

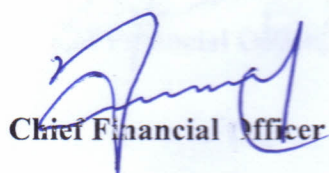
**ZARAI TARAQIATI BANK LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2021**

	Note	(Un-audited) June 30, 2021 ..... Rupees in '000 .....	(Audited) December 31, 2020
<b>ASSETS</b>			
Cash and balances with treasury banks	6	3,158,033	2,677,147
Balances with other banks	7	29,279,006	19,429,284
Lendings to financial institutions	8	9,855,085	11,037,975
Investments - net	9	70,512,982	39,824,960
Advances - net	10	94,296,466	102,656,270
Fixed assets	11	2,656,025	2,793,596
Intangible assets	12	3,765	19,396
Deferred tax assets - net	13	13,777,001	13,266,590
Other assets - net	14	15,261,728	18,980,827
		238,800,091	210,686,045
<b>LIABILITIES</b>			
Bills payable	16	377,323	402,111
Borrowings	17	109,770,511	81,163,232
Deposits and other accounts	18	50,715,690	49,185,517
Liabilities against assets subject to finance lease		-	-
Sub-ordinated loan		-	-
Deferred tax liabilities - net		-	-
Other liabilities	19	23,383,463	23,248,030
		184,246,987	153,998,890
<b>NET ASSETS</b>		<u>54,553,104</u>	<u>56,687,155</u>
<b>REPRESENTED BY</b>			
Share capital		52,678,433	52,678,433
Reserves		6,299,526	6,299,526
Surplus on revaluation of assets - net of tax	20	1,398,767	1,679,047
Accumulated loss		(5,823,622)	(3,969,851)
		<u>54,553,104</u>	<u>56,687,155</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	21		

The annexed notes 1 to 41 form an integral part of these unconsolidated condensed interim financial statements.

*pdclw*

  
President

  
Chief Financial Officer

  
Director

  
Director

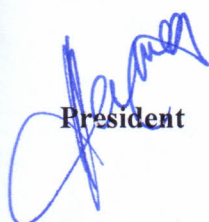
  
Director

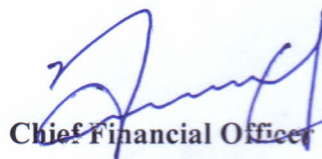
**ZARAI TARAQIATI BANK LIMITED**
**UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**
**FOR THE SIX MONTHS ENDED JUNE 30, 2021**

		Quarter ended		Period ended	
	Note	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
		..... Rupees in '000 .....			
Mark-up / return / interest earned	22	5,697,046	2,356,188	10,797,787	7,279,995
Mark-up / return / interest expensed	23	2,684,147	2,346,179	4,782,302	5,091,682
Net mark-up / interest income		3,012,899	10,009	6,015,485	2,188,313
<b>NON MARK-UP / INTEREST INCOME</b>					
Fee and commission income	24	309,863	95,421	570,262	249,264
Dividend income		26,264	18,083	26,264	18,083
Foreign exchange income		-	-	-	-
Income / (loss) from derivatives		-	-	-	-
Gain on securities	25	4,524	2,079	6,178	2,079
Other income	26	29,680	15,121	84,270	106,948
Total non-mark-up / interest income		370,331	130,704	686,974	376,374
Total income		3,383,230	140,713	6,702,459	2,564,687
<b>NON MARK-UP / INTEREST EXPENSES</b>					
Operating expenses	27	2,551,563	2,887,293	5,203,999	5,850,852
Workers welfare fund		-	-	-	-
Other charges	28	75,709	147,620	75,709	147,620
Total non mark-up / interest expenses		2,627,272	3,034,913	5,279,708	5,998,472
Profit / (loss) before provisions		755,958	(2,894,200)	1,422,751	(3,433,785)
(Reversal) / provisions and write offs - net	29	(2,201,494)	(942,018)	2,469,484	5,114,075
Extra ordinary / unusual items		-	-	-	-
<b>PROFIT / (LOSS) BEFORE TAXATION</b>		2,957,452	(1,952,182)	(1,046,733)	(8,547,860)
Taxation	30	2,337,049	1,796,912	807,038	98,694
<b>PROFIT / (LOSS) AFTER TAXATION</b>		620,403	(3,749,094)	(1,853,771)	(8,646,554)
Basic earning / (loss) per share (Rupees)	31	0.12	(0.71)	(0.35)	(1.64)
Diluted earning / (loss) per share (Rupees)	31	0.12	(0.71)	(0.35)	(1.64)

The annexed notes 1 to 41 form an integral part of these unconsolidated condensed interim financial statements.

*Edgewood*

  
President

  
Chief Financial Officer

  
Director

  
Director

  
Director

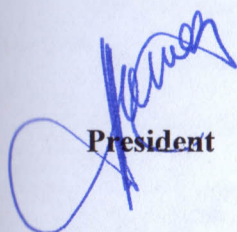


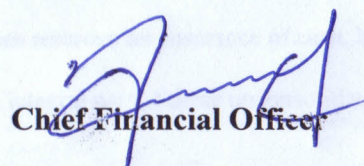
**ZARAI TARAQIATI BANK LIMITED**
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**
**FOR THE SIX MONTHS ENDED JUNE 30, 2021**

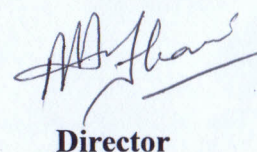
	Quarter ended		Period ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	... Rupees in '000 ...			
<b>Profit / (loss) after taxation for the period</b>	620,403	(3,749,094)	(1,853,771)	(8,646,554)
<b>Other Comprehensive Income / (Loss)</b>				
<b>Items that may be reclassified to profit and loss account in subsequent periods:</b>				
Movement in surplus on revaluation of investments - net of tax	109,502	21,878	(280,280)	(274,486)
<b>Items that will not be reclassified to profit and loss account in subsequent periods:</b>				
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-
<b>Total Comprehensive Income / (Loss)</b>	<u>729,905</u>	<u>(3,727,216)</u>	<u>(2,134,051)</u>	<u>(8,921,040)</u>

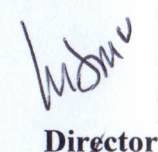
The annexed notes 1 to 41 form an integral part of these unconsolidated condensed interim financial statements.

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President

  
Chief Financial Officer

  
Director

  
Director

  
Director

Cash and cash equivalents at end of the period

33

32,437,039

12,876,652

The annexed notes 1 to 41 form an integral part of these unconsolidated condensed interim financial



**ZARAI TARAQIATI BANK LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2021**

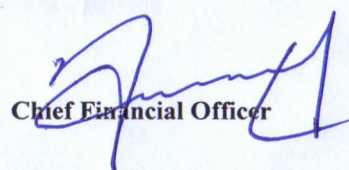
	Share capital	Statutory reserve	Contingencies reserve	Surplus on revaluation of investments	Un-appropriated profit / (loss)	Total
..... Rupees in '000 .....						
<b>Balance as at January 1, 2020</b>	52,678,433	6,239,526	60,000	2,093,590	(3,436,985)	57,634,564
Loss after taxation for the half year ended June 30, 2020	-	-	-	-	(8,646,554)	(8,646,554)
Other comprehensive loss for the half year ended June 30, 2020	-	-	-	(274,486)	-	(274,486)
Total comprehensive loss for the half year ended June 30, 2020	-	-	-	(274,486)	(8,646,554)	(8,921,040)
Transferred to statutory reserve	-	-	-	-	-	-
<b>Balance as at June 30, 2020</b>	52,678,433	6,239,526	60,000	1,819,104	(12,083,539)	48,713,524
Profit after taxation for six months period ended December 31, 2020	-	-	-	-	6,179,139	6,179,139
Other comprehensive income / (loss) for half year ended December 31, 2020	-	-	-	(140,057)	1,934,549	1,794,492
Total comprehensive income / (loss) for half year ended December 31, 2020	-	-	-	(140,057)	8,113,688	7,973,631
<b>Balance as at December 31, 2020</b>	52,678,433	6,239,526	60,000	1,679,047	(3,969,851)	56,687,155
Loss after taxation for the half year ended June 30, 2021	-	-	-	-	(1,853,771)	(1,853,771)
Other comprehensive loss for the half year ended June 30, 2021	-	-	-	(280,280)	-	(280,280)
Total comprehensive loss for the half year ended June 30, 2021	-	-	-	(280,280)	(1,853,771)	(2,134,051)
<b>Balance as at June 30, 2021</b>	52,678,433	6,239,526	60,000	1,398,767	(5,823,622)	54,553,104

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

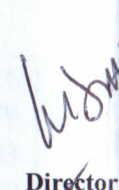
The Bank has set aside contingencies reserve for insurance of cash, building and vehicles.

The annexed notes 1 to 41 form an integral part of these unconsolidated condensed interim financial statements.

  
President

  
Chief Financial Officer

  
Director

  
Director

  
Director

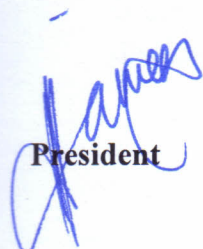


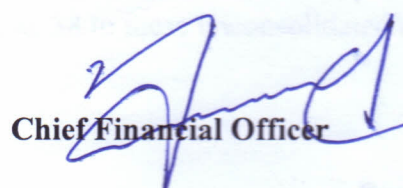
**ZARAI TARAQIATI BANK LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2021**

		Period ended	
	Note	June 30, 2021	June 30, 2020
		..... Rupees in '000 .....	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income / (loss) before working capital changes	32	5,889,114	(931,141)
Decrease / (increase) in operating assets:			
Lendings to financial institutions		1,182,890	(286,638)
Advances - net		2,882,158	4,619,285
Other assets - net (excluding advance taxation)		2,781,402	27,417
		6,846,450	4,360,064
Increase / (decrease) in operating liabilities:			
Bills payable		(24,788)	(42,662)
Borrowings from financial institutions		28,607,279	(11,469,270)
Deposits and other accounts		1,530,173	(316,256)
Other liabilities		(571,191)	2,023,369
		29,541,473	(9,804,819)
Employees' benefits paid		(516,712)	(386,111)
Income tax paid		(164,441)	(189,351)
Net cash generated from / (used in) operating activities		41,595,884	(6,951,358)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net investments in available-for-sale securities		(31,119,221)	(12,654,316)
Gain on sales of securities		6,178	2,079
Dividend received		26,264	18,083
Investments in operating fixed assets		(46,059)	(5,929)
Proceeds from sale of fixed assets		20,402	41,082
Net cash used in investing activities		(31,112,436)	(12,599,001)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of lease liability against right-of-use assets		(152,840)	(129,972)
Increase / (decrease) in cash and cash equivalents		10,330,608	(19,680,331)
Cash and cash equivalents at beginning of the year		22,106,431	32,556,983
Cash and cash equivalents at end of the period	33	32,437,039	12,876,652

The annexed notes 1 to 41 form an integral part of these unconsolidated condensed interim financial statements.

*Advised*

  
**President**

  
**Chief Financial Officer**

  
**Director**

  
**Director**

  
**Director**



**ZARAI TARAQIATI BANK LIMITED**  
**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**(UN-AUDITED) FOR THE SIX MONTHS ENDED JUNE 30, 2021**

**1 STATUS AND NATURE OF BUSINESS**

**1.1 Reorganization and conversion**

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

**1.2 Status**

As required under section 3 of the Agricultural Development Bank of Pakistan (Reorganization and Conversion) Ordinance, 2002, Zarai Taraqati Bank Limited ("the Bank") was incorporated as a public limited company under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) on October 23, 2002. Consequently, under SRO 823(1)/2002 dated November 18, 2002, all the assets, contracts, liabilities, proceedings and undertakings of ADBP were transferred to, and vested in Zarai Taraqati Bank Limited on December 14, 2002, the effective date specified by the Federal Government, on the basis of net worth determined at Rs. 8.7 billion. The Bank is domiciled in Pakistan and its registered office is situated at 1-Faisal Avenue (Zero Point), Islamabad. The Bank operates 501 (December 31, 2020: 501) branches including 5 (December 31, 2020: 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 These unconsolidated condensed interim financial statements represent un-audited separate condensed interim financial information of the Bank. The consolidated condensed interim financial information of the Bank and its subsidiary company is presented separately.
- 2.2 The financial results of the Islamic banking branches have been consolidated in these unconsolidated condensed interim financial statements for reporting purposes, after eliminating interbranch transactions / balances. Key financial figures of the Islamic banking branches are disclosed in note 38 to these unconsolidated condensed interim financial statements.



### **3 STATEMENT OF COMPLIANCE**

3.1 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 Accounting Standard (IAS 34), Interim Financial Reporting, Issued by International Accounting Standard Board (IASB) as 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.

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

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, 2020.

### **4 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS**

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

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

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



	<b>Effective date (annual periods ending on or after)</b>
IFRS 9, Financial Instruments: Classification and Measurement	January 01, 2022
IAS 1, Presentation of Financial Statements (Amendments)	January 01, 2022
IAS 16, Property, plant and equipment (Amendments)	January 01, 2022
IAS 37, Provisions, Contingent Liabilities and Contingent Assets (Amendments)	January 01, 2022

IFRS 9 addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on an 'expected credit losses' (ECL) approach rather than the 'incurred credit losses' approach as currently followed. The ECL approach has an impact on all assets of the Bank which are exposed to credit risk.

IFRS 9 is effective from January 1, 2022 as per BPRD Circular No. 24 dated July 5, 2021 of SBP. However, the Banks / DFIs are required to have a parallel run implementation of IFRS 9 for the period ending March 31, June 30 and September 30, 2021 and are also required to prepare pro-forma financial statements which include the impact of IFRS 9 from the year ended December 31, 2019.

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

## **5 SIGNIFICANT ACCOUNTING POLICIES AND FINANCIAL RISK MANAGEMENT**

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, 2020.

- 5.1 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, 2020.

### **5.2 Basis of Measurement**

These financial statements have been prepared under the historical cost convention except that certain investments have been marked to market and are carried at fair value and post employment benefits that are recorded at present value using actuarial valuation.

### **5.3 Critical Accounting Estimates and Judgments**

The basis for accounting estimates adopted in the preparation of these unconsolidated condensed interim financial statements (un-audited) are the same as that applied in the preparation of the annual unconsolidated financial statements for the year ended December 31, 2020.

	(Un-audited) June 30, 2021	(Audited) December 31, 2020
	Rupees in '000	
<b>6 CASH AND BALANCES WITH TREASURY BANKS</b>		
In hand		
Local currency	581,173	562,751
With State Bank of Pakistan in:		
Local currency current account	2,203,843	1,552,407
With National Bank of Pakistan in:		
Local currency current account	123,375	121,289
Local currency deposit account	243,403	426,957
	366,778	548,246
Prize bonds	6,239	13,743
	<u>3,158,033</u>	<u>2,677,147</u>
<b>7 BALANCES WITH OTHER BANKS</b>		
In Pakistan		
In current accounts	110,333	128,027
In deposit accounts	29,168,673	19,301,257
	<u>29,279,006</u>	<u>19,429,284</u>
<b>8 LENDINGS TO FINANCIAL INSTITUTIONS</b>		
Call money lendings	-	1,000,000
Bai Muajjal	51,275	51,275
Repurchase agreement lendings (Reverse Repo)	9,803,810	9,986,700
	<u>9,855,085</u>	<u>11,037,975</u>



## 9 INVESTMENTS - NET

### 9.1 Investments by types

	June 30, 2021 (Un-audited)				December 31, 2020 (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	65,831,886	-	(258,797)	65,573,089	34,161,061	-	(195,459)	33,965,602
Shares	99,819	(10,523)	2,408,287	2,497,583	99,819	(10,523)	2,780,330	2,869,626
Corporate sukuk	170,575	-	2,644	173,219	518,938	-	7,081	526,019
Term Finance Certificates	2,169,275	-	(184)	2,169,091	2,372,516	-	(8,803)	2,363,713
	68,271,555	(10,523)	2,151,950	70,412,982	37,152,334	(10,523)	2,583,149	39,724,960
<b>Subsidiary</b>	100,000	-	-	100,000	100,000	-	-	100,000
<b>Total investments</b>	<u>68,371,555</u>	<u>(10,523)</u>	<u>2,151,950</u>	<u>70,512,982</u>	<u>37,252,334</u>	<u>(10,523)</u>	<u>2,583,149</u>	<u>39,824,960</u>

(Un-audited)      (Audited)  
June 30,      December 31,  
2021      2020  
Rupees in '000

### 9.2 Investments given as collateral

Market Treasury bills	28,268,570	6,562,552
Pakistan Investment Bonds	27,040,405	20,139,144
	<u>55,308,975</u>	<u>26,701,696</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) June 30, 2021	(Audited) December 31, 2020	(Un-audited) June 30, 2021	(Audited) December 31, 2020	(Un-audited) June 30, 2021	(Audited) December 31, 2020
	..... Rupees in '000 .....					
Loans, cash credits, running finance, etc.	71,576,069	70,669,573	48,352,118	59,225,005	119,928,187	129,894,578
Advances - gross	71,576,069	70,669,573	48,352,118	59,225,005	119,928,187	129,894,578
Provision for advances:						
- against agriculture advance	-	-	22,602,869	24,205,819	22,602,869	24,205,819
- against staff advances	-	-	28,852	32,489	28,852	32,489
- general	3,000,000	3,000,000	-	-	3,000,000	3,000,000
	3,000,000	3,000,000	22,631,721	24,238,308	25,631,721	27,238,308
Advances - net of provision	68,576,069	67,669,573	25,720,397	34,986,697	94,296,466	102,656,270

## 10.1 Particulars of advances (gross)

In local currency	119,928,187	129,894,578
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10.2 Advances include Rs. 48,314.862 million (December 31, 2020: Rs. 59,183.67 million) relating to agricultural financing which have been placed under non-performing status as detailed below:

Category of classification	June 30, 2021 (Un-audited)		December 31, 2020 (Audited)	
	Non performing loans	Provision	Non performing loans	Provision
	..... Rupees in '000 .....			
<b>Domestic</b>				
Other assets especially mentioned	14,883,913	-	22,101,594	-
Substandard	10,191,430	2,038,286	8,647,408	1,729,486
Doubtful	5,349,878	2,674,942	11,916,701	5,958,360
Loss	17,889,641	17,889,641	16,517,972	16,517,972
	48,314,862	22,602,869	59,183,675	24,205,818



### 10.3 Particulars of provision against advances

	June 30, 2021 (Un-audited)			December 31, 2020 (Audited)		
	Specific	General	Total	Specific	General	Total
	..... Rupees in '000 .....					
Opening balance	24,205,818	3,000,000	27,205,818	27,468,251	3,000,000	30,468,251
Charge for the period	8,823,785	-	8,823,785	15,359,077	-	15,359,077
Reversals	(3,342,468)	-	(3,342,468)	(11,805,940)	-	(11,805,940)
	5,481,317	-	5,481,317	3,553,137	-	3,553,137
Amounts written off	-	-	-	-	-	-
Amounts charged off	(7,084,266)	-	(7,084,266)	(6,815,570)	-	(6,815,570)
Closing balance	22,602,869	3,000,000	25,602,869	24,205,818	3,000,000	27,205,818

10.3.1 General provision amounts to Rs. 3,000 million (December 31, 2020: Rs. 3,000 million).

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

10.3.3 In addition to the time based criteria, the Bank has further classified loans and advances amounting to Rs. 6,209.068 million (December 31, 2020: 9,283.98 million) and further de-graded the category of classified loans and advances amounting to Rs. 10,602.76 million (December 31, 2020: Rs. 11,472.26 million) on the basis of credit worthiness of the borrowers in accordance with the subjective criteria of the Prudential Regulations for Agriculture Financing.

10.3.4 Provision against non-performing loans and advances - net

	Note	2021	2020
		Rupees in '000	
Provision against non-performing loans and advances	10.3	5,481,317	3,553,137
Provision against staff advances		(3,637)	3,353
		<u>5,477,680</u>	<u>3,556,490</u>

	Note	(Un-audited) June 30, 2021 Rupees in '000	(Audited) December 31, 2020
<b>11 FIXED ASSETS</b>			
Capital work-in-progress	11.1	43,888	42,943
Property and equipment	11.2	1,723,571	1,839,448
Right of use assets		888,566	911,205
		<u>2,656,025</u>	<u>2,793,596</u>
<b>11.1 Capital work-in-progress</b>			
Civil works		35,858	35,858
Consultancy charges		6,762	6,762
Others	11.1.1	1,268	323
		<u>43,888</u>	<u>42,943</u>
11.1.1 This includes soil testing and other charges incurred at sites.			
		... (Un-audited) ... June 30, 2021	June 30, 2020 ... Rupees in '000 ...
<b>11.2 Additions to fixed assets</b>			
The following additions have been made during the period:			
Capital work-in-progress		945	-
Property and equipment:			
Building on leasehold land		334	-
Furniture and fixture		724	1,251
Electrical, office and computer equipment		1,118	4,678
Vehicles		42,939	-
Total		<u>46,061</u>	<u>5,929</u>
<b>11.3 Disposal of fixed assets</b>			
The net book value of fixed assets disposed off is as follows:			
Furniture and fixture		164	12
Electrical, office and computer equipment		28	2
Vehicles		13,138	4,591
Total		<u>13,330</u>	<u>4,605</u>



		(Un-audited) June 30, 2021	(Audited) December 31, 2020
		Rupees in '000	
<b>12</b>	<b>INTANGIBLE ASSETS</b>		
	Computer Software	3,765	19,396
<b>13</b>	<b>DEFERRED TAX ASSETS - NET</b>		
	<b>Deductible temporary differences on:</b>		
	Defined benefit plans	508,940	508,940
	Tax losses carried forward	1,593,456	2,759,984
	Provision against non-performing loans and advances	12,518,613	11,021,173
		14,621,009	14,290,097
	<b>Taxable temporary differences on:</b>		
	Accelerated tax depreciation	(90,825)	(119,403)
	Surplus on revaluation of investments	(753,183)	(904,103)
		(844,008)	(1,023,506)
		13,777,001	13,266,590
<b>14</b>	<b>OTHER ASSETS - NET</b>		
	Income / mark-up accrued in local currency on :		
	- advances - net of provision	2,962,773	5,133,329
	- securities	1,321,601	826,622
	- deposits	157,502	73,286
	Amount recoverable from Federal Government	2,546,496	3,050,627
	Tax recoverable	422,652	422,652
	Branch adjustment account	1,503,964	1,538,738
	Taxation (payments less provision)	5,298,037	6,300,124
	Receivable from gratuity scheme - SSR 1961	119,412	119,412
	Receivable from gratuity scheme - SR 2005	321,107	299,944
	Non banking assets acquired in satisfaction of claims	433,891	438,665
	Stationery and stamps in hand	134,222	141,720
	Stock of farm machinery	11,237	11,237
	Advances against salary and expenses	46,774	36,418
	Security deposits	6,193	6,192
	Advances and other prepayments	129,767	181,354
	Others	825,180	1,422,813
		16,240,808	20,003,133
	Provision held against other assets	(979,080)	(1,022,306)
	Other assets - net of provisions	15,261,728	18,980,827

	(Un-audited) June 30, 2021	(Audited) December 31, 2020
<b>14.1 Provision held against other assets</b>		
Tax recoverable	422,652	422,652
Non banking assets acquired in satisfaction of claims	433,891	438,665
Stock of farm machinery	11,237	11,237
Accrued interest on advances of ex-employees	13,906	16,387
Amount deposited with courts / legal charges recoverable	97,394	133,365
	<u>979,080</u>	<u>1,022,306</u>

#### 14.1.1 Movement in provision held against other assets

Opening balance	1,022,306	722,525
Charge for the period / year	18,809	328,591
Reversals	(62,035)	(28,810)
	<u>(43,226)</u>	<u>299,781</u>
Closing balance	<u>979,080</u>	<u>1,022,306</u>

### 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 and further took up the matter with Federal Cabinet for its review. Federal Cabinet referred the case to the Attorney General of Pakistan (AGP) for its final decision which was received on March 12, 2011 whereby the AGP decided that Section 27-A of the ADBP Ordinance should prevail over section 80-D of the Income Tax Ordinance, 1979.
- 15.2 Assistant Commissioner, Sindh Revenue Board (SRB) passed an order on May 11, 2019 for the period January 2012 to December 2012 creating a demand of Rs 6.42 million (principle + penalty). On June 03, 2019, payment of impugned tax amounting to Rs.6.6 million (principle + 10% surcharge) was made, under protest, to avail the SRB amnesty scheme. The Bank, however, filed appeal before Commissioner (Appeals), SRB and is expecting a favourable decision.
- 15.3 Assistant Commissioner, SRB passed an order on July 11, 2019 for the period January 2013 to December 2013 creating a demand of Rs 2.75 million. On June 03, 2019, payment of impugned tax amounting to Rs. 2.75 million was made, under protest, to avail the SRB amnesty scheme. The Bank, however, filed appeal before Commissioner (Appeals), SRB and is expecting a favourable decision.

- 15.4 Assistant Commissioner, SRB has passed an order on January 24, 2020 for the period of January 2014 to December 2014 which has created a demand of Rs. 54.6 million. On June 03, 2019 payment of impugned tax was made for Rs. 2.86 million, under protest, to avail the SRB amnesty scheme. The Bank, however, filed appeal before Commissioner (Appeals), SRB and is expecting a favourable decision.



		(Un-audited) June 30, 2021	(Audited) December 31, 2020
		Rupees in '000	
<b>16</b>	<b>BILLS PAYABLE</b>		
	In Pakistan	377,323	402,111
<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	55,308,975	25,082,414
	Repurchase agreement borrowings - others	-	1,619,282
	<b>Total secured</b>	109,770,511	81,163,232
	<b>Unsecured</b>		
	Call borrowings	-	-
		109,770,511	81,163,232
<b>18</b>	<b>DEPOSITS AND OTHER ACCOUNTS</b>		
	<b>Customers - local currency</b>		
	Current deposits	6,658,078	7,622,606
	Saving deposits	4,783,477	5,173,387
	Term deposits	36,845,581	34,426,979
	Others	42,645	68,998
		48,329,781	47,291,970
	<b>Financial Institutions - local currency</b>		
	Current deposits	70,392	71,385
	Saving deposits	2,315,517	1,822,162
	Term deposits	-	-
		2,385,909	1,893,547
		50,715,690	49,185,517
<b>19</b>	<b>OTHER LIABILITIES</b>		
	Mark-up / return / interest payable in local currency on:		
	- borrowings	1,379,287	1,334,763
	- deposits and other accounts	1,235,346	961,638
	Accrued expenses	56,492	154,040
	Net liabilities relating to Bangladesh	189	189
	Payable to Ministry of Food Agriculture & Livestock	161,609	168,000
	Provision for:		
	- pension scheme	8,960,917	8,504,505
	- employees' post retirement medical benefits	6,853,183	6,606,148
	- employees' compensated absences	2,679,066	2,651,667
	Payable to subsidiary company	186,287	214,638
	Due to Islamic Banking	412	14,995
	Security deposits	76,441	86,017
	Deferred income	10,844	11,122
	Lease liability against right-of-use assets	868,567	892,513
	Others	914,823	1,647,795
		23,383,463	23,248,030

(Un-audited)	(Audited)
June 30,	December 31,
2021	2020
Rupees in '000	

## 20 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

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

Quoted investments	2,408,287	2,780,330
Other securities	(256,337)	(197,181)
Surplus on revaluation of available-for-sale securities	2,151,950	2,583,149
Deferred tax on surplus on revaluation of available-for-sale securities	(753,183)	(904,102)
	<u>1,398,767</u>	<u>1,679,047</u>

## 21 CONTINGENCIES AND COMMITMENTS

### 21.1 Contingent liabilities

In respect of cases filed against the Bank:

- by borrowers; 636 (December 31, 2020: 529) cases	<u>1,269,169</u>	<u>1,204,553</u>
- by employees; 463 (December 31, 2020: 417) cases	<u>370,450</u>	<u>616,683</u>

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 has 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 the 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 has 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 in these financial statements 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 has decided most of the issues involved in favour of the Bank. Final appeal effects order has also been received by the Bank as per the decisions of ATIR resulting in net refunds of Rs. 4,640.154 million. However, the Commissioner Inland Revenue (CIR) has 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 Honouable 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 in these financial statements 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. 3,307.138 million. The Bank filed appeals before CIR(A) who maintained the order. The Bank filed an appeal against the said order before ATIR which has been decided and cases have been 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 has 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 have 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 has 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 off 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 the Income Tax Ordinance, 2001 as the matter is subjudiced 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 converting the tax liability from Rs. 5.180 million to refund of Rs. 12.319 million respectively. Being aggrieved against the A.O. orders, the Bank filed an appeal before ATIR after exhausting CIR(A) forum who upheld the A.O. orders. 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 has 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 off both the appeals by remanding back the issues to A.O. In appeal effect order the A.O. after adjustment of available refund reduced 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 has filed appeal before CIR(A) against the orders of DCIR who upheld the orders of DCIR. The Bank has 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 has 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 has 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 has 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 has 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. Being aggrieved the Bank filed appeal before CIR(A) which is pending for hearing. 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 off 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 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 appeal before ATIR after exhausting the CIR(A) forum who upheld the orders of ACIR. Other than this order the A.O. passed two other assessment orders u/s 161 / 205 of the Income Tax Ordinance, 2001 and raised demand of Rs. 161.180 million and of Rs. 63.243 million respectively. CIR(A) remanded back to the A.O. of Rs. 63.243 million for issuance of speaking order. After reassessment Assessment Officer passed the appeal effect order u/s 124/129 by reducing demand to Rs. 60.377 million. The CIR(A) annulled the assessment order of Rs. 161.180 million and appeal effects are pending. Accordingly, no provision has been made because the Bank is expecting a favourable decision.
- 21.2.12 A.O. passed four assessment orders u/s 161 / 205 of the Income Tax Ordinance, 2001 for Tax Year 2015 and raised demand of Rs. 26.628 million, Rs. 0.412 million, Rs. 9.495 million and Rs. 63.469 million respectively against short deduction of withholding tax. Being aggrieved the Bank filed appeal before CIR(A) against the orders of A.O. CIR(A) remanded back to the A.O. of Rs. 26.628 million for denovo consideration and A.O. passed the order by reducing demand to Rs. 14.183 million. Being aggrieved the Bank filed an appeal to ATIR. The CIR(A) against assessment of Rs. 0.412 million upheld the decision of A.O. Being aggrieved the Bank filed an appeal to ATIR. The CIR(A) against appeal filed by the Bank annulled the assessment order of Rs. 9.495 million, annulled appeal effects are pending. CIR(A) remanded back to the A.O. of Rs. 63.469 million for issuance of speaking order. After reassessment Assessment Officer passed the appeal effect order u/s 124/129 by reducing the demand to Rs. 27.155 million. The Bank has not accounted for the demand as tax payable as a favourable decision is expected.
- 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, CIR(A) remand back the case to A.O. for speaking order. The Bank has not accounted for the demand as tax payable, as a favourable decision is expected.
- 21.2.14 A.O. passed orders 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 & Stay application before Commissioner (Appeals) against the impugned order. Bank has not accounted for the demand as tax payable, as a favorable decision is expected.

- 21.2.15 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.4085.176 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.
- 21.2.16 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 has decided most of the issues involved in favour of the Bank. However, Commissioner Inland Revenue (CIR) has 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.
- 21.2.17 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 pendings. 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.
- 21.2.18 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 has 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) to A.O. 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.
- 21.2.19 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 has remanded back the case to the A.O. Information / details were provided to A.O. on March 3, 2020 and assessment order is still pending. The Bank has not accounted for the demand as tax payable, as a favourable decision is expected.
- 21.2.20 ATIR, Sindh Revenue Board (SRB) passed an 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 favour of the Bank wherein addition to sales tax against postal charges has been deleted. However, SRB has filed reference application before SHC, u/s 151 CPC, 1908. The Bank has not accounted for the demand as tax payable, as a favourable decision is expected.

- 21.2.21 Assistant Commissioner (A.C.), SRB has passed an order on January 21, 2020 for the period of January 2015 to December 2015 creating a demand of Rs. 10.2 million. Bank has filed an appeal before the Commissioner, SRB against the alleged decision of A.C. (SRB). The Bank has not accounted for the demand as tax payable, as a favourable decision is expected.
- 21.2.22 A.C. (SRB) has passed an order on January 24, 2020 for the period of January 2016 to December 2016 creating a demand of Rs. 6.68 million. The Bank has filed an appeal before the Commissioner, SRB against the alleged decision of A.C. (SRB). The Bank has not accounted for the demand as tax payable, as a favourable decision is expected.
- 21.2.23 Order was passed by Deputy Commissioner, FBR for Tax Year 2015/16 creating demand of Rs. 712 million, vide Order-in-Original No.306 on 09.06.2020. Appeal & Stay application filed before Commissioner (Appeals) against the impugned order. Hearing for Stay Application was fixed on 14.07.2020 and 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. Hearing of main Appeal was fixed on 13.10.2020. Further, Stay has been granted for 30 days by the Honorable High Court. Appellate Order dt 30.10.2020 received by the C(IR) confirming the decision of DC(IR). However, Appeal alongwith Stay Application filed before AT(IR). AT(IR) granted the stay of impugned demand on 01.07.2021 for 30 days. Bank has not accounted for the demand as tax payable, as a favourable decision is expected.

	(Un-audited) June 30, 2021	(Audited) December 31, 2020
	Rupees in '000	
<b>21.3 Commitments against</b>		
Capital expenditure	39,411	39,411
ERP implementation	9,671	9,671

	(Un-audited) June 30, 2021	June 30, 2020
	Rupees in '000	

**22 MARK-UP / RETURN / INTEREST EARNED**

Loans and advances	7,804,454	4,932,828
Investments	1,957,111	1,312,121
Securities purchased under resale agreement	436,899	23,025
Call money lendings	158,895	2,565
Balances with banks	440,428	1,009,456
	10,797,787	7,279,995

**23 MARK-UP / RETURN / INTEREST EXPENSED**

Deposits	1,423,475	2,747,264
Redeemable preference shares - SBP	2,042,308	2,042,308
Securities sold under repurchased agreement	1,262,550	128,488
Call borrowings	266	128,664
Bank commission and other charges	4,475	4,466
On lease liability against right-of-use assets	49,228	40,492
	4,782,302	5,091,682

		(Un-audited)		
		June 30,	June 30,	
		2021	2020	
		Rupees in '000		
24	<b>FEE &amp; COMMISSION INCOME</b>			
	Branch banking customer fees	18,767	11,425	
	Credit related fees	547,067	231,961	
	Commission on remittances including home remittances	4,428	5,878	
		<u>570,262</u>	<u>249,264</u>	
25	<b>GAIN ON SECURITIES</b>			
	Realised	25.1	<u>6,178</u>	<u>2,079</u>
25.1	Realised gain on: Federal Government Securities		<u>6,178</u>	<u>2,079</u>
26	<b>OTHER INCOME</b>			
	Rent on property - KSSL - subsidiary company		2,192	4,605
	Rent on property - others		33,832	31,239
			<u>36,024</u>	<u>35,844</u>
	Gain on sale of fixed assets - net		7,072	36,477
	Gain on sale of non banking assets - net		6,210	10,288
	Deferred income amortization		278	293
	Others	26.1	34,686	24,046
			<u>84,270</u>	<u>106,948</u>
26.1	Other includes sale of scrap, sale of tender forms, etc.			
27	<b>OPERATING EXPENSES</b>			
	<b>Total compensation expense</b>		3,893,494	4,410,370
	<b>Property expense</b>			
	Rent & taxes		6,207	13,875
	Insurance		15,776	16,319
	Utilities cost		74,315	63,950
	Repair and maintenance (including janitorial charges)		37,439	37,825
	Depreciation		16,997	12,833
	Depreciation - right of use assets		102,305	105,425
			<u>253,039</u>	<u>250,227</u>
	<b>Information technology expenses</b>			
	Software maintenance		1,902	10,476
	Hardware maintenance		4,298	7,077
	Depreciation		35,405	31,230
	Amortisation		15,631	16,067
	Network charges		16,279	12,779
			<u>73,515</u>	<u>77,629</u>



		(Un-audited)	
		June 30,	June 30,
		2021	2020
		Rupees in '000	
	<b>Other operating expenses</b>		
	Directors' fees and allowances	1,305	-
	Legal & professional charges	74,974	72,454
	Outsourced services costs	535,031	608,869
	Travelling & conveyance	33,151	33,065
	NIFT clearing charges	7,473	7,072
	Depreciation	95,259	137,031
	Training & development	2,385	9,858
	Postage & courier charges	11,710	10,196
	Communication	16,335	16,320
	Stationery & printing	26,364	31,572
	Marketing, advertisement & publicity	424	2,401
	Auditors Remuneration	500	-
	Motor vehicle expenses	95,012	159,854
	Others	84,028	23,934
		<u>5,203,999</u>	<u>5,850,852</u>
<b>28</b>	<b>OTHER CHARGES</b>		
	Penalties imposed by SBP	<u>75,709</u>	<u>147,620</u>
<b>29</b>	<b>PROVISIONS AND WRITE-OFFS - NET</b>		
	Provisions against loans & advances	10.3 5,477,679	5,781,563
	(Reversal) / charge of provision against other assets	14.1.1 (43,227)	(17,775)
	Bad debts written off directly	(33)	9,926
	Recovery of written off / charged off bad debts	(2,964,935)	(659,639)
		<u>2,469,484</u>	<u>5,114,075</u>
<b>30</b>	<b>TAXATION</b>		
	Current	1,166,528	123,591
	Deferred	(359,490)	(24,897)
		<u>807,038</u>	<u>98,694</u>
<b>31</b>	<b>LOSS PER SHARE - BASIC AND DILUTED</b>		
	Loss after tax for the period	(1,853,771)	(8,646,554)
	Weighted average number of ordinary shares	<u>5,267,843,241</u>	<u>5,267,843,241</u>
	Loss per share - basic and diluted (Rupees)	<u>(0.35)</u>	<u>(1.64)</u>
31.1	There is no dilutive effect on the basic loss per share of the Bank.		

		(Un-audited)	
		June 30,	June 30,
		2021	2020
		Rupees in '000	
<b>32</b>	<b>OPERATING PROFIT / (LOSS) BEFORE WORKING CAPITAL CHANGES</b>		
	Loss before taxation	(1,046,733)	(8,547,860)
	Less: Dividend income	(26,264)	(18,083)
		<u>(1,072,997)</u>	<u>(8,565,943)</u>
	Adjustments:		
	Depreciation	147,661	181,094
	Depreciaton on right-of-use assets	102,305	105,425
	Amortization	15,631	16,067
	Amortization of deferred income	(278)	(293)
	Markup on lease liability on right-of-use assets	49,228	40,492
	Provisions and write-offs	5,434,419	5,773,714
	Provision for employees post retirement medical benefits	414,545	509,870
	Charge for defined benefit plans - net	811,850	1,046,989
	Gain on securities	(6,178)	(2,079)
	Gain on sale of operating fixed assets	(7,072)	(36,477)
		<u>6,962,111</u>	<u>7,634,802</u>
		<u>5,889,114</u>	<u>(931,141)</u>
<b>33</b>	<b>CASH AND CASH EQUIVALENTS</b>		
	Cash and balances with treasury banks	3,158,033	1,436,617
	Balances with other banks	29,279,006	11,440,035
		<u>32,437,039</u>	<u>12,876,652</u>

## **34 FAIR VALUE MEASUREMENT**

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

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

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

### **34.1 Fair value of financial assets**

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

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

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

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

### **34.2 Valuation technique used & key inputs**

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

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

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

	June 30, 2021 (Un-audited)				
	Carrying value / Notional value	Level 1	Level 2	Level 3	Total
	..... Rupees in '000 .....				
<b>On balance sheet financial instruments</b>					
<b>Financial assets measured at fair value</b>					
Investmtnents					
- Federal Government Securities	65,573,089	-	65,573,089	-	65,573,089
- Shares	2,497,583	2,497,583	-	-	2,497,583
- Debt securities (TFCs, Sukuk)	2,169,091	2,169,091	-	-	2,169,091
	70,239,763	4,666,674	65,573,089	-	70,239,763
<b>Financial assets not measured at fair value</b>					
- Subsidiary company	100,000	-	100,000	-	100,000
	70,339,763	4,666,674	65,673,089	-	70,339,763

	December 31, 2020 (Audited)				
	Carrying value / Notional value	Level 1	Level 2	Level 3	Total
	..... Rupees in '000 .....				
<b>On balance sheet financial instruments</b>					
<b>Financial assets measured at fair value</b>					
Investmtnents					
- Federal Government Securities	33,965,602	-	33,965,602	-	33,965,602
- Shares	2,869,626	2,869,626	-	-	2,869,626
- Debt securities (TFCs, Sukuk)	2,889,732	2,889,732	-	-	2,889,732
	39,724,960	5,759,358	33,965,602	-	39,724,960
<b>Financial assets not measured at fair value</b>					
- Subsidiary company	100,000	-	100,000	-	100,000
	39,824,960	5,759,358	34,065,602	-	39,824,960



## 35 SEGMENT INFORMATION

### 35.1 Segment details with respect to business activities:

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

	June 30, 2021 (Un-audited)			
	Branch banking & agri financing	Treasury	Islamic banking	Total
	..... Rupees in '000 .....			
<b>Profit and loss</b>				
Net mark-up/return/profit	4,390,809	1,591,836	32,840	6,015,485
Inter segment revenue - net	474,613	(474,613)	-	-
Non mark-up / return / interest income	654,387	32,442	145	686,974
Total income	5,519,809	1,149,665	32,985	6,702,459
Segment direct expenses	5,227,918	20,851	30,939	5,279,708
Inter segment expense allocation	-	-	-	-
Total expenses	5,227,918	20,851	30,939	5,279,708
Provisions	2,469,484	-	-	2,469,484
(Loss) / profit before tax	(2,177,593)	1,128,814	2,046	(1,046,733)
<b>Balance sheet</b>				
Cash and bank balances	1,763,552	28,671,783	2,001,704	32,437,039
Investments	-	69,788,959	724,023	70,512,982
Net inter segment lendings	500,000	-	-	500,000
Lendings to financial institutions	-	9,803,810	51,275	9,855,085
Advances:				
- Performing	71,576,069	-	-	71,576,069
- Non-performing (net of provision)	22,720,397	-	-	22,720,397
Others	30,141,210	1,456,344	100,965	31,698,519
<b>Total assets</b>	126,701,228	109,720,896	2,877,967	239,300,091
Borrowings	54,461,536	55,308,975	-	109,770,511
Subordinated debt	-	-	-	-
Deposits & other accounts	48,376,073	-	2,339,617	50,715,690
Net inter segment borrowing	-	-	500,000	500,000
Others	23,640,528	64,720	55,538	23,760,786
<b>Total liabilities</b>	126,478,137	55,373,695	2,895,155	184,746,987
Equity	53,154,337	1,395,673	3,094	54,553,104
<b>Total equity and liabilities</b>	179,632,474	56,769,368	2,898,249	239,300,091
<b>Contingencies and commitments</b>	32,394,392	-	-	32,394,392

June 30, 2020 (Un-audited)				
	Branch banking & agri financing	Treasury	Islamic banking	Total
	..... Rupees in '000 .....			
<b>Profit and loss</b>				
Net mark-up/return/profit	197,077	1,961,583	29,653	2,188,313
Inter segment revenue - net	567,111	(567,111)	-	-
Non mark-up / return / interest income	355,970	20,162	242	376,374
Total Income	1,120,158	1,414,634	29,895	2,564,687
Segment direct expenses	5,953,149	13,769	31,554	5,998,472
Inter segment expense allocation	-	-	-	-
Total expenses	5,953,149	13,769	31,554	5,998,472
Provisions	5,114,075	-	-	5,114,075
(Loss) / profit before tax	(9,947,066)	1,400,865	(1,659)	(8,547,860)
December 31, 2020 (Audited)				
	Branch banking & agri financing	Treasury	Islamic banking	Total
	..... Rupees in '000 .....			
<b>Balance sheet</b>				
Cash and bank balances	1,695,535	18,981,903	1,428,993	22,106,431
Investments	-	39,067,304	757,656	39,824,960
Net inter segment lending	500,000	-	-	500,000
Lendings to financial institutions	-	10,986,700	51,275	11,037,975
Advances:				
- Performing	70,669,573	-	-	70,669,573
- Non-performing (net of provision)	31,986,697	-	-	31,986,697
Others	33,900,673	1,084,904	74,832	35,060,409
<b>Total assets</b>	138,752,478	70,120,811	2,312,756	211,186,045
Borrowings	54,461,536	26,701,696	-	81,163,232
Subordinated debt	-	-	-	-
Deposits & other accounts	47,363,910	-	1,821,607	49,185,517
Net inter segment borrowing	-	-	500,000	500,000
Others	23,618,990	20,558	10,593	23,650,141
<b>Total liabilities</b>	125,444,436	26,722,254	2,332,200	154,498,890
Equity	55,005,944	1,679,047	2,164	56,687,155
<b>Total equity and liabilities</b>	180,450,380	28,401,301	2,334,364	211,186,045
Contingencies and commitments	24,004,823	-	-	24,004,823

### 36 RELATED PARTY TRANSACTIONS AND BALANCES

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

The transactions between the Bank and its subsidiary, Kissan Support Services (Private) Limited, are carried out on "cost plus" method. There are no transactions with key management personnel other than under their terms of employment. Contributions to and accruals in respect of staff retirement and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan as at December 31, 2020. 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:

	<b>Subsidiary company</b>		<b>Key management personnel</b>		<b>Defined Benefit Plans</b>		<b>Agricultural Technology</b>	
	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2021</b>	<b>December 31, 2020</b>
	<b>(Un-audited)</b>	<b>(Audited)</b>	<b>(Un-audited)</b>	<b>(Audited)</b>	<b>(Un-audited)</b>	<b>(Audited)</b>	<b>(Un-audited)</b>	<b>(Audited)</b>
	..... Rupees in '000 .....							
<b>Investments</b>	100,000	100,000	-	-	-	-	-	-
<b>Advances</b>								
Opening balance	-	-	49,892	26,483	-	-	-	-
Addition	-	-	32,683	32,683	-	-	-	-
Repaid	-	-	(11,644)	(9,274)	-	-	-	-
Closing balance	-	-	70,931	49,892	-	-	-	-
<b>Other assets</b>								
Interest / mark-up accrued	-	-	8,475	9,472	-	-	-	-
Receivable at the end of the period	-	-	-	-	440,519	419,356	-	-
<b>Deposits and other accounts</b>								
Opening balance	987,730	631,779	5,927	5,566	9,695,509	13,342,343	205,600	182,383
Received during the period / year	2,873,816	3,131,450	49,905	83,758	8,361,905	22,428,079	762	362,222
Withdrawn during the period / year	(2,880,537)	(2,775,499)	(48,192)	(83,397)	(10,305,520)	(26,074,913)	(229)	(339,005)
Closing balance	981,009	987,730	7,640	5,927	7,751,894	9,695,509	206,133	205,600
<b>Other liabilities</b>								
Interest / mark-up payable	32,541	103,291	-	-	368,519	102,786	10,134	3,890
Payable at the end of the period	186,287	214,638	-	-	18,493,166	17,762,320	-	-

	Subsidiary company		Key management personnel		Defined Benefit Plans		Agricultural Technology	
	(Un-audited) Half year ended June 30, .....							
	2021	2020	2021	2020	2021	2020	2021	2020
	Rupees in '000 .....							
Income								
Mark-up / interest earned	-	-	879	734	-	-	-	-
Rental income	2,192	4,605	-	-	-	-	-	-
Expense								
Mark-up / interest paid	51,829	51,557	-	-	38,572	495,512	6,998	11,393
Compensation	-	-	3,900	57,282	-	-	-	-
Post retirement benefit	-	-	176	3,427	-	-	-	-
Contribution to defined benefit plan	-	-	467	725	-	-	-	-
Cost of services rendered	535,031	608,869	-	-	-	-	-	-

### 36.1 Transactions with Government related entities

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

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

## 37 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) June 30, 2021 ... Rupees in '000 ...	(Audited) December 31, 2020
<b>Minimum capital requirement (MCR):</b>		
Paid-up capital (net of losses)	46,854,811	48,708,582
<b>Capital adequacy ratio:</b>		
Eligible common equity tier 1 (CET 1) capital	44,529,283	46,944,995
Eligible additional tier 1 (ADT 1) capital	-	-
Total eligible tier 1 capital	44,529,283	46,944,995
Eligible tier 2 capital	2,980,171	3,425,490
Total eligible capital (tier 1 + tier 2)	47,509,454	50,370,485
<b>Risk weighted assets (RWAS):</b>		
Credit risk	126,512,288	139,715,446
Market risk	4,995,175	5,739,250
Operational risk	20,215,413	20,215,413
Total	151,722,876	165,670,109
Common equity tier 1 capital adequacy ratio	29.35%	28.34%
Tier 1 capital adequacy ratio	29.35%	28.34%
Total capital adequacy ratio	31.31%	30.40%
<b>Leverage ratio (LR):</b>		
Eligible tier-1 capital	44,529,283	46,944,995
Total exposures	287,126,550	237,417,427
Leverage ratio	15.51%	19.77%
<b>Liquidity coverage ratio (LCR):</b>		
Total high quality liquid assets	15,504,000	21,665,571
Total net cash outflow	2,093,000	2,763,473
Liquidity coverage ratio	741%	784%
<b>Net stable funding</b>		
Total available stable funding	147,874,000	153,645,253
Total required stable funding	116,011,000	120,322,430
Net stable funding ratio	127%	128%



### 38 ISLAMIC BANKING BUSINESS

The statement of financial position of the Bank's Islamic banking branches is as follows:

The bank is operating 5 (December 31, 2020: 5) Islamic banking branches at the end of the period.

		(Un-audited) June 30, 2021	(Audited) December 31, 2020
	Note	Rupees in '000	
<b>ASSETS</b>			
Cash and balances with treasury banks		106,574	55,759
Balances with other banks		1,895,130	1,373,234
Due from financial institutions	38.1	51,275	51,275
Investments	38.2	724,023	757,656
Islamic financing and related assets - net		-	-
Fixed assets		9,209	11,459
Intangible assets		-	-
Due from head office		-	27,993
Other assets		91,756	35,380
<b>Total Assets</b>		<b>2,877,967</b>	<b>2,312,756</b>
<b>LIABILITIES</b>			
Bills payable		285	1,201
Due to financial institutions		-	-
Deposits and other accounts	38.3	2,339,617	1,821,607
Due to head office		39,618	-
Subordinated debt		-	-
Other liabilities		15,635	9,392
		2,395,155	1,832,200
<b>NET ASSETS</b>		<b>482,812</b>	<b>480,556</b>
<b>REPRESENTED BY</b>			
Islamic banking fund		500,000	500,000
Reserves		-	-
Surplus / (deficit) on revaluation of assets		3,094	2,164
Accumulated loss	38.4	(20,282)	(21,608)
		<b>482,812</b>	<b>480,556</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	38.5		

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

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

		<b>(Un-audited)</b>	
		<b>June 30,</b>	<b>June 30,</b>
		<b>2021</b>	<b>2020</b>
		<b>Rupees in '000</b>	
<b>Note</b>			
	Profit / return earned	38.6	95,788
	Profit / return expensed	38.7	62,948
	Net profit / return		<u>32,840</u>
			<u>29,653</u>
<b>Other income</b>			
	Fee and commission income		145
	Dividend income		-
	Foreign exchange income		-
	Income / (loss) from derivatives		-
	Gain / (loss) on securities		-
	Other income		-
	Total other income		<u>145</u>
			<u>242</u>
	Total Income		<u>32,985</u>
			<u>29,895</u>
<b>Other expenses</b>			
	Operating expenses		30,939
	Workers welfare fund		-
	Other charges		-
	Total other expenses		<u>30,939</u>
			<u>31,554</u>
	Profit before provisions		<u>2,046</u>
	Provisions and write offs - net		-
	Profit before taxation		<u>2,046</u>
	Taxation		720
	Profit after taxation		<u>1,326</u>
			<u>(1,659)</u>

		(Un-audited) June 30, 2021	(Audited) December 31, 2020
		Rupees in '000	
<b>38.1 Due from financial institutions</b>			
Bai Muajjal receiveable from State Bank of Pakistan		51,275	51,275

**38.2 Investments**

	June 30, 2021 (Un-audited)				December 31, 2020 (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>Federal Government securities</b>								
Ijarah sukuk	550,354	-	450.00	550,804	550,354	-	-	550,354
<b>Non Government debt securities</b>								
Listed securities	170,575	-	2,644	173,219	205,138	-	2,164	207,302
<b>Total investments</b>	720,929	-	3,094	724,023	755,492	-	2,164	757,656

(Un-audited)	(Audited)
June 30,	December 31,
2021	2020
Rupees in '000	

### 38.3 Deposits

#### Customers - local currency

Current deposits	175,857	116,585
Savings deposits	1,980,840	777,015
Term deposits	182,910	7,910
Others	10	36,510
	2,339,617	938,020

#### Financial Institutions

Current deposits		
Savings deposits	-	883,587
Term deposits		
	2,339,617	1,821,607

### 38.4 Islamic Banking business accumulated loss

Opening balance	(21,608)	(12,417)
Add: Islamic banking profit / (loss) for the period	2,046	(7,866)
Less: taxation	720	1,325
Less: Reserves	-	-
Less: Transferred / Remitted to Head Office	-	-
Closing balance	(20,282)	(21,608)

### 38.5 Contingencies and commitments

38.5.1 There are no contingencies outstanding against Islamic banking at the reporting date (2020 : Nil).

38.5.2 There are no commitments made by the Islamic banking at the reporting date (2020 : Nil).

### 38.6 Profit / return earned of financing, investments and placement

Profit earned on:

Financing		
Investments	31,168	5,492
Placements	64,620	34,384
	95,788	39,876

### 38.7 Profit on deposits and other dues expensed

Deposits and other accounts	62,948	10,223
Due to Financial Institutions		
Others (Please specify)		

## 39 CORRESPONDING FIGURES

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

40 **DATE OF AUTHORIZATION FOR ISSUE**

These unconsolidated condensed interim financial statements (un-audited) were authorized for issue on 17 APR 2022 by the Board of Directors of the Bank.

41 **GENERAL**

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

*Redo.*



President



Chief Financial Officer



Director



Director



Director