

1ST QUARTERLY
REPORT
2020

- 📍 Registered Office:
Silkbanks Limited,
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**Excellence
Beyond
Banking**



Excellence Beyond Banking

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.

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.



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 that allows 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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**DEDICATION
TO DELIVER**

CORPORATE INFORMATION

Silkbank as an organization comprises great minds with singular vision and common goals, to persevere through challenges and take our identity to the next level. Our skillful and dedicated team left no stone unturned in meeting the benchmarks we set for ourselves in the 1st Quarter of 2020.

CORPORATE INFORMATION

AS OF MARCH 31, 2020

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

Company Secretary	
Faiz Ul Hasan Hashmi	

Chief Financial Officer	
Khurram Khan	

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

Nomination, Remuneration & Human Resource Committee	
Khalid Aziz Mirza	Chairman
Rashid Akhtar Chughtai	Member
Azmat Tarin	Invitee
Goharulayn Afzal	Secretary

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

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

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

Chartered Accountants	
Legal Advisor	
M/s. Abdul Majeed & Co	

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Email: companysecretary@silkbank.com.pk	
Website: www.silkbank.com.pk	

Share Registrar	
M/s. CDC Share Registrar Services Limited	
CDC House, 99 – B, Block 'B',	
S.M.C.H.S., Main Shahra-e-Faisal,	
Karachi-74400.	
Tel: Customer Support Services	
(Toll Free): 0800-CDCPL (23275)	
Fax: (92-21) 34326053	
Email: info@cdcpak.com	
Website: www.cdcpakistan.com	



COMMITMENT TO OVERCOME

REPORTS & STATEMENTS TO THE MEMBERS

Silkbank, throughout the years, has committed itself to success. The team works hard, determined to navigate through the difficulties and impediment. We take pride in our resolve and the financial results of the 1st Quarter of 2020 are testimony to our resilience.

DIRECTOR'S REPORT

AS OF MARCH 31, 2020

Dear Shareholders,

We are pleased to present the financial statements of the Bank for the first quarter ended March 31, 2020.



Economic Review

Pakistan's economy, from the start of FY-20, started to show signs of recovery after the implementation of new economic policies. Although the economic activity during H1FY-20 remained low, FDI, FPI, and CAD gradually improved. However, the COVID-19 pandemic and the looming uncertainty due to country-wide lockdown resulted in reduced business activity and consumer spending.

The austerity drive undertaken by the government, monetary tightening by SBP, and IMF bailout program in FY-20 not only paved the way for recovery of Pakistan's economy but also restored foreign investors' confidence. The improvement in current account deficit, during 9MFY-20 by 73.1% to \$2.8 billion against \$10.3 billion a year earlier, resulted in 6% appreciation of Pak Rupee against USD in February 2020. Due to the collective improvement in current account deficit, stability in exchange rate and rise in yield differentials, the hot money amounting to \$3.4 billion made its way to government securities during 8MFY-20. The inflows from multiple sources resulted in strengthening of country's FX reserves which reached the high of \$18.8 billion in February 2020.

However, the phase of optimism for Pakistan's economy did not last very long after the outbreak of COVID-19. The government announced country-wide lockdown on March 22, 2020 in order to minimize the burden on country's under-funded healthcare system. In order to address the adverse impact of lockdown on the economy, the government announced a stimulus package of Rs. 1.13 trillion (~ \$7 billion). The SBP also took drastic measures to keep monetary system afloat through monetary and quantitative easing. Due to fall in projected inflation, the SBP slashed the policy rate by 525 basis points in two months' time; policy rate stands at 8% currently. Moreover, the SBP also reduced the Special Cash Reserve Requirement to 10% from 15% on FE-25 deposits of the banks, which provided

additional cushion to the monetary system. In order to mitigate the impact of economic shock, the government should come up with greater stimulus package coupled with more monetary easing.

Banking Sector

Banking sector's profitability in CY-20 has increased significantly due to an unanticipated decrease in interest rates - a direct impact of economic slowdown and future inflation outlook. A cumulative cut of 525 basis points in policy rates from 13.25% to 8%; post COVID-19, enabled commercial banks to book one-off capital gains on government securities. With further policy rate cut on cards, banks will be able to book more capital gains but at the cost of narrowing spreads, which will put pressure on Net Interest Income (NNI) of the banks in the coming years. However, on the positive side, the decrease in interest rate will increase private sector credit, which previously had been abridged due to higher financing cost. Furthermore, with the introduction of relief package for household and business by the SBP, the risk of increase in Non-performing Loans (NPLs) for commercial banks has significantly reduced.



Financial Performance

The Bank has posted an after-tax loss of Rs. 581 million in the 1st quarter of 2020. During this period, total deposits of the Bank increased by Rs. 10 billion to Rs. 159 billion, and gross advances decreased by Rs. 2 billion.

Summarized financial performance of Silkbanks Limited for the 1st quarter ended March 31, 2020, is as follows:

Financial Performance	Rs. in million
Loss Before Tax	(893)
Tax - Current	-
Prior	-
Deferred	321
Loss After Tax	(581)
	Rupee
Loss per share - Basic	(0.06)
Loss per share - Diluted	(0.06)

DIRECTOR'S REPORT

AS OF MARCH 31, 2020

disinfected for maximum well-being of both staff and customers. The initiative of 'Digital Change Agent' at the branches helped the segment in the smooth transition from conventional mode to digital mode of banking during this phase.

ADC Business

Silkbanks Visa Debit Card (VDC) continued to show strong growth during the 1st quarter of 2020. VDC usage over Point of Sales (POS) during this period recorded a spend of Rs. 416.41

million against 112,601 transactions, reflecting a growth of 7.77% in volume and 6.11% in number of transactions as compared to the 1st quarter of 2019. The highest POS monthly spend of Rs. 148.00 million was recorded during January 2020. 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 81,715 customers, where new features are continuously being added to attract customers towards a greater usage of the digital platform.



BUSINESS PERFORMANCE

Branch Banking

Branch Banking remains one of the most critical businesses for the Bank, serving over 204,866 customers contributing more than 57% of the Bank's deposit base. Total deposit as at March 31, 2020 stood



at approximately Rs. 91.4 billion, depicting an overall deposit growth of approximately Rs. 3.5 billion achieved till the end of the 1st quarter of 2020. This growth was realized through the addition of Rs. 4 billion in core accounts while shedding some expensive institutional / non-core deposits. The Current Account grew by Rs. 2.5 billion at the end of the 1st quarter of 2020.

With the emergence of COVID-19, Branch Banking ensured that the safety of customers and staff were its priority at branch premises. Branch Staff was equipped with essential safety gear and the branches were

Bancassurance

Bancassurance business continued its momentum in the 1st quarter of 2020 and generated a revenue income of Rs. 19.35 million. Policy cancellation remains under control, standing at 0% during the quarter showing our quality of sales.



"Participation from All" is a continuing process which is supporting the business to generate maximum number of applications through branches.

DIRECTOR'S REPORT

AS OF MARCH 31, 2020

CONSUMER BANKING

Consumer Banking Division has always maintained focus on providing unparalleled services to its valued customers. Even in these difficult times due to the ongoing pandemic where lockdown was implemented by the state, we have risen above conventional banking norms and have been innovating new ways to provide uninterrupted customer service. Working on the SBP relief package, principal deferment of up to 1 year and option to restructure / reschedule loans were offered to all eligible customers, including relief installment plan option for credit card customers.

Unsecured Portfolio

Many other value adding projects, such as offering Verified by Visa (VBV) features on Visa Debit Card (VDC), new and enhanced VDC with Dual Interface, Extended Payment Plan and Balance Transfer Facility (BTF) with separate rates in Readyline, payment holiday option in Personal Loan, and vast menu of Insurance products, are under different stages of development to be offered to our valued customers. On the credit cards front, a multi-tiered strategy was adopted to facilitate customers in receiving billing statements and making repayments on time, while a whole host of credit card spend campaigns were launched to help customers during these troubled times. New features including contactless card, tokenization, and value-added services enrollment via Mobile Banking are also under development.

Despite lockdown being implemented in the month of March 2020, which has affected growth of all business segments throughout the country, we outperformed by booking a combined total of fresh 12,446 accounts in the 1st quarter of 2020. 3,727 additional accounts were booked in Readyline and 959 accounts were booked in Personal Installment Loan with the total limit disbursed of above Rs. 1 billion, while 7,760 fresh credit cards were also issued during the quarter. The total ENR stands at Rs. 19.4 billion in Credit Cards, Personal

Installment Loan & Readyline combined. This leads us to dominating the market with 38% market share among peer banks for Consumer Assets, while we also continue to be one of the leading fresh credit card issuers in the market.

Personal Loan

Keeping in mind the return of capital employed ratios of every product under current economic condition, the management took a calculated strategic move to temporarily shift the focus from Personal Installment Loan to other products for the first half of the year.



However, to support our valued customers in this difficult ongoing COVID-19 situation, pay early and get rewarded promotion was launched, offering a chance to win 1.5-ton Inverter AC to 3 lucky customers.

The portfolio stands with active customer base of 24,624 taking the total ENR to Rs. 6.26 billion.

Readyline

In the 1st quarter of 2020, working with an ambition to provide more secure transactional platforms, couple of exciting activation promotions for EMV-compliant Chip and Pin Debit Card were launched, offering prizes such as iPhone 11 Pro and 32" LED TV. All digital channels were aggressively promoted through various marketing mediums.



Strategizing to overachieve acquisition targets, innovative promotion offering 50% mark-up waiver on first two bills was launched. In order to help lessen the financial burden placed on customers during these tough times, spend promotion offering 100% cashback

DIRECTOR'S REPORT

AS OF MARCH 31, 2020

launching online spend campaigns. Credit Card Alliances played an instrumental role in promptly partnering up with online merchants and healthcare providers.

Secured Portfolio

M'Power:

Fresh acquisition remained halted and the focus was on retention of good portfolio. Silkbank M'Power, a running finance facility secured against residential and commercial properties, stands at an ENR of Rs. 1.76 billion.

Emaan Islamic Banking

Emaan Islamic Banking reported decent growth during the 1st quarter of 2020. Deposit book increased by Rs. 4,648 million; standing at Rs. 37,923 million. Advances book closed at Rs. 27,955 million. Focus on Service Quality was maintained throughout the period.



Credit Cards

The early momentum gained at the beginning of the year was offset by the negative impact of COVID-19 towards the second half of March 2020. Total Credit Card acquisitions for the 1st quarter of 2020 were 7,760 cards, while Cards in Force increased to 167,066. Total spending on Credit Cards for the quarter was Rs. 6.1 billion, while ENR stood at Rs. 5.4 billion. During Q1, we took several key initiatives including the launch of digital credit card mailer which will not only save on printing and stationary cost but also serve as a more convenient option for customers. A whole host of credit card campaigns were also launched, including repayment campaigns, Balance Transfer Offers, and spend promotions.



In March, as the pandemic started to take grip on the economy, we shifted our focus towards containment measures to dampen the adverse effects. Multiple campaigns were launched to shift customers to e-statements to counter suspension of courier services, while credit card repayment campaigns were also launched to safeguard our exposure. We also devised a game plan to facilitate customers in making their Credit Cards payments through digital channels. A 360-degree communication strategy was put in place to educate customers. Silkbank is one of the top banks to receive Credit Cards payments through digital channels. Various relief measures were also launched to support customers in their repayments under the SBP relief package. Similarly, we also directed our efforts towards online spending by immediately

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

As at March 31, 2020, the equity of the Bank stood at Rs. 9.94 billion excluding surplus on revaluation of assets. This includes share capital (net of losses and discount on shares) of Rs. 9.11 billion. By virtue of the same, the Capital Adequacy Ratio (CAR) of the Bank is 5.83 %.



The Bank is pleased to report that in the declining interest rate scenario, the Bank built up its PIB portfolio

DIRECTOR'S REPORT

AS OF MARCH 31, 2020

to ride the yield curve and record capital gains. The said fixed-return portfolio currently stands at Rs. 91 billion approximately.

The said strategy of the Bank has reaped great results and helped the Bank to record major gains to the tune of Rs. 540 million in the 4th quarter ended December 31, 2019 and Rs. 925 million in the 1st quarter ended March 31, 2020.

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

The Bank is committed to adhere to the following targets.

Key steps are enumerated below:

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

The Bank is confident of achieving CAR compliance in 2020.

Credit Rating

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



Future Outlook

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



The unexpected ban on construction of high-rise buildings in Karachi by the Supreme Court of Pakistan for a certain period of time, adversely affected the Real Estate projects financed by the Bank.

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

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

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

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

As a result of the declining interest rate in 2020, the Bank has already booked an unreported gain of over Rs. 4.4 billion approximately in the 2nd quarter ended June 30, 2020 on its PIB portfolio.

This portfolio is expected to yield further gains for the Bank with further expected decrease in the discount rate.

Additionally, the Board has required the management to make efforts to revive the mortgage assets business for further growth in the consumer banking business. Most importantly, the Bank will increasingly emphasize on its human capital by strengthening "a pay for performance culture" and improved succession planning process.

DIRECTOR'S REPORT

AS OF MARCH 31, 2020

In order to provide a platform to cater to the unbanked population, the Bank has piloted the launch of digital banking to increase its outreach.

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

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

Acknowledgement

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

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

For and on Behalf of the
Board of
Silkbank Limited

Azmat Tarin
President & CEO

Karachi, June 30, 2020

Khalid Aziz Mirza
Acting Chairman

ڈائریکٹر پورٹ

31 مارچ، 2020 تک کے لیے

مستقبل بینی



میک میں درجیش معادی سورجخال کی
وجہ سے ریکل اسٹیٹ کے
زخوں میں کی کے سبب
سال 2019 میں
بینک کی کارگردگی
کم کر دی۔

معزز عدالت عظیلی
پاکستان (سریم) کو رت
آف پاکستان) کی جانب
سے ایک مخصوص بدلت کے لیے
کراچی میں بلند و بالا عمارتوں کی قیمت پر عائد نہیں متوقع
پاندی نے بینک کی جانب سے فناں کے جانے والے ریکل اسٹیٹ پر جکٹس کو شدید ممتاز کیا۔

جس کے نتیجے میں بینک کو صولیابی کے ایک جامع منصوبے کے ساتھ مختاط بنیاد پر منافع بخش ریکل اسٹیٹ فرنچ
چات کی وجہ بندی کرنا پڑی۔

مزید برآں، اپنے گزشتہ معائد کے دوران اسٹیٹ بینک آف پاکستان نے ریکل اسٹیٹ پورٹ فولیوکی شہادتوں کے
حوالے سے سکیورٹی کے فقہاء کی کی خشنادی کی۔

ہر چند یہ کہاں بی بی کے تعاون سے اس کی کوائیں بی بی کے نامزد کردہ تمثیل کاروں کی جانب سے تمثیل شدہ اضافی
ٹانکیات کے ذریعے موزوں طور پر پورا کیا گیا ہے۔

بینک کو سال 2020 میں ان قرضہ جات کے نتیجے میں، بینک کے خاطر خواہ اداگیوں اور بینک کی مالیات میں بہتری کی
توقّع ہے۔ دستاویزات، ملے شدہ وقت پر گل کے ساتھ مقتبل میں اہم ریکل اسٹیٹ پورٹ فولیوکی فروخت کو
ظاہر کرتی ہیں۔

سال 2020 میں گرتی ہوئی شرح سود کے نتیجے میں، بینک نے اپنے PIB پورٹ فولیو پر 30 جون، 2020 کو قائم
ہونے والی دوسرا سماں میں تقریباً 4.4 ملین روپیہ اخراج شدہ منافع پیلے ہی حاصل (مکفی) کر لیا ہے۔

یہ پورٹ فولیو عالی شرمن میں ہر یکی کے ساتھ بینک کے لیے مزید منافع جات فراہم کر سکتا ہے۔

اس کے علاوہ، بورڈ نے نئی یورپینیگ بینک بیس میں مزید بہتری کے لیے انتظامیہ سے ٹانکیات کے رہن کے کاروبار کی
تجزیہ کے لیے اضافی بوشیں کرنے کا تقاضا کیا ہے۔ سب سے اہم بات یہ ہے کہ، بینک "کارگردگی کے حوالے سے
اداگی کی روایت" کے فرع اور بہتر سکیشن پلانگ کے طریقہ کار کے ذریعے اپنی افرادی توکت کو بڑھانے پر
زور دے گا۔

بینک کی جانب سے استعمال کی جانے والی نکوہ بالا حکمت عملی کے بہترین نتائج برآمد ہوئے ہیں اور اس سے بینک کو 31
دسمبر، 2019 کو قائم ہونے والی پچھی سماں میں 540 ملین روپے اور 31 مارچ، 2020 کو قائم ہونے والی پہلی سے
ماہی میں 925 ملین روپے کی قم کا زبردست منافع حاصل کرنے میں مددی ہے۔

مزید برآں، بورڈ نے انتظامیہ کو مخصوص اپاف توفیض کے میں، جو سال 2020 میں بینک کے تمام اہم تابع میں
بہتری کو لیتھیا ہے اپنی گے۔

بینک کے اہم پر عمل کرنے کے لیے پُرمِعزم ہے۔
اہم اقدامات کی تفصیل درج ذیل ہے:

a۔ بینک کے کارپوریٹ ریکل اسٹیٹ پورٹ فولیو میں کی

b۔ غیر آمان اٹاچجات (OREO، دیگر) میں کی

c۔ سال 2020 میں بینک کے منافع جات میں بہتری

d۔ کارپوریٹ ریکل اسٹیٹ پورٹ فولیو کے قرضہ جات (ایڈوانس) میں ہونے والی کی کونسلیور اور ایس ایم ای لویز
میں اضافے کے ذریعے پورا کیا جائے گا جس کا حجم ہو سکتا ہے کہ بڑا نہ ہو، تاہم بہتر جموقی منافع جات کی وجہ سے
فعیل پاس کے شہزادات مرتب ہوں گے۔

e۔ نقصان دینے والی راجح کی بندش (تقلیل)

f۔ عملی تریل کے ساتھ مکمل طور پر بروڈ بیکٹل تجربہ

بینک، سال 2020 میں CAR کپیانس کے حصول کے لیے پر اعتماد ہے۔

کریڈٹ ریٹنگ



بینک کی "JCR VIS" کریڈٹ

ریٹنگ کمپنی لیمیٹڈ کی جانب سے

تعین کردہ طویل المدت

ادارہ جاتی ریٹنگ -A-

(سنگل اے مانس) اور

قیلی المدت ادارہ جاتی

ریٹنگ -2A (اے مانس ٹو)

ہے۔ توفیض کردہ ریٹنگ پر آؤٹ

لک مضموم ہے۔

اظہار تشكیر

بینک کی جانب سے اپنے کمپنی اور بینک پاٹریز کی جانب سے مسئلہ تعاون اور اعتماد کے اظہار پر ان کے شکرگزار ہیں۔
بین اسٹیٹ بینک آف پاکستان کو بھی خراج تھیں بیش کرتے ہیں کہ انہوں نے بینک کے لیے اپنی رہنمائی اور تعاون
فرائیم کیا۔

بین اسٹیٹ تعاون کا شرکت داروں، عملی اور رفقاء کاروں کی جانب سے بینک کے لیے انجام دی جانے والی شاندار خدمات کو
بھی مساوی طور پر سراحتی اور شکریہ ادا کرتے ہیں اور امید کرتے ہیں کہ ان کا یہ تعاون آئندہ بھی اسی طرح جاری رہے گا۔

برائے و منجانب، بورڈ سلک بینک لیمیٹڈ

KAR

خلال عزیز مرزا

قائم مقام چیئرمین

ڈائریکٹر پورٹ

31 مارچ، 2020 تک کے لیے

عظمت ترین
صدر ویس ای او
کراپی، 30 جون، 2020

Amar Jan

ڈائریکٹر پورٹ

کنزیومر بینکنگ

کمزیر میکنگ ڈویژن کی توجہ بھی شے اپنے گران قدر صارفین (کشمکش) کو عالی ترین خدمات کی فراہمی پر مرکوز رہی ہے۔ COVID-19 کی جاری وباء کی وجہ سے دوپیش ان مشکل حالات میں بھی جس میں ریاست کی جانب سے لاک ڈاؤن کا اعلان کیا گیا تھا، ہم نے روایتی میکاری سے آگے بڑھ کر کام کیا ہے اور بالآخر کشمکش کی فراہمی کے لئے من طریقہ دریافت کئے ہیں۔ SBP کے ریلیف پیچنچ پر کام کرتے ہوئے، اہل کشمکش کو اصل رقم کو ایک سال کے لیے موخر کرنے اور قرضہ جات کوئی اسٹرکچر ری شیڈول کرنے کے آپشنشوں کریٹ کارڈ کشمکش کو ریلیف انسائیمینٹ پلان کے آپشن کی پیشکش کی گئی تھی۔

غیر محفوظ قرضہ جات کا پورٹ فولیو:



ارتقاء کے مرحلیں میں جو مزركش روپیں کی جاتی ہیں۔ کمزور کوئل کے گوشواروں کی وصولی اور بروقت ادا بینگی (بریجینٹ) کی سہولت کی فراہمی کے لیے کریٹ کارڈ کے حوالے سے ایک کیفر تھی محنت عملی کو استعمال کیا تھا جبکہ ان مشکل اوقات کے دوران کمزور کی مدد کے لیے کریٹ کارڈ سے خرچ کرنے کی مناسبت میں کام کا آغاز بھی کیا گیا۔ نئے خاص جات خصوصیات: شمول کنٹیکٹ لیس کارڈ، ٹولکنائیز میشن اور گراس قدر خدمات، موبائل بینٹاگ کے ذریعے ازولوڈت ہمیں

مارچ، 2020 کے میئن میں اکڈاؤن کے اطلاع کے باوجود، جس نے ملک بھر میں تمام کاروباری شعبہ جات کی ترقی کو متاثر کیا، ہم نے پہلے عشرے (کوارٹر) میں مشترکہ و مجموعی طور پر 12,446 اکاؤنٹس کے حصول کے ذریعے اعلیٰ کاروباری مظاہرہ کیا۔ اس عشرے (کوارٹر) کے دوران ایک ملین روپے سے زائد کی مجموعی حد کی تقدیم کے ساتھ اضافی اکاؤنٹس ریئی لائنس میں حصل کئے گئے، پر عمل انشائیں ملک لوں میں 1959 اکاؤنٹس حاصل کئے گئے 3,727

پرسنل لوزن

موجودہ معاشری صورت حال کے تحت بر
پر اڈاٹ کے اصل سرمایہ پر منحصر
شدہ شرح کے منافع کو منظر کئے
ہوئے، انتظامیہ نے سال کے
پہلے نصف حصے کے لیے
اپنی توجہ کو عارضی طور پر
پس انٹالائمنٹ لوں سے
دیگر پر اڈاٹ کی جانب منتقل کرنے
کے لیے منصوبے کے تحت ایک جامع حکم
عملی پر عمل کیا۔



کریڈٹ کارڈز

سال کے شروع میں حاصل ہونے والی ابتداء،
مارچ 2020 کے دورے سے میں
کوئی اثرات کی تھی۔ COVID-19
ٹلانی تھی۔ سال 2020 کے
پہلے عشرے (کوارٹر) کے حوالے
سے مجموعی کربیڈ کارڈ کا حصہ
7,760 کارڈز تھا اور فعال کارڈز
کی تعداد 167,066 تک بڑھ گئی۔
۱۴۔ عصی (کارڈ) کے حوالے سے



ڈاٹریکٹر پورٹ

31 مارچ، 2020 تک کے لیے

منے کا حصوں میں مجدد رہا اور نئام تر توجہ اپنے پورٹ فینیکو برق ارکھے پر مکروز رکھی۔ سلک میں ایک ایج پاور، جو ایک رنگ انناس کی سہولت ہے اور رہائش و تجارتی جانیدادوں کے حوالے سے تحقیق فراہم کرتی ہے 1.76 بلین روپے کے ENR پر بنی۔

ایمان اسلامک بینکنگ



سے 2020 کے پہلے عشرے کے دوران ان اسلامک بینکنگ میں معقول رپورٹ ہوئی۔ دیاً بک میں 4,64 ملین روپے کا اضافہ ہوا؛ سے یہ 37,923 ملین روپے ہے۔ ایڈونز بک 27,955 ملین پر بند ہوئی۔ اس پوری مرتب کے ان خدمات کے معابر تجربہ رکھی گئی۔

کم از کم سرمایہ کے تقاضے (MCR) اور سرمایہ کی موزوںیت کا نسب (CAR)



کوئی پورٹ کرتے ہوئے خوشی ہے کہ گتی ہوئی شرح سود کے حالات میں بیک نے طویل المدت سرمایہ کاری سے ازاوج وقت منافع اور سرمایہ پر بیکارڈ منافع جات کے حصوں کے لیا پانی آئی بی پورٹ فولیقٹائم کیا ہے۔ مذکورہ طے دھن اپنے کا بورٹ فولیو اس وقت تقریباً 91 ملین روپے برے۔

جہک 7,760 فریش کریٹ کارڈز بھی جاری کئے گئے کریٹ کارڈز، پرشن انسٹا لامپ لوں اور ریڈی لاٹن میں مشترکہ و مجموعی طور پر ENR 19.4 میلین روپے پر ہے۔ اس سے ہمیں کنزیر یورپ ایمس کے حوالے سے اپنے ہم مرتبہ بنیکوں کے دریان 38% مارکیٹ شریک کے ساتھ مارکیٹ پر غلاب حاصل ہوا ہے جہک ہم مارکیٹ میں نئے کریٹ کارڈ

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ریڈی لائن

سال 2020 کے پہلے عشرے (کوارٹر) میں اپنے کمپنیز کو لین دین (خرازی یکشن) کے حوالے سے مرید مختوظ پلیٹ فارم فراہم کرنے کے جذبے کے تحت EMV کے عین طلاقی چپ اور پنڈیت کارڈ کی شروعات کی گئی جس میں آئی فون pro 11 اور LED32 ای تھی وہی احمد کی بیکش کی گئی تمام یجیہ میں جیل جنور کی مختلف رارکی ذرا نئے کے ذریعے تشریک کی گئی۔



طleshدہ اہداف سے زیادہ حاصل کرنے کی حکمت عملی کے تحت، پہلے دو بیان 50% ماک اپ کی جھوٹ کے ساتھ اپنی طرز کی ایک نئی شرپیکار آغاز کیا گیا۔ ان مشکل اوقات میں صارفین (کسٹر) پر مالی بوچھ کو کم سے کم کرنے کی غرض سے 100 خوش نصیب افراد کے لیے 100% کیش بیک اور ساتھ ہی پہلے ادا بھیگی کریں اور انعام پائیں کی اشتہاری مہم شروع کی گئی۔

ڈائریکٹر پورٹ

31 مارچ، 2020 تک کے لیے

معزز حصص یافتگان (شیر ہولڈرز)

ہم 31 مارچ 2020 کو ختم ہوئے
والی چلیں سماں کے حوالے سے
بینک کے مالیاتی گوشوارے پیش
کرتے ہوئے خوشی محسوس
کرتے ہیں۔

بینکاری کا شعبہ

معیشت کی ست روی اور مستقبل
کے افاطار کے نقطہ نظر کو وجہ
سے روان سال، 2020 میں
بینکاری کے شعبہ کے منافع جات
میں خاطر خواہ اضافہ ہوا۔ 13.25% سے
8% تک پالیسی کی شرح میں 525 بینادی



پاؤنس کی مجموعی تخفیف، بدلاز-19 COVID-19 نے تجارتی بینکوں کو اس قابل بنا لیا کہ وہ سرکاری سکیوریٹی پر ایک دفعہ سرمایہ جاتی فائدہ حفظ کریں۔ کارڈز پالیسی کی شرح میں مزید سرمایہ جاتی منافع جات محفوظ کرنے کے قابل ہوں گے تاہم وہ نیز نگاہ اپریلز کی لاغت پر ہوگا، جو آنے والے سالوں میں بینک کی نیتیں



انٹریس ایک (NII) پر بڑا ڈالے گا۔ ہر چند یہ کہتے ہات یہ ہے کہ شرح سود میں کی سੱقی شعبہ جات کے کریٹ

پیکوں کے لیے نان پار میگ اونز (NPLs) میں اضافے کے خطرات خاطر خدا تکم ہو گے ہیں۔

محاشی جائزہ

نئی محاشی پالیسی کے اطلاق کے بعد مالی سال 2020 کے آغاز سے پاکستان کی معیشت میں بہتری کی علامات ظاہر ہونا شروع ہوئی۔ اگرچہ 20-H1FY-20 کے دوران معاشر سرمایہ کم رہی، باہم FDI، FPI اور CAD میں بذریعہ بہتری آئی۔ ہر چند یہ کہ، COVID-19 کی وبا اور ملک بھر میں لاک ڈاؤن کی وجہ سے بڑھتی ہوئی غیر ملکی صورتحال کے تیجے میں کاروباری سرمایہ اور صارف کی قوت خرید کم ہوئی۔

مالیاتی کارکردگی

بینک نے سال 2020 کے پبلے عشرے (کوارٹر) میں 581 ملین روپے کا بعداز مخصوص (لیکن) نقصان درج کیا ہے۔ اس مدت کے دوران، بینک کے مجموعی پاؤنس 10 ملین روپے تک کے اضافے سے 159 ملین روپے اور مجموعی ایڈ انز 2 ملین روپے تک ہو گئے۔

31 مارچ، 2020 کو ختم ہونے والی مالیاتی کارکردگی کا خلاصہ درج ذیل ہے:

روپے ملین میں	مالیاتی کارکردگی
(893)	قیل ایم چوول (لیکن) خسارہ
-	مخصوص (لیکن) موجودہ
321	سائچہ
(581)	ملتوی شدہ موجودہ خسارہ
روپے	بعداز مخصوص (لیکن) خسارہ
(0.06)	خسارہ فی حصہ - بنیادی
(0.06)	خسارہ فی حصہ - غیر بنیادی

ہر چند یہ کہ پاکستان کی معیشت کے حوالے سے پامیدی اور اعتماد کا یہ دور 19-COVID کے چھیلوڑ کے بعد زیادہ عرصے تک نہیں چلا۔ حکومت نے ملک میں موجود یونیکی دباؤ کے شکار ہوتے تھے کہ نظام پر بوجہ کو کم سے کم کرنے کی غرض سے 22 مارچ، 2020 کو ملک بھر میں لاک ڈاؤن کا اعلان کر دیا۔ حکومت نے معیشت پلاک ڈاؤن کے قیچی اڑات سے نرداز ہونے کے لیے 1.13 بیلین روپے (7 بیلین امریکی ڈالر) کے حوصلہ افزاء پیچھے کا اعلان کیا۔ SBP نے بھی مالیاتی اور مکتبی آسانی کے ذریعے مالیاتی نظام کو پلانے کی خرض سے سخت اقدامات کئے۔ پیش کردہ افاطارز میں کمی وہ سے دو ماہ کی مدت میں پالیسی کی شرح کو 525 بینادی پاؤنس تک کم کر دیا؛ پالیسی کی شرح اس وقت 8% پر ہے۔

مزید آپ، SBP نے میکن کے FE-25 پاؤنس پر خصوصی نقد ناٹر کے مطابق تقاضے کو 15% سے کم کر کے 10% کر دیا، جس سے مالیاتی نظام کو اضافی معاوضت رسہار مالا۔ اس محاذی دباؤ کا شکر کرنے کی خرض سے، حکومت کو مالیاتی نظام میں مزید آسانیوں کے ساتھ ایک بڑے اور حوصلہ افزاء پیچھے کے ساتھ آگئی جائے۔

ADC بنس



ڈائریکٹر پورٹ

31 مارچ، 2020 تک کے لیے

بینک کی جانب سے اعلان کردہ خسارہ، نقصان، ابتدائی طور پر بینک کے میکل ایٹھ کٹرز کی طرف سے ادائیگیوں میں تاخیر سے منسوب ہے۔ معزز عدالت علیٰ پاکستان (پیری کوٹ آف پاکستان) کی جانب سے ایک منصوبہ مدت کے لیے کربجی میں بلند والا عبوریں کی قیمت پر عائد غیر موقع پابندی نے بینک کی جانب سے فناس کے جانے والے ریخال ایٹھ پر اجتناس کو شدید متنازع کیا۔

بھس کے نتیجے میں بینک کو وصولی ایک جام منصوبے کے ساتھ تھاٹ بنیاد پر منافع نہیں رہنے ایٹھ قرشہ جات کی وجہ بندی کرنا پڑے۔

مزید برآں، اپنے گر شست معابر کے دوران ایٹھ بینک آف پاکستان نے میکل ایٹھ پورٹ فولیکی خانوں کے حوالے سے سیکورٹی کے فقدان کی نشاندہی کی۔ ہر چند یہ کہ SBP کے قانون سے اس کی کو نامزد کر دیجئے تو بینک کی نامزد اشاغہ ہوگا، جو اس قتل فیزیک پر آنے والی زیادہ مالیاتی لاغت کی وجہ سے کم ہو گئے تھے۔ مزید یہ کہ SBP کی بینک اکاؤنٹ کی ہدایات کے معابق درج بندی کر دی گئی ہے۔ ان

بینکاری کی خدمات کی تھی اور ان کا سماں کو بڑھا دیا ہے۔ ملک موبائل رجسٹریشن 81,715 کٹرز سے تجاوز کر چکی ہے، جبکہ اس کے دیکھیل پلیٹ فارم کو سماں کی جانب سے ہرے بیانے پر استعمال کو پرکشش بنانے کے لیے اس میں ملسل خاص جات خصوصیات شامل کی جاتی ہیں۔

COVID-19 کے آغاز کے ساتھ، برائی بینک نے اپنے صارفین (کٹرز) اور علی (اساف) کی برائی کی حدود میں خافتہ کو تینی بیالے عملی اور صارفین دونوں کے زیادہ سے زیادہ تھنڈے کے لیے برائی کے عملی کو خافتہ کے ضروری سامان میبا کئے گئے۔ اس مرحلے کے دوران برائی میں "ڈیجیٹل چنج ایجٹ" کے اقدام نے روایتی طریقے کی ڈیجیٹل طریقے میں با آسانی اور بلن متفقی میں مدد کی۔

کاروباری کارکردگی

برائی بینکنگ

برائی بینکنگ، بینک کے لیے سب سے اہم کردار ادا کر رہا ہے۔ 204,866 سے زائد صارفین کو خدمات پیش کرتے ہوئے یہ بینک کی ڈپاٹ میں 57% فیصد حصہ کا حاصل ہے۔ 31 مارچ، 2020 کو

بلین روپے پر ہاوسار 2020 کو کے پبلے عشرے (کوارٹر) کے اختتام سے تک قریباً 3.5 بیلین روپے کی مجموعی ڈپاٹ تقریباً 91.4

بلین روپے کے دلے کے انتہا کی تھیں میں ایڈ انز 57% کی مجموعی حصہ کا حاصل ہے۔

گروہ حاصل ہوئی اس نوکو کچھ میکر ازار اس اور اون رن ان کو ڈپاٹ کو علیحدہ کرتے ہوئے اہم اکاؤنٹس میں 4 بیلین روپے کے اضافے کے ذریعے حاصل کیا تھا۔ سال 2020 کے پبلے کوارٹر کے اختتام تک کائنٹ کائنٹ کائنٹ 2.5 بیلین روپے تک بڑھا۔

سب کی شرکت "ایک سلسلہ علی ہے جو برائی کے

ذریعے درخواستوں کی زیادہ سے زیادہ تعداد میں وصولی کے لیے کاروباری امور کی معاونت کر رہا ہے۔

مزید آپ، SBP نے میکن کے FE-25 پاؤنس پر خصوصی نقد ناٹر کے مطابق تقاضے کو 15% سے کم کر کے 10% کر دیا، جس سے مالیاتی نظام کو اضافی معاوضت رسہار مالا۔ اس محاذی دباؤ کا شکر کرنے کی خرض سے، حکومت کو مالیاتی نظام میں مزید آسانیوں کے ساتھ ایک بڑے اور حوصلہ افزاء پیچھے کے ساتھ آگئی جائے۔

COVID-19 کے آغاز کے ساتھ، برائی بینک نے اپنے صارفین (کٹرز) اور علی (اساف) کی برائی کی حدود میں خافتہ کو تینی بیالے عملی اور صارفین دونوں کے زیادہ سے زیادہ تھنڈے کے لیے برائی کے عملی کو خافتہ کے ضروری سامان میبا کئے گئے۔ اس مرحلے کے دوران برائی میں "ڈیجیٹل چنج ایجٹ" کے اقدام نے روایتی طریقے کی ڈیجیٹل طریقے میں با آسانی اور بلن متفقی میں مدد کی۔

بینکاری کا شعبہ

معیشت کی ست روی اور مستقبل کے افاطار کے نقطہ نظر کو وجہ سے روان سال، 2020 میں بینکاری کے شعبہ کے منافع جات میں خاطر خواہ اضافہ ہوا۔ 13.25% سے 8% تک پالیسی کی شرح میں 525 بینادی

پاؤنس کی مجموعی تخفیف، بدلاز-19 COVID-19 نے تجارتی بینکوں کو اس قابل بنا لیا کہ وہ سرکاری سکیوریٹی پر ایک دفعہ سرمایہ جاتی فائدہ حفظ کریں۔ کارڈز پالیسی کی شرح میں مزید سرمایہ جاتی منافع جات محفوظ کرنے کے قابل ہوں گے تاہم وہ نیز نگاہ اپریلز کی لاغت پر ہوگا، جو آنے والے سالوں میں بینک کی نیتیں

انٹریس ایک (NII) پر بڑا ڈالے گا۔ ہر چند یہ کہتے ہات یہ ہے کہ شرح سود میں کی سੱقی شعبہ جات کے کریٹ

بینک کی نیتیں

بینک کے لیے نان پار میگ اونز (NPLs) میں اضافے کے خطرات خاطر خدا تکم ہو گے ہیں۔



**GROWTH THROUGH
COMMITMENT**

FINANCIAL STATEMENTS

FOR THE QUARTER ENDED
MARCH 31, 2020

Great things happen when ambitions are high, and dedication boundless. The decade-long journey of unwavering faith and persistent efforts has enabled the Bank to achieve remarkable results. Silkbank closed yet another fiscal year on a high, as a result of the right mindset & vision, determination, and commitment to our goals, and we continue with the momentum.

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2020

	Note	March 31, 2020 Un-audited	December 31, 2019 Audited
		Rupees in '000	
ASSETS			
Cash and balances with treasury banks	8	12,018,975	11,838,682
Balances with other banks	9	1,145,541	1,168,163
Lendings to financial institutions	10	13,796,311	18,101,837
Investments	11	82,520,933	36,245,350
Advances	12	102,778,737	105,374,947
Fixed assets	13	5,670,953	5,910,389
Intangible assets	14	225,426	217,077
Deferred tax assets	15	4,128,159	4,864,227
Other assets	16	20,420,316	19,737,679
Assets held for sale	17	2,229,729	2,229,729
		244,935,080	205,688,080
LIABILITIES			
Bills payable	18	1,449,196	2,483,658
Borrowings	19	60,551,320	31,973,231
Deposits and other accounts	20	159,318,442	148,853,513
Liabilities against assets subject to finance lease		-	-
Subordinated debt	21	2,206,218	2,125,418
Deferred tax liabilities		-	-
Other liabilities	22	9,270,153	9,480,373
		232,795,329	194,916,193
NET ASSETS		12,139,751	10,771,887
REPRESENTED BY			
Shareholders' equity			
Share capital - net	23	23,431,374	23,431,374
Reserves		820,890	820,890
Surplus on revaluation of assets - net of tax	24	2,203,981	256,510
Accumulated loss		(14,316,494)	(13,736,887)
		12,139,751	10,771,887
CONTINGENCIES AND COMMITMENTS			
	25		

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

Khurram Khan
Chief Financial Officer

Azmat Tarin
President & CEO

Khalid Aziz Mirza
Acting Chairman

Tariq Iqbal Khan
Director

Shahzad Enver Murad
Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT - UN-AUDITED

FOR THE QUARTER ENDED MARCH 31, 2020

	Note	March 31, 2020	March 31, 2019
		Rupees in '000	
Mark-up / return / profit / interest earned			
	27	5,730,288	4,615,882
Mark-up / return / profit / interest expensed			
	28	(5,645,876)	(2,860,326)
		84,412	1,755,556
NON MARK-UP / INTEREST INCOME			
Fee and commission income	29	603,456	504,591
Dividend income		-	-
Foreign exchange (loss) / income		(596,690)	79,076
Income from derivatives		741,102	29,914
Gain / (loss) on securities	30	922,177	(17,028)
Other income	31	58,282	119,402
		1,728,327	715,955
Total non-markup / interest Income		1,812,739	2,471,511
Total income			
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	32	(1,836,840)	(1,902,770)
Workers Welfare Fund		-	(2,231)
Other charges	33	(12,359)	(110,767)
		(1,849,199)	(2,015,768)
Total non-markup / interest expenses		(36,460)	455,743
(Loss) / Profit before provisions, extra ordinary / unusual item and taxation			
Provisions and write offs - net	34	(856,612)	(346,418)
Extra ordinary / unusual items		-	-
(LOSS) / PROFIT BEFORE TAXATION		(893,072)	109,325
Taxation	35	312,571	(40,535)
(LOSS) / PROFIT AFTER TAXATION		(580,501)	68,790
Rupee			
Basic and Diluted (Loss) / Earnings Per Share	36	(0.06)	0.01

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

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Chief Financial Officer

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President & CEO

Khalid Aziz Mirza
Acting Chairman

Tariq Iqbal Khan
Director

Shahzad Enver Murad
Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME - UN-AUDITED

FOR THE QUARTER ENDED MARCH 31, 2020

	March 31, 2020 Rupees in '000	March 31, 2019 Rupees in '000
(Loss) / profit after tax for the period	(580,501)	68,790
Other comprehensive income / (loss)		
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in surplus / (deficit) on revaluation of investments - net of tax	1,948,052	67,510
Items that will not be reclassified to profit and loss account in subsequent periods:		
Movement in surplus on revaluation of fixed assets - net of tax	(581)	(581)
Total comprehensive income	1,366,970	135,719

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 QUARTER ENDED MARCH 31, 2020

Share Capital	Surplus / (deficit) on revaluation of Investments Fixed / Non Banking Assets				Capital Reserve	Revenue Reserve	Total Equity
	Investments	Fixed / Non Banking Assets	Statutory Reserve*	Accumulated Loss			
Rupees in '000							
Balance as at January 01, 2019 - Audited	23,431,374	(144,910)	76,703	820,890	(9,797,310)	14,386,747	
Profit after taxation for the quarter ended March 31, 2019 - Un-audited	-	-	-	-	-	68,790	68,790
Other comprehensive income / (loss) - net of tax - Un-audited	-	67,510	(581)	-	-	-	66,929
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	-	-	-	895	895
Balance as at March 31, 2019 - Un-audited	23,431,374	(77,400)	76,122	820,890	(9,727,625)	14,523,361	
Loss after taxation for the nine months ended December 31, 2019 - Un-audited	-	-	-	-	-	(4,021,793)	(4,021,793)
Other comprehensive income / (loss) - net of tax - Un-audited	-	260,126	(2,338)	-	-	8,936	266,724
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	-	-	-	2,684	2,684
Transfer from surplus on revaluation of non-banking assets on account of disposal of assets - net of tax	-	-	-	-	-	911	911
Balance as at December 31, 2019 - Audited	23,431,374	182,726	73,784	820,890	(13,736,887)	10,771,887	
Loss after taxation for the quarter ended March 31, 2020 - Un-audited	-	-	-	-	-	(580,501)	(580,501)
Other comprehensive income / (loss) - net of tax - Un-audited	-	1,948,052	(581)	-	-	-	1,947,471
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	-	-	-	894	894
Balance as at March 31, 2020 - Un-audited	23,431,374	2,130,778	73,203	820,890	(14,316,494)	12,139,751	

* 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
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Acting Chairman



Tariq Iqbal Khan
Director



Shahzad Enver Murad
Director



Khurram Khan
Chief Financial Officer



Azmat Tarin
President & CEO



Khalid Aziz Mirza
Acting Chairman



Tariq Iqbal Khan
Director



Shahzad Enver Murad
Director

CONDENSED INTERIM CASH FLOW STATEMENT - UN-AUDITED

FOR THE QUARTER ENDED MARCH 31, 2020

	Note	March 31, 2020	March 31, 2019
		Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		(893,072)	109,325
Less: Dividend income		-	-
Adjustments:			
Depreciation on fixed assets	32	103,566	106,530
Depreciation on right-of-use assets	32	168,345	-
Depreciation on non-banking assets acquired in satisfaction of claims	32	16,164	17,594
Amortization of intangible assets	32	18,497	13,924
Amortization of premium on investments - net		(194,961)	20,185
Finance charges on right-of-use assets	28	113,445	-
Provisions against loans & advances	34	899,553	388,706
Gain on sale of fixed assets	31	(299)	(252)
Unrealized gain on revaluation of investments - held-for-trading	30	(48,842)	-
Loss / (gain) on sale of non-banking assets acquired in satisfaction of claims	31	21,404	(5,769)
Write offs against fixed assets	34	8	1,772
		1,096,880	542,690
		203,808	652,015
Decrease / (increase) in operating assets			
Lendings to financial institutions		4,305,526	2,092,983
Net investments in held-for-trading securities		(10,491,317)	10,051,437
Advances		1,696,657	(3,825,337)
Other assets (excluding advance taxation)		(672,939)	(629,122)
		(5,162,073)	7,689,961
(Decrease) / increase in operating liabilities			
Bills payable		(1,034,462)	(855,508)
Borrowings		28,578,089	(6,402,673)
Deposits		10,464,929	(133,413)
Other liabilities (excluding current taxation)		(142,200)	633,071
		37,866,356	(6,758,523)
		32,908,091	1,583,453
		(107,266)	(277,945)
		32,800,825	1,305,508
Income tax paid			
Net cash flow from operating activities			
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in available-for-sale securities		(32,543,459)	124,291
Net investment in held-to-maturity securities		-	(257,658)
Net investment in fixed assets and intangible assets		(68,554)	(146,827)
Proceeds on disposal of non-banking assets acquired in satisfaction of claims		60,000	160,000
Proceeds on disposal of fixed assets		9,524	9,151
Net cash flow generated used in investing activities		(32,542,489)	(111,043)
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts / (repayments) of subordinated debts		80,800	(200)
Payment of finance lease obligation		-	(1,122)
Payment of lease liability against right-of-use assets		(181,465)	-
Net cash flow used in financing activities		(100,665)	(1,322)
Increase in cash and cash equivalents		157,671	1,193,143
Cash and cash equivalents at the beginning of the period		13,006,845	9,181,561
Cash and cash equivalents at the end of the period	37	13,164,516	10,374,704

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

Khurram Khan
Chief Financial Officer

Azmat Tarin
President & CEO

Khalid Aziz Mirza
Acting Chairman

Tariq Iqbal Khan
Director

Shahzad Enver Murad
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

FOR THE QUARTER ENDED MARCH 31, 2020

1 STATUS AND NATURE OF BUSINESS

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

Major shareholders of the Bank as on March 31, 2020 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 March 31, 2020, the equity of the Bank is Rs. 9.94 billion excluding surplus on revaluation of assets. This includes share capital (net of losses and discount on shares) of Rs. 9.11 billion against the Minimum Capital Requirement (MCR) of Rs. 10 billion as prescribed by State Bank of Pakistan (SBP). Further, the Capital Adequacy Ratio (CAR) of the Bank is 5.83% (2019: 5.81%) against the minimum CAR requirement of SBP of 11.50% (2019: 12.50%). Consequently, the Bank is non-compliant with MCR and CAR at March 31, 2020 end which can expose the Bank to regulatory actions under the Banking laws.

The management of the Bank has taken following steps to improve the financial position of the Bank and to meet the requirement for MCR and CAR till the approval of the financial statements for the period ending June 30, 2020 as per the plan submitted by the Bank.

1. Subsequent to the year end, the Bank has realized capital gains amounting to approximately Rs. 5.5 billion from the sale of government securities and additional Rs. 1.4 billion approximately (based on the PKRV rate issued on June 26, 2020, applicable for June 29, 2020) also available as revaluation surplus.
2. Letters of Intent (LOI) have been signed between the Bank's borrowers dealing in real estate and Federal Government Employee Housing Authority (FGEHA) for the sale of certain underlying properties where substantial payment is expected shortly. Additionally, the government has announced a stimulus package to uplift and provide the necessary support to the real estate / construction sector. Based on these positive developments, the Bank is confident that the NPL's would be cured shortly.
3. The Bank continues to meet Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR).
4. The sponsor has prepared and submitted the capital plan to SBP in order to meet the capital shortfall, if any.

Sponsors / Directors are of the opinion that, taking into account the above mentioned plans and measures, the Bank would meet with the requirement of MCR and CAR till the approval of the financial statements for the period ending June 30, 2020

Further, SBP has allowed staggering of provision against non-performing loans (refer note 12.3.2) amounting to Rs. 2.71 billion and allowed to treat the general provision held against consumer financing as part of Common Equity Tier I instead of Tier II for the purpose of CAR calculation. Had this benefit not been taken by the Bank, loss before tax would have been higher by Rs.1.76 billion and CAR would have been lower by 2.58%.

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 of these condensed interim financial statements.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

FOR THE QUARTER ENDED MARCH 31, 2020

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

4 BASIS OF MEASUREMENT

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

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

5 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of these condensed interim financial statements are same as those followed in the preparation of the annual financial statements of the Bank for the year ended December 31, 2019.

5.1 Regulatory reliefs due to COVID-19

The Bank's risk management policies are the same as disclosed in the financial statements for the year ended December 31, 2019 except for the following additional considerations due to the COVID-19.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

FOR THE QUARTER ENDED MARCH 31, 2020

The State Bank of Pakistan (SBP) has responded to the crisis by cutting the policy rate by 225 basis points to 11 percent and by introducing regulatory measures to maintain banking system soundness and to sustain economic activity. These include (i) reducing the capital conservation buffer by 100 basis points to 1.5 percent; (ii) The existing regulatory retail portfolio limit of Rs. 125 million has been enhanced to Rs. 180 million; (iii) relaxing the debt burden ratio for consumer loans from 50 percent to 60 percent; (iv) allowing banks to defer clients' payment of principal on loan obligations by one year; and (v) relaxing regulatory criteria for restructured / rescheduled loans for borrowers who require relief beyond the extension of principal repayment for one year.

The Bank is fully aware of the risks associated with COVID-19 and regularly conducting assessments of its portfolio and its operations to ensure the risks are minimized.

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

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

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
IFRS 9 - Financial Instruments: Classification and Measurement	January 01, 2021

The SBP through BPRD Circular Letter no. 4 dated October 23, 2019, the applicability of IFRS 9 to banks in Pakistan has been deferred to accounting periods beginning on or after January 01, 2021.

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

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, 2019, that are mandatory for the Bank's accounting periods beginning on or after July 01, 2020 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these condensed interim financial statements.

5.3 Standards, interpretations of and amendments to accounting and reporting standards that are effective in the year 2020

As referred to in note 4.3 to the Bank's financial statements for the year ended December 31, 2019, there are certain standards, amendments and interpretations that are effective for the annual period beginning on or after January 01, 2019 other than those disclosed in note 5.1. These are considered either not to be relevant or not to have any significant impact on the Bank's condensed interim financial statements.

6 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis and methods used for critical accounting estimates and judgments adopted in these condensed interim financial information are same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2019.

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, 2019.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

FOR THE QUARTER ENDED MARCH 31, 2020

	March 31, 2020		December 31, 2019	
	Un-audited	Audited	Un-audited	Audited
	Rupees in '000			
8 CASH AND BALANCES WITH TREASURY BANKS				
In hand				
Local currency	1,889,201	1,677,165		
Foreign currencies	959,369	1,094,328		
	2,848,570	2,771,493		
With State Bank of Pakistan in				
Local currency current account	8.1 6,976,353	6,784,412		
Foreign currency current account	707,288	685,106		
Foreign currency deposit account	1,325,077	1,276,607		
	9,008,718	8,746,125		
With National Bank of Pakistan in				
Local currency current account	148,340	198,679		
National Prize Bonds	13,347	122,385		
	12,018,975	11,838,682		
8.1	Deposits with the SBP are maintained to comply with the statutory requirements of the SBP issued from time to time (section 22 of the Banking Companies Ordinance, 1962).			
8.2	This represents account maintained with the SBP to comply with Special Cash Reserve requirement (FE-25 scheme, as prescribed by SBP). It carries interest rates ranging from 0.51% to 0.76% (December 31, 2019: 0.70% to 1.51%).			
	March 31, 2020		December 31, 2019	
	Un-audited	Audited	Un-audited	Audited
	Rupees in '000			
9 BALANCES WITH OTHER BANKS				
In Pakistan				
In current account	313,118	105,487		
In deposit account	71	68		
	313,189	105,555		
Outside Pakistan				
In current account	832,352	1,062,608		
	1,145,541	1,168,163		
10 LENDINGS TO FINANCIAL INSTITUTIONS				
Repurchase agreement lendings (Reverse repo)				
Foreign placement	10,031,953	13,751,114		
Bai Muajjal receivable from State Bank of Pakistan	969,715	900,748		
	2,794,643	3,449,975		
	13,796,311	18,101,837		

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

FOR THE QUARTER ENDED MARCH 31, 2020

11 INVESTMENTS	March 31, 2020 - (Un-audited)				December 31, 2019 - Audited			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
11.1 Investments by types:								
Rupees in '000								
Held-for-trading securities								
Federal Government Securities								
Market Treasury Bills	5,442,936	-	294	5,443,230	-	-	-	-
Pakistan Investment Bonds	4,055,193	-	45,152	4,100,345	-	-	-	-
GOP Ijarah Sukus	996,604	-	3,396	1,000,000	-	-	-	-
Shares								
Listed	-	-	-	-	2,150	-	1,266	3,416
Available-for-sale securities								
Federal Government Securities								
Market Treasury Bills	-	-	-	-	3,536,303	-	(597)	3,535,706
Pakistan Investment Bonds	65,584,313	-	3,223,173	68,807,486	29,007,986	-	76,368	29,084,354
GOP Ijarah Sukus	1,984,106	-	15,894	2,000,000	2,272,265	-	4,735	2,277,000
Shares								
Listed	490,714	-	37,207	527,921	487,526	-	202,955	690,481
Unlisted	5,680	(5,680)	-	-	5,680	(5,680)	-	-
Non Government Debt Securities								
Sukus - Listed	213,066	-	1,846	214,912	229,699	-	(2,345)	227,354
Term Finance Certificates - Listed	37,500	-	-	37,500	37,500	-	-	37,500
Term Finance Certificates - Unlisted	8,780	(8,780)	-	-	8,780	(8,780)	-	-
Held-to-maturity securities								
Shares repurchase (fully provided)	74,910	(74,910)	-	-	74,910	(74,910)	-	-
Other Federal Government Securities	257,658	-	-	257,658	257,658	-	-	257,658
Associates								
SPI Insurance Company Limited	332,568	(74,910)	-	257,658	332,568	(74,910)	-	257,658
Total investments								
	79,283,341	(89,370)	3,326,962	82,520,933	36,052,338	(89,370)	282,382	36,245,350

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

FOR THE QUARTER ENDED MARCH 31, 2020

11.2	Investments by segments:	March 31, 2020 - (Un-audited)				December 31, 2019 - Audited				
		Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	
Rupees in '000										
Federal Government Securities										
Market Treasury Bills	5,442,936	-	294	5,443,230	3,536,303	-	(597)	3,535,706		
Pakistan Investment Bonds	69,639,506	-	3,268,325	72,907,831	29,007,986	-	76,368	29,084,354		
GOP Ijarah Sukuks	2,980,710	-	19,290	3,000,000	2,272,265	-	4,735	2,277,000		
Bai Muajjal	257,658	-	-	257,658	257,658	-	-	257,658		
	78,320,810	-	3,287,909	81,608,719	35,074,212	-	80,506	35,154,718		
Shares										
Listed companies	490,714	-	37,207	527,921	489,676	-	204,221	693,897		
Unlisted companies	5,680	(5,680)	-	-	5,680	(5,680)	-	-		
	496,394	(5,680)	37,207	527,921	495,356	(5,680)	204,221	693,897		
Non Government Debt Securities										
Sukuks - Listed	213,066	-	1,846	214,912	229,699	-	(2,345)	227,354		
Term Finance Certificates - Listed	37,500	-	-	37,500	37,500	-	-	37,500		
Term Finance Certificates - Unlisted	8,780	(8,780)	-	-	8,780	(8,780)	-	-		
	259,346	(8,780)	1,846	252,412	275,979	(8,780)	(2,345)	264,854		
Shares repurchase (fully provided)	74,910	(74,910)	-	-	74,910	(74,910)	-	-		
Associates										
SPI Insurance Company Limited	131,881	-	-	131,881	131,881	-	-	131,881		
Total investments	79,283,341	(89,370)	3,326,962	82,520,933	36,052,338	(89,370)	282,382	36,245,350		

11.2.1 Investments given as collateral

Pakistan Investment Bonds

11.3 Provision for diminution in value of investments

11.3.1 Opening balance

Charge / (reversals)

Charge for the period / year

Reversals for the period / year

Amounts written off

Closing balance

	March 31, 2020 Un-audited	December 31, 2019 Audited
	Rupees in '000	
	59,371,479	21,753,482
	89,370	89,370
	-	-
	-	-
	89,370	89,370

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

FOR THE QUARTER ENDED MARCH 31, 2020

11.3.2 Particulars of provision against debt securities

Category of classification - specific

Category of classification - specific	March 31, 2020 - (Un-audited)		December 31, 2019 - Audited	
	Non Performing Investments	Provision	Non Performing Investments	Provision
Rupees in '000				
Domestic				
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	83,690	83,690	83,690	83,690
Total	83,690	83,690	83,690	83,690

11.4 The market value of securities classified as held-to-maturity is Rs. 258 million (December 31, 2019: Rs. 258 million).

12 ADVANCES

Note	Performing		Non Performing		Total	
	March 31, 2020 Un-audited	December 31, 2019 Audited	March 31, 2020 Un-audited	December 31, 2019 Audited	March 31, 2020 Un-audited	December 31, 2019 Audited
Rupees in '000						
Loans, cash credits, running finances, etc.	69,392,077	71,248,276	12,222,505	11,976,290	81,614,582	83,224,566
Islamic financing and related assets	5,002,775	5,252,194	22,963,097	22,749,660	27,965,872	28,001,854
Bills discounted and purchased	659,971	1,007,349	3,113	3,113	663,084	1,010,462
Advances - gross	75,054,823	77,507,819	35,188,715	34,729,063	110,243,538	112,236,882
Provision against advances	12.3					
- Specific	-	-	6,718,134	6,077,627	6,718,134	6,077,627
- General	746,667	784,308	746,667	784,308	746,667	784,308
Advances - net of provision	74,308,156	76,723,511	28,470,581	28,651,436	102,778,737	105,374,947

March 31, 2020
Un-audited

December 31, 2019
Audited

Rupees in '000

110,243,538

-

110,243,538

12.1 Particulars of advances (gross)

In local currency
In foreign currencies

110,243,538

-

110,243,538

12.2 Advances include Rs. 35,189 million (December 31, 2019: Rs. 34,729 million) which have been placed under non-performing status as detailed below:

Category of classification - specific	March 31, 2020 - (Un-audited)		December 31, 2019 - Audited	
	Non Performing Loans	Provision	Non Performing Loans	Provision
Rupees in '000				
Domestic				
Substandard	1,053,505	118,117	1,543,094	196,926
Doubtful	5,710,823	732,218	4,911,888	516,582
Loss	28,424,387	5,867,799	28,274,081	5,364,119
Total	35,188,715	6,718,134	34,729,063	6,077,627

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

FOR THE QUARTER ENDED MARCH 31, 2020

12.3 Particulars of provision against non-performing advances:

Note	March 31, 2020 - (Un-audited)			December 31, 2019 - Audited			Rupees in '000
	Specific	General	Total	Specific	General	Total	
	Rupees in '000						
Opening balance	6,077,627	784,308	6,861,935	4,524,443	687,723	5,212,166	
Charge for the period / year	985,443	-	985,443	2,728,584	96,585	2,825,169	
Reversals for the period / year	(48,249)	(37,641)	(85,890)	(189,953)	-	(189,953)	
Amounts written off	937,194	(37,641)	899,553	2,538,631	96,585	2,635,216	
Closing balance	6,718,134	746,667	7,464,801	6,077,627	784,308	6,861,935	

12.3.1 The Bank recorded additional NPL's in 2019, by and large, arising out of the accounts of the borrowers engaged in the businesses of real estate/construction sector. This is mainly due to slow down in the businesses activities of these sectors, tax issues relating to these businesses and the ban on construction of high rise buildings in Karachi. However, a Letter of Interest (LOI) has been signed between the borrower and Federal Government Employee Housing Authority (FGEHA) for the sale of these underlying properties where substantial payment is expected shortly. Additionally, the government had announced a stimulus package to uplift and provide the necessary support to the real estate / construction sector. Based on these positive developments, bank is confident that the NPL's would be cured shortly.

12.3.2 It includes Islamic advances amounting to Rs. 20,160.95 million (2019: Rs. 20,160.95 million) to certain borrowers who are engaged in primarily general trading and real estate business, which are mainly secured against mortgage of underdeveloped/undeveloped properties. During the year 2019, the Bank has provided for the above said exposure in loss category as directed by the SBP resulting in provision of Rs.2,712.985 million after taking FSV benefit. Bank has recorded 20% provision amounted to Rs. 542.597 million in the year ending December 31, 2019, 15% provision amounted to Rs. 406.948 million in the period ending March 31, 2020 and 65% of the said provision amounting to Rs. 1,763.44 million will be recognized in period ending June 30, 2020, as directed by SBP vide its letter dated June 24, 2020.

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

12.3.4 As of March 31, 2020, the Bank has availed FSV benefits against all non performing advances. Had the benefit not been taken by the Bank, loss after tax would have been higher by Rs. 7,578 million (December 31, 2019: Rs. 5,738 million), which shall not be available for payment of cash or stock dividend / bonus to employees.

12.3.5 As per Prudential Regulation for consumer financing issued by the SBP, percentage of reserve is linked to non-performing loans to gross loans ratio. Consequently, the general provisioning on consumer financing is maintained at 4% (December 31, 2019: 4%) of unsecured portfolio of the Bank.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

FOR THE QUARTER ENDED MARCH 31, 2020

	March 31, 2020 Un-audited	December 31, 2019 Audited
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Note Rupees in '000

13 FIXED ASSETS

Capital work-in-progress	13.1	14,493	38,078
Property and equipment		1,637,756	1,685,262
Right-of-use assets		4,018,704	4,187,049
		5,670,953	5,910,389

13.1 Capital work-in-progress

Civil works		1,133	808
Advances to suppliers and contractors		13,360	37,270
		14,493	38,078

March 31, 2020 Un-audited	March 31, 2019 Un-audited
------------------------------	------------------------------

Rupees in '000

13.2 Additions to fixed assets

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

Capital work-in-progress	2,839	54,974
Property and equipment		
Furniture and fixture	2,925	8,053
Electrical, office and computer equipment	16,509	42,797
Vehicles	41,525	57,667
Leasehold Improvements	4,334	17,543
	65,293	126,060
Total	68,132	181,034

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
Electrical, office and computer equipment	111	38
Vehicles	9,114	8,642
Total	9,225	8,899

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

FOR THE QUARTER ENDED MARCH 31, 2020

	March 31, 2020		December 31, 2019		
	Un-audited	Audited	Un-audited	Audited	
	Rupees in '000				
14 INTANGIBLE ASSETS					
Capital work-in-progress	83,827	63,919			
Software	141,599	153,158			
	225,426	217,077			
14.1 Additions to intangible assets					
The following additions have been made to intangible assets during the period:					
Capital work-in-progress	20,492	5,885			
Software (directly purchased)	6,938	15,796			
Total	27,430	21,681			
15 DEFERRED TAX ASSETS					
Deductible Temporary Differences on					
- Tax losses carried forward	1,638,990	1,498,167			
- Post retirement employee benefits	2,713	2,713			
- Provision for diminution in value of investments	3,073	3,073			
- Provision against non-performing advances	2,797,700	2,658,631			
- Provision against Workers' Welfare Fund (WWF)	47,094	47,094			
- Provision against other assets	206,198	216,018			
- Depreciation on non-banking assets	90,801	86,113			
- Unabsorbed tax depreciation	593,885	566,867			
	5,380,454	5,078,676			
Taxable Temporary Differences on					
- Surplus on revaluation of investments	24 (1,147,342)	(98,390)			
- Surplus on revaluation of non-banking assets	24 (2,216)	(2,216)			
- Surplus on revaluation of fixed assets	24 (10,961)	(11,274)			
- Accelerated tax depreciation	24 (91,776)	(102,569)			
	(1,252,295)	(214,449)			
	4,128,159	4,864,227			
15.1	The Bank has an aggregate amount of deferred tax assets of Rs. 4,128 million (December 31, 2019: Rs. 4,864 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.				
16 OTHER ASSETS					
Income / mark-up accrued in local currency - net of provision					5,948,285
Income / mark-up accrued in foreign currency - net of provision					693
Accrued rent					394,018
Advances, deposits, advance rent and other prepayments					408,767
Profit paid in advance on fixed deposits					234,107
Advance taxation (payments less provisions)					1,534,960
Non-banking assets				16.2	9,875,564
Branch adjustment account					118,477
Mark to market gain on forward contracts					537,770
Acceptances					1,197,818
Receivable from sale of non-banking assets acquired in satisfaction of claims					286,850
Others					425,434
Less: Provision held against other assets				16.3	20,962,743
Other assets - net of provisions					(574,216)
Surplus on revaluation of non-banking assets				24	20,388,527
Other assets - total					31,789
					20,420,316
16.1 Market value of Non-banking assets acquired in satisfaction of claims					9,341,137
16.2 Non-banking assets					
- acquired in satisfaction of claims					6,066,412
- under agreement to sale third parties					3,759,295
- with buy back option with customers					49,857
					9,875,564
16.3 Provision held against other assets					
Non-banking assets acquired in satisfaction of claims					566,216
Others					8,000
					574,216
16.3.1 Movement in provision held against other assets					
Opening balance					602,274
Charge for the period / year					-
Reversals for the period / year					-
Net charge for the period / year					(21,000)
Reversal on disposal / write off					-
Closing balance					(21,000)
					(28,058)
					574,216
					602,274

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

FOR THE QUARTER ENDED MARCH 31, 2020

16.4 The non-banking assets acquired in satisfaction of claims (NBAs) aggregating to Rs. 9,341.14 million are currently un-developed and have been evaluated based on the valuation reports from the valuers on Pakistan Banks' Association list of approved valuers. The Bank's exposure exceeds the prescribed limit of 2.50% of aggregate advances and investments (excluding investment in Government securities) as prescribed by SBP under regulation Debt Property Swap.

17 ASSETS HELD FOR SALE

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. The proceeds of disposal are expected to exceed the net carrying amount of the relevant assets and liabilities and, accordingly, no impairment loss has been recognised on the classification of the asset as held for sale.

The Management considered the property to meet the criteria to be classified as held for sale at that date for the following reasons:

- The Property is available for immediate sale and can be sold in its current condition.
- The sale is expected to be completed before the end of financial year ending December 2020.
- The management is committed to a plan to sell and it is unlikely that plan will be significantly changed or withdrawn.

The particulars of the assets to be classified as held for sale and related liabilities are as follows:

	Cost	Accumulated Depreciation	Carrying Amount as at December 31, 2019
Rupees in '000			
Leasehold land	1,866,750	-	1,866,750
Building on freehold land	622,250	259,271	362,979
	2,489,000	259,271	2,229,729
Liability associated with assets classified as Held for sale			(118,500)
Net assets			2,111,229

18 BILLS PAYABLE

In Pakistan
Outside Pakistan

19 BORROWINGS

Secured

Borrowings from State Bank of Pakistan under export refinance scheme
Repurchase agreement borrowings

Total secured

Unsecured

Call borrowings
Trading liability
Overdrawn nostro accounts

Total unsecured

	March 31, 2020	December 31, 2019
	Un-audited	Audited
Rupees in '000		
	1,449,196	2,483,658
	1,449,196	2,483,658

	March 31, 2020	December 31, 2019
	Un-audited	Audited
Rupees in '000		
	1,524,311	1,712,901
	58,584,244	21,597,750
	60,108,555	23,310,651

	March 31, 2020	December 31, 2019
	Un-audited	Audited
Rupees in '000		
	-	1,289,553
	316,619	6,380,152
	126,146	992,875
	442,765	8,662,580
	60,551,320	31,973,231

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

FOR THE QUARTER ENDED MARCH 31, 2020

20 DEPOSITS AND OTHER ACCOUNTS

	March 31, 2020 - (Un-audited)			December 31, 2019 - Audited		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
Rupees in '000						
Customers						
Current deposits	23,765,294	5,016,337	28,781,631	21,547,734	4,788,979	26,336,713
Saving deposits	44,697,080	2,714,293	47,411,373	45,049,599	2,569,948	47,619,547
Term deposits	56,573,128	2,743,492	59,316,620	48,458,516	2,433,754	50,892,270
Margin deposits	896,974	-	896,974	1,680,068	-	1,680,068
Others	1,245,138	-	1,245,138	1,035,119	-	1,035,119
	127,177,614	10,474,122	137,651,736	117,771,036	9,792,681	127,563,717
Financial Institutions						
Current deposits	183,304	11,115	194,419	97,822	39,173	136,995
Saving deposits	20,354,873	21,803	20,376,676	17,442,933	20,229	17,463,162
Term deposits	999,590	96,021	1,095,611	3,600,447	89,192	3,689,639
	21,537,767	128,939	21,666,706	21,141,202	148,594	21,289,796
	148,715,381	10,603,061	159,318,442	138,912,238	9,941,275	148,853,513

21 SUBORDINATED DEBT

	Note	March 31, 2020 Un-audited	December 31, 2019 Audited
Rupees in '000			
Subordinated Term Finance Certificates	21.1	1,999,000	1,999,200
Subordinated Loan from Sponsors	21.2	207,218	126,218
		2,206,218	2,125,418
Rupees in '000			
The Bank has issued privately placed, unsecured and subordinated Term Finance Certificates (TFCs) as instruments of redeemable capital under section 66 of the Companies Act, 2017 and the Basel III guidelines issued by the SBP. The key features of the issue are as follows:			
Issue amount		Rs. 2,000 million	
Issue date		August 10, 2017	
Maturity date		Up to 8 years from date of issue	
Rating		(BBB+) by JCR-VIS Credit Rating Company Limited (Triple B Plus)	
Security		The instrument is unsecured and subordinated as to payment of principal and profit to all other indebtedness of the Bank, including deposits.	
Profit payment frequency		Profit will be payable semi-annually in arrears on the outstanding principal amount and will be calculated on a 365 day year basis.	
Redemption		0.14% of the issue amount during the first 7 years and remaining 99.86% in last two equal semi-annual installments of 49.93% each.	
Mark-up		6 months KIBOR plus 1.85% per annum	
Call option		The Bank may call TFCs in part or in full, after 5 years from date of issue on any profit payment date, subject to SBP approval and with not less than 30 days prior notice to the Trustee and Investors. The call option once announced will be irrevocable.	

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

FOR THE QUARTER ENDED MARCH 31, 2020

Lock-in-clause	As per the lock-in requirement for Tier II issues, neither profit nor principal will be payable (even at maturity) in respect of the TFC, if such payment will result in a shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) or results in an increase in any existing shortfall in MCR or CAR.		
Loss absorbency clause	The instrument will be subject to loss absorbency and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a point of non-viability event as defined by SBP's Basel III Capital Rule, the SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by fair value per share of the Bank's common equity on the date of trigger of the non-viability event as declared by the SBP, subject to a cap of 1,238,390,093 shares.		
21.2	Due to the lock-in-clause as mentioned in note 21.1 and as per SBP instructions, the Bank has received an unsecured and interest free subordinated loan from the sponsor in order to make the payment of the installment including profit thereon in respect of the above mentioned TFC's. Upon compliance with minimum capital requirement (CAR), this subordinated loan will be repaid to the Sponsor.		
	Note	March 31, 2020 Un-audited	December 31, 2019 Audited
22 OTHER LIABILITIES	Rupees in '000		
Mark-up / return / interest payable in local currency	1,410,053	1,041,287	
Mark-up / return / interest payable in foreign currencies	8,623	24,035	
Unearned commission and income on bills discounted	54,901	54,912	
Accrued expenses	419,765	377,682	
Acceptances	1,197,818	1,268,440	
Mark to market loss on forward contracts	258,848	422,803	
Branch adjustment account	-	12,582	
Payable to defined benefit plan - permanent staff	7,752	7,752	
Payable to defined benefit plan - contractual staff	54,305	50,060	
Provision against off-balance sheet obligations	116,012	116,012	
Workers' Welfare Fund (WWF)	134,504	134,504	
Advance received against future sale of non-banking assets	152,641	121,239	
Advance received against future sale of fixed assets	118,500	118,500	
Deferred income against non-banking assets	153,657	153,657	
Islamic pool management reserve	18,541	5,024	
Lease liability against right-of-use assets	4,229,255	4,297,275	
Non checking account	109,263	382,292	
PRI remitting account	60,296	58,945	
Fund received against application of Housing Scheme	97,921	149,570	
Others	667,498	683,802	
	9,270,153	9,480,373	
22.1 Provision against off-balance sheet obligations			
Opening balance	116,012	116,012	
Charge for the period / year	-	-	
Reversals for the period / year	-	-	
Amount written off	-	-	
Closing balance	116,012	116,012	

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

FOR THE QUARTER ENDED MARCH 31, 2020

	March 31, 2020 Un-audited	December 31, 2019 Audited		March 31, 2020 Un-audited	December 31, 2019 Audited	
			Number of shares in '000			
23 SHARE CAPITAL- NET			Ordinary shares in '000			
23.1 Authorised capital	10,500,000	10,500,000	Ordinary shares of Rs.10 each	105,000,000	105,000,000	
23.2 Issued, subscribed and paid up capital						
	9,081,861	9,081,861	Ordinary shares of Rs. 10 each	90,818,612	90,818,612	
	-	-	Fully paid in cash	(67,387,238)	(67,387,238)	
	9,081,861	9,081,861	Less: Discount on issue of shares	23,431,374	23,431,374	
24 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX						
Surplus on revaluation of						
- Available for sale securities	11.1	3,278,120	281,116			
- Fixed assets	15	54,591	55,485			
- Non-banking assets acquired in satisfaction of claims	16	31,789	31,789			
	3,364,500	368,390				
Deferred tax on surplus on revaluation of						
- Available for sale securities	15	(1,147,342)	(98,390)			
- Fixed assets	15	(10,961)	(11,274)			
- Non-banking assets acquired in satisfaction of claims	15	(2,216)	(2,216)			
	(1,160,519)	(111,880)				
	2,203,981	256,510				
25 CONTINGENCIES AND COMMITMENTS						
Guarantees	25.1	11,442,807	11,110,063			
Commitments	25.2	26,430,330	27,332,813			
Contingent liabilities	25.3	1,258,480	1,256,952			
	39,131,617	39,699,828				
25.1 Guarantees:						
Financial guarantees		59,940	59,940			
Performance guarantees		8,062,958	7,811,701			
Other guarantees		3,319,909	3,238,422			
	11,442,807	11,110,063				
25.2 Commitments:						
Documentary credits and short-term trade-related transactions						
- letters of credit	25.2.1	3,078,481	2,458,714			
Commitments in respect of:						
- forward foreign exchange contracts	25.2.2	15,464,392	23,463,537			
- forward government securities transactions		7,833,165	1,351,959			
Commitments for acquisition of:						
- operating fixed assets		7,191	633			
- intangible assets		47,101	57,970			
	26,430,330	27,332,813				

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

FOR THE QUARTER ENDED MARCH 31, 2020

	March 31, 2020 Un-audited	December 31, 2019 Audited
	Rupees in '000	
25.2.1 Commitments in respect of forward foreign exchange contracts		
Purchase	10,757,230	14,799,455
Sale	4,707,162	8,664,082
	15,464,392	23,463,537
25.2.2 Commitments in respect of forward government securities transactions		
Purchase	-	929,110
Sale	7,833,165	422,849
	7,833,165	1,351,959
25.2.3 The Bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.		
25.3 Contingent liabilities:		
Claims against the Bank not acknowledged as debt	1,222,840	1,221,312
Claims against the Bank by Competition Commission of Pakistan & others	35,640	35,640
	1,258,480	1,256,952
25.3.1 Suits for damages of Rs. 24.38 billion (December 31, 2019: Rs. 24.40 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	March 31, 2020 - (Un-audited)	
	Forward Contracts	
	Notional Principal	Mark to Market gain / (loss)
Counterparties	Rupees in '000	
Hedging		
- Banks	21,485,157	166,265
- Other entities	1,812,400	112,657
Total	23,297,557	278,922
	December 31, 2019 - Audited	
	Forward Contracts	
	Notional Principal	Mark to Market gain / (loss)
Counterparties	Rupees in '000	
Hedging		
- Banks	22,983,136	(362,050)
- Other entities	1,832,361	22,090
Total	24,815,497	(339,960)

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

FOR THE QUARTER ENDED MARCH 31, 2020

		Note	March 31, 2020 Un-audited Rupees in '000	March 31, 2019 Un-audited
27	MARK-UP / RETURN / PROFIT / INTEREST EARNED			
	On:			
a)	Loans and advances		3,427,460	3,806,648
b)	Investments		1,990,775	429,070
c)	Lendings to financial institutions		311,446	378,766
d)	Balances with banks		607	1,398
			5,730,288	4,615,882
28	MARK-UP / RETURN / PROFIT / INTEREST EXPENSED			
a)	Deposits		3,829,369	2,335,998
b)	Borrowings		1,490,471	430,968
c)	Subordinated debt		77,720	56,352
d)	Cost of foreign currency swaps against foreign currency deposits / borrowings		130,119	34,417
e)	Lease liability against right-of-use assets		113,445	-
f)	Others		4,752	2,591
			5,645,876	2,860,326
29	FEE & COMMISSION INCOME			
	Branch banking customer fees		48,049	39,062
	Card related fees (debit and credit cards)		353,159	279,342
	Credit related fees		108,639	73,812
	Commission on trade		52,184	52,376
	Commission on guarantees		18,781	18,312
	Commission on remittances including home remittances		3,714	4,441
	Commission on bancassurance		16,132	25,574
	Others		2,798	11,672
			603,456	504,591
30	GAIN / (LOSS) ON SECURITIES			
	Realised	30.1	873,335	(17,028)
	Unrealised - held for trading		48,842	-
			922,177	(17,028)
30.1	Realised gain / (loss) on:			
	Federal Government Securities		873,735	(17,028)
	Shares		(400)	-
			873,335	(17,028)
31	OTHER INCOME			
	Rent on property and non-banking assets		39,456	88,654
	Gain on sale of fixed assets - net		299	252
	(Loss) / gain on sale of non-banking assets - net		(21,404)	5,769
	Rent on lockers		5,898	4,431
	Postage, telex and other service charges recovered		14,447	3,702
	Early loan termination charges		19,586	16,594
			58,282	119,402

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

FOR THE QUARTER ENDED MARCH 31, 2020

	March 31, 2020 Un-audited	March 31, 2019 Un-audited
	Rupees in '000	Rupees in '000
32 OPERATING EXPENSES		
Total compensation expense	934,841	908,399
Property expense		
Rent & taxes	10,221	193,371
Insurance on non-banking assets acquired in satisfaction of claims	319	114
Utilities cost	41,694	48,995
Security (including guards)	36,758	33,326
Repair & maintenance (including janitorial charges)	21,096	20,586
Depreciation on buildings	23,639	33,910
Depreciation on right-of-use assets	168,345	-
Depreciation on non-banking assets acquired in satisfaction of claims	16,164	17,594
Professional charges	4,666	425
	322,902	348,321
Information technology expenses		
Software maintenance	49,092	40,554
Hardware maintenance	25,665	28,598
Depreciation	18,117	12,429
Amortisation	18,497	13,924
Website development charges	92	45
	111,463	95,550
Other operating expenses		
Directors' fees and allowances	-	5,700
Fees and allowances to Shariah Board	3,669	3,660
Legal & professional charges	34,735	82,019
Outsourced services costs	7,636	10,084
Travelling & conveyance	35,097	35,579
NIFT clearing charges	3,054	2,880
Depreciation	61,810	60,191
Training & development	5,298	10,186
Postage & courier charges	15,276	5,940
Communication	103,886	68,446
Stationery & printing	21,211	17,586
Marketing, advertisement & publicity	48,705	88,359
Auditors' remuneration	6,325	8,756
Insurance (including deposit protection)	29,992	45,120
Repairs & maintenance	21,691	23,522
Financial charges on leased assets	-	58
Brokerage and commission	3,122	2,179
Subscriptions and news papers	4,536	6,452
Entertainment	12,746	14,942
Vehicle running & maintenance	5,675	7,165
Card related expenses (debit and credit cards)	35,048	32,391
Security	5,766	7,629
Others	2,356	11,656
	467,634	550,500
	1,836,840	1,902,770
33 OTHER CHARGES		
Penalties imposed by State Bank of Pakistan	4	101,005
Operational loss	12,355	9,762
	12,359	110,767

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

FOR THE QUARTER ENDED MARCH 31, 2020

	March 31, 2020 Un-audited	March 31, 2019 Un-audited	Note	March 31, 2020 Un-audited	March 31, 2019 Un-audited
	Rupees in '000	Rupees in '000		Rupees in '000	Rupees in '000
34 PROVISIONS & WRITE OFFS - NET					
Provisions against loans & advances			12.3	899,553	388,706
Write offs against fixed assets				8	1,772
Recovery of written off / charged off bad debts				(42,949)	(44,060)
	856,612	346,418			
35 TAXATION					
Current				-	3,910
Prior years				-	-
Deferred				(312,571)	36,625
	(312,571)	40,535			
35.1	The income tax returns of the Bank have been submitted up to Tax Year 2019. The Bank has filed appeals before Appellate Tribunal Inland Revenue (ATIR) against certain disallowances amounting to Rs.1,996 million (December 31, 2019: 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, 2019: Rs.798 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 2019. 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 (LOSS) / EARNINGS PER SHARE					
(Loss) / profit after tax for the period				(580,501)	68,790
Weighted average number of ordinary shares				9,081,861	9,081,861
Basic and Diluted (Loss) / Earnings Per Share (Rupee)				(0.06)	0.01
37 CASH AND CASH EQUIVALENTS					
Cash and balance with treasury banks				12,018,975	10,116,662
Balance with other banks				1,145,541	258,042
	13,164,516	10,374,704			
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.					

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

FOR THE QUARTER ENDED MARCH 31, 2020

The Bank's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred. There were no transfers between levels 1 and 2 during the period.

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

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:

	March 31, 2020 - (Un-audited)				
	Carrying Value	Level 1	Level 2	Level 3	Total
Rupees in '000					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments:					
Federal Government Securities					
Market Treasury Bills	5,443,230	-	5,443,230	-	5,443,230
Pakistan Investment Bonds	72,907,831	-	72,907,831	-	72,907,831
GOP Ijarah Sukus	3,000,000	-	3,000,000	-	3,000,000
Bai Muajjal	257,658	-	257,658	-	257,658
Shares					
Listed companies	527,921	527,921	-	-	527,921
Non-Government Debt Securities					
Sukus - Listed	214,912	-	214,912	-	214,912
Term Finance Certificates - Listed	37,500	-	37,500	-	37,500
	82,389,052	527,921	81,861,131	-	82,389,052
Financial assets - disclosed but not measured at fair value					
Cash and balances with treasury banks	12,018,975	-	-	-	-
Balances with other banks	1,145,541	-	-	-	-
Lendings to financial institutions	13,796,311	-	-	-	-
Advances	102,778,737	-	-	-	-
Other assets	7,167,616	-	-	-	-
	136,907,180	-	-	-	-
	219,296,232	527,921	81,861,131	-	82,389,052
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	10,757,230	-	10,757,230	-	10,757,230
Forward sale of foreign exchange	4,707,162	-	4,707,162	-	4,707,162
Forward purchase of government securities transactions	-	-	-	-	-
Forward sale of government securities transactions	7,833,165	-	7,833,165	-	7,833,165

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

FOR THE QUARTER ENDED MARCH 31, 2020

December 31, 2019 - Audited				
Carrying Value	Level 1	Level 2	Level 3	Total
Rupees in '000				

On balance sheet financial instruments

Financial assets - measured at fair value

Investments:

Federal Government Securities

Market Treasury Bills	3,535,706	-	3,535,706	-	3,535,706
Pakistan Investment Bonds	29,084,354	-	29,084,354	-	29,084,354
GOP Ijarah Sukus	2,277,000	-	2,277,000	-	2,277,000
Bai Muajjal	257,658	-	257,658	-	257,658

Shares

Listed companies

693,897	693,897	-	-	693,897
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Non-Government Debt Securities

Sukus - Listed	227,354	-	227,354	-	227,354
Term Finance Certificates - Listed	37,500	-	37,500	-	37,500
	36,113,469	693,897	35,419,572	-	36,113,469

Financial assets - disclosed but not measured at fair value

Cash and balances with treasury banks

11,838,682	-	-	-	-	-
1,168,163	-	-	-	-	-
18,101,837	-	-	-	-	-
105,374,947	-	-	-	-	-
6,552,718	-	-	-	-	-
	143,036,347	-	-	-	-
	179,149,816	693,897	35,419,572	-	36,113,469

Off-balance sheet financial instruments - measured at fair value

Forward purchase of foreign exchange

14,799,455	-	14,799,455	-	14,799,455
8,664,082	-	8,664,082	-	8,664,082
929,110	-	929,110	-	929,110
422,849	-	422,849	-	422,849

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

Item	Valuation approach and input used
Market Treasury Bills and Pakistan Investment Bonds	Fair values are derived using the PKRV rates.
GOP Ijarah Sukus	Fair values of GOP Ijarah 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 corporate body for the purpose of raising funds in the form of redeemable capital are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by the State Bank of Pakistan.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

FOR THE QUARTER ENDED MARCH 31, 2020

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:

March 31, 2020 - (Un-audited)				
	Carrying Value	Level 1	Level 2	Level 3
Rupees in '000				
Fixed assets - land and buildings	183,221	-	183,221	183,221
Non-banking assets acquired in satisfaction of claims	9,341,137	-	9,341,137	9,341,137
	9,524,358	-	9,524,358	9,524,358
December 31, 2019 - Audited				
	Carrying Value	Level 1	Level 2	Level 3
Rupees in '000				
Fixed assets - land and buildings	186,146	-	186,146	186,146
Non-banking assets acquired in satisfaction of claims	9,438,705	-	9,438,705	9,438,705
	9,624,851	-	9,624,851	9,624,851

38.2.1 Certain categories of fixed assets (land and buildings) and non-banking assets acquired in satisfaction of claims are carried at revalued amounts (level 3 measurement) determined by professional valuers based on their assessment of the market values as disclosed in annual financial statements for the year ended December 31, 2019.

39 SEGMENT INFORMATION

Segment Details with respect to Business Activities

March 31, 2020- (Un-audited)				
	Consumer / SME	Whole Sale Banking	Treasury	Total
Rupees in '000				
Profit and Loss Account				
Net mark-up / return / profit	1,613,707	(1,519,814)	(9,481)	84,412
Inter segment revenue - net	-	-	-	-
Non Mark-up / Interest Income	558,306	131,770	1,038,251	1,728,327
Total Income	2,172,013	(1,388,044)	1,028,770	1,812,739
Segment direct expenses	(931,194)	(897,429)	(20,576)	(1,849,199)
Inter segment expense allocation	(344,467)	363,361	(18,894)	-
Total expenses	(1,275,661)	(534,068)	(39,470)	(1,849,199)
Provisions	(218,569)	(638,043)	-	(856,612)
Profit before tax	677,783	(2,560,155)	989,300	(893,072)
Statement of Financial Position				
Cash & Bank balances	-	2,995,673	10,168,843	13,164,516
Investments	-	158,680	82,362,253	82,520,933
Net inter segment lending	90,960,032	29,111,904	81,958,891	202,030,827
Lendings to financial institutions	824,258	145,457	12,826,596	13,796,311
Advances - performing	28,732,342	45,575,814	-	74,308,156
Advances - non-performing - net of provision	1,610,427	26,860,154	-	28,470,581
Others	909,931	31,762,480	2,172	32,674,583
Total Assets	123,036,990	136,610,162	187,318,755	446,965,907
Borrowings	568,661	1,144,240	58,838,419	60,551,320
Subordinated debt	-	2,206,218	-	2,206,218
Deposits & other accounts	97,236,419	62,082,023	-	159,318,442
Net inter segment borrowing	23,515,650	52,037,666	126,477,511	202,030,827
Others	1,730,354	8,814,083	174,912	10,719,349
Total Liabilities	123,051,084	126,284,230	185,490,842	434,826,156
Equity and surplus	(14,094)	10,325,932	1,827,913	12,139,751
Total Equity & Liabilities	123,036,990	136,610,162	187,318,755	446,965,907
Contingencies & Commitments	1,222,840	14,611,220	23,297,557	39,131,617

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

FOR THE QUARTER ENDED MARCH 31, 2020

March 31, 2019 - (Un-audited)

Consumer / SME	Whole Sale Banking	Treasury	Total
Rupees in '000			
1,660,822	117,983	(23,249)	1,755,556
-	-	-	-
488,307	162,355	65,293	715,955
2,149,129	280,338	42,044	2,471,511
(912,830)	(1,083,970)	(18,968)	(2,015,768)
(378,997)	409,236	(30,239)	-
(1,291,827)	(674,734)	(49,207)	(2,015,768)
(198,674)	(147,744)	-	(346,418)
658,628	(542,140)	(7,163)	109,325

December 31, 2019- Audited

Consumer / SME	Whole Sale Banking	Treasury	Total
Rupees in '000			
-	3,435,857	9,570,988	13,006,845
-	275,692	35,969,658	36,245,350
86,565,401	19,779,983	78,082,280	184,427,664
765,636	135,112	17,201,089	18,101,837
31,071,521	45,651,990	-	76,723,511
1,649,619	27,001,817	-	28,651,436
929,772	32,151,609	(122,280)	32,959,101
120,981,949	128,432,060	140,701,735	390,115,744
574,507	1,138,394	30,260,330	31,973,231
-	2,125,418	-	2,125,418
93,990,095	54,863,418	-	148,853,513
24,192,373	47,086,257	113,149,034	184,427,664
2,224,974	9,615,168	123,889	11,964,031
120,981,949	114,828,655	143,533,253	379,343,857
-	13,603,406	(2,831,519)	10,771,887
120,981,949	128,432,061	140,701,734	390,115,744
1,221,312	13,663,020	24,815,496	39,699,828

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

40 RELATED PARTY TRANSACTIONS

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

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

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

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

FOR THE QUARTER ENDED MARCH 31, 2020

	March 31, 2020 - (Un-audited)				December 31, 2019 - Audited			
	Directors	Key management personnel	Associates	Other related parties	Directors	Key management personnel	Associates	Other related parties
Rupees in '000								
Balances								
Investments								
Opening balance	-	-	131,881	416,226	-	-	126,654	112,246
Investment made / share profit during the period / year	-	-	-	3,188	-	-	5,227	604,099
Investment redeemed / disposed off during the period / year	-	-	-	(2,150)	-	-	-	(300,119)
Closing balance	-	-	131,881	417,264	-	-	131,881	416,226
Advances								
Opening balance	22,342	9,925	-	2,312,557	9,085	7,456	-	1,122,873
Addition during the period / year	14,195	19,716	-	75,293	79,858	205,357	-	4,595,664
Repaid during the period / year	(24,639)	(21,105)	-	(89,599)	(66,601)	(202,888)	-	(3,405,980)
Closing balance	11,898	8,536	-	2,298,251	22,342	9,925	-	2,312,557
Provision held against advances	-	-	-	130,608	-	-	-	130,608
Other Assets								
Interest / mark-up accrued	520	129	-	120,326	872	200	-	123,213
Insurance claim receivable	-	-	6,215	-	-	-	9,778	-
Prepaid insurance	-	-	12,485	-	-	-	604	-
Subordinated debt								
Opening balance	-	-	-	126,218	-	-	-	-
Issued / purchased during the period / year	-	-	-	81,000	-	-	-	126,218
Redemption during the period / year	-	-	-	-	-	-	-	-
Closing balance	-	-	-	207,218	-	-	-	126,218
Deposits and other accounts								
Opening balance	7,076	85,006	41,608	1,488,688	5,620	64,292	18,256	2,023,685
Received during the period / year	130,415	143,398	64,475	1,654,832	267,826	1,159,796	262,582	10,895,222
Withdrawn during the period / year	(133,118)	(152,525)	(63,375)	(1,610,265)	(266,370)	(1,139,082)	(239,230)	(11,430,219)
Closing balance	4,373	75,879	42,708	1,533,255	7,076	85,006	41,608	1,488,688
Other Liabilities								
Interest / mark-up payable	12	153	1,035	19,266	-	-	743	9,152
Contingencies and Commitments								
Other contingencies	-	-	-	-	-	-	-	-
Rupees in '000								
Transactions								
Income								
Mark-up / return / interest earned	520	447	-	84,835	206	436	-	37,322
Net gain on sale of securities	-	-	-	866	-	-	-	-
Expense								
Mark-up / return / interest paid	80	692	767	40,305	82	665	305	29,602
Services rendered	-	-	-	-	-	-	-	36,485
Short term employment benefits	30,512	100,366	-	-	29,220	84,252	-	-
Contribution to Defined Benefit Plan	1,402	3,381	-	-	1,291	2,898	-	-
Meeting fee	-	-	-	-	5,700	-	-	-
Insurance premium paid	-	-	24,032	-	-	-	9,524	-
Insurance claims settled	-	-	2,861	-	-	-	2,549	-

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

FOR THE QUARTER ENDED MARCH 31, 2020

	March 31, 2020 Un-audited	December 31, 2019 Audited
	Rupees in '000	Rupees in '000
41 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	9,114,880	9,694,487
Capital Adequacy Ratio (CAR):		
Eligible Common Equity Tier 1 Capital	6,400,538	6,331,077
Eligible Additional Tier 1 Capital	-	-
Total Eligible Tier 1 Capital	6,400,538	6,331,077
Eligible Tier 2 Capital	2,666,891	2,637,949
Total Eligible Capital (Tier 1 + Tier 2)	9,067,429	8,969,026
Risk Weighted Assets (RWAs):		
Credit Risk	138,265,560	138,592,235
Market Risk	2,920,372	1,673,780
Operational Risk	14,214,926	14,214,926
Total	155,400,858	154,480,941
Common Equity Tier 1 Capital Adequacy ratio	4.12%	4.10%
Tier 1 Capital Adequacy Ratio	4.12%	4.10%
Total Capital Adequacy Ratio	5.83%	5.81%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	6,400,538	6,331,077
Total Exposures	259,587,518	219,608,606
Leverage Ratio	2.47%	2.88%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	45,345,153	36,648,252
Total Net Cash Outflow	46,168,957	41,719,855
Liquidity Coverage Ratio	98.22%	87.84%
Net Stable Funding Ratio (NSFR):		
Total Available Stable Funding	153,101,456	133,214,604
Total Required Stable Funding	128,269,863	132,679,684
Net Stable Funding Ratio	119.36%	100.40%

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

FOR THE QUARTER ENDED MARCH 31, 2020

42 ISLAMIC BANKING BUSINESS

The Bank is operating with 30 Islamic Banking branches at the end of March 31, 2020 (December 31, 2019: 30).

The statement of financial position of these branches as at March 31, 2020 are as follows:

	Note	March 31, 2020 Un-audited	December 31, 2019 Audited		
		Rupees in '000			
ASSETS					
Cash and balances with treasury banks					
Cash and balances with treasury banks		2,141,292	2,142,308		
Balances with other banks		66,606	540,286		
Due from financial institutions	42.1	2,794,643	5,478,118		
Investments	42.2	2,257,658	257,658		
Islamic financing and related assets - net	42.3	27,005,870	27,448,800		
Fixed assets		1,369,668	1,414,903		
Intangible assets		3,719	2,972		
Due from Head Office		4,982,453	-		
Other assets		989,268	985,608		
Total assets		41,611,177	38,270,653		
LIABILITIES					
Bills payable		131,770	133,503		
Due to financial institutions		87,947	-		
Deposits and other accounts	42.4	37,922,881	33,274,825		
Due to Head Office		-	154,880		
Other liabilities		1,595,446	1,572,884		
Total liabilities		39,738,044	35,136,092		
NET ASSETS					
REPRESENTED BY		1,873,133	3,134,561		
Islamic banking fund		6,625,000	6,625,000		
Reserves		-	-		
Surplus on revaluation of assets		15,894	-		
Accumulated loss	42.5	(4,767,761)	(3,490,439)		
CONTINGENCIES AND COMMITMENTS	42.6	1,873,133	3,134,561		

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

FOR THE QUARTER ENDED MARCH 31, 2020

The profit and loss account of the Bank's Islamic banking branches for the quarter ended March 31, 2020 is as follows:

	Note	March 31, 2020 Un-audited	March 31, 2019 Un-audited
		Rupees in '000	Rupees in '000
Profit / return earned			
Profit / return expensed			
Net (loss) / profit / return	42.7	334,567	898,162
(1,014,944)			
	42.8	(680,377)	(682,503)
Other Income			
Fee and commission income		4,731	3,424
Foreign exchange loss		(152,521)	(20,393)
Income from derivatives		157,592	37,592
Gain on securities		9,506	158
Other income		4,299	3,137
Total other income		23,607	23,918
Total (loss) / income			
		(656,770)	239,577
Other expenses			
Operating expenses		(212,879)	(198,730)
Workers Welfare Fund		-	(817)
Other charges		(725)	(8)
Total other expenses		(213,604)	(199,555)
(Loss) / profit before provisions			
Provisions and write offs - net		(870,374)	40,022
(Loss) / profit for the period		(406,948)	-
		(1,277,322)	40,022

March 31, 2020 - (Un-audited)			December 31, 2019 - Audited		
In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
Rupees in '000					

42.1 Due from Financial Institutions

Bai Muajjal receivable from State Bank of Pakistan	-	2,794,643	3,449,975	-	3,449,975
Bai Muajjal receivable from other financial institutions	-	-	2,028,143	-	2,028,143
	2,794,643	-	2,794,643	5,478,118	-

March 31, 2020 - (Un-audited)				December 31, 2019 - Audited			
Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Rupees in '000							

42.2 Investments by segments:

Federal Government Securities:			
Ijarah Sukuks	-	15,894	2,000,000
Bai Muajjal	-	-	257,658
Total Investments	2,241,764	15,894	2,257,658

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

FOR THE QUARTER ENDED MARCH 31, 2020

	Note	March 31, 2020 Un-audited	December 31, 2019 Audited
		Rupees in '000	
42.3 Islamic financing and related assets - net			
Murabaha		2,871,403	2,876,403
Musawammah		127,343	127,343
Diminishing Musharaka		24,967,126	24,998,108
Gross Islamic financing and related assets	12	27,965,872	28,001,854
Less: provision against Islamic financings			
- Specific		(960,002)	(553,054)
- General		-	-
Islamic financing and related assets - net of provision		(960,002)	(553,054)
		27,005,870	27,448,800

42.3.1 Advances include Rs.22,963 million (December 31, 2019: Rs. 22,750 million) which have been placed under non-performing status as detailed below:

Category of classification - specific	March 31, 2020 - (Un-audited)		December 31, 2019 - Audited	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	Rupees in '000			
Domestic				
Substandard	213,435	-	42,875	-
Doubtful	505,377	-	462,500	-
Loss	22,244,285	960,002	22,244,285	553,054
Total	22,963,097	960,002	22,749,660	553,054

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 It includes Islamic advances amounting to Rs. 20,160.95 million (2019: Rs. 20,160.95 million) to certain borrowers who are engaged in primarily general trading and real estate business, which are mainly secured against mortgage of underdeveloped / undeveloped properties. During the year 2019, the Bank has provided for the above said exposure in loss category as directed by the SBP resulting in provision of Rs.2,712.985 million after taking FSV benefit. Bank has recorded 20% provision amounted to Rs. 542.597 million in the year ending December 31, 2019, 15% provision amounted to Rs. 406.948 million in the period ending March 31, 2020 and 65% of the said provision amounting to Rs. 1,763.44 million will be recognized in period ending June 30, 2020, as directed by SBP vide its letter dated June 24, 2020.

42.3.4 As of March 31, 2020, the Bank has availed FSV benefits against all non-performing advances. Had the benefit not been taken by the Bank, loss would have been higher by Rs.8,486 million (December 31, 2019: Rs.5,804 million), which shall not be available for payment of cash or stock dividend / bonus to employees.

42.4 Deposits

	March 31, 2020 - (Un-audited)			December 31, 2019 - Audited		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	Rupees in '000					
Customers						
Current deposits	2,352,086	476,578	2,828,664	2,232,796	613,408	2,846,204
Saving deposits	11,774,864	490,231	12,265,095	13,564,144	368,203	13,932,347
Term deposits	6,395,624	966,898	7,362,522	5,217,006	881,603	6,098,609
Margin deposits	31,700	-	31,700	30,700	-	30,700
Others	89,190	-	89,190	76,557	-	76,557
	20,643,464	1,933,707	22,577,171	21,121,203	1,863,214	22,984,417
Financial Institutions						
Current deposits	20,352	282	20,634	29,206	6,667	35,873
Saving deposits	15,073,976	-	15,073,976	10,053,435	-	10,053,435
Term deposits	251,100	-	251,100	201,100	-	201,100
	15,345,428	282	15,345,710	10,283,741	6,667	10,290,408
	35,988,892	1,933,989	37,922,881	31,404,944	1,869,881	33,274,825

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UN-AUDITED

FOR THE QUARTER ENDED MARCH 31, 2020

	Note	March 31, 2020 Un-audited	December 31, 2019 Audited
		Rupees in '000	
42.5 Islamic Banking Business (Accumulated loss) / Unappropriated Profit			
Opening Balance		(3,490,439)	1,098,279
Add: Islamic Banking loss for the period / year		(1,277,322)	(4,588,718)
Closing Balance		(4,767,761)	(3,490,439)
42.6 Contingencies and Commitments			
Guarantees		606,065	563,350
Commitments		1,501,041	2,046,818
		2,107,106	2,610,168

42.7 Profit / return earned of financing, investments and placement

Profit earned on:	March 31, 2020 Un-audited	March 31, 2019 Un-audited
Financing	176,508	822,810
Investments	37,737	23,972
Due from Financial Institutions	120,322	51,380
	334,567	898,162

42.8 Profit on Deposits and other Dues Expensed

Deposits and other accounts	March 31, 2020 Un-audited	March 31, 2019 Un-audited
Due to Financial Institutions	942,651	669,114
Cost of foreign currency swaps against foreign currency deposits / borrowings	-	6,648
Lease liability against right-of-use assets	41,329	6,741
	30,964	-
	1,014,944	682,503

43 GENERAL

43.1 Corresponding figures have been rearranged / reclassified to reflect more appropriate presentation.

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

44 NON-ADJUSTING EVENTS AFTER THE REPORTING DATE

There are no adjusting events that are required to be adjusted or disclosed in the financial statements.

45 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on June 30, 2020 by the Board of Directors of the Bank.

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

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(021) 32760530
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Noreen Sultan
Branch Manager
PECHS Branch
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Fax: (021) 34392040

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Salman Aslam
Branch Manager
Gulshan Chowangi Branch</b

FOREIGN CORRESPONDENTS

AFGHANISTAN	CZECH REPUBLIC	ITALY	MAURITIUS	SINGAPORE	SRI LANKA	U.A.E.	U.S.A.
Habib Bank Ltd.	Commerzbank AG LBW Bank	Commerzbank AG Royal Bank of Scotland Banca Di Roma S.P.A. Banco Di Napoli S.P.A. Banco Popolare SOC	Habib Bank Ltd.	Bank of America DBS Bank Commerzbank AG Citibank N.A. BNP Paribas Fortis Bank	Muslim Commercial Bank Ltd. Habib Bank Ltd. Hatton National Bank Axis Bank	Citibank N.A. Dubai Islamic Bank Emirates NBD Bank Emirates Islamic Bank United Bank Ltd. Habib Bank Ltd. Mashreq Bank PSC	Bank of America Bank of New York Mellon Bank of the West Citibank N.A. Commerzbank AG Deutsche Bank Trust Co. Doha Bank Habib American Bank Intesa Sanpaolo SPA JP Morgan Mashreqbank PSC
AUSTRALIA	DENMARK	EGYPT	MOROCCO	NEPAL	NETHERLANDS	SWEDEN	
JP Morgan Westpac Banking Corp.	Danske Bank A/S	Mashreqbank PSC Al Baraka Bank Egypt	Attijariwafa Bank	Himalayan Bank Ltd.	Commerzbank AG Habib Bank Ltd. ING Bank	Skandinaviska Enskilda Banken Svenska Handelsbanken Danske Bank	
AUSTRIA	EGYPT	FINLAND	NEPAL	NETHERLANDS	NORWAY	SWITZERLAND	
Raiffeisen Bank International AG Commerzbank		Skandinaviska Enskilda Banken	Himalayan Bank Ltd.	Commerzbank AG Habib Bank Ltd. UniCredit Banca S.P.A.	DNB Nor Bank ASA	Banque Cantonale Vaudoise Habib Bank AG Zurich BNP Paribas Fortis Bank	
BAHRAIN	FRANCE	FINLAND	NETHERLANDS	NORWAY	NEW ZEALAND	SOUTH AFRICA	
Al Baraka Islamic Bank BMI Bank B.S.C. Habib Bank Ltd. United Bank Ltd. National Bank of Pakistan Kuwait Turkish Participation Bank Inc.	Commerzbank National Bank of Pakistan Habib Bank Ltd.	Skandinaviska Enskilda Banken	Commerzbank AG Habib Bank Ltd. UniCredit Banca S.P.A.	DNB Nor Bank ASA	Westpac Banking Corporation	Habib Overseas Bank Ltd. HBZ Bank Ltd. FirstRand Bank	
BANGLADESH	GERMANY	JAPAN	OMAN	NEW ZEALAND	OMAN	SERBIA	
Habib Bank Ltd. Bank Alfarah Sonali Bank Ltd.	Commerzbank AG Danske Bank Deutsche Bank AG National Bank of Pakistan SEB AG	National Bank of Pakistan Citibank Bank of New York JP Morgan Mizuho Corporate Bank Ltd.	Habib Bank Ltd. Oman International Bank Bank Muscat	Westpac Banking Corporation	Westpac Banking Corporation	UniCredit Bank AG	
BELGIUM	GERMANY	JAPAN	POLAND	OMAN	OMAN	SLOVAKIA	
Habib Bank Ltd. Commerzbank AG KBC Bank N.V	Commerzbank National Bank of Pakistan SEB AG	Landesbank Baden-Wurttemberg Suedwestbank AG	Nordea Bank Polska S.A.	Habib Bank Ltd. Oman International Bank Bank Muscat	Nordea Bank Polska S.A.	Commerzbank AG	
BRAZIL	HUNGARY	KAZAKHSTAN	POLAND	OMAN	OMAN	SPAIN	
JP Morgan	K&H Bank Zrt Magyarorszagi Volksbank RT	BTA Bank JSC	Nordea Bank Polska S.A.	Habib Bank Ltd. Oman International Bank Bank Muscat	Nordea Bank Polska S.A.	Commerzbank Fortis Bank S.A. Banco Popular Espanol, S.A.	
BULGARIA	HUNGARY	KUWAIT	PHILIPPINES	OMAN	OMAN	SPAIN	
United Bulgarian Bank		Gulf Bank K.S.C. Al Ahli Bank of Kuwait K.S.C.	JP Morgan Mizuho Corporate Bank	Habib Bank Ltd. Oman International Bank Bank Muscat	Nordea Bank Polska S.A.	Bank of Ayudhya Public Company Ltd. Export Import Bank of Thailand	
CANADA	HONG KONG	KUWAIT	PORTUGAL	OMAN	OMAN	TURKEY	
Habib Canadian Bank	Bank of America BNP Paribas Fortis Bank DBS Bank Commerzbank Habib Finance Int'l Ltd. HBZ Finance Ltd.	Al Ahli Bank of Kuwait K.S.C. National Bank of Kuwait	Banco BPI S.A.	Habib Bank Ltd. Oman International Bank Bank Muscat	Nordea Bank Polska S.A.	Habib Bank Ltd. Turkiye Vakiflar Bankasi T.A.O	
CHINA	HONG KONG	KUWAIT	QATAR	OMAN	OMAN	TURKEY	
Agricultural Bank of China Commerzbank AG Bank of Beijing Bank of Jiangsu Co. Ltd. Bank of Communication China Citic Bank Shanghai Pudong Development Bank Bank of China China Construction Bank China Everbright Bank Industrial and Comm'l Bank of China Laishang Bank Co. Ltd. JP Morgan Shenzhen Development Bank Co. Ltd. Bank of New York Mellon Wells Fargo Bank WestLB AG Axis Bank	Bank of America BNP Paribas Fortis Bank DBS Bank Commerzbank Habib Finance Int'l Ltd. HBZ Finance Ltd. Intesa Sanpaolo National Bank of Pakistan Mashreqbank PSC JP Morgan Axis Bank WestLB AG	Korea Exchange Bank Korea Development Bank Kookmin Bank JP Morgan National Bank of Pakistan Shinhan Bank Suhyup Bank Busan Bank Woori Bank	United Bank Limited Doha Bank BNP Paribas Fortis Bank Mashreqbank PSC	Habib Bank Ltd. Oman International Bank Bank Muscat	Nordea Bank Polska S.A.	Turkiye Garanti Bankasi AS Turk Ekonomi Bankasi AS Albaraka Turk Participation Bank Aktif Yatirim Bankasi	
INDIA	KOREA	KOREA	ROMANIA	OMAN	OMAN	U.S.A.	
Mashreqbank PSC JP Morgan Axis Bank	Mashreqbank PSC JP Morgan Axis Bank	Korea Exchange Bank Korea Development Bank Kookmin Bank JP Morgan National Bank of Pakistan Shinhan Bank Suhyup Bank Busan Bank Woori Bank	Piraeus Bank	Habib Bank Ltd. Oman International Bank Bank Muscat	Nordea Bank Polska S.A.	Citibank Commerzbank AG	
INDONESIA	KOSOVO	KOREA	RUSSIA	OMAN	OMAN	U.S.A.	
JP Morgan	Raiffeisen Bank	Korea Exchange Bank Korea Development Bank Kookmin Bank JP Morgan National Bank of Pakistan Shinhan Bank Suhyup Bank Busan Bank Woori Bank	Citibank Commerzbank AG	Habib Bank Ltd. Oman International Bank Bank Muscat	Nordea Bank Polska S.A.	Citibank N.A. Dubai Islamic Bank Emirates NBD Bank Emirates Islamic Bank United Bank Ltd. Habib Bank Ltd. Mashreq Bank PSC	
IRELAND	LEBANON	KOSOVO	SAUDI ARABIA	OMAN	OMAN	U.S.A.	
National Irish Bank	Habib Bank Ltd.	Raiffeisen Bank	JP Morgan National Commercial Bank Saudi Hollandi Bank	Habib Bank Ltd. Oman International Bank Bank Muscat	Nordea Bank Polska S.A.		
MEXICO	MALAYSIA	LEBANON	MALAYSIA	OMAN	OMAN		
	Banco Del Bajio S.A. Banco JP Morgan	Habib Bank Ltd.	JP Morgan National Bank of Pakistan The Saudi British Bank	Habib Bank Ltd. Oman International Bank Bank Muscat	Nordea Bank Polska S.A.		

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