



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

SINDH BANK
سندھ بینک

POWER TO THE PEOPLE
بااختیار عوام

Quarterly
Financial
Statements
September 30, 2021

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VISION

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

MISSION

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

Corporate Information

Board of Directors

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

Chief Financial Officer

Saeed Jamal Tariq

Company Secretary

Muhammad Irfan Zafar

Auditors'

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

Legal Advisors

Mohsin Tayebaly & Co

Share Registrar

CDC Share Registrar Services Ltd.

Registered / Head Office

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

Registration Number

0073917

NTN Number

3654008-7

Website

www.sindhbank.com.pk

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

Directors' Report

On behalf of the Board of Directors of Sindh Bank, I am presenting below a brief review of the bank's financial results for the nine months ended September 30, 2021.

(Rs. in '000)

Balance Sheet	As on Sept 30, 2021	As on Dec 31, 2020	% age Change
Paid up Capital	25,524,428	19,710,130	
Shares Deposit Money	-	2,000,000	
Proposed shares to be issued on amalgamation	-	3,814,298	
Reserves & Accumulated loss	(7,390,165)	(6,038,802)	
Paid up Capital & Reserves	18,134,263	19,485,626	-6.9%
Deficit on Revaluation of Investments	(651,533)	(408,505)	
Equity	17,482,730	19,077,121	-8.4%
Borrowings	75,280,872	62,377,648	20.7%
Deposits	220,641,985	185,570,689	18.9%
Investments (carrying value)	212,551,466	170,818,493	24.4%
Gross Advances	74,667,316	76,355,873	-2.2%
Profit & Loss Account	Nine months Ended		
	Sept 30, 2021	Sept 30, 2020	%age Change
Markup/return/interest income	16,984,452	11,283,522	
Markup/return/interest expenses	(13,328,069)	(8,995,006)	
Net markup/return/interest income	3,656,383	2,288,516	59.8
Gain/(loss) on sale of Investments	110,975	(62,316)	
Foreign Exchange Income	82,665	167,316	
Dividend Income	115,897	75,869	
Fee, Commission & Other Income	256,802	212,519	
Non-mark-up/non-interest income	566,339	393,388	43.9
Non mark-up/interest expenses	(4,118,321)	(3,637,619)	13.2
Provision/Diminution in value of investments	(12,075)	(150,665)	
Provision-specific & general against advances	(2,265,342)	184,586	
Total (Provision)/Reversal of Provision	(2,277,417)	33,921	-
Profit / (Loss) before Tax & provisions	104,401	(955,715)	110.9
(Loss) before Tax	(2,173,016)	(921,794)	135.7
(Loss) after Tax	(1,351,363)	(604,619)	123.5
(Loss) per share (Rupees)	(0.54)	(0.31)	
Other Information	As on Sept 30, 2021	As on Dec 31, 2020	%age Change
No. of Accounts	523,459	499,760	4.7
Number of Branches	330	330	-

Pre-tax Loss during the 9 months period ended September 30, 2021 amounted to Rs. 2,173.0 mn compared to Rs. 921.8 mn during the same period last year. On a note of optimism, Bank's recorded operating income (i.e. profit before tax and provisions) of Rs.104.4 mn during the period, compared to operating Loss of Rs. 955.7 mn last year (same period). This is after more than three years of continued operating losses due to the circumstances encountered in the latter half of 2018. The improvement has been brought about by (i) noteworthy increase of Rs.1,367.9 mn i.e. 59.8% in net markup/interest income, (ii) Rs.172.9 mn i.e.43.9% in other income supported by increases in capital gains, dividends and Fee & Commission.

Improvement of 59.8% in Net Interest Income was enabled by significant rise in Customers deposits from Rs.166.3 bn as at September 30, 2020 to Rs. 220.6 bn on September 30, 2021 combined with reduction in cost of deposits from 6.80% last year to 5.04% this year. Borrowings increased to Rs.75.3 bn on September 30, 2021 compared to Rs. 55.7 bn on September 30, 2020. These factors resulted in more funds being made available for lending & investment by the Bank.

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

Nine months Sept 30, 2020		Nine months Sept 30, 2021		% age Increase	
Transactions	Amount in USD	Transactions	Amount in USD	Transactions	Amount in USD
32,410	15,307,779	84,164	47,332,528	159.69%	209.21%

Compared to year end 2020, Bank's Total Assets increased by 16.9% to Rs.320.1 bn on September 30, 2021, whereas carrying value of Investments increased by 24.4% over the same period. Increase in Investments was in short term MTBs and floating rate PIBs. Gross Advances on the other hand decreased slightly by 2.2% to Rs. 74.7 bn, mainly due to higher amount of recoveries compared to disbursement of fresh loans due to various factors.

Total Deposits increased by 18.9% to Rs. 220.6 bn from Rs. 185.6 bn as at year-end 2020. Number of customer accounts stood at 523,459 after increase of 23,699 accounts (i.e. 4.7%) during the period, depicting changing customer preferences and motivation of our retail banking team to introduce new customers

Credit Rating

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

Economic Review

While global economies appear to have entered a recovery phase, growth momentum in Pakistan has weakened due to rising inflationary pressures and deteriorating external account situation. Pakistan's GDP growth of 3.9% during FY21 was based on expansion of services sector and increase in local consumption, which, on the flip side, has led to over-heating of the economy. Consumption based pressures are visible in rising imports which increased to US\$ 18.6 bn in the first quarter of FY22 compared to US\$ 11.3 bn during the same period last year.

The economy is facing the heat of rising commodity prices (mainly import led), with global oil and gas prices at historical highs, effect of which is visible in CPI inflation recorded at 8.6% YOY in September 2021, rising at faster than the expected pace, considering the projected range of 7 to 8%. In order to arrest the pace of domestic demand and control external account, SBP has increased the policy rate in September 2021 by 25 bps to 7.25%.

PSX remained under pressure as KSE 100 lost 2,456 points during QTR3 of 2021 to close at 44,900 points compared to 47,356 points on March 31, 2021 and 43,755 points on December 31, 2020, mainly due to pressure on the economy as explained above, fall-out of the changes in Afghanistan and other geo-political factors.

Sindh Microfinance Bank Limited (wholly owned subsidiary)

Established in 2016, Sindh Microfinance Bank's ('SMFB') main aim is to improve access to finance at the grass roots level with particular focus on women. Accordingly, SMFB has disbursed more than 155,000 loans of over Rs.4.7 billion through its presence in 76 business locations covering the province of Sindh.

As of September 30, 2021, net equity of SMFB stood at Rs.968 million with a paid up capital of Rs.750 million, with the institution maintaining its record of continuous profitable operations since inception. The Pakistan Credit Rating Agency (PACRA) maintained the ratings of A- for the long term and A2 for the short term with a stable outlook which in PACRA's perspective draw comfort from SMFB's liquidity position, profitability and low investment in non-earning assets.

In 2022 SMFB plans to increase its equity in order to reach the required level of paid up capital for a national level license. A national level license will enable SMFB to extend its outreach to the whole of Pakistan.

Future Outlook

Going forward, MPC had projected GDP growth to remain between 4 to 5% during FY22. The coming period will be challenging for the economy as Pakistan tries to re-enter the IMF program, results of negotiation of which will determine the future path of interest rates as well as PKR/USD parity. Risks also remain due to the emergence of new variants of Covid-19.

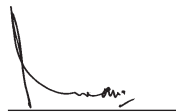
On the back of continued outstanding performance by our retail banking team during 2020 and 2021 (nine months), the Bank is well-positioned to pursue its goal of achieving sustained financial growth, strength and profitability, which has been hampered somewhat due to delay in affecting a major settlement, due to which capital support has been approved by the Sponsor.

Despite challenges, the management is determined to pursue its goals of (i) Recovery and reduction of Non-Performing Loans, (ii) increase NIM and Trade related fee income, with increased focus on Consumer, SME and Commercial business, (iii) building new correspondent banking relationships, (iv) establishing new tie-ups with major players in Home remittances industry, (v) strengthening the risk and control environment, and (vi) focus on alternate delivery and service channels and other technologically superior solutions for making banking more accessible to our customers

Acknowledgements

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

On behalf of the Board of Directors



Imran Samad
President/CEO

Karachi, October 29, 2021



Masooma Hussain
(Non Executive Director)

ڈائریکٹرز رپورٹ

میں بورڈ آف ڈائریکٹرز کی جانب سے 30 ستمبر 2021 کو اختتام پذیر نو ماہ کے لیے بینک کے مالیاتی نتائج کا مختصر جائزہ پیش کر رہا ہوں۔

(روپے 000 میں)			
بیلنس شیٹ	30 ستمبر 2021 پر	31 دسمبر 2020 پر	فیصد تبدیلی
اداشدہ سرمایہ	25,524,428	19,710,130	
حصص کی ڈپازٹ رقم	-	2,000,000	
انضمام پر مجوزہ حصص کا اجراء	-	3,814,298	
ذخائر اور جمع شدہ نقصان	(7,390,165)	(6,038,802)	
اداشدہ سرمایہ اور ذخائر	18,134,263	19,485,626	-6.9%
سرمایہ کی دوبارہ قدر پذیری پر خسارہ	(651,533)	(408,505)	
ملکیتی سرمایہ	17,482,730	19,077,121	-8.4%
ادھار	75,280,872	62,377,648	20.7%
ڈپازٹس	220,641,985	185,570,689	18.9%
سرمایہ کاری (Carrying value)	212,551,466	170,818,493	24.4%
مجموعی ایڈوانسز	74,667,316	76,355,873	-2.2%
نفع نقصان کا کھاتہ	30 ستمبر 2021 پر اختتام پذیر نو ماہ پر	30 ستمبر 2020 پر اختتام پذیر نو ماہ پر	فیصد تبدیلی
مارک اپ/ریٹرنز/سودی آمدنی	16,984,452	11,283,522	
مارک اپ/ریٹرنز/سودی اخراجات	(13,328,069)	(8,995,006)	
خالص مارک اپ/ریٹرنز/سودی آمدنی	3,656,383	2,288,516	59.8%
سرمایہ کی فروخت سے آمدنی/(نقصان)	110,975	(62,316)	
غیر ملکی زرمبادلہ سے آمدنی	82,665	167,316	
منقسمہ آمدنی (Dividend income)	115,897	75,869	

نفع نقصان کا کھاتہ	30 ستمبر 2021 پر اختتام پذیر نو ماہ پر	30 ستمبر 2020 پر اختتام پذیر نو ماہ پر	فیصد تبدیلی
فیس، کمیشن اور دیگر آمدنی	256,802	212,519	
بنامہ مالک اپ/غیر سودی آمدنی	566,339	393,388	43.9%
بنامہ مالک اپ/غیر سودی اخراجات	(4,118,321)	(3,637,619)	13.2%
مختصات/سرمایہ کی گھٹی ہوئی قدر	(12,075)	(150,665)	
مختصات-ایڈوانسز کے لیے مخصوص اور عام	(2,265,342)	184,586	
کل (مختصات)/مختصات کی واپسی	(2,277,417)	33,921	
منافع/(نقصان) قبل از ٹیکس اور مختصات	104,401	(955,715)	110.9%
(نقصان) قبل از ٹیکس	(2,173,016)	(921,794)	135.7%
(نقصان) بعد از ٹیکس	(1,351,363)	(604,619)	123.5%
(نقصان) فی حصص (روپے)	(0.54)	(0.31)	
دیگر معلومات	30 ستمبر 2021 پر	31 دسمبر 2020 پر	فیصد تبدیلی
کھاتوں کی تعداد	523,459	499,760	4.7%
شاخوں کی تعداد	330	330	

30 ستمبر 2021 کو اختتام پذیر نو ماہ پر قبل از محصول نقصان کی مالیت 2,173 ملین روپے رہی جبکہ اس کے برعکس گذشتہ سال کی اسی مدت پر قبل از محصول نقصان کی مالیت 921.8 ملین روپے تھی۔ پرامیدی کے ساتھ بینک نے زیر جائزہ مدت میں 104.4 ملین روپے کی آپریٹنگ آمدنی (یعنی منافع قبل از محصول اور مختصات) کا اندراج کیا جبکہ اس کے مقابلے میں گذشتہ سال اسی مدت میں 955.7 ملین روپے کے آپریٹنگ نقصان کا اندراج کیا تھا۔ اس سال 2018 کی دوسری ششماہی میں ہونے والے حالات کی وجہ سے مسلسل تین سالوں سے زیادہ مدت میں آپریٹنگ نقصان کے بعد ایسا ہوا ہے۔ مندرجہ ذیل وجوہات کے سبب یہ بہتری لائی جا چکی ہے (i) خالص مارک اپ/سودی آمدنی میں 1,367.9 ملین روپے یعنی 59.8 فیصد کا اضافہ قابل ذکر ہے (ii) 172.9 ملین روپے یعنی 43.9 فیصد کا اضافہ دیگر آمدنی میں جس کی معاونت کیپیٹل گین میں اضافہ، منقسمہ منافع اور فیس اور کمیشن نے کی۔

خالص سودی آمدنی میں 59.8 فیصد کی بہتری کی وجہ کسٹمرز کے ڈپازٹس میں خاصہ اضافہ ہے جو 30 ستمبر 2020 کے 166.3 ارب روپے سے بڑھ کر 30 ستمبر 2021 پر 220.6 ارب روپے ہو گیا اور ساتھ ہی اس سال ڈپازٹس کی لاگت میں کمی ہوئی جو 5.04 فیصد

رہی جبکہ اس کے مقابلے میں گزشتہ سال یہ لاگت 6.80 فیصد تھی۔ 30 ستمبر 2021 پر قرضہ جات کی مالیت بڑھ کر 75.3 ارب روپے ہو گئی، اسکے مقابلے میں 30 ستمبر 2020 پر یہ مالیت 55.7 ارب روپے تھی۔ ان عناصر کی وجہ سے بینک کے پاس قرضوں کی فراہمی اور سرمایہ کاری کے لیے زیادہ فنڈز دستیاب رہے۔

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

فیصد اضافہ		نومبر، 30 2021		نومبر، 30 2020	
امریکی ڈالر میں مالیت	لین دین	امریکی ڈالر میں مالیت	لین دین	امریکی ڈالر میں مالیت	لین دین
209.21%	159.69%	47,332,528	84,164	15,307,779	32,410

سال 2020 کے اختتام کے مقابلے میں کل اثاثہ جات 16.9 فیصد اضافے کے ساتھ 30 ستمبر 2021 پر بڑھ کر 320.1 ارب روپے رہے جبکہ اسی مدت کے مقابلے میں سرمایہ کاری کی Carrying value میں 24.4 فیصد اضافہ ہوا۔ سرمایہ کاری میں اضافہ قلیل المدت MTBs اور فلوئنگ ریٹ PIBs سے ہوا۔ دوسری جانب مجموعی ایڈوانسز میں 2.2 فیصد کی معمولی کمی سے اس کی مالیت گھٹ کر 74.7 ارب روپے رہی جس کی اصل وجہ چند عوامل کے سبب نئے قرضوں کی فراہمی کے مقابلے میں زیادہ مالیت کی وصولیائیاں رہیں۔

2020 کے اختتام پر کل ڈپازٹس کی مالیت 185.6 ارب روپے میں 18.9 فیصد اضافے کے بعد 220.6 ارب روپے ہو گئی۔ اسی مدت کے دوران، گاہکوں کے کھاتوں کی تعداد 23,699 کھاتوں (یعنی 4.7 فیصد) کے اضافے کے بعد بڑھ کر 523,459 کھاتے ہو گئی جو کہ گاہکوں کی ترجیح ظاہر کرتی ہے اس میں ریٹیل بینکنگ ٹیم کی جانب سے نئے گاہکوں کو اکاؤنٹ کھولنے کی ترغیب دینے کی کاوشیں شامل ہیں۔

کریڈٹ ریٹنگ

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

معاشی جائزہ

جیسا کہ عالمی معیشتیں بظاہر بحالی کے مراحل میں ہیں، لیکن پاکستان میں نمو کی رفتار کمزور رہی جس کی وجہ بڑھتا ہوا افراطی دباؤ اور خراب ہوتی ہوئی بیرونی کھاتے کی صورتحال ہے۔ معاشی سال 2021 میں پاکستان کی مجموعی قومی پیداوار کی نمو 3.9 فیصد رہی جس کی بنیاد خدمات کے شعبے میں توسیع اور مقامی کھیت میں اضافہ تھا جس کے نتیجے میں معیشت نے زیادہ تیزی دکھائی۔ طلب کے دباؤ کا نتیجہ مالی سال 2022 کی پہلی سہ ماہی میں بڑھتی ہوئی درآمدات کی صورت میں نظر آیا جو بڑھ کر 18.6 ارب امریکی ڈالر ہو گئیں جبکہ گزشتہ سال اسی مدت میں درآمدات کی مالیت 11.3 ارب امریکی ڈالر تھی۔

معیشت کو، اجناس (خصوصاً درآمدی) کی بڑھتی ہوئی قیمتوں کے ساتھ بین الاقوامی سطح پر تیل اور گیس کی تاریخی بلند ترین قیمتوں کا سامنا ہے جس کے اثرات CPI افراط زر کا سال بہ سال کی بنیاد پر 30 ستمبر 2021 پر 8.6 فیصد ہونا، جو کہ 7 سے 8 فیصد کی متوقع رفتار سے تیز ہے۔ ملکی طلب کی رفتار کو قائم رکھنے اور بیرونی کھاتے کو کنٹرول کرنے کے لیے، بینک دولت پاکستان نے ستمبر 2021 میں پالیسی نرخ میں 25 پیسے پوائنٹس کا اضافہ کر کے اسے 7.25 فیصد کر دیا۔

KSE-100 انڈیکس دباؤ میں رہا اور 2021 کی تیسری سہ ماہی کے دوران 2,456 پوائنٹس کی کمی کے ساتھ 44,900 پوائنٹس پر بند ہوا جبکہ اس کے مقابلے میں 31 مارچ 2021 پر 47,356 پوائنٹس اور 31 دسمبر 2020 پر 43,755 پوائنٹس پر بند ہوا تھا، جس کی بنیادی وجوہات اوپر بیان کردہ، اور افغانستان میں ہونے والی تبدیلیاں اور دیگر جغرافیائی اور سیاسی عوامل ہیں۔

مائیکرو فنانس بینک لمیٹڈ (مکمل طور پر ذیلی ادارہ)

سندھ مائیکرو فنانس بینک لمیٹڈ (SMFB)، نے مائیکرو فنانس آپریشن کا آغاز مئی 2016 میں کیا جس کا مقصد صوبہ سندھ میں معاشرے کی انتہائی پچلی سطح تک فنانس کی رسائی کے ساتھ خاص توجہ غورتوں کے روزگار کے مواقع پیدا کرنا ہے۔ اب تک SMFB، صوبہ سندھ میں اپنی 76 کاروباری مقامات سے 4.7 ارب روپے مالیت کے 155,000 قرضوں کی فراہمی کر چکا ہے۔

30 ستمبر 2021 پر SMFB کی خالص ملکیتی سرمایہ کی مالیت 968 ملین روپے کے ساتھ ادا شدہ سرمایہ کی مالیت 750 ملین روپے رہی اور اس کے ساتھ ادارے نے اپنے قیام کے آغاز سے مسلسل منافع بخش آپریشن کو برقرار رکھنے کا رکارڈ قائم کیا۔ پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے طویل المدت درجہ بندی کو "A" اور قلیل المدت درجہ بندی کو "A2" پر مستحکم منظر نامہ کے ساتھ برقرار رکھا ہے جو PACRA کی نظر میں SMFB کی سیالیت کی صورتحال، منافع بخشی اور کم تر غیر کمانے والے اثاثہ جات کی وجہ سے اطمینان بخش ہے۔

SMFB کا منصوبہ ہے کہ وہ مالی سال 2022 میں اپنے ملکیتی سرمائے میں اضافہ کر کے ادا شدہ سرمایہ کی مطلوبہ سطح حاصل کرے جو کہ قومی سطح کے لائسنس کے حصول کے لیے ضروری ہے۔ قومی سطح کے لائسنس کے سبب SMFB اپنی رسائی کو پورے پاکستان میں توسیع دے سکے گا۔

مستقبل کا منظر نامہ

آگے بڑھتے ہوئے، MPC کو توقع ہے کہ مالی سال 2022 میں مجموعی قومی پیداوار کی نمو 4 تا 5 فیصد رہے گی۔ آنے والا وقت معیشت کے لیے مسائل سے بھرپور ہوگا کیونکہ پاکستان، IMF کے پروگرام میں پھر سے داخل ہو رہا ہے، مذاکرات کے نتائج سودی نرخوں اور ڈالر/روپے کی شرح مبادلہ کا تعین کریں گے۔ کووڈ-19 کے نئے ویریئنٹ کے پھرنے کا خطرہ بھی موجود ہے۔

سال 2020 اور 2021 (نومہ) میں ہماری ریٹیل بینکاری کی ٹیم کی غیر معمولی کارکردگی کے بعد، سندھ بینک بہتر پوزیشن میں آگیا ہے کہ اپنے تسلسل سے مالیاتی نمو، استحکام اور منافع بخشی کے مقاصد حاصل کرنے کی کوشش کرے گا جس میں ایک بڑے تصنیف میں تاخیر کے سبب خلل پڑا اور جس وجہ سے کفیل کی جانب سے سرمایہ کی معاونت کی جا چکی ہے۔

مشکلات کے باوجود انتظامیہ پر عزم ہے کہ اپنے مقاصد حاصل کرنے کی کوششیں جاری رکھے جن میں شامل ہیں (i) ناکارکردگی دکھانے والے قرضہ جات میں بحالی اور کمی، (ii) NIM اور تجارت سے متعلق فیس کی آمدنی کے ساتھ SME, Consumer اور تجارتی کاروبار پر زیادہ توجہ مرکوز کرنا، (iii) نئی correspondent بینکاری تعلقات میں بڑھنا، (iv) ترسیل زر کی صنعت کے بڑے کھلاڑیوں سے نئے روابط کی تشکیل، (v) خطرات اور نگرانی کے سسٹم کو مضبوط کرنا اور (vi) متبادل فراہمی اور خدمات کے ذرائع اور دیگر ٹیکنالوجی کی بنیاد پر اعلیٰ بینکاری کے حل جوگا ہوں گے۔ قابل ہو، پرتوجہ دیتا۔

اعتراف

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

بورڈ آف ڈائریکٹرز کی جانب سے

معصومہ حسین

نان ایگزیکٹو ڈائریکٹر

عمران صد

صدر/CEO

کراچی، 29 اکتوبر 2021

**UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS
PERIOD ENDED
SEPTEMBER 30, 2021**

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

As At September 30, 2021		September 30, 2021 Un-audited	December 31, 2020 Audited
Note		----- (Rupees in '000) -----	
ASSETS			
Cash and balances with treasury banks	7	13,781,554	14,486,693
Balances with other banks	8	4,280,831	4,185,277
Lendings to financial institutions	9	17,545,813	8,212,780
Investments	10	212,551,466	170,818,493
Advances	11	52,899,356	56,853,255
Fixed assets	12	2,686,351	3,265,367
Intangible assets	13	103,750	68,385
Deferred tax assets-net	14	11,375,881	10,182,327
Other assets	15	4,857,483	5,640,803
		320,082,485	273,713,380
LIABILITIES			
Bills payable	16	908,053	592,334
Borrowings	17	75,280,872	62,377,648
Deposits and other accounts	18	220,641,985	185,570,689
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	19	5,768,845	6,095,588
		302,599,755	254,636,259
NET ASSETS		17,482,730	19,077,121
REPRESENTED BY			
Share capital - net	20	25,524,428	19,710,130
Reserves		1,471,422	1,471,422
Shares deposit money	21	-	2,000,000
Proposed Ordinary shares to be issued on amalgamation	22	-	3,814,298
Deficit on revaluation of assets	23	(651,533)	(408,505)
Accumulated Loss		(8,861,587)	(7,510,224)
		17,482,730	19,077,121
CONTINGENCIES AND COMMITMENTS			
	24		

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






Chairman President and
Chief Executive Officer Director Director Chief Financial Officer

Unconsolidated Condensed Interim Profit and Loss Account (Un-audited) For The Nine Months And Quarter Ended September 30, 2021

	Nine months ended		Quarter ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Note	(Rupees in '000)			
Mark-up / Return / Interest Earned	25 16,984,452	11,283,522	6,223,488	3,859,795
Mark-up / Return / Interest Expensed	26 13,328,069	8,995,006	4,710,627	3,141,647
Net Mark-up / Interest Income	3,656,383	2,288,516	1,512,861	718,148
Non Mark-up / Interest Income				
Fee and Commission Income	27 254,720	204,834	91,050	65,011
Dividend Income	115,897	75,869	40,366	30,742
Foreign Exchange Income	82,665	167,316	(2,635)	98,495
Income / (loss) from derivatives	-	-	-	-
Gain / (Loss) on securities	28 110,975	(62,316)	23,492	122,061
Other Income	29 2,082	7,685	764	1,006
Total non-markup/interest Income	566,339	393,388	153,037	317,315
Total Income	4,222,722	2,681,904	1,665,898	1,035,463
Non Mark-up / Interest Expenses				
Operating expenses	30 4,054,600	3,637,509	1,419,119	1,251,965
Other charges	31 63,721	110	5	105
Total non-markup/interest expenses	4,118,321	3,637,619	1,419,124	1,252,070
Profit / (Loss) before provisions	104,401	(955,715)	246,774	(216,607)
Provisions and write offs - net	32 (2,277,417)	33,921	(1,960,487)	(208,550)
Extra ordinary / unusual items	-	-	-	-
Loss before Taxation	(2,173,016)	(921,794)	(1,713,713)	(425,157)
Taxation	33 (821,653)	(317,175)	(668,382)	(166,543)
Loss after Taxation	(1,351,363)	(604,619)	(1,045,331)	(258,614)
(Rupees)				
Basic Loss per share	34 (0.54)	(0.31)	(0.41)	(0.13)
Diluted Loss per share	35 (0.54)	(0.31)	(0.41)	(0.13)

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






 Chairman President and Chief Executive Officer Director Director Chief Financial Officer

Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited) For The Nine Months And Quarter Ended September 30, 2021

	Nine months ended		Quarter ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	(Rupees in '000)			
Loss after taxation for the period	(1,351,363)	(604,619)	(1,045,331)	(258,614)
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	(243,028)	1,460,176	(259,524)	(393,541)
	(1,594,391)	855,557	(1,304,855)	(652,155)
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)	(1,594,391)	855,557	(1,304,855)	(652,155)

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


 Chairman


 President and Chief Executive Officer


 Director


 Director


 Chief Financial Officer

Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited) For The Nine Months Ended September 30, 2021

	Share Capital	Proposed Ordinary shares to be issued on amalgamation	Shares Deposit Money	Capital Reserves		Surplus / (Deficit) on revaluation of Investments	Accumulated Loss **	Total
				Reserves on amalgamation	Share Premium	Statutory Reserve *		
Rupees in '000								
Balance as at January 01, 2020	19,710,130	-	2,000,000	-	51	1,451,928	(1,780,577)	17,077,201
Loss after tax for the nine months ended September 30, 2020	-	-	-	-	-	-	(604,619)	(604,619)
Other comprehensive income - net of tax	-	-	-	-	-	-	1,460,176	1,460,176
Balance as at September 30, 2020	19,710,130	-	2,000,000	-	51	1,451,928	(320,401)	17,932,758
Loss after tax for the three months ended December 31, 2020	-	-	-	-	-	-	(2,607,952)	(2,607,952)
Other comprehensive income /(loss) - net of tax	-	-	-	-	-	-	(88,104)	(81,426)
Proposed Ordinary shares to be issued and reserve upon amalgamation of Sindh Leasing Company Ltd	-	3,814,298	-	19,443	-	-	-	3,833,741
Balance as at December 31, 2020	19,710,130	3,814,298	2,000,000	19,443	51	1,451,928	(408,505)	19,077,121
Loss after tax for the nine months ended September 30, 2021	-	-	-	-	-	-	(1,351,363)	(1,351,363)
Other comprehensive income - net of tax	-	-	-	-	-	-	(243,028)	(243,028)
Issue of Shares during the period	5,814,298	(3,814,298)	(2,000,000)	-	-	-	-	-
Balance as at September 30, 2021	25,524,428	-	-	19,443	51	1,451,928	(8,861,587)	17,482,730

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

** As more fully explained in note 11.2.2 of these unconsolidated financial statements, unappropriated profit / (loss) includes an amount of Rs.9,355.13 million net of tax as at September 30, 2021 (December 31, 2020: Rs. 9,142.42 million) representing additional profit arising from availing forced sale value benefit for determining provisioning requirement which is not available for the purpose of distribution of dividend to shareholders.

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






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

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited) For The Nine Months Ended September 30, 2021

		September 30, 2021	September 30, 2020
	Note	----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		(2,173,016)	(921,794)
Less: Dividend income		(115,897)	(75,869)
		(2,288,913)	(997,663)
Adjustments:			
Depreciation	30	694,251	712,220
Amortisation	30	23,197	18,286
Provision against non-performing loans and advances - net	32	2,265,342	(184,586)
Provision for diminution in the value of investments - net	32	12,075	150,665
Gain on sale of operating fixed assets	29	(383)	(4,249)
		2,994,482	692,336
		705,569	(305,327)
(Increase) / decrease in operating assets			
Lendings to financial institutions		(9,333,033)	(55,176)
Advances - net		1,688,557	536,185
Other assets (excluding advance taxation)		645,979	(837,493)
		(6,998,497)	(356,484)
Increase / (decrease) in operating liabilities			
Bills payable		315,719	15,157
Borrowings from financial institutions		12,903,224	51,537,527
Deposits and other accounts		35,071,296	32,222,404
Other liabilities (excluding current taxation)		(326,744)	760,583
		47,963,495	84,535,671
		41,670,567	83,873,860
Income tax paid		(62,478)	(28,010)
Net cash flows from / (used in) operating activities		41,608,089	83,845,850
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in available-for-sale securities		(42,163,936)	(78,369,356)
Net investment in held-to-maturity securities		20,483	19,403
Dividends received		99,193	75,869
Investments in operating fixed assets		(174,021)	(129,293)
Sale proceeds from sale of fixed assets		607	5,630
Net cash flows from / (used in) investing activities		(42,217,674)	(78,397,747)
CASH FLOW FROM FINANCING ACTIVITIES			
		-	-
Increase in cash and cash equivalents		(609,585)	5,448,103
Cash and cash equivalents at the beginning of the year		18,671,970	14,391,336
Cash and cash equivalents at the end of the period	36	18,062,385	19,839,439

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







Chairman President and
Chief Executive Officer Director Director Chief Financial Officer

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) For The Nine Months Ended September 30, 2021

1. STATUS AND NATURE OF BUSINESS

1.1 Sindh Bank Limited (the Bank) was incorporated in Pakistan on October 29, 2010 as a public unlisted company and is engaged in Commercial Banking, Corporate and Investment related activities. The Bank operates 330 (2020: 330) branches including 8 (2020: 8) sub-branches and 14 (2020: 14) Islamic banking branches in Pakistan. The Bank's registered office is located at 3rd floor, Federation House, Abdullah Shah Ghazi Road, Clifton, Karachi, Pakistan.

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

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

1.4 Going Concern

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

- Strengthening Bank's Capital -As planned, cash injection, of Rs. 11.7 billion was made in 2019 and Rs. 3.814 billion added during 2020 from amalgamation of Sindh Leasing Company Limited in Bank's Tier 1 Common Equity. A further amount of Rs. 2 billion has been received from the GoS on October 28, 2021.
- Improving Business Volumes and Profitability-This involves the Bank taking pro-active measures to:
 - i. Increase fee-based income from mainly trade-related business;
 - ii) Improve Net Interest margin;
 - a) Mobilize cost effective (CASA) deposits;
 - b) Launch new asset products in the Consumer and SME segments;
 - iii. make concerted efforts for recovery and reduction of Non-Performing Loans.
 - iv. Take cost rationalization measures;
- Strengthening the Bank's Governance, Risk and Control environment.

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

2. BASIS OF PRESENTATION

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

- 2.2** In accordance with the directives of the Federal Government regarding the shifting of the Banking system to Islamic modes, the State Bank of Pakistan has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by Banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these unconsolidated financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon. The Islamic Banking branches of the Bank have complied with the requirements set out under the Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) and notified under the provisions of the Companies Act, 2017.
- 2.3** The financial results of the Islamic Banking branches have been consolidated in these unconsolidated condensed interim financial statements for reporting purposes, after eliminating material inter-branch transactions / balances. Key financial figures of the Islamic Banking branches are disclosed in note 41 to these unconsolidated condensed interim financial statements.

3. STATEMENT OF COMPLIANCE

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

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

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

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

5 SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

IFRS 9 - Financial Instruments : has been 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. As per the SBP's BPRD Circular Letter No. 24 dated July 05, 2021, the applicability of IFRS 9 to banks in Pakistan was deferred to accounting periods beginning on or after January 01, 2022.

6. FINANCIAL RISK MANAGEMENT

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

		September 30, 2021 Un-audited	December 31, 2020 Audited
	Note	----- (Rupees '000) -----	
7 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		4,932,360	4,961,892
Foreign currency		179,707	252,331
		5,112,067	5,214,223
With State Bank of Pakistan (SBP) in			
Local currency current accounts	7.1	7,652,043	6,707,459
Foreign currency current accounts	7.2	134,850	153,339
Foreign currency deposit accounts			
- Non Remunerative	7.3	84,563	73,605
- Remunerative	7.4	163,958	141,572
		8,035,414	7,075,975
With National Bank of Pakistan in			
Local currency current accounts		570,096	2,100,360
Local currency deposit accounts	7.5	7,243	10,790
		577,339	2,111,150
Prize bonds		56,734	85,345
		13,781,554	14,486,693

- 7.1** This represents cash reserve required to be maintained with SBP as per the requirement of Section 22 of the Banking Companies Ordinance, 1962. This is a sum not less than such percentage of the Bank's time and demand liabilities in Pakistan as may be prescribed by the SBP.
- 7.2** This represents US Dollar Settlement Account maintained with SBP.
- 7.3** This represents foreign currency (FCY) cash reserve maintained with SBP to comply with statutory reserve requirement applicable to Bank's FCY deposits.
- 7.4** This represents foreign currency special cash reserve maintained with SBP. The Bank is entitled to earn profit which is declared by SBP on a monthly basis. During the period, the SBP has declared Nil profit (2020: 0.51% to 0.76%) per annum.
- 7.5** This includes savings account with National Bank of Pakistan carrying mark-up at 5.50% (2020: 5.50%) per annum.

		September 30, 2021 Un-audited	December 31, 2020 Audited
	Note	----- (Rupees '000) -----	
8 BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		30	30
In savings accounts	8.1	1,483	15,962
		1,513	15,992
Outside Pakistan			
In current accounts		4,279,318	4,169,285
		<u>4,280,831</u>	<u>4,185,277</u>
8.1	This includes savings account with a commercial bank carrying profit at the rate of 5.50% (2020: 5.50%) per annum.		
9 LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lendings	9.2	4,000,000	3,000,000
Repurchase agreement lendings (Reverse Repo)	9.3 & 9.5	12,191,874	3,969,535
Bai Muajjal with financial institutions	9.4	1,353,939	583,245
Musharaka arrangements		-	660,000
		<u>17,545,813</u>	<u>8,212,780</u>
9.1 Particulars of lending			
In local currency		17,545,813	8,212,780
In foreign currencies		-	-
		<u>17,545,813</u>	<u>8,212,780</u>
9.2	This represents lending to a commercial bank carrying mark-up at 8.25% (2020 : 7.50%) per annum maturing on October 01, 2021 (2020 : January 04, 2021).		
9.3	This represents resale agreement lending with financial institutions and commercial banks carrying mark-up in the range of 7.30% to 7.65% (2020 :7.20%) per annum maturing up to October 08, 2021 (2020: March 18, 2021).		
9.4	This represents arrangement with an Islamic bank carrying mark-up at 7.30% (2020: 6.50% to 7.20%) per annum maturing up to December 01, 2021 (2020: January 06, 2021).		
9.5 Securities held as collateral against Lendings to financial institutions			
		September 30, 2021 (Un-audited)	December 31, 2020 (Audited)
		Held by Bank Further given as collateral Total	Held by Bank Further given as collateral Total
		----- (Rupees '000) -----	
Market Treasury Bills		7,239,838 - 7,239,838	- - -
Pakistan Investment Bonds		4,961,443 - 4,961,443	3,854,420 - 3,854,420
Total		<u>12,201,281</u> <u>-</u> <u>12,201,281</u>	<u>3,854,420</u> <u>-</u> <u>3,854,420</u>

10 INVESTMENTS

10.1 Investments by type

	September 30, 2021 (Un-audited)				December 31, 2020 (Audited)			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
----- Rupees in '000 -----								
Available-for-sale securities								
Federal Government Securities								
Market Treasury Bills	80,135,871	-	(37,103)	80,098,768	51,311,160	-	43,094	51,354,254
Pakistan Investment Bonds	111,097,219	-	(859,817)	110,237,402	97,956,376	-	(694,937)	97,261,439
Government of Pakistan - Ijarah Sukuk	1,500,019	-	13,875	1,513,894	1,500,026	-	(540)	1,499,486
Shares								
Listed	2,776,346	(344,001)	(211,709)	2,220,636	2,437,740	(369,853)	(42,599)	2,025,288
Unlisted	-	-	-	-	100,000	-	-	100,000
Non-government debt securities								
Sukuk certificates	30,357	-	(7)	30,350	96,428	-	(316)	96,112
Mutual funds	215,049	(32,991)	26,677	208,735	215,048	(32,991)	25,619	207,676
	195,754,861	(376,992)	(1,068,084)	194,309,785	153,616,778	(402,844)	(669,679)	152,544,255
Held-to-maturity securities								
Federal Government Securities								
Pakistan Investment Bonds	16,751,674	-	-	16,751,674	16,772,088	-	-	16,772,088
Preference Shares - Unlisted	77,708	(77,708)	-	-	77,708	(77,708)	-	-
Non-government debt securities								
Term finance certificates - Listed	224,235	-	-	224,235	224,235	-	-	224,235
Term finance certificates - Unlisted	859,021	(343,249)	-	515,772	859,090	(331,175)	-	527,915
	17,912,638	(420,957)	-	17,491,681	17,933,121	(408,883)	-	17,524,238
Investment in Subsidiary								
Fully paid ordinary shares	750,000	-	-	750,000	750,000	-	-	750,000
Total Investments	<u>214,417,499</u>	<u>(797,949)</u>	<u>(1,068,084)</u>	<u>212,551,466</u>	<u>172,299,899</u>	<u>(811,727)</u>	<u>(669,679)</u>	<u>170,818,493</u>

10.2 Investments given as collateral

Federal government securities

Pakistan Investment Bonds	73,960,200	52,185,578
Market Treasury Bills	-	8,384,972
	<u>73,960,200</u>	<u>60,570,550</u>

September 30,
2021
Un-audited

December 31,
2020
Audited

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

	September 30, 2021 Un-audited		December 31, 2020 Audited			
	----- (Rupees '000) -----					
10.3 Provision for diminution in value of investments						
10.3.1	Opening balance		811,727		504,993	
	Charge / reversals					
	Charge for the period / year		12,075		306,734	
	Reversals for the period / year		-		-	
	Reversal on disposals for the period / year		(25,853)		-	
	Transfers - net		(13,778)		306,734	
	Closing Balance		797,949		811,727	
	September 30, 2021 (Un-audited)		December 31, 2020 (Audited)			
	Non performing investments	Provision	Non performing investments	Provision		
10.3.2 Particulars of provision against equity / debt investments					----- Rupees in '000 -----	
Category of classification						
Domestic						
	Other assets especially mentioned		-		-	
	Substandard		-		-	
	Doubtful		-		-	
	Loss		969,044		797,949	
	Total		969,044		797,949	
			994,895		811,727	
			994,895		811,727	
10.3.3 The Bank has availed the benefit of forced sale value of collateral against non-performing investments on the basis of instructions of the State Bank of Pakistan. Had the benefit not been taken by the Bank, provision against non-performing investments would have been higher by Rs. 171.09 million (2020: Rs.183.17 million). The resultant increase in profit due to FSV benefit taken will not be available for distribution as cash and stock dividend to shareholders.						
10.4 The market value of securities classified as held-to-maturity as at September 30, 2021 amounted to Rs.17,782.68 million (December 31, 2020: Rs.18,251.19 million).						
11 ADVANCES						
	Performing		Non Performing		Total	
	September 30, 2021 (Un-audited)	December 31, 2020 (Audited)	September 30, 2021 (Un-audited)	December 31, 2020 (Audited)	September 30, 2021 (Un-audited)	December 31, 2020 (Audited)
	----- Rupees in '000 -----					
Loans, cash credits, agriculture, running finances etc.	24,706,171	26,030,306	36,896,858	35,090,263	61,603,029	61,120,569
Commodity finance	9,724,361	10,644,226	-	-	9,724,361	10,644,226
Net investment in finance lease	1,281,507	1,674,341	319,215	240,215	1,600,722	1,914,556
Islamic financing and related assets						
Diminishing musharakah financing	1,316,653	2,218,351	14,526	-	1,331,179	2,218,351
Ijarah financing under IFAS 2	23,891	38,002	-	-	23,891	38,002
	37,052,583	40,605,226	37,230,599	35,330,478	74,283,182	75,935,704
Bills discounted and purchased (excluding market treasury bills)						
Payable in Pakistan	373,026	401,727	-	-	373,026	401,727
Payable outside Pakistan	7,703	15,037	3,405	3,405	11,108	18,442
	380,729	416,764	3,405	3,405	384,134	420,169
Advances - gross	37,433,312	41,021,990	37,234,004	35,333,883	74,667,316	76,355,873
Provision for non-performing advances						
- Specific Provision	-	-	20,899,990	18,713,043	20,899,990	18,713,043
- Specific provision on Leasing Portfolio	-	-	865,430	787,367	865,430	787,367
- General provision against consumer and small enterprise advances	2,540	2,208	-	-	2,540	2,208
	2,540	2,208	21,765,420	19,500,410	21,767,960	19,502,618
Total Advances - Net	37,430,772	41,019,782	15,468,584	15,833,473	52,899,356	56,853,255

	September 30, 2021 Un-audited	December 31, 2020 Audited
	----- (Rupees '000) -----	
11.1 Particulars of advances (Gross)		
In local currency	74,667,316	76,355,873
In foreign currencies	-	-
	<u>74,667,316</u>	<u>76,355,873</u>

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

		September 30, 2021 Un-audited	December 31, 2020 (Audited)
Category of Classification	Note	Non performing Loans	Provision
		----- Rupees in '000 -----	
Domestic			
Other Assets Especially Mentioned	11.2.1	46,294	-
Substandard		15,864	65
Doubtful		488,835	238,487
Loss		36,683,011	21,526,868
Total		<u>37,234,004</u>	<u>21,765,420</u>

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

11.2.2 The Bank has availed the benefit of forced sale value on plant and machinery under charge and mortgaged residential and commercial property (land and building only) held as collateral against non-performing advances on the basis of the instructions of the State Bank of Pakistan. Had the benefit not been taken by the Bank, specific provision against non-performing advances would have been higher by Rs.15,165.18 (2020: Rs. 14,987.57) million. The resultant increase in profit due to FSV benefit taken will not be available for distribution as cash and stock dividend to shareholders.

11.2.3 Particulars of provision against advances

	September 30, 2021 (Un-audited)			December 31, 2020 (Audited)		
	Specific	General	Total	Specific	General	Total
	----- Rupees in '000 -----					
Opening balance	19,500,410	2,208	19,502,618	15,297,231	1,812	15,299,043
Exchange adjustments	-	-	-	-	-	-
Charge for the period	2,279,510	332	2,279,842	3,970,216	396	3,970,612
Reversals	(110,785)	-	(110,785)	(1,001,443)	-	(1,001,443)
	2,168,725	332	2,169,057	2,968,773	396	2,969,169
Amounts charged off - Agriculture loans	96,285	-	96,285	447,039	-	447,039
Net charge / (reversal) during the period	2,265,010	332	2,265,342	3,415,812	396	3,416,208
Transfer from Sindh Leasing Co. Ltd upon amalgamation	-	-	-	787,367	-	787,367
Amounts written off	-	-	-	-	-	-
Closing balance	21,765,420	2,540	21,767,960	19,500,410	2,208	19,502,618

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

		September 30, 2021 Un-audited	December 31, 2020 Audited
	Note	----- (Rupees '000) -----	
12 FIXED ASSETS			
Capital work-in-progress	12.1	90,392	24,900
Property and equipment		1,261,252	1,420,821
Right of use assets		1,334,707	1,819,646
		<u>2,686,351</u>	<u>3,265,367</u>
12.1 Capital work-in-progress			
Equipment		37,926	4,814
Advances to suppliers		52,466	20,086
		<u>90,392</u>	<u>24,900</u>
		September 30, 2021	September 30, 2020
		Un-audited	
		----- Rupees in '000 -----	
12.2 Additions to fixed assets			
The following additions have been made to fixed assets during the period:			
Property and equipment :			
Leasehold improvements		6,383	8,049
Furniture and fixture		3,200	5,836
Computer and office equipment		25,520	53,030
Vehicles		14,874	17,274
Total		<u>49,977</u>	<u>84,189</u>
Disposal of fixed assets			
The net book value of fixed assets disposed off during the period is as follows:			
Lease hold improvements		53	71
Furniture and fixture		21	34
Computer and office equipment		118	-
Vehicles		31	1,276
Total		<u>223</u>	<u>1,381</u>
		September 30, 2021 Un-audited	December 31, 2020 Audited
		----- (Rupees '000) -----	
13 INTANGIBLE ASSETS			
Computer Software		103,750	68,385
Others		-	-
		<u>103,750</u>	<u>68,385</u>

	September 30, 2021	September 30, 2020
	Un-audited	
	----- Rupees in '000 -----	
Additions to intangible assets		
The additions to intangible assets during the period:		
Computer Software	<u>58,562</u>	<u>52,102</u>
Disposals of intangible assets		
The net book value of intangible assets disposed off during the period.	<u>-</u>	<u>-</u>
	September 30, 2021	December 31, 2020
	Un-audited	Audited
	----- (Rupees '000) -----	
14 DEFERRED TAX ASSETS - NET		
Deductible Temporary Differences on		
- Provision against advances - general	7,119,958	6,459,941
- Tax losses carried forward	3,262,437	3,118,099
- Provision for diminution in the value of investments	94,853	94,853
- Deficit on revaluation of investments	416,553	261,175
- Others	643,982	427,378
	<u>11,537,783</u>	<u>10,361,446</u>
Taxable Temporary Differences on		
- Accelerated tax depreciation - tangible fixed assets	(23,513)	(39,586)
- Net investment in Lease Finance	(131,859)	(131,859)
- Accelerated tax amortization - intangible assets	(6,530)	(7,674)
	<u>(161,902)</u>	<u>(179,119)</u>
	<u>11,375,881</u>	<u>10,182,327</u>
15 OTHER ASSETS		
Income/ Mark-up accrued in local currency	3,572,075	3,267,656
Accrued commission income	12,025	23,346
Advances, deposits, advance rent and other prepayments	272,885	61,980
Receivable against sale of shares	-	1,573,718
Unrealised gain on forward forex revaluation - net	669,706	229,271
Insurance premium receivable against agriculture loans	13,899	13,271
Stationery and stamps on hand	9,252	11,445
Dividends receivable	17,406	702
Receivable against 1 Link ATM settlement account	136,820	162,873
Advance Taxation - net	95,723	249,768
Acceptances	-	7,671
Insurance claims receivable	834	371
Other receivables	56,858	38,731
	<u>4,857,483</u>	<u>5,640,803</u>
16 BILLS PAYABLE		
In Pakistan	908,053	592,334
Outside Pakistan	-	-
	<u>908,053</u>	<u>592,334</u>

		September 30, 2021 Un-audited	December 31, 2020 Audited
		----- (Rupees '000) -----	
17 BORROWINGS			
Secured			
Borrowings from State Bank of Pakistan			
- Under export refinance scheme	17.2	1,191,053	1,752,141
- Under long term finance facility	17.3	89,819	119,758
Repurchase agreement borrowings			
- State Bank of Pakistan	17.4	74,000,000	57,883,940
- Other commercial banks / DFIs		-	2,621,809
		<u>74,000,000</u>	<u>60,505,749</u>
		<u>75,280,872</u>	<u>62,377,648</u>
17.1 Particulars of borrowings			
In local currency		75,280,872	62,377,648
In foreign currencies		-	-
		<u>75,280,872</u>	<u>62,377,648</u>
17.2	These represent borrowings from SBP under export refinance scheme at the rates ranging from 1.00% to 2.00% (2020: 1.00% to 2.00%) per annum having maturity upto six months.		
17.3	These represent borrowings from SBP under long term finance facility at the rate of 3.00% (2020: 3.00%) per annum having maturity upto 5 years.		
17.4	These represent repurchase agreement borrowings from State Bank of Pakistan at the rate of 7.40% (2020: 7.07%) per annum maturing on October 01, 2021 (2020: January 04, 2021). The carrying value of securities given as collateral against these borrowings is given in note 10.2.		

18 DEPOSITS AND OTHER ACCOUNTS

	September 30, 2021 (Un-audited)			December 31, 2020 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	----- Rupees in '000 -----					
Customers						
Current deposits	54,604,274	277,953	54,882,227	47,602,012	214,880	47,816,892
Savings deposits	90,289,159	986,031	91,275,190	74,259,411	815,417	75,074,828
Term deposits	70,416,874	379,529	70,796,403	58,407,259	353,557	58,760,816
Certificates of investment	-	-	-	16,600	-	16,600
Margin and other deposits	402,406	-	402,406	638,005	-	638,005
	<u>215,712,713</u>	<u>1,643,513</u>	<u>217,356,226</u>	<u>180,923,287</u>	<u>1,383,854</u>	<u>182,307,141</u>
Financial Institutions						
Current deposits	35,072	18	35,090	61,045	17	61,062
Savings deposits	1,539,625	-	1,539,625	1,623,450	-	1,623,450
Term deposits	1,591,000	-	1,591,000	1,489,000	-	1,489,000
Margin and other deposits	120,044	-	120,044	90,036	-	90,036
	<u>3,285,741</u>	<u>18</u>	<u>3,285,759</u>	<u>3,263,531</u>	<u>17</u>	<u>3,263,548</u>
	<u>218,998,454</u>	<u>1,643,531</u>	<u>220,641,985</u>	<u>184,186,818</u>	<u>1,383,871</u>	<u>185,570,689</u>

19 OTHER LIABILITIES

	September 30, 2021 Un-audited	December 31, 2020 Audited
	----- (Rupees '000) -----	
Mark-up / return / interest payable in local currency	2,776,421	2,337,713
Mark-up / return / interest payable in foreign currency	1,872	3,539
Accrued expenses	319,245	101,623
Net defined benefit liability	62,300	72,270
Provision for compensated absences	173,266	179,686
Payable against purchase of operating fixed assets	14,668	42,714
Payable against purchase of shares	-	519,695
Retention money	56,943	56,376
Federal excise duty / sales tax on services payable	4,169	3,351
Lease liability	1,632,276	2,119,589
Withholding tax payable	55,757	32,736
Acceptances	-	7,671
Security deposit against lease contracts	19.1 388,960	400,237
Others	282,968	218,388
	<u>5,768,845</u>	<u>6,095,588</u>

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

20 SHARE CAPITAL

20.1 Authorised capital

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

20.2 Issued, subscribed and paid-up share capital

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

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

21 SHARES DEPOSIT MONEY

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

		September 30, 2021 Un-audited	December 31, 2020 Audited
	Note	----- (Rupees '000) -----	
22 PROPOSED ORDINARY SHARES TO BE ISSUED ON AMALGAMATION			
Opening balance		3,814,298	3,814,298
Shares issued during the period / year		(3,814,298)	-
		<u>-</u>	<u>3,814,298</u>
23 DEFICIT ON REVALUATION OF ASSETS			
Available-for-sale securities			
Federal government securities		(883,044)	(652,382)
Fully paid ordinary shares - listed		(211,709)	(42,599)
Units of mutual funds (units / certificates)		26,676	25,618
Sukuk certificates		(7)	(316)
		<u>(1,068,084)</u>	<u>(669,679)</u>
Related deferred taxation		416,551	261,174
		<u>(651,533)</u>	<u>(408,505)</u>
24 CONTINGENCIES AND COMMITMENTS			
Guarantees	24.1	4,440,691	3,473,161
Commitments	24.2	123,113,352	99,865,985
Other contingent liabilities		-	-
		<u>127,554,043</u>	<u>103,339,146</u>
24.1 Guarantees:			
Financial guarantees		1,059,382	1,036,910
Performance guarantees		2,689,879	1,947,878
Other guarantees		691,430	488,373
		<u>4,440,691</u>	<u>3,473,161</u>
24.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		341,581	2,215,675
Commitments in respect of:			
- forward foreign exchange contracts	24.2.1	26,302,040	24,357,415
- forward lending	24.2.2	96,469,731	73,292,895
Other commitments		-	-
		<u>123,113,352</u>	<u>99,865,985</u>
24.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		11,237,533	9,983,985
Sale		15,064,507	14,373,430
		<u>26,302,040</u>	<u>24,357,415</u>
24.2.2 Commitments in respect of forward lending			
Forward repurchase agreement lending		74,102,574	60,551,083
Forward resale agreement borrowing		12,198,054	3,980,497
Undrawn formal standby facilities, credit lines and other commitments to lend	24.2.2.1	10,169,103	8,761,315
		<u>96,469,731</u>	<u>73,292,895</u>
24.2.2.1 Commitments to extend credit			
The Banks enters into commitments to extend credit in the normal course of its business but these are revocable commitments that do not attract any significant penalty or expense if the facility is unilaterally withdrawn.			

		Nine months ended	
		September 30, 2021	September 30, 2020
		----- Un-audited -----	
		----- Rupees in '000 -----	
25	MARK-UP/RETURN/INTEREST EARNED		
	Loans and advances	3,202,255	4,372,743
	Investments	13,264,918	6,556,591
	Lendings to financial institutions	505,800	340,031
	Balances with banks	11,479	14,157
		<u>16,984,452</u>	<u>11,283,522</u>
26	MARK-UP/RETURN/INTEREST EXPENSED		
	Deposits	7,399,600	7,198,361
	Borrowings	5,718,561	1,567,983
	Cost of swaps against foreign currency deposits / borrowings	47,175	41,763
	Lease liability against right of use assets	162,733	186,899
		<u>13,328,069</u>	<u>8,995,006</u>
27	FEE AND COMMISSION INCOME		
	Branch banking customer fees	35,866	26,734
	Consumer finance related fees	843	456
	Card related fees (debit cards)	116,765	96,410
	Commission on trade	41,027	23,999
	Commission on guarantees	31,483	26,160
	Credit related fees	9,653	23,720
	Commission on remittances including home remittances	18,474	7,129
	Others	609	226
		<u>254,720</u>	<u>204,834</u>
28	GAIN / (LOSS) ON SECURITIES		
	Realised	28.1 110,975	(62,316)
	Unrealised - held for trading	-	-
		<u>110,975</u>	<u>(62,316)</u>
28.1	Realised gain/(loss) on:		
	Federal Government Securities	45,134	278,267
	Shares of listed companies	65,841	(340,583)
	Others investments	-	-
		<u>110,975</u>	<u>(62,316)</u>
29	OTHER INCOME		
	Gain on sale of operating fixed assets	383	4,249
	Rent on property	855	2,680
	Incidental charges	634	561
	Others	210	195
		<u>2,082</u>	<u>7,685</u>

	Note	Nine months ended	
		September 30, 2021	September 30, 2020
		----- Un-audited -----	----- Rupees in '000 -----
30 OPERATING EXPENSES			
Total compensation expense	30.1	2,045,146	1,755,450
Property expenses			
Rent & taxes		27,381	18,780
Insurance		25,917	22,616
Utilities cost		195,788	162,443
Security (including guards)		255,118	238,529
Repairs & maintenance		16,383	16,732
Depreciation		49,294	48,400
Depreciation on right of use assets		484,939	481,099
		1,054,820	988,599
Information technology expenses			
Software maintenance		59,393	54,624
Hardware maintenance		58,708	51,741
Depreciation		16,986	11,774
Amortisation		23,197	18,286
Network charges		8,022	4,612
Others		15,571	8,725
		181,877	149,762
Other operating expenses			
Directors' fees and allowances		8,500	10,750
Fees and allowances to Shariah Board		3,556	3,938
Legal & professional charges		18,439	37,882
Outsourced services costs		86,314	88,743
Travelling & conveyance		24,999	21,013
NIFT clearing charges		18,590	16,733
Depreciation		143,032	170,947
Training & development		663	428
Postage & courier charges		17,845	13,735
Communication		87,577	85,867
Stationery & printing		66,121	53,592
Marketing, advertisement & publicity		30,033	22,627
Donations		-	-
Auditors' Remuneration	30.2	11,020	8,872
Repairs & maintenance		84,826	65,757
Brokerage and commission		10,365	11,546
Entertainment		39,317	33,095
Fees and subscription		85,055	60,003
Insurance expenses		7,360	6,992
Others		29,145	31,178
		772,757	743,698
		4,054,600	3,637,509

Nine months ended
September 30, 2021 **September 30, 2020**

Note

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

30.1 Total compensation expense

Managerial Remuneration		
- Fixed	1,241,324	1,063,209
- Variable Cash Bonus / Awards etc.	9,856	8,926
Charge for defined benefit plan	62,301	52,587
Contribution to defined contribution plan	71,211	60,272
Rent & house maintenance	379,195	334,953
Utilities	76,182	66,486
Medical	76,180	66,486
Conveyance	64,890	42,199
Employees old age benefits contribution	11,129	10,752
Leave Fare Assistance	10,609	8,895
Staff Insurances	41,786	39,051
Others	483	1,634
	<u>2,045,146</u>	<u>1,755,450</u>

30.2 Auditors' remuneration

Audit fee	9,115	7,306
Fee for other statutory certifications	833	757
Special certifications and sundry advisory services	630	356
Out-of-pocket expenses	442	453
	<u>11,020</u>	<u>8,872</u>

31 OTHER CHARGES

Penalties imposed by the State Bank of Pakistan	63,721	110
Others	-	-
	<u>63,721</u>	<u>110</u>

32 PROVISIONS & WRITE OFFS - NET

Provisions for diminution in value of investments	10.3.1	-	(24,258)
Provisions against investment in TFCs	10.3.1	(12,075)	(126,407)
Reversal of Provisions against loans & advances - specific		110,785	1,110,392
Provisions against loans & advances - specific		(2,375,794)	(925,728)
Provisions against loans & advances - general		(333)	(78)
Net provision during the year	11.2.3	(2,265,342)	184,586
Fixed assets written off		-	-
Bad debts written off directly		-	-
		<u>(2,277,417)</u>	<u>33,921</u>

		Nine months ended	
		September 30, 2021	September 30, 2020
		----- Un-audited -----	
		----- Rupees in '000 -----	
33	TAXATION		
	Current	216,523	174,835
	Prior years	-	-
	Deferred	(1,038,176)	(492,010)
		<u>(821,653)</u>	<u>(317,175)</u>
34	BASIC LOSS PER SHARE		
	Loss for the period	<u>(1,351,363)</u>	<u>(604,619)</u>
	Weighted average number of ordinary shares	<u>2,499,253,525</u>	<u>1,971,013,000</u>
	Basic loss per share	<u>(0.54)</u>	<u>(0.31)</u>
35	DILUTED LOSS PER SHARE		
	Loss for the period	<u>(1,351,363)</u>	<u>(604,619)</u>
	Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)	<u>2,499,253,525</u>	<u>1,971,013,000</u>
	Diluted loss per share	<u>(0.54)</u>	<u>(0.31)</u>
36	CASH AND CASH EQUIVALENTS		
	Cash and Balances with Treasury Banks	13,781,554	15,452,988
	Balances with other banks	<u>4,280,831</u>	<u>4,386,451</u>
		<u>18,062,385</u>	<u>19,839,439</u>

37 FAIR VALUE MEASUREMENTS

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

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

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

37.1 Fair value of financial assets

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

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

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

Level 3: Unobservable inputs for the asset or liability.

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

September 30, 2021 (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	-	110,237,402	-
Market Treasury Bills	-	80,098,768	-
Shares of listed companies	2,220,636	-	-
Units of mutual funds	103,254	105,481	-
Ijarah Sukuk - GoP	-	1,513,894	-
Sukuk bonds	-	30,350	-
	<u>2,323,890</u>	<u>191,985,895</u>	<u>-</u>
			<u>194,309,785</u>

Off balance sheet financial instruments

Foreign exchange contracts (purchase)	-	11,237,533	-
Foreign exchange contracts (sale)	-	15,064,507	-
	<u>-</u>	<u>15,064,507</u>	<u>-</u>
			<u>15,064,507</u>

December 31, 2020 (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	-	97,261,439	-
Market Treasury Bills	-	51,354,254	-
Shares of listed companies	2,025,288	-	-
Units of mutual funds	123,254	84,422	-
Ijarah Sukuk - GoP	-	1,499,486	-
Sukuk bonds	-	96,112	-
	<u>2,148,542</u>	<u>150,295,713</u>	<u>-</u>
			<u>152,444,255</u>

Off balance sheet financial instruments

Foreign exchange contracts (purchase)	-	9,983,985	-
Foreign exchange contracts (sale)	-	14,373,430	-
	<u>-</u>	<u>14,373,430</u>	<u>-</u>
			<u>14,373,430</u>

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

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

38 SEGMENT INFORMATION

38.1 Segment Details with respect to Business Activities

	September 30, 2021 (Un-audited)			
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others
	Rupees in '000			
Profit & Loss				
Net mark-up/return/profit income	8,034,398	18,542	-	(4,396,557)
Inter segment revenue - net	(11,440,643)	-	-	11,440,643
Non mark-up / return / interest income	283,420	411	-	282,508
Total Income	(3,122,825)	18,953	-	7,326,594
Segment direct expenses	(72,845)	(2,935)	-	(3,252,347)
Inter segment expense allocation	(79,019)	(13,907)	-	(697,268)
Total expenses	(151,864)	(16,842)	-	(3,949,615)
Provisions	(12,075)	-	-	(2,265,342)
Profit / (Loss) before tax	(3,286,764)	2,111	-	1,111,637
Balance Sheet				
Cash & Bank balances	8,036,118	-	-	10,026,267
Investments	212,551,466	-	-	-
Net inter segment lending	-	-	-	167,748,651
Lendings to financial institutions	17,545,813	-	-	-
Advances - performing	40,036	171,655	-	37,219,081
- non-performing (net)	-	4,379	-	15,464,205
Others	4,810,719	2,336	-	14,210,410
Total Assets	242,984,152	178,370	-	244,668,614

September 30, 2021 (Un-audited)				
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others
	Rupees in 000'			
Borrowings	74,089,819	-	-	1,191,053
Subordinated debt	-	-	-	-
Deposits & other accounts	-	-	-	220,641,985
Net inter segment borrowing	167,576,475	172,176	-	-
Others	155,965	6,194	-	6,514,739
Total liabilities	241,822,259	178,370	-	228,347,777
Equity	1,161,893	-	-	16,320,837
Total Equity & liabilities	242,984,152	178,370	-	244,668,614
Contingencies & Commitments	112,602,668	-	-	14,951,375

September 30, 2020 (Un-audited)				
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others
	Rupees in 000'			
Profit & Loss				
Net mark-up/return/profit income	5,314,335	17,237	-	(3,043,056)
Inter segment revenue - net	(6,526,068)	-	-	6,526,068
Non mark-up / return / interest income	172,870	150	-	220,368
Total Income	(1,038,863)	17,387	-	3,703,380
Segment direct expenses	(48,887)	(1,501)	-	(2,830,849)
Inter segment expense allocation	(75,638)	(12,928)	-	(667,816)
Total expenses	(124,525)	(14,429)	-	(3,498,665)
Provisions	(150,665)	-	-	184,586
Profit / (Loss) before tax	(1,314,053)	2,958	-	389,301

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

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

39 RELATED PARTY TRANSACTIONS

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

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

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

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

	September 30, 2021 (Un-audited)				December 31, 2020 (Audited)			
	Directors	Key management personnel	Subsidiaries	Other related parties	Directors	Key management personnel	Subsidiaries	Other related parties
	Rupees in '000'							
Investments								
Opening balance	-	-	750,000	-	-	-	750,000	-
Investment made during the period / year	-	-	-	-	-	-	-	-
Investment redeemed / disposed off during the period / year	-	-	-	-	-	-	-	-
Closing balance	-	-	750,000	-	-	-	750,000	-
Advances								
Opening balance	-	172,054	-	-	-	62,587	-	46,874
Addition during the period / year	-	11,684	-	-	-	130,665	-	-
Repaid during the period / year	-	22,759	-	-	-	18,430	-	46,874
Transfer in / (out) - net	-	13,130	-	-	-	(2,768)	-	-
Closing balance	-	174,109	-	-	-	172,054	-	-
Other Assets								
Interest / mark-up accrued	-	113	-	-	-	150	-	-
Other receivables	-	-	3	285	-	-	-	-
	-	113	3	285	-	150	-	-
Deposits and other accounts								
Opening balance	22,930	68,200	77,313	2,079,063	21,698	67,060	82,373	3,519,086
Received during the period / year	145,116	317,515	822,108	14,493,985	49,633	320,609	1,156,766	9,854,048
Withdrawn during the period / year	166,921	309,486	872,950	14,255,881	48,401	313,181	1,161,826	9,151,255
Transfer in / (out) - net	(31)	(41,846)	-	-	-	(6,288)	-	(2,142,816)
Closing balance	1,094	34,383	26,471	2,317,167	22,930	68,200	77,313	2,079,063
Other Liabilities								
Interest / mark-up payable	40	156	123	19,950	215	346	111	82,299

	September 30, 2021 (Un-audited)				September 30, 2020 (Un-audited)			
	Directors	Key management personnel	Subsidiaries	Other related parties	Directors	Key management personnel	Subsidiaries	Other related parties
	Rupees in '000'							
Income:								
Mark-up / return / interest earned	-	5,634	-	-	-	2,294	-	2,124
Fee and commission income	-	6	56	17	2	5	21	19
Net gain on sale of securities	-	-	-	251	-	-	-	356
Other income	-	-	-	855	-	-	-	2,680
Expenses:								
Mark-up / return / interest paid	245	1,846	1,039	107,717	393	2,941	2,044	316,058
Remuneration paid	-	144,184	-	-	-	136,084	-	-
Contribution to provident fund	-	6,640	-	-	-	5,656	-	-
Provision for gratuity	-	5,516	-	-	-	4,887	-	-
Other staff benefits	-	18,578	-	-	-	18,354	-	-
Directors' meetings fee	8,500	-	-	-	10,750	-	-	-
Other expenses	1,022	-	-	-	106	-	-	-
Insurance premium paid	-	-	-	98,034	-	-	-	64,839
Others:								
Sale of Government Securities	-	-	-	2,533,500	-	-	-	755,000
Purchase of Government Securities	-	-	-	150,000	-	-	-	-
Gratuity paid	-	4,647	-	-	-	-	-	-
Leave encashment	-	2,126	-	-	-	-	-	-
Expenses recovered under								
agency arrangement	-	-	-	114	-	-	-	114
Insurance claims settled	-	-	-	1,728	-	-	-	581

As at the date of unconsolidated statement of financial position, loans/advances and deposits of government related entities amounted to Rs.9,724.36 million and Rs.104,328.06 million respectively. The above includes deposits amounting to Rs.28,499.05 (2020: Rs.22,625.33) million received through the Finance Department, Government of Sindh.

		September 30, 2021 Un-audited	December 31, 2020 Audited
	Note	----- (Rupees '000) -----	
40 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS			
Minimum Capital Requirement (MCR):			
Paid-up capital (net of losses)		16,662,841	12,199,906
Capital Adequacy Ratio (CAR):			
Eligible Common Equity Tier 1 (CET 1) Capital		6,359,425	9,923,597
Eligible Additional Tier 1 (ADT 1) Capital		-	-
Total Eligible Tier 1 Capital		6,359,425	9,923,597
Eligible Tier 2 Capital		-	2,208
Total Eligible Capital (Tier 1 + Tier 2)		6,359,425	9,925,805
Risk Weighted Assets (RWAs):			
Credit Risk		36,778,130	40,317,959
Market Risk		15,587,234	17,878,718
Operational Risk		7,107,436	7,107,436
Total Risk Weighted Assets		59,472,800	65,304,113
Common Equity Tier 1 Capital Adequacy ratio		10.69%	15.20%
Tier 1 Capital Adequacy Ratio		10.69%	15.20%
Total Capital Adequacy Ratio	40.1	10.69%	15.20%
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	
		September 30, 2021 Un-audited	December 31, 2020 Audited
		----- (Rupees '000) -----	
Leverage Ratio (LR):			
Eligible Tier-1 Capital		6,359,425	9,923,597
Total Exposures		296,846,415	269,894,296
Leverage Ratio (%)	40.1	2.14%	3.68%
Liquidity Coverage Ratio (LCR):			
Total High Quality Liquid Assets		119,065,561	74,110,684
Total Net Cash Outflow		26,517,229	20,177,398
Liquidity Coverage Ratio (%)		449%	367%
Net Stable Funding Ratio (NSFR):			
Total Available Stable Funding		189,308,963	128,910,815
Total Required Stable Funding		72,833,931	49,505,620
Net Stable Funding Ratio		260%	260%

40.1 To meet the shortfall on September 30, 2021, Advance against Shares amounting to Rs. 2.0 billion has been received from the Government of Sindh, on October 28, 2021, after including which the Bank's CAR stands complied at 14.73% against the requirement of 11.50% and Leverage Ratio stands at 3.02% against requirement of 3.0%.

41 ISLAMIC BANKING BUSINESS

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

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

	Note	September 30, 2021 Un-audited ----- (Rupees '000) -----	December 31, 2020 Audited
Assets			
Cash and balances with treasury banks		378,035	321,759
Balances with other banks		80,069	79,225
Due from financial institutions	41.1	1,353,939	1,243,245
Investments	41.2	1,649,725	1,690,998
Islamic financing and related assets	41.3	1,341,055	2,249,168
Fixed assets		152,081	184,141
Intangible assets		4,583	-
Deferred tax assets		-	1,738
Due from head office		47,129	54,018
Other assets		76,369	54,759
		5,082,985	5,879,051
Liabilities			
Bills payable		44,478	16,210
Due to financial institutions		-	-
Deposits and other accounts	41.4	4,328,735	5,078,878
Deferred tax liability		7,936	-
Due to head office		-	-
Other liabilities		191,456	241,590
		4,572,605	5,336,678
Net Assets		510,380	542,373
Represented By			
Islamic banking fund		1,000,000	1,000,000
Reserves		-	-
Surplus / (deficit) on revaluation of investments		12,412	(2,718)
Accumulated loss	41.8	(502,032)	(454,909)
		510,380	542,373
CONTINGENCIES AND COMMITMENTS	41.5		

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

		Nine months ended	
		September 30, 2021	September 30, 2020
		----- Un-audited -----	
		----- Rupees in '000 -----	
Note			
	Profit / return on financing, investments and placements earned	41.6 299,773	278,085
	Return on deposits and other dues expensed	41.7 213,285	213,575
	Net income earned before provisions	86,488	64,510
	Other income		
	Fee, commission and brokerage income	5,199	3,479
	Income from dealing in foreign currencies	(36)	169
	Dividend income	8,910	8,100
	Gain on sale / redemption of securities	-	-
	Other income	20	906
		14,093	12,654
	Total Income	100,581	77,164
	Other expenses		
	Administrative expenses	140,874	140,473
	Other charges	-	-
	Total Other Expenses	140,874	140,473
	Loss Before Provision	(40,293)	(63,309)
	Provisions and write offs - net	6,830	7,421
	Loss before taxation	(47,123)	(70,730)
	Taxation	-	-
	Loss after taxation	(47,123)	(70,730)

The cash flow statement of the business is as follows:

	Nine months ended	
	September 30, 2021	September 30, 2020
	----- Un-audited -----	----- Un-audited -----
	----- Rupees in '000 -----	----- Rupees in '000 -----
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(47,123)	(70,730)
Less: Dividend income	(8,910)	(8,100)
	(56,033)	(78,830)
Adjustments		
Depreciation	33,332	35,772
Amortisation	417	410
Provision against non-performing loans and advances - net	6,830	-
	40,579	36,182
	(15,454)	(42,648)
(Increase) / decrease in operating assets		
Balances with and due from financial institutions	(110,694)	(1,085,000)
Islamic financing and related assets - net	901,283	216,581
Due from head office	6,889	(4,785)
Other assets	(21,610)	24,406
	775,868	(848,798)
(Decrease) / increase in operating liabilities		
Bills payable	28,268	27,346
Due to financial institutions	-	(417,000)
Deposits and other accounts	(750,143)	1,226,916
Due to head office	-	-
Other liabilities	(50,134)	11,984
	(772,009)	849,246
	(11,595)	(42,200)
Income tax paid	-	-
Net cash flow from / (used in) operating activities	(11,595)	(42,200)
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in securities	66,077	66,043
Dividend received	8,910	8,100
Investment in operating fixed assets	(6,272)	(210)
Net cash flow from / (used in) investing activities	68,715	73,933
CASH FLOW FROM FINANCING ACTIVITIES	-	-
Increase in cash and cash equivalents	57,120	31,733
Cash and cash equivalents at beginning of the year	400,984	276,622
Cash and cash equivalents at end of the period	458,104	308,355

41.1 Due from financial institutions	September 30, 2021 (Un-audited)			December 31, 2020 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	----- Rupees in '000 -----					
Musharaka arrangements	-	-	-	660,000	-	660,000
Bai Muajjal	1,353,939	-	1,353,939	583,245	-	583,245
	1,353,939	-	1,353,939	1,243,245	-	1,243,245

41.2 Investments

	September 30, 2021 (Un-audited)				December 31, 2020 (Audited)			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
----- Rupees in '000 -----								
Federal Government Securities:								
- Ijarah Sukuks	1,500,020	-	13,875	1,513,895	1,500,026	-	(540)	1,499,486
Islamic Fund:								
- Listed Companies	99,000	-	6,480	105,480	99,000	-	(3,600)	95,400
Non Government Debt Securities								
- Unlisted	30,357	-	(7)	30,350	96,428	-	(316)	96,112
Total Investments	<u>1,629,377</u>	<u>-</u>	<u>20,348</u>	<u>1,649,725</u>	<u>1,695,454</u>	<u>-</u>	<u>(4,456)</u>	<u>1,690,998</u>

41.3 Islamic financing and related assets

	September 30, 2021 Un-audited	December 31, 2020 Audited
----- (Rupees '000) -----		
Ijarah financing under IFAS 2	23,891	38,002
Diminishing musharakah financing	1,331,179	2,218,351
	<u>1,355,070</u>	<u>2,256,353</u>
Less: provision against Islamic financing		
- Specific	14,015	7,185
- General	-	-
	<u>14,015</u>	<u>7,185</u>
Islamic financing and related assets - net of provisions	<u>1,341,055</u>	<u>2,249,168</u>

41.4 Deposits and other accounts

	September 30, 2021 (Un-audited)			December 31, 2020 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
----- Rupees in '000 -----						
Customers						
Current deposits	392,657	1,071	393,728	471,108	1,606	472,714
Savings deposits	1,937,185	95,768	2,032,953	1,963,033	91,860	2,054,893
Term deposits	806,661	-	806,661	1,445,863	-	1,445,863
Margin and other deposits	5,016	-	5,016	8,598	-	8,598
	<u>3,141,519</u>	<u>96,839</u>	<u>3,238,358</u>	<u>3,888,602</u>	<u>93,466</u>	<u>3,982,068</u>
Financial Institutions						
Current deposits	939	-	939	1,187	-	1,187
Savings deposits	634,408	-	634,408	470,593	-	470,593
Term deposits	455,000	-	455,000	625,000	-	625,000
Margin and other deposits	30	-	30	30	-	30
	<u>1,090,377</u>	<u>-</u>	<u>1,090,377</u>	<u>1,096,810</u>	<u>-</u>	<u>1,096,810</u>
	<u>4,231,896</u>	<u>96,839</u>	<u>4,328,735</u>	<u>4,985,412</u>	<u>93,466</u>	<u>5,078,878</u>

41.5 Contingencies and Commitments

	September 30, 2021 Un-audited	December 31, 2020 Audited
	----- (Rupees '000) -----	
Guarantees	133,471	134,441
Letters of Credit	-	4,373
Commitments	-	-
	<u>133,471</u>	<u>138,814</u>

Nine months ended

	September 30, 2021 Un-audited	September 30, 2020 Audited
	----- Rupees in '000 -----	
41.6 Profit / Return on Financing, Investments and Placements earned		
Financing	137,482	234,705
Investments	85,246	34,560
Deposits with financial institutions	77,045	8,820
	<u>299,773</u>	<u>278,085</u>

41.7 Return on Deposits and other Dues Expensed

Deposits and other accounts	187,540	179,179
Due to Financial Institutions	13,765	19,488
Amortisation of lease liability against right-of-use assets	11,980	14,908
Others	-	-
	<u>213,285</u>	<u>213,575</u>

41.8 Islamic Banking Business Accumulated Losses

	September 30, 2021 Un-audited	December 31, 2020 Audited
	----- (Rupees '000) -----	
Opening Balance	(454,909)	(348,500)
Add: Islamic Banking loss for the period/year	(47,123)	(106,409)
Less: Taxation	-	-
Less: Reserves	-	-
Less: Transferred / Remitted to Head Office	-	-
Closing Balance	<u>(502,032)</u>	<u>(454,909)</u>

42 GENERAL

Figures have been rounded off to the nearest thousand Rupees.

43 DATE OF AUTHORISATION FOR ISSUE

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


 Chairman


 President and Chief Executive Officer


 Director


 Director


 Chief Financial Officer

**CONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS
PERIOD ENDED
SEPTEMBER 30, 2021**

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

		September 30, 2021 Un-audited	December 31, 2020 Audited
		----- (Rupees in '000) -----	
ASSETS			
Cash and balances with treasury banks	7	13,792,737	14,505,949
Balances with other banks	8	5,090,394	4,588,528
Lendings to financial institutions	9	17,545,813	8,212,780
Investments	10	211,801,466	170,756,426
Advances	11	53,678,963	57,407,061
Fixed assets	12	2,722,634	3,314,731
Intangible assets	13	106,355	71,154
Deferred tax assets-net	14	11,377,134	10,185,784
Other assets	15	4,957,887	5,745,156
		321,073,383	274,787,569
LIABILITIES			
Bills payable	16	908,053	592,334
Borrowings	17	76,030,872	63,127,648
Deposits and other accounts	18	220,636,529	185,634,979
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	19	5,796,744	6,162,737
		303,372,198	255,517,698
NET ASSETS		17,701,185	19,269,871
REPRESENTED BY			
Share capital - net	20	25,524,428	19,710,130
Reserves		1,526,052	1,519,626
Shares deposit money	21	-	2,000,000
Proposed Ordinary shares to be issued on amalgamation	22	-	3,814,298
Deficit on revaluation of assets	23	(651,533)	(408,505)
Accumulated Loss		(8,697,762)	(7,365,678)
		17,701,185	19,269,871
CONTINGENCIES AND COMMITMENTS			
	24		

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






 Chairman President and Chief Executive Officer Director Director Chief Financial Officer

Consolidated Condensed Interim Profit And Loss Account (Un-audited) For The Nine Months And Quarter Ended September 30, 2021

		Nine months ended		Quarter ended	
		September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Note		(Rupees in '000)			
Mark-up / Return / Interest Earned	25	17,239,311	11,567,975	6,311,431	3,940,548
Mark-up / Return / Interest Expensed	26	13,369,250	9,059,174	4,723,748	3,155,066
Net Mark-up / Interest Income		3,870,061	2,508,801	1,587,683	785,482
Non Mark-up / Interest Income					
Fee and Commission Income	27	254,720	204,834	91,050	65,011
Dividend Income		115,897	75,869	40,366	30,742
Foreign Exchange Income		82,665	167,316	(2,635)	98,495
Income / (loss) from derivatives		-	-	-	-
Gain / (Loss) on securities	28	110,975	(62,316)	23,492	122,061
Other Income	29	2,082	7,685	764	1,006
Total non-markup/interest Income		566,339	393,388	153,037	317,315
Total Income		4,436,400	2,902,189	1,740,720	1,102,797
Non Mark-up / Interest Expenses					
Operating expenses	30	4,217,193	3,779,663	1,470,070	1,296,109
Other charges	31	63,721	110	5	105
Total non-markup/interest expenses		4,280,914	3,779,773	1,470,075	1,296,214
Profit / (Loss) before provisions		155,486	(877,584)	270,645	(193,417)
Provisions and write offs - net	32	(2,291,173)	21,941	(1,962,930)	(207,231)
Extra ordinary / unusual items		-	-	-	-
Loss before Taxation		(2,135,687)	(855,643)	(1,692,285)	(400,648)
Taxation	33	(810,029)	(299,607)	(660,237)	(160,656)
Loss after Taxation		(1,325,658)	(556,036)	(1,032,048)	(239,992)
(Rupees)					
Basic (Loss) / Earnings per share	34	(0.53)	(0.28)	(0.40)	(0.12)
Diluted (Loss) / Earnings per share	35	(0.53)	(0.28)	(0.40)	(0.12)

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








Chairman President and Chief Executive Officer Director Director Chief Financial Officer


Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited) For The Nine Months And Quarter Ended September 30, 2021


	Nine months ended		Quarter ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	----- (Rupees in '000) -----			
Loss after taxation for the period	(1,325,658)	(556,036)	(1,032,048)	(239,992)
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	(243,028)	1,460,176	(259,524)	(393,541)
	(1,568,686)	904,140	(1,291,572)	(633,533)
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>(1,568,686)</u>	<u>904,140</u>	<u>(1,291,572)</u>	<u>(633,533)</u>


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


 Chairman


 President and Chief Executive Officer


 Director


 Director


 Chief Financial Officer

Consolidated Condensed Interim Statement Of Changes In Equity (Un-audited) For The Nine Months Ended September 30, 2021

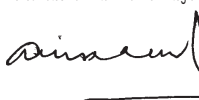
	Share Capital	Proposed Ordinary shares to be issued on amalgamation	Shares Deposit Money	Capital Reserves	Share Premium	Statutory Reserve *	Depositors protection fund reserve**	Surplus / (Deficit) on revaluation of Investments	Accumulated Loss ***	Total
				Reserves on amalgamation						
	Rupees in '000									
Balance as at January 01, 2020	19,710,130	-	2,000,000	-	51	1,479,859	6,982	(1,780,577)	(4,199,658)	17,216,787
Loss after tax for the nine months ended September 30, 2020	-	-	-	-	-	-	-	-	(556,036)	(556,036)
Other comprehensive income - net of tax	-	-	-	-	-	-	-	1,460,176	-	1,460,176
Transfer to statutory reserve	-	-	-	-	-	9,717	-	-	(9,717)	-
Transfer to depositors' protection fund - 5% of the profit after tax for the period	-	-	-	-	-	-	2,429	-	(2,429)	-
Balance as at September 30, 2020	19,710,130	-	2,000,000	-	51	1,489,576	9,411	(320,401)	(4,767,840)	18,120,927
Loss after tax for the three months ended December 31, 2020	-	-	-	-	-	-	-	-	(2,603,851)	(2,603,851)
Other comprehensive income /(loss) - net of tax	-	-	-	-	-	-	-	(88,104)	7,158	(80,946)
Transfer to statutory reserve	-	-	-	-	-	916	-	-	(916)	-
Transfer to depositors' protection fund - 5% of the profit after tax for the period	-	-	-	-	-	-	229	-	(229)	-
Proposed Ordinary shares to be issued on amalgamation of Sindh Leasing Company Ltd	-	3,814,298	-	19,443	-	-	-	-	-	3,833,741
Balance as at December 31, 2020	19,710,130	3,814,298	2,000,000	19,443	51	1,490,492	9,640	(408,505)	(7,365,678)	19,269,871
Loss after tax for the nine months ended September 30, 2021	-	-	-	-	-	-	-	-	(1,325,658)	(1,325,658)
Other comprehensive income - net of tax	-	-	-	-	-	-	-	(243,028)	-	(243,028)
Transfer to statutory reserve	-	-	-	-	-	5,141	-	-	(5,141)	-
Transfer to depositors' protection fund - 5% of the profit after tax for the period	-	-	-	-	-	-	1,285	-	(1,285)	-
Issue of Shares during the period	5,814,298	(3,814,298)	(2,000,000)	-	-	-	-	-	-	-
Balance as at September 30, 2021	25,524,428	-	-	19,443	51	1,495,633	10,925	(651,533)	(8,697,762)	17,701,185


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


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

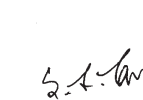
*** As more fully explained in note 11.2.2 of these unconsolidated financial statements, unappropriated profit / (loss) includes an amount of Rs.9,355.13 million net of tax as at September 30, 2021 (December 31, 2020: Rs. 9,142.42 million) representing additional profit arising from availing forced sale value benefit for determining provisioning requirement which is not available for the purpose of distribution of dividend to shareholders.

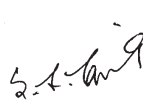
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Chairman


**President and
Chief Executive Officer**


Director

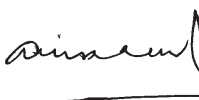

Director



Chief Financial Officer

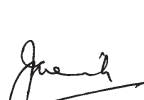
Consolidated Condensed Interim Cash Flow Statement (Un-audited) For The Nine Months Ended September 30, 2021

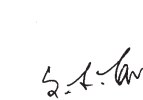
		September 30, 2021	September 30, 2020
	Note	----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		(2,135,687)	(855,643)
Less: Dividend income		(115,897)	(75,869)
		<u>(2,251,584)</u>	<u>(931,512)</u>
Adjustments:			
Depreciation	30	709,223	729,017
Amortisation	30	23,883	18,286
Provision against non-performing loans and advances - net	32	2,277,074	(193,857)
Provision for diminution in the value of investments - net		12,075	150,665
Gain on sale of operating fixed assets	29	(383)	(4,249)
		<u>3,021,872</u>	<u>699,862</u>
		770,288	(231,650)
(Increase) / decrease in operating assets			
Lendings to financial institutions		(9,333,033)	(55,176)
Advances - net		1,451,024	900,458
Other assets (excluding advance taxation)		664,193	(887,434)
		<u>(7,217,816)</u>	<u>(42,152)</u>
Increase / (decrease) in operating liabilities			
Bills payable		315,719	15,157
Borrowings from financial institutions		12,903,224	51,487,527
Deposits and other accounts		35,001,550	32,166,944
Other liabilities (excluding current taxation)		(365,992)	711,774
		<u>47,854,501</u>	<u>84,381,402</u>
		41,406,973	84,107,600
Income tax paid		(86,165)	(49,789)
Net cash flows from / (used in) operating activities		<u>41,320,808</u>	<u>84,057,811</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in available-for-sale securities		(42,163,936)	(78,369,356)
Net investment in held-to-maturity securities		708,416	(136,502)
Dividends received		99,193	75,869
Investments in operating fixed assets		(176,434)	(138,315)
Sale proceeds from sale of fixed assets		607	5,630
Net cash flows from / (used in) investing activities		<u>(41,532,154)</u>	<u>(78,562,674)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
		-	-
(Decrease) / Increase in cash and cash equivalents		<u>(211,346)</u>	<u>5,495,137</u>
Cash and cash equivalents at the beginning of the year		<u>19,094,477</u>	<u>14,647,159</u>
Cash and cash equivalents at the end of the period	36	<u>18,883,131</u>	<u>20,142,296</u>


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


 Chairman


 President and Chief Executive Officer


 Director


 Director


 Chief Financial Officer

Notes To The Consolidated Condensed Interim Financial Statements For The Nine Months Ended September 30, 2021

1. STATUS AND NATURE OF BUSINESS

The "Group" consists of:

1.1 Holding Company

1.1.1 Sindh Bank Limited (the Bank) was incorporated in Pakistan on October 29, 2010 as a public unlisted company and is engaged in Commercial Banking, Corporate and Investment related activities. The Bank operates 330 (2020: 330) branches including 8 (2020: 8) sub-branches and 14 (2020: 14) Islamic banking branches in Pakistan. The Bank's registered office is located at 3rd floor, Federation House, Abdullah Shah Ghazi Road, Clifton, Karachi, Pakistan.

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

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

1.2 Subsidiary company

1.2.1 Sindh Microfinance Bank Limited

Sindh Microfinance Bank Limited (the Microfinance Bank) was incorporated on March 27, 2015 as a public company limited by shares under the Companies Ordinance, 1984. The Microfinance Bank obtained Microfinance banking license from State Bank of Pakistan (SBP) on October 16th, 2015, to operate in Sindh Province. Subsequently the Microfinance Bank has received the certificate of commencement of business from Securities & Exchange Commission of Pakistan (SECP) on November 30, 2015. The Microfinance Bank's registered office is situated at 39/F, 2nd Floor, Muhammad Ali Cooperative Housing Society, Karachi. The Microfinance Bank's principal business will be to provide microfinance services to the poor and underserved segment of the society as envisaged under the Microfinance Institutions Ordinance, 2001. The Microfinance Bank operates with a network of 17 (2020: 17) branches and 62 (2020: 58) services centers. The Bank holds 99.99% shares of the Microfinance Bank and remaining shares are held by the nominees of the Bank.

1.3 Going Concern

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

- Strengthening Group's Capital -As planned, cash injection, of Rs. 11.7 billion was made in 2019 and Rs. 3.814 billion added during 2020 from amalgamation of Sindh Leasing Company Limited in Bank's Tier 1 Common Equity. A further amount of Rs. 2 billion has been received from the GoS on October 28, 2021.
- Improving Business Volumes and Profitability-This involves the Group taking pro-active measures to:
 - i. Increase fee-based income from mainly trade-related business;
 - ii) Improve Net Interest margin;
 - a) Mobilize cost effective (CASA) deposits;
 - b) Launch new asset products in the Consumer and SME segments;
 - iii. make concerted efforts for recovery and reduction of Non-Performing Loans.
 - iv. Take cost rationalization measures;
- Strengthening the Group's Governance, Risk and Control environment.

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

2. BASIS OF PRESENTATION

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

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

3. STATEMENT OF COMPLIANCE

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

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

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

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

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

5. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

6. FINANCIAL RISK MANAGEMENT

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

		September 30, 2021 Un-audited	December 31, 2020 Audited
	Note	----- (Rupees '000) -----	
7 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		4,933,138	4,962,914
Foreign currency		179,707	252,331
		5,112,845	5,215,245
With State Bank of Pakistan (SBP) in			
Local currency current accounts	7.1	7,656,629	6,721,080
Foreign currency current accounts	7.2	134,850	153,339
Foreign currency deposit accounts			
- Non Remunerative	7.3	84,563	73,605
- Remunerative	7.4	163,958	141,572
		8,040,000	7,089,596
With National Bank of Pakistan in			
Local currency current accounts		575,915	2,100,360
Local currency deposit accounts	7.5	7,243	15,403
		583,158	2,115,763
Prize bonds		56,734	85,345
		13,792,737	14,505,949

- 7.1 This represents cash reserve required to be maintained with SBP as per the requirement of Section 22 of the Banking Companies Ordinance, 1962. This is a sum not less than such percentage of the Group's time and demand liabilities in Pakistan as may be prescribed by the SBP.
- 7.2 This represents US Dollar Settlement Account maintained with SBP.
- 7.3 This represents foreign currency (FCY) cash reserve maintained with SBP to comply with statutory reserve requirement applicable on Group's FCY deposits.
- 7.4 This represents foreign currency special cash reserve maintained with SBP. The Group is entitled to earn profit which is declared by SBP on a monthly basis. During the period, the SBP has declared Nil profit (2020: 0.51% to 0.76%) per annum.
- 7.5 This includes savings account with National Bank of Pakistan carrying mark-up at 5.50% (2020: 5.50%) per annum.

		September 30, 2021 Un-audited	December 31, 2020 Audited
8	BALANCES WITH OTHER BANKS	----- (Rupees '000) -----	
	In Pakistan		
	In current accounts	32	30
	In savings accounts	811,044	419,213
		811,076	419,243
	Outside Pakistan		
	In current accounts	4,279,318	4,169,285
		5,090,394	4,588,528

- 8.1 This includes savings account with commercial banks and microfinance banks carrying mark-up ranging from 5.00% to 9.47% (2020: 5.50% to 10.75%) per annum.

9 LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings	9.2	4,000,000	3,000,000
Repurchase agreement lendings (Reverse Repo)	9.3 & 9.5	12,191,874	3,969,535
Bai Muajjal with financial institutions	9.4	1,353,939	583,245
Musharaka arrangements		-	660,000
		17,545,813	8,212,780

9.1 Particulars of lending

In local currency	17,545,813	8,212,780
In foreign currencies	-	-
	17,545,813	8,212,780

- 9.2 This represents lending to a commercial bank carrying mark-up at 8.25% (2020 : 7.50%) per annum maturing on October 01, 2021 (2020 : January 04, 2021).
- 9.3 This represents resale agreement lending with financial institutions and commercial banks carrying mark-up in the range of 7.30% to 7.65% (2020 :7.20%) per annum maturing up to October 08, 2021 (2020: March 18, 2021).

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

9.5 Securities held as collateral against Lendings to financial institutions

	September 30, 2021 (Un-audited)			December 31, 2020 (Audited)		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
----- (Rupees '000) -----						
Market Treasury Bills	7,239,838	-	7,239,838	-	-	-
Pakistan Investment Bonds	4,961,443	-	4,961,443	3,854,420	-	3,854,420
Total	12,201,281	-	12,201,281	3,854,420	-	3,854,420

10 INVESTMENTS

10.1 Investments by type

	September 30, 2021 (Un-audited)				December 31, 2020 (Audited)			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
----- Rupees in '000 -----								
Available-for-sale securities								
Federal Government Securities								
Pakistan Investment Bonds	111,097,219	-	(859,817)	110,237,402	97,956,376	-	(694,937)	97,261,439
Market Treasury Bills	80,135,871	-	(37,103)	80,098,768	51,311,160	-	43,094	51,354,254
Government of Pakistan - Ijarah Sukuk	1,500,019	-	13,875	1,513,894	1,500,026	-	(540)	1,499,486
Shares								
Listed	2,776,346	(344,001)	(211,709)	2,220,636	2,437,740	(369,853)	(42,599)	2,025,288
Unlisted	-	-	-	-	100,000	-	-	100,000
Non-government debt securities								
Sukuk certificates	30,357	-	(7)	30,350	96,428	-	(316)	96,112
Mutual funds	215,049	(32,991)	26,677	208,735	215,048	(32,991)	25,619	207,676
	195,754,861	(376,992)	(1,068,084)	194,309,785	153,616,778	(402,844)	(669,679)	152,544,255
Held-to-maturity securities								
Federal Government Securities								
Pakistan Investment Bonds	16,751,674	-	-	16,751,674	16,772,088	-	-	16,772,088
Market Treasury Bills	-	-	-	-	12,933	-	-	12,933
Preference Shares - Unlisted	77,708	(77,708)	-	-	77,708	(77,708)	-	-
Term Deposits Accounts	-	-	-	-	675,000	-	-	675,000
Non-government debt securities								
Term finance certificates- Listed	224,235	-	-	224,235	224,235	-	-	224,235
Term finance certificates- Unlisted	859,021	(343,249)	-	515,772	859,090	(331,175)	-	527,915
	17,912,638	(420,957)	-	17,491,681	18,621,054	(408,883)	-	18,212,171
Total Investments	213,667,499	(797,949)	(1,068,084)	211,801,466	172,237,832	(811,727)	(669,679)	170,756,426

10.2 Investments given as collateral

Federal government securities

	September 30, 2021 Un-audited	December 31, 2020 Audited
Pakistan Investment Bonds	73,960,200	52,185,578
Market Treasury Bills	-	8,384,972
	<u>73,960,200</u>	<u>60,570,550</u>

10.3 Provision for diminution in value of investments

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

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

10.3.2 Particulars of provision against equity / debt investments

Category of classification

Domestic

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

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

10.4 The market value of securities classified as held-to-maturity as at September 30, 2021 amounted to Rs.17,782.68 million (December 31, 2020: Rs.18,251.19 million).

11 ADVANCES

	Performing		Non Performing		Total	
	September 30, 2021 (Un-audited)	December 31, 2020 (Audited)	September 30, 2021 (Un-audited)	December 31, 2020 (Audited)	September 30, 2021 (Un-audited)	December 31, 2020 (Audited)
----- Rupees in '000 -----						
Loans, cash credits, agriculture, running finances etc.	25,480,925	26,584,981	36,918,229	35,095,583	62,399,154	61,680,564
Commodity finance	9,724,361	10,644,226	-	-	9,724,361	10,644,226
Net investment in finance lease	1,281,507	1,674,341	319,215	240,215	1,600,722	1,914,556
Islamic financing and related assets						
Diminishing musharakah financing	1,316,653	2,218,351	14,526	-	1,331,179	2,218,351
Ijarah financing under IFAS 2	23,891	38,002	-	-	23,891	38,002
	37,827,337	41,159,901	37,251,970	35,335,798	75,079,307	76,495,699
Bills discounted and purchased (excluding market treasury bills)						
Payable in Pakistan	373,026	401,727	-	-	373,026	401,727
Payable outside Pakistan	7,703	15,037	3,405	3,405	11,108	18,442
	380,729	416,764	3,405	3,405	384,134	420,169
Advances - gross	38,208,066	41,576,665	37,255,375	35,339,203	75,463,441	76,915,868
Provision for non-performing advances						
- Specific	-	-	20,908,961	18,713,952	20,908,961	18,713,952
- Specific provision on Leasing portfolio	-	-	865,430	787,367	865,430	787,367
- General provision against consumer and small enterprise advances	10,087	7,488	-	-	10,087	7,488
	10,087	7,488	21,774,391	19,501,319	21,784,478	19,508,807
Total Advances - Net	38,197,979	41,569,177	15,480,984	15,837,884	53,678,963	57,407,061

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

December 31, 2020
 Audited

11.1 Particulars of advances (Gross)

In local currency	75,463,441	76,915,868
In foreign currencies	-	-
	<u>75,463,441</u>	<u>76,915,868</u>

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

Category of Classification	Note	September 30, 2021 (Un-audited)		December 31, 2020 (Audited)	
		Non performing loans	Provision	Non performing loans	Provision
		----- Rupees in '000 -----			
Domestic					
Other Assets Especially Mentioned	11.2.1	53,494	-	37,295	-
Substandard		17,728	531	32,802	2,229
Doubtful		496,440	242,289	1,575,617	521,498
Loss		36,687,713	21,531,571	33,693,489	18,977,592
Total		37,255,375	21,774,391	35,339,203	19,501,319

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

11.2.2 The Group has availed the benefit of forced sale value on plant and machinery under charge and mortgaged residential and commercial property (land and building only) held as collateral against non-performing advances on the basis of the instructions of the State Bank of Pakistan. Had the benefit not been taken by the Bank, specific provision against non-performing advances would have been higher by Rs.15,165.18 (2020: Rs. 14,987.57) million. The resultant increase in profit due to FSV benefit taken will not be available for distribution as cash and stock dividend to shareholders.

11.2.3 Particulars of provision against advances

	September 30, 2021 Un-audited			December 31, 2020 (Audited)		
	Specific	General	Total	Specific	General	Total
----- Rupees in '000 -----						
Opening balance	19,501,319	7,488	19,508,807	15,303,290	10,142	15,313,432
Exchange adjustments	-	-	-	-	-	-
Charge for the period	2,288,975	2,599	2,291,574	3,985,927	396	3,986,323
Reversals	(110,785)	-	(110,785)	(1,001,443)	(3,050)	(1,004,493)
	<u>2,178,190</u>	<u>2,599</u>	<u>2,180,789</u>	<u>2,984,484</u>	<u>(2,654)</u>	<u>2,981,830</u>
Amounts charged off - Agriculture loans	96,285	-	96,285	447,039	-	447,039
Net charge / (reversal) during the period	<u>2,274,475</u>	<u>2,599</u>	<u>2,277,074</u>	<u>3,431,523</u>	<u>(2,654)</u>	<u>3,428,869</u>
Amounts written off	(1,403)	-	(1,403)	(20,861)	-	(20,861)
Transfer from Sindh Leasing Co. Ltd upon amalgamation	-	-	-	787,367	-	787,367
Closing balance	<u>21,774,391</u>	<u>10,087</u>	<u>21,784,478</u>	<u>19,501,319</u>	<u>7,488</u>	<u>19,508,807</u>

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

		September 30, 2021 Un-audited	December 31, 2020 Audited
	Note	----- (Rupees '000) -----	
12 FIXED ASSETS			
Capital work-in-progress	12.1	90,392	24,900
Property and equipment		1,278,721	1,440,082
Right of use assets		1,353,521	1,849,749
		<u>2,722,634</u>	<u>3,314,731</u>
12.1 Capital work-in-progress			
Equipment		37,926	4,814
Advances to suppliers		52,466	20,086
		<u>90,392</u>	<u>24,900</u>
		Nine months ended	
		September 30, 2021	September 30, 2020
		Un-audited	
		----- Rupees in '000 -----	
12.2 Additions to fixed assets			
The following additions have been made to fixed assets during the period:			
Property and equipment :			
Lease-hold improvements		6,460	8,938
Furniture and fixture		3,200	5,836
Computer and office equipment		27,332	54,734
Vehicles		14,874	23,703
Total		<u>51,866</u>	<u>93,211</u>
Disposal of fixed assets			
The net book value of fixed assets disposed off during the period is as follows:			
Lease-hold improvements		53	71
Furniture and fixture		21	34
Computer and office equipment		118	-
Vehicles		31	1,276
Total		<u>223</u>	<u>1,381</u>
		September 30, 2021 Un-audited	December 31, 2020 Audited
		----- (Rupees '000) -----	
13 INTANGIBLE ASSETS			
Computer Software		106,355	71,154
Others		-	-
		<u>106,355</u>	<u>71,154</u>

		Nine months ended	
		September 30, 2021	September 30, 2020
		Un-audited	
		----- Rupees in '000 -----	
Additions to intangible assets			
The additions to intangible assets during the period:			
Computer Software		59,083	52,102
Disposals of intangible assets			
The net book value of intangible assets disposed off during the period.			
		-	-
		September 30, 2021	December 31, 2020
		Un-audited	Audited
		----- (Rupees '000) -----	
14	DEFERRED TAX ASSETS -NET		
Deductible Temporary Differences on			
- Provision against advances - general		7,124,747	6,461,736
- Tax losses carried forward		3,262,437	3,118,099
- Provision for diminution in the value of investments		94,853	94,853
- Accelerated tax depreciation - right to use assets		(78)	(8,730)
- Deficit on revaluation of investments		416,553	261,175
- Others		645,025	438,871
		11,543,537	10,366,004
Taxable Temporary Differences on			
- Net investment in Lease Finance		(130,336)	(131,859)
- Accelerated tax depreciation - tangible fixed assets		(24,081)	(40,491)
- Others		-	(197)
- Accelerated tax amortization - intangible assets		(11,986)	(7,673)
		(166,403)	(180,220)
		11,377,134	10,185,784
15	OTHER ASSETS		
Income/ Mark-up accrued in local currency		3,628,035	3,344,767
Accrued commission income		12,025	23,346
Advances, deposits, advance rent and other prepayments		288,641	74,800
Receivable against sale of shares		-	1,573,718
Unrealised gain on forward forex revaluation - net		669,706	229,271
Insurance premium receivable against agriculture loans		13,899	13,271
Stationery and stamps on hand		9,252	11,445
Dividend receivable		17,406	702
Receivable against 1 Link ATM settlement account		136,820	162,873
Advance Taxation - net		124,411	264,191
Acceptances		-	7,671
Insurance claims receivable		834	371
Other receivables		56,858	38,730
		4,957,887	5,745,156
16	BILLS PAYABLE		
In Pakistan		908,053	592,334
Outside Pakistan		-	-
		908,053	592,334

		September 30, 2021 Un-audited	December 31, 2020 Audited
		----- (Rupees '000) -----	
17	BORROWINGS		
	Secured		
	Borrowings from State Bank of Pakistan		
	- Under export refinance scheme	17.2 1,191,053	1,752,141
	- Under long term finance facility	17.3 89,819	119,758
	Repurchase agreement borrowings		
	- State Bank of Pakistan	17.4 74,000,000	57,883,940
	- Other commercial banks / DFIs	-	2,621,809
		74,000,000	60,505,749
	Unsecured		
	- State Bank of Pakistan(SBP)	17.5 750,000	750,000
		76,030,872	63,127,648
17.1	Particulars of borrowings		
	In local currency	76,030,872	63,127,648
	In foreign currencies	-	-
		76,030,872	63,127,648
17.2	These represent borrowings from SBP under export refinance scheme at the rates ranging from 1.00% to 2.00% (2020: 1.00% to 2.00%) per annum having maturity upto six months.		
17.3	These represent borrowings from SBP under long term finance facility at the rate of 3.00% (2020: 3.00%) per annum having maturity upto 5 years.		
17.4	These represent repurchase agreement borrowings from State Bank of Pakistan at the rate of 7.40% (2020: 7.07%) per annum maturing on October 01, 2021 (2020: January 04, 2021). The carrying value of securities given as collateral against these borrowings is given in note 10.2.		
17.5	This represent borrowings from SBP under LOC fund of Microfinance Bank Ltd at the rate of Kibor +1% (2020: Kibor +1%) per annum having maturity upto 5 years.		

18 DEPOSITS AND OTHER ACCOUNTS

	September 30, 2021 (Un-audited)			December 31, 2020 (Audited)		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
----- Rupees in '000 -----						
Customers						
Current deposits	54,604,398	277,953	54,882,351	47,602,311	214,880	47,817,191
Savings deposits	90,306,819	986,031	91,292,850	74,398,452	815,417	75,213,869
Term deposits	70,416,874	379,529	70,796,403	58,407,259	353,557	58,760,816
Certificates of investment	-	-	-	16,600	-	16,600
Margin and other deposits	402,406	-	402,406	638,005	-	638,005
	215,730,497	1,643,513	217,374,010	181,062,627	1,383,854	182,446,481
Financial Institutions						
Current deposits	35,072	18	35,090	45,443	17	45,460
Savings deposits	1,516,385	-	1,516,385	1,564,002	-	1,564,002
Term deposits	1,591,000	-	1,591,000	1,489,000	-	1,489,000
Margin and other deposits	120,044	-	120,044	90,036	-	90,036
	3,262,501	18	3,262,519	3,188,481	17	3,188,498
	218,992,998	1,643,531	220,636,529	184,251,108	1,383,871	185,634,979

19 OTHER LIABILITIES

		September 30, 2021 Un-audited	December 31, 2020 Audited
	Note	----- (Rupees '000) -----	
Mark-up / return / interest payable in local currency		2,789,894	2,361,832
Mark-up / return / interest payable in foreign currency		1,872	3,539
Accrued expenses		323,929	101,973
Net defined benefit liability		65,895	84,851
Provision for compensated absences		173,266	179,687
Payable to employees' provident fund		897	835
Payable against purchase of operating fixed assets		14,668	42,714
Payable against purchase of shares		-	519,695
Retention money		56,943	56,376
Federal excise duty / sales tax on services payable		4,169	3,351
Lease liability		1,637,527	2,141,076
Withholding tax payable		55,757	33,290
Acceptances		-	7,671
Security deposit against lease contracts	19.1	388,960	400,237
Others		282,967	225,610
		<u>5,796,744</u>	<u>6,162,737</u>

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

20 SHARE CAPITAL - NET

20.1 Authorised capital

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

20.2 Issued, subscribed and paid-up share capital

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

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

21 SHARES DEPOSIT MONEY

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

		September 30, 2021 Un-audited	December 31, 2020 Audited
	Note	----- (Rupees '000) -----	
22 PROPOSED ORDINARY SHARES TO BE ISSUED ON AMALGAMATION			
Opening balance		3,814,298	3,814,298
Shares issued during the period / year		(3,814,298)	-
		<u>-</u>	<u>3,814,298</u>
23 DEFICIT ON REVALUATION OF ASSETS			
Available-for-sale securities			
Federal Government securities		(883,044)	(652,382)
Fully paid ordinary shares - listed		(211,709)	(42,599)
Units of mutual funds (units / certificates)		26,676	25,618
Sukuk certificates		(7)	(316)
		<u>(1,068,084)</u>	<u>(669,679)</u>
Related deferred taxation		416,551	261,174
		<u>(651,533)</u>	<u>(408,505)</u>
24 CONTINGENCIES AND COMMITMENTS			
Guarantees	24.1	4,440,691	3,473,161
Commitments	24.2	123,113,352	99,865,985
Other contingent liabilities		-	-
		<u>127,554,043</u>	<u>103,339,146</u>
24.1 Guarantees:			
Financial guarantees		1,059,382	1,036,910
Performance guarantees		2,689,879	1,947,878
Other guarantees		691,430	488,373
		<u>4,440,691</u>	<u>3,473,161</u>
24.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		341,581	2,215,675
Commitments in respect of:			
- forward foreign exchange contracts	24.2.1	26,302,040	24,357,415
- forward lending	24.2.2	96,469,731	73,292,895
Other commitments		-	-
		<u>123,113,352</u>	<u>99,865,985</u>
24.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		11,237,533	9,983,985
Sale		15,064,507	14,373,430
		<u>26,302,040</u>	<u>24,357,415</u>
24.2.2 Commitments in respect of forward lending			
Forward repurchase agreement lending		74,102,574	60,551,083
Forward resale agreement borrowing		12,198,054	3,980,497
Undrawn formal standby facilities, credit lines and other commitments to lend	24.2.2.1	10,169,103	8,761,315
		<u>96,469,731</u>	<u>73,292,895</u>

24.2.2.1 Commitments to extend credit

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

		Nine months ended	
		September 30, 2021	September 30, 2020
		----- Un-audited -----	
		----- Rupees in '000 -----	
25	MARK-UP/RETURN/INTEREST EARNED	Note	
	Loans and advances	3,384,923	4,569,756
	Investments	13,264,918	6,556,590
	Lendings to financial institutions	505,800	340,031
	Balances with banks	83,670	101,598
		<u>17,239,311</u>	<u>11,567,975</u>
26	MARK-UP/RETURN/INTEREST EXPENSED		
	Deposits	7,401,242	7,199,019
	Borrowings	5,718,561	1,629,915
	Cost of swaps against foreign currency deposits / borrowings	85,598	41,763
	Lease liability against right of use assets	163,849	188,477
		<u>13,369,250</u>	<u>9,059,174</u>
27	FEE AND COMMISSION INCOME		
	Branch banking customer fees	35,866	26,734
	Consumer finance related fees	843	456
	Card related fees (debit cards)	116,765	96,410
	Commission on trade	41,027	23,999
	Commission on guarantees	31,483	26,160
	Credit related fees	9,653	23,720
	Commission on remittances including home remittances	18,474	7,129
	Others	609	226
		<u>254,720</u>	<u>204,834</u>
28	GAIN / (LOSS) ON SECURITIES		
	Realised	28.1 110,975	(62,316)
	Unrealised - held for trading	-	-
		<u>110,975</u>	<u>(62,316)</u>
28.1	Realised gain/(loss) on:		
	Federal Government Securities	45,134	278,267
	Shares of listed companies	65,841	(340,583)
	Units of mutual funds	-	-
	Others investments	-	-
		<u>110,975</u>	<u>(62,316)</u>
29	OTHER INCOME		
	Gain on sale of operating fixed assets	383	4,249
	Rent on property	855	2,680
	Incidental charges	634	561
	Others	210	195
		<u>2,082</u>	<u>7,685</u>

	Note	Nine months ended	
		September 30, 2021	September 30, 2020
		----- Un-audited -----	----- Rupees in '000 -----
30 OPERATING EXPENSES			
Total compensation expense	30.1	2,163,783	1,860,886
Property expenses			
Rent & taxes		27,512	18,780
Insurance		25,917	24,962
Utilities cost		198,947	164,798
Security (including guards)		255,118	238,529
Repairs & maintenance (including janitorial charges)		16,383	17,149
Depreciation		49,437	48,400
Depreciation on right of use assets		496,228	494,185
		1,069,542	1,006,803
Information technology expenses			
Software maintenance		59,393	54,624
Hardware maintenance		58,708	54,270
Depreciation		19,301	11,774
Amortisation		23,883	18,286
Network charges		8,022	4,612
Others		15,571	8,725
		184,878	152,291
Other operating expenses			
Directors' fees and allowances		8,830	10,970
Fees and allowances to Shariah Board		3,556	3,938
Legal & professional charges		18,547	37,952
Outsourced services costs		88,692	88,743
Travelling & conveyance		28,851	23,879
NIFT clearing charges		18,590	16,733
Depreciation		144,257	174,658
Training & development		1,021	623
Postage & courier charges		17,845	13,850
Communication		90,432	88,764
Stationery & printing		67,155	54,540
Marketing, advertisement & publicity		30,260	22,765
Donations		-	-
Auditors Remuneration	30.2	11,324	9,304
Repairs & maintenance		89,012	66,924
Brokerage and commission		10,365	11,546
Entertainment		40,389	33,497
Fees and subscription		89,484	61,904
Insurance expenses		9,880	6,992
Others		30,500	32,101
		798,990	759,683
		4,217,193	3,779,663

Nine months ended
September 30, 2021 **September 30, 2020**

Note

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

30.1 Total compensation expense

Managerial Remuneration		
- Fixed	1,350,723	1,158,940
- Variable Cash Bonus / Awards etc.	9,856	8,926
Charge for defined benefit plan	65,901	56,187
Contribution to defined contribution plan	75,180	63,883
Rent & house maintenance	379,239	334,953
Utilities	76,182	66,486
Medical	76,180	66,486
Conveyance	65,743	43,138
Employees old age benefits contribution	12,618	12,307
Leave Fare Assistance	10,609	8,895
Staff Insurances	41,069	39,051
Others	483	1,634
	2,163,783	1,860,886

30.2 Auditors' remuneration

Audit fee	9,419	7,738
Fee for other statutory certifications	833	757
Special certifications and sundry advisory services	630	356
Out-of-pocket expenses	442	453
	11,324	9,304

31 OTHER CHARGES

Penalties imposed by the State Bank of Pakistan	63,721	110
Others	-	-
	63,721	110

32 PROVISIONS & WRITE OFFS - NET

Provisions for diminution in value of investments	10.3.1	-	(24,258)
Provisions against investment in TFCs	10.3.1	(12,075)	(126,407)
Reversal of Provisions against loans & advances - specific		110,785	1,110,392
Provisions against loans & advances - specific		(2,385,260)	(940,309)
Provisions against loans & advances - general		(2,599)	3,510
Net provision during the year	11.2.3	(2,277,074)	173,593
Bad debts written off directly		(2,024)	(987)
		(2,291,173)	21,941

	Nine months ended	
	September 30, 2021	September 30, 2020
	----- Un-audited -----	
	----- Rupees in '000 -----	
33 TAXATION		
Current	225,945	191,467
Prior years	-	-
Deferred	(1,035,974)	(491,074)
	<u>(810,029)</u>	<u>(299,607)</u>
34 BASIC LOSS PER SHARE		
Loss for the period	<u>(1,325,658)</u>	<u>(556,036)</u>
Weighted average number of ordinary shares	<u>2,499,253,525</u>	<u>1,971,013,000</u>
Basic loss per share	<u>(0.53)</u>	<u>(0.28)</u>
35 DILUTED LOSS PER SHARE		
Loss for the period	<u>(1,325,658)</u>	<u>(556,036)</u>
Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)	<u>2,499,253,525</u>	<u>1,971,013,000</u>
Diluted loss per share	<u>(0.53)</u>	<u>(0.28)</u>
36 CASH AND CASH EQUIVALENTS		
Cash and Balances with Treasury Banks	13,792,737	15,460,404
Balances with other banks	5,090,394	4,681,892
	<u>18,883,131</u>	<u>20,142,296</u>

37 FAIR VALUE MEASUREMENTS

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

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

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

37.1 Fair value of financial assets

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

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

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

Level 3: Unobservable inputs for the asset or liability.

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

September 30, 2021 (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	-	110,237,402	-	110,237,402
Market Treasury Bills	-	80,098,768	-	80,098,768
Shares of listed companies	2,220,636	-	-	2,220,636
Units of mutual funds	103,254	105,481	-	208,735
Ijarah Sukuk - GoP	-	1,513,894	-	1,513,894
Sukuk bonds	-	30,350	-	30,350
	<u>2,323,890</u>	<u>191,985,895</u>	<u>-</u>	<u>194,309,785</u>
Off balance sheet financial instruments				
Foreign exchange contracts (purchase)	<u>-</u>	<u>11,237,533</u>	<u>-</u>	<u>11,237,533</u>
Foreign exchange contracts (sale)	<u>-</u>	<u>15,064,507</u>	<u>-</u>	<u>15,064,507</u>
December 31, 2020 (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	-	97,261,439	-	97,261,439
Market Treasury Bills	-	51,354,254	-	51,354,254
Shares of listed companies	2,025,288	-	-	2,025,288
Term finance certificates - Listed	-	-	-	-
Units of mutual funds	123,254	84,422	-	207,676
Ijarah Sukuk - GoP	-	1,499,486	-	1,499,486
Sukuk bonds	-	96,112	-	96,112
	<u>2,148,542</u>	<u>150,295,713</u>	<u>-</u>	<u>152,444,255</u>
Off balance sheet financial instruments				
Foreign exchange contracts (purchase)	<u>-</u>	<u>9,983,985</u>	<u>-</u>	<u>9,983,985</u>
Foreign exchange contracts (sale)	<u>-</u>	<u>14,373,430</u>	<u>-</u>	<u>14,373,430</u>

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

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

38 SEGMENT INFORMATION

38.1 Segment Details with respect to Business Activities

	September 30, 2021 (Un-audited)			
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others
	Rupees in '000			
Profit & Loss				
Net mark-up/return/profit income	8,034,398	232,220	-	(4,396,557)
Inter segment revenue - net	(11,440,643)	-	-	11,440,643
Non mark-up / return / interest income	283,420	411	-	282,508
Total Income	(3,122,825)	232,631	-	7,326,594
Segment direct expenses	(72,845)	(2,935)	-	(3,252,347)
Inter segment expense allocation	(79,019)	(176,499)	-	(697,269)
Total expenses	(151,864)	(179,434)	-	(3,949,616)
Provisions	(12,075)	(13,756)	-	(2,265,342)
Profit / (loss) before tax	(3,286,764)	39,441	-	1,111,636
Balance Sheet				
Cash & Bank balances	8,036,118	820,746	-	10,026,267
Investments	211,801,466	-	-	-
Net inter segment lending	750,000	(750,000)	-	167,725,411
Lendings to financial institutions	17,545,813	-	-	-
Advances - performing	40,036	938,862	-	37,219,081
- non-performing (net)	-	16,779	-	15,464,205
Others	4,810,719	142,881	-	14,210,410
Total Assets	242,984,152	1,169,268	-	244,645,374

September 30, 2021 (Un-audited)				
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others
	Rupees in '000			
Borrowings	74,089,819	750,000	-	1,191,053
Subordinated debt	-	-	-	-
Deposits & other accounts	-	17,784	-	220,618,745
Net inter segment borrowing	167,576,475	148,936	-	-
Others	155,965	34,093	-	6,514,739
Total liabilities	241,822,259	950,813	-	228,324,537
Equity	1,161,893	218,455	-	16,320,837
Total Equity & liabilities	242,984,152	1,169,268	-	244,645,374
Contingencies & Commitments	112,602,668	-	-	14,951,375

September 30, 2020 (Un-audited)				
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others
	Rupees in '000			
Profit & Loss				
Net mark-up/return/profit income	5,314,335	237,522	-	(3,043,056)
Inter segment revenue - net	(6,526,068)	-	-	6,526,068
Non mark-up / return / interest income	172,870	150	-	220,368
Total Income	(1,038,863)	237,672	-	3,703,380
Segment direct expenses	(48,887)	(1,501)	-	(2,830,849)
Inter segment expense allocation	(75,638)	(155,082)	-	(667,816)
Total expenses	(124,525)	(156,583)	-	(3,498,665)
Provisions	(150,665)	(11,980)	-	184,586
Profit / (loss) before tax	(1,314,053)	69,109	-	389,301

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

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

39 RELATED PARTY TRANSACTIONS

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

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

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

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

Investments

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

Advances

Opening balance	-	201,487	-	-	80,894	46,874
Addition during the period / year	-	11,684	-	-	141,791	-
Repaid during the period / year	-	24,885	-	-	18,430	46,874
Transfer in / (out) - net	-	13,130	-	-	(2,768)	-
Closing balance	-	201,416	-	-	201,487	-

Other Assets

Interest / mark-up receivables	-	113	-	-	150	-
Other receivables	-	-	285	-	-	-
	-	113	285	-	150	-

Deposits and other accounts

Opening balance	22,930	68,200	2,079,063	21,698	68,026	3,519,086
Received during the period / year	145,116	317,517	14,493,985	49,633	320,609	9,854,048
Withdrawn during the period / year	166,921	309,486	14,255,881	48,401	314,147	9,151,255
Transfer in / (out) - net	(31)	(41,846)	-	-	(6,288)	(2,142,816)
Closing balance	1,094	34,385	2,317,167	22,930	68,200	2,079,063

Other Liabilities

Provision for gratuity	-	-	-	-	-	1,517
Interest / mark-up payable	40	156	19,950	215	346	82,299
	40	156	19,950	215	346	83,816

	September 30, 2021 (Un-audited)			September 30, 2020 (Un-audited)		
	Director	Key Management Personal	Other Related Parties	Director	Key Management Personal	Other Related Parties
Rupees in '000						
Income :						
Mark-up / return / interest earned	-	6,376	-	-	2,800	2,124
Fee and commission income	-	6	17	2	5	19
Net gain on sale of securities	-	-	251	-	-	356
Other income	-	-	855	-	-	2,680
Expenses :						
Mark-up / return / interest paid	245	1,846	107,717	393	2,941	316,058
Remuneration paid	-	144,184	-	-	136,084	-
Contribution to provident fund	-	6,640	-	-	9,267	-
Provision for gratuity	-	5,516	-	-	8,487	-
Other staff benefits	-	18,578	-	-	18,354	-
Directors' meetings fee	8,830	-	-	10,970	-	-
Other expenses	1,022	-	-	106	-	-
Insurance premium paid	-	-	99,837	-	-	66,821
Others :						
Sale of Government Securities	-	-	2,533,500	-	-	755,000
Purchase of Government Securities	-	-	150,000	-	-	-
Gratuity paid	-	4,647	-	-	-	-
Leave encashment	-	2,126	-	-	-	-
Expenses recovered under agency arrangement	-	-	114	-	-	114
Insurance claims settled	-	-	1,728	-	-	581

As at the date of consolidated statement of financial position, loans/advances and deposits of government related entities amounted to Rs.9,724.36 million and Rs.104,328.06 million respectively. The above includes deposits amounting to Rs.28,499.05 (2020: Rs.22,625.33) million received through the Finance Department, Government of Sindh.

	September 30, 2021 Un-audited	December 31, 2020 Audited
Note	----- (Rupees '000) -----	
40 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	16,826,666	12,344,452
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	7,404,663	10,629,435
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	7,404,663	10,629,435
Eligible Tier 2 Capital	-	7,488
Total Eligible Capital (Tier 1 + Tier 2)	7,404,663	10,636,923
Risk Weighted Assets (RWAs):		
Credit Risk	37,756,982	40,032,455
Market Risk	15,615,769	17,878,718
Operational Risk	7,581,862	7,581,862
Total Risk Weighted Assets	60,954,613	65,493,035
Common Equity Tier 1 Capital Adequacy ratio	12.15%	16.23%
Tier 1 Capital Adequacy Ratio	12.15%	16.23%
Total Capital Adequacy Ratio	40.1 12.15%	16.24%
Notional minimum capital requirements prescribed by SBP		
CET1 minimum ratio	6.00%	6.00%
Tier 1 minimum ratio	7.50%	7.50%
Total capital minimum ratio	10.00%	10.00%
Total capital minimum ratio plus CCB	11.50%	11.50%
Approach followed for determining Risk Weighted Assets		
Credit Risk	Comprehensive	Comprehensive
Market Risk	Maturity method	Maturity method
Operational Risk	Basic Indicator	Basic Indicator
Leverage Ratio (LR):		
Eligible Tier-1 Capital	7,404,663	10,629,435
Total Exposures	269,287,031	270,688,592
Leverage Ratio (%)	40.1 2.75%	3.93%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	119,065,561	74,110,684
Total Net Cash Outflow	26,517,229	20,177,398
Liquidity Coverage Ratio (%)	449%	367%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	189,308,963	128,910,815
Total Required Stable Funding	72,833,931	49,505,620
Net Stable Funding Ratio	260%	260%

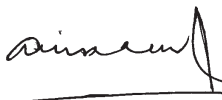

40.1 To meet the shortfall on September 30, 2021, Advance against Shares amounting to Rs. 2.0 billion has been received from the Government of Sindh, on October 28, 2021, after including which the Group's CAR stands complied at 15.93% against the requirement of 11.50% and Leverage Ratio stands at 3.66% against requirement of 3.0%.

41 GENERAL

Figures have been rounded off to the nearest thousand rupee.

42 DATE OF AUTHORISATION FOR ISSUE

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

			
Chairman	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	103
5	North Region KPK & Mirpur AJK Area	21
	Total	330



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