



The Bank of Khyber



# **CONDENSED INTERIM FINANCIAL INFORMATION**

For the Period Ended March 31, 2021

Condensed Interim

# **FINANCIAL INFORMATION**

For the Period Ended March 31, 2021



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## **CORPORATE INFORMATION**

### **Board of Directors**

Shakeel Qadir Khan	Chairman/Non-Executive Director
Atif Rehman	Non-Executive Director
Maqsood Ismail Ahmad	Non-Executive Director
Asad Muhammad Iqbal	Independent Director
Javed Akhtar	Independent Director
Rashid Ali Khan	Independent Director
Saleha Asif	Independent Director

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

Ihsan Ullah Ihsan

### **Shariah Board**

Mufti Muhammad Zahid	Chairman Shariah Board
Mufti Muhammad Ibrahim Essa	Member Shariah Board
Qazi Abdul Samad	Resident Shariah Board Member (RSBM)

### **Board Audit Committee**

Asad Muhammad Iqbal	Chairman
Atif Rehman	Member
Javed Akhtar	Member

### **Board Human Resource & Remuneration Committee**

Saleha Asif	Chairperson
Maqsood Ismail Ahmad	Member
Rashid Ali Khan	Member
Managing Director	Member

### **Board Risk Management Committee**

Maqsood Ismail Ahmad	Chairman
Atif Rehman	Member
Javed Akhtar	Member
Rashid Ali Khan	Member

### **Board I.T Steering Committee**

Javed Akhtar	Chairman
Asad Muhammad Iqbal	Member
Saleha Asif	Member

**Board Compliance Committee**

Rashid Ali Khan

Javed Akhtar

Saleha Asif

Chairman

Member

Member

**Board Investment Committee**

Atif Rehman

Maqsood Ismail Ahmad

Asad Muhammad Iqbal

Managing Director

Chairman

Member

Member

Member

**Chief Financial Officer**

Irfan Saleem Awan

**Company Secretary**

Zahid Sahibzada

**Registered Office / Head Office****The Bank of Khyber**

24 – The Mall, Peshawar Cantt.

1<sup>st</sup> Floor, State Life Building, 34 – The Mall,  
Peshawar Cantt., Pakistan  
UAN# 00-92-91-111 95 95 95  
URL: [www.bok.com.pk](http://www.bok.com.pk)

**Auditors**

EY Ford Rhodes

Chartered Accountants

**Legal Advisors**

Mr. Nisar Ahmed Khan,

Advocate, Peshawar

M/s. Mohsin Tayebaly &amp; Co., Karachi

**Registrar and Share Registration Office**

THK Associates (Pvt) Ltd.

1<sup>st</sup> Floor, 40-C, Block 6

P.E.C.H.S, Karachi – 75530

Pakistan.

## **Directors' Review**

On behalf of the Board of Directors of the Bank of Khyber, I am pleased to present the condensed interim financial information of the Bank for the 1<sup>st</sup> quarter ended March 31, 2021. The results are inclusive of Islamic Banking Operations:

### **Financial Highlights**

The financial results of the Bank of Khyber for the 1<sup>st</sup> quarter ended March 31, 2021 are as under:

	<b>(Rs. in Million)</b>	
	<b>March 31 2021</b>	<b>December 31 2020</b>
Total Assets	297,027	288,300
Deposits	214,984	203,072
Advances (Gross)	142,888	134,907
Investments (Net)	117,164	113,479

	<b>(Rs. in Million)</b>	
	<b>Period Ended March 31 2021</b>	<b>2020</b>
Operating Profit	741	1,023
Provision against non-performing advances/others	88	140
Profit before taxation	653	883
Taxation	214	335
Profit after tax	439	548

### **Performance Review**

The third wave of COVID-19 continues to take toll on economies around the world. Although worldwide vaccination is underway, the pandemic has yet to be contained. Pakistan has been hit particularly hard by the third wave and the government is taking various measures in the health sector and allowing certain incentives and relaxations to ease difficult business conditions.

Despite non conducive business environment, the Bank of Khyber has demonstrated good financial performance. An upward trajectory has been witnessed in all the major financial indicators which is the result of proactive and prudent approach in handling fallout of the pandemic.

For the quarter ended March 31, 2021, the Bank posted Rs.653 million profit before tax whereas profit after tax with decrease of 20% stood at Rs.439 million as compared to Rs.548 million for the same period of 2020.

With slight increase from the year end 2020, deposits and advances stood at Rs.214,984 million and Rs.142,888 million respectively. Investments with a minor increase stood at Rs.117,164 million.

At the end of the quarter under review, the Bank was operating with 179 branches, 11 sub-branches and 7 permanent booths throughout the country wherein 92 branches were working as dedicated Islamic Banking Branches.

### **Future Outlook**

The future economic growth is highly uncertain in the wake of the third wave of the pandemic however, the country has shown signs of economic recovery. In the private sector, many firms still remain vulnerable and require support to prevent closures and further job losses. The government is easing the lockdown and allowing many sectors to resume activities. This is expected to result in improved business environment paving the way to regain economic momentum.

In these circumstances, the Bank of Khyber is repositioning itself with better understanding of the situation and taking necessary measures to cope with the situation.

### **Credit Rating**

VIS Credit Rating Company Ltd. (VIS) and the Pakistan Credit Rating Agency Limited (PACRA) have maintained the long term and short term entity ratings of the Bank at “A” (Single A) and “A-1” (A One) respectively. Outlook on the assigned ratings is “Stable”.

The ratings denote low expectation of credit risk emanating from strong capacity for timely payment of financial commitments.

### **Acknowledgement**

The Board would like to thank the Provincial Government, State Bank of Pakistan and other regulatory authorities for their 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



**Ihsan Ullah Ihsan**  
Managing Director (Acting)

Peshawar: April 26, 2021

**THE BANK OF KHYBER**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2021**

		(Un-audited) March 31, 2021	(Audited) December 31, 2020
	Note	----- Rupees in '000 -----	
<b>ASSETS</b>			
Cash and balances with treasury banks	5	10,908,944	15,840,359
Balances with other banks	6	5,920,558	9,092,355
Lendings to financial institutions	7	12,691,891	7,297,519
Investments	8	117,164,265	113,478,994
Advances	9	136,955,745	129,063,377
Fixed assets	10	3,473,107	3,472,025
Intangible assets	11	504,593	532,167
Deferred tax assets	12	649,437	459,902
Other assets	13	8,758,900	9,063,193
		297,027,440	288,299,891
<b>LIABILITIES</b>			
Bills payable	14	781,824	944,140
Borrowings	15	55,330,653	57,063,018
Deposits and other accounts	16	214,984,187	203,071,658
Liabilities against assets subject to finance lease		-	-
Subordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	17	9,480,104	9,449,525
		280,576,768	270,528,341
<b>NET ASSETS</b>		16,450,672	17,771,550
<b>REPRESENTED BY</b>			
Share capital	18	10,502,710	10,002,524
Reserves		3,422,946	3,335,048
Surplus on revaluation of assets	19	907,151	1,166,961
Unappropriated profit		1,617,865	3,267,017
		16,450,672	17,771,550
<b>CONTINGENCIES AND COMMITMENTS</b>			
	20		

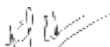
The annexed notes 1 to 39 form an integral part of these condensed interim financial statements.



**MANAGING  
DIRECTOR**



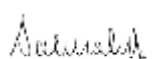
**CHIEF FINANCIAL  
OFFICER**



**DIRECTOR**



**DIRECTOR**



**DIRECTOR**


**THE BANK OF KHYBER  
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021**

	Note	January 01 to March 31, 2021	January 01 to March,31 2020
		Rupees in '000	
Mark-up/return/interest earned	21	5,540,980	7,933,485
Mark-up/return/interest expensed	22	3,743,295	6,480,194
Net mark-up/ interest income		1,797,685	1,453,291
<b>NON MARK-UP/INTEREST INCOME</b>			
Fee and commission income	23	70,725	80,553
Dividend income		5,284	2,030
Foreign exchange income		235,851	176,171
(Loss) / gain on securities	24	(176,612)	361,848
Other income	25	24,640	29,878
Total non-markup/interest income		159,888	650,480
Total income		1,957,573	2,103,771
<b>NON MARK-UP/INTEREST EXPENSE</b>			
Operating expenses	26	1,214,323	1,067,473
Workers Welfare Fund		-	-
Other charges	27	2,300	12,802
Total non-markup/interest expenses		1,216,623	1,080,275
<b>PROFIT BEFORE PROVISIONS</b>		740,950	1,023,496
Provisions and write offs - net	28	87,720	139,908
<b>PROFIT BEFORE TAXATION</b>		653,230	883,588
Taxation	29	213,741	335,359
<b>PROFIT AFTER TAXATION</b>		439,489	548,229
<b>Basic and diluted earnings per share (Rs.)</b>	30	0.42	0.52

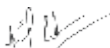
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**THE BANK OF KHYBER  
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021**

	January 01 to March 31, 2021	January 01 to March 31, 2020
	Rupees in '000	
Profit after taxation	439,489	548,229
<b>Other comprehensive income</b>		
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>		
Net movement in fair value of available for sale securities - net of tax	(256,811)	1,748,991
<b>Items that will not be reclassified to profit and loss account in subsequent periods:</b>		
Net movement in surplus on revaluation of non-banking assets - net of tax	(2,999)	-
<b>Total comprehensive income</b>	<b>179,679</b>	<b>2,297,220</b>

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



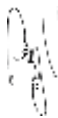
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**THE BANK OF KHYBER**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021**

	Share capital	Statutory reserve	Surplus / (deficit) on revaluation of			Unappropriated profit	Total
			Investments	Fixed assets	Non-banking assets		
			Rupees in '000				
<b>Balance as at December 31, 2019 (audited)</b>	10,002,524	2,904,691	(1,554,853)	774,183	-	2,074,808	14,201,353
Profit after taxation for the three months ended March 31, 2020	-	-	-	-	-	548,229	548,229
Other comprehensive income - net of tax	-	-	1,748,991	-	-	-	1,748,991
Transfer to statutory reserves	-	-	1,748,991	-	-	548,229	2,297,220
Transfer to statutory reserves	-	109,646	-	-	-	(109,646)	-
<b>Transactions with owners recorded directly in equity</b>							
Final cash dividend for the year ended December 31, 2019 (Rs.0.50 per share)	-	-	-	-	-	-	-
<b>Balance as at March 31, 2020 (un-audited)</b>	10,002,524	3,014,337	194,138	774,183	-	2,013,205	15,998,387
Profit after taxation for the nine months ended December 31, 2020	-	-	-	-	-	1,603,554	1,603,554
Other comprehensive income - net of tax	-	-	137,987	11,919	48,734	(29,031)	168,609
Transfer to statutory reserve	-	-	137,987	11,919	48,734	1,574,523	1,773,163
<b>Balance as at December 31, 2020 (audited)</b>	10,002,524	3,335,048	332,125	786,102	48,734	3,267,017	17,771,550
Profit after taxation for the three months ended March 31, 2021	-	-	-	-	-	439,489	439,489
Other comprehensive income - net of tax	-	-	(256,811)	-	(2,999)	-	(259,810)
Transfer to statutory reserve	-	-	(256,811)	-	(2,999)	439,489	179,679
<b>Transactions with owners recorded directly in equity</b>							
Final cash dividend for the year ended December 31, 2020 (Rs.1.50 per share)	-	87,898	-	-	-	(87,898)	-
Bonus shares for the year ended December 31, 2020 (Rs. 0.50 per share)	-	-	-	-	-	(1,500,557)	(1,500,557)
<b>Balance as at March 31, 2021 (un-audited)</b>	500,186	3,422,946	75,314	786,102	45,735	(500,186)	16,450,672

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



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**THE BANK OF KHYBER**  
**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021**

	January 01 to March 31, 2021	January 01 to March 31, 2020
	----- Rupees in '000 -----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	653,230	883,588
Less: Dividend income	5,284	2,030
	<u>647,946</u>	<u>881,558</u>
<b>Adjustments:</b>		
Depreciation - Fixed assets	70,653	71,749
Depreciation - Non-banking assets acquired in satisfaction of claims	5,132	13,276
Depreciation - Right-of-use assets	88,806	82,345
Amortization	21,842	9,346
Provisions - net	87,720	139,908
Mark-up expense on lease liability against right-of-use assets	28,118	35,504
Loss / (gain) on sale of fixed assets	9	(61)
	<u>302,280</u>	<u>352,067</u>
	<u>950,226</u>	<u>1,233,625</u>
<b>(Increase) / Decrease in operating assets</b>		
Lendings to financial institutions	(5,394,372)	5,449,156
Held-for-trading securities	1,267,903	(101,756)
Advances	(7,980,593)	(2,780,050)
Others assets (excluding advance taxation)	304,293	409,534
	<u>(11,802,769)</u>	<u>2,976,884</u>
<b>Increase / (Decrease) in operating liabilities</b>		
Bills payable	(162,316)	(486,603)
Borrowings from financial institutions	(1,732,365)	19,458,056
Deposits	11,912,529	(23,501,323)
Other liabilities	(854,467)	(4,230,308)
	<u>9,163,381</u>	<u>(8,760,178)</u>
Income tax paid	(834,860)	(104,399)
<b>Net cash used in operating activities</b>	<u>(2,524,022)</u>	<u>(4,654,068)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments in available-for-sale securities	(5,409,315)	(2,945,402)
Net investments in held-to-maturity securities	69,150	1,907,431
Dividends received	5,284	2,030
Investments in operating fixed assets	(143,632)	(62,850)
Proceeds from sale of fixed assets	6	61
<b>Net cash used in investing activities</b>	<u>(5,478,507)</u>	<u>(1,098,730)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	(17)	-
Payment against lease liabilities	(100,666)	(85,021)
<b>Net cash used in financing activities</b>	<u>(100,683)</u>	<u>(85,021)</u>
Net decrease in cash and cash equivalents	<u>(8,103,212)</u>	<u>(5,837,819)</u>
Cash and cash equivalents at beginning of the period	<u>24,932,714</u>	<u>20,367,877</u>
Cash and cash equivalents at end of the period	<u>16,829,502</u>	<u>14,530,058</u>

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



**MANAGING  
DIRECTOR**



**CHIEF FINANCIAL  
OFFICER**



**DIRECTOR**



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**THE BANK OF KHYBER**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021**

**1 STATUS AND NATURE OF BUSINESS**

The Bank of Khyber ("the Bank") was established under The Bank of Khyber Act, 1991 and is principally engaged in the business of commercial banking and related services. The Bank acquired the status of a scheduled bank in 1994 and is listed on the Pakistan Stock Exchange Limited. The registered office of the Bank is situated at 24-The Mall, Peshawar Cantt, Peshawar and it has been temporarily shifted to 1st Floor, State Life Building, 34 - The Mall, Peshawar Cantt. The Bank operates 179 branches including 92 Islamic banking branches (2020: 179 branches including 91 Islamic banking branches). The long term credit ratings of the Bank assigned by The Pakistan Credit Rating Agency Limited (PACRA) and VIS Credit Rating Company Limited are 'A' and 'A' respectively and the short-term credit ratings assigned are 'A-1' (A-One) and 'A-1' (A-One) respectively.

**2 BASIS OF PREPARATION**

- 2.1** In accordance with the directives of the Federal Government regarding the shifting of the banking system to Islamic modes, the State Bank of Pakistan (SBP) has issued various circulars from time to time. Permissible forms of trade-related modes of financing include purchase of goods by the banks from their customers and immediate resale to them at appropriate profit in price on deferred payment basis. The purchases and sales arising under the respective arrangements (except for Murabaha financings accounted for under Islamic Financial Accounting Standard - 1 "Murabaha") are not reflected in these financial statements as such, but are restricted to the amount of facility actually utilized and the appropriate portion of profit thereon.
- 2.2** The Islamic banking branches of the Bank have complied with the requirements as set out in the Islamic Financial Accounting Standards (IFAS), issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the provisions of Companies Act, 2017.
- 2.3** The financial results of the Islamic Banking Branches have been included in these condensed interim financial statements for reporting purpose, after eliminating the effects of inter-branch transactions and balances. Key financial figures of the Islamic Banking Branches are disclosed in note 36 to these condensed interim financial statements.
- 2.4** These condensed interim financial statements have been presented in Pakistani Rupee, which is the Bank's functional and presentation currency. The figures have been rounded off to the nearest thousand rupees, unless otherwise stated.
- 2.5** In these condensed interim financial statements, investments in associates are reported on the basis of direct equity interest and are not consolidated or accounted for by using equity method of accounting.

**3 STATEMENT OF COMPLIANCE**

- 3.1** These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP).

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

- 3.2** The SBP, vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 40, Investment Property for banking companies till further instructions. Further, according to a notification of SECP dated April 28, 2008, IFRS 7 "Financial Instruments: Disclosure" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by SBP through its various circulars.

**THE BANK OF KHYBER  
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021**

**3.3** SBP through BPRD Circular No. 04 of 2015 dated February 25, 2015 has deferred applicability of Islamic Financial Accounting Standard-3 for Profit & Loss Sharing on Deposits (IFAS-3) issued by the Institute of Chartered Accountants of Pakistan and notified by the Securities and Exchange Commission of Pakistan (SECP), vide their SRO No. 571 of 2013 dated June 12, 2013 for institutions offering Islamic financial services. The standard will result in certain new disclosures in the financial statements of the Bank as and when notified by SBP.

**3.4** The disclosures made in these condensed interim financial statements have been limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 5 dated March 22, 2019 and IAS 34. These condensed interim financial statements do not include all the information and disclosures required for annual financial statements and should be read in conjunction with the annual financial statements for the year ended December 31, 2020.

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

**4.1 Significant Accounting Policies**

The accounting policies, underlying estimates and judgments and method of computation followed in the preparation of these condensed interim financial statements are same as those applied in preparing the most recent annual financial statements of the Bank for the year ended December 31, 2020.

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

There are certain new standards and interpretations of and amendments to existing accounting and reporting standards that have become applicable to the Bank for accounting periods beginning on or after January 01, 2021. These are considered either not to be relevant or not to have any significant impact on the Bank's financial statements.

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

As per the SBP's BPRD circular No.4, dated October 23, 2019, effective date for implementation of IFRS 9 'Financial Instruments' for the banks in Pakistan was January 01, 2021. However, in this regard, SBP's detailed application instructions for the banking industry are awaited and therefore the requirements of this standard have not been considered in the preparation of these condensed interim financial statements. Moreover, the Bank has calculated the impact that will arise on the financial statements of the Bank upon adoption of IFRS 9. This impact calculation will be finalized after issuance of IFRS 9 application instructions by SBP.

There are other new and amended standards and interpretations mandatory for the Bank's accounting period beginning on or after January 01, 2022. The Bank expects that the adoption of those amendments to accounting and reporting standards will not affect its financial statements in the period of initial application.

**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, 2020.

**4.5 Financial risk management**

The financial risk management objectives and policies adopted by the Bank are consistent with those disclosed in the most recent financial statements of the Bank for the year ended December 31, 2020.

The Risk Management function of the Bank is regularly conducting assessments of the borrowers which were affected due to COVID-19 and had availed the SBP enabled deferments / restructurings and reschedulings during FY-2020. While the full credit impact of the outstanding deferments / restructurings and reschedulings is difficult to predict, the Bank following a prudent stance has maintained a buffer against unforeseen loan losses in order to preserve the quality of its credit portfolio. Accordingly, at the quarter ended March 31, 2021, the Bank continues to hold the additional general provision of Rs. 1,135 million (December 31, 2020: 1,135 million) that was created during FY-2020.

**THE BANK OF KHYBER**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021**

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
	----- Rupees in '000 -----	
<b>5 CASH AND BALANCES WITH TREASURY BANKS</b>		
<b>In hand</b>		
Local currency	3,252,880	3,736,533
Foreign currency	189,936	331,742
	3,442,816	4,068,275
<b>With State Bank of Pakistan in</b>		
Local currency current account	5,960,131	10,940,891
Foreign currency current account	32,234	23,896
Foreign currency deposit account	73,400	84,792
	6,065,765	11,049,579
<b>With National Bank of Pakistan in</b>		
Local currency current account	1,382,169	676,909
Local currency deposit account	1,702	311
Foreign currency deposit account	-	1,230
	1,383,871	678,450
Prize bonds	16,492	44,055
	<b>10,908,944</b>	<b>15,840,359</b>
<b>6 BALANCES WITH OTHER BANKS</b>		
<b>In Pakistan</b>		
In current accounts	1,726,402	1,963,147
In deposit accounts	1,907,637	1,327,882
	3,634,039	3,291,029
<b>Outside Pakistan</b>		
In current accounts	2,064,354	5,811,354
In deposit accounts	232,193	-
	2,296,547	5,811,354
Provision for doubtful placement with the bank	(10,028)	(10,028)
	<b>5,920,558</b>	<b>9,092,355</b>
<b>7 LENDINGS TO FINANCIAL INSTITUTIONS</b>		
Repurchase agreement lendings (Reverse Repo)	9,691,891	7,297,519
Placements with financial institutions	3,238,944	238,944
	12,930,835	7,536,463
Less: Provision held against Lending to Financial Institutions	(238,944)	(238,944)
<b>Lendings to Financial Institutions - net of provision</b>	<b>12,691,891</b>	<b>7,297,519</b>

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**7.1 Category of classification**

	(Un-audited)		(Audited)	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Classified lending	Provision held	Classified lending	Provision held	Provision held
Rupees in '000				
Domestic	238,944	238,944	238,944	238,944
Loss	238,944	238,944	238,944	238,944
Overseas	-	-	-	-
Not past due but impaired	-	-	-	-
Overdue by:	-	-	-	-
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	-	-	-	-
> 365 days	-	-	-	-
<b>Total</b>	<b>238,944</b>	<b>238,944</b>	<b>238,944</b>	<b>238,944</b>

**8 INVESTMENTS**

**8.1 Investments by type:**

	(Un-audited)				(Audited)			
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Investments by type:	Cost / amortized cost	Surplus	Carrying value	Provision for diminution	Cost / amortized cost	Surplus	Carrying value	Provision for diminution
Rupees in '000								
<b>Held for trading securities</b>								
Federal Government Securities	-	-	-	-	815,450	-	934	816,384
Shares	-	-	-	-	-	-	-	-
Mutual Funds	-	-	-	-	450,590	-	929	451,519
					1,266,040	-	1,863	1,267,903
<b>Available-for-sale securities</b>								
Federal Government Securities	92,903,546	25,217	92,928,763	-	87,750,166	-	424,475	88,174,641
Shares	879,686	51,003	365,068	(565,621)	873,934	(566,126)	81,210	389,018
Non Government Debt Securities	8,043,376	47,241	7,914,618	(175,999)	7,793,193	(175,999)	5,272	7,622,466
	101,826,608	123,461	101,208,449	(741,620)	96,417,293	(742,125)	510,957	96,166,125
<b>Held-to-maturity securities</b>								
Federal Government Securities	15,915,312	-	15,915,312	-	15,984,462	-	15,984,462	-
	15,915,312	-	15,915,312	-	15,984,462	-	15,984,462	-
<b>Associate</b>	40,504	-	40,504	-	40,504	-	-	40,504
<b>Total Investments</b>	<b>117,782,424</b>	<b>123,461</b>	<b>117,164,265</b>	<b>(741,620)</b>	<b>113,709,299</b>	<b>(742,125)</b>	<b>512,820</b>	<b>113,478,994</b>

**8.2 Investments given as collateral**

Market Treasury Bills  
Pakistan Investment Bonds

These represent the market values of securities at reporting date.

(Un-audited)		(Audited)	
March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Rupees in '000			
21,490,882	14,586,712	21,490,882	14,586,712
15,500,347	33,084,072	15,500,347	33,084,072
36,991,229	47,670,784	36,991,229	47,670,784

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	(Un-audited) March 31, 2021	(Audited) December 31, 2020
<b>8.3 Provision for diminution in value of investments</b>	<b>— Rupees in '000 —</b>	
Opening balance	742,125	742,125
<b>Charge / (reversals)</b>		
Charge for the period/ year	-	-
Reversals for the period/ year	-	-
Reversal on disposals	(505)	-
Closing balance	(505)	-
	<b>741,620</b>	<b>742,125</b>

**8.4 Particulars of provision against debt securities**

Category of classification	(Un-audited)		(Audited)	
	March 31, 2021		December 31, 2020	
	NPI	Provision	NPI	Provision
	Rupees in '000			
<b>Domestic</b>				
Other assets especially mentioned	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Loss	175,999	175,999	175,999	175,999
	175,999	175,999	175,999	175,999
<b>Overseas</b>				
Not past due but impaired	-	-	-	-
Overdue by:				
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	-	-	-	-
> 365 days	-	-	-	-
	-	-	-	-
<b>Total</b>	175,999	175,999	175,999	175,999

8.5 The market value of securities classified as held-to-maturity amounted to Rs. 15,830 million as at March 31, 2021 (December 31, 2020: Rs. 16,039 million).

**9 ADVANCES**

	<b>Performing</b>		<b>Non performing</b>		<b>Total</b>	
	<b>Un-audited</b>	<b>Audited</b>	<b>Un-audited</b>	<b>Audited</b>	<b>Un-audited</b>	<b>Audited</b>
	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2021</b>	<b>December 31, 2020</b>
	<b>— Rupees in '000 —</b>					
Loans, cash credits, running finances, etc.	76,010,553	77,881,509	6,237,956	6,232,468	82,248,509	84,113,977
Islamic financing and related assets	57,761,574	48,208,466	1,023,188	823,842	58,784,762	49,032,308
Bills discounted and purchased	1,634,659	1,541,327	219,905	219,630	1,854,564	1,760,957
Advances - gross	135,406,786	127,631,302	7,481,049	7,275,940	142,887,835	134,907,242
<b>Provision against advances</b>						
- Specific	-	-	4,746,711	4,662,740	4,746,711	4,662,740
- General	1,185,379	1,181,125	-	-	1,185,379	1,181,125
	1,185,379	1,181,125	4,746,711	4,662,740	5,932,090	5,843,865
Advances - net of provision	134,221,407	126,450,177	2,734,338	2,613,200	136,955,745	129,063,377

**9.1 Particulars of advances (gross)**

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
	<b>— Rupees in '000 —</b>	
In local currency	142,887,835	134,907,242
In foreign currency	-	-
	<b>142,887,835</b>	<b>134,907,242</b>

9.2 Advances include Rs. 7,481,049 million (December 31, 2020: Rs. 7,275,940 million) which have been placed under non-performing status as detailed below:-

Category of classification	(Un-audited)		(Audited)	
	March 31, 2021		December 31, 2020	
	Non performing loans	Provision	Non performing loans	Provision
	Rupees in '000			
Domestic				
Other assets especially mentioned	71,021	460	45,232	68
Substandard	304,855	14,367	352,950	9,975
Doubtful	1,178,223	188,783	1,615,105	225,044
Loss	5,926,950	4,543,101	5,262,653	4,427,653
	7,481,049	4,746,711	7,275,940	4,662,740
Overseas				
Not past due but impaired	-	-	-	-
Overdue by:				
Upto 90 days	-	-	-	-
91 to 180 days	-	-	-	-
181 to 365 days	-	-	-	-
> 365 days	-	-	-	-
	-	-	-	-
Total	7,481,049	4,746,711	7,275,940	4,662,740

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9.3	Particulars of provision against advances	(Un-audited) March 31, 2021			(Audited) December 31, 2020		
		Specific	General	Total	Specific	General	Total
		----- Rupees in '000 -----					
	Opening balance	4,662,740	1,181,125	5,843,865	4,190,185	43,675	4,233,860
	Charge for the period / year	96,294	4,549	100,843	567,889	1,139,838	1,707,727
	Reversals	(12,323)	(295)	(12,618)	(95,334)	(2,388)	(97,722)
		83,971	4,254	88,225	472,555	1,137,450	1,610,005
	Closing balance	4,746,711	1,185,379	5,932,090	4,662,740	1,181,125	5,843,865

9.3.1 State Bank of Pakistan through BSD Circular No.1 dated October 21, 2011 has allowed benefit of the forced sales value (FSV) of plant & machinery under charge, pledged stocks & mortgaged residential, commercial and industrial properties (land and building only) held as collateral against Non-Performing Loans (NPLs) for a maximum of five years from the date of classification. As at March 31, 2021 the Bank has availed cumulative benefit of forced sales value of Rs. 1,766,015 million (December 31, 2020: Rs. 1,429,839 million). Increase in unappropriated profit amounting to Rs. 1,077,269 million (December 31, 2020: Rs. 929,395 million) is not available for the distribution of cash or stock dividend to shareholders or bonus to employees.

9.3.2 General provision includes additional provision of Rs. 1,135 million (December 31, 2020: 1,135 million) prudently held as a buffer for any unforeseen credit losses in view of COVID-19 as disclosed in note 4.5.

10	FIXED ASSETS	Note	(Un-audited) March 31, 2021	(Audited) December 31, 2020
			----- Rupees in '000 -----	
	Capital work-in-progress	10.1	956,819	928,839
	Property and equipment		1,727,390	1,665,483
	Right of use assets		788,898	877,703
	<b>Total</b>		<b>3,473,107</b>	<b>3,472,025</b>
10.1	<b>Capital work-in-progress</b>			
	Civil works		815,959	775,138
	Equipments		66,259	63,349
	Advances to suppliers		74,601	90,352
	<b>Total</b>	10.1.1	<b>956,819</b>	<b>928,839</b>

10.1.1 This also includes expenditure incurred on new head office building which is under construction.

**10.2 Additions to fixed assets**

Following additions have been made to fixed assets during the period ended March 31, 2021:

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
	----- Rupees in '000 -----	
<b>Capital work-in-progress - net</b>	<b>27,980</b>	<b>425,409</b>
<b>Property and equipment</b>		
Furniture and fixtures	8,882	10,458
Electrical, office and computer equipments	37,515	65,351
Vehicles	-	4,216
Books	-	35
Leasehold improvements	63,058	92,013
	<b>109,455</b>	<b>172,073</b>
<b>Total</b>	<b>137,435</b>	<b>597,482</b>

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		(Un-audited) March 31, 2021	(Audited) December 31, 2020
		----- Rupees in '000 -----	
<b>10.3 Disposals of fixed assets</b>	<b>Note</b>		
The net book value of fixed assets disposed off during the period is as follows:			
Furniture and fixture		15	224
Leasehold improvements		-	49
<b>Total</b>		<b>15</b>	<b>273</b>
<b>11 INTANGIBLE ASSETS</b>			
Capital work in progress	11.1	-	11,926
Licenses and computer softwares		<b>504,593</b>	<b>520,241</b>
		<b>504,593</b>	<b>532,167</b>
11.1 This amount of Rs. 11.926 million has been charged to operating expenses during the quarter ended March 31, 2021.			
		(Un-audited) March 31, 2021	(Audited) December 31, 2020
		----- Rupees in '000 -----	
<b>11.2 Additions to intangible assets</b>	<b>Note</b>		
Following additions / transfers have been made to / from intangible assets during the period:			
Directly purchased		6,197	503,151
Additions to CWIP		-	254,586
Transfers from CWIP		-	(469,353)
		<b>6,197</b>	<b>288,384</b>
<b>12 DEFERRED TAX ASSETS / (LIABILITIES) - NET</b>			
<b>Deferred tax assets arising in respect of:</b>			
Provision for balances with other banks		3,911	3,510
Provision for diminution in value of investments		47,743	43,023
Provision for other assets		18,324	14,648
Accelerated tax depreciation		78,622	70,980
Islamic Pool Management reserves		54,655	52,549
Provision against loans and advances - net		<b>523,574</b>	<b>480,266</b>
		<b>726,829</b>	<b>664,976</b>
<b>Deferred tax liability arising in respect of:</b>			
Surplus on revaluation of investments		(48,151)	(178,832)
Surplus on revaluation of non-banking assets		(29,241)	(26,242)
		<b>649,437</b>	<b>459,902</b>
<b>13 OTHER ASSETS</b>			
Income / mark-up accrued in local currency		4,128,189	4,343,829
Profit receivable on Bai Muajjal		2,540,078	2,540,078
Advances, deposits and prepayments		78,293	104,910
Branch adjustment account		127,677	369,668
Pre-IPO investment		100,000	350,000
Stationary and stamps on hand		60,850	58,230
Non-banking assets acquired in satisfaction of claims		305,197	310,329
Mark to market gain on forward foreign exchange contracts		782,410	334,416
Employees benefits		325,943	335,447
ATM receivable - net		211,133	254,164
Others		<b>168,580</b>	<b>131,572</b>
		<b>8,828,350</b>	<b>9,132,643</b>
Less: Provision held against other assets	13.1	(144,426)	(144,426)
<b>Other Assets - net of provision</b>		<b>8,683,924</b>	<b>8,988,217</b>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims		74,976	74,976
Other assets - Total		<b>8,758,900</b>	<b>9,063,193</b>
<b>13.1 Provision held against other assets</b>			
Advances for Pre-IPO		100,000	100,000
Others		<b>44,426</b>	<b>44,426</b>
		<b>144,426</b>	<b>144,426</b>
<b>14 BILLS PAYABLE</b>			
In Pakistan		781,824	944,140
Outside Pakistan		-	-
		<b>781,824</b>	<b>944,140</b>



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**15 BORROWINGS**

**Secured**

**Borrowings from State Bank of Pakistan under:**

- Export refinance scheme
- Long term financing facility
- Livestock dairy
- Refinance scheme for payment of wages and salaries
- Refinance facility for combating COVID-19

(Un-audited) March 31, 2021	(Audited) December 31, 2020
<b>----- Rupees in '000 -----</b>	
3,653,479	4,071,206
2,605,040	2,363,683
66,691	79,096
9,048	269,848
-	65,850
<b>6,334,258</b>	<b>6,849,683</b>

**Bai Muajjal Borrowings**

**Repurchase agreement borrowings**

**Call borrowings**

23,407,511	39,373,551
16,738,884	6,839,784
<b>1,000,000</b>	<b>1,000,000</b>
<b>41,146,395</b>	<b>47,213,335</b>

**Unsecured**

**Call borrowings**

**Total**

<b>7,850,000</b>	<b>3,000,000</b>
<b>55,330,653</b>	<b>57,063,018</b>

**16 DEPOSITS AND OTHER ACCOUNTS**

	(Un-audited) March 31, 2021			(Audited) December 31, 2020		
	In local currency	In foreign currency	Total	In local currency	In foreign currency	Total
<b>----- Rupees in '000 -----</b>						
<b>Customers</b>						
Current deposits	32,503,934	327,511	32,831,445	33,457,556	314,415	33,771,971
Saving deposits	93,278,209	90,120	93,368,329	87,112,806	81,919	87,194,725
Term deposits	79,786,363	79,996	79,866,359	71,942,281	83,701	72,025,982
Others	6,775,327	-	6,775,327	7,017,097	-	7,017,097
	<b>212,343,833</b>	<b>497,627</b>	<b>212,841,460</b>	<b>199,529,740</b>	<b>480,035</b>	<b>200,009,775</b>
<b>Financial Institutions</b>						
Current deposits	37,141	-	37,141	162,961	-	162,961
Saving deposits	2,105,586	-	2,105,586	2,898,922	-	2,898,922
	<b>2,142,727</b>	<b>-</b>	<b>2,142,727</b>	<b>3,061,883</b>	<b>-</b>	<b>3,061,883</b>
	<b>214,486,560</b>	<b>497,627</b>	<b>214,984,187</b>	<b>202,591,623</b>	<b>480,035</b>	<b>203,071,658</b>

**17 OTHER LIABILITIES**

	(Un-audited) March 31, 2021	(Audited) December 31, 2020
<b>----- Rupees in '000 -----</b>		
Mark-up/ return/ interest payable in local currency	3,209,339	3,898,706
Mark-up/ return/ interest payable in foreign currency	150	392
Unearned income - Bai Muajjal Sukuk	776,471	985,026
Dividend payable	1,500,557	-
Tax payable	626,313	1,185,578
Lease liability against right-of-use assets	884,449	956,997
Unearned commission and income on bills discounted	32,465	60,504
Deferred income on government schemes	14,950	15,949
Deferred income murabaha	35,058	98,239
Income reserve	394	8,622
Islamic pool management reserves	140,142	150,142
Accrued expenses	212,294	439,569
Unclaimed dividends	28,959	28,976
Share subscription money refund	1,091	1,091
Retention money	28,110	21,310
Bills payment system over the counter (BPS-OTC)	18,070	646,163
Charity fund	10,715	10,227
Security deposits against ijarah	290,958	294,956
Mark to market loss on forward foreign exchange contracts	827,388	436,049
Clearing and settlement accounts	461,489	15,136
Levies and other taxes payable	123,629	33,633
Others	257,113	162,260
	<b>9,480,104</b>	<b>9,449,525</b>

Note

17.1 This represents the amount of final cash dividend in respect of FY-2020 payable to the shareholders of the Bank.

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**18 SHARE CAPITAL**

<b>18.1 Authorized capital</b>	<b>(Un-audited)</b>	<b>(Audited)</b>		<b>(Un-audited)</b>	<b>(Audited)</b>
	<b>March 31,</b>	<b>December 31,</b>		<b>March 31,</b>	<b>December 31,</b>
	<b>2021</b>	<b>2020</b>		<b>2021</b>	<b>2020</b>
<b>Number of shares</b>				<b>--- Rupees in '000 ---</b>	
1,500,000,000	1,500,000,000	Ordinary shares of Rs. 10 each.		<b>15,000,000</b>	15,000,000
<b>18.2 Issued, subscribed and paid up</b>					
	<b>(Un-audited)</b>	<b>(Audited)</b>		<b>(Un-audited)</b>	<b>(Audited)</b>
	<b>March 31,</b>	<b>December 31,</b>		<b>March 31,</b>	<b>December 31,</b>
	<b>2021</b>	<b>2020</b>		<b>2021</b>	<b>2020</b>
<b>Number of shares</b>			<b>Ordinary shares of Rs. 10 each</b>	<b>--- Rupees in '000 ---</b>	
722,698,448	722,698,448	Fully paid in cash		<b>7,226,984</b>	7,226,984
327,572,595	277,554,037	Issued as fully paid bonus shares		<b>3,275,726</b>	2,775,540
<b>1,050,271,043</b>	<b>1,000,252,485</b>			<b>10,502,710</b>	10,002,524

- 18.3** The Bank has only one class of shares and at reporting date, the Government of Khyber Pakhtunkhwa and Ismail Industries Limited held 737,318,644 (2020: 702,208,233) and 256,555,982 (2020: 244,339,031) ordinary shares respectively. Moreover, the Bank has no reserved shares under options.

<b>19 SURPLUS ON REVALUATION OF ASSETS</b>	<b>(Un-audited)</b>	<b>(Audited)</b>
	<b>March 31,</b>	<b>December 31,</b>
	<b>2021</b>	<b>2020</b>
<b>Note</b>	<b>--- Rupees in '000 ---</b>	
Surplus on revaluation of		
- Available for sale (AFS) securities	123,465	510,957
- Deferred tax on AFS securities	(48,151)	(178,832)
	<b>75,314</b>	332,125
- Fixed assets	786,102	786,102
- Non-banking assets	74,976	74,976
- Deferred tax on non-banking assets	(29,241)	(26,242)
	<b>45,735</b>	48,734
<b>Suplus on revaluation of assets - net of tax</b>	<b>907,151</b>	1,166,961

**20 CONTINGENCIES AND COMMITMENTS**

-Guarantees	<b>20.1</b>	<b>15,904,664</b>	16,312,941
-Commitments	<b>20.2</b>	<b>45,988,408</b>	44,403,735
		<b>61,893,072</b>	60,716,676
<b>20.1 Guarantees:</b>			
Financial guarantees		<b>1,525,947</b>	1,454,556
Performance guarantees		<b>13,923,270</b>	14,163,233
Other guarantees		<b>455,447</b>	695,152
		<b>15,904,664</b>	16,312,941

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		(Un-audited) March 31, 2021	(Audited) December 31, 2020
		Rupees in '000	
<b>20.2</b>	<b>Commitments:</b>		
	Documentary credits and short-term trade-related transactions		
	- Letters of credit	4,843,623	5,222,843
	<b>Commitments in respect of:</b>		
	- Forward foreign exchange contracts	20.2.1 37,824,377	38,772,750
	- Forward government securities transactions	20.2.2 3,000,000	-
	<b>Commitments for acquisition of:</b>		
	- Operating fixed assets	204,034	241,912
	- Intangible assets	116,374	166,230
		<u>45,988,408</u>	<u>44,403,735</u>
<b>20.2.1</b>	<b>Commitments in respect of forward foreign exchange contracts</b>		
	Purchase	17,127,573	16,291,144
	Sale	20,696,804	22,481,606
		<u>37,824,377</u>	<u>38,772,750</u>
<b>20.2.2</b>	<b>Commitments in respect of forward government securities transactions</b>		
	Forward purchase - Pakistan Investment Bonds (PIBs)	<u>3,000,000</u>	-
		<u>3,000,000</u>	-

**20.3** The income tax assessments of the Bank have been finalized up to tax year 2020.

During financial year 2019, the Assistant Commissioner Inland Revenue (IR) Peshawar passed an impugned order dated September 30, 2019 for the tax year 2014 under section 122(1) of the Income Tax Ordinance, 2001, creating a demand of Rs. 1.73 billion, by disallowing the entire amount of mark-up expense and others under section 21 (C) and ignoring section 165(2), wherein, all required information was already submitted with the Income tax department. Being aggrieved, the Bank has filed appeal with Commissioner Inland Revenue (Appeals), which is pending adjudication. A writ petition has also been filed with the Honourable Peshawar High Court. Moreover, the management of the Bank is confident that the said demand has no lawful ground and justifications therein, therefore is not sustainable before the law being devoid of merit.

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. 308.9 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 favour 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 favour.

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		(Un-audited) For the three months ended March 31, 2021	(Un-audited) March 31, 2020
		Rupees in '000	
<b>21</b>	<b>MARK-UP/RETURN/INTEREST EARNED</b>	<b>Note</b>	
	On:		
	a) Loans and advances	2,680,908	3,769,704
	b) Investments	2,088,144	3,508,147
	c) Profit on Sukuk bonds	440,194	336,560
	d) Lendings to Financial Institutions	320,579	242,159
	e) Balances with banks	11,155	76,915
		<u>5,540,980</u>	<u>7,933,485</u>
<b>22</b>	<b>MARK-UP/RETURN/INTEREST EXPENSED</b>		
	On:		
	a) Deposits	2,564,092	3,935,716
	b) Borrowings	1,151,085	2,508,974
	c) Lease liability	28,118	35,504
		<u>3,743,295</u>	<u>6,480,194</u>
<b>23</b>	<b>FEE AND COMMISSION INCOME</b>		
	Branch banking customer fees	3,538	8,585
	Consumer finance related fees	589	1,295
	Card related fees	22,554	26,554
	Investment banking fees	2,860	5,978
	Commission on trade	5,480	2,449
	Commission on guarantees	23,810	30,586
	Commission on remittances including home remittances	4,850	4,075
	Commission on foreign currency bills	5,389	-
	Others	1,655	1,031
		<u>70,725</u>	<u>80,553</u>
<b>24</b>	<b>(LOSS) / GAIN ON SECURITIES</b>		
	Realised	24.1 (176,612)	358,312
	Unrealised - held-for-trading	-	3,536
		<u>(176,612)</u>	<u>361,848</u>
<b>24.1</b>	<b>Realised (loss) / gain on:</b>		
	Federal Government Securities	(200,840)	362,711
	Shares	20,290	(4,399)
	Non-Government Securities	-	-
	Mutual funds	3,938	-
		<u>(176,612)</u>	<u>358,312</u>
<b>25</b>	<b>OTHER INCOME</b>		
	Postal, swift and other services	21,257	26,816
	Rental income from property	924	762
	Gain on sale of fixed assets	-	61
	Service income on Government schemes	1,445	391
	Rebate from financial institutions	1,014	1,848
		<u>24,640</u>	<u>29,878</u>

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		(Un-audited) For the three months ended March 31, 2021	(Un-audited) March 31, 2020
		----- Rupees in '000 -----	
<b>26</b>	<b>OPERATING EXPENSES</b>		
	Total compensation expense	708,502	568,685
	<b>Property expenses</b>		
	Rent & taxes	367	266
	Utilities cost	36,496	34,750
	Security (including guards)	28,420	36,924
	Repair & Maintenance	1,080	788
	Depreciation - Right of use assets	88,806	82,345
	Depreciation - Non banking assets acquired in satisfaction of claims	5,132	13,276
	Depreciation	35,069	33,972
		195,370	202,321
	<b>Information technology expenses</b>		
	Software maintenance	20,477	25,078
	Hardware maintenance	3,758	5,309
	Depreciation	29,109	30,697
	Amortization	21,842	9,346
	Network charges	3,215	7,984
	ATM charges	29,928	24,372
		108,329	102,786
	<b>Other operating expenses</b>		
	Directors' fees and allowances	2,313	2,395
	Fees and allowances to Shariah Board	-	10
	Outsourced service cost	22,042	23,801
	Legal and professional charges	15,321	11,538
	Travelling and conveyance	16,154	20,754
	Cash carriage charges	11,381	9,227
	NIFT clearing charges	4,033	3,969
	Depreciation	6,475	7,080
	Communication	13,783	13,265
	Postage and courier charges	3,642	4,552
	Stationery and printing	12,831	13,233
	Advertisement and publicity	17,459	15,127
	Repair and maintenance	10,322	4,269
	Insurance expense	8,605	10,890
	Auditors' remuneration	2,700	4,898
	Brokerage and commission	16,334	12,048
	Rent and taxes	461	494
	Entertainment	8,844	7,641
	Newspapers and periodicals	238	535
	Training and development	2,696	4,458
	Fees and subscriptions	82	478
	Deposit protection premium	22,383	14,139
	Others	4,023	8,880
		202,122	193,681
		1,214,323	1,067,473
<b>27</b>	<b>OTHER CHARGES</b>		
	Penalties imposed by State Bank of Pakistan	2,300	12,802
		2,300	12,802

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		(Un-audited)	(Un-audited)
		For the three months ended	
		March 31, 2021	March 31, 2020
		Rupees in '000	
28	<b>PROVISIONS &amp; WRITE OFFS - NET</b>	Note	
	Reversal of diminution in value of investments	8.3	(505)
	Provisions against loans and advances	9.3	88,225
			139,908
			87,720
			139,908
29	<b>TAXATION</b>		
	Current		275,595
	Deferred		(61,854)
		29.1	213,741
			335,359
29.1	This includes the impact of Super Tax levied at the rate of 4%.		
		(Un-audited)	(Un-audited)
		For the three months ended	
		March 31, 2021	March 31, 2020
		Rupees in '000	
30	<b>BASIC AND DILUTED EARNINGS PER SHARE</b>		
	Profit for the period	439,489	548,229
		(Number of shares)	
			(Restated)
	Weighted average number of ordinary shares	1,050,271,043	1,050,271,043
		(Rupees)	
			(Restated)
	Basic and diluted earnings per share	0.42	0.52
30.1	There were no dilutive potential ordinary shares outstanding as at March 31, 2021 and March 31, 2020.		
31	<b>FAIR VALUE MEASUREMENTS</b>		
The fair value of quoted investments other than those classified as held to maturity is based on quoted market prices. The fair value of unquoted equity investments is determined on the basis of break-up value of these investments as per their latest available audited financial statements. The fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to the absence of current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy. In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are either short-term in nature or in the case of customer loans and deposits, are frequently re-priced.			
31.1	<b>Fair value of financial assets</b>		
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:

		(Un-audited) March 31, 2021			Total
		Level 1	Level 2	Level 3	
		Rupees in '000			
<b>31.2 On balance sheet financial instruments</b>					
<b>Financial assets - measured at fair value</b>					
<b>Investments</b>					
Federal Government Securities	-	92,928,763	-	-	92,928,763
Shares	308,811	-	-	-	308,811
Non-Government Debt Securities	-	4,210,104	-	-	4,210,104
<b>Financial assets - disclosed but not measured at fair value</b>					
<b>Investments</b>					
Federal Government Securities	-	15,915,312	-	-	15,915,312
Shares	-	56,257	-	-	56,257
Mutual funds	-	-	-	-	-
Non-Government Debt Securities	-	3,704,514	-	-	3,704,514
Associates	-	40,504	-	-	40,504
<b>Off-balance sheet financial instruments - measured at fair value</b>					
Forward purchase of foreign exchange	-	17,127,573	-	-	17,127,573
Forward sale of foreign exchange	-	20,696,804	-	-	20,696,804

		(Audited) December 31, 2020			Total
		Level 1	Level 2	Level 3	
		Rupees in '000			
<b>On balance sheet financial instruments</b>					
<b>Financial assets measured at fair value</b>					
<b>Available-for-sale securities</b>					
- Federal Government Securities	-	82,602,314	-	-	82,602,314
- Shares in listed companies	332,761	-	-	-	332,761
- Non-Government Debt Securities	-	3,918,128	-	-	3,918,128
- Mutual funds	451,519	-	-	-	451,519
<b>Financial assets - disclosed but not measured at fair value</b>					
<b>Investments</b>					
Federal Government Securities	-	22,373,173	-	-	22,373,173
Shares	-	56,257	-	-	56,257
Non-Government Debt Securities	-	3,704,338	-	-	3,704,338
Associates	-	40,504	-	-	40,504
<b>Off-balance sheet financial instruments - measured at fair value</b>					
Forward purchase of foreign exchange	-	16,291,144	-	-	16,291,144
Forward sale of foreign exchange	-	22,481,606	-	-	22,481,606

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

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

**(a) Financial instruments in level 1**

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

**(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.

Unit of mutual funds

The fair value of investments in units of mutual funds are determined based on their net asset values as published at the close of each business day.

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

Pakistan Investment Bonds / Market Treasury Bills

Fair values of Pakistan Investment Bonds and Treasury Bills are derived using the PKRV rates for fixed rate securities and PKFRV rates for floating rate PIB's (Reuters page).

Government of Pakistan (GoP) - Ijarah Sukuks

Fair values of GoP Ijarah Sukuks are derived using the PKISRV rates announced by the Financial Market Association (FMA) through Reuters. These rates denote an average of quotes received from eight different pre-defined / approved dealers / brokers.

Term Finance, Bonds and Sukuk certificates

Investments in debt securities (comprising term finance certificates, bonds, Sukuk certificates and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan. In the determination of the rates, the MUFAP takes into account the holding pattern of these securities and categorises these as traded, thinly traded and non-traded securities.

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

Operating fixed assets (Leasehold land) and non-banking assets acquired in satisfaction of claims

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.

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**32 SEGMENT INFORMATION**

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

For the three months ended March 31, 2021 (Un-audited)					
	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Total
	Rupees in 000				
<b>Profit and loss</b>					
Net mark-up / return / profit	734,446	656,498	21,629	385,112	1,797,685
Non mark-up / return / interest income	1,769	73,534	23,143	61,442	159,888
<b>Total income</b>	<b>736,215</b>	<b>730,032</b>	<b>44,772</b>	<b>446,554</b>	<b>1,957,573</b>
Segment direct expenses	546,444	461,443	24,288	184,448	1,216,623
<b>Total expenses</b>	<b>546,444</b>	<b>461,443</b>	<b>24,288</b>	<b>184,448</b>	<b>1,216,623</b>
Provisions	-	-	4,386	83,334	87,720
<b>Profit before tax</b>	<b>189,771</b>	<b>268,589</b>	<b>16,098</b>	<b>178,772</b>	<b>653,230</b>
<b>As at March 31, 2021 (Un-audited)</b>					
<b>Balance sheet</b>					
Cash and bank balances	3,036,519	5,346,411	487,932	7,958,640	16,829,502
Lendings to financial institutions	-	12,691,891	-	-	12,691,891
Investments	15,915,312	101,208,449	-	40,504	117,164,265
Advances - performing	88,212,383	-	4,837,801	41,171,223	134,221,407
Advances - non performing	-	-	151,688	2,582,650	2,734,338
Operating fixed assets/intangible assets	1,392,196	596,655	596,655	1,392,194	3,977,700
Deferred tax assets	649,437	-	-	-	649,437
Others	5,058,273	789,153	623,061	2,288,413	8,758,900
<b>Total assets</b>	<b>114,264,120</b>	<b>120,632,559</b>	<b>6,697,137</b>	<b>55,433,624</b>	<b>297,027,440</b>
<b>Bills payable</b>	<b>516,004</b>	<b>7,818</b>	<b>117,274</b>	<b>140,728</b>	<b>781,824</b>
Borrowings	29,741,769	16,738,884	-	8,850,000	55,330,653
Deposits and other accounts	141,889,564	2,149,842	32,247,628	38,697,153	214,984,187
Others	3,602,247	2,237,094	746,649	2,894,114	9,480,104
<b>Total liabilities</b>	<b>175,749,584</b>	<b>21,133,638</b>	<b>33,111,551</b>	<b>50,581,995</b>	<b>280,576,768</b>
Equity / Inter-segment (lending) / borrowing	(61,485,464)	99,498,921	(26,414,414)	4,851,629	16,450,672
<b>Total equity and liabilities</b>	<b>114,264,120</b>	<b>120,632,559</b>	<b>6,697,137</b>	<b>55,433,624</b>	<b>297,027,440</b>
<b>Contingencies and commitments</b>	<b>7,004,162</b>	<b>40,872,438</b>	<b>117,677</b>	<b>13,898,795</b>	<b>61,893,072</b>
<b>For the three months ended March 31, 2021 (Un-audited)</b>					
	Corporate Finance	Trading and Sales	Retail Banking	Commercial Banking	Total
	Rupees in 000				
<b>Profit and loss</b>					
Net mark-up / return / profit	664,387	121,786	65,484	637,138	1,488,795
Non mark-up / return / interest income	4,293	535,261	27,849	83,077	650,480
<b>Total Income</b>	<b>668,680</b>	<b>657,047</b>	<b>93,333</b>	<b>720,215</b>	<b>2,139,275</b>
Segment direct expenses	367,181	510,657	24,415	213,526	1,115,779
<b>Total expenses</b>	<b>367,181</b>	<b>510,657</b>	<b>24,415</b>	<b>213,526</b>	<b>1,115,779</b>
Reversal of provisions	-	-	6,995	132,913	139,908
<b>Profit before tax</b>	<b>301,499</b>	<b>146,390</b>	<b>61,923</b>	<b>373,776</b>	<b>883,588</b>
<b>As at December 31, 2020 (Audited)</b>					
<b>Balance sheet</b>					
Cash and bank balances	3,641,602	9,182,403	560,480	11,548,229	24,932,714
Lendings to financial institutions	-	7,297,519	-	-	7,297,519
Investments	15,984,462	97,454,028	-	40,504	113,478,994
Advances - performing	80,660,394	-	4,680,874	41,108,909	126,450,177
Advances - non performing	-	-	116,214	2,496,986	2,613,200
Operating fixed assets/intangible assets	1,401,467	600,629	600,629	1,401,467	4,004,192
Deferred tax assets	459,902	-	-	-	459,902
Others	5,439,814	339,679	1,094,259	2,189,441	9,063,193
<b>Total assets</b>	<b>107,587,641</b>	<b>114,874,258</b>	<b>7,052,456</b>	<b>58,785,536</b>	<b>288,299,891</b>
<b>Bills payable</b>	<b>623,133</b>	<b>9,441</b>	<b>141,621</b>	<b>169,945</b>	<b>944,140</b>
Borrowings	47,223,234	6,839,784	-	3,000,000	57,063,018
Deposits and other accounts	134,027,293	2,030,717	30,460,749	36,552,899	203,071,658
Others	4,397,834	2,399,792	979,423	1,672,476	9,449,525
<b>Total liabilities</b>	<b>186,271,494</b>	<b>11,279,734</b>	<b>31,581,793</b>	<b>41,395,320</b>	<b>270,528,341</b>
Equity / Inter-segment (lending) / borrowing	(78,683,853)	103,594,524	(24,529,337)	17,390,216	17,771,550
<b>Total equity and liabilities</b>	<b>107,587,641</b>	<b>114,874,258</b>	<b>7,052,456</b>	<b>58,785,536</b>	<b>288,299,891</b>
<b>Contingencies and commitments</b>	<b>7,153,648</b>	<b>38,833,972</b>	<b>132,038</b>	<b>14,597,018</b>	<b>60,716,676</b>

32.1.1 Comparative figures for the period ended March 31, 2020 have been restated resulting from changes in segment definitions during FY-2020.

**32.2 Geographical segment**

The Bank conducts all its operations in Pakistan.

**33 TRUST ACTIVITIES**

The Bank is not engaged in any significant trust activities.



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**34 RELATED PARTY TRANSACTIONS**

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

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

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

	(Un-Audited)				(Audited)			
	As at March 31, 2021		As at December 31, 2020		As at December 31, 2020		As at December 31, 2020	
	Directors	Key management personnel	Associate	Employee Funds	Directors	Key management personnel	Associate	Employee Funds
	----- Rupees in '000 -----				----- Rupees in '000 -----			
<b>Advances</b>								
Opening balance	-	125,001	-	-	-	154,486	-	-
Addition during the period/ year	-	60,237	-	-	-	41,810	-	-
Repaid during the period/ year	-	7,322	-	-	-	56,354	-	-
Transfer (out) / in - net	-	-	-	-	-	(14,941)	-	-
Closing balance	-	177,916	-	-	-	125,001	-	-
<b>Deposits and other accounts</b>								
Opening balance	-	6,225	34,003	2,534,982	-	25,661	28,659	2,342,408
Received during the period/year	-	33,287	2,869	425,298	-	119,145	44,212	933,048
Withdrawn during the period/ year	-	28,521	1,954	407,785	-	119,290	38,868	740,474
Transfer in / (out) - net	-	-	-	-	-	(19,291)	-	-
Closing balance	-	10,991	34,918	2,552,495	-	6,225	34,003	2,534,982
Other liabilities								
Accrued markup	-	21	508	35,887	-	182	915	33,108
	----- Rupees in '000 -----				----- Rupees in '000 -----			
	For the three months ended March 31, 2021		For the three months ended March 31, 2021		For the three months ended March 31, 2020		For the three months ended March 31, 2020	
	Directors	Key management personnel	Associate	Employee Funds	Directors	Key management personnel	Associate	Employee Funds
	----- Rupees in '000 -----				----- Rupees in '000 -----			
<b>Income</b>	-	1,004	-	-	-	841	-	-
Mark-up / return / interest earned	-	-	-	-	-	-	-	-
<b>Expense</b>	-	22	508	44,644	-	146	754	71,837
Mark-up / return / interest expensed	-	-	-	-	-	-	-	-
Operating expenses	2,313	60,496	-	-	2,405	51,227	-	-

**34.1** Government of Khyber Pakhtunkhwa (GoKP) holds 70.20% shareholding in the Bank and therefore, entities which are owned and / or controlled by the GoKP, or where the GoKP may exercise significant influence, are also related parties of the Bank. The Bank in the ordinary course of its business enters into transaction with various departments of the GoKP and its related entities. However, it is impracticable to completely disclose such transactions.

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		(Un-audited) March 31, 2021	(Audited) December 31, 2020
		--- Rupees in '000 ---	
<b>35</b>	<b>CAPITAL ADEQUACY, LEVERAGE RATIO &amp; LIQUIDITY REQUIREMENTS</b>		
	<b>Minimum Capital Requirement (MCR):</b>		
	Paid-up capital (net of losses)	<b>10,502,710</b>	10,002,524
	<b>Capital Adequacy Ratio (CAR):</b>		
	Eligible common equity tier 1 (CET 1) capital	<b>14,215,391</b>	15,550,165
	Eligible additional tier 1 (ADT 1) capital	-	-
	Total eligible tier 1 capital	<b>14,215,391</b>	15,550,165
	Eligible tier 2 capital	<b>1,623,197</b>	1,814,447
	Total eligible capital (Tier 1 + Tier 2)	<b>15,838,588</b>	17,364,612
	<b>Risk weighted assets (RWAs):</b>		
	Credit risk	<b>70,042,209</b>	61,803,516
	Market risk	<b>10,887,371</b>	15,868,243
	Operational risk	<b>12,082,254</b>	12,082,254
	<b>Total</b>	<b>93,011,834</b>	89,754,013
	Common equity tier 1 capital adequacy ratio	<b>15.28%</b>	17.33%
	Tier 1 capital adequacy ratio	<b>15.28%</b>	17.33%
	Total capital adequacy ratio	<b>17.03%</b>	19.35%
	<b>National minimum capital requirements prescribed by SBP</b>		
	CET1 minimum ratio	<b>6.00%</b>	6.00%
	ADT-1 minimum ratio	<b>1.50%</b>	1.50%
	Tier 1 minimum ratio	<b>7.50%</b>	7.50%
	Total capital minimum ratio	<b>10.00%</b>	10.00%
	Capital conservation buffer (CCB- consisting of CET1 only)	<b>1.50%</b>	1.50%
	Total capital plus CCB	<b>11.50%</b>	11.50%
	<b>Leverage Ratio (LR):</b>		
	Eligible tier-1 capital	<b>14,215,391</b>	15,550,165
	Total exposures	<b>324,258,524</b>	308,964,487
	Leverage ratio	<b>4.38%</b>	5.03%
	<b>Liquidity Coverage Ratio (LCR):</b>		
	Total high quality liquid assets	<b>73,454,000</b>	72,827,275
	Total net cash outflow	<b>60,964,333</b>	55,801,680
	Liquidity coverage ratio	<b>120.49%</b>	130.51%
	<b>Net Stable Funding Ratio (NSFR):</b>		
	Total available stable funding	<b>163,102,005</b>	144,132,642
	Total required stable funding	<b>132,895,440</b>	133,253,371
	Net stable funding ratio	<b>122.73%</b>	108.16%

**THE BANK OF KHYBER**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021**

36

**ISLAMIC BANKING BUSINESS**

The Bank is operating 92 (2020: 91) Islamic banking branches and 39 (2020: 39) Islamic banking windows as at March 31, 2021.

		(Un-audited) March 31, 2021	(Audited) December 31, 2020
	Note	— Rupees in '000 —	
<b>STATEMENT OF FINANCIAL POSITION</b>			
<b>ASSETS</b>			
Cash and balances with treasury banks		4,928,709	4,472,537
Balances with other banks		4,154,621	4,220,835
Due from financial institutions		-	-
Investments	36.1	18,578,958	18,981,353
Islamic financing and related assets - net	36.2	58,179,800	48,422,578
Fixed assets		532,505	511,040
Intangible assets		402	1,007
Other assets		4,022,833	3,733,109
<b>Total Assets</b>		<b>90,397,828</b>	<b>80,342,459</b>
<b>LIABILITIES</b>			
Bills payable		353,093	302,807
Due to financial institutions		17,424,879	10,427,385
Deposits and other accounts	36.3	62,417,465	58,999,639
Due to head office		2,787,473	148,459
Other liabilities		2,214,387	3,867,398
<b>Total Liabilities</b>		<b>85,197,297</b>	<b>73,745,688</b>
<b>NET ASSETS</b>		<b>5,200,531</b>	<b>6,596,771</b>
<b>REPRESENTED BY</b>			
Islamic banking fund		1,000,000	1,000,000
Reserves		41,698	46,698
Surplus on revaluation of assets		61,112	10,364
Unappropriated profit	36.4	4,097,721	5,539,709
		<b>5,200,531</b>	<b>6,596,771</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	36.5		

The profit and loss account of the Bank's Islamic banking branches for the three months ended March 31, 2021 is as follows:

		(Un-audited) January 01 to March 31, 2021	(Un-audited) January 01 to March 31, 2020
	Note	— Rupees in '000 —	
<b>PROFIT AND LOSS ACCOUNT</b>			
Profit / return earned	36.6	1,555,917	2,071,445
Profit / return expensed	36.7	696,501	922,590
Net profit / return		859,416	1,148,855
<b>OTHER INCOME</b>			
Fee and commission income		16,387	22,072
Foreign exchange income		76,089	87,099
Gain on securities		3,938	-
Other income		13,395	13,928
		109,809	123,099
		969,225	1,271,954
<b>OTHER CHARGES</b>			
Operating expenses		599,879	490,643
Other charges		-	-
		599,879	490,643
Profit before provisions		369,346	781,311
(Reversals) / provisions - net		(22)	49,887
<b>Profit before taxation</b>		369,368	731,424
Taxation		144,054	285,254
<b>Profit after taxation</b>		225,314	446,170

**THE BANK OF KHYBER**  
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**36.1 Investments by segments:**

	(Un-audited) March 31, 2021		(Audited) December 31, 2020	
	Cost	Provision for diminution	Surplus	Carrying value
----- Rupees in '000 -----				
<b>Federal Government Securities:</b>				
-GoP Ijarah sukuk	6,492,706	-	26,569	6,519,275
-Bai Muajjal sukuk	6,388,711	-	-	6,388,711
-Pakistan Energy Sukuk II	2,000,000	-	28,000	2,028,000
<b>Other non-government debt securities</b>				
-Power/gas and other sukuk	3,636,429	-	6,543	3,642,972
-Mutual Funds	-	-	-	5,636,429
	18,517,846	-	61,112	18,578,958
				18,970,061

**36.2 Islamic financing and related assets**

	(Un-audited) March 31, 2021		(Audited) December 31, 2020	
	----- Rupees in '000 -----		----- Rupees in '000 -----	
Ijarah				
Murabaha				
Diminishing musharaka				
Running musharaka				
Istisna				
Others				
<b>Gross Islamic financing and related assets</b>				
<b>Less: provision against Islamic financings</b>				
- Specific				
- General				
<b>Islamic financing and related assets - net of provision</b>				

**THE BANK OF KHYBER**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021**

36.3 Deposits	(Un-audited) March 31, 2021			(Audited) December 31, 2020		
	In local currency	In foreign currencies	Total	In local currency	In foreign currencies	Total
	----- Rupees in '000 -----					
<b>Customers</b>						
Current deposits	16,936,916	59,087	16,996,003	17,032,205	49,082	17,081,287
Savings deposits	37,024,633	-	37,024,633	33,133,849	-	33,133,849
Term deposits	4,585,474	-	4,585,474	4,862,236	-	4,862,236
Others	1,940,601	-	1,940,601	1,853,437	-	1,853,437
	60,487,624	59,087	60,546,711	56,881,727	49,082	56,930,809
<b>Financial Institutions</b>						
Current deposits	847	-	847	481	-	481
Savings deposits	1,869,907	-	1,869,907	2,068,349	-	2,068,349
	62,358,378	59,087	62,417,465	58,950,557	49,082	58,999,639
				(Un-audited) March 31, 2021	(Audited) December 31, 2020	
<b>36.4 Islamic banking business unappropriated profit</b>				----- Rupees in '000 -----		
Opening balance				5,539,709	6,033,117	
Add: Islamic banking profit before taxation for the period/year				369,368	1,391,703	
Less: Transfer to head office				(1,811,356)	(1,885,111)	
Closing balance				4,097,721	5,539,709	
<b>36.5 Contingencies and commitments</b>						
-Guarantees				3,705,587	3,765,062	
-Commitments				569,365	864,538	
				4,274,952	4,629,600	
				(Un-audited) March 31, 2021	(Un-audited) March 31, 2020	
<b>36.6 Profit/return earned on financing, investments and placements</b>				----- Rupees in '000 -----		
Financing				1,114,459	1,579,063	
Investments				440,194	336,560	
Placements				-	97,521	
Balances with banks				1,264	58,301	
				1,555,917	2,071,445	
<b>36.7 Profit on deposits and other dues expensed</b>						
Deposits and other accounts				362,558	620,149	
Due to Financial Institutions				324,074	289,483	
Lease liability				9,869	12,958	
				696,501	922,590	
<b>37 Profit equalization reserve</b>						
The profit equalization reserve amounting to Rs. 41,698 million (2020: Rs. 46,698 million) classified in other liabilities (note 17) has been presented as reserves in note 36.						
<b>38 GENERAL</b>						
Comparative information has been re-classified, re-arranged or additionally incorporated in these condensed interim financial statements for the purpose of better presentation. The significant reclassification is as follows:						
				(Unaudited) January 01 to March 31, 2020 Rupees in '000		
From		To				
Other charges		Mark-up / return / interest expensed				35,504
Mark up on lease liability		Mark up on lease liability				

**39 DATE OF AUTHORIZATION FOR ISSUE**

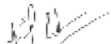
These condensed interim financial statements were authorised for issue in the Board of Directors meeting of the Bank held on April 26, 2021.



**MANAGING  
DIRECTOR**



**CHIEF FINANCIAL  
OFFICER**



**DIRECTOR**



**DIRECTOR**



**DIRECTOR**

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