>3,542,824</u>	<u>2,969,475</u>	<u>24</u>	<u>2,969,499</u>
	<u>244,122,080</u>	<u>2,747,175</u>	<u>246,869,255</u>	<u>221,649,041</u>	<u>1,983,671</u>	<u>223,632,712</u>

	Note	June 30, 2023	December 31, 2022
		Un-audited	Audited
----- (Rupees '000) -----			
19 OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		8,477,413	4,776,890
Mark-up / return / interest payable in foreign currency		4,185	3,485
Accrued expenses		387,382	282,605
Net defined benefit liability		77,698	107,192
Provision for compensated absences		240,618	250,603
Unrealised loss on forward forex revaluation - net		168,115	692,112
Payable to employee's provident fund		796	784
Payable against purchase of operating fixed assets		29,101	44,089
Payable against purchase of shares		268,372	309,248
Retention money		56,734	56,547
Federal excise duty / sales tax on services payable		3,470	1,835
Lease liability		2,559,452	2,896,585
Advance Rent		17,318	-
Withholding tax payable		53,036	23,742
Acceptances		-	-
Security deposit against lease contracts	19.1	237,336	237,882
Others		649,875	395,962
		<u>13,230,901</u>	<u>10,079,561</u>

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

20 SHARE CAPITAL - NET

20.1 Authorised capital

June 30, 2023 Un-audited	December 31, 2022 Audited		June 30, 2023 Un-audited	December 31, 2022 Audited
Number of Shares			----- Rupees in '000 -----	
<u>3,000,000,000</u>	<u>3,000,000,000</u>	Ordinary shares of Rs.10 each	<u>30,000,000</u>	<u>30,000,000</u>

20.2 Issued, subscribed and paid-up share capital

June 30, 2023 Un-audited	December 31, 2022 Audited		June 30, 2023 Un-audited	December 31, 2022 Audited
		Fully paid in cash		
2,952,442,817	2,552,442,817		29,524,428	25,524,428
-	400,000,000	Right shares of Rs.10/- Each issued during the period	-	4,000,000
<u>2,952,442,817</u>	<u>2,952,442,817</u>		<u>29,524,428</u>	<u>29,524,428</u>

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

21 SHARES DEPOSIT MONEY

Opening balance	-	4,000,000
Received during the period / year	5,000,000	-
Right shares issued during the period / year	-	(4,000,000)
	<u>5,000,000</u>	<u>-</u>

22 DEFICIT ON REVALUATION OF ASSETS

Note

	June 30, 2023 Un-audited	December 31, 2022 Audited
	----- (Rupees '000) -----	
Available-for-sale securities		
Federal government securities	(3,518,860)	(1,627,156)
Fully paid ordinary shares - listed	(302,585)	(373,481)
Units of mutual funds (units / certificates)	19,407	19,492
	<u>(3,802,038)</u>	<u>(1,981,145)</u>
Related deferred taxation	1,482,793	772,645
	<u>(2,319,245)</u>	<u>(1,208,500)</u>

23 CONTINGENCIES AND COMMITMENTS

Guarantees	23.1	6,314,184	4,475,012
Commitments	23.2	156,491,872	167,300,904
Other contingent liabilities		-	-
		<u>162,806,056</u>	<u>171,775,916</u>

23.1 Guarantees:

Financial guarantees	878,198	695,773
Performance guarantees	1,300,320	2,684,368
Other guarantees	4,135,666	1,094,871
	<u>6,314,184</u>	<u>4,475,012</u>

		June 30, 2023	December 31, 2022
	Note	Un-audited	Audited
----- (Rupees '000) -----			
23.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		4,148,875	549,961
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	54,291,383	32,362,486
- forward lending	23.2.2	98,051,614	134,388,457
Other commitments		-	-
		<u>156,491,872</u>	<u>167,300,904</u>

23.2.1 Commitments in respect of forward foreign exchange contracts

Purchase	27,829,140	16,669,577
Sale	26,462,243	15,692,909
	<u>54,291,383</u>	<u>32,362,486</u>

23.2.2 Commitments in respect of forward lending

Forward repurchase agreement lending	49,777,547	106,368,612	
Forward resale agreement borrowings	35,669,854	19,984,859	
Undrawn formal standby facilities, credit lines and other commitments to lend	23.2.2.1	12,604,213	
		8,034,986	
		<u>98,051,614</u>	<u>134,388,457</u>

23.2.2.1 Commitments to extend credit

The Banks enters into commitments to extend credit in the normal course of its business but these are revocable commitments that do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

	For the Half Year ended	
	June 30, 2023	June 30, 2022
----- Un-audited -----		
----- Rupees in '000 -----		
24 MARK-UP/RETURN/INTEREST EARNED		
Loans and advances	3,476,965	2,503,692
Investments	22,720,365	12,547,938
Lendings to financial institutions	833,968	430,290
Balances with banks	127,181	28,232
	<u>27,158,479</u>	<u>15,510,152</u>

		For the Half Year ended	
		June 30, 2023	June 30, 2022
		----- Un-audited -----	
		----- Rupees in '000 -----	
25	MARK-UP/RETURN/INTEREST EXPENSED		
			Note
	Deposits	14,513,029	7,168,073
	Borrowings	8,885,304	4,978,088
	Cost of swaps against foreign currency deposits / borrowings	52,686	59,427
	Lease liability against right of use assets	173,862	95,166
		<u>23,624,881</u>	<u>12,300,754</u>
26	FEE AND COMMISSION INCOME		
	Branch banking customer fees	31,604	28,554
	Consumer finance related fees	1,435	1,061
	Card related fees (debit cards)	119,132	92,494
	Commission on trade	79,283	31,858
	Commission on guarantees	29,096	30,292
	Credit related fees	86,001	11,515
	Commission on remittances including home remittances	17,577	9,517
	Others	1,007	582
		<u>365,135</u>	<u>205,873</u>
27	GAIN / (LOSS) ON SECURITIES		
	Realised	27.1 (107,451)	(130,586)
	Unrealised - held for trading	-	-
		<u>(107,451)</u>	<u>(130,586)</u>
27.1	Realised gain/(loss) on:		
	Federal Government Securities	1,028	(26,970)
	Shares of listed companies	(108,479)	(103,616)
	Others investments	-	-
		<u>(107,451)</u>	<u>(130,586)</u>
28	OTHER INCOME		
	Gain on sale of operating fixed assets	992	2,665
	Rent on premises shared	630	385
	Incidental charges	1,073	1,008
	Others	110	130
		<u>2,805</u>	<u>4,188</u>

		For the Half Year ended	
		June 30, 2023	June 30, 2022
		----- Un-audited -----	
		----- Rupees in '000 -----	
29	OPERATING EXPENSES		
	Total compensation expense	29.1 2,215,377	1,829,946
	Property expenses		
	Rent & taxes	12,528	10,971
	Insurance	31,120	31,363
	Utilities cost	213,531	148,369
	Security (including guards)	223,644	190,083
	Repairs & maintenance	12,561	12,953
	Depreciation	34,677	33,180
	Depreciation on right of use assets	392,892	402,242
		920,953	829,161
	Information technology expenses		
	Software maintenance	68,454	60,805
	Hardware maintenance	61,748	37,403
	Depreciation	9,121	11,801
	Amortisation	19,556	17,941
	Network charges	12,220	7,077
	Others	21,199	15,741
		192,298	150,768
	Other operating expenses		
	Directors' fees and allowances	14,670	7,548
	Fees and allowances to Shariah Board	2,349	2,007
	Legal & professional charges	14,379	9,593
	Outsourced services costs	71,987	55,774
	Travelling & conveyance	30,386	22,151
	NIFT clearing charges	17,446	14,562
	Depreciation	102,416	99,835
	Training & development	748	920
	Postage & courier charges	14,396	13,510
	Communication	76,888	61,571
	Stationery & printing	75,188	53,538
	Marketing, advertisement & publicity	36,120	28,083
	Donations	-	-
	Auditors' Remuneration	7,885	7,571
	Repairs & maintenance	79,056	58,770
	Brokerage and commission	3,948	5,068
	Entertainment	37,297	29,563
	Fees and subscription	89,169	62,687
	Insurance expenses	8,432	5,383
	Others	29,442	23,201
		710,073	561,335
		4,038,701	3,371,210

For the Half Year ended

June 30, 2023 **June 30, 2022**

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

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

Note

29.1 Total compensation expense

Managerial Remuneration		
- Fixed	1,421,874	1,141,205
- Variable Cash Bonus / Awards etc.	14,650	12,259
Charge for defined benefit plan	74,981	74,986
Contribution to defined contribution plan	66,668	59,210
Rent & house maintenance	360,806	302,538
Utilities	69,086	61,812
Medical	69,115	61,812
Conveyance	58,854	55,888
Employees old age benefits contribution	14,833	7,568
Leave Fare Assistance	22,293	17,691
Staff Insurances	37,766	33,865
Others	4,451	1,112
	2,215,377	1,829,946

29.2 Auditors' remuneration

Audit fee	6,274	6,254
Fee for other statutory certifications	650	597
Special certifications and sundry advisory services	500	281
Out-of-pocket expenses	461	439
	7,885	7,571

30 OTHER CHARGES

Penalties imposed by the State Bank of Pakistan	55,978	801
Others	-	-
	55,978	801

31 PROVISIONS & WRITE OFFS - NET

Provisions for diminution in value of investments	10.3.1	879	5,048
Reversal of Provisions against loans & advances - specific		(549,551)	(62,078)
Provisions against loans & advances - specific		323,530	1,162,006
Provisions against loans & advances - general		777	4,652
Net provision during the period	11.2.3	(225,244)	1,104,580
Bad debts written off directly		1,555	1,064
		(222,810)	1,110,692

	For the Half Year ended	
	June 30, 2023	June 30, 2022
	----- Un-audited -----	
	----- Rupees in '000 -----	
32 TAXATION		
Current	362,618	205,361
Deferred	(30,370)	(511,854)
	<u>332,248</u>	<u>(306,493)</u>
33 BASIC LOSS PER SHARE		
Profit / (Loss) for the period	<u>284,419</u>	<u>(468,866)</u>
Weighted average number of ordinary shares	<u>2,952,442,817</u>	<u>2,552,442,817</u>
Basic loss per share	<u>0.10</u>	<u>(0.18)</u>
34 DILUTED LOSS PER SHARE		
Profit / (Loss) for the period	<u>284,419</u>	<u>(468,866)</u>
Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)	<u>2,963,492,541</u>	<u>2,552,442,817</u>
Diluted loss per share	<u>0.10</u>	<u>(0.18)</u>
35 CASH AND CASH EQUIVALENTS		
Cash and Balances with Treasury Banks	21,159,426	19,073,579
Balances with other banks	1,849,082	1,067,783
	<u>23,008,508</u>	<u>20,141,362</u>

36 FAIR VALUE MEASUREMENTS

IFRS 13 "Fair Value Measurement" defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of quoted securities other than those classified as held to maturity, is based on quoted market price. Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for 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.

36.1 Fair value of financial assets

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

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

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

Level 3: Unobservable inputs for the asset or liability.

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

June 30, 2023 (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	-	184,542,708	-	184,542,708
Market Treasury Bills	-	-	-	-
Shares of listed companies	2,146,533	-	-	2,146,533
Units of mutual funds	75,303	115,469	-	190,772
Ijarah Sukuk - GoP	-	3,979,550	-	3,979,550
Sukuk bonds	-	-	-	-
	<u>2,221,836</u>	<u>188,637,727</u>	<u>-</u>	<u>190,859,563</u>
Off balance sheet financial instruments				
Foreign exchange contracts (purchase)	-	27,829,140	-	27,829,140
Foreign exchange contracts (sale)	-	26,462,243	-	26,462,243
December 31, 2022 (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	-	142,067,256	-	142,067,256
Market Treasury Bills	-	63,928,571	-	63,928,571
Shares of listed companies	2,069,094	-	-	2,069,094
Units of mutual funds	68,975	122,760	-	191,735
Ijarah Sukuk - GoP	-	3,985,410	-	3,985,410
	<u>2,138,069</u>	<u>210,103,997</u>	<u>-</u>	<u>212,242,066</u>
Off balance sheet financial instruments				
Foreign exchange contracts (purchase)	-	16,669,577	-	16,669,577
Foreign exchange contracts (sale)	-	15,692,909	-	15,692,909

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

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

37 SEGMENT INFORMATION

37.1 Segment Details with respect to Business Activities

	June 30, 2023 (Un-audited)				Total
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	
----- Rupees in '000 -----					
Profit & Loss					
Net mark-up/return/profit income	14,845,226	22,880	-	(11,334,508)	3,533,598
Inter segment revenue - net	(18,005,539)	-	-	18,005,539	-
Non mark-up / return / interest income	558,758	57	-	396,123	954,938
Total Income	(2,601,555)	22,937	-	7,067,154	4,488,536
Segment direct expenses	(57,547)	(2,109)	-	(3,123,399)	(3,183,055)
Inter segment expense allocation	(73,527)	(17,160)	-	(820,884)	(911,571)
Total expenses	(131,074)	(19,269)	-	(3,944,283)	(4,094,626)
Provisions	(879)	-	-	223,636	222,757
Profit / (Loss) before tax	(2,733,508)	3,668	-	3,346,507	616,667
Balance Sheet					
Cash & Bank balances	15,670,208	-	-	7,338,300	23,008,508
Investments	202,854,699	-	-	-	202,854,699
Net inter segment lending	-	-	-	215,194,340	215,194,340
Lendings to financial institutions	36,016,422	-	-	-	36,016,422
Advances - performing	45,649	494,577	-	35,349,933	35,890,159
- non-performing (net)	-	-	-	7,694,780	7,694,780
Others	10,080,983	2,857	-	18,595,241	28,679,081
Total Assets	264,667,961	497,434	-	284,172,594	549,337,989

June 30, 2023 (Un-audited)					
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
----- Rupees in '000 -----					
Borrowings	48,044,909	-	-	2,407,500	50,452,409
Subordinated debt	-	-	-	-	-
Deposits & other accounts	-	-	-	246,869,255	246,869,255
Net inter segment borrowing	214,000,165	487,833	-	706,342	215,194,340
Others	2,295,345	9,601	-	12,930,030	15,234,976
Total liabilities	264,340,419	497,434	-	262,913,127	527,750,980
Equity	327,542	-	-	21,259,467	21,587,009
Total Equity & liabilities	264,667,961	497,434	-	284,172,594	549,337,989
Contingencies & Commitments	104,068,930	-	-	58,737,126	162,806,056

June 30, 2022 (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	8,138,560	18,711	-	(4,947,879)	3,209,392
Inter segment revenue - net	(8,876,989)	-	-	8,876,995	6
Non mark-up / return / interest income	259,676	343	-	237,927	497,946
Total Income	(478,753)	19,054	-	4,167,043	3,707,344
Segment direct expenses	(46,497)	(3,551)	-	(2,636,620)	(2,686,668)
Inter segment expense allocation	(184,788)	(14,033)	-	(486,522)	(685,343)
Total expenses	(231,285)	(17,584)	-	(3,123,142)	(3,372,011)
Provisions	(13,344)	-	-	(1,097,348)	(1,110,692)
Profit / (Loss) before tax	(723,382)	1,470	-	(53,447)	(775,359)

December 31, 2022 (Audited)					
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
----- Rupees in '000 -----					
Balance Sheet					
Cash & Bank balances	9,432,651	429,997	-	6,355,617	16,218,265
Investments	253,802,777	54,788	-	-	253,857,565
Net inter segment lending	750,000	(750,000)	-	181,249,550	181,249,550
Lendings to financial institutions	19,967,424	-	-	-	19,967,424
Advances - performing	47,748	1,742,765	-	35,406,130	37,196,643
- non-performing (net)	-	32,880	-	7,875,703	7,908,583
Others	4,903,213	211,034	-	18,833,743	23,947,990
Total Assets	288,903,813	1,721,464	-	249,720,743	540,346,020

	December 31, 2022 (Audited)				Total
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	
	----- Rupees in '000 -----				
Borrowings	105,059,879	310,000	-	1,874,835	107,244,714
Subordinated debt	-	-	-	-	-
Deposits & other accounts	-	588,762	-	223,043,950	223,632,712
Net inter segment borrowing	180,782,307	467,243	-	-	181,249,550
Others	2,440,114	93,084	-	8,272,511	10,805,709
Total liabilities	288,282,300	1,459,089	-	233,191,296	522,932,685
Equity	621,513	262,375	-	16,529,447	17,413,335
Total Equity & liabilities	288,903,813	1,721,464	-	249,720,743	540,346,020
Contingencies & Commitments	158,715,957	-	-	13,059,959	171,775,916

38 RELATED PARTY TRANSACTIONS

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

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

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

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

	June 30, 2023 (Un-audited)			December 31, 2022 (Audited)		
	Director	Key Management Personal	Other Related Parties	Director	Key Management Personal	Other Related Parties
----- Rupees in '000 -----						
Investments						
Opening balance	-	-	-	-	-	-
Investment made during the year	-	-	-	-	-	-
Investment redeemed / disposed off during the year	-	-	-	-	-	-
Closing balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Advances						
Opening balance	-	222,730	-	-	211,252	-
Addition during the period / year	-	10,172	-	-	77,693	-
Repaid during the period / year	-	39,789	-	-	104,370	-
Transfer in / (out) - net	-	-	-	-	38,155	-
Closing balance	<u>-</u>	<u>193,113</u>	<u>-</u>	<u>-</u>	<u>222,730</u>	<u>-</u>
Other Assets						
Interest / mark-up accrued	-	232	-	-	233	-
Other receivables	-	-	-	-	-	-
	<u>-</u>	<u>232</u>	<u>-</u>	<u>-</u>	<u>233</u>	<u>-</u>
Deposits and other accounts						
Opening balance	5,101	304,178	1,837,495	767	40,596	2,138,735
Received during the period / year	15,670	596,482	3,996,832	20,783	923,785	16,435,032
Withdrawn during the period / year	13,498	799,985	3,404,450	19,132	732,137	16,736,272
Transfer in / (out) - net	-	(29,785)	-	2,683	71,934	-
Closing balance	<u>7,273</u>	<u>70,890</u>	<u>2,429,877</u>	<u>5,101</u>	<u>304,178</u>	<u>1,837,495</u>
Other Liabilities						
Interest / mark-up payable	<u>3</u>	<u>1,054</u>	<u>6,786</u>	<u>21</u>	<u>3,949</u>	<u>28,249</u>

	June 30, 2023 (Un-audited)			June 30, 2022 (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	-	4,515	3,128	-	2,958	-
Fee and commission income	1	6	26	-	4	17
Net gain on sale of securities	-	-	-	-	-	200
Other income	-	-	630	-	-	570
Expenses:						
Mark-up / return / interest paid	86	10,663	198,548	16	977	49,863
Remuneration paid	-	163,516	-	-	105,756	-
Contribution to provident fund	-	9,587	-	-	7,880	-
Provision for gratuity	-	9,028	-	-	14,345	-
Other staff benefits	-	27,189	-	-	20,612	-
Directors' meetings fee	14,500	-	-	7,548	-	-
Other expenses	250	-	-	200	-	-
Insurance premium paid	-	-	40,915	-	-	20,850
Others:						
Sale of Government Securities	-	-	-	-	-	2,865,000
Purchase of Government Securities	-	-	200,000	-	-	-
Gratuity paid	-	4,848	2,504	-	6,042	-
Leave encashment	-	4,000	-	-	1,994	-
Expenses recovered under agency arrangement	-	-	34	-	-	29
Insurance claims settled	-	-	4,464	-	-	8,024

As at the date of unconsolidated statement of financial position, loans/advances and deposits of government related entities amounted to Rs.5,917.27 million (note 11) and Rs.124,673.68 million (note 18). The above includes deposits amounting to Rs. 47,032.9 (2022: Rs.34,328.51) million received through the Finance Department, Government of Sindh.

	June 30, 2023 (Un-audited)	December 31, 2022 Audited
	----- (Rupees '000) -----	
39 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR): Paid-up capital (net of losses)	<u>17,320,581</u>	<u>17,095,030</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	7,438,020	3,343,643
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	<u>7,438,020</u>	<u>3,343,643</u>
Eligible Tier 2 Capital	<u>58,180</u>	<u>19,997</u>
Total Eligible Capital (Tier 1 + Tier 2)	<u><u>7,496,200</u></u>	<u><u>3,363,640</u></u>
Risk Weighted Assets (RWAs):		
Credit Risk	31,530,704	28,233,237
Market Risk	8,441,280	6,537,413
Operational Risk	<u>10,052,361</u>	<u>10,052,361</u>
Total Risk Weighted Assets	<u><u>50,024,345</u></u>	<u><u>44,823,011</u></u>
Common Equity Tier 1 Capital Adequacy ratio	<u>14.87%</u>	<u>7.46%</u>
Tier 1 Capital Adequacy Ratio	<u>14.87%</u>	<u>7.46%</u>
Total Capital Adequacy Ratio	<u>14.99%</u>	<u>7.50%</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, 2023 (Un-audited)	December 31, 2022 Audited
	----- (Rupees '000) -----	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	7,438,020	3,343,643
Total Exposures	<u>329,381,816</u>	<u>350,271,053</u>
Leverage Ratio (%)	<u>2.26%</u>	<u>0.95%</u>
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	<u>163,735,875</u>	<u>132,719,755</u>
Total Net Cash Outflow	<u>37,843,865</u>	<u>37,666,184</u>
Liquidity Coverage Ratio (%)	<u>433%</u>	<u>352%</u>
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	<u>181,477,526</u>	<u>159,888,541</u>
Total Required Stable Funding	<u>68,290,397</u>	<u>78,670,959</u>
Net Stable Funding Ratio	<u>266%</u>	<u>203%</u>

40 GENERAL

Figures have been rounded off to the nearest thousand Rupees.

41 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue by the Board of Directors on August 29, 2023.


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President and
Chief Executive Officer


Director


Director


Chief Financial Officer

Branch Network



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Number of Branches

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



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