

Condensed Interim

# **FINANCIAL INFORMATION**

For the Period Ended March 31, 2022



# Contents

|   |       |    |
|---|-------|----|
| ● Corporate Information                               | ----- | 1  |
| ● Directors' Review                                   | ----- | 3  |
| ● Condensed Interim Statement of Financial Position   | ----- | 5  |
| ● Condensed Interim Profit and Loss Account           | ----- | 6  |
| ● Condensed Interim Statement of Comprehensive Income | ---   | 7  |
| ● Condensed Interim Statement of Changes in Equity    | ----- | 8  |
| ● Condensed Interim Cash Flow Statement               | ----- | 9  |
| ● Notes to the Condensed Interim Financial Statements |       | 10 |

## **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.

1<sup>st</sup> 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**

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 1<sup>st</sup> quarter ended March 31, 2022 are as under:

|                   | (Rs. in Million)        |                            |
|-------------------|-------------------------|----------------------------|
|                   | March 31<br><u>2022</u> | December 31<br><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<br><u>2022</u> | 2021 |
| 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)<br>March 31,<br>2022 | (Audited)<br>December 31,<br>2021 |
|---|------|-----------------------------------|-----------------------------------|
|   | Note | ----- Rupees in '000 -----        |                                   |
| <b>ASSETS</b>                                       |      |                                   |                                   |
| 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                       |
| <b>LIABILITIES</b>                                  |      |                                   |                                   |
| 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                       |
|   |      | 16,876,176                        | 16,569,874                        |
| <b>NET ASSETS</b>                                   |      |                                   |                                   |
| <b>REPRESENTED BY</b>                               |      |                                   |                                   |
| 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                        |
| <b>CONTINGENCIES AND COMMITMENTS</b>                |      |                                   |                                   |
|   | 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<br>to<br>March 31, 2022 | January 01<br>to<br>March 31, 2021 |
|---|------|------------------------------------|------------------------------------|
|   |      | Rupees in '000                     |                                    |
| Mark-up / return / interest earned          | 21   | 7,905,160                          | 5,540,980                          |
| Mark-up / return / interest expenses        | 22   | 6,019,188                          | 3,743,295                          |
| Net mark-up / interest income               |      | 1,885,972                          | 1,797,685                          |
| <b>NON MARK-UP/INTEREST INCOME</b>          |      |                                    |                                    |
| 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            |      | 387,702                            | 159,888                            |
| Total income                                |      | 2,273,674                          | 1,957,573                          |
| <b>NON MARK-UP/INTEREST EXPENSE</b>         |      |                                    |                                    |
| Operating expenses                          | 26   | 1,527,613                          | 1,214,323                          |
| Workers welfare fund                        |      | -                                  | -                                  |
| Other charges                               | 27   | 5                                  | 2,300                              |
| Total non-markup/interest expenses          |      | 1,527,618                          | 1,216,623                          |
| <b>PROFIT BEFORE PROVISIONS</b>             |      | 746,056                            | 740,950                            |
| Provisions and write offs - net             | 28   | 99,093                             | 87,720                             |
| <b>PROFIT BEFORE TAXATION</b>               |      | 646,963                            | 653,230                            |
| Taxation                                    | 29   | 257,339                            | 213,741                            |
| <b>PROFIT AFTER TAXATION</b>                |      | 389,624                            | 439,489                            |
|   |      | Rupees                             |                                    |
|   |      | (Restated)                         |                                    |
| <b>Basic and diluted earnings per share</b> | 30   | 0.35                               | 0.40                               |

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



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

|  | January 01<br>to<br>March 31, 2022 | January 01<br>to<br>March 31, 2021 |
|--|------------------------------------|------------------------------------|
|  | Rupees in '000                     |                                    |
| Profit after taxation  |                                    |                                    |
| Other comprehensive income   | 389,624                            | 439,489                            |
| <b>Items that may be reclassified to profit and loss account in subsequent periods:</b>      |                                    |                                    |
| 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                                 | -                                  |
| <b>Items that will not be reclassified to profit and loss account in subsequent periods:</b> |                                    |                                    |
| Surplus on revaluation of non-banking asset - net of tax                                     | -                                  | (2,999)                            |
| <b>Total comprehensive income</b>  | <b>306,302</b>                     | <b>179,679</b>                     |

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



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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      |                       |             |
|   |               |                   | Rupees in '000                        |                   |                       |             |
|   |               |                   |                                       | Non-banking asset |                       |             |
| <b>Balance as at December 31, 2020 (audited)</b>                              |               |                   |                                       |                   |                       |             |
| Profit after taxation for the three months ended March 31, 2021               | 10,002,524    | 3,335,048         | 332,125                               | 786,102           | 48,734                | 3,267,017   |
| Other comprehensive income - net of tax                                       | -             | -                 | (256,811)                             | -                 | (2,999)               | 439,489     |
| Transfer to statutory reserve   | -             | 87,898            | -                                     | -                 | -                     | (87,898)    |
| <b>Transactions with owners recorded directly in equity</b>                   |               |                   |                                       |                   |                       |             |
| Final cash dividend for the year ended December 31, 2020 (Rs. 1.50 per share) | -             | -                 | -                                     | -                 | -                     | (1,500,557) |
| Bonus shares for the year ended December 31, 2020 (Rs. 0.50 per share)        | 500,186       | -                 | -                                     | -                 | -                     | (500,186)   |
| <b>Balance as at March 31, 2021 (un-audited)</b>                              | 10,502,710    | 3,422,946         | 75,314                                | 786,102           | 45,735                | 16,450,672  |
| Profit after taxation for the nine months ended December 31, 2021             | -             | -                 | (561,427)                             | 1,098             | 8,877                 | 654,138     |
| Other comprehensive income - net of tax                                       | -             | -                 | (561,427)                             | 1,098             | 8,877                 | 670,654     |
| Transfer to statutory reserve   | -             | 132,827           | -                                     | -                 | -                     | (132,827)   |
| Transfer from surplus on revaluation of non-banking asset - net of tax        | -             | -                 | -                                     | -                 | (5,082)               | 5,082       |
| <b>Balance as at December 31, 2021 (audited)</b>                              | 10,502,710    | 3,555,773         | (486,113)                             | 787,200           | 49,530                | 2,160,714   |
| Profit after taxation for the three months ended March 31, 2022               | -             | -                 | (83,368)                              | -                 | -                     | 389,624     |
| Other comprehensive income - net of tax                                       | -             | -                 | (83,368)                              | -                 | -                     | 389,670     |
| Transfer to statutory reserve   | -             | 77,925            | -                                     | -                 | -                     | (77,925)    |
| Transfer from surplus on revaluation of non-banking asset - net of tax        | -             | -                 | -                                     | -                 | (1,548)               | 1,548       |
| <b>Transactions with owners recorded directly in equity</b>                   |               |                   |                                       |                   |                       |             |
| Bonus shares for the year ended December 31, 2021 (Rs. 0.50 per share)        | -             | -                 | -                                     | -                 | -                     | -           |
| <b>Balance as at March 31, 2022 (un-audited)</b>                              | 11,027,905    | 3,633,698         | (569,481)                             | 787,200           | 47,982                | 1,948,672   |
|   | 525,195       | -                 | -                                     | -                 | -                     | (525,195)   |
|   | 11,027,905    | 3,633,698         | (569,481)                             | 787,200           | 47,982                | 1,948,672   |

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

MANAGING  
DIRECTOR

CHIEF FINANCIAL  
OFFICER

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DIRECTOR

DIRECTOR

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

|  | January 01<br>to<br>March 31, 2022 | January 01<br>to<br>March 31, 2021 |
|--|------------------------------------|------------------------------------|
|  | ----- Rupees in '000 -----         |                                    |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                           |                                    |                                    |
| Profit before taxation   | 646,963                            | 653,230                            |
| Less: Dividend income  | 3,005                              | 5,284                              |
|  | <b>643,958</b>                     | <b>647,946</b>                     |
| <b>Adjustments:</b>  |                                    |                                    |
| 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                                  |
|  | <b>397,810</b>                     | <b>302,280</b>                     |
|  | <b>1,041,768</b>                   | <b>950,226</b>                     |
| <b>Decrease / (Increase) in operating assets</b>                     |                                    |                                    |
| 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                            |
|  | <b>(39,443,684)</b>                | <b>(11,802,769)</b>                |
| <b>Increase / (Decrease) in operating liabilities</b>                |                                    |                                    |
| 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)                          |
|  | <b>100,480,996</b>                 | <b>9,163,381</b>                   |
| Income tax paid  | (262,113)                          | (834,860)                          |
| <b>Net cash flow generated from / (used in) operating activities</b> | <b>61,816,967</b>                  | <b>(2,524,022)</b>                 |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                           |                                    |                                    |
| 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                                  |
| <b>Net cash flow used in investing activities</b>                    | <b>(57,801,854)</b>                | <b>(5,478,507)</b>                 |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                           |                                    |                                    |
| Dividend paid  | (106)                              | (17)                               |
| Payment against lease liabilities                                    | (150,314)                          | (100,666)                          |
| <b>Net cash flow used in financing activities</b>                    | <b>(150,420)</b>                   | <b>(100,683)</b>                   |
| Net increase / (decrease) in cash and cash equivalents               | <b>3,864,693</b>                   | <b>(8,103,212)</b>                 |
| Cash and cash equivalents at beginning of the period                 | <b>29,489,896</b>                  | <b>24,932,714</b>                  |
| Cash and cash equivalents at end of the period                       | <b>33,354,589</b>                  | <b>16,829,502</b>                  |

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

**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)<br>March 31,<br>2022 | (Audited)<br>December 31,<br>2021 |
|--|-----------------------------------|-----------------------------------|
|  | ----- Rupees in '000 -----        |                                   |
| <b>5 CASH AND BALANCES WITH TREASURY BANKS</b>                 |                                   |                                   |
| <b>In hand:</b>  |                                   |                                   |
| Local currency   | 4,491,877                         | 3,697,744                         |
| Foreign currencies   | 1,529,397                         | 107,476                           |
|  | 6,021,274                         | 3,805,220                         |
| <b>With State Bank of Pakistan in:</b>                         |                                   |                                   |
| 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                        |
| <b>With National Bank of Pakistan in:</b>                      |                                   |                                   |
| 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                             |
|  | <u>16,273,766</u>                 | <u>17,375,313</u>                 |
| <b>6 BALANCES WITH OTHER BANKS</b>                             |                                   |                                   |
| <b>In Pakistan:</b>  |                                   |                                   |
| In current accounts  | 2,151,050                         | 2,908,280                         |
| In deposit accounts  | 6,905,562                         | 8,626,717                         |
|  | 9,056,612                         | 11,534,997                        |
| <b>Outside Pakistan:</b>                                       |                                   |                                   |
| 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)                          |
|  | <u>17,080,823</u>                 | <u>12,114,583</u>                 |
| <b>7 LENDINGS TO FINANCIAL INSTITUTIONS</b>                    |                                   |                                   |
| 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)                         |
| <b>Lendings to financial institutions - net of provision</b>   | <u>15,384,178</u>                 | <u>4,982,294</u>                  |

**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 90 days  
 91 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.

|  | (Un-audited)         |                          |                    |                    | (Audited)            |                          |                    |                    |
|--|----------------------|--------------------------|--------------------|--------------------|----------------------|--------------------------|--------------------|--------------------|
|  | March 31, 2022       |                          | December 31, 2021  |                    | March 31, 2022       |                          | December 31, 2021  |                    |
|  | Cost/ amortized cost | Provision for diminution | (Deficit)/ Surplus | Carrying value     | Cost/ amortized cost | Provision for diminution | (Deficit)/ Surplus | Carrying value     |
| Rupees in '000   |                      |                          |                    |                    |                      |                          |                    |                    |
| <b>Total</b>   | <b>238,944</b>       | <b>238,944</b>           | <b>238,944</b>     | <b>238,944</b>     | <b>238,944</b>       | <b>238,944</b>           | <b>238,944</b>     | <b>238,944</b>     |
| <b>8 INVESTMENTS</b>   |                      |                          |                    |                    |                      |                          |                    |                    |
| <b>8.1 Investments by type:</b>                                    |                      |                          |                    |                    |                      |                          |                    |                    |
| <b>Held for trading securities</b>                                 |                      |                          |                    |                    |                      |                          |                    |                    |
| Federal Government Securities                                      | 15,904,461           | -                        | (5,652)            | 15,898,809         | 12,19,145            | -                        | (2,285)            | 12,16,860          |
| Shares   | 1,110,000            | -                        | 161                | 1,110,161          | 15,272               | -                        | 636                | 15,908             |
| Mutual funds   | 17,014,461           | -                        | (5,491)            | 17,008,970         | 1,150,000            | -                        | 2,803              | 1,152,803          |
| <b>Available-for-sale securities</b>                               |                      |                          |                    |                    |                      |                          |                    |                    |
| Federal Government Securities                                      | 217,002,385          | -                        | (1,020,287)        | 215,982,098        | 159,083,923          | -                        | (860,580)          | 158,223,373        |
| Shares   | 1,046,214            | (694,213)                | 64,306             | 416,307            | 1,054,918            | (697,201)                | 20,353             | 448,070            |
| Non Government Debt Securities                                     | 9,196,709            | (185,042)                | 22,405             | 9,054,072          | 9,431,948            | (185,042)                | 43,200             | 9,310,196          |
| <b>Held-to-maturity securities</b>                                 |                      |                          |                    |                    |                      |                          |                    |                    |
| Federal Government Securities                                      | 227,245,308          | (859,235)                | (933,576)          | 225,452,477        | 169,570,789          | (792,245)                | (796,907)          | 167,981,639        |
| Associate  | 13,851,630           | -                        | -                  | 13,851,630         | 13,938,952           | -                        | -                  | 13,938,952         |
| <b>Total investments</b>   | <b>256,151,903</b>   | <b>(859,235)</b>         | <b>(885,431)</b>   | <b>255,407,217</b> | <b>185,934,662</b>   | <b>(792,245)</b>         | <b>(743,473)</b>   | <b>184,389,946</b> |
| <b>Investments given as collateral</b>                             |                      |                          |                    |                    |                      |                          |                    |                    |
| Market Treasury Bills  | 40,504               | -                        | 53,636             | 94,140             | 40,504               | -                        | 52,280             | 92,784             |
| Pakistan Investment Bonds  |                      |                          |                    |                    |                      |                          |                    |                    |
| <b>8.2.1</b>   |                      |                          |                    |                    |                      |                          |                    |                    |
| These represent the market values of securities at reporting date. |                      |                          |                    |                    |                      |                          |                    |                    |

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

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

**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)<br>March 31, 2022 |                | (Audited)<br>December 31, 2021 |                |
|-----------------------------------|--------------------------------|----------------|--------------------------------|----------------|
|                                   | NPI                            | Provision      | NPI                            | Provision      |
|                                   | ----- Rupees in '000 -----     |                |                                |                |
| Domestic                          | -                              | -              | -                              | -              |
| Other assets especially mentioned | -                              | -              | -                              | -              |
| Substandard                       | -                              | -              | -                              | -              |
| Doubtful                          | -                              | -              | -                              | -              |
| Loss                              | <b>165,042</b>                 | <b>165,042</b> | <b>165,042</b>                 | <b>165,042</b> |
| Overseas                          | -                              | -              | -                              | -              |
| Not past due but impaired         | -                              | -              | -                              | -              |
| Overdue by:                       | -                              | -              | -                              | -              |
| Upto 90 days                      | -                              | -              | -                              | -              |
| 91 to 180 days                    | -                              | -              | -                              | -              |
| 181 to 365 days                   | -                              | -              | -                              | -              |
| > 365 days                        | -                              | -              | -                              | -              |
| <b>Total</b>                      | <b>165,042</b>                 | <b>165,042</b> | <b>165,042</b>                 | <b>165,042</b> |

**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<br>March 31,<br>2022 | Audited<br>December 31,<br>2021 | Un-audited<br>March 31,<br>2022 | Audited<br>December 31,<br>2021 | Un-audited<br>March 31,<br>2022 | Audited<br>December 31,<br>2021 |
|   | ----- Rupees in '000 -----      |                                 |                                 |                                 |                                 |                                 |
| Loans, cash credits, running finances, etc. | <b>88,159,796</b>               | 60,780,475                      | <b>8,294,096</b>                | 7,481,128                       | <b>96,453,892</b>               | 68,261,603                      |
| Islamic financing and related assets        | <b>45,079,324</b>               | 59,317,410                      | <b>1,273,292</b>                | 1,498,726                       | <b>46,352,616</b>               | 60,816,136                      |
| Bills discounted and purchased              | <b>1,520,107</b>                | 547,379                         | <b>1,541,364</b>                | 1,541,364                       | <b>3,061,471</b>                | 2,088,743                       |
| Advances - gross                            | <b>134,759,227</b>              | 120,645,264                     | <b>11,108,752</b>               | 10,521,218                      | <b>145,867,979</b>              | 131,166,482                     |
| <b>Provision against advances</b>           |                                 |                                 |                                 |                                 |                                 |                                 |
| - Specific                                  | -                               | -                               | <b>6,581,160</b>                | 6,553,768                       | <b>6,581,160</b>                | 6,553,768                       |
| - General                                   | <b>68,208</b>                   | 63,519                          | -                               | -                               | <b>68,208</b>                   | 63,519                          |
| Advances - net of provision                 | <b>134,691,019</b>              | 120,581,745                     | <b>4,527,592</b>                | 3,967,450                       | <b>139,218,611</b>              | 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)<br>March 31, 2022 |                  | (Audited)<br>December 31, 2021 |                  |
|-----------------------------------|--------------------------------|------------------|--------------------------------|------------------|
|                                   | Non performing loans           | Provision        | Non performing loans           | Provision        |
|                                   | ----- Rupees in '000 -----     |                  |                                |                  |
| Domestic                          | -                              | -                | -                              | -                |
| Other assets especially mentioned | <b>243,502</b>                 | 2,135            | 161,451                        | 79               |
| Substandard                       | <b>1,085,784</b>               | 29,408           | 902,564                        | 32,188           |
| Doubtful                          | <b>1,882,804</b>               | 118,955          | 1,544,090                      | 164,395          |
| Loss                              | <b>7,896,662</b>               | <b>6,430,662</b> | 7,913,113                      | 6,357,106        |
| Overseas                          | <b>11,108,752</b>              | <b>6,581,160</b> | 10,521,218                     | 6,553,768        |
| Not past due but impaired         | -                              | -                | -                              | -                |
| Overdue by:                       | -                              | -                | -                              | -                |
| Upto 90 days                      | -                              | -                | -                              | -                |
| 91 to 180 days                    | -                              | -                | -                              | -                |
| 181 to 365 days                   | -                              | -                | -                              | -                |
| > 365 days                        | -                              | -                | -                              | -                |
| <b>Total</b>                      | <b>11,108,752</b>              | <b>6,581,160</b> | <b>10,521,218</b>              | <b>6,553,768</b> |

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

| 9.3 | Particulars of provision against advances | (Un-audited)<br>March 31, 2022 |         |           | (Audited)<br>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)<br>March 31,<br>2022 | (Audited)<br>December 31,<br>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                         |
|      | <b>Total</b>                    |        | <b>5,114,633</b>                  | <b>5,137,202</b>                  |
| 10.1 | <b>Capital work-in-progress</b> |        |                                   |                                   |
|      | Civil works                     |        | 1,193,445                         | 1,129,156                         |
|      | Furniture and equipments        |        | 76,903                            | 66,933                            |
|      | Advances to suppliers           |        | 4,474                             | 9,810                             |
|      | <b>Total</b>                    | 10.1.1 | <b>1,274,822</b>                  | <b>1,205,899</b>                  |

- 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)<br>March 31,<br>2022 | (Audited)<br>March 31,<br>2021 |
|--|-----------------------------------|--------------------------------|
|  | ----- Rupees in '000 -----        |                                |
| <b>Capital work-in-progress - net</b>      | <b>68,923</b>                     | <b>27,980</b>                  |
| <b>Property and equipment</b>              |                                   |                                |
| 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                                | -                              |
| <b>Total</b>                               | <b>147,464</b>                    | <b>109,455</b>                 |
|  | <b>216,387</b>                    | <b>137,435</b>                 |

**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,<br>2022           | March 31,<br>2021           |
|   |  | ----- Rupees in '000 -----  |                             |
| <b>10.3 Disposal of fixed assets</b>  |  |                             |                             |
| 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                       | -                           |
| <b>Total</b>  |  | <b>1,506</b>                | <b>15</b>                   |
|   |  | (Un-audited) March 31, 2022 | (Audited) December 31, 2021 |
|   |  | ----- Rupees in '000 -----  |                             |
| <b>11 INTANGIBLE ASSETS</b>   |  |                             |                             |
| Capital work in progress  |  | 4,337                       | 1,526                       |
| Licenses and computer softwares   |  | 432,267                     | 448,713                     |
|   |  | <b>436,604</b>              | <b>450,239</b>              |
|   |  | (Un-audited) March 31, 2022 | (Audited) March 31, 2021    |
|   |  | ----- Rupees in '000 -----  |                             |
| <b>11.1 Additions to intangible assets</b>  |  |                             |                             |
| Following additions / transfers have been made to / from intangible assets during the period: |  |                             |                             |
| Directly purchased  |  | -                           | 6,197                       |
| Additions to CWIP   |  | 4,337                       | -                           |
|   |  | <b>4,337</b>                | <b>6,197</b>                |
|   |  | (Un-audited) March 31, 2022 | (Audited) December 31, 2021 |
|   |  | ----- Rupees in '000 -----  |                             |
| <b>12 DEFERRED TAX ASSETS</b>   |  |                             |                             |
| <b>Deferred tax assets arising in respect of:</b>   |  |                             |                             |
| 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                     |
|   |  | <b>1,047,016</b>            | <b>1,044,469</b>            |
| <b>Deferred tax liabilities arising in respect of:</b>  |  |                             |                             |
| Share of profit of associate  |  | (20,420)                    | (20,390)                    |
| Surplus on revaluation of non-banking asset   |  | (28,474)                    | (31,667)                    |
| <b>Deferred tax assets - net</b>  |  | <b>998,122</b>              | <b>992,412</b>              |
| <b>13 OTHER ASSETS</b>  |  |                             |                             |
| 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  |  | -                           | 62,293                      |
| Acceptances   |  | 170,010                     | 114,706                     |
| Receivable from the State Bank of Pakistan  |  | 31,245                      | 67,607                      |
| Others  |  | 90,307                      | 97,372                      |
|   |  | <b>8,440,334</b>            | <b>8,677,429</b>            |
| Less: Provision held against other assets   |  | (152,765)                   | (152,765)                   |
| <b>Other Assets - net of provision</b>  |  | <b>8,287,569</b>            | <b>8,524,664</b>            |
| Surplus on revaluation of non-banking assets acquired in satisfaction of claims               |  | 78,659                      | 81,197                      |
| Other assets - Total  |  | <b>8,366,228</b>            | <b>8,605,861</b>            |
| <b>13.1 Provision held against other assets</b>   |  |                             |                             |
| Advances for Pre-IPO  |  | 100,000                     | 100,000                     |
| Others  |  | 52,765                      | 52,765                      |
|   |  | <b>152,765</b>              | <b>152,765</b>              |
| <b>14 BILLS PAYABLE</b>   |  |                             |                             |
| In Pakistan   |  | 889,613                     | 874,567                     |
| Outside Pakistan  |  | -                           | -                           |
|   |  | <b>889,613</b>              | <b>874,567</b>              |

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

| 15 BORROWINGS   | (Un-audited)               |                    | (Audited)      |                   |
|---|----------------------------|--------------------|----------------|-------------------|
|   | March 31, 2022             | December 31, 2021  | March 31, 2022 | December 31, 2021 |
|   | ----- Rupees in '000 ----- |                    |                |                   |
| <b>Secured</b>  |                            |                    |                |                   |
| <b>Borrowings from State Bank of Pakistan (SBP) under:</b>                    |                            |                    |                |                   |
| - 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          |                |                   |
|   | <b>9,242,164</b>           | <b>8,961,287</b>   |                |                   |
| Bai Muajjal Borrowings  | 17,950,142                 | 17,950,142         |                |                   |
| Repurchase agreement borrowings   | 170,014,482                | 76,174,207         |                |                   |
| Call borrowings   | 983,292                    | 983,292            |                |                   |
|   | <b>188,947,916</b>         | <b>95,107,641</b>  |                |                   |
| <b>Unsecured</b>  |                            |                    |                |                   |
| Call borrowings   | -                          | 6,000,000          |                |                   |
| <b>Total</b>  | <b>198,190,080</b>         | <b>110,068,928</b> |                |                   |

**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 ----- |                       |                    |                    |                       |                    |
| <b>Customers</b>              |                            |                       |                    |                    |                       |                    |
| 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         |
|                               | <b>229,257,785</b>         | <b>648,053</b>        | <b>229,905,838</b> | <b>216,210,146</b> | <b>662,040</b>        | <b>216,872,186</b> |
| <b>Financial Institutions</b> |                            |                       |                    |                    |                       |                    |
| Current deposits              | 743,126                    | -                     | 743,126            | 648,065            | -                     | 648,065            |
| Saving deposits               | 5,011,043                  | -                     | 5,011,043          | 4,355,647          | -                     | 4,355,647          |
|                               | <b>5,754,169</b>           | <b>-</b>              | <b>5,754,169</b>   | <b>5,003,712</b>   | <b>-</b>              | <b>5,003,712</b>   |
|                               | <b>235,011,954</b>         | <b>648,053</b>        | <b>235,660,007</b> | <b>221,213,858</b> | <b>662,040</b>        | <b>221,875,898</b> |

| 17 OTHER LIABILITIES                                      | (Un-audited)               |                   | (Audited)      |                   |
|---|----------------------------|-------------------|----------------|-------------------|
|   | March 31, 2022             | December 31, 2021 | 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           |                |                   |
|   | <b>7,664,306</b>           | <b>9,216,778</b>  |                |                   |



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

**18 SHARE CAPITAL**

| <b>18.1 Authorized capital</b>             | <b>(Un-audited) (Audited)</b> |   | <b>(Un-audited) (Audited)</b>     |                          |
|--|-------------------------------|---|-----------------------------------|--------------------------|
|  | <b>March 31, 2022</b>         | <b>December 31, 2021</b>                    | <b>March 31, 2022</b>             | <b>December 31, 2021</b> |
| <b>Number of shares</b>                    |                               |   | <b>----- Rupees in '000 -----</b> |                          |
| <b>1,500,000,000</b>                       | 1,500,000,000                 | Ordinary shares of Rs. 10 each.             | <b>15,000,000</b>                 | 15,000,000               |
| <b>18.2 Issued, subscribed and paid up</b> |                               |   |                                   |                          |
| <b>(Un-audited) (Audited)</b>              | <b>March 31, 2022</b>         | <b>December 31, 2021</b>                    | <b>(Un-audited) (Audited)</b>     | <b>March 31, 2022</b>    |
| <b>Number of shares</b>                    |                               |   | <b>----- Rupees in '000 -----</b> |                          |
| <b>722,698,448</b>                         | 722,698,448                   | <b>Ordinary shares of Rs. 10 each</b>       | <b>7,226,984</b>                  | 7,226,984                |
|  |                               | Fully paid in cash                          |                                   |                          |
|  |                               | <b>Issued as fully paid bonus shares:</b>   |                                   |                          |
| <b>327,572,595</b>                         | 277,554,037                   | Opening balance                             | <b>3,275,726</b>                  | 2,775,540                |
| <b>52,519,486</b>                          | 50,018,558                    | Issued during the period / year (Note 18.3) | <b>525,195</b>                    | 500,186                  |
| <b>380,092,081</b>                         | 327,572,595                   | <b>Closing balance</b>                      | <b>3,800,921</b>                  | 3,275,726                |
| <b>1,102,790,529</b>                       | 1,050,271,043                 |   | <b>11,027,905</b>                 | 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**

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

**20 CONTINGENCIES AND COMMITMENTS**

-Guarantees  
-Commitments

**20.1 Guarantees:**

Financial guarantees  
Performance guarantees  
Other guarantees

|             | <b>(Un-audited) (Audited)</b> |                          |
|-------------|-------------------------------|--------------------------|
|             | <b>March 31, 2022</b>         | <b>December 31, 2021</b> |
| <b>20.1</b> | <b>20,912,446</b>             | <b>20,848,980</b>        |
| <b>20.2</b> | <b>72,003,214</b>             | <b>62,930,914</b>        |
|             | <b>92,915,660</b>             | <b>83,779,894</b>        |
|             | <b>1,519,298</b>              | <b>1,878,769</b>         |
|             | <b>19,387,066</b>             | <b>18,963,929</b>        |
|             | <b>6,082</b>                  | <b>6,282</b>             |
|             | <b>20,912,446</b>             | <b>20,848,980</b>        |

**20.2 Commitments:**

**Documentary credits and short-term trade-related transactions**

- Letters of credit

**Commitments in respect of:**

- Forward foreign exchange contracts

**Commitments for acquisition of:**

- Operating fixed assets  
- Intangible assets

**Other commitments**

|               | <b>(Un-audited) (Audited)</b> |                          |
|---------------|-------------------------------|--------------------------|
|               | <b>March 31, 2022</b>         | <b>December 31, 2021</b> |
| <b>20.2.1</b> | <b>64,086,779</b>             | <b>56,203,513</b>        |
|               | <b>193,205</b>                | <b>312,915</b>           |
|               | <b>78,893</b>                 | <b>77,463</b>            |
|               | <b>5,000</b>                  | <b>20,525</b>            |
| <b>20.2.2</b> | <b>72,003,214</b>             | <b>62,930,914</b>        |

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

|  | (Un-audited)<br>March 31,<br>2022 | (Audited)<br>December 31,<br>2021 |
|--|-----------------------------------|-----------------------------------|
|  | ----- Rupees in '000 -----        |                                   |
| <b>20.2.1 Commitments in respect of forward foreign exchange contracts</b> |                                   |                                   |
| Purchase   | 27,555,072                        | 27,988,087                        |
| Sale   | 36,531,707                        | 28,215,426                        |
|  | <u>64,086,779</u>                 | <u>56,203,513</u>                 |
| <b>20.2.2 Other commitments</b>  |                                   |                                   |
| 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.

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

|             |  | (Un-audited)               |                   |
|-------------|--|----------------------------|-------------------|
|             |  | For the three months ended |                   |
|             |  | March 31,<br>2022          | March 31,<br>2021 |
|             |  | ----- Rupees in '000 ----- |                   |
| <b>21</b>   | <b>MARK-UP/RETURN/INTEREST EARNED</b>                | <b>Note</b>                |                   |
|             | 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                                  | 9,274                      | 11,155            |
|             |  | <u>7,905,160</u>           | <u>5,540,980</u>  |
| <b>22</b>   | <b>MARK-UP/RETURN/INTEREST EXPENSED</b>              |                            |                   |
|             | On:  |                            |                   |
|             | Deposits   | 3,041,534                  | 2,564,092         |
|             | Borrowings   | 2,944,528                  | 1,151,085         |
|             | Lease liability                                      | 33,126                     | 28,118            |
|             |  | <u>6,019,188</u>           | <u>3,743,295</u>  |
| <b>23</b>   | <b>FEE AND COMMISSION INCOME</b>                     |                            |                   |
|             | 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   | 441                        | 2,057             |
|             |  | <u>120,549</u>             | <u>70,725</u>     |
| <b>24</b>   | <b>GAIN / (LOSS) ON SECURITIES</b>                   |                            |                   |
|             | Realised   | 25,105                     | (176,612)         |
|             | Unrealised - held-for-trading                        | (5,492)                    | -                 |
|             |  | <u>19,613</u>              | <u>(176,612)</u>  |
| <b>24.1</b> | <b>Realised gain / (loss) on:</b>                    |                            |                   |
|             | 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>  |
| <b>25</b>   | <b>OTHER INCOME</b>                                  |                            |                   |
|             | 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                   | 394                        | 1,014             |
|             |  | <u>27,024</u>              | <u>24,640</u>     |

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

|  |           | (Un-audited)               |                   |
|--|-----------|----------------------------|-------------------|
|  |           | For the three months ended |                   |
|  |           | March 31,<br>2022          | March 31,<br>2021 |
|  |           | ----- Rupees in '000 ----- |                   |
| <b>26 OPERATING EXPENSES</b>   |           |                            |                   |
| Total compensation expense   |           | 769,089                    | 708,502           |
| <b>Property expenses</b>   |           |                            |                   |
| 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                    |                   |
| <b>Information technology expenses</b>                               |           |                            |                   |
| 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                    |                   |
| <b>Other operating expenses</b>                                      |           |                            |                   |
| 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                  |                   |
| <b>27 OTHER CHARGES</b>  |           |                            |                   |
| Penalties imposed by State Bank of Pakistan                          | 5         | 2,300                      |                   |
|  | 5         | 2,300                      |                   |

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

|             |   | (Un-audited)               |                        |
|-------------|---|----------------------------|------------------------|
|             |   | For the three months ended |                        |
|             |   | March 31,<br>2022          | March 31,<br>2021      |
|             |   | ----- Rupees in '000 ----- |                        |
| <b>28</b>   | <b>PROVISIONS AND WRITE OFFS - NET</b>                              | <b>Note</b>                |                        |
|             | 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 87,720</u>   |
| <b>29</b>   | <b>TAXATION</b>   |                            |                        |
|             | Current   |                            | 209,778 275,595        |
|             | Deferred  |                            | 47,561 (61,854)        |
|             |   | 29.1                       | <u>257,339 213,741</u> |
| <b>29.1</b> | This includes the impact of Super Tax applicable at the rate of 4%. |                            |                        |

|           |   | (Un-audited)                   |                           |
|-----------|---|--------------------------------|---------------------------|
|           |   | For the three months ended     |                           |
|           |   | March 31,<br>2022              | March 31,<br>2021         |
|           |   | ----- Rupees in '000 -----     |                           |
| <b>30</b> | <b>BASIC AND DILUTED EARNINGS PER SHARE</b> |                                |                           |
|           | Profit for the period                       | 389,624                        | 439,489                   |
|           |   | ----- (Number of shares) ----- |                           |
|           |   |                                | (Restated -<br>Note 18.3) |
|           | Weighted average number of ordinary shares  | <u>1,102,790,529</u>           | <u>1,102,790,529</u>      |
|           |   | ----- (Rupees) -----           |                           |
|           |   |                                | (Restated)                |
|           | Basic and diluted earnings per share        | <u>0.35</u>                    | <u>0.40</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).

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

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:

**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

**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.

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

**32 SEGMENT INFORMATION**

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

**Profit and loss**

Net mark-up / return / profit

Non mark-up / return / interest income

**Total income**

Segment direct expenses

**Total expenses**

Provisions

**Profit before tax**

**Balance sheet**

Cash and bank balances

Lendings to financial institutions

Investments

Advances - performing

Advances - non performing

Operating fixed assets/intangible assets

Deferred tax assets / (liabilities)

Others

**Total assets**

Bills payable

Borrowings

Deposits and other accounts

Others

**Total liabilities**

Equity / Inter-segment (lending) / borrowing

**Total equity and liabilities**

**Contingencies and commitments**

**Profit and loss**

Net mark-up / return / profit

Non mark-up / return / interest income

**Total income**

Segment direct expenses

**Total expenses**

Provisions / (reversals)

**Profit before tax**

**Balance sheet**

Cash and bank balances

Lendings to financial institutions

Investments

Advances - performing

Advances - non performing

Operating fixed assets/intangible assets

Deferred tax assets

Others

**Total assets**

Bills payable

Borrowings

Deposits and other accounts

Deferred tax liability

Others

**Total liabilities**

Equity / Inter-segment (lending) / borrowing

**Total equity and liabilities**

**Contingencies and commitments**

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

| As at March 31, 2022 (Un-audited) |                   |                |                    |             |
|-----------------------------------|-------------------|----------------|--------------------|-------------|
| Corporate Finance                 | Trading and Sales | Retail Banking | Commercial Banking | Total       |
| Rupees in 000                     |                   |                |                    |             |
| 3,663,343                         | 10,325,074        | 253,160        | 19,113,012         | 33,354,589  |
| -                                 | 15,384,178        | -              | -                  | 15,384,178  |
| 13,851,630                        | 242,461,448       | -              | 94,139             | 256,407,217 |
| 77,691,667                        | -                 | 6,332,093      | 50,667,259         | 134,691,019 |
| 626,774                           | -                 | 313,605        | 3,587,213          | 4,527,592   |
| 1,249,976                         | 3,520,748         | 86,461         | 694,052            | 5,551,237   |
| (1,137)                           | 501,721           | 1,327          | 496,211            | 998,122     |
| 1,384,687                         | 4,836,105         | 95,779         | 2,049,657          | 8,366,228   |
| 98,466,940                        | 277,029,274       | 7,082,425      | 76,701,543         | 459,280,182 |

|              |             |              |            |             |
|--------------|-------------|--------------|------------|-------------|
| 576,114      | 4,324       | 159,164      | 150,011    | 889,613     |
| 9,242,164    | 170,014,482 | -            | 18,933,434 | 198,190,080 |
| 152,613,436  | 1,145,481   | 42,162,768   | 39,738,322 | 235,660,007 |
| 3,180,939    | 1,930,501   | 750,462      | 1,802,404  | 7,664,306   |
| 165,612,653  | 173,094,788 | 43,072,394   | 60,624,171 | 442,404,006 |
| (67,145,713) | 103,534,486 | (35,969,969) | 16,077,372 | 16,876,176  |
| 98,466,940   | 277,029,274 | 7,082,425    | 76,701,543 | 459,280,182 |
| 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  |                   |                |                    |           |
| 432,630  | 1,078,928         | 29,117         | 257,010            | 1,797,685 |
| 1,769  | 73,535            | 23,143         | 61,441             | 159,888   |
| 434,399  | 1,152,463         | 52,260         | 318,451            | 1,957,573 |
| 448,296  | 562,028           | 21,372         | 184,927            | 1,216,623 |
| 448,296  | 562,028           | 21,372         | 184,927            | 1,216,623 |
| -  | (505)             | 5,984          | 82,241             | 87,720    |
| (13,897)   | 590,940           | 24,904         | 51,283             | 653,230   |

| As at December 31, 2021 (Audited) |                   |                |                    |             |
|-----------------------------------|-------------------|----------------|--------------------|-------------|
| Corporate Finance                 | Trading and Sales | Retail Banking | Commercial Banking | Total       |
| Rupees in 000                     |                   |                |                    |             |
| 4,340,681                         | 9,827,498         | 332,729        | 14,988,988         | 29,489,896  |
| -                                 | 4,982,294         | -              | -                  | 4,982,294   |
| 13,938,952                        | 170,367,213       | -              | 92,781             | 184,398,946 |
| 63,466,418                        | -                 | 5,941,730      | 51,173,597         | 120,581,745 |
| 605,628                           | -                 | 276,533        | 3,085,289          | 3,967,450   |
| 1,395,035                         | 3,160,230         | 107,085        | 925,091            | 5,587,441   |
| 18,884                            | 408,569           | 1,459          | 563,500            | 992,412     |
| 1,118,547                         | 5,435,355         | 85,861         | 1,966,098          | 8,605,861   |
| 84,884,145                        | 194,181,159       | 6,745,397      | 72,795,344         | 358,606,045 |
| 563,673                           | 5,510             | 166,748        | 138,636            | 874,567     |
| 8,961,287                         | 76,174,207        | -              | 24,933,434         | 110,068,928 |
| 143,002,685                       | 1,397,973         | 42,303,635     | 35,171,605         | 221,875,898 |
| -                                 | -                 | -              | -                  | -           |
| 4,440,006                         | 1,745,183         | 1,174,384      | 1,857,205          | 9,216,778   |
| 156,967,651                       | 79,322,873        | 43,644,767     | 62,100,880         | 342,036,171 |
| (72,083,506)                      | 114,858,286       | (36,899,370)   | 10,694,464         | 16,569,874  |
| 84,884,145                        | 194,181,159       | 6,745,397      | 72,795,344         | 358,606,045 |
| 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.



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

### 34 RELATED PARTY TRANSACTIONS

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

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

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

|                                      | (Un-Audited)<br>As at March 31, 2022                      |                          |           |                | (Audited)<br>As at December 31, 2021                      |                          |           |                |
|--------------------------------------|---|--------------------------|-----------|----------------|---|--------------------------|-----------|----------------|
|                                      | Directors   | Key management personnel | Associate | Employee Funds | Directors   | Key management personnel | Associate | Employee Funds |
| <b>Advances</b>                      |   |                          |           |                |   |                          |           |                |
| 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                  | -         | -              |
| <b>Deposits and other accounts</b>   |   |                          |           |                |   |                          |           |                |
| 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   | -   | 53,583                   | 2,466     | 74,298         | -   | 195,909                  | 47,202    | 854,231        |
| Transfer in / (out) - net            | -   | -                        | -         | -              | -   | 16                       | -         | -              |
| Closing balance                      | -   | 16,219                   | 36,371    | 2,684,944      | -   | 7,118                    | 35,149    | 2,648,713      |
| Other liabilities                    | -   | -                        | -         | -              | -   | -                        | -         | -              |
| Accrued markup                       | -   | -                        | -         | 46,460         | -   | 199                      | 1,040     | 36,931         |
|                                      | -   | 1                        | -         | -              | -   | -                        | -         | -              |
|                                      | (Un-audited)<br>For the three months ended March 31, 2022 |                          |           |                | (Un-audited)<br>For the three months ended March 31, 2021 |                          |           |                |
|                                      | Directors   | Key management personnel | Associate | Employee Funds | Directors   | Key management personnel | Associate | Employee Funds |
| <b>Income</b>                        |   |                          |           |                |   |                          |           |                |
| Mark-up / return / interest earned   | -   | 1,215                    | -         | -              | -   | 1,004                    | -         | -              |
| <b>Expense</b>                       |   |                          |           |                |   |                          |           |                |
| Mark-up / return / interest expensed | -   | 2                        | -         | 59,548         | -   | 22                       | 508       | 44,644         |
| Operating expenses                   | 1,400   | 41,775                   | -         | -              | 2,313   | 60,496                   | -         | -              |

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.



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

**35 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS**

**Minimum Capital Requirement (MCR):**

Paid-up capital (net of losses)

| (Un-audited)<br>March 31,<br>2022 | (Audited)<br>December 31,<br>2021 |
|-----------------------------------|-----------------------------------|
| ---- Rupees in '000 ----          |                                   |

|                   |                   |
|-------------------|-------------------|
| <b>11,027,905</b> | <b>10,502,710</b> |
|-------------------|-------------------|

**Capital Adequacy Ratio (CAR):**

Eligible common equity tier 1 (CET 1) capital

Eligible additional tier 1 (ADT 1) capital

Total eligible tier 1 capital

Eligible tier 2 capital

Total eligible capital (Tier 1 + Tier 2)

|                   |                   |
|-------------------|-------------------|
| <b>15,896,581</b> | <b>15,248,508</b> |
| <b>-</b>          | <b>-</b>          |
| <b>15,896,581</b> | <b>15,248,508</b> |
| <b>235,366</b>    | <b>281,569</b>    |
| <b>16,131,947</b> | <b>15,530,077</b> |

**Risk weighted assets (RWAs):**

Credit risk

Market risk

Operational risk

**Total**

|                    |                    |
|--------------------|--------------------|
| <b>77,770,090</b>  | <b>76,141,937</b>  |
| <b>25,144,538</b>  | <b>15,889,464</b>  |
| <b>13,301,652</b>  | <b>13,301,652</b>  |
| <b>116,216,280</b> | <b>105,333,053</b> |

Common equity tier 1 capital adequacy ratio

Tier 1 capital adequacy ratio

Total capital adequacy ratio

|               |               |
|---------------|---------------|
| <b>13.68%</b> | <b>14.47%</b> |
| <b>13.68%</b> | <b>14.47%</b> |
| <b>13.88%</b> | <b>14.74%</b> |

**National minimum capital requirements prescribed by SBP**

CET1 minimum ratio

ADT-1 minimum ratio

Tier 1 minimum ratio

Total capital minimum ratio

Capital conservation buffer (CCB- consisting of CET1 only)

Total capital plus CCB

6.00%

1.50%

7.50%

10.00%

1.50%

11.50%

**Leverage Ratio (LR):**

Eligible tier-1 capital

Total exposures

Leverage ratio

|                    |                    |
|--------------------|--------------------|
| <b>15,896,581</b>  | <b>15,248,508</b>  |
| <b>437,882,552</b> | <b>363,898,758</b> |
| <b>3.63%</b>       | <b>4.19%</b>       |

**Liquidity Coverage Ratio (LCR):**

Total high quality liquid assets

Total net cash outflow

Liquidity coverage ratio

|                   |                    |
|-------------------|--------------------|
| <b>79,558,929</b> | <b>101,636,622</b> |
| <b>59,897,865</b> | <b>64,356,557</b>  |
| <b>132.82%</b>    | <b>157.93%</b>     |

**Net Stable Funding Ratio (NSFR):**

Total available stable funding

Total required stable funding

Net stable funding ratio

|                    |                    |
|--------------------|--------------------|
| <b>369,552,694</b> | <b>179,120,821</b> |
| <b>339,039,436</b> | <b>138,152,486</b> |
| <b>109.00%</b>     | <b>129.65%</b>     |

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

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)<br>March 31,<br>2022 | (Audited)<br>December 31,<br>2021 |
|--|------|-----------------------------------|-----------------------------------|
| STATEMENT OF FINANCIAL POSITION            | Note | ---- Rupees in '000 ----          |                                   |
| <b>ASSETS</b>                              |      |                                   |                                   |
| 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                         |
| <b>Total Assets</b>                        |      | <b>95,961,234</b>                 | <b>113,674,360</b>                |
| <b>LIABILITIES</b>                         |      |                                   |                                   |
| 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                         |
| <b>Total Liabilities</b>                   |      | <b>90,098,831</b>                 | <b>107,864,900</b>                |
| <b>NET ASSETS</b>                          |      | <b>5,862,403</b>                  | <b>5,809,460</b>                  |
| <b>REPRESENTED BY</b>                      |      |                                   |                                   |
| 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                         |
|  |      | <b>5,862,403</b>                  | <b>5,809,460</b>                  |
| <b>CONTINGENCIES AND COMMITMENTS</b>       |      |                                   |                                   |
|  | 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)<br>January 01<br>to<br>March 31, 2022 | (Un-audited)<br>January 01<br>to<br>March 31, 2021 |
|--------------------------------|-------------|--|--|
| <b>PROFIT AND LOSS ACCOUNT</b> | <b>Note</b> | <b>---- Rupees in '000 ----</b>                    |  |
| 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  |
| <b>OTHER INCOME</b>            |             |  |  |
| 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  |
| <b>OTHER CHARGES</b>           |             |  |  |
| 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)   |
| <b>Profit before taxation</b>  |             | 364,812  | 369,368  |
| Taxation                       |             | 142,277  | 144,054  |
| <b>Profit after taxation</b>   |             | 222,535  | 225,314  |

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

|                                      | (Un-audited)   |                          |                     |                | (Audited)         |                          |                     |                |
|--------------------------------------|----------------|--------------------------|---------------------|----------------|-------------------|--------------------------|---------------------|----------------|
|                                      | March 31, 2021 |                          |                     |                | December 31, 2021 |                          |                     |                |
| Investments by segments:             | Cost           | Provision for diminution | (Deficit) / Surplus | Carrying value | Cost              | Provision for diminution | (Deficit) / Surplus | Carrying value |
|                                      | Rupees in '000 |                          |                     |                |                   |                          |                     |                |
| Federal Government Securities:       |                |                          |                     |                |                   |                          |                     |                |
| -GoP Ijara sukuk                     | 25,588,548     | -                        | (32,092)            | 25,556,456     | 18,426,773        | -                        | (73,698)            | 18,353,075     |
| -Bai Muajjal                         | -              | -                        | -                   | -              | 6,388,711         | -                        | -                   | 6,388,711      |
| Other non-government debt securities |                |                          |                     |                |                   |                          |                     |                |
| -Powers and other sukuk              | 5,041,667      | -                        | 19,900              | 5,061,567      | 5,056,250         | -                        | 37,500              | 5,093,750      |
| Mutual Funds - HFT                   | 610,000        | -                        | (6)                 | 609,994        | 650,000           | -                        | 64                  | 650,064        |
|                                      | 31,240,215     | -                        | (12,198)            | 31,228,017     | 30,521,734        | -                        | (36,134)            | 30,485,600     |
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**THE BANK OF KHYBER**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2022**

| 36.3 Deposits  | (Un-audited)<br>March 31, 2022 |                          |            | (Audited)<br>December 31, 2021                                  |                                   |            |
|--|--------------------------------|--------------------------|------------|---|-----------------------------------|------------|
|  | In local<br>currency           | In foreign<br>currencies | Total      | In local<br>currency  | In foreign<br>currencies          | Total      |
|  | Rupees in '000                 |                          |            |   |                                   |            |
| <b>Customers</b>   |                                |                          |            |   |                                   |            |
| 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  |
|  | 73,090,096                     | 53,377                   | 73,143,473 | 73,726,248  | 52,311                            | 73,778,559 |
| <b>Financial Institutions</b>  |                                |                          |            |   |                                   |            |
| Current Deposits   | 368,321                        | -                        | 368,321    | 255,520   | -                                 | 255,520    |
| Savings deposits   | 4,302,087                      | -                        | 4,302,087  | 1,338,761   | -                                 | 1,338,761  |
|  | 4,670,408                      | -                        | 4,670,408  | 1,594,281   | -                                 | 1,594,281  |
|  | 77,760,504                     | 53,377                   | 77,813,881 | 75,320,529  | 52,311                            | 75,372,840 |
|  |                                |                          |            | (Un-audited)<br>March 31,<br>2022                               | (Audited)<br>December 31,<br>2021 |            |
| <b>36.4 Islamic banking business unappropriated profit</b>   |                                |                          |            | ----- Rupees in '000 -----                                      |                                   |            |
| 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  |                                |                          |            | 4,845,332   | 4,810,395                         |            |
| <b>36.5 Contingencies and commitments</b>  |                                |                          |            |   |                                   |            |
| Guarantees   |                                |                          |            | 5,925,397   | 5,460,308                         |            |
| Commitments  |                                |                          |            | 1,569,923   | 1,322,560                         |            |
|  |                                |                          |            | 7,495,320   | 6,782,868                         |            |
|  |                                |                          |            | (Un-audited)<br>For the three months ended<br>March 31,<br>2022 | March 31,<br>2021                 |            |
| <b>36.6 Profit / return earned on financing, investments and placements</b>  |                                |                          |            | ----- Rupees in '000 -----                                      |                                   |            |
| Financing  |                                |                          |            | 1,089,173   | 1,114,459                         |            |
| Investments  |                                |                          |            | 752,191   | 440,194                           |            |
| Placements and balances with banks   |                                |                          |            | 94,796  | 1,264                             |            |
|  |                                |                          |            | 1,936,160   | 1,555,917                         |            |
| <b>36.7 Profit on deposits and other dues expensed</b>   |                                |                          |            |   |                                   |            |
| Deposits and other accounts  |                                |                          |            | 657,960   | 362,558                           |            |
| Due to Financial Institutions  |                                |                          |            | 267,428   | 324,074                           |            |
| Lease liability  |                                |                          |            | 9,399   | 9,869                             |            |
|  |                                |                          |            | 934,787   | 696,501                           |            |
| <b>37 Profit equalization reserve</b>  |                                |                          |            |   |                                   |            |
| 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. |                                |                          |            |   |                                   |            |
| <b>38 GENERAL</b>  |                                |                          |            |   |                                   |            |
| Comparative information has been re-classified, re-arranged or additionally incorporated in these condensed interim financial statements for the purpose of better presentation.           |                                |                          |            |   |                                   |            |
| <b>39 DATE OF AUTHORIZATION FOR ISSUE</b>  |                                |                          |            |   |                                   |            |
| 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**



**DIRECTOR**

📍 24, The Mall, Peshawar Cantt.

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