SILKBANK

CS - 072/ PSX /2020 **FORM 25**
June 30, 2020

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi.

Material Information

Dear Sir,

Please refer to the financial results of the Bank for the quarter ended March 31, 2020 announced on June 30, 2020 at 02:44:27 pm on PUCARS.

The Bank has declared its results for the 3rd quarter ended September 30th, 2019, the Annual Accounts of 2019 and the 1st quarter ended March 31st, 2020, to the Exchange reflecting a decline trend in losses.

The Bank's progress in 2019 was curtailed due to decline in real estate prices on account of the economic situation of the country. The unexpected ban on construction of high-rise buildings in Karachi by the Supreme Court of Pakistan for a certain period of time adversely affected the Real Estate projects financed by the Bank. The spread of the Corona Virus pandemic and the resultant lockdown also contributed towards hardship of the real estate sector. As a result, the Bank had to classify lucrative Real Estate loans on prudent basis, with a concrete recovery plan in place.

Furthermore, the SBP during its last inspection identified a security shortfall in the real estate portfolio of the Bank. However, with the support of SBP, the shortfall so identified has been more than adequately covered through additional collateral valued by SBP nominated valuators.

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

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The Bank is pleased to report that in the declining interest rate scenario, the Bank has built up its PIB portfolio to ride the yield curve and record capital gains. The said fixed return PIB portfolio currently stands at Rs. 91 billion approximately.

As a result of the declining interest rate in 2019 / 2020, the Bank after booking of approximately Rs. 1.5 billion from September 30th, 2019 to March 31st, 2020, has further booked an unreported gain of over Rs. 4.4 billion and Mark to Market of Rs. 1.4 billion approximately ***(Based on the Pakistan Revaluation Rates issued on June 26, 2020, applicable for June 29, 2020)***, in second quarter ended June 30th, 2020, on its PIB portfolio.

The realization of capital gains in PIB's, along with regularization of real estate portfolio, will not only ensure substantial profits during 2020, but also will go a long way in improving the capital position of the Bank.

The Bank has a positive outlook for 2020 as its Retail & Consumer Banking businesses continue to well and are a central part of the future strategy. Additional focus on mortgage and auto finance, SME business and digital footprint will strengthen the profitability further.

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Yours truly,

Faiz Hashmi
Company Secretary

Copy to:
Director / HOD
Surveillance, Supervision and Enforcement Department
Securities and Exchange Commission of Pakistan
NIC Building, 63 Jinnah Avenue Blue Area.
Islamabad.