



The Bank of Khyber



**CONDENSED INTERIM
FINANCIAL INFORMATION**
For the Period Ended June 30, 2022



CONDENSED INTERIM
FINANCIAL INFORMATION
For the Period Ended June 30, 2022

Contents

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CORPORATE INFORMATION

Board of Directors

| | |
|--------------------|-----------------------------------|
| Shahab Ali Shah | Chairman / Non-Executive Director |
| Ikramullah Khan | Non-Executive Director |
| Saleha Asif | Independent Director |
| Syed Asad Ali Shah | Independent Director |
| Tahir Jawaid | Independent Director |
| Mir Javed Hashmat | Independent Director |

Managing Director / CEO

Muhammad Ali Gulfaraz

Shariah Board

| | |
|--------------------------|--------------------------------------|
| Mufti Muhammad Zahid | Chairman Shariah Board |
| Mufti Muhammad Arif Khan | Member Shariah Board |
| Mufti Abdul Wahab | Member Shariah Board |
| Qazi Abdul Samad | Resident Shariah Board Member (RSBM) |

Board Audit Committee

| | |
|--------------------|----------|
| Syed Asad Ali Shah | Chairman |
| Ikramullah Khan | Member |
| Mir Javed Hashmat | Member |

Board Human Resource & Remuneration Committee

| | |
|-----------------|-------------|
| Saleha Asif | Chairperson |
| Tahir Jawaid | Member |
| Ikramullah Khan | Member |

Board Risk Management Committee

| | |
|--------------------|----------|
| Ikramullah Khan | Chairman |
| Syed Asad Ali Shah | Member |
| Managing Director | Member |

Board I.T Steering Committee

| | |
|--------------------|----------|
| Syed Asad Ali Shah | Chairman |
| Tahir Jawaid | Member |
| Managing Director | Member |



Board Compliance Committee

Tahir Jawaid
Syed Asad Ali Shah
Mir Javed Hashmat
Managing Director

Chairman
Member
Member
Member

Chief Financial Officer

Irfan Saleem Awan

Company Secretary

Zahid Sahibzada

Registered Office / Head Office

The Bank of Khyber

24 – The Mall, Peshawar Cantt.

1st Floor, State Life Building, 34 – The Mall,
Peshawar Cantt., Pakistan
UAN# 00-92-91-111 95 95 95
URL: www.bok.com.pk

Auditors

M/s. Pwc A.F. Ferguson & Co.
Chartered Accountants

Legal Advisors

M/s. Mohsin Tayebaly & Co., Karachi

Registrar and Share Registration Office

THK Associates (Pvt) Ltd.
Plot # 32-C, Jami Commercial Street 2
D.H.A, Phase-VII,
Karachi-75500



Directors' Review

On behalf of the Board of Directors of the Bank of Khyber, I am pleased to present the condensed interim financial information of the Bank along with Auditors' Review Report for the half year ended June 30, 2022. The results are inclusive of Islamic Banking Operations.

Financial Highlights

The financial results of the Bank of Khyber for the half year ended June 30, 2022 are as under:

| | (Rs. in Million) | |
|-------------------|------------------|---------------------|
| | June 30 2022 | December 31 2021 |
| Total Assets | 394,240 | 358,606 |
| Deposits | 227,209 | 221,876 |
| Advances (Gross) | 145,337 | 131,166 |
| Investments (Net) | 208,113 | 184,399 |

| | (Rs. in Million) | |
|--|------------------------------|-------|
| | Period ended June 30 2022 | 2021 |
| Operating Profit | 1,102 | 1,306 |
| Provision against non-performing advances/others | 514 | 378 |
| Profit before taxation | 588 | 928 |
| Taxation | 197 | 320 |
| Profit after tax | 391 | 608 |

Performance Review

Improved Covid conditions, alongside the government's timely actions taken through the central bank have paved way for start of economic activities. However, due to the spike in inflation, high petroleum prices, continuous currency decline against dollar and sharp increase in the policy rate the economic environment in recent months has been challenging.

The foregoing situation has affected the banking industry including Bank of Khyber. The steep rise in the policy rate over a short period of time has eroded the margins on fixed rate investments. We have been investing in the expansion of our branch network which has resulted in an increase in operating expenses. This expansion will help grow future profits by enlarging our deposit base, however, it has a negative impact on short term profitability. Moreover, keeping in view the difficult economic conditions, the Bank is taking continuous necessary measures for improving the asset quality and income stream going forward.

For the half year ended June 30, 2022, the Bank posted Rs.588 million profit before tax whereas profit after tax stood at Rs.391 million as compared to Rs.608 million for the same period of 2021.

The total assets of the Bank rose to Rs.394,240 million from Rs.358,606 million at year-end 2021. With a slight increase, deposits stood at Rs.227,209 million whereas advances (gross) with an increase of 11% reached to Rs.145,337 million. This increase was primarily due to commodity financing. Investments (net) increased by 13% and stood at Rs.208,113 million.



At the end of the half year 2022, the Bank was operating with 215 branches, 14 sub-branches and 7 booths throughout the country wherein 110 branches were working as dedicated Islamic Banking Branches.

Future Outlook

The Russia-Ukraine conflict has an impact on global economy which confronted with slower economic growth and high inflationary pressures resulted in subsequent supply chain disruptions. In the backdrop of these circumstances, Pakistan faces a challenging economic outlook in which a host of factors needed to be addressed.

In this challenging environment, the Bank is taking necessary steps to manage the impact of discount rate volatility as well for improvement in operating performance. We have taken action to mitigate the squeeze on our investment portfolio returns and are working on diversifying our deposits in order to reduce our cost of deposits. These steps along with an increased focus on improving our digital financial services will help us grow our share of consumer deposits which has been below industry benchmarks.

Credit Rating

VIS Credit Rating Company Limited (VIS) has reaffirmed the medium to long term entity rating of the Bank at 'A+' (Single A Plus) and short-term rating at 'A-1' (A-One). The medium to long-term rating of 'A+' denotes good credit quality, with adequate protection factors. Outlook on the assigned rating is 'Stable'

The Pakistan Credit Rating Agency Limited (PACRA) has maintained the medium to long term and short term entity rating of the Bank at "A" (Single A) and "A-1" (A One) respectively. Outlook on the assigned rating is "Stable".

The ratings denote low expectation of credit risk emanating from strong capacity for timely payment of financial commitments.

Acknowledgement

On behalf of the Board, I would like to thank the Provincial Government, State Bank of Pakistan and other regulatory authorities for their guidance and support. I am also grateful to our valued customers for their patronage and the staff members for their hard work.

For and on behalf of the Board of Directors

Muhammad Ali Gulfaraz
Managing Director

Islamabad: August 26, 2022



INDEPENDENT AUDITOR'S REVIEW REPORT

**To the members of The Bank of Khyber
Report on review of Interim Financial Statements**

Introduction

We have reviewed the accompanying condensed interim statement of financial position of The Bank of Khyber (the Bank) as at June 30, 2022 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim cash flow statement, and notes to the condensed interim financial statements for the six-month period then ended (here-in-after referred to as the 'interim financial statements'). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the three months ended June 30, 2022 and June 30, 2021 have not been reviewed, and we do not express a conclusion on them.

Scope of Review

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

Conclusion

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

Other Matter

The financial statements of the Bank for the year ended December 31, 2021 and six-month period ended June 30, 2021 were audited and reviewed by M/s EY Ford Rhodes, Chartered Accountants, who expressed an unmodified opinion / conclusion on those statements vide their reports dated March 7, 2022 and August 28, 2021, respectively.

The engagement partner on the audit resulting in this independent auditor's report is M. Imtiaz Aslam.

Chartered Accountants
Islamabad
Date: August 29, 2022

UDIN: RR2022100509b3zjwUPT

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
74-East, 2nd Floor, Blue Area, Jinnah Avenue, P.O.Box 3021, Islamabad-44000, Pakistan
Tel: +92 (51) 2273457-60/2604934-37; Fax: +92 (51) 2277924, 2206473; < www.pwc.com/pk >

*KARACHI *LAHORE *ISLAMABAD

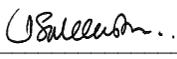


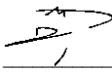
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2022

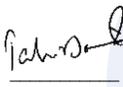
| | | (Un-audited) June 30, 2022 | (Audited) December 31, 2021 |
|---|------|----------------------------------|-----------------------------------|
| | Note | ----- Rupees in '000 ----- | |
| ASSETS | | | |
| Cash and balances with treasury banks | 5 | 21,784,857 | 17,375,313 |
| Balances with other banks | 6 | 7,430,370 | 12,114,583 |
| Lendings to financial institutions | 7 | 500,000 | 4,982,294 |
| Investments | 8 | 208,112,657 | 184,398,946 |
| Advances | 9 | 138,290,520 | 124,549,195 |
| Fixed assets | 10 | 5,260,128 | 5,137,202 |
| Intangible assets | 11 | 504,545 | 450,239 |
| Deferred tax assets | 12 | 1,379,293 | 992,412 |
| Other assets | 13 | 10,977,917 | 8,605,861 |
| | | 394,240,287 | 358,606,045 |
| LIABILITIES | | | |
| Bills payable | 14 | 1,128,870 | 874,567 |
| Borrowings | 15 | 139,221,256 | 110,068,928 |
| Deposits and other accounts | 16 | 227,208,680 | 221,875,898 |
| Liabilities against assets subject to finance lease | | - | - |
| Sub-ordinated debt | | - | - |
| Deferred tax liabilities | | - | - |
| Other liabilities | 17 | 10,127,092 | 9,216,778 |
| | | 377,685,898 | 342,036,171 |
| NET ASSETS | | | |
| | | 16,554,389 | 16,569,874 |
| REPRESENTED BY | | | |
| Share capital | 18 | 11,027,905 | 10,502,710 |
| Reserves | | 3,634,009 | 3,555,773 |
| (Deficit) / surplus on revaluation of assets - net | 19 | (59,211) | 350,617 |
| Unappropriated profit | | 1,951,686 | 2,160,774 |
| | | 16,554,389 | 16,569,874 |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 20 | | |

The annexed notes 1 to 37 form an integral part of these condensed interim financial statements.


Managing Director


Chief Financial Officer


Director


Director


Director



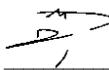
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2022

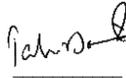
| Note | Quarter ended | | Period ended | | |
|--|--------------------------------|--------------------------------|----------------------------------|----------------------------------|------------|
| | April 1 to June 30, 2022 | April 1 to June 30, 2021 | January 1 to June 30, 2022 | January 1 to June 30, 2021 | |
| | Rupees in '000 | | | | |
| Mark-up / return/interest earned | 21 | 10,823,693 | 4,813,922 | 18,728,853 | 10,354,902 |
| Mark-up / return/interest expensed | 22 | 9,185,991 | 3,364,597 | 15,205,179 | 7,107,892 |
| Net mark-up / interest income | | 1,637,702 | 1,449,325 | 3,523,674 | 3,247,010 |
| NON MARK-UP/INTEREST INCOME | | | | | |
| Fee and commission income | 23 | 113,082 | 126,186 | 233,631 | 196,911 |
| Dividend income | | 1,631 | 9,948 | 4,636 | 15,232 |
| Foreign exchange income | | 115,891 | 86,327 | 332,122 | 322,178 |
| Income / (loss) from derivatives | | - | - | - | - |
| (Loss) / gain on securities | 24 | (9,404) | 87,973 | 10,209 | (88,639) |
| Share of profit of associate | | 328 | - | 1,608 | - |
| Other income | 25 | 45,416 | 27,983 | 72,440 | 52,623 |
| Total non-markup/interest income | | 266,944 | 338,417 | 654,646 | 498,305 |
| Total income | | 1,904,646 | 1,787,742 | 4,178,320 | 3,745,315 |
| NON MARK-UP/INTEREST EXPENSES | | | | | |
| Operating expenses | 26 | 1,548,405 | 1,221,783 | 3,076,018 | 2,436,106 |
| Workers Welfare Fund | | - | - | - | - |
| Other charges | 27 | - | 1,317 | 5 | 3,617 |
| Total non-markup/interest expenses | | 1,548,405 | 1,223,100 | 3,076,023 | 2,439,723 |
| PROFIT BEFORE PROVISIONS | | 356,241 | 564,642 | 1,102,297 | 1,305,592 |
| Provisions and write offs - net | 28 | 415,385 | 289,749 | 514,478 | 377,469 |
| (LOSS) / PROFIT BEFORE TAXATION | | (59,144) | 274,893 | 587,819 | 928,123 |
| Taxation | 29 | (60,702) | 106,205 | 196,637 | 319,946 |
| PROFIT AFTER TAXATION | | 1,558 | 168,688 | 391,182 | 608,177 |
| | | | (Restated) | | (Restated) |
| Basic and diluted earnings per share - Rupees | 30 | 0.001 | 0.15 | 0.35 | 0.55 |

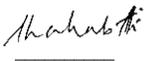
The annexed notes 1 to 37 form an integral part of these condensed interim financial statements.


Managing Director


Chief Financial Officer


Director


Director


Director



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2022

| | Quarter ended | | Period ended | |
|--|--------------------------------|--------------------------------|----------------------------------|----------------------------------|
| | April 1 to June 30, 2022 | April 1 to June 30, 2021 | January 1 to June 30, 2022 | January 1 to June 30, 2021 |
| | Rupees in '000 | | | |
| Profit after taxation for the period | 1,558 | 168,688 | 391,182 | 608,177 |
| 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 | (319,185) | 68,169 | (402,553) | (188,642) |
| Share of deficit on revaluation of investments of associate - net of tax | (1,181) | - | (1,135) | - |
| Items that will not be reclassified to profit and loss account in subsequent periods: | | | | |
| Movement in deficit on revaluation of non-banking assets - net of tax | (3,247) | - | (3,247) | (2,999) |
| Share of remeasurement gain on defined benefit obligation of associate - net of tax | 268 | - | 268 | - |
| Total comprehensive (loss) / income | (321,787) | 236,857 | (15,485) | 416,536 |

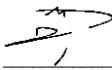
The annexed notes 1 to 37 form an integral part of these condensed interim financial statements.



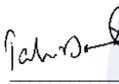
Managing Director



Chief Financial Officer



Director



Director



Director



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2022**

| | Share capital | Statutory reserve | Surplus / (deficit) on revaluation of | | | Unappropriated profit | Total |
|---|---------------|-------------------|---------------------------------------|--------------|--------------------|-----------------------|-------------|
| | | | Investments | Fixed assets | Non-banking assets | | |
| Rupees in '000 | | | | | | | |
| Balance as at January 1, 2021 (audited) | 10,002,524 | 3,335,048 | 332,125 | 786,102 | 48,734 | 3,267,017 | 17,771,550 |
| Profit after taxation for the six months ended June 30, 2021 | - | - | - | - | - | 608,177 | 608,177 |
| Other comprehensive loss - net of tax | - | - | (188,642) | - | (2,989) | - | (191,641) |
| Transfer to statutory reserve | - | - | (188,642) | - | (2,989) | 608,177 | 416,536 |
| Transactions with owners, recorded directly in equity | - | 121,635 | - | - | - | (121,635) | - |
| Final cash dividend for the year ended December 31, 2020 (Rs.1.50 per share) | - | - | - | - | - | - | - |
| Bonus shares issued for the year ended December 31, 2020 (Rs. 0.50 per share) | - | - | - | - | - | (1,500,557) | (1,500,557) |
| Balance as at June 30, 2021 (un-audited) | 500,186 | - | - | - | - | (500,186) | - |
| Profit after taxation for the six months ended December 31, 2021 | 10,502,710 | 3,456,683 | 143,483 | 786,102 | 45,735 | 1,752,816 | 16,687,529 |
| Other comprehensive income / (loss) - net of tax | - | - | - | - | - | 405,450 | 405,450 |
| Transfer to statutory reserve | - | - | (629,596) | 1,098 | 8,877 | 6,516 | (613,105) |
| Transfer from surplus on revaluation of non-banking asset - net of tax | - | - | (629,596) | 1,098 | 8,877 | 50,196 | (17,655) |
| Balance as at December 31, 2021 (audited) | 10,502,710 | 3,555,773 | (486,113) | 787,200 | 49,530 | 2,160,774 | 16,569,874 |
| Profit after taxation for the six months ended June 30, 2022 | - | - | - | - | - | 391,182 | 391,182 |
| Other comprehensive (loss) / income - net of tax | - | - | (402,553) | - | (3,247) | 268 | (405,532) |
| Share of deficit on revaluation of investments of associate - net of tax | - | - | (1,135) | - | - | - | (1,135) |
| Transfer to statutory reserve | - | 78,236 | (403,888) | - | (3,247) | 391,450 | (15,485) |
| Transfer from surplus on revaluation of non-banking asset - net of tax | - | - | - | - | (2,893) | (78,236) | - |
| Transactions with owners, recorded directly in equity | - | - | - | - | - | 2,893 | - |
| Bonus shares issued for the year ended December 31, 2021 (Rs. 0.50 per share) | 525,195 | - | - | - | - | (525,195) | - |
| Balance as at June 30, 2022 (un-audited) | 11,027,905 | 3,634,009 | (889,801) | 787,200 | 43,300 | 1,951,656 | 16,554,389 |

The annexed notes 1 to 37 form an integral part of these condensed interim financial statements.

Managing Director

Chief Financial Officer

Director

Director

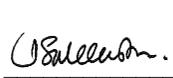


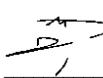
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2022

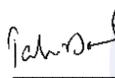
| | January 1 to June 30, 2022 | January 1 to June 30, 2021 |
|--|----------------------------------|----------------------------------|
| Note | ----- Rupees in '000 ----- | |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 587,819 | 928,123 |
| Less: Dividend income | 4,636 | 15,232 |
| | <u>583,183</u> | <u>912,891</u> |
| Adjustments: | | |
| Depreciation - Fixed assets | 231,715 | 143,634 |
| Depreciation - Non-banking assets acquired in satisfaction of claims | 11,297 | 10,264 |
| Depreciation - Right-of-use assets | 257,003 | 206,630 |
| Amortization | 35,719 | 43,446 |
| Provisions and write offs - net | 514,478 | 377,469 |
| Finance charge on leased assets | 67,233 | 65,327 |
| Share of profit of associate | (1,608) | - |
| Unrealized gain on securities | - | (1,715) |
| Gain on early culmination of lease | (781) | (907) |
| Gain on sale of fixed assets | (1,805) | (9) |
| | <u>1,113,251</u> | <u>844,139</u> |
| | <u>1,696,434</u> | <u>1,757,030</u> |
| (Increase) / Decrease in operating assets | | |
| Lendings to financial institutions | 4,482,294 | (6,212,481) |
| Held-for-trading securities | 2,385,571 | 384,837 |
| Advances | (14,170,814) | 20,466,970 |
| Others assets (excluding advance taxation) | (2,234,979) | 1,251,767 |
| | <u>(9,537,928)</u> | <u>15,891,093</u> |
| Increase / (decrease) in operating liabilities | | |
| Bills payable | 254,303 | (12,710) |
| Borrowings from financial institutions | 29,152,328 | (6,985,677) |
| Deposits | 5,332,782 | 48,526,930 |
| Other liabilities | 999,529 | 795,773 |
| | <u>35,738,942</u> | <u>42,324,316</u> |
| Income tax paid | (364,473) | (1,660,444) |
| Net cash flow generated from operating activities | <u>27,532,975</u> | <u>58,311,995</u> |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Net investments in available-for-sale securities | (27,126,992) | (57,998,656) |
| Net investments in held-to-maturity securities | 170,286 | 1,881,696 |
| Dividends received | 4,563 | 15,232 |
| Investments in operating fixed assets | (450,449) | (626,295) |
| Investments in intangible assets | (90,025) | - |
| Proceeds from sale of fixed assets | 4,205 | 116 |
| Net cash flow used in investing activities | <u>(27,488,412)</u> | <u>(56,727,907)</u> |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Payment against lease liabilities | (319,000) | (215,813) |
| Dividend paid | (232) | (1,500,576) |
| Net cash flow used in financing activities | <u>(319,232)</u> | <u>(1,716,389)</u> |
| Net decrease in cash and cash equivalents | (274,669) | (132,301) |
| Cash and cash equivalents at beginning of the period | <u>29,489,896</u> | <u>24,932,714</u> |
| Cash and cash equivalents at end of the period | <u>29,215,227</u> | <u>24,800,413</u> |

The annexed notes 1 to 37 form an integral part of these condensed interim financial statements.


Managing Director


Chief Financial Officer


Director


Director


Director



1. STATUS AND NATURE OF BUSINESS

The Bank of Khyber (the Bank) was established under The Bank of Khyber Act, 1991 and is principally engaged in the business of commercial banking and related services. The Bank acquired the status of a scheduled bank in 1994 and is listed on the Pakistan Stock Exchange Limited. The registered office of the Bank is situated at 24-The Mall, Peshawar Cantt, Peshawar and it has been temporarily shifted to 1st Floor, State Life Building, 34 - The Mall, Peshawar Cantt. The Bank operates 215 branches including 110 Islamic banking branches (December 31, 2021: 216 branches including 110 Islamic banking branches). The long term credit rating of the Bank assigned by The VIS Credit Rating Company Limited and Pakistan Credit Rating Agency Limited (PACRA) are 'A+' and 'A' respectively and the short-term credit ratings assigned are 'A-1' (A-One) and 'A-1' (A-One) 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 State Bank of Pakistan (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 profit in price on deferred payment basis. The purchases and sales arising under the respective arrangements (except for Murabaha financings accounted for under Islamic Financial Accounting Standard - 1 "Murabaha") 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 profit thereon.
- 2.2** The Islamic banking branches of the Bank have complied with the requirements as set out in the Islamic Financial Accounting Standards (IFAS), issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the provisions of Companies Act, 2017.
- 2.3** The financial results of the Islamic Banking Branches have been included in these condensed interim financial statements for reporting purpose, after eliminating the effects of inter-branch transactions and balances. Key financial figures of the Islamic Banking Branches are disclosed in note 36 to these condensed interim financial statements.
- 2.4** These condensed interim financial statements have been presented in Pakistani Rupee, which is the Bank's functional and presentation currency. The figures have been rounded off to the nearest thousand rupees, unless otherwise stated.



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2022

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 for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;

- Provisions of and directives issued under the Banking Companies Ordinance, 1962;

- Provisions of and directives issued under the Companies Act, 2017; and

- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IAS 34 or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives, shall prevail.

3.2 The disclosures made in these condensed interim financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 5 dated March 22, 2019 and IAS 34. These condensed interim financial statements do not include all the information and disclosures required for audited annual financial statements and should be read in conjunction with the audited annual financial statements for the year ended December 31, 2021.

3.3 SBP vide BSD Circular Letter No. 10, dated August 26, 2002, has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement and International Accounting Standard 40, Investment Property for banking companies till further instructions. Moreover, SBP vide BPRD Circular No. 4, dated February 25, 2015, has deferred the applicability of Islamic Financial Accounting Standards (IFAS) 3, Profit and Loss Sharing on Deposits. Further, according to the notification of the SECP issued vide SRO 411(I)/2008 dated April 28, 2008, International Financial Reporting Standard (IFRS) 7, Financial Instruments: Disclosures has not been made applicable for banks. 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 of various circulars issued by the SBP.



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2022

4 SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS AND FINANCIAL RISK MANAGEMENT POLICIES

4.1 Significant accounting policies

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are consistent with those applied in the preparation of the audited annual financial statements of the Bank for the year ended December 31, 2021.

4.2 Standards, interpretations and amendments to approved accounting standards that are effective in the current period

There are certain amendments to existing accounting and reporting standards that have become applicable to the Bank for accounting periods beginning on or after January 1, 2022. These are considered either not to be relevant or do not have any significant impact on these condensed interim financial statements.

4.3 Standards, amendments to approved accounting standards that are not yet effective or implemented

As per the SBP's BPRD Circular Letter no. 03 dated July 5, 2022, the applicability of IFRS 9, Financial Instruments for the Bank has been deferred and will be applicable from January 1, 2024 (for banks having asset size of less than Rs. 500 billion as on December 31, 2021). The impact of the application of IFRS 9 on the Bank's financial statements is being assessed.

4.4 Critical accounting estimates and judgements

The basis for accounting estimates adopted in the preparation of these condensed interim financial statements are the same as that applied in the preparation of the financial statements for the year ended December 31, 2021.

4.5 Financial risk management

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the financial statements for the year ended December 31, 2021.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2022**

| | (Un-audited) June 30, 2022 | (Audited) December 31, 2021 |
|---|----------------------------------|-----------------------------------|
| 5 CASH AND BALANCES WITH TREASURY BANKS | | |
| ----- Rupees in '000 ----- | | |
| In hand: | | |
| Local currency | 5,291,097 | 3,697,744 |
| Foreign currencies | 1,761,690 | 107,476 |
| | 7,052,787 | 3,805,220 |
| With State Bank of Pakistan in: | | |
| Local currency current account | 13,102,285 | 11,209,505 |
| Foreign currency current account | 35,815 | 59,079 |
| Foreign currency deposit account | 129,155 | 128,943 |
| | 13,267,255 | 11,397,527 |
| With National Bank of Pakistan in: | | |
| Local currency current account | 1,440,222 | 1,154,182 |
| Local currency deposit account | 476 | 1,004,138 |
| Foreign currency current account | 22,006 | - |
| Foreign currency deposit account | - | 8,162 |
| | 1,462,704 | 2,166,482 |
| National prize bonds | 2,111 | 6,084 |
| | 21,784,857 | 17,375,313 |
| 6 BALANCES WITH OTHER BANKS | | |
| In Pakistan: | | |
| In current accounts | 3,966,088 | 2,908,280 |
| In deposit accounts | 2,133,906 | 8,626,717 |
| | 6,099,994 | 11,534,997 |
| Outside Pakistan: | | |
| In current accounts | 1,340,404 | 589,614 |
| In deposit accounts | - | - |
| | 1,340,404 | 589,614 |
| Less: provision for doubtful placement with the bank | (10,028) | (10,028) |
| | 7,430,370 | 12,114,583 |
| 7 LENDINGS TO FINANCIAL INSTITUTIONS | | |
| Call money lending | - | 3,000,000 |
| Repurchase agreement lendings (Reverse Repo) | - | 1,982,294 |
| Placements with financial institutions | 738,944 | 238,944 |
| | 738,944 | 5,221,238 |
| Less: provision held against lendings to financial institutions | (238,944) | (238,944) |
| Lendings to financial institutions - net of provision | 500,000 | 4,982,294 |



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2022**

| 7.1 Category of classification | (Un-audited) June 30, 2022 | | (Audited) December 31, 2021 | |
|--------------------------------|-------------------------------|----------------|--------------------------------|----------------|
| | Classified lending | Provision held | Classified lending | Provision held |
| Domestic | ----- Rupees in '000 ----- | | | |
| Loss | 238,944 | 238,944 | 238,944 | 238,944 |
| Overseas | | | | |
| Not past due but impaired | - | - | - | - |
| Overdue by: | | | | |
| Upto 90 days | - | - | - | - |
| 91 to 180 days | - | - | - | - |
| 181 to 365 days | - | - | - | - |
| > 365 days | - | - | - | - |
| Total | 238,944 | 238,944 | 238,944 | 238,944 |

| 8 INVESTMENTS | (Un-audited) June 30, 2022 | | | | (Audited) December 31, 2021 | | | |
|--------------------------------------|-------------------------------|--------------------------|---------------------|--------------------|--------------------------------|--------------------------|---------------------|--------------------|
| | Cost / amortized cost | Provision for diminution | (Deficit) / surplus | Carrying value | Cost / amortized cost | Provision for diminution | (Deficit) / surplus | Carrying value |
| 8.1 Investments by type: | ----- Rupees in '000 ----- | | | | | | | |
| Held-for-trading securities | | | | | | | | |
| Federal Government Securities | - | - | - | - | 1,219,145 | - | (2,285) | 1,216,860 |
| Shares | - | - | - | - | 15,272 | - | 636 | 15,908 |
| Mutual Funds | - | - | - | - | 1,150,000 | - | 2,803 | 1,152,803 |
| | - | - | - | - | 2,384,417 | - | 1,154 | 2,385,571 |
| Available-for-sale securities | | | | | | | | |
| Federal Government Securities | 187,509,340 | - | (1,626,659) | 185,882,681 | 159,083,923 | - | (860,550) | 158,223,373 |
| Shares | 1,051,355 | (720,529) | 64,200 | 395,026 | 1,054,918 | (627,201) | 20,353 | 448,070 |
| Non Government Debt Securities | 8,137,086 | (165,042) | 3,397 | 7,975,441 | 9,431,948 | (165,042) | 43,290 | 9,310,196 |
| | 196,697,781 | (885,571) | (1,559,062) | 194,253,148 | 169,570,789 | (792,243) | (796,907) | 167,981,639 |
| Held-to-maturity securities | | | | | | | | |
| Federal Government Securities | 13,768,666 | - | - | 13,768,666 | 13,938,952 | - | - | 13,938,952 |
| | 13,768,666 | - | - | 13,768,666 | 13,938,952 | - | - | 13,938,952 |
| Associate | 90,843 | - | - | 90,843 | 92,784 | - | - | 92,784 |
| Total | 210,557,290 | (885,571) | (1,559,062) | 208,112,657 | 185,986,942 | (792,243) | (795,753) | 184,398,946 |

8.1.1 SBP vide its letter no. SBPHOK-BPRD-RPD-BOK-264314 dated July 25, 2022 has allowed to stagger the unrealized mark-to-market (MTM) losses on certain PIBs having face value of Rs. 26,450 million held by the Bank in its Available-for-sale portfolio. As of June 30, 2022, the cumulative unrealized MTM losses on these PIBs amounted to Rs. 1,169 million. Accordingly, the Bank has availed the benefit of the said relaxation and not accounted for the impact of the said MTM losses in these condensed interim financial statements. This has resulted in a net of tax positive impact of Rs. 666 million on the condensed interim statement of financial position as of June 30, 2022 with corresponding positive impact on the condensed interim statement of comprehensive income for the period ended June 30, 2022. The Bank has also taken the said benefit in the calculation of Capital Adequacy Ratio (CAR) and Leverage Ratio (LR) thereby resulting in a positive impact of 1% and 0.25% on CAR and LR respectively of the Bank as of June 30, 2022. Pursuant to the aforementioned SBP letter, MTM losses on these PIBs may be accounted for as follows:

- 25% by September 30, 2022
- 50% by December 31, 2022
- 75% by March 31, 2023
- 100% by June 30, 2023

Moreover, the Bank is required to adjust the outstanding staggered amount of revaluation deficit from the distributable profit, for declaring cash dividends (if any) during the relaxation period.

| 8.2 Investments given as collateral | Note | (Un-audited) (Audited) | |
|-------------------------------------|------|----------------------------|-------------------|
| | | June 30, 2022 | December 31, 2021 |
| | | ----- Rupees in '000 ----- | |
| Market Treasury Bills | | 77,478,409 | 64,331,572 |
| Pakistan Investment Bonds | | 47,572,585 | 29,708,695 |
| GOP Ijara Sukuk | | 3,582,190 | - |
| 8.2.1 | | 128,633,184 | 94,040,267 |

8.2.1 These represent the market values of securities at reporting date.



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2022**

| | (Un-audited) | (Audited) |
|---|----------------------------|-------------------|
| | June 30, 2022 | December 31, 2021 |
| 8.3 Provision for diminution in value of investments | ----- Rupees in '000 ----- | |
| Opening balance | 792,243 | 742,125 |
| Charge / (reversals) | | |
| Charge for the period / year | 93,328 | 95,237 |
| Reversals for the period / year | - | - |
| Reversal on disposals / repayment | - | (45,119) |
| | 93,328 | 50,118 |
| Closing balance | 885,571 | 792,243 |

8.4 Particulars of provision against debt securities

| Category of classification | (Un-audited) | | (Audited) | |
|-----------------------------------|----------------|----------------|-------------------|----------------|
| | June 30, 2022 | | December 31, 2021 | |
| | NPI | Provision | NPI | Provision |
| ----- Rupees in '000 ----- | | | | |
| Domestic | | | | |
| Other assets especially mentioned | - | - | - | - |
| Substandard | - | - | - | - |
| Doubtful | - | - | - | - |
| Loss | 165,042 | 165,042 | 165,042 | 165,042 |
| | 165,042 | 165,042 | 165,042 | 165,042 |
| Overseas | | | | |
| Not past due but impaired | - | - | - | - |
| Overdue by: | | | | |
| Upto 90 days | - | - | - | - |
| 91 to 180 days | - | - | - | - |
| 181 to 365 days | - | - | - | - |
| > 365 days | - | - | - | - |
| | - | - | - | - |
| Total | 165,042 | 165,042 | 165,042 | 165,042 |

8.5 The market value of securities classified as held-to-maturity as at June 30, 2022 amounted to Rs. 13,302 million (December 31, 2021: Rs. 13,504 million).

9 ADVANCES

| | Performing | | Non performing | | Total | |
|---|--------------------|--------------------|-------------------|-------------------|--------------------|--------------------|
| | Un-audited | Audited | Un-audited | Audited | Un-audited | Audited |
| | June 30, 2022 | December 31, 2021 | June 30, 2022 | December 31, 2021 | June 30, 2022 | December 31, 2021 |
| -----Rupees in '000----- | | | | | | |
| Loans, cash credits, running finances, etc. | 87,873,177 | 60,780,475 | 7,934,435 | 7,481,128 | 95,807,612 | 68,261,603 |
| Islamic financing and related assets | 45,536,148 | 59,317,410 | 2,054,711 | 1,498,726 | 47,590,859 | 60,816,136 |
| Bills discounted and purchased | 397,460 | 547,379 | 1,541,365 | 1,541,364 | 1,938,825 | 2,088,743 |
| Advances - gross | 133,806,785 | 120,645,264 | 11,530,511 | 10,521,218 | 145,337,296 | 131,166,482 |
| Provision against advances | | | | | | |
| - Specific | - | - | 6,965,684 | 6,553,768 | 6,965,684 | 6,553,768 |
| - General | 81,092 | 63,519 | - | - | 81,092 | 63,519 |
| | 81,092 | 63,519 | 6,965,684 | 6,553,768 | 7,046,776 | 6,617,287 |
| Advances - net of provision | 133,725,693 | 120,581,745 | 4,564,827 | 3,967,450 | 138,290,520 | 124,549,195 |

| | (Un-audited) | (Audited) |
|--|----------------------------|--------------------|
| | June 30, 2022 | December 31, 2021 |
| 9.1 Particulars of advances (gross) | ----- Rupees in '000 ----- | |
| In local currency | 145,337,296 | 131,166,482 |
| In foreign currency | - | - |
| | 145,337,296 | 131,166,482 |



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2022

- 9.2 Advances include Rs. 11,531 million (December 31, 2021: Rs. 10,521 million) which have been placed under non-performing status as detailed below:-

| Category of classification | (Un-audited) June 30, 2022 | | (Audited) December 31, 2021 | |
|-----------------------------------|-------------------------------|------------------|--------------------------------|-----------|
| | Non performing loans | Provision | Non performing loans | Provision |
| | ----- Rupees in '000 ----- | | | |
| Domestic | | | | |
| Other assets especially mentioned | 205,460 | 1,034 | 161,451 | 79 |
| Substandard | 1,120,285 | 23,833 | 902,564 | 32,188 |
| Doubtful | 2,164,668 | 166,924 | 1,544,090 | 164,395 |
| Loss | 8,040,098 | 6,773,893 | 7,913,113 | 6,357,106 |
| | 11,530,511 | 6,965,684 | 10,521,218 | 6,553,768 |
| Overseas | | | | |
| Not past due but impaired | - | - | - | - |
| Overdue by: | | | | |
| Upto 90 days | - | - | - | - |
| 91 to 180 days | - | - | - | - |
| 181 to 365 days | - | - | - | - |
| > 365 days | - | - | - | - |
| | - | - | - | - |
| Total | 11,530,511 | 6,965,684 | 10,521,218 | 6,553,768 |

| 9.3 Particulars of provision against advances | (Un-audited) June 30, 2022 | | | (Audited) December 31, 2021 | | |
|---|-------------------------------|---------------|------------------|--------------------------------|-------------|-------------|
| | Specific | General | Total | Specific | General | Total |
| | ----- Rupees in '000 ----- | | | | | |
| Opening balance | 6,553,768 | 63,519 | 6,617,287 | 4,662,740 | 1,181,125 | 5,843,865 |
| Charge for the period / year | 563,275 | 17,573 | 580,848 | 2,273,429 | 17,028 | 2,290,457 |
| Reversals | (151,359) | - | (151,359) | (382,401) | (1,134,634) | (1,517,035) |
| | 411,916 | 17,573 | 429,489 | 1,891,028 | (1,117,606) | 773,422 |
| Amounts written off | - | - | - | - | - | - |
| Closing balance | 6,965,684 | 81,092 | 7,046,776 | 6,553,768 | 63,519 | 6,617,287 |

- 9.3.1 General provision includes provision amounting to Rs. 70.909 million (December 31, 2021: Rs. 58.452 million) against consumer finance portfolio as required by the Prudential Regulations issued by the SBP.

- 9.3.2 State Bank of Pakistan through BSD Circular No.1 dated October 21, 2011 has allowed benefit of the forced sales value (FSV) of plant & machinery under charge, pledged stocks & mortgaged residential, commercial and industrial properties (land and building only) held as collateral against Non-Performing Loans (NPLs) for a maximum of five years from the date of classification. As at June 30, 2022 the Bank has availed cumulative benefit of forced sales value of Rs. 2,329 million (December 31, 2021: Rs.2,335 million). Increase in unappropriated profit amounting to Rs.1,188 million (December 31, 2021: Rs. 1,424 million) is not available for the distribution of cash or stock dividend to shareholders or bonus to employees.



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2022

| | Note | (Un-audited) | (Audited) |
|--------------------------------------|---------------|----------------------------|----------------------|
| | | June 30, 2022 | December 31, 2021 |
| | | ----- Rupees in '000 ----- | |
| 10 FIXED ASSETS | | | |
| Capital work-in-progress | 10.1 | 1,315,434 | 1,205,899 |
| Property and equipment | | 2,636,135 | 2,529,306 |
| Right of use assets | | 1,308,559 | 1,401,997 |
| Total | | 5,260,128 | 5,137,202 |
| 10.1 Capital work-in-progress | | | |
| Civil works | | 1,228,927 | 1,129,156 |
| Furniture and equipment | | 64,493 | 66,933 |
| Advances to suppliers | | 22,014 | 9,810 |
| Total | 10.1.1 | 1,315,434 | 1,205,899 |

10.1.1 This also includes expenditure incurred on new head office building which is under construction.

10.2 Additions to fixed assets

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

| | (Un-audited) | |
|---|------------------|------------------|
| | June 30, 2022 | June 30, 2021 |
| ----- Rupees in '000 ----- | | |
| Capital work-in-progress - net | 109,535 | 481,352 |
| Property and equipment | | |
| Furniture and fixtures | 32,739 | 8,554 |
| Electrical, office and computer equipment | 196,203 | 65,791 |
| Vehicles | 827 | - |
| Books | 11 | 26 |
| Leasehold improvements | 111,134 | 64,375 |
| | 340,914 | 138,746 |
| Right-of-use assets - net | 163,565 | 601,257 |
| Total | 614,014 | 1,221,355 |

10.3 Disposals of fixed assets

The net book value of fixed assets disposed off during the period is as follows:

| | | |
|------------------------|--------------|-----------|
| Furniture and fixtures | 639 | 20 |
| Office equipment | 1,316 | - |
| Leasehold improvements | 445 | - |
| Total | 2,400 | 20 |



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2022

| | (Un-audited) June 30, 2022 | (Audited) December 31, 2021 |
|---|----------------------------------|-----------------------------------|
| 11 INTANGIBLE ASSETS | | |
| | ----- Rupees in '000 ----- | |
| Licenses and computer softwares | 414,520 | 448,713 |
| Capital work in progress | 90,025 | 1,526 |
| | <u>504,545</u> | <u>450,239</u> |
| | (Un-audited) | |
| | June 30, 2022 | June 30, 2021 |
| 11.1 Additions to intangible assets | ----- Rupees in '000 ----- | |
| The following additions / transfers have been made to / from intangible assets during the period: | | |
| Directly purchased - intangible assets | - | 6,197 |
| Capital work in progress - net | 88,499 | - |
| Total | <u>88,499</u> | <u>6,197</u> |
| 12 DEFERRED TAX ASSETS | | |
| | ----- Rupees in '000 ----- | |
| Deductible temporary differences on: | | |
| Deficit on revaluation of investments | 670,396 | 310,794 |
| Accelerated tax depreciation | 88,503 | 61,409 |
| Provision for balances with other banks | 4,312 | 3,911 |
| Provision for diminution in value of investments | 114,541 | 67,488 |
| Provision against loans and advances - net | 461,694 | 524,835 |
| Provision for other assets | 32,484 | 25,056 |
| Islamic pool management reserves | 47,061 | 50,976 |
| Others | 14,680 | - |
| | <u>1,433,671</u> | <u>1,044,469</u> |
| Taxable temporary differences on: | | |
| Share of profit of associate | (21,646) | (20,390) |
| Surplus on revaluation of non-banking asset | (32,732) | (31,667) |
| Deferred tax assets - net | <u>1,379,293</u> | <u>992,412</u> |



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2022

| | Note | (Un-audited) June 30, 2022 | (Audited) December 31, 2021 |
|--|------|----------------------------------|-----------------------------------|
| ----- Rupees in '000 ----- | | | |
| 13 OTHER ASSETS | | | |
| Income / mark-up accrued in local currency | | 6,401,690 | 4,108,473 |
| Profit receivable on Bai Muajjal | | - | 2,540,078 |
| Advances, deposits and prepayments | | 245,319 | 109,645 |
| Advance taxation (payments less provisions) | | 584,990 | 447,054 |
| Non-banking assets acquired in satisfaction of claims | | 303,445 | 309,668 |
| Branch adjustment account | | 12,262 | 6,905 |
| Mark to market gain on forward foreign exchange contracts | | 2,538,277 | 357,492 |
| Acceptances | | 289,026 | 114,706 |
| Pre-IPO investment | | 100,000 | 100,000 |
| Stationary and stamps on hand | | 67,275 | 52,184 |
| Employees benefits | | 282,962 | 303,962 |
| Clearing and settlement accounts | | 109,788 | 62,283 |
| Receivable from the State Bank of Pakistan | | 8,805 | 67,607 |
| Others | | 102,382 | 97,372 |
| | | <u>11,046,221</u> | <u>8,677,429</u> |
| Less: provision held against other assets | 13.1 | <u>(144,426)</u> | <u>(152,765)</u> |
| Other assets - net of provision | | <u>10,901,795</u> | <u>8,524,664</u> |
| Surplus on revaluation of non-banking assets acquired in satisfaction of claims | | <u>76,122</u> | <u>81,197</u> |
| Other assets - total | | <u><u>10,977,917</u></u> | <u><u>8,605,861</u></u> |
| 13.1 Provision held against other assets | | | |
| Pre-IPO Investment | | 100,000 | 100,000 |
| Others | | 44,426 | 52,765 |
| | | <u>144,426</u> | <u>152,765</u> |
| 13.1.1 Movement in provision held against other assets | | | |
| Opening balance | | 152,765 | 144,426 |
| Charge for the period / year | | - | 8,339 |
| Reversal for the period / year | | (8,339) | - |
| Closing balance | | <u>144,426</u> | <u>152,765</u> |
| 14 BILLS PAYABLE | | | |
| In Pakistan | | 1,128,870 | 874,567 |
| Outside Pakistan | | - | - |
| | | <u>1,128,870</u> | <u>874,567</u> |



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2022

| 15 BORROWINGS | (Un-audited) | (Audited) |
|---|--------------------|--------------------|
| | June 30, 2022 | December 31, 2021 |
| Secured | | |
| Borrowings from State Bank of Pakistan (SBP) under: | | |
| - Export refinance scheme | 5,253,541 | 4,866,360 |
| - Long term financing facility | 2,911,882 | 2,692,478 |
| - SME Asaan Scheme SAAF | 497,931 | - |
| - Financing facility for storage of agriculture produce | 90,000 | - |
| - Refinance and credit guarantee scheme for women entrepreneurs | 43,898 | 54,730 |
| - Financing facility for renewable energy | 77,474 | 54,441 |
| - Refinance facility for modernization of Small and Medium Enterprises (SMEs) | 31,736 | 34,531 |
| - Refinance scheme for payment of wages and salaries | 11,698 | 123,885 |
| - Refinance facility for combating COVID-19 | 1,086,667 | 1,134,862 |
| - Acceptance mudarbah - SBP | 3,504,453 | - |
| | 13,509,280 | 8,961,287 |
| Bai Muajjal borrowings | 3,029,395 | 17,950,142 |
| Repurchase agreement borrowings | 121,709,380 | 76,174,207 |
| Call borrowings | 973,201 | 983,292 |
| | 125,711,976 | 95,107,641 |
| Unsecured | | |
| Call borrowings | - | 6,000,000 |
| Total | 139,221,256 | 110,068,928 |

| 16 DEPOSITS AND OTHER ACCOUNTS | (Un-audited) | | | (Audited) | | |
|--------------------------------|--------------------|-----------------------|--------------------|--------------------|-----------------------|--------------------|
| | In local currency | In foreign currencies | Total | In local currency | In foreign currencies | Total |
| | June 30, 2022 | June 30, 2022 | June 30, 2022 | December 31, 2021 | December 31, 2021 | December 31, 2021 |
| Customers | | | | | | |
| Current deposits | 45,293,352 | 510,065 | 45,803,417 | 34,469,737 | 448,039 | 34,917,776 |
| Saving deposits | 110,847,131 | 93,852 | 110,940,983 | 104,669,961 | 121,570 | 104,791,531 |
| Term deposits | 55,114,621 | 107,273 | 55,221,894 | 65,816,696 | 92,431 | 65,909,127 |
| Others | 12,258,684 | - | 12,258,684 | 11,253,752 | - | 11,253,752 |
| | 223,513,788 | 711,190 | 224,224,978 | 216,210,146 | 662,040 | 216,872,186 |
| Financial Institutions | | | | | | |
| Current deposits | 906,097 | - | 906,097 | 648,065 | - | 648,065 |
| Saving deposits | 2,077,605 | - | 2,077,605 | 4,355,647 | - | 4,355,647 |
| | 2,983,702 | - | 2,983,702 | 5,003,712 | - | 5,003,712 |
| | 226,497,490 | 711,190 | 227,208,680 | 221,213,858 | 662,040 | 221,875,898 |

| 17 OTHER LIABILITIES | (Un-audited) | (Audited) |
|---|-------------------|-------------------|
| | June 30, 2022 | December 31, 2021 |
| | | |
| Mark-up/ return/ interest payable in local currency | 5,231,481 | 5,595,139 |
| Mark-up/ return/ interest payable in foreign currencies | 360 | 242 |
| Unearned commission and income on bills discounted | 189,160 | 154,373 |
| Unearned income - Bai Muajjal Sukuk | - | 138,896 |
| Accrued expenses and supplier payables | 309,760 | 436,979 |
| Acceptances | 289,026 | 114,706 |
| Unclaimed dividends | 64,558 | 64,790 |
| Mark to market loss on forward foreign exchange contracts | 1,539,822 | 477,392 |
| Lease liability against right-of-use assets | 1,358,297 | 1,447,280 |
| Deferred income on government schemes | 5,315 | 8,090 |
| Deferred income on Islamic financing | 89,680 | 84,199 |
| Islamic pool management reserves | 109,442 | 130,708 |
| Share subscription money refund | 1,091 | 1,091 |
| Retention money | 57,766 | 55,000 |
| Bills payment system over the counter (BPS-OTC) | 246,962 | 34,544 |
| Charity fund | 31,140 | 7,648 |
| Security deposits against ijarah | 234,112 | 218,380 |
| Levies and other taxes payable | 72,140 | 47,306 |
| Others | 296,980 | 200,015 |
| | 10,127,092 | 9,216,778 |



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2022

18 SHARE CAPITAL

18.1 Authorized capital

| (Un-audited) | (Audited) | | (Un-audited) | (Audited) |
|-------------------------|---------------|---------------------------------|--------------|------------|
| June 30, | December 31, | | June 30, | December |
| 2022 | 2021 | | 2022 | 31, 2021 |
| Number of shares | | | | |
| 1,500,000,000 | 1,500,000,000 | Ordinary shares of Rs. 10 each. | 15,000,000 | 15,000,000 |

18.2 Issued, subscribed and paid up

| (Un-audited) | (Audited) | | (Un-audited) | (Audited) |
|-------------------------|--------------|--|--------------|-----------|
| June 30, | December 31, | | June 30, | December |
| 2022 | 2021 | | 2022 | 31, 2021 |
| Number of shares | | | | |
| 722,698,448 | 722,698,448 | Ordinary shares of Rs. 10 each Fully paid in cash | 7,226,984 | 7,226,984 |

Issued as fully paid bonus shares:

| | | | | |
|---|----------------------|----------------------|-------------------|-------------------|
| Opening balance | 327,572,595 | 277,554,037 | 3,275,726 | 2,775,540 |
| Issued during the period/year (Note 18.3) | 52,519,486 | 50,018,558 | 525,195 | 500,186 |
| Closing balance | 380,092,081 | 327,572,595 | 3,800,921 | 3,275,726 |
| | 1,102,790,529 | 1,050,271,043 | 11,027,905 | 10,502,710 |

18.3 During the period, 52,519,486 shares were issued as fully paid bonus shares in respect of the year ended December 31, 2021 (December 31, 2021: 50,018,558 shares were issued as fully paid bonus shares in respect of the year ended December 31, 2020).

18.4 The Bank has only one class of shares and at reporting date, the Government of Khyber Pakhtunkhwa and Ismail Industries Limited held 774,184,576 (December 31, 2021: 737,318,644) and 269,383,781 (December 31, 2021: 256,555,982) ordinary shares respectively. Moreover, the Bank has no reserved shares under options.

19 (DEFICIT) / SURPLUS ON REVALUATION OF ASSETS

(Deficit) / surplus on revaluation of:

| | (Un-audited) | (Audited) |
|--|--|----------------|
| | June 30, | December |
| | 2022 | 31, 2021 |
| | Note ----- Rupees in '000 ----- | |
| - Available-for-sale securities | (1,559,062) | (796,907) |
| - Related deferred tax | 670,396 | 310,794 |
| | (888,666) | (486,113) |
| - Fixed assets | 787,200 | 787,200 |
| - Revaluation of investment of associate | (1,992) | - |
| - Related deferred tax | 857 | - |
| | (1,135) | - |
| - Non-banking assets | 76,122 | 81,197 |
| - Related deferred tax | (32,732) | (31,667) |
| | 43,390 | 49,530 |
| (Deficit) / surplus on revaluation of assets - net of tax | (59,211) | 350,617 |

20 CONTINGENCIES AND COMMITMENTS

| | | | |
|-------------------------|------|--------------------|-------------------|
| -Guarantees | 20.1 | 22,851,346 | 20,848,980 |
| -Commitments | 20.2 | 91,430,271 | 62,930,914 |
| | | 114,281,617 | 83,779,894 |
| 20.1 Guarantees: | | | |
| Financial guarantees | | 1,793,504 | 1,878,769 |
| Performance guarantees | | 21,051,760 | 18,963,929 |
| Other guarantees | | 6,082 | 6,282 |
| | | 22,851,346 | 20,848,980 |



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2022

| | (Un-audited) June 30, 2022 | (Audited) December 31, 2021 |
|--|----------------------------------|-----------------------------------|
| | ----- Rupees in '000 ----- | |
| 20.2 Commitments: | | |
| Documentary credits and short-term trade-related transactions | | |
| - Letters of credit | 12,381,285 | 6,316,498 |
| Commitments in respect of: | | |
| - Forward foreign exchange contracts | 20.2.1 78,718,524 | 56,203,513 |
| Commitments for acquisition of: | | |
| - Fixed assets | 236,651 | 312,915 |
| - Intangible assets | 88,811 | 77,463 |
| Other commitments | 20.2.2 5,000 | 20,525 |
| | <u>91,430,271</u> | <u>62,930,914</u> |
| 20.2.1 Commitments in respect of forward foreign exchange contracts | | |
| Purchase | 37,537,991 | 27,988,087 |
| Sale | 41,180,533 | 28,215,426 |
| | <u>78,718,524</u> | <u>56,203,513</u> |
| 20.2.2 Other commitments | | |
| Forward purchase - shares | - | 15,525 |
| Commitment for donation | 5,000 | 5,000 |
| | <u>5,000</u> | <u>20,525</u> |

20.3 There are certain claims which have not been acknowledged as debts. These mainly represent counter claims by the borrowers for damages, claims filed by the former employees of the Bank and certain other claims. Based on legal advice and/or internal assessments management is confident that the matters will be decided in the Bank's favor and the possibility of any adverse outcome is remote. Accordingly, no provision has been made in these condensed interim financial statements for the same.

20.4 The income tax assessments of the Bank have been finalized up to Tax Year 2021.

i) In respect of Tax Year 2014, the Commissioner Inland Revenue, Appeals (CIRA), issued an order dated November 24, 2021 under section 129 of the Income Tax Ordinance, 2001 in which he remanded back certain matters to Commissioner Inland Revenue (CIR) for reassessment and also upheld few matters. Being aggrieved the Bank filed an appeal with Appellate Tribunal Inland Revenue (ATIR) on February 23, 2022, which is currently pending.

During the period, the remand back proceedings were also completed by CIR, and order was issued, creating a total demand of Rs 231 million in respect of remand back proceedings and for matter upheld by CIRA and mainly included disallowances on account of provision for doubtful debt, depreciation and workers welfare fund. The Bank filed correction application with CIR as well as appeal with CIRA, on May 18, 2022 which is currently pending.

ii) In respect of Tax Year 2015, Assistant Commissioner Inland Revenue issued an order on September 30, 2021 rectified later vide order dated March 30, 2022 creating additional tax demand of Rs 54 million under section 21(c) of Income Tax Ordinance, 2001 mainly on account of disallowance due to non-deduction of withholding tax. The Bank has filed an appeal with CIRA on October 28, 2021, which is currently pending.

iii) During the period, in respect of Tax Year 2020, Additional Commissioner (Audit) vide order dated February 18, 2022 created an additional demand amounting to Rs. 520 million on account of Bai Muajjal transaction and related penalty under section 111(1) and section 182 of Income Tax Ordinance, 2001. The Bank has filed an appeal against the said order with CIRA on April 12, 2022, which is currently pending.

Management is confident that the above matters will be decided in favor of the Bank. Hence, no provision has been recognized for the same in these condensed interim financial statements.



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2022

| | | (Un-audited) | |
|-------------|--|----------------------------|-------------------|
| | | For the six months ended | |
| | | June 30, 2022 | June 30, 2021 |
| | | ----- Rupees in '000 ----- | |
| 21 | MARK-UP/RETURN/INTEREST EARNED | Note | |
| | On: | | |
| | Loans and advances | 6,928,721 | 4,734,745 |
| | Investments | 9,721,168 | 4,418,795 |
| | Lendings to financial institutions | 245,359 | 308,076 |
| | Balances with banks | 102,711 | 15,955 |
| | Sukuk bonds | 1,730,894 | 877,331 |
| | | 18,728,853 | 10,354,902 |
| 22 | MARK-UP/RETURN/INTEREST EXPENSED | | |
| | On: | | |
| | Deposits | 7,570,223 | 5,429,306 |
| | Borrowings | 7,567,723 | 1,613,259 |
| | Lease liability against right-of-use assets | 67,233 | 65,327 |
| | | 15,205,179 | 7,107,892 |
| 23 | FEE AND COMMISSION INCOME | | |
| | Branch banking customer fees | 11,900 | 6,338 |
| | Consumer finance related fees | 494 | 1,205 |
| | Card related fees | 32,366 | 48,080 |
| | Investment banking fees | - | 5,264 |
| | Commission on trade | 63,828 | 48,051 |
| | Commission on guarantees | 103,983 | 61,666 |
| | Commission on remittances including home remittances | 16,454 | 15,478 |
| | Commission on foreign currency bills | 3,520 | 9,201 |
| | Others | 1,086 | 1,628 |
| | | 233,631 | 196,911 |
| 24 | GAIN / (LOSS) ON SECURITIES | | |
| | Realised | 24.1 10,209 | (90,354) |
| | Unrealised - held-for-trading | - | 1,715 |
| | | 10,209 | (88,639) |
| 24.1 | Realised gain / (loss) on: | | |
| | Federal Government Securities | (5,259) | (140,540) |
| | Shares | 1,221 | 46,248 |
| | Non-Government Debt Securities | 2,635 | - |
| | Mutual funds | 11,612 | 3,938 |
| | | 10,209 | (90,354) |
| 25 | OTHER INCOME | | |
| | Rental income from property | 1,376 | 1,547 |
| | Gain on sale of fixed assets - net | 1,805 | 95 |
| | Postal, swift and others | 49,544 | 42,590 |
| | Service income on Government schemes | 3,863 | 4,725 |
| | Gain on early culmination of lease | 781 | 907 |
| | Rebate from financial institutions | 15,071 | 2,759 |
| | | 72,440 | 52,623 |



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2022

| | (Un-audited) | |
|--|---------------------------------|------------------|
| | For the six months ended | |
| | June 30, 2022 | June 30, 2021 |
| | -----Rupees in '000 ----- | |
| 26 OPERATING EXPENSES | | |
| Total compensation expense | 1,575,689 | 1,335,412 |
| Property expense | | |
| Rent and taxes | 6,474 | 475 |
| Utilities cost | 109,467 | 68,370 |
| Security (including guards) | 82,456 | 69,487 |
| Repair and maintenance | 24,907 | 2,461 |
| Depreciation - Right of use assets | 257,003 | 206,630 |
| Depreciation - Non banking assets acquired in satisfaction of claims | 11,297 | 10,264 |
| Depreciation | 105,705 | 70,959 |
| | 597,309 | 428,646 |
| Information technology expenses | | |
| Software maintenance | 112,247 | 17,542 |
| Hardware maintenance | 11,814 | 12,503 |
| Depreciation | 108,580 | 59,730 |
| Amortization | 35,719 | 43,446 |
| Network charges | 5,001 | 4,285 |
| ATM charges | 71,969 | 60,192 |
| | 345,330 | 197,698 |
| Other operating expenses | | |
| Directors' fees and allowances | 2,849 | 5,155 |
| Fees and allowances to Shariah Board | 83 | - |
| Legal and professional charges | 50,126 | 35,512 |
| Outsourced service cost | 115,513 | 48,637 |
| Travelling and conveyance | 31,441 | 29,145 |
| Cash carriage charges | 33,429 | 26,538 |
| NIFT clearing charges | 12,427 | 8,365 |
| Depreciation | 17,430 | 12,945 |
| Communication | 18,900 | 23,267 |
| Postage and courier charges | 6,395 | 14,957 |
| Stationery and printing | 31,692 | 25,693 |
| Marketing, advertisement and publicity | 62,164 | 63,026 |
| Repair and maintenance | 13,483 | 13,189 |
| Insurance | 21,841 | 32,220 |
| Auditors' remuneration | 10,132 | 6,073 |
| Brokerage and commission | 20,300 | 34,103 |
| Rent and taxes | 466 | 1,429 |
| Entertainment | 19,361 | 16,831 |
| Donations | - | - |
| Newspapers and periodicals | 952 | 494 |
| Training and development | 11,509 | 3,413 |
| Fees and subscriptions | 4,093 | 2,026 |
| Deposit protection premium | 46,907 | 47,741 |
| Others | 26,197 | 23,591 |
| | 557,690 | 474,350 |
| | 3,076,018 | 2,436,106 |
| 27 OTHER CHARGES | | |
| Penalties imposed by State Bank of Pakistan | 5 | 3,617 |
| | 5 | 3,617 |



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2022

| | | (Un-audited) | |
|-----------|---|--------------------------|------------------|
| | | For the six months ended | |
| | | June 30, 2022 | June 30, 2021 |
| 28 | PROVISIONS AND WRITE OFFS - NET | | |
| | Provision / (reversal) for diminution in value of investments | 8.3 93,328 | (45,119) |
| | Provisions against loans and advances - net | 9.3 429,489 | 422,588 |
| | Reversal of provisions against other assets | (8,339) | - |
| | | <u>514,478</u> | <u>377,469</u> |
| 29 | TAXATION | | |
| | Current | 244,917 | 471,527 |
| | Prior periods | (18,380) | - |
| | Deferred | (29,900) | (151,581) |
| | | <u>196,637</u> | <u>319,946</u> |

29.1 This also includes the impact of applicable Super Tax.

| | | (Un-audited) | |
|-----------|---|--------------------------------|---------------------------|
| | | For the six months ended | |
| | | June 30, 2022 | June 30, 2021 |
| 30 | BASIC AND DILUTED EARNINGS PER SHARE | | |
| | Profit for the period | <u>391,182</u> | <u>608,177</u> |
| | | ----- (Number of shares) ----- | |
| | | | (Restated - Note 18.3) |
| | Weighted average number of ordinary shares | <u>1,102,790,529</u> | <u>1,102,790,529</u> |
| | | ----- (Rupees) ----- | |
| | | | (Restated) |
| | Basic and diluted earnings per share | <u>0.35</u> | <u>0.55</u> |

30.1 There were no dilutive potential ordinary shares outstanding as at June 30, 2022 and June 30, 2021.

31 FAIR VALUE MEASUREMENTS

The fair value of quoted securities other than those classified as held to maturity is based on quoted market prices. The fair value of unquoted equity securities, other than investments in associates, is determined on the basis of break-up value of these investments as per their latest available audited financial statements.

The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy.

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.



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2022

31.1 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 liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs that are not based on observable market data (i.e. unobservable inputs).

The table below analyzes financial instruments measured at the end of the reporting period by the level in the fair value hierarchy in to which the fair value measurement is categorized:

| | Carrying value | (Un-audited) June 30, 2022 | | | |
|---|----------------|--------------------------------|-------------|---------|-------------|
| | | Fair 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 | 185,882,681 | - | 185,882,681 | - | 185,882,681 |
| Shares | 395,026 | 315,363 | 79,663 | - | 395,026 |
| Non-Government Debt Securities | 7,975,441 | - | 7,975,441 | - | 7,975,441 |
| Mutual funds | - | - | - | - | - |
| Financial assets - disclosed but not measured at fair value | | | | | |
| Investments | | | | | |
| Federal Government Securities | 13,768,666 | - | 13,302,295 | - | 13,302,295 |
| Associate | 90,843 | - | 90,843 | - | 90,843 |
| Off-balance sheet financial instruments - measured at fair value | | | | | |
| Forward exchange contracts purchase and sale | 78,718,524 | - | 998,455 | - | 998,455 |
| ----- Rupees in '000 ----- | | | | | |
| | Carrying value | (Audited) December 31, 2021 | | | |
| | | Fair 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 | 159,440,233 | - | 159,440,233 | - | 159,440,233 |
| Shares | 463,978 | 390,277 | 73,701 | - | 463,978 |
| Non-Government Debt Securities | 9,310,196 | - | 9,310,196 | - | 9,310,196 |
| Mutual funds | 1,152,803 | 1,152,803 | - | - | 1,152,803 |
| Financial assets - disclosed but not measured at fair value | | | | | |
| Investments | | | | | |
| Federal Government Securities | 13,938,952 | - | 13,504,467 | - | 13,504,467 |
| Associate | 92,784 | - | 92,784 | - | 92,784 |
| Off-balance sheet financial instruments - measured at fair value | | | | | |
| Forward exchange contracts purchase and sale | 56,203,513 | - | (119,900) | - | (119,900) |

The valuation techniques used for above assets are same as disclosed in the most recent annual financial statements.

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



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2022

31.2.1 Fair value of financial assets

(a) Financial instruments in level 1

Financial instruments included in level 1 comprise of investments in listed ordinary shares and units of mutual funds.

(b) Financial instruments in level 2

Financial instruments included in level 2 comprise of Sukuk Bonds, Pakistan Investment Bonds, Market Treasury Bills, Term Finance certificates and Forward Exchange Contracts.

(c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.

31.2.2 Fair value of non - financial assets

Certain categories of fixed (leasehold land) and non banking assets acquired in satisfaction of claims are carried at revalued amounts (level 3 measurements) determined by professional valuers based on their assessment of the market values as disclosed in notes 10 and 13. The valuations are conducted by the valuation experts appointed by Bank which are also on panel of State Bank of Pakistan.

31.2.3 Valuation techniques and inputs used in determination of fair values within level 1

Fully paid-up ordinary shares Fair values of investments in listed equity securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange.

Unit of mutual funds The fair value of investments in units of mutual funds are determined based on their net asset values as published at the close of each business day.

Valuation techniques and inputs used in determination of fair values within level 2

Pakistan Investment Bonds / Market Treasury Bills Fair values of Pakistan Investment Bonds and Treasury Bills are derived using the PKRV rates for fixed rate securities and PKFRV rates for floating rate PIB's (Reuters page).

Government of Pakistan (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.



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2022**

Term Finance, Bonds and Sukuk certificates

Investments in debt securities (comprising term finance certificates, bonds, Sukuk certificates and any other security 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. In the determination of the rates, the MUFAP takes into account the holding pattern of these securities and categorises these as traded, thinly traded and non-traded securities.

Valuation techniques and inputs used in determination of fair values within level 3

Operating fixed assets (Leasehold land) and non-banking assets acquired in satisfaction of claims

These assets are revalued on regular basis using professional valuers on the panel of Pakistan Banker's Association. The valuation is based on their assessment of market value of the properties.



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2022

32 SEGMENT INFORMATION

32.1 Segment details with respect to business activities

| | For the six month ended June 30, 2022 (Un-audited) | | | | Total |
|--|--|--------------------|-------------------|--------------------|--------------------|
| | Corporate Finance | Trading and Sales | Retail Banking | Commercial Banking | |
| | ----- Rupees in 000 ----- | | | | |
| Profit and loss | | | | | |
| Net mark-up / return / profit | 1,018,376 | 1,488,025 | 142,326 | 874,947 | 3,523,674 |
| Non mark-up / return / interest income | 10,828 | 412,266 | 33,499 | 198,053 | 654,646 |
| Total income | 1,029,204 | 1,900,291 | 175,825 | 1,073,000 | 4,178,320 |
| Segment direct expenses | 757,686 | 1,398,966 | 129,439 | 789,932 | 3,076,023 |
| Total expenses | 757,686 | 1,398,966 | 129,439 | 789,932 | 3,076,023 |
| Provisions | - | 93,328 | 34,938 | 386,212 | 514,478 |
| Profit before tax | 271,518 | 407,997 | 11,448 | (103,144) | 587,819 |
| | ----- Rupees in 000 ----- | | | | |
| | As at June 30, 2022 (Un-audited) | | | | |
| | ----- Rupees in 000 ----- | | | | |
| Balance sheet | | | | | |
| Cash and bank balances | 7,677,157 | 16,624,779 | 578,030 | 4,335,261 | 29,215,227 |
| Lendings to financial institutions | - | 500,000 | - | - | 500,000 |
| Investments | 13,768,666 | 194,253,148 | - | 90,843 | 208,112,657 |
| Advances - performing | 76,141,667 | - | 6,771,405 | 50,812,621 | 133,725,693 |
| Advances - non performing | 248,134 | - | 128,488 | 4,188,205 | 4,564,827 |
| Operating fixed assets/intangible assets | 1,514,010 | 3,279,470 | 114,024 | 857,169 | 5,764,673 |
| Deferred tax assets / (liabilities) | 75,331 | 878,727 | 28,214 | 397,021 | 1,379,293 |
| Others | 1,791,324 | 6,399,358 | 244,035 | 2,543,200 | 10,977,917 |
| Total assets | 101,216,289 | 221,935,482 | 7,864,196 | 63,224,320 | 394,240,287 |
| Bills payable | 632,602 | 15,063 | 281,893 | 199,312 | 1,128,870 |
| Borrowings | 13,509,280 | 121,709,380 | - | 4,002,596 | 139,221,256 |
| Deposits and other accounts | 127,324,409 | 3,031,683 | 56,736,903 | 40,115,685 | 227,208,680 |
| Others | 2,949,527 | 4,484,345 | 1,197,797 | 1,495,423 | 10,127,092 |
| Total liabilities | 144,415,818 | 129,240,471 | 58,216,593 | 45,813,016 | 377,685,898 |
| Equity / Inter-segment (lending) / borrowing | (43,199,529) | 92,695,011 | (50,352,397) | 17,411,304 | 16,554,389 |
| Total equity and liabilities | 101,216,289 | 221,935,482 | 7,864,196 | 63,224,320 | 394,240,287 |
| Contingencies and commitments | 1,758,815 | 78,903,677 | 3,939,043 | 29,680,082 | 114,281,617 |



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2022

| | For the six month ended June 30, 2021 (Un-audited) | | | | Total |
|--|--|--------------------|-------------------|--------------------|--------------------|
| | Corporate Finance | Trading and Sales | Retail Banking | Commercial Banking | |
| | ----- Rupees in 000 ----- | | | | |
| Profit and loss | | | | | |
| Net mark-up / return / profit | 1,075,071 | 1,305,102 | 100,361 | 766,476 | 3,247,010 |
| Non mark-up / return / interest income | 3,169 | 298,595 | 49,285 | 147,256 | 498,305 |
| Total Income | 1,078,240 | 1,603,697 | 149,646 | 913,732 | 3,745,315 |
| Segment direct expenses | 722,025 | 1,231,442 | 53,516 | 432,740 | 2,439,723 |
| Total expenses | 722,025 | 1,231,442 | 53,516 | 432,740 | 2,439,723 |
| Provisions / (reversals) | - | (45,120) | 53,620 | 368,969 | 377,469 |
| Profit before tax | 356,215 | 417,375 | 42,510 | 112,023 | 928,123 |
| As at December 31, 2021 (Audited) | | | | | |
| | ----- Rupees in 000 ----- | | | | |
| Balance sheet | | | | | |
| Cash and bank balances | 4,340,681 | 9,827,498 | 332,729 | 14,988,988 | 29,489,896 |
| Lendings to financial institutions | - | 4,982,294 | - | - | 4,982,294 |
| Investments | 13,938,952 | 170,367,213 | - | 92,781 | 184,398,946 |
| Advances - performing | 63,466,418 | - | 5,941,730 | 51,173,597 | 120,581,745 |
| Advances - non performing | 605,628 | - | 276,533 | 3,085,289 | 3,967,450 |
| Operating fixed assets/intangible assets | 1,395,035 | 3,160,230 | 107,085 | 925,091 | 5,587,441 |
| Deferred tax assets | 18,884 | 408,569 | 1,459 | 563,500 | 992,412 |
| Others | 1,118,547 | 5,435,355 | 85,861 | 1,966,098 | 8,605,861 |
| Total assets | 84,884,145 | 194,181,159 | 6,745,397 | 72,795,344 | 358,606,045 |
| Bills payable | 563,673 | 5,510 | 166,748 | 138,636 | 874,567 |
| Borrowings | 8,961,287 | 76,174,207 | - | 24,933,434 | 110,068,928 |
| Deposits and other accounts | 143,002,685 | 1,397,973 | 42,303,635 | 35,171,605 | 221,875,898 |
| Others | 4,440,006 | 1,745,183 | 1,174,384 | 1,857,205 | 9,216,778 |
| Total liabilities | 156,967,651 | 79,322,873 | 43,644,767 | 62,100,880 | 342,036,171 |
| Equity / Inter-segment (lending) / borrowing | (72,083,506) | 114,858,286 | (36,899,370) | 10,694,464 | 16,569,874 |
| Total equity and liabilities | 84,884,145 | 194,181,159 | 6,745,397 | 72,795,344 | 358,606,045 |
| Contingencies and commitments | 9,528,777 | 56,277,595 | 153,376 | 17,820,146 | 83,779,894 |

32.2 Geographical segment

The Bank conducts all its operations in Pakistan.

33 TRUST ACTIVITIES

The Bank is not engaged in any significant trust activities.



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2022

34 RELATED PARTY TRANSACTIONS

The Bank has related party relationship with its majority shareholders (Government of Khyber Pakhtunkhwa and Ismail Industries Limited), associates, directors, key management personnel, staff retirement benefit plan and other related parties.

Banking transactions with related parties are carried out in the normal course of business at agreed terms. Contribution to and accruals in respect of staff retirement benefit plan are made in accordance with actuarial valuations. Remuneration to the executives are determined in accordance with terms of their appointments.

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

| | (Un-Audited) As at June 30, 2022 | | | | (Audited) As at December 31, 2021 | | | |
|--------------------------------------|--|--------------------------|-----------|----------------|--|--------------------------|-----------|----------------|
| | Directors | Key management personnel | Associate | Employee Funds | Directors | Key management personnel | Associate | Employee Funds |
| ----- Rupees in '000 ----- | | | | | | | | |
| Advances | | | | | | | | |
| Opening balance | - | 216,982 | - | - | - | 125,001 | - | - |
| Addition during the period / year | - | 26,142 | - | - | - | 123,563 | - | - |
| Repaid during the period / year | - | 15,822 | - | - | - | 33,109 | - | - |
| Transfer (out) / in - net | - | (9,328) | - | - | - | 1,527 | - | - |
| Closing balance | - | 217,974 | - | - | - | 216,982 | - | - |
| Deposits and other accounts | | | | | | | | |
| Opening balance | - | 7,118 | 35,149 | 2,648,713 | - | 6,225 | 34,003 | 2,534,982 |
| Received during the period / year | - | 82,712 | 42,272 | 300,555 | - | 196,786 | 48,348 | 967,962 |
| Withdrawn during the period / year | - | 79,594 | 40,986 | 235,944 | - | 195,909 | 47,202 | 854,231 |
| Transfer (out) / in - net | - | (125) | - | - | - | 16 | - | - |
| Closing balance | - | 10,111 | 36,435 | 2,713,324 | - | 7,118 | 35,149 | 2,648,713 |
| Other liabilities | | | | | | | | |
| Accrued markup | - | 441 | 1,617 | 97,622 | - | 199 | 1,040 | 36,931 |
| ----- Rupees in '000 ----- | | | | | | | | |
| | (Un-audited) For the six months ended June 30, 2022 | | | | (Un-audited) For the six months ended June 30, 2021 | | | |
| | Directors | Key management personnel | Associate | Employee Funds | Directors | Key management personnel | Associate | Employee Funds |
| ----- Rupees in '000 ----- | | | | | | | | |
| Income | | | | | | | | |
| Mark-up / return / interest earned | - | 2,060 | - | - | - | 1,992 | - | - |
| Expense | | | | | | | | |
| Mark-up / return / interest expensed | - | 642 | 2,658 | 125,396 | - | 231 | 1,848 | 89,150 |
| Operating expenses | 2,849 | 98,793 | - | - | 5,155 | 97,532 | - | - |



34.1 Government of Khyber Pakhtunkhwa (GoKP) holds 70.20% shareholding in the Bank and therefore, entities which are owned and / or controlled by the GoKP, or where the GoKP may exercise significant influence, are also related parties of the Bank. The Bank in the ordinary course of its business enters into transaction with various departments of the Government and its related entities. Such transactions include advances to, deposits from and provision of other banking services to Government related entities.

Transactions and balances with Government and its related entities, other than those disclosed in the respective notes to the financial statements, as at period end includes loans and advances and deposits amounting to Rs. 76,142 million (December 31, 2021: Rs. 53,868 million), Rs. 127,324 million (December 31, 2021: Rs. 133,873 million) respectively.



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2022

| | (Un-audited) June 30, 2022 | (Audited) December 31, 2021 |
|---|----------------------------------|-----------------------------------|
| | ---- Rupees in '000 ---- | |
| 35 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS | | |
| Minimum Capital Requirement (MCR): | | |
| Paid-up capital (net of losses) | <u>11,027,905</u> | 10,502,710 |
| Capital Adequacy Ratio (CAR): | | |
| Eligible common equity tier 1 (CET 1) capital | <u>16,097,603</u> | 15,248,508 |
| Eligible additional tier 1 (ADT 1) capital | - | - |
| Total eligible tier 1 capital | <u>16,097,603</u> | 15,248,508 |
| Eligible tier 2 capital | <u>81,091</u> | 281,569 |
| Total eligible capital (Tier 1 + Tier 2) | <u>16,178,694</u> | 15,530,077 |
| Risk weighted assets (RWAs): | | |
| Credit risk | <u>79,337,358</u> | 76,141,937 |
| Market risk | <u>20,279,443</u> | 15,889,464 |
| Operational risk | <u>13,301,652</u> | 13,301,652 |
| Total | <u>112,918,453</u> | 105,333,053 |
| Common equity tier 1 capital adequacy ratio | <u>14.26%</u> | 14.47% |
| Tier 1 capital adequacy ratio | <u>14.26%</u> | 14.47% |
| Total capital adequacy ratio | <u>14.33%</u> | 14.74% |
| National minimum capital requirements prescribed by SBP | | |
| CET1 minimum ratio | 6.00% | 6.00% |
| ADT-1 minimum ratio | 1.50% | 1.50% |
| Tier 1 minimum ratio | 7.50% | 7.50% |
| Total capital minimum ratio | 10.00% | 10.00% |
| Capital conservation buffer (CCB- consisting of CET1 only) | 1.50% | 1.50% |
| Total capital plus CCB | 11.50% | 11.50% |
| Leverage Ratio (LR): | | |
| Eligible tier-1 capital | 16,097,603 | 15,248,508 |
| Total exposures | <u>460,416,541</u> | <u>363,898,758</u> |
| Leverage ratio | <u>3.50%</u> | 4.19% |
| Liquidity Coverage Ratio (LCR): | | |
| Total high quality liquid assets | <u>84,171,046</u> | 101,636,622 |
| Total net cash outflow | <u>59,155,383</u> | 64,356,557 |
| Liquidity coverage ratio | <u>142.29%</u> | 157.93% |
| Net Stable Funding Ratio (NSFR): | | |
| Total available stable funding | <u>166,024,571</u> | 179,120,821 |
| Total required stable funding | <u>149,479,651</u> | 138,152,486 |
| Net stable funding ratio | <u>111.07%</u> | 129.65% |



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2022

ISLAMIC BANKING BUSINESS

- 36 The Bank is operating 110 (December 31, 2021: 110) Islamic banking branches and 39 (December 31, 2021: 39) Islamic banking windows as at June 30, 2022.

| | | (Un-audited) June 30, 2022 | (Audited) December 31, 2021 |
|--|------|--|--|
| | Note | ---- Rupees in '000 ---- | |
| STATEMENT OF FINANCIAL POSITION | | | |
| ASSETS | | | |
| Cash and balances with treasury banks | | 7,245,250 | 7,987,067 |
| Balances with other banks | | 3,969,904 | 9,675,971 |
| Due from financial institutions | 36.1 | 500,000 | - |
| Investments | 36.2 | 32,290,764 | 30,485,600 |
| Islamic financing and related assets - net | 36.3 | 47,220,412 | 60,469,280 |
| Fixed assets | | 962,570 | 877,386 |
| Due from head office | | 124,672 | 194,812 |
| Other assets | | 1,817,912 | 3,984,244 |
| Total Assets | | 94,131,484 | 113,674,360 |
| LIABILITIES | | | |
| Bills payable | | 587,203 | 315,084 |
| Due to financial institutions | | 6,042,443 | 29,404,393 |
| Deposits and other accounts | 36.4 | 79,065,932 | 75,372,840 |
| Due to head office | | - | - |
| Other liabilities | | 2,519,838 | 2,772,583 |
| Total Liabilities | | 88,215,416 | 107,864,900 |
| NET ASSETS | | 5,916,068 | 5,809,460 |
| REPRESENTED BY | | | |
| Islamic banking fund | | 1,000,000 | 1,000,000 |
| Reserves | | 23,282 | 35,263 |
| Deficit on revaluation of assets | | (254,722) | (36,198) |
| Unappropriated profit | 36.8 | 5,147,508 | 4,810,395 |
| | | 5,916,068 | 5,809,460 |
| CONTINGENCIES AND COMMITMENTS | | | |
| 36.5 | | | |
| The profit and loss account of the Bank's Islamic banking branches for the six months ended June 30, 2022 is as follows: | | | |
| | | (Un-audited) January 1 to June 30, 2022 | (Un-audited) January 1 to June 30, 2021 |
| | Note | ---- Rupees in '000 ---- | |
| PROFIT AND LOSS ACCOUNT | | | |
| Profit / return earned | 36.6 | 4,239,213 | 2,930,553 |
| Profit / return expensed | 36.7 | 1,915,470 | 1,312,239 |
| Net profit / return | | 2,323,743 | 1,618,314 |
| OTHER INCOME | | | |
| Fee and commission income | | 71,815 | 54,077 |
| Dividend income | | 940 | 4,183 |
| Foreign exchange income | | 80,990 | 104,106 |
| Gain on securities | | 4,852 | 3,938 |
| Other income | | 29,130 | 27,117 |
| Total other income | | 187,727 | 193,421 |
| Total income | | 2,511,470 | 1,811,735 |
| OTHER CHARGES | | | |
| Operating expenses | | 1,459,034 | 1,098,171 |
| Other charges | | - | 267 |
| | | 1,459,034 | 1,098,438 |
| Profit before provisions | | 1,052,436 | 713,297 |
| Provisions / (reversal) and write offs - net | | 23,591 | (174,341) |
| Profit before taxation | | 1,028,845 | 887,638 |
| Taxation | | 504,134 | 346,179 |
| Profit after taxation | | 524,711 | 541,459 |



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2022**

36.1 Due from financial institutions
Call Placement

| | (Un-audited) June 30, 2022 | | (Audited) December 31, 2021 | |
|--|-------------------------------|------------------------|--------------------------------|------------------------|
| | In local currency | In foreign currency | In local currency | In foreign currency |
| | 500,000 | - | - | - |
| | 500,000 | 500,000 | - | - |

36.2 Investments by segments:

| | (Un-audited) June 30, 2022 | | (Audited) December 31, 2021 | |
|--|-------------------------------|-------------------|--------------------------------|-----------------------------|
| | Cost / Amortised cost | Carrying value | Cost / Amortised cost | Provision for diminution |
| | 30,045,486 | 29,766,164 | 18,426,773 | - |
| | - | - | 6,388,711 | - |
| | 30,045,486 | 29,766,164 | 24,815,484 | - |
| | 2,500,000 | 2,524,600 | 5,056,250 | - |
| | - | - | - | 37,500 |
| | - | - | - | 5,093,750 |

36.2 Investments by segments:

Federal Government Securities:

- GoP Ijarah sukuk
- Bai Muajjal

Non-government debt securities

- Power/gas and other sukuk - listed

Mutual Funds

- Listed
- Unlisted

Total investments

| | (Un-audited) June 30, 2022 | | (Audited) December 31, 2021 | |
|--|-------------------------------|-------------------|--------------------------------|-----------------------------|
| | Cost / Amortised cost | Carrying value | Cost / Amortised cost | Provision for diminution |
| | 30,045,486 | 29,766,164 | 18,426,773 | - |
| | - | - | 6,388,711 | - |
| | 30,045,486 | 29,766,164 | 24,815,484 | - |
| | 2,500,000 | 2,524,600 | 5,056,250 | - |
| | - | - | - | 37,500 |
| | - | - | - | 5,093,750 |
| | - | - | - | 18,353,075 |
| | - | - | - | 6,388,711 |
| | - | - | - | (73,698) |
| | - | - | - | - |
| | - | - | - | (73,698) |
| | - | - | - | 24,741,786 |
| | 32,545,486 | 32,290,764 | 30,521,734 | - |
| | - | - | - | (36,134) |
| | - | - | - | 30,485,600 |



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2022

| | (Un-audited) June 30, 2022 | (Audited) December 31, 2021 |
|---|----------------------------------|-----------------------------------|
| Islamic financing and related assets | | |
| 36.3 | | |
| Ijarah | 529,866 | 540,440 |
| Murabaha | 2,167,878 | 1,556,538 |
| Diminishing musharaka | 9,158,618 | 8,953,865 |
| Running musharaka | 30,037,590 | 44,447,550 |
| Garze Hasna | 79,969 | - |
| Istisna | 5,487,436 | 5,189,157 |
| Others | 129,502 | 128,586 |
| Gross Islamic financing and related assets | 47,590,859 | 60,816,136 |
| Less: provision against Islamic financings | | |
| - Specific | 347,330 | 336,018 |
| - General | 23,117 | 10,838 |
| | 370,447 | 346,856 |
| | 47,220,412 | 60,469,280 |

Islamic financing and related assets - net of provision



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2022**

| 36.4 Deposits | (Un-audited) June 30, 2022 | | | (Audited) December 31, 2021 | | |
|---|-------------------------------|--------------------------|-------------------|--|-----------------------------------|-------------------|
| | In local currency | In foreign currencies | Total | In local currency | In foreign currencies | Total |
| ----- Rupees in '000 ----- | | | | | | |
| Customers | | | | | | |
| Current deposits | 22,942,484 | 57,746 | 23,000,230 | 17,781,070 | 51,692 | 17,832,762 |
| Savings deposits | 45,740,161 | 4,625 | 45,744,786 | 48,212,947 | 619 | 48,213,566 |
| Term deposits | 4,553,854 | - | 4,553,854 | 4,878,095 | - | 4,878,095 |
| Others | 3,911,370 | - | 3,911,370 | 2,854,136 | - | 2,854,136 |
| | <u>77,147,869</u> | <u>62,371</u> | <u>77,210,240</u> | <u>73,726,248</u> | <u>52,311</u> | <u>73,778,559</u> |
| Financial Institutions | | | | | | |
| Current Deposits | 570,210 | - | 570,210 | 255,520 | - | 255,520 |
| Savings deposits | 1,285,482 | - | 1,285,482 | 1,338,761 | - | 1,338,761 |
| | <u>1,855,692</u> | <u>-</u> | <u>1,855,692</u> | <u>1,594,281</u> | <u>-</u> | <u>1,594,281</u> |
| | <u>79,003,561</u> | <u>62,371</u> | <u>79,065,932</u> | <u>75,320,529</u> | <u>52,311</u> | <u>75,372,840</u> |
| | | | | (Un-audited) June 30, 2022 | (Audited) December 31, 2021 | |
| 36.5 Contingencies and commitments | | | | ----- Rupees in '000 ----- | | |
| Guarantees | | | | 6,998,862 | 5,460,308 | |
| Commitments | | | | 145,817 | 1,322,560 | |
| | | | | <u>7,144,679</u> | <u>6,782,868</u> | |
| | | | | (Un-audited) For the six months ended | | |
| | | | | June 30, 2022 | June 30, 2021 | |
| 36.6 Profit / return earned on financing, investments and placements | | | | ----- Rupees in '000 ----- | | |
| Financing | | | | 2,389,456 | 1,999,046 | |
| Investments | | | | 1,730,894 | 877,331 | |
| Placements | | | | 30,222 | 52,818 | |
| Balances with banks | | | | 88,641 | 1,358 | |
| | | | | <u>4,239,213</u> | <u>2,930,553</u> | |
| 36.7 Profit on deposits and other dues expensed | | | | | | |
| Deposits and other accounts | | | | 1,472,832 | 878,358 | |
| Due to Financial Institutions | | | | 423,027 | 413,892 | |
| Lease liability against right-of-use assets | | | | 19,611 | 19,989 | |
| | | | | <u>1,915,470</u> | <u>1,312,239</u> | |



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2022

| | (Un-audited) June 30, 2022 | (Audited) December 31, 2021 |
|---|----------------------------------|-----------------------------------|
| 36.8 Islamic banking business unappropriated profit | ----- Rupees in '000 ----- | |
| Opening balance | 4,810,395 | 5,539,709 |
| Add: Islamic banking profit before taxation for the period / year | 1,028,845 | 1,537,686 |
| Less: Taxation | (504,134) | (599,698) |
| Less: Transferred to head office | (187,598) | (1,667,302) |
| Closing balance | <u>5,147,508</u> | <u>4,810,395</u> |

36.9 Profit equalization reserve

The profit equalization reserves amounting to Rs. 23 million (December 31, 2021: Rs. 35 million) classified in other liabilities, which has been presented as reserves in note 36.

37 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorised for issue in the Board of Directors meeting of the Bank held on August 26, 2022.

Managing Director

Chief Financial Officer

Director

Director

Director



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