

ZARAI TARAQIATI BANK LIMITED

ANNUAL UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

BDO Ebrahim & Co.
Chartered Accountants

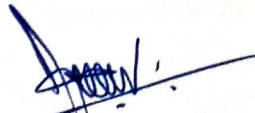
ZARAI TARAQIATI BANK LIMITED
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022


		2022	2021
	Note	..... Rupees in '000	
ASSETS			
Cash and balances with treasury banks	7	2,580,409	5,026,023
Balances with other banks	8	12,615,369	26,815,652
Lendings to financial institutions	9	39,623,142	16,879,487
Investments - net	10	306,849,685	82,407,245
Advances - net	11	90,452,380	91,822,307
Fixed assets	12	2,400,851	2,477,865
Intangible assets	13	73,159	35,817
Deferred tax assets - net	14	15,036,259	13,230,217
Other assets - net	15	21,461,189	16,113,801
		491,092,443	254,808,414
LIABILITIES			
Bills payable	17	580,505	442,401
Borrowings	18	354,898,713	132,357,035
Deposits and other accounts	19	47,332,694	43,598,565
Liabilities against assets subject to finance lease		-	-
Subordinated loan		-	-
Deferred tax liabilities - net		-	-
Other liabilities	20	28,567,958	24,479,822
		431,379,870	200,877,823
NET ASSETS		59,712,573	53,930,591
REPRESENTED BY			
Share capital	21	52,678,432	52,678,432
Reserves		7,324,095	6,299,526
Surplus on revaluation of assets - net of tax	22	913,828	989,649
Un-appropriated loss		(1,203,782)	(6,037,016)
		59,712,573	53,930,591

CONTINGENCIES AND COMMITMENTS

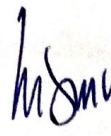
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The annexed notes 1 to 48 and annexures I & II form an integral part of these financial statements.


President


Chief Financial Officer


Director


Director


Director

ZARAI TARAQIATI BANK LIMITED
UNCONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2022

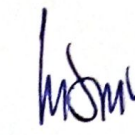
		2022	2021
	Note	..... Rupees in '000	
Mark-up / return / interest earned	24	39,436,395	22,526,158
Mark-up / return / interest expensed	25	24,899,603	10,325,697
Net mark-up / interest income		14,536,792	12,200,461
NON MARK-UP / INTEREST INCOME			
Fee and commission income	26	1,065,537	998,119
Dividend income		142,082	192,413
Foreign exchange income		-	-
Income from derivatives		-	-
Gain on securities	27	32,879	15,006
Other income	28	180,832	141,000
Total non-mark-up / interest income		1,421,330	1,346,538
Total income		15,958,122	13,546,999
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	29	12,153,249	10,909,948
Workers welfare fund		-	-
Other charges	30	-	76,359
Total non mark-up / interest expenses		12,153,249	10,986,307
Profit before provisions		3,804,873	2,560,692
Provisions and write offs - net	31	(3,653,088)	777,676
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		7,457,961	1,783,016
Taxation	32	2,335,114	3,518,256
PROFIT / (LOSS) AFTER TAXATION		5,122,847	(1,735,240)
..... Rupees			
Basic earnings / (loss) per share	33	0.97	(0.33)
Diluted earnings / (loss) per share	33	0.97	(0.33)


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ZARAI TARAQIATI BANK LIMITED
UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
	... Rupees in '000 ...	
Profit / (loss) after taxation for the year	5,122,847	(1,735,240)
Other comprehensive income / (loss)		
Items that may be reclassified to profit and loss account in subsequent periods:		
Effect of translation of net investment in foreign branches	-	-
Movement in surplus on revaluation of investments - net of tax	(75,821)	(689,398)
	(75,821)	(689,398)
Items that will not be reclassified to profit and loss account in subsequent periods:		
Remeasurement gain on defined benefit obligations - net of tax	734,956	(331,925)
Movement in surplus on revaluation of operating fixed assets - net of tax	-	-
Movement in surplus on revaluation of non-banking assets - net of tax	-	-
	734,956	(331,925)
Total comprehensive income / (loss)	5,781,982	(2,756,563)

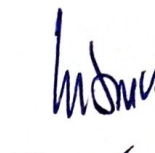
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Advised


President


Chief Financial Officer


Director


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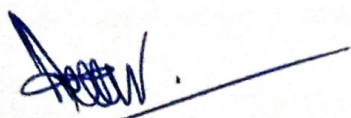
ZARAI TARAQIATI BANK LIMITED
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022


	Share capital	Statutory reserve	Contingencies reserve	Surplus on revaluation of investments	Un-appropriated profit / (loss)	Total
..... Rupees in '000						
Balance as at December 31, 2020	52,678,432	6,239,526	60,000	1,679,047	(3,969,851)	56,687,154
Loss after taxation for the year	-	-	-	-	(1,735,240)	(1,735,240)
Other comprehensive loss - net of tax	-	-	-	(689,398)	(331,925)	(1,021,323)
Total comprehensive loss for the year	-	-	-	(689,398)	(2,067,165)	(2,756,563)
Balance as at December 31, 2021	52,678,432	6,239,526	60,000	989,649	(6,037,016)	53,930,591
Profit after taxation for the year	-	-	-	-	5,122,847	5,122,847
Other comprehensive income / (loss) - net of tax	-	-	-	(75,821)	734,956	659,135
Total comprehensive income / (loss) for the	-	-	-	(75,821)	5,857,803	5,781,982
Transferred to statutory reserve	-	1,024,569	-	-	(1,024,569)	-
Balance as at December 31, 2022	<u>52,678,432</u>	<u>7,264,095</u>	<u>60,000</u>	<u>913,828</u>	<u>(1,203,782)</u>	<u>59,712,573</u>

Statutory reserves represent reserve maintained as per requirement of Section 21 of the Banking Companies Ordinance, 1962.


The Bank has set aside contingencies reserve for insurance of cash, building and vehicles.

The annexed notes 1 to 48 and annexures I & II form an integral part of these financial statements.


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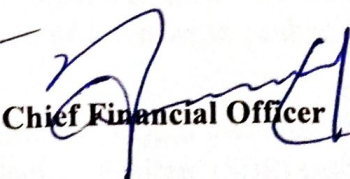

Director

ZARAI TARAQIATI BANK LIMITED
UNCONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2022

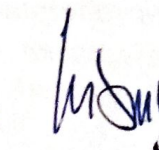
	Note	2022 Rupees in '000	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit before working capital changes	37	14,429,585	11,242,200
(Increase) / decrease in operating assets:			
Lendings to financial institutions		(22,743,655)	(5,841,512)
Advances - net		(2,470,268)	3,637,679
Other assets - net (excluding advance taxation)		(6,454,072)	505,558
		(31,667,995)	(1,698,275)
Increase / (decrease) in operating liabilities:			
Bills payable		138,104	40,290
Borrowings from financial institutions		222,541,678	51,193,803
Deposits and other accounts		3,734,129	(5,586,952)
Other liabilities		3,583,783	(267,055)
		229,997,694	45,380,086
Employees' benefits paid		(1,022,561)	(1,018,509)
Income tax paid		(3,610,464)	(368,575)
Net cash generated from operating activities		208,126,259	53,536,927
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(224,328,889)	(43,627,891)
Dividend received		142,082	192,413
Investments in operating fixed assets		(322,107)	(175,968)
Proceeds from sale of fixed assets		83,478	87,162
Net cash used in investing activities		(224,425,436)	(43,524,284)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease liability against right-of-use assets - net		(346,720)	(277,399)
Net cash used in financing activities		(346,720)	(277,399)
(Decrease) / increase in cash and cash equivalents		(16,645,897)	9,735,244
Cash and cash equivalents at beginning of the year	34	31,841,675	22,106,431
Cash and cash equivalents at end of the year	34	15,195,778	31,841,675

The annexed notes 1 to 48 and annexures I & II form an integral part of these financial statements.


President


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ZARAI TARAQIATI BANK LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

1 STATUS AND NATURE OF BUSINESS

1.1 Reorganization and conversion

The Federal Government in its cabinet meeting held on August 28, 2002 decided for the reorganization and conversion of Agricultural Development Bank of Pakistan (ADBP) into a public limited Company for the purposes of ensuring good governance, autonomy, delivering high quality and viable financial services to a greater number of rural clientele and adequate returns to stakeholders. Accordingly, the Agricultural Development Bank of Pakistan (Reorganization and Conversion) Ordinance, 2002 was promulgated for taking over the entire undertaking of ADBP and for matters connected therewith or incidental thereto.

1.2 Status

As required under section 3 of the Agricultural Development Bank of Pakistan (Reorganization and Conversion) Ordinance, 2002, Zarai Taraqati Bank Limited ("the Bank") was incorporated as a public limited Company under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) on October 23, 2002. Consequently, under SRO 823(1)/2002 dated November 18, 2002, all the assets, contracts, liabilities, proceedings and undertakings of ADBP were transferred to, and vested in Zarai Taraqati Bank Limited on December 14, 2002, the effective date specified by the Federal Government, on the basis of net worth determined at Rs. 8.7 billion. The Bank is domiciled in Pakistan and its registered office is situated at 1-Faisal Avenue (Zero Point), Islamabad. The Bank operates 501 (2021: 501) branches including 5 (2021: 5) Islamic banking branches in Pakistan as at the close of the year.

1.3 Nature of business

The main purpose of the Bank is to provide sustainable rural finance and services particularly to small farmers and low-income households to strengthen the rural and agricultural sector, mitigate poverty, capital market and investment activities and other banking business.

2 BASIS OF PRESENTATION

- 2.1 These financial statements represent separate financial statements of the Zarai Taraqati Bank Limited. The consolidated financial statements of the Bank and its subsidiary are issued separately.
- 2.2 The financial results of the Islamic banking branches have been consolidated in these financial statements for reporting purposes, after eliminating inter-branch transactions / balances. Key financial figures of the Islamic banking branches are disclosed in Annexure II to these financial statements.
- 2.3 The unconsolidated financial statements have been presented in accordance with format prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular No. 2 dated January 25, 2018.

3 STATEMENT OF COMPLIANCE

- 3.1 These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. These comprise of:
 - International Financial Reporting Standards (IFRS) and interpretations issued by the

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

In case requirements of the Companies Act, 2017, the Banking Companies Ordinance, 1962, or the provisions of and directives issued by the SBP and the SECP differ with the requirements of IFRS or IFAS, the requirements of the Companies Act, 2017, Banking Companies Ordinance, 1962, and the said directives shall prevail.

- 3.2 SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and IAS 40, 'Investment Property' for Banking Companies through BSD Circular No. 10 dated August 26, 2002. Moreover, SBP vide BPRD circular no. 4, dated February 25, 2015 has deferred the applicability of IFAS 3, 'Profit and Loss Sharing on Deposits. Furthermore, SECP has deferred applicability of IFRS 7 'Financial Instruments: Disclosures' on banks through SRO 411(1)/2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

4 STANDARDS, INTERPRETATIONS OF AND AMENDMENTS TO THE PUBLISHED APPROVED ACCOUNTING STANDARDS

During the year, certain amendments to standards, interpretations and improvements to accounting standards became effective, however, these do not have any material effect on the financial statements of the Bank and, therefore, are not disclosed.

4.1 Standards, Interpretations and amendments to accounting standards that are not yet effective

The following new standards and interpretations of and amendments to existing accounting standards will be effective from the dates mentioned below against the respective standard, interpretation or amendment:

	Effective date (annual periods beginning on or after)
IFRS 9, Financial Instruments	January 01, 2024
IFRS 16, Leases - Lease liability in a sale and leaseback	January 01, 2024
IAS 1, Presentation of Financial Statements (Amendments)	January 01, 2023
IAS 8, Accounting Policies, Change in Accounting Estimates and Errors - Definition of Accounting Estimates	January 01, 2023
IAS 12, Income Taxes - Deferred tax related to Assets and Liabilities arising from a single transaction	January 01, 2023

IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. According to SBP BPRD circular no. 4 dated October 23, 2019, the Banks / DFIs are required to have a parallel run of IFRS

9 from January 01, 2020 and are also required to prepare pro-forma financial statements which include the impact of IFRS 9 from the year ended December 31, 2019. As per BPRD circular no. 3 of 2022 dated July 05, 2022 it has been decided to extend the implementation date of IFRS 9 from January 01, 2022 as per following timelines:

- Effective date of implementation -January 01, 2023 for banks having asset size of PKR 500 billion or above as per their annual financial statements of December 31, 2021.
- Effective date of implementation -January 01, 2024 for all other banks and Microfinance banks.
- Nevertheless, early adoption of the standard is permissible.

During the transition period, the financial institutions are required to carry out the parallel run reporting.

Except for the implementation of IFRS 9, the Bank expects that adoption of the amendments to existing accounting and reporting standards will not affect its financial statements in the period of initial application.

5 BASIS OF MEASUREMENT

These unconsolidated financial statements have been prepared under the historical cost

- Certain investments that have been marked to market and are carried at fair value.
- Post employment benefits that are recorded at present value using actuarial valuation.
- Right-of-use assets and their related lease liability which are measured at their present values.

These financial statements are presented in Pak Rupees, which is the Bank's functional and presentation currency. The amounts are rounded to the nearest thousand rupees.

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these unconsolidated financial statements are consistent with those of the previous financial year.

- 6.1 SBP vide BPRD Circular No. 1 dated January 1, 2016 issued 'Regulations for Debt Property Swap', regarding recording of non-banking assets acquired in satisfaction of claims on revalued amount, which is not applicable on the Bank. Therefore, treatment suggested by the said Regulation has not been accounted for in these financial statements.

6.2 Staff retirement benefits

The Bank operates the following staff retirement benefits for its employees:

a) Pension scheme

The Bank operates defined benefit funded pension scheme approved by the income tax authorities, for its eligible employees who opted for employees' benefits scheme, introduced in 1975 and 1977 for clerical / non-clerical staff and for executives / officers, respectively. The Bank's costs are determined on the basis of actuarial valuation carried out by independent actuary by using 'Projected Unit Credit Method'.

b) Gratuity scheme

The Bank operates defined benefit funded gratuity scheme approved by the income tax authorities, for its eligible employees who did not opt for employees' benefits scheme, introduced in 1975 and 1977 for clerical / non-clerical staff and for executives / officers, respectively. Annual contributions are made on the basis of actuarial recommendations.

c) Provident fund scheme

The Bank operates a defined contribution funded provident fund scheme for its employees who did not opt for the employees' benefit scheme introduced in 1975 and 1977 for clerical / non-clerical staff and for executives / officers respectively. Under this scheme, equal contributions at defined rates are made by the member employees and the Bank. The Bank also operates non-contributory provident fund for its employees who opted for the new employees' benefit scheme, as mentioned above. Under this, non-contributory provident fund, contributions at defined rates are made by its member employees only. Both of these provident funds are approved by the income tax authorities.

d) Benevolent scheme

The Bank also has two funded defined benefit benevolent fund schemes for its employees, separately for officers and for clerical and non-clerical staff. Equal contribution to these schemes are made by employees and the Bank. The Bank is also liable to meet any shortfall in the fund, determined on the basis of actuarial valuation.

e) Post retirement medical benefits

The Bank operates an unfunded defined benefit post retirement medical benefit scheme for all of its employees. Provision is made in the financial statements for the benefit based on actuarial valuation. Actuarial gains / losses are accounted for in the manner similar to pension scheme.

f) Employees' compensated absences

The Bank accounts for all accumulating compensated absences when the employees render service that increases their entitlement to future compensated absences. The compensated absences are only encashable at the time of retirement and that too for a certain period provided in the terms of employment. Provision is made in the financial statements for the benefit based on entitled un-availed leave balances carried forwarded to the next year on the basis of actuarial valuation carried out using the 'Projected Unit Credit Method'.

6.3 Cash and cash equivalents

Cash and cash equivalents comprise cash, balances with treasury banks and balances with other banks.

6.4 Advances

Advances are stated net of provision for non-performing advances. Provision for non-performing advances is determined on the basis of Prudential Regulations issued by SBP and charged to the profit and loss account. Provisions are held against identified as well as unidentified losses. Provision against unidentified include general provision based on historical loss experience of advances. Advances are written off when there is no realistic prospect of recovery. Further, advances are charged off in accordance with the Prudential Regulations issued by SBP.

6.5 Investments

The Bank classifies its investments as follows:

Held-for-trading

These are securities, which are either acquired for generating profit from short-term fluctuations in market prices, interest rate movements, dealers margin or are securities included in a portfolio in which a pattern of short-term profit taking exists.

Held-to-maturity

These are investments with fixed or determinable payments and fixed maturity in respect of which the Bank has the positive intent and ability to hold till maturity.

Available-for-sale

These are investments, other than those in subsidiary and associates, that do not fall under the 'held for trading' or 'held-to-maturity' categories.

Investments are initially recognized at cost which in case of investments other than 'held for trading' include transaction costs associated with the investments. Transaction costs on investments held for trading are expensed in the profit and loss account.

All purchases and sales of investments that require delivery within the time frame established by regulation or market convention are recognized at the trade date. Trade date is the date on which the Bank commits to purchase or sell the investment.

In accordance with the requirements of SBP, quoted securities, other than those classified as 'held to maturity', 'investment in subsidiary' and 'investments in associates' are subsequently re-measured to market value. Surplus / (deficit) arising on revaluation of quoted securities which are classified as 'available for sale', is taken to a separate account which is shown in the Statement of Financial Position as part of equity. Surplus / (deficit) arising on valuation of quoted securities which are classified as 'held for trading', is taken to the profit and loss account for the current year.

Unquoted equity securities (excluding investments in subsidiary and associates) are valued at the lower of cost and break-up value. Break-up value of equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. Investments classified as 'held to maturity' are carried at amortized cost.

Investments in Subsidiaries and Associates

Associates are all entities over which the Bank has significant influence but not control. Subsidiaries are all entities over which the Bank has the power to govern the financial and operating policies accompanying a shareholding of more than one half of the voting rights. Investments in subsidiaries and associates are valued at cost less impairment, if any. A reversal of an impairment loss on subsidiaries and associates is recognized in the profit and loss account as it arises provided the increased carrying value does not exceed cost.

Gains and losses on disposal of investments in subsidiaries and associates are included in the profit and loss account. Provision for diminution in the value of investments is taken to the profit and loss account for the current year.

6.6 Operating fixed assets and depreciation / amortization**Property and equipment**

Property and equipment, except freehold land which is not amortized and capital work-in-progress, are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land and capital work-in-progress are stated at cost less accumulated impairment losses, if any.

Depreciation is computed over the estimated useful lives of the related assets at the rates set out in note 12.2 to these financial statements, after taking into account the residual value, if any. Depreciation is charged on reducing balance method except for vehicles, computer equipment and leasehold land which are depreciated / amortized on straight line method. The residual values,

useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date.

Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged in the month in which the assets are disposed off.

Gains / losses, if any, on disposal of operating fixed assets are charged to the profit and loss account during the year.

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account.

Capital work in progress

Capital work-in-progress is stated at cost less impairment losses (if any) and consists of expenditure incurred, advances made and other costs directly attributable to operating fixed assets in the course of their construction and installation. Cost also includes applicable borrowing costs, if any. Transfers are made to relevant operating fixed assets category as and when assets are available for use as intended by the management.

6.7 Intangible assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized from the month when these assets are available for use, using the straight line method, whereby the costs of the intangible assets are amortized over their useful lives over which economic benefits are expected to flow to the Bank. The useful lives are reviewed and adjusted, if appropriate, at each reporting date.

6.8 Right-of-use assets and their related lease liability

6.8.1 Right of-use assets

On initial recognition, right-of-use assets are measured at an amount equal to initial lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

Right-of-use assets are subsequently stated at cost less any accumulated depreciation / accumulated impairment losses and are adjusted for any remeasurement of lease liability. The remeasurement of lease liability will only occur in cases where the terms of the lease are changed during the lease tenor. Right-of-use assets are depreciated over their expected useful lives using the straight-line method.

Depreciation on additions (new leases) is charged from the month in which the leases are entered into. No depreciation is charged after the leases are matured or terminated.

6.8.2 Lease liability against right-of-use assets

The lease liabilities are initially measured as the present value of the remaining lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Bank's incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or change in lease terms. These remeasurements of lease liabilities are recognised as adjustments to the carrying amount of related right-of-use assets after the date of initial recognition.

Each lease payment is allocated between a reduction of the liability and a finance cost. The finance cost is charged to the profit and loss account as markup expense over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

6.9 Impairment

Carrying values of assets are reviewed at each reporting date for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amounts. Recoverable amount is the higher of fair value less costs to sell and value in use. The resulting impairment loss is taken to the profit and loss account except for the impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

6.10 Assets acquired in satisfaction of claims

The Bank occasionally acquires assets in settlement of certain advances. These are stated at the carrying value of such assets.

6.11 Taxation

Current

Provision for current taxation is based on taxable income at the current rate of taxation after taking into account available tax credits, exemptions and rebates as laid down in the applicable income tax law. The charge for current tax also includes adjustments wherever considered necessary, relating to prior years which arise from assessments framed / finalized during the year.

Deferred

Deferred tax is provided using the balance sheet liability method, providing for all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amount used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using the tax rates enacted at the reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available and the credits can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized. The Bank also recognizes deferred tax asset / liability on deficit / surplus on revaluation of securities in accordance with the requirements of IAS 12 'Income Taxes'. The related deferred tax asset / liability is adjusted against the related deficit / surplus.

Prior years

The taxation charge for prior years represents adjustments to the tax charge relating to prior years, arising from assessments and changes in estimates made during the current year, except otherwise stated.

6.12 Borrowings / deposits and their costs

Borrowings / deposits are recorded at the proceeds received.

Borrowings / deposits costs are recognized as expenses in the period in which these are incurred using effective mark-up / interest rate method.

6.13 Sale and repurchase agreements

Securities sold subject to a repurchase agreement (repo) are retained in the financial statements as investments and the counter party liability is included in borrowings. Securities purchased under an agreement to resell (reverse repo) are not recognized in the financial statements as investments and the amount extended to the counter party is included in lendings to financial institutions. The difference between the purchase / sale and re-sale / re-purchase price is recognized as mark-up income / expense on a time proportion basis, as the case may be.

6.14 Revenue recognition

Mark-up / interest on advances and returns on investments are recognized on a time proportion basis using the effective interest method except that mark-up / interest on non-performing advances and investments is recognized on a receipt basis, in accordance with the requirements of the Prudential Regulations issued by SBP. Where the debt securities are purchased at premium or discount, such premium / discount is amortised through the profit and loss account over the remaining period of maturity.

Fee, brokerage and commission income is recognized on accrual basis.

Profit / (loss) on sale of investments is credited / charged to the profit and loss account for the current year.

Income from interbank deposits in saving accounts is recognized in the profit and loss account as it accrues using the effective interest method.

Dividend income is recognized when the Bank's right to receive has been established.

Recoveries against loans written-off under Government relief packages are accounted for on cash receipt basis.

Operating lease rentals are recorded in the profit and loss account on a time proportion basis over the term of lease arrangements.

6.15 Provisions

Provisions are recognized when the Bank has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and are adjusted to reflect current best estimates.

6.16 Foreign currencies

Transactions in foreign currencies are translated to Pak Rupees at the foreign exchange rate prevailing on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in Pak Rupee terms at the rates of exchange prevailing at the reporting date.

6.17 Financial instruments

Financial assets and liabilities are recognized when the Bank becomes a party to the contractual provisions of the instrument. These are derecognized when the Bank ceases to be the party to the contractual provisions of the instrument.

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be.

Financial assets

Financial assets are cash and balances with SBP and NBP, balances with other banks, lending to financial institutions, investments, advances and other receivables. Advances are stated at their nominal value as reduced by appropriate provisions against non-performing advances, while other financial assets excluding investments are stated at cost. Investments classified as available for sale are valued at mark-to-market basis and investments classified as held to maturity are stated at amortized cost.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangement entered into. Financial liabilities include borrowings and other liabilities which are stated at their nominal value. Financial charges are accounted for on accrual basis.

Any gain or loss on the recognition and derecognition of the financial assets and liabilities is included in the net profit and loss for the period in which it arises.

Impairment – financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in the profit and loss account.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost the reversal is recognized in the profit and loss account.

6.18 Offsetting

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legally enforceable right to set off and the Bank intends either to settle on a net basis, or to realize the assets and settle the liabilities, simultaneously.

6.19 Fair value measurement

A number of assets and liabilities included in the financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Bank's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

Level 1: Quoted prices in active markets for identical items (unadjusted)

Level 2: Observable direct or indirect inputs other than Level 1 inputs

Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the inputs used that has a significant effect on the fair value measurement of the item and transfers of items between levels are recognised in the period they occur.

The financial assets and financial liabilities of the Bank that either require fair value measurements or only fair value disclosures as at December 31, 2022 are disclosed in note 40.

6.20 Dividend distribution and appropriation

Dividends (including bonus dividend) and other appropriations (except appropriations which are required by law) are recognized in the period in which these are approved.

6.21 Earnings per share

The Bank presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

6.22 Segment reporting

A segment is a distinguishable component of the Bank that is engaged either in providing particular products or services (business segment), or in providing product or services within a particular economic environment (geographical segment), and is subject to risk and rewards that are different from those of other segments. The Bank is engaged in providing agri-financing and branch banking, islamic banking and treasury operations and operates only in Pakistan.

6.23 Related party transactions

Transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes as admissible.

6.24 Other payables

Liabilities for other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Bank.

6.25 Other receivables

These are recognized at cost, which is the fair value of the consideration given. An assessment is made at each reporting date to determine, whether there is an indication that a financial asset, or a group of financial assets, may be impaired. If such an indication exists, the estimated recoverable amount of that asset is determined and an impairment loss is recognized for the difference between the recoverable amount and the carrying value.

6.26 Mark-up bearing borrowings

Mark-up bearing borrowings are recognized initially at cost being the fair value of consideration received, less attributable transaction costs. Subsequent to initial recognition mark-up bearing borrowings are stated at original cost less subsequent repayments.

6.27 Statutory reserve

In compliance with the requirements of the Banking Companies Ordinance, 1962, the Bank is required to maintain a statutory reserve to which an appropriation equivalent to 20% of the profit after tax is made till such time the reserve fund equals the paid up capital of the Bank. However, thereafter, the contribution is reduced to 10% of the profit after tax.

6.28 Cash reserve requirement

The Bank maintains liquidity equivalent to at least 6% of its time and demand deposits in the form of liquid assets i.e. cash and banks.

6.29 Grants

Grants of non-capital nature are recognized as deferred income at the time of their receipt. Subsequently, these are recognized in the profit and loss account to the extent of the actual expenditure incurred. Expenditure incurred against grants committed but not received, is recognized directly in the profit and loss account and reflected as a receivable from donors.

Grants that compensate the Bank for the cost of an asset are recognized in the profit and loss account as other operating income on a systematic basis over the useful life of the asset.

The grant related to an asset is recognised in the statement of financial position initially as deferred income when there is reasonable assurance that it will be received and that the Bank will comply with the conditions attached to it.

6.30 Contingencies

A contingent liability is disclosed when the Bank has a possible obligation as a result of past events, existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank or the Bank has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

6.31 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates and judgments. It also requires the management to exercise its judgment in the process of applying the Bank's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Bank's financial statements or where judgment was exercised in application of accounting policies described in notes are as follows:

a) Classification of investments

As described in Note 6.5, investments 'held for trading' are the securities acquired principally for the purpose of generating profits from short term fluctuations in market prices while investments 'held to maturity' are investments where the management has positive intention and ability to hold the same to maturity and 'available for sale' securities are investments that do not fall under the 'held for trading' or 'held to maturity' categories. The classification of these investments involves

management judgment at the time of purchase whether these are 'held for trading', 'held to maturity' or 'available for sale' investments.

b) Provision against advances

The Bank reviews its loan portfolio to assess the amount of non-performing advances and provision required thereagainst on regular basis. The amount of provision is determined in accordance with the requirements of Prudential Regulations issued by SBP from time to time and the management's judgment in case of subjective provision.

c) Defined benefit plans

Certain actuarial assumptions have been adopted as disclosed in note 38 of these financial statements for the actuarial valuation of staff retirement benefit plans. Actuarial assumptions are best estimates of the variables that will determine the ultimate cost of providing post employment benefits. Changes in these assumptions in future years may affect the liability / asset under these plans in those years.

d) Operating fixed assets

Estimates of useful life of the property and equipment are based on the management's best estimates. Changes in the expected useful life are accounted for by changing the depreciation / amortization period or method, as appropriate, and are treated as change in accounting estimates. Such changes are accounted for as change in accounting estimate in accordance with IAS 8 'Changes in Accounting Estimates and Errors'.

e) Impairment

Impairment of available for sale equity investments

Available for sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. The determination of what is significant or prolonged requires judgment. In making this judgment, the Bank evaluates among other factors, the normal volatility in share price.

Impairment of investments in subsidiary and associates

The Bank considers that a decline in the recoverable value of investment in subsidiary and associates below their cost may be evidence of impairment. Recoverable value is calculated as the higher of fair value less costs to sell and value in use. An impairment loss is recognized when the recoverable value falls below the carrying value and is charged to the profit and loss account.

Impairment of non-financial assets (excluding deferred tax)

The carrying amounts of non-financial assets are reviewed at each reporting date for impairment whenever events or changes in circumstances indicate that the carrying amounts of assets may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amounts. The resulting impairment loss is taken to the profit and loss account.

f) Taxation

In making the estimates for income tax currently payable by the Bank, the management considers the current income tax laws and the decisions of appellate authorities on certain issues in the past. In making the provision for deferred tax, estimates of the Bank's future taxable profits are taken into account.

g) Provision and contingent liabilities

The management exercises judgment in measuring and recognizing provisions and exposures to contingent liabilities related to pending litigations or other outstanding claims. Judgment is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision.

h) Right-of-use assets

As mentioned in note 6.8, right-of-use assets is depreciated over its lease term while their related lease liability are measured at their present values.

	Note	2022 Rupees in '000	2021 Rupees in '000
7 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
Local currency		1,065,179	572,019
With State Bank of Pakistan in:			
Local currency current account	7.1	1,132,277	2,919,203
With National Bank of Pakistan in:			
Local currency current account	7.2	42,212	1,198,284
Local currency deposit account		339,008	333,762
		381,220	1,532,046
Prize bonds		1,733	2,755
		<u>2,580,409</u>	<u>5,026,023</u>

7.1 This represents current accounts maintained with SBP under cash reserve requirement of the Banking Companies Ordinance, 1962.

7.2 These carry mark-up at rates ranging from 7.25% to 14.50% (2021: 5.50% to 12.50%) per annum.

	Note	2022 Rupees in '000	2021 Rupees in '000
8 BALANCES WITH OTHER BANKS			
In Pakistan			
In current accounts	8.1	87,346	124,434
In deposit accounts		12,528,023	26,691,218
		<u>12,615,369</u>	<u>26,815,652</u>

8.1 These carry mark-up at rates ranging from 7.25% to 17.25% (2021: 5.50% to 12.40%) per annum.

	Note	2022 Rupees in '000	2021 Rupees in '000
9 LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lendings	9.2	15,500,000	3,050,000
Repurchase agreement lendings (reverse repo)		24,071,867	13,778,212
Bai Muajjal receivable	9.3	51,275	51,275
With State Bank of Pakistan		39,623,142	16,879,487
		<u>39,623,142</u>	<u>16,879,487</u>
9.1 Particulars of lendings			
In local currency		39,623,142	16,879,487
In foreign currencies		-	-
		<u>39,623,142</u>	<u>16,879,487</u>

9.2 This carries mark-up at rates ranging from 15.90% to 16.50% (2021: 10.10% to 10.75%) per annum having maturity during January 2023.

9.3 This carries mark up coupon 7.94% and having maturity during June 2023.

9.4 Securities held as collateral against lendings to financial institutions

	2022			2021		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	..... Rupees in '000					
Pakistan Investment Bonds	24,071,867	-	24,071,867	13,778,212	-	13,778,212
	<u>24,071,867</u>	<u>-</u>	<u>24,071,867</u>	<u>13,778,212</u>	<u>-</u>	<u>13,778,212</u>

10 INVESTMENTS - NET

10.1 Investments by types

Note	2022				2021			
	Cost / amortised cost	Provision for diminutio	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
..... Rupees in '000								
Available-for-sale securities	10.4							
Federal Government securities	302,439,194	-	(840,501)	301,598,693	78,001,592	-	(873,024)	77,128,568
Shares	99,819	(10,523)	2,438,038	2,527,334	99,819	(10,523)	2,375,819	2,465,115
Corporate sukuk	568,921	-	-	568,921	594,575	-	3,412	597,987
Term Finance Certificates	2,049,065	-	5,672	2,054,737	2,099,245	-	16,330	2,115,575
	305,156,999	(10,523)	1,603,209	306,749,685	80,795,231	(10,523)	1,522,537	82,307,245
Subsidiary	10.2.1							
	100,000	-	-	100,000	100,000	-	-	100,000
Total investments	305,256,999	(10,523)	1,603,209	306,849,685	80,895,231	(10,523)	1,522,537	82,407,245

10.2 Investments by segments

Federal Government Securities

Market Treasury Bills	243,661,242	-	294,927	243,956,169	42,060,692	-	(44,626)	42,016,066
Pakistan Investment Bonds	57,301,871	-	(1,090,705)	56,211,166	34,764,522	-	(794,722)	33,969,800
GOP Ijarah sukuk	1,476,081	-	(44,723)	1,431,358	1,176,378	-	(33,676)	1,142,702
	302,439,194	-	(840,501)	301,598,693	78,001,592	-	(873,024)	77,128,568

Shares:

Listed Companies	89,296	-	2,438,038	2,527,334	89,296	-	2,375,819	2,465,115
Unlisted Companies	10,523	(10,523)	-	-	10,523	(10,523)	-	-
	99,819	(10,523)	2,438,038	2,527,334	99,819	(10,523)	2,375,819	2,465,115

Non Government Debt Securities

Listed	2,617,986	-	5,672	2,623,658	2,693,820	-	19,742	2,713,562
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Subsidiary

Kissan Support Services (Private) Limited	100,000	-	-	100,000	100,000	-	-	100,000
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Total investments	305,256,999	(10,523)	1,603,209	306,849,685	80,895,231	(10,523)	1,522,537	82,407,245
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2022 **2021**
Rupees in '000

10.2.1 Information related to subsidiary company

Country of incorporation	Pakistan	
Percentage of Holding (%)	100	100
Assets	1,494,775	1,398,339
Liabilities	482,553	438,493
Revenue	147,241	115,511
Profit / (loss) after tax	54,442	(64,916)
Total comprehensive income / (loss)	52,375	(40,847)

10.2.2 Investments given as collateral

Market Treasury Bills	245,818,915	33,453,279
Pakistan Investment Bonds	47,218,262	43,392,220
	293,037,177	76,845,499

10.3 Provision for diminution in value of investments	10,523	10,523
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10.4 Quality of Available for Sale Securities

Details regarding quality of Available for Sale (AFS) securities are as follows:

2022 **2021**
Cost
Rupees in '000

Federal Government Securities - Government guaranteed

Market Treasury Bills	243,661,242	42,060,692
Pakistan Investment Bonds	57,301,871	34,764,522
Ijarah Sukuks	1,476,081	1,176,378
	302,439,194	78,001,592

Shares

Listed companies

Food and personal care products	89,296	89,296
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2022		2021	
Cost	Breakup value	Cost	Breakup value
Rupees in '000			

Unlisted companies

Pakistan Mercantile Exchange Limited	10,523	3,082	10,523	1,436
Pakistan Agricultural Storage and Services Corporation Limited	-	1,614,525	-	1,617,050
	10,523	1,617,607	10,523	1,618,486

10.4.1 Investment in Pakistan Mercantile Exchange Limited has been fully provided for due to negative break up value in prior financial statements. Cost per share is Rs. 10 to Rs. 13.5 having total cost amounting to Rs. 10.523 million.

10.4.2 Investments in Pakistan Agricultural Storages and Services Corporation Limited was transferred to the Bank at the time of conversion of ADBP into the Bank at nominal value of Rs. 1. Cost per share is Rs. 1,000 having total cost amounting to Rs. 2.50 million.

	2022	2021
	Cost	
	Rupees in '000	
Non Government debt securities		
Listed		
- AAA	500,000	500,000
- AA+, AA, AA-	1,967,986	2,193,820
- A+, A, A-	150,000	-
	<u>2,617,986</u>	<u>2,693,820</u>

11 ADVANCES - NET

	Performing		Non Performing		Total	
	2022	2021	2022	2021	2022	2021
	..... Rupees in '000					
Loans, cash credits, running finance, etc.	73,884,456	74,456,385	33,738,604	40,799,600	107,623,060	115,255,985
Advances - gross	73,884,456	74,456,385	33,738,604	40,799,600	107,623,060	115,255,985
Provision for advances:						
- against agriculture advance	-	-	14,126,561	20,392,883	14,126,561	20,392,883
- against staff advances	-	-	44,119	40,795	44,119	40,795
- general	3,000,000	3,000,000	-	-	3,000,000	3,000,000
	3,000,000	3,000,000	14,170,680	20,433,678	17,170,680	23,433,678
Advances - net of provision	70,884,456	71,456,385	19,567,924	20,365,922	90,452,380	91,822,307

11.1 Particulars of advances (gross)

In local currency 107,623,060 115,255,985

11.2 Advances include Rs. 33,682.336 million (2021: Rs. 40,746.754 million) relating to agricultural financing which have been placed under non-performing status as detailed below:

Category of classification	2022		2021	
	Non performing loans	Provision	Non performing loans	Provision
	..... Rupees in '000			
Domestic				
Other assets especially mentioned	13,616,010	-	10,716,466	-
Substandard	5,303,514	1,060,703	8,464,335	1,692,867
Doubtful	3,393,911	1,696,957	5,731,879	2,865,942
Loss	11,368,901	11,368,901	15,834,074	15,834,074
	<u>33,682,336</u>	<u>14,126,561</u>	<u>40,746,754</u>	<u>20,392,883</u>

11.3 Particulars of provision against advances

	2022			2021		
	Specific	General	Total	Specific	General	Total
	..... Rupees in '000					
Opening balance	20,392,883	3,000,000	23,392,883	24,205,818	3,000,000	27,205,818
Charge for the year	9,122,441	-	9,122,441	14,875,636	-	14,875,636
Reversals	(5,285,570)	-	(5,285,570)	(7,687,659)	-	(7,687,659)
	3,836,871	-	3,836,871	7,187,977	-	7,187,977
Amounts written off (Note 11.4)	-	-	-	-	-	-
Amounts charged off- Agri Financing (Note 11.6)	(10,103,193)	-	(10,103,193)	(11,000,912)	-	(11,000,912)
Closing balance	14,126,561	3,000,000	17,126,561	20,392,883	3,000,000	23,392,883

11.3.1 Particulars of provision against advances

	2022			2021		
	Specific	General	Total	Specific	General	Total
	..... Rupees in '000					
In local currency	14,126,561	3,000,000	17,126,561	20,392,883	3,000,000	23,392,883

11.3.2 Regulations R-11, R-12, R-13 and R-15 of the Prudential Regulations for Agriculture Financing prescribe minimum standards for classification and provisioning of non-performing loans. As per the time based criteria given in the aforesaid Regulations, provision against non-performing loans is to be made at a given percentage of the difference resulting from the outstanding balance of principal less the amount of realizable liquid assets and a given percentage of the value of mortgaged lands and buildings at the time of sanction of the loans. However, as a matter of prudence the Bank has not availed the benefit of allowed value of mortgaged lands and buildings while computing the provision against non-performing loans.

11.3.3 In addition to the time based criteria, the Bank has further classified loans and advances amounting to Rs. 3,720.917 million (2021: Rs.7,019.92 million) and further de-graded the category of classified loans and advances amounting to Rs. 6,511.752 million (2021: Rs. 8,182.97 million) on the basis of credit worthiness of the borrowers in accordance with the subjective criteria of the Prudential Regulations for Agriculture Financing.

11.3.4 Provision against non-performing loans and advances - net

	Note	2022 Rupees in '000	2021 Rupees in '000
Provision against non-performing loans and advances	11.3	3,836,871	7,187,977
Provision against staff advances		3,324	8,307
		<u>3,840,195</u>	<u>7,196,284</u>

		2022	2021
	Note	Rupees in '000	
11.4 Particulars of write offs:			
11.4.1 Against provisions		-	-
Directly charged to Profit & Loss account		-	-
		<u>-</u>	<u>-</u>
11.4.2 Write offs of Rupees 500,000 and above	11.5	-	-
Write offs of below Rupees 500,000		-	-
		<u>-</u>	<u>-</u>

11.5 Details of Loan write offs of Rupees 500,000 and above

In terms of sub-section (3) of section 33A of the Banking Companies Ordinance, 1962 the statement in respect of written-off loans or any other financial relief of five hundred thousand rupees or above allowed to a person(s) during the year has to be disclosed. Detail of charge offs out of extinguished loan portfolio exceeding five hundred thousand rupees is given at Annexure-I.

11.6 Particulars of charged off

In terms of Prudential Regulations for Agricultural Financing - Part B (specific regulations) the Bank extinguishes its loans through provisions. The total balance for these off-balance sheet loans extinguished against provisions as at December 31, 2022 amounts to Rs. 53,642.51 million (2021: Rs. 44,463.25 million) with an addition of Rs. 10,103.19 million (2021: Rs. 11,000.91 million) as charge off loans during the year.

		2022	2021
	Note	Rupees in '000	
12 FIXED ASSETS			
Capital work-in-progress	12.1	55,266	43,888
Property and equipment	12.2	2,345,585	2,433,977
		<u>2,400,851</u>	<u>2,477,865</u>
12.1 Capital work-in-progress			
Civil works		42,774	35,858
Consultancy charges		6,891	6,762
Others	12.1.1	5,601	1,268
		<u>55,266</u>	<u>43,888</u>

12.1.1 This includes soil testing and other charges incurred at sites.

12.2 Property and equipment

Description	January 1, 2022			Year ended December 31, 2022				December 31, 2022			Rate of Depreciation
	Cost	Accumulated Depreciation	Net Book Value	Opening Net Book Value	Additions / (disposal) / (transferred)	Depreciation charge / (depreciation on disposal)	Closing Net Book Value	Cost	Accumulated Depreciation	Net Book Value	
..... Rupees in '000											
Land - Freehold	105,919	-	105,919	105,919	-	-	105,919	105,919	-	105,919	-
Land - Leasehold	10,742	5,822	4,920	4,920		217	4,703	10,742	6,039	4,703	Lease terms for 33 to 99 years
Buildings on freehold land	712,054	220,417	491,637	491,637	1,579	25,216 -	468,000	713,633	245,633	468,000	5%
Buildings on leasehold land	548,452	306,519	241,933	241,933	5,225	12,255	234,903	553,677	318,774	234,903	5%
Buildings on leasehold land - ADB	21,224	10,659	10,565	10,565		528	10,037	21,224	11,187	10,037	5%
Furniture and fixtures	539,592	269,897	269,695	269,695	2,838	27,120	245,413	542,430	297,017	245,413	10% / 20%
Computer, office and other equipment	1,497,863	1,140,466	357,397	357,397	30,819 (2,900)	102,288 (2,831)	285,859	1,525,782	1,239,923	285,859	20% / 33%
Computer, office and other equipment - ADB	212,289	212,287	2	2	-	-	2	212,289	212,287	2	20% / 33%
Vehicles	1,225,412	1,091,266	134,146	134,146	116,891 (42,002)	62,106 (32,742)	179,671	1,300,301	1,120,630	179,671	20%
Right-of-use assets (note 6.8)	1,254,218	436,455	817,763	817,763	318,334 (250,599)	255,892 (181,472)	811,078	1,321,953	510,875	811,078	10% - 100%
	6,127,765	3,693,788	2,433,977	2,433,977	475,686 (295,501)	485,622 (217,045)	2,345,585	6,307,950	3,962,365	2,345,585	

Description	January 1, 2021			Year ended December 31, 2021				December 31, 2021			Annual rate of Depreciation
	Cost	Accumulated Depreciation	Net Book Value	Opening Net Book Value	Additions / (Disposal)/ (Transferred)	Depreciation charge / (depreciation on disposal)	Closing Net Book Value	Cost	Accumulated Depreciation	Net Book Value	
..... Rupees in '000											
Land - Freehold	105,919	-	105,919	105,919	-	-	105,919	105,919	-	105,919	-
Land - Leasehold	10,742	5,605	5,137	5,137		217	4,920	10,742	5,822	4,920	Lease terms for 33 to 99 years
Buildings on freehold land	716,445	197,232	519,213	519,213	- (4,391)	23,185 -	491,637	712,054	220,417	491,637	5%
Buildings on leasehold land	548,118	293,789	254,329	254,329	334	12,730	241,933	548,452	306,519	241,933	5%
Buildings on leasehold land - ADB	21,224	10,103	11,121	11,121		556	10,565	21,224	10,659	10,565	5%
Furniture and fixtures	539,488	242,229	297,259	297,259	2,422 (2,318)	29,822 (2,154)	269,695	539,592	269,897	269,695	10% / 20%
Computer, office and other equipment	1,463,400	1,006,253	457,147	457,147	34,943 (480)	134,665 (452)	357,397	1,497,863	1,140,466	357,397	20% / 33%
Computer, office and other equipment - ADB	212,289	212,287	2	2	-	-	2	212,289	212,287	2	20% / 33%
Vehicles	1,260,324	1,071,003	189,321	189,321	49,102 (84,014)	80,663 (60,400)	134,146	1,225,412	1,091,266	134,146	20%
Right-of-use assets (note 6.8)	1,298,806	387,601	911,205	911,205	226,286 (270,874)	267,448 (218,594)	817,763	1,254,218	436,455	817,763	10% - 100%
	6,176,755	3,426,102	2,750,653	2,750,653	313,087 (362,077)	549,286 (281,600)	2,433,977	6,127,765	3,693,788	2,433,977	

	2022	2021
	Rupees in '000	
12.3 Carrying amount of temporarily idle property	<u>58,440</u>	<u>58,470</u>
12.4 Included in cost of property and equipment are fully depreciated items still in use having following category wise breakup:		
Leasehold land	3,220	3,220
Computer, office and other equipment	351,454	341,575
Computer, office and other equipment - ADB	212,120	212,289
Vehicles	<u>969,073</u>	<u>883,766</u>
	<u>1,535,867</u>	<u>1,440,850</u>
12.5 The title documents of freehold land having cost of Rs. 1.86 million (2021: Rs. 1.86 million) and leasehold land having book value of Rs. nil (2021: Rs. nil) are still in the name of Agricultural Development Bank of Pakistan.		

12.6 Detail of disposal of fixed assets to related parties during the year are as follows:

Description	Cost	Book value	Sale proceed	Mode of disposal	Particulars of buyers
..... Rupees in '000					
Toyota Altis	3,808	1,523	1,523	As per entitlement	Mr. Shahbaz Jameel, Ex-CEO/President
Toyota Corolla	1,687	-	-	As per entitlement	Qasim Mehmood Chisti, SEVP
Toyota Corolla	1,819	-	364	As per entitlement	Rana Mujahid Ali Khan, EVP

13 INTANGIBLE ASSETS

Description	January 1, 2022			Year ended December 31, 2022				December 31, 2022			Rate of amortization	Useful life
	Cost	Accumulated amortisation	Net book value	Opening net book value	Additions	Amortisation charge	Closing net book value	Cost	Accumulated amortisation	Net book value		
	..... Rupees in '000											
Computer software	137,182	101,365	35,817	35,817	83,808	46,466	73,159	220,990	147,831	73,159	33.33%	3 years
Computer software - ADB	82,081	82,081	-	-	-	-	-	82,081	82,081	-	33.33%	3 years
	<u>219,263</u>	<u>183,446</u>	<u>35,817</u>	<u>35,817</u>	<u>83,808</u>	<u>46,466</u>	<u>73,159</u>	<u>303,071</u>	<u>229,912</u>	<u>73,159</u>		
Description	January 1, 2021			Year ended December 31, 2021				December 31, 2021			Rate of amortization	Useful life
	Cost	Accumulated amortisation	Net book value	Opening net book value	Additions	Amortisation charge	Closing net book value	Cost	Accumulated amortisation	Net book value		
	..... Rupees in '000											
Computer software	96,849	77,453	19,396	19,396	40,333	23,912	35,817	137,182	101,365	35,817	33.33%	3 years
Computer software - ADB	82,081	82,081	-	-	-	-	-	82,081	82,081	-	33.33%	3 years
	<u>178,930</u>	<u>159,534</u>	<u>19,396</u>	<u>19,396</u>	<u>40,333</u>	<u>23,912</u>	<u>35,817</u>	<u>219,263</u>	<u>183,446</u>	<u>35,817</u>		

13.1 Included in cost of intangible assets are fully amortised items still in use having cost of Rs. 178.931 million (2021: Rs. 168.386 million).

14 DEFERRED TAX ASSETS - NET

Deductible temporary differences on:

Defined benefit plans
Provision against non-performing loans and advances

Taxable temporary differences on:

Accelerated tax depreciation and amortization
Surplus on revaluation of investments

Note	At January 1, 2022	Recognised in P&L A/C	Recognised in OCI	At December 31, 2022
	..... Rupees in '000			

687,669	-	(554,441)	133,228
13,136,477	2,448,107	-	15,584,584
13,824,146	2,448,107	(554,441)	15,717,812

(61,041)	68,868	-	7,827
(532,888)	-	(156,492)	(689,380)
(593,929)	68,868	(156,492)	(681,553)
13,230,217	2,516,975	(710,933)	15,036,259

At January 1, 2021	Recognised in P&L A/C	Recognised in OCI	At December 31, 2021
..... Rupees in '000			

Deductible temporary differences on:

Defined benefit plans
Tax losses carried forward
Provision against non-performing loans and advances

508,940	-	178,729	687,669
2,759,984	(2,759,984)	-	-
11,021,173	2,115,304	-	13,136,477
14,290,097	(644,680)	178,729	13,824,146

Taxable temporary differences on:

Accelerated tax depreciation and amortization
Surplus on revaluation of investments

(119,404)	58,363	-	(61,041)
(904,103)	-	371,215	(532,888)
(1,023,507)	58,363	371,215	(593,929)
13,266,590	(586,317)	549,944	13,230,217

14.1 In terms of the Seventh Schedule to the Income Tax Ordinance, 2001, the claim of provision for advances and off balance sheet items has been restricted to 1% of gross advances. This represents the management's best estimate of the probable benefits expected to be realized in future years in the form of reduced tax liability as the Bank would be able to set off the profits earned in these years against losses carried forward and other timing differences relating to prior years.

		2022	2021
	Note	Rupees in '000	
15 OTHER ASSETS - NET			
Income / mark-up accrued in local currency on :			
- advances - net of provision	15.1	8,555,496	5,416,354
- securities		3,992,008	1,330,560
- deposits		140,929	163,507
Amount recoverable from Federal Government	15.2	2,800,085	2,691,252
Tax recoverable	15.3	422,652	422,652
Branch adjustment account		-	1,726,559
Taxation (payments less provision)	15.4	2,495,135	3,736,760
Receivable from defined benefit plans:	38.6.1		
gratuity scheme - SSR 1961		-	115,744
gratuity scheme - SR - 2005		705,747	479,794
Non banking assets acquired in satisfaction of claims	15.5	423,709	427,721
Stationery and stamps in hand		132,429	127,657
Stock of farm machinery		11,237	11,237
Advances against salary and expenses		22,579	53,509
Security deposits		6,199	6,198
Advances and other prepayments		328,770	170,104
Clearing and settlement	15.6	2,220,173	-
Others		143,533	198,458
		<u>22,400,681</u>	<u>17,078,066</u>
Provision held against other assets	15.7	(939,492)	(964,265)
Other assets - net of provisions		<u>21,461,189</u>	<u>16,113,801</u>

15.1 This does not include Rs. 8,660.416 million (2021: Rs. 10,361.093 million) on account of unrealised mark-up on non performing loans and advances kept in the memorandum account in accordance with the Prudential Regulations for Agriculture Financing.

15.2 This includes amount recoverable from Federal Government on account of crop loan insurance premium amounting to Rs. 2,411.656 million (2021: Rs. 2,087.305 million), small livestock farmers premium amounting to Rs. 383.57 million (2021: Rs. 599.20 million) and animal tagging charges amounting to Rs. 4.86 million (2021: Rs. 4.75 million).

15.3 This includes tax recoverable of Rs. 309.359 million (2021: Rs. 309.359 million) for assessment years 1991-92 to 2013-14 as disclosed in Note 16.

		2022	2021
	Note	Rupees in '000	
15.4 Taxation - net			
Opening receivable		3,736,760	6,300,124
Charge during the year	32	(4,852,089)	(2,931,939)
Advance income tax / withholding tax		3,610,464	368,575
Closing receivable		<u>2,495,135</u>	<u>3,736,760</u>
15.5 Market value of non-banking assets acquired in satisfaction of claims		<u>818,646</u>	<u>825,978</u>

2022 2021
Rupees in '000

15.5.1 Non banking assets acquired in satisfaction of claims

Opening Balance	427,721	438,665
Additions	1,221	90
Disposals	(5,233)	(11,034)
Closing Balance	<u>423,709</u>	<u>427,721</u>

15.5.2 Gain on Disposal of Non-banking assets acquired in satisfaction of claims

Disposal Proceeds	12,558	21,680
less : Cost	(5,182)	(11,034)
Gain	<u>7,376</u>	<u>10,646</u>

15.6 This includes Rs. 2 billion which was cleared / settled on January 3, 2023.

2022 2021
Rupees in '000

15.7 Provision held against other assets

Tax recoverable	422,652	422,652
Non banking assets acquired in satisfaction of claims	423,709	427,721
Stock of farm machinery	11,237	11,237
Accrued interest on advances of ex-employees	17,734	15,183
Amount deposited with courts / legal charges recoverable	64,160	87,472
	<u>939,492</u>	<u>964,265</u>

15.7.1 Movement in provision held against other assets

Opening balance	964,265	1,022,306
Charge for the year	39,056	38,586
Reversals	(63,829)	(96,627)
	<u>(24,773)</u>	<u>(58,041)</u>
Closing balance	<u>939,492</u>	<u>964,265</u>

16 CONTINGENT ASSETS

16.1 There is a contingency of an amount of Rs. 297.149 million and Rs. 54.828 million on account of minimum income tax levied by the Income Tax authorities under section 80-D of the Income Tax Ordinance, 1979, and various tax refunds pertaining to assessment years 1991-92 to 1998-99 and assessment year 1999-2000 respectively despite the income of the Bank being exempt from tax up to income year ended 30 June 1999. The Bank paid, under protest, these disputed tax demands and also filed writ petition in this respect in the Honorable Lahore High Court, Rawalpindi Bench, Rawalpindi. Later on, the Bank withdrew the said petition on the directions of the Federal Government and the case was referred to the Law and Justice Division of the Government of Pakistan (GoP) which decided the reference in the Bank's favour. The Federal Board of Revenue (FBR), disagreed with the aforesaid decision, further took up the matter with Federal Cabinet for its review. Federal Cabinet referred the case to the Attorney General of Pakistan (AGP) for final decision which was received on March 12, 2011 whereby the AGP decided that Section 27-A of the ADBP Ordinance should prevail over the said section 80-D of the Income Tax Ordinance, 1979.

- 16.2 Assistant Commissioner, Sindh Revenue Board (SRB) passed the order on 11.05.2019 for the period January 2012 to December 2012 creating a demand of Rs 6.42 million (Principle + Penalty). On 03.06.2019, payment of impugned tax Amounting Rs.6.6 million (Principle + 10% Surcharge) has been made, under protest, to avail the SRB Amnesty Scheme. Bank has filed appeal before Commissioner (Appeals), SRB. Main Appeal heard and further adjourned to 12.08.2022 but remained undecided and appeal/case has been transferred to Appellate Tribunal by the Commissioner (Appeals-I) on 30.06.2022, being time barred at the Commissioner Appeals. The Bank is expecting a favourable decision.
- 16.3 Assistant Commissioner, Sindh Revenue Board (SRB) passed the order on 11.07.2019 for the period January 2013 to December 2013 creating a demand of Rs 2.75 million. On 03.06.2019, payment of impugned tax amounting to Rs. 2.75 million was made, under protest, to avail the SRB Amnesty Scheme. Bank filed appeal before Commissioner (Appeals), SRB. Main Appeal heard and further adjourned to 12.08.2022 but remained undecided and appeal/case has been transferred to Appellate Tribunal by the Commissioner (Appeals-I) on 30.06.2022, being time barred at the Commissioner Appeals. The Bank is expecting a favourable decision.
- 16.4 Assistant Commissioner, Sindh Revenue Board (SRB) passed the order on 24.01.2020 for the period of January 2014 to December 2014 which created a demand of Rs.54.6 million. On 03.06.2019 payment of impugned tax was made for Rs. 2.86 million, under protest, to avail the SRB Amnesty Scheme. Bank filed appeal before Commissioner (Appeals), SRB. Main Appeal heard and further adjourned to 12.08.2022 but remained undecided and appeal/case has been transferred to Appellate Tribunal by the Commissioner (Appeals-I) on 30.06.2022, being time barred at the Commissioner Appeals. The Bank is expecting a favourable decision.

		2022	2021
	Note	Rupees in '000	
17	BILLS PAYABLE		
	In Pakistan	580,505	442,401
18	BORROWINGS		
	Secured		
	Borrowing from State Bank of Pakistan (SBP)		
	Redeemable preference shares	18.2	54,461,536
	Repurchase agreement borrowings	18.3	291,048,185
	Repurchase agreement borrowings - others	18.4	1,988,992
	Total secured		347,498,713
	Unsecured		
	Call borrowings	18.5	7,400,000
			354,898,713
18.1	Particulars of borrowings with respect to currencies		
	In local currency		354,898,713
18.2	Redeemable preference shares have been issued to SBP carrying mark-up of 7.5% per annum, redeemable on March 7, 2027. The principal of the preference shares and return thereon is guaranteed by the Federal Government of Pakistan.		
18.3	These carry markup at the rate of 15.24% to 16.26% (2021: 9.91% to 10.21%) per annum and is secured against Market Treasury Bills having face value amounting to Rs. 47,700 million (2021: Rs.34,500 million) and Pakistan Investment Bonds amounting to Rs.253,000 million (2021: Rs.42,000 million). These are repayable by January to March 2023 (2021: January to March 2022).		
18.4	These carry markup at the rate of 16% (2021: 10%) per annum and is secured against Market Treasury Bills having face value amounting to Rs. 2,000 million (2021: Pakistan Investment Bonds having face value amounting to Rs. 2,000 million) . These are repayable by January 2023 (2021: January 2022).		
18.5	These carry markup at the rate of 15% to 16.26% (2021: 10% to 10.30%) per annum. These are repayable by January to February 2023 (2021: January 2022).		

	2022	2021
	Rupees in '000	
19	DEPOSITS AND OTHER ACCOUNTS	
	Customers - local currency	
	Current deposits	6,012,741
	Saving deposits	5,652,727
	Term deposits	32,524,626
	Others	21,836
		44,211,930
	Financial Institutions - local currency	
	Current deposits	7,264
	Saving deposits	3,113,500
	Term deposits	-
		3,120,764
		47,332,694
		42,048,066
		43,598,565

	2022	2021
	Rupees in '000	
19.1 Composition of deposits		
- Individuals	4,006,640	3,790,813
- Government (Federal and Provincial)	11,701,794	6,160,921
- Public sector entities	7,431,419	8,631,614
- Banking companies	-	-
- Non-Banking Financial Institutions	3,120,764	1,550,501
- Private sector	21,072,077	23,464,716
	<u>47,332,694</u>	<u>43,598,565</u>

19.2 These include deposits eligible to be covered under insurance arrangements in accordance with DPC Circular No. 04 dated June 22, 2018 amounting to Rs. 9,944.559 million (2021: 10,310.913 million).

	Note	2022	2021
		Rupees in '000	
20 OTHER LIABILITIES			
Mark-up / return / interest payable in local currency on:			
- borrowings		4,326,579	1,465,844
- deposits and other accounts		712,502	804,150
Accrued expenses		942,134	697,294
Branch adjustment account		304,480	-
Net liabilities relating to Bangladesh	20.1	189	190
Payable to Ministry of Food Agriculture & Livestock	20.2	168,000	168,000
Provision for:	38.6.1		
- pension scheme		7,633,256	9,099,720
- employees' post retirement medical benefits		10,063,017	7,964,423
- employees' compensated absences		2,087,516	2,229,620
Payable to subsidiary company	43	103,127	103,193
Due to Islamic Banking		442	496
Security deposits		21,966	32,780
Deferred income	20.3	10,038	10,566
Lease liability against right-of-use assets		907,653	892,799
Clearing and settlement		-	236,217
Others	20.4	1,287,059	774,530
		<u>28,567,958</u>	<u>24,479,822</u>

20.1 Net liabilities relating to Bangladesh

Liabilities		1,953,546	1,924,176
Assets		(1,953,357)	(1,923,986)
	20.1.1	<u>189</u>	<u>190</u>

20.1.1 This represents the amount relating to the activities of the Bank in Bangladesh (former East Pakistan) before its separation. In accordance with the Finance Division letter No. F.5(12)PEC(op-FR)/78-236 dated May 6, 1979 the Bank has to calculate interest on the loans made in Bangladesh as it does in the case of corresponding borrowings made from the SBP. Instead of carrying the interest to profit and loss account, the Bank shows it in the statement of financial position only. The Bank is accruing interest at the rate of 8% per annum on its loans and advances made in Bangladesh with contra increase in its liabilities relating to its activities in Bangladesh. However, the Bank has no control over these assets.

20.2 This represents payable under Crop Maximization Project - Productivity Enhancement on Sustainable Basis.

	Note	2022 Rupees in '000	2021
20.3 Deferred income			
Opening balance		10,566	11,122
Amortization during the year	28	(528)	(556)
Closing balance		<u>10,038</u>	<u>10,566</u>

20.3.1 Deferred income comprises the grants from the Asian Development Bank via Government of Pakistan for Rural Support Development Finance Project (RSDFP).

20.4 These represent various payables which include insurance claims payable / adjustable against the loan liability of the borrowers, withholding taxes, contribution received from borrowers, clearing proceeds payable etc.

21 SHARE CAPITAL

21.1 Authorized capital

2022	2021		2022	2021
Number of shares			Rupees in '000	
		Ordinary and Preference shares		
12,500,000,000	12,500,000,000	of Rupees 10 each	125,000,000	125,000,000

21.2 Issued, subscribed and paid up capital

2022	2021			
Number of shares				
		Ordinary shares of Rupees 10 each		
1,186,961,201	1,186,961,201	- fully paid in cash	11,869,612	11,869,612
65,282,866	65,282,866	- Issued as bonus shares	652,828	652,828
4,015,599,174	4,015,599,174	- Issued against loan from SBP	40,155,992	40,155,992
<u>5,267,843,241</u>	<u>5,267,843,241</u>		<u>52,678,432</u>	<u>52,678,432</u>

21.3

Shareholder	No. of ordinary shares	Paid-up value per share		
State Bank of Pakistan	4,015,599,174	10	40,155,992	40,155,992
Government of Pakistan	1,251,189,067	10	12,511,891	12,511,891
Government of Punjab	292,340	10	2,923	2,923
Government of Sindh	125,545	10	1,255	1,255
Government of Khyber Pakhtunkhwa	71,740	10	717	717
Government of Balochistan	37,875	10	379	379
Erstwhile East Pakistan	527,500	10	5,275	5,275
	<u>5,267,843,241</u>		<u>52,678,432</u>	<u>52,678,432</u>

22 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

Surplus / (deficit) on revaluation available-for-sale securities:

Quoted investments	2,438,038	2,375,819
Other securities	(834,829)	(853,282)
Surplus on revaluation of available-for-sale securities	1,603,209	1,522,537
Deferred tax on surplus on revaluation of available-for-sale securities	(689,381)	(532,888)
	<u>913,828</u>	<u>989,649</u>

23 CONTINGENCIES AND COMMITMENTS

23.1 Contingent liabilities

In respect of cases filed against the Bank:

23.1.1	by borrowers; 489 (2021: 624) cases	<u>355,489</u>	<u>458,926</u>
23.1.2	by employees; 434 (2021: 461) cases	<u>281,681</u>	<u>267,591</u>

23.2.1 Income Tax Department under section 161/205 of the Income Tax Ordinance, 2001 levied income tax amounting to Rs. 7.714 million for the Tax Year 2004. The Bank filed an appeal before the Commissioner Inland Revenue - Appeals (CIR-A) who decided the case in favour of the Bank. However, being aggrieved, the FBR filed an appeal before the Appellate Tribunal Inland Revenue (ATIR), hearing was fixed in this case against which the bank sought adjournment, but ATIR heard the case and upheld the decision of Assessing Officer (A.O.). A.O. on the direction of ATIR Order reassessed the earlier demand to Rs. 10.105 million by adding default surcharge. Subsequently, the ATIR decided the case in the favour of the Bank and appeal effects order is pending. However, the department filed reference application before Islamabad High Court, Islamabad against the Order of ATIR. The Bank has not accounted for the demand as tax payable and no provision has been recognized as the Bank is confident for a favourable outcome.

23.2.2 The cases relating to taxation matters of the Bank for the Assessment Years 2002-2003 and Tax Years 2003 to 2009 were contested by the Bank at various forums. ATIR vide its orders dated June 09, 2010, March 1, 2011, July 22, 2011 and April 16, 2012 decided most of the issues involved in favour of the Bank. Final appeal effects order received by the Bank as per the decisions of ATIR resulting in net refunds of Rs. 4,640.154 million. However, Commissioner Inland Revenue (CIR) filed reference applications under section 133 of the Income Tax Ordinance, 2001 against the aforementioned ATIR orders dated June 9, 2010, March 1, 2011, July 22, 2011 and April 16, 2012 before the Honorable Lahore High Court, Rawalpindi Bench for Tax Years 2003, 2004, 2006 and 2007 and Honorable Islamabad High Court, Islamabad for Assessment Year 2002-03 and Tax Years 2004, 2005, 2006, 2007, 2008 and 2009. The Honourable Islamabad High Court, Islamabad decided the cases for which appeal effects from department are pending except 2007. In Tax Year 2007 the A.O. issued an order on the basis of High Court directives by creating a demand of Rs. 24.875 million, being aggrieved the Bank filed appeal before CIR(A), who remanded back the issues to A.O., appeal effects on the basis of CIR(A) Oder are pending. Provision for the cases of income tax, approximately amounting to Rs. 9,917.854 million, has not been recognized as the Bank is confident for a favourable outcome based on the strong ground of appeal and opinion of legal counsel of the Bank.

- 23.2.3 The Deputy Commissioner Inland Revenue (DCIR) passed orders under section 122(4) of the Income Tax Ordinance, 2001 and raised demand of Rs. 1,056.324 million for Tax Years 2008 and of Rs. 2,250.813 millions for Tax Year 2009 respectively aggregating to Rs. 3,307.137 million. The Bank filed appeals before CIR(A) who maintained the order. The Bank filed an appeal against the said order before ATIR who decided and cases remanded back to A.O. No order, in this regard, has been received so far. The Bank has not accounted for the demand as tax payable, as a favourable outcome is expected.
- 23.2.4 DCIR passed order under section 161 / 205 of the Income Tax Ordinance, 2001 and raised demand of Rs. 208.337 million for Tax Year 2011. The Bank filed appeal before CIR(A) against the orders of DCIR who remanded back the case to A.O. for verification. The Bank filed appeal before ATIR against the orders of the CIR(A). ATIR decided the case in favour of Bank on the issue of default surcharge. However, the department filed reference application before Honourable Islamabad High Court, Islamabad. Further, the A.O. on remanded back case, after verification on various issues, reduced the demand to Rs. 14.366 million. Being aggrieved the Bank filed appeal before CIR(A) against the order of A.O. on remanded back case who deleted various issues and also confirmed the action of A.O. on certain issues. Being aggrieved both the Bank and the department filed appeal before ATIR against the orders of the CIR(A). ATIR against the appeals of the Bank and Department decided the case in favour of the Bank. Further, on remanded back issues, the A.O. further created a demand of Rs. 7.527 million. Being aggrieved, the Bank filed appeal before CIR(A) who remanded back the case to the department for denovo consideration with the direction that while giving appeal effects, the order of ATIR may be kept in mind. Being aggrieved the Bank as well Tax Department filed the appeals to ATIR against the orders of CIR(A). The ATIR cancelled the impugned order in favour of Bank for which appeal effect is pending with A.O. The Bank has not accounted for the demand as tax payable because favourable decision is expected.
- 23.2.5 ACIR passed orders under section 122(5A) and raised demand of Rs. 3,287.662 million for Tax Year 2010, Rs. 2,922.830 million for Tax Year 2011 and Rs. 2,037.114 million for Tax Year 2012. The Bank filed appeal before CIR(A) who remanded back the cases to ACIR. The Bank filed appeals with ATIR against the orders of the CIR(A) which were decided by the ATIR in favour of the Bank in most of the issues. However, the department filed reference application before Honorable Islamabad High Court against the issues favouring the Bank. On the directions of ATIR Orders the department passed appeal effects Orders u/s 124 / 122(5A) of the Income Tax Ordinance, 2001 and raised demand of Rs. 616.611 million for Tax Year 2010, Rs. 844.800 million for Tax Year 2011 and Rs. 321.531 million for Tax Year 2012. Being aggrieved the Bank filed appeals before CIR(A) against the Orders of Additional Commissioner (IR) who in its Order deleted the additions in most of the issues. ACIR on the directions of CIR(A) further issued orders u/s 124 / 122(5A) for Tax Year 2010 converting the earlier demand of Rs. 616.611 million to refund of Rs. 164.934 million, for Tax Year 2011 reducing the tax liability from Rs. 844.800 million to Rs. 619.849 million and for Tax Year 2012 reducing the tax liability from Rs. 321.531 million to Rs. 5.180 million respectively. Being aggrieved the Bank as well as Tax Department filed appeals before ATIR against the order of CIR(A). ATIR against the appeal filed by the Department for Tax Year 2011 and 2012 on the issues of substandard loans and reversal of provisions against compensated absences were disposed of by upholding the decision of CIR(A) about deletion of the same and also remanded back the similar addition in 2013 to A.O. with the direction to keep pending of reassessment in accordance to the provisions of Section 124A of Income Tax Ordinance, 2001 as the matter is sub judice before High Court against reference application filed by the Department against the Orders of ATIR which is decided in favour of the Bank. Further, by disposing off the appeals filed by the Bank in Tax Years 2010, 2011 and 2012 and remanded back the issue of property income and arithmetic error in Assessment Order to

A.O. for reassessment. On the directions of ATIR, ACIR issued appeal effect orders u/s 124 / 122(5A) for Tax Year 2010 converting the earlier refund of Rs. 164.934 million into demand of Rs. 419.221 million, for Tax Year 2011 reducing the tax liability from Rs. 619.849 million to Rs. 181.617 million and for Tax Year 2012 converted the tax liability from Rs. 5.180 million to refund of Rs.12.319 million respectively. CIR(A) upheld the orders of A.O. Being aggrieved Bank filed an appeal before ATIR. The Bank has not accounted for the demand as tax payable because favourable decision is expected.

- 23.2.6 ACIR passed order under section 122(5A) of the Income Tax Ordinance, 2001 and raised demand of Rs. 4,920.168 million for Tax Year 2013. The Bank filed appeal before CIR(A) against the orders of ACIR who deleted the demand on various issues and also confirmed the action of ACIR on certain issues. The Bank and FBR both filed appeals before ATIR against the orders of CIR(A) which were decided in favour of the Bank except for Rs. 2,830 million which were remanded back to ACIR. However, the department filed reference application before Honorable Islamabad High Court, Islamabad. On the directions of ATIR Orders the department passed appeal effects Orders u/s 124 / 122(5A) of the Income Tax Ordinance, 2001 and raised demand of Rs. 829.428 million. Being aggrieved the Bank filed appeals before CIR(A) against the Orders of Additional Commissioner (IR) who decided the case in most of the issues in favour of the Bank, the appeal effects on the basis of CIR(A) is pending. Being aggrieved the Bank as well as Tax Department filed appeals before ATIR against the order of CIR(A). The ATIR disposed of both the appeals by remanding back the issues to A.O. In appeal effect order the Assessment officer after adjustment of available refund reduces the demand of Rs.829.428 million to refund amount of Rs. 8.702 million. Being aggrieved, the Bank filed appeal to ATIR. Accordingly, no provision has been made because the Bank is expecting a favourable decision.
- 23.2.7 DCIR passed order under section 161 / 205 of the Income Tax Ordinance, 2001 and raised demand of Rs. 27.792 million for Tax Year 2009. To avail the Government amnesty, the Bank paid Rs. 19.183 million under protest with waiver of penalty amount of Rs. 8.609 million under amnesty. The FBR allowed the amnesty to the Bank. The Bank filed appeal before CIR(A) against the orders of DCIR who upheld the orders of DCIR. The Bank filed appeal before ATIR against the orders of the CIR(A) who decided the case in favour of the Bank except remanded back the issue of profit on debt for verification. However, the department filed reference application before Honorable Islamabad High Court, Islamabad. The A.O. passed order u/s 124 read with 161 of the Income Tax Ordinance, 2001 and raised demand of Rs. 20.435 million on remanded back issue. The Bank filed appeal before CIR(A). The A.O. on the directions of CIR(A) further issued order u/s 124 / 161 / 205 converted the earlier demand to refund of Rs. 16.752 million by adding tax of Rs. 2.431 million on profit on debt. Being aggrieved the Bank filed appeal before ATIR against the orders of the CIR(A) and the same is pending for hearing. Accordingly, no provision has been made because the Bank is expecting a favourable decision.
- 23.2.8 DCIR passed order under section 161 / 205 of Income Tax Ordinance, 2001 and raised demand of Rs. 15.943 million for Tax Year 2012. The Bank filed appeal before CIR(A) against the orders of DCIR. CIR(A) deleted various issues and confirmed certain issues resulting to reduce the tax demand from Rs. 15.943 million to Rs. 3.892 million. Being aggrieved the Bank filed appeal before ATIR against the orders of CIR(A). ATIR decided the case in favour of the Bank and cancelled the impugned order for which appeal effects are pending with A.O. The Bank has not accounted for the demand as tax payable as a favourable decision is expected.

- 23.2.9 DCIR passed order u/s 122(5A) of the Income Tax Ordinance, 2001 and raised demand of Rs. 3,059 million for the Tax Year 2014. Further, on a rectification application filed by the Bank, A.O. passed rectification order by reducing demand to Rs. 1,278 million by adjustment of refund of Rs. 1,776 million and arithmetic error of Rs. 14 million. The Bank filed appeal before CIR(A) against the orders of DCIR who upheld the orders of DCIR. Being aggrieved the Bank filed appeal before ATIR against the orders of CIR(A). The case has been remanded back by ATIR to A.O. for reassessment. Appeal effect order has been received with reduction of earlier demand to Rs. 889 million. CIR(A) remanded back the case to A.O. for reassessment. Being aggrieved the Bank filed appeal before ATIR. The Bank has not accounted for the demand as tax payable as a favourable decision is expected.
- 23.2.10 ACIR passed order u/s 122(5A) of the Income Tax Ordinance, 2001 and raised demand of Rs. 5,549.705 million for the Tax Year 2015. The Bank filed appeal before CIR(A) against the orders of ACIR who upheld various issues ordered by ACIR. Being aggrieved the Bank filed appeal before ATIR against the orders of CIR(A) and the same is pending for hearing. A.O. on the directions of CIR(A) passed an Order u/s 124 / 122(5A) and reduced the demand from Rs. 5,549.705 million to Rs. 4,266.194 million by allowing partial relief. ATIR while disposing of both appeals and remanded back most of the issues to A.O. for reassessment. Assessment proceedings were completed, and A.O. raised the demand from Rs. 4,266.194 million to Rs. 6,780.479 million. Being aggrieved the Bank filed appeal to CIR(A) who remanded back the case to A.O. by allowing partial relief. Being aggrieved against the CIR(A) orders Bank filed an appeal to ATIR. The Bank has not accounted for the demand as tax payable as a favourable decision is expected.
- 23.2.11 A.O. passed four assessment orders u/s 161 / 205 of the Income Tax Ordinance, 2001 regarding short deduction of tax under different sections of ITO-2001 for Tax Year 2015 and raised demand of Rs. 26.628 million u/s 155, Rs. 0.412 million u/s 153(1)(b), Rs.9.495 million u/s 149 and Rs.63.469 million u/s 151 respectively. Being aggrieved the Bank filed appeals before CIR(A) against the aforementioned orders of A.O. CIR(A) remanded back the case of Rs. 26.628 million for denovo consideration to A.O. Meanwhile, after reassessment of the said case, the Assessment officer passed the order by reducing demand from Rs. 26.628 million to Rs. 14.183 million. Being aggrieved the Bank filed an appeal to ATIR. The CIR(A) upheld the decision of Assessment Officer regarding demand of Rs. 0.412 million u/s 153(1)(b). Being aggrieved the Bank filed an appeal to ATIR. The CIR(A) annulled the assessment order of Rs. 9.495 million u/s 149, and in this respect, the assessment officer didn't issue the appeal effects order to date. CIR(A) remanded back case to the Assessment Officer of Rs. 63.469 million u/s 151 for issuance of speaking order. After reassessment of this case, Assessment Officer passed the appeal effect order u/s 124/161/205 by reducing the demand from Rs. 63.469 to Rs. 27.155 million. However, Bank filed a second appeal against demand of Rs. 27.155 million. Hence, no provision has been made because the Bank is expecting a favourable decision.
- 23.2.12 ACIR passed order u/s 122(5A) of Income Tax Ordinance, 2001 and raised demand of Rs. 1,511.521 million for the Tax Year 2016. On the directions of ATIR, except property income A.O. allowed partial relief in his order. In appeal effect order A.O. converted the demand of Rs. 1,511.521 million into refund of Rs. 416.324 million. Being aggrieved the Bank filed an appeal to ATIR after receiving the CIR(A) orders who upheld the ACIR orders. ACIR passed two other assessment orders u/s 161/205 of Income Tax Ordinance, 2001 regarding Tax Year 2016 and raised demand of Rs. 63.243 million and 161.180 million regarding short deduction u/s 151 and u/s 149 of ITO, 2001 respectively. Being aggrieved Bank filed appeals to CIR(A) against these assessment orders. Meanwhile, on directions of CIR(A) the Assessment officer issued an appeal

effect order u/s 124/161/205 regarding short deduction of tax u/s 151 by reducing the demand from Rs. 63.243 million to Rs. 60.377 million whereas regarding short deduction u/s 149, CIR(A) annulled the orders of the Assessment Officer and in this respect the appeal effects u/s 124/161/205 are not yet issued by the assessment officer. However, Bank filed a second appeal against demand of Rs. 60.377 million. Hence, no provision has been made because the Bank is expecting a favourable decision.

- 23.2.13 A.O. passed orders u/s 161 of the Income Tax Ordinance, 2001 and raised demands of Rs. 3.076 million for Tax Year 2014, Rs 0.207 million and Rs. 2.270 million respectively for two cases of Tax Year 2015 against short deduction of withholding taxes under various heads. Being aggrieved the Bank filed appeals before CIR(A) who remanded back the case against the orders of A.O. for re-examination. The A.O. on the direction of CIR(A) issued appeal effects order by adjusting the earlier demand against tax refund of Tax Year 2010. On appeal, the CIR(A) remanded back the case to A.O. for speaking order. Accordingly, no provision has been made because the Bank is expecting a favourable decision.
- 23.2.14 Assessment Officer passed order u/s 122(5A) of the Income Tax Ordinance, 2001 on dated 30.11.2021 and raised the demand of Rs. 361.752 million for the Tax Year 2017. However, this order rectified under section 221(1) vide order dated 27.12.2021 and created tax refundable of Rs.679.294 million for the Tax Year 2017. Being aggrieved Bank filed an appeal to Commissioner Inland Revenue Appeals against the impugned order. Accordingly, no provision has been made because the Bank is expecting a favourable decision.
- 23.2.15 Assessment Officer passed order u/s 122(5A) of the Income Tax Ordinance, 2001 on dated 28.09.2022 and raised the demand of Rs. 12,870.191 million for the Tax Year 2018. Being aggrieved Bank filed an appeal to Commissioner Inland Revenue Appeals against the impugned order. Bank has not accounted for the demand as tax payable, as a favorable decision is expected.
- 23.2.16 Assessment Officer passed order u/s 122(5A) of the Income Tax Ordinance, 2001 on dated 14.01.2021 and raised the demand of Rs. 983.653 million for the Tax Year 2019. Being aggrieved Bank filed an appeal to Commissioner Inland Revenue Appeals against the impugned order. Bank has not accounted for the demand as tax payable, as a favorable decision is expected.
- 23.2.17 Assessment Officer passed order u/s 122(5A) of the Income Tax Ordinance, 2001 on dated 08.04.2021 and raised the demand of Rs. 4,085.176 million for the Tax Year 2020. Being aggrieved Bank filed an appeal to Commissioner Inland Revenue Appeals against the impugned order. Bank has not accounted for the demand as tax payable, as a favorable decision is expected.
- 23.2.18 Assessment Officer passed order u/s 122(5A) of the Income Tax Ordinance, 2001 on dated 27.12.2021 and raised the demand of Rs. 6,425.014 million for the Tax Year 2021. Being aggrieved Bank filed an appeal to Commissioner Inland Revenue Appeals against the impugned order. Bank has not accounted for the demand as tax payable, as a favorable decision is expected.
- 23.2.19 The cases relating to Federal Excise Duties / Sales tax matters of the Bank for the Tax Years 2008, 2009, 2010, 2011 and 2012 were contested by the Bank at various forums. ATIR vide its orders dated May 07, 2012, January 08, 2013, November 26, 2013 and March 13, 2014 decided most of the issues involved in favour of the Bank. However, Commissioner Inland Revenue (CIR)

filed reference applications under section 47 of the Sales Tax Act, 1990 and under section 34A of the Federal Excise Act, 2005 against the aforementioned ATIR orders before the Honorable Islamabad High Court, Islamabad for the aforementioned years. No provision for such contingent liabilities amounting to Rs. 825.121 million has been recognized as the Bank is confident for a favourable outcome.

- 23.2.20 DCIR passed orders relating to FED for the period January 2013 to December 2013 and January 2014 to December 2014 creating a demand of Rs. 738.892 million and Rs. 681.109 million respectively. The Bank filed appeal before CIR(A) against the orders of DCIR who upheld the orders of DCIR. Being aggrieved the Bank filed appeal before ATIR who remanded back the case to A.O. for denovo consideration. On remanded back cases by ATIR the A.O. upheld its initial orders. The Bank filed appeal before CIR(A) who upheld the orders of A.O. Being aggrieved the Bank filed appeals before ATIR against the orders of CIR(A). The ATIR in its order cancelled the Assessment Orders for the period January 2013 to December 2013 and January 2014 to December 2014, appeal effects are pending. However the department has filed reference application before Islamabad High Court, Islamabad. The Bank has not accounted for the demand as tax payable, as a favourable decision is expected.
- 23.2.21 DCIR passed orders relating to Sales Tax for the period January 2013 to December 2013 and January 2014 to December 2014 creating a demand of Rs. 4.470 million (Rs. 1.822 million on advertisement and Rs. 2.647 million on fixed assets) and Rs. 13.295 million (Rs. 2.273 million on advertisement and Rs. 11.122 million on fixed assets) respectively. The Bank filed appeal before CIR(A) against the orders of DCIR who upheld the orders of DCIR. Being aggrieved the Bank filed appeal before ATIR against the orders of CIR(A). ATIR deleted the addition on fixed assets of Rs. 80.998 million on which tax amount of Rs. 13.768 million was involved and remanded back the advertisement expenses of Rs. 25.598 million on which tax amount of Rs. 4.096 million was involved. However, the department has filed reference application before Islamabad High Court, Islamabad on the issue of fixed asset deletion. The Bank has not accounted for the demand as tax payable, as a favourable decision is expected.
- 23.2.22 Commissioner, Punjab Revenue Authority (PRA) passed order relating to Punjab Sales Tax on Services (withholding rules 2015) for the period January 2016 to December 2016 creating a demand of Rs. 10.06 million. The Bank filed appeal before Appellate Tribunal, PRA against the alleged order of Commissioner (PRA). The Appellate Tribunal, PRA remanded back the case to the Assessment Officer. The Learned DC (PRA) created demand of Rs.10.06 million. The bank filed Appeal before Commissioner, PRA. Commissioner Appeals (PRA) upheld the assessment order and being aggrieved bank has filed appeal before Appellate Tribunal (PRA). The Bank has not accounted for the demand as tax payable, as a favourable decision is expected.
- 23.2.23 ATIR, Sindh Revenue Board (SRB) passed the order for the Sales Tax on Services for the period July 2011 to December 2011 creating demand of Rs 4.69 million. ATIR passed the order in favor of the bank wherein addition to Sales Tax against Postal Charges were deleted. However, SRB filed reference application before SHC, U/S 151 CPC 1908. Bank has not accounted for the demand as tax payable, as a favourable decision is expected.

- 23.2.24 Assistant Commissioner, Sindh Revenue Board (SRB) passed an order for the period of January 2015 to December 2015 creating a demand of Rs. 10.2 million. Bank filed the appeal before the Commissioner, Sindh Revenue Board against the alleged decision of AC(SRB). Main Appeal along with stay application heard and further adjourned but remained undecided and appeal / case has been transferred to Appellate Tribunal by the Commissioner (Appeals-I), being time barred at the Commissioner Appeals. The Bank has not accounted for the demand as tax payable, as a favourable decision is expected.
- 23.2.25 Assistant Commissioner, Sindh Revenue Board (SRB) passed as order for the period of January 2016 to December 2016 creating a demand of Rs. 6.68 million. The Bank filed the appeal before the Commissioner, SRB against the alleged decision of AC (SRB). Main appeal along with stay application heard and further adjourned but remained undecided and appeal / case has been transferred to Appellate Tribunal by the Commissioner (Appeals-I), being time barred at the Commissioner Appeals. The Bank has not accounted for the demand as tax payable, as a favourable decision is expected.
- 23.2.26 Order was passed by Deputy Commissioner, FBR for Tax Year 2015/16 creating demand of Rs. 712 million. Appeal & Stay application filed before Commissioner (Appeals) against the impugned order. Hearing for Stay Application was rejected by the Commissioner (Appeals). However, ATIR directed the department to decide the case within 45 days and not to press for recovery of impugned dues without prior notice of 15 days. Further, Stay granted for 30 days by the Honorable High Court. Appellate Order received by the C (IR) confirming the decision of DC (IR). However, Appeal along with stay application filed before AT (IR). AT (IR) granted the stay of impugned demand till the decision of main appeal. However, case was heard and decided in favor of the bank. The department (FBR) has filed reference application before honorable Islamabad High Court. The Bank has not accounted for the demand as tax payable, as a favourable decision is expected.
- 23.2.27 An order was passed by Deputy Commissioner, IR (FBR) creating a demand of Rs. 29.121 million for Tax Year 2019 (Jan -2019 to Dec-2019). Appeal & Stay application filed before Commissioner (Appeals). Main appeal along with stay application heard and assessment order was remanded back to the assessing officer. Being aggrieved, both the bank and department (FBR) filed appeal before Appellate Tribunal (IR). The Bank has not accounted for the demand as tax payable, as a favourable decision is expected.

		2022	2021
		Rupees in '000	
23.3	Commitments against		
	Capital expenditure	404,071	154,229
	Consultancy expenditure	5,628	5,628

		2022	2021
	Note	Rupees in '000	
24	MARK-UP / RETURN / INTEREST EARNED		
Loans and advances		15,828,212	15,561,244
Investments		19,017,858	4,597,748
Securities purchased under resale agreement		1,685,051	900,295
Call money lendings		759,478	366,966
Balances with banks		2,135,540	1,093,722
Bai Muajjal income		10,256	6,183
		<u>39,436,395</u>	<u>22,526,158</u>
25	MARK-UP / RETURN / INTEREST EXPENSED		
Deposits		3,597,115	2,990,979
Redeemable preference shares - SBP		4,084,615	4,084,615
Securities sold under repurchased agreement		16,907,440	3,122,706
Call borrowings		187,742	14,381
On lease liability against right-of-use assets		112,367	103,679
Bank commission and other charges		10,324	9,337
		<u>24,899,603</u>	<u>10,325,697</u>
26	FEE & COMMISSION INCOME		
Branch banking customer fees		38,839	35,388
Credit related fees		1,021,226	970,894
Commission / exchange gain / (loss) on remittances including home remittances		5,472	(8,163)
		<u>1,065,537</u>	<u>998,119</u>
27	GAIN / (LOSS) ON SECURITIES		
Realised	27.1	<u>32,879</u>	<u>15,006</u>
27.1 Realised gain / (loss) on: Federal Government Securities		<u>32,879</u>	<u>15,006</u>
28	OTHER INCOME		
Rent on property - KSSL - subsidiary company		5,936	5,297
Rent on property - others		<u>31,631</u>	<u>46,829</u>
		37,567	52,126
Gain on sale of fixed assets - net		5,022	11,076
Gain on sale of non banking assets - net	15.5.2	7,376	10,646
Deferred income amortization	20.3	528	556
Discount income		95,831	27,640
Others	28.1	<u>34,508</u>	<u>38,956</u>
		<u>180,832</u>	<u>141,000</u>
28.1 Other includes sale of scrap, sale of tender forms, recoveries against penalties imposed by SBP and private use of vehicles etc.			

		2022	2021
	Note	Rupees in '000	
29 OPERATING EXPENSES			
Total compensation expense	29.1	8,394,684	7,942,325
Property expense			
Rent & taxes		8,143	11,038
Insurance		15,557	15,201
Utilities cost		269,510	206,301
Repair and maintenance (including janitorial charges)		112,319	86,656
Depreciation - right of use assets		255,892	267,448
Depreciation	12.2	38,216	36,688
		699,637	623,332
Information technology expenses			
Software maintenance		4,198	2,533
Hardware maintenance		47,653	28,258
Depreciation	12.2	47,010	63,921
Amortisation	13	46,466	23,912
Network charges		134,859	67,179
		280,186	185,803
Other operating expenses			
Directors' fees and allowances		6,825	5,312
Fees and allowances to Shariah Board		3,617	4,851
Legal and professional charges		206,339	179,136
Outsourced services costs (refer note 35.1)		1,379,414	1,082,623
Travelling and conveyance		114,032	73,829
NIFT clearing charges		19,801	18,360
Depreciation	12.2	144,504	181,229
Training and development		9,964	6,672
Postage and courier charges		24,500	25,581
Communication		34,756	35,888
Stationery and printing		59,739	58,017
Marketing, advertisement and publicity		17,603	6,072
Auditors Remuneration	29.2	6,960	7,760
Donations	29.3	86,400	-
Motor vehicle expenses		511,634	322,286
Others		152,654	150,872
		<u>12,153,249</u>	<u>10,909,948</u>

		2022	2021
	Note	Rupees in '000	
29.1 Total compensation expense			
Salaries		3,947,558	4,428,955
Cash bonus / awards etc.		752,816	583,083
Charge / (reversal) for defined benefit plans:	38.6.5		
- Pension scheme		1,379,452	1,105,209
- Benevolent scheme - officers / executives		(16,439)	(10,982)
- Benevolent scheme - clerical / non-clerical		(62,045)	(50,502)
- Gratuity under old staff regulations		(13,599)	(11,643)
- Gratuity scheme - staff regulation 2005		98,537	110,490
- Employees' compensated absences		98,266	(170,990)
		1,484,172	971,582
Contribution to defined contribution plan	38.1.8	40,329	36,171
Rent and house maintenance		462,194	521,110
Utilities		99,911	114,114
Medical	29.1.1	1,441,174	1,138,980
Conveyance		166,530	148,330
Grand Total		8,394,684	7,942,325

29.1.1 This includes post retirement medical benefit amounting to Rs. 1,207.603 million (2021: Rs. 891.534 million).

29.2 Auditors' remuneration

	2022	2021
	Rupees in '000	
Audit fee	1,897	1,897
Fee for half year review	431	431
Other certifications	2,310	3,000
Sales tax	742	852
Out of pocket expenses	1,580	1,580
	6,960	7,760

29.3 Donations

Details of donations exceeding Rupees 0.5 million is as under;

-Prime Minister Flood Relief Fund, Government of Pakistan	50,000	-
-Akhuwat Islamic Micro Finance, Lahore	15,000	-
-Narcotics Control / Canteen Store Department, Government of Pakistan	20,000	-
-NED University, Karachi	600	-
	85,600	-

30 OTHER CHARGES

Penalties imposed by SBP	-	76,359
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		2022	2021
	Note	Rupees in '000	
31	PROVISIONS AND WRITE-OFFS - NET		
Provisions against loans & advances	11.3.4	3,840,195	7,196,284
Fixed assets charged-off		442	-
Provision / (reversal) against other assets - net	15.7.1	(24,773)	(58,042)
Bad debts written off directly		41	-
Recovery of written off / charged off bad debts		(7,468,993)	(6,360,566)
		<u>(3,653,088)</u>	<u>777,676</u>

32 TAXATION

Current	32.1	4,852,089	2,931,939
Deferred		(2,516,975)	586,317
		<u>2,335,114</u>	<u>3,518,256</u>

32.1 Relationship between income tax expense and accounting profit

Accounting profit for the year		<u>7,457,961</u>	<u>1,783,016</u>
Tax rate		<u>43%</u>	<u>35%</u>
Tax on accounting income		3,206,923	624,056
Tax effect of permanent differences			
Penalties imposed by SBP		-	26,726
Repair allowance and rent collection allowance allowed against rental income		(3,877)	(4,379)
		(3,877)	22,347
Tax effect of prior years		-	-
Others		(867,932)	2,871,853
Tax charge for the year		<u>2,335,114</u>	<u>3,518,256</u>

2022

2021

33 EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED

Profit / (loss) after tax for the year - Rupees in '000	<u>5,122,847</u>	<u>(1,735,240)</u>
Weighted average number of ordinary shares	<u>5,267,843,241</u>	<u>5,267,843,241</u>
Earnings / (loss) per share - basic and diluted (Rupees)	<u>0.97</u>	<u>(0.33)</u>

33.1 There is no dilutive effect on the basic earnings / (loss) per share of the Bank.

		2022	2021
	Note	Rupees in '000	
34	CASH AND CASH EQUIVALENTS		
Cash and balances with treasury banks	7	2,580,409	5,026,023
Balances with other banks	8	12,615,369	26,815,652
		<u>15,195,778</u>	<u>31,841,675</u>

		2022	2021
		Number	
35	STAFF STRENGTH		
	Permanent	4,163	4,539
	Contractual	40	2
	Total staff strength	4,203	4,541

- 35.1 In addition to the above, 3,296 (2021: 3,504) employees of Kissan Support Services (Private) Limited, fully owned subsidiary of the Bank, were assigned to the Bank as at the end of the year to perform other than guarding and janitorial services.

36 CREDIT RATING

VIS Credit Rating Company Limited in its report dated June 30, 2022 has reaffirmed credit rating of the Bank at AAA (2021: AAA) with stable outlook and short-term credit rating of A-1+ (2021: A-1+).

37 OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES

	Note	2022	2021
		Rupees in '000	
Profit before taxation		7,457,961	1,783,016
Less: Dividend income		(142,082)	(192,413)
		7,315,879	1,590,603
Adjustments:			
Depreciation	12.2	229,730	281,838
Depreciation on right-of-use assets		255,892	267,448
Amortization	13	46,466	23,912
Amortization of deferred income	20.3	(528)	(556)
Markup on lease liability on right-of-use assets		112,367	103,679
Provisions and write-offs	31	3,815,905	7,138,242
Provision for employees post retirement medical benefits	38.6.5	1,207,603	891,534
Charge for defined benefit plans - net	29.1	1,484,172	971,582
Gain on securities		(32,879)	(15,006)
Gain on sale of operating fixed assets	28	(5,022)	(11,076)
		7,113,706	9,651,597
		14,429,585	11,242,200

38 DEFINED BENEFIT AND CONTRIBUTION PLANS

The Bank operates the following retirement benefit plans for its employees:

Pension Scheme - funded
Benevolent Scheme - funded
Employees Gratuity Scheme - funded
Post Retirement Medical Benefits - unfunded
Employees Compensated Absences - unfunded
Defined Contribution Plan

38.1 Brief description of each fund is as follows:

38.1.1 Pension scheme

The Bank operates an approved pension scheme for employees who opted for the scheme introduced in year 1975 for clerical / non-clerical staff and in the year 1977 for officers / executives. The contributions are made on the basis of actuarial recommendation.

38.1.2 Benevolent scheme - officers

The Bank operates an approved funded benevolent scheme for all officers / executives of the Bank for which contributions are made at the rate of 2% of basic pay to a maximum of Rs. 200, by each officer / executive. Employee contributions are matched by an equal amount of contributions by the Bank. The Bank is also liable to meet any shortfall in the fund.

38.1.3 Benevolent scheme - staff

The Bank operates an approved funded benevolent scheme for all clerical / non-clerical staff for which contributions are made at different rates but not exceeding Rs. 100 by each employee. Employee contributions are matched by an equal amount of contributions by the Bank. The Bank is also liable to meet any shortfall in the fund.

38.1.4 Gratuity under old Staff Regulations - SSR 1961

For employees who opted for the scheme introduced in 1975 for clerical / non-clerical staff and in 1977 for officers / executives, the Bank operates an approved funded gratuity scheme in which monthly contributions, if the employee has less than ten years of service, are made by the Bank on the basis of actuarial recommendation.

38.1.5 Gratuity under Staff Regulations - 2005 (SR-2005)

The Bank also operates a separate Gratuity Fund scheme, w.e.f. August 2006, established upon introduction of Staff Regulations - 2005 (SR-2005) for the employees governed under SR-2005. Contributions to this Fund are made by the Bank on the basis of actuarial valuation.

38.1.6 Post retirement medical benefits

The Bank provides post retirement medical benefits to eligible retired employees. Provision is made annually to meet the cost of such medical benefits on the basis of actuarial valuation carried out by independent actuary by using Projected Unit Credit (PUC) method.

38.1.7 Employees compensated absences - unfunded

The liability of the Bank in respect of long-term employees compensated absences is determined based on actuarial valuation carried out using Projected Unit Credit (PUC) method.

38.1.8 Defined contribution plan

The Bank operates an approved non-contributory provident fund (General Provident Fund) through an independent trust for 1,885 (2021: 2,131) employees who are governed under Staff Service Regulations 1961. Contributions to the fund are made only by employees at the rate of 8% of mean of pay scale per month.

The Bank also operates Contributory Provident Fund scheme introduced in 2006 (w.e.f. July 2006) for 2,271 (2021: 2,408) employees governed under SR-2005. Contributions to the Contributory Provident Fund are made by the employees and the Bank, if their remaining service is more than ten years from the date of option / appointment, at the rate of 2% of monetized salary per month. During the year, the Bank contributed Rs. 40.329 million (2021: Rs.36.171 million) in respect of this fund.

The Bank has contributory provident fund scheme for benefit of all its permanent employees. The Funds are maintained by the Trustees and all decisions regarding investments and distribution of income etc. are made by the Trustees independent of the Bank. The titles of the funds are as follow;

Employees Provident Fund;
Employees Provident Fund (Officers);
Employees Provident Fund (Staff); and
Employees Contributory Provident Fund

The size of the Funds at the reporting date was Rs. 6,057.80 million (2021: Rs. 5,657.89 million). As intimated by the Trustees, the cost of the investments made at year end amounts to Rs. 5,924.44 million (2021: Rs. 5,569.89 million) which is equal to 97.80% (2021: 98.44%) of the total fund size. The fair values of the investments amount to Rs. 6,057.80 million (2021: Rs. 5,657.89 million) at that date. The category wise break up of investment is given below:

	2022	2021
	Rupees in '000	
Term Deposit Receipts	3,037,000	4,298,800
Government securities	2,887,436	1,271,090
	<u>5,924,436</u>	<u>5,569,890</u>

38.2 Funding policy

Schemes are funded on the basis of actuarial recommendation subject to maximum permissible limits under Income Tax rules. Any deficit in defined benefit plans is to be met by the Bank.

38.3 Risks associated with defined benefit plans

Investment risk

The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.

Longevity risk

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary increase risk

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Withdrawal risk

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

38.4 Principal actuarial assumption

Latest actuarial valuation is carried out as at December 31, 2022. The actuarial valuations were made using the Projected Unit Credit (PUC) method based on the following significant assumptions:

	2022	2021
 %	
Valuation discount rate - pension & medical scheme under SSR-1961	14.50	11.75
Valuation discount rate - all other schemes	14.50	11.75
Expected rate of increase in salary	12.50	9.75
Expected rate of return on plan assets - pension fund	14.50	11.75
Expected rate of return on plan assets - other funds	14.50	11.75
Expected rate of increase in pension	10.25	7.50
Expected rate of medical inflation - allowances	12.50	9.75
Expected rate of medical inflation - hospitalization	14.50	11.75

38.5 Number of employees under the scheme

The number of employees (including beneficiaries) covered under the following defined benefit schemes are:

	2022	2021
	Number	
- Pension Scheme - funded	4,996	5,002
- Benevolent Scheme (officers) - funded	4,846	4,985
- Benevolent Scheme (staff) - funded	893	871
- Gratuity under old Staff Regulations - SSR 1961	-	-
- Gratuity under Staff Regulations - 2005 (SR-2005)	2,271	2,408
- Post Retirement Medical Benefits - unfunded	6,093	6,283
- Employees Compensated Absences - unfunded	4,156	4,539

38.6 Defined benefit plans

38.6.1 Reconciliation of payable to / (receivable from) defined benefit plans

		2022						
		Pension	Benevolent scheme		Gratuity		Post retirement medical	Employees compensated absences
			Officers	Staff	SSR-1961	SR-2005		
		Rs. in '000						
Present value of benefit obligation	38.6.2	19,771,309	628,540	105,587	-	1,588,063	10,063,017	2,087,516
Fair value of plan assets	38.6.3	(12,138,053)	(1,197,179)	(722,950)	-	(2,293,810)	-	-
	38.6.4	7,633,256	(568,639)	(617,363)	-	(705,747)	10,063,017	2,087,516
Unrecognized due to impact of asset ceiling		-	568,639	617,363	-	-	-	-
Net liability / (asset)		7,633,256	-	-	-	(705,747)	10,063,017	2,087,516
		2021						
		Pension	Benevolent scheme		Gratuity		Post retirement medical	Employees compensated absences
			Officers	Staff	SSR-1961	SR-2005		
		Rs. in '000						
Present value of defined benefit obligation		21,162,181	776,160	121,680	-	1,625,653	7,964,423	2,229,620
Fair value of plan assets		(12,062,461)	(1,177,638)	(663,198)	(115,744)	(2,105,447)	-	-
		9,099,720	(401,478)	(541,518)	(115,744)	(479,794)	7,964,423	2,229,620
Unrecognized due to impact of asset ceiling		-	401,478	541,518	-	-	-	-
Net liability / (asset)		9,099,720	-	-	(115,744)	(479,794)	7,964,423	2,229,620

38.6.2 Movement in defined benefit obligations

	2022						
	Pension	Benevolent scheme		Gratuity		Post retirement medical	Employees compensated absences
		Officers	Staff	SSR-1961	SR-2005		
	Rs. in '000						
Obligations at the beginning of the year	21,162,181	776,160	121,680	-	1,625,653	7,964,423	2,229,620
Current service cost	321,996	40,075	3,245	-	165,786	294,524	50,930
Interest cost	2,392,443	84,524	13,532	-	175,656	913,079	247,859
Benefits paid	(1,601,924)	(113,618)	(13,029)	-	(261,421)	(387,079)	(240,371)
Contribution - employees	-	(8,358)	(1,487)	-	-	-	-
Re-measurement loss / (gain)	(2,503,387)	(150,243)	(18,354)	-	(117,611)	1,278,070	(200,523)
Obligations at the end of the year	19,771,309	628,540	105,587	-	1,588,063	10,063,017	2,087,516
	2021						
	Pension	Benevolent scheme		Gratuity		Post retirement medical	Employees compensated absences
		Officers	Staff	SSR-1961	SR-2005		
	Rs. in '000						
Obligations at the beginning of the year	21,170,288	815,669	102,346	-	1,757,964	6,606,148	2,651,667
Current service cost	288,140	35,861	2,904	-	148,354	263,556	45,571
Interest cost	1,979,525	74,195	9,350	-	157,341	627,978	246,298
Benefits paid	(1,734,930)	(109,382)	(12,900)	-	(288,423)	(330,702)	(251,057)
Contribution - employees	-	(9,582)	(1,742)	-	-	-	-
Transferred employees	-	-	-	-	-	-	-
Re-measurement loss / (gain)	(540,842)	(30,601)	21,722	-	(149,583)	797,443	(462,859)
Obligations at the end of the year	21,162,181	776,160	121,680	-	1,625,653	7,964,423	2,229,620

38.6.3 Movement in fair value of plan assets

		2022						
		Pension	Benevolent scheme		Gratuity		Post retirement medical	Employees compensated absences
			Officers	Staff	SSR-1961	SR-2005		
		Rs. in '000						
Fair value at the beginning of the year		12,062,461	1,177,638	663,198	115,744	2,105,447	-	-
Interest income on plan assets		1,334,987	132,680	77,335	13,599	242,905	-	-
Benefits paid		(1,601,924)	(113,618)	(13,029)	-	(261,421)	-	-
Contributions - employer		200,182	8,358	1,487	-	185,085	-	-
Contributions - employees		-	8,358	1,487	-	-	-	-
Transferred from gratuity to pension		122,876	-	-	(122,876)	-	-	-
Re-measurements: Net return on plan assets over interest income gain / (loss)	38.6.5.2	19,471	(16,237)	(7,528)	(6,467)	21,794	-	-
Fair value at the end of the year	38.6.6	12,138,053	1,197,179	722,950	-	2,293,810	-	-

		2021						
		Pension	Benevolent scheme		Gratuity		Post retirement medical	Employees compensated absences
			Officers	Staff	SSR-1961	SR-2005		
		Rs. in '000						
Fair value at the beginning of the year		12,665,783	1,188,246	630,492	119,412	2,057,908	-	-
Interest income on plan assets		1,162,456	111,456	61,014	11,643	195,205	-	-
Benefits paid		(1,734,930)	(109,382)	(12,900)	-	(288,423)	-	-
Contributions - employer		248,620	9,582	1,742	-	176,806	-	-
Contributions - employees		-	9,582	1,742	-	-	-	-
Transferred from gratuity to pension		15,076	-	-	(15,076)	-	-	-
Re-measurements: Net return on plan assets over interest income gain / (loss)	38.6.5.2	(294,544)	(31,846)	(18,892)	(235)	(36,049)	-	-
Fair value at the end of the year		12,062,461	1,177,638	663,198	115,744	2,105,447	-	-

38.6.4 Movement in payable / (receivable) under defined benefit schemes

		2022						
		Pension	Benevolent scheme		Gratuity		Post retirement medical	Employees compensated absences
			Officers	Staff	SSR-1961	SR-2005		
		Rs. in '000						
Opening balance		9,099,720	-	-	(115,744)	(479,794)	7,964,423	2,229,621
Charge / (reversal) for the year	38.6.5.1	1,379,452	(16,439)	(62,045)	(13,599)	98,537	1,207,603	98,266
Re-measurement loss / (gain) recognised in OCI during the year	38.6.5.2	(2,522,858)	24,797	63,532	6,467	(139,405)	1,278,070	-
Contribution to fund / benefits paid		(200,182)	(8,358)	(1,487)	-	(185,085)	(387,079)	(240,371)
Transferred from gratuity to pension		(122,876)	-	-	122,876	-	-	-
Closing balance		7,633,256	-	-	-	(705,747)	10,063,017	2,087,516
		2021						
		Pension	Benevolent scheme		Gratuity		Post retirement medical	Employees compensated absences
			Officers	Staff	SSR-1961	SR-2005		
		Rs. in '000						
Opening balance		8,504,505	-	-	(119,412)	(299,944)	6,606,148	2,651,667
Charge / (reversal) for the year		1,105,209	(10,982)	(50,502)	(11,643)	110,490	891,534	(170,989)
Re-measurement loss / (gain) recognised in OCI during the year	38.6.5.2	(246,298)	20,564	52,244	235	(113,534)	797,443	-
Contribution to fund / benefits paid		(248,620)	(9,582)	(1,742)	-	(176,806)	(330,702)	(251,057)
Transferred from gratuity to pension		(15,076)	-	-	15,076	-	-	-
Closing balance		9,099,720	-	-	(115,744)	(479,794)	7,964,423	2,229,621

38.6.5 Charge / (reversal) for defined benefit plans

38.6.5.1 Cost recognised in profit and loss

	2022						
Pension	Benevolent scheme		Gratuity		Post retirement medical	Employees compensated absences	
	Officers	Staff	SSR-1961	SR-2005			
	Rs. in '000						
Current service cost	321,996	40,075	3,245	-	165,786	294,524	50,930
Net interest on defined benefit asset / liability	1,057,456	(48,156)	(63,803)	(13,599)	(67,249)	913,079	247,859
Acturial (Gain) / Losses	-	-	-	-	-	-	(200,523)
Contributions - employees	-	(8,358)	(1,487)	-	-	-	-
	<u>1,379,452</u>	<u>(16,439)</u>	<u>(62,045)</u>	<u>(13,599)</u>	<u>98,537</u>	<u>1,207,603</u>	<u>98,266</u>
	2021						
Pension	Benevolent scheme		Gratuity		Post retirement medical	Employees compensated absences	
	Officers	Staff	SSR-1961	SR-2005			
	Rs. in '000						
Current service cost	288,140	35,861	2,904	-	148,354	263,556	45,571
Net interest on defined benefit asset / liability	817,069	(37,261)	(51,664)	(11,643)	(37,864)	627,978	246,298
Acturial (Gain) / Losses	-	-	-	-	-	-	(557,045)
Contributions - employees	-	(9,582)	(1,742)	-	-	-	-
	<u>1,105,209</u>	<u>(10,982)</u>	<u>(50,502)</u>	<u>(11,643)</u>	<u>110,490</u>	<u>891,534</u>	<u>(265,176)</u>

38.6.5.2 Re-measurements recognised in OCI during the year

	2022					
Pension	Benevolent scheme		Gratuity		Post retirement medical	Employees compensated absences
	Officers	Staff	SSR-1961	SR-2005		
	Rs. in '000					
Loss / (gain) on obligation :						
- experience adjustment	(2,503,387)	(150,243)	(18,354)	-	(117,611)	1,278,070
Return on plan assets over interest income	(19,471)	16,237	7,528	6,467	(21,794)	-
Asset ceiling adjustment	-	158,803	74,358	-	-	-
Total re-measurement recognised in OCI	(2,522,858)	24,797	63,532	6,467	(139,405)	-

Pension	2021					
	Benevolent scheme		Gratuity		Post retirement medical	Employees compensated absences
	Officers	Staff	SSR-1961	SR-2005		
	Rs. in '000					
Loss / (gain) on obligation :						
- financial assumptions	-	-	-	-	-	-
- experience adjustment	(540,842)	(30,601)	21,722	(149,583)	797,443	-
Return on plan assets over interest income	294,544	31,846	18,892	235	36,049	-
Asset ceiling adjustment	-	19,320	11,630	-	-	-
Total re-measurement recognised in OCI	(246,298)	20,565	52,244	235	(113,534)	797,443

38.6.6 Components of plan assets

Pension	2022					
	Benevolent scheme		Gratuity		Post retirement medical	Employees compensated absences
	Officers	Staff	SSR-1961	SR-2005		
	Rs. in '000					
Cash and cash equivalents - net	6,995,409	543,750	475,522	-	1,343,224	-
Government securities	4,506,271	653,429	247,428	-	944,586	-
Debtors and creditors	636,373	-	-	-	6,000	-
	12,138,053	1,197,179	722,950	-	2,293,810	-

Pension	2021					
	Benevolent scheme		Gratuity		Post retirement medical	Employees compensated absences
	Officers	Staff	SSR-1961	SR-2005		
	Rs. in '000					
Cash and cash equivalents - net	8,245,145	510,190	420,949	270	1,188,188	-
Government securities	2,959,518	667,468	242,268	115,492	915,277	-
Debtors and creditors	857,799	(19)	(19)	(19)	1,981	-
	12,062,462	1,177,639	663,198	115,743	2,105,446	-

		Pension	Benevolent scheme		Gratuity		Post retirement medical	Employees compensated absences
			Officers	Staff	SSR-1961	SR-2005		
		..... Rs. in '000						
38.6.7 Sensitivity analysis								
	Current liability	19,771,309	628,540	105,587	-	1,588,063	10,063,017	2,087,516
	+1% discount rate	19,321,005	601,982	99,374	-	1,472,715	8,683,630	1,954,753
	-1% discount rate	23,550,013	657,914	112,551	-	1,724,830	11,798,747	2,243,142
	+1% salary increase	21,322,512	-	-	-	1,727,261	10,222,817	2,245,873
	-1% salary increase	20,521,909	-	-	-	1,468,895	9,915,591	1,950,365
	+1% pension increase / medical inflation rate	23,204,112	-	-	-	-	10,957,412	-
	-1% pension increase / medical inflation rate	19,577,383	-	-	-	-	8,062,132	-
	+10% withdrawal rates	19,773,285	-	-	-	1,589,882	-	-
	-10% withdrawal rates	19,769,331	-	-	-	1,586,112	-	-
	1 year mortality age set back	22,192,341	-	-	-	1,587,287	-	-
	1 year mortality age set forward	21,042,388	-	-	-	1,588,795	-	-
38.6.8 Maturity profile								
	Weighted average duration of obligation (in years)	10.69	4.45	6.24	0	7.94	16.24 for SSR-1961 5.86 for SR-2005	6.91
38.6.9 Expected charge / (reversal) for next year		1,383,493	(53,923)	(88,781)	-	57,849	1,790,815	351,530
38.6.10 Expected contribution for next year		211,954	9,403	1,673	-	125,821	-	-

39 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

39.1 Total Compensation Expense

2022						
Items	Directors		Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers / Controllers
	Chairman	Non-Executives				
..... Rupees in '000						
Fees and Allowances etc.	105	3,985	177	-	-	-
Managerial Remuneration:						
Salaries	-	-	3,440	22,694	82,122	62,895
Cash bonus / awards etc.	-	-	-	-	9,288	14,474
Charge for defined benefit plan	-	-	-	-	5,560	4,803
Contribution to defined contribution plan	-	-	-	-	1,012	816
Rent & house maintenance	-	-	-	12,481	742	1,607
Utilities	-	-	-	712	186	402
Medical	-	-	-	948	167	377
Conveyance	-	-	-	-	656	434
Club Facility	-	-	-	2,398	-	-
Leave Fare Assistance	-	-	-	3,404	-	-
Total	105	3,985	3,617	42,637	99,733	85,808
Number of Persons	-	7	3	1	16	38
2021						
Items	Directors		Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers / Controllers
	Chairman	Non-Executives				
..... Rupees in '000						
Fees and Allowances etc.	-	3,320	256	-	-	-
Managerial Remuneration:						
Salaries	-	-	4,430	20,765	63,861	77,943
Cash bonus / awards etc.	-	-	165	-	17,785	12,470
Charge for defined benefit plan	-	-	-	-	4,889	6,657
Contribution to defined contribution plan	-	-	-	-	931	833
Rent & house maintenance	-	-	-	10,856	454	1,173
Utilities	-	-	-	469	113	293
Medical	-	-	-	353	102	270
Conveyance	-	-	-	650	634	276
Leave fare assistance	-	-	-	4,208	-	-
Total	-	3,320	4,851	37,301	88,769	99,915
Number of Persons	-	7	3	1	28	53

39.2 The Chief Executive, Key Management Personnel and other material risk takers / controllers, governed under SSR-1961, have been provided with Bank maintained cars whereas those governed by SR-2005, have been provided cars under Car Loan Depreciation Policy (CLDP).

39.3 Remuneration paid to Directors for participation in Board and Committee Meetings

2022

Sr. No.	Name of Director	Meeting Fees and Allowances Paid									Total Amount Paid
		For Board Meetings	For Annual General Meeting	For Board Committees							
				Audit	Product Development & Marketing	Information Technology & Agriculture Technology	Nomination	Human Resource Management	Procurement	Risk	
Rupees in '000											
1	Mr. Nadeem Lodhi	80	-	-	-	-	-	25	-	-	105
2	Syed Javed	360	40	175	125	-	-	175	-	125	1,000
3	Mr. Zaigham Mahmood Rizvi	360	40	200	125	-	-	200	-	125	1,050
4	Mr. Haaris Mahmood Chaudhary	360	40	200	-	-	-	200	-	-	800
5	Mr. Abdul Ghufraan	80	-	-	75	-	-	25	-	-	180
6	Muhammad Aslam Ghauri	360	40	200	-	-	-	150	-	125	875
7	Mr. Zafar Hasan	80	-	-	-	-	-	-	-	-	80
	Total	1,680	160	775	325	-	-	775	-	375	4,090

2021

Sr. No.	Name of Director	Meeting Fees and Allowances Paid									Total Amount Paid
		For Board Meetings	For Annual General Meeting	For Board Committees							
				Audit	Product Development & Marketing	Information Technology & Agriculture Technology	Nomination	Human Resource Management	Procurement	Risk	
..... Rupees in '000											
1	Mr. Nadeem Lodhi	280	40	-	-	-	-	125	-	-	445
2	Syed Javed	280	40	100	75	25	25	100	25	75	745
3	Mr. Zaigham Mahmood Rizvi	280	40	100	100	-	25	125	25	75	770
4	Mr. Haaris Mahmood Chaudhary	280	40	100	-	25	-	75	25	-	545
5	Mr. Abdul Ghufraan	120	-	-	100	-	25	125	-	-	370
6	Dr. Nawaz Ahmad	200	-	25	-	-	-	-	-	75	300
7	Mr. Muhammad Aslam Ghauri	80	40	25	-	-	-	-	-	-	145
	Total	1,520	200	350	275	50	75	550	75	225	3,320

39.4 Remuneration paid to Shariah Board Members

Items	2022			2021		
	Chairman	Resident Member	Non-Resident Member	Chairman	Resident Member	Non-Resident Member
	..... Rupees in '000					
Meeting Fees and Allowances	-	-	177	104	-	152
Contractual salary	-	1,575	1,865	990	1,575	1,865
Cash bonus	-	-	-	-	102	63
Total	-	1,575	2,042	1,094	1,677	2,080
Total Number of Persons	0	1	1	1	1	1

40 FAIR VALUE MEASUREMENT

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

The fair value of unquoted debt securities, fixed term loans, other assets, other liabilities, fixed term deposits and borrowings cannot be calculated with sufficient reliability due to the absence of a current and active market for these assets and liabilities and reliable data regarding market rates for similar instruments.

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 these are either short-term in nature or, in the case of customer loans and deposits, are frequently repriced.

40.1 Fair value of financial assets

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

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

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

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

40.2 Valuation technique used & key inputs

Revaluation rates for Treasury Bills and Pakistan Investment Bonds are contributed by money market brokers on daily basis while for listed securities daily prices are shared by Pakistan Stock Exchange.

Investment in subsidiary and other unlisted securities have not been carried out at fair value in accordance with the SBP guidelines.

40.3 Fair value of financial assets

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

2022			
Level 1	Level 2	Level 3	Total
..... Rupees in '000			
On balance sheet financial instruments			
Financial assets measured at fair value			
Investments			
- Federal Government Securities	-	301,598,693	- 301,598,693
- Shares	2,527,334	-	- 2,527,334
- Debt securities (TFCs, Sukuk)	2,623,658	-	- 2,623,658
	5,150,992	301,598,693	- 306,749,685
Financial assets not measured at fair value			
- Subsidiary company	-	100,000	- 100,000
	5,150,992	301,698,693	- 306,849,685
2021			
Level 1	Level 2	Level 3	Total
..... Rupees in '000			
On balance sheet financial instruments			
Financial assets measured at fair value			
Investments			
- Federal Government Securities	-	77,128,568	- 77,128,568
- Shares	2,465,115	-	- 2,465,115
- Debt securities (TFCs, Sukuk)	2,713,562	-	- 2,713,562
	5,178,677	77,128,568	- 82,307,245
Financial assets not measured at fair value			
- Subsidiary company	-	100,000	- 100,000
	5,178,677	77,228,568	- 82,407,245

41 SEGMENT INFORMATION

41.1 Segment Details with respect to Business Activities:

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

	2022			
	Branch banking & agri financing	Treasury	Islamic banking	Total
	..... Rupees in '000			
Profit & Loss				
Net mark-up/return/profit	8,257,111	6,179,029	100,652	14,536,792
Inter segment revenue - net	1,464,705	(1,464,705)	-	-
Non mark-up / return / interest income	1,388,052	32,879	399	1,421,330
Total Income	11,109,868	4,747,203	101,051	15,958,122
Segment direct expenses	12,048,201	43,679	61,369	12,153,249
Inter segment expense allocation	-	-	-	-
Total expenses	12,048,201	43,679	61,369	12,153,249
Provisions	(3,653,088)	-	-	(3,653,088)
Profit before tax	2,714,755	4,703,524	39,682	7,457,961
Statement of Financial Position				
Cash & Bank balances	2,564,863	12,549,331	81,584	15,195,778
Investments	-	304,981,662	1,868,023	306,849,685
Net inter segment lendings	39,470,002	-	-	39,470,002
Lendings to financial institutions	-	37,071,867	2,551,275	39,623,142
Advances - performing	73,884,456	-	-	73,884,456
- non-performing (net of provision)	16,567,924	-	-	16,567,924
Others	34,713,749	4,197,471	60,238	38,971,458
Total Assets	167,200,994	358,800,331	4,561,120	530,562,445
Borrowings	54,461,536	299,893,550	543,627	354,898,713
Subordinated debt	-	-	-	-
Deposits & other accounts	44,116,154	-	3,216,540	47,332,694
Net inter segment borrowing	-	38,970,002	500,000	39,470,002
Others	26,075,814	3,012,484	60,165	29,148,463
Total Liabilities	124,653,504	341,876,036	4,320,332	470,849,872
Equity	58,817,547	913,828	(18,802)	59,712,573
Total Equity & Liabilities	183,471,051	342,789,864	4,301,530	530,562,445
Contingencies & Commitments	51,447,274	-	-	51,447,274

	2021			
	Branch banking & agri financing	Treasury	Islamic banking	Total
	..... Rupees in '000			
Profit & Loss				
Net mark-up/return/profit	8,592,684	3,533,500	74,277	12,200,461
Inter segment revenue - net	781,686	(781,686)	-	-
Non mark-up / return / interest income	1,331,014	15,006	518	1,346,538
Total Income	10,705,384	2,766,820	74,795	13,546,999
Segment direct expenses	10,882,587	41,871	61,849	10,986,307
Inter segment expense allocation	-	-	-	-
Total expenses	10,882,587	41,871	61,849	10,986,307
Provisions	777,676	-	-	777,676
Profit/(loss) before tax	(954,879)	2,724,949	12,946	1,783,016
Statement of Financial Position				
Cash & Bank balances	2,365,049	27,856,545	1,620,081	31,841,675
Investments	-	81,051,365	1,355,880	82,407,245
Net inter segment lending	40,057,611	-	-	40,057,611
Lendings to financial institutions	-	16,828,212	51,275	16,879,487
Advances - performing	74,456,385	-	-	74,456,385
- non-performing (net of provision)	17,365,922	-	-	17,365,922
Others	30,334,099	1,477,903	45,698	31,857,700
Total Assets	164,579,066	127,214,025	3,072,934	294,866,025
Borrowings	54,461,536	76,845,499	1,050,000	132,357,035
Subordinated debt				-
Deposits & other accounts	42,167,754	-	1,430,811	43,598,565
Net inter segment borrowing		39,557,611	500,000	40,057,611
Others	24,748,696	147,424	26,103	24,922,223
Total Liabilities	121,377,986	116,550,534	3,006,914	240,935,434
Equity	52,968,289	989,649	(27,347)	53,930,591
Total Equity & Liabilities	174,346,275	117,540,183	2,979,567	294,866,025
Contingencies & Commitments	38,378,832	-	-	38,378,832

41.2 Segment Details with respect to geographical locations

The Bank operates only in Pakistan and hence no geographical location wise disclosure is presented.

42 TRUST ACTIVITIES

The Bank is not engaged in any significant trust activities.

43 RELATED PARTY TRANSACTIONS AND BALANCES

The Bank has related party relationship with its subsidiary company, employee benefit plans, Agriculture Technology Development Fund and the Bank's key management personnel.

The transactions between the Bank and its subsidiary, Kissan Support Services (Private) Limited, are carried out on "cost plus" method. There are no transactions with key management personnel other than under their terms of employment. Contributions to and accruals in respect of staff retirement and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan as disclosed in note 38 to these financial statements. Remuneration to the executives are determined in accordance with the terms of their appointment. Compensation to President, directors and executives and disposal of vehicles to employees are disclosed in note 39 and note 12.6 to these financial statements respectively. Details of transactions with related parties and balances with them other than those disclosed in these financial statements are as under:

	Subsidiary company		Key management personnel		Defined Benefit Plans		Agricultural Technology Development Fund	
	2022	2021	2022	2021	2022	2021	2022	2021
	..... Rupees in '000							
Investments	100,000	100,000	-	-	-	-	-	-
Advances								
Opening balance	-	-	65,889	49,892	-	-	-	-
Addition	-	-	11,845	31,175	-	-	-	-
Repaid	-	-	(16,915)	(15,178)	-	-	-	-
Closing balance	-	-	60,819	65,889	-	-	-	-
Other assets								
Interest / mark-up accrued	-	-	9,397	9,099	-	-	-	-
Receivable at the end of the year	-	-	-	-	705,747	595,538	-	-
Deposits and other accounts								
Opening balance	1,049,461	985,203	5,762	5,927	10,239,704	9,695,509	219,488	205,600
Received during the year	3,888,226	3,630,170	184,167	96,265	38,047,598	22,770,608	422,633	383,884
Withdrawn during the year	(3,820,293)	(3,565,912)	(189,657)	(96,430)	(39,160,844)	(22,226,413)	(405,135)	(369,996)
Closing balance	1,117,394	1,049,461	272	5,762	9,126,458	10,239,704	236,986	219,488

	Subsidiary company		Key management personnel		Defined Benefit Plans		Agricultural Technology Development Fund	
	2022	2021	2022	2021	2022	2021	2022	2021
	..... Rupees in '000'							
Other liabilities								
Interest / mark-up payable	90,079	61,095	-	-	252,017	131,530	9,295	4,305
Payable at the end of the year	103,127	103,193	-	-	19,783,789	19,293,763	-	-
Income								
Mark-up / interest earned	-	-	1,526	1,396	-	-	-	-
Rental income	5,936	5,297	-	-	-	-	-	-
Expense								
Mark-up / interest paid	117,575	81,498	-	-	1,029,592	606,090	17,919	14,770
Compensation	-	-	135,268	94,226	-	-	-	-
Post retirement benefit	-	-	6,508	4,889	-	-	-	-
Contribution to defined benefit plan	-	-	1,133	931	-	-	-	-
Cost of services rendered	1,379,414	1,082,623	-	-	-	-	-	-

43.1 Transactions with Government related entities

The Federal Government through SBP holds controlling interest in the Bank and therefore entities which are owned and / or controlled by the Federal Government, or where the Federal Government may exercise significant influence, are related parties of the Bank.

The Bank in the normal course of business enters into transaction with Government-related entities. Such transactions include deposits from and provision of other banking services to Government-related entities. However, these transactions have not been treated as related parties transactions for the purpose of this disclosure.

44 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2022	2021
	... Rupees in '000 ...	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	51,474,650	46,641,416
Capital Adequacy Ratio:		
Eligible Common Equity Tier 1 (CET 1) Capital	49,561,886	44,965,422
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	49,561,886	44,965,422
Eligible Tier 2 Capital	2,476,117	2,498,563
Total Eligible Capital (Tier 1 + Tier 2)	52,038,003	47,463,985
Risk Weighted Assets (RWAs):		
Credit Risk	124,983,113	120,713,094
Market Risk	5,054,675	4,930,225
Operational Risk	24,428,975	20,987,838
Total	154,466,763	146,631,157
Common Equity Tier 1 Capital Adequacy Ratio	32.09%	30.67%
Tier 1 Capital Adequacy Ratio	32.09%	30.67%
Total Capital Adequacy Ratio	33.69%	32.37%

SBP through its BSD Circular No. 07 dated April 15, 2009 requires the minimum paid-up capital (net of losses) for all locally incorporated banks to be raised to Rs. 10 billion by the year ended on December 31, 2013. The paid-up capital of the Bank for the year ended December 31, 2022 stands at Rs. 52.678 billion and is in compliance with the SBP requirement. In addition, the banks are also required to maintain a minimum capital adequacy ratio (CAR) of 11.50% (2021: 11.50%) of the risk weighted exposure. The Bank's CAR as at December 31, 2022 is 33.69% (2021: 32.37%) of its risk weighted exposure.

	2022	2021
	... Rupees in '000 ...	
Leverage Ratio (LR):		
Eligible Tier-1 Capital	49,561,886	44,965,422
Total exposures	491,428,983	331,810,281
Leverage ratio	10.09%	13.55%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	28,539,604	19,761,909
Total Net Cash Outflow	3,922,893	2,714,031
Liquidity Coverage Ratio	728%	728%
Net Stable Funding		
Total Available Stable Funding	171,167,420	143,009,369
Total Required Stable Funding	132,439,520	112,581,390
Net Stable Funding Ratio	129%	127%

The full disclosures on the CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS as per SBP instructions issued from time to time is placed on the website of the Bank. The link to the full disclosure is available at <http://www.ztbl.com.pk>.

45 RISK MANAGEMENT

This section presents information about the Bank's exposure to and its management and control of risks, in particular, the primary risks associated with its use of financial instruments such as credit, market, liquidity and operational risks.

Risk management is a dynamic process of identification, measurement and monitor and control risks with the aim to optimize risk-reward trade-off. The Bank has setup a centralized risk management function at the organizational level which encompasses a broader framework of risk committees, enterprise risk management division and its departments responsible for each category of risk i.e. Loan Review, IT risk, Collateral Management and Portfolio analytics covering Portfolio credit risk, market & liquidity risk, operational and equity position risks. The Bank's risk management function is independent of the business and operations and directly reports to the President through Divisional Head. The Bank's systematic and integrated risk management function for each category of risk is as follows:

45.1 Credit risk

Credit risk is the risk of financial losses arising when a customer or counterparty is unable or unwilling to perform as per the contractual terms resulting in reduction in portfolio. The Bank's credit appraisal structure is well-defined. Credit appraisal, approval and review methods are integral parts of lending operations. The credit portfolio is reviewed and analyzed on quarterly basis and reports are submitted to the Management for decision making.

The Obligor Risk Rating (ORR) model for fresh borrowers is in place as the credit risk rating of the borrower is a concise indicator to evaluate Bank's credit exposure. An internal rating system categorizes all credits into various classes on the basis of underlying credit quality. The ultimate objective of the system is to generate accurate and consistent risk ratings and portfolio monitoring / analysis.

Regarding Basel Accords compliance, the Bank has implemented Standardized Approach (SA) for calculation of capital charge against credit risk weighted assets.

Particulars of bank's significant on-balance sheet and off-balance sheet credit risk in various sectors are analysed as follows:

45.1.1 Lendings to financial institutions

Credit risk by public/ private Sector

	Gross Lending		Non-performing		Provision held	
	2022	2021	2022	2021	2022	2021
	..... Rupees in '000					
Public / Government	38,623,142	14,968,565	-	-	-	-
Private	1,000,000	1,910,922	-	-	-	-
	<u>39,623,142</u>	<u>16,879,487</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

45.1.2 Investment in debt securities

Credit risk by industry sector

	Gross investments		Non-performing investments		Provision held	
	2022	2021	2022	2021	2022	2021
	..... Rupees in '000					
Chemicals and pharmaceuticals	568,921	597,987	-	-	-	-
Financial	2,054,737	2,115,575	-	-	-	-
	<u>2,623,658</u>	<u>2,713,562</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Credit risk by public / private sector

Public / Government	-	-	-	-	-	-
Private	2,623,658	2,713,562	-	-	-	-
	<u>2,623,658</u>	<u>2,713,562</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

45.1.3 Advances

Credit risk by industry sector

	Gross advances		Non-performing advances		Provision held	
	2022	2021	2022	2021	2022	2021
	..... Rupees in '000					
Agriculture, Forestry, Hunting and Fishing	106,217,782	113,766,904	33,682,336	40,746,754	17,126,561	23,392,883
Individuals	1,405,278	1,489,081	56,268	52,846	44,119	40,795
	<u>107,623,060</u>	<u>115,255,985</u>	<u>33,738,604</u>	<u>40,799,600</u>	<u>17,170,680</u>	<u>23,433,678</u>

Credit risk by public / private sector

Public / Government	-	-	-	-	-	-
Private	107,623,060	115,255,985	33,738,604	40,799,600	17,170,680	23,433,678
	<u>107,623,060</u>	<u>115,255,985</u>	<u>33,738,604</u>	<u>40,799,600</u>	<u>17,170,680</u>	<u>23,433,678</u>

45.1.4 Contingencies and Commitments

Credit risk by industry sector

	2022	2021
	Rupees in '000	
Agriculture, Forestry, Hunting and Fishing	51,165,593	38,111,241
Individuals	281,681	267,591
	<u>51,447,274</u>	<u>38,378,832</u>

Credit risk by public / private sector

Public / Government	50,400,405	37,492,458
Private	1,046,869	886,374
	<u>51,447,274</u>	<u>38,378,832</u>

45.1.5 Concentration of Advances

The Bank's maximum credit limit to a single borrower amounts to Rs. 5 million which has been disbursed to number of borrowers, hence top 10 exposures is not being disclosed.

45.1.6 Advances - Province/Region-wise Disbursement & Utilization

Province / Region	Disburs- ements	2022					
		Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit- Baltistan
		..... Rupees in '000					
Punjab	59,684,400	59,684,400	-	-	-	-	-
Sindh	5,554,110	-	5,554,110	-	-	-	-
KPK including FATA	3,027,014	-	-	3,027,014	-	-	-
Balochistan	281,335	-	-	-	281,335	-	-
Islamabad	-	-	-	-	-	-	-
AJK including Gilgit Baltistan	1,084,418	-	-	-	-	-	1,084,418
Total	<u>69,631,277</u>	<u>59,684,400</u>	<u>5,554,110</u>	<u>3,027,014</u>	<u>281,335</u>	<u>-</u>	<u>1,084,418</u>

		2021					
Province / Region	Disburs- ements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit- Baltistan
..... Rupees in '000							
Punjab	58,181,554	58,181,554	-	-	-	-	-
Sindh	6,415,189	-	6,415,189	-	-	-	-
KPK including FATA	3,071,683	-	-	3,071,683	-	-	-
Balochistan	248,623	-	-	-	248,623	-	-
Islamabad	-	-	-	-	-	-	-
AJK including Gilgit-Baltistan	1,244,765	-	-	-	-	-	1,244,765
Total	69,161,814	58,181,554	6,415,189	3,071,683	248,623	-	1,244,765

45.2 Market Risk

The Bank is not involved in commercial activities like forex trading and derivative market operations. Investment portfolio of the Bank is being placed mainly in fixed income securities such as Market Treasury Bills, Pakistan Investment Bonds, etc. and the only market risk inherent in the said portfolio is interest rate risk which is being calculated through marking to market and further Bank's resilience is gauged through stress testing scenarios and interest rate sensitivity analysis.

45.2.1 Balance sheet split by trading and banking books

	2022			2021		
	Banking Book	Trading Book	Total	Banking Book	Trading Book	Total
	..... Rupees in '000					
Cash and balances with treasury banks	2,580,409	-	2,580,409	5,026,023	-	5,026,023
Balances with other banks	12,615,369	-	12,615,369	26,815,652	-	26,815,652
Lendings to financial institutions	39,623,142	-	39,623,142	16,879,487	-	16,879,487
Investments	306,849,685	-	306,849,685	82,407,245	-	82,407,245
Advances	90,452,380	-	90,452,380	91,822,307	-	91,822,307
Fixed assets	2,400,851	-	2,400,851	2,477,865	-	2,477,865
Intangible assets	73,159	-	73,159	35,817	-	35,817
Deferred tax assets	15,036,259	-	15,036,259	13,230,217	-	13,230,217
Other assets	21,461,189	-	21,461,189	16,113,801	-	16,113,801
	491,092,443	-	491,092,443	254,808,414	-	254,808,414

45.2.2 Foreign Exchange Risk

The Bank is not directly exposed to foreign exchange risk as the Bank is not engaged in foreign exchange operations. Foreign transactions, if any, are undertaken through SBP.

45.2.3 Equity Position Risk

The Bank's exposure towards equity risk is limited as only one security is held under its equity portfolio held under AFS category which is marked to market periodically to reflect associated price risk and further risk is being gauged through stress testing scenario quarterly.

	2022		2021	
	Banking Book	Trading Book	Banking Book	Trading Book
	..... Rupees in '000			
Impact of 5% change in equity prices on:				
- Profit and loss account	-	-	-	-
- Other comprehensive income	74,360	-	77,214	-

45.2.4 Mismatch of interest rate sensitive assets and liabilities

The Bank's interest rate exposure originates from its investing and borrowing activities. Interest rate risk in the banking book is the risk of adverse changes in earnings and / or capital due to mismatched assets and liabilities in the banking book. The Asset and Liability Management Committee (ALCO) of the Bank monitors and controls mismatch of interest rate sensitive assets and liabilities. The Risk Management Department calculates duration and convexity measures to assess the impact of interest rate changes on its investment portfolio. Interest rate risk stress tests are conducted quarterly to assess the impact of a changes in the yield curve on Bank's capital.

2022											
Effective Yield / Interest rate	Total	Exposed to Yield / Interest risk									Not exposed to yield / interest risk
		Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	
Rupees in '000											
On-balance sheet financial instruments											
Assets											
Cash and balances with treasury banks		2,580,409	-	-	-	-	-	-	-	-	2,580,409
Balances with other banks	15.84%	12,615,369	12,615,369	-	-	-	-	-	-	-	-
Lendings to financial institutions	16.33%	39,623,142	39,387,706	235,436	-	-	-	-	-	-	-
Investments - net	16.47%	306,749,685	19,147,639	225,203,609	351,275	33,336,134	12,785,588	10,997,304	1,129,060	1,171,741	2,627,335
Advances - net	14.85%	90,452,380	9,344,293	6,234,951	8,741,522	15,444,365	14,456,555	14,117,032	19,197,177	2,750,112	101,862
Other assets - net		18,607,506	-	-	-	-	-	-	-	-	18,607,506
		470,628,491	80,495,007	231,673,996	9,092,797	48,780,499	27,242,143	25,114,336	20,326,237	3,921,853	23,917,112
Liabilities											
Bills payable		580,505	-	-	-	-	-	-	-	-	580,505
Borrowings	14.64%	354,898,713	67,871,739	232,565,438	-	-	-	54,461,536	-	-	-
Deposits and other accounts	9.52%	47,332,694	9,802,914	5,995,227	1,522,272	23,250,958	8,888	82,430	50,000	600,000	6,020,005
Other liabilities		27,248,706	-	-	-	-	-	-	-	-	27,248,706
		430,060,618	77,674,653	238,560,665	1,522,272	23,250,958	8,888	82,430	54,511,536	600,000	33,849,216
On-balance sheet gap		40,567,873	2,820,354	(6,886,669)	7,570,525	25,529,541	27,233,255	25,031,906	(34,185,299)	3,321,853	64,511
Net non-financial assets		19,144,700									
Total net assets		59,712,573									(9,932,104)
Off-balance sheet gap											
		-	-	-	-	-	-	-	-	-	-
Total yield / interest risk sensitivity gap		40,567,873	2,820,354	(6,886,669)	7,570,525	25,529,541	27,233,255	25,031,906	(34,185,299)	3,321,853	64,511
Cumulative yield / interest risk sensitivity gap		2,820,354	(4,066,315)	3,504,210	29,033,751	56,267,006	81,298,912	47,113,613	50,435,466	50,499,977	40,567,873

Reconciliation of assets and liabilities exposed to yield / interest rate risk with total assets and liabilities:

	Rupees in '000		Rupees in '000
Total financial assets	470,628,491	Total financial liabilities	430,060,618
Add non-financial assets:		Add non-financial liabilities:	
Investment in subsidiary company	100,000	Other liabilities	1,319,252
Operating fixed assets and intangible	2,474,010	Total liability as per statement of financial position	431,379,870
Deferred tax assets - net	15,036,259		
Other assets	2,853,683		
Total assets as per statement of financial position	491,092,443		

2021												
Effective Yield / Interest rate	Total	Exposed to Yield / Interest risk									Not exposed to yield / interest risk	
		Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years		
..... Rupees in '000												
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks		5,026,023	-	-	-	-	-	-	-	-	-	5,026,023
Balances with other banks	12.2%	26,815,652	26,815,652	-	-	-	-	-	-	-	-	-
Lendings to financial institutions	10.55%	16,879,487	16,879,487	-	-	-	-	-	-	-	-	-
Investments - net	8.6%	82,307,245	12,446,401	16,894,027	12,523,976	3,764,137	551,275	22,773,195	7,695,277	2,843,577	-	2,815,380
Advances - net	13.2%	91,822,307	14,617,605	7,720,178	14,663,274	18,151,844	11,034,742	9,977,455	13,298,322	2,150,738	76,540	131,609
Other assets - net		13,831,316	-	-	-	-	-	-	-	-	-	13,831,316
		236,682,030	70,759,145	24,614,205	27,187,250	21,915,981	11,586,017	32,750,650	20,993,599	4,994,315	76,540	21,804,328
Liabilities												
Bills payable		442,401	-	-	-	-	-	-	-	-	-	442,401
Borrowings	9.0%	132,357,035	20,186,607	57,708,892	-	-	-	-	54,461,536	-	-	-
Deposits and other accounts	6.4%	43,598,565	8,622,758	16,588,564	9,428,317	2,124,233	63,700	72,451	80,000	-	-	6,618,542
Other liabilities		23,425,539	-	-	-	-	-	-	-	-	-	23,425,539
		199,823,540	28,809,365	74,297,456	9,428,317	2,124,233	63,700	72,451	54,541,536	-	-	30,486,482
On-balance sheet gap		36,858,490	41,949,780	(49,683,251)	17,758,933	19,791,748	11,522,317	32,678,199	(33,547,937)	4,994,315	76,540	(8,682,154)
Net non-financial assets		17,039,774										
Total net assets		53,898,264										
Off-balance sheet gap												
		-	-	-	-	-	-	-	-	-	-	-
Total yield / interest risk sensitivity gap		36,858,490	41,949,780	(49,683,251)	17,758,933	19,791,748	11,522,317	32,678,199	(33,547,937)	4,994,315	76,540	(8,682,154)
Cumulative yield / interest risk sensitivity gap			41,949,780	(7,733,471)	10,025,462	29,817,210	41,339,527	74,017,726	40,469,789	45,464,104	45,540,644	36,858,490
Reconciliation of assets and liabilities exposed to yield / interest rate risk with total assets and liabilities:												
		Rupees in '000					Rupees in '000					
Total financial assets		236,682,030					Total financial liabilities					199,823,540
Add non-financial assets:							Add non-financial liabilities:					
Investment in subsidiary company		100,000					Other liabilities					1,086,610
Operating fixed assets and intangible		2,513,682					Total liability as per statement of financial position					200,910,150
Deferred tax assets - net		13,230,217										
Other assets		2,282,485										
Total assets as per statement of financial position		254,808,414										

45.3 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. In order to manage operational issues, an Operational Risk Model (ORM) has been developed which comprises Key Risk Indicator (KRI), Control Self Assessment (CSA) and Operational Loss Event Data Collection. This model has been successfully implemented in all Bank wide entities. The data of the Operational Risk Model is collected and analyzed on quarterly basis and results are elevated to senior management / Internal Risk Management Committee.

With regards to Basel Accords compliance, the Bank has implemented Basic Indicator Approach (BIA) to calculate capital charge against operational risk weighted assets. Disaster recovery and business continuity plan includes separate IT business continuity plan which caters to IT specific business continuity planning requirements.

45.4 Liquidity risk

Liquidity risk is the major risk for banks. It arises when the cushion provided by the liquid assets are not sufficient enough to meet its obligation. Liquidity risk is being calculated by maturity ladder of balance sheet items, liquidity stress testing, regulatory returns on liquidity standards under Basel III, and different analysis for management purpose.

45.4.1 Maturities of assets and liabilities - Based on contractual maturity of the assets and liabilities of the Bank
2022

	Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Above 5 years
	..... Rupees in '000													
Assets														
Cash and balances with treasury banks	2,580,409	2,580,409	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	12,615,369	12,518,846	-	-	-	-	-	-	-	96,523	-	-	-	-
Lending to financial institutions	39,623,142	-	38,071,867	1,500,000	308,191	235,436	-	51,275	-	(543,627)	-	-	-	-
Investments - net	306,849,685	-	-	-	20,000,000	28,059,000	205,550,000	7,845,900	-	17,905,454	12,545,500	2,025,000	11,218,921	1,699,910
Advances - net	90,452,380	1,588,601	478,350	617,914	3,701,043	3,097,366	2,310,839	21,585,362	7,536,091	6,809,433	13,336,747	9,503,391	17,457,126	2,430,117
Fixed assets	2,400,851	-	-	-	725,258	-	17,458	5,341	-	88,371	188,836	136,610	445,014	793,963
Intangible assets	73,159	-	-	-	-	-	-	-	-	-	55,903	17,256	-	-
Deferred tax assets - net	15,036,259	-	-	-	-	-	-	-	-	15,036,259	-	-	-	-
Other assets	21,461,189	392,899	84,987	110,685	5,146,069	1,231,722	800,230	1,161,342	2,049,724	9,524,580	354,433	119,359	349,755	135,404
	491,092,443	17,080,755	38,635,204	2,228,599	29,880,561	32,623,524	208,678,527	30,649,220	9,585,815	48,916,993	26,481,419	11,801,616	29,470,816	5,059,394
Liabilities														
Bills payable	580,505	580,505	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	354,898,713	-	34,100,000	-	36,308,191	225,572,613	5,000,000	-	-	(543,627)	-	-	54,461,536	-
Deposits and other accounts	47,332,694	14,815,799	78,499	150,000	781,999	400,000	5,595,227	1,728,441	293,444	22,747,967	8,888	82,430	50,000	600,000
Other liabilities	28,567,958	-	-	-	230,479	45,856	4,381,195	23,287	355,683	23,520,185	68	1,261	765	9,179
	431,379,870	15,396,304	34,178,499	150,000	37,320,669	226,018,469	14,976,422	1,751,728	649,127	45,724,525	8,956	83,691	54,512,301	609,179
Net assets	59,712,573	1,684,451	4,456,705	2,078,599	(7,440,108)	(193,394,945)	193,702,105	28,897,492	8,936,688	3,192,468	26,472,463	11,717,925	#####	4,450,215
Share capital		52,678,432												
Reserves		7,324,095												
Unappropriated loss		(1,203,782)												
Surplus on revaluation of assets		913,828												
		<u>59,712,573</u>												

2021

	Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Above 5 years
Rupees in '000														
Assets														
Cash and balances with treasury banks	5,026,023	5,026,023	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	26,815,652	14,815,652	-	4,000,000	8,000,000	-	-	-	-	-	-	-	-	-
Lending to financial institutions	16,879,487	-	10,828,212	6,000,000	-	-	-	-	-	-	51,275	-	-	-
Investments - net	82,407,245	-	-	2,500,000	10,500,000	9,425,000	8,000,000	13,250,000	3,750,000	244,567	21,000,000	7,295,500	3,538,726	2,903,452
Advances - net	91,822,307	2,260,329	2,058,567	1,096,191	3,785,358	3,639,460	3,314,885	13,214,395	8,308,163	27,255,411	7,028,551	6,969,112	10,954,237	1,937,648
Fixed assets	2,477,865	-	-	-	244,221	-	14,829	234,205	-	23,213	236,030	137,168	362,799	1,225,400
Intangible assets	35,817	-	-	-	-	-	580	-	-	-	-	35,237	-	-
Deferred tax assets - net	13,230,217	-	-	-	-	-	-	-	-	13,230,217	-	-	-	-
Other assets	16,146,129	230,813	194,004	108,636	3,888,979	474,319	539,893	1,214,260	681,735	7,969,155	304,961	297,645	109,862	131,867
	254,840,742	22,332,817	13,080,783	13,704,827	26,418,558	13,538,779	11,870,187	27,912,860	12,739,898	48,722,563	28,620,817	14,734,662	14,965,624	6,198,367
Liabilities														
Bills payable	442,401	442,401	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	132,357,035	-	20,550,000	-	-	33,000,000	24,345,499	-	-	-	-	-	-	54,461,536
Deposits and other accounts	43,598,565	13,488,586	80,000	528,669	1,144,100	8,002,684	8,585,881	9,473,317	1,637,299	441,878	63,700	72,451	80,000	-
Other liabilities	24,512,149	-	-	-	2,136,765	180,587	1,579,781	2,212,577	46,250	1,026,510	2,120,692	2,106,315	4,379,146	8,723,526
	200,910,150	13,930,987	20,630,000	528,669	3,280,865	41,183,271	34,511,161	11,685,894	1,683,549	1,468,388	2,184,392	2,178,766	4,459,146	63,185,062
Net assets	53,930,592	8,401,830	(7,549,217)	13,176,158	23,137,693	(27,644,492)	(22,640,974)	16,226,966	11,056,349	47,254,175	26,436,425	12,555,896	10,506,478	(56,986,695)
Share capital		52,678,432												
Reserves		6,299,526												
Unappropriated profit		(6,037,016)												
Surplus on revaluation of assets		989,649												
		<u>53,930,591</u>												

46 CORRESPONDING FIGURES


Corresponding figures have been rearranged, reclassified or additionally incorporated in these financial statements wherever necessary to facilitate comparison and better presentation.


47 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 07 MAR 2023 by the Board of Directors of the Bank.

48 GENERAL

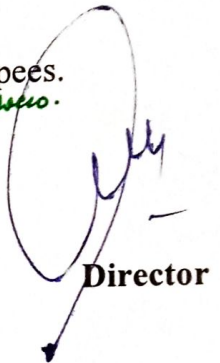
The figures in the financial statements are rounded off to the nearest thousand rupees.


President


Chief Financial Officer


Director


Director


Director

STATEMENT SHOWING WRITTEN OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND RUPEES OR ABOVE PROVIDED DURING THE YEAR ENDED DECEMBER 31, 2022

Sr. No.	Name and address of the borrower	Name of individual / partners / directors	CNIC number	Father's / husband's name	Outstanding liabilities at beginning of the year				Principal written off	Interest/ markup written-off / waived	Other financial relief provided	Total (10+11+12)
					Principal	Interest / markup	Others	Total				
1	2	3	4	5	6	7	8	9	10	11	12	13
..... Rupees in '000												
1	Liaquat Ali	Liaquat Ali	2950580458337	Muhammad Ismail	306.868	46.698	-	353.566	306.868	517.292	-	824.160
2	Muhammad Hanif	Muhammad	30158318858	Muhammad Ramzan	607.705	398.166	-	1,005.871	607.705	398.166	-	1,005.871
					914.573	444.864	-	1,359.437	914.573	915.458	-	1,830.031

ISLAMIC BANKING BUSINESS

The bank is operating 5 (2021: 5) Islamic banking branches at the end of the year.

	Note	2022 Rupees in '000	2021
ASSETS			
Cash and balances with treasury banks		54,914	153,794
Balances with other banks		26,670	1,466,287
Due from financial institutions	1	2,551,275	51,275
Investments	2	1,868,023	1,355,880
Islamic financing and related assets - net		-	-
Fixed assets		5,941	7,595
Intangible assets		-	-
Due from Head Office		-	-
Other assets		54,297	38,103
Total Assets		4,561,120	3,072,934
LIABILITIES			
Bills payable		1,367	1,572
Due to financial institutions		543,627	1,050,000
Deposits and other accounts	3	3,216,540	1,430,811
Due to Head Office	4	259,590	93,367
Subordinated debt		-	-
Other liabilities		58,798	24,531
		4,079,922	2,600,281
NET ASSETS		481,198	472,653
REPRESENTED BY			
Islamic Banking Fund		500,000	500,000
Reserves		-	-
Surplus/ (Deficit) on revaluation of assets		(25,955)	(14,049)
Accumulated loss	5	7,153	(13,298)
		481,198	472,653
CONTINGENCIES AND COMMITMENTS	6		

The profit and loss account of the Bank's Islamic banking branches for the year ended is as follows:

	Note	2022 Rupees in '000	2021
Profit / return earned	7	377,751	231,933
Profit / return expensed	8	277,099	157,656
Net Profit / return		<u>100,652</u>	<u>74,277</u>
Other income			
Fee and Commission Income		399	480
Dividend Income		-	-
Foreign Exchange Income		-	-
Income / (loss) from derivatives		-	-
Gain / (loss) on securities		-	38
Other Income		-	-
Total other income		<u>399</u>	<u>518</u>
Total Income		<u>101,051</u>	<u>74,795</u>
Other expenses			
Operating expenses		61,369	61,849
Workers Welfare Fund		-	-
Other charges		-	-
Total other expenses		<u>61,369</u>	<u>61,849</u>
Loss before provisions		<u>39,682</u>	<u>12,946</u>
Provisions and write offs - net		<u>-</u>	<u>-</u>
Loss before taxation		<u>39,682</u>	<u>12,946</u>
Taxation		<u>19,231</u>	<u>4,636</u>
Loss after taxation		<u><u>20,451</u></u>	<u><u>8,310</u></u>

2022			2021		
In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total

..... Rupees in '000

1 Due from Financial Institutions

Secured :

Bai Muajjal Receivable from State Bank of Pakistan

Unsecured

51,275	-	51,275	51,275	-	51,275
2,500,000	-	2,500,000	-	-	-
2,551,275	-	2,551,275	51,275	-	51,275

2 Investments

2022				2021			
Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value

..... Rupees in '000

Federal Government securities

Ijarah sukuk

1,325,057	-	(25,955)	1,299,102	775,354	-	(17,461)	757,893
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Non Government Securities

Listed securities

568,921	-	-	568,921	594,575	-	3,412	597,987
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Total investments

1,893,978	-	(25,955)	1,868,023	1,369,929	-	(14,049)	1,355,880
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2022 **2021**
Rupees in '000

3 Deposits

Customers - local currency

Current deposits	125,292	72,701
Savings deposits	2,952,183	1,168,788
Term deposits receipts	134,668	189,310
Others	4,397	12
	3,216,540	1,430,811

Financial Institutions

Term deposits receipts	-	-
	3,216,540	1,430,811

3.1 Composition of deposits

- Individuals	216,489	72,712
- Non-Banking Financial Institutions	2,590,982	1,168,789
- Private Sector	52,223	
-Govt./Public Sector Entities	356,846	189,310
	3,216,540	1,430,811

3.2 This includes deposits eligible to be covered under insurance arrangements in accordance with DPC Circular No. 04 dated June 22, 2018 amounting to Rs. 265.845 million (2021: Rs. 209.753 million).

4 Due from head office represents inter branch transactions such as depreciation transferred and assets procurement etc.

2022 **2021**
Rupees in '000

5 Islamic Banking Business Unappropriated Profit

Opening Balance	(13,298)	(21,608)
Add: Islamic Banking period for the year	39,682	12,946
Less: Taxation	19,231	4,636
Closing Balance	7,153	(13,298)

6 There are no contingencies and commitments related to the islamic business as at reporting date. (2021: Nil)

7 Profit / return earned of financing, investments and placement

Profit earned on:

Investments	201,212	82,208
Placements	176,539	149,725
Total	377,751	231,933

	2022	2021
	Rupees in '000	
8 Profit on deposits and other dues expensed		
Deposits and other accounts	174,172	144,282
Commission and other charges	154	86
Call borrowings/ Funds acceptances	102,773	13,288
	<u>277,099</u>	<u>157,656</u>

9 Pool Management

Currently, ZTBL Islamic Banking Division (ZTBL - IBD) is maintaining five pools for profit declaration and distribution i.e., general pool, special pool 1, special pool 2, special pool 4 and special pool 5.

General pool

The General Pool comprises of depositors' funds, Bank's equity inclusive of current deposits and mudaraba placements from ZTBL Head Office. The Bank acts as fund manager (Mudarib) and invests the funds in shariah compliant modes of financings, investments and placements (remunerative assets). The profit of the pool is calculated on all the remunerative assets booked by the Bank and is shared amongst the members of the pool on pre-defined mechanism based on weightages announced before the commencement of period concerned.

The distributable profit of the pool is finalized after deduction of direct expenses only while indirect expenses including administrative and general expenses are borne by ZTBL - IBD as Mudarib.

Weightages for distribution of profit in general pool

Profit is calculated on the basis of daily product balance in mudaraba based depositors' accounts and paid as per pre-defined weightages.

While considering weightages emphasis is given to the quantum, type and the period of risk assessed by following factors:

- Contracted period of deposits;
- Frequency of profit distribution, i.e. monthly, quarterly or on maturity; and
- Volume of the deposit.

Identification and allocation of pool related income & expenses

The distributable profit of the pool is finalized by including direct income earned by income generating / remunerative assets and after deducting direct expenses of the period concerned, while indirect expenses including administrative and general expenses are borne by ZTBL - IBD as Mudarib.

Parameters associated with risk and rewards

Following are the considerations attached with risk & reward of general

- Period, return, safety, security and liquidity of investment;
- Financing proposals under process at various stages and likely to be extended in the near future;
- Expected withdrawals of deposits according to the maturities affecting the deposit base;
- Maturities of funds obtained from Principal Office, Islamic Banking Institutions and Shariah

- compliant organizations as regulated in Pakistan;
- Element of risk attributed to various types of investments; and
- SBP rules & Shariah Clearance.

Special pool

The special pools comprise of depositors' funds, Bank's equity inclusive of current deposits and Mudaraba placements from head office. The Bank acts as Fund Manager (Mudarib) and invests the funds in Shariah compliant modes of financings, investments and placements (remunerative assets). The profit of the pools is calculated on all the remunerative assets booked by the Bank and is shared amongst the members of the pool on pre-defined mechanism based on weightages announced before the commencement of concerned period.

The distributable profit of the pool is finalized after deduction of direct expenses only while indirect expenses including administrative and general expenses are borne by ZTBL - IBD as Mudarib.

Weightages for distribution of profit in general pool

Profit is calculated on daily product basis and paid as per pre defined weightages. While considering weightages emphasis is given to the quantum, type and the period of risk assessed by following factors:

- Contracted period, nature and type of deposit/ fund.;
- Payment cycle of profit on such deposit/ fund, i.e. monthly, quarterly or on maturity; and
- Magnitude of risk.

Identification and allocation of pool related income & expenses

The distributable profit of the pool is finalized by including direct income earned by income generating / remunerative assets and after deducting direct expenses of the period concerned, while indirect expenses including administrative and general expenses are borne by ZTBL - IBD as Mudarib.

Parameters associated with risk and rewards

Following are the considerations attached with risk & reward of special pool:

- Period, return, safety, security and liquidity of investment;
- Financing proposals under process at various stages and likely to be extended in the near future;
- Expected withdrawals of deposits according to the maturities affecting the deposit base;
- Maturities of funds obtained from principal office, Islamic banking institutions and Shariah compliant organizations as regulated in Pakistan;
- Element of risk attached to various types of investments; and
- SBP rules & Shariah Clearance.

Avenues / sectors of economy / business where Mudaraba based deposits have been deployed:

	2022	2021
	Rupees in '000	
Investments	1,868,023	1,355,880
Due from financial institutions	2,551,275	51,275
Balances with other banks	26,670	1,466,287

Charging expenses

The direct expenses are charged to the pool, while indirect expenses including the establishment cost is borne by ZTBL - IBD as Mudarib. The direct expenses to be charged to the pool may include depreciation of ijarah assets, cost of sale of inventories, insurance / takaful expenses of pool assets, taxes, stamp fee or documentation charges, brokerage fee for purchase of securities / commodities, impairment / losses due to physical damages to specific assets in pools, write-offs of financings and loss on sale of investments, etc.

	2022	2021
	Rupees in '000	
Provisions	-	-

Mudarib share (in amount and percentage of distributable income)

		2022	2021
		Rupees in '000	
	%		
Rabbul Mal	86%	153,599	149,844
Mudarib	14%	25,054	21,974
		178,653	171,818

Amount & percentage of mudarib share transferred to depositors through Hiba

	2022	2021
Mudarib share	25,054	21,974
Hiba	9,641	7,109
Hiba percentage of mudarib share	38.48%	32.35%

This is not a special Hiba and it has been distributed across the board to all the investment account holders.

Profit rate earned vs profit rate distributed to the depositors during the year

	2022	2021
Profit rate earned	10.33% p.a.	9.18% p.a.
Profit rates distributed to depositors	7.50% p.a.	8.87% p.a.