

Condensed Interim  
**FINANCIAL INFORMATION**  
for the period ended September 30, 2019





**CONDENSED INTERIM**  
**FINANCIAL STATEMENTS**  
for the Period Ended September 30, 2019

# Contents

• Corporate Information .....	1
• Directors' Review .....	3
• Statement of Financial Position .....	5
• Profit and Loss Account .....	6
• Statement of Comprehensive Income .....	7
• Statement of Changes in Equity .....	8
• Cash Flow Statement .....	9
• Notes to the Financial Statements (Un-audited) .....	10

## CORPORATE INFORMATION

Dr. Shahzad Khan Bangash  
Shakeel Qadir Khan  
Maqsood Ismail Ahmad  
Asad Muhammad Iqbal  
Javed Akhtar  
Shaharyar Ahmad  
Rashid Ali Khan

Chairman

**\*Managing Director / CEO (Acting)**

Ihsan Ullah Ihsan

**Board Audit Committee**

Asad Muhammad Iqbal  
Shakeel Qadir Khan  
Javed Akhtar  
Shaharyar Ahmad  
Rashid Ali Khan

Chairman

**Board Human Resource & Remuneration Committee**

Shaharyar Ahmad  
Maqsood Ismail Ahmad  
Asad Muhammad Iqbal  
Managing Director

Chairman

**Board Risk Management Committee**

Maqsood Ismail Ahmad  
Javed Akhtar  
Shakeel Qadir Khan  
Rashid Ali Khan  
Managing Director

Chairman

**Board I.T Steering Committee**

Shakeel Qadir Khan  
Shaharyar Ahmad  
Asad Muhammad Iqbal  
Rashid Ali Khan  
Managing Director

Chairman

\* Notification of appointment issued on October 11, 2019. Clearance from SBP is awaited.

**Board Compliance Committee**

Rashid Ali Khan  
Shaharyar Ahmad  
Javed Akhtar

Chairman

**Chief Financial Officer**

Mahmood Ahmed Qureshi

**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](http://www.bok.com.pk)

**Auditors**

EY Ford Rhodes  
Chartered Accountants

**Legal Advisors**

Mr. Nisar Ahmed Khan,  
Advocate, Peshawar

M/s. Mohsin Tayebaly & Co., Karachi

**Registrar and Share Registration Office**

THK Associates (Pvt) Ltd.  
1st Floor, 40-C, Block 6  
P.E.C.H.S, 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 3rd quarter ended September 30, 2019. The results are inclusive of Islamic Banking Operations.

### Financial Highlights

The financial results of the Bank of Khyber for the 3rd quarter ended September 30, 2019, are as under:

	(Rs. in Million)	
	September 30 2019	December 31 2018
Total Assets	297,412	223,095
Deposits	187,256	171,168
Advances (Gross)	123,220	99,167
Investments (Net)	139,257	94,233

	(Rs. in Million)	
	Period Ended September 30 2019	2018
Operating Profit	1061	1,530
(Provision) / Reversal against non-performing advances / others	(161)	(6)
Profit before taxation	900	1,524
Taxation	(302)	(597)
Profit after tax	598	927

### Financial Overview

Increase in policy rate and inflationary pressure from exchange rate depreciation have had its affect on the bank's profitability. The Bank's after tax profit was Rs.598 million as compared to Rs.927 million for the nine months of 2018.

Markup / interest earned for the period was higher as compared to the same period of last year. However, Markup / interest expensed was also significantly higher resulting in lower net markup / interest income. Once again re-pricing lag on assets impacted the interest income. Operating expenses were higher and an amount of Rs.161 million had to be booked on account of provisions for NPLs both of which impacted the Profit after Tax.

Total Assets increased to Rs.297,412 million from Rs.223,095 million at December 31, 2018. Investment increased significantly to Rs.139,257 million showing 48% increase over year end 2018. Advances were Rs. 118,904 million at the end of the period as compared to Rs.95,012 million at December 31, 2018. Deposits registered a growth of 9% over the figures at close of the year 2018.

#### **Future Outlook**

In the current economic situation, pressure is likely to remain on the Bank's operating performance. However, the economic outlook going forward looks positive and the economy seems to be moving towards stability.

The Bank's three year strategy shall concentrate on obtaining low cost deposits and making high quality low risk Advances. Emphasis will be on growth in Islamic Banking mode to benefit from lower cost of funds. The Bank also plans to tap the opportunities available in the newly merged former Federally Administered Tribal Areas (FATA), where the Bank plans to open four branches. Upgradation in the I.T. platform of the Bank is essential for achieving the Bank's objectives and every effort is being made to implement the core banking system at the earliest.

The Bank with a network of 169 branches including 84 dedicated Islamic Banking Branches, 3 sub-branches and 3 booths, provides comprehensive banking services across the country and is striving to make access to these services easier, through its technology platform.

#### **Credit Rating**

The JCR-VIS Credit Rating Company Limited (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". These ratings denote low expectation of credit risk emanating from a strong capacity for timely payment of financial commitments.

#### **Acknowledgement**

The Board would like to thank the Provincial Government, State Bank of Pakistan and other regulatory authorities for their support and continued guidance. We are grateful to our valued customers for their trust and support whereas dedicated efforts of the staff is very much appreciated.

Islamabad: October 25, 2019

For and on behalf of the Board of Directors



**Chairman**

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT SEPTEMBER 30, 2019**

	Note	(Un-Audited) September 30, 2019	(Audited) December 31, 2018
----- Rupees in '000 -----			
<b>ASSETS</b>			
Cash and balances with treasury banks	6	9,450,654	12,351,453
Balances with other banks	7	2,434,434	3,705,360
Lendings to financial institutions	8	12,626,326	7,695,642
Investments	9	139,257,310	94,233,239
Advances	10	118,904,113	95,011,903
Fixed assets	11	3,270,984	2,216,422
Intangible assets	12	273,001	78,850
Deferred tax assets	13	1,540,088	1,757,451
Other assets	14	9,655,120	6,044,663
		<b>297,412,030</b>	<b>223,094,983</b>
<b>LIABILITIES</b>			
Bills payable	15	867,751	895,126
Borrowings	16	85,565,373	34,842,114
Deposits and other accounts	17	187,255,669	171,167,556
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	18	10,863,814	4,485,603
		<b>284,552,607</b>	<b>211,390,399</b>
<b>NET ASSETS</b>		<b>12,859,423</b>	<b>11,704,584</b>
<b>REPRESENTED BY</b>			
Share capital		10,002,524	10,002,524
Reserves		2,763,045	2,643,483
Deficit on revaluation of assets	19	(1,547,664)	(2,104,692)
Unappropriated profit		1,641,518	1,163,269
		<b>12,859,423</b>	<b>11,704,584</b>

**CONTINGENCIES AND COMMITMENTS**

20

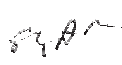
The annexed notes 1 to 38 form an integral part of these condensed interim financial statements.



Chairman



Chief Financial Officer



Director



Director



Director



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019**

	Note	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
----- Rupees in '000 -----					
Mark-up/return/interest earned	21	7,032,126	3,483,925	17,304,352	10,618,021
Mark-up/return/interest expensed	22	5,728,555	2,313,977	13,538,822	6,657,142
Net mark-up/ interest income		1,303,571	1,169,948	3,765,530	3,960,879
<b>NON MARK-UP/INTEREST INCOME</b>					
Fee and commission income	23	91,684	93,683	287,072	318,707
Dividend income		2,477	6,011	7,912	32,553
Foreign exchange income		53,973	52,537	143,170	107,166
Income / (loss) from derivatives		-	-	-	-
(Loss) / gain on securities - net	24	17,519	2,562	19,711	13,794
Other income	25	35,081	18,990	94,841	72,182
Total non-markup / interest income		200,734	173,783	552,706	544,402
Total income		1,504,305	1,343,731	4,318,236	4,505,281
<b>NON MARK-UP/INTEREST EXPENSE</b>					
Operating expenses	26	1,222,858	987,029	3,250,349	2,952,399
Workers Welfare Fund		-	-	-	-
Other charges	27	5,211	22,015	7,498	22,145
Total non-markup/interest expenses		1,228,069	1,009,044	3,257,847	2,974,544
<b>PROFIT BEFORE PROVISIONS</b>		276,236	334,687	1,060,389	1,530,737
Provisions and write offs - net	28	14,935	77,664	160,580	6,506
<b>PROFIT BEFORE TAXATION</b>		261,301	257,023	899,809	1,524,231
Taxation	29	161,655	105,668	301,998	596,524
<b>PROFIT AFTER TAXATION</b>		99,646	151,355	597,811	927,707
----- Rupees -----					
<b>Basic and diluted earnings per share</b>	30	0.10	0.15	0.60	0.93

The annexed notes 1 to 38 form an integral part of these condensed interim financial statements.



Chairman



Chief Financial Officer



Director



Director



Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019**

	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
	----- Rupees in '000 -----			
Profit after taxation for the period	99,646	151,355	597,811	927,707
<b>Other comprehensive income</b>				
<b>Items that will be reclassified to profit and loss account in subsequent periods:</b>				
Movement in deficit on revaluation of investments - net	1,278,295	(1,190,055)	856,966	(2,041,700)
Related deferred tax	(447,403)	416,519	(299,938)	714,595
	830,892	(773,536)	557,028	(1,327,105)
<b>Total comprehensive income</b>	<b>930,538</b>	<b>(622,181)</b>	<b>1,154,839</b>	<b>(399,398)</b>


The annexed notes 1 to 38 form an integral part of these condensed interim financial statements.



Chairman



Chief Financial Officer



Director



Director



Director



The Bank of Khyber

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019**

	Share capital	Statutory reserve	Investments	(Deficit) / surplus on revaluation of	Fixed assets	Unappropriated profit	Total
<b>Balance as at January 1, 2018</b>	10,002,524	2,550,263	(319,315)	774,183		2,390,464	15,398,119
<b>Total Comprehensive Income</b>							
Profit after taxation for the nine months ended September 30, 2018	-	-	-	-	-	927,707	927,707
Other comprehensive income - net of tax	-	-	(1,327,105)	-	-	(1,327,105)	(1,327,105)
Transfer to statutory reserve	-	185,541	(1,327,105)	-	-	927,707	(399,398)
<b>Transactions with owners recorded directly in equity</b>							
Final cash dividend for the year ended December 31, 2017 (Rs. 1.50 per share)	-	-	-	-	-	(1,500,557)	(1,500,557)
<b>Balance as at September 30, 2018 (un-Audited)</b>	10,002,524	2,735,804	(1,646,420)	774,183		1,632,073	13,498,164
<b>Total Comprehensive Income</b>							
Loss after taxation for the three months ended December 31, 2018	-	-	-	-	-	(461,608)	(461,608)
Other comprehensive income - net of tax	-	-	(1,232,455)	-	-	(99,517)	(1,331,972)
Transfer to statutory reserve	-	(92,321)	(1,232,455)	-	-	(561,125)	(1,793,580)
<b>Balance as at December 31, 2018 (audited)</b>	10,002,524	2,643,483	(2,878,875)	774,183		1,163,269	11,704,584
<b>Total Comprehensive Income</b>							
Profit after taxation for the nine months ended September 30, 2019	-	-	557,028	-	-	597,811	597,811
Other comprehensive income - net of tax	-	-	557,028	-	-	-	557,028
Transfer to statutory reserve	-	119,562	-	-	-	597,811	1,154,839
<b>Balance as at September 30, 2019 (un-Audited)</b>	10,002,524	2,763,045	(2,321,847)	774,183		1,641,518	12,859,423

The annexed notes 1 to 38 form an integral part of these condensed interim financial statements.



Chairman



Chief Financial Officer



Director



Director



Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019**

	Note	Nine months ended September 30, 2019	Nine months ended September 30, 2018
		----- 'Rupees in '000 -----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		899,809	1,524,231
Less: Dividend income		7,912	32,553
		<b>891,897</b>	<b>1,491,678</b>
Adjustments:			
Depreciation		379,606	221,059
Amortization		32,224	41,701
Provisions and write offs - net	28	160,580	6,506
(Gain)/loss on sale of fixed assets		(219)	351
Finance charges on leased assets		109,990	-
Unrealized loss on securities		-	-
		<b>682,181</b>	<b>269,617</b>
(Increase) / Decrease in operating assets		<b>1,574,078</b>	<b>1,761,295</b>
Lendings to financial institutions		(4,930,684)	(349,337)
Held-for-trading securities		(3,081,560)	-
Advances		(24,052,790)	(9,727,447)
Others assets (excluding advance taxation)		(3,872,762)	(558,332)
		<b>(35,937,796)</b>	<b>(10,635,116)</b>
Increase / (Decrease) in operating liabilities			
Bills payable		(27,375)	(262,123)
Borrowings from financial institutions		50,723,259	(50,290,516)
Deposits		16,088,113	13,340,174
Liabilities against assets subject to finance lease		-	-
Other liabilities (excluding current taxation)		5,153,547	(1,313,383)
		<b>71,937,544</b>	<b>(38,525,848)</b>
Payments against off-balance sheet obligations		-	-
Income tax paid		(220,978)	(722,461)
Net cash flows generated from/ (used in) operating activities		<b>37,352,848</b>	<b>(48,122,130)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Net investments in available-for-sale securities		(41,277,301)	44,931,347
Net investments in held-to-maturity securities		191,756	5,643,518
Dividends received		7,912	32,553
Investments in operating fixed assets		(447,248)	(270,839)
Proceeds from sale of fixed assets		352	448
Net cash flows (used in)/ generated from investing activities		<b>(41,524,529)</b>	<b>50,337,027</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Dividend paid		(44)	(1,500,847)
Net cash flows used in financing activities		<b>(44)</b>	<b>(1,500,847)</b>
Effects of exchange rate changes on cash and cash equivalents		-	-
<b>(Decrease) / Increase in cash and cash equivalents</b>		<b>(4,171,725)</b>	<b>714,050</b>
Cash and cash equivalents at beginning of the period		<b>16,056,813</b>	<b>12,173,369</b>
Cash and cash equivalents at end of the period		<b>11,885,088</b>	<b>12,887,419</b>

The annexed notes 1 to 38 form an integral part of these condensed interim financial statements.



Chairman



Chief Financial Officer



Director



Director



Director

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

### 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 169 branches including 84 Islamic banking branches (2018: 169 branches including 84 Islamic banking branches). The long term credit ratings 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 'A-1' (A-One) respectively.

### 2. BASIS OF PRESENTATION

- 2.1 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by the banks from their customers and immediate resale to them at appropriate 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 this condensed interim financial information as such, but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up in price thereon. However, 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 and notified under the provisions of Companies Act, 2017.
- 2.2 The financial results of the Islamic Banking Group have been included in this condensed interim financial information 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 35 to these financial information.
- 2.3 This condensed interim financial information has 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.
- 2.4 The disclosures made in this condensed interim financial information have been limited based on the format prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular No. 05 dated March 22, 2019 and International Accounting Standard 34, Interim Financial Reporting. They do not include all disclosures required for annual financial statements and this condensed interim financial information should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2018.
- 2.5 In this condensed interim financial information, investments in associates are reported on the basis of direct equity interest and are not consolidated or accounted for by using the equity method of accounting.

### 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 and 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.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019**

**3.2** 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 issued vide SRO 411 (I)/2008 dated April 28, 2008, IFRS 7 "Financial Instruments: Disclosure" has not been made applicable for banks. Moreover SBP vide BPRD circular No. 4, dated February 25, 2015 has deferred the applicability of Islamic Financial Accounting Standard (IFAS) 3, Profit and Loss Sharing on Deposits. 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 its various circulars.

**3.3** SECP vide its notification SRO 633 (I)/2014 dated July 10, 2014, adopted IFRS-10, Consolidated Financial Statements, effective from the periods starting from June 30, 2014. However, vide its notification SRO 56 (I)/2016 dated January 28, 2016, it has been notified that the requirements of IFRS-10 and section 228 of the Companies Act, 2017 will not be applicable with respect to the investment in mutual funds established under Trust structure.

**4 BASIS OF MEASUREMENT**

**Accounting Convention**

This condensed interim financial information has been prepared under the historical cost convention except that leasehold land have been stated at revalued amount, available for sale securities at fair values, net obligations in respect of defined benefit schemes and lease liability under IFRS 16 at their present values.

**5 SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS AND FINANCIAL RISK MANAGEMENT**

**5.1 Significant accounting policies**

The accounting policies, underlying estimates and judgements and method of computation followed in the preparation of this condensed interim financial information are same as those applied in preparing the financial statements of the Bank for the year ended December 31, 2018 except for those disclosed under note 5.2.

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

There are certain new and amended standards, interpretations and amendments that are mandatory for the Bank's current accounting period but, except for IFRS 16 (refer Note 5.2.2) are considered not to be relevant or do not have any significant effect on the Bank's operations. These include:

- IAS 28 - Long term interests in associates and Joint Venture (Amendments to IAS 28)
- IFRIC 23 - Uncertainty over Income Tax Treatments
- Annual improvements to IFRS Standards 2-15-2017 cycle
- IAS 19 Plan amendment, curtailment or settlement (Amendments to IAS 19)
- IFRS 15 - Revenue from contracts with customers (Note 5.2.1)

**5.2.1** IFRS 15, Revenue from Contracts with Customers, which replaced IAS 18, Revenue and IAS 11, Construction Contracts, has been applied effective from January 01, 2018. It applies to all contracts with customers except leases, financial instruments and insurance contracts. The standard establishes a more systematic approach for revenue measurement and recognition by introducing a five-step model governing revenue recognition. The five-step model requires the Bank to (i) identify the contract with the customer, (ii) identify each of the performance obligations included in the contract, (iii) determine the amount of consideration in the contract, (iv) allocate the consideration to each of the identified performance obligations and (v) recognize revenue as each performance obligation is satisfied.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019**

There are no significant impacts from the adoption of IFRS 15 in relation to the timing of when the Bank recognizes revenues or when revenue should be recognized gross as a principal or net as an agent. Therefore, the Bank will continue to recognize fee and commission income charged for services provided as the services are provided (for example on completion of the underlying transaction). The Accounting policy is updated to reflect the terminology in the new standard but it has had no effect on financial information reported in the current or comparative periods. Interest income and expense continues to be recognized using the effective interest rate method for financial instruments measured at historical cost. There has been no restatement of profit or loss for comparative periods. Accordingly, these interim financial statements do not include detailed disclosures of the amounts by which line items are affected by the application of IFRS 15 compared to revenue standards no longer in effect.

**5.2.2** IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. A lessee recognizes a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as either finance or operating leases.

The Bank has adopted IFRS 16 retrospectively from January 01, 2019, using the modified retrospective approach, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard.

On adoption of IFRS 16, the Bank has recognised liabilities in respect of leases which had previously been classified as operating leases under IAS 17. These liabilities were initially measured as the present value of the remaining lease payments, discounted using the Bank's incremental monthly weighted average borrowing rate from 01 January 2019 to the end of their respective lease terms ranging from 12.73% to 16.23%. The lease liability is subsequently measured at amortised cost using the effective interest rate method.

On adoption of IFRS 16, the associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of prepaid lease payments recognised in the statement of financial position immediately before the date of initial application.

The right-of-use assets recognised subsequent to the adoption are measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use assets are depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

The recognised right-of-use assets are as follows

	<b>September 30, 2019</b>	<b>January 01, 2019</b>
	----- Rupees '000 -----	----- Rupees '000 -----
<b>Property</b>	<b>1,071,189</b>	<b>1,213,428</b>

The effect of this change in accounting policy is as follows:

Impact on Statement of Financial Position

Increase in fixed assets - right-of-use assets	<b>1,071,189</b>	<b>1,213,428</b>
Decrease in other assets - advance rent and other prepayments	<b>(121,651)</b>	<b>(112,607)</b>
Increase in other assets - advance taxation	<b>11,470</b>	<b>-</b>
	<b>961,008</b>	<b>1,100,821</b>
Increase in other liabilities - lease liability against right-of-use assets	<b>(943,067)</b>	<b>(1,100,821)</b>
Increase in net assets	<b>17,941</b>	<b>-</b>

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

Impact on Profit and Loss account	For the nine months ended September 30, 2019 (Rupees '000)
Depreciation expense of right-of-use assets	(142,239)
Interest expense on lease liabilities	(109,990)
Rent expense	281,640
Increase in profit before tax	29,411
Increase in tax	(11,470)
increase in profit after tax	17,941

Earnings per share for the nine months ended September 30, 2019 are Rs 0.02 per share higher as a result of the adoption of IFRS 16.

The Bank has opted not to recognise right-of-use assets for leases of low value. The payments associated with such leases are recognised as an expense on a straight line basis over the lease term.

### 5.3 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following new standards and interpretations of and amendments to existing accounting and reporting standards will be effective from the dates mentioned below against the respective standard, interpretation or amendment:

Standard, Interpretation or Amendment	Effective date (annual periods beginning on or after)
IFRS 3 - Definition of a Business (Amendments)	January 01, 2020
IAS 1 - Presentation of Financial Statements (Amendments)	January 01, 2020
IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors	January 01, 2020

Standard, Interpretation or Amendment	Effective date (periods ending on or after)
IFRS 9 - Financial Instruments: Classification and Measurement	June 30, 2019

The SECP, through SRO 229(I)/2019 dated February 14, 2019, has notified that IFRS 9, Financial Instruments, is applicable for accounting periods ending on or after June 30, 2019. However, based on the guidance received from the SBP, the requirements of IFRS 9 have not been considered for Pakistan operations of the Bank in preparation of these condensed interim financial information.

IFRS 9: 'Financial Instruments' addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on an 'Expected Credit Losses' (ECL) approach rather than the 'incurred credit losses' approach as currently followed. The ECL has impact on all assets of the Bank which are exposed to credit risk.

The Bank is in the process of assessing the full impact of this standard.

The bank expects that the adoption of the remaining amendments will not affect its financial statements in the period of initial application.

### 5.4 Critical accounting estimates and judgements

The basis for accounting estimates adopted in the preparation of this condensed interim financial information are the same as that applied in the preparation of the financial statements for the year ended December 31, 2018.

### 5.5 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, 2018.



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

	(Un-audited) September 30, 2019	(Audited) December 31, 2018		
	----- Rupees in '000 -----			
<b>6 CASH AND BALANCES WITH TREASURY BANKS</b>				
<b>In hand</b>				
Local currency	1,827,081	2,110,143		
Foreign currency	136,338	247,451		
	1,963,419	2,357,594		
<b>With State Bank of Pakistan in</b>				
Local currency current account	6,701,621	9,051,401		
Foreign currency current account	56,982	82,680		
Foreign currency deposit account	111,420	73,760		
	6,870,023	9,207,841		
<b>With National Bank of Pakistan in</b>				
Local currency current accounts	590,079	767,556		
Local currency deposit accounts	890	6,658		
Foreign currency deposit accounts	10,098	9,517		
	601,067	783,731		
Prize bonds	16,145	2,287		
	9,450,654	12,351,453		
<b>7 BALANCES WITH OTHER BANKS</b>				
<b>In Pakistan</b>				
In current accounts	2,012,155	3,008,582		
In deposit accounts	34,649	577,196		
	2,046,804	3,585,778		
<b>Outside Pakistan</b>				
In current accounts	54,454	18,785		
In deposit accounts	343,204	110,825		
	397,658	129,610		
Provision for doubtful placement with the bank	(10,028)	(10,028)		
	2,434,434	3,705,360		
<b>8 LENDINGS TO FINANCIAL INSTITUTIONS</b>				
Call / clean money lendings	500,000	2,500,000		
Repurchase agreement lendings (Reverse Repo)	9,294,979	5,195,642		
Bai Muajjal receivable from State Bank of Pakistan	2,831,347	-		
Placements with financial institutions	238,944	238,944		
	12,865,270	7,934,586		
Less: Provision held against lending to financial institutions	(238,944)	(238,944)		
Lending to financial institutions - net of provision	12,626,326	7,695,642		
<b>8.1 Category of classification</b>	(Un-audited) September 30, 2019	(Audited) December 31, 2018		
	Classified lending	Provision held	Classified lending	Provision held
	----- Rupees in '000 -----			
<b>Domestic</b>				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	238,944	238,944	238,944	238,944
	238,944	238,944	238,944	238,944
<b>Overseas</b>				
Not past due but impaired	-	-	-	-
Overdue by:				
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	-	-	-	-
> 365 days	-	-	-	-
	-	-	-	-
<b>Total</b>	238,944	238,944	238,944	238,944

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

9 INVESTMENTS	(Un-audited) September 30, 2019				(Audited) December 31, 2018			
	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortized cost	Provision for diminution	Surplus / (deficit)	Carrying value
9.1 Investments by type:								
	Rupees in '000							
<b>Held-for-trading securities</b>								
Federal Government Securities	3,081,559	-	-	3,081,559	-	-	-	-
Provincial Government Securities	-	-	-	-	-	-	-	-
Shares	-	-	-	-	-	-	-	-
Non Government Debt Securities	-	-	-	-	-	-	-	-
Foreign Securities	-	-	-	-	-	-	-	-
	3,081,559	-	-	3,081,559	-	-	-	-
<b>Available-for-sale securities</b>								
Federal Government Securities	109,727,010	-	(3,637,470)	106,089,540	68,450,985	-	(4,524,391)	63,926,594
Provincial Government Securities	-	-	-	-	-	-	-	-
Shares	838,890	(566,126)	71,397	344,161	683,990	(566,126)	95,352	213,216
Non Government Debt Securities	7,080,285	(275,879)	(6,000)	6,798,406	7,233,909	(275,879)	-	6,958,030
Foreign Securities	-	-	-	-	-	-	-	-
	117,646,185	(842,005)	(3,572,073)	113,232,107	76,368,884	(842,005)	(4,429,039)	71,097,840
<b>Held-to-maturity securities</b>								
Federal Government Securities	22,903,140	-	-	22,903,140	23,094,895	-	-	23,094,895
Provincial Government Securities	-	-	-	-	-	-	-	-
Non Government Debt Securities	-	-	-	-	-	-	-	-
Foreign Securities	-	-	-	-	-	-	-	-
	22,903,140	-	-	22,903,140	23,094,895	-	-	23,094,895
<b>Associate</b>	40,504	-	-	40,504	40,504	-	-	40,504
<b>Subsidiaries</b>	-	-	-	-	-	-	-	-
<b>Total</b>	<b>143,671,388</b>	<b>(842,005)</b>	<b>(3,572,073)</b>	<b>139,257,310</b>	<b>99,504,283</b>	<b>(842,005)</b>	<b>(4,429,039)</b>	<b>94,233,239</b>

### 9.1.1 Investments given as collateral

Market Treasury Bills  
Pakistan Investment Bonds

(Un-audited) September 30, 2019	(Audited) December 31, 2018
Rupees in '000	
40,080,216	7,406,373
30,110,907	21,965,384
<b>70,191,123</b>	<b>29,371,757</b>

### 9.2 Provision for diminution in value of investments

9.2.1 Opening balance  
Exchange adjustments  
**Charge / reversals**  
Charge for the period / year  
Reversals for the period / year  
Reversal on disposals  
  
Transfers - net  
Amounts written off  
Closing balance

842,005	865,176
-	-
-	-
-	(3,755)
-	(19,416)
-	(23,171)
-	-
<b>842,005</b>	<b>842,005</b>

### 9.2.2 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:  
Up to 90 days  
91 to 180 days  
181 to 365 days  
>365 days

(Un-audited) September 30, 2019		(Audited) December 31, 2018	
Non performing investments	Provisions	Non performing investments	Provisions
Rupees in '000			
-	-	-	-
-	-	-	-
-	-	-	-
<b>275,879</b>	<b>275,879</b>	<b>275,879</b>	<b>275,879</b>
<b>275,879</b>	<b>275,879</b>	<b>275,879</b>	<b>275,879</b>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<b>275,879</b>	<b>275,879</b>	<b>275,879</b>	<b>275,879</b>

9.3 The market value of securities classified as held-to-maturity amounted to Rs. 21,253,940 thousand as at September 30, 2019 (December 31, 2018: Rs. 21,062,000 thousand).

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

### 10 ADVANCES

	Performing		Non performing		Total	
	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
	Rupees in '000					
Loans, cash credits, running finances, etc.	69,912,374	59,077,654	4,786,252	4,121,876	74,698,626	63,199,530
Islamic financing and related assets	47,243,332	35,294,489	296,564	313,506	47,539,896	35,607,995
Bills discounted and purchased	774,125	136,480	207,118	222,970	981,243	359,450
Advances - gross	117,929,831	94,508,623	5,289,934	4,658,352	123,219,765	99,166,975
Provision against advances						
- Specific	-	-	4,273,719	4,119,221	4,273,719	4,119,221
- General	41,933	35,851	-	-	41,933	35,851
	41,933	35,851	4,273,719	4,119,221	4,315,652	4,155,072
Advances - net of provision	117,887,898	94,472,772	1,016,215	539,131	118,904,113	95,011,903
					(Un-audited)	(Audited)
					September 30, 2019	December 31, 2018

#### 10.1 Particulars of advances (Gross)

In local currency	123,219,765	99,166,975
In foreign currencies	-	-
	123,219,765	99,166,975

10.2 Advances include Rs.5,289,934 thousand (December 2018: Rs. 4,658,352 thousand) which have been placed under non-performing status as detailed below:

	(Un-audited) September 30, 2019		(Audited) December 31, 2018	
	Non performing loans	Provision	Non performing loans	Provision
	Rupees in '000			
Domestic				
Other assets especially mentioned	78,892	17	10,308	-
Substandard	190,321	8,698	129,817	4,361
Doubtful	495,912	136,062	239,992	45,855
Loss	4,524,809	4,128,942	4,278,235	4,069,005
	5,289,934	4,273,719	4,658,352	4,119,221
Overseas				
Not past due but impaired	-	-	-	-
Overdue by:				
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	-	-	-	-
> 365 days	-	-	-	-
	-	-	-	-
Total	5,289,934	4,273,719	4,658,352	4,119,221

#### 10.3 Particulars of provision against advances

	(Un-audited) September 30, 2019			(Audited) December 31, 2018		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	4,119,221	35,851	4,155,072	4,278,567	24,954	4,303,521
Exchange adjustments	-	-	-	-	-	-
Charge for the period / year	207,340	6,082	213,422	309,531	10,897	320,428
Reversals	(52,842)	-	(52,842)	(468,877)	-	(468,877)
	154,498	6,082	160,580	(159,346)	10,897	(148,449)
Amounts written off	-	-	-	-	-	-
Amounts charged off - agriculture financing	-	-	-	-	-	-
Closing balance	4,273,719	41,933	4,315,652	4,119,221	35,851	4,155,072

10.3.1 General provision represents provision against consumer finance portfolio as required by the Prudential Regulations issued by the SBP.

10.3.2 State Bank of Pakistan through various circulars 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 September 30, 2019 the Bank has availed cumulative benefit of forced sale values of Rs. 502,432 thousand (December 2018: Rs. 285,790 thousand). Increase in unappropriated profit net of tax amounting to Rs. 326,581 thousand (December 2018: Rs. 185,764 thousand) is not available for the distribution of cash or stock dividend to shareholders or bonus to employees.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019**

		(Un-audited) September 30, 2019	(Audited) December 31, 2018
	Note	Rupees in '000	
<b>11 FIXED ASSETS</b>			
Capital work-in-progress	11.1	410,600	291,647
Property and equipment		1,789,195	1,924,775
Right of use asset	5.2.2	1,071,189	-
		<b>3,270,984</b>	<b>2,216,422</b>
<b>11.1 Capital work-in-progress</b>			
Civil works		294,827	284,396
Equipment		16,201	7,251
Advances to suppliers		99,572	-
		<b>410,600</b>	<b>291,647</b>
<b>11.2 Additions to fixed assets</b>			
Following additions have been made to fixed assets during the period:			
		(Un-audited) September 30, 2019	(Audited) December 31, 2018
		Rupees in '000	
Capital work-in-progress		118,953	31,404
<b>Property and equipment</b>			
Freehold land		-	-
Leasehold land		-	-
Building on freehold land		-	-
Building on leasehold land		-	-
Furniture and fixture		6,392	16,413
Electrical, office and computer equipment		75,653	110,643
Vehicles		112	3,393
Renovation		19,761	111,168
Books		-	80
		<b>101,918</b>	<b>241,697</b>
		<b>220,871</b>	<b>273,101</b>
<b>11.3 Disposals of fixed assets</b>			
The net book value of fixed assets disposed off during the period is as follows:			
		(Un-audited) September 30, 2019	(Audited) December 31, 2018
		Rupees in '000	
Freehold land		-	-
Leasehold land		-	-
Building on freehold land		-	-
Building on leasehold land		-	-
Furniture and fixture		83	309
Electrical office and computer equipment		51	10
Vehicles		-	-
Renovation		-	973
		<b>134</b>	<b>1,292</b>
<b>12 INTANGIBLE ASSETS</b>			
Work in progress		210,467	8,300
Computer software		62,534	70,550
		<b>273,001</b>	<b>78,850</b>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019**

	(Un-audited) September 30, 2019	(Audited) December 31, 2018
	----- Rupees in '000 -----	
<b>12.1 Additions to intangible assets</b>		
Following additions have been made to intangible assets during the period:		
Developed internally	-	-
Directly purchased	24,210	48,390
Through business combination	-	-
<b>Total</b>	<b>24,210</b>	<b>48,390</b>
<b>12.2 Disposals of intangible assets</b>		
The net book value of intangible assets disposed off during the period is as follows:		
Developed internally	-	-
Directly purchased	-	-
Through business combinations	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>13 DEFERRED TAX ASSET / (LIABILITY) - NET</b>		
<b>Deductible temporary differences on</b>		
- Re-measurement of defined benefit plan	27,586	27,586
- Deficit on revaluation of investments	1,250,226	1,550,164
- Accelerated tax depreciation	76,740	50,978
- (Reversal) / Provision against loans and advances-net	45,760	-
- Provision for balances with other banks	3,510	3,510
- Provision for diminution in value of investments	77,981	78,157
- Provision for other assets	3,448	3,448
- Islamic Pool Management reserve	54,837	49,899
	<b>1,540,088</b>	<b>1,763,742</b>
<b>Taxable temporary differences on</b>		
- (Reversal) / provision against loans and advances - net	-	(6,291)
	<b>1,540,088</b>	<b>1,757,451</b>
<b>14 OTHER ASSETS</b>		
Income/ mark-up accrued in local currency - net of provision	8,651,443	4,386,767
Advances for Pre-IPO	100,000	100,000
Advances, deposits, advance rent and other prepayments	51,431	660,898
Advance taxation (payments less provisions)	507,234	670,828
Non-banking assets acquired in satisfaction of claims	-	-
Receivable from Provident Fund Trust	5,232	-
Mark to market gain on forward foreign exchange contracts	-	-
Receivable on account of sale of securities	10,860	87,902
Stationary and stamps on hand	36,594	18,863
Others	436,752	263,831
	<b>9,799,546</b>	<b>6,189,089</b>
Less: Provision held against other assets	144,426	144,426
Other Assets (Net of provision)	<b>9,655,120</b>	<b>6,044,663</b>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	-	-
<b>Other assets total</b>	<b>9,655,120</b>	<b>6,044,663</b>
<b>14.1 Provision held against other assets</b>		
Advances for Pre-IPO	100,000	100,000
Others	44,426	44,426
	<b>144,426</b>	<b>144,426</b>
<b>14.1.1 Movement in provision held against other assets</b>		
Opening balance	144,426	143,833
Charge for the period / year	-	593
Reversals	-	-
Closing balance	<b>144,426</b>	<b>144,426</b>
<b>15 BILLS PAYABLE</b>		
In Pakistan	867,751	895,126
Outside Pakistan	-	-
	<b>867,751</b>	<b>895,126</b>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019**

	(Un-audited) September 30, 2019	(Audited) December 31, 2018
	----- Rupees in '000 -----	
<b>16 BORROWINGS</b>		
<b>Secured</b>		
Borrowings from State Bank of Pakistan(SBP)		
Under export refinance scheme	2,840,033	3,299,000
Under Locally Manufactured Machinery (LMM) scheme	-	-
Long Term Financing Facility (LTFF)	1,570,037	1,209,271
Livestock and Dairy	72,391	40,000
	4,482,461	4,548,271
Repurchase agreement borrowings	47,908,624	18,815,672
Borrowings from subsidiary companies, managed modarabas and associated undertakings	-	-
Borrowings from directors (including chief executive) of the bank	-	-
Bai Muajjal Borrowing	27,924,288	10,478,171
	80,315,373	33,842,114
<b>Unsecured</b>		
Bai Muajjal Borrowing	-	-
Call borrowings	5,250,000	1,000,000
	85,565,373	34,842,114

**17 DEPOSITS AND OTHER ACCOUNTS**

	(Un-audited) September 30, 2019			(Audited) December 31, 2018		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	----- Rupees in '000 -----					
<b>Customers</b>						
Current deposits	35,242,544	373,556	35,616,100	33,724,537	658,829	34,383,366
Saving deposits	70,071,243	343,647	70,414,890	56,316,293	134,854	56,451,147
Term deposits	74,306,343	-	74,306,343	74,575,968	-	74,575,968
Others	6,891,459	-	6,891,459	5,595,363	-	5,595,363
	186,511,589	717,203	187,228,792	170,212,161	793,683	171,005,844
<b>Financial Institutions</b>						
Current deposits	425	-	425	2,689	-	2,689
Saving deposits	26,452	-	26,452	159,023	-	159,023
Term deposits	-	-	-	-	-	-
	26,877	-	26,877	161,712	-	161,712
	186,538,466	717,203	187,255,669	170,373,873	793,683	171,167,556

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019**

	Note	(Un-audited) September 30, 2019	(Audited) December 31, 2018
<b>18 OTHER LIABILITIES</b>			
----- Rupees in '000 -----			
Mark-up/ return/ interest payable in local currency		5,736,263	2,331,098
Mark-up/ return/ interest payable in foreign currency		324	69
Unearned commission and income on bills discounted		63,456	119,605
Accrued expenses		168,209	180,357
Unclaimed dividends		29,016	29,060
Branch adjustment account		624,849	754,017
Unremitted head office expenses		-	-
Charity fund payable		20,164	9,156
Provision against off-balance sheet obligations		-	-
Employees benefits payable		50,616	276,373
Security deposits against lease		-	-
Security deposits against ijarah		338,485	340,901
Deferred income murabaha		130,785	117,499
Deferred income government schemes		43,766	37,427
Islamic pool management reserve		156,949	142,569
Share subscription money refund		1,091	1,091
Retention money		23,767	24,903
Mark up in suspense		41,319	22,383
Deferred income on Bai-Maujjal		2,159,031	-
Lease liability against right-of-use assets	5.2.2	943,067	-
Bills payment system over the counter		120,868	-
Marked to market loss on forward foreign exchange contracts		59,839	-
Others		151,950	99,095
		<b>10,863,814</b>	<b>4,485,603</b>
<b>19 DEFICIT ON REVALUATION OF ASSETS</b>			
(Deficit) / surplus on revaluation of:			
- Available for sale securities	9.1	(3,572,073)	(4,429,039)
- Fixed assets		774,183	774,183
- Non-banking assets acquired in satisfaction of claims		-	-
		<b>(2,797,890)</b>	<b>(3,654,856)</b>
Deferred tax on deficit on revaluation of:			
- Available for sale securities		1,250,226	1,550,164
- Fixed assets		-	-
- Non-banking assets acquired in satisfaction of claims		-	-
		<b>1,250,226</b>	<b>1,550,164</b>
		<b>(1,547,664)</b>	<b>(2,104,692)</b>
<b>20 CONTINGENCIES AND COMMITMENTS</b>			
- Guarantees	20.1	15,194,261	15,959,908
- Commitments	20.2	20,899,891	13,545,311
		<b>36,094,152</b>	<b>29,505,219</b>
<b>20.1 Guarantees:</b>			
Financial guarantees		1,935,663	3,719,981
Performance guarantees		13,054,327	11,689,103
Other guarantees		204,271	550,824
		<b>15,194,261</b>	<b>15,959,908</b>
<b>20.2 Commitments:</b>			
Documentary credits and short-term trade-related transactions			
- Letters of credit		3,904,970	10,334,256
Commitments in respect of:			
- Forward foreign exchange contracts	20.2.1	16,153,870	3,206,101
- Forward government securities transactions		-	-
- Derivatives		-	-
- Forward lending		-	-
- Operating leases		-	-
Commitments for acquisition of:			
- Fixed assets		517,276	4,954
- Intangible assets		323,775	-
Other commitments		-	-
		<b>20,899,891</b>	<b>13,545,311</b>

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

	(Un-audited) September 30, 2019	(Audited) December 31, 2018
	----- Rupees in '000 -----	
<b>20.2.1 Commitments in respect of forward foreign exchange contracts</b>		
Purchase	8,064,614	1,705,102
Sale	8,089,256	1,500,999
	<b>16,153,870</b>	<b>3,206,101</b>
<b>20.3 Other contingent liabilities</b>		
During financial year 2011, the tax authorities issued an amended order for the tax year 2009 disallowing certain expenditure on account of lack of evidence for such expenditure resulting in an additional tax demand of Rs. 308,900 thousand. The Bank filed an appeal as well as rectification application against the said order. Based on rectification application, the order was amended and accordingly the additional demand was reduced to Rs. 256,349 thousand. During 2012, the Commissioner Inland Revenue (Appeals) [CIR (A)] through an order dated June 01, 2012 has deleted certain additions on account of disallowances except for the additions under certain heads of expenses having tax impact of approximately Rs. 23,000 thousand. The Bank had filed an appeal against the order of the Appellate Tribunal Inland Revenue (ATIR) in respect of remaining additions which also decided in favor of the Bank. Subsequently, CIR went in to appeal in Peshawar High Court. The management is confident that matter will be decided in the Bank's favor.		
	(Un-audited) Nine months ended September 30, 2019	(Un-audited) Nine months ended September 30, 2018
	----- Rupees in '000 -----	
<b>21 MARK-UP / RETURN / INTEREST EARNED</b>		
On:		
a) Loans and advances	9,282,124	4,678,920
b) Investments	6,208,045	5,659,556
c) Lendings to Financial Institutions	1,784,840	263,183
d) Balances with banks	29,343	16,362
	<b>17,304,352</b>	<b>10,618,021</b>
<b>22 MARK-UP / RETURN / INTEREST EXPENSED</b>		
On:		
a) Deposits	11,033,564	5,150,576
b) Borrowings	2,505,258	1,506,566
	<b>13,538,822</b>	<b>6,657,142</b>
<b>23 FEE AND COMMISSION INCOME</b>		
Branch banking customer fees	29,731	57,126
Consumer finance related fees	4,167	6,299
Credit related fees (debit cards)	28,214	23,138
Credit related fees	46,093	50,898
Investment banking fees	20,668	26,223
Commission on trade	9,747	3,518
Commission on guarantees	126,451	126,954
Commission on remittances including home remittances	18,556	19,382
Others	3,445	5,169
	<b>287,072</b>	<b>318,707</b>
<b>24 (LOSS) / GAIN ON SECURITIES - NET</b>		
Realized	19,711	13,794
Unrealized	-	-
	<b>19,711</b>	<b>13,794</b>
<b>24.1 Realized (loss) / gain on:</b>		
Federal Government Securities	21,756	13,630
Provincial Government Securities	-	-
Shares	(812)	164
Non Government Debt Securities	(1,233)	-
Foreign Securities	-	-
Associates	-	-
Subsidiaries	-	-
	<b>19,711</b>	<b>13,794</b>



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019**

	(Un-audited) Nine months ended September 30, 2019	(Un-audited) Nine months ended September 30, 2018
	----- Rupees in '000 -----	
<b>25 OTHER INCOME</b>		
Rent on property	19,197	8,586
Gain/ (loss) on sale of fixed assets - net	219	(351)
Service income on Government schemes	2,681	3,274
Postal, swift and other services	68,813	57,200
Rebate from financial institutions	3,931	3,473
	<u>94,841</u>	<u>72,182</u>
<b>26 OPERATING EXPENSES</b>		
Total compensation expense	1,838,063	1,710,882
<b>Property expense</b>		
Rates and taxes	5,525	273,124
Insurance	-	-
Utilities cost	108,886	92,673
Security (including guards)	93,976	90,265
Repair and maintenance (including janitorial charges)	2,592	2,664
Finance cost on Right of use assets	109,990	-
Depreciation	249,485	99,996
	570,454	558,722
<b>Information technology expenses</b>		
Software maintenance	60,249	7,565
Hardware maintenance	17,238	22,421
Depreciation	108,768	100,204
Amortization	32,224	41,701
Network charges	7,431	7,980
ATM charges	100,200	88,021
Others	1,477	-
	327,587	267,893
<b>Other operating expenses</b>		
Directors' fees and allowances	7,435	7,890
Fees and allowances to Shariah Board	320	383
Legal and professional charges	30,850	18,212
Outsourced services costs	57,615	60,451
Travelling and conveyance	45,832	45,405
NIFT clearing charges	8,242	7,312
Depreciation	21,353	20,861
Training and development	6,526	5,212
Postage and courier charges	15,045	17,392
Communication	40,178	41,633
Stationery and printing	34,457	36,408
Marketing, advertisement and publicity	31,819	25,202
Donations	-	25
Auditors remunerations	8,923	11,980
Repair and maintenance	8,964	4,008
Insurance expense	34,029	27,704
Brokerage and commission	33,414	16,003
Rent and taxes	866	893
Entertainment	20,118	19,686
News papers and periodicals	1,401	1,099
Fees and subscription	6,239	2,251
Deposit protection premium	47,538	-
Cash carriage charges	33,156	28,812
Others	19,925	16,078
	514,245	414,902
	<u>3,250,349</u>	<u>2,952,399</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019**

		(Un-audited) Nine months ended September 30, 2019	(Un-audited) Nine months ended September 30, 2018
		----- Rupees in '000 -----	
<b>27 OTHER CHARGES</b>			
Penalties imposed by State Bank of Pakistan		<b>7,498</b>	22,145
<b>28 PROVISIONS AND WRITE OFFS - NET</b>			
Reversal for diminution in value of investments	9.2	-	(5,763)
Provisions against loans & advances	10.3	<b>160,580</b>	12,204
Bad debts written off directly		-	65
		<b>160,580</b>	<b>6,506</b>
<b>29 TAXATION</b>			
Current		<b>432,238</b>	613,905
Prior periods		(47,664)	-
Deferred		<b>(82,576)</b>	(17,381)
		<b>301,998</b>	<b>596,524</b>
<b>29.1</b>	Includes super tax, levied through Finance Act, 2020, at the rate of 4% on the taxable income for the period ended September 30, 2019.		
		<b>Nine months ended September 30, 2019</b>	<b>Nine months ended September 30, 2018</b>
		----- Rupees in '000 -----	
<b>30 BASIC AND DILUTED EARNING PER SHARE</b>			
Profit for the period		<b>597,811,071</b>	927,707,122
Weighted average number of ordinary shares		<b>1,000,252,485</b>	1,000,252,485
Basic earnings per share		<b>0.60</b>	0.93

**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 input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

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) September 30, 2019				
	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----			
<b>On balance sheet financial instruments</b>				
<b>Financial assets - measured at fair value</b>				
Investments				
Federal Government Securities		109,171,099	-	109,171,099
Shares	287,903		-	287,903
Term Finance Certificates		1,926,000	-	1,926,000
<b>Financial assets - disclosed but not measured at fair value</b>				-
Investments				
Federal Government Securities	-	22,903,140	-	22,903,140
Shares	-	56,258	-	56,258
Non-Government Debt Securities	-	4,872,406	-	4,872,406
Associates	-	40,504	-	40,504
<b>Off-balance sheet financial instruments - measured at fair value</b>				-
Forward purchase of foreign exchange	-	8,064,614	-	8,064,614
Forward sale of foreign exchange	-	8,089,256	-	8,089,256
(Audited) December 31, 2018				
	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----			
<b>On balance sheet financial instruments</b>				
<b>Financial assets - measured at fair value</b>				
Investments				
Federal Government Securities	-	63,926,594	-	63,926,594
Shares	156,958		-	156,958
Term Finance Certificates	-	1,600,000	-	1,600,000
<b>Financial assets - disclosed but not measured at fair value</b>				
Investments				
Federal Government Securities	-	23,094,895	-	23,094,895
Shares	-	56,258	-	56,258
Non-Government Debt Securities	-	5,358,030	-	5,358,030
Associates	-	40,504	-	40,504
<b>Off-balance sheet financial instruments - measured at fair value</b>				
Forward purchase of foreign exchange	-	1,705,102	-	1,705,102
Forward sale of foreign exchange	-	1,500,999	-	1,500,999

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.

**(b) Financial instruments in level 2**

Financial instruments included in level 2 comprise of Sukuks 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.
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**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 (Reuters page).
Government of Pakistan (GoP) - Ijarah Sukuks	Fair values of GoP Ijarah Sukuks are derived using the PKISRV rates announced by the Financial Market Association (FMA) through Reuters. These rates denote an average of quotes received from eight different pre-defined / approved dealers / brokers.

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 categorizes 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)	Leasehold land are revalued on regular basis using professional values 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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## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

### 32 SEGMENT INFORMATION

#### 32.1 Segment details with respect to business activities

	(Un-audited) September 30, 2019				
	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Total
	Rupees in '000				
<b>Profit &amp; loss</b>					
Net mark-up / return / profit	2,265,550	455,666	246,296	798,018	3,765,530
Non mark-up / return / interest income	265,745	204,737	12,475	69,749	552,706
<b>Total income</b>	<b>2,531,295</b>	<b>660,403</b>	<b>258,771</b>	<b>867,767</b>	<b>4,318,236</b>
Segment direct expenses	1,584,137	263,644	40,041	1,370,025	3,257,847
<b>Total expenses</b>	<b>1,584,137</b>	<b>263,644</b>	<b>40,041</b>	<b>1,370,025</b>	<b>3,257,847</b>
Provisions	-	-	21,195	139,385	160,580
<b>Profit before tax</b>	<b>947,158</b>	<b>396,759</b>	<b>197,535</b>	<b>(641,643)</b>	<b>899,809</b>
<b>Balance sheet</b>					
Cash and bank balances	6,701,621	377,853	4,751,160	54,454	11,885,088
Lendings to financial institutions	-	12,626,326	-	-	12,626,326
Investments	124,227,651	6,167	-	15,023,492	139,257,310
Advances - performing	76,600,408	9,393,117	4,650,886	28,259,702	118,904,113
Operating fixed assets/intangible assets	-	-	-	3,543,985	3,543,985
Deferred tax assets	-	1,408,456	3,448	128,184	1,540,088
Others	6,092,772	803,792	394,530	2,364,026	9,655,120
<b>Total assets</b>	<b>213,622,452</b>	<b>24,615,711</b>	<b>9,800,024</b>	<b>49,373,843</b>	<b>297,412,030</b>
Bills payable	-	-	867,751	-	867,751
Borrowings	-	5,250,000	-	80,315,373	85,565,373
Deposits and other accounts	131,078,968	16,853,010	1,872,557	37,451,134	187,255,669
Liabilities against assets subject to finance lease	-	-	-	-	-
Others	7,605,253	977,818	108,646	2,172,097	10,863,814
<b>Total liabilities</b>	<b>138,684,221</b>	<b>23,080,828</b>	<b>2,848,954</b>	<b>119,938,604</b>	<b>284,552,607</b>
Equity	74,938,815	1,534,957	6,951,077	(70,565,426)	12,859,423
<b>Total equity and liabilities</b>	<b>213,623,036</b>	<b>24,615,785</b>	<b>9,800,032</b>	<b>49,373,178</b>	<b>297,412,030</b>
<b>Contingencies and commitments</b>	<b>23,100,257</b>	<b>1,082,825</b>	<b>1,804,708</b>	<b>10,106,362</b>	<b>36,094,152</b>

	(Un-audited) September 30, 2018				
	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Total
	Rupees in '000				
<b>Profit and loss</b>					
Net mark-up / return / profit	4,508,057	(1,147,276)	171,918	428,180	3,960,879
Non mark-up / return / interest income	264,638	190,643	23,064	66,057	544,402
<b>Total income</b>	<b>4,772,695</b>	<b>(956,633)</b>	<b>194,982</b>	<b>494,237</b>	<b>4,505,281</b>
Segment direct expenses	1,717,291	234,761	59,180	963,312	2,974,544
<b>Total expenses</b>	<b>1,717,291</b>	<b>234,761</b>	<b>59,180</b>	<b>963,312</b>	<b>2,974,544</b>
Provisions	-	-	6,506	-	6,506
<b>Profit before tax</b>	<b>3,055,404</b>	<b>(1,191,394)</b>	<b>129,296</b>	<b>(469,075)</b>	<b>1,524,231</b>

	(Audited) December 31, 2018				
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Total
	Rupees in '000				
<b>Balance sheet</b>					
Cash and bank balances	9,051,401	688,021	6,298,606	18,785	16,056,813
Lendings to financial institutions	-	7,695,642	-	-	7,695,642
Investments	90,491,491	1,518,261	-	2,223,487	94,233,239
Advances - performing	54,109,118	1,977,368	4,253,967	34,671,450	95,011,903
Operating fixed assets/intangible assets	-	-	-	2,295,272	2,295,272
Deferred tax assets	1,640,876	(3,184)	3,448	116,311	1,757,451
Liabilities against assets subject to finance lease	-	-	-	-	-
Others	3,168,513	89,272	220,290	2,566,587	6,044,662
<b>Total assets</b>	<b>158,461,399</b>	<b>11,965,380</b>	<b>10,776,311</b>	<b>41,891,892</b>	<b>223,094,983</b>
Bills payable	-	-	895,126	-	895,126
Borrowings	-	30,293,843	-	4,548,271	34,842,114
Deposits and other accounts	128,375,667	6,846,702	1,711,676	34,233,511	171,167,556
Others	3,364,202	179,425	44,855	897,120	4,485,602
<b>Total liabilities</b>	<b>131,739,869</b>	<b>37,319,970</b>	<b>2,651,657</b>	<b>39,678,902</b>	<b>211,390,399</b>
Equity	26,721,530	(25,354,590)	8,124,654	2,212,990	11,704,584
<b>Total equity and liabilities</b>	<b>158,461,399</b>	<b>11,965,380</b>	<b>10,776,311</b>	<b>41,891,892</b>	<b>223,094,983</b>
<b>Contingencies and commitments</b>	<b>18,769,612</b>	<b>3,206,101</b>	<b>2,646,165</b>	<b>4,883,341</b>	<b>29,505,219</b>

The Bank has related party relationship with its shareholders, employee benefit plans, associate, directors, key management personnel and other related parties. The Banks enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. 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, other than those which have been disclosed elsewhere in these financial statements are as follows:

The Government of Khyber Pakhtunkhwa (GoKP) holds controlling interest (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 related parties of the Bank. The Bank in the ordinary course of business enters into transaction with Government-related entities. Such transactions include lending to, deposits from and provision of other banking services to Government-related entities.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019**

	(Un-audited) September 30, 2019	(Audited) December 31, 2018
	----- Rupees in '000 -----	
<b>34 CAPITAL ADEQUACY, LEVERAGE RATIO &amp; LIQUIDITY RATIO</b>		
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	<b>10,002,524</b>	10,002,524
<b>Capital Adequacy Ratio (CAR):</b>		
Eligible Common Equity Tier 1 (CET 1) Capital	<b>10,806,886</b>	9,587,071
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	<b>10,806,886</b>	9,587,071
Eligible Tier 2 Capital	-	35,851
Total Eligible Capital (Tier 1 + Tier 2)	<b>10,806,886</b>	9,622,922
<b>Risk weighted assets (RWAs):</b>		
Credit risk	<b>59,212,900</b>	55,368,559
Market risk	<b>16,001,615</b>	12,766,137
Operational risk	<b>10,259,721</b>	10,259,721
<b>Total</b>	<b>85,474,236</b>	78,394,417
Common Equity Tier 1 Capital Adequacy Ratio	<b>12.64%</b>	12.23%
Tier 1 Capital Adequacy Ratio	<b>12.64%</b>	12.23%
Total Capital Adequacy Ratio	<b>12.64%</b>	12.28%
<b>Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	<b>10,806,886</b>	9,587,071
Total Exposure	<b>300,742,492</b>	263,853,741
Leverage Ratio	<b>3.59%</b>	3.63%
<b>Liquidity Coverage Ratio (LCR):</b>		
Total High Quality Liquid Assets	<b>66,201,820</b>	60,817,347
Total Net Cash Outflow	<b>56,044,397</b>	55,418,370
Liquidity Coverage Ratio	<b>118.19%</b>	109.74%
<b>Net Stable Funding Ratio (NSFR):</b>		
Total Available Stable Funding	<b>131,496,903</b>	116,343,436
Total Required Stable Funding	<b>118,679,747</b>	97,573,326
Net Stable Funding Ratio	<b>110.80%</b>	119.24%

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

### 35 ISLAMIC BANKING BUSINESS

The Bank is operating 84 (December 2018: 84) Islamic banking branches and 39 (December 2018: 39) Islamic banking windows as at September 30, 2019.

		(Un-Audited) September 30, 2019	(Audited) December 31, 2018
	Note	----- Rupees in '000 -----	
<b>ASSETS</b>			
Cash and balances with treasury banks		3,644,276	4,222,345
Balances with other banks		917,978	1,629,801
Due from financial institutions	35.1	2,831,347	2,000,000
Investments	35.2	12,017,228	10,573,630
Islamic financing and related assets - net	35.3	47,384,459	35,466,569
Fixed assets		634,711	280,407
Intangible assets		4,031	5,845
Due from head office		1,427,421	-
Other assets		4,592,268	867,929
<b>Total Assets</b>		<b>73,453,719</b>	<b>55,046,525</b>
<b>LIABILITIES</b>			
Bills payable		323,554	336,698
Due to financial institutions		13,750,000	1,500,000
Deposits and other accounts	35.4	48,577,179	45,894,040
Due to head office		-	1,078,829
Subordinated debt		-	-
Other liabilities		4,687,291	1,168,149
		<b>67,338,024</b>	<b>49,977,715</b>
<b>NET ASSETS</b>		<b>6,115,695</b>	<b>5,068,810</b>
<b>REPRESENTED BY</b>			
Islamic banking fund		460,000	460,000
Reserves		52,789	44,855
Deficit on revaluation of assets		(43,800)	(34,432)
Unappropriated profit		5,646,706	4,598,387
		<b>6,115,695</b>	<b>5,068,810</b>

### CONTINGENCIES AND COMMITMENTS

35.5

The profit and loss account of the Bank's Islamic banking branches for the nine months ended September 30, 2019 is as follows:

		(Un-Audited) September 30, 2019	(Un-audited) September 30, 2018
	Note	----- Rupees in '000 -----	
Profit / return earned	35.6	4,812,244	2,290,143
Profit / return expensed	35.7	2,021,850	852,117
Net profit / return		2,790,394	1,438,026
<b>OTHER INCOME</b>			
Fee and Commission Income		73,419	60,997
Dividend Income		-	-
Foreign Exchange Income		45,865	47,118
Gain on securities		4,306	-
Other income		30,798	33,498
Total other income		154,388	141,613
		2,944,782	1,579,639
<b>OTHER EXPENSES</b>			
Operating expenses		1,184,520	1,088,914
Workers Welfare Fund		-	-
Other charges		27,698	9,268
Total other expenses		1,212,218	1,098,182
Profit before provisions		1,732,564	481,457
Provisions and write offs - net		14,012	(10,875)
Profit before taxation		1,718,552	492,332
Taxation		670,233	192,009
Profit after taxation		1,048,319	300,323

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

**35.1 Due from financial institutions**  
Bai Muajjal receivable from State Bank of Pakistan  
Call lendings

	(Un-audited) September 30, 2019		(Audited) December 31, 2018	
	In local currency	In foreign currencies	Total	In foreign currencies Total
	2,831,347	-	2,831,347	-
	-	-	2,000,000	-
	2,831,347	-	2,831,347	2,000,000

	(Un-audited) September 30, 2019		(Audited) December 31, 2018	
	Cost	Provision for diminution	Carrying value	Provision for diminution
	1,325,256	-	1,325,256	-
	6,388,711	-	6,388,711	-
	4,347,061	-	4,347,061	-
	12,061,028	-	12,061,028	-

**35.2 Investments by segments:**

**Federal Government Securities:**

- GoP Ijarah sukuk  
- Bai Muajjal sukuk  
**Non-Government Debt Securities**  
- Un-listed

	(Un-audited) September 30, 2019		(Audited) December 31, 2018	
	Cost	Provision for diminution	Carrying value	Provision for diminution
	1,325,256	-	1,325,256	-
	6,388,711	-	6,388,711	-
	4,347,061	-	4,347,061	-
	12,061,028	-	12,061,028	-

**35.3 Islamic financing and related assets - net**

Ijarah  
Murabaha  
Musharaka  
Diminishing musharaka  
Salam  
Istisna  
Running musharaka  
Qarze hasna  
**Gross Islamic financing and related assets**  
**Less: provision against Islamic financings**  
- Specific  
- General

	(Un-audited) September 30, 2019		(Audited) December 31, 2018	
	Cost	Provision for diminution	Carrying value	Provision for diminution
	1,106,425	-	1,106,425	-
	3,021,935	-	3,021,935	-
	5,206,453	-	5,206,453	-
	4,220,554	-	4,220,554	-
	33,983,630	-	33,983,630	-
	900	-	900	-
	47,539,897	-	47,539,897	-

Islamic financing and related assets - net of provision

	(Un-audited) September 30, 2019		(Audited) December 31, 2018	
	Cost	Provision for diminution	Carrying value	Provision for diminution
	142,241	-	142,241	-
	13,197	-	13,197	-
	155,438	-	155,438	-
	47,384,459	-	47,384,459	-



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

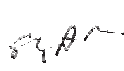
35.4 Deposits and other accounts	(Un-audited) September 30, 2019			(Audited) December 31, 2018		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	Rupees in '000					
<b>Customers</b>						
Current deposits	17,916,329	55,826	17,972,155	19,196,004	322,813	19,518,817
Savings deposits	25,688,457	-	25,688,457	21,761,903	-	21,761,903
Term deposits	2,731,818	-	2,731,818	2,309,946	-	2,309,946
Others	2,184,509	-	2,184,509	2,212,882	-	2,212,882
	<u>48,521,113</u>	<u>55,826</u>	<u>48,576,939</u>	<u>45,480,735</u>	<u>322,813</u>	<u>45,803,548</u>
<b>Financial Institutions</b>						
Current deposits	-	-	-	1,494	-	1,494
Savings deposits	240	-	240	88,998	-	88,998
	<u>48,521,353</u>	<u>55,826</u>	<u>48,577,179</u>	<u>45,571,227</u>	<u>322,813</u>	<u>45,894,040</u>
	(Un-audited) September 30, 2019 (Audited) December 31, 2018					
	Rupees in '000					
<b>35.5 Contingencies and commitments</b>						
- Guarantees				4,346,816		4,608,139
- Commitments				1,105,986		1,500,966
				<u>5,452,802</u>		<u>6,109,105</u>
	(Un-audited) September 30, 2019 (Un-audited) September 30, 2018					
	Rupees in '000					
<b>35.6 Profit/return earned of financing, investments and placements</b>						
<b>Profit earned on:</b>						
Financing				3,590,374		1,761,166
Investments				1,221,470		527,285
Placements				400		1,692
				<u>4,812,244</u>		<u>2,290,143</u>
<b>35.7 Profit on deposits and other dues expensed</b>						
Deposits and other accounts				1,448,067		439,530
Due to Financial Institutions				573,783		412,587
				<u>2,021,850</u>		<u>852,117</u>
	(Un-audited) September 30, 2019 (Audited) December 31, 2018					
	Rupees in '000					
<b>35.8 Islamic banking business unappropriated profit</b>						
Opening balance				4,598,387		4,094,931
Add: Islamic banking profit for the year				1,718,552		825,338
Less: Taxation				670,233		321,882
Less: Reserves				-		-
Closing balance				<u>5,646,706</u>		<u>4,598,387</u>
<b>36 Profit equalization reserve</b>						
The profit equalization reserves amounting to Rs. 52,789 thousand (2018: Rs. 44,855 thousand) classified in other liabilities, which has been presented as reserves in note 35.						
<b>37 GENERAL</b>						
<b>37.1 Comparatives</b>						
Comparative information has been reclassified, rearranged or additionally incorporated in this condensed interim financial information for the purposes of better presentation. The comparative information has also been reclassified and / or restated as a result of revised format of interim financial information as more fully explained in note 2.4 to this condensed interim financial information.						
37.2	Figures have been rounded to the nearest thousand rupees, unless, otherwise stated.					
<b>38 DATE OF AUTHORIZATION FOR ISSUE</b>						
This condensed interim financial information was authorised for issue on October 25, 2019 by the Board of Directors of the Bank.						



Chairman



Chief Financial Officer



Director



Director



Director



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