



ZARAI TARAQIATI BANK LIMITED (ZTBL)

UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS

FOR THE PERIOD ENDED
JUNE 30, 2023






BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

ZARAI TARAQIATI BANK LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	(Un-audited) June 30, 2023 Rupees in '000	(Audited) December 31, 2022
ASSETS			
Cash and balances with treasury banks	6	2,767,021	2,580,409
Balances with other banks	7	16,407,481	12,615,369
Lendings to financial institutions	8	12,832,358	39,623,142
Investments	9	722,712,657	306,849,685
Advances	10	94,625,996	90,452,380
Fixed assets	11	2,319,465	2,400,851
Intangible assets	12	59,189	73,159
Deferred tax assets	13	13,639,451	15,036,259
Other assets	14	27,865,802	21,461,189
		893,229,420	491,092,443
LIABILITIES			
Bills payable	16	1,404,351	580,505
Borrowings	17	744,605,030	354,898,713
Deposits and other accounts	18	48,299,462	47,332,694
Liabilities against assets subject to finance lease		-	-
Sub-ordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	19	35,774,627	28,567,958
		830,083,470	431,379,870
NET ASSETS		<u>63,145,950</u>	<u>59,712,573</u>
REPRESENTED BY			
Share capital		52,678,432	52,678,432
Reserves		7,973,354	7,324,095
Surplus on revaluation of assets - net of tax	20	1,100,908	913,828
Un-appropriated profit / (loss)		1,393,256	(1,203,782)
		<u>63,145,950</u>	<u>59,712,573</u>
CONTINGENCIES AND COMMITMENTS			
	21		

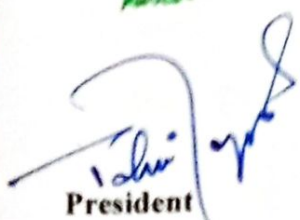
The annexed notes 1 to 41 form an integral part of these unconsolidated condensed interim financial statements (un-audited).

 President
 Chief Financial Officer
 Director
 Director
 Director

ZARAI TARAQIATI BANK LIMITED
UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2023

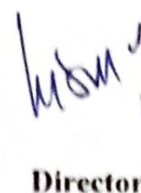
Note	Quarter ended		Period ended		
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	
	..... Rupees in '000				
Mark-up / return / interest earned	22	36,691,315	6,954,974	63,721,408	13,655,375
Mark-up / return / interest expensed	23	31,392,101	4,045,137	53,674,485	7,626,686
Net mark-up / interest income		5,299,214	2,909,837	10,046,923	6,028,689
NON MARK-UP / INTEREST INCOME					
Fee and commission income	24	353,928	318,889	616,019	578,432
Dividend income		60,814	38,750	60,814	38,750
Foreign exchange income		-	-	-	-
Income / (loss) from derivatives		-	-	-	-
Gain on securities	25	9,014	4,241	15,751	8,778
Other income	26	174,880	30,380	285,622	85,962
Total non-mark-up / interest income		598,636	392,260	978,206	711,922
Total income		5,897,850	3,302,097	11,025,129	6,740,611
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	27	3,282,886	2,587,166	6,436,709	5,607,298
Workers welfare fund		-	-	-	-
Other charges	28	140	-	38,333	-
Total non mark-up / interest expenses		3,283,026	2,587,166	6,475,042	5,607,298
Profit before provisions		2,614,824	714,931	4,550,087	1,133,313
(Reversal) / provisions and write offs - net	29	(2,629,352)	(1,425,199)	(3,647,056)	(1,816,673)
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		5,244,176	2,140,130	8,197,143	2,949,986
Taxation	30	3,356,005	1,795,109	4,950,846	2,435,579
PROFIT AFTER TAXATION		1,888,171	345,021	3,246,297	514,407
Basic earning per share (Rupees)	31	0.36	0.07	0.62	0.10
Diluted earning per share (Rupees)	31	0.36	0.07	0.62	0.10

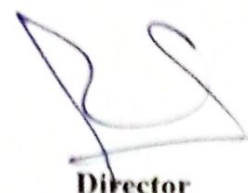
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President


Chief Financial Officer


Director


Director


Director

ZARAI TARAQIATI BANK LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2023

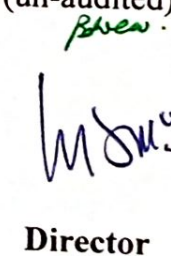
	Quarter ended		Period ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	..... Rupees in '000			
Profit after taxation for the period	1,888,171	345,021	3,246,297	514,407
Other Comprehensive Income				
Items that may be reclassified to profit and loss account in subsequent periods:				
Movement in surplus on revaluation of investments - net of tax	1,168,427	80,001	187,080	121,119
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-
Total Comprehensive Income	<u>3,056,598</u>	<u>425,022</u>	<u>3,433,377</u>	<u>635,526</u>

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President


Chief Financial Officer


Director

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Director


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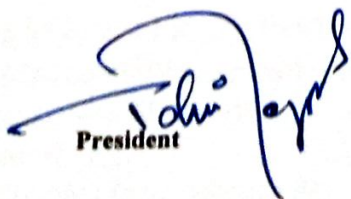
ZARAI TARAQIATI BANK LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2023

	Share capital	Statutory reserve	Contingencies reserve	Surplus on revaluation of investments	Un-appropriated profit / (loss)	Total
	Rupees in '000					
Balance as at January 1, 2022	52,678,432	6,239,526	60,000	989,649	(6,037,016)	53,930,591
Profit after taxation for the half year ended June 30, 2022	-	-	-	121,119	-	121,119
Other comprehensive income for the half year ended June 30, 2022	-	-	-	121,119	514,407	635,526
Total comprehensive income for the half year ended June 30, 2022	-	-	-	-	(102,881)	-
Transferred to statutory reserve	-	102,881	-	-	-	-
Balance as at June 30, 2022	52,678,432	6,342,407	60,000	1,110,768	(5,625,490)	54,566,117
Profit after taxation for six months period ended December 31, 2022	-	-	-	-	4,608,440	4,608,440
Other comprehensive income / (loss) for the half year ended December 31, 2022	-	-	-	(196,940)	734,956	538,016
Total comprehensive income / (loss) for the half year ended December 31, 2022	-	-	-	(196,940)	5,343,396	5,146,456
Transferred to statutory reserve	-	921,688	-	-	(921,688)	-
Balance as at December 31, 2022	52,678,432	7,264,095	60,000	913,828	(1,203,782)	59,712,573
Profit after taxation for the half year ended June 30, 2023	-	-	-	-	3,246,297	3,246,297
Other comprehensive income for the half year ended June 30, 2023	-	-	-	187,080	-	187,080
Total comprehensive income the half year ended June 30, 2023	-	-	-	187,080	3,246,297	3,433,377
Transferred to statutory reserve	-	649,259	-	-	(649,259)	-
Balance as at June 30, 2023	52,678,432	7,913,354	60,000	1,100,908	1,393,256	63,145,950

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

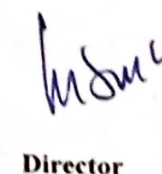
The Bank has set aside contingencies reserve for insurance of cash, building and vehicles.

The annexed notes 1 to 41 form an integral part of these unconsolidated condensed interim financial statements (un-audited).


President


Chief Financial Officer


Director


Director


Director

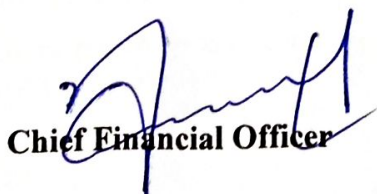
ZARAI TARAQIATI BANK LIMITED
UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2023

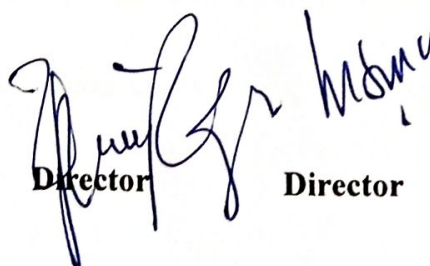
Note	Period ended		
	June 30, 2023	June 30, 2022	
	..... Rupees in '000		
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income before working capital changes	32	10,704,939	7,014,450
Decrease / (increase) in operating assets:			
Lendings to financial institutions		26,790,784	(3,165,960)
Advances - net		(4,679,300)	1,189,295
Other assets - net (excluding advance taxation)		(7,832,027)	(785,812)
		14,279,457	(2,762,477)
Increase / (decrease) in operating liabilities:			
Bills payable		823,846	(960)
Borrowings from financial institutions		389,706,317	192,242,932
Deposits and other accounts		966,768	(6,578,153)
Other liabilities		5,815,988	294,168
		397,312,919	185,957,987
Employees' benefits paid		(500,419)	(488,524)
Income tax paid		(2,207,241)	(259,664)
Net cash generated from operating activities		419,589,655	189,461,772
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(415,534,764)	(188,341,992)
Gain on sales of securities		15,751	8,778
Dividend received		60,814	38,750
Investments in operating fixed assets		(35,882)	(115,372)
Proceeds from sale of fixed assets		47,898	21,398
Net cash used in investing activities		(415,446,183)	(188,388,438)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use assets		(164,748)	(169,152)
Increase in cash and cash equivalents		3,978,724	904,182
Cash and cash equivalents at beginning of the period		15,195,778	31,841,675
Cash and cash equivalents at end of the period	33	19,174,502	32,745,857

The annexed notes 1 to 41 form an integral part of these unconsolidated condensed interim financial statements (un-audited).

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President


Chief Financial Officer


Director


Director

ZARAI TARAQIATI BANK LIMITED
NOTES TO THE UNCONSOLIDATED CONDENSED
INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2023

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 (December 31, 2022: 501) branches including 16 (December 31, 2022: 5) Islamic banking branches in Pakistan as at the close of the period.

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 Statement of compliance

These unconsolidated condensed interim financial statements (un-audited) have been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. 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 and the Companies Act, 2017; and
- Directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (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.

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.

The disclosures made in these unconsolidated condensed interim financial statements (un-audited) have been limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 5 dated March 22, 2019 and IAS 34, Interim Financial Reporting. They do not include all the disclosures required for annual financial statements, and these unconsolidated condensed interim financial statements should be read in conjunction with the unconsolidated financial statements (audited) of the Bank for the year ended December 31, 2022.

- 2.2 These unconsolidated condensed interim financial statements represent un-audited separate condensed interim financial information of the Bank. The consolidated condensed interim financial information of the Bank and its subsidiary company is presented separately.
- 2.3 The financial results of the Islamic banking branches have been consolidated in these unconsolidated condensed interim financial statements for reporting purposes, after eliminating interbranch transactions/balances. Key financial figures of the Islamic banking branches are disclosed in note 38 to these unconsolidated condensed interim financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the unconsolidated annual financial statements of the Bank for the year ended December 31, 2022.

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

During the period, there are certain new and amended standards, interpretations and improvements to accounting standards that became effective. However, these are considered either not to be relevant or not to have any material effect on the financial statements of the Bank and, therefore, are not disclosed.

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

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. SBP vide its BPRD Circular Letter No. 03 dated July 5, 2022 followed by BPRD Circular Letter No. 07 dated April 13, 2023 has extended the implementation date of IFRS 9 for all banks/DFIs to January 1, 2024, therefore, financial impact is not considered in these unconsolidated condensed interim financial statements.

There are certain new standards and interpretations of and amendments to existing accounting and reporting standards that are not effective in the current period. The Bank expects that adoption of the same will not affect its financial statements in the period of initial application.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these unconsolidated condensed interim financial statements are the same as that applied in the preparation of the audited annual unconsolidated financial statements for the year ended December 31, 2022.

5 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the unconsolidated audited financial statements of the Bank for the year ended December 31, 2022.

Review.

(Un-audited) June 30, 2023 ... Rupees in '000 ...	(Audited) December 31, 2022
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6 CASH AND BALANCES WITH TREASURY BANKS

In hand		
Local currency	636,154	1,065,179
With State Bank of Pakistan in:		
Local currency current account	1,657,319	1,132,277
With National Bank of Pakistan in:		
Local currency current account	208,599	42,212
Local currency deposit account	263,251	339,008
	471,850	381,220
Prize bonds	1,698	1,733
	2,767,021	2,580,409

7 BALANCES WITH OTHER BANKS

In Pakistan		
In current accounts	384,277	87,346
In deposit accounts	16,023,204	12,528,023
	16,407,481	12,615,369

8 LENDINGS TO FINANCIAL INSTITUTIONS

Call money lendings	1,550,000	13,000,000
Bai Muajjal	-	2,551,275
Repurchase agreement lendings (Reverse Repo)	11,282,358	24,071,867
	12,832,358	39,623,142

Revised.

9 INVESTMENTS

9.1 Investments by types

	June 30, 2023 (Un-audited)				December 31, 2022 (Audited)			
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
..... Rupees in '000								
Available-for-sale securities								
Federal Government securities	718,050,265	-	(755,264)	717,295,001	302,439,194	-	(840,501)	301,598,693
Shares	99,819	(10,523)	2,686,681	2,775,977	99,819	(10,523)	2,438,038	2,527,334
Corporate sukuk	517,614	-	-	517,614	568,921	-	-	568,921
Term Finance Certificates	2,024,065	-	-	2,024,065	2,049,065	-	5,672	2,054,737
	720,691,763	(10,523)	1,931,417	722,612,657	305,156,999	(10,523)	1,603,209	306,749,685
Subsidiary	100,000	-	-	100,000	100,000	-	-	100,000
Total investments	<u>720,791,763</u>	<u>(10,523)</u>	<u>1,931,417</u>	<u>722,712,657</u>	<u>305,256,999</u>	<u>(10,523)</u>	<u>1,603,209</u>	<u>306,849,685</u>

(Un-audited) (Audited)
 June 30, December 31,
 2023 2022
 ... Rupees in '000 ...

9.2 Investments given as collateral

Market Treasury Bills	635,582,793	245,818,915
Pakistan Investment Bonds	49,710,701	47,218,262
	<u>685,293,494</u>	<u>293,037,177</u>

9.3 Provision for diminution in value of investments

<u>10,523</u>	<u>10,523</u>
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10 ADVANCES

	Performing		Non Performing		Total	
	(Un-audited) June 30, 2023	(Audited) December 31, 2022	(Un-audited) June 30, 2023	(Audited) December 31, 2022	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	..... Rupees in '000					
Loans, cash credits, running finance, etc.	72,965,515	73,884,456	36,632,364	33,738,604	109,597,879	107,623,060
Advances - gross	72,965,515	73,884,456	36,632,364	33,738,604	109,597,879	107,623,060
Provision for advances:						
- against agriculture advance	-	-	11,929,795	14,126,561	11,929,795	14,126,561
- against staff advances	-	-	42,088	44,119	42,088	44,119
- general	3,000,000	3,000,000	-	-	3,000,000	3,000,000
	3,000,000	3,000,000	11,971,883	14,170,680	14,971,883	17,170,680
Advances - net of provision	69,965,515	70,884,456	24,660,481	19,567,924	94,625,996	90,452,380

10.1 Particulars of advances (gross)

In local currency

109,597,879 107,623,060

10.2 Advances include Rs. 36,579.823 million (December 31, 2022: Rs. 33,682.336 million) relating to agricultural financing which have been placed under non-performing status as detailed below:

Category of classification	June 30, 2023 (Un-audited)		December 31, 2022 (Audited)	
	Non performing loans	Provision	Non performing loans	Provision
	..... Rupees in '000			
Domestic				
Other assets especially mentioned	17,168,060	-	13,616,010	-
Substandard	7,350,542	1,470,108	5,303,514	1,060,703
Doubtful	3,203,072	1,601,538	3,393,911	1,696,957
Loss	8,858,149	8,858,149	11,368,901	11,368,901
	36,579,823	11,929,795	33,682,336	14,126,561

As per

10.3 Particulars of provision against advances

	June 30, 2023 (Un-audited)			December 31, 2022 (Audited)		
	Specific	General	Total	Specific	General	Total
	..... Rupees in '000					
Opening balance	14,126,561	3,000,000	17,126,561	20,392,883	3,000,000	23,392,883
Charge for the period	2,627,767	-	2,627,767	9,122,441	-	9,122,441
Reversals	(2,120,051)	-	(2,120,051)	(5,285,570)	-	(5,285,570)
	507,716	-	507,716	3,836,871	-	3,836,871
Amounts charged off	(2,704,482)	-	(2,704,482)	(10,103,193)	-	(10,103,193)
Closing balance	11,929,795	3,000,000	14,929,795	14,126,561	3,000,000	17,126,561

10.3.1 General provision amounts to Rs. 3,000 million (December 31, 2022: Rs. 3,000 million).

10.3.2 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, the Bank has yet not availed the benefit of allowed value of mortgaged lands and buildings while computing the provision against non-performing loans.

10.3.3 In addition to the time based criteria, the Bank has further classified loans and advances amounting to Rs. 1,987.146 million (December 31, 2022: 3,720.917 million) and further de-graded the category of classified loans and advances amounting to Rs. 6,434.100 million (December 31, 2022: Rs. 6,511.752 million) on the basis of credit worthiness of the borrowers in accordance with the subjective criteria of the Prudential Regulations for Agriculture Financing.

	Note	(Un-audited)	(Audited)
		June 30, 2023	December 31, 2022
		... Rupees in '000 ...	
10.3.4 Provision against non-performing loans and advances - net			
Provision against non-performing loans and advances	10.3	507,716	3,836,871
Provision against staff advances		(2,032)	3,324
		<u>505,684</u>	<u>3,840,195</u>

	Note	(Un-audited) June 30, 2023 ... Rupees in '000 ...	(Audited) December 31, 2022
11 FIXED ASSETS			
Capital work-in-progress	11.1	55,588	55,266
Property and equipment		1,431,093	1,534,507
Right of use assets		832,784	811,078
		<u>2,319,465</u>	<u>2,400,851</u>
11.1 Capital work-in-progress			
Civil works		38,131	42,774
Consultancy charges		6,979	6,891
Others	11.1.1	10,478	5,601
		<u>55,588</u>	<u>55,266</u>
11.1.1 This includes soil testing and other charges incurred at sites.			
		(Un-audited) June 30, 2023 ... Rupees in '000 ...	(Audited) June 30, 2022
11.2 Additions to fixed assets			
The following additions have been made during the period:			
Capital work-in-progress		16,042	1,622
Property and equipment:			
Building on freehold land		10,067	-
Building on leasehold land		995	-
Furniture and fixture		2,662	719
Electrical, office and computer equipment		7,589	4,285
Vehicles		6,125	20,491
		27,438	25,495
Total		<u>43,480</u>	<u>27,117</u>
11.3 Disposal of fixed assets			
The net book value of fixed assets disposed off is as follows:			
Electrical, office and computer equipment		-	2,826
Vehicles		24,523	17,518
Total		<u>24,523</u>	<u>20,344</u>
		(Un-audited) June 30, 2023 ... Rupees in '000 ...	(Audited) December 31, 2022
12 INTANGIBLE ASSETS			
Computer Software		<u>59,189</u>	<u>73,159</u>

As per

		(Un-audited)	
		June 30, 2023	June 30, 2022
		... Rupees in '000 ...	
12.1	Additions to intangible assets		
	Additions made during the period:		
	Directly purchased	9,474	72,476
		(Un-audited)	(Audited)
		June 30, 2023	December 31, 2022
		... Rupees in '000 ...	
	Note		
13	DEFERRED TAX ASSETS		
	Deductible temporary differences on:		
	Defined benefit plans	133,228	133,228
	Provision against non-performing loans and advances	14,382,690	15,584,584
		14,515,918	15,717,812
	Taxable temporary differences on:		
	Accelerated tax depreciation	(45,958)	7,827
	Surplus on revaluation of investments	(830,509)	(689,380)
		(876,467)	(681,553)
		13,639,451	15,036,259
14	OTHER ASSETS		
	Income / mark-up accrued in local currency on :		
	- advances - net of provision	7,898,106	8,555,496
	- securities	9,974,812	3,992,008
	- deposits	177,875	140,929
	Amount recoverable from Federal Government	2,952,122	2,800,085
	Tax recoverable	422,652	422,652
	Branch adjustment account	4,328,619	-
	Taxation (payments less provision)	1,007,209	2,495,135
	Receivable from gratuity scheme - SR 2005	761,958	705,747
	Non banking assets acquired in satisfaction of claims	422,383	423,709
	Due from Islamic Banking	9,413	-
	Stationery and stamps in hand	135,113	132,429
	Stock of farm machinery	11,237	11,237
	Advances against salary and expenses	62,305	22,579
	Security deposits	7,199	6,199
	Advances and other prepayments	454,305	328,770
	Clearing and settlement	-	2,220,173
	Others	175,685	143,533
		28,800,993	22,400,681
	Provision held against other assets	(935,191)	(939,492)
	Other assets - net of provisions	27,865,802	21,461,189
14.1	Provision held against other assets		
	Tax recoverable	422,652	422,652
	Non banking assets acquired in satisfaction of claims	422,383	423,709
	Stock of farm machinery	11,237	11,237
	Accrued interest on advances of ex-employees	17,402	17,734
	Amount deposited with courts / legal charges recoverable	61,517	64,160
		935,191	939,492

Bdew.

(Un-audited) June 30, 2023	(Audited) December 31, 2022
... Rupees in '000 ...	

14.1.1 Movement in provision held against other assets

Opening balance	939,492	964,265
Charge for the period / year	16,094	39,056
Reversals	(20,395)	(63,829)
	(4,301)	(24,773)
Closing balance	935,191	939,492

15 CONTINGENT ASSETS

- 15.1 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.
- 15.2 Assistant Commissioner, Sindh Revenue Board (SRB) passed the order on May 11, 2019 for the period January 2012 to December 2012 creating a demand of Rs. 6.42 million. On June 3, 2019, payment of impugned tax amounting Rs. 6.6 million has been made, under protest, to avail the SRB Amnesty Scheme. The Bank has filed appeal before Commissioner (Appeals), SRB. Main appeal heard and further adjourned to August 12, 2022 but remained undecided and appeal / case has been transferred to Appellate Tribunal by the Commissioner (Appeals-I) on June 30, 2022, being time barred at the Commissioner Appeals. The Bank is expecting a favourable decision.
- 15.3 Assistant Commissioner, Sindh Revenue Board (SRB) passed the order on July 11, 2019 for the period January 2013 to December 2013 creating a demand of Rs. 2.75 million. On June 3, 2019, payment of impugned tax amounting to Rs. 2.75 million was made, under protest, to avail the SRB Amnesty Scheme. The Bank filed appeal before Commissioner (Appeals), SRB. Main appeal heard and further adjourned to August 12, 2022 but remained undecided and appeal / case has been transferred to Appellate Tribunal by the Commissioner (Appeals-I) on June 30, 2022, being time barred at the Commissioner Appeals. The Bank is expecting a favourable decision.
- 15.4 Assistant Commissioner, Sindh Revenue Board (SRB) passed the order on January 24, 2020 for the period of January 2014 to December 2014 which created a demand of Rs. 54.6 million. On June 3, 2019 payment of impugned tax was made for Rs. 2.86 million, under protest, to avail the SRB Amnesty Scheme. The Bank filed appeal before Commissioner (Appeals), SRB. Main Appeal heard and further adjourned to August 12, 2022 but remained undecided and appeal / case has been transferred to Appellate Tribunal by the Commissioner (Appeals-I) on June 30, 2022, being time barred at the Commissioner Appeals. The Bank is expecting a favourable decision.

Bbew.

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	... Rupees in '000 ...	
16		
BILLS PAYABLE		
In Pakistan	1,404,351	580,505
17		
BORROWINGS		
Secured		
Borrowing from State Bank of Pakistan (SBP):		
Redeemable preference shares	54,461,536	54,461,536
Repurchase agreement borrowings	685,293,494	291,048,185
Repurchase agreement borrowings - others	-	1,988,992
Total secured	739,755,030	347,498,713
Unsecured		
Call borrowings	4,850,000	7,400,000
	744,605,030	354,898,713
18		
DEPOSITS AND OTHER ACCOUNTS		
Customers - local currency		
Current deposits	5,772,714	6,012,741
Saving deposits	7,282,297	5,652,727
Term deposits	33,939,221	32,524,626
Others	20,183	21,836
	47,014,415	44,211,930
Financial Institutions - local currency		
Current deposits	76,017	7,264
Saving deposits	1,209,030	3,113,500
Term deposits	-	-
	1,285,047	3,120,764
	48,299,462	47,332,694
19		
OTHER LIABILITIES		
Mark-up / return / interest payable in local currency on:		
- borrowings	9,085,840	4,326,579
- deposits and other accounts	2,058,338	712,502
Accrued expenses	55,832	942,134
Branch adjustment account	-	304,480
Net liabilities relating to Bangladesh	189	189
Payable to Ministry of Food Agriculture & Livestock	168,000	168,000
Provision for:		
- pension scheme	8,232,908	7,633,256
- employees' post retirement medical benefits	10,784,012	10,063,017
- employees' compensated absences	2,119,292	2,087,516
Payable to subsidiary company	164,290	103,127
Due to Islamic Banking	-	442
Security deposits	26,520	21,966
Deferred income	9,786	10,038
Lease liability against right-of-use assets	946,163	907,653
Clearing and settlement	775,995	-
Others	1,347,462	1,287,059
	35,774,627	28,567,958

As per

(Un-audited)	(Audited)
June 30, 2023	December 31, 2022
... Rupees in '000 ...	

20 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

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

Quoted investments	2,686,681	2,438,038
Other securities	(755,264)	(834,829)
Surplus on revaluation of available-for-sale securities	1,931,417	1,603,209
Deferred tax on surplus on revaluation of available-for-sale securities	(830,509)	(689,381)
	1,100,908	913,828

21 CONTINGENCIES AND COMMITMENTS

21.1 Contingent liabilities

In respect of cases filed against the Bank:

21.1.1 by borrowers; 484 (December 31, 2022: 489) cases	351,515	355,489
21.1.2 by employees; 440 (December 31, 2022: 434) cases	328,277	281,681

21.2.1 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.

21.2.2 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.

Release.

- 21.2.3 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.
- 21.2.4 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.
- 21.2.5 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 Honourable 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 *Review.*

- 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.
- 21.2.6 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.
- 21.2.7 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.
- 21.2.8 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.

- 21.2.9 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.
- 21.2.10 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.
- 21.2.11 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.
- 21.2.12 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
- 21.2.13 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.
- 21.2.14 Assessment Officer passed order u/s 122(5A) of the Income Tax Ordinance,2001 on dated November 30, 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 December 27, 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.
- 21.2.15 Assessment Officer passed order u/s 122(5A) of the Income Tax Ordinance,2001 on dated September 28, 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.
- 21.2.16 Assessment Officer passed order u/s 122(5A) of the Income Tax Ordinance,2001 on dated January 14, 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.
- 21.2.17 Assessment Officer passed order u/s 122(5A) of the Income Tax Ordinance,2001 on dated April 8, 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.
- 21.2.18 Assessment Officer passed order u/s 122(5A) of the Income Tax Ordinance,2001 on dated December 27, 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.

- 21.2.19 Assessment Officer, on the dates of May 4 and May 5, 2023, issued orders under the section 4(B) and section 122(5A) of the Income Tax Ordinance, 2001. These orders resulted in a significant demand of Rs. 1,392 million and Rs. 3,385 million for the Tax Year 2022, respectively. Being aggrieved Bank filed an appeals 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.
- 21.2.20 The cases relating to Federal Excise Duties / Sales tax matters of the Bank for the Tax Years 2008, 2009, 2010, 2011 and 2012, consisting of contingent liabilities amounting to Rs.825.121 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. However islamabad high court vide order No.FERA No.03/2014 and FERA No.02/2014 both data February 06, 2023 decided the case for the tax year 2011 2012 and deleted the alleged tax demand of Rs.343 million. No provision for balance contingent liabilities amounting to Rs. 482.121 million has been recognized as the Bank is confident for a favourable outcome.
- 21.2.21 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.
- 21.2.22 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.
- 21.2.23 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.10.3 million. The bank filed Appeal before Commissioner, PRA. Commissioner Appeals (PRA) upheld the assessment order and being aggrieved bank has filed appeal alongwith stay application before Appellate Tribunal (PRA). The Bank has not accounted for the demand as tax payable, as a favourable decision is expected.

- 21.2.24 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.
- 21.2.25 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.
- 21.2.26 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.
- 21.2.27 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.
- 21.2.28 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.

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	... Rupees in '000 ...	
21.3 Commitments against		
Capital expenditure	442,742	404,071
Consultancy expenditure	5,628	5,628

RACW

		(Un-audited)	
		June 30,	June 30,
		2023	2022
		... Rupees in '000 ...	
22	MARK-UP / RETURN / INTEREST EARNED	Note	
	On:		
	Loans and advances		8,946,200 7,079,742
	Investments		51,948,753 4,435,108
	Securities purchased under resale agreement		1,039,778 879,723
	Call money lendings		451,444 373,078
	Balances with banks		1,335,233 887,724
			<u>63,721,408</u> <u>13,655,375</u>
23	MARK-UP / RETURN / INTEREST EXPENSED		
	Deposits		2,788,422 1,471,010
	Redeemable preference shares - SBP		2,042,308 2,042,308
	Securities sold under repurchased agreement		48,249,664 4,001,787
	Call borrowings		531,117 54,064
	Bank commission and other charges		6,383 4,663
	On lease liability against right-of-use assets		56,591 52,854
			<u>53,674,485</u> <u>7,626,686</u>
24	FEE & COMMISSION INCOME		
	Branch banking customer fees		23,809 18,146
	Credit related fees		592,001 543,655
	Commission on remittances including home remittances		209 16,631
			<u>616,019</u> <u>578,432</u>
25	GAIN ON SECURITIES		
	Realised	25.1	<u>15,751</u> <u>8,778</u>
25.1	Realised gain on:		
	Federal Government Securities		<u>15,751</u> <u>8,778</u>
26	OTHER INCOME		
	Rent on property - KSSL - subsidiary company		3,292 2,694
	Rent on property - others		16,708 14,085
			<u>20,000</u> <u>16,779</u>
	Gain on sale of fixed assets - net		23,375 1,054
	Gain on sale of non banking assets - net		3,504 852
	Deferred income amortization		252 264
	Discount income		165,239 50,887
	Others	26.1	73,252 16,126
			<u>285,622</u> <u>85,962</u>
26.1	Other includes sale of scrap, sale of tender forms, recoveries against penalties imposed by SBP and private use of vehicles etc. <i>Review.</i>		

		(Un-audited)	
		June 30, 2023	June 30, 2022
		... Rupees in '000 ...	
27	OPERATING EXPENSES		
	Total compensation expense	4,464,335	3,915,418
	Property expense		
	Rent & taxes	700	802
	Insurance	30,562	17,988
	Utilities cost	113,167	100,728
	Repair and maintenance (including janitorial charges)	77,211	44,820
	Depreciation	18,168	18,711
	Depreciation - right of use assets	124,962	120,517
		364,770	303,566
	Information technology expenses		
	Software maintenance	17,221	3,250
	Hardware maintenance	13,197	17,937
	Depreciation	25,253	22,989
	Amortisation	23,444	26,557
	Network charges	17,772	44,767
		96,887	115,500
	Other operating expenses		
	Directors' fees and allowances	6,527	3,513
	Fees and allowances to Shariah Board	-	-
	Legal & professional charges	85,673	101,573
	Outsourced services costs	825,267	723,221
	Travelling & conveyance	58,564	56,479
	NIFT clearing charges	9,106	8,485
	Depreciation	60,513	70,629
	Training & development	18,324	5,483
	Postage & courier charges	10,961	11,671
	Communication	13,617	16,697
	Stationery & printing	30,913	24,758
	Marketing, advertisement & publicity	9,117	5,034
	Motor vehicle expenses	332,533	204,382
	Auditors Remuneration	500	500
	Others	49,102	40,389
		<u>6,436,709</u>	<u>5,607,298</u>
28	OTHER CHARGES		
	Penalties imposed by SBP	<u>38,333</u>	<u>-</u>
29	PROVISIONS AND WRITE-OFFS - NET		
	Provisions against loans & advances	505,684	2,320,428
	Fixed assets charged-off	1,043	442
	Reversal of provision against other assets	(4,301)	(23,131)
	Recovery of written off / charged off bad debts	(4,149,482)	(4,114,412)
		<u>(3,647,056)</u>	<u>(1,816,673)</u>

Review

		(Un-audited)	
		June 30, 2023	June 30, 2022
		... Rupees in '000 ...	
30	TAXATION		
	Current	3,695,167	2,928,023
	Deferred	1,255,679	(492,444)
		4,950,846	2,435,579
31	EARNING PER SHARE - BASIC AND DILUTED		
	Profit after tax for the period	3,246,297	514,407
	Weighted average number of ordinary shares	5,267,843,241	5,267,843,241
	Earning per share - basic and diluted (Rupees)	0.62	0.10
31.1	There is no dilutive effect on the basic earning per share of the Bank.		
		(Un-audited)	
	Note	June 30, 2023	June 30, 2022
		... Rupees in '000 ...	
32	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		
	Profit before taxation	8,197,143	2,949,986
	Less: Dividend income	(60,814)	(38,750)
		8,136,329	2,911,236
	Adjustments:		
	Depreciation	103,934	112,329
	Depreciation on right-of-use assets	124,962	120,517
	Amortization	23,444	26,557
	Amortization of deferred income	(252)	(264)
	Markup on lease liability on right-of-use assets	56,591	52,854
	Provisions and write-offs	502,426	2,297,739
	Provision for employees post retirement medical benefits	895,408	615,145
	Charge for defined benefit plans - net	901,223	888,169
	Gain on securities	(15,751)	(8,778)
	Gain on sale of operating fixed assets	(23,375)	(1,054)
		2,568,610	4,103,214
		10,704,939	7,014,450
33	CASH AND CASH EQUIVALENTS		
	Cash and balances with treasury banks	2,767,021	3,518,828
	Balances with other banks	16,407,481	29,227,029
		19,174,502	32,745,857

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34 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.

34.1 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).

34.2 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 announcement 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.

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:

June 30, 2023 (Un-audited)

	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	-	717,295,001	-	717,295,001
- Shares	2,775,977	-	-	2,775,977
- Debt Securities (TFCs, Sukuk)	2,024,065	-	-	2,024,065
	<u>4,800,042</u>	<u>717,295,001</u>	<u>-</u>	<u>722,095,043</u>
Financial assets not measured at fair value				
- Subsidiary company	-	100,000	-	100,000
	<u>4,800,042</u>	<u>717,395,001</u>	<u>-</u>	<u>722,195,043</u>

December 31, 2022 (Audited)

	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
	<u>5,150,992</u>	<u>301,598,693</u>	<u>-</u>	<u>306,749,685</u>
Financial assets not measured at fair value				
- Subsidiary company	-	100,000	-	100,000
	<u>5,150,992</u>	<u>301,698,693</u>	<u>-</u>	<u>306,849,685</u>

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35 SEGMENT INFORMATION

35.1 Segment Details with respect to Business Activities:

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

	June 30, 2023 (Un-audited)			
	Branch banking & agri financing	Treasury	Islamic banking	Total
	..... Rupees in '000			
Profit & Loss				
Net mark-up/return/profit	4,311,117	5,623,145	112,661	10,046,923
Inter segment revenue - net	1,660,876	(1,660,876)	-	-
Non mark-up / return / interest income	901,346	76,565	295	978,206
Total Income	6,873,339	4,038,834	112,956	11,025,129
Segment direct expenses	6,403,392	28,446	43,204	6,475,042
Inter segment expense allocation	-	-	-	-
Total expenses	6,403,392	28,446	43,204	6,475,042
Provisions	(3,647,056)	-	-	(3,647,056)
Profit before tax	4,117,003	4,010,388	69,752	8,197,143
Balance Sheet				
Cash & Bank balances	2,670,949	11,710,242	4,793,311	19,174,502
Investments	-	720,442,677	2,269,980	722,712,657
Net inter segment lendings	39,881,340	-	-	39,881,340
Lendings to financial institutions	-	12,832,358	-	12,832,358
Advances - performing	72,965,515	-	-	72,965,515
- non-performing (net of provision)	21,660,481	-	-	21,660,481
Others	33,425,861	10,320,236	137,810	43,883,907
Total Assets	170,604,146	755,305,513	7,201,101	933,110,760
Borrowings	54,461,536	685,293,494	4,850,000	744,605,030
Subordinated debt	-	-	-	-
Deposits & other accounts	46,701,935	-	1,597,527	48,299,462
Net inter segment borrowing	-	39,381,340	500,000	39,881,340
Others	29,174,563	7,763,587	240,828	37,178,978
Total Liabilities	130,338,034	732,438,421	7,188,355	869,964,810
Equity	62,045,042	1,131,001	(30,093)	63,145,950
Total Equity & Liabilities	192,383,076	733,569,422	7,158,262	933,110,760
Contingencies & Commitments	55,962,537	-	-	55,962,537

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June 30, 2022 (Un-Audited)

	Branch banking & agri financing	Treasury	Islamic banking	Total
..... Rupees in '000				
Profit & Loss				
Net mark-up/return/profit	3,648,436	2,371,025	9,228	6,028,689
Inter segment revenue - net	(384,712)	384,712	-	-
Non mark-up / return / interest income	664,224	47,528	170	711,922
Total Income	3,927,948	2,803,265	9,398	6,740,611
Segment direct expenses	5,554,469	21,485	31,344	5,607,298
Inter segment expense allocation	-	-	-	-
Total expenses	5,554,469	21,485	31,344	5,607,298
Provisions	(1,816,673)	-	-	(1,816,673)
Profit/(loss) before tax	190,152	2,781,780	(21,946)	2,949,986

December 31, 2022 (Audited)

	Branch banking & agri financing	Treasury	Islamic banking	Total
..... Rupees in '000				
Balance Sheet				
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 lending	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 provisio	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

Review.

36 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 at December 31, 2022. Remuneration to the executives are determined in accordance with the terms of their appointment. Details of transactions with related parties and balances with them are as under:

	Subsidiary company		Key management personnel		Defined Benefit Plans		Agricultural Technology Development Fund	
	June 30, 2023 (Un-audited)	December 31, 2022 (Audited)	June 30, 2023 (Un-audited)	December 31, 2022 (Audited)	June 30, 2023 (Un-audited)	December 31, 2022 (Audited)	June 30, 2023 (Un-audited)	December 31, 2022 (Audited)
	..... Rupees in '000							
Investments	100,000	100,000	-	-	-	-	-	-
Advances								
Opening balance	-	-	60,819	65,889	-	-	-	-
Addition	-	-	59,983	11,845	-	-	-	-
Repaid	-	-	(3,590)	(16,915)	-	-	-	-
Closing balance	-	-	117,212	60,819	-	-	-	-
Other assets								
Interest / mark-up accrued	-	-	11,703	9,397	-	-	-	-
Receivable at the end of the period	-	-	-	-	761,958	705,747	-	-
Deposits and other accounts								
Opening balance	1,117,394	1,049,461	272	5,762	9,126,458	10,239,704	236,986	219,488
Received during the period / year	4,379,868	3,888,226	106,646	184,167	7,465,384	38,047,598	2,248	422,633
Withdrawn during the period / year	(4,311,827)	(3,820,293)	(100,941)	(189,657)	(7,475,171)	(39,160,844)	(336)	(405,135)
Closing balance	1,185,435	1,117,394	5,977	272	9,116,671	9,126,458	238,898	236,986
Other liabilities								
Interest / mark-up payable	60,573	90,079	-	-	1,070,509	252,017	25,711	9,295
Payable at the end of the period	164,290	103,127	-	-	21,136,212	19,783,789	-	-

Present.

	Subsidiary company		Key management personnel		Defined Benefit Plans		Agricultural Technology Development Fund	
	2023	2022	2023	2022	2023	2022	2023	2022
	(Un-audited) Half year ended June 30,							
	Rupees in '000							
Income								
Mark-up / interest earned	-	-	1,022	855	-	-	-	-
Rental income	3,292	2,694	-	-	-	-	-	-
Expense								
Mark-up / interest paid	93,859	52,867	-	-	8,996	445,015	2,248	8,840
Compensation	-	-	56,244	74,001	-	-	-	-
Post retirement benefit	-	-	2,756	3,167	-	-	-	-
Contribution to defined benefit plan	-	-	562	524	-	-	-	-
Cost of services rendered	825,267	723,221	-	-	-	-	-	-

36.1 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.

Review

37 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	... Rupees in '000 ...	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	54,071,688	51,474,650
Capital Adequacy Ratio:		
Eligible Common Equity Tier 1 (CET 1) Capital	54,544,987	49,561,886
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	54,544,987	49,561,886
Eligible Tier 2 Capital	2,736,833	2,476,117
Total Eligible Capital (Tier 1 + Tier 2)	57,281,820	52,038,003
Risk Weighted Assets (RWAs):		
Credit Risk	130,873,962	124,983,113
Market Risk	5,551,950	5,054,675
Operational Risk	24,428,975	24,428,975
Total	160,854,887	154,466,763
Common Equity Tier 1 Capital Adequacy Ratio	33.91%	32.09%
Tier 1 Capital Adequacy Ratio	33.91%	32.09%
Total Capital Adequacy Ratio	35.61%	33.69%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	54,544,987	49,561,886
Total exposures	893,618,601	491,428,983
Leverage ratio	6.10%	10.09%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	44,454,471	28,539,604
Total Net Cash Outflow	3,389,742	3,922,893
Liquidity Coverage Ratio	1311%	728%
Net Stable Funding		
Total Available Stable Funding	161,843,272	171,167,420
Total Required Stable Funding	154,020,249	132,439,520
Net Stable Funding Ratio	105%	129%

Review.

38 ISLAMIC BANKING BUSINESS

The bank is operating 16 (December 31, 2022: 5) Islamic banking branches and 10 (December 31, 2022: nil) Islamic banking windows as at June 30, 2023.

		(Un-audited) June 30, 2023	(Audited) December 31, 2022
	Note	... Rupees in '000 ...	
ASSETS			
Cash and balances with treasury banks		159,674	54,914
Balances with other banks		4,633,637	26,670
Due from financial institutions	38.1	-	2,551,275
Investments	38.2	2,269,980	1,868,023
Islamic financing and related assets - net		-	-
Fixed assets		17,238	5,941
Intangible assets		-	-
Due from Head Office		-	-
Other assets		120,572	54,297
Total Assets		7,201,101	4,561,120
LIABILITIES			
Bills payable		961	1,367
Due to financial institutions		4,850,000	543,627
Deposits and other accounts	38.3	1,597,527	3,216,540
Due to Head Office		138,773	259,590
Subordinated debt		-	-
Other liabilities		101,094	58,798
		<u>6,688,355</u>	<u>4,079,922</u>
NET ASSETS		<u>512,746</u>	<u>481,198</u>
REPRESENTED BY			
Islamic Banking Fund		500,000	500,000
Reserves		-	-
Deficit on revaluation of assets		(30,093)	(25,955)
Un-appropriated profit	38.4	42,839	7,153
		<u>512,746</u>	<u>481,198</u>
CONTINGENCIES AND COMMITMENTS	38.5		
<i>Beleew</i>			

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

	Note	(Un-audited)	
		June 30,	June 30,
		2023	2022
		... Rupees in '000 ...	
Profit / return earned	38.6	511,014	189,463
Profit / return expensed	38.7	398,353	180,235
Net Profit / return		112,661	9,228
Other income			
Fee and Commission Income		295	170
Dividend Income		-	-
Foreign Exchange Income		-	-
Income / (loss) from derivatives		-	-
Gain / (loss) on securities		-	-
Other Income		-	-
Total other income		295	170
Total Income		112,956	9,398
Other expenses			
Operating expenses		43,204	31,344
Workers Welfare Fund		-	-
Other charges		-	-
Total other expenses		43,204	31,344
Profit / (loss) before provisions		69,752	(21,946)
Provisions and write offs - net		-	-
Profit / (loss) before taxation		69,752	(21,946)
Taxation		34,066	2,844
Profit / (loss) after taxation		35,686	(24,790)

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38.1 Due from financial institutions

	June 30, 2023 (Un-audited)			December 31, 2022 (Audited)		
	In local currency	In foreign currency	Total	In local currency	In foreign currency	Total
	..... Rupees in '000					
Secured :						
Bai Muajjal Receivable from State Bank of Pakistan	-	-	-	51,275	-	51,275
Unsecured	-	-	-	2,500,000	-	2,500,000
	-	-	-	2,551,275	-	2,551,275

38.2 Investments by segments

	June 30, 2023 (Un-audited)				December 31, 2022 (Audited)			
	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	1,782,824	-	(30,458)	1,752,366	1,325,057	-	(25,955)	1,299,102
Non Government Debt Securities								
Listed securities	517,614	-	-	517,614	568,921	-	-	568,921
Total investments	2,300,438	-	(30,458)	2,269,980	1,893,978	-	(25,955)	1,868,023

Review

	(Un-audited) June 30, 2023	(Audited) December 31, 2022
	... Rupees in '000 ...	
38.3 Deposits		
Customers - local currency		
Current deposits	155,704	125,292
Savings deposits	1,395,579	2,952,183
Term deposits	39,547	134,668
Others	6,697	4,397
	1,597,527	3,216,540
Financial Institutions		
Current deposits	-	-
Savings deposits	-	-
Term deposits	-	-
	1,597,527	3,216,540

38.4 Islamic Banking Business Accumulated Loss

Opening Balance	7,153	(13,298)
Add: Islamic Banking loss for the period	69,752	39,682
Less: Taxation	34,066	19,231
Closing Balance	42,839	7,153

38.5 Contingencies and commitments

38.5.1 There are no contingencies outstanding against Islamic banking at the reporting date (2022 : Nil).

38.5.2 There are no commitments made by the Islamic banking at the reporting date (2022 : Nil).

	(Un-audited) Jun 30, 2023	Jun 30, 2022
	... Rupees in '000 ...	
38.6 Profit / return earned of financing, investments and placement		
Profit earned on:		
Financing	-	-
Investments	171,261	79,778
Placements	339,753	109,685
	511,014	189,463

38.7 Profit on deposits and other dues expensed

Deposits and other accounts	288,795	126,171
Due to Financial Institutions		
Commission and other charges	-	-
Call borrowings	109,558	54,064
	398,353	180,235

39 CORRESPONDING FIGURES

Corresponding figures have been rearranged, reclassified or additionally incorporated in these unconsolidated condensed interim financial statements (un-audited) wherever necessary to facilitate comparison and better presentation.

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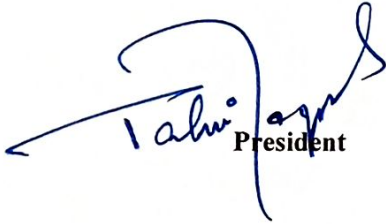
40 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements (un-audited) were authorized for issue on 09 SEP 2023 by the Board of Directors of the Bank.

41 GENERAL

The figures in the unconsolidated condensed interim financial statements (un-audited) are rounded off to the nearest thousand rupees.


below.



President



Chief Financial Officer



Director



Director



Director