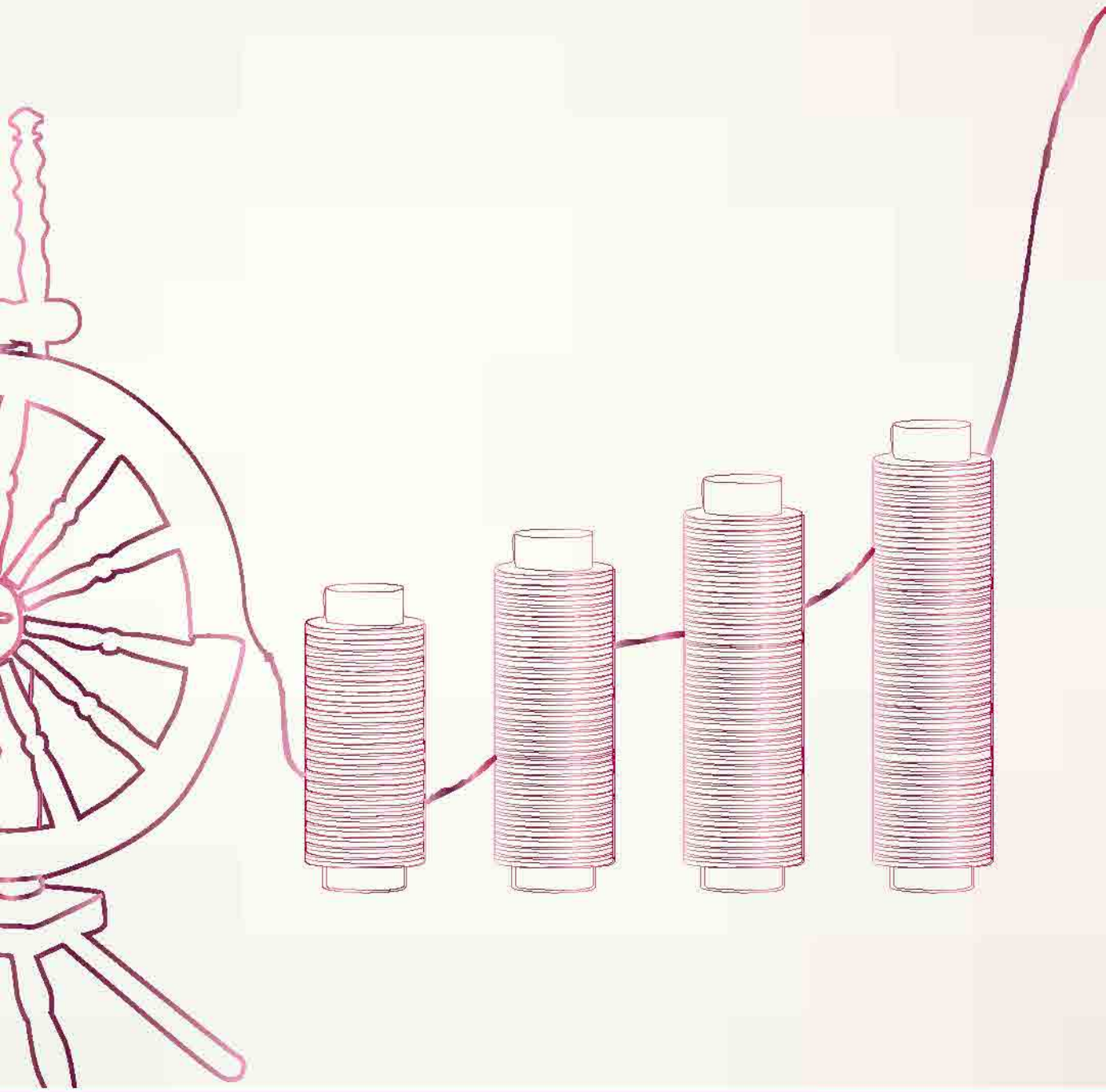
3RD QUARTERLY REPORT '17

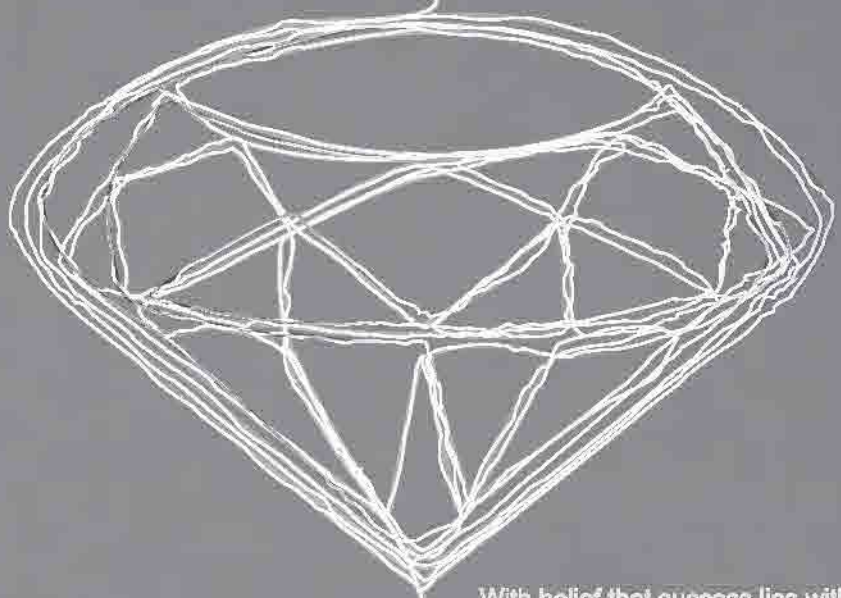
ASCENDING TOWARDS EXCELLENCE



SILKBANK
Yes we can

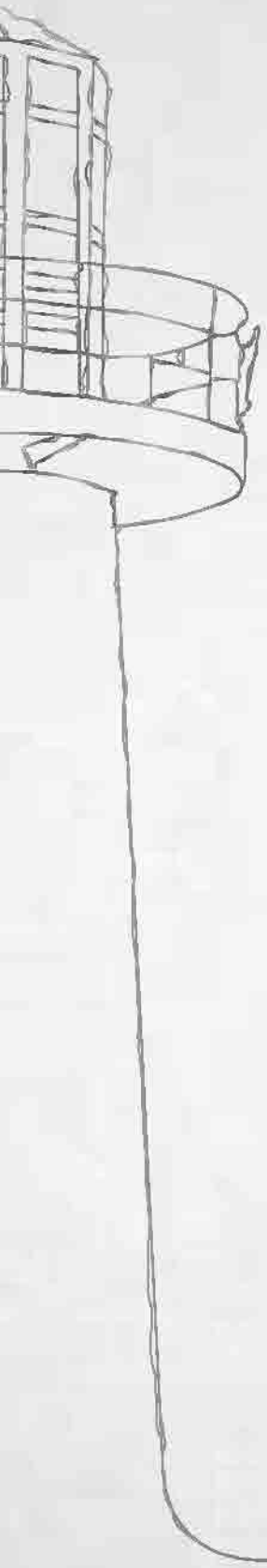
ASCENDING TOWARDS

EXCELLENCE



With belief that success lies within, Silkbank has put its best foot forward in the Year 2017 that became a stepping-stone in setting the momentum. While keeping up with the pace, Silkbank offers a range of innovative and convenient banking services that are simply a notch above. This year, the bank witnessed growth and achieved great recognition not only amongst its customers but also amongst its peers. This made Silkbank, 'Ascend towards Excellence' – because Excellence is what the bank aspires and destines.

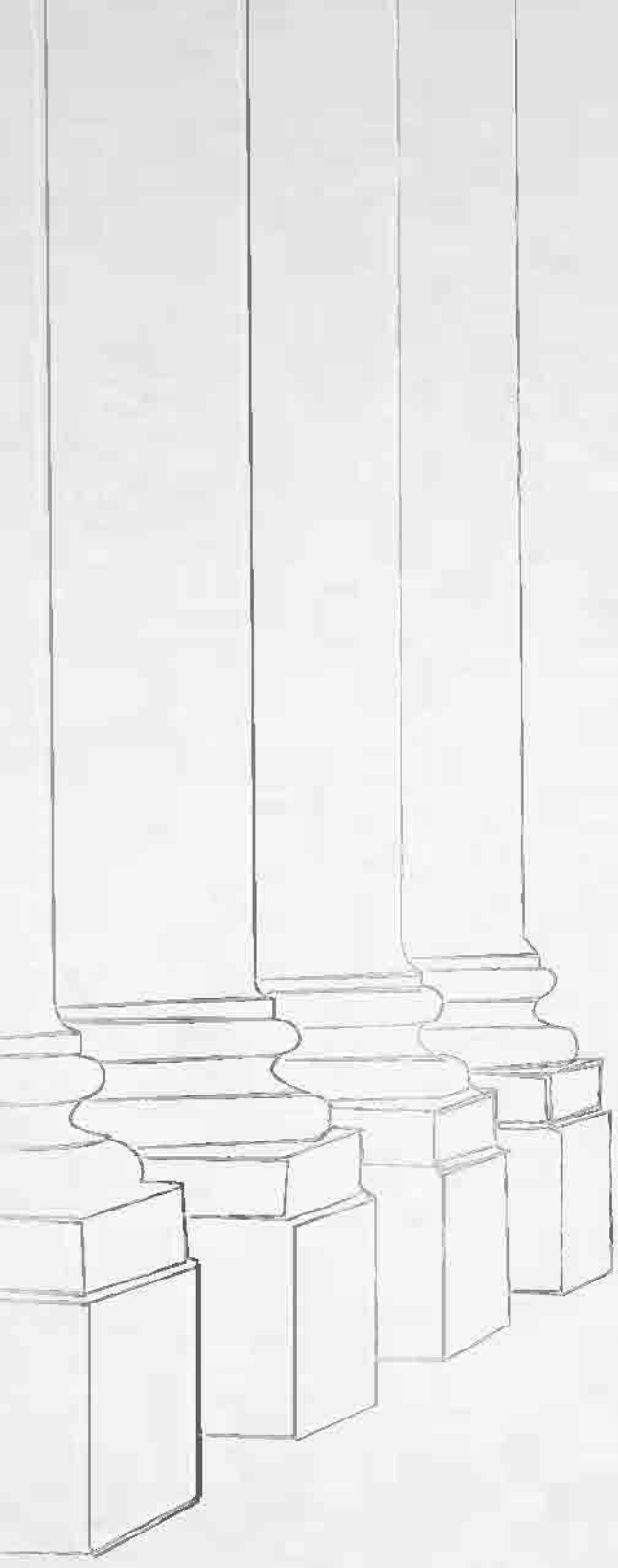

THE
ASCENDANCE



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WINNING
TRUST



VISION

Benchmark of excellence in Premier Banking.

MISSION

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

STRIKING A BALANCE



CORE VALUES

CUSTOMER FOCUS

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

INTEGRITY

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

TEAMWORK

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

CREATIVITY

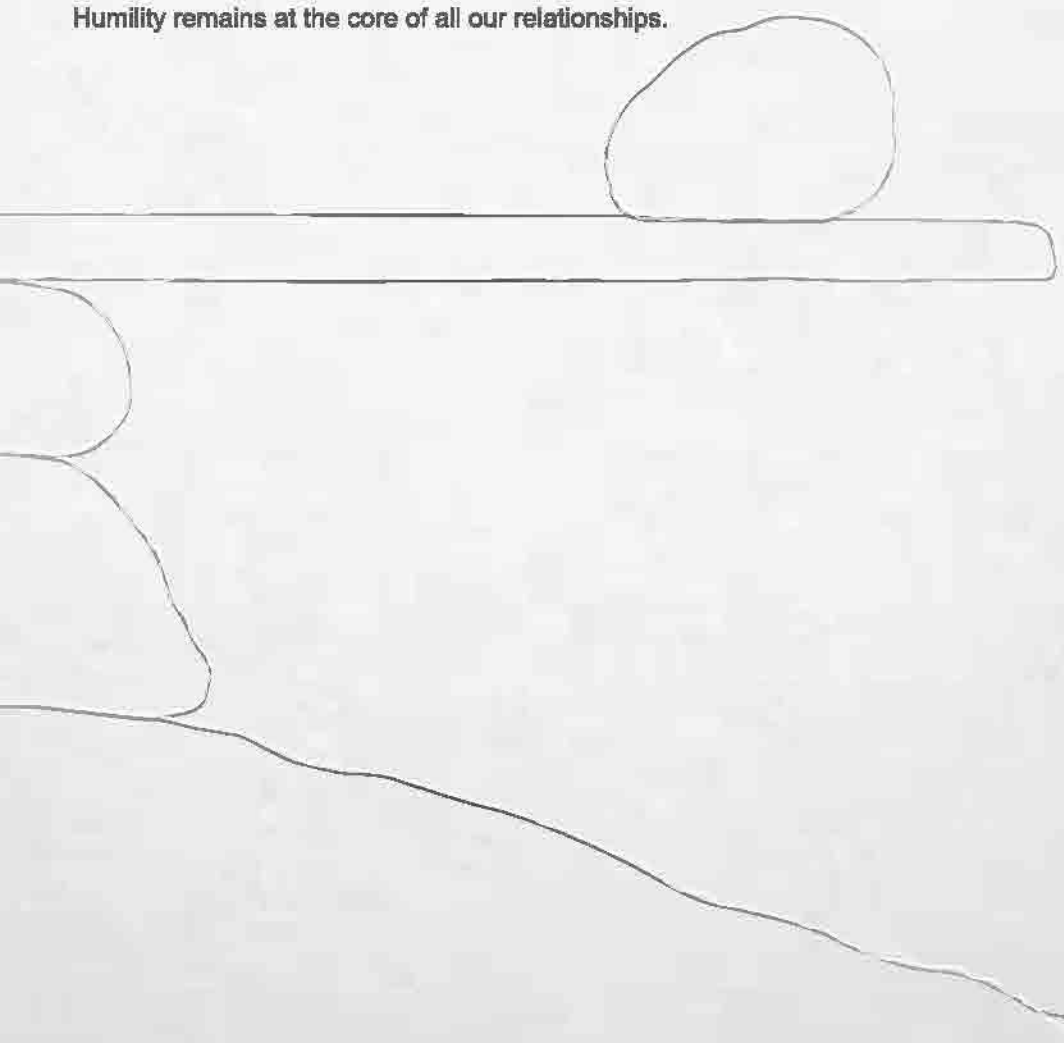
Out of the box thinking is the enabling factor for us to be recognized as an innovative organization.

MERITOCRACY

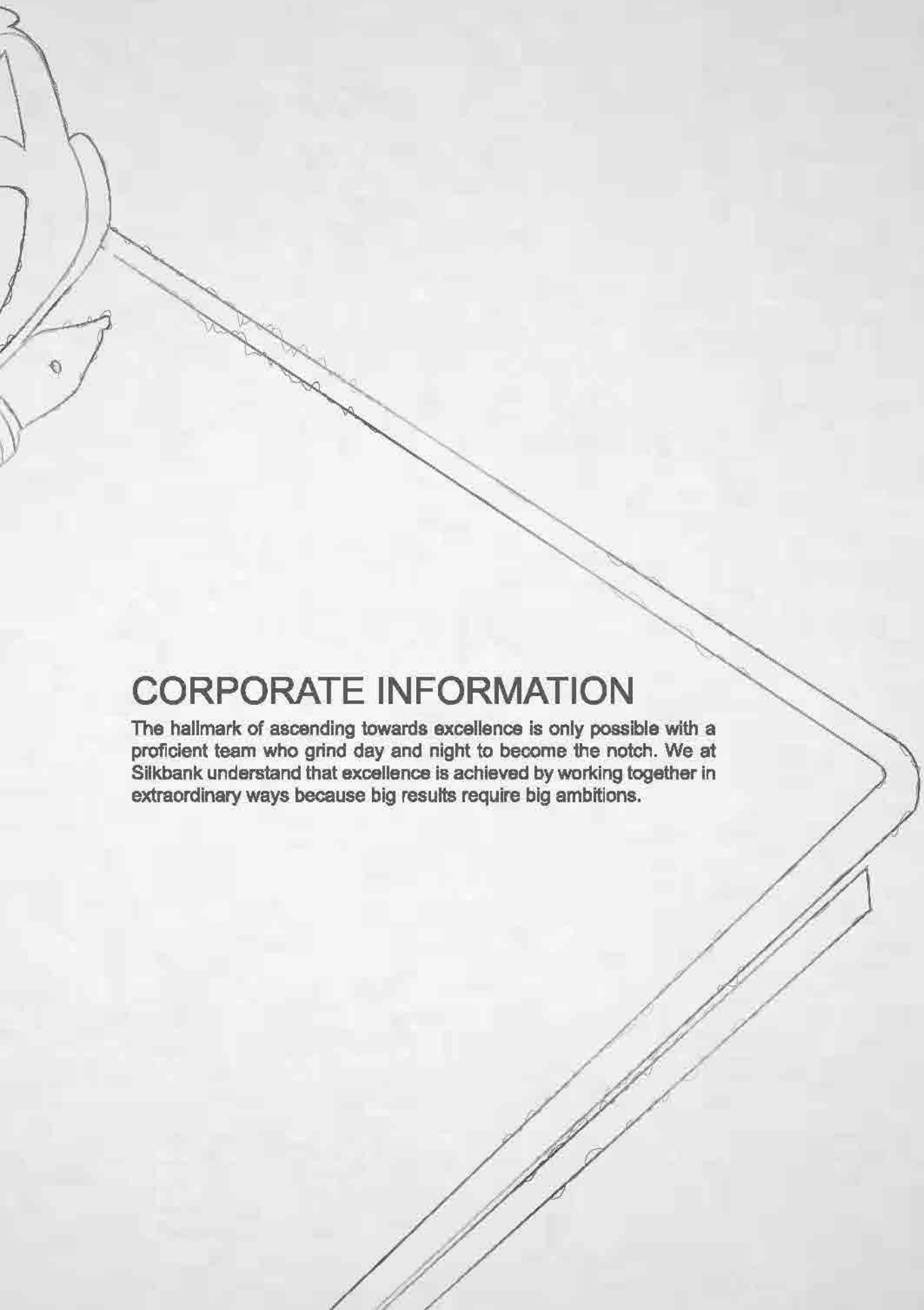
Merit remains our key primary criteria for rewarding performance.

HUMILITY

Humility remains at the core of all our relationships.




ROARING
SUCCESS



CORPORATE INFORMATION

The hallmark of ascending towards excellence is only possible with a proficient team who grind day and night to become the notch. We at Silkbank understand that excellence is achieved by working together in extraordinary ways because big results require big ambitions.

Corporate Information

as of September 30, 2017

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

Company Secretary
Faiz Ul Hasan Hashmi

Chief Financial Officer
Khurram Khan

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

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

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

Human Resources Committee	
Munnawar Hamid, OBE	Chairman
Khalid Aziz Mirza	Member
Rashid Akhtar Chughtai	Member
Azmat Tarin	Member
Sanam Kohati Faiz	Secretary

Auditors

Deloitte Yousuf Adil
Chartered Accountants

Legal Advisor

Ghani Law Associates

Registered Office

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

Share Registrar

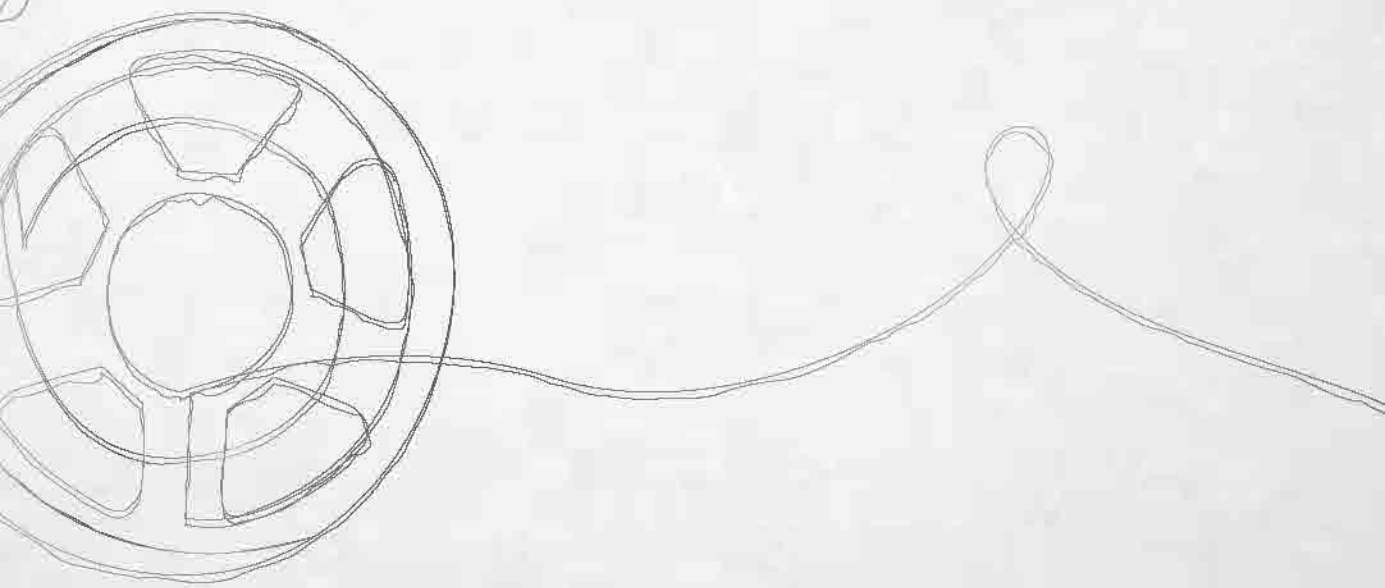
Central Depository Company of Pakistan Limited (CDCPL)
Share Registrar Department
CDC House, 99-B, Block 'B', S.M.C.H.S.,
Main Shahra-e-Faisal, Karachi-74400.
Tel: Customer Support Services (Toll Free) 0800-CDCPL (23275)
Fax: (92-21) 34326053
Email: Info@cdcpak.com
Website: www.cdcpakistan.com


HISTORY
IN THE MAKING



REPORTS AND STATEMENTS TO THE MEMBERS

The year 2017 has been a great year so far in terms of progress, growth and leadership mapping the significant achievement in the history of Silkbank. The reports and statements reflect the status, which the Bank earned through the best practices. Therefore, today we say, we are ascending towards excellence.

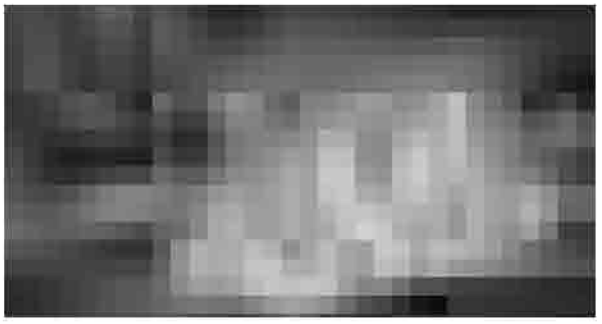


Directors' Report

Directors' Review Report as of September 30, 2017

Dear Shareholders,

We are pleased to present the financial statements of the Bank for the third quarter ended September 30, 2017.



Economic Review

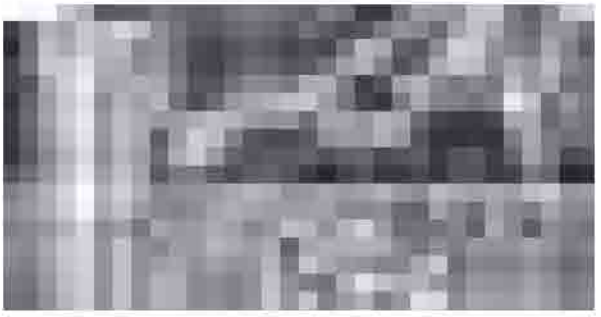
Pakistan's economy has been continuously showing good signs. Major successes in the third quarter include the stability of economic growth and controlled inflation. Tax collection has been reduced slightly, adversely impacting the fiscal deficit. The stock market, on the other hand, remained in the range of 42,000 index points to 46,000 index points during the third quarter of 2017.

Real GDP growth has maintained its upward trajectory and increased to a decade-high of 5.3 percent in FY17. Some of the other macroeconomic indicators, such as subdued inflation, investment growth, and rising private sector credit, also showed an encouraging picture. However, decline in exports is overshadowing the otherwise reviving economic activity.

The overall improvement in business sentiments along with supportive policies (historic low interest rate, high infrastructure spending and better law and order situation) has encouraged a number of firms to pursue expansion plans. This was reflected by a significant surge in private sector credit off-take during FY17, with a sizable share of fixed investment loans. At the same time, a hefty increase in machinery imports was also noted.

Banking Sector

The growth in private sector credit was one of the most encouraging developments during the quarter which contributed significantly in achieving the real GDP growth. The sharp surge in private sector credit is a reflection of increasing trust and confidence of the business community in the overall improvement of the country's investment climate.



The Discount Rate remained stable at 6.25% during the third quarter of the year and the banking sector spreads average improved to 8.093% compared to 5.02% in the preceding quarter. Advances made in the banking sector improved by Rs. 108 billion and increased to Rs. 8,136 billion for the third quarter of 2017, and at the same time ADR (Asset to Deposit Ratio) improved from 51.51% to 51.22%. Investments picked up amounting to Rs. 8,337 billion and deposits grew by Rs. 11,979 billion.

Financial Performance

The Bank has posted after tax Profit of Rs. 750.89 million for the nine months ended September 30, 2017.

During this period, total deposits of the Bank grew by Rs. 20.92 billion to Rs. 107.71 billion and gross advances increased by Rs. 16.42 billion.

Summarized financial performance of Silkbank Limited for the nine months ended September 30, 2017, is as follows:

Financial Performance	Rs. In million
Profit before tax	1,033.27
Tax - Current	-
Prior	-
Deferred	(282.38)
Profit after tax	750.89
	Rupee
Earnings per share – Basic	0.08
Earnings per share – Diluted	0.08

Business Performance

Branch Banking

Branch Banking serves over 160,399 customers and approximately represents 68.78% of the Bank's deposit base. Branch Banking deposits increased to Rs. 74,073 million during the year from Rs. 57,560 million (as of Dec 31, 2016). This not only amounted to a historic increase of Rs. 16,514 million (YTD 2017), but also enabled Branch Banking to surpass its budgeted targets. The composition of the overall incremental volume accounted for 78% CASA deposit (Rs. 12,872 million), which reflects the management's focus on generating low cost deposits. Current Account and Savings Account registered YTD growth of Rs. 4.352 billion and Rs. 8.520 billion respectively, which favourably improved LCY-CASA deposit mix by 5% YTD 2017.

- **Home Remittance:** Home remittance business recorded a total of 43,378 transactions and disbursed Rs. 3.03 billion during the first half of 2017. Further expansion is expected by adding new exchange companies and creating new business ventures along with a focus on attracting end customers through incentivized campaigns.
- **ADC Business:** Silkbank VISA Debit Card ("VDC") continued to show a strong growth in 2017. 8,764 new VDCs were issued during the third quarter of 2017. VDC usage over Point of Sales (POS) during the third quarter of 2017 recorded a spend of Rs. 304.74 million through 79,316 transactions. Highest POS spend was recorded at Rs. 115.07 million during August, 2017. Silkbank ATMs dispensed a cash volume of Rs. 4.25 billion against 398,535 transactions during the third quarter of 2017, with a monthly usage volume of Rs. 1.41 billion.

  Alternate Distribution Services and e-delivery channels have added value to the product offerings of the Bank and have enhanced the reach/accessibility of banking services. SilkMobile registrations have reached to 32,318 customers, where new features are continuously being added, alluring customers towards usage of digital platform.
- **Bancassurance:** With a unified goal of enhancing cross-sell and Non-Funded Income, the Bank has also put in significant efforts to increase the Bancassurance business. This resulted in YTD Revenue growth of more than 35% from corresponding period of year 2016. Cross-sell of Bancassurance products to existing branch customers also strengthened customer relationship with the branches while adding strong contribution into the bottom line of the Bank.

  All the above contributors helped Branch Banking to remain ahead on YTD budgeted P&L numbers. With new initiatives in pipeline and expected branch network expansion in the last quarter of the year 2017, Branch Banking continues to move higher on the spectrum of positive outlook.

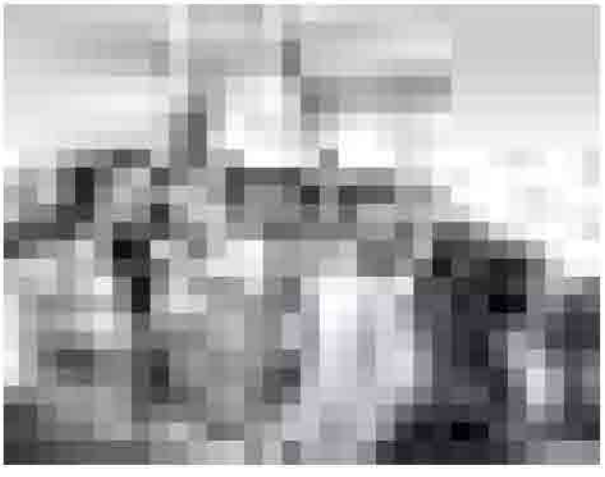
Consumer Banking

Silkbank offers a versatile product range to customers in consumer lending, to facilitate them in the best possible way as per their requirement and desire. Secured lending products include M'Power, a running finance facility against mortgage of property and unsecured lending offers products like Ready Line, Personal Loan and Credit Cards. All of these products have performed better than budget in the third quarter of the year on EBIT. In PIL and RL, the Bank maintained

its position as a market leader among the peer banks with a remarkable combined ending net receivable of Rs. 9.81 billion, whereas Ready Line became the first product in Bank's history to achieve ENR of over Rs. 5 billion.

Unsecured

- **Personal Loan:** Silkbank Personal Installment Loan ended the third quarter of 2017 with 18,853 active customers and a total receivable of Rs. 4,809 million. A total of 2,332 personal loans were booked in the third quarter. Various internal campaigns were launched to boost acquisition and build momentum for the rest of 2017.



- **Ready Line:** Silkbank Ready Line, an unsecured running finance facility, has achieved incredible growth and market share since its launch. At the end of the third quarter of 2017, it stands at an ENR of Rs. 5,008 million with 32,295 active borrowers.

  During the third quarter, various exciting campaigns and promos were launched with the objective to increase ENR numbers. Similarly, various attractive targeted promos and campaigns were launched to generate spend on Mobile & Internet banking and boost acquisition numbers. As a result of which, we have broken internal record of highest number of bookings in a month. A total of 4,070 accounts were disbursed in the third quarter. Campaigns to attract customers to enroll for value added services of E-billing & SMS Alerts and to activate and channelize spend through VDC were kept running during the third quarter as well.

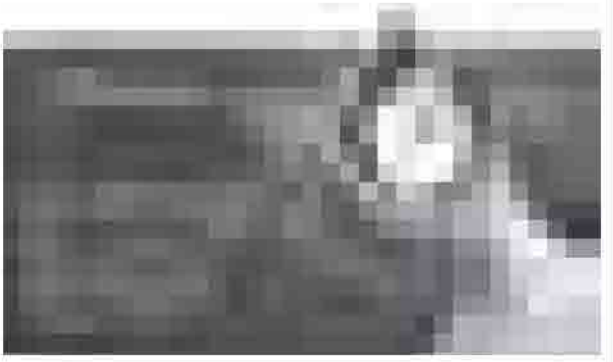
- **Credit Cards:** As the leading Credit Card issuer in Pakistan, Silkbank acquired 13,567 new cards during the third quarter of 2017. This has increased the total base to 126,381 cards. Buoyed by sales promotions, portfolio interventions and campaigns, spending on Silkbank Credit Cards increased to 3.94 billion during the third quarter of 2017, an increase of 8% from the previous quarter. Meanwhile, Spend Stimulation Unit booked ENR volume of Rs. 548 million, registering an increase of 37% from the second quarter of 2017. Tactical Alliances offerings include discounts on partner outlets and installment plans for a host of different products, which continue to strengthen the product proposition and have helped in pushing the receivable base to Rs. 3.36 billion.

Secured

- **M'Power:** M'Power, a product secured against residential and commercial property, stands at ENR of Rs. 2,936 million at end of the third quarter of 2017. Fresh lending is on hold with focus on retaining existing customers and improving delinquency position.

Emaan Islamic Banking

Emaan Islamic Banking, the Islamic banking division of the Bank, performed well and achieved profit before tax of Rs. 264.876 million as of September, 2017. Deposit book stood at Rs. 12.710 billion, with YTD increase of Rs. 1.609 billion. CASA/Term Deposit ratio stood at 77:23. Corporate advances book increased by Rs. 6.238 billion and stood at Rs. 14.460 billion (Dec'16: Rs. 8.223 billion), registering a year to date growth of 75.86%.



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

The Bank is compliant with the MCR and CAR requirements as prescribed by the State Bank of Pakistan. During the period, the Bank has issued privately placed, unsecured and subordinated Term Finance Certificates (TFCs) of the Bank aggregating to Rs. 2.00 billion. In August, 2017, the issuance of TFCs of Rs. 2.00 billion were successfully concluded by crediting the TFCs units in the respective CDC Accounts/Sub-accounts of the investors. The TFC issue will contribute towards Silkbank's Tier-II Capital for complying with the Capital Adequacy Ratio requirement prescribed by the State Bank of Pakistan under its Basel-III framework and the funds so raised will be utilized towards the Bank's business operations and further expansion.

Credit Rating

The JCR VIS Credit Rating Company Limited has reaffirmed the Long-Term entity rating of Silkbank as A- (Single A Minus) and Short-Term rating as A-2 (A-Two). Outlook on the assigned ratings is "Stable".

Future Outlook

Going forward in 2017, customer service excellence would continue to be a primary objective and key differentiator in the market place. Low cost of funds will be maintained and sales and marketing efforts will increase introduction of new accounts. With the successful conclusion of the TFC issue in August, 2017, it is expected that the Bank's rating will improve, which will eventually improve the core deposits ratio v/s total deposits. The Bank is also increasing its distribution footprint by opening new branches both on the Islamic and conventional side, at strategic locations all over the country which should enhance the Bank's ability to mobilize deposits and subsequently lend and invest increasingly in earning assets. On the other hand, the Non-Earning Assets will be reduced to accrue additional capital gains. Going forward, productivity initiatives will continue in 2017, focusing on premises rent, utility & other operating expenses. The Bank will also continue to focus on the Customer Franchise by reducing the exposure on evergreen and term facilities in the Corporate & SME segments and replacing them with short-term trade finance and self-liquidating exposure. Efforts will also be made to revive the mortgage business in the current low interest rate scenario, to provide further growth in the consumer banking business. Most importantly, the Bank will increasingly emphasize on human capital by strengthening a pay for performance culture and an improved succession planning process.

With the strong base built to date and the successful implementation of the key strategies outlined above, your Directors are hopeful that a profitable growth of the Bank will show an increasing trend in the years to come.

Acknowledgement

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

For and on Behalf of the Board of Silkbank Limited

Azmat Tarin
President & CEO
Karachi, October 26, 2017

Munnawar Hamid, OBE
Chairman

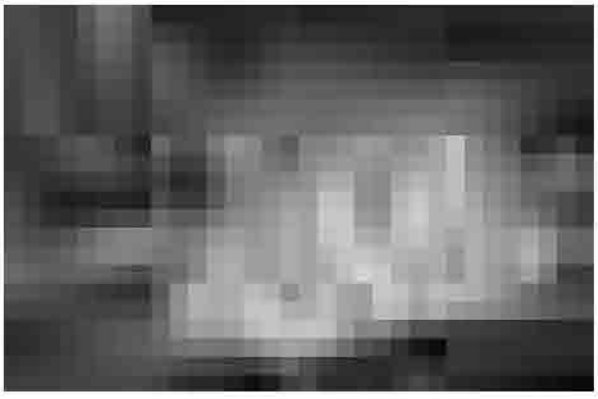
ڈائریکٹرز رپورٹ

30 ستمبر، 2017 تک ڈائریکٹر کی

جائزہ رپورٹ

معزز شیئر ہولڈرز،

ہم 30 ستمبر، 2017 کو ختم ہونے والی تیسری سہ ماہی کے لیے بینک کے مالیاتی گوشوارے پیش کرنے میں خوشی محسوس کرتے ہیں۔



معاشی جائزہ

پاکستان کی معاشی حالت میں مسلسل بہتری دیکھی جارہی ہے۔ تیسری سہ ماہی کی بڑی کامیابیوں میں معاشی ترقی اور مہنگائی پر قابو شامل ہیں۔ لیکن، وصولی میں تھوڑی کمی کی گئی جس سے مالی خسارے پر برعکس اثر ہوا۔ اس کے برعکس تیسری سہ ماہی 2017 کے دوران اسٹاک مارکیٹ 42,000 انڈیکس پوائنٹ سے 46,000 انڈیکس پوائنٹ بڑھ رہی۔

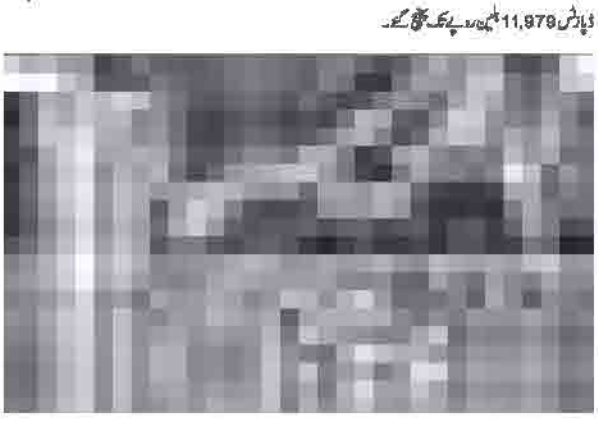
مالی سال 2017 میں اصل جی ڈی پی گروتھ پُرجوش طریقے سے بڑھی اور 5.3 فیصد تک بلند ہوئی۔ دیگر بڑے اقتصادی شعبے جیسے تھوڑی مہنگائی، سرمایہ کارانہ ترقی اور بڑھتے ہوئے پرائیویٹ سیکٹر کریڈٹ میں بھی بہت ترقی نظر آئی۔ تاہم، برآمدات میں کمی دیگر مثبتی سرگرمیوں پر غالب نظر آئی۔

کاروبار اور صارفین پالیسیز (تاریخی کم سطح شرح، پائی الفرا اسٹرکچر اسپینڈنگ اور بہتر نظم ونسق کی صورتحال) میں تمام تر ترقی نے زیادہ تر فرحی حصہ افزائی کی ہے کہ وہ توسیع کے منصوبے پر عمل درآمد کریں۔ اس سے مالی سال 2017 کے دوران پرائیویٹ سیکٹر کریڈٹ آف فلیک میں فلکٹوایشن لونز کے خاصے بڑے حصے کے ساتھ خوشیاں جیتی نظر آئی۔ اسی وقت، مشینری کی درآمدات میں زبردست اضافہ ہوا۔

بینکنگ سیکٹر

پرائیویٹ سیکٹر کریڈٹ میں ترقی سہ ماہی کی سب سے زیادہ حوصلہ افزاء ڈیولپمنٹس میں سے ایک تھی جس نے اصل GDP گروتھ حاصل کرنے میں اہم کردار ادا کیا۔ پرائیویٹ سیکٹر کریڈٹ میں تیزی سے ہونے والا اضافہ، ملک کے تمام تر سرمایہ کارانہ ماحول میں بزنس کیونٹی کے بڑھتے ہوئے بھروسے اور اعتماد کی عکاسی کرتا ہے۔

سال کی تیسری سہ ماہی کے دوران رجائی شرح 6.25 فیصد پر قائم رہی اور بینکنگ سیکٹر کے اسپریڈ کا اوسط بڑھ کر 8.093 فیصد ہوگیا جو کہ پچھلی سہ ماہی میں 5.02 فیصد تھا۔ بینکنگ سیکٹر میں ہونے والے ایڈوانسز 108 بلین روپے تک بڑھے جس سے 2017 کی تیسری سہ ماہی میں 6,138 بلین روپے کا اضافہ ہوا، نتیجتاً 2017 کی تیسری سہ ماہی کے دوران ADR(Asset to Deposit Ratio) 51.51 فیصد سے بڑھ کر 51.22 فیصد ہوگئے، انویسٹمنٹس بڑھ کر 8,337 بلین روپے اور ڈپازٹس 11,979 بلین روپے تک پہنچ گئے۔



مالیاتی کارکردگی

30 ستمبر، 2017 کو ختم ہونے والے نو ماہ میں بینک نے 750.89 ملین روپے کے بعد از ٹیکس منافع کا اعلان کیا ہے۔ اس مدت کے دوران، بینک کے کُل ڈپازٹس 20.92 بلین روپے سے بڑھ کر 107.71 بلین روپے ہوگئے اور مجموعی ایڈوانسز 15.42 بلین روپے تک بڑھ گئے۔

30 ستمبر، 2017 کو ختم ہونے والے نو ماہ، سٹک بینک لمیٹڈ کی مالیاتی کارکردگی کا خلاصہ مندرجہ ذیل ہے:

مالیاتی کارکردگی	روپے (ملین میں)
قبل از ٹیکس منافع	1,033.27
موجودہ ٹیکس	-
سابقہ	-
مؤخر	(282.38)
بعد از ٹیکس منافع	750.89
	روپے
فی شیئر آمدنی - بنیادی	0.09
فی شیئر آمدنی - ڈائلیوٹڈ	0.08

کاروباری کارکردگی

برانچ بینکنگ

برانچ بینکنگ 160,399 سے زائد صارفین کو خدمات پیش کررہے ہیں اور تقریباً 68.78 فیصد کی بینک کی ڈپازٹ بیس کی نمائندگی کررہے ہیں۔ سال کے دوران برانچ بینکنگ ڈپازٹس 57,560 ملین روپے (31 دسمبر، 2016 تک) سے بڑھ کر 74,073 ملین روپے تک پہنچ گئے۔ یہ نہ صرف 16,514 ملین روپے (YTD 2017) کا تاریخی گراں قدر اضافہ ہے بلکہ برانچ بینکنگ کو اس قابل بھی بناتا ہے کہ وہ اپنے بجٹ میں شامل ٹارگٹس کو پورا کرسکے۔ تمام تر اضافی رقم کے مجموعے کی وجہ سے کرنٹ اکاؤنٹ سیونگ اکاؤنٹ ڈپازٹ میں 78 فیصد کا اضافہ ہوا ہے۔ کرنٹ اکاؤنٹ سیونگ اکاؤنٹ کی 12,872 ملین روپے کی YTD Growth اس بات کو ظاہر کرتی ہے کہ بینچمارک کم لاگتی ڈپازٹس پیدا کرنے میں بھرپور توجہ دے رہی ہے۔ کرنٹ اکاؤنٹ اور سیونگ اکاؤنٹ کی رجسٹر شدہ YTD Growth جو کہ بالترتیب 4.352 بلین روپے اور 8.520 بلین روپے ہے، جس سے YTD 2017 تک 5 فیصد کے حساب سے ملے ہوئے LCY-CASA ڈپازٹ مکس میں مثبت اضافہ ہوا ہے۔

ہوم ریمیٹنس

2017 کی پہلی ششماہی کے دوران ہوم ریمیٹنس کے کاروبار نے کُل 43,378 ٹرانزیکشنز اور 3.03 بلین روپے کی ادائیگی کا ریکارڈ قائم کیا ہے۔ اس سلسلے میں مزید توسیع متوقع ہے جس کے لیے ہی ایچ کمپنیز کا اضافہ اور نئے کاروباری ذرائع پیدا کرنے کے ساتھ ساتھ محرک کمپیوٹر کے ذریعے دلچسپی رکھنے والے صارفین کی توجہ حاصل کی جائے گی۔

اے ڈی سی بزنس

سٹک بینک ویزا ڈیبٹ کارڈ ("VDC") نے 2017 میں مستحکم پیداوار جاری رکھی۔ 2017 کی تیسری سہ ماہی کے دوران 8,764 نئے ویزا ڈیبٹ کارڈز جاری کیے گئے اور 2017 کی تیسری سہ ماہی کے دوران پراجیکٹ آف سیل پر کارڈ کے استعمال سے بذریعہ 79,316 فرانزیکشنز 304.74 ملین روپے کی لاگت کا خرچ ریکارڈ کیا گیا۔ اگست، 2017 کے دوران POS پر سب سے زیادہ خرچ کی لاگت ریکارڈ کی گئی جو کہ 115.07 ملین روپے تھی۔ 2017 کی تیسری سہ ماہی کے دوران، سٹک بینک اے ٹی ایمز سے 398,535 فرانزیکشنز 4.25 ملین روپے نکالے گئے اور 1.41 ملین روپے فی ماہ کا اوسط استعمال ریکارڈ کیا گیا۔

آلٹرنیٹ ڈسٹری بیوشن سروسز اور ای ڈیلوری چینلز نے بینک کی پروڈکٹ آفرز کی قدر و قیمت میں اضافہ کیا ہے اور بینکنگ سروسز تک رسائی کو آسان بنایا ہے۔ سٹک موبائل کے ساتھ رجسٹر ہونے والے صارفین کی تعداد 32,318 تک پہنچ چکی ہے، اس سروس میں مزید خصوصیات کا مسلسل اضافہ ہورہا ہے جس سے ڈیجیٹل پلیٹ فارم کی طرف صارفین کا رجحان بڑھتا جارہا ہے۔

بینکاشورنس

کراس سیل اور نان فنڈ ڈ انکم کو بڑھانے کی خاطر بینک نے بینکاشورنس بزنس میں اضافے کے لیے اہم کوششیں بھی کی ہیں۔ جس کے نتیجے میں سال 2016 کے مقابلے میں وائی ٹی ڈی ریونیو گروتھ (YTD Revenue Growth) 35 فیصد سے زائد ہوگئی۔ موجودہ برانچ کسٹمرز کو بینکاشورنس پروڈکٹس کی کراس سیل کرنے سے برانچز میں کسٹمر ریلیشن شپ بھی مستحکم ہوئی ہے، جس سے بینک کے نفع نقصان میں بڑی مدد ملی ہے۔

مندرجہ بالا تمام شراکتوں کی وجہ سے YTD بجٹ میں شامل P&L numbers کے ساتھ برانچ بینکنگ کو احسن طریقے سے چلانے میں مدد ملی ہے۔ پائپ لائن میں موجود نئے اقدامات اور سال 2017 کی آخری سہ ماہی میں متوقع برانچ نیٹ ورک کی توسیع کے ساتھ برانچ بینکنگ مسلسل ترقی کی طرف گامزن ہے۔

کنزیومر بینکنگ

صارف کو قرض دینے کے حوالے سے سلک بینک اپنے صارفین کے لیے پروڈکٹس کی درستاکس رینج پیش کرتا ہے تاکہ ان کی ضروریات اور خواہش کے مطابق انھیں سب سے بہترین سہولیات فراہم کی جاسکیں۔ محفوظ قرضوں کی پروڈکٹس میں ایم پاور شامل ہے جو کہ جائیداد کے رہن کے شعبے میں ایک رواں فنانس فیسلٹی ہے اور غیر محفوظ قرضوں کی پیش کردہ پروڈکٹس میں ریڈی لائن، پرسنل لون اور کریڈٹ کارڈز شامل ہیں۔ ان تمام پروڈکٹس نے سال کی تیسری سہ ماہی میں EBIT پر بجٹ کے مقابلے میں بہتر کارکردگی کا مظاہرہ کیا ہے۔ PIL اور RL میں بینک نے 9.81 بلین روپے کے قابل ذکر رقم کے حصول کے ساتھ اپنے ہم مرتبہ بینکوں میں مارکیٹ لیڈر کی حیثیت قائم رکھی ہوئی ہے۔ جبکہ ریڈی لائن بینک کی تاریخ میں پہلی پروڈکٹ ہے جس نے 5 بلین روپے سے زائد کا ENR حاصل کیا ہے۔



غیر محفوظ

پرسنل لون

سال 2017 کی تیسری سہ ماہی کے اختتام پر سلک بینک پرسنل انشاءاللہ لون کے 18,853 ایکٹو صارفین موجود ہیں اور اس پروڈکٹ کے مجموعی قابل وصول رقوم کی مالیت 4,809 بلین روپے ہے۔ تیسری سہ ماہی میں مجموعی طور پر 2,332 پرسنل لونز بک کیے گئے۔ کئی انٹرنل کمپیئنز متعارف کروائی گئیں تاکہ زیادہ سے زیادہ حصول ہو اور نتیجہ سال 2017 کے لیے ترقی کی راہیں ہموار ہوں۔

ریڈی لائن

سلک بینک ریڈی لائن ایک غیر محفوظ رواں فنانس فیسلٹی ہے جس نے آغاز سے ہی ناقابل یقین ترقی اور مارکیٹ شیئر حاصل کیا ہے۔ سال 2017 کی تیسری سہ ماہی کے اختتام پر یہ پروڈکٹ 5,008 بلین روپے کے ENR اور 32,295 ایکٹو قرض داروں کے ساتھ آگے ہے۔

تیسری سہ ماہی کے دوران، ENR کی تعداد بڑھانے کے لیے کئی پُرجوش کمپیئنز اور پروموز متعارف کروائے گئے۔ اسی طرح موبائل اور انٹرنیٹ بینکنگ کے استعمال کو فروغ دینے اور صولی کی تعداد بڑھانے کے لیے کئی پُرکشش ٹارگٹڈ پروموز اور کمپیئنز متعارف کروائی گئیں۔ جس کے نتیجے میں ہم نے ایک ماہ میں سب سے زیادہ بکنگز حاصل کرنے کا انٹرنل ریکارڈ توڑا ہے۔ تیسری سہ ماہی میں کُل 4,070 اکاؤنٹس کو اوپن کی گئی۔ صدر فنانس ای۔ بینک اور ایس ایم ایس بالرش کی ویلیو ایڈڈ سروسز کے لیے اندراج کروائیں اور یوں ڈیبٹ کارڈ کے ذریعے خریداری، اس مقصد کے لیے تیسری سہ ماہی میں بھی کمپیئنز چلائی گئیں۔

کریڈٹ کارڈز

کریڈٹ کارڈز کے اجراء کے حوالے سے پاکستان میں صف اول کی حیثیت رکھتے ہوئے سلک بینک نے 2017 کی تیسری سہ ماہی میں 13,567 نئے کارڈز جاری کیے۔ جس سے ٹوٹل کارڈز تعداد 126,381 کارڈز تک بلند ہوگئی۔ سیلز پروموشنز، پوائنٹ آف سیل اور کمپیئنز کی کامیابی کے ذریعے سلک بینک کریڈٹ کارڈ کے استعمال میں 2017 کی تیسری سہ ماہی کے دوران 3.94 بلین روپے کا اضافہ ہوا، جو کہ پچھلی سہ ماہی کے مقابلے میں 8 فیصد زیادہ ہے۔ اس دوران، اسپینڈ/ٹرانزیکشن ٹیونٹ میں 548 بلین روپے کا ENR بک ہوا جو کہ 2017 کی دوسری سہ ماہی کے مقابلے میں 37 فیصد زیادہ ہے۔ ٹیکنیکل ایکسٹرز کی پیشکشوں میں پارٹنر آؤٹ لٹس پر رعایت اور مختلف پروڈکٹس کے لیے انشاءاللہ پلان شامل ہیں، جس سے پروڈکٹ کی ترقی میں استحکام ہوا اور قابل وصول رقم کی مد میں 3.36 بلین روپے بینک پہنچانے میں مدد ملی۔

محفوظ

ایم پاور

ایم پاور رہائشی اور تجارتی جائیداد کے لیے ایک محفوظ پروڈکٹ ہے، جو 2017 کی تیسری سہ ماہی کے اختتام پر 2,936 بلین روپے کا ENR رکھتا ہے۔ موجودہ صارفین کو برقرار رکھنے اور کسی بھی قسم کی عدم ادائیگی سے محفوظ رہنے کی وجہ سے ایم پاور میں نئے قرضہ جات کو روک دیا گیا ہے۔

ایمان اسلامک بینکنگ

بینک کی اسلامک بینکنگ ڈویژن، ایمان اسلامک بینکنگ کی کارکردگی اچھی رہی ہے اور ستمبر 2017 تک 284.876 بلین روپے کا سامنع قبل از ٹیکس حاصل ہوا۔ ڈپازٹ بک میں 12.710 بلین روپے ریکارڈ کیے گئے جس سے YTD میں 1.809 بلین روپے کا اضافہ ہوا۔ کرنٹ اکاؤنٹ سیونگ اکاؤنٹ/فرم ڈپازٹ کا تناسب 77:23 رہا۔ کارپوریٹ ایڈوانسز بک میں 6.238 بلین روپے کا اضافہ ہوا اور 14.460 بلین روپے پر قائم ہوا (دسمبر 2016: 8.223 بلین روپے)، جس سے YTD Growth، 75.86 فیصد رہی۔



کم سے کم کیپیٹل کی ضروریات اور کیپیٹل کے موزوں تناسب کی تکمیل

بینک، اسٹیٹ بینک آف پاکستان کی طرف سے تجویز کردہ کم سے کم کیپیٹل کی ضروریات اور کیپیٹل کے موزوں تناسب کی تکمیل کرتا ہے۔ اس مدت کے دوران، بینک نے مجموعی 2 بلین روپے کے فُل طور پر رکھے گئے، غیر محفوظ اور ذیلی ٹرم فنانس سرٹیفکیٹ (TFC) کا اجراء کیا۔ اگست، 2017 میں سرمایہ کاروں کے سی ڈی سی اکاؤنٹس/ذیلی اکاؤنٹس میں فی الیف سی بونس کی کریڈٹنگ کے ذریعے 2 بلین روپے کے فی الیف سیز کا اجراء بڑی کامیابی کے ساتھ عمل ہوا۔ فی الیف سی الیش، سلک بینک کے ٹیئر II کیپیٹل میں حصے کے تاکہ اسٹیٹ بینک آف پاکستان کے بیسل III فریم ورک کے تحت مجوزہ کیپیٹل کی موزونیت کے تناسب کی ضرورت کی تکمیل کی جاسکے اور بڑھنے والے لونز و بینک کے بزنس آپریشنز اور مزید توسیع کے لیے استعمال کیے جائیں گے۔

کریڈٹ ریٹنگ

JCR VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے سلک بینک کا بلحاظ A (سنگل A مائنس) طویل مدتی ایشیئنگ ریٹنگ اور بلحاظ A-2 (اے۔ ٹو) کم مدتی ریٹنگ کا حامل ہونے کا دوبارہ یقین دلایا ہے۔ مقررہ ریٹنگز میں "Stable" قرار دیا ہے۔

مستقبل کی صورت حال کا جائزہ

آگے 2017 میں، ہمارا بنیادی مقصد شاندار کسٹمر سروس کی فراہمی اور مارکیٹ میں اہم مقام حاصل کرنا ہوگا۔ کم لاگت کے فنڈز کو برقرار رکھا جائے گا اور سیلز اینڈ مارکیٹنگ کی کوششوں سے مزید نئے اکاؤنٹس متعارف کروائے جائیں گے۔ اگست، 2017 میں فی الیف سی الیشو کے کامیاب نتائج کی بدولت یہ توقع کی جاتی ہے کہ بینک کی ریٹنگ میں اضافہ ہوگا جس سے مرکزی ڈپازٹ کے تناسب میں کُل ڈپازٹ کے مقابلے میں ترقی آئے گی۔

بینک ملک بھر میں اہم مقامات پر اسلامک اور روایتی بینکنگ کی جانب رجحانات متعارف کروا کر اپنی ڈسٹری بیوشن میں اضافہ کر رہا ہے جس سے بینک کی ڈپازٹس کو گردش میں لانے کی صلاحیت میں اضافہ ہوگا اور بعد ازاں اثاثے حاصل کرنے کے لیے زیادہ سے زیادہ قرضے دے گا اور سرمایہ کاری کرے گا۔ دوسری طرف اُن اخراجات کو کم کیا جائے گا جن سے کوئی آمدنی نہ ہو رہی ہو اور ساتھ ہی بینک کی خود انحصاری بڑھائی جائے جس سے اضافی کیپیٹل حاصل ہو۔ مزید آگے یہ کہ 2017 میں پیداواری اقدامات کو جاری رکھا جائے گا جس سے غلامانہ کارکردگی، یوٹیلیٹی اور مگر آپریٹنگ اخراجات پورے کیے جائیں گے۔ بینک کسٹمر فرینڈلی پر بھی اپنے اقدامات جاری رکھے گا جس کے لیے کلائنٹ رپورٹ اور ایس ایم ای سیکشنز میں ایور گرین اور فرم فیسیلیٹیز کو کم کیا جائے گا اور انھیں قلیل مدتی فنانس اور سیلف لیکویڈیٹنگ اسکیمز کے ذریعے بدلا جائے گا۔ موجودہ کم سامنع شرح میں رہن کے کاروبار کو قائم رکھنے کے لیے مزید کوششیں کی جائیں گی تاکہ کمرشل بینکنگ بزنس میں مزید ترقی کی جاسکے۔ سب سے اہم یہ کہ بینک زیادہ سے زیادہ انسانی کیپیٹل پر توجہ دے گا جس کے لیے کارکردگی پر نواز جائے گا اور ایک بہتر کامیاب بلانگ پروسس رائج کیا جائے گا۔

اب تک کی مستحکم بنیاد اور مذکورہ بالا اہم حکمت عملیوں کی کامیاب تکمیل کے ساتھ آپ کے ڈائریکٹرز پُرامید ہیں کہ منافع بخش پیداوار کی بدولت آنے والے سال میں بینک میں ترقی کا رجحان مزید بڑھتا جائے گا۔

اقرار

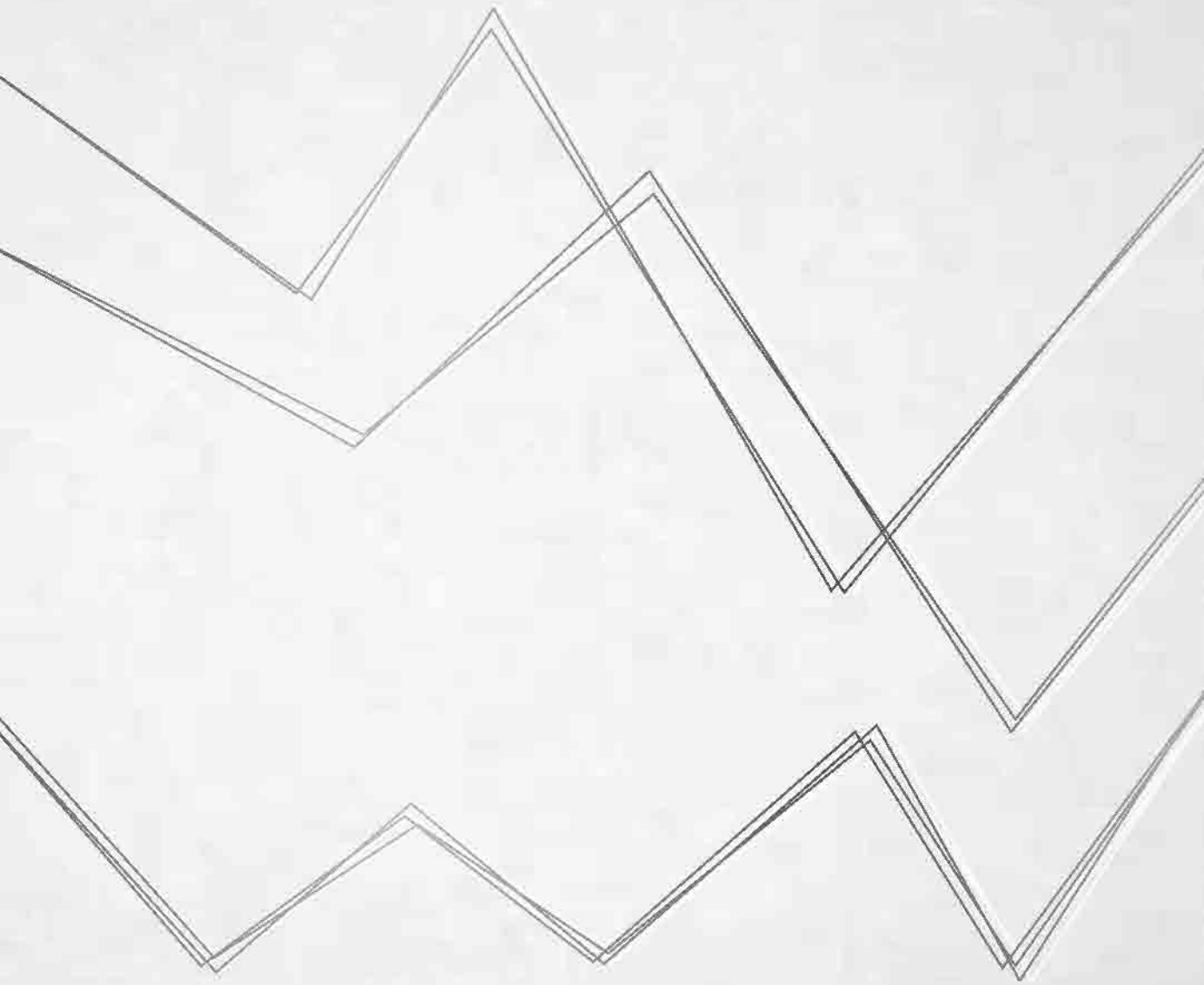
ہم ایک بار پھر اپنے صارفین اور کاروباری شراکت داروں کا تہہ دل سے شکریہ ادا کرتے ہیں جنھوں نے ہمارے ساتھ مسلسل تعاون کا مظاہرہ کیا اور ہم پر اپنے اعتماد کا اظہار کیا۔ ہم خلوص دل سے اسٹیٹ بینک آف پاکستان کے شکر گزار ہیں جس نے بینک کو آگے بڑھانے میں اپنی رہنمائی اور تعاون فراہم کیا۔ اسی طرح ہم اپنے ایس ایس، حصے اور کریڈٹ کے بھی شکر گزار ہیں کہ انھوں نے بینک کو اپنی بھرپور خدمات سے نوازا اور مستقبل میں بھی ان کے مسلسل تعاون کی امید رکھتے ہیں۔

برائے و جانب سلک بینک لمیٹڈ کے بورڈ

عشرت نرین
صدر/چیف ای او
کراچی، 25 اکتوبر، 2017

محمد ساقب OBE خزیمہ
مشیر


LEADING WITH
SUCCESS



FINANCIAL STATEMENTS

After a long haul of perseverance, integrity, humility and teamwork, we have reached the impeccable results, which is yours and our success in the long run. Your passion and commitment has made it possible for Silkbank to embrace success.

Condensed Interim Statement of Financial Position

As at September 30, 2017

	Note	September 30, 2017 Un-audited	December 31, 2016 Audited
		Rupees in '000	
ASSETS			
Cash and balances with treasury banks		7,185,098	7,370,962
Balances with other banks		439,393	87,748
Lendings to financial institutions		6,401,221	706,572
Investments - net	8	43,175,269	37,488,482
Advances - net	9	91,548,496	64,802,628
Operating fixed assets		4,137,225	4,101,219
Deferred tax assets - net		3,466,219	3,704,745
Other assets		16,919,972	16,771,466
		163,272,893	135,033,822
LIABILITIES			
Bills payable		1,974,722	3,996,044
Borrowings		35,574,456	30,195,702
Deposits and other accounts	10	107,712,056	86,787,423
Sub-ordinated loans	11	2,000,000	-
Liabilities against assets subject to finance lease		7,870	10,694
Deferred tax liabilities		-	-
Other liabilities		3,279,801	1,989,371
		150,548,905	122,979,234
NET ASSETS		12,723,988	12,054,588
REPRESENTED BY			
Share capital	12	90,816,612	77,998,099
Discount on issue of right shares		(67,387,238)	(56,566,725)
Reserves		327,845	327,845
Advance against shares subscription	1.3	-	2,000,000
Accumulated loss		(11,019,497)	(11,757,111)
		12,739,722	12,002,108
(Deficit) / surplus on revaluation of assets - net of tax	13	(15,734)	52,480
		12,723,988	12,054,588
CONTINGENCIES AND COMMITMENTS	14		

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.

Azmat Tarin President & CEO	Munnawar Hamid, OBE Chairman	Shahzad Enver Murad Director	Shamsul Hasan Director

Condensed Interim Profit and Loss Account - Unaudited

For the nine months ended September 30, 2017

	Note	Quarter ended September 30, 2017	Quarter ended September 30, 2016	Nine months ended September 30 2017	Nine months ended September 30, 2016
		Rupees in '000			
Mark-up / return / interest earned	15	3,081,997	2,381,306	8,240,001	7,494,557
Mark-up / return / interest expensed	16	(1,634,365)	(1,276,178)	(4,189,961)	(4,199,797)
Net Mark-up / Interest Income		1,447,632	1,105,128	4,050,040	3,294,760
Reversal / (provision) against non-performing loans and advances - net (specific)	9.3	181,980	(194,442)	(80,099)	(516,626)
Provision against small enterprise and consumer financing - net (general)	9.3	(29,396)	(26,005)	(57,162)	(51,087)
Recovery against written off loans		32,113	41,912	71,468	46,986
Impairment in the value of investments		-	(4,282)	(22,723)	(14,936)
		184,697	(182,817)	(88,516)	(535,663)
Net mark-up / interest income after provisions		1,632,329	922,311	3,961,524	2,759,097
NON MARK-UP / INTEREST INCOME					
Fee, commission and brokerage income		388,956	292,730	1,073,477	896,660
Dividend income		5,794	12,732	28,038	41,140
Income from dealing in foreign currencies		46,582	32,977	118,657	129,349
(Loss) / gain on sale of securities - net		(13,041)	91,024	35,386	152,870
Unrealized gain / (loss) on revaluation of investments - held-for-trading		1,884	(14,481)	1,232	(14,571)
Other income		151,401	271,404	643,977	419,970
Total non mark-up / interest income		581,576	886,386	1,900,777	1,627,438
		2,213,905	1,808,697	5,862,301	4,386,535
NON MARK-UP / INTEREST EXPENSES					
Administrative expenses		(1,664,685)	(1,332,415)	(4,635,792)	(3,943,594)
Other (provisions) / reversals / (write off) - net		(83,385)	-	(85,982)	413,433
Other charges		(46,316)	(29,830)	(107,252)	(73,774)
Total non mark-up / interest expenses		(1,794,386)	(1,362,245)	(4,829,026)	(3,603,935)
PROFIT BEFORE TAXATION		419,519	246,452	1,033,275	782,600
Taxation - Current		-	-	-	-
- Prior		-	-	-	-
- Deferred		(146,888)	(86,533)	(282,384)	(277,383)
		(146,888)	(86,533)	(282,384)	(277,383)
PROFIT AFTER TAXATION		272,631	159,919	750,891	505,217
				Rupee	
Basic earnings per share		0.03	0.02	0.08	0.06
Diluted earnings per share		0.03	0.02	0.08	0.06

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.

Azmat Tarin	Munnawar Hamid, OBE	Shahzad Enver Murad	Shamsul Hasan
President & CEO	Chairman	Director	Director

Condensed Interim Statement of Comprehensive Income - Unaudited

For the nine months ended September 30, 2017

	Quarter ended		Nine months ended	
	September 30, 2017	September 30, 2016	September 30 2017	September 30, 2016
	Rupees in '000			
Profit after taxation	272,631	159,919	750,891	505,217
Other comprehensive income				
Items that will not be reclassified to profit and loss				
Remeasurement (loss) / gain of defined benefit plan	-	-	(20,365)	505
Related effect tax	-	-	7,128	(176)
	-	-	(13,237)	329
Comprehensive income transferred to equity	272,631	159,919	737,654	505,546
Components of comprehensive income not reflected in equity				
Net change in fair value of available-for-sale securities	(103,378)	50,964	(150,537)	(29,780)
Related tax effect	36,182	(17,837)	52,688	10,423
	(67,196)	33,127	(97,849)	(19,357)

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.

Azmat Tarin President & CEO	Munnawar Hamid, OBE Chairman	Shahzad Enver Murad Director	Shamsul Hasan Director

Condensed Interim Statement of Changes in Equity - Unaudited

For the nine months ended September 30, 2017

	Share Capital	Discount on Issue of Shares	Statutory Reserves*	Advance against shares subscription	Convertible Preference Shares	Accumulated Loss	Total Equity
				Rupees in '000			
Balance as at January 01, 2016 - Audited	77,998,099	(56,566,725)	180,134	2,000,000	2,200,000	(11,334,916)	14,476,592
Total comprehensive income for the nine months ended September 30, 2016							
Profit after tax for the nine months ended September 30, 2016 - Un-audited	-	-	-	-	-	505,217	505,217
Other comprehensive income - Un-audited	-	-	-	-	-	329	329
Total comprehensive income for the nine months ended September 30, 2016 - Un-audited	-	-	-	-	-	505,546	505,546
Redemption of Convertible Preference Shares including profit	-	-	-	-	(2,200,000)	(1,020,800)	(3,220,800)
Transaction cost of redemption of Convertible Preference Shares	-	-	-	-	-	(10,138)	(10,138)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation- net of tax	-	-	-	-	-	12,154	12,154
Balance as at September 30, 2016 - Un-audited	77,998,099	(56,566,725)	180,134	2,000,000	-	(11,848,154)	11,763,354
Total comprehensive income for the quarter ended December 31, 2016							
Profit after tax for the quarter year ended December 31, 2016 - Un-audited	-	-	-	-	-	233,336	233,336
Other comprehensive income	-	-	-	-	-	4,226	4,226
Total comprehensive income for the quarter ended December 31, 2016	-	-	-	-	-	237,562	237,562
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation- net of tax	-	-	-	-	-	1,192	1,192
Transfer to statutory reserves	-	-	147,711	-	-	(147,711)	-
Balance as at December 31, 2016 - Audited	77,998,099	(56,566,725)	327,845	2,000,000	-	(11,757,111)	12,002,108
Total comprehensive income for the nine months ended September 30, 2017							
Profit after tax for the nine months ended September 30, 2017 - Un-audited	-	-	-	-	-	750,891	750,891
Other comprehensive income - Un-audited	-	-	-	-	-	(13,237)	(13,237)
Total comprehensive income for the nine months ended September 30, 2017 - Un-audited	-	-	-	-	-	737,654	737,654
Issuance of right shares at discount	12,820,513	(10,820,513)	-	(2,000,000)	-	-	-
Share issue cost	-	-	-	-	-	(3,616)	(3,616)
Transfer from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	-	-	-	3,576	3,576
Balance as at September 30, 2017 - Un-audited	90,818,612	(67,387,238)	327,845	-	-	(11,019,497)	12,739,722

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

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.

Azmat Tarin	Munnawar Hamid, OBE	Shahzad Enver Murad	Shamsul Hasan
President & CEO	Chairman	Director	Director

Condensed Interim Cash Flow Statement - Unaudited

For the nine months ended September 30, 2017

	Note	September 30, 2017	September 30, 2016
		Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		1,033,275	782,600
Less : dividend income		(28,038)	(41,140)
		1,005,237	741,460
Adjustments for non-cash items			
Depreciation on fixed assets		291,287	263,081
Depreciation on non-banking assets acquired in satisfaction of claims		68,348	62,360
Amortization of intangible assets		65,864	59,786
Amortization of premium on investments		162,431	240,355
Provision against non-performing loans and advances - net (specific)	9.3	80,099	516,626
Provision against small enterprise and consumer financing - net (general)	9.3	57,162	51,087
Impairment in the value of investments		22,723	14,936
Unrealized (gain) / loss on revaluation of investments - held-for-trading		(1,232)	14,571
Share of loss / (profit) from associate		694	(8,314)
Other provision / (reversals) / write off - net		85,982	(413,433)
Gain on sale of operating fixed assets		(1,077)	(129,266)
		832,281	671,789
		1,837,518	1,413,249
Increase in operating asset			
Lendings to financial institutions		(5,684,649)	(643,914)
Net investments in held-for-trading securities		(33,631,147)	(14,351,523)
Advances		(16,693,129)	(3,998,404)
Other assets		(135,193)	(1,266,431)
		(56,344,118)	(20,260,272)
(Decrease) / Increase in operating liabilities			
Bills payable		(2,021,322)	292,425
Borrowings		5,376,754	622,495
Deposits		20,924,633	4,859,441
Other liabilities		1,299,151	224,536
		25,581,216	5,998,897
		(28,925,384)	(12,848,146)
Income tax paid		(138,468)	(101,918)
Net cash flows used in operating activities		(29,063,852)	(12,950,064)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investment in available-for-sale securities		27,620,744	15,962,651
Subscription of right shares		(11,537)	-
Dividend received		27,359	34,929
Proceeds on disposal of operating fixed assets		46,552	427,538
Net investment in operating fixed assets		(447,045)	(319,018)
Net cash flows generated from investing activities		27,236,073	16,106,100
CASH FLOWS FROM FINANCING ACTIVITIES			
Redemption of Convertible Preference Shares		-	(2,200,000)
Profit paid on redemption of Convertible Preference Shares		-	(1,020,800)
Transaction cost paid on redemption of Convertible Preference Shares		-	(10,138)
Transaction cost paid on right issue		(3,616)	-
Issuance of term finance certificates		2,000,000	-
Finance lease obligation paid - net		(2,824)	(2,540)
Net cash flows generated from / (used in) financing activities		1,993,560	(3,233,478)
Net increase / (decrease) in cash and cash equivalents		165,781	(77,442)
Cash and cash equivalents at the beginning of the period		7,456,710	7,537,735
Cash and cash equivalents at the end of the period	18	7,624,491	7,460,293

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.

Azmat Tarin	Munnawar Hamid, OBE	Shahzad Enver Murad	Shamsul Hasan
President & CEO	Chairman	Director	Director

Notes To The Condensed Interim Financial Statements - Unaudited

For the nine months ended September 30, 2017

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 Ordinance, 1984. The Bank commenced commercial operations in May 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 88 branches including 10 Islamic banking branches in Pakistan. The Bank's registered office is located at Islamabad. The short-term and long-term credit ratings of the Bank rated by JCR-VIS Credit Rating Company Limited in June 2017 are 'A-2' and 'A-' respectively.

1.2 Major shareholders of the Bank as on September 30, 2017 are Sinthos Capital (comprising of Mr. Shaukat Tarin, Mr. Sadeq Sayeed and Mr. Azmat Tarin), Arif Habib Corporation Limited, International Finance Corporation (IFC), Nomura European Investment Limited, Bank Muscat S.A.O.G, Mr. Zulqarnain Nawaz Chatta / Mr. Zubair Nawaz Chatta of Gourmet Group and Mr. Atifullah Khan / Mr. Kifayat Ullah Khan / Mrs. Shanaz Begum / Mr. Muhammad Abdullah Khan of the Bangash Family.

1.3 In order to meet the capital requirements prescribed by the State Bank of Pakistan (SBP), the Bank in 2014, had announced Rights Issue of Rs. 10 billion through issuance of 6,410,256,410 rights shares at Rs. 1.56 per share at a discount of Rs. 8.44 per share ("Rights Issue"). The Bank received Rs. 10 billion (including Rs. 2 billion received in December 2014 from certain investors) in its rights shares Subscription Account (maintained with the Bank) out of which the Bank issued shares for Rs. 8 billion in the financial year ended December 31, 2015.

The State Bank of Pakistan (SBP) had allowed (to meet the MCR and CAR requirements) the Bank to consider the advance against shares subscription of Rs. 2 billion, received from the Bangash family, for the purpose of MCR and CAR as of December 31, 2016. On January 13, 2017, the Bank issued 1,282,051,282 shares against the subscription amount of Rs. 2 billion to four investors (of the Bangash family). With the issuance of these 1,282,051,282 shares, the Rights Issue stands completed and the bank was able to meet prescribed requirement of MCR.

During the period, the Bank has further issued privately placed, unsecured and subordinated Term Finance Certificate (TFCs) aggregating to Rs. 2 billion, to fund future business expansion and ensure compliance with SBP CAR requirement. The issuance of TFCs of Rs. 2 billion has been sucessfully concluded by crediting the TFCs units in the respective CDC accounts / sub accounts of the investors in August 2017.

As at September 30, 2017, the capital of the Bank (net of losses and discount on shares) amounted to Rs.12.41 billion excluding general reserves of Rs 327.84 million. Further the CAR of the Bank as at September 30, 2017, as reported to the SBP, is 10.97%.

The SBP, on conclusion of its inspection for the year ended December 31, 2015, had instructed the Bank to create and maintain provision against certain non-banking assets amounting to Rs. 272.07 million. On Bank's request, SBP through its letter No. OSED/SEU-14/049(01)/17236/17 dated July 24, 2017 allowed the Bank to stagger said provision in amounts of Rs. 81.621 million, Rs. 81.621 million and Rs. 108.82 million in the quarters ended / ending June 30, 2017, September 30, 2017 and December 31, 2017, respectively. Had this benefit of staggering not taken by the Bank, profit before tax and CAR for the nine months period ended September 30, 2017 would have been lower by Rs. 109 million and 0.09% respectively.

2 BASIS OF PRESENTATION

2.1 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the SBP has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by the banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under these arrangements are not reflected in these condensed interim financial statements as such but are restricted to the amount of facility actually 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 Standard (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) and notified under the provisions of the Companies Ordinance, 1984, except for the adoption of IFAS-3 'Profit and Loss Sharing on Deposits' as disclosed in Note 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 20 to these condensed interim financial statements.

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

Notes To The Condensed Interim Financial Statements - Unaudited

For the nine months ended September 30, 2017

3 BASIS OF MEASUREMENT

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

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

4 STATEMENT OF COMPLIANCE

4.1 These condensed interim financial statements of the Bank for the nine months ended September 30, 2017 have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved Accounting Standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan (ICAP), as are notified under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the directives issued by SBP and the Securities and Exchange Commission of Pakistan (SECP). In case requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the directives issued by SBP and SECP shall prevail.

The Companies Ordinance, 1984 has been repealed as a result of the enactment of the Companies Act, 2017. However, as directed by the Securities and Exchange Commission of Pakistan vide circular no. 17 of 2017, dated July 20, 2017, this condensed interim unconsolidated financial information has been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.

4.2 The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and IAS 40, 'Investment Property' for Banking Companies through BSD Circular No. 10 dated August 26, 2002. Further, the SECP has deferred applicability of IFRS-7 "Financial Instruments: Disclosures" on banks through S.R.O 411(1) / 2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

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

4.4 The disclosures made in these condensed interim financial statements are limited based on the format prescribed by the SBP vide BSD circular letter No. 2 dated May 12, 2004 and International Accounting Standard (IAS) 34, 'Interim Financial Reporting' and do not include all the information required in the annual financial statements. Accordingly, these condensed interim financial statements should be read in conjunction with the annual financial statements of the Bank for the year ended December 31, 2016.

5 ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of these condensed interim financial statements are same as those followed in the preparation of the annual financial statements of the Bank for the year ended December 31, 2016 except as mentioned below:

Non-banking assets acquired in satisfaction of claims

Effective from January 01, 2017, the Bank has changed its accounting policy prospectively for recording of non-banking assets acquired in satisfaction of claims to comply with the requirements of the 'Regulations for Debt Property Swap' (DPS Regulations) issued by SBP vide its BPRD Circular No. 1 of 2016 dated January 01, 2016. Non-banking assets acquired in satisfaction of claims are now carried at revalued amount less accumulated depreciation and impairment, if any. Previously, non-banking assets acquired in satisfaction of claims were carried at cost less depreciation and impairment, if any. In the previous year, the Bank had taken exemption from SBP for recognizing revaluation surplus arising on revaluation of non-banking assets acquired in satisfaction of claims as disclosed in note 6 to the annual audited financial statements for the year ended December 31, 2016.

6 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis and methods used for critical accounting estimates and judgments adopted in these condensed interim financial statements are same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2016.

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, 2016.

Notes To The Condensed Interim Financial Statements - Unaudited

For the nine months ended September 30, 2017

8 INVESTMENTS - NET

	Note	September 30, 2017 - (Un-audited)			December 31, 2016 - Audited		
		Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
		Rupees in '000					
8.1 INVESTMENTS BY TYPES:							
Held-for-trading securities							
Market treasury bills		11,586,783	21,430,140	33,016,903	-	-	-
Pakistan investment bonds		7,133	604,799	611,932	-	-	-
Ordinary shares in listed companies		14,460	-	14,460	12,636	-	12,636
		11,608,356	22,034,939	33,643,295	12,636	-	12,636
Available-for-sale securities							
Market treasury bills		733,618	-	733,618	11,052,340	15,807,762	26,860,102
Pakistan investment bonds		139,691	3,885,320	4,025,011	574,723	8,476,758	9,051,481
GOP Ijara sukuks		3,407,390	-	3,407,390	983,045	-	983,045
Sukuks		200,000	-	200,000	-	-	-
Term finance certificates - Listed		100,000	-	100,000	100,000	-	100,000
Term finance certificates - Unlisted (fully provided)		8,780	-	8,780	8,780	-	8,780
Ordinary shares in listed companies		1,113,901	-	1,113,901	391,190	-	391,190
Ordinary shares in unlisted companies (fully provided)		5,680	-	5,680	5,680	-	5,680
		5,709,060	3,885,320	9,594,380	13,115,758	24,284,520	37,400,278
Held-to-maturity securities							
Shares repurchase (fully provided)		74,910	-	74,910	74,910	-	74,910
Investment in associate							
SPI Insurance Company Limited	8.3	113,667	-	113,667	102,824	-	102,824
Investments at cost		17,505,993	25,920,259	43,426,252	13,306,128	24,284,520	37,590,648
Less : Provisions for diminution in value of investments		(89,370)	-	(89,370)	(89,370)	-	(89,370)
Investments - net of provision		17,416,623	25,920,259	43,336,882	13,216,758	24,284,520	37,501,278
Unrealized gain / (loss) on revaluation of investments - held-for-trading		121	1,111	1,232	(488)	-	(488)
(Deficit) / surplus on revaluation of available-for-sale securities	13.1	(130,311)	(32,534)	(162,845)	27,986	(40,294)	(12,308)
Total investments at market value		17,286,433	25,888,836	43,175,269	13,244,256	24,244,226	37,488,482

Notes To The Condensed Interim Financial Statements - Unaudited

For the nine months ended September 30, 2017

		Note	September 30, 2017 Un-audited	December 31, 2016 Audited
			Rupees in '000	
8.2	**INVESTMENTS BY SEGMENTS**			
	Federal Government Securities			
	Market treasury bills		33,750,521	26,860,102
	Pakistan investment bonds		4,636,943	9,051,481
	GOP ijara sukuks		3,407,390	983,045
			41,794,854	36,894,628
	Term Finance Certificate, Debentures, Bonds and Participation Term Certificates			
	Sukuks		200,000	-
	Term finance certificates - Listed		100,000	100,000
	Term finance certificates - Unlisted (fully provided)		8,780	8,780
			308,780	108,780
	Fully paid-up ordinary shares			
	Listed companies		1,128,361	403,826
	Unlisted companies (fully provided)		5,680	5,680
			1,134,041	409,506
	Other investments			
	Investment in associate	8.3	113,667	102,824
	Shares repurchase (fully provided)		74,910	74,910
			188,577	177,734
	Investments at cost		43,426,252	37,590,648
	Less : Provision for diminution in the value of investments		(89,370)	(89,370)
	Investments - net of provision		43,336,882	37,501,278
	Unrealized gain / (loss) on revaluation of investments - held-for-trading		1,232	(488)
	Deficit on revaluation of available-for-sale securities	13.1	(162,845)	(12,308)
	Total investments at market value		43,175,269	37,488,482
8.3	**Movement in investment in associate**			
	Opening balance		102,824	85,002
	Share of (loss) / profit for the period / year		(594)	17,822
	Subscription of right shares during the period / year		11,537	-
			10,943	17,822
	Write off		-	-
	Closing balance		113,667	102,824

The bank made additional equity investment of Rs. 11.54 million in SPI Insurance Company Limited through subscription of 1,153,692 right shares offered at par i.e. Rs. 10 each.

		Note	September 30, 2017 Un-audited	December 31, 2016 Audited
			Rupees in '000	
9	**ADVANCES - NET**			
	Loans, cash credits, running finances, etc.			
	In Pakistan		70,948,984	60,815,570
	Outside Pakistan		-	-
			70,948,984	60,815,570
	Islamic financing and related assets	9.1	14,460,410	8,222,658
	Bills discounted and purchased (excluding market treasury bills)			
	Payable in Pakistan		182,266	83,647
	Payable outside Pakistan		146,096	190,310
			328,362	273,957
	Advances - gross		85,735,756	69,312,185
	Provision against non-performing advances - specific	9.3	(3,651,549)	(4,031,008)
	Provision against small enterprises and consumer advances - general	9.3	(535,711)	(478,549)
	Advances - net of provision		81,548,496	64,802,628

Notes To The Condensed Interim Financial Statements - Unaudited

For the nine months ended September 30, 2017

		Note	September 30, 2017 Un-audited	December 31, 2016 Audited
			Rupees in '000	
9.1	**Islamic financing and related assets**	20		
	Murabaha	9.1.1	1,052,378	1,228,192
	Diminishing Musharaka		12,578,181	6,107,311
	Musawamah		829,851	887,155
			14,460,410	8,222,658
9.1.1	**Murabaha financing**			
	Financing		1,001,984	683,057
	Advances		50,394	545,135
			1,052,378	1,228,192

9.2 Advances include Rs. 5,019 million (December 2016: Rs. 5,820 million) which have been placed under non-performing status as detailed below:

Category of classification - specific	September 30, 2017 - (Un-audited)			December 31, 2016 - Audited		
	Classified Advances	Provision required (Domestic)	Provision held	Classified Advances	Provision required (Domestic)	Provision held
	Rupees in '000					
Sub-standard	295,393	51,079	51,079	573,288	114,248	114,248
Doubtful	512,839	89,638	89,638	209,794	43,153	43,153
Loss	4,210,542	3,510,832	3,510,832	5,037,243	3,873,607	3,873,607
	5,018,774	3,651,549	3,651,549	5,820,325	4,031,008	4,031,008

9.3 **Particulars of provision against non-performing advances:**

	September 30, 2017 - (Un-audited)			December 31, 2016 - Audited		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	4,031,008	478,549	4,509,557	5,455,331	515,802	5,971,133
Charge for the period / year	658,067	57,162	716,229	1,054,580	70,228	1,124,808
Reversals for the period / year	(578,968)	-	(578,968)	(1,063,587)	(107,481)	(1,171,068)
Net charge / (reversal) for the period / year	80,099	57,162	137,261	(9,007)	(37,253)	(46,260)
Amounts written off	(459,558)	-	(459,558)	(1,415,316)	-	(1,415,316)
Closing balance	3,651,549	535,711	4,187,260	4,031,008	478,549	4,509,557

9.3.1 As at September 30, 2017, the Bank has availed benefit of relaxation provided by SBP vide its letter no. BPRD/BRD/Summit/2016/1519 from the requirements Regulation R-8 of Prudential Regulations amounting to Rs. 361 million till September 2017.

9.3.2 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.

As of September 30, 2017, total FSV benefit taken against all loans and advances amounts to Rs.535 million (2016: Rs. 666 million), net of tax, which is not available for payment of cash or stock dividend.

		September 30, 2017 Un-audited	December 31, 2016 Audited
		Rupees in '000	
10	**DEPOSITS AND OTHER ACCOUNTS**		
	Customers		
	Fixed deposits	35,695,373	33,362,682
	Savings deposits	34,386,583	23,529,436
	Current accounts - non - remunerative	24,342,183	20,878,121
	Margin accounts - non - remunerative	1,096,546	1,065,919
	Others	2,203,762	718,503
		97,724,447	79,554,641
	Financial institutions		
	Remunerative deposits	9,952,317	7,160,154
	Non-remunerative deposits	35,292	72,628
		9,987,609	7,232,782
		107,712,056	86,787,423

Notes To The Condensed Interim Financial Statements - Unaudited

For the nine months ended September 30, 2017

		Note	September 30, 2017 Un-audited	December 31, 2016 Audited
			Rupees in '000	
11	**SUB-ORDINATED LOANS**			
	Term finance certificates I - private, unsecured		2,000,000	-

Issue amount	Rs. 2 billion
Issue date	10 August 2017
Maturity date	10 August 2025
Tenure	8 years
Rating	("Single A minus") by JCR
Security	The instrument will be 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 Month KIBOR + 1.85% p.a.
Call option (if any)	The bank may call the TFCs in part or in full, after 5 years 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. No Put Option will be available to Investors.
Lock-in-clause (if any)	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 CAR or results in an increase in any existing shortfall in MCR or CAR;
Loss absorbency clause	The instrument will be subject to loss absorbency and/or any other requirements under SBP's Basel III Capital Rules. Upon the occurrence of a Point of Non-Viability event as defined by SBP's Basel III Capital Rule, SBP may at its option, fully and permanently convert the TFCs into common shares of the Bank and/or have them immediately written off (either partially or in full). Number of shares to be issued to TFC holders at the time of conversion will be equal to the 'Outstanding Face Value of the TFCs' divided by fair value per share of the Bank's common equity on the date of trigger of the non-viability event as declared by SBP; subject to a cap of 1,238,390,093 shares.

12 SHARE CAPITAL

12.1 Authorised capital

September 30, 2017 Un-audited	December 31, 2016 Audited		September 30, 2017 Un-audited	December 31, 2016 Audited
No. of shares in '000			Rupees in '000	
10,500,000	10,500,000	Ordinary shares of Rs.10 each	105,000,000	105,000,000

12.2 Issued, subscribed and paid up share capital

800,315	800,315	Ordinary shares of Rs.10 each fully paid in cash	8,003,150	8,003,150
100,000	100,000	Ordinary shares of Rs.10 each fully paid in cash and issued at a discount of Rs. 2.5 per share	1,000,000	1,000,000
1,771,290	1,771,290	Ordinary shares of Rs.10 each fully paid in cash and issued at a discount of Rs. 7.5 per share	17,712,898	17,712,898
6,410,256	5,128,205	Ordinary shares of Rs.10 each fully paid in cash and issued at a discount of Rs. 8.44 per share (note 1.3)	64,102,564	51,282,051
9,081,861	7,799,810		90,818,612	77,998,099

12.3 The SBP required each commercial bank to: (a) hold the minimum level of the regulatory capital (net of losses) to be raised to Rs. 10 billion (net of losses and share discount) by December 31, 2013 and (b) maintain a ratio of total regulatory capital to the risk-weighted asset (the "Basel ratio") at or above the internationally agreed minimum of 10.65%.

Notes To The Condensed Interim Financial Statements - Unaudited

For the nine months ended September 30, 2017

		Note	September 30, 2017 Un-audited	December 31, 2016 Audited
			Rupees in '000	
13	**(DEFICIT) / SURPLUS ON REVALUATION OF ASSETS - NET OF TAX**			
	(Deficit) / Surplus on revaluation of			
	- available-for-sale securities	13.1	(105,849)	(8,000)
	- fixed assets and non-banking assets acquired in satisfaction of claims	13.2	90,115	60,480
			(15,734)	52,480
13.1	**(Deficit) / surplus on revaluation of available for-sale-securities**			
	Federal Government Securities			
	Market treasury bills		56	(15,242)
	Pakistan investment bonds		(33,662)	(47,914)
	GOP ijara sukuk		(11,308)	(1,565)
	Fully paid-up ordinary shares			
	Listed companies		(120,031)	49,302
	Term Finance Certificate, Debentures, Bonds and Participation Term Certificates			
	Term finance certificates - listed		2,320	3,111
		8.1 / 8.2	(152,845)	(12,308)
	Related deferred tax liability		56,996	4,308
			(105,849)	(8,000)
13.2	**Surplus on revaluation of fixed assets and non-banking assets acquired in satisfaction of claims**			
	Surplus on revaluation		126,107	80,514
	Related deferred tax liability		(35,992)	(20,034)
			90,115	60,480
14	**CONTINGENCIES AND COMMITMENTS**			
14.1	**Direct credit substitutes**		-	-
14.2	**Transaction-related contingent liabilities**			
	Guarantees favouring			
	- Government		11,445,283	10,823,354
	- Banks and other financial institutions		1,933,610	727,023
	- Others		1,989,510	2,741,080
14.3	**Trade-related contingent liabilities**			
	Letters of Credit & Acceptances		6,264,964	4,354,980
14.4	**Claims against the bank not acknowledged as debt**		413,577	328,102
14.5	**Commitments in respect of forward contracts**			
	Forward exchange contracts with State Bank of Pakistan, banks and other institutions			
	- Sale		5,561,646	5,894,494
	- Purchase		10,885,408	10,901,763
14.6	**Claims against the bank by Competition Commission of Pakistan & Others**		35,640	35,640
14.7	**Commitments in respect of**			
	Property civil work & equipment		48,192	55,430
	Purchase of hardware / software		127,383	34,507
			175,545	89,937
14.8	**Other Commitments**			
	Forward sale contract - Market treasury bills		33,018,811	-

14.9 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.

Notes To The Condensed Interim Financial Statements - Unaudited

For the nine months ended September 30, 2017

		September 30, 2017 Un-audited	September 30, 2016 Un-audited
		Rupees in '000	
15	**MARK-UP / RETURN / INTEREST EARNED**		
	On loans and advances to:		
	Customers	6,681,263	5,518,005
	On investments in:		
	Held-for-trading securities	644,796	116,809
	Available-for-sale securities	637,450	1,504,458
	Held-to-maturity securities	-	23,397
		1,282,245	1,644,664
	On deposits with financial institutions	1,702	1,957
	On call money lendings	5,513	2,679
	On securities purchased under resale agreements	269,277	327,252
		8,240,001	7,494,557
16	**MARK-UP / RETURN / INTEREST EXPENSED**		
	Deposits	2,923,830	2,494,737
	Securities sold under repurchase agreements	857,680	1,337,374
	Call Borrowings	227,847	177,085
	Borrowings from SBP under export refinance scheme	19,551	36,108
	SWAP money market expense	116,048	150,957
	Others	43,005	3,536
		4,189,981	4,199,797

17 TAXATION

17.1 The income tax returns of the Bank have been submitted up to Tax Year 2016. The Bank has filed appeals before Appellate Tribunal Inland Revenue (ATIR) against certain disallowances amounting to Rs. 1,996 million (December 31, 2016: Rs. 1,996 million) made by Tax officer for assessment / tax year(s) 2000-2001, 2001-2002, 2002-2003 and 2004. Income tax returns for tax years 2011 and 2014 were selected for audit. In respect of tax year 2011, an amended assessment order u/s 122(1)/(5) of the Ordinance was passed on June 29, 2017, whereby disallowances aggregating to Rs. 90 million were made. An appeal against the order was filed on July 31, 2017 with Commissioner Inland Revenue – Appeals (CIR(A)). Hence as at September 30, 2017, the disallowances amounting to Rs. 772 million (December 31, 2016: Rs. 682 million) in respect of tax years 2003, 2006 and 2011 are pending at CIR (A). Management is confident that the outcome of these appeals would be in favor of the Bank. For tax year 2014, the proceeding of the audit is in process and no order has been passed by the relevant tax authorities.

17.2 The proceedings u/s 161/205 of the Income Tax Ordinance regarding monitoring of withholding taxes pertaining to the tax years 2011 to 2014 were completed in prior years. Orders were issued by the Assessing Officer creating total tax demand of Rs. 39 million (already paid by the Bank) along with default surcharge of Rs. 17 million. The Bank's appeals against orders u/s 161/205 for tax years 2013 and 2014 before the Commissioner Inland Revenue (Appeals - II) were rejected after which appeals before the ATIR, Karachi have been filed, which are pending hearing. Management is confident that the outcome of these appeals would be in favor of the Bank.

17.3 During 2016, the Bank received an Order-in-Original passed by the Assistant Commissioner-2, Sindh Revenue Board (SRB), whereby a demand (including penalty) of Rs. 6.34 million was created in respect of facilitating insurance companies to provide insurance services to the customers of the Bank. The said Order-in-Original was challenged in appeal before the Commissioner (Appeals), SRB who upheld the Order-in-Original passed by the Assistant Commissioner-2, SRB. Against the said Order-in-Appeal, the Bank has filed an appeal before the Appellate Tribunal, SRB which is pending adjudication. Management is confident that the matter will be decided in Bank's favor.

17.4 The Bank's return in respect of AJK operations have been submitted up to and including Tax Year 2016. Certain appeals / responses to notices were filed / submitted before the various appellate and other forums which are either pending for adjudication or the proceedings initiated against the Bank have been dropped / withdrawn. Management is confident that the outcome of pending matters would be in favor of the Bank.

Notes To The Condensed Interim Financial Statements - Unaudited

For the nine months ended September 30, 2017

		September 30, 2017 Un-audited	September 30, 2016 Un-audited
		Rupees in '000	
18	**CASH AND CASH EQUIVALENTS**		
	Cash and balance with treasury banks	7,185,098	7,343,805
	Balance with other banks	439,393	116,488
		7,624,491	7,460,293

19 RELATED PARTY TRANSACTIONS

Related parties comprise directors, major shareholders of the Bank and the companies owned by such shareholders, entities owned by the directors of the Bank, companies where directors of the Bank also hold directorship, associate, key employees, entities that have key management personnel in common and employee benefit plan and defined contribution plan.

Transactions with related parties are carried out in the normal course of business at agreed terms other than those transactions which are made under the terms of employment. Majority of the transactions with related parties comprise loans and advance, deposits, issuance of letters of credit and guarantees.

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

Transactions with associate and key management personnel are also executed substantially on the same terms or as per the employment terms.

Details of transactions with related parties and balances with them as at the period-end / year-end, other than disclosed elsewhere in these condensed interim financial statements, are as follows:

	September 30, 2017 (Un-audited)			December 31, 2016 - Audited		
	CEO and Directors	Key Management Personnel & Others	Associated Companies & Common Directorship	CEO and Directors	Key Management Personnel & Others	Associated Companies & Common Directorship
	Rupees in '000					
Balances						
Loans						
Loans outstanding at the beginning of the period / year	248	131,749	1,045,134	150	4,070	1,677,659
Loans given during the period / year	80,829	18,398	2,582,605	866	142,248	1,952,181
Loans repaid / adjusted during the period / year	(80,127)	(17,135)	(1,799,940)	(768)	(14,569)	(2,584,706)
Loans outstanding at the end of the period / year	950	133,012	1,827,799	248	131,749	1,045,134
Deposits						
Deposits at the beginning of the period / year	18,191	242,775	1,212,842	18,090	1,070,143	3,205,349
Deposits received during the period / year	265,655	3,452,220	3,857,973	357,954	6,189,246	2,557,555
Deposits repaid / adjusted during the period / year	(273,157)	(3,137,636)	(3,892,921)	(357,853)	(7,016,614)	(4,550,062)
Deposits at the end of the period / year	10,689	557,359	1,177,894	18,191	242,775	1,212,842
Investments - Shares						
Investments at the beginning of the period / year	-	-	220,733	-	-	231,763
Investments made during the period / year	-	-	279,398	-	-	326,597
Investments redeemed / impaired during the period / year	-	-	(252,292)	-	-	(337,627)
Investments at the end of the period / year	-	-	247,839	-	-	220,733

Notes To The Condensed Interim Financial Statements - Unaudited

For the nine months ended September 30, 2017

	September 30, 2017 (Un-audited)			September 30, 2016 (Un-audited)		
	CEO and Directors	Key Management Personnel & Others	Associated Companies & Common Directorship	CEO and Directors	Key Management Personnel & Others	Associated Companies & Common Directorship
	Rupees in '000					
Transactions						
Short term employment benefits	99,566	287,267	-	82,142	251,582	-
Contribution to defined benefit plan	7,349	19,828	-	7,018	18,463	-
Mark-up earned on advances	58	11,470	72,274	34	10,265	98,198
Mark-up paid on deposits	314	18,125	47,888	316	8,173	53,024
Services rendered	-	113,826	17,015	-	110,130	25,348
Meeting fee of non-executive directors	19,005	-	-	21,225	-	-
Share of (loss) / profit from associate	-	-	(694)	-	-	8,314

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

Detail of investment in associate relating to related party are given in note 8.3

20 ISLAMIC BANKING BUSINESS

The Bank is operating with 10 Islamic Banking branches as of September 30, 2017 (December 2016 : 10).

	Note	September 30, 2017 Un-audited	December 31, 2016 Audited
		Rupees in '000	
A) STATEMENT OF FINANCIAL POSITION			
ASSETS			
Cash and balances with treasury banks		778,221	1,094,979
Balances with other banks		64,309	24,214
Due from financial institutions		-	919,857
Investments		1,369,282	961,480
Islamic financing and related assets	9.1 / A-1.1	14,460,410	8,222,658
Operating fixed assets		119,935	94,118
Other assets		588,017	1,299,245
Total Assets		17,380,174	12,636,551
LIABILITIES			
Bills payable		435,214	491,048
Due to financial institutions		-	-
Deposits and other accounts			
-Current accounts		2,535,823	2,772,405
-Saving accounts		4,208,959	1,510,460
-Term deposits		2,895,409	2,432,477
-Others		102,683	36,015
-Deposits from financial institutions - remunerative		2,967,489	4,147,991
-Deposits from financial institutions - non - remunerative		-	39
Other liabilities		2,786,917	51,207
Total Liabilities		15,932,504	11,443,642
NET ASSETS		1,447,670	1,192,909
REPRESENTED BY			
Islamic banking fund		1,325,000	1,325,000
Reserves		-	-
Unappropriated profits / accumulated (losses)		134,350	(130,526)
		1,459,350	1,194,474
Deficit on revaluation of assets		(11,680)	(1,565)
		1,447,670	1,192,909
Contingencies and commitments	A-1.2		

Notes To The Condensed Interim Financial Statements - Unaudited

For the nine months ended September 30, 2017

		Note	September 30, 2017 Un-audited	December 31, 2016 Audited
			Rupees in '000	
A-1.1	**Islamic financing and related assets**			
	Murabaha	A-1.1.1	1,052,378	1,228,192
	Diminishing Musharaka		12,578,181	6,107,311
	Musawamah		829,851	887,155
			14,460,410	8,222,658
A-1.1.1	**Murabaha financing**			
	Financing		1,001,984	683,057
	Advances		50,394	545,135
			1,052,378	1,228,192
A-1.2	**CONTINGENCIES AND COMMITMENTS**			
	Guarantees favouring			
	- Government		-	12,118
	- Banking companies and other financial institutions		1,480,327	1,255,214
	- Others		-	-
	Commitments in respect of forward exchange promises			
	Forward exchange promises with State Bank of Pakistan, banks and other institutions			
	- Sale		-	-
	- Purchase		1,268,834	1,255,925

		September 30, 2017 Un-audited	September 30, 2016 Un-audited
		Rupees in '000	
B)	**REMUNERATION TO SHARIA ADVISOR / BOARD**	7,558	7,333
C)	During the period no charity credited to Charity Fund Account nor any payment made out of it.		
D)	**PROFIT AND LOSS ACCOUNT**		
	Profit / return earned on financings, investments and placements	882,668	549,845
	Return on deposits and others dues expensed	(345,593)	(261,979)
	Net spread earned	537,075	287,866
	Other Income		
	Fees, commission and brokerage income	18,352	7,376
	Income from dealing in foreign currencies	1,114	267
	Gain on sale of securities	916	10
	Unrealized gain on revaluation of investments - held-for-trading	-	735
	Other income	4,945	4,187
	Total other income	25,327	12,575
		562,402	300,441
	Other Expenses		
	Administrative expenses	(297,526)	(245,028)
	Profit before tax	264,876	55,413

21 GENERAL

Figures have been rounded off to the nearest thousand rupees except stated otherwise.

22 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 26, 2017 by the Board of Directors of the Bank.

Azmat Tarin	Munnawar Hamid, OBE	Shahzad Enver Murad	Shamsul Hasan
President & CEO	Chairman	Director	Director

Branch Network

ISLAMIC BANKING

Yaqar Hussain
Branch Manager
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Austria

Royal Bank of Scotland
Raiffeisen Bank International AG
UniCredit Bank Austria
Deutsche Bank AG

Bahrain

Arab Investment Bank
Al Baraka Islamic Bank
BMI Bank B.S.C.
Habib Bank Ltd.
United Bank Ltd.
National Bank of Pakistan

Bangladesh

Habib Bank Ltd.
Bank Alfalah

Belgium

Habib Bank Ltd.
Commerzbank AG
KBC Bank N.V
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Commerzbank AG
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UBAF
Habib Bank Ltd.
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K&H Bank Zrt
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HBZ Finance Ltd.
Intesa Sanpaolo
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India

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Royal Bank of Scotland
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JP Morgan

Indonesia

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Banca Di Roma S.P.A.
Banco Di Napoli S.P.A.
Banco Popolare SOC
Banco Popolare Di Novara S.P.A
Banco Popolare Di Verona SGSP
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Banca Carige S.P.A.
Banca UBAE
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Intesa Sanpaolo
Mizuho Corporate Bank Ltd.
UniCredit Banca S.P.A.
UniCredit Corporate Banking S.P.A.
UBI Banca
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Busan Bank
Wells Fargo Bank N.A.
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Citibank N.A.
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Banco Del Bajio S.A.
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Mauritius

Habib Bank Ltd.
Mauritius Commercial Bank Ltd.

Morocco

Attijariwafa Bank

Nepal

Himalayan Bank Ltd.

Netherlands

Commerzbank AG
Royal Bank of Scotland
Deutsche Bank AG
Habib Bank Ltd.
Royal Bank of Scotland
BNP Paribas Fortis Netherland NV

Norway

Nordea Bank Norge Asa
DNB Nor Bank ASA

New Zealand

Westpac Banking Corporation

Oman

Habib Bank Ltd.
Oman International Bank
Bank Muscat

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Piraeus Bank

Russia

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Royal Bank of Scotland
Bank of America
DBS Bank
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Citibank N.A.
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JP Morgan
Mizuho Corporate Bank
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Notes



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