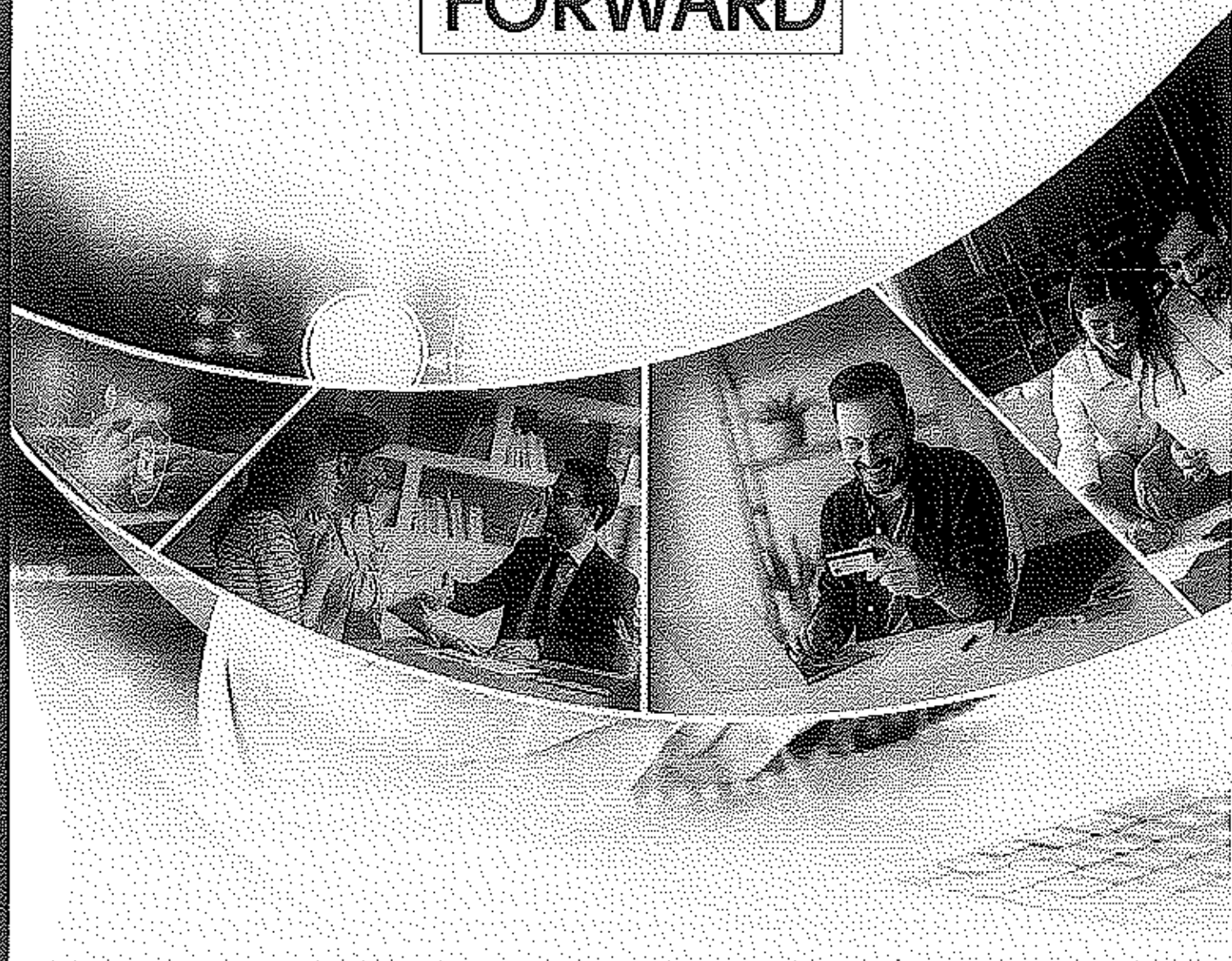


MOVING
FORWARD



CORPORATE INFORMATION

Board of Directors

Khalid Aziz Mirza	Chairman
Rashid Akhtar Chughtai	Director
Zubair Nawaz Chattha	Director
Masroor Ahmed Qureshi	Director
Samia Shahzad Murad	Director
Goharulayn Afzal	Director
Shahram Raza Bakhtiari	President & CEO

Company Secretary

Faiz Ul Hasan Hashmi

Chief Financial Officer

Khurram Khan

Audit Committee

Masroor Ahmed Qureshi	Chairman
Samia Shahzad Murad	Member
Head of Audit	Secretary

Nomination, Remuneration & Human Resource Committee

Khalid Aziz Mirza	Chairman
Rashid Akhtar Chughtai	Member
Samia Shahzad Murad	Member
Head of HR	Secretary

Risk Management Committee

Masroor Ahmed Qureshi	Member
Goharulayn Afzal	Member
Chief Risk Officer	Secretary

Information Technology Committee

Zubair Nawaz Chattha	Chairman
Masroor Ahmed Qureshi	Member
Goharulayn Afzal	Member
Head of IT	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.
Direct Tel: (051) 26080-26-27-28,
PABX: (051) 26080-77-78-79 Ext: 111
Fax: (051) 26080-29
Email: companysecretary@silkbank.com.pk
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 Shahra-e-Faisal
Karachi-74400.
Tel: Customer Support Services (Toll Free) 0800-CDCPL (23275)
Fax: (92-21) 34326053
Email: info@cdcsrsl.com
Website: www.cdcsrsl.com

Director's Report as of September 30, 2024**REPORT**

Dear Shareholders,

We are pleased to present the financial statements of the Bank for the third quarter ended September 30, 2024.

Global & Domestic Economic Overview:

The global economy is showing signs of recovery, though risks persist. Central banks are navigating a delicate balance between inflation control and economic growth, leading to varied policy actions. High-frequency indicators from July to August suggest continued momentum, with services outpacing manufacturing. While consumer confidence remains below historical trends, it is improving in Europe and emerging markets. Global inflation has declined across most G20 countries, and growth is projected to stabilize at 3.2% in both 2024 and 2025, aligning with the year's first-half trend.

Pakistan's economy has also shown resilience despite challenges. Structural reforms and easing fiscal pressures have improved financial conditions and business confidence. In July 2024, Pakistan reached a staff-level agreement with the IMF on a 37-month, \$7 billion program, which was approved by the IMF Executive Board in September. The IMF revised its GDP growth forecast to 3.2% for FY25 and 4.0% for FY26, with inflation expected to decline sharply from 23.4% in 2024 to 9.5% in 2025. In response to positive macroeconomic trends, the SBP reduced the policy rate by 200 basis points to 17.5%, totaling a cumulative 450bps cut.

The Large-Scale Manufacturing Index (LSMI) grew by 0.5% MoM in September 2024, driven by key sectors including tobacco (53%), automobiles (33%), apparel (24%), and transport equipment (22%). However, LSMI declined by 0.8% YoY during Q1 FY25.

Pakistan's exports in September 2024 stood at \$2.84 billion, while imports reached \$4.67 billion. In Q1 FY25, exports totaled \$7.90 billion (up 14.93% YoY), while imports increased by 10.58% to \$13.39 billion. The trade deficit for September widened to \$1.83 billion, a 23.87% increase from September 2023.

Workers' remittances in September 2024 were \$2.86 billion, slightly lower than \$2.94 billion in August. However, Q3 2024 remittances reached \$8.79 billion, marking a 38.86% YoY increase. The current account deficit narrowed significantly to \$131 million in Q3 2024, compared to \$1.24 billion in Q3 2023. Foreign exchange reserves stood at \$15.98 billion, with SBP reserves at \$10.70 billion, up from \$12.39 billion and \$7.61 billion, respectively, in September 2023. The PKR closed at 277.71 per USD on September 30, 2024, compared to 278.34 on June 30, 2024.

Silkbank Limited

Central Office:

Ground Floor, No. 13, COM-3 Mall,

Block-6, KDA Scheme # 5

Clifton 75600, Karachi-Pakistan

PABX: 021-111-00-7455

Website: www.silkbank.com.pk

"Say No to Corruption"

Inflation continued to decline, with the Consumer Price Index (CPI) falling to 6.9% in September 2024, down from 31.4% in September 2023. Q3 2024 average inflation stood at 9.2%, significantly lower than 29.03% in Q3 2023. On a monthly basis, CPI decreased by 0.5% in September 2024, following a 0.4% increase in August.

Foreign Direct Investment (FDI) recorded a net inflow of \$771 million in Q1 FY25, up 48% from \$520 million in the same period last year. Private sector Foreign Portfolio Investment (FPI) saw a net outflow of \$22 million, compared to a \$9.6 million inflow in the previous year, while public FPI recorded a strong net inflow of \$155 million, up from \$0.2 million last year.

Total foreign investment stood at \$903 million in Q1 FY25, compared to \$530 million in Q1 FY24.

The Pakistan Stock Exchange (PSX) continued its positive trajectory, closing at 81,114 points on September 30, 2024, compared to 78,445 on June 30, 2024.

Financial Performance:

For the nine-month period ended September 30, 2024, the Bank reported a post-tax loss of Rs. 12.67 billion, compared to a loss of Rs. 7.45 billion in the same period last year. During this time, total deposits declined by Rs. 3.11 billion, closing at Rs. 151.15 billion, including a Rs. 1.53 billion reduction in the current account portfolio. Gross advances also decreased by Rs. 1.98 billion.

Summarized financial performance of Silkbank Limited for the nine-month period ended September 30, 2024, is as follows:

	Rs in 'million'
Loss before tax	(20,399)
Tax - Current	-
Prior	(227)
Deferred	7,956
Loss after tax	(12,670)
	Rupee
Loss per share – Basic and diluted	(1.40)

The decline in net profitability is mainly attributed to a further deterioration in Net interest income (NII) by Rs. 5.29 billion, an increase of Rs. 2.3 billion in provisions against non-performing loans (NPLs), a reduction of Rs. 550 million in non-markup income and a rise of Rs. 238 million in certain operating expenses.

During the first nine months of 2024, NII declined by Rs. 5.29 billion, mainly due to significant increase in the Bank's non-earning assets, the deployment of more high-cost deposits, and a reduction in the high-yield consumer lending portfolio due to certain statutory restrictions. The provision against NPLs primarily relate to borrowers engaged in real estate businesses.

Silkbank Limited

Central Office:

Ground Floor, No. 13, COM-3 Mall,

Block-6, KDA Scheme # 5

Clifton 75600, Karachi-Pakistan

PABX: 021-111-00-7455

Website: www.silkbank.com.pk

"Say No to Corruption"

The decrease in non-markup income is largely due to a decline in foreign exchange earnings and fee income from the consumer business. Meanwhile, operating expenses have increased mainly due to higher staff remuneration, legal costs and communication expenses.

Business Performance:**Branch Banking**

Branch Banking served over 278,543 customers, contributing 81% to the Bank's deposit base. As of September 30, 2024, total deposits stood at Rs. 122.48 billion, reflecting a YTD decline of Rs. 0.31 billion, primarily due to a Rs. 0.44 billion reduction in the current account portfolio. Bancassurance generated Rs. 17.40 million in annual premiums, contributing Rs. 7.47 million in NFI during Q3 2024.

To enhance engagement, a Dormant Account Activity Campaign was launched, supported by a dedicated WhatsApp group for Branch Managers to drive reactivations. Additionally, the Bank's website was redesigned for better navigation, faster load times, and improved user experience. A two-week digital media campaign further strengthened brand visibility, reaching 4.1 million customers, with 2.6 million engagements on Meta and 1.5 million on YouTube.

Consumer Banking:

These nine months of the year 2024 have been exceptional for all unsecured products. Posting a profit before tax of Rs. 1.01 billion on a portfolio of over Rs. 13.99 billion.

• Credit Cards:

The Credit Cards business maintained strong growth in Q3 2024 through various Acquisition & Spend Campaigns, including the successful "Spend and Win 77% Cashback Campaign." Tactical campaigns were launched throughout the year, while the "Azaadi Promo" 0% Installment Plan drove strong Flexible Instalment Plan (FIP) performance, boosting receivables.

These initiatives resulted in a YTD spend of Rs. 31.2 billion, with the quarter closing at an ENR of Rs. 7.13 billion. Additionally, 18,493 new cards were acquired, bringing the total Cards in Force (CIF) to 165,662.

• Ready Line:

Silkbank Ready Line, a running finance facility offering flexible access to funds, has remained a customer favorite since its launch in 2011. As of Q3 2024, it reported an ENR of Rs. 6.03 billion, serving 37,191 active customers. The facility posted an EBIT of Rs. 242.29 million in Q3, contributing to a YTD EBIT of Rs. 751.41 million (Jan-Sep 2024), driven by various tactical promotions.

• Personal Loan:

In the 3rd quarter of 2024, despite the Personal Loan acquisition being on hold, a profit of Rs. 2.03 million before income tax was posted. By the end of September 2024, the portfolio stands at Rs. 852.12 million, with 7,346 active customers

Silkbank Limited

Central Office:

Ground Floor, No. 13, COM-3 Mall,

Block-6, KDA Scheme # 5

Clifton 75600, Karachi-Pakistan

PABX: 021-111-00-7455

Website: www.silkbank.com.pk

"Say No to Corruption"

Emaan Islamic Banking (Emaan)

Emaan Islamic Banking remained resilient despite a challenging environment, closing Q3 with a deposit portfolio of Rs. 13.26 billion and an 84:16 CASA-to-time deposit ratio. A strong focus on service quality led to notable improvements in key indicators.

The bank enrolled 2,297 new customers during the year, expanding its base to 47,630. Committed to service excellence, Emaan Islamic Banking earned a "Very Good" rating for the year.

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

As of Sep 30, 2024, the Minimum Capital Requirement (MCR) stood at negative Rs. 40.85 billion and the Capital Adequacy Ratio (CAR) at negative 123.17% against the prescribed minimum limits of Rs. 10 billion and 11.50% respectively.

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.

Future Outlook:

On October 31, 2024, United Bank Limited ("UBL") has formally conveyed its offer for the potential merger of Silkbank Limited ("Bank") with and into UBL. UBL has disclosed this material information to the Pakistan Stock Exchange Limited ("PSX"), confirming the submission of an offer regarding a possible merger. Accordingly, the Bank also disseminated its material information to the PSX on November 1, 2024.

Following this, the Board of Directors of Silkbank, in its meeting held on November 6, 2024, granted in-principle approval for the potential merger. The merger is to be executed through a Scheme of Amalgamation, requiring sanction by the State Bank of Pakistan (SBP) under Section 48 of the Banking Companies Ordinance, 1962 ("BCO"). The Bank disclosed this decision to PSX on the same day.

Subsequently, UBL and Silkbank convened their Board meetings on December 2 and December 4, 2024, respectively, where both Boards approved the proposed amalgamation through a share swap arrangement under Section 48 of the Banking Companies Ordinance, 1962. They also authorized the execution of the Agreement to Amalgamate, Scheme of Amalgamation, and other relevant documentation required for implementation.

The approved share swap ratio entails the issuance of one (1) new ordinary share of UBL (face value: Rs. 10) for every 325 shares of Silkbank (face value: Rs. 10 each). This will result in the issuance of 27,944,188 ordinary shares of UBL, excluding any right issuance.

Silkbank Limited**Central Office:**

Ground Floor, No. 13, COM-3 Mall,
Block-6, KDA Scheme # 5
Clifton 75600, Karachi-Pakistan
PABX: 021-111-00-7455
Website: www.silkbank.com.pk

To seek shareholder approval, the Extraordinary General Meetings (EGMs) were scheduled for Silkbank on December 26, 2024, and UBL on December 30, 2024. At these meetings, the shareholders of both banks formally approved the amalgamation, and the decisions were duly disclosed to PSX.

While the shareholders had already approved the proposed merger of Silkbank Limited with and into UBL, compliance with Section 48 of the BCO, necessitated a re-convening of the EGM to pass the required resolutions. In line with this requirement, the Bank held another EGM on February 18, 2025, where shareholders reaffirmed their approval by passing the Special Resolution with 99.997% votes in favor.

With shareholder consent secured, the amalgamation now awaits the completion of all requisite legal formalities, along with corporate, regulatory, and third-party approvals. Upon finalization, the Bank's assets, liabilities, and obligations will be integrated into UBL, to be managed and settled as part of the amalgamated entity's normal business operations.

We will continue to keep our shareholders updated as the merger progresses through further announcements.

Acknowledgement:

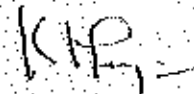
We, once again, take this opportunity to express our deepest gratitude to our customers and business partners for their continued support and trust, and our sincere appreciation to the State Bank of Pakistan for their guidance and cooperation.

We are also equally thankful to our associates, staff and colleagues for their committed services, and look forward to their continued support.

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



Shahram Raza Bakhtiari
President & CEO



Khalid Aziz Mirza
Chairman

February 26, 2025

Silkbank Limited
Central Office:
Ground Floor, No. 13, COM-3 Mall,
Block-6, KDA Scheme # 5
Clifton 75600, Karachi-Pakistan
FAX: 021-111-00-7455
Website: www.silkbank.com.pk

Director's Report as of September 30, 2024

ڈائریکٹرز کی رپورٹ

مغز شیئر ہولڈرز،

ہم نہایت مسرت کے ساتھ 30 ستمبر 2024 کو ختم ہونے والی پہلی سرمایہ کے مالیاتی بیانات پیش کر رہے ہیں۔

معاشی جائزہ

عالمی معیشت بحالی کے آثار دکھا رہی ہے، تاہم خطرات بدستور موجود ہیں۔ مرکزی بینک افراط زر پر قابو پانے اور اقتصادی ترقی کے درمیان نازک توازن برقرار رکھنے کی کوشش کر رہے ہیں، جس کے نتیجے میں مختلف پالیسی اقدامات دیکھنے کو مل رہے ہیں۔ جولائی سے اگست کے اعلیٰ تعدادی اشاریے مسلسل بہتری کی نشاندہی کرتے ہیں، جہاں خدمات کا شعبہ مینوفیکچرنگ کے مقابلے میں بہتر کارکردگی کا مظاہرہ کر رہا ہے۔ صارفین کا اعتماد تاریخی رجحانات سے نیچے ہے، لیکن یورپ اور ابھرتی ہوئی منڈیوں میں بہتری آ رہی ہے۔ پیشتر جی 20 ممالک میں عالمی افراط زر میں کمی آئی ہے، اور 2024 اور 2025 میں عالمی اقتصادی ترقی 3.2 فیصد پر مستحکم رہنے کی توقع ہے، جو سال کی پہلی ششماہی کے رجحان کے مطابق ہے۔

پاکستان کی معیشت نے بھی چیلنجز کے باوجود مضبوطی کا مظاہرہ کیا ہے۔ ساختی اصلاحات اور مالی دباؤ میں کمی سے مالیاتی حالات اور کاروباری اعتماد میں بہتری آئی ہے۔ جولائی 2024 میں، پاکستان نے آئی ایم ایف کے ساتھ 37 ماہ کے 7 ارب ڈالر کے پروگرام پر اسٹاف لیول معاہدہ کیا، جسے ستمبر میں آئی ایم ایف کے ایگزیکٹو بورڈ نے منظور کر لیا۔ آئی ایم ایف نے پاکستان کے لیے مالی سال 2025 میں جی ڈی پی کی شرح نمو 3.2 فیصد اور مالی سال 2026 میں 4.0 فیصد رہنے کی پیش گوئی کی ہے، جبکہ افراط زر 2024 میں 23.4 فیصد سے کم ہو کر 2025 میں 9.5 فیصد ہونے کی توقع ہے۔ مثبت معاشی رجحانات کے پیش نظر اسٹیٹ بینک آف پاکستان (SBP) نے پالیسی ریٹ میں 200 بیس پوائنٹس کمی کر کے اسے 17.5 فیصد کر دیا، جس سے مجموعی کمی 450 بیس پوائنٹس تک پہنچ گئی۔

بڑے پیمانے کی مینوفیکچرنگ انڈیکس (LSMI) میں ستمبر 2024 میں ماہانہ بنیادوں پر 0.5 فیصد اضافہ ہوا، جس کی بڑی وجوہات تھپا کو (53%)، آلومینا (33%)، بلوسات (24%) اور ٹرانسپورٹ آلات (22%) جیسے اہم شعبے رہے۔ تاہم، مالی سال 2025 کی پہلی سرمایہ میں LSMI سالانہ بنیادوں پر 0.8 فیصد کم ہوا۔

ستمبر 2024 میں پاکستان کی برآمدات 2.84 ارب ڈالر اور درآمدات 4.67 ارب ڈالر ہیں۔ مالی سال 2025 کی پہلی سرمایہ میں برآمدات 7.90 ارب ڈالر (سالانہ 14.93 فیصد اضافہ) جبکہ درآمدات 13.39 ارب ڈالر (سالانہ 10.58 فیصد اضافہ) تک پہنچ گئیں۔ ستمبر میں تجارتی خسارہ بڑھ کر 1.83 ارب ڈالر ہو گیا، جو ستمبر 2023 کے مقابلے میں 23.87 فیصد زیادہ ہے۔

ستمبر 2024 میں ترسیلات زر 2.86 ارب ڈالر ہیں، جو اگست کے 2.94 ارب ڈالر سے کچھ کم تھیں۔ تاہم، تیسری سرمایہ 2024 میں ترسیلات زر 18.79 ارب ڈالر تک پہنچ گئیں، جو سالانہ 38.86 فیصد اضافہ ظاہر کرتی ہیں۔ کرنٹ اکاؤنٹ خسارہ تیسری سرمایہ 2024 میں نمایاں کمی کے ساتھ 131 بلین ڈالر رہ گیا، جو تیسری سرمایہ 2023 میں 1.24 ارب ڈالر تھا۔ غیر ملکی زرمبادلہ کے ذخائر 15.98 ارب ڈالر تک پہنچ گئے، جس میں اسٹیٹ بینک کے ذخائر 10.70 ارب ڈالر رہے، جو ستمبر 2023 کے 12.39 ارب ڈالر اور 7.61 ارب ڈالر کے مقابلے میں نمایاں بہتری ہے۔ 30 ستمبر 2024 کو پاکستانی روپیہ 277.71 فی امریکی ڈالر پر بند ہوا، جو 30 جون 2024 کے 278.34 کے مقابلے میں معمولی بہتری ظاہر کرتا ہے۔

افراط زر میں مسلسل کمی کا رجحان دیکھا گیا، اور صارف قیمت اشاریہ (CPI) ستمبر 2024 میں 6.9 فیصد رہا، جو ستمبر 2023 میں 31.4 فیصد تھا۔ تیسری سرمایہ 2024 میں اوسط ہنگامی 9.2 فیصد رہی، جو تیسری سرمایہ 2023 کے 29.03 فیصد کے مقابلے میں نمایاں طور پر کم ہے۔ ماہانہ بنیاد پر، ستمبر 2024 میں CPI میں 0.5 فیصد کمی ہوئی، جبکہ اگست میں 0.4 فیصد اضافہ ہوا تھا۔

مالی سال 2025 کی پہلی سرمایہ میں براہ راست غیر ملکی سرمایہ کاری (FDI) کا نیٹ فلو 771 ملین ڈالر رہا، جو گزشتہ سال کی اسی مدت کے 520 ملین ڈالر کے مقابلے میں 48 فیصد زیادہ ہے۔ نجی شعبے کی غیر ملکی پورٹ فولیو سرمایہ کاری (FPI) میں 22 ملین ڈالر کا خالص اخراج ہوا، جبکہ پچھلے سال 9.6 ملین ڈالر کا نیٹ فلو تھا، جبکہ سرمایہ کاری شعبے میں FPI کا نیٹ فلو 155 ملین ڈالر رہا، جو گزشتہ سال کے 0.2 ملین ڈالر سے کہیں زیادہ ہے۔

مالی سال 2025 کی پہلی سرمایہ میں کل غیر ملکی سرمایہ کاری 903 ملین ڈالر رہی، جو مالی سال 2024 کی پہلی سرمایہ کے 530 ملین ڈالر کے مقابلے میں زیادہ ہے۔

پاکستان اسٹاک ایکسچینج (PSX) نے مثبت رجحان برقرار رکھا، اور 30 ستمبر 2024 کو 81,114 پوائنٹس پر بند ہوا، جو 30 جون 2024 کے 78,445 پوائنٹس کے مقابلے میں اضافہ ظاہر کرتا ہے۔

مالیاتی کارکردگی

30 ستمبر 2024 کو ختم ہونے والے نو گھنٹوں کے دوران، بینک نے 12.67 ارب روپے کا بعد از ٹیکس نقصان رپورٹ کیا، جبکہ گزشتہ سال اسی مدت میں 7.45 ارب روپے کا نقصان ہوا تھا۔ اس عرصے کے دوران، کل ڈپازٹس میں 3.11 ارب روپے کی کمی ہوئی، جس کے بعد یہ 151.15 ارب روپے پر بند ہوئے، جس میں کرنٹ اکاؤنٹ پورٹ فولیو میں 1.53 ارب روپے کی کمی بھی شامل ہے۔ اسی طرح، گروس ایڈوائسز میں بھی 1.98 ارب روپے کی کمی واقع ہوئی۔

سبک پینک لیونڈ کی تیسری سرمایہ (30 ستمبر 2024 کو ختم ہونے والی) کی خلاصہ مالی کارکردگی درج ذیل ہے:

روپے ملین میں	
(20,399)	نقصان قبل از ٹیکس
-	ٹیکس - موجودہ
(227)	گزشتہ
7,956	ملتی شدہ
(12,670)	نقصان فی حصص
روپیہ	
(1.40)	نقصان فی حصص - بنیادی اور ڈائیلیونڈ

میٹ منافع میں کمی بنیادی طور پر درج ذیل وجوہات کی بنا پر ہوئی: نیٹ انٹرسٹ انکم (NII) میں 5.29 ارب روپے کی مزید کمی، نان پرفارمنگ لوزز (NPLs) کے خلاف پروویژن میں 2.3 ارب روپے کا اضافہ، نان مارک اپ انکم میں 550 ملین روپے کی کمی، اور کچھ آپریٹنگ اخراجات میں 238 ملین روپے کا اضافہ۔

سال 2024 کے پہلے نو مہینوں میں NII میں 5.29 ارب روپے کی کمی ہوئی، جو بنیادی طور پر درج ذیل عوامل کی وجہ سے تھی: بینک کے نان مارکنگ اثاثوں میں نمایاں اضافہ، زیادہ لاگت والے ڈپازٹس کی تعیناتی، اور قانونی پابندیوں کے باعث زیادہ منافع دینے والے کنزیومر لینڈنگ پورٹ فولیو میں کمی۔

NPLs کے خلاف پروویژن بنیادی طور پر ان قرض دہندگان کے لیے کی گئی جو رینل اسٹیٹ کے کاروبار میں مصروف ہیں۔ نان مارک اپ انکم میں کمی بنیادی طور پر فارن ایکسچے آرگنائز اور کنزیومر بزنس سے حاصل ہونے والی فیس انکم میں کمی کی وجہ سے ہوئی۔ دوسری جانب، آپریٹنگ اخراجات میں اضافہ بنیادی طور پر اسٹاف کی تنخواہوں، قانونی اخراجات، اور کیوٹیشن اخراجات میں اضافے کی وجہ سے ہوا۔

کاروباری کارکردگی:

برانچ بینکنگ

برانچ بینکنگ نے 278,543 سے زائد صارفین کو خدمات فراہم کیں، جو بینک کے مجموعی ڈپازٹس میں 81% حصہ دار ہیں۔ 30 ستمبر 2024 تک، کل ڈپازٹس 122.48 ارب روپے رہے، جو رواں سال کے دوران 0.31 ارب روپے کی کمی کو ظاہر کرتے ہیں، جس کی بنیادی وجہ کرنٹ اکاؤنٹ پورٹ فولیو میں 0.44 ارب روپے کی کمی تھی۔ بینک اسٹورٹس نے سالانہ 17.40 ملین روپے کے پریمیوم حاصل کیے اور 2024 کی تیسری سہ ماہی میں 7.47 ملین روپے کی نان فنڈڈ آمدنی (NFI) میں معاونت کی۔

صارفین کے ساتھ روابط بڑھانے کے لیے، ایک ڈور مہیٹ اکاؤنٹ ایکٹیویٹی مہم کا آغاز کیا گیا، جس کی معاونت کے لیے برانچ مینجز کے لیے ایک مخصوص وائس ایپ گروپ تشکیل دیا گیا تاکہ غیر فعال اکاؤنٹس کو دوبارہ فعال کیا جاسکے۔ مزید برآں، بینک کی ویب سائٹ کو بہتر نیویگییشن، تیز لوڈنگ اور صارفین کے بہترین تجربے کے لیے دوبارہ ڈیزائن کیا گیا۔ ہرانڈ کی موجودگی کو مزید مستحکم کرنے کے لیے دو ہفتوں پر مشتمل ڈیجیٹل میڈیا مہم چلائی گئی، جس نے 4.1 ملین صارفین تک رسائی حاصل کی، جن میں سے 2.6 ملین نے ہینا (ٹیس بک اور انسٹا گرام) پر اور 1.5 ملین نے یوٹیوب پر آئیجنج کیا۔

کنزیومر بینکنگ:

سال 2024 کے پہلے نو مہینے تمام ان سیکورڈ پروڈکٹس کے لیے شاندار رہے۔ بینک نے 13.99 ارب روپے کے پورٹ فولیو پر 1.01 ارب روپے کا قبل از ٹیکس منافع حاصل کیا۔

کریڈٹ کارڈز:

سال 2024 کی تیسری سہ ماہی کے دوران کریڈٹ کارڈز برنس نے مختلف Spend & Acquisition Campaigns کے ذریعے مضبوط ترقی برقرار رکھی، جن میں Spend & Win 77% Cashback مہم بھی شامل تھی۔ سال بھر میں متعدد حکمت عملی پر مبنی مہمات چلائی گئیں، جبکہ "آزادی پرومو" 10% انعامات پلان نے ٹیلیکس ایپل انعامات پلان (FIP) کی کارکردگی کو بہتر بنایا، جس سے وصولیوں میں اضافہ ہوا۔

ان اقدامات کے نتیجے میں، YTD خرچ 31.2 ارب روپے رہا، اور سہ ماہی کا اختتام ENR 7.13 ارب روپے پر ہوا۔ مزید برآں، 18,493 نئے کارڈز جاری کیے گئے، جس کے بعد کل کارڈز کی تعداد 165,662 ہو گئی۔

ریڈی لائن:

سٹاک بینک ریڈی لائن، جو کہ رنگ فنانس سہولت ہے، 2011 میں لانچ کے بعد سے صارفین کی پسندیدہ رہی ہے۔ 2024 Q3 کے اختتام پر، ENR 16.03 ارب روپے رپورٹ کیا گیا، اور 37,191 فعال صارفین کو خدمات فراہم کی گئیں۔

یہ سہولت سال کی تیسری سہ ماہی میں 242.29 ملین روپے کا EBIT اور جنوری تا ستمبر 2024 کے دوران 751.41 ملین روپے کا EBIT YTD حاصل کرنے میں کامیاب رہی، جو مختلف حکمت عملی پر مبنی تیسری مہمات کے ذریعے ممکن ہوا۔

پرنسٹل لون:

2024 کی تیسری سہ ماہی میں، نئے پرنسٹل لونز کے حصول پر پابندی کے باوجود، 2.03 ملین روپے کا قفل از کم ٹیکس منافع حاصل کیا گیا۔ ستمبر 2024 کے اختتام پر، پورٹ فولیو 852.12 ملین روپے پر پہنچ گیا، جبکہ 7,346 فعال صارفین کو خدمات فراہم کی گئیں۔

ایمان اسلامک بینکنگ (Emaan):

ایمان اسلامک بینکنگ نے مشکل معاشی حالات کے باوجود مضبوط کارکردگی کا مظاہرہ کیا اور مالی سال 2024 کی تیسری سہ ماہی کے اختتام پر 13.26 ارب روپے کے ڈپازٹ پورٹ فولیو کے ساتھ CASA 84:16 نام ڈپازٹ تناسب برقرار رکھا۔

سروس کوالٹی پر خصوصی توجہ کے باعث، کلیدی اشاریوں میں نمایاں بہتری دیکھی گئی۔ سال کے دوران، 2,297 نئے صارفین کو شامل کیا گیا، جس سے کل صارفین کی تعداد 47,630 ہو گئی۔ بہترین خدمات کے عزم کے ساتھ، ایمان اسلامک بینکنگ نے سال کے لیے Very Good کی ریٹنگ حاصل کی۔

کم از کم کیپٹل کی ضروریات (MCR) اور کیپٹل ایڈیکویسی ریٹو (CAR)

30 ستمبر 2024 تک، کم از کم سرمایہ کی ضرورت (MCR) منفی 140.85 ارب روپے تھی، جبکہ کیپٹل ایڈیکویسی ریٹو (CAR) منفی 123.17% تھی، جو مقررہ کم از کم حدود 10 ارب روپے اور 11.50% کے خلاف تھی۔

کریڈٹ ریٹنگ:

بینک کی طویل مدتی ریٹنگ A- (سنگل اے مائٹس) اور مختصر مدتی ریٹنگ A-2 (سنگل اے مائٹس ٹو) ہے، جو JCR VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے دی ہے۔

مستقبل کا منظر نامہ:

اکتوبر 2024 کو، یونائیٹڈ بینک لمیٹڈ (UBL) نے باضابطہ طور پر سلگ بینک لمیٹڈ ("بینک") کے مکمل انضمام کی پیشکش دی۔ UBL نے یہ اہم معلومات پاکستان اسٹاک ایکسچینج لمیٹڈ (PSX) کو فراہم کیں، جس میں مکمل انضمام سے متعلق پیشکش جمع کروانے کی تصدیق کی گئی۔ چنانچہ، بینک نے بھی اپنی اہم معلومات 1 نومبر 2024 کو PSX کو فراہم کیں۔

اس کے بعد، 6 نومبر 2024 کو منعقدہ بورڈ آف ڈائریکٹرز کے اجلاس میں، سلگ بینک کے بورڈ نے اصولی طور پر اس مکمل انضمام کی منظوری دی۔ یہ انضمام اسکیم آف مہلگیشن کے ذریعے کیا جائے گا، جس کے لیے بینکنگ کمپنیز آرڈیننس 1962 (BCO) کے سیکشن 48 کے تحت اسٹیٹ بینک آف پاکستان (SBP) کی منظوری درکار ہوگی۔ بینک نے اس فیصلے کو اسی دن PSX میں بھی ظاہر کیا۔

بعد ازاں، UBL اور سلگ بینک نے اپنے بورڈ اجلاس پانچویں 2 دسمبر اور 4 دسمبر 2024 کو منعقد کیے، جہاں دونوں بینکوں کے بورڈز نے شیئرز سویپ اور مہلگیشن کے ذریعے جوڑہ انضمام کی منظوری دے دی، جو بینکنگ کمپنیز آرڈیننس 1962 کے سیکشن 48 کے تحت ہوگا۔ اس کے علاوہ، ایگریمنٹ ٹوائے مہلگیٹ، اسکیم آف مہلگیٹیشن، اور دیگر ضروری قانونی دستاویزات پر عمل درآمد کی منظوری دی گئی۔

منظور شدہ شیئرز سویپ تناسب کے مطابق، UBL کے ہر ایک (1) نئے عام شیئر (جس کی قدر 10 روپے ہے) کے بدلے سلگ بینک کے 325 شیئرز (ہر ایک کی قدر 10 روپے) دیے جائیں گے۔ اس تناسب کے تحت، UBL کے 27,944,188 عام شیئرز جاری کیے جائیں گے، جس میں کوئی رائٹ ایٹوشن شامل نہیں ہوگا۔

شیئرز ہولڈرز کی منظوری کے لیے، غیر معمولی عام اجلاس (EOGM) منعقد کیے گئے، سلگ بینک کے شیئرز ہولڈرز کا اجلاس 26 دسمبر 2024 کو، اور UBL کا اجلاس 30 دسمبر 2024 کو ہوا۔ ان اجلاسوں میں، دونوں بینکوں کے شیئرز ہولڈرز نے باضابطہ طور پر انضمام کی منظوری دی، اور ان فیصلوں کو PSX میں ظاہر کر دیا گیا۔

چونکہ شیئرز ہولڈرز پہلے ہی سلگ بینک لمیٹڈ کے UBL میں انضمام کی منظوری دے چکے تھے، تاہم BCO کے سیکشن 48 کی تکمیل کے لیے، EOGM دوبارہ بلانے اور ضروری قراردادیں منظور کرنے کی ضرورت تھی۔ اس کے مطابق، بینک نے 18 فروری 2025 کو ایک اور EOGM منعقد کیا، جہاں شیئرز ہولڈرز نے %99.997 دونوں کی اکثریت سے خصوصی قرارداد منظور کر کے اپنی منظوری کی توثیق کی۔

شیر ہولڈرز کی منظوری حاصل ہونے کے بعد، اس پر انضمام تمام ضروری قانونی تقاضوں، کارپوریٹ اور ریگولیٹری منظوریوں، اور تیسرے فریق کی منظوریوں کی تکمیل کا منتظر ہے۔ ایک بار تمام مراحل مکمل ہونے پر، بینک کے اثاثے، واجبات، اور ذمہ داریاں UBL میں ضم کر دی جائیں گی اور انہیں نئے ادارے کے معمول کے کاروباری عمل کے مطابق منظم اور حل کیا جائے گا۔

ہم اپنے شیر ہولڈرز کو اس انضمام کے عمل میں ہونے والی مزید پیش رفت سے آگاہ رکھنے کے لیے اعلانات جاری رکھیں گے۔

اظہار تشکر

ہم ایک بار پھر اپنے صارفین اور کاروباری شراکتہ داروں کا اُن کے بینک پر اعتماد اور تعاون کے لیے تہ دل سے شکریہ ادا کرتے ہیں، اور اسٹیٹ بینک آف پاکستان کی راہنمائی اور تعاون کے لیے دلی قدر دانی کا اظہار کرتے ہیں۔

ہم اپنے ساتھیوں، عملے اور دیگر اسٹاف کے عزم اور خدمات کا بھی شکریہ ادا کرتے ہیں، اور ان کے مسلسل تعاون کے منتظر ہیں۔

بینک کے بورڈ کی جانب سے:

سلک بینک لمیٹڈ

خالد عزیز مرزا

چیئر مین

شہرام رضا بختیاری

پریذیڈنٹ اینڈ سی ای او

26 فروری 2025

SILKBANK LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2024

		September 30, 2024	December 31, 2023
		Un-audited	Audited
	Note	Rupees in '000	
ASSETS			
Cash and balances with treasury banks	8	12,030,938	14,055,139
Balances with other banks	9	1,613,302	1,839,082
Lendings to financial institutions	10	-	491,450
Investments	11	164,584,763	173,339,468
Advances	12	42,296,399	49,694,132
Property and equipment	13	2,542,110	2,681,797
Right-of-use assets	14	1,629,344	1,924,136
Intangible assets	15	268,776	317,415
Deferred tax assets	16	37,769,107	30,498,301
Other assets	17	19,169,764	17,229,757
Total Assets		281,904,583	292,070,677
LIABILITIES			
Bills payable	19	1,847,379	3,141,963
Borrowings	20	155,336,876	147,380,746
Deposits and other accounts	21	151,154,766	154,262,385
Lease liabilities	22	2,216,515	2,369,107
Subordinated debt	23	2,430,666	2,438,666
Deferred tax liabilities	24	-	-
Other liabilities	24	6,857,288	8,829,877
		319,851,490	318,422,724
NET ASSETS		(37,946,907)	(26,352,047)
REPRESENTED BY			
Share capital - net		23,431,374	23,431,374
Statutory reserves		820,890	820,890
Surplus on revaluation of assets - net of tax	25	2,081,032	1,030,934
Accumulated losses		(64,280,203)	(51,635,245)
		(37,946,907)	(26,352,047)

CONTINGENCIES AND COMMITMENTS

26

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

Chief Financial Officer

Director

President & Chief Executive Officer

Director

Director

SILKBANK LIMITED**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT - UNAUDITED****FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024**

	Note	Quarter ended		Nine Months ended	
		September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
Rupees in '000					
Mark-up / return / profit / interest earned	28	10,325,220	12,697,698	31,238,344	33,208,634
Mark-up / return / profit / interest expensed	29	(13,604,253)	(15,143,425)	(42,305,095)	(36,980,484)
Net Mark-up / return / profit / interest expense		(3,279,033)	(2,445,727)	(11,066,751)	(5,771,850)
NON MARK-UP / INTEREST INCOME					
Fee and commission income	30	680,359	776,814	2,072,857	2,349,455
Dividend income		23,881	11,940	35,822	23,881
Foreign exchange income		133,064	30,697	209,114	392,950
Gain / (loss) from derivatives		6	7,351	5	(1,737)
(Loss) / Gain on securities	31	(22,280)	24,997	(40,947)	(52,538)
Other income	32	39,863	45,372	73,821	188,361
Total non-markup / Interest income		854,027	896,891	2,350,672	2,900,372
Total loss		(2,424,946)	(1,548,736)	(8,716,079)	(2,871,478)
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	33	(2,105,829)	(2,033,714)	(6,019,368)	(5,787,527)
Workers Welfare Fund					
Other charges	34	(841)	(3,544)	(13,019)	(6,481)
Total non-markup / Interest expenses		(2,106,770)	(2,037,258)	(6,032,387)	(5,794,008)
Loss before provisions, extra ordinary / unusual item and taxation		(4,531,716)	(3,585,994)	(14,748,466)	(8,665,486)
Provisions and write offs - net Extra ordinary / unusual items	35	(503,369)	(477,356)	(5,650,018)	(3,343,849)
LOSS BEFORE TAXATION		(5,035,085)	(4,063,350)	(20,399,382)	(12,009,335)
Taxation	36	1,888,146	1,536,510	7,729,132	4,555,958
LOSS AFTER TAXATION		(3,146,939)	(2,526,840)	(12,670,250)	(7,453,377)
Rupees					
Basic and Diluted Loss Per Share	37	(0.35)	(0.28)	(1.40)	(0.82)

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


Chief Financial Officer


President & Chief Executive Officer


Director


Director


Director

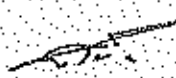
SILKBANK LIMITED


CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME - UNAUDITED


FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

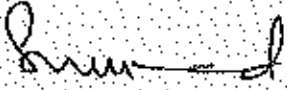
	Quarter ended		Nine Months ended	
	September 30, 2024	September 30, 2023	September 30, 2024	September 30, 2023
	Rupees in '000			
Loss after taxation for the period	(3,146,939)	(2,526,840)	(12,670,250)	(7,453,377)
Other comprehensive (loss) / Income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in deficit on revaluation of investments - net of tax	608,965	518,726	1,052,082	(834,381)
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement gain on defined benefit obligations - net of tax	-	-	21,089	3,617
Movement in surplus on revaluation of property and equipment - net of tax	(546)	(546)	(1,638)	(1,638)
Movement in surplus on revaluation of non-banking assets - net of tax	(308)	(300)	(926)	(827)
	(854)	(855)	18,525	1,052
Total comprehensive loss	(2,538,828)	(2,008,969)	(11,599,663)	(8,288,706)

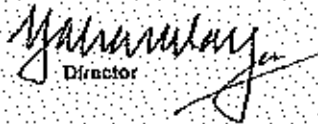
The annexed notes 1 to 45 form an integral part of these condensed interim financial statements.


Chief Financial Officer


President & Chief Executive Officer


Director

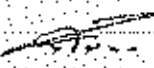


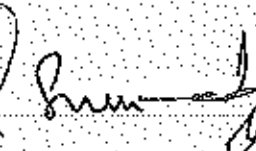


Director


Director

SILKBANK LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT - UNAUDITED
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

	September 30, 2024	September 30, 2023
Note	Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(20,399,382)	(12,009,335)
Less: Dividend income	(35,822)	(23,881)
	(20,435,204)	(12,033,216)
Adjustments:		
Net Mark-up / return / profit / interest expense	11,066,751	5,771,850
Depreciation on fixed assets	33 165,689	194,881
Depreciation on right-of-use assets	33 397,360	425,014
Depreciation on non-banking assets acquired in satisfaction of claims	33 25,653	25,653
Amortization of intangible assets	33 50,498	46,760
Provisions against loans & advances	35 5,864,889	3,812,340
Gain on sale of fixed assets	32 (38)	(10,408)
Unrealized (gain) / loss on revaluation of investments - held-for-trading	31 (6)	704
Unrealized loss on revaluation of investments - REIT Units	31 21,841	44,582
Write offs against property and equipment	35	9,182
Write offs against fixed assets - Capital work-in-progress	35	5,887
	17,612,737	10,124,875
	(2,822,467)	(1,908,341)
Decrease / (Increase) in operating assets		
Lendings to financial institutions	491,450	8,148,198
Net investments in held-for-trading securities	224,879	7,910,877
Advances	1,512,744	8,010,440
Other assets (excluding advance taxation)	(124,638)	(1,430,712)
	2,104,437	22,644,801
(Decrease) / Increase in operating liabilities		
Bills payable	(1,284,584)	(1,078,718)
Borrowings	7,958,130	(32,216)
Deposits	(3,107,599)	8,277,683
Other liabilities (excluding current taxation)	280,438	1,218,576
	3,834,383	9,386,327
	3,118,353	30,122,787
Interest received	28,583,522	28,904,897
Interest paid	(44,673,538)	(36,470,402)
Income tax paid	(378,541)	(403,496)
Net cash flow generated from operating activities	(12,351,904)	22,153,784
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in available-for-sale securities	6,506,277	(19,045,992)
Net investment in held-to-maturity securities	4,076,580	70,504
Dividend received	35,822	23,881
Net investment in fixed assets and intangible assets	(42,191)	(49,813)
Proceeds on disposal of fixed assets	14,278	80,725
Net cash flow used in investing activities	10,590,856	(18,909,795)
CASH FLOW FROM FINANCING ACTIVITIES		
Payment of lease liability against right-of-use assets	(488,933)	(545,411)
Net cash flow used in financing activities	(488,933)	(545,411)
(Decrease) / Increase in cash and cash equivalents	(2,249,981)	2,698,578
Cash and cash equivalents at the beginning of the period	15,894,221	10,785,266
Cash and cash equivalents at the end of the period	33 13,644,240	13,483,844

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

 Chief Financial Officer
 President & Chief Executive Officer
 Director
 Director
 Director

SILKBANK Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2024

1 STATUS AND NATURE OF BUSINESS

- 1.1 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 07, 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 105 branches (December 31, 2023: 105 branches) including 23 (December 31, 2023: 23) Islamic banking branches in Pakistan. The Bank's registered office is located at Silkbank Building, 13-L, F-7 Markaz, Islamabad.
- 1.2 Major shareholders of the Bank as on September 30, 2024 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.
- 1.3 In October 2020, the short-term and long-term credit ratings of 'A-2' and 'A-' respectively was assigned to the Bank by VIS Credit Rating Company Limited ("VIS") based on the Bank's condensed interim financial statements for the period ended June 30, 2020. Thereafter, no credit ratings have been issued and the VIS shall review the ratings once these and other subsequent financial statements are issued.
- 1.4 As at September 30, 2024, the equity of the Bank is negative Rs. 40.03 billion excluding surplus on revaluation of assets. This includes share capital (net of losses and discount on shares) of negative Rs. 40.85 billion against the Minimum Capital Requirement (MCR) of Rs. 10 billion as prescribed by State Bank of Pakistan (SBP). Further, the Capital Adequacy Ratio (CAR) of the Bank is negative 123.17% (December 31, 2023: negative 88.05%) as against the minimum CAR requirement of SBP of 11.50% (December 31, 2023: 11.50%). Consequently, the Bank is non-compliant with MCR and CAR at September 30, 2024 which resulted in various reduced prudential limits and may expose the Bank to regulatory actions under the Banking laws. These material uncertainties and conditions may cast significant doubts on the Bank's ability to continue as a going concern.
- 1.4.1 On October 31, 2024, United Bank Limited (UBL), after completion of detailed due diligence of the Bank, has submitted an offer to the Bank for its amalgamation with UBL pursuant to a scheme of amalgamation to be filed with and sanctioned by the SBP under section 48 of the Banking Companies Ordinance, 1962 (Amalgamation). As consideration of the Amalgamation, UBL has proposed to issue and allot new UBL ordinary shares to the shareholders of the Bank on the basis of a ratio of one (1) new UBL ordinary shares of every three hundred and twenty five (325) of the Bank's ordinary shares. The Board of Directors of the Bank, in its meeting held on November 08, 2024, accorded its in-principle approval for the Amalgamation.

Later, UBL's and the Bank's Board of Directors in their separate meetings held on December 02, 2024 and December 04, 2024 respectively, have approved:

- The amalgamation of the Bank with and into UBL through a share swap arrangement in accordance with section 48 of the Banking Companies Ordinance, 1962;
- Execution of the Amalgamation Agreement, Scheme of Amalgamation and other ancillary documentation in connection with the Amalgamation;
- The swap ratio of one (1) new ordinary share of UBL having face value of PKR 10/- (Pakistan Rupee Ten Only) in exchange of three hundred and twenty five (325) already issued shares of the Bank, each share having a face value of PKR 10/- (Pakistan Rupee Ten Only), resulting in the issuance of 27,944,188 ordinary shares of UBL, other than by way of right issue; and
- Convening of Extraordinary General Meeting (EOGM) of UBL on December 30, 2024 and of the Bank on December 26, 2024 for consideration and approval of the Amalgamation and above-mentioned matters by the respective shareholders of UBL and the Bank.

Subsequent to the meetings, the Amalgamation Agreement has been executed on December 06, 2024.

On December 18, 2024, a suit was filed in the Honorable Sindh High Court and the Court passed an ad-Interim imposing restrictions on certain shareholders from acting on the instructions of certain other shareholders, however, no order was passed against the Bank or the holding of the Extraordinary General Meeting (EOGM). The litigation is still pending to date before the Court.

Subsequently, on the given dates the shareholders of the UBL and the Bank have approved the Amalgamation as per the Scheme of Amalgamation approved by the respective Boards of Directors. However, in order to comply with certain requirements of section 48 of the Banking Companies Ordinance, 1962, the Bank has reconvened its EOGM on February 18, 2025, wherein all the resolutions with respect to Amalgamation have again been passed. Further, the Competition Commission of Pakistan has granted its approval on the Amalgamation on February 25, 2025.

The Amalgamation shall remain subject to all requisite regulatory approvals and completion of legal formalities including sanction of scheme of Amalgamation by SBP.

Upon completion of the Amalgamation, the Bank's assets, liabilities and obligations shall be merged with and into UBL and be realized and settled in ordinary course of business by the amalgamated entity.

- 1.4.2 The issuance of these condensed interim financial statements are delayed due to pending finalization of the annual financial statements for the year ended December 31, 2021, and convening respective year's Annual General Meeting (AGM), for which the Bank was allowed extended time, initially by SECP, and later on by the Honorable Islamabad High Court. The annual financial statements for the year ended December 31, 2021 have been adopted by the shareholders of the Bank in the AGM for the year 2021 which was held on December 06, 2024. Thereafter, the annual financial statements for the year ended December 31, 2022 and December 31, 2023 have also been adopted by the shareholders of the Bank in the respective years' AGMs, which was held on January 04, 2025 and January 29, 2025.

2 BASIS OF PREPARATION

- 2.1 These unconsolidated condensed interim financial statements have been prepared in conformity with the format of interim financial statements prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular Letter No. 2 dated February 09, 2023.
- 2.2 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 condensed interim financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon.
- 2.3 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.
- 2.4 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 43 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. These comprise of:
- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
 - Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP), as are notified under the Companies Act, 2017;
 - Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
 - Directives issued by the 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.

- 3.2 The SBP has deferred the applicability of International Accounting Standard (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 (IFS). 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 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 (IFS). The disclosures requirements for Islamic Banking Business relating to annual and quarterly financial statements have been based on a format prescribed by SBP vide BPRD Circular Letter No. 02 dated 09 February 2023.
- 3.4 The SBP vide BPRD Circular No. 02 of 2023 dated February 09, 2023 has amended the format of interim / annual financial statements of banks. All banks are required to prepare their interim / annual financial statements on the revised format effective from the accounting year ending January 01, 2024. Accordingly, the Bank has prepared these condensed interim financial statements on the new format prescribed by the SBP.

The adoption of new format required certain recognition requirements, reclassification of comparative information and also introduced additional disclosure requirements. The adoption of revised format has resulted in following material changes (due to which the corresponding presentations have also been changed):

- Right-of-use assets (note 14) amounting to Rs. 1,629.34 million (2023: Rs. 1,924.14 million) which were previously shown as part of property and equipment are now shown separately on the condensed interim statement of financial position.
 - Lease liabilities (note 22) amounting to Rs. 2,216.52 million (2023: Rs. 2,369.11 million) which were previously shown as part of other liabilities are now shown separately on the condensed interim statement of financial position.
- 3.5 The disclosures made in these condensed interim financial statements are limited based on the format prescribed by the SBP vide BPRD circular letter No. 02 dated February 09, 2023 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, 2023.
- 3.6 As disclosed in note 3.5 to these condensed interim financial statements, the format prescribed by SBP includes certain additional disclosures, including those related to International Financial Reporting Standard (IFRS) 9 – Financial Instruments. As disclosed in note 5.2, the Bank has deferred the applicability and related disclosures of IFRS 9 'Financial Instruments' based on specific permission granted by the SBP. Accordingly, these condensed interim financial statements have been prepared on the revised reporting format except to the disclosures related to IFRS 9 'Financial Instruments'.

4 BASIS OF MEASUREMENT

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

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.

6 MATERIAL ACCOUNTING POLICY INFORMATION

The significant accounting policies and methods of computation adopted for the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the annual financial statements of the Bank for the year ended December 31, 2023.

6.1 Standards, interpretations of and amendments to accounting and reporting standards that are effective in the year 2024

As referred to in note 4.3 to the Bank's annual financial statements for the year ended December 31, 2023, there are certain standards, amendments and interpretations that are effective for the annual period beginning on or after January 01, 2024. Those are considered either not to be relevant or not to have any significant impact on the Bank's condensed interim financial statements.

6.2 Standards, interpretations of and amendments to accounting and reporting standards that are not yet implemented

- IFRS 9 - 'Financial Instruments'

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 IFRS 9 is applicable on Banks for the financial period starting from January 01, 2024 as per the pronouncement made by SBP vide its BPRD Circular Letter No. 07 dated, April 13, 2023. However, the SBP has granted an exemption to the Bank from the requirements of IFRS 9 'Financial Instruments' till the completion of the merger process with the UBL.

There are certain new and amended standards and interpretations as referred to in note 4.3 to the Bank's annual financial statements for the year ended December 31, 2023, that are mandatory for the Bank's accounting periods beginning on or after January 01, 2024 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not disclosed in these condensed interim financial statements.

6 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis and methods used for critical accounting estimates and judgments adopted in these condensed interim financial information are same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2023.

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, 2023.

The Bank's activities are exposed to a variety of financial risks i.e. market risk, credit risks and liquidity risks. The condensed interim financial statements do not include all risk management information and are disclosed in the annual financial statements, thus should be read in conjunction with the annual financial statements for the year ended December 31, 2023.

There have been no material changes to our policies and practices regarding risk management and governance as described in annual financial statements for the year ended December 31, 2023 except for certain additions in the criteria to address significant risks emanating from the retail portfolio to ensure that relevant indicators relating to likelihood of default, are being captured in a timely manner under the current situation.

8 CASH AND BALANCES WITH TREASURY BANKS

In hand

Local currency
Foreign currencies

With State Bank of Pakistan in

Local currency current account
Foreign currency current account
Foreign currency deposit account

With National Bank of Pakistan in

Local currency current account

National Prize Bonds

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

2,395,337	2,344,461
789,214	801,847
3,184,648	3,146,308
5,897,184	6,495,110
760,342	960,737
1,087,941	1,206,584
8,745,467	10,662,431
95,086	238,308
5,837	8,094
12,030,938	14,055,139

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

9 BALANCES WITH OTHER BANKS

In Pakistan

In current account
In deposit account

Outside Pakistan

In current account

421,867	3,627
118	97
422,085	3,724
1,191,217	1,835,358
1,613,302	1,839,082

10 LENDINGS TO FINANCIAL INSTITUTIONS

Repurchase agreement lendings (Reverse repo)

-	491,450
-	491,450

11 INVESTMENTS

		September 30, 2024 - Un-audited				December 31, 2023 - Audited			
		Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
11.1 Investments by type:		Rupiah in '000							
Held-for-trading securities									
Federal Government Securities									
Market Treasury Bills		6,824	-	4	6,830	1,800	-	1	1,801
GDPjarah Sukuk		-	-	-	-	224,040	-	5,702	229,822
		6,824	-	4	6,830	225,820	-	5,703	231,703
Available-for-sale securities									
Federal Government Securities									
Market Treasury Bills		8,127	-	11	8,138	-	-	-	-
Pakisan Investment Bonds		142,113,339	-	196,288	142,309,627	148,525,027	-	(1,431,416)	147,093,612
GDPjarah Sukuk		3,614,868	-	5,284	3,620,152	3,360,421	-	(40,414)	3,320,007
Shares - Listed									
Ordinary Shares		110,456	-	71,198	181,652	110,456	-	20,805	131,361
Shares - Unlisted									
Unlisted Ordinary Shares		5,680	(5,680)	-	-	5,680	(5,680)	-	-
Real Estate Investment Trust Units		17.4 910,032	-	(80,833)	829,039	910,032	-	(68,162)	650,880
Non Government Debt Securities									
Term Finance Certificates - Listed		50,028	-	147	50,175	50,000	-	175	50,175
Term Finance Certificates - Unlisted		8,760	(8,760)	-	-	8,760	(8,760)	-	-
		148,821,310	(14,460)	191,933	148,898,783	152,078,399	(14,460)	(1,511,901)	151,452,038
Held-to-maturity securities									
Federal Government Securities									
Pakistan Investment Bonds		11.3 17,578,150	-	-	17,578,150	21,655,730	-	-	21,655,730
Non Government Debt Securities									
Shares repurchase (fully provided)		74,910	(74,910)	-	-	74,910	(74,910)	-	-
		17,854,060	(74,910)	-	17,578,150	21,730,640	(74,910)	-	21,655,730
Total Investments		164,487,194	(89,370)	191,933	164,594,763	174,834,058	(89,370)	(1,508,118)	173,339,480

	September 30, 2024 Un-audited	December 31, 2023 Audited
	Rupees in '000	
11.1 Investments given as collateral		
Pakistan Investment Bonds	153,490,631	143,000,683
	<u>153,490,631</u>	<u>143,000,683</u>
11.2 Provision for diminution in value of investments		
11.2.1 Opening balance	89,370	89,370
Change / (reversals)		
Change for the period / year		
Reversals for the period / year		
Amounts written off		
Closing balance	<u>89,370</u>	<u>89,370</u>

11.2.2 Particulars of provision against debt securities

Category of classification	September 30, 2024 - Un-audited		December 31, 2023 - 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	<u>83,690</u>	<u>83,690</u>	<u>83,690</u>	<u>83,690</u>

11.3 The market value of securities classified as held-to-maturity is Rs. 16,691 million (December 31, 2023: Rs. 17,124 million).

12 ADVANCES

	Performing		Non Performing		Total	
	September 30, 2024 Un-audited	December 31, 2023 Audited	September 30, 2024 Un-audited	December 31, 2023 Audited	September 30, 2024 Un-audited	December 31, 2023 Audited
	Rupees in '000					
Loans, cash credits, running finances, etc.	28,624,570	36,036,041	51,648,001	40,743,209	81,474,471	83,379,310
Islamic financing and related assets	1,100	4,375	105,000	185,000	195,100	189,375
Bills discounted and purchased	97,421	183,738	1,594	2,803	84,015	166,531
Advances - gross	<u>29,718,091</u>	<u>36,804,154</u>	<u>52,048,495</u>	<u>40,941,162</u>	<u>81,784,586</u>	<u>83,745,316</u>
Less: Provision against advances						
- Specific			38,913,991	33,459,650	38,913,991	33,459,650
- General	554,198	591,534			554,198	591,534
	<u>554,198</u>	<u>591,534</u>	<u>38,913,991</u>	<u>33,459,650</u>	<u>39,468,189</u>	<u>34,051,184</u>
Advances - net of provision	<u>29,163,893</u>	<u>36,212,620</u>	<u>13,134,504</u>	<u>13,481,512</u>	<u>42,316,397</u>	<u>49,694,132</u>

12.1 Particulars of advances (Gross)

	September 30, 2024 Un-audited	December 31, 2023 Audited
	Rupees in '000	
In local currency	81,764,586	83,745,316
In foreign currencies		
	<u>81,764,586</u>	<u>83,745,316</u>

12.2 Advances include Rs. 62.05 billion (December 31, 2023: Rs. 48.94 billion) which have been placed under non-performing status as detailed below:

Category of classification - specific	September 30, 2024 - Un-audited		December 31, 2023 - Audited	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	Rupees in '000			
Domestic				
Substandard	802,197	74,428	2,339,458	63,078
Doubtful	6,477,327	11,839	650,078	111,009
Loss	45,968,871	36,027,724	43,990,718	33,205,473
Total	<u>62,048,485</u>	<u>38,913,991</u>	<u>48,841,162</u>	<u>33,459,650</u>

12.3 Particulars of provision against advances:

	September 30, 2024 - Un-audited			December 31, 2023 - Audited		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	33,459,650	581,534	34,051,184	29,435,607	705,074	30,200,681
Charge for the period / year	8,002,391		8,002,391	5,715,004		5,215,884
Reversals for the period / year	(60,064)	(37,338)	(117,402)	(272,085)	(113,540)	(385,626)
Amounts written off	(487,988)		(487,988)	(493,705)		(493,705)
Closing balance	<u>36,913,991</u>	<u>544,196</u>	<u>37,458,187</u>	<u>33,459,650</u>	<u>591,534</u>	<u>34,051,184</u>

- 12.3.1** It includes non-performing advances amounting to Rs. 19,283 million (December 31, 2023: Rs. 19,283 million) extended to certain borrowers ("Respective borrowers") who are engaged primarily in trading and real estate businesses which are mainly secured against the mortgage of land. These exposures are classified under 'Loss' category. The Bank intends to settle these exposures through Real Estate Investment Trust (REIT) arrangements (Note 17.3) which have been approved by the SBP with certain conditions precedent. Under the arrangement, two separate schemes of REITs, i.e. Silk Islamic Development REIT (SIDR) and Silk World Islamic REIT (SWIR) have been established. Out of the total land mortgaged with the Bank as a collateral securing these non-performing exposures, the land measuring 14.34 acres and 32.28 acres have been released and transferred in favour of SIDR and SWIR respectively. However, the Bank still hold other land of the Related Borrowers under mortgage having market value of around Rs. 24 billion.
- 12.3.1.1** After formation of SIDR, and transfer of land, an initial sale proceed of Rs. 878 million have been realised to the Bank against these respective non-performing exposures.
- 12.3.1.2** Against the land transferred to SWIR, REIT units in SWIR having par value of Rs. 5 billion have been issued in favour of the Respective borrowers which along with dividend thereon have been assigned in favour of the Bank.
- 12.3.2** 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.
- 12.3.3** As of September 30, 2024, 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. 6,264 million (December 31, 2023: Rs. 7,547 million), which shall not be available for payment of cash or stock dividend / bonus to employees.
- 12.3.4** General provision represents provision amounting to Rs. 554 million (December 31, 2023: Rs. 592 million) against consumer finance portfolio as required by the Prudential Regulations issued by the SBP.

		September 30, 2024	December 31, 2023
	Note	Un-audited	Audited
Rupees in '000			
13	PROPERTY AND EQUIPMENT		
	Capital work-in-progress	93	3,080
	Property and equipment	2,542,017	2,676,717
		<u>2,542,110</u>	<u>2,681,797</u>
13.1	Capital work-in-progress		
	Civil works	56	3,043
	Advances to suppliers and contractors	37	37
		<u>93</u>	<u>3,080</u>
13.2	On September 10, 2015, the Bank entered into an Agreement to Sell (the Agreement) with respect to its previous Head Office Land and Building (the Property) situated at I.I. Chundrigar Road 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 24). The remaining balance was required to be paid by the buyer within 5 years from the date of the Agreement. Under the agreement, the counter-party is permitted for new construction at the Property site while keeping the building facade intact being the heritage and required to be protected under Heritage regulations.		
13.2.1	Certain Constitution Petitions was filed against the high rise construction at the Property. These includes the petition filed by SBP on October 2, 2018 in Honorable High Court of Sindh which granted Stay on October 4, 2018 against any construction at the Property site. Reportedly, the counter party had accepted the objections of SBP and had resolved respective concerns/issues about which SBP was duly communicated through their letter dated October 23, 2021. However, the matter is still pending at SBP and the Court's Stay on construction is still in place.		
13.2.2	Due to the Court's stay along with severe economic slowdown occurred due to COVID-19, the construction activities at the Property site were badly hampered at various time-intervals due to which the counter-party has requested the Bank to extend the term of the agreement. Accordingly, the agreement was initially extended for one year and thereafter till September 2024.		

- 13.2.3 At the time of issuance of these condensed interim financial statements, the remaining payment under the agreement has not been realized to the Bank. The buyer of the property has not complied with the terms of the agreement, and despite of non-compliance of the terms, has filed a suit in May 2024, to restrain the Bank from interfering in its possession, dispossessing the buyer from the property and other actions. The Bank has also filed a counter suit in the Sindh High Court in August 2024 that the agreement be considered null and void due to its non-compliance by the buyer. The suit filed by both the Bank and the counter party is pending adjudication before the Court.

	September 30, 2024 Un-audited	September 30, 2023 Un-audited
	Rupees in '000	
13.3 Additions to Property and equipment		
The following additions have been made to property and equipment during the period:		
Capital work-in-progress	37,548	37,025
Property and equipment		
Furniture and fixture	254	768
Electrical, office and computer equipment	36,339	12,858
Vehicles	-	25,947
Leasehold Improvements	3,942	19,886
	40,535	59,459
Total	78,083	96,484
13.4 Disposal of Property and equipment		
The net book value of property and equipment disposed off during the period is as follows:		
Furniture and fixture	-	637
Electrical, office and computer equipment	-	1,301
Vehicles	14,240	78,369
Leasehold Improvements	-	10
Total	14,240	80,317
	September 30, 2024 Un-audited	December 31, 2023 Audited
	Rupees in '000	
14 RIGHT-OF-USE ASSETS		
At January 01,		
Cost	4,589,538	4,828,992
Accumulated depreciation	(2,675,402)	(2,396,728)
Net book value at the beginning of the period / year	1,924,136	2,432,254
Period / Year ended		
Additions during the period / year	103,668	240,856
Deletions during the period / year	(1,100)	(203,097)
Depreciation charge for the period / year	(397,380)	(559,748)
Other adjustment	-	14,071
Net book value at the end of the period / year	1,629,344	1,924,136
16 INTANGIBLE ASSETS		
Capital work-in-progress	5,527	4,573
Software	263,249	312,842
	268,776	317,415



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

15.1 Additions to intangible assets

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

Capital work-in-progress	1,859	19,134
Software (directly purchased)	906	81,955
Total	2,764	101,089

15.2 Disposals of intangible assets

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

Software (directly purchased)	-	-
Total	-	-

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

Note

16 DEFERRED TAX ASSETS

Deductible Temporary Differences on

- Tax losses carried forward	25	21,099,505	15,093,845
- Deficit on revaluation of investments		-	566,572
- Provision for diminution in value of investments		3,424	3,424
- Provision against non-performing advances		16,131,568	13,254,535
- Provision against Workers' Welfare Fund (WWF)		52,478	52,476
- Provision against other assets		363,388	383,388
- Depreciation on non-banking assets		129,332	119,327
- Impairment in property and equipment		1,081,080	1,022,580
- Unabsorbed tax depreciation		129,428	129,428
		37,990,179	30,605,575

Taxable Temporary Differences on

- Surplus on revaluation of investments	25	(106,441)	-
- Surplus on revaluation of non-banking assets	25	(12,840)	(13,431)
- Surplus on revaluation of property and equipment	25	(6,932)	(6,979)
- Post retirement employee benefits		(48,739)	(35,255)
- Accelerated tax depreciation		(47,040)	(51,809)
		(220,992)	(107,274)
		37,769,187	30,498,301

16.1 The Bank has an aggregate amount of deferred tax assets of Rs. 37,769 million (December 31, 2023: Rs. 30,498 million) out of which an amount of Rs. 15,132 million (December 31, 2023: 13,255 million) has been recorded in accordance with the provision of the Seventh Schedule to the Income Tax Ordinance, 2001, which require that Provisions for advances and off-balance sheet items shall be allowed upto a maximum of 1% of total advances and provisions for advances and off-balance sheet items shall be allowed at 5% of total advances for consumers and small and medium enterprises. Pursuant to the Amalgamation arrangement as detailed in Note 1.4, the amalgamated entity is expected to realise these deferred tax assets mainly against its future years tax liabilities and available tax benefits with respect to non-performing loans.

		September 30, 2024	December 31, 2023
		Un-audited	Audited
		Rupees in '000	
	Note		
17	OTHER ASSETS		
	Income / mark-up accrued in local currency - net of provision	9,918,695	8,264,073
	Income / mark-up accrued in foreign currency - net of provision		
	Accrued rent	18,210	18,210
	Advances, deposits, advance rent and other prepayments	2,439,410	1,974,079
	Profit paid in advance on fixed deposits	170,183	175,749
	Advance taxation (payments less provisions)	2,751,074	2,599,144
	Net defined benefit assets	124,971	90,399
	Non-banking assets	17.2	2,957,241
	Branch adjustment account	499,739	857,247
	Mark to market gain on forward contracts	4,786	2,122
	Acceptances	222,231	331,084
	Contract Assets	17.3	-
	Receivable from sale of non-banking assets acquired in satisfaction of claims	17.4	1,850
	Fee receivable from Credit Card members	205,179	198,124
	Others	723,237	593,323
		20,036,705	18,096,179
	Less: Provision held against other assets	17.5	(916,846)
	Other assets - net of provisions	19,119,859	17,178,333
	Surplus on revaluation of non-banking assets	49,905	51,424
	Other assets - total	19,169,764	17,229,757
		2,157,914	2,183,567
17.1	Market value of Non-banking assets acquired in satisfaction of claims		
17.2	The non-banking assets acquired in satisfaction of claims (NBAs) aggregating to Rs. 1,802 million (December 31, 2023: Rs. 1,802 million) are currently un-developed and have been evaluated based on the valuation reports from the valuers on Pakistan Bank Association list of approved valuers. The Bank exposure exceeds the prescribed limit of 2.5% of aggregate advances and investments (excluding investment in Government securities) as prescribed by SBP under regulation Debt Property Swap.		
17.3	The Contract assets represent the variable consideration, receivable to the Bank from SIDR, against the land transferred to it in 2021, which was previously held as Non-banking assets. Such transfer of land was made under the REIT arrangement to which certain mortgaged land of Respective borrowers as detailed in Note 12.3.1 was also released. The management has assessed the expected value of these Contract assets as Nil, as significant time has been lapsed in launch of SIDR's project, which have multiple implications on achieving the project's required profitability level and payouts to SIDR unit holders.		
17.4	REIT units of SWIR having par value equivalent to Rs. 910 million had been issued in consideration to the land transferred to SWIR (previously held as Non-banking assets) under REIT arrangement to which certain mortgaged land of Respective borrowers was also released (Note 12.3.1). Such REIT units are held as Investments (Note 11). The Bank is expected to realize dividends over the REIT units held during the tenure and liquidation proceeds at the culmination of the respective REIT.		
		September 30, 2024	December 31, 2023
		Un-audited	Audited
		Rupees in '000	
17.5	Provision held against other assets		
	Non-banking assets acquired in satisfaction of claims	849,232	849,232
	Advances, deposits, advance rent and other prepayments	3,699	3,699
	Others	63,915	63,915
		916,846	916,846
17.5.1	Movement in provision held against other assets		
	Opening balance	916,846	857,232
	Charge for the period / year		59,614
	Reversals for the period / year		
	Net reversal for the period / year		69,614
	Reversal on disposal / write off		
	Closing balance	916,846	916,846
18	CONTINGENT ASSETS		
	There were no contingent assets as at September 30, 2024 (December 31, 2023: Nil).		

	September 30, 2024 Un-audited	December 31, 2023 Audited
	Rupees In '000	
19		
BILLS PAYABLE		
In Pakistan	1,847,379	3,141,963
Outside Pakistan	-	-
	<u>1,847,379</u>	<u>3,141,963</u>
20		
BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan		
- under export refinance scheme	2,085,346	2,241,941
- under Credit Guarantee Scheme for Small and Rural Enterprises	83	333
	<u>2,085,429</u>	<u>2,242,274</u>
Repurchase agreement borrowings	163,131,356	144,894,565
Total secured	<u>165,216,785</u>	<u>147,136,839</u>
Unsecured		
Overdrawn nostro accounts	120,091	232,961
Overdrawn local bank accounts	-	10,946
Total unsecured	<u>120,091</u>	<u>243,907</u>
	<u>155,336,676</u>	<u>147,380,746</u>

21 DEPOSITS AND OTHER ACCOUNTS

	September 30, 2024 - Un-audited			December 31, 2023 - Audited		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	Rupees In '000					
Customers						
Current deposits	32,015,517	6,734,596	37,750,113	32,250,858	7,056,794	39,307,652
Saving deposits	65,263,894	4,336,440	69,592,334	66,348,961	4,624,602	70,973,563
Term deposits	36,565,222	1,179,179	37,744,401	36,238,545	1,606,215	37,844,760
Margin deposits	1,022,517	-	1,022,517	1,289,544	-	1,289,544
Call deposits	1,506,514	-	1,506,514	1,328,153	-	1,328,153
	<u>136,363,664</u>	<u>11,252,216</u>	<u>147,615,879</u>	<u>137,456,061</u>	<u>13,287,611</u>	<u>150,743,672</u>
Financial institutions						
Current deposits	107,189	91,012	198,201	145,189	21,328	166,517
Saving deposits	1,884,743	184	1,884,927	1,705,257	186	1,705,443
Term deposits	720,930	734,829	1,455,759	900,930	745,803	1,646,733
	<u>2,712,862</u>	<u>826,025</u>	<u>3,538,887</u>	<u>2,751,376</u>	<u>767,317</u>	<u>3,518,693</u>
	<u>139,076,526</u>	<u>12,078,240</u>	<u>151,154,766</u>	<u>140,207,437</u>	<u>14,054,928</u>	<u>154,262,365</u>

	September 30, 2024 Un-audited	December 31, 2023 Audited
	Rupees in '000	
22		
LEASE LIABILITIES		
Outstanding amount at the start of the period / year	2,369,107	2,969,815
Additions during the period / year	103,668	411,890
Deletion during the period / year	(1,100)	(314,928)
Lease payments including interest	(488,933)	(986,602)
Interest expense	233,773	314,629
Other adjustment	-	(45,697)
Outstanding amount at the end of the period / year	<u>2,216,515</u>	<u>2,369,107</u>
22.1		
Contractual maturity of lease liabilities		
Short-term lease liabilities - within one year	514,784	488,645
Long-term lease liabilities		
Later than one year and upto five years	1,222,894	1,512,562
Later than five years and upto ten years	467,557	367,900
Over ten years	11,280	-
Total lease liabilities	<u>2,216,515</u>	<u>2,369,107</u>

		September 30, 2024	December 31, 2023
	Note	Un-audited	Audited
		Rupees in '000	
23 SUBORDINATED DEBT			
Subordinated Term Finance Certificates	23.1	1,998,400	1,998,400
Subordinated Loan from Sponsors	23.2	440,266	440,266
		<u>2,438,666</u>	<u>2,438,666</u>

23.1 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 Base 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	BDB+ (Triple B Plus) by VIS Credit Rating Company Limited (VIS) was announced on October 12, 2020, based on condensed interim financial statements of Silk Bank Limited as of June 30, 2020. Later on, the same rating was harmonized by VIS according to their revised methodology and assigned rating at 'B' (Single B) with a 'Rating Watch-Negative' status on June 16, 2023. The VIS shall review the ratings once these and other subsequent financial statements are issued.
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 Base III Capital Rules. Upon the occurrence of a point of non-viability event as defined by SBP's Base III Capital Rules, 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 1,236,390,093 shares.

23.2 Due to the lock-in-clause as mentioned in note 23.1 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 installments including profit thereon in respect of the above mentioned TFCs. Upon compliance with Capital Adequacy Ratio (CAR), this subordinated loan will be repaid to the Sponsor.

		September 30, 2024	December 31, 2023
	Note	Un-audited	Audited
		Rupees in '000	
24 OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		3,202,189	5,457,862
Mark-up / return / interest payable in foreign currencies		19,144	18,498
Unearned commission and income on bills discounted		67,245	71,526
Accrued expenses		993,026	990,856
Acceptances		222,231	331,064
Mark to market loss on forward contracts		12,965	53,650
Payable to defined benefit plan - contractual staff		140,837	121,935
Provision against off-balance sheet obligations	24.1	109,812	109,812
Workers' Welfare Fund (WWF)		37,127	64,857
Advance received against future sale of non banking assets		63,681	58,198
Advance received against future sale of property and equipment		118,600	118,500
Deferred income against non-banking assets		128,848	128,848
Islamic pool management reserve		12,677	10,994
Non checking account		98,233	64,460
PRR remitting account		28,079	27,560
Funds received against application of Housing Scheme		68,119	58,852
Others		1,645,676	1,146,385
		<u>6,857,268</u>	<u>8,828,677</u>

		September 30, 2024	December 31, 2023
	Note	Un-audited	Audited
		Rupees In '000	
24.1 Provision against off-balance sheet obligations			
Opening balance		109,812	109,812
Charge for the period / year		-	-
Reversals for the period / year		-	-
Amount written off		-	-
Closing balance	24.1.1	<u>109,812</u>	<u>109,812</u>
24.1.1 This includes provisions made against letters of guarantee issued by the Bank.			
25 (DEFICIT) / SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
(Deficit) / Surplus on revaluation of			
- Available for sale securities		272,926	(1,452,749)
- Property and equipment		38,484	41,169
- Non-banking assets acquired in satisfaction of claims		1,894,835	1,896,352
		<u>2,206,245</u>	<u>484,772</u>
Deferred tax on (deficit) / surplus on revaluation of			
- Available for sale securities	16	(106,441)	566,572
- Property and equipment	16	(5,932)	(8,979)
- Non-banking assets acquired in satisfaction of claims	16	(52,840)	(13,431)
		<u>(165,213)</u>	<u>546,162</u>
		<u>2,041,032</u>	<u>1,030,934</u>
26 CONTINGENCIES AND COMMITMENTS			
Guarantees	26.1	<u>10,139,955</u>	<u>11,302,878</u>
Commitments	26.2	<u>7,909,341</u>	<u>10,928,279</u>
Contingent liabilities	26.3	<u>1,057,973</u>	<u>1,038,843</u>
		<u>19,107,269</u>	<u>23,270,000</u>
26.1 Guarantees:			
Financial guarantees		974,379	854,940
Performance guarantees		8,438,345	7,248,609
Other guarantees		2,727,431	3,199,329
		<u>10,139,955</u>	<u>11,302,878</u>
26.2 Commitments:			
Documentary credits and short-term trade-related transactions			
- Letters of credit		875,344	1,793,868
Commitments in respect of:			
- forward foreign exchange contracts	26.2.1	6,705,080	9,134,411
- forward government securities transactions	26.2.2	-	-
Commitments for acquisition of:			
- property and equipment		119,532	-
- intangible assets		209,365	-
		<u>7,909,341</u>	<u>10,928,279</u>
26.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		6,492,125	8,560,493
Sale		212,955	573,918
		<u>6,705,080</u>	<u>9,134,411</u>
26.2.2 Commitments in respect of forward government securities transactions			
Purchase		-	-
Sale		-	-
26.2.3 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.			

	September 30, 2024 Un-audited	December 31, 2023 Audited
	Rupees in '000	
26.3 Contingent liabilities:		
Claims against the Bank not acknowledged as debt	822,973	803,843
Claims against the Bank by Competition Commission of Pakistan & others	236,000	236,000
	1,057,973	1,038,843

26.3.1 Suits for damages of Rs. 25.56 billion (December 31, 2023: Rs. 24.29 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.

26.4 For contingencies relating to taxation refer note 36.1-36.4.

27 DERIVATIVE INSTRUMENTS

Product Analysis

Counterparties

Hedging

- Banks

- Other entities

Total

September 30, 2024 - Un-audited	
Forward Contracts	
Notional Principal	Mark to Market gain / (loss)
Rupees in '000	
6,421,710	(12,806)
283,370	4,628
6,705,080	(8,180)

Counterparties

Hedging

- Banks

- Other entities

Total

December 31, 2023 - Audited	
Forward Contracts	
Notional Principal	Mark to Market gain / (loss)
Rupees in '000	
6,675,054	(44,972)
2,459,357	(6,556)
9,134,411	(51,528)

		September 30, 2024	September 30, 2023
		Un-audited	Un-audited
	Note	Rupees in '000	
28	MARK-UP / RETURN / PROFIT / INTEREST EARNED		
Loans and advances		5,566,720	7,545,234
Investments		26,390,260	25,398,755
Lendings to financial institutions		138,310	237,831
Balances with banks		43,058	28,814
		<u>31,238,344</u>	<u>33,208,634</u>
29	MARK-UP / RETURN / PROFIT / INTEREST EXPENSED		
Deposits		16,952,429	13,662,066
Borrowings		26,109,635	23,959,585
Subordinated debt		350,079	936,823
Cost of foreign currency swaps against foreign currency deposits / borrowings		659,179	768,891
Lease liability against right-of-use assets		233,773	233,119
		<u>42,305,095</u>	<u>38,960,484</u>
30	FEE & COMMISSION INCOME		
Branch banking customer fees		187,023	196,449
Card related fees (debit and credit cards)		1,465,565	1,607,744
Credit related fees		221,776	249,331
Commission on trade		100,968	107,458
Commission on guarantees		57,629	58,415
Commission on remittances including home remittances		9,835	13,020
Commission on bancassurance		22,114	32,059
Others		3,057	4,579
		<u>2,072,857</u>	<u>2,349,455</u>
31	(LOSS) / GAIN ON SECURITIES		
Realised	31.1	(19,112)	(7,742)
Unrealised - held for trading		6	(204)
Unrealised - REIT Units		(21,841)	(44,592)
		<u>(40,947)</u>	<u>(52,538)</u>
31.1	Realised (loss) / gain on:		
Federal Government Securities		(19,112)	5,581
Shares		-	(13,323)
		<u>(19,112)</u>	<u>(7,742)</u>
32	OTHER INCOME		
Rent on property and non-banking assets		-	837
Gain on sale of property and equipment - net		36	10,408
Rent on lockers		18,721	16,824
Postage, telex and other service charges recovered		45,123	39,696
Early loan termination charges		9,939	18,494
Gain / (Loss) on termination / adjustment of leases		-	102,302
		<u>73,821</u>	<u>188,361</u>

	September 30, 2024 Un-audited	September 30, 2023 Un-audited
	Rupees in '000	
33 OPERATING EXPENSES		
Total compensation expense	2,620,734	2,285,463
Property expense		
Rent & taxes	14,305	7,004
Insurance on non-banking assets acquired in satisfaction of claims	192	398
Utilities cost	216,418	170,178
Security (including guards)	108,919	7,205
Repair & maintenance (including janitorial charges)	93,684	50,870
Depreciation on buildings	48,220	48,039
Depreciation on right-of-use assets	397,360	425,014
Depreciation on non-banking assets acquired in satisfaction of claims	25,653	25,653
	904,651	734,229
Information technology expenses		
Software maintenance	309,122	337,626
Hardware maintenance	125,121	105,921
Depreciation	34,733	43,277
Amortisation	50,498	45,760
Website development charges	-	48
	519,474	532,632
Other operating expenses		
Directors' fees and allowances	46,708	56,430
Fees and allowances to Shariah Board	10,211	11,576
Legal & professional charges	106,824	81,577
Outsourced services costs	25,433	158,904
Travelling & conveyance	79,858	67,438
NIFT clearing charges	12,606	13,148
Depreciation	82,738	103,585
Training & development	4,704	1,223
Postage & courier charges	2,747	2,144
Communication	996,769	970,282
Stationery & printing	82,666	71,370
Marketing, advertisement & publicity	87,028	114,263
Auditors' remuneration	25,445	21,292
Insurance (including deposit protection)	168,850	168,328
Repairs & maintenance	75,802	71,371
Brokerage and commission	1,424	7,207
Subscriptions and news papers	14,447	15,137
Entertainment	29,126	23,174
Vehicle running & maintenance	24,673	31,003
Card related expenses (debit and credit cards)	163,650	215,638
Security	30,361	30,245
Others	2,386	3,802
	2,074,509	2,235,203
	6,019,368	5,787,527
34 OTHER CHARGES		
Penalties imposed by State Bank of Pakistan	40	1,210
Operational loss	12,979	5,271
	13,019	6,481

		September 30, 2024	September 30, 2023
		Un-audited	Un-audited
	Note	Rupees in '000	
36	PROVISIONS & WRITE OFFS - NET		
	Provisions against loans & advances	12.3 5,804,909	3,812,340
	Write offs against property and equipment		9,102
	Write offs against property and equipment - Capital work-in-progress		5,887
	Recovery of written off loans	(234,073)	(283,480)
		<u>5,650,916</u>	<u>3,343,849</u>
36	TAXATION		
	Current		
	Prior periods	228,611	167,109
	Deferred	(7,955,743)	(4,723,087)
		<u>(7,729,132)</u>	<u>(4,556,988)</u>
36.1	The prior year tax amounting to Rs. 227 million pertains to minimum tax for the financial year 2019 as the Bank charges such tax in the year when the statutory period allowed for its carry forward against future tax liabilities on taxable income expires. The income tax returns of the Bank have been e-filed upto the tax year 2024. The Commissioner Inland Revenue has made amendments in the assessments, and the Bank has filed appeals against these amendments. The appeals are pending before Appellate Tribunal Inland Revenue (ATIR) against certain disallowances amounting to Rs.3,026 million (2023: Rs. 3,026 million) relating to Assessment / Tax Years) 2000-2001, 2001-2002, 2002-2003, 2004 and 2015 to 2019. The appeals which are pending before Commissioner-Appeals (CIR-A) against the disallowances amounting to Rs.682 million (2023: Rs.682 million) relating to tax years 2003 and 2006. The management of the Bank, in consultation with its tax advisor, is confident that the decisions in respect of these appeals would be in the Bank's favor.		
36.2	For the tax year 2020, tax audit and amendment in assessment proceedings has been concluded and order under section 122(i) of the Income Tax Ordinance, 2001 is passed disallowing certain items aggregating to Rs. 707,933 million. An appeal against the order is likely to be filed by the Bank. For the tax years 2021, 2022, 2023 and 2024 returns of Income filed by the Bank are deemed to be assessment orders under section 120 of the Income Tax Ordinance, 2001.		
36.3	The proceedings regarding monitoring of withholding taxes pertaining to the Tax Years 2011 to 2019 were initiated and completed. Orders were issued by the Assessing Officer (AO) creating total tax demands of Rs. 241,890 million inclusive of penalties and default surcharges. Against these tax demands, the Bank has paid an amount of Rs. 169,312 million. The matters pertaining to the tax years 2011 and 2012 have been concluded, the Bank has not contested the matters in appeals and has paid the demands created by the AO. 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. The ATIR has remanded-back the case to the AO, however, no proceedings were initiated. With respect to Tax Years 2015 and 2016, the Bank has filed appeals against orders before CIR-A. The CIR-A remanded back the matter to the AO, however, no proceedings were initiated. With respect to Tax Years 2017 to 2019, the Bank has filed appeals against orders before CIR-A, the CIR-A remanded back the matter to the AO. The AO afterwards passed the orders by creating tax demands of Rs. 499,831 for tax year 2017, Rs. 303,191 for tax year 2018 and no tax demand for tax year 2019. Since, the orders passed by the AO are in favor of the Bank, therefore, no appeals were preferred. However, these orders are subject to rectification, accordingly, applications under section 221 of the Income Tax Ordinance, 2001 were filed in each case, though no rectified orders have been passed.		
	The proceedings regarding monitoring of withholding taxes for the tax year 2020 has been initiated and notice under section 161(1A) of the Ordinance has been issued. However, no order has been passed by the AO.		
36.4	The income tax returns of the Bank's Azad Kashmir operations have been filed up to the tax year 2021. The Commissioner Inland Revenue have amended the assessments from the tax years 2016 to 2020 and passed orders under section 122(5A) of the Ordinance (for tax years 2016 and 2017) and under section 122(1) of the Income Tax Ordinance, 2001, (for the tax years 2018, 2019 and 2020). Appeals against orders were filed and these matters are pending for adjudication before the CIR-A and ATIR. The CIR-A has remanded-back the matter in respect of tax years 2016, 2017 and 2020 for re-examination. The management of the Bank, in consultation with its tax advisor, is confident that the decisions in respect of these appeals would be in the Bank's favor.		
		September 30, 2024	September 30, 2023
		Un-audited	Un-audited
37	BASIC AND DILUTED EARNINGS PER SHARE		
	Loss after taxation for the period (Rupees in '000)	<u>(12,670,250)</u>	<u>(7,453,377)</u>
	Weighted average number of ordinary shares (Number of shares in '000)	<u>9,081,861</u>	<u>9,081,861</u>
	Basic and diluted loss per share (Rupee)	<u>(1.40)</u>	<u>(0.82)</u>
37.1	There were no convertible dilutive potential ordinary shares outstanding as at September 30, 2024 and September 30, 2023.		
		September 30, 2024	September 30, 2023
		Un-audited	Un-audited
		Rupees in '000	
38	CASH AND CASH EQUIVALENTS		
	Cash and balance with treasury banks	12,030,936	11,929,636
	Balance with other banks	1,613,302	1,554,208
		<u>13,644,240</u>	<u>13,483,844</u>

39 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 recognize 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.

39.1 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 liabilities, 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, 2024 - 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	14,968	-	14,968	-	14,968
Pakistan Investment Bonds	159,888,777	-	159,888,777	-	159,888,777
GOP Ijarah Sukuk	3,620,152	-	3,620,152	-	3,620,152
Shares					
Listed companies	181,652	181,652	-	-	181,652
Non-Government Debt Securities					
Term Finance Certificates - Listed	60,176	-	60,176	-	60,176
	163,755,724	181,652	163,574,072	-	163,755,724
Financial assets - disclosed but not measured at fair value					
Cash and balances with treasury banks	12,030,938	-	-	-	12,030,938
Balances with other banks	1,613,902	-	-	-	1,613,902
Lendings to financial institutions	-	-	-	-	-
Advances	42,286,308	-	-	-	42,286,308
Other assets	10,148,619	-	-	-	10,148,619
	56,069,288	-	-	-	56,069,288
	220,844,982	181,652	163,574,072	-	220,844,982
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	6,492,126	-	6,492,126	-	6,492,126
Forward sale of foreign exchange	212,955	-	212,955	-	212,955
Forward purchase of government securities transactions	-	-	-	-	-
Forward sale of government securities transactions	-	-	-	-	-

December 31, 2023 - 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	1,881	1,881	-	1,881
Pakistan Investment Bonds	168,747,342	168,747,342	-	168,747,342
GOP Banih Sukuks	3,557,829	3,557,829	-	3,557,829
Shares				
Listed companies	131,381	131,381	-	131,381
Non-Government Debt Securities				
Term Finance Certificates - Listed	50,175	50,175	-	50,175
172,488,588	131,381	172,357,277	-	172,488,588
Financial assets - disclosed but not measured at fair value				
Cash and balances with treasury banks	14,055,138	-	-	14,055,138
Balances with other banks	1,608,082	-	-	1,608,082
Loans to financial institutions	481,450	-	-	481,450
Advances	49,694,132	-	-	49,694,132
Other assets	8,497,779	-	-	8,497,779
74,572,582	-	-	-	74,572,582
247,061,170	131,381	172,357,277	-	247,061,170
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	6,580,493	6,580,493	-	6,580,493
Forward sale of foreign exchange	573,818	573,818	-	573,818
Forward purchase of government securities transactions	-	-	-	-
Forward sale of government securities transactions	-	-	-	-

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 PKSRV rates.
GOP Banih Sukuks	Fair values of GOP Banih Sukuks are derived using the PKSRV rates announced by the Financial Market Association (FMA) through Reuters. These rates derive on average of quotes received from eight different pre-defined / approved dealers / brokers.
Shares - listed	Fair values of investments in listed shares are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange.
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 body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by the State Bank of Pakistan.

39.2 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, 2024 - Un-audited				
Carrying Value	Level 1	Level 2	Level 3	Total
Rupees in '000				
Property and equipment - land and buildings	1,995,380	-	1,995,380	1,995,380
Non-banking assets acquired in satisfaction of claims	2,157,014	-	2,157,014	2,157,014
4,152,394	-	-	4,152,394	4,152,394
December 31, 2023 - Audited				
Carrying Value	Level 1	Level 2	Level 3	Total
Rupees in '000				
Property and equipment - land and buildings	2,006,099	-	2,006,099	2,006,099
Non-banking assets acquired in satisfaction of claims	2,183,507	-	2,183,507	2,183,507
4,189,606	-	-	4,189,606	4,189,606

39.2.1 Certain categories of operating Property and equipment (land and buildings) and non-banking assets acquired in satisfaction of claims are carried at reviewed 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, 2023.

40 SEGMENT INFORMATION

Segment Details with respect to Business Activities

	September 30, 2020 - Un-audited			Total
	Consumer / SME	Whole Sale Banking	Treasury	
Rupees in '000				
Profit and Loss Account				
Net mark-up / return / profit / (expense)	3,981,312	(13,444,883)	(1,603,180)	(11,066,751)
Inter segment revenue - net				
Non-mark-up / Interest Income	1,989,238	156,020	196,614	2,350,672
Total Income / (loss)	5,980,650	(13,288,883)	(1,407,766)	(8,716,079)
Segment direct expenses	(3,374,035)	(2,681,107)	177,245)	(6,032,387)
Inter segment expense allocation	(1,303,016)	1,378,139	(76,123)	
Total expenses	(4,677,051)	(1,202,968)	(152,368)	(6,032,387)
Provisions	(186,882)	(5,464,034)		(5,650,916)
Profit / (loss) before tax	1,116,617	(19,955,685)	(1,560,134)	(20,399,382)
Statement of Financial Position				
Cash & Bank balances		4,405,388	2,236,862	13,644,240
Investments			164,584,763	164,584,763
Net inter segment lending	125,766,944	(267,436,286)	141,669,322	
Lendings to financial institutions				
Advances - performing - net	18,702,948	12,460,947		29,163,895
Advances - non-performing - net	1,069,375	12,053,129		13,132,604
Others	1,321,276	58,858,082	1,099,823	61,379,181
Total Assets	144,860,543	(179,648,720)	316,692,760	281,904,683
Borrowings	360,698	1,724,741	153,251,447	155,336,876
Subordinated debt		2,438,668		2,438,666
Deposits & other accounts	127,658,095	23,698,471		151,356,746
Net inter segment borrowing	12,757,882	(173,837,097)	161,080,316	
Others	4,186,076	4,469,080	2,266,014	10,921,192
Total liabilities	144,860,543	(141,808,829)	316,587,776	318,051,480
Equity		(37,841,891)	(5,016)	(37,846,907)
Total Equity & liabilities	144,860,543	(179,648,720)	316,582,760	281,904,683
Contingencies & Commitments	822,973	11,679,216	8,705,080	19,107,269

	September 30, 2023 - (Un-audited)			Total
	Consumer / SME	Whole Sale Banking	Treasury	
Rupees in '000				
Profit and Loss Account				
Net mark-up / return / profit / (expense)	8,029,812	(10,216,001)	(1,678,861)	(5,771,850)
Inter segment revenue - net				
Non-mark-up / Interest Income	2,223,261	272,618	404,485	2,900,372
Total Income / (loss)	8,246,873	(9,943,985)	(1,174,366)	(2,871,478)
Segment direct expenses	(3,304,023)	(2,408,483)	(51,502)	(6,794,008)
Inter segment expense allocation	(1,237,092)	1,303,108	(70,218)	
Total expenses	(4,541,915)	(1,100,375)	(151,718)	(6,794,008)
Provisions	(205,476)	(3,138,373)		(3,343,849)
Profit / (loss) before tax	3,498,482	(14,182,733)	(1,326,084)	(12,009,335)

	December 31, 2023 - Audited			Total
	Consumer / SME	Whole Sale Banking	Treasury	
Rupees in '000				
Statement of Financial Position				
Cash & Bank balances		4,088,801	11,005,320	15,094,221
Investments			173,339,468	173,339,468
Net inter segment lending	126,498,328	(250,706,195)	124,298,867	
Lendings to financial institutions			491,450	491,450
Advances - performing - net	18,187,088	18,025,532		36,212,620
Advances - non-performing - net	890,824	12,690,688		13,481,512
Others	1,535,080	49,358,854	1,759,503	52,551,400
Total Assets	147,110,229	(185,933,220)	310,893,688	282,070,677
Borrowings	402,033	1,840,241	145,138,472	147,380,746
Subordinated debt		2,438,666		2,438,666
Deposits & other accounts	128,764,612	25,497,753		154,262,365
Net inter segment borrowing	13,848,280	(175,063,420)	162,115,130	
Others	4,095,294	5,623,379	4,622,074	14,340,947
Total liabilities	147,110,229	(140,565,181)	311,975,876	318,422,724
Equity		(25,370,039)	(962,008)	(26,332,047)
Total Equity & liabilities	147,110,229	(185,933,220)	310,893,688	282,070,677
Contingencies & Commitments	803,843	13,331,748	9,134,411	23,270,000

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.

41 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 buying, 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 condensed interim financial statements are as follows:

	September 30, 2024 - Un-audited				December 31, 2023 - Audited			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
Rupees in '000								
Balances								
Investments								
Opening balance							123,509	4
Investment made / share profit during the period / year								
Investment redeemed / disposed off during the period / year							(123,509)	(4)
Revaluation of investment during the period / year								
Closing balance								
Advances								
Opening balance	163	13,285		1,154,582	1,992	40,856		2,009,838
Addition during the period / year		44,401		179,592	5,585	94,720		246,454
Repaid during the period / year	(108)	(48,823)		(220,193)	(7,414)	(122,291)		(1,101,508)
Closing balance	55	8,863		1,113,981	153	13,285		1,154,582
Provision held against advances								
Other Assets								
Interest / mark-up account		145		42,943				53,408
Subordinated debt								
Opening balance				440,266				440,266
Issued / purchased during the period / year								
Redemption during the period / year								
Closing balance				440,266				440,266
Deposits and other accounts								
Opening balance	26,381	10,644		717,916	21,521	79,485	20,740	557,218
Received during the period / year	282,624	554,906		1,631,010	178,588	603,330	22,465	1,982,783
Withdrawn during the period / year	(271,023)	(681,988)		(1,369,570)	(174,728)	(653,171)	(43,214)	(1,602,005)
Closing balance	16,982	22,664		979,266	25,381	28,044		717,916
Other Liabilities								
Interest / mark-up payable	28	389		211		984		128
Contingencies and Commitments								
Other contingencies				17,389				17,389

	September 30, 2024 - Un-audited				September 30, 2023 - 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		1,392		141,138		6,216		162,402
Net loss on sale of securities							(13,323)	
Expense								
Mark-up / return / interest paid	1,005	6,057		121,042	1,736	2,901	182	74,162
Short term employment benefits	66,845	177,481			54,875	192,155		
Contribution to Defined Benefit Plan	2,083	6,913			2,109	8,482		
Meeting fee	32,300				54,435			

	September 30, 2024 Un-audited	December 31, 2023 Audited
--	-------------------------------------	---------------------------------

Rupees in '000

42 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum Capital Requirement (MCR)		
Paid-up capital (net of losses)	(40,848,829)	(28,203,871)
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 (CET 1) Capital	(78,943,839)	(59,076,634)
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	(78,943,839)	(59,076,634)
Eligible Tier 2 Capital	-	-
Total Eligible Capital (Tier 1 + Tier 2)	(78,943,839)	(59,076,634)
Risk Weighted Assets (RWAs):		
Credit Risk	57,433,556	60,372,908
Market Risk	478,157	540,494
Operational Risk	6,181,636	6,181,636
Total	64,093,348	67,095,038
Common Equity Tier 1 Capital Adequacy Ratio	-123.17%	-69.05%
Tier 1 Capital Adequacy Ratio	-123.17%	-69.05%
Total Capital Adequacy Ratio	-123.17%	-68.05%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	(78,943,839)	(59,076,634)
Total Exposures	292,715,618	304,960,416
Leverage Ratio	-26.97%	-19.37%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	7,562,038	17,850,081
Total Net Cash Outflow	20,508,688	24,489,180
Liquidity Coverage Ratio	36.87%	72.89%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	165,617,878	167,259,444
Total Required Stable Funding	100,147,825	98,023,595
Net Stable Funding Ratio	165.39%	170.63%

43 ISLAMIC BANKING BUSINESS

The Bank is operating with 23 Islamic Banking branches at the end of September 30, 2024 (December 31, 2023: 23).

The Statement of financial position of these branches as at September 30, 2024, are as follows:

		September 30, 2024	December 31, 2023
		Un-audited	Audited
		Rupees in '000	
	Note		
ASSETS			
Cash and balances with treasury banks		1,140,055	1,243,663
Balances with other banks		161,208	37,190
Due from financial institutions	43.1	21,389,953	19,638,487
Investments	43.2	2,605,232	2,420,827
Islamic financing and related assets - net	43.3	1,100	158,825
Property and equipment		78,887	99,441
Right-of-use assets		315,425	380,607
Intangible assets		353	794
Due from Head Office			
Other assets		1,239,778	944,327
Total assets		26,941,971	25,129,991
LIABILITIES			
Bills payable		365,397	298,172
Due to financial institutions			
Deposits and other accounts	43.4	13,261,967	12,550,227
Due to Head Office		844,004	2,005,050
Lease liabilities		466,833	514,732
Other liabilities		316,658	282,988
Total liabilities		15,343,859	15,649,169
NET ASSETS		11,598,112	9,480,812
REPRESENTED BY			
Islamic banking fund		8,825,000	8,825,000
Reserves			
Deficit on revaluation of assets		1,206	(49,300)
Un-appropriated profit	43.8	4,971,908	2,896,112
		11,598,112	9,480,812
CONTINGENCIES AND COMMITMENTS	43.6		

The profit and loss account of the Bank's Islamic banking branches for the nine months period ended September 30, 2024 is as follows:

		September 30, 2024	September 30, 2023
		Un-audited	Un-audited
		Rupees in '000	
	Note		
Profit / return earned	43.6	3,654,152	3,225,191
Profit / return expensed	43.7	(982,587)	(1,046,119)
Net profit / return		2,691,565	2,179,072
Other income			
Fee and commission income		23,531	24,145
Foreign exchange loss		16,193	37,397
Gain on securities			(1,140)
Other income		23,001	74,284
Total other income		63,025	134,686
Total income		2,754,690	2,313,768
Other expenses			
Operating expenses		(522,818)	(595,048)
Workers Welfare Fund			
Other charges		(1,627)	(17)
Total other expenses		(524,445)	(595,065)
Profit before provisions		2,230,245	1,718,693
Provisions and write offs - net		(156,451)	(47,463)
Profit for the period		2,075,794	1,671,230

43.1 Due from Financial Institutions

Net Muzjel receivable from other financial institution

September 30, 2024 - Un-audited			December 31, 2023 - Audited		
In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
Rupees in '000					
21,399,953	-	21,399,953	19,838,487	-	19,838,487
21,399,953	-	21,399,953	19,838,487	-	19,838,487

43.2 Investments by segments:

Available-for-sale securities
Federal Government Securities:
Ijarah Sukuks
Total Investments

September 30, 2024 - Un-audited				December 31, 2023 - Audited			
Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
Rupees in '000							
2,804,028	-	1,206	2,805,232	2,486,927	-	(40,300)	2,426,627
2,804,028	-	1,206	2,805,232	2,486,927	-	(40,300)	2,426,627

43.3 Islamic financing and related assets - net

Murabahha
Diminishing Musharaka
Gross Islamic financing and related assets

Less: provision against Islamic financings
- Specific
- General

Islamic financing and related assets - net of provision

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

Note

	1,100	-
	195,000	199,375
12	196,100	199,375
	(196,000)	(40,550)
	(195,000)	(40,550)
	1,100	158,825

43.3.1 Islamic financing includes Rs. 195 million (December 31, 2023: Rs. 195 million) which have been placed under non-performing status as detailed below.

Category of classification - specific

Domestic
Substandard
Doubtful
Loss
Total

September 30, 2024 - Un-audited		December 31, 2023 - Audited	
Non Performing Loans	Provision	Non Performing Loans	Provision
Rupees in '000			
195,000	195,000	195,000	40,550
195,000	195,000	195,000	40,550

43.4 Deposits

Customers
Current deposits
Saving deposits
Term deposits
Margin deposits
Call deposits

Financial Institutions
Current deposits
Saving deposits
Term deposits

September 30, 2024 - Un-audited			December 31, 2023 - Audited		
In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
Rupees in '000					
3,918,822	678,365	4,497,209	4,129,508	1,930,783	5,160,381
5,590,898	898,787	6,489,373	4,262,071	1,212,331	5,474,402
1,976,653	73,455	2,050,008	1,506,538	47,212	1,643,748
29,653	-	29,653	20,705	-	20,705
52,850	-	52,850	53,987	-	53,987
11,568,604	1,550,628	13,119,092	10,068,877	2,290,326	12,359,203
5,164	611	5,775	20,400	12,569	32,976
37,100	-	37,100	93,049	-	93,049
100,000	-	100,000	125,000	-	125,000
142,264	611	142,875	178,455	12,569	191,024
11,716,728	1,551,239	13,267,967	10,247,332	2,302,895	12,550,227

	September 30, 2024 Un-audited	December 31, 2023 Audited
	Rupees in '000	
43.5 Contingencies and Commitments		
Guarantees	907,837	909,268
Commitments	<u>1,251,113</u>	<u>1,835,787</u>
	<u>2,158,950</u>	<u>2,745,045</u>
	September 30, 2024 Un-audited	September 30, 2023 Un-audited
	Rupees in '000	
43.6 Profit / return earned of financing, Investments and placement		
Financing	1,059	6,972
Investments	366,976	323,185
Due from Financial Institutions	<u>3,286,118</u>	<u>2,895,034</u>
	<u>3,654,152</u>	<u>3,225,191</u>
43.7 Profit expensed on Deposits and other Dues Expensed		
Deposits and other accounts	725,717	735,341
Cost of foreign currency swaps against foreign currency deposits / borrowings	187,086	257,980
Lease liability against right-of-use assets	<u>49,784</u>	<u>52,798</u>
	<u>962,587</u>	<u>1,046,119</u>
	September 30, 2024 Un-audited	December 31, 2023 Audited
	Rupees in '000	
43.8 Islamic Banking Business Un-appropriated profit		
Opening Balance	2,896,112	515,753
Add: Islamic Banking profit for the period / year	<u>2,075,794</u>	<u>2,380,359</u>
Closing Balance	<u>4,971,906</u>	<u>2,896,112</u>

44 GENERAL

44.1 Comparative information has been reclassified, rearranged or additionally incorporated in these condensed interim financial statements for the purposes of better presentation.

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

45 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on 26th Feb 2025 by the Board of Directors of the Bank.



Chief Financial Officer



Director



President & Chief Executive Officer



Director



Director

● **Sukbank Building, 3rd Floor,**
18-C, Kargan Road, F-8 Markaz,
Capital Territory, Islamabad.

☎ 111-100-777

☎ 8115 0873

🌐 www.sukbank.com.pk

📱 @SukbankPK