

Excellence
& Beyond



Registered Office:
13-L, F-7 Markaz, Islamabad.

① 021-111-100-777

✓ www.silkbank.com.pk

f /silkbankpk

Half Yearly
Report
2019

EXCELLENCE & BEYOND

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

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

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

Soar

to the Peaks



VISION

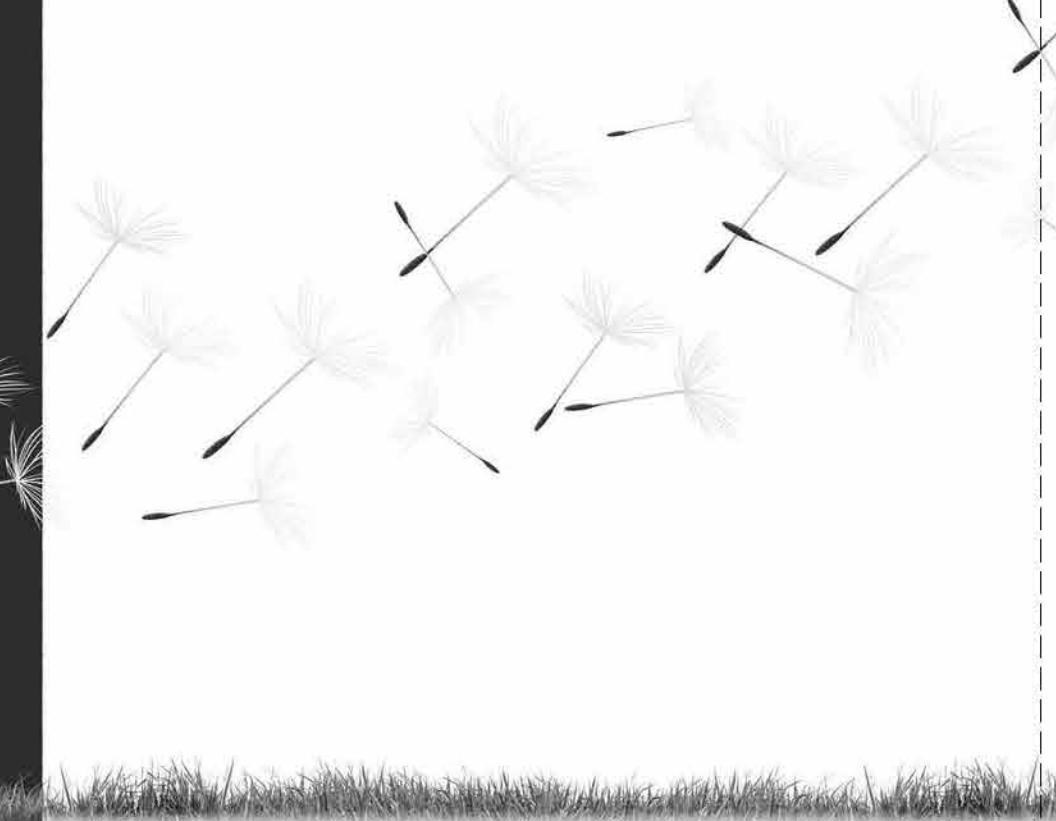
Benchmark of excellence in Premier Banking.

MISSION

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

values

Defining Our Strength



CORE VALUES

Customer Focus

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

Integrity

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

Teamwork

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

Creativity

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

Meritocracy

Merit remains our key primary criteria for rewarding performance.

Humility

Humility remains at the core of all our relationships.

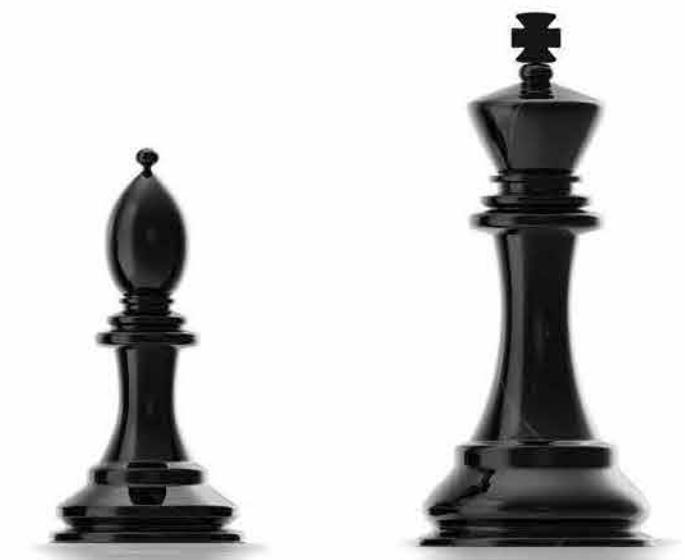
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Perseverance

towards Success



CORPORATE INFORMATION

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

CORPORATE INFORMATION

AS OF JUNE 30, 2019

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

Company Secretary	
Faiz Ul Hasan Hashmi	

Chief Financial Officer	
Khurram Khan	

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

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

IT Committee	
Nasim Beg	Chairman
Zubair Nawaz Chattha	Member
Javed Yousuf Edhi	Secretary

Human Resources Committee	
Khalid Aziz Mirza	Chairman
Rashid Akhtar Chughtai	Member
Kaleem Ahmed	Secretary

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

Legal Advisor	
Ghani Law Associates	

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

Share Registrar	
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@cdcpak.com	
Website: www.cdcpakistan.com	

over Impediments
Triumph



**REPORTS AND STATEMENTS
TO THE MEMBERS**

For almost a decade, Silkbank, through perseverance and hard work, steered the institution through impediments and difficulties. The resolve and resilience of the team paid off, reflecting well in the financial results of the Half Year of 2019.

DIRECTOR'S REPORT

AS OF JUNE 30, 2019

Dear Shareholders,

We are pleased to present the financial statements of the Bank for the half year ended June 30, 2019.



Economic Review

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

While underlying inflationary pressures remained strong and the twin deficits stayed at elevated levels, monetary policy was tightened with an increase in policy rate by 325 basis points during first seven months of this calendar year to 13.25%. Inflation during FY-19 stands at 7.31%, whereas marginal inflation for the month of July increased further to 10.3%. The fiscal deficit in FY-19 stood at 7.2% of GDP as compared to the target of 4.9%. The target fiscal deficit for FY-20 is still 7.1%.

Government has now officially obtained USD 6.0 billion IMF bailout program, which is spread over the span of three years along with additional inflows expected in the coming years through borrowings from ADB and other lending organizations. The current account deficit decreased substantially by 32% from USD 19.897 billion in FY-18 to USD 13.58 billion in FY-19, largely due to a reduction of import bill and healthy growth in remittances from abroad. However, exports during FY-19 didn't exhibit growth despite of PKR depreciating by 31.7% in FY-19 and 13.5% in Q4-19. Despite of multiple inflows, the country's FX reserves decreased from USD 16.3 billion in Jun-18 to USD 14.4 billion in Jun-19. The increase in foreign direct investment and exports are imperative to build sustainable FX reserves.

Banking Sector

Banking sector's profitability in recent years has been constrained by a series of one-offs and regulatory changes, including past pension costs, super and banking transaction taxes, deposit insurance, overseas penalties and provisions in addition to the dampening effects of narrowing spreads. With the interest rate increasing from 5.75% to 13.25% in the span of one and a half year, the banking profitability is now expected to surge in the upcoming years as spell of increases in interest rates has reversed the contraction cycle of net interest margin. Further, the condition, imposed by IMF on government to reduce its borrowing from SBP, will shift the banking investment in government securities and provide additional boost to interest income of commercial banks in future, but at the cost of decrease in private sector credit.

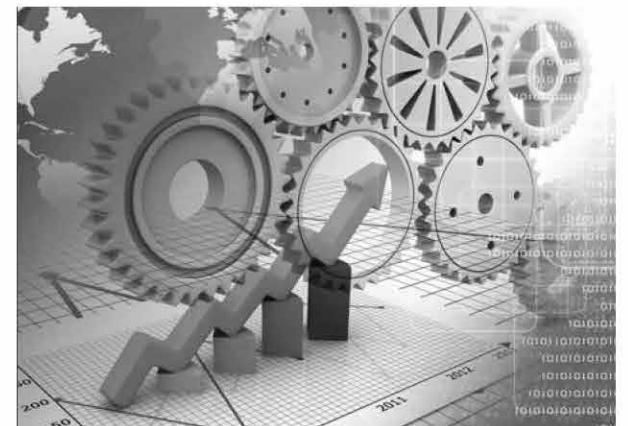
Financial Performance

The Bank has posted after tax Profit of Rs. 117 million for the period ended June 30, 2019.

During this period, total deposits of the Bank grew by Rs. 15.6 billion to Rs. 148.28 billion and gross advances increased by Rs. 8.31 billion.

Summarized financial performance of Silkbank Limited for the Half Year ended June 30, 2019 is as follows:

Financial Performance	Rs. In million
Profit before Tax	254
Tax - Current	(15)
Prior	-
Deferred	(122)
Profit after Tax	117
	Rupee
Earnings per share - Basic	0.01
Earnings per share - Diluted	0.01



Business Performance

Branch Banking

Branch Banking remains one of the most critical business for the Bank, serving over 185,000 customers and contributing more than 61% of the Bank's deposit base. Branch Banking not only maintained its deposit position, but also exceeded the budgeted target at the end of the first half of 2019 by Rs. 9.0 billion.

Total deposits as at June 30, 2019 stood at Rs. 92.6 billion, an overall deposit growth of Rs. 14.5 billion achieved during the first half of 2019. This performance helped Branch Banking to exceed its profit targets by more than Rs. 120 million. The trajectory seems to be heading in the right direction and we hope to see Branch Banking produce even better results in the coming quarters.



ADC Business

Silkbank VISA Debit Card ("VDC") continued to show strong growth during Q2, 2019 by adding 8,162 new VDCs (increasing the total card base to approx. 163,446). Further, new cards are being issued in line with Chip and Pin mandate to enhance the security of our valued customers. VDC usage over Point of Sales (POS) during Q2, 2019 recorded a spend of Rs. 431.45 million against 114,492 transactions, reflecting a growth of 9.58% in volume and 11.93% in number of transactions as compared to Q2 of 2018. The highest POS monthly spend of Rs. 151.34 million was recorded during May, 2019.

Alternate Distribution and e-delivery channels have added value to the product offering of the Bank and have enhanced the reach and accessibility of its banking services. SilkMobile registrations have crossed 64,000 customers, where new features are continuously being added to attract customers towards a greater usage of its digital platform.

Bancassurance

Bancassurance business continued its momentum in the first half of 2019 by generating revenue of approximately Rs. 37 million, which is Rs. 2.0 million better as compared to corresponding period of 2018. The productivity has significantly increased through various attractive promos and a drive of "Participation from All."



Consumer Banking

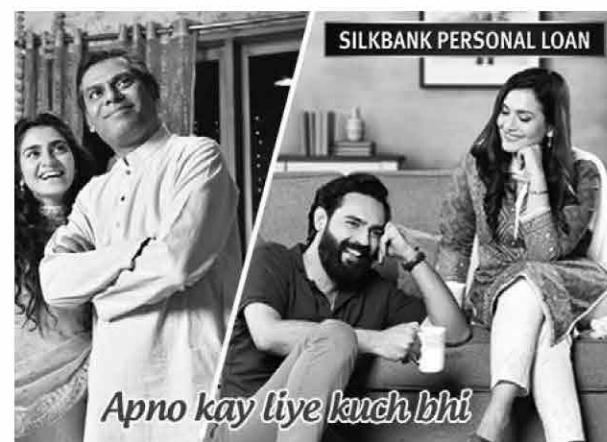
Silkbank offers a range of secured and unsecured products via its Consumer Banking Division. Despite increased competition, we have managed to sustain ENR growth and our products have continued to perform strongly. Our continued focus on strengthening customer loyalty by providing our customers an unparalleled service experience across all touch points is playing a vital role in our success. We not only retained our leadership position among peer banks, but have also increased our market share from 37% to 38% in PIL & RL combined (Total combined ENR for PIL & RL stands at Rs. 14.06 billion at the end of June-19). We are also the fastest growing Credit Cards Issuer in the industry and are determined to keep the momentum going in the 2nd half of 2019 as well.



Unsecured

Personal Loan

In order to gain momentum from the very start of 2019, we launched an ATL campaign, "Apply for 5 years and Pay Markup for 4", using Radio & digital medium. The campaign has proved to be a great success and has given us a competitive edge despite rate breaks given by competition. During the first half of 2019, a total of 6,178 Personal Loan new accounts were booked with Rs. 1.81 billion disbursed against them. Total Personal Loan portfolio stands at 25,478 customers with ENR of Rs. 6.9 billion.



DIRECTOR'S REPORT

AS OF JUNE 30, 2019

Ready Line

During the first half of 2019, promotions were designed to boost ENR by encouraging people to spend using Ready Line. Various cashback, travel to dream destinations and EIDI promotions were launched for customers to keep spending despite tough economic conditions. Simultaneously, focus remained on encouraging customers to utilize digital mediums, such as SilkMobile App and SilkDirect Internet Banking. Due to all these efforts, 8,369 Ready Line new accounts were booked and Rs. 1.89 billion in volume was disbursed. Overall, Ready Line portfolio stands at ENR of Rs. 7.16 billion with a customer base of 46,084 active customers at the end of June-19.



Credit Cards

Credit Card business continued to build momentum with a host of product value additions and the relaunch of media campaign during the cricket world cup. During Q2-19, we did fresh acquisition of 11,100 cards, increasing the Cards in Force to 159,207 cards and also crossed a number of milestones, including breaking past the Rs. 5.0 billion ENR mark and recording Rs. 6.0 billion Spend (ever highest during a quarter). The increase in spending also had a positive impact on Credit Card ENR, which increased by Rs. 358 million in Q2-2019.



Spend Stimulation Unit and Outbound Unit continue to support the business by building ENR and enrolling value added services.

In Q2-2019, we launched the 3rd edition of Treasure Chest and added 100+ new alliance partners, taking total tally in excess of 450. Besides, we also focused on refining the customer experience with the help of new initiatives, including statement delivery, transaction approval rate, new touchpoints for service enrollments, complaints registration and empowerment of front-end staff.

Secured

M'Power

Fresh acquisition is on hold given the foreclosure laws and the current economic environment and the focus is on keeping delinquencies under control. At the end of June-19, ENR was Rs. 2.07 billion and we have an active customer base of 310.

Emaan Islamic Banking (EMAAN)

Emaan Islamic Banking performed outstanding during the first half of 2019 and successfully generated deposit of Rs. 7,669 million; 25% growth, closed the book at 38,628 million with CASA TD ratio of 84:16. Advances registered a growth of Rs. 621 million and closed at Rs. 27,523 million. Focus on Service Quality was maintained throughout the period.



Emaan ADC Business

Emaan Islamic Banking successfully enrolled 2,684 customers and closed the period with a total card base of 20,518, translating into 15% growth. VDC usage over POS also increased YoY by Rs. 18.9 million with an increase in POS transaction by 4,826: usage increased by 22%. During the period, total usage over POS by Rs. 91.8 million has been recorded with total POS transaction of 27,004 transactions.



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

As at June 30, 2019, the equity of the Bank stood at Rs. 14.58 billion, excluding deficit on revaluation of assets. This includes share capital (net of losses and discount on shares) of Rs. 13.76 billion against the minimum requirement of Rs. 10 billion as prescribed by SBP. Further, the Capital Adequacy Ratio (CAR) of the Bank is 10.43% against the minimum CAR requirement of the State Bank of Pakistan of 11.90%. The CAR requirement of 11.90% is made up of minimum CAR of 10% plus 1.90% of Capital Conservation Buffer (CCB).

The Bank has requested exemption from SBP from meeting the CAR requirements till December 31, 2019. The Bank has also communicated to SBP its plan for compliance with CAR requirements, which includes reduction in corporate exposures, improvement in profits, disposal of non-banking assets acquired in satisfaction of claims (NBAs) and issuance of further capital.

Credit Rating

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

Future Outlook

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

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

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

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

Acknowledgement

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

For and on Behalf of the Board of
Silkbank Limited

The signature of Azmat Tarin, President & CEO of Silkbank Limited.

Azmat Tarin
President & CEO

Karachi, August 27, 2019

The signature of Khalid Aziz Mirza, Acting Chairman of Silkbank Limited.

Khalid Aziz Mirza
Acting Chairman

ڈائریکٹر زر پورٹ 30 جون، 2019 تک کے لیے

ریڈی کی لائے

سال 2019 کی ودسری سماں میں ہم نے ایڈیشن کا افتتاح کیا اور 100 سے زائد نئے انسان پارکنگ شال میں کیے جن کی کل تعداد 450 سے زائد ہے۔ ہم نے گلزار کے تجربے کو ہمیز ریفارمینگ سے زائد بھی خوبی تجربی پر کیے جس کے لیے ہم نے کم نئے اقدامات کیے ہیں جس میں ایکسٹری ڈیلپوری ڈیزائن کی منظوری کا ریٹ، ہر دن اندومنس کے لیے نئے نئے پانچ، شکایت کی رجسٹریشن اور فرنٹ اینڈ اساف کو با اختیار بنا شال میں ہے۔

محفوظ
اسکرپٹ پاور

Treasure Chest کے تبرے ایڈیشن کا افتتاح کیا اور 100 سے زائد نئے انسان پارکنگ شال میں کیے جن کی کل تعداد 450 سے زائد ہے۔ ہم نے گلزار کے تجربے کو ہمیز ریفارمینگ سے زائد بھی خوبی تجربی پر کیے جس کے لیے ہم نے کم نئے اقدامات کیے ہیں جس میں ایکسٹری ڈیلپوری ڈیزائن کی منظوری کا ریٹ، ہر دن اندومنس کے لیے نئے نئے پانچ، شکایت کی رجسٹریشن اور فرنٹ اینڈ اساف کو با اختیار بنا شال میں ہے۔

کمپنی کے کم سے کم مطلوبات اور کمپنی کے موزوں نسبت کی تعییں 30 جون، 2019 تک، بینک کی ایکوئی 14.58 بیلین روپے پر قائم ہوئی، اس میں اضافی باتوں کی قدر و تقویت کے تین نو ہوئے والا خسارہ شامل نہیں ہے۔ اس میں 10 بیلین روپے کے کم سے کم مطلوبات کے لیے 13.76 بیلین روپے کا ششہ کمپنی (ششہ پر انصات اور عایس کا غاص) شامل ہے جو کہ ایٹھ بینک آف پاکستان کی طرف سے بیان کیا گیا ہے۔ مزید یہ کہ، ایٹھ بینک آف پاکستان کے کم سے کم کمپنی کے موزوں نسبت کے 11.90% 11.90% کے لیے بینک کے کمپنی کے موزوں نسبت 10.43% ہے۔ کمپنی کے موزوں نسبت جو 11.90% ہے، یہ نسبت کم سے کم کمپنی کے موزوں نسبت 10% پر مشتمل ہے۔

بینک نے ایٹھ بینک آف پاکستان سے درخواست کی ہے کہ بینک کو کمپنی کے موزوں نسبت کی ضروریات پر کوئی کرنے کے لیے 31 دسمبر، 2019 تک مہلت دی جائے۔ بینک نے ایٹھ بینک آف پاکستان سے کمپنی کے موزوں نسبت کی ضروریات کی تکمیل کرنے کے مصوبے کے بارے میں بھی گفتگو کی، جس میں کارپوریٹ ایمپسوورز میں کمی، منافع میں ترقی، نان بینک اسٹیٹس کا ڈیپوزول شال ہے جو کو موؤڈ کی اوائیگ (NBAs) اور مزید 13.76 بیلین روپے کا ششہ کمپنی (ششہ پر انصات اور عایس کا غاص) شامل ہے جو کہ ایٹھ بینک آف پاکستان کے کم سے کم کمپنی کے موزوں نسبت 11.90% کے لیے بینک کے کمپنی کے موزوں نسبت 10.43% ہے۔ کمپنی کے موزوں نسبت جو 11.90% ہے، یہ نسبت کم سے کم کمپنی کے موزوں نسبت 10% پر مشتمل ہے۔

کریڈٹ ریٹنگ

"جسی آر وی آئی ایس" کریڈٹ ریٹنگ کمپنی لمبیز کے مطابق سک بینک کو طویل المدى ادارے کی ریٹنگ کے لیے A-(سٹک اے اینس) اور کمپنی الدئی ریٹنگ کے لیے 2-A (اے ٹو) کا اعزاز حاصل ہے۔ معین کی کمی کی وجہ کا نامہ "مشیت" ہے۔

توقات مستقبل:

آگے بڑھتے ہوئے، بینک کی اعلان کردہ حکمت عملی پر مزید عملی کرتے ہوئے بڑی کوئن، اضافی باتوں کی کارکردگی اور پروٹکٹیویتی کے ذریعے منافع جات میں بہتری لانے کے لیے کوششی کی جائیں گی تاکہ کوڑپاڑت میں حاصل کی جائے جو ارجنٹن پر ایکسٹری اور کارپوریٹ پر نفوذ کو کرنے اور کمپنی میں فریہ لائزیز میں بہتری لانے پر مزید توجہ دے گا۔

مورچیں بیسنس برنس کو بحال کرنے کے لیے کوششی کی جائیں گی تاکہ کمپنی میں مزید ترقی کی جائے۔ سب سے اہم یہ ہے کہ بینک "a pay for performance culture" اور improved succession planning process کو متعارف کر کے اپنے ہیمن کمپنی کمپنی پر مزید توجہ دے گا۔ 35 تین برائجوں کے اضافے کے ساتھ بینک ہنزہ فائی سٹ پر اپنا کاروبار پرچیلانے کا مہبوطا رادہ رکھتا ہے۔

ان آبادیوں میں جہاں بینک کی رسائی نہیں ہے، بینک نے ڈیجیٹل بینکنگ کے قیام کا ارادہ کیا ہے جس کا آغاز بہت جلد کر دیا جائے گا۔ "اسارت برائج" کو متعارف کردا کر بینک اپنی ڈسٹری بیوشن کو بڑھانے گا اور ملک بھر میں اپنی برائجوں کی تعداد میں اضافہ کرے گا۔ جس کی بدولت بینک ڈیپاٹ کو گردش میں لا سکے گا اور مبنی آمدن ایسیں میں قرض اور سرمایہ کاری میں اضافہ ہوگا۔

مذکورہ بالا حکمت عملیوں کے کامیاب نفاذ کے ساتھ آپ کے ڈائریکٹر زمید کرتے ہیں کہ آنے والے سالوں میں بینک کی منافع بکش ترقی جاری رہے گی۔

اعتراف

ہم ایک بار پھر اپنے صارفین اور کاروباری شرکت داروں کا تہذیل سے شکریا دا کرتے ہیں جنہوں نے ہمارے ساتھ مسلسل تعاون کا مظاہرہ کیا اور ہم پر اپنے اعتماد کا اظہار کیا۔ ہم خلوص دل سے ایٹھ بینک آف پاکستان کے شکریگار ہیں جس نے بینک کو آگے بڑھانے میں اپنی رہنمائی اور تعاون فراہم کیا۔ اسی طرح ہم اپنے ایسوی ایس، عملی اور کمپنی کے بھی شکریگار ہیں کہ انہوں نے بینک کو اپنی پھر پر خدمات سے نوازا اور مستقبل میں بھی ان کے مسلسل تعاون کی امید رکھتے ہیں۔

سک بینک کے بورڈ کے لیے اور اس کی جانب سے

—
Amar Jani

خلد عزیز مرزا
فعال چیزیں

Amar Jani

عقلت ترین
صدر اوسی ای او
کراچی، 27 اگست، 2019



ایمان ADC بیزنس

ایمان اسلامک بینکنگ نے کامیابی سے 2,664 گلزار کا امدادج کیا اور اس دورانیے کو جمیع کارڈ میں اور کرکٹ کارڈ کے دوام میں یہ کمین کی ری ایڈج نے جمیں اہم کردار ادا کیا۔ سال 2019 کی ودسری سرماں کے 15% کا مطلب 15% گروچ ہے، ویز ایڈج کارڈ کا استعمال پاؤنٹ آف سیلر پر بھی جی ہے۔ اس میں 11,100 کارڈ کا تازہ حصہ میں بیان کارڈ ڈوپس 207 تک بڑھ گئی اور اسکے ساتھ ہی اس نے ٹیکنیکل کی بھی مقام حاصل کیا جس کے تحت ماضی کا 5.6 ملین ENR مارک کارڈ کا توزیع توڑ کر 6.0 ملین روپے کا نیا کارڈ (اس سماں کا سب سے اونچا) قائم کیا گیا۔ خرچ کرنے کے معاملے میں بھی بہت تبدیلی دیکھنے میں آتی جو کسال 2019 کی ودسری سماں میں بڑھ کر 358 ملین روپے تک جا پہنچی۔

Spend Stimulation Unit اور آؤٹ باؤٹ یونٹ نے بڑی میں اپنی سپورٹ بذریعہ ENR بلڈنگ اور بیجی آئندہ سرماں کا ایڈج کے جاری رکھی۔



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ڈائریکٹر زر پورٹ

30 جون، 2019 تک کے لیے

معزز شیرز ہولدرز،
30 جون، 2019 کو ختم ہونے والی ششماہی کے لیے ہم بینک کے مالیاتی گوشوارے پیش کرنے میں خوش
محسوس کرتے ہیں۔



بیننگ سیکٹر

حالیہ سالوں میں بیننگ سیکٹر کے منافع چلتے ہوئے ہیں جو بینک کی ہدایت گردی ترانیم بیشول پاسٹ ہے۔ یہ ملک کے
لاگتوں پر اور بیننگ ٹرانزیشن میکس، ڈپاٹ انسورنس، ہیروں ملک جنمے اور پرویز شامل ہیں اور
اپریل میں کی کے باعث ہونے والے اڑات ہیں۔ ڈینہ سال کے عرصے میں سودی شرح 5.75% نصہ سے
بڑھ کر 13.25% تک ہو گئی ہے اب تک کی جاری ہے کہ آئندے والے سالوں میں بھی بیننگ سیکٹر کے منافع میں اضافہ
کا امکان ہے کیونکہ سودی شرح توں میں اضافہ سے خالص سودا کا ماحصل سائکل تبدیل ہو گیا ہے۔

مزید یہ کہ IMF کی جانب سے گورنمنٹ پر یہ شرط عائدی گئی ہے کہ وہ SBP سے قرض لینا کرم کرے، اس شرط
کے ساتھ بیننگ اونیٹس، گورنمنٹ سیکورٹی پر شفعت ہو جائیں گی اور محتسب میں تجارتی میکس کی سودی
آمدی میں اضافہ کو فروغ ملے گا تاہم یہ پرائیویٹ سیکورٹی میں کی کی قیمت پر ہو گا۔

مالیاتی کارکردگی

بینک نے 30 جون 2019 کو ختم ہونے والے دورانیے کا بعداز ٹکم منافع 117 ملین روپے کا اعلان کیا ہے۔
اس دوران، بینک کے کل ڈپاٹ 15.6 ملین روپے سے 148.28 ملین تک جاپن پیش ہے اور مجموعی
ایم اونس 8.31 ملین تک بڑھ گئے ہیں۔

30 جون 2019 کو ختم ہونے والی ششماہی کے لیے سک بینک لیٹڈ کی مالیاتی پر فارمنس کا خلاصہ
درج ذیل ہے:

مالیاتی کارکردگی	
روپے ملین میں	قبائل ایم اونس منافع
254	موجہ دیکیں
(15)	سابقہ
-	مؤخر
(122)	بعداز ٹکم منافع
117	نی شیرز آمدی - بنیادی
روپے	نی شیرز آمدی - ڈائیکٹ
0.01	0.01
0.01	0.01

معاشی جائزہ

مالی سال 2018 میں 5.8% کی تیہہ سالہ بہترین گروہ حاصل کرنے کے بعد، سال 2019 پاکستان کی
میشیٹ کے لیے اچھا تابع نہیں ہوا اور 3.29% کی تیہہ میں آئندہ تارگٹ 6.2% کا تجاہ جس کی وجہ
کرخت اکاؤنٹ میں برا خسارہ، قفل مدت میں شرح سود میں اضافہ (monetary tightening)
فریباں گورنمنٹ فائنس اور محمد و فارن ایکچیخ کے خازی میں۔ اس لیے اسیٹ بینک آف پاکستان
نے 2020 کی اس صورتحال کو مد نظر رکھتے ہوئے، مالی سال 2020 کے لیے جی ڈی پی میں محض
اضافہ کی پیش گوئی ہے۔

جبکہ بنیادی افراط از کے باعث ٹکھرے ہے اور ان ذیلی سٹیں میں بلندی رہی، پہلے سات ماہ کے دوران،
پالیسی کی شرح میں 325 نیارڈ پاؤنڈ سے بڑھ کر 13.25% کے اضافہ کے ساتھ مالیاتی پالیسی کی شرح
سود میں اضافہ (monetary tightening) رہا۔ مالی سال 2019 میں انقلیش 7.31% تک پر رہا جبکہ
ماہ جولائی کا مارچیں انقلیش ہر ڈین 10.3% تک ہوا۔ مالی سال 2019 کا ذیلی سٹ کے تارگٹ
کے مقابلے میں GDP کا 7.2% رہا۔ سال 2020 کے مالی ذیلی سٹ کے تارگٹ 7.1% ہے۔

حکومت نے اب سرکاری طور پر IMF کا 6.0 ملین امریکی ڈالر کا اکٹ پر گرام حاصل کیا، جو تمیں سال کے
دوران یہ پچھوتے ہے، اور اس میں آئندے والے سالوں میں ADB اور مگر قرض دینے والے اداروں سے قرض کی
صورت میں اضافی آمد (ان فاؤنڈ) متوجہ ہے۔ کرخت اکاؤنٹ کا خسارہ 32% تک قابل ذکر صد تک ہو گیا
ہے جو کہ مالی سال 2018 میں 19.897 ملین امریکی ڈالر کا تھا اور مالی سال 2019 میں 13.58 ملین امریکی ڈالر
ہے۔ جس کی پیش گوئی میں کی اور یہ وہ مالک سے ریٹیٹس میں مشت اضافہ ہے۔ تاہم مالی سال
2019 میں پاکستانی روپے کی تدریں 31.7% تک کی اور چوتھی سالی (Q4) میں 13.5% کی کے
باد جوہ مالی سال 2019 میں آمدات میں بڑھتی ہوئی۔ مالک آمد (ان فاؤنڈ) کے باد جوہ مالک
کے ایف ایم ڈخان کو 2018 کے ایکس ذخیرے کی اور چوتھی سالی (Q4) میں 61% نصہ کا حصہ رکھتا ہے۔ بیننگ بیننگ نے نصف اپنی ڈپاٹ
پوزیشن کو قرق ارکھا بلکہ 2019 کی پہلی سالی کے اختتام تک اپنے نارگ بھنڈ کو بڑھا کر 9.0 ملین روپے

کاروباری کارکردگی

برانچ بیننگ

برانچ بیننگ، بینک کے لیے سب سے اہم کاروباری کارکردگی ہے۔ 185,000 سے زائد صارفین کو خدمات میں
کر رہا ہے اور بینک کی ڈپاٹ میں 61% نصہ کا حصہ رکھتا ہے۔ برانچ بیننگ نے نصف اپنی ڈپاٹ

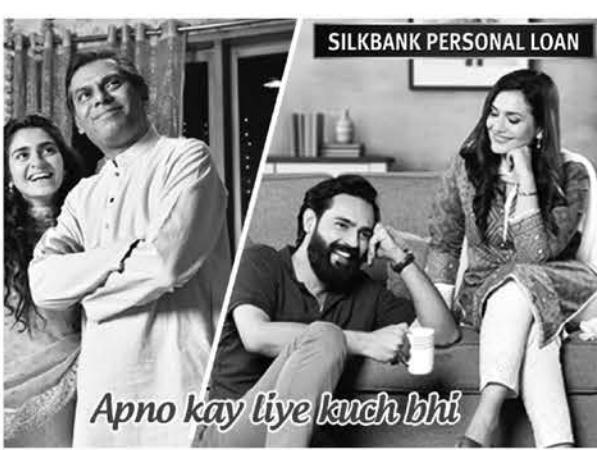
کنز یور بیننگ

سلک بینک بذریعہ اپنی کنز یور بیننگ کو پیش کیا ہے اس کا ایک انتظام پیش کرتا ہے۔ اس
بڑھتے ہوئے مالیاتی دور میں بھی ہم نے اپنے ENR گروہ کو قرق ارکھا اپنی پوزیشن کو اس کے
کو جاری رکھا، ہماری مسلسل توجہ اسی امر پر ہے کہ کمزوری اور قاری کو بنائے رکھیں اور اس مقصد کے لیے ہم اپنی
بہترین خدمات فراہم کر رہے ہیں اور یہی ہماری کامیابی کی ایک اہم وجہ ہے۔ ہم نے نصف اپنی لیدر شپ
پوزیشن کو اپنے ہم پذیر میکوں میں برقرار رکھا بلکہ PIL اور RL دونوں کا مجموعی
ENR جون 2019 کے اختتام تک 14.06 ملین روپے رہا جس کی وجہ سے ہمارا مارکیٹ شیئر 37% ہے جو
کہ 38% ہو گیا۔ کریٹ کارڈ ریز جاری کرنے میں ہمارا شمارہ اندر میزی کے سب سے زیادہ میزی سے پہلے والے
بینک میں ہوتا ہے اور ہمارا غرض ہے کہ ہم سال 2019 کے دوسرے نصف میں بھی اس رفتار پر قائم رہیں گے۔



غیر محفوظ پرشن لوں

2019 کے آغاز سے ہی آگے بڑھنے کے لیے ہم نے ایک ATM پر موشن "Apply for 5 years and Pay Markup for 4" کا آغاز کیا گیا جس میں ATM میڈیز بیشول ریڈ یا ورنہ بیننگ پیش
فارم کا استعمال کیا گی۔ اس پر موشن میں سارف 5 سال کے قرض کی دعواست دے گا اور اس کا آپ صرف
4 سال کا اوکر کے گا اب تک اس پر موشن کو بہت کامیابی حاصل ہو رہی ہے دیگر مالیاتی میکوں کی جانب سے
فرائム کروڈریٹ بریکس کے باوجود ہمیں مالیاتی برتری حاصل ہے۔ 2019 کے پہلے نصف کے دوران
اوپن 6,178 پرشن لوں کے نئے کاؤنٹس پک یہے گے جس میں 1.81 ملین روپے صرف کیے۔ مجموعی طور پر پرشن
لوں کے پورٹ فویڈ میں 25,478 کمزور 25.7% ہیں جن کا ENR 6.9 ملین روپے ہے۔



تک پہنچا۔ 30 جون، 2019 تک بینک کے کل ڈپاٹ 92.6 ملین روپے سے جس سے 2019 کی پہلی
سالی کے دوران تمام تر ڈپاٹ گروہ تک 14.5 ملین روپے حاصل ہوئی۔ یہ پفارمنس برانچ بیننگ کو اس کے
پرافٹ نارکس 120 میں سے زیادہ بڑھنے میں مدد گرا رہا ہے۔

یہ راست ایک شہت سست میں آگے بڑھتا نظر آتا ہے اور ہم امید کرتے ہیں کہ آئندے والی سالوں میں برانچ



اے ڈی سی بنس

2019 کی دوسری سالی کے دوران سک بینک ویڈیو اپیڈیٹ کارڈ VDCs نے زبردست گروہ کا مظاہرہ کیا
اور 8,162 ٹکم شاہل (Tcm) کا ٹکم 163,446 کا نوٹ کارڈ (Nt) ہوئے۔ مزید یہ کہ اس سلسلے میں
ٹکم کارڈ جاری ہوئے جو کہ چپ اور پن میڈیٹ یہے جس کا مقصود کمزور کے محفوظ کو ہر یہ ملکہ بنانا تھا۔

2019 کی دوسری سالی کے دوران VDC کے استعمال کی شرح (POS) پاٹنک آف سیل) پر
8,162 ٹکم شاہل کے عرض 431.45 ملین روپے پر ریکارڈ ہوئی۔ یہ شرح سال 2018 کی دوسری
سالی کے مقابلے میں دو لیموں کے ذمہ میں 9.58% کی گروہ خاہر کرتی ہے جبکہ 11.93% کا
ٹکم کیٹش کو ظاہر کرتی ہے۔ ہمیں 2019 میں سب سے بلند ترین POS میڈیٹ ٹکم 151.34% کا
ریکارڈ لیا گیا ہے۔

تمباڈ ڈسٹری یونیورسیٹی اور ای ڈی یوری چیلنج نے پروڈکٹ کی قدر میں مزید اضافہ کیا اور بینک کی خدمات کی پہنچ
میں بھی اضافہ میکنے لیا ہے۔ سک موبائل کی ریٹریٹ 64,000 سے زائد کمزور نے جبکہ بیننگ پیش فارم
پر نئے فیچر میڈیٹ شاہل کیے جا رہے ہیں تاکہ کمزور زیادہ سے زیادہ مستفید ہو سکے۔

بینکا شورنس

2019 کے پہلے نصف میں بینکا شورنس برنس نے اپنی کارکردگی اور تقریباً 37 ملین روپے کا ریویو
پیدا کیا جو کہ 2018 کے مقابلے میں 2.0 ملین روپے کی بہتری ظاہر کرتا ہے۔ یہ بینکی متنقہ پکش پر موثر
اور نئے فیچر میڈیٹ میں اضافہ کیا ہے۔



INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF SILKBANK LIMITED



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Report on Review of Condensed Interim Financial Statements

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Introduction

We have reviewed the accompanying condensed interim statement of financial position of the Silkbank Limited (the Bank) as at **June 30, 2019** and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, and condensed interim statement of changes in equity, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of the Bank as at June 30, 2019, and of its financial performance and its cash flows for the sixth month period then ended in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.



Emphasis of matter

We draw attention to the following matters:

- i) Note 1 to the condensed interim financial statements, highlights that the Bank has not been able to meet the Capital Adequacy Requirement (CAR) of 11.9%, which includes Capital Conversion Buffer (CCB) of 1.9% as at June 30, 2019, as prescribed by the State Bank of Pakistan (SBP). The said note also describes plans of management to deal with shortfall in CAR requirements. The Bank has applied to SBP to seek exemption from meeting the CAR requirement till December 31, 2019. Furthermore, the Bank may not be able to make a profit and principal payments of Term Finance Certificates (TFCs) if there is a shortfall in CAR as compared to minimum prescribed CAR.
- ii) As disclosed in note 16.3.2 to the condensed interim financial statements, the net book value of non banking assets acquired in satisfaction of claims amounted to Rs. 9,478 million as at June 30, 2019. Further, the Bank exposure in such assets still substantially exceed the level prescribed by State Bank of Pakistan under regulations for Debt Property Swap. We are highlighting this matter owing to significant uncertainty with regard to the disposal and recovery of such assets in near future.
- iii) As disclosed in note 12 to the condensed interim financial statements, the Bank has advanced Islamic financing amounting to Rs. 20,160.95 million (December 31, 2018: Rs. 19,437.65 million) to certain borrowers who are engaged in primarily general trading business, which are mainly secured against mortgage of underdeveloped / undeveloped properties. The valuations of underdeveloped/undeveloped properties involve increased subjectivities and can vary from property to property depending upon developments taking in and around the surrounding areas. The Bank already has significant exposure in non banking assets acquired in satisfaction of claims, as disclosed in note 16 to the condensed interim financial statements which also includes similar type of properties, therefore there is a risk of increase in exposure, if the borrowers default and the Bank settles the loan in exchange of properties.

Our conclusion is not qualified in respect of above matters.

Other Matters

The figures of the condensed interim profit and loss account and the condensed interim statement of comprehensive income for the quarters ended June 30, 2019 and 2018 have not been reviewed and we do not express a conclusion on them, as we are required to review only the cumulative figures for six-month period ended June 30, 2019.

The engagement partner on the review resulting in this independent auditor's review report is Muhammad Shaukat Naseeb.

Date: August 27, 2019
Karachi

Grant Thornton Anjum Rahman
Chartered Accountants

Chartered Accountants
Member of Grant Thornton International Ltd
Offices in Islamabad, Lahore

Chartered Accountants
Member of Grant Thornton International Ltd
Offices in Islamabad, Lahore

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FINANCIAL STATEMENTS AS AT JUNE 30, 2019

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

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2019

	Note	June 30, 2019 Un-audited	December 31, 2018 Audited	Rupees in '000
ASSETS				
Cash and balances with treasury banks	8	15,707,095	8,871,567	
Balances with other banks	9	652,911	309,994	
Lendings to financial institutions	10	17,703,581	12,612,156	
Investments	11	9,189,125	28,924,993	
Advances	12	106,274,918	98,354,002	
Fixed assets	13	3,945,892	3,981,271	
Intangible assets	14	230,815	226,840	
Deferred tax assets	15	2,908,993	3,058,647	
Other assets	16	23,631,779	20,231,529	
		180,245,109	176,570,999	
LIABILITIES				
Bills payable	17	1,649,866	2,866,568	
Borrowings	18	4,304,468	18,051,854	
Deposits and other accounts	19	148,276,430	132,664,084	
Liabilities against assets subject to finance lease	20	390	2,663	
Subordinated debt	21	1,999,400	1,999,600	
Deferred tax liabilities		-	-	
Other liabilities	22	9,457,201	6,599,483	
		165,687,755	162,184,252	
		14,557,354	14,386,747	
NET ASSETS				
REPRESENTED BY				
Shareholders' equity				
Share capital - net	23	23,431,374	23,431,374	
Reserves		820,890	820,890	
Deficit on revaluation of assets - net of tax	24	(28,633)	(68,207)	
Accumulated loss		(9,668,277)	(9,797,310)	
		14,557,354	14,386,747	
CONTINGENCIES AND COMMITMENTS				
	25			

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

Khurram Khan
Chief Financial Officer

Azmat Tarin
President & CEO

Shahzad Enver Murad
Director

Nasim Beg
Director

Khalid Aziz Mirza
Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT - UN-AUDITED

FOR THE HALF YEAR ENDED JUNE 30, 2019

	Note	Quarter ended June 30, 2019	June 30, 2018	Half year ended June 30, 2019	June 30, 2018
		Rupees in '000			
Mark-up / return / profit / interest earned	27	4,933,954	3,597,214	9,549,836	7,085,853
Mark-up / return / profit / interest expensed	28	(3,215,951)	(1,833,168)	(6,076,277)	(3,772,746)
Net Mark-up / return / profit / Interest Income		1,718,003	1,764,046	3,473,559	3,313,107
NON MARK-UP / INTEREST INCOME					
Fee and commission income	29	552,825	428,268	1,057,416	899,930
Dividend income		3,425	-	3,425	-
Foreign exchange (loss) / income		(820,418)	115,146	(741,342)	144,633
Income / (loss) from derivatives		996,669	(51,776)	1,028,583	(10,771)
(Loss) / gain on securities	30	(22,880)	536	(39,908)	(17,367)
Other income	31	(72,148)	394,589	47,254	720,898
Total non-markup / interest Income		637,473	886,763	1,353,428	1,737,323
Total income		2,355,476	2,650,809	4,826,987	5,050,430
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	32	(1,936,131)	(1,672,735)	(3,838,901)	(3,294,786)
Workers Welfare Fund		(2,955)	(15,000)	(5,186)	(21,921)
Other charges	33	(14,325)	(4,465)	(125,092)	(4,553)
Total non-markup / Interest expenses		(1,953,411)	(1,692,200)	(3,969,179)	(3,321,260)
Profit before provisions, extra ordinary / unusual					
Item and taxation		402,065	958,609	857,808	1,729,170
Provisions and write offs - net	34	(257,262)	(286,840)	(603,680)	(655,951)
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		144,803	671,769	254,128	1,073,219
Taxation	35	(96,762)	(185,876)	(137,297)	(327,309)
PROFIT AFTER TAXATION		48,041	485,893	116,831	745,910
Rupee					
Basic and Diluted Earnings Per Share	36	0.01	0.05	0.01	0.08

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

Khurram Khan
Chief Financial Officer

Azmat Tarin
President & CEO

Shahzad Enver Murad
Director

Nasim Beg
Director

Khalid Aziz Mirza
Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME - UN-AUDITED FOR THE HALF YEAR ENDED JUNE 30, 2019

	Quarter ended		Half year ended		Rupees in '000
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018	
	Rupees in '000				
Profit after tax for the period	48,041	485,893	116,831	745,910	
Other comprehensive income / (loss)					
Items that may be reclassified to profit and loss account in subsequent periods:					
Movement in deficit on revaluation of investments - net of tax	(24,773)	(6,647)	42,737	(38,684)	
Items that will not be reclassified to profit and loss account in subsequent periods:					
Remeasurement gain / (loss) on defined benefit obligations - net of tax	10,413	(633)	10,413	(633)	
Movement in surplus on revaluation of fixed assets - net of tax	(582)	(582)	(1,163)	(1,163)	
Movement in surplus on revaluation of non-banking assets - net of tax	-	(6,553)	-	(7,062)	
Total comprehensive income	9,831	(7,768)	9,250	(8,858)	
	33,099	471,478	168,818	698,368	

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

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - UN-AUDITED FOR THE HALF YEAR ENDED JUNE 30, 2019

	Share Capital	Surplus / (deficit) on revaluation of Investments		Capital Reserve	Revenue Reserve	Total Equity
		Fixed / Non Banking Assets	Statutory Reserve*			
Rupees in '000						
Balances as at January 01, 2018 - Audited	23,431,374	(35,685)	88,408	554,903	(10,857,654)	13,181,346
Profit after taxation for the half year ended June 30, 2018 - Un-audited	-	-	-	-	745,910	745,910
Other comprehensive loss - net of tax - Un-audited	-	(38,684)	(8,225)	-	(633)	(47,542)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	-	-	1,790	1,790
Transfer from surplus on revaluation of non-banking assets on account of disposal of assets - net of tax	-	-	-	-	9,863	9,863
Balances as at June 30, 2018 - Un-audited	23,431,374	(74,389)	80,183	554,903	(10,100,724)	13,891,367
Profit after taxation for the half year ended December 31, 2018 - Un-audited	-	-	-	-	584,023	584,023
Other comprehensive loss - net of tax - Un-audited	-	(70,541)	(3,480)	-	(19,976)	(93,997)
Transfer to statutory reserves	-	-	-	265,987	(265,987)	-
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	-	-	1,789	1,789
Transfer from surplus on revaluation of non-banking assets on account of disposal of assets - net of tax	-	-	-	-	3,202	3,202
Transfer from surplus on revaluation of non-banking assets on account of transferred to fixed assets - net of tax	-	-	-	-	363	363
Balances as at December 31, 2018 - Audited	23,431,374	(144,910)	76,703	820,890	(9,797,310)	14,386,747
Profit after taxation for the half year ended June 30, 2019 - Un-audited	-	-	-	-	116,831	116,831
Other comprehensive income / (loss) - net of tax - Un-audited	-	42,737	(1,163)	-	10,413	51,987
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	-	-	1,789	1,789
Balances as at June 30, 2019 - Un-audited	23,431,374	(102,173)	75,540	820,890	(9,668,277)	14,557,354

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

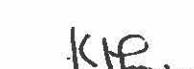
The annexed notes 1 to 45 form an integral part of these financial statements.


Khurram Khan
Chief Financial Officer


Azmat Tarin
President & CEO


Shahzad Enver Murad
Director


Nasim Beg
Director

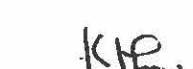

Khalid Aziz Mirza
Director


Khurram Khan
Chief Financial Officer


Azmat Tarin
President & CEO


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Director


Nasim Beg
Director


Khalid Aziz Mirza
Director

CONDENSED INTERIM CASH FLOW STATEMENT - UN-AUDITED FOR THE HALF YEAR ENDED JUNE 30, 2019

	Note	June 30, 2019 Rupees In '000	June 30, 2018
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		254,128	1,073,219
Less: Dividend income		(3,425)	-
Adjustments:		250,703	1,073,219
Depreciation on fixed assets	32	214,170	196,509
Depreciation on non-banking assets	32	34,577	39,613
Amortization of intangible assets	32	30,699	32,615
Amortization of premium on investments - net		23,196	127,557
Provisions against loans & advances	34	691,244	744,590
Gain on sale of fixed assets	31	(589)	(1,013)
Unrealized loss / (gain) on revaluation of investments - held-for-trading	30	406	(404)
Share of profit from associate	31	(406)	(5,340)
Loss / (gain) on sale of non-banking assets	31	192,632	(481,736)
Write offs against fixed assets	34	2,080	821
		1,188,009	653,212
		1,438,712	1,726,431
(Increase) / decrease in operating assets			
Lendings to financial institutions		(5,091,425)	6,146,971
Net investments in held-for-trading securities		8,081,719	(3,303,761)
Advances		(8,612,160)	(8,448,008)
Other assets (excluding advance taxation)		(3,480,681)	1,186,700
		(9,102,547)	(4,418,098)
(Decrease) / increase in operating liabilities			
Bills payable		(1,216,702)	(1,357,782)
Borrowings		(13,747,386)	(19,838,251)
Deposits		15,612,346	15,085,397
Other liabilities (excluding current taxation)		2,873,738	436,898
		3,521,996	(5,673,738)
		(4,141,839)	(8,365,405)
Income tax paid		(390,913)	(136,313)
Net cash flow used in operating activities		(4,532,752)	(8,501,718)
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in available-for-sale securities		11,954,359	11,219,072
Net investment in held-to-maturity securities		(257,658)	-
Dividend received		3,425	1,025
Net investment in fixed assets and intangible assets		(237,649)	(352,120)
Proceeds on disposal of non-banking assets		228,500	1,339,085
Proceeds on disposal of fixed assets		22,693	21,184
Net cash flow generated from investing activities		11,713,670	12,228,246
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of subordinated debts		(200)	(200)
Payment of finance lease obligation		(2,273)	(2,055)
Net cash flow used in financing activities		(2,473)	(2,255)
Increase in cash and cash equivalents		7,178,445	3,724,273
Cash and cash equivalents at the beginning of the period		9,181,561	8,631,596
Cash and cash equivalents at the end of the period	37	16,360,006	12,355,869

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

Khurram Khan
Chief Financial Officer

Azmat Tarin
President & CEO

Shahzad Enver Murad
Director

Nasim Beg
Director

Khalid Aziz Mirza
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED FOR THE HALF YEAR ENDED JUNE 30, 2019

1 STATUS AND NATURE OF BUSINESS

Silbank Limited ("the Bank") was incorporated in Pakistan on April 04, 1994 as a public limited company under the Companies Act, 2017. The Bank commenced commercial operations on May 7, 1995. The Bank's shares are quoted on Pakistan Stock Exchange Limited. The Bank is engaged in banking services as described in the Banking Companies Ordinance, 1962. The Bank operates through 123 branches (December 31, 2018: 123 branches) including 30 (December 31, 2018: 30) Islamic banking branches in Pakistan. The Bank's registered office is located at Silbank Building, 13-L, F-7 Markaz, Islamabad. The short-term and long-term credit ratings of the Bank rated by JCR-VIS Credit Rating Company Limited in June 2019 are 'A-2' and 'A-' respectively.

Major shareholders of the Bank as on June 30, 2019 are Sinthos Capital (comprising of Mr. Shaukat Tarin, Mr. Sadeq Sayeed and Mr. Azmat Tarin), Arif Habib Corporation Limited, International Finance Corporation (IFC), Nomura European Investment Limited, Bank Muscat S.A.O.G and Mr. Zulqarnain Nawaz Chatta / Mr. Zubair Nawaz Chatta of Gourmet Group.

As at June 30, 2019, the equity of the Bank is Rs. 14.58 billion excluding deficit on revaluation of assets. This includes share capital (net of losses and discount on shares) of Rs. 13.76 billion against the minimum requirement of Rs. 10 billion as prescribed by SBP. Further, the Capital Adequacy Ratio (CAR) of the Bank is 10.43 % against the minimum CAR requirement of State Bank of Pakistan (SBP) of 11.90%. The CAR requirement of 11.90% is made up of minimum CAR of 10% plus 1.90% of Capital Conservation Buffer (CCB).

The Bank has requested exemption from the SBP for meeting the CAR requirements till December 31, 2019. The Bank has also communicated to SBP its plan for compliance with CAR requirements which includes reduction in corporate exposures, improvement in profits, disposal of non-banking assets and issuance of further capital.

2 BASIS OF PRESENTATION

2.1 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the SBP has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by the banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of mark-up thereon.

2.2 The Islamic banking branches of the Bank have complied with the requirements set out under the Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) and notified under the provisions of the Companies Act, 2017 except for the adoption of IFAS-3 'Profit & Loss Sharing on Deposits' as disclosed in note 3.3.

2.3 The financial results of the Islamic banking branches have been included in these condensed interim financial statements for reporting purposes, after eliminating material inter-branch transactions / balances. Key financial figures of the Islamic banking branches are disclosed in note 42 to these condensed interim financial statements.

3 STATEMENT OF COMPLIANCE

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

- The accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP), as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017;
- Directives issued by the SBP and the Securities and Exchange Commission of Pakistan ("SECP") from time to time.

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

3.2 The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and IAS 40, 'Investment Property' for Banking Companies through BSD Circular No. 10 dated August 26, 2002. Further, the SECP has deferred the applicability of IFRS 7 'Financial Instruments: Disclosures' on banks through S.R.O. 411(1) / 2008 dated April 26, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

3.3 The State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred applicability of IFAS-3 for Profit & Loss Sharing on Deposits (IFAS-3) issued by the ICAP and notified by the SECP, vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IIFS). The standard will result in certain new disclosures in the condensed interim financial statements of the Bank.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED FOR THE HALF YEAR ENDED JUNE 30, 2019

3.4 The disclosures made in these condensed interim financial statements are limited based on the format prescribed by the SBP vide BPRD circular letter No. 5 dated March 22, 2019 and International Accounting Standard (IAS) 34, 'Interim Financial Reporting' and do not include all the information required in the annual financial statements. Accordingly, these condensed interim financial statements should be read in conjunction with the annual financial statements of the Bank for the year ended December 31, 2018. The amended format introduced certain new disclosures and has resulted in the following significant change:

Acceptances amounting to Rs. 2,776.76 million (December 31, 2018: Rs. 2,894.21 million) which were previously shown as a part of contingencies and commitments are not recognised on balance sheet both as assets and liabilities. They are included in other assets (note 16) and other liabilities (note 22);

4 BASIS OF MEASUREMENT

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

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

5 SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Standards, interpretations and amendments to accounting and reporting standards that are not yet effective

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

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
IFRS 3 - Definition of a Business (Amendments)	January 01, 2020
IAS 1 - Presentation of Financial Statements (Amendments)	January 01, 2020
IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)	January 01, 2020
IFRS 16 - Leases	June 30, 2019
	Effective date (periods ending on or after)
IFRS 9 - Financial Instruments: Classification and Measurement	June 30, 2019

The SECP, through SRO 229 (I) / 2019 dated February 14, 2019, has notified that IFRS 9, Financial Instruments, is applicable for accounting periods ending on or after June 30, 2019. However, based on the guidance received from the SBP, the requirements of IFRS 9 have not been considered for Pakistan operations of the Bank in preparation of these condensed interim financial statements.

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

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

IFRS 16 replaces existing guidance on accounting for leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentive and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. On adoption of IFRS 16, the Bank shall recognise a 'right-of-use asset' with a corresponding liability for lease payments.

Initially, as per S.R.O. 434 (I) - 2018 dated April 9, 2019 issued by SECP, IFRS 16 was effective from "Annual reporting period beginning on or after January 1, 2019". However, as per BPRD circular letter no. 8 of 2019 issued on April 30, 2019, the implementation date of IFRS 16 for banks/ DFIs/ MFBs has been extended from January 1, 2019 to June 30, 2019. Therefore, the amended applicable date as amended by SBP and in relation to the SRO for implementation as per the SRO, would be "Annual reporting period beginning on or after June 30, 2019" i.e. annual reporting period starting from January 1, 2020. However, bank is of the view that as reporting period start from June 30, 2019 therefore IFRS 16 is applicable for the reporting period immediately starting after June 30, 2019 i.e. reporting period starting from July 01, 2019 not annual reporting period starting from January 01, 2020. Therefore, as advised by SBP, the Bank is currently in the process of reviewing its systems and procedure for implementing the IFRS 16 for the reporting period starting from July 01, 2019.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED FOR THE HALF YEAR ENDED JUNE 30, 2019

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

As referred to in note 4.3 to the Bank's financial statements for the year ended December 31, 2018, there are certain standards, amendments and interpretations that are effective for the annual period beginning on or after January 1, 2019 other than those disclosed in note 5.1. These are considered either not to be relevant or not to have any significant impact on the Bank's condensed interim financial statements.

6 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

7 FINANCIAL RISK MANAGEMENT

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

	Note	June 30, 2019 Un-audited	December 31, 2018 Audited
8 CASH AND BALANCES WITH TREASURY BANKS			Rupees in '000
In hand			
Local currency		2,086,321	1,829,723
Foreign currencies		1,314,261	581,068
		3,400,582	2,410,791
With State Bank of Pakistan in			
Local currency current account	8.1	9,166,255	4,496,567
Foreign currency current account		980,201	630,335
Foreign currency deposit account	8.2	1,388,503	1,210,071
		11,534,959	6,336,973
With National Bank of Pakistan in			
Local currency current account		164,280	121,213
National Prize Bonds		607,274	2,590
		15,707,095	8,871,567

- 8.1 Deposits with the SBP are maintained to comply with the statutory requirements of the SBP issued from time to time (section 22 of the Banking Companies Ordinance, 1962).
- 8.2 This represents account maintained with the SBP to comply with Special Cash Reserve requirement (FE-25 scheme, as prescribed by the SBP). It carries interest rates ranging from 1.43% to 1.51% (December 31, 2018: 0.56% to 1.35%).

	Note	June 30, 2019 Un-audited	December 31, 2018 Audited
9 BALANCES WITH OTHER BANKS			Rupees In '000
In Pakistan			
In current account		215,313	88,815
In deposit account		66	64
		215,379	88,879
Outside Pakistan			
In current account		437,532	221,115
		652,911	309,994

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED FOR THE HALF YEAR ENDED JUNE 30, 2019

		June 30, 2019	December 31, 2018						
		Un-audited	Audited						
		Rupees in '000							
10	LENDINGS TO FINANCIAL INSTITUTIONS								
	Repurchase agreement lendings (Reverse repo)	13,210,594	11,665,534						
	Foreign placement	940,466	946,622						
	Bai Muajjal receivable from State Bank of Pakistan	3,552,521	-						
		17,703,581	12,612,156						
11	INVESTMENTS								
		June 30, 2019 - (Un-audited)		December 31, 2018 - Audited					
		Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
				Rupees In '000					
11.1	Investments by types:								
	Held-for-trading securities								
	Market Treasury Bills	1,969,718	-	(406)	1,969,312	10,053,860	-	(2,423)	10,051,437
	Available-for-sale securities								
	Market Treasury Bills	2,497,433	-	20	2,497,453	4,354,202	-	(2,697)	4,351,505
	Pakistan Investment Bonds	3,670,307	-	(118,707)	3,551,600	10,253,483	-	(207,218)	10,046,265
	GOP Ijara Sukuks	196,684	-	(4,484)	192,200	3,862,276	-	(10,629)	3,851,647
	Shares - Listed	304,879	-	(32,241)	272,638	137,851	-	(2,482)	135,369
	Shares - Unlisted	5,680	(5,680)	-	-	5,680	(5,680)	-	-
	Sukuks - Listed	272,981	-	(1,777)	271,204	299,527	-	714	300,241
	Term Finance Certificates - Listed	50,000	-	-	50,000	62,500	-	(625)	61,875
	Term Finance Certificates - Unlisted	8,780	(8,780)	-	-	8,780	(8,780)	-	-
		7,006,744	(14,460)	(157,189)	6,835,095	18,984,299	(14,460)	(222,937)	18,746,902
	Held-to-maturity securities								
	Shares repurchase (fully provided)	74,910	(74,910)	-	-	74,910	(74,910)	-	-
	Other Federal Government Securities	257,658	-	-	257,658	-	-	-	-
		332,568	(74,910)	-	257,658	74,910	(74,910)	-	-
	Associates								
	SPI Insurance Company Limited	127,060	-	-	127,060	126,654	-	-	126,654
	Total Investments	9,436,090	(89,370)	(157,595)	9,189,125	29,239,723	(89,370)	(225,360)	28,924,993

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED FOR THE HALF YEAR ENDED JUNE 30, 2019

June 30, 2019 - (Un-audited)				December 31, 2018 - Audited			
Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
Rupees In '000							
4,467,151	-	(386)	4,466,765	14,408,062	-	(5,120)	14,402,942
3,670,307	-	(118,707)	3,551,600	10,253,483	-	(207,218)	10,046,265
196,684	-	(4,484)	192,200	3,862,276	-	(10,629)	3,851,647
257,658	-	-	257,658	-	-	-	-
8,591,800	-	(123,577)	8,468,223	28,523,821	-	(222,967)	28,300,854
304,879	-	(32,241)	272,638	137,851	-	(2,482)	135,369
5,680	(5,680)	-	-	5,680	(5,680)	-	-
310,559	(5,680)	(32,241)	272,638	143,531	(5,680)	(2,482)	135,369
272,981	-	(1,777)	271,204	299,527	-	714	300,241
50,000	-	-	50,000	62,500	-	(625)	61,875
8,780	(8,780)	-	-	8,780	(8,780)	-	-
331,781	(8,780)	(1,777)	321,204	370,807	(8,780)	89	362,116
74,910	(74,910)	-	-	74,910	(74,910)	-	-
127,060	-	-	127,060	126,654	-	-	126,654
9,436,090	(89,370)	(157,595)	9,189,125	29,239,723	(89,370)	(225,360)	28,924,993

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED FOR THE HALF YEAR ENDED JUNE 30, 2019

	June 30, 2019 Un-audited	December 31, 2018 Audited	Rupees in '000
11.2.1 Investments given as collateral			
Pakistan Investment Bonds	-	6,468,112	
11.3 Provision for diminution in value of investments	89,370	89,370	
11.3.1 Opening balance	89,370	89,370	
Charge / (reversals)	-	-	
Charge for the period / year	-	-	
Reversals for the period / year	-	-	
Amounts written off	-	-	
Closing balance	89,370	89,370	
11.3.2 Particulars of provision against debt securities			
	June 30, 2019 - (Un-audited)	December 31, 2018 - Audited	
Category of classification	Non Performing Investments	Provision	Non Performing Investments
Domestic	-	-	-
Substandard	-	-	-
Doubtful	-	-	-
Loss	83,690	83,690	83,690
Total	83,690	83,690	83,690
11.4 The market value of securities classified as held-to-maturity is Rs. 258 million (December 31, 2018: Rs. Nil).			
12 ADVANCES			
	Performing	Non Performing	Total
	June 30, 2019 Un-audited	December 31, 2018 Audited	June 30, 2019 Un-audited
Note			
Loans, cash credits, running finances, etc.	76,135,113	69,879,752	70,037,941
Islamic financing and related assets	42.3	27,448,440	26,600,182
Bills discounted and purchased		1,167,802	411,194
Advances - gross		104,751,355	96,891,128
Provision against advances	12.3		7,127,924
- Specific		-	6,650
- General		743,636	687,723
Advances - net of provision		104,007,719	96,203,405
			2,267,199
			2,150,597
			106,274,918
			98,354,002
			Rupees In '000

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED FOR THE HALF YEAR ENDED JUNE 30, 2019

	June 30, 2019 - (Un-audited)	December 31, 2018 - Audited	June 30, 2019, December 31, 2018 Un-audited, Audited Rupees in '000
12.1 Particulars of advances (Gross)			
In local currency	111,879,279	103,562,141	
In foreign currencies	-	4,027	
	111,879,279	103,566,168	
12.2 Advances include Rs. 7,128 million (December 31, 2018: Rs. 6,675 million) which have been placed under non-performing status as detailed below:			
Category of classification			
Domestic	627,506	80,123	983,161
Substandard	825,271	146,330	521,267
Doubtful	5,675,147	4,634,272	5,170,612
Loss	7,127,924	4,860,725	6,675,040
Total	7,127,924	4,860,725	4,524,443
			Rupees In '000
12.3 Particulars of provision against non-performing advances:			
	June 30, 2019 - (Un-audited)	December 31, 2018 - Audited	
	Specific	General	Total
Note			
Opening balance	4,524,443	687,723	5,212,166
Charge for the period / year	782,288	55,913	838,201
Reversals for the period / year	(146,957)	-	(146,957)
	635,331	55,913	691,244
34	(299,049)	-	(299,049)
Amounts written off	635,331	55,913	691,244
Closing balance	4,860,725	743,636	5,604,361
			Rupees In '000

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED FOR THE HALF YEAR ENDED JUNE 30, 2019

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

12.3.2 As of June 30, 2019, the Bank has availed FSV benefits against all non performing advances. Had the benefit not been taken by the Bank, profit after tax would have been lower by Rs. 829 million (December 31, 2018: Rs. 731 million), which shall not be available for payment of cash or stock dividend / bonus to employees.

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

		June 30, 2019 Un-audited	December 31, 2018 Audited
	Note	Rupees in '000	
13 FIXED ASSETS			
Capital work-in-progress	13.1	57,760	63,641
Property and equipment		3,888,132	3,917,630
		<u>3,945,892</u>	<u>3,981,271</u>
13.1 Capital work-in-progress			
Civil works		7,281	22,427
Advances to suppliers and contractors		50,479	41,214
		<u>57,760</u>	<u>63,641</u>
13.2 Additions to fixed assets			
The following additions have been made to fixed assets during the period:			
Capital work-in-progress		202,975	332,457
Property and equipment		11,011	14,743
Furniture and fixture		62,904	136,898
Electrical office, and computer equipment		99,142	122,172
Vehicles		35,799	119,727
Leasehold Improvements		208,856	393,540
Total		<u>411,831</u>	<u>725,997</u>
13.3 Disposal of fixed assets			
The net book value of fixed assets disposed off during the period is as follows:			
Furniture and fixture		219	9
Electrical office, and computer equipment		66	45
Vehicles		21,819	20,115
Total		<u>22,104</u>	<u>20,169</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED FOR THE HALF YEAR ENDED JUNE 30, 2019

13.4 On September 10, 2015, the Bank entered into an Agreement to Sell (the Agreement) for the previous Head Office Building of the Bank against sale consideration of Rs. 2,370 million. Pursuant to the terms of the Agreement, the Bank received a down payment of Rs. 118.50 million, which is currently reported in 'other liabilities' (note 22). The remaining balance is required to be paid by the buyer within 5 years from the date of the Agreement. As per the terms of the Agreement, the buyer agreed to pay annual rent based on the outstanding amount of consideration from the date of receipt of approvals from relevant authorities, however, on June 28, 2016, the buyer has provided the consent to pay annual rent with effect from July 1, 2016. During the period, the Bank has recorded rental income amounting to Rs. 78.8 million (June 30, 2018: Rs. 78.8 million) as disclosed in note 31. As per the terms of the Agreement, in case the buyer fails to pay the amount of rent or balance sale consideration, the advance received of 5% shall stand forfeited. Since the conditions to recognise disposal are not met, the previous Head Office Building has not been derecognised.

		June 30, 2019 Un-audited	December 31, 2018 Audited
		Rupees in '000	
14 INTANGIBLE ASSETS			
Capital work-in-progress		76,213	65,167
Software		154,602	161,673
		<u>230,815</u>	<u>226,840</u>
14.1 Additions to intangible assets			
The following additions have been made to intangible assets during the period:			
Capital work-in-progress		34,674	19,661
Software (directly purchased)		23,628	262
Total		<u>58,302</u>	<u>19,923</u>
15 DEFERRED TAX ASSETS			
Deductible Temporary Differences on			
- Post retirement employee benefits		1,918	7,525
- Deficit on revaluation of investments		55,016	78,027
- Provision for diminution in value of investments		3,073	3,073
- Provision against non-performing advances		2,310,026	2,327,362
- Provision against Workers' Welfare Fund (WWF)		49,352	47,094
- Provision against other assets		223,368	223,368
- Depreciation on non-banking assets		76,352	65,855
- Unabsorbed tax depreciation		302,821	439,636
		<u>3,021,926</u>	<u>3,191,940</u>
Taxable Temporary Differences on			
- Surplus on revaluation of non-banking assets		(2,534)	(2,534)
- Surplus on revaluation of fixed assets		(11,901)	(12,527)
- Accelerated tax depreciation		(98,498)	(118,232)
		<u>(112,933)</u>	<u>(133,293)</u>
		<u>2,908,993</u>	<u>3,058,647</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED FOR THE HALF YEAR ENDED JUNE 30, 2019

15.1 The Bank has an aggregate amount of deferred tax assets of Rs. 2,909 million (December 31, 2018: Rs. 3,059 million) which represents management's best estimate of the probable benefits expected to be realised in future years in the form of reduced tax liability as the Bank would be able to set off the profits earned in those years against taxable temporary differences relating to prior years. The Bank has prepared five years financial projections for future taxable profits, which have been approved by the Board of Directors of the Bank, to assess the recoverability of deferred tax assets. The projections involve certain key management assumptions underlying the estimation of future taxable profits. The determination of future taxable profits is most sensitive to certain key assumptions such as growth of low cost deposits, growth in high yield consumer advances, investment returns, branch expansion plans, potential provision against assets, interest rates, cost of funds and expected recoveries of classified loans. Any significant change in such assumptions may have an effect on the recoverability of the deferred tax assets. Management believes that it is probable that the Bank will be able to achieve the profits and consequently, the deferred tax asset will be fully realised in future.

	Note	June 30, 2019		December 31, 2018		
		Un-audited	Audited	Rupees In '000	Rupees In '000	
16 OTHER ASSETS						
Income / mark-up accrued in local currency - net of provision						
Income / mark-up accrued in foreign currency - net of provision		6,353,867	4,738,974			
Rent receivable	13.4 & 16.1	1,283	412			
Advances, deposits, advance rent and other prepayments		707,430	531,254			
Advance taxation (payments less provisions)		662,538	640,333			
Non-banking assets	16.2	1,342,584	967,307			
Branch adjustment account		10,039,596	9,795,307			
Mark to market gain on forward contracts		119,786	110,813			
Acceptances		1,276,551	180,579			
Receivable from sale of operating fixed assets		2,776,763	2,894,213			
Receivable from sale of non-banking assets		-	35,000			
Receivable from NCCPL		303,650	518,250			
Others		232,225	-			
Less: Provision held against other assets	16.3	406,080	409,661			
Other assets - net of provisions		24,222,353	20,822,103			
Surplus on revaluation of non-banking assets	24	(623,274)	(623,274)			
Other assets - total		23,599,079	20,198,829			
		32,700	32,700			
		23,631,779	20,231,529			

16.1 On June 01, 2016, the Bank entered into an Agreement to Sell (the Agreement) for undeveloped lands having book value of Rs. 3,416 million against sale consideration of Rs. 3,416 million. Pursuant to the terms of the Agreement, the Bank received a down payment of Rs. 170.83 million, which is currently reported in 'other liabilities' (note 22.2). The remaining balance is required to be paid by the buyer within 5 years from the date of receipt of certain approvals from relevant authorities, however, the Bank through a Supplementary Agreement to Sell (the Supplementary Agreement) dated June 24, 2016 amended the Agreement and removed the condition of approvals from relevant authorities. The balance sale consideration is payable within 5 years from August 01, 2016. Further, the buyer initially agreed to pay annual rent based on the outstanding amount of consideration from the date of receipt of approvals from relevant authorities, however, on July 29, 2016, the buyer has provided the consent to pay annual rent with effect from August 01, 2016. Consequently, the Bank has recorded rental income of Rs. 97.37 million (June 30, 2018: Rs. 97.37 million) as disclosed in note 31. The total accrued rent in this respect is Rs. 374 million (December 31, 2018: Rs. 276.64 million) which is reported in 'other assets'. As per the terms of the Agreement, in case the buyer fails to pay the amount of rent or balance sale consideration, the advance received of 5% shall stand forfeited. Since the conditions to recognise disposal are not met, the carrying value of such land has not been derecognised from non-banking assets.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED FOR THE HALF YEAR ENDED JUNE 30, 2019

	June 30, 2019 Un-audited	December 31, 2018 Audited	Rupees in '000
16.2 Non-banking assets			
- acquired in satisfaction of claims - under agreement to sale third parties - with buy back option with customers			
	6,060,885	5,585,886	
	3,750,911	4,018,263	
	227,800	191,158	
	10,039,596	9,795,307	
16.3 Provision held against other assets			
Non-banking assets	594,274	594,274	
Advances, deposits, advance rent and other prepayments	21,000	21,000	
Others	8,000	8,000	
	623,274	623,274	
16.3.1 Movement in provision held against other assets			
Opening balance	623,274	630,361	
Charge for the period / year	-	-	
Reversals for the period / year	-	-	
Net charge for the period / year	-	-	
Reversal on disposal / write off	-	(7,087)	
Closing balance	623,274	623,274	
16.3.2 This includes Rs. 594.274 million (December 31, 2018: Rs. 594.274 million) pertains to non-banking assets resulting net book value of Rs. 9,478 million (December 31, 2018: Rs. 9,234 million)			
	June 30, 2019 Un-audited	December 31, 2018 Audited	Rupees in '000
17 BILLS PAYABLE			
In Pakistan	1,649,866	2,866,568	
Outside Pakistan	-	-	
	1,649,866	2,866,568	
18 BORROWINGS			
Secured			
Borrowings from State Bank of Pakistan under export refinance scheme	2,210,897	1,647,067	
Repurchase agreement borrowings	-	6,500,646	
Total secured	2,210,897	8,147,713	
Unsecured			
Call borrowings	-	3,000,000	
Trading liability	1,983,560	6,843,117	
Overdrawn nostro accounts	52,859	61,024	
Overdrawn local bank accounts	57,152	-	
Total unsecured	2,093,571	9,904,141	
	4,304,468	18,051,854	

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED FOR THE HALF YEAR ENDED JUNE 30, 2019

19 DEPOSITS AND OTHER ACCOUNTS

	June 30, 2019 - (Un-audited)			December 31, 2018 - Audited		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
Rupees In '000						
Customers						
Current deposits	26,360,614	5,871,728	32,232,342	21,844,736	3,838,921	25,683,657
Saving deposits	52,780,921	3,540,676	56,331,597	43,582,478	2,844,764	46,427,242
Term deposits	37,725,701	2,874,761	40,600,462	39,069,219	2,979,435	42,048,654
Margin deposits	1,181,422	-	1,181,422	2,477,667	-	2,477,667
Others	1,788,443	-	1,788,443	1,475,238	-	1,475,238
	119,847,101	12,287,165	132,134,266	108,449,338	9,663,120	118,112,458
Financial Institutions						
Current deposits	53,261	4,145	57,406	134,345	5,917	140,262
Saving deposits	11,923,529	20,909	11,944,438	13,019,874	18,120	13,037,994
Term deposits	4,048,130	92,180	4,140,320	1,373,370	-	1,373,370
	16,024,920	117,244	16,142,164	14,527,589	24,037	14,551,626
	135,872,021	12,404,409	148,276,430	122,976,927	9,667,157	132,664,084

20 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	June 30, 2019 - (Un-audited)			December 31, 2018 - Audited		
	Minimum lease payments	Financial charges for future periods	Principal outstanding	Minimum lease payments	Financial charges for future periods	Principal outstanding
Rupees In '000						
Not later than one year	394	4	390	2,755	92	2,663
Later than one year and upto five years	-	-	-	-	-	-
	394	4	390	2,755	92	2,663

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

21 SUBORDINATED DEBT

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

Issue amount	Rs. 2,000 million
Issue date	August 10, 2017
Maturity date	Up to 8 years from date of issue
Rating	(A-) by JCR-VIS Credit Rating Company Limited ('Single A minus')
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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED FOR THE HALF YEAR ENDED JUNE 30, 2019

Call option

The Bank may call TFCs in part or in full, after 5 years from date of issue on any profit payment date, subject to SBP approval and with not less than 30 days prior notice to the Trustee and Investors. The call option once announced will be irrevocable.

Lock-in-clause

As per the lock-in requirement for Tier II issues, neither profit nor principal will be payable (even at maturity) in respect of the TFC, if such payment will result in a shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) or results in an increase in any existing shortfall in MCR or CAR.

Loss absorbency clause

The instrument will be subject to loss absorbency and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a point of non-viability event as defined by SBP's Basel III Capital Rule, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by fair value per share of the Bank's common equity on the date of trigger of the non-viability event as declared by SBP, subject to a cap of 1,238,390,093 shares.

22 OTHER LIABILITIES

Mark-up / return / interest payable in local currency
Mark-up / return / interest payable in foreign currencies
Unearned commission and income on bills discounted

Accrued expenses

Acceptances

Mark to market loss on forward contracts

Payable to defined benefit plan - permanent staff

Payable to defined benefit plan - contractual staff

Provision against off-balance sheet obligations

Workers' Welfare Fund (WWF)

Advance received against future sale of non-banking assets

Advance received against future sale of fixed assets

Deferred income against non-banking assets

Islamic pool management reserve

Non checking account

PRI remitting account

Fund received against application of Housing Scheme

Others

22.1 Provision against off-balance sheet obligations

Opening balance

Charge for the period / year

Reversals for the period / year

Amount written off

Closing balance

22.2 This includes advance amounting to Rs. 170.83 million (December 31, 2018: Rs. 170.83 million) received against future disposal of non-banking assets (land) measuring 122,311 square yards as disclosed in note 16.1.

23 SHARE CAPITAL - NET

23.1 Authorised capital

June 30, December 31,

2019 2018

Un-audited Audited

Number of shares in '000

10,500,000 10,500,000

Ordinary shares of Rs.10 each

June 30, 2019	December 31, 2018
Un-audited	Audited

911,207	790,382
20,295	22,884
59,257	46,079
288,709	123,679
2,776,763	2,894,213
244,709	30,094
5,479	21,499
39,036	27,992
116,012	116,012
139,690	134,504
307,428	412,644
118,500	118,500
153,657	111,283
4,817	4,676
114,132	399,364
83,969	654,498
3,379,283	-
694,258	691,180
9,457,201	6,599,483

116,012	116,012
-	-
-	-
-	-
116,012	116,012

June 30, December 31,

2019 2018

Un-audited Audited

Rupees in '000

105,000,000 105,000,000

35 Half Yearly Report 2019

SILKBANK Yes we can 36

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED FOR THE HALF YEAR ENDED JUNE 30, 2019

23.2 Issued, subscribed and paid up capital

June 30, 2019 Un-audited	December 31, 2018 Audited	Number of shares in '000	Note	June 30, 2019 Un-audited	December 31, 2018 Audited	Rupees in '000
9,081,861	9,081,861			90,818,612	90,818,612	
-	-			(67,387,238)	(67,387,238)	
9,081,861	9,081,861			23,431,374	23,431,374	

Ordinary shares of Rs. 10 each
Fully paid in cash
Less: Discount on issue of shares

24 DEFICIT ON REVALUATION OF ASSETS - NET OF TAX

(Deficit) / surplus on revaluation of

- Available for sale securities
- Fixed assets
- Non-banking assets

11.1	(157,189)	(222,937)
	57,275	59,064
16	32,700	32,700
	(67,214)	(131,173)

Deferred tax on deficit / (surplus) on revaluation of

- Available for sale securities
- Fixed assets
- Non-banking assets

15	55,016	78,027
15	(11,901)	(12,527)
15	(2,534)	(2,534)
	40,581	62,966
	(26,633)	(68,207)

25 CONTINGENCIES AND COMMITMENTS

Guarantees

- Commitments
- Contingent liabilities

25.1	14,667,743	13,284,395
25.2	30,309,372	30,031,232
25.3	1,257,497	1,143,864
	46,234,612	44,459,491

25.1 Guarantees:

- Financial guarantees
- Performance guarantees
- Other guarantees

	59,940	547,993
	9,735,969	9,081,896
	4,871,834	3,654,506
	14,667,743	13,284,395

25.2 Commitments:

Documentary credits and short-term trade-related transactions

- letters of credit

	2,897,880	3,152,159
--	-----------	-----------

Commitments in respect of:

- forward foreign exchange contracts
- forward government securities transactions

25.2.1	25,391,248	15,409,082
25.2.2	1,969,862	11,416,204

Commitments for acquisition of:

- fixed assets
- intangible assets

	841	14,668
	49,541	39,119
	30,309,372	30,031,232

25.2.1 Commitments in respect of forward foreign exchange contracts

- Purchase
- Sale

	16,592,818	10,847,908
	8,798,430	4,561,174
	25,391,248	15,409,082

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED FOR THE HALF YEAR ENDED JUNE 30, 2019

June 30, December 31,
2019 2018
Un-audited Audited
Rupees in '000

25.2.2 Commitments in respect of forward government securities transactions

Purchase Sale

1,969,862	11,416,204
1,969,862	11,416,204

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

June 30, December 31,
2019 2018
Un-audited Audited
Rupees in '000

25.3 Contingent liabilities:

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

1,221,857	1,108,224
35,640	35,640
1,257,497	1,143,864

25.3.1 Suits for damages of Rs. 24.42 billion (December 31, 2018: Rs. 24.45 billion) have been filed against the Bank by various borrowers / employees in respect of certain disputes relating to loans and advances. The management of the Bank and its legal counsel consider that the suits are a counterblast in response to the recovery suits filed by the Bank. The Bank and its legal counsel are confident that the cases will be dismissed as actual damages have to be proven in such suits.

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

26 DERIVATIVE INSTRUMENTS

Product Analysis

June 30, 2019 - (Un-audited)	
Forward Contracts	
Notional Principal	Mark to Market gain / (loss)
Rupees In '000	

24,767,075	916,354
1,165,213	115,488
25,932,288	1,031,842

December 31, 2018 - Audited	
Forward Contracts	
Notional Principal	Mark to Market gain / (loss)
Rupees In '000	

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

**NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS - UN-AUDITED
FOR THE HALF YEAR ENDED JUNE 30, 2019**

	Note	June 30, 2019 Un-audited	June 30, 2018 Un-audited
		Rupees in '000	
27 MARK-UP / RETURN / PROFIT / INTEREST EARNED			
On:			
a) Loans and advances		7,794,695	5,648,893
b) Investments		783,936	1,196,478
c) Lendings to financial institutions		967,489	239,362
d) Balances with banks		3,716	1,120
		9,549,836	7,085,853
28 MARK-UP / RETURN / PROFIT / INTEREST EXPENDED			
a) Deposits		5,109,103	2,643,644
b) Borrowings		738,794	973,077
c) Subordinated debt		119,709	81,938
d) Cost of foreign currency swaps against foreign currency deposits / borrowings		103,116	71,269
e) Others		5,555	2,818
		6,076,277	3,772,746
29 FEE & COMMISSION INCOME			
Branch banking customer fees		85,201	100,871
Card related fees (debit and credit cards)		592,200	435,328
Credit related fees		169,275	115,048
Investment banking fees		-	396
Commission on trade		88,735	83,949
Commission on guarantees		36,193	59,726
Commission on remittances including home remittances		9,143	7,877
Commission on bancassurance		40,972	39,838
Others		35,697	56,897
		1,057,416	899,930
30 (LOSS) / GAIN ON SECURITIES			
Realised	30.1	(39,502)	(17,771)
Unrealised - held for trading		(406)	404
		(39,908)	(17,367)
30.1 Realised (loss) / gain on:			
Federal Government Securities		(21,256)	(17,772)
Shares		(18,246)	1
		(39,502)	(17,771)
31 OTHER INCOME			
Rent on property and non-banking assets		176,807	187,706
Gain on sale of fixed assets - net		589	1,013
(Loss) / gain on sale of non-banking assets - net		(192,632)	481,736
Rent on lockers		9,771	8,124
Postage, telex and other service charges recovered		15,436	22,903
Share of profit from associate		406	5,340
Early loan termination charges		36,877	14,076
		47,254	720,898

**NOTES TO THE CONDENSED INTERIM
FINANCIAL STATEMENTS - UN-AUDITED
FOR THE HALF YEAR ENDED JUNE 30, 2019**

	Note	June 30, 2019 Un-audited	June 30, 2018 Un-audited
		Rupees in '000	
32 OPERATING EXPENSES			
Total compensation expense			1,804,660
Property expense			
Rent & taxes			390,896
Insurance on non banking assets			433
Utilities cost			96,728
Security (including guards)			85,816
Repair & maintenance (including janitorial charges)			40,660
Depreciation on buildings			67,845
Depreciation on non-banking assets			34,577
Professional charges			424
			717,379
Information technology expenses			
Software maintenance			94,539
Hardware maintenance			38,914
Depreciation			26,000
Amortisation			30,699
Website development charges			248
			190,400
Other operating expenses			
Directors' fees and allowances			11,400
Fees and allowances to Shariah Board			7,290
Legal & professional charges			149,781
Outsourced services costs			30,845
Travelling & conveyance			70,748
NIFT clearing charges			8,814
Depreciation			120,325
Training & development			15,628
Postage & courier charges			22,413
Communication			158,692
Stationery & printing			31,755
Marketing, advertisement & publicity			179,181
Auditors' remuneration			11,229
Insurance (including deposit protection)			77,264
Repairs & maintenance			68,024
Financial charges on leased assets			87
Brokerage and commission			4,135
Subscriptions and news papers			10,849
Entertainment			26,638
Vehicle running & maintenance			13,997
Card related expenses (debit and credit cards)			68,022
Security			15,661
Others			23,684
			1,126,462
33 OTHER CHARGES			818,219
Penalties imposed by State Bank of Pakistan			108,111
Operational loss			16,981
			125,092

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED FOR THE HALF YEAR ENDED JUNE 30, 2019

	Note	June 30, 2019 Un-audited	June 30, 2018 Un-audited
		Rupees in '000	
34 PROVISIONS & WRITE OFFS - NET			
Provisions against loans & advances	12.3	691,244	744,590
Write offs against fixed assets		2,080	821
Recovery of written off / charged off bad debts		(89,644)	(89,460)
		603,680	655,951
35 TAXATION			
Current		15,636	38,181
Prior years		-	-
Deferred		121,661	289,128
		137,297	327,309
35.1	The income tax returns of the Bank have been submitted up to Tax Year 2018. The Bank has filed appeals before Appellate Tribunal Inland Revenue (ATIR) against certain disallowances amounting to Rs.1,996 million (December 31, 2018: Rs.1,996 million) made by Tax officer for Assessment / Tax Year(s) 2000-2001, 2001-2002, 2002-2003 and 2004. The disallowances amounting to Rs. 798 million (December 31, 2018: Rs.682 million) in respect of Tax Years 2003, 2006 and 2015 to 2018 are pending at Commissioner Inland Revenue (Appeals) (CIR (A)). Management is confident that the outcome of these appeals would be in favor of the Bank.		
35.2	Income tax returns for Tax Years 2011 and 2014 were selected for audit. The proceedings of the audit are in process, no order has been passed by the relevant tax authorities.		
	The proceedings u/s 161 / 205 of the Income Tax Ordinance, 2001 regarding monitoring of withholding taxes pertaining to the Tax Years 2011 to 2018 were completed. Orders were issued by the Assessing Officer creating total tax demand of Rs. 139 million (already paid by the bank) including default surcharge of Rs. 25 million. The Bank has filed appeals against orders u/s 161 / 205 before CIR (A). The Bank's appeals for Tax Years 2013 and 2014 before the CIR (A) were rejected after which appeals before the ATIR, Karachi have been filed, which are pending hearing. Management is confident that the outcome of these appeals would be in favor of the Bank.		
35.3	The Bank's return in respect of AJK operations have been submitted up to and including Tax Year 2018. Certain appeals were filed before the various Appellate and other forums which are either pending for adjudication or the proceedings initiated against the Bank have been dropped / withdrawn. Management is confident that the outcome of pending appeals would be in favor of the Bank.		
36 BASIC AND DILUTED EARNINGS PER SHARE			
		June 30, 2019 Un-audited	June 30, 2018 Un-audited
		Rupees in '000	
Profit after tax for the period		116,831	745,910
Weighted average number of ordinary shares		9,081,861	9,081,861
Basic and Diluted Earnings Per Share (Rupee)		0.01	0.08
37 CASH AND CASH EQUIVALENTS			
Cash and balance with treasury banks		15,707,095	12,084,642
Balance with other banks		652,911	271,227
		16,360,006	12,355,869
38 FAIR VALUE MEASUREMENTS			
The fair value of traded investments is based on quoted market prices. Fair value of unquoted equity investments other than investments in associates is determined on the basis of break up value of these investments as per the latest available audited financial statements.			
Fair value of fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments.			
The Bank's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred. There were no transfers between levels 1 and 2 during the period.			

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED FOR THE HALF YEAR ENDED JUNE 30, 2019

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

38.1 Fair value of financial assets

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

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

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

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

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

	June 30, 2019 - (Un-audited)							
	Carrying Value	Level 1	Level 2	Level 3				
	Rupees In '000							
On balance sheet financial Instruments								
Financial assets - measured at fair value								
Investments:								
Federal Government Securities								
Market Treasury Bills	4,466,765	-	4,466,765	-				
Pakistan Investment Bonds	3,551,600	-	3,551,600	-				
GOP Ijara Sukuk	192,200	-	192,200	-				
Bai Muajjal	257,658	-	257,658	-				
Shares								
Listed companies	272,638	272,638	-	-				
Non-Government Debt Securities								
Sukuk - Listed	271,204	-	271,204	-				
Term Finance Certificates - Listed	50,000	-	50,000	-				
	9,062,065	272,638	8,789,427	-				
Financial assets - disclosed but not measured at fair value								
Cash and balances with treasury banks	15,707,095	-	-	-				
Balances with other banks	652,911	-	-	-				
Lendings to financial institutions	17,703,581	-	-	-				
Advances	106,274,918	-	-	-				
Other assets	8,875,006	-	-	-				
	149,213,511	-	-	-				
	158,275,576	272,638	8,789,427	-				
Off-balance sheet financial instruments - measured at fair value								
Forward purchase of foreign exchange	16,592,818	-	16,592,818	-				
Forward sale of foreign exchange	8,798,430	-	8,798,430	-				
Forward purchase of government securities transactions	-	-	-	-				
Forward sale of government securities transactions	1,969,862	-	1,969,862	-				

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED FOR THE HALF YEAR ENDED JUNE 30, 2019

	December 31, 2018 - Audited				
	Carrying Value	Level 1	Level 2	Level 3	Total
On balance sheet financial Instruments					
Financial assets - measured at fair value					
Investments:					
Federal Government Securities					
Market Treasury Bills	14,402,942	-	14,402,942	-	14,402,942
Pakistan Investment Bonds	10,046,265	-	10,046,265	-	10,046,265
GOP Ijara Sukus	3,851,647	-	3,851,647	-	3,851,647
Bai Muajjal	-	-	-	-	-
Shares					
Listed companies	135,369	135,369	-	-	135,369
Non-Government Debt Securities					
Sukus - Listed	300,241	-	300,241	-	300,241
Term Finance Certificates - Listed	61,875	-	61,875	-	61,875
	28,798,339	135,369	28,662,970	-	28,798,339
Financial assets - disclosed but not measured at fair value					
Cash and balances with treasury banks	8,871,567	-	-	-	-
Balances with other banks	309,994	-	-	-	-
Lendings to financial institutions	12,612,156	-	-	-	-
Advances	98,354,002	-	-	-	-
Other assets	6,004,469	-	-	-	-
	126,152,188	-	-	-	-
	154,950,527	135,369	28,662,970	-	28,798,339
Off-balance sheet financial Instruments - measured at fair value					
Forward purchase of foreign exchange	10,847,908	-	10,847,908	-	10,847,908
Forward sale of foreign exchange	4,561,174	-	4,561,174	-	4,561,174
Forward purchase of government securities transactions	-	-	-	-	-
Forward sale of government securities transactions	11,416,204	-	11,416,204	-	11,416,204

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

Item	Valuation approach and Input used
Market Treasury Bills and Pakistan Investment Bonds	Fair values are derived using the PKRV rates.
GOP Ijara Sukus	Fair values of GOP Ijara Sukus are derived using the PKISRV rates announced by the Financial Market Association (FMA) through Reuters. These rates denote an average of quotes received from eight different pre-defined / approved dealers / brokers.
Sukus - 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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED FOR THE HALF YEAR ENDED JUNE 30, 2019

38.2 Fair value of non-financial assets

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

June 30, 2019 - (Un-audited)				
Carrying Value	Level 1	Level 2	Level 3	Total
Rupees In '000				
2,437,281	-	-	2,437,281	2,437,281
9,478,022	-	-	9,478,022	9,478,022
11,915,303	-	-	11,915,303	11,915,303

December 31, 2018 - Audited				
Carrying Value	Level 1	Level 2	Level 3	Total
Rupees In '000				
2,458,687	-	-	2,458,687	2,458,687
9,233,733	-	-	9,233,733	9,233,733
11,692,420	-	-	11,692,420	11,692,420

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

39 SEGMENT INFORMATION

Segment Details with respect to Business Activities

June 30, 2019 - (Un-audited)				
Consumer / SME	Whole Sale Banking	Treasury	Total	
Rupees '000				
3,797,849	(339,980)	15,670	3,473,559	
1,070,227	94,677	188,524	1,353,428	
4,868,076	(245,283)	204,194	4,826,987	
(2,180,839)	(1,750,507)	(37,833)	(3,969,179)	
(798,481)	848,651	(50,170)	-	
(2,979,320)	(901,856)	(88,003)	(3,969,179)	
(455,780)	(147,900)	-	(603,680)	
1,432,976	(1,295,039)	116,191	254,128	
Statement of Financial Position				
Cash & Bank balances	708,470	3,395,094	12,256,442	16,360,006
Investments	-	83,690	9,105,435	9,189,125
Net inter segment lending	110,824,826	2,720,231	76,762,201	190,307,258
Lendings to financial institutions	799,396	141,071	16,763,114	17,703,581
Advances - performing	58,359,988	45,647,731	-	104,007,719
Advances - non-performing - net of provision	1,163,682	1,103,517	-	2,267,199
Others	3,699,453	27,012,147	5,879	30,717,479
Total Assets	175,555,815	80,103,481	114,893,071	370,552,367
Borrowings	574,197	2,049,996	1,680,275	4,304,468
Subordinated debt	-	1,999,400	-	1,999,400
Deposits & other accounts	142,641,398	5,635,032	-	148,276,430
Net inter segment borrowing	23,864,281	53,130,036	113,312,941	190,307,258
Others	5,150,939	5,954,490	2,028	11,107,457
Total Liabilities	172,230,815	68,768,954	114,995,244	355,995,013
Equity	3,325,000	11,258,987	(26,633)	14,557,354
Total Equity & Liabilities	175,555,815	80,027,941	114,968,611	370,552,367
Contingencies & Commitments	1,221,857	17,651,645	27,381,110	46,234,612

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED FOR THE HALF YEAR ENDED JUNE 30, 2019

June 30, 2018 - (Un-audited)				
	Consumer / SME	Whole Sale Banking	Treasury	Total
Profit and Loss Account				
Net mark-up / return / profit	3,227,876	78,097	7,134	3,313,107
Inter segment revenue - net	-	-	-	-
Non Mark-up / Interest Income	805,863	844,561	86,899	1,737,323
Total Income	4,033,739	922,658	94,033	5,050,430
Segment direct expenses	(1,877,595)	(1,407,073)	(36,592)	(3,321,260)
Inter segment expense allocation	(736,011)	785,110	(49,099)	-
Total expenses	(2,613,606)	(621,963)	(85,691)	(3,321,260)
Provisions	(275,487)	(380,484)	-	(655,951)
Profit before tax	1,144,646	(79,769)	8,342	1,073,219
 December 31, 2018 - Audited				
	Consumer / SME	Whole Sale Banking	Treasury	Total
Statement of Financial Position				
Cash & Bank balances	221,951	2,227,938	6,731,672	9,181,561
Investments	-	83,690	28,841,303	28,924,993
Net inter segment lending	84,558,293	9,519,178	93,706,490	187,783,961
Lendings to financial institutions	946,622	-	11,665,534	12,612,156
Advances - performing	57,512,650	38,688,196	2,559	96,203,405
Advances - non-performing - net of provision	1,054,782	1,095,815	-	2,150,597
Others	1,904,091	25,589,374	4,822	27,498,287
Total Assets	146,198,389	77,204,191	140,952,380	364,354,960
Borrowings	510,367	1,136,700	16,404,787	18,051,854
Subordinated debt	-	1,999,600	-	1,999,600
Deposits & other accounts	117,574,889	15,089,195	-	132,664,084
Net inter segment borrowing	22,764,494	40,308,260	124,711,207	187,783,961
Others	3,023,639	6,396,480	48,595	9,468,714
Total Liabilities	143,873,389	64,930,235	141,164,589	349,968,213
Equity	2,325,000	12,063,245	(1,498)	14,386,747
Total Equity & Liabilities	146,198,389	76,993,480	141,163,091	364,354,960
Contingencies & Commitments	1,108,224	16,525,981	26,825,286	44,459,491

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

40 RELATED PARTY TRANSACTIONS

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

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

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED FOR THE HALF YEAR ENDED JUNE 30, 2019

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

June 30, 2019 - (Un-audited)				December 31, 2018 - Audited			
Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
Rupees '000							
Balances							
Investments							
Opening balance	-	-	126,654	112,246	-	-	118,012
Investment made / share profit during the period / year	-	-	406	1,431	-	-	8,642
Investment redeemed / disposed off during the period / year	-	-	-	-	-	-	(230,535)
Closing balance	-	-	127,080	113,877	-	-	(118,289)
Advances							
Opening balance	9,085	7,456	-	1,122,873	1,889	3,172	-
Addition during the period / year	48,238	36,763	-	373,320	69,606	48,446	-
Repaid during the period / year	(35,344)	(36,714)	-	(214,367)	(62,410)	(44,162)	-
Closing balance	21,979	7,505	-	1,281,826	9,085	7,456	-
Provision held against advances							
-	-	-	-	130,608	-	-	130,608
Other Assets							
Interest / mark-up accrued	562	101	-	57,970	187	-	-
Insurance claim receivable	-	-	10,125	-	-	16,334	-
Prepaid insurance	-	-	5,423	-	-	12,449	-
Deposits and other accounts							
Opening balance	5,620	64,292	18,256	2,023,685	8,301	118,117	18,308
Received during the period / year	112,293	585,523	79,470	7,256,773	578,977	915,019	125,002
Withdrawn during the period / year	(108,495)	(462,081)	(59,734)	(7,680,095)	(581,658)	(968,844)	(125,054)
Closing balance	8,418	187,734	37,992	1,620,363	5,620	64,292	18,256
Other Liabilities							
Interest / mark-up payable	-	148	181	5,157	-	-	16
-	-	-	-	-	-	-	23,825
Contingencies and Commitments							
Other contingencies	-	-	-	-	-	-	-
June 30, 2019 - (Un-audited)				June 30, 2018 - (Un-audited)			
Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
Rupees '000							
Transactions							
Income							
Mark-up / return / interest earned	758	837	-	88,160	97	518	-
Net gain on sale of securities	-	-	-	-	-	-	45,837
Share of profit from associate	-	-	406	-	-	-	166
Expense							
Mark-up / return / interest paid	148	1,960	846	59,107	160	1,651	494
Services rendered	-	-	-	74,815	-	-	34,667
Short term employment benefits	60,721	170,644	-	-	54,937	162,439	-
Contribution to Defined Benefit Plan	2,683	5,840	-	-	2,534	6,264	-
Meeting fee	11,400	-	-	-	17,580	-	-
Insurance premium paid	-	-	10,719	-	-	-	22,542
Insurance claims settled	-	-	4,778	-	-	-	-

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED FOR THE HALF YEAR ENDED JUNE 30, 2019

	June 30, 2019 Un-audited	December 31, 2018 Audited	
	Rupees in '000		
41 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS			
Minimum Capital Requirement (MCR)			
Paid-up capital (net of losses)	13,763,097	13,634,064	
Capital Adequacy Ratio			
Eligible Common Equity Tier 1 Capital	11,913,766	11,626,548	
Eligible Additional Tier 1 Capital	-	-	
Total Eligible Tier 1 Capital	11,913,766	11,626,548	
Eligible Tier 2 Capital	3,564,174	3,401,387	
Total Eligible Capital (Tier 1 + Tier 2)	15,477,940	15,027,935	
Risk Weighted Assets (RWA)			
Credit Risk	131,644,530	121,482,278	
Market Risk	1,163,869	540,950	
Operational Risk	15,554,280	15,554,275	
Total	148,362,679	137,577,503	
Common Equity Tier 1 Capital Adequacy ratio	8.03%	8.45%	
Tier 1 Capital Adequacy Ratio	8.03%	8.45%	
Total Capital Adequacy Ratio	10.43%	10.92%	
Leverage Ratio (LR)			
Eligible Tier-1 Capital	11,913,766	11,626,548	
Total Exposures	197,373,255	193,845,360	
Leverage Ratio	6.04%	6.00%	
Liquidity Coverage Ratio (LCR)			
Total High Quality Liquid Assets	40,017,127	28,934,249	
Total Net Cash Outflow	39,304,553	33,405,053	
Liquidity Coverage Ratio	101.81%	86.41%	
Net Stable Funding Ratio (NSFR)			
Total Available Stable Funding	121,084,261	116,179,685	
Total Required Stable Funding	120,723,200	111,666,311	
Net Stable Funding Ratio	100.30%	104.04%	

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED FOR THE HALF YEAR ENDED JUNE 30, 2019

42 ISLAMIC BANKING BUSINESS

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

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

	June 30, 2019 Un-audited	December 31, 2018 Audited	
	Rupees In '000		
Note			
ASSETS			
Cash and balances with treasury banks	3,450,664	1,894,122	
Balances with other banks	95,708	36,507	
Due from financial institutions	42.1	3,552,521	
Investments	42.2	449,858	
Islamic financing and related assets - net	42.3	27,521,316	
Fixed assets	284,430	294,044	
Intangible assets	1,241	1,125	
Due from Head Office	4,898,467	-	
Other assets	3,288,558	2,233,329	
Total assets	43,542,763	35,212,472	
LIABILITIES			
Bills payable	140,071	480,421	
Due to financial institutions	1,625	-	
Deposits and other accounts	42.4	38,628,911	
Due to Head Office	-	76,690	
Other liabilities	378,696	282,486	
Total Liabilities	39,149,303	31,799,822	
NET ASSETS	4,393,460	3,412,650	
REPRESENTED BY			
Islamic banking fund	3,325,000	2,325,000	
Reserves	-	-	
Deficit on revaluation of assets	(4,484)	(10,629)	
Un-appropriated profits	42.5	1,072,944	
	4,393,460	3,412,650	
CONTINGENCIES AND COMMITMENTS			42.6

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED FOR THE HALF YEAR ENDED JUNE 30, 2019

The profit and loss account of the Bank's Islamic banking branches for the half year ended June 30, 2019 is as follows:

	June 30, 2019 Un-audited	June 30, 2018 Un-audited
Note	Rupees in '000	
Profit / return earned	42.7	1,873,312
Profit / return expensed	42.8	(1,511,135)
Net Profit / return		362,177
Other Income		7,257
Fee and commission income		(54,870)
Foreign exchange loss		(33,309)
Income from derivatives		70,025
Gain / (loss) on securities		34,434
Other income		161
Total other income		5,946
Total income		28,519
		22,980
		390,696
		756,285
Other expenses		(404,871)
Operating expenses		-
Workers Welfare Fund		(8,505)
Other charges		(3)
Total other expenses		(405,574)
(Loss) / profit before provisions		(14,878)
Provisions and write offs - net		417,560
(Loss) / profit for the period		(10,457)
		(821)
		(25,335)
		416,739
June 30, 2019 - (Un-audited)		
In Local Currency	In Foreign Currencies	Total
December 31, 2018 - Audited		
In Local Currency	In Foreign Currencies	Total
<i>Rupees in '000</i>		

42.1 Due from Financial Institutions

Bai Muajjal receivable from State Bank of Pakistan	3,552,521	-	3,552,521	-	-	-
	3,552,521	-	3,552,521	-	-	-

June 30, 2019 - (Un-audited)				December 31, 2018 - Audited			
Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
<i>Rupees in '000</i>							

42.2 Investments by segments:

Federal Government							
Securities:							
Ijara Sukuk	196,684	-	(4,484)	192,200	3,862,276	-	(10,629)
Bai Muajjal	257,658	-	-	257,658	-	-	-
Total Investments	454,342	-	(4,484)	449,858	3,862,276	-	(10,629)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED FOR THE HALF YEAR ENDED JUNE 30, 2019

The profit and loss account of the Bank's Islamic banking branches for the half year ended June 30, 2019 is as follows:	June 30, 2019 Un-audited	December 31, 2018 Audited
	Rupees in '000	Rupees in '000
42.3 Islamic financing and related assets - net		Note
Murabaha	2,830,234	2,165,705
Musawammah	127,343	127,343
Diminishing Musharaka	24,574,196	24,608,650
Gross Islamic financing and related assets	12	27,531,773
Less: provision against Islamic financings	(10,457)	-
- Specific	-	-
- General	(10,457)	-
Islamic financing and related assets - net of provision	27,521,316	26,901,698

42.3.1 Advances include Rs. 83 million (December 31, 2018: Rs. 301.52 million) which have been placed under non-performing status as detailed below:

Category of classification	June 30, 2019 - (Un-audited)		December 31, 2018 - Audited	
	Non Performing Loans	Provision	Non Performing Loans	Provision
Domestic	-	-	114,687	-
Substandard	-	-	186,829	-
Doubtful	83,333	10,457	-	-
Loss	83,333	10,457	301,516	-
Total	83,333	10,457		

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

42.3.3 As of June 30, 2019, the Bank has availed FSV benefits against all non performing advances. Had the benefit not been taken by the Bank, profit would have been lower by Rs.73 million (December 31, 2018: Rs.122 million), which shall not be available for payment of cash or stock dividend / bonus to employees.

42.4 Deposits

	June 30, 2019 - (Un-audited)			December 31, 2018 - Audited		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
<i>Rupees in '000</i>						
Customers						
Current deposits	2,619,905	1,061,060	3,680,965	2,348,847	320,404	2,669,251
Saving deposits	17,462,441	556,311	18,018,752	14,189,530	321,442	14,510,972
Term deposits	4,901,362	1,292,379	6,193,741	3,975,426	1,191,260	5,166,686
Margin deposits	28,497	-	28,497	29,433	-	29,433
Others	108,428	-	108,428	52,384	-	52,384
Financial Institutions						
Current deposits	25,120,633	2,909,750	28,030,383	20,595,620	1,833,106	22,428,726
Saving deposits	3,961	122	4,083	4,046	447	4,493
Term deposits	10,440,845	-	10,440,845	8,370,906	-	

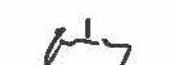
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED FOR THE HALF YEAR ENDED JUNE 30, 2019

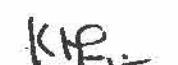
	June 30, 2019 Un-audited	December 31, 2018 Audited
	Rupees In '000	
42.5 Islamic Banking Business Un-appropriated Profit		
Opening Balance	1,098,279	275,944
Add: Islamic Banking (loss) / profit for the period / year	(25,335)	822,335
Closing Balance	<u>1,072,944</u>	<u>1,098,279</u>
42.6 Contingencies and Commitments		
Guarantees	1,148,611	937,732
Commitments	2,211,610	1,613,063
	<u>3,360,221</u>	<u>2,550,795</u>
	June 30, 2019 Un-audited	June 30, 2018 Un-audited
	Rupees In '000	
42.7 Profit / return earned of financing, Investments and placement		
Profit earned on:		
Financing	1,695,130	1,074,887
Investments	35,308	41,988
Due from Financial Institutions	142,875	-
	<u>1,873,312</u>	<u>1,116,875</u>
42.8 Profit on Deposits and other Dues Expensed		
Deposits and other accounts	1,475,679	360,694
Due to Financial Institutions	13,837	22,876
Cost of foreign currency swaps against foreign currency deposits / borrowings	21,619	-
	<u>1,511,135</u>	<u>383,570</u>
43 GENERAL		
43.1 Corresponding figures have been rearranged / reclassified to reflect more appropriate presentation.		
43.2 The figures have been rounded off to the nearest thousand rupees, unless stated otherwise.		
44 NON-ADJUSTING EVENTS AFTER THE REPORTING DATE		
There are no adjusting events that are required to be adjusted or disclosed in the financial statements.		
45 DATE OF AUTHORISATION FOR ISSUE		
These condensed interim financial statements were authorised for issue on August 27, 2019 by the Board of Directors of the Bank.		


Khurram Khan
Chief Financial Officer


Azmat Tarin
President & CEO


Shahzad Enver Murad
Director


Nasim Beg
Director


Khalid Aziz Mirza
Director



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

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Habib Bank Ltd.			Westpac Banking Corporation	Commerzbank AG	Bank of New York Bank of America	U.K.	
Australia			Oman	Spain	JP Morgan Wells Fargo	ABC International Bank PLC Bank of America Clydesdale Bank Habib Bank AG Zurich Habib UK Commerzbank AG Mashreq Bank PSC Northern Bank JP Morgan Citibank	
JP Morgan Westpac Banking Corp.			National Bank of Pakistan Skandinaviska Enskilda Banken	Commerzbank Fortis Bank S.A. Banco Popular Espanol, S.A. Bankinter S.A. Caja Mediterraneo Caja Espana de Inversiones Caixa D'Estalvis	Bank of Ayudhya Public Company Ltd. Export Import Bank of Thailand	Uzbekistan	
Austria	Finland	JP Morgan Mizuho Corporate Bank Ltd. Sumitomo Mitsui Banking Corp. Commerzbank AG	Poland	Philippines	Turkey	Asaka Bank	
Raiffeisen Bank International AG	France	Commerzbank National Bank of Pakistan Habib Bank Ltd.	Nordea Bank Polska S.A.	Muslim Commercial Bank Ltd. Habib Bank Ltd. Halton National Bank	Habib Bank Ltd. Turkiye Vakiflar Bankasi T.A.O Turkiye Garanti Bankasi AS Turk Ekonomi Bankasi AS Albaraka Turk Participation Bank Aktif Yatirim Bankasi	Vietnam	
Commerzbank			BTA Bank JSC	Portugal	Axis Bank	JP Morgan	
Bahrain	Germany	JP Morgan	Kazakhstan	Banco BPI S.A.	Sweden	U.S.A.	
Al Baraka Islamic Bank BMI Bank B.S.C. Habib Bank Ltd. United Bank Ltd. National Bank of Pakistan Kuwait Turkish Participation Bank Inc	Kuwait	Kuwait	BTA Bank JSC	Qatar	Skandinaviska Enskilda Banken Svenska Handelsbanken Danske Bank	Bank of America Bank of New York Mellon Bank of the West Citibank N.A. Commerzbank AG Deutsche Bank Trust Co. Doha Bank	
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Habib Bank Ltd. Commerzbank AG KBC Bank N.V			JP Morgan	Raiffeisen Bank	Citibank Commerzbank		
Bulgaria				Lebanon	Habib Bank Ltd.		
United Bulgarian Bank				Habib Bank Ltd.	Saudi Arabia		
Canada					JP Morgan National Commercial Bank Saudi Hollandi Bank Bank Muscat National Bank of Pakistan The Saudi British Bank		
Habib Canadian Bank							
China							
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Czech Republic							
Commerzbank AG LBBW Bank							
Denmark							
Danske Bank A/S							

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