

Excellence & Beyond



Registered Office:

13-L, F-7 Markaz, Islamabad.

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🌐 www.silkbank.com.pk

📘 /silkbankpk

3rd Quarterly
Report
2019

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.

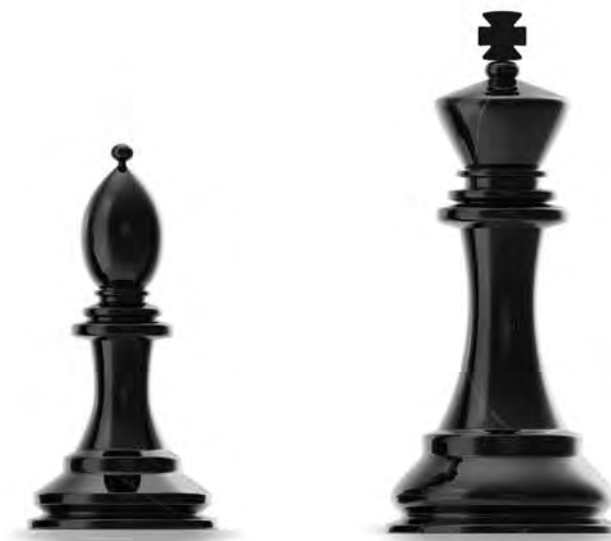
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Perseverance

towards Success



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 3rd Quarter of 2019.

CORPORATE INFORMATION

AS OF SEPTEMBER 30, 2019

Board of Directors

Khalid Aziz Mirza	Acting Chairman
Rashid Akhtar Chughtai	Director
Shahzad Enver Murad	Director
Talha Saeed Ahmed	Director
Tariq Iqbal Khan, FCA	Director
Zubair Nawaz Chattha	Director
Masroor Ahmed Qureshi	Director
Azmat Shahzad Ahmed Tarin	Director, President & CEO

Company Secretary

Faiz Ul Hasan Hashmi

Chief Financial Officer

Khurram Khan

Audit Committee

Tariq Iqbal Khan, FCA	Chairman
Shahzad Enver Murad	Member
Masroor Ahmed Qureshi	Member
Wajih Zaidi	Secretary

Nomination, Remuneration & Human Resource Committee

Khalid Aziz Mirza	Chairman
Rashid Akhtar Chughtai	Member
Azmat Tarin	Invitee
Goharulayn Afzal	Secretary

Risk Management Committee

Shahzad Enver Murad	Chairman
Tariq Iqbal Khan, FCA	Member
Masroor Ahmed Qureshi	Member
Muhammad Atif Kauser	Secretary

Information Technology Committee

Zubair Nawaz Chattha	Chairman
Masroor Ahmed Qureshi	Member
Talha Saeed Ahmed	Member
Javed Yousuf Edhi	Secretary

Auditors

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

Legal Advisor

M/s. Abdul Majeed & Co
Advocates & Corporate Consultants

Registered Office

Silkbank Limited,
13-L, F-7 Markaz,
Islamabad.

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Website: www.silkbank.com.pk

Share Registrar

M/s. CDC Share Registrar Services Limited

CDC House, 99-B, Block 'B',
S.M.C.H.S., Main Shakra-e-Faisal,
Karachi-74400.

Tel: Customer Support Services (Toll Free) 0800-CDCPL (23275)

Fax: (92-21) 34326053

Email: info@cdcpak.com

Website: 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 3rd Quarter of 2019.

DIRECTOR'S REPORT

AS OF SEPTEMBER 30, 2019

Dear Shareholders,

We are pleased to present the financial statements of the Bank for the third quarter ended September 30, 2019.



Economic Review

After achieving a 13-year high growth of 5.8% in FY-18, Pakistan's economy in FY-19 witnessed significantly lower growth of 3.29% against the ambitious target of 6.2% mainly due to large current account deficit, monetary tightening, fragile government finances, and limited foreign exchange reserves. The SBP has projected GDP growth of mere 2.4% for FY-20.

While underlying inflationary pressures remained strong and the twin deficits stayed at elevated levels, monetary policy was further tightened in the first quarter of FY-20 with an increase in policy rate by 100 basis points to 13.25%. A new development was noted in the calculation of CPI with the change in base year from 2007-08 to 2015-16. The Inflation during September 2019 stood at 11.4% from new base while it was recorded at 12.6% from old base. The fiscal deficit in FY-19 stood at 7.2% of GDP as compared to the target of 4.9%. The target fiscal deficit for FY-20 is still 7.1%.

Government has now officially obtained the \$6 billion IMF bailout program which will be spread over 36 months. Inflows are also expected in the coming years through borrowings from ADB and through fresh issue of Euro bonds. In addition to this, Foreign Portfolio Investment (FPI) rose by a massive 182.8% to \$107.3 million against an outflow of \$129.6 million during the same period last year. These developments collectively have had a positive impact on FX reserves; standing at \$15 billion. The current account deficit, though, decreased substantially by 55% from \$2.85 billion in July-August FY-19 to \$1.29 billion in July-August FY-20. The increase in foreign direct investment and exports is imperative to build sustainable FX reserves.

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, banking transaction taxes, deposit insurance, overseas penalties and provisions, in addition to the dampening effects of narrowing spreads. However, with the policy rate increasing from 5.75% to 13.25% in the span of one and a half year, the banking profitability is now expected to surge in the upcoming years as increase in interest rates has reversed the contraction cycle of net interest margin.

Also, the rise in interest rates has led to a record high of Non-Performing Loans (NPLs) of Rs. 783 billion in June 2019 as compared to Rs. 694.4 billion in December 2018, depicting an increase of Rs. 88.552 billion.

Financial Performance

The Bank has posted an after-tax loss of Rs. 2,769 million for the period ended September 30, 2019.

During this period, the total deposits of the Bank grew by Rs. 9,287 billion to Rs. 141,950 billion, and gross advances increased by Rs. 9,817 billion.

Summarized financial performance of Silkbank Limited for the 3rd Quarter ended September 30, 2019, is as follows:

Financial Performance	Rs. in million
Loss before Tax	(4,004.76)
Tax - Current	(-)
Prior	(109.29)
Deferred	1,344.96
Loss after Tax	(2,769.09)
	Rupee
Loss per share – Basic and Diluted	(0.30)

The loss declared by the Bank is primarily attributed to delay in payments from Real Estate customers of the Bank. The unexpected ban on construction of high-rise buildings in Karachi by the Supreme Court of Pakistan for a certain period of time, adversely affected the Real Estate projects financed by the Bank.

As a result, the Bank had to classify lucrative Real Estate loans on prudent basis, with a concrete recovery plan in place.

Furthermore, the SBP during its last inspection identified a security shortfall in the Real Estate portfolio of the Bank. However, with the support of SBP, the shortfall so identified has been more than adequately covered through additional collateral valued by SBP nominated valuers. Those accounts stand classified as per SBP instructions.



Business Performance

Branch Banking

Branch Banking remains one of the most critical businesses for the Bank, serving over 189,159 customers contributing more than 61% of the Bank's deposit base. Total deposit as at September 30, 2019 stood at Rs. 86.6 billion, depicting an overall deposit growth of Rs. 8.3 billion achieved by the end of the 3rd quarter of 2019. A new initiative of Tab-based Banking Solution has been launched which will provide customers the convenience of Instant Account Opening at their doorstep, in-Branch Debit Card Activation, and Instant Biometric Verification.

With more such initiatives in the pipeline, we hope to see Branch Banking produce even better results in the last quarter of 2019.

ADC Business

Branch Banking expanded its debit card product suite by launching EMV compliant Gold and Platinum variants of Visa Debit Card (VDC) with exciting features for customers. Silkbank VISA Debit Card ("VDC") continued to show strong growth during Q3, 2019. VDC usage over Point of Sales (POS) recorded a spend of Rs.378.13 million against 106,591 transactions reflecting a growth of 2.39% in volume and 6.79% in number of transactions as compared to Q3 of 2018. The highest POS monthly spend of Rs. 132.74 million was recorded during August 2019. Alternate Distribution and e-delivery channels have added value to the product offering of the Bank and have enhanced the reach and accessibility of its banking services.

Bancassurance

Bancassurance business continued its momentum in the 3rd quarter of 2019 and generated a revenue income of Rs. 25.78 million. This enabled the business to achieve a revenue of Rs. 64.78 million as of YTD 2019. The branch productivity has also increased through attractive sales campaigns and a drive of "Participation from All".



Consumer Banking

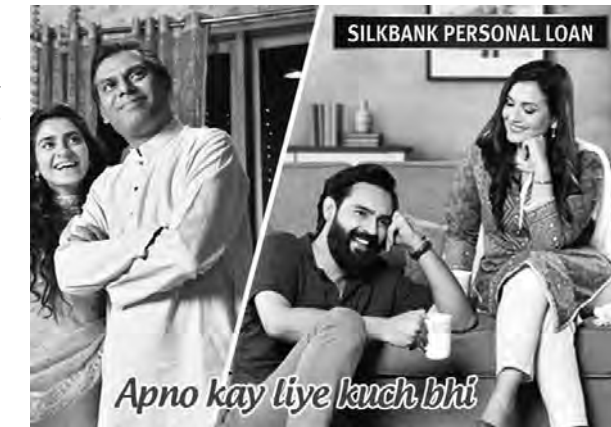
Silkbank Consumer Banking division offers a range of specially designed secured and unsecured products to meet the consumer's lifestyle needs. Despite the challenging macroeconomic conditions including the record hike in KIBOR in 2019, Silkbank unsecured consumer business has excelled, recording an impressive ENR growth as compared to its peer banks. ENR growth till the 3rd quarter was almost double the growth of all our peer competitors combined. We have maintained our leadership position in PIL and RL with 38% market share and ENR of Rs. 14.24 billion. Silkbank is now the 3rd largest credit card issuer in Pakistan and is leading the market in fresh card issuance for the 3rd year running. Total Credit Cards in Force have increased to 164,277 Cards, while Credit Cards ENR has increased to Rs. 5.4 billion.



Unsecured

Personal Loan

During the 3rd quarter of 2019, we launched another variant of Personal Installment Loan, named "Smart Plan". It is a unique end-use defined product which facilitates customers by giving them the option to purchase variety of products from alliance partners on discounted prices and transfer the unused approved limit. In order to incentivize customers to pay their monthly installment before the due date, pay early and get rewarded promotion was launched in the month of August. Numerous tactical promotions were also run during this period to increase acquisition numbers. As a result, we have a total of 25,373 active customers and ENR of Rs. 6.80 billion as of September 2019.



Readyline

To increase ENR and Acquisition growth, multiple promotions were designed and executed in the 3rd quarter. Promotions such as zero processing fee and no annual fee for new customers were launched. 50% mark-up waiver on the first 2 bills was extended to attract new to bank customers and increase monthly acquisitions. Various spend and ADC initiatives were taken to further improve customer experience. At the end of the 3rd quarter, the Readyline portfolio has a customer base of around 48,000 active customers with a total of Rs. 7.50 billion in ENR.



Credit Cards

Credit Card Business undertook a number of key initiatives in the 3rd quarter of 2019 to further enhance the product value proposition and also worked on numerous service initiatives to facilitate customers.

DIRECTOR'S REPORT

AS OF SEPTEMBER 30, 2019

Credit Card Sales acquired 11,917 fresh customers during the 3rd quarter of 2019, increasing Cards in Force to 164,277. With targeted spend promotions and installment plan bookings, total spending for the quarter grew to Rs. 5.94 billion. This influx of spending has had a positive impact on ENR, which increased to Rs. 5.4 billion in September 2019. Silkbank Credit Card Alliances continue to build momentum with the addition of prominent new alliance partners. We now have the highest number of alliances onboard compared to any other bank. Silkbank is also in the process of launching Mastercard Credit Cards in addition to the existing Visa Credit Cards, which will provide customers with more options to choose from the enhanced product menu.



Secured

M' Power

Fresh acquisition is on hold given the current economic environment and the focus is on keeping delinquencies under control. At the end of the 3rd quarter, ENR was Rs. 1.94 billion with an active customer base of 301.

Emaan Islamic Banking (EMAAN)

Emaan Islamic Banking showed a decent growth during the period. Deposit book increased by 14% with total standing at Rs. 35,161 million. CASA / TD ratio stands at 82:18. Advances registered growth of Rs. 927 million and closed at Rs. 27,829 million. Focus on Service Quality was maintained throughout the period which resulted in significant improvement in service indicators.



Emaan ADC Business

Emaan Islamic Banking successfully enrolled 3,129 new Bank's customers during the period with a total customer base of 20,983, translating into 17.5% growth. Visa Debit Card usage over Point of Sale (POS) also increased YoY by Rs. 26 million with an increase in POS transaction by 6,386, while usage increased by 18.41%. During the period, total usage over POS was recorded at Rs. 140.55 million with a total of 41,078 POS transactions.



Board of Directors (Gender & Category Wise)

Name of Male Director	Category
Mr. Khalid Aziz Mirza	Acting Chairman / Independent Director
Mr. Rashid Akhtar Chughtai	Independent Director
Mr. Shahzad Enver Murad	Independent Director
Mr. Tariq Iqbal Khan	Non-Executive Director
Mr. Zubair Nawaz Chattha	Non-Executive Director
Mr. Masroor Ahmed Qureshi	Non-Executive Director
Mr. Talha Saeed	Executive Director
Mr. Azmat Shahzad Ahmed Tarin	Executive Director and President & CEO
Name of Female Director	Category
-	-

Board Remuneration Policy

The SBP has issued Circular No. 03 dated August 17, 2019, regarding remuneration and performance evaluation of Directors, which was presented to the Board at its 169th meeting held on August 27, 2019. The Board mandated M/s. PICG to review the existing policy and make amendments as required. The said policy once formulated, will be presented to the Board for approval and implementation.

Existing Board Remuneration Policy

The existing remuneration of the Chairman and Non-Executive and Independent Directors, for attending the Board and Committee's meetings as approved by the shareholders in the 22nd Annual General Meeting of the Bank held on March 28, 2016, is as follows:

	Remuneration for attending Board Meeting	Remuneration for attending Committee Meeting
Chairman	Rs. 635,000/-	Rs. 475,000/-
Board Members	Rs. 475,000/-	Rs. 475,000/-

As required by the Code of Corporate Governance, 2019, the newly formulated Board Remuneration Policy covering details of aggregate amount of remuneration separately for Executive and Non-Executive Directors, including salary / fee, perquisites, benefits, and performance-linked incentives etc., will be published / disclosed in the Annual Report of the Bank for the year ended December 31, 2019.

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

As at September 30, 2019, the equity of the Bank was Rs. 11.7 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 the SBP. Furthermore, the Capital Adequacy Ratio (CAR) of the Bank is 6.79%.

The Bank is pleased to report that in the declining interest rate scenario, the Bank has been building up its PIB portfolio to ride the yield curve and record capital gains. The said strategy of the Bank has reaped great results and will help the Bank to record major gains on this portfolio.

Additionally, the Board has given certain targets to the management that will ensure improvement in all key ratios of the Bank in 2020.

Key steps are enumerated below:

- Reduction in Corporate / Real Estate portfolio of the Bank.
- Reduction in non-earning assets (OREO, others).
- Improvement in profitability of the Bank in 2020.
- Reduction in advances in the Corporate / Islamic portfolio will be compensated by increase in Consumer and SME loans, the magnitude of which may not be large but will have a positive effect on profitability, due to bigger margins.
- Closure / shifting of loss-making branches.
- Fully integrated digital experience with physical distribution.

The Bank is confident of achieving CAR compliance in 2020.

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 "Stable".

Future Outlook

The Bank's progress in 2019 was curtailed due to decline in real estate prices on account of the economic situation of the country.

The unexpected ban on construction of high-rise buildings in Karachi by the Supreme Court of Pakistan for a certain period of time, adversely affected the Real Estate projects financed by the Bank. As a result, the Bank had to classify lucrative Real Estate loans on prudent basis, with a concrete recovery plan in place.

Furthermore, the SBP during its last inspection, identified a security shortfall in the real estate portfolio of the Bank.

However, with the support of SBP, the shortfall so identified has been more than adequately covered through additional collateral valued by SBP nominated valuers.

The Bank expects substantial payment against these loans in 2020, which would make these accounts regular and improve the bottom line of the Bank. Letters of Intent evidencing the future sale of major real estate portfolio of the Bank already stand executed, with established timelines.

As a result of the declining interest rate in 2019 / 2020, the Bank expects to report capital gain in the coming quarters on its PIB portfolio to improve the bottom line of the Bank.

Additionally, the Board has required the management to make efforts to revive the mortgage assets business for 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 order to provide a platform to cater to the unbanked population, the Bank has piloted the launch of digital banking to increase its outreach.

By introducing the "smart branch" concept, the Bank will also increase its distribution footprint. This will enhance the Bank's ability to mobilize deposits 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

Azmat Tarin
President & CEO

Karachi, June 29, 2020

For and on Behalf of the Board of
Silkbank Limited

Khalid Aziz Mirza
Khalid Aziz Mirza
Acting Chairman

SILKBANK
Yes we can

ڈائریکٹرز رپورٹ 30 جون، 2019 تک کے لیے

کئے گئے۔ سال 2019 کے تیسرے عشرے (کوارٹر) میں کریڈٹ کارڈ کی فروخت کو 11,917 فریش کسٹمز حاصل ہوئے، جس سے فعال کارڈز کی فونز بڑھ کر 164,277 ہوگئی۔ ادھائی خرچ کی پروموشن اور اسلامٹ پلان بنگلو کے ساتھ اس عشرے میں مجموعی خرچ (Spending) بڑھ کر 5.94 بلین روپے ہو گیا۔ اخراجات میں اس آمد سے ENR پر مثبت اثرات مرتب ہوئے تھے، جو ستمبر 2019 میں بڑھ کر 5.4 بلین روپے ہو گیا۔ سبک بینک کریڈٹ کارڈ کے اتحادیوں نے انہیں اتھارٹی شراکت داروں کو شامل کر کے اس رفتار کو جاری رکھا۔ اس وقت ہمارے پاس دیگر کسی بھی بینک کے مقابلے میں اتھارٹی شراکت داروں کی تعداد سب سے زیادہ ہے۔ سبک بینک موجودہ ویزا کریڈٹ کارڈز کے علاوہ ماسٹر کارڈ کے آغاز پر بھی کام کر رہا ہے، جو کسٹمر کو اضافی پراڈکٹ مینو سے انتخاب کا مزید اختیار فراہم کرے گا۔



محفوظ اہم پاور

موجودہ معاشی صورتحال کو دیکھتے ہوئے تازہ حصول (Acquisition) کو روک دیا گیا ہے اور فرائض سے غفلت سے عمل کو کنٹرول میں لانے پر توجہ مرکوز رکھی جا رہی ہے۔ تیسرے عشرے (کوارٹر) کے اختتام پر، 301 فعال کسٹمز کے ساتھ ENR 1.94 بلین روپے تھا۔

ایمان اسلامک بینکنگ (ایمان)

ایمان اسلامک بینک نے اس دوران موزوں نمونہ طرہ کی۔ ڈپازٹس تک میں 35,161 بلین روپے کی مجموعی اسٹیٹنگ کے ساتھ 14% تک اضافہ ہوا۔ CASA/TD کا تناسب 82:18 پر رہا۔ ایڈوائسز میں 927 بلین روپے کی بزنس ریجنس ہوئی اور یہ 27,829 بلین روپے پر بند ہوا۔ پوری مدت کے دوران، سروس کے اعلیٰ معیار کو برقرار رکھنے پر توجہ مرکوز رکھی گئی، جس کے نتیجے میں سروس انڈیکسز میں بڑے پیمانے پر بہتری ہوئی۔



ایمان ADC برنس

ایمان اسلامک بینکنگ نے 17.5% کی بزنس ریجنس کی ظاہر کرتے ہوئے مجموعی طور پر 20,983 کے کسٹمز کے ساتھ دوران مدت 3,129 بینک کے نئے کسٹمز کا کامیابی کے ساتھ اندراج کیا۔ سال بہ سال POS ٹرانزیکشن میں 6,386 تک اضافے کے ساتھ ویزا ڈیجیٹل کارڈ کا پوائنٹ آف سیل (POS) پر استعمال بھی 26 بلین روپے تک بڑھا، جو کہ استعمال میں 18.41 فیصد اضافے کو ظاہر کرتا ہے۔ دوران مدت POS پر یکاڑ شدہ مجموعی استعمال کل 41,078 پی او ایس ٹرانزیکشنز کے ساتھ 140.55 بلین روپے تھا۔



بورڈ آف ڈائریکٹرز (جنس اور کیٹیگری کے لحاظ سے)

مرد ڈائریکٹر کا نام	کیٹیگری
جناب خالد عزیز مرزا	قائم مقام چیئر مین / انڈیپنڈنٹ ڈائریکٹر
جناب راشد اختر چغتائی	انڈیپنڈنٹ ڈائریکٹر
جناب شہزاد انور مراد	انڈیپنڈنٹ ڈائریکٹر
جناب طارق اقبال خان	نان ایگزیکٹو ڈائریکٹر
جناب زبیر نواز چھد	نان ایگزیکٹو ڈائریکٹر
جناب سرور احمد قریشی	نان ایگزیکٹو ڈائریکٹر
جناب طلحہ سعید احمد	ایگزیکٹو ڈائریکٹر
جناب عظمت شہزاد احمد ترین	ایگزیکٹو ڈائریکٹر اور صدر ای او
خاتون ڈائریکٹر کا نام	عہدہ
-	-

بورڈ کے مشاہرہ کی پالیسی

اسٹیٹ بینک آف پاکستان نے ڈائریکٹر کے مشاہرہ اور ان کی کارکردگی کی تشخیص کے حوالے سے مورخہ 17 اگست، 2019 کو رسالہ نمبر 03 جاری کیا ہے، جو 27 اگست، 2019 کو منظور شدہ بورڈ کے 169 ویں اجلاس میں دیکھا گیا ہے۔ بورڈ نے موجودہ پالیسی کا جائزہ لینے اور اس میں مطلوبہ ترمیمات کرنے کے حوالے سے میگزین PICG کو ہدایت دی ہے۔ مذکورہ پالیسی کی ایک دفعہ تشکیل کے بعد اسے بورڈ کے سامنے منظوری اور اطلاق کے لیے پیش کیا جائے گا۔

موجودہ بورڈ کی مشاہرہ پالیسی

بورڈ اور کمیٹیوں کے اجلاس میں شرکت کرنے کے حوالے سے مورخہ 28 مارچ، 2016 کو منظور ہونے والے بینک کے 22 ویں سالانہ اجلاس عام میں حصص یافتگان (شیر ہولڈرز) کی منظوری کے مطابق، چیئر مین اور نان ایگزیکٹو مینز انڈیپنڈنٹ ڈائریکٹرز کا موجودہ مشاہرہ مندرجہ ذیل کے مطابق ہے:

چھتر مین	بورڈ کے اجلاس میں شرکت کا مشاہرہ	کمیٹیوں کے اجلاس میں شرکت کا مشاہرہ
چھتر مین	635,000/- روپے	475,000/- روپے
بورڈ ممبرز	475,000/- روپے	475,000/- روپے

کوڈ آف کارپوریٹ گورننس 2019 کی مطلوبہ ضرورت ہے مطابق، ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کے لیے علیحدہ درج مجموعی مشاہرہ کی رقم، بشمول تنخواہ / فیس، مراعات، فوائد اور کارکردگی پر ملنے والے فوائد وغیرہ کی احاطہ شدہ تفصیلات کو 31 دسمبر، 2019 کو ختم ہونے والے سال کے حوالے سے بینک کی سالانہ رپورٹ میں شائع کیا جائے گا۔

سرمایہ (کیپیٹل) کی مطلوبہ کم از کم حد (MCR) اور سرمایہ (کیپیٹل) کی موزونیت کا تناسب (CAR)

30 ستمبر، 2019 کو، اثاثہ جات کی دوبارہ تخمینہ پر کی کے علاوہ، بینک کی ایکٹیوٹی 11.7 بلین روپے پر تھی۔ اس میں SBP کی جانب سے مجوزہ 10.00 بلین روپے کی کم از کم مطلوبہ ضرورت کے حوالے سے 13.7 بلین روپے کا شیئر کیپیٹل (شیئرز پر خسارے اور رعایت کا نفع) شامل ہے۔ مزید یہ کہ بینک کا سرمایہ (کیپیٹل) کی موزونیت کا تناسب (CAR)، 6.79 فیصد ہے۔

بینک کو یہ رپورٹ کرتے ہوئے خوشی ہے کہ گرتی ہوئی شرح سود کے حالات میں بینک نے طویل المدت سرمایہ کاری سے قبل از وقت منافع اور سرمایہ پر ریکارڈ منافع جات کے حصول کے لیے اپنا پی آئی بی پورٹ فولیو قائم کیا ہے۔ بینک کی مذکورہ حکمت عملی کے بہترین نتائج برآمد ہوئے ہیں اور اس سے بینک کے اس پورٹ فولیو میں اہم منافع جات کے حصول میں مدد ملے گی۔

اہم اقدامات کی تفصیل درج ذیل ہے:

- بینک کے کارپوریٹ ریسٹل اسٹیٹ پورٹ فولیو میں کمی
- غیر آمدن اثاثہ جات (OREO، دیگر) میں کمی
- سال 2020 میں بینک کے منافع جات میں بہتری
- کارپوریٹ اسلامک پورٹ فولیو کے قرضہ جات (ایڈوائسز) میں ہونے والی کمی کو کمزور اور ای ایم ای لوٹ میں اضافے کے ذریعے پورا کیا جائے گا جس کا حجم ہو سکتا ہے کہ بڑا نہ ہو، تاہم بہتر مجموعی منافع جات کی وجہ سے نفع پر اس کے مثبت اثرات مرتب ہوں گے۔
- نقصان دینے والی برانچز کی بندش منتقلی
- عملی ترسیل کے ساتھ عملی طور پر مربوط ڈیجیٹل تجربہ

بینک، سال 2020 میں CAR کمپلائنس کے حصول کے لیے پراعتماد ہے۔

کریڈٹ ریٹنگ

بینک کی "JCR VIS" کریڈٹ ریٹنگ کمپنی لمیٹڈ کی جانب سے تعین کردہ طویل المدت ادارہ جاتی ریٹنگ -A- (سنگل اے مائیس) اور قلیل المدت ادارہ جاتی ریٹنگ A-2- (اے مائیس ٹو) ہے۔ تقویض کردہ ریٹنگ پر آڈٹ تک مستحکم ہے۔

توقعات مستقبل

ملک میں درپیش معاشی صورتحال کی وجہ سے ریسٹل اسٹیٹ کے نرخوں میں کمی کے سبب سال 2019 میں بینک کی کارکردگی کم رہی۔ معزز عدالت عظمیٰ پاکستان (سپریم کورٹ آف پاکستان) کی جانب سے ایک مخصوص مدت کے لیے کراچی میں بلند و بالا عمارتوں کی تعمیر پر عائد غیر متوقع پابندی نے بینک کی جانب سے فنانس کئے جانے والے ریسٹل اسٹیٹ پر ایکسپوز کو شدید متاثر کیا۔ جس کے نتیجے میں بینک کو وصولیاتی کے ایک جامع منصوبے کے ساتھ مختلا بنیاد پر منافع بخش ریسٹل اسٹیٹ قرضہ جات کی درجہ بندی کرنا پڑی۔ مزید برآں، اپنے گزشتہ معائنہ کے دوران اسٹیٹ بینک آف پاکستان نے ریسٹل اسٹیٹ پورٹ فولیو کی ضمانتوں کے حوالے سے سکیورٹی کے فقدان کی نشاندہی کی۔ ہر چند یہ کہ اسٹیٹ بینک نے اس کی کو ایس بی بی کے نامزد کردہ تخمینہ کاروں کی جانب سے تخمینہ شدہ اضافی ضمانتی اثاثہ جات کے ذریعے موزوں طور پر پورا کر لیا گیا ہے۔ بینک کو سال 2020 میں ان قرضہ جات کے حوالے سے خاطر خواہ ادائیگیوں اور بینک کی مالیات میں بہتری کی توقع ہے۔ دستاویزات، طے شدہ وقت پر عمل کے ساتھ مستقبل میں اہم ریسٹل اسٹیٹ پورٹ فولیو کی فروخت کو ظاہر کرتی ہیں۔ سال 2019/2020 میں گرتی ہوئی شرح سود کے نتیجے میں، بینک کو آنے والے عشروں (کوارٹرز) میں بینک زیریں۔ طور کو بہتر بنانے کی غرض سے اپنے PIB پورٹ فولیو پر سرمایہ جاتی منافع رپورٹ کرنے کے حوالے سے پرامید ہے۔ اس کے علاوہ، بورڈ نے کمزور بینکنگ برنس میں مزید بہتری کے لیے انتظامیہ سے اثاثہ جات کے رہن کے کاروباری تجدید کے لیے اضافی کوششیں کرنے کا تقاضا کیا ہے۔ سب سے اہم بات یہ ہے کہ، بینک "کارکردگی کے حوالے سے ادائیگی کی روایت" کے فروغ اور بہتر سیکسین پلاننگ کے طریقہ کار کے ذریعے اپنی افرادی قوت کو بڑھانے پر زور دے گا۔

غیر بینکار آبادی تک بینکاری کی سہولت کی فراہمی اور انہیں ایک پلیٹ فارم فراہم کرنے کی غرض سے بینک نے خود تک رسائی کو بڑھانے کے لیے ڈیجیٹل بینکنگ کے تجربے کا آغاز کیا ہے۔

اسٹارٹ براؤنچ کے تصور کو متعارف کرانے کے لیے اپنی ترسیل کے نظام میں بھی اضافہ کرے گا۔ اس سے بینک کے ڈپازٹس اور سرمایہ کاری کو متحرک کرنے کی صلاحیت میں اضافہ ہوگا اور اثاثہ جات کی آمدن بڑھے گی۔

مذکورہ بالا حکمت عملی کے کامیاب اطلاق کے ساتھ، آپ کے ڈائریکٹرز پرامید ہیں کہ بینک آنے والے سالوں میں منافع جات رپورٹ کرے گا۔

اظہار تشکر

ہم تہہ دل سے اپنے سٹریٹرز اور بزنس پارٹنرز کی جانب سے مسلسل تعاون اور اعتماد کے اظہار پر ان کے شکر گزار ہیں۔ ہم اسٹیٹ بینک آف پاکستان کو بھی شریک حتمین پیش کرتے ہیں کہ انہوں نے بینک کے لیے اپنی رہنمائی اور تعاون فراہم کیا۔ ہم اپنے تمام شراکت داروں، عملے اور دفاتر کاروں کی جانب سے بینک کے لیے انجام دی جانے والی شاندار خدمات کو بھی مسادی طور پر سراہتے اور شکر گزار ہیں اور امید کرتے ہیں کہ ان کا یہ تعاون آئندہ بھی اسی طرح جاری رہے گا۔

برائے دلچسپی، بورڈ سبک بینک لمیٹڈ

خالد عزیز مرزا
قائم مقام چیئر مین

عظمت ترین
صدر ای او سی او
کراچی، 29 جون، 2020

ڈائریکٹرز رپورٹ

30 ستمبر، 2019 تک کے لیے

معزز شیئر ہولڈرز،

ہم، 30 ستمبر، 2019 کو ختم ہونے والی تیسری سہ ماہی کے حوالے سے بینک کے مالیاتی گوشوارے پیش کرتے ہوئے خوش محسوس کرتے ہیں۔



معاشی جائزہ

مالی سال 2018 میں 5.8% کی تیرہ سالہ بہترین گروتھ حاصل کرنے کے بعد، سال 2019 پاکستان کی معیشت کے لیے اچھا ثابت نہیں ہوا اور 3.29% کی کمی دیکھنے میں آئی، جبکہ ہدف 6.2% تھا، جس کی بنیادی وجہ کرنٹ اکاؤنٹ میں بڑا خسارہ، مانیٹری ٹائٹنگ (Monetary Tightening)، کم سرکاری مالیات اور فارن ایکسیچ کے محدود صاف خزانہ ہیں۔ اس لیے اسٹیٹ بینک آف پاکستان نے 2020 کی اس صورتحال کو مد نظر رکھتے ہوئے، مالی سال 2020 کے لیے جی ڈی پی میں جس 2.4% اضافے کی پیش گوئی کی ہے۔

اگرچہ بنیادی افراط زر کے باوجود مستحکم رہے اور جزواں افراط زر کی سطح میں بلندی رہی، جس سے مالی سال 2020 کے پہلے عشرے میں پالیسی کی شرح میں 100 بنیادی پوائنٹس تک کے اضافے کے ساتھ مالیاتی پالیسی 13.25% کی شرح تک مزید بڑاؤ کا شکار ہو گئی۔ 2007-08 سے 2015-16 تک کے بنیادی سال میں تبدیلی کے ساتھ CPI کے سبب کتاب میں ایک نئی ڈیولپمنٹ نوٹ کی گئی۔ ستمبر 2019 کے دوران افراط زر بنیاد سے 11.4% پر رہا جبکہ پرانی بنیاد سے یہ 12.6% ریکارڈ کیا گیا۔ مالی سال 2019 میں مالی خسارہ، ہدف شدہ 4.9% کے مقابلے میں GDP کا 7.2% رہا۔ مالی سال 2020 کا ہدف شدہ مالی خسارہ 7.1% ہے۔

حکومت نے اب سرکاری طور پر IMF کا 06 بلین امریکی ڈالر کا تیل آؤٹ پروگرام حاصل کیا، 36 ماہ کے دورانیہ پر محیط ہے، اور اس میں آنے والے سالوں میں ADB اور یورو بانڈز کے اجراء کے ذریعے اضافی آمدن (ان فلوز) متوقع ہے۔ اس کے علاوہ فارن پالیسی انویسٹمنٹ (FPI) گزشتہ سال کی اسی مدت کے دوران 129.6 بلین امریکی ڈالر کے آؤٹ فلوز کے برخلاف 182.8 بلین ڈالر کے بڑے پیمانے پر اضافے سے 107.3 بلین امریکی ڈالر ہو گیا۔ اس تمام پیش رفت نے غیر ملکی زرمبادلہ (FX) کے ذخائر پر مجموعی طور پر مثبت اثرات مرتب کئے اور وہ 15 بلین امریکی ڈالر تھا، پر رہا۔ ہر چند یہ کہ کرنٹ اکاؤنٹ خسارہ، جو کہ جولائی۔ اگست مالی سال 2019 میں 2.85 بلین امریکی ڈالر تھا، 55% تک کی نمایاں کمی کے ساتھ، جولائی۔ اگست مالی سال 2020 میں 1.29 بلین امریکی ڈالر ہو گیا۔ براہ راست غیر ملکی سرمایہ کاری (فارن ڈائریکٹ انویسٹمنٹ اور برآمدات میں اضافہ، منظم غیر ملکی زرمبادلہ (FX) کے قیام کے لیے لازمی ہے۔

شعبہ بینکاری

حالیہ سالوں میں بینکاری کے شعبہ کے منافع جاٹ محدود رہے، جس کی وجہ ریگولیٹری ترامیم، بشمول سابقہ پیشین کی لاگت، بینکنگ ٹرانزیکشن سیکسز، ڈیپازٹ انشورنس، بیرون ملک جرمانے اور پروویڈنٹس ایئر لائنز میں کمی کے باعث مرتب ہونے والے اثرات ہیں۔ اگرچہ ڈیڑھ سال کے عرصے میں پالیسی کی شرح 5.75 فیصد سے بڑھ کر 13.25 فیصد ہو گئی ہے، اب توقع کی جا رہی ہے کہ آنے والے سالوں میں بھی بینکاری منافع میں اضافے کا امکان ہے کیوں کہ شرح سود میں اضافے سے صفائی سود کا مارجن کنٹریکشن سائیکل تبدیل ہو گیا ہے۔

ہر چند یہ کہ 88.552 بلین روپے کے اضافے کے باوجود، شرح سود میں اضافہ ڈیہر۔ 2018 میں 694.4 بلین روپے کے مقابلے میں جون۔ 2019 میں 783 بلین روپے کے بلند ترین نان پرفارمنگ لوز (NPLs) کی سطح پر پہنچ چکا ہے۔

مالیاتی کارکردگی

بینک نے 30 ستمبر، 2019 کو ختم ہونے والی مدت کے حوالے سے 2,769 بلین روپے کے بعد از حصول (نگس) خسارہ کا اجراء کیا ہے۔

اس مدت کے دوران، بینک کے مجموعی ڈپازٹس 9,287 بلین روپے سے بڑھ کر 141,950 بلین روپے تک جا پہنچے ہیں اور مجموعی ایڈوانسز میں 9,817 بلین روپے تک کا اضافہ ہوا ہے۔

30 ستمبر، 2019 کو ختم ہونے والی سہ ماہی کے حوالے سے بینک بینکنگ کی مالیاتی کارکردگی کا خلاصہ درج ذیل ہے:

مالیاتی کارکردگی	روپے 'ملین' میں
قبل از حصول (نگس) خسارہ	(4,004.76)
محصول - موجودہ	(-)
سابقہ	(109.29)
ملٹی ایموثر شدہ	1,344.96
بعد از حصول (نگس) خسارہ	(2,769.09)
آمدن فی حصص (شیئرز) - بنیادی اور غیر منکثر	روپے (0.30)

بینک کی جانب سے اعلان کردہ خسارہ نقصان، ابتدائی طور پر بینک کے ریٹیل اسٹیٹ کسٹمرز کی طرف سے ادائیگیوں میں تاخیر سے منسوب ہے۔ معزز عدالت عظمیٰ پاکستان (سپریم کورٹ آف پاکستان) کی جانب سے ایک مخصوص مدت کے لیے کراچی میں بلند والا عمارتوں کی تعمیر پر عائد غیر متوقع پابندی نے بینک کی جانب سے فنانس کئے جانے والے ریٹیل اسٹیٹ پرائیکٹس کو شدید متاثر کیا۔

جس کے نتیجے میں بینک کو وصولیاتی کے ایک جامع منصوبے کے ساتھ محتاط بنیاد پر منافع بخش ریٹیل اسٹیٹ قرضہ جات کی درجہ بندی کرنا پڑی۔

مزید برآں، اپنے گزشتہ معائنہ کے دوران اسٹیٹ بینک آف پاکستان نے ریٹیل اسٹیٹ پورٹ فولیو کی حالتوں کے حوالے سے سیکورٹی کے فقدان کی کمی کی نشاندہی کی۔ ہر چند یہ کہ SBP کے تعاون سے اس کی SBP کے نامزد کردہ تخمینہ کاروں کی جانب سے تخمینہ شدہ اضافی خاتق اثاثہ جات کے ذریعے موزوں طور پر پورا کیا گیا ہے۔ ان کا وینس کی SBP کی ہدایات کے مطابق درجہ بندی کر دی گئی ہے۔



کاروباری کارکردگی

برانچ بینکنگ

برانچ بینکنگ، بینکنگ کے لیے سب سے اہم کردار ادا کر رہا ہے۔ 189,159 سے زائد صارفین کو خدمات پیش کرتے ہوئے یہ بینک کی ڈپازٹس میں 61% فیصد حصہ حاصل ہے۔ 30 ستمبر، 2019 کو مجموعی ڈپازٹس 86.6 بلین روپے پر باور سال 2019 کے تیسرے عشرے (کوارٹر) کے اختتام تک 8.3 بلین روپے کی مجموعی ڈپازٹ گروتھ حاصل ہوئی۔ ٹیب میں بینکنگ سلوشن کا ایک نیا اقدام کیا گیا جس سے صارفین (کسٹمرز) کو اپنے دروازے پر فوری اکاؤنٹ کھولنے، ان برانچ ڈیٹ کارڈ ایکٹیویٹیشن اور فوری بائیو میٹرک تصدیق کی سہولت فراہم کی جانے لگی۔ اسی طرح دیگر آئندہ آنے والے اقدامات کے ذریعے ہم امید کرتے ہیں کہ سال 2019 کے آخری عشرے (کوارٹر) میں برانچ بینکنگ مزید بہتر نتائج فراہم کرے گی۔

اے ڈی سی برنس

برانچ بینکنگ نے اپنے موجودہ کسٹمرز کے لیے اپنے ڈیٹ کارڈ پراڈکٹ سوٹ کو بڑا ڈیٹ کارڈ کے EMV کمپلائنسٹ گولڈ اور پلاسٹیم اقسام کے آغاز کے ذریعے توسیع دی ہے۔ سبک بینک و بڑا ڈیٹ کارڈ ("VDC") نے سال 2019 کے تیسرے عشرے (کوارٹر) کے دوران منظم نمو کا اظہار جاری رکھا۔ سال 2019 کے تیسرے عشرے (کوارٹر) کے دوران پوائنٹ آپ بیلر (POS) کا استعمال 106,591 ٹرانزیکشنز کے عوض 378.13 بلین روپے کے خرچ کے طور پر ریکارڈ ہوا، جس اس کے حجم میں اگست، 2019 کے مقابلے میں 2.39% اور ٹرانزیکشنز کی تعداد میں 6.79% بڑھتی دکھائی دے رہی ہے۔ تہا دل ڈسٹری بیوشن اور ای ڈیپوری چھلنے نے بینک کی جانب سے پیش کردہ پراڈکٹ کی قدر میں مزید اضافہ کر دیا اور اس کی بینکاری کی خدمات کی پہنچ اور ان تک رسائی کو بڑھا دیا ہے۔

بینکاری شورش

بینکاری شورش کے امور نے سال 2019 کے تیسرے عشرے (کوارٹر) میں اپنی رفتار جاری رکھا اور 25.78 بلین روپے کی حصول آمدنی دی۔ اس سے YTD 2019 پر کاروبار 64.78 بلین روپے کی آمدنی حاصل کرنے کے قابل ہوا۔ پرنٹس کیلنڈر کی مہمات اور "سب کی شرکت" کی مہم کے ذریعے برانچ کی کارکردگی میں بھی اضافہ ہوا۔



کنزرویٹو بینکنگ

سبک بینک کنزرویٹو بینکنگ صارف (کسٹمر) کی طرز زندگی کی ضروریات کو پورا کرنے کے لیے خصوصی طور پر تیار شدہ محفوظ اور غیر محفوظ رینج کی پیشکش کرتا ہے۔ مسائل کی حامل معاشی صورتحال بشمول سال 2019 میں KIBOR کی ریکارڈ بلند ترین سطح، کے باوجود سبک بینک کے غیر محفوظ کنزرویٹو برنس میں اضافہ ہوا اور اس نے اپنے ہم مرتبہ بینکوں کے مقابلے میں متاثر کن ENR گروتھ ریکارڈ کی۔ تیسرے عشرے (کوارٹر) تک ENR گروتھ ہمارے ہم مرتبہ تمام مشترکہ حریفوں کی گروتھ سے تقریباً دو گنی ہے۔ ہم نے ENR اور RL میں 38% مارکیٹ شیئر اور 14.24 بلین روپے کی ENR کے ساتھ اپنی لیڈر شپ کی حیثیت کو برقرار رکھا۔ سبک بینک اس وقت پاکستان میں کریڈٹ کارڈ جاری کرنے والا تیسرا بڑا اجراء کنندہ ہے اور اس تیسرے سال کے ساتھ فریش کارڈ کے اجراء میں مارکیٹ کو لیڈ کر رہا ہے۔ مجموعی طور پر استعمال ہونے والے کریڈٹ کارڈز بڑھ کر 164,277 ہو گئے ہیں اور جبکہ کریڈٹ کارڈز کا ENR بڑھ کر 5.4 بلین روپے ہو گیا ہے۔



غیر محفوظ

پرسنل لون

سال 2019 کے تیسرے عشرے (کوارٹر) میں ہم نے اسمارٹ پلان کے نام سے پرسنل انسائمنٹ لون کی ایک اور پراڈکٹ کی شروعات کی۔ صارف کی سطح پر استعمال کی جانے والی ایک منفرد پراڈکٹ، جس کسٹمر کو یہ اختیار دیتی ہے کہ وہ اتھارٹی پلانرز سے رعایتی نرخوں پر مختلف قسم کی پراڈکٹس کی خریداری کر لے اور غیر استعمال شدہ منظور شدہ حد کو منتقل کر دے۔ ماہانہ قسط کی مختصر تاریخ سے قبل ادائیگی کے حوالے سے کسٹمر کو سہولت فراہم کرنے کی غرض سے، اگست کے مہینے میں پہلے ادائیگی کریں اور انعام پائیں جیسی پروموشن کا آغاز کیا گیا۔ اس مدت کے دوران اس تعداد کو بڑھانے کے لیے دیگر عملی پروموشن بھی چلائی گئیں۔ اس کے نتیجے میں، ہمارے پاس ستمبر 2019 تک مجموعی طور پر 25,373 فعال کسٹمرز اور 6.80 بلین روپے کا ENR موجود ہے۔



ریڈی لائن

تیسرے عشرے (کوارٹر) میں ENR اور حصول میں بڑھوتری کے لیے مختلف پروموشن ڈیزائن کی گئیں اور انہیں چلایا گیا۔ نئے کسٹمرز کے لیے زیرو پراسسنگ فیس اور کوئی سالانہ فیس نہیں جیسی پروموشن کا آغاز کیا گیا۔ پہلے دو ہلڑے پر 50% مارک اپ کی معافی، بینک کے کسٹمرز کے لیے نئی اور پرکشش پیشکش تھی اور اسے ماہانہ حصول (Acquisitions) میں اضافہ ہوا۔ کسٹمرز کے تجربات کو مزید بہتر بنانے کے لیے مختلف خرچوں اور ADC جیسے اقدامات کئے گئے۔ تیسرے عشرے (کوارٹر) کے اختتام پر، ریڈی لائن کے پورٹ فولیو میں کسٹمر کا ENR میں مجموعی طور پر 7.50 بلین روپے کے ساتھ تقریباً 48,000 فعال کسٹمرز کا حامل ہے۔



کریڈٹ کارڈز

سال 2019 کے تیسرے عشرے (کوارٹر) میں کریڈٹ کارڈ برنس میں، پراڈکٹ کی قدر کے تناسب میں مزید اضافے کی غرض کی اہم اقدامات کا آغاز کیا گیا اور کسٹمرز کو سہولت، ہم چھپانے اور خدمت کے مختلف نوعیت کے اقدامات بھی

Impeccable Success
Embrace



FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 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 SEPTEMBER 30, 2019

		September 30, 2019 Un-audited	December 31, 2018 Audited
	Note	Rupees in '000	
ASSETS			
Cash and balances with treasury banks	8	10,014,713	8,871,567
Balances with other banks	9	230,729	309,994
Lendings to financial institutions	10	19,652,112	12,612,156
Investments	11	37,562,204	28,924,993
Advances	12	107,120,539	98,354,002
Fixed assets	13	8,303,837	3,981,271
Intangible assets	14	233,078	226,840
Deferred tax assets	15	4,350,346	3,058,647
Other assets	16	18,838,494	20,231,529
		206,306,052	176,570,999
LIABILITIES			
Bills payable	17	2,273,727	2,866,568
Borrowings	18	37,676,968	18,051,854
Deposits and other accounts	19	141,950,684	132,664,084
Liabilities against assets subject to finance lease	20	-	2,663
Subordinated debt	21	2,125,418	1,999,600
Deferred tax liabilities		-	-
Other liabilities	22	10,559,081	6,599,483
		194,585,878	162,184,252
NET ASSETS		11,720,174	14,386,747
REPRESENTED BY			
Shareholders' equity			
Share capital - net	23	23,431,374	23,431,374
Reserves		820,890	820,890
Surplus / (deficit) on revaluation of assets - net of tax	24	20,307	(68,207)
Accumulated loss		(12,552,397)	(9,797,310)
		11,720,174	14,386,747
CONTINGENCIES AND COMMITMENTS			
	25		

The annexed notes 1 to 45 form an integral part of these financial statements.

				
Khurram Khan Chief Financial Officer	Azmat Tarin President & CEO	Khalid Aziz Mirza Acting Chairman	Tariq Iqbal Khan Director	Shahzad Enver Murad Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT - UN-AUDITED

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

		Quarter ended		Nine months ended	
	Note	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
		Rupees in '000			
Mark-up / return / profit / interest earned	27	2,365,593	4,129,982	11,915,429	11,215,835
Mark-up / return / profit / interest expensed	28	(4,320,362)	(2,479,948)	(10,396,639)	(6,252,694)
Net Mark-up / return / profit / interest (loss) / income		(1,954,769)	1,650,034	1,518,790	4,963,141
NON MARK-UP / INTEREST INCOME					
Fee and commission income	29	647,175	375,558	1,704,591	1,275,488
Dividend income		-	-	3,425	-
Foreign exchange income		934,990	3,556	193,648	148,189
(Loss) / income from derivatives		(887,623)	113,187	138,960	102,416
Gain / (loss) on securities	30	59,507	(45,553)	19,599	(62,920)
Other (loss) / income	31	(126,238)	524,140	(78,984)	1,245,038
Total non-markup / interest income		627,811	970,888	1,981,239	2,708,211
Total (loss) / income		(1,326,958)	2,620,922	3,500,029	7,671,352
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	32	(2,013,736)	(1,610,149)	(5,852,637)	(4,904,935)
Workers Welfare Fund		5,186	(15,000)	-	(36,921)
Other charges	33	(59,974)	(5,635)	(185,066)	(10,188)
Total non-markup / interest expenses		(2,068,524)	(1,630,784)	(6,037,703)	(4,952,044)
Profit before provisions, extra ordinary / unusual item and taxation		(3,395,482)	990,138	(2,537,674)	2,719,308
Provisions and write offs - net	34	(863,410)	(306,109)	(1,467,090)	(962,060)
Extra ordinary / unusual items		-	-	-	-
(LOSS) / PROFIT BEFORE TAXATION		(4,258,892)	684,029	(4,004,764)	1,757,248
Taxation	35	1,372,966	(194,671)	1,235,669	(521,980)
(LOSS) / PROFIT AFTER TAXATION		(2,885,926)	489,358	(2,769,095)	1,235,268
Rupee					
Basic and Diluted (Loss) / Earnings Per Share	36	(0.32)	0.05	(0.30)	0.14

The annexed notes 1 to 45 form an integral part of these financial statements.


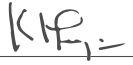
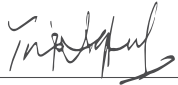

				
Khurram Khan Chief Financial Officer	Azmat Tarin President & CEO	Khalid Aziz Mirza Acting Chairman	Tariq Iqbal Khan Director	Shahzad Enver Murad Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME - UN-AUDITED

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

	Quarter ended		Nine months ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
	Rupees in '000			
(Loss) / profit after tax for the period	(2,885,926)	489,358	(2,769,095)	1,235,268
Other comprehensive income / (loss)				
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in deficit on revaluation of investments - net of tax	48,115	(55,627)	90,852	(94,311)
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	10,413	(633)
Movement in surplus on revaluation of fixed assets - net of tax	(582)	(581)	(1,745)	(1,744)
Movement in surplus on revaluation of non-banking assets - net of tax	(593)	(1,094)	(593)	(8,156)
	(1,175)	(1,675)	8,075	(10,533)
Total comprehensive (loss) / income	(2,838,986)	432,056	(2,670,168)	1,130,424

The annexed notes 1 to 45 form an integral part of these financial statements.

 Khurram Khan
Chief Financial Officer
  Azmat Tarin
President & CEO
  Khalid Aziz Mirza
Acting Chairman
  Tariq Iqbal Khan
Director
  Shahzad Enver Murad
Director


CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - UN-AUDITED

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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					
Balance as at January 01, 2018 - Audited	23,431,374	(35,685)	88,408	554,903	(10,857,654)	13,181,346
Profit after taxation for the nine months ended September 30, 2018 - Un-audited	-	-	-	-	1,235,268	1,235,268
Other comprehensive loss - net of tax - Un-audited	-	(94,311)	(9,900)	-	(633)	(104,844)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation- net of tax	-	-	-	-	2,685	2,685
Transfer from surplus on revaluation of non-banking assets on account of disposal of assets- net of tax	-	-	-	-	11,184	11,184
Transfer from surplus on revaluation of non-banking assets on account of transferred to fixed assets - net of tax	-	-	-	-	363	363
Balance as at September 30, 2018 - Un-audited	23,431,374	(129,996)	78,508	554,903	(9,608,787)	14,326,002
Profit after taxation for the quarter ended December 31, 2018 - Un-audited	-	-	-	-	94,665	94,665
Other comprehensive loss - net of tax - Un-audited	-	(14,914)	(1,805)	-	(19,976)	(36,695)
Transfer to statutory reserves	-	-	-	265,987	(265,987)	-
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation- net of tax	-	-	-	-	894	894
Transfer from surplus on revaluation of non-banking assets on account of disposal of assets- net of tax	-	-	-	-	1,881	1,881
Balance as at December 31, 2018 - Audited	23,431,374	(144,910)	76,703	820,890	(9,797,310)	14,386,747
Loss after taxation for the nine months ended September 30, 2019 - Un-audited	-	-	-	-	(2,769,095)	(2,769,095)
Other comprehensive income / (loss) - net of tax - Un-audited	-	90,852	(2,338)	-	10,413	98,927
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	-	-	-	-	911	911
Balance as at September 30, 2019 - Un-audited	23,431,374	(54,058)	74,365	820,890	(12,552,397)	11,720,174

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

The annexed notes 1 to 45 form an integral part of these financial statements.

 Khurram Khan
Chief Financial Officer
  Azmat Tarin
President & CEO
  Khalid Aziz Mirza
Acting Chairman
  Tariq Iqbal Khan
Director
  Shahzad Enver Murad
Director

CONDENSED INTERIM CASH FLOW STATEMENT - UN-AUDITED

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

	Note	September 30, 2019	September 30, 2018
		Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		(4,004,764)	1,757,248
Less: Dividend income		(3,425)	-
		(4,008,189)	1,757,248
Adjustments:			
Depreciation on fixed assets	32	323,441	296,845
Depreciation on right-of-use assets	32	505,034	-
Depreciation on non-banking assets	32	50,960	59,771
Amortization of intangible assets	32	47,897	46,451
Amortization of premium on investments - net		(12,284)	153,550
Mark-up / return / profit / interest expensed on lease liability against right-of-use assets	28	361,537	-
Provisions against loans & advances	34	1,598,374	1,103,225
Gain on sale of fixed assets	31	(596)	(9,339)
Unrealized loss on revaluation of investments - held-for-trading	30	1,678	2,853
Share of profit from associate	31	(406)	(5,340)
Loss / (gain) on sale of non-banking assets	31	189,947	(858,416)
Write offs against fixed assets	34	2,080	1,705
		3,067,662	791,305
		(940,527)	2,548,553
Decrease in operating assets			
Lendings to financial institutions		(7,039,956)	6,598,642
Net investments in held-for-trading securities		(811,285)	(9,311,919)
Advances		(10,364,911)	(14,688,312)
Other assets (excluding advance taxation)		1,248,446	405,940
		(16,967,706)	(16,995,649)
Increase / (decrease) / in operating liabilities			
Bills payable		(592,841)	(1,147,223)
Borrowings		19,625,114	(18,087,587)
Deposits		9,286,600	12,052,821
Other liabilities (excluding current taxation)		(499,970)	496,801
		27,818,903	(6,685,188)
		9,910,670	(21,132,284)
Income tax paid		(479,115)	(187,041)
Net cash flow from / (used in) operating activities		9,431,555	(21,319,325)
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in available-for-sale securities		(7,417,487)	21,062,464
Net investment in held-to-maturity securities		(257,658)	-
Dividend received		3,425	1,025
Net investment in fixed assets and intangible assets		(393,437)	(456,100)
Proceeds on disposal of non-banking assets		273,500	1,492,187
Proceeds on disposal of fixed assets		47,204	93,011
Net cash flow generated (used in) / from investing activities		(7,744,453)	22,192,587
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from / (repayment of) subordinated debts		125,818	(400)
Payment of finance lease obligation		(2,663)	(3,122)
Payment of lease liability against right-of-use assets		(746,376)	-
Net cash flow used in financing activities		(623,221)	(3,522)
Increase in cash and cash equivalents		1,063,881	869,740
Cash and cash equivalents at the beginning of the period		9,181,561	8,631,596
Cash and cash equivalents at the end of the period	37	10,245,442	9,501,336

The annexed notes 1 to 45 form an integral part of these financial statements.



Khurram Khan
Chief Financial Officer



Azmat Tarin
President & CEO



Khalid Aziz Mirza
Acting Chairman



Tariq Iqbal Khan
Director



Shahzad Enver Murad
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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 2019 are 'A-2' and 'A-' respectively.

Major shareholders of the Bank as on September 30, 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. Zulqarnain Nawaz Chatta / Mr. Zubair Nawaz Chatta of Gourmet Group.

As at September 30, 2019, the equity of the Bank is Rs. 11.7 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, 6.79% 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).

At the time of approval of these financial statements by the Board of Directors, the Bank subsequent to the dates of these financial statement, has already realized capital gains amounting to approximately Rs. 5.5 billion from the sale of government securities and additional Rs. 1.4 billion approximately (based on the PKRV issued on June 26, 2020, applicable for June 29,2020) is also available as revaluation surplus. With these gains and reduction of NPLs as mentioned in Note 12.3.1, bank is confident that they will be able to meet CAR in near future.

The Bank has prepared five years financial projections which have been approved by the Board of Directors for the purpose of setting future course of action. The projections reflects the reduction in corporate exposure, improvement in profits and curing of NPLs, disposal of non-banking assets acquired in satisfaction of claims (NBA). Further the growth in low cost deposits and increase in high yielding consumer advances will also support to increase the profitability of the Bank.

Further SBP has allowed staggering of provision against non-performing loans (refer note 12.3.2) amounting to Rs 2.442 billion and allowed to treat the general provision held against consumer financing as part of Common Equity Tier I instead of Tier II for the purpose of CAR calculation. Had this benefit not been taken by the Bank, loss before tax would have been higher by Rs. 2.442 billion and CAR would have been lower by 2.72%.

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 Accountants of Pakistan (ICAP), as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017;
- 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 NINE MONTHS ENDED SEPTEMBER 30, 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. The amended format introduced certain new disclosures and has resulted in the following significant change:

Acceptances amounting to Rs. 1,469.26 million (December 31, 2018: Rs. 2,894.21 million) which were previously shown as a part of contingencies and commitments are not recognised on balance sheet both as assets and liabilities. They are included in other assets (note 16) and other liabilities (note 22).

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 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 accounting and reporting standards that are not yet effective

The following new standards and interpretations of and amendments to existing accounting and reporting standards will be effective from the dates mentioned below against the respective standard, interpretation or amendment:

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
IFRS 3 - Definition of a Business (Amendments)	January 01, 2020
IAS 1 - Presentation of Financial Statements (Amendments)	January 01, 2020
IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 01, 2020
IFRS 9 - Financial Instruments: Classification and Measurement	January 01, 2021

The SECP, through SRO 229 (I) / 2019 dated February 14, 2019, has notified that IFRS 9, Financial Instruments, is applicable for accounting periods ending on or after June 30, 2019. However, the SBP through BPRD circular no. 04 of 2019, has decided that the effective date of IFRS 9 implementation will be January 01, 2021.

IFRS 9: 'Financial Instruments' addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on an 'Expected Credit Losses' (ECL) approach rather than the 'incurred credit losses' approach as currently followed. The ECL has impact on all assets of the Bank which are exposed to credit risk. The Bank is in the process of assessing the full impact of this standard.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

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There are certain new and amended standards and interpretations as referred to in note 4.3 to the Bank's financial statements for the year ended December 31, 2018, that are mandatory for the Bank's accounting periods beginning on or after January 1, 2020 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these condensed interim financial statements.

5.2 Standards, interpretations of and amendments to accounting and reporting standards that are effective in the year 2019

During the period, IFRS 16 - Leases became, effective from annual reporting period beginning on or after January 1, 2019. The impact of the adoption of IFRS 16 on the Bank's condensed interim financial statements is disclosed in note 6.1.

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 other than those disclosed in note 5.1. These are considered either not to be relevant or not to have any significant impact on the Bank's 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 information are same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2018, except for the following:

6.1 Impact of IFRS 16 - Leases

IFRS 16 replaces existing guidance on accounting for leases, including IAS 17, Leases, IFRIC 4, Determining whether an Arrangement contains a Lease, SIC-15, Operating Leases - Incentive, and SIC-27, Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 introduces an on-balance sheet lease accounting model for leases entered by the lessee. A lessee recognizes a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as either finance or operating leases.

The bank has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standards.

On adoption of IFRS 16, the Bank has recognised liabilities in respect of leases which had previously been classified as operating leases under IAS 17. The lease liability is subsequently measured at amortised cost using the effective interest rate method.

	September 30, 2019	January 01, 2019
	Rupees in '000	
Total lease liability recognised	4,475,588	4,539,401

On adoption of IFRS 16, the associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of prepaid lease payments recognised in the condensed statement of financial position immediately before the date of initial application. These liabilities were initially measured as the present value of the remaining lease payments, discounted using the Bank's incremental weighted average borrowing rate. The lease liability is subsequently measured at amortised cost using the effective interest rate method.

The right-of-use assets recognised subsequent to the adoption are measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use assets are depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

The recognised right-of-use assets relate to the following type of asset:

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FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

	September 30, 2019	January 01, 2019
	Rupees in '000	
Land and building	4,355,393	4,860,427

Impact on Condensed Interim Statement of Financial Position

Increase in fixed assets - right-of-use assets	4,355,393	4,860,427
(Decrease) in other assets - advances, deposits, advance rent and other prepayments	(186,661)	(321,026)
Increase in other assets - advance taxation	107,400	-
Increase in total assets	4,276,132	4,539,401
Increase in other liabilities - lease liability against right-of-use assets	(4,475,588)	(4,539,401)
(Decrease) / increase in net assets	(199,456)	-

Impact on Condensed Interim Profit and Loss account

Increase in mark-up expense - lease liability against right-of-use assets	(361,537)
(Increase) / decrease in administrative expenses:	
- Depreciation on right-of-use assets	(505,034)
- Rent expense	559,715
Decrease in profit before tax	(306,856)
Decrease in tax	107,400
Decrease in profit after tax	(199,456)

While implementing IFRS 16, the Bank has used a single discount rate methodology. The Bank has opted not to recognise right-of-use assets for leases of low value.

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.

	September 30, 2019	December 31, 2018
	Un-audited	Audited
Note	Rupees in '000	
8 CASH AND BALANCES WITH TREASURY BANKS		
In hand		
Local currency	1,751,152	1,829,723
Foreign currencies	692,231	581,068
	2,443,383	2,410,791
With State Bank of Pakistan in		
Local currency current account	5,224,855	4,496,567
Foreign currency current account	801,940	630,335
Foreign currency deposit account	1,386,651	1,210,071
	7,413,446	6,336,973
With National Bank of Pakistan in		
Local currency current account	119,476	121,213
National Prize Bonds	38,408	2,590
	10,014,713	8,871,567

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

- 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 SBP). It carries interest rates ranging from 1.02% to 1.09% (December 31, 2018: 0.56% to 1.35%).

	September 30, 2019	December 31, 2018
	Un-audited	Audited
	Rupees in '000	
9 BALANCES WITH OTHER BANKS		
In Pakistan		
In current account	96,338	88,815
In deposit account	68	64
	96,406	88,879
Outside Pakistan		
In current account	134,323	221,115
	230,729	309,994
10 LENDINGS TO FINANCIAL INSTITUTIONS		
Repurchase agreement lendings (Reverse repo)	15,283,334	11,665,534
Foreign placement	918,803	946,622
Bai Muajjal receivable from State Bank of Pakistan	3,449,975	-
	19,652,112	12,612,156

11 INVESTMENTS

11.1 Investments by types:	September 30, 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							
Held-for-trading securities								
Market Treasury Bill	10,511,597	-	(2,410)	10,509,187	10,053,860	-	(2,423)	10,051,437
Pakistan Investment Bond	51,415	-	20	51,435	-	-	-	-
Shares - Listed	299,710	-	712	300,422	-	-	-	-
	10,862,722	-	(1,678)	10,861,044	10,053,860	-	(2,423)	10,051,437
Available-for-sale securities								
Market Treasury Bills	-	-	-	-	4,354,202	-	(2,697)	4,351,505
Pakistan Investment Bonds	24,138,786	-	(54,761)	24,084,025	10,253,483	-	(207,218)	10,046,265
GOP Ijarah Sukuks	1,730,165	-	17,275	1,747,440	3,862,276	-	(10,629)	3,851,647
Shares - Listed	224,322	-	(42,750)	181,572	137,851	-	(2,482)	135,369
Shares - Unlisted	5,680	(5,680)	-	-	5,680	(5,680)	-	-
Sukuks - Listed	256,336	-	(2,931)	253,405	299,527	-	714	300,241
Term Finance Certificates - Listed	50,000	-	-	50,000	62,500	-	(625)	61,875
Term Finance Certificates - Unlisted	8,780	(8,780)	-	-	8,780	(8,780)	-	-
	26,414,069	(14,460)	(83,167)	26,316,442	18,984,299	(14,460)	(222,937)	18,746,902
Held-to-maturity securities								
Shares repurchase (fully provided)	74,910	(74,910)	-	-	74,910	(74,910)	-	-
Other Federal Government Securities	257,658	-	-	257,658	-	-	-	-
	332,568	(74,910)	-	257,658	74,910	(74,910)	-	-
Associates								
SPI Insurance Company Limited	127,060	-	-	127,060	126,654	-	-	126,654
Total investments	37,736,419	(89,370)	(84,845)	37,562,204	29,239,723	(89,370)	(225,360)	28,924,993

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

11.2 Investments by segments:	September 30, 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							
Federal Government Securities								
Market Treasury Bills	10,511,597	-	(2,410)	10,509,187	14,408,062	-	(5,120)	14,402,942
Pakistan Investment Bonds	24,190,201	-	(54,741)	24,135,460	10,253,483	-	(207,218)	10,046,265
GOP Ijara Sukuks	1,730,165	-	17,275	1,747,440	3,862,276	-	(10,629)	3,851,647
Bai Muajjal	257,658	-	-	257,658	-	-	-	-
	36,689,621	-	(39,876)	36,649,745	28,523,821	-	(222,967)	28,300,854
Shares								
Listed companies	524,032	-	(42,038)	481,994	137,851	-	(2,482)	135,369
Unlisted companies	5,680	(5,680)	-	-	5,680	(5,680)	-	-
	529,712	(5,680)	(42,038)	481,994	143,531	(5,680)	(2,482)	135,369
Non Government Debt Securities								
Sukuks - Listed	256,336	-	(2,931)	253,405	299,527	-	714	300,241
Term Finance Certificates - Listed	50,000	-	-	50,000	62,500	-	(625)	61,875
Term Finance Certificates - Unlisted	8,780	(8,780)	-	-	8,780	(8,780)	-	-
	315,116	(8,780)	(2,931)	303,405	370,807	(8,780)	89	362,116
Shares repurchase (fully provided)	74,910	(74,910)	-	-	74,910	(74,910)	-	-
Associates								
SPI Insurance Company Limited	127,060	-	-	127,060	126,654	-	-	126,654
Total investments	37,736,419	(89,370)	(84,845)	37,562,204	29,239,723	(89,370)	(225,360)	28,924,993

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

	September 30, 2019 Un-audited	December 31, 2018 Audited
11.2.1 Investments given as collateral		
Market Treasury Bills	3,823,160	-
Pakistan Investment Bonds	23,145,653	6,468,112
	26,968,813	6,468,112
11.3 Provision for diminution in value of investments		
11.3.1 Opening balance	89,370	89,370
Charge / (reversals)		
Charge for the period / year	-	-
Reversals for the period / year	-	-
Amounts written off	-	-
Closing balance	89,370	89,370

11.3.2 Particulars of provision against debt securities

Category of classification	September 30, 2019 - (Un-audited)		December 31, 2018 - Audited	
	Non Performing Investments	Provision	Non Performing Investments	Provision
	Rupees in '000			
Domestic	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	83,690	83,690	83,690	83,690
Total	83,690	83,690	83,690	83,690

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

12 ADVANCES

Note	Performing		Non Performing		Total	
	September 30, 2019 Un-audited	December 31, 2018 Audited	September 30, 2019 Un-audited	December 31, 2018 Audited	September 30, 2019 Un-audited	December 31, 2018 Audited
	Rupees in '000					
Loans, cash credits, running finances, etc.	73,248,197	69,879,752	11,353,103	6,366,874	84,601,300	76,246,626
Islamic financing and related assets	5,132,661	26,600,182	22,706,787	301,516	27,839,448	26,901,698
Bills discounted and purchased	939,257	411,194	3,113	6,650	942,370	417,844
Advances - gross	79,320,115	96,891,128	34,063,003	6,675,040	113,383,118	103,566,168
Provision against advances						
- Specific	-	-	5,500,931	4,524,443	5,500,931	4,524,443
- General	761,648	687,723	-	-	761,648	687,723
	761,648	687,723	5,500,931	4,524,443	6,262,579	5,212,166
Advances - net of provision	78,558,467	96,203,405	28,562,072	2,150,597	107,120,539	98,354,002

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	September 30, 2019		December 31, 2018	
	Un-audited	Audited	Un-audited	Audited
12.1 Particulars of advances (gross)	Rupees in '000			
In local currency	113,383,118		103,562,141	
In foreign currencies	-		4,027	
	<u>113,383,118</u>		<u>103,566,168</u>	

12.2 Advances include Rs. 34,063 million (December 31, 2018: Rs. 6,675 million) which have been placed under non-performing status as detailed below:

Category of classification	September 30, 2019 - (Un-audited)		December 31, 2018 - Audited	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	Rupees in '000			
Domestic				
Substandard	5,265,044	368,062	983,161	127,978
Doubtful	642,288	47,396	521,267	49,873
Loss	28,155,671	5,085,473	5,170,612	4,346,592
Total	34,063,003	5,500,931	6,675,040	4,524,443

12.3 Particulars of provision against non-performing advances:

Note	September 30, 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 period / year	1,699,388	73,925	1,773,313	1,417,628	131,443	1,549,071
Reversals for the period / year	(174,939)	-	(174,939)	(93,862)	-	(93,862)
	1,524,449	73,925	1,598,374	1,323,766	131,443	1,455,209
Amounts written off	(547,961)	-	(547,961)	(530,112)	-	(530,112)
Closing balance	5,500,931	761,648	6,262,579	4,524,443	687,723	5,212,166

12.3.1 During the period the bank recorded additional NPL's, by and large, arising out of the accounts of the borrowers engaged in the businesses of real estate/construction sector. This is mainly due to slow down in the businesses activities of these sectors, tax issues relating to these businesses and the ban on construction of high rise buildings in Karachi. However, a Letter of Interest (LOI) has been signed between the borrower and Federal Government Employee Housing Scheme Authority (FGHEHA) for the sale of these underlying properties where substantial payment is expected shortly. Additionally, the government had announced a stimulus package to uplift and provide the necessary support to the real estate/construction sector. Based on these positive developments, bank is confident that the NPL's would be cured shortly.

12.3.2 As at September 30, 2019, the Bank has availed benefit of relaxation provided by SBP vide its letter dated June 24, 2020 from the requirements of Regulation R-8 of Prudential Regulation for Corporate / Commercial Banking amounting to Rs. 2.442 billion till June 30, 2020.

12.3.3 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.

12.3.4 As of September 30, 2019, the Bank has availed FSV benefits against all non performing advances. Had the benefit not been taken by the Bank, loss after tax would have been higher by Rs. 3,909 million, whereas profit in December 31, 2018 would have been lower by Rs. 731 million, which shall not be available for payment of cash or stock dividend / bonus to employees.

12.3.5 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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

	Note	September 30, 2019		December 31, 2018	
		Un-audited	Audited	Un-audited	Audited

13 FIXED ASSETS					
Capital work-in-progress	13.1	76,695		63,641	
Property and equipment		3,871,749		3,917,630	
Right-of-use assets	6.1	4,355,393		-	
		<u>8,303,837</u>		<u>3,981,271</u>	
13.1 Capital work-in-progress					
Civil works		7,764		22,427	
Advances to suppliers and contractors		68,931		41,214	
		<u>76,695</u>		<u>63,641</u>	

	September 30, 2019	September 30, 2018
	Un-audited	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		70,153	123,770
Property and equipment			
Building on leasehold land		-	49,993
Furniture and fixture		11,576	60,858
Electrical, office and computer equipment		77,553	165,539
Vehicles		199,296	161,036
Leasehold Improvements		37,823	147,360
		<u>326,248</u>	<u>584,786</u>
Total		<u>396,401</u>	<u>708,556</u>

13.3 Disposal of fixed assets			
The net book value of operating fixed assets disposed off during the period is as follows:			
Freehold land		-	76,682
Furniture and fixture		219	9
Electrical, office and computer equipment		80	53
Vehicles		46,309	41,929
		<u>46,608</u>	<u>118,673</u>

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. 118.2 million (September 30, 2018: Rs. 118.2 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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

	September 30, December 31,	
	2019	2018
	Un-audited	Audited
	Rupees in '000	
14 INTANGIBLE ASSETS		
Capital work-in-progress	83,822	65,167
Software	149,256	161,673
	<u>233,078</u>	<u>226,840</u>

	September 30, September 30,	
	2019	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:

	September 30, 2019	September 30, 2018
	Un-audited	Audited
	Rupees in '000	
Capital work-in-progress	27,429	20,683
Software (directly purchased)	35,480	6,336
Total	<u>62,909</u>	<u>27,019</u>

15 DEFERRED TAX ASSETS

Deductible Temporary Differences on

	September 30, 2019	December 31, 2018
	Un-audited	Audited
	Rupees in '000	
- Post retirement employee benefits	1,918	7,525
- Deficit on revaluation of investments	29,109	78,027
- Unabsorbed tax losses	1,069,286	-
- Provision for diminution in value of investments	3,073	3,073
- Provision against non-performing advances	2,481,993	2,327,362
- Provision against Workers' Welfare Fund (WWF)	47,094	47,094
- Provision against other assets	223,368	223,368
- Depreciation on non-banking assets	80,446	65,855
- Unabsorbed tax depreciation	522,433	439,636
	<u>4,458,720</u>	<u>3,191,940</u>

Taxable Temporary Differences on

	September 30, 2019	December 31, 2018
	Un-audited	Audited
	Rupees in '000	
- Surplus on revaluation of non-banking assets	(2,216)	(2,534)
- Surplus on revaluation of fixed assets	(11,588)	(12,527)
- Accelerated tax depreciation	(94,570)	(118,232)
	<u>(108,374)</u>	<u>(133,293)</u>
	<u>4,350,346</u>	<u>3,058,647</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

15.1 The Bank has an aggregate amount of deferred tax assets of Rs.4,350 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	September 30, December 31,	
		2019	2018
		Un-audited	Audited
		Rupees in '000	
16 OTHER ASSETS			
Income / mark-up accrued in local currency - net of provision		4,642,948	4,738,974
Income / mark-up accrued in foreign currency - net of provision		1,157	412
Rent receivable	13.4 & 16.1	315,217	531,254
Advances, deposits, advance rent and other prepayments		413,553	640,333
Advance taxation (payments less provisions)		1,337,124	967,307
Non-banking assets	16.2	10,022,701	9,795,307
Branch adjustment account		36,497	110,813
Mark to market gain on forward contracts		374,591	180,579
Acceptances		1,469,260	2,894,213
Receivable from sale of operating fixed assets		-	35,000
Receivable from sale of non-banking assets		297,350	518,250
Receivable from NCCPL		8,681	-
Others		510,900	409,661
		<u>19,429,979</u>	<u>20,822,103</u>
Less: Provision held against other assets	16.3	(623,274)	(623,274)
Other assets - net of provisions		<u>18,806,705</u>	<u>20,198,829</u>
Surplus on revaluation of non-banking assets	24	31,789	32,700
Other assets - total		<u>18,838,494</u>	<u>20,231,529</u>

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. 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. Due to the slow down in the real sector / construction sector and considering the aging of the receivable balance outstanding against rent, the bank has prudently reversed the rent receivable and as per term of the Agreement, Bank adjusted the down payment of Rs.170.83 million.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

	September 30, December 31, 2019 2018	
	Un-audited	Audited
Rupees in '000		
16.2 Non-banking assets		
- acquired in satisfaction of claims	6,209,920	5,585,886
- under agreement to sale third parties	3,762,604	4,018,263
- with buy back option with customers	50,177	191,158
	<u>10,022,701</u>	<u>9,795,307</u>
16.3 Provision held against other assets		
Non-banking assets	594,274	594,274
Advances, deposits, advance rent and other prepayments	21,000	21,000
Others	8,000	8,000
	<u>623,274</u>	<u>623,274</u>
16.3.1 Movement in provision held against other assets		
Opening balance	623,274	630,361
Charge for the period / year	-	-
Reversals for the period / year	-	-
Net charge for the period / year	-	-
Reversal on disposal / write off	-	(7,087)
Closing balance	<u>623,274</u>	<u>623,274</u>

16.3.2 This includes Rs. 594.274 million (December 31, 2018 : Rs. 594.274 million) pertains to non-banking assets resulting net book value of Rs. 9,460 million (December 31, 2018 : Rs. 9,234 million)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

	September 30, December 31, 2019 2018	
	Un-audited	Audited
Rupees in '000		
17 BILLS PAYABLE		
In Pakistan	2,273,727	2,866,568
Outside Pakistan	-	-
	<u>2,273,727</u>	<u>2,866,568</u>
18 BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan under export refinance scheme	1,612,331	1,647,067
Repurchase agreement borrowings	26,941,608	6,500,646
Total secured	<u>28,553,939</u>	<u>8,147,713</u>
Unsecured		
Call borrowings	3,794,417	3,000,000
Trading liability	4,160,370	6,843,117
Overdrawn nostro accounts	1,168,242	61,024
Total unsecured	<u>9,123,029</u>	<u>9,904,141</u>
	<u>37,676,968</u>	<u>18,051,854</u>
19 DEPOSITS AND OTHER ACCOUNTS		

September 30, 2019 - (Un-audited)			December 31, 2018 - Audited			
In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total	
Rupees in '000						
Customers						
Current deposits	22,454,701	5,529,285	27,983,986	21,844,736	3,838,921	25,683,657
Saving deposits	49,719,353	3,342,586	53,061,939	43,582,478	2,844,764	46,427,242
Term deposits	35,367,547	2,878,420	38,245,967	39,069,219	2,979,435	42,048,654
Margin deposits	1,575,369	-	1,575,369	2,477,667	-	2,477,667
Others	1,328,928	-	1,328,928	1,475,238	-	1,475,238
	<u>110,445,898</u>	<u>11,750,291</u>	<u>122,196,189</u>	<u>108,449,338</u>	<u>9,663,120</u>	<u>118,112,458</u>
Financial Institutions						
Current deposits	39,890	2,146	42,036	134,345	5,917	140,262
Saving deposits	14,453,836	20,427	14,474,263	13,019,874	18,120	13,037,994
Term deposits	5,148,130	90,066	5,238,196	1,373,370	-	1,373,370
	<u>19,641,856</u>	<u>112,639</u>	<u>19,754,495</u>	<u>14,527,589</u>	<u>24,037</u>	<u>14,551,626</u>
	<u>130,087,754</u>	<u>11,862,930</u>	<u>141,950,684</u>	<u>122,976,927</u>	<u>9,687,157</u>	<u>132,664,084</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

20 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	September 30, 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
	Rupees in '000					
Not later than one year	-	-	-	2,755	92	2,663
Later than one year and upto five years	-	-	-	-	-	-
	-	-	-	2,755	92	2,663

21 SUBORDINATED DEBT

	Note	September 30, 2019 Un-audited	December 31, 2018 Audited
Rupees in '000			
Subordinated Term Finance Certificates	21.1	1,999,200	1,999,600
Subordinated loan from Sponsors	21.2	126,218	-
		<u>2,125,418</u>	<u>1,999,600</u>

21.1 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:

Issue amount	Rs. 2,000 million
Issue date	August 10, 2017
Maturity date	Up to 8 years from date of issue
Rating	(BBB+) by JCR-VIS Credit Rating Company Limited (Triple B Plus)
Security	The instrument is unsecured and subordinated as to payment of principal and profit to all other indebtedness of the Bank, including deposits.
Profit payment frequency	Profit will be payable semi-annually in arrears on the outstanding principal amount and will be calculated on a 365 day year basis.
Redemption	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.
Mark-up	6 months KIBOR plus 1.85% per annum
Call option	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.
Lock-in-clause	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.
Loss absorbency clause	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, the 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 the SBP, subject to a cap of 1,238,390,093 shares.

21.2 Due to the lock-in-clause as mentioned in note 21.1 and as per SBP instructions, the Bank has received an unsecured and interest free subordinated loan from the sponsor in order to make the payment of the instalment including profit thereon in respect of the above mentioned TFC's. Upon compliance with minimum capital requirement (CAR), this subordinated loan will be repaid to the Sponsor.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

22 OTHER LIABILITIES

	Note	September 30, 2019 Un-audited	December 31, 2018 Audited
Rupees in '000			
Mark-up / return / interest payable in local currency		1,211,981	790,382
Mark-up / return / interest payable in foreign currencies		30,045	22,884
Unearned commission and income on bills discounted		57,341	46,079
Accrued expenses		356,845	123,679
Acceptances		1,469,260	2,894,213
Mark to market loss on forward contracts		371,491	30,094
Payable to defined benefit plan - permanent staff		5,479	21,499
Payable to defined benefit plan - contractual staff		44,895	27,992
Provision against off-balance sheet obligations	22.1	116,012	116,012
Workers' Welfare Fund (WWF)		134,504	134,504
Advance received against future sale of non-banking assets	22.2	117,098	412,644
Advance received against future sale of fixed assets	13.4	118,500	118,500
Deferred income against non-banking assets		153,657	111,283
Islamic pool management reserve		4,920	4,676
Lease liability against right-of-use assets	6.1	4,475,588	-
Non checking account		500,005	399,364
PRI remitting account		89,266	654,498
Fund received against application of Housing Scheme		553,501	-
Others		748,693	691,180
		<u>10,559,081</u>	<u>6,599,483</u>
22.1 Provision against off-balance sheet obligations			
Opening balance		116,012	116,012
Charge for the period / year		-	-
Reversals for the period / year		-	-
		-	-
Amount written off		-	-
Closing balance		<u>116,012</u>	<u>116,012</u>
22.2	Advance received Rs. 170.83 million against future disposal of non-banking assets (land) measuring 122,311 square yards, as disclosed in note 16.1 adjusted as per term of the Agreement.		

23 SHARE CAPITAL- NET

23.1 Authorised capital

	September 30, 2019 Un-audited	December 31, 2018 Audited		September 30, 2019 Un-audited	December 31, 2018 Audited
Number of shares in '000					
	10,500,000	10,500,000	Ordinary shares of Rs.10 each	105,000,000	105,000,000

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

23.2 Issued, subscribed and paid up capital

September 30, 2019		December 31, 2018		Note	September 30, 2019		December 31, 2018	
Un-audited	Audited	Un-audited	Audited		Un-audited	Audited	Un-audited	Audited
Number of shares in '000					Rupees in '000			
9,081,861	9,081,861	Ordinary shares of Rs. 10 each			90,818,612	90,818,612		
-	-	Fully paid in cash			(67,387,238)	(67,387,238)		
9,081,861	9,081,861	Less: Discount on issue of shares			23,431,374	23,431,374		

24 SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS - NET OF TAX

(Deficit) / surplus on revaluation of		Note	September 30, 2019		December 31, 2018	
			Un-audited	Audited	Un-audited	Audited
Deferred tax on deficit / (surplus) on revaluation of						
- Available for sale securities	11.1	(83,167)	(222,937)			
- Fixed assets	16	56,380	59,064			
- Non-banking assets	16	31,789	32,700			
		5,002	(131,173)			
Deferred tax on deficit / (surplus) on revaluation of						
- Available for sale securities	15	29,109	78,027			
- Fixed assets	15	(11,588)	(12,527)			
- Non-banking assets	15	(2,216)	(2,534)			
		15,305	62,966			
		20,307	(68,207)			

25 CONTINGENCIES AND COMMITMENTS

	Note	September 30, 2019	December 31, 2018
Guarantees	25.1	14,008,719	13,284,395
Commitments	25.2	51,564,268	30,031,232
Contingent liabilities	25.3	1,256,952	1,143,864
		66,829,939	44,459,491

25.1 Guarantees:

	September 30, 2019	December 31, 2018
Financial guarantees	59,940	547,993
Performance guarantees	9,629,615	9,081,896
Other guarantees	4,319,164	3,654,506
	14,008,719	13,284,395

25.2 Commitments:

	Note	September 30, 2019	December 31, 2018
Documentary credits and short-term trade-related transactions			
- letters of credit		2,835,381	3,152,159
Commitments in respect of:			
- forward foreign exchange contracts	25.2.1	35,312,307	15,409,082
- forward government securities transactions	25.2.2	13,366,198	11,416,204
Commitments for acquisition of:			
- fixed assets		841	14,668
- intangible assets		49,541	39,119
		51,564,268	30,031,232

25.2.1 Commitments in respect of forward foreign exchange contracts

	September 30, 2019	December 31, 2018
Purchase	22,329,240	10,847,908
Sale	12,983,067	4,561,174
	35,312,307	15,409,082

25.2.2 Commitments in respect of forward government securities transactions

	September 30, 2019	December 31, 2018
Purchase	498,350	-
Sale	12,867,848	11,416,204
	13,366,198	11,416,204

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

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.

25.3 Contingent liabilities:

	September 30, 2019	December 31, 2018
Claims against the Bank not acknowledged as debt	1,221,312	1,108,224
Claims against the Bank by Competition Commission of Pakistan & others	35,640	35,640
	1,256,952	1,143,864

25.3.1 Suits for damages of Rs. 24.44 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

September 30, 2019 - (Un-audited)

Forward Contracts	
Notional Principal	Mark to Market gain / (loss)
	Rupees in '000

Counterparties

Hedging

- Banks
- Other entities

Total

47,713,394	(6,261)
965,111	9,361
48,678,505	3,100

December 31, 2018 - Audited

Forward Contracts	
Notional Principal	Mark to Market gain / (loss)
	Rupees in '000

Counterparties

Hedging

- Banks
- Other entities

Total

26,125,605	125,602
561,370	24,883
26,686,975	150,485

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

		September 30, 2019 Un-audited	September 30, 2018 Un-audited
	Note	Rupees in '000	
27 MARK-UP / RETURN / PROFIT / INTEREST EARNED			
On:			
a) Loans and advances		8,933,304	8,737,884
b) Investments		1,461,547	2,061,358
c) Lendings to financial institutions		1,515,218	414,868
d) Balances with banks		5,360	1,725
		11,915,429	11,215,835
28 MARK-UP / RETURN / PROFIT / INTEREST EXPENSED			
a) Deposits		8,494,225	4,204,753
b) Borrowings		1,096,258	1,793,775
c) Subordinated debt		192,926	127,306
d) Cost of foreign currency swaps against foreign currency deposits / borrowings		243,006	122,434
e) Lease liability against right-of-use assets	6.1	361,537	-
f) Others		8,687	4,426
		10,396,639	6,252,694
29 FEE & COMMISSION INCOME			
Branch banking customer fees		141,405	132,624
Card related fees (debit and credit cards)		1,022,852	670,802
Credit related fees		259,154	179,931
Investment banking fees		-	396
Commission on trade		131,286	116,089
Commission on guarantees		54,290	85,527
Commission on remittances including home remittances		14,557	12,178
Commission on bancassurance		66,583	55,227
Others		14,464	22,714
		1,704,591	1,275,488
30 GAIN / (LOSS) ON SECURITIES			
Realised	30.1	21,277	(60,067)
Unrealised - held for trading		(1,678)	(2,853)
		19,599	(62,920)
30.1 Realised (loss) / gain on:			
Federal Government Securities		44,876	(60,051)
Shares		(23,599)	(16)
		21,277	(60,067)
31 OTHER (LOSS) / INCOME			
Rent on property and non-banking assets		13,113	279,977
Gain on sale of fixed assets - net		596	9,339
(Loss) / gain on sale of non-banking assets - net		(189,947)	858,416
Rent on lockers		14,699	12,032
Postage, telex and other service charges recovered		23,609	35,420
Share of profit from associate		406	5,340
Early loan termination charges		58,540	44,514
		(78,984)	1,245,038

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

		September 30, 2019 Un-audited	September 30, 2018 Un-audited
	Note	Rupees in '000	
32 OPERATING EXPENSES			
Total compensation expense		2,809,779	2,644,226
Property expense			
Rent & taxes		27,189	498,173
Insurance on non-banking assets		752	912
Utilities cost		165,364	143,276
Security (including guards)		129,825	81,976
Repair & maintenance (including janitorial charges)		58,874	46,706
Depreciation on buildings		101,420	107,220
Depreciation on right-of-use assets	6.1	505,034	-
Depreciation on non-banking assets		50,960	59,771
Professional charges		424	11,862
		1,039,842	949,896
Information technology expenses			
Software maintenance		146,197	73,125
Hardware maintenance		79,202	33,963
Depreciation		40,469	31,259
Amortisation		47,897	46,451
Website development charges		248	179
		314,013	184,977
Other operating expenses			
Directors' fees and allowances		17,100	24,865
Fees and allowances to Shariah Board		11,419	9,261
Legal & professional charges		280,696	177,861
Outsourced services costs		43,059	29,728
Travelling & conveyance		96,363	62,959
NIFT clearing charges		12,084	9,042
Depreciation		181,552	158,366
Training & development		19,765	27,245
Postage & courier charges		31,138	17,709
Communication		252,968	125,675
Stationery & printing		53,156	46,728
Marketing, advertisement & publicity		267,691	160,334
Auditors' remuneration		16,728	13,644
Insurance (including deposit protection)		107,816	30,560
Repairs & maintenance		66,649	58,220
Financial charges on leased assets		159	419
Brokerage and commission		7,138	7,953
Subscriptions and news papers		17,387	10,427
Entertainment		40,505	32,073
Vehicle running & maintenance		21,948	19,061
Card related expenses (debit and credit cards)		108,530	84,618
Security		26,732	16,590
Others		8,420	2,498
		1,689,003	1,125,836
		5,852,637	4,904,935
33 OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		162,005	103
Operational loss		23,061	10,085
		185,066	10,188

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

		September 30, 2019	September 30, 2018
	Note	Un-audited	Un-audited
		Rupees in '000	
34 PROVISIONS & WRITE OFFS - NET			
Provisions against loans & advances	12.3	1,598,374	1,103,225
Write offs against fixed assets		2,080	1,705
Recovery of written off / charged off bad debts		(133,364)	(142,870)
		<u>1,467,090</u>	<u>962,060</u>
35 TAXATION			
Current		-	66,996
Prior years		109,298	-
Deferred		(1,344,967)	454,984
		<u>(1,235,669)</u>	<u>521,980</u>

35.1 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.

35.2 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 2018 were completed. Orders were issued by the Assessing Officer creating total tax demand of Rs. 139 million (already paid by the bank) including default surcharge of Rs. 25 million. The Bank has filed appeals against 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.

35.3 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.

		September 30, 2019	September 30, 2018
		Un-audited	Un-audited
		Rupees in '000	
36 BASIC AND DILUTED EARNINGS PER SHARE			
(Loss) / profit after tax for the period		(2,769,095)	1,235,268
Weighted average number of ordinary shares		9,081,861	9,081,861
Basic and Diluted (Loss) / Earnings Per Share (Rupee)		(0.30)	0.14
37 CASH AND CASH EQUIVALENTS			
Cash and balance with treasury banks		10,014,713	9,195,407
Balance with other banks		230,729	305,929
		<u>10,245,442</u>	<u>9,501,336</u>
38 FAIR VALUE MEASUREMENTS			

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.

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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

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:

	September 30, 2019 - (Un-audited)				
	Carrying Value	Level 1	Level 2	Level 3	Total
	Rupees in '000				
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments:					
Federal Government Securities					
Market Treasury Bills	10,509,187	-	10,509,187	-	10,509,187
Pakistan Investment Bonds	24,135,460	-	24,135,460	-	24,135,460
GOP Ijara Sukuks	1,747,440	-	1,747,440	-	1,747,440
Bai Muajjal	257,658	-	257,658	-	257,658
Shares					
Listed companies	481,994	481,994	-	-	481,994
Non-Government Debt Securities					
Sukuks - Listed	253,405	-	253,405	-	253,405
Term Finance Certificates - Listed	50,000	-	50,000	-	50,000
	<u>37,435,144</u>	<u>481,994</u>	<u>36,953,150</u>	<u>-</u>	<u>37,435,144</u>
Financial assets - disclosed but not measured at fair value					
Cash and balances with treasury banks	10,014,713	-	-	-	-
Balances with other banks	230,729	-	-	-	-
Lendings to financial institutions	19,652,112	-	-	-	-
Advances	107,120,539	-	-	-	-
Other assets	5,639,944	-	-	-	-
	<u>142,658,037</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>180,093,181</u>	<u>481,994</u>	<u>36,953,150</u>	<u>-</u>	<u>37,435,144</u>
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	22,329,240	-	22,329,240	-	22,329,240
Forward sale of foreign exchange	12,983,067	-	12,983,067	-	12,983,067
Forward purchase of government securities transactions	498,350	-	498,350	-	498,350
Forward sale of government securities transactions	12,867,848	-	12,867,848	-	12,867,848

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

	December 31, 2018 - Audited				
	Carrying Value	Level 1	Level 2	Level 3	Total
	Rupees in '000				
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments:					
Federal Government Securities					
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 Ijarah Sukuks	3,851,647	-	3,851,647	-	3,851,647
Bai Muajjal	-	-	-	-	-
Shares					
Listed companies	135,369	135,369	-	-	135,369
Non-Government Debt Securities					
Sukuks - Listed	300,241	-	300,241	-	300,241
Term Finance Certificates - Listed	61,875	-	61,875	-	61,875
	28,798,339	135,369	28,662,970	-	28,798,339

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	-	-	-	-
	126,152,188	-	-	-	-
	154,950,527	135,369	28,662,970	-	28,798,339

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
Market Treasury Bills and Pakistan Investment Bonds	Fair values are derived using the PKRV rates.
GOP Ijarah Sukuks	Fair values of GOP Ijarah 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.
Sukuks - Listed and Term Finance Certificates - Listed	Investments in debt securities i.e. term finance certificates and sukuk certificates issued by a company or a corporate body 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.
Foreign exchange contracts	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 NINE MONTHS ENDED SEPTEMBER 30, 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:

	September 30, 2019 - (Un-audited)				
	Carrying Value	Level 1	Level 2	Level 3	Total
	Rupees in '000				
Fixed assets - land and buildings	2,426,578	-	-	2,426,578	2,426,578
Non-banking assets	9,460,216	-	-	9,460,216	9,460,216
	11,886,794	-	-	11,886,794	11,886,794
	December 31, 2018 - Audited				
	Carrying Value	Level 1	Level 2	Level 3	Total
	Rupees in '000				
Fixed assets - land and buildings	2,458,687	-	-	2,458,687	2,458,687
Non-banking assets	9,233,733	-	-	9,233,733	9,233,733
	11,692,420	-	-	11,692,420	11,692,420

38.2.1 Certain categories of fixed assets (land and buildings) and non-banking assets 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

	September 30, 2019 - (Un-audited)			
	Consumer / SME	Whole Sale Banking	Treasury	Total
	Rupees in '000			
Profit and Loss Account				
Net mark-up / return / profit / (loss)	5,444,264	(3,951,254)	25,780	1,518,790
Inter segment revenue - net	-	-	-	-
Non Mark-up / Interest Income	1,639,770	93,774	247,695	1,981,239
Total Income / (loss)	7,084,034	(3,857,480)	273,475	3,500,029
Segment direct expenses	(2,783,018)	(3,196,257)	(58,428)	(6,037,703)
Inter segment expense allocation	(1,017,337)	1,091,291	(73,954)	-
Total expenses	(3,800,355)	(2,104,966)	(132,382)	(6,037,703)
Provisions	(658,315)	(808,775)	-	(1,467,090)
(Loss) / Profit before tax	2,625,364	(6,771,221)	141,093	(4,004,764)
Statement of Financial Position				
Cash & Bank balances	-	2,519,548	7,725,894	10,245,442
Investments	-	351,282	37,210,922	37,562,204
Net inter segment lending	85,585,881	14,581,384	77,210,734	177,377,999
Lendings to financial institutions	780,983	137,820	18,733,309	19,652,112
Advances - performing	31,642,757	46,915,710	-	78,558,467
Advances - non-performing - net of provision	1,404,708	27,157,364	-	28,562,072
Others	912,203	30,808,123	5,429	31,725,755
Total Assets	120,326,532	122,471,231	140,886,288	383,684,051
Borrowings	475,631	1,694,954	35,506,383	37,676,968
Subordinated debt	-	2,125,418	-	2,125,418
Deposits & other accounts	92,799,610	49,151,074	-	141,950,684
Net inter segment borrowing	25,013,349	47,056,556	105,308,094	177,377,999
Others	2,037,942	10,675,421	119,445	12,832,808
Total liabilities	120,326,532	110,703,423	140,933,922	371,963,877
Equity & Surplus	-	11,767,808	(47,634)	11,720,174
Total Equity & liabilities	120,326,532	122,471,231	140,886,288	383,684,051
Contingencies & Commitments	1,221,312	16,930,122	48,678,505	66,829,939

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

	September 30, 2018 - (Un-audited)			
	Consumer / SME	Whole Sale Banking	Treasury	Total
	Rupees in '000			
Profit and Loss Account				
Net mark-up / return / profit / (loss)	4,216,273	759,952	(13,084)	4,963,141
Inter segment revenue - net	-	-	-	-
Non Mark-up / Interest Income	1,181,042	1,381,090	146,079	2,708,211
Total Income	5,397,315	2,141,042	132,995	7,671,352
Segment direct expenses	(2,319,504)	(2,580,648)	(51,892)	(4,952,044)
Inter segment expense allocation	(892,127)	961,319	(69,192)	-
Total expenses	(3,211,631)	(1,619,329)	(121,084)	(4,952,044)
Provisions	(412,012)	(550,048)	-	(962,060)
Profit / (Loss) before tax	1,773,672	(28,335)	11,911	1,757,248

	December 31, 2018 - Audited			
	Consumer / SME	Whole Sale Banking	Treasury	Total
	Rupees in '000			
Statement of Financial Position				
Cash & Bank balances	-	2,449,889	6,731,672	9,181,561
Investments	-	83,690	28,841,303	28,924,993
Net inter segment lending	76,786,304	17,291,166	93,706,490	187,783,960
Lendings to financial institutions	922,956	23,666	11,665,534	12,612,156
Advances - performing	30,306,109	65,894,738	2,558	96,203,405
Advances - non-performing - net of provision	1,351,128	799,469	-	2,150,597
Others	929,765	26,563,700	4,822	27,498,287
Total Assets	110,296,262	113,106,318	140,952,379	364,354,959
Borrowings	510,367	1,136,700	16,404,787	18,051,854
Subordinated debt	-	1,999,600	-	1,999,600
Deposits & other accounts	84,478,185	48,185,899	-	132,664,084
Net inter segment borrowing	22,764,494	40,308,259	124,711,207	187,783,960
Others	2,543,219	6,876,900	48,595	9,468,714
Total liabilities	110,296,265	98,507,358	141,164,589	349,968,212
Equity & surplus	-	14,598,957	(212,210)	14,386,747
Total Equity & liabilities	110,296,265	113,106,315	140,952,379	364,354,959
Contingencies & Commitments	1,108,224	16,525,981	26,825,286	44,459,491

Segment determination are made on the basis of management accountability, monitoring and decision making of these reporting segments at regular intervals. Transactions between reportable segments are based on an appropriate transfer pricing mechanism using agreed rates. Furthermore, segment assets and liabilities include intersegment balances. Costs which are not allocated to segments are included in the Head office. Income taxes are managed at bank level and are not allocated to operating segments.

40 RELATED PARTY TRANSACTIONS

The Bank has related party transactions with its associates, 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 balances and 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

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	September 30, 2019 - (Un-audited)				December 31, 2018 - Audited			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
	Rupees in '000							
Balances								
Investments								
Opening balance	-	-	126,654	112,246	-	-	118,012	-
Investment made / share profit during the period / year	-	-	406	301,141	-	-	8,642	230,535
Investment redeemed / disposed off during the period / year	-	-	-	-	-	-	-	(118,289)
Closing balance	-	-	127,060	413,387	-	-	126,654	112,246
Advances								
Opening balance	9,085	7,456	-	1,122,873	1,889	3,172	-	1,376,989
Addition during the period / year	61,951	280,604	-	3,455,214	69,606	48,446	-	4,034,041
Repaid during the period / year	(51,090)	(275,855)	-	(2,903,074)	(62,410)	(44,162)	-	(4,288,157)
Closing balance	19,946	12,205	-	1,675,013	9,085	7,456	-	1,122,873
Provision held against advances	-	-	-	130,608	-	-	-	130,608
Other Assets								
Interest / mark-up accrued	248	163	-	38,041	167	-	-	36,750
Insurance claim receivable	-	-	11,388	-	-	-	16,334	-
Prepaid insurance	-	-	2,314	-	-	-	12,449	-
Other receivables	-	-	-	10,000	-	-	-	-
Subordinated debt								
Opening balance	-	-	-	-	-	-	-	-
Issued / purchased during the period / year	-	-	-	126,218	-	-	-	-
Redemption during the period / year	-	-	-	-	-	-	-	-
Closing balance	-	-	-	126,218	-	-	-	-
Deposits and other accounts								
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	209,518	873,966	191,864	9,228,058	578,977	915,019	125,002	10,712,767
Withdrawn during the period / year	(209,333)	(785,473)	(169,705)	(9,860,735)	(581,658)	(968,844)	(125,054)	(11,003,970)
Closing balance	5,805	152,785	40,415	1,391,008	5,620	64,292	18,256	2,023,685
Other Liabilities								
Interest / mark-up payable	1	203	440	11,082	-	-	16	23,825
Contingencies and Commitments								
Other contingencies	-	-	-	-	-	-	-	-

	September 30, 2019 - (Un-audited)				September 30, 2018 - (Un-audited)			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
	Rupees in '000							
Transactions								
Income								
Mark-up / return / interest earned	1,578	1,265	-	164,796	133	1,030	-	61,311
Net gain on sale of securities	-	-	-	-	-	-	-	311
Share of profit from associate	-	-	406	-	-	-	5,340	-
Expense								
Mark-up / return / interest paid	298	9,483	1,555	93,662	259	1,197	698	57,549
Services rendered	-	-	-	113,146	-	-	-	111,374
Short term employment benefits	92,327	258,990	-	-	102,850	283,111	-	-
Contribution to Defined Benefit Plan	4,095	8,758	-	-	3,825	9,135	-	-
Meeting fee	17,100	-	-	-	24,865	-	-	-
Insurance premium paid	-	-	12,313	-	-	-	23,635	-
Insurance claims settled	-	-	4,797	-	-	-	-	-

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	September 30, 2019 Un-audited	December 31, 2018 Audited
	Rupees in '000	
41 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR)		
Paid-up capital (net of losses)	10,878,977	13,634,064
Capital Adequacy Ratio		
Eligible Common Equity Tier 1 Capital	8,105,620	11,626,548
Eligible Additional Tier 1 Capital	-	-
Total Eligible Tier 1 Capital	8,105,620	11,626,548
Eligible Tier 2 Capital	2,867,871	3,401,387
Total Eligible Capital (Tier 1 + Tier 2)	10,973,491	15,027,935
Risk Weighted Assets (RWA)		
Credit Risk	143,842,586	121,482,278
Market Risk	2,150,884	540,950
Operational Risk	15,554,280	15,554,275
Total	161,547,750	137,577,503
Common Equity Tier 1 Capital Adequacy ratio	5.02%	8.45%
Tier 1 Capital Adequacy Ratio	5.02%	8.45%
Total Capital Adequacy Ratio	6.79%	10.92%
Leverage Ratio (LR)		
Eligible Tier-1 Capital	7,267,807	11,626,548
Total Exposures	223,470,218	193,845,360
Leverage Ratio	3.25%	6.00%
Liquidity Coverage Ratio (LCR)		
Total High Quality Liquid Assets	36,665,276	28,934,249
Total Net Cash Outflow	40,928,506	33,405,053
Liquidity Coverage Ratio	89.58%	86.41%
Net Stable Funding Ratio (NSFR)		
Total Available Stable Funding	116,974,856	116,179,685
Total Required Stable Funding	128,829,601	111,666,311
Net Stable Funding Ratio	90.80%	104.04%

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FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

42 ISLAMIC BANKING BUSINESS

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

The statement of financial position of these branches as at September 30, 2019 are as follows:

	September 30, 2019 Un-audited	December 31, 2018 Audited
	Rupees in '000	
ASSETS		
Cash and balances with treasury banks	2,118,390	1,894,122
Balances with other banks	37,757	36,507
Due from financial institutions	6,531,778	-
Investments	524,627	3,851,647
Islamic financing and related assets - net	27,557,692	26,901,698
Fixed assets	1,447,379	294,044
Intangible assets	2,031	1,125
Due from Head Office	-	-
Other assets	821,459	2,233,329
Total assets	39,041,113	35,212,472
LIABILITIES		
Bills payable	132,794	480,421
Due to financial institutions	500,000	-
Deposits and other accounts	35,161,007	30,960,225
Due to Head Office	703,002	76,690
Other liabilities	1,678,392	282,486
Total liabilities	38,175,195	31,799,822
NET ASSETS	865,918	3,412,650
REPRESENTED BY		
Islamic banking fund	3,325,000	2,325,000
Reserves	-	-
Surplus / (deficit) on revaluation of assets	2,586	(10,629)
Accumulated (loss) / Un-appropriated profit	(2,461,668)	1,098,279
	865,918	3,412,650
CONTINGENCIES AND COMMITMENTS	42.6	

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

The profit and loss account of the Bank's Islamic banking branches for the nine months ended September 30, 2019 is as follows:

Note	September 30, 2019		September 30, 2018	
	Un-audited	Un-audited	Un-audited	Un-audited
	Rupees in '000			
Profit / return earned	42.7	(81,644)	1,756,117	
Profit / return expensed	42.8	(2,624,635)	(648,353)	
Net (loss) / profit / return		(2,706,279)	1,107,764	
Other Income				
Fee and commission income		11,550	23,810	
Foreign exchange (loss) / gain		(38,898)	21,519	
Income / (loss) from derivatives		59,879	(19,452)	
(Loss) / gain on securities		(900)	12	
Other income		10,031	8,510	
Total other income		41,662	34,399	
Total (loss) / income		(2,664,617)	1,142,163	
Other expenses				
Operating expenses		(612,866)	(476,365)	
Workers Welfare Fund		-	(13,298)	
Other charges		(708)	(86)	
Total other expenses		(613,574)	(489,749)	
(Loss) / profit before provisions		(3,278,191)	652,414	
Provisions and write offs - net		(281,756)	(821)	
(Loss) / profit for the period		(3,559,947)	651,593	

September 30, 2019 - (Un-audited)			December 31, 2018 - Audited		
In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
Rupees in '000					
Bai Muajjal receivable from State Bank of Pakistan	3,449,975	-	3,449,975	-	-
Bai Muajjal receivable from other financial institution	3,081,803	-	3,081,803	-	-
	6,531,778	-	6,531,778	-	-

42.1 Due from Financial Institutions

September 30, 2019 - (Un-audited)			December 31, 2018 - Audited		
In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
Rupees in '000					
Bai Muajjal receivable from State Bank of Pakistan	3,449,975	-	3,449,975	-	-
Bai Muajjal receivable from other financial institution	3,081,803	-	3,081,803	-	-
	6,531,778	-	6,531,778	-	-

September 30, 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								
Ijara Sukuks	264,383	-	2,586	266,969	3,862,276	-	(10,629)	3,851,647
Bai Muajjal	257,658	-	-	257,658	-	-	-	-
Total Investments	522,041	-	2,586	524,627	3,862,276	-	(10,629)	3,851,647

42.2 Investments by segments:

Federal Government Securities:

Ijara Sukuks	264,383	-	2,586	266,969	3,862,276	-	(10,629)	3,851,647
Bai Muajjal	257,658	-	-	257,658	-	-	-	-
Total Investments	522,041	-	2,586	524,627	3,862,276	-	(10,629)	3,851,647

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

The profit and loss account of the Bank's Islamic banking branches for the nine months ended September 30, 2019 is as follows:

42.3 Islamic financing and related assets - net

Note	September 30, 2019 Un-audited	December 31, 2018 Audited
Rupees in '000		
Murabaha	2,871,403	2,165,705
Musawammah	127,343	127,343
Diminishing Musharaka	24,840,702	24,608,650
Gross Islamic financing and related assets	27,839,448	26,901,698
Less: provision against Islamic financings		
- Specific	(281,756)	-
- General	-	-
	(281,756)	-
Islamic financing and related assets - net of provision	27,557,692	26,901,698

42.3.1 Advances include Rs. 22,707 million (December 31, 2018: Rs. 301.52 million) which have been placed under non-performing status as detailed below:

Category of classification	September 30, 2019 - (Un-audited)		December 31, 2018 - Audited	
	Non Performing Loans	Provision	Non Performing Loans	Provision
Rupees in '000				
Domestic				
Substandard	462,500	-	114,687	-
Doubtful	-	-	186,829	-
Loss	22,244,287	281,756	-	-
Total	22,706,787	281,756	301,516	-

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 September 30, 2019, the Bank has availed FSV benefits against all non performing advances. Had the benefit not been taken by the Bank, loss after tax would have been higher by Rs. 2,557 million, whereas profit after tax would have been lower in December 31, 2018: Rs.79 million, which shall not be available for payment of cash or stock dividend / bonus to employees.

42.4 Deposits

	September 30, 2019 - (Un-audited)			December 31, 2018 - Audited		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
Rupees in '000						
Customers						
Current deposits	1,951,803	968,703	2,920,506	2,348,847	320,404	2,669,251
Saving deposits	16,728,913	611,946	17,340,859	14,189,530	321,442	14,510,972
Term deposits	4,854,942	1,211,988	6,066,930	3,975,426	1,191,260	5,166,686
Margin deposits	28,497	-	28,497	29,433	-	29,433
Others	77,823	-	77,823	52,384	-	52,384
	23,641,978	2,792,637	26,434,615	20,595,620	1,833,106	22,428,726
Financial Institutions						
Current deposits	4,129	161	4,290	4,046	447	4,493
Saving deposits	8,518,502	-	8,518,502	8,370,906	-	8,370,906
Term deposits	203,600	-	203,600	156,100	-	156,100
	8,726,231	161	8,726,392	8,531,052	447	8,531,499
	32,368,209	2,792,798	35,161,007	29,126,672	1,833,553	30,960,225

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

	September 30, 2019 Un-audited	December 31, 2018 Audited
	Rupees in '000	
42.5 Islamic Banking Business Unappropriated Profit		
Opening Balance	1,098,279	275,944
Add: Islamic Banking Accumulated (loss) / Un-appropriated profit for the period / year	(3,559,947)	822,335
Closing Balance	(2,461,668)	1,098,279
42.6 Contingencies and Commitments		
Guarantees	1,123,734	937,732
Commitments	2,457,264	1,613,063
	3,580,998	2,550,795
	September 30, 2019 Un-audited	September 30, 2018 Un-audited
	Rupees in '000	
42.7 Profit / return earned of financing, investments and placement		
Profit earned on:		
Financing	(471,997)	1,690,273
Investments	73,575	65,844
Due from Financial Institutions	316,778	-
	(81,644)	1,756,117
42.8 Profit on Deposits and other Dues Expensed		
Deposits and other accounts	2,420,964	606,623
Due to Financial Institutions	22,547	41,730
Cost of foreign currency swaps against foreign currency deposits / borrowings	83,884	-
Lease liability against right-of-use assets	97,240	-
	2,624,635	648,353
43 GENERAL		
43.1 Corresponding figures have been rearranged / reclassified to reflect more appropriate presentation.		
43.2 The figures have been rounded off to the nearest thousand rupees, unless stated otherwise.		
44 NON-ADJUSTING EVENTS AFTER THE REPORTING DATE		
There are no adjusting events that are required to be adjusted or disclosed in the financial statements.		
45 DATE OF AUTHORISATION FOR ISSUE		
These condensed interim financial statements were authorised for issue on June 29, 2020 by the Board of Directors of the Bank.		

 Khurram Khan Chief Financial Officer	 Azmat Tarin President & CEO	 Khalid Aziz Mirza Acting Chairman	 Tariq Iqbal Khan Director	 Shahzad Enver Murad Director
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Sheikh Mobeen Rafiq
Branch Manager
Peco Road Branch
57-1, B/1 Township, Peco Road, Lahore. Tel: (042) 35125404-6 (042) 35125400, 35125401 Fax: (042) 35125403

Muhammad Hamid
Branch Manager
Allama Iqbal Town Branch
6-Hunza Block, Allama Iqbal Town, Lahore. Tel: (042) 37809309 (042) 37809314-15 Fax: (042) 37805866

Ghulam Rasool
Branch Manager
Thokar Niaz Baig Branch
7-B, Judicial Colony, Rawind Road, Thokar Niaz Baig, Lahore. Tel: (042) 35314045-46 (042) 35314049 Fax: (042) 35314048

Malik Omer Hayat
Branch Manager
Shadmam Town Branch
119-A, Colony No. 1, Shadmam Town, Lahore. Tel: (042) 37420045, 47 (042) 37420045 Fax: (042) 37420048

Muhammad Nisar
Branch Manager
Manga Road Branch
Glamor Adda, Opp. Glamour Textile Mill, Moza 65, Chack Manga Road, Rawind. Tel: (042) 35395202,

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
Sonal Bank Ltd.

Belgium

Habib Bank Ltd.
Commerzbank AG
KBC Bank N.V

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
Landesbank Baden-Wuerttemberg
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
JP Morgan
Axis Bank

Indonesia

JP Morgan

Ireland

National Irish Bank

Italy

Commerzbank AG
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 UBAE
Iccrea Banca
UBI Banca
Intesa Sanpaolo
Mizuho Corporate Bank Ltd.
UniCredit Banca S.P.A.

UniCredit Corporate Banking
S.P.A.
Veneto Banca SCPA

Japan

National Bank of Pakistan
JP Morgan
Mizuho Corporate Bank Ltd.
Sumitomo Mitsui Banking Corp.
Commerzbank AG

Kazakhstan

BTA Bank JSC

Kuwait

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

Korea

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

Kosovo

Raiffeisen Bank

Lebanon

Habib Bank Ltd.

Malaysia

JP Morgan
Mizuho Corp. Bank

Mexico

Banco Del Bajio S.A.
Banco JP Morgan

Mauritius

Habib Bank Ltd.

Morocco

Attijariwafa Bank

Nepal

Himalayan Bank Ltd.

Netherlands

Commerzbank AG
Habib Bank Ltd.
ING Bank

Norway

DNB Nor Bank ASA

New Zealand

Westpac Banking Corporation

Oman

Habib Bank Ltd.
Oman International Bank
Bank Muscat

Poland

Nordea Bank Polska S.A.

Philippines

JP Morgan
Mizuho Corporate Bank

Portugal

Banco BPI S.A.

Qatar

United Bank Limited
Doha Bank
BNP Paribas Fortis
Mashreqbank PSC
Qatar National Bank

Romania

Piraeus Bank

Russia

Citibank
Commerzbank

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

Slovakia

Commerzbank AG

Spain

Commerzbank
Fortis Bank S.A.
Banco Popular Espanol, S.A.
Bankinter S.A.
Caja Mediterraneo
Caja Espana de Inversiones
Caixa 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
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.
Turkiye Vakiflar Bankasi T.A.O
Turkiye Garanti Bankasi AS
Turk Ekonomi Bankasi AS
Albaraka Turk Participation Bank
Aktif Yatirim Bankasi

U.A.E.

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
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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
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