

Stronger  
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**Director's Report as of September 30, 2021**

**Dear Shareholders,**

We are pleased to present the financial statements of the Bank for the third quarter ended September 30, 2021.

**Economic Review:**

The government set ambitious growth and revenue targets for FY22 after almost all economic indicators for FY21 improved post economic recovery that went south due to outbreak of COVID-19. The government targeted GDP growth of 4-5%, current account deficit of 4% (USD 13Bn), and a fiscal deficit of 6.3% of GDP for FY22. On the revenue side, the government was expected to collect PKR 7.9 trillion. Further, the government expected inflation to increase at 9-11% YoY on average. The robust demand outlook across the board, as evident by the growth in major sectors, coupled with rising Current Account Deficit and increasing commodity prices globally led to an increase in policy rate by the SBP by 25bps which stood at 7.25%. Furthermore, after the outbreak of COVID-19, the average inflation was forecasted to fall below the earlier estimate of 7 - 9%. It is forecasted by SBP to rise to 9-11% in FY22 again.

On the positive side, the increased business activity during Q1FY22 resulted in FBR exceeding its quarterly tax collection; FBR tax collection for Q1FY22 stood at PKR 1.4 trillion against the target of PKR 1.2 trillion. However, the current account posted a deficit of USD 3.4 billion during Q1FY22 as compared to the surplus of USD 865 million in the same period last year mainly due to an increase in commodity prices and economic recovery that led to increased domestic demand and hence imports. CPI for the month of Sep-21 & Sep-20 stood at 9% whilst core inflation in Sep-21 leveled at 6.4% compared to 5.5% in Sep-20. Remittances during the quarter showed a remarkable growth of 31% YoY and stood at USD 8.0 billion as compared to USD 7.1 billion during Q1FY21. The country's FX reserves remained stable which stood at 25.98Bn USD in Sep-21 compared to 19.53Bn USD in Sep-20. Furthermore, foreign currency debt repayment was neutralized with expected issuance of Eurobond, international Sukuk, and with the revival of IMF Extended Fund Facility (EFF) financing plan. However, the increase in exports and FDI built sustainable foreign exchange reserves.

**Banking Sector:**

The phase of monetary easing, a cumulative cut of 625 basis points in policy rate since the pandemic struck from 13.25% to 7%, finally came to halt when SBP decided to increase the policy rate in Sept MPC by 25bps to 7.25% due to an uptick in the headline inflation.

During 01st July-22nd October FY2022, Broad Money (M2) decreased by Rs 409.1 billion (growth of -1.68 percent) as compared with the contraction of Rs 104.5 billion (growth of -0.5 percent) during the same period last year. Deposits of the banking sector grew by 0.17% during Q1FY22 from PKR 19.79tn in Jun-21 to PKR 19.83tn in Sep-21. Similarly, sector advances increased by 3.16% in Q1FY22 from PKR 8.99tn in Jun-21 to PKR 9.29tn in Sep-21.

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Overall sustained growth in the banking sector was witnessed since the COVID-19 pandemic. SBP continued to firmly monitor the recovery of the economy and set appropriate responses to keep the inflation and growth numbers in check.

### Financial Performance

For the period ending September 30, 2021, the Bank reported a loss before tax of Rs. 10.82 billion and after-tax loss of Rs. 7.17 billion.

During this period, total deposits declined by Rs. 13.07 billion, closing at Rs. 147.17 billion, while gross advances decreased by Rs.4.74 billion

Summarized financial performance of Silkbank Limited for the nine months ended September 30th, 2021, is as follows:

	Rs in 'million'
<b>Loss before tax</b>	<b>(10,816)</b>
<b>Tax - Current</b>	<b>-</b>
<b>Prior</b>	<b>(87)</b>
<b>Deferred</b>	<b>3,736</b>
<b>Loss after tax</b>	<b>(7,167)</b>
	<b>Rupee</b>
<b>Loss per share – Basic</b>	<b>(0.79)</b>
<b>Loss per share – Diluted</b>	<b>(0.79)</b>

During the period, the Bank incurred a loss of Rs. 1.22 billion on its government securities portfolio due to unfavorable market yield movements. Additionally, a substantial net provision of Rs. 8.51 billion was recorded against non-performing loans, in line with the SBP Prudential Regulations' timeline requirements.

Despite these challenges, the Bank performed well in non-interest income (excluding gain/loss on securities), which increased by Rs. 217 million and reduced operating expenses by Rs. 431 million compared to the same period last year.

### Business Performance

#### Branch Banking

Branch Banking served over 221,713 customers contributing more than 64% of the Bank's deposit base. Total deposit as of 30 September 2021 stood at approximately Rs.95 billion. The total Year to Date deposit grew by Rs. 2.77 billion till 30th September 2021 out of which the current account portfolio grew by Rs.2.16 billion.

Bancassurance generated business of Rs. 20.99 million in annual premium which translates into NFI of Rs. 8.03 million during the 3rd Quarter 2021.

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In this quarter we introduced debit card food festival to motivate and increase customer engagement. With the past Debit Card Campaigns, we saw a noticeable surge in POS and online transactions, to perpetuate the momentum we launched Debit Card Food Festival Campaign in July 2021. In this campaign we offered exclusive deals and discount on our customer's favorite eateries. During this campaign our Debit Card spend increased by Rs. 11 million and hit the mark of Rs.240 million. Number of transactions were also increase by 4,777 as compared to the previous month

**Consumer Banking:**

These nine months of the year 2021 has been exceptional for all unsecured products. Posting a profit before tax of Rs. 1.98 billion on a portfolio of over Rs. 18 billion.

- **Credit Cards:**

The 3<sup>rd</sup> quarter of 2021 proved to be a landmark quarter for Silkbank Credit Cards. Credit Cards business launched Silkbank Signature Credit Card in July 2021 which is the first and only Signature credit card in Pakistan with exclusive features and benefits. The credit cards business implemented a number of strategic initiatives to see through its most profitable year. With numerous campaigns and efforts, the Bank able to close the ENR (Ending Net Receivable) at the end of third quarter with Rs. 5.75 billion and posted a profit before tax Rs. 328 million for the quarter, keeping its upward trajectory. With the acquisition of 7,277 new cards, the CIF (Cards in Force) increased to 171,497.

Total spending on Credit Cards in the 3rd quarter of 2021 amounted to Rs. 7.28 billion, with September 2021 producing the spending in a single month of Rs. 2.5 billion. This was further supplemented by FIP (Flexible Instalment Plan) booking of Rs. 803 million.

- **Ready Line:**

Silkbank Ready Line a running finance facility with its unique and convenient features which facilitate customer to access and utilize their funds anytime, have been customers' favorite since it was launched in 2011. Ready Line have always performed well but this year performance has been exceptional. At the end of Q3, 2021 the Bank stood at enormous ENR of Rs. 7.64 billion with 47,927 active customers. This was not the only milestone the Bank has achieved but has also posted EBIT of Rs. 319 million in the 3rd quarter of 2021 alone.

In Q3 2021, the Bank launched multiple tactical spend promotions such as schooling can be free to 50 lucky customers on spend of Rs, 25,000 and amazing Foodfest promotion on visa debit card customers offering different deals throughout the week, enrollments of value-added services etc.

- **Personal Loan:**

The 3rd quarter of 2021 has been a turnaround period for Personal Loan products. Overcoming all the challenges this product has faced due to economic outlook and repercussions of the pandemic. The Bank has posted Rs. 31 million profit before tax during this period. By the end of September 2021, the portfolio stands at Rs. 4.9 billion with 19,281 active customers.

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**Emaan Islamic Banking (Emaan)**

Emaan Islamic Banking (Emaan) has shown decent growth during the period. Deposit book closed at Rs. 11.85 billion. CASA TD ratio stands at 74:26. Advances book closed at Rs. 2.87 billion. Focus on Service Quality was maintained throughout the period which resulted in significant improvement in service indicators.

During the quarter, Emaan successfully enrolled 4,781 new customers during the period with a total customer base of 37,889 with VDC & SMS conversion rates at 72% & 84% respectively, translating into 13% growth.

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

As of Sep 30, 2021, the Minimum Capital Requirement (MCR) stood at negative Rs. 3.92 billion and Capital Adequacy Ratio (CAR) at negative 14% against the prescribed minimum limits of Rs. 10 billion and 11.50% respectively.

**Credit Rating:**

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

**Future Outlook:**

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

We further inform you that the Board of Directors of the Bank, in its meeting held on November 06, 2024, has accorded its in-principle approval for a potential merger of the Bank with and into UBL. This merger would be executed through a scheme of amalgamation to be sanctioned by the State Bank of Pakistan under Section 48 of the Banking Companies Ordinance, 1962 ("Potential Merger"). The Bank also disseminated this Material Information to the PSX on November 06, 2024.

The Potential Merger remains contingent upon finalizing the deal terms, completing necessary transaction documentation, and obtaining all requisite corporate and regulatory approvals, consents, and authorizations.

We shall keep our shareholders updated with respect to this Potential Merger by making further announcements as and when the matter progresses.

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**Acknowledgement:**

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

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

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

  
**Shahram Raza Bakhtiari**  
**President & CEO**  
**Khalid Aziz Mirza**  
**Chairman**

**November 14, 2024**

**Silkbank Limited**

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"Say No To Corruption"

## ڈائریکٹرز کی رپورٹ

### معزز شیئر ہولڈرز

ہم نہایت مسرت کے ساتھ 30 ستمبر 2021 کو ختم ہونے والی تیسری سہ ماہی کے مالیاتی بیانات پیش کر رہے ہیں۔

### معیشت کا جائزہ:

مالی سال 2022 کے لیے حکومت نے معاشی ترقی اور آمدنی کے بلند ہدف مقرر کیے، کیونکہ مالی سال 2021 میں تقریباً تمام معاشی اشاریے بہتری کی جانب گئے، جو کہ کوویڈ 19 کی وبا کے باعث خراب ہو گئے تھے۔ حکومت نے مالی سال 2022 کے لیے شرح نمو کا ہدف 4 تا 5 فیصد، کرنٹ اکاؤنٹ کے خسارے کا ہدف 4% (13 ارب امریکی ڈالر) اور مالی خسارے کا ہدف 6.3% مقرر کیا۔ آمدنی کے لحاظ سے حکومت 7.9 بلین روپے جمع کرنے کی توقع رکھتی تھی۔ مزید یہ کہ حکومت کو توقع تھی کہ مہنگائی 9 تا 11 فیصد کی اوسط سے بڑھے گی۔ اہم شعبوں میں ترقی اور بڑھتے ہوئے کرنٹ اکاؤنٹ خسارے کے ساتھ عالمی سطح پر اجناس کی قیمتوں میں اضافے کی وجہ سے اسٹیٹ بینک نے پالیسی ریٹ میں 25 بیس (ز) پوائنٹس کا اضافہ کیا، جس سے وہ 7.25% تک پہنچ گیا۔ کوویڈ 19 کے بعد مہنگائی کی اوسط شرح 9 تا 7 فیصد تک کم ہونے کی پیش گوئی کی گئی لیکن مالی سال 2022 میں اس کا دوبارہ 9 تا 11 فیصد تک پہنچنے کا امکان ظاہر کیا گیا۔

اگر مثبت پہلو کا جائزہ لیا جائے تو مالی سال 2022 کی پہلی سہ ماہی میں بڑھتی ہوئی کاروباری سرگرمیوں کے باعث ایف بی آر نے اپنا سہ ماہی ٹیکس ہدف عبور کیا۔ ایف بی آر کی ٹیکس وصولی مالی سال 2022 کی پہلی سہ ماہی میں 1.4 بلین روپے رہی، جبکہ ہدف 1.2 بلین روپے تھا۔ تاہم، کرنٹ اکاؤنٹ خسارہ 3.4 ارب امریکی ڈالر رہا، جو پچھلے سال اسی عرصے میں 865 ملین امریکی ڈالر کے سرپلس کے مقابلے میں تھا۔ یہ اضافہ اجناس کی قیمتوں میں اضافے اور مقامی مانگ بڑھنے کے باعث ہوا۔ ستمبر 2021 اور ستمبر 2020 کے لیے مہنگائی کی شرح 9% رہی، جبکہ ستمبر 2021 میں بنیادی مہنگائی 6.4% اور ستمبر 2020 میں 5.5% تھی۔ مالی سال 2021 کی پہلی سہ ماہی میں ترسیلات زر میں 31% اضافہ ہوا، جو 8.0 ارب امریکی ڈالر رہی، جبکہ پچھلے سال یہی رقم 7.1 ارب امریکی ڈالر تھی۔ ملک کے غیر ملکی زرمبادلہ کے ذخائر مستحکم رہے، جو ستمبر 2021 میں 25.98 ارب امریکی ڈالر تھے، جبکہ ستمبر 2020 میں یہ 19.53 ارب امریکی ڈالر تھے۔

### بینکنگ سیکٹر:

پالیسی کی شرح میں کمی کے مرحلے، جو کہ وبا کے آغاز سے لے کر اب تک 13.25% سے 7% تک 625 پیسے پوائنٹس کی مجموعی کمی پر مشتمل تھا، اس کا اختتام اس وقت ہوا جب اسٹیٹ بینک آف پاکستان (SBP) نے ستمبر کی مانیٹری پالیسی کمیٹی (MPC) میں پالیسی کی شرح 25 پیسے پوائنٹس بڑھا کر 7.25% کر دی، جس کی وجہ سے کاروباری افراط زر میں اضافے کا رجحان تھا۔

1 جولائی سے 22 اکتوبر 2021 تک مالی سال 2022 کے دوران، وسیع مالیات (M2) میں 409.1 ارب روپے کی کمی آئی (جو کہ 1.68 فیصد کی شرح نمو ہے)، جبکہ گزشتہ سال کے اسی عرصے کے دوران 104.5 ارب روپے کی کمی آئی تھی (جو کہ 0.5 فیصد کی شرح نمو تھی)۔ بینکنگ سیکٹر کی ڈپازٹس Q1FY22 میں 0.17% بڑھ کر جون 2021 میں 19.79 ٹریلین روپے سے ستمبر 2021 میں 19.83 ٹریلین روپے ہو گئے۔ اسی طرح، سیکٹر کی ایڈوانسز Q1FY22 میں 3.16% بڑھ کر جون 2021 میں 8.99 ٹریلین روپے سے ستمبر 2021 میں 9.29 ٹریلین روپے تک پہنچ گئے۔

مجموعی طور پر، بینکنگ سیکٹر میں کوویڈ-19 وبا کے بعد مسلسل ترقی دیکھنے کو ملی۔ اسٹیٹ بینک آف پاکستان نے معیشت کی بحالی کی نگرانی جاری رکھی اور افراط زر اور ترقی کی شرح کو کنٹرول کرنے کے لیے مناسب ردعمل مرتب کیا۔

### مالیاتی کارکردگی:

30 ستمبر 2021 کو ختم ہونے والی مدت کے دوران بینک نے 10.82 ارب روپے کا قبل از ٹیکس نقصان اور 7.17 ارب روپے کا بعد از ٹیکس نقصان رپورٹ کیا۔ اس مدت کے دوران ٹوٹل ڈپازٹس 13.07 ارب روپے کی کمی کے ساتھ 147.17 ارب روپے پر بند ہوئے، جبکہ مجموعی ایڈوانسز میں 4.74 ارب روپے کی کمی واقع ہوئی۔

30 ستمبر 2021 کو ختم ہونے والے نو ماہ کے دوران سلک بینک لمیٹڈ کی مالیاتی کارکردگی کی سمری مندرجہ ذیل ہے۔

روپے بلین میں	
(10816)	نقصان قبل از ٹیکس
—	ٹیکس - موجودہ
(87)	گزشتہ
3736	ملتی شدہ
(7167)	نقصان فی حصص
روپیہ	
(0.79)	نقصان فی حصص - بنیادی
(0.79)	ڈائیلیٹڈ

اس مدت کے دوران، بینک کو حکومتی سیکورٹیز رٹرن رپورٹ فولیو پر 1.22 ارب روپے کا نقصان ہوا، جو مارکیٹ میں شرح منافع کی غیر موافق تبدیلیوں کی وجہ سے تھا۔ مزید یہ کہ اسٹیٹ بینک کے پراڈیٹس ریگولیشنز کے مطابق مقررہ وقت کے تقاضوں کو پورا کرنے کے لیے غیر فعال قرضوں کے خلاف 8.51 ارب روپے کی نیٹ پروویژن ریکارڈ کی گئی۔

ان چیلنجز کے باوجود، بینک نے نان انٹرسٹ انکم میں شاندار کارکردگی دکھائی (سیکیورٹیز کے فائدے یا نقصان کو چھوڑ کر)، جو پچھلے سال کی اسی مدت کے مقابلے میں 217 بلین روپے بڑھ گئی جبکہ بینک کے آپریٹنگ اخراجات میں پچھلے سال کی اسی مدت کے مقابلے میں 431 بلین روپے کی کمی کی گئی۔



## کاروباری کارکردگی

### برانچ بینکنگ

برانچ بینکنگ نے 221,713 سے زائد صارفین کو خدمات فراہم کیں، جو کہ بینک کے ڈپازٹ میں کا 64% سے زائد حصہ ہیں۔ 30 ستمبر 2021 تک کل ڈپازٹ تقریباً 95 ارب روپے تھے۔ سال کے ابتداء سے 30 ستمبر 2021 تک کل ڈپازٹ میں 2.77 ارب روپے کا اضافہ ہوا، جس میں سے کرنٹ اکاؤنٹ پورٹ فولیو میں 2.16 ارب روپے کا اضافہ ہوا۔

بینک سیورنس نے تیسری سہ ماہی 2021 میں سالانہ پریمیم کی مد میں 20.99 ملین روپے کا کاروبار کیا، جس سے 8.03 ملین روپے کا نان فنڈڈ انکم (NFI) حاصل ہوا۔

اس سہ ماہی میں ہم نے ڈیبٹ کارڈ فوڈ فیسیٹیوں کا آغاز کیا تاکہ صارفین کو متحرک اور ان کی مصروفیت میں اضافہ کیا جاسکے۔ ماضی کی ڈیبٹ کارڈ مہمات میں ہم نے POS اور آن لائن ٹرانزیکشنز میں نمایاں اضافہ دیکھا، اس سے موازنہ کرتے ہوئے ہم نے جولائی 2021 میں ڈیبٹ کارڈ فوڈ فیسیٹیوں کی پروموشن لانچ کی۔ جس میں ہم نے اپنے صارفین کے پسندیدہ ریستورانوں پر خصوصی ڈیلز اور ڈسکاؤنٹ پیش کیے۔ اس پروموشن کے دوران ہمارے ڈیبٹ کارڈ خرچ میں 11 ملین روپے کا اضافہ ہوا اور 240 ملین روپے کا ہدف حاصل کیا۔ گزشتہ مہینے کے مقابلے میں ٹرانزیکشنز کی تعداد بھی 4,777 بڑھ گئی۔

### بینک اشورنس

بینک اشورنس نے 2021 کی تیسری سہ ماہی میں 20.99 ملین روپے کا سالانہ پریمیم کاروبار پیدا کیا، جو 8.03 ملین روپے کی این ایف آئی میں تبدیل ہوا۔

### ڈیبٹ کارڈ فوڈ فیسیٹیوں

اس سہ ماہی میں، صارفین کی دلچسپی بڑھانے کے لیے ڈیبٹ کارڈ فوڈ فیسیٹیوں متعارف کروایا گیا۔ پچھلی ڈیبٹ کارڈ مہمات کے ذریعے، پوائنٹ آف سیل اور آن لائن ٹرانزیکشنز میں نمایاں اضافہ دیکھنے کو ملا۔ اسی رفتار کو برقرار رکھنے کے لیے، جولائی 2021 میں ڈیبٹ کارڈ فوڈ فیسیٹیوں مہم شروع کی گئی، جس میں صارفین کی پسندیدہ فوڈ برانڈز پر خصوصی ڈیلز اور رعایتیں فراہم کی گئیں۔ اس مہم کے دوران، ڈیبٹ کارڈ کے اخراجات میں 11 ملین روپے کا اضافہ ہوا اور یہ 240 ملین روپے تک پہنچ گئے جبکہ ٹرانزیکشنز کی تعداد پچھلے مہینے کے مقابلے میں 4,777 تک بڑھ گئی۔

### کنز یومر بینکنگ

سال 2021 کے ابتدائی نو ماہ تمام ان سیکورڈ پروڈکٹس کے لیے شاندار رہے۔ بینک نے 18 ارب روپے کے پورٹ فولیو پر 1.98 ارب روپے کا قبل از ٹیکس منافع ریکارڈ کیا۔

## کریڈٹ کارڈز

2021 کی تیسری سہ ماہی، سلک بینک کریڈٹ کارڈز کے لیے ایک اہم موڑ ثابت ہوئی۔ جولائی 2021 میں، بینک نے پاکستان میں پہلا اور واحد "سلک بینک سلگنچر کریڈٹ کارڈ" متعارف کروایا، جس میں منفرد خصوصیات اور فوائد شامل ہیں۔ بینک نے مختلف حکمت عملیوں کے ذریعے 7,277 نئے کارڈز کا حصول کیا، جس سے کل کارڈز کی تعداد 171,497 تک پہنچ گئی۔

تیسری سہ ماہی کے دوران، کریڈٹ کارڈز پر کل اخراجات 7.28 ارب روپے تک پہنچ گئے، جبکہ ستمبر 2021 میں ایک ماہ میں سب سے زیادہ 2.5 ارب روپے کے اخراجات ہوئے۔

## ریڈی لائن:

سلک بینک کی ریڈی لائن رنگ فنانس کی سہولت ہے جس کی منفرد اور آسان خصوصیات ہیں جو صارفین کو ان کے فنڈز تک رسائی اور استعمال میں آسانی فراہم کرتی ہیں۔ یہ سہولت 2011 میں متعارف ہونے کے بعد سے صارفین کی پسندیدہ رہی ہے۔ ریڈی لائن ہمیشہ اچھا پر فارم کرتی رہی ہے لیکن اس سال اس کی کارکردگی غیر معمولی رہی ہے۔ تیسری سہ ماہی 2021 کے اختتام تک، بینک نے 7.64 ارب روپے کے ENR کے ساتھ 47,927 فعال صارفین کا ریکارڈ قائم کیا۔ یہ بینک کی حاصل کی گئی واحد سنگ میل نہیں تھی، بلکہ اس نے تیسری سہ ماہی 2021 میں 319 ملین روپے کا EBIT بھی حاصل کیا۔

تیسری سہ ماہی 2021 میں، بینک نے متعدد حکمت عملی پر مبنی خرچ کی مہمات متعارف کرائیں جیسے کہ 50 خوش نصیب صارفین کو 25,000 روپے خرچ کرنے پر اسکولنگ فری ملے گی اور ویزا ڈیبٹ کارڈ صارفین کے لیے حیرت انگیز نوڈ فیسٹ پروموشن جس میں ہفتے بھر مختلف ڈیلز فراہم کی گئیں، ویلیو ایڈیڈ سروسز کی اندراجات وغیرہ۔

## پرسنل لون:

تیسری سہ ماہی 2021 پرسنل لون مصنوعات کے لیے ایک نیا آغاز ثابت ہوئی۔ اس پروڈکٹ نے معاشی صورتحال اور وبائی اثرات کے باوجود تمام چیلنجز کو عبور کیا۔ اس دوران بینک نے 31 ملین روپے کا منافع قبل از ٹیکس حاصل کیا۔ ستمبر 2021 کے اختتام تک، پورٹ فولیو 4.9 ارب روپے کے ساتھ 19,281 فعال صارفین پر مشتمل تھا۔

## ایمان اسلامک بینکنگ (ایمان)

ایمان اسلامک بینکنگ نے اس عرصے کے دوران معقول ترقی دکھائی۔ ڈپازٹس کا حجم 11.85 ارب روپے پر بند ہوا۔ CASA اور TD کا تناسب 74:26 رہا۔ ایڈوانسز کا مجموعہ 2.87 ارب روپے رہا۔ اس دوران سروس کوالٹی پر خصوصی توجہ دی گئی، جس سے سروس کے اشارے نمایاں طور پر بہتر ہوئے۔ اس سہ ماہی کے دوران ایمان نے 4,781 نئے صارفین کو رجسٹر کیا، جس سے کل صارفین کی تعداد 37,889 تک پہنچ گئی۔ VDC اور SMS کے کنورژن ریٹس بالترتیب %72 اور %84 رہے، جو کہ %13 اضافے کی نشاندہی کرتے ہیں۔

## کم از کم کیپٹل کی ضروریات (MCR) اور کیپٹل ایڈیکویسی ریشو (CAR)

30 ستمبر 2021 تک، بینک کا MCR منفی 3.92 ارب روپے اور CAR منفی %14 رہا، جو مقررہ کم از کم حد یعنی %11.50 سے کم ہے۔

کریڈٹ ریٹنگ:

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

مستقبل کا منظر نامہ:

ہم آپ کو اطلاع دینا چاہتے ہیں کہ یونائیٹڈ بینک لمیٹڈ (UBL) نے باضابطہ طور پر سلک بینک لمیٹڈ کے ممکنہ انضمام کے لیے اپنی پیشکش دی ہے۔ UBL نے پاکستان اسٹاک ایکسچینج (PSX) کو اس حوالے سے پیشکش کی اطلاع دی ہے۔ اس کے مطابق، بینک نے بھی یہ معلومات پاکستان اسٹاک ایکسچینج کو یکم نومبر 2024 کو فراہم کیں۔

مزید، بینک کے بورڈ آف ڈائریکٹرز نے 6 نومبر 2024 کو ہونے والے اجلاس میں UBL کے ساتھ ممکنہ انضمام کی اصولی منظوری دے دی ہے۔ یہ انضمام بینکنگ کمپنیز آرڈیننس 1962 کے سیکشن 48 کے تحت اسٹیٹ بینک آف پاکستان کی منظوری سے عمل میں آئے گا۔ اس مواد کو بھی 6 نومبر 2024 کو پاکستان اسٹاک ایکسچینج کو فراہم کیا گیا۔ یہ ممکنہ انضمام معاہدے کی شرائط، ضروری دستاویزات کی تکمیل، اور تمام کارپوریٹ اور قانونی منظور یوں کی شرط پر منحصر ہے۔ ہم اپنے شیئر ہولڈرز کو اس ممکنہ انضمام سے متعلق مزید معلومات فراہم کرتے رہیں گے۔

اظہار تشکر

ہم ایک بار پھر اپنے صارفین اور کاروباری شراکت داروں کا اُن کے بینک پر اعتماد اور تعاون کے لیے تہہ دل سے شکریہ ادا کرتے ہیں، اور اسٹیٹ بینک آف پاکستان کی راہنمائی اور تعاون کے لیے دلی قدر دانی کا اظہار کرتے ہیں۔ ہم اپنے ساتھیوں، عملے اور دیگر اسٹاف کے عزم اور خدمات کا بھی شکریہ ادا کرتے ہیں، اور ان کے مسلسل تعاون کے منتظر ہیں۔

بینک کے بورڈ کی جانب سے:

سلک بینک لمیٹڈ

خالد عزیز مرزا

چیئر مین

شہرام رضا بختیاری

پریذیڈنٹ اینڈ سی ای او


14 نومبر 2024

**SILKBANK LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT SEPTEMBER 30, 2021**

		September 30, 2021 Un-audited	December 31, 2020 Audited
	Note	Rupees in '000	
<b>ASSETS</b>			
Cash and balances with treasury banks	8	12,316,251	13,795,269
Balances with other banks	9	1,042,965	543,571
Lendings to financial institutions	10	3,437,108	6,759,921
Investments	11	100,463,316	115,449,492
Advances	12	79,403,653	91,961,645
Fixed assets	13	5,702,151	6,762,402
Intangible assets	14	380,618	283,831
Deferred tax assets	15	12,268,493	8,795,256
Other assets	16	20,759,473	23,326,620
		235,774,028	267,678,007
<b>LIABILITIES</b>			
Bills payable	17	3,037,309	3,088,780
Borrowings	18	77,996,890	89,347,953
Deposits and other accounts	19	147,169,886	160,237,608
Liabilities against assets subject to finance lease		-	-
Subordinated debt	20	2,438,666	2,439,066
Deferred tax liabilities		-	-
Other liabilities	21	6,935,125	7,695,019
		237,577,876	262,808,426
<b>NET ASSETS</b>		<b>(1,803,848)</b>	<b>4,869,581</b>
<b>REPRESENTED BY</b>			
<b>Shareholders' equity</b>			
Share capital - net	22	23,431,374	23,431,374
Statutory Reserves		820,890	820,890
Surplus on revaluation of assets - net of tax	23	1,298,797	893,462
Accumulated losses		(27,354,909)	(20,276,145)
		(1,803,848)	4,869,581
<b>CONTINGENCIES AND COMMITMENTS</b>	24		

The annexed notes 1 to 44 form an integral part of these condensed interim financial statements.

  
Chief Financial Officer

  
President & Chief Executive Officer

  
Director

  
Director

  
Director

**SILKBANK LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT - UNAUDITED**  
**FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2021**

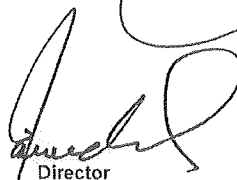
Note	Quarter ended		Nine Months ended		
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	
Rupees in '000					
Mark-up / return / profit / interest earned	26	4,010,002	6,385,584	11,975,579	18,203,936
Mark-up / return / profit / interest expensed	27	(3,279,173)	(5,318,210)	(9,937,003)	(16,269,534)
Net Mark-up / return / profit / interest income		730,829	1,067,374	2,038,576	1,934,402
<b>NON MARK-UP / INTEREST INCOME</b>					
Fee and commission income	28	597,372	547,860	1,685,406	1,634,969
Dividend income		-	-	-	-
Foreign exchange income / (loss)		74,683	115,077	196,752	(389,830)
Income / (loss) from derivatives		301	(430)	(91,196)	722,389
(Loss) / gain on securities	29	(103,247)	(135,700)	(1,219,291)	5,428,279
Other income / (loss)	30	66,702	(290,913)	154,286	(239,291)
Total non-markup / interest income		635,811	235,894	725,957	7,156,516
Total income		1,366,640	1,303,268	2,764,533	9,090,918
<b>NON MARK-UP / INTEREST EXPENSES</b>					
Operating expenses	31	(1,736,271)	(2,051,171)	(5,206,925)	(5,638,459)
Workers Welfare Fund		-	52,616	-	(12,274)
Other charges	32	(134,923)	(11,199)	(151,172)	(28,434)
Total non-markup / interest expenses		(1,871,194)	(2,009,754)	(5,358,097)	(5,679,167)
(Loss) / profit before provisions, extra ordinary / unusual item and taxation		(504,554)	(706,486)	(2,593,564)	3,411,751
Provisions and write offs - net Extra ordinary / unusual items	33	(1,120,075)	(1,871,686)	(8,222,048)	(2,810,318)
(LOSS) / PROFIT BEFORE TAXATION		(1,624,629)	(2,578,172)	(10,815,612)	601,433
Taxation	34	493,113	842,557	3,649,158	(450,589)
(LOSS) / PROFIT AFTER TAXATION		(1,131,516)	(1,735,615)	(7,166,454)	150,844
Rupee					
Basic and Diluted (Loss) / Earning Per Share	35	(0.12)	(0.19)	(0.79)	0.02

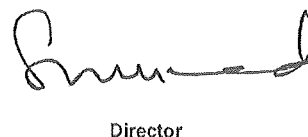
The annexed notes 1 to 44 form an integral part of these condensed interim financial statements.

  
Chief Financial Officer

  
President & Chief Executive Officer

  
Director

  
Director

  
Director

**SILKBANK LIMITED**

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME - UNAUDITED**

**FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2021**

	Quarter ended		Nine Months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	Rupees in '000			
(Loss) / profit after taxation for the period	(1,131,516)	(1,735,615)	(7,166,454)	150,844
Other comprehensive (loss) / income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in surplus on revaluation of investments - net of tax	(121,712)	(2,142,049)	450,405	(2,037,282)
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement gain on defined benefit obligations - net of tax	-	-	41,126	33,191
Movement in surplus on revaluation of fixed assets - net of tax	(581)	(582)	(1,745)	(1,744)
Movement in surplus on revaluation of non-banking assets - net of tax	(42,376)	-	(43,325)	(1,318)
	(42,957)	(582)	(3,944)	30,129
<b>Total comprehensive loss</b>	<b>(1,296,185)</b>	<b>(3,878,246)</b>	<b>(6,719,993)</b>	<b>(1,856,309)</b>

The annexed notes 1 to 44 form an integral part of these condensed interim financial statements.

  
Chief Financial Officer

  
President & Chief Executive Officer

  
Director

  
Director

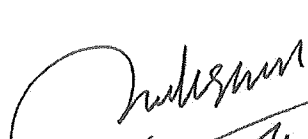
  
Director

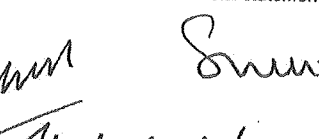
**SILKBANK LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT - UNAUDITED**  
**FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2021**


		September 30, 2021	September 30, 2020
	Note	Rupees in '000	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit / (Loss) before taxation		(10,815,612)	601,433
Less: Dividend income		-	-
		(10,815,612)	601,433
<b>Adjustments:</b>			
Depreciation on fixed assets	31	248,544	299,431
Depreciation on right-of-use assets	31	457,131	505,034
Depreciation on non-banking assets acquired in satisfaction of claims	31	34,492	47,926
Amortization of intangible assets	31	34,458	52,085
Amortization of premium on investments - net		173,968	(242,560)
Finance charge on lease liability against right-of-use assets	27	278,864	333,459
Provisions against loans & advances	33	8,612,218	2,914,815
Gain on sale of fixed assets	30	(8,288)	(1,288)
Unrealized gain on revaluation of investments - held-for-trading	29	(662)	(16,200)
Share of profit from associate	30	(3,454)	(8,665)
Loss on sale of non-banking assets acquired in satisfaction of claims	30	44,072	352,445
Provision against other assets - net	33	(51,094)	-
Write offs against fixed assets	33	21,275	9,841
		9,841,524	4,246,323
		(974,088)	4,847,756
<b>Decrease / (Increase) in operating assets</b>			
Lendings to financial institutions		3,322,813	10,507,741
Net investments in held-for-trading securities		3,518,491	(24,105,815)
Advances		3,945,774	3,158,587
Other assets (excluding advance taxation)		2,725,195	(1,363,692)
		13,512,273	(11,803,199)
<b>(Decrease) / Increase in operating liabilities</b>			
Bills payable		(51,471)	(299,332)
Borrowings		(11,351,063)	76,927,629
Deposits		(13,067,722)	5,233,859
Other liabilities (excluding current taxation)		(99,633)	(992,813)
		(24,569,889)	80,869,343
		(12,031,704)	73,913,900
Income tax paid		(260,505)	(406,550)
Net cash flow (used in) / generated from operating activities		(12,292,209)	73,507,350
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net investment in available-for-sale securities		11,940,681	(57,444,155)
Net investment in held-to-maturity securities		50,085	(15,918,240)
Net investment in fixed assets and intangible assets		(295,845)	(187,954)
Proceeds on disposal of non-banking assets acquired in satisfaction of claims		51,000	191,203
Proceeds on disposal of fixed assets		117,796	65,889
Net cash flow generated from / (used in) investing activities		11,863,717	(73,293,257)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
(Payments) / Receipts of subordinated debts		(400)	313,648
Payment of lease liability against right-of-use assets		(550,732)	(547,274)
Net cash flow used in financing activities		(551,132)	(233,626)
Decrease in cash and cash equivalents		(979,624)	(19,533)
Cash and cash equivalents at the beginning of the period		14,338,840	13,006,845
Cash and cash equivalents at the end of the period	36	13,359,216	12,987,312

The annexed notes 1 to 44 form an integral part of these condensed interim financial statements.

  
Chief Financial  
Officer

  
President & Chief  
Executive Officer

  
Director

  
Director

## SILKBANK Limited

### NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2021

#### 1 STATUS AND NATURE OF BUSINESS

- 1.1 Silkbank Limited ("the Bank") was incorporated in Pakistan on April 04, 1994 as a public limited company under the Companies Act, 2017. The Bank commenced commercial operations on May 07, 1995. The Bank's shares are quoted on Pakistan Stock Exchange Limited. The Bank is engaged in banking services as described in the Banking Companies Ordinance, 1962. The Bank operates through 111 branches (December 31, 2020: 123 branches) including 27 (December 31, 2020: 30) Islamic banking branches in Pakistan. During the period, the Bank has closed its 12 branches which includes 3 Islamic banking branches. Additionally, the Bank closed 6 more branches including 4 Islamic branches in 2023. The Bank's registered office is located at Silkbank Building, 13-L, F-7 Markaz, Islamabad.

Major shareholders of the Bank as on September 30, 2021 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.

- 1.2 In October 2020, the short-term and long-term credit ratings of 'A-2' and 'A-' respectively was assigned to the Bank by VIS Credit Rating Company Limited ("VIS") based on the Bank's condensed interim financial statements for the period ended June 30, 2020. Thereafter, no credit ratings have been issued and the VIS shall review the ratings once these and other subsequent financial statements are issued.

- 1.3 As at September 30, 2021, the equity of the Bank is negative Rs. 3.10 billion excluding surplus on revaluation of assets. This includes share capital (net of losses and discount on shares) of negative Rs. 3.92 billion against the Minimum Capital Requirement (MCR) of Rs. 10 billion as prescribed by State Bank of Pakistan (SBP). Further, the Capital Adequacy Ratio (CAR) of the Bank is negative 14% (December 31, 2020: negative 4.45%) as against the minimum CAR requirement of SBP of 11.50% (December 31, 2020: 11.50%). Consequently, the Bank is non-compliant with MCR and CAR at September 30, 2021 which resulted in various reduced prudential limits and may expose the Bank to regulatory actions under the Banking laws. As per the available management accounts of September 30, 2024, the equity and CAR of the Bank has been further deteriorated. These material uncertainties and conditions may cast significant doubts on the Bank's ability to continue as a going concern.

- 1.4 On October 31, 2024, the United Bank Limited (UBL), after completion of detailed due diligence of the Bank has submitted an offer to the Bank for its amalgamation with UBL pursuant to a scheme of amalgamation to be filed with and sanctioned by the SBP under section 48 of the Banking Companies Ordinance, 1962 (Amalgamation). As consideration of the Amalgamation, UBL has proposed to issue and allot new UBL ordinary shares to the shareholders of the Bank on the basis of a ratio of one (1) new UBL ordinary shares of every three hundred and twenty five (325) the Bank's ordinary shares.

- 1.4.1 The Board of Directors of the Bank, in their meeting held on November 06, 2024, has accorded its in- principle approval for Amalgamation of the Bank with UBL, in terms of a scheme of amalgamation to be sanctioned by SBP under section 48 of the Banking Companies Ordinance, 1962.

The Amalgamation remains subject to finalization of the deal terms, transaction documents and obtaining of all requisite corporate and regulatory approvals, consents and authorizations.

On Amalgamation, the Bank assets and liabilities shall be merged with UBL and be realized and settled in ordinary course of business of the amalgamated entity.



## 2 BASIS OF PREPARATION

- 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 utilized and the appropriate portion of mark-up thereon.
- 2.2 The Islamic banking branches of the Bank have complied with the requirements set out under the Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) and notified under the provisions of the Companies Act, 2017 except for the adoption of IFAS-3 'Profit & Loss Sharing on Deposits' as disclosed in note 3.4.
- 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 41 to these condensed interim financial statements.

## 3 STATEMENT OF COMPLIANCE

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

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

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

- 3.2 The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and IAS 40, 'Investment Property' for Banking Companies through BSD Circular No. 10 dated August 26, 2002. Further, the SECP has deferred the applicability of IFRS 7 'Financial Instruments: Disclosures' on banks through S.R.O. 411(1) / 2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.
- 3.3 IFRS 8, 'Operating Segments' is effective for the Bank's accounting periods beginning on or after January 1, 2009. All banking companies in Pakistan are required to prepare their quarterly & half-yearly financial statements in line with the format prescribed under BPRD Circular Letter No. 05 of 2019 dated March 22, 2019, effective from the accounting year ended December 31, 2019. The management of the Bank believes that as the SBP has defined the segment categorization in the above mentioned circular, the SBP requirements prevail over the requirements specified in IFRS 8. Accordingly, segment information disclosed in these condensed interim financial statements is based on the requirements as laid down by the SBP.
- 3.4 The State Bank of Pakistan through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred applicability of IFAS-3 for Profit & Loss Sharing on Deposits (IFAS-3) issued by the ICAP and notified by the SECP, vide their SRO No. 571 of 2013 dated June 12, 2013 for Institutions offering Islamic Financial Services (IFS). The standard will result in certain new disclosures in the condensed interim financial statements of the Bank.
- 3.5 The disclosures made in these condensed interim financial statements are limited based on the format prescribed by the SBP vide BPRD circular letter No. 5 dated March 22, 2019 and International Accounting Standard (IAS) 34, 'Interim Financial Reporting' and do not include all the information required in the annual financial statements. Accordingly, these condensed interim financial statements should be read in conjunction with the annual financial statements of the Bank for the year ended December 31, 2020.

#### 4 BASIS OF MEASUREMENT

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

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

#### 5 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted for the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the annual financial statements of the Bank for the year ended December 31, 2020.

##### 5.1 Standards, interpretations of and amendments to accounting and reporting standards that are effective in the year 2021

As referred to in note 4.3 to the Bank's annual financial statements for the year ended December 31, 2020, there are certain standards, amendments and interpretations that are effective for the annual period beginning on or after January 1, 2021. These are considered either not to be relevant or not to have any significant impact on the Bank's condensed interim financial statements.

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

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

<b>Standard, Interpretation or Amendment</b>	<b>Effective date (Annual periods beginning on or after)</b>
- IAS 16 - Property plant and equipment (Amendments)	January 01, 2022
- IAS 37 - Provisions, contingent liabilities and contingent assets (Amendments)	January 01, 2022

The above mentioned amendments are not likely to have a material effect on the Bank's condensed interim financial statements.

##### - IFRS 9 - 'Financial Instruments'

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

The IFRS 9 shall be applicable on Banks for the financial period starting from January 01, 2024 as per the pronouncement made by SBP vide its BPRD Circular Letter No. 07 dated, April 13, 2023.

There are certain new and amended standards and interpretations as referred to in note 4.3 to the Bank's annual financial statements for the year ended December 31, 2020, that are mandatory for the Bank's accounting periods beginning on or after January 01, 2021 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not disclosed in these condensed interim financial statements.

6 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis and methods used for critical accounting estimates and judgments adopted in these condensed interim financial information are same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2020.

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, 2020.

The Bank's activities are exposed to a variety of financial risks i.e. market risk, credit risks and liquidity risks. The condensed interim financial statements do not include all risk management information and are disclosed in the annual financial statements, thus should be read in conjunction with the annual financial statements for the year ended December 31, 2020.

There have been no material changes to our policies and practices regarding risk management and governance as described in annual financial statements for the year ended December 31, 2020 except for certain additions in the criteria to address significant risks emanating from the retail portfolio to ensure that relevant indicators relating to likelihood of default, are being captured in a timely manner under the current situation.

		September 30, 2021 Un-audited	December 31, 2020 Audited
	Note	Rupees in '000	
<b>8 CASH AND BALANCES WITH TREASURY BANKS</b>			
<b>In hand</b>			
Local currency		3,528,567	2,578,287
Foreign currencies		709,404	2,278,531
		4,237,971	4,856,818
<b>With State Bank of Pakistan in</b>			
Local currency current account	8.1	6,301,048	7,074,718
Foreign currency current account		634,499	637,477
Foreign currency deposit account	8.2	838,782	853,872
		7,774,329	8,566,067
<b>With National Bank of Pakistan In</b>			
Local currency current account		178,309	250,363
<b>National Prize Bonds</b>		125,642	122,021
		<u>12,316,251</u>	<u>13,795,269</u>

8.1 Deposits with the SBP are maintained to comply with the statutory requirements of the SBP issued from time to time (section 22 of the Banking Companies Ordinance, 1962).

8.2 This represents account maintained with SBP to comply with Special Cash Reserve requirement (FE-25 scheme, as prescribed by SBP). It carries interest rates of 0% (December 31, 2020: 0% to 0.76%).

		September 30, 2021 Un-audited	December 31, 2020 Audited
		Rupees in '000	
<b>9 BALANCES WITH OTHER BANKS</b>			
<b>In Pakistan</b>			
In current account		242,775	62,732
In deposit account		78	74
		242,853	62,806
<b>Outside Pakistan</b>			
In current account		800,112	480,765
		<u>1,042,965</u>	<u>543,571</u>

10 LENDINGS TO FINANCIAL INSTITUTIONS

Repurchase agreement lendings (Reverse repo)		1,985,600	2,664,165
Foreign placement		1,451,508	1,301,113
Bai Muajjal receivable from State Bank of Pakistan		-	2,794,643
		<u>3,437,108</u>	<u>6,759,921</u>

11 INVESTMENTS

		September 30, 2021 - Un-audited				December 31, 2020 - Audited			
		Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying value
11.1	Investments by type:	Rupees in '000							
	<b>Held-for-trading securities</b>								
	<b>Federal Government Securities</b>								
	Market Treasury Bills	4,946,047	-	(1,117)	4,944,930	13,653,249	-	150	13,653,399
	Pakistan Investment Bonds	12,009,691	-	1,779	12,011,470	6,790,944	-	29,886	6,820,830
		16,955,738	-	662	16,956,400	20,444,193	-	30,036	20,474,229
	<b>Available-for-sale securities</b>								
	<b>Federal Government Securities</b>								
	Pakistan Investment Bonds	62,770,667	-	(1,020,534)	61,750,133	74,824,514	-	(1,575,735)	73,248,779
	GOP Ijarah Sukuks	5,376,779	-	(21,442)	5,355,337	5,011,889	-	(68,078)	4,943,811
	<b>Shares - Listed</b>								
	Ordinary Shares	25,609	-	72,004	97,613	438,801	-	(18,814)	419,987
	<b>Shares - Unlisted</b>								
	Ordinary Shares	5,680	(5,680)	-	-	5,680	(5,680)	-	-
	<b>Non Government Debt Securities</b>								
	Term Finance Certificates - Listed	50,500	-	(375)	50,125	63,000	-	(653)	62,347
	Term Finance Certificates - Unlisted	8,780	(8,780)	-	-	8,780	(8,780)	-	-
		68,238,015	(14,460)	(970,347)	67,253,208	80,352,664	(14,460)	(1,663,280)	78,674,924
	<b>Held-to-maturity securities</b>								
	<b>Federal Government Securities</b>								
	Pakistan Investment Bonds	15,847,830	-	-	15,847,830	15,897,915	-	-	15,897,915
	Bai Muajjal	257,658	-	-	257,658	257,658	-	-	257,658
	<b>Non Government Debt Securities</b>								
	Shares repurchase (fully provided)	74,910	(74,910)	-	-	74,910	(74,910)	-	-
		16,180,398	(74,910)	-	16,105,488	16,230,483	(74,910)	-	16,155,573
	<b>Associates</b>								
	SPI Insurance Company Limited	148,220	-	-	148,220	144,766	-	-	144,766
	<b>Total investments</b>	<b>101,522,371</b>	<b>(89,370)</b>	<b>(969,685)</b>	<b>100,463,316</b>	<b>117,172,106</b>	<b>(89,370)</b>	<b>(1,633,244)</b>	<b>115,449,492</b>
11.2	Investments by segments:								
	<b>Federal Government Securities</b>								
	Market Treasury Bills	4,946,047	-	(1,117)	4,944,930	13,653,249	-	150	13,653,399
	Pakistan Investment Bonds	90,628,188	-	(1,018,765)	89,609,433	97,513,373	-	(1,545,849)	95,967,524
	GOP Ijarah Sukuks	5,376,779	-	(21,442)	5,355,337	5,011,889	-	(68,078)	4,943,811
	Bai Muajjal	257,658	-	-	257,658	257,658	-	-	257,658
		101,208,672	-	(1,041,314)	100,167,358	116,436,169	-	(1,613,777)	114,822,392
	<b>Shares</b>								
	Listed companies	25,609	-	72,004	97,613	438,801	-	(18,814)	419,987
	Unlisted companies	5,680	(5,680)	-	-	5,680	(5,680)	-	-
		31,289	(5,680)	72,004	97,613	444,481	(5,680)	(18,814)	419,987
	<b>Non Government Debt Securities</b>								
	Term Finance Certificates - Listed	50,500	-	(375)	50,125	63,000	-	(653)	62,347
	Term Finance Certificates - Unlisted	8,780	(8,780)	-	-	8,780	(8,780)	-	-
		59,280	(8,780)	(375)	50,125	71,780	(8,780)	(653)	62,347
	Shares repurchase (fully provided)	74,910	(74,910)	-	-	74,910	(74,910)	-	-
	<b>Associates</b>								
	SPI Insurance Company Limited	148,220	-	-	148,220	144,766	-	-	144,766
	<b>Total investments</b>	<b>101,522,371</b>	<b>(89,370)</b>	<b>(969,685)</b>	<b>100,463,316</b>	<b>117,172,106</b>	<b>(89,370)</b>	<b>(1,633,244)</b>	<b>115,449,492</b>

	September 30, 2021 Un-audited	December 31, 2020 Audited
	Rupees In '000	
11.2.1 Investments given as collateral		
Market Treasury Bills	4,908,145	10,940,440
Pakistan Investment Bonds	70,980,377	76,767,023
	<u>75,888,522</u>	<u>87,707,463</u>
11.3 Provision for diminution in value of Investments		
11.3.1 Opening balance	89,370	89,370
Charge / (reversals)		
Charge for the period / year	-	-
Reversals for the period / year	-	-
Amounts written off	-	-
Closing balance	<u>89,370</u>	<u>89,370</u>

11.3.2 Particulars of provision against debt securities

Category of classification	September 30, 2021 - Un-audited		December 31, 2020 - Audited	
	Non Performing Investments	Provision	Non Performing Investments	Provision
	Rupees In '000			
Domestic	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	83,690	83,690	83,690	83,690
Total	<u>83,690</u>	<u>83,690</u>	<u>83,690</u>	<u>83,690</u>

11.4 The market value of securities classified as held-to-maturity is Rs. 16,105 million (December 31, 2020: Rs. 16,156 million).

12 ADVANCES

	Performing		Non Performing		Total	
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited
	Rupees In '000					
Loans, cash credits, running finances, etc.	63,916,972	60,407,983	44,706,117	40,703,634	98,622,089	101,111,617
Islamic financing and related assets	2,874,417	3,089,668	-	2,108,100	2,874,417	5,197,768
Bills discounted and purchased	419,332	342,712	3,113	3,113	422,445	345,825
Advances - gross	<u>67,209,721</u>	<u>63,840,363</u>	<u>44,709,230</u>	<u>42,814,847</u>	<u>101,918,951</u>	<u>106,655,210</u>
Provision against advances						
- Specific	-	-	(21,674,290)	(13,951,531)	(21,674,290)	(13,951,531)
- General	(841,008)	(742,034)	-	-	(841,008)	(742,034)
	<u>(841,008)</u>	<u>(742,034)</u>	<u>(21,674,290)</u>	<u>(13,951,531)</u>	<u>(22,515,298)</u>	<u>(14,693,565)</u>
Advances - net of provision	<u>66,368,713</u>	<u>63,098,329</u>	<u>23,034,940</u>	<u>28,863,316</u>	<u>79,403,653</u>	<u>91,961,645</u>

12.1 Particulars of advances (Gross)

	September 30, 2021 Un-audited	December 31, 2020 Audited
	Rupees In '000	
In local currency	101,918,951	106,655,210
In foreign currencies	-	-
	<u>101,918,951</u>	<u>106,655,210</u>

12.2 Advances include Rs. 44.71 billion (December 31, 2020: Rs. 42.81 billion) which have been placed under non-performing status as detailed below:

Category of classification - specific	September 30, 2021 - Un-audited		December 31, 2020 - Audited	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	Rupees In '000			
Domestic	1,299,580	293,067	2,844,340	448,526
Substandard	814,734	289,770	5,493,237	683,828
Doubtful	42,694,916	21,091,463	34,477,270	12,819,177
Loss	44,709,230	21,674,290	42,814,847	13,951,531
Total	<u>44,709,230</u>	<u>21,674,290</u>	<u>42,814,847</u>	<u>13,951,531</u>

12.3 Particulars of provision against advances:

Note	September 30, 2021 - Un-audited			December 31, 2020 - Audited		
	Specific	General	Total	Specific	General	Total
	Rupees In '000					
Opening balance	13,951,531	742,034	14,693,565	6,077,627	784,308	6,861,935
Charge for the period / year	8,930,961	98,974	9,029,935	9,424,399	-	9,424,399
Reversals for the period / year	(417,717)	-	(417,717)	(306,895)	(42,274)	(349,169)
	8,513,244	98,974	8,612,218	9,117,504	(42,274)	9,075,230
Amounts written off during the period / year	(790,485)	-	(790,485)	(1,243,600)	-	(1,243,600)
Closing balance	<u>21,674,290</u>	<u>841,008</u>	<u>22,515,298</u>	<u>13,951,531</u>	<u>742,034</u>	<u>14,693,565</u>

12.3.1 It includes non-performing advances amounting to Rs. 20,161 million (December 31, 2020: Rs. 20,161 million) extended to certain borrowers ("Respective borrowers") who are engaged primarily in trading and real estate businesses which are mainly secured against the mortgage of land. These exposures are classified under 'Loss' category.

12.3.1.1 Subsequent to the period end, the Bank for the purpose of settlement of these exposures have entered into Real Estate Investment Trust (REIT) arrangements which is approved by the SBP with certain conditions precedent. Under the arrangement, two separate schemes of REITs, i.e. Silk Islamic Development REIT (SIDR) and Silk World Islamic REIT (SWIR) have subsequently been established. The certain land mortgaged with the Bank as a collateral securing these non-performing exposures have been subsequently released and transferred in favour of SIDR and SWIR respectively. However, after such transfer of land, the Bank still hold other land of the Respective Borrowers under mortgage having market value of around Rs. 24 billion. At transfer of land to SIDR, an initial sale proceed of Rs. 878 million have been realised for settlement against these exposures. Further REIT units having par value of Rs. 5 billion have been subsequently issued by SWIR in favour of the Respective borrowers which along with dividend thereon have been assigned in favour of the Bank.

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

12.3.3 As of September 30, 2021, the Bank has availed FSV benefits against all non performing advances. Had the benefit not been taken by the Bank, loss after tax would have been higher by Rs.13,982 million (December 31, 2020: Rs. 15,508 million), which shall not be available for payment of cash or stock dividend / bonus to employees.

12.3.4 As per Prudential Regulation for consumer financing issued by the SBP, percentage of reserve is linked to non-performing loans to gross loans ratio. Consequently, the general provisioning on consumer financing is maintained at 4% (December 31, 2020: 4%) of unsecured portfolio of the Bank.

	Note	September 30, 2021 Un-audited	December 31, 2020 Audited
		Rupees in '000	
<b>13</b>	<b>FIXED ASSETS</b>		
	Capital work-in-progress	13.1 80,159	7,333
	Property and equipment	2,968,755	3,256,308
	Right-of-use assets	2,653,237	3,498,761
		<u>5,702,151</u>	<u>6,762,402</u>
<b>13.1</b>	<b>Capital work-in-progress</b>		
	Civil works	71,961	521
	Advances to suppliers and contractors	8,198	6,812
		<u>80,159</u>	<u>7,333</u>

13.2 On September 10, 2015, the Bank entered into an Agreement to Sell (the Agreement) with respect to its previous Head Office Land and Building (the Property) situated at I. I. Chundrigar Road against sale consideration of Rs. 2,370 million. Pursuant to the terms of the Agreement, the Bank received a down payment of Rs. 118.50 million, which is currently reported in 'other liabilities' (note 21). The remaining balance was required to be paid by the buyer within 5 years from the date of the Agreement. Under the agreement, the counter-party is permitted for new construction at the Property site while keeping the building facade intact being the heritage and required to be protected under Heritage regulations.

13.2.1 Due to certain litigations and restrictions against the proposed construction along with severe economic slowdown occurred due to COVID-19, the construction activities at the Property site were badly hampered at various time-intervals due to which the counter-party has requested the Bank to extend the term of the agreement. Accordingly, the agreement was initially extended for one year and thereafter till September 2024.

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

	September 30, 2021 Un-audited	September 30, 2020 Un-audited
	Rupees in '000	
<b>13.3 Additions to fixed assets</b>		
The following additions have been made to fixed assets during the period:		
Capital work-in-progress	164,598	36,873
<b>Property and equipment</b>		
Furniture and fixture	4,031	5,396
Electrical, office and computer equipment	71,113	38,824
Vehicles	6,422	88,636
Leasehold Improvements	10,206	19,239
	91,772	152,095
<b>Total</b>	<b>256,370</b>	<b>188,968</b>
	September 30, 2021 Un-audited	September 30, 2020 Un-audited
	Rupees in '000	
<b>13.4 Disposal of fixed assets</b>		
The net book value of fixed assets disposed off during the period is as follows:		
Furniture and fixture	396	-
Electrical, office and computer equipment	326	2,925
Vehicles	63,148	61,676
Leasehold Improvements	45,638	-
<b>Total</b>	<b>109,508</b>	<b>64,601</b>
	September 30, 2021 Un-audited	December 31, 2020 Audited
	Rupees in '000	
<b>14 INTANGIBLE ASSETS</b>		
Capital work-in-progress	142,991	66,586
Software	237,627	217,245
	<b>380,618</b>	<b>283,831</b>

September 30,      September 30,  
2021                      2020  
Un-audited              Un-audited  
Rupees in '000

14.1 Additions to intangible assets

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

Capital work-in-progress	131,245	11,976
Software (directly purchased)	54,840	61,361
<b>Total</b>	<b>186,085</b>	<b>73,337</b>

September 30,      December 31,  
2021                      2020  
Un-audited              Audited  
Rupees in '000

15 DEFERRED TAX ASSETS

**Deductible Temporary Differences on**

- Tax losses carried forward		2,857,096	1,768,466
- Deficit on revaluation of investments	23	339,621	582,149
- Provision for diminution in value of investments		3,073	3,073
- Provision against non-performing advances		7,762,724	5,160,513
- Provision against Workers' Welfare Fund (WWF)		47,094	47,094
- Provision against other assets		431,917	449,800
- Depreciation on non-banking assets		91,019	102,295
- Unabsorbed tax depreciation		730,642	664,770
- Impairment in value of fixed assets		116,153	116,153
		<b>12,379,339</b>	<b>8,894,313</b>

**Taxable Temporary Differences on**

- Surplus on revaluation of non-banking assets	23	(14,568)	(15,123)
- Surplus on revaluation of fixed assets	23	(9,082)	(10,021)
- Post retirement employee benefits		(34,229)	(12,083)
- Accelerated tax depreciation		(52,967)	(61,830)
		<b>(110,846)</b>	<b>(99,057)</b>
		<b>12,268,493</b>	<b>8,795,256</b>

15.1 The Bank has an aggregate amount of deferred tax assets of Rs. 12,268 million (December 31, 2020: Rs. 8,795 million) out of which an amount of Rs. 7,763 million (December 31, 2020: 5,160 million) has been recorded in accordance with the provision of the Seventh Schedule to the Income Tax Ordinance, 2001, which require that Provisions for advances and off balance sheet items shall be allowed upto a maximum of 1% of total advances and provisions for advances and off-balance sheet items shall be allowed at 5% of total advances for consumers and small and medium enterprises. Pursuant to the Amalgamation arrangement as detailed in Note 1.4, the amalgamated entity is expected to realise these deferred tax assets mainly against its future years tax liabilities and available tax benefits with respect to non performing loans.



	Note	September 30,	December 31,
		2021	2020
		Un-audited	Audited
		Rupees in '000	
<b>16 OTHER ASSETS</b>			
Income / mark-up accrued in local currency - net of provision		6,560,912	9,345,868
Income / mark-up accrued in foreign currency - net of provision		6	468
Accrued rent		96,618	96,618
Advances, deposits, advance rent and other prepayments		200,960	250,722
Profit paid in advance on fixed deposits		8,691	39,635
Advance taxation (payments less provisions)		1,977,337	1,804,089
Net defined benefit assets - permanent staff		97,797	34,526
Non-banking assets	16.2	9,274,005	9,674,889
Branch adjustment account		164,470	158,474
Mark to market gain on forward contracts		154,009	111,778
Acceptances		433,767	545,553
Receivable from sale of non-banking assets acquired in satisfaction of claims		69,050	88,650
Fee receivable from Credit Card members		157,478	243,586
Others		879,551	254,156
		<u>20,074,651</u>	<u>22,649,012</u>
Less: Provision held against other assets	16.5	<u>(1,219,129)</u>	<u>(1,270,223)</u>
Other assets - net of provisions		18,855,522	21,378,789
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	23	<u>1,903,951</u>	<u>1,947,831</u>
<b>Other assets - total</b>		<u><b>20,759,473</b></u>	<u><b>23,326,620</b></u>
<b>16.1 Market value of Non-banking assets acquired in satisfaction of claims</b>	16.4	<u><b>9,966,827</b></u>	<u><b>10,360,497</b></u>
<b>16.2 Non-banking assets</b>			
- acquired in satisfaction of claims		3,067,248	3,335,059
- under agreement to sale third parties		6,157,807	6,290,453
- with buy back option with customers		48,950	49,377
		<u>9,274,005</u>	<u>9,674,889</u>
<b>16.3</b>	The non-banking assets acquired in satisfaction of claims (NBAs) aggregating to Rs. 9,335 million (December 31, 2020: Rs. 9,401 million) are currently un-developed and have been evaluated based on the valuation reports from the valuers on Pakistan Bank' Association list of approved valuers. The Bank exposure exceeds the prescribed limit of 2.5% of aggregate advances and investments (excluding investment in Government securities) as prescribed by SBP under regulation Debt Property Swap.		
<b>16.4</b>	Subsequent to the period end, in addition to the collateral land (as detailed in Note 12.3.1), certain land classified here under NBA have been transferred to SIDR and SWIR. At transfer of such land, an initial sale proceeds of Rs. 1,560 million have been realised to the Bank from SIDR, whereas the SWIR has issued its REIT units having par value of Rs. 910 million in favour of the Bank against respective land transferred to these REITs.		

	Note	September 30,	December 31,
		2021	2020
		Un-audited	Audited
		Rupees in '000'	
<b>16.5 Provision held against other assets</b>			
Non-banking assets acquired in satisfaction of claims		1,211,129	1,262,223
Others		8,000	8,000
		<u>1,219,129</u>	<u>1,270,223</u>
<b>16.5.1 Movement in provision held against other assets</b>			
Opening balance		1,270,223	602,274
Charge for the period / year		-	876,007
Reversals for the period / year		(51,094)	(208,058)
Net reversal for the period / year	33	(51,094)	667,949
Write off		-	-
Closing balance		<u>1,219,129</u>	<u>1,270,223</u>
<b>17 BILLS PAYABLE</b>			
In Pakistan		3,037,309	3,088,780
Outside Pakistan		-	-
		<u>3,037,309</u>	<u>3,088,780</u>
<b>18 BORROWINGS</b>			
<b>Secured</b>			
<b>Borrowings from State Bank of Pakistan</b>			
- under export refinance scheme		1,738,459	1,862,925
- under Credit Guarantee Scheme for Small and Rural Enterprises		1,083	-
Repurchase agreement borrowings		<u>76,076,297</u>	<u>87,331,738</u>
<b>Total secured</b>		<u>77,815,839</u>	<u>89,194,663</u>
<b>Unsecured</b>			
Call borrowings		100,000	-
Overdrawn nostro accounts		81,051	153,290
<b>Total unsecured</b>		<u>181,051</u>	<u>153,290</u>
		<u>77,996,890</u>	<u>89,347,953</u>

**19 DEPOSITS AND OTHER ACCOUNTS**

	September 30, 2021 - Un-audited			December 31, 2020 - Audited		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	Rupees in '000					
<b>Customers</b>						
Current deposits	30,872,092	3,900,154	34,772,246	28,460,310	4,239,277	32,699,587
Saving deposits	54,445,538	3,688,236	58,133,774	59,844,993	3,454,791	63,299,784
Term deposits	45,036,505	2,238,680	47,275,185	52,342,596	2,200,683	54,543,279
Margin deposits	959,322	-	959,322	926,612	-	926,612
Call deposits	1,422,773	-	1,422,773	1,226,588	-	1,226,588
	<u>132,736,230</u>	<u>9,827,070</u>	<u>142,563,300</u>	<u>142,801,099</u>	<u>9,894,751</u>	<u>152,695,850</u>
<b>Financial Institutions</b>						
Current deposits	215,150	56,866	272,016	153,679	24,248	177,927
Saving deposits	3,448,850	22,391	3,471,241	6,736,426	20,949	6,757,375
Term deposits	765,030	98,299	863,329	514,390	92,066	606,456
	<u>4,429,030</u>	<u>177,556</u>	<u>4,606,586</u>	<u>7,404,495</u>	<u>137,263</u>	<u>7,541,758</u>
	<u>137,165,260</u>	<u>10,004,626</u>	<u>147,169,886</u>	<u>150,205,594</u>	<u>10,032,014</u>	<u>160,237,608</u>

		September 30, 2021	December 31, 2020
		Un-audited	Audited
		Rupees in '000	
<b>20</b>	<b>SUBORDINATED DEBT</b>		
	Subordinated Term Finance Certificates	1,998,400	1,998,800
	Subordinated Loan from Sponsors	440,266	440,266
		<u>2,438,666</u>	<u>2,439,066</u>

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

Issue amount	Rs. 2,000 million
Issue date	August 10, 2017
Maturity date	Up to 8 years from date of issue.
Rating	BBB+ (Triple B Plus) by VIS Credit Rating Company Limited (VIS) was announced on October 12, 2020, based on condensed interim financial statements of Silk Bank Limited as of June 30, 2020. Later on, the same rating were harmonized by VIS according to their methodology and assigned rating at 'B' (Single B) with a 'Rating Watch-Negative' status on June 16, 2023. The VIS shall review the ratings once these and other subsequent financial statements are issued.
Security	The instrument is unsecured and subordinated as to payment of principal and profit to all other indebtedness of the Bank, including deposits.
Profit payment frequency	Profit will be payable semi-annually in arrears on the outstanding principal amount and will be calculated on a 365 day year basis.
Redemption	0.14% of the issue amount during the first 7 years and remaining 99.86% in last two equal semi-annual installments of 49.93% each.
Mark-up	6 months KIBOR plus 1.85% per annum.
Call option	The Bank may call TFCs in part or in full, after 5 years from date of issue on any profit payment date, subject to SBP approval and with not less than 30 days prior notice to the Trustee and Investors. The call option once announced will be Irrevocable.
Lock-in-clause	As per the lock-in requirement for Tier II issues, neither profit nor principal will be payable (even at maturity) in respect of the TFC, if such payment will result in a shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) or results in an increase in any existing shortfall in MCR or CAR.
Loss absorbency clause	The instrument will be subject to loss absorbency and / or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a point of non-viability event as defined by SBP's Basel III Capital Rule, the SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and / or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by fair value per share of the Bank's common equity on the date of trigger of the non-viability event as declared by the SBP, subject to a cap of 1,238,390,093 shares.

20.2 Due to the lock-in-clause as mentioned in note 20.1 and as per SBP instructions, the Bank has received an unsecured and interest free subordinated loan from the sponsor in order to make the payment of the installments including profit thereon in respect of the above mentioned TFC's. Upon compliance with Capital Adequacy Ratio (CAR), this subordinated loan will be repaid to the Sponsor.

		September 30, 2021	December 31, 2020
		Un-audited	Audited
		Rupees in '000	
<b>21</b>	<b>OTHER LIABILITIES</b>		
	Mark-up / return / interest payable in local currency	870,526	894,554
	Mark-up / return / interest payable in foreign currencies	9,238	6,367
	Unearned commission and income on bills discounted	76,429	52,959
	Accrued expenses	721,759	553,317
	Acceptances	433,767	545,553
	Mark to market loss on forward contracts	75,111	158,312
	Payable to defined benefit plan - contractual staff	79,890	70,185
	Provision against off-balance sheet obligations	116,012	116,012
	Workers' Welfare Fund (WWF)	102,394	134,504
	Advance received against future sale of non-banking assets	70,448	95,917
	Advance received against future sale of operating fixed assets	118,500	118,500
	Deferred income against non-banking assets	135,743	135,743
	Islamic pool management reserve	8,092	7,729
	Lease liability against right-of-use assets	3,217,510	3,877,771
	Non checking account	45,328	243,463
	PR1 remitting account	91,003	45,931
	Fund received against application of Housing Scheme	55,390	66,224
	Others	707,985	571,978
		<u>6,935,125</u>	<u>7,695,019</u>

		September 30, 2021	December 31, 2020	
		Un-audited	Audited	
	Note	Rupees in '000		
21.1	Provision against off-balance sheet obligations			
	Opening balance	116,012	116,012	
	Charge for the period / year	-	-	
	Reversals for the period / year	-	-	
	Amount written off	-	-	
	Closing balance	<u>116,012</u>	<u>116,012</u>	
22	SHARE CAPITAL- NET			
22.1	Authorised capital			
	September 30, 2021	December 31, 2020		
	Un-audited	Audited		
	Number of shares in '000			
	<u>10,500,000</u>	<u>10,500,000</u>	Ordinary shares of Rs.10 each	<u>105,000,000</u> <u>105,000,000</u>
22.2	Issued, subscribed and paid up capital			
	September 30, 2021	December 31, 2020		
	Un-audited	Audited		
	Number of shares in '000			
	9,081,861	9,081,861	<b>Ordinary shares of Rs. 10 each</b>	
	-	-	Fully paid in cash	90,818,612      90,818,612
	<u>9,081,861</u>	<u>9,081,861</u>	Less: Discount on issue of shares	<u>(67,387,238)</u> <u>(67,387,238)</u>
				<u>23,431,374</u> <u>23,431,374</u>
23	SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
	Surplus / (Deficit) on revaluation of			
	- Available for sale securities	11.1 (970,347)	(1,663,280)	
	- Fixed assets	49,222	51,906	
	- Non-banking assets acquired in satisfaction of claims	16 1,903,951	1,947,831	
		982,826	336,457	
	Deferred tax on (surplus) / deficit on revaluation of			
	- Available for sale securities	15 339,621	582,149	
	- Fixed assets	15 (9,082)	(10,021)	
	- Non-banking assets acquired in satisfaction of claims	15 (14,568)	(15,123)	
		315,971	557,005	
		<u>1,298,797</u>	<u>893,462</u>	
24	CONTINGENCIES AND COMMITMENTS			
	Guarantees	24.1 14,008,763	12,649,548	
	Commitments	24.2 16,152,943	27,295,663	
	Contingent liabilities	24.3 819,194	1,258,480	
		<u>30,980,900</u>	<u>41,203,691</u>	
24.1	Guarantees:			
	Financial guarantees	509,521	59,940	
	Performance guarantees	8,453,524	7,892,158	
	Other guarantees	5,045,718	4,697,450	
		<u>14,008,763</u>	<u>12,649,548</u>	

	September 30, 2021 Un-audited	December 31, 2020 Audited
	Rupees in '000	
<b>24.2 Commitments:</b>		
Documentary credits and short-term trade-related transactions - letters of credit	2,869,240	3,309,778
Commitments in respect of:		
- forward foreign exchange contracts	24.2.1 12,659,547	10,148,208
- forward government securities transactions	24.2.2 501,641	13,609,696
Commitments for acquisition of:		
- operating fixed assets	-	187
- intangible assets	122,515	227,794
	24.2.3 <u>16,152,943</u>	<u>27,295,663</u>
<b>24.2.1 Commitments in respect of forward foreign exchange contracts</b>		
Purchase	9,240,938	7,452,132
Sale	3,418,609	2,696,076
	<u>12,659,547</u>	<u>10,148,208</u>
<b>24.2.2 Commitments in respect of forward government securities transactions</b>		
Purchase	501,641	-
Sale	-	13,609,696
	<u>501,641</u>	<u>13,609,696</u>
<b>24.2.3</b> The Bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.		

	September 30, 2021 Un-audited	December 31, 2020 Audited
	Rupees in '000	
<b>24.3 Contingent liabilities:</b>		
Claims against the Bank not acknowledged as debt	783,554	1,222,840
Claims against the Bank by Competition Commission of Pakistan & others	35,640	35,640
	<u>819,194</u>	<u>1,258,480</u>
<b>24.3.1</b> Suits for damages of Rs. 24.41 billion (December 31, 2020: Rs. 24.38 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.		
<b>24.4</b> For contingencies relating to taxation refer note 34.1-34.4.		

## 25 DERIVATIVE INSTRUMENTS

### Product Analysis

#### Counterparties

#### Hedging

- Banks
- Other entities

#### Total

September 30, 2021 - Un-audited	
Forward Contracts	
Notional Principal	Mark to Market gain / (loss)
501,069	572
-	-
<u>501,069</u>	<u>572</u>

Rupees in '000

December 31, 2020 - Audited	
Forward Contracts	
Notional Principal	Mark to Market gain / (loss)
13,666,992	90,304
-	-
<u>13,666,992</u>	<u>90,304</u>

Rupees in '000

#### Counterparties

#### Hedging

- Banks
- Other entities

#### Total

		September 30, 2021	September 30, 2020
		Un-audited	Un-audited
	Note	Rupees in '000	
<b>26</b>	<b>MARK-UP / RETURN / PROFIT / INTEREST EARNED</b>		
	<b>On:</b>		
	a) Loans and advances	5,938,830	8,995,574
	b) Investments	5,807,905	8,056,297
	c) Lendings to financial institutions	228,780	1,151,294
	d) Balances with banks	64	771
		<u>11,975,579</u>	<u>18,203,936</u>
<b>27</b>	<b>MARK-UP / RETURN / PROFIT / INTEREST EXPENSED</b>		
	<b>On:</b>		
	a) Deposits	5,319,054	9,452,363
	b) Borrowings	3,926,063	5,994,159
	c) Subordinated debt	138,673	213,608
	d) Cost of foreign currency swaps against foreign currency deposits / borrowings	259,128	260,714
	e) Lease liability against right-of-use assets	278,864	333,459
	f) Others	15,221	15,231
		<u>9,937,003</u>	<u>16,269,534</u>
<b>28</b>	<b>FEE &amp; COMMISSION INCOME</b>		
	Branch banking customer fees	133,374	137,602
	Card related fees (debit and credit cards)	1,083,803	1,020,233
	Credit related fees	238,640	256,159
	Commission on trade	125,039	107,576
	Commission on guarantees	54,643	52,848
	Commission on remittances including home remittances	10,579	12,831
	Commission on bancassurance	24,869	38,501
	Others	14,459	9,219
		<u>1,685,406</u>	<u>1,634,969</u>
<b>29</b>	<b>(LOSS) / GAIN ON SECURITIES</b>		
	Realised	(1,219,953)	5,412,079
	Unrealised - held for trading	662	16,200
		<u>(1,219,291)</u>	<u>5,428,279</u>
<b>29.1</b>	<b>Realised (loss) / gain on:</b>		
	Federal Government Securities	(1,159,464)	5,370,284
	Shares	(60,489)	41,154
	Non Government Debt Securities	-	641
		<u>(1,219,953)</u>	<u>5,412,079</u>
<b>30</b>	<b>OTHER INCOME / (LOSS)</b>		
	Rent on property and non-banking assets	40,103	102
	Gain on sale of fixed assets - net	8,288	1,288
	Loss on sale of non-banking assets - net	(44,072)	(352,445)
	Rent on lockers	16,697	16,740
	Postage, telex and other service charges recovered	13,557	40,850
	Share of profit from associate	3,454	8,665
	Early loan termination charges	40,665	45,509
	Gain on termination leases	75,594	-
		<u>154,286</u>	<u>(239,291)</u>

31 OPERATING EXPENSES

September 30,      September 30,  
2021                      2020  
Un-audited              Un-audited  
Rupees in '000

Total compensation expense	2,702,075	2,883,822
<b>Property expense</b>		
Rent & taxes	8,198	29,055
Insurance on non-banking assets acquired in satisfaction of claims	2,477	938
Utilities cost	154,153	152,683
Security (including guards)	20,864	23,265
Repair & maintenance (including janitorial charges)	43,769	49,627
Depreciation on buildings	51,717	68,892
Depreciation on right-of-use assets	457,131	505,034
Depreciation on non-banking assets acquired in satisfaction of claims	34,492	47,926
Professional charges	2,826	7,533
	<b>775,627</b>	<b>884,953</b>
<b>Information technology expenses</b>		
Software maintenance	156,153	167,910
Hardware maintenance	80,929	63,332
Depreciation	60,050	55,121
Amortisation	34,458	52,085
Website development charges	431	298
	<b>332,021</b>	<b>338,746</b>
<b>Other operating expenses</b>		
Directors' fees and allowances	21,850	29,698
Fees and allowances to Shariah Board	11,499	11,291
Legal & professional charges	138,731	102,328
Outsourced services costs	140,935	140,716
Travelling & conveyance	45,411	76,160
NIFT clearing charges	7,934	8,317
Depreciation	136,777	175,418
Training & development	4,099	7,446
Postage & courier charges	5,883	26,604
Communication	331,566	316,804
Stationery & printing	67,689	55,746
Marketing, advertisement & publicity	101,433	191,335
Auditors' remuneration	17,695	18,975
Insurance (including deposit protection)	114,073	122,964
Repairs & maintenance	52,724	66,650
Brokerage and commission	5,865	7,960
Subscriptions and news papers	17,398	14,464
Entertainment	28,554	31,942
Vehicle running & maintenance	18,518	16,323
Card related expenses (debit and credit cards)	105,818	90,079
Security	21,229	18,881
Others	1,521	837
	<b>1,397,202</b>	<b>1,530,938</b>
	<b>5,206,925</b>	<b>5,638,459</b>

		September 30, 2021	September 30, 2020
		Un-audited	Un-audited
	Note	Rupees in '000	
<b>32</b>	<b>OTHER CHARGES</b>		
	Penalties imposed by State Bank of Pakistan	140,151	1,133
	Operational loss	11,021	27,301
		<u>151,172</u>	<u>28,434</u>
<b>33</b>	<b>PROVISIONS &amp; WRITE OFFS - NET</b>		
	Provisions against loans & advances	12.3 8,612,218	2,914,815
	Provision against other assets.- net	16.5.1 (51,094)	-
	Write offs against fixed assets	21,275	9,841
	Recovery of written off / charged off bad debts	(360,351)	(114,338)
		<u>8,222,048</u>	<u>2,810,318</u>
<b>34</b>	<b>TAXATION</b>		
	Current	-	125,348
	Prior years	87,257	-
	Deferred	(3,736,415)	325,241
		<u>(3,649,158)</u>	<u>450,589</u>

**34.1** The income tax returns of the Bank have been e-filed upto tax year 2021. The Commissioner Inland Revenue has amended the assessment of the Bank, and the Bank has filed appeals against the amendments. The appeals are pending before Appellate Tribunal Inland Revenue (ATIR) against certain disallowances amounting to Rs.3,026 million (2020: Rs.1,996 million) relating to Assessment / Tax Year(s) 2000-2001, 2001-2002, 2002-2003, 2004 and 2015 to 2019. The appeals which are pending before Commissioner (Appeals) against the disallowances amounting to Rs.682 million (2020: Rs.1,712 million) relating to tax years 2003 and 2006. The management of the Bank, in consultation with its tax advisor, is confident that the decisions in respect of these appeals would be in the Bank's favor.

**34.2** For the tax year 2020, amendment in assessment proceedings under section 122(1) of the Ordinance have been concluded. However, no order has been passed by the Commissioner to date. For the tax year 2021, return of income e-filed is deemed to be an assessment order under section 120 of the Ordinance.

**34.3** The proceedings regarding monitoring of withholding taxes pertaining to the Tax Years 2011 to 2019 were initiated and completed. Orders were issued by the Assessing Officer creating total tax demand of Rs.241.880 million which includes penalty and default surcharge out of which the Bank has paid an amount of Rs.169.312 million. The matters for the tax years 2011 and 2012 have been concluded, the Bank has not filed further appeals and the Bank has paid the demand so created. The Bank's appeals for Tax Years 2013 and 2014 before the CIR (A) were rejected after which appeals before the ATIR, Karachi have been filed. The ATIR has remanded-back the case to the Assessing Officer, however, no proceedings were initiated. With respect to Tax Years 2015 and 2016, the Bank has filed appeals against orders before CIR (A). The CIR(A) remanded back the matter to the Assessing Officer, however, no proceedings were initiated. With respect to Tax Years 2017 to 2019, the Bank has filed appeals against orders before CIR (A), the CIR(A) remanded back the matter to the Assessing Officer. The Assessing Officer passed the orders by creating tax demands of Rs.499,831 for tax year 2017, Rs.303,191 for tax year 2018 and no tax demand for tax year 2019. The orders passed for the tax years 2017 to 2019 are subject to rectification, therefore an application under section 221 of the Ordinance was filed.

The proceedings regarding monitoring of withholding taxes for the tax year 2020 has been initiated, however, no order is passed by the Assessing Officer.

**34.4** The income tax returns of the Bank's Azad Kashmir operations have been filed up to the tax year 2021. The Commissioner Inland Revenue has amended the assessment from the tax years 2016 to 2020 and passed orders under section 122(5A) of the Ordinance (for tax years 2016 and 2017) and under section 122(1) of the Ordinance (for the tax years 2018, 2019 and 2020). Appeals against orders were filed and these matters are pending for adjudication before the Commissioner (Appeals) and ATIR. The management of the Bank, in consultation with its tax advisor, is confident that the decisions in respect of these appeals would be in the Bank's favor.



## 38 SEGMENT INFORMATION

## Segment Details with respect to Business Activities

September 30, 2021 - Un-audited				
Consumer / SME	Whole Sale Banking	Treasury	Total	
Rupees in '000				
<b>Profit and Loss Account</b>				
Net mark-up / return / profit / (loss)	4,718,213	(3,442,632)	762,995	2,038,576
Inter segment revenue - net	-	-	-	-
Non mark-up / interest income / (loss)	1,625,889	253,942	(1,153,874)	725,957
<b>Total Income / (loss)</b>	<b>6,344,102</b>	<b>(3,188,690)</b>	<b>(390,879)</b>	<b>2,764,533</b>
Segment direct expenses	(2,857,823)	(2,440,512)	(59,762)	(5,358,097)
Inter segment expense allocation	(1,108,476)	1,164,242	(55,766)	-
<b>Total expenses</b>	<b>(3,966,299)</b>	<b>(1,276,270)</b>	<b>(115,528)</b>	<b>(5,358,097)</b>
Provisions	(211,796)	(6,010,262)	-	(6,222,048)
<b>Profit / (loss) before tax</b>	<b>2,166,007</b>	<b>(12,475,212)</b>	<b>(506,407)</b>	<b>(10,815,612)</b>
<b>Statement of Financial Position</b>				
Cash & Bank balances	-	4,665,656	8,693,560	13,359,216
Investments	-	-	100,463,316	100,463,316
Net inter segment lending	96,101,109	(206,151,132)	110,050,023	-
Lendings to financial institutions	1,233,782	217,726	1,985,600	3,437,108
Advances - performing	24,156,927	32,211,786	-	56,368,713
Advances - non-performing - net of provision	1,461,641	21,573,299	-	23,034,940
Others	2,578,976	36,514,445	17,314	39,110,735
<b>Total Assets</b>	<b>125,532,435</b>	<b>(110,966,220)</b>	<b>221,209,813</b>	<b>235,774,028</b>
Borrowings	599,481	1,001,941	76,395,468	77,996,890
Subordinated debt	-	2,438,666	-	2,438,666
Deposits & other accounts	100,042,264	47,127,622	-	147,169,886
Net inter segment borrowing	20,457,446	(165,557,509)	145,100,063	-
Others	4,433,244	4,843,282	695,908	9,972,434
<b>Total Liabilities</b>	<b>125,532,435</b>	<b>(110,145,998)</b>	<b>222,191,439</b>	<b>237,577,876</b>
Equity	-	(822,222)	(981,626)	(1,803,848)
<b>Total Equity &amp; liabilities</b>	<b>125,532,435</b>	<b>(110,966,220)</b>	<b>221,209,813</b>	<b>235,774,028</b>
<b>Contingencies &amp; Commitments</b>	<b>783,554</b>	<b>17,036,158</b>	<b>13,161,188</b>	<b>30,980,900</b>

September 30, 2020 - (Un-audited)				
Consumer / SME	Whole Sale Banking	Treasury	Total	
Rupees in '000				
<b>Profit and Loss Account</b>				
Net mark-up / return / profit / (loss)	4,173,232	(3,343,436)	1,104,606	1,934,402
Inter segment revenue - net	-	-	-	-
Non mark-up / interest income / (loss)	1,570,854	(125,775)	5,711,437	7,156,516
<b>Total Income / (loss)</b>	<b>5,744,086</b>	<b>(3,469,211)</b>	<b>6,816,043</b>	<b>9,090,918</b>
Segment direct expenses	(2,844,212)	(2,772,086)	(62,869)	(5,679,167)
Inter segment expense allocation	(1,108,225)	1,172,637	(64,412)	-
<b>Total expenses</b>	<b>(3,952,437)</b>	<b>(1,599,449)</b>	<b>(127,281)</b>	<b>(5,679,167)</b>
Provisions	(695,538)	(2,114,780)	-	(2,810,318)
<b>Profit / (loss) before tax</b>	<b>1,096,111</b>	<b>(7,183,440)</b>	<b>6,688,762</b>	<b>601,433</b>

December 31, 2020 - Audited				
Consumer / SME	Whole Sale Banking	Treasury	Total	
Rupees in '000				
<b>Statement of Financial Position</b>				
Cash & Bank balances	-	5,056,591	9,282,249	14,338,840
Investments	-	-	115,449,492	115,449,492
Net inter segment lending	94,681,076	(207,299,852)	112,618,776	-
Lendings to financial institutions	1,105,946	195,167	5,458,808	6,759,921
Advances - performing	26,914,000	36,184,329	-	63,098,329
Advances - non-performing - net of provision	1,732,091	27,131,225	-	28,863,316
Others	784,581	38,253,216	130,312	39,168,109
<b>Total Assets</b>	<b>125,217,694</b>	<b>(100,479,324)</b>	<b>242,939,637</b>	<b>267,678,007</b>
Borrowings	726,225	1,136,700	87,485,028	89,347,953
Subordinated debt	-	2,439,066	-	2,439,066
Deposits & other accounts	98,338,154	61,899,454	-	160,237,608
Net inter segment borrowing	22,064,057	(178,169,222)	156,105,165	-
Others	4,089,258	6,263,962	430,579	10,783,799
<b>Total Liabilities</b>	<b>125,217,694</b>	<b>(106,430,040)</b>	<b>244,020,772</b>	<b>262,808,426</b>
Equity	-	5,950,716	(1,081,135)	4,869,581
<b>Total Equity &amp; liabilities</b>	<b>125,217,694</b>	<b>(100,479,324)</b>	<b>242,939,637</b>	<b>267,678,007</b>
<b>Contingencies &amp; Commitments</b>	<b>1,222,840</b>	<b>16,222,947</b>	<b>23,757,904</b>	<b>41,203,691</b>

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

39 RELATED PARTY TRANSACTIONS

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

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

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

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

	September 30, 2021 - Un-audited				December 31, 2020 - Audited			
	Directors	Key Management Personnel	Associates	Other Related Parties	Directors	Key Management Personnel	Associates	Other Related Parties
Rupees in '000								
<b>Balances</b>								
<b>Investments</b>								
Opening balance	-	-	144,766	413,197	-	-	131,881	416,226
Investment made / share profit during the period / year	-	-	3,454	-	-	-	12,885	602,706
Investment redeemed / disposed off during the period / year	-	-	-	(413,192)	-	-	-	(605,735)
Closing balance	-	-	148,220	5	-	-	144,766	413,197
<b>Advances</b>								
Opening balance	626	18,250	-	2,162,921	22,342	9,925	-	2,312,557
Addition during the period / year	7,285	55,825	-	1,882,985	48,865	126,373	-	116,960
Repaid during the period / year	(6,006)	(45,962)	-	(1,906,488)	(70,581)	(118,048)	-	(266,596)
Closing balance	1,905	28,113	-	2,139,418	626	18,250	-	2,162,921
Provision held against advances	-	-	-	268,345	-	-	-	130,608
<b>Other Assets</b>								
Interest / mark-up accrued	-	490	-	36,816	-	311	-	165,994
Insurance claim receivable	-	-	52,958	-	-	-	21,787	-
Prepaid insurance	-	-	785	-	-	-	661	-
<b>Subordinated debt</b>								
Opening balance	-	-	-	440,266	-	-	-	126,218
Issued / purchased during the period / year	-	-	-	-	-	-	-	314,048
Redemption during the period / year	-	-	-	-	-	-	-	-
Closing balance	-	-	-	440,266	-	-	-	440,266
<b>Deposits and other accounts</b>								
Opening balance	11,303	139,705	40,956	1,332,045	7,076	85,006	41,608	1,488,688
Received during the period / year	83,980	680,779	130,107	5,125,485	393,096	584,149	186,749	3,352,869
Withdrawn during the period / year	(60,438)	(708,366)	(124,453)	(5,570,458)	(388,869)	(529,450)	(187,401)	(3,509,512)
Closing balance	34,845	112,118	46,610	887,072	11,303	139,705	40,956	1,332,045
<b>Other Liabilities</b>								
Interest / mark-up payable	99	7	413	794	-	-	783	4,079
Others	-	4	-	662	-	-	-	-
<b>Contingencies and Commitments</b>								
Other contingencies	-	-	-	17,389	-	-	-	17,389

	September 30, 2021 - Un-audited				September 30, 2020 - Un-audited			
	Directors	Key Management Personnel	Associates	Other Related Parties	Directors	Key Management Personnel	Associates	Other Related Parties
Rupees in '000								
<b>Transactions</b>								
<b>Income</b>								
Mark-up / return / interest earned	-	2,246	-	108,311	992	1,998	-	206,267
Net gain on sale of securities	-	-	-	(60,489)	-	-	-	31,359
Share of profit from associate	-	-	3,454	-	-	-	8,665	-
<b>Expense</b>								
Mark-up / return / interest paid	613	1,758	2,325	33,623	214	2,171	2,216	100,631
Short term employment benefits	30,472	256,729	-	-	97,706	325,866	-	-
Contribution to Defined Benefit Plan	93	8,586	-	-	3,860	10,903	-	-
Meeting fee	21,850	-	-	-	23,060	-	-	-
Insurance premium paid	-	-	22,534	-	-	-	38,950	-
Insurance claims settled	-	-	112	-	-	-	2,867	-

41 ISLAMIC BANKING BUSINESS

The Bank is operating with 27 Islamic Banking branches at the end of September 30, 2021 (December 31, 2020: 30). During the period, the Bank has closed its 3 Islamic banking branches. Additionally, the Bank closed 4 more Islamic banking branches in 2023.

The statement of financial position of these branches as at September 30, 2021 are as follows:

	Note	September 30,	December 31,
		2021	2020
		Un-audited	Audited
		Rupees in '000	
<b>ASSETS</b>			
Cash and balances with treasury banks		2,155,405	2,449,222
Balances with other banks		50,036	77,341
Due from financial institutions	41.1	25,916,096	28,273,097
Investments	41.2	5,612,995	5,201,469
Islamic financing and related assets - net	41.3	2,874,417	5,127,314
Fixed assets		998,450	1,207,205
Intangible assets		5,238	4,623
Due from Head Office		2,740,210	2,880,092
Other assets		1,496,350	1,298,517
<b>Total assets</b>		<b>41,849,197</b>	<b>46,518,880</b>
<b>LIABILITIES</b>			
Bills payable		461,423	563,474
Deposits and other accounts	41.4	33,098,478	37,515,414
Other liabilities		1,450,082	1,630,406
<b>Total liabilities</b>		<b>35,009,983</b>	<b>39,709,294</b>
<b>NET ASSETS</b>		<b>6,839,214</b>	<b>6,809,586</b>
<b>REPRESENTED BY</b>			
Islamic banking fund		6,625,000	6,625,000
Reserves		-	-
Deficit on revaluation of assets		(21,442)	(68,078)
Un-appropriated profits	41.8	235,656	252,664
		<b>6,839,214</b>	<b>6,809,586</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	41.5		

The profit and loss account of the Bank's Islamic banking branches for the nine months ended September 30, 2021 is as follows:

	Note	September 30,	September 30,
		2021	2020
		Un-audited	Un-audited
		Rupees in '000	
Profit / return earned	41.6	1,909,792	5,935,332
Profit / return expensed	41.7	(1,314,880)	(2,241,731)
<b>Net profit / return</b>		<b>594,912</b>	<b>3,693,601</b>
<b>Other Income</b>			
Fee and commission income		24,911	13,885
Foreign exchange income / (loss)		17,315	(64,968)
Income from derivatives		-	87,254
(Loss) / Gain on securities		(2,723)	10,471
Other income		14,268	9,860
<b>Total other income</b>		<b>53,771</b>	<b>56,502</b>
<b>Total income</b>		<b>648,683</b>	<b>3,750,103</b>
<b>Other expenses</b>			
Operating expenses		(599,856)	(634,515)
Workers Welfare Fund		-	(64,187)
Other charges		(23,790)	(725)
<b>Total other expenses</b>		<b>(623,646)</b>	<b>(699,427)</b>
<b>Profit before provisions</b>		<b>25,037</b>	<b>3,050,676</b>
Provisions and write offs - net		(42,045)	94,480
<b>(Loss) / Profit for the period</b>		<b>(17,008)</b>	<b>3,145,156</b>

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