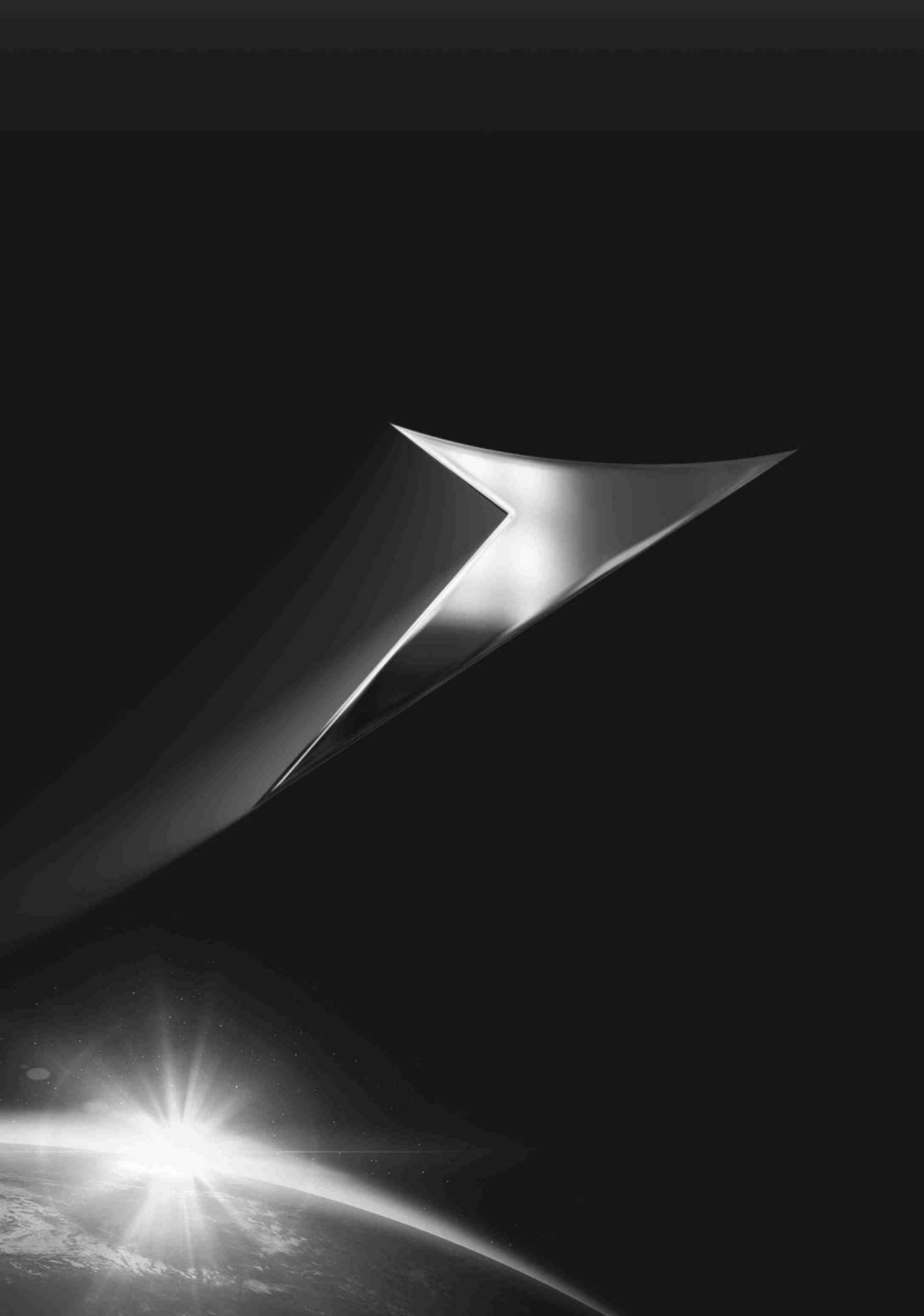


# Excellence & Beyond





## EXCELLENCE & BEYOND

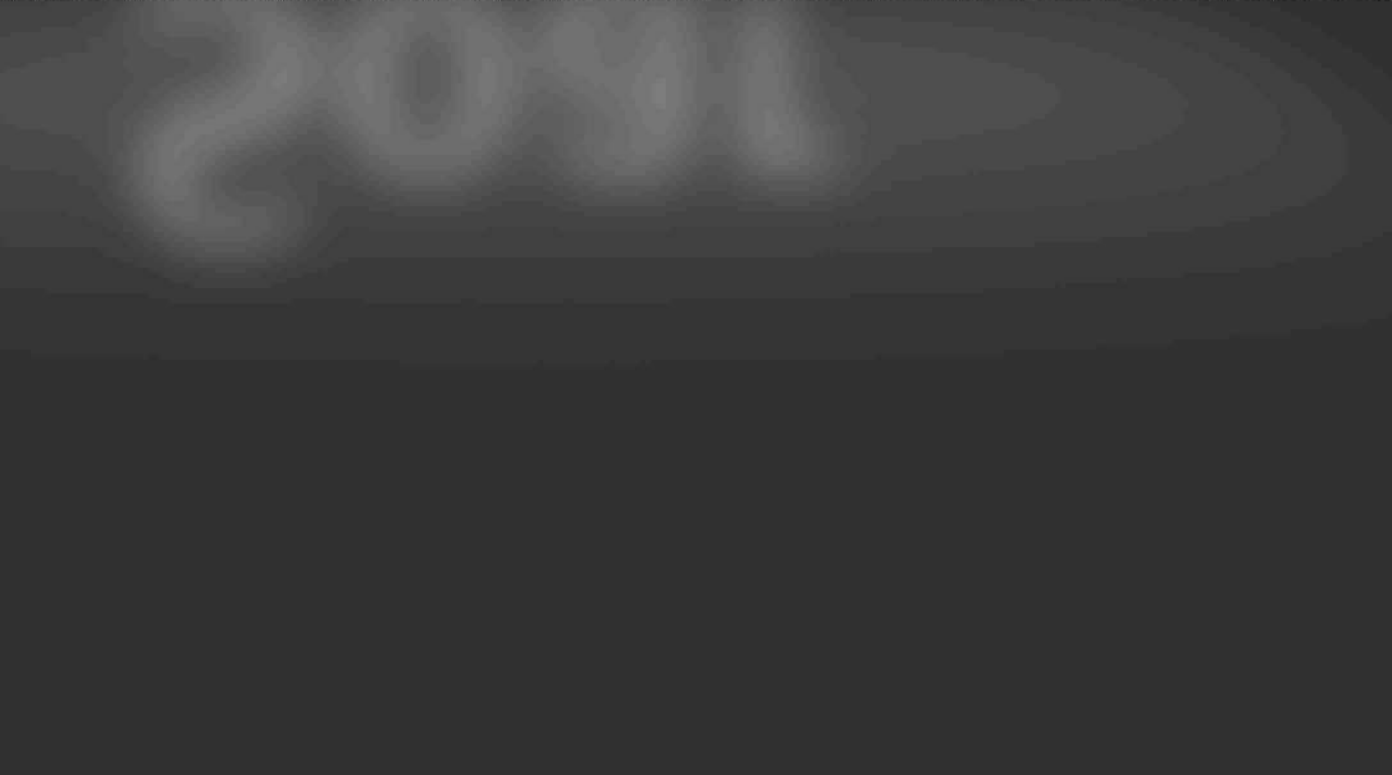
Excellence is what we aspire for, live and deliver. It is the driving force in everything we do, taking us closer to our vision - to be the “Benchmark of Excellence in Premier Banking.”

We have completed a decade in the banking industry and continue in our commitment to Service Quality, bringing the most innovative banking products and services to our customers. Excellence in Service Quality remains at the core of our business philosophy, ensuring at the same time that our products and processes cater to the diversified financial needs of our valued customers.

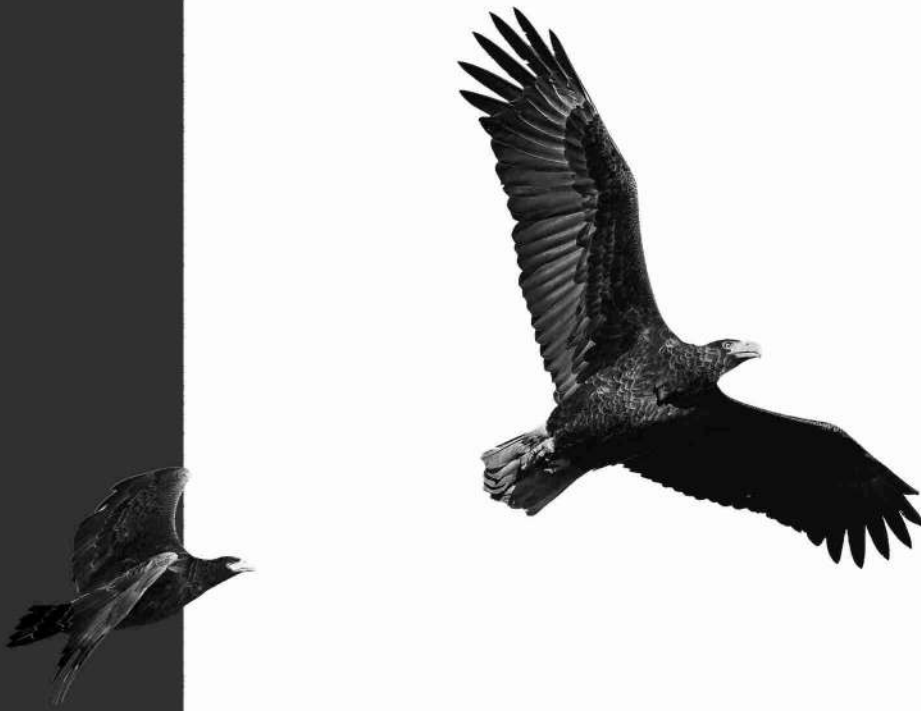
We look beyond from where we stand today - aspiring to achieve greater heights.

# Soar

to the Peaks







## VISION

Benchmark of excellence in Premier Banking.

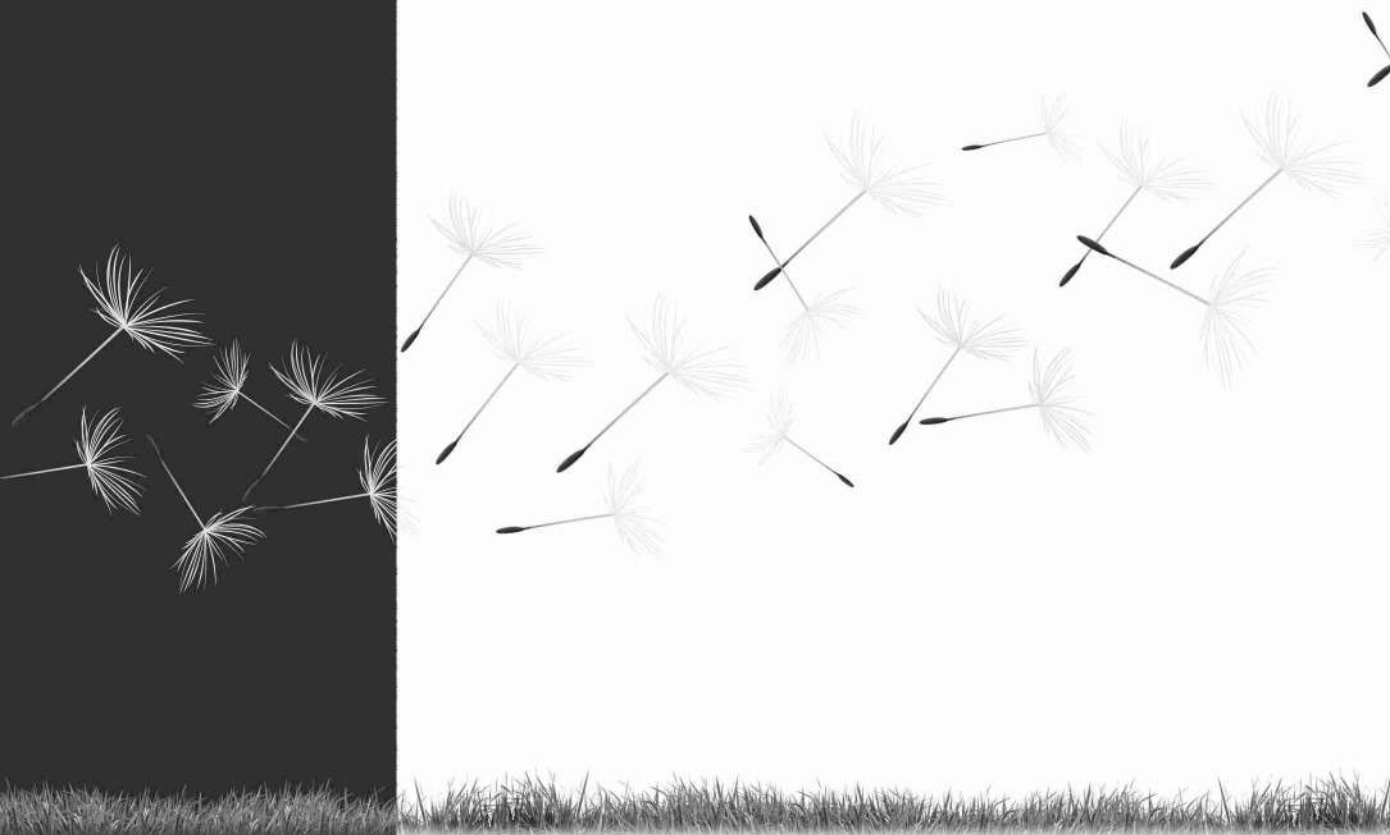
## MISSION

To be the leader in Premier Banking; trusted by customers for accessibility, service and innovation. Be an employer of choice, creating value for all stakeholders.

# Values

Defining Our Strength





## CORE VALUES

### **Customer Focus**

At Silkbank, the customer remains at the core of all activities. Service Quality is our key differentiator.

### **Integrity**

At Silkbank, we are honest and upfront maintaining the highest level of personal and corporate integrity.

### **Teamwork**

Teamwork is our key strength. Our success lies in unity.

### **Creativity**

Out of the box thinking is the enabling factor for us to be recognized as an innovative organization.

### **Meritocracy**

Merit remains our key primary criteria for rewarding performance.

### **Humility**

Humility remains at the core of all our relationships.

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# Table

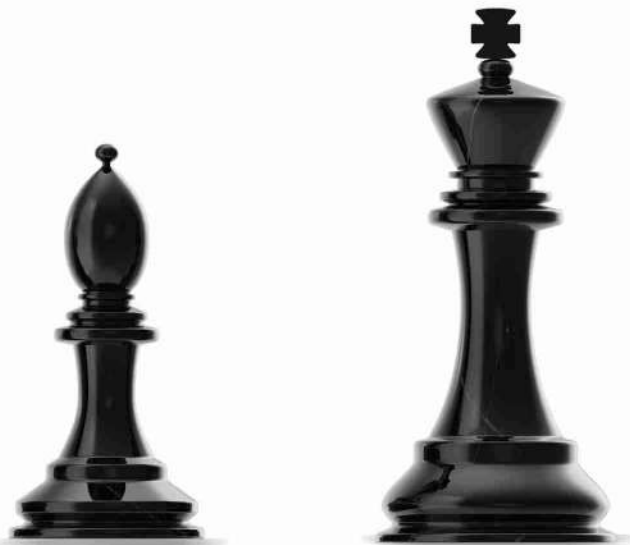


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towards Success

# Perseverance





## CORPORATE INFORMATION

Significant benchmarks can only be attained by a skilled and dedicated team, having a clear vision to steer forward towards a common goal. Silkbank takes pride in having such a team, committed and dedicated to contribute to the advancement of the organization. This dedication and commitment resulted in the Bank achieving excellent results in the 1<sup>st</sup> Quarter of 2019.

# CORPORATE INFORMATION

AS OF MARCH 31, 2019

## Board of Directors

Khalid Aziz Mirza	Acting Chairman
Nasim Beg	Director
Rashid Akhtar Chughtai	Director
Shahzad Enver Murad	Director
Talha Saeed Ahmed	Director
Tariq Iqbal Khan, FCA	Director
Zubair Nawaz Chattha	Director
Azmat Shahzad Ahmed Tarin	President & CEO
Shaukat Tarin	Advisor to the Chairman

## Company Secretary

Faiz Ul Hasan Hashmi

## Chief Financial Officer

Syed Liaquat Ali

## Audit Committee

Shahzad Enver Murad	Chairman
Nasim Beg	Member
Tariq Iqbal Khan, FCA	Member
Wajih Zaidi	Secretary

## Risk Committee

Tariq Iqbal Khan, FCA	Acting Chairman / Member
Shahzad Enver Murad	Member
Muhammad Atif Kauser	Secretary

## IT Committee

Nasim Beg	Chairman
Zubair Nawaz Chattha	Member
Javed Yousuf Edhi	Secretary



### Human Resources Committee

Khalid Aziz Mirza	Chairman
Rashid Akhtar Chughtai	Member
Kaleem Ahmed	Secretary

### Auditors

M/s. Grant Thornton Anjum Rahman (GTAR)  
Chartered Accountants

### Legal Advisor

Ghani Law Associates

### Registered Office

Silkbank Limited,  
13-L, F-7 Markaz,  
Islamabad.  
Direct Tel: (051) 26080-26-27-28  
PABX: (051) 26080-77-78-79 Ext: 111  
Fax: (051) 26080-29  
Email: [companysecretary@silkbank.com.pk](mailto:companysecretary@silkbank.com.pk)  
Website: [www.silkbank.com.pk](http://www.silkbank.com.pk)

### Share Registrar

Central Depository Company of Pakistan Limited (CDCPL)  
Share Registrar Department  
CDC House, 99-B, Block 'B',  
S.M.C.H.S., Main Shahra-e-Faisal,  
Karachi-74400.  
Tel: Customer Support Services (Toll Free) 0800-CDCPL (23275)  
Fax: (92-21) 34326053  
Email: [info@cdcpak.com](mailto:info@cdcpak.com)  
Website: [www.cdcpakistan.com](http://www.cdcpakistan.com)

over Impediments

# Triumph





## REPORTS AND STATEMENTS TO THE MEMBERS

For almost a decade, Silkbank, through perseverance and hard work, steered the institution through impediments and difficulties. The resolve and resilience of the team paid off, reflecting well in the financial results of the 1<sup>st</sup> Quarter of 2019.

# DIRECTOR'S REPORT

## AS OF MARCH 31, 2019

**Dear Shareholders,**

We are pleased to present the financial statements of the Bank for the first quarter ended March 31, 2019.



### Economic Review

Pakistan's economy is showing signs of GDP deceleration in this fiscal year due to a large current account deficit, monetary tightening and limited foreign exchange reserves. Therefore, SBP has revised down its projection for real GDP growth to 3.5-4.0% during FY-19.

While underlying inflationary pressures remain strong and the twin deficits stayed at elevated levels, monetary policy was tightened with an increase in policy rate by 75 basis points during the quarter to 10.75%. Average inflation during 3QFY-19 stands at 8.26%. Further, inflation in the month of March rose to 9.4% YoY, up from 8.2% in February 2019. SBP has projected the overall fiscal deficit at 4.5-5.5% of GDP during FY-19 as compared to the target of 4%. The fiscal deficit for H1FY19 was higher at 2.7% of GDP when compared with 2.3% for the same period last year.

However, the current account deficit decreased compared to the previous year at USD 8.8 billion during July-February FY-19. The improvement is primarily due to higher overseas remittance inflows and a reduction in the trade deficit by 14% to USD 23.45 billion in the first nine months of FY-19 from USD 27.29 billion in the corresponding period last year. The pressure on the balance of payments continued to mount, PKR depreciating by 1.4% during the quarter. However, country's FX reserves increased by USD 3.6 billion quarter on quarter to USD 17.3 billion at the end of Q3FY-19.

Government has now entered the final stages of negotiations with the International Monetary Fund over a financial assistance package, widely expected to be worth approximately USD 6 to 8 billion.

### Banking Sector

Banking sector's profitability in recent years has been constrained by a series of one-offs and regulatory changes, including past pension costs, supertax on banks and banking transaction taxes, deposit insurance and provisions, in addition to the dampening effects of narrowing spreads. However, the banking profitability is now expected to surge in the upcoming year as a spate of increases in interest rates has reversed the contraction cycle of net interest margin.

It is expected that monetary expansion will slow down further due to interest rate hike in the future. Given low private sector credit to GDP, low banking advances to deposit ratio and strong corporate balance sheets provide an untapped source to the banking sector to benefit from.

### Financial Performance

The Bank has posted an after tax profit of Rs. 69 million in the 1<sup>st</sup> Quarter of 2019. During this period, total deposits of the Bank decreased by Rs. 133 million to Rs. 133 billion and gross advances increased by Rs. 3.7 billion.

Summarized financial performance of Silkbank Limited for the 1<sup>st</sup> Quarter ended March 31, 2019 is as follows:

Financial Performance	Rs. in million
Profit before Tax	109
Tax - Current	(4)
Prior	-
Deferred	(37)
Profit after Tax	69
	<b>Rupee</b>
Earnings per share - Basic	0.01
Earnings per share - Diluted	0.01



### Business Performance

#### Branch Banking

Branch Banking remains one of the most critical businesses for the Bank, serving over 180,000 customers and contributing more than 60% of the Bank's deposit base. Branch Banking maintained its deposit position close to the budgeted targets at the end of the 1<sup>st</sup> Quarter of 2019. Total deposits as at March 31, 2019



stood at Rs. 79.4 billion, an overall deposit growth of Rs. 1.3 billion achieved during the 1<sup>st</sup> Quarter of 2019.

The trajectory seems to be heading in the right direction and we hope to see Branch Banking produce even better results in the coming quarters.



### ADC Business

Silkbank VISA Debit Card ("VDC") continued to show strong growth during the 1<sup>st</sup> Quarter of 2019 by adding almost 12,000 new VDCs, increasing the total card base to approximately 143,000. VDC usage over Point of Sales (POS) during the 1<sup>st</sup> Quarter of 2019 recorded a spend of Rs. 386.4 million with over 100,000 transactions, reflecting a growth of 15% in volume and 24% in the number of transactions as compared to the 1<sup>st</sup> Quarter of 2018. The highest POS monthly spend of Rs. 143.07 million was recorded during March, 2019

Alternate Distribution and e-delivery channels have added value to the product offerings of the Bank and have enhanced the reach and accessibility of its banking services. SilkMobile registrations have crossed 55,000 customers, where new features are continuously being added to attract customers towards a greater usage of its digital platform.



### Bancassurance

Bancassurance business continued its momentum in the 1<sup>st</sup> Quarter of 2019 by generating a revenue of approximately Rs. 25 million, which is Rs. 10 million better as compared to the corresponding period of 2018. The productivity has significantly increased through various attractive promos and the drive of "Participation from All."



### Consumer Banking

Silkbank is offering a combination of both secured and unsecured products through its Consumer Banking Division. All of these products have performed above expectations and have contributed positively in profitability of Consumer Banking Division for the last couple of years, and this momentum continued in the 1<sup>st</sup> Quarter of 2019 as well.



### Unsecured

Consumer Assets Division had a record-breaking start in 2019 by disbursing Rs. 1 billion loan limits in a single month. As a part of strategy for this year, Consumer Assets Division has kept its focus on market expansion and on introducing product variants to attract new customers to the Bank. In the 1<sup>st</sup> Quarter of 2019, branch acquisition channel was launched to target untapped markets and various new product propositions and value additions were planned for the subsequent quarters.

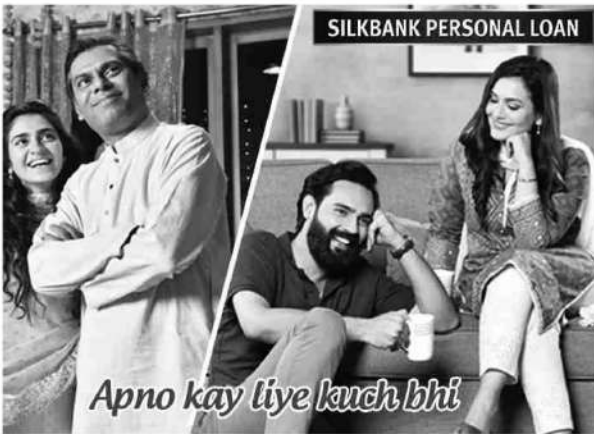
Personal Loan and Ready Line continued with the tradition of performing better than expectations. During the 1<sup>st</sup> Quarter, a total of 3,457 Personal Loan and 4,837 Ready Line new accounts were booked and Rs. 1.04 billion and Rs. 1.12 billion in volume were disbursed respectively. As a result of this, Silkbank's market share has increased from 37% to 38%, enabling the Bank to retain its leadership position among its peers. Unsecured total ENR stood at Rs. 13.7 billion at the end of the 1<sup>st</sup> Quarter of 2019.

# DIRECTOR'S REPORT

AS OF MARCH 31, 2019

## Personal Loan

In order to gain momentum from the 1<sup>st</sup> Quarter, a tactical promotion, "Apply for 5 years and Pay Markup for 4", was launched using ATL mediums, including radio and digital platform. In this promotion, a customer applying for a five year loan will pay mark-up for 4 years only, entitling himself/herself to a 1-year mark-up free period. So far the promotion is proving to be a great success and has already aided us in an increased number of acquisitions by giving us a competitive edge over other products available in the market. The promotion is on-going and is set to end on April 30, 2019. At the end of the 1<sup>st</sup> Quarter, the portfolio stands at 24,964 active customers with Rs. 6.85 billion in ENR.



## Ready Line

During the 1<sup>st</sup> Quarter of 2019, promotions were designed to encourage people to channelize spend on Ready Line. This included winning twice and even 3 times cashback on the amount of spend for the lucky winners. Simultaneously, focus remained on encouraging customers to utilize digital mediums, such as SilkMobile App and SilkDirect Internet Banking. Due to all these efforts, Ready Line portfolio stands at an ENR of Rs. 6.86 billion with customer base of 44,474 active customers at the end of the 1<sup>st</sup> Quarter of 2019.



## Credit Cards

Silkbank Credit Cards launched multi-tiered acquisition campaigns which propelled fresh card acquisitions to 11,726 during the 1<sup>st</sup> Quarter of 2019 and resulted in increasing the Cards in Force to 154,940 cards. With the help of a host of targeted spend campaigns and portfolio initiatives, credit card spending for the quarter closed at Rs. 5.31 billion. This increase in spending along with the steady support from Spend Stimulation Unit were the driving forces in increasing Credit Cards ENR to Rs. 4.7 billion. Silkbank Credit Cards' alliances team added new alliance partners to its ever-growing portfolio, including British Council, Mycart.pk and Smart Health & Fitness Club. Silkbank Credit Cards broke its ever-highest monthly EBIT record in February, 2019 with an EBIT of Rs. 63 million, which was once again surpassed in March, 2019 with an EBIT of Rs. 70 million. This success is driven by strategy, dedicated on continuously enhancing the credit card value proposition with regular customer campaigns and portfolio interventions along with a focus on generating revenue from value-added services.



## Secured

M'Power: M'Power is a running finance facility that is secured against commercial and residential properties. The M'Power portfolio's current position in terms of ENR was Rs. 2.2 billion, and it has an active customer base of 317. Fresh acquisition is on hold given the foreclosure laws and the current economic environment and the focus is on keeping delinquencies under control.

## Emaan Islamic Banking

Emaan Islamic Banking performed exceptionally well in the 1<sup>st</sup> Quarter of 2019 and successfully generated a profit before tax (PBT) of Rs. 40 million. On the liability side, Emaan Islamic Banking registered a net growth of Rs. 876 million and closed at Rs. 31,836 million with CASA to Term Deposits ratio of 82:18. Advances registered a growth of Rs. 598 million and closed at Rs. 27.5 billion. Focus on Service Quality was maintained throughout the quarter.





## Compliance with Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR)

As at March 31, 2019, the equity of the Bank stood at Rs. 14.52 billion, excluding deficit on revaluation of assets. This includes share capital (net of losses and discount on shares) of Rs. 13.7 billion against the minimum requirement of Rs. 10 billion as prescribed by SBP. Further, the Capital Adequacy Ratio (CAR) of the Bank is 10.79% against the minimum CAR requirement of the State Bank of Pakistan of 11.9%. The CAR requirement of 11.90% is made up of minimum CAR of 10% plus 1.90% of Capital Conservation Buffer (CCB).

The Bank has requested exemption from SBP from meeting the CAR requirements till September 30, 2019. The Bank has also communicated to SBP its plan for compliance with CAR requirements, which includes reduction in corporate exposures, improvement in profits, disposal of non-banking assets acquired in satisfaction of claims (NBAs) and issuance of further capital.

## Credit Rating

The long-term entity rating of the Bank is A- (Single A Minus) and the short-term rating is A-2 (A-Two) as determined by "JCR VIS" Credit Rating Company Limited. The outlook on the assigned rating is "Positive".

## Future Outlook

Going forward, in addition to implementing the Bank's declared strategy to improve profitability by greater coverage, asset performance and productivity, efforts will be made to build core deposit base which will complement overall Bank's strategy to reduce reliance on large ticket deposits and simultaneously, dilute cost of funds. Therefore, focus will be on bringing in small ticket cash and saving bank accounts. The Bank would further focus on disposal of NBAs and reduction of evergreen lines and the corporate portfolio, and improve upon short-term trade lines.

Efforts will also be made to revive aggressively, the mortgage assets business to provide further growth in the Consumer Banking business. Most importantly, the Bank will increasingly emphasize on its human capital by strengthening "a pay for performance culture" and improved succession planning process. In addition to the 35 new branches, the Bank intends to continue increasing its geographical footprint.

In order to provide a platform to cater to the unbanked population, the Bank has prepared to establish digital banking to increase its outreach, which is expected to be launched shortly. By introducing the "smart branch" concept, the Bank will also increase its distribution footprint and increase the number of branches at strategic locations all over the country, which will enhance the Bank's ability to mobilize deposits and subsequently, lend and invest increasingly in earning assets.

With the successful implementation of the strategies outlined above, your Directors are hopeful that the profitable growth of the Bank will continue in the years to come.

## Acknowledgement

We once again take this opportunity to express our deepest gratitude to our customers and business partners for their continued support and trust, and our sincere appreciation to the State Bank of Pakistan for their guidance and cooperation. We are also equally thankful to our associates, staff and colleagues for their committed services, and look forward to their continued support.



**Azmat Tarin**  
President & CEO

**Karachi, April 25, 2019**

**For and on Behalf of the Board of  
Silkbank Limited**



**Khalid Aziz Mirza**  
Chairman

## کمیٹیوں کے کم سے کم مطلوبات اور کمیٹیوں کے موزوں تناسب کی تعمیل

31 مارچ، 2019 تک، بینک کی ایکویٹی 14.52 بلین روپے پر قائم ہوئی، اس میں اعاشہ جات کی قدر و قیمت کے تعین تو پر ہونے والا خسارہ شامل نہیں ہے۔ اس میں 10 بلین روپے کے کم سے کم مطلوبات کے لیے 13.7 بلین روپے کا شیئر کمیٹیوں (شیئرز پر نقصانات اور رعایت کا خالص) شامل ہے جو کہ اسٹیٹ بینک آف پاکستان کی طرف سے بیان کیا گیا ہے۔ مزید یہ کہ، اسٹیٹ بینک آف پاکستان کے کم سے کم کمیٹیوں کے موزوں تناسب 11.9% کے لیے بینک کے کمیٹیوں کا موزوں تناسب 10.79% ہے۔ کمیٹیوں کا موزوں تناسب جو 11.90% ہے، یہ تناسب کم سے کم کمیٹیوں کے موزوں تناسب کے 10% اور کمیٹیوں کنٹریبیوشن بفر کے 1.90% پر مشتمل ہے۔

بینک نے اسٹیٹ بینک آف پاکستان سے درخواست کی ہے کہ بینک کو کمیٹیوں کے موزوں تناسب کی ضروریات پوری کرنے کے لیے 30 ستمبر، 2019 تک مہلت دی جائے۔ بینک نے اسٹیٹ بینک آف پاکستان سے کمیٹیوں کے موزوں تناسب کی ضروریات کی تعمیل کرنے کے منصوبے کے بارے میں بھی گفتگو کی، جس میں کارپوریٹ ایکویٹی کی کمی کو پوری کرنے میں ترقی، نان بینکنگ ایسٹس کا ڈسپوزل شامل ہے جو کہ رجسٹرڈ (NBAs) اور مزید کمیٹیوں کے اجراء سے حاصل کیے گئے۔

## کریڈٹ ریٹنگ

سچی آر وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ کے مطابق سلک بینک کو طویل المدتی ادارے کی ریٹنگ کے لیے A- (سنگل اے اے اینس) اور قلیل المدتی ریٹنگ کے لیے A-2 (اے ٹو) کا اعزاز حاصل ہے۔ متعین کی گئی ریٹنگ کا جائزہ "ثبت" ہے۔

## توقعات مستقبل:

آگے بڑھتے ہوئے، بینک کی اعلان کردہ حکمت عملی پر مزید عمل کرتے ہوئے بڑی کوریج، اعاشہ جات کی کارکردگی اور پروڈکٹیوٹی کے ذریعے منافع جات میں بہتری لانے کے لیے کوششیں کی جائیں گی تاکہ کوآرڈرڈ پازٹ میں حاصل کی جاسکے جو لارننگس ڈپازٹس پر اعتماد کو کم کرنے کے لیے بینک کی تمام تر حکمت عملی کی تعمیل کرے گا اور فنڈز کی لاگت کو کم کرے گا۔ اس لیے ہماری توجہ اس بات پر مرکوز رہے گی کہ فنڈز، اسٹاک ٹکٹیشن اور سیویج بینک اکاؤنٹس میں لائے جائیں۔ بینک NBAs کو ختم کرنے اور ایجوکیشن لائسنس اور کارپوریٹ پورٹفولیو کو کم کرنے اور قلیل مدتی ٹریڈ لائسنس میں بہتری لانے پر مزید توجہ دے گا۔

مورگن اسٹینس برنس کو بحال کرنے کے لیے کوششیں کی جائیں گی تاکہ کنزیومر بینکنگ برنس میں مزید ترقی کی جاسکے۔ سب سے اہم یہ ہے کہ بینک "a pay for performance culture" اور improved succession planning process کو مستحکم کر کے اپنے ہیومن کمیٹیوں پر مزید توجہ دے گا۔ 35 نئی برانچوں کے اضافے کے ساتھ بینک جغرافیائی سطح پر اپنا کاروبار پھیلانے کا مضبوط ارادہ رکھتا ہے۔

ان آبادیوں میں جہاں بینک کی رسائی نہیں ہے، بینک نے ڈیجیٹل بینکنگ کے قیام کا ارادہ کیا ہے جس کا آغاز بہت جلد کر دیا جائے گا۔ "اسٹارٹ براؤنچ" کو متعارف کروا کر بینک اپنی ڈسٹری بیوشن کو بڑھائے گا اور ملک بھر میں اپنی برانچوں کی تعداد میں اضافہ کرے گا۔ جس کی بدولت بینک ڈپازٹس کو گردش میں لاسکے گا اور نتیجتاً آمدن ایسٹس میں قرض اور سرمایہ کاری میں اضافہ ہوگا۔

ذکورہ بالا حکمت عملیوں کے کامیاب نفاذ کے ساتھ آپ کے ڈائریکٹرز امید کرتے ہیں کہ آنے والے سالوں میں بینک کی منافع بخش ترقی جاری رہے گی۔

## اعتراف

ہم ایک بار پھر اپنے صارفین اور کاروباری شراکت داروں کا تہ دل سے شکریہ ادا کرتے ہیں جنہوں نے ہمارے ساتھ مسلسل تعاون کا مظاہرہ کیا اور ہم پر اپنے اعتماد کا اظہار کیا۔ ہم خلوص دل سے اسٹیٹ بینک آف پاکستان کے شکر گزار ہیں جس نے بینک کو آگے بڑھانے میں اپنی رہنمائی اور تعاون فراہم کیا۔ اسی طرح ہم اپنے ایسوسی ایٹس، عملے اور کلائنٹس کے بھی شکر گزار ہیں کہ انہوں نے بینک کو اپنی بھرپور خدمات سے نوازا اور مستقبل میں بھی ان کے مسلسل تعاون کی امید رکھتے ہیں۔

سلک بینک کے بورڈ کے لیے اور اس کی جانب سے



خالد عزیز مرزا  
چیئر مین



عظمت ترین  
صدر اور سی ای او  
کراچی، 25 اپریل، 2019

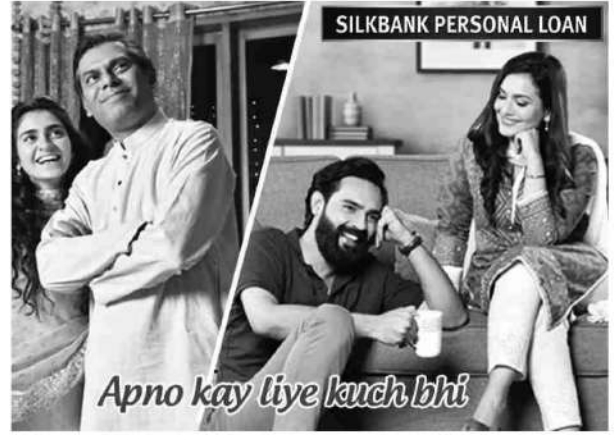


# ڈائریکٹرز رپورٹ

## 31 مارچ، 2019 تک کے لیے

### پرسنل لون

پہلی سہ ماہی سے آگے بڑھنے کے لیے ٹیکنیکل پروموشن پر 5 سال کے لیے "Apply for 5 years and Pay Markup for 4" کا آغاز کیا گیا جس میں ATL میڈیٹیشنول ریڈیو اور ڈیجیٹل پبلٹ فارم کا استعمال کیا گیا۔ اس پروموشن میں صارف 5 سال کے قرض کی درخواست دے گا اور مارک اپ صرف 4 سال کا ادا کرے گا، صارف کو 1 سال کا مارک اپ فوری دیا جائے گا۔ اب تک اس پروموشن کو بہت کامیابی حاصل ہو رہی ہے اور مارکیٹ میں دستیاب دیگر پروڈکٹس پر جیتنے کی خواہش کے پیش نظر ہمیں ایکویزیشن کی تعداد بڑھانے میں مددگار رہی ہے۔ پروموشن ابھی چل رہی ہے اور 30 اپریل، 2019 تک چلتی رہے گی۔ پہلی سہ ماہی کے اختتام پر 6.85 ملین روپے کے ای این آر کے ساتھ 24,964 ایکٹو صارفین موجود ہیں۔



### ریڈی لائن

2019 کی پہلی سہ ماہی کے دوران، لوگوں کو ریڈی لائن کی طرف راغب کرنے کے لیے پروموشن ڈیزائن کی گئیں۔ اس میں کئی ویز کے لیے خرچ کی گئی رقم پر پورے پونے 3 لاکھ تک باکس بیک حاصل کرنا شامل ہے۔ اسی کے ساتھ صارفین میں ڈیجیٹل میڈیٹیشنول سہ ماہی ایپ اور سلیک ڈائریکٹ انٹرنیٹ بینکنگ کے استعمال کی طرف رغبت دلانے پر توجہ دی گئی۔ ان تمام کوششوں کے باعث 2019 کی پہلی سہ ماہی کے اختتام پر ریڈی لائن کا پورٹ فولیو 44,474 ایکٹو صارفین کی تیس کے ساتھ 6.86 ملین روپے کے ای این آر پر قائم رہا۔



### کریڈٹ کارڈز

سلیک بینک کریڈٹ کارڈز نے ملٹی میجر ایکویزیشن کمپنیز کا آغاز کیا جس نے 2019 کی پہلی سہ ماہی کے دوران 11,726 نئے کارڈز کی حصول کی جس کے نتیجے میں 154,940 کارڈز کے ساتھ کارڈز ان فوس میں اضافہ ہوا۔ نارنگڈ اسپینڈ کی کمپنیز اور پورٹ فولیو کے اقدامات کی مدد سے سہ ماہی کے اختتام پر کریڈٹ کارڈ کی اسپینڈنگ 5.31 بلین روپے رہی۔ اسپینڈنگ میں یہ اضافہ مع اسپینڈ اسٹیبلشمنٹ یونٹ کا تعاون کریڈٹ کارڈز ای این آر 4.7 بلین روپے تک بڑھا۔ سلیک بینک کریڈٹ کارڈز انٹرنیشنل نے اپنے بڑھتے پورٹ فولیو میں نئے ای این آر پارٹنرز شامل کیے جن میں برٹس نونسل، Mycart.pk اور اسارٹ ہیلتھ اینڈ فٹنس کلب شامل ہیں۔ سلیک بینک کریڈٹ کارڈز نے فروری 2019 میں 63 ملین روپے کے EBIT حاصل کر کے اپنا ماہانہ EBIT ریکارڈ توڑ دیا جو مارچ 2019 میں 70 ملین روپے کے EBIT کے ساتھ سبقت لے گیا۔ یہ کامیابی حکمت عملی کا نتیجہ ہے جس کے تحت ریگولر کسٹمر کمپنیز اور پورٹ فولیو انٹرنیشنل کے ذریعے کریڈٹ کارڈز واپس پر پوزیشن میں مسلسل اضافہ کیا جاتا رہا، ساتھ ہی ویلیو ایڈڈ سروسز کے ذریعے ریویو بڑھانے پر توجہ مرکوز رکھی گئی۔



### محفوظ

ایم پاور: ایم پاور ایک محفوظ پروڈکٹ ہے جو رہائشی اور تجارتی پراپرٹی کو محفوظ کرتی ہے۔ ای این آر کے لحاظ سے ایم پاور کے پورٹ فولیو کی حالیہ پوزیشن 2.2 بلین روپے تھی اور اس کے ایکٹو صارفین کی تعداد 317 ہے۔ foreclosure laws اور حالیہ معاشی ماحول کے باعث نئے قرضے ابھی روک دیے گئے ہیں اور غلطیوں کو تباہ کرنے پر توجہ مرکوز رکھی جا رہی ہے۔

### ایمان اسلامک بینکنگ

ایمان اسلامک بینکنگ نے 2019 کی پہلی سہ ماہی میں غیر معمولی کارکردگی کا مظاہرہ کیا اور 40 ملین روپے کا قبل از ٹیکس منافع حاصل کیا۔ لائسنسی سائیز پر، ایمان اسلامک بینکنگ نے 876 ملین روپے کی نیٹ گروتھ حاصل کی اور 82:18 کے ٹرم ڈپازٹس تناسب کے کرنٹ اکاؤنٹ سیولنگ اکاؤنٹ کے ساتھ 31,836 ملین روپے پر قائم ہوئے۔ ایڈوانسز میں 598 ملین روپے کا اضافہ ہوا اور وہ 27.5 ملین روپے پر قائم ہوئے۔ پوری سہ ماہی میں سروس کے معیار پر خاص توجہ دی گئی۔



## بینک شورش

2019 کی پہلی سہ ماہی میں 25 بلین روپے کے گل ریونیو کی پیداوار کے ساتھ بینک شورش بزنس میں مسلسل ترقی ریکارڈ کی گئی جو 2018 کی اسی مدت کے مقابلے میں 10 بلین روپے بہتر ہے۔ پروڈکٹیوٹی بذریعہ کی پیشرفت پر ہوموز اور سٹور ڈرائیو پارٹنیشن فرم آل نمایاں حد تک بڑھی۔



## کنزیومر بینکنگ

سک بینک بذریعہ اپنی کنزیومر بینکنگ ڈیویژن محفوظ اور غیر محفوظ پروڈکٹس کا ایک امتزاج پیش کرتا ہے۔ یہ تمام پروڈکٹس امید سے زیادہ کارکردگی کا مظاہرہ کرتی ہیں اور پچھلے دو سالوں سے کنزیومر بینکنگ ڈیویژن کے منافع میں بہت مثبت کردار ادا کیا ہے اور یہ کارکردگی 2019 کی پہلی سہ ماہی میں بھی جاری رہی۔



## غیر محفوظ

کنزیومر اینسٹس ڈیویژن نے ایک ماہ میں 1 بلین روپے کے قرضہ جات تقسیم کر کے 2019 کے آغاز میں ریکارڈ توڑ دیا۔ اس سال کی حکمت عملی کے حصے کی حیثیت سے کنزیومر اینسٹس ڈیویژن نے اپنی توجہ مارکیٹ کی توسیع پر مرکوز رکھی اور نئی پروڈکٹس متعارف کروا کر نئے صارفین کی توجہ بینک کی طرف مبذول کروائی۔ 2019 کی پہلی سہ ماہی میں غیر مستعمل مارکیٹ کو ٹارگٹ کرنے کے لیے براؤن ایگزیکوشن چینل کا آغاز کیا گیا اور آنے والی سہ ماہیوں کے لیے کئی نئی پروڈکٹ پروموشنز اور ویڈیو ایڈیٹرز کے منصوبے تیار کیے گئے۔ پرسل لونز اور ریڈی لائن نے توقع سے زیادہ کارکردگی کی روایت کو برقرار رکھا۔ پہلی سہ ماہی کے دوران پرسل لونز کے 13,457 اکاؤنٹس اور ریڈی لائن میں 4,837 اکاؤنٹس بگ ہوئے اور حجم میں بالترتیب 1.04 بلین روپے اور 1.12 بلین روپے تقسیم کیے گئے۔ اس کے نتیجے میں سک بینک کے مارکیٹ شیئر 37% سے 38% تک بڑھ گئے جس کے باعث بینک اپنے ہم مرتبہ بینکوں میں لیڈرشپ کی پوزیشن رکھتا ہے۔ 2019 کی پہلی سہ ماہی کے اختتام پر غیر محفوظ کا کل ای این آر 13.7 بلین روپے رہا۔

تک بینک کے گل ڈپازٹس 79.4 بلین روپے رہے جس سے 2019 کی پہلی سہ ماہی کے دوران تمام تر ڈپازٹ گروتھ 1.3 بلین روپے حاصل ہوئی۔ یہ راستہ ایک مثبت سمت میں آگے بڑھتا نظر آتا ہے اور ہم امید کرتے ہیں کہ آنے والی سہ ماہیوں میں براؤن بینکنگ میں مزید بہتر نتائج حاصل ہوں گے۔



## اے ڈی سی بزنس

سک بینک ویزا ڈیٹ کارڈ ("VDC") نے 2019 کی پہلی سہ ماہی میں مستحکم پیداوار جاری رکھی۔ تقریباً 12000 نئے ویزا ڈیٹ کارڈز جاری کیے گئے جس سے ٹوٹل کارڈ ہولڈرز میں تقریباً 143000 کا اضافہ ہوا۔ 2019 کی پہلی سہ ماہی کے دوران پوائنٹ آف سیل پرویزا ڈیٹ کارڈ کے استعمال سے بذریعہ 100,000 سے زائد ٹرانزیکشنز 386.4 ملین روپے کی لاگت کا خرچ ریکارڈ کیا گیا، جو کہ 2018 کی پہلی سہ ماہی کے مقابلے میں حجم کے لحاظ سے 15% اور ٹرنزیکشن کی تعداد کے لحاظ سے 24% اضافے کی عکاسی کرتا ہے۔ مارچ 2019 کے دوران POS پر سب سے زیادہ خرچ کی لاگت 143.07 ملین روپے فی ماہ ریکارڈ کی گئی۔

آئرنیٹ ڈسٹری بیوشن اور ای ڈیوری چینل نے بینک کی پروڈکٹ آفرز کی قدر و قیمت میں اضافہ کیا ہے اور بینکنگ سروسز تک رسائی کو آسان بنایا ہے۔ سک موبائل کے ساتھ رجسٹر ہونے والے صارفین کی تعداد 55,000 تک پہنچ چکی ہے، اس سروس میں مزید خصوصیات کا مسلسل اضافہ ہو رہا ہے جس سے ڈیجیٹل پلٹ فارم کی طرف صارفین کا رجحان بڑھتا جا رہا ہے۔





# ڈائریکٹرز رپورٹ

## 31 مارچ، 2019 تک کے لیے

معزز شیئر ہولڈرز،

31 مارچ، 2019 کو ختم ہونے والی پہلی سرمایہ کے لیے ہم بینک کے مالیاتی گوشوارے پیش کرنے میں خوشی محسوس کرتے ہیں۔

### بینکنگ سیکٹر

حالیہ سالوں میں بینکنگ سیکٹر کے منافع جات محدود رہے جس کی وجہ ریگولیٹری ترامیم، بشمول پاسٹ پیمنٹس کی لاگتوں، بینکوں اور بینکنگ ٹرانزیکشن میکسیمز پریسٹرکٹس، ڈیپازٹ انشورنس اور پروڈکٹس اور اسپرڈز میں کمی کے باعث ہونے والے اثرات ہیں۔ تاہم، آنے والے سال میں بینکنگ منافع جات بڑھنے کی توقع ہے کیونکہ سوڈی شرحوں میں اضافے کے بہاؤ نے خالص سود کے مارجن کے تخفیفی سائیکل کے زرخ کو بدل دیا ہے۔

مستقبل میں شرح سود میں اضافے کی وجہ سے توقع ہے کہ مالیاتی اضافے میں مزید کمی ہوگی۔ جی ڈی پی پر دیکھے گئے پرائیویٹ سیکٹر کریڈٹ میں کمی، ڈیپازٹ کے تناسب پر کم بینکنگ ایڈوائسز اور مستحکم کارپوریٹ پیمنٹس فیس کے باعث بینکنگ سیکٹر کو ایک مفید غیر مستعمل ذریعہ فراہم ہوتا ہے۔

### مالیاتی کارکردگی

2019 کی پہلی سرمایہ میں بینک نے 69 ملین روپے کے بعد از ٹیکس منافع کا اعلان کیا ہے۔ اس مدت کے دوران، بینک کے گھل ڈیپازٹس 133 ملین روپے سے کم ہو کر 133 ملین روپے ہو گئے اور مجموعی ایڈوائسز 3.7 بلین روپے تک بڑھ گئے۔ 31 مارچ، 2019 کو ختم ہونے والی پہلی سرمایہ کے لیے سٹاک بینک لیٹیڈ کی مالیاتی کارکردگی کا خلاصہ مندرجہ ذیل ہے:

روپے 'ملین' میں	مالیاتی کارکردگی
109	قبل از ٹیکس منافع
(4)	موجودہ ٹیکس
-	سابقہ
(37)	موخر
69	بعد از ٹیکس منافع
روپے	فی شیئر آمدنی - بنیادی
0.01	فی شیئر آمدنی - ڈائیلیٹڈ



### کاروباری کارکردگی

#### برانچ بینکنگ

برانچ بینکنگ، بینک کے لیے سب سے اہم کردار ادا کر رہا ہے۔ 180,000 سے زائد صارفین کو خدمات پیش کر رہا ہے اور بینک کی ڈیپازٹس میں 60% فیصد کا حصہ رکھتا ہے۔ 2019 کی پہلی سرمایہ کے اختتام پر برانچ بینکنگ نے اپنی ڈیپازٹ پوزیشن جھنڈا ٹاگلز کے برابر قائم رکھی ہے۔ 31 مارچ، 2019



### معاشی جائزہ

موجودہ مالی سال میں پاکستان کی معیشت جی ڈی پی میں کمی کے آثار ظاہر کر رہی ہے جس کی وجہ کرنٹ اکاؤنٹ میں بڑا خسارہ، قلیل مدت میں شرح سود میں اضافہ (monetary tightening) اور غیر ملکی زرمبادلہ کے محدود ذخائر ہیں۔ اس لیے اسٹیٹ بینک آف پاکستان نے مالی سال 2019 کے دوران جی ڈی پی کی پیداوار کو 3.5% سے 4.0% تک لانے کے لیے اپنے تخمینے پر نظر ثانی کی ہے۔

جبکہ بنیادی افراط زر کے دباؤ مستحکم رہے اور نوٹوں ڈیپنٹس کی سطح میں بلندی رہی، سرمایہ کے دوران، پالیسی کی شرح میں 75 بنیادی پوائنٹس سے بڑھ کر 10.75% کے اضافے کے ساتھ مالیاتی پالیسی کی شرح سود میں اضافہ (monetary tightening) رہا۔ مالی سال 2019 کی تیسری سرمایہ کے دوران اوسط افراط زر 8.26% ہے۔ مزید یہ کہ، مارچ کے مہینے میں افراط زر سال بہ سال بڑھ کر 9.4% ہو گیا جو فروری 2019 میں 8.2% تھا۔ اسٹیٹ بینک آف پاکستان نے 4% کے ٹارگٹ کے مقابلے میں مالی سال 2019 کے دوران جی ڈی پی کے تمام زرمالی خسارے کا متوقع تخمینہ 4.5% سے 5.5% تک لگایا ہے۔ HIFY19 کے لیے مالی خسارہ جی ڈی پی 2.7% بلند تھا جبکہ پچھلے سال اسی مدت کے لیے 2.3% رہا تھا۔

تاہم، جولائی سے فروری مالی سال 19 کے دوران کرنٹ اکاؤنٹ کا خسارہ پچھلے سال کے مقابلے میں کم ہو کر 8.8 بلین پوائنٹس ڈالر رہا۔ اس بہتری کی بنیادی وجہ بیرون ملک سے زیادہ تعداد میں ترسیلی زر کی موصولی اور مالی سال 19 کے پہلے نو ماہ میں تجارتی خسارے میں کمی ہے جو 14% یعنی 23.45 بلین پوائنٹس ڈالر ہوا جبکہ پچھلے سال کی اسی مدت میں 27.29 بلین پوائنٹس ڈالر تھا۔ ادائیگیوں کے پیمنٹس پر دباؤ مسلسل بڑھتا رہا، سرمایہ کے دوران، پاکستانی روپے میں 1.4% تک کمی ہوئی۔ لہذا، ملک کے غیر ملکی زرمبادلہ کے ذخائر مالی سال 19 کی تیسری سرمایہ کے اختتام پر سرمایہ سرمایہ 3.6 بلین پوائنٹس ڈالر سے بڑھ کر 17.3 بلین پوائنٹس ڈالر ہو گئے۔

اب حکومت، بین الاقوامی مالی فنڈز کے ساتھ مالیاتی معاونت کے پیکیج پر بات چیت کے آخری مراحل میں داخل ہو گئی ہے جس سے بڑی حد تک تقریباً 6 سے 8 بلین پوائنٹس ڈالر کی قیمت متوقع ہے۔

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# Embrace





## FINANCIAL STATEMENTS AS AT MARCH 31, 2019

When the vision is clear, ambitions are high, and dedication is unmatched, the results are impeccable. Silkbank's decade-long journey reflects its unrelenting efforts that have made the Bank triumph, closing the last two fiscal years on a high note. The Bank continues to build on its strength, reflecting a strong revenue growth momentum.

# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2019

	Note	March 31, 2019 Un-audited	December 31, 2018 Audited
Rupees In '000			
<b>ASSETS</b>			
Cash and balances with treasury banks	8	10,116,662	8,871,567
Balances with other banks	9	258,042	309,994
Lendings to financial institutions	10	10,519,173	12,612,156
Investments	11	19,090,598	28,924,993
Advances	12	101,790,633	98,354,002
Fixed assets	13	3,997,990	3,981,271
Intangible assets	14	225,823	226,840
Deferred tax assets	15	2,985,984	3,058,647
Other assets	16	18,068,650	17,337,316
		<b>167,053,555</b>	<b>173,676,786</b>
<b>LIABILITIES</b>			
Bills payable	17	2,011,060	2,866,568
Borrowings	18	11,649,181	18,051,854
Deposits and other accounts	19	132,530,671	132,664,084
Liabilities against assets subject to finance lease	20	1,541	2,663
Subordinated debt	21	1,999,400	1,999,600
Deferred tax liabilities		-	-
Other liabilities	22	4,338,341	3,705,270
		<b>152,530,194</b>	<b>159,280,039</b>
<b>NET ASSETS</b>		<b>14,523,361</b>	<b>14,386,747</b>
<b>REPRESENTED BY</b>			
<b>Shareholders' equity</b>			
Share capital - net	23	23,431,374	23,431,374
Reserves		820,890	820,890
Deficit on revaluation of assets - net of tax	24	(1,278)	(68,207)
Accumulated loss		(9,727,625)	(9,797,310)
		<b>14,523,361</b>	<b>14,386,747</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	25		

The annexed notes 1 to 44 form an integral part of these financial statements.

Syed Liaquat All  
Chief Financial Officer

Azmat Tarin  
President & CEO

Nasim Beg  
Director

Rashid Akhtar Chughtal  
Director

Shahzad Enver Murad  
Director



# CONDENSED INTERIM PROFIT AND LOSS ACCOUNT - UN-AUDITED

FOR THE QUARTER ENDED MARCH 31, 2019

		March 31, 2019	March 31, 2018
	Note	Rupees in '000	
Mark-up / return / profit / interest earned	27	4,815,882	3,488,639
Mark-up / return / profit / interest expensed	28	(2,860,326)	(1,939,578)
<b>Net Mark-up / return / profit / Interest Income</b>		<b>1,755,556</b>	<b>1,549,061</b>
<b>NON MARK-UP / INTEREST INCOME</b>			
Fee and commission income	29	504,591	471,662
Dividend income		-	-
Foreign exchange income		79,076	29,487
Income from derivatives		29,914	41,005
Loss on securities	30	(17,028)	(17,903)
Other income	31	119,402	326,309
<b>Total non-markup / interest Income</b>		<b>715,955</b>	<b>850,580</b>
<b>Total Income</b>		<b>2,471,511</b>	<b>2,399,621</b>
<b>NON MARK-UP / INTEREST EXPENSES</b>			
Operating expenses	32	(1,902,770)	(1,622,051)
Workers Welfare Fund		(2,231)	(6,921)
Other charges	33	(110,767)	(88)
<b>Total non-markup / Interest expenses</b>		<b>(2,015,768)</b>	<b>(1,629,060)</b>
<b>Profit before provisions, extra ordinary / unusual item and taxation</b>		<b>455,743</b>	<b>770,561</b>
Provisions and write offs - net	34	(346,418)	(369,111)
Extra ordinary / unusual items		-	-
<b>PROFIT BEFORE TAXATION</b>		<b>109,325</b>	<b>401,450</b>
Taxation	35	(40,535)	(141,433)
<b>PROFIT AFTER TAXATION</b>		<b>68,790</b>	<b>260,017</b>
<b>Rupee</b>			
<b>Basic and Diluted Earnings Per Share</b>	36	<b>0.01</b>	<b>0.03</b>

The annexed notes 1 to 44 form an integral part of these financial statements.



Syed Liaquat Ali  
Chief Financial Officer



Azmat Tarin  
President & CEO



Nasim Beg  
Director



Rashid Akhtar Chughtal  
Director



Shahzad Enver Murad  
Director

# CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME - UN-AUDITED

## FOR THE QUARTER ENDED MARCH 31, 2019

	March 31, 2019	March 31, 2018
	Rupees in '000	
Profit after taxation	68,790	260,017
<b>Other comprehensive income / (loss)</b>		
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>		
Movement in deficit on revaluation of investments - net of tax	67,510	(32,037)
<b>Items that will not be reclassified to profit and loss account in subsequent periods:</b>		
Remeasurement loss on defined benefit obligations - net of tax	-	-
Movement in surplus on revaluation of operating fixed assets - net of tax	(581)	(581)
Movement in surplus on revaluation of non-banking assets - net of tax	-	(509)
	(581)	(1,090)
<b>Total comprehensive income</b>	<b>135,719</b>	<b>226,890</b>

The annexed notes 1 to 44 form an integral part of these financial statements.



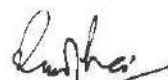
Syed Liaquat Ali  
Chief Financial Officer



Azmat Tarin  
President & CEO



Nasim Beg  
Director



Rashid Akhtar Chughtai  
Director



Shahzad Enver Murad  
Director



# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - UN-AUDITED

## FOR THE QUARTER ENDED MARCH 31, 2019

	Share Capital	Surplus / (deficit) on revaluation of		Capital Reserve	Revenue Reserve	Total Equity
		Investments	Fixed / Non Banking Assets	Statutory Reserve*	Accumulated Loss	
Rupees in '000						
<b>Balances as at January 01, 2018 - Audited</b>	23,431,374	(35,685)	88,408	554,903	(10,857,654)	13,181,346
Profit after taxation for the quarter ended March 31, 2018 - Un-audited	-	-	-	-	260,017	260,017
Other comprehensive loss - net of tax - Un-audited	-	(32,037)	(1,090)	-	-	(33,127)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	-	-	895	895
Transfer from surplus on revaluation of non-banking assets on account of disposal of assets - net of tax	-	-	-	-	509	509
<b>Balances as at March 31, 2018 - Un-audited</b>	<b>23,431,374</b>	<b>(67,722)</b>	<b>87,318</b>	<b>554,903</b>	<b>(10,596,233)</b>	<b>13,409,640</b>
Profit after taxation for the nine months ended December 31, 2018 - Un-audited	-	-	-	-	1,089,916	1,089,916
Other comprehensive loss - net of tax - Un-audited	-	(77,188)	(10,615)	-	(20,609)	(108,412)
Transfer to statutory reserves	-	-	-	265,987	(265,987)	-
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	-	-	2,684	2,684
Transfer from surplus on revaluation of non-banking assets on account of disposal of assets - net of tax	-	-	-	-	12,556	12,556
Transfer from surplus on revaluation of non-banking assets on account of transferred to fixed assets - net of tax	-	-	-	-	363	363
<b>Balances as at December 31, 2018 - Audited</b>	<b>23,431,374</b>	<b>(144,910)</b>	<b>76,703</b>	<b>820,890</b>	<b>(9,797,310)</b>	<b>14,386,747</b>
Profit after taxation for the quarter ended March 31, 2019 - Un-audited	-	-	-	-	68,790	68,790
Other comprehensive loss - net of tax - Un-audited	-	67,510	(581)	-	-	66,929
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	-	-	895	895
<b>Balances as at March 31, 2019 - Un-audited</b>	<b>23,431,374</b>	<b>(77,400)</b>	<b>76,122</b>	<b>820,890</b>	<b>(9,727,625)</b>	<b>14,523,361</b>

\* Statutory reserves represent amount set aside as per requirements of section 21 of the Banking Companies Ordinance, 1962.

The annexed notes 1 to 44 form an integral part of these financial statements.



Syed Liaquat Ali  
Chief Financial Officer



Azmat Tarin  
President & CEO



Nasim Beg  
Director



Rashid Akhtar Chughtal  
Director



Shahzad Enver Murad  
Director

# CONDENSED INTERIM CASH FLOW STATEMENT - UN-AUDITED

## FOR THE QUARTER ENDED MARCH 31, 2019

	Note	March 31, 2019	March 31, 2018
		Rupees In '000	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		109,325	401,450
Less: Dividend income		-	-
		109,325	401,450
<b>Adjustments:</b>			
Depreciation on fixed assets	32	106,530	99,612
Depreciation on non-banking assets acquired in satisfaction of claims	32	17,594	19,896
Amortization of intangible assets	32	13,924	17,752
Amortization of premium on investments - net		20,185	86,255
Provisions against loans & advances	34	388,706	409,509
Gain on sale of fixed assets	31	(252)	(884)
Unrealized loss on revaluation of investments - held-for-trading	30	-	704
Gain on sale of non-banking assets acquired in satisfaction of claims	31	(5,789)	(206,421)
Write offs against fixed assets	34	1,772	-
		542,890	428,423
		652,015	827,873
<b>Decrease / (Increase) in operating assets</b>			
Lendings to financial institutions		2,092,983	4,059,343
Net investments in held-for-trading securities		10,051,437	(10,284,826)
Advances		(3,825,337)	(5,796,421)
Other assets (excluding advance taxation)		(629,122)	1,463,763
		7,689,961	(10,558,141)
<b>(Decrease) / Increase in operating liabilities</b>			
Bills payable		(855,508)	(1,311,306)
Borrowings		(6,402,673)	(12,101,569)
Deposits		(133,413)	11,332,137
Other liabilities (excluding current taxation)		633,071	647,953
		(6,758,523)	(1,432,785)
		1,583,453	(11,163,053)
Income tax paid		(277,945)	(46,197)
<b>Net cash flow generated from / (used in) operating activities</b>		<b>1,305,508</b>	<b>(11,209,250)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net investment in available-for-sale securities		124,291	10,894,121
Net investment in held-to-maturity securities		(257,658)	-
Dividend received		-	1,025
Net investment in fixed assets and intangible assets		(148,827)	(252,745)
Proceeds on disposal of non-banking assets acquired in satisfaction of claims		180,000	724,400
Proceeds on disposal of fixed assets		9,151	10,171
<b>Net cash flow (used in) / generated from investing activities</b>		<b>(111,043)</b>	<b>11,378,972</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Payment of subordinated debts		(200)	(200)
Payment of finance lease obligation		(1,122)	(1,015)
<b>Net cash flow used in financing activities</b>		<b>(1,322)</b>	<b>(1,215)</b>
<b>Increase in cash and cash equivalents</b>		<b>1,193,143</b>	<b>166,507</b>
Cash and cash equivalents at the beginning of the period		9,181,561	8,631,596
<b>Cash and cash equivalents at the end of the period</b>	37	<b>10,374,704</b>	<b>8,798,103</b>

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Syed Liaquat All  
Chief Financial Officer

Azmat Tarin  
President & CEO

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Director

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Director



# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED FOR THE QUARTER ENDED MARCH 31, 2019

## 1 STATUS AND NATURE OF BUSINESS

Silkbank Limited ("the Bank") was incorporated in Pakistan on April 04, 1994 as a public limited company under the Companies Act, 2017. The Bank commenced commercial operations on May 7, 1995. The Bank's shares are quoted on Pakistan Stock Exchange Limited. The Bank is engaged in banking services as described in the Banking Companies Ordinance, 1962. The Bank operates through 123 branches (December 31, 2018: 123 branches) including 30 (December 31, 2018: 30) Islamic banking branches in Pakistan. The Bank's registered office is located at Silkbank Building, 13-L, F-7 Markaz, Islamabad. The short-term and long-term credit ratings of the Bank rated by JCR-VIS Credit Rating Company Limited in June 2018 are 'A-2' and 'A-' respectively.

Major shareholders of the Bank as on March 31, 2019 are Sinthos Capital (comprising of Mr. Shaukat Tarin, Mr. Sadeq Sayeed and Mr. Azmat Tarin), Arif Habib Corporation Limited, International Finance Corporation (IFC), Nomura European Investment Limited, Bank Muscat S.A.O.G and Mr. Zulqain Nawaz Chatta / Mr. Zubair Nawaz Chatta of Gourmet Group.

As at March 31, 2019, the equity of the Bank is Rs. 14.52 billion excluding deficit on revaluation of assets. This includes share capital (net of losses and discount on shares) of Rs. 13.7 billion against the minimum requirement of Rs. 10 billion as prescribed by SBP. Further, the Capital Adequacy Ratio (CAR) of the Bank is, 10.79% against the minimum CAR requirement of State Bank of Pakistan (SBP) of 11.90%. The CAR requirement of 11.90% is made up of minimum CAR of 10% plus 1.90% of Capital Conservation Buffer (CCB).

The Bank has requested exemption from SBP for meeting the CAR requirement till September 30, 2019. Through this request, the Bank has also communicated to SBP its plan for compliance with CAR requirement by September 30, 2019, which includes reduction in assets, improvement in profit, reduction in non-earning assets and issuance of Tier II capital.

## 2 BASIS OF PRESENTATION

- 2.1 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the SBP has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by the banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon.
- 2.2 The Islamic banking branches of the Bank have complied with the requirements set out under the Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) and notified under the provisions of the Companies Act, 2017 except for the adoption of IFAS-3 'Profit & Loss Sharing on Deposits' as disclosed in note 3.3.
- 2.3 The financial results of the Islamic banking branches have been included in these condensed interim financial statements for reporting purposes, after eliminating material inter-branch transactions / balances. Key financial figures of the Islamic banking branches are disclosed in note 42 to these condensed interim financial statements.

## 3 STATEMENT OF COMPLIANCE

- 3.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of:
  - The accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
  - Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accounts of Pakistan (ICAP), as are notified under the Companies Act, 2017;
  - Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017;
  - Directives issued by the SBP and the Securities and 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 or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

## FOR THE QUARTER ENDED MARCH 31, 2019

- 3.2** The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and IAS 40, 'Investment Property' for Banking Companies through BSD Circular No. 10 dated August 26, 2002. Further, the SECP has deferred the applicability of IFRS 7 'Financial Instruments: Disclosures' on banks through S.R.O. 411(1) / 2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.
- 3.3** The State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred applicability of IFAS-3 for Profit & Loss Sharing on Deposits (IFAS-3) issued by the ICAP and notified by the SECP, vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IIFS). The standard will result in certain new disclosures in the condensed interim financial statements of the Bank.
- 3.4** The disclosures made in these condensed interim financial statements are limited based on the format prescribed by the SBP vide BPRD circular letter No. 5 dated March 22, 2019 and International Accounting Standard (IAS) 34, 'Interim Financial Reporting' and do not include all the information required in the annual financial statements. Accordingly, these condensed interim financial statements should be read in conjunction with the annual financial statements of the Bank for the year ended December 31, 2018.

#### **4 BASIS OF MEASUREMENT**

These condensed interim financial statements have been prepared under the historical cost convention, except that certain fixed assets and non-banking assets acquired under satisfaction of claims are stated at revalued amounts less accumulated depreciation and accumulated impairment losses (where applicable) and certain investments and derivative financial instruments have been measured at fair value and net obligations in respect of defined benefit scheme are carried at their present value.

These condensed interim financial statements have been prepared in Pakistani Rupee which is the functional and presentation currency of the Bank. The amounts are rounded off to the nearest thousand rupee, unless otherwise stated.

#### **5 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and methods of computation adopted for the preparation of these condensed interim financial statements are same as those followed in the preparation of the annual financial statements of the Bank for the year ended December 31, 2018.

##### **5.1 Standards, interpretations of and amendments to approved accounting standards that are effective in the year 2019**

As referred to in note 4.3 to the Bank's financial statements for the year ended December 31, 2018, there are certain standards, amendments and interpretations that are effective for the annual period beginning on or after January 1, 2019. These include IFRS 9 and IFRS 16 where the overall impact is currently under review by the Bank / Regulator and therefore it has not been incorporated in these condensed interim financial statements.

#### **6 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The basis and methods used for critical accounting estimates and judgments adopted in these condensed interim financial statements are same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2018.

#### **7 FINANCIAL RISK MANAGEMENT**

The Bank's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended December 31, 2018.



# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

## FOR THE QUARTER ENDED MARCH 31, 2019

		March 31, 2019 Un-audited	December 31, 2018 Audited
	Note	Rupees in '000	
<b>8 CASH AND BALANCES WITH TREASURY BANKS</b>			
<b>In hand</b>			
Local currency		2,173,241	1,829,723
Foreign currencies		447,299	581,068
		<b>2,620,540</b>	<b>2,410,791</b>
<b>With State Bank of Pakistan in</b>			
Local currency current account	8.1	5,572,149	4,496,567
Foreign currency current account		637,084	630,335
Foreign currency deposit account	8.2	1,187,652	1,210,071
		<b>7,396,885</b>	<b>6,336,973</b>
<b>With National Bank of Pakistan in</b>			
Local currency current account		97,466	121,213
National Prize Bonds		1,771	2,590
		<b>10,116,662</b>	<b>8,871,567</b>

8.1 Deposits with the SBP are maintained to comply with the statutory requirements of the SBP issued from time to time (section 22 of the Banking Companies Ordinance, 1962).

8.2 This represents account maintained with the SBP to comply with Special Cash Reserve requirement (FE-25 scheme, as prescribed by the SBP). It carries interest rates ranging from 1.49% to 1.51% (December 31, 2018: 0.56% to 1.35%).

		March 31, 2019 Un-audited	December 31, 2018 Audited
		Rupees in '000	
<b>9 BALANCES WITH OTHER BANKS</b>			
<b>In Pakistan</b>			
In current account		122,939	88,815
In deposit account		66	64
		<b>123,005</b>	<b>88,879</b>
<b>Outside Pakistan</b>			
In current account		135,037	221,115
		<b>258,042</b>	<b>309,994</b>
<b>10 LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Repurchase agreement lendings (Reverse repo)		6,147,731	11,665,534
Foreign placement		818,921	946,622
Bai Muajjal receivable from State Bank of Pakistan		3,552,521	-
		<b>10,519,173</b>	<b>12,612,156</b>

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

## FOR THE QUARTER ENDED MARCH 31, 2019

### 11 INVESTMENTS

#### 11.1 Investments by types:

	March 31, 2019 - (Un-audited)				December 31, 2018 - Audited			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
<b>Rupees In '000</b>								
<b>Held-for-trading securities</b>								
Market treasury bills	-	-	-	-	10,053,860	-	(2,423)	10,051,437
<b>Available-for-sale securities</b>								
Market Treasury Bills	8,085,582	-	(3,050)	8,082,532	4,354,202	-	(2,697)	4,351,505
Pakistan Investment Bonds	10,239,864	-	(128,841)	10,111,223	10,253,483	-	(207,218)	10,046,265
GOP Ijara Sukuks	-	-	-	-	3,862,276	-	(10,629)	3,851,647
Shares - Listed	137,851	-	15,090	152,941	137,851	-	(2,482)	135,369
Shares - Unlisted	5,680	(5,680)	-	-	5,680	(5,680)	-	-
Sukuks - Listed	298,586	-	(2,476)	297,090	299,527	-	714	300,241
Term Finance Certificates - Listed	62,500	-	-	62,500	62,500	-	(825)	61,875
Term Finance Certificates - Unlisted	8,780	(8,780)	-	-	8,780	(8,780)	-	-
	<b>18,839,823</b>	<b>(14,460)</b>	<b>(119,877)</b>	<b>18,708,286</b>	<b>18,984,299</b>	<b>(14,460)</b>	<b>(222,937)</b>	<b>18,746,902</b>
<b>Held-to-maturity securities</b>								
Shares repurchase (fully provided)	74,910	(74,910)	-	-	74,910	(74,910)	-	-
Other Federal Government Securities	257,658	-	-	257,658	-	-	-	-
	<b>332,568</b>	<b>(74,910)</b>	<b>-</b>	<b>257,658</b>	<b>74,910</b>	<b>(74,910)</b>	<b>-</b>	<b>-</b>
<b>Associates</b>								
SPI Insurance Company Limited	126,654	-	-	126,654	126,654	-	-	126,654
<b>Total investments</b>	<b>19,290,045</b>	<b>(89,370)</b>	<b>(119,877)</b>	<b>19,090,588</b>	<b>29,238,723</b>	<b>(89,370)</b>	<b>(225,360)</b>	<b>28,924,993</b>

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

## FOR THE QUARTER ENDED MARCH 31, 2019

### 11.2 Investments by segments:

	March 31, 2019 - (Un-audited)				December 31, 2018 - Audited			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
<b>Rupees in '000</b>								
<b>Federal Government Securities</b>								
Market Treasury Bills	8,085,582	-	(3,050)	8,082,532	14,408,062	-	(5,120)	14,402,942
Pakistan Investment Bonds	10,239,864	-	(128,841)	10,111,223	10,253,483	-	(207,218)	10,046,265
GOP Ijara Sukuks	-	-	-	-	3,862,276	-	(10,629)	3,851,647
Bai Muajjal	257,658	-	-	257,658	-	-	-	-
	<b>18,583,104</b>	<b>-</b>	<b>(131,891)</b>	<b>18,451,413</b>	<b>28,523,821</b>	<b>-</b>	<b>(222,967)</b>	<b>28,300,854</b>
<b>Shares</b>								
Listed companies	137,851	-	15,090	152,941	137,851	-	(2,482)	135,369
Unlisted companies	5,680	(5,680)	-	-	5,680	(5,680)	-	-
	<b>143,531</b>	<b>(5,680)</b>	<b>15,090</b>	<b>152,941</b>	<b>143,531</b>	<b>(5,680)</b>	<b>(2,482)</b>	<b>135,369</b>
<b>Non Government Debt Securities</b>								
Sukuks - Listed	299,566	-	(2,476)	297,090	299,527	-	714	300,241
Term Finance Certificates - Listed	62,500	-	-	62,500	62,500	-	(625)	61,875
Term Finance Certificates - Unlisted	8,780	(8,780)	-	-	8,780	(8,780)	-	-
	<b>370,846</b>	<b>(8,780)</b>	<b>(2,476)</b>	<b>359,590</b>	<b>370,807</b>	<b>(8,780)</b>	<b>89</b>	<b>362,116</b>
Shares repurchase (fully provided)	74,910	(74,910)	-	-	74,910	(74,910)	-	-
<b>Associates</b>								
SPI Insurance Company Limited	126,654	-	-	126,654	126,654	-	-	126,654
<b>Total investments</b>	<b>19,299,045</b>	<b>(89,370)</b>	<b>(119,077)</b>	<b>19,090,598</b>	<b>29,238,723</b>	<b>(89,370)</b>	<b>(225,360)</b>	<b>28,924,993</b>

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

## FOR THE QUARTER ENDED MARCH 31, 2019

	March 31, 2019 Un-audited	December 31, 2018 Audited
	Rupees in '000	
<b>11.2.1 Investments given as collateral</b>		
Market Treasury Bills	718,954	-
Pakistan Investment Bonds	5,987,256	6,468,112
	<b>6,706,210</b>	<b>6,468,112</b>
<b>11.3 Provision for diminution in value of investments</b>		
<b>11.3.1 Opening balance</b>	<b>89,370</b>	<b>89,370</b>
<b>Charge / (reversals)</b>		
Charge for the year	-	-
Reversals for the year	-	-
Amounts written off	-	-
<b>Closing balance</b>	<b>89,370</b>	<b>89,370</b>

### 11.3.2 Particulars of provision against debt securities

Category of classification - specific	March 31, 2019 - (Un-audited)		December 31, 2018 - Audited	
	Non Performing Investments	Provision	Non Performing Investments	Provision
	Rupees in '000			
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	83,690	83,690	83,690	83,690
<b>Total</b>	<b>83,690</b>	<b>83,690</b>	<b>83,690</b>	<b>83,690</b>

11.4 The market value of securities classified as held-to-maturity is Rs. 258 million (December 31, 2018: Rs. Nil).



# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

## FOR THE QUARTER ENDED MARCH 31, 2019

### 12 ADVANCES

Note	Performing		Non Performing		Total	
	March 31, 2019 Un-audited	December 31, 2018 Audited	March 31, 2019 Un-audited	December 31, 2018 Audited	March 31, 2019 Un-audited	December 31, 2018 Audited
	Rupees in '000					
Loans, cash credits, running finances, etc.	72,872,390	69,879,752	6,468,534	6,366,874	79,340,924	76,246,626
Islamic financing and related assets	27,220,168	26,800,182	279,841	301,516	27,499,789	26,901,698
Bills discounted and purchased	406,897	411,194	6,850	6,650	413,547	417,844
<b>Advances - gross</b>	<b>100,499,445</b>	<b>96,891,128</b>	<b>6,754,825</b>	<b>6,675,040</b>	<b>107,254,270</b>	<b>103,566,168</b>
<b>Provision against advances</b>						
- Specific	-	-	4,747,193	4,524,443	4,747,193	4,524,443
- General	716,444	687,723	-	-	716,444	687,723
	716,444	687,723	4,747,193	4,524,443	5,463,637	5,212,166
<b>Advances - net of provision</b>	<b>99,783,001</b>	<b>96,203,405</b>	<b>2,007,632</b>	<b>2,150,597</b>	<b>101,790,633</b>	<b>98,354,002</b>

	March 31, 2019 Un-audited	December 31, 2018 Audited
	Rupees in '000	
12.1 Particulars of advances (gross)		
In local currency	107,254,270	103,562,141
In foreign currencies	-	4,027
	<b>107,254,270</b>	<b>103,566,168</b>

12.2 Advances include Rs. 6,755 million (December 31, 2018: Rs. 6,875 million) which have been placed under non-performing status as detailed below:

Category of classification - specific	March 31, 2019 - (Un-audited)		December 31, 2018 - Audited	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	Rupees in '000			
Domestic				
Substandard	497,973	79,201	983,161	127,978
Doubtful	973,455	192,626	521,287	49,873
Loss	5,283,397	4,475,366	5,170,612	4,346,592
<b>Total</b>	<b>6,754,825</b>	<b>4,747,193</b>	<b>6,675,040</b>	<b>4,524,443</b>

12.3 Particulars of provision against non-performing advances:

Note	March 31, 2019 - (Un-audited)			December 31, 2018 - Audited		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	4,524,443	687,723	5,212,166	3,730,789	556,280	4,287,069
Charge for the year	387,000	28,721	415,721	1,417,628	131,443	1,549,071
Reversals	(27,015)	-	(27,015)	(93,862)	-	(93,862)
	359,985	28,721	388,706	1,323,766	131,443	1,455,209
Amounts written off	(137,235)	-	(137,235)	(530,112)	-	(530,112)
<b>Closing balance</b>	<b>4,747,193</b>	<b>716,444</b>	<b>5,463,637</b>	<b>4,524,443</b>	<b>687,723</b>	<b>5,212,166</b>

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED FOR THE QUARTER ENDED MARCH 31, 2019

**12.3.1** SBP vide various circulars has amended Prudential Regulations in respect of provisioning against non-performing advances under which the benefit of Forced Sale Value (FSV) has been allowed for plant and machinery under charge, pledged stock and mortgaged residential, commercial and industrial properties (land and building only) held as collateral against non-performing advances upto five years from the date of classification.

**12.3.2** As of March 31, 2019, the Bank has availed FSV benefits against all non-performing advances. Had the benefit not been taken by the Bank, profit after tax would have been lower by Rs. 734 million (December 31, 2018: Rs. 731 million), which shall not be available for payment of cash or stock dividend / bonus to employees.

**12.3.3** As per Prudential Regulation for consumer financing issued by the SBP, percentage of reserve is linked to non-performing loans to gross loans ratio. Consequently, the general provisioning on consumer financing is maintained at 4% (December 31, 2018: 4%) of unsecured portfolio of the Bank.

	Note	March 31, 2019 Un-audited	December 31, 2018 Audited
Rupees In '000			
<b>13 FIXED ASSETS</b>			
Capital work-in-progress	13.1	71,501	63,641
Property and equipment		3,926,489	3,917,630
		<b>3,997,990</b>	<b>3,981,271</b>
<b>13.1 Capital work-in-progress</b>			
Civil works		18,803	22,427
Advances to suppliers and contractors		52,698	41,214
		<b>71,501</b>	<b>63,641</b>

	March 31, 2019 Un-audited	March 31, 2018 Un-audited
Rupees In '000		

## 13.2 Additions to fixed assets

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

Capital work-in-progress	133,920	139,109
<b>Property and equipment</b>		
Furniture and fixture	8,053	4,665
Electrical, office and computer equipment	42,797	70,633
Vehicles	57,687	77,152
Leasehold Improvements	17,543	31,542
	<b>126,060</b>	<b>183,992</b>
<b>Total</b>	<b>259,980</b>	<b>323,101</b>

## 13.3 Disposal of fixed assets

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

Furniture and fixture	219	9
Electrical, office and computer equipment	38	45
Vehicles	8,642	9,233
<b>Total</b>	<b>8,899</b>	<b>9,287</b>

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

## FOR THE QUARTER ENDED MARCH 31, 2019

13.4 On September 10, 2015, the Bank entered into an Agreement to Sell (the Agreement) for the previous Head Office Building of the Bank against sale consideration of Rs. 2,370 million. Pursuant to the terms of the Agreement, the Bank received a down payment of Rs. 118.50 million, which is currently reported in 'other liabilities' (note 22). The remaining balance is required to be paid by the buyer within 5 years from the date of the Agreement. As per the terms of the Agreement, the buyer agreed to pay annual rent based on the outstanding amount of consideration from the date of receipt of approvals from relevant authorities, however, on June 28, 2016, the buyer has provided the consent to pay annual rent with effect from July 1, 2016. During the period, the Bank has recorded rental income amounting to Rs. 39.4 million (December 31, 2018: Rs. 157.61 million) as disclosed in note 31. As per the terms of the Agreement, in case the buyer fails to pay the amount of rent or balance sale consideration, the advance received of 5% shall stand forfeited. Since the conditions to recognise disposal are not met, the previous Head Office Building has not been derecognised.

Note	March 31, 2019	December 31, 2018
	Un-audited	Audited
	Rupees in '000	
<b>14 INTANGIBLE ASSETS</b>		
Capital work-in-progress	62,278	65,167
Software	163,545	161,673
	<b>225,823</b>	<b>226,840</b>

	March 31, 2019	March 31, 2018
	Un-audited	Un-audited
	Rupees in '000	

### 14.1 Additions to intangible assets

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

	March 31, 2019	March 31, 2018
	Un-audited	Un-audited
	Rupees in '000	
Capital work-in-progress	12,907	10,022
Software	15,796	262
<b>Total</b>	<b>28,703</b>	<b>10,284</b>

	March 31, 2019	December 31, 2018
	Un-audited	Audited
	Rupees in '000	

### 15 DEFERRED TAX ASSETS

#### Deductible Temporary Differences on

- Post retirement employee benefits	24	7,525	7,525
- Deficit on revaluation of investments		41,677	78,027
- Provision for diminution in value of investments		3,073	3,073
- Provision against non-performing advances		2,310,156	2,327,362
- Provision against Workers' Welfare Fund (WWF)		47,875	47,094
- Provision against other assets		223,368	223,368
- Depreciation on non-banking assets		70,405	65,855
- Unabsorbed tax depreciation		405,424	439,636
		<b>3,109,503</b>	<b>3,191,940</b>

#### Taxable Temporary Differences on

- Surplus on revaluation of non-banking assets	24	(2,534)	(2,534)
- Surplus on revaluation of fixed assets	24	(12,214)	(12,527)
- Accelerated tax depreciation		(108,771)	(118,232)
		<b>(123,519)</b>	<b>(133,293)</b>
		<b>2,985,984</b>	<b>3,058,647</b>



# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED FOR THE QUARTER ENDED MARCH 31, 2019

- 15.1** The Bank has an aggregate amount of deferred tax assets of Rs. 2,986 million (December 31, 2018: Rs. 3,059 million) which represents management's best estimate of the probable benefits expected to be realised in future years in the form of reduced tax liability as the Bank would be able to set off the profits earned in those years against taxable temporary differences relating to prior years. The Bank has prepared five years financial projections for future taxable profits, which have been approved by the Board of Directors of the Bank, to assess the recoverability of deferred tax assets. The projections involve certain key management assumptions underlying the estimation of future taxable profits. The determination of future taxable profits is most sensitive to certain key assumptions such as growth of low cost deposits, growth in high yield consumer advances, investment returns, branch expansion plans, potential provision against assets, interest rates, cost of funds and expected recoveries of classified loans. Any significant change in such assumptions may have an effect on the recoverability of the deferred tax assets. Management believes that it is probable that the Bank will be able to achieve the profits and consequently, the deferred tax asset will be fully realised in future.

	Note	March 31, 2019 Un-audited	December 31, 2018 Audited
		Rupees in '000	
<b>16 OTHER ASSETS</b>			
Income / mark-up accrued in local currency - net of provision		5,213,428	4,738,974
Income / mark-up accrued in foreign currency - net of provision		1,358	412
Accrued rent	13.4 & 16.1	619,342	531,254
Advances, deposits, advance rent and other prepayments		708,143	640,333
Advance taxation (payments less provisions)		1,241,342	967,307
Non-banking assets acquired in satisfaction of claims		5,573,261	5,585,886
Non-banking assets acquired in satisfaction of claims under agreement to sale third parties		3,799,554	4,018,263
Non-banking assets acquired in satisfaction of claims with buy back option with customers		188,664	191,158
		9,561,479	9,795,307
Branch adjustment account		181,603	110,813
Mark to market gain on forward contracts		156,107	180,579
Receivable from sale of operating fixed assets		-	35,000
Receivable from sale of non-banking assets acquired in satisfaction of claims		576,050	518,250
Others		400,374	409,661
		18,659,224	17,927,890
Less: Provision held against other assets	16.2	(623,274)	(623,274)
Other assets - net of provisions		18,035,950	17,304,616
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	24	32,700	32,700
<b>Other assets - total</b>		<b>18,068,650</b>	<b>17,337,316</b>

- 16.1** On June 01, 2016, the Bank entered into an Agreement to Sell (the Agreement) for undeveloped lands having book value of Rs. 3,416 million against sale consideration of Rs. 3,416 million. Pursuant to the terms of the Agreement, the Bank received a down payment of Rs. 170.83 million, which is currently reported in 'other liabilities' (note 22.2). The remaining balance is required to be paid by the buyer within 5 years from the date of receipt of certain approvals from relevant authorities, however, the Bank through a Supplementary Agreement to Sell (the Supplementary Agreement) dated June 24, 2016 amended the Agreement and removed the condition of approvals from relevant authorities. The balance sale consideration is payable within 5 years from August 01, 2016. Further, the buyer initially agreed to pay annual rent based on the outstanding amount of consideration from the date of receipt of approvals from relevant authorities, however, on July 29, 2016, the buyer has provided the consent to pay annual rent with effect from August 01, 2016. Accordingly, the Bank has recorded rental income of Rs. 48.69 million (December 31, 2018: Rs. 194.75 million) as disclosed in note 31. The total accrued rent in this respect is Rs. 325.33 million (December 31, 2018: Rs. 276.64 million) which is reported in 'other assets'. As per the terms of the Agreement, in case the buyer fails to pay the amount of rent or balance sale consideration, the advance received of 5% shall stand forfeited. Since the conditions to recognise disposal are not met, the carrying value of such land has not been derecognised from non-banking assets acquired in satisfaction of claims.

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

## FOR THE QUARTER ENDED MARCH 31, 2019

	March 31, 2019 Un-audited	December 31, 2018 Audited
	Rupees in '000	
<b>16.2 Provision held against other assets</b>		
Non banking assets acquired in satisfaction of claims	594,274	594,274
Advances, deposits, advance rent and other prepayments	21,000	21,000
Others	8,000	8,000
	<b>623,274</b>	<b>623,274</b>
<b>16.2.1 Movement in provision held against other assets</b>		
Opening balance	623,274	630,361
Charge for the year	-	-
Reversals	-	-
Net charge for the year	-	-
Reversal on disposal / write off	-	(7,087)
Closing balance	<b>623,274</b>	<b>623,274</b>
<b>17 BILLS PAYABLE</b>		
In Pakistan	2,011,060	2,866,568
Outside Pakistan	-	-
	<b>2,011,060</b>	<b>2,866,568</b>
<b>18 BORROWINGS</b>		
<b>Secured</b>		
Borrowings from State Bank of Pakistan under export refinance scheme	1,700,815	1,647,067
Repurchase agreement borrowings	6,703,153	6,500,646
<b>Total secured</b>	<b>8,403,968</b>	<b>8,147,713</b>
<b>Unsecured</b>		
Call borrowings	1,250,000	3,000,000
Trading liability	1,850,000	6,843,117
Overdrawn nostro accounts	120,180	61,024
Overdrawn local bank accounts	25,033	-
<b>Total unsecured</b>	<b>3,245,213</b>	<b>9,904,141</b>
	<b>11,649,181</b>	<b>18,051,854</b>

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED FOR THE QUARTER ENDED MARCH 31, 2019

## 19 DEPOSITS AND OTHER ACCOUNTS

	March 31, 2019 - (Un-audited)			December 31, 2018 - Audited		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
<b>Rupees in '000</b>						
<b>Customers</b>						
Current deposits	22,688,648	4,100,272	26,788,920	21,844,736	3,838,921	25,683,657
Saving deposits	42,511,247	3,158,303	45,669,550	43,582,478	2,844,764	46,427,242
Term deposits	37,678,324	2,501,125	40,179,449	39,069,219	2,979,435	42,048,654
Margin deposits	2,135,973	-	2,135,973	2,477,667	-	2,477,667
Others	1,217,880	-	1,217,880	1,475,238	-	1,475,238
	<b>106,231,852</b>	<b>9,759,700</b>	<b>115,991,552</b>	<b>108,449,338</b>	<b>9,663,120</b>	<b>118,112,458</b>
<b>Financial Institutions</b>						
Current deposits	138,210	34,061	172,271	134,345	5,917	140,262
Saving deposits	14,067,897	18,371	14,086,268	13,019,874	18,120	13,037,994
Term deposits	2,199,690	81,090	2,280,780	1,373,370	-	1,373,370
	<b>16,405,597</b>	<b>133,522</b>	<b>16,539,119</b>	<b>14,527,589</b>	<b>24,037</b>	<b>14,551,626</b>
	<b>122,637,449</b>	<b>9,893,222</b>	<b>132,530,671</b>	<b>122,976,927</b>	<b>9,687,157</b>	<b>132,664,084</b>

## 20 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	March 31, 2019 - (Un-audited)			December 31, 2018 - Audited		
	Minimum lease payments	Financial charges for future periods	Principal outstanding	Minimum lease payments	Financial charges for future periods	Principal outstanding
<b>Rupees in '000</b>						
Not later than one year	1,574	33	1,541	2,755	92	2,663
Later than one year and upto five years	-	-	-	-	-	-
	<b>1,574</b>	<b>33</b>	<b>1,541</b>	<b>2,755</b>	<b>92</b>	<b>2,663</b>

20.1 The Bank has acquired solar panels under finance lease from NBP Leasing Limited. The lease term is 5 years and the discounting factor used is 6 months KIBOR + 4%. The lease term would be expired in July 2019.

## 21 SUBORDINATED DEBT

The Bank has issued privately placed, unsecured and subordinated Term Finance Certificates (TFCs) as instruments of redeemable capital under section 66 of the Companies Act, 2017 and the Basel III guidelines issued by the SBP. The key features of the issue are as follows:

<b>Issue amount</b>	Rs. 2,000 million
<b>Issue date</b>	August 10, 2017
<b>Maturity date</b>	Up to 8 years from date of issue
<b>Rating</b>	(A-) by JCR-VIS Credit Rating Company Limited ('Single A minus')
<b>Security</b>	The instrument is unsecured and subordinated as to payment of principal and profit to all other indebtedness of the Bank, including deposits.
<b>Profit payment frequency</b>	Profit will be payable semi-annually in arrears on the outstanding principal amount and will be calculated on a 365 day year basis.
<b>Redemption</b>	0.14% of the issue amount during the first 7 years and remaining 99.86% in last two equal semi-annual installments of 49.93% each.
<b>Mark-up</b>	6 months KIBOR plus 1.85% per annum



# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

## FOR THE QUARTER ENDED MARCH 31, 2019

<b>Call option</b>	The Bank may call TFCs in part or in full, after 5 years from date of issue on any profit payment date, subject to SBP approval and with not less than 30 days prior notice to the Trustee and Investors. The call option once announced will be irrevocable.
<b>Lock-in-clause</b>	As per the lock-in requirement for Tier II issues, neither profit nor principal will be payable (even at maturity) in respect of the TFC, if such payment will result in a shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) or results in an increase in any existing shortfall in MCR or CAR.
<b>Loss absorbency clause</b>	The instrument will be subject to loss absorbency and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a point of non-viability event as defined by SBP's Basel III Capital Rule, 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 fair value per share of the Bank's common equity on the date of trigger of the non-viability event as declared by SBP, subject to a cap of 1,238,390,093 shares.

	Note	March 31, 2019 Un-audited	December 31, 2018 Audited
		Rupees In '000	
<b>22 OTHER LIABILITIES</b>			
Mark-up / return / interest payable in local currency		824,731	790,382
Mark-up / return / interest payable in foreign currencies		13,062	22,884
Unearned commission and income on bills discounted		41,412	46,079
Accrued expenses		237,753	123,679
Mark to market loss on forward contracts		49,650	30,094
Payable to defined benefit plan - permanent staff		21,499	21,499
Payable to defined benefit plan - contractual staff		32,698	27,992
Provision against off-balance sheet obligations	22.1	116,012	116,012
Workers' Welfare Fund (WWF)		146,696	134,504
Advance received against future sale of non banking assets	22.2	294,634	412,644
Advance received against future sale of operating fixed assets	13.4	118,500	118,500
Deferred income against non-banking assets		111,283	111,283
Islamic pool management reserve		4,743	4,676
Non checking account		284,407	399,364
PRR remitting account		69,129	654,498
Fund received against application of Housing Scheme		1,095,968	-
Others		876,164	691,180
		<b>4,338,341</b>	<b>3,705,270</b>
<b>22.1 Provision against off-balance sheet obligations</b>			
<b>Opening balance</b>		<b>116,012</b>	<b>116,012</b>
Charge for the year		-	-
Reversals		-	-
Amount written off		-	-
<b>Closing balance</b>		<b>116,012</b>	<b>116,012</b>
<b>22.2</b>	This includes advance amounting to Rs. 170.83 million (December 31, 2018: Rs. 170.83 million) received against future disposal of non-banking assets (land) measuring 122,311 square yards as disclosed in note 16.1.		

## 23 SHARE CAPITAL- NET

### 23.1 Authorised capital

March 31, 2019 Un-audited	December 31, 2018 Audited		March 31, 2019 Un-audited	December 31, 2018 Audited
Number of shares in '000			Rupees in '000	
<b>10,500,000</b>	<b>10,500,000</b>	Ordinary shares of Rs.10 each	<b>105,000,000</b>	<b>105,000,000</b>



# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED FOR THE QUARTER ENDED MARCH 31, 2019

## 23.2 Issued, subscribed and paid up capital

March 31, 2019 Un-audited	December 31, 2018 Audited		March 31, 2019 Un-audited	December 31, 2018 Audited
Number of shares in '000		Ordinary shares of Rs. 10 each Fully paid in cash Less: Discount on issue of shares	Rupees In '000	
9,081,861	9,081,861		90,818,612	90,818,612
-	-		(67,387,238)	(67,387,238)
<u>9,081,861</u>	<u>9,081,861</u>		<u>23,431,374</u>	<u>23,431,374</u>

## 24 DEFICIT ON REVALUATION OF ASSETS - NET OF TAX

### (Deficit) / surplus on revaluation of

- Available for sale securities	11.1	(119,077)	(222,937)
- Fixed assets		58,170	59,064
- Non-banking assets acquired in satisfaction of claims	16	32,700	32,700
		(28,207)	(131,173)
<b>Deferred tax on deficit / (surplus) on revaluation of</b>			
- Available for sale securities	15	41,677	78,027
- Fixed assets	15	(12,214)	(12,527)
- Non-banking assets acquired in satisfaction of claims	15	(2,534)	(2,534)
		26,929	62,966
		(1,278)	(68,207)

## 25 CONTINGENCIES AND COMMITMENTS

Guarantees	25.1	12,985,995	13,284,395
Commitments	25.2	21,383,513	32,925,445
Contingent liabilities	25.3	1,144,767	1,143,864
		<u>35,514,275</u>	<u>47,353,704</u>

### 25.1 Guarantees:

Financial guarantees		17,286	547,993
Performance guarantees		9,774,598	9,081,896
Other guarantees		3,194,111	3,654,506
		<u>12,985,995</u>	<u>13,284,395</u>

### 25.2 Commitments:

Documentary credits and short-term trade-related transactions - letters of credit		5,936,057	6,046,372
Commitments in respect of:			
- forward foreign exchange contracts	25.2.1	15,209,493	15,409,082
- forward government securities transactions	25.2.2	197,785	11,416,204
Commitments for acquisition of:			
- operating fixed assets		9,407	14,668
- intangible assets		30,771	39,119
		<u>21,383,513</u>	<u>32,925,445</u>

### 25.2.1 Commitments in respect of forward foreign exchange contracts

Purchase		11,183,420	10,847,908
Sale		4,026,073	4,561,174
		<u>15,209,493</u>	<u>15,409,082</u>

### 25.2.2 Commitments in respect of forward government securities transactions

Purchase		-	-
Sale		197,785	11,416,204
		<u>197,785</u>	<u>11,416,204</u>

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



# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

## FOR THE QUARTER ENDED MARCH 31, 2019

**March 31, 2019**      **December 31, 2018**  
**Un-audited**      **Audited**  
**Rupees in '000**

### 25.3 Contingent liabilities:

Claims against the Bank not acknowledged as debt  
 Claims against the Bank by Competition Commission of Pakistan & others

1,109,127	1,108,224
35,640	35,640
<b>1,144,767</b>	<b>1,143,864</b>

25.3.1 Suits for damages of Rs. 24.47 billion (December 31, 2018: Rs. 24.45 billion) have been filed against the Bank by various borrowers / employees in respect of certain disputes relating to loans and advances. The management of the Bank and its legal counsel consider that the suits are a counterblast in response to the recovery suits filed by the Bank. The Bank and its legal counsel are confident that the cases will be dismissed as actual damages have to be proven in such suits.

25.4 For contingencies relating to taxation refer note 35.1-35.3.

## 26 DERIVATIVE INSTRUMENTS

### Product Analysis

#### Counterparties

#### Hedging

- Banks
- Other entities

#### Total

### March 31, 2019 - (Un-audited)

Forward Contracts	
Notional Principal	Mark to Market gain / (loss)

Rupees in '000

14,654,946	86,379
559,472	20,078
<b>15,214,418</b>	<b>106,457</b>

### December 31, 2018 - Audited

Forward Contracts	
Notional Principal	Mark to Market gain / (loss)

Rupees in '000

26,125,605	125,602
561,370	24,883
<b>26,686,975</b>	<b>150,485</b>

#### Counterparties

#### Hedging

- Banks
- Other entities

#### Total

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

## FOR THE QUARTER ENDED MARCH 31, 2019

	Note	March 31, 2019 Un-audited Rupees in '000	March 31, 2018 Un-audited Rupees in '000
<b>27 MARK-UP / RETURN / PROFIT / INTEREST EARNED</b>			
On:			
a) Loans and advances		3,806,648	2,686,845
b) Investments		429,070	683,806
c) Lendings to financial institutions		378,766	117,411
d) Balances with banks		1,398	577
		<b>4,615,882</b>	<b>3,488,639</b>
<b>28 MARK-UP / RETURN / PROFIT / INTEREST EXPENSED</b>			
a) Deposits		2,335,998	1,295,811
b) Borrowings		430,968	568,384
c) Subordinated debt		58,352	39,450
d) Cost of foreign currency swaps against foreign currency deposits / borrowings		34,417	34,626
e) Others		2,591	1,307
		<b>2,860,326</b>	<b>1,939,578</b>
<b>29 FEE &amp; COMMISSION INCOME</b>			
Branch banking customer fees		39,062	51,690
Card related fees (debit and credit cards)		279,342	222,594
Credit related fees		73,812	53,357
Investment banking fees		-	396
Commission on trade		52,376	44,420
Commission on guarantees		18,312	29,893
Commission on remittances including home remittances		4,441	3,373
Commission on bancassurance		25,574	17,358
Others		11,672	48,581
		<b>504,591</b>	<b>471,662</b>
<b>30 LOSS ON SECURITIES</b>			
Realised	30.1	(17,028)	(17,199)
Unrealised - held for trading		-	(704)
		<b>(17,028)</b>	<b>(17,903)</b>
<b>30.1 Realised (loss) / gain on:</b>			
Federal Government Securities		(17,028)	(17,737)
Shares		-	538
		<b>(17,028)</b>	<b>(17,199)</b>
<b>31 OTHER INCOME</b>			
Rent on property and non-banking assets		86,654	94,123
Gain on sale of fixed assets - net		252	884
Gain on sale of non-banking assets - net		5,769	206,421
Rent on lockers		4,431	4,303
Postage, telex and other service charges recovered		3,702	11,139
Early loan termination charges		16,594	9,439
		<b>119,402</b>	<b>326,309</b>

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

## FOR THE QUARTER ENDED MARCH 31, 2019

	March 31, 2019 Un-audited	March 31, 2018 Un-audited
	Rupees in '000	
<b>32 OPERATING EXPENSES</b>		
Total compensation expense	908,399	770,114
<b>Property expense</b>		
Rent & taxes	193,371	204,808
Insurance on non banking assets acquired in satisfaction of claims	114	-
Utilities cost	48,995	43,969
Security (including guards)	33,326	28,577
Repair & maintenance (including janitorial charges)	20,566	16,996
Depreciation on buildings	33,910	38,031
Depreciation on non banking assets acquired in satisfaction of claims	17,594	19,896
Professional charges	425	7,533
	348,321	359,810
<b>Information technology expenses</b>		
Software maintenance	40,554	27,747
Hardware maintenance	28,598	22,525
Depreciation	12,429	10,588
Amortisation	13,924	17,752
Website development charges	45	58
	95,550	78,650
<b>Other operating expenses</b>		
Directors' fees and allowances	5,700	7,285
Fees and allowances to Shariah Board	3,660	2,638
Legal & professional charges	82,019	63,488
Outsourced services costs	10,084	21,760
Travelling & conveyance	35,579	24,728
NIFT clearing charges	2,880	2,953
Depreciation	60,191	51,013
Training & development	10,186	5,535
Postage & courier charges	5,940	5,267
Communication	68,446	51,385
Stationery & printing	17,586	17,658
Marketing, advertisement & publicity	88,359	68,026
Auditors' remuneration	8,756	5,053
Insurance (including deposit protection)	45,120	12,614
Repairs & maintenance	23,522	18,208
Financial charges on leased assets	58	166
Brokerage and commission	2,179	2,665
Subscriptions and news papers	6,452	3,557
Entertainment	14,942	12,245
Vehicle running & maintenance	7,165	4,580
Card related expenses (debit and credit cards)	32,391	22,916
Security	7,629	4,307
Others	11,656	5,450
	550,500	413,477
	1,902,770	1,622,051
<b>33 OTHER CHARGES</b>		
Penalties imposed by State Bank of Pakistan	101,005	-
Operational loss	9,762	88
	110,767	88



# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

## FOR THE QUARTER ENDED MARCH 31, 2019

	Note	March 31, 2019 Un-audited	March 31, 2018 Un-audited
		Rupees in '000	
<b>34</b>	<b>PROVISIONS &amp; WRITE OFFS - NET</b>		
	Provisions against loans & advances	388,706	409,509
	Write offs against fixed assets	1,772	-
	Recovery of written off / charged off bad debts	(44,060)	(40,398)
		<b>346,418</b>	<b>369,111</b>
<b>35</b>	<b>TAXATION</b>		
	Current	3,910	-
	Prior years	-	-
	Deferred	36,625	141,433
		<b>40,535</b>	<b>141,433</b>
<b>35.1</b>	The income tax returns of the Bank have been submitted up to Tax Year 2018. The Bank has filed appeals before Appellate Tribunal Inland Revenue (ATIR) against certain disallowances amounting to Rs.1,996 million (December 31, 2018: Rs.1,996 million) made by Tax officer for Assessment / Tax Year(s) 2000-2001, 2001-2002, 2002-2003 and 2004. The disallowances amounting to Rs. 798 million (December 31, 2018: Rs.682 million) in respect of Tax Years 2003, 2006 and 2015 to 2018 are pending at Commissioner Inland Revenue (Appeals) (CIR (A)). Management is confident that the outcome of these appeals would be in favor of the Bank.		
<b>35.2</b>	Income tax returns for Tax Years 2011 and 2014 were selected for audit. The proceedings of the audit are in process, no order has been passed by the relevant tax authorities.  The proceedings u/s 161/205 of the Income Tax Ordinance, 2001 regarding monitoring of withholding taxes pertaining to the Tax Years 2011 to 2016 were completed. Orders were issued by the Assessing Officer creating total tax demand of Rs. 108 million (already paid by the bank) including default surcharge of Rs. 22 million. The Bank has filed appeals orders u/s 161/205 before CIR (A). The Bank's appeals for Tax Years 2013 and 2014 before the CIR (A) were rejected after which appeals before the ATIR, Karachi have been filed, which are pending hearing. Management is confident that the outcome of these appeals would be in favor of the Bank.		
<b>35.3</b>	The Bank's return in respect of AJK operations have been submitted up to and including Tax Year 2018. Certain appeals were filed before the various Appellate and other forums which are either pending for adjudication or the proceedings initiated against the Bank have been dropped / withdrawn. Management is confident that the outcome of pending appeals would be in favor of the Bank.		
		March 31, 2019 Un-audited	March 31, 2018 Un-audited
		Rupees in '000	
<b>36</b>	<b>BASIC AND DILUTED EARNINGS PER SHARE</b>		
	Profit for the year	68,790	280,017
	Weighted average number of ordinary shares	9,081,861	9,081,861
	Basic and Diluted Earnings Per Share (Rupee)	0.01	0.03
<b>37</b>	<b>CASH AND CASH EQUIVALENTS</b>		
	Cash and balance with treasury banks	10,116,662	8,508,091
	Balance with other banks	258,042	290,012
		<b>10,374,704</b>	<b>8,798,103</b>
<b>38</b>	<b>FAIR VALUE MEASUREMENTS</b>		

The fair value of traded investments is based on quoted market prices. Fair value of unquoted equity investments other than investments in associates is determined on the basis of break up value of these investments as per the latest available audited financial statements.

Fair value of fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments.

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.

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

## FOR THE QUARTER ENDED MARCH 31, 2019

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 re-priced.

### 38.1 Fair value of financial assets

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

**Level 1:** Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3:** Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

Carrying Value	March 31, 2019 - (Un-audited)			Total
	Level 1	Level 2	Level 3	
<b>Rupees in '000</b>				
<b>On balance sheet financial instruments</b>				
<b>Financial assets - measured at fair value</b>				
<b>Investments:</b>				
<b>Federal Government Securities</b>				
Market Treasury Bills	-	8,082,532	-	8,082,532
Pakistan Investment Bonds	-	10,111,223	-	10,111,223
GOP Ijara Sukuks	-	-	-	-
Bai Muajjal	-	257,658	-	257,658
<b>Shares</b>				
Listed companies	152,941	-	-	152,941
<b>Non-Government Debt Securities</b>				
Sukuks - Listed	-	297,090	-	297,090
Term Finance Certificates - Listed	-	62,500	-	62,500
	18,963,944	152,941	18,811,003	18,963,944
<b>Financial assets - disclosed but not measured at fair value</b>				
Cash and balances with treasury banks	-	-	-	-
Balances with other banks	-	-	-	-
Lendings to financial Institutions	-	-	-	-
Advances	-	-	-	-
Other assets	-	-	-	-
	129,250,793	-	-	-
	148,214,737	152,941	18,811,003	18,963,944
<b>Off-balance sheet financial instruments - measured at fair value</b>				
Forward purchase of foreign exchange	-	11,183,420	-	11,183,420
Forward sale of foreign exchange	-	4,026,073	-	4,026,073
Forward purchase of government securities transactions	-	-	-	-
Forward sale of government securities transactions	-	197,785	-	197,785



# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

## FOR THE QUARTER ENDED MARCH 31, 2019

Carrying Value	December 31, 2018 - Audited			Total	
	Level 1	Level 2	Level 3		
Rupees in '000					
<b>On balance sheet financial instruments</b>					
<b>Financial assets - measured at fair value</b>					
<b>Investments:</b>					
<b>Federal Government Securities</b>					
Market Treasury Bills	14,402,942	-	14,402,942	-	14,402,942
Pakistan Investment Bonds	10,046,265	-	10,046,265	-	10,046,265
GOP Ijara Sukuks	3,851,847	-	3,851,847	-	3,851,847
Bai Muajjal	-	-	-	-	-
<b>Shares</b>					
Listed companies	135,369	135,369	-	-	135,369
<b>Non-Government Debt Securities</b>					
Sukuks - Listed	300,241	-	300,241	-	300,241
Term Finance Certificates - Listed	61,875	-	61,875	-	61,875
	<b>28,798,339</b>	<b>135,369</b>	<b>28,662,970</b>	<b>-</b>	<b>28,798,339</b>

### Financial assets - disclosed but not measured at fair value

Cash and balances with treasury banks	8,871,567	-	-	-	-
Balances with other banks	309,994	-	-	-	-
Lendings to financial institutions	12,612,156	-	-	-	-
Advances	98,354,002	-	-	-	-
Other assets	6,004,469	-	-	-	-
	<b>126,152,188</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>154,950,527</b>	<b>135,369</b>	<b>28,662,970</b>	<b>-</b>	<b>28,798,339</b>

### Off-balance sheet financial instruments - measured at fair value

Forward purchase of foreign exchange	10,847,908	-	10,847,908	-	10,847,908
Forward sale of foreign exchange	4,561,174	-	4,561,174	-	4,561,174
Forward purchase of government securities transactions	-	-	-	-	-
Forward sale of government securities transactions	11,416,204	-	11,416,204	-	11,416,204

### Valuation techniques used in determination of fair valuation of financial instruments within level 2 and level 3 are:

Item	Valuation approach and input used
<b>Market Treasury Bills and Pakistan Investment Bonds</b>	Fair values are derived using the PKRV rates.
<b>GOP Ijara Sukuks</b>	Fair values of GOP Ijara Sukuks are derived using the PKISRV rates announced by the Financial Market Association (FMA) through Reuters. These rates denote an average of quotes received from eight different pre-defined / approved dealers / brokers.
<b>Sukuks - Listed and Term Finance Certificates - Listed</b>	Investments in debt securities i.e term finance certificates and sukuk certificates issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
<b>Foreign exchange contracts</b>	The valuation has been determined by interpolating the mid rates announced by the State Bank of Pakistan.

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED FOR THE QUARTER ENDED MARCH 31, 2019

## 38.2 Fair value of non-financial assets

Information about the fair value hierarchy of Bank's non-financial assets as at the end of the reporting period are as follows:

Carrying Value	March 31, 2019 - (Un-audited)			Total
	Level 1	Level 2	Level 3	
Rupees in '000				
Operating fixed assets - land and buildings	2,447,984	-	2,447,984	2,447,984
Non-banking assets acquired in satisfaction of claims	8,999,905	-	8,999,905	8,999,905
	<b>11,447,889</b>	-	<b>11,447,889</b>	<b>11,447,889</b>

Carrying Value	December 31, 2018 - Audited			Total
	Level 1	Level 2	Level 3	
Rupees in '000				
Operating fixed assets - land and buildings	2,458,687	-	2,458,687	2,458,687
Non-banking assets acquired in satisfaction of claims	9,233,733	-	9,233,733	9,233,733
	<b>11,692,420</b>	-	<b>11,692,420</b>	<b>11,692,420</b>

38.2.1 Certain categories of fixed assets (land and buildings) and non banking acquired in satisfactions of claims are carried at revalued amounts (level 3 measurement) determined by professional valuers based on their assessment of the market values as disclosed in annual financial statements for the year ended December 31, 2018.

## 39 SEGMENT INFORMATION

### Segment Details with respect to Business Activities

	March 31, 2019 - (Un-audited)			Total
	Consumer / SME	Whole Sale Banking	Treasury	
Rupees '000				
<b>Profit and Loss Account</b>				
Net mark-up / return / profit	1,833,111	(54,306)	(23,249)	1,755,556
Inter segment revenue - net	-	-	-	-
Non mark-up / return / interest income	495,270	155,392	65,293	715,955
<b>Total income</b>	<b>2,328,381</b>	<b>101,086</b>	<b>42,044</b>	<b>2,471,511</b>
Segment direct expenses	(1,116,833)	(879,967)	(18,968)	(2,015,768)
Inter segment expense allocation	(451,267)	481,506	(30,239)	-
<b>Total expenses</b>	<b>(1,568,100)</b>	<b>(398,461)</b>	<b>(48,207)</b>	<b>(2,015,768)</b>
Provisions	(198,874)	(147,744)	-	(346,618)
<b>Profit before tax</b>	<b>561,607</b>	<b>(445,119)</b>	<b>(7,163)</b>	<b>109,325</b>
<b>Statement of Financial Position</b>				
Cash & Bank balances	226,088	2,379,597	7,769,019	10,374,704
Investments	-	83,690	19,006,908	19,090,598
Net inter segment lending	89,371,033	9,773,941	72,447,688	171,592,662
Lendings to financial institutions	686,083	122,838	9,700,252	10,519,173
Advances - performing	56,984,855	38,051,153	-	95,035,808
Advances - non-performing	1,687,686	5,067,139	-	6,754,825
Others	2,091,758	23,180,870	6,019	25,278,447
<b>Total Assets</b>	<b>151,057,303</b>	<b>78,659,028</b>	<b>108,929,886</b>	<b>338,646,217</b>
Borrowings	555,615	1,197,887	9,895,679	11,649,181
Subordinated debt	-	1,999,400	-	1,999,400
Deposits & other accounts	121,696,244	10,834,427	-	132,530,671
Net inter segment borrowing	23,183,859	49,264,029	99,144,974	171,592,662
Others	3,296,785	3,045,865	8,292	6,350,942
<b>Total Liabilities</b>	<b>148,732,303</b>	<b>66,341,608</b>	<b>109,048,945</b>	<b>324,122,856</b>
Equity	2,325,000	12,317,420	(119,059)	14,523,361
<b>Total Equity &amp; Liabilities</b>	<b>151,057,303</b>	<b>78,659,028</b>	<b>108,929,886</b>	<b>338,646,217</b>
Contingencies & Commitments	1,109,127	18,997,870	15,407,278	35,514,275

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

## FOR THE QUARTER ENDED MARCH 31, 2019

March 31, 2018 - (Un-audited)

	Consumer / SME	Whole Sale Banking	Treasury	Total
Rupees '000				
<b>Profit and Loss Account</b>				
Net mark-up / return / profit	1,525,258	15,658	8,145	1,549,061
Inter segment revenue - net	-	-	-	-
Non mark-up / return / interest income	395,230	412,871	42,459	850,560
<b>Total Income</b>	1,920,488	428,529	50,604	2,399,621
Segment direct expenses	(915,164)	(696,138)	(17,758)	(1,629,060)
Inter segment expense allocation	(368,342)	392,307	(23,965)	-
<b>Total expenses</b>	(1,283,506)	(303,831)	(41,723)	(1,629,060)
Provisions	(145,103)	(224,008)	-	(369,111)
<b>Profit before tax</b>	491,879	(99,310)	8,881	401,450

December 31, 2018 - Audited

	Consumer / SME	Whole Sale Banking	Treasury	Total
Rupees '000				
<b>Statement of Financial Position</b>				
Cash & Bank balances	221,951	2,227,938	6,731,672	9,181,561
Investments	-	83,690	28,841,303	28,924,993
Net inter segment lending	84,558,293	9,519,178	93,706,490	187,783,961
Lendings to financial institutions	946,622	-	11,665,534	12,612,156
Advances - performing	56,914,787	34,761,616	2,559	91,678,962
- non-performing	1,652,645	5,022,395	-	6,675,040
Others	1,904,091	22,695,161	4,822	24,604,074
<b>Total Assets</b>	146,198,389	74,309,978	140,952,380	361,460,747
Borrowings	510,367	1,136,700	16,404,787	18,051,854
Subordinated debt	-	1,999,600	-	1,999,600
Deposits & other accounts	117,574,889	15,089,195	-	132,664,084
Net inter segment borrowing	22,764,494	40,308,260	124,711,207	187,783,961
Others	3,023,639	3,502,267	48,595	6,574,501
<b>Total Liabilities</b>	143,873,389	62,036,022	141,164,589	347,074,000
Equity	2,325,000	12,083,245	(1,498)	14,386,747
<b>Total Equity &amp; Liabilities</b>	146,198,389	74,099,267	141,163,091	361,460,747
Contingencies & Commitments	1,108,224	19,420,194	26,825,286	47,353,704

#### 40 RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its parent, subsidiaries, associates, joint ventures, employee benefit plans and its directors and key management personnel.

The Bank enters into transactions with related parties in the ordinary course of business and on 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.

Majority of the transactions with related parties comprise loans and advances, deposits, issuance of letters of credit and guarantees. Advances for the house building, conveyance and for personal use have also been provided to the staff and executives at reduced rates in accordance with the employment and pay policy and such advances have not been disclosed in the following schedule. Facility of group life insurance and hospitalisation insurance is also provided to staff and executives. In addition to this, executives of the Bank have been provided with Bank maintained cars.

Details of transactions with related parties during the period / year, other than those which have been disclosed elsewhere in these financial statements are as follows:



# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

## FOR THE QUARTER ENDED MARCH 31, 2019

March 31, 2018 - (Un-audited)

	Consumer / SME	Whole Sale Banking	Treasury	Total
Rupees '000				
<b>Profit and Loss Account</b>				
Net mark-up / return / profit	1,525,258	15,658	8,145	1,549,061
Inter segment revenue - net	-	-	-	-
Non mark-up / return / interest income	395,230	412,871	42,459	850,560
<b>Total Income</b>	1,920,488	428,529	50,604	2,399,621
Segment direct expenses	(915,164)	(696,138)	(17,758)	(1,629,060)
Inter segment expense allocation	(368,342)	392,307	(23,965)	-
<b>Total expenses</b>	(1,283,506)	(303,831)	(41,723)	(1,629,060)
Provisions	(145,103)	(224,008)	-	(369,111)
<b>Profit before tax</b>	491,879	(99,310)	8,881	401,450

December 31, 2018 - Audited

	Consumer / SME	Whole Sale Banking	Treasury	Total
Rupees '000				
<b>Statement of Financial Position</b>				
Cash & Bank balances	221,951	2,227,938	6,731,672	9,181,561
Investments	-	83,690	28,841,303	28,924,993
Net inter segment lending	84,558,293	9,519,178	93,706,490	187,783,961
Lendings to financial institutions	946,622	-	11,665,534	12,612,156
Advances - performing	56,914,787	34,761,616	2,559	91,678,962
- non-performing	1,652,645	5,022,395	-	6,675,040
Others	1,904,091	22,695,161	4,822	24,604,074
<b>Total Assets</b>	146,198,389	74,309,978	140,952,380	361,460,747
Borrowings	510,367	1,136,700	16,404,787	18,051,854
Subordinated debt	-	1,999,600	-	1,999,600
Deposits & other accounts	117,574,889	15,089,195	-	132,664,084
Net inter segment borrowing	22,764,494	40,308,260	124,711,207	187,783,961
Others	3,023,639	3,502,267	48,595	6,574,501
<b>Total Liabilities</b>	143,873,389	62,036,022	141,164,589	347,074,000
Equity	2,325,000	12,083,245	(1,498)	14,386,747
<b>Total Equity &amp; Liabilities</b>	146,198,389	74,099,267	141,163,091	361,460,747
Contingencies & Commitments	1,108,224	19,420,194	26,825,286	47,353,704

#### 40 RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its parent, subsidiaries, associates, joint ventures, employee benefit plans and its directors and key management personnel.

The Bank enters into transactions with related parties in the ordinary course of business and on 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.

Majority of the transactions with related parties comprise loans and advances, deposits, issuance of letters of credit and guarantees. Advances for the house building, conveyance and for personal use have also been provided to the staff and executives at reduced rates in accordance with the employment and pay policy and such advances have not been disclosed in the following schedule. Facility of group life insurance and hospitalisation insurance is also provided to staff and executives. In addition to this, executives of the Bank have been provided with Bank maintained cars.

Details of transactions with related parties during the period / year, other than those which have been disclosed elsewhere in these financial statements are as follows:



# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

## FOR THE QUARTER ENDED MARCH 31, 2019

	March 31, 2019 - (Un-audited)				December 31, 2018 - Audited			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
<b>Rupees '000</b>								
<b>Investments</b>								
Opening balance	-	-	126,654	112,246	-	-	118,012	-
Investment made / share profit during the period / year	-	-	-	-	-	-	8,642	230,635
Investment redeemed / disposed off during the period / year	-	-	-	-	-	-	-	(118,289)
Closing balance	-	-	126,654	112,246	-	-	126,654	112,246
<b>Advances</b>								
Opening balance	9,085	7,456	-	1,122,873	1,889	3,172	-	1,376,989
Addition during the period / year	26,851	30,278	-	28,800	69,506	48,446	-	4,034,041
Repaid during the period / year	(23,105)	(31,899)	-	(29,368)	(62,410)	(44,162)	-	(4,288,157)
Closing balance	12,831	5,835	-	1,122,305	9,085	7,456	-	1,122,873
Provision held against advances	-	-	-	130,608	-	-	-	130,608
<b>Other Assets</b>								
Interest / mark-up accrued	206	3	-	42,629	167	-	-	36,750
Insurance claim receivable	-	-	12,425	-	-	-	16,334	-
Prepaid insurance	-	-	5,140	-	-	-	12,449	-
Other receivables	-	-	-	28,000	-	-	-	-
<b>Deposits and other accounts</b>								
Opening balance	5,620	64,292	18,256	2,023,685	8,301	118,117	18,308	2,314,888
Received during the period / year	67,386	224,139	27,933	1,708,738	578,977	915,019	125,002	10,712,767
Withdrawn during the period / year	(64,753)	(158,463)	(20,828)	(1,881,145)	(581,656)	(868,844)	(125,054)	(11,003,870)
Closing balance	8,253	129,968	25,261	1,781,278	5,620	64,292	18,256	2,023,685
<b>Other Liabilities</b>								
Interest / mark-up payable	-	-	16	21,050	-	-	16	23,825
<b>Contingencies and Commitments</b>								
Other contingencies	-	-	-	-	-	-	-	-

	March 31, 2019 - (Un-audited)				March 31, 2018 - (Un-audited)			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
<b>Rupees '000</b>								
<b>Income</b>								
Mark-up / return / interest earned	206	436	-	37,322	86	235	-	26,322
<b>Expense</b>								
Mark-up / return / interest paid	82	665	305	29,602	141	785	265	20,726
Services rendered	-	-	-	36,485	-	-	-	38,405
Short term employment benefits	28,220	84,252	-	-	27,089	82,226	-	-
Contribution to Defined Benefit Plan	1,291	2,888	-	-	1,243	3,226	-	-
Meeting fee	5,700	-	-	-	7,285	-	-	-
Insurance premium paid	-	-	9,524	-	-	-	17,761	-
Insurance claims settled	-	-	2,549	-	-	-	-	-

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

## FOR THE QUARTER ENDED MARCH 31, 2019

	March 31, 2019 Un-audited	December 31, 2018 Audited
	Rupees in '000	
<b>41 CAPITAL ADEQUACY, LEVERAGE RATIO &amp; LIQUIDITY REQUIREMENTS</b>		
<b>Minimum Capital Requirement</b>		
Paid-up capital (net of losses)	13,703,749	13,634,064
<b>Capital Adequacy Ratio</b>		
Eligible Common Equity Tier 1 Capital	11,776,982	11,626,548
Eligible Additional Tier 1 Capital	-	-
Total Eligible Tier 1 Capital	11,776,982	11,626,548
Eligible Tier 2 Capital	3,550,586	3,401,387
<b>Total Eligible Capital (Tier 1 + Tier 2)</b>	<b>15,327,568</b>	<b>15,027,935</b>
<b>Risk Weighted Assets</b>		
Credit Risk	125,866,527	121,482,278
Market Risk	602,629	540,950
Operational Risk	15,554,280	15,554,275
<b>Total</b>	<b>142,023,436</b>	<b>137,577,503</b>
Common Equity Tier 1 Capital Adequacy ratio	8.29%	8.45%
Tier 1 Capital Adequacy Ratio	8.29%	8.45%
Total Capital Adequacy Ratio	10.79%	10.92%
<b>Leverage Ratio (LR)</b>		
Eligible Tier-1 Capital	11,776,982	11,626,548
Total Exposures	186,271,186	193,845,360
Leverage Ratio	6.32%	6.00%
<b>Liquidity Coverage Ratio (LCR)</b>		
Total High Quality Liquid Assets	31,477,188	28,934,249
Total Net Cash Outflow	35,993,378	33,405,053
Liquidity Coverage Ratio	87.45%	86.41%
<b>Net Stable Funding Ratio (NSFR)</b>		
Total Available Stable Funding	110,045,563	116,179,685
Total Required Stable Funding	109,809,943	111,666,311
Net Stable Funding Ratio	100.21%	104.04%

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED FOR THE QUARTER ENDED MARCH 31, 2019

## 42 ISLAMIC BANKING BUSINESS

The Bank is operating with 30 Islamic Banking branches at the end of March 31, 2019 (December 31, 2018: 30).

The statement of financial position of these branches as at March 31, 2019 are as follows:

		March 31, 2019 Un-audited	December 31, 2018 Audited
	Note	Rupees in '000	
<b>ASSETS</b>			
Cash and balances with treasury banks		1,886,610	1,894,122
Balances with other banks		4,500	36,507
Due from financial institutions	42.1	3,552,521	-
Investments	42.2	257,658	3,851,647
Islamic financing and related assets - net	42.3	27,498,799	26,901,698
Fixed assets		290,813	294,044
Intangible assets		1,077	1,125
Due from Head Office		865,712	-
Other assets		2,369,200	2,233,329
<b>Total Assets</b>		<b>36,727,890</b>	<b>35,212,472</b>
<b>LIABILITIES</b>			
Bills payable		408,332	480,421
Due to financial institutions		727,654	-
Deposits and other accounts	42.4	31,835,865	30,960,225
Due to Head Office		-	76,690
Other liabilities		292,748	282,486
<b>Total Liabilities</b>		<b>33,264,589</b>	<b>31,799,822</b>
<b>NET ASSETS</b>		<b>3,463,301</b>	<b>3,412,650</b>
<b>REPRESENTED BY</b>			
Islamic banking fund		2,325,000	2,325,000
Reserves		-	-
Deficit on revaluation of assets		-	(10,629)
Unappropriated profits	42.5	1,138,301	1,098,279
		<b>3,463,301</b>	<b>3,412,650</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	42.6		

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

## FOR THE QUARTER ENDED MARCH 31, 2019

The profit and loss account of the Bank's Islamic banking branches for the quarter ended March 31, 2019 is as follows:

	Note	March 31, 2019 Un-audited Rupees In '000	March 31, 2018 Un-audited
Profit / return earned	42.7	898,162	493,007
Profit / return expensed	42.8	(682,503)	(152,419)
<b>Net Profit / return</b>		<b>215,659</b>	<b>340,588</b>
<b>Other Income</b>			
Fee and commission income		3,424	6,018
Foreign exchange loss		(20,393)	(11,432)
Income from derivatives		37,592	10,943
Gain / (loss) on securities		158	(13)
Other income		3,137	1,859
Total other income		23,918	7,375
<b>Total income</b>		<b>239,577</b>	<b>347,963</b>
<b>Other expenses</b>			
Operating expenses		(198,730)	(164,553)
Workers Welfare Fund		(817)	-
Other charges		(8)	-
Total other expenses		(199,555)	(164,553)
<b>Profit before provisions</b>		<b>40,022</b>	<b>183,410</b>
Provisions and write offs - net		-	-
<b>Profit for the period</b>		<b>40,022</b>	<b>183,410</b>

March 31, 2019 - (Un-audited)			December 31, 2018 - Audited		
In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
Rupees In '000					

### 42.1 Due from Financial Institutions

Bai Muajjal receivable from  
State Bank of Pakistan

3,552,521	-	3,552,521	-	-	-
3,552,521	-	3,552,521	-	-	-

March 31, 2019 - (Un-audited)				December 31, 2018 - Audited			
Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Rupees In '000							

### 42.2 Investments by segments:

**Federal Government Securities:**

Ijara Sukuks

Bai Muajjal

**Total Investments**

-	-	-	-	3,862,276	-	(10,629)	3,851,647
257,658	-	-	257,658	-	-	-	-
257,658	-	-	257,658	3,862,276	-	(10,629)	3,851,647



# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

## FOR THE QUARTER ENDED MARCH 31, 2019

	Note	March 31, 2019 Un-audited	December 31, 2018 Audited
Rupees in '000			
<b>42.3 Islamic financing and related assets - net</b>			
Murabaha		2,799,756	2,165,705
Musawammah		127,343	127,343
Diminishing Musharaka		24,572,700	24,608,650
<b>Gross Islamic financing and related assets</b>	12	<b>27,499,799</b>	<b>26,901,698</b>
Less: provision against Islamic financings			
- Specific		-	-
- General		-	-
<b>Islamic financing and related assets - net of provision</b>		<b>27,499,799</b>	<b>26,901,698</b>

42.3.1 Advances include Rs. 279.64 million (December 31, 2018: Rs. 301.52 million) which have been placed under non-performing status as detailed below:

Category of classification - specific	March 31, 2019 - (Un-audited)		December 31, 2018 - Audited	
	Non Performing Loans	Provision	Non Performing Loans	Provision
Rupees in '000				
Domestic				
Substandard	-	-	114,687	-
Doubtful	196,308	-	186,829	-
Loss	83,333	-	-	-
<b>Total</b>	<b>279,641</b>	<b>-</b>	<b>301,516</b>	<b>-</b>

42.3.2 SBP vide various circulars has amended Prudential Regulations in respect of provisioning against non-performing advances under which the benefit of Forced Sale Value (FSV) has been allowed for plant and machinery under charge, pledged stock and mortgaged residential, commercial and industrial properties (land and building only) held as collateral against non-performing advances upto five years from the date of classification.

42.3.3 As of March 31, 2019, the Bank has availed FSV benefits against all non performing advances. Had the benefit not been taken by the Bank, profit would have been lower by Rs.181 million (December 31, 2018: Rs.122 million), which shall not be available for payment of cash or stock dividend / bonus to employees.

### 42.4 Deposits

	March 31, 2019 - (Un-audited)			December 31, 2018 - Audited		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
Rupees in '000						
<b>Customers</b>						
Current deposits	2,215,729	379,331	2,595,060	2,348,847	320,404	2,669,251
Saving deposits	13,269,843	501,859	13,771,502	14,189,530	321,442	14,510,972
Term deposits	4,192,955	1,188,803	5,379,558	3,975,428	1,191,280	5,168,886
Margin deposits	29,433	-	29,433	29,433	-	29,433
Others	70,113	-	70,113	52,384	-	52,384
	<b>19,777,873</b>	<b>2,067,793</b>	<b>21,845,666</b>	<b>20,595,620</b>	<b>1,833,106</b>	<b>22,428,726</b>
<b>Financial Institutions</b>						
Current deposits	-	-	-	4,046	447	4,493
Saving deposits	9,577,989	-	9,577,989	8,370,906	-	8,370,906
Term deposits	412,200	-	412,200	156,100	-	156,100
	<b>9,990,189</b>	<b>-</b>	<b>9,990,189</b>	<b>8,531,052</b>	<b>447</b>	<b>8,531,499</b>
	<b>29,768,062</b>	<b>2,067,793</b>	<b>31,835,855</b>	<b>29,126,672</b>	<b>1,833,553</b>	<b>30,960,225</b>



# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

## FOR THE QUARTER ENDED MARCH 31, 2019

	March 31, 2019 Un-audited	December 31, 2018 Audited
	Rupees in '000	
<b>42.5 Islamic Banking Business Unappropriated Profit / Accumulated (loss)</b>		
Opening Balance	1,098,279	275,944
Add: Islamic Banking profit for the period / year	40,022	822,335
Closing Balance	<u>1,138,301</u>	<u>1,098,279</u>
<b>42.6 Contingencies and Commitments</b>		
Guarantees	950,193	937,732
Commitments	1,756,874	1,613,063
	<u>2,707,067</u>	<u>2,550,795</u>
	March 31, 2019 Un-audited	March 31, 2018 Un-audited
	Rupees in '000	
<b>42.7 Profit / return earned of financing, investments and placement</b>		
Profit earned on:		
Financing	822,810	474,670
Investments	23,972	18,337
Due from Financial Institutions	51,380	-
	<u>898,162</u>	<u>493,007</u>
<b>42.8 Profit on Deposits and other Dues Expensed</b>		
Deposits and other accounts	669,114	140,928
Due to Financial Institutions	6,648	11,491
Cost of foreign currency swaps against foreign currency deposits / borrowings	6,741	-
	<u>682,503</u>	<u>152,419</u>
<b>43 GENERAL</b>		

The figures have been rounded off to the nearest thousand rupees, unless stated otherwise.

#### 44 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on April 25, 2019 by the Board of Directors of the Bank.



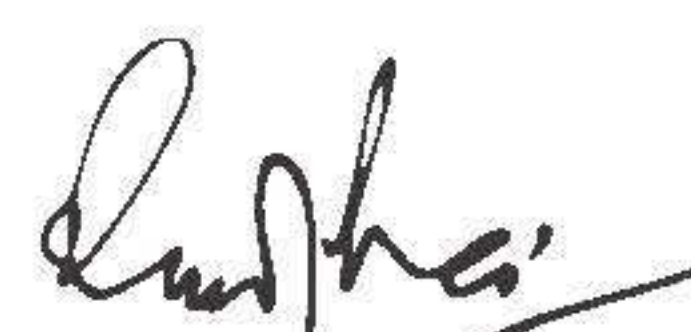
Syed Liaquat Ali  
Chief Financial Officer



Azmat Tarin  
President & CEO



Nasim Beg  
Director



Rashid Akhtar Chughtai  
Director



Shahzad Enver Murad  
Director





“**Excellence**  
is the unlimited ability  
to **improve** the  
**quality** of what you  
have to **offer.**”

# BRANCH NETWORK

## ISLAMIC BANKING (SOUTH)

**Qasim Iqbal**  
Acting Branch Manager  
Shahrah-e-Faisal Branch,  
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## ISLAMIC BANKING (CENTRAL)

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**Muhammad Imran Habib**  
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**Ms. Rubina Hassan**  
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## ISLAMIC BANKING (NORTH)

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**Mohsin Ali**  
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# FOREIGN CORRESPONDENTS

## Afghanistan

Habib Bank Ltd.

## Australia

JP Morgan  
Westpac Banking Corp.

## Austria

Raiffeisen Bank International AG  
Commerzbank

## Bahrain

Al Baraka Islamic Bank  
BMI Bank B.S.C.  
Habib Bank Ltd.  
United Bank Ltd.  
National Bank of Pakistan  
Kuwait Turkish Participation Bank Inc

## Bangladesh

Habib Bank Ltd.  
Bank Alfalah  
Sonali Bank Ltd.

## Belgium

Habib Bank Ltd.  
Commerzbank AG  
KBC Bank N.V

## Brazil

JP Morgan

## Bulgaria

United Bulgarian Bank

## Canada

Habib Canadian Bank

## China

Agricultural Bank of China  
Commerzbank AG  
Bank of Beijing  
Bank of Jiangsu Co. Ltd.  
Bank of Communication  
China Citic Bank  
Shanghai Pudong Development Bank  
Bank of China  
China Construction Bank  
China Everbright Bank  
Industrial and Comm'l Bank of China  
Laishang Bank Co. Ltd.  
JP Morgan  
Shenzhen Development Bank Co. Ltd.  
Bank of New York Mellon  
Wells Fargo Bank  
WestLB AG  
Axis Bank

## Czech Republic

Commerzbank AG  
LBBW Bank

## Denmark

Danske Bank A/S

## Egypt

Mashreqbank PSC  
Al Baraka Bank Egypt

## Finland

Skandinaviska Enskilda Banken

## France

Commerzbank  
National Bank of Pakistan  
Habib Bank Ltd.

## Germany

Commerzbank AG  
Danske Bank  
Deutsche Bank AG  
National Bank of Pakistan  
SEB AG  
Landesbank Baden-Württemberg  
Suedwestbank AG  
JP Morgan

## Hungary

K&H Bank Zrt  
Magyarorszagi Volksbank RT  
Commerzbank AG

## Hong Kong

Bank of America  
BNP Paribas Fortis Bank  
DBS Bank  
Commerzbank  
Habib Finance Int'l Ltd.  
HBZ Finance Ltd.  
Intesa Sanpaolo  
National Bank of Pakistan  
Mashreqbank PSC  
JP Morgan  
Axis Bank  
WestLB AG

## India

Mashreqbank PSC  
JP Morgan  
Axis Bank

## Indonesia

JP Morgan

## Ireland

National Irish Bank

## Italy

Commerzbank AG  
Royal Bank of Scotland  
Banca Di Roma S.P.A.  
Banca Di Napoli S.P.A.  
Banca Popolare SOC  
Banca Popolare Di Novara S.P.A.  
Banca Popolare Di Verona SGSP  
Banca Monte Parma  
Banca Carige S.P.A.  
Banca UBÄE  
Iccrea Banca  
Intesa Sanpaolo  
Mizuho Corporate Bank Ltd.  
UniCredit Banca S.P.A.  
UniCredit Corporate Banking S.P.A.  
UBI Banca  
Cassa di Risparmio in Bologna  
Veneto Banca SCPA

## Japan

National Bank of Pakistan  
Citibank  
Bank of New York  
JP Morgan  
Mizuho Corporate Bank Ltd.  
Sumitomo Mitsui Banking Corp.  
Wells Fargo Bank  
Commerzbank AG

## Kazakhstan

BTI Bank JSC

## Kuwait

Gulf Bank K.S.C.  
Al Ahl Bank of Kuwait K.S.C.  
National Bank of Kuwait  
Mashreqbank PSC

## Korea

Korea Exchange Bank  
Korea Development Bank  
Kookmin Bank  
JP Morgan  
National Bank of Pakistan  
Shinhan Bank  
Suhyup Bank  
Busan Bank  
Woori Bank

## Kosovo

Raiffeisen Bank

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Habib Bank Ltd.

## Malaysia

JP Morgan  
Mizuho Corp. Bank

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Banco Del Bajio S.A.  
Banco JP Morgan

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Habib Bank Ltd.

## Morocco

Attijarwafa Bank

## Nepal

Himalayan Bank Ltd.

## Netherlands

Commerzbank AG  
Habib Bank Ltd.  
ING Bank

## Norway

DNB Nor Bank ASA

## New Zealand

Westpac Banking Corporation

## Oman

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Oman International Bank  
Bank Muscat

## Poland

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## Philippines

JP Morgan  
Mizuho Corporate Bank

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Banco BPI S.A.

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Doha Bank  
BNP Paribas Fortis Bank  
Mashreqbank PSC

## Romania

Piraeus Bank

## Russia

Citibank  
Commerzbank AG

## Saudi Arabia

JP Morgan  
National Commercial Bank  
Saudi Hollandi Bank  
Bank Muscat  
National Bank of Pakistan  
The Saudi British Bank

## Singapore

Bank of America  
DBS Bank  
Commerzbank AG  
Citibank N.A.  
BNP Paribas Fortis Bank  
Habib Bank Ltd.  
JP Morgan  
Mizuho Corporate Bank  
National Bank of Kuwait  
Rabo Bank  
Sumitomo Mitsui Banking  
Corporation Ltd.  
WestLB AG  
Axis Bank

## South Africa

Habib Overseas Bank Ltd.  
HBZ Bank Ltd.  
FirstRand Bank

## Serbia

UniCredit Bank AG

## Slovakia

Commerzbank AG

## Spain

Commerzbank  
Fortis Bank S.A.  
Banco Popular Espanol, S.A.  
Bankinter S.A.  
Caja Mediterraneo  
Caja Espana de Inversiones  
Caja D'estalvis

## Sri Lanka

Muslim Commercial Bank Ltd.  
Habib Bank Ltd.  
Hatton National Bank  
Axis Bank

## Sweden

Skandinaviska Enskilda Banken  
Svenska Handelsbanken  
Danske Bank



**Switzerland**

Banque Cantonale Vaudoise  
Habib Bank AG Zurich  
BNP Paribas Fortis Bank  
Arab Bank  
Habibsons Bank  
United Bank AG

**Taiwan**

Bank of New York  
Bank of America  
JP Morgan  
Wells Fargo

**Thailand**

Bank of Ayudhya Public Company Ltd.  
Export Import Bank of Thailand

**Turkey**

Habib Bank Ltd.

Türkiye Vakıflar Bankası T.A.O  
Türkiye Garanti Bankası AS  
Türk Ekonomi Bankası AS  
Albaraka Turk Participation Bank  
Aktif Yatırım Bankası

**U.A.E.**

Citibank N.A.  
Dubai Islamic Bank  
Emirates NBD Bank  
Emirates Islamic Bank  
United Bank Ltd.  
Habib Bank Ltd.  
Mashreq Bank PSC  
National Bank of Fujairah  
Habib Bank AG Zurich  
Noor Islamic Bank  
Commerzbank AG  
MCB  
Axis Bank

**U.K.**

ABC International Bank PLC  
Bank of America  
Clydesdale Bank  
Habib Bank AG Zurich  
Habib UK  
Commerzbank AG  
Mashreq Bank PSC  
Northern Bank  
JP Morgan  
Citibank N.A.

**U.S.A.**

Bank of America  
Bank of New York Mellon  
Bank of the West  
Citibank N.A.  
Commerzbank AG  
Deutsche Bank Trust Co.  
Doha Bank  
Habib American Bank

Intesa Sanpaolo SPA  
JP Morgan  
Mashreqbank PSC  
Mizuho Corporate Bank Ltd.  
M & I Bank  
National Bank of Pakistan  
Sumitomo Mitsui Banking  
Corporation  
Union Bank of California  
Valley National Bank  
U.S. Bank Minneapolis  
Union Bank N.A.  
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Wells Fargo Bank N.A.  
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**Vietnam**

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