

ZARAI TARAQIATI BANK LIMITED

**CONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED
30 SEPTEMBER 2023**

ZARAI TARAQIATI BANK LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2023

Note September 30, December 31,
 2023 2022
 Rupees in '000

ASSETS

Cash and balances with treasury banks
 Balances with other banks
 Lendings to financial institutions
 Investments
 Advances
 Fixed assets
 Intangible assets
 Deferred tax assets
 Other assets

6	3,636,576	2,580,409
7	11,021,810	12,615,407
8	7,976,300	39,623,142
9	595,720,176	306,749,685
10	98,871,373	90,452,380
11	2,349,711	2,407,548
12	48,214	73,159
13	13,637,735	15,173,017
14	33,757,435	21,502,437
	<u>767,019,330</u>	<u>491,177,184</u>

LIABILITIES

Bills payable
 Borrowings
 Deposits and other accounts
 Liabilities against assets subject to finance lease
 Sub-ordinated loan
 Deferred tax liabilities
 Other liabilities

16	2,848,231	580,505
17	608,665,843	354,898,713
18	47,870,826	46,127,301
	-	-
	-	-
	-	-
19	39,372,916	28,945,873
	<u>698,757,816</u>	<u>430,552,392</u>
	<u>68,261,514</u>	<u>60,624,792</u>

NET ASSETS

REPRESENTED BY

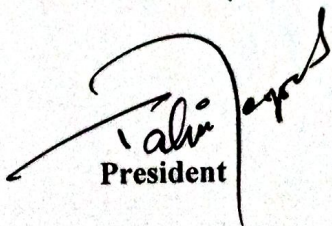
Share capital
 Reserves
 Surplus on revaluation of assets - net of tax
 Accumulated profit / (loss)

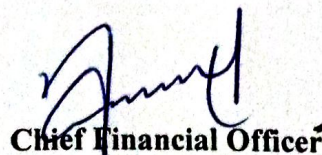
	52,678,432	52,678,432
	8,700,732	7,324,095
20	1,522,194	913,828
	5,360,156	(291,563)
	<u>68,261,514</u>	<u>60,624,792</u>

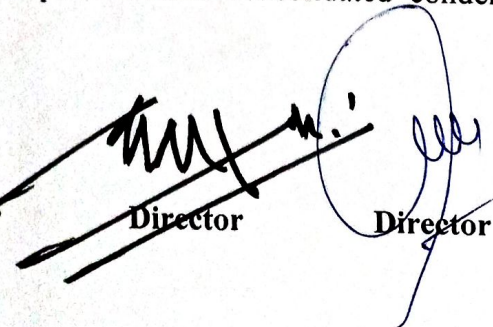
CONTINGENCIES AND COMMITMENTS

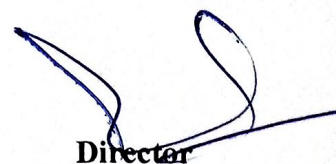
21

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


 President


 Chief Financial Officer

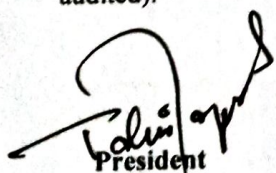

 Director


 Director

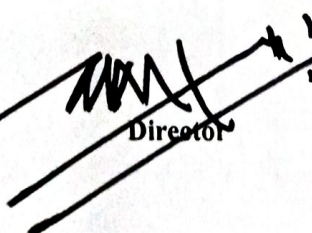
ZARAI TARAQIATI BANK LIMITED
CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

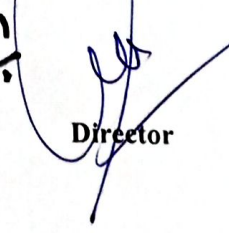
Note	Quarter ended		Period ended		
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	
 Rupees in '000				
Mark-up / return / interest earned	22	46,298,480	15,076,818	110,019,888	28,732,193
Mark-up / return / interest expensed	23	38,854,145	10,813,195	92,434,771	18,386,732
Net mark-up / interest income		7,444,335	4,263,623	17,585,117	10,345,461
NON MARK-UP / INTEREST INCOME					
Fee and commission income	24	299,065	173,063	915,084	751,495
Dividend income		52,097	66,735	112,911	105,485
Foreign exchange income		-	-	-	-
Income / (loss) from derivatives		-	-	-	-
Gain on securities	25	173,053	13,339	188,804	22,117
Other income	26	308,814	33,859	581,046	107,595
Total non-mark-up / interest income		833,029	286,996	1,797,845	986,692
Total income		8,277,364	4,550,619	19,382,962	11,332,153
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	27	3,662,278	2,919,441	10,060,505	8,530,885
Workers welfare fund		-	-	-	-
Other charges	28	261	-	38,594	-
Total non mark-up / interest expenses		3,662,539	2,919,441	10,099,099	8,530,885
Profit before provisions		4,614,825	1,631,178	9,283,863	2,801,268
Provisions and write offs - net	29	(581,410)	303,620	(4,228,466)	(1,513,053)
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		5,196,235	1,327,558	13,512,329	4,314,321
Taxation	30	1,498,457	(503,030)	6,483,973	1,944,194
PROFIT AFTER TAXATION		3,697,778	1,830,588	7,028,356	2,370,127
Basic earning per share (Rupees)	31	0.70	0.35	1.33	0.45
Diluted earning per share (Rupees)	31	0.70	0.35	1.33	0.45

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


President


Chief Financial Officer


Director


Director


Director

ZARAI TARAQIATI BANK LIMITED
 CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

	Quarter ended		Period ended	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	... Rupees in '000 ...			
Profit after taxation for the period	3,697,778	1,830,588	7,028,356	2,370,127
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	421,286	(90,652)	608,366	30,467
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-
Total Comprehensive Income	4,119,064	1,739,936	7,636,722	2,400,594


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


 President


 Chief Financial Officer


 Director


 Director


 Director

ZARAI TARAQIATI BANK LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

	Share capital	Statutory reserve	Contingencies reserve	Surplus on revaluation of investments	Un-appropriated profit / (loss)	Total
..... Rupees in '000						
Balance as at January 1, 2022	52,678,432	6,239,526	60,000	989,649	(5,177,170)	54,790,437
Profit after taxation for the nine months ended September 30, 2022	-	-	-	-	2,370,127	2,370,127
Other comprehensive income for the nine months ended September 30, 2022	-	-	-	30,467	-	30,467
Total comprehensive income for the nine months ended September 30, 2022	-	-	-	30,467	2,370,127	2,400,594
Transferred to statutory reserve	-	463,380	-	-	(463,380)	-
Balance as at September 30, 2022	52,678,432	6,702,906	60,000	1,020,116	(3,270,423)	57,191,031
Profit after taxation for three months period ended December 31, 2022	-	-	-	-	2,807,160	2,807,160
Other comprehensive income for three months ended December 31, 2022	-	-	-	(106,288)	732,889	626,601
Total comprehensive income / (loss) for three months ended December 31, 2022	-	-	-	(106,288)	3,540,049	3,433,761
Transferred to statutory reserve	-	561,189	-	-	(561,189)	-
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 nine months ended September 30, 2023	-	-	-	-	7,028,356	7,028,356
Other comprehensive income for the nine months ended September 30, 2023	-	-	-	608,366	-	608,366
Total comprehensive income for the nine months ended September 30, 2023	-	-	-	608,366	7,028,356	7,636,722
Transferred to statutory reserve	-	1,376,637	-	-	(1,376,637)	-
Balance as at September 30, 2023	52,678,432	8,640,732	60,000	1,522,194	5,360,156	68,261,514

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

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

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


President


Chief Financial Officer


Director

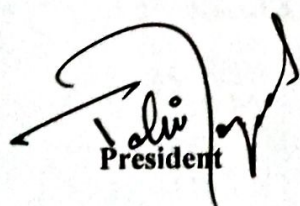

Director

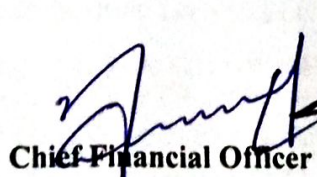

Director

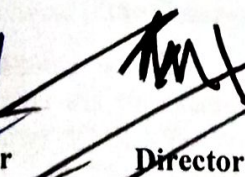
ZARAI TARAQIATI BANK LIMITED
CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

	Note	Period ended	
		September 30, 2023	September 30, 2022
..... Rupees in '000			
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit before working capital changes	32	18,255,310	10,598,138
(Increase) / decrease in operating assets:			
Lendings to financial institutions		31,646,842	7,840,039
Held-for-trading securities		(761,220)	(387)
Advances - net		(10,338,785)	(135,300)
Other assets - net (excluding advance taxation)		(13,213,559)	(3,438,008)
		7,333,278	4,266,344
Increase / (decrease) in operating liabilities:			
Bills payable		2,267,726	(86,609)
Borrowings from financial institutions		253,767,130	(15,571,305)
Deposits and other accounts		1,743,525	(11,357,476)
Other liabilities		8,313,429	(257,207)
		266,091,810	(27,272,597)
Employees' benefits paid		(702,177)	(719,284)
Income tax paid		(4,354,222)	(1,637,466)
Net cash generated from / (used in) operating activities		286,623,999	(14,764,865)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(287,134,158)	12,059,046
Realised gain on sales of securities		180,998	22,117
Dividend received		112,911	105,485
Investments in operating fixed assets		(124,876)	(158,621)
Proceeds from sale of fixed assets		52,166	9,962
Net cash (used in) / generated from investing activities		(286,912,959)	12,037,989
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use assets		(248,470)	(266,832)
Decrease in cash and cash equivalents		(537,430)	(2,993,708)
Cash and cash equivalents at beginning of the period		15,195,816	31,841,723
Cash and cash equivalents at end of the period	33	14,658,386	28,848,015

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


President


Chief Financial Officer


Director


Director


Director

ZARAI TARAQIATI BANK LIMITED
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
(UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023

1 THE GROUP AND ITS OPERATIONS

The "Group" consists of:

Holding company

- Zarai Taraqati Bank Limited

Subsidiary company

- Kissan Support Services (Private) Limited

1.1 Zarai Taraqati 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 Taraqati Bank Limited ("the Bank") was incorporated as a public limited company under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) on October 23, 2002. Consequently, under SRO 823(1)/2002 dated November 18, 2002, all the assets, contracts, liabilities, proceedings and undertakings of ADBP were transferred to, and vested in Zarai Taraqati Bank Limited on December 14, 2002, the effective date specified by the Federal Government, on the basis of net worth determined at Rs. 8.7 billion. The Bank is domiciled in Pakistan and its registered office is situated at 1-Faisal Avenue (Zero Point), Islamabad. The Bank operates 501 (December 31, 2022: 501) branches including 16 (December 31, 2022: 5) Islamic banking branches in Pakistan as at the close of the period.

(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 Taraqati 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 (audited) of the Group for the year ended December 31, 2022.

- 2.2** These consolidated condensed interim financial statements include 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 38 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 consolidated 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 for all banks/DFIs to January 1, 2024, 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) September 30, 2023	(Audited) December 31, 2022
Rupees in '000		
6 CASH AND BALANCES WITH TREASURY BANKS		
In hand		
Local currency	643,941	1,065,179
With State Bank of Pakistan in:		
Local currency current account	2,446,159	1,132,277
With National Bank of Pakistan in:		
Local currency current account	223,771	42,212
Local currency deposit account	321,013	339,008
	544,784	381,220
Prize bonds	1,692	1,733
	<u>3,636,576</u>	<u>2,580,409</u>
7 BALANCES WITH OTHER BANKS		
In Pakistan		
In current accounts	151,980	87,346
In deposit accounts	10,869,830	12,528,061
	<u>11,021,810</u>	<u>12,615,407</u>
8 LENDINGS TO FINANCIAL INSTITUTIONS		
Call money lendings	1,000,000	15,500,000
Bai Muajjal	-	51,275
Repurchase agreement lendings (reverse repo)	6,976,300	24,071,867
	<u>7,976,300</u>	<u>39,623,142</u>

9 INVESTMENTS

9.1 Investments by types

	September 30, 2023 (Un-audited)				December 31, 2022 (Audited)			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
..... Rupees in '000								
Held-for-trading securities								
Federal Government securities	761,220	-	7,806	769,026	-	-	-	-
	761,220	-	7,806	769,026	-	-	-	-
Available-for-sale securities								
Federal Government securities	589,710,813	-	(297,100)	589,413,713	302,439,194	-	(840,501)	301,598,693
Shares	99,819	(10,523)	2,967,616	3,056,912	99,819	(10,523)	2,438,038	2,527,334
Corporate sukuk	481,460	-	-	481,460	568,921	-	-	568,921
Term Finance Certificates	1,999,065	-	-	1,999,065	2,049,065	-	5,672	2,054,737
Total investments	593,052,377	(10,523)	2,678,322	595,720,176	305,156,999	(10,523)	1,603,209	306,749,685

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

9.2 Investments given as collateral

Market Treasury bills	491,188,660	245,818,915
Pakistan Investment Bonds	62,468,206	47,218,262
	<u>553,656,866</u>	<u>293,037,177</u>

9.3 Provision for diminution in value of investments

	<u>10,523</u>	<u>10,523</u>
--	---------------	---------------

10 ADVANCES

	Performing		Non Performing		Total	
	(Un-audited) September 30, 2023	(Audited) December 31, 2022	(Un-audited) September 30, 2023	(Audited) December 31, 2022	(Un-audited) September 30, 2023	(Audited) December 31, 2022
 Rupees in '000					
Loans, cash credits, running finance, etc.	80,627,366	73,884,456	31,660,108	33,738,604	112,287,474	107,623,060
Advances - gross	80,627,366	73,884,456	31,660,108	33,738,604	112,287,474	107,623,060
Provision for advances:						
- against agriculture advance	-	-	10,374,134	14,126,561	10,374,134	14,126,561
- against staff advances	-	-	41,967	44,119	41,967	44,119
- general	3,000,000	3,000,000	-	-	3,000,000	3,000,000
	3,000,000	3,000,000	10,416,101	14,170,680	13,416,101	17,170,680
Advances - net of provision	77,627,366	70,884,456	21,244,007	19,567,924	98,871,373	90,452,380

10.1 Particulars of advances (gross)

In local currency 112,287,474 107,623,060

10.2 Advances include Rs. 31,607.997 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	September 30, 2023 (Un-audited)		December 31, 2022 (Audited)	
	Non performing loans	Provision	Non performing loans	Provision
 Rupees in '000			
Domestic				
Other assets especially mentioned	12,260,034	-	13,616,010	-
Substandard	8,786,201	1,757,240	5,303,514	1,060,703
Doubtful	3,889,740	1,944,872	3,393,911	1,696,957
Loss	6,672,022	6,672,022	11,368,901	11,368,901
	31,607,997	10,374,134	33,682,336	14,126,561

10.3 Particulars of provision against advances

	September 30, 2023 (Un-audited)			December 31, 2022 (Audited)		
	Specific	General	Total	Specific	General	Total
 Rupees in '000					
Opening balance	14,126,561	3,000,000	17,126,561	20,392,883	3,000,000	23,392,883
Charge for the period	5,694,925	-	5,694,925	9,122,441	-	9,122,441
Reversals	(3,772,978)	-	(3,772,978)	(5,285,570)	-	(5,285,570)
	1,921,947	-	1,921,947	3,836,871	-	3,836,871
Amounts charged off	(5,674,374)	-	(5,674,374)	(10,103,193)	-	(10,103,193)
Closing balance	10,374,134	3,000,000	13,374,134	14,126,561	3,000,000	17,126,561

10.3.1 General provision amounts to Rs. 3,000 million (December 31, 2021: Rs. 3,000 million).

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

10.3.3 In addition to the time based criteria, the Group has further classified loans and advances amounting to Rs. 1,750.983 million (December 31, 2022: Rs. 3,720.92 million) and further de-graded the category of classified loans and advances amounting to Rs. 4,791.563 million (December 31, 2022: Rs. 6,511.75 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) September 30, 2023	(Audited) December 31, 2022
Rupees in '000			
11	FIXED ASSETS		
	Capital work-in-progress	57,635	55,266
	Property and equipment	1,464,223	1,541,204
	Right of use assets	827,853	811,078
		<u>2,349,711</u>	<u>2,407,548</u>
11.1	Capital work-in-progress		
	Civil works	44,132	42,774
	Consultancy charges	6,426	6,891
	Others	7,077	5,601
		<u>57,635</u>	<u>55,266</u>
11.1.1	This includes soil testing and other charges incurred at sites.		
		(Un-audited)	(Audited)
		September 30, 2023	September 30, 2022
		... Rupees in '000 ...	
11.2	Additions to fixed assets		
	The following additions have been made during the period:		
	Capital work-in-progress	2,369	4,644
	Property and equipment:		
	Buidling on freehold land	11,575	476
	Buidling on leasehold land	4,909	2,456
	Furniture and fixture	5,565	2,383
	Electrical, office and computer equipment	81,430	7,248
	Vehicles	10,858	68,494
	Total	<u>116,706</u>	<u>85,701</u>
11.3	Disposal of fixed assets		
	The net book value of fixed assets disposed off is as follows:		
	Electrical, office and computer equipment	-	69
	Vehicles	25,808	7,419
	Total	<u>25,808</u>	<u>7,488</u>
		(Un-audited)	(Audited)
		September 30, 2023	December 31, 2022
		Rupees in '000	
12	INTANGIBLE ASSETS		
	Computer Software	<u>48,214</u>	<u>73,159</u>

... (Un-audited) ...
September 30, September 30,
2023 2022
Rupees in '000

12.1 Additions to intangible assets

Additions made during the period:

Directly purchased

	9,474	-
	(Un-audited)	(Audited)
Note	September 30, 2023	December 31, 2022
	Rupees in '000	

13 DEFERRED TAX ASSETS

Deductible temporary differences on:

Defined benefit plans

Provision against non-performing loans and advances

	275,133	270,521
	14,536,613	15,584,584
	14,811,746	15,855,105

Taxable temporary differences on:

Accelerated tax depreciation

Surplus on revaluation of investments

	(25,689)	7,292
	(1,148,322)	(689,380)
	(1,174,011)	(682,088)
	13,637,735	15,173,017

14 OTHER ASSETS

Income / mark-up accrued in local currency on :

- advances - net of provision

- securities

- deposits

Amount recoverable from Federal Government

Tax recoverable

Branch adjustment account

Taxation (payments less provision)

Receivable from gratuity scheme - SR 2005

Non banking assets acquired in satisfaction of claims

Due from Islamic Banking

Stationery and stamps in hand

Stock of farm machinery

Advances against salary and expenses

Security deposits

Advances and other prepayments

Clearing and settlement

Others

	10,847,867	8,555,496
	13,107,184	3,992,008
	138,683	140,929
	2,993,858	2,800,085
	422,652	422,652
	2,613,886	-
	1,478,006	2,531,417
	789,398	705,747
	421,001	423,709
	953	-
	152,188	132,429
	11,237	11,237
	66,614	22,579
	7,199	6,199
	586,292	333,736
	-	2,220,173
	1,048,709	143,533
	34,685,727	22,441,929
	(928,292)	(939,492)
	33,757,435	21,502,437

Provision held against other assets

Other assets - net of provisions

14.1

14.1 Provision held against other assets

Tax recoverable

Non banking assets acquired in satisfaction of claims

Stock of farm machinery

Accrued interest on advances of ex-employees

Amount deposited with courts / legal charges recoverable

	422,652	422,652
	421,001	423,709
	11,237	11,237
	17,311	17,734
	56,091	64,160
	928,292	939,492

(Un-audited) (Audited)
September 30, December 31,
2023 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	25,698	39,056
Reversals	(36,898)	(63,829)
	(11,200)	(24,773)
Closing balance	928,292	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) September 30, 2023	(Audited) December 31, 2022
	Rupees in '000	
16	BILLS PAYABLE	
	In Pakistan	
	<u>2,848,231</u>	<u>580,505</u>
17	BORROWINGS	
	Secured	
	Borrowing from State Bank of Pakistan (SBP):	
	Redeemable preference shares	54,461,536
	Repurchase agreement borrowings	539,755,776
	Repurchase agreement borrowings - others	13,901,090
	Total secured	608,118,402
	Unsecured	
	Call borrowings	547,441
	<u>608,665,843</u>	<u>7,400,000</u>
	<u>354,898,713</u>	
18	DEPOSITS AND OTHER ACCOUNTS	
	Customers - local currency	
	Current deposits	5,990,768
	Saving deposits	7,793,212
	Term deposits	32,963,006
	Others	13,373
	<u>46,760,359</u>	<u>6,012,741</u>
	<u>43,006,537</u>	<u>5,635,721</u>
	<u>31,336,239</u>	<u>21,836</u>
	<u>21,836</u>	<u>21,836</u>
	Financial Institutions - local currency	
	Current deposits	36,248
	Saving deposits	1,074,219
	<u>1,110,467</u>	<u>7,264</u>
	<u>47,870,826</u>	<u>3,113,500</u>
	<u>3,120,764</u>	<u>46,127,301</u>
19	OTHER LIABILITIES	
	Mark-up / return / interest payable in local currency on:	
	- borrowings	10,240,005
	- deposits and other accounts	3,734,182
	Accrued expenses	12,968
	Branch adjustment account	-
	Net liabilities relating to Bangladesh	189
	Payable to Ministry of Food Agriculture & Livestock	168,000
	Provision for:	
	- pension scheme	8,536,177
	- employees' post retirement medical benefits	11,160,570
	- employees' compensated absences	2,163,379
	- gratuity scheme of the company	358,831
	Due to Islamic Banking	-
	Security deposits	116,307
	Deferred income	9,660
	Lease liability against right-of-use assets	945,309
	Clearing and settlement	456,886
	Others	1,470,453
	<u>39,372,916</u>	<u>4,326,579</u>
	<u>28,945,873</u>	<u>710,988</u>
	<u>942,134</u>	<u>304,480</u>
	<u>189</u>	<u>189</u>
	<u>168,000</u>	<u>168,000</u>
	<u>7,633,256</u>	<u>10,063,017</u>
	<u>2,087,516</u>	<u>345,523</u>
	<u>442</u>	<u>22,666</u>
	<u>10,038</u>	<u>907,653</u>
	<u>-</u>	<u>-</u>
	<u>1,423,392</u>	<u>1,423,392</u>
	<u>28,945,873</u>	<u>28,945,873</u>

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

20 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

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

Surplus on revaluation of available-for-sale securities	2,670,516	1,603,209
Deferred tax on surplus on revaluation of available-for-sale securities	<u>(1,148,322)</u>	<u>(689,381)</u>
	<u>1,522,194</u>	<u>913,828</u>

21 CONTINGENCIES AND COMMITMENTS

21.1 Contingent liabilities

In respect of cases filed against the Bank:

21.1.1 by borrowers; 490 (December 31, 2022: 489) cases	<u>359,143</u>	<u>355,489</u>
21.1.2 by employees; 458 (December 31, 2022: 434) cases	<u>263,982</u>	<u>281,681</u>

- 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) Order 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 November 30, 2021 and raised the demand of Rs. 361.752 million for the Tax Year 2017. However, this order rectified under section 221(1) vide order dated December 27, 2021 and created tax refundable of Rs. 679.294 million for the Tax Year 2017. Being aggrieved Bank filed an appeal to Commissioner Inland Revenue Appeals against the impugned order. Accordingly, no provision has been made because the Bank is expecting a favourable decision.
- 21.2.15 Assessment Officer passed order u/s 122(5A) of the Income Tax Ordinance, 2001 on dated September 28, 2022 and raised the demand of Rs. 12,870.191 million for the Tax Year 2018. Being aggrieved Bank filed an appeal to Commissioner Inland Revenue Appeals against the impugned order. Bank has not accounted for the demand as tax payable, as a favorable decision is expected.
- 21.2.16 Assessment Officer passed order u/s 122(5A) of the Income Tax Ordinance, 2001 on dated January 14, 2021 and raised the demand of Rs. 983.653 million for the Tax Year 2019. Being aggrieved Bank filed an appeal to Commissioner Inland Revenue Appeals against the impugned order. Bank has not accounted for the demand as tax payable, as a favorable decision is expected.
- 21.2.17 Assessment Officer passed order u/s 122(5A) of the Income Tax Ordinance, 2001 on dated April 8, 2021 and raised the demand of Rs. 4,085.176 million for the Tax Year 2020. Being aggrieved Bank filed an appeal to Commissioner Inland Revenue Appeals against the impugned order. Bank has not accounted for the demand as tax payable, as a favorable decision is expected.
- 21.2.18 Assessment Officer passed order u/s 122(5A) of the Income Tax Ordinance, 2001 on dated December 27, 2021 and raised the demand of Rs. 6,425.014 million for the Tax Year 2021. Being aggrieved Bank filed an appeal to Commissioner Inland Revenue Appeals against the impugned order. Bank has not accounted for the demand as tax payable, as a favorable decision is expected.
- 21.2.19 Assessment Officer, on the dates of May 4 and May 5, 2023, issued orders under the section 4(B) and section 122(5A) of the Income Tax Ordinance, 2001. These orders resulted in a significant demand of Rs. 1,392 million and Rs. 3,385 million for the Tax Year 2022, respectively. Being aggrieved Bank filed an appeals to Commissioner Inland Revenue Appeals against the impugned order. Bank has not accounted for the demand as tax payable, as a favorable decision is expected.

- 21.2.20 The cases relating to Federal Excise Duties / Sales tax matters of the Bank for the Tax Years 2008, 2009, 2010, 2011 and 2012, consisting of contingent liabilities amounting to Rs.825.121 were contested by the Bank at various forums. ATIR vide its orders dated May 07, 2012, January 08, 2013, November 26, 2013 and March 13, 2014 decided most of the issues involved in favour of the Bank. However, Commissioner Inland Revenue (CIR) filed reference applications under section 47 of the Sales Tax Act, 1990 and under section 34A of the Federal Excise Act, 2005 against the aforementioned ATIR orders before the Honorable Islamabad High Court, Islamabad for the aforementioned years. However Islamabad high court vide order No.FERA No.03/2014 and FERA No.02/2014 both dated 06.02.2023 decided the case for the tax year 2011 2012 and deleted the alleged tax demand of Rs.343 million. No provision for balance contingent liabilities amounting to Rs. 482.121 million has been recognized as the Bank is confident for a favourable outcome.
- 21.2.21 DCIR passed orders relating to FED for the period January 2013 to December 2013 and January 2014 to December 2014 creating a demand of Rs. 738.892 million and Rs. 681.109 million respectively. The Bank filed appeal before CIR(A) against the orders of DCIR who upheld the orders of DCIR. Being aggrieved the Bank filed appeal before ATIR who remanded back the case to A.O. for denovo consideration. On remanded back cases by ATIR the A.O. upheld its initial orders. The Bank filed appeal before CIR(A) who upheld the orders of A.O. Being aggrieved the Bank filed appeals before ATIR against the orders of CIR(A). The ATIR in its order cancelled the Assessment Orders for the period January 2013 to December 2013 and January 2014 to December 2014, appeal effects are pending. However the department has filed reference application before Islamabad High Court, Islamabad. The Bank has not accounted for the demand as tax payable, as a favourable decision is expected.
- 21.2.22 DCIR passed orders relating to Sales Tax for the period January 2013 to December 2013 and January 2014 to December 2014 creating a demand of Rs. 4.470 million (Rs. 1.822 million on advertisement and Rs. 2.647 million on fixed assets) and Rs. 13.295 million (Rs. 2.273 million on advertisement and Rs. 11.122 million on fixed assets) respectively. The Bank filed appeal before CIR(A) against the orders of DCIR who upheld the orders of DCIR. Being aggrieved the Bank filed appeal before ATIR against the orders of CIR(A). ATIR deleted the addition on fixed assets of Rs. 80.998 million on which tax amount of Rs. 13.768 million was involved and remanded back the advertisement expenses of Rs. 25.598 million on which tax amount of Rs. 4.096 million was involved. However, the department has filed reference application before Islamabad High Court, Islamabad on the issue of fixed asset deletion. The Bank has not accounted for the demand as tax payable, as a favourable decision is expected.
- 21.2.23 Commissioner, Punjab Revenue Authority (PRA) passed order relating to Punjab Sales Tax on Services (withholding rules 2015) for the period January 2016 to December 2016 creating a demand of Rs. 10.06 million. The Bank filed appeal before Appellate Tribunal, PRA against the alleged order of Commissioner (PRA). The Appellate Tribunal, PRA remanded back the case to the Assessment Officer. The Learned DC (PRA) created demand of Rs.10.3 million. The bank filed Appeal before Commissioner, PRA. Commissioner Appeals (PRA) upheld the assessment order and being aggrieved bank has filed appeal alongwith stay application before Appellate Tribunal (PRA). The Bank has not accounted for the demand as tax payable, as a favourable decision is expected.
- 21.2.24 ATIR, Sindh Revenue Board (SRB) passed the order for the Sales Tax on Services for the period July 2011 to December 2011 creating demand of Rs 4.69 million. ATIR passed the order in favor of the bank wherein addition to Sales Tax against Postal Charges were deleted. However, SRB filed reference application before SHC, U/S 151 CPC 1908. Bank has not accounted for the demand as tax payable, as a favourable decision is expected.
- 21.2.25 Assistant Commissioner, Sindh Revenue Board (SRB) passed an order for the period of January 2015 to December 2015 creating a demand of Rs. 10.2 million. Bank filed the appeal before the Commissioner, Sindh Revenue Board against the alleged decision of AC(SRB). Main Appeal along with stay application heard and further adjourned but remained undecided and appeal / case has been transferred to Appellate Tribunal by the Commissioner (Appeals-I), being time barred at the Commissioner Appeals. The Bank has not accounted for the demand as tax payable, as a favourable decision is expected.

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

- Kissan Support Services (Private) Limited

- 21.2.29 Sales tax department (STD) served show cause notice dated March 16, 2023 for the tax period Jan-2018 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 (this is inclusive of reimbursable expenses) for the tax period 2018, whereas, declared sales in sales tax return for the corresponding tax period stand at Rs. 138.653 million (service charges value 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, STD claims sales tax recoverable Rs. 0.732 million due to disposal of vehicles and purchase of fixed assets thus, total claim of the STD is Rs.184.791 million. The Company submitted reply on April 10, 2023 through tax consultant and an hearing was conducted on May 2, 2023 but decision is still pending. 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.
- 21.2.30 An order was passed by STD u/s 11(2) dated January 23, 2023 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 (this is 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 (this is only service charges) therefore sales tax amounting to Rs. 162.539 million is recoverable from the Company along with default surcharges and penalty amounting to Rs. 39.610 million and Rs. 8.252 million respectively. An appeal was filed before the CIR (Appeal-IV) on Feb 2, 2023 and an hearing was conducted on July 6, 2023 but decision is still pending. 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.
- 21.2.31 An order was passed by tax department u/s 122(5A) dated June 11, 2022 vide which STD raised tax demand amounting to Rs. 8.684 million against erroneous refund adjustment made by the Company for the tax year 2016. An appeal was filed before the CIR (Appeal-IV) who has annulled this unjustified demand vide order dated Dec 02, 2022. However, the STD has filed second 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.

- 21.2.32 An order was passed by the tax department u/s 122(5A) dated August 11, 2022 vide which STD raised tax demand amounting to Rs. 35.167 million against erroneous refund adjustment made by the Company for the tax year 2017. An appeal was filed before the CIR (Appeal-IV) based on favorable decision in same case for the 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.
- 21.2.33 The Officer (IR) 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 detailed 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.
- 21.2.34 The Officer (IR) 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 (withholding tax vs expenditures) and created a demand of Rs. 1.182 million. The Company filed an appeal before the CIR (Appeals). The CIR (Appeals) passed an order against the Company and maintained the assessment of the Officer (IR). The Company filed appeal to the ATIR, Islamabad. The ATIR, 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 (IR) LTU, and has directed the officer (IR) 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 (IR) 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.
- 21.2.35 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 (December 31, 2022: same as mentioned).

	(Un-audited) September 30, 2023	(Audited) December 31, 2022
	Rupees in '000	
21.3 Commitments against		
Capital expenditures	466,556	404,071
Consultancy expenditures	5,628	5,628

		(Un-audited)	
		September 30, 2023	September 30, 2022
		Rupees in '000	
22	MARK-UP / RETURN / INTEREST EARNED		
	On:		
	Loans and advances	15,291,933	11,184,491
	Investments	90,210,438	13,916,566
	Securities purchased under resale agreement	1,595,344	1,350,294
	Call money lendings	800,705	648,408
	Balances with banks	2,121,468	1,632,434
		<u>110,019,888</u>	<u>28,732,193</u>
23	MARK-UP / RETURN / INTEREST EXPENSED		
	On:		
	Deposits	5,177,018	2,343,289
	Redeemable preference shares - SBP	3,063,461	3,063,461
	Securities sold under repurchased agreement	83,012,325	12,722,609
	Call borrowings	1,086,764	167,673
	Bank commission and other charges	11,425	7,682
	On lease liability against right-of-use assets	83,778	82,018
		<u>92,434,771</u>	<u>18,386,732</u>
24	FEE & COMMISSION INCOME		
	Branch banking customer fees	41,471	26,620
	Credit related fees	872,001	708,216
	Commission on remittances including home remittances	1,612	16,659
		<u>915,084</u>	<u>751,495</u>
25	GAIN ON SECURITIES		
	Realised	25.1	180,998
	Unrealised - held for trading	9.1	7,806
			<u>22,117</u>
			<u>188,804</u>
25.1	Realised gain on: Federal Government Securities		<u>180,998</u>
			<u>22,117</u>
26	OTHER INCOME		
	Rent on property		23,125
	Gain on sale of fixed assets - net		22,193
	Gain on sale of non banking assets - net		26,358
	Deferred income amortization		7,390
	Discount income		4,388
	Others	26.1	378
			294,127
			62,815
			<u>229,668</u>
			<u>15,327</u>
			<u>581,046</u>
26.1	Other includes sale of scrap, sale of tender forms, recoveries against penalties imposed by SBP and private use of vehicle etc.		<u>107,595</u>

		(Un-audited)		
		September 30, 2023	September 30, 2022	
	Note	Rupees in '000		
27	OPERATING EXPENSES			
	Total compensation expense	8,147,161	6,925,970	
	Property expense			
	Rent & taxes	13,871	6,692	
	Insurance	35,264	18,256	
	Utilities cost	246,754	195,488	
	Repair and maintenance (including janitorial charges)	129,766	75,476	
	Depreciation	27,355	28,434	
	Depreciation - right of use assets	185,573	190,737	
		638,583	515,083	
	Information technology expenses			
	Software maintenance	21,676	3,960	
	Hardware maintenance	46,168	26,391	
	Depreciation	43,281	34,711	
	Amortisation	34,419	35,958	
	Network charges	52,783	78,603	
		198,327	179,623	
	Other operating expenses			
	Directors' fees and allowances	10,610	4,569	
	Legal & professional charges	137,755	147,399	
	Travelling & conveyance	84,211	79,773	
	NIFT clearing charges	14,720	13,445	
	Depreciation	92,527	108,911	
	Training & development	27,377	6,695	
	Postage & courier charges	21,258	18,696	
	Communication	20,514	24,998	
	Stationery & printing	52,599	40,220	
	Marketing, advertisement & publicity	12,688	3,096	
	Donations	-	50,000	
	Auditors Remuneration	690	678	
	Motor vehicle expenses	509,260	351,185	
	Others	92,225	60,544	
		<u>10,060,505</u>	<u>8,530,885</u>	
28	OTHER CHARGES			
	Penalties imposed by SBP	<u>38,594</u>	<u>-</u>	
29	PROVISIONS AND WRITE-OFFS - NET			
	Provisions against loans & advances	10.3	1,919,792	3,667,446
	Fixed assets charged-off		1,043	442
	Reversal of provision against other assets	14.1.1	(11,199)	(26,588)
	Recovery of written off / charged off bad debts		(6,138,102)	(5,154,353)
			<u>(4,228,466)</u>	<u>(1,513,053)</u>
30	TAXATION			
	Current		5,407,633	2,918,810
	Deferred		1,076,340	(974,616)
			<u>6,483,973</u>	<u>1,944,194</u>

(Un-audited)
September 30, 2023 September 30, 2022

31 EARNING PER SHARE - BASIC AND DILUTED

Profit after tax for the period	7,028,356	2,370,127
Weighted average number of ordinary shares outstanding	5,267,843,241	5,267,843,241
Earning per share - basic and diluted (Rupees)	1.33	0.45

31.1 There is no dilutive effect on the basic earning per share of the Bank.

32 OPERATING LOSS BEFORE WORKING CAPITAL CHANGES

Profit before taxation	13,512,329	4,314,321
Less: Dividend income	(112,911)	(105,485)
	13,399,418	4,208,836
 Adjustments:		
Depreciation	163,163	172,056
Depreciaton on right-of-use assets	185,573	190,737
Amortization	34,419	35,958
Amortization of deferred income	(378)	(398)
Markup on lease liability on right-of-use assets	83,778	82,018
Provisions and write-offs	1,909,636	3,641,300
Provision for employees post retirement medical benefits	1,343,111	930,065
Charge for defined benefit plans - net	1,351,752	1,362,157
Gain on securities	(188,804)	(22,117)
Gain on sale of operating fixed assets	(26,358)	(2,474)
	4,855,892	6,389,302
	18,255,310	10,598,138

33 CASH AND CASH EQUIVALENTS

Cash and balances with treasury banks	6	3,636,576	2,238,750
Balances with other banks	7	11,021,810	26,609,265
		14,658,386	28,848,015

34 FAIR VALUE MEASUREMENT

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

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

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since these are either short-term in nature or, in the case of customer loans and deposits, are frequently repriced.

34.1 Fair value of financial assets

The 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).

34.2 Valuation technique used & key inputs

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

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

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

September 30, 2023 (Un-audited)**Level 1 Level 2 Level 3 Total****..... Rupees in '000****On balance sheet financial instruments****Financial assets measured at fair value**

Investments

- Federal Government Securities	-	590,182,739	-	590,182,739
- Shares	3,056,912	-	-	3,056,912
- Debt securities (TFCs, Sukuk)	2,480,525	-	-	2,480,525
	<u>5,537,437</u>	<u>590,182,739</u>	<u>-</u>	<u>595,720,176</u>

December 31, 2022 (Audited)**Level 1 Level 2 Level 3 Total****..... Rupees in '000****On balance sheet financial instruments****Financial assets measured at fair value**

Investments

- Federal Government Securities	-	301,598,693	-	301,598,693
- Shares	2,527,334	-	-	2,527,334
- Debt securities (TFCs, Sukuk)	2,623,658	-	-	2,623,658
	<u>5,150,992</u>	<u>301,598,693</u>	<u>-</u>	<u>306,749,685</u>

35 SEGMENT INFORMATION

35.1 Segment Details with respect to Business Activities:

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

	September 30, 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	7,270,253	10,132,375	182,489	-	17,585,117
Inter segment revenue - net	1,770,352	(1,932,400)	-	162,048	-
Non mark-up / return / interest income	1,351,832	301,715	607	143,691	1,797,845
Total Income	10,392,437	8,501,690	183,096	305,739	19,382,962
Segment direct expenses	9,910,788	42,574	86,322	59,415	10,099,099
Inter segment expense allocation	(41,744)	-	-	41,744	-
Total expenses	9,869,044	42,574	86,322	101,159	10,099,099
Provisions	(4,228,466)	-	-	-	(4,228,466)
(Loss) / profit before tax	4,751,859	8,459,116	96,774	204,580	13,512,329
Balance Sheet					
Cash & Bank balances	2,293,446	12,152,939	165,266	46,735	14,658,386
Investments	-	593,497,659	2,222,517	-	595,720,176
Net inter segment lendings	35,416,385	-	-	1,442,256	36,858,641
Lendings to financial institutions	-	7,976,300	-	-	7,976,300
Advances - performing	80,627,366	-	-	-	80,627,366
- non-performing (net of provision)	18,244,007	-	-	-	18,244,007
Others	35,946,420	13,519,588	157,222	169,865	49,793,095
Total Assets	172,527,624	627,146,486	2,545,005	1,658,856	803,877,972
Borrowings	54,461,536	554,204,307	-	-	608,665,843
Subordinated debt	-	-	-	-	-
Deposits & other accounts	46,358,764	-	1,512,062	-	47,870,826
Net inter segment borrowing	1,442,256	34,816,385	500,000	100,000	36,858,641
Others	31,262,837	9,950,589	506,257	501,465	42,221,148
Total Liabilities	133,525,393	598,971,281	2,518,319	601,465	735,616,458
Equity	65,681,930	1,553,143	(30,949)	1,057,390	68,261,514
Total Equity & Liabilities	199,207,323	600,524,424	2,487,370	1,658,855	803,877,972
Contingencies & Commitments	55,929,684	-	-	472,225	56,401,909

September 30, 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	6,331,749	4,395,597	(381,885)	-	10,345,461
Inter segment revenue - net	(871,158)	785,966	-	85,192	-
Non mark-up / return / interest income	(135,656)	84,886	244	1,037,218	986,692
Total Income	5,324,935	5,266,449	(381,641)	1,122,410	11,332,153
Segment direct expenses	8,404,057	31,692	46,530	48,606	8,530,885
Inter segment expense allocation	(997,810)	-	-	997,810	-
Total expenses	7,406,247	31,692	46,530	1,046,416	8,530,885
Provisions	(1,513,053)	-	-	-	(1,513,053)
(Loss) / profit before tax	(568,259)	5,234,757	(428,171)	75,994	4,314,321

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	25,971,177	3,012,484	60,165	482,553	29,526,378
Total Liabilities	124,636,502	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	183,454,047	342,789,864	4,301,530	1,494,774	532,040,214
Contingencies & Commitments	51,447,274	-	-	287,433	51,734,707

36 RELATED PARTY TRANSACTIONS AND BALANCES

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

	Key management personnel		Defined Benefit Plans		Agricultural Technology Development Fund	
	September 30, 2023 (Un-audited)	December 31, 2022 (Audited)	September 30, 2023 (Un-audited)	December 31, 2022 (Audited)	September 30, 2023 (Un-audited)	December 31, 2022 (Audited)
 Rupees in '000					
Investments	-	-	-	-	-	-
Advances						
Opening balance	60,819	65,889	-	-	-	-
Addition	62,231	11,845	-	-	-	-
Repaid	(12,543)	(16,915)	-	-	-	-
Closing balance	110,507	60,819	-	-	-	-
Other assets						
Interest / mark-up accrued	12,347	9,397	-	-	-	-
Receivable at the end of the period	-	-	789,398	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	143,561	184,167	15,830,836	38,047,598	3,833	422,633
Withdrawn during the period / year	(142,259)	(189,657)	(15,729,586)	(39,160,844)	(576)	(405,135)
Closing balance	1,574	272	9,227,708	9,126,458	240,243	236,986
Other liabilities						
Interest / mark-up payable	-	-	1,547,717	252,017	33,862	9,295
Payable at the end of the period	-	-	21,860,126	19,783,789	-	-

	Key management personnel		Defined Benefit Plans		Agricultural Technology Development Fund	
	2023	2022	2023	2022	2023	2022
	(Un-audited) Period ended September 30,					
	Rupees in '000					
Income						
Mark-up / interest earned	1,723	1,248	-	-	-	-
Rental income	-	-	-	-	-	-
Expense						
Mark-up / interest paid	-	-	-	499,458	3,833	16,934
Compensation	141,077	105,347	-	-	-	-
Post retirement benefit	4,408	4,662	-	-	-	-
Contribution to defined benefit plan	913	784	-	-	-	-
Cost of services rendered	-	-	-	-	-	-

36.1 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 Bank.

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.

37 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) September 30, 2023	(Audited) December 31, 2022
	... Rupees in '000 ...	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	56,981,197	51,474,650
Capital Adequacy Ratio:		
Eligible Common Equity Tier 1 (CET 1) Capital	58,700,680	49,561,886
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	58,700,680	49,561,886
Eligible Tier 2 Capital	3,183,018	2,476,117
Total Eligible Capital (Tier 1 + Tier 2)	61,883,698	52,038,003
Risk Weighted Assets (RWAs):		
Credit Risk	132,865,941	124,983,113
Market Risk	6,133,050	5,054,675
Operational Risk	24,428,975	24,428,975
Total	163,427,966	154,466,763
Common Equity Tier 1 Capital Adequacy Ratio	35.92%	32.09%
Tier 1 Capital Adequacy Ratio	35.92%	32.09%
Total Capital Adequacy Ratio	37.87%	33.69%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	58,700,680	49,561,886
Total exposures	767,373,397	491,428,983
Leverage ratio	7.65%	10.09%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	45,518,171	28,539,604
Total Net Cash Outflow	7,348,602	3,922,893
Liquidity Coverage Ratio	619%	728%
Net Stable Funding		
Total Available Stable Funding	163,772,528	171,167,420
Total Required Stable Funding	149,740,900	132,439,520
Net Stable Funding Ratio	109%	129%

38 ISLAMIC BANKING BUSINESS

The Group is operating 23 (December 31, 2022: 5) Islamic banking branches and 10 (December 31, 2022: nil) Islamic Banking Windows as at September 30, 2023.

		(Un-audited) September 30, 2023	(Audited) December 31, 2022
	Note	Rupees in '000	
ASSETS			
Cash and balances with treasury banks		132,696	54,914
Balances with other banks		32,570	26,670
Due from financial institutions	38.1	-	2,551,275
Investments	38.2	2,222,517	1,868,023
Islamic financing and related assets - net		-	-
Fixed assets		20,808	5,941
Intangible assets		-	-
Due from Head Office		-	-
Other assets		136,414	54,297
Total Assets		2,545,005	4,561,120
LIABILITIES			
Bills payable		2,150	1,367
Due to financial institutions		-	543,627
Deposits and other accounts	38.3	1,512,062	3,216,540
Due to Head Office		408,580	259,590
Subordinated debt		-	-
Other liabilities		95,527	58,798
		<u>2,018,319</u>	<u>4,079,922</u>
NET ASSETS		<u>526,686</u>	<u>481,198</u>
REPRESENTED BY			
Islamic Banking Fund		500,000	500,000
Reserves		-	-
Deficit on revaluation of assets		(30,949)	(25,955)
Unappropriated profit	38.4	57,635	7,153
		<u>526,686</u>	<u>481,198</u>
CONTINGENCIES AND COMMITMENTS	38.5		

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

	Note	(Un-audited)	
		September 30, 2023	September 30, 2022
Rupees in '000			
Profit / return earned	38.6	845,435	281,061
Profit / return expensed	38.7	662,946	219,536
Net Profit / return		182,489	61,525
Other income			
Fee and Commission Income		586	244
Dividend Income		-	-
Foreign Exchange Income		-	-
Income / (loss) from derivatives		-	-
Gain / (loss) on securities		21	-
Other Income		-	-
Total other income		607	244
Total Income		183,096	61,769
Other expenses			
Operating expenses		86,322	46,530
Workers Welfare Fund		-	-
Other charges		-	-
Total other expenses		86,322	46,530
Profit before provisions		96,774	15,239
Provisions and write offs - net		-	-
Profit before taxation		96,774	15,239
Taxation		46,292	4,220
Profit after taxation		50,482	11,019

38.1 Due from financial institutions

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

38.2 Investments by segments

	September 30, 2023 (Un-audited)				December 31, 2022 (Audited)			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
 Rupees in '000							
Federal Government securities								
Ijarah sukuk	1,772,006	-	(30,949)	1,741,057	1,325,057	-	(25,955)	1,299,102
Non Government Debt Securities								
Listed securities	481,460	-	-	481,460	568,921	-	-	568,921
Total investments	2,253,466	-	(30,949)	2,222,517	1,893,978	-	(25,955)	1,868,023

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

38.3 Deposits

Customers - local currency

Current deposits	107,425	125,292
Savings deposits	1,250,171	2,952,183
Term deposits	150,047	134,668
Others	4,419	4,397
	1,512,062	3,216,540

Financial Institutions

Current deposits	-	-
Savings deposits	-	-
Term deposits	-	-
	-	-
	1,512,062	3,216,540

38.4 Islamic Banking Business Unappropriated Profit

Opening Balance	7,153	(13,298)
Add: Islamic Banking profit for the period	96,774	39,682
Less: Taxation	46,292	19,231
Closing Balance	57,635	7,153

38.5 Contingencies and Commitments

38.5.1 There are no contingencies outstanding against Islamic banking as the reporting date (December 31, 2022: nil)

38.5.2 There are no commitments made by the Islamic banking as the reporting date (December 31, 2022: nil)

(Un-audited)
September 30, **September 30,**
2023 **2022**
Rupees in '000

38.6 Profit / return earned of financing, investments and placement

Profit earned on:

Investments	294,683	129,028
Placements	550,752	152,033
	845,435	281,061

38.7 Profit on deposits and other dues expensed

Deposits and other accounts	338,303	143,237
Call borrowings	324,643	76,299
	662,946	219,536

39 CORRESPONDING FIGURES

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

40 DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements (un-audited) were authorized for issue on 28 OCT 2023 by the Board of Directors of the Bank.

41 GENERAL

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


President


Chief Financial Officer


Director


Director


Director