



The Bank Of Khyber



**CONDENSED INTERIM
FINANCIAL INFORMATION**
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023

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CORPORATE INFORMATION

Board of Directors

Muhammad Zubair Asghar Qureshi	Chairman / Non-Executive Director
Muhammad Ayaz	Non-Executive Director
Syed Asad Ali Shah	Independent Director
Tahir Jawaid	Independent Director
Mir Javed Hashmat	Independent Director
Abid Sattar	Independent Director
Dr. Aliya Hashmi	Independent Director
Osman Asghar Khan	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
Muhammad Ayaz	Member
Abid Sattar	Member
Dr. Aliya Hashmi	Member

Board Human Resource & Remuneration Committee

Dr. Aliya Hashmi	Chairman
Tahir Jawaid	Member
Abid Sattar	Member

Board Risk Management Committee

Abid Sattar	Chairman
Muhammad Ayaz	Member
Dr. Aliya Hashmi	Member
Mir Javed Hashmat	Member
Managing Director	Member

Board I.T Steering Committee

Abid Sattar	Chairman
Tahir Jawaid	Member
Managing Director	Member

Board Compliance Committee

Tahir Jawaid	Chairman
Abid Sattar	Member
Managing Director	Member

Chief Financial Officer

Irfan Saleem Awan

Company Secretary

Sara Shah

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 (**The Bank**), I am pleased to present the condensed Interim Financial Information of the Bank for the nine months ended September 30, 2023. 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, 2023 are as under:

	(Rs. in Million)	
	September 30 2023	December 31 2022
Total Assets	395,815	344,984
Deposits	284,866	248,906
Advances (Net)	92,282	127,515
Investments (Net)	214,506	173,669

	(Rs. in Million)	
	Period Ended September 30	
	2023	2022
Operating Profit	5,227	1,162
Provision against non-performing advances/others	(545)	(793)
Profit before taxation	4,682	370
Taxation	(2,209)	(90)
Profit after tax	2,473	280

Performance Review

Global inflation in commodity prices coupled with the domestic political instability resulted in difficult economic conditions in Pakistan with high inflation, devaluation in the Pak Rupee, slow down in import dependent manufacturing industries. In order to control the inflationary pressures, SBP maintained the policy rate at 22% in its recent monetary policy decision.

Following Pakistan's agreement with the International Monetary Fund (IMF) earlier this year we have seen some stabilization in the short-term macroeconomic environment which is necessary for a comprehensive and sustainable long-term strategy for economic turnaround.

Prudent planning and repositioning of our balance sheet has helped the Bank to register a strong recovery in financial performance. We are pleased to report a substantial increase in profit before tax to Rs. 4,682 million for the nine months ended (9M) September 30, 2023, from Rs. 370m for 9M 2022. Similarly net profit after tax for 9M 2023 rose to Rs. 2,473 million against Rs. 280 million for 9M 2022.

Future Outlook

The Bank is strategically repositioning while closely monitoring the prevailing situation by proactively implementing a series of measures to strengthen competitive position on a sustainable basis. This includes but is not limited to the expansion of Bank's network for maximum customer reach while continuously investing in upgrading the systems and capabilities to meet the expectations of customers. The rapid growth in traffic on Bank's digital channels is an affirmation that customers are increasingly engaging with the Bank on its new initiatives.

The Bank's strategy is to deliver sustainable growth by diversifying deposit base with a greater contribution from individuals and the private sector, growing share of fee/non mark-up income and providing the latest relevant digital financial services to facilitate customers. We have taken actions to strengthen risk management capabilities in order to manage asset quality under the difficult economic circumstances that are expected to persist for some time. Based on the above, we aim for maintaining positive momentum going forward as well.

Credit Rating

The Pakistan Credit Rating Agency Limited (PACRA) maintained the medium to long term entity rating of the Bank at 'A+' (Single A Plus) and also maintained short term entity rating of the Bank at "A1" (Single A One). Outlook on the assigned rating is "Stable".

VIS Credit Rating Company Limited (VIS) 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 ratings denote low expectation of credit risk emanating from strong capacity for timely payment of financial commitments.

Acknowledgement

The Board would like to thank our shareholders, the Provincial Government, State Bank of Pakistan, other regulatory authorities and stakeholders for their continued trust, guidance and support. We are also grateful to our valued customers for their patronage and continued confidence in the Bank.

For and on behalf of the Board of Directors

A handwritten signature in black ink, appearing to read 'M. Ali Gulfaraz'.

Muhammad Ali Gulfaraz
Managing Director

Karachi: October 27,2023

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2023**

		(Un-audited) September 30, 2023	(Audited) December 31, 2022
	Note	----- Rupees in '000 -----	
ASSETS			
Cash and balances with treasury banks	5	21,763,660	16,273,825
Balances with other banks	6	3,934,379	3,556,532
Lendings to financial institutions	7	35,519,850	7,641,077
Investments	8	214,506,067	173,668,614
Advances	9	92,281,940	127,515,211
Fixed assets	10	5,858,921	5,613,279
Intangible assets	11	420,367	473,720
Deferred tax assets	12	2,274,809	1,367,841
Other assets	13	19,255,343	8,873,921
		395,815,336	344,984,020
LIABILITIES			
Bills payable	14	1,247,559	2,102,234
Borrowings	15	76,483,190	66,263,168
Deposits and other accounts	16	284,866,182	248,905,981
Liabilities against assets subject to finance lease		-	-
Sub-ordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	17	15,051,728	11,285,139
		377,648,659	328,556,522
NET ASSETS		18,166,677	16,427,498
REPRESENTED BY			
Share capital	18	11,027,905	11,027,905
Reserves		4,141,338	3,646,746
Deficit on revaluation of assets - net	19	(965,848)	(229,857)
Unappropriated profit		3,963,282	1,982,704
		18,166,677	16,427,498
CONTINGENCIES AND COMMITMENTS			
	20		

The annexed notes 1 to 36 form an integral part of these condensed interim financial statements.



MANAGING
DIRECTOR



CHIEF FINANCIAL
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DIRECTOR



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**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023**

	Quarter ended		Period ended		
	July 1 to September 30, 2023	July 1 to September 30, 2022	January 1 to September 30, 2023	January 1 to September 30, 2022	
Note ----- Rupees in '000 -----					
Mark-up / return / interest earned	21	16,460,304	10,737,472	41,238,013	29,466,325
Mark-up / return / interest expensed	22	13,002,200	9,374,823	31,803,684	24,580,002
Net mark-up / interest income		3,458,104	1,362,649	9,434,329	4,886,323
NON MARK-UP / INTEREST INCOME					
Fee and commission income	23	132,784	121,579	433,617	355,210
Dividend income		3,587	2,498	8,488	7,134
Foreign exchange income		342,085	225,845	1,235,272	557,967
Income / (loss) from derivatives		-	-	-	-
(Loss) / gain on securities	24	(68,572)	(110)	(70,264)	10,099
Share of profit of associate		874	-	9	1,608
Other income	25	34,036	36,619	104,599	109,059
Total non-markup / interest income		444,794	386,431	1,711,721	1,041,077
Total income		3,902,898	1,749,080	11,146,050	5,927,400
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	26	2,179,816	1,689,203	5,915,577	4,765,221
Workers Welfare Fund		-	-	-	-
Other charges	27	1,269	-	3,711	5
Total non-markup / interest expenses		2,181,085	1,689,203	5,919,288	4,765,226
PROFIT BEFORE PROVISIONS		1,721,813	59,877	5,226,762	1,162,174
Provisions and write offs - net	28	105,799	278,116	544,651	792,594
Extra ordinary / unusual items		-	-	-	-
PROFIT / (LOSS) BEFORE TAXATION		1,616,014	(218,239)	4,682,111	369,580
Taxation	29	831,809	(106,822)	2,209,152	89,815
PROFIT / (LOSS) AFTER TAXATION		784,205	(111,417)	2,472,959	279,765
					----- Rupees -----
Basic and diluted earnings per share	30	0.71	(0.10)	2.24	0.25

The annexed notes 1 to 36 form an integral part of these condensed interim financial statements.




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**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023**

	Share capital	Statutory reserve	Surplus / (deficit) on revaluation of		Non-banking assets	Unappropriated profit	Total
			Investments	Fixed assets			
Rupees in '000							
Balance as at January 1, 2022 (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)	288	(235,113)
Transfer to statutory reserve	-	-	(232,134)	-	(3,247)	280,033	44,652
Transfer from surplus on revaluation of non-banking asset - net of tax	-	55,953	-	-	-	(55,953)	-
Transactions with owners, recorded directly in equity	-	-	-	-	(4,340)	4,340	-
Bonus shares issued for the year ended December 31, 2021 (Rs. 0.50 per share)	-	-	-	-	-	-	-
Balance as at September 30, 2022 (un-audited)	525,195	-	-	-	-	(525,195)	-
Profit after taxation for the three months ended December 31, 2022	11,027,905	3,611,726	(718,247)	787,200	41,943	1,863,999	16,614,526
Other comprehensive loss - net of tax	-	-	(324,271)	-	(15,037)	175,099	(175,099)
Transfer to statutory reserve	-	-	(324,271)	-	(15,037)	(362,127)	(362,127)
Transfer from surplus on revaluation of non-banking asset - net of tax	-	35,020	-	-	-	(35,020)	-
Balance as at December 31, 2022 (audited)	11,027,905	3,646,746	(1,042,518)	787,200	25,461	1,982,704	16,437,498
Profit after taxation for the nine months ended September 30, 2023	-	-	-	-	-	2,472,959	2,472,959
Other comprehensive (loss) / income - net of tax	-	-	(731,664)	-	(2,680)	564	(733,780)
Transfer to statutory reserve	-	-	(731,664)	-	(2,680)	2,473,523	1,739,179
Transfer from surplus on revaluation of non-banking asset - net of tax	-	494,592	-	-	(1,647)	(494,592)	-
Balance as at September 30, 2023 (un-audited)	11,027,905	4,141,338	(1,774,182)	787,200	21,134	3,963,282	18,156,677

The annexed notes 1 to 36 form an integral part of these condensed interim financial statements.



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**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023**

	January 1 to September 30, 2023	January 1 to September 30, 2022
Note	----- Rupees in '000 -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	4,682,111	369,580
Less: Dividend income	8,488	7,134
	4,673,623	362,446
Adjustments:		
Depreciation - Fixed assets	506,270	364,259
Depreciation - Non-banking assets acquired in satisfaction of claims	25,313	16,946
Depreciation - Right-of-use assets	518,289	380,742
Amortization	72,870	58,283
Provisions and write offs - net	544,651	792,594
Interest expense on lease liability	165,498	99,741
Share of profit of associate	(9)	(1,608)
Gain on early culmination of lease	(1,434)	(781)
Loss / (gain) on sale of fixed assets	236	(2,158)
	1,831,684	1,708,018
	6,505,307	2,070,464
(Increase) / decrease in operating assets		
Lendings to financial institutions	(27,878,773)	4,282,294
Held-for-trading securities	(201,557)	2,385,571
Advances	34,655,700	(6,217,787)
Others assets (excluding advance taxation)	(11,117,818)	(3,871,170)
	(4,542,448)	(3,421,092)
(Decrease) / increase in operating liabilities		
Bills payable	(854,675)	204,970
Borrowings from financial institutions	10,220,022	(38,194,899)
Deposits	35,960,201	8,486,386
Other liabilities	3,394,713	671,224
	48,720,261	(28,832,319)
Income tax paid	(1,172,500)	(517,180)
Net cash flow generated from operating activities	49,510,620	(30,700,127)
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available-for-sale securities	(44,670,705)	21,908,475
Net investments in held-to-maturity securities	2,497,520	8,647,086
Dividends received	8,488	6,453
Investments in operating fixed assets	(655,825)	(661,945)
Investments in intangible assets	(19,517)	(112,588)
Proceeds from sale of fixed assets	2,373	4,583
Net cash flow used in investing activities	(42,837,666)	29,792,064
CASH FLOW FROM FINANCING ACTIVITIES		
Payment against lease obligations	(805,109)	(482,663)
Dividend paid	(163)	(3,138)
Net cash flow used in financing activities	(805,272)	(485,801)
Increase / (decrease) in cash and cash equivalents	5,867,682	(1,393,864)
Cash and cash equivalents at beginning of the period	19,830,357	29,489,896
Cash and cash equivalents at end of the period	25,698,039	28,096,032

The annexed notes 1 to 36 form an integral part of these condensed interim financial statements.



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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023**

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 235 branches including 122 Islamic banking branches (December 31, 2022: 231 branches including 119 Islamic banking branches). The long term credit rating of the Bank assigned by 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. The majority shares (i.e. 70.20%) of the Bank are held by Government of Khyber Pakhtunkhwa (GoKP).

The Provincial Assembly of Khyber Pakhtunkhwa has passed the Bank of Khyber (Amendment) Act, 2022. As part of the amendments, the name of Bank has been changed from "The Bank of Khyber" to "Bank of Khyber". The Bank is in the process of seeking necessary regulatory approval for the same.

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 35 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.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023**

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 (ICAP) as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IAS 34 or IFAS, the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives, shall prevail.

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 in the audited annual financial statements, and should be read in conjunction with the audited annual financial statements for the year ended December 31, 2022.

3.3 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. 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.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023**

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

4.1 Significant accounting policies

The 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, 2022.

4.2 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, 2023. These are considered either not to be relevant or do not have any significant impact on these condensed interim financial statements.

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

As per SBP's BPRD Circular Letter No. 7 dated April 13, 2023, the effective date of implementation of IFRS-9, 'Financial Instruments' for all the banks has been extended to January 1, 2024, and accordingly the standard will be applied in the Bank's financial statements for accounting periods beginning on or after January 1, 2024.

Moreover, the Bank is continuing with the process of assessment of impacts of IFRS - 9 on its financial statements as per the applicable regulatory requirements.

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, 2022.

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, 2022.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023**

	(Un-audited) September 30, 2023	(Audited) December 31, 2022
----- Rupees in '000 -----		
5 CASH AND BALANCES WITH TREASURY BANKS		
In hand:		
Local currency	4,961,691	4,388,733
Foreign currencies	153,277	120,782
	5,114,968	4,509,515
With State Bank of Pakistan in:		
Local currency current accounts	14,331,978	11,263,770
Foreign currency current accounts	13,208	67,454
Foreign currency deposit accounts	201,448	101,318
	14,546,634	11,432,542
With National Bank of Pakistan in:		
Local currency current accounts	2,030,086	119,343
Local currency deposit accounts	69,159	209,917
Foreign currency current accounts	412	1,287
	2,099,657	330,547
Prize bonds	2,401	1,221
	21,763,660	16,273,825
6 BALANCES WITH OTHER BANKS		
In Pakistan:		
In current accounts	2,113,679	999,756
In deposit accounts	397,289	376,221
	2,510,968	1,375,977
Outside Pakistan:		
In current accounts	370,002	278,348
In deposit accounts	1,063,437	1,912,235
	1,433,439	2,190,583
Less: provision for doubtful placement with the bank	(10,028)	(10,028)
	3,934,379	3,556,532
7 LENDINGS TO FINANCIAL INSTITUTIONS		
Repurchase agreement lendings (Reverse Repo)	29,569,850	3,841,077
Placements with financial institutions	6,188,944	4,038,944
	35,758,794	7,880,021
Less: provision held against lendings to financial institutions	(238,944)	(238,944)
Lendings to financial institutions - net of provision	35,519,850	7,641,077

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023**

	(Un-audited) September 30, 2023	(Audited) December 31, 2022
	----- Rupees in '000 -----	
8.3 Provision for diminution in value of investments		
Opening balance	922,457	792,243
Charge / (reversals)		
Charge for the period / year	16,265	142,614
Reversals for the period / year	(127,415)	(12,400)
Reversal on disposals / repayment	(111,150)	130,214
Closing balance	811,307	922,457

8.4 Particulars of provision against debt securities

Category of classification	(Un-audited) September 30, 2023		(Audited) December 31, 2022	
	NPI	Provision	NPI	Provision
----- Rupees in '000 -----				
Domestic				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	-	-	-	-
	165,042	165,042	165,042	165,042
Overseas	165,042	165,042	165,042	165,042
Not past due but impaired	-	-	-	-
Overdue by:				
Up to 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	-	-	-	-
> 365 days	-	-	-	-
Total	165,042	165,042	165,042	165,042

8.5 The market value of securities classified as held-to-maturity as at September 30, 2023 amounted to Rs. 2,494.68 million (December 31, 2022: Rs. 4,844.37 million).

9 ADVANCES

	Performing		Non performing		Total	
	(Un-audited) September 30, 2023	(Audited) December 31, 2022	(Un-audited) September 30, 2023	(Audited) December 31, 2022	(Un-audited) September 30, 2023	(Audited) December 31, 2022
----- Rupees in '000 -----						
Loans, cash credits, running finances, etc.	52,328,184	78,939,816	9,168,445	8,260,811	61,496,629	87,200,627
Islamic financing and related assets	35,034,564	44,036,577	2,082,502	1,953,857	37,117,066	45,990,434
Bills discounted and purchased	102,000	180,334	1,541,365	1,541,365	1,643,365	1,721,699
Advances - gross	87,464,748	123,156,727	12,792,312	11,756,033	100,257,060	134,912,760
Provision against advances						
- Specific	-	-	7,885,967	7,313,193	7,885,967	7,313,193
- General	89,153	84,356	-	-	89,153	84,356
Advances - net of provision	87,375,595	123,072,371	4,906,345	4,442,840	92,281,940	127,515,211

9.1 Particulars of advances (gross)

	(Un-audited) September 30, 2023	(Audited) December 31, 2022
----- Rupees in '000 -----		
In local currency	100,257,060	134,912,760
In foreign currencies	-	-
	100,257,060	134,912,760

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023**

- 9.2** Advances include Rs. 12,792.312 million (December 31, 2022: Rs. 11,756.033 million) which have been placed under non-performing status as detailed below:

Category of classification	(Un-audited)		(Audited)	
	September 30, 2023		December 31, 2022	
	Non performing loans	Provision	Non performing loans	Provision
----- Rupees in '000 -----				
Domestic				
Other assets especially mentioned	344,725	4,068	140,297	1,294
Substandard	1,224,611	58,273	556,428	42,282
Doubtful	317,268	22,620	1,076,998	25,375
Loss	10,905,708	7,801,006	9,982,310	7,244,242
	12,792,312	7,885,967	11,756,033	7,313,193
Overseas				
Not past due but impaired	-	-	-	-
Overdue by:				
Up to 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	-	-	-	-
> 365 days	-	-	-	-
	-	-	-	-
Total	12,792,312	7,885,967	11,756,033	7,313,193

9.3 Particulars of provision against advances	(Un-audited)			(Audited)		
	September 30, 2023			December 31, 2022		
	Specific	General	Total	Specific	General	Total
----- Rupees in '000 -----						
Opening balance	7,313,193	84,356	7,397,549	6,553,768	63,519	6,617,287
Charge for the period / year	667,566	4,797	672,363	1,000,620	20,837	1,021,457
Reversals	(94,792)	-	(94,792)	(241,195)	-	(241,195)
	572,774	4,797	577,571	759,425	20,837	780,262
Amounts written off	-	-	-	-	-	-
Closing balance	7,885,967	89,153	7,975,120	7,313,193	84,356	7,397,549

- 9.3.1** General provision includes provision amounting to Rs. 82.130 million (December 31, 2022: Rs. 75.659 million) against consumer finance portfolio as required by the Prudential Regulations issued by the SBP.

- 9.3.2** 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, 2023 the Bank has availed cumulative benefit of forced sales value of Rs. 3,172.663 million (December 31, 2022: Rs. 3,176.61 million). Increase in unappropriated profit amounting to Rs. 1,618.058 million (December 31, 2022: Rs. 1,810.67 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 MONTH PERIOD ENDED SEPTEMBER 30, 2023**

		(Un-audited) September 30, 2023	(Audited) December 31, 2022
	Note	----- Rupees in '000 -----	
10 FIXED ASSETS			
Capital work-in-progress	10.1	182,344	247,680
Property and equipment		4,169,531	3,957,249
Right-of-use assets		1,507,046	1,408,350
Total		5,858,921	5,613,279
10.1 Capital work-in-progress			
Civil works		15,924	86,896
Furniture and equipment		165,564	141,934
Advances to suppliers		856	18,850
Total		182,344	247,680
10.2 Additions / (transfers) to fixed assets			
The following additions / (transfers) have been made to fixed assets during the period:			
		(Un-audited) September 30, 2023	September 30, 2022
		----- Rupees in '000 -----	
Capital work-in-progress - net (transfers) / additions		(65,336)	214,803
Property and equipment			
Furniture and fixtures		53,406	40,563
Electrical, office and computer equipment		270,331	227,989
Vehicles		19,715	933
Books		31	46
Leasehold improvements		377,678	177,611
		721,161	447,142
Right-of-use assets		639,231	163,566
Total		1,295,056	825,511
10.3 Disposals of fixed assets			
The net book value of fixed assets disposed off during the period is as follows:			
Furniture and fixtures		1,523	664
Office equipment		339	1,316
Leasehold improvements		747	445
Derecognition of right-of-use assets		22,246	-
Total		24,855	2,425

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023**

	(Un-audited) September 30, 2023	(Audited) December 31, 2022
	----- Rupees in '000 -----	
11 INTANGIBLE ASSETS		
Licenses and computer softwares	378,772	440,187
Capital work in progress	41,595	33,533
	<u>420,367</u>	<u>473,720</u>
	(Un-audited)	
	September	September
	30,	30,
	2023	2022
	----- Rupees in '000 -----	
11.1 Additions to intangible assets		
The following additions have been made to intangible assets during the period:		
Directly purchased - intangible assets	-	109,383
Capital work in progress - net	11,455	3,205
Total	<u>11,455</u>	<u>112,588</u>
11.2 Disposals of intangible assets		
No intangible assets were disposed off during the period.		
	(Un-audited)	(Audited)
	September	December
	30,	31,
	2023	2022
	----- Rupees in '000 -----	
12 DEFERRED TAX ASSETS		
Deductible temporary differences on:		
Deficit on revaluation of investments	1,702,985	785,530
Accelerated tax depreciation	116,048	124,261
Provision against loans and advances - net	311,628	321,467
Provision for balances with other banks	4,914	4,312
Provision for diminution in value of investments	94,134	130,402
Provision against other assets	88,579	-
Islamic pool management reserves	92,379	59,420
	<u>2,410,667</u>	1,425,392
Taxable temporary differences on:		
Share of profit of associate	(24,355)	(21,276)
Surplus on revaluation of non-banking asset	(20,305)	(19,208)
Others	(91,198)	(17,067)
	<u>(135,858)</u>	<u>(57,551)</u>
Deferred tax assets - net	<u>2,274,809</u>	<u>1,367,841</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023**

	(Un-audited) September 30, 2023	(Audited) December 31, 2022
	----- Rupees in '000 -----	
13 OTHER ASSETS		
Income / mark-up accrued in local currency	16,416,460	6,923,063
Advances, deposits and prepayments	269,026	133,794
Advance taxation (payments less provisions)	-	632,853
Non-banking assets acquired in satisfaction of claims	290,848	312,931
Branch adjustment account	-	1,357
Mark to market gain on forward foreign exchange contracts	989,943	59,027
Acceptances	253,232	292,098
Pre-IPO investment	100,000	100,000
Stationary and stamps on hand	168,746	102,617
Employees benefits	164,591	210,349
Clearing and settlement accounts	460,806	-
Receivable from the State Bank of Pakistan	156,565	48,154
Others	166,343	157,435
	19,436,560	8,973,678
Less: provision held against other assets	(222,656)	(144,426)
Other assets - net of provision	19,213,904	8,829,252
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	41,439	44,669
Other assets - total	19,255,343	8,873,921
13.1 Provision held against other assets		
Pre-IPO Investment	100,000	100,000
Others	122,656	44,426
	222,656	144,426
13.1.1 Movement in provision held against other assets		
Opening balance	144,426	152,765
Charge for the period / year	78,230	-
Reversal for the period / year	-	(8,339)
Closing balance	222,656	144,426
14 BILLS PAYABLE		
In Pakistan	1,247,559	2,102,234
Outside Pakistan	-	-
	1,247,559	2,102,234

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023**

15 BORROWINGS		(Un-audited)	(Audited)
		September 30, 2023	December 31, 2022
		----- Rupees in '000 -----	
	Secured		
	Borrowings from State Bank of Pakistan (SBP) under:		
	- Export refinance scheme	4,456,900	4,976,044
	- Long term financing facility	3,650,043	3,222,602
	- SME Asaan Scheme SAAF	325,584	601,903
	- Financing facility for storage of agriculture produce	72,692	83,077
	- Refinance and credit guarantee scheme for women entrepreneurs	23,893	35,408
	- Financing facility for renewable energy	180,118	140,642
	- Refinance facility for modernization of Small and Medium Enterprises (SMEs)	24,716	29,643
	- Refinance scheme for payment of wages and salaries	-	96,937
	- Refinance facility for combating COVID-19	724,314	957,059
	- Repurchase agreement borrowings	30,055,949	46,207,244
		39,514,209	56,350,559
	Repurchase agreement borrowings	33,019,588	8,950,464
	Call borrowings	949,393	962,145
	Total secured	33,968,981	9,912,609
	Unsecured		
	Call borrowings	3,000,000	-
	Total	76,483,190	66,263,168

16 DEPOSITS AND OTHER ACCOUNTS

	(Un-audited)			(Audited)			
	September 30, 2023			December 31, 2022			
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total	
	----- Rupees in '000 -----						
	Customers						
	Current deposits	46,696,859	936,317	47,633,176	41,401,851	567,644	41,969,495
	Saving deposits	129,343,848	216,589	129,560,437	125,362,662	127,589	125,490,251
	Term deposits	84,876,652	360,536	85,237,188	62,397,921	243,413	62,641,334
	Others	13,975,450	-	13,975,450	15,231,796	-	15,231,796
		274,892,809	1,513,442	276,406,251	244,394,230	938,646	245,332,876
	Financial Institutions						
	Current deposits	236,491	-	236,491	446,768	3,367	450,135
	Saving deposits	8,223,440	-	8,223,440	3,122,970	-	3,122,970
		8,459,931	-	8,459,931	3,569,738	3,367	3,573,105
		283,352,740	1,513,442	284,866,182	247,963,968	942,013	248,905,981

17 OTHER LIABILITIES		(Un-audited)	(Audited)
		September 30, 2023	December 31, 2022
		----- Rupees in '000 -----	
	Mark-up / return / interest payable in local currency	10,409,331	7,577,871
	Mark-up / return / interest payable in foreign currencies	11,125	1,321
	Unearned commission and income on bills discount ed	171,085	187,366
	Accrued expenses and supplier payables	557,085	426,676
	Current taxation (provisions less payments)	397,483	-
	Acceptances	253,232	292,098
	Unclaimed dividends	61,453	61,616
	Mark to market loss on forward foreign exchange contracts	593,560	33,455
	Lease liability against right-of-use assets	1,344,601	1,368,661
	Branch adjustment account	1,538	-
	Deferred income on government schemes	2,506	2,452
	Deferred income on Islamic financing	128,225	118,309
	Islamic pool management reserves	188,528	138,183
	Share subscription money refund	1,091	1,091
	Retention money	72,559	63,457
	Bills payment system over the counter (BPS-OTC)	268,620	3,195
	Charity fund balance	57,651	14,502
	Security deposits against ijarah	124,539	167,416
	Clearing and settlement accounts	-	454,369
	Levies and other taxes payable	81,091	71,217
	Others	326,425	301,884
		15,051,728	11,285,139

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023**

18 SHARE CAPITAL

18.1 Authorized capital

(Un-audited) September 30, 2023	(Audited) December 31, 2022		(Un-audited) September 30, 2023	(Audited) December 31, 2022
Number of shares			----- Rupees in '000 -----	
1,500,000,000	1,500,000,000	Ordinary shares of Rs. 10 each	15,000,000	15,000,000

18.2 Issued, subscribed and paid up

(Un-audited) September 30, 2023	(Audited) December 31, 2022		(Un-audited) September 30, 2023	(Audited) December 31, 2022
Number of shares			----- Rupees in '000 -----	
722,698,448	722,698,448	Ordinary shares of Rs. 10 each Fully paid in cash	7,226,984	7,226,984

Issued as fully paid bonus shares:

380,092,081	327,572,595	Opening balance	3,800,921	3,275,726
-	52,519,486	Issued during the period / year (Note 18.3)	-	525,195
380,092,081	380,092,081	Closing balance	3,800,921	3,800,921
1,102,790,529	1,102,790,529		11,027,905	11,027,905

18.3 During the year ended December 31, 2022, 52,519,486 shares were issued as fully paid bonus shares in respect of the year ended December 31, 2021.

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, 2022: 774,184,576) and 269,383,781 (December 31, 2022: 269,383,781) ordinary shares respectively. Moreover, the Bank has no reserved shares under options.

19 DEFICIT ON REVALUATION OF ASSETS - NET OF TAX

Deficit on revaluation of:

- Available-for-sale securities
- Fixed assets
- Non-banking assets
- Revaluation of investment of associate

(Un-audited) September 30, 2023	(Audited) December 31, 2022
----- Rupees in '000 -----	
(3,475,481)	(1,826,815)
787,200	787,200
41,439	44,669
(3,306)	(2,163)
(2,650,148)	(997,109)

Deferred tax on deficit on revaluation of:

- Available-for-sale securities
- Non-banking assets
- Revaluation of investment of associate

1,702,985	785,530
(20,305)	(19,208)
1,620	930
1,684,300	767,252

Deficit on revaluation of assets - net of tax

(965,848)	(229,857)
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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023**

		(Un-audited) September 30, 2023	(Audited) December 31, 2022
Note		----- Rupees in '000 -----	
20 CONTINGENCIES AND COMMITMENTS			
Guarantees	20.1	39,484,156	32,938,542
Commitments	20.2	63,857,429	28,861,757
		<u>103,341,585</u>	<u>61,800,299</u>
20.1 Guarantees:			
Financial guarantees		1,236,896	1,606,291
Performance guarantees		38,241,178	31,326,169
Other guarantees		6,082	6,082
		<u>39,484,156</u>	<u>32,938,542</u>
20.2 Commitments:			
Documentary credits and short-term trade-related transactions			
Letters of credit		18,514,881	9,680,802
Commitments in respect of:			
Forward foreign exchange contracts	20.2.1	45,046,457	18,234,328
Commitments for acquisition of:			
Fixed assets		155,690	642,630
Intangible assets		140,401	303,997
		<u>63,857,429</u>	<u>28,861,757</u>
20.2.1 Commitments in respect of forward foreign exchange contracts			
Purchase		21,722,997	8,522,993
Sale		23,323,460	9,711,335
		<u>45,046,457</u>	<u>18,234,328</u>
20.3 Other contingent liabilities			
20.3.1	There are certain claims which have not been acknowledged as debts. These mainly represent counter claims by the borrowers, claims filed by the former employees of the Bank and certain other claims. Based on legal advice and/or internal assessments management is optimistic 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.		
20.3.2	The Bank is contesting a case filed by an employee in the Peshawar High Court regarding changes in post retirement benefit plans made by the Bank w.e.f. January 1, 2019. The management based on a legal opinion is of the view that such changes were lawfully made as per Bank's policy and is optimistic about the favorable outcome of the case. Hence, no provision in this respect is recognized in these condensed interim financial statements. Considering the complexity and uncertainty in nature, the financial impact cannot be reasonably ascertained.		

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023**

20.3.3 The income tax assessments of the Bank have been finalized up to Tax Year 2022.

- 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 year ended 2022, 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 dated 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 filed an appeal with CIRA on October 28, 2021. During the period, CIRA vide its order dated May 9, 2023 upheld the earlier orders issued by Additional Commissioner Inland Revenue. Being aggrieved, the Bank filed an appeal before Appellate Tribunal Inland Revenue (ATIR) on July 21, 2023, which is currently pending.

During the period, Assistant Commissioner Inland Revenue issued an order dated February 23, 2023 creating an additional tax demand along with default surcharge of Rs. 645 million under section 161 of Income Tax Ordinance, 2001, mainly on account of non-deduction of withholding taxes. Being aggrieved the Bank filed an appeal before Commissioner (Appeals) Peshawar dated March 22, 2023 which is currently pending.

- iii) In respect of Tax Year 2016, Additional Commissioner Inland Revenue issued an order dated June 21, 2022 creating a demand of Rs. 188 million on account of provision for non-performing loans and advances. Being aggrieved the Bank filed an appeal with Commissioner (Appeals) Peshawar dated July 22, 2022 which is currently pending.
- iv) In respect of Tax Year 2017, Additional Commissioner Inland Revenue issued an order dated May 29, 2023 creating a demand of Rs. 130 million on account of provision for non-performing loans and advances. Being aggrieved the Bank filed an appeal with Commissioner (Appeals) Peshawar dated July 4, 2023 which is currently pending.
- v) 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. Being aggrieved the Bank filed an appeal against the said order with CIRA dated April 12, 2022. Commissioner (Appeals) Peshawar vide order dated October 20, 2022 decided the matter in favor of the Bank. During the period, the appeal filed against penalty under section 182 has also been decided in favor of the Bank by CIRA vide order dated May 24, 2023.

Management is confident of a favorable outcome of the above matters. 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 MONTH PERIOD ENDED SEPTEMBER 30, 2023**

		(Un-audited)	
		For the nine months ended	
		September 30, 2023	September 30, 2022
		----- Rupees in '000 -----	
21	MARK-UP / RETURN / INTEREST EARNED	Note	
	On:		
	Loans and advances	13,817,260	11,470,410
	Investments	20,835,998	14,373,652
	Lendings to financial institutions	1,351,996	736,657
	Balances with banks	220,406	27,872
	Sukuk bonds	5,012,353	2,857,734
		<u>41,238,013</u>	<u>29,466,325</u>
22	MARK-UP / RETURN / INTEREST EXPENSED		
	On:		
	Deposits	25,918,989	13,017,580
	Borrowings	5,719,197	11,462,681
	Lease liability	165,498	99,741
		<u>31,803,684</u>	<u>24,580,002</u>
23	FEE AND COMMISSION INCOME		
	Branch banking customer fees	45,793	16,363
	Consumer finance related fees	445	494
	Card related fees	123,254	51,196
	Commission on trade	81,342	94,593
	Commission on guarantees	153,195	166,129
	Commission on remittances including home remittances	19,748	20,424
	Commission on foreign currency bills	5,001	3,746
	Others	4,839	2,265
		<u>433,617</u>	<u>355,210</u>
24	(LOSS) / GAIN ON SECURITIES		
	Realized	(70,264)	10,099
	Unrealized - held-for-trading	-	-
		<u>(70,264)</u>	<u>10,099</u>
24.1	Realized (loss) / gain on:		
	Federal Government Securities	740	(5,369)
	Shares	(71,004)	1,221
	Non-Government Debt Securities	-	2,635
	Mutual funds	-	11,612
		<u>(70,264)</u>	<u>10,099</u>
25	OTHER INCOME		
	Rent on property	1,542	2,117
	Gain on sale of fixed assets - net	-	2,158
	Postal, swift and other services	83,451	74,232
	Service income on Government schemes	1,936	6,416
	Gain on early culmination of lease	1,434	781
	Rebate from financial institutions	16,236	23,355
		<u>104,599</u>	<u>109,059</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023**

		(Un-audited)	
		For the nine months ended	
		September 30,	September 30,
		2023	2022
		-----Rupees in '000-----	
26 OPERATING EXPENSES			
Total compensation expense		2,778,822	2,405,063
Property expense			
Rent and taxes		5,292	6,876
Utilities cost		302,927	206,593
Security (including guards)		188,257	125,313
Repair and maintenance		11,366	7,736
Depreciation - Right of use assets		518,289	380,742
Depreciation - Non banking assets acquired in satisfaction of claims		25,313	16,946
Depreciation - Fixed assets		247,312	162,970
		1,298,756	907,176
Information technology expenses			
Software maintenance		238,436	177,946
Hardware maintenance		19,240	16,145
Depreciation - Fixed assets		191,536	174,793
Amortization		72,870	58,283
Network charges		11,183	9,712
ATM charges		151,519	121,468
		684,784	558,347
Other operating expenses			
Directors' fees and allowances		14,930	4,263
Fees and allowances to Shariah Board		2,670	83
Legal and professional charges		53,672	68,733
Outsourced service cost		213,421	178,336
Travelling and conveyance		53,794	47,419
Cash carriage charges		68,182	56,522
NIFT clearing charges		23,375	18,694
Depreciation - Fixed assets		67,422	26,496
Communication		128,941	27,451
Postage and courier charges		34,432	17,198
Stationery and printing		70,414	51,215
Marketing, advertisement and publicity		88,007	81,522
Repair and maintenance		40,202	21,507
Insurance		47,265	36,158
Auditors' remuneration		11,430	16,900
Brokerage and commission		26,786	29,096
Rent and taxes		1,324	1,884
Entertainment		39,341	30,379
Newspapers and periodicals		1,673	1,437
Training and development		6,994	14,781
Fees and subscriptions		8,450	6,435
Deposit protection premium		75,658	70,361
Loss on sale of fixed assets		236	-
Others		74,596	87,765
		1,153,215	894,635
		5,915,577	4,765,221
27 OTHER CHARGES			
Penalties imposed by State Bank of Pakistan		3,711	5

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023**

		(Un-audited)	
		For the nine months ended	
		September 30, 2023	September 30, 2022
		----- Rupees in '000 -----	
28	PROVISIONS AND WRITE OFFS - NET	Note	
	(Reversal) / provision for diminution in value of investments - net	8.3	(111,150) 104,005
	Provisions against loans and advances - net	9.3	577,571 696,928
	Provision / (reversal) against other assets	13.1.1	78,230 (8,339)
			<u>544,651</u> <u>792,594</u>
29	TAXATION		
	Current		2,202,836 207,677
	Prior periods		- (18,380)
	Deferred		6,316 (99,482)
			<u>2,209,152</u> <u>89,815</u>
29.1	This also includes the impact of applicable Super Tax.		
30	BASIC AND DILUTED EARNINGS PER SHARE		
	Profit for the period		<u>2,472,959</u> <u>279,765</u>
	Weighted average number of ordinary shares		----- (Number of shares) ----- <u>1,102,790,529</u> <u>1,102,790,529</u>
	Basic and diluted earnings per share		----- (Rupees) ----- <u>2.24</u> <u>0.25</u>

30.1 There were no dilutive potential ordinary shares outstanding as at September 30, 2023 and September 30, 2022.

31 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.

31.1 Fair value of financial assets

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

- Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Fair value measurements using inputs that are not based on observable market data (i.e. unobservable inputs).

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The table below analyzes financial instruments measured at the end of the reporting period by the level in the fair value hierarchy in to which the fair value measurement is categorized:

Carrying value	(Un-audited) September 30, 2023				
	Fair value			Total	
	Level 1	Level 2	Level 3		
----- Rupees in '000 -----					
On balance sheet financial instruments					
Financial assets - measured at fair value					
Investments					
Federal Government Securities	203,882,521	-	203,882,521	-	203,882,521
Shares	183,914	102,253	81,661	-	183,914
Non-Government Debt Securities	7,366,750	-	7,366,750	-	7,366,750
Mutual funds	201,557	201,557	-	-	201,557
Financial assets - disclosed but not measured at fair value					
Investments					
Federal Government Securities	2,781,115	-	2,494,680	-	2,494,680
Associate	90,210	-	90,210	-	90,210
Off-balance sheet financial instruments - measured at fair value					
Forward exchange contracts purchase and sale	45,046,457	-	396,383	-	396,383
----- Rupees in '000 -----					
(Audited) December 31, 2022					
Carrying value	Fair value			Total	
	Level 1	Level 2	Level 3		
----- Rupees in '000 -----					
On balance sheet financial instruments					
Financial assets measured at fair value					
Investments					
Federal Government Securities	160,287,656	-	160,287,656	-	160,287,656
Shares	325,420	246,502	78,918	-	325,420
Non-Government Debt Securities	7,686,920	-	7,686,920	-	7,686,920
Financial assets - disclosed but not measured at fair value					
Investments					
Federal Government Securities	5,278,635	-	4,844,370	-	4,844,370
Associate	89,983	-	89,983	-	89,983
Off-balance sheet financial instruments - measured at fair value					
Forward exchange contracts purchase and sale	18,234,328	-	25,572	-	25,572

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

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

31.2.1 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.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
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31.2.2 Fair value of non - financial assets

Certain categories of fixed assets (leasehold land) of Rs. 903.36 million (December 31, 2022: Rs. 903.36 million) and non banking assets acquired in satisfaction of claims of Rs. 340.72 million (December 31, 2022: Rs. 357.60 million) are carried at revalued amounts (level 3 measurements) determined by professional valuers based on their assessment of the market values. The valuations are conducted by the valuation experts appointed by Bank which are also on panel of State Bank of Pakistan.

31.2.3 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.
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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.
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Valuation techniques and inputs used in determination of fair values within level 2

Pakistan Investment Bonds / Market Treasury Bills	Fair values of Pakistan Investment Bonds and Treasury Bills are derived using the PKRV rates for fixed rate securities and PKFRV rates for floating rate PIB's (Reuters page).
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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.
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Term Finance, Bonds and Sukuk certificates	Investments in debt securities (comprising term finance certificates, bonds, Sukuk certificates and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan. In the determination of the rates, the MUFAP takes into account the holding pattern of these securities and categorizes these as traded, thinly traded and non-traded securities.
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Valuation techniques and inputs used in determination of fair values within level 3

Operating fixed assets (Leasehold land) and non-banking assets acquired in satisfaction of claims	These assets are revalued on regular basis using professional valuers on the panel of Pakistan Banker's Association. The valuation is based on their assessment of market value of the properties.
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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023**

32 SEGMENT INFORMATION

32.1 Segment details with respect to business activities

	For the nine months ended September 30, 2023 (Un-audited)				Total
	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	
	----- Rupees in 000 -----				
Profit and loss					
Net mark-up / return / profit	2,040,909	3,801,717	483,956	3,107,747	9,434,329
Non mark-up / return / interest income	18,555	1,255,888	127,239	310,039	1,711,721
Total income	2,059,464	5,057,605	611,195	3,417,786	11,146,050
Segment direct expenses	(1,093,027)	(2,684,238)	(324,381)	(1,817,642)	(5,919,288)
Total expenses	(1,093,027)	(2,684,238)	(324,381)	(1,817,642)	(5,919,288)
Provisions	-	111,150	(72,888)	(582,913)	(544,651)
Profit before tax	966,437	2,484,517	213,926	1,017,231	4,682,111

	As at September 30, 2023 (Un-audited)				Total
	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	
	----- Rupees in 000 -----				
Balance sheet					
Cash and bank balances	2,790,804	18,051,016	538,129	4,318,090	25,698,039
Lending to financial institutions	-	35,519,850	-	-	35,519,850
Investments	2,781,115	211,634,742	-	90,210	214,506,067
Advances - performing	35,397,717	-	7,368,071	44,609,807	87,375,595
Advances - non performing	240,392	-	119,874	4,546,079	4,906,345
Operating fixed assets / intangible assets	710,536	4,599,727	137,125	831,900	6,279,288
Deferred tax assets / (liabilities)	71,040	1,893,335	26,110	284,324	2,274,809
Others	2,051,625	13,257,805	826,530	3,119,383	19,255,343
Total assets	44,043,229	284,956,475	9,015,839	57,799,793	395,815,336

Bills payable	703,789	-	242,279	301,491	1,247,559
Borrowings	9,458,260	66,075,537	-	949,393	76,483,190
Deposits and other accounts	160,702,290	-	55,321,695	68,842,197	284,866,182
Others	5,826,778	3,734,298	2,034,984	3,455,668	15,051,728
Total liabilities	176,691,117	69,809,835	57,598,958	73,548,749	377,648,659
Equity / Inter-segment (lending) / borrowing	(132,647,886)	215,146,641	(48,583,117)	(15,748,961)	18,166,677
Total equity and liabilities	44,043,231	284,956,476	9,015,841	57,799,788	395,815,336

Contingencies and commitments	40,485,088	45,263,351	4,399,034	13,194,112	103,341,585
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**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023**

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	1,267,217	1,718,151	243,359	1,657,596	4,886,323
Non mark-up / return / interest income	15,126	671,343	52,655	301,953	1,041,077
Total Income	1,282,343	2,389,494	296,014	1,959,549	5,927,400
Segment direct expenses	(1,030,916)	(1,920,988)	(237,975)	(1,575,347)	(4,765,226)
Total expenses	(1,030,916)	(1,920,988)	(237,975)	(1,575,347)	(4,765,226)
Provisions	-	(104,005)	(23,112)	(665,477)	(792,594)
Profit / (loss) before tax	251,427	364,501	34,927	(281,275)	369,580

As at December 31, 2022 (Audited)

	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Total
	Rupees in 000				
Balance sheet					
Cash and bank balances	4,161,691	10,362,251	420,099	4,886,316	19,830,357
Lendings to financial institutions	-	7,641,077	-	-	7,641,077
Investments	5,278,635	168,299,996	-	89,983	173,668,614
Advances - performing	65,362,169	-	7,132,884	50,577,318	123,072,371
Advances - non performing	236,870	-	108,918	4,097,052	4,442,840
Operating fixed assets / intangible assets	1,412,667	3,518,450	142,643	1,013,239	6,086,999
Deferred tax assets	69,373	985,170	19,955	293,343	1,367,841
Others	1,740,210	4,273,336	170,855	2,689,520	8,873,921
Total assets	78,261,615	195,080,280	7,995,354	63,646,771	344,984,020
Bills payable	1,191,923	-	434,447	475,864	2,102,234
Borrowings	10,143,314	55,157,708	-	962,146	66,263,168
Deposits and other accounts	141,124,523	-	51,438,808	56,342,650	248,905,981
Others	4,698,427	2,533,477	1,665,459	2,387,776	11,285,139
Total liabilities	157,158,187	57,691,185	53,538,714	60,168,436	328,556,522
Equity / Inter-segment (lending) / borrowing	(78,896,572)	137,389,095	(45,543,360)	3,478,335	16,427,498
Total equity and liabilities	78,261,615	195,080,280	7,995,354	63,646,771	344,984,020

Contingencies and commitments	8,764,284	18,781,504	22,183	34,232,328	61,800,299
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32.2 Geographical segment

The Bank conducts all its operations in Pakistan.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023**

33 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.

The Bank enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the executives are determined in accordance with terms of their appointments. Further, the Bank acts as a custodian for securities held in Investor Portfolio Securities (IPS) account maintained on behalf of Managing Director of the Bank and Government of Khyber Pakhtunkhwa having face value of Rs. 50 million (December 31, 2022: Rs. 50 million) and Rs. 18,473.98 million (December 31, 2022: Rs Nil) as at September 30, 2023, respectively.

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

	(Un-audited) As at September 30, 2023				(Audited) As at December 31, 2022			
	Directors	Key management personnel	Associate	Employee funds	Directors	Key management personnel	Associate	Employee funds
----- R upees in '000 -----								
Advances								
Opening balance	-	213,178	-	-	-	216,982	-	-
Addition during the period / year	-	45,550	-	-	-	45,629	-	-
Repaid during the period / year	-	(13,887)	-	-	-	(65,797)	-	-
Transfer (out) / in - net	-	(60,702)	-	-	-	16,364	-	-
Closing balance	-	184,139	-	-	-	213,178	-	-
Deposits and other accounts								
Opening balance	3,228	7,637	40,825	2,841,338	3,255	7,118	35,149	2,648,713
Received during the period / year	42,259	113,006	54,265	3,619,618	124,418	157,997	52,059	1,087,701
Withdrawn during the period / year	34,716	112,555	49,046	3,293,551	124,445	157,531	46,383	895,076
Transfer (out) / in - net	-	(25)	-	-	-	53	-	-
Closing balance	10,771	8,063	46,044	3,167,405	3,228	7,637	40,825	2,841,338
Other liabilities								
Accrued markup	134	1	-	161,692	281	530	2,529	130,433
----- R upees in '000 -----								
	(Un-audited) For the nine months ended September 30, 2023				(Un-audited) For the nine months ended September 30, 2022			
	Directors	Key management personnel	Associate	Employee funds	Directors	Key management personnel	Associate	Employee funds
----- R upees in '000 -----								
Income								
Markup / return / interest earned	-	3,179	-	-	-	8,567	-	-
Expense								
Markup / return / interest expensed	642	765	3,447	372,542	-	613	2,658	197,583
Operating expenses	54,313	142,485	-	-	30,519	142,397	-	-

33.1 As of September 30, 2023, the Bank has an equity investment having cost of Rs. 112.50 million (December 31, 2022: Rs. 112.50 million) and carrying value of Rs. 81.65 million (December 31, 2022: Rs. 78.90 million) in Dawood Family Takaful Limited, a related party.

33.2 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 these condensed interim financial statements, as at period end includes loans and advances and deposits amounting to Rs. 36,029 million (December 31, 2022: Rs. 65,993 million) and Rs. 160,702 million (December 31, 2022: Rs. 141,125 million), respectively.

Detailed related party disclosure for being government entity is disclosed as required under IAS-24 "Related Party Disclosures". Relevant details are referred in the following notes:

Particulars	Note
Investments	8.1
Shareholding	18

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
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	(Un-audited) September 30, 2023	(Audited) December 31, 2022
---- Rupees in '000 ----		
34 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS		
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	11,027,905	11,027,905
Capital Adequacy Ratio (CAR):		
Eligible common equity tier 1 (CET 1) capital	17,255,101	15,958,762
Eligible additional tier 1 (ADT 1) capital	-	-
Total eligible tier 1 capital	17,255,101	15,958,762
Eligible tier 2 capital	89,153	84,356
Total eligible capital (Tier 1 + Tier 2)	17,344,254	16,043,118
Risk weighted assets (RWAs):		
Credit risk	80,300,408	77,978,803
Market risk	13,477,957	14,694,592
Operational risk	15,132,319	15,132,319
Total	108,910,684	107,805,714
Common equity tier 1 capital adequacy ratio	15.84%	14.80%
Tier 1 capital adequacy ratio	15.84%	14.80%
Total capital adequacy ratio	15.93%	14.88%
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	17,255,101	15,958,762
Total exposures	443,948,520	396,849,832
Leverage ratio	3.89%	4.02%
Liquidity Coverage Ratio (LCR):		
Total high quality liquid assets	167,617,578	97,117,507
Total net cash outflow	84,989,067	66,443,018
Liquidity coverage ratio	197.22%	146.17%
Net Stable Funding Ratio (NSFR):		
Total available stable funding	204,930,968	178,322,676
Total required stable funding	149,568,199	119,019,906
Net stable funding ratio	137.02%	149.83%

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
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ISLAMIC BANKING BUSINESS

35 The Bank is operating 122 (December 31, 2022: 119) Islamic banking branches as at September 30, 2023.

	(Un-audited) September 30, 2023	(Audited) December 31, 2022
	---- Rupees in '000 ----	
STATEMENT OF FINANCIAL POSITION	Note	
ASSETS		
Cash and balances with treasury banks	9,203,632	7,752,193
Balances with other banks	1,537,740	653,278
Due from financial institutions	35.1 5,950,000	3,800,000
Investments	35.2 42,274,811	32,872,613
Islamic financing and related assets - net	35.3 36,207,728	45,374,836
Fixed assets	1,072,402	982,084
Intangible assets	-	-
Due from head office	-	1,213,111
Other assets	6,307,160	2,577,348
Total Assets	102,553,473	95,225,463
LIABILITIES		
Bills payable	514,586	561,372
Due to financial institutions	1,586,047	2,183,216
Deposits and other accounts	35.4 88,499,999	82,407,343
Due to head office	179,637	-
Sub-ordinated debt	-	-
Other liabilities	4,550,358	3,811,815
Total Liabilities	95,330,627	88,963,746
NET ASSETS	7,222,846	6,261,717
REPRESENTED BY		
Islamic banking fund	1,000,000	1,000,000
Reserves	59,841	36,288
Deficit on revaluation of assets	(663,596)	(408,352)
Unappropriated profit	35.8 6,826,601	5,633,781
	7,222,846	6,261,717
CONTINGENCIES AND COMMITMENTS	35.5	

The profit and loss account of the Bank's Islamic banking branches for the nine months ended September 30, 2023 is as follows:

	(Un-audited) January 1 to September 30, 2023	January 1 to September 30, 2022
	---- Rupees in '000 ----	
PROFIT AND LOSS ACCOUNT	Note	
Profit / return earned	35.6 11,093,904	6,978,542
Profit / return expensed	35.7 5,292,797	3,200,673
Net profit / return	5,801,107	3,777,869
OTHER INCOME		
Fee and commission income	144,360	108,594
Dividend income	1,557	940
Foreign exchange income	180,953	134,902
Gain on securities	667	4,852
Other income	41,917	48,731
Total other income	369,454	298,019
Total income	6,170,561	4,075,888
OTHER EXPENSES		
Operating expenses	2,876,111	2,219,408
Other charges	-	-
Total other expenses	2,876,111	2,219,408
Profit before provisions	3,294,450	1,856,480
Provisions and write offs - net	370,871	221,152
Profit before taxation	2,923,579	1,635,328
Taxation	1,432,554	801,311
Profit after taxation	1,491,025	834,017

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023**

35.1 Due from financial institutions

Placement with financial institutions

	(Un-audited) September 30, 2023		(Audited) December 31, 2022	
	In local currency	In foreign currency	In local currency	In foreign currency
		Total		Total
	Rupees in '000			
	5,950,000	-	5,950,000	3,800,000
	5,950,000	-	5,950,000	3,800,000

35.2 Investments by segments:

Federal Government securities:

- Govt Ijarah sukuk

	(Un-audited) September 30, 2023		(Audited) December 31, 2022	
	Cost / Amortized cost	Carrying value	Cost / Amortized cost	Provision for diminution
		(Deficit) / Surplus		(Deficit) / Surplus
	Rupees in '000			
	38,872,683	-	(672,996)	38,199,687
	38,872,683	-	(672,996)	38,199,687
		29,088,048	-	(416,135)
		29,088,048	-	(416,135)
				28,671,913
				28,671,913

Non - government debt securities:

- Power / gas and other sukuk - listed
- unlisted

	2,400,000	9,400	2,409,400	2,475,000	-	7,783	2,482,783
	1,464,167	-	1,464,167	1,717,917	-	-	1,717,917
	3,864,167	9,400	3,873,567	4,192,917	-	7,783	4,200,700

Mutual Funds

- Listed
- Unlisted

	201,557	-	201,557	-	-	-	-
	201,557	-	201,557	-	-	-	-

Total investments

	42,938,407	-	(663,596)	42,274,811	33,280,965	-	(408,352)	32,872,513
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35.3 Islamic financing and related assets

Ijarah
Murabaha
Diminishing musharaka
Running musharaka
Qarza Hausa
Istisna

Gross Islamic financing and related assets

Less: provision against Islamic financings

- Specific
- General

	(Un-audited) September 30, 2023		(Audited) December 31, 2022	
	In local currency	In foreign currency	In local currency	In foreign currency
	Rupees in '000			
	260,662	-	260,662	402,680
	1,785,776	-	1,785,776	2,063,430
	8,828,333	-	8,828,333	9,186,875
	21,515,575	-	21,515,575	29,121,080
	96	-	96	50
	4,726,624	-	4,726,624	5,216,320
	37,117,066	-	37,117,066	45,990,435

	894,367	-	894,367	592,986
	14,971	-	14,971	22,613
	909,338	-	909,338	615,599
	36,207,728	-	36,207,728	45,374,836

Islamic financing and related assets - net of provision

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023**

35.4 Deposits	(Un-audited) September 30, 2023			(Audited) December 31, 2022		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	----- Rupees in '000 -----					
Customers						
Current deposits	23,105,556	221,418	23,326,974	20,254,072	59,568	20,313,640
Savings deposits	48,036,163	4,811	48,040,974	51,362,281	1,161	51,363,442
Term deposits	5,379,309	-	5,379,309	4,126,937	-	4,126,937
Others	4,111,651	-	4,111,651	3,945,517	-	3,945,517
	80,632,679	226,229	80,858,908	79,688,807	60,729	79,749,536
Financial Institutions						
Current Deposits	85,141	-	85,141	340,436	-	340,436
Savings deposits	7,555,950	-	7,555,950	2,317,371	-	2,317,371
	7,641,091	-	7,641,091	2,657,807	-	2,657,807
	88,273,770	226,229	88,499,999	82,346,614	60,729	82,407,343
				(Un-audited)	(Audited)	
				September	December	
				30,	31,	
				2023	2022	
				----- Rupees in '000 -----		
35.5 Contingencies and commitments						
Guarantees				9,995,887	8,889,432	
Commitments				5,007,933	5,601,456	
				15,003,820	14,490,888	
				(Un-audited)		
				For the nine months ended		
				September	September	
				30,	30,	
				2023	2022	
				----- Rupees in '000 -----		
35.6 Profit / return earned on financing, investments and placements						
Financing				5,701,204	3,931,625	
Investments				4,934,629	2,857,734	
Placements				442,972	188,112	
Balances with banks				15,099	1,071	
				11,093,904	6,978,542	
35.7 Profit on deposits and other dues expensed						
Deposits and other accounts				4,986,308	2,584,684	
Due to Financial Institutions				271,485	586,056	
Lease liability				35,004	29,933	
				5,292,797	3,200,673	
				(Un-audited)	(Audited)	
				September	December	
				30,	31,	
				2023	2022	
35.8 Islamic banking business unappropriated profit						
Opening balance				5,633,781	4,810,395	
Add: Islamic banking profit before taxation for the period / year				2,923,579	2,477,903	
Less: Taxation				(1,432,554)	(1,214,173)	
Less: Transferred to head office				(298,205)	(440,344)	
Closing balance				6,826,601	5,633,781	

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2023**

35.9 Profit equalization reserve

The profit equalization reserves amounting to Rs. 59.84 million (December 31, 2022: Rs. 36.29 million) classified in other liabilities, which has been presented as reserves in note 17.

35.10 Creation of a new special pool

During the period, following new special pool has been created:

- Raast Financial Institution Pool-2

The main characteristics of the pool are as under:

- i) Profit Equalization Reserve up to 2% of net income will be created, if needed.
- ii) Investment Risk Reserve up to 1% of distributable profit of depositors will be created, if needed.

36 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue in the Board of Directors meeting of the Bank held on October 27, 2023.



MANAGING
DIRECTOR



CHIEF FINANCIAL
OFFICER



DIRECTOR



DIRECTOR




DIRECTOR

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