



The Bank of Khyber



**CONDENSED INTERIM
FINANCIAL INFORMATION**
For the Period Ended March 31, 2022

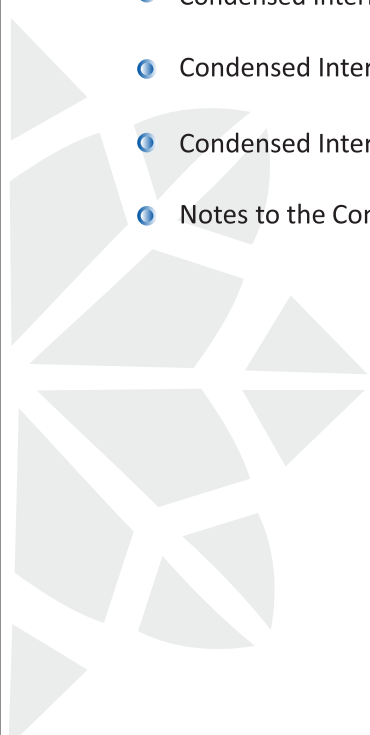
Condensed Interim

FINANCIAL INFORMATION

For the Period Ended March 31, 2022

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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

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
Saleha Asif	Member

Board Human Resource & Remuneration Committee

Saleha Asif	Chairperson
Tahir Jawaid	Member
Managing Director	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
Managing Director

Chairman
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 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 for the 1st quarter ended March 31, 2022. The results are inclusive of Islamic Banking Operations.

Financial Highlights

The financial results of the Bank of Khyber for the 1st quarter ended March 31, 2022 are as under:

	(Rs. in Million)	
	March 31 <u>2022</u>	December 31 <u>2021</u>
Total Assets	459,280	358,606
Deposits	235,660	221,876
Advances (Gross)	145,868	131,166
Investments (Net)	256,407	184,399

	(Rs. in Million)	
	Period Ended March 31 <u>2022</u>	March 31 <u>2021</u>
Operating Profit	746	741
Provision against non-performing advances/others	99	88
Profit before taxation	647	653
Taxation	257	214
Profit after tax	390	439

Performance Review

Since effects of Corona pandemic have subsided across the globe, the economies have shown recoveries and as such Pakistan has also attained significant momentum in overall economic activities. The political uncertainty in the country may however, engulf the positive impact of the economy and further aggravate the economic conditions. In the backdrop of this situation, the Bank managed to post Rs.647 million profit before tax whereas profit after tax for the first quarter of the year 2022 stood at Rs.390 million.

With an increase of 6%, the deposits stood at Rs.235,660 million from Rs.221,876 million as of year-end 2021. Due to commodity financing extended during the quarter under review, advances increased by 11% and stood at Rs.145,868 million. Investments registered an increase of 39% and reached Rs.256,407 million from Rs.184,399 million. This increase mainly attributed to purchase of federal government securities i.e. TBills and PIBs. The balance sheet size has increased by 28% to reach at Rs.459,280 million from Rs.358,606 million as of year-end 2021.

Future Outlook

Pakistan faces a challenging economic outlook in which a host of factors need to be addressed. In the current environment, pressure will likely remain on the Bank's operations. The Bank is taking necessary steps to mitigate likely adverse impact of host of economic factors and ensure smooth operations.

At the end of the quarter under review, the Bank was operating with 215 branches and 14 sub-branches throughout the country out of which 110 branches were functioning as dedicated Islamic Banking Branches.

The Bank remains cognizant of the challenging business environment and stands committed to its strategy of steady growth through diversification in products, services and outreach. We are confident to achieve our targets and believe that the year in progress will prove to be a successful year for the Bank.

Credit Rating

VIS Credit Rating Company Limited (VIS) has upgraded the medium to long term entity rating of the Bank from 'A' (Single A) to 'A+' (Single A Plus) while maintaining 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). 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

The Board would like to thank the Bank's valued customers for their patronage and continued confidence in the Bank. We are also grateful to the State Bank of Pakistan and other regulatory authorities for their support and guidance.

For and on behalf of the Board of Directors



Muhammad Ali Gulfaraz
Managing Director

Peshawar: April 27, 2022

**THE BANK OF KHYBER
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2022**

		(Un-audited) March 31, 2022	(Audited) December 31, 2021
	Note	----- Rupees in '000 -----	
ASSETS			
Cash and balances with treasury banks	5	16,273,766	17,375,313
Balances with other banks	6	17,080,823	12,114,583
Lendings to financial institutions	7	15,384,178	4,982,294
Investments	8	256,407,217	184,398,946
Advances	9	139,218,611	124,549,195
Fixed assets	10	5,114,633	5,137,202
Intangible assets	11	436,604	450,239
Deferred tax assets	12	998,122	992,412
Other assets	13	8,366,228	8,605,861
		459,280,182	358,606,045
LIABILITIES			
Bills payable	14	889,613	874,567
Borrowings	15	198,190,080	110,068,928
Deposits and other accounts	16	235,660,007	221,875,898
Liabilities against assets subject to finance lease		-	-
Sub-ordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	17	7,664,306	9,216,778
		442,404,006	342,036,171
NET ASSETS		16,876,176	16,569,874
REPRESENTED BY			
Share capital	18	11,027,905	10,502,710
Reserves		3,633,698	3,555,773
Surplus on revaluation of assets - net	19	265,701	350,617
Unappropriated profit		1,948,872	2,160,774
		16,876,176	16,569,874
CONTINGENCIES AND COMMITMENTS	20		

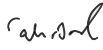
The annexed notes 1 to 39 form an integral part of these condensed interim financial statements.



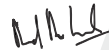
**MANAGING
DIRECTOR**



**CHIEF FINANCIAL
OFFICER**



DIRECTOR



DIRECTOR



DIRECTOR

**THE BANK OF KHYBER
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022**

	Note	January 01	January 01
		to	to
		March 31, 2022	March 31, 2021
----- Rupees in '000 -----			
Mark-up / return / interest earned	21	7,905,160	5,540,980
Mark-up / return / interest expensed	22	6,019,188	3,743,295
Net mark-up / interest income		<u>1,885,972</u>	<u>1,797,685</u>
NON MARK-UP/INTEREST INCOME			
Fee and commission income	23	120,549	70,725
Dividend income		3,005	5,284
Share of profit of associate		1,280	-
Foreign exchange income		216,231	235,851
Gain / (loss) on securities	24	19,613	(176,612)
Other income	25	27,024	24,640
Total non-markup/interest income		<u>387,702</u>	<u>159,888</u>
Total income		<u>2,273,674</u>	<u>1,957,573</u>
NON MARK-UP/INTEREST EXPENSE			
Operating expenses	26	1,527,613	1,214,323
Workers welfare fund		-	-
Other charges	27	5	2,300
Total non-markup/interest expenses		<u>1,527,618</u>	<u>1,216,623</u>
PROFIT BEFORE PROVISIONS		<u>746,056</u>	<u>740,950</u>
Provisions and write offs - net	28	99,093	87,720
PROFIT BEFORE TAXATION		<u>646,963</u>	<u>653,230</u>
Taxation	29	257,339	213,741
PROFIT AFTER TAXATION		<u>389,624</u>	<u>439,489</u>
----- Rupees -----			
			(Restated)
Basic and diluted earnings per share	30	<u>0.35</u>	<u>0.40</u>

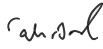
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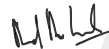
**MANAGING
DIRECTOR**



**CHIEF FINANCIAL
OFFICER**



DIRECTOR



DIRECTOR



DIRECTOR



**THE BANK OF KHYBER
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022**

	January 01 to March 31, 2022	January 01 to March 31, 2021
	Rupees in '000	Rupees in '000
Profit after taxation	389,624	439,489
Other comprehensive income		
Items that may be reclassified to profit and loss account in subsequent periods:		
Net change in fair value of available for sale securities - net of tax	(83,368)	(256,811)
Share of surplus on revaluation of investments of associate - net of tax	46	-
Items that will not be reclassified to profit and loss account in subsequent periods:		
Surplus on revaluation of non-banking asset - net of tax	-	(2,999)
Total comprehensive income	306,302	179,679

The annexed notes 1 to 39 form an integral part of these condensed interim financial statements.

MANAGING
DIRECTOR

CHIEF FINANCIAL
OFFICER

DIRECTOR

DIRECTOR

DIRECTOR



The Bank of Khyber

THE BANK OF KHYBER CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE THREE MONTHS ENDED MARCH 31, 2022

	Share capital	Statutory Reserve	Surplus / (deficit) on revaluation of		Unappropriated profit	Total	
			Investments	Fixed assets			Non-banking asset
Rupees in '000							
Balance as at December 31, 2020 (audited)	10,002,524	3,335,048	332,125	786,102	48,734	3,267,017	17,771,550
Profit after taxation for the three months ended March 31, 2021	-	-	(256,811)	-	(2,999)	439,489	439,489
Other comprehensive income - net of tax	-	-	(256,811)	-	(2,999)	439,489	179,679
Transfer to statutory reserve	-	87,898	-	-	-	(87,898)	-
Transactions with owners recorded directly in equity							
Final cash dividend for the year ended December 31, 2020 (Rs. 1.50 per share)	-	-	-	-	-	(1,500,557)	(1,500,557)
Bonus shares for the year ended December 31, 2020 (Rs. 0.30 per share)	500,186	-	-	-	-	(500,186)	-
Balance as at March 31, 2021 (un-audited)	10,502,710	3,422,946	75,314	786,102	45,735	1,617,865	16,450,672
Profit after taxation for the nine months ended December 31, 2021	-	-	(561,427)	1,098	8,877	654,138	654,138
Other comprehensive income - net of tax	-	-	(561,427)	1,098	8,877	670,554	(544,936)
Transfer to statutory reserve	-	132,827	-	-	-	(132,827)	-
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 three months ended March 31, 2022	-	-	(83,368)	-	-	389,624	389,624
Other comprehensive income - net of tax	-	-	(83,368)	-	-	46	(83,322)
Transfer to statutory reserve	-	77,925	-	-	-	(77,925)	-
Transfer from surplus on revaluation of non-banking asset - net of tax	-	-	-	-	(1,548)	1,548	-
Transactions with owners recorded directly in equity							
Bonus shares for the year ended December 31, 2021 (Rs. 0.50 per share)	525,195	-	-	-	-	(525,195)	-
Balance as at March 31, 2022 (un-audited)	11,027,905	3,633,698	(569,481)	787,200	47,982	1,968,872	16,876,176

The annexed notes 1 to 39 form an integral part of these condensed interim financial statements.

MANAGING
DIRECTOR

CHIEF FINANCIAL
OFFICER

U. Bhatti

DIRECTOR

DIRECTOR

DIRECTOR

**THE BANK OF KHYBER
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022**

	January 01 to March 31, 2022	January 01 to March 31, 2021
	----- Rupees in '000 -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	646,963	653,230
Less: Dividend income	3,005	5,284
	<u>643,958</u>	<u>647,946</u>
Adjustments:		
Depreciation - Fixed assets	112,210	70,653
Depreciation - Non-banking assets acquired in satisfaction of claims	5,649	5,132
Depreciation - Right-of-use assets	125,825	88,806
Amortization	17,971	21,842
Provisions - net	99,093	87,720
Mark-up expense on lease liability against right-of-use assets	33,126	28,118
Unrealized loss on securities	5,492	-
(Gain) / loss on sale of fixed assets	(1,556)	9
	<u>397,810</u>	<u>302,280</u>
	<u>1,041,768</u>	<u>950,226</u>
Decrease / (Increase) in operating assets		
Lendings to financial institutions	(10,401,884)	(5,394,372)
Held-for-trading securities	(14,630,044)	1,267,903
Advances	(14,701,497)	(7,980,593)
Others assets (excluding advance taxation)	289,741	304,293
	<u>(39,443,684)</u>	<u>(11,802,769)</u>
Increase / (Decrease) in operating liabilities		
Bills payable	15,046	(162,316)
Borrowings from financial institutions	88,121,152	(1,732,365)
Deposits	13,784,109	11,912,529
Other liabilities	(1,439,311)	(854,467)
	<u>100,460,996</u>	<u>9,163,381</u>
Income tax paid	(262,113)	(834,860)
Net cash flow generated from / (used in) operating activities	<u>61,816,967</u>	<u>(2,524,022)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(57,674,519)	(5,409,315)
Net investments in held-to-maturity securities	87,322	69,150
Dividends received	3,005	5,284
Investments in operating fixed assets	(220,724)	(143,632)
Proceeds from sale of fixed assets	3,062	6
Net cash flow used in investing activities	<u>(57,801,854)</u>	<u>(5,478,507)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(106)	(17)
Payment against lease liabilities	(150,314)	(100,666)
Net cash flow used in financing activities	<u>(150,420)</u>	<u>(100,683)</u>
Net increase / (decrease) in cash and cash equivalents	<u>3,864,693</u>	<u>(8,103,212)</u>
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>33,354,589</u>	<u>16,829,502</u>

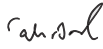
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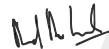
**MANAGING
DIRECTOR**



**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 PREPARATION

- 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 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.

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 annual financial statements and should be read in conjunction with the annual financial statements for the year ended December 31, 2021.
- 3.3** The SBP, vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of 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 condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by SBP through its various circulars.
- 3.4** The SBP through BPRD Circular No.04 of 2015 dated February 25, 2015 has deferred applicability of Islamic Financial Accounting Standard-3 for Profit & Loss Sharing on Deposits (IFAS-3) issued by the Institute of Chartered Accountants of Pakistan and notified by the Securities and Exchange Commission of Pakistan (SECP), vide their SRO No. 571 of 2013 dated June 12, 2013 for institutions offering Islamic financial services. The standard will result in certain new disclosures in the financial statements of the Bank as and when notified by SBP.

**THE BANK OF KHYBER
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022**

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

4.1 Significant Accounting Policies

The accounting policies, underlying estimates and judgments and method of computation followed in the preparation of these condensed interim financial statements are same as those applied in preparing the most recent 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 new standards and interpretations of and amendments to existing accounting and reporting standards that have become applicable to the Bank for accounting periods beginning on or after January 01, 2022. These are considered either not to be relevant or not to have any significant impact on the Bank's financial statements.

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

As per SBP's BPRD circular No. 24 of July 05, 2021, the effective date for implementation of IFRS-9 by the banks in Pakistan was January 01, 2022. However, SBP's final implementation instructions for the banks are awaited and therefore, the requirements of this standard have not been considered in the preparation of these condensed interim financial statements. Moreover, in light of the aforementioned SBP circular, the impact of IFRS-9 on Bank's financial statements is being assessed. This impact assessment will be finalized upon issuance of final implementation instructions by SBP.

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.

THE BANK OF KHYBER
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022

	(Un-audited) March 31, 2022	(Audited) December 31, 2021
	----- Rupees in '000 -----	
5 CASH AND BALANCES WITH TREASURY BANKS		
In hand:		
Local currency	4,491,877	3,697,744
Foreign currencies	1,529,397	107,476
	6,021,274	3,805,220
With State Bank of Pakistan in:		
Local currency current account	8,763,114	11,209,505
Foreign currency current account	22,923	59,079
Foreign currency deposit account	106,509	128,943
	8,892,546	11,397,527
With National Bank of Pakistan in:		
Local currency current account	1,336,770	1,154,182
Local currency deposit account	3,476	1,004,138
Foreign currency deposit account	16,297	8,162
	1,356,543	2,166,482
National prize bonds	3,403	6,084
	16,273,766	17,375,313
6 BALANCES WITH OTHER BANKS		
In Pakistan:		
In current accounts	2,151,050	2,908,280
In deposit accounts	6,905,562	8,626,717
	9,056,612	11,534,997
Outside Pakistan:		
In current accounts	8,034,239	589,614
In deposit accounts	-	-
	8,034,239	589,614
Provision for doubtful placement with the bank	(10,028)	(10,028)
	17,080,823	12,114,583
7 LENDINGS TO FINANCIAL INSTITUTIONS		
Call money lending	-	3,000,000
Repurchase agreement lendings (Reverse Repo)	15,384,178	1,982,294
Placements with financial institutions	238,944	238,944
	15,623,122	5,221,238
Less: Provision held against lending to financial institutions	(238,944)	(238,944)
Lendings to financial institutions - net of provision	15,384,178	4,982,294

THE BANK OF KHYBER
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2022

7.1 Category of classification

Domestic
 Loss
 Overseas
 Not past due but impaired
 Overdue by:
 Up to 30 days
 31 to 180 days
 181 to 365 days
 > 365 days

Total

8 INVESTMENTS

8.1 Investments by type:

Held for trading securities
 Federal Government Securities
 Shares
 Mutual funds
 Available-for-sale securities
 Federal Government Securities
 Shares
 Non Government Debt Securities
 Held-to-maturity securities
 Federal Government Securities
 Associate
 Total investments
 Investments given as collateral

Market Treasury Bills
 Pakistan Investment Bonds

8.2.1

These represent the market values of securities at reporting date.

Classified lending	(Un-audited)		(Audited)	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
	Rupees in '000			
	238,944	238,944	238,944	238,944
	238,944	238,944	238,944	238,944
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	238,944	238,944	238,944	238,944

Investments by type	(Un-audited)		(Audited)	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
	Rupees in '000			
Cost/ amortized cost	15,904,461	15,898,809	1,219,145	1,216,860
Provision for diminution	-	-	15,272	636
Carrying value	15,904,461	15,898,809	1,152,803	1,152,803
Cost/ amortized cost	1,110,000	1,110,161	2,384,417	1,154
Provision for diminution	-	-	-	-
Carrying value	1,110,000	1,110,161	2,384,417	1,154
Cost/ amortized cost	17,014,461	17,008,970	159,083,923	159,223,373
Provision for diminution	-	-	1,054,918	20,353
Carrying value	17,014,461	17,008,970	158,029,005	138,870,020
Cost/ amortized cost	217,002,385	215,982,098	9,431,948	9,310,196
Provision for diminution	(694,213)	(64,306)	(859,571)	(796,907)
Carrying value	216,308,172	215,917,792	8,572,377	8,513,289
Cost/ amortized cost	9,196,709	9,054,872	13,938,952	13,938,952
Provision for diminution	(185,042)	-	-	-
Carrying value	8,981,667	9,054,872	13,938,952	13,938,952
Cost/ amortized cost	227,245,308	225,452,477	40,504	52,280
Provision for diminution	(859,235)	-	-	-
Carrying value	226,386,143	225,452,477	40,504	52,280
Cost/ amortized cost	13,851,630	13,851,630	13,938,952	13,938,952
Provision for diminution	-	-	-	-
Carrying value	13,851,630	13,851,630	13,938,952	13,938,952
Cost/ amortized cost	40,504	94,140	40,504	92,784
Provision for diminution	-	-	-	-
Carrying value	40,504	94,140	40,504	92,784
Total investments	258,151,903	256,407,217	185,934,662	184,389,966
Investments given as collateral	(859,235)	(885,431)	(732,243)	(743,473)
	257,292,668	255,521,786	185,202,419	183,646,493

Note	Rupees in '000		Rupees in '000	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
	114,165,779	64,331,572	114,165,779	64,331,572
	72,933,754	29,708,695	72,933,754	29,708,695
	187,099,533	94,040,267	187,099,533	94,040,267

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	(Un-audited) March 31, 2022	(Audited) December 31, 2021
	----- Rupees in '000 -----	
8.3 Provision for diminution in value of investments		
Opening balance	792,243	742,125
Charge / (reversals)		
Charge for the period / year	67,012	95,237
Reversals for the period / year	-	-
Reversal on disposals / repayment	-	(45,119)
	67,012	50,118
Closing balance	859,255	792,243

8.4 Particulars of provision against debt securities

Category of classification

Domestic

Other assets especially mentioned
Substandard
Doubtful
Loss

Overseas

Not past due but impaired
Overdue by:
Upto 90 days
91 to 180 days
181 to 365 days
> 365 days

Total

	(Un-audited) March 31, 2022		(Audited) December 31, 2021	
	NPI	Provision	NPI	Provision
----- Rupees in '000 -----				
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	-	-	-	-
	165,042	165,042	165,042	165,042

8.5 The market value of securities classified as held-to-maturity amounted to Rs. 13,422.229 million as at March 31, 2022 (December 31, 2021: Rs. 13,504.467 million).

9 ADVANCES

	Performing		Non performing		Total	
	Un-audited March 31, 2022	Audited December 31, 2021	Un-audited March 31, 2022	Audited December 31, 2021	Un-audited March 31, 2022	Audited December 31, 2021
----- Rupees in '000 -----						
Loans, cash credits, running finances, etc.	88,159,796	60,780,475	8,294,096	7,481,128	96,453,892	68,261,603
Islamic financing and related assets	45,079,324	59,317,410	1,273,292	1,498,726	46,352,616	60,816,136
Bills discounted and purchased	1,520,107	547,379	1,541,364	1,541,364	3,061,471	2,088,743
Advances - gross	134,759,227	120,645,264	11,108,752	10,521,218	145,867,979	131,166,482
Provision against advances						
- Specific	-	-	6,581,160	6,553,768	6,581,160	6,553,768
- General	68,208	63,519	-	-	68,208	63,519
	68,208	63,519	6,581,160	6,553,768	6,649,368	6,617,287
Advances - net of provision	134,691,019	120,581,745	4,527,592	3,967,450	139,218,611	124,549,195

9.1 Particulars of advances (gross)

In local currency
In foreign currency

9.2 Advances include Rs. 11,108.752 million (December 31, 2021: Rs. 10,521.218 million) which have been placed under non-performing status as detailed below:-

	(Un-audited) March 31, 2022		(Audited) December 31, 2021	
	Non performing loans	Provision	Non performing loans	Provision
----- Rupees in '000 -----				
Domestic				
Other assets especially mentioned	243,502	2,135	161,451	79
Substandard	1,085,784	29,408	902,564	32,188
Doubtful	1,882,804	118,955	1,544,090	164,395
Loss	7,896,662	6,430,662	7,913,113	6,357,106
	11,108,752	6,581,160	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	-	-	-	-
	11,108,752	6,581,160	10,521,218	6,553,768

Total

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9.3	Particulars of provision against advances	(Un-audited) March 31, 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	118,586	8,804	127,390	2,273,429	17,028	2,290,457
	Reversals	(91,194)	(4,115)	(95,309)	(382,401)	(1,134,634)	(1,517,035)
		27,392	4,689	32,081	1,891,028	(1,117,606)	773,422
	Amounts written off	-	-	-	-	-	-
	Closing balance	6,581,160	68,208	6,649,368	6,553,768	63,519	6,617,287

- 9.3.1 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 March 31, 2022 the Bank has availed cumulative benefit of forced sales value of Rs.2,367.981 million (December 31, 2021: Rs.2,335.254 million). Increase in unappropriated profit amounting to Rs.1,444.468 million (December 31, 2021: Rs. 1,424.505 million) is not available for the distribution of cash or stock dividend to shareholders or bonus to employees.

10	FIXED ASSETS	Note	(Un-audited)	(Audited)
			March 31, 2022	December 31, 2021
----- Rupees in '000 -----				
	Capital work-in-progress	10.1	1,274,822	1,205,899
	Property and equipment		2,563,636	2,529,306
	Right of use assets		1,276,175	1,401,997
	Total		5,114,633	5,137,202
10.1	Capital work-in-progress			
	Civil works		1,193,445	1,129,156
	Furniture and equipments		76,903	66,933
	Advances to suppliers		4,474	9,810
	Total	10.1.1	1,274,822	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

Following additions have been made to fixed assets during the period ended March 31, 2022:

	(Un-audited)	
	March 31, 2022	March 31, 2021
----- Rupees in '000 -----		
Capital work-in-progress - net	68,923	27,980
Property and equipment		
Electrical, office and computer equipments	68,383	37,515
Leasehold improvements	62,826	63,058
Furniture and fixtures	16,244	8,882
Vehicles	-	-
Books	11	-
Total	147,464	109,455
	216,387	137,435

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		(Un-audited)	
		March 31, 2022	March 31, 2021
		----- Rupees in '000 -----	
10.3	Disposal of fixed assets		
	The net book value of fixed assets disposed off during the period is as follows:		
	Furniture and fixtures	165	15
	Leasehold improvements	84	-
	Office equipments	1,257	-
	Total	1,506	15
		(Un-audited) March 31, 2022	(Audited) December 31, 2021
		----- Rupees in '000 -----	
11	INTANGIBLE ASSETS		
	Capital work in progress	4,337	1,526
	Licenses and computer softwares	432,267	448,713
		436,604	450,239
		(Un-audited) March 31, 2022	(Audited) December 31, 2021
		----- Rupees in '000 -----	
11.1	Additions to intangible assets		
	Following additions / transfers have been made to / from intangible assets during the period:		
	Directly purchased	-	6,197
	Additions to CWIP	4,337	-
		4,337	6,197
		(Un-audited) March 31, 2022	(Audited) December 31, 2021
		----- Rupees in '000 -----	
12	DEFERRED TAX ASSETS		
	Deferred tax assets arising in respect of:		
	Provision for balances with other banks	3,911	3,911
	Provision for diminution in value of investments	93,623	67,488
	Deficit on revaluation of investments	364,095	310,794
	Provision for other assets	25,056	25,056
	Accelerated accounting depreciation	75,172	61,409
	Islamic Pool Management reserves	46,296	50,976
	Provision against loans and advances - net	438,863	524,835
		1,047,016	1,044,469
	Deferred tax liabilities arising in respect of:		
	Share of profit of associate	(20,420)	(20,390)
	Surplus on revaluation of non-banking asset	(28,474)	(31,687)
	Deferred tax assets - net	998,122	992,412
13	OTHER ASSETS		
	Income / mark-up accrued in local currency	5,824,789	4,108,473
	Profit receivable on Bai Muajjal	-	2,540,078
	Advances, deposits and prepayments	134,835	109,645
	Advance taxation (payments less provisions)	499,389	447,054
	Branch adjustment account	-	6,905
	Pre-IPO investment	275,000	100,000
	Stationary and stamps on hand	57,429	52,184
	Non-banking assets acquired in satisfaction of claims	306,556	309,668
	Mark to market gain on forward foreign exchange contracts	757,312	357,492
	Employees benefits	293,462	303,962
	Cleaning and settlement accounts	-	62,263
	Acceptances	170,010	114,706
	Receivable from the State Bank of Pakistan	31,245	67,607
	Others	90,307	97,372
		8,440,334	8,677,429
	Less: Provision held against other assets	(152,765)	(152,765)
	Other Assets - net of provision	8,287,569	8,524,664
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims	78,659	81,197
	Other assets - Total	8,366,228	8,605,861
13.1	Provision held against other assets		
	Advances for Pre-IPO	100,000	100,000
	Others	52,765	52,765
		152,765	152,765
14	BILLS PAYABLE		
	In Pakistan	889,613	874,567
	Outside Pakistan	-	-
		889,613	874,567

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15 BORROWINGS	(Un-audited)	(Audited)
	March 31, 2022	December 31, 2021
	----- Rupees in '000 -----	
Secured		
Borrowings from State Bank of Pakistan (SBP) under:		
- Export refinance scheme	5,312,860	4,866,360
- Long term financing facility	2,611,318	2,692,478
- Refinance and credit guarantee scheme for women entrepreneurs	50,343	54,730
- Financing facility for renewable energy	64,112	54,441
- Refinance facility for modernization of Small and Medium Enterprises (SMEs)	33,127	34,531
- Refinance scheme for payment of wages and salaries	93,320	123,885
- Refinance facility for combating COVID-19	1,077,084	1,134,862
	9,242,164	8,961,287
Bai Muajjal Borrowings	17,950,142	17,950,142
Repurchase agreement borrowings	170,014,482	76,174,207
Call borrowings	983,292	983,292
	188,947,916	95,107,641
Unsecured		
Call borrowings	-	6,000,000
Total	198,190,080	110,068,928

16 DEPOSITS AND OTHER ACCOUNTS

	(Un-audited)			(Audited)		
	March 31, 2022			December 31, 2021		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	----- Rupees in '000 -----					
Customers						
Current deposits	36,475,004	428,647	36,903,651	34,469,737	448,039	34,917,776
Saving deposits	114,815,367	123,329	114,938,696	104,669,961	121,570	104,791,531
Term deposits	66,396,144	96,077	66,492,221	65,816,696	92,431	65,909,127
Others	11,571,270	-	11,571,270	11,253,752	-	11,253,752
	229,257,785	648,053	229,905,838	216,210,146	662,040	216,872,186
Financial Institutions						
Current deposits	743,126	-	743,126	648,065	-	648,065
Saving deposits	5,011,043	-	5,011,043	4,355,647	-	4,355,647
	5,754,169	-	5,754,169	5,003,712	-	5,003,712
	235,011,954	648,053	235,660,007	221,213,858	662,040	221,875,898

17 OTHER LIABILITIES	(Un-audited)	(Audited)
	March 31, 2022	December 31, 2021
	----- Rupees in '000 -----	
Mark-up/ return/ interest payable in local currency	3,389,277	5,595,139
Mark-up/ return/ interest payable in foreign currencies	674	242
Unearned income - Bai Muajjal Sukuk	-	138,896
Lease liability against right-of-use assets	1,334,225	1,447,280
Branch adjustment account	247,086	-
Unearned commission and income on bills discounted	156,180	154,373
Deferred income on government schemes	6,352	8,090
Deferred income on islamic financing	102,003	84,199
Islamic pool management reserves	118,708	130,708
Accrued expenses and supplier payables	474,699	436,979
Unclaimed dividends	64,684	64,790
Share subscription money refund	1,091	1,091
Retention money	56,848	55,000
Bills payment system over the counter (BPS-OTC)	299,329	34,544
Charity fund	8,926	7,648
Security deposits against ijarah	229,896	218,380
Mark to market loss on forward foreign exchange contracts	625,288	477,392
Clearing and settlement accounts	5,742	-
Acceptances	170,010	114,706
Levies and other taxes payable	84,534	47,306
Others	288,754	200,015
	7,664,306	9,216,778

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18 SHARE CAPITAL

18.1 Authorized capital			(Un-audited)	(Audited)
(Un-audited)	(Audited)		March 31,	December 31,
March 31,	December 31,		2022	2021
Number of shares			----- Rupees in '000 -----	
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)
March 31,	December 31,		March 31,	December 31,
2022	2021		2022	2021
Number of shares			----- Rupees in '000 -----	
		Ordinary shares of Rs. 10 each		
722,698,448	722,698,448	Fully paid in cash	7,226,984	7,226,984
		Issued as fully paid bonus shares:		
327,572,595	277,554,037	Opening balance	3,275,726	2,775,540
52,519,486	50,018,558	Issued during the period / year (Note 18.3)	525,195	500,186
380,092,081	327,572,595	Closing balance	3,800,921	3,275,726
1,102,790,529	1,050,271,043		11,027,905	10,502,710

18.3 This represents issuance of bonus shares for the year 2021 (December 31, 2021: for the year 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 SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS

(Deficit) / surplus on revaluation of:

- Available-for-sale securities
- Related deferred tax

- Fixed assets
- Non-banking assets
- Related deferred tax

Suplus on revaluation of assets - net of tax

	(Un-audited)	(Audited)
	March 31,	December 31,
	2022	2021
Note	----- Rupees in '000 -----	
	(933,576)	(796,907)
	364,095	310,794
	(569,481)	(486,113)
	787,200	787,200
	78,659	81,197
	(30,677)	(31,667)
	47,982	49,530
	265,701	350,617

20 CONTINGENCIES AND COMMITMENTS

- Guarantees
- Commitments

20.1	20,912,446	20,848,980
20.2	72,003,214	62,930,914
	92,915,660	83,779,894

20.1 Guarantees:

- Financial guarantees
- Performance guarantees
- Other guarantees

	1,519,298	1,878,769
	19,387,066	18,963,929
	6,082	6,282
	20,912,446	20,848,980

20.2 Commitments:

Documentary credits and short-term trade-related transactions

- Letters of credit

7,639,337 6,316,498

Commitments in respect of:

- Forward foreign exchange contracts

20.2.1 64,086,779 56,203,513

Commitments for acquisition of:

- Operating fixed assets
- Intangible assets

193,205 312,915
78,893 77,463

Other commitments

20.2.2 5,000 20,525

72,003,214 62,930,914

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	(Un-audited) March 31, 2022	(Audited) December 31, 2021
	----- Rupees in '000 -----	
20.2.1 Commitments in respect of forward foreign exchange contracts		
Purchase	27,555,072	27,988,087
Sale	36,531,707	28,215,426
	<u>64,086,779</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>

20.2.2 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 financial statements for the same.

20.2.3 The income tax assessments of the Bank have been finalized up to tax year 2021.

During the year 2021, Commissioner Inland Revenue (Appeals), Peshawar, issued an order dated: November 24, 2021 under section 129 of the Income Tax Ordinance, 2001 for the tax year 2014, in favor of the Bank by setting aside the Commissioner IR, Peshawar Order dated September 30, 2019 which had created a demand of Rs 1.73 billion. The Commissioner IR, (Appeals) while deciding the matter, remanded back matters requiring details and also upheld few matters including Depreciation, Provisions and others, having tax impact of Rs 132 million, by ignoring the facts on record that these have already been added back and offered for taxation by Bank, disallowing again tantamount to double taxation which is bad in-law, against the application of Seventh schedule and provision of Income Tax Ordinance, 2001. Being aggrieved the Bank filed an appeal with Appellate Tribunal, Peshawar. During the period ended March 31, 2022, the remand back proceedings were also completed, and order was issued, creating a demand of Rs 99 million on accounts of Rs 58 million under section 21(c), tax withholding from customers and Rs. 41 million being WWF (Workers Welfare Fund) which is also not applicable on the Bank. Being aggrieved, the Bank also filed correction application with Commissioner IR, Peshawar as well as appeal with Commissioner (Appeals) Peshawar. Since the matters explained above are not sustainable before the law being devoid of merit, the management is confident that the matters will be decided in favor of the Bank and hence no provision has been recognized for the same.

During the year 2021, Audit proceeding under section 177 for the tax year 2015 completed with tax demand of Rs 64 million, by applying section 21(c), while net tax impact under section 161 calculated to Rs 13 million only. The Commissioner Inland Revenue, Peshawar issued revised order by adjusting the tax demand to Rs 54 million, by accepting correction application under section 221(1) of the Income Tax Ordinance, 2001. The Bank has filed an appeal with the Commissioner (Appeals) Peshawar. The management is confident that the matters will be decided in favor of the Bank and hence no provision has been recognized for the same.

An order dated February 18, 2022 was issued by applying section 122(5A) of the Income Tax Ordinance, 2001, for Tax year 2020 by the Additional Commissioner (Audit), without considering the facts on record, created an unjustifiable additional tax amounting to Rs 260 million by applying section 111(1) of the Income Tax Ordinance on Bai Muajjal Transaction and Penalty vide order dated: March 22, 2022 amounting to Rs 260 million, under section 182 of the Income Tax Ordinance, 2001, equal to amount of tax. The Bank has filed an appeal against the said order and the case was discussed with Commissioner (Appeals) Peshawar and stay was granted with remarks that prima facie case exists in favor of the appellant. The management is confident that matter will be decided in favor of the Bank and hence no provision has been recognized for the same.

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		(Un-audited)	
		For the three months ended	
		March 31, 2022	March 31, 2021
		----- Rupees in '000 -----	
21	MARK-UP/RETURN/INTEREST EARNED		
	On:		
	Loans and advances	3,000,491	2,680,908
	Investments	3,942,237	2,088,144
	Sukuk bonds	752,191	440,194
	Lendings to financial institutions	200,967	320,579
	Balances with banks	<u>9,274</u>	<u>11,155</u>
		<u>7,905,160</u>	<u>5,540,980</u>
22	MARK-UP/RETURN/INTEREST EXPENSED		
	On:		
	Deposits	3,041,534	2,564,092
	Borrowings	2,944,528	1,151,085
	Lease liability	<u>33,126</u>	<u>28,118</u>
		<u>6,019,188</u>	<u>3,743,295</u>
23	FEE AND COMMISSION INCOME		
	Branch banking customer fees	6,505	2,949
	Consumer finance related fees	307	589
	Card related fees	15,760	11,790
	Investment banking fees	4,924	2,860
	Commission on trade	33,126	17,783
	Commission on guarantees	53,512	22,458
	Commission on remittances including home remittances	3,211	4,850
	Commission on foreign currency bills	2,763	5,389
	Others	<u>441</u>	<u>2,057</u>
		<u>120,549</u>	<u>70,725</u>
24	GAIN / (LOSS) ON SECURITIES		
	Realised	25,105	(176,612)
	Unrealised - held-for-trading	<u>(5,492)</u>	<u>-</u>
		<u>19,613</u>	<u>(176,612)</u>
24.1	Realised gain / (loss) on:		
	Federal Government Securities	9,235	(200,840)
	Shares	1,221	20,290
	Non-Government Debt Securities	4,835	-
	Mutual Funds	9,814	3,938
		<u>25,105</u>	<u>(176,612)</u>
25	OTHER INCOME		
	Postal, swift and other services	22,058	21,257
	Rental income from property	825	924
	Gain on sale of fixed assets	1,556	-
	Service income on Government schemes	2,191	1,445
	Rebate from financial institutions	<u>394</u>	<u>1,014</u>
		<u>27,024</u>	<u>24,640</u>

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		(Un-audited)	
		For the three months ended	
		March 31, 2022	March 31, 2021
		----- Rupees in '000 -----	
26	OPERATING EXPENSES		
	Total compensation expense	769,089	708,502
	Property expenses		
	Rent and taxes	6,468	367
	Utilities cost	44,984	36,496
	Security (including guards)	44,966	28,420
	Repair and maintenance	1,799	1,080
	Depreciation - Right of use assets	125,825	88,806
	Depreciation - Non banking assets acquired in satisfaction of claims	5,649	5,132
	Depreciation	51,767	35,069
		281,458	195,370
	Information technology expenses		
	Software maintenance	57,749	20,477
	Hardware maintenance	2,390	3,758
	Depreciation	51,876	29,109
	Amortization	17,971	21,842
	Network charges	3,665	3,215
	ATM charges	50,889	29,928
		184,540	108,329
	Other operating expenses		
	Directors' fees and allowances	1,400	2,313
	Fees and allowances to Shariah Board	83	-
	Outsourced service cost	50,164	22,042
	Legal and professional charges	20,802	15,321
	Travelling and conveyance	17,769	16,154
	Cash carriage charges	15,499	11,381
	NIFT clearing charges	5,857	4,033
	Depreciation	8,567	6,475
	Communication	7,045	13,783
	Postage and courier charges	6,466	3,642
	Stationery and printing	11,994	12,831
	Marketing, advertisement and publicity	35,219	17,459
	Repair and maintenance	24,275	10,322
	Insurance	8,242	8,605
	Auditors' remuneration	5,447	2,700
	Brokerage and commission	9,865	16,334
	Rent and taxes	353	461
	Entertainment	10,387	8,844
	Newspapers and periodicals	466	238
	Training and development	10,586	2,696
	Fees and subscriptions	2,092	82
	Deposit protection premium	23,871	22,383
	Others	16,077	4,023
		292,526	202,122
		1,527,613	1,214,323
27	OTHER CHARGES		
	Penalties imposed by State Bank of Pakistan	5	2,300
		5	2,300

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		(Un-audited)	
		For the three months ended	
		March 31, 2022	March 31, 2021
		----- Rupees in '000 -----	
28	PROVISIONS AND WRITE OFFS - NET	Note	
	Provision / (reversal) for diminution in value of investments	8.3	67,012 (505)
	Provisions against loans and advances - net	9.3	32,081 88,225
			<u>99,093</u> <u>87,720</u>
29	TAXATION		
	Current		209,778 275,595
	Deferred		47,561 (61,854)
		29.1	<u>257,339</u> <u>213,741</u>
29.1	This includes the impact of Super Tax applicable at the rate of 4%.		

		(Un-audited)	
		For the three months ended	
		March 31, 2022	March 31, 2021
		----- Rupees in '000 -----	
30	BASIC AND DILUTED EARNINGS PER SHARE		
	Profit for the period	<u>389,624</u>	<u>439,489</u>
		----- (Number of shares) -----	
	Weighted average number of ordinary shares	<u>1,102,790,529</u>	<u>1,102,790,529</u>
		----- (Rupees) -----	
	Basic and diluted earnings per share	<u>0.35</u>	<u>0.40</u>

31 FAIR VALUE MEASUREMENTS

The fair value of quoted investments other than those classified as held to maturity is based on quoted market prices. The fair value of unquoted equity investments is determined on the basis of break-up value of these investments as per their latest available audited financial statements. The fair value of fixed term loans, other assets, other liabilities and fixed term deposits 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.

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).

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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:

		(Un-audited) March 31, 2022			
		Level 1	Level 2	Level 3	Total
		----- Rupees in '000 -----			
31.2	On balance sheet financial instruments				
	Financial assets - measured at fair value				
	Investments				
	Federal Government Securities	-	231,880,907	-	231,880,907
	Shares in listed companies	342,606	-	-	342,606
	Non-Government Debt Securities	-	4,227,430	-	4,227,430
	Mutual funds	1,110,161	-	-	1,110,161
	Financial assets - disclosed but not measured at fair value				
	Investments				
	Federal Government Securities	-	13,851,630	-	13,851,630
	Shares in unlisted companies	-	73,701	-	73,701
	Non-Government Debt Securities	-	4,826,642	-	4,826,642
	Associate	-	94,140	-	94,140
	Off-balance sheet financial instruments - measured at fair value				
	Forward purchase of foreign exchange	-	27,555,072	-	27,555,072
	Forward sale of foreign exchange	-	36,531,707	-	36,531,707

		(Audited) December 31, 2021			
		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	-	153,051,522	-	153,051,522
	Shares in listed companies	390,277	-	-	390,277
	Non-Government Debt Securities	-	4,385,946	-	4,385,946
	Mutual funds	1,152,803	-	-	1,152,803
	Financial assets - disclosed but not measured at fair value				
	Investments				
	Federal Government Securities	-	20,327,663	-	20,327,663
	Shares in unlisted companies	-	73,701	-	73,701
	Non-Government Debt Securities	-	4,924,250	-	4,924,250
	Associate	-	92,784	-	92,784
	Off-balance sheet financial instruments - measured at fair value				
	Forward purchase of foreign exchange	-	27,988,087	-	27,988,087
	Forward sale of foreign exchange	-	28,215,426	-	28,215,426

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

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

(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 Sukuku Bonds, Pakistan Investment Bonds, Market Treasury Bills, Term Finance certificates, FX options and Forward Exchange Contracts.

(c) Financial instruments in level 3

Currently, no financial instruments are classified in level 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 Sukuku Fair values of GoP Ijarah Sukuku 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.

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.

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32 SEGMENT INFORMATION

32.1 Segment details with respect to business activities

For the three months ended March 31, 2022 (Un-audited)					
Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Total	
Rupees in 000					
Profit and loss					
Net mark-up / return / profit	426,576	1,157,764	30,153	271,479	1,885,972
Non mark-up / return / interest income	4,533	271,581	16,067	95,521	387,702
Total income	431,109	1,429,345	46,220	367,000	2,273,674
Segment direct expenses	375,604	904,565	27,259	220,190	1,527,618
Total expenses	375,604	904,565	27,259	220,190	1,527,618
Provisions	-	67,012	2,138	29,943	99,093
Profit before tax	55,505	457,768	16,823	116,867	646,963

As at March 31, 2022 (Un-audited)					
Rupees in 000					
Balance sheet					
Cash and bank balances	3,663,343	10,325,074	253,160	19,113,012	33,354,589
Lendings to financial institutions	-	15,384,178	-	-	15,384,178
Investments	13,851,630	242,461,448	-	94,139	256,407,217
Advances - performing	77,691,667	-	6,332,093	50,667,259	134,691,019
Advances - non performing	626,774	-	313,605	3,587,213	4,527,592
Operating fixed assets/intangible assets	1,249,976	3,520,748	86,461	694,052	5,551,237
Deferred tax assets / (liabilities)	(1,137)	501,721	1,327	496,211	998,122
Others	1,384,687	4,836,105	95,779	2,049,657	8,366,228
Total assets	98,466,940	277,029,274	7,082,425	76,701,543	459,280,182
Bills payable	576,114	4,324	159,164	150,011	889,613
Borrowings	9,242,164	170,014,482	-	18,933,434	198,190,080
Deposits and other accounts	152,613,436	1,145,481	42,162,768	39,738,322	235,660,007
Others	3,180,939	1,930,501	750,462	1,802,404	7,664,306
Total liabilities	165,612,653	173,094,788	43,072,394	60,624,171	442,404,006
Equity / Inter-segment (lending) / borrowing	(67,145,713)	103,934,486	(35,989,969)	16,077,372	16,876,176
Total equity and liabilities	98,466,940	277,029,274	7,082,425	76,701,543	459,280,182
Contingencies and commitments	9,693,582	64,128,344	138,500	18,955,234	92,915,660

For the three months ended March 31, 2021 (Un-audited)					
Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Total	
Rupees in 000					
Profit and loss					
Net mark-up / return / profit	432,630	1,078,928	29,117	257,010	1,797,685
Non mark-up / return / interest income	1,769	73,535	23,143	61,441	159,888
Total income	434,399	1,152,463	52,260	318,451	1,957,573
Segment direct expenses	448,296	562,028	21,372	184,927	1,216,623
Total expenses	448,296	562,028	21,372	184,927	1,216,623
Provisions / (reversals)	-	(505)	5,984	82,241	87,720
Profit before tax	(13,897)	590,940	24,904	51,283	653,230

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	16,884	408,569	1,459	563,500	992,412
Others	1,119,547	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
Deferred tax liability	-	-	-	-	-
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

32.1.1 Geographical segment

The Bank conducts all its operations in Pakistan.

32.2 Comparative figures have been re-arranged and reclassified for comparison purposes.

33 TRUST ACTIVITIES

The Bank is not engaged in any significant trust activities.



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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 financial statements are as follows:

	(Un-audited)				(Audited)			
	As at March 31, 2022		As at December 31, 2021					
	Directors management personnel	Associate	Employee Funds	Directors management personnel	Associate	Employee Funds		
Advances								
Opening balance	216,982	-	-	125,001	-	-	-	
Addition during the period / year	18,242	-	-	123,563	-	-	-	
Repaid during the period / year	12,202	-	-	33,109	-	-	-	
Transfer (out) / in - net	(4,227)	-	-	1,327	-	-	-	
Closing balance	218,795	-	-	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	62,684	3,688	110,529	196,786	48,348	967,962		
Withdrawn during the period / year	-	2,466	74,298	195,909	47,202	854,231		
Transfer in / (out) - net	53,583	-	-	16	-	-		
Closing balance	16,279	36,371	2,684,944	7,118	35,149	2,648,713		
Other liabilities	-	-	-	-	-	-	-	
Accrued markup	-	1	46,460	189	1,040	36,831		
		(Un-audited)		(Un-audited)				
		For the three months ended March 31, 2022		For the three months ended March 31, 2021				
Directors management personnel	Key management personnel	Associate	Employee Funds	Directors management personnel	Associate	Employee Funds		
	1,215	-	-	1,004	-	-		
Income								
Mark-up / return / interest earned	2	-	59,548	22	-	44,644		
Expense								
Mark-up / return / interest expensed	41,775	-	-	60,496	-	-		
Operating expenses	1,400	-	-	2,313	-	508		

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 GoKP and its related entities. However, it is impracticable to completely disclose such transactions.

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	(Un-audited) March 31, 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>	<u>10,502,710</u>
Capital Adequacy Ratio (CAR):		
Eligible common equity tier 1 (CET 1) capital	<u>15,896,581</u>	<u>15,248,508</u>
Eligible additional tier 1 (ADT 1) capital	<u>-</u>	<u>-</u>
Total eligible tier 1 capital	<u>15,896,581</u>	<u>15,248,508</u>
Eligible tier 2 capital	<u>235,366</u>	<u>281,569</u>
Total eligible capital (Tier 1 + Tier 2)	<u>16,131,947</u>	<u>15,530,077</u>
Risk weighted assets (RWAs):		
Credit risk	<u>77,770,090</u>	<u>76,141,937</u>
Market risk	<u>25,144,538</u>	<u>15,889,464</u>
Operational risk	<u>13,301,652</u>	<u>13,301,652</u>
Total	<u>116,216,280</u>	<u>105,333,053</u>
Common equity tier 1 capital adequacy ratio	<u>13.68%</u>	<u>14.47%</u>
Tier 1 capital adequacy ratio	<u>13.68%</u>	<u>14.47%</u>
Total capital adequacy ratio	<u>13.88%</u>	<u>14.74%</u>
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	<u>15,896,581</u>	<u>15,248,508</u>
Total exposures	<u>437,882,552</u>	<u>363,898,758</u>
Leverage ratio	<u>3.63%</u>	<u>4.19%</u>
Liquidity Coverage Ratio (LCR):		
Total high quality liquid assets	<u>79,558,929</u>	<u>101,636,622</u>
Total net cash outflow	<u>59,897,865</u>	<u>64,356,557</u>
Liquidity coverage ratio	<u>132.82%</u>	<u>157.93%</u>
Net Stable Funding Ratio (NSFR):		
Total available stable funding	<u>369,552,694</u>	<u>179,120,821</u>
Total required stable funding	<u>339,039,436</u>	<u>138,152,486</u>
Net stable funding ratio	<u>109.00%</u>	<u>129.65%</u>

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36

ISLAMIC BANKING BUSINESS

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

		(Un-audited) March 31, 2022	(Audited) December 31, 2021
		---- Rupees in '000 ----	
STATEMENT OF FINANCIAL POSITION			
ASSETS			
	Note		
Cash and balances with treasury banks		6,018,797	7,987,067
Balances with other banks		7,765,250	9,675,971
Due from financial institutions		-	-
Investments	36.1	31,228,017	30,485,600
Islamic financing and related assets - net	36.2	46,016,742	60,469,280
Fixed assets		872,991	877,386
Intangible assets		-	-
Due from head office		1,927,187	194,812
Other assets		2,132,250	3,984,244
Total Assets		95,961,234	113,674,360
LIABILITIES			
Bills payable		346,997	315,084
Due to financial institutions		9,263,744	29,404,393
Deposits and other accounts	36.3	77,813,881	75,372,840
Due to head office		-	-
Other liabilities		2,674,209	2,772,583
Total Liabilities		90,098,831	107,864,900
NET ASSETS		5,862,403	5,809,460
REPRESENTED BY			
Islamic banking fund		1,000,000	1,000,000
Reserves		29,263	35,263
Deficit on revaluation of assets		(12,192)	(36,198)
Unappropriated profit	36.4	4,845,332	4,810,395
		5,862,403	5,809,460
CONTINGENCIES AND COMMITMENTS			
	36.5		

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

		(Un-audited) January 01 to March 31, 2022	(Un-audited) January 01 to March 31, 2021
		---- Rupees in '000 ----	
PROFIT AND LOSS ACCOUNT			
	Note		
Profit / return earned	36.6	1,936,160	1,555,917
Profit / return expensed	36.7	934,787	696,501
Net profit / return		1,001,373	859,416
OTHER INCOME			
Fee and commission income		32,308	16,387
Dividend income		659	-
Foreign exchange income		10,083	76,089
Gain on securities		4,411	3,938
Other income		12,501	13,395
		59,962	109,809
		1,061,335	969,225
OTHER CHARGES			
Operating expenses		707,505	599,879
Other charges		-	-
		707,505	599,879
Profit before provisions		353,830	369,346
Provisions / (reversals) - net		(10,982)	(22)
Profit before taxation		364,812	369,368
Taxation		142,277	144,054
Profit after taxation		222,535	225,314

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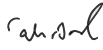
36.3 Deposits	(Un-audited) March 31, 2022			(Audited) December 31, 2021		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	----- Rupees in '000 -----					
Customers						
Current deposits	18,568,004	52,719	18,620,723	17,781,070	51,692	17,832,762
Savings deposits	47,667,267	658	47,667,925	48,212,947	619	48,213,566
Term deposits	4,247,429	-	4,247,429	4,878,095	-	4,878,095
Others	2,607,396	-	2,607,396	2,854,136	-	2,854,136
	<u>73,090,096</u>	<u>53,377</u>	<u>73,143,473</u>	<u>73,726,248</u>	<u>52,311</u>	<u>73,778,559</u>
Financial Institutions						
Current Deposits	368,321	-	368,321	255,520	-	255,520
Savings deposits	4,302,087	-	4,302,087	1,338,761	-	1,338,761
	<u>4,670,408</u>	<u>-</u>	<u>4,670,408</u>	<u>1,594,281</u>	<u>-</u>	<u>1,594,281</u>
	<u>77,760,504</u>	<u>53,377</u>	<u>77,813,881</u>	<u>75,320,529</u>	<u>52,311</u>	<u>75,372,840</u>
				(Un-audited)	(Audited)	
				March 31,	December 31,	
				2022	2021	
				----- Rupees in '000 -----		
36.4 Islamic banking business unappropriated profit						
Opening balance				4,810,395	5,539,709	
Add: Islamic banking profit before taxation for the period / year				364,812	1,537,686	
Less: Taxation				(142,277)	(599,698)	
Less: Transferred to head office				(187,598)	(1,667,302)	
Closing balance				<u>4,845,332</u>	<u>4,810,395</u>	
36.5 Contingencies and commitments						
Guarantees				5,925,397	5,460,308	
Commitments				1,569,923	1,322,560	
				<u>7,495,320</u>	<u>6,782,868</u>	
				(Un-audited)		
				For the three months ended		
				March 31,	March 31,	
				2022	2021	
				----- Rupees in '000 -----		
36.6 Profit / return earned on financing, investments and placements						
Financing				1,089,173	1,114,459	
Investments				752,191	440,194	
Placements and balances with banks				94,796	1,264	
				<u>1,936,160</u>	<u>1,555,917</u>	
36.7 Profit on deposits and other dues expensed						
Deposits and other accounts				657,960	362,558	
Due to Financial Institutions				267,428	324,074	
Lease liability				9,399	9,869	
				<u>934,787</u>	<u>696,501</u>	
37 Profit equalization reserve						
The profit equalization reserves amounting to Rs. 29.263 million (December 31, 2021: Rs. 35.263 million) classified in other liabilities, which has been presented as reserves in note 36.						
38 GENERAL						
Comparative information has been re-classified, re-arranged or additionally incorporated in these condensed interim financial statements for the purpose of better presentation.						
39 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 April 27, 2022.						



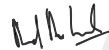
MANAGING
DIRECTOR



CHIEF FINANCIAL
OFFICER



DIRECTOR



DIRECTOR



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