The Bank of Khyber

CONDENSED INTERIM FINANCIAL INFORMATION

For the Period Ended September 30, 2022

The Bank of Khyber

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The Bank of Khyber

CORPORATE INFORMATION

Board of Directors

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

Managing Director/ CEO

Muhammad Ali Gulfaraz

Shariah Board

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

Board Audit Committee

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

Board Human Resource & Remuneration Committee

Saleha Asif	Chairperson
Tahir Jawaid	Member
Ikramullah Khan	Member

Board Risk Management Committee

Ikramullah Khan	Chairman
Syed Asad Ali Shah	Member
Managing Director	Member

Board I.T Steering Committee

Syed Asad Ali Shah	Chairman
Tahir Jawaid	Member
Managing Director	Member

Board Compliance Committee

Tahir Jawaid	Chairman
Syed Asad Ali Shah	Member
Mir Javed Hashmat	Member
Managing Director	Member

Chief Financial Officer

Irfan Saleem Awan

Company Secretary

Muhammad Ali

Registered Office / Head Office

The Bank of Khyber
24 – The Mall, Peshawar Cantt.

UAN# 00-92-91-111 95 95 95
URL: www.bok.com.pk

Auditors

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

Legal Advisors

M/s. Mohsin Tayebaly & Co., Karachi

Registrar and Share Registration Office

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

Directors' Review

On behalf of the Board of Directors of the Bank of Khyber, I am pleased to present the condensed Interim Financial Statements of the Bank for the period ended September 30, 2022. The results are inclusive of Islamic Banking Operations:

Financial Highlights

The financial results of the Bank of Khyber for the nine months ended September 30, 2022 are as under:

	(Rs. in Million)	
	September 30, 2022	December 31, 2021
Total Assets	329,595	358,606
Deposits	230,362	221,876
Advances (Gross)	137,384	131,166
Investments (Net)	150,891	184,399

	(Rs. in Million) Period Ended September 30	
	2022	2021
Operating Profit	1,162	1,948
Provision against non-performing advances/others – net	(792)	(721)
Profit before taxation	370	1,227
Taxation	(90)	(448)
Profit after tax	280	779

Performance Review

The recent catastrophic floods have further impacted the country's economy which was already suffering from inflationary pressures due to increase in global commodity prices coupled with the weakening currency. The sharp increase in policy rate in response to the inflationary conditions has added to the economic challenges.

For the nine months of the year 2022, the Bank posted profit before tax of Rs. 370 million whereas profit after tax stood at Rs. 280 million as compared to Rs. 779 million for the same period of 2021. This comparative reduction in profitability mainly attributable to the impact of changes in the market interest rates, provisions made against non-performing loans as well as the increase in operating expenses due to branch expansion. Keeping in view the challenging economic conditions, the Bank is taking necessary measures for improving the overall performance going forward.

Total assets with slight decrease from the year end 2021 stood at Rs.329,595 million. Deposits registered growth and stood at Rs.230,362 million whereas advances reached Rs.137,384 million. Investments (net) decreased by 18% from the year end 2021 and closed at Rs.150,891 million.

At the end of the quarter under review, the Bank was operating with 216 branches and 21 sub-branches with 7 booths across the country wherein 111 branches were working as dedicated Islamic Banking Branches.

Future Outlook

The Bank continues to strengthen its presence in the market through its expanded branch network by offering tailor made consumer friendly products and best services.

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. The Bank is also focusing on increasing its customer base and mobilizing cost effective deposit mix with an emphasis on prudent lending to maintain trend of stable profitability.

Credit Rating

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

The Pakistan Credit Rating Agency Limited (PACRA) has upgraded the medium to long term entity rating of the Bank at 'A+' (Single A Plus) on October 04, 2022 and maintained short term entity rating of the Bank at "A1" (Single 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 Provincial Government, State Bank of Pakistan and other regulatory authorities for their support and continued guidance. We are grateful to our valued customers for their trust and support whereas dedicated efforts of the staff is very much appreciated.

For and on behalf of the Board of Directors

Muhammad Ali Gulfaraz
Managing Director

Peshawar: October 26, 2022

The Bank of Khyber

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

	Note	(Un-audited) September 30, 2022	(Audited) December 31, 2021
		-------- Rupees in '000 --------	
ASSETS			
Cash and balances with treasury banks	7	**22,649,574**	17,375,313
Balances with other banks	8	**5,446,458**	12,114,583
Lendings to financial institutions	9	**700,000**	4,982,294
Investments	10	**150,890,683**	184,398,946
Advances	11	**130,070,054**	124,549,195
Fixed assets	12	**5,215,287**	5,137,202
Intangible assets	13	**504,544**	450,239
Deferred tax assets	14	**1,319,458**	992,412
Other assets	15	**12,799,045**	8,605,861
		329,595,103	358,606,045
LIABILITIES			
Bills payable	16	**1,079,537**	874,567
Borrowings	17	**71,874,029**	110,068,928
Deposits and other accounts	18	**230,362,284**	221,875,898
Liabilities against assets subject to finance lease		**-**	-
Sub-ordinated debt		**-**	-
Deferred tax liabilities		**-**	-
Other liabilities	19	**9,664,727**	9,216,778
		312,980,577	342,036,171
NET ASSETS		**16,614,526**	16,569,874
REPRESENTED BY			
Share capital	20	**11,027,905**	10,502,710
Reserves		**3,611,726**	3,555,773
Surplus on revaluation of assets - net	21	**110,896**	350,617
Unappropriated profit		**1,863,999**	2,160,774
		16,614,526	16,569,874
CONTINGENCIES AND COMMITMENTS	22		

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 NINE MONTHS ENDED SEPTEMBER 30, 2022

	Note	Quarter ended		Nine months ended	
		July 1 to September 30, 2022	July 1 to September 30, 2021	**January 1 to September 30, 2022**	January 1 to September 30, 2021
		---------- Rupees in '000 ----------			
Mark-up/ return/ interest earned	23	**10,737,472**	5,652,396	**29,466,325**	16,007,298
Mark-up/ return/ interest expensed	24	**9,374,823**	3,901,285	**24,580,002**	11,009,177
Net mark-up/ interest income		**1,362,649**	1,751,111	**4,886,323**	4,998,121
NON MARK-UP/ INTEREST INCOME					
Fee and commission income	25	**121,579**	113,270	**355,210**	310,181
Dividend income		**2,498**	10,872	**7,134**	26,104
Foreign exchange income		**225,845**	45,473	**557,967**	367,651
Income/ (loss) from derivatives		**-**	-	**-**	-
Gain/ (loss) on securities	26	**(110)**	(17,275)	**10,099**	(105,914)
Share of profit of associate		**-**	-	**1,608**	-
Other income	27	**36,619**	29,619	**109,059**	82,242
Total non-markup/ interest income		**386,431**	181,959	**1,041,077**	680,264
Total income		**1,749,080**	1,933,070	**5,927,400**	5,678,385
NON MARK-UP/ INTEREST EXPENSES					
Operating expenses	28	**1,689,203**	1,290,011	**4,765,221**	3,726,117
Workers Welfare Fund		**-**	-	**-**	-
Other charges	29	**-**	278	**5**	3,895
Total non-markup/ interest expenses		**1,689,203**	1,290,289	**4,765,226**	3,730,012
PROFIT BEFORE PROVISIONS		**59,877**	642,781	**1,162,174**	1,948,373
Provisions and write offs - net	30	**278,116**	343,628	**792,594**	721,097
Extra ordinary / unusal items		**-**	-	**-**	-
PROFIT / (LOSS) BEFORE TAXATION		**(218,239)**	299,153	**369,580**	1,227,276
Taxation	31	**(106,822)**	128,625	**89,815**	448,571
PROFIT / (LOSS) AFTER TAXATION		**(111,417)**	170,528	**279,765**	778,705
		---------- Rupees ----------			
			(Restated)		(Restated)
Basic and diluted earnings / (loss) per share	32	**(0.10)**	0.15	**0.25**	0.71

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

MANAGING DIRECTOR	CHIEF FINANCIAL OFFICER	DIRECTOR	DIRECTOR	DIRECTOR

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

	Quarter ended		Nine months ended	
	July 1 to September 30, 2022	July 1 to September 30, 2021	**January 1 to September 30, 2022**	January 1 to September 30, 2021
	---------- Rupees in '000 ----------			
Profit / (Loss) after taxation for the period	**(111,417)**	170,528	**279,765**	778,705
Other comprehensive income / (loss)				
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in surplus / (deficit) on revaluation of investments - net of tax	**171,554**	(220,610)	**(230,999)**	(409,252)
Movement in deficit on revaluation of investments in associate - net of tax	**-**	-	**(1,135)**	-
Items that will not be reclassified to profit and loss account in subsequent periods:				
Movement in deficit on revaluation of non-banking assets - net of tax	**-**	-	**(3,247)**	(2,999)
Remeasurement gain on defined benefit obligation of associate - net of tax	**-**	-	**268**	-
Total comprehensive income / (loss)	**60,137**	(50,082)	**44,652**	366,454

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

MANAGING DIRECTOR | CHIEF FINANCIAL OFFICER | DIRECTOR | DIRECTOR | DIRECTOR

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

	Share capital	Statutory reserve	Surplus / (deficit) on revaluation of			Unappropriated profit	Total
			Investments	Fixed assets	Non-banking assets		
	Rupees in '000						
Balance as at January 1, 2021 (audited)	10,002,524	3,335,048	332,125	786,102	48,734	3,267,017	17,771,550
Profit after taxation for the nine months ended September 30, 2021	-	-	-	-	-	778,705	778,705
Other comprehensive loss - net of tax	-	-	(409,252)	-	(2,999)	-	(412,251)
	-	-	(409,252)	-	(2,999)	778,705	366,454
Transfer to statutory reserve	-	155,741	-	-	-	(155,741)	-
Transactions with owners, recorded directly in equity							
Final cash dividend for the year ended December 31, 2020 (Rs.1.50 per share)	-	-	-	-	-	(1,500,557)	(1,500,557)
Bonus shares issued for the year ended December 31, 2020 (Rs. 0.50 per share)	500,186	-	-	-	-	(500,186)	-
Balance as at September 30, 2021 (un-audited)	10,502,710	3,490,789	(77,127)	786,102	45,735	1,889,238	16,637,447
Profit after taxation for the three months ended December 31, 2021	-	-	-	-	-	324,922	324,922
Other comprehensive (loss) / income - net of tax	-	-	(408,986)	1,098	8,877	6,516	(392,495)
	-	-	(408,986)	1,098	8,877	331,438	(67,573)
Transfer to statutory reserve	-	64,984	-	-	-	(64,984)	-
Transfer from surplus on revaluation of non-banking asset - net of tax	-	-	-	-	(5,082)	5,082	-
Balance as at December 31, 2021 (audited)	**10,502,710**	**3,555,773**	**(486,113)**	**787,200**	**49,530**	**2,160,774**	**16,569,874**
Profit after taxation for the nine months ended September 30, 2022	**-**	**-**	**-**	**-**	**-**	**279,765**	**279,765**
Other comprehensive (loss) / income - net of tax	**-**	**-**	**(232,134)**	**-**	**(3,247)**	**268**	**(235,113)**
	-	**-**	**(232,134)**	**-**	**(3,247)**	**280,033**	**44,652**
Transfer to statutory reserve	**-**	**55,953**	**-**	**-**	**-**	**(55,953)**	**-**
Transfer from surplus on revaluation of non-banking asset - net of tax	**-**	**-**	**-**	**-**	**(4,340)**	**4,340**	**-**
Transactions with owners, recorded directly in equity							
Bonus shares issued for the year ended December 31, 2021 (Rs. 0.50 per share)	**525,195**	**-**	**-**	**-**	**-**	**(525,195)**	**-**
Balance as at September 30, 2022 (un-audited)	**11,027,905**	**3,611,726**	**(718,247)**	**787,200**	**41,943**	**1,863,999**	**16,614,526**

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 CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

	Note	January 1 to September 30, 2022	January 1 to September 30, 2021
		------- Rupees in '000 -------	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		**369,580**	1,227,276
Less: Dividend income		**7,134**	26,104
		362,446	1,201,172
Adjustments:			
Depreciation - Fixed assets		**364,259**	234,523
Depreciation - Non-banking assets acquired in satisfaction of claims		**16,946**	15,396
Depreciation - Right-of-use assets		**380,742**	323,676
Amortization		**58,283**	62,884
Provisions and write offs - net	30	**792,594**	721,097
Finance charge on leased assets		**99,741**	98,263
Share of profit of associate		**(1,608)**	-
Unrealized gain on securities		**-**	16,687
Gain on early culmination of lease		**(781)**	(1,811)
Gain on sale of fixed assets		**(2,158)**	(264)
		1,708,018	1,470,451
		2,070,464	2,671,623
Decrease / (increase) in operating assets			
Lendings to financial institutions		**4,282,294**	7,297,519
Held-for-trading securities		**2,385,571**	(29,932)
Advances		**(6,217,787)**	(1,696,180)
Others assets (excluding advance taxation)		**(3,871,170)**	649,510
		(3,421,092)	6,220,917
Increase / (decrease) in operating liabilities			
Bills payable		**204,970**	10,439
Borrowings from financial institutions		**(38,194,899)**	16,039,653
Deposits		**8,486,386**	36,236,798
Other liabilities		**671,224**	1,742,639
		(28,832,319)	54,029,529
Income tax paid		**(517,180)**	(1,911,046)
Net cash flow (used in) / generated from operating activities		**(30,700,127)**	61,011,023
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		**21,908,475**	(63,064,877)
Net investments in held-to-maturity securities		**8,647,086**	1,965,003
Dividends received		**6,453**	26,104
Investments in operating fixed assets		**(661,945)**	(937,049)
Investments in intangible assets		**(112,588)**	(5,626)
Proceeds from sale of fixed assets		**4,583**	467
Net cash flow generated from / (used in) investing activities		**29,792,064**	(62,015,978)
CASH FLOW FROM FINANCING ACTIVITIES			
Payment against lease liabilities		**(482,663)**	(357,771)
Dividend paid		**(3,138)**	(1,500,580)
Net cash flow used in financing activities		**(485,801)**	(1,858,351)
Net decrease in cash and cash equivalents		**(1,393,864)**	(2,863,306)
Cash and cash equivalents at beginning of the period		**29,489,896**	24,932,714
Cash and cash equivalents at end of the period		**28,096,032**	22,069,408

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

MANAGING DIRECTOR	CHIEF FINANCIAL OFFICER	DIRECTOR	DIRECTOR	DIRECTOR

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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. The Bank operates 216 branches including 111 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+' (announced on June 30, 2022) and 'A+' (announced on October 4, 2022) 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 condensed interim financial statements as such, but are restricted to the amount of facility actually utilized and the appropriate portion of profit thereon.

2.2 The Islamic banking branches of the Bank have complied with the requirements as set out in the Islamic Financial Accounting Standards (IFAS), issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the provisions of Companies Act, 2017.

2.3 The financial results of the Islamic Banking Branches have been included in these condensed interim financial statements for reporting purpose, after eliminating the effects of inter-branch transactions and balances. Key financial figures of the Islamic Banking Branches are disclosed in note 37 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 and the Companies Act, 2017;

- 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 These condensed interim financial statements do not include all the information and disclosures required in the audited annual financial statements, and should be read in conjunction with the audited annual financial statements for the year ended December 31, 2021.

3.3 The SBP vide BSD Circular Letter No. 10, dated August 26, 2002, has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement and International Accounting Standard 40, Investment Property for banking companies till further instructions. Please refer to note 4.2 for the applicability of IFRS 9. Moreover, SBP vide BPRD Circular No. 4, dated February 25, 2015, has deferred the applicability of Islamic Financial Accounting Standards (IFAS) 3, Profit and Loss Sharing on Deposits. Further, according to the notification of the SECP issued vide SRO 411(I)/2008 dated April 28, 2008, International Financial Reporting Standard (IFRS) 7, Financial Instruments: Disclosures has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

4 SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

5 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 audited annual financial statements for the year ended December 31, 2021.

6 FINANCIAL RISK MANAGEMENT

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

	(Un-audited) September 30, 2022	(Audited) December 31, 2021
7 CASH AND BALANCES WITH TREASURY BANKS	---------- Rupees in '000 ----------	
In hand:		
Local currency	**4,225,738**	3,697,744
Foreign currencies	**1,335,701**	107,476
	5,561,439	3,805,220
With State Bank of Pakistan in:		
Local currency current account	**15,828,610**	11,209,505
Foreign currency current account	**45,919**	59,079
Foreign currency deposit account	**144,221**	128,943
	16,018,750	11,397,527
With National Bank of Pakistan in:		
Local currency current account	**1,064,741**	1,154,182
Local currency deposit account	**2,762**	1,004,138
Foreign currency deposit account	**-**	8,162
	1,067,503	2,166,482
National prize bonds	**1,882**	6,084
	22,649,574	17,375,313
8 BALANCES WITH OTHER BANKS		
In Pakistan:		
In current accounts	**1,248,788**	2,908,280
In deposit accounts	**3,493,658**	8,626,717
	4,742,446	11,534,997
Outside Pakistan:		
In current accounts	**714,040**	589,614
In deposit accounts	**-**	-
	714,040	589,614
Less: provision for doubtful placement with the bank	**(10,028)**	(10,028)
	5,446,458	12,114,583
9 LENDINGS TO FINANCIAL INSTITUTIONS		
Call money lending	**-**	3,000,000
Repurchase agreement lendings (Reverse Repo)	**-**	1,982,294
Placements with other financial institutions	**938,944**	238,944
	938,944	5,221,238
Less: provision held against lendings to financial institutions	**(238,944)**	(238,944)
Lendings to financial institutions - net of provision	**700,000**	4,982,294

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

		(Un-audited) September 30, 2022		(Audited) December 31, 2021	
9.1	**Category of classification**	**Classified lending**	**Provision held**	Classified lending	Provision held
		----------Rupees in '000----------			
	Domestic				
	Other assets especially mentioned	-	-	-	-
	Substandard	-	-	-	-
	Doubtful	-	-	-	-
	Loss	**238,944**	**238,944**	238,944	238,944
	Overseas				
	Not past due but impaired	-	-	-	-
	Overdue by:				
	Upto 90 days	-	-	-	-
	91 to 180 days	-	-	-	-
	181 to 365 days	-	-	-	-
	> 365 days	-	-	-	-
		-	-	-	-
	Total	**238,944**	**238,944**	238,944	238,944

		(Un-audited) September 30, 2022				(Audited) December 31,2021			
10	**INVESTMENTS**								
10.1	**Investments by type:**	**Cost / amortized cost**	**Provision for diminution**	**(Deficit) / surplus**	**Carrying value**	Cost / amortized cost	Provision for diminution	(Deficit) / surplus	Carrying value
		----------Rupees in '000----------							
	Held-for-trading securities								
	Federal Government Securities	-	-	-	-	1,219,145	-	(2,285)	1,216,860
	Shares	-	-	-	-	15,272	-	636	15,908
	Mutual Funds	-	-	-	-	1,150,000	-	2,803	1,152,803
		-	-	-	-	2,384,417	-	1,154	2,385,571
	Available-for-sale securities								
	Federal Government Securities	**138,488,457**	-	**(1,311,841)**	**137,176,616**	159,083,923	-	(860,550)	158,223,373
	Shares	**1,051,355**	**(731,206)**	**73,628**	**393,777**	1,054,918	(627,201)	20,353	448,070
	Non Government Debt Securities	**8,122,502**	**(165,042)**	**(19,879)**	**7,937,581**	9,431,948	(165,042)	43,290	9,310,196
		147,662,314	**(896,248)**	**(1,258,092)**	**145,507,974**	169,570,789	(792,243)	(796,907)	167,981,639
	Held-to-maturity securities								
	Federal Government Securities	**5,291,866**	-	-	**5,291,866**	13,938,952	-	-	13,938,952
		5,291,866	-	-	**5,291,866**	13,938,952	-	-	13,938,952
	Associate	**90,843**	-	-	**90,843**	92,784	-	-	92,784
	Total	**153,045,023**	**(896,248)**	**(1,258,092)**	**150,890,683**	185,986,942	(792,243)	(795,753)	184,398,946

10.1.1 SBP vide its letter dated SBPHOK-BPRD-RPD-BOK-264314 dated July 25, 2022 has allowed to stagger the unrealized mark-to-market (MTM) losses on certain PIBs having face value of Rs. 26,450 million held by the Bank in its Available-for-sale portfolio. As of September 30, 2022, the cumulative unrealized MTM losses on these PIBs amounted to Rs. 1,153 million. The Bank has availed the benefit of the said relaxation and not accounted for the impact of Rs. 865 million (i.e. 75% of these MTM losses) in these condensed interim financial statements. This has resulted in a net of tax positive impact of Rs. 493 million on the condensed interim statement of financial position as of September 30, 2022 with corresponding positive impact on the condensed interim statement of comprehensive income for the period ended September 30, 2022. The Bank has also taken the said benefit in the calculation of Capital Adequacy Ratio (CAR) and Leverage Ratio (LR) thereby resulting in a positive impact of 0.64% and 0.14% on CAR and LR of the Bank as of September 30, 2022. Pursuant to the aforementioned SBP Letter, MTM losses on these PIBs may be accounted for as follows:

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

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

			(Un-audited) September 30, 2022	(Audited) December 31, 2021
10.2	**Investments given as collateral**	**Note**	------- Rupees in '000 --------	
	Market Treasury Bills		**35,764,168**	64,331,572
	Pakistan Investment Bonds		**24,691,724**	29,708,695
	GOP Ijara Sukuk		**2,608,100**	-
		10.2.1	**63,063,992**	94,040,267

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

		(Un-audited) September 30, 2022	(Audited) December 31, 2021
10.3	**Provision for diminution in value of investments**	------ Rupees in '000 ------	
	Opening balance	**792,243**	742,125
	Charge / (reversals)		
	Charge for the period / year	**105,525**	95,237
	Reversals for the period / year	**(1,520)**	-
	Reversal on disposals / repayment	**-**	(45,119)
		104,005	50,118
	Closing balance	**896,248**	792,243

10.4 Particulars of provision against debt securities

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

10.5 The market value of securities classified as held-to-maturity as at September 30, 2022 amounted to Rs. 4,906.601 million (December 31, 2021: Rs. 13,504.467 million).

11 ADVANCES

	Performing		Non performing		Total	
	(Un-audited) September 30, 2022	Audited December 31, 2021	**(Un-audited) September 30, 2022**	Audited December 31, 2021	**(Un-audited) September 30, 2022**	Audited December 31, 2021
	----------Rupees in '000----------					
Loans, cash credits, running finances, etc.	**80,175,442**	60,780,475	**7,991,199**	7,481,128	**88,166,641**	68,261,603
Islamic financing and related assets	**44,980,735**	59,317,410	**2,131,909**	1,498,726	**47,112,644**	60,816,136
Bills discounted and purchased	**563,619**	547,379	**1,541,365**	1,541,364	**2,104,984**	2,088,743
Advances - gross	**125,719,796**	120,645,264	**11,664,473**	10,521,218	**137,384,269**	131,166,482
Provision against advances						
- Specific	**-**	-	**7,231,651**	6,553,768	**7,231,651**	6,553,768
- General	**82,564**	63,519	**-**	-	**82,564**	63,519
	82,564	63,519	**7,231,651**	6,553,768	**7,314,215**	6,617,287
Advances - net of provision	**125,637,232**	120,581,745	**4,432,822**	3,967,450	**130,070,054**	124,549,195

		(Un-audited) September 30, 2022	(Audited) December 31, 2021
11.1	**Particulars of advances (gross)**	------ Rupees in '000 ------	
	In local currency	**137,384,269**	131,166,482
	In foreign currency	**-**	-
		137,384,269	131,166,482

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

11.2 Advances include Rs 11,664.473 million (December 31, 2021: Rs 10,521.218 million) which have been placed under non-performing status as detailed below:-

Category of classification	(Un-audited) September 30, 2022		(Audited) December 31, 2021	
	Non performing loans	**Provision**	Non performing loans	Provision
	---------- Rupees in '000 ----------			
Domestic				
Other assets especially mentioned	**150,779**	**1,624**	161,451	79
Substandard	**418,995**	**19,940**	902,564	32,188
Doubtful	**1,460,415**	**97,656**	1,544,090	164,395
Loss	**9,634,284**	**7,112,431**	7,913,113	6,357,106
	11,664,473	**7,231,651**	10,521,218	6,553,768
Overseas				
Not past due but impaired	-	-	-	-
Overdue by:				
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	-	-	-	-
> 365 days	-	-	-	-
	-	-	-	-
Total	**11,664,473**	**7,231,651**	10,521,218	6,553,768

11.3 Particulars of provision against advances

	(Un-audited) September 30, 2022			(Audited) December 31, 2021		
	Specific	**General**	**Total**	Specific	General	Total
	---------- Rupees in '000 ----------					
Opening balance	**6,553,768**	**63,519**	**6,617,287**	4,662,740	1,181,125	5,843,865
Charge for the period / year	**845,775**	**19,045**	**864,820**	2,273,429	17,028	2,290,457
Reversals	**(167,892)**	**-**	**(167,892)**	(382,401)	(1,134,634)	(1,517,035)
	677,883	**19,045**	**696,928**	1,891,028	(1,117,606)	773,422
Amounts written off	-	-	-	-	-	-
Closing balance	**7,231,651**	**82,564**	**7,314,215**	6,553,768	63,519	6,617,287

11.3.1 General provision includes provision amounting to Rs 72.907 million (December 31, 2021: Rs 58.452 million) against consumer finance portfolio as required by the Prudential Regulations issued by the SBP.

11.3.2 State Bank of Pakistan through BSD Circular No.1 dated October 21, 2011 has allowed benefit of the forced sales value (FSV) of plant & machinery under charge, pledged stocks & mortgaged residential, commercial and industrial properties (land and building only) held as collateral against Non-Performing Loans (NPLs) for a maximum of five years from the date of classification. As at September 30, 2022 the Bank has availed cumulative benefit of forced sales value of Rs. 3,060.697 million (December 31, 2021: Rs. 2,335.254 million). Increase in unappropriated profit amounting to Rs.1,560.955 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.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

			(Un-audited) September 30, 2022	(Audited) December 31, 2021
12	**FIXED ASSETS**	**Note**	**------ Rupees in '000 ------**	
	Capital work-in-progress	**12.1**	**194,473**	1,205,899
	Property and equipment		**3,835,993**	2,529,306
	Right of use assets		**1,184,821**	1,401,997
	Total		**5,215,287**	5,137,202

12.1 Capital work-in-progress

Civil works	**151,808**	1,129,156
Vehicles	**18,850**	-
Furniture and equipment	**22,551**	66,933
Advances to suppliers	**1,264**	9,810
Total	**194,473**	1,205,899

12.2 Additions to fixed assets

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

	(Un-audited)	
	September 30, 2022	September 30, 2021
	------ Rupees in '000 ------	
Capital work-in-progress - net	**214,803**	245,172
Property and equipment		
Furniture and fixtures	**40,563**	46,707
Electrical, office and computer equipment	**227,989**	422,157
Vehicles	**933**	16,748
Books	**46**	26
Leasehold improvements	**177,611**	206,239
	447,142	691,877
Right-of-use assets - net	**163,566**	704,278
Total	**825,511**	1,641,327

12.3 Disposals of fixed assets

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

Furniture and fixtures	**664**	120
Office equipment	**1,316**	41
Leasehold improvements	**445**	42
Total	**2,425**	203

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

		(Un-audited) September 30, 2022	(Audited) December 31, 2021
		------ Rupees in '000 ------	
13	**INTANGIBLE ASSETS**		
	Licenses and computer softwares	**499,813**	448,713
	Capital work in progress	**4,731**	1,526
		504,544	450,239

		(Un-audited)	
		September 30, 2022	September 30, 2021
13.1	**Additions to intangible assets**	------ Rupees in '000 ------	
	The following additions / transfers have been made to / from intangible assets during the period:		
	Directly purchased - intangible assets	**109,383**	5,626
	Capital work in progress - net	**3,205**	-
	Total	**112,588**	5,626

		(Un-audited) September 30, 2022	(Audited) December 31, 2021
14	**DEFERRED TAX ASSETS**	------ Rupees in '000 ------	
	Deductible temporary differences on:		
	Deficit on revaluation of investments	**540,980**	310,794
	Accelerated tax depreciation	**84,640**	61,409
	Provision for balances with other banks	**4,312**	3,911
	Provision for diminution in value of investments	**119,132**	67,488
	Provision against loans and advances - net	**516,062**	524,835
	Provision for other assets	**34,913**	25,056
	Islamic pool management reserves	**58,026**	50,976
	Others	**14,680**	-
		1,372,745	1,044,469
	Taxable temporary differences on:		
	Share of profit of associate	**(21,646)**	(20,390)
	Surplus on revaluation of non-banking asset	**(31,641)**	(31,667)
		(53,287)	(52,057)
	Deferred tax assets - net	**1,319,458**	992,412

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

		Note	(Un-audited) September 30, 2022	(Audited) December 31, 2021
			------ Rupees in '000 ------	
15	**OTHER ASSETS**			
	Income / mark-up accrued in local currency		**8,802,605**	4,108,473
	Profit receivable on Bai Muajjal		**-**	2,540,078
	Advances, deposits and prepayments		**252,150**	109,645
	Advance taxation (payments less provisions)		**774,937**	447,054
	Non-banking assets acquired in satisfaction of claims		**300,334**	309,668
	Branch adjustment account		**-**	6,905
	Mark to market gain on forward foreign exchange contracts		**1,794,574**	357,492
	Acceptances		**380,816**	114,706
	Pre-IPO investment		**100,000**	100,000
	Stationary and stamps on hand		**101,986**	52,184
	Employees benefits - Gratuity Fund		**272,462**	303,962
	Clearing and settlement accounts		**-**	62,283
	Receivable from the State Bank of Pakistan		**8,805**	67,607
	Others		**81,218**	97,372
			12,869,887	8,677,429
	Less: provision held against other assets	**15.1**	**(144,426)**	(152,765)
	Other assets - net of provision		**12,725,461**	8,524,664
	Surplus on revaluation of non-banking assets acquired in satisfaction of claims		**73,584**	81,197
	Other assets - total		**12,799,045**	8,605,861
15.1	**Provision held against other assets**			
	Pre-IPO Investment		**100,000**	100,000
	Others		**44,426**	52,765
			144,426	152,765
15.1.1	**Movement in provision held against other assets**			
	Opening balance		**152,765**	144,426
	Charge for the period / year		**-**	8,339
	Reversal for the period / year		**(8,339)**	-
	Closing balance		**144,426**	152,765
16	**BILLS PAYABLE**			
	In Pakistan		**1,079,537**	874,567
	Outside Pakistan		**-**	-
			1,079,537	874,567

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

17 BORROWINGS

	(Un-audited) September 30, 2022	(Audited) December 31, 2021
Secured	------ Rupees in '000 ------	
Borrowings from State Bank of Pakistan (SBP) under:		
- Export refinance scheme	**2,902,105**	4,866,360
- Long term financing facility	**3,207,554**	2,692,478
- SME Asaan Scheme SAAF	**618,331**	-
- Financing facility for storage of agriculture produce	**86,538**	-
- Refinance and credit guarantee scheme for women entrepreneurs	**40,643**	54,730
- Financing facility for renewable energy	**106,224**	54,441
- Refinance facility for modernization of Small and Medium Enterprises (SMEs)	**30,319**	34,531
- Refinance scheme for payment of wages and salaries	**182,511**	123,885
- Refinance facility for combating COVID-19	**981,122**	1,134,862
- Acceptance mudarbah	**2,539,402**	-
	10,694,749	8,961,287
Bai Muajjal borrowings	**-**	17,950,142
Repurchase agreement borrowings	**60,206,079**	76,174,207
Call borrowings	**973,201**	983,292
	61,179,280	95,107,641
Unsecured		
Call borrowings	**-**	6,000,000
Total	**71,874,029**	110,068,928

18 DEPOSITS AND OTHER ACCOUNTS

	(Un-audited) September 30, 2022			(Audited) December 31, 2021		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	---------- Rupees in '000 ----------					
Customers						
Current deposits	**41,162,118**	**567,382**	**41,729,500**	34,469,737	448,039	34,917,776
Saving deposits	**132,885,662**	**143,706**	**133,029,368**	104,669,961	121,570	104,791,531
Term deposits	**38,711,178**	**119,635**	**38,830,813**	65,816,696	92,431	65,909,127
Others	**11,684,170**	**-**	**11,684,170**	11,253,752	-	11,253,752
	224,443,128	**830,723**	**225,273,851**	216,210,146	662,040	216,872,186
Financial Institutions						
Current deposits	**515,472**	**-**	**515,472**	648,065	-	648,065
Saving deposits	**4,572,961**	**-**	**4,572,961**	4,355,647	-	4,355,647
	5,088,433	**-**	**5,088,433**	5,003,712	-	5,003,712
	229,531,561	**830,723**	**230,362,284**	221,213,858	662,040	221,875,898

19 OTHER LIABILITIES

	(Un-audited) September 30, 2022	(Audited) December 31, 2021
	------ Rupees in '000 ------	
Mark-up/ return/ interest payable in local currency	**4,394,774**	5,595,139
Mark-up/ return/ interest payable in foreign currencies	**215**	242
Unearned commission and income on bills discounted	**189,645**	154,373
Unearned income - Bai Muajjal Sukuk	**-**	138,896
Accrued expenses and supplier payables	**288,088**	436,979
Acceptances	**380,816**	114,706
Unclaimed dividends	**61,652**	64,790
Mark to market loss on forward foreign exchange contracts	**1,651,309**	477,392
Lease liability against right-of-use assets	**1,227,143**	1,447,280
Branch adjustment account	**38,364**	-
Deferred income on government schemes	**5,315**	8,090
Deferred income on islamic financing	**113,737**	84,199
Islamic pool management reserves	**134,942**	130,708
Share subscription money refund	**1,091**	1,091
Retention money	**63,366**	55,000
Bills payment system over the counter (BPS-OTC)	**187,127**	34,544
Charity fund	**22,253**	7,648
Security deposits against ijarah	**227,879**	218,380
Clearing and settlement accounts	**351,853**	-
Levies and other taxes payable	**88,566**	47,306
Others	**236,592**	200,015
	9,664,727	9,216,778

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

20 SHARE CAPITAL

20.1 Authorized capital

(Un-audited) September 30, 2022	(Audited) December 31, 2021		(Un-audited) September 30, 2022	(Audited) December 31, 2021
Number of shares			----- Rupees in '000 -----	
1,500,000,000	1,500,000,000	Ordinary shares of Rs. 10 each.	**15,000,000**	15,000,000

20.2 Issued, subscribed and paid up

(Un-audited) September 30, 2022	(Audited) December 31, 2021		(Un-audited) September 30, 2022	(Audited) December 31, 2021
Number of shares			----- Rupees in '000 -----	
		Ordinary shares of Rs. 10 each		
722,698,448	722,698,448	Fully paid in cash	**7,226,984**	7,226,984
		Issued as fully paid bonus shares:		
327,572,595	277,554,037	Opening balance	**3,275,726**	2,775,540
52,519,486	50,018,558	Issued during the period / year (Note 20.3)	**525,195**	500,186
380,092,081	327,572,595	**Closing balance**	**3,800,921**	3,275,726
1,102,790,529	1,050,271,043		**11,027,905**	10,502,710

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

20.4 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.

	Note	(Un-audited) September 30, 2022	(Audited) December 31, 2021
21 SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS		------ Rupees in '000 ------	
Surplus / (Deficit) on revaluation of:			
Available-for-sale securities		**(1,258,092)**	(796,907)
- Related deferred tax		**540,980**	310,794
		(717,112)	(486,113)
Fixed assets		**787,200**	787,200
Revaluation of investment of associate		**(1,992)**	-
- Related deferred tax		**857**	-
		(1,135)	-
Non-banking assets		**73,584**	81,197
- Related deferred tax		**(31,641)**	(31,667)
		41,943	49,530
Surplus / (deficit) on revaluation of assets - net of tax		**110,896**	350,617

22 CONTINGENCIES AND COMMITMENTS

-Guarantees	**22.1**	**30,045,559**	20,848,980
-Commitments	**22.2**	**64,994,866**	62,930,914
		95,040,425	83,779,894

22.1 Guarantees:

Financial guarantees	**1,695,342**	1,878,769
Performance guarantees	**28,344,135**	18,963,929
Other guarantees	**6,082**	6,282
	30,045,559	20,848,980

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

			(Un-audited) September 30, 2022	(Audited) December 31, 2021
			------ Rupees in '000 ------	
22.2	**Commitments:**			
	Documentary credits and short-term trade-related transactions			
	- Letters of credit		**8,783,935**	6,316,498
	Commitments in respect of:			
	- Forward foreign exchange contracts	**22.2.1**	**55,849,979**	56,203,513
	Commitments for acquisition of:			
	- Fixed assets		**212,088**	312,915
	- Intangible assets		**143,864**	77,463
	Other commitments	**22.2.2**	**5,000**	20,525
			64,994,866	62,930,914
22.2.1	**Commitments in respect of forward foreign exchange contracts**			
	Purchase		**27,197,982**	27,988,087
	Sale		**28,651,997**	28,215,426
			55,849,979	56,203,513
22.2.2	**Other commitments**			
	Forward purchase - shares		**-**	15,525
	Commitment for donation		**5,000**	5,000
			5,000	20,525

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

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

i) In respect of Tax Year 2014, the Commissioner Inland Revenue, Appeals (CIRA), issued an order dated November 24, 2021 under section 129 of the Income Tax Ordinance, 2001 in which he remanded back certain matters to Commissioner Inland Revenue (CIR) for reassessment and also upheld few matters. Being aggrieved the Bank filed an appeal with Appellate Tribunal Inland Revenue (ATIR) on February 23, 2022, which is currently pending.
During the period, the remand back proceedings were also completed by CIR, and order was issued, creating a total demand of Rs 231 million in respect of remand back proceedings and for matter upheld by CIRA and mainly included disallowances on account of provision for doubtful debt, depreciation and workers welfare fund. The Bank filed correction application with CIR as well as appeal with CIRA, on May 18, 2022 which is currently pending.

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

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

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

		Note	(Un-audited) Nine months ended	
			September 30, 2022	September 30, 2021
23	**MARK-UP/RETURN/INTEREST EARNED**		--------- Rupees in '000 ---------	
	On:			
	Loans and advances		**11,470,410**	7,044,917
	Investments		**14,373,652**	7,212,542
	Lendings to financial institutions		**736,657**	1,324,202
	Balances with banks		**27,872**	388,743
	Sukuk bonds		**2,857,734**	36,894
			29,466,325	16,007,298
24	**MARK-UP/RETURN/INTEREST EXPENSED**			
	On:			
	Deposits		**13,017,580**	8,312,898
	Borrowings		**11,462,681**	2,598,016
	Lease liability against right-of-use assets		**99,741**	98,263
			24,580,002	11,009,177
25	**FEE AND COMMISSION INCOME**			
	Branch banking customer fees		**16,363**	10,729
	Consumer finance related fees		**494**	1,773
	Card related fees		**51,196**	61,776
	Investment banking fees		**-**	8,310
	Commission on trade		**94,593**	67,239
	Commission on guarantees		**166,129**	124,506
	Commission on remittances including home remittances		**20,424**	18,709
	Commission on foreign currency bills		**3,746**	10,755
	Others		**2,265**	6,384
			355,210	310,181
26	**GAIN / (LOSS) ON SECURITIES**			
	Realised	**26.1**	**10,099**	(89,227)
	Unrealised - held-for-trading		**-**	(16,687)
			10,099	(105,914)
26.1	**Realised gain / (loss) on:**			
	Federal Government Securities		**(5,369)**	(147,101)
	Shares		**1,221**	61,713
	Non-Government Debt Securities		**2,635**	(10,956)
	Mutual funds		**11,612**	7,117
			10,099	(89,227)
27	**OTHER INCOME**			
	Rental income from property		**2,117**	2,198
	Gain on sale of fixed assets - net		**2,158**	264
	Postal, swift and others		**74,232**	69,324
	Service income on Government schemes		**6,416**	5,110
	Gain on early culmination of lease		**781**	1,811
	Rebate from financial institutions		**23,355**	3,535
			109,059	82,242

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

		(Un-audited) Nine months ended	
		September 30, 2022	September 30, 2021
28	**OPERATING EXPENSES**	--------Rupees in '000--------	
	Total compensation expense	**2,405,063**	2,015,991
	Property expense		
	Rent and taxes	**6,876**	1,087
	Utilities cost	**206,593**	124,661
	Security (including guards)	**125,313**	96,326
	Repair and maintenance	**7,736**	4,530
	Depreciation - Right of use assets	**380,742**	323,676
	Depreciation - Non banking assets acquired in satisfaction of claims	**16,946**	15,396
	Depreciation	**162,970**	111,770
		907,176	677,446
	Information technology expenses		
	Software maintenance	**177,946**	71,486
	Hardware maintenance	**16,145**	16,513
	Depreciation	**174,793**	102,332
	Amortization	**58,283**	62,884
	Network charges	**9,712**	8,268
	ATM charges	**121,468**	100,419
		558,347	361,902
	Other operating expenses		
	Directors' fees and allowances	**4,263**	6,003
	Fees and allowances to Shariah Board	**83**	-
	Legal and professional charges	**68,733**	39,856
	Outsourced service cost	**178,336**	77,881
	Travelling and conveyance	**47,419**	45,360
	Cash carriage charges	**56,522**	40,075
	NIFT clearing charges	**18,694**	10,700
	Depreciation	**26,496**	20,421
	Communication	**27,451**	28,348
	Postage and courier charges	**17,198**	14,833
	Stationery and printing	**51,215**	38,065
	Marketing, advertisement and publicity	**81,522**	83,196
	Repair and maintenance	**21,507**	24,185
	Insurance	**36,158**	35,889
	Auditors' remuneration	**16,900**	8,020
	Brokerage and commission	**29,096**	51,412
	Rent and taxes	**1,884**	1,763
	Entertainment	**30,379**	22,049
	Donations	**-**	5,000
	Newspapers and periodicals	**1,437**	751
	Training and development	**14,781**	4,899
	Fees and subscriptions	**6,435**	6,750
	Deposit protection premium	**70,361**	71,612
	Others	**87,765**	33,710
		894,635	670,778
		4,765,221	3,726,117
29	**OTHER CHARGES**		
	Penalties imposed by State Bank of Pakistan	**5**	3,895
		5	3,895

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

		Note	(Un-audited) Nine months ended September 30, 2022	September 30, 2021
			--------- Rupees in '000 ---------	
30	**PROVISIONS AND WRITE OFFS - NET**			
	Provision / (reversal) for diminution in value of investments	**10.3**	**104,005**	(45,119)
	Provisions against loans and advances - net	**11.3**	**696,928**	766,216
	Reversal of provisions against other assets	**15.1.1**	**(8,339)**	-
			792,594	721,097
31	**TAXATION**			
	Current		**207,677**	715,903
	Prior periods		**(18,380)**	-
	Deferred		**(99,482)**	(267,332)
			89,815	448,571

31.1 This also includes the impact of applicable Super Tax.

		(Un-audited) Nine months ended September 30, 2022	September 30, 2021
		--------- Rupees in '000 ---------	
32	**BASIC AND DILUTED EARNINGS PER SHARE**		
	Profit for the period	**279,765**	778,705
		------ (Number of shares) ------	
			(Restated - Note 20.3)
	Weighted average number of ordinary shares	**1,102,790,529**	1,102,790,529
		---------- (Rupees) ----------	
			(Restated)
	Basic and diluted earnings per share	**0.25**	0.71

32.1 There is no dilution effect on basic earnings per share.

33 FAIR VALUE MEASUREMENTS

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

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

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are either short-term in nature or in the case of customer loans and deposits, are frequently re-priced.

33.1 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).

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

		(Un-audited) September 30, 2022			
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
On balance sheet financial instruments		---------- Rupees in '000 ----------			
Financial assets - measured at fair value					
Investments					
Federal Government Securities	**137,176,616**	**-**	**137,176,616**	**-**	**137,176,616**
Shares	**393,777**	**320,149**	**73,628**	**-**	**393,777**
Non-Government Debt Securities	**7,937,581**	**-**	**7,937,581**	**-**	**7,937,581**
Mutual funds	**-**	**-**	**-**	**-**	**-**
Financial assets - disclosed but not measured at fair value					
Investments					
Federal Government Securities	**5,291,866**	**-**	**4,906,601**	**-**	**4,906,601**
Associate	**90,843**	**-**	**90,843**	**-**	**90,843**
Off-balance sheet financial instruments - measured at fair value					
Forward exchange contracts purchase and sale	**55,849,979**	**-**	**143,265**	**-**	**143,265**

		(Audited) December 31, 2021			
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
On balance sheet financial instruments		---------- Rupees in '000 ----------			
Financial assets measured at fair value					
Investments					
Federal Government Securities	159,440,233	-	159,440,233	-	159,440,233
Shares	463,978	390,277	73,701	-	463,978
Non-Government Debt Securities	9,310,196	-	9,310,196	-	9,310,196
Mutual funds	1,152,803	1,152,803	-	-	1,152,803
Financial assets - disclosed but not measured at fair value					
Investments					
Federal Government Securities	13,938,952	-	13,504,467	-	13,504,467
Associate	92,784	-	92,784	-	92,784
Off-balance sheet financial instruments - measured at fair value					
Forward exchange contracts purchase and sale	56,203,513	-	(119,900)	-	(119,900)

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

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

33.2.1 Fair value of financial assets

(a) Financial instruments in level 1

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

(b) Financial instruments in level 2

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

(c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.

33.2.2 Fair value of non - financial assets

Certain categories of fixed (leasehold land) and non banking assets acquired in satisfaction of claims are carried at revalued amounts (level 3 measurements) determined by professional valuers based on their assessment of the market values as disclosed in notes 12 and 15. The valuations are conducted by the valuation experts appointed by Bank which are also on panel of State Bank of Pakistan.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

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

Fully paid-up ordinary shares	Fair values of investments in listed equity securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange.
Unit of mutual funds	The fair value of investments in units of mutual funds are determined based on their net asset values as published at the close of each business day.

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

Pakistan Investment Bonds / Market Treasury Bills	Fair values of Pakistan Investment Bonds and Treasury Bills are derived using the PKRV rates for fixed rate securities and PKFRV rates for floating rate PIB's (Reuters page).
Government of Pakistan (GoP) - Ijarah Sukuks	Fair values of GoP Ijarah Sukuks are derived using the PKISRV rates announced by the Financial Market Association (FMA) through Reuters. These rates denote an average of quotes received from eight different pre-defined / approved dealers / brokers.
Term Finance, Bonds and Sukuk certificates	Investments in debt securities (comprising term finance certificates, bonds, Sukuk certificates and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan. In the determination of the rates, the MUFAP takes into account the holding pattern of these securities and categorises these as traded, thinly traded and non-traded securities.

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

Operating fixed assets (Leasehold land) and non-banking assets acquired in satisfaction of claims	These assets are revalued on regular basis using professional valuers on the panel of Pakistan Banker's Association. The valuation is based on their assessment of market value of the properties.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

34 SEGMENT INFORMATION

Segment details with respect to business activities

	For the nine months ended September 30, 2022 (Un-audited)				
	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Total
	---------- Rupees in 000 ----------				
Profit and loss					
Net mark-up / return / profit	1,279,640	1,724,770	248,161	1,633,752	4,886,323
Non mark-up / return / interest income	15,126	671,341	52,654	301,956	1,041,077
Total income	1,294,766	2,396,111	300,815	1,935,708	5,927,400
Segment direct expenses	1,040,903	1,941,310	226,835	1,556,178	4,765,226
Total expenses	1,040,903	1,941,310	226,835	1,556,178	4,765,226
Provisions	-	104,005	70,725	617,864	792,594
Profit before tax	253,863	350,796	3,255	(238,334)	369,580
	As at September 30, 2022 (Un-audited)				
	---------- Rupees in 000 ----------				
Balance sheet					
Cash and bank balances	7,243,508	14,821,939	713,789	5,316,796	28,096,032
Lendings to financial institutions	-	700,000	-	-	700,000
Investments	5,291,866	145,507,974	-	90,843	150,890,683
Advances - performing	66,141,667	-	7,041,026	52,454,539	125,637,232
Advances - non performing	238,191	-	131,864	4,062,767	4,432,822
Operating fixed assets/intangible assets	1,473,834	3,016,597	145,272	1,084,128	5,719,831
Deferred tax assets / (liabilities)	91,426	734,907	32,903	460,222	1,319,458
Others	2,368,112	6,623,531	232,551	3,574,851	12,799,045
Total assets	82,848,604	171,404,948	8,297,405	67,044,146	329,595,103
Bills payable	627,963	6,823	203,347	241,404	1,079,537
Borrowings	10,694,749	60,206,079	-	973,201	71,874,029
Deposits and other accounts	134,001,094	1,455,953	43,392,128	51,513,109	230,362,284
Others	3,309,816	3,587,822	1,025,505	1,741,584	9,664,727
Total liabilities	148,633,622	65,256,677	44,620,980	54,469,298	312,980,577
Equity / Inter-segment (lending) / borrowing	(65,785,018)	106,148,271	(36,323,574)	12,574,847	16,614,526
Total equity and liabilities	82,848,604	171,404,948	8,297,406	67,044,145	329,595,103
Contingencies and commitments	8,805,055	56,037,706	3,941,645	26,256,019	95,040,425

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

	For the nine months ended September 30, 2021 (Un-audited)				
	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Total
	---------- Rupees in 000 ----------				
Profit and loss					
Net mark-up / return / profit	1,315,664	2,851,772	108,371	722,314	4,998,121
Non mark-up / return / interest income	5,365	357,199	63,548	254,152	680,264
Total Income	1,321,029	3,208,971	171,919	976,466	5,678,385
Segment direct expenses	1,170,022	1,944,202	69,557	546,231	3,730,012
Total expenses	1,170,022	1,944,202	69,557	546,231	3,730,012
Provisions / (reversals)	-	(45,120)	3,243	762,974	721,097
Profit before tax	151,007	1,309,889	99,119	(332,739)	1,227,276
	As at December 31, 2021 (Audited)				
	---------- Rupees in 000 ----------				
Balance sheet					
Cash and bank balances	4,340,681	9,827,498	332,729	14,988,988	29,489,896
Lendings to financial institutions	-	4,982,294	-	-	4,982,294
Investments	13,938,952	170,367,213	-	92,781	184,398,946
Advances - performing	63,466,418	-	5,941,730	51,173,597	120,581,745
Advances - non performing	605,628	-	276,533	3,085,289	3,967,450
Operating fixed assets/intangible assets	1,395,035	3,160,230	107,085	925,091	5,587,441
Deferred tax assets	18,884	408,569	1,459	563,500	992,412
Others	1,118,547	5,435,355	85,861	1,966,098	8,605,861
Total assets	84,884,145	194,181,159	6,745,397	72,795,344	358,606,045
Bills payable	563,673	5,510	166,748	138,636	874,567
Borrowings	8,961,287	76,174,207	-	24,933,434	110,068,928
Deposits and other accounts	143,002,685	1,397,973	42,303,635	35,171,605	221,875,898
Others	4,440,006	1,745,183	1,174,384	1,857,205	9,216,778
Total liabilities	156,967,651	79,322,873	43,644,767	62,100,880	342,036,171
Equity / Inter-segment (lending) / borrowing	(72,083,506)	114,858,286	(36,899,370)	10,694,464	16,569,874
Total equity and liabilities	84,884,145	194,181,159	6,745,397	72,795,344	358,606,045
Contingencies and commitments	9,528,777	56,277,595	153,376	17,820,146	83,779,894

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

35 RELATED PARTY TRANSACTIONS

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

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

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

	(Un-audited) As at September 30, 2022				(Audited) As at December 31, 2021			
	Directors	**Key management personnel**	**Associate**	**Employee Funds**	Directors	Key management personnel	Associate	Employee Funds
	---------- Rupees in '000 ----------							
Advances								
Opening balance	**-**	**216,982**	**-**	**-**	-	125,001	-	-
Addition during the period / year	**-**	**42,249**	**-**	**-**	-	123,563	-	-
Repaid during the period / year	**-**	**26,969**	**-**	**-**	-	33,109	-	-
Transfer (out) / in - net	**-**	**7,840**	**-**	**-**	-	1,527	-	-
Closing balance	**-**	**240,102**	**-**	**-**	**-**	216,982	**-**	**-**
Deposits and other accounts								
Opening balance	**-**	**7,118**	**35,149**	**2,648,713**	-	6,225	34,003	2,534,982
Received during the period / year	**-**	**113,349**	**46,585**	**549,162**	-	196,786	48,348	967,962
Withdrawn during the period / year	**-**	**111,707**	**44,041**	**456,816**	-	195,909	47,202	854,231
Transfer in / (out) - net	**-**	**(15)**	**-**	**-**	-	16	-	-
Closing balance	**-**	**8,745**	**37,693**	**2,741,059**	**-**	7,118	35,149	2,648,713
Other liabilities								
Accrued markup	**-**	**1**	**-**	**145,971**	**-**	199	1,040	36,931

	(Un-audited) For the nine months ended September 30, 2022				(Un-audited) For the nine months ended September 30, 2021			
	Directors	**Key management personnel**	**Associate**	**Employee Funds**	Directors	Key management personnel	Associate	Employee Funds
	---------- Rupees in '000 ----------							
Income								
Mark-up / return / interest earned	**-**	**8,567**	**-**	**-**	-	3,279	-	-
Expense								
Mark-up / return / interest expensed	**-**	**613**	**2,658**	**197,583**	-	400	2,781	133,740
Dividend income	**-**	**-**	**1,608**	**-**	-	-	-	-
Compensation expenses	**4,263**	**168,653**	**-**	**-**	6,003	133,845	-	-

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

Transactions and balances with Government and its related entities, other than those disclosed in the respective notes to the financial statements, as at period end includes loans and advances and deposits amounting to Rs. 66,768 million (December 31, 2021: Rs. 53,868 million) and Rs. 134,001 million (December 31, 2021: Rs. 133,873 million), respectively.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

	(Un-audited) September 30, 2022	(Audited) December 31, 2021
36 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS	**---- Rupees in '000 ----**	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	**11,027,905**	10,502,710
Capital Adequacy Ratio (CAR):		
Eligible common equity tier 1 (CET 1) capital	**15,999,086**	15,248,508
Eligible additional tier 1 (ADT 1) capital	**-**	-
Total eligible tier 1 capital	**15,999,086**	15,248,508
Eligible tier 2 capital	**152,652**	281,569
Total eligible capital (Tier 1 + Tier 2)	**16,151,738**	15,530,077
Risk weighted assets (RWAs):		
Credit risk	**78,615,873**	76,141,937
Market risk	**15,211,472**	15,889,464
Operational risk	**13,301,652**	13,301,652
Total	**107,128,997**	105,333,053
Common equity tier 1 capital adequacy ratio	**14.93%**	14.47%
Tier 1 capital adequacy ratio	**14.93%**	14.47%
Total capital adequacy ratio	**15.08%**	14.74%
National minimum capital requirements prescribed by SBP		
CET1 minimum ratio	**6.00%**	6.00%
ADT-1 minimum ratio	**1.50%**	1.50%
Tier 1 minimum ratio	**7.50%**	7.50%
Total capital minimum ratio	**10.00%**	10.00%
Capital conservation buffer (CCB- consisting of CET1 only)	**1.50%**	1.50%
Total capital plus CCB	**11.50%**	11.50%
Leverage Ratio (LR):		
Eligible tier-1 capital	**15,999,086**	15,248,508
Total exposures	**401,298,109**	363,898,758
Leverage ratio	**3.99%**	4.19%
Liquidity Coverage Ratio (LCR):		
Total high quality liquid assets	**88,603,475**	101,636,622
Total net cash outflow	**62,890,922**	64,356,557
Liquidity coverage ratio	**140.88%**	157.93%
Net Stable Funding Ratio (NSFR):		
Total available stable funding	**161,682,000**	179,120,821
Total required stable funding	**129,914,000**	138,152,486
Net stable funding ratio	**124.45%**	129.65%

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

ISLAMIC BANKING BUSINESS

37 The Bank is operating 111 (December 31, 2021: 110) Islamic banking branches and 39 (December 31, 2021: 39) Islamic banking windows as at September 30, 2022.

		(Un-audited) September 30, 2022	(Audited) December 31, 2021
STATEMENT OF FINANCIAL POSITION	**Note**	**---- Rupees in '000 ----**	
ASSETS			
Cash and balances with treasury banks		**6,949,886**	7,987,067
Balances with other banks		**3,737,808**	9,675,971
Due from financial institutions	**37.1**	**700,000**	-
Investments	**37.2**	**32,284,118**	30,485,600
Islamic financing and related assets - net	**37.3**	**46,544,636**	60,469,280
Fixed assets		**927,319**	877,386
Due from head office		**-**	194,812
Other assets		**3,929,283**	3,984,244
Total Assets		**95,073,050**	113,674,360
LIABILITIES			
Bills payable		**349,370**	315,084
Due to financial institutions		**3,792,645**	29,404,393
Deposits and other accounts	**37.4**	**81,479,671**	75,372,840
Due to head office		**93,068**	-
Other liabilities		**3,112,066**	2,772,583
Total Liabilities		**88,826,820**	107,864,900
NET ASSETS		**6,246,230**	5,809,460
REPRESENTED BY			
Islamic banking fund		**1,000,000**	1,000,000
Reserves		**36,032**	35,263
Deficit on revaluation of assets		**(246,616)**	(36,198)
Unappropriated profit	**37.8**	**5,456,814**	4,810,395
		6,246,230	5,809,460
CONTINGENCIES AND COMMITMENTS	**37.5**		

The profit and loss account of the Bank's Islamic banking branches for the nine months ended September 30, 2022 is as follows:

		(Un-audited) January 1 to September 30, 2022	January 1 to September 30, 2021
PROFIT AND LOSS ACCOUNT	**Note**	**---- Rupees in '000 ----**	
Profit / return earned	**37.6**	**6,978,542**	4,299,332
Profit / return expensed	**37.7**	**3,200,673**	1,855,397
Net profit / return		**3,777,869**	2,443,935
OTHER INCOME			
Fee and commission income		**108,594**	83,018
Dividend income		**940**	10,034
Foreign exchange income		**134,902**	120,852
Gain on securities		**4,852**	7,117
Other income		**48,731**	40,243
Total other income		**298,019**	261,264
Total income		**4,075,888**	2,705,199
OTHER EXPENSES			
Operating expenses		**2,219,408**	1,720,138
Other charges		**-**	105
		2,219,408	1,720,243
Profit before provisions		**1,856,480**	984,956
Provisions / (reversals) and write offs - net		**221,152**	(167,902)
Profit before taxation		**1,635,328**	1,152,858
Taxation		**801,311**	449,615
Profit after taxation		**834,017**	703,243

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

	(Un-audited) September 30, 2022			(Audited) December 31, 2021		
	In local currency	In foreign currency	Total	In local currency	In foreign currency	Total
37.1 Due from financial institutions	Rupees in '000					
Call Placement	700,000	-	700,000	-	-	-
	700,000	-	700,000	-	-	-

37.2 Investments by segments:	(Un-audited) September 30, 2022				(Audited) December 31, 2021			
	Cost / Amortised cost	Provision for diminution	(Deficit) / Surplus	Carrying value	Cost / Amortised cost	Provision for diminution	(Deficit) / Surplus	Carrying value
	Rupees in '000							
Federal Government Securities:								
-GoP ijarah sukuks	28,088,234	-	(256,616)	27,831,618	18,426,773	-	(73,698)	18,353,075
-Bai Muajjal	-	-	-	-	6,388,711	-	-	6,388,711
	28,088,234	-	(256,616)	27,831,618	24,815,484	-	(73,698)	24,741,786
Non-government debt securities								
-Power/gas and other sukuks - listed	4,442,500	-	10,000	4,452,500	5,056,250	-	37,500	5,093,750
Mutual Funds								
-Listed	-	-	-	-	-	-	-	-
-Unlisted	-	-	-	-	650,000	-	64	650,064
	-	-	-	-	650,000	-	64	650,064
Total investments	32,530,734	-	(246,616)	32,284,118	30,521,734	-	(36,134)	30,485,600

	(Un-audited) September 30, 2022	(Audited) December 31, 2021
37.3 Islamic financing and related assets	Rupees in '000	
Ijarah	483,942	540,440
Murabaha	1,933,413	1,556,538
Diminishing musharaka	9,366,963	8,953,865
Running musharka	30,054,212	44,447,550
Qarze Hasna	79,999	-
Istisna	5,065,000	5,189,157
Others	129,115	128,586
Gross Islamic financing and related assets	47,112,644	60,816,136
Less: provision against Islamic financings		
- Specific	543,227	336,018
- General	24,781	10,838
	568,008	346,856
Islamic financing and related assets - net of provision	46,544,636	60,469,280

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

37.4 Deposits

	(Un-audited) September 30, 2022			(Audited) December 31, 2021		
	In local currency	**In foreign currencies**	**Total**	In local currency	In foreign currencies	Total
	---------- Rupees in '000 ----------					
Customers						
Current deposits	**20,668,010**	**65,020**	**20,733,030**	17,781,070	51,692	17,832,762
Savings deposits	**47,934,145**	**1,630**	**47,935,775**	48,212,947	619	48,213,566
Term deposits	**4,323,662**	**-**	**4,323,662**	4,878,095	-	4,878,095
Others	**4,355,601**	**-**	**4,355,601**	2,854,136	-	2,854,136
	77,281,418	**66,650**	**77,348,068**	73,726,248	52,311	73,778,559
Financial Institutions						
Current Deposits	**321,321**	**-**	**321,321**	255,520	-	255,520
Savings deposits	**3,810,282**	**-**	**3,810,282**	1,338,761	-	1,338,761
	4,131,603	**-**	**4,131,603**	1,594,281	-	1,594,281
	81,413,021	**66,650**	**81,479,671**	75,320,529	52,311	75,372,840

	(Un-audited) September 30, 2022	(Audited) December 31, 2021
37.5 Contingencies and commitments	**----- Rupees in '000 -----**	
Guarantees	**6,855,778**	5,460,308
Commitments	**2,461,640**	1,322,560
	9,317,418	6,782,868

	(Un-audited) Nine months ended	
	September 30, 2022	September 30, 2021
37.6 Profit / return earned on financing, investments and placements	**----- Rupees in '000 -----**	
Financing	**3,931,625**	2,880,603
Investments	**2,857,734**	1,324,202
Placements	**188,112**	94,527
Balances with banks	**1,071**	-
	6,978,542	4,299,332
37.7 Profit on deposits and other dues expensed		
Deposits and other accounts	**2,584,684**	1,365,587
Due to Financial Institutions	**586,056**	460,280
Lease liability against right-of-use assets	**29,933**	29,530
	3,200,673	1,855,397

	(Un-audited) September 30, 2022	(Audited) December 31, 2021
37.8 Islamic banking business unappropriated profit	**----- Rupees in '000 -----**	
Opening balance	**4,810,395**	5,539,709
Add: Islamic banking profit before taxation for the period / year	**1,635,328**	1,537,686
Less: Taxation	**(801,311)**	(599,698)
Less: Transferred to head office	**(187,598)**	(1,667,302)
Closing balance	**5,456,814**	4,810,395

38 GENERAL

Comparative information has been re-classified, re-arranged or additionally incorporated in these condensed interim financial statements for the purpose of better presentation.

39 DATE OF AUTHORIZATION FOR ISSUE

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

MANAGING DIRECTOR	CHIEF FINANCIAL OFFICER	DIRECTOR	DIRECTOR	DIRECTOR

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