



**QUARTERLY REPORT
SEPTEMBER 30, 2021 (UN-AUDITED)**

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Company Information

Board of Directors

Mr. Kalim-ur-Rahman	Chairman
Mr. Adil Matcheswala	Non-Executive Director
Mr. Ashraf Nawabi	Non-Executive Director
Mr. G.M. Sikander	Independent Director
Mr. Hassan Afzal	Non-Executive Director
Mr. Munawar Alam Siddiqui	Non-Executive Director
Ms. Nargis Ghaloo	Independent Director
Mr. Sohail Aman	Independent Director
Mr. Basir Shamsie	President & CEO

Audit Committee

Ms. Nargis Ghaloo	Chairperson
Mr. Adil Matcheswala	Member
Mr. G.M. Sikander	Member
Mr. Munawar Alam Siddiqui	Member

Human Resource, Remuneration & Nomination Committee

Mr. Sohail Aman	Chairman
Mr. Adil Matcheswala	Member
Mr. G.M. Sikander	Member
Mr. Kalim-ur-Rahman	Member

Risk Management Committee

Mr. Ashraf Nawabi	Chairman
Mr. Munawar Alam Siddiqui	Member
Ms. Nargis Ghaloo	Member
Mr. Basir Shamsie	Member

Board IT Committee

Mr. Hassan Afzal	Chairman
Mr. Kalim-ur-Rahman	Member
Mr. Sohail Aman	Member
Mr. Basir Shamsie	Member

Chief Financial Officer

Mr. Hasan Shahid

Company Secretary

Mr. Ashraf Shahzad

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Legal Advisors

Bawaney & Partners
Haidermota & Co.
Liaquat Merchant Associates

Share Registrar

CDC Share Registrar Services Limited
CDC House, 99 – B, Block 'B',
S.M.C.H.S., Main Shahra-e-Faisal, Karachi

Registered office

JS Bank Limited
Shaheen Commercial Complex
Dr. Ziauddin Ahmed Road
P.O. Box 4847, Karachi-74200, Pakistan
UAN: +92 21 111 JS Bank (572-265)
111-654-321
www.jsbl.com

Directors' Report

We are pleased to present the unaudited financial statements of JS Bank Limited ("JSBL") along with the consolidated financial statements for the nine months period ended September 30, 2021.

Economic Review

During the period under review, the infection rate of COVID-19 continued to dissipate, allowing lockdowns to be lifted faster and economies across the globe to start opening up. This also gave rise to the resurgence of pent-up demand that fueled rise in various international commodity prices. The trade deficit of Pakistan widened by 101% during 1QFY22 to USD 11.7 billion as imports grew faster at 65% to USD 18.6 billion against exports which grew 27% to USD 7.0 billion. Rise in imports could be witnessed across the board and the most prominent increase was witnessed in food, fuel and transport segments. This resulted in Current Account deficit of USD 2.3 billion against a surplus of USD 838 million recorded in the corresponding period last year.

The rising Current Account deficit continued to put pressure on PKR, against USD, which lost about 10% of its value from its recent highs, closing at PKR 170.65. Simultaneously, the SBP Monetary Policy Committee met during September 2021 whereby SBP increased policy rate by 25 bps (basis points) to 7.25% to reverse monetary easing cycle to control the rising Current Account deficit and its pressure on exchange rate. The rate hike was initiated after PKR continued to weaken despite SBP's foreign exchange reserves hit an all-time high of USD 20.15 billion from fresh Special Drawing Rights (SDR) allocation of USD 2.75 billion by the IMF. Moreover, the SBP has introduced several policy measures through changes in Prudential Regulations to control the rising automobile demand which increased automobile imports faster than required. In an attempt to commensurate this rate hike, some more policy interventions to control demand of US dollars were introduced at import stage.

Banking Sector Review

The State Bank of Pakistan (SBP) changed its course of Monetary Policy this quarter, moving towards monetary tightening and increasing the Policy Rate by 25 bps to 7.25% as SBP moves towards sustaining economic growth. Meanwhile, banking spreads remained on a downward trajectory, as weighted average banking spreads during 8M2021 have marked a decline of 97 bps YoY, averaging at 4.37%. On the deposits front, the banking sector double-digit growth pace continued at 17% YoY as at 3QCY21, reaching to PKR 19,828 billion. During the same period, Advances growth rate also reached to the double-digit zone at 15% YoY, where Advances touched PKR 9,286 billion with a declining Advances-to-Deposit Ratio (ADR) for the industry at 47%. Non-Performing Loans (NPLs) for the industry remained unchanged at PKR 850 billion at Jun-2021. This also took Infection ratio down by 43 bps to 9.5% as at Jun-2021. Investments, on the other hand, expanded by 27% YoY to PKR 14,097 billion on healthy participation in government paper auctions during the period, where SBP accepted higher bids during this quarter. Accordingly, the Investment-to-Deposit Ratio (IDR) grew by 542 bps YoY to 71%.

Performance Overview

The highlights of the financial results of the Bank for the period ended September 30, 2021 are presented below:

PKR Million		
Financial Position	September 30, 2021	December 31, 2020
Shareholders' Equity	22,067	20,592
Total Deposits	439,085	433,063
Total Assets	558,553	532,168
Advances Net	251,535	250,199
Investments Net	249,673	201,698
PKR Million		
Financial Performance	September 30, 2021	September 30, 2020
Mark-up/Interest Income - Net	9,055	7,301
Non-Markup/Interest Income	3,721	4,459
Operating Expenses	9,825	9,336
Profit Before (Provision)/Reversals - Net	2,951	2,423
Profit/(Loss) Before Tax	1,694	1,965
Profit After Tax	1,006	1,165
Basic/Diluted Earnings Per Share – Rupee	0.78	0.90

The Bank's earnings during the nine months ended September 2021 remained strong despite a challenging operating environment. The Bank reported a profit before tax of PKR 1,694 million (profit after tax of PKR 1,006 million) for the nine months ended September 30, 2021 as compared to a profit before tax of PKR 1,965 million (profit after tax of PKR 1,166 million) in the corresponding period last year. The Earnings Per Share (EPS) stand at PKR 0.78 (September 30, 2020: PKR 0.90).

On the revenue side, the Bank reported net interest income (NII) of PKR 9,055 million, 24% higher than the corresponding period last year. Non-markup income (NFI) stood at PKR 3,721 million, decline by 16.5%, due to a sharp reduction in capital gain by PKR 905 million from the corresponding period last year. Major contribution in NFI was from fee & commission income of PKR 2,413 million, dividend income of PKR 428 million and FX income of PKR 841 million.

Operating expenses were PKR 9,825 million compared to PKR 9,336 million for the corresponding period last year, up by 5.2%. The cost to income ratio of the Bank improved to 76.9% as compared to 79.4% during the corresponding period last year.

During the period under review, the Bank's deposits and advances have continued to show stable position. The Bank reported total deposits of PKR 439 billion with current account deposits of over PKR 123 billion during the nine months ended September 30, 2021. In terms of advances, gross advances were reported at PKR 257 billion and gross advances to deposits ratio stood at 58.6%.

At the close of the nine months ended September 30, 2021, the Bank remains satisfactorily capitalized with CAR (Capital Adequacy Ratio) at 13.1%.

Committed to its role of acting as a catalyst of progress within the national financial industry, JS Bank is continuing its journey of greater impact by providing customers with innovative and value-added financial products and services designed to make their lives simple, easy and convenient.

JS Bank operates 281 branches nation-wide and one overseas wholesale banking branch in Manama, Bahrain

Consolidated Financial Statements

In the consolidated financial statements, the Group earned profit before tax of PKR 1,855 million (profit after tax of PKR 1,057 million) for the nine months ended September 30, 2021 as compared to profit before tax of PKR 2,091 million (profit after tax of PKR 1,100 million) in the corresponding period last year.

The earnings per share are PKR 0.79 for the nine months ended September 30, 2021 and the Group remains satisfactorily capitalized with CAR at 13.9%.

Recognition

In 2021, the Bank has been recognized for its commitment to excellence on a national and international level. The prestigious awards that we received during the year 2021 include:.

- Asiamoney Award - Best Bank for SMEs - Pakistan
- Asiamoney Award - Best Bank for CSR - Pakistan
- Asian Banking Finance Awards 2020 - SME Bank of the Year - Pakistan
- Certificate of Merit – Best Corporate Report Award 2019 and 2020 by ICAP/ICMA

Credit Ratings

The Pakistan Credit Rating Agency Limited (PACRA) has assigned to the Bank a long-term rating of “AA-” (Double A Minus), and a short-term rating of “A1+” (A One Plus) which is the highest possible rating within the category.

Acknowledgments

On behalf of JS Bank, we would like to extend our gratitude to our customers and stakeholders for their ongoing trust and patronage. We would also like to thank the Ministry of Finance, the State Bank of Pakistan, the Securities & Exchange Commission of Pakistan, and other regulatory bodies for their continued support to our Bank. We also wish to thank our colleagues for their commitment to hard work, excellence, and their drive to succeed.

For and on behalf of the Board,

Basir Shamsie
President & CEO

Kalim-ur-Rahman
Chairman

Karachi: October 27, 2021

30 ستمبر 2021 کو ختم ہونے والے 9 ماہ کے اختتام پر 13.1 فیصد CAR کے ساتھ بینک کے کمیٹیٹل کی صورت حال اطمینان بخش رہی۔

قومی مالیاتی صنعت کے اندر بے ایس بینک ترقی کے محرک کے طور پر کام کرنے کے لپنا بھرپور کردار ادا کر رہا ہے۔ ترقی کے اس سفر میں بے ایس بینک اپنے صارفین کو جدید اور ویلیو ایڈڈ مالیاتی مصنوعات اور خدمات کی فراہمی کے ذریعے ان کی زندگی میں آسانیاں لانے کیلئے کوشاں ہے۔

بے ایس بینک بحرین کے شہر منامیا میں بول سیل بینکنگ برانچ سمیت پاکستان بھر میں 281 شاخوں میں آپریٹ کر رہا ہے۔

مسکرم مالیاتی تھمات:

مسکرم مالیاتی تھمات میں گروپ نے 30 ستمبر 2021 کو ختم ہونے والے نو ماہ کے دوران 1,855 ملین روپے کا قبل از ٹیکس منافع کمایا (1,057 ملین روپے کا منافع بعد از ٹیکس)، جبکہ گزشتہ سال اسی مدت میں 2,091 ملین روپے کا قبل از ٹیکس منافع حاصل کیا تھا (1,100 ملین روپے کا منافع بعد از ٹیکس)۔

30 ستمبر 2021 کو ختم ہونے والے 9 ماہ کے اختتام پر فی ٹیکسیر آمدنی 0.79 روپے رہی اور 13.9 فیصد CAR کے ساتھ بینک کے کمیٹیٹل کی صورت حال اطمینان بخش رہی۔

ایوارڈز:

2021 میں بینک کو قومی اور بین الاقوامی سطح پر بہترین خدمات کیلئے پُر عزم بینک کے طور پر تسلیم کیا گیا۔ سال 2021 کے دوران ہمیں جو باوقار ایوارڈ ملے ان میں شامل ہیں:

- ایسٹیمائی ایوارڈ - ایس ایم ای کے لئے بہترین بینک - پاکستان
- ایسٹیمائی ایوارڈ - سی ایس آر کے لئے بہترین بینک - پاکستان
- ایسٹیمائی بینکنگ ٹالس ایوارڈز 2020 - ایس ایم ای بینک آف دی ایئر - پاکستان
- سرٹیفکیٹ آف میرٹ - آئی سی اے پی / آئی سی ایم اے کی طرف سے بہترین کارپوریٹ رپورٹ ایوارڈز 2019 & 2020

کرڈٹ ریٹنگ:

پاکستان کرڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے بینک کو "AA" (ڈبل اے مائنس) کی طویل مدتی ریٹنگ اور قلیل المدتی ریٹنگ میں "A1+" (اے ون پلس) تفویض کی ہے جو یقینی کیگری میں سب سے اعلیٰ درجے کی ریٹنگ ہے۔

اعتراف:

بے ایس بینک کی جانب سے، ہم اپنے صارفین اور اسٹیک ہولڈرز کا ان کے تعاون پر دل سے شکر گزار ہیں۔ ہم مشتری آف فائرس، اسٹیف بینک آف پاکستان، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اور دیگر ریگولیٹری اداروں کا بینک کو تعاون فراہم کرنے کیلئے بھی ممنون ہیں۔ ہم اپنی انتظامی فہم، اور عملہ کو محنت، بہترین کارکردگی اور ان کی کامیابی کے حصول کیلئے انتخاب محنت کی حوصلہ افزائی کرتے ہیں۔

منجانب بورڈ

کلیم الرحمن

چیئرمین

ہاسرمسی

پریزیڈنٹ اور سی ای او

کراچی: 27 اکتوبر 2021

30 ستمبر 2021 کو ختم ہونے والی مدت کے لئے بینک کے مالی نتائج کی تفصیلات درج ذیل میں پیش کی گئی ہیں:

(ملین روپے)	30 ستمبر 2021	31 دسمبر 2020
ٹرانزیکشن	22,076	20,592
کل ڈپازٹس	439,085	433,063
کل اثاثے	558,553	532,168
نیٹ ایڈوانسز	251,535	250,199
نیٹ اثاثہ	249,673	201,698

مالیاتی کارکردگی	30 ستمبر 2021	30 ستمبر 2020
نیٹ - مارک اپ / انٹرسٹ انکم	9,055	7,301
نان مارک اپ / انٹرسٹ انکم	3,721	4,459
آپریٹنگ اخراجات	9,825	9,336
منافع قبل از پروویژن / انٹرسٹ ریورسلز	2,951	2,423
قبل از ٹیکس منافع / نقصان	1,694	1,965
منافع بعد از ٹیکس	1,006	1,165
نفاذی / ڈائی لیونڈ آمدنی فی شیئر - روپے	0.78	0.90

2021 میں ختم ہونے والے نو ماہ کے دوران بینک کی آمدنی ایک چیلنجنگ آپریٹنگ ماحول کے باوجود مضبوط رہی۔ بینک نے 30 ستمبر 2021 کو ختم ہونے والے نو ماہ کے دوران 1,694 ملین روپے کا قبل از ٹیکس منافع رپورٹ کیا (1,006 ملین روپے کا بعد از ٹیکس منافع) جبکہ گزشتہ سال اسی مدت میں 1,965 ملین روپے کا قبل از ٹیکس منافع ہوا تھا (1,166 ملین روپے کا بعد از ٹیکس منافع)۔ فی شیئر آمدنی (ای پی ایس) 0.78 روپے (30 ستمبر 2020: 0.90 روپے) پر قائم ہے۔

ریونیو / وصولیوں کی سائیڈ پر بینک نے 9,055 ملین روپے کی نیٹ انٹرسٹ انکم رپورٹ کی جو گزشتہ سال کی اسی مدت سے 24 فیصد زیادہ ہے۔ نان مارک اپ انکم 3,721 ملین روپے رہی جو گزشتہ سال اسی مدت سے 16.5 فیصد کم ہے جس کی وجہ کیٹنل گین میں 905 ملین روپے کی کمی ہے۔ نان مارک اپ انکم میں فیس اور کمیشن سے حاصل کردہ 413,2 ملین روپے، ڈیویڈنڈ انکم 428 ملین روپے اور 841 ملین روپے کی ایف ایکس انکم کا اہم کردار رہا۔

گزشتہ سال کی اسی مدت کے دوران 9,336 ملین روپے کے مقابلے میں آپریٹنگ اخراجات 9,825 ملین روپے رہے جو 5.2 فیصد زیادہ ہیں۔ بینک کے اخراجات کی نسبت آمدنی کا تناسب (کاسٹ ٹو انکم ریٹ) گزشتہ سال کی اسی مدت کے دوران 79.4 فیصد کے مقابلے میں بہتر ہو کر 76.9 فیصد تک رہا۔

زیر جائزہ مدت کے دوران بینک کے ڈپازٹس اور ایڈوانسز میں استحکام برقرار رہا۔ بینک نے 30 ستمبر 2021 کو ختم ہونے والے نو ماہ کے دوران 123 ارب روپے سے زائد کے کرنٹ اکاؤنٹ ڈپازٹس سمیت 439 ارب روپے کے کل ڈپازٹس رپورٹ کئے۔ ایڈوانسز کی مدتیں گروس ایڈوانسز 257 ارب روپے رپورٹ کئے گئے اور گروس ایڈوانسز ٹو ڈپازٹ ریٹو 58.6 فیصد رہی۔

ڈائریکٹرز رپورٹ

ہم انتہائی مسرت کے ساتھ ہے ایس بینک لمیٹڈ (جے ایس بی ایل) کے مالیاتی گوشواروں کا جائزہ، بشمول 30 ستمبر 2021 کو ختم ہونے والی 9 ماہ کی مدت کے مجموعی مالی گوشواروں کا جائزہ پیش کر رہے ہیں۔

معیشت:

زیر جائزہ مدت کے دوران کوویڈ-19 کی انفیکشن کی شرح بتدریج کم ہوئی جس سے لاک ڈاؤن میں نرمی آئی گئی اور نتیجتاً بنیابھر میں ایک بار پھر معاشی سرگرمیاں بڑھنے لگی ہیں۔ جس سے طلب میں اضافے کے ساتھ ساتھ متعدد بین الاقوامی اشیاء کی قیمتوں میں اضافہ بھی دیکھنے میں آیا ہے۔ پاکستان کا تجارتی خسارہ مالی سال 22 کی پہلی سہ ماہی کے دوران 101 فیصد سے بڑھ کر 11.7 ارب ڈالر تک پہنچ گیا کیونکہ 65 فیصد اضافے کے ساتھ 18.6 ارب ڈالر کی درآمدات کے مقابلے میں برآمدات میں صرف 27 فیصد کے ساتھ 7.0 ارب ڈالر کا اضافہ ہوا۔ مجموعی طور پر درآمدات میں اضافہ دیکھا جاسکتا ہے اور سب سے نمایاں اضافہ خوراک، ایندھن اور ٹرانسپورٹ کے شعبے میں دیکھا گیا۔ اس کے نتیجے میں کرنٹ اکاؤنٹ خسارہ 2.3 ارب ڈالر رہا ہے جبکہ گزشتہ سال اسی مدت میں 838 ملین ڈالر کا سرپلس ریکارڈ کیا گیا تھا۔

کرنٹ اکاؤنٹ کے بڑھتے ہوئے خسارے کی وجہ سے پاکستانی روپے پر دباؤ بڑھتا گیا جس کی وجہ سے روپے کی قدر میں 10 فیصد مزید کمی ہوئی اور ڈالر کے مقابلے میں پاکستانی روپیہ 170.65 پر بند ہوا۔ اسی دوران، ستمبر 2021 میں مالیاتی پالیسی کمیٹی کا اجلاس ہوا جہاں اسٹیٹ بینک نے بڑھتے ہوئے کرنٹ اکاؤنٹ خسارے اور شرح تبادلہ پر اس کے دباؤ کو کنٹرول کرنے کے لئے مانیٹری اینڈ ایگزیکٹو سٹریٹجی کو ریورس کر کے پالیسی کی شرح میں 25 بی پی ایس (بیس پوائنٹس) کا اضافہ کر کے 7.25 فیصد کر دیا۔ شرح میں اضافہ اس وقت شروع کیا گیا جب اسٹیٹ بینک کے زرمبادلہ کے ذخائر آئی ایم ایف کی جانب سے 2.75 ارب ڈالر کے تازہ پیش ڈرائنگ رائٹس (ایس ڈی آر) مختص کرنے سے 20.15 ارب ڈالر کی بلند ترین سطح پر پہنچنے کے باوجود پاکستانی روپیہ کمزور ہوتا رہا۔ مزید برآں، آٹومو بائل کی درآمدات میں ضرورت سے زیادہ تیزی سے اضافے کو قابو کرنے کیلئے اسٹیٹ بینک نے آٹومو بائل درآمد کے لئے متعدد پالیسی اقدامات متعارف کرائے ہیں۔ اس شرح اضافے کو موافق بنانے کی کوشش میں درآمدی مرحلے پر امریکی ڈالر کی طلب کو کنٹرول کرنے کے لئے کچھ اور پالیسیاں متعارف کرائی گئیں۔

شعبہ بینکاری کا جائزہ:

اسٹیٹ بینک آف پاکستان (اسٹیٹ بینک) نے رواں سہ ماہی میں مالیاتی پالیسی میں تبدیلیاں کرتے ہوئے مالیاتی سختی (مانیٹری ٹائیٹننگ) کی جانب پیش قدمی کی اور اسٹیٹ بینک کی جانب سے معاشی ترقی کو برقرار رکھنے کیلئے پالیسی ریٹ میں 25 بی پی ایس کے ساتھ 7.25 فیصد تک اضافہ کیا گیا۔ دریں اثنا بینکنگ کے پھیلاؤ میں گراؤ کا رجحان رہا، کیونکہ 18 اگست 2021 کے دوران ویڈیو برنج بینکنگ پھیلاؤ میں 97 بی پی ایس والی ادوائی (نیر آن انیر) کی ریکارڈ کی گئی ہے جو وسطاً 4.3 فیصد ہے۔ ڈپازٹ فرنٹ پر بینکنگ سیکٹر کی ڈبل ڈیجیٹ گروتھ کی رفتار کیلئے راتیر 2021 کی تیسری سہ ماہی کے برابر 17 فیصد والی ادوائی (نیر آن انیر) پر جاری رہی جو 19.828 ارب روپے تک پہنچ گئی۔ اسی عرصے کے دوران ایڈوانسز کی شرح مجموعی 15 فیصد والی ادوائی (نیر آن انیر) پر ڈبل ڈیجیٹ زون تک پہنچ گئی جہاں ایڈوانسز صنعت کے لئے ایڈوانس ٹوڈ پازٹ (ایس ڈی آر) میں 47 فیصد کی کمی کے ساتھ 9.286 ارب روپے کی حد کو چھوا۔ جون 2021 میں صنعت کے لئے غیر فعال قرضے (این پی ایل) 850 ارب روپے پر برقرار رہے۔ اس سے انفیکشن کا تناسب بھی جون 2021 کے مطابق 43 بی پی ایس کم ہو کر 9.5 فیصد رہ گیا۔ دوسری جانب اس عرصے کے دوران سرکاری کاغذی نیلای میں صحت مند شرکت پر سرمایہ کاری 27 فیصد والی ادوائی (نیر آن انیر) اضافے کے ساتھ 14.097 ارب روپے ہو گئی جہاں اسٹیٹ بینک نے اس سہ ماہی کے دوران بڑی بولیوں قبول کیں۔ اس لحاظ سے نوٹس منٹ ٹوڈ پازٹ ریٹو (ٹی ڈی آر) میں 542 بی پی ایس والی ادوائی (نیر آن انیر) کا اضافہ ہوا اور 71 فیصد تک پہنچ گیا۔



Condensed Interim
Unconsolidated
Financial Statements

For the Nine Months Period Ended
September 30, 2021 (Un-audited)

Condensed Interim Unconsolidated Statement of Financial Position

As at September 30, 2021

		(Un-audited) September 30, 2021	(Audited) December 31, 2020
	Note	----- Rupees in '000 -----	
ASSETS			
Cash and balances with treasury banks	6	27,240,520	30,421,231
Balances with other banks	7	574,308	1,105,969
Lendings to financial institutions	8	3,000,000	23,239,672
Investments	9	249,673,097	201,698,473
Advances	10	251,535,015	250,199,166
Fixed assets	11	8,495,035	7,599,538
Intangible assets	12	2,860,798	2,486,725
Deferred tax assets		-	-
Other assets	13	14,434,734	14,678,428
Non-current assets held for sale	11.3	739,200	739,200
		558,552,707	532,168,402
LIABILITIES			
Bills payable	14	7,677,003	4,981,983
Borrowings	15	63,990,811	48,303,412
Deposits and other accounts	16	439,084,732	433,062,593
Liabilities against assets subject to finance lease		-	-
Subordinated debt	17	7,491,800	7,492,800
Deferred tax liabilities	18	2,107,625	1,194,252
Other liabilities	19	16,133,604	16,541,154
		536,485,575	511,576,194
NET ASSETS		22,067,132	20,592,208
REPRESENTED BY			
Share capital - net		10,119,242	10,119,242
Reserves		2,243,846	1,991,170
Surplus on revaluation of assets	20	2,739,735	2,334,123
Unappropriated profit		6,964,309	6,147,673
		22,067,132	20,592,208

CONTINGENCIES AND COMMITMENTS 21

The annexed notes from 1 to 40 form an integral part of these condensed interim unconsolidated financial statements.

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Chairman

Condensed Interim Unconsolidated Profit and Loss Account (Un-audited)

For the Nine Months Period Ended September 30, 2021

		Quarter Ended		Nine months period ended	
		September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	Note	----- Rupees in '000 -----			
Mark-up / return / interest earned	23	10,044,698	9,536,135	28,890,545	33,885,978
Mark-up / return / interest expensed	24	6,839,069	7,385,431	19,836,034	26,584,840
Net mark-up / interest income		3,205,629	2,150,704	9,054,511	7,301,138

NON MARK-UP / INTEREST INCOME

Fee and commission income	25	829,199	925,958	2,412,869	2,687,435
Dividend income		266,016	9,968	428,072	64,415
Foreign Exchange Income		305,163	383,243	841,127	735,166
Income from derivatives		18,643	8,267	24,181	27,005
Gain on securities	26	12,027	133,835	12,691	917,987
Other income	27	1,062	21,660	1,921	26,546
Total non mark-up / interest income		1,432,110	1,482,931	3,720,861	4,458,554
Total Income		4,637,739	3,633,635	12,775,372	11,759,692

NON MARK-UP / INTEREST EXPENSES

Operating expenses	28	3,458,144	3,124,695	9,790,450	9,246,166
Workers' welfare fund	29	14,124	4,026	33,887	15,723
Other charges	30	-	20	202	74,607
Total non-mark-up / interest expenses		3,472,268	3,128,741	9,824,539	9,336,496
Profit before provisions		1,165,471	504,894	2,950,833	2,423,196
Provisions and write offs - net	31	459,253	11,583	1,256,487	457,790
Extraordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		706,218	493,311	1,694,346	1,965,406
Taxation	32	270,243	184,146	688,375	799,915
PROFIT AFTER TAXATION		435,975	309,165	1,005,971	1,165,491
----- Rupee -----					
Basic and diluted earnings per share	33	0.34	0.24	0.78	0.90

The annexed notes from 1 to 40 form an integral part of these condensed interim unconsolidated financial statements.

President and
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Chairman

Condensed Interim Unconsolidated Statement of Comprehensive Income (Un-audited)

For the Nine Months Period Ended September 30, 2021

	Quarter Ended		Nine months period ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	----- Rupees in '000 -----			
Profit after taxation for the period	435,975	309,165	1,005,971	1,165,491
Other comprehensive income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Effect of translation of net investment in foreign branch	58,933	(7,895)	51,482	29,537
Movement in surplus on revaluation of investments - net of tax	(293,142)	(498,082)	676,669	1,474,084
Movement in general provision under IFRS 9 - net of tax	(4,183)	15,155	14,021	40,786
	(297,325)	(482,927)	690,690	1,514,870
	(238,392)	(490,822)	742,172	1,544,407
	197,583	(181,657)	1,748,143	2,709,898
Items that will not be reclassified to profit and loss account in subsequent periods:				
Movement in surplus on revaluation of operating fixed assets - net of tax	-	-	(224,557)	-
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	(48,662)	-
	-	-	(273,219)	-
Total comprehensive income	197,583	(181,657)	1,474,924	2,709,898

The annexed notes from 1 to 40 form an integral part of these condensed interim unconsolidated financial statements.

President and
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Chief Financial Officer

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Director

Chairman

Condensed Interim Unconsolidated Statement of Changes in Equity

For the Nine Months Period Ended September 30, 2021

	Share capital	Statutory reserve*	Capital reserve exchange translation	Surplus/(deficit) on revaluation of			Unappropriated profit	Total
				Investments	Fixed Assets	Non Banking Assets		
----- Rupees in '000 -----								
Balance as at January 01, 2020	10,119,242	1,646,168	103,505	(516,769)	1,060,693	92,776	4,827,640	17,333,255
Total comprehensive income for the nine months period ended September 30, 2020 - un-audited								
Profit after taxation	-	-	-	-	-	-	1,165,491	1,165,491
Other comprehensive income - net of tax	-	-	29,537	1,514,870	-	-	1,165,491	1,544,407
	-	-	29,537	1,514,870	-	-	1,165,491	2,709,898
Transfer to statutory reserve	-	233,098	-	-	-	-	(233,098)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax								
Fixed assets	-	-	-	-	(12,138)	-	12,138	-
Non-banking assets acquired in satisfaction of claims	-	-	-	-	-	(61)	61	-
Non-current assets held for sale	-	-	-	-	(92,126)	-	92,126	-
Balance as at September 30, 2020 - un-audited	10,119,242	1,879,266	133,042	998,101	956,429	92,715	5,864,358	20,043,153
Total comprehensive income for the period ended December 31, 2020 - un-audited								
Loss after taxation	-	-	(18,052)	253,160	-	-	(15,431)	(15,431)
Other comprehensive income / (loss) - net of tax	-	-	(18,052)	253,160	-	38,398	290,980	564,486
	-	-	(18,052)	253,160	-	38,398	275,549	549,055
Transfer to statutory reserve	-	(3,086)	-	-	-	-	3,086	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax								
Fixed assets	-	-	-	-	(4,647)	-	4,647	-
Non-banking assets acquired in satisfaction of claims	-	-	-	-	-	(33)	33	-
Balance as at December 31, 2020 - audited	10,119,242	1,876,180	114,990	1,251,261	951,782	131,080	6,147,673	20,592,208
Total comprehensive income for the nine month period ended September 30, 2021-un-audited								
Profit after taxation	-	-	-	-	-	-	1,005,971	1,005,971
Other comprehensive income / (loss) - net of tax	-	-	51,482	690,690	(224,557)	(48,662)	-	468,953
	-	-	51,482	690,690	(224,557)	(48,662)	1,005,971	1,474,924
Transfer to statutory reserve	-	201,194	-	-	-	-	(201,194)	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax								
Fixed assets	-	-	-	-	(11,814)	-	11,814	-
Non-banking assets acquired in satisfaction of claims	-	-	-	-	-	(45)	45	-
Balance as at September 30, 2021 - un-audited	10,119,242	2,077,374	166,472	1,941,951	715,411	82,373	6,964,309	22,067,132

* This represents reserve created under Section 21(i)(a) of the Banking Companies Ordinance, 1962.

The annexed notes from 1 to 40 form an integral part of these condensed interim unconsolidated financial statements.

President and
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Condensed Interim Unconsolidated Cash Flow Statement (Un-audited)

For the Nine Months Period Ended September 30, 2021

		September 30, 2021	September 30, 2020
	Note	----- Rupees in '000 -----	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		1,694,346	1,965,406
Less: Dividend income		(428,072)	(64,415)
		<u>1,266,274</u>	<u>1,900,991</u>
Adjustments:			
Depreciation		555,850	517,399
Depreciation on non-banking assets	28	6,433	6,808
Depreciation - Right of use assets	28	665,353	717,149
Amortisation of intangible assets	28	97,706	82,977
Mark-up / return / interest expense on lease liability against right-of-use assets	24	281,382	345,903
Charge for defined benefit plan		167,619	161,822
Unrealised gain on revaluation of investments classified as held-for-trading - net	26	44	93
Unrealised gain on revaluation of derivative instruments - net		(12,817)	(23,936)
Unrealised gain on revaluation of forward foreign exchange contracts		(563,341)	(3,349)
Provisions and write offs - net	31	1,256,487	457,790
Provision for workers' welfare fund	29	33,887	15,723
Loss on sale of fixed assets - net	27	3,913	11,919
Gain on sale of assets held for sale	27	-	(1,000)
Gain on termination of leases	27	(5,834)	(32,755)
		<u>2,486,682</u>	<u>2,256,543</u>
		<u>3,752,956</u>	<u>4,157,534</u>
Decrease / (increase) in operating assets			
Lendings to financial institutions		20,240,897	21,541,836
Held-for-trading securities		23,581,890	47,373,280
Advances		(2,885,198)	803,767
Other assets (excluding advance taxation)		1,192,854	1,946,131
		<u>42,130,443</u>	<u>71,665,014</u>
Increase / (decrease) in operating liabilities			
Bills payable		2,695,020	536,965
Borrowings		14,782,825	(20,151,404)
Deposits		6,022,139	22,162,661
Other liabilities		(1,197,119)	1,985,808
		<u>22,302,865</u>	<u>4,534,030</u>
		<u>68,186,264</u>	<u>80,356,578</u>
Gratuity paid		-	(151,881)
Income tax paid		(818,338)	(13,773)
		<u>67,367,926</u>	<u>80,190,924</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(64,711,605)	(67,593,127)
Net investments in held-to-maturity securities		(5,281,918)	(3,336,453)
Investment in associated companies		-	(40,828)
Dividends received		427,278	64,415
Investment in fixed assets		(1,240,197)	(508,003)
Investment in intangible assets		(473,427)	(230,488)
Proceeds from sale of fixed assets		49,219	4,880
Proceeds from sale of assets held for sale		-	375,000
Effect of translation of net investment in foreign branch		51,482	29,537
Net cash used in investing activities		<u>(71,179,168)</u>	<u>(71,235,067)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability against right of use assets		(804,709)	(802,153)
Repayment of subordinated debt		(1,000)	-
Net cash used in financing activities		<u>(805,709)</u>	<u>(802,153)</u>
(Decrease) / increase in cash and cash equivalents			
		<u>(4,616,951)</u>	<u>8,153,704</u>
Cash and cash equivalents at beginning of the period		31,384,080	25,482,139
Cash and cash equivalents at end of the period	34	<u>26,767,129</u>	<u>33,635,843</u>

The annexed notes from 1 to 40 form an integral part of these condensed interim unconsolidated financial statements.

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Chairman

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

1. STATUS AND NATURE OF BUSINESS

- 1.1 JS Bank Limited (the Bank / JSBL) is a banking company incorporated in Pakistan as a public limited company on March 15, 2006. The Bank is a subsidiary company of Jahangir Siddiqui & Co. Ltd. (JSCL) and its shares are listed on Pakistan Stock Exchange Limited (PSX). The Bank commenced its banking operations on December 30, 2006 and its registered office is situated at Shaheen Commercial Complex, Dr. Ziauddin Ahmed Road, Karachi.

The Bank is a scheduled bank, engaged in commercial banking and related services as described in the Banking Companies Ordinance, 1962 and is operating through 281 (December 31, 2020: 307) branches / sub-branches in Pakistan and one wholesale banking branch in Bahrain (December 31, 2020: one). The Pakistan Credit Rating Agency Limited (PACRA) has assigned the long-term entity rating of the Bank to AA- (Double A Minus) whereas short-term rating is maintained at 'A1+' (A One Plus), which is the highest possible short-term rating. The ratings denote a very low expectation of credit risk and indicate very strong capacity for timely payment of financial commitments.

- 1.2 Jahangir Siddiqui Investment Bank Limited, JSIBL, (formerly Citicorp Investment Bank Limited which was acquired by JSCL on February 01, 1999), and its holding company, JSCL, entered into a Framework Agreement with American Express Bank Limited, New York (AMEX) on November 10, 2005 for acquisition of its American Express Bank Limited - Pakistan Branches, (AEBL). Consequently, a new banking company, JSBL was incorporated on March 15, 2006 and a restricted Banking License was issued by the State Bank of Pakistan (SBP) on May 23, 2006.

A Transfer Agreement was executed on June 24, 2006 between JSIBL and JSBL for the transfer of entire business and undertaking of JSIBL to JSBL and a separate Transfer Agreement was also executed on June 24, 2006, between AMEX and JSBL for the transfer of AEBL's commercial banking business in Pakistan with all assets and liabilities (other than certain excluded assets and liabilities) (AEBL business). The shareholders of JSIBL and JSBL, in their respective extra-ordinary general meetings held on July 31, 2006, approved a Scheme of Amalgamation (the Scheme) under Section 48 of the Banking Companies Ordinance, 1962. The Scheme was initially approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter No. SC/NBFC(J)-R/JSIBL/2006/517 dated September 28, 2006. Subsequently, the Scheme was sanctioned by the SBP vide its order dated December 02, 2006 and, in accordance therewith, the effective date of amalgamation was fixed at December 30, 2006.

- 1.3 The Bank is the holding company of JS Global Capital Limited (JSGCL) and JS Investments Limited (JSIL).
- 1.3.1 JS ABAMCO Commodities Limited (JSACL) did not intend to carry on the business of Futures Broker, therefore, the directors of JSIL were desirous of merging JSACL with and into JSIL. The Scheme of Arrangement under Section 284 of the Companies Act, 2017, for merger or amalgamation (the Scheme) of JSACL with and into JSIL, was approved by SECP under Rule 7(2) (cb) of Non-Banking Finance Companies (Establishment and Regulations) Rules 2003 vide its letter dated January 13, 2021. The Board of Directors of JSACL in their meeting held on February 19, 2021 has approved the Scheme with effect from March 31, 2021. Subsequently, the Scheme under section 284(2) of the Companies Act, 2017, submitted with Companies Registration Office, along with Form-35, which

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

was approved dated June 24, 2021. Therefore, with effect from March 31, 2021, JSACL is merged with JS Investments Limited and is no more an indirect subsidiary of the Bank.

2. BASIS OF PRESENTATION

These condensed interim unconsolidated financial statements are separate financial statements of the Bank in which the investments in subsidiaries and associates are stated at cost and are accounted for on the basis of direct equity interest rather than on the basis of reported results. The consolidated condensed interim financial statements of the Bank are being issued separately.

These condensed interim unconsolidated financial statements have been presented in Pakistan Rupees (PKR), which is the currency of the primary economic environment in which the Bank operates and functional currency of the Bank, in that environment as well.

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962;
- Provisions of and directives issued under the Companies Act, 2017; and
- Directives issued by the SBP and the SECP from time to time.

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

The disclosures made in these condensed interim unconsolidated financial statements have been limited based on the format prescribed by the SBP vide BPRD circular letter No. 5 dated March 22, 2019 and IAS 34.

These condensed interim unconsolidated financial Statements do not include all the information and disclosures required for annual unconsolidated financial statements and should be read in conjunction with the unconsolidated financial statements for the year ended December 31, 2020.

The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for banking companies vide 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 vide its notification S.R.O 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

The applicability of the IFRS 9 'Financial Instruments' for all companies was deferred by SECP through its S.R.O. 229 (I)/2019 dated February 14, 2019. Under this standard all companies were required to prepare their financial statements in accordance with the requirements of IFRS 9 for reporting period / year ending on or after June 30, 2019 (earlier application was also permitted). However, State Bank of Pakistan (SBP) has extended the effective date of applicability of IFRS 9 on or after January 01, 2022 through its BPRD Circular No. 24 dated July 05, 2021.

The guidelines and instructions on the application of IFRS 9 for the banking sector of Pakistan has not been issued by the State Bank of Pakistan (SBP), therefore, the Bank has not considered the impact of IFRS 9 for its domestic operations in these condensed interim unconsolidated financial statements. The Bank has continued to fulfil the requirements of Prudential Regulations and other SBP directives currently provide the accounting framework for the measurement and valuation of assets and provision/ impairment against non-performing assets.

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

There are certain new and amended standards, interpretations of and amendments that are mandatory for the Bank's accounting periods beginning on or after January 01, 2021 but are considered not to be relevant or do not have any significant effect on the Bank's operations.

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

As per State Bank of Pakistan (SBP) BPRD circular letter no. 24 of 2021, IFRS 9 'Financial Instruments' is applicable to banks effective January 01, 2022. please refer note 2.1 above.

There are various other standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are not effective in the current period. These are not likely to have material effect on the Bank's financial statements.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis for accounting estimates adopted in the preparation of these condensed interim unconsolidated financial statements are the same as that applied in the preparation of the annual unconsolidated financial statements for the year ended December 31, 2020.

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the annual unconsolidated financial statements for the year ended December 31, 2020.

5. FINANCIAL RISK MANAGEMENT

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

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

		(Un-audited) September 30, 2021	(Audited) December 31, 2020
	Note	----- Rupees in '000 -----	
6. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		10,348,307	6,337,089
Foreign currencies		919,784	1,301,503
		<u>11,268,091</u>	<u>7,638,592</u>
With State Bank of Pakistan in:			
Local currency current account		11,722,240	16,268,165
Foreign currency current account - non remunerative		1,011,146	1,086,874
Foreign currency deposit account - remunerative		2,122,277	2,261,337
		<u>14,855,663</u>	<u>19,616,376</u>
With National Bank of Pakistan in:			
Local currency current accounts		991,166	2,609,635
National Prize Bonds		125,600	556,628
		<u>27,240,520</u>	<u>30,421,231</u>
7. BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		122,528	125,677
In deposit accounts		73	73
		<u>122,601</u>	<u>125,750</u>
Outside Pakistan			
In current accounts		452,152	980,669
		<u>574,753</u>	<u>1,106,419</u>
Less: General provision under IFRS 9	7.1	(445)	(450)
Balances with other banks - net of provision		<u>574,308</u>	<u>1,105,969</u>
7.1 This represents general provision held under IFRS 9 by Bahrain branch of the Bank.			
8. LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lendings		-	2,237,682
Repurchase agreement lendings (Reverse Repo)		3,000,000	21,003,215
		<u>3,000,000</u>	<u>23,240,897</u>
Less: General provision under IFRS 9	8.2	-	(1,225)
Lending to Financial Institutions - net of provision		<u>3,000,000</u>	<u>23,239,672</u>
8.1 Particulars of lendings - gross			
In local currency		3,000,000	21,003,215
In foreign currencies		-	2,237,682
		<u>3,000,000</u>	<u>23,240,897</u>
8.2 This represents general provision held under IFRS 9 by Bahrain branch of the Bank.			

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

		(Un-audited) September 30, 2021				(Audited) December 31, 2020			
		Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
9. INVESTMENTS	Note	Rupees in '000							
9.1 Investments by type									
Held-for-trading securities									
Federal Government Securities		1,421,885	-	(44)	1,421,841	25,002,969	-	805	25,003,774
Available-for-sale securities									
Federal Government Securities		191,255,249	-	(247,013)	191,008,236	127,308,516	-	97,527	127,406,043
Shares		1,888,885	(136,589)	3,419,130	5,171,226	2,995,123	(411,955)	1,692,166	4,275,334
Non Government Debt Securities		2,747,362	(363,878)	762	2,384,246	3,020,950	(370,051)	(1,142)	2,649,757
Open end mutual funds		725,000	-	11,914	736,914	-	-	-	-
Foreign Securities		5,498,968	(99,772)	(1,267)	5,397,929	4,079,070	(122,758)	136,466	4,092,778
		202,115,264	(600,239)	3,183,526	204,698,551	137,403,659	(904,764)	1,925,017	138,423,912
Held-to-maturity securities									
Federal Government Securities		41,391,517	-	-	41,391,517	36,109,599	-	-	36,109,599
Associates									
Subsidiaries		242,067	-	-	242,067	242,067	-	-	242,067
		1,919,121	-	-	1,919,121	1,919,121	-	-	1,919,121
Total Investments		<u>247,089,854</u>	<u>(600,239)</u>	<u>3,183,482</u>	<u>249,673,097</u>	<u>200,677,415</u>	<u>(904,764)</u>	<u>1,925,822</u>	<u>201,698,473</u>
9.2 Investments by segments:									
Held-for-trading securities									
Federal Government Securities									
Market Treasury Bills		1,421,885	-	(44)	1,421,841	25,002,969	-	805	25,003,774
Available-for-sale securities									
Federal Government Securities:									
Market Treasury Bills		133,934,087	-	(192,434)	133,741,653	90,027,949	-	20,041	90,047,990
Pakistan Investment Bonds		57,321,162	-	(54,579)	57,266,583	37,280,567	-	77,496	37,358,053
		191,255,249	-	(247,013)	191,008,236	127,308,516	-	97,527	127,406,043
Shares:									
Listed Companies									
Ordinary shares	9.2.1	1,741,096	-	3,419,130	5,160,226	2,847,534	(275,366)	1,692,166	4,264,334
Preference shares		136,589	(136,589)	-	-	136,589	(136,589)	-	-
Unlisted Companies									
Ordinary shares		11,000	-	-	11,000	11,000	-	-	11,000
		1,888,885	(136,589)	3,419,130	5,171,226	2,995,123	(411,955)	1,692,166	4,275,334
Non Government Debt Securities									
Listed									
Term Finance Certificates		301,879	(151,867)	363	150,375	305,182	(155,169)	(13)	150,000
Sukuk Certificates		264,500	-	399	264,899	308,583	-	(1,129)	307,454
Unlisted									
Term Finance Certificates	9.2.2	756,846	(212,011)	-	544,835	1,014,348	(214,882)	-	799,466
Sukuk Certificates		1,328,369	-	-	1,328,369	1,365,104	-	-	1,365,104
Commercial Paper Certificates		68,035	-	-	68,035	-	-	-	-
Preference shares	9.2.3	27,733	-	-	27,733	27,733	-	-	27,733
		2,747,362	(363,878)	762	2,384,246	3,020,950	(370,051)	(1,142)	2,649,757
Open End Mutual Funds		725,000	-	11,914	736,914	-	-	-	-
Foreign Securities									
Government Debt Securities *		4,028,450	(85,433)	(18,624)	3,924,393	3,633,601	(120,619)	130,420	3,643,402
Non Government Debt Securities *		1,440,992	(14,339)	16,095	1,442,748	379,654	(2,139)	(3,628)	373,887
Ordinary shares		5,498,968	(99,772)	(1,267)	5,397,929	4,079,070	(122,758)	136,466	4,092,778
Held-to-maturity securities									
Federal Government Securities:									
Pakistan Investment Bonds	9.2.4	41,391,517	-	-	41,391,517	36,109,599	-	-	36,109,599
Associates									
Omar Jibran Engineering Industries Limited		180,000	-	-	180,000	180,000	-	-	180,000
Veda Transit Solutions (Private) Limited		41,800	-	-	41,800	41,800	-	-	41,800
Intercity Touring Company (Private) Limited		20,267	-	-	20,267	20,267	-	-	20,267
		242,067	-	-	242,067	242,067	-	-	242,067
Subsidiaries									
JS Global Capital Limited		1,357,929	-	-	1,357,929	1,357,929	-	-	1,357,929
JS Investments Limited		561,192	-	-	561,192	561,192	-	-	561,192
		1,919,121	-	-	1,919,121	1,919,121	-	-	1,919,121
Total Investments		<u>247,089,854</u>	<u>(600,239)</u>	<u>3,183,482</u>	<u>249,673,097</u>	<u>200,677,415</u>	<u>(904,764)</u>	<u>1,925,822</u>	<u>201,698,473</u>

* Provision for diminution against foreign debt securities represents expected credit loss provisioning under IFRS 9 on portfolio pertaining to Bahrain Branch.

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

- 9.2.1 Included herein are the investments in related parties amounting to Rs. 1,464.379 million (December 31, 2020: Rs. 2,655.879 million) having market value of Rs. 4,809.295 million (December 31, 2020: Rs. 4,135.436 million).
- 9.2.2 Included herein is the investment of Rs. 62.151 million (December 31, 2020: Rs. 65.022 million) in a related party at the rate of 6 months KIBOR + 1.75% matured on December 04, 2017. Due to weak financial position of the investee the Bank has recognised full impairment loss on these Term Finance Certificates.
- 9.2.3 This represents investment in an associated company amounting to Rs. 27.733 million (December 31, 2020: Rs. 27.733 million).
- 9.2.4 The market value of securities classified as held-to-maturity as at amounted to Rs. 41,061.104 million (December 31, 2020: Rs. 35,862.699 million).

	(Un-audited) September 30, 2021		(Audited) December 31, 2020	
	Cost	Market value	Cost	Market value
----- Rupees in '000 -----				
9.3 Investments given as collateral				
Held-for-trading securities				
Federal Government Securities				
Market Treasury Bills	-	-	4,864,464	4,864,680
Available-for-sale securities				
Federal Government Securities:				
Market Treasury Bills	13,765,260	13,640,322	4,902,054	4,902,811
Pakistan Investment Bonds	10,145,207	10,078,601	-	-
	23,910,467	23,718,923	4,902,054	4,902,811
Foreign Debt Securities				
Government Debt Securities	2,913,799	2,879,756	-	-
Non Government Debt Securities	702,820	704,876	-	-
	3,616,619	3,584,632	-	-
	<u>27,527,086</u>	<u>27,303,555</u>	<u>9,766,518</u>	<u>9,767,491</u>
			(Un-audited) September 30, 2021	(Audited) December 31, 2020
Note ----- Rupees in '000 -----				
9.4 Provision for diminution in value of investments				
Opening balance			904,764	506,640
Charge during the period / year			-	276,202
Reversal during the period / year			(281,540)	(836)
			(281,540)	275,366
Impairment under IFRS 9 in Bahrain branch (Reversal) / charge during the period / year			(29,170)	122,758
Exchange Gain			6,185	-
			(22,985)	122,758
Closing Balance			<u>600,239</u>	<u>904,764</u>
9.4.1 Particulars of provision against debt securities				
Category of classification				
			(Un-audited) September 30, 2021	(Audited) December 31, 2020
			NPI	Provision
----- Rupees in '000 -----				
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
	363,878	363,878	370,051	370,051
	<u>363,878</u>	<u>363,878</u>	<u>370,051</u>	<u>370,051</u>

Notes to the Condensed Interim Unconsolidated Financial Statements

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			Performing		Non Performing		Total	
			(Un-audited) September 30, 2021	(Audited) December 31, 2020	(Un-audited) September 30, 2021	(Audited) December 31, 2020	(Un-audited) September 30, 2021	(Audited) December 31, 2020
10.	ADVANCES	Note	Rupees in '000					
	Loans, cash credits, running finances, etc.		228,172,970	231,066,384	14,613,529	11,733,555	242,786,499	242,799,939
	Bills discounted and purchased		14,500,671	11,602,390	-	-	14,500,671	11,602,390
	Advances - gross		242,673,641	242,668,774	14,613,529	11,733,555	257,287,170	254,402,329
	Provision against advances							
	General		(344,456)	-	-	-	(344,456)	-
	General provision - under IFRS-9	10.3.2	(41,000)	(21,327)	-	-	(41,000)	(21,327)
	Specific		-	-	(5,366,699)	(4,181,836)	(5,366,699)	(4,181,836)
		10.3	(385,456)	(21,327)	(5,366,699)	(4,181,836)	(5,752,155)	(4,203,163)
	Advances - net of provision		242,288,185	242,647,447	9,246,830	7,551,719	251,535,015	250,199,166
10.1	Particulars of advances (gross)							
	In local currency						245,491,421	245,005,622
	In foreign currencies						11,795,749	9,396,707
							257,287,170	254,402,329

- 10.2 Advances include Rs. 14,613.529 million (December 31, 2020: Rs. 11,733.555 million) which have been placed under non-performing status as detailed below:

Category of Classification	(Un-audited) September 30, 2021		(Audited) December 31, 2020	
	Non Performing Loans	Provision	Non Performing Loans	Provision
Rupees in '000				
Domestic				
Other Assets Especially				
Mentioned	1,289,650	16,862	296,799	394
Substandard	1,254,608	138,608	1,177,804	156,095
Doubtful	2,877,145	792,158	3,264,335	724,426
Loss	9,192,126	4,419,071	6,994,617	3,300,921
Total	14,613,529	5,366,699	11,733,555	4,181,836

10.3 Particulars of provision against advances

(Un-audited) September 30, 2021					(Audited) December 31, 2020				
		Specific	General	General provision - under IFRS-9	Total	Specific	General	General provision - under IFRS-9	Total
Note		Rupees in '000							
Opening balance		4,181,836	-	21,327	4,203,163	3,339,941	161,166	7,520	3,508,627
Exchange adjustments		-	-	2,683	2,683	-	-	71	71
Charge for the period / year		1,372,610	344,456	16,990	1,734,056	1,087,212	-	13,736	1,100,948
Reversals for the period / year	10.3.1	(187,390)	-	-	(187,390)	(245,317)	(161,166)	-	(406,483)
		1,185,220	344,456	16,990	1,546,666	841,895	(161,166)	13,736	694,465
Amounts written off		(357)	-	-	(357)	-	-	-	-
Closing balance	10.3.2 & 10.3.6	5,366,699	344,456	41,000	5,752,155	4,181,836	-	21,327	4,203,163

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

- 10.3.1** This includes reversal of provision of Nil (December 31, 2020: Rs. 8,604 million) against reduction of non-performing loans of Rs. 283,850 million (December 31, 2020: Rs. 90,180 million) of certain borrowers under 'Debt Property Swap' transactions, as disclosed in note 13.1.
- 10.3.2** The Bank, in accordance with BPRD circular letter No. 31 of 2020 dated July 10, 2020, has taken the benefit of general provision to make good the specific provision requirement of the consumer financing portfolio till December 31, 2021 and thereafter, will be maintained as per prudential regulations of consumer financing.
- 10.3.3** This represents general provision held under IFRS 9 by Bahrain branch of the Bank.
- 10.3.4** The State Bank of Pakistan through various circulars has allowed benefit of the forced sale value (FSV) of Plant and Machinery under charge, pledged stock and mortgaged residential, commercial and industrial properties (land and building only) held as collateral against non-performing loans (NPLs) for a maximum of five years from the date of classification. As at September 30, 2021, the Bank has availed cumulative FSV benefit under the directives of the SBP of Rs. 5,637.714 million (December 31, 2020: Rs. 4,763.931 million).

The additional profit arising from availing the FSV benefit - net of tax amounts to Rs 3,439,005 million (December 31: 2020: Rs 2,905,998 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to share holders.

10.3.5 Advances - Deferred & Restructured / Rescheduled

The SBP vide BPRD circular letter No. 13 of 2020 dated March 26, 2020, has relaxed certain classification criteria of SBP Prudential Regulation R-8 (Classification and Provisioning of Assets). Accordingly, certain exposures as at September 30, 2021 relating to facilities of customers have not been classified as non-performing on account of such relaxation.

- 10.3.6** This includes, general provision held against gold financing amounting to Rs. 741.73 million in connection with fraud incident held on August 02, 2021. The Bank has initiated recovery proceedings and recorded a provision of Rs. 237.997 million in these financial statements net of expected insurance recoveries.

	Note	(Un-audited) September 30, 2021	(Audited) December 31, 2020
		---- Rupees in '000 ----	
11. FIXED ASSETS			
Capital work-in-progress	11.1	843,942	291,402
Property and equipment	11.2 & 11.3	4,986,825	4,925,430
Right-of-use assets		2,664,268	2,382,706
		<u>8,495,035</u>	<u>7,599,538</u>
11.1 Capital work-in-progress			
Civil works		425,605	225,220
Advance for purchase of furniture and fixtures		19,876	1,013
Advance for purchase of equipment		398,461	61,794
Advance for purchase of vehicle		-	3,375
		<u>843,942</u>	<u>291,402</u>

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

- 11.2 The following additions, book value of disposals and write offs have been made to fixed assets during the period:

	(Un-audited)					
	Additions		Disposal		Write back / (offs)	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Note	----- Rupees in '000 -----					
Capital work-in-progress - net	783,249	2,228	-	-	-	-
Property and equipment						
Building on leasehold land	74,219	-	-	-	-	-
Leasehold improvements	93,557	113,863	4,458	11,019	33,993	43,754
Furniture and fixture	27,446	36,774	9,081	1,593	(2,113)	5,144
Electrical, office and computer equipment	486,770	317,592	34,356	3,336	(15,346)	9,610
Vehicles	3,375	49	5,237	851	(1,940)	-
11.2.1	685,367	468,278	53,132	16,799	14,594	58,508
	<u>1,468,616</u>	<u>470,506</u>	<u>53,132</u>	<u>16,799</u>	<u>14,594</u>	<u>58,508</u>

- 11.2.1 This includes transfer from capital work in progress during the period of Rs. 231.146 million.

		(Un-audited) September 30, 2021	(Audited) December 31, 2020
Note		---- Rupees in '000 ----	
11.3 Non-Current Assets held for sale			
Leasehold land	11.3.1	<u>739,200</u>	<u>739,200</u>

- 11.3.1 In 2020, the Board of Directors accorded its in-principle approval and authorised the management of the Bank to explore the possibility to sell a land located at Plot No. 201, situated at Upper Mall, Lahore, Pakistan of the following reasons:

- The property is available for immediate sale and can be sold in its current condition subject to completion of certain legal formalities.
- The actions to complete the sale were initiated and expected to be completed within one year from the date of classification.
- The Bank expects the legal and procedural formalities for the sale to be completed by the end of 2021.

Immediately before the classification of the property as a held for sale, the Property was revalued by independent professional valuer M/s. Tristar International Consultants (Private) Limited as at December 31, 2020 and resulted no significant change was observed in valuations of the property.

		(Un-audited) September 30, 2021	(Audited) December 31, 2020
Note		---- Rupees in '000 ----	
12. INTANGIBLE ASSETS			
Capital work-in-progress	12.1	406,142	213,312
Computer software	12.2.1	991,032	809,789
Goodwill		<u>1,463,624</u>	<u>1,463,624</u>
		<u>2,860,798</u>	<u>2,486,725</u>

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

		(Un-audited) September 30, 2021	(Audited) December 31, 2020
	Note	---- Rupees in '000 ----	
12.1 Capital work-in-progress			
Advance for purchase of software	12.1.1	<u>406,142</u>	<u>213,312</u>
12.1.1 During the period, advance against purchase of software was written off Rs. 3.964 million as disclosed in note 31.			
		----- (Un-audited) ----- September 30, 2021	September 30, 2020
12.2 Additions to intangible assets		---- Rupees in '000 ----	
The following additions have been made to intangible assets during the period:			
Capital work-in-progress - net		461,500	148,884
Computer software		<u>276,438</u>	<u>163,900</u>
	12.2.1	<u>737,938</u>	<u>312,784</u>
12.2.1 This includes transfer from capital work in progress during the period of Rs. 268.670 million.			
		(Un-audited) September 30, 2021	(Audited) December 31, 2020
	Note	---- Rupees in '000 ----	
13. OTHER ASSETS			
Income / mark-up accrued in local currency		5,791,056	6,879,923
Income / mark-up accrued in foreign currencies		142,121	93,950
Advances, deposits, advance rent and other prepayments		735,315	477,717
Acceptances		3,411,294	3,603,192
Dividend receivable		794	-
Taxation (payments less provision)		286,821	84,522
Defined benefit plan assets - net		153,574	317,581
Receivable against bancassurance / bancatakaful		31,608	30,660
Stationery and stamps in hand		18,487	22,730
Receivable in respect of home remittance		38,116	30,656
Due from State Bank of Pakistan		93,036	245,310
Rebates receivable from SBP and others		306,292	305,331
Non-banking assets acquired in satisfaction of claims	13.1	1,453,635	1,176,143
Mark to market gain on derivative instruments		48,985	175,454
Mark to market gain on forward foreign exchange contracts		861,489	334,735
Advance against investments in securities	13.2	235,238	-
Inter bank fund transfer settlement		231,146	-
Credit card settlement		239,771	140,899
Insurance		15,213	7,636
Others		<u>216,950</u>	<u>628,121</u>
		<u>14,310,941</u>	<u>14,554,560</u>
Less: Provision held against other assets		<u>(11,241)</u>	<u>(11,241)</u>
Other assets (net of provisions)		<u>14,299,700</u>	<u>14,543,319</u>
Surplus on revaluation of non-banking assets		<u>135,034</u>	<u>135,109</u>
		<u>14,434,734</u>	<u>14,678,428</u>

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

13.1 During the period, the Bank has acquired properties of Rs. 283.850 million (December 31, 2020: Rs. 90.178 million) against debt swap transactions with borrowers resulting in reversal of provision of Rs. Nil (December 31, 2020: Rs. 8.604 million) (refer note 10.3.1).

13.2 This represents advance given by wholesale branch of Bahrain against purchase of ordinary and preference shares of foreign companies.

	(Un-audited) September 30, 2021	(Audited) December 31, 2020
	---- Rupees in '000 ----	
14. BILLS PAYABLE		
In Pakistan	7,433,322	4,752,985
Outside Pakistan	243,681	228,998
	<u>7,677,003</u>	<u>4,981,983</u>
15. BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan under:		
Export Refinancing Scheme (ERF)	20,009,590	20,962,803
Long-Term Finance Facility (LTFF)	2,632,136	2,518,310
Financing Facility for Storage of Agricultural Produce (FFSAP)	252,726	193,029
Financing Facility for Renewable Energy Projects	748,951	433,085
Refinance and credit guarantee scheme for women entrepreneurs	70,775	32,900
Refinance for Wages & Salaries	7,176,052	11,543,118
Refinance facility for modernization of Small and Medium Enterprises (SMEs)	3,405	96,192
Refinance facility for combating COVID-19	198,631	229,984
Refinance facility for working capital of SMEs	-	33,901
Temporary economic refinance facility (TERF)	810,411	51,871
Small and Medium Enterprises' Financing	62,222	-
	<u>31,964,899</u>	<u>36,095,193</u>
Repurchase agreement borrowings	11,644,788	-
	<u>43,609,687</u>	<u>36,095,193</u>
Borrowing from financial institutions		
Repurchase agreement borrowings	15,882,466	9,667,181
Refinancing facility for mortgage loans	2,938,541	2,397,468
	<u>18,821,007</u>	<u>12,064,649</u>
Total secured	<u>62,430,694</u>	<u>48,159,842</u>
Unsecured		
Overdrawn nostro accounts	1,048,144	143,570
Due against trade borrowings	511,973	-
Total unsecured	<u>1,560,117</u>	<u>143,570</u>
	<u>63,990,811</u>	<u>48,303,412</u>
15.1 Particulars of borrowings		
In local currency	59,592,143	48,159,842
In foreign currencies	4,398,668	143,570
	<u>63,990,811</u>	<u>48,303,412</u>

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

16. DEPOSITS AND OTHER ACCOUNTS

	(Un-audited) September 30, 2021			(Audited) December 31, 2020		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
----- Rupees in '000 -----						
Customers						
Current deposits	105,215,810	7,666,213	112,882,023	90,714,627	9,668,068	100,382,695
Savings deposits	95,982,639	3,604,307	99,586,946	98,103,956	3,944,797	102,048,753
Term deposits	178,907,591	14,163,837	193,071,428	186,691,026	15,203,881	201,894,907
Margin deposits	8,228,540	46,184	8,274,724	5,920,595	163	5,920,758
	<u>388,334,580</u>	<u>25,480,541</u>	<u>413,815,121</u>	<u>381,430,204</u>	<u>28,816,909</u>	<u>410,247,113</u>
Financial Institutions						
Current deposits	1,843,623	381,676	2,225,299	1,281,700	435,683	1,717,383
Savings deposits	12,420,719	22,845	12,443,564	12,831,324	-	12,831,324
Term deposits	10,600,748	-	10,600,748	8,266,773	-	8,266,773
	<u>24,865,090</u>	<u>404,521</u>	<u>25,269,611</u>	<u>22,379,797</u>	<u>435,683</u>	<u>22,815,480</u>
	<u>413,199,670</u>	<u>25,885,062</u>	<u>439,084,732</u>	<u>403,810,001</u>	<u>29,252,592</u>	<u>433,062,593</u>

		(Un-audited) September 30, 2021	(Audited) December 31, 2020
17. SUBORDINATED DEBT	Note	---- Rupees in '000 ----	
Term Finance Certificates - First Issue	17.1	2,994,600	2,995,200
Term Finance Certificates - Second Issue	17.2	1,997,200	1,997,600
Term Finance Certificates - Third Issue	17.3	2,500,000	2,500,000
		<u>7,491,800</u>	<u>7,492,800</u>

- 17.1 In 2016, the Bank has issued Rs. 3 billion of rated, privately placed, unsecured and subordinated term finance certificates ("TFCs" or "the Issue") as an instrument of redeemable capital under Section 120 of the Companies Ordinance, 1984 and as outlined by State Bank of Pakistan, SBP, under the BPRD circular No. 06 dated August 15, 2013 and Basel III guidelines. Summary of terms and conditions of the issue are:

Purpose:	To contribute towards the Bank's Tier II Capital for complying with the Capital Adequacy Ratio requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.
Issue date:	December 14, 2016
Tenure:	Up to Seven years from the issue date.
Maturity Date:	December 14, 2023
Rating:	A + (Single A Plus)
Profit Rate:	Floating rate of return at Base rate + 1.4 percent per annum;

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the Issue Date and subsequently on the immediately preceding business day before the start of each six monthly period.

Profit payment:	Semi-annual
Redemption:	The instrument is structured to redeem 0.24% of the issue amount during the first six years after the Issue date and the remaining Issue amount of 99.76% in two equal semi-annual installments of 49.88% each in the last year.
Security:	The issue is unsecured and subordinated as to payment of Principal and profit to all other indebtedness of the Bank.
Call Option:	Exercisable in part or in full on or after the 10th redemption, subject to SBP's approval.
Lock-in-clause:	Principal and profit will be payable subject to compliance with MCR or CAR set by SBP.
Loss absorbency clause:	Upon the occurrence of a Point of Non-Viability event as defined by SBP's Basel III Capital Rule vide BPRD Circular # 6 of 2013 dated August 15, 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger as declared by SBP of the non-viability event as declared by SBP, subject to a cap of 467,836,257 shares.

17.2 In 2017, the Bank has issued Rs. 2 billion of rated, privately placed and listed, unsecured and subordinated term finance certificates ("TFCs" or "the Issue") as an instrument of redeemable capital under Section 66 of the Companies Act, 2017 and as outlined by State Bank of Pakistan, SBP, under the BPRD circular No. 06 dated August 15, 2013 and Basel III guidelines. Summary of terms and conditions of the issue are:

Purpose:	To contribute towards the Bank's Tier II Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.
Issue date:	December 29, 2017
Tenure:	Up to Seven years from the issue date.
Maturity Date:	December 29, 2024
Rating:	A + (Single A Plus)
Profit Rate:	Floating rate of return at Base rate + 1.4 percent per annum;

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the Issue Date and subsequently on the immediately preceding business day before the start of each six monthly period.

Profit payment:	Semi-annual
Redemption:	The instrument is structured to redeem 0.24% of the Issue amount during the first six years after the Issue date and the remaining Issue amount of 99.76% in two equal semi-annual installments of 49.88% each in the last year.
Security:	The issue is unsecured and subordinated as to payment of Principal and profit to all other indebtedness of the Bank.
Call Option:	Exercisable in part or in full on or after the 10th redemption, with prior approval of SBP.
Lock-in-clause:	Principal and profit will be payable subject to compliance with MCR or CAR set by SBP.
Loss absorbency clause:	Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger of Point of Non-Viability (PONV) as declared by SBP, subject to a cap of 319,982,544 shares.

17.3 In 2018, the Bank has issued Rs. 2.5 billion of rated, privately placed and listed, unsecured, subordinated, perpetual and non-cumulative additional Tier I capital term finance certificates ("TFCs" or "the Issue") as an instrument of redeemable capital under Section 66(1) of the Companies Act, 2017 and as outlined by State Bank of Pakistan, SBP, under the BPRD circular No. 06 dated August 15, 2013 (the "Circular") and Basel III guidelines. Summary of terms and conditions of the issue are:

Purpose:	To contribute towards the Bank's Tier I Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.
Issue date:	December 31, 2018
Maturity date:	Perpetual
Rating:	A (Single A)
Profit Rate:	Floating rate of return at Base rate + 2.25 percent per annum;

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the Issue Date and subsequently on the immediately preceding business day before the start of each six monthly period.

Profit payment frequency: Semi-annually on a non-cumulative basis

Redemption: Not applicable

Security: The issue is unsecured and subordinated as to payment of Principal and profit to all other claims except common shares.

Call Option: Exercisable in part or in full at a par value on or after five years from the issue date, with prior approval of SBP. The Bank shall not exercise the call option unless the called instrument is replaced with capital of same or better quality.

Lock-in-clause: Payment of profit will be made from current year's earning and subject to compliance with MCR or CAR set by SBP.

Loss absorbcency clause:

Pre-Specified Trigger ("PST") Upon the occurrence of a Pre-Specified Trigger as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013 which stipulates that if an Issuer's Common Equity Tier 1 ("CET 1") ratio falls to or below 6.625% of Risk Weighted Assets ("RWA"), the Issuer will have full discretion to determine the amount of TFCs to be permanently converted into common shares or written off, subject to SBP regulations / instructions, and the cap specified below. The Bank will be able to exercise this discretion subject to:

- If and when Bank's CET 1 reaches the loss absorption trigger point, the aggregate amount of Additional Tier-1 capital to be converted must at least be the amount sufficient to immediately return the CET 1 ratio to above 6.625% of total RWA (if possible);
- The converted amount should not exceed the amount needed to bring the CET 1 ratio to 8.5% of RWA (i.e. minimum CET 1 of 6.0% plus capital conservation buffer of 2.5%); and
- In case, conversion of Additional Tier-1 capital Instrument is not possible following the trigger event, the amount of the Instrument must be written off in the accounts resulting in increase in CET 1 of the issuer.

Point of Non-Viability ("PONV") Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013, which stipulates that SBP may, at its option, fully and permanently convert the TFCs into common shares of the Issuer and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Value

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

of the TFCs' divided by market value per share of the Issuer's common / ordinary share on the date of the PONV trigger event as declared by SBP, subject to the cap specified below:

The PONV trigger event is the earlier of:

- A decision made by SBP that a conversion or temporary / permanent write-off is necessary without which the Issuer would become non-viable;
- The decision to make a public sector injection of capital, or equivalent support, without which the Issuer would have become non-viable, as determined by SBP; and
- The maximum number of shares to be issued to TFC holders at the Pre-Specified Trigger and / or Point of Non Viability (or otherwise as directed by SBP) will be subject to a specified cap of 329,595,476 ordinary shares, or such other number as may be agreed to in consultation with SBP.

		(Un-audited) September 30, 2021	(Audited) December 31, 2020
	Note	----	----- Rupees in '000 -----
18. DEFERRED TAX LIABILITIES			
Deductible Temporary Differences on:			
Provision against investments		(63,680)	(57,149)
Provision against loans and advances		(344,626)	(287,840)
General provision under IFRS-9		-	(43,552)
Intangible other than Goodwill		(2,713)	(2,904)
		<u>(411,019)</u>	<u>(391,445)</u>
Taxable Temporary Differences on:			
Fixed assets		196,200	172,562
Goodwill		570,813	512,268
Surplus on revaluation of operating fixed assets	20	457,395	240,391
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	20	52,661	4,029
Unrealized gain on revaluation of derivative instruments		-	5,302
Mark to market gain / (loss) on forward foreign exchange contracts		-	(22,893)
Unrealised gain on revaluation of investments classified as held for trading		-	282
Surplus on revaluation of investments classified as available for sale	20	1,241,575	673,756
		<u>2,518,644</u>	<u>1,585,697</u>
		<u>2,107,625</u>	<u>1,194,252</u>

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

	(Un-audited) September 30, 2021	(Audited) December 31, 2020
	---- Rupees in '000 ----	
19. OTHER LIABILITIES		
Mark-up / return / interest payable in local currency	3,708,543	2,994,596
Mark-up / return / interest payable in foreign currencies	47,484	52,729
Unearned income on guarantees	176,435	176,270
Accrued expenses	312,722	669,383
Acceptances	3,411,294	3,603,192
Unclaimed dividends	4,214	4,214
Mark to market loss on derivative instruments	36,168	160,306
Mark to market loss on forward foreign exchange contracts	298,148	400,144
Gratuity payable to contractual staff	4,157	-
Withholding taxes payable	432,983	401,303
Government challan collection	56,051	94,510
Donation payable	33,887	-
Security deposits against leases, lockers and others	3,160,964	3,490,704
Workers' Welfare Fund	148,123	114,237
Payable in respect of home remittance	355,859	831,042
Retention money payable	46,576	42,044
Lease liability against right-of-use assets	3,001,701	2,583,947
Advance against sale of assets	13,000	-
Insurance payable	9,658	10,137
Payable to vendors against SBS goods	165,149	93,634
Debit card settlement	10,082	65,855
Inter bank fund transfer settlement	-	159,136
Clearing and settlement accounts	471,236	290,794
Others	229,170	302,977
	<u>16,133,604</u>	<u>16,541,154</u>

20. SURPLUS ON REVALUATION OF ASSETS

Surplus on revaluation of:

Available-for-sale securities

Fixed assets

Non-banking assets acquired in satisfaction of claims

9.1 & 20.1

3,183,526

1,172,806

135,034

4,491,366

1,925,017

1,192,173

135,109

3,252,299

Deferred tax on surplus on revaluation of:

Available-for-sale securities

Fixed assets

Non-banking assets acquired in satisfaction of claims

(1,241,575)

(457,395)

(52,661)

(1,751,631)

2,739,735

(673,756)

(240,391)

(4,029)

(918,176)

2,334,123

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

- 20.1 As of September 30, 2021, the Bank has recognized in profit and loss account expected credit loss of Rs. 99.772 million (December 31, 2020: Rs. 122.758 million) under IFRS-9 on foreign debt securities of the wholesale banking branch in Bahrain of the Bank against an adjustment in the loss allowance. However, the loss allowance is recognized in other comprehensive income without reducing the carrying amount of the said securities in these condensed interim unconsolidated statements of financial position.

		(Un-audited) September 30, 2021	(Audited) December 31, 2020
	Note	---- Rupees in '000 ----	
21. CONTINGENCIES AND COMMITMENTS			
Guarantees	21.1	47,941,084	58,779,594
Commitments	21.2	55,206,427	65,262,832
		<u>103,147,511</u>	<u>124,042,426</u>

21.1 Guarantees:

Financial guarantees		1,342,892	1,024,422
Performance guarantees		26,500,379	36,678,881
Other guarantees		20,097,813	21,076,291
	21.1.1	<u>47,941,084</u>	<u>58,779,594</u>

- 21.1.1 Included herein are outstanding guarantees of Rs. 735.468 million (December 31, 2020: Rs. 29.054 million) of related parties.

		(Un-audited) September 30, 2021	(Audited) December 31, 2020
	Note	---- Rupees in '000 ----	
21.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- Letters of credit	21.2.1	24,935,497	21,111,360
Commitments in respect of:			
- Forward foreign exchange contracts	21.2.2	25,734,664	38,178,262
- Derivative instruments	21.2.3	3,646,680	5,362,948
- Forward lending	21.2.4	232,989	384,230
Commitments for acquisition of:			
- Operating fixed assets	21.2.5	656,597	226,032
		<u>55,206,427</u>	<u>65,262,832</u>

- 21.2.1 Included herein are the outstanding letter of credits of Rs. 334.128 million (December 31, 2020: Rs. 86.543 million) of related parties.

		(Un-audited) September 30, 2021	(Audited) December 31, 2020
		---- Rupees in '000 ----	
21.2.2 Commitments in respect of forward foreign exchange contracts			
Purchase		17,696,414	23,137,733
Sale		8,038,250	15,040,529
		<u>25,734,664</u>	<u>38,178,262</u>

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

21.2.2.1 The Bank utilises foreign exchange instruments to meet the needs of its customers and as part of its asset and liability management activity to hedge its own exposure to currency risk. At period end, all foreign exchange contracts have a remaining maturity of less than one year.

	Note	(Un-audited) September 30, 2021	(Audited) December 31, 2020
		---- Rupees in '000 ----	
21.2.3 Commitments in respect of derivative instruments			
Purchase		771,538	1,760,637
Sale		2,875,142	3,602,311
		<u>3,646,680</u>	<u>5,362,948</u>
21.2.3.1 Interest rate swaps (notional principal)			
Purchase		485,799	1,176,824
Sale		485,799	1,176,824
		<u>971,598</u>	<u>2,353,648</u>
21.2.3.2 Options (notional principal)			
Purchase		285,739	582,419
Sale		2,389,343	2,425,487
		<u>2,675,082</u>	<u>3,007,906</u>
21.2.3.3 Commitments in respect of forward securities			
Purchase		-	1,394
21.2.4 Commitments in respect of forward lending			
Undrawn formal standby facilities, credit lines and other commitments to lend	21.2.4.1	<u>232,989</u>	<u>384,230</u>
21.2.4.1 This represents commitments that are irrevocable because they cannot be withdrawn at the discretion of the Bank without the risk of incurring significant penalty or expense.			
21.2.5 Commitments for acquisition of operating fixed assets		<u>656,597</u>	<u>226,032</u>
21.2.5.1 This represents commitments related to purchase of leasehold improvements, furniture and fixtures, hardware & network equipments and electrical equipments and computer software.			
21.2.6 There are no changes in contingent liabilities since the date of annual unconsolidated audited financial statements for the year ended December 31, 2020 except those as disclosed in note 32.1 and 32.2.			

22. DERIVATIVE INSTRUMENTS

Derivative instruments, such as Forward Exchange Contracts, Interest Rate Swaps and Options, are forward transactions that provide market making opportunities / hedge against the adverse movement of interest and exchange rates. Derivatives business also provides risk solutions for the existing and potential customers of the Bank.

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

The Bank has entered into a Cross Currency Swap transaction with its customer on back-to-back basis with an Authorized Derivative Dealer (ADD) without carrying any open position in its books. Specific approvals for the transactions have been granted by State Bank of Pakistan. Policies in line with SBP instructions have been formulated and are operative.

The Bank has also entered into Foreign Currency & Commodity Options from its Wholesale Banking Branch Bahrain for market making activities.

These transactions cover the aspects of both market making and hedging. The risk management related to derivative is disclosed in note 45 to the annual unconsolidated financial statements for the year ended December 31, 2020.

Accounting policies in respect of derivative financial instruments are described in note 4.4.2 of the unconsolidated annual financial statements for the year ended December 31, 2020.

		(Un-audited) September 30, 2021					
		Interest Rate Swaps		Options and accumulators		Forward securities	
		Notional principal	Mark to Market	Notional principal	Mark to Market	Notional principal	Mark to Market
22.1	Product analysis	----- Rupees in '000 -----					
	With Banks for						
	Hedging	971,598	2,142	-	-	-	-
	Market making	-	-	2,675,082	10,675	-	-
	With FIs other than banks						
	Hedging	-	-	-	-	-	-
	Market making	-	-	-	-	-	-
	Total						
	Hedging	971,598	2,142	-	-	-	-
	Market making	-	-	2,675,082	10,675	-	-
		(Audited) December 31, 2020					
		Interest Rate Swaps		Options and accumulators		Forward securities	
		Notional principal	Mark to Market	Notional principal	Mark to Market	Notional principal	Mark to Market
	With Banks for	----- Rupees in '000 -----					
	Hedging	2,353,648	4,943	-	-	-	-
	Market making	-	-	3,007,906	10,205	-	-
	With FIs other than banks						
	Hedging	-	-	-	-	-	-
	Market making	-	-	-	-	1,394	-
	Total						
	Hedging	2,353,648	4,943	-	-	-	-
	Market making	-	-	3,007,906	10,205	1,394	-

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

----- (Un-audited) -----
September 30, September 30,
2021 2020
---- Rupees in '000 ----

23. MARK-UP / RETURN / INTEREST EARNED

On:

Loans and advances	15,274,469	20,098,993
Investments	12,992,492	12,701,423
Lendings to financial institutions	51,995	44,783
Balances with other banks	13,806	7,387
Securities purchased under resale agreements	557,783	1,033,392
	<u>28,890,545</u>	<u>33,885,978</u>

24. MARK-UP / RETURN / INTEREST EXPENSED

Deposits	15,891,484	23,504,990
Borrowings	2,788,881	1,490,518
Subordinated debt	511,211	728,922
Cost of foreign currency swaps against foreign currency deposits / borrowings	363,076	514,507
Lease liability against right-of-use assets	281,382	345,903
	<u>19,836,034</u>	<u>26,584,840</u>

24.1 Borrowings

Export Refinancing Scheme (ERF)	292,408	256,608
Long-Term Finance Facility (LTFF)	37,380	34,119
Other Borrowings from State Bank Bank of Pakistan	16,290	7,449
Securities sold under repurchase agreements	2,113,642	872,550
Other borrowings	329,161	319,792
	<u>2,788,881</u>	<u>1,490,518</u>

25. FEE AND COMMISSION INCOME

Branch banking customer fees	94,855	199,157
Consumer finance related fees	42,209	21,987
Card related fees (debit and credit cards)	245,438	478,923
Credit related fees	248,093	298,064
Investment banking fees	180,137	71,989
Commission on trade	588,070	475,632
Commission on guarantees	334,888	288,489
Commission on cash management	5,740	3,054
Commission on remittances including home remittances	173,375	214,202
Commission on bancassurance	95,314	135,560
Commission on distribution of mutual funds	2,711	26,190
Commission on online services	160,185	251,225
Postage & courier income	17,660	16,601
Rebate income	189,556	178,725
Rebate on primary dealership	34,638	27,637
	<u>2,412,869</u>	<u>2,687,435</u>

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

		----- (Un-audited) -----	
		September 30, 2021	September 30, 2020
		---- Rupees in '000 ----	
26. GAIN / (LOSS) ON SECURITIES	Note		
Realised	26.1	12,735	918,080
Unrealised - held for trading		(44)	(93)
		<u>12,691</u>	<u>917,987</u>
26.1 Realised gain / (loss) on:			
Federal government securities			
Market treasury bills		3,015	76,804
Pakistan investment bonds		3,163	857,350
Ijara sukuk certificates		635	56
		<u>6,813</u>	<u>934,210</u>
Shares			
Listed companies		(62,656)	(12,850)
Non Government Debt Securities			
Term finance certificates		22,645	-
Sukuk certificates		-	450
		<u>22,645</u>	<u>450</u>
Mutual fund units		3,795	3,808
Foreign currency bonds		<u>42,138</u>	<u>(7,538)</u>
		<u>12,735</u>	<u>918,080</u>
27. OTHER INCOME			
Loss on sale of fixed assets - net		(3,913)	(11,919)
Gain on termination of leases - net		5,834	32,755
Gain on sale of assets held for sale		-	1,000
Others		-	4,710
		<u>1,921</u>	<u>26,546</u>

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

----- (Un-audited) -----
September 30, 2021 **September 30, 2020**
 Note ---- Rupees in '000 ----

28. OPERATING EXPENSES

Total compensation expense	4,527,153	4,701,295
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Property expense

Rent & taxes	47,739	22,398
Insurance	3,505	2,638
Utilities cost	292,123	248,050
Security (including guards)	199,702	235,059
Repair & maintenance (including janitorial charges)	184,599	152,017
Depreciation	143,515	143,324
Depreciation - Right of Use Assets	665,353	717,149
Depreciation on non banking assets	6,433	6,808
	1,542,969	1,527,443

Information technology expenses

Software maintenance	468,566	275,199
Hardware maintenance	172,810	132,222
Depreciation	183,833	150,780
Amortisation	97,706	82,977
Network charges	128,373	78,357
	1,051,288	719,535

Other operating expenses

Directors' fees and allowances	12,250	13,250
Legal & professional charges	85,258	125,322
Insurance	277,539	147,809
Outsourced services costs	119,250	116,000
Travelling & conveyance	66,852	51,404
NIFT clearing charges	35,787	26,851
Depreciation	228,502	223,295
Training & development	37,800	11,828
Postage & courier charges	64,416	75,697
Communication	70,540	94,234
Stationery & printing	173,688	195,228
Marketing, advertisement & publicity	290,139	333,422
Donations	33,887	60,841
Auditors' Remuneration	6,135	4,975
Staff Auto fuel & maintenance	173,282	149,615
Bank Charges	37,759	43,568
Stamp Duty	22,250	9,634
Online verification charges	43,422	12,951
Brokerage, fee and commission	41,307	34,072
Card related fees (debit and credit cards)	230,028	10,052
CDC and other charges	3,954	3,709
Consultancy fee	20,768	25,892
Deposit protection premium	146,248	93,204
Entertainment expenses	69,904	48,213
Repair and maintenance	58,425	46,349
Cash handling charges	144,481	155,540
Fee and Subscription	73,464	84,317
Employees social security	3,481	7,743
Generator fuel & maintenance	62,884	53,350
Others	35,340	39,528
	2,669,040	2,297,893
	9,790,450	9,246,166

28.1

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

28.1 Under the provision of section 5(2) of the Deposit Protection Corporation Act, 2016 (the Act), and DPC Circular No. 04 of 2018, the Bank is liable to pay annual premium, on quarterly basis, to the Deposit Protection Corporation, a subsidiary company of State Bank of Pakistan, @ 0.16% on eligible deposits as of December 31 of each preceding calendar year.

29. WORKERS' WELFARE FUND

Provision held at @ 2% of the higher of profit before tax or taxable income under Sindh Workers' Welfare Act, 2014 and the Punjab Workers' Welfare Fund Act, 2019.

		----- (Un-audited) -----	
		September 30, 2021	September 30, 2020
		---- Rupees in '000 ----	
30.	OTHER CHARGES	Note	
	Penalties imposed by State Bank of Pakistan	202	74,607
31.	PROVISIONS AND WRITE OFFS - NET		
	(Reversals) / provisions for diminution in value of investments	9.4 (281,540)	47,199
	Provisions against loans & advances - specific	10.3 1,185,220	433,152
	Provisions / (reversals) against loans & advances - general	10.3 344,456	(161,166)
	(Reversals) / provisions under IFRS-9 - general	31.1 (13,433)	75,929
	Fixed assets written off - net	11.2 14,594	58,508
	Intangible assets written off	12.1.1 3,964	-
	Other assets written off	3,226	4,168
		<u>1,256,487</u>	<u>457,790</u>
31.1	(Reversals) / provisions under IFRS-9 - general		
	(Reversal) / charge / during the period		
	Balances with other banks	(34)	19
	Lendings to financial institutions	(1,219)	(1,322)
	Investments	9.4 (29,170)	61,419
	Advances	10.3 16,990	15,813
		<u>(13,433)</u>	<u>75,929</u>
32.	TAXATION		
	Current	706,457	390,199
	Prior years	(90,418)	-
	Deferred	72,336	409,716
		<u>688,375</u>	<u>799,915</u>

32.1 During the period, the Bank has received amended assessment order for tax year 2020 creating a demand of Rs. 200 million. The Bank has not accepted the amendments and filed appeal before Commissioner Inland Revenue – Appeals (the CIRA) against said order. Further, till the decision of the CIRA, the Bank has also obtained stay orders from Sindh High Court against impugned demand of tax year 2020.

Further, the Bank has filed appeal before the Supreme Court of Pakistan (the SCP) against levy of Super Tax demanded under above assessment order with other pending appeals of tax year 2016 to 2019 on same issue. The SCP has allowed interim relief to the taxpayers subject to the payment of 50% of the super tax liability.

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

32.2 Sales tax

During the period, the Bank as a registered person under Sindh Sales Tax on Services Act, 2011 has been issued Sales Tax Orders from the Sindh Revenue Board (SRB) for the period from January to December 2015 and 2017, creating demand of Rs. 27.8 million and Rs. 31.7 million respectively against the Bank for allegedly non-payment of Sindh sales tax on certain 'presumed non-taxable services / incomes (i.e. Bancassurance, Home Remittances under Pakistan Remittance Initiative Scheme, SBP rebates on Government securities, and FX gain on remittance by Western Union). Appeals have been filed before Commissioner (Appeals) Sindh Revenue Board, CA-SRB against the decision of AC-SRB which are pending for hearing.

The management of the Bank is confident that the appeals filed in respect of the above matter will be decided in the Bank's favor and accordingly no demand for payment would arise.

(Un-audited)			
Quarter Ended		Nine Months Period Ended	
September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Rupees in '000			
33. BASIC AND DILUTED EARNINGS PER SHARE			
Profit after taxation for the period - attributable to ordinary equity holders of the Bank			
<u>435,975</u>	<u>309,165</u>	<u>1,005,971</u>	<u>1,165,491</u>
----- Numbers -----			
Weighted average number of outstanding ordinary shares during the period			
<u>1,297,464,262</u>	<u>1,297,464,262</u>	<u>1,297,464,262</u>	<u>1,297,464,262</u>
----- Rupee -----			
Basic and diluted earnings per share			
<u>0.34</u>	<u>0.24</u>	<u>0.78</u>	<u>0.90</u>

(Un-audited)			
September 30, 2021		(Audited) December 31, 2020	(Un-audited) September 30, 2020
Note ----- Rupees in '000 -----			
34. CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	6	<u>27,240,520</u>	<u>30,421,231</u>
Balances with other banks - gross	7	<u>574,753</u>	<u>1,106,419</u>
Overdrawn nostro accounts	15	<u>(1,048,144)</u>	<u>(143,570)</u>
		<u>26,767,129</u>	<u>(570,114)</u>
		<u>31,384,080</u>	<u>33,635,843</u>

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

35. FAIR VALUE OF FINANCIAL INSTRUMENTS

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 as stated in note 4.6 to the annual unconsolidated financial statements for the year ended December 31, 2020.

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.

Fair value hierarchy

IFRS 13 requires the Bank to classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has following levels:

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

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Fair value measurements using unobservable inputs for the asset or liability.

35.1 Valuation techniques used in determination of fair values within level

Item	Valuation approach and input used
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Financial Instruments- Level 1

Shares of listed companies	Fair values of investments in listed equity securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange.
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Financial instruments - Level 2

Units of mutual funds	Fair values of investments in units of mutual funds are determined based on redemption prices disclosed at the Mutual Funds Association of Pakistan (MUFAP) as at the close of the business days.
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Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

Market Treasury Bills(MTB) / Pakistan Investment Bonds(PIB), and GoP Sukuks (GIS)	Fair values of Pakistan Investment Bonds and Market Treasury Bills are derived using PKRV and PKFRV rates (Reuters page).
Debt Securities (TFCs) and Sukuk other than Government	Investments in debt securities (comprising of Term Finance Certificates, Bonds 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 SECP.
Overseas Government Sukuks, Overseas and Euro Bonds	The fair value of Overseas Government Sukuks, and Overseas Bonds are valued on the basis of price available on Bloomberg.
Forward foreign exchange contracts	The valuation has been determined by interpolating the foreign exchange revaluation rates announced by the State Bank of Pakistan.
Derivatives	The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant underlying parameters including foreign currencies involved, interest rates, yield curves, volatilities, contracts duration, etc.

Financial instruments in level 3

Currently, no financial instruments are classified in level 3.
The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

Non- financial assets- Level 3

Fixed assets - Land and building	Fixed assets and Non-banking assets under satisfaction of claims are carried at revalued amounts determined by professional valuers based on their assessment of the market values as disclosed in note 11 and 13 respectively in the annual unconsolidated financial statements. The valuations are conducted by the valuation experts appointed by the Bank which are also on the panel of State Bank of Pakistan. The valuation experts used a market based approach to arrive at the fair value of the Bank's properties. The market approach used prices and other relevant information generated by market transactions involving identical or comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these financial statements.
Non-banking assets under satisfaction of claims	

- 35.2 The Bank's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred. There were no transfers between levels 1 and 2 during the period.
- 35.3 The following table provides an analysis of financial assets that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

(Un-audited) September 30, 2021			
Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----			

On balance sheet financial instruments

Financial assets - measured at fair value

Held-for-trading securities

Investments

Federal Government Securities	-	1,421,841	-	1,421,841
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Available-for-sale securities

Investments

Federal Government Securities	-	191,008,236	-	191,008,236
Shares	5,191,014	-	-	5,191,014
Non Government Debt Securities	-	415,274	-	415,274
Foreign Securities	-	5,367,141	-	5,367,141
Open end mutual funds	-	736,914	-	736,914
	5,191,014	197,527,565	-	202,718,579

Financial assets - disclosed but not
measured at fair value

Investments

Federal Government Securities	-	41,391,517	-	41,391,517
	5,191,014	240,340,923	-	245,531,937

Non-Financial assets - measured at fair value

Revalued fixed assets	-	-	2,628,883	2,628,883
Non-banking assets acquired in satisfaction of claims	-	-	1,588,669	1,588,669
	-	-	4,217,552	4,217,552

Off balance sheet financial instruments

Commitments in respect of:

Forward foreign exchange contracts

Purchase	-	18,533,336	-	18,533,336
Sale	-	8,311,579	-	8,311,579

Derivative instruments

Interest rate swaps

Purchase	-	517,334	-	517,334
Sale	-	519,476	-	519,476

Options

Purchase	-	286,637	-	286,637
Sale	-	2,399,120	-	2,399,120

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

(Audited)				
December 31, 2020				
Level 1	Level 2	Level 3	Total	
----- Rupees in '000 -----				
On balance sheet financial instruments				
Financial assets - measured at fair value				
Held-for-trading securities				
Investments				
Federal Government Securities	-	25,003,774	-	25,003,774
Available-for-sale securities				
Investments				
Federal Government Securities	-	127,406,043	-	127,406,043
Shares	4,339,823	-	-	4,339,823
Non Government Debt Securities	-	457,454	-	457,454
Foreign Securities	-	4,017,289	-	4,017,289
	4,339,823	131,880,786	-	136,220,609
Financial assets - disclosed but not measured at fair value				
Investments				
Federal Government Securities	-	36,109,599	-	36,109,599
	4,339,823	192,994,159	-	197,333,982
Non-Financial assets - measured at fair value				
Revalued fixed assets	-	-	2,610,300	2,610,300
Non-banking assets acquired in satisfaction of claims	-	-	1,311,252	1,311,252
	-	-	3,921,552	3,921,552
Off balance sheet financial instruments				
Commitments in respect of:				
Forward foreign exchange contracts				
Purchase	-	22,942,707	-	22,942,707
Sale	-	14,910,910	-	14,910,910
Derivative instruments				
Forward securities				
Purchase	-	1,394	-	1,394
Interest rate swaps				
Purchase	-	1,120,607	-	1,120,607
Sale	-	1,125,550	-	1,125,550
Options				
Purchase	-	581,042	-	581,042
Sale	-	2,437,068	-	2,437,068

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

36. SEGMENT INFORMATION

36.1. Segment details with respect to business activities:

	Corporate finance	Trading and sales	Retail banking	Commercial banking	Others	Total
Rupees in '000						
September 30, 2021 (Un-audited)						
Profit & Loss						
Net mark-up / return / interest / (expense)	(659,212)	10,221,745	316,084	(953,876)	129,770	9,054,511
Inter segment revenue - net	681,921	(10,593,439)	6,223,789	3,687,729	-	-
Non mark-up / return / income / (loss)	192,470	1,149,753	1,161,547	1,215,170	1,921	3,720,861
Total Income / (loss)	215,179	778,059	7,701,420	3,949,023	131,691	12,775,372
Segment direct expenses	19,698	126,150	4,309,725	673,482	4,695,484	9,824,539
Inter segment expense allocation	32,860	119,071	3,767,783	525,125	(4,444,839)	-
Total expenses	52,558	245,221	8,077,508	1,198,607	250,645	9,824,539
Provisions	-	(281,540)	805,496	734,799	(2,268)	1,256,487
Profit / (loss) before tax	162,621	814,378	(1,181,584)	2,015,617	(116,686)	1,694,346
September 30, 2021 (Un-audited)						
Statement of financial position						
Cash & Bank balances	-	-	27,814,828	-	-	27,814,828
Investments	-	244,234,780	-	5,438,317	-	249,673,097
Net inter segment lending	10,887,762	-	109,663,123	88,329,323	8,400,816	217,281,024
Lendings to financial institutions	-	3,008,148	-	(8,148)	-	3,000,000
Advances - net						
Advances - performing	836,029	-	67,926,309	168,492,747	5,418,556	242,673,641
Advances - non-performing	-	-	14,029,478	584,051	-	14,613,529
Advances - (Provisions)/reversals - Net	-	-	(2,483,009)	(3,269,146)	-	(5,752,155)
	836,029	-	79,472,778	165,807,652	5,418,556	251,535,015
Others	-	-	-	-	26,529,767	26,529,767
Total Assets	11,723,791	247,242,928	216,950,729	259,567,144	40,349,139	775,833,731
Borrowings	50,116	23,261,790	6,966,251	33,712,654	-	63,990,811
Subordinated debt	-	7,491,800	-	-	-	7,491,800
Deposits & other accounts	11,668,661	-	202,614,437	224,801,634	-	439,084,732
Net inter segment borrowing	-	216,489,338	-	791,686	-	217,281,024
Others	5,014	-	7,370,041	261,170	18,282,007	25,918,232
Total liabilities	11,723,791	247,242,928	216,950,729	259,567,144	18,282,007	753,766,599
Equity	-	-	-	-	22,067,132	22,067,132
Total Equity & liabilities	11,723,791	247,242,928	216,950,729	259,567,144	40,349,139	775,833,731
Contingencies & Commitments						
Commitments	-	50,702,460	37,248,232	15,085,689	111,130	103,147,511

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

	Corporate finance	Trading and sales	Retail banking	Commercial banking	Others	Total
----- Rupees in '000 -----						
September 30, 2020 (Un-audited)						
Profit & Loss						
Net mark-up / return / interest / (expense)	(1,139,698)	(830,804)	7,749,740	2,612,379	(1,090,479)	7,301,138
Inter segment revenue - net	(3,937)	(1,157,607)	297,766	1,451,531	(587,753)	-
Non mark-up / return / income / (loss)	72,352	1,628,761	1,909,646	878,710	(30,915)	4,458,554
Total Income / (loss)	(1,071,283)	(359,650)	9,957,152	4,942,620	(1,709,147)	11,759,692
Segment direct expenses	27,909	108,301	4,116,640	493,602	4,590,044	9,336,496
Inter segment expense allocation	100,217	238,357	2,933,936	980,238	(4,252,748)	-
Total expenses	128,126	346,658	7,050,576	1,473,840	337,296	9,336,496
Provisions	3,020	-	139,818	121,522	193,430	457,790
Profit / (loss) before tax	(1,202,429)	(706,308)	2,766,758	3,347,258	(2,239,873)	1,965,406
December 31, 2020 (Audited)						
Statement of financial position						
Cash & Bank balances	-	20,722,345	10,804,855	-	-	31,527,200
Investments	2,891,836	198,806,637	-	-	-	201,698,473
Net inter segment lending	-	-	129,898,985	109,429,008	11,732,961	251,060,954
Lendings to financial institutions	-	23,239,672	-	-	-	23,239,672
Advances - net						
Advances - performing	-	-	52,152,981	190,515,793	-	242,668,774
Advances - non-performing	-	-	4,760,888	6,972,667	-	11,733,555
Advances (Provisions) - Net	-	-	(938,040)	(3,265,123)	-	(4,203,163)
	-	-	55,975,829	194,223,337	-	250,199,166
Others	-	4,590,700	3,570,545	3,315,506	14,027,140	25,503,891
Total Assets	2,891,836	247,359,354	200,250,214	306,967,851	25,760,101	783,229,356
Borrowings	-	12,208,219	1,996,091	34,099,102	-	48,303,412
Subordinated debt	-	7,492,800	-	-	-	7,492,800
Deposits & other accounts	-	-	166,087,049	266,975,544	-	433,062,593
Net inter segment borrowing	2,891,836	227,156,281	21,012,836	-	-	251,060,953
Others	-	502,054	11,154,238	5,893,204	5,167,893	22,717,389
Total liabilities	2,891,836	247,359,354	200,250,214	306,967,850	5,167,893	762,837,147
Equity	-	-	-	-	20,592,208	20,592,208
Total Equity & liabilities	2,891,836	247,359,354	200,250,214	306,967,850	25,760,101	783,229,355
Contingencies & Commitments						
	-	60,973,417	44,793,723	18,141,644	133,642	124,042,426

37. RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its parent, subsidiaries, associates, directors and Key Management Personnel and other related parties.

The Banks enters into transactions with related parties in the ordinary course of business and on arm's length basis i.e. substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

Details of transactions with related parties, other than those which have been specially disclosed elsewhere in these unconsolidated financial statements are as follows:

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

	As at September 30, 2021 (Un-audited)						As at December 31, 2020 (Audited)					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

	As at September 30, 2021 (Un-audited)						As at December 31, 2020 (Audited)					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	Rupees in '000						Rupees in '000					
Subordinated debt	-	-	-	-	-	889,354	-	-	-	-	-	889,432
Other Liabilities												
Interest / return / mark-up payable on deposits	-	-	18	-	-	24,339	-	-	85	-	-	153,374
Interest / return / mark-up payable on subordinated debt	-	-	-	-	-	22,720	-	-	-	-	-	1,308
Others payable	-	-	-	-	-	-	-	-	-	353	-	-
Represented By												
Share Capital	9,733,073	31,173	3,500	-	-	51,825	9,733,073	19,180	12,223	-	-	45,323
Contingencies and Commitments												
Letter of guarantee	-	-	-	-	-	735,468	-	-	-	-	-	29,054
Letter of Credit	-	-	-	-	-	334,128	-	-	-	-	-	86,543
	For the period ended September 30, 2021 (Un-audited)						For the period ended September 30, 2020 (Un-audited)					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
	Rupees in '000						Rupees in '000					
Profit and loss account												
Income												
Mark-up / return / interest earned	-	6,133	22,454	3,797	10,171	176,203	-	1,476	30,954	-	16,367	165,033
Fee and commission income	300	58	97	1,127	37	100,565	-	9	613	40	-	176,599
Dividend income	-	-	-	255,252	-	170,602	-	-	-	-	-	62,762
(Loss) / gain on sale of securities - net	-	-	-	-	-	(56,901)	-	-	-	-	-	3,808
Other income	-	-	-	-	-	-	-	-	-	1,594	-	-
Reversal / (provisions) and write offs - net												
Reversal for diminution in value of investments	-	-	-	-	-	215,305	-	-	-	-	-	-

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

	For the period ended September 30, 2021 (Un-audited)						For the period ended September 30, 2020 (Un-audited)					
	Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties	Rupees in '000					
Expense							Parent	Directors	Key management personnel	Subsidiaries	Associates	Other related parties
Mark-up / return / interest paid	21,805	11,111	952	69,427	2,478	714,989	25,586	873	1,095	125,144	1,952	626,267
Commission / charges paid	-	-	-	3,658	-	-	-	-	-	7,882	-	-
Preference dividend paid	-	-	-	-	-	-	-	-	-	-	-	-
Remuneration paid	-	35,241	271,526	-	-	-	-	34,635	224,234	-	-	-
Non-executive directors' fee	-	12,250	-	-	-	-	-	13,040	-	-	-	-
Net charge for defined contribution plans	-	-	-	-	-	187,351	-	-	-	-	-	170,642
Net charge for defined benefit plans	-	-	-	-	-	167,619	-	-	-	-	-	161,822
Donation	-	-	-	-	-	-	-	-	-	-	-	58,919
Rental expense	-	-	-	-	-	-	-	-	-	-	-	162
Advisory fee	-	-	-	-	-	5,212	-	-	-	-	-	-
Other expenses	975	-	-	-	-	1,564	1,133	-	-	-	-	3,394
Reimbursement of expenses	15,998	412	3,146	-	-	24	2,551	130	4,093	-	-	30,598
Payments made during the period												
Insurance premium paid	-	-	-	-	-	583,548	-	-	-	-	-	381,837
Insurance claims settled	-	-	-	-	-	13,744	-	-	-	-	-	2,793
Defined benefit plans paid	-	-	-	-	-	-	-	-	-	-	-	151,881
Other Transactions												
Sale of Government Securities	-	-	-	-	-	84,347,192	487,092	-	-	-	-	102,976,626
Purchase of Government Securities	-	-	-	-	-	3,660,783	-	1,645	-	-	-	40,258,947
Sale of Foreign Currencies	-	-	-	-	-	38,454,456	-	-	-	-	-	26,590,927
Purchase of Foreign Currencies	-	-	-	-	-	14,700,411	-	-	-	-	-	38,825,423

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

	(Un-audited) September 30, 2021	(Audited) December 31, 2020
----- Rupees in '000 -----		
38. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	<u>10,119,242</u>	<u>10,119,242</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	17,268,787	16,227,512
Eligible Additional Tier 1 (ADT 1) Capital	<u>2,400,000</u>	<u>2,251,350</u>
Total Eligible Tier 1 Capital	19,668,787	18,478,862
Eligible Tier 2 Capital	<u>4,938,706</u>	<u>4,621,001</u>
Total Eligible Capital (Tier 1 + Tier 2)	<u>24,607,493</u>	<u>23,099,863</u>
Risk Weighted Assets (RWAs):		
Credit Risk	162,378,591	155,761,884
Market Risk	1,352,150	1,144,972
Operational Risk	<u>23,981,730</u>	<u>23,981,730</u>
Total	<u>187,712,471</u>	<u>180,888,586</u>
Common Equity Tier 1 Capital Adequacy ratio	<u>9.20%</u>	<u>8.97%</u>
Tier 1 Capital Adequacy Ratio	<u>10.48%</u>	<u>10.22%</u>
Total Capital Adequacy Ratio	<u>13.11%</u>	<u>12.77%</u>
Leverage Ratio (LR):		
Eligible Tier-1 Capital	19,668,787	18,478,862
Total Exposures	<u>639,002,482</u>	<u>605,685,437</u>
Leverage Ratio	<u>3.08%</u>	<u>3.05%</u>
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	196,239,520	157,850,263
Total Net Cash Outflow	<u>66,107,179</u>	<u>57,017,766</u>
Liquidity Coverage Ratio	<u>296.85%</u>	<u>276.84%</u>
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	362,776,835	357,021,802
Total Required Stable Funding	<u>275,897,369</u>	<u>256,068,898</u>
Net Stable Funding Ratio	<u>131.49%</u>	<u>139.42%</u>

Notes to the Condensed Interim Unconsolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

39. GENERAL

- 39.1 These condensed interim unconsolidated financial statements have been prepared in accordance with the revised format for financial statements of Banks issued by the SBP through BPRD Circular no. 5 dated March 22, 2019 and related clarifications / modifications.
- 39.2 Corresponding figures have been re-arranged / re-classified, wherever necessary, to facilitate comparison in the presentation in the current period. However, there are no material re-arrangements / re-classifications to report.
- 39.3 The figures in these condensed interim unconsolidated financial statements have been rounded off to the nearest thousand.

40. DATE OF AUTHORISATION FOR ISSUE

These condensed interim unconsolidated financial statements were authorised for issue by the Board of Directors of the Bank in their meeting held on October 27, 2021.

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Chairman



Condensed Interim
Consolidated
Financial Statements
For the Nine Months Period Ended
September 30, 2021 (Un-audited)

Condensed Interim Consolidated Statement of Financial Position

As at September 30, 2021

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

ASSETS

Cash and balances with treasury banks	6	27,240,806	30,421,531
Balances with other banks	7	963,368	1,128,135
Lendings to financial institutions	8	3,000,000	23,239,672
Investments	9	249,243,673	201,807,654
Advances	10	251,719,119	250,455,534
Fixed assets	11	9,866,496	9,026,764
Intangible assets	12	2,878,040	2,515,549
Deferred tax assets		-	-
Other assets	13	15,774,072	16,743,107
Non-current assets held for sale	11.3	739,200	739,200
		561,424,774	536,077,146

LIABILITIES

Bills payable	14	7,677,003	4,981,983
Borrowings	15	63,990,811	48,303,412
Deposits and other accounts	16	437,402,703	431,423,822
Liabilities against assets subject to finance lease		-	-
Subordinated debt	17	7,491,800	7,492,800
Deferred tax liabilities	18	1,989,199	1,083,590
Other liabilities	19	18,789,041	19,875,838
		537,340,557	513,161,445

NET ASSETS

24,084,217	22,915,701
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REPRESENTED BY

Share capital - net		10,119,242	10,119,242
Reserves		2,243,845	1,991,169
Surplus on revaluation of assets	20	3,517,642	3,247,593
Unappropriated profit		7,949,870	7,029,251
		23,830,599	22,387,255
Non-controlling interest		253,618	528,446
		24,084,217	22,915,701

CONTINGENCIES AND COMMITMENTS

21

The annexed notes from 1 to 40 form an integral part of these condensed interim consolidated financial statements.

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Chairman

Condensed Interim Consolidated Profit and Loss Account (Un-audited)

For the Nine Months Period Ended September 30, 2021

		Quarter Ended		Nine Months Period Ended	
		September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	Note	----- Rupees in '000 -----			
Mark-up / return / interest earned	23	10,071,517	9,557,420	28,966,450	33,958,743
Mark-up / return / interest expensed	24	6,839,259	7,396,155	19,827,923	26,571,027
Net mark-up / interest income		3,232,258	2,161,265	9,138,527	7,387,716

NON MARK-UP / INTEREST INCOME

Fee, commission and brokerage income	25	1,242,404	1,161,948	3,438,160	3,254,673
Dividend income		11,409	11,594	186,121	96,611
Foreign exchange income		305,163	383,243	843,628	735,166
Income from derivatives		19,420	16,776	24,181	33,983
Gain on securities	26	23,431	154,995	61,088	937,592
Share of (loss) / profit from associates		(4,375)	1,829	9,530	(13,969)
Other income	27	18,802	44,104	35,777	84,052
Total non mark-up / interest income		1,616,254	1,774,489	4,598,485	5,128,108
Total Income		4,848,512	3,935,754	13,737,012	12,515,824

NON MARK-UP / INTEREST EXPENSES

Operating expenses	28	3,747,520	3,339,688	10,577,843	9,897,564
Workers' welfare fund	29	18,168	6,600	44,146	20,320
Other charges	30	-	20	202	74,607
Total non-mark-up / interest expenses		3,765,688	3,346,308	10,622,191	9,992,491
Profit before provisions		1,082,824	589,446	3,114,821	2,523,333
Provisions and write offs - net	31	459,253	11,583	1,260,043	431,767
Extraordinary / unusual items		-	-	-	-

PROFIT BEFORE TAXATION		623,571	577,863	1,854,778	2,091,566
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Taxation	32	284,807	239,500	797,496	990,986
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PROFIT AFTER TAXATION		338,764	338,363	1,057,282	1,100,580
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Attributable to:

Equity holders of the Bank		328,419	333,364	1,027,471	1,107,038
Non-controlling interest		10,345	4,999	29,811	(6,458)
		338,764	338,363	1,057,282	1,100,580

----- Rupee -----

Basic and diluted earnings per share	33	0.25	0.26	0.79	0.85
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The annexed notes from 1 to 40 form an integral part of these condensed interim consolidated financial statements.

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Chairman

Condensed Interim Consolidated Statement of Comprehensive Income (Un-audited)

For the Nine Months Period Ended September 30, 2021

	Quarter Ended		Nine Months Period Ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	----- Rupees in '000 -----			
Profit after taxation for the period	338,764	338,363	1,057,282	1,100,580
Other comprehensive income / (loss)				
Items that may be reclassified to profit and loss account in subsequent periods				
Effect of translation of net investment in foreign branch	58,933	(7,895)	51,482	29,537
Movement in surplus on revaluation of investments - net of tax	(398,234)	(329,999)	535,345	1,626,105
Movement in general provision under IFRS 9 - net	(4,183)	15,155	14,021	40,786
Share of other comprehensive loss from associated companies - net of tax	-	-	-	(2,316)
	(402,417)	(314,844)	549,366	1,664,575
Items that will not be reclassified to profit and loss account in subsequent periods:				
Movement in surplus on revaluation of operating fixed assets - net of tax	-	-	(224,557)	75,356
Movement in surplus on revaluation of non-banking assets - net of tax	-	-	(48,662)	-
Share of other comprehensive income from associated companies - net of tax	-	-	-	1,216
	-	-	(273,219)	76,572
	(343,484)	(322,739)	327,629	1,770,684
Total other comprehensive income	(4,720)	15,624	1,384,911	2,871,264
Total comprehensive (loss) / income				
Attributable to:				
Equity holders of the Bank	453	(15,468)	1,378,555	2,854,148
Non-controlling interest	(5,173)	31,092	6,356	17,116
	(4,720)	15,624	1,384,911	2,871,264

The annexed notes from 1 to 40 form an integral part of these condensed interim consolidated financial statements.

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Chairman

Condensed Interim Consolidated Statement of Changes in Equity

For the Nine Months Period Ended September 30, 2021

	Attributable to shareholders of the Bank							Non-controlling interest	Total	
	Share capital	Statutory reserve *	Capital reserve-exchange translation	Surplus / (Deficit) on revaluation of			Unappropriated profit			Sub-total
				Investments	Fixed assets	Non banking assets				
Rupees in '000										
Balance as at January 01, 2020 - audited	10,119,242	1,646,167	103,505	(365,795)	1,581,550	92,776	5,795,596	18,973,041	508,271	19,481,312
Total comprehensive income for the nine months period ended September 30, 2020 - un-audited										
Profit / (loss) after taxation	-	-	-	-	-	-	1,107,038	1,107,038	(6,458)	1,100,580
Other comprehensive income / (loss) - net of tax	-	-	29,537	1,643,317	76,572	-	(2,316)	1,747,110	23,574	1,770,684
	-	-	29,537	1,643,317	76,572	-	1,104,722	2,854,148	17,116	2,871,264
Transfer to statutory reserve	-	233,098	-	-	-	-	(233,098)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	-	-
Fixed assets	-	-	-	-	(29,833)	-	29,833	-	-	-
Non-banking assets acquired in satisfaction of claims	-	-	-	-	-	(61)	61	-	-	-
Non-current assets held for sale	-	-	-	-	(92,126)	-	92,126	-	-	-
Pre-acquisition surplus (net) on available-for-sale investments realised during the period	-	-	-	-	-	-	(67,968)	(67,968)	(12,410)	(80,378)
Balance as at September 30, 2020 - un-audited	10,119,242	1,879,265	133,042	1,277,522	1,536,163	92,715	6,721,272	21,759,221	512,977	22,272,198
Total comprehensive income for the period ended December 31, 2020 - un-audited										
Profit after taxation	-	-	-	-	-	-	3,335	3,335	4,520	7,855
Other comprehensive (loss) / income - net of tax	-	-	(18,052)	313,373	-	38,398	290,980	624,699	10,949	635,648
	-	-	(18,052)	313,373	-	38,398	294,315	628,034	15,469	643,503
Transfer to statutory reserve	-	(3,086)	-	-	-	-	3,086	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	-	-
Fixed assets	-	-	-	-	(10,545)	-	10,545	-	-	-
Non-banking assets acquired in satisfaction of claims	-	-	-	-	-	(33)	33	-	-	-
Balance as at December 31, 2020 - Audited	10,119,242	1,876,179	114,990	1,590,895	1,525,618	131,080	7,029,251	22,387,255	528,446	22,915,701
Total comprehensive income for the nine months period ended September 30, 2021 - un-audited										
Profit after taxation	-	-	51,482	572,822	(224,557)	(48,662)	1,027,471	1,027,471	29,811	1,057,282
Other comprehensive income net of tax	-	-	51,482	572,822	(224,557)	(48,662)	1,027,471	1,378,556	6,355	1,384,911
Transfer to statutory reserve	-	201,194	-	-	-	-	(201,194)	-	-	-
Transfer from surplus on revaluation of assets to unappropriated profit - net of tax	-	-	-	-	-	-	-	-	-	-
Fixed assets	-	-	-	-	(29,509)	-	29,509	-	-	-
Non-banking assets acquired in satisfaction of claims	-	-	-	-	-	(45)	45	-	-	-
Interim cash dividend to non-controlling interest by subsidiary company @ Rs. 10 per share	-	-	-	-	-	-	-	-	(19,521)	(19,521)
Buy-back of shares by subsidiary from NCI	-	-	-	-	-	-	-	-	(263,722)	(263,722)
Gain arisen on buy back shares	-	-	-	-	-	-	16,114	16,114	1,232	17,346
Bargain Purchase Gain at the time of acquisition	-	-	-	-	-	-	48,674	48,674	828	49,502
Balance as at September 30, 2021 - un-audited	10,119,242	2,077,373	166,472	2,163,717	1,271,552	82,373	7,949,870	23,830,599	253,618	24,084,217

* This represents reserve created under Section 216(a) of the Banking Companies Ordinance, 1962.

The annexed notes from 1 to 40 form an integral part of these condensed interim consolidated financial statements.

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Chairman

Condensed Interim Consolidated Cash Flow Statement (Un-audited)

For the Nine Months Period Ended September 30, 2021

		September 30, 2021	September 30, 2020
	Note	----- Rupees in '000 -----	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		1,854,778	2,091,566
Less: Dividend income		(186,121)	(96,611)
(Less) / add : Share of (profit) / loss from associates		(9,530)	13,969
		<u>1,659,127</u>	<u>2,008,924</u>
Adjustments:			
Depreciation		631,696	579,380
Depreciation on non-banking assets	28	6,433	6,808
Depreciation - right of use assets	28	697,305	768,609
Amortisation of intangible assets	28	101,708	86,669
Charge for defined benefit plan		167,619	161,822
Unrealised loss on revaluation of investments classified as held-for-trading - net	26	76,783	7,633
Unrealised gain on revaluation of forward foreign exchange contracts		(563,341)	(3,349)
Unrealised gain on revaluation of derivative instruments - net		(12,817)	(23,936)
Provisions and write offs - net	31	1,260,043	431,767
Provision for workers' welfare fund	29	44,146	20,320
Mark-up / return / interest expense on lease liability against right-of-use assets	24	306,184	401,562
(Gain) / loss on sale of fixed assets - net	27	(11,277)	172
Gain on sale of assets held for sale	27	-	(1,000)
Gain on termination of leases	27	(5,834)	(52,510)
		<u>2,698,648</u>	<u>2,383,947</u>
		<u>4,357,775</u>	<u>4,392,871</u>
Decrease / (increase) in operating assets			
Lendings to financial institutions		20,240,897	21,541,836
Held-for-trading securities		23,879,798	47,967,739
Advances		(2,812,934)	851,157
Other assets (excluding advance taxation)		1,856,832	2,091,780
		<u>43,164,593</u>	<u>72,452,512</u>
Increase / (decrease) in operating liabilities			
Bills payable		2,695,020	536,965
Borrowings		14,782,825	(20,084,526)
Deposits and other accounts		5,978,881	21,444,935
Other liabilities		(1,814,122)	2,349,103
		<u>21,642,604</u>	<u>4,246,477</u>
		<u>69,164,972</u>	<u>81,091,860</u>
Gratuity paid		-	(151,881)
Income tax paid		(878,017)	(92,454)
Net cash generated from operating activities		<u>68,286,955</u>	<u>80,847,525</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in available-for-sale securities		(64,678,945)	(67,455,732)
Net investment in held-to-maturity securities		(5,281,918)	(3,336,453)
Investment in associated companies		-	(40,828)
Dividend received		186,430	96,611
Investments in fixed assets		(1,297,570)	(1,132,999)
Investments in intangible assets		(466,847)	(232,823)
Proceeds from sale of fixed assets		72,680	16,490
Proceeds from sale of assets held for sale		-	375,000
Effect of translation of net investment in foreign branch		51,482	29,537
Net cash flows used in investing activities		<u>(71,414,688)</u>	<u>(71,681,197)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of lease liability against right of use assets		(855,441)	(887,737)
Subordinated debt		(1,000)	-
Shares bought back from non-controlling interest		(246,376)	-
Dividend paid to non-controlling interest		(19,521)	-
Net cash used in financing activities		<u>(1,122,338)</u>	<u>(887,737)</u>
(Decrease) / increase in cash and cash equivalents		<u>(4,250,071)</u>	<u>8,278,591</u>
Cash and cash equivalents at beginning of the period		31,406,546	25,429,551
Cash and cash equivalents at end of the period	34	<u>27,156,475</u>	<u>33,708,142</u>

The annexed notes from 1 to 40 form an integral part of these condensed interim consolidated financial statements.

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Chairman

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

1. STATUS AND NATURE OF BUSINESS

1.1 The “Group” consists of:

1.1.1 Holding Company: JS Bank Limited

JS Bank Limited (the Bank / JSBL) is a banking company incorporated in Pakistan as a public limited company on March 15, 2006. The Bank is a subsidiary company of Jahangir Siddiqui & Co. Ltd. (JSCL) and its shares are listed on Pakistan Stock Exchange Limited (PSX). The Bank commenced its banking operations on December 30, 2006 and its registered office is situated at Shaheen Commercial Complex, Dr. Ziauddin Ahmed Road, Karachi.

The Bank is a scheduled bank, engaged in commercial banking and related services as described in the Banking Companies Ordinance, 1962 and is operating through 281 (December 31, 2020: 307) branches / sub-branches in Pakistan and one wholesale banking branch in Bahrain (December 31, 2020: one). The Pakistan Credit Rating Agency Limited (PACRA) has assigned the long-term entity rating of the Bank to AA- (Double A Minus) whereas short-term rating is maintained at 'A1+' (A One Plus), which is the highest possible short-term rating. The ratings denote a very low expectation of credit risk and indicate very strong capacity for timely payment of financial commitments.

1.1.2 Jahangir Siddiqui Investment Bank Limited, JSIBL, (formerly Citicorp Investment Bank Limited which was acquired by JSCL on February 01, 1999), and its holding company, JSCL, entered into a Framework Agreement with American Express Bank Limited, New York (AMEX) on November 10, 2005 for acquisition of its American Express Bank Limited - Pakistan Branches, (AEBL). Consequently, a new banking company, JSBL was incorporated on March 15, 2006 and a restricted Banking License was issued by the State Bank of Pakistan (SBP) on May 23, 2006.

A Transfer Agreement was executed on June 24, 2006 between JSIBL and JSBL for the transfer of entire business and undertaking of JSIBL to JSBL and a separate Transfer Agreement was also executed on June 24, 2006, between AMEX and JSBL for the transfer of AEBL's commercial banking business in Pakistan with all assets and liabilities (other than certain excluded assets and liabilities) (AEBL business). The shareholders of JSIBL and JSBL, in their respective extra-ordinary general meetings held on July 31, 2006, approved a Scheme of Amalgamation (the Scheme) under Section 48 of the Banking Companies Ordinance, 1962. The Scheme was initially approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter No. SC/NBFC(J)-R/JSIBL/2006/517 dated September 28, 2006. Subsequently, the Scheme was sanctioned by the SBP vide its order dated December 02, 2006 and, in accordance therewith, the effective date of amalgamation was fixed at December 30, 2006.

The ultimate parent of the Group is Jahangir Siddiqui & Co. Ltd. which holds 75.02% shares of the Holding Company.

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

1.1.3 Composition of the Group

	Note	Ownership interest and voting power held by			
		September 30, 2021		December 31, 2020	
		The Group	NCI	The Group	NCI
Subsidiary					
JS Global Capital Limited	1.1.3.1	92.90%	7.10%	83.53%	16.47%
JS Investment Limited		84.56%	15.44%	84.56%	15.44%
JS ABAMCO Commodities Limited	1.1.3.2	-	-	84.56%	15.44%

1.1.3.1 During the period, the Bank's ownership interest in JSGCL has increased by 9.37%, without any change in the cost of investment, due to the fact that JSGCL has bought back its 3,079,703 ordinary shares out of its 30,557,000 ordinary shares. Resultantly, JSGCL is principally owned by the Bank, holding 92.90% of its equity interest.

1.1.3.2 JS ABAMCO Commodities Limited (JSACL) did not intend to carry on the business of Futures Broker, therefore, the directors of JSIL were desirous of merging JSACL with and into JSIL. The Scheme of Arrangement under Section 284 of the Companies Act, 2017, for merger or amalgamation (the Scheme) of JSACL with and into JSIL, was approved by SECP under Rule 7(2) (cb) of Non-Banking Finance Companies (Establishment and Regulations) Rules 2003 vide its letter dated January 13, 2021. The Board of Directors of JSACL in their meeting held on February 19, 2021 has approved the Scheme with effect from March 31, 2021. Subsequently, the Scheme under section 284(2) of the Companies Act, 2017, submitted with Companies Registration Office, along with Form-35, which is approved dated June 24, 2021. Therefore, with effect from March 31, 2021, JSACL was merged with JS Investments Limited and is no more an indirect subsidiary of the Holding Company.

1.1.4 Composition of the Associated Companies

Associates	Ownership interest and voting power held by Bank	
	September 30, 2021	December 31, 2020
Omar Jibran Engineering Industries Limited	9.60%	9.60%
Veda Transit Solutions (Private) Limited	9.12%	9.12%
Intercity Touring Company (Private) Limited	9.12%	9.12%

2. BASIS OF PRESENTATION

2.1 These condensed interim consolidated financial statements include financial statements of JS Bank Limited and its subsidiary companies, (the "Group") and share of the profit / reserves of associates.

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

These condensed interim consolidated financial statements have been presented in Pakistan Rupees (PKR), which is the currency of the primary economic environment in which the Group operates and functional currency of the Holding Company, in that environment as well.

2.2 Statement of Compliance

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962;
- Provisions of and directives issued under the Companies Act, 2017; and
- Directives issued by the SBP and the Securities & Exchange Commission of Pakistan (SECP) from time to time.

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

The disclosures made in these condensed interim consolidated financial statements have been limited based on the format prescribed by the SBP vide BPRD circular letter No. 5 dated March 22, 2019 and IAS 34.

These condensed interim consolidated financial Statements do not include all the information and disclosures required for annual consolidated financial statements and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2020.

The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for banking companies vide 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 vide its notification S.R.O 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

IFRS 10 "Consolidated Financial Statements" was made applicable from period beginning on or after January 01, 2015 vide S.R.O 633(I)/2014 dated July 10, 2014 by SECP. However, SECP has directed through S.R.O 56(I)/2016 dated January 28, 2016, that the requirement of consolidation under section 228 of the Companies Act, 2017 and IFRS-10 "Consolidated Financial Statements" is not applicable in case of investment by companies in mutual funds established under trust structure. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim consolidated financial statements.

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

The applicability of the IFRS 9 'Financial Instruments' for all companies was deferred by SECP through its S.R.O. 229 (I)/2019 dated February 14, 2019. Under this standard all companies were required to prepare their financial statements in accordance with the requirements of IFRS 9 for reporting period / year ending on or after June 30, 2019 (earlier application was also permitted). However, in case of Holding Company, State Bank of Pakistan (SBP) has extended the effective date of applicability of IFRS 9 on or after January 01, 2022 through its BPRD Circular No. 24 dated July 05, 2021.

The guidelines and instructions on the application of IFRS 9 for the banking sector of Pakistan has not been issued by the State Bank of Pakistan (SBP), therefore, the Holding Company has not considered the impact of IFRS 9 for its domestic operations in these condensed interim consolidated financial statements. The Holding Company has continued to fulfil the requirements of Prudential Regulations and other SBP directives currently provide the accounting framework for the measurement and valuation of assets and provision/ impairment against non-performing assets.

2.3 BASIS OF CONSOLIDATION

2.3.1 The Group

- The condensed interim consolidated financial statements include the financial statements of the Bank (The Holding Company) and its subsidiary companies together - "the Group".
- Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its investment with investee and has the ability to effect those return through its power over the investee, except investment in mutual funds established under trust structure where IFRS 10 'Consolidated Financial Statements' is not applicable in case of investment by companies in mutual funds established under Trust structure.
- These condensed interim consolidated financial statements incorporate the financial statements of subsidiaries from the date that control commences until the date that control ceases.
- The assets, liabilities, income and expenses of subsidiary companies have been consolidated on a line by line basis.
- Non-controlling interests are that part of the net results of operations and of net assets of subsidiaries attributable to interest which are not owned by the holding company.
- Material intra-group balances and transactions are eliminated.

2.3.2 Associate

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Associates are accounted for using the equity method.

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

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

There are certain new and amended standards, interpretations of and amendments that are mandatory for the Bank's accounting periods beginning on or after January 01, 2021 but are considered not to be relevant or do not have any significant effect on the Bank's operations.

2.5 Standards, interpretations of and amendments to published approved accounting standards that are not yet effective

As per State Bank of Pakistan (SBP)' BPRD circular letter no. 24 of 2021, IFRS 9 'Financial Instruments' is applicable to banks effective January 01, 2022. please refer note 2.1 above.

There are various other standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are not effective in the current period. These are not likely to have material effect on the Bank's financial statements.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The basis for accounting estimates adopted in the preparation of these condensed interim consolidated financial statements are the same as that applied in the preparation of the annual consolidated financial statements for the year ended December 31, 2020.

4 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of these condensed interim consolidated financial statements are consistent with those applied in the preparation of the annual consolidated financial statements for the year ended December 31, 2020.

5 FINANCIAL RISK MANAGEMENT

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

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

		(Un-audited) September 30, 2021	(Audited) December 31, 2020
	Note	----- Rupees in '000 -----	
6. CASH AND BALANCES WITH TREASURY BANKS			
In hand:			
Local currency		10,348,593	6,337,389
Foreign currencies		<u>919,784</u>	<u>1,301,503</u>
		<u>11,268,377</u>	<u>7,638,892</u>
With State Bank of Pakistan in:			
Local currency current account		11,722,240	16,268,165
Foreign currency current account - non remunerative		1,011,146	1,086,874
Foreign currency deposit account - remunerative		<u>2,122,277</u>	<u>2,261,337</u>
		<u>14,855,663</u>	<u>19,616,376</u>
With National Bank of Pakistan in:			
Local currency current accounts		991,166	2,609,635
National Prize Bonds		<u>125,600</u>	<u>556,628</u>
		<u>27,240,806</u>	<u>30,421,531</u>
7. BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		355,413	123,526
In deposit accounts		<u>156,248</u>	<u>24,390</u>
		511,661	147,916
Outside Pakistan			
In current accounts		452,152	980,669
		<u>963,813</u>	<u>1,128,585</u>
Less: General provision under IFRS 9	7.1	(445)	(450)
Balances with other banks - net of provision		<u>963,368</u>	<u>1,128,135</u>
7.1	This represents general provision held under IFRS 9 by Bahrain branch of the Holding Company.		
8. LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lendings		-	2,237,682
Repurchase agreement lendings (Reverse Repo)		<u>3,000,000</u>	<u>21,003,215</u>
		<u>3,000,000</u>	<u>23,240,897</u>
Less: General provision under IFRS 9	8.2	-	(1,225)
Lending to Financial Institutions - net of provision		<u>3,000,000</u>	<u>23,239,672</u>
8.1 Particulars of lendings - gross			
In local currency		3,000,000	21,003,215
In foreign currencies		-	2,237,682
		<u>3,000,000</u>	<u>23,240,897</u>
8.2	This represents general provision held under IFRS 9 by Bahrain branch of the Holding Company.		

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

		(Un-audited) September 30, 2021				(Audited) December 31, 2020			
		Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Note		Rupees in '000							
9. INVESTMENTS									
9.1 Investments by type									
Held-for-trading securities									
Federal Government Securities		1,421,885	-	(44)	1,421,841	25,002,969	-	805	25,003,774
Shares		7,633	-	(1,966)	5,667	194,428	-	12,981	207,409
Open end mutual funds		213,649	-	(75,917)	137,732	310,221	-	416	310,637
		1,643,167	-	(77,927)	1,565,240	25,507,618	-	14,202	25,521,820
Available-for-sale securities									
Federal Government Securities		191,255,249	-	(247,013)	191,008,236	127,308,516	-	97,527	127,406,043
Shares		1,911,746	(136,589)	3,436,295	5,211,452	3,018,184	(411,955)	1,701,753	4,307,982
Non Government Debt Securities		3,229,685	(690,334)	886	5,540,237	3,579,278	(696,507)	(420)	2,882,351
Open end mutual funds		1,594,533	-	254,206	1,848,739	826,188	-	390,100	1,216,288
Foreign Securities		5,498,968	(99,772)	(1,267)	5,397,929	4,079,070	(122,758)	136,466	4,092,778
		203,490,181	(926,695)	3,443,107	206,006,593	138,811,236	(1,231,220)	2,325,426	139,905,442
Held-to-maturity securities									
Federal Government Securities		41,391,517	-	-	41,391,517	36,109,599	-	-	36,109,599
Associates		280,323	-	-	280,323	270,793	-	-	270,793
Total Investments		246,805,188	(926,695)	3,365,180	249,243,673	200,699,246	(1,231,220)	2,339,628	201,807,654
Rupees in '000									
9.2 Investments by segments:									
Held-for-trading securities									
Federal Government Securities:									
Market Treasury Bills		1,421,885	-	(44)	1,421,841	25,002,969	-	805	25,003,774
Pakistan Investment Bonds		1,421,885	-	(44)	1,421,841	25,002,969	-	805	25,003,774
Shares:									
Listed Companies									
Ordinary shares		7,633	-	(1,966)	5,667	194,428	-	12,981	207,409
Open End Mutual Funds	9.2.1	213,649	-	(75,917)	137,732	310,221	-	416	310,637
		1,643,167	-	(77,927)	1,565,240	25,507,618	-	14,202	25,521,820
Available-for-sale securities:									
Federal Government Securities:									
Market Treasury Bills		133,934,087	-	(192,434)	133,741,653	90,027,949	-	20,041	90,047,990
Pakistan Investment Bonds		57,321,162	-	(54,579)	57,266,583	37,280,567	-	77,486	37,358,053
		191,255,249	-	(247,013)	191,008,236	127,308,516	-	97,527	127,406,043
Shares:									
Listed Companies									
Ordinary shares	9.2.2	1,764,157	-	3,436,295	5,200,452	2,870,595	(275,366)	1,701,753	4,296,982
Preference shares		136,589	(136,589)	-	-	136,589	(136,589)	-	-
Unlisted Companies									
Ordinary shares		11,000	-	-	11,000	11,000	-	-	11,000
		1,911,746	(136,589)	3,436,295	5,211,452	3,018,184	(411,955)	1,701,753	4,307,982
Non Government Debt Securities									
Listed									
Term Finance Certificates	9.2.3	436,745	(151,867)	481	285,359	442,682	(155,169)	(147)	287,366
Sukuk Certificates		285,501	-	405	285,906	402,955	-	(273)	402,682
Unlisted									
Term Finance Certificates	9.2.4	1,083,302	(538,467)	-	544,835	1,340,804	(541,338)	-	799,466
Sukuk Certificates		1,328,369	-	-	1,328,369	1,365,104	-	-	1,365,104
Commercial Paper Certificates		68,035	-	-	68,035	-	-	-	-
Preference shares	9.2.5	27,733	-	-	27,733	27,733	-	-	27,733
		3,229,685	(690,334)	886	2,540,237	3,579,278	(696,507)	(420)	2,882,351
Open End Mutual Funds	9.2.6	1,594,533	-	254,206	1,848,739	826,188	-	390,100	1,216,288
Foreign Securities									
Government Debt Securities *		4,028,450	(85,433)	(18,624)	3,924,393	3,633,801	(120,619)	130,420	3,643,402
Non Government Debt Securities *		1,440,992	(14,339)	16,085	1,442,748	979,654	(2,139)	(3,629)	973,887
Ordinary shares		29,526	-	1,262	30,788	65,815	-	9,674	75,489
		5,498,968	(99,772)	(1,267)	5,397,929	4,079,070	(122,758)	136,466	4,092,778
		203,490,181	(926,695)	3,443,107	206,006,593	138,811,236	(1,231,220)	2,325,426	139,905,442
Held-to-maturity securities									
Federal Government Securities:									
Pakistan Investment Bonds	9.2.7	41,391,517	-	-	41,391,517	36,109,599	-	-	36,109,599
Associates									
Omar Jibran Engineering Industries Limited		229,365	-	-	229,365	215,793	-	-	215,793
Veda Transit Solutions (Private) Limited		50,958	-	-	50,958	54,302	-	-	54,302
Intercity Touring Company (Private) Limited		280,323	-	-	280,323	270,793	-	-	270,793
Total Investments		246,805,188	(926,695)	3,365,180	249,243,673	200,699,246	(1,231,220)	2,339,628	201,807,654

* Provision for diminution against foreign debt securities represents expected credit loss provisioning under IFRS 9 on portfolio pertaining to Bahrain Branch.

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

- 9.2.1 This represents the investments in related parties of the Group.
- 9.2.2 Included herein are the investments in related parties amounting to Rs. 1,464.379 million (December 31, 2020: Rs. 2,655.879 million) having market value of Rs. 4,809.295 million (December 31, 2020: Rs. 4,135.436 million).
- 9.2.3 Included herein are the investments in related parties amounting to Rs. 9.866 million (December 31, 2020: Rs. 12.5 million) having market value of Rs. 9.984 million (December 31, 2020: Rs. 12.366 million).
- 9.2.4 Included herein is the investment of Rs. 388.607 million (December 31, 2020: Rs. 391.478 million) in a related party at the rate of 6 months KIBOR + 1.75% to 11% having maturity dates of December 04, 2017 to October 19, 2020. Due to weak financial position of the investee, the Group has recognised full impairment loss on these Term Finance Certificates.
- 9.2.5 This represents investment in an associated company amounting to Rs. 27.733 million (December 31, 2020: Rs. 27.733 million).
- 9.2.6 This represents the investments in related parties amounting to Rs. 1,183.182 million (December 31, 2020: Rs. 1,136.409 million) having market value of Rs. 1,249.557 million (December 31, 2020: Rs. 1,526.925 million).
- 9.2.7 The market value of securities classified as held-to-maturity as at amounted to Rs. 41,061.104 million (December 31, 2020: Rs. 35,862.699 million).

	(Un-audited) September 30, 2021		(Audited) December 31, 2020	
	Cost	Market value	Cost	Market value
----- Rupees in '000 -----				
9.3 Investments given as collateral				
Held-for-trading securities				
Federal Government Securities				
Market Treasury Bills	-	-	4,864,464	4,864,680
Available-for-sale securities				
Federal Government Securities:				
Market Treasury Bills	13,765,260	13,640,322	4,902,054	4,902,811
Pakistan Investment Bonds	10,145,207	10,078,601	-	-
	23,910,467	23,718,923	4,902,054	4,902,811
Foreign Securities				
Government Debt Securities	2,913,799	2,879,756	-	-
Non Government Debt Securities	702,820	704,876	-	-
	3,616,619	3,584,632	-	-
	<u>27,527,086</u>	<u>27,303,555</u>	<u>9,766,518</u>	<u>9,767,491</u>
		Note	(Un-audited) September 30, 2021	(Audited) December 31, 2020
----- Rupees in '000 -----				
9.4 Provision for diminution in value of investments				
9.4.1 Opening balance			1,231,220	859,119
Charge during the period / year			-	276,202
Reversal during the period / year			(281,540)	(26,859)
		31	(281,540)	249,343
Impairment under IFRS 9 in Bahrain branch (Reversal) / charge during the period / year Exchange Gain			(29,170) 6,185	122,758 -
			(22,985)	122,758
Closing Balance			<u>926,695</u>	<u>1,231,220</u>

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

9.4.2 Particulars of provision against debt securities

Category of classification	(Un-audited) September 30, 2021		(Audited) December 31, 2020	
	NPI	Provision	NPI	Provision
----- Rupees in '000 -----				
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	690,334	696,507	696,507	696,507
	<u>690,334</u>	<u>696,507</u>	<u>696,507</u>	<u>696,507</u>

		Performing		Non Performing		Total	
		(Un-audited) September 30, 2021	(Audited) December 31, 2020	(Un-audited) September 30, 2021	(Audited) December 31, 2020	(Un-audited) September 30, 2021	(Audited) December 31, 2020
10.	ADVANCES	----- Rupees in '000 -----					
	Note						
	Loans, cash credits, running finances, etc.	228,357,074	231,322,752	14,613,529	11,733,555	242,970,603	243,056,307
	Bills discounted and purchased	14,500,671	11,602,390	-	-	14,500,671	11,602,390
	Advances - gross	242,857,745	242,925,142	14,613,529	11,733,555	257,471,274	254,658,697
	Provision against advances						
	General	(344,456)	-	-	-	(344,456)	-
	General provision - under IFRS-9	(41,000)	(21,327)	-	-	(41,000)	(21,327)
	Specific	-	-	(5,366,699)	(4,181,836)	(5,366,699)	(4,181,836)
	10.3	(385,456)	(21,327)	(5,366,699)	(4,181,836)	(5,752,155)	(4,203,163)
	Advances - net of provision	242,472,289	242,903,815	9,246,830	7,551,719	251,719,119	250,455,534

10.1 Particulars of advances (gross)

In local currency	245,675,525	245,261,990
In foreign currencies	11,795,749	9,396,707
	<u>257,471,274</u>	<u>254,658,697</u>

10.2 Advances include Rs. 14,613.529 million (December 31, 2020: Rs. 10,353.164 million) which have been placed under non-performing status as detailed below:

Category of Classification	(Un-audited) September 30, 2021		(Audited) December 31, 2020	
	Non Performing Loans	Provision	Non Performing Loans	Provision
----- Rupees in '000 -----				
Domestic				
Other Assets Especially Mentioned	1,289,650	16,862	296,799	394
Substandard	1,254,608	138,608	1,177,804	156,095
Doubtful	2,877,145	792,158	3,264,335	724,426
Loss	9,192,126	4,419,071	6,994,617	3,300,921
Total	<u>14,613,529</u>	<u>5,366,699</u>	<u>11,733,555</u>	<u>4,181,836</u>

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

10.3 Particulars of provision against non-performing advances

	(Un-audited) September 30, 2021				(Audited) December 31, 2020			
	Specific	General	General provision - under IFRS-9	Total	Specific	General	General provision - under IFRS-9	Total
Note	Rupees in '000							
Opening balance	4,181,836	-	21,327	4,203,163	3,339,941	161,166	7,520	3,508,627
Exchange adjustments	-	-	2,683	2,683	-	-	71	71
Charge for the period/ year	1,372,610	344,456	16,990	1,734,056	1,087,212	-	13,736	1,100,948
Reversals for the period / year	(187,390)	-	-	(187,390)	(245,317)	(161,166)	-	(406,483)
	1,185,220	344,456	16,990	1,546,666	841,895	(161,166)	13,736	694,465
Amount written off from the opening balance	(357)	-	-	(357)	-	-	-	-
Closing Balance	10.3.1 5,366,699	344,456	41,000	5,752,155	4,181,836	-	21,327	4,203,163

10.3.1 This includes reversal of provision of Nil (December 31, 2020: Rs. 8.604 million) against reduction of non-performing loans of Rs. 283.850 million (December 31, 2020: Rs. 90.180 million) of certain borrowers under 'Debt Property Swap' transactions, as disclosed in note 13.1.

10.3.2 The Holding Company, in accordance with BPRD circular letter No. 31 of 2020 dated July 10, 2020, has taken the benefit of general provision to make good the specific provision requirement of the consumer financing portfolio till December 31, 2021.

10.3.3 This represents general provision held under IFRS 9 by Bahrain branch of the Holding company.

10.3.4 The State Bank of Pakistan through various circulars has allowed benefit of the forced sale value (FSV) of Plant and Machinery under charge, pledged stock and mortgaged residential, commercial and industrial properties (land and building only) held as collateral against non-performing loans (NPLs) for a maximum of five years from the date of classification. As at September 30, 2021, the Bank has availed cumulative FSV benefit under the directives of the SBP of Rs. 5,637.713 million (December 31, 2020: Rs. 4,763.931 million).

The additional profit arising from availing the FSV benefit - net of tax amounts to Rs 3,439.005 million (December 31: 2020: Rs 2,905.998 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to share holders.

10.3.5 Advances - Deferred & Restructured / Rescheduled

The SBP vide BPRD circular letter number 13 of 2020 dated March 26, 2020, has relaxed certain classification criteria of SBP Prudential Regulation R-8 (Classification and Provisioning of Assets). Accordingly, certain exposures of the Holding Company as at September 30, 2021 relating to facilities of customers have not been classified as non-performing on account of such relaxation.

10.3.6 This includes, general provision held against gold financing amounting to Rs. 741.73 million in connection with fraud incident held on August 02, 2021. The Bank has initiated recovery proceedings and recorded a provision of Rs. 237.997 million in these financial statements net of expected insurance recoveries.

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

	Note	(Un-audited) September 30, 2021	(Audited) December 31, 2020
		----- Rupees in '000 -----	
11. FIXED ASSETS			
Capital work-in-progress	11.1	883,221	298,971
Property and equipment	11.2 & 11.3	6,101,966	6,099,025
Right-of-use assets		2,881,309	2,628,768
		<u>9,866,496</u>	<u>9,026,764</u>

11.1 Capital work-in-progress

Civil works	464,884	232,789
Advance for purchase of furniture and fixtures	19,876	1,013
Advance for purchase of vehicles	398,461	61,794
Advance for purchase of equipment and software	-	3,375
	<u>883,221</u>	<u>298,971</u>

11.2 The following additions, book value of disposals and writeoffs have been made to fixed assets during the period:

	(Un-audited)					
	Additions		Disposal		Write offs / (back)	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	----- Rupees in '000 -----					
Capital work-in-progress - net	783,249	4,117	-	-	-	-
Property and equipment						
Building on leasehold land	74,219	-	-	-	-	-
Leasehold improvements	93,557	113,863	4,458	-	33,993	43,754
Furniture and fixture	31,083	53,496	9,619	11,019	(2,113)	5,144
Electrical, office and computer equipment	496,391	321,425	34,396	4,792	(15,346)	9,610
Vehicles	13,384	179	12,930	851	(1,940)	-
	<u>708,634</u>	<u>488,963</u>	<u>61,403</u>	<u>16,662</u>	<u>14,594</u>	<u>58,508</u>
	<u>1,491,883</u>	<u>493,080</u>	<u>61,403</u>	<u>16,662</u>	<u>14,594</u>	<u>58,508</u>

11.2.1 This includes transfer from capital work in progress during the period of Rs. 231.146 million.

	Note	(Un-audited) September 30, 2021	(Audited) December 31, 2020
		----- Rupees in '000 -----	
11.3 Non-current assets held for sale			
Leasehold land	11.3.1	<u>739,200</u>	<u>739,200</u>

11.3.1 In 2020, the Board of Directors accorded its in-principle approval and authorised the management of the Bank to explore the possibility to sell a land located at Plot No. 201, situated at Upper Mall, Lahore, Pakistan of the following reasons:

- The property is available for immediate sale and can be sold in its current condition subject to completion of certain legal formalities.
- The actions to complete the sale were initiated and expected to be completed within one year from the date of classification.

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

- iii) The Bank expects the legal and procedural formalities for the sale to be completed by the end of 2021.

Immediately before the classification of the property as a held for sale, the Property was revalued by independent professional valuer by M/s. Tristar International Consultants (Private) Limited as at December 31, 2020 and resulted no significant change was observed in valuations of the property.

		(Un-audited) September 30, 2021	(Audited) December 31, 2020
	Note	---- Rupees in '000 ----	
12. INTANGIBLE ASSETS			
Capital work-in-progress	12.1	406,529	223,901
Computer software	12.2	1,007,887	828,024
Goodwill		1,463,624	1,463,624
		<u>2,878,040</u>	<u>2,515,549</u>
12.1 Capital work-in-progress			
Advance for purchase of software	12.1.1	<u>406,529</u>	<u>223,901</u>

- 12.1.1 During the period, advance against purchase software was written off amounting Rs. 4.964 million as disclosed in note 31.

		----- (Un-audited) ----- September 30, 2021	September 30, 2020
	Note	----- Rupees in '000 -----	
12.2 Additions to intangible assets			
The following additions have been made to intangible assets during the period:			
Capital work-in-progress - net		461,500	148,884
Computer software	12.2.1	<u>280,058</u>	<u>165,723</u>
		<u>741,558</u>	<u>314,607</u>

- 12.2.1 This includes transfer from capital work in progress during the period of Rs. 268.670 million.

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

		(Un-audited) September 30, 2021	(Audited) December 31, 2020
	Note	----	Rupees in '000 ----
13. OTHER ASSETS			
Income / mark-up accrued in local currency		5,800,362	6,885,407
Income/ mark-up accrued in foreign currencies		142,121	93,950
Trade receivable from brokerage and advisory business - net		1,267,074	1,515,019
Advances, deposits, advance rent and other prepayments		922,728	1,082,525
Acceptances		3,411,294	3,603,192
Dividend receivable		794	1,103
Taxation (payments less provision)		436,648	292,053
Net defined benefit plan		153,574	317,581
Balances due from funds under management		106,191	109,501
Receivable against bancassurance / bancatakaful		31,608	30,660
Stationery and stamps in hand		18,487	22,730
Receivable in respect of home remittance		38,116	30,656
Due from State Bank of Pakistan		93,036	245,310
Rebates receivable from SBP and others		306,292	305,331
Non-banking assets acquired in satisfaction of claims	13.1	1,453,635	1,176,143
Mark to market gain on derivative instruments		48,985	175,454
Mark to market gain on forward foreign exchange contracts		861,489	334,735
Advance against investments in securities	13.2	235,238	1,645
Inter bank fund transfer settlement		231,146	-
Credit card settlement		239,771	140,899
Insurance		15,213	7,636
Others		255,805	667,037
		<u>16,069,607</u>	<u>17,038,567</u>
Less: Provision held against other assets		(430,569)	(430,569)
Other assets (net of provisions)		<u>15,639,038</u>	<u>16,607,998</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		<u>135,034</u>	<u>135,109</u>
		<u>15,774,072</u>	<u>16,743,107</u>
13.1	During the period, the Bank has acquired properties of Rs. 283.850 million (December 31, 2020: Rs. 90.178 million) against debt swap transactions with borrowers resulting in reversal of provision of Rs. Nil (December 31, 2020: Rs. 8.604 million) (refer note 10.3.1).		
	This represents advance given by wholesale branch of Bahrain against purchase of ordinary and preference shares of foreign companies.		
13.2	This represents advance given by wholesale branch of Bahrain against purchase of ordinary and preference shares of foreign companies.		
		(Un-audited) September 30, 2021	(Audited) December 31, 2020
		----	Rupees in '000 ----
14. BILLS PAYABLE			
In Pakistan		7,433,322	4,752,985
Outside Pakistan		243,681	228,998
		<u>7,677,003</u>	<u>4,981,983</u>

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For the Nine Months Period Ended September 30, 2021

	(Un-audited) September 30, 2021 ---- Rupees in '000 ----	(Audited) December 31, 2020
15. BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan under:		
Export refinancing scheme (ERF)	20,009,590	21,496,075
Long-Term Finance Facility (LTFF)	2,632,136	1,985,038
Financing Facility for Storage of Agricultural produce (FFSAP)	252,726	193,029
Financing Facility for Renewable Energy Projects	748,951	433,085
Refinance and credit guarantee scheme for women entrepreneurs	70,775	32,900
Refinance for Wages & Salaries	7,176,052	11,543,118
Refinance facility for modernization of Small and Medium Enterprises (SMEs)	3,405	96,192
Refinance facility for combating COVID-19	198,631	229,984
Refinance facility for working capital of SMEs	-	33,901
Temporary economic refinance facility	810,411	51,871
Small and Medium Enterprises' Financing	62,222	-
	<u>31,964,899</u>	<u>36,095,193</u>
Repurchase agreement borrowings	<u>11,644,788</u>	<u>-</u>
	<u>43,609,687</u>	<u>36,095,193</u>
Borrowing from financial institutions		
Repurchase agreement borrowings	<u>15,882,466</u>	<u>9,667,181</u>
Refinancing facility for mortgage loans	<u>2,938,541</u>	<u>2,397,468</u>
	<u>18,821,007</u>	<u>12,064,649</u>
Total secured	<u>62,430,694</u>	<u>48,159,842</u>
Unsecured		
Overdrawn nostro accounts	<u>1,048,144</u>	<u>143,570</u>
Due against trade borrowings	<u>511,973</u>	<u>-</u>
Total unsecured	<u>1,560,117</u>	<u>143,570</u>
	<u><u>63,990,811</u></u>	<u><u>48,303,412</u></u>
15.1 Particulars of borrowings		
In local currency	59,592,143	48,159,842
In foreign currencies	<u>4,398,668</u>	<u>143,570</u>
	<u><u>63,990,811</u></u>	<u><u>48,303,412</u></u>

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

16. DEPOSITS AND OTHER ACCOUNTS

	(Un-audited) September 30, 2021			(Audited) December 31, 2020		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
----- Rupees in '000 -----						
Customers						
Current deposits	105,215,810	7,666,213	112,882,023	90,714,627	9,668,068	100,382,695
Savings deposits	95,982,639	3,604,307	99,586,946	98,103,956	3,944,797	102,048,753
Term deposits	178,907,591	14,163,837	193,071,428	186,691,026	15,203,881	201,894,907
Margin deposits	8,228,540	46,184	8,274,724	5,920,595	163	5,920,758
	<u>388,334,580</u>	<u>25,480,541</u>	<u>413,815,121</u>	<u>381,430,204</u>	<u>28,816,909</u>	<u>410,247,113</u>
Financial Institutions						
Current deposits	1,124,612	381,676	1,506,288	1,281,453	435,683	1,717,136
Savings deposits	11,457,701	22,845	11,480,546	11,192,800	-	11,192,800
Term deposits	10,600,748	-	10,600,748	8,266,773	-	8,266,773
	<u>23,183,061</u>	<u>404,521</u>	<u>23,587,582</u>	<u>20,741,026</u>	<u>435,683</u>	<u>21,176,709</u>
	<u>411,517,641</u>	<u>25,885,062</u>	<u>437,402,703</u>	<u>402,171,230</u>	<u>29,252,592</u>	<u>431,423,822</u>

		(Un-audited) September 30, 2021	(Audited) December 31, 2020
	Note	----- Rupees in '000 -----	
17. SUBORDINATED DEBT			
Term Finance Certificates - First Issue	17.1	2,994,600	2,995,200
Term Finance Certificates - Second Issue	17.2	1,997,200	1,997,600
Term Finance Certificates - Third Issue	17.3	2,500,000	2,500,000
		<u>7,491,800</u>	<u>7,492,800</u>

- 17.1 In 2016, the Holding company has issued Rs. 3 billion of rated, privately placed, unsecured and subordinated term finance certificates ("TFCs" or "the Issue") as an instrument of redeemable capital under Section 120 of the Companies Ordinance, 1984 and as outlined by State Bank of Pakistan, SBP, under the BPRD circular No. 06 dated August 15, 2013 and Basel III guidelines. Summary of terms and conditions of the issue are:

Purpose:	To contribute towards the Bank's Tier II Capital for complying with the Capital Adequacy Ratio requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.
Issue date:	December 14, 2016
Tenure:	Up to Seven years from the issue date.
Maturity Date:	December 14, 2023
Rating:	A + (Single A Plus)
Profit Rate:	Floating rate of return at Base rate + 1.4 percent per annum;

Notes to the Condensed Interim Consolidated Financial Statements

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Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the Issue Date and subsequently on the immediately preceding business day before the start of each six monthly period

Profit payment:	Semi-annual
Redemption:	The instrument is structured to redeem 0.24% of the issue amount during the first six years after the Issue date and the remaining issue amount of 99.76% in two equal semi-annual installments of 49.88% each in the last year.
Security:	The issue is unsecured and subordinated as to payment of Principal and profit to all other indebtedness of the Bank.
Call Option:	Exercisable in part or in full on or after the 10th redemption, subject to SBP's approval.
Lock-in-clause:	Principal and profit will be payable subject to compliance with MCR or CAR set by SBP.
Loss absorbency clause:	Upon the occurrence of a Point of Non-Viability event as defined by SBP's Basel III Capital Rule vide BPRD Circular # 6 of 2013 dated August 15, 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger as declared by SBP of the non-viability event as declared by SBP, subject to a cap of 467,836,257 shares.

- 17.2 In 2017, the Holding company has issued Rs. 2 billion of rated, over the counter listed, unsecured and subordinated term finance certificates ("TFCs" or "the Issue") as an instrument of redeemable capital under Section 66 of the Companies Act, 2017 and as outlined by State Bank of Pakistan, SBP, under the BPRD circular No. 06 dated August 15, 2013 and Basel III guidelines. Summary of terms and conditions of the issue are:

Purpose:	To contribute towards the Bank's Tier II Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.
Issue date:	December 29, 2017

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For the Nine Months Period Ended September 30, 2021

Tenure:	Up to Seven years from the issue date.
Maturity Date:	December 29, 2024
Rating:	A + (Single A Plus)
Profit Rate:	Floating rate of return at Base rate + 1.4 percent per annum; Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the Issue Date and subsequently on the immediately preceding business day before the start of each six monthly period.
Profit payment:	Semi-annual
Redemption:	The instrument is structured to redeem 0.24% of the issue amount during the first six years after the Issue date and the remaining issue amount of 99.76% in two equal semi-annual installments of 49.88% each in the last year.
Security:	The issue is unsecured and subordinated as to payment of Principal and profit to all other indebtedness of the Bank.
Call Option:	Exercisable in part or in full on or after the 10th redemption, subject to SBP's approval.
Lock-in-clause:	Principal and profit will be payable subject to compliance with MCR or CAR set by SBP.
Loss absorbency clause:	Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by market value per share of the Bank's common share on the date of trigger of Point of Non-Viability (PONV) as declared by SBP, subject to a cap of 319,982,544 shares.

- 17.3 In 2018, the Holding company has issued Rs. 2.5 billion of rated, privately placed, unsecured, subordinated, perpetual and non-cumulative term finance certificates ("TFCs" or "the Issue") as an instrument of redeemable capital under Section 66(1) of the Companies Act, 2017 and as outlined by State Bank of Pakistan, SBP, under the BPRD circular No. 06 dated August 15, 2013 (the "Circular") and Basel III guidelines. Summary of terms and conditions of the issue are:

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For the Nine Months Period Ended September 30, 2021

Purpose:	To contribute towards the Bank's Tier I Capital for complying with the capital adequacy requirement and to utilize the funds in the Bank's business operations as permitted by its Memorandum & Articles of Association.
Issue date:	December 31, 2018
Maturity Date:	Perpetual
Rating:	A (Single A)
Profit Rate:	Floating rate of return at Base rate + 2.25 percent per annum; Base rate is defined as the average six months KIBOR prevailing on the Base Rate setting date. The Base Rate will be set for the first time on the last working day prior to the issue date and subsequently on the immediately preceding business day before the start of each six monthly period
Profit payment frequency:	Semi-annually on a non-cumulative basis
Redemption:	Not applicable
Security:	The issue is unsecured and subordinated as to payment of Principal and profit to all other claims except common shares.
Call Option:	Exercisable in part or in full at a par value on or after five years from the issue date, with prior approval of SBP. The Bank shall not exercise the call option unless the called instrument is replaced with capital of same or better quality.
Lock-in-clause:	Payment of profit will be made from current year's earning and subject to compliance with MCR or CAR set by SBP.

Loss absorbency clause:

Pre-Specified Trigger ("PST")	Upon the occurrence of a Pre-Specified Trigger as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013 which stipulates that if an issuer's Common Equity Tier 1 ("CET 1") ratio falls to or below 6.625% of Risk Weighted Assets ("RWA"), the Issuer will have full discretion to determine the amount of TFCs to be permanently converted into common shares or written off, subject to SBP regulations / instructions, and the cap specified below. The Bank will be able to exercise this discretion subject to:
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For the Nine Months Period Ended September 30, 2021

- If and when Bank's CET 1 reaches the loss absorption trigger point, the aggregate amount of Additional Tier-1 capital to be converted must at least be the amount sufficient to immediately return the CET 1 ratio to above 6.625% of total RWA (if possible);
- The converted amount should not exceed the amount needed to bring the CET 1 ratio to 8.5% of RWA (i.e. minimum CET 1 of 6.0% plus capital conservation buffer of 2.5%);
- In case, conversion of Additional Tier-1 capital Instrument is not possible following the trigger event, the amount of the Instrument must be written off in the accounts resulting in increase in CET 1 of the issuer;

Point of Non-Viability
("PONV")

Upon the occurrence of a Point of Non-Viability event as defined under SBP BPRD Circular # 6 of 2013 dated August 15, 2013, which stipulates that SBP may, at its option, fully and permanently convert the TFCs into common shares of the Issuer and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Value of the TFCs' divided by market value per share of the Issuer's common / ordinary share on the date of the PONV trigger event as declared by SBP, subject to the cap specified below;

The PONV trigger event is the earlier of:

- A decision made by SBP that a conversion or temporary / permanent write-off is necessary without which the Issuer would become non-viable;
- The decision to make a public sector injection of capital, or equivalent support, without which the Issuer would have become non-viable, as determined by SBP.
- The maximum number of shares to be issued to TFC holders at the Pre-Specified Trigger and / or Point of Non Viability (or otherwise as directed by SBP) will be subject to a specified cap of 329,595,476 ordinary shares, or such other number as may be agreed to in consultation with SBP.

Notes to the Condensed Interim Consolidated Financial Statements

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		(Un-audited) September 30, 2021	(Audited) December 31, 2020
	Note	----	----- Rupees in '000 -----
18. DEFERRED TAX LIABILITIES			
Deductible Temporary Differences on:			
Provision against investments		(63,680)	(57,149)
Provision against loans and advances		(344,621)	(287,840)
Other assets		(97,915)	(119,330)
General provision under IFRS-9		-	(43,552)
Intangible other than Goodwill		(2,713)	(2,904)
Unrealised gain on revaluation of investments classified as held for trading		(28,485)	4,032
Provision for workers' welfare fund		-	(179)
		(537,414)	(506,922)
Taxable Temporary Differences on:			
Operating fixed assets		195,156	188,533
Goodwill		570,813	512,268
Surplus on revaluation of operating fixed assets	20	457,395	240,391
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	20	52,661	4,029
Unrealised gain / (loss) on revaluation of derivative financial instruments		-	5,302
Liability against assets subject to finance lease - net		8,544	(11,381)
Mark to market gain / (loss) on forward foreign exchange contracts		-	(22,893)
Government Grant		1,354	1,888
Surplus on revaluation of investments classified as available for sale	20	1,240,690	672,375
		2,526,613	1,590,512
		<u>1,989,199</u>	<u>1,083,590</u>
19. OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		3,883,166	3,132,699
Mark-up / return / interest payable in foreign currencies		47,484	52,729
Unearned commission income on guarantees		176,435	176,270
Accrued expenses		534,692	809,789
Acceptances		3,411,294	3,603,192
Trade payable from brokerage business		1,701,447	2,353,304
Unclaimed dividends		7,576	7,576
Mark to market loss on derivative instruments		36,168	172,635
Mark to market loss on forward foreign exchange contracts		298,148	400,144
Dividend payable		4,985	5,183
Gratuity Payable to contractual staff		4,157	-
Withholding taxes payable		566,964	599,853
Government challan collection		56,051	94,510
Donation payable		33,887	-
Security deposits against leases, lockers and others		3,160,964	3,490,704
Provision for Workers' Welfare Fund		204,311	160,165
Payable in respect of home remittance		355,859	831,042
Retention money payable		46,576	42,044
Lease liability against right-of-use assets		3,285,979	2,891,226
Advance against sale of assets		13,000	-
Insurance payable		9,658	10,137
Payable to vendors against SBS goods		165,149	93,634
Debit card settlement		10,082	65,855
Inter bank fund transfer		-	159,136
Clearing and settlement accounts		471,236	290,794
Others		303,773	433,217
		<u>18,789,041</u>	<u>19,875,838</u>

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For the Nine Months Period Ended September 30, 2021

	Note	(Un-audited) September 30, 2021	(Audited) December 31, 2020
		----- Rupees in '000 -----	
21.2	Commitments:		
	Documentary credits and short-term trade-related transactions		
	- Letters of credit	21.2.1 24,935,497	21,111,360
	Commitments in respect of:		
	- Forward foreign exchange contracts	21.2.2 25,734,664	38,178,262
	- Derivative instruments	21.2.3 3,646,680	5,564,000
	- Forward lending	21.2.4 232,989	384,230
	- Bank Guarantee from a commercial Bank in favor of National Clearing Company of Pakistan Limited	21.2.5 400,000	400,000
	- Outstanding settlements against margin financing contracts - net	21.2.6 41,301	57,411
	Commitments for acquisition of:		
	- Operating fixed assets	21.2.7 656,597	257,875
		<u>55,647,728</u>	<u>65,953,138</u>

21.2.1 Included herein are the outstanding letter of credits of Rs. 332.220 million (December 31, 2020: Rs. 86.543 million) of related parties.

	(Un-audited) September 30, 2021	(Audited) December 31, 2020
	----- Rupees in '000 -----	
21.2.2	Commitments in respect of forward foreign exchange contracts	
	Purchase	17,696,414
	Sale	8,038,250
		<u>25,734,664</u>
		<u>23,137,733</u>
		<u>15,040,529</u>
		<u>38,178,262</u>

21.2.2.1 The Holding company utilises foreign exchange instruments to meet the needs of its customers and as part of its asset and liability management activity to hedge its own exposure to currency risk. At period ended, all foreign exchange contracts have a remaining maturity of less than one year.

	(Un-audited) September 30, 2021	(Audited) December 31, 2020
	----- Rupees in '000 -----	
21.2.3	Commitments in respect of derivative instruments	
	Purchase	771,538
	Sale	2,875,142
		<u>3,646,680</u>
		<u>3,803,363</u>
		<u>5,564,000</u>
21.2.3.1	Interest rate swaps (notional principal)	
	Purchase	485,799
	Sale	485,799
		<u>971,598</u>
		<u>1,176,824</u>
		<u>2,353,648</u>

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

		(Un-audited) September 30, 2021	(Audited) December 31, 2020
	Note	----- Rupees in '000 -----	
21.2.3.2 Options (notional principal)			
Purchase		285,739	582,419
Sale		<u>2,389,343</u>	<u>2,425,487</u>
		<u>2,675,082</u>	<u>3,007,906</u>
21.2.3.3 Commitments in respect of forward securities			
Purchase		-	1,394
Sale		-	201,052
		<u>-</u>	<u>202,446</u>
21.2.4 Commitments in respect of forward lending			
Undrawn formal standby facilities, credit lines and other commitments to lend	21.2.4.1	<u>232,989</u>	<u>384,230</u>
21.2.4.1 This represents commitments that are irrevocable because they cannot be withdrawn at the discretion of the bank without the risk of incurring significant penalty or expense.			
		(Un-audited) September 30, 2021	(Audited) December 31, 2020
	Note	----- Rupees in '000 -----	
21.2.5 Bank Guarantee from a commercial Bank in favor of National Clearing Company of Pakistan Limited		<u>400,000</u>	<u>400,000</u>
21.2.6 Outstanding settlements against margin financing contracts - net		<u>41,301</u>	<u>57,411</u>
21.2.7 Commitments for acquisition of operating fixed assets	21.2.7.1	<u>656,597</u>	<u>257,875</u>
21.2.7.1 This represents commitments related to purchase of leasehold improvements, furniture and fixtures, hardware & network equipments and electrical equipments and computer software.			
21.2.8 There are no changes in contingent liabilities since the date of annual consolidated audited financial statements for the year ended December 31, 2020 except those as disclosed in note 32.1 and 32.2.			

22. DERIVATIVE INSTRUMENTS

Derivative instruments, such as Forward Exchange Contracts, Interest Rate Swaps and Options, are forward transactions that provide market making opportunities / hedge against the adverse movement of interest and exchange rates. Derivatives business also provides risk solutions for the existing and potential customers of the Group.

The Group has entered into a Cross Currency Swap transaction with its customer on back-to-back basis with an Authorized Derivative Dealer (ADD) without carrying any open position in its books. Specific approvals for the transactions have been granted by State Bank of Pakistan. Policies in line with SBP instructions have been formulated and are operative.

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

The Holding Company has also entered into Foreign Currency & Commodity Options from its Wholesale Banking Branch Bahrain for market making activities.

These transactions cover the aspects of both market making and hedging. The risk management related to derivative is disclosed in note 45 to the annual consolidated financial statements for the year ended December 31, 2020.

Accounting policies in respect of derivative financial instruments are described in note 4.4.2 of the consolidated annual financial statements for the year ended December 31, 2020.

		(Un-audited) September 30, 2021					
		Interest Rate Swaps		Options and accumulators		Forward securities	
		Notional principal	Mark to Market	Notional principal	Mark to Market	Notional principal	Mark to Market
22.1	Product analysis	----- Rupees in '000 -----					
	With Banks for						
	Hedging	971,598	2,142	-	-	-	-
	Market making	-	-	2,675,082	10,675	-	-
	With FIs other than banks						
	Hedging	-	-	-	-	-	-
	Market making	-	-	-	-	-	-
	Total						
	Hedging	971,598	2,142	-	-	-	-
	Market making	-	-	2,675,082	10,675	-	-
		(Audited) December 31, 2020					
		Interest Rate Swaps		Options and accumulators		Forward securities	
		Notional principal	Mark to Market	Notional principal	Mark to Market	Notional principal	Mark to Market
		----- Rupees in '000 -----					
	With Banks for						
	Hedging	2,353,648	4,943	-	-	-	-
	Market making	-	-	3,007,906	10,205	201,052	(12,329)
	With FIs other than banks						
	Hedging	-	-	-	-	-	-
	Market making	-	-	-	-	1,394	-
	Total						
	Hedging	2,353,648	4,943	-	-	-	-
	Market making	-	-	3,007,906	10,205	202,446	(12,329)

Notes to the Condensed Interim Consolidated Financial Statements

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		----- (Un-audited) -----	
		September 30, 2021	September 30, 2020
		----- Rupees in '000 -----	
23.	MARK-UP / RETURN / INTEREST EARNED		
	On:		
	Loans and advances	15,301,060	20,146,165
	Investments	13,003,877	12,725,037
	Lendings to financial institutions	51,995	44,783
	Balances with other banks	51,735	9,366
	Securities purchased under resale agreements	557,783	1,033,392
		<u>28,966,450</u>	<u>33,958,743</u>
24.	MARK-UP / RETURN / INTEREST EXPENSED		
	On:		
	Deposits	15,887,816	23,435,518
	Borrowings	2,759,636	1,490,518
	Subordinated debt	511,211	728,922
	Cost of foreign currency swaps against foreign currency deposits / borrowings	363,076	514,507
	Lease liability against right-of-use assets	306,184	401,562
		<u>19,827,923</u>	<u>26,571,027</u>
24.1	Borrowings		
	Export refinancing scheme (ERF)	292,408	256,608
	Long-Term Finance Facility (LTFF)	37,380	34,119
	Other Borrowings from State Bank of Pakistan	16,290	7,449
	Securities sold under repurchase agreements	2,113,642	872,550
	Other short term borrowings	299,916	319,792
		<u>2,759,636</u>	<u>1,490,518</u>
25.	FEE, COMMISSION AND BROKERAGE INCOME		
	Branch banking customer fees	94,764	199,107
	Consumer finance related fees	42,209	21,987
	Card related fees (debit and credit cards)	245,438	478,923
	Credit related fees	248,093	298,064
	Investment banking fees	355,059	93,402
	Commission on trade	588,070	475,632
	Commission on guarantees	334,888	288,489
	Commission on cash management	5,740	3,054
	Commission on remittances including home remittances	173,375	214,202
	Commission on bancassurance	95,314	135,560
	Commission on distribution of mutual funds	2,711	26,190
	Commission on online Services	160,185	251,225
	Postage & Courier income	17,660	16,601
	Rebate income	189,556	178,725
	Rebate on primary dealership	34,638	27,637
	Brokerage income	733,716	405,423
	Management fee	116,744	140,452
		<u>3,438,160</u>	<u>3,254,673</u>

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For the Nine Months Period Ended September 30, 2021

		----- (Un-audited) -----	
		September 30, 2021	September 30, 2020
		----- Rupees in '000 -----	
26.	GAIN / (LOSS) ON SECURITIES - NET		
	Realised	26.1 137,871	945,225
	Unrealised - held for trading	(76,783)	(7,633)
		<u>61,088</u>	<u>937,592</u>
26.1	Realised gain on:		
	Federal government securities		
	Market treasury bills	3,015	76,822
	Pakistan investment bonds	5,213	857,655
	Ijara sukuk certificates	635	56
		<u>8,863</u>	<u>934,533</u>
	Shares		
	Listed companies	(50,339)	110
	Non Government Debt Securities		
	Term finance certificates	35,698	30,972
	Sukuk certificates	-	450
		<u>35,698</u>	<u>31,422</u>
	Mutual fund units	101,511	(13,302)
	Foreign currency bonds	42,138	(7,538)
		<u>137,871</u>	<u>945,225</u>
27.	OTHER INCOME - NET		
	Gain / (loss) on sale of fixed assets - net	11,277	(172)
	Gain on termination of leases - net	5,834	52,510
	Gain on sale of assets held for sale	-	1,000
	Others	18,666	30,714
		<u>35,777</u>	<u>84,052</u>

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

		----- (Un-audited) -----	
		September 30, 2021	September 30, 2020
Note		----- Rupees in '000 -----	
28.	OPERATING EXPENSES		
	Total compensation expense	4,980,075	5,035,866
	Property expense		
	Rent & taxes	39,747	25,972
	Insurance	3,505	2,640
	Utilities cost	310,850	263,643
	Security (including guards)	200,909	243,474
	Repair & maintenance (including janitorial charges)	206,699	172,100
	Depreciation	194,210	179,271
	Depreciation on right-of-use assets	697,305	768,609
	Depreciation on non banking assets	6,433	6,808
		1,659,658	1,662,517
	Information technology expenses		
	Software maintenance	477,656	289,846
	Hardware maintenance	187,596	141,862
	Depreciation	191,735	159,129
	Amortisation	101,708	86,669
	Network charges	136,969	98,249
		1,095,664	775,755
	Other operating expenses		
	Directors' fees and allowances	14,688	15,463
	Legal & professional charges	104,760	145,375
	Insurance	292,189	154,595
	Outsourced services costs	133,529	119,039
	Travelling & conveyance	102,437	82,179
	NIFT clearing charges	35,787	26,851
	Depreciation	245,751	240,980
	Training & development	38,630	11,988
	Postage & courier charges	64,967	76,363
	Communication	79,563	103,260
	Stationery & printing	177,599	199,145
	Marketing, advertisement & publicity	301,073	339,185
	Donations	44,142	60,841
	Auditors' remuneration	8,989	7,778
	Staff auto fuel & maintenance	176,241	151,304
	Bank charges	37,923	43,762
	Stamp duty	22,295	9,724
	Online verification charges	43,422	12,951
	Brokerage, fee and commission	41,023	33,341
	Card related fees (debit and credit cards)	230,028	5,036
	CDC and other charges	28,095	20,268
	Consultancy fee	25,243	30,167
	Deposit protection premium	146,248	93,204
	Entertainment expenses	72,661	51,829
	Repair and maintenance	58,425	46,349
	Cash handling charges	144,481	155,540
	Fee and Subscription	98,356	99,310
	Employees social security	4,172	8,481
	Generator fuel & maintenance	62,893	53,363
	Fee and allowances to Shariah Board	76	52
	Royalty	23,333	22,500
	Others	36,841	39,357
		2,895,860	2,459,580
		10,631,257	9,933,718
		(53,414)	(36,154)
		10,577,843	9,897,564
	Less: Reimbursement of selling and distribution expenses		

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

28.1 Under the provision of section 5(2) of the Deposit Protection Corporation Act, 2016 (the Act), and DPC Circular No. 04 of 2018, the Bank is liable to pay annual premium, on quarterly basis, to the Deposit Protection Corporation, a subsidiary company of State Bank of Pakistan, @ 0.16% on eligible deposits as of December 31 of each preceding calendar year.

29. WORKERS' WELFARE FUND

Provision held at @ 2% of the higher of profit before tax or taxable income under Sindh Workers' Welfare Act, 2014 and the Punjab Workers' Welfare Fund Act, 2019.

		----- (Un-audited) -----	
		September 30, 2021	September 30, 2020
		----- Rupees in '000 -----	
30. OTHER CHARGES	Note		
Penalties imposed by State Bank of Pakistan		<u>202</u>	<u>74,607</u>
31. PROVISIONS AND WRITE OFFS - NET			
(Reversals) / provisions for diminution in value of investments	9.4.1	(281,540)	21,176
Provisions against loans & advances	10.3	1,185,220	433,152
Provisions / (reversals) against loans & advances - general	31.1	344,456	(161,166)
(Reversals) / provisions under IFRS-9 -general	31	(13,433)	75,929
Fixed assets written off - net	11.2	14,594	58,508
Intangible assets written off	12.1.1	4,964	-
Other assets written off		5,782	4,168
		<u>1,260,043</u>	<u>431,767</u>

31.1 (Reversals) / provisions under IFRS-9 - general

(Reversal) / charge during the period

Balances with other banks		(34)	19
Lendings to financial institutions		(1,219)	(1,322)
Investments	9.4.1	(29,170)	61,419
Advances	10.3	16,990	15,813
		<u>(13,433)</u>	<u>75,929</u>

32. TAXATION

Current	823,840	504,968
Prior years	(90,418)	-
Deferred	64,074	486,018
	<u>797,496</u>	<u>990,986</u>

32.1 The Holding Company, JS Bank Limited

During the period, the Holding Company has received amended assessment order for tax year 2020 creating a demand of Rs. 200 million. The Holding Company has not accepted the amendments and filed appeal before Commissioner Inland Revenue – Appeals (the CIRA) against said order. Further, till the decision of the CIRA, the Holding Company has also obtained stay orders from Sindh High Court against impugned demand of tax year 2020.

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

Further, the Bank has filed appeal before the Supreme Court of Pakistan (the SCP) against levy of Super Tax demanded under above assessment order with other pending appeals of tax year 2016 to 2019 on same issue. The SCP has allowed interim relief to the taxpayers subject to the payment of 50% of the super tax liability.

32.2 Sales tax

During the period, the Holding Company as a registered person under Sindh Sales Tax on Services Act, 2011 has been issued Sales Tax Orders from the Sindh Revenue Board (SRB) for the period from January to December 2015 and 2017, creating demand of Rs. 27.8 million and Rs. 31.7 million respectively against the Holding Company for allegedly non-payment of Sindh sales tax on certain 'presumed non-taxable services / incomes' (i.e. Bancassurance, Home Remittances under Pakistan Remittance Initiative Scheme, SBP rebates on Government securities, and FX gain on remittance by Western Union). Appeals have been filed before Commissioner (Appeals) Sindh Revenue Board, CA-SRB against the decision of AC-SRB which are pending for hearing.

The management of the Holding Company is confident that the appeals filed in respect of the above matter will be decided in the Bank's favor and accordingly no demand for payment would arise.

33. BASIC AND DILUTED EARNINGS PER SHARE

	(Un-audited)			
	Quarter Ended		Nine months period ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Profit after taxation for the period - attributable to ordinary equity holders of the holding company	328,419	333,364	1,027,471	1,107,038
Weighted average number of basic outstanding ordinary shares during the period	1,297,464,262	1,297,464,262	1,297,464,262	1,297,464,262
Basic and diluted earnings per share	0.25	0.26	0.79	0.85

34. CASH AND CASH EQUIVALENTS

		(Un-audited) September 30, 2021	(Audited) December 31, 2020	(Un-audited) September 30, 2020
Cash and balances with treasury banks	6	27,240,806	30,421,531	33,588,181
Balances with other banks	7	963,813	1,128,585	690,075
Overdrawn nostro accounts	15	(1,048,144)	(143,570)	(570,114)
		<u>27,156,475</u>	<u>31,406,546</u>	<u>33,708,142</u>

35. FAIR VALUE OF FINANCIAL INSTRUMENTS

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.

Notes to the Condensed Interim Consolidated Financial Statements

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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 as stated in note 4.6 to the annual consolidated financial statements.

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.

Fair value hierarchy

IFRS 13 requires the Bank to classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has following levels:

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

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Fair value measurements using unobservable inputs for the asset or liability.

35.1 Valuation techniques used in determination of fair values within level

Item	Valuation approach and input used
------	-----------------------------------

Financial Instruments- Level 1

Shares of listed companies	Fair values of investments in listed equity securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange.
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Financial instruments - Level 2

Units of mutual funds	Fair values of investments in units of mutual funds are determined based on redemption prices disclosed at the Mutual Funds Association of Pakistan (MUFAP) as at the close of the business days.
Market Treasury Bills(MTB) / Pakistan Investment Bonds(PIB), and GoP Sukuks (GIS)	Fair values of Pakistan Investment Bonds and Market Treasury Bills are derived using PKRV and PKFRV rates (Reuters page).

Notes to the Condensed Interim Consolidated Financial Statements

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Debt Securities (TFCs) and Sukuk other than Government	Investments in debt securities (comprising of Term Finance Certificates, Bonds 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 SECP.
Overseas Government Sukuks, Overseas and Euro Bonds	The fair value of Overseas Government Sukuks, and Overseas Bonds are valued on the basis of price available on Bloomberg.
Forward foreign exchange contracts	The valuation has been determined by interpolating the foreign exchange revaluation rates announced by the State Bank of Pakistan.
Derivatives	The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant underlying parameters including foreign currencies involved, interest rates, yield curves, volatilities, contracts duration, etc.

Financial instruments in level 3

Currently, no financial instruments are classified in level 3.
The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

Non- financial assets- Level 3

Fixed assets - Land and building	Fixed assets and Non-banking assets under satisfaction of claims are carried at revalued amounts determined by professional valuers based on their assessment of the market values as disclosed in note 11 and 13 in the annual consolidated financial statements. The valuations are conducted by the valuation experts appointed by the Bank which are also on the panel of State Bank of Pakistan. The valuation experts used a market based approach to arrive at the fair value of the Bank's properties. The market approach used prices and other relevant information generated by market transactions involving identical or comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these financial statements.
Non-banking assets under satisfaction of claims	

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

- 35.2 The Group's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred. There were no transfers between levels 1 and 2 during the period.
- 35.3 The following table provides an analysis of financial assets that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

(Un-audited) September 30, 2021			
Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----			
On balance sheet financial instruments			
Financial assets - measured at fair value			
Held-for-trading securities			
Investments			
Federal Government Securities	-	1,421,841	-
Shares	5,667	-	-
Open end mutual funds	-	137,732	-
	5,667	1,559,573	-
			1,565,240
Available-for-sale securities			
Investments			
Federal Government Securities	-	191,008,236	-
Shares	5,231,240	-	-
Non Government Debt Securities	-	571,265	-
Foreign Securities	-	5,367,141	-
Open end mutual funds	-	1,848,739	-
	5,231,240	198,795,381	-
			204,026,621
Financial assets - disclosed but not measured at fair value			
Investments			
Federal Government Securities	-	41,391,517	-
	5,236,907	241,746,471	-
			246,983,378
Non-Financial assets - measured at fair value			
Revalued fixed assets	-	-	2,628,883
Non-banking assets acquired in satisfaction of claims	-	-	1,588,669
	-	-	4,217,552
			4,217,552
Off balance sheet financial instruments			
Commitments in respect of:			
Forward foreign exchange contracts			
Purchase	-	18,533,336	-
Sale	-	8,311,579	-
			18,533,336
			8,311,579
Derivative instruments			
Forward investments securities			
Sale	-	-	-
			-
Interest rate swaps (notional principal)			
Purchase	-	517,334	-
Sale	-	519,476	-
			517,334
			519,476
Options			
Purchase	-	286,637	-
Sale	-	2,399,120	-
			286,637
			2,399,120

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For the Nine Months Period Ended September 30, 2021

(Audited) December 31, 2020			
Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----			
On balance sheet financial instruments			
Financial assets - measured at fair value			
Held-for-trading securities			
Investments			
Federal Government Securities	-	25,003,774	-
Shares	207,409	-	-
Open end mutual funds	-	244,002	-
	207,409	25,247,776	-
			25,455,185
Available-for-sale securities			
Investments			
Federal Government Securities	-	127,406,043	-
Shares	4,372,471	-	-
Non Government Debt Securities	-	690,048	-
Foreign Securities	-	4,017,289	-
Open end mutual funds	-	1,216,288	-
	4,372,471	133,329,668	-
			137,702,139
Financial assets - disclosed but not measured at fair value			
Investments			
Federal Government Securities	-	36,109,599	-
	4,579,880	194,687,043	-
			199,266,923
Non-Financial assets - measured at fair value			
Revalued fixed assets	-	-	2,610,299
Non-banking assets acquired in satisfaction of claims	-	-	-
	-	1,311,252	1,311,252
	-	3,921,551	3,921,551
Off balance sheet financial instruments			
Commitments in respect of:			
Forward foreign exchange contracts			
Purchase	-	22,942,707	-
Sale	-	14,910,910	-
			22,942,707
			14,910,910
Derivative instruments			
Forward investments securities			
Purchase	-	-	-
Sale	188,723	-	-
			188,723
Interest rate swaps (notional principal)			
Purchase	-	1,120,607	-
Sale	-	1,125,550	-
			1,125,550
Options			
Purchase	-	581,042	-
Sale	-	2,437,068	-
			581,042
			2,437,068

Notes to the Condensed Interim Consolidated Financial Statements

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36. SEGMENT INFORMATION

36.1. Segment Details with respect to Business Activities:

	Corporate finance	Trading and sales	Retail banking	Commercial banking	Brokerage	Asset management	Others	Total
Rupees in '000								
September 30, 2021								
(Un-audited)								
Profit & Loss								
Net mark-up / return / interest / (expense)	(659,212)	10,260,812	316,084	(953,876)	64,295	(19,346)	129,770	9,138,527
Inter segment revenue - net	681,921	(10,593,439)	6,223,789	3,687,729	-	-	-	-
Non mark-up / return / income / (loss)	192,470	904,031	1,161,547	1,215,170	951,264	172,082	1,921	4,598,485
Total Income / (loss)	215,179	571,404	7,701,420	3,949,023	1,015,559	152,736	131,691	13,737,012
Segment direct expenses	19,698	111,126	4,309,725	673,482	562,034	250,643	4,695,483	10,622,191
Inter segment expense allocation	32,860	119,071	3,767,783	525,125	-	-	(4,444,839)	-
Total expenses	52,558	230,197	8,077,508	1,198,607	562,034	250,643	250,644	10,622,191
Provisions / (reversals)	-	(281,540)	805,496	734,799	-	3,556	(2,268)	1,260,043
Profit / (loss) before tax	162,621	622,747	(1,181,584)	2,015,617	453,525	(101,463)	(116,685)	1,854,778
September 30, 2021 (Un-audited)								
Statement of financial position								
Cash & Bank balances	-	-	27,814,828	-	386,941	2,405	-	28,204,174
Investments	-	242,353,915	-	5,438,317	76,884	1,374,557	-	249,243,673
Net inter segment lending	10,887,762	-	109,663,123	88,329,323	-	-	8,400,816	217,281,024
Lendings to financial institutions	-	3,008,148	-	(8,148)	-	-	-	3,000,000
Advances - performing	836,029	-	67,926,309	168,371,778	302,722	2,351	5,418,556	242,857,745
Advances - non-performing	-	-	14,029,478	584,051	-	-	-	14,613,529
Advances - (provisions) / reversals - net	-	-	(2,483,009)	(3,269,146)	-	-	-	(5,752,155)
	836,029	-	79,472,778	165,686,683	302,722	2,351	5,418,556	251,719,119
Others	-	-	-	-	2,090,217	637,825	26,529,766	29,257,808
Total Assets	11,723,791	245,362,063	216,950,729	259,446,175	2,856,764	2,017,138	40,349,138	778,705,798
Borrowings	50,116	23,261,790	6,966,251	33,712,654	-	-	-	63,990,811
Subordinated debt	-	7,491,800	-	-	-	-	-	7,491,800
Deposits & other accounts	11,668,661	-	202,614,437	223,119,605	-	-	-	437,402,703
Net inter segment borrowing	-	216,489,338	-	791,686	-	-	-	217,281,024
Others	5,014	-	7,370,041	261,170	2,112,081	424,938	18,281,999	28,455,243
Total Liabilities	11,723,791	247,242,928	216,950,729	257,885,115	2,112,081	424,938	18,281,999	754,621,581
Equity	-	-	-	-	-	-	23,830,599	23,830,599
Non-controlling interest	-	-	-	-	-	-	253,618	253,618
Total Equity & Liabilities	11,723,791	247,242,928	216,950,729	257,885,115	2,112,081	424,938	42,366,216	778,705,798
Contingencies & Commitments								
Commitments	-	50,702,460	37,248,232	15,085,689	441,301	-	111,130	103,588,812

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

	Corporate finance	Trading and sales	Retail banking	Commercial banking	Brokerage	Asset management	Others	Total
Rupees in '000								
September 30, 2020								
(Un-audited)								
Profit & Loss								
Net mark-up / return / interest / (expense)	(1,139,698)	(760,734)	7,749,740	2,612,379	30,190	(13,682)	(1,090,479)	7,387,716
Inter segment revenue - net	(3,937)	(1,157,607)	297,766	1,451,531	-	-	(587,753)	-
Non mark-up / return / income / (loss)	72,352	1,614,792	1,909,646	878,710	526,549	156,974	(30,915)	5,128,108
Total Income / (loss)	(1,071,283)	(303,549)	9,957,152	4,942,620	556,739	143,292	(1,709,147)	12,515,824
Segment direct expenses	27,909	104,154	4,116,640	493,602	402,645	257,498	4,590,043	9,992,491
Inter segment expense allocation	100,217	238,357	2,933,936	980,238	-	-	(4,252,748)	-
Total expenses	128,126	342,511	7,050,576	1,473,840	402,645	257,498	337,295	9,992,491
Provisions	3,020	-	139,818	121,522	-	(26,023)	193,430	431,767
Profit / (loss) before tax	(1,202,429)	(646,060)	2,766,758	3,347,258	154,094	(88,183)	(2,239,872)	2,091,566
December 31, 2020 (Audited)								
Statement of financial position								
Cash & Bank balances	-	20,722,345	10,804,855	-	19,153	3,313	-	31,549,666
Investments	2,891,836	196,878,742	-	-	347,651	1,689,425	-	201,807,654
Net inter segment lending	-	-	129,898,985	109,429,008	-	-	11,732,961	251,060,954
Lendings to financial institutions	-	23,239,672	-	-	-	-	-	23,239,672
Advances - performing	-	-	52,152,981	190,322,242	446,088	3,831	-	242,925,142
Advances - non-performing	-	-	4,760,888	6,972,667	-	-	-	11,733,555
Advances - (provisions) / reversals - net	-	-	(938,040)	(3,265,123)	-	-	-	(4,203,163)
	-	-	55,975,829	194,029,786	446,088	3,831	-	250,455,534
Others	-	4,590,700	3,570,545	3,315,506	2,854,534	666,196	14,027,138	29,024,619
Total Assets	2,891,836	245,431,459	200,250,214	306,774,300	3,667,426	2,362,765	25,760,099	787,138,099
Borrowings	-	12,208,219	1,996,091	34,099,102	-	-	-	48,303,412
Subordinated debt	-	7,492,800	-	-	-	-	-	7,492,800
Deposits & other accounts	-	-	166,087,049	265,336,773	-	-	-	431,423,822
Net inter segment borrowing	2,891,836	227,156,281	21,012,836	-	-	-	-	251,060,953
Others	-	551,556	11,154,238	5,893,204	2,728,064	446,461	5,167,888	25,941,411
Total Liabilities	2,891,836	247,408,856	200,250,214	305,329,079	2,728,064	446,461	5,167,888	764,222,398
Equity	-	-	-	-	-	-	22,387,255	22,387,255
Non-controlling interest	-	-	-	-	-	-	528,446	528,446
Total Equity & Liabilities	2,891,836	247,408,856	200,250,214	305,329,079	2,728,064	446,461	28,083,589	787,138,099
Contingencies & Commitments								
	-	60,973,417	44,793,723	18,141,644	690,306	-	133,642	124,732,732

37. RELATED PARTY TRANSACTIONS

The Group has related party transactions with its parent, associates, directors & Key Management Personnel and other related parties.

The Group enters into transactions with related parties in the ordinary course of business and on arm's length basis i.e. substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives / officers is determined in accordance with the terms of their appointment.

The details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these consolidated financial statements are as follows:

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

	As at September 30, 2021 (Un-audited)					As at December 31, 2020 (Audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
					Rupees in '000					
Statement of financial position										
Lendings to financial institutions										
Opening balance	-	-	-	-	-	-	-	-	-	-
Addition during the period / year	-	-	-	-	3,400,000	-	-	-	-	4,100,000
Repaid during the period / year	-	-	-	-	(3,400,000)	-	-	-	-	(4,100,000)
Closing balance	-	-	-	-	-	-	-	-	-	-
Investments										
Opening balance	12,500	-	-	269,800	4,527,652	15,000	-	-	228,972	3,560,728
Investment made during the period / year	-	-	-	-	1,969,560	-	-	-	40,828	4,298,203
Investment redeemed / disposed off during the period / year	(2,634)	-	-	-	(3,560,679)	(2,500)	-	-	-	(3,331,279)
Closing balance	9,866	-	-	269,800	2,956,533	12,500	-	-	269,800	4,527,652
Provision for diminution in value of investments	-	-	-	-	388,607	-	-	-	-	391,478
Advances										
Opening balance	-	122,106	791,027	370,788	4,093,430	-	-	596,257	-	1,946,481
Addition during the period / year	-	4,345	189,480	294,076	4,812,762	-	58	284,284	153,128	6,402,913
Repaid during the period / year	-	(29,569)	(167,865)	(180,024)	(3,369,929)	-	(632)	(157,765)	(2,235)	(6,488,750)
Transfer in / (out) - net	-	31,547	(340,044)	-	530,059	-	122,880	68,271	219,875	1,232,786
Closing balance	-	128,429	472,578	484,820	6,047,322	-	122,106	791,027	370,788	4,093,430
Other Assets										
Interest (mark-up) accrued	58	945	339	4,615	55,663	344	2,801	6	954	52,998
Receivable against bancassurance / bancakadatul	-	-	-	-	31,608	-	-	-	-	28,051
Net defined benefit plan	-	-	-	-	133,574	-	-	-	-	317,581
Trade receivable	-	-	46,435	-	189,027	73,455	-	80	-	158,590
Other receivable	285	-	-	-	6,871	281	-	-	-	8,889
Provision against other assets	-	-	-	-	379	-	-	-	-	379
Borrowings										
Opening balance	-	-	-	-	-	-	-	-	-	-
Borrowings during the period / year	-	-	-	-	-	-	-	-	-	11,105,705
Settled during the period / year	-	-	-	-	-	-	-	-	-	-
Closing balance	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts										
Opening balance	172,019	212,335	76,237	49,753	10,365,166	271,648	24,444	59,593	23,104	8,622,201
Received during the period / year	3,839,787	238,329	321,390	513,235	112,577,207	5,511,316	511,942	973,685	881,135	160,825,941
Withdrawn during the period / year	(2,621,813)	(201,578)	(317,044)	(559,822)	(110,106,516)	(5,610,945)	(324,471)	(869,813)	(834,486)	(159,215,607)
Transfer in / (out) - net	-	121,656	(66,162)	-	480,787	-	366	(87,228)	-	132,631
Closing balance	1,389,993	370,742	44,421	3,666	13,316,644	172,019	212,335	76,237	49,753	10,365,166

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

	As at September 30, 2021 (Un-audited)					As at December 31, 2020 (Audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
	Rupees in '000					Rupees in '000				
Subordinated debt	-	-	-	-	889,354	-	-	-	-	889,432
Other Liabilities										
Interest / return / mark-up payable on deposits	-	-	18	-	24,339	-	-	85	-	153,374
Interest / return / mark-up payable on subordinated debt	-	-	-	-	22,720	-	-	-	-	1,308
Trade payable	-	-	1,007	-	871	-	-	6,314	-	783
Donation Payable	-	-	-	-	-	-	-	-	-	4,500
Others payable	-	-	-	-	1,569	75	-	-	-	1,571
Represented By										
Share Capital	9,735,073	31,173	3,500	-	51,825	9,733,073	19,180	12,223	-	45,323
Contingencies and Commitments										
Letter of Guarantee	-	-	-	-	735,468	-	-	-	-	29,054
Letter of Credit	-	-	-	-	334,128	-	-	-	-	86,543
	For the period ended September 30, 2021 (Un-audited)					For the period ended September 30, 2020 (Un-audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
	Rupees in '000					Rupees in '000				
Profit and loss account										
Income										
Mark-up / return / interest earned	1,064	6,133	22,454	10,171	177,292	1,522	1,476	30,954	16,367	165,033
Fee, commission and brokerage income	10,660	58	13,646	37	254,779	6,057	9	2,516	-	340,954
Dividend income	-	-	-	-	176,792	-	-	-	-	77,718
(Loss) / gain on sale of securities - net	-	-	-	-	(51,286)	-	-	-	-	4,088
Rental income	-	-	-	-	-	-	-	-	-	-
Reversal/(provisions) and write offs - net										
Reversal for diminution in value of Investments	-	-	-	-	215,305	-	-	-	-	-

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

	For the period ended September 30, 2021 (Un-audited)					For the period ended September 30, 2020 (Un-audited)				
	Parent	Directors	Key management personnel	Associates	Other related parties	Parent	Directors	Key management personnel	Associates	Other related parties
	Rupees in '000									
Expense	21,805	11,111	952	2,478	714,989	25,586	873	1,095	1,952	626,267
Mark-up / return / interest paid	-	58,835	460,274	-	-	-	60,210	411,158	-	-
Remuneration paid	-	13,757	-	-	-	-	15,090	-	-	-
Non-executive directors' fee	-	-	-	-	204,964	-	-	-	-	187,289
Net charge for defined contribution plans	-	-	-	-	167,619	-	-	-	-	161,822
Net charge for defined benefit plans	-	-	-	-	-	-	-	-	-	58,919
Donation	-	-	-	-	-	-	-	-	-	28,541
Rental expense	-	-	-	-	17,121	-	-	-	-	-
Advisory fee	-	-	-	-	5,212	-	-	-	-	-
Royalty	-	-	-	-	23,333	-	-	-	-	22,500
Other expenses	975	-	-	-	1,564	1,133	-	-	-	13,775
Reimbursement of expenses	26,153	412	3,146	-	12,439	6,646	130	-	-	30,688
Payments made during the period	-	-	-	-	602,528	-	-	-	-	395,254
Insurance premium paid	-	-	-	-	13,744	-	-	-	-	2,793
Insurance claims settled	-	-	-	-	-	-	-	-	-	151,881
Defined benefit plans paid	-	-	-	-	-	-	-	-	-	-
Other Transactions	-	-	-	-	85,251,536	487,092	-	-	-	102,976,626
Sale of Government Securities	-	-	-	-	3,668,917	-	1,645	-	-	40,258,947
Purchase of Government Securities	-	-	-	-	38,454,456	-	-	-	-	26,590,927
Sale of Foreign Currencies	-	-	-	-	14,700,411	-	-	-	-	39,825,423
Purchase of Foreign Currencies	-	-	-	-	-	-	-	-	-	-

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

	(Un-audited) September 30, 2021	(Audited) December 31, 2020
----- Rupees in '000 -----		
38. CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	<u>10,119,242</u>	<u>10,119,242</u>
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	18,439,357	17,433,159
Eligible Additional Tier 1 (ADT 1) Capital	<u>2,166,728</u>	<u>1,965,291</u>
Total Eligible Tier 1 Capital	20,606,085	19,398,450
Eligible Tier 2 Capital	<u>5,724,319</u>	<u>5,558,052</u>
Total Eligible Capital (Tier 1 + Tier 2)	<u>26,330,404</u>	<u>24,956,502</u>
Risk Weighted Assets (RWAs):		
Credit Risk	160,859,205	154,573,487
Market Risk	<u>3,527,282</u>	<u>3,835,995</u>
Operational Risk	25,579,240	25,579,240
Total	<u>189,965,727</u>	<u>183,988,722</u>
Common Equity Tier 1 Capital Adequacy ratio	<u>9.71%</u>	<u>9.48%</u>
Tier 1 Capital Adequacy Ratio	<u>10.85%</u>	<u>10.54%</u>
Total Capital Adequacy Ratio	<u>13.86%</u>	<u>13.56%</u>
Leverage Ratio (LR):		
Eligible Tier-1 Capital	20,606,085	19,398,450
Total Exposures	<u>641,787,597</u>	<u>623,856,077</u>
Leverage Ratio	<u>3.21%</u>	<u>3.11%</u>
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	200,858,960	166,890,275
Total Net Cash Outflow	<u>61,750,848</u>	<u>57,575,341</u>
Liquidity Coverage Ratio	<u>325.27%</u>	<u>289.86%</u>
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	364,794,190	358,895,534
Total Required Stable Funding	<u>278,390,516</u>	<u>259,861,191</u>
Net Stable Funding Ratio	<u>131.04%</u>	<u>138.11%</u>

Notes to the Condensed Interim Consolidated Financial Statements

For the Nine Months Period Ended September 30, 2021

39. GENERAL

- 39.1 These condensed interim consolidated financial statements have been prepared in accordance with the revised format for financial statements of Banks issued by the SBP through BPRD Circular no. 5 dated March 22, 2019 and related clarifications / modifications.
- 39.2 Corresponding figures have been re-arranged / re-classified, wherever necessary, to facilitate comparison in the presentation in the current period. However, there are no material re-arrangements / re-classifications to report.
- 39.3 The figures in these condensed interim consolidated financial statements have been rounded off to the nearest thousand.

40. DATE OF AUTHORISATION FOR ISSUE

These condensed interim consolidated financial statements were authorised for issue by the Board of Directors of the Bank in their meeting held on October 27, 2021.

President and
Chief Executive Officer

Chief Financial Officer

Director

Director

Chairman

NOTES

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