

# **ZARAI TARAQIATI BANK LIMITED**

**UNCONSOLIDATED CONDENSED INTERIM**

**FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS PERIOD ENDED**


**31 MARCH 2023**

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

	Note	(Un-audited) March 31, 2023 ..... Rupees in '000 .....	(Audited) December 31, 2022
<b>ASSETS</b>			
Cash and balances with treasury banks	6	2,627,128	2,580,409
Balances with other banks	7	16,761,708	12,615,369
Lendings to financial institutions	8	8,762,275	39,623,142
Investments - net	9	485,931,206	306,849,685
Advances - net	10	90,414,985	90,452,380
Fixed assets	11	2,361,439	2,400,851
Intangible assets	12	62,814	73,159
Deferred tax assets - net	13	15,139,414	15,036,259
Other assets - net	14	24,717,822	21,461,189
		<u>646,778,791</u>	<u>491,092,443</u>
<b>LIABILITIES</b>			
Bills payable	16	410,224	580,505
Borrowings	17	519,466,166	354,898,713
Deposits and other accounts	18	37,932,942	47,332,694
Liabilities against assets subject to finance lease		-	-
Sub-ordinated loan		-	-
Deferred tax liabilities - net		-	-
Other liabilities	19	28,880,107	28,567,958
		<u>586,689,439</u>	<u>431,379,870</u>
<b>NET ASSETS</b>		<u><u>60,089,352</u></u>	<u><u>59,712,573</u></u>
<b>REPRESENTED BY</b>			
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		(117,281)	(1,203,782)
		<u><u>60,089,352</u></u>	<u><u>59,712,573</u></u>
<b>CONTINGENCIES AND COMMITMENTS</b>	21		

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

  
President

  
Chief Financial Officer

  
Director

  
Director

  
Director

**ZARAI TARAQIATI BANK LIMITED**  
**UNCONSOLIDATED 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	22,282,384	3,581,549
Net mark-up / interest income		4,747,709	3,118,852
<b>NON MARK-UP / INTEREST INCOME</b>			
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	110,742	55,582
Total non-mark-up / interest income		379,570	319,662
Total income		5,127,279	3,438,514
<b>NON MARK-UP / INTEREST EXPENSES</b>			
Operating expenses	27	3,153,823	3,020,132
Workers welfare fund		-	-
Other charges		38,193	-
Total non mark-up / interest expenses		3,192,016	3,020,132
Profit before provisions		1,935,263	418,382
Provisions and write offs - net	28	(1,017,704)	(391,474)
Extra ordinary / unusual items		-	-
<b>PROFIT BEFORE TAXATION</b>		2,952,967	809,856
Taxation	29	1,594,841	640,470
<b>PROFIT AFTER TAXATION</b>		1,358,126	169,386
..... Rupees in '000 .....			
Basic profit per share (Rupees)	30	0.26	0.03
Diluted profit per share (Rupees)	30	0.26	0.03

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

	<u>Period ended</u>	
	<u>March 31,</u> <u>2023</u>	<u>March 31,</u> <u>2022</u>
	... Rupees in '000 ...	
<b>Profit after taxation for the period</b>	1,358,126	169,386
<b>Other comprehensive income</b>		
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>		
Movement in surplus on revaluation of investments - net of tax	(981,347)	41,118
<b>Items that will not be reclassified to profit and loss account in subsequent periods:</b>	-	-
<b>Total comprehensive income</b>	<u>376,779</u>	<u>210,504</u>

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

  
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**ZARAI TARAQIATI BANK LIMITED**  
**UNCONSOLIDATED 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 .....						
<b>Balance as at January 1, 2022</b>	52,678,432	6,239,526	60,000	989,649	(6,037,016)	53,930,591
Profit after taxation for quarter ended March 31, 2022	-	-	-	-	169,386	169,386
Other comprehensive income for quarter ended March 31, 2022	-	-	-	41,118	-	41,118
Total comprehensive income for quarter ended March 31, 2022	-	-	-	41,118	169,386	210,504
Transferred to statutory reserve	-	33,877	-	-	(33,877)	-
<b>Balance as at March 31, 2022</b>	52,678,432	6,273,403	60,000	1,030,767	(5,901,507)	54,141,095
Profit after taxation for nine months period ended December 31, 2022	-	-	-	-	4,953,461	4,953,461
Other comprehensive profit for nine months period ended December 31, 2022	-	-	-	(116,939)	734,956	618,017
Total comprehensive income / (loss) for nine months period ended December 31, 2022	-	-	-	(116,939)	5,688,417	5,571,478
Transferred to statutory reserve	-	990,692	-	-	(990,692)	-
<b>Balance as at December 31, 2022</b>	52,678,432	7,264,095	60,000	913,828	(1,203,782)	59,712,573
Profit after taxation for the quarter ended March 31, 2023	-	-	-	-	1,358,126	1,358,126
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)	1,358,126	376,779
Transferred to statutory reserve	-	271,625	-	-	(271,625)	-
<b>Balance as at March 31, 2023</b>	52,678,432	7,535,720	60,000	(67,519)	(117,281)	60,089,352

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 unconsolidated condensed interim financial statements.

  
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**ZARAI TARAQIATI BANK LIMITED**  
**UNCONSOLIDATED 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 .....			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating profit before working capital changes	31	4,553,490	2,780,407
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)		(3,308,423)	(576,391)
		27,016,040	6,693,460
(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		(9,399,752)	(11,378,019)
Other liabilities		(417,120)	(1,074,644)
		154,580,300	(14,567,884)
Employees' benefits paid		(189,062)	(170,518)
Income tax paid		(903,590)	(125,529)
Net cash flow (used in) / generated from operating activities		185,057,178	(5,390,064)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net investments in available-for-sale securities		(180,796,447)	1,603,564
Investments in operating fixed assets		(53,193)	(15,648)
Proceeds from sale of fixed assets		66,969	14,932
Net cash generated from / (used in) investing activities		(180,782,671)	1,602,848
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of lease liability against right-of-use assets		(81,449)	(90,378)
Increase / (decrease) in cash and cash equivalents		4,193,058	(3,877,594)
Cash and cash equivalents at beginning of the period		15,195,778	31,841,675
Cash and cash equivalents at end of the period	32	19,388,836	27,964,081

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

  
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**ZARAI TARAQIATI BANK LIMITED**  
**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**(UN-AUDITED) FOR THE PERIOD ENDED MARCH 31, 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 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 5 (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 (un-audited) of the Bank for the year ended December 31, 2022.

- 2.2 These unconsolidated condensed interim financial statements represents the separate condensed interim financial statements of the Bank. The consolidated condensed interim financial statements 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 37 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 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.



### **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 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 financial statements of the Bank for the year ended December 31, 2022.

	(Un-audited) March 31, 2023	(Audited) December 31, 2022
	Rupees in '000	
<b>6 CASH AND BALANCES WITH TREASURY BANKS</b>		
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>
<b>7 BALANCES WITH OTHER BANKS</b>		
In Pakistan		
In current accounts	94,999	87,346
In deposit accounts	16,666,709	12,528,023
	<u>16,761,708</u>	<u>12,615,369</u>
<b>8 LENDINGS TO FINANCIAL INSTITUTIONS</b>		
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 .....								
<b>Available-for-sale securities</b>								
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
<b>Subsidiary</b>	100,000	-	-	100,000	100,000	-	-	100,000
<b>Total investments</b>	<u>486,060,183</u>	<u>(10,523)</u>	<u>(118,454)</u>	<u>485,931,206</u>	<u>305,256,999</u>	<u>(10,523)</u>	<u>1,603,209</u>	<u>306,849,685</u>

(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	<u>50,229,172</u>	<u>47,218,262</u>
	<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			
<b>11</b>	<b>FIXED ASSETS</b>		
	Capital work-in-progress	61,472	55,266
	Property and equipment	1,477,928	1,534,507
	Right of use assets	822,039	811,078
		2,361,439	2,400,851

### 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	6,749	213
Right of use assets	77,375	111,583
Vehicles	3,760	1,780
	91,680	113,802
Total	97,886	113,802

### 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) March 31, 2023	(Audited) December 31, 2022
	Rupees in '000	
<b>12 INTANGIBLE ASSETS</b>		
Computer Software	62,814	73,159
<b>13 DEFERRED TAX ASSETS - NET</b>		
<b>Deductible temporary differences on:</b>		
Defined benefit plans	133,228	133,228
Provision against non-performing loans and advances	15,010,614	15,584,584
	15,143,842	15,717,812
<b>Taxable temporary differences on:</b>		
Accelerated tax depreciation	(55,363)	7,827
Surplus on revaluation of investments	50,935	(689,380)
	(4,428)	(681,553)
	15,139,414	15,036,259
<b>14 OTHER ASSETS - NET</b>		
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)	2,441,044	2,495,135
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	361,770	328,770
Clearing and settlement	-	2,220,173
Others	154,662	143,533
	25,655,013	22,400,681
Provision held against other assets	(937,191)	(939,492)
Other assets - net of provisions	24,717,822	21,461,189
<b>14.1 Provision held against other assets</b>		
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.

	<b>(Un-audited)</b> <b>March 31,</b> <b>2023</b>	<b>(Audited)</b> <b>December 31,</b> <b>2022</b>
	<b>Rupees in '000</b>	
<b>16</b>		
<b>BILLS PAYABLE</b>		
In Pakistan	<u>410,224</u>	<u>580,505</u>
<b>17</b>		
<b>BORROWINGS</b>		
<b>Secured</b>		
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
<b>Total secured</b>	<u>519,466,166</u>	<u>347,498,713</u>
<b>Unsecured</b>		
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	5,624,979	5,652,727
Term deposits	23,070,227	32,524,626
Others	15,320	21,836
	<b>33,437,048</b>	<b>44,211,930</b>

**Financial Institutions - local currency**

Current deposits	29,925	7,264
Saving deposits	4,465,969	3,113,500
Term deposits	-	-
	<b>4,495,894</b>	<b>3,120,764</b>
	<b><u>37,932,942</u></b>	<b><u>47,332,694</u></b>

**19 OTHER LIABILITIES**

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

- borrowings	3,789,500	4,326,579
- deposits and other accounts	1,410,371	712,502
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
Payable to subsidiary company	257,428	103,127
Due to Islamic Banking	21,829	442
Security deposits	18,532	21,966
Deferred income	10,038	10,038
Lease liability against right-of-use assets	927,641	907,653
Clearing and settlement	83,431	-
Others	1,422,761	1,287,059
	<b><u>28,880,107</u></b>	<b><u>28,567,958</u></b>

**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)
	<b><u>(67,519)</u></b>	<b><u>913,828</u></b>

(Un-audited)	(Audited)
March 31, 2023	December 31, 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

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 Honorable Islamabad High Court against the issues favouring the Bank. On the directions of ATIR Orders the department passed appeal effects Orders u/s 124 / 122(5A) of the Income Tax Ordinance, 2001 and raised demand of Rs. 616.611 million for Tax Year 2010, Rs. 844.800 million for Tax Year 2011 and Rs. 321.531 million for Tax Year 2012. Being aggrieved the Bank filed appeals before CIR(A) against the Orders of Additional Commissioner (IR) who in its Order deleted the additions in most of the issues. ACIR on the directions of CIR(A) further issued orders u/s 124 / 122(5A) for Tax Year 2010 converting the earlier demand of Rs. 616.611 million to refund of Rs. 164.934 million, for Tax Year 2011 reducing the tax liability from Rs. 844.800 million to Rs. 619.849 million and for Tax Year 2012 reducing the tax liability from Rs. 321.531 million to Rs. 5.180 million respectively. Being aggrieved the Bank as well as Tax Department filed appeals before ATIR against the order of CIR(A). ATIR against the appeal filed by the Department for Tax Year 2011 and 2012 on the issues of substandard loans and reversal of provisions against compensated absences were disposed of by upholding the decision of CIR(A) about deletion of the same and also remanded back the similar addition in 2013 to A.O. with the direction to keep pending of reassessment in accordance to the provisions of Section 124A of Income Tax Ordinance, 2001 as the matter is sub judice before High Court against reference application filed by the Department against the Orders of ATIR which is decided in favour of the Bank. Further, by disposing off the appeals filed by the Bank in Tax Years 2010, 2011 and 2012 and remanded back the issue of property income and arithmetic error in Assessment Order to A.O. for reassessment. On the directions of ATIR, ACIR issued appeal effect orders u/s 124 / 122(5A) for Tax Year 2010 converting the earlier refund of Rs. 164.934 million into demand of Rs. 419.221 million, for Tax Year 2011 reducing the tax liability from Rs. 619.849 million to Rs. 181.617 million and for Tax Year 2012 converted the tax liability from Rs. 5.180 million to refund of Rs.12.319 million respectively. CIR(A) upheld the orders of A.O. Being aggrieved Bank filed an appeal before ATIR. The Bank has not accounted for the demand as tax payable because favourable decision is expected.

- 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 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.
- 21.2.26 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.

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

		(Un-audited)		
		Note	March 31, 2023	March 31, 2022
		Rupees in '000		
<b>22</b>	<b>MARK-UP / RETURN / INTEREST EARNED</b>			
	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>
<b>23</b>	<b>MARK-UP / RETURN / INTEREST EXPENSED</b>			
	Deposits		1,508,645	720,715
	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>22,282,384</u>	<u>3,581,549</u>
<b>24</b>	<b>FEE &amp; COMMISSION INCOME</b>			
	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>
<b>25</b>	<b>GAIN ON SECURITIES</b>			
	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>
<b>26</b>	<b>OTHER INCOME</b>			
	Rent on property - KSSL - subsidiary company		1,646	1,347
	Rent on property - others		6,930	6,591
			<u>8,576</u>	<u>7,938</u>
	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	37,000
	Others	26.1	14,676	9,799
			<u>110,742</u>	<u>55,582</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			
<b>27 OPERATING EXPENSES</b>			
<b>Total compensation expense</b>		2,098,791	2,282,772
<b>Property expense</b>			
Rent & taxes		314	1,014
Insurance		20,602	17,918
Utilities cost		49,303	42,485
Repair and maintenance (including janitorial charges)		29,140	20,717
Depreciation		8,996	9,355
Depreciation - right of use assets		63,278	62,228
		171,633	153,717
<b>Information technology expenses</b>			
Software maintenance		2,872	2,759
Hardware maintenance		38	3,713
Depreciation		13,088	11,490
Amortisation		10,345	3,941
Network charges		16,219	2,393
		42,562	24,296
<b>Other operating expenses</b>			
Directors' fees and allowances		3,020	969
Legal & professional charges		41,622	67,415
Outsourced services costs		536,354	301,737
Travelling & conveyance		20,620	26,215
NIFT clearing charges		3,814	3,316
Depreciation		30,896	35,245
Training & development		15,250	2,608
Postage & courier charges		6,280	6,863
Communication		6,278	7,599
Stationery & printing		13,979	11,912
Motor vehicle expenses		160,060	83,474
Others		2,664	11,994
		<u>3,153,823</u>	<u>3,020,132</u>
<b>28 OTHER CHARGES</b>			
Penalties imposed by SBP		<u>38,193</u>	<u>-</u>
<b>28 PROVISIONS AND WRITE-OFFS - NET</b>			
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>
<b>29 TAXATION</b>			
Current		957,681	695,081
Deferred		637,160	(54,611)
		<u>1,594,841</u>	<u>640,470</u>

		(Un-audited)	
		March 31,	March 31,
		2023	2022
<b>30</b>	<b>EARNINGS PER SHARE - BASIC AND DILUTED</b>		
	Profit after tax for the period - Rupees in '000	1,358,126	169,386
	Weighted average number of ordinary	<u>5,267,843,241</u>	<u>5,267,843,241</u>
	Earnings per share - basic and diluted (Rupees)	<u>0.26</u>	<u>0.03</u>
<b>30.1</b>	There is no dilutive effect on the basic earnings per share of the Bank.		
<b>31</b>	<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		
	Profit before taxation	2,952,967	809,856
	Adjustments:		
	Depreciation	52,979	56,089
	Depreciaiton 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)
		<u>1,600,523</u>	<u>1,970,551</u>
		<u>4,553,490</u>	<u>2,780,407</u>
<b>32</b>	<b>CASH AND CASH EQUIVALENTS</b>		
	Cash and balances with treasury banks	2,627,128	2,349,779
	Balances with other banks	16,761,708	25,614,302
		<u>19,388,836</u>	<u>27,964,081</u>

### **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 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).

#### **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:

<b>March 31, 2023 (Un-audited)</b>			
<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
..... Rupees in '000 .....			
<b>On balance sheet financial instruments</b>			
<b>Financial assets measured at fair value</b>			
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>
<b>Financial assets not measured at fair value</b>			
- Subsidiary company	-	100,000	- 100,000
	<u>4,739,201</u>	<u>481,192,005</u>	<u>- 485,931,206</u>
<b>December 31, 2022 (Audited)</b>			
<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
..... Rupees in '000 .....			
<b>On balance sheet financial instruments</b>			
<b>Financial assets measured at fair value</b>			
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>
<b>Financial assets not measured at fair value</b>			
- Subsidiary company	-	100,000	- 100,000
	<u>5,150,992</u>	<u>301,698,693</u>	<u>- 306,849,685</u>

## 34 SEGMENT INFORMATION

### 34.1 Segment Details with respect to Business Activities:

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

	<b>March 31, 2023 (Un-audited)</b>			
	<b>Branch banking &amp; agri financing</b>	<b>Treasury</b>	<b>Islamic banking</b>	<b>Total</b>
	..... Rupees in '000 .....			
<b>Profit &amp; Loss</b>				
Net mark-up/return/profit	2,434,022	2,247,707	65,980	4,747,709
Inter segment revenue - net	577,771	(577,771)	-	-
Non mark-up / return / interest income	372,693	6,737	140	379,570
<b>Total Income</b>	<b>3,384,486</b>	<b>1,676,673</b>	<b>66,120</b>	<b>5,127,279</b>
Segment direct expenses	3,160,112	13,379	18,525	3,192,016
Inter segment expense allocation	-	-	-	-
<b>Total expenses</b>	<b>3,160,112</b>	<b>13,379</b>	<b>18,525</b>	<b>3,192,016</b>
Provisions	(1,017,704)	-	-	(1,017,704)
<b>(Loss) / profit before tax</b>	<b>1,242,078</b>	<b>1,663,294</b>	<b>47,595</b>	<b>2,952,967</b>
<b>Balance Sheet</b>				
Cash & Bank balances	1,995,838	17,015,445	377,553	19,388,836
Investments	-	484,094,695	1,836,511	485,931,206
Net inter segment lendings	26,996,796	-	-	26,996,796
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	35,764,060	6,398,900	118,529	42,281,489
<b>Total Assets</b>	<b>155,171,679</b>	<b>512,447,040</b>	<b>6,156,868</b>	<b>673,775,587</b>
Borrowings	54,461,536	465,004,630	-	519,466,166
Subordinated debt	-	-	-	-
Deposits & other accounts	32,459,970	-	5,472,972	37,932,942
Net inter segment borrowing	-	26,496,796	500,000	26,996,796
Others	25,603,267	3,502,699	184,365	29,290,331
<b>Total Liabilities</b>	<b>112,524,773</b>	<b>495,004,125</b>	<b>6,157,337</b>	<b>613,686,235</b>
Equity	60,157,340	(67,519)	(469)	60,089,352
<b>Total Equity &amp; Liabilities</b>	<b>172,682,113</b>	<b>494,936,606</b>	<b>6,156,868</b>	<b>673,775,587</b>
<b>Contingencies &amp; Commitments</b>	<b>51,108,804</b>	<b>-</b>	<b>-</b>	<b>51,108,804</b>

**March 31, 2022 (Un-audited)**

	<b>Branch banking &amp; agri financing</b>	<b>Treasury</b>	<b>Islamic banking</b>	<b>Total</b>
	..... Rupees in '000 .....			
<b>Profit &amp; Loss</b>				
Net mark-up/return/profit	1,964,498	1,149,281	5,073	3,118,852
Inter segment revenue - net	-	-	-	-
Non mark-up / return / interest income	315,063	4,537	62	319,662
<b>Total Income</b>	<b>2,279,561</b>	<b>1,153,818</b>	<b>5,135</b>	<b>3,438,514</b>
Segment direct expenses	2,996,709	8,847	14,576	3,020,132
Inter segment expense allocation	-	-	-	-
<b>Total expenses</b>	<b>2,996,709</b>	<b>8,847</b>	<b>14,576</b>	<b>3,020,132</b>
Provisions	(391,474)	-	-	(391,474)
<b>(Loss) / profit before tax</b>	<b>(325,674)</b>	<b>1,144,971</b>	<b>(9,441)</b>	<b>809,856</b>

**December 31, 2022 (Audited)**

	<b>Branch banking &amp; agri financing</b>	<b>Treasury</b>	<b>Islamic banking</b>	<b>Total</b>
	..... Rupees in '000 .....			
<b>Balance Sheet</b>				
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 provision)	16,567,924	-	-	16,567,924
Others	34,713,749	4,197,471	60,238	38,971,458
<b>Total Assets</b>	<b>167,200,994</b>	<b>358,800,331</b>	<b>4,561,120</b>	<b>530,562,445</b>
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
<b>Total Liabilities</b>	<b>124,653,504</b>	<b>341,876,036</b>	<b>4,320,332</b>	<b>470,849,872</b>
Equity	58,817,547	913,828	(18,802)	59,712,573
<b>Total Equity &amp; Liabilities</b>	<b>183,471,051</b>	<b>342,789,864</b>	<b>4,301,530</b>	<b>530,562,445</b>
<b>Contingencies &amp; Commitments</b>	<b>51,447,274</b>	<b>-</b>	<b>-</b>	<b>51,447,274</b>



### 35 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	
	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)	March 31, 2023 (Un-audited)	December 31, 2022 (Audited)
	..... Rupees in '000 .....							
<b>Investments</b>	100,000	100,000	-	-	-	-	-	-
<b>Advances</b>								
Opening balance	-	-	60,819	65,889	-	-	-	-
Addition	-	-	5,258	11,845	-	-	-	-
Repaid	-	-	2,556	(16,915)	-	-	-	-
Closing balance	-	-	68,633	60,819	-	-	-	-
<b>Other assets</b>								
Interest / mark-up accrued	-	-	9,748	9,397	-	-	-	-
Receivable at the end of the period	-	-	-	-	733,321	705,747	-	-
<b>Deposits and other accounts</b>								
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	572,301	3,888,226	46,336	184,167	447,480	38,047,598	1,070	422,633
Withdrawn during the period / year	(663,999)	(3,820,293)	(41,583)	(189,657)	(442,056)	(39,160,844)	(160)	(405,135)
Closing balance	1,025,696	1,117,394	5,025	272	9,131,882	9,126,458	237,896	236,986
<b>Other liabilities</b>								
Interest / mark-up payable	28,848	90,079	-	-	352,300	252,017	17,345	9,295
Payable at the end of the period	257,428	103,127	-	-	20,493,070	19,783,789	-	-

	Subsidiary company		Key management personnel		Defined Benefit Plans		Agricultural Technology Development Fund	
	(Un-audited) Period ended March 31, .....							
	2023	2022	2023	2022	2023	2022	2023	2022
	Rupees in '000 .....							
<b>Income</b>								
Mark-up / interest earned	-	-	352	350	-	-	-	-
Rental income	1,646	1,347	-	-	-	-	-	-
<b>Expense</b>								
Mark-up / interest paid	38,700	23,741	-	-	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	-	-	-	-
Cost of services rendered	536,354	301,737	-	-	-	-	-	-

### 35.1 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.

### 36 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) March 31, 2023	(Audited) December 31, 2022
	... Rupees in '000 ...	
<b>Minimum Capital Requirement (MCR):</b>		
Paid-up capital (net of losses)	52,678,432	51,474,650
<b>Capital Adequacy Ratio:</b>		
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
<b>Risk Weighted Assets (RWAs):</b>		
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%
<b>Leverage Ratio (LR):</b>		
Eligible Tier-1 Capital	50,964,049	49,561,886
Total exposures	647,172,940	491,428,983
Leverage ratio	7.87%	10.09%
<b>Liquidity Coverage Ratio (LCR):</b>		
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%
<b>Net Stable Funding</b>		
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	
<b>ASSETS</b>			
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
<b>Total Assets</b>		<b>6,156,868</b>	<b>4,561,120</b>
<b>LIABILITIES</b>			
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
<b>NET ASSETS</b>		<b>499,531</b>	<b>481,198</b>
<b>REPRESENTED BY</b>			
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
		<b>499,531</b>	<b>481,198</b>

**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
<b>Other income</b>			
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
<b>Other expenses</b>			
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 .....								
<b>Federal Government securities</b>								
Ijarah sukuk	1,325,354	-	(31,814)	1,293,540	1,325,057	-	(25,955)	1,299,102
<b>Non Government Debt Securities</b>								
Listed securities	543,268	-	-	543,268	568,921	-	-	568,921
<b>Total investments</b>	<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
<b>Rupees in '000</b>		
<b>37.3 Deposits</b>		
<b>Customers - local currency</b>		
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
	5,472,972	3,216,540
<b>Financial Institutions</b>	-	-
	5,472,972	3,216,540

**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	31,345	7,153

(Un-audited)  
March 31, March 31,  
2023 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
	236,010	107,641

**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
	170,030	102,568

**38 CORRESPONDING FIGURES**

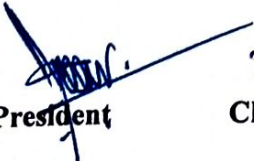




Corresponding figures have been rearranged, reclassified or additionally incorporated in these unconsolidated condensed interim financial statements wherever necessary to facilitate comparison and better presentation.

**39 DATE OF AUTHORIZATION FOR ISSUE**

These unconsolidated 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 unconsolidated condensed interim financial statements are rounded off to the nearest thousand rupees.

President      Chief Financial Officer      Director      Director      Director