

Condensed Interim
Financial Statements
for the six months June 30, 2017

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CORPORATE INFORMATION

Board of Directors

Muhammad Azam Khan Chairman
Shakeel Qadir Khan
Maqsood Ismail Ahmad
Asad Muhammad Iqbal
Javed Akhtar
Rashid Ali Khan

Managing Director / CEO

Shams-ul-Qayyum

Audit Committee

Asad Muhammad Iqbal Chairman
Shakeel Qadir Khan
Javed Akhtar
Rashid Ali Khan

HR&R Committee

Rashid Ali Khan Chairman
Maqsood Ismail Ahmad
Asad Muhammad Iqbal
The Managing Director

Risk Management Committee

Mr. Maqsood Ismail Ahmad Chairman
Mr. Rashid Ali Khan
The Managing Director

Chief Financial Officer

Rahat Gul

Company Secretary

Zahid Sahibzada

Registered Office / Head Office

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

1st Floor, State Life Building
34-The Mall, Peshawar Cantt.
UAN#00-92-91-111 95 95 95
URL: www.bok.com.pk

Auditors

Grant Thornton Anjum Rahman
Chartered Accountants

Legal Advisors

Mr. Nisar Ahmed Khan
Advocate, Peshawar
M/s. Mohsin Tayebaly & Co., Karachi

Registrar and Share Registration Office

THK Associates (Pvt) Ltd.
1st Floor, 40-C, Block 6
P.E.C.H.S, Karachi – 75530
Pakistan.

DIRECTORS' REVIEW

On behalf of the Board of Directors of the Bank of Khyber, I am pleased to present the condensed interim financial information of the Bank along with Auditors' Review Report for the half year ended June 30, 2017. The results are inclusive of Islamic Banking Operations.

Financial Highlights

The financial results of the Bank of Khyber for the half year ended June 30, 2017 are as under:

	(Rs. in Million)	
	June 30 2017	December 31 2016
Total Assets	261,874	206,400
Deposits	152,247	157,020
Advances (Gross)	61,774	36,054
Investments (Net)	181,001	141,602

	(Rs. in Million)	
	Period Ended June 30	
	2017	2016
Operating Profit	1,862	2,109
Provision against non-performing advances/Others	(210)	(365)
Reversal against other assets	-	2
Profit before taxation	1,652	1,746
Taxation	(713)	(725)
Profit after tax	939	1,021

Financial Overview

The Bank continues to maintain its performance during the period under review. The Bank posted a pre-tax profit of Rs. 1,652 million against Rs. 1,746 million of the corresponding period of 2016. After tax profit stood at Rs. 939 million.

An encouraging growth of 27% has been witnessed in the balance sheet size which reached Rs. 261,874 million from Rs. 206,400 million as at December 31, 2016. Deposits with slight decrease from the year end 2016, stood at Rs. 152,247 million. Advances remarkably increased by 71% and settled at Rs. 61,774 million mainly due to commodity and power sector financing. Investments increased by 28% to Rs. 181,001 million as compared to Rs. 141,602 million at the close of year end 2016.

Future Outlook

Since start of the year 2017, the economy has shown continued progression in economic activity. Benefitting from the trend, the Bank is making steady progress in all operational areas and have launched different attractive products on the assets and liabilities side. In order to supplement deposit flow, different schemes are being offered with attractive terms and efforts are being made to interact with new customers not only to meet their banking needs but to generate core deposits and reduce its cost.

With a network of 155 branches including 79 dedicated Islamic Banking Branches, the Bank provides comprehensive banking services across the country. Continuing with our branch

expansion policy, the Bank will complete the process of opening of 25 new branches by the year end 2017.

Credit Rating

The JCR-VIS Credit Rating Company Limited (JCR-VIS) has reaffirmed the medium to long term and short term entity ratings of the Bank at “A” (Single A) and “A-1” (A One) respectively. Outlook on the assigned rating is “Stable”.

The Pakistan Credit Rating Agency Limited (PACRA) has maintained the long term and short term entity ratings of the Bank at “A” (Single A) and “A1” (A One) respectively. Rating outlook is “Stable”. These ratings denote low expectation of credit risk emanating from a strong capacity for timely payment of financial commitments.

Acknowledgment

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

A handwritten signature in black ink, appearing to read 'Shams-ul-Qayyum'.

Shams-ul-Qayyum

Managing Director

Islamabad: August 18, 2017

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim financial position of The Bank of Khyber (the bank) as at June 30, 2017 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof for the six months then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account and the condensed statement of comprehensive income for the three months ended June 30, 2017 and 2016 have not been reviewed and we do not express a conclusion on them, as we are required to review only the cumulative figures for the half year ended June 30, 2017.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the six months ended June 30, 2017 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.



GRANT THORNTON ANJUM RAHMAN
Chartered Accountants

Engagement Partner: Nadeem Tirmizi
Date: August 18, 2017
Islamabad

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT JUNE 30, 2017**

		(Un-audited) June 30, 2017	(Audited) December 31, 2016
	Note	Rupees in '000'	
ASSETS			
Cash and balances with treasury banks		10,148,659	8,636,526
Balances with other banks		4,356,718	9,980,928
Lendings to financial institutions	6	3,025,034	8,827,307
Investments - net	7	181,000,814	141,602,355
Advances - net	8	57,144,912	31,643,885
Other assets		3,933,766	3,638,719
Operating fixed assets	9	2,264,060	2,070,554
Deferred tax asset - net		-	-
		261,873,963	206,400,274
LIABILITIES			
Bills payable		758,388	775,938
Borrowings from financial institutions	10	89,767,719	28,700,825
Deposits and other accounts	11	152,246,810	157,020,365
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Other liabilities		3,737,138	3,608,857
Deferred tax liability - net	12	35,507	151,745
		246,545,562	190,257,730
NET ASSETS		15,328,401	16,142,544
REPRESENTED BY			
Share capital		10,002,524	10,002,524
Reserves		2,379,993	2,192,169
Un-appropriated profit		1,741,290	2,490,553
		14,123,807	14,685,246
Surplus on revaluation of assets - net of tax	13	1,204,594	1,457,298
		15,328,401	16,142,544
CONTINGENCIES AND COMMITMENTS	14		

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.



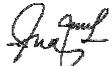
Managing Director



Director



Director



Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2017

Note	Three months ended June 30, 2017	Six months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2016
Rupees in '000'				
Mark-up / return / interest earned	3,664,383	6,731,479	2,792,844	5,587,822
Mark-up / return / interest expensed	2,467,770	4,504,826	1,637,222	3,348,163
Net mark-up / return/ interest income	1,196,613	2,226,653	1,155,622	2,239,659
Provision against loans and advances - net (Reversal) / provision for diminution in value of investments - net	198,131 (8,213)	218,126 (8,378)	338,199 24,078	421,891 (57,169)
Bad debts written off directly	-	-	111	111
	189,918	209,748	362,388	364,833
Net mark-up / return / interest income after provisions	1,006,695	2,016,905	793,234	1,874,826
NON MARK-UP / INTEREST INCOME				
Fee, commission and brokerage income	101,168	157,301	65,471	124,568
Dividend income	17,304	36,557	10,426	86,055
Income from dealing in foreign currencies	16,385	35,948	21,346	44,626
Gain on sale of securities - net	915,761	1,156,509	717,558	1,093,657
Unrealised gain on revaluation of investments classified as held-for-trading - net	371	527	255	-
Other income	22,650	53,019	16,451	40,774
Total non mark-up / interest income	1,073,639	1,439,861	831,507	1,389,680
	2,080,334	3,456,766	1,624,741	3,264,506
NON MARK-UP / INTEREST EXPENSES				
Administrative expenses	979,111	1,804,429	805,233	1,520,812
Provisions/ (reversals) against other assets	-	-	14,065	(2,299)
Other charges	(87)	(87)	20	28
Total non mark-up / interest expenses	979,024	1,804,342	819,318	1,518,541
PROFIT BEFORE TAXATION	1,101,310	1,652,424	805,423	1,745,965
Taxation				
- Current	369,263	558,514	327,991	634,904
- Prior	134,958	134,958	90,643	90,643
- Deferred	16,200	19,834	(29,529)	595
	520,421	713,306	(389,105)	(724,952)
PROFIT AFTER TAXATION	580,889	939,118	416,318	1,021,013
Earnings per share - Basic and Diluted (in Rupees) 15	0.58	0.94	0.42	1.02

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.



Managing Director



Director



Director



Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2017**

	Three months ended June 30, 2017	Six months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2016
	----- Rupees in '000' -----			
Profit after taxation	580,889	939,118	416,318	1,021,013
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	580,889	939,118	416,318	1,021,013
Components of comprehensive income not reflected in equity				
Items that will not be reclassified to profit and loss account				
Change in surplus on revaluation of fixed assets	-	-	-	-
Items that may be reclassified to profit and loss account				
(Decrease)/increase in surplus on revaluation of available for sale securities	(991,138)	388,776	2,168,616	3,944,513
Related deferred tax reversal / (charge)	346,885	(136,072)	(759,016)	(1,380,580)
	(644,253)	252,704	1,409,600	2,563,933
	(644,253)	252,704	1,409,600	2,563,933

Surplus / (deficit) on revaluation of 'Available for sale' securities and 'Fixed assets' are presented under a separate head below equity as 'surplus / (deficit) on revaluation of assets' in accordance with the requirements specified by the State Bank of Pakistan vide its BSD Circular No. 20 dated August 04, 2000 and BSD Circular No. 10 dated July 13, 2004 respectively and Companies Ordinance, 1984.

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.



Managing Director



Director



Director



Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2017

	Share capital	Statutory reserve	Un-appropriated profit	Total
	----- Rupees in '000' -----			
Balance as at January 1, 2016 - Audited	10,002,524	1,788,074	2,182,400	13,972,998
Changes in equity during the six months ended June 30, 2016				
Transactions with owners recorded directly in equity				
Final cash dividend for the year ended December 31, 2015 declared at Rs 1.25 per share	-	-	(1,250,464)	(1,250,464)
Total comprehensive income				
Profit after taxation for the six months ended June 30, 2016	-	-	1,021,013	1,021,013
Other comprehensive income - net of tax	-	-	-	-
	-	-	1,021,013	1,021,013
Transfer to statutory reserve	-	204,203	(204,203)	-
Balance as at June 30, 2016 - Unaudited	10,002,524	1,992,277	1,748,746	13,743,547
Changes in equity during the six months ended December 31, 2016				
Total comprehensive income				
Profit after taxation for the six months ended December 31, 2016	-	-	999,463	999,463
Other comprehensive income	-	-	(57,764)	(57,764)
	-	-	941,699	941,699
Transfer to statutory reserve	-	199,892	(199,892)	-
Balance as at December 31, 2016 - Audited	10,002,524	2,192,169	2,490,553	14,685,246
Changes in equity during the six months ended June 30, 2017				
Transactions with owners recorded directly in equity				
Final cash dividend for the year ended December 31, 2016 declared at Rs 1.50 per share	-	-	(1,500,557)	(1,500,557)
Total comprehensive income				
Profit after taxation for the six months ended June 30, 2017	-	-	939,118	939,118
Other comprehensive income - net of tax	-	-	-	-
	-	-	939,118	939,118
Transfer to statutory reserve	-	187,824	(187,824)	-
Balance as at June 30, 2017 - Unaudited	10,002,524	2,379,993	1,741,290	14,123,807

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.



Managing Director



Director



Director



Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2017

	Six months ended June 30, 2017	Six months ended June 30, 2016
Rupees in '000'		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,652,424	1,745,965
Less: Dividend income	36,557	86,055
	1,615,867	1,659,910
Adjustments:		
Depreciation	122,757	97,160
Amortisation	16,091	9,537
Reversion against loans and advances - net	218,126	421,891
Reversal of provision for diminution in value of investments-net	(8,378)	(57,169)
Reversal of provision against non-banking assets	-	(2,299)
Unrealised gain on revaluation of investments classified as held-for-trading	(527)	-
Gain on sale of operating fixed assets	(1,807)	(394)
Bad debts written off directly	-	111
	346,262	468,837
	1,962,129	2,128,747
(Increase) / decrease in operating assets		
Lendings to financial institutions	5,802,273	(19,370,277)
Held-for-trading securities	(1,859,557)	1,028,528
Advances	(25,719,153)	10,580,582
Others assets (excluding advance taxation)	(295,047)	(572,925)
	(22,071,484)	(8,334,092)
Increase / (decrease) in operating liabilities		
Bills payable	(17,550)	232,518
Borrowings from financial institutions	61,066,894	(11,181,896)
Deposits and other accounts	(4,773,555)	28,727,783
Other liabilities (excluding current taxation)	185,222	(115,511)
	56,461,011	17,662,894
	36,351,656	11,457,549
Income taxes paid	(763,279)	(773,852)
Net cash generated from operating activities	35,588,377	10,683,697
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investment in available-for-sale securities	(35,162,502)	(9,161,418)
Net investment in held-to-maturity securities	(2,756,271)	16,690
Dividend income received	36,557	86,055
Investment in operating fixed assets	(333,173)	(106,599)
Sale proceeds from disposal of property and equipment	2,626	2,672
Net cash used in investing activities	(38,212,763)	(9,162,600)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(1,487,691)	(1,239,659)
Net cash used in financing activities	(1,487,691)	(1,239,659)
(Decrease) / increase in cash and cash equivalents during the period	(4,112,077)	281,438
Cash and cash equivalents at beginning of the period	18,617,454	12,060,293
Cash and cash equivalents at end of the period	14,505,377	12,341,731

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.



Managing Director



Director



Director



Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2017**

1 STATUS AND NATURE OF BUSINESS

- 1.1 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 Karachi Stock Exchange (KSE). The registered office of the Bank is situated at 24 the Mall, Peshawar Cantt, Peshawar and it has been temporarily shifted to 1st Floor, State Life Building, 34 - the Mall, Peshawar Cantt. The Bank operates 155 branches including 79 Islamic Banking Branches as at June 30, 2017 (December 31, 2016: 150 branches including 77 Islamic banking branches). The long term credit rating of the Bank assigned by The Pakistan Credit Rating Agency (PACRA) and JCR-VIS are 'A' and 'A' respectively and the short-term credit ratings assigned are 'A1' (A-One) and 'A-1' (A-One) respectively.

2 BASIS OF PRESENTATION

- 2.1 In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the SBP has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by the banks from their customers and immediate resale to them at appropriate mark-up in price on deferred payment basis. The purchases and sales arising under the respective arrangements (except for murabaha financings accounted for under Islamic Financial Accounting Standard - 1 "Murabaha") are not reflected in this condensed interim financial information as such but are restricted to the amount of facility actually utilized and the appropriate portion of mark-up thereon.
- 2.2 The financial results of the Islamic Banking Group have been consolidated in this financial information for reporting purpose, after eliminating the effects of intra-bank transactions and balances. Key financial figures of the Islamic Banking Group are disclosed in note 17 to this condensed interim financial information.
- 2.3 This condensed interim financial information has been presented in Pakistani Rupee, which is the Bank's functional and reporting currency. The figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

3 BASIS OF MEASUREMENT

This condensed interim financial information has been prepared under the historical cost convention except that certain fixed assets are stated at revalued amounts and certain investments, commitments in respect of employee benefits, forward exchange contracts and derivative financial instruments have been marked to market and are carried at fair value.

4 STATEMENT OF COMPLIANCE

- 4.1 This condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standards (IAS - 34), Interim Financial Reporting, Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP), Companies Ordinance, 1984, Banking Companies Ordinance, 1962 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). In case the requirements differ, the

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2017

requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed.

- 4.2 The SBP vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard (IAS) 39, "Financial Instruments: Recognition and Measurement" and International Accounting Standards (IAS) 40, "Investment Property" for banking companies till further instructions. Further, according to a notification of SECP dated April 28, 2008, IFRS 7 "Financial Instruments: Disclosure" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of this condensed interim financial information. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.
- 4.3 The disclosures made in this condensed interim financial information have been limited based on the format prescribed by the SBP vide BSD Circular Letter No. 2, dated May 12, 2004 and IAS 34 "Interim Financial Reporting" and do not include all the information required for the annual financial statements. Accordingly, this condensed interim financial information should be read in conjunction with the annual financial statements of the Bank for the year ended December 31, 2016. This condensed interim financial information is being submitted to the shareholders in accordance with section 245 of the Companies Ordinance, 1984 and is un-audited but subject to limited scope review by the statutory auditors.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS AND FINANCIAL RISK MANAGEMENT POLICIES

- 5.1 The accounting policies, underlying estimates and judgments and methods of computation followed in the preparation of this condensed interim financial information are same as those applied in preparing the most recent annual financial statements of the Bank for the year ended December 31, 2016.
- 5.2 The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the financial statements of the Bank for the year ended December 31, 2016.

(Un-audited) June 30, 2017	(Audited) December 31, 2016
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Rupees in '000'

6 LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings	600,000	5,475,000
Bai Muajjal receivable from other financial institution	1,529,106	-
Repurchase agreement lendings (Reverse Repo)	895,928	192,307
Placements with other financial institutions	238,944	3,398,944
	3,263,978	9,066,251
Provision against lendings to financial institutions	(238,944)	(238,944)
	3,025,034	8,827,307

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2017

7 INVESTMENTS

Note	June 30, 2017 (Un-audited)			December 31, 2016 (Audited)		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total

----- Rupees in '000' -----

7.1 Investments by types

Held-for-trading securities

Market Treasury Bills	243,097	-	243,097	-	-	-
Pakistan Investment Bonds	1,961,714	-	1,961,714	360,081	-	360,081
Ordinary shares of listed companies	15,543	-	15,543	-	-	-
	2,220,354	-	2,220,354	360,081	-	360,081

Available-for-sale securities

Market Treasury Bills	49,641,737	39,916,177	89,557,914	43,620,749	14,420,352	58,041,101
Pakistan Investment Bonds	23,826,448	45,878,026	69,704,474	55,822,793	9,695,393	65,518,186
Government of Pakistan Sukuk	6,250,444	-	6,250,444	7,250,546	-	7,250,546
Ordinary shares of listed companies	1,004,902	-	1,004,902	888,612	-	888,612
Ordinary shares of unlisted companies	30,487	-	30,487	30,487	-	30,487
Ordinary shares of related party - Unlisted	112,500	-	112,500	112,500	-	112,500
Preference shares of unlisted company	195,000	-	195,000	195,000	-	195,000
Listed term finance certificates	338,345	-	338,345	138,550	-	138,550
Unlisted term finance certificates	86,881	-	86,881	168,762	-	168,762
Sukuks	3,454,083	-	3,454,083	3,228,784	-	3,228,784
	84,940,827	85,794,203	170,735,030	111,456,783	24,115,745	135,572,528

Held-to-maturity securities

Pakistan Investment Bonds	8,162,414	-	8,162,414	5,372,809	-	5,372,809
Sukuks	33,333	-	33,333	66,667	-	66,667
	8,195,747	-	8,195,747	5,439,476	-	5,439,476

Investment in associate

	40,504	-	40,504	40,504	-	40,504
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Investments at cost

	95,397,432	85,794,203	181,191,635	117,296,844	24,115,745	141,412,589
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Provision for diminution in value of investments

7.2

	(853,519)	-	(853,519)	(861,897)	-	(861,897)
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Investments - net of provisions

	94,543,913	85,794,203	180,338,116	116,434,947	24,115,745	140,550,692
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Surplus on revaluation of held-for-trading securities - net

	527	-	527	716	-	716
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Surplus on revaluation of available-for-sale securities - net

13	662,171	-	662,171	1,050,947	-	1,050,947
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Total investments

	95,206,611	85,794,203	181,000,814	117,486,610	24,115,745	141,602,355
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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2017

		(Un-audited) June 30, 2017	(Audited) December 31, 2016
	Note	Rupees in '000'	
7.2 Provision for diminution in value of investments			
Opening balance		861,897	958,614
Charge for the period / year		-	46,820
Reversal on disposal		(8,378)	(143,537)
		(8,378)	(96,717)
Closing balance		853,519	861,897
8 ADVANCES			
Loans, cash credits, running finances, etc.			
In Pakistan		33,928,409	29,845,102
Outside Pakistan		-	-
		33,928,409	29,845,102
Islamic financing and related assets		26,555,842	5,275,801
Net investment in Ijarah:			
In Pakistan		727,963	581,858
Outside Pakistan		-	-
		727,963	581,858
Bills discounted and purchased (excluding treasury bills)			
Payable in Pakistan		386,806	204,902
Payable outside Pakistan		174,612	146,816
		561,418	351,718
Advances - gross	8.1	61,773,632	36,054,479
Provision against loan and advances	8.2		
Specific		(4,591,246)	(4,379,722)
General		(37,474)	(30,872)
		(4,628,720)	(4,410,594)
Advances - net of provision		57,144,912	31,643,885

8.1 Advances include Rs. 5,419.490million (December 31, 2016: Rs. 5,456.524million) which have been placed under non-performing status as detailed below:

Category of classification	June 30, 2017 (Un-audited)				
	Classified advances			Provision required	Provision held
	Domestic	Overseas	Total		
----- Rupees in '000' -----					
Other Assets Especially Mentioned *	127,517	-	127,517	86	86
Substandard	57,287	-	57,287	6,115	6,115
Doubtful	117,160	-	117,160	3,809	3,809
Loss	5,117,526	-	5,117,526	4,581,236	4,581,236
	5,419,490	-	5,419,490	4,591,246	4,591,246

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2017

Category of classification	December 31, 2016 (Audited)				
	Classified Advances			Provision	Provision
	Domestic	Overseas	Total	required	held
----- Rupees in '000' -----					
Other Assets Especially Mentioned *	87,643	-	87,643	-	-
Substandard	288,582	-	288,582	55,851	55,851
Doubtful	627,585	-	627,585	302,838	302,838
Loss	4,452,714	-	4,452,714	4,021,033	4,021,033
	5,456,524	-	5,456,524	4,379,722	4,379,722

* Other Assets Especially Mentioned category pertains to agricultural finance and small enterprise finance.

8.1.1 State Bank of Pakistan through various circulars has allowed benefit of the forced sales value (FSV) of Plant & Machinery under charge, pledged stock and 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 June 30, 2017, the Bank has availed cumulative benefit of forced sale values of Rs. 596.831million (December 31, 2016:Rs. 453.778million). Increase in unappropriated profit net of tax amounting to Rs. 387.940million (December 31, 2016:Rs.294.956) is not available for the distribution of cash or stock dividend to the shareholders or bonus to employees.

8.2 Particulars of provision against loans and advances

	June 30, 2017 (Un-audited)			December 31, 2016 (Audited)		
	Specific	General	Total	Specific	General	Total
----- Rupees in '000' -----						
Opening balance	4,379,722	30,872	4,410,594	3,655,490	28,046	3,683,536
Charge for the period / year	372,664	6,602	379,266	1,060,047	2,826	1,062,873
Reversals	(161,140)	-	(161,140)	(335,815)	-	(335,815)
	211,524	6,602	218,126	724,232	2,826	727,058
Amounts written off	-	-	-	-	-	-
Closing balance	4,591,246	37,474	4,628,720	4,379,722	30,872	4,410,594
	(Un-audited)			(Audited)		
	June 30, 2017			December 31, 2016		

Rupees in '000'

9 OPERATING FIXED ASSETS

Capital work-in-progress	368,771	430,319
Property and equipment	1,831,488	1,597,222
Intangible assets	63,801	43,013
	2,264,060	2,070,554

9.1 Following additions / disposals have been made to / from property and equipment;

	June 30, 2017		June 30, 2016	
	(Un-audited)		(Un-audited)	
	Additions	Disposals	Additions	Disposals
----- Rs. in '000' -----				
Building on leasehold	-	-	-	11,620
Building	153,001	-	-	-
Furniture and fixtures	29,157	4,425	11,033	3,435
Office equipment	94,023	6,821	53,562	8,556
Vehicles	1,850	3,210	766	1,370
Renovations / Premises	79,826	13,223	34,507	11,072
	357,857	27,679	99,868	36,053
9.2 Additions to intangible assets	36,879	-	17,474	-

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2017

Note	(Un-audited) June 30, 2017	(Audited) December 31, 2016
Rupees in '000'		
10 BORROWINGS FROM FINANCIAL INSTITUTIONS		
Secured		
Borrowings from State Bank of Pakistan under:		
Export refinance scheme	1,824,900	1,698,000
Long term financing for export oriented projects	152,524	13,805
Refinance facility for SME	719	1,006
	1,978,143	1,712,811
Repurchase agreement borrowings	10.1 66,112,753	14,420,352
Borrowing from financial institution	10.2 19,681,450	9,695,393
	85,794,203	24,115,745
Unsecured		
Call borrowings	1,995,373	2,872,269
	89,767,719	28,700,825
10.1 Repurchase agreements with financial institutions carry interest rate of 5.96 % (2016: 5.96%) per annum with maturities up to July 07, 2017.		
10.2 Secured borrowing from financial institution carry interest rate ranging from 5.79% to 5.83% (2016: 5.80% to 5.81 %) per annum with maturities up to April 09, 2018.		
	(Un-audited) June 30, 2017	(Audited) December 31, 2016
	Rupees in '000'	
11 DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	52,676,968	61,494,660
Savings deposits	57,992,967	60,140,991
Current accounts - non-remunerative	35,216,444	28,280,085
Call deposits	3,920,723	5,316,386
Margin and sundry deposits	2,422,603	1,754,950
	152,229,705	156,987,072
Financial Institutions		
Remunerative deposits	15,928	32,224
Non-remunerative deposits	1,177	1,069
	17,105	33,293
	152,246,810	157,020,365
12 DEFERRED TAX LIABILITY		
Deferred tax asset arising in respect of:		
Provision for balances with other banks	3,510	3,510
Provision against loans and advances	25,619	43,027
Provision for diminution in value of investments	87,203	87,203
Provision for other assets	3,448	3,448
Re-measurement of defined benefit plan	31,103	31,103
Accelerated tax depreciation	3,018	4,859
Islamic Pool Management reserve	42,352	42,937
	196,253	216,087
Deferred tax liability arising in respect of:		
Surplus on revaluation of investment	(231,760)	(367,832)
	(231,760)	(367,832)
Deferred tax liability - net	(35,507)	(151,745)

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2017**

	(Un-audited) June 30, 2017	(Audited) December 31, 2016
	<u>Rupees in '000'</u>	
13 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX		
Surplus / (deficit) on revaluation of available-for-sale securities		
Federal government securities:		
- Market Treasury Bills	(25,543)	(19,676)
- Pakistan Investment Bonds	410,537	495,268
- Government of Pakistan Sukuks	113,481	124,554
Fully paid up ordinary shares - listed	163,696	450,801
Surplus on revaluation of fixed assets	662,171	1,050,947
Leasehold land	774,183	774,183
	1,436,354	1,825,130
Deferred tax liability - net	(231,760)	(367,832)
	1,204,594	1,457,298
14 CONTINGENCIES AND COMMITMENTS		
14.1 Direct credit substitutes		
Contingent liabilities in respect of guarantees given favouring:		
Banks	-	-
Others	556,378	539,084
	556,378	539,084
14.2 Transaction-related contingent liabilities		
Contingent liabilities in respect of performance bonds, bid bonds, warranties etc. given favouring:		
Government	9,201,189	6,935,508
Others	3,853,901	4,211,008
	13,055,090	11,146,516
This includes expired letters of guarantee aggregating to Rs. 3,687.174 million as at June 30, 2017 (December 31, 2016: Rs. 3,496.433 million) for which the formalities relating to return of the original documents are in process.		
	(Un-audited) June 30, 2017	(Audited) December 31, 2016
	<u>Rupees in '000'</u>	
14.3 Trade-related contingent liabilities		
Letters of credit		
Sight	2,289,536	1,790,467
Usance	572,027	360,776
	2,861,563	2,151,243
Acceptances	381,057	848,219
	3,242,620	2,999,462
14.4 Commitments in respect of forward exchange contracts		
Purchase	1,024,356	3,368,458
Sale	1,304,551	3,655,998

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2017

All forward exchange contracts are backed by trade related transactions to meet the needs of the Bank's clients to generate trading revenues and, as part of its asset and liability management activity, to hedge its own exposure to currency risk. At the period end, all foreign exchange contracts have a remaining maturity of less than one year.

(Un-audited) June 30, 2017	(Audited) December 31, 2016
Rupees in '000'	

14.5 Other commitments

Bills for collection

Inland bills

Foreign bills

79,375	117,019
402,432	659,128
481,807	776,147

14.6 Commitments to extend credit

The Bank makes commitments to extend credit in the normal course of its business but these being revocable commitments do not attract any significant penalty if the facility is unilaterally withdrawn.

14.7 Commitment for the acquisition of operating fixed assets

Commitments as on reporting date amounts to Rs. 164.577 million (December 31, 2016 : Rs. 256.979 million).

14.8 The income tax assessments of the Bank have been finalized upto tax year 2016.

14.9 During financial year 2011, the tax authorities issued an amended order for the tax year 2009 disallowing certain expenditure on account of lack of evidence for such expenditure resulting in an additional tax demand of Rs. 308.900 million. The Bank filed an appeal as well as rectification application against the said order. Based on rectification application, the order was amended and accordingly the additional demand was reduced to Rs. 256.349 million. During 2012, the Commissioner Inland Revenue (Appeals) [CIR (A)] through an order dated June 01, 2012 has deleted certain additions on account of disallowances except for the additions under certain heads of expenses having tax impact of approximately Rs. 23 million. The Bank had filed an appeal against the order of the Appellate Tribunal Inland Revenue (ATIR) in respect of remaining additions which also decided in favor of the Bank. Subsequently, CIR went in to appeal in Peshawar High Court. The management is confident that matter will be decided in Bank's favor.

14.10 The liquidator of the Indus Bank Limited (IBL), which is under liquidation since January 29, 2001, has lodged a claim of Rs. 11.518 million against the Bank in relation to a reverse repo transaction of Rs. 100 million with a maturity of February 08, 2001 secured against Federal Investment Bonds. The management of the Bank is confident that the above will have no financial impact as IBL is a defaulter of the Bank to the tune of Rs. 10.028 million which is already provided in these financial statements.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2017

	Three months ended June 30, 2017	Six months ended June 30, 2017	Three months ended June 30, 2016	Six months ended June 30, 2016
Rupees in '000'				
15 EARNINGS PER SHARE - BASIC AND DILUTED				
Profit after taxation for the period attributable to ordinary shareholders	580,889	939,118	416,318	1,021,013
	Number of Shares			
Weighted average number of ordinary shares outstanding during the period	1,000,252,485	1,000,252,485	1,000,252,485	1,000,252,485
Earnings per share - basic and diluted for the period (in Rupees)	0.58	0.94	0.42	1.02

There is no dilution effect on basic earnings per share.

16 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyses the financial and non-financial assets carried at fair values, by valuation methods. For financial assets, the Bank essentially carries its investments in debt and equity securities at fair values. Valuation of investments is carried out as per guidelines specified by the SBP. In case of non-financial assets, the Bank has adopted revaluation model (as per IAS 16) in respect of leasehold land.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2017**

June 30, 2017 (Un-audited)			
Fair Value			
Level 1	Level 2	Level 3	Total
----- Rupees in '000' -----			
On balance sheet financial instruments			
Financial assets measured at fair value			
Held for trading securities			
- Shares in listed companies	14,477	-	14,477
- Market Treasury Bills	-	243,048	243,048
- Pakistan Investment Bonds	-	1,963,356	1,963,356
	14,477	2,206,404	2,220,881
Available-for-sale securities			
- Market Treasury Bills	-	89,532,371	89,532,371
- Pakistan Investment Bonds	-	70,115,011	70,115,011
- Shares in listed companies	1,168,598	-	1,168,598
- GOP Ijarah Sukuk	-	6,363,925	6,363,925
- Term Finance Certificates (TFCs)	-	338,345	338,345
	1,168,598	166,349,652	167,518,250
Non - Financial Assets measured at fair value			
Operating fixed assets (Leasehold land)	-	891,441	891,441
Off balance sheet financial instruments			
Foreign exchange contracts purchase	-	1,024,356	1,024,356
Foreign exchange contracts sale	-	1,304,551	1,304,551

December 31, 2016 (Audited)

Fair Value			
Level 1	Level 2	Level 3	Total
----- Rupees in '000' -----			
On balance sheet financial instruments			
Financial assets measured at fair value			
Held for trading securities			
- Shares in listed companies	-	-	-
- Pakistan Investment Bonds	-	360,081	360,081
	-	360,081	360,081
Available-for-sale securities			
- Market Treasury Bills	-	58,021,425	58,021,425
- Pakistan Investment Bonds	-	66,013,454	66,013,454
- Shares in listed companies	1,339,413	-	1,339,413
- GOP Ijarah Sukuk	-	7,375,100	7,375,100
- Term Finance Certificates (TFCs)	-	307,312	307,312
	1,339,413	131,717,291	133,056,704
Non - Financial Assets measured at fair value			
Operating fixed assets (Leasehold land)	-	891,441	891,441
Off balance sheet financial instruments			
Foreign exchange contracts purchase	-	3,368,458	3,368,458
Foreign exchange contracts	-	3,655,998	3,655,998

The valuation techniques used for above assets are same as disclosed in annual audited financial statements for the year ended December 31, 2016.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2017**

The Bank's policy is to recognize transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred. There were no transfers between levels 1 and 2 during the year.

(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, FX options and Forward Exchange Contracts.

(c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.

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

Fully paid-up ordinary shares	Fair values of investments in listed equity securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange.
Units of mutual funds	Fair values of investments in units of mutual funds are determined based on redemption prices as at the close of the 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 (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.
Operating fixed assets (Leasehold land)	Leasehold land 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 INFORMATION (UN-AUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2017

Note	(Un-audited)	(Audited)
	June 30, 2017	December 31, 2016

17 KEY FINANCIAL FIGURES OF ISLAMIC BANKING GROUP

ASSETS

Cash and balances with treasury banks	3,297,592	2,480,843
Balances with other banks	1,845,154	7,964,712
Due from financial institutions	1,529,106	8,635,000
Investments	9,725,334	10,541,155
Islamic financing and related assets	27,045,244	5,626,934
Operating fixed assets	324,170	280,468
Other assets	904,265	107,985
	44,670,865	35,637,097

LIABILITIES

Bills payable	276,358	312,720
Due to Financial Institutions	450,000	-
Deposits and other accounts		
- Current accounts	19,601,478	13,647,809
- Saving accounts	15,327,715	12,665,688
- Term deposits	2,321,150	2,982,985
- Others	1,761,416	1,534,628
Deposits from financial institutions - remunerative	30	30
Deposits from financial institutions - non-remunerative	-	-
Other liabilities	633,120	416,387
	40,371,267	31,560,247
	4,299,598	4,076,850

NET ASSETS

REPRESENTED BY

Islamic banking fund	460,000	460,000
Profit equalization reserves	38,678	38,125
Unappropriated profit	3,699,115	3,461,284
	4,197,793	3,959,409
Surplus on revaluation of assets	101,805	117,441
	4,299,598	4,076,850

Remuneration to Shariah Advisor during the period / year

2,035 **3,713**

CHARITY FUND

Opening balance	-	-
Additions during the period / year		
Default obligations amount (on delay payments)	1,931	4,755
Income from transactions declared in Non-Shariah Compliance	5	280
Purification of dividend/Income from shares	444	120
Others	20	94
	2,400	5,249

Distribution of charity

Welfare	(100)	(1,749)
Health	-	(3,500)
Payments during the period / year	(100)	(5,249)
Closing balance	2,300	-

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2017

The profit and loss account of the Islamic Banking Group for the six months ended June 30, 2017 is as

	Note	(Un-audited)	(Un-audited)
		June 30, 2017	June 30, 2016
Rupees in '000'			
Income / return / profit earned		1,099,071	892,857
Income / return / profit expensed		(315,730)	(258,016)
		783,341	634,841
Provision against loans and advances - net		7,836	25,224
(Reversal) / provision for diminution in value of investments		(7,951)	7,951
		(115)	33,175
Net income / return / profit after provisions		783,456	601,666
OTHER INCOME			
Fee, commission and brokerage income		36,887	40,709
Dividend income		893	1,585
Income from dealing in foreign currencies		18,221	25,752
Unrealised gain / (loss) on revaluation of held-for-trading securities		-	-
Gain on sale of securities		-	218
Other income		19,560	12,823
Total other income		75,561	81,087
		859,017	682,753
OTHER EXPENSES			
Administrative expenses		621,173	536,260
Other provision / write-off		-	-
Other charges		13	12
Total other charges		621,186	536,272
Net profit for the period		237,831	146,481
		(Un-audited)	(Audited)
		June 30, 2017	December 31, 2016
Rupees in '000'			
A-1 Islamic Financing and Related Assets			
Murabaha financings	A-1.1	2,379,580	1,643,500
Ijarah financings	A-1.2	727,963	581,858
Diminishing musharaka	A-1.3	1,962,391	2,426,660
Istisna work-in-progress	A-1.4	2,200,000	1,200,000
Salam financing	A-1.5	20,000,000	-
Qarz-e-Hasna		13,871	5,641
Others		-	-
		27,283,805	5,857,659
Provision for non-performing facilities		(238,561)	(230,725)
		27,045,244	5,626,934

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2017**

	(Un-audited) June 30, 2017	(Audited) December 31, 2016
	Rupees in '000'	
A-1.1 Murabaha financings		
Murabaha receivable	1,562,610	1,426,245
Assets / Inventories	816,970	217,255
	2,379,580	1,643,500
A-1.2 Ijarah financings		
Net investment in Ijarah	5,307	6,785
Ijarah under IFAS-II		
- Ijarah	643,540	554,439
- Advances	79,116	20,634
Assets/Inventories/Advances	722,656	575,073
	727,963	581,858
A-1.3 Diminishing musharaka		
Diminishing musharaka	1,877,237	2,385,860
Advances / Inventories	85,154	40,800
	1,962,391	2,426,660
A-1.4 Istisna Work in process		
Istisna work in process	1,750,000	1,200,000
Istisna sales receivable	450,000	-
	2,200,000	1,200,000
A-1.5 Salam Financing		
Salam financing	8,500,000	-
Salam sales receivable	11,500,000	-
	20,000,000	-

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2017

18 RELATED PARTY TRANSACTIONS

The Bank has related party relationships with Government of Khyber Pakhtunkhwa (majority shareholder), associates, directors, key management personnel, staff retirement benefit plans and other related parties.

Banking transactions with related parties are carried out in the normal course of business at agreed terms. Contributions to and accruals in respect of staff retirement benefit plans are made in accordance with actuarial valuation. Refer to note No. 7.1 of the condensed interim financial statements for investment in related party.

Transactions with key management personnel are in accordance with the terms of their employment. Other transactions are at agreed terms.

18.1 Details of transactions with related parties as at the period / year end are as follows:

	June 30, 2017 (Un-audited)			December 31, 2016 (Audited)		
	Directors and key management personnel	Associate	Employee Funds	Directors and key management personnel	Associate	Employee Funds
----- Rupees in '000' -----						
Advances:						
At January 1,	193,406	-	-	157,795	-	-
Disbursed during the period / year	75,151	-	-	91,027	-	-
Repaid during the period / year	(28,973)	-	-	(55,416)	-	-
Balance as at June 30 / December 31	239,584	-	-	193,406	-	-
Deposits:						
At January 1,	43,360	21,677	281,325	18,216	15,852	74,963
Deposited during the period / year	260,910	29,672	936,624	241,700	37,685	555,817
Repaid during the period / year	(260,157)	(29,602)	(262,408)	(216,556)	(31,860)	(349,455)
Balance as at June 30 / December 31	44,113	21,747	955,541	43,360	21,677	281,325
	For the six months ended June 30, 2017 (Un-audited)			For the six months ended June 30, 2016 (Un-audited)		
	Directors and key management personnel	Associate	Employee Funds	Directors and key management personnel	Associate	Employee Funds
----- Rupees in '000' -----						
Transactions, income and expenditure						
Mark-up / return / interest earned	4,648	-	-	1,614	-	-
Mark-up / return / interest expended	902	707	22,354	280	347	1,193
Fees and expenses	3,354	-	-	2,406	-	-

18.2 Although the Government of Khyber Pakhtunkhwa holds 70.20% shares of the Bank (December 31, 2016: 70.20%), the transactions with it have not been treated as related party transactions for the purpose of this disclosure.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2017

19 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The segment analysis with respect to business activity is as follows:-

	For the six months ended June 30, 2017 (Un-audited)				
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Total
	Rupees in '000'				
Total income	3,240,507	1,468,750	79,850	3,382,233	8,171,340
Total expenses	(2,837,438)	(1,119,429)	(55,387)	(3,219,969)	(7,232,222)
Net income	403,069	349,321	24,463	162,264	939,118

	For the six months ended June 30, 2016 (Un-audited)				
	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Total
	Rupees in '000'				
Total income	3,560,988	1,415,270	127,918	1,873,326	6,977,502
Total expenses	(3,424,971)	(737,341)	(100,249)	(1,693,928)	(5,956,489)
Net income	136,017	677,929	27,669	179,398	1,021,013

20 GENERAL

20.1 Date of authorisation for issue

This condensed interim financial information was authorised for issue on August 18, 2017 by the Board of Directors of the Bank.



Managing Director



Director



Director



Director