



IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO



شہید محترمہ بینظیر بھٹو کی یاد میں

SINDH BANK
سندھ بینک
POWER TO THE PEOPLE

بالاختیار عوام

Third
Quarterly
Financial
Statements
September 30, 2022

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VISION

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

MISSION

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

Corporate Information

Board of Directors

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

Chief Financial Officer Dilshad Hussain Khan

Company Secretary Muhammad Irfan Zafar

Auditors' Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

Legal Advisors Mohsin Tayebaly & Co

Share Registrar CDC Share Registrar Services Ltd.

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

Registration Number 0073917

NTN Number 3654008-7

Website www.sindhbankltd.com.pk

* In order to fill the casual vacancy of Female Director, the BoDs appointed Ms. Hina Marvi on 27-06-2022, but on her excused from the directorship, another Female Director was interviewed and appointed by the Board on 30-09-2022, whose FPT documents are under process for clearance from SBP.

Directors' Report

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

(Rs. in '000)

Balance Sheet	As on Sep 30, 2022	As on Dec 31, 2021	% age Change
Paid up Capital	25,524,428	25,524,428	
Shares Deposit Money	4,000,000	4,000,000	
Reserves & Accumulated loss	(10,446,791)	(9,775,499)	6.87%
Paid up Capital & Reserves	19,077,637	19,748,929	-3.40%
Deficit on Revaluation of Investment	(864,359)	(1,121,647)	
Equity	18,213,278	18,627,282	-2.22%
Borrowings	125,236,906	26,785,738	367.55%
Deposits	188,696,860	217,608,406	-13.29%
Investment (carrying value)	244,015,414	175,703,381	38.88%
Gross Advances	70,668,779	73,023,451	-3.22%
Profit & Loss Account	Nine Months ended Sep 30, 2022	Nine Months ended Sep 30, 2021	%age Change
Markup/return/interest income	25,884,223	16,984,452	
Markup/return/interest expenses	(21,517,317)	(13,328,069)	
Net markup/return/interest income	4,366,906	3,656,383	19.43%
(Loss)/gain on sale of Investments	(126,765)	110,975	
Foreign Exchange Income	429,357	82,665	
Dividend Income	193,164	115,897	
Fee, Commission & Other Income	318,895	256,802	
Non-mark-up/non-interest income	814,651	566,339	43.85%
Non mark-up/interest expenses	(5,050,672)	(4,118,321)	22.64%
Provision/Diminution in value of investments	5,048	12,075	
Provision-specific & general against advances	1,224,173	2,265,342	
Total Provisions	1,229,221	2,277,417	-46.00%
Profit/(Loss) before Tax & provisions	130,885	104,401	25.37%
(Loss)/Profit before Tax	(1,098,336)	(2,173,016)	-49.46%
(Loss)/Profit After Tax	(671,292)	(1,351,363)	-50.32%
(Loss)/Earnings per share (Rupees)	(0.26)	(0.54)	
Other Information	As on Sept 30, 2022	As on Dec 31, 2021	%age Change
No. of Accounts	561,937	533,169	5.40%
Number of Branches	330	330	

Improvement in the Bank's performance indicators was witnessed as profit before tax and provisions for the nine months ended September 30, 2022 amounted to Rs. 130.885 mn compared to profit before tax and provisions of Rs.104.401 mn in the same period last year. However pre-tax loss for the nine months ended September 30, 2022 amounted to Rs. 1,098.336 mn compared to pre-tax loss of Rs. 2,173.01 mn in the same period last year and after tax loss for the nine months ended September 30, 2022 amounted to Rs. 671.292 mn compared to after tax loss of Rs. 1,351.363 mn in the same period last year.

Major reason for the improvement in profit before tax and provisions was due to increase in Net Interest Income of Rs. 710.523 mn i.e. 19.43%, mainly due to higher base effect and increase in policy rate (i.e. 5%) due to which repricing of earning assets (i.e Floating PIB's and performing Advances) was carried out. However, loss before tax decreased by Rs. 1,074 mn due to a decrease in provision required by Rs. 1,048 mn.

Total Assets stood at Rs. 340.16 bn compared to Rs.270.19 bn as at December 31, 2021, thereby registering an increase of 25.90%.

- Carrying value of Investments as at September 30, 2022 amounted to Rs. 244.02 bn, increasing by Rs 68.32 bn (i.e 38.88%) over Rs.175.70 bn as at December 31, 2021. Increase was pre-dominantly in floating rate PIBs by Rs 62.767 bn and Treasury bills by Rs 9.688 bn.
- Gross Advances decreased by Rs.2.354 bn (i.e -3.22%) to Rs. 70.669 bn from Rs.73.023 bn as at December 31, 2021, mainly due to recoveries of watch list, regular and NPLs customers by Rs 5.692 bn and disbursed by Rs 3.341.

Total Deposits decreased by Rs 28.91 bn (i.e-13.29%) to Rs. 188.70 bn from Rs. 217.61 bn as on December 31, 2021, main reason of decrease is due to withdrawal of TDRs of Rs 26 bn by Finance Department KPK which could not be renewed due to high competitive rates offered by other banks. Number of customer accounts stood at 561,937 after increase of 28,768 accounts (i.e. 5.40%) during the period which depicts new customer preferences and branches motivation to introduce new customers (NTBs).

Hectic efforts to reduce NPLs continue with the Bank managing to reduce its older NPL by Rs. 481.04 mn, whereas hectic efforts are underway to recover major chunk in the last quarter of 2022.

Credit Rating

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

Economic Review

Challenges faced by Pakistan's economy does not seem to be getting a pause any time soon; issues like current account deficit, inflation and depreciating currency exacerbated even more during the first quarter of FY23. Inflation number for the 1st QTR FY23 touched a historical high and closed at average of 25.1% whereas PKR lost 12% value against USD. Economy, which was already in shambles was further impacted by recent floods. Pakistan's annual rainfall is around 125mm whereas the ongoing season has received 3 times more rains, which has caused a loss of US\$28 Bln to national kitty. Among four provinces, Sindh and Baluchistan have reportedly received the most damage with 5 to 6 times more rains as compared to their respective annual averages, and higher than the magnitude recorded during flash floods of 2010-2011 for these provinces. The floods have caused wide spread damage to various sectors of economy, however, worst effect is Agriculture with a 23% direct contribution to GDP. Economic situation in coming quarter seems to be equally alarming as floods may lead to higher imports, compromise our capability to exports due to shortage of raw material, and higher inflation; wiping out efforts of the government to stabilize recent macro headwinds. Cautious approach shall be exercised by economic decision makers as any leniency in fiscal and monetary policy can lead to trouble with IMF program.

KSE100 Review

Performance of PSX index for the quarter remained uneventful as KSE100 index closed at a level of 41128.67 due to lower earnings and constrained payout of companies post implementation of super tax. Though market multiples are very attractive due to forward PE of 4.5 and dividend yield 10.60% but economic weakness around flood damage, historical high inflation and continuous Rupee depreciation will cap any future performance of the index.

Sindh Microfinance Bank Limited (wholly owned subsidiary)

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

As of September 30, 2022 the Net Equity of SMFB stood at PKR 997 million and the institution has been profitable and sustainable since inception. SMFB has presence in 84 locations in Sindh and employs more than 350 personnel. During the last six years SMFB has disbursed more than Rs.6.2 billion to women in rural and semi urban areas of Sindh.

The recent floods in Sindh have severely and adversely impacted the assets and livelihoods of the low income and underprivileged population of Sindh. Many of those impacted are borrowers and employees of SMFB. It is estimated that more than 30% of SMFB's loan portfolio will be partially or wholly affected and SMFB will be exploring measure to mitigate the impact on its loan portfolio by facilitating relief measures to the affected borrowers.

Brief summary of financial highlights for the nine months ended September 30, 2022 showing below:

	As At September 30, 2022		As At Dec 31, 2021	
BALANCE SHEET	# of A/c	Rs. In Million	# of A/c	Rs. In Million
Gross Loan Portfolio	64,499	1,174	53,993	958
Total Assets		1,931		2,085
Deposits	122,669	545	103,106	271
Borrowings		310		750
Total Liabilities		934		1,116
Net Equity		997		969
	For the Nine Months ended September 30, 2022		For the Nine Months ended September 30, 2021	
LENDING ACTIVITY	# of A/c	Rs. In Million	# of A/c	Rs. In Million
Loan Disbursements	40,681	1,367	28,352	851
PROFIT & LOSS ACCOUNT				
Net Interest Income		250		214
Profit Before Tax		38		37
Taxation		(10)		(12)
Profit After Tax		27		26

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

Future Outlook

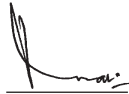
With encouraging results achieved so far, the management is determined to maintain its focus on the following major goals in the coming period:

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

Acknowledgements

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

On behalf of the Board of Directors



Imran Samad
President/CEO



Aftab Alam
Non-Executive Director

Karachi, October 13, 2022

ڈائریکٹرز رپورٹ

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

(روپے 000، میں)

بیلنس شیٹ	30 ستمبر 2022 پر	31 دسمبر 2021 پر	فیصد تبدیلی
اداشدہ سرمایہ	25,524,428	25,524,428	
حصص کی جمع شدہ رقم	4,000,000	4,000,000	
ذخائر اور جمع شدہ نقصان	(10,446,791)	(9,775,499)	6.87%
اداشدہ سرمایہ اور ذخائر	19,077,637	19,748,929	-3.40%
سرمایہ کی دوبارہ قدر پذیری پر خسارہ	(864,359)	(1,121,647)	
ملکیتی سرمایہ	18,213,278	18,627,282	-2.22%
ادھار	125,236,906	26,785,738	367.55%
ڈپازٹس	188,696,860	217,608,406	-13.29%
سرمایہ کاری (Carrying value)	244,015,414	175,703,381	38.88%
مجموعی ایڈوانسز	70,668,779	73,023,451	-3.22%
نفع نقصان کا کھاتہ	30 ستمبر 2022 کو اختتام پذیر 9 ماہ پر	30 ستمبر 2021 کو اختتام پذیر 9 ماہ پر	فیصد تبدیلی
مارک اپ/ریٹرنز/سودی آمدنی	25,884,223	16,984,452	
مارک اپ/اخراجات/سودی اخراجات	(21,517,317)	(13,328,069)	
خالص مارک اپ/ریٹرنز/سودی آمدنی	4,366,906	3,656,383	19.43%
سرمایہ کی فروخت سے آمدنی/(نقصان)	(126,765)	110,975	
غیر ملکی زرمبادلہ سے آمدن	429,357	82,665	
منقسمہ منافع (Dividend Income)	193,164	115,897	

نفع نقصان کا کھاتہ	30 ستمبر 2022 کو اختتام پذیر 9 ماہ پر	30 ستمبر 2021 کو اختتام پذیر 9 ماہ پر	فیصد تبدیلی
فیس، کمیشن اور دیگر آمدنی	318,895	256,802	
بیمارک اپ/غیر سودی آمدنی	814,651	566,339	43.85%
بیمارک اپ/غیر سودی اخراجات	(5,050,672)	(4,118,321)	22.64%
مختصات/سرمایہ کی گھٹی ہوئی قدر	5,048	12,075	
مختصات - ایڈوانسز کے لیے مخصوص اور عام	1,224,173	2,265,342	
کل مختصات	1,229,221	2,277,417	-46.00%
منافع/(نقصان) قبل از ٹیکس اور مختصات	130,885	104,401	25.37%
منافع/(نقصان) قبل از ٹیکس	(1,098,336)	(2,173,016)	-49.46%
منافع/(نقصان) بعد از ٹیکس	(671,292)	(1,351,363)	-50.32%
آمدنی/(نقصان) فی حصص (روپے)	(0.26)	(0.54)	
دیگر معلومات	30 ستمبر 2022 کے اختتام پر	31 دسمبر 2021 کے اختتام پر	فیصد تبدیلی
کھاتوں کی تعداد	561,937	533,169	5.40%
شاخوں کی تعداد	330	330	

بینک کی کارکردگی کے اشاروں میں خاصی بہتری دیکھی گئی، 30 ستمبر 2022 کو اختتام پذیر نو ماہ پر منافع قبل از محصول اور مختصات کی مالیت 130.885 ملین روپے رہی جبکہ گزشتہ سال اسی مدت میں قبل از محصول منافع اور مختصات کی مالیت 104.401 ملین روپے تھی۔ 30 ستمبر 2022 کو اختتام پذیر نو ماہ پر قبل از محصول نقصان کی مالیت 1,098.336 ملین روپے رہی اس کے مقابلے میں گزشتہ سال اسی مدت میں قبل از محصول نقصان کی مالیت 2,173.01 ملین روپے تھی اور 30 ستمبر 2022 پر اختتام پذیر نو ماہ پر بعد از محصول نقصان کی مالیت 671.292 ملین روپے رہی جبکہ اس کے مقابلے میں گزشتہ سال اسی مدت میں اس کی مالیت 1,351.363 ملین روپے تھی۔

اس بہتری کی بڑی وجہ قبل از محصول منافع اور مختصات میں خالص سودی آمدن میں 710.523 ملین روپے یعنی 19.43 فیصد کا اضافہ ہے، جو بنیاد (base) کے بلند تر اثر پالیسی نرخ میں (یعنی 5 فیصد) اضافے کے باعث ہوا، جس کی وجہ سے کمانے والے اثاثہ جات

(یعنی فلوئنگ PIBs اور فعال ایڈوانسز) کی قیمتوں کا دوبارہ تعین کیا گیا۔ تاہم نقصان قبل از محمول میں 1,074 ملین کی کمی ہوئی جس کی وجہ مختصات کئے جانے کی ضرورت میں 1,048 ملین روپے کی کمی ہے۔

کل اثاثہ جات کی مالیت 340.16 ارب روپے رہی جبکہ اس کے مقابلے میں 31 دسمبر 2021 کو ان کی مالیت 270.19 ارب روپے تھی اس طرح سے 25.90 فیصد کے اضافے کا اندراج ہوا۔

- 30 ستمبر 2022 پر سرمایہ کاری کی کیریٹنگ ویلیو (Carrying value) 244.02 ارب روپے رہی، جس میں 31 دسمبر 2021 پر اس کی مالیت کے 175.70 ارب روپے میں 68.32 ارب روپے (یعنی 38.88 فیصد) کا اضافہ ہوا۔ یہ اضافہ زیادہ تر فلوئنگ ریٹ PIBs میں 62.767 ارب روپے اور قلیل المدت ٹریژری بلز (Treasury bills) میں 9.688 ارب روپے کے اضافے کے باعث تھا۔

- 31 دسمبر 2021 پر مجموعی ایڈوانسز کی مالیت 73.023 ارب روپے میں 2.354 ارب روپے (یعنی 3.22 فیصد) کی سے اس کی مالیت 30 ستمبر 2022 پر 70.669 ارب روپے ہو گئی، اس کی بنیادی وجہ باضابطہ گرانٹی کی فہرست میں شامل غیر فعال گاہکوں سے 5.692 ارب روپے کی وصولیاں اور 3.341 ارب روپے کے قرضوں کی فراہمی ہیں۔

31 دسمبر 2021 پر کل ڈپازٹس کی مالیت 217.61 ارب روپے تھی جس میں 28.91 ارب روپے (یعنی 13.29 فیصد) کی کمی کے بعد ان کی مالیت 188.70 ارب روپے ہو گئی، اس کی کمی کی بڑی وجہ خیر پختہ خواہ کے شعبہ مالیات کی جانب سے 26 ارب روپے کی TDRs کا اخلاء اور دیگر بینکوں کی جانب سے مسابقتی نرخوں کی پیشکش کے سبب تجدید کا نہ ہونا ہے۔ سال کے نو ماہ کے دوران کھاتے داروں کی تعداد 28,768 کھاتوں (یعنی 5.40 فیصد) کے اضافے کے بعد یہ تعداد 561,937 کھاتے ہو گئی جو گاہکوں کی ترجیح اور برانچوں کی نئے گاہکوں کو متعارف کرنے کی ترغیب کو ظاہر کرتا ہے۔

غیر فعال قرضہ جات کو کم کرنے کے لیے مستعدی سے کوششیں جاری ہیں، بینک نے 481.04 ملین روپے کے پرانے غیر فعال قرضہ جات کی وصولی کی ہے، جس کے لیے سال 2022 کی آخری سہ ماہی میں غیر فعال قرضہ جات کی بڑی مقدار کی وصولیابی کے لیے زور و شور سے کوششیں جاری رہیں گی۔

کریڈٹ رینٹنگ

VIS کریڈٹ رینٹنگ کمپنی نے اپنی 28 جون 2022 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

پاکستان کی معیشت کو درپیش مسائل عنقریب رکتے ہوئے نظر نہیں آ رہے ہیں، جاری کھاتے کا خسارہ، افراط زر اور کرنسی کی فرسودگی جیسے

مسائل کا ہنگامہ مالی سال 2023 کی پہلی سہ ماہی میں زیادہ ہو گیا تھا۔ مالی سال 2023 کی پہلی سہ ماہی میں افراط زر کے اعداد و شمار تاریخی طور پر بلند رہے اور 25.1 فیصد کی اوسط پر بند ہوئے جبکہ روپے کی قدر میں امریکی ڈالر کے مقابلے میں 12 فیصد کی گراؤٹ آئی ہے۔ معیشت جو پہلے ہی سے بکھر رہی تھی وہ حالیہ سیلاب سے مزید متاثر ہوئی۔ پاکستان میں بارشوں کی اوسط 125 ملی میٹر ہے تاہم جاری موسم میں تین گنا زیادہ بارشیں ہونے سے پاکستان کو 28 ارب امریکی ڈالر کا نقصان ہوا ہے۔ چاروں صوبوں میں، سندھ اور بلوچستان میں سالانہ اوسط کے مقابلے میں 5 سے 6 گنا زیادہ بارشیں ہوئیں اور ان صوبوں میں 2010-2011 میں آنے والے سیلاب سے بھی زیادہ نقصان ہوا ہے۔ سیلاب نے معیشت کے زیادہ تر سیکٹرز کو نقصان پہنچایا ہے۔ مجموعی قومی پیداوار میں زراعت کا حصہ 23 فیصد ہے وہ بدترین طور پر متاثر ہوئی ہے۔ آنے والی سہ ماہی میں معیشت کی صورتحال خطرے کی گھنٹی بج رہی ہے کیونکہ سیلاب کے نتیجے میں بلند تر درآمدات۔ خام مال کی قلت کے سبب، برآمدات کی استعداد پر مصالحت اور بلند تر افراط زر جو حکومت کی جانب سے استحکام کی کوششوں کو مندرجہ کردے گا۔ معاشی فیصلہ سازوں کو محتاط حکمت عملی اپنانا ہوگی کیونکہ اقتصادی اور مالیاتی پالیسیوں میں کسی قسم کی نرمی IMF کے پروگرام کے لئے پریشان کن ثابت ہو سکتی ہے۔

KSE100 انڈیکس کا جائزہ

اس سہ ماہی PSX انڈیکس کی کارکردگی غیر نمایاں رہی جیسا کہ میں KSE100 انڈیکس 41128.67 پوائنٹس کی سطح پر بند ہوا جس کی وجہ کم آمدنی اور کمپنیوں کی سپرنیکس کے نفاذ کے بعد مجبوراً ادائیگیاں تھیں۔ اگرچہ مارکیٹ کے تعمیری اشارے فارورڈ 4.5 کی PE اور منقسمہ منافع 10.60 فیصد آمدنی کے سبب متاثر کن ہیں لیکن سیلاب کی وجہ سے نقصان کے سبب معاشی کمزوری، تاریخی طور پر بلند افراط زر اور روپے کی مسلسل فرسودگی مستقبل میں انڈیکس کی خراب کارکردگی کو روک سکے گی۔

مائیکرو فنانس بینک لمیٹڈ (مکمل طور پر ذیلی ادارہ)

سندھ مائیکرو فنانس بینک لمیٹڈ (SMFB)، نے صوبے کی سطح پر مائیکرو فنانس آپریشن کا آغاز صوبہ سندھ میں مئی 2016 میں 750 ملین روپے کے ملکیتی سرمایہ سے کیا اور اس کا مقصد ہے کہ صوبہ سندھ میں غیر مراعات یافتہ طبقہ تک فنانس کی رسائی میں بہتری لائی جائے۔

30 ستمبر 2022 پر سندھ مائیکرو فنانس بینک لمیٹڈ (SMFB) کے خالص ملکیتی سرمایہ کی مالیت 997 ملین روپے رہی جبکہ SMFB تسلسل سے جاری رہنے والا ادارہ ہے جو اپنے آغاز سے منافع بخش رہا ہے۔ سندھ مائیکرو فنانس بینک لمیٹڈ (SMFB) صوبہ سندھ میں 84 مقامات پر موجود ہے، اس کے عملے کی تعداد 350 سے زیادہ ہے۔ گزشتہ چھ سالوں کے دوران سندھ مائیکرو فنانس بینک لمیٹڈ (SMFB) نے سندھ کے دیہی اور نیم شہری علاقوں میں خواتین کو 6.2 ارب روپے کے قرضے فراہم کیے ہیں۔

سندھ میں حالیہ سیلاب نے کم آمدنی والے اور پسماندہ آبادی کو بری طرح سے متاثر کیا ہے اور ان کا اثاثہ جات اور ذریعہ معاش چھین لیا ہے۔ ان متاثرین میں سے زیادہ تر مقروض اور سندھ مائیکرو فنانس بینک لمیٹڈ (SMFB) کے ملازمین ہیں۔ اندازہ ہے سندھ مائیکرو فنانس بینک لمیٹڈ (SMFB) کے 30 فیصد سے زیادہ قرضہ جات پورٹ فولیو یا تو جزوی طور پر یا مکمل طور پر متاثر ہوں گے اور سندھ مائیکرو فنانس بینک لمیٹڈ (SMFB) ان اقدامات کا سوچ رہا ہے کہ وہ اپنے قرضہ جات پورٹ فولیو پر اثرات کا حل تلاش کرے اور کس طرح سے قرض دار متاثرین کو معاونت کی سہولت فراہم کی جائے۔

30 ستمبر 2022 کو اختتام پذیر نو ماہ کی مالیاتی جھلکیوں کا خلاصہ درج ذیل ہے:

30 ستمبر 2022 پر		31 دسمبر 2021 کے اختتام پر		
بیلنس شیٹ	اکاؤنٹس کی تعداد	روپے ملین میں	اکاؤنٹس کی تعداد	روپے ملین میں
مجموعی قرضہ کا پورٹ فولیو	64,499	1,174	53,993	958
کل اثاثہ جات	-	1,931	-	2085
ڈپازٹس	122,669	545	103,106	271
ادھار	-	310	-	750
کل واجبات	-	934	-	1,116
خالص ملکیتی سرمایہ	-	997	-	969
30 ستمبر 2022 کو اختتام پذیر 9 ماہ پر		30 ستمبر 2021 کو اختتام پذیر 9 ماہ پر		
قرضہ جات کی فراہمی کی سرگرمیاں	اکاؤنٹس کی تعداد	روپے ملین میں	اکاؤنٹس کی تعداد	روپے ملین میں
قرضہ جات کی ادائیگیاں	40,681	1,367	28,352	851
نفع نقصان کا کھاتہ				
خالص سودی آمدنی	-	250	-	214
منافع قبل از محصول	-	38	-	37
محصول	-	(10)	-	(12)
منافع بعد از محصول	-	27	-	26

سندھ مائیکرو فنانس بینک لمیٹڈ (SMFB) چاہتا ہے کہ جیسے ہی قومی سطح کے لائسنس کی کم سے کم کمپیٹل کی ضرورت پوری ہوتی ہے تو وہ بینک دولت پاکستان سے قومی سطح کا لائسنس حاصل کرے۔ پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے طویل المدت درجہ بندی A- اور قلیل المدت درجہ بندی A2 تفویض کی ہیں جو PACRA کی نظر میں سندھ مائیکرو فنانس بینک لمیٹڈ کی مضبوط سیالیت کی صورت حال، منافع بخشی اور غیر آمدنی دینے والے اثاثہ جات پر کم انویسٹمنٹ کی نشان دہی کرتی ہے۔

مستقبل کا منظر نامہ

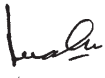
اب تک کے حوصلہ افزاء حاصل کردہ نتائج کی بنا پر، انتظامیہ پر عزم ہے کہ آنے والی مدت میں، وہ دمند درجہ ذیل بڑے مقاصد پر توجہ جاری رکھے گی:


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

اعتراف

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

بورڈ آف ڈائریکٹرز کی جانب سے


آفتاب عالم
مان ایگزیکٹو ڈائریکٹر


عمران صد
صدر/CEO

کراچی: 13 اکتوبر 2022

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






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

As At September 30, 2022		September 30, 2022	December 31, 2021
		Un-audited	Audited
Note		----- (Rupees in '000) -----	
ASSETS			
Cash and balances with treasury banks	7	13,840,441	19,341,933
Balances with other banks	8	1,741,503	1,092,559
Lendings to financial institutions	9	12,626,813	6,081,208
Investments	10	244,015,414	175,703,381
Advances	11	44,205,315	47,784,162
Fixed assets	12	2,585,154	3,147,597
Intangible assets	13	96,815	114,274
Deferred tax assets-net	14	13,849,132	13,252,533
Other assets	15	7,201,828	3,670,762
		340,162,415	270,188,409
LIABILITIES			
Bills payable	16	987,324	624,726
Borrowings	17	125,236,906	26,785,738
Deposits and other accounts	18	188,696,860	217,608,406
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	19	7,028,047	6,542,257
		321,949,137	251,561,127
NET ASSETS		18,213,278	18,627,282
REPRESENTED BY			
Share capital - net	20	25,524,428	25,524,428
Reserves		1,461,412	1,461,412
Shares deposit money	21	4,000,000	4,000,000
Deficit on revaluation of assets	22	(864,359)	(1,121,647)
Accumulated Loss		(11,908,203)	(11,236,911)
		18,213,278	18,627,282

CONTINGENCIES AND COMMITMENTS

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

				
Chairman	President and Chief Executive Officer	Director	Director	Chief Financial Officer

Unconsolidated Condensed Interim Profit and Loss Account (Un-audited) For The Nine Months And Quarter Ended September 30, 2022

		Nine months ended		Quarter ended	
		September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Note		(Rupees in '000)			
Mark-up / Return / Interest Earned	24	25,884,223	16,984,452	10,585,822	6,223,488
Mark-up / Return / Interest Expensed	25	21,517,317	13,328,069	9,265,089	4,710,627
Net Mark-up / Interest Income		4,366,906	3,656,383	1,320,733	1,512,861
Non Mark-up / Interest Income					
Fee and Commission Income	26	313,210	254,720	107,337	91,050
Dividend Income		193,164	115,897	105,335	40,366
Foreign Exchange Income		429,357	82,665	98,715	(2,635)
Income / (loss) from derivatives		-	-	-	-
Gain / (Loss) on securities	27	(126,765)	110,975	3,821	23,492
Other Income	28	5,685	2,082	1,497	764
Total non-markup/interest Income		814,651	566,339	316,705	153,037
Total Income		5,181,557	4,222,722	1,637,438	1,665,898
Non Mark-up / Interest Expenses					
Operating expenses	29	5,041,623	4,054,600	1,799,543	1,419,119
Other charges	30	9,049	63,721	8,289	5
Total non-markup/interest expenses		5,050,672	4,118,321	1,807,832	1,419,124
Profit / (Loss) before provisions		130,885	104,401	(170,394)	246,774
Provisions and write offs - net	31	1,229,221	2,277,417	126,825	1,960,487
Extra ordinary / unusual items		-	-	-	-
Loss before Taxation		(1,098,336)	(2,173,016)	(297,219)	(1,713,713)
Taxation	32	(427,044)	(821,653)	(113,540)	(668,382)
Loss after Taxation		(671,292)	(1,351,363)	(183,679)	(1,045,331)
(Rupees)					
Basic Loss per share	33	(0.26)	(0.54)	(0.07)	(0.41)
Diluted Loss per share	34	(0.26)	(0.54)	(0.07)	(0.41)


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


 Chairman
 President and Chief Executive Officer
 Director
 Director
 Chief Financial Officer


Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited) For The Nine Months And Quarter Ended September 30, 2022


	Nine months ended		Quarter ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	(Rupees in '000)			
Loss after taxation for the period	(671,292)	(1,351,363)	(183,679)	(1,045,331)
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in (Deficit) / surplus on revaluation of investments - net of tax	<u>257,288</u>	<u>(243,028)</u>	<u>(188,883)</u>	<u>(259,524)</u>
	(414,004)	(1,594,391)	(372,562)	(1,304,855)
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>(414,004)</u>	<u>(1,594,391)</u>	<u>(372,562)</u>	<u>(1,304,855)</u>


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


 Chairman


 President and
Chief Executive Officer


 Director


 Director


 Chief Financial Officer

Unconsolidated Condensed Interim Statement of Changes in Equity (Un-audited) For The Nine Months Ended September 30, 2022

	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, 2021	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	(651,533)	17,482,730
Loss after tax for the three months ended December 31, 2021	-	-	-	-	-	-	(2,376,121)	(2,376,121)
Other comprehensive income /(loss) - net of tax	-	-	-	-	-	-	(470,114)	(469,317)
Share deposit money	-	-	4,000,000	-	-	-	-	4,000,000
Fair valuation adjustment of net assets of Sindh Leasing Company Limited	-	-	-	(10,010)	-	-	-	(10,010)
Balance as at December 31, 2021	25,524,428	-	4,000,000	9,433	51	1,451,928	(1,121,647)	18,627,282
Loss after tax for the nine months ended September 30, 2022	-	-	-	-	-	-	(671,292)	(671,292)
Other comprehensive income - net of tax	-	-	-	-	-	-	257,288	257,288
Balance as at September 30, 2022	25,524,428	-	4,000,000	9,433	51	1,451,928	(864,359)	18,213,278

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

** As more fully explained in note 11.2.2 of these unconsolidated financial statements, unappropriated profit / (loss) includes an amount of Rs.6,426.052 million net of tax as at September 30, 2022 (December 31, 2021: Rs. 7,184.65 million) representing additional profit arising from availing forced sale value benefit for determining provisioning requirement which is not available for the purpose of distribution of dividend to shareholders.

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


Chairman

**President and
Chief Executive Officer**

Director






Director

Chief Financial Officer

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited) For The Nine Months Ended September 30, 2022

		September 30, 2022	September 30, 2021
	Note	----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		(1,098,336)	(2,173,016)
Less: Dividend income		(193,164)	(115,897)
		(1,291,500)	(2,288,913)
Adjustments:			
Depreciation	29	804,753	694,251
Amortisation	29	26,160	23,197
Provision against non-performing loans and advances - net	31	1,224,173	2,265,342
Provision for diminution in the value of investments - net	31	5,048	12,075
Gain on sale of operating fixed assets	28	2,835	(383)
		2,062,969	2,994,482
		771,469	705,569
(Increase) / decrease in operating assets			
Lendings to financial institutions		(6,545,605)	(9,333,033)
Advances - net		2,354,674	1,688,557
Other assets (excluding advance taxation)		(3,571,120)	645,979
		(7,762,051)	(6,998,497)
Increase / (decrease) in operating liabilities			
Bills payable		362,598	315,719
Borrowings from financial institutions		98,451,168	12,903,224
Deposits and other accounts		(28,911,546)	35,071,296
Other liabilities (excluding current taxation)		460,088	(326,744)
		70,362,308	47,963,495
		63,371,726	41,670,567
Income tax paid		(268,295)	(62,478)
Net cash flows from / (used in) operating activities		63,103,431	41,608,089
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in available-for-sale securities		(73,276,709)	(42,163,936)
Net investment in held-to-maturity securities		5,381,412	20,483
Dividends received		193,164	99,193
Investments in operating fixed assets		(257,459)	(174,021)
Sale proceeds from sale of fixed assets		3,613	607
Net cash flows from / (used in) investing activities		(67,955,979)	(42,217,674)
CASH FLOW FROM FINANCING ACTIVITIES			
Increase in cash and cash equivalents		(4,852,548)	(609,585)
Cash and cash equivalents at the beginning of the year		20,434,492	18,671,970
Cash and cash equivalents at the end of the period	35	15,581,944	18,062,385

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

				
Chairman	President and Chief Executive Officer	Director	Director	Chief Financial Officer

Notes to the Unconsolidated Condensed Interim Financial Statements (Un-audited) For The Nine Months Ended September 30, 2022

1. STATUS AND NATURE OF BUSINESS

1.1 Sindh Bank Limited (the Bank) was incorporated in Pakistan on October 29, 2010 as a public unlisted company and is engaged in Commercial Banking, Corporate and Investment related activities. The Bank operates 330 (2021: 330) branches including 8 (2021: 8) sub-branches and 14 (2021: 14) Islamic banking branches in Pakistan. The Bank's registered office is located at 3rd floor, Federation House, Abdullah Shah Ghazi Road, Clifton, Karachi, Pakistan.

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

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

1.4 Going Concern

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

- Strengthening Bank's Capital -As planned, cash injection, of Rs. 11.7 billion was made in 2019 and Rs. 3.814 billion added during 2020 from amalgamation of Sindh Leasing Company Limited in Bank's Tier 1 Common Equity. A further amount of Rs. 2 billion has been received from the GoS in the subsequent period.
- Improving Business Volumes and Profitability-This involves the Bank taking pro-active measures to:
 - i. Increase fee-based income from mainly trade-related business;
 - ii) Improve Net Interest margin;
 - a) Mobilize cost effective (CASA) deposits;
 - b) Launch new asset products in the Consumer and SME segments;
 - iii. make concerted efforts for recovery and reduction of Non-Performing Loans.
 - iv. Take cost rationalization measures;
- Strengthening the Bank's Governance, Risk and Control environment.
- The management is confident that barring any unforeseen contingencies, the Bank will be able to stage a turn-around. The Government of Sindh, Bank's major shareholder holding 99.96 percent of the Bank's equity is fully committed to supporting the Bank, whenever required.

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

2. BASIS OF PRESENTATION

- 2.1** The disclosures made in these unconsolidated condensed interim financial statements have been limited based on the format prescribed by the State Bank of Pakistan through BPRD Circular Letter No. 5 dated 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 2021.
- 2.2** In accordance with the directives of the Federal Government regarding the shifting of the Banking system to Islamic modes, the State Bank of Pakistan has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by Banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these unconsolidated financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon. The Islamic Banking branches of the Bank have complied with the requirements set out under the Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) and notified under the provisions of the Companies Act, 2017.
- 2.3** The financial results of the Islamic Banking branches have been consolidated in these unconsolidated condensed interim financial statements for reporting purposes, after eliminating material inter-branch transactions / balances. Key financial figures of the Islamic Banking branches are disclosed in note 40 to these unconsolidated condensed interim financial statements.

3. STATEMENT OF COMPLIANCE

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

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

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

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

5 SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

6. FINANCIAL RISK MANAGEMENT

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

		September 30, 2022 Un-audited	December 31, 2021 Audited
	Note	----- (Rupees '000) -----	
7 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		3,583,363	4,293,826
Foreign currency		161,211	175,646
		3,744,574	4,469,472
With State Bank of Pakistan (SBP) in			
Local currency current accounts	7.1	8,790,129	11,738,058
Foreign currency current accounts	7.2	202,481	144,789
Foreign currency deposit accounts			
- Non Remunerative	7.3	105,661	96,290
- Remunerative	7.4	205,979	178,410
		9,304,250	12,157,547
With National Bank of Pakistan in			
Local currency current accounts		783,557	2,657,534
Local currency deposit accounts	7.5	4,930	15,866
		788,487	2,673,400
Prize bonds		3,130	41,514
		13,840,441	19,341,933

- 7.1** This represents cash reserve required to be maintained with SBP as per the requirement of Section 22 of the Banking Companies Ordinance, 1962. This is a sum not less than such percentage of the Bank's time and demand liabilities in Pakistan as may be prescribed by the SBP.
- 7.2** This represents US Dollar Settlement Account maintained with SBP.
- 7.3** This represents foreign currency (FCY) cash reserve maintained with SBP to comply with statutory reserve requirement applicable to Bank's FCY deposits.
- 7.4** This represents foreign currency special cash reserve maintained with SBP. The Bank is entitled to earn profit which is declared by SBP on a monthly basis. During the period, the SBP has declared 0% to 1.55% profits (2021 : nil) per annum.
- 7.5** This includes savings account with National Bank of Pakistan carrying mark-up at 13.50% (2021: 7.25%) per annum.

		September 30, 2022 Un-audited	December 31, 2021 Audited
	Note	----- (Rupees '000) -----	
8 BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		30	30
In savings accounts	8.1	1,387	1,288
		<u>1,417</u>	<u>1,318</u>
Outside Pakistan			
In current accounts		1,740,086	1,091,241
		<u>1,741,503</u>	<u>1,092,559</u>
8.1	This includes savings account with a commercial bank carrying profit at the rate of 13.5% (2021: 7.25%) per annum.		
9 LENDINGS TO FINANCIAL INSTITUTIONS			
Repurchase agreement lendings (Reverse Repo)	9.2 & 9.4	11,626,813	5,381,208
Musharaka arrangements	9.3	1,000,000	700,000
		<u>12,626,813</u>	<u>6,081,208</u>
9.1 Particulars of lending			
In local currency		12,626,813	6,081,208
In foreign currencies		-	-
		<u>12,626,813</u>	<u>6,081,208</u>
9.2	This represents resale agreement lending with financial institutions and commercial banks carrying mark-up in the range of 15.2% to 15.95% (2021 :10.5% to 10.7%) per annum maturing up to October 03, 2022.(2021: January 07, 2022)		
9.3	This represents arrangement with an Islamic bank carrying mark-up at 15% (2021: 10%) per annum maturing on October 14, 2022 (2021: January 06, 2022).		
9.4 Securities held as collateral against Lendings to financial institutions			

	September 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	----- (Rupees '000) -----					
Market Treasury Bills	11,628,483	-	11,628,483	992,564	-	992,564
Pakistan Investment Bonds	-	-	-	4,398,648	-	4,398,648
Total	<u>11,628,483</u>	<u>-</u>	<u>11,628,483</u>	<u>5,391,212</u>	<u>-</u>	<u>5,391,212</u>

10 INVESTMENTS-NET

10.1 Investments by type

	September 30, 2022 (Un-audited)				December 31, 2021 (Audited)			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
----- Rupees in '000 -----								
Available-for-sale securities								
Federal Government Securities								
Market Treasury Bills	52,569,762	-	(484,991)	52,084,771	42,881,078	-	(64,239)	42,816,839
Pakistan Investment Bonds	17,668,650	-	(483,829)	17,184,821	17,815,867	-	(1,495,398)	16,320,469
Pakistan Investment Bonds-Floater	156,018,159	-	(123,369)	155,894,790	93,251,484	-	(204,160)	93,047,324
Government of Pakistan - Ijarah Sukuk	4,000,010	-	(8,165)	3,991,845	3,000,017	-	(10,927)	2,989,090
Shares								
Listed	2,563,836	(342,758)	(340,552)	1,880,526	2,596,504	(344,000)	(93,489)	2,159,015
Non-government debt securities								
Mutual funds	215,049	(40,111)	23,927	198,865	215,049	(35,063)	29,450	209,436
	233,035,466	(382,869)	(1,416,979)	231,235,618	159,759,999	(379,063)	(1,838,763)	157,542,173
Held-to-maturity securities								
Federal Government Securities								
Pakistan Investment Bonds	11,363,033	-	-	11,363,033	16,744,421	-	-	16,744,421
Preference Shares - Unlisted	77,708	(77,708)	-	-	77,708	(77,708)	-	-
Non-government debt securities								
Term finance certificates - Listed	224,235	-	-	224,235	224,235	-	-	224,235
Term finance certificates - Unlisted	858,973	(416,445)	-	442,528	858,997	(416,445)	-	442,552
	12,523,949	(494,153)	-	12,029,796	17,905,361	(494,153)	-	17,411,208
Investment in Subsidiary								
Fully paid ordinary shares	750,000	-	-	750,000	750,000	-	-	750,000
Total Investments	246,309,415	(877,022)	(1,416,979)	244,015,414	178,415,360	(873,216)	(1,838,763)	175,703,381

10.2 Investments given as collateral

Federal government securities

	September 30, 2022 Un-audited	December 31, 2021 Audited
Pakistan Investment Bonds	104,635,600	24,987,500
Market Treasury Bills	18,501,479	-
	123,137,079	24,987,500

10.3 Provision for diminution in value of investments

10.3.1 Opening balance

Charge / reversals

	September 30, 2022 Un-audited	December 31, 2021 Audited
Charge for the period / year	5,048	87,342
Reversals for the period / year	-	-
Reversal on disposals for the period / year	(1,242)	(25,853)
Transfers - net	3,806	61,489
Closing Balance	877,022	873,216

10.3.2 Particulars of provision against equity / debt investments

Category of classification Domestic

Other assets especially mentioned
 Substandard
 Doubtful
 Loss
Total

September 30, 2022
(Un-audited)

Non performing investments Provision

December 31, 2021
(Audited)

Non performing investments Provision

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

-	-	-	-
-	-	-	-
-	-	-	-
974,920	877,022	971,115	873,216
974,920	877,022	971,115	873,216

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. 97.90 million (2021: Rs.97.90 million). The resultant increase in profit due to FSV benefit taken will not be available for distribution as cash and stock dividend to shareholders.

10.4 The market value of securities classified as held-to-maturity as at September 30, 2022 amounted to Rs. 11,019.27 million (December 31, 2021: Rs.18,251.87 million).

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

11 ADVANCES - NET

	Performing		Non Performing		Total	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
	(Un-audited)	(Audited)	(Un-audited)	(Audited)	(Un-audited)	(Audited)
----- Rupees in '000 -----						
Loans, cash credits, agriculture, running finances etc.	24,054,116	24,750,510	36,618,223	37,064,642	60,672,339	61,815,152
Commodity finance	7,483,042	8,195,361	-	-	7,483,042	8,195,361
Net investment in finance lease	760,697	1,084,150	287,790	321,528	1,048,487	1,405,678
Islamic financing and related assets						
Diminishing musharakah financing	1,073,287	1,191,226	13,238	14,127	1,086,525	1,205,353
Ijarah financing under IFAS 2	11,709	23,159	-	-	11,709	23,159
	33,382,851	35,244,406	36,919,251	37,400,297	70,302,102	72,644,703
Bills discounted and purchased (excluding market treasury bills)						
Payable in Pakistan	349,817	375,343	-	-	349,817	375,343
Payable outside Pakistan	13,455	-	3,405	3,405	16,860	3,405
	363,272	375,343	3,405	3,405	366,677	378,748
Advances - gross	33,746,123	35,619,749	36,922,656	37,403,702	70,668,779	73,023,451
Provision for non-performing advances						
- Specific Provision	-	-	25,534,734	24,339,746	25,534,734	24,339,746
- Specific provision on Leasing Portfolio	-	-	923,020	896,640	923,020	896,640
- General provision against consumer and small enterprise advances	5,710	2,903	-	-	5,710	2,903
	5,710	2,903	26,457,754	25,236,386	26,463,464	25,239,289
Total Advances - Net of Provision	33,740,413	35,616,846	10,464,902	12,167,316	44,205,315	47,784,162

	September 30, 2022 Un-audited	December 31, 2021 Audited
	----- (Rupees '000) -----	
11.1 Particulars of advances (Gross)		
In local currency	70,668,779	73,023,451
In foreign currencies	-	-
	<u>70,668,779</u>	<u>73,023,451</u>

11.2 Advances include Rs 36,922.66 (2021: Rs 37,403.70) million which have been placed under non-performing status are as detailed below:

status are as detailed below:

		September 30, 2022 Un-audited		December 31, 2021 (Audited)	
Category of Classification	Note	Non performing Loans	Provision	Non performing Loans	Provision
		----- Rupees in '000 -----			
Domestic					
Other Assets Especially Mentioned	11.2.1	12,274	-	27,270	-
Substandard		7,471	64	20,125	1,625
Doubtful		20,088	1,469	888,099	296,028
Loss		36,882,823	26,456,221	36,468,208	24,938,733
Total		36,922,656	26,457,754	37,403,702	25,236,386

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

11.2.2 The Bank has availed the benefit of forced sale value on plant and machinery under charge and mortgaged residential and commercial property (land and building only) held as collateral against non-performing advances on the basis of the instructions of the State Bank of Pakistan. Had the benefit not been taken by the Bank, specific provision against non-performing advances would have been higher by Rs.10,436.61 (2021: Rs. 11,680.22) million. The resultant increase in profit due to FSV benefit taken will not be available for distribution as cash and stock dividend to shareholders.

11.2.3 Particulars of provision against advances

	September 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
	Specific	General	Total	Specific	General	Total
	----- Rupees in '000 -----					
Opening balance	25,236,386	2,903	25,239,289	19,500,410	2,208	19,502,618
Exchange adjustments	-	-	-	-	-	-
Charge for the period	1,290,943	2,807	1,293,750	5,976,561	695	5,977,256
Reversals	(116,261)	-	(116,261)	(334,983)	-	(334,983)
	1,174,682	2,807	1,177,489	5,641,578	695	5,642,273
Amounts charged off - Agriculture loans	46,686	-	46,686	93,301	-	93,301
Net charge / (reversal) during the period	1,221,368	2,807	1,224,175	5,734,879	695	5,735,574
Fair value adjustment on net assets of Sindh Leasing Co. Ltd	-	-	-	1,097	-	1,097
Amounts written off	-	-	-	-	-	-
Closing balance	<u>26,457,754</u>	<u>5,710</u>	<u>26,463,464</u>	<u>25,236,386</u>	<u>2,903</u>	<u>25,239,289</u>

11.2.3.1 General provision against consumer loans represents provision maintained at an amount equal to 1% (2021: 1%) of the fully secured performing portfolio and 4% (2021: 4%) of the unsecured performing portfolio as required by the Prudential Regulations issued by SBP. General provision against Small Enterprises financing represents provision maintained at an amount equal to 0% (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, 2022 Un-audited	December 31, 2021 Audited
	Note	----- (Rupees '000) -----	
12 FIXED ASSETS			
Capital work-in-progress	12.1	107,434	73,166
Property and equipment		1,259,352	1,264,760
Right of use assets		1,218,368	1,809,671
		<u>2,585,154</u>	<u>3,147,597</u>
12.1 Capital work-in-progress			
Civil works		14,146	4,396
Equipment		234	1,541
Advances to suppliers		93,054	67,229
		<u>107,434</u>	<u>73,166</u>
12.2 Additions to fixed assets			
The following additions have been made to fixed assets during the period:			
Property and equipment :			
Leasehold improvements		34,733	6,383
Furniture and fixture		3,862	3,200
Computer and office equipment		49,867	25,520
Vehicles		120,357	14,874
Total		<u>208,819</u>	<u>49,977</u>
Disposal of fixed assets			
The net book value of fixed assets disposed off during the period is as follows:			
Lease hold improvements		560	53
Furniture and fixture		10	21
Computer and office equipment		24	118
Vehicles		184	31
Total		<u>778</u>	<u>223</u>
		September 30, 2022 Un-audited	December 31, 2021 Audited
		----- (Rupees '000) -----	
13 INTANGIBLE ASSETS			
Computer Software		96,815	114,274
Others		-	-
		<u>96,815</u>	<u>114,274</u>

	September 30, 2022	September 30, 2021
	Un-audited	
	----- Rupees in '000 -----	
Additions to intangible assets		
The additions to intangible assets during the period:		
Computer Software	8,701	58,562
Disposals of intangible assets		
The net book value of intangible assets disposed off during the period.	-	-
	September 30, 2022	December 31, 2021
	Un-audited	Audited
	----- (Rupees '000) -----	
14 DEFERRED TAX ASSETS - NET		
Deductible Temporary Differences on		
- Provision against advances - general	8,616,697	8,420,982
- Tax losses carried forward	3,655,872	3,319,583
- Provision for diminution in the value of investments	128,109	247,735
- Deficit on revaluation of investments	552,622	717,118
- Others	1,039,583	705,534
	13,992,883	13,410,952
Taxable Temporary Differences on		
- Accelerated tax depreciation - tangible fixed assets	(1,483)	(20,465)
- Net investment in Lease Finance	(131,859)	(131,859)
- Accelerated tax amortization - intangible assets	(10,409)	(6,095)
	(143,751)	(158,419)
	13,849,132	13,252,533
15 OTHER ASSETS		
Income/ Mark-up accrued in local currency	6,615,909	3,045,472
Accrued commission income	14,011	7,234
Advances, deposits, advance rent and other prepayments	325,515	87,898
Receivable against sale of shares	-	268,770
Unrealised gain on forward forex revaluation - net	-	130,799
Insurance premium receivable against agriculture loans	9,986	12,565
Stationery and stamps on hand	24,434	7,984
Dividends receivable	-	-
Receivable against 1 Link ATM settlement account	148,155	-
Advance Taxation - net	-	40,054
Acceptances	-	-
Insurance claims receivable	4,876	16,252
Other receivables	58,942	53,734
	7,201,828	3,670,762
16 BILLS PAYABLE		
In Pakistan	987,324	624,726
Outside Pakistan	-	-
	987,324	624,726

			September 30, 2022 Un-audited	December 31, 2021 Audited
17	BORROWINGS	Note	----- (Rupees '000) -----	
	Secured			
	Borrowings from State Bank of Pakistan			
	- Under export refinance scheme	17.2	1,828,859	1,695,919
	- Under long term finance facility	17.3	59,879	89,819
	Repurchase agreement borrowings			
	- State Bank of Pakistan	17.4	119,562,300	25,000,000
	- Other commercial banks / DFIs	17.5	3,785,868	-
			123,348,168	25,000,000
			125,236,906	26,785,738
17.1	Particulars of borrowings			
	In local currency		125,236,906	26,785,738
	In foreign currencies		-	-
			125,236,906	26,785,738
17.2	These represent borrowings from SBP under export refinance scheme at the rates ranging from 1.00% to 2.00% (2021: 1.00% to 2.00%) per annum having maturity upto six months.			
17.3	These represent borrowings from SBP under long term finance facility at the rate of 3.00% (2021: 3.00%) per annum having maturity upto 5 years.			
17.4	These represent repurchase agreement borrowings from State Bank of Pakistan at the rate ranging from 15.11% to 15.23% (2021: 10.12%) per annum maturing on October 03, 2022 (2021: February 18, 2022). The carrying value of securities given as collateral against these borrowings is given in note 10.2.			
17.5	These represent repurchase agreement borrowings from commercial banks at the rate of 15.05% (2021: Nil) per annum maturing up to October 03, 2022 (2021: nil). The carrying value of securities given as collateral against these borrowings is given in note 10.2.			

18 DEPOSITS AND OTHER ACCOUNTS

	September 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
	In Local Currency	In Foreign Currency	Total	In Local Currency	In Foreign Currency	Total
	----- Rupees in '000 -----					
Customers						
Current deposits	51,060,507	544,878	51,605,385	61,100,359	393,151	61,493,510
Savings deposits	92,351,944	908,953	93,260,897	92,336,919	946,331	93,283,250
Term deposits	39,589,778	493,925	40,083,703	58,533,628	411,867	58,945,495
Margin and other deposits	562,054	-	562,054	563,852	-	563,852
	183,564,283	1,947,756	185,512,039	212,534,758	1,751,349	214,286,107
Financial Institutions						
Current deposits	161,783	25	161,808	47,372	19	47,391
Savings deposits	1,284,969	-	1,284,969	1,443,864	-	1,443,864
Term deposits	1,618,000	-	1,618,000	1,711,000	-	1,711,000
Margin and other deposits	120,044	-	120,044	120,044	-	120,044
	3,184,796	25	3,184,821	3,322,280	19	3,322,299
	186,749,079	1,947,781	188,696,860	215,857,038	1,751,368	217,608,406

		September 30, 2022 Un-audited	December 31, 2021 Audited
	Note	----- (Rupees '000) -----	
19 OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		3,756,701	3,032,140
Mark-up / return / interest payable in foreign currency		3,476	2,947
Accrued expenses		416,741	124,448
Net defined benefit liability		100,662	93,779
Provision for compensated absences		213,054	224,032
Payable against 1 Link ATM settlement account		-	47,032
Provision for taxation		25,702	-
Payable against purchase of operating fixed assets		14,929	13,660
Unrealised loss against forward forex revaluation - net		296,309	-
Payable against purchase of shares		-	205,890
Retention money		57,924	60,701
Federal excise duty / sales tax on services payable		485	6,185
Lease liability		1,473,330	2,073,301
Withholding tax payable		83,620	36,542
Acceptances		-	-
Security deposit against lease contracts	19.1	272,366	362,368
Others		312,748	259,232
		<u>7,028,047</u>	<u>6,542,257</u>

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

20 SHARE CAPITAL

20.1 Authorised capital

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

20.2 Issued, subscribed and paid-up share capital

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

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

21 SHARES DEPOSIT MONEY

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

		September 30, 2022 Un-audited	December 31, 2021 Audited
	Note	----- (Rupees '000) -----	
22 DEFICIT ON REVALUATION OF ASSETS			
Available-for-sale securities			
Federal government securities		(1,100,354)	(1,774,724)
Fully paid ordinary shares - listed		(340,552)	(93,489)
Units of mutual funds (units / certificates)		23,927	29,450
Sukuk certificates		-	-
		(1,416,979)	(1,838,763)
Related deferred taxation		552,620	717,116
		<u>(864,359)</u>	<u>(1,121,647)</u>
23 CONTINGENCIES AND COMMITMENTS			
Guarantees	23.1	4,976,724	4,635,678
Commitments	23.2	185,813,023	52,600,081
Other contingent liabilities		-	-
		<u>190,789,747</u>	<u>57,235,759</u>
23.1 Guarantees:			
Financial guarantees		906,148	1,059,301
Performance guarantees		1,483,962	151,016
Other guarantees		2,586,614	3,425,361
		<u>4,976,724</u>	<u>4,635,678</u>
23.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		85,427	536,689
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	40,808,750	12,941,129
- forward lending	23.2.2	144,918,846	39,122,263
Other commitments		-	-
		<u>185,813,023</u>	<u>52,600,081</u>
23.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		20,357,395	6,740,279
Sale		20,451,355	6,200,850
		<u>40,808,750</u>	<u>12,941,129</u>
23.2.2 Commitments in respect of forward lending			
Forward repurchase agreement lending		124,760,621	25,103,970
Forward resale agreement borrowing		11,631,788	5,382,772
Undrawn formal standby facilities, credit lines and other commitments to lend	23.2.2.1	8,526,437	8,635,521
		<u>144,918,846</u>	<u>39,122,263</u>
23.2.2.1 Commitments to extend credit			

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

		Nine months ended	
		September 30, 2022	September 30, 2021
		----- Un-audited -----	
		----- Rupees in '000 -----	
24	MARK-UP/RETURN/INTEREST EARNED		
	Loans and advances	3,728,069	3,202,255
	Investments	21,053,163	13,264,918
	Lendings to financial institutions	1,088,077	505,800
	Balances with banks	14,914	11,479
		<u>25,884,223</u>	<u>16,984,452</u>
25	MARK-UP/RETURN/INTEREST EXPENSED		
	Deposits	11,415,184	7,399,600
	Borrowings	9,889,841	5,718,561
	Cost of swaps against foreign currency deposits / borrowings	77,480	47,175
	Lease liability against right of use assets	134,812	162,733
		<u>21,517,317</u>	<u>13,328,069</u>
26	FEE AND COMMISSION INCOME		
	Branch banking customer fees	42,002	35,866
	Consumer finance related fees	1,359	843
	Card related fees (debit cards)	152,220	116,765
	Commission on trade	45,859	41,027
	Commission on guarantees	42,917	31,483
	Credit related fees	13,212	9,653
	Commission on remittances including home remittances	14,904	18,474
	Others	737	609
		<u>313,210</u>	<u>254,720</u>
27	GAIN / (LOSS) ON SECURITIES		
	Realised	27.1 (126,765)	110,975
	Unrealised - held for trading	-	-
		<u>(126,765)</u>	<u>110,975</u>
27.1	Realised gain/(loss) on:		
	Federal Government Securities	(23,149)	45,134
	Shares of listed companies	(103,616)	65,841
		<u>(126,765)</u>	<u>110,975</u>
28	OTHER INCOME		
	Gain on sale of operating fixed assets	2,835	383
	Rent on property	520	855
	Incidental charges	2,130	634
	Others	200	210
		<u>5,685</u>	<u>2,082</u>

	Note	Nine months ended	
		September 30, 2022	September 30, 2021
		----- Un-audited -----	----- Rupees in '000 -----
29 OPERATING EXPENSES			
Total compensation expense	29.1	2,654,168	2,045,146
Property expenses			
Rent & taxes		19,486	27,381
Insurance		41,255	25,917
Utilities cost		301,553	195,788
Security (including guards)		304,279	255,118
Repairs & maintenance		17,987	16,383
Depreciation		49,915	49,294
Depreciation on right of use assets		591,304	484,939
		1,325,779	1,054,820
Information technology expenses			
Software maintenance		96,599	59,393
Hardware maintenance		65,197	58,708
Depreciation		14,018	16,986
Amortisation		26,160	23,197
Network charges		11,012	8,022
Others		23,163	15,571
		236,149	181,877
Other operating expenses			
Directors' fees and allowances		11,300	8,500
Fees and allowances to Shariah Board		3,064	3,556
Legal & professional charges		18,009	18,439
Outsourced services costs		84,128	86,314
Travelling & conveyance		30,039	24,999
NIFT clearing charges		22,289	18,590
Depreciation		149,516	143,032
Training & development		1,363	663
Postage & courier charges		19,406	17,845
Communication		88,742	87,577
Stationery & printing		76,421	66,121
Marketing, advertisement & publicity		41,954	30,033
Donations		-	-
Auditors' Remuneration	29.2	11,074	11,020
Repairs & maintenance		91,971	84,826
Brokerage and commission		8,074	10,365
Entertainment		44,503	39,317
Fees and subscription		82,502	85,055
Insurance expenses		9,553	7,360
Others		31,619	29,145
		825,527	772,757
		5,041,623	4,054,600

		Nine months ended	
		September 30, 2022	September 30, 2021
		----- Un-audited -----	
		----- Rupees in '000 -----	
Note			
29.1 Total compensation expense			
Managerial Remuneration			
- Fixed		1,619,872	1,241,324
- Variable Cash Bonus / Awards etc.		12,259	9,856
Charge for defined benefit plan		100,662	62,301
Contribution to defined contribution plan		88,529	71,211
Rent & house maintenance		452,881	379,195
Utilities		92,583	76,182
Medical		92,613	76,180
Conveyance		86,036	64,890
Employees old age benefits contribution		11,396	11,129
Leave Fare Assistance		45,224	10,609
Staff Insurances		51,118	41,786
Others		995	483
		<u>2,654,168</u>	<u>2,045,146</u>
29.2 Auditors' remuneration			
Audit fee		9,307	9,115
Fee for other statutory certifications		903	833
Special certifications and sundry advisory services		425	630
Out-of-pocket expenses		439	442
		<u>11,074</u>	<u>11,020</u>
30 OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan		9,049	63,721
Others		-	-
		<u>9,049</u>	<u>63,721</u>
31 PROVISIONS & WRITE OFFS - NET			
Provisions for diminution in value of investments	10.3.1	5,048	-
Provisions against investment in TFCs	10.3.1	-	12,075
Reversal of Provisions against loans & advances - specific		(82,641)	(110,785)
Provisions against loans & advances - specific		1,304,008	2,375,794
Provisions against loans & advances - general		2,806	333
Net provision during the period	11.2.3	1,224,173	2,265,342
Fixed assets written off		-	-
Bad debts written off directly		-	-
		<u>1,229,221</u>	<u>2,277,417</u>

		Nine months ended	
		September 30, 2022	September 30, 2021
		----- Un-audited -----	
		----- Rupees in '000 -----	
32	TAXATION		
	Current	332,834	216,523
	Prior years	1,217	-
	Deferred	(761,095)	(1,038,176)
		<u>(427,044)</u>	<u>(821,653)</u>
33	BASIC LOSS PER SHARE		
	Loss for the period	(671,292)	(1,351,363)
	Weighted average number of ordinary shares	2,552,442,817	2,499,253,525
	Basic loss per share	<u>(0.26)</u>	<u>(0.54)</u>
34	DILUTED LOSS PER SHARE		
	Loss for the period	(671,292)	(1,351,363)
	Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)	2,552,442,817	2,499,253,525
	Diluted loss per share	<u>(0.26)</u>	<u>(0.54)</u>
35	CASH AND CASH EQUIVALENTS		
	Cash and Balances with Treasury Banks	13,840,441	13,781,554
	Balances with other banks	1,741,503	4,280,831
		<u>15,581,944</u>	<u>18,062,385</u>

36 FAIR VALUE MEASUREMENTS

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

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

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

36.1 Fair value of financial assets

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

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

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

Level 3: Unobservable inputs for the asset or liability.

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

September 30, 2022 (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	-	173,079,611	-	173,079,611
Market Treasury Bills	-	52,084,771	-	52,084,771
Shares of listed companies	1,880,526	-	-	1,880,526
Units of mutual funds	74,035	124,830	-	198,865
Ijarah Sukuk - GoP	-	3,991,845	-	3,991,845
	<u>1,954,561</u>	<u>229,281,057</u>	<u>-</u>	<u>231,235,618</u>
Off balance sheet financial instruments				
Foreign exchange contracts (purchase)	-	20,357,395	-	20,357,395
Foreign exchange contracts (sale)	-	20,451,355	-	20,451,355
December 31, 2021 (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	-	109,367,793	-	109,367,793
Market Treasury Bills	-	42,816,839	-	42,816,839
Shares of listed companies	2,159,015	-	-	2,159,015
Units of mutual funds	99,996	109,440	-	209,436
Ijarah Sukuk - GoP	-	2,989,090	-	2,989,090
	<u>2,259,011</u>	<u>155,283,162</u>	<u>-</u>	<u>157,542,173</u>
Off balance sheet financial instruments				
Foreign exchange contracts (purchase)	-	6,740,279	-	6,740,279
Foreign exchange contracts (sale)	-	6,200,850	-	6,200,850

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

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

37 SEGMENT INFORMATION

37.1 Segment Details with respect to Business Activities

	September 30, 2022 (Un-audited)			
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others
	Rupees in '000			
Profit & Loss				
Net mark-up/return/profit income	12,227,257	29,554	-	(7,889,905)
Inter segment revenue - net	(16,040,526)	-	-	16,040,526
Non mark-up / return / interest income	451,280	408	-	362,963
Total Income	(3,361,989)	29,962	-	8,513,584
Segment direct expenses	(72,102)	(5,487)	-	(4,103,890)
Inter segment expense allocation	(86,919)	(22,166)	-	(760,108)
Total expenses	(159,021)	(27,653)	-	(4,863,998)
Provisions	(5,048)	-	-	(1,224,173)
Profit / (Loss) before tax	(3,526,058)	2,309	-	2,425,413
Balance Sheet				
Cash & Bank balances	9,304,941	-	-	6,277,003
Investments	244,015,414	-	-	-
Net inter segment lending	-	-	-	147,002,035
Lendings to financial institutions	12,626,813	-	-	-
Advances - performing	45,656	294,398	-	33,400,359
- non-performing (net)	-	1,800	-	10,463,102
Others	6,931,521	8,946	-	16,792,462
Total Assets	272,924,345	305,144	-	213,934,961

	September 30, 2022 (Un-audited)				
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
	Rupees in 000'				
Borrowings	123,408,047	-	-	1,828,859	125,236,906
Subordinated debt	-	-	-	-	-
Deposits & other accounts	-	-	-	188,696,860	188,696,860
Net inter segment borrowing	146,705,674	296,361	-	-	147,002,035
Others	1,767,219	8,783	-	6,239,370	8,015,372
Total liabilities	271,880,940	305,144	-	196,765,089	468,951,173
Equity	1,043,405	-	-	17,169,872	18,213,277
Total Equity & liabilities	272,924,345	305,144	-	213,934,961	487,164,450
Contingencies & Commitments	177,201,159	-	-	13,588,588	190,789,747

	September 30, 2021 (Un-audited)				
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
	Rupees in 000'				
Profit & Loss					
Net mark-up/return/profit income	8,034,398	18,542	-	(4,396,557)	3,656,383
Inter segment revenue - net	(11,440,643)	-	-	11,440,643	-
Non mark-up / return / interest income	283,420	411	-	282,508	566,339
Total Income	(3,122,825)	18,953	-	7,326,594	4,222,722
Segment direct expenses	(72,845)	(2,935)	-	(3,252,347)	(3,328,127)
Inter segment expense allocation	(79,019)	(13,907)	-	(697,268)	(790,194)
Total expenses	(151,864)	(16,842)	-	(3,949,615)	(4,118,321)
Provisions	(12,075)	-	-	(2,265,342)	(2,277,417)
Profit / (Loss) before tax	(3,286,764)	2,111	-	1,111,637	(2,173,016)

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

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

38 RELATED PARTY TRANSACTIONS

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

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

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

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

	September 30, 2022 (Un-audited)				December 31, 2021 (Audited)			
	Directors	Key management personnel	Subsidiaries	Other related parties	Directors	Key management personnel	Subsidiaries	Other related parties
	Rupees in '000'							
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	-	184,297	-	-	-	172,054	-	-
Addition during the period / year	-	39,143	-	-	-	20,834	-	-
Repaid during the period / year	-	79,182	-	-	-	29,496	-	-
Transfer in / (out) - net	-	(14,389)	-	-	-	20,904	-	-
Closing balance	-	129,869	-	-	-	184,296	-	-
Other Assets								
Interest / mark-up accrued	-	146	-	-	-	158	-	-
Other receivables	-	-	3	185	-	-	3	50
	-	146	3	185	-	158	3	50
Deposits and other accounts								
Opening balance	767	40,590	39,300	2,138,735	22,930	68,200	77,313	2,079,063
Received during the period / year	16,416	447,357	3,518,486	13,419,163	162,069	433,809	1,320,699	20,942,544
Withdrawn during the period / year	7,356	421,082	3,509,486	13,399,979	184,201	412,641	1,358,712	20,882,872
Transfer in / (out) - net	2,683	58	-	-	(31)	(48,778)	-	-
Closing balance	12,510	66,923	48,300	2,157,919	767	40,590	39,300	2,138,735
Other Liabilities								
Interest / mark-up payable	10	767	414	27,040	22	321	234	16,013

	September 30, 2022 (Un-audited)				September 30, 2021 (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	-	4,106	-	-	-	5,634	-	-
Fee and commission income	-	12	338	28	-	6	56	17
Net gain on sale of securities	-	-	-	200	-	-	-	251
Other income	-	-	-	570	-	-	-	855
Expenses:								
Mark-up / return / interest paid	19	2,399	2,553	117,249	245	1,846	1,039	107,717
Remuneration paid	-	156,870	-	-	-	144,184	-	-
Contribution to provident fund	-	7,616	-	-	-	6,640	-	-
Provision for gratuity	-	13,982	-	-	-	5,516	-	-
Other staff benefits	-	21,974	-	-	-	18,578	-	-
Directors' meetings fee	11,300	-	-	-	8,500	-	-	-
Other expenses	500	-	-	-	1,022	-	-	-
Insurance premium paid	-	-	-	92,857	-	-	-	98,034
Others:								
Sale of Government Securities	-	-	67,035	5,044,300	-	-	-	2,533,500
Purchase of Government Securities	-	-	-	-	-	-	-	150,000
Gratuity paid	-	6,042	-	-	-	4,647	-	-
Leave encashment	-	1,994	-	-	-	2,126	-	-
Expenses recovered under agency arrangement	-	-	-	29	-	-	-	114
Insurance claims settled	-	-	-	25,809	-	-	-	1,728

As at the date of unconsolidated statement of financial position, loans/advances and deposits of government related entities amounted to Rs.7,483.04 million (note 11) and Rs.100,891.75 million (note 18). The above includes deposits amounting to Rs.32,154.53 (2021: Rs.30,744.37) million received through the Finance Department, Government of Sindh.

39 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum Capital Requirement (MCR):

	September 30, 2022 Un-audited	December 31, 2021 Audited
Paid-up capital (net of losses)	<u>13,616,225</u>	<u>14,287,517</u>

Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital	<u>4,537,450</u>	5,689,232
Eligible Additional Tier 1 (ADT 1) Capital	<u>-</u>	<u>-</u>
Total Eligible Tier 1 Capital	<u>4,537,450</u>	5,689,232
Eligible Tier 2 Capital	<u>5,710</u>	<u>-</u>
Total Eligible Capital (Tier 1 + Tier 2)	<u>4,543,160</u>	<u>5,689,232</u>

Risk Weighted Assets (RWAs):

Credit Risk	<u>25,589,881</u>	29,004,835
Market Risk	<u>6,124,505</u>	11,647,751
Operational Risk	<u>7,165,969</u>	7,165,969
Total Risk Weighted Assets	<u>38,880,355</u>	<u>47,818,555</u>

Common Equity Tier 1 Capital Adequacy ratio	<u>11.67%</u>	<u>11.90%</u>
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Tier 1 Capital Adequacy Ratio	<u>11.67%</u>	<u>11.90%</u>
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Total Capital Adequacy Ratio	<u>11.68%</u>	<u>11.90%</u>
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Notional minimum capital requirements prescribed by SBP

CET1 minimum ratio	<u>6.00%</u>	6.00%
Tier 1 minimum ratio	<u>7.50%</u>	7.50%
Total capital minimum ratio	<u>10.00%</u>	10.00%
Total capital minimum ratio plus CCB	<u>11.50%</u>	11.50%

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	<u>4,537,450</u>	5,689,232
Total Exposures	<u>334,452,756</u>	267,438,712
Leverage Ratio (%)	<u>1.36%</u>	<u>2.13%</u>

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets	<u>133,952,089</u>	126,415,608
Total Net Cash Outflow	<u>38,439,007</u>	28,640,693
Liquidity Coverage Ratio (%)	<u>348%</u>	<u>441%</u>

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding	<u>197,497,047</u>	167,053,194
Total Required Stable Funding	<u>64,908,455</u>	65,172,730
Net Stable Funding Ratio	<u>304%</u>	<u>256%</u>

40 ISLAMIC BANKING BUSINESS

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

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

		September 30, 2022 Un-audited	December 31, 2021 Audited
	Note	----- (Rupees ‘000) -----	
Assets			
Cash and balances with treasury banks		505,487	319,466
Balances with other banks		970	83,994
Due from financial institutions	40.1	1,000,000	700,000
Investments	40.2	4,116,676	3,098,530
Islamic financing and related assets	40.3	1,085,425	1,214,895
Fixed assets		152,877	178,015
Intangible assets		3,583	4,333
Deferred tax assets		-	190
Due from head office		66,451	20,457
Other assets		275,881	79,145
		7,207,350	5,699,025
Liabilities			
Bills payable		7,482	12,600
Due to financial institutions		-	250,000
Deposits and other accounts	40.4	6,348,756	4,623,856
Deferred tax liability		6,889	-
Due to head office		-	-
Other liabilities		205,042	226,815
		6,568,169	5,113,271
Net Assets		639,181	585,754
Represented By			
Islamic banking fund		1,100,000	1,100,000
Reserves		-	-
Surplus / (deficit) on revaluation of investments		10,776	(297)
Accumulated loss	40.8	(471,595)	(513,949)
		639,181	585,754
CONTINGENCIES AND COMMITMENTS	40.5		

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

	Note	Nine months ended	
		September 30, 2022	September 30, 2021
		----- Un-audited -----	----- Un-audited -----
		----- Rupees in '000 -----	----- Rupees in '000 -----
Profit / return on financing, investments and placements earned	40.6	493,239	299,773
Return on deposits and other dues expensed	40.7	310,165	213,285
Net income earned before provisions		183,074	86,488
Other income			
Fee, commission and brokerage income		5,534	5,199
Income from dealing in foreign currencies		341	(36)
Dividend income		10,530	8,910
Gain on sale / redemption of securities		-	-
Other income		86	20
		16,491	14,093
Total Income		199,565	100,581
Other expenses			
Administrative expenses		158,019	140,874
Other charges		-	-
Total Other Expenses		158,019	140,874
Profit / (loss) before Provision		41,546	(40,293)
Provisions and write offs - net		(808)	6,830
Profit / (loss) before taxation		42,354	(47,123)
Taxation		-	-
Profit / (loss) after taxation		42,354	(47,123)

The cash flow statement of the business is as follows:

	Nine months ended	
	September 30, 2022	September 30, 2021
	----- Un-audited -----	----- Un-audited -----
	----- Rupees in '000 -----	----- Rupees in '000 -----
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	42,354	(47,123)
Less: Dividend income	(10,530)	(8,910)
	31,824	(56,033)
Adjustments		
Depreciation	29,303	33,332
Amortisation	750	417
Provision against non-performing loans and advances - net	(808)	6,830
	29,245	40,579
	61,069	(15,454)
(Increase) / decrease in operating assets		
Balances with and due from financial institutions	(300,000)	(110,694)
Islamic financing and related assets - net	130,278	901,283
Due from head office	(45,994)	6,889
Other assets	(196,736)	(21,610)
	(412,452)	775,868
(Decrease) / increase in operating liabilities		
Bills payable	(5,118)	28,268
Due to financial institutions	(250,000)	-
Deposits and other accounts	1,724,900	(750,143)
Due to head office	-	-
Other liabilities	(21,773)	(50,134)
	1,448,009	(772,009)
	1,096,626	(11,595)
Income tax paid	-	-
Net cash flow from / (used in) operating activities	1,096,626	(11,595)
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in securities	(999,994)	66,077
Dividend received	10,530	8,910
Investment in operating fixed assets	(4,165)	(6,272)
Net cash flow from / (used in) investing activities	(993,629)	68,715
CASH FLOW FROM FINANCING ACTIVITIES	-	-
Increase in cash and cash equivalents	102,997	57,120
Cash and cash equivalents at beginning of the year	403,460	400,984
Cash and cash equivalents at end of the period	506,457	458,104

40.1 Due from financial institutions

	September 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
	In local currency	In foreign currency	Total	In local currency	In foreign currency	Total
	----- Rupees in '000 -----					
Musharaka arrangements	1,000,000	-	1,000,000	700,000	-	700,000
Bai Muijal	-	-	-	-	-	-
	1,000,000	-	1,000,000	700,000	-	700,000

40.2 Investments

	September 30, 2022 (Un-audited)				December 31, 2021 (Audited)			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
----- Rupees in '000 -----								
Federal Government Securities:								
- Ijarah Sukuks	4,000,011	-	(8,165)	3,991,846	3,000,017	-	(10,927)	2,989,090
Islamic Fund:								
- Listed Companies	99,000	-	25,830	124,830	99,000	-	10,440	109,440
Total Investments	<u>4,099,011</u>	<u>-</u>	<u>17,665</u>	<u>4,116,676</u>	<u>3,099,017</u>	<u>-</u>	<u>(487)</u>	<u>3,098,530</u>

40.3 Islamic financing and related assets

	September 30, 2022 Un-audited	December 31, 2021 Audited
----- (Rupees '000) -----		
Ijarah financing under IFAS 2	11,709	23,159
Diminishing musharakah financing	1,086,525	1,205,353
	<u>1,098,234</u>	<u>1,228,512</u>
Less: provision against Islamic financing		
- Specific	12,809	13,617
- General	-	-
	<u>12,809</u>	<u>13,617</u>
Islamic financing and related assets - net of provisions	<u>1,085,425</u>	<u>1,214,895</u>

40.4 Deposits and other accounts

	September 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
	In Local Currency	In Foreign Currency	Total	In Local Currency	In Foreign Currency	Total
----- Rupees in '000 -----						
Customers						
Current deposits	712,279	1,031	713,310	516,991	1,135	518,126
Savings deposits	3,046,539	5,950	3,052,489	1,417,331	99,465	1,516,796
Term deposits	1,409,223	-	1,409,223	1,453,523	-	1,453,523
Margin and other deposits	25,715	-	25,715	5,015	-	5,015
	<u>5,193,756</u>	<u>6,981</u>	<u>5,200,737</u>	<u>3,392,860</u>	<u>100,600</u>	<u>3,493,460</u>
Financial Institutions						
Current deposits	2,509	-	2,509	1,917	-	1,917
Savings deposits	805,480	-	805,480	673,449	-	673,449
Term deposits	340,000	-	340,000	455,000	-	455,000
Margin and other deposits	30	-	30	30	-	30
	<u>1,148,019</u>	<u>-</u>	<u>1,148,019</u>	<u>1,130,396</u>	<u>-</u>	<u>1,130,396</u>
	<u>6,341,775</u>	<u>6,981</u>	<u>6,348,756</u>	<u>4,523,256</u>	<u>100,600</u>	<u>4,623,856</u>

	September 30, 2022 Un-audited	December 31, 2021 Audited
40.5 Contingencies and Commitments	----- (Rupees '000) -----	
Guarantees	175,915	151,016
Letters of Credit	-	-
Commitments	-	-
	<u>175,915</u>	<u>151,016</u>
40.6 Profit / Return on Financing, Investments and Placements earned	----- Un-audited -----	----- Rupees in '000 -----
Financing	132,187	137,482
Investments	315,037	85,246
Deposits with financial institutions	46,015	77,045
	<u>493,239</u>	<u>299,773</u>
40.7 Return on Deposits and other Dues Expensed		
Deposits and other accounts	283,665	187,540
Due to Financial Institutions	12,102	13,765
Amortisation of lease liability against right-of-use assets	14,398	11,980
Others	-	-
	<u>310,165</u>	<u>213,285</u>
40.8 Islamic Banking Business Accumulated Losses	----- (Rupees '000) -----	
Opening Balance	(513,949)	(454,909)
Add: Islamic Banking loss for the period/year	42,354	(59,040)
Less: Taxation	-	-
Less: Reserves	-	-
Less: Transferred / Remitted to Head Office	-	-
Closing Balance	<u>(471,595)</u>	<u>(513,949)</u>

41 GENERAL

Figures have been rounded off to the nearest thousand Rupees.

42 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue by the Board of Directors on October 13, 2022.

				
Chairman	President and Chief Executive Officer	Director	Director	Chief Financial Officer

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

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

As At September 30, 2022		September 30, 2022	December 31, 2021
		Un-audited	Audited
	Note	----- (Rupees in '000) -----	
ASSETS			
Cash and balances with treasury banks	7	13,876,377	19,364,832
Balances with other banks	8	2,196,506	1,508,412
Lendings to financial institutions	9	12,626,813	6,081,208
Investments	10	243,300,294	175,428,966
Advances-net	11	45,355,977	48,728,627
Fixed assets	12	2,672,182	3,233,545
Intangible assets	13	98,482	116,671
Deferred tax assets-net	14	13,851,531	13,253,786
Other assets	15	7,290,857	3,770,967
		341,269,019	271,487,014
LIABILITIES			
Bills payable	16	987,324	624,726
Borrowings	17	125,546,906	27,535,738
Deposits and other accounts	18	189,193,787	217,842,678
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	19	7,080,897	6,637,242
		322,808,914	252,640,384
NET ASSETS		18,460,105	18,846,630
REPRESENTED BY			
Share capital - net	20	25,524,428	25,524,428
Reserves		1,523,323	1,516,452
Shares deposit money	21	4,000,000	4,000,000
Deficit on revaluation of assets	22	(864,359)	(1,121,647)
Accumulated Loss		(11,723,287)	(11,072,603)
		18,460,105	18,846,630
CONTINGENCIES AND COMMITMENTS			
	23		

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


 Chairman


 President and
Chief Executive Officer


 Director



 Director


 Chief Financial Officer

Consolidated Condensed Interim Profit And Loss Account (Un-audited) For The Nine Months And Quarter Ended September 30, 2022

		Nine months ended		Quarter ended	
		September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Note		(Rupees in '000)			
Mark-up / Return / Interest Earned	24	26,214,885	17,239,311	10,704,733	6,311,431
Mark-up / Return / Interest Expensed	25	21,597,343	13,369,250	9,296,589	4,723,748
Net Mark-up / Interest Income		4,617,542	3,870,061	1,408,144	1,587,683
Non Mark-up / Interest Income					
Fee and Commission Income	26	313,210	254,720	107,337	91,050
Dividend Income		193,164	115,897	105,335	40,366
Foreign Exchange Income		429,357	82,665	98,715	(2,635)
Income / (loss) from derivatives		-	-	-	-
Gain / (Loss) on securities	27	(126,765)	110,975	3,821	23,492
Other Income	28	5,685	2,082	1,497	764
Total non-markup/interest Income		814,651	566,339	316,705	153,037
Total Income		5,432,193	4,436,400	1,724,849	1,740,720
Non Mark-up / Interest Expenses					
Operating expenses	29	5,243,632	4,217,193	1,872,422	1,470,070
Other charges	30	9,090	63,721	8,289	5
Total non-markup/interest expenses		5,252,722	4,280,914	1,880,711	1,470,075
Profit / (Loss) before provisions		179,471	155,486	(155,862)	270,645
Provisions and write offs - net	31	1,240,061	2,291,173	129,369	1,962,930
Extra ordinary / unusual items		-	-	-	-
Loss before Taxation		(1,060,590)	(2,135,687)	(285,231)	(1,692,285)
Taxation	32	(416,777)	(810,029)	(110,284)	(660,237)
Loss after Taxation		(643,813)	(1,325,658)	(174,947)	(1,032,048)
		(Rupees)			
Basic (Loss) / Earnings per share	33	(0.25)	(0.53)	(0.07)	(0.40)
Diluted (Loss) / Earnings per share	34	(0.25)	(0.53)	(0.07)	(0.40)






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

 Chairman
 President and Chief Executive Officer
 Director
 Director
 Chief Financial Officer

Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited) For The Nine Months And Quarter Ended September 30, 2022

	Nine months ended		Quarter ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	(Rupees in '000)			
Loss after taxation for the period	(643,813)	(1,325,658)	(174,947)	(1,032,048)
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in (deficit) / surplus on revaluation of investments - net of tax	<u>257,288</u> <u>(386,525)</u>	<u>(243,028)</u> <u>(1,568,686)</u>	<u>(188,883)</u> <u>(363,830)</u>	<u>(259,524)</u> <u>(1,291,572)</u>
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement gain / (loss) on defined benefit obligations - net of deferred tax	-	-	-	-
Total comprehensive income / (loss)	<u>(386,525)</u>	<u>(1,568,686)</u>	<u>(363,830)</u>	<u>(1,291,572)</u>

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

 Chairman President and Chief Executive Officer Director Director Chief Financial Officer

Consolidated Condensed Interim Statement Of Changes In Equity (Un-audited) For The Nine Months Ended September 30, 2022

	Share Capital	Proposed Ordinary shares to be issued on amalgamation	Shares Deposit Money	Capital Reserves			Depositors protection fund reserve**	Surplus / (Deficit) on revaluation of Investments	Accumulated Loss ***	Total
				Reserves on amalgamation	Share Premium	Statutory Reserve *				
	Rupees in '000									
Balance as at January 01, 2021	19,710,130	3,814,298	2,000,000	19,443	51	1,490,492	9,640	(408,505)	(7,365,678)	19,269,871
Loss 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
Loss after tax for the three months ended December 31, 2021	-	-	-	-	-	-	-	-	(2,374,478)	(2,374,478)
Other comprehensive income (/loss) - net of tax	-	-	-	-	-	-	-	(470,114)	47	(470,067)
Transfer to statutory reserve	-	-	-	-	-	328	-	-	(328)	-
Transfer to depositors' protection fund - 5% of the profit after tax for the period	-	-	-	-	-	-	82	-	(82)	-
Share deposit money	-	-	4,000,000	-	-	-	-	-	-	4,000,000
Fair valuation adjustment of net assets of Sindh Leasing Company Limited	-	-	-	(10,010)	-	-	-	-	-	(10,010)
Balance as at December 31, 2021	25,524,428	-	4,000,000	9,433	51	1,495,961	11,007	(1,121,647)	(11,072,603)	18,846,630
Loss after tax for the nine months ended September 30, 2022	-	-	-	-	-	-	-	-	(643,813)	(643,813)
Other comprehensive income - net of tax	-	-	-	-	-	-	-	257,288	-	257,288
Transfer to statutory reserve	-	-	-	-	-	5,497	-	-	(5,497)	-
Transfer to depositors' protection fund - 5% of the profit after tax for the period	-	-	-	-	-	-	1,374	-	(1,374)	-
Balance as at September 30, 2022	25,524,428	-	4,000,000	9,433	51	1,501,458	12,381	(864,359)	(11,723,287)	18,460,105

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

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

*** As more fully explained in note 11.2.2 of these unconsolidated financial statements, unappropriated profit / (loss) includes an amount of Rs.6,426.052 million net of tax as at September 30, 2022 (December 31, 2021: Rs. 7,184.65 million) representing additional profit arising from availing forced sale value benefit for determining provisioning requirement which is not available for the purpose of distribution of dividend to shareholders.

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


Chairman

President and Chief Executive Officer

Director

Director

Chief Financial Officer

Consolidated Condensed Interim Cash Flow Statement (Un-audited) For The Nine Months Ended September 30, 2022

		September 30, 2022	September 30, 2021
	Note	----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		(1,060,590)	(2,135,687)
Less: Dividend income		(193,164)	(115,897)
		(1,253,754)	(2,251,584)
Adjustments:			
Depreciation	29	820,982	709,223
Amortisation	29	26,928	23,883
Provision against non-performing loans and advances - net	31	1,233,613	2,277,074
Provision for diminution in the value of investments - net		5,048	12,075
Gain on sale of operating fixed assets	28	2,835	(383)
		2,089,406	3,021,872
		835,652	770,288
(Increase) / decrease in operating assets			
Lendings to financial institutions		(6,545,605)	(9,333,033)
Advances - net		2,139,037	1,451,024
Other assets (excluding advance taxation)		(3,576,573)	664,193
		(7,983,141)	(7,217,816)
Increase / (decrease) in operating liabilities			
Bills payable		362,598	315,719
Borrowings from financial institutions		98,011,168	12,903,224
Deposits and other accounts		(28,648,891)	35,001,550
Other liabilities (excluding current taxation)		443,655	(365,992)
		70,168,530	47,854,501
		63,021,041	41,406,973
Income tax paid		(288,781)	(86,165)
Net cash flows from / (used in) operating activities		62,732,260	41,320,808
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in available-for-sale securities		(73,276,709)	(42,163,936)
Net investment in held-to-maturity securities		5,822,117	708,416
Dividends received		193,164	99,193
Investments in operating fixed assets		(274,806)	(176,434)
Sale proceeds from sale of fixed assets		3,613	607
Net cash flows from / (used in) investing activities		(67,532,621)	(41,532,154)
CASH FLOW FROM FINANCING ACTIVITIES			
		-	-
(Decrease) / Increase in cash and cash equivalents		(4,800,361)	(211,346)
Cash and cash equivalents at the beginning of the year		20,873,244	19,094,477
Cash and cash equivalents at the end of the period	35	16,072,883	18,883,131

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

 _____ Chairman	 _____ President and Chief Executive Officer	 _____ Director	 _____ Director	 _____ Chief Financial Officer
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Notes To The Consolidated Condensed Interim Financial Statements For The Nine Months Ended September 30, 2022

1. STATUS AND NATURE OF BUSINESS

The "Group" consists of:

1.1 Holding Company

1.1.1 Sindh Bank Limited (the Bank) was incorporated in Pakistan on October 29, 2010 as a public unlisted company and is engaged in Commercial Banking, Corporate and Investment related activities. The Bank operates 330 (2021: 330) branches including 8 (2021: 8) sub-branches and 14 (2021: 14) Islamic banking branches in Pakistan. The Bank's registered office is located at 3rd floor, Federation House, Abdullah Shah Ghazi Road, Clifton, Karachi, Pakistan.

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

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

1.2 Subsidiary company

1.2.1 Sindh Microfinance Bank Limited

Sindh Microfinance Bank Limited (the Microfinance Bank) was incorporated on March 27, 2015 as a public company limited by shares under the Companies Ordinance, 1984. The Microfinance Bank obtained Microfinance banking license from State Bank of Pakistan (SBP) on October 16th, 2015, to operate in Sindh Province. Subsequently the Microfinance Bank has received the certificate of commencement of business from Securities & Exchange Commission of Pakistan (SECP) on November 30, 2015. The Microfinance Bank's registered office is situated at 39/F, 2nd Floor, Muhammad Ali Cooperative Housing Society, Karachi. The Microfinance Bank's principal business will be to provide microfinance services to the poor and underserved segment of the society as envisaged under the Microfinance Institutions Ordinance, 2001. The Microfinance Bank operates with a network of 18 (2021: 18) branches and 64 (2021: 62) services centers. The Bank holds 99.99% shares of the Microfinance Bank and remaining shares are held by the nominees of the Bank.

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

1.3 Going Concern

1.3.1 Due to significant losses suffered by the 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. 4 billion has been received from the GoS in the subsequent period..
- 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.

1.4 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 2021.

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

3. STATEMENT OF COMPLIANCE

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

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

- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

5. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

6. FINANCIAL RISK MANAGEMENT

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

		September 30, 2022 Un-audited	December 31, 2021 Audited
	Note	----- (Rupees '000) -----	
7 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		3,584,160	4,294,590
Foreign currency		161,211	175,646
		3,745,371	4,470,236
With State Bank of Pakistan (SBP) in			
Local currency current accounts	7.1	8,821,785	11,755,480
Foreign currency current accounts	7.2	202,481	144,789
Foreign currency deposit accounts			
- Non Remunerative	7.3	105,661	96,290
- Remunerative	7.4	205,979	178,410
		9,335,906	12,174,969
With National Bank of Pakistan in			
Local currency current accounts		787,040	2,657,534
Local currency deposit accounts	7.5	4,930	20,579
		791,970	2,678,113
Prize bonds		3,130	41,514
		13,876,377	19,364,832
7.1	This represents cash reserve required to be maintained with SBP as per the requirement of Section 22 of the Banking Companies Ordinance, 1962.		
7.2	This represents US Dollar Settlement Account maintained with SBP.		
7.3	This represents foreign currency (FCY) cash reserve maintained with SBP to comply with statutory reserve requirement applicable on Group's FCY deposits.		
7.4	This represents foreign currency special cash reserve maintained with SBP. The Group is entitled to earn profit which is declared by SBP on a monthly basis. During the period, the SBP has declared 0% to 1.55% profits (2021 : nil) per annum.		
7.5	This includes savings account with National Bank of Pakistan carrying mark-up at 13.50% (2021: 7.25%) per annum.		

		September 30, 2022 Un-audited	December 31, 2021 Audited
	Note	----- (Rupees '000) -----	
8 BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		30	13,069
In savings accounts	8.1	456,390	404,102
		456,420	417,171
Outside Pakistan			
In current accounts		1,740,086	1,091,241
		2,196,506	1,508,412

8.1 This includes savings account with a commercial bank carrying profit at the rate of 13.5% (2021: 7.25%) per annum.

9 LENDINGS TO FINANCIAL INSTITUTIONS

Repurchase agreement lendings (Reverse Repo)	9.2 & 9.4	11,626,813	5,381,208
Musharaka arrangements	9.3	1,000,000	700,000
		12,626,813	6,081,208
9.1 Particulars of lending			
In local currency		12,626,813	6,081,208
In foreign currencies		-	-
		12,626,813	6,081,208

9.2 This represents resale agreement lending with financial institutions and commercial banks carrying mark-up in the range of 15.2% to 15.95% (2021 :10.5% to 10.7%) per annum maturing up to October 03, 2022.(2021: January 07, 2022).

9.3 This represents arrangement with an Islamic bank carrying mark-up at 15% (2021: 10%) per annum maturing on October 14, 2022 (2021: January 06, 2022).

9.4 Securities held as collateral against Lendings to financial institutions

	September 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	----- (Rupees '000) -----					
Market Treasury Bills	11,628,483	-	11,628,483	992,564	-	992,564
Pakistan Investment Bonds	-	-	-	4,398,648	-	4,398,648
Total	11,628,483	-	11,628,483	5,391,212	-	5,391,212

10 INVESTMENTS-NET

10.1 Investments by type

	September 30, 2022 (Un-audited)				December 31, 2021 (Audited)			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Rupees in '000								
Available-for-sale securities								
Federal Government Securities								
Market Treasury Bills	52,569,763		(484,991)	52,084,772	42,881,078	-	(64,239)	42,816,839
Pakistan Investment Bonds	17,668,649	-	(483,829)	17,184,820	17,815,867	-	(1,495,398)	16,320,469
Pakistan Investment Bonds - Floater	156,018,159	-	(123,369)	155,894,790	93,251,484	-	(204,160)	93,047,324
Government of Pakistan - Ijarah Sukuk	4,000,010	-	(8,165)	3,991,845	3,000,017	-	(10,927)	2,989,090
Shares								
Listed	2,563,836	(342,758)	(340,552)	1,880,526	2,596,504	(344,000)	(93,489)	2,159,015
Non-government debt securities								
Mutual funds	215,049	(40,111)	23,927	198,865	215,049	(35,063)	29,450	209,436
	233,035,466	(382,869)	(1,416,979)	231,235,618	159,759,999	(379,063)	(1,838,763)	157,542,173
Held-to-maturity securities								
Federal Government Securities								
Pakistan Investment Bonds	11,363,033	-	-	11,363,033	16,744,421	-	-	16,744,421
Market Treasury Bills	34,880	-	-	34,880	25,585	-	-	25,585
Preference Shares - Unlisted	77,708	(77,708)	-	-	77,708	(77,708)	-	-
Term Deposits Accounts	-	-	-	-	450,000	-	-	450,000
Non-government debt securities								
Term finance certificates- Listed	224,235	-	-	224,235	224,235	-	-	224,235
Term finance certificates- Unlisted	858,973	(416,445)	-	442,528	858,997	(416,445)	-	442,552
	12,558,829	(494,153)	-	12,064,676	18,380,946	(494,153)	-	17,886,793
Total Investments	245,594,295	(877,022)	(1,416,979)	243,300,294	178,140,945	(873,216)	(1,838,763)	175,428,966

10.2 Investments given as collateral

	September 30, 2022 Un-audited	December 31, 2021 Audited
----- (Rupees '000) -----		
Federal government securities		
Pakistan Investment Bonds	104,635,600	24,987,500
Market Treasury Bills	18,501,479	-
	123,137,079	24,987,500

10.3 Provision for diminution in value of investments

10.3.1 Opening balance	873,216	811,727
Charge / reversals		
Charge for the period / year	5,048	87,342
Reversals for the period / year	-	-
Reversal on disposals	(1,242)	(25,853)
Transfers - net	3,806	61,489
Closing Balance	877,022	873,216

10.3.2 Particulars of provision against equity / debt investments

Category of classification	September 30, 2022 (Un-audited)		December 31, 2021 (Audited)	
	Non performing investments	Provision	Non performing investments	Provision
Rupees in '000				
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	974,920	877,022	971,115	873,216
Total	974,920	877,022	971,115	873,216

10.3.3 The Group 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. 97.90 million (2021: Rs.97.90 million). The resultant increase in profit due to FSV benefit taken will not be available for distribution as cash and stock dividend to shareholders.

10.4 The market value of securities classified as held-to-maturity as at September 30, 2022 amounted to Rs. 11,019.27 million (December 31, 2021: Rs.18,251.87 million).

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

11 ADVANCES - NET

	Performing		Non Performing		Total	
	September 30, 2022 (Un-audited)	December 31, 2021 (Audited)	September 30, 2022 (Un-audited)	December 31, 2021 (Audited)	September 30, 2022 (Un-audited)	December 31, 2021 (Audited)
Rupees in '000						
Loans, cash credits, agriculture, running finances etc.	25,175,682	25,697,729	36,670,124	37,075,254	61,845,806	62,772,983
Commodity finance	7,483,042	8,195,361	-	-	7,483,042	8,195,361
Net investment in finance lease	760,697	1,084,150	287,790	321,528	1,048,487	1,405,678
Islamic financing and related assets						
Diminishing musharakah financing	1,073,287	1,191,226	13,238	14,127	1,086,525	1,205,353
Ijarah financing under IFAS 2	11,709	23,159	-	-	11,709	23,159
	34,504,417	36,191,625	36,971,152	37,410,909	71,475,569	73,602,534
Bills discounted and purchased (excluding market treasury bills)						
Payable in Pakistan	349,817	375,343	-	-	349,817	375,343
Payable outside Pakistan	13,455	-	3,405	3,405	16,860	3,405
	363,272	375,343	3,405	3,405	366,677	378,748
Advances - gross	34,867,689	36,566,968	36,974,557	37,414,314	71,842,246	73,981,282
Provision for non-performing advances						
- Specific	-	-	25,546,304	24,343,891	25,546,304	24,343,891
- Specific provision on Leasing portfolio	-	-	923,020	896,640	923,020	896,640
- General provision against consumer and small enterprise advances	16,945	12,124	-	-	16,945	12,124
	16,945	12,124	26,469,324	25,240,531	26,486,269	25,252,655
Total Advances - Net	34,850,744	36,554,844	10,505,233	12,173,783	45,355,977	48,728,627

September 30, 2022
 (Un-audited)

December 31, 2021
 Audited

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

11.1 Particulars of advances (Gross)

In local currency	71,842,246	73,981,282
In foreign currencies	-	-
	<u>71,842,246</u>	<u>73,981,282</u>

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

Category of Classification	Note	September 30, 2022 (Un-audited)		December 31, 2021 (Audited)	
		Non performing loans	Provision	Non performing loans	Provision
		----- Rupees in '000 -----			
Domestic					
Other Assets Especially Mentioned	11.2.1	46,022	-	29,037	-
Substandard		9,856	660	21,655	2,007
Doubtful		29,676	6,263	895,204	299,581
Loss		36,889,003	26,462,401	36,468,418	24,938,943
Total		36,974,557	26,469,324	37,414,314	25,240,531

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

11.2.2 The Bank has availed the benefit of forced sale value on plant and machinery under charge and mortgaged residential and commercial property (land and building only) held as collateral against non-performing advances on the basis of the instructions of the State Bank of Pakistan. Had the benefit not been taken by the Bank, specific provision against non-performing advances would have been higher by Rs.10,436.61 (2021: Rs. 11,680.22) million. The resultant increase in profit due to FSV benefit taken will not be available for distribution as cash and stock dividend to shareholders.

11.2.3 Particulars of provision against advances

	September 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
	Specific	General	Total	Specific	General	Total
	----- Rupees in '000 -----					
Opening balance	25,240,531	12,124	25,252,655	19,501,319	7,488	19,508,807
Exchange adjustments	-	-	-	-	-	-
Charge for the period	1,298,368	4,821	1,303,189	5,985,775	4,636	5,990,411
Reversals	(116,261)	-	(116,261)	(334,983)	-	(334,983)
	1,182,107	4,821	1,186,928	5,650,792	4,636	5,655,428
Amounts charged off - Agriculture loans	46,686	-	46,686	93,301	-	93,301
Net charge / (reversal) during the period	1,228,793	4,821	1,233,614	5,744,093	4,636	5,748,729
Fair value adjustment on net assets of Sindh Leasing Co. Ltd	-	-	-	1,097	-	1,097
Amounts written off	-	-	-	(5,978)	-	(5,978)
Closing balance	26,469,324	16,945	26,486,269	25,240,531	12,124	25,252,655

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

	Note	September 30, 2022 Un-audited	December 31, 2021 Audited
		----- (Rupees '000) -----	
12 FIXED ASSETS			
Capital work-in-progress	12.1	107,434	73,166
Property and equipment		1,285,666	1,282,018
Right of use assets		1,279,082	1,878,361
		<u>2,672,182</u>	<u>3,233,545</u>
12.1 Capital work-in-progress			
Civil works		14,146	4,396
Equipment		234	1,541
Advances to suppliers		93,054	67,229
		<u>107,434</u>	<u>73,166</u>

12.2 Additions to fixed assets

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

Property and equipment :

	September 30, 2022	September 30, 2021
	----- Un-audited -----	----- Un-audited -----
	----- Rupees in '000 -----	----- Rupees in '000 -----
Lease-hold improvements	34,898	6,460
Furniture and fixture	3,892	3,200
Computer and office equipment	61,468	27,332
Vehicles	122,591	14,874
Total	222,849	51,866

Disposal of fixed assets

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

Lease-hold improvements	560	53
Furniture and fixture	10	21
Computer and office equipment	24	118
Vehicles	184	31
Total	778	223

13 INTANGIBLE ASSETS

	September 30, 2022	December 31, 2021
	Un-audited	Audited
	----- (Rupees '000) -----	----- (Rupees '000) -----
Computer Software	98,482	116,671
Others	-	-
Total	98,482	116,671

Additions to intangible assets

The additions to intangible assets during the period:

Computer Software	8,739	59,083
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Disposals of intangible assets

The net book value of intangible assets disposed off during the period.

	September 30, 2022	September 30, 2021
	----- Un-audited -----	----- Un-audited -----
	----- Rupees in '000 -----	----- Rupees in '000 -----
	-	-

	September 30, 2022 Un-audited	December 31, 2021 Audited
	----- (Rupees '000) -----	
14 DEFERRED TAX ASSETS -NET		
Deductible Temporary Differences on		
- Provision against advances - general	8,623,311	8,424,857
- Tax losses carried forward	3,655,872	3,319,583
- Provision for diminution in the value of investments	128,109	247,735
- Accelerated tax depreciation - right to use assets	(17,607)	(11,049)
- Deficit on revaluation of investments	552,622	717,118
- Others	1,053,221	714,855
	13,995,528	13,413,099
Taxable Temporary Differences on		
- Net investment in Lease Finance	(131,859)	(131,859)
- Accelerated tax depreciation - tangible fixed assets	(1,729)	(21,330)
- Others	-	(197)
- Accelerated tax amortization - intangible assets	(10,409)	(5,927)
	(143,997)	(159,313)
	13,851,531	13,253,786
15 OTHER ASSETS		
Income/ Mark-up accrued in local currency	6,679,068	3,107,249
Accrued commission income	14,011	7,234
Advances, deposits, advance rent and other prepayments	343,166	101,478
Receivable against sale of shares	-	268,770
Unrealised gain on forward forex revaluation - net	-	130,799
Insurance premium receivable against agriculture loans	9,986	12,565
Stationery and stamps on hand	24,434	7,984
Receivable against 1 Link ATM settlement account	148,155	-
Advance Taxation - net	8,218	64,901
Insurance claims receivable	4,876	16,252
Other receivables	58,943	53,735
	7,290,857	3,770,967
16 BILLS PAYABLE		
In Pakistan	987,324	624,726
Outside Pakistan	-	-
	987,324	624,726
17 BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan		
- Under export refinance scheme	17.2 1,828,859	1,695,919
- Under long term finance facility	17.3 59,879	89,819
Repurchase agreement borrowings		
- State Bank of Pakistan	17.4 119,562,300	25,000,000
- Other commercial banks / DFIs	17.5 3,785,868	-
	123,348,168	25,000,000
Unsecured		
- State Bank of Pakistan(SBP)	17.6 310,000	750,000
	125,546,906	27,535,738

	September 30, 2022 Un-audited	December 31, 2021 Audited
	----- (Rupees '000) -----	
17.1 Particulars of borrowings		
In local currency	125,546,906	27,535,738
In foreign currencies	-	-
	<u>125,546,906</u>	<u>27,535,738</u>
17.2	These represent borrowings from SBP under export refinance scheme at the rates ranging from 1.00% to 2.00% (2021: 1.00% to 2.00%) per annum having maturity upto six months.	
17.3	These represent borrowings from SBP under long term finance facility at the rate of 3.00% (2021: 3.00%) per annum having maturity upto 5 years.	
17.4	These represent repurchase agreement borrowings from State Bank of Pakistan at the rate ranging from 15.11% to 15.23% (2021: 10.12%) per annum maturing on October 03, 2022 (2021: February 18, 2022). The carrying value of securities given as collateral against these borrowings is given in note 10.2.	
17.5	These represent repurchase agreement borrowings from commercial banks at the rate of 15.05% (2021: Nil) per annum maturing up to October 03, 2022 (2021: nil). The carrying value of securities given as collateral against these borrowings is given in note 10.2.	
17.6	This represent borrowings from SBP under LOC fund of Microfinance Bank Ltd at the rate of Kibor 6 m -1% (2021: Kibor +1%) per annum having maturity upto 5 years.	

18 DEPOSITS AND OTHER ACCOUNTS

	September 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
	In Local Currency	In Foreign Currency	Total	In Local Currency	In Foreign Currency	Total
	----- Rupees in '000 -----					
Customers						
Current deposits	51,060,632	544,878	51,605,510	61,100,484	393,151	61,493,635
Savings deposits	92,356,506	908,953	93,265,459	92,107,801	946,331	93,054,132
Term deposits	39,859,385	493,925	40,353,310	58,783,628	411,867	59,195,495
Margin and other deposits	562,054	-	562,054	563,852	-	563,852
	<u>183,838,577</u>	<u>1,947,756</u>	<u>185,786,333</u>	<u>212,555,765</u>	<u>1,751,349</u>	<u>214,307,114</u>
Financial Institutions						
Current deposits	161,783	25	161,808	47,372	19	47,391
Savings deposits	1,507,602	-	1,507,602	1,657,129	-	1,657,129
Term deposits	1,618,000	-	1,618,000	1,711,000	-	1,711,000
Margin and other deposits	120,044	-	120,044	120,044	-	120,044
	<u>3,407,429</u>	<u>25</u>	<u>3,407,454</u>	<u>3,535,545</u>	<u>19</u>	<u>3,535,564</u>
	<u>187,246,006</u>	<u>1,947,781</u>	<u>189,193,787</u>	<u>216,091,310</u>	<u>1,751,368</u>	<u>217,842,678</u>

		September 30, 2022 Un-audited	December 31, 2021 Audited
19	OTHER LIABILITIES	----- (Rupees '000) -----	
	Note		
	Mark-up / return / interest payable in local currency	3,777,421	3,059,322
	Mark-up / return / interest payable in foreign currency	3,476	2,947
	Accrued expenses	426,638	125,093
	Net defined benefit liability	103,495	98,875
	Provision for compensated absences	213,054	224,033
	Unrealised loss against forward forex revaluation - net	296,309	-
	Payable against 1 Link ATM settlement account	-	47,032
	Payable to employees' provident fund	904	929
	Payable against purchase of operating fixed assets	14,929	13,660
	Payable against purchase of shares	-	205,890
	Retention money	57,924	60,701
	Federal excise duty / sales tax on services payable	485	4,599
	Lease liability	1,517,527	2,129,702
	Withholding tax payable	83,620	37,116
	Security deposit against lease contracts	272,366	362,368
	Others	312,749	264,975
		<u>7,080,897</u>	<u>6,637,242</u>

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

20 SHARE CAPITAL - NET

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

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

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

		September 30, 2022 Un-audited	December 31, 2021 Audited
	Note	----- (Rupees '000) -----	
22 DEFICIT ON REVALUATION OF ASSETS			
Available-for-sale securities			
Federal Government securities		(1,100,354)	(1,774,724)
Fully paid ordinary shares - listed		(340,552)	(93,489)
Units of mutual funds (units / certificates)		23,927	29,450
		(1,416,979)	(1,838,763)
Related deferred taxation		552,620	717,116
		(864,359)	(1,121,647)
23 CONTINGENCIES AND COMMITMENTS			
Guarantees	23.1	4,976,724	4,635,678
Commitments	23.2	185,813,023	52,600,081
		190,789,747	57,235,759
23.1 Guarantees:			
Financial guarantees		906,148	1,059,301
Performance guarantees		1,483,962	151,016
Other guarantees		2,586,614	3,425,361
		4,976,724	4,635,678
23.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- letters of credit		85,427	536,689
Commitments in respect of:			
- forward foreign exchange contracts	23.2.1	40,808,750	12,941,129
- forward lending	23.2.2	144,918,846	39,122,263
Other commitments		-	-
		185,813,023	52,600,081
23.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		20,357,395	6,740,279
Sale		20,451,355	6,200,850
		40,808,750	12,941,129
23.2.2 Commitments in respect of forward lending			
Forward repurchase agreement lending		124,760,621	25,103,970
Forward resale agreement borrowing		11,631,788	5,382,772
Undrawn formal standby facilities, credit lines and other commitments to lend	23.2.2.1	8,526,437	8,635,521
		144,918,846	39,122,263
23.2.2.1 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, 2022	September 30, 2021
		----- Un-audited -----	
		----- Rupees in '000 -----	
24	MARK-UP/RETURN/INTEREST EARNED		
	Loans and advances	4,005,701	3,384,923
	Investments	21,055,753	13,264,918
	Lendings to financial institutions	1,088,077	505,800
	Balances with banks	65,354	83,670
		<u>26,214,885</u>	<u>17,239,311</u>
25	MARK-UP/RETURN/INTEREST EXPENSED		
	Deposits	11,449,858	7,401,242
	Borrowings	9,929,361	5,718,561
	Cost of swaps against foreign currency deposits / borrowings	77,480	85,598
	Lease liability against right of use assets	140,644	163,849
		<u>21,597,343</u>	<u>13,369,250</u>
26	FEE AND COMMISSION INCOME		
	Branch banking customer fees	42,002	35,866
	Consumer finance related fees	1,359	843
	Card related fees (debit cards)	152,220	116,765
	Commission on trade	45,859	41,027
	Commission on guarantees	42,917	31,483
	Credit related fees	13,212	9,653
	Commission on remittances including home remittances	14,904	18,474
	Others	737	609
		<u>313,210</u>	<u>254,720</u>
27	GAIN / (LOSS) ON SECURITIES		
	Realised	27.1 (126,765)	110,975
	Unrealised - held for trading	-	-
		<u>(126,765)</u>	<u>110,975</u>
27.1	Realised gain/(loss) on:		
	Federal Government Securities	(23,149)	45,134
	Shares of listed companies	(103,616)	65,841
		<u>(126,765)</u>	<u>110,975</u>
28	OTHER INCOME		
	Gain on sale of operating fixed assets	2,835	383
	Rent on property	520	855
	Incidental charges	2,130	634
	Others	200	210
		<u>5,685</u>	<u>2,082</u>

	Note	Nine months ended	
		September 30, 2022	September 30, 2021
		----- Un-audited -----	----- Rupees in '000 -----
29 OPERATING EXPENSES			
Total compensation expense	29.1	2,800,211	2,163,783
Property expenses			
Rent & taxes		19,486	27,512
Insurance		43,629	25,917
Utilities cost		305,817	198,947
Security (including guards)		304,279	255,118
Repairs & maintenance (including janitorial charges)		20,278	16,383
Depreciation		50,038	49,437
Depreciation on right of use assets		602,560	496,228
		1,346,087	1,069,542
Information technology expenses			
Software maintenance		99,762	59,393
Hardware maintenance		65,197	58,708
Depreciation		17,368	19,301
Amortisation		26,928	23,883
Network charges		11,012	8,022
Others		23,163	15,571
		243,430	184,878
Other operating expenses			
Directors' fees and allowances		11,828	8,830
Fees and allowances to Shariah Board		3,064	3,556
Legal & professional charges		18,117	18,547
Outsourced services costs		84,128	88,692
Travelling & conveyance		36,178	28,851
NIFT clearing charges		22,289	18,590
Depreciation		151,016	144,257
Training & development		2,138	1,021
Postage & courier charges		19,406	17,845
Communication		91,979	90,432
Stationery & printing		78,919	67,155
Marketing, advertisement & publicity		42,157	30,260
Donations		-	-
Auditors Remuneration	29.2	11,507	11,324
Repairs & maintenance		91,989	89,012
Brokerage and commission		8,074	10,365
Entertainment		45,745	40,389
Fees and subscription		90,171	89,484
Insurance expenses		9,553	9,880
Others		35,646	30,500
		853,904	798,990
		5,243,632	4,217,193

Nine months ended
September 30, 2022 **September 30, 2021**

Note

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

29.1 Total compensation expense

Managerial Remuneration		
- Fixed	1,765,915	1,350,723
- Variable Cash Bonus / Awards etc.	12,259	9,856
Charge for defined benefit plan	100,662	65,901
Contribution to defined contribution plan	88,529	75,180
Rent & house maintenance	452,881	379,239
Utilities	92,583	76,182
Medical	92,613	76,180
Conveyance	86,036	65,743
Employees old age benefits contribution	11,396	12,618
Leave Fare Assistance	45,224	10,609
Staff Insurances	51,118	41,069
Others	995	483
	<u>2,800,211</u>	<u>2,163,783</u>

29.2 Auditors' remuneration

Audit fee	9,740	9,419
Fee for other statutory certifications	903	833
Special certifications and sundry advisory services	425	630
Out-of-pocket expenses	439	442
	<u>11,507</u>	<u>11,324</u>

30 OTHER CHARGES

Penalties imposed by the State Bank of Pakistan	9,090	63,721
Others	-	-
	<u>9,090</u>	<u>63,721</u>

31 PROVISIONS & WRITE OFFS - NET

Provisions for diminution in value of investments	10.3.1	5,048	-
Provisions against investment in TFCs	10.3.1	-	12,075
Reversal of Provisions against loans & advances - specific		(82,641)	(110,785)
Provisions against loans & advances - specific		1,311,433	2,385,260
Provisions against loans & advances - general		4,821	2,599
Net provision during the year	11.2.3	1,233,613	2,277,074
Bad debts written off directly		1,400	2,024
		<u>1,240,061</u>	<u>2,291,173</u>

		Nine months ended	
		September 30, 2022	September 30, 2021
		----- Un-audited -----	
		----- Rupees in '000 -----	
32 TAXATION			
Current		344,247	225,945
Prior years		1,217	-
Deferred		(762,241)	(1,035,974)
		(416,777)	(810,029)
33 BASIC LOSS PER SHARE			
Loss for the period		(643,813)	(1,325,658)
Weighted average number of ordinary shares		2,552,442,817	2,499,253,525
Basic loss per share		(0.25)	(0.53)
34 DILUTED LOSS PER SHARE			
Loss for the period		(643,813)	(1,325,658)
Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)		2,552,442,817	2,499,253,525
Diluted loss per share		(0.25)	(0.53)
35 CASH AND CASH EQUIVALENTS			
Cash and Balances with Treasury Banks		13,876,377	13,792,737
Balances with other banks		2,196,506	5,090,394
		16,072,883	18,883,131

36 FAIR VALUE MEASUREMENTS

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

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

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

36.1 Fair value of financial assets

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

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

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

Level 3: Unobservable inputs for the asset or liability.

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

September 30, 2022 (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	-	173,079,610	-	173,079,610
Market Treasury Bills	-	52,084,772	-	52,084,772
Shares of listed companies	1,880,526	-	-	1,880,526
Units of mutual funds	74,035	124,830	-	198,865
Ijarah Sukuk - GoP	-	3,991,845	-	3,991,845
	<u>1,954,561</u>	<u>229,281,057</u>	<u>-</u>	<u>231,235,618</u>
Off balance sheet financial instruments				
Foreign exchange contracts (purchase)	-	20,357,395	-	20,357,395
Foreign exchange contracts (sale)	-	20,451,355	-	20,451,355
December 31, 2021 (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	-	109,367,793	-	109,367,793
Market Treasury Bills	-	42,816,839	-	42,816,839
Shares of listed companies	2,159,015	-	-	2,159,015
Units of mutual funds	99,996	109,440	-	209,436
Ijarah Sukuk - GoP	-	2,989,090	-	2,989,090
	<u>2,259,011</u>	<u>155,283,162</u>	<u>-</u>	<u>157,542,173</u>
Off balance sheet financial instruments				
Foreign exchange contracts (purchase)	-	6,740,279	-	6,740,279
Foreign exchange contracts (sale)	-	6,200,850	-	6,200,850

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

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

37 SEGMENT INFORMATION

37.1 Segment Details with respect to Business Activities

	September 30, 2022 (Un-audited)				Total
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	
	Rupees in '000				
Profit & Loss					
Net mark-up/return/profit income	12,227,257	280,190	-	(7,889,905)	4,617,542
Inter segment revenue - net	(16,040,526)	-	-	16,040,526	-
Non mark-up / return / interest income	451,280	408	-	362,963	814,651
Total Income	(3,361,989)	280,598	-	8,513,584	5,432,193
Segment direct expenses	(72,102)	(5,487)	-	(4,103,890)	(4,181,479)
Inter segment expense allocation	(86,919)	(224,216)	-	(760,108)	(1,071,243)
Total expenses	(159,021)	(229,703)	-	(4,863,998)	(5,252,722)
Provisions	(5,048)	(10,840)	-	(1,224,173)	(1,240,061)
Profit / (loss) before tax	(3,526,058)	40,055	-	2,425,413	(1,060,590)
Balance Sheet					
Cash & Bank balances	9,795,880	-	-	6,277,003	16,072,883
Investments	243,300,294	-	-	-	243,300,294
Net inter segment lending	-	-	-	146,978,795	146,978,795
Lendings to financial institutions	12,626,813	-	-	-	12,626,813
Advances - performing	1,155,987	294,398	-	33,400,359	34,850,744
- non-performing (net)	40,331	1,800	-	10,463,102	10,505,233
Others	7,111,644	8,946	-	16,792,462	23,913,052
Total Assets	274,030,949	305,144	-	213,911,721	488,247,814

	September 30, 2022 (Un-audited)				
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
	Rupees in '000				
Borrowings	123,718,047	-	-	1,828,859	125,546,906
Subordinated debt	-	-	-	-	-
Deposits & other accounts	520,167	-	-	188,673,620	189,193,787
Net inter segment borrowing	146,682,434	296,361	-	-	146,978,795
Others	1,820,068	8,783	-	6,239,370	8,068,221
Total liabilities	272,740,716	305,144	-	196,741,849	469,787,709
Equity	1,290,233	-	-	17,169,872	18,460,105
Total Equity & liabilities	274,030,949	305,144	-	213,911,721	488,247,814
Contingencies & Commitments	177,201,159	-	-	13,588,588	190,789,747

	September 30, 2021 (Un-audited)				
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
	----- Rupees in '000 -----				
Profit & Loss					
Net mark-up/return/profit income	8,034,398	232,220	-	(4,396,557)	3,870,061
Inter segment revenue - net	(11,440,643)	-	-	11,440,643	-
Non mark-up / return / interest income	283,420	411	-	282,508	566,339
Total Income	(3,122,825)	232,631	-	7,326,594	4,436,400
Segment direct expenses	(72,845)	(2,935)	-	(3,252,347)	(3,328,127)
Inter segment expense allocation	(79,019)	(176,499)	-	(697,269)	(952,787)
Total expenses	(151,864)	(179,434)	-	(3,949,616)	(4,280,914)
Provisions	(12,075)	(13,756)	-	(2,265,342)	(2,291,173)
Profit / (loss) before tax	(3,286,764)	39,441	-	1,111,636	(2,135,687)

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

	December 31, 2021 (Audited)				
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
	Rupees in '000				
Borrowings	25,089,819	750,000	-	1,695,919	27,535,738
Subordinated debt	-	-	-	-	-
Deposits & other accounts	-	234,272	-	217,608,406	217,842,678
Net inter segment borrowing	172,476,511	200,025	-	-	172,676,536
Others	349,767	102,446	-	6,809,755	7,261,968
Total liabilities	197,916,097	1,286,743	-	226,114,080	425,316,920
Equity	853,246	219,347	-	17,774,037	18,846,630
Total Equity & liabilities	198,769,343	1,506,090	-	243,888,117	444,163,550
Contingencies & Commitments	43,427,871	-	-	13,807,888	57,235,759

38 RELATED PARTY TRANSACTIONS

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

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

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

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

	September 30, 2022 (Un-audited)			December 31, 2021 (Audited)		
	Directors	Key Management Personal	Other Related Parties	Directors	Key Management Personal	Other related parties
----- Rupees in '000 -----						
Investments						
Opening balance	-	-	-	-	-	-
Investment made during the period / year	-	-	-	-	-	-
Investment redeemed / disposed off during the period / year	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-
Advances						
Opening balance	-	211,252	-	-	201,487	-
Addition during the period / year	-	44,033	-	-	23,311	-
Repaid during the period / year	-	79,182	-	-	34,450	-
Transfer in / (out) - net	-	(14,389)	-	-	20,904	-
Closing balance	-	161,714	-	-	211,252	-
Other Assets						
Interest / mark-up receivables	-	146	-	-	158	-
Other receivables	-	-	220	-	-	50
	-	146	220	-	158	50
Deposits and other accounts						
Opening balance	767	40,596	2,138,735	22,930	68,200	2,079,063
Received during the period / year	16,416	447,357	13,419,163	162,069	433,815	20,942,544
Withdrawn during the period / year	7,356	421,082	13,399,979	184,201	412,641	20,882,872
Transfer in / (out) - net	2,683	58	-	(31)	(48,778)	-
Closing balance	12,510	66,929	2,157,919	767	40,596	2,138,735
Other Liabilities						
Interest / mark-up payable	10	767	27,040	22	321	16,013
	10	767	27,040	22	321	16,013

	September 30, 2022 (Un-audited)			September 30, 2021 (Un-audited)		
	Directors	Key Management Personal	Other Related Parties	Directors	Key Management Personal	Other Related Parties
	Rupees in '000					
Income :						
Mark-up / return / interest earned	-	4,820	-	-	6,376	-
Fee and commission income	-	12	28	-	6	17
Net gain on sale of securities	-	-	200	-	-	251
Other income	-	-	570	-	-	855
Expenses :						
Mark-up / return / interest paid	19	2,399	117,249	245	1,846	107,717
Remuneration paid	-	156,870	-	-	144,184	-
Contribution to provident fund	-	11,502	-	-	6,640	-
Provision for gratuity	-	17,582	-	-	5,516	-
Other staff benefits	-	21,974	-	-	18,578	-
Directors' meetings fee	11,827	-	-	8,830	-	-
Other expenses	500	-	-	1,022	-	-
Insurance premium paid	-	-	94,921	-	-	99,837
Others :						
Sale of Government Securities	-	-	5,044,300	-	-	2,533,500
Purchase of Government Securities	-	-	-	-	-	150,000
Gratuity paid	-	6,042	-	-	4,647	-
Leave encashment	-	1,994	-	-	2,126	-
Expenses recovered under agency arrangement	-	-	29	-	-	114
Insurance claims settled	-	-	25,844	-	-	1,728

As at the date of consolidated statement of financial position, loans/advances and deposits of government related entities amounted to Rs.7,483.04 million and Rs.100,891.75 million respectively. The above includes deposits amounting to Rs.32,154.53 (2021: Rs.30,744.37) million received through the Finance Department, Government of Sindh.

	September 30, 2022 Un-audited	December 31, 2021 Audited
	----- (Rupees '000) -----	
39 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	<u>13,801,141</u>	<u>14,451,825</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	<u>5,577,933</u>	<u>6,719,213</u>
Eligible Additional Tier 1 (ADT 1) Capital	<u>-</u>	<u>-</u>
Total Eligible Tier 1 Capital	<u>5,577,933</u>	<u>6,719,213</u>
Eligible Tier 2 Capital	<u>16,945</u>	<u>10,967</u>
Total Eligible Capital (Tier 1 + Tier 2)	<u>5,594,878</u>	<u>6,730,180</u>
Risk Weighted Assets (RWAs):		
Credit Risk	<u>26,693,085</u>	<u>30,836,591</u>
Market Risk	<u>6,124,505</u>	<u>12,089,179</u>
Operational Risk	<u>7,692,311</u>	<u>7,692,311</u>
Total Risk Weighted Assets	<u>40,509,901</u>	<u>50,618,081</u>
Common Equity Tier 1 Capital Adequacy ratio	<u>13.77%</u>	<u>13.27%</u>
Tier 1 Capital Adequacy Ratio	<u>13.77%</u>	<u>13.27%</u>
Total Capital Adequacy Ratio	<u>13.81%</u>	<u>13.30%</u>
Notional minimum capital requirements prescribed by SBP		
CET1 minimum ratio	<u>6.00%</u>	<u>6.00%</u>
Tier 1 minimum ratio	<u>7.50%</u>	<u>7.50%</u>
Total capital minimum ratio	<u>10.00%</u>	<u>10.00%</u>
Total capital minimum ratio plus CCB	<u>11.50%</u>	<u>11.50%</u>
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	<u>5,577,933</u>	<u>6,719,213</u>
Total Exposures	<u>333,559,006</u>	<u>265,491,048</u>
Leverage Ratio (%)	<u>1.67%</u>	<u>2.53%</u>
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	<u>133,952,089</u>	<u>126,415,608</u>
Total Net Cash Outflow	<u>38,439,007</u>	<u>28,640,693</u>
Liquidity Coverage Ratio (%)	<u>348%</u>	<u>441%</u>
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	<u>197,497,047</u>	<u>167,053,194</u>
Total Required Stable Funding	<u>64,908,455</u>	<u>65,172,730</u>
Net Stable Funding Ratio	<u>304%</u>	<u>256%</u>

40 GENERAL

Figures have been rounded off to the nearest thousand rupee.

41 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue by the Board of Directors on October 13, 2022.

				
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	101
5	North Region KPK & Mirpur AJK Area	23
	Total	330

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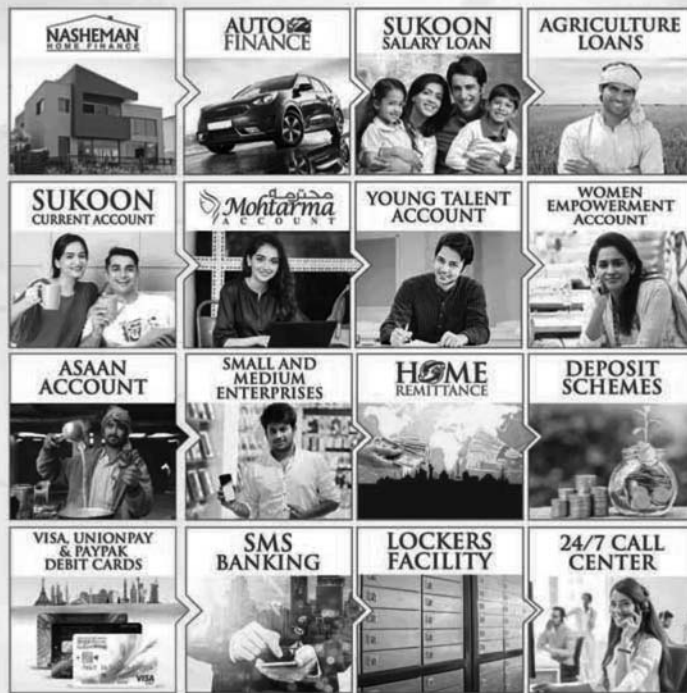
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