



Third Quarterly Financial Statements September 30, 2024

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, 2024. Review of Bank's performance is presented below:

(Rupees in '000)

Balance Sheet	As on Sep 30, 2024	As on Dec 31, 2023	% age Change Increase/(decrease)
Paid up Capital	34,524,428	34,524,428	-
Reserves	2,142,255	1,894,365	13.09%
Accumulated losses	(9,880,337)	(10,912,821)	(9.46%)
Paid up Capital net of accumulated losses	26,786,346	25,505,972	5.02%
Surplus/ (deficit) on Revaluation of Assets -net	424,590	(1,033,628)	141.08%
Equity	27,210,936	24,472,344	11.19%
Borrowings	62,317,400	37,546,440	65.97%
Deposits	262,583,585	223,569,650	17.45%
Investment (carrying value)	209,199,554	166,503,472	25.64%
Gross Advances	119,193,339	77,511,411	53.78%
Profit & Loss Account	Nine months Ended Sep 30, 2024	Nine months Ended Sep 30, 2023	%age Change Increase/ (decrease)
Markup/return/interest income	38,610,311	38,506,708	0.27%
Markup/return/interest expenses	31,975,499	32,733,645	(2.32%)
Net markup/return/interest income	6,634,812	5,773,063	14.93%
Fee, Commission & Other Income	507,994	444,029	14.41%
Foreign Exchange Income	171,208	739,229	(76.84%)
Dividend Income	45,275	142,979	(68.33%)
Gain/ (loss) on securities	155,447	(30,955)	601.52%
Non-mark-up/non-interest income	879,924	1,295,282	(32.07%)
Total Income	7,514,736	7,068,345	6.32%
Non-mark-up/interest expenses	6,906,754	5,988,100	15.34%
Profit / (Loss) before Tax & Provisions	607,982	1,080,245	(43.72%)
Credit allowance and write offs	220,254	1,081,847	
Reversal of credit allowance	(2,013,140)	(952,410)	
Credit allowance and write offs-net	(1,792,886)	129,437	(1485.14%)
Profit / (Loss) Before Tax	2,400,868	950,808	152.51%
Profit / (Loss) After Tax	1,239,447	406,068	205.23%
Profit / (Loss) per share (Rupees)	0.36	0.14	157.14%
Other Information	As on Sep 30, 2024	As on Dec 31, 2023	%age Change
No. of Accounts	1,101,868	816,219	35.00%
Number of Branches	330	330	-

Pre-tax profit for the nine months ended September 30, 2024 amounted to Rs.2,400.868-mn compared to pre-tax profit of Rs.950.808-mn in the same period last year, attributable factors of such variance are:

- Recovery of Non-Performing Loans remains key priority area of the Bank. This focus yielded a substantial reversal of credit loss provisions, totaling Rs.2,013.140-mn. This outcome demonstrates the bank's effective management of its NPL portfolio and associated provisioning.
- Increase in net Interest Income by Rs.861.749-mn i.e 14.93%, during growth in earning assets, concentrate on cost effective deposit with prime focus for mobilization of current account through NTBs and recovery of NPL.
- Decrease in non-markup income by Rs.415.318-mn, main contribution factors are FX income decreased by Rs.568.021-mn, Fee commission and other income increased by Rs63.965-mn and gain on securities increased by Rs.186.442-mn during nine months period.
- Non-markup expenses of the Bank rose by Rs.918.654-mn i.e 15.34%, which was mainly attributable to rise in domestic inflation and supply chain constraint.

After tax profit for the nine months ended September 30, 2024 amounted to Rs.1,239.447-mn compared to after tax profit of Rs.406.068-mn in the same period last year.

Total Assets stood at Rs.369.586-bn as compared to Rs.300.48-bn as at December 31, 2023, thereby registering increase of 23.00%. Carrying value of Investments as at Sep 30, 2024 amounted to Rs.209.19-bn, increase by 25.64% over Rs.166.50-bn as at December 31, 2023. Gross Advances Increased by 53.78 % to Rs.119.19-bn from Rs.77.511-bn as at December 31, 2023 mainly due to commodity financing of Rs.40-bn provided to Food Department and Rs 18-bn to Trading Corporation of Pakistan.

Total Deposits crossed Rs.250-bn Milestone and stood at Rs.262.58-bn registering an increase of 17.45% over Rs. 223.56-bn as on December 31, 2023. Number of customer accounts stood at 1,101,868 after increase of 285,649 accounts (i.e.35%) during the period which depicts trust of customers in brand and services of bank in response to efforts of field teams to introduce new customers to Bank.

CREDIT RATING

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

MINIMUM CAPITAL REQUIREMENT & CAPITAL RATIOS

Bank's Capital Adequacy Ratio stood at 25.48% as against the minimum requirement of 11.50% and Leverage Ratio stood at 3.44% against minimum requirement of 3.0% as on September 30, 2024.

Implementation of IFRS 9 - Financial Instruments

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

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

ECONOMIC OUTLOOK

The first quarter of the Fiscal year 2025 ended on a positive note as the Policy rate was reduced by another 200bps. The IMF Executive Board also approved the Extended Fund Facility (EFF) for \$7-bn (37-month program) and disbursed SDR 760-mn (USD1 BN).

The IMF highlighted the rebound in growth of 2.4%, stable exchange rate, contained current account deficit, doubling of the FX reserves, while inflation fell to single digit as a result of tight monetary policy stance achieved under the 2023/24 Stand By Agreement (SBA).

The latest IMF EFF program aims to rebuild credibility in policy creation, entrench macroeconomic sustainability, advance reforms to raise productivity and competitiveness, reform SOEs and improve public service provision, through SOE restructuring and privatization. Governance and transparency reforms, measures to reduce the cost structure of the energy sector and phasing out the government's role in price setting are also high on IMF's agenda.

Key policies include: (i) revenue-based fiscal consolidation and institutional reforms to strengthen the fiscal framework, including the federal-provincial fiscal relations; (ii) appropriate monetary policy to bring down inflation and exchange rate flexibility to aid the rebuilding of reserves.

The Monetary Policy Committee (MPC) decided to cut the policy rate by 200 bps to 17.5 percent, effective from September 13, 2024. As the pace of disinflation gained pace mainly due to USD/PKR stability along with favorable movement in global oil and food prices, both headline and core inflation fell sharply. The MPC assessed the real interest rate to still be adequately positive to bring inflation down to the medium-term target of 5 – 7% and help ensure macroeconomic stability.

Elevated workers' remittances and improvement in export earnings have offset an increase in imports, which has kept the current account deficit down. This robust trend in workers' remittances continued in September as well, with the monthly average for the last few months hovering around the \$3bn mark.

With the trade deficit around the \$2.2-bn mark, the current account deficit remains fairly in check, largely due to reduced imports and strong worker remittances. Outstanding dividends which drove up the CAD during the last few months of the FY24 have been cleared and this should result in the current account deficit within the projected range of 0 – 1 percent of GDP in FY25.

Total FX reserves, which stood at \$14.2-bn mark at the end of August, rose to \$16-bn, after receipt of the first tranche of \$1-bn from the IMF. The exchange rate remained largely stable around Rs.278. The six months premium dipped from Rs.12 to Rs.6, as exporters sold forward following the IMF approval. Future

Interest rate outlook and the introduction of T-Bill buybacks/exchange program saw the market of 1Yr T-bill yield dip further by 250bps to 13.5%.

Expectations of further 200-300bps cut in the Policy rate is currently priced in as CPI for September came in soft at 6.9%. The CPI has fell of the cliff by 24.5% on year-on-year basis in last 12 months.

Globally major central banks have started the interest rate easing cycle, with the US FOMC cutting the FED Funds rate by 50bps. Canada and ECB along with other European countries also saw policy rate cut by 25bps. With continuing disinflation around the globe further 25bps are priced into the November meetings. In Asia China has also reduced its monetary policy rates and added stimulus measure to support economic growth which has lagged in the last few years.

PSX Review - Q3 CY 2024

KSE-100 has set record as it reached the psychological level of 83,000 level at the end Q3'24. It is believed the bullish momentum is likely to continue with crossing next expected level at 84,440 which may later rise to 85,870 level during Q4'24. On the downside, the recent low of 80,350 will stand as a key support as a fall below this level will temporarily pause the bullish stance.

Oil stocks to remain in the lime light as most of are setting a new recent high and have given a breakout of the key resistance levels. Despite sizable FIPI selling, the KSE-100 Index hit an all-time high of 82,906 points during the September 2024 and remained relatively sticky at those levels despite sizable selling followed by an event-based rebalancing. September '24 gains for KSE100 Index clocked in at 3.35%, taking 9MCY24 gains to 30%.

Sep-2024 witnessed gross FIPI selling of US\$186-mn and net selling of US\$54.9-mn, breaking the consecutive 7-month net buying streak from FIPI since Feb-2024. Most of foreign outflow this month was absorbed by Mutual Funds. Mutual funds were net buyers with net inflow of US\$42-mn (highest monthly net inflow since Apr-2018), followed by Individual (US\$22-mn). Average volumes (US\$58-mn) declined 14% MoM.

Recovery back to the recent low of 7ppt vis-à-vis current 12M PKRV translates into a KSE100 level of 100,000 with 25% capital upside (our Index target for CY24), while the reversion to 4ppt, translates into a P/E of 5.6x and further scaling Index to 115,000 level (45% capital upside), in addition to 12% annualized D/Y.

SINDH MICROFINANCE BANK LIMITED (WHOLLY OWNED SUBSIDIARY)

Sindh Microfinance Bank Limited ('SMFB') is a province level microfinance bank which started its operations in May 2016 with equity of Rs.750-mn. SMFB is perhaps the only microfinance bank in the country which has continuously been in profits since its inception and over the last 9 years the Bank increased its equity via internally generated profits from Rs.750-mn to Rs.1.23-bn. After successfully implementing its microfinance program in Sindh, SMFB plans to extend its services to the whole of Pakistan via gradual and organic expansion of its outlets. In view of this plan, SMFB applied to the State Bank of Pakistan for a national level license in January 2024 after achieving the required minimum capital for a National Level license.

The aim of the microfinance program of SMFB is to improve access to finance for the underprivileged segment of the Sindh Province, especially for the economically active women in rural and semi urban areas of Sindh. To date, SMFB has disbursed 379,344 loans totaling more than Rs.12.9-bn through its presence in 104 business locations in the province of Sindh.

During the half year period, the outstanding loan portfolio of SMFB crossed the mark of Rs.2-bn while keeping the portfolio at risk (PAR 30 days) below 1% of the loan portfolio. On the liability side deposits

Increased from Rs.1.3-bn as of December 2023 to Rs.1.9-bn as of September 2024. SMFB fully repaid its 2019 financing from the State Bank of Pakistan along with the quarterly repayment to PMIC. As a result, the bank's borrowing decreased from Rs. 721-mn in December 2024 to Rs. 551-mn in September 2024.

SMFB registered a profit before tax of Rs.177.63-mn (nine months ended September 30, 2023 : Rs.98.05 - mn) which is an increase of 45% over the corresponding period last year. The Pakistan Credit Rating Agency (PACRA) maintained the ratings dated March 29, 2024 of A- for the long term and A2 for the short term which captures the strength of SMFB as a growing, resilient and sustainable institution in the microfinance sector.

Brief summary of financial highlights for the nine months ended September 30, 2024 is as follows:

	September 30, 2024		December 31 2023	
Balance Sheet				
	# of Account	Rs. In million	# of Account	Rs. In million
Gross Loan Portfolio	81,869	2,184	74,180	1,972
Total Assets		4,096		3,415
Deposits	184,878	1,937	162,152	1,323
Borrowings		551		721
Total Liabilities		2,871		2,309
Net Equity		1,225		1,106
	Nine Months Ended September 30, 2024		Nine Months Ended September 30, 2023	
	# of Account	Rs. In million	# of Account	Rs. In million
Loan Disbursements	63,677	2,824	55,992	2,258

Profit & loss account		(Rs. In million)		
Net Interest Income		621		450
Profit Before Tax		178		98
Taxation		(53)		(27)
Profit After Tax		125		71

OUTLOOK

Conversion of Sindh Bank Limited into an Islamic Bank

Sindh Bank Limited along with Sindh Microfinance Bank (wholly owned subsidiary) aims to be fully Shariah-compliant aligned with SBP's Vision 2028. The transition will focus on offering innovative, Shariah-compliant products, promoting financial inclusion, and supporting sustainable growth in Pakistan's Islamic Banking Sector.

Bank has initiated the process of conversion into an Islamic Bank in compliance of SBP circulars IFPD No. 03 of 2024 dated June 28, 2024 and IFPD No. 05 of 2024 dated October 01, 2024.

Other major goals


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

- (i) Recovery and reduction of Non-Performing Loans;
- (ii) Mobilization of cost efficient Deposits;
- (iii) Increase of Consumer, SME and Commercial business;
- (iv) Alternate delivery and service channels based on technology platforms to facilitate our customers;

Acknowledgements

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

On behalf of the Board of Directors



Muhammad Anwaar Sheikh
 Acting President/CEO



(Non-Executive Director)

Karachi, October 25, 2024

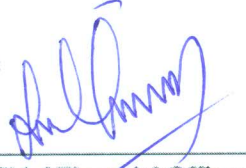


Unconsolidated Condensed Interim Financial Statements
Nine Months and Quarter Ended September 30, 2024

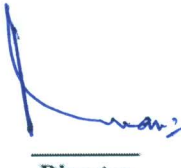
SINDH BANK LIMITED
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2024

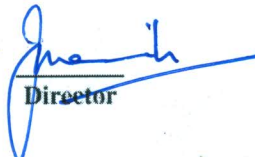
		Sept 30, 2024	December 31, 2023
		Un-audited	Audited
	Note	----- Rupees in '000' -----	
ASSETS			
Cash and balances with treasury banks	7	21,045,595	53,407,771
Balances with other banks	8	1,106,045	957,883
Lendings to financial institutions	9	4,981,019	-
Investments	10	209,199,554	166,503,472
Advances	11	92,537,268	50,623,045
Property and equipment	12	1,346,693	1,327,601
Right-of-use assets	13	3,122,614	2,608,849
Intangible assets	14	76,687	108,257
Deferred tax assets	15	15,472,626	17,193,965
Other assets	16	20,698,653	7,752,566
Total Assets		369,586,754	300,483,409
LIABILITIES			
Bills payable	17	1,391,251	898,762
Borrowings	18	62,317,400	37,546,440
Deposits and other accounts	19	262,583,585	223,569,650
Lease liabilities	20	3,927,882	3,138,067
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	21	12,155,700	10,858,146
Total Liabilities		342,375,818	276,011,065
NET ASSETS		27,210,936	24,472,344
REPRESENTED BY			
Share capital - net	22	34,524,428	34,524,428
Reserves		2,142,255	1,894,365
Surplus/(Deficit) on revaluation of assets	23	424,590	(1,033,628)
Accumulated loss		(9,880,337)	(10,912,821)
		27,210,936	24,472,344
CONTINGENCIES AND COMMITMENTS	24		

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


 Chief Financial Officer


 President and
 Chief Executive Officer


 Director

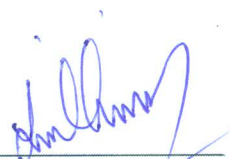

 Director



 Chairman

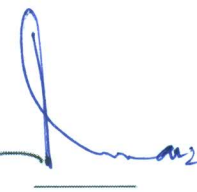
SINDH BANK LIMITED
UNCONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2024


	Quarter ended		Nine months ended		
	Sept 30, 2024	Sept 30, 2023	Sept 30, 2024	Sept 30, 2023	
Note	----- Rupees in '000' -----				
Mark-up / return / interest earned	25	16,022,677	11,614,344	38,610,311	38,506,708
Mark-up / return / interest expensed	26	13,586,379	9,197,441	31,975,499	32,733,645
Net Mark-up / Interest Income		2,436,298	2,416,903	6,634,812	5,773,063
NON MARK-UP / INTEREST INCOME					
Fee and commission income	27	163,037	154,090	499,665	436,880
Dividend income		13,584	45,089	45,275	142,979
Foreign exchange income		150,490	142,670	171,208	739,229
Income / (loss) from derivatives		-	-	-	-
Gain / (loss) on securities	28	36,005	76,496	155,447	(30,955)
Other Income	29	408	4,344	8,329	7,149
Total non-markup / interest income		363,524	422,689	879,924	1,295,282
Total income		2,799,822	2,839,592	7,514,736	7,068,345
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	30	2,361,315	2,065,526	6,902,953	5,931,195
Other charges	31	3,780	967	3,801	56,905
Total non-markup / interest expenses		2,365,095	2,066,493	6,906,754	5,988,100
Profit before credit loss allowance		434,727	773,099	607,982	1,080,245
Credit allowance / provisions and write offs - net	32	(673,925)	394,013	(1,792,886)	129,437
PROFIT BEFORE TAXATION		1,108,652	379,086	2,400,868	950,808
Taxation	33	480,524	217,730	1,161,421	544,740
PROFIT AFTER TAXATION		628,128	161,356	1,239,447	406,068
----- Rupees -----					
Basic earnings per share	34	0.06	0.05	0.36	0.14
Diluted earnings per share	35	0.06	0.05	0.36	0.13


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 President and
 Chief Executive Officer


 Director



 Director



 Chairman

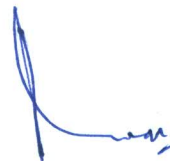
SINDH BANK LIMITED
UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2024

	Quarter ended		Nine months ended	
	Sept 30, 2024	Sept 30, 2023	Sept 30, 2024	Sept 30, 2023
	----- Rupees in '000' -----			
Profit after taxation for the period	628,128	161,356	1,239,447	406,068
Other comprehensive income / (loss)				
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in (deficit) / surplus on revaluation of debt investments through FVOCI - net of tax	545,196	679,905	487,809	(430,840)
	<u>1,173,324</u>	<u>841,261</u>	<u>1,727,256</u>	<u>(24,772)</u>
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement loss on defined benefit obligations - net of tax	-	-	(3,580)	-
Movement in (deficit) / surplus on revaluation of equity investments - net of tax	82,236	-	274,941	-
Movement in surplus / (deficit) on revaluation of non-banking assets - net of tax	-	-	-	-
	<u>82,236</u>	<u>-</u>	<u>271,361</u>	<u>-</u>
Total comprehensive income / (loss)	<u>1,255,560</u>	<u>841,261</u>	<u>1,998,617</u>	<u>(24,772)</u>

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


 Chief Financial Officer


 President and
 Chief Executive Officer


 Director


 Director


 Chairman


SINDH BANK LIMITED
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

	Share Capital	Shares Deposit Money	Capital Reserves		Statutory Reserve *	Surplus / (Deficit) on revaluation		Accumulated loss	Total
			Reserves on amalgamation	Share Premium		Investments	Fixed / Non-banking assets		
Rupees in '000'									
Opening balance as at January 01, 2023 (audited)	29,524,428	-	9,433	51	1,451,928	(1,208,500)	-	(12,626,381)	17,150,959
Changes in equity for the nine months ended September 30, 2023									
Profit for the nine months ended September 30, 2023	-	-	-	-	-	-	-	406,068	406,068
Share deposit money	-	5,000,000	-	-	-	-	-	-	5,000,000
Other comprehensive loss - net of tax									
Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	-	-	-	-	-	(430,840)	-	-	(430,840)
Debt investments at FVOCI - reclassified to profit or loss	-	-	-	-	-	-	-	-	-
Total other comprehensive loss - net of tax	-	-	-	-	-	(430,840)	-	-	(430,840)
Transfer to statutory reserve	-	-	-	-	81,214	-	-	(81,214)	-
Balance as at September 30, 2023 (Un-audited)	29,524,428	5,000,000	9,433	51	1,533,142	(1,639,340)	-	(12,301,527)	22,126,187
Changes in equity for the half year ended December 31, 2023									
Profit after taxation	-	-	-	-	-	-	-	1,758,696	1,758,696
Other comprehensive income - net of tax									
Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	-	-	-	-	-	513,912	-	-	513,912
Debt investments at FVOCI - reclassified to profit or loss	-	-	-	-	-	-	-	-	-
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-	-	(18,251)	(18,251)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	91,800	-	91,800
Total other comprehensive income - net of tax	-	-	-	-	-	513,912	91,800	(18,251)	587,461
Transfer to statutory reserve	-	-	-	-	351,739	-	-	(351,739)	-
Share deposit money	-	-	-	-	-	-	-	-	-
Issue of Shares during the year	5,000,000	(5,000,000)	-	-	-	-	-	-	-
Balance as at December 31, 2023 (audited)	34,524,428	-	9,433	51	1,884,881	(1,125,428)	91,800	(10,912,821)	24,472,344
Effect of reclassification on adoption of IFRS -09 - net of tax									
Effect of adoption of IFRS 09 on Debt security	-	-	-	-	-	1,113,779	-	-	1,113,779
Effect of adoption of IFRS 09 on shares FVOCI	-	-	-	-	-	(363,757)	-	363,757	-
Effect of adoption of IFRS 09 on shares FVTPL	-	-	-	-	-	(54,554)	-	54,554	-
Effect of adoption of IFRS -09 - ECL net of tax	-	-	-	-	-	-	-	(373,804)	(373,804)
Total effect of adoption of IFRS -09	-	-	-	-	-	695,468	-	44,507	739,975
Balance as at January 01, 2024 after adoption of IFRS-09	34,524,428	-	9,433	51	1,884,881	(429,960)	91,800	(10,868,314)	25,212,319
Changes in equity for the nine months ended September 30, 2024									
Profit for the nine months ended September 30, 2024	-	-	-	-	-	-	-	1,239,447	1,239,447
Other comprehensive income - net of tax									
Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	-	-	-	-	-	487,809	-	-	487,809
Movement in deficit on revaluation of equity investments - net of tax	-	-	-	-	-	274,941	-	-	274,941
Remeasurement loss on defined benefit obligations - net of tax	-	-	-	-	-	-	-	(3,580)	(3,580)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	-	-
Total other comprehensive income - net of tax	-	-	-	-	-	762,750	-	(3,580)	759,170
Share deposit money	-	-	-	-	-	-	-	-	-
Transfer to statutory reserve	-	-	-	-	247,890	-	-	(247,890)	-
Closing balance as at September 30, 2024 (Un-audited)	34,524,428	-	9,433	51	2,132,771	332,790	91,800	(9,880,337)	27,210,936

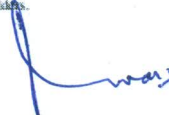
* Statutory reserve represents amount set aside as per the requirements of Section 21 of the Banking Companies Ordinance, 1962.

** As more fully explained in note 10.3.3 & 11.3.2 of these unconsolidated financial statements, unappropriated profit / (loss) includes an amount of Rs. 2,925.32 million net of tax as at September 30, 2024 (December 31, 2023: Rs.3,148.13 million) representing additional profit arising from availing forced sale value benefit for determining provisioning requirement which is not available for the purpose of distribution of dividend to shareholders.

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


Chief Financial Officer


President and
Chief Executive Officer


Director

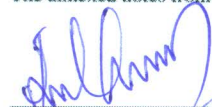

Director


Chairman

SINDH BANK LIMITED
UNCONSOLIDATED CASH FLOW STATEMENT (Un-audited)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

		Sept 30, 2024	Sept 30, 2023
	Note	----- Rupees in '000' -----	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		2,400,868	950,808
Less: Dividend income		(45,275)	(142,979)
		<u>2,355,593</u>	<u>807,829</u>
Adjustments:			
Unrealised gain on securities measured at FVPL	28.2	(29,814)	-
Depreciation	30	220,811	779,596
Depreciation on right of use assets	30	586,094	30,396
Amortisation	30	31,725	119,646
Credit loss allowance / provisions and write offs - net	32	(1,792,886)	9,101
Gain on sale of property and equipment	29	(7,017)	(4,164)
Finance charges on leased assets		469,355	247,435
		<u>(521,732)</u>	<u>1,182,010</u>
		<u>1,833,861</u>	<u>1,989,839</u>
Increase in operating assets			
Lendings to financial institutions		(4,981,019)	16,995,324
Securities classified as FVPL		(120,905)	-
Advances		(41,681,928)	2,694,698
Other assets (excluding advance taxation)		(12,587,916)	(4,019,488)
		<u>(59,371,768)</u>	<u>15,670,534</u>
Decrease in operating liabilities			
Bills payable		492,489	356,899
Borrowings from financial institutions		24,770,960	(86,285,574)
Deposits and other accounts		39,013,935	(7,580,565)
Other liabilities (excluding current taxation)		1,458,132	2,733,539
		<u>65,735,516</u>	<u>(90,775,701)</u>
		<u>8,197,609</u>	<u>(73,115,328)</u>
Income tax paid		(540,185)	(537,550)
Net cash used in operating activities		<u>7,657,424</u>	<u>(73,652,878)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in amortised cost securities		(15,955,704)	44,898,565
Net investment in securities classified as FVOCI		(22,834,538)	29,683,305
Dividends received		45,275	142,979
Investments in property and equipment		(245,342)	(100,061)
Disposal of property and equipment		12,302	4,626
Net cash (used in) / flow from investing activities		<u>(38,978,007)</u>	<u>74,629,414</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Share deposit money		-	5,000,000
Payments of lease obligations against right-of-use assets		(881,404)	(742,974)
Shares capital		-	-
Net cash (used in) / flow from financing activities		<u>(881,404)</u>	<u>4,257,026</u>
(Decrease) / increase in cash and cash equivalents		<u>(32,201,987)</u>	<u>5,233,562</u>
Cash and cash equivalents at the beginning of the period		<u>54,365,654</u>	<u>15,788,268</u>
Impact of expected credit loss allowance on adoption of IFRS-09		(10,190)	-
Charge of expected credit loss allowance during the period		(1,837)	-
		<u>(12,027)</u>	<u>-</u>
Cash and cash equivalents at the end of the period	36	<u>22,151,640</u>	<u>21,021,830</u>

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


Chief Financial Officer


**President and
Chief Executive Officer**


Director


Director


Chairman

SINDH BANK LIMITED
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

1. STATUS AND NATURE OF BUSINESS

- 1.1 Sindh Bank Limited (the Bank) was incorporated in Pakistan on October 29, 2010 as a public unlisted company and is engaged in Commercial Banking, Corporate and Investment related activities. The Bank operates 330 (2023: 330) branches including 8 (2023: 8) sub-branches and 14 (2023: 14) Islamic banking branches in Pakistan. The Bank's registered office is located at 3rd floor, Federation House, Abdullah Shah Ghazi Road, Clifton, Karachi, Pakistan.
- 1.2 The Government of Sindh, through its Finance Department owns 99.97% ordinary shares of the Bank.
- 1.3 VIS Credit Rating Company Limited has upgraded the long term entity rating to AA- (Double A Minus) from A+ (Single A Plus) and short term rating to A-1+ (A-One plus) from A-1 (A-one) in its report dated June 28, 2024.
- 1.4 Listing of the Bank will be undertaken in future after improvement in Bank's financial position and Regulator's guidance on the matter.

2. BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

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

- International Accounting Standard 34 "Interim Financial Reporting" and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IAS 34, IFRS or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

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

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

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

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

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

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

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

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

3. BASIS OF PRESENTATION

3.1 Accounting convention

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

4 MATERIAL ACCOUNTING POLICY INFORMATION

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

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

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

4.2 Change in Accounting Policy

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

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

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

4.2.1 Classification

Financial Assets

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

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

Financial Liabilities

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

4.2.2 Business model assessment

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

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

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

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

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

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

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

4.2.4 Application to the Bank's financial assets

Debt based financial assets

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

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

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

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

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

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

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

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

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

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

Equity based financial assets

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

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

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

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

4.2.5 Initial recognition and subsequent measurement

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

a) Amortised cost ("AC")

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

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

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

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

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

4.2.6 Derecognition

Financial assets

The Bank derecognises a financial asset when:

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

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

Financial liabilities

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

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

4.2.7 Expected Credit Loss ("ECL")

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

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

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

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

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

- Stage 1: When financial instruments are first recognised, the Bank recognises an allowance based on 12mECLs. Stage 1 financial instruments also include facilities where the credit risk has improved and these have been reclassified from Stage 2. The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast Exposure At Default (EAD) and multiplied by the expected LGD and discounted by an approximation to the original Effective Interest Rate (EIR). This calculation is made for all the scenarios.
- Stage 2: When a financial instrument has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 also includes facilities, where the credit risk has improved and the instrument has been reclassified from Stage 3. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs are applied over the lifetime of the instrument. The expected cash flows are discounted by an approximation to the original EIR.
- Stage 3: For financial instruments considered credit-impaired, the Bank recognises the LTECLs for these instruments. The Bank uses a PD of 100% and LGD as computed for each portfolio or as prescribed by the SBP.
- Undrawn financing commitment: When estimating LTECLs for undrawn financings commitments, the Bank estimates the expected portion of the financings commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected cash flows if the financings is drawn down, based on a probability-weighting of the three scenarios. For revolving facilities that include both a financings and an undrawn commitment, ECLs are calculated on un-drawn portion of the facility and presented within other liabilities.

Guarantee and letters of credit contracts The Bank estimates ECLs based on the BASEL driven and internally developed credit conversion factor and letters of credit contracts respectively. The calculation is made using a credit probability weighting of the three scenarios. The ECLs related to guarantee and letter of credit contracts are recognised within other liabilities.

The calculation of ECLs

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

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

PD The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. PD is estimated based on statistical technique such as Transition Matrix approach. PDs for non advances portfolio is based on S&Ps global transition default matrices, PDs are then adjusted using Resgression Model to incorporate forward looking information.

EAD The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and profit, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest / profit from missed payments. The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has a legal right to call it earlier. The product offering includes a variety of corporate and retail facilities, in which the Bank has the right to cancel and / or reduce the facilities with one day notice. However, in case of revolving facilities, the Bank does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the expectations of the customer behaviour, its likelihood of default and the Bank's future risk mitigation procedures, which could include reducing or cancelling the facilities.

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

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

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

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

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

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

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

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

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

Forward looking information

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

- GDP growth
- Consumer price index
- Unemployment rate

Definition of default

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

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

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

Write-offs

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

4.2.8 Adoption impacts

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

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

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

6 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Bank for the year ended December 31, 2023.

	Sept 30, 2024	December 31, 2023
	Un-audited	Audited
7 CASH AND BALANCES WITH TREASURY BANKS	Note ----- Rupees in '000' -----	
In hand		
Local currency	3,962,348	3,959,099
Foreign currencies	161,799	194,370
	4,124,147	4,153,469
With State Bank of Pakistan (SBP) in		
Local currency current accounts	7.1 15,454,862	47,075,466
Foreign currency current accounts	7.2 133,475	61,133
Foreign currency deposit accounts		
- Non Remunerative	7.3 143,164	158,549
- Remunerative	7.4 284,050	309,256
	16,015,551	47,604,404
With National Bank of Pakistan in		
Local currency current accounts	7.5 895,119	1,610,797
Local currency deposit accounts	10	22,571
	895,129	1,633,368
	10,768	16,530
Prize bonds		
Less: Credit loss allowance held against cash and balances with treasury banks	-	-
Cash and balances with treasury banks - net of credit loss allowance	<u>21,045,595</u>	<u>53,407,771</u>
7.1 This represents cash reserve required to be maintained with SBP as per the requirement of Section 22 of the Banking Companies Ordinance, 1962. This is a sum not less than such percentage of the Bank's time and demand liabilities in Pakistan as may be prescribed by the SBP.		
7.2 This represents US Dollar Settlement Account maintained with SBP.		
7.3 This represents foreign currency (FCY) cash reserve maintained with SBP to comply with statutory reserve requirement applicable to Bank's FCY deposits.		
7.4 This represents foreign currency special cash reserve maintained with SBP. The Bank is entitled to earn profit which is declared by SBP on a monthly basis. During the period, the SBP has declared 4.20% to 4.23% profits (2023 : 3.39% - 4.34%) per annum.		
7.5 This includes savings account with National Bank of Pakistan carrying mark-up at 18% % (2023: 20.50%) per annum.		
8 BALANCES WITH OTHER BANKS		
In Pakistan		
In current accounts	30	30
In deposit accounts	8.1 1,979	1,719
	2,009	1,749
Outside Pakistan		
In current accounts	8.2 1,117,910	956,134
Less: Credit loss allowance held against balances with other banks	(13,874)	-
Balances with other banks - net of credit loss allowance	<u>1,106,045</u>	<u>957,883</u>
8.1 This includes savings account with a commercial bank carrying profit at the rate of 18% (2023: 20.50%) per annum.		
8.2 This includes Rs. 1,442.405 million (2023: Rs. 842.188 million) held in Automated Investment Plans. This balance is current in nature and in case this goes above a specified amount, the bank is entitled to earn interest from the correspondent banks at the agreed rates.		
9 LENDINGS TO FINANCIAL INSTITUTIONS		
Repurchase agreement lendings (Reverse Repo)	2,981,100	-
Musharaka arrangements	2,000,000	-
	4,981,100	-
Less: Credit loss allowance held against lending to financial institutions	(81)	-
	9.1 4,981,019	-
9.1 Particulars of lending		
In local currency	4,981,019	-
In foreign currencies	-	-
	<u>4,981,019</u>	<u>-</u>

September 30, 2024 (Un-audited)

10 INVESTMENTS

10.1 Investments by type

FVTPL

Shares

Listed

Mutual funds

FVTOCI

Federal Government Securities

Market Treasury Bills

Pakistan Investment Bonds - Floater

Government of Pakistan - Ijarah Sukuk

Shares

Listed

Mutual funds

Amortised Cost

Federal Government Securities

Market Treasury Bills

Pakistan Investment Bonds

Preference Shares - Unlisted

Non-government debt securities

Term finance certificates - Listed

Term finance certificates - Unlisted

Investment in Subsidiary

Fully paid ordinary shares

Total Investments

Note

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

	Cost / Amortised cost	Credit loss allowance / Provision for diminution	Surplus / (Deficit)	Carrying Value
Shares				
Listed	21,905	-	6,781	28,686
Mutual funds	99,000	-	54,900	153,900
	120,905	-	61,681	182,586
FVTOCI				
Federal Government Securities				
Market Treasury Bills	4,345,067	-	93,199	4,438,266
Pakistan Investment Bonds - Floater	149,664,371	-	515,316	150,179,687
Government of Pakistan - Ijarah Sukuk	3,999,992	-	70,548	4,070,540
Shares				
Listed	604,020	-	9,171	613,191
Mutual funds	59,203	-	(35,705)	23,498
	158,672,653	-	652,529	159,325,182
Amortised Cost				
Federal Government Securities				
Market Treasury Bills	23,965,360	-	-	23,965,360
Pakistan Investment Bonds	24,427,958	-	-	24,427,958
Preference Shares - Unlisted	77,708	(77,708)	-	-
Non-government debt securities				
Term finance certificates - Listed	224,235	(3,571)	-	220,664
Term finance certificates - Unlisted	344,533	(16,729)	-	327,804
	49,039,794	(98,008)	-	48,941,786
Investment in Subsidiary				
Fully paid ordinary shares	750,000	-	-	750,000
Total Investments	208,583,352	(98,008)	714,210	209,199,554

December 31, 2023 (Audited)

Available-for-sale securities

Federal Government Securities

Market Treasury Bills

Pakistan Investment Bonds

Pakistan Investment Bonds - Floater

Government of Pakistan - Ijarah Sukuk

Shares

Listed

Unlisted

Mutual funds & units

Held-to-maturity securities

Federal Government Securities

Market Treasury Bills

Pakistan Investment Bonds

Preference Shares - Unlisted

Non-government debt securities

Term finance certificates - Listed

Term finance certificates - Unlisted

Investment in Subsidiary

Fully paid ordinary shares

Total Investments

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

	Sept 30, 2024 Un-audited	December 31, 2023 Audited
	----- Rupees in '000' -----	
10.2 Investments given as collateral		
Federal government securities		
Pakistan Investment Bonds	59,584,600	35,733,600
	<u>59,584,600</u>	<u>35,733,600</u>

10.3 Credit loss allowance / provision for diminution in value of investments

10.3.1 Opening balance	962,012	952,912
Impact of adoption of IFRS-09	(362,897)	-
Charge / reversals		
Charge for the period / year	13,236	9,100
Reversals for the period / year	-	-
Transfer during the period	(514,343)	-
Reversal on disposals for the period / year	-	-
Transfers - net	(501,107)	9,100
Amount written off	-	-
Closing Balance	<u>98,008</u>	<u>962,012</u>

		September 30, 2024 Un-audited	
		Outstanding amount	Credit loss allowance held
		----- Rupees in '000' -----	
10.3.2 Particulars of credit loss allowance / provision against debt investments			
Category of classification			
Domestic			
Performing	Stage 1	207,049,224	20,300
Underperforming	Stage 2	-	-
Non-performing	Stage 3	-	-
Other assets especially mentioned		-	-
Substandard		-	-
Doubtful		-	-
Loss		-	-
Total		<u>207,049,224</u>	<u>20,300</u>

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

10.3.3 The Bank has availed the benefit of forced sale value of collateral against non-performing investment under the prudential regulation issued by the State Bank of Pakistan. Had the benefit not been taken by the Bank, provision against non-performing investment would have been higher by Rs: Nil (2023: Rs.16.480 million). The resultant increase in profit due to FSV benefit taken will not be available for distribution as cash and stock dividend to shareholders.

11 ADVANCES

Loans, cash credits, agriculture, running finances etc.
Commodity finance
Net investment in finance lease
Islamic financing and related assets
 Diminishing musharakah financing
 Ijarah financing under IFAS 2

September 30, 2024 (Un-audited)		
Performing	Non Performing	Total
----- Rupees in '000' -----		
29,293,328	30,860,346	60,153,674
57,514,940	-	57,514,940
225,887	407,009	632,896
385,167	121,353	506,520
9,505	-	9,505
87,428,827	31,388,708	118,817,535

Bills discounted and purchased
 (excluding market treasury bills)
 Payable in Pakistan
 Payable outside Pakistan

23,760	348,639	372,399
-	3,405	3,405
23,760	352,044	375,804

Advances - gross

87,452,587 31,740,752 119,193,339

Credit loss allowance against advances

Credit loss allowance against advances

- Stage 1

305,829	-	305,829
194,724	-	194,724
-	26,155,518	26,155,518

- Stage 2

- Stage 3

500,553 26,155,518 26,656,071

Total Advances - Net credit loss allowance

86,952,034 5,585,234 92,537,268

Dec 31, 2023 (Audited)

Loans, cash credits, agriculture, running finances etc.
 Commodity finance
 Net investment in finance lease

Performing	Non Performing	Total
----- Rupees in '000' -----		
27,665,107	32,564,925	60,230,032
15,619,270	-	15,619,270
305,814	410,329	716,143
433,901	121,353	555,254
9,946	-	9,946
44,034,038	33,096,607	77,130,645

Bills discounted and purchased
 (excluding market treasury bills)

Payable in Pakistan
 Payable outside Pakistan

368,044	-	368,044
9,317	3,405	12,722
377,361	3,405	380,766

Advances - gross

44,411,399 33,100,012 77,511,411

Provision for non-performing advances

- Specific provision

- Specific provision on Leasing Portfolio

- General provision against consumer and small enterprise advances

-	26,878,180	26,878,180
-	-	-
10,186	-	10,186
10,186	26,878,180	26,888,366

Advances - Net of Provision

44,401,213 6,221,832 50,623,045

11.1 Particulars of advances (gross)

In local currency
 In foreign currencies

Sept 30, 2024 Un-audited	December 31, 2023 Audited
----- Rupees in '000' -----	
119,193,339	77,511,411
-	-
119,193,339	77,511,411

11.2 **Advances - Particulars of credit loss allowance**

	September 30, 2024 (Un-audited)				December 31, 2023 (Audited)		
	Stage 1	Stage 2	Stage 3	Total	Specific	General	Total
	----- Rupees in '000' -----						
Opening balance	10,186	-	26,878,180	26,888,366	27,089,777	7,212	27,096,989
Impact of adoption of IFRS 9	131,462	296,485	277,951	705,898	-	-	-
New Advances	10,807	-	-	10,807	-	2,974	2,974
Due to credit deterioration	-	-	-	-	-	-	-
Advances derecognised or repaid	(60,858)	(240,007)	(1,640,532)	(1,941,397)	(1,712,978)	-	(1,712,978)
Transfer to stage 1	213,946	531	-	214,477	-	-	-
Transfer to stage 2	286	129,095	-	129,381	-	-	-
Transfer to stage 3	-	8,620	149,401	158,021	2,766,522	-	2,766,522
	164,181	(101,761)	(1,491,131)	(1,428,711)	1,053,544	2,974	1,056,518
Amounts charged off -							
Agriculture loans	-	-	(7,346)	(7,346)	(42,356)	-	(42,356)
Net charge / (reversal) during the period	164,181	(101,761)	(1,498,477)	(1,436,057)	1,011,188	2,974	1,014,162
Transferred to other assets under							
DPS agreement	-	-	-	-	(1,222,785)	-	(1,222,785)
Transfer from TFC	-	-	497,864	497,864	-	-	-
Changes in risk parameters	-	-	-	-	-	-	-
Amounts written off	-	-	-	-	-	-	-
Closing balance	305,829	194,724	26,155,518	26,656,071	26,878,180	10,186	26,888,366

11.3 Advances include Rs. 31,740.75 million (2023: Rs. 33,100.01) million which have been placed under non-performing status are as detailed below:

Category of Classification	Note	September 30, 2024 Un-audited	
		Non Performing Loans	Credit loss allowance / provision
		----- Rupees in '000' -----	
Domestic			
Other Assets Especially Mentioned	11.3.1	-	-
Substandard		524	-
Doubtful	Stage 3	70,228	3,617
Loss		31,670,000	26,151,901
Total		31,740,752	26,155,518
		December 31, 2023 Audited	
Domestic			
Other Assets Especially Mentioned		-	-
Substandard		8,889	333
Doubtful		116,780	932
Loss		32,974,343	26,876,915
Total		33,100,012	26,878,180

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

11.3.2 The Bank has availed the benefit of forced sale value on plant and machinery under charge and mortgaged residential and commercial property (land and building only) held as collateral against non-performing advances under the prudential regulation issued by the State Bank of Pakistan. Had the benefit not been taken by the Bank, specific provision against non-performing advances would have been higher by Rs. 5,735.92 (2023: Rs. 6,156.33) million. The resultant increase in profit due to FSV benefit taken will not be available for distribution as cash and stock dividend to shareholders.

11.3.3 Particulars of credit loss allowance / provision against advances

	September 30, 2024 (Un-audited)				December 31, 2023 (Audited)		
	Stage 1	Stage 2	Stage 3	Total	Specific	General	Total
	Rupees in '000'						
Opening balance	10,186	-	26,878,180	26,888,366	27,089,777	7,212	27,096,989
Impact of adoption of IFRS 9	131,462	296,485	277,951	705,898	-	-	-
Charge for the period	164,181	(101,761)	149,401	211,821	2,766,522	2,974	2,769,496
Reversals	-	-	(1,640,532)	(1,640,532)	(1,712,978)	-	(1,712,978)
	164,181	(101,761)	(1,491,131)	(1,428,711)	1,053,544	2,974	1,056,518
Amounts charged off - Agriculture loans	-	-	(7,346)	(7,346)	(42,356)	-	(42,356)
Net charge / (reversal) during the period	164,181	(101,761)	(1,498,477)	(1,436,057)	1,011,188	2,974	1,014,162
Transferred to other assets under DPS agreement	-	-	-	-	(1,222,785)	-	(1,222,785)
Transfer from TFC	-	-	497,864	497,864	-	-	-
Amounts written off	-	-	-	-	-	-	-
Closing balance	305,829	194,724	26,155,518	26,656,071	26,878,180	10,186	26,888,366

11.3.3.2 Advances-Category of Classification

	Stage	September 30, 2024 Un-audited	
		Outstanding amount	Credit loss allowance / provision
		Rupees in '000'	
Performing	Stage 1	39,289,285	305,829
Underperforming	Stage 2	48,163,302	194,724
Non-Performing	Stage 3		
Substandard		524	-
Doubtful		70,228	3,617
Loss		31,670,000	26,151,901
		31,740,752	26,155,518
Total		119,193,339	26,656,071
		Sept 30, 2024	December 31, 2023
		Un-audited	Audited
		Rupees in '000'	
12 PROPERTY AND EQUIPMENT			
Capital work-in-progress	12.1	72,332	1,321
Property and equipment		1,274,361	1,326,280
		1,346,693	1,327,601
12.1 Capital work-in-progress			
Civil works		4,534	-
Advances to suppliers		67,798	1,321
		72,332	1,321

	Sept 30, 2024	Sept 30, 2023
	----- Un-audited -----	
	----- Rupees in '000' -----	
12.2 Additions to property and equipment		
The following additions have been made to fixed assets during the period:		
Property and equipment :		
Lease hold improvements	22,192	18,770
Furniture and fixture	7,656	5,787
Computer and office equipment	124,462	45,325
Vehicles	19,868	13,030
Total	<u>174,178</u>	<u>82,912</u>
12.3 Disposal of property and equipment		
The net book value of fixed assets disposed off during the period is as follows:		
Lease hold improvements	32	-
Furniture and fixture	-	-
Computer and office equipment	-	-
Vehicles	5,253	462
Total	<u>5,285</u>	<u>462</u>
	Sept 30, 2024	December 31, 2023
	Un-audited	Audited
	----- Rupees in '000' -----	
13 RIGHT OF USE ASSETS		
For the period / year ended		
Opening net book value	2,608,849	2,693,446
Additions	1,099,859	637,430
Disposals	-	-
Depreciation charge	(586,094)	(722,027)
Closing net book value	<u>3,122,614</u>	<u>2,608,849</u>
At September 30		
Cost	5,408,670	4,380,687
Accumulated depreciation	(2,286,056)	(1,771,838)
Net book value	<u>3,122,614</u>	<u>2,608,849</u>
	Sept 30, 2024	December 31, 2023
	Un-audited	Audited
	----- Rupees in '000' -----	
14 INTANGIBLE ASSETS		
Computer Software	76,687	108,257
Others	-	-
	<u>76,687</u>	<u>108,257</u>
	Sept 30, 2024	Sept 30, 2023
	----- Un-audited -----	
	----- Rupees in '000' -----	
Additions to intangible assets		
The additions intangible assets during the period:		
Directly purchased	<u>491</u>	<u>32,205</u>
Disposals of intangible assets		
The net book value of intangible assets disposed off during the period.	<u>-</u>	<u>-</u>

	Sept 30, 2024	December 31, 2023
	Un-audited	Audited
	----- Rupees in '000' -----	
15 DEFERRED TAX ASSETS		
Deductible Temporary Differences on		
- Provision against advances - general	9,737,301	11,103,063
- Tax losses carried forward	3,525,015	3,477,253
- Provision for diminution in the value of investments	119,174	119,174
- Deficit on revaluation of investments	(319,739)	1,081,294
- Impact of Adoption of IFRS 9	368,932	-
- Right-of-use assets	394,582	259,317
- Others	1,881,662	1,394,105
	15,706,927	17,434,206
Taxable Temporary Differences on		
- Accelerated tax depreciation - tangible fixed assets	7,318	501
- Net investment in finance lease	(131,859)	(131,859)
- Surplus on revaluation of non-banking assets	(88,200)	(88,200)
- Accelerated tax amortization - intangible assets	(21,560)	(20,683)
	(234,301)	(240,241)
	15,472,626	17,193,965

15.1 The Bank has an aggregate amount of deferred tax assets of Rs. 15,472.63 million (2023: Rs. 17,193.96 million) . Deferred tax asset has been recorded based on management's best estimate of the probable benefits expected to be realised in future years in the form of reduced tax liability as the Bank would be able to set off the profits earned in those years against the deferred tax asset. In this regard, the Bank has prepared financial projections for future taxable profits, which have been approved by the Board of the Bank, to assess the recoverability of deferred tax assets. The projections involve certain key management assumptions underlying the estimation of future taxable profits. The determination of future taxable profits is most sensitive to certain key assumptions such as growth in high yield consumer advances, investment returns, potential provision against assets, interest rates, cost of funds and expected recoveries of classified loans. Any significant change in such assumptions may have an effect on the recoverability of the deferred tax assets. Management believes that it is probable that the Bank will be able to achieve the profits and consequently, the deferred tax asset will be fully realised in future.

16 OTHER ASSETS

Income / mark-up accrued in local currency		18,840,427	5,772,428
Accrued commission income		157,731	19,730
Advances, deposits, advance rent and other prepayments		392,130	213,037
Receivable against sale of shares		-	8,586
Mark to market gain on forward foreign exchange contracts		114,232	225,309
Insurance premium receivable against agriculture loans		9,380	9,998
Stationery and stamps on hand		30,534	10,332
Receivable against 1 Link ATM settlement account		-	616,552
Advance taxation - net		-	-
Insurance claims receivable		14,024	7,445
Non-Banking assets acquired in Satisfaction of Claims		1,770,000	1,770,000
Other receivables		54,809	141,934
		21,383,267	8,795,351
Less: credit loss allowance / provision held against other assets	16.1	(864,614)	(1,222,785)
Other assets (net of credit allowance)		20,518,653	7,572,566
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	16.2	180,000	180,000
		20,698,653	7,752,566

		Sept 30, 2024	December 31, 2023
		Un-audited	Audited
	Note	----- Rupees in '000' -----	
16.1	Movement in credit loss allowance / provision held against other assets		
	Opening balance	(1,222,785)	-
	Charge for the period / year	-	(1,222,785)
	Reversals	358,171	-
	Amount written off	-	-
	Closing balance	<u>(864,614)</u>	<u>(1,222,785)</u>

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

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

16.3 Non-banking assets acquired in satisfaction of claims

Opening Balance	1,950,000	-
Additions	-	1,770,000
Revaluation	-	180,000
Disposals	-	-
Depreciation	-	-
Impairment	-	-
	<u>1,950,000</u>	<u>1,950,000</u>

17 BILLS PAYABLE

In Pakistan	1,391,251	898,762
Outside Pakistan	-	-
	<u>1,391,251</u>	<u>898,762</u>

18 BORROWINGS

Secured

Borrowings from State Bank of Pakistan

- Under export refinance scheme	1,457,900	1,662,500
- Under long term finance facility	-	29,940

Repurchase agreement borrowings

- State Bank of Pakistan (SBP)	56,000,000	16,000,000
- Other commercial banks / (DFIs)	4,859,500	19,854,000
	<u>60,859,500</u>	<u>35,854,000</u>
	<u>62,317,400</u>	<u>37,546,440</u>

18.1 Particulars of borrowings

In local currency	62,317,400	37,546,440
In foreign currencies	-	-
	<u>62,317,400</u>	<u>37,546,440</u>

19 DEPOSITS AND OTHER ACCOUNTS

	September 30, 2024 (Un-audited)			December 31, 2023 (Audited)		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
----- Rupees '000' -----						
Customers						
Current deposits	65,664,309	1,019,025	66,683,334	57,010,298	918,827	57,929,125
Savings deposits	150,773,245	1,252,574	152,025,819	126,210,668	1,231,979	127,442,647
Term deposits	41,331,845	212,365	41,544,210	34,311,181	282,821	34,594,002
Margin and other deposits	1,403,785	-	1,403,785	2,302,355	-	2,302,355
	259,173,184	2,483,964	261,657,148	219,834,502	2,433,627	222,268,129
Financial Institutions						
Current deposits	37,232	30	37,262	48,424	30	48,454
Savings deposits	569,175	-	569,175	733,005	-	733,005
Term deposits	200,000	-	200,000	400,000	-	400,000
Margin and other deposits	120,000	-	120,000	120,062	-	120,062
	926,407	30	926,437	1,301,491	30	1,301,521
	260,099,591	2,483,994	262,583,585	221,135,993	2,433,657	223,569,650

20 LEASE LIABILITIES	Note	Sept 30,	December 31,
		2024	2023
		Un-audited	Audited
		----- Rupees in '000' -----	
Outstanding amount - opening balance		3,138,067	2,861,097
Additions during the year		1,201,864	871,350
Lease payments including interest		(881,404)	(1,178,421)
Interest expense		469,355	584,041
Exchange difference		-	-
Balance at the end of the period / year		3,927,882	3,138,067
20.1 Liabilities Outstanding			
Not later than one year		518,572	482,842
Later than one year and upto five years		1,557,026	1,789,770
Over five years		1,852,284	865,455
Total at the period / year end		3,927,882	3,138,067
20.2 For the purpose of discounting, PKRV rates are being used.			
21 OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		9,891,127	9,156,368
Mark-up / return / interest payable in foreign currency		3,073	4,125
Accrued expenses		533,671	353,216
Net defined benefit liability		94,051	151,556
Provision for compensated absences		299,548	309,951
Payable against 1 Link ATM settlement account		252,359	-
Payable against purchase of operating fixed assets		17,080	22,834
Retention money		56,988	63,987
Federal excise duty / sales tax on services payable		7,826	6,227
Withholding tax payable		82,886	153,071
Provision for taxation		64,335	128,758
Security deposit against lease contracts	21.1	151,831	179,971
Others		697,182	328,082
		12,151,957	10,858,146
Credit loss allowance against off-balance sheet obligations	21.2	3,743	-
		12,155,700	10,858,146

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

	Sept 30, 2024	December 31, 2023
	Un-audited	Audited
	----- Rupees in '000' -----	
Opening balance	-	-
Impact of ECL recognised on adoption of IFRS-09	3,103	-
Charge for the period / year	640	-
Reversals	-	-
	640	-
Amount written off	-	-
Closing balance	3,743	-

22 SHARE CAPITAL

22.1 Authorised capital

September 30, 2024	December 31, 2023		Sept 30, 2024	December 31, 2023
Un-audited	Audited		Un-audited	Audited
Number of shares				-
<u>3,500,000,000</u>	<u>3,500,000,000</u>	Ordinary shares of Rs.10 each	<u>35,000,000</u>	<u>35,000,000</u>

22.2 Issued, subscribed and paid-up share capital

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

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

		Sept 30, 2024	December 31, 2023
		Un-audited	Audited
	Note	----- Rupees in '000' -----	
23	SURPLUS/(DEFICIT) ON REVALUATION OF ASSETS		
	Surplus/(Deficit) arising on revaluation of:		
	- Securities measured at FVOCI - Debt	10.1 679,063	(2,461,306)
	- Securities measured at FVOCI - Equity	10.1 (26,534)	254,585
	- Non-banking assets acquired in satisfaction of claims	<u>180,000</u>	<u>180,000</u>
		<u>832,529</u>	<u>(2,026,721)</u>
	Deferred tax on surplus / (deficit) on revaluation of:		
	- Securities measured at FVOCI - Debt	<u>(332,741)</u>	1,206,040
	- Securities measured at FVOCI - Equity	<u>13,002</u>	(124,747)
	- Non-banking assets acquired in satisfaction of claims	<u>(88,200)</u>	(88,200)
		<u>(407,939)</u>	<u>993,093</u>
		<u>424,590</u>	<u>(1,033,628)</u>
24	CONTINGENCIES AND COMMITMENTS		
	Guarantees	24.1 7,396,089	7,385,376
	Commitments	24.2 149,944,524	138,756,926
	Other contingent liabilities	-	-
		<u>157,340,613</u>	<u>146,142,302</u>
24.1	Guarantees:		
	Financial guarantees	<u>897,081</u>	846,955
	Performance guarantees	<u>4,889,443</u>	5,029,483
	Other guarantees	<u>1,609,565</u>	1,508,938
		<u>7,396,089</u>	<u>7,385,376</u>
24.2	Commitments:		
	Documentary credits and short-term trade-related transactions		
	- letters of credit	<u>2,552,874</u>	6,955,172
	Commitments in respect of:		
	- forward foreign exchange contracts	24.2.1 69,630,790	79,256,691
	- forward lending	24.2.2 77,760,860	52,545,063
	Other commitments	-	-
		<u>149,944,524</u>	<u>138,756,926</u>
24.2.1	Commitments in respect of forward foreign exchange contracts		
	Purchase	35,285,124	39,761,279
	Sale	<u>34,345,666</u>	<u>39,495,412</u>
		<u>69,630,790</u>	<u>79,256,691</u>
24.2.2	Commitments in respect of forward lending		
	Undrawn formal forward repurchase agreement lending	61,368,889	36,047,812
	forward resale agreement borrowing	2,982,606	-
	Standby facility credit line and other commitments to lend	24.2.2.1 13,409,365	16,497,251
		<u>77,760,860</u>	<u>52,545,063</u>
24.2.2.1	Commitments to extend credit		

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

		For the nine months ended	
		Sept 30, 2024	Sept 30, 2023
		----- Un-audited -----	
		----- Rupees in '000' -----	
25	MARK-UP/RETURN/INTEREST EARNED		
	Loans and advances	9,761,682	5,133,975
	Investments	28,128,124	32,222,093
	Lendings to financial institutions	593,478	1,011,675
	Balances with banks	127,027	138,965
		38,610,311	38,506,708
26	MARK-UP/RETURN/INTEREST EXPENSED		
	Deposits	26,092,752	22,711,870
	Borrowings	5,223,978	9,674,504
	Cost of swaps against foreign currency deposits / borrowings	189,414	99,835
	Lease liability against right of use assets	469,355	247,436
		31,975,499	32,733,645
27	FEE AND COMMISSION INCOME		
	Branch banking customer fees	74,071	47,576
	Consumer finance related fees	2,156	2,050
	Card related fees (debit cards)	230,445	191,086
	Commission on trade	116,617	122,570
	Commission on guarantees	50,570	41,463
	Credit related fees	10,486	6,486
	Commission on remittances including home remittances	13,154	22,986
	Others	2,166	2,663
		499,665	436,880
28	GAIN / (LOSS) ON SECURITIES		
	Realised	28.1 125,633	(30,955)
	Unrealised - Measured at FVPL	28.2 29,814	-
		155,447	(30,955)
28.1	Realised gain/(loss) on:		
	Federal Government Securities	385	9,673
	Shares of listed companies	125,248	(40,628)
		125,633	(30,955)
28.2	Net gain on financial assets / liabilities measured at FVPL:		
	Designated upon initial recognition	-	-
	Mandatorily measured at FVPL	29,814	-
		29,814	-
	Net gain / (loss) on financial assets / liabilities measured at amortised cost	-	-
	Net gain / (loss) on financial assets measured at FVOCI	-	-
	Net gain / (loss) on investments in equity instruments designated at FVOCI	-	-
		29,814	-
29	OTHER INCOME		
	Gain on sale of property and equipment - net	7,017	4,164
	Rent on property	704	630
	Incidental charges	388	2,225
	Others	220	130
		8,329	7,149

		For the nine months ended	
		Sept 30, 2024	Sept 30, 2023
		----- Un-audited -----	
30 OPERATING EXPENSES	Note	----- Rupees in '000' -----	
Total compensation expense	30.1	3,666,817	3,175,586
Property expenses			
Rent & taxes		56,056	21,436
Insurance		43,796	42,541
Utilities cost		432,515	375,426
Security (including guards)		468,280	339,147
Repairs & maintenance (including janitorial charges)		20,912	15,935
Depreciation		53,265	52,149
Depreciation on right of use assets		586,094	580,167
		1,660,918	1,426,801
Information technology expenses			
Software maintenance		153,308	106,802
Hardware maintenance		113,558	105,163
Depreciation		53,218	14,121
Amortisation		31,725	30,396
Network charges		14,726	17,393
Others		29,164	33,563
		395,699	307,438
Other operating expenses			
Directors' fees and allowances		16,150	18,550
Fees and allowances to Shariah Board		2,988	3,529
Legal & professional charges		22,246	21,615
Outsourced services costs		153,152	107,778
Travelling & conveyance		39,237	38,156
NIFT clearing charges		27,317	26,669
Depreciation		114,328	133,159
Training & development		5,845	2,255
Postage & courier charges		19,913	21,608
Communication		197,295	117,631
Stationery & printing		135,847	112,860
Marketing, advertisement & publicity		64,961	51,050
Donations		-	-
Auditors' remuneration	30.2	11,186	10,598
Repairs & maintenance		112,492	124,148
Brokerage and commission		5,886	5,559
Entertainment		55,008	54,313
Fees and subscription		146,075	122,609
Insurance expenses		10,307	12,271
Others		39,286	37,012
		1,179,519	1,021,370
		6,902,953	5,931,195

		For the nine months ended	
		Sept 30, 2024	Sept 30, 2023
		----- Un-audited -----	
		----- Rupees in '000' -----	
30.1	Total compensation expense		
	Managerial remuneration		
	- Fixed	2,280,745	1,966,824
	- Variable cash bonus / awards etc.	35,517	15,890
	Charge for defined benefit plan	94,051	112,205
	Contribution to defined contribution plan	112,014	100,344
	Rent & house maintenance	600,755	542,462
	Utilities	117,503	104,301
	Medical	117,568	104,384
	Conveyance	132,259	88,088
	Employee old age benefits contribution	30,790	22,395
	Leave fare assistance	67,127	56,087
	Staff insurances	74,216	58,767
	Others	4,272	3,839
		3,666,817	3,175,586
30.2	Auditors' remuneration		
	Audit fee	9,378	8,250
	Fee for other statutory certifications	1,168	975
	Special certifications and sundry advisory services	-	750
	Out-of-pocket expenses	640	623
		11,186	10,598
31	OTHER CHARGES		
	Penalties imposed by State Bank of Pakistan	3,801	56,905
		3,801	56,905
32	CREDIT LOSS ALLOWANCE / PROVISIONS AND WRITE OFFS - NET		
	(Reversal) / credit loss allowance for diminution in value of investments	10.3.1 (3,243)	9,100
	Reversal of credit loss allowance / provision against loans and advances	(1,436,057)	119,647
	Credit loss allowance against lendings to financial institutions	81	
	Reversal of credit loss allowance / provision against other assets	16.1 (358,171)	-
	Credit loss allowance against off-balance sheet obligations	21.2 640	-
	Credit loss allowance against cash and bank balances	3,684	-
	Bad debts directly charged to profit and loss account	181	690
		(1,792,886)	129,437
33	TAXATION		
	Current	475,762	496,045
	Prior year	-	-
	Deferred	685,659	48,695
		1,161,421	544,740

		For the nine months ended	
		Sept 30, 2024	Sept 30, 2023
		----- Un-audited -----	
		----- Rupees in '000' -----	
34	BASIC EARNINGS PER SHARE		
	Profit for the period	<u>1,239,447</u>	<u>406,068</u>
	Weighted average number of ordinary shares	<u>3,452,442,817</u>	<u>2,952,442,817</u>
	Basic earnings per share	<u>0.36</u>	<u>0.14</u>
35	DILUTED EARNINGS PER SHARE		
	Profit for the period	<u>1,239,447</u>	<u>406,068</u>
	Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)	<u>3,452,442,817</u>	<u>3,220,398,618</u>
	Diluted earnings per share	<u>0.36</u>	<u>0.13</u>
36	CASH AND CASH EQUIVALENTS		
	Cash and balances with treasury banks	7 <u>21,045,595</u>	19,757,623
	Balances with other banks	8 <u>1,106,045</u>	1,264,207
		<u>22,151,640</u>	<u>21,021,830</u>
37	FAIR VALUE MEASUREMENTS		

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

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

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

37.1 Fair value of financial assets

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

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

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

Level 3: Unobservable inputs for the asset or liability.

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

	September 30, 2024 (Un-audited)			
	Fair Value			
	Level 1	Level 2	Level 3	Total
	----- Rupees in '000' -----			
On balance sheet financial instruments				
Financial assets measured at fair value				
Pakistan Investment Bonds	-	150,179,687	-	150,179,687
Market Treasury Bills	-	4,438,266	-	4,438,266
Shares of listed companies	641,877	-	-	641,877
Units of mutual funds	177,398	-	-	177,398
Ijarah Sukuk - GoP	-	4,070,540	-	4,070,540
	<u>819,275</u>	<u>158,688,493</u>	<u>-</u>	<u>159,507,768</u>
Financial assets-disclosed but not measured at fair value				
Investments	-	-	-	-
Pakistan Investment Bonds	-	24,427,958	-	24,427,958
Market Treasury Bills	-	23,965,360	-	23,965,360
Others	-	-	548,468	548,468
	<u>-</u>	<u>48,393,318</u>	<u>548,468</u>	<u>48,941,786</u>
Off balance sheet financial instruments				
Forward purchase of foreign exchange	<u>-</u>	<u>35,285,124</u>	<u>-</u>	<u>35,285,124</u>
Forward sale of foreign exchange	<u>-</u>	<u>34,345,666</u>	<u>-</u>	<u>34,345,666</u>
	December 31, 2023 (Audited)			
	Fair Value			
	Level 1	Level 2	Level 3	Total
	----- Rupees in '000' -----			
On balance sheet financial instruments				
Financial assets measured at fair value				
Pakistan Investment Bonds	-	128,205,319	-	128,205,319
Shares of listed companies	841,388	-	-	841,388
Units of mutual funds	156,170	-	-	156,170
Ijarah Sukuk - GoP	-	4,042,076	-	4,042,076
	<u>997,558</u>	<u>132,247,395</u>	<u>-</u>	<u>133,244,953</u>
Financial assets-disclosed but not measured at fair value				
Pakistan Investment Bonds	-	11,262,656	-	11,262,656
Market Treasury Bills	-	20,660,590	-	20,660,590
Others	-	-	585,273	585,273
	<u>-</u>	<u>31,923,246</u>	<u>585,273</u>	<u>32,508,519</u>
Off balance sheet financial instruments				
Forward purchase of foreign exchange	<u>-</u>	<u>39,761,279</u>	<u>-</u>	<u>39,761,279</u>
Forward sale of foreign exchange	<u>-</u>	<u>39,495,412</u>	<u>-</u>	<u>39,495,412</u>

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

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

38 SEGMENT INFORMATION

38.1 Segment Details with respect to Business Activities

	September 30, 2024 (Un-audited)				
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
	----- Rupees in '000' -----				
Profit & Loss					
Net mark-up/return/profit income	23,526,899	36,589	-	(16,928,676)	6,634,812
Inter segment revenue - net	(31,341,784)	-	-	31,341,784	-
Non mark-up / return / interest income	359,913	193	-	519,818	879,924
Total Income	(7,454,972)	36,782	-	14,932,926	7,514,736
Segment direct expenses	(81,735)	(4,917)	-	(5,548,773)	(5,635,425)
Inter segment expense allocation	(127,133)	(27,442)	-	(1,116,754)	(1,271,329)
Total expenses	(208,868)	(32,359)	-	(6,665,527)	(6,906,754)
Provisions	-	-	-	1,792,886	1,792,886
Profit / (Loss) before tax	(7,663,840)	4,423	-	10,060,285	2,400,868
Balance Sheet					
Cash & Bank balances	16,016,542	-	-	6,135,098	22,151,640
Investments	209,199,554	-	-	-	209,199,554
Net inter segment lending	-	-	-	180,735,653	180,735,653
Lendings to financial institutions	4,981,019	-	-	-	4,981,019
Advances - performing	61,857	758,074	-	86,132,103	86,952,034
- non-performing (net)	-	-	-	5,585,234	5,585,234
Others	14,168,716	4,899	-	26,543,657	40,717,273
Total Assets	244,427,688	762,973	-	305,131,745	550,322,407
Borrowings	60,859,500	-	-	1,457,900	62,317,400
Subordinated debt	-	-	-	-	-
Deposits & other accounts	-	-	-	262,583,585	262,583,585
Net inter segment borrowing	179,983,137	752,516	-	-	180,735,653
Others	573,628	10,457	-	16,890,747	17,474,833
Total liabilities	241,416,265	762,973	-	280,932,232	523,111,472
Equity	3,011,423	-	-	24,199,513	27,210,936
Total Equity & liabilities	244,427,688	762,973	-	305,131,745	550,322,408
Contingencies & Commitments	133,982,285	-	-	23,358,328	157,340,613

September 30, 2023 (Un-audited)

	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
----- Rupees in '000' -----					
Profit & Loss					
Net mark-up/return/profit income	23,631,480	36,470	-	(17,894,887)	5,773,063
Inter segment revenue - net	(28,663,629)	-	-	28,663,629	-
Non mark-up / return / interest income	813,555	133	-	481,594	1,295,282
Total Income	(4,218,594)	36,603	-	11,250,336	7,068,345
Segment direct expenses	(84,228)	(2,854)	-	(4,806,643)	(4,893,725)
Inter segment expense allocation	(109,507)	(27,353)	-	(957,515)	(1,094,375)
Total expenses	(193,735)	(30,207)	-	(5,764,158)	(5,988,100)
Provisions	(9,101)	-	-	(120,336)	(129,437)
Profit / (Loss) before tax	(4,421,430)	6,396	-	5,365,842	950,808

December 31, 2023 (Audited)

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

39 RELATED PARTY TRANSACTIONS

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

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

The Government of Sindh (GoS) through its Finance Department holds 99.97% shareholding in the Bank and therefore entities which are owned and / or controlled by the GoS, or where the GoS may exercise significant influence, are related parties of the Bank. The Bank in the ordinary course of business enters into transactions with Government-related entities. Such transactions include lending to, deposits from and provision of other banking services to such entities. However, it is impracticable to disclose transactions with all other entities owned or controlled by the GoS.

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

	September 30, 2024 (Un-audited)				December 31, 2023 (Audited)			
	Directors	Key management personnel	Subsidiaries	Other related parties	Directors	Key management personnel	Subsidiaries	Other related parties
----- Rupees in '000' -----								
Investments								
Opening balance	-	-	750,000	-	-	-	750,000	-
Investment made during the period / year	-	-	-	-	-	-	-	-
Investment redeemed / disposed off during the period / year	-	-	-	-	-	-	-	-
Closing balance	-	-	750,000	-	-	-	750,000	-
Advances								
Opening balance	-	180,366	-	64,377	-	191,206	-	-
Addition during the period / year	-	29,854	-	-	-	15,342	-	-
Repaid during the period / year	-	36,997	-	-	-	70,836	-	-
Transfer in / (out) - net	-	2,260	-	-	-	44,654	-	64,377
Closing balance	-	175,483	-	64,377	-	180,366	-	64,377
Other Assets								
Interest / mark-up accrued	-	157	-	3,643	-	226	-	4,029
Other receivable	-	-	-	352	-	-	-	-
	-	157	-	3,995	-	226	-	4,029
Deposits and other accounts								
Opening balance	1,040	66,083	51,021	1,616,287	5,101	304,172	24,915	1,837,495
Received during the period / year	13,943	1,363,748	8,544,546	8,464,419	28,089	1,023,861	9,591,836	12,602,719
Withdrawn during the period / year	18,607	1,305,952	8,562,576	7,035,381	26,365	1,226,908	9,565,730	12,823,927
Transfer in / (out) - net	19,821	(32,285)	-	-	(5,785)	(35,042)	-	-
Closing balance	16,197	91,594	32,991	3,045,325	1,040	66,083	51,021	1,616,287
Other Liabilities								
Interest / mark-up payable	427	3,315	4,964	159,221	15	3,355	2,997	96,812

39 RELATED PARTY TRANSACTIONS

	September 30, 2024 (Un-audited)				September 30, 2023 (Un-audited)			
	Directors	Key management personnel	Subsidiaries	Other related parties	Directors	Key management personnel	Subsidiaries	Other related parties
----- Rupees in '000' -----								
Income:								
Mark-up / return / interest earned	-	5,413	-	11,676	-	5,927	-	-
Fee and commission income	-	8	541	327	4	8	514	37
Net gain on sale of securities	-	-	255	24	-	-	75	1,380
Other income	-	-	-	1,056	-	-	-	945
Expenses:								
Mark-up / return / interest paid	1,860	19,388	11,945	352,649	137	13,808	4,979	142,482
Remuneration paid	-	233,360	-	-	-	233,970	-	-
Contribution to provident fund	-	11,454	-	-	-	11,328	-	-
Provision for gratuity	-	21,996	-	-	-	14,854	-	-
Other staff benefits	-	38,798	-	-	-	31,971	-	-
Directors' meetings fee	16,150	-	-	-	18,550	-	-	-
Other expenses	250	-	-	-	300	-	-	-
Insurance premium paid	-	-	-	84,884	-	-	-	103,010
Others:								
Sale of Government Securities	-	-	585,000	18,500	-	-	293,500	1,850,000
Purchase of Government Securities	-	-	-	-	-	-	-	725,000
Gratuity paid	-	26,242	-	-	-	13,199	-	-
Leave encashment paid	-	5,700	-	-	-	6,597	-	-
Expenses recovered under agency arrangement	-	-	-	55	-	-	-	34
Insurance claims settled	-	-	-	6,675	-	-	-	6,227

As at the date of unconsolidated statement of financial position, loans/advances and deposits of government related entities amounted to Rs. 39,500 million (note 11) and Rs. 152,867 million (note 19). The above includes deposits amounting to Rs. 51,916.01 (2023: Rs. 46,275.31) million received through the Finance Department, Government of Sindh.

	September 30, 2024 Un-audited	December 31, 2023 Audited
	----- Rupees in '000' -----	
40 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	<u>24,644,091</u>	<u>23,611,607</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	13,375,753	7,865,342
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	<u>13,375,753</u>	<u>7,865,342</u>
Eligible Tier 2 Capital	<u>455,229</u>	<u>10,186</u>
Total Eligible Capital (Tier 1 + Tier 2)	<u>13,830,982</u>	<u>7,875,528</u>
Risk Weighted Assets (RWAs):		
Credit Risk	36,400,160	29,745,725
Market Risk	4,405,717	5,367,513
Operational Risk	<u>13,482,604</u>	<u>13,482,604</u>
Total Risk Weighted Assets	<u>54,288,481</u>	<u>48,595,842</u>
Common Equity Tier 1 Capital Adequacy ratio	<u>24.64%</u>	<u>16.19%</u>
Tier 1 Capital Adequacy Ratio	<u>24.64%</u>	<u>16.19%</u>
Total Capital Adequacy Ratio	<u>25.48%</u>	<u>16.21%</u>
Notional minimum capital requirements prescribed by SBP		
CET1 minimum ratio	6.00%	6.00%
Tier 1 minimum ratio	7.50%	7.50%
Total capital minimum ratio	10.00%	10.00%
Total capital minimum ratio plus CCB	11.50%	11.50%
Approach followed for determining Risk Weighted Assets		
Credit Risk	Comprehensive	Comprehensive
Market Risk	Maturity	Maturity
Operational Risk	Basic Indicator	Basic Indicator
	September 30, 2024 Un-audited	December 31, 2023 Audited
	----- Rupees in '000' -----	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	13,375,753	7,865,342
Total Exposures	<u>388,601,108</u>	<u>283,326,719</u>
Leverage Ratio (%)	<u>3.44%</u>	<u>2.78%</u>
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	132,616,483	163,924,564
Total Net Cash Outflow	<u>35,372,701</u>	<u>38,601,138</u>
Liquidity Coverage Ratio (%)	<u>375%</u>	<u>425%</u>
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	198,976,472	174,179,315
Total Required Stable Funding	<u>133,000,019</u>	<u>87,937,281</u>
Net Stable Funding Ratio	<u>150%</u>	<u>198%</u>

41 ISLAMIC BANKING BUSINESS

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

STATEMENT OF FINANCIAL POSITION

	September 30, 2024	December 31, 2023
	Un-audited	Audited
Assets	Note ----- Rupees in '000' -----	
Cash and balances with treasury banks	429,125	171,655
Balances with other banks	12,635	975
Due from financial institutions	41.1 1,999,967	-
Investments	41.2 4,224,440	4,165,737
Islamic financing and related assets - net	41.3 481,648	554,235
Property and equipment	39,628	45,603
Right-of-use assets	158,334	64,037
Intangible assets	1,583	2,333
Deferred tax assets	-	-
Due from head office	94,932	15,160
Other assets	380,198	196,788
Total Assets	7,822,490	5,216,523
Liabilities		
Bills payable	47,413	8,976
Due to financial institutions	-	1,450,000
Deposits and other accounts	41.4 6,395,241	2,689,143
Deferred tax liability	35,154	32,701
Due to head office	-	-
Other liabilities	288,136	152,229
Total Liabilities	6,765,944	4,333,049
Net Assets	1,056,546	883,474
Represented By		
Islamic banking fund	1,100,000	1,100,000
Reserves	-	-
Surplus on revaluation of investments	35,394	34,035
Accumulated loss	41.8 (78,848)	(250,561)
	1,056,546	883,474

CONTINGENCIES AND COMMITMENTS

41.5

STATEMENT OF PROFIT OR LOSS ACCOUNT

	Note	For the nine months ended	
		September 30, 2024	September 30, 2023
		----- Un-audited -----	
		----- Rupees in '000' -----	
Profit / return earned	41.6	831,120	727,190
Profit / return expensed	41.7	495,200	441,279
Net profit/return		335,920	285,911
Other income			
Fee, commission and brokerage income		12,154	17,890
Income from dealing in foreign currencies		129	1,646
Dividend income		13,500	12,420
Gain on securities		30,240	-
Other income		347	401
		56,370	32,357
Total Income		392,290	318,268
Other expenses			
Administrative expenses		221,687	195,287
Other charges		-	20
Total other expenses		221,687	195,307
Profit before credit loss allowance / provisions		170,603	122,961
Credit allowance / provisions and write offs - net		324	(515)
Profit before taxation		170,279	123,476

41.1	LENDINGS TO FINANCIAL INSTITUTIONS	September 30,	December 31,
		2024	2023
		Un-audited	Audited
		----- Rupees in '000' -----	
	Musharaka arrangements	1,999,967	-
		<u>1,999,967</u>	<u>-</u>

41.2	Investments	September 30, 2024 (Un-audited)			
		Cost/ Amortised cost	Credit loss allowance	Surplus / (Deficit)	Carrying Value
		----- Rupees in '000' -----			
	Measured at FVTPL				
	-Listed Companies	99,000	-	54,900	153,900
	Measured at FVOCI				
	Federal Government Securities:				
	- Ijarah Sukuks	3,999,992	-	70,548	4,070,540
	Total Investments	<u>4,098,992</u>	<u>-</u>	<u>125,448</u>	<u>4,224,440</u>
December 31, 2023 (Audited)					
	Federal Government Securities:				
	- Ijarah Sukuks	4,000,000	-	42,076	4,042,076
	Islamic Fund:				
	-Listed Companies	99,000	-	24,661	123,661
	Total Investments	<u>4,099,000</u>	<u>-</u>	<u>66,737</u>	<u>4,165,737</u>

41.3	Islamic financing and related assets	September 30,
		2024
		Un-audited
		Rupees in '000'
	Ijarah financing under IFAS 2	9,503
	Diminishing musharakah financing	<u>506,520</u>
		<u>516,023</u>
	Less: Credit Loss Allowance against Islamic financings	
	- Stage 1	879
	- Stage 2	-
	- Stage 3	<u>33,496</u>
		<u>34,375</u>
	Islamic financing and related assets - net of provisions	<u>481,648</u>
		December 31,
		2023
		Audited
		Rupees in '000'
	Islamic financing and related assets	
	Ijarah financing under IFAS 2	9,946
	Diminishing musharakah financing	<u>555,254</u>
		<u>565,200</u>
	Less: provision against Islamic financing	
	- Specific	10,965
	- General	-
		<u>10,965</u>
	Islamic financing and related assets - net of provisions	<u>554,235</u>

41.4 Deposits and other accounts

	September 30, 2024 (Un-audited)			December 31, 2023 (Audited)		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
----- Rupees in '000' -----						
Customers						
Current deposits	881,142	15,686	896,828	697,630	3,336	700,966
Savings deposits	4,594,586	5,046	4,599,632	1,587,194	5,321	1,592,515
Term deposits	844,604	-	844,604	347,408	-	347,408
Margin and other deposits	21,121	-	21,121	22,931	-	22,931
	6,341,453	20,732	6,362,185	2,655,163	8,657	2,663,820
Financial Institutions						
Current deposits	1,231	-	1,231	4,170	-	4,170
Savings deposits	31,825	-	31,825	21,103	-	21,103
Term deposits	-	-	-	-	-	-
Margin and other deposits	-	-	-	50	-	50
	33,056	-	33,056	25,323	-	25,323
	6,374,509	20,732	6,395,241	2,680,486	8,657	2,689,143

	September 30, 2024	December 31, 2023
	Un-audited	Audited
	----- Rupees in '000' -----	
41.5 Contingencies and Commitments		
Guarantees	287,326	231,177
Letter of Credit	257,364	69,916
Commitments	-	-
	544,690	301,093
	For the nine months ended	
	September 30, 2024	September 30, 2023
	----- Un-audited -----	
	----- Rupees in '000' -----	
41.6 Profit / Return on Financing, Investments and Placements earned		
Financing	67,416	107,792
Investments	645,301	575,584
Deposits with financial institutions	118,403	43,814
	831,120	727,190
41.7 Return on Deposits and other Dues Expensed		
Deposits and other accounts	339,780	348,588
Due to Financial Institutions	138,864	81,359
Amortisation of lease liability against right-of-use assets	16,556	11,332
Others	-	-
	495,200	441,279
	September 30, 2024	December 31, 2023
	Un-audited	Audited
	----- Rupees in '000' -----	
41.8 Islamic Banking Business Accumulated Losses		
Opening Balance	(250,561)	(449,068)
Impact of adoption of IFRS 9	1,434	-
Profit for the period/year	170,279	198,507
Taxation	-	-
Closing Balance	(78,848)	(250,561)

42 GENERAL

- 42.1 Comparative information has been reclassified, rearranged or additionally incorporated in these unconsolidated condensed interim financial statements for the purposes of better presentation.
- 42.2 The Bank has not restated comparative information for 2023 for financial instruments in the scope of IFRS-09. Therefore, the comparative information for 2023 is reported under previous local regulatory requirements and is not comparable with the information presented for 2024.

42.3 The effect of reclassification, rearrangement, restatement in the comparative information presented in these consolidated condensed interim financial statements due to adoption of revised forms for the preparation of condensed interim financial statements as mentioned in note 4.1 is as follows:

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

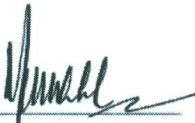
42.4 Figures have been rounded off to the nearest thousand Rupees.

43 DATE OF AUTHORISATION FOR ISSUE

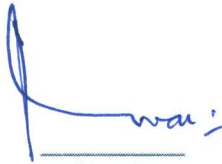
These unconsolidated financial statements were authorised for issue by the Board of Directors on October 25, 2024.



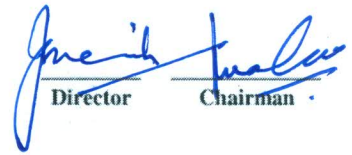
Chief Financial Officer



President and
Chief Executive Officer



Director



Director Chairman




Consolidated Condensed Interim Financial Statements
Nine months and Quarter Ended September 30, 2024

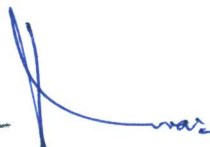
SINDH BANK LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2024

		September 30, 2024 Un-audited	December 31, 2023 Audited
	Note	----- Rupees in '000' -----	
ASSETS			
Cash and balances with treasury banks	7	21,151,453	53,488,206
Balances with other banks	8	1,637,914	1,484,233
Lendings to financial institutions	9	4,981,019	-
Investments	10	209,513,457	166,397,880
Advances	11	94,624,301	52,528,902
Property and equipment	12	1,373,579	1,351,122
Right-of-use assets	13	3,240,337	2,704,359
Intangible assets	14	81,802	114,464
Deferred tax assets-net	15	15,504,794	17,201,220
Other assets	16	20,768,003	7,801,390
Total Assets		372,876,659	303,071,776
LIABILITIES			
Bills payable	17	1,391,251	898,762
Borrowings	18	62,868,650	38,267,440
Deposits and other accounts	19	264,470,531	224,841,914
Lease Liabilities	20	4,056,395	3,231,133
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	21	12,404,177	11,004,177
Total Liabilities		345,191,004	278,243,426
NET ASSETS		27,685,655	24,828,350
REPRESENTED BY			
Share capital - net	22	34,524,428	34,524,428
Reserves		2,264,382	1,985,305
Shares deposit money		-	-
Deficit on revaluation of assets	23	424,590	(1,033,628)
Accumulated Loss		(9,527,745)	(10,647,755)
		27,685,655	24,828,350
CONTINGENCIES AND COMMITMENTS	24		

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


 Chief Financial
 Officer


 President and
 Chief Executive Officer


 Director

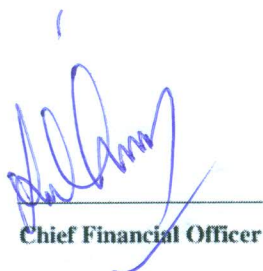

 Director


 Chairman

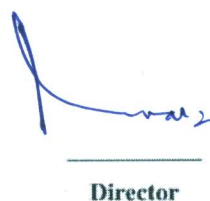
SINDH BANK LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE NINE MONTHS AND QUARTER ENDED SEPTEMBER 30, 2024

	Note	Quarter ended		Nine months ended	
		September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
----- Rupees in '000' -----					
Mark-up / Return / Interest Earned	25	16,360,423	11,945,580	39,587,470	39,104,059
Mark-up / Return / Interest Expensed	26	13,703,649	9,256,138	32,331,865	32,881,019
Net Mark-up / Interest Income		2,656,774	2,689,442	7,255,605	6,223,040
NON MARK-UP / INTEREST INCOME					
Fee and Commission Income	27	163,037	71,745	499,665	436,880
Dividend Income		13,584	45,089	45,275	142,979
Foreign Exchange Income		150,490	142,670	171,208	739,229
Income / (loss) from derivatives		-	-	-	-
Gain / (Loss) on securities	28	36,005	76,496	155,447	(30,955)
Other Income	29	408	4,344	8,329	7,149
Total non-markup/interest Income		363,524	340,344	879,924	1,295,282
Total Income		3,020,298	3,029,786	8,135,529	7,518,322
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	30	2,476,351	2,133,687	7,265,616	6,172,388
Other charges	31	3,780	967	5,002	56,945
Total non-markup/interest expenses		2,480,131	2,134,654	7,270,618	6,229,333
Profit before credit loss allowance		540,167	895,132	864,911	1,288,989
Credit allowance / provisions and write offs - net	32	(646,616)	475,625	(1,713,748)	252,815
PROFIT BEFORE TAXATION		1,186,783	419,507	2,578,659	1,036,174
Taxation	33	505,166	226,758	1,214,462	559,006
PROFIT AFTER TAXATION		681,617	192,749	1,364,197	477,168
----- Rupees -----					
Basic earnings per share	34	0.20	0.06	0.40	0.16
Diluted earnings per share	35	0.20	0.05	0.40	0.15

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


Chief Financial Officer


President and
Chief Executive Officer


Director


Director

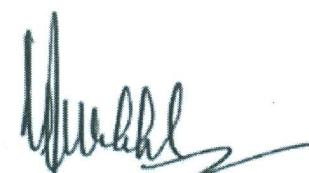

Chairman

SINDH BANK LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE NINE MONTHS AND QUARTER ENDED SEPTEMBER 30, 2024

	Quarter ended		Nine months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
	----- Rupees in '000' -----			
Profit after taxation for the period	681,617	192,749	1,364,197	477,168
Other comprehensive income / (loss)				
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in surplus / (deficit) on revaluation of debt investments through FVOCI - net of tax	545,196	679,905	487,809	(430,840)
	<u>1,226,813</u>	<u>872,654</u>	<u>1,852,006</u>	<u>46,328</u>
Items that will not be reclassified to profit and loss account in subsequent periods:				
Deferred tax on remeasurement gain / (loss) on defined benefit obligations	-	-	(3,580)	-
Movement in surplus / (deficit) on revaluation of equity investments - net of tax	82,236	-	274,941	-
Movement in surplus on revaluation of non-banking assets -	-	-	-	-
	<u>82,236</u>	<u>-</u>	<u>271,361</u>	<u>-</u>
Total comprehensive income / (loss)	<u>1,309,049</u>	<u>872,654</u>	<u>2,123,367</u>	<u>46,328</u>

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


 Chief Financial Officer


 President and
 Chief Executive Officer


 Director


 Director


 Chairman

BINDI BANK LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024

	Share Capital	Share Deposit Money	Capital Reserves		Statutory Reserve *	Depositor's protection fund reserve	Surplus / (Deficit) on revaluation		Accumulated Loss **	Total
			Reserve on amalgamation	Share Premium			Investments	Fixed/Non-banking assets		
Rupees in 1000										
Opening balance as at January 01, 2023 (audited)	29,524,428	-	9,433	51	1,504,243	13,078	(1,208,598)	-	(12,429,398)	17,413,535
Changes in equity for the nine months ended September 30, 2023										
Profit after taxation	-	-	-	-	-	-	-	-	477,168	477,168
Share deposit money	-	5,000,000	-	-	-	-	-	-	-	5,000,000
Other comprehensive income - net of tax	-	-	-	-	-	-	-	-	-	-
Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	-	-	-	-	-	-	-	-	-	-
Debt instruments at FVOCI - reclassified to profit or loss	-	-	-	-	-	-	(430,840)	-	-	(430,840)
Reassessment gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	-	-
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	-	-	-
Total other comprehensive income - net of tax	-	-	-	-	-	-	(430,840)	-	-	(430,840)
Transfer to statutory reserve	-	-	-	-	93,434	-	-	-	(93,434)	-
Transfer to depositor's protection fund	-	-	-	-	-	3,555	-	-	(3,555)	-
3% of the profit after tax for the half year	-	-	-	-	-	-	-	-	-	-
Balance as at September 30, 2023 (Un-audited)	29,524,428	5,000,000	9,433	51	1,599,677	16,633	(1,639,340)	-	(12,051,219)	22,459,663
Changes in equity for the half year ended December 31, 2023										
Profit after taxation	-	-	-	-	-	-	-	-	1,379,084	1,379,084
Other comprehensive income - net of tax	-	-	-	-	-	-	-	-	-	-
Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	-	-	-	-	-	-	-	-	-	-
Debt instruments at FVOCI - reclassified to profit or loss	-	-	-	-	-	-	513,912	-	-	513,912
Reassessment gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-	-	-	(18,784)	(18,784)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	91,800	-	91,800
Total other comprehensive income - net of tax	-	-	-	-	-	-	513,912	91,800	(18,784)	586,928
Transfer to statutory reserve	-	-	-	-	355,817	-	-	-	(355,817)	-
Share deposit money	-	-	-	-	-	-	-	-	-	-
Transfer to depositor's protection fund	-	-	-	-	-	-	-	-	-	-
3% of the profit after tax for the half year return on investment	-	-	-	-	-	1,019	-	-	(1,019)	-
Issue of shares during the year	5,000,000	(5,000,000)	-	-	-	2,675	-	-	-	2,675
Balance as at December 31, 2023 (audited)	34,524,428	-	9,433	51	1,955,494	20,327	(1,125,428)	91,800	(10,647,755)	24,828,150
Effect of reclassification on adoption of IFRS -09 - net of tax										
Effect of adoption of IFRS 09 on Debt security	-	-	-	-	-	-	-	-	-	-
Effect of adoption of IFRS 09 on shares FVOCI	-	-	-	-	-	-	1,113,779	-	-	1,113,779
Effect of adoption of IFRS 09 on shares FVPL	-	-	-	-	-	-	(263,287)	-	263,287	-
Effect of adoption of IFRS 09 on shares FVOCI	-	-	-	-	-	-	(54,854)	-	54,854	-
Effect of adoption of IFRS 09 - ECL - net of tax	-	-	-	-	-	-	-	-	(379,841)	(379,841)
Balance as at January 01, 2024 after adoption of IFRS-09	34,524,428	-	9,433	51	1,955,494	20,327	(429,968)	91,800	(10,609,285)	25,862,288
Changes in equity for the nine months ended September 30, 2024										
Profit after taxation	-	-	-	-	-	-	-	-	1,364,197	1,364,197
Other comprehensive income - net of tax	-	-	-	-	-	-	-	-	-	-
Movement in surplus / (deficit) on revaluation of investments in debt instruments - net of tax	-	-	-	-	-	-	-	-	-	-
Debt instruments at FVOCI	-	-	-	-	-	-	407,809	-	-	407,809
Reassessment gain / (loss) on defined benefit obligations - net of tax	-	-	-	-	-	-	274,941	-	(3,580)	(3,580)
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	-	-	-	-	-	-	-	-
Total other comprehensive income - net of tax	-	-	-	-	-	-	762,750	-	(3,580)	759,170
Transfer to statutory reserve	-	-	-	-	272,819	-	-	-	(272,819)	-
Transfer to depositor's protection fund	-	-	-	-	-	4,238	-	-	(4,238)	-
3% of the profit after tax for the nine months ended September 30, 2024	-	-	-	-	-	-	-	-	-	-
Closing balance as at September 30, 2024 (Un-audited)	34,524,428	-	9,433	51	2,228,313	24,565	332,790	91,800	(9,527,741)	27,605,665


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

** As more fully explained in note 11.3.3 & 12.2.2 of these consolidated condensed interim financial statements, non-provisioned profit includes an amount of Rs. 2,925.32 million net of tax as at September 30, 2024 (December 31, 2023: Rs. 3,148.13 million) representing additional profit arising from avoiding forced sale value benefits for determining provisioning requirement which is not available for the purpose of distribution of dividend to shareholders.

The annexed notes from 1 to 57 form an integral part of these consolidated condensed interim financial statements.


 Chairman


 President and
 Chief Executive Officer


 Director


 Director



 Chairman

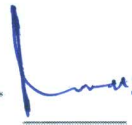
SINDH BANK LIMITED
CONSOLIDATED CASH FLOW STATEMENT (Un-audited)
FOR THE NINE MONTH ENDED SEPTEMBER 30, 2024

	Note	September 30, 2024	September 30, 2023
----- Rupees in '000' -----			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		2,578,659	1,036,174
Less: Dividend income		(45,275)	(142,979)
		<u>2,533,384</u>	<u>893,195</u>
Adjustments:			
Unrealised gain on securities measured at FVPL	28	(29,814)	-
Depreciation	30	227,809	801,832
Depreciation on right of use assets	30	610,156	-
Amortisation	30	33,155	30,396
Credit loss allowance/provisions and write offs - net	32	(1,713,748)	126,382
Gain on sale of property and equipment	29	(7,017)	(4,164)
Finance charges on leased assets		485,310	252,887
		(394,149)	1,207,332
		<u>2,139,235</u>	<u>2,100,527</u>
(Increase) / decrease in operating assets			
Lendings to financial institutions		(4,981,019)	16,995,324
Securities classified as FVPL		(120,905)	-
Advances		(41,938,979)	2,299,056
Other assets (excluding advance taxation)		(12,609,388)	(4,036,397)
		(59,650,291)	15,257,983
Increase / (decrease) in operating liabilities			
Bills payable		492,489	356,899
Borrowings from financial institutions		24,601,210	(85,885,574)
Deposits and other accounts		39,628,617	(7,057,483)
Other liabilities (excluding current taxation)		1,495,167	2,759,795
		66,217,483	(89,826,363)
		8,706,427	(72,467,853)
Income tax paid		(571,664)	(555,750)
Net cash flows from / (used in) operating activities		<u>8,134,763</u>	<u>(73,023,603)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in amortised cost securities		(16,375,199)	44,898,566
Net investment in securities classified as FVOCI		(22,834,538)	28,977,208
Dividends received		45,275	142,979
Investments in property and equipment		(245,342)	(111,467)
Disposal of property and equipment		12,302	4,626
Net cash flows from / (used in) investing activities		(39,397,502)	73,911,912
CASH FLOW FROM FINANCING ACTIVITIES			
Share deposit money		-	5,000,000
Payments of lease obligations against right-of-use assets		(908,187)	(742,974)
Shares capital		-	-
Net cash (used in) / flow from financing activities		(908,187)	4,257,026
(Decrease)/increase in cash and cash equivalents		(32,170,926)	5,145,335
Cash and cash equivalents at the beginning of the year		54,972,439	16,218,265
Impact of expected credit loss allowance on adoption of IFRS-09		(10,190)	-
Charge of expected credit loss allowance during the period		(1,956)	-
		(12,146)	-
Cash and cash equivalents at the end of the period	36	<u>22,789,367</u>	<u>21,363,600</u>

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


 Chief Financial Officer


 President and
 Chief Executive Officer


 Director


 Director


 Chairman

SINDH BANK LIMITED
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED
FOR THE NINE MONTH ENDED SEPTEMBER 30, 2024

1. STATUS AND NATURE OF BUSINESS

The "Group" consists of:

1.1 Holding Company

1.1.1 Sindh Bank Limited (the Bank) was incorporated in Pakistan on October 29, 2010 as a public unlisted company and is engaged in Commercial Banking, Corporate and Investment related activities. The Bank operates 330 (2023: 330) branches including 8 (2023: 8) sub-branches and 14 (2023: 14) Islamic banking branches in Pakistan. The Bank's registered office is located at 3rd floor, Federation House, Abdullah Shah Ghazi Road, Clifton, Karachi, Pakistan.

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

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

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

1.2.1 Sindh Microfinance Bank Limited

Sindh Microfinance Bank Limited (the Microfinance Bank) was incorporated on March 27, 2015 as a public company limited by shares under the provision of the company's Act, 2017 (previously Companies Ordinance, 1984). The Microfinance Bank obtained Microfinance banking license from State Bank of Pakistan (SBP) on October 16th, 2015, to operate in Sindh Province. Subsequently the Microfinance Bank has received the certificate of commencement of business from Securities & Exchange Commission of Pakistan (SECP) on November 30, 2015. The Microfinance Bank's registered office is situated at 39/F, 2nd Floor, Muhammad Ali Cooperative Housing Society, Karachi. The Microfinance Bank's principal business will be to provide microfinance services to the poor and underserved segment of the society as envisaged under the Microfinance Institutions Ordinance, 2001. The Microfinance Bank operates with a network of 21 (2023: 19) branches and 81 (2023: 77) services centers. The Bank holds 99.99% shares of the Microfinance Bank and remaining shares are held by the nominees of the Bank.

2. BASIS OF PRESENTATION

2.1 STATEMENT OF COMPLIANCE

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

- International Accounting Standard 34 "Interim Financial Reporting" and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IAS 34, IFRS or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

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

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

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

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

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

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

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

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

3. BASIS OF PRESENTATION

3.1 Accounting convention

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

4. MATERIAL ACCOUNTING POLICY INFORMATION

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

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

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

4.2 Change in Accounting Policy

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

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

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

4.2.1 Classification

Financial Assets

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

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

Financial Liabilities

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

4.2.2 Business model assessment

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

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

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

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

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

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

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

4.2.4 Application to the Bank's financial assets

Debt based financial assets

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

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

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

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

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

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

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

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

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

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

Equity based financial assets

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

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

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

Financial Assets	Before adoption of IFRS-09		After adoption of IFRS-09	
	Measurement Category	Carrying amount as at December 31, 2023	Measurement Category	Carrying amount as at January 01, 2024 - Before ECL
		--- Rupees in '000'---		--- Rupees in '000'---
Cash and balances with treasury banks	Loan and receivables	53,488,206	Amortised cost	53,488,206
Balances with other banks	Loan and receivables	1,484,233	Amortised cost	1,484,233
Lendings to financial institutions	Loan and receivables	-	Amortised cost	-
Investments	Available for sales	133,244,953	Fair value through profit or loss account	498,058
			Fair value through other comprehensive income	117,530,146
			Amortised cost	17,400,629
				135,428,833
	Held to maturity	33,152,927	Amortised cost	33,152,927
Advances	Loan and receivables	52,528,902	Amortised cost	52,528,902
Other assets	Loan and receivables	7,801,390	FVTPL/Amortised cost	7,801,390
		<u>281,700,611</u>		<u>283,884,491</u>

4.2.5 Initial recognition and subsequent measurement

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

a) Amortised cost ("AC")

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

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

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

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

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

4.2.6 Derecognition

Financial assets

The Bank derecognises a financial asset when:

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

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

Financial liabilities

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

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

4.2.7 Expected Credit Loss ("ECL")

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

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and

reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

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

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

- | | |
|-------------------------------|---|
| Stage 1: | When financial instruments are first recognised, the Bank recognises an allowance based on 12mECLs. Stage 1 financial instruments also include facilities where the credit risk has improved and these have been reclassified from Stage 2. The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast Exposure At Default (EAD) and multiplied by the expected LGD and discounted by an approximation to the original Effective Interest Rate (EIR). This calculation is made for all the scenarios. |
| Stage 2: | When a financial instrument has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 also includes facilities, where the credit risk has improved and the instrument has been reclassified from Stage 3. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs are applied over the lifetime of the instrument. The expected cash flows are discounted by an approximation to the original EIR. |
| Stage 3: | For financial instruments considered credit-impaired, the Bank recognises the LTECLs for these instruments. The Bank uses a PD of 100% and LGD as computed for each portfolio or as prescribed by the SBP. |
| Undrawn financing commitments | When estimating LTECLs for undrawn financings commitments, the Bank estimates the expected portion of the financings commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected cash flows if the financings is drawn down, based on a probability-weighting of the three scenarios. For revolving facilities that include both a financings and an undrawn commitment, ECLs are calculated on un-drawn portion of the facility and presented within other liabilities. |

Guarantee and letters of credit contracts The Bank estimates ECLs based on the BASEL driven and internally developed credit conversion factor ("CCF") for guarantee and letter of credit contracts respectively. The calculation is made using a probability weighting of the three scenarios. The ECLs related to guarantee and letter of credit contracts are recognised within other liabilities.

The calculation of ECLs

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

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

PD The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. PD is estimated based on statistical technique such as Transition Matrix approach. PDs for non advances portfolio is based on S&Ps global transition default matrices, PDs are then adjusted using Vicesek Model to incorporate forward looking information.

EAD The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and profit, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest / profit from missed payments. The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has a legal right to call it earlier. The product offering includes a variety of corporate and retail facilities, in which the Bank has the right to cancel and / or reduce the facilities with one day notice. However, in case of revolving facilities, the Bank does not limit its exposure to credit losses to the contractual notice period, but, instead calculates ECL over a period that reflects the expectations of the customer behaviour, its likelihood of default and the Bank's future risk mitigation procedures, which could include reducing or cancelling the facilities.

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

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

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

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

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

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

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

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

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

Forward looking information

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

- GDP growth
- Consumer price index
- Unemployment rate

Definition of default

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

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

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

Write-offs

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

4.2.8 Adoption impacts

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

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

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

6 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements of the Bank for the year ended December 31, 2023.

		September 30, 2024	December 31, 2023
		Un-audited	Audited
	Note	----- Rupees in '000' -----	
7 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		3,964,078	3,960,469
Foreign currency		161,799	194,370
		4,125,877	4,154,839
With State Bank of Pakistan (SBP) in			
Local currency current accounts	7.1	15,552,014	47,152,820
Foreign currency current accounts	7.2	133,475	61,133
Foreign currency deposit accounts			
- Non Remunerative	7.3	143,164	158,549
- Remunerative	7.4	284,050	309,256
		16,112,703	47,681,758
With National Bank of Pakistan in			
Local currency current accounts		902,214	1,610,797
Local currency deposit accounts	7.5	10	24,282
		902,224	1,635,079
Prize bonds		10,768	16,530
Less: Credit loss allowance held against cash and balances with treasury banks		(119)	-
		21,151,453	53,488,206

- 7.1 This represents cash reserve required to be maintained with SBP as per the requirement of Section 22 of the Banking Companies Ordinance, 1962.
- 7.2 This represents US Dollar Settlement Account maintained with SBP.
- 7.3 This represents foreign currency (FCY) cash reserve maintained with SBP to comply with statutory reserve requirement applicable on Group FCY deposits.
- 7.4 This represents foreign currency special cash reserve maintained with SBP. The Group is entitled to earn profit which is declared by SBP on a monthly basis. During the period, the SBP has declared profit in the range of 4.20% to 4.23% (2023 : 3.39% - 4.34%) per annum.
- 7.5 This includes savings account with National Bank of Pakistan carrying mark-up at 18.00% (2023: 20.5%) per annum.

		September 30, 2024	December 31, 2023
		Un-audited	Audited
	Note	----- Rupees in '000' -----	
8 BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		30	1,500
In savings accounts	8.1	533,958	526,599
		533,988	528,099
Outside Pakistan			
In current accounts	8.2	1,117,910	956,134
Less: Credit loss allowance held against balances with other banks		(13,984)	-
		1,637,914	1,484,233

- 8.1 This includes savings account with commercial banks carrying profit in the range of 16.5% to 23.9% (2023: 16% to 23.9%) per annum.
- 8.2 This includes Rs. 1,442.406 million (2023: Rs. 842.188 million) held in Automated Investment Plans. This balance is current in nature and in case this goes above a specified amount, the bank is entitled to earn interest from the correspondent banks at the agreed rates.

9 LENDINGS TO FINANCIAL INSTITUTIONS

Repurchase agreement lendings (Reverse Repo)		2,981,100	-
Musharaka arrangements		2,000,000	-
		4,981,100	-
Less: Credit loss allowance held against lending to financial institutions		(81)	-
		4,981,019	-
9.1 Particulars of lending			
In local currency		4,981,019	-
In foreign currencies		-	-
		4,981,019	-

10 INVESTMENTS - NET

September 30, 2024 (Un-audited)

10.1 Investments by type

	Cost / Amortised cost	Credit loss allowance / provision for diminution	Surplus / (Deficit)	Carrying Value
----- Rupees in '000' -----				
FVTPL				
Shares				
Listed	21,905	-	6,781	28,686
Mutual funds	99,000	-	54,900	153,900
	120,905	-	61,681	182,586
FVTOCI				
Federal Government Securities				
Market Treasury Bills	4,345,067	-	93,199	4,438,266
Pakistan Investment Bonds - Floater	149,664,371	-	515,316	150,179,687
Government of Pakistan - Ijarah Sukuk	3,999,992	-	70,548	4,070,540
Shares				
Listed	604,020	-	9,171	613,191
Mutual funds	59,203	-	(35,705)	23,498
	158,672,653	-	652,529	159,325,182
Amortised Cost				
Federal Government Securities				
Market Treasury Bills	24,181,763	-	-	24,181,763
Pakistan Investment Bonds	24,427,958	-	-	24,427,958
Preference Shares - Unlisted	77,708	(77,708)	-	-
Term Deposit Accounts	847,500	-	-	847,500
Non-government debt securities				
Term finance certificates - Listed	224,235	(3,571)	-	220,664
Term finance certificates - Unlisted	344,533	(16,729)	-	327,804
	50,103,697	(98,008)	-	50,005,689
Total Investments	208,897,255	(98,008)	714,210	209,513,457

December 31, 2023 (Audited)

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

	September 30, 2024	December 31, 2023
	Un-audited	Audited
	----- Rupees in '000' -----	
10.2 Investments given as collateral		
Federal government securities		
Pakistan Investment Bonds	59,584,600	35,733,600
	59,584,600	35,733,600

10.3 Credit loss allowance / provision for diminution in value of investments

10.3.1 Opening balance	962,012	952,912
Impact of adoption of IFRS-09	(362,897)	
Charge / reversals		
Charge for the period / year	13,236	9,101
Reversals for the period / year	-	-
Reversal on disposals for the period / year	(514,343)	-
Transfers - net	(501,107)	9,101
Amount written off	-	-
Closing Balance	98,008	962,012

**September 30, 2024
(Un-audited)**

10.3.2 Particulars of credit loss allowance / provision against debt investment

Category of classification

Domestic

		Outstanding amount	Credit loss allowance held
		----- Rupees in '000' -----	
Performing	Stage 1	208,113,127	20,300
Underperforming	Stage 2	-	-
Non-performing	Stage 3	-	-
Other assets especially mentioned		-	-
Substandard		-	-
Doubtful		-	-
Loss		-	-
Total		208,113,127	20,300

December 31, 2023
(Audited)

Particulars of classified debt securities (Category of classification)

Category of classification

Domestic

	Non performing investments	Provision
	----- Rupees in '000' -----	
Other assets especially mentioned	-	-
Substandard	-	-
Doubtful	-	-
Loss	592,051	575,571
Total	592,051	575,571

10.3.3 The Bank has availed the benefit of forced sale value of collateral against non-performing investment under the prudential regulation issued by the State Bank of Pakistan. Had the benefit not been taken by the Bank, provision against non-performing investment would have been higher by Rs: Nil (2023: Rs.16.480 million). The resultant increase in profit due to FSV benefit taken will not be available for distribution as cash and stock dividend to shareholders.

September 30, 2024 (Un-audited)

	September 30, 2024 (Un-audited)		
	Performing	Non Performing	Total
	----- Rupees in '000' -----		
11 ADVANCES - NET			
Loans, cash credits, agriculture, running finances etc.	31,458,926	30,879,174	62,338,100
Commodity finance	57,514,940	-	57,514,940
Net investment in finance lease	225,887	407,009	632,896
Islamic financing and related assets			
Diminishing musharakah financing	385,167	121,353	506,520
Ijarah financing under IFAS 2	9,505	-	9,505
	89,594,425	31,407,536	121,001,961
Bills discounted and purchased (excluding market treasury bills)			
Payable in Pakistan	23,760	348,639	372,399
Payable outside Pakistan	-	3,405	3,405
	23,760	352,044	375,804
Advances - gross	89,618,185	31,759,580	121,377,765
Credit loss allowance against advances			
Credit loss allowance against advances			
- Stage 1	379,555	-	379,555
- Stage 2	199,677	-	199,677
- Stage 3	-	26,174,232	26,174,232
	-	-	-
	579,232	26,174,232	26,753,464
Total Advances - Net credit loss allowance	89,038,953	5,585,348	94,624,301

December 31, 2023 (Audited)

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

11.1 Particulars of advances (Gross)

	September 30, 2024 Un-audited	December 31, 2023 Audited
	----- Rupees in '000' -----	
In local currency	121,377,765	79,438,786
In foreign currencies	-	-
	121,377,765	79,438,786

11.2 Advances - Particulars of credit loss allowance

	September 30, 2024 (Un-audited)				December 31, 2023 (Audited)		
	Stage 1	Stage 2	Stage 3	Total	Specific	General	Total
	Rupees in '000'						
Opening balance	29,130	-	26,880,753	26,909,883	27,095,152	19,997	27,115,149
Impact of adoption of IFRS 9	131,462	296,485	277,951	705,898	-	-	-
New Advances	10,807	-	-	10,807	-	-	-
Due to credit deterioration	-	-	-	-	-	-	-
Advances derecognised or repaid	(60,858)	(240,007)	(1,640,532)	(1,941,397)	(1,712,978)	-	(1,712,978)
Transfer to stage 1	268,728	531	-	269,259	-	9,133	9,133
Transfer to stage 2	286	134,048	-	134,334	-	-	-
Transfer to stage 3	-	8,620	165,542	174,162	2,885,789	-	2,885,789
	218,963	(96,808)	(1,474,990)	(1,352,835)	1,172,811	9,133	1,181,944
Amounts charged off -							
Agriculture loans	-	-	(7,346)	(7,346)	(42,356)	-	(42,356)
Net charge / (reversal) during the period	218,963	(96,808)	(1,482,336)	(1,360,181)	1,130,455	9,133	1,139,588
Reversal of general provision	-	-	-	-	-	-	-
Amounts written off	-	-	-	-	(122,069)	-	(122,069)
Changes in risk parameters	-	-	-	-	-	-	-
Transfer from TFC	-	-	497,864	497,864	-	-	-
Transferred to other assets under DPS agreement	-	-	-	-	(1,222,785)	-	(1,222,785)
Closing balance	379,555	199,677	26,174,232	26,753,464	26,880,753	29,130	26,909,884

11.3 Advances include Rs. 31,759.58 million (2023: Rs. 33,105.94) million which have been placed under non-performing status as detailed below:

Category of Classification	Note	September 30, 2024 Un-audited	
		Non Performing Loans	Credit loss allowance
		-----Rupees in '000' -----	
Domestic			
Other Assets Especially Mentioned		4,724	-
Substandard		5,158	-
Doubtful	Stage 3	71,717	3,617
Loss		31,677,981	26,170,615
Total		31,759,580	26,174,232
		December 31, 2023 Audited	
Category of Classification		Non Performing Loans	Provision
		-----Rupees in '000' -----	
Domestic			
Other Assets Especially Mentioned	11.3.1	1,277	-
Substandard		9,849	573
Doubtful		119,493	2,288
Loss		32,975,321	26,877,893
Total		33,105,940	26,880,754

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

11.3.2 The Bank has availed the benefit of forced sale value on plant and machinery under charge and mortgaged residential and commercial property (land and building only) held as collateral against non-performing advances under the prudential regulation issued by the State Bank of Pakistan. Had the benefit not been taken by the Bank, specific provision against non-performing advances would have been higher by Rs. 6,122.59 (2023: Rs. 6,156.33) million. The resultant increase in profit due to FSV benefit taken will not be available for distribution as cash and stock dividend to shareholders.

11.3.3 Particulars of provision against advances

	September 30, 2024 (Un-audited)				December 31, 2023 (Audited)		
	Stage 1	Stage 2	Stage 3	Total	Specific	General	Total
	-----Rupees in '000'-----						
Opening balance	29,130	-	26,880,753	26,909,883	27,095,152	19,997	27,115,149
Exchange adjustments	-	-	-	-	-	-	-
Impact of adoption of IFRS 9	131,462	296,485	277,951	705,898	-	-	-
Charge for the period	218,963	(96,808)	663,406	785,561	2,885,789	9,133	2,894,922
Reversals	-	-	(1,640,532)	(1,640,532)	(1,712,978)	-	(1,712,978)
	218,963	(96,808)	(977,126)	(854,971)	1,172,811	9,133	1,181,944
Amounts charged off -							
Agriculture loans	-	-	(7,346)	(7,346)	(42,356)	-	(42,356)
Net charge / (reversal) during the period	218,963	(96,808)	(984,472)	(862,317)	1,130,455	9,133	1,139,589
Transferred to other assets under DPS agreement	-	-	-	-	(1,222,785)	-	(1,222,785)
Transfer from TFC	-	-	497,864	497,864	-	-	-
Amounts written off	-	-	-	-	(122,069)	-	(122,069)
Closing balance	379,555	199,677	26,174,232	26,753,464	26,880,753	29,130	26,909,884

Advances-Category of Classification	September 30, 2024	
	Outstanding amount	Credit loss allowance
	----- Rupees in '000' -----	
Performing	41,449,896	379,555
Underperforming	48,168,289	199,677
Non-Performing		
OAEM	7	-
Substandard	24,245	-
Doubtful	50,146	3,617
Loss	31,685,182	26,170,615
	31,759,580	26,174,232
Total	121,377,765	26,753,464
	September 30, 2024	Dec 31, 2023
	(Un-Audited)	(Audited)
	-----Rupees '000'-----	
12 PROPERTY AND EQUIPMENT	Note	
Capital work-in-progress	12.1	72,331
Property and equipment		1,321
		1,301,248
		1,373,579
12.1 Capital work-in-progress		
Civil works		4,533
Advances to suppliers		67,798
		72,331

	September 30, 2024	September 30, 2023
	----- Un-audited -----	----- Un-audited -----
	----- Rupees in '000' -----	----- Rupees in '000' -----
12.2 Additions to fixed assets		
The following additions have been made to fixed assets during the period:		
Property and equipment :		
Leasehold improvements	22,616	19,020
Furniture and fixture	7,771	5,787
Vehicles	24,903	13,030
Computer and office equipment	129,250	47,969
Total	184,540	85,806
Disposal of fixed assets		
The net book value of fixed assets disposed off during the period is as follows:		
Furniture and Fixture	-	-
Lease hold improvements	32	-
Computer and office equipment	-	-
Vehicles	5,253	462
Total	5,285	462
	September 30, 2024	Dec 31, 2023
	(Un-Audited)	(Audited)
	----- Rupees in '000' -----	----- Rupees in '000' -----
13 RIGHT OF USE ASSETS		
For the period / year ended		
Opening net book value	2,704,359	2,746,552
Additions	1,146,134	703,712
Disposals	-	-
Depreciation charge	(610,156)	(745,905)
Closing net book value	3,240,337	2,704,359
At June 30		
Cost	5,591,436	4,500,075
Accumulated depreciation	(2,351,099)	(1,795,716)
Net book value	3,240,337	2,704,359
	September 30, 2024	Dec 31, 2023
	(Un-Audited)	(Audited)
	----- Rupees in '000' -----	----- Rupees in '000' -----
14 INTANGIBLE ASSETS		
Computer Software	81,802	114,464
Others	-	-
	81,802	114,464
	September 30, 2024	September 30, 2023
	Un-audited	Un-audited
	----- Rupees in '000' -----	----- Rupees in '000' -----
Additions to intangible assets		
The additions to intangible assets during the period:		
Computer Software	491	32,599
Disposals of intangible assets		
The net book value of intangible assets disposed off during the period.	-	-
	September 30, 2024	Dec 31, 2023
	(Un-Audited)	(Audited)
	----- Rupees in '000' -----	----- Rupees in '000' -----
15 DEFERRED TAX ASSETS - NET		
Deductible Temporary Differences on		
- Provision against advances - general	9,765,544	11,113,178
- Tax losses carried forward	3,525,015	3,477,253
- Provision for diminution in the value of investments	119,174	119,174
- Deficit on revaluation of investments	(319,739)	1,081,294
- Impact of Adoption of IFRS 9	368,932	-
- Right-of-use assets	360,442	396,514
- Others	1,919,975	1,282,725
	15,739,343	17,470,138
Taxable Temporary Differences on		
- Accelerated tax depreciation - tangible fixed assets	7,070	(364)
- Others	-	(27,895)
- Net investment in Lease Finance	(131,859)	(131,859)
- Surplus on revaluation of non-banking assets	(88,200)	(88,200)
- Accelerated tax amortization - intangible assets	(21,560)	(20,600)
	(234,549)	(268,918)
	15,504,794	17,201,220
15.1		

The Bank has an aggregate amount of deferred tax assets of Rs. 15,504.79 million (2023: Rs. 17,201 million) . Deferred tax asset has been recorded based on management's best estimate of the probable benefits expected to be realised in future years in the form of reduced tax liability as the Bank would be able to set off the profits earned in those years against the deferred tax asset. In this regard, the Bank has prepared financial projections for future taxable profits, which have been approved by the Board of the Bank, to assess the recoverability of deferred tax assets. The projections involve certain key management assumptions underlying the estimation of future taxable profits. The determination of future taxable profits is most sensitive to certain key assumptions such as growth in high yield consumer advances, investment returns, potential provision against assets, interest rates, cost of funds and expected recoveries of classified loans. Any significant change in such assumptions may have an effect on the recoverability of the deferred tax assets. Management believes that it is probable that the Bank will be able to achieve the profits and consequently, the deferred tax asset will be fully realised in future.

	September 30, 2024	Dec 31, 2023
Note	(Un-Audited)	(Audited)
	----- Rupees in '000' -----	
16 OTHER ASSETS		
Income/ Mark-up accrued in local currency	18,892,737	5,814,866
Accrued commission income	157,731	19,730
Advances, deposits, advance rent and other prepayments	410,118	219,423
Receivable against sale of shares	-	8,586
Mark to market gain on forward foreign exchange contracts	114,232	225,309
Insurance premium receivable against agriculture loans	9,380	9,998
Stationery and stamps on hand	30,534	10,332
Receivable against 1 Link ATM settlement account	-	616,552
Insurance claims receivable	14,024	7,445
Non-Banking Assets Acquired in Satisfaction of Claims	1,770,000	1,770,000
Other receivables	54,807	141,934
	<u>21,453,563</u>	<u>8,844,175</u>
Less: credit loss allowance held against other assets	(865,560)	(1,222,785)
Other assets (net of credit allowance)	20,588,003	7,621,390
Surplus on revaluation of non-banking assets required in satisfaction of claims	180,000	180,000
	<u>20,768,003</u>	<u>7,801,390</u>

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

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

16.2 Movement in Credit loss allowance held against other assets

Opening balance	(1,222,785)	-
Charge for the period / year	(946)	(1,222,785)
Reversals	358,171	-
Amount written off	-	-
Closing balance	<u>(865,560)</u>	<u>(1,222,785)</u>

September 30, 2024	December 31, 2023
Un-audited	Audited
----- Rupees in '000' -----	

16.3 Non-banking assets acquired in satisfaction of claims

Opening Balance	1,950,000	-
Additions	-	1,770,000
Revaluation	-	180,000
Disposals	-	-
Depreciation	-	-
Impairment	-	-
	<u>1,950,000</u>	<u>1,950,000</u>

17 BILLS PAYABLE

In Pakistan	1,391,251	898,762
Outside Pakistan	-	-
	<u>1,391,251</u>	<u>898,762</u>

18 BORROWINGS

Secured

Borrowings from State Bank of Pakistan

- Under export refinance scheme	1,457,900	1,662,500
- Under long term finance facility	-	29,940

Repurchase agreement borrowings

- State Bank of Pakistan	56,000,000	16,000,000
- Other commercial bank	4,859,500	19,854,000
	<u>60,859,500</u>	<u>35,854,000</u>

Unsecured

- State Bank of Pakistan(SBP)	495,000	571,000
- Other microfinance bank / company	56,250	150,000
	<u>62,868,650</u>	<u>38,267,440</u>

18.1 Particulars of borrowings

In local currency	62,868,650	38,267,440
In foreign currencies	-	-
	<u>62,868,650</u>	<u>38,267,440</u>

19 DEPOSITS AND OTHER ACCOUNTS

	September 30, 2024 (Un-audited)			December 31, 2023 (Audited)		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	----- Rupees '000' -----					
Customers						
Current deposits	65,665,637	1,019,025	66,684,662	57,010,572	918,827	57,929,399
Savings deposits	150,845,967	1,252,574	152,098,541	126,203,023	1,231,979	127,435,002
Term deposits	42,932,597	212,365	43,144,962	35,284,997	282,821	35,567,818
Margin and other deposits	1,403,785	-	1,403,785	2,302,355	-	2,302,355
	260,847,986	2,483,964	263,331,950	220,800,947	2,433,627	223,234,574
Financial Institutions						
Current deposits	33,090	30	33,120	48,424	30	48,454
Savings deposits	785,461	-	785,461	1,038,824	-	1,038,824
Term deposits	200,000	-	200,000	400,000	-	400,000
Margin and other deposits	120,000	-	120,000	120,062	-	120,062
	1,138,551	30	1,138,581	1,607,310	30	1,607,340
	261,986,537	2,483,994	264,470,531	222,408,257	2,433,657	224,841,914

20 LEASE LIABILITIES

	September 30, 2024 Un-audited	December 31, 2023 Audited
	----- Rupees in '000' -----	
Outstanding amount - opening balance	3,231,133	2,896,585
Additions during the year	1,248,139	871,350
Lease payments including interest	(908,187)	(1,178,421)
Interest expense	485,310	641,619
Exchange difference	-	-
Balance at the end of the period / year	4,056,395	3,231,133
Liabilities Outstanding		
Not later than one year	647,085	482,842
Later than one year and upto five years	1,557,026	1,789,770
Over five years	1,852,284	958,521
Total at the period / year end	4,056,395	3,231,133

For the purpose of discounting PKRV rates are being used.

21 OTHER LIABILITIES

	September 30, 2024 Un-audited	December 31, 2023 Audited
	----- Rupees in '000' -----	
Mark-up / return / interest payable in local currency	10,006,365	9,315,772
Mark-up / return / interest payable in foreign currency	3,073	4,125
Accrued expenses	540,981	353,654
Net defined benefit liability	97,651	156,413
Payable against 1 Link ATM settlement account	252,359	-
Provision for compensated absences	299,548	309,951
Payable to employee's provident fund	1,061	297
Payable against purchase of operating fixed assets	17,080	22,834
Retention money	56,988	63,987
Federal excise duty / sales tax on services payable	7,826	6,226
Withholding tax payable	84,945	154,037
Provision for taxation	85,185	106,446
Security deposit against lease	151,831	179,971
Others	795,541	330,464
	12,400,434	11,004,177
Credit loss allowance against off-balance sheet obligations	3,743	-
	12,404,177	11,004,177

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

21.2 Credit loss allowance against off-balance sheet obligations

Opening balance	-	-
Impact of ECL recognised on adoption of IFRS-09	3,103	-
Charge for the period / year	640	-
Reversals	-	-
	640	-
Amount written off	-	-
Closing balance	3,743	-

22 SHARE CAPITAL

22.1 Authorised capital

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

22.2 Issued, subscribed and paid-up share capital

3,071,013,000	2,571,013,000	Fully paid in cash	30,710,130	25,710,130
-	500,000,000	Ordinary shares of Rs.10 each	-	5,000,000
-	-	Right shares of Rs.10 each	-	-
381,429,817	381,429,817		3,814,298	3,814,298
3,452,442,817	3,452,442,817		34,524,428	34,524,428

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

		September 30, 2024	December 31, 2023
	Note	Un-audited	Audited
----- Rupees in '000' -----			
23	DEFICIT ON REVALUATION OF ASSETS		
	(Deficit) arising on revaluation of:		
	- Securities measured at FVOCI - Debt	679,063	(2,461,306)
	- Securities measured at FVOCI - Equity	(26,534)	254,585
	- Non-banking assets acquired in satisfaction of claims	180,000	180,000
		<u>832,529</u>	<u>(2,026,721)</u>
	Deferred tax on surplus / (deficit) on revaluation of:		
	- Securities measured at FVOCI - Debt	(337,298)	1,206,040
	- Securities measured at FVOCI - Equity	17,559	(124,747)
	-Non-banking assets acquired in satisfaction of claims	(88,200)	(88,200)
		<u>(407,940)</u>	<u>993,093</u>
		<u>424,590</u>	<u>(1,033,628)</u>
24	CONTINGENCIES AND COMMITMENTS		
	Guarantees	7,396,089	7,385,376
	Commitments	149,944,524	138,756,926
	Other contingent liabilities	-	-
		<u>157,340,613</u>	<u>146,142,302</u>
24.1	Guarantees:		
	Financial guarantees	897,081	7,385,376
	Performance guarantees	4,889,443	138,756,926
	Other guarantees	1,609,565	1,508,938
		<u>7,396,089</u>	<u>147,651,240</u>
24.2	Commitments:		
	Documentary credits and short-term trade-related transactions		
	- letters of credit	2,552,874	6,955,172
	Commitments in respect of:		
	- forward foreign exchange contracts	69,630,790	79,256,691
	- forward lending	77,760,860	52,545,063
	Other commitments	-	-
		<u>149,944,524</u>	<u>138,756,926</u>
24.2.1	Commitments in respect of forward foreign exchange contracts		
	Purchase	35,285,124	39,761,279
	Sale	34,345,666	39,495,412
		<u>69,630,790</u>	<u>79,256,691</u>
24.2.2	Commitments in respect of forward lending		
	Undrawn formal forward repurchase agreement lending	61,368,889	36,047,812
	forward resale agreement borrowing	2,982,606	-
	Standby facility credit line and other commitments to lend	13,409,365	16,497,251
		<u>77,760,860</u>	<u>52,545,063</u>
24.2.2.1	Commitments to extend credit		

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

		For the nine months ended	
		September 30,	September 30,
		2024	2023
		----- Un-audited -----	
		----- Rupees in '000' -----	
25	MARK-UP/RETURN/INTEREST EARNED		
	Loans and advances	10,531,123	5,680,957
	Investments	28,154,698	32,232,977
	Lendings to financial institutions	593,478	1,011,675
	Balances with banks	308,171	178,450
		<u>39,587,470</u>	<u>39,104,059</u>
26	MARK-UP/RETURN/INTEREST EXPENSED		
	Deposits	26,334,754	22,789,931
	Borrowings	5,322,388	9,738,367
	Cost of swaps against foreign currency deposits / borrowings	189,414	99,835
	Lease liability against right of use assets	485,309	252,887
		<u>32,331,865</u>	<u>32,881,019</u>
27	FEE AND COMMISSION INCOME		
	Branch banking customer fees	74,071	47,576
	Consumer finance related fees	2,156	2,050
	Card related fees (debit cards)	230,445	191,086
	Commission on trade	116,616	122,570
	Commission on guarantees	50,570	41,463
	Credit related fees	10,486	6,486
	Commission on remittances including home remittances	13,154	22,986
	Others	2,167	2,663
		<u>499,665</u>	<u>436,880</u>
28	GAIN / (LOSS) ON SECURITIES		
	Realised	125,633	(30,955)
	Unrealised - Measured at FVPL	29,814	-
		<u>155,447</u>	<u>(30,955)</u>
28.1	Realised gain/(loss) on:		
	Federal Government Securities	385	9,673
	Shares of listed companies	125,248	(40,628)
		<u>125,633</u>	<u>(30,955)</u>
28.2	Net gain on financial assets / liabilities measured at FVPL:		
	Designated upon initial recognition	-	-
	Mandatorily measured at FVPL	29,814	-
		<u>29,814</u>	<u>-</u>
	Net gain / (loss) on financial assets / liabilities measured at amortised cost	-	-
	Net gain / (loss) on financial assets measured at FVOCI	-	-
	Net gain / (loss) on investments in equity instruments designated at FVOCI	-	-
		<u>-</u>	<u>-</u>
		<u>29,814</u>	<u>-</u>
29	OTHER INCOME		
	Gain on sale of property and equipment - net	7,017	4,164
	Rent on property	704	630
	Incidental charges	388	2,225
	Others	220	130
		<u>8,329</u>	<u>7,149</u>

		For the nine months ended	
		September 30, 2024	September 30, 2023
		----- Un-audited -----	
		----- Rupees in '000' -----	
30	OPERATING EXPENSES		
		Note	
	Total compensation expense	30.1	3,920,564 3,341,786
	Property expenses		
	Rent & taxes		21,436
	Insurance		44,670
	Utilities cost		382,425
	Security (including guards)		339,147
	Repairs & maintenance		19,356
	Depreciation		52,149
	Depreciation on right of use assets		595,306
			1,708,087 1,454,489
	Information technology expenses		
	Software maintenance		112,369
	Hardware maintenance		105,163
	Depreciation		14,121
	Amortisation		30,396
	Network charges		17,393
	Others		33,563
			404,040 313,005
	Other operating expenses		
	Directors' fees and allowances		18,969
	Fees and allowances to Shariah Board		3,529
	Legal & professional charges		21,723
	Outsourced services costs		107,778
	Travelling & conveyance		47,948
	NIFT clearing charges		26,669
	Depreciation		140,256
	Training & development		3,158
	Postage & courier charges		21,608
	Communication		121,664
	Stationery & printing		116,458
	Marketing, advertisement & publicity		51,189
	Donations		-
	Auditors' Remuneration	30.2	11,040
	Repairs & maintenance		124,148
	Brokerage and commission		5,559
	Entertainment		54,313
	Fees and subscription		130,825
	Insurance expenses		12,271
	Others		44,003
			1,232,925 1,063,108
			7,265,616 6,172,388

		For the nine months ended	
		September 30,	September 30,
		2024	2023
		----- Un-audited -----	
		----- Rupees in '000' -----	
30.1	Total compensation expense		
	Managerial Remuneration		
	- Fixed	2,526,274	2,129,106
	- Variable Cash Bonus / Awards etc.	35,517	15,890
	Charge for defined benefit plan	97,651	116,122
	Contribution to defined contribution plan	116,631	100,344
	Rent & house maintenance	600,755	542,462
	Utilities	117,503	104,301
	Medical	117,568	104,384
	Conveyance	132,259	88,088
	Employees old age benefits contribution	30,790	22,395
	Leave Fare Assistance	67,127	56,087
	Staff Insurances	74,216	58,767
	Others	4,273	3,840
		3,920,564	3,341,786
30.2	Auditors' remuneration		
	Audit fee	9,692	8,692
	Fee for other statutory certifications	1,168	975
	Special certifications and sundry advisory services	-	750
	Out-of-pocket expenses	640	623
		11,500	11,040
31	OTHER CHARGES		
	Penalties imposed by the State Bank of Pakistan	5,002	56,945
		5,002	56,945
32	CREDIT LOSS & WRITE OFFS - NET		
	(Reversal) / credit loss allowance for diminution in value of	3,243	9,101
	(Reversal) of credit loss allowance / provision against loans	(1,359,756)	114,582
	Credit loss allowance against lendings to financial institutions	(81)	-
	(Reversal) of credit loss allowance / provision against other assets - net	(358,171)	-
	Credit loss allowance against off-balance sheet obligations	(640)	-
	Reversal of Credit loss allowance against cash and bank balances	(3,676)	-
	Bad debts directly charged to profit and loss account	5,333	129,132
		(1,713,748)	252,815

	For the nine months ended	
	September 30, 2024	September 30, 2023
	----- Un-audited -----	-----
	----- Rupees in '000' -----	
33 TAXATION		
Current	550,403	520,545
Prior years	-	-
Deferred	664,059	38,461
	1,214,462	559,006
34 BASIC EARNINGS PER SHARE		
Profit for the period	1,364,197	477,168
Weighted average number of ordinary shares	3,452,442,817	2,952,442,817
Basic earnings per share	0.40	0.16
35 DILUTED LOSS PER SHARE		
Profit for the period	1,364,197	477,168
Weighted average number of ordinary shares (adjusted for the effects of all dilutive potential ordinary shares)	3,452,442,817	3,220,398,618
Diluted earnings per share	0.40	0.15
36 CASH AND CASH EQUIVALENTS		
Cash and Balances with Treasury Banks	21,151,453	19,820,820
Balances with other banks	1,637,914	1,542,780
	22,789,367	21,363,600

37 FAIR VALUE MEASUREMENTS

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

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

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are either short term in nature or in the case of customer loans and deposits are frequently repriced. B19

37.1 Fair value of financial assets

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

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

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

Level 3: Unobservable inputs for the asset or liability.

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

September 30, 2024 (Un-audited)				
Fair Value				
	Level 1	Level 2	Level 3	Total
----- Rupees in '000' -----				
On balance sheet financial instruments				
Financial assets measured at fair value				
Pakistan Investment Bonds	-	150,179,687	-	150,179,687
Market Treasury Bills	-	4,438,266	-	4,438,266
Shares of listed companies	641,877	-	-	641,877
Units of mutual funds	177,398	-	-	177,398
Ijarah Sukuk - GoP	-	4,070,540	-	4,070,540
	<u>819,275</u>	<u>158,688,493</u>	<u>-</u>	<u>159,507,768</u>
Financial assets-disclosed but not measured at fair value				
Pakistan Investment Bonds	-	24,427,958	-	24,427,958
Market Treasury Bills	-	24,181,763	-	24,181,763
Term Deposit Accounts	-	847,500	-	847,500
Others	-	-	548,468	548,468
	<u>-</u>	<u>49,457,221</u>	<u>548,468</u>	<u>50,005,689</u>
Off balance sheet financial instruments				
Foreign exchange contracts (purchase)	<u>-</u>	<u>35,285,124</u>	<u>-</u>	<u>35,285,124</u>
Foreign exchange contracts (sale)	<u>-</u>	<u>34,345,666</u>	<u>-</u>	<u>34,345,666</u>
December 31, 2023 (Audited)				
Fair Value				
	Level 1	Level 2	Level 3	Total
----- Rupees in '000' -----				
On balance sheet financial instruments				
Financial assets measured at fair value				
Pakistan Investment Bonds	-	128,205,319	-	128,205,319
Shares of listed companies	841,388	-	-	841,388
Units of mutual funds	156,170	-	-	156,170
Ijarah Sukuk - GoP	-	4,042,076	-	4,042,076
	<u>997,558</u>	<u>132,247,395</u>	<u>-</u>	<u>133,244,953</u>
Financial assets-disclosed but not measured at fair value				
Pakistan Investment Bonds	-	11,262,656	-	11,262,656
Market Treasury Bills	-	20,804,998	-	20,804,998
Term Deposit Accounts	-	500,000	-	500,000
Others	-	-	585,273	585,273
	<u>-</u>	<u>32,567,654</u>	<u>585,273</u>	<u>33,152,927</u>
Off balance sheet financial instruments				
Foreign exchange contracts (purchase)	<u>-</u>	<u>39,761,279</u>	<u>-</u>	<u>39,761,279</u>
Foreign exchange contracts (sale)	<u>-</u>	<u>39,495,412</u>	<u>-</u>	<u>39,495,412</u>

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

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

38 SEGMENT INFORMATION

38.1 Segment Details with respect to Business Activities

	September 30, 2024 (Un-audited)				
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
	----- Rupees in '000' -----				
Profit & Loss					
Net mark-up/return/profit income	23,526,899	36,589	-	(16,307,883)	7,255,605
Inter segment revenue - net	(31,341,784)	-	-	31,341,784	-
Non mark-up / return / interest income	359,913	193	-	519,818	879,924
Total Income	(7,454,972)	36,782	-	15,553,719	8,135,529
Segment direct expenses	(81,735)	(4,917)	-	(5,548,773)	(5,635,425)
Inter segment expense allocation	(127,133)	(27,442)	-	(1,480,618)	(1,635,193)
Total expenses	(208,868)	(32,359)	-	(7,029,391)	(7,270,618)
Provisions	-	-	-	1,713,748	1,713,748
Profit / (Loss) before tax	(7,663,840)	4,423	-	10,238,076	2,578,659
Balance Sheet					
Cash & Bank balances	16,016,542	-	-	6,772,825	22,789,367
Investments	209,513,457	-	-	-	209,513,457
Net inter segment lending	-	-	-	180,498,306	180,498,306
Lendings to financial institutions	4,981,019	-	-	-	4,981,019
Advances - performing	61,857	758,074	-	88,219,022	89,038,953
- non-performing (net)	-	-	-	5,585,348	5,585,348
Others	14,168,716	4,899	-	26,794,900	40,968,515
Total Assets	244,741,591	762,973	-	307,870,401	553,374,965
Borrowings	61,410,750	-	-	1,457,900	62,868,650
Subordinated debt	-	-	-	-	-
Deposits & other accounts	-	-	-	264,470,531	264,470,531
Net inter segment borrowing	179,745,790	752,516	-	-	180,498,306
Others	573,628	10,457	-	17,267,738	17,851,823
Total liabilities	241,730,168	762,973	-	283,196,169	525,689,310
Equity	3,011,423	-	-	24,674,232	27,685,655
Total Equity & liabilities	244,741,591	762,973	-	307,870,401	553,374,965
Contingencies & Commitments	133,982,285	-	-	23,358,328	157,340,613

38 SEGMENT INFORMATION

38.1 Segment Details with respect to Business Activities

	September 30, 2023 (Un-audited)				
	Trading and sales	Retail banking	Corporate finance	Commercial banking and others	Total
Profit & Loss	----- Amount Rs. 000 -----				
Net mark-up/return/profit income	23,631,480	36,470	-	(17,444,910)	6,223,040
Inter segment revenue - net	(28,663,629)	-	-	28,663,629	-
Non mark-up / return / interest income	813,555	133	-	481,594	1,295,282
Total Income	(4,218,594)	36,603	-	11,700,313	7,518,322
Segment direct expenses	(84,228)	(2,854)	-	(4,803,293)	(4,890,375)
Inter segment expense allocation	(109,507)	(27,353)	-	(1,202,098)	(1,338,958)
Total expenses	(193,735)	(30,207)	-	(6,005,391)	(6,229,333)
Provisions	(9,101)	-	-	(243,714)	(252,815)
Profit / (Loss) before tax	(4,421,430)	6,396	-	5,451,208	1,036,174

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

39 RELATED PARTY TRANSACTIONS

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

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

The Government of Sindh (GoS) through its Finance Department holds 99.97% shareholding in the Bank and therefore entities which are owned and / or controlled by the GoS, or where the GoS may exercise significant influence, are related parties of the Bank. The Bank in the ordinary course of business enters into transactions with Government-related entities. Such transactions include lending to, deposits from and provision of other banking services to such entities. However, it is impracticable to disclose transactions with all other entities owned or controlled by the GoS.

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

	September 30, 2024 (Un-audited)			December 31, 2023 (Audited)		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
----- Rupees in '000' -----						
Investments						
Opening balance	-	-	144,408	-	-	54,780
Investment made during the period / year	-	-	576,403	-	-	394,151
Investment redeemed / disposed off during the period / year	-	-	504,408	-	-	304,523
Closing balance	-	-	216,403	-	-	144,408
Advances						
Opening balance	-	211,890	64,377	-	222,730	-
Addition during the period / year	-	29,854	-	-	15,342	-
Repaid during the period / year	-	43,757	-	-	70,836	-
Transfer in / (out) - net	-	2,260	-	-	44,654	64,377
Closing balance	-	200,247	64,377	-	211,890	64,377
Other Assets						
Interest / mark-up accrued	-	157	3,643	-	226	4,029
Other receivables	-	-	352	-	-	-
	-	157	3,995	-	226	4,029
Deposits and other accounts						
Opening balance	1,040	66,089	1,616,287	5,101	304,178	1,837,495
Received during the period / year	13,943	1,363,748	8,464,419	28,089	1,023,861	12,602,719
Withdrawn during the period / year	18,607	1,305,952	7,035,381	26,365	1,226,908	12,823,927
Transfer in / (out) - net	19,821	(32,285)	-	(5,785)	(35,042)	-
Closing balance	16,197	91,600	3,045,325	1,040	66,089	1,616,287
Other Liabilities						
Premium payable	-	-	-	-	-	-
Interest / mark-up payable	427	3,315	159,221	15	3,355	96,812

39 RELATED PARTY TRANSACTIONS

	September 30, 2024 (Un-audited)			September 30, 2023 (Un-audited)		
	Directors	Key management personnel	Other related parties	Directors	Key management personnel	Other related parties
	----- Rupees in '000' -----					
Income:						
Mark-up / return / interest earned	-	6,149	11,676	-	6,784	6,499
Fee and commission income	-	8	327	4	8	37
Net gain on sale of securities	-	-	24	-	-	1,380
Other income	-	-	1,056	-	-	945
Expenses:						
Mark-up / return / interest paid	1,860	19,388	352,649	137	13,808	142,482
Remuneration paid	180	241,577	-	-	264,374	-
Contribution to provident fund	-	11,454	-	-	15,166	-
Provision for gratuity	-	21,996	-	-	18,771	-
Other staff benefits	-	38,798	-	-	31,971	-
Directors' meetings fee	16,742	-	-	18,750	-	-
Other expenses	250	-	-	300	-	-
Insurance premium paid	-	13,585	84,884	-	-	105,678
Others:						
Sale of Government Securities	-	-	18,500	-	-	1,850,000
Purchase of Government Securities	-	-	-	-	-	968,500
Gratuity paid	-	26,242	-	-	15,916	-
Leave encashment	-	5,700	-	-	6,597	-
Expenses recovered under agency arrangement	-	-	55	-	-	34
Insurance claims settled	-	-	6,675	-	-	6,227

As at the date of consolidated statement of financial position, loans/advances and deposits of government related entities amounted to Rs.39,500 million (note 12) and Rs.152,867 million (note 20). The above includes deposits amounting to Rs. 51,916.01 (2023: Rs. 46,275.31) million received through the Finance Department, Government of Sindh.

40	CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS	Note	September 30,	December 31,
			2024	2023
			Un-audited	Audited
			----- Rupees in '000' -----	
Minimum Capital Requirement (MCR):				
Paid-up capital (net of losses)			<u>24,996,683</u>	<u>23,876,673</u>
Capital Adequacy Ratio (CAR):				
Eligible Common Equity Tier 1 (CET 1) Capital			14,559,456	9,024,409
Eligible Additional Tier 1 (ADT 1) Capital			-	-
Total Eligible Tier 1 Capital			<u>14,559,456</u>	<u>9,024,409</u>
Eligible Tier 2 Capital			<u>468,796</u>	<u>29,130</u>
Total Eligible Capital (Tier 1 + Tier 2)			<u>15,028,252</u>	<u>9,053,539</u>
Risk Weighted Assets (RWAs):				
Credit Risk			36,789,837	31,857,368
Market Risk			4,405,716	5,367,513
Operational Risk			<u>14,262,320</u>	<u>14,262,320</u>
Total Risk Weighted Assets			<u>55,457,873</u>	<u>51,487,201</u>
Common Equity Tier 1 Capital Adequacy ratio			<u>26.25%</u>	<u>17.53%</u>
Tier 1 Capital Adequacy Ratio			<u>26.25%</u>	<u>17.53%</u>
Total Capital Adequacy Ratio			<u>27.10%</u>	<u>17.58%</u>
Notional minimum capital requirements prescribed by SBP				
CET1 minimum ratio			6.00%	6.00%
Tier 1 minimum ratio			7.50%	7.50%
Total capital minimum ratio			10.00%	10.00%
Total capital minimum ratio plus CCB			11.50%	11.50%
Approach followed for determining Risk Weighted Assets				
Credit Risk			Comprehensive	Comprehensive
Market Risk			Maturity	Maturity
Operational Risk			Basic	Basic Indicator
			September 30,	December 31,
			2024	2023
			Un-audited	Audited
			----- Rupees in '000' -----	
Leverage Ratio (LR):				
Eligible Tier-1 Capital			14,559,456	9,024,409
Total Exposures			<u>370,644,699</u>	<u>299,187,871</u>
Leverage Ratio (%)			<u>3.93%</u>	<u>3.02%</u>
Liquidity Coverage Ratio (LCR):				
Total High Quality Liquid Assets			132,616,483	163,924,564
Total Net Cash Outflow			<u>35,372,701</u>	<u>38,601,138</u>
Liquidity Coverage Ratio (%)			<u>375%</u>	<u>425%</u>
Net Stable Funding Ratio (NSFR):				
Total Available Stable Funding			198,976,472	174,179,315
Total Required Stable Funding			<u>133,000,019</u>	<u>87,937,281</u>
Net Stable Funding Ratio			<u>150%</u>	<u>198%</u>

41 GENERAL

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

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


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

42 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue by the Board of Directors on October 25, 2024.



Chief Financial Officer



President and
Chief Executive Officer



Director



Director



Chairman