

TRANSCENDING
towards
EXCELLENCE

Half Yearly Report
2018

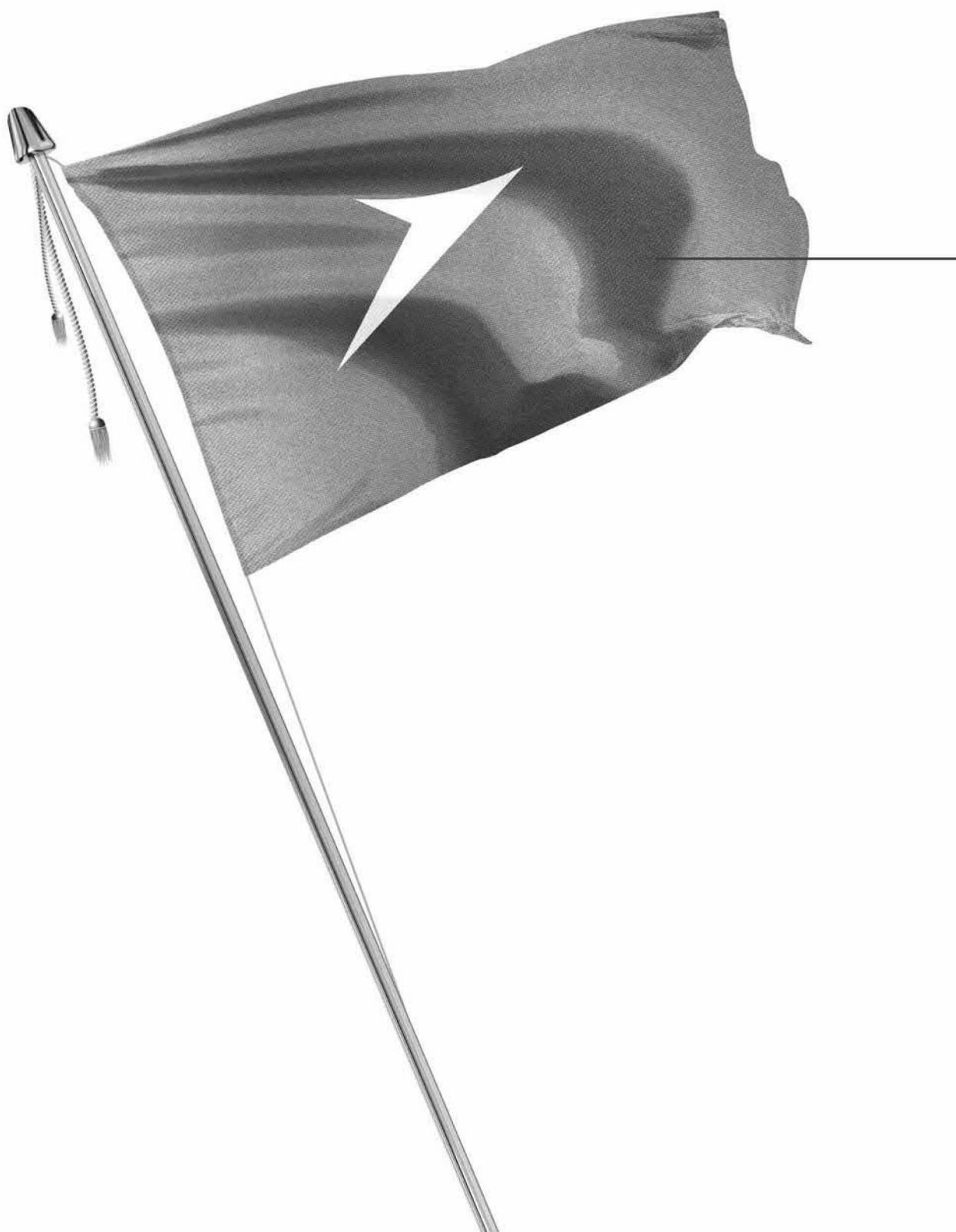


TRANSCENDING towards **EXCELLENCE**

Embedding our values in our services, we have transcended in our journey towards excellence, achieving a remarkable status at the end of the Half Year of 2018. This reflects our continuous dedication and top-notch innovative banking services in premium banking.

Our products symbolize reliability and diversity coupled with strength and integrity, with which, we are rising towards our destined benchmark of *Excellence*.





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 for us to be recognized as an innovative organization.

Meritocracy

Merit remains our key primary criteria for rewarding performance.

Humility

Humility remains at the core of all our relationships.

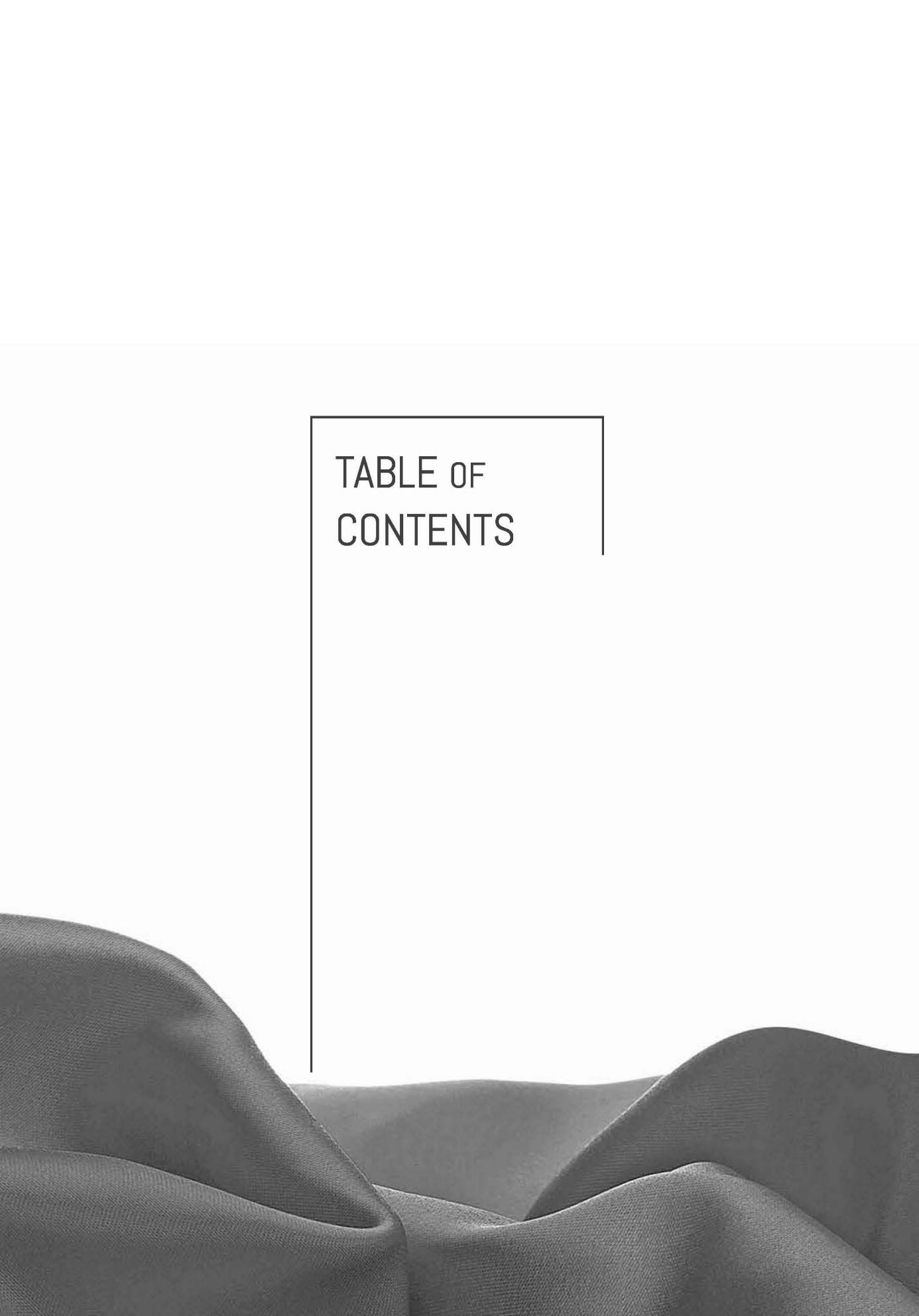


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CORPORATE INFORMATION

PENNING SUCCESS

A proficient team with high ambitions can turn simple into magnificent. Such a team exists along the corporate ladder of Silkbank that has worked day and night to transcend in its journey towards excellence. Courtesy of their hard work, the Bank has borne fruitful results at the Half Year of 2018, turning aspirations into reality.

CORPORATE INFORMATION

AS AT JUNE 30, 2018

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

Company Secretary	
Faiz Ul Hasan Hashmi	

Chief Financial Officer	
Khurram Khan	

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

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

IT Committee	
Nasim Beg	Chairman
Zubair Nawaz Chattha	Member
Asrar Hussain	Secretary

Human Resources Committee

Khalid Aziz Mirza	Chairman
Munnawar Hamid, OBE	Member
Rashid Akhtar Chughtai	Member
Goharulayn Afzal	Acting Secretary

Auditors

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

Legal Advisor

Ghani Law Associates

Registered Office

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

Direct Tel: (051) 26080-26-27-28,
PABX: (051) 26080-77-78-79 Ext: 111
Fax: (051) 26080-29

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

Share Registrar

Central Depository Company of Pakistan Limited (CDCPL)

Share Registrar Department
CDC House, 99-B, Block 'B',
S.M.C.H.S., Main Shahra-e-Faisal,
Karachi-74400.

Tel: Customer Support Services (Toll Free) 0800-CDCPL (23275)
Fax: (92-21) 34326053
Email: info@cdcpak.com
Website: www.cdcPakistan.com



REPORTS AND STATEMENTS TO THE MEMBERS

A DISTINCT STATURE

Years of best practices have earned us a high status in terms of growth, progress and leadership, reflecting well in the Half Yearly Reports and Statements of 2018. With a profitable portfolio representing our success, we have proudly transcended in our journey towards excellence.

DIRECTOR'S REPORT

DIRECTORS' REVIEW REPORT

AS OF JUNE 30, 2018

Dear Shareholders,

We are pleased to present the financial statements of the Bank for the half year ended June 30, 2018.



Economic Review

Economic growth remains robust ahead of the recent general elections. However, growth is likely to slow down this year due to spiraling inflation and heightened external risks. Moreover, large macroeconomic imbalances will continue to weigh on potential growth. According to the Asian Development Bank (ADB), Pakistan's economy is expected to slow down to 5.1% due to rising external account pressures, despite five years of an upward trend.

Pakistan witnessed a 5.5 percent GDP growth in FY-18, driven by a strong domestic consumption. The domestic demand was driven by powerful credit growth and investment. Recovery was also witnessed in agricultural production on return of normal monsoon rains. It is expected that exports would show some recovery due to rising investment and the country's construction and services sectors will record an upward trend.

One of the main concerns of the country in FY-18 and also going into FY-19 is widening current account deficit and securing adequate financing to contain depletion of foreign exchange reserves. Pakistan recorded a current account deficit of USD 5,798 million in the second quarter of 2018, which is highest in the last many months. Whereas, the consolidated federal and provincial budget deficits climbed to 5.8% of GDP. With new government formation, it is expected that budget deficit would be contained in FY-19, mainly in the non-developmental expenditure. However, the new government would have to face larger current account deficit, decline in economic growth and dwindling official foreign currency reserves.

Banking Sector

The growth in private sector credit continued in FY-18 as well and was one of the most encouraging developments which contributed significantly to achieving the real GDP growth. Though the policy rate was changed from 6.50% in the last Monetary Policy to 7.50%, the rate is still much favorable for further credit offtake. Hence, the outlook for banks in Pakistan looks stable over the next 12-18 months.

Financial Performance

The Bank has posted after tax Profit of Rs. 745.91 million for the period ended June 30, 2018.

During this period, total deposits of the Bank grew by Rs. 15.09 billion to Rs. 125.36 billion and gross advances increased by Rs. 8.18 billion.

Summarized financial performance of Silkbank Limited for the Half Year ended June 30, 2018 is as follows:

Financial Performance	Rs. in million
Profit before Tax	1,073.22
Tax - Current	(38.18)
Prior	-
Deferred	(289.13)
Profit after Tax	745.91
	Rupee
Earnings per share - Basic	0.08
Earnings per share - Diluted	0.08



Business Performance

Branch Banking

Branch Banking remains one of the most critical businesses for the Bank, serving over 162,367 customers, and consisting of approximately 61.79% of the Bank's deposit base. Branch Banking deposit remained ahead against budget during the first half of 2018 due to maintaining a positive momentum right from the beginning. Accordingly, total deposits of the Bank as at June 30, 2018 increased by Rs. 11.344 billion, taking the overall

deposit figure to Rs. 77.460 billion. This includes a significant growth of 44% in CASA, amounting to Rs. 4.979 billion (Rs. 4.045 billion (36%) in Current and Rs. 0.934 billion (8%) in Savings). This also enabled Branch Banking deposit to remain ahead on budgeted target by Rs. 3.717 billion.

The trajectory seems to be heading in the right direction and we hope to see Branch Banking produce even better results by the end of the year.



■ All-In-One Account

This provides insurance coverage on ATM & over-the-counter cash snatching, mobile phone & vital documents snatching, home burglary and further allows special auto-insurance rate, and now has more than 5,138 customers with a deposit base of Rs. 2.587 billion.



■ Business Value Account

Business Value Account, a Current Account specifically designed for businessmen providing inventory insurance for up to Rs. 10 million, has a deposit base of Rs. 472 million with 874 customers.

■ Online Express

Online Express, a Current Account allowing unlimited transactions across the country absolutely free, has a total deposit of Rs. 16.094 billion with 79,810 customers.

■ Munafa Rozana

Munafa Rozana, a unique Savings Account which pays profit in cash daily, has a deposit base of Rs. 4.063 billion with 10,211 customers.

■ ADC Business

Silkbank VISA Debit Card ("VDC") continued to show steady growth during 2018, where 17,519 new VDCs were issued during Jan-Jun of 2018, increasing the total card base to 120,913. During Jan-June, VDC usage over Point of Sales (POS) recorded a spent of Rs. 728.55 million against 188,059 transactions, reflecting a growth of 19% & 15% respectively as compared to the same period of 2017, with the ever highest POS monthly spent of Rs. 136.24 million during June, 2018. Silkbank ATMs dispensed a cash volume of Rs. 9.99 billion through 910,545 transactions during Jan-Jun, 2018 with a monthly usage of Rs. 1.66 billion. ATMs cash dispensed volume & number of transactions recorded a growth of 18% & 14% respectively over the comparative period of 2017.

■ Alternate Distribution & e-delivery Channels

Alternate Distribution & e-delivery Channels have added value to the product offerings of the Bank and have enhanced the reach / accessibility of its banking services. SilkMobile registrations have reached to 40,167 customers, where new features are continuously being added to attract more customers towards greater usage of its digital platform.

■ Bancassurance

Bancassurance segment of the Bank registered a business growth of Rs. 62.23 million as at June 30, 2018. Total revenue generated amounted to Rs. 35.89 million as at June 30, 2018, whereas, YTD cancellation remained at 1%. Productivity per branch also increased significantly through a sales drive, "Participation from All".



Consumer Banking

Silkbank is offering a combination of both secured and unsecured products through its Consumer Banking Division. All of these products have performed above expectations and have contributed positively in profitability of Consumer Banking Division for the last couple of years, and this momentum continued in the first half year of 2018 as well.

Unsecured

Silkbank's unsecured portfolio comprising of Personal Loan, Ready Line and Credit Cards continued to build the momentum right from the start of 2018, and have seen greater heights and new milestones related to profitability and ENR growth during the first half year of 2018. The Bank stood as the market leader among peer banks by maintaining 38% market share with the ENR of Rs. 11.7 billion.

DIRECTOR'S REPORT

DIRECTORS' REVIEW REPORT

AS OF JUNE 30, 2018

■ Personal Loan

Silkbank Personal Loan witnessed an ENR growth of Rs. 729 million over last year. This was contributed through successful mass media campaign, "Apno ke liye kuch bhi", advertised on TVC, Radio, Digital avenues, Drop down, etc. In order to capitalize the campaign, exciting BTL and tactical promotions were also launched.

In terms of acquisition, 5,879 new accounts were booked with a volume of Rs. 1.87 billion as at June 30, 2018 and contributed Rs. 227 million (EBIT) towards the total profitability of the Bank.



■ Ready Line

Silkbank Ready Line, an unsecured running finance facility, posted a profit of Rs. 405 million as at June 30, 2018 with 37,793 active customers. During the second quarter, the Bank targeted mass media with 3rd burst of the popular TVC campaign, "Khawahishon Ko Chalne Do", focusing to capture spend for the summer season. This burst proved to be very successful and achieved ENR and acquisition targets.

The Bank has also launched other tactical spend generating initiatives like Cashback on Mobile and Internet Banking, Back to School promotion and VDC spend/activation promotion. Apart from spend, different promotions were launched to improve SMS & E-billing enrollment rates. We are confident that all these ATL & BTL promotions will further augment the business and will help us overachieve key milestones in the remaining part of the year.



■ Credit Cards

Silkbank continued to build the upward momentum from last year and began the year 2018 on a very positive note. By acquiring 20,052 new cards during the first half year of 2018,

we continued to lead the market in credit card acquisitions, with the total credit card base (Cards In Force) closing at 137,663 cards. In our endeavor to continuously exceed customer expectations, credit card product proposition was reinforced via various portfolio interventions and promotions while new alliances and valuable offers were also launched. These initiatives helped increase spend during the period to Rs. 8.78 billion with total monthly spending reaching a new high of Rs. 1.60 billion during the month of May, 2018. Spend Stimulation Unit also started off the year on a winning note by booking an ENR of Rs. 1.1 billion, increasing total receivables to Rs. 3.99 billion. Overall, a host of attractive portfolio campaigns and loyalty offers propelled the business' EBIT to Rs. 240 million in the first half year of 2018.

Exciting times lie ahead! In the month of July, 2018, Silkbank Credit Cards business launched its first-ever TVC campaign. This will not only help solidify our credit cards standing in the industry as one of the top consumer choices, but will also pay homage to the hard work and effort put in by all credit card teams since its inception, and further augment the business in reaching greater heights and new milestones.



■ Secured

■ M'Power

M'Power, a product secured against residential and commercial property, stood at an ENR of Rs. 2,527 million. Fresh lending in M'Power is on hold and our focus is on retaining existing customers and improving delinquency position.

Emaan Islamic Banking

Emaan Islamic Banking closed the first half year of 2018 by generating a Profit before Tax of Rs. 416 million. The deposit book registered a growth of Rs. 3,115 million and stood at Rs. 17,371 million with CASA TD ratio of 72:28. A significant growth witnessed in advances, which were increased by Rs. 6,423 million and stood at Rs. 23,950 million.



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

The Bank is compliant with the minimum capital requirement as prescribed by the State Bank of Pakistan. As at June 30, 2018, the capital of the Bank (net of losses and discount on shares) is Rs. 13.33 billion excluding general reserves of Rs. 554.90 million. Further, the CAR of the Bank as disclosed in note # 1.3 is 11.36% against the minimum CAR requirement of SBP of 11.275% is made up of a minimum CAR of 10% plus 1.275% of Capital Conservation Buffer (CCB).

Credit Rating

The JCR VIS Credit Rating Company Limited vide its credit rating report dated July 03, 2018, has reaffirmed the Long Term entity rating of Silkbank as A- (Single A Minus) and Short Term rating as A-2 (A-Two). Outlook on the assigned ratings is "Positive".

Future Outlook

In addition to implementing the Bank's declared strategy to improve profitability by greater coverage, asset performance and productivity, efforts will also be made to revive the mortgage business in the current low interest rate scenario to provide further growth in the Consumer Banking business. Most importantly, the Bank will increasingly emphasize on its human capital by strengthening "a pay for performance culture" and improved succession planning process. In addition to the 35 new branches established in 2017, the Bank has also applied for an additional 40 branches to SBP, to continue increasing its geographical footprint.

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

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

Acknowledgement

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

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



Azmat Tarin
President & CEO

Karachi, August 13, 2018



Munnawar Hamid, OBE
Chairman

کم سے کم کمپنیل کی ضروریات اور کمپنیل کے موزوں ناتاسب کی تجھیں

بینک، اسٹیٹ بینک آف پاکستان کی طرف سے تجویز کردہ کم سے کم کمپنیل کی ضروریات اور کمپنیل کے موزوں ناتاسب کی تجھیں کرتا ہے۔ 30 جون، 2018 تک بینک کا کمپنیل (شیرز پر نصانات اور رعایات کا مجودہ) 13.33 بلین روپے ہے، جو کہ 554.90 بلین روپے کے عمومی محفوظ سرمایہ کے علاوہ ہے۔ مزید یہ کہ، اسٹیٹ بینک آف پاکستان کے کم کمپنیل کے موزوں ناتاسب کی ضرورت کے لیے بینک کے کمپنیل کا موزوں ناتاسب 11.275% ہے اور کمپنیل کنٹرولیشن بفر (CCB) کے 1.275% سے بہتر ہے۔

کریڈٹ رینگ

بچے ہی آر وی آئی اسٹیٹ بینک رینگ کمپنی لیٹنگ نے اپنی 03 جولائی، 2018 کی کریڈٹ رینگ رپورٹ میں سلک بینک کی لامگ ٹرم اینٹری رینگ-A (سنگل اے مائنس) اور شارٹ ٹرم رینگ-2-A (اے ٹو) تھیں کی ہے۔ آؤٹ لک "بینٹ" قرار دیا گیا ہے۔

وقایت مستقبل:

بینک کی اعلان کردہ حکمت عملی پر مزید عمل کرتے ہوئے بڑی کوئی، احادیث جات کی کارکردگی اور پروڈکٹیوٹی کے دریے منافع جات میں بہتری لانے کے لیے کرنٹ اول اسٹریٹریسٹ سینکڑیوں کو مدد کرنے کے لیے کوششیں کی جائیں گی تاکہ کنٹرولوورنگ برس میں مزید ترقی کی جاسکے۔ سب سے اہم یہ ہے کہ بینک improved succession planning process "a pay for performance culture" اور کو محکم کر کے اپنے یہ مکن کمپنیل پر مزید توجہ دے گا۔ 2017 میں 35 تی براچوں کے اضافے کے ساتھ بینک نے اسٹیٹ بینک آف پاکستان سے مزید 40 براچوں کے کھولنے کی درخواست دی ہے تاکہ وہ ملک میں اپنی مزید برائیوں پر بڑھا سکے۔

ان آبادیوں میں جہاں بینک کی رسائی نہیں ہے، بینک نے ذمہ دہ بینکنگ کے قیام کا ارادہ کیا ہے جس کا آغاز بہت بلدر کر دیا جائے گا۔ "اسارت برائی" کو تعارف کرو اک بینک اپنی ڈسٹری یونٹ کو بڑھانے گا اور ملک بھر میں اپنی براچوں کی تعداد میں اضافہ کرے گا۔ جس کی بدولت بینک ڈپاٹس گردش میں لا سکے گا اور تینجاً آمدن ایسٹ میں قرض اور سرمایہ کاری میں اضافہ ہو گا۔

ذکرہ بالا حکمت عملیوں کے کامیاب نتائж کے ساتھ آپ کے ذائقہ کی زامین پر کرتے ہیں کہ آنے والے سال میں بینک کی منافع بخش ترقی جاری رہے گی۔

اعتراف:

ہم اپنے صارفین اور کاروباری شرکت داروں کا تہذیل سے شکریہ ادا کرتے ہیں جنہوں نے ہمارے ساتھ مسلسل تعاون کا مظاہرہ کیا اور ہم پر اپنے اختناک اظہار کیا۔ ہم خلوص دل سے اسٹیٹ بینک آف پاکستان کے شرگزاریں جس نے بینک کو اگے بڑھانے میں اپنی رہنمائی اور تعاون فراہم کیا۔ اسی طرح ہم اپنے ایسوی ایسٹ، عملی اور کلیئر کے بھی شرگزاریں کر رہوں نے بینک کو اپنی بھروسہ خدمات سے نوازا اور مستقبل میں بھی ان کے مسلسل تعاون کی امید رکھتے ہیں۔

سلک بینک لیٹنگ کے بورڈ کے لیے اور اس کی جانب سے

Munawar Ahmad

منور حامد، اوبی ای

چیئرمین

علمت ترین

صدر اوری ای اے او

کراچی، 13 اگست، 2018

ڈائریکٹر کی رپورٹ

30 جون، 2018 تک کے لیے ڈائریکٹر کی رپورٹ

• پرشل اون

سک بینک پرشل اون میں پچھلے سال کے مقابلے میں 729 ملین روپے کی ای این آر گروہ ہوئی۔ اس کے لیے بذریعہ ڈی کرشن، ریٹی یو، ڈیکٹیشن الینینز، ڈرپ ڈاون، وغیرہ ایک ماس میڈیا کی کامیاب کمپنیں "اپنے کے لیے کچھ بھی" چالائی گئی۔ کمپنیں کفروں کے لیے زبردست بی اٹی ایل اور ڈیکل پر موہنر بھی چالائی گئیں۔

حصوں کے حوالے سے، 30 جون، 2018 تک 5,879 نئے اکاؤنٹس بک کیے گئے جن کی مالیت 1.87 ملین روپے تک ماناف میں 227 ملین روپے (EBIT) شامل ہوئے۔



محفوظ پر ٹکو لو

اگر پاور: ایم پاوار ایک محفوظ پر ڈکٹ ہے جو رہائشی اور تجارتی پارٹی کو محفوظ کرتی ہے۔ اس کا ای این آر 2,527 ملین روپے رہا۔ جنے قرضے بھی روک دیے گئے ہیں اور جاری توجہ موجودہ صارفین کو قائم رکھنے اور نادہندگی کی حالت کو بہتر بنانے پر کروز ہے۔

ایمان اسلامک بینکنگ

2018 کی پہلی شماہی میں ایمان اسلامک بینکنگ نے 416 ملین روپے کی انٹکس ماناف حاصل کی۔ ڈپاٹ بک میں 3,115 ملین روپے کی گروہ ریکارڈ کی گئی اور کریٹ اکاؤنٹ سیوگ اکاؤنٹ ٹرم ڈپاٹ کے 72:28 کے تقابل کے ساتھ 17,371 ملین روپے رہی۔ ایڈوائز میں نمیاں اضافہ دیکھا گیا جو 6,423 ملین روپے تک بڑھا اور 23,950 ملین روپے پر قائم ہوا۔



SILKBANK PERSONAL LOAN

• ریٹی لائنس

سک بینک ریٹی لائنس ایک غیر محفوظ فناں فیلیٹی ہے۔ 30 جون، 2018 تک اس فیلیٹی نے 37,793 صارفین کے ساتھ 405 ملین روپے کا ماناف حاصل کیا۔ دوسرا سماں کے دوران، بینک نے ماس میڈیا پر اپنی مشہور کمپنیں "خواہشون کو چلنے والی جس" میں گرجی کے موسم کے خرچ کیمپین کیا۔ کمپنیں بے انتہا کامیاب رہی اور اس نے حصوی اور ای این آر کے نارکس حاصل کیے۔

بینک نے ڈیکٹیشن الینینز کا بھی آغاز کیا جس میں کیش بینک آن موبائل اور انٹرنیٹ بینکنگ، بینک تو اسکل پر موشن اور دی ڈی اسیسٹنٹ/ ایمپیویشن پر موشن شاپ میں۔ اسپنڈ کے علاوہ کمپنی ڈیکل پر موہنر چالائی گئیں تاکہ اسیں ایم ایس اور ای بیگ از ٹولڈ ریشن کو بہتر بنایا جاسکے۔ ہمہ اخدادیں کہ ان تمام اے فی ایل اور بی اٹی پر موہنر سے کاروباری اضافہ ہو گا اور سال کے باقی اگلے حصے کے لیے اہم سمجھ میں توقع سے زیادہ حاصل کرنے میں ہیں مدد ملے گی۔



SILKBANK READY LINE

Khwahishon Ko Chatne Do

• کریٹ کارڈ

سک بینک نے پچھلے سال سے بہترین کارکردگی کا مظاہرہ کیا اور 2018 کا آغاز بھی ایک بہت ثابت انداز میں ہوا۔ سال 2018 کی پہلی شماہی کے دوران 20,052 نئے کارڈ جاری کئے گئے، ہم

یہ راست ایک ثابت سمت میں آگے بڑھتا ظاہر آتا ہے اور ہم امید کرتے ہیں کہ سال کے آخر تک برائی بینک میں مزید ہتر نتائج حاصل ہو گے۔



120,913 کا اضافہ ہوا۔ جنوری سے جون کے دوران پانچٹ آف میل پر دیہ اڈبیٹ کارڈ کے استعمال سے بذریعہ 188,059 ٹラنزیکشنز 728.55 ٹین روپے کی لگت کا خرچ ریکارڈ کیا گیا، جوکہ 2017 کی اسی مدت کے مقابلے میں بالترتیب 19 فیصد اور 15 فیصد اضافہ کی عکاسی کرتا ہے۔ جون 2018 کے دوران POS پر سب سے زیادہ خرچ کی لگت 136.24 ٹین روپے فی ماہ ریکارڈ کی گئی۔ جنوری سے جون 2018 کے دوران سک پینک اے ٹی ایمز سے 910,545 ٹلانزیکشنز پر 9.99 ٹین روپے کا لے گئے اور 1.66 ٹین روپے فی ماہ کا ماباہنہ استعمال ریکارڈ کیا گیا۔ 2017 کی اسی مدت کے مقابلے میں اے ٹی ایمز سے کالی گئی رقم اور ٹرانزیکشنز کی تعداد سے بالترتیب 18% اور 14% اضافہ ریکارڈ ہوا۔

• آن لرننیٹ ڈسٹری یووشن اور ای ڈیلوری ٹکٹو

آن لرننیٹ ڈسٹری یووشن اور ای ڈیلوری ٹکٹو نے بینک کی پر وو کٹ آفرو کی قدر و قیمت میں اضافہ کیا ہے اور بینک سرویس کے مقابلے میں اس سال بیانیا ہے۔ سک ٹوبائل کے ساتھ جو ہونے والے صارفین کی تعداد 40,167 تک پہنچ گئی ہے، اس سرویس میں مزید خصوصیات کا مسلسل اضافہ ہو رہا ہے جس سے ڈیجیٹل پلیٹ فارم کی طرف صارفین کا رجحان بڑھتا جا رہا ہے۔

• بینکا شورنس

30 جون، 2018 تک بینک کے بینکا شورنس میکٹ میں کاروباری ترقی 62.23 ٹین روپے ریکارڈ کی گئی۔ 30 جون، 2018 تک گل روپنگ 35.89 ٹین روپے حاصل ہوا جبکہ YTD کی منوفی 1% ہی رہی۔ پر وو کٹیوپی نی برائی پر یعنی ڈرائیور اسیپو پائیشیشن فرود آں، تمیاں حد تک بڑھی۔



کنز یور بینکنگ

سک پینک پر یوپی کنز یور بینکنگ ڈی یو ٹین محفوظ اور غیر محفوظ پر وو کٹس کا ایک انتراجن چیل کرتا ہے۔ یہ تمام پر وو کٹس ایڈسے زیادہ کارکردگی کا مظاہرہ کرتی ہیں اور چچے دوساروں کے لیے کنز یور بینکنگ ڈی یو ٹین کے منافع میں بہت مثبت کو دارا کیا ہے اور یہ بیٹت روڈ 2018 کی پہلی ششماہی میں بھی جاری رہی۔

غیر محفوظ

سک پینک کا غیر محفوظ پوچھنے یو پر ٹین اونز، ریپی لائئن اور کریٹ کارڈز میکٹ ہے جو 2018 کے آغاز سے ہی ترقی کی چانن ہے اور 2018 کی پہلی ششماہی میں منافع اور کی این آر گر و قھ سے متاثر ہوئی کامیابیاں اور نئے سک میل دیکھنے میں آئے۔ پینک نے 38% مارکیٹ شیئر اور 11.7 ٹین روپے کے ایں آر کو قائم رکھتے ہوئے ساتھی بینکوں کے درمیان مارکیٹ لیڈر کی حیثیت حاصل کی ہوئی ہے۔



• برسن و بیلووا کاؤنٹ

برسن و بیلووا کاؤنٹ جو کہ ایک کرنٹ اکاؤنٹ ہے، خاص طور پر کاروباری افراد کے لیے بنایا گیا ہے اور 10 ٹین روپے تک اونیٹری اشورنس فریم کر رہا ہے، 874 صارفین کے ساتھ اس کا ڈپاٹ میں 472 ٹین روپے ہے۔

• آن لائئن ایکسپریس

آن لائئن ایکسپریس ایک کرنٹ اکاؤنٹ ہے جو ملک بھر میں لاہور و دہلی ٹرانزیکشنز پلا معاوضہ فریم کرتا ہے۔ 79,810 صارفین کے ساتھ اس کا گل ڈپاٹ 16.094 ٹین روپے ہے۔

• منافع روزانہ

منافع روزانہ ایک منفرد بیوگ اکاؤنٹ ہے جو روزانہ کی بنیاد پر نقد منافع ادا کرتا ہے۔ 10,211 صارفین کے ساتھ اس کی ڈپاٹ میں 4.063 ٹین روپے ہے۔

• اے ڈی ای برسن

سک پینک پر یو ڈیبیٹ کارڈ ("VDC") نے 2018 میں میکٹ پیداوار جاری رکھی۔ جنوری سے جون 2018 کے دوران 17,519 نئے دیہ اڈبیٹ کارڈز جاری کیے گئے جس سے نوٹل کارڈ میں میں

ڈائریکٹر کی رپورٹ

30 جون، 2018 تک کے لیے ڈائریکٹر کی رپورٹ

معز شیخ ہولڈرز،

30 جون، 2018 کو ختم ہونے والے شماہی سال کے لیے ہم بینک کے مالیاتی گوشوارے پیش کرنے میں خوش محسوس کرتے ہیں۔

مالیاتی کارکردگی

30 جون، 2018 کو ختم ہونے والی مدت کے لیے بینک نے 745.91 ملین روپے کے بعداز ٹکسٹ منافع کا علاوہ کیا ہے۔

اس مدت کے دوران، بینک کے ٹپاٹس 15.09 ملین روپے سے بڑھ کر 125.36 ملین روپے ہو گئے اور جمیع الیڈ و انز 8.18 ملین روپے تک بڑھ گئے۔

30 جون، 2018 کو ختم ہونے والے شماہی سال کے لیے سک بینک لمبندی کی مالیاتی کارکردگی کا ملخصہ مندرجہ ذیل ہے:

مالیاتی کارکردگی میں	
روپے ملین، میں	تقلیل از ٹکسٹ منافع
1,073.22	موجودہ ٹکسٹ
(38.18)	ساپنٹ
-	موخر
(289.13)	بعداز ٹکسٹ منافع
745.91	فی شیرکت آمنی - بنیادی
روپے	فی شیرکت آمنی - ڈائیکٹر
0.08	
0.08	



کاروباری کارکردگی

برائج بینکنگ

برائج بینکنگ، بینک کے لیے سب سے اہم کرواردا کر رہا ہے۔ 162,367 سے زائد صارفین کو خدمات پیش کر رہا ہے اور بینک کی ٹپاٹس میں 61.79% فیصد کا حصہ رکھتا ہے۔ سال کے تازی میں سے برائج بینکنگ کی شاندار کارکردگی کے ساتھ برائج بینکنگ ٹپاٹس سال 2018 کی چیل شماہی میں بجٹ کے مقابلے میں زیادہ رہے۔ اسی کے مطابق، 30 جون، 2018 کے بینک کے ٹپاٹس میں 11,344 ملین روپے تک بڑھ گئے جس سے تمام ٹپاٹس 77,460 ملین روپے ہو گئے۔ اس سے کرنٹ اکاؤنٹ سیویگ اکاؤنٹ کی قیمت میں 44% کا اہم اضافہ ہوا جو کہ 4,979 ملین روپے کے مساوی ہے (کرنٹ میں 4,045 ملین روپے (36%) اور سیویگ میں 0.934 ملین روپے (8%) ہے)۔ اس سے برائج بینکنگ ٹپاٹس میں بچھنا تارگٹ پر 3.717 ملین روپے تک اضافہ رہا۔

محکم گھر بیرونی خرچ کے باعث مالی سال 2018 میں پاکستان کی جی ڈی پی گروہ میں 5.5 فیصد کا اضافہ ہوا۔ گھر بیرونی طلب، محکم کریٹ کریٹ گروہ اور سرمایہ کاری کے تحت نکالی گئی۔ عام مون سون پارشوں کی واپسی پر زرگی پیداوار میں بھی اضافہ ہوا۔ لوتھ ہے کہ سرمایہ کاری اور ٹکنیکی تیاریات میں اضافے کے باعث برآمدات میں کچھ حصہ دیکھنے میں آئے گی۔

مالی سال 2018 اور 2019 میں ملک کا سب سے اہم مسئلہ کرنٹ اکاؤنٹ ڈیلفی سٹ کو بڑھانا اور غیرملکی زر مبارل ذخیر کے لیے مناسب فانگ محفوظ کرنا ہے۔ 2018 کی دوسری سہ ماہی میں پاکستان میں 5,798 ملین یوائی ڈالر کے کرنٹ اکاؤنٹ ڈیلفی سٹ ریکارڈ ہوئے، جو کہ میڈیوں کے روپاً روز میں سب سے زیادہ ہے۔ جبکہ جمیع وفاقی اور صوبائی بجٹ ڈیلفی سٹ بڑھ کر جی ڈی پی کا 5.8% ہو گئے۔ نئی حکومت بننے کے ساتھ یہ ایسید کی جاتی ہے کہ مالی سال 2019 میں بجٹ ڈیلفی سٹ ہو گا، خاص طور پر ان ڈیلوپمنٹ خرچ میں۔ ہاتھ نئی حکومت کو ایک بڑے کرنٹ اکاؤنٹ ڈیلفی سٹ، معیشی ترقی میں کی اور سرمکاری غیر ملکی کرنٹ کے ذخیر میں کی کامنا ہو گا۔

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



Report on Review of Condensed Interim Financial Statements

GRANT THORNTON ANJUM RAHMAN

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Introduction

We have reviewed the accompanying condensed interim statement of financial position of the Silkbank Limited (the Bank) as at June 30, 2018 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, and condensed interim statement of changes in equity, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

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

Emphasis of Matter

We draw attention to the following matter:

Note 13.4 to the condensed interim financial statements discloses the net book value of non-banking assets acquired in satisfaction of claims amounted to Rs. 9,762 million as at June 30, 2018. The real estate exposure in assets acquired under Debt Property Swap (DPS) transaction exceeds the level prescribed by the State Bank of Pakistan under Regulation for DPS.

Our conclusion is not qualified in respect of the above matter.

Other Matters

The figures of the condensed interim profit and loss account and the condensed interim statement of comprehensive income for the quarters ended June 30, 2018 and 2017 have not been reviewed and we do not express a conclusion on them, as we are required to review only the cumulative figures for six-month period ended June 30, 2018.

The condensed interim financial statements for the six-month period ended June 30, 2017 and the financial statements of the Bank for the year ended December 31, 2017 were reviewed and audited respectively by another firm of Chartered Accountants, whose review report dated August 24, 2017 and audit report dated March 06, 2018 expressed an unmodified conclusion and unmodified opinion on the aforementioned condensed interim financial statements and audited financial statements, respectively.

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

Date: August 13, 2018
Karachi

Grant Thornton Anjum Rahman
Chartered Accountants



FINANCIAL STATEMENTS AS AT JUNE 30, 2018

WEAVING
FINESSE

At the significant closing of the Half Year of 2018, Silkbank not just takes forward the glory of its perseverance and unrelenting efforts, but also an attitude, with which, it has transcended in its journey towards excellence.

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2018

	Note	June 30, 2018 Un-audited	December 31, 2017 Audited
		Rupees in '000	
ASSETS			
Cash and balances with treasury banks		12,084,642	8,413,176
Balances with other banks		271,227	218,420
Lendings to financial institutions	8	2,473,678	8,620,649
Investments - net	9	30,167,025	38,266,735
Advances - net	10	93,554,133	85,850,715
Operating fixed assets	11	4,278,750	4,176,746
Deferred tax assets - net	12	3,211,598	3,476,129
Other assets	13	15,847,507	17,831,962
		161,888,560	166,854,532
LIABILITIES			
Bills payable		1,835,199	3,192,981
Borrowings	14	15,743,749	35,582,000
Deposits and other accounts	15	125,363,204	110,277,807
Sub-ordinated loans	16	1,999,800	2,000,000
Liabilities against assets subject to finance lease		4,825	6,880
Deferred tax liabilities		-	-
Other liabilities	17	3,050,416	2,613,518
		147,997,193	153,673,186
NET ASSETS			
		13,891,367	13,181,346
REPRESENTED BY			
Share capital	18	90,818,612	90,818,612
Discount on issue of right shares		(67,387,238)	(67,387,238)
Reserves		554,903	554,903
Accumulated loss		(10,100,724)	(10,857,654)
		13,885,553	13,128,623
Surplus on revaluation of assets - net of deferred tax	19	5,814	52,723
		13,891,367	13,181,346
CONTINGENCIES AND COMMITMENTS			
	20		

The annexed notes 1 to 32 form an integral part of these condensed interim financial statements.



Khurram Khan
Chief Financial Officer



Azmat Tarin
CEO & President



Munnawar Hamid, OBE
Chairman



Shahzad Murad
Director



Rashid Akhtar Chughtai
Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT - UNAUDITED

FOR THE HALF YEAR ENDED JUNE 30, 2018

	Note	Quarter ended June 30, 2018	Quarter ended June 30, 2017	Half year ended June 30, 2018	Half year ended June 30, 2017
		Rupees in '000			
Mark-up / return / interest earned	21	3,597,214	2,669,176	7,085,853	5,158,004
Mark-up / return / interest expensed	22	(1,833,168)	(1,325,539)	(3,772,746)	(2,555,596)
Net Mark-up / interest income		1,764,046	1,343,637	3,313,107	2,602,408
Provision against non-performing loans and advances - net (specific)	10.3	(303,458)	(102,752)	(679,192)	(262,079)
Provision against small enterprise and consumer financing - net (general)	10.3	(31,623)	(23,083)	(65,398)	(27,766)
Recovery against written off loans		49,062	22,932	89,460	39,355
Impairment in the value of investments		-	(14,177)	-	(22,723)
Bad debts written off directly		-	-	-	-
		(286,019)	(117,080)	(655,130)	(273,213)
Net mark-up / interest income after provisions		1,478,027	1,226,557	2,657,977	2,329,195
NON MARK-UP / INTEREST INCOME					
Fee, commission and brokerage income		428,268	359,234	899,930	684,521
Dividend income	23	-	13,267	-	22,244
Income from dealing in foreign currencies		70,297	30,351	120,817	72,075
(Loss) / gain on sale of securities - net		(572)	34,073	(17,771)	48,437
Unrealized gain / (loss) on revaluation of investments - held-for-trading-net	9.1	1,108	(652)	404	(652)
Other income		387,662	356,741	733,943	492,576
Total non mark-up / interest income		886,763	793,014	1,737,323	1,319,201
		2,364,790	2,019,571	4,395,300	3,648,396
NON MARK-UP / INTEREST EXPENSES					
Administrative expenses		(1,653,018)	(1,494,456)	(3,255,173)	(2,971,107)
Other (provisions) / reversals / (write offs) - net	24	(821)	(95,357)	(821)	(2,597)
Other charges		(39,182)	(30,284)	(66,087)	(60,936)
Total non mark-up / interest expenses		(1,693,021)	(1,620,097)	(3,322,081)	(3,034,640)
Extra-ordinary / unusual items		671,769	399,474	1,073,219	613,756
		671,769	399,474	1,073,219	613,756
PROFIT BEFORE TAXATION					
Taxation - Current		(38,181)	-	(38,181)	-
- Prior		-	-	-	-
- Deferred		(147,695)	(57,042)	(289,128)	(135,496)
		(185,876)	(57,042)	(327,309)	(135,496)
PROFIT AFTER TAXATION		485,893	342,432	745,910	478,260

Rupee

Earnings per share - basic and diluted	0.05	0.04	0.08	0.05
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The annexed notes 1 to 32 form an integral part of these condensed interim financial statements.



Khurram Khan
Chief Financial Officer



Azmat Tarin
CEO & President



Munnawar Hamid, OBE
Chairman



Shahzad Murad
Director



Rashid Akhtar Chughtai
Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME - UNAUDITED

FOR THE HALF YEAR ENDED JUNE 30, 2018

	Quarter ended June 30, 2018	June 30, 2017	Half year ended June 30, 2018	June 30, 2017
	Rupees in '000			
Profit after taxation	485,893	342,432	745,910	478,260
Other comprehensive income / (loss)				
Items that will be reclassified to profit and loss account	-	-	-	-
Items that will not be reclassified to profit and loss account				
Remeasurement loss on defined benefit plan	(973)	(20,365)	(973)	(20,365)
Related effect tax	340	7,128	340	7,128
	(633)	(13,237)	(633)	(13,237)
Comprehensive income transferred to equity	485,260	329,195	745,277	465,023
Components of comprehensive income / (loss) not reflected in equity				
Items that will be reclassified to profit and loss account				
Net change in fair value of available for sale securities	(10,227)	(80,382)	(59,514)	(47,159)
Related tax effect	3,580	28,134	20,830	16,506
	(6,647)	(52,248)	(38,648)	(30,653)
Items that will not be reclassified to profit and loss account	-	-	-	-
Total comprehensive income	478,613	276,947	706,593	434,370

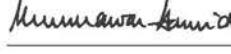
The annexed notes 1 to 32 form an integral part of these condensed interim financial statements.



Khurram Khan
Chief Financial Officer



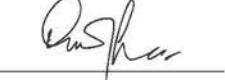
Azmat Tarin
CEO & President



Munnawar Hamid, OBE
Chairman



Shahzad Murad
Director



Rashid Akhtar Chughtai
Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - UNAUDITED

FOR THE HALF YEAR ENDED JUNE 30, 2018

	Share Capital	Discount on Issue of Shares	*Statutory Reserves	Advance against shares subscription	Accumulated Loss	Total Equity
Rupees in '000						
Balance as at January 01, 2017- Audited	77,998,099	(56,566,725)	327,845	2,000,000	(11,757,111)	12,002,108
Total comprehensive income for the half year ended June 30, 2017	-	-	-	-	478,260	478,260
Profit after tax for the half year ended June 30, 2017- Un-audited	-	-	-	-	(13,237)	(13,237)
Other comprehensive income- Un-audited	-	-	-	-	-	-
Total comprehensive income for the half year ended June 30, 2017- Un-audited	-	-	-	-	465,023	465,023
Issuance of right shares at discount	12,820,513	(10,820,513)	-	(2,000,000)	-	-
Share issue cost	-	-	-	-	(3,616)	(3,616)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation- net of tax	-	-	-	-	2,384	2,384
Balance as at June 30, 2017- Un-audited	90,818,612	(67,387,238)	327,845	-	(11,293,320)	12,465,899
Total comprehensive income for the half year ended December 31, 2017	-	-	-	-	-	-
Profit after tax for the half year ended December 31, 2017- Un-audited	-	-	-	-	657,028	657,028
Other comprehensive income- Un-audited	-	-	-	-	(11,768)	(11,768)
Total comprehensive income for the half year ended December 31, 2017- Un-audited	-	-	-	-	645,260	645,260
Transfer to statutory reserves	-	-	227,058	-	(227,058)	-
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	-	-	2,187	2,187
Transfer from surplus on revaluation of fixed assets on account of disposal of assets - net of tax	-	-	-	-	13,300	13,300
Transfer from surplus on revaluation of non-banking asset on account of disposal of assets - net of tax	-	-	-	-	1,977	1,977
Balance as at December 31, 2017- Audited	90,818,612	(67,387,238)	554,903	-	(10,857,654)	13,128,623
Total comprehensive income for the half year ended June 30, 2018	-	-	-	-	-	-
Profit after tax for the half year ended June 30, 2018 - Un-audited	-	-	-	-	745,910	745,910
Other comprehensive Income - Un-audited	-	-	-	-	(633)	(633)
Total comprehensive income for the half year ended June 30, 2018 - Un-audited	-	-	-	-	745,277	745,277
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	-	-	1,790	1,790
Transfer from surplus on revaluation of non-banking assets acquired in satisfaction of claims on account of disposal - net of tax	-	-	-	-	9,863	9,863
Balance as at June 30, 2018 - Un-audited	90,818,612	(67,387,238)	554,903	-	(10,100,724)	13,885,553

* Statutory reserve represents amount set aside as per requirement of section 21 of the Banking Companies Ordinance, 1962.

The annexed notes 1 to 32 form an integral part of these condensed interim financial statements.



Khurram Khan
Chief Financial Officer



Azmat Tarin
CEO & President



Munnawar Hamid, OBE
Chairman



Shahzad Murad
Director



Rashid Akhtar Chughtai
Director

CONDENSED INTERIM CASH FLOW STATEMENT - UNAUDITED

FOR THE HALF YEAR ENDED JUNE 30, 2018

	Note	June 30, 2018	June 30, 2017
		Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		1,073,219	613,756
Less : dividend income		-	(22,244)
		1,073,219	591,512
Adjustments for non-cash items			
Depreciation on operating fixed assets		196,509	191,602
Depreciation on non-banking assets acquired in satisfaction of claims		39,613	46,330
Amortization of intangible assets		32,615	44,760
Amortization of premium on investments		127,557	135,683
Provision against non-performing loans and advances - net (specific)	10.3	679,192	262,079
Provision against small enterprise and consumer financing - net (general)	10.3	65,398	27,766
Impairment in the value of investments		-	22,723
Unrealized (gain) / loss on revaluation of investments - held-for-trading - net	9.1	(404)	652
Share of (profit) / loss from associate		(5,340)	694
Other provisions / (reversals) / write offs - net		821	2,597
Gain on sale of non-banking assets acquired in satisfaction of claims		(481,736)	(236,146)
Gain on sale of operating fixed assets - net		(1,013)	(884)
		653,212	497,856
		1,726,431	1,089,368
(Increase) / decrease in operating assets			
Lendings to financial institutions		6,146,971	(9,921,696)
Net investments in held-for-trading securities		(3,303,761)	(4,238)
Advances - net		(8,448,008)	(13,313,705)
Other assets		1,186,700	(586,320)
		(4,418,098)	(23,825,959)
(Decrease) / increase in operating liabilities			
Bills payable		(1,357,782)	(1,501,104)
Borrowings		(19,838,251)	(5,051,868)
Deposits and other accounts		15,085,397	15,196,580
Other liabilities		436,898	991,103
		(5,673,738)	9,634,711
Income tax paid		(8,365,405)	(13,101,880)
		(136,313)	(132,403)
Net cash flows from operating activities		(8,501,718)	(13,234,283)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investment in available-for-sale securities		11,219,072	11,795,846
Dividend received		1,025	26,102
Net investment in operating fixed assets		(352,120)	(270,724)
Proceeds on disposal of operating fixed assets		21,184	21,526
Proceeds on disposal of non-banking assets acquired in satisfaction of claims		1,339,085	419,595
Net cash flows from investing activities		12,228,246	11,992,345
CASH FLOWS FROM FINANCING ACTIVITIES			
Redemption of sub-ordinated loans		(200)	-
Share issue cost		-	(3,616)
Finance lease obligation paid - net		(2,055)	(1,859)
Advance against proposed issue of Term Finance Certificates		-	1,705,000
Net cash flows from financing activities		(2,255)	1,699,525
Net increase in cash and cash equivalents		3,724,273	457,587
Cash and cash equivalents at the beginning of the period		8,631,596	7,458,710
Cash and cash equivalents at the end of the period	26	12,355,869	7,916,297

The annexed notes 1 to 32 form an integral part of these condensed interim financial statements.

Khurram Khan
Chief Financial Officer

Azmat Tarin
CEO & President

Munnawar Hamid, OBE
Chairman

Shahzad Murad
Director

Rashid Akhtar Chughtai
Director

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED FOR THE HALF YEAR ENDED JUNE 30, 2018

1 STATUS AND NATURE OF BUSINESS

- 1.1 Silkbank Limited ("the Bank") was incorporated in Pakistan on April 04, 1994 as a public limited company under the Companies Act, 2017 (previously the Companies Ordinance, 1984). The Bank commenced commercial operations on May 07, 1995. The Bank's shares are quoted on Pakistan Stock Exchange Limited. The Bank is engaged in banking services as described in the Banking Companies Ordinance, 1962. The Bank operates through 123 branches (December 2017: 123 branches) including 30 (December 31, 2017: 30) Islamic banking branches in Pakistan. The Bank's registered office is located at Silkbank Building, 13-L, F-7 Markaz, Islamabad. The short-term and long-term credit ratings of the Bank rated by JCR-VIS Credit Rating Company Limited in June 2018 are 'A-2' and 'A-' respectively.
- 1.2 Major shareholders of the Bank as on June 30, 2018 are Sinthos Capital (comprising of Mr. Shaukat Tarin, Mr. Sadeq Sayeed and Mr. Azmat Tarin), Arif Habib Corporation Limited, International Finance Corporation (IFC), Nomura European Investment Limited, Bank Muscat S.A.O.G and Mr. Zulqarnain Nawaz Chatta / Mr. Zubair Nawaz Chatta of Gourmet Group.
- 1.3 As at June 30, 2018, the equity of the bank is Rs. 13.89 billion. This includes share capital (net of losses and discount on shares) of Rs. 13.33 billion against the minimum requirement of Rs. 10 billion as prescribed by SBP. Further, the CAR of the Bank is 11.36% against the minimum CAR requirement of SBP of 11.275%. The CAR requirement of 11.275% is made up of minimum CAR of 10% plus 1.275% of Capital Conservation Buffer (CCB).

Further, the State Bank of Pakistan ("the SBP") has allowed staggering of provision against a non-performing loan (refer note 10.3.2) amounting to Rs. 112 million. Had this benefit of staggering not been taken by the Bank, profit before tax and CAR would have been lower by Rs.112 million and 11.28% respectively.

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 condensed interim 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 4.3.
- 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 30 to these condensed interim financial statements.
- 2.4 These condensed interim financial statements have been prepared in Pakistani Rupee which is the functional and presentation currency of the Bank.

3 BASIS OF MEASUREMENT

These condensed interim financial statements comprising of condensed interim statement of financial position, condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with explanatory notes have been prepared under the historical cost convention except that certain fixed assets and non banking assets acquired under satisfaction of claims are stated at revalued amounts less accumulated depreciation and accumulated impairment losses (where applicable) and certain investments and derivative financial instruments have been measured at fair value.

These condensed interim financial statements have been prepared following the accrual basis of accounting except for the condensed interim cash flow statement.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

FOR THE HALF YEAR ENDED JUNE 30, 2018

4 STATEMENT OF COMPLIANCE

- 4.1** These condensed interim financial statements have been prepared in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:
- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
 - Islamic Financial Accounting Standards (IFASs) issued by the ICAP, as are notified under the Companies Act, 2017;
 - Provisions of and directives issued under the Banking Companies Ordinance, 1962;
 - Provisions of and directives issued under the Companies Act, 2017; and
 - Directives issued by the SBP and the Securities and Exchange Commission of Pakistan ("the SECP").

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 IAS 34 or IFASs, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives shall prevail.

- 4.2** 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.
- 4.3** The SBP through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred applicability of Islamic Financial Accounting Standard-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 these condensed interim financial statements of the Bank.
- 4.4** The disclosures made in these condensed interim financial statements are limited based on the format prescribed by the SBP vide BSD circular letter No. 2 dated May 12, 2004 and International Accounting Standard (IAS) 34, 'Interim Financial Reporting' and do not include all the information required in the annual financial statements. Accordingly, in this condensed interim financial information should be read in conjunction with the annual financial statements of the Bank for the year ended December 31, 2017.

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, 2017.

6 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis and methods used for critical accounting estimates and judgments adopted in these condensed interim financial statements are same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2017.

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, 2017.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED FOR THE HALF YEAR ENDED JUNE 30, 2018

Note	June 30, 2018 Un-audited	December 31, 2017 Audited
	Rupees in '000	

8 LENDINGS TO FINANCIAL INSTITUTIONS

	Note	June 30, 2018 Un-audited	December 31, 2017 Audited
Repurchase agreement lendings (Reverse repo)	8.1	1,645,432	8,198,082
Foreign Placement	8.2	828,246	422,567
		2,473,678	8,620,649

- 8.1** These have been purchased under the reverse repurchase agreement at the mark-up rates ranging upto 6.50% (December 31, 2017: 5.90% to 6.20%) per annum with maturities upto August 2018.
- 8.2** These have been placed with a foreign bank as pledge against issuance of Standby Letter of Credit (SBLC) favouring VISA at the interest rate of 0.95% (December 31 2017: 0.65%) per annum with maturity ranging from November 2018 to April 2019.

9 INVESTMENTS - NET

	June 30, 2018 - (Un-audited)			December 31, 2017 - Audited		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
Note	Rupees in '000					

9.1 INVESTMENTS BY TYPES:

Held-for-trading securities

Market Treasury Bills	5,934,232	-	5,934,232	-	-	-
Pakistan Investment Bonds	-	-	-	2,630,067	-	2,630,067
	5,934,232	-	5,934,232	2,630,067	-	2,630,067

Available-for-sale securities

Market Treasury Bills	8,489,048	1,384,862	9,873,910	10,273,974	8,286,497	18,560,471
Pakistan Investment Bonds	3,539,555	6,825,000	10,364,555	83,880	12,908,809	12,992,689
GoP Ijara Sukus	3,681,737	-	3,681,737	3,703,816	-	3,703,816
Sukus - listed	200,000	-	200,000	200,000	-	200,000
Term Finance Certificates - listed	75,000	-	75,000	87,500	-	87,500
Term Finance Certificates - unlisted	8,780	-	8,780	8,780	-	8,780
Shares in listed companies	28,249	-	28,249	25,604	-	25,604
Shares in unlisted companies	5,680	-	5,680	5,680	-	5,680
	16,028,049	8,209,862	24,237,911	14,389,234	21,195,306	35,584,540

Held-to-maturity securities

Shares repurchase (fully provided)	74,910	-	74,910	74,910	-	74,910
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Associate

SPI Insurance Company Limited	9.5	123,352	-	123,352	118,012	-	118,012
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Investments at cost

Less : Provisions for diminution in value of Investments	(89,370)	-	(89,370)	(89,370)	-	(89,370)
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Investments - net of provision

Unrealized gain on revaluation of investments - held-for-trading	404	-	404	3,476	-	3,476
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Deficit on revaluation of available-for-sale securities

19.1	(51,992)	(62,422)	(114,414)	(1,323)	(53,577)	(54,900)
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Total Investments at market value

	22,019,585	8,147,440	30,167,025	17,125,006	21,141,729	38,266,735
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

FOR THE HALF YEAR ENDED JUNE 30, 2018

	June 30, 2018	December 31, 2017
	Un-audited	Audited
	Rupees in '000	

9.2 INVESTMENTS BY SEGMENTS

Federal Government Securities

Market Treasury Bills	9.3	15,808,142	18,560,471
Pakistan Investment Bonds		10,364,555	15,622,756
GoP Ijara Sukuk		3,681,737	3,703,816
		29,854,434	37,887,043

Sukuk and Term Finance Certificates

Sukuks - listed	9.4	200,000	200,000
Term Finance Certificates - listed		75,000	87,500
Term Finance Certificates - unlisted		8,780	8,780
		283,780	296,280

Fully paid-up ordinary shares

Listed companies		28,249	25,604
Unlisted companies		5,680	5,680
		33,929	31,284

Other investments

Investment in associate	9.5	123,352	118,012
Shares repurchase (fully provided)		74,910	74,910
		198,262	192,922
		30,370,405	38,407,529
		(89,370)	(89,370)
		30,281,035	38,318,159
		404	3,476
Unrealized gain on revaluation of - held-for-trading investment - net			
Deficit on revaluation of available-for-sale securities - net	19.1	(114,414)	(54,900)
Total Investments at market value		30,167,025	38,266,735

9.3 These include securities having face value of Rs. 740 million (December 31, 2017: Rs. Nil) pledged with United Bank Limited for Global Industrial and Defence Solutions, Pakistan as Guarantor. Further, securities having face value of Rs. 35 million (December 31, 2017: 35 million) pledged with SBP as security to facilitate T.T. discounting facilities sanctioned to branches of the Bank.

9.4 These represent zero coupon privately placed Term Finance Certificates of Azgard Nine Limited (related party) acquired against mark-up settlement of Rs. 8.78 million on the credit facilities provided to Azgard Nine Limited. The amount is fully provided for in these condensed interim financial statements.

	June 30, 2018	December 31, 2017
	Un-audited	Audited
	Rupees in '000	

9.5 Movement in investment in associate

Investment at the beginning of the period / year		118,012	102,824
Share of profit for the period / year	5,340	3,651	
Subscription of right shares during the period / year	-	11,537	
	5,340	15,188	
Closing balance	123,352	118,012	

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED FOR THE HALF YEAR ENDED JUNE 30, 2018

		Note	June 30, 2018 Un-audited	December 31, 2017 Audited	
			Rupees in '000	Rupees in '000	
10 ADVANCES - NET					
Loans, cash credits, running finances, etc.					
In Pakistan			74,051,182	72,334,524	
Outside Pakistan			-	-	
			74,051,182	72,334,524	
Islamic financing and related assets	10.1		23,950,141	17,527,355	
Bills discounted and purchased (excluding Market Treasury Bills)					
Payable in Pakistan			58,695	125,839	
Payable outside Pakistan			263,039	150,066	
			321,734	275,905	
Advances - gross			98,323,057	90,137,784	
Provision against non-performing advances - specific	10.3		(4,147,246)	(3,730,789)	
Provision against small enterprises and consumer advances - general	10.3		(621,678)	(556,280)	
Advances - net of provision			93,554,133	85,850,715	
10.1 Islamic financing and related assets		30			
Murabaha	10.1.1		1,064,556	1,017,436	
Musawammah			156,924	642,768	
Diminishing Musharaka			22,728,661	15,867,151	
			23,950,141	17,527,355	
10.1.1 Murabaha					
Financing			417,383	910,838	
Advances			647,173	106,598	
			1,064,556	1,017,436	
10.2	Advances include Rs. 6,100 million (December 2017: Rs. 5,860 million) which have been placed under non-performing status as detailed below:				
			June 30, 2018 - (Un-audited)		
			Classified Advances	Provision required (Domestic)	
			Provision held	Classified Advances	
			Provision required (Domestic)	Provision held	
			Rupees in '000		
Sub-standard			506,944	49,436	49,436
Doubtful			719,181	146,453	146,453
Loss			4,873,628	3,951,357	3,951,357
			6,099,753	4,147,246	4,147,246
			663,102	79,824	79,824
			857,525	128,389	128,389
			4,339,175	3,522,576	3,522,576
			5,859,802	3,730,789	3,730,789
10.3	Particulars of provision against non-performing advances:				
			June 30, 2018 - (Un-audited)		
			Specific	General	
			Total	Specific	
			General	Total	
			Rupees in '000		
Opening balance			3,730,789	556,280	4,287,069
Charge for the period / year			718,171	65,398	783,569
Reversals for the period / year			(38,979)	-	(38,979)
			991,287	100,570	1,091,857
Net charge for the period / year	10.3.1		679,192	65,398	744,590
Amounts written off			(262,735)	-	(262,735)
Closing balance			299,276	77,731	377,007
			(599,495)	-	(599,495)
			3,730,789	556,280	4,287,069

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

FOR THE HALF YEAR ENDED JUNE 30, 2018

10.3.1 This includes reversal of provision of Rs. 1.5 million (December 31, 2017: Rs. 414 million) against non-performing loans of certain borrowers under 'Debt Property Swap' transactions, as disclosed in note 13.2.

10.3.2 As at June 30, 2018, the Bank has availed benefit of relaxation provided by SBP vide its letter dated January 04, 2018 from the requirements of Regulation R-8 of Prudential Regulation for Corporate / Commercial Banking amounting to Rs. 112 million (December 2017: Rs. 160 million) till September 30, 2018.

10.3.3 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.

10.3.4 As of June 30, 2018, total FSV benefit taken against all loans and advances amounts to Rs. 655 million (December 31, 2017: Rs. 615 million), net of tax, which shall not be available for payment of cash or stock dividend / bonus to employees.

	Note	June 30, 2018 Un-audited	December 31, 2017 Audited
		Rupees in '000	
11 OPERATING FIXED ASSETS			
Capital work-in-progress		228,468	270,152
Property and equipment	11.3	3,880,130	3,704,089
Intangible assets		170,152	202,505
		4,278,750	4,176,746

11.1 Following additions (including transfers from CWIP) / disposals have been made to / from property and equipment at cost:

June 30, 2018 - Un-audited		June 30, 2017 - Un-audited	
Additions	Disposals / Write off	Additions	Disposals / Write off
Rupees in '000			
Buildings on freehold land	-	5,119	-
Leasehold improvements	119,727	5,859	82,303
Furniture and fixtures	14,743	1,668	20,359
Other equipment	56,596	7,144	39,885
Computers and MIS equipment	80,302	-	48,155
Vehicles	122,172	72,309	72,449
	393,540	86,980	268,270
			100,517

11.2 Additions to intangible assets

- Computer software	262	-	39,369	-
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11.3 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 17). The remaining balance is required to be paid by the buyer within 5 years from the date of the Agreement. As per the terms of the Agreement, the buyer agreed to pay annual rent based on the outstanding amount of consideration from the date of receipt of approvals from relevant authorities, however, on June 28, 2016, the buyer has provided the consent to pay annual rent with effect from July 01, 2016. During the period, the Bank has recorded rental income amounting to Rs. 78.8 million (December 31, 2017: Rs. 157 million) recorded in other income. As per the terms of the Agreement, in case the buyer fails to pay the amount of rent or balance sale consideration, the advance received of 5% shall stand forfeited. Since the conditions to recognise disposal are not met, the previous Head Office Building has not been derecognised.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED FOR THE HALF YEAR ENDED JUNE 30, 2018

Note	June 30, 2018	December 31, 2017
	Un-audited	Audited
	Rupees In '000	

12 DEFERRED TAX ASSETS - NET

Deferred tax debits arising in respect of

Provision for diminution in the value of investments	3,073
Provision against non-performing advances	2,340,153
Provision for Workers' Welfare Fund	41,361
Provision against other assets	225,848
Deficit on revaluation of investments	40,045
Depreciation on non banking assets	63,613
Unabsorbed tax depreciation	579,817

19.1	3,293,910	3,073 2,330,390 33,688 225,848 19,215 52,070 913,907 3,578,191
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Deferred tax credits arising due to

Accelerated tax depreciation	(62,145)
Surplus on revaluation of property and equipment	(13,153)
Surplus on revaluation of non banking assets	(3,782)
Remeasurement of defined benefit plan	(3,232)

19.2	(62,312)	(78,127) (13,780) (6,583) (3,572) (102,062)
19.3	3,211,598	3,476,129

12.1 The Bank has an aggregate amount of deferred tax asset of Rs. 3,212 million (December 31, 2017: Rs. 3,476 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 asset. Management believes that it is probable that the Bank will be able to achieve the profits and consequently, the deferred tax asset will be fully realised in future.

Note	June 30, 2018	December 31, 2017
	Un-audited	Audited
	Rupees In '000	

13 OTHER ASSETS

Income / mark-up accrued in local currency	3,503,475
Income / mark-up accrued in foreign currencies	2,154
Accrued rent	351,437
Advances, deposits, advance rent and other prepayments	526,922
Advance taxation	840,491

11.3 & 13.1	9,234	2,962,780 305 346,187 490,786 742,359 10,207
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Net defined benefit asset	5,654,568
Non-banking assets acquired in satisfaction of claims	4,506,500
Non-banking assets acquired in satisfaction of claims under agreement to sell with third parties	196,148

13.1 & 13.2	10,357,216	6,627,712 4,337,234 468,493
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Non-banking assets acquired in satisfaction of claims with buy back option with customers	10,192
Branch adjustment account	130,082
Unrealized gain on derivative financial instruments	263,052

13.1 & 13.2	10,192	40,487 146,755
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Receivable from sale of non-banking assets acquired in satisfaction of claims	110,825
Receivable from NCCPL	372,788
Others	16,477,868

13.1 & 13.2	110,825	1,229,610 309,408
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Less : Provision held against other assets	(630,361)
	15,847,507

13.3	15,847,507	11,433,439 18,462,323 (630,361) 17,831,962
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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED FOR THE HALF YEAR ENDED JUNE 30, 2018

- 13.1** On June 01, 2016, the Bank entered into an Agreement to Sell (the Agreement) for undeveloped lands having book value of Rs. 3,416 million against sale consideration of Rs. 3,416 million. Pursuant to the terms of the Agreement, the Bank received a down payment of Rs. 170.83 million, which is currently reported in 'Other liabilities' (note 17.1). The remaining balance is required to be paid by the buyer within 5 years from the date of receipt of certain approvals from relevant authorities, however, the Bank through a Supplementary Agreement to Sell (the Supplementary Agreement) dated June 24, 2016 amended the Agreement and removed the condition of approvals from relevant authorities. The balance sale consideration is payable within 5 years from August 01, 2016. Further, the buyer initially agreed to pay annual rent based on the outstanding amount of consideration from the date of receipt of approvals from relevant authorities, however, on July 29, 2016, the buyer has provided the consent to pay annual rent with effect from August 01, 2016. Accordingly, the Bank has recorded rental income of Rs. 97.37 million (December 31, 2017: Rs.194.75 million). The total accrued rent in this respect is Rs.179.26 million (December 31, 2017: 241.89 million) which is reported in 'Other assets'. As per the terms of the Agreement, in case the buyer fails to pay the amount of rent or balance sale consideration, the advance received of 5% shall stand forfeited. Since the conditions to recognise disposal are not met, the carrying value of such under developed land has not been derecognised from non-banking assets acquired in satisfaction of claims.
- 13.2** During the period, the Bank acquired properties of Rs. 51.25 million (December 31, 2017: Rs. 526 million) against debt swap transactions with certain borrowers resulting in reversal of provision against loan and advances of Rs. 1.5 million (December 31, 2017: Rs. 414 million) (refer note 10.3.1).

	Note	June 30, 2018 Un-audited	December 31, 2017 Audited
		Rupees in '000	
13.3 Provision against other assets			
Opening balance		630,361	405,740
Charge for the period / year		-	323,157
Reversals during the period / year		-	(84,036)
Net charge for the period / year		-	239,121
Amounts written off		-	-
Reversal on disposal		-	(14,500)
Closing balance	13.4	630,361	630,361

- 13.4** This includes Rs. 594.274 million (December 2017: Rs. 594.274 million) pertains to non banking assets resulting net book value of Rs. 9,762 million. (December 2017: Rs. 10,839 million).

	Note	June 30, 2018 Un-audited	December 31, 2017 Audited
		Rupees in '000	
14 BORROWINGS			
14.1 Details of borrowings secured / unsecured			
Secured			
Borrowings from State Bank of Pakistan (re-finance) Export refinance scheme		1,539,672	1,505,571
Repurchase agreement borrowings	14.1.1	8,198,068	21,118,353
		9,737,740	22,623,924
Unsecured			
Call borrowings	14.1.2	5,000,000	6,500,000
Trading liability	14.1.1	982,092	6,349,040
Overdrawn nostro accounts		43,917	77,057
Overdrawn local bank accounts		-	31,979
		6,006,009	12,958,076
		15,743,749	35,582,000

- 14.1.1** These represent funds borrowed from the local interbank money market against government securities carrying interest rate ranging between 6.50% to 6.62% (December 31, 2017: 5.82% to 6.05%) per annum with maturity upto August 2018.
- 14.1.2** These represent unsecured borrowings from the local money market carrying interest rate ranging from 7.00% to 7.20% (December 31, 2017: 6.45% to 6.50%) per annum with maturity upto September 2018.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED FOR THE HALF YEAR ENDED JUNE 30, 2018

15 DEPOSITS AND OTHER ACCOUNTS	June 30, 2018 Un-audited	December 31, 2017 Audited
	Rupees in '000	

15 DEPOSITS AND OTHER ACCOUNTS

Customers

Fixed deposits	43,108,366	36,614,864
Savings deposits	39,912,165	31,857,420
Current accounts - non - remunerative	27,255,593	26,076,912
Margin accounts - non - remunerative	2,018,015	1,431,960
Others	2,075,118	1,463,318
	114,369,257	97,444,474

Financial institutions

Remunerative deposits	10,951,638	12,778,661
Non-remunerative deposits	42,309	54,672
	10,993,947	12,833,333
	125,363,204	110,277,807

16 SUB-ORDINATED LOANS

The Bank has issued privately placed, unsecured and subordinated Term Finance Certificates (TFCs) as instruments of redeemable capital under section 66 of Companies Act, 2017 (section 120 of Companies Ordinance, 1984) and the Basel III guidelines issued by the SBP. The key features of the issue are as follows:

Issue amount	Rs. 2,000 million.
Issue date	August 10, 2017
Maturity date	Up to 8 years from date of issue.
Rating	(A-) by JCR ('Single A minus').
Security	The instrument is unsecured and subordinated as to payment of principal and profit to all other indebtedness of the Bank, including deposits.
Profit payment frequency	Profit will be payable semi-annually in arrears on the outstanding principal amount and will be calculated on a 365 day year basis.
Redemption	0.14% of the issue amount during the first 7 years and remaining 99.86% in last two equal semi-annual installments of 49.93% each.
Mark-up	6 months KIBOR plus 1.85% per annum.
Call option	The Bank may call TFCs in part or in full, after 5 years from date of issue on any profit payment date, subject to SBP approval and with not less than 30 days prior notice to the Trustee and Investors. The call option once announced will be irrevocable.
Lock-in-clause	As per the lock-in requirement for Tier II issues, neither profit nor principal will be payable (even at maturity) in respect of the TFC, if such payment will result in a shortfall in the Bank's Minimum Capital Requirement ('MCR') or Capital Adequacy Ratio ('CAR') or results in an increase in any existing shortfall in MCR or CAR.
Loss absorbency clause	The instrument will be subject to loss absorbency and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a point of non-viability event as defined by SBP's Basel III Capital Rule, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by fair value per share of the Bank's common equity on the date of trigger of the non-viability event as declared by SBP, subject to a cap of 1,238,390,093 shares.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

FOR THE HALF YEAR ENDED JUNE 30, 2018

		June 30, 2018	December 31, 2017
		Un-audited	Audited
		Rupees in '000	
17 OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		880,671	657,445
Mark-up / return / interest payable in foreign currencies		16,615	8,231
Un-earned commission and income on bills discounted		61,595	61,036
Accrued expenses		315,219	215,154
Unrealized loss on derivative financial instruments		139,684	75,449
Provision against off-balance sheet obligations		116,012	116,012
Workers' Welfare Fund (WWF)		118,122	96,202
Advance received against future sale of non-banking assets	17.1	430,036	407,264
Advance received against future sale of operating fixed assets	11.3	118,500	118,500
Gratuity payable to contractual staff		12,785	27,292
Deferred income against non-banking assets		111,283	146,762
Islamic pool management reserve		4,576	17,842
Others		725,338	666,329
		3,050,416	2,613,518
17.1	This includes advance amounting to Rs. 170.83 million (December 31: 2017 Rs.170.83 million) received against future disposal of non-banking assets (land) as disclosed in note 13.1.		
18 SHARE CAPITAL			
18.1 Authorised capital			
		June 30, 2018	December 31, 2017
		Un-audited	Audited
		No. of shares in '000	
		10,500,000	10,500,000
		Ordinary shares of Rs.10 each	
18.2 Issued, subscribed and paid up share capital			
		June 30, 2018	December 31, 2017
		Un-audited	Audited
		No. of shares in '000	
		800,315	800,315
		Ordinary shares of Rs.10 each fully paid in cash	
		100,000	100,000
		Ordinary shares of Rs.10 each fully paid in cash and issued at a discount of Rs. 2.5 per share	
		1,771,290	1,771,290
		Ordinary shares of Rs.10 each fully paid in cash and issued at a discount of Rs. 7.5 per share	
		6,410,256	6,410,256
		Ordinary shares of Rs.10 each fully paid in cash and issued at a discount of Rs. 8.44 per share	
		9,081,861	9,081,861

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED FOR THE HALF YEAR ENDED JUNE 30, 2018

		Note	June 30, 2018 Un-audited	December 31, 2017 Audited
			Rupees in '000	
19	SURPLUS ON REVALUATION OF ASSETS - NET OF DEFERRED TAX			
	(Deficit) / surplus on revaluation of			
	- available-for-sale securities	19.1	(74,369)	(35,685)
	- fixed assets	19.2	47,700	48,863
	- non-banking assets acquired in satisfaction of claims	19.3	32,483	39,545
			5,814	52,723
19.1	(Deficit) / surplus on revaluation of available for-sale securities			
	Federal Government Securities			
	Market Treasury Bills		(884)	(2,324)
	Pakistan Investment Bonds		(99,320)	(53,168)
	GoP Ijara Sukuks		(18,795)	(6,425)
			(118,999)	(61,917)
	Fully paid-up ordinary shares			
	Listed companies		4,036	3,939
	Sukuk and Term Finance Certificates			
	Sukuks - listed		(325)	1,250
	Term Finance Certificates - listed		874	1,828
			549	3,078
	Related deferred tax asset	9.1 / 9.2	(114,414)	(54,900)
			40,045	19,215
			(74,369)	(35,685)
19.2	Surplus on revaluation of fixed assets			
	Surplus on revaluation		60,853	62,643
	Related deferred tax liability		(13,153)	(13,780)
			47,700	48,863
19.3	Surplus on revaluation of non-banking assets acquired in satisfaction of claims			
	Surplus on revaluation		36,265	46,128
	Related deferred tax liability		(3,782)	(6,583)
			32,483	39,545
20	CONTINGENCIES AND COMMITMENTS			
20.1	Direct credit substitutes			
20.2	Transaction-related contingent liabilities			
	Guarantees favouring:			
	Government		13,064,882	11,309,593
	Banks and other financial institutions		1,928,201	2,025,890
	Others		2,438,705	2,612,982
20.3	Trade-related contingent liabilities			
	Letters of Credit & Acceptances		6,429,002	7,978,011
20.4	Claims against the bank not acknowledged as debt	20.4.1 & 20.4.2	1,021,483	414,317
20.4.1	These include recovery suits filed by various parties in which the Bank is a direct or indirect defendant.			
20.4.2	Suits for damages of Rs. 24.44 billion (December 31, 2017: Rs. 24.46 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.			

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

FOR THE HALF YEAR ENDED JUNE 30, 2018

		June 30, 2018	December 31, 2017
		Un-audited	Audited
		Rupees in '000	
20.5	Claims against the bank by Competition Commission of Pakistan & Others	35,640	35,640
20.6	Commitments in respect of forward contracts		
	Forward foreign exchange contracts		
	Sale	3,040,832	2,798,688
	Purchase	9,142,143	8,479,756
	Forward government securities transactions		
	Sale contract - Market Treasury Bills	5,935,068	-
	Purchase contract - Market Treasury Bills	1,978,356	-
20.7	Commitments in respect of		
	Property, civil work & equipment	1,870	268,109
	Purchase of hardware / software	105,261	132,306
		107,131	400,415
20.8	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.		
21	MARK-UP / RETURN / INTEREST EARNED		
	On loans and advances to:		
	Customers	5,648,893	4,271,484
	On investments in:		
	Held-for-trading securities	531,347	234,941
	Available-for-sale securities	665,131	432,170
	On deposits with financial institutions	1,196,478	667,111
	On call money lendings	8,288	739
	On securities purchased under resale agreements	4,067	3,688
		228,127	214,982
		7,085,853	5,158,004
22	MARK-UP / RETURN / INTEREST EXPENDED		
	Deposits	2,643,644	1,848,252
	Securities sold under repurchase agreements	799,933	472,356
	Call borrowings	159,156	147,033
	Borrowings from SBP under export refinance scheme	13,989	13,248
	SWAP money market expense	71,269	71,683
	Others	84,755	3,024
		3,772,746	2,555,596

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED FOR THE HALF YEAR ENDED JUNE 30, 2018

	June 30, 2018	June 30, 2017
Un-audited	Un-audited	Rupees in '000

23 DIVINDED INCOME

Listed

Adamjee Insurance Limited	-	625
Askari Bank Limited	-	1,800
Engro Corporation Limited	-	250
Engro Fertilizer Limited	-	2,862
Engro Foods Limited	-	1,500
Engro Powergen Qadirpur Limited	-	600
Fatima Fertilizer Company Limited - related party	-	1,400
Fauji Fertilizer Company Limited	-	600
Habib Metropolitan Bank Limited	-	2,214
Kot Addu Power Company Limited	-	1,505
MCB Bank Limited	-	400
National Bank Of Pakistan Limited	-	7,875
Oil & Gas Development Company Limited	-	313
Pakistan Petroleum Limited	-	300
	<hr/>	<hr/>
	-	22,244

24 OTHER PROVISIONS / (REVERSALS) / WRITE OFFS - NET

Provision / (reversal) against other assets - net	-	4,672
Reversal against other provisions	-	(8,724)
Write offs	821	6,649
	<hr/>	<hr/>
	821	2,597

25 TAXATION

25.1 The income tax returns of the Bank have been submitted up to Tax Year 2017. The Bank has filed appeals before Appellate Tribunal Inland Revenue (ATIR) against certain disallowances amounting to Rs. 1,996 million (December 31, 2017: 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. 682 million (December 31, 2017 : Rs. 682 million) in respect of Tax Years 2003 and 2006 are pending at Commissioner Inland Revenue (Appeals). Management is confident that the outcome of these appeals would be in favor of the Bank.

25.2 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 2014 were completed in prior years.

Orders were issued by the Assessing Officer creating total tax demand of Rs. 39 million (already paid by the Bank) along with default surcharge of Rs. 17 million. The Bank's appeals against orders u/s 161/205 for Tax Years 2013 and 2014 before the Commissioner Inland Revenue (Appeals - II) 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.

25.3 The Bank's return in respect of AJK operations have been submitted up to and including Tax Year 2017. 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.

	June 30, 2018	December 31, 2017	June 30, 2017
Un-audited	Audited	Un-audited	Rupees in '000

26 CASH AND CASH EQUIVALENTS

Cash and balance with treasury banks	12,084,642	8,413,176	7,712,376
Balance with other banks	271,227	218,420	203,921
	<hr/>	<hr/>	<hr/>
	12,355,869	8,631,596	7,916,297

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

FOR THE HALF YEAR ENDED JUNE 30, 2018

27 RELATED PARTY TRANSACTIONS

Related parties comprise directors, major shareholders of the Bank and the companies owned by such shareholders, entities owned by the directors of the Bank, companies where directors of the Bank also hold directorship, associate, key employees, entities that have key management personnel in common, employee benefit plan and defined contribution plan. Transactions with related parties are carried out in the normal course of business at agreed terms other than those transactions which are made under the terms of employment. 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. Transactions with associate and key management personnel are also executed substantially on the same terms or as per the employment terms. Details of transactions with related parties and balances with them as at the period-end / year-end, are as follows:

	June 30, 2018 (Un-audited)			December 31, 2017 Audited		
	CEO and Directors	Key Management Personnel & Others	Associated Companies & Common Directorship	CEO and Directors	Key Management Personnel & Others	Associated Companies & Common Directorship
Rupees in '000						
Balances						
Loans						
Loans outstanding at the beginning of the period / year	1,889	3,173	1,376,988	248	131,749	1,045,134
Loans given during the period / year	40,060	24,659	2,440,190	68,464	27,917	2,956,130
Loans repaid / adjusted during the period / year	(36,847)	(22,679)	(2,891,510)	(66,823)	(156,493)	(2,624,276)
Loans outstanding at the end of the period / year	5,102	5,153	925,668	1,889	3,173	1,376,988
Deposits						
Deposits at the beginning of the period / year	8,301	574,843	1,876,470	18,191	242,775	1,212,842
Deposits received during the period / year	312,956	5,175,049	4,448,263	317,162	4,256,352	6,859,228
Deposits repaid / adjusted during the period / year	(256,476)	(5,079,586)	(5,397,311)	(327,052)	(3,924,284)	(6,195,600)
Deposits at the end of the period / year	64,781	670,306	927,422	8,301	574,843	1,876,470
Investments - Shares						
Investments at the beginning of the period / year	-	-	118,012	-	-	323,557
Investments made during the period / year	-	-	118,573	-	-	365,096
Investments redeemed / impaired during the period / year	-	-	(110,589)	-	-	(570,641)
Investments at the end of the period / year	-	-	125,996	-	-	118,012
Contingencies and Commitments						
Letter of Credit	-	-	-	-	-	446,954

	June 30, 2018 (Un-audited)			June 30, 2017 (Un-audited)		
	CEO and Directors	Key Management Personnel & Others	Associated Companies & Common Directorship	CEO and Directors	Key Management Personnel & Others	Associated Companies & Common Directorship
Rupees in '000						
Transactions						
Short term employment benefits	54,937	162,439	-	71,759	181,472	-
Contribution to defined benefit Plan	2,534	6,264	-	2,431	6,119	-
Mark-up earned on advances	97	518	45,837	33	7,486	34,861
Mark-up paid on deposits	160	12,386	24,426	225	8,268	36,128
Services rendered	-	74,889	22,542	-	75,422	15,765
Meeting fee of non-executive directors	17,580	-	-	12,670	-	-
Share of profit / (loss) from associate	-	-	5,340	-	-	(694)
Dividend income	-	-	-	-	-	1,400
Gain on sale of securities	-	-	166	-	-	5,790

Balances pertaining to parties that were related at the beginning of the period but ceased to be so related during any part of the current period are not reflected as part of the closing balance of the current period. The same are accounted for through the movement presented above.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

FOR THE HALF YEAR ENDED JUNE 30, 2018

28 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

	June 30, 2018 - Unaudited			
	Wholesale Banking	Treasury (Trading)	Consumer / SME Banking	Total
Rupees in '000				
Total income - net of mark up expenses	831,993	110,032	4,108,405	5,050,430
Total non-mark up expenses including provisions	(816,023)	(85,691)	(3,075,497)	(3,977,211)
Profit before taxation	15,970	24,341	1,032,908	1,073,219
Taxation				(327,309)
Profit after taxation				745,910
Segment assets (gross)	57,711,995	41,156,025	68,509,195	167,377,215
Segment non performing loans	4,157,933	-	1,941,820	6,099,753
Segment provision required	3,649,869	5,680	1,833,106	5,488,655
Segment liabilities	25,912,917	14,322,271	107,762,005	147,997,193
Segment return on net asset (ROA) (%)	0.05%	0.02%	0.61%	
Segment cost of funds (COF) (%)	0.52%	0.54%	0.33%	
	June 30, 2017 - Unaudited			
	Wholesale Banking	Treasury (Trading)	Consumer / SME Banking	Total
Rupees in '000				
Total income - net of mark up expenses	538,669	206,917	3,176,023	3,921,609
Total non-mark up expenses including provisions	(550,278)	(87,881)	(2,669,694)	(3,307,853)
Profit / (loss) before taxation	(11,609)	119,036	506,329	613,756
Taxation				(135,496)
Profit after taxation				478,260
	December 31, 2017 - Audited			
	Wholesale Banking	Treasury (Trading)	Consumer / SME Banking	Total
Rupees in '000				
Segment assets (gross)	59,059,250	49,311,931	63,490,151	171,861,332
Segment non performing loans	4,015,408	-	1,844,394	5,859,802
Segment provision required	3,225,914	5,680	1,775,206	5,006,800
Segment liabilities	12,445,319	34,221,220	107,006,647	153,673,186
Segment return on net asset (ROA) (%)	-0.12%	0.20%	0.94%	
Segment cost of funds (COF) (%)	4.76%	5.91%	3.96%	

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

FOR THE HALF YEAR ENDED JUNE 30, 2018

29 FAIR VALUE OF FINANCIAL INSTRUMENTS

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, less impairment if any.

Fair value of fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy as stated in note 6.5 to the annual audited financial statements for the year ended December 31, 2017.

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.

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).

29.1 The table below analyses the financial and non-financial assets carried at fair values, by fair value hierarchy. For financial assets, the Bank essentially carries its investments in debt and equity securities at fair values. Valuation of investments is carried out as per guidelines specified by the SBP. In case of non-financial assets, the Bank has adopted revaluation model (as per IAS 16) in respect of land and building.

	June 30, 2018 - Un-audited							
	Level 1	Level 2	Level 3	Total				
	Rupees in '000							
On balance sheet financial instruments								
Financial assets measured at fair value								
Held for trading securities								
- Market Treasury Bills	-	5,934,636	-	5,934,636				
	-	5,934,636	-	5,934,636				
Available-for-sale Securities								
- Market Treasury Bills	-	9,873,026	-	9,873,026				
- Pakistan Investment Bonds	-	10,265,235	-	10,265,235				
- GoP Ijara Sukus	-	3,662,942	-	3,662,942				
- Sukus- Listed	-	199,675	-	199,675				
- Term Finance Certificates - Listed	-	75,874	-	75,874				
- Shares in listed companies	32,285	-	-	32,285				
	32,285	24,076,752	-	24,109,037				
Non-financial assets measured at fair value								
Operating fixed assets - land and buildings	-	-	2,506,365	2,506,365				
Non-banking assets acquired in satisfaction of claims	-	-	9,762,942	9,762,942				
	-	-	12,269,307	12,269,307				
Off balance sheet financial instruments								
Forward foreign exchange contracts purchased	-	9,142,143	-	9,142,143				
Forward foreign exchange contracts sold	-	3,040,832	-	3,040,832				
Forward sale contract - Market Treasury Bills	-	5,935,068	-	5,935,068				
Forward purchase contract - Market Treasury Bills	-	1,978,356	-	1,978,356				

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

FOR THE HALF YEAR ENDED JUNE 30, 2018

	December 31, 2017 - Audited		
	Level 1	Level 2	Level 3
Rupees in '000			

On balance sheet financial instruments

Financial assets measured at fair value

Held for trading securities

- Pakistan Investment Bonds

-	2,633,543	-	2,633,543
-	2,633,543	-	2,633,543

Available-for-sale Securities

- Market Treasury Bills

- Pakistan Investment Bonds

- GoP Ijara Sukuks

- Sukuks- Listed

- Term Finance Certificates - Listed

- Shares in listed companies

-	18,558,147	-	18,558,147
-	12,939,521	-	12,939,521
-	3,697,391	-	3,697,391
-	201,250	-	201,250
-	89,328	-	89,328
29,543	-	-	29,543
29,543	35,485,637	-	35,515,180

Non-financial assets measured at fair value

Operating fixed assets - land and buildings

Non-banking assets acquired in satisfaction of claims

-	-	2,526,521	2,526,521
-	-	10,875,165	10,875,165
-	-	13,401,686	13,401,686

Off balance sheet financial instruments

Forward foreign exchange contracts purchased

Forward foreign exchange contracts sold

-	8,479,756	-	8,479,756
-	2,798,688	-	2,798,688

The valuation techniques used for above assets are as per the accounting policy as disclosed in the annual audited financial statements for the year ended December 31, 2017.

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 level 1 and 2 during the period.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED

FOR THE HALF YEAR ENDED JUNE 30, 2018

30 ISLAMIC BANKING BUSINESS

The Bank is operating with 30 Islamic banking branches at the end of June 30, 2018 (December 31, 2017: 30). The condensed interim statement of financial position and condensed interim profit and loss account of these branches as at June 30, 2018 and for the half year ended are as follows:

		Note	June 30, 2018 Un-audited	December 31, 2017 Audited
			Rupees in '000	
A)	Condensed Interim Statement of Financial Position			
	ASSETS			
	Cash and balances with treasury banks		1,175,979	1,019,435
	Balances with other banks		10,444	24,445
	Due from financial institutions		-	-
	Investments	10.1 / A-1.1	2,106,278	1,670,391
	Islamic financing and related assets		23,950,141	17,527,355
	Operating fixed assets		292,175	213,197
	Other assets		1,421,055	814,011
	Total Assets		28,956,072	21,268,834
	LIABILITIES			
	Bills payable		138,869	609,142
	Due to financial institutions		-	-
	Deposits and other accounts			
	-Current accounts		2,588,090	4,344,680
	-Saving accounts		5,636,024	2,080,377
	-Term deposits		4,863,031	3,517,899
	-Others		92,521	71,759
	-Deposits from financial institutions - remunerative		4,192,024	4,241,823
	-Deposits from financial institutions - non-remunerative		-	-
	Other liabilities		8,441,079	3,808,701
	Total Liabilities		25,951,638	18,674,381
	NET ASSETS		3,004,434	2,594,453
	REPRESENTED BY			
	Islamic banking fund		2,325,000	2,325,000
	Reserves		-	-
	Unappropriated profits		692,683	275,944
	Deficit on revaluation of assets		3,017,683	2,600,944
	(13,249)		(13,249)	(6,491)
			3,004,434	2,594,453
	Contingencies and commitments	A-1.3		
A-1.1	Islamic financing and related assets			
	Murabaha	A-1.1.1	1,064,556	1,017,436
	Musawamah		156,924	642,768
	Diminishing Musharaka		22,728,661	15,867,151
			23,950,141	17,527,355
A-1.1.1	Murabaha			
	Financing / receivables		417,383	910,838
	Advances		647,173	106,598
			1,064,556	1,017,436

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED FOR THE HALF YEAR ENDED JUNE 30, 2018

June 30, December 31,
2018 2017
Un-audited Audited
Rupees in '000

A-1.2 Charity Fund

Opening balance	-	-
Addition during the period / year	1,000	-
Payment / utilisation during the period / year	-	-
Closing balance	<u>1,000</u>	<u>-</u>

A-1.3 Contingencies and Commitments

Guarantees favouring		
Government	47	-
Banking companies and other financial institutions	<u>1,234,807</u>	<u>1,512,849</u>
Commitments in respect of forward exchange promises		
Forward foreign exchange promises		
Sale	-	66,289
Purchase	<u>1,520,370</u>	<u>1,513,433</u>
Commitments in respect of		
Property, civil work and equipment	<u>-</u>	<u>172,479</u>

June 30, June 30,
2018 2017
Un-audited Un-audited
Rupees in '000

B) Remuneration to Sharia Advisor / Board

<u>5,863</u>	<u>4,974</u>
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C) Condensed Interim Profit and Loss Account

Profit / return earned on financings, investments and placements	1,116,875	536,171
Return on deposits and others dues expensed	(383,570)	(218,116)
Net spread earned	<u>733,305</u>	<u>318,055</u>
Other Income		
Fees, commission and brokerage income	17,230	13,057
Income from dealing in foreign currencies	1,125	1,751
(Loss) / gain on sale of securities	(13)	1
Other income	4,638	2,776
Total other income	<u>22,980</u>	<u>17,585</u>
Other Expenses		
Administrative expenses	(330,217)	(185,470)
Other provision / write offs -net	(821)	(3,464)
Other charges	(8,508)	(97)
Profit before taxation	<u>(339,546)</u>	<u>(189,031)</u>
	<u>416,739</u>	<u>146,609</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED FOR THE HALF YEAR ENDED JUNE 30, 2018

31 GENERAL

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

32 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on August 13, 2018 by the Board of Directors of the Bank.



Khurram Khan
Chief Financial Officer



Azmat Tarin
CEO & President



Munnawar Hamid, OBE
Chairman



Shahzad Murad
Director



Rashid Akhtar Chughtai
Director

BRANCH NETWORK

ISLAMIC BANKING (SOUTH)

Shahbaz Shoukat
Branch Manager
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 Centre, Gulshan-e-Iqbal, University
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 Jauhar, Memorial Cooperative
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Tariq Road Branch,
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Branch Manager
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 Bukhari Commercial, 22C/1,
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Branch,
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Allama Iqbal Town Branch,
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Branch Manager
Multan Branch,
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 Model Town, Multan.
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MS Rubina Hassan
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ISLAMIC BANKING (NORTH)

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 PABX: (0992) 385978-79
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 Dir: (0937) 867557
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Zarar Saeed Khan
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Azhar Yousef
Branch Manager
Chitta Battu Branch,
 Khasra No. 637-722, 1865/152,
 And Khatla/Khatoni No. 890/1028,
 Khasra No. 1860/154, 1864/154,
 Mouza Pandak, Tehsil and District,
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KARACHI REGION A&B

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 Fax: (021) 36643263

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LAHORE EAST REGION

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Muhammad Naeem Dar
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(042) 35125401

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BRANCH NETWORK

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