









Condensed Interim
Financial Statements
for the period ended March 31, 2016

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CORPORATE INFORMATION

Board of Directors

Muhammad Azam Khan
Ali Raza Bhutta
Maqsood Ismail Ahmad
Asad Muhammad Iqbal
Javed Akhtar
Rashid Ali Khan

Chairman

Managing Director / CEO

Shams-ul-Qayyum

Audit Committee

Asad Muhammad Iqbal
Ali Raza Bhutta
Javed Akhtar
Rashid Ali Khan

Chairman

HR&R Committee

Rashid Ali Khan
Maqsood Ismail Ahmad
Asad Muhammad Iqbal
Managing Director

Chairman

Risk Management Committee

Maqsood Ismail Ahmad
Rashid Ali Khan
Managing Director

Chairman

Chief Financial Officer

Rahat Gul

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.

UAN# 00-92-91-111 95 95 95

URL: www.bok.com.pk

Auditors

Grant Thornton Anjum Rahman
Chartered Accountants

Legal Advisors

Nisar Ahmed Khan
Advocate, Peshawar

M/s. Mohsin Tayebaly & Co., Karachi

Registrar and Share Registration Office

THK Associates (Pvt) Ltd
2nd Floor, State Life Building No. 3
Dr. Ziauddin Ahmed Road
Karachi – 75530. Pakistan

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 for the 1st quarter ended March 31, 2016. The results are inclusive of Islamic Banking Group.

Financial Highlights

The financial results of the Bank of Khyber for the 1st quarter ended March 31, 2016 are as under:

	(Rs. in Million)	
	March 31 2016	December 31 2015
Total Assets	172,227	155,158
Deposits	132,957	117,292
Advances (Gross)	39,267	40,137
Investments (Net)	107,914	88,296

	(Rs. in Million)	
	2016	2015
Operating Profit	927	758
Reversal/(Provision) against non-performing advances/others	14	(308)
Profit before taxation	941	450
Taxation	336	142
Profit after tax	605	308

Performance Review

The financial results for the 1st quarter remained quite satisfactory. The operating profit increased 22% over the corresponding period of 2015 whereas profit before tax was Rs.941 million against Rs.450 million of the corresponding period. Profit after tax recorded an impressive increase of 96% and stood at Rs.605 million against Rs.308 million of the same period last year.

An increase of 13% has been witnessed in deposits which increased from Rs.117,292 million as of year-end 2015 to Rs.132,957 million. Advances showed slight adjustments whereas Investments witnessed an increase of 22% and rose to Rs.107,914 million from Rs.88,296 million as of December 31, 2015. Total assets registered an increase of 11% in the first quarter over the year ended December 31, 2015.

Future Outlook

Notwithstanding the challenges, the Bank remains on a positive course. The Bank is making steady progress on various issues which include Human Resource restructuring, upgradation of technology platform and better systems and controls. On the operational side, the focus is on lowering cost of deposits and offering new and better products in consumer financing and gaining a foothold in new sectors such as energy and power. The Bank is also looking at more participation in corporate lending and syndicate financing. As always the Bank remains mindful of its social

obligations and development needs of the province.

At the end of the first quarter, the Bank was operating with 130 branches wherein 66 branches were working as dedicated Islamic Banking branches.

Credit Rating

JCR-VIS Credit Rating Company Ltd. (JCR-VIS) has maintained the medium to long term and short term entity ratings of the Bank at "A" (Single A) and "A-1" (A One) respectively. Outlook on the assigned rating is "Stable".

The Pakistan Credit Rating Agency Limited (PACRA) has also maintained the long term and short term entity ratings of the Bank at "A" (Single A) and "A1" (A One) respectively. Rating outlook is "Stable".

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

Acknowledgments

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 continued confidence in the Bank and the staff members for their hard work and consistent performance.

For and on behalf of the Board of Directors



Shams ul Qayyum
Managing Director

Peshawar: April 22, 2016

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT March 31, 2016**

		(Un-audited) March 31, 2016	(Audited) December 31, 2015
Note		<u>Rupees in '000'</u>	
ASSETS			
		5,768,156	5,546,796
		2,507,572	6,513,497
		15,979,212	13,205,156
	6	107,914,427	88,296,124
		35,499,355	36,453,611
	7	1,924,974	1,924,825
	8	-	-
	9	2,633,223	3,218,724
		172,226,919	155,158,733
LIABILITIES			
		560,656	504,884
		16,318,430	17,130,194
	10	132,956,513	117,292,012
	11	-	-
		-	-
		1,114,671	469,123
	12	3,609,186	3,844,944
		154,559,456	139,241,157
NET ASSETS			
		17,667,463	15,917,576
REPRESENTED BY			
		10,002,524	10,002,524
		3,159,477	1,788,074
		1,415,692	2,182,400
		14,577,693	13,972,998
		3,089,770	1,944,578
	13	17,667,463	15,917,576
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The annexed notes 1 to 19 form an integral part of this condensed interim financial information.



Managing Director



Director



Director



Chairman

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE PERIOD ENDED MARCH 31, 2016

Note	Three months ended March 31, 2016	Three months ended March 31, 2016	Three months ended March 31, 2015	Three months ended March 31, 2015
	Rupees in '000'			
Mark-up / return / interest earned	2,794,978	2,794,978	2,856,071	2,856,071
Mark-up / return / interest expensed	1,710,941	1,710,941	1,694,320	1,694,320
Net mark-up / interest income	1,084,037	1,084,037	1,161,751	1,161,751
Provision against non-performing loans and advances - net	83,692	83,692	307,671	307,671
Reversal of provision for diminution in value of investments - net	(81,247)	(81,247)	(146)	(146)
Bad debts written off directly	-	-	-	-
	2,445	2,445	307,525	307,525
Net mark-up / interest income after provisions	1,081,592	1,081,592	854,226	854,226
NON MARK-UP / INTEREST INCOME				
Fee, commission and brokerage income	59,097	59,097	62,479	62,479
Dividend income	75,629	75,629	31,775	31,775
Income from dealing in foreign currencies	23,280	23,280	30,506	30,506
Gain on sale of securities - net	376,099	376,099	77,382	77,382
Unrealised (loss) / gain on revaluation of investments classified as held-for-trading	(255)	(255)	17,116	17,116
Other income	24,323	24,323	21,053	21,053
Total non mark-up / interest income	558,173	558,173	240,311	240,311
	1,639,765	1,639,765	1,094,537	1,094,537
NON MARK-UP / INTEREST EXPENSES				
Administrative expenses	715,579	715,579	636,118	636,118
Reversal of other provisions / write offs	(16,364)	(16,364)	-	-
Other charges	8	8	8,012	8,012
Total non mark-up / interest expenses	699,223	699,223	644,130	644,130
	940,542	940,542	450,407	450,407
Extra ordinary / unusual item	-	-	-	-
PROFIT BEFORE TAXATION	940,542	940,542	450,407	450,407
Taxation				
Current	306,913	306,913	145,817	145,817
Prior	-	-	-	-
Deferred	28,934	28,934	(4,015)	(4,015)
	335,847	335,847	141,802	141,802
PROFIT AFTER TAXATION	604,695	604,695	308,605	308,605
Unappropriated profit brought forward		2,182,400		1,778,056
Accumulated profit carried forward		2,787,095		2,086,661
Earnings per share - Basic and Diluted (in Rupees) 15		0.60		0.31

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.



Managing Director



Director



Director



Chairman

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2016**

	Three months ended March 31, 2016	Three months ended March 31, 2016	Three months ended March31, 2015	Three months ended March31, 2015
	----- Rupees in '000' -----			
Profit for the period	604,695	604,695	308,605	308,605
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	604,695	604,695	308,605	308,605

Surplus / (deficit) on revaluation of 'Available for sale' securities and 'Fixed assets' are presented under a separate head below equity as 'surplus / (deficit) on revaluation of assets' in accordance with the requirements specified by the State Bank of Pakistan vide its BSD Circular No. 20 dated August 04, 2000 and BSD Circular No. 10 dated July 13, 2004 respectively and Companies Ordinance, 1984.

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.



Managing Director



Director



Director



Chairman

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE PERIOD ENDED MARCH 31, 2016

	Share capital	Statutory reserve	Reserve for issue of Dividend	Unappropriated profit	Total
----- Rupees in '000' -----					
Balance as at January 1, 2015 (Audited)	10,002,524	1,430,231	-	1,778,056	13,210,811
Changes in equity during the three months ended March 31, 2015					
Total comprehensive income					
Profit after taxation for the three months ended March 31, 2015	-	-	-	308,605	308,605
Other comprehensive income - net of tax	-	-	-	-	-
Transfer to statutory reserve	-	-	-	308,605	308,605
Transactions with owners recorded directly in equity	-	61,721	-	(61,721)	-
Reserve for issue of dividend @ 10%	-	-	1,000,371	(1,000,371)	-
Balance as at March 31, 2015 (Un-audited)	10,002,524	1,491,952	1,000,371	1,024,569	13,519,416
Transactions with owners recorded directly in equity					
Dividend for the year ended December 31, 2014 (Rs.1.00 per share)	-	-	(1,000,371)	-	(1,000,371)
Changes in equity during the nine months ended December 31, 2015					
Total comprehensive income					
Profit after taxation for the nine months ended December 31, 2015	-	-	-	1,480,609	1,480,609
Other comprehensive income - net of tax	-	-	-	(26,656)	(26,656)
Transfer to statutory reserve	-	296,122	-	(296,122)	-
Balance as at December 31, 2015 (Audited)	10,002,524	1,788,074	-	2,182,400	13,972,998
Changes in equity during the three months ended March 31, 2016					
Total comprehensive income					
Profit after taxation for the three months ended March 31, 2016	-	-	-	604,695	604,695
Other comprehensive income - net of tax	-	-	-	-	-
Transfer to statutory reserve	-	120,939	-	(120,939)	-
Transactions with owners recorded directly in equity	-	-	1,250,464	(1,250,464)	-
Reserve for issue of dividend @12.5%	-	-	1,250,464	(1,250,464)	-
Balance as at March 31, 2016 (Un-audited)	10,002,524	1,909,013	1,250,464	1,415,692	14,577,693

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.



Managing Director



Director



Director



Chairman

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE PERIOD ENDED MARCH 31, 2016

	Three months ended March 31, 2016	Three months ended March 31, 2015
Rupees in '000		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	940,542	450,407
Less: Dividend income	75,629	31,775
	864,913	418,632
Adjustments for non-cash charges		
Depreciation	48,398	43,381
Amortisation	4,703	868
Provision against non-performing advances-net	83,692	307,671
(Reversal of provision) for diminution in the value of investments-net	(81,247)	(146)
(Reversal of provision) against other assets	(16,364)	-
Unrealised loss / (gain) on revaluation of investments classified as held-for-trading	255	(17,116)
(Gain) on sale of operating fixed assets	(296)	(322)
	39,141	334,336
	904,054	752,968
(Increase) / decrease in operating assets		
Lendings to financial institutions	(2,774,056)	(298,000)
Net investments in held-for-trading securities	(497,552)	1,664,133
Advances	870,564	6,891,025
Others assets (excluding advance taxation)	601,865	881,179
	(1,799,179)	9,138,337
Increase / (decrease) in operating liabilities		
Bills payable	55,772	(64,190)
Borrowings	(811,764)	(1,707,337)
Deposits and other accounts	15,664,501	(3,512,850)
Other liabilities (excluding current taxation)	(134,908)	(908,200)
	14,773,601	(6,192,577)
	13,878,476	3,698,728
Income tax paid - net	(407,763)	(234,376)
Net cash generated from operating activities	13,470,713	3,464,352
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(17,302,964)	(3,458,166)
Net investments in held-to-maturity securities	25,011	94,379
Dividend received	75,629	31,775
Investments in operating fixed assets - net	(55,015)	(215,172)
Proceeds from sale of operating fixed assets	2,061	479
Net cash used in investing activities	(17,255,278)	(3,546,705)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in cash and cash equivalents	(3,784,565)	(82,353)
Cash and cash equivalents at beginning of the period	12,060,293	6,620,465
Cash and cash equivalents at end of the period	8,275,728	6,538,112

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.



Managing Director



Director



Director



Chairman

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE PERIOD ENDED MARCH 31, 2016

1. STATUS AND NATURE OF BUSINESS

- 1.1** 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 (formerly Karachi Stock Exchange limited). The registered office of the Bank is situated at 24-The Mall, Peshawar Cantt, Peshawar. The Bank operates 130 branches including 66 Islamic banking branches (2015: 130 branches including 66 Islamic banking branches). The long term credit rating of the Bank assigned by The Pakistan Credit Rating Agency Limited (PACRA) and JCR-VIS are 'A' and 'A' respectively and the short-term credit ratings assigned are 'A-1' (A-one) and 'A1' (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 mark-up 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 financial statements as such, but are restricted to the amount of facility actually utilized and the appropriate portion of markup thereon.
- 2.2** The financial results of the Islamic Banking Group have been included in these financial statements for reporting purpose, after eliminating the effects of inter-branch transactions and balances. Key financial figures of the Islamic Banking Group are disclosed in note 16 to these condensed interim financial statements.
- 2.3** These 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.

3. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except that certain operating fixed assets have been stated at revalued amounts and certain investments and derivative financial instruments have been stated at fair value, as disclosed in their respective notes.

4. STATEMENT OF COMPLIANCE

- 4.1** These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFASs) issued by The Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, the provisions of and directives issued under the Companies Ordinance, 1984, Banking Companies Ordinance, 1962, and the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). In case the

requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 and the directives issued by the SECP and SBP shall prevail.

- 4.2** The SBP, vide BSD Circular 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. Further, according to a notification of SECP dated April 28, 2008, IFRS 7 "Financial Instruments: Disclosure" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by SBP through various circulars issued by the SBP.
- 4.3** IFRS 8, 'Operating Segments' is effective for the Bank's accounting period beginning on or after January 1, 2009. All banking companies in Pakistan are required to prepare their annual financial statements in line with the format prescribed under BSD Circular No. 4 dated February 17, 2006, 'Revised Forms of Annual Financial Statements', effective from the accounting year ended December 31, 2006. Management believes that as the SBP has defined the segment categorization in the above mentioned circular, the SBP requirements prevail over the requirements specified in IFRS 8. Accordingly, segment information disclosed in these financial statements is based on the requirements laid down by the SBP.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS AND RISK MANAGEMENT POLICIES

- 5.1** The accounting policies, underlying estimates and judgments and methods of computation followed in the preparation of this condensed interim financial information are same as those applied in preparing the most recent annual financial statements of the Bank for the year ended December 31, 2015.
- 5.2** The financial risk management objectives and policies adopted by the Bank are consistent with that disclosed in the financial statements of the Bank for the year ended December 31, 2015.

(Un-audited)	(Audited)
March 31,	December 31,
2016	2015
Rupees in '000'	

6. LENDINGS TO FINANCIAL INSTITUTIONS

Call money lending	3,800,000	500,000
Repurchase agreement lendings (Reverse Repo)	3,487,880	1,288,824
Bai Muajjal receivable from State Bank of Pakistan	7,216,332	7,216,332
Placements with financial institutions	1,713,944	4,438,944
	16,218,156	13,444,100
Provision against lendings to financial institutions	(238,944)	(238,944)
	15,979,212	13,205,156

7. INVESTMENTS

Note	March 31, 2016 (Un-audited)			December 31, 2015 (Audited)		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
----- Rupees in '000' -----						
Held-for-trading securities						
Pakistan Investment Bonds	-	-	-	981,181	-	981,181
Ordinary shares in listed companies	-	-	-	53,525	-	53,525
Market Treasury Bills	1,526,080	-	1,526,080	-	-	-
	1,526,080	-	1,526,080	1,034,706	-	1,034,706
Available-for-sale securities						
Market Treasury Bills	22,702,678	13,949,029	36,651,707	42,535,742	-	42,535,742
Pakistan Investment Bonds	51,146,530	-	51,146,530	18,419,685	13,710,642	32,130,327
GOP Ijarah Sukuk	7,250,749	-	7,250,749	2,500,000	-	2,500,000
Ordinary shares in listed companies	1,679,930	-	1,679,930	1,944,646	-	1,944,646
Ordinary shares in unlisted companies	30,487	-	30,487	30,487	-	30,487
Unlisted ordinary shares of related parties	112,500	-	112,500	112,500	-	112,500
Preference shares in listed companies	195,000	-	195,000	195,000	-	195,000
Listed term finance certificates	138,550	-	138,550	138,550	-	138,550
Unlisted term finance certificates	269,394	-	269,394	269,394	-	269,394
Units of open-end mutual funds	-	-	-	290,237	-	290,237
Sukuk certificates	765,069	-	765,069	790,069	-	790,069
	84,290,887	13,949,029	98,239,916	67,226,310	13,710,642	80,936,952
Held-to-maturity securities						
Pakistan Investment Bonds	5,347,846	-	5,347,846	5,339,524	-	5,339,524
Sukuk certificates	100,000	-	100,000	133,333	-	133,333
	5,447,846	-	5,447,846	5,472,857	-	5,472,857
Investment in associate	40,504	-	40,504	40,504	-	40,504
Investments at cost	91,305,317	13,949,029	105,254,346	73,774,377	13,710,642	87,485,019
Provision for diminution in the value of investments	7.1 (877,367)	-	(877,367)	(958,614)	-	(958,614)
Investments (net of provisions)	90,427,950	13,949,029	104,376,979	72,815,763	13,710,642	86,526,405
Unrealised (loss) on revaluation of held-for-trading securities - net	(255)	-	(255)	(6,178)	-	(6,178)
Surplus on revaluation of available-for-sale securities - net	13 3,537,703	-	3,537,703	1,775,897	-	1,775,897
Total investments	93,965,398	13,949,029	107,914,427	74,585,482	13,710,642	88,296,124

	(Un-audited)	(Audited)
	March 31, 2016	December 31, 2015
Note	Rupees in '000'	
7.1 Provision for diminution in the value of investments		
Opening balance	958,614	876,204
Charge for the period / year	-	90,762
Reversal on disposals	(81,247)	(8,352)
	(81,247)	82,410
Closing balance	877,367	958,614
8. ADVANCES		
Loans, cash credits, running finances, etc.		
In Pakistan	28,849,961	29,390,670
Outside Pakistan	-	-
	28,849,961	29,390,670
Islamic financing and related assets	9,388,230	9,662,199
Net investment in Ijarah:		
In Pakistan	698,869	730,165
Outside Pakistan	-	-
	698,869	730,165
Bills discounted and purchased (excluding treasury bills)		
Payable in Pakistan	146,631	189,373
Payable outside Pakistan	182,892	164,740
	329,523	354,113
Advances - gross	39,266,583	40,137,147
Provision against non-performing advances	8.2 (3,767,228)	(3,683,536)
Advances - net of provision	35,499,355	36,453,611

- 8.1 Advances include Rs. 5,095.880 million (December 31, 2015: Rs. 5,132.863 million) which have been placed under non-performing status as detailed below:

Category of classification	March 31, 2016 (Un-audited)					
	Classified advances			Provision required		Provision held
	Domestic	Overseas	Total	Domestic	Overseas	
	Rupees in '000'					
Other Assets Especially Mentioned *	11,614	-	11,614	433	-	433
Substandard	408,817	-	408,817	76,771	-	76,771
Doubtful	48,903	-	48,903	11,119	-	11,119
Loss	4,626,546	-	4,626,546	3,652,512	-	3,652,512
	5,095,880	-	5,095,880	3,740,835	-	3,740,835

Category of classification	December 31, 2015 (Audited)					
	Classified Advances			Provision required		Provision held
	Domestic	Overseas	Total	Domestic	Overseas	
	Rupees in '000'					
Other Assets Especially Mentioned *	12,636	-	12,636	-	-	-
Substandard	334,439	-	334,439	53,221	-	53,221
Doubtful	641,712	-	641,712	73,888	-	73,888
Loss	4,144,076	-	4,144,076	3,528,381	-	3,528,381
	5,132,863	-	5,132,863	3,655,490	-	3,655,490

* Other Assets Especially Mentioned category pertains to agricultural finance and small enterprise finance.

- 8.1.1 State Bank of Pakistan through various circulars has allowed benefit of the forced sales value (FSV) of Plant & Machinery under charge, pledged stock and mortgaged residential, commercial and industrial properties (land and building only) held as collateral against Non-Performing Loans (NPLs) for five years from the date of classification. As at March 31, 2016, the Bank has availed cumulative benefit of forced sale values of Rs. 1,007.745 million (December 31, 2015: Rs. 888.139 million). Increase in unappropriated profit net of tax amounting to Rs. 655.034 million (December 31, 2015 Rs.577.290 million) is not available for the distribution of cash and stock dividend to the shareholders.

8.2 Particulars of provision against non-performing advances

	March 31, 2016 (Un-audited)			December 31, 2015 (Audited)		
	Specific	General	Total	Specific	General	Total
	Rupees in '000'					
Opening balance	3,655,490	28,046	3,683,536	3,142,923	42,481	3,185,404
Charge for the period / year	252,524	-	252,524	707,546	-	707,546
Reversals	(167,179)	(1,653)	(168,832)	(194,979)	(14,435)	(209,414)
	85,345	(1,653)	83,692	512,567	(14,435)	498,132
Amounts written off	-	-	-	-	-	-
Closing balance	3,740,835	26,393	3,767,228	3,655,490	28,046	3,683,536

9. OPERATING FIXED ASSETS

Capital work-in-progress
Property and equipment
Intangible assets

Note	(Un-audited)	(Audited)
	March 31, 2016	December 31, 2015
	Rupees in '000'	
	316,788	308,367
9.1	1,569,891	1,578,902
	38,295	37,556
	1,924,974	1,924,825

9.1 Following additions / disposals have been made to / from property and equipment;

	March 31, 2016 (Un-audited)		March 31, 2015 (Un-audited)	
	Additions	Disposals	Additions	Disposals
	Rs. in '000'			
Building on leasehold land	-	11,620	-	-
Furniture and fixtures	6,129	2,800	3,675	766
Office equipment	15,639	7,288	36,800	824
Vehicles	5	-	-	-
Renovations / Premises	19,378	7,126	18,819	4,676
	41,151	28,834	59,294	6,266

(Un-audited) (Audited)
March 31, 2016 December 31, 2015
 Rupees in '000'

10. **BORROWINGS**

Secured

Borrowings from State Bank of Pakistan under:

Export refinance scheme	1,606,382	1,550,582
Long term financing for export oriented projects	33,616	39,218
SME financing scheme	1,725	1,929
	1,641,723	1,591,729
Repurchase agreement borrowings	13,949,029	13,710,642
	15,590,752	15,302,371
Unsecured		
Call borrowing	727,678	1,827,823
	16,318,430	17,130,194

11. **DEPOSITS AND OTHER ACCOUNTS**

Customers

Fixed deposits	50,840,162	47,775,041
Savings deposits	57,049,399	42,552,127
Current accounts - non-remunerative	22,090,684	24,117,056
Call deposits	1,384,942	1,326,927
Margin and sundry deposits	1,564,229	1,493,353
	132,929,416	117,264,504

Financial Institutions

Remunerative deposits	26,366	26,822
Non-remunerative deposits	731	686
	27,097	27,508
	132,956,513	117,292,012

12. **DEFERRED TAX LIABILITIES - NET**

Deferred tax asset arising in respect of:

Provision for balances with other banks	3,510	3,510
Provision for diminution in value of investments	61,690	87,203
Provision for non-performing loans	8,243	9,754
Provision for other assets	3,448	3,448
Re-measurement of defined benefit plan	-	14,354
Stabilisation reserve	53,785	40,530
	130,676	158,799

Deferred tax liability arising in respect of:

Accelerated tax depreciation	(7,169)	(6,358)
(Surplus) on revaluation of investment	(1,238,178)	(621,564)
	(1,245,347)	(627,922)
Deferred tax liability - net	(1,114,671)	(469,123)

		(Un-audited)	(Audited)
		March 31, 2016	December 31, 2015
Rupees in '000'			
13.	SURPLUS ON REVALUATION OF ASSETS - NET OF TAX		
	Surplus / (Deficit) on revaluation of available-for-sale securities	Note	
	Federal government securities		
	- Market Treasury Bills	(1,379)	16,596
	- Pakistan Investment Bonds	3,555,269	1,631,884
	- Sukuk Certificates	(849)	-
	Fully paid up ordinary shares - listed	(15,338)	38,469
	Units in open-end mutual funds	-	88,948
		7	
	Deferred tax liabilities	3,537,703	1,775,897
		(1,238,178)	(621,564)
	Surplus on revaluation of fixed assets	2,299,525	1,154,333
	Leasehold land	790,245	790,245
		3,089,770	1,944,578
		(Un-audited)	(Audited)
		March 31, 2016	December 31, 2015
		Rupees in '000'	
14.	CONTINGENCIES AND COMMITMENTS		
14.1	Direct credit substitutes		
	Contingent liabilities in respect of guarantees given favouring:		
	Banks	-	-
	Others	472,628	468,909
		472,628	468,909
14.2	Transaction-related contingent liabilities		
	Contingent liabilities in respect of performance bonds, bid bonds, warranties etc. given favouring:		
	Government	6,542,109	5,601,096
	Others	3,470,742	3,873,179
		14.2.1	
		10,012,851	9,474,275
14.2.1	The above amounts include expired letters of guarantee aggregating to Rs.2,940.634 million as at March 31, 2016 (December 31, 2015: Rs. 2,923.683 million) for which the formalities relating to return of the original documents are in process.		
		(Un-audited)	(Audited)
		March 31, 2016	December 31, 2015
		Rupees in '000'	
14.3	Trade-related contingent liabilities		
	Letters of credit		
	Sight	2,018,524	2,105,938
	Usance	320,742	229,324
		2,339,266	2,335,262
	Acceptances	668,040	591,321
		3,007,306	2,926,583
14.4	Commitments in respect of forward exchange contracts		
	Purchase	2,020,133	1,412,483
	Sale	1,758,922	2,447,314
14.4.1	All forward exchange contracts are backed by trade related transactions to meet the needs of the Bank's clients to generate trading revenues and, as part of its asset and liability management activity, to hedge its own exposure to currency risk. At the period end, all foreign exchange contracts have a remaining maturity of less than one year.		

	(Un-audited)	(Audited)
	March 31, 2016	December 31, 2015
Rupees in '000'		
14.5 Other commitments		
Bills for collection		
Inland bills	131,184	159,665
Foreign bills	414,877	310,657
	546,061	470,322

14.6 Commitments to extend credit

The Bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty if the facility is unilaterally withdrawn.

14.7 Commitment for the acquisition of operating fixed assets

Commitments as on reporting date amounts to Rs. 9.283 million (December 31, 2015: Rs. 25.861 million).

14.8 The income tax assessments of the Bank have been finalized upto and including tax year 2015

14.9 For tax year 2012 the tax authorities have issued order under sections 161 and 205 of the income tax Ordinance, 2001 demanding the payment of withholding taxes on account of lack of evidence of tax deduction against the payments of certain expenditures amounting to Rs. 5.845 million along with default surcharge of Rs. 0.876 million. The Bank has filed appeals before the Commissioner Inland Revenue (Appeals) for grant of relief against order for tax year 2012. Management believes that this matter will be decided partially in favor of the Bank. Consequently, provision of Rs. 2.999 million has been made in respect of this amount in the condensed interim financial information for tax year 2012.

Three months ended March 31 2016	Three months ended March 31 2016	Three months ended March 31 2015	Three months ended March 31 2015
----- Rupees in '000' -----			

15. EARNINGS PER SHARE - BASIC AND DILUTED

Profit after taxation for the period attributable to ordinary shareholders

604,695	604,695	308,605	308,605
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-----Number of Shares-----

Weighted average number of ordinary shares outstanding during the period

1,000,252,485	1,000,252,485	1,000,252,485	1,000,252,485
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Earnings per share - basic and diluted for the period (in Rupees)

0.60	0.60	0.31	0.31
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There is no dilution effect on basic earning per share.

Note	(Un-audited)	(Audited)
	March 31, 2016	December 31, 2015
Rupees in '000'		
16. KEY FINANCIAL FIGURES OF ISLAMIC BANKING GROUP		
ASSETS		
Cash and balances with treasury banks	1,569,774	1,958,691
Balances with other banks	1,470,159	3,541,824
Due from financial institutions	10,691,332	11,916,332
Investments	8,022,780	3,358,687
Islamic financing and related assets	9,877,834	10,195,524
Operating fixed assets	245,868	249,149
Deferred tax assets	-	-
Other assets	693,191	623,301
	32,570,938	31,843,508
LIABILITIES		
Bills payable	184,095	148,025
Borrowing from financial institutions	225,000	300,000
Deposits and other accounts		
- Current accounts	9,626,886	9,565,471
- Saving accounts	11,509,615	11,770,298
- Term deposits	3,083,785	2,871,111
- Others	1,378,935	1,244,035
Deposits from financial institutions - remunerative	3,295	283
Deposits from financial institutions - non-remunerative	-	-
Other liabilities	2,876,197	2,308,600
	28,887,808	28,207,823
NET ASSETS	3,683,130	3,635,685
REPRESENTED BY		
Islamic banking fund	460,000	460,000
Profit equalization reserves	35,730	36,271
Unappropriated profit	3,198,399	3,147,440
	3,694,129	3,643,711
(Deficit) on revaluation of assets	(10,999)	(8,026)
	3,683,130	3,635,685
Remuneration to Shariah Advisor during the period / year	768	2,821
CHARITY FUND		
Opening balance at the start of the period / year	-	-
Additions during the period / year	2,855	1,225
Payments during the period / year	-	(1,225)
Closing balance at the end of the period / year	2,855	-

The profit and loss account of the Islamic Banking Group for the three months ended March 31, 2016 is as under:

Note	(Un-audited)	(Un-audited)
	March 31, 2016	March 31, 2015
Rupees in '000'		
Income / return / profit earned	401,081	494,625
Income / return / profit expensed	114,752	149,269
	286,329	345,356
Provision against non-performing financing	12,425	6,345
	12,425	6,345
Net profit / return income after provision	273,904	339,011
OTHER INCOME		
Fee, commission and brokerage income	18,811	18,801
Dividend income	1,197	3,362
Income from dealing in foreign currencies	14,854	11,371
Unrealised loss on revaluation of held-for-trading securities	(4)	(644)
Gain/ (loss) on sale of securities	50	(5,199)
Other income	7,709	5,190
Total non-markup income	42,617	32,881
	316,521	371,892
OTHER EXPENSES		
Administrative expenses	265,562	231,826
Other charges	-	-
Total other charges	265,562	231,826
Profit for the period	50,959	140,066
	(Un-audited)	(Audited)
	March 31, 2016	December 31, 2015
Rupees in '000'		
A-1 Islamic Financing and Related Assets		
Murabaha financings	A-1.1 1,725,610	2,480,780
Ijarah	A-1.2 698,869	730,165
Diminishing musharaka	A-1.3 2,359,662	2,467,265
Istisna work-in-progress	A-1.4 1,200,000	700,000
Salam	A-1.5 4,050,384	4,000,000
Qarza -e- Hasna	48,911	5,641
Other financings	3,663	8,513
	10,087,099	10,392,364
Less provision for non-performing facilities	(209,265)	(196,840)
	9,877,834	10,195,524
A-1.1 Murabaha		
Murabaha Receivable	1,463,561	2,229,091
Advances / Inventories	262,049	251,689
	1,725,610	2,480,780
A-1.2 Ijarah		
Net investment in Ijarah	11,898	12,253
Ijarah under IFAS-II	684,572	717,207
Advances	2,399	705
	686,971	717,912
	698,869	730,165

A-1.3	Diminishing musharaka Diminishing musharaka Advances	2,297,307	2,410,137
		62,355	57,128
		2,359,662	2,467,265
A-1.4	Istisna Financing Istisna work-in-progress Advances	1,200,000	700,000
		-	-
		1,200,000	700,000
A-1.5	Salam Financing Salam financing Salam sale receivable	2,500,000	4,000,000
		1,550,384	-
		4,050,384	4,000,000

17. RELATED PARTY TRANSACTIONS

The Bank has related party relationship with Government of Khyber Pakhtunkhwa (majority shareholder), 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 valuation.

Transactions with key management personnel are in accordance with the terms of their employment. Other transactions are at agreed terms.

17.1 Details of transactions with related parties as at the period / year end are as follows:

	March 31, 2016 (Un-audited)			December 31, 2015 (Audited)		
	Directors and key management personnel	Associates	Employee fund	Directors and key management personnel	Associates	Employee fund
----- Rupees in '000' -----						
Advances:						
At January 1,	157,795	-	-	145,333	-	-
Disbursed during the period / year	19,127	-	-	39,712	-	-
Repaid during the period / year	(8,560)	-	-	(27,250)	-	-
Balance as at March 31 / December 31	168,362	-	-	157,795	-	-
Deposits:						
At January 1,	18,216	15,852	74,963	9,865	14,339	49,446
Deposited during the period / year	62,968	5,043	118,327	179,358	69,878	540,368
Repaid during the period / year	(54,725)	(3,316)	(151,565)	(171,007)	(68,365)	(514,851)
Balance as at March 31 / December 31	26,459	17,579	41,725	18,216	15,852	74,963
	For the three months ended March 31, 2016 (Un-audited)			For the three months ended March 31, 2015 (Un-audited)		
	Directors and key management personnel	Associates	Employee fund	Directors and key management personnel	Associates	Employee fund
----- Rupees in '000' -----						
Transactions, income and expenditure						
Mark-up / return / interest earned	3,298	-	-	1,064	-	-
Mark-up / return / interest expensed	279	347	8,670	330	369	158
Fee	1,153	-	-	380	-	-

17.2 Although the Government of Khyber Pakhtunkhwa holds 70.20% shares of the Bank (December 31, 2015 : 70.20%), the transactions with it have not been treated as related party transactions for the purpose of this disclosure.

18. **SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES**

The segment analysis with respect to business activity is as follows:-

For the three months ended March 31, 2016 (Un-audited)					
Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Total	
Rupees in '000'					
Total income	2,109,118	509,037	63,115	671,880	3,353,150
Total expenses	(1,908,846)	(194,722)	(30,546)	(614,341)	(2,748,455)
Net income	200,272	314,315	32,569	57,539	604,695

For the three months ended March 31, 2015 (Un-audited)					
Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Total	
Rupees in '000'					
Total income	1,699,336	200,652	197,243	999,151	3,096,382
Total expenses	(1,584,379)	(131,909)	(172,351)	(899,138)	(2,787,777)
Net income	114,957	68,743	24,892	100,013	308,605

19. **GENERAL**

19.1 **Date of authorization for issue**

This condensed interim financial information was authorised for issue on April 22, 2016 by the Board of Directors of the Bank.

19.2 **Profit Equalization reserve**

The profit equalization reserve amounting Rs. 35.730 million (December 31, 2015 Rs: 36.271 million) classified in other liabilities, which has been presented as reserve in Note 16.



Managing Director



Director



Director



Chairman

