

ZARAI TARAQIATI BANK LIMITED

**CONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS
FOR THE THREE MONTHS PERIOD ENDED
31 MARCH 2023**

ZARAI TARAQIATI BANK LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2023

	Note	(Un-audited) March 31, 2023 Rupees in '000	(Audited) December 31, 2022
ASSETS			
Cash and balances with treasury banks	6	2,627,128	2,580,409
Balances with other banks	7	16,761,746	12,615,407
Lendings to financial institutions	8	8,762,275	39,623,142
Investments - net	9	485,831,206	306,749,685
Advances - net	10	90,414,985	90,452,380
Fixed assets	11	2,367,862	2,407,548
Intangible assets	12	62,814	73,159
Deferred tax assets - net	13	15,277,603	15,173,017
Other assets - net	14	24,758,742	21,502,437
		646,864,361	491,177,184
LIABILITIES			
Bills payable	16	410,224	580,505
Borrowings	17	519,466,166	354,898,713
Deposits and other accounts	18	36,840,907	46,127,301
Liabilities against assets subject to finance lease		-	-
Sub-ordinated loan		-	-
Deferred tax liabilities - net		-	-
Other liabilities	19	29,110,588	28,945,873
		585,827,885	430,552,392
NET ASSETS		<u>61,036,476</u>	<u>60,624,792</u>
REPRESENTED BY			
Share capital		52,678,432	52,678,432
Reserves		7,595,720	7,324,095
(Deficit) / Surplus on revaluation of assets - net of tax	20	(67,519)	913,828
Unappropriated loss		829,843	(291,563)
		<u>61,036,476</u>	<u>60,624,792</u>

CONTINGENCIES AND COMMITMENTS 21

The annexed notes 1 to 40 form an integral part of these consolidated condensed interim financial statements.


President


Chief Financial Officer


Director

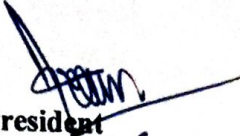

Director

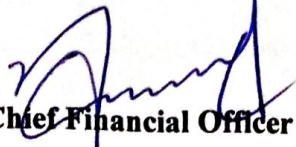

Director

ZARAI TARAQIATI BANK LIMITED**CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2023**

	Note	Period ended	
		March 31, 2023	March 31, 2022
..... Rupees in '000			
Mark-up / return / interest earned	22	27,030,093	6,700,401
Mark-up / return / interest expensed	23	22,243,684	3,557,774
Net mark-up / interest income		4,786,409	3,142,627
NON MARK-UP / INTEREST INCOME			
Fee and commission income	24	262,091	259,543
Dividend income		-	-
Foreign exchange income		-	-
Income / (loss) from derivatives		-	-
Gain on securities	25	6,737	4,537
Other income	26	103,699	50,933
Total non-mark-up / interest income		372,527	315,013
Total income		5,158,936	3,457,640
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	27	3,138,385	3,044,165
Workers welfare fund		-	-
Other charges		38,193	-
Total non mark-up / interest expenses		3,176,578	3,044,165
Profit before provisions		1,982,358	413,475
Provisions and write offs - net	28	(1,017,704)	(391,474)
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		3,000,062	804,949
Taxation	29	1,607,031	639,454
PROFIT AFTER TAXATION		1,393,031	165,495
..... Rupees in '000			
Basic profit per share (Rupees)	30	0.26	0.03
Diluted profit per share (Rupees)	30	0.26	0.03

The annexed notes 1 to 40 form an integral part of these consolidated condensed interim financial statements.


President


Chief Financial Officer


Director


Director


Director

ZARAI TARAQIATI BANK LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2023

Profit after taxation for the period

Other comprehensive income

Items that may be reclassified to profit and loss account in subsequent periods:

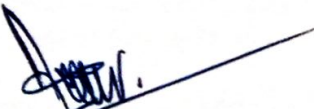
Movement in surplus on revaluation of investments - net of tax


Items that will not be reclassified to profit and loss account in subsequent periods:

Total comprehensive income

Period ended	
March 31, 2023	March 31, 2022
... Rupees in '000 ...	
1,393,031	165,495
(981,347)	41,118
-	-
<u>411,684</u>	<u>206,613</u>

The annexed notes 1 to 40 form an integral part of these consolidated condensed interim financial statements.


President


Chief Financial Officer


Director


Director


Director


ZARAI TARAQIATI BANK LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2023

	Share capital	Statutory reserve	Contingencies reserve	Surplus on revaluation of investments	Un-appropriated profit	Total
..... Rupees in '000						
Balance as at January 1, 2022	52,678,432	6,239,526	60,000	989,649	(5,177,170)	54,790,437
Profit after taxation for quarter ended March 31, 2022	-	-	-	-	165,495	165,495
Other comprehensive income for quarter ended March 31, 2022	-	-	-	41,118	-	41,118
Total comprehensive income for quarter ended March 31, 2022	-	-	-	41,118	165,495	206,613
Transferred to statutory reserve	-	33,877	-	-	(33,877)	-
Balance as at March 31, 2022	52,678,432	6,273,403	60,000	1,030,767	(5,045,552)	54,997,050
Profit after taxation for nine months period ended December 31, 2022	-	-	-	-	5,011,792	5,011,792
Other comprehensive profit for nine months period ended December 31, 2022	-	-	-	(116,939)	732,889	615,950
Total comprehensive income / (loss) for nine months period ended December 31, 2022	-	-	-	(116,939)	5,744,681	5,627,742
Transferred to statutory reserve	-	990,692	-	-	(990,692)	-
Balance as at December 31, 2022	52,678,432	7,264,095	60,000	913,828	(291,563)	60,624,792
Profit after taxation for the quarter ended March 31, 2023	-	-	-	-	1,393,031	1,393,031
Other comprehensive loss for the quarter ended March 31, 2023	-	-	-	(981,347)	-	(981,347)
Total comprehensive income / (loss) for the quarter ended March 31, 2023	-	-	-	(981,347)	1,393,031	411,684
Transferred to statutory reserve	-	271,625	-	-	(271,625)	-
Balance as at March 31, 2023	52,678,432	7,535,720	60,000	(67,519)	829,843	61,036,476

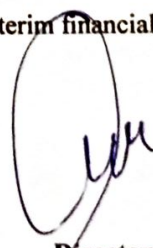
Statutory reserves represent reserve maintained as per requirement of Section 21 of the Banking Companies Ordinance, 1962.

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


The annexed notes 1 to 40 form an integral part of these consolidated condensed interim financial statements.


President


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ZARAI TARAQIATI BANK LIMITED
CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2023


	Note	Period ended	
		March 31, 2023	March 31, 2022
..... Rupees in '000			
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit before working capital changes	31	4,601,085	2,776,158
Decrease / (increase) in operating assets:			
Lendings to financial institutions		30,860,867	6,235,442
Advances - net		(536,404)	1,034,409
Other assets - net (excluding advance taxation)		(3,308,879)	(576,152)
		27,015,584	6,693,699
(Decrease) / increase in operating liabilities:			
Bills payable		(170,281)	(251,852)
Borrowings from financial institutions		164,567,453	(1,863,369)
Deposits and other accounts		(9,286,394)	(11,304,865)
Other liabilities		(564,554)	(1,133,326)
		154,546,224	(14,553,412)
Employees' benefits paid		(189,062)	(170,518)
Income tax paid		(916,427)	(135,966)
Net cash flow (used in) / generated from operating activities		185,057,404	(5,390,039)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(180,796,447)	1,603,564
Investments in operating fixed assets		(53,419)	(15,684)
Proceeds from sale of fixed assets		66,969	14,932
Net cash generated from / (used in) investing activities		(180,782,897)	1,602,812
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use assets		(81,449)	(90,378)
Increase / (decrease) in cash and cash equivalents		4,193,058	(3,877,605)
Cash and cash equivalents at beginning of the period		15,195,816	31,841,724
Cash and cash equivalents at end of the period	32	19,388,874	27,964,119

The annexed notes 1 to 40 form an integral part of these consolidated condensed interim financial statements.


President


Chief Financial Officer


Director


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ZARAI TARAQIATI BANK LIMITED
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
(UN-AUDITED) FOR THE PERIOD ENDED MARCH 31, 2023

1 THE GROUP AND ITS OPERATIONS

The "Group" consists of:

Holding company

- Zarai Taraqiati Bank Limited

Subsidiary company

- Kissan Support Services (Private) Limited

1.1 Zarai Taraqiati Bank Limited ("the Bank")

(a) 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.

(b) Status

As required under section 3 of the Agricultural Development Bank of Pakistan (Reorganization and Conversion) Ordinance, 2002, Zarai Taraqiati Bank Limited ("the Bank") was incorporated as a public limited Company under the repealed Companies Ordinance, 1984 (now 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 Taraqiati 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 5 (December 31, 2022: 5) Islamic banking branches in Pakistan as at the close of the period.

(c) 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.

1.2 Kissan Support Services (Private) Limited ("the Company")

Kissan Support Services (Private) Limited was incorporated in Pakistan as a private limited company on September 19, 2005 under the Companies Ordinance, 1984. It is a fully owned subsidiary of Zarai Taraqiati Bank Limited (ZTBL). The registered office of the Company is situated at 1-Faisal Avenue (Zero Point), Islamabad. The Company's principal business is the provision of consultancy, advisory, agency and other support services on contractual basis or otherwise to the Bank.

2 BASIS OF PRESENTATION

2.1 Statement of compliance

These consolidated 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 consolidated 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 consolidated condensed interim financial statements should be read in conjunction with the consolidated financial statements (un-audited) of the Group for the year ended December 31, 2022.

2.2 These consolidated condensed interim financial statements includes the condensed interim financial statements of the Bank and its subsidiary company.

2.3 The financial results of the Islamic banking branches have been consolidated in these consolidated condensed interim financial statements for reporting purposes, after eliminating interbranch transactions / balances. Key financial figures of the Islamic banking branches are disclosed in note 37 to these consolidated condensed interim financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the annual financial statements of the Group 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 Group and, therefore, are not disclosed.

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 to January 1, 2024 for all the banks / DFIs, therefore, financial impact is not considered in these consolidated 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 Group 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 consolidated condensed interim financial statements are the same as that applied in the preparation of the audited annual consolidated 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 consolidated financial statements of the Group for the year ended December 31, 2022.

	(Un-audited) March 31, 2023	(Audited) December 31, 2022
	Rupees in '000	
6 CASH AND BALANCES WITH TREASURY BANKS		
In hand		
Local currency	688,434	1,065,179
With State Bank of Pakistan in:		
Local currency current account	1,593,176	1,132,277
With National Bank of Pakistan in:		
Local currency current account	174,347	42,212
Local currency deposit account	169,430	339,008
	343,777	381,220
Prize bonds	1,741	1,733
	<u>2,627,128</u>	<u>2,580,409</u>
7 BALANCES WITH OTHER BANKS		
In Pakistan		
In current accounts	94,999	87,346
In deposit accounts	16,666,747	12,528,061
	<u>16,761,746</u>	<u>12,615,407</u>
8 LENDINGS TO FINANCIAL INSTITUTIONS		
Call money lendings	4,773,000	15,500,000
Repurchase agreement lendings (reverse repo)	3,938,000	24,071,867
Bai Muajjal receivable		
With State Bank of Pakistan	51,275	51,275
	<u>8,762,275</u>	<u>39,623,142</u>

9 INVESTMENTS - NET

9.1 Investments by types

	March 31, 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	483,293,031	-	(2,201,026)	481,092,005	302,439,194	-	(840,501)	301,598,693
Shares	99,819	(10,523)	2,070,993	2,160,289	99,819	(10,523)	2,438,038	2,527,334
Corporate sukuk	543,268	-	-	543,268	568,921	-	-	568,921
Term Finance Certificates	2,024,065	-	11,579	2,035,644	2,049,065	-	5,672	2,054,737
	485,960,183	(10,523)	(118,454)	485,831,206	305,156,999	(10,523)	1,603,209	306,749,685
Total investments	485,960,183	(10,523)	(118,454)	485,831,206	305,156,999	(10,523)	1,603,209	306,749,685

(Un-audited) (Audited)
March 31, **December 31,**
2023 **2022**
Rupees in '000

9.2 Investments given as collateral

Market Treasury bills	414,775,458	245,818,915
Pakistan Investment Bonds	50,229,172	47,218,262
	<u>465,004,630</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 - NET

	Performing		Non Performing		Total	
	(Un-audited) March 31, 2023	(Audited) December 31, 2022	(Un-audited) March 31, 2023	(Audited) December 31, 2022	(Un-audited) March 31, 2023	(Audited) December 31, 2022
 Rupees in '000					
Loans, cash credits, running finance, etc.	76,067,546	73,884,456	30,380,943	33,738,604	106,448,489	107,623,060
Advances - gross	76,067,546	73,884,456	30,380,943	33,738,604	106,448,489	107,623,060
Provision for advances:						
- against agriculture advance	-	-	12,989,224	14,126,561	12,989,224	14,126,561
- against staff advances	-	-	44,280	44,119	44,280	44,119
- general	3,000,000	3,000,000	-	-	3,000,000	3,000,000
	3,000,000	3,000,000	13,033,504	14,170,680	16,033,504	17,170,680
Advances - net of provision	73,067,546	70,884,456	17,347,439	19,567,924	90,414,985	90,452,380

10.1 Particulars of advances (gross)

In local currency	106,448,489	107,623,060
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10.2 Advances include Rs. 30,326.234 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	March 31, 2023 (Un-audited)		December 31, 2022 (Audited)	
	Non performing loans	Provision	Non performing loans	Provision
 Rupees in '000			
Domestic				
Other assets especially mentioned	9,766,221	-	13,616,010	-
Substandard	7,520,930	1,504,186	5,303,514	1,060,703
Doubtful	3,108,094	1,554,049	3,393,911	1,696,957
Loss	9,930,989	9,930,989	11,368,901	11,368,901
	30,326,234	12,989,224	33,682,336	14,126,561

10.3 Particulars of provision against advances

	March 31, 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	1,936,891	-	1,936,891	9,122,441	-	9,122,441
Reversals	(1,363,253)	-	(1,363,253)	(5,285,570)	-	(5,285,570)
	573,638	-	573,638	3,836,871	-	3,836,871
Amounts charged off	(1,710,975)	-	(1,710,975)	(10,103,193)	-	(10,103,193)
Closing balance	12,989,224	3,000,000	15,989,224	14,126,561	3,000,000	17,126,561

10.3.1 Particulars of provision against non-performing advances

	March 31, 2023 (Un-audited)			December 31, 2022 (Audited)		
	Specific	General	Total	Specific	General	Total
 Rupees in '000					
In local currency	12,989,224	3,000,000	15,989,224	14,126,561	3,000,000	17,126,561

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, 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.

10.3.3 In addition to the time based criteria, the Bank has further classified loans and advances amounting to Rs. 2,812.544 million (December 31, 2022: 3,720.917 million) and further de-graded the category of classified loans and advances amounting to Rs. 5,670.587 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) March 31, 2023	(Audited) December 31, 2022
Rupees in '000			
11	FIXED ASSETS		
	Capital work-in-progress	61,472	55,266
	Property and equipment	1,484,351	1,541,204
	Right of use assets	822,039	811,078
		2,367,862	2,407,548

11.1 Capital work-in-progress

	Civil works	46,291	42,774
	Consultancy charges	6,892	6,891
	Others	8,289	5,601
		61,472	55,266

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

... (Un-audited) ...
March 31, March 31,
2023 2022
... Rupees in '000 ...

11.2 Additions to fixed assets

The following additions have been made during the period:

Capital work-in-progress	6,206	-
Property and equipment:		
Buidling on leasehold land	995	-
Buidling on freehold land	1,907	-
Furniture and fixture	894	226
Electrical, office and computer equipment	6,975	248
Right of use assets	77,375	111,583
Vehicles	3,760	1,780
	91,906	113,837
Total	98,112	113,837

11.3 Disposal of fixed assets

The net book value of fixed assets disposed off is as follows:

Electrical, office and computer equipment	-	69
Right of use assets	32,473	12,988
Vehicles	17,929	1,074
Total	50,402	14,131

	(Un-audited)	(Audited)
	March 31,	December 31,
	2023	2022
	Rupees in '000	
12 INTANGIBLE ASSETS		
Computer Software	62,814	73,159
13 DEFERRED TAX ASSETS - NET		
Deductible temporary differences on:		
Defined benefit plans	271,980	270,521
Provision against non-performing loans and advances	15,010,614	15,584,584
	15,282,594	15,855,105
Taxable temporary differences on:		
Accelerated tax depreciation	(55,926)	7,292
Surplus on revaluation of investments	809,650	(689,380)
	753,724	(682,088)
	16,036,318	15,173,017
14 OTHER ASSETS - NET		
Income / mark-up accrued in local currency on :		
- advances - net of provision	9,338,805	8,555,496
- securities	6,163,066	3,992,008
- deposits	194,276	140,929
Amount recoverable from Federal Government	2,920,928	2,800,085
Tax recoverable	422,652	422,652
Branch adjustment account	2,289,866	-
Taxation (payments less provision)	2,476,542	2,531,417
Receivable from gratuity scheme - SR 2005	733,321	705,747
Non banking assets acquired in satisfaction of claims	422,057	423,709
Stationery and stamps in hand	131,210	132,429
Stock of farm machinery	11,237	11,237
Advances against salary and expenses	63,920	22,579
Security deposits	6,199	6,199
Advances and other prepayments	367,192	333,736
Clearing and settlement	-	2,220,173
Others	154,662	143,533
	25,695,933	22,441,929
Provision held against other assets	(937,191)	(939,492)
Other assets - net of provisions	24,758,742	21,502,437
14.1 Provision held against other assets		
Tax recoverable	422,652	422,652
Non banking assets acquired in satisfaction of claims	422,057	423,709
Stock of farm machinery	11,237	11,237
Accrued interest on advances of ex-employees	17,480	17,734
Amount deposited with courts / legal charges recoverable	63,765	64,160
	937,191	939,492

(Un-audited)	(Audited)
March 31, 2023	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	7,480	39,056
Reversals	(9,781)	(63,829)
	(2,301)	(24,773)
Closing balance	937,191	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.

	(Un-audited) March 31, 2023	(Audited) December 31, 2022
	Rupees in '000	
16		
BILLS PAYABLE		
In Pakistan	<u>410,224</u>	<u>580,505</u>
17		
BORROWINGS		
Secured		
Borrowing from State Bank of Pakistan (SBP):		
Redeemable preference shares	54,461,536	54,461,536
Repurchase agreement borrowings	424,734,644	291,048,185
Repurchase agreement borrowings - others	40,269,986	1,988,992
Total secured	<u>519,466,166</u>	<u>347,498,713</u>
Unsecured		
Call borrowings	-	7,400,000
	<u>519,466,166</u>	<u>354,898,713</u>

(Un-audited) (Audited)
March 31, December 31,
2023 2022
Rupees in '000

18 DEPOSITS AND OTHER ACCOUNTS

Customers - local currency

Current deposits	4,726,522	6,012,741
Saving deposits	5,589,373	5,635,721
Term deposits	22,013,798	31,336,239
Others	15,320	21,836
	32,345,013	43,006,537

Financial Institutions - local currency

Current deposits	29,925	7,264
Saving deposits	4,465,969	3,113,500
Term deposits	-	-
	4,495,894	3,120,764
	36,840,907	46,127,301

19 OTHER LIABILITIES

Mark-up / return / interest payable in local currency on:

- borrowings	3,789,500	4,326,579
- deposits and other accounts	1,408,857	710,988
Accrued expenses	277,317	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	7,931,901	7,633,256
- employees' post retirement medical benefits	10,448,279	10,063,017
- employees' compensated absences	2,112,890	2,087,516
- gratuity scheme of the company	349,604	345,523
Due to Islamic Banking	21,829	442
Security deposits	19,347	22,666
Deferred income	10,038	10,038
Lease liability against right-of-use assets	927,641	907,653
Clearing and settlement	83,431	-
Others	1,561,765	1,423,392
	29,110,588	28,945,873

20 (DEFICIT) / SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

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

Quoted investments	2,070,993	2,438,038
Other securities	(2,189,447)	(834,829)
(Deficit) / surplus on revaluation of available-for-sale securities	(118,454)	1,603,209
Deferred tax on (deficit) / surplus on revaluation of available-for-sale securities	50,935	(689,381)
	(67,519)	913,828

(Un-audited) (Audited)
 March 31, December 31,
 2023 2022
 Rupees in '000

21 CONTINGENCIES AND COMMITMENTS

21.1 Contingent liabilities

In respect of cases filed against the Bank:

21.1.1 by borrowers; 488 (December 31, 2022: 489) cases	356,480	355,489
21.1.2 by employees; 460 (December 31, 2022: 434) cases	237,956	281,681

- Zarai Taraqati Bank Limited

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.

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 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 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.
- 21.2.15 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.
- 21.2.16 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.
- 21.2.17 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.
- 21.2.18 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.
- 21.2.19 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. However islamabad high decided the cases for tax year 2011 and 2012 of Rs.343 Million in favour of the bank on February 6, 2023.

- 21.2.20 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.
- 21.2.21 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.
- 21.2.22 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.
- 21.2.23 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.
- 21.2.24 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.

- 21.2.25 Assistant Commissioner, Sindh Revenue Board (SRB) passed an 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.
- 21.2.26 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.
- 21.2.27 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.

- Kissan Support Services (Private) Limited

- 21.2.28 Sales tax department served show cause notice dated March 16, 2023 for the tax period Jan to Dec 2018 vide which the Company was required to charge and pay sales tax on sales and services declared in income tax return / audited financial statements at Rs. 1,289.021 million (inclusive of reimbursable expenses) for the tax period 2018, whereas, declared sales in sales tax return for the corresponding tax period stand at Rs. 138.652 million (service charges only) therefore sales tax amounting to Rs. 184.059 million is recoverable from the Company u/s 11 (2) of STA, 1990 read with ICT (tax on services) ordinance, 2001. Moreover, ST department claims sales tax recoverable Rs. 0.732 million due to disposal of vehicles and purchase of fixed assets thus, total claim of the department is Rs. 184.791 million. Management submitted reply on March 10, 2023 through tax consultant which is pending for adjudication, this unjustified tax demand is likely to be deleted. No provision has been made as the management is confident that the case will be decided in favour of the Company.
- 21.2.29 Sales tax department passed an order dated January 23, 2023 u/s 11 (2) vide which the Company was required to charge and pay sales tax on sales and services declared in income tax return / audited financial statements at Rs. 1,137.505 million (inclusive of reimbursable expenses) for the tax year 2021, whereas, declared sales in sales tax return for the corresponding tax year stand at Rs. 121.633 million (service charges only) therefore sales tax amounting Rs. 162.539 million is recoverable from the Company along with default surcharges and penalty amounting Rs. 39.610 million and Rs. 8.252 million respectively. An appeal was filed before Commissioner Inland Revenue (Appeal-IV) which is pending for adjudication, this unjustified tax demand is likely to be deleted. No provision has been made as the management is confident that the decision will be decided in favour of the Company.

- 21.2.30 An order was passed by department u/s 122 (5A) dated June 11, 2022 vide which Department raised tax demand amounting to Rs. 8.683 million against erroneous refund adjustment for the tax year 2016. An appeal was filed before Commissioner Inland Revenue (Appeal-IV) who has annulled this unjustified demand vide order dated December 2, 2022. However, department has filed 2nd appeal with ATIR Islamabad which is pending for adjudication. No provision has been made as the management is confident that the decision will be decided in the favour of the Company.
- 21.2.31 An order was passed by department u/s 122 (5A) dated August 11, 2022 vide which department raised tax demand amounting to Rs. 35.167 million against erroneous refund adjustment for the tax year 2017. An appeal was filed before Commissioner Inland Revenue (Appeal-IV) based on favorable decision in same case for tax year 2016. No provision has been made as the management is confident that the decision will be decided in the favour of the Company.
- 21.2.32 The Officer Inland Revenue LTU, Islamabad has initiated proceedings against the Company under Section 161/205 of the Income Tax Ordinance, 2001 for the Tax Year 2009 and 2011 and created a demand of Rs. 32 million. The Company submitted detail reply in June 2015 against the show cause with complete documentary evidences, the case is pending for adjudication. No provision has been made in these accounts as the management is confident that the decision of the case will be decided in the favor of Company.
- 21.2.33 The Officer Inland Revenue LTU, Islamabad initiated proceedings against the Company under Section 161/205 of the Income Tax Ordinance, 2001 for the financial year ended December 31, 2013 i.e. tax year 2014 and created a demand of Rs. 1.182 million. The Company filed an appeal before the Commissioner Inland Revenue (Appeals). The Commissioner passed an Order against the Company and maintained the assessment of the Officer Inland Revenue. The Company filed appeal to the Appellate Tribunal Inland Revenue, Islamabad. The Appellate tribunal Inland Revenue, Islamabad through its order dated April 18, 2017 has accepted CPR of tax withheld and deposited by the company in the month of July 2013, which was previously rejected by Officer Inland Revenue LTU, and has directed the officer Inland Revenue to reexamine the remaining issue by only treating any amount paid to ZTBL as services if payment amount is for other than salary, bonuses, overtime etc. Officer Inland Revenue was also directed to pass final order within maximum of 180 days of this order. No provision has been made in these financial statements as the management is confident that the decision of the case will be decided in favour of the Company.
- 21.2.34 The Company is facing claims launched in various Courts filed by the employees, pertaining to service promotion, dismissal from service and entry into company's premises and others. The matters are still pending before the Courts. As no amount is involved in most of the cases, therefore, the liability is not accurately quantifiable (2021: same as mentioned).

	(Un-audited) March 31, 2023	(Audited) December 31, 2022
	Rupees in '000	
21.3 Commitments against		
Capital expenditures	451,335	404,071
Consultancy Expenditures	5,628	5,628

		(Un-audited)	
		March 31,	March 31,
		2023	2022
		Rupees in '000	
22	MARK-UP / RETURN / INTEREST EARNED		
	Loans and advances	4,852,495	3,659,816
	Investments	20,861,476	2,048,446
	Securities purchased under resale agreement	409,151	353,982
	Call money lendings	243,473	263,660
	Balances with banks	663,498	374,497
		<u>27,030,093</u>	<u>6,700,401</u>
23	MARK-UP / RETURN / INTEREST EXPENSED		
	Deposits	1,469,945	696,940
	Redeemable preference shares - SBP	1,021,154	1,021,154
	Securities sold under repurchased agreement	19,354,104	1,780,252
	Call borrowings	367,688	31,044
	Bank commission and other charges	3,595	2,236
	On lease liability against right-of-use assets	27,198	26,148
		<u>22,243,684</u>	<u>3,557,774</u>
24	FEE & COMMISSION INCOME		
	Branch banking customer fees	9,798	7,812
	Credit related fees	252,145	235,130
	Commission on remittances including home remittances	148	16,601
		<u>262,091</u>	<u>259,543</u>
25	GAIN ON SECURITIES		
	Realised	25.1 <u>6,737</u>	<u>4,537</u>
25.1	Realised gain on: Federal Government Securities	<u>6,737</u>	<u>4,537</u>
26	OTHER INCOME		
	Rent on property	6,930	6,591
	Gain on sale of fixed assets - net	16,567	801
	Gain on sale of non banking assets - net	3,500	44
	Discount income	67,423	-
	Others	26.1 <u>9,279</u>	<u>43,497</u>
		<u>103,699</u>	<u>50,933</u>
26.1	Other includes sale of scrap, sale of tender forms and private use of vehicles etc.		

	Note	(Un-audited)	
		March 31, 2023	March 31, 2022
		Rupees in '000	
27 OPERATING EXPENSES			
Total compensation expense		2,613,836	2,602,583
Property expense			
Rent & taxes		2,018	2,404
Insurance		20,674	17,997
Utilities cost		49,303	42,485
Repair and maintenance (including janitorial charges)		30,226	21,256
Depreciation		8,996	9,355
Depreciation - right of use assets		63,278	62,228
		174,495	155,725
Information technology expenses			
Software maintenance		2,872	2,759
Hardware maintenance		38	3,713
Depreciation		13,138	11,557
Amortisation		10,345	3,941
Network charges		16,219	2,393
		42,612	24,363
Other operating expenses			
Directors' fees and allowances		3,888	1,086
Legal & professional charges		42,519	68,926
Travelling & conveyance		20,651	26,218
NIFT clearing charges		3,814	3,316
Depreciation		31,346	35,836
Training & development		15,250	2,608
Postage & courier charges		6,333	6,925
Communication		6,278	7,599
Stationery & printing		14,275	11,936
Motor vehicle expenses		160,401	83,584
Others		2,687	13,460
		<u>3,138,385</u>	<u>3,044,165</u>
28 OTHER CHARGES			
Penalties imposed by SBP		38,193	-
28 PROVISIONS AND WRITE-OFFS - NET			
Provisions against loans & advances	10.3	573,799	1,096,891
Fixed assets charged-off		186	442
Reversal of provision against other assets	14.1.1	(2,301)	(21,562)
Recovery of written off / charged off bad debts		(1,589,388)	(1,467,245)
		<u>(1,017,704)</u>	<u>(391,474)</u>
29 TAXATION			
Current		971,302	695,567
Deferred		635,729	(56,113)
		<u>1,607,031</u>	<u>639,454</u>

		(Un-audited)	
		March 31, 2023	March 31, 2022
30	EARNINGS PER SHARE - BASIC AND DILUTED		
	Profit after tax for the period - Rupees in '000	1,393,031	165,495
	Weighted average number of ordinary	5,267,843,241	5,267,843,241
	Earnings per share - basic and diluted (Rupees)	0.26	0.03
30.1	There is no dilutive effect on the basic earnings per share of the Bank.		
31	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		
	Profit before taxation	3,000,062	804,949
	Adjustments:		
	Depreciation	53,479	56,747
	Depreciaton on right-of-use assets	63,278	62,228
	Amortization	10,345	3,941
	Markup on lease liability on right-of-use assets	27,198	26,148
	Provisions and write-offs	571,684	1,075,771
	Provision for employees post retirement medical benefits	447,704	307,586
	Charge for defined benefit plans - net	450,639	444,126
	Gain on securities	(6,737)	(4,537)
	Gain on sale of operating fixed assets	(16,567)	(801)
		1,601,023	1,971,209
		4,601,085	2,776,158
32	CASH AND CASH EQUIVALENTS		
	Cash and balances with treasury banks	2,627,128	2,349,779
	Balances with other banks	16,761,746	25,614,340
		19,388,874	27,964,119

33 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.

33.1 Fair value of financial assets

The Group 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).

33.2 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.

33.3 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:

March 31, 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	- 481,092,005	-	- 481,092,005
- Shares	2,160,289	-	- 2,160,289
Corporate sukuk	543,268	-	543,268
- Debt securities (TFCs, Sukuk)	2,035,644	-	- 2,035,644
	<u>4,739,201</u>	<u>481,092,005</u>	<u>- 485,831,206</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>- 306,749,685</u>

34 SEGMENT INFORMATION

34.1 Segment Details with respect to Business Activities:

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

	March 31, 2023 (Un-audited)				
	Branch banking & agri financing	Treasury	Islamic banking	Kissan Supports Services Limited	Total
 Rupees in '000				
Profit & Loss					
Net mark-up/return/profit	2,472,714	2,247,707	65,980	8	4,786,409
Inter segment revenue - net	539,071	(577,771)	-	38,700	-
Non mark-up / return / interest income	322,268	6,737	140	43,382	372,527
Total Income	3,334,053	1,676,673	66,120	82,090	5,158,936
Segment direct expenses	3,122,895	13,379	18,525	21,779	3,176,578
Inter segment expense allocation	(13,217)	-	-	13,217	-
Total expenses	3,109,678	13,379	18,525	34,996	3,176,578
Provisions	(1,017,704)	-	-	-	(1,017,704)
(Loss) / profit before tax	1,242,079	1,663,294	47,595	47,094	3,000,062
Balance Sheet					
Cash & Bank balances	1,960,232	17,015,445	377,553	35,644	19,388,874
Investments	-	483,994,695	1,836,511	-	485,831,206
Net inter segment lendings	27,096,796	-	-	1,315,370	28,412,166
Lendings to financial institutions	-	4,938,000	3,824,275	-	8,762,275
Advances - performing	76,067,546	-	-	-	76,067,546
- non-performing (net of provision)	14,347,439	-	-	-	14,347,439
Others	35,764,059	6,398,900	118,529	185,533	42,467,021
Total Assets	155,236,072	512,347,040	6,156,868	1,536,547	675,276,527
Borrowings	54,461,536	465,004,630	-	-	519,466,166
Subordinated debt	-	-	-	-	-
Deposits & other accounts	31,367,935	-	5,472,972	-	36,840,907
Net inter segment borrowing	1,315,370	26,496,796	500,000	100,000	28,412,166
Others	25,344,326	3,502,699	184,365	489,422	29,520,812
Total Liabilities	112,489,167	495,004,125	6,157,337	589,422	614,240,051
Equity	61,163,076	(1,073,256)	(469)	947,125	61,036,476
Total Equity & Liabilities	173,652,243	493,930,869	6,156,868	1,536,547	675,276,527
Contingencies & Commitments	51,108,804	-	-	472,224	51,581,028

March 31, 2022 (Un-audited)					
Branch banking & agri financing	Treasury	Islamic banking	Kissan Supports Services Limited	Total	
..... Rupees in '000					
Profit & Loss					
Net mark-up/return/profit	2,002,236	1,149,281	5,073	(13,963)	3,142,627
Inter segment revenue - net	(11,159)	-	-	11,159	-
Non mark-up / return / interest income	286,639	4,537	62	23,775	315,013
Total Income	2,277,716	1,153,818	5,135	20,971	3,457,640
Segment direct expenses	3,006,023	8,847	14,576	14,719	3,044,165
Inter segment expense allocation	-	-	-	-	-
Total expenses	3,006,023	8,847	14,576	14,719	3,044,165
Provisions	(391,474)	-	-	-	(391,474)
(Loss) / profit before tax	(336,833)	1,144,971	(9,441)	6,252	804,949
December 31, 2022 (Audited)					
Branch banking & agri financing	Treasury	Islamic banking	Kissan Supports Services Limited	Total	
..... Rupees in '000					
Balance Sheet					
Cash & Bank balances	2,547,857	12,549,331	81,584	17,044	15,195,816
Investments	-	304,881,662	1,868,023	-	306,749,685
Net inter segment lending	39,570,002	-	-	1,293,028	40,863,030
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	34,713,750	4,197,471	60,238	184,702	39,156,161
Total Assets	167,283,989	358,700,331	4,561,120	1,494,774	532,040,214
Borrowings	54,461,536	299,893,550	543,627	-	354,898,713
Subordinated debt	-	-	-	-	-
Deposits & other accounts	42,910,761	-	3,216,540	-	46,127,301
Net inter segment borrowing	1,293,028	38,970,002	500,000	100,000	40,863,030
Others	25,971,176	3,012,484	60,165	482,553	29,526,378
Total Liabilities	124,636,501	341,876,036	4,320,332	582,553	471,415,422
Equity	58,817,545	913,828	(18,802)	912,221	60,624,792
Total Equity & Liabilities	183,454,046	342,789,864	4,301,530	1,494,774	532,040,214
Contingencies & Commitments	51,447,274	-	-	287,433	51,734,707

35 RELATED PARTY TRANSACTIONS AND BALANCES

The Group has related party relationship with its employee benefit plans, agriculture technology development fund and the Group's key management personnel. Details of transactions with related parties and balances with them are as under:

	Key management personnel		Defined Benefit Plans		Agricultural Technology Development Fund	
	March 31, 2023 (Un-audited)	December 31, 2022 (Audited)	March 31, 2023 (Un-audited)	December 31, 2022 (Audited)	March 31, 2023 (Un-audited)	December 31, 2022 (Audited)
..... Rupees in '000						
Advances						
Opening balance	60,819	65,889	-	-	-	-
Addition	5,258	11,845	-	-	-	-
Repaid	2,556	(16,915)	-	-	-	-
Closing balance	68,633	60,819	-	-	-	-
Other assets						
Interest / mark-up accrued	9,748	9,397	-	-	-	-
Receivable at the end of the period	-	-	733,321	705,747	-	-
Deposits and other accounts						
Opening balance	272	5,762	9,126,458	10,239,704	236,986	219,488
Received during the period / year	46,336	184,167	447,480	38,047,598	1,070	422,633
Withdrawn during the period / year	(41,583)	(189,657)	(442,056)	(39,160,844)	(160)	(405,135)
Closing balance	5,025	272	9,131,882	9,126,458	237,896	236,986
Other liabilities						
Interest / mark-up payable	-	-	352,300	252,017	17,345	9,295
Payable at the end of the period	-	-	20,493,070	19,783,789	-	-
..... (Un-audited) Period ended March 31,						
..... Rupees in '000						
Income						
Mark-up / interest earned	352	350	-	-	-	-
Expense						
Mark-up / interest paid	-	-	4,943	96,884	1,070	457
Compensation	35,694	33,398	-	-	-	-
Post retirement benefit	1,239	1,226	-	-	-	-
Contribution to defined benefit plan	243	239	-	-	-	-

35.1 Transactions with Government related entities

The Federal Government through SBP holds controlling interest in the Group 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 Group.

The Group 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.

36 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) March 31, 2023	(Audited) December 31, 2022
	... Rupees in '000 ...	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	52,678,432	51,474,650
Capital Adequacy Ratio:		
Eligible Common Equity Tier 1 (CET 1) Capital	50,964,049	49,561,886
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	50,964,049	49,561,886
Eligible Tier 2 Capital	1,552,599	2,476,117
Total Eligible Capital (Tier 1 + Tier 2)	52,516,648	52,038,003
Risk Weighted Assets (RWAs):		
Credit Risk	129,609,475	124,983,113
Market Risk	4,320,575	5,054,675
Operational Risk	24,428,975	24,428,975
Total	158,359,025	154,466,763
Common Equity Tier 1 Capital Adequacy Ratio	32.18%	32.09%
Tier 1 Capital Adequacy Ratio	32.18%	32.09%
Total Capital Adequacy Ratio	33.16%	33.69%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	50,964,049	49,561,886
Total exposures	647,172,940	491,428,983
Leverage ratio	7.87%	10.09%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	40,410,154	28,539,604
Total Net Cash Outflow	4,510,673	3,922,893
Liquidity Coverage Ratio	896%	728%
Net Stable Funding		
Total Available Stable Funding	156,015,001	171,167,420
Total Required Stable Funding	134,091,011	132,439,520
Net Stable Funding Ratio	116%	129%

37 ISLAMIC BANKING BUSINESS

The bank is operating 5 (December 31, 2022: 5) Islamic banking branches at the end of the period.

		(Un-audited) March 31, 2023	(Audited) December 31, 2022
	Note	Rupees in '000	
ASSETS			
Cash and balances with treasury banks		338,821	54,914
Balances with other banks		38,732	26,670
Due from financial institutions	37.1	3,824,275	2,551,275
Investments	37.2	1,836,511	1,868,023
Islamic financing and related assets - net		-	-
Fixed assets		10,729	5,941
Intangible assets		-	-
Due from Head Office		-	-
Other assets		107,800	54,297
Total Assets		6,156,868	4,561,120
LIABILITIES			
Bills payable		1,389	1,367
Due to financial institutions		-	543,627
Deposits and other accounts	37.3	5,472,972	3,216,540
Due to Head Office		60,291	259,590
Subordinated debt		-	-
Other liabilities		122,685	58,798
		5,657,337	4,079,922
NET ASSETS		499,531	481,198
REPRESENTED BY			
Islamic Banking Fund		500,000	500,000
Reserves		-	-
Surplus / (deficit) on revaluation of assets		(31,814)	(25,955)
Unappropriated loss	37.4	31,345	7,153
		499,531	481,198

CONTINGENCIES AND COMMITMENTS

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

		(Un-audited) March 31, 2023	March 31, 2022
	Note	Rupees in '000	
Profit / return earned	37.5	236,010	107,641
Profit / return expensed	37.6	170,030	102,568
Net Profit / return		65,980	5,073
Other income			
Fee and Commission Income		140	62
Dividend Income		-	-
Foreign Exchange Income		-	-
Income / (loss) from derivatives		-	-
Gain / (loss) on securities		-	-
Other Income		-	-
Total other income		140	62
Total Income		66,120	5,135
Other expenses			
Operating expenses		18,525	14,576
Workers Welfare Fund		-	-
Other charges		-	-
Total other expenses		18,525	14,576
Profit / (loss) before provisions		47,595	(9,441)
Provisions and write offs - net		-	-
Profit / (loss) before taxation		47,595	(9,441)
Taxation		23,403	1,616
Profit / (loss) after taxation		24,192	(11,057)

37.1 Due from Financial Institutions

	March 31, 2023 (Un-audited)			December 31, 2022 (Audited)		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
 Rupees in '000					
Secured :						
Bai Muajjal Receivable from State Bank of Pakistan	51,275	-	51,275	51,275	-	51,275
Unsecured	3,773,000		3,773,000	2,500,000	-	2,500,000
	<u>3,824,275</u>	<u>-</u>	<u>3,824,275</u>	<u>2,551,275</u>	<u>-</u>	<u>2,551,275</u>

37.2 Investments

	March 31, 2023 (Un-audited)				December 31, 2022 (Audited)			
	Cost / amortised cost	Provision for diminutio	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
 Rupees in '000							
Federal Government securities								
Ijarah sukuk	1,325,354	-	(31,814)	1,293,540	1,325,057	-	(25,955)	1,299,102
Non Government Debt Securities								
Listed securities	543,268	-	-	543,268	568,921	-	-	568,921
Total investments	<u>1,868,622</u>	<u>-</u>	<u>(31,814)</u>	<u>1,836,808</u>	<u>1,893,978</u>	<u>-</u>	<u>(25,955)</u>	<u>1,868,023</u>

	(Un-audited) March 31, 2023	(Audited) December 31, 2022
	Rupees in '000	
37.3 Deposits		
Customers - local currency		
Current deposits	68,913	125,292
Savings deposits	5,263,956	2,952,183
Term deposits receipts	135,596	134,668
Others	4,507	4,397
	<u>5,472,972</u>	<u>3,216,540</u>
Financial Institutions	-	-
	<u>5,472,972</u>	<u>3,216,540</u>
37.4 Islamic Banking Business Unappropriated Profit		
Opening Balance	7,153	(13,298)
Add: Islamic Banking profit for the period	47,595	39,682
Less: Taxation	23,403	19,231
Closing Balance	<u>31,345</u>	<u>7,153</u>
	(Un-audited)	
	March 31, 2023	March 31, 2022
	Rupees in '000	
37.5 Profit / return earned of financing, investments and placement		
Profit earned on:		
Investments	78,093	35,612
Placements	157,917	72,029
	<u>236,010</u>	<u>107,641</u>
37.6 Profit on deposits and other dues expensed		
Call borrowings/ Funds acceptances	33,832	31,044
Commission and other charges	28	66
Deposits and other accounts	136,170	71,458
	<u>170,030</u>	<u>102,568</u>

38 CORRESPONDING FIGURES

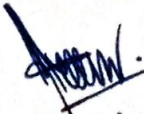
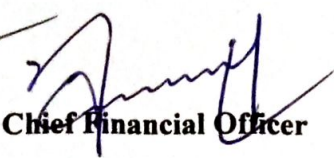



Corresponding figures have been rearranged, reclassified or additionally incorporated in these consolidated condensed interim financial statements wherever necessary to facilitate comparison and better presentation.

39 DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorized for issue on 25 MAY 2023 by the Board of Directors of the Bank.

40 GENERAL

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

President Chief Financial Officer Director Director Director