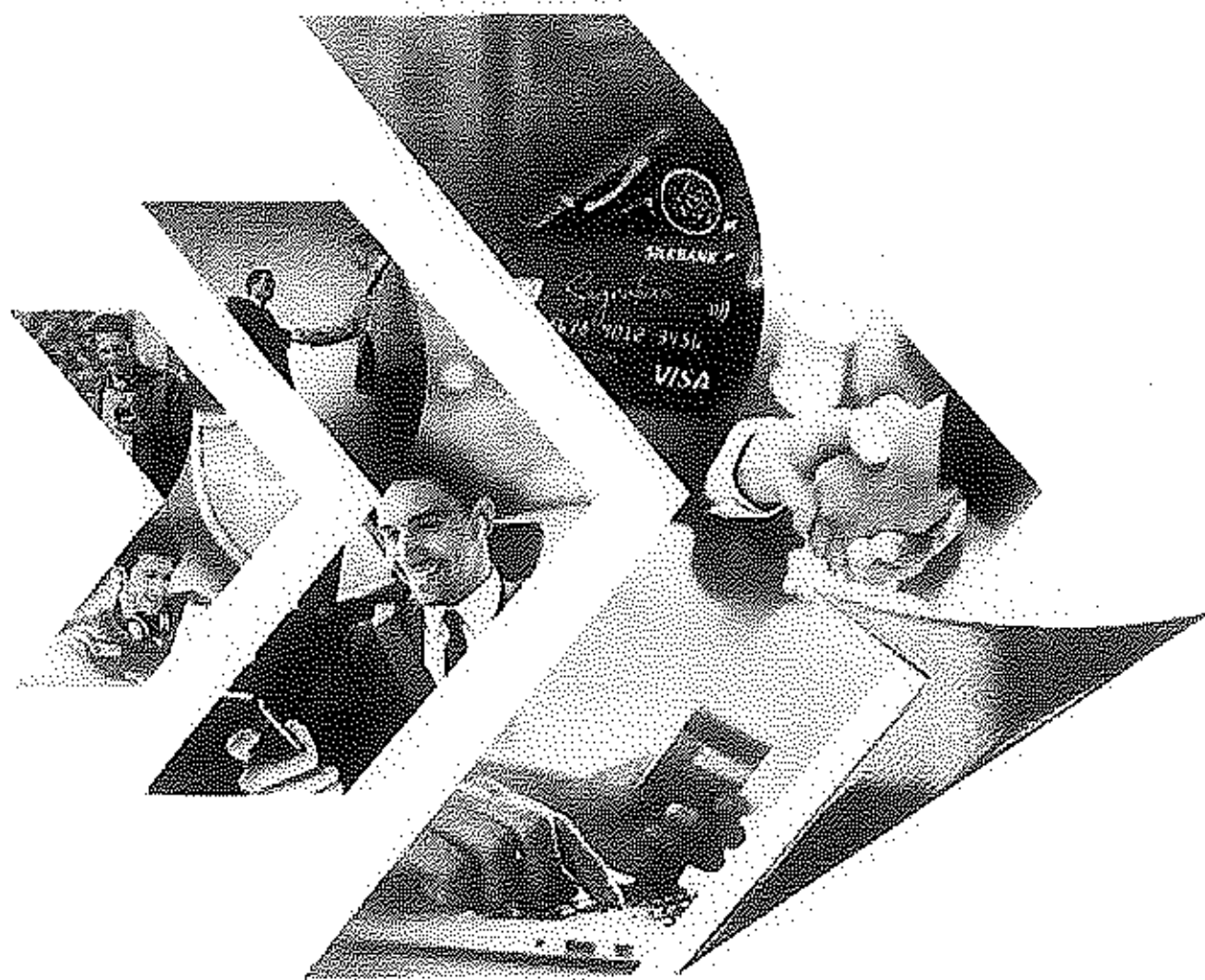


1st Quaterly
Report
2022

SILKBANK 
Yes we can



TOGETHER FOR A BRIGHTER FUTURE

Director's Report as of March 31, 2022

REPORT

Dear Shareholders,

We are pleased to present the financial statements of the Bank for the first quarter ended March 31, 2022.

Economic Review:

Pakistan's economy faced challenges from the start of FY-22 due to high global commodity prices due to the Russia - Ukraine war and global supply disruptions. Inflation for the first quarter FY-22 was recorded at 12.60% versus 7.83% in FY-21. The main reasons for higher inflation numbers were higher food, commodity and energy prices.

Exports of the country increased by 27.30% whereas imports increased by 54.40%. The country's balance of trade posted a deficit of USD 35.4 billion for 9M FY-22, with a significant increase of 70%. The impact of increased imports was evident in the current account deficit which increased to US\$ 13.2 billion by March 2022. The twin deficits resulted in a sharp fall of SBP reserves which plummeted to US\$ 10.8 billion by the end of March 2022 versus US\$ 17 billion by the end of December 2021. This adversely impacted the PKR Parity which was recorded at Rs. 183.47 by March 2022 versus Rs. 176.51 on December 31, 2021. PKR devaluation on quarterly basis was 3.94% and since July 2021 Rs. depreciated by 18.49%. In lieu of rising twin deficits and inflation SBP increased the interest rates to 12.25% a cumulative impact to 5.25%.

Country witnessed its highest-ever remittances of US\$ 2.8 billion in March 2022. Worker remittances averaged US\$ 2.55 billion per month from July 21 to March 2022. Cumulatively, remittances increased to US\$ 23 billion during the first nine months of 2022 registering a growth of 7.01% over the same period last year.

In order to combat macro imbalances SBP took measures that included Rupee adjustment, increase in interest rates, curtailment of consumer finance through regulatory actions, and curtailment of non-essential imports. As a result of these corrective measures, the GDP was expected to fall below 4% in FY 2022 versus 5.4% in FY 2021. Government is keen to revive IMF - ECF program enabling the country to unlock much need foreign financing.

Financial Performance:

In the first quarter of 2022, the Bank posted a profit after tax of Rs. 1.55 billion as compared to a Loss after tax amounting to Rs. 2.48 billion sustained in the last corresponding period. During this period, total deposits declined by Rs. 2 billion, closing at Rs. 141.76 billion, while gross advances decreased by Rs. 2.18 billion.

Summarized financial performance of Silkbank Limited for the first quarter ended March 31, 2022, is as follows:

Silkbank Limited

Central Office:

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

Block-6, KDA Scheme # 5,

Clifton 75600, Karachi-Pakistan

PABX: 021-111-00-7455

Website: www.silkbank.com.pk

	Rs in 'million'
Loss before tax	(142)
Tax - Current	-
Prior	(42)
Deferred	1,738
Loss after tax	1,553
	Rupce
Basic & Diluted - Earning per Share	0.17

The Bank reported a loss before tax of Rs. 142 billion for the first quarter, compared to a loss before tax of Rs. 3.78 billion in the corresponding period last year. This improvement is primarily attributed to an increase in the Bank's net interest income (NII) by Rs. 0.23 billion, a rise in non-markup/interest income by Rs. 1.36 billion, and reduced provisioning for non-performing loans (NPLs) by Rs. 2.01 billion.

The improvement in NII, despite higher funding costs, was largely driven by lower markup suspensions during this quarter compared to the same period last year. Markup suspensions and NPL provisioning were elevated in the previous year's corresponding quarter due to fresh NPL classifications and a one-time charge-off related to the delinquent consumer portfolio following the statutory grace period granted during COVID-19.

Non-markup/interest income also improved, supported by a Rs. 170 million increase in earnings from fees, commissions, and foreign exchange, along with a reduction in the loss on securities disposal by Rs. 1.13 billion compared to the corresponding period last year.

The Bank posted a profit after tax of Rs. 1.55 billion for the quarter, due to the recording of deferred tax amounting to Rs. 1.74 billion.

Business Performance:

Branch Banking

Branch Banking served over 231,758 customers contributing more than 70% of the Bank's deposit base. Total deposit as of 31st March 2022 stood at approximately Rs.100 billion. The total Year-to-date deposit grew by Rs. 2.04 billion till 31st March 2022 out of which the current account portfolio grew by Rs. 2.19 billion.

During the quarter, we concentrated on total deposit growth by directing the branch sales teams to focus on acquiring high-quality funded NTB accounts. This combined effort resulted in a deposit growth of Rs. 2.19 billion, translating to a 2% increase in book size.

Banca Sales Campaign was launched resulting in the business of Rs. 17.44 million in insurance annual premium during Q1'22 which translates into NFI of Rs.6.16 million.

During this quarter, we also conducted a Business Value Account Plus market-storming campaign. This initiative aimed to expand the reach of this current account to our target audience, while also soliciting NTB accounts and deposits for the bank. The first phase of the market storming drove significant upward momentum for BVA Plus, and the second phase further strengthened its market presence. Business Value Account Plus exemplifies the bank's vision and commitment to excellence. This product has not only surpassed expectations, particularly during the uncertain times of COVID-19 but also continues to grow at an accelerated rate.

Consumer Banking:

Consumer Banking: During the first quarter of 2022 Business posted a profit before tax of Rs. 724 million on an unsecured portfolio of over Rs. 18.5 billion.

• Ready Line:

In the 1st Quarter of 2022, Ready Line posted a 329 million EBIT on the outstanding ENR of Rs. 7.7 billion with having over 49,358 customer base. These milestones were achieved with the help of multiple spend & ENR building initiatives such as New Year spend cashback promotion, Digital spend campaigns promoting our Silkmobile App & Internet banking and seasonal tactical campaigns including but not limited to Women's Day, Pakistan Day & 14th of February.

• Personal Loan:

Keeping in mind the return on capital employed for every product and economic outlook, the Bank took a decision to temporarily shift the focus from Personal Instalment Loan fresh acquisition to other products. Despite this and challenges, at the end of the period Jan-Mar 2024 our customer base stands at 20,475 with an outstanding ENR of Rs. 4.44 billion and profit before tax of 126 million.

• Credit Cards:

Silkbank Credit Cards paced up the momentum of acquisitions by booking 4,343 fresh cards in first quarter of 2022, thus increasing CIF (Cards in Force) to 178,075 Cards. Total spending recorded on Credit Cards in the first quarter ending on 31st March 2022 was Rs. 8.4 billion and ENR volume of Rs. 6.33 billion.

To achieve these results, Credit Cards Business launched a host of tactical campaigns on E-commerce, 23% Cashback on Spend, Online Grocery Shopping, Registration on WhatsApp banking campaign to carve its space in digital space, 0% markup Installment plans along with Event-based campaigns including New Year, Women's day special discounts and Pakistan Day offers which helped us to post remarkable Spend & ENR volumes.

Emaan Islamic Banking (Emaan)

Emaan Islamic Banking is committed to actively contributing to the development of the Islamic banking sector by providing high-quality Shariah-compliant products and services through its expanding network across the nation. As of the most recent reporting period, Emaan Islamic Banking has achieved total deposits amounting to Rs. 27,13 million, with a CASA to time deposit ratio of 26:74. During this period, over 1,292 new bank accounts were established, increasing the total customer base to 39,098.

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Emaan Islamic Banking remains steadfast in its commitment to sustainable growth, consistently prioritizing exceptional customer service and a comprehensive range of products while adopting a prudent approach to balance sheet management.

CSO Excellence -Training Program:

CSO Excellence sessions conducted for 109 branch staff in 2022. The purpose of this reinforcement is to help branches to remain focused on delivering consistent and smooth services to our valued customers. Also, Branches can monitor their daily performance at different intervals on a day-to-day basis.

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

As of March 31, 2022, the Minimum Capital Requirement (MCR) stood at negative Rs. 7.5 billion and Capital Adequacy Ratio (CAR) at negative 25.46% 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 (Single A-minus 2) as determined by "JCR VIS" Credit Rating Company Limited.

Future Outlook:

As already mentioned in Financial Section of the report, 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.

Subsequently, the Board meetings of UBL and Silkbank were held on December 02 and December 04, 2024, respectively, wherein both the Boards approved the proposed amalgamation of the Bank with and into UBL through a share swap arrangement under Section 48 of the Banking Companies Ordinance, 1962. The Boards also authorized the execution of the Agreement to Amalgamate, the Scheme of Amalgamation, and other related documentation necessary for implementing the amalgamation.

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

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Additionally, the Boards resolved to convene Extraordinary General Meetings (EOGMs) for shareholder approval of the amalgamation and related matters. The EOGM of the Bank is scheduled for December 26, 2024, while UBL's EOGM is set for December 30, 2024.

This amalgamation remains subject to the fulfillment of all necessary legal formalities and obtaining the requisite corporate, regulatory, and third-party approvals. In light of this process, the external auditors have included a note in their audit opinion, highlighting a 'Material Uncertainty Related to Going Concern'.

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

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**

Karachi, December 13, 2024

Slik Bank Limited - Director's Report March 2022

ڈائریکٹرز کی رپورٹ

معزز شیئر ہولڈرز،

ہم نہایت مسرت کے ساتھ 31 مارچ 2022 کو ختم ہونے والی پہلی سرمایہ کے مالیاتی بیانات پیش کر رہے ہیں۔

معاشی جائزہ

پاکستان کی معیشت نے مالی سال 2022 کے آغاز سے ہی مشکلات کا سامنا کیا، جو کہ روس یوکرین جنگ اور عالمی سپلائی میں رکاوٹوں کی وجہ سے عالمی سطح پر بلند کموڈٹی قیمتوں کا نتیجہ تھا۔ مالی سال 2022 کی پہلی سرمایہ میں انفرافلز 12.60 فیصد ریکارڈ کیا گیا، جو کہ مالی سال 2021 میں 7.83 فیصد تھا۔ انفرافلز میں اضافے کی بنیادی وجوہات میں خوراک، کموڈٹی اور توانائی کی بلند قیمتیں شامل تھیں۔

ملک کی برآمدات میں 27.30 فیصد اضافہ ہوا، جبکہ درآمدات میں 54.40 فیصد اضافہ ریکارڈ کیا گیا۔ مالی سال 2022 کے 9 ماہ کے دوران تجارتی خسارہ 35.4 ارب امریکی ڈالر رہا، جو کہ 70 فیصد کے نمایاں اضافے کی عکاسی کرتا ہے۔ بڑھتی ہوئی درآمدات کا اثر کرنٹ اکاؤنٹ خسارے پر بھی پڑا، جو مارچ 2022 تک 13.2 ارب امریکی ڈالر تک پہنچ گیا۔ ان دو ہرے خساروں کے نتیجے میں اسٹیٹ بینک کے ذخائر میں تیزی سے کمی واقع ہوئی، جو دسمبر 2021 میں 17 ارب امریکی ڈالر سے کم ہو کر مارچ 2022 کے آخر تک 10.8 ارب امریکی ڈالر رہ گئے۔ اس کا منفی اثر روپے کی قدر پر پڑا، جو مارچ 2022 تک 183.47 روپے تک گر گیا، جبکہ 31 دسمبر 2021 کو یہ 176.51 روپے تھی۔ سرمایہ بنیاد پر روپے کی قدر میں 3.94 فیصد کمی ہوئی، اور جولائی 2021 سے روپے کی قدر میں 18.49 فیصد کمی ہوئی۔ بڑھتے ہوئے خساروں اور انفرافلز کے پیش نظر اسٹیٹ بینک نے شرح سود 12.25 فیصد تک بڑھا دیا، جس کا مجموعی اثر 5.25 فیصد تھا۔

مارچ 2022 میں ملک نے اپنی تاریخ کی سب سے زیادہ تر سیلےت زر 2.8 ارب امریکی ڈالر وصول کیے۔ جولائی 2021 سے مارچ 2022 تک ورکرز کی جانب سے بھیجی گئی ترسیلات زر ماہانہ اوسطاً 2.55 ارب امریکی ڈالر رہیں۔ مجموعی طور پر، 2022 کے پہلے نو ماہ میں ترسیلات زر 23 ارب امریکی ڈالر تک بڑھ گئیں، جو پچھلے سال کے اسی عرصے کے مقابلے میں 7.01 فیصد اضافے کو ظاہر کرتی ہیں۔

معاشی عدم توازن سے نمٹنے کے لیے اسٹیٹ بینک نے کئی اقدامات کیے، جن میں روپے کی قدر میں کمی، شرح سود میں اضافہ، ریگولیٹری اقدامات کے ذریعے صارفین کی مالیات میں کمی، اور غیر ضروری درآمدات کی روک تھام شامل ہیں۔ ان اصلاحی اقدامات کے نتیجے میں جی ڈی پی مالی سال 2022 میں 4 فیصد سے کم رہنے کی توقع ہے، جبکہ مالی سال 2021 میں یہ 5.4 فیصد تھی۔ حکومت آئی ایم ایف کے توسیع شدہ فنڈ کی سہولت (EFF) پروگرام کی بحالی کے لیے کوشاں ہے تاکہ ملک کو انتہائی ضروری غیر ملکی مالیاتی وسائل تک رسائی حاصل ہو سکے۔

مالی کارکردگی:

سال 2022 کی پہلی سرمایہ میں بینک نے 1.55 ارب روپے کا بعد از ٹیکس منافع حاصل کیا، جبکہ پچھلے سال کی اسی مدت میں 2.48 ارب روپے کے بعد از ٹیکس نقصان کا سامنا کرنا پڑا تھا۔ اس عرصے کے دوران، کل ڈپازٹس میں 2 ارب روپے کی کمی ہوئی اور یہ 141.76 ارب روپے پر بند ہوئے، جبکہ مجموعی قرضوں میں 2.18 ارب روپے کی کمی ریکارڈ کی گئی۔

سٹاک بینک لمیٹڈ کی 31 مارچ 2022 کو ختم ہونے والی پہلی سرمایہ کی مختصر مالی کارکردگی درج ذیل ہے:

روپے ملین میں	
(142)	نقصان قبل از ٹیکس
-	ٹیکس - موجودہ
(42)	گزشتہ
1,738	ماتمی شدہ
1,553	نقصان بعد از ٹیکس
روپے	بنیادی اور ڈائبلینڈ نقصان فی حصص
(0.17)	

بینک نے پہلی سرمایہ کے لیے 142 ملین روپے کا قبل از ٹیکس نقصان رپورٹ کیا، جو کہ پچھلے سال کی اسی مدت میں 3.78 ارب روپے کے قبل از ٹیکس نقصان کے مقابلے میں نمایاں بہتری کو ظاہر کرتا ہے۔ یہ بہتری بنیادی طور پر بینک کی نیٹ انٹرسٹ انکم (NII) میں 0.23 ارب روپے کے اضافے، نان مارک اپ / انٹرسٹ انکم میں 1.36 ارب روپے کے اضافے، اور نان پرفارمنگ لونز (NPLs) کی پروویژننگ میں 2.01 ارب روپے کی کمی کے باعث ممکن ہوئی۔

NII میں بہتری، زیادہ فنڈنگ لاگت کے باوجود، اس سرمایہ میں مارک اپ معطلی میں کمی کی وجہ سے ممکن ہوئی، جو پچھلے سال کی اسی مدت کے مقابلے میں کم رہی۔ پچھلے سال کی اسی سرمایہ میں مارک اپ معطلی اور NPL پروویژننگ زیادہ تھیں، جو نئے NPLs کی درجہ بندی اور کوویڈ 19 کے دوران دیے گئے قانونی رعایتی مدت کے بعد ڈیفالٹ کنزیومر پورٹ فولیو سے متعلق ایک وقتی چارج آف کے نتیجے میں ہوئیں۔

نان مارک اپ / انٹرسٹ انکم میں بھی اضافہ دیکھنے میں آیا، جس میں فیس، کمیشن، اور فارن ایکسچینج سے آمدنی میں 170 ملین روپے کا اضافہ شامل ہے، ساتھ ہی پچھلے سال کی متعلقہ مدت کے مقابلے میں سیکورٹیز کی فروخت پر ہونے والے نقصان میں 1.13 ارب روپے کی کمی بھی شامل ہے۔

بینک نے اس سرمایہ میں 1.55 ارب روپے کا بعد از ٹیکس منافع ریکارڈ کیا، جو کہ 1.74 ارب روپے کے ذخیرہ ٹیکس کو ریکارڈ کرنے کے باعث ممکن ہوا۔

کاروباری کارکردگی:

برائچ بینکنگ:

برائچ بینکنگ نے 231,758 سے زائد صارفین کو خدمات فراہم کیں، جو بینک کے ڈپازٹس میں کا 70% سے زائد حصہ فراہم کرتے ہیں۔ 31 مارچ 2022 تک کل ڈپازٹ تقریباً 100 ارب روپے تھے۔ سال کی ابتداء سے 31 مارچ 2022 تک کل ڈپازٹ میں 2.04 ارب روپے کا اضافہ ہوا، جس میں کرنٹ اکاؤنٹ پورٹ فولیو 2.19 ارب روپے بڑھا۔

اس سرمایہ کے دوران، برائچ سٹریٹجز کو ہدایت دی گئی کہ وہ نئے معیاری فنڈز اکاؤنٹس (NTB) حاصل کرنے پر توجہ مرکوز کریں، جس کے نتیجے میں ڈپازٹ میں 2.19 ارب روپے کا اضافہ ہوا، جو یک ماہ میں 2% کے اضافے کے مترادف ہے۔

2022 کی پہلی سرمایہ میں بینکا سٹریٹجز کا آغاز کیا گیا، جس کے نتیجے میں 17.44 بلین روپے کی سالانہ انشورنس پر بیمہ کاروبار ہوا، اور اس کے نتیجے میں 6.16 بلین روپے کی نان فنڈڈ انکم (NFI) حاصل ہوئی۔

اس سرمایہ کے دوران، ہم نے برنس ویلیو اکاؤنٹ پلس کے لیے بڑے پیمانے پر تشہیری مہم بھی چلائی گئی۔ اس اقدام کا مقصد موجودہ اکاؤنٹ کے فوائد کو کسٹمرز تک پہنچانا تھا، جبکہ بینک کے لیے NTB اکاؤنٹس اور ڈپازٹس کو فروغ دینا تھا۔ تشہیری مہم کے پہلے حصے میں کسٹمرز کو پروڈکٹ کی آگاہی فراہم کی گئی اور دوسرے مرحلے میں اس بات کو یقینی بنایا گیا کہ پروڈکٹ کی مارکیٹ میں موجودگی کو مضبوط بنایا جائے تاکہ زیادہ سے زیادہ کسٹمرز اس سے استفادہ حاصل کر سکیں۔ برنس ویلیو اکاؤنٹ پلس بینک کے وژن اور بہترین خدمات کے عزم کی نمائندگی کرتا ہے۔ اس پروڈکٹ نے خاص طور پر کوویڈ 19 کے غیر یقینی وقتوں کے دوران توقعات سے بڑھ کر کارکردگی دکھائی اور فی الوقت مسلسل تیز رفتاری سے ترقی کر رہی ہے۔

کنزیومر بینکنگ:

2022 کی پہلی سرمایہ میں کنزیومر بینکنگ نے 18.5 ارب روپے کے ان بیکجورڈ پورٹ فولیو پر 724 بلین روپے کا قبل از ٹیکس منافع حاصل کیا۔

ریڈی لائن:

2022 کی پہلی سرمایہ میں، ریڈی لائن نے 17.7 ارب روپے کے بھایا ENR پر 329 بلین روپے کا EBIT حاصل کیا، جس کے صارفین کی تعداد 49,358 تھی۔ یہ کامیاب اشتہاری مہمات اور ENR بلڈنگ اقدامات کی مدد سے حاصل ہوئیں، جیسے نئے سال کی کیش بیک پروموشن، Digital Spend Campaign (سلسلہ موہاٹل ایپ اور انٹرنیٹ بینکنگ کو فروغ دینے کے لیے) اور seasonal campaigns بشمول خواتین کا دن، یوم پاکستان، اور ویٹامن ڈے شامل ہیں۔

پرسنل لون:

ہر پروڈکٹ کے لیے سرمایہ کے استعمال پر منافع اور معاشی صورتحال کو مد نظر رکھتے ہوئے، بینک نے یہ فیصلہ کیا کہ عارضی طور پر پرسنل انٹرنیشنل لون کے نئے حصول پر توجہ کم کر کے دیگر پروڈکٹس پر مرکوز کی جائے۔ ان چیلنجز کے باوجود، جنوری تا مارچ 2024 کی مدت کے اختتام پر ہمارا کسٹمر بیس 20,475 پر برقرار ہے، جبکہ بتایا ENR (Net Earning Rate) 4.44 ارب روپے اور نکس سے پہلے کا منافع 126 ملین روپے رہا۔

کریڈٹ کارڈز:

ساکھ بینک کریڈٹ کارڈز نے 2022 کی پہلی سہ ماہی میں 4,343 نئے کارڈز جاری کیے، جس سے CIF Cards in Force کی تعداد 178,075 ہو گئی۔ 31 مارچ 2022 کو ختم ہونے والی پہلی سہ ماہی میں کریڈٹ کارڈز پر کل خرچ 8.4 ارب روپے ریکارڈ کیا گیا، جبکہ ENR کا حجم 6.33 ارب روپے رہا۔

ان نتائج کو حاصل کرنے کے لیے، کریڈٹ کارڈز کے کاروبار نے کئی حکمت عملی پر مبنی مہمات شروع کیں، جیسے ای کامرس پروموشنز، خرچ پر 23% کیش بیک، آن لائن گروسری سٹاپ، واٹس ایپ بینکنگ رجسٹریشن مہم، 0% مارک اپ انٹرنیشنل پلان، اور ایونٹ پر مبنی کمپینز، جن میں نئے سال، خواتین کے دن کے خصوصی ڈسکاؤنٹس، اور یوم پاکستان کی آفرز شامل ہیں۔ ان مہمات نے خرچ اور ENR کے حجم کو نمایاں طور پر بڑھانے میں مدد دی۔

ایمان اسلامی بینکنگ (ایمان):

ایمان اسلامی بینکنگ ملک بھر میں اپنی بڑھتی ہوئی نیٹ ورک کے ذریعے معیاری شریعت کے مطابق مصنوعات اور خدمات فراہم کرتے ہوئے اسلامی بینکنگ کے شعبے کی ترقی میں فعال کردار ادا کرنے کے لیے پرعزم ہے۔ حالیہ رپورٹنگ مدت کے مطابق، ایمان اسلامی بینکنگ نے کل 27.13 ملین روپے کے ڈپازٹس حاصل کیے، جن میں CASA اور ٹائم ڈپازٹس کا تناسب 26:74 ہے۔ اس مدت کے دوران، 1,292 سے زائد نئے بینک اکاؤنٹس کھولے گئے، جس سے کل صارفین کی تعداد 39,098 ہو گئی۔

ایمان اسلامی بینکنگ پائیدار ترقی کے اپنے عزم پر قائم ہے اور ہمیشہ بہترین کسٹمر سروس، مصنوعات کی جامع رینج، اور متوازن مالیاتی انتظام کو ترجیح دیتی ہے۔

سی ایس او ایکسیلنس سٹریٹجک پروگرام:

2022 میں 109 برانچ اسٹاف کے لیے ICISO ایکسیلنس سیشن منعقد کیے گئے۔ ان سیشن کا مقصد براہیچ کو اپنے صارفین کو مسلسل اور ہموار خدمات فراہم کرنے پر مرکوز رکھنا ہے۔ اس کے علاوہ، براہیچ کورڈر مہ کی بنیاد پر مختلف اوقات میں اپنی کارکردگی کی نگرانی کا موقع بھی دیا گیا۔

کم از کم کپٹل کی ضروریات (MCR) اور کپٹل ایڈیکویٹی ریشو (CAR)

31 مارچ 2022 تک، کم از کم کپٹل کی ضروریات (MCR) منہی 7.5 ارب روپے تھی اور کپٹل ایڈیکویٹی (CAR) منہی 25.46% تھی، جو کہ مقررہ کم از کم حدود 10 ارب روپے اور 11.50% سے کم ہے۔

مستقبل کا منظر نامہ:

جیسا کہ مالیاتی سیکشن میں پہلے ذکر کیا گیا ہے، یونائیٹڈ بینک لمیٹڈ (UBL) نے سٹاک بینک لمیٹڈ ("بینک") کو UBL کے ساتھ ممکنہ انضمام کی پیشکش باضابطہ طور پر فراہم کی ہے۔ UBL نے پاکستان اسٹاک ایکسچینج لمیٹڈ ("PSX") کو یہ معلومات فراہم کیں، جس میں ممکنہ انضمام کے حوالے سے پیشکش کی تصدیق کی گئی۔ اسی کے مطابق، بینک نے بھی 1 نومبر 2024 کو PSX کو اس مواد کی معلومات فراہم کیں۔

ہم مزید اطلاع دیتے ہیں کہ بینک کے بورڈ آف ڈائریکٹرز نے 6 نومبر 2024 کو ہونے والے اجلاس میں بینک کو UBL کے ساتھ ممکنہ انضمام کی اصولی منظوری دے دی۔ یہ انضمام بینکنگ کمپنیز آرڈیننس 1962 کے سیکشن 48 کے تحت انٹیٹ بینک آف پاکستان کی منظوری سے عمل میں لایا جائے گا ("مکانہ انضمام")۔ بینک نے 6 نومبر 2024 کو PSX کو اس مواد کی معلومات فراہم کیں۔

بعد ازاں، یو بی ایل اور سٹاک بینک کی بورڈ کی میٹنگز بالترتیب 2 دسمبر اور 4 دسمبر 2024 کو منعقد ہوئیں، جن میں دونوں بورڈز نے بینک کی یو بی ایل کے ساتھ ضم ہونے کی تجویز کو منظوری دی، جو کہ بینکنگ کمپنیز آرڈیننس 1962 کے سیکشن 48 کے تحت شیئر سویپ انتظام کے ذریعے کیا جائے گا۔ بورڈز نے Agreement to Amalgamate Scheme of Amalgamate اور دیگر متعلقہ دستاویزات پر عملدرآمد کی بھی منظوری دی جو انضمام کے نفاذ کے لیے ضروری ہیں۔

منظور شدہ شیئر سویپ تناسب کے تحت، UBL کا 1 نیا عام شیئر، جس کی قیمت 10 روپے ہوگی، بینک کے 325 موجودہ شیئرز کے بدلے میں جاری کیا جائے گا، جن میں سے ہر ایک کی قیمت 10 روپے ہوگی۔ اس انتظام کے نتیجے میں کسی رائٹ ایٹو کے بغیر 27,944,188 عام شیئرز جاری کیے جائیں گے۔

مزید برآں، بورڈز نے انضمام اور متعلقہ امور کے لیے شیئر ہولڈرز کی منظوری حاصل کرنے کے لیے غیر معمولی جنرل اجلاس (EOGMs) طلب کرنے کی منظوری دی۔ بینک کا غیر معمولی اجلاس عام 26 دسمبر 2024 کو منعقد ہوگا، جبکہ UBL کا غیر معمولی اجلاس عام 30 دسمبر 2024 کو ہوگا۔

یہ انضمام تمام ضروری قانونی تقاضوں کی تکمیل اور مطلوبہ کارپوریٹ، ریگولیٹری، اور تحریری پارٹی منظور یوں کے حصول سے مشروط ہے۔ اس عمل کے پیش نظر، خارجی آڈیٹرز نے اپنی آڈٹ رپورٹ میں 'Material Uncertainty Related to Going Concern' کا ذکر شامل کیا ہے۔

ہم اپنے شیئر ہولڈرز کو ممکنہ انضمام کے بارے میں پیش رفت سے متعلق مزید اعلانات کے ذریعے باخبر رکھیں گے۔

انظہار تشکر

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

بینک کے بورڈ کی جانب سے:

سکریٹری بینک لمیٹڈ

خالد عزیز مرزا

چیئرمین

شہرام رضا مختاری

پریذیڈنٹ اینڈ سی ای او

13 دسمبر 2024

SILKBANK LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2022

		March 31, 2022	December 31, 2021
	Note	Un-audited	Audited
Rupees in '000			
ASSETS			
Cash and balances with treasury banks	8	12,196,920	12,224,513
Balances with other banks	9	637,543	547,553
Lendings to financial institutions	10	2,573,214	3,388,407
Investments	11	144,711,503	144,283,901
Advances	12	73,616,051	75,429,784
Fixed assets	13	5,865,710	5,885,493
Intangible assets	14	385,100	380,129
Deferred tax assets	15	17,067,881	15,137,587
Other assets	16	13,775,448	15,285,573
		<u>270,828,370</u>	<u>272,552,920</u>
LIABILITIES			
Bills payable	17	3,088,462	4,262,080
Borrowings	18	122,401,010	122,122,420
Deposits and other accounts	19	141,755,640	143,756,073
Liabilities against assets subject to finance lease		-	-
Subordinated debt	20	2,438,666	2,438,666
Deferred tax liabilities		-	-
Other liabilities	21	6,928,238	7,135,316
		<u>276,612,016</u>	<u>279,713,566</u>
NET ASSETS		<u>(5,783,646)</u>	<u>(7,160,646)</u>
REPRESENTED BY			
Shareholders' equity			
Share capital - net	22	23,431,374	23,431,374
Statutory reserves		820,890	820,890
Surplus on revaluation of assets - not of tax	23	901,783	1,077,389
Accumulated losses		<u>(30,937,593)</u>	<u>(32,490,279)</u>
		<u>(5,783,646)</u>	<u>(7,160,646)</u>
CONTINGENCIES AND COMMITMENTS	24		

The annexed notes 1 to 43 form an integral part of these condensed interim financial statements.

Chief Financial Officer

Director

President & Chief Executive Officer

Director

Director


SILKBANK LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT - UNAUDITED
FOR THE QUARTER ENDED MARCH 31, 2022

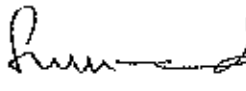
	Note	March 31, 2022	March 31, 2021
Rupees in '000			
Mark-up / return / profit / interest earned	26	5,822,842	3,954,049
Mark-up / return / profit / interest expensed	27	(5,187,343)	(3,546,647)
Net Mark-up / return / profit / interest income		635,499	407,402
NON MARK-UP / INTEREST INCOME			
Fee and commission income	28	697,676	556,150
Dividend income		-	-
Foreign exchange income		77,638	49,203
Loss from derivatives		(9,360)	(76,740)
Loss on securities	29	(16,468)	(1,144,158)
Other income	30	31,658	34,744
Total non-markup / interest income / (loss)		781,144	(580,801)
Total income / (loss)		1,418,643	(173,399)
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	31	(1,772,886)	(1,804,177)
Workers Welfare Fund		-	-
Other charges	32	(2,121)	(3,841)
Total non-markup / interest expenses		(1,775,007)	(1,808,018)
Loss before provisions, extra ordinary / unusual item and taxation		(358,364)	(1,081,417)
Provisions and write offs - net Extra ordinary / unusual items	33	216,468	(1,785,814)
LOSS BEFORE TAXATION		(141,894)	(3,777,231)
Taxation	34	1,695,249	1,292,825
PROFIT / (LOSS) AFTER TAXATION		1,553,345	(2,484,406)
Rupee			
Basic and Diluted Earnings / (Loss) Per Share	35	0.17	(0.27)

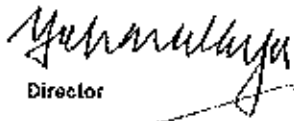
The annexed notes 1 to 43 form an integral part of these condensed interim financial statements.


 Chief Financial Officer


 President & Chief Executive Officer


 Director


 Director


 Director

SILKBANK LIMITED

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME - UNAUDITED
FOR THE QUARTER ENDED MARCH 31, 2022**

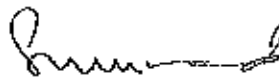
	March 31, 2022	March 31, 2021
	Rupees in '000	
Profit / (loss) after taxation for the period	1,553,345	(2,484,403)
Other comprehensive (loss) / income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Movement in (deficit) / surplus on revaluation of investments - net of tax	(172,843)	259,279
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement gain on defined benefit obligations - net of tax	(2,427)	-
Movement in surplus on revaluation of fixed assets - net of tax	(1,549)	(582)
Movement in surplus on revaluation of non-banking assets - net of tax	(1,194)	(590)
	(5,170)	(1,180)
Total comprehensive loss	<u>1,375,332</u>	<u>(2,226,307)</u>

The annexed notes 1 to 43 form an integral part of these condensed interim financial statements.


Chief Financial Officer

Director


President & Chief Executive Officer


Director


Director

SILKBANK LIMITED**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY - UNAUDITED
FOR THE QUARTER ENDED MARCH 31, 2022**

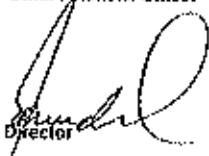
	Share Capital	Surplus / (deficit) on revaluation of		Capital Reserve	Revenue Reserve	Total Equity
		Investments	Fixed / Non-Banking Assets	Statutory Reserve ^a	Accumulated Losses	
Rupees in '000						
Balance as at January 01, 2021 - Audited	23,431,374	(1,061,131)	1,974,593	820,890	(20,276,145)	4,869,561
Loss after taxation for the quarter ended March 31, 2021 - Un-audited	-	-	-	-	(2,484,406)	(2,484,406)
Other comprehensive income / (loss) - net of tax - Un-audited	-	259,279	(1,180)	-	-	258,099
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation-net of tax	-	-	-	-	895	895
Transfer from surplus on revaluation of non-banking assets on account of incremental depreciation-net of tax	-	-	-	-	540	540
Transfer from surplus on revaluation of non-banking assets on account of disposal of assets-net of tax	-	-	-	-	247	247
Balance as at March 31, 2021 - Un-audited	23,431,374	(821,852)	1,973,413	820,890	(22,759,868)	2,644,956
Loss after taxation for the nine months period ended December 31, 2021 - Un-audited	-	-	-	-	(9,796,815)	(9,796,815)
Other comprehensive income / (loss) - net of tax - Un-audited	-	(27,259)	(46,833)	-	17,005	(57,187)
Transfer to statutory reserves	-	-	-	-	-	-
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation-net of tax	-	-	-	-	2,684	2,684
Transfer from surplus on revaluation of non-banking assets on account of incremental depreciation-net of tax	-	-	-	-	1,552	1,552
Transfer from surplus on revaluation of non-banking assets on account of disposal of assets-net of tax	-	-	-	-	44,164	44,164
Balance as at December 31, 2021 - Audited	23,431,374	(849,111)	1,926,480	820,890	(32,490,279)	(7,160,646)
Profit after taxation for the quarter ended March 31, 2022 - Un-audited	-	-	-	-	1,553,345	1,553,345
Other comprehensive loss - net of tax - Un-audited	-	(172,843)	(2,743)	-	(2,427)	(178,013)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation-net of tax	-	-	-	-	895	895
Transfer from surplus on revaluation of non-banking assets on account of incremental depreciation-net of tax	-	-	-	-	506	506
Transfer from surplus on revaluation of non-banking assets on account of disposal of assets-net of tax	-	-	-	-	287	287
Balance as at March 31, 2022 - Un-audited	23,431,374	(1,021,954)	1,923,737	820,890	(30,937,693)	(5,783,646)

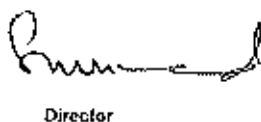
^a Statutory reserves represent amount set aside as per requirements of section 21 of the Banking Companies Ordinance, 1962.

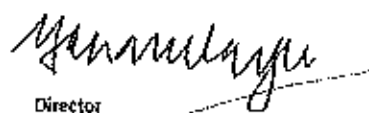
The annexed notes 1 to 43 form an integral part of these condensed interim financial statements.


Chief Financial Officer


President & Chief Executive Officer


Director


Director


Director

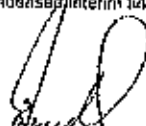
SILKBANK LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT - UNAUDITED
FOR THE QUARTER ENDED MARCH 31, 2022

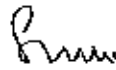
		March 31, 2022	March 31, 2021
	Note	Rupees in '000	
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		(141,904)	(3,777,231)
Less: dividend income		-	-
		(141,904)	(3,777,231)
Adjustments:			
Depreciation on fixed assets	31	70,745	87,720
Depreciation on right-of-use assets	31	161,821	167,984
Depreciation on non-banking assets acquired in satisfaction of claims	31	8,750	11,882
Amortization of intangible assets	31	13,934	11,586
Amortization of (discount) / premium on investments - net		(4,761)	91,223
Finance charge on lease liability against right-of-use assets	27	93,445	101,552
Provisions against loans & advances	33	(113,630)	1,905,670
Gain on sale of fixed assets	30	-	(944)
Unrealized loss / (gain) on revaluation of investments - held-for-trading	29	42,880	(11,316)
(Loss) / gain on sale of non-banking assets acquired in satisfaction of claims	30	(671)	21,831
Provision reversal against other assets - net	33	-	(24,847)
Write offs against fixed assets	33	-	21,275
		272,413	2,373,605
		130,509	(1,403,626)
Decrease / (increase) in operating assets			
Lendings to financial institutions		815,193	1,789,118
Net investments in held-for-trading securities		24,688,886	(1,823,758)
Advances		1,928,543	1,223,402
Other assets (excluding advance taxation)		1,473,286	3,323,322
		28,895,708	4,522,086
(Decrease) / increase in operating liabilities			
Bills payable		(1,173,618)	(231,203)
Borrowings		278,681	(22,494,657)
Deposits		(1,899,433)	(17,583,857)
Other liabilities (excluding current taxation)		(141,172)	(178,478)
		(3,035,642)	(40,489,193)
		25,900,576	(37,370,732)
		(61,719)	(88,615)
Net cash flow generated / (used in) from operating activities		25,838,856	(37,459,247)
CASH FLOW FROM INVESTING ACTIVITIES			
Net investment in available-for-sale securities		(25,699,762)	34,395,328
Net investment in held-to-maturity securities		276,344	14,310
Net investment in fixed assets and intangible assets		(248,993)	(140,227)
Proceeds on disposal of non-banking assets acquired in satisfaction of claims		28,000	51,000
Proceeds on disposal of fixed assets		27,305	32,692
Net cash flow (used in) / generated from investing activities		(25,617,106)	34,353,101
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of subordinated debts		-	(200)
Payment of lease liability against right-of-use assets		(159,353)	(194,758)
Net cash flow used in financing activities		(159,353)	(194,956)
Increase / (Decrease) in cash and cash equivalents		62,397	(3,301,102)
Cash and cash equivalents at the beginning of the period		12,772,066	14,338,840
Cash and cash equivalents at the end of the period	36	12,834,463	11,037,738

The annexed notes 1 to 43 form an integral part of these condensed interim financial statements.


 Chief Financial
 Officer


 President & Chief
 Executive Officer


 Director


 Director


 Director

SILKBANK Limited

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS - UNAUDITED FOR THE QUARTER ENDED MARCH 31, 2022

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, 2021: 111 branches) including 27 (December 31, 2021: 27) Islamic banking branches in Pakistan. The Bank closed 6 branches including 4 Islamic banking 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 March 31, 2022 are Sintros 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 March 31, 2022, the equity of the Bank is negative Rs. 6.69 billion excluding surplus on revaluation of assets. This includes share capital (net of losses and discount on shares) of negative Rs. 7.51 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 25.46% (December 31, 2021: negative 24.13%) as against the minimum CAR requirement of SBP of 11.50% (December 31, 2021: 11.50%). Consequently, the Bank is non-compliant with MCR and CAR at March 31, 2022 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) of the Bank's ordinary shares. 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.

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

- The Amalgamation of the Bank with and into UBL through a share swap arrangement in accordance with section 48 of the Banking Companies Ordinance, 1962;
- Execution of the Agreement to Amalgamate, Scheme of Amalgamation and other ancillary documentation in connection with the Amalgamation;
- The swap ratio of one (1) new ordinary share of UBL having face value of PKR. 10/- (Pakistan Rupee Ten Only) in exchange of 325 already issued shares of the Bank, each share having a face value of PKR 10/- (Pakistan Rupee Ten Only), issuance of 27,944,168 ordinary shares of UBL other than right issue; and
- Convening of Extraordinary General Meeting (EGM) of UBL on December 30, 2024 and of the Bank on December 26, 2024 for consideration and approval of the Amalgamation and above-mentioned matters by the respective shareholders of UBL and the Bank.

The Amalgamation shall remain subject to inter alia:

- a. the execution of definitive agreements for and in connection with the Amalgamation by the parties to such definitive agreements;

- b. the completion of necessary corporate and regulatory formalities, including obtaining necessary shareholders' and regulatory approvals in accordance with applicable laws; and
- c. the sanction of the Scheme by the State Bank of Pakistan.

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

On Amalgamation, the Bank's assets and liabilities shall be merged with and into 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 01, 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, 2021.

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, 2021.

5.1 Standards, interpretations of and amendments to accounting and reporting standards that are effective in the year 2022

As referred to in note 4.3 to the Bank's annual financial statements for the year ended December 31, 2021, there are certain standards, amendments and interpretations that are effective for the annual period beginning on or after January 01, 2022. 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:

- 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, 2021, that are mandatory for the Bank's accounting periods beginning on or after January 01, 2022 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, 2021.

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, 2021.

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, 2021.

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, 2021 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.

		March 31, 2022	December 31, 2021
	Note	Un-audited	Audited
		Rupees in '000	
8 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		2,385,227	2,337,204
Foreign currencies		1,359,230	838,750
		3,744,457	3,176,044
With State Bank of Pakistan in			
Local currency current accounts	8.1	8,603,056	7,201,509
Foreign currency current accounts		725,871	659,084
Foreign currency deposit accounts	8.2	892,621	890,511
		8,221,548	8,751,104
With National Bank of Pakistan in			
Local currency current accounts		195,729	254,501
National Prize Bonds		35,186	42,864
		12,196,920	12,224,513
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, 2021: 0%).		
		March 31, 2022	December 31, 2021
		Un-audited	Audited
		Rupees in '000	
9 BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts		329,164	192,870
In deposit account		80	78
		329,244	192,948
Outside Pakistan			
In current accounts		308,299	354,605
		637,543	547,553
10 LENDINGS TO FINANCIAL INSTITUTIONS			
Repurchase agreement lendings (Reverse repo)		970,646	1,910,922
Foreign placement		1,802,588	1,477,485
		2,573,214	3,388,407

11 INVESTMENTS

11.1 Investments by type:	March 31, 2022 - Un-audited				December 31, 2021 - Audited			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
Note								
Rupees in '000								
Held-for-trading securities								
Federal Government Securities								
Market Treasury Bills	-	-	-	-	20,935,716	-	9,360	20,945,076
Pakistan Investment Bonds	7,693,749	-	(42,880)	7,650,869	11,370,267	-	(32,808)	11,337,459
	7,693,749	-	(42,880)	7,650,869	32,305,983	-	(23,448)	32,282,435
Available-for-sale securities								
Federal Government Securities								
Market Treasury Bills	32,663,086	-	(83,443)	32,579,643	17,788,300	-	11,028	17,810,328
Pakistan Investment Bonds	78,412,688	-	(1,486,162)	76,927,536	67,004,717	-	(1,247,647)	66,557,170
GOP Ijarah Sukuks	4,697,149	-	(120,654)	4,576,696	5,374,372	-	(107,897)	5,266,475
Shares								
Listed	25,609	-	14,146	39,766	25,609	-	38,467	64,076
Unlisted	5,680	(5,680)	-	-	5,680	(5,680)	-	-
Real Estate Investment Trust Units	910,032	-	-	910,032	-	-	-	-
Non Government Debt Securities								
Term Finance Certificates - Listed	50,457	-	(332)	50,125	50,500	-	(375)	50,125
Term Finance Certificates - Unlisted	8,780	(8,780)	-	-	8,780	(8,780)	-	-
	116,773,481	(14,460)	(1,676,336)	116,083,685	81,088,958	(14,460)	(1,308,324)	89,740,174
Held-to-maturity securities								
Federal Government Securities								
Pakistan Investment Bonds	21,829,016	-	-	21,829,016	21,847,701	-	-	21,847,701
Bai Muajjal	-	-	-	-	267,658	-	-	267,658
Non Government Debt Securities								
Shares repurchase (fully provided)	74,910	(74,910)	-	-	74,910	(74,910)	-	-
	21,903,926	(74,910)	-	21,829,016	22,180,269	(74,910)	-	22,105,359
Associates								
SPI Insurance Company Limited	147,933	-	-	147,933	147,933	-	-	147,933
Total investments	146,610,088	(89,370)	(1,718,216)	144,711,503	145,703,143	(89,370)	(1,329,872)	144,283,901
11.2 Investments by segments:								
Federal Government Securities								
Market Treasury Bills	32,663,086	-	(83,443)	32,579,643	30,735,016	-	20,388	30,755,404
Pakistan Investment Bonds	107,935,452	-	(1,628,032)	106,407,420	101,022,665	-	(1,280,456)	99,742,209
GOP Ijarah Sukuks	4,697,149	-	(120,654)	4,576,696	5,374,372	-	(107,897)	5,266,476
Bai Muajjal	-	-	-	-	267,658	-	-	267,658
	145,295,687	-	(1,732,029)	143,563,658	145,389,731	-	(1,367,064)	144,022,667
Shares								
Listed	25,609	-	14,146	39,766	25,609	-	38,467	64,076
Unlisted	5,680	(5,680)	-	-	5,680	(5,680)	-	-
	31,289	(5,680)	14,146	39,766	31,289	(5,680)	38,467	64,076
Non Government Debt Securities								
Term Finance Certificates - Listed	50,457	-	(332)	50,125	50,500	-	(375)	50,125
Term Finance Certificates - Unlisted	8,780	(8,780)	-	-	8,780	(8,780)	-	-
	59,237	(8,780)	(332)	50,126	59,280	(8,780)	(375)	50,125
Shares repurchase (fully provided)	74,910	(74,910)	-	-	74,910	(74,910)	-	-
Real Estate Investment Trust Units	910,032	-	-	910,032	-	-	-	-
Associates								
SPI Insurance Company Limited	147,933	-	-	147,933	147,933	-	-	147,933
Total investments	146,519,088	(89,370)	(1,718,216)	144,711,503	145,703,143	(89,370)	(1,329,872)	144,283,901

	March 31, 2022 Un-audited	December 31, 2021 Audited
	Rupees in '000	
11.2.1 Investments given as collateral		
Market Treasury Bills	32,579,206	36,750,411
Pakistan Investment Bonds	83,420,765	70,769,949
	<u>116,999,971</u>	<u>107,520,360</u>
11.3 Provision for diminution in value of investments		
11.3.1 Opening balance	80,370	89,370
Change / (reversals)		
Change for the period / year	-	-
Reversals for the period / year	-	-
Amounts written off	-	-
Closing balance	<u>80,370</u>	<u>89,370</u>

11.3.2 Particulars of provision against debt securities

Category of classification	March 31, 2022 - Un-audited		December 31, 2021 - Audited	
	Non Performing Investments	Provision	Non Performing Investments	Provision
	Rupees in '000			
Domestic	-	-	-	-
Substandard	-	-	-	-
Doubtful	83,680	83,680	83,680	83,680
Loss	83,690	83,690	83,680	83,680
Total	<u>83,690</u>	<u>83,690</u>	<u>83,680</u>	<u>83,680</u>

11.4 The market value of securities classified as held-to-maturity is Rs. 21,829 million (December 31, 2021: Rs. 22,105 million).

12 ADVANCES

Note	Performing		Non Performing		Total	
	March 31, 2022 Un-audited	December 31, 2021 Audited	March 31, 2022 Un-audited	December 31, 2021 Audited	March 31, 2022 Un-audited	December 31, 2021 Audited
	Rupees in '000					
Loans, cash credits, banking finances, etc.	60,224,632	62,401,603	43,871,275	43,060,231	94,092,807	98,268,734
Islamic financing and related assets	2,863,369	2,857,002	-	-	2,863,369	2,857,002
Bills discounted and purchased	627,427	637,393	1,858	3,113	629,285	640,506
Advances - gross	<u>63,692,318</u>	<u>65,795,978</u>	<u>43,873,133</u>	<u>43,063,344</u>	<u>97,476,451</u>	<u>99,857,322</u>
Provision against advances						
- Specific	(813,173)	(866,128)	(23,047,227)	(23,361,430)	(23,860,400)	(24,227,558)
- General	-	-	-	-	(613,173)	(866,128)
Advances - net of provision	<u>52,789,145</u>	<u>54,929,850</u>	<u>20,826,906</u>	<u>20,499,914</u>	<u>73,616,051</u>	<u>76,428,764</u>

	March 31, 2022 Un-audited	December 31, 2021 Audited
	Rupees in '000	
12.1 Particulars of advances (Gross)		
In local currency	97,476,451	99,857,322
In foreign currencies	-	-
	<u>97,476,451</u>	<u>99,857,322</u>

12.2 Advances include Rs. 43.07 billion (December 31, 2021: Rs. 43.06 billion) which have been placed under non-performing status as detailed below:

Category of classification - specific	March 31, 2022 - Un-audited		December 31, 2021 - Audited	
	Non Performing Loans	Provision	Non Performing Loans	Provision
	Rupees in '000			
Domestic	916,546	62,955	694,425	71,534
Substandard	1,363,266	464,041	1,111,354	465,206
Doubtful	41,581,332	22,520,231	42,055,565	22,824,600
Loss	43,873,133	23,047,227	43,861,344	23,361,430
Total	<u>43,873,133</u>	<u>23,047,227</u>	<u>43,861,344</u>	<u>23,361,430</u>

12.3 Particulars of provision against advances:

Note	March 31, 2022 - Un-audited			December 31, 2021 - Audited		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	23,361,430	866,128	24,227,558	13,051,531	742,034	14,693,565
Charge for the period / year	481,222	-	481,222	10,833,249	124,004	10,957,243
Reversals for the period / year	(623,097)	(52,955)	(676,052)	(485,793)	-	(485,793)
Amounts written off	(80,875)	(62,955)	(143,830)	10,347,456	124,004	10,471,460
Closing balance	<u>(23,328)</u>	<u>(866,128)</u>	<u>(23,860,400)</u>	<u>23,361,430</u>	<u>866,128</u>	<u>24,227,558</u>

- 12.3.1** It includes non-performing advances amounting to Rs. 19,283 million (December 31, 2021: Rs. 19,283 million) extended to certain borrowers ("Respective borrowers") who are engaged primarily in trading and real estate businesses which are mainly secured against the mortgage of land. These exposures are classified under 'Loss' category. The Bank intends to settle these exposures through Real Estate Investment Trust (REIT) arrangements which have been approved by the SBP with certain conditions precedent. Under the arrangement, two separate schemes of REITs, i.e. Silk Islamic Development REIT (SIDR) and Silk Works Islamic REIT (SWIR) have been established. Out of the total land mortgaged with the Bank as a collateral securing these non-performing exposures, the land measuring 14.34 acres and 32.78 acres have been released and transferred in favour of SIDR and SWIR respectively. However, the Bank still hold other land of the Related Borrowers under mortgage having market value of around Rs. 24 billion.
- 12.3.1.1** After formation of SIDR, and transfer of land, an initial sale proceed of Rs. 876 million have been realised to the Bank against these respective non-performing exposures.
- 12.3.1.2** Against the land transferred to SWIR, REIT units in SWIR having par value of Rs. 5 billion have been issued in favour of the Respective borrowers which along with dividend thereon have been assigned in favour of the Bank.
- 12.3.2** SBP vide various circulars has amended Prudential Regulations in respect of provisioning against non-performing advances under which the benefit of Forced Sale Value (FSV) has been allowed for plant and machinery under charge, pledged stock and mortgaged residential, commercial and industrial properties (land and building only) held as collateral against non-performing advances upto five years from the date of classification.
- 12.3.3** As of March 31, 2022, 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 Rs.10,376 million (December 31, 2021: Rs. 13,114 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, 2021: 4%) of unsecured portfolio of the Bank.

		March 31, 2022	December 31, 2021
		Un-audited	Audited
	Note	Rupees in '000	
13	FIXED ASSETS		
	Capital work-in-progress	174,498	-
	Property and equipment	2,936,085	2,868,545
	Right-of-use assets	2,765,127	2,918,848
		<u>6,866,710</u>	<u>6,885,493</u>
13.1	Capital work-in-progress		
	Civil works	2,030	-
	Advances to suppliers and contractors	172,468	-
		<u>174,498</u>	<u>-</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. Pursued to the terms of the Agreement, the Bank received a down payment of Rs. 118.60 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.

		March 31, 2022	March 31, 2021
		Un-audited	Un-audited
		Rupees in '000	
13.3	Additions to fixed assets		
	The following additions have been made to fixed assets during the period:		
	Capital work-in-progress	239,819	67,177
	Property and equipment		
	Furniture and fixture	1,362	688
	Electrical, office and computer equipment	1,543	45,426
	Vehicles	62,057	6,422
	Leasehold improvements	358	233
		<u>65,321</u>	<u>52,769</u>
	Total	<u>305,140</u>	<u>119,946</u>

	March 31, 2022 Un-audited	March 31, 2021 Un-audited
	Rupees in '000	
13.4 Disposal of fixed assets		
The net book value of fixed assets disposed off during the period is as follows:		
Electrical, office and computer equipment	-	58
Vehicles	27,305	31,600
Total	27,305	31,748

	March 31, 2022 Un-audited	December 31, 2021 Audited
	Rupees in '000	
14 INTANGIBLE ASSETS		
Capital work-in-progress	61,735	59,260
Software	323,365	330,849
Total	385,100	390,129

	March 31, 2022 Un-audited	March 31, 2021 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	8,905	4,354
Software (directly purchased)	6,450	47,583
Total	15,355	51,937

	March 31, 2022 Un-audited	December 31, 2021 Audited
	Rupees in '000	
15 DEFERRED TAX ASSETS		
Deductible Temporary Differences on		
- Tax losses carried forward	5,054,136	5,200,116
- Provision for diminution in value of investments	3,424	3,073
- Provision against non-performing advances	9,104,603	8,260,796
- Provision against Workers' Welfare Fund (WWF)	62,476	47,094
- Provision against other assets	340,130	305,263
- Depreciation on non-banking assets	98,188	86,255
- Deficit on revaluation of investments	653,381	457,213
- Unabsorbed tax depreciation	862,164	753,519
- Impairment in value of fixed assets	129,428	138,153
	17,177,989	16,738,472
Taxable Temporary Differences on		
- Surplus on revaluation of non-banking assets	(14,812)	(14,301)
- Surplus on revaluation of fixed assets	(9,422)	(8,768)
- Post retirement employee benefits	(23,588)	(21,238)
- Accelerated tax depreciation	(62,216)	(55,488)
	(110,118)	(100,885)
	17,067,871	16,637,587

Note

- 16.1 The Bank has an aggregate amount of deferred tax assets of Rs. 17,068 million (December 31, 2021: Rs. 15,138 million) out of which an amount of Rs. 9,185 million (December 31, 2021: 8,261 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 realize these deferred tax assets mainly against its future years tax liabilities and available tax benefits with respect to non performing loans.

		March 31, 2022	December 31, 2021
	Note	Un-audited	Audited
		Rupees in '000	
16	OTHER ASSETS		
	Income / mark-up accrued in local currency - net of provision	7,437,620	7,030,588
	Income / mark-up accrued in foreign currency - net of provision	10	8
	Accrued rent	18,210	136,414
	Advances, deposits, advance rent and other prepayments	292,100	214,318
	Profit paid in advance on fixed deposits	34,838	31,537
	Advance taxation (payments less provisions)	2,026,693	2,006,254
	Net defined benefit assets	60,887	60,887
	Non-banking assets	16.2	3,108,143
	Branch adjustment account	143,686	208,932
	Mark to market gain on forward contracts	210,766	42,297
	Acceptances	334,633	365,758
	Contract assets	16.4	-
	Receivable from sale of non-banking assets acquired in satisfaction of claims	16.5	50,150
	Fee receivable from Credit Card members	178,258	167,905
	Others	682,676	799,331
		<u>14,577,088</u>	<u>16,086,420</u>
	Less: Provision held against other assets	16.6	(857,232)
	Other assets - net of provisions	13,719,836	15,209,186
	Surplus on revaluation of non-banking assets	55,812	56,385
	Other assets - total	<u>13,776,448</u>	<u>15,265,573</u>
16.1	Market value of Non-banking assets acquired in satisfaction of claims	<u>2,314,523</u>	<u>2,350,702</u>
16.2	Non-banking assets		
	- acquired in satisfaction of claims	3,018,697	3,051,578
	- under agreement to sale third parties	91,546	91,971
		<u>3,108,143</u>	<u>3,143,549</u>
16.3	The non-banking assets acquired in satisfaction of claims (NBAs) aggregating to Rs. 1,844 million (December 2021 : 1,844 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 proscribed by SBP under regulation Debt Property Swap.		
16.4	The Contract assets represent the variable consideration, receivable to the Bank from SIDR, against the land transferred to it in 2021, which was previously held as Non-banking assets. Such transfer of land was made under the REIT arrangement to which certain mortgaged land of Respective borrowers as detailed in Note 12.3.1 was also released. At the time of issuance of these condensed interim financial statements, the management has assessed the expected value of these Contract assets as Nil, as significant time has been lapsed in launch of SIDR's project, which have multiple implications on achieving the project's required profitability level and payouts to SIDR unit holders.		
16.6	During the period, REIT units of SWIR having par value equivalent to Rs.910 million have also been issued in consideration to the land transferred to SWIR (previously held as Non-banking assets) under REIT arrangement to which certain mortgaged land of Respective borrowers was also released (Note 12.3.1). Such REIT units are now classified as Investments (Note 11) from the 'Receivable from sale of non-banking assets acquired in satisfaction of claims', which are classified hereunder. The Bank is expected to realize dividends over the REIT units held during the tenure and liquidation proceeds at the culmination of the respective REIT.		

	March 31, 2022 Un-audited	December 31, 2021 Audited
	Rupees in '000	
16.6 Provision held against other assets		
Non-banking assets acquired in satisfaction of cheques	849,232	849,232
Others	8,000	8,000
	857,232	857,232
16.6.1 Movement in provision held against other assets		
Opening balance	657,232	1,270,223
Charge for the period / year	-	-
Reversals for the period / year	-	(51,094)
Net reversals for the period / year	-	(51,094)
Reversal on disposal / write off	-	(361,097)
Closing balance	657,232	857,232
17 BILLS PAYABLE		
In Pakistan	3,088,462	4,282,080
Outside Pakistan	-	-
	3,088,462	4,282,080
18 BORROWINGS		
Secured		
Borrowings from State Bank of Pakistan		
- under export refinance scheme	1,643,119	1,751,356
- under Credit Guarantee Scheme for Small and Rural Enterprises	917	1,000
Repurchase agreement borrowings	116,484,946	115,860,227
Total secured	118,128,982	117,612,583
Unsecured		
Call borrowings	2,650,000	2,100,000
Trading liability	670,646	1,910,922
Overdrawn nostro accounts	651,382	498,924
Total unsecured	4,272,028	4,509,846
	122,401,010	122,122,429

19 DEPOSITS AND OTHER ACCOUNTS

	March 31, 2022 - Un-audited			December 31, 2021 - Audited		
	In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
	Rupees in '000					
Customers						
Current deposits	35,321,871	4,391,732	39,713,603	34,088,788	4,104,888	38,193,674
Saving deposits	53,382,173	3,852,998	57,235,171	57,507,862	4,084,176	61,592,050
Term deposits	36,320,110	2,129,769	38,449,879	36,102,970	2,266,330	38,371,300
Margin deposits	1,237,711	-	1,237,711	958,641	-	958,641
Call deposits	1,806,336	-	1,806,336	1,427,904	-	1,427,904
	128,067,200	10,474,499	138,541,699	130,088,085	10,437,392	140,523,477
Financial Institutions						
Current deposits	196,630	8,289	203,789	211,657	14,688	226,345
Saving deposits	2,129,425	24,104	2,153,529	2,127,850	23,809	2,151,540
Term deposits	760,930	106,683	866,613	752,030	101,872	853,702
	3,075,885	138,066	3,213,941	3,091,537	140,059	3,231,506
	131,143,085	10,612,655	141,755,640	133,177,622	10,577,451	143,755,073

	Note	March 31,	December 31,
		2022	2021
		Un-audited	Audited
		Rupees in '000	
20 SUBORDINATED DEBT			
Subordinated Term Finance Certificates	20.1	1,998,400	1,068,400
Subordinated loan from Sponsors	20.2	440,266	440,266
		<u>2,438,666</u>	<u>2,438,666</u>

20.1 The Bank has issued privately placed, unsecured and subordinated Term Finance Certificates (TFCs) as instruments of redeemable capital under section 88 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 was harmonized by VIS according to their revised methodology and assigned rating at 'B' (Single B) with a 'Rating Watch-Negative' status on June 16, 2023. The VIS shall review the ratings once these and other subsequent financial statements are issued.
Security	The instrument is unsecured and subordinated as to payment of principal and profit to all other indebtedness of the Bank, including deposits.
Profit payment frequency	Profit will be payable semi-annually in arrears on the outstanding principal amount and will be calculated on a 365 day year basis.
Redemption	0.14% of the issue amount during the first 7 years and remaining 99.86% in last two equal semi-annual installments of 49.93% each.
Mark-up	6 months KIBOR plus 1.85% per annum.
Call option	The Bank may call TFCs in part or in full, after 5 years from date of issue on any profit payment date, subject to SBP approval and with not less than 30 days prior notice to the trustee and investors. The call option once announced will be irrevocable.
Lock-in clause	As per the lock-in requirement for Tier II issues, neither profit nor principal will be payable (even at maturity) in respect of the TFC, if such payment will result in a shortfall in the Bank's Minimum Capital Requirement (MCR) or Capital Adequacy Ratio (CAR) or results in an increase in any existing shortfall in MCR or CAR.
Loss absorbency clause	The instrument will be subject to loss absorbency and / or any other requirements under SBP's 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 1,238,399,083 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.

	Note	March 31,	December 31,
		2022	2021
		Un-audited	Audited
		Rupees in '000	
21 OTHER LIABILITIES			
Mark-up / return / interest payable in local currency		739,179	615,455
Mark-up / return / interest payable in foreign currencies		9,178	5,843
Unearned commission and income on bills discounted		75,204	76,149
Accrued expenses		837,601	1,050,541
Acceptances		334,633	385,758
Mark to market loss on forward contracts		70,999	53,133
Payable to defined benefit plan - contractual staff		99,711	79,697
Provision against off-balance sheet obligations	21.1	109,812	109,812
Workers' Welfare Fund (WWF)		102,394	102,394
Advance received against future sale of non banking assets		81,814	75,114
Advance received against future sale of operating fixed assets		118,500	118,500
Deferred income against non-banking assets		128,848	128,848
Islamic pool management reserve		6,407	8,255
Lease liability against right-of-use assets		3,273,473	3,339,381
Non checking account		76,673	70,288
PRI remitting account		31,260	41,172
Funds received against application of Housing Scheme		51,647	63,385
Others		778,917	841,585
		<u>6,928,238</u>	<u>7,135,318</u>

		March 31, 2022 Un-audited	December 31, 2021 Audited	
		Rupees in '000		
21.1	Provision against off-balance sheet obligations			
	Opening balance	109,812	116,012	
	Charge for the period / year	-	(6,200)	
	Reversals for the period / year	-	(8,200)	
	Amount written off	-	-	
	Closing balance	<u>109,812</u>	<u>109,812</u>	21.1.1
21.1.1	This includes provisions made against letters of guarantees issued by the Bank.			
22	SHARE CAPITAL - NET			
22.1	Authorised capital			
	March 31, 2022 Un-audited Number of shares in '000	December 31, 2021 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			
	March 31, 2022 Un-audited Number of shares in '000	December 31, 2021 Audited Number of shares in '000		
	<u>9,081,861</u>	<u>9,081,861</u>		Ordinary shares of Rs. 10 each
				Fully paid in cash
				Less: Discount on issue of shares
	<u>9,081,861</u>	<u>9,081,861</u>	<u>90,818,612</u>	<u>90,818,612</u>
			<u>(87,387,238)</u>	<u>(87,387,238)</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	(1,675,335)	(1,306,324)	
	- Fixed assets	47,432	48,327	
	- Non-banking assets acquired in satisfaction of claims	1,900,639	1,901,312	
		272,636	643,315	
	Deferred tax on (surplus) / (deficit) on revaluation of:			
	- Available for sale securities	653,381	457,213	16
	- Fixed assets	(9,422)	(8,768)	15
	- Non-banking assets acquired in satisfaction of claims	(14,812)	(14,391)	15
		629,147	434,054	
		<u>901,783</u>	<u>1,077,369</u>	
24	CONTINGENCIES AND COMMITMENTS			
	Guarantees	12,917,915	13,454,462	24.1
	Commitments	17,082,294	16,938,275	24.2
	Contingent liabilities	914,760	936,001	24.3
		<u>30,914,969</u>	<u>30,330,738</u>	
24.1	Guarantees:			
	Financial guarantees	474,940	474,940	
	Performance guarantees	8,036,502	8,407,658	
	Other guarantees	4,406,473	4,571,864	
		<u>12,917,915</u>	<u>13,454,462</u>	

		March 31, 2022 Un-audited	December 31, 2021 Audited
	Note	Rupees in '000	
24.2 Commitments:			
Documentary credits and short-term trade-related transactions - letters of credit		2,382,647	2,666,695
Commitments in respect of			
- forward foreign exchange contracts	24.2.1	14,689,647	13,149,963
- forward government securities transactions	24.2.2	-	-
Commitments for acquisition of			
- operating fixed assets		-	220
- intangible assets		-	121,397
		<u>17,082,284</u>	<u>16,938,275</u>
24.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		10,442,704	9,976,056
Sale		4,266,943	3,174,907
		<u>14,699,647</u>	<u>13,149,963</u>
24.2.2 Commitments in respect of forward government securities transactions			
Purchase		-	-
Sale		-	-
		<u>-</u>	<u>-</u>
24.2.3 The Bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.			

	March 31, 2022 Un-audited	December 31, 2021 Audited
	Rupees in '000	
24.3 Contingent liabilities:		
Claims against the Bank not acknowledged as debt	879,120	902,351
Claims against the Bank by Competition Commission of Pakistan & others	35,640	35,640
	<u>914,760</u>	<u>938,001</u>

24.3.1 Suits for damages of Rs. 24.23 billion (December 31, 2021: Rs. 24.31 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.

24.4 Subsequently, at the time of issuance of these condensed interim financial statements these contingencies are reduced as follows:

	March 31, 2022 Un-audited	December 31, 2021 Audited
	Rupees in '000	
Claims against the Bank not acknowledged as debt	802,667	791,160
Claims against the Bank by Competition Commission of Pakistan & others	35,000	35,000
	<u>837,667</u>	<u>826,160</u>

24.4.1 Further the suits for damages now reduced from Rs. 24.23 billion to Rs 24.22 billion.

24.5 For contingencies relating to taxation refer note 34.1-34.4.

25 DERIVATIVE INSTRUMENTS

Product Analysis

Counterparties

Hedging

- Banks
- Other entities

Total

March 31, 2022 - Un-audited		
Forward Contracts		
Notional Principal	Mark to Market gain / (loss)	
Rupees in '000		
	12,572,013	141,888
	2,127,634	(2,121)
	<u>14,699,647</u>	<u>139,767</u>
December 31, 2021 - Audited		
Forward Contracts		
Notional Principal	Mark to Market gain / (loss)	
Rupees in '000		
	11,034,242	(38,672)
	2,116,721	27,836
	<u>13,149,963</u>	<u>(10,836)</u>

Counterparties

Hedging

- Banks
- Other entities

Total

		March 31, 2022	March 31, 2021
	Note	Un-audited	Un-audited
		Rupees in '000	
26	MARK-UP / RETURN / PROFIT / INTEREST EARNED		
	On:		
	a) Loans and advances	2,499,951	1,768,378
	b) Investments	3,237,535	2,134,919
	c) Lendings to financial institutions	85,335	50,726
	d) Balances with banks	21	76
		<u>5,822,842</u>	<u>3,954,049</u>
27	MARK-UP / RETURN / PROFIT / INTEREST EXPENSED		
	On:		
	a) Deposits	2,304,301	1,009,699
	b) Borrowings	2,610,170	1,493,833
	c) Subordinated debt	46,565	44,502
	d) Cost of foreign currency swaps against foreign currency deposits / borrowings	127,139	92,060
	e) Lease liability against right-of-use assets	93,445	101,552
	f) Others	5,723	5,301
		<u>5,187,343</u>	<u>3,546,647</u>
28	FEE & COMMISSION INCOME		
	Branch banking customer fees	43,405	41,141
	Card related fees (debit and credit cards)	492,162	323,298
	Credit related fees	79,396	92,980
	Commission on trade	49,422	53,727
	Commission on guarantees	20,913	16,903
	Commission on remittances including home remittances	3,807	3,487
	Commission on bancassurance	6,807	17,488
	Others	1,684	7,126
		<u>697,676</u>	<u>556,150</u>
29	GAIN / (LOSS) ON SECURITIES		
	Realised	29.1 26,412	(1,155,474)
	Unrealised - held for trading	(42,680)	11,316
		<u>(16,468)</u>	<u>(1,144,158)</u>
29.1	Realised gain / (loss) on:		
	Federal Government Securities	26,412	(1,141,871)
	Shares	-	(13,603)
		<u>26,412</u>	<u>(1,155,474)</u>
30	OTHER INCOME / (LOSS)		
	Rent on property and non-banking assets	-	97
	Gain on sale of fixed assets - net	-	944
	Loss on sale of non-banking assets - net	571	(21,831)
	Rent on lockers	6,342	6,700
	Postage, telex and other service charges recovered	12,610	12,211
	Early loan termination charges	12,135	14,493
	Gain on termination-leases	-	23,130
		<u>31,658</u>	<u>34,744</u>

	March 31, 2022 Un-audited	March 31, 2021 Un-audited
	Rupees in '000	
31 OPERATING EXPENSES		
Total compensation expense	862,784	961,401
Property expense		
Rent & taxes	2,866	2,459
Insurance on non-banking assets acquired in satisfaction of claims	3,303	310
Utilities cost	40,272	41,498
Security (including guards)	7,833	2,931
Repair & maintenance (including janitorial charges)	14,661	18,438
Depreciation on buildings	17,768	18,879
Depreciation on right-of-use assets	161,821	157,984
Depreciation on non-banking assets acquired in satisfaction of claims	8,750	11,862
Professional charges	2,179	485
	269,473	254,836
Information technology expenses		
Software maintenance	82,279	38,317
Hardware maintenance	19,551	43,145
Depreciation	17,712	20,020
Amortisation	13,934	11,598
Website development charges	148	170
	133,624	113,248
Other operating expenses		
Directors' fees and allowances	8,341	3,420
Fees and allowances to Shariah Board	3,045	3,733
Legal & professional charges	20,112	31,600
Outsourced services costs	60,069	63,432
Travelling & conveyance	17,614	18,382
NIFT clearing charges	2,649	3,006
Depreciation	35,247	48,821
Training & development	929	2,505
Postage & courier charges	1,367	1,690
Communication	149,635	111,894
Stationery & printing	21,393	22,162
Marketing, advertisement & publicity	69,476	38,930
Auditors' remuneration	6,474	5,886
Insurance (including deposit protection)	42,485	37,942
Repairs & maintenance	10,774	17,824
Brokerage and commission	1,404	2,190
Subscriptions and news papers	5,767	7,022
Entertainment	10,372	11,389
Vehicle running & maintenance	4,023	5,957
Card related expenses (debit and credit cards)	47,100	35,910
Security	9,689	5,557
Others	2,170	5,440
	527,005	474,692
	1,772,886	1,804,177
32 OTHER CHARGES		
Penalties imposed by State Bank of Pakistan	1,130	96
Operational loss	991	3,746
	2,121	3,841

		March 31, 2022	March 31, 2021
		Un-audited	Un-audited
	Note	Rupees in '000	
33	PROVISIONS & WRITE OFFS - NET		
	Provisions against loans & advances	12.3 (113,830)	1,805,670
	Provision against other assets - net	16.6.1 -	(24,847)
	Write offs against fixed assets	-	21,275
	Recovery of written off / charged off bad debts	(102,030)	(100,284)
		<u>(218,460)</u>	<u>1,795,814</u>
34	TAXATION		
	Current	42,380	29,086
	Prior years	(1,737,628)	(1,321,911)
	Deferred	<u>(1,695,248)</u>	<u>(1,292,825)</u>

34.1 The prior year tax amounting to Rs. 42 million pertains to minimum tax for the financial year 2017 as the Bank charges such tax in the year when the five year carry forward period expires under section 113 of the Income Tax Ordinance, 2001. The income tax returns of the Bank have been e-filed upto tax year 2022. 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 (December 31, 2021: Rs. 3,026 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 (December 31, 2021: Rs.682 million) relating to tax years 2003 and 2006. The management of the Bank, in consultation with its tax advisor, is confident that the decisions in respect of these appeals would be in the Bank's favor.

34.2 For the tax year 2020, amendment in assessment proceedings under section 122(1) of the Income Tax Ordinance, 2001, have been concluded. However, no order has been passed by the Commissioner to date. For the tax year 2021 & 2022 returns of Income e-filed is deemed to be an assessment order under section 120 of the Income Tax Ordinance, 2001.

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.189.312 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 Income Tax Ordinance, 2001 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 127(6A) of the Income Tax Ordinance, 2001 (for tax years 2016 and 2017) and under section 122(1) of the Income Tax Ordinance, 2001 (for the tax years 2018, 2019 and 2020). Appeals against orders were filed and these matters are pending for adjudication before the 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.

	March 31, 2022	March 31, 2021
	Un-audited	Un-audited
35	BASIC AND DILUTED EARNINGS / (LOSS) PER SHARE	
	Profit / (loss) after taxation for the period (Rupees in '000)	1,653,345 (2,184,406)
	Weighted average number of ordinary shares (Number)	9,081,861 9,081,861
	Basic and Diluted earnings / (loss) per share (Rupee)	0.17 (0.27)
36	CASH AND CASH EQUIVALENTS	
	Cash and balance with treasury banks	12,196,920 10,775,518
	Balance with other banks	637,543 262,220
		<u>12,834,463 11,037,738</u>

37 FAIR VALUE MEASUREMENTS

The fair value of traded investments is based on quoted market prices. Fair value of unquoted equity investments other than investments in associates is determined on the basis of break up value of these investments as per the latest available audited financial statements.

Fair value of fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments.

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

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

37.1 Fair value of financial assets

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

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

	March 31, 2022 - Un-audited				Total
	Carrying Value	Level 1	Level 2	Level 3	
Rupees in '000					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments:					
Federal Government Securities					
Market Treasury Bills	32,578,643	-	32,578,643	-	32,578,643
Pakistan Investment Bonds	106,407,420	-	106,407,420	-	106,407,420
GOP Ijarah Sukuks	4,578,695	-	4,578,695	-	4,578,695
Bai Muajjal	-	-	-	-	-
Shares					
Listed companies	39,755	39,755	-	-	39,755
Non-Government Debt Securities					
Term Finance Certificates - Listed	60,126	-	60,126	-	60,126
	143,653,538	39,755	143,613,783	-	143,653,538
Financial assets - disclosed but not measured at fair value					
Cash and balances with treasury banks	12,196,920	-	-	-	-
Balances with other banks	637,643	-	-	-	-
Lendings to financial institutions	2,573,214	-	-	-	-
Advances	73,615,051	-	-	-	-
Other assets	7,894,914	-	-	-	-
	96,917,842	-	-	-	-
	240,671,180	39,755	143,613,783	-	143,653,538
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	10,442,704	-	10,442,704	-	10,442,704
Forward sale of foreign exchange	4,256,943	-	4,256,943	-	4,256,943
Forward purchase of government securities transactions	-	-	-	-	-
Forward sale of government securities transactions	-	-	-	-	-

December 31, 2021 - Audited					
Carrying Value	Level 1	Level 2	Level 3	Total	
Rupees in '000					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments:					
Federal Government Securities					
Market Treasury Bills	38,755,404	-	38,755,404	-	38,755,404
Pakistan Investment Bonds	99,742,230	-	99,742,230	-	99,742,230
GOP Ijarah Sukuks	5,266,475	-	5,266,475	-	5,266,475
Bal Muejjal	257,658	-	257,658	-	257,658
Shares					
Listed companies	64,076	64,076	-	-	64,076
Non-Government Debt Securities					
Term Finance Certificates - Listed	50,125	-	50,125	-	50,125
	144,135,968	64,076	144,071,892	-	144,135,968
Financial assets - disclosed but not measured at fair value					
Cash and balances with treasury banks	12,224,513	-	-	-	-
Balances with other banks	547,563	-	-	-	-
Lendings to financial institutions	3,388,407	-	-	-	-
Advances	75,429,764	-	-	-	-
Other assets	9,158,054	-	-	-	-
	100,748,291	-	-	-	-
	244,884,259	64,076	144,071,892	-	144,135,968
Off-balance sheet financial instruments - measured at fair value					
Forward purchase of foreign exchange	9,975,056	-	9,975,056	-	9,975,056
Forward sale of foreign exchange	3,174,907	-	3,174,907	-	3,174,907
Forward purchase of government securities transactions	-	-	-	-	-
Forward sale of government securities transactions	-	-	-	-	-

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

Item	Valuation approach and input used
Market Treasury Bills and Pakistan Investment Bonds	Fair values are derived using the PKRV rates.
GOP Ijarah Sukuks	Fair values of GOP Ijarah Sukuks are derived using the PKISRV rates announced by the Financial Market Association (FMA) through Reuters. These rates denote an average of quotes received from eight different pre-defined / approved dealers / brokers.
Shares - listed	Fair values of investments in listed shares are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange.
Sukuks - Listed and Term Finance Certificates - Listed	Investments in debt securities i.e. term finance certificates and sukuk certificates issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by the State Bank of Pakistan.

37.2 Fair value of non-financial assets

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

Carrying Value	Level 1	Level 2	Level 3	Total
Rupees in '000				
March 31, 2022 - Un-audited				
Operating fixed assets - land and buildings	2,026,573	-	2,026,573	2,026,573
Non-banking assets acquired in satisfaction of claims	2,314,523	-	2,314,523	2,314,523
	4,341,096	-	4,341,096	4,341,096
December 31, 2021 - Audited				
Operating fixed assets - land and buildings	2,029,497	-	2,029,497	2,029,497
Non-banking assets acquired in satisfaction of claims	2,350,702	-	2,350,702	2,350,702
	4,380,199	-	4,380,199	4,380,199

37.2.1 Certain categories of operating fixed assets (land and buildings), non-banking assets acquired in satisfaction of claims are carried at revalued amounts (level 3 measurement) determined by professional valuers based on their assessment of the market values as disclosed in annual financial statements for the year ended December 31, 2021.

38 SEGMENT INFORMATION

Segment details with respect to Business Activities

	March 31, 2022 - Un-audited			Total
	Consumer / SME	Whole Sale Banking	Treasury	
Rupees in '000				
Profit and Loss Account				
Net mark-up / return / profit / (expense)	1,723,866	(1,068,430)	(21,937)	633,499
Inter segment revenue - net	-	-	-	-
Non Mark-up / Interest Income	654,348	95,828	30,868	781,044
Total Income / (Loss)	2,378,214	(970,802)	9,031	1,416,443
Segment direct expenses	(881,025)	(770,062)	(23,020)	(1,775,007)
Inter segment expense allocation	(368,853)	976,408	(19,565)	-
Total expenses	(1,338,778)	(383,554)	(42,576)	(1,775,007)
Provisions	(30,240)	248,700	-	218,460
Profit / (loss) before tax	1,009,196	(1,117,556)	(33,544)	(141,904)
Statement of Financial Position				
Cash & Bank balances	-	3,551,463	9,282,980	12,834,463
Investments	-	-	144,711,503	144,711,503
Net inter segment lending	101,884,216	(206,877,102)	105,012,886	-
Lendings to financial institutions	1,382,183	240,385	970,646	2,573,214
Advances - performing	23,307,773	28,481,372	-	52,789,145
Advances - non-performing - net of provision	1,368,939	18,458,367	-	20,827,306
Others	2,376,414	34,028,889	687,739	37,093,042
Total Assets	130,280,122	(120,117,508)	260,665,754	270,828,370
Borrowings	622,179	1,021,941	120,756,880	122,401,010
Subordinated debt	-	2,438,668	-	2,438,668
Deposits & other accounts	105,683,157	36,182,483	-	141,865,640
Net inter segment borrowing	19,850,892	(159,805,342)	140,256,250	-
Others	4,644,694	4,739,884	732,042	10,116,700
Total liabilities	130,280,122	(115,412,288)	261,744,182	276,612,018
Equity	-	(4,795,218)	(1,078,428)	(6,783,646)
Total Equity & liabilities	130,280,122	(120,117,608)	260,665,754	270,828,370
Contingencies & Commitments	879,120	15,336,202	14,699,647	30,914,969

	March 31, 2021 - Un-audited			Total
	Consumer / SME	Whole Sale Banking	Treasury	
Rupees in '000				
Profit and Loss Account				
Net mark-up / return / profit / (expense)	1,494,875	(1,306,008)	308,525	497,402
Inter segment revenue - net	-	-	-	-
Non Mark-up / Interest Income / (Loss)	540,001	42,885	(1,172,757)	(590,801)
Total Income / (Loss)	2,034,876	(1,354,133)	(864,232)	(173,399)
Segment direct expenses	(984,799)	(893,384)	(18,826)	(1,897,010)
Inter segment expense allocation	(360,322)	387,358	(18,037)	-
Total expenses	(1,354,121)	(415,035)	(37,863)	(1,807,019)
Provisions	(207,219)	(1,588,585)	-	(1,795,804)
Profit / (loss) before tax	(622,265)	(3,358,763)	(601,004)	(4,582,032)

	December 31, 2021 - Audited			Total
	Consumer / SME	Whole Sale Banking	Treasury	
Rupees in '000				
Statement of Financial Position				
Cash & Bank balances	-	3,789,878	9,002,380	12,792,258
Investments	-	8,654	144,274,247	144,283,901
Net inter segment lending	99,984,586	(201,635,850)	101,571,284	-
Lendings to financial institutions	1,265,882	221,523	1,910,822	3,398,407
Advances - performing	23,403,370	31,228,471	-	54,631,841
Advances - non-performing - net of provision	1,534,884	10,984,830	-	12,519,714
Others	2,458,380	34,189,308	23,006	36,670,694
Total Assets	128,945,171	(113,144,188)	258,781,837	276,582,820
Borrowings	680,415	1,071,941	120,370,973	122,123,329
Subordinated debt	-	2,438,668	-	2,438,668
Deposits & other accounts	104,361,733	39,393,340	-	143,755,073
Net inter segment borrowing	19,160,179	(160,411,842)	141,245,783	-
Others	4,708,963	6,083,328	607,100	11,399,391
Total liabilities	128,945,290	(111,424,869)	262,222,845	279,743,266
Equity	(119)	(1,719,510)	(6,441,008)	(8,279,537)
Total Equity & liabilities	128,945,171	(113,144,188)	258,781,837	276,582,820
Contingencies & Commitments	802,361	18,278,414	13,149,983	30,230,758

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.

March 31, 2022 Un-audited	December 31, 2021 Audited
Rupees in '000	

40 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

Minimum Capital Requirement (MCR)

Paid-up capital (net of losses)	<u>(7,506,319)</u>	<u>(9,050,905)</u>
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Capital Adequacy Ratio (CAR):

Eligible Common Equity Tier 1 (CET 1) Capital	(25,270,287)	(24,791,601)
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	<u>(25,270,287)</u>	<u>(24,791,601)</u>
Eligible Tier 2 Capital	-	-
Total Eligible Capital (Tier 1 + Tier 2)	<u>(25,270,287)</u>	<u>(24,791,601)</u>

Risk Weighted Assets (RWAs):

Credit Risk	89,358,911	91,043,527
Market Risk	846,673	2,618,206
Operational Risk	9,061,934	9,061,934
Total	<u>99,264,518</u>	<u>102,723,667</u>

Common Equity Tier 1 Capital Adequacy Ratio	<u>-25.46%</u>	<u>-24.13%</u>
Tier 1 Capital Adequacy Ratio	<u>-25.46%</u>	<u>-24.13%</u>
Total Capital Adequacy Ratio	<u>-25.46%</u>	<u>-24.13%</u>

Leverage Ratio (LR):

Eligible Tier-1 Capital	(25,270,287)	(24,791,601)
Total Exposures	<u>286,266,478</u>	<u>288,790,214</u>
Leverage Ratio	<u>-8.83%</u>	<u>-8.58%</u>

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets	41,968,241	39,582,585
Total Net Cash Outflow	<u>27,160,342</u>	<u>30,082,245</u>
Liquidity Coverage Ratio	<u>154.52%</u>	<u>131.58%</u>

Net Stable Funding Ratio (NSFR):

Total Available Stable Funding	162,367,240	166,523,610
Total Required Stable Funding	<u>105,067,405</u>	<u>109,008,704</u>
Net Stable Funding Ratio	<u>154.54%</u>	<u>151.85%</u>

41 ISLAMIC BANKING BUSINESS

The Bank is operating with 27 Islamic Banking branches at the end of March 31, 2022 (December 31, 2021: 27). The Bank closed 4 Islamic banking branches in 2023.

The statement of financial position of these branches as at March 31, 2022 are as follows:

		March 31, 2022	December 31, 2021
	Note	Un-audited	Audited
Rupees in '000			
ASSETS			
Cash and balances with treasury banks		2,065,453	2,141,118
Balances with other banks		31,321	62,576
Due from financial institutions	41.1	24,266,792	22,029,715
Investments	41.2	3,614,695	5,524,133
Islamic financing and related assets - net	41.3	2,863,369	2,857,092
Fixed assets		841,942	874,618
Intangible assets		4,881	5,111
Due from Head Office		581,175	2,036,327
Other assets		1,610,787	1,394,422
Total assets		36,840,415	37,716,112
LIABILITIES			
Bills payable		610,313	395,904
Due to financial institutions		-	-
Deposits and other accounts	41.4	27,143,443	29,325,548
Due to Head Office		-	-
Other liabilities		1,198,862	1,199,861
Total liabilities		28,950,608	30,921,313
NET ASSETS			
		6,889,807	6,793,799
REPRESENTED BY			
Islamic banking fund		6,625,000	6,625,000
Reserves		-	-
Deficit on revaluation of assets		(92,442)	(107,897)
Unappropriated profit	41.8	367,249	276,686
		6,889,807	6,793,799

CONTINGENCIES AND COMMITMENTS

41.5

The profit and loss account of the Bank's Islamic banking branches for the quarter ended March 31, 2022 is as follows:

		March 31, 2022	March 31, 2021
	Note	Un-audited	Un-audited
Rupees in '000			
Profit / return earned	41.6	606,864	581,228
Profit / return expensed	41.7	(434,167)	(453,465)
Net profit / return		262,697	127,763
Other income			
Fee and commission income		6,567	9,660
Dividend income		-	-
Foreign exchange loss		5,424	6,164
Income from derivatives		-	-
Loss on securities		-	(3,946)
Other income		9,502	10,887
Total other income		21,483	22,625
Total income		284,180	160,388
Other expenses			
Operating expenses		(201,983)	(216,214)
Workers Welfare Fund		(1,644)	-
Other charges		-	(80)
Total other expenses		(203,627)	(216,274)
Profit / (loss) before provisions		80,553	(65,886)
Provisions and write offs - net		-	(42,045)
Profit / (loss) for the period		80,553	(107,931)

41.1 Due from Financial Institutions

Bal Muajjal receivable from other financial institutions

March 31, 2022 - Un-audited			December 31, 2021 - Audited		
In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
Rupees in '000					
24,256,792	-	24,256,792	22,829,715	-	22,829,715
24,256,792	-	24,256,792	22,829,715	-	22,829,715

41.2 Investments by segments:

Federal Government Securities:

Ijarah Sukuka
Bai Muajjal

Total Investments

March 31, 2022 - Un-audited				December 31, 2021 - Audited			
Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
Rupees in '000							
3,707,137	-	(92,442)	3,614,695	5,374,372	-	(107,887)	5,266,475
-	-	-	-	257,658	-	-	257,658
3,707,137	-	(92,442)	3,614,695	5,632,030	-	(107,887)	5,524,133

41.3 Islamic financing and related assets - net

Murahaha

Diminishing Musharaka

Gross Islamic financing and related assets

Loss: provision against Islamic financings

- Specific

- General

Islamic financing and related assets - net of provision

March 31, December 31,
2022 2021
Un-audited Audited
Rupees in '000

13,930	16,242
2,839,428	2,840,850
2,853,359	2,857,092
-	-
-	-
-	-
2,853,359	2,857,092

Note 12

41.4 Deposits

Customers

Current deposits

Saving deposits

Term deposits

Margin deposits

Call deposits

Financial Institutions

Current deposits

Saving deposits

Term deposits

March 31, 2022 - Un-audited			December 31, 2021 - Audited		
In Local Currency	In Foreign Currencies	Total	In Local Currency	In Foreign Currencies	Total
Rupees in '000					
4,368,887	648,606	5,018,283	4,080,672	476,458	4,575,128
17,666,763	851,536	18,408,288	18,558,173	803,806	19,361,979
2,150,004	432,550	2,682,554	3,865,968	418,131	4,082,100
26,200	-	26,200	31,200	-	31,200
27,606	-	27,606	47,047	-	47,047
24,139,260	1,933,691	26,072,841	28,401,061	1,698,393	28,097,454
17,049	747	17,796	146,989	750	148,739
902,706	-	902,706	977,265	-	977,265
150,000	-	150,000	101,100	-	101,100
1,059,755	747	1,070,502	1,227,344	750	1,228,094
25,209,005	1,934,438	27,143,443	27,628,405	1,699,143	29,328,548

	March 31, 2022	December 31, 2021
	Un-audited	Audited
	Rupees in '000	
41.5 Contingencies and Commitments		
Guarantees	1,026,077	892,392
Commitments	<u>1,458,269</u>	<u>1,324,828</u>
	<u>2,484,346</u>	<u>2,317,220</u>
	March 31, 2022	March 31, 2021
	Un-audited	Un-audited
	Rupees in '000	
41.6 Profit / return earned of financing, investments and placement		
On:		
Financing	74,693	70,132
Investments	86,499	55,863
Due from Financial Institutions	<u>525,762</u>	<u>455,233</u>
	<u>686,954</u>	<u>581,228</u>
41.7 Profit expensed on Deposits and other Dues Expensed		
On:		
Deposits and other accounts	377,544	405,621
Due to Financial Institutions	-	-
Cost of foreign currency swaps against foreign currency deposits / borrowings	31,461	25,797
Lease liability against right-of-use assets	<u>26,142</u>	<u>22,047</u>
	<u>434,147</u>	<u>453,465</u>
	March 31, 2022	December 31, 2021
	Un-audited	Audited
	Rupees in '000	
41.8 Islamic Banking Business Unappropriated profit		
Opening Balance	270,096	252,664
Add: Islamic Banking profit for the period / year	<u>80,553</u>	<u>24,032</u>
Closing Balance	<u>357,240</u>	<u>276,696</u>

42 GENERAL

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

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

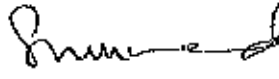
43 DATE OF AUTHORISATION FOR ISSUE

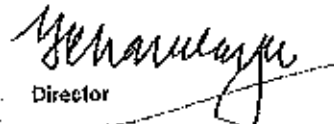
These condensed interim financial statements were authorised for issue on December 13, 2024, by the Board of Directors of the Bank.


Chief Financial Officer


President & Chief Executive Officer


Director


Director


Director

Registered Office
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