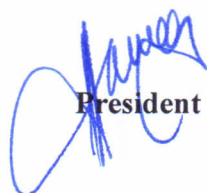


ZARAI TARAQIATI BANK LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2021

	Note	2021 Rupees in '000	2020
ASSETS			
Cash and balances with treasury banks	8	5,026,023	2,677,147
Balances with other banks	9	26,815,701	19,429,322
Lendings to financial institutions	10	16,879,487	11,037,975
Investments - net	11	82,307,245	39,724,960
Advances - net	12	91,822,307	102,656,270
Fixed assets	13	2,487,256	2,804,808
Intangible assets	14	35,817	19,396
Deferred tax assets - net	15	13,355,560	13,386,025
Other assets - net	16	16,202,582	18,970,348
		254,931,978	210,706,251
LIABILITIES			
Bills payable	18	442,401	402,111
Borrowings	19	132,357,035	81,163,232
Deposits and other accounts	20	42,495,389	48,200,890
Liabilities against assets subject to finance lease		-	-
Subordinated loan		-	-
Deferred tax liabilities - net		-	-
Other liabilities	21	24,846,715	23,352,166
		200,141,540	153,118,399
NET ASSETS		<u>54,790,438</u>	<u>57,587,852</u>
REPRESENTED BY			
Share capital	22	52,678,433	52,678,433
Reserves		6,299,526	6,299,526
Surplus on revaluation of assets - net of tax	23	989,649	1,679,047
Accumulated loss		(5,177,170)	(3,069,154)
		<u>54,790,438</u>	<u>57,587,852</u>
CONTINGENCIES AND COMMITMENTS			
	24		

The annexed notes 1 to 48 and annexures I & II form an integral part of these consolidated financial statements.


President


Chief Financial Officer


Director

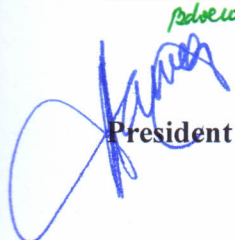

Director

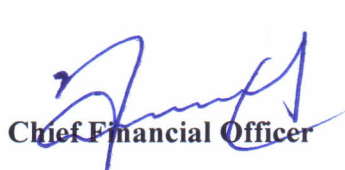

Director

ZARAI TARAQIATI BANK LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2021

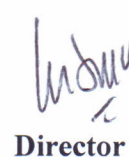
		2021	2020
	Note	..... Rupees in '000	
Mark-up / return / interest earned	25	22,526,158	18,041,618
Mark-up / return / interest expensed	26	10,244,200	9,583,783
Net mark-up / interest income		12,281,958	8,457,835
NON MARK-UP / INTEREST INCOME			
Fee and commission income	27	998,119	989,081
Dividend income		192,413	75,346
Foreign exchange income		-	-
Income / (loss) from derivatives		-	-
Gain / (loss) on securities	28	15,006	8,601
Other income	29	158,452	215,714
Total non-mark-up / interest income		1,363,990	1,288,742
Total income		13,645,948	9,746,577
NON MARK-UP / INTEREST EXPENSES			
Operating expenses	30	11,088,899	11,333,137
Workers welfare fund		-	-
Other charges	31	76,359	147,620
Total non mark-up / interest expenses		11,165,258	11,480,757
Profit / (loss) before provisions		2,480,690	(1,734,180)
Provisions and write offs - net	32	777,676	1,330,316
Extra ordinary / unusual items		-	-
PROFIT / (LOSS) BEFORE TAXATION		1,703,014	(3,064,496)
Taxation	33	3,503,174	(720,323)
LOSS AFTER TAXATION		(1,800,160)	(2,344,173)
..... Rupees			
Basic loss per share (Rupees)	34	(0.34)	(0.44)
Diluted loss per share (Rupees)	34	(0.34)	(0.44)

The annexed notes 1 to 48 and annexures I & II form an integral part of these consolidated financial statements.


President


Chief Financial Officer


Director


Director


Director

ZARAI TARAQIATI BANK LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021

2021 2020
... Rupees in '000 ...

Loss after taxation for the year (1,800,160) (2,344,173)

Other comprehensive income

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

Effect of translation of net investment in foreign branches	-	-
Movement in surplus on revaluation of investments - net of tax	(689,398)	(414,543)
Movement in deficit on revaluation of investments - net of tax	(689,398)	(414,543)

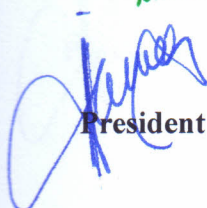
Items that will not be reclassified to profit and loss account in subsequent periods:

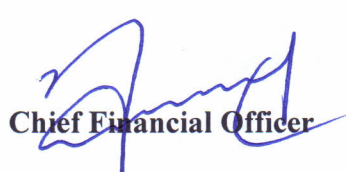
Remeasurement gain on defined benefit obligations - net of tax	(307,856)	1,962,040
Movement in surplus on revaluation of operating fixed assets - net of tax	-	-
Movement in surplus on revaluation of non-banking assets - net of tax	-	-
Remeasurement gain on defined benefit obligations - net of tax	(307,856)	1,962,040

Total comprehensive loss (2,797,414) (796,676)

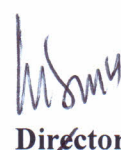
The annexed notes 1 to 48 and annexures I & II form an integral part of these consolidated financial statements.

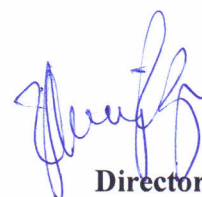
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President


Chief Financial Officer


Director


Director


Director

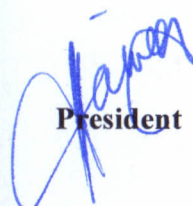
ZARAI TARAQIATI BANK LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021

	Share capital	Statutory reserve	Contingencies reserve	Surplus on revaluation of investments	Accumulated loss	Total
..... Rupees in '000						
Balance as at December 31, 2019	52,678,433	6,239,526	60,000	2,093,590	(2,687,021)	58,384,528
Loss after taxation for the year	-	-	-	-	(2,344,173)	(2,344,173)
Other comprehensive income / (loss) - net of tax	-	-	-	(414,543)	1,962,040	1,547,497
Total comprehensive loss for the year	-	-	-	(414,543)	(382,133)	(796,676)
Balance as at December 31, 2020	52,678,433	6,239,526	60,000	1,679,047	(3,069,154)	57,587,852
Loss after taxation for the year	-	-	-	-	(1,800,160)	(1,800,160)
Other comprehensive loss - net of tax	-	-	-	(689,398)	(307,856)	(997,254)
Total comprehensive loss for the year	-	-	-	(689,398)	(2,108,016)	(2,797,414)
Balance as at December 31, 2021	52,678,433	6,239,526	60,000	989,649	(5,177,170)	54,790,438

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

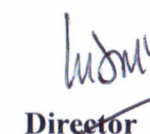
The Bank has set aside contingencies reserve for insurance of cash, building and vehicles.

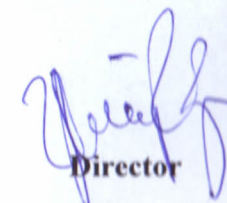
The annexed notes 1 to 48 and annexures I & II form an integral part of these consolidated financial statements.


President


Chief Financial Officer


Director


Director


Director

ZARAI TARAQIATI BANK LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	2021 Rupees in '000	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit before working capital changes	38	11,226,836	4,256,134
(Increase) / decrease in operating assets:			
Lendings to financial institutions		(5,841,512)	(11,037,975)
Advances - net		3,637,679	3,474,938
Other assets - net (excluding advance taxation)		500,336	(1,276,836)
		(1,703,497)	(8,839,873)
Increase / (decrease) in operating liabilities:			
Bills payable		40,290	(169,758)
Borrowings from financial institutions		51,193,803	8,660,867
Deposits and other accounts		(5,705,501)	2,863,379
Other liabilities		(36,625)	527,749
		45,491,967	11,882,237
Employees' benefits paid		(1,046,506)	(1,003,257)
Income tax paid		(430,942)	(432,896)
Net cash flow generated from operating activities		53,537,858	5,862,345
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(43,627,891)	(16,343,466)
Dividend received		192,413	75,346
Investments in operating fixed assets		(176,959)	(169,299)
Proceeds from sale of fixed assets		87,233	102,941
Net cash flow used in investing activities		(43,525,204)	(16,334,478)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease liability against right-of-use assets - net		(277,399)	(278,577)
Increase / (decrease) in cash and cash equivalents		9,735,255	(10,750,710)
Cash and cash equivalents at beginning of the year		22,106,469	32,857,179
Cash and cash equivalents at end of the year	35	31,841,724	22,106,469

The annexed notes 1 to 48 and annexures I & II form an integral part of these consolidated financial statements.


President


Chief Financial Officer


Director


Director


Director

ZARAI TARAQIATI BANK LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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 (2020: 501) branches including 5 (2020: 5) Islamic banking branches in Pakistan as at the close of the year.

(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 These consolidated financial statements include the financial statements of the Bank and its subsidiary company.
- 2.2 The financial results of the Islamic banking branches have been consolidated in these financial statements for reporting purposes, after eliminating inter-branch transactions / balances. Key financial figures of the Islamic banking branches are disclosed in Annexure II to these financial statements.
- 2.3 The consolidated financial statements have been presented in accordance with format prescribed by the State Bank of Pakistan (SBP) vide BPRD Circular No. 2 dated January 25, 2018.

3 STATEMENT OF COMPLIANCE

- 3.1 These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. 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;
- Provisions of and directives issued under the Companies Act, 2017; and
- Directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the 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 Financial Reporting Standard (IFRS) 9, 'Financial Instruments: Recognition and Measurement' and IAS 40, 'Investment Property' for Banking Companies through BSD Circular No. 10 dated August 26, 2002 however, SBP has further modified the effective date of application of IFRS 9 for banking finance companies to reporting periods starting on or after January 01, 2022 vide BPRD Circular no. 24 of 2021 dated July 05, 2021. 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 SBP through various circulars.

4 STANDARDS, INTERPRETATIONS OF AND AMENDMENTS TO THE PUBLISHED APPROVED ACCOUNTING STANDARDS

During the year, 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 Group and, therefore, are not disclosed.

4.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended December 31, 2021

The following standards, amendments and interpretations are effective for the year ended December 31, 2021. These standards, amendments and interpretations are either not relevant to the Group's operations or are not expected to have significant impact on the financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IFRS 16 'Leases' - Covid - 19 related rent concessions	January 01, 2022
Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021

Certain annual improvements have also been made to a number of IFRSs.

4.2 New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Bank's operations or are not expected to have significant impact on the Bank's financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IFRS 16 'Leases' - Extended practical relief regarding Covid - 19 related rent concessions	April 01, 2021
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract	January 01, 2022

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts

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. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. According to SBP BPRD circular no. 4 dated October 23, 2019, the Banks / DFIs are required to have a parallel run of IFRS 9 from January 01, 2020 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 Group 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 BASIS OF MEASUREMENT

These consolidated financial statements have been prepared under the historical cost convention except for:

- Certain investments that have been marked to market and are carried at fair value.
- Post employment benefits that are recorded at present value using actuarial valuation.
- Right-of-use assets and their related lease liability which are measured at their present values.

These financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency. The amounts are rounded to the nearest thousand rupees.

6 IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

The COVID - 19 pandemic has taken a toll on all economies and emerged as a contagion risk around the globe, including Pakistan. To reduce the impact on businesses and economies in general, regulators / governments across the globe have introduced a host of measures on both the fiscal and economic fronts.

The State Bank of Pakistan (SBP) had also responded to the crisis with following regulatory measures to provide an impetus to economic activity:

- Reduction in the capital conservation buffer by 100 basis points to 1.5%;
- Increasing the regulatory limit on extension of credit to SMEs to Rs 180 million;
- Relaxing the debt burden ratio for consumer loans from 50% to 60%;
- Allowing banks to defer borrowers' principal loan payments by one year and / or restructure / reschedule loans for borrowers who require relief of principal repayment exceeding one year and / or mark-up with no reflection on credit history; and
- Introduction of refinancing schemes for payment of wages and salaries.

COVID-19 has impacted the banks in Pakistan from various facets which include muted credit risk increase, reduced fee income due to slowdown in economic activity, branch closures and cyber security threat management.

The potential impact of the economic stress posed by the COVID-19 outbreak is difficult to predict, as many of the Group's borrowers have availed the SBP enabled deferment/restructuring & rescheduling relief. However, the Group had General Provision of Rs. 3.0 billion therefore no further provision is made during the year.

7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those of the previous financial year.

- 7.1 SBP vide BPRD Circular No. 1 dated January 1, 2016 issued 'Regulations for Debt Property Swap', regarding recording of non-banking assets acquired in satisfaction of claims on revalued amount, which is not applicable on the Bank. Therefore, treatment suggested by the said Regulation has not been accounted for in these financial statements.

7.2 Staff retirement benefits

- Zarai Taraqiati Bank Limited

The Bank operates the following staff retirement benefits for its employees:

a) Pension scheme

The Bank operates defined benefit funded pension scheme approved by the income tax authorities, for its eligible employees who opted for employees' benefits scheme, introduced in 1975 and 1977 for clerical / non-clerical staff and for executives / officers, respectively. The Bank's costs are determined on the basis of actuarial valuation carried out by independent actuary by using 'Projected Unit Credit Method'.

b) Gratuity scheme

The Bank operates defined benefit funded gratuity scheme approved by the income tax authorities, for its eligible employees who did not opt for employees' benefits scheme, introduced in 1975 and 1977 for clerical / non-clerical staff and for executives / officers, respectively. Annual contributions are made on the basis of actuarial recommendations.

c) Provident fund scheme

The Bank operates a defined contribution funded provident fund scheme for its employees who did not opt for the employees' benefit scheme introduced in 1975 and 1977 for clerical / non-clerical staff and for executives / officers respectively. Under this scheme, equal contributions at defined rates are made by the member employees and the Bank. The Bank also operates non-contributory provident fund for its employees who opted for the new employees' benefit scheme, as mentioned above. Under this, non-contributory provident fund, contributions at defined rates are made by its member employees only. Both of these provident funds are approved by the income tax authorities.

d) Benevolent scheme

The Bank also has two funded defined benefit benevolent fund schemes for its employees, separately for officers and for clerical and non-clerical staff. Equal contribution to these schemes are made by employees and the Bank. The Bank is also liable to meet any shortfall in the fund, determined on the basis of actuarial valuation.

e) Post retirement medical benefits

The Bank operates an unfunded defined benefit post retirement medical benefit scheme for all of its employees. Provision is made in the financial statements for the benefit based on actuarial valuation. Actuarial gains / losses are accounted for in the manner similar to pension scheme.

f) Employees' compensated absences

The Bank accounts for all accumulating compensated absences when the employees render service that increases their entitlement to future compensated absences. The compensated absences are only encashable at the time of retirement and that too for a certain period provided in the terms of employment. Provision is made in the financial statements for the benefit based on entitled un-availed leave balances carried forwarded to the next year on the basis of actuarial valuation carried out using the 'Projected Unit Credit Method'.

- Kissan Support Services (Private) Limited

The Company operates the following staff retirement benefits for its employees:

a) Unfunded medical benefits

The Company operates an unfunded medical benefit fund for its employees. Employees are entitled for free medical facility during their service. This unfunded amount is utilized against the reimbursement of employee's actual medical expenses. The benefits are charged to profit and loss account at the rate of Rs. 400 per employee per month.

b) Gratuity scheme

The Company operates an un-funded gratuity scheme for its permanent employees whose period of service is one year or more. Employees are entitled to gratuity on the basis set out in staff regulation. The most recent actuarial valuation is carried out at December 31, 2021 using the 'Projected Unit Credit Method' as under the latest IAS 19 revised 2011. The actuarial gains / losses arising due to differences between actuarial assumptions and actual experience regarding salary increase, mortality and withdrawal probabilities are considered as remeasurements of the net benefit liability and are recognized in other comprehensive income.

7.3 Cash and cash equivalents

Cash and cash equivalents comprise cash, balances with treasury banks and balances with other banks.

7.4 Advances

Advances are stated net of provision for non-performing advances. Provision for non-performing advances is determined on the basis of Prudential Regulations issued by SBP and charged to the profit and loss account. Provisions are held against identified as well as unidentified losses. Provision against unidentified include general provision based on historical loss experience of advances. Advances are written off when there is no realistic prospect of recovery. Further, advances are charged off in accordance with the Prudential Regulations issued by SBP.

7.5 Investments

The Group classifies its investments as follows:

Held-for-trading

These are securities, which are either acquired for generating profit from short-term fluctuations in market prices, interest rate movements, dealers margin or are securities included in a portfolio in which a pattern of short-term profit taking exists.

Held-to-maturity

These are investments with fixed or determinable payments and fixed maturity in respect of which the Group has the positive intent and ability to hold till maturity.

Available-for-sale

These are investments, other than those in subsidiary and associates, that do not fall under the 'held for trading' or 'held-to-maturity' categories.

Investments are initially recognized at cost which in case of investments other than 'held for trading' include transaction costs associated with the investments. Transaction costs on investments held for trading are expensed in the profit and loss account.

All purchases and sales of investments that require delivery within the time frame established by regulation or market convention are recognized at the trade date. Trade date is the date on which the Group commits to purchase or sell the investment.

In accordance with the requirements of SBP, quoted securities, other than those classified as 'held to maturity', 'investment in subsidiary' and 'investments in associates' are subsequently re-measured to market value. Surplus / (deficit) arising on revaluation of quoted securities which are

classified as 'available for sale', is taken to a separate account which is shown in the Statement of Financial Position as part of equity. Surplus / (deficit) arising on valuation of quoted securities which are classified as 'held for trading', is taken to the profit and loss account for the current year.

Unquoted equity securities (excluding investments in subsidiary and associates) are valued at the lower of cost and break-up value. Break-up value of equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. Investments classified as 'held to maturity' are carried at amortized cost.

Investments in Subsidiaries and Associates

Associates are all entities over which the Group has significant influence but not control. Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies accompanying a shareholding of more than one half of the voting rights. Investments in subsidiaries and associates are valued at cost less impairment, if any. A reversal of an impairment loss on subsidiaries and associates is recognized in the profit and loss account as it arises provided the increased carrying value does not exceed cost.

Gains and losses on disposal of investments in subsidiaries and associates are included in the profit and loss account. Provision for diminution in the value of investments is taken to the profit and loss account for the current year.

7.6 Operating fixed assets and depreciation / amortization

Property and equipment

Property and equipment, except freehold land which is not amortized and capital work-in-progress, are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land and capital work-in-progress are stated at cost less accumulated impairment losses, if any.

Depreciation is computed over the estimated useful lives of the related assets at the rates set out in note 13.2 to these financial statements, after taking into account the residual value, if any. Depreciation is charged on reducing balance method except for vehicles, computer equipment and leasehold land which are depreciated / amortized on straight line method. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date.

Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged in the month in which the assets are disposed off.

Gains / losses, if any, on disposal of operating fixed assets are charged to the profit and loss account during the year.

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset,

as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account.

Capital work in progress

Capital work-in-progress is stated at cost less impairment losses (if any) and consists of expenditure incurred, advances made and other costs directly attributable to operating fixed assets in the course of their construction and installation. Cost also includes applicable borrowing costs, if any. Transfers are made to relevant operating fixed assets category as and when assets are available for use as intended by the management.

7.7 Intangible assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized from the month when these assets are available for use, using the straight line method, whereby the costs of the intangible assets are amortized over their useful lives over which economic benefits are expected to flow to the Group. The useful lives

7.8 Right-of-use assets and their related lease liability

7.8.1 Right of-use assets

On initial recognition, right-of-use assets are measured at an amount equal to initial lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

Right-of-use assets are subsequently stated at cost less any accumulated depreciation / accumulated impairment losses and are adjusted for any remeasurement of lease liability. The remeasurement of lease liability will only occur in cases where the terms of the lease are changed during the lease tenor. Right-of-use assets are depreciated over their expected useful lives using the straight-line method.

Depreciation on additions (new leases) is charged from the month in which the leases are entered into. No depreciation is charged after the leases are matured or terminated.

7.8.2 Lease liability against right-of-use assets

The lease liabilities are initially measured as the present value of the remaining lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or change in lease terms.

These remeasurements of lease liabilities are recognised as adjustments to the carrying amount of related right-of-use assets after the date of initial recognition.

Each lease payment is allocated between a reduction of the liability and a finance cost. The finance cost is charged to the profit and loss account as markup expense over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

7.9 Impairment

Carrying values of assets are reviewed at each reporting date for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amounts. Recoverable amount is the higher of fair value less costs to sell and value in use. The resulting impairment loss is taken to the profit and loss account except for the impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

7.10 Assets acquired in satisfaction of claims

The Group occasionally acquires assets in settlement of certain advances. These are stated at the carrying value of such assets.

7.11 Taxation

Provision for current taxation is based on taxable income at the current rate of taxation after taking into account available tax credits, exemptions and rebates as laid down in the applicable income tax law. The charge for current tax also includes adjustments wherever considered necessary, relating to prior years which arise from assessments framed / finalized during the year.

Deferred

Deferred tax is provided using the balance sheet liability method, providing for all temporary differences between the carrying amounts of assets and liabilities for the financial reporting purposes and the amount used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using the tax rates enacted at the reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available and the credits can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized. The Group also recognizes deferred tax asset / liability on deficit / surplus on revaluation of securities in accordance with the requirements of IAS 12 'Income Taxes'. The

Prior years

The taxation charge for prior years represents adjustments to the tax charge relating to prior years, arising from assessments and changes in estimates made during the current year, except otherwise stated.

7.12 Borrowings / deposits and their costs

Borrowings / deposits are recorded at the proceeds received.

Borrowings / deposits costs are recognized as expenses in the period in which these are incurred using effective mark-up / interest rate method.

7.13 Sale and repurchase agreements

Securities sold subject to a repurchase agreement (repo) are retained in the financial statements as investments and the counter party liability is included in borrowings. Securities purchased under an agreement to resell (reverse repo) are not recognized in the financial statements as investments and the amount extended to the counter party is included in lendings to financial institutions. The difference between the purchase / sale and re-sale / re-purchase price is recognized as mark-up income / expense on a time proportion basis, as the case may be.

7.14 Revenue recognition

Mark-up / interest on advances and returns on investments are recognized on a time proportion basis using the effective interest method except that mark-up / interest on non-performing advances and investments is recognized on a receipt basis, in accordance with the requirements of the Prudential Regulations issued by SBP. Where the debt securities are purchased at premium or discount, such premium / discount is amortised through the profit and loss account over the remaining period of maturity.

Fee, brokerage and commission income is recognized on accrual basis.

Profit / (loss) on sale of investments is credited / charged to the profit and loss account for the current year.

Income from interbank deposits in saving accounts is recognized in the profit and loss account as it accrues using the effective interest method.

Recoveries against loans written-off under Government relief packages are accounted for on cash receipt basis.

Operating lease rentals are recorded in the profit and loss account on a time proportion basis over the term of lease arrangements.

7.15 Provisions

Provisions are recognized when the Group has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and are adjusted to reflect current best estimates.

7.16 Foreign currencies

Transactions in foreign currencies are translated to Pak Rupees at the foreign exchange rate prevailing on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in Pak Rupee terms at the rates of exchange prevailing at the reporting date.

7.17 Financial instruments

Financial assets and liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument. These are derecognized when the Bank ceases to be the party to the contractual provisions of the instrument.

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be.

Financial assets

Financial assets are cash and balances with SBP and NBP, balances with other banks, lending to financial institutions, investments, advances and other receivables. Advances are stated at their nominal value as reduced by appropriate provisions against non-performing advances, while other financial assets excluding investments are stated at cost. Investments classified as available for sale are valued at mark-to-market basis and investments classified as held to maturity are stated at amortized cost.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangement entered into. Financial liabilities include borrowings and other liabilities which are stated at their nominal value. Financial charges are accounted for on accrual basis.

Any gain or loss on the recognition and derecognition of the financial assets and liabilities is included in the net profit and loss for the period in which it arises.

Impairment – financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost the reversal is recognized in the profit and loss account.

7.18 Offsetting

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legally enforceable right to set off and the Group intends either to settle on a net basis, or to realize the assets and settle the liabilities, simultaneously.

7.19 Fair value measurement

A number of assets and liabilities included in the financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

Level 1: Quoted prices in active markets for identical items (unadjusted)

Level 2: Observable direct or indirect inputs other than Level 1 inputs

Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the inputs used that has a significant effect on the fair value measurement of the item and transfers of items between levels are recognised in the period they occur.

The financial assets and financial liabilities of the Group that either require fair value measurements or only fair value disclosures as at December 31, 2021 are disclosed in note 41.

7.20 Dividend distribution and appropriation

Dividends (including bonus dividend) and other appropriations (except appropriations which are required by law) are recognized in the period in which these are approved.

7.21 Earnings per share

The Group presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the

weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

7.22 Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing particular products or services (business segment), or in providing product or services within a particular economic environment (geographical segment), and is subject to risk and rewards that are different from those of other segments. The Group is engaged in providing agri-financing and branch banking, islamic banking and treasury operations and operates only in Pakistan.

7.23 Related party transactions

Transactions involving related parties arising in the normal course of business are conducted at arm's length at normal commercial rates on the same terms and conditions as third party transactions using valuation modes as admissible.

7.24 Other payables

Liabilities for other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Group.

7.25 Other receivables

These are recognized at cost, which is the fair value of the consideration given. An assessment is made at each reporting date to determine, whether there is an indication that a financial asset, or a group of financial assets, may be impaired. If such an indication exists, the estimated recoverable amount of that asset is determined and an impairment loss is recognized for the difference between the recoverable amount and the carrying value.

7.26 Mark-up bearing borrowings

Mark-up bearing borrowings are recognized initially at cost being the fair value of consideration received, less attributable transaction costs. Subsequent to initial recognition mark-up bearing borrowings are stated at original cost less subsequent repayments.

7.27 Statutory reserve

In compliance with the requirements of the Banking Companies Ordinance, 1962, the Bank is required to maintain a statutory reserve to which an appropriation equivalent to 20% of the profit after tax is made till such time the reserve fund equals the paid up capital of the Bank. However, thereafter, the contribution is reduced to 10% of the profit after tax.

7.28 Cash reserve requirement

The Bank maintains liquidity equivalent to at least 6% of its time and demand deposits in the form of liquid assets i.e. cash and banks.

7.29 Grants

Grants of non-capital nature are recognized as deferred income at the time of their receipt. Subsequently, these are recognized in the profit and loss account to the extent of the actual Grants that compensate the Group for the cost of an asset are recognized in the profit and loss account as other operating income on a systematic basis over the useful life of the asset.

The grant related to an asset is recognised in the statement of financial position initially as deferred income when there is reasonable assurance that it will be received and that the Group will comply with the conditions attached to it.

7.30 Contingencies

A contingent liability is disclosed when the Group has a possible obligation as a result of past events, existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or the Group has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

7.31 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates and judgments. It also requires the management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the Group's financial statements or where judgment was exercised in application of accounting policies described in notes are as follows:

a) Classification of investments

As described in Note 7.5, investments 'held for trading' are the securities acquired principally for the purpose of generating profits from short term fluctuations in market prices while investments 'held to maturity' are investments where the management has positive intention and ability to hold the same to maturity and 'available for sale' securities are investments that do not fall under the 'held for trading' or 'held to maturity' categories. The classification of these investments involves management judgment at the time of purchase whether these are 'held for trading', 'held to maturity' or 'available for sale' investments.

b) Provision against advances

The Group reviews its loan portfolio to assess the amount of non-performing advances and provision required thereagainst on regular basis. The amount of provision is determined in accordance with the requirements of Prudential Regulations issued by SBP from time to time and the management's judgment in case of subjective provision.

c) Defined benefit plans

Certain actuarial assumptions have been adopted as disclosed in note 39 of these financial statements for the actuarial valuation of staff retirement benefit plans. Actuarial assumptions are best estimates of the variables that will determine the ultimate cost of providing post employment benefits. Changes in these assumptions in future years may affect the liability / asset under these plans in those years.

d) Operating fixed assets

Estimates of useful life of the property and equipment are based on the management's best estimates. Changes in the expected useful life are accounted for by changing the depreciation / amortization period or method, as appropriate, and are treated as change in accounting estimates. Such changes are accounted for as change in accounting estimate in accordance with IAS 8 'Changes in Accounting Estimates and Errors'.

e) Impairment

Impairment of available for sale equity investments

Available for sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. The determination of what is significant or prolonged requires judgment. In making this judgment, the Group evaluates among other factors, the normal volatility in share price.

Impairment of investments in subsidiary and associates

The Group considers that a decline in the recoverable value of investment in subsidiary and associates below their cost may be evidence of impairment. Recoverable value is calculated as the higher of fair value less costs to sell and value in use. An impairment loss is recognized when the recoverable value falls below the carrying value and is charged to the profit and loss account.

Impairment of non-financial assets (excluding deferred tax)

The carrying amounts of non-financial assets are reviewed at each reporting date for impairment whenever events or changes in circumstances indicate that the carrying amounts of assets may not be recoverable. If such indication exists, and where the carrying value exceeds the estimated recoverable amount, assets are written down to their recoverable amounts. The resulting impairment loss is taken to the profit and loss account.

f) Taxation

In making the estimates for income tax currently payable by the Group, the management considers the current income tax laws and the decisions of appellate authorities on certain issues in the past. In making the provision for deferred tax, estimates of the Group's future taxable profits are taken into account.

g) Provision and contingent liabilities

The management exercises judgment in measuring and recognizing provisions and exposures to contingent liabilities related to pending litigations or other outstanding claims. Judgment is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision.

h) Right-of-use assets

As mentioned in note 7.8, right-of-use assets is depreciated over its lease term while their related lease liability are measured at their present values.

7.32 Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

			2021	2020
			Rupees in '000	
8	CASH AND BALANCES WITH TREASURY BANKS	Note		
	In hand			
	Local currency		572,019	562,751
	With State Bank of Pakistan in:			
	Local currency current account	8.1	2,919,203	1,552,407
	With National Bank of Pakistan in:			
	Local currency current account		1,198,284	121,289
	Local currency deposit account	8.2	333,762	426,957
			1,532,046	548,246
	Prize bonds		2,755	13,743
			<u>5,026,023</u>	<u>2,677,147</u>

8.1 This represents current accounts maintained with SBP under cash reserve requirement of the Banking Companies Ordinance, 1962.

8.2 These carry mark-up at rates ranging from 5.50% to 12.50% (2020: 5.50%) per annum.

			2021	2020
			Rupees in '000	
9	BALANCES WITH OTHER BANKS	Note		
	In Pakistan			
	In current accounts		124,434	128,027
	In deposit accounts	9.1	26,691,267	19,301,295
			<u>26,815,701</u>	<u>19,429,322</u>

9.1 These carry mark-up at rates ranging from 5.50% to 12.40% (2020: 5.50% to 6.50%) per annum.

			2021	2020
			Rupees in '000	
10	LENDINGS TO FINANCIAL INSTITUTIONS	Note		
	Call money lendings		3,050,000	1,000,000
	Repurchase agreement lendings (reverse repo)	10.2	13,778,212	9,986,700
	Bai Muajjal receivable			
	With State Bank of Pakistan	10.3	51,275	51,275
			<u>16,879,487</u>	<u>11,037,975</u>

	Note	2021 Rupees in '000	2020
10.1 Particulars of lendings			
In local currency		16,879,487	11,037,975
In foreign currencies		-	-
		<u>16,879,487</u>	<u>11,037,975</u>

10.2 This carries mark-up at rates ranging from 10.10% to 10.75% (2020: 7.15% to 7.30%) per annum

10.3 This carries mark up coupon 7.94% and having maturity during June 2023.

10.4 Securities held as collateral against lendings to financial institutions

	2021			2020		
	Held by Bank	Further given as collateral	Total	Held by Bank	Further given as collateral	Total
	..... Rupees in '000					
Pakistan	13,778,212	-	13,778,212	9,986,700	-	9,986,700
	<u>13,778,212</u>	<u>-</u>	<u>13,778,212</u>	<u>9,986,700</u>	<u>-</u>	<u>9,986,700</u>

11 INVESTMENTS - NET

11.1 Investments by types

	2021				2020			
	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Provision for diminution	Surplus / (deficit)	Carrying value
Note	..... Rupees in '000							
11.4								
Available-for-sale securities								
Federal Government securities	78,001,592	-	(873,024)	77,128,568	34,161,061	-	(195,459)	33,965,602
Shares	99,819	(10,523)	2,375,819	2,465,115	99,819	(10,523)	2,780,330	2,869,626
Corporate sukuk	594,575	-	3,412	597,987	518,938	-	7,081	526,019
Term Finance Certificates	2,099,245	-	16,330	2,115,575	2,372,516	-	(8,803)	2,363,713
	80,795,231	(10,523)	1,522,537	82,307,245	37,152,334	(10,523)	2,583,149	39,724,960
Total investments	80,795,231	(10,523)	1,522,537	82,307,245	37,152,334	(10,523)	2,583,149	39,724,960

11.2 Investments by segments

	2021				2020			
	Cost / Amortised cost	Provision for diminution	Surplus / (deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (deficit)	Carrying Value
Note	..... Rupees in '000							
Federal Government Securities								
Market Treasury Bills	42,060,692	-	(44,626)	42,016,066	9,606,374	-	(2,760)	9,603,614
Pakistan Investment Bonds	34,764,522	-	(794,722)	33,969,800	23,853,309	-	(189,946)	23,663,363
GOP Ijara sukuk	1,176,378	-	(33,676)	1,142,702	701,378	-	(2,753)	698,625
	78,001,592	-	(873,024)	77,128,568	34,161,061	-	(195,459)	33,965,602
Shares:								
Listed Companies	89,296	-	2,375,819	2,465,115	89,296	-	2,780,330	2,869,626
Unlisted Companies	10,523	(10,523)	-	-	10,523	(10,523)	-	-
	99,819	(10,523)	2,375,819	2,465,115	99,819	(10,523)	2,780,330	2,869,626
Non Government Debt Securities								
Listed	2,693,820	-	19,742	2,713,562	2,891,454	-	(1,722)	2,889,732
Total investments	80,795,231	(10,523)	1,522,537	82,307,245	37,152,334	(10,523)	2,583,149	39,724,960

	2021	2020
	Rupees in '000	
11.2.1 Investments given as collateral		
Market Treasury Bills	33,453,279	6,562,552
Pakistan Investment Bonds	43,392,220	20,139,144
	<u>76,845,499</u>	<u>26,701,696</u>
11.3 Provision for diminution in value of investments	<u>10,523</u>	<u>10,523</u>

11.4 Quality of Available for Sale Securities

Details regarding quality of Available for Sale (AFS) securities are as follows:

	2021	2020
	Cost Rupees in '000	
Federal Government Securities - Government guaranteed		
Market Treasury Bills	42,060,692	9,606,374
Pakistan Investment Bonds	34,764,522	23,853,309
Ijarah Sukuks	1,176,378	701,378
	<u>78,001,592</u>	<u>34,161,061</u>

Shares

Listed companies

Food and personal care products		89,296	89,296
	2021	2020	

	Cost	Breakup value	Cost	Breakup value
	Rupees in '000			

Unlisted companies

Pakistan Mercantile Exchange Limited	10,523	1,436	10,523	1,191
Pakistan Agricultural Storage and Services Corporation Limited	-	1,567,550	-	1,239,025
	<u>10,523</u>	<u>1,568,986</u>	<u>10,523</u>	<u>1,240,216</u>

- 11.4.1 Investment in Pakistan Mercantile Exchange Limited has been fully provided for due to negative break up value in prior financial statements. Cost per share is Rs. 10 to Rs. 13.5 having total cost amounting to Rs. 10.523 million.

- 11.4.2 Investments in Pakistan Agricultural Storages and Services Corporation Limited was transferred to the Bank at the time of conversion of ADBP into the Bank at nominal value of Rs. 1. Cost per share is Rs. 1,000 having total cost amounting to Rs. 2.50 million.

	2021	2020
	Cost	
	Rupees in '000	
Non Government debt securities		
Listed		
- AAA	500,000	698,141
- AA+, AA, AA-	2,193,820	2,193,313
	<u>2,693,820</u>	<u>2,891,454</u>

12 ADVANCES - NET

	Performing		Non Performing		Total	
	2021	2020	2021	2020	2021	2020
	..... Rupees in '000					
Loans, cash credits, running finance, etc.	74,456,385	70,669,573	40,799,600	59,225,005	115,255,985	129,894,578
Advances - gross	74,456,385	70,669,573	40,799,600	59,225,005	115,255,985	129,894,578
Provision for advances:						
- against agriculture advance	-	-	20,392,883	24,205,819	20,392,883	24,205,819
- against staff advances	-	-	40,795	32,489	40,795	32,489
- general	3,000,000	3,000,000	-	-	3,000,000	3,000,000
	3,000,000	3,000,000	20,433,678	24,238,308	23,433,678	27,238,308
Advances - net of provision	71,456,385	67,669,573	20,365,922	34,986,697	91,822,307	102,656,270

12.1 Particulars of advances (gross)

In local currency	115,255,985	129,894,578
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- 12.2 Advances include Rs. 40,746.754 million (2020: Rs. 59,183.67 million) relating to agricultural financing which have been placed under non-performing status as detailed below:

Category of classification	2021		2020	
	Non performing loans	Provision	Non performing loans	Provision
	..... Rupees in '000			
Domestic				
Other assets especially mentioned	10,716,466	-	22,101,594	-
Substandard	8,464,335	1,692,867	8,647,408	1,729,486
Doubtful	5,731,879	2,865,942	11,916,701	5,958,360
Loss	15,834,074	15,834,074	16,517,972	16,517,972
	40,746,754	20,392,883	59,183,675	24,205,818

12.3 Particulars of provision against advances

	2021			2020		
	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 year	14,875,636	-	14,875,636	15,359,077	-	15,359,077
Reversals	(7,687,659)	-	(7,687,659)	(11,805,940)	-	(11,805,940)
	7,187,977	-	7,187,977	3,553,137	-	3,553,137
Amounts written off (Note 12.4)	-	-	-	-	-	-
Amounts charged off (Note 12.6)	(11,000,912)	-	(11,000,912)	(6,815,570)	-	(6,815,570)
Closing balance	20,392,883	3,000,000	23,392,883	24,205,818	3,000,000	27,205,818

12.3.1 Particulars of provision against non-performing advances

	2021			2020		
	Specific	General	Total	Specific	General	Total
	..... Rupees in '000					
In local currency	20,392,883	3,000,000	23,392,883	24,205,818	3,000,000	27,205,818

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

12.3.3 In addition to the time based criteria, the Group has further classified loans and advances amounting to Rs. 7,019.92 million (2020: Rs.9,283.98 million) and further de-graded the category of classified loans and advances amounting to Rs. 8,182.97 million (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.

	Note	2021 Rupees in '000	2020
12.3.4 Provision against non-performing loans and advances - net			
Provision against non-performing loans and advances	12.3	7,187,977	3,553,137
Provision against staff advances		8,307	3,353
		<u>7,196,284</u>	<u>3,556,490</u>

	Note	2021 Rupees in '000	2020
12.4 Particulars of write offs:			
12.4.1 Against provisions		-	-
Directly charged to Profit & Loss account		-	-
		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
12.4.2 Write offs of Rupees 500,000 and above	12.5	-	-
Write offs of below Rupees 500,000		-	-
		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>

12.5 Details of write offs of Rupees 500,000 and above

In terms of sub-section (3) of section 33A of the Banking Companies Ordinance, 1962 the statement in respect of written-off loans or any other financial relief of five hundred thousand rupees or above allowed to a person(s) during the year has to be disclosed. Detail of charge offs out of extinguished loan portfolio exceeding five hundred thousand rupees is given at Annexure-I.

12.6 Particulars of charged off

In terms of Prudential Regulations for Agricultural Financing - Part B (specific regulations) the Bank extinguishes its loans through provisions. The total balance for these off-balance sheet loans extinguished against provisions as at December 31, 2021 amounts to Rs. 44,463.3 million (2020: Rs. 32,862.60 million) with an addition of Rs. 11,001 million (2020: Rs. 6,815.57 million) as charge off loans during the year.

	Note	2021 Rupees in '000	2020
13 FIXED ASSETS			
Capital work-in-progress	13.1	43,888	42,943
Property and equipment	13.2	2,443,368	2,761,865
		<u>2,487,256</u>	<u>2,804,808</u>
		<u>2,487,256</u>	<u>2,804,808</u>
13.1 Capital work-in-progress			
Civil works		35,858	35,858
Equipment		-	-
Consultancy charges		6,762	6,762
Others	13.1.1	1,268	323
		<u>43,888</u>	<u>42,943</u>
		<u>43,888</u>	<u>42,943</u>

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

13.2 Property and equipment

Description	January 1, 2021			Year ended December 31, 2021				December 31, 2021			Rate of Depreciation
	Cost	Accumulated Depreciation	Net Book Value	Opening Net Book Value	Additions / (disposal) / (transferred)	Depreciation charge / (depreciation on disposal)	Closing Net Book Value	Cost	Accumulated Depreciation	Net Book Value	
..... Rupees in '000											
Land - Freehold	105,919	-	105,919	105,919	-	-	105,919	105,919	-	105,919	-
Land - Leasehold	10,742	5,605	5,137	5,137	-	217	4,920	10,742	5,822	4,920	Lease terms for 33 to 99 years
Buildings on freehold land	716,445	197,232	519,213	519,213	- (4,391)	23,185 -	491,637	712,054	220,417	491,637	
Buildings on leasehold land	548,118	293,788	254,330	254,330	334	12,730	241,934	548,452	306,518	241,934	5%
Buildings on leasehold land - ADB	21,224	10,103	11,121	11,121	-	556	10,565	21,224	10,659	10,565	5%
Furniture and fixtures	543,154	242,958	300,196	300,196	2,556 (2,385)	30,119 (2,160)	272,408	543,325	270,917	272,408	10% / 20%
Computer, office and other equipment	1,470,597	1,011,069	459,528	459,528	35,800 (493)	135,392 (455)	359,898	1,505,904	1,146,006	359,898	20% / 33%
Computer, office and other equipment - ADB	212,289	212,287	2	2	-	-	2	212,289	212,287	2	20% / 33%
Vehicles	1,276,560	1,081,346	195,214	195,214	49,102 (84,014)	82,380 (60,400)	138,322	1,241,648	1,103,326	138,322	20%
Right-of-use assets	1,298,806	387,601	911,205	911,205	226,286 (270,874)	267,448 (218,594)	817,763	1,254,218	436,455	817,763	10% - 100%
	6,203,854	3,441,989	2,761,865	2,761,865	314,078 (362,157)	552,027 (281,609)	2,443,368	6,155,775	3,712,407	2,443,368	

Description	January 1, 2020			Year ended December 31, 2020				December 31, 2020			Annual rate of Depreciation	
	Cost	Accumulated Depreciation	Net Book Value	Opening Net Book Value	Additions / (disposal)	Depreciation charge / (depreciation on disposal)	Closing Net Book Value	Cost	Accumulated Depreciation	Net Book Value		
..... Rupees in '000												
Land - Freehold	105,919	-	105,919	105,919	-	-	105,919	105,919	-	105,919	-	
Land - Leasehold	10,742	5,388	5,354	5,354		217	5,137	10,742	5,605	5,137	Lease terms for 33 to 99 years	
Buildings on freehold land	729,823	177,829	551,994	551,994	- (13,378)	19,403 -	519,213	716,445	197,232	519,213		5%
Buildings on leasehold land	548,118	280,402	267,716	267,716		13,386	254,330	548,118	293,788	254,330		5%
Buildings on leasehold land - ADB	21,224	9,518	11,706	11,706		585	11,121	21,224	10,103	11,121	5%	
Furniture and fixtures	537,285	210,336	326,949	326,949	6,943 (1,074)	33,073 (451)	300,196	543,154	242,958	300,196	10% / 20%	
Computer, office and other equipment	1,343,100	862,085	481,015	481,015	130,671 (3,174)	152,123 (3,139)	459,528	1,470,597	1,011,069	459,528	20% / 33%	
Computer, office and other equipment - ADB	212,289	212,287	2	2	-	-	2	212,289	212,287	2	20% / 33%	
Vehicles	1,386,181	1,096,474	289,707	289,707	45,063 (154,684)	119,983 (135,111)	195,214	1,276,560	1,081,346	195,214	20%	
Right-of-use assets	823,580	198,184	625,396	625,396	475,226	189,417	911,205	1,298,806	387,601	911,205	10% - 100%	
	5,718,261	3,052,503	2,665,758	2,665,758	657,903 (172,310)	528,187 (138,701)	2,761,865	6,203,854	3,441,989	2,761,865		

	2021	2020
	Rupees in '000	
13.3 Carrying amount of temporarily idle property	<u>58,470</u>	<u>58,767</u>
13.4 Included in cost of property and equipment are fully depreciated items still in use having following category wise breakup:		
Leasehold land	3,220	3,220
Computer, office and other equipment	341,575	237,446
Computer, office and other equipment - ADB	212,289	212,289
Vehicles	883,766	796,734
	<u>1,440,850</u>	<u>1,249,690</u>
13.5 The title documents of freehold land having cost of Rs. 1.86 million (2020: Rs. 1.86 million) and leasehold land having book value of Rs. nil (2020: Rs. nil) are still in the name of Agricultural Development Bank of Pakistan.		

13.6 Detail of disposal of fixed assets to related parties during the year are as follows:

Description	Cost	Book value	Sale proceed	Mode of disposal	Particulars of buyers
	..... Rupees in '000				
	NIL				

14 Intangible assets

Description	January 1, 2021			Year ended December 31, 2021				December 31, 2021			Rate of amortization	Useful life	
	Cost	Accumulated amortisation	Net book value	Opening net book value	Additions	Amortisation charge	Closing net book value	Cost	Accumulated amortisation	Net book value			
 Rupees in '000												
Computer software	96,849	77,453	19,396	19,396	40,333	23,912	35,817	137,182	101,365	35,817	33.33%	3 years	
Computer software - ADB	82,081	82,081	-	-	-	-	-	82,081	82,081	-	33.33%	3 years	
	178,930	159,534	19,396	19,396	40,333	23,912	35,817	219,263	183,446	35,817			
Description	January 1, 2020			Year ended December 31, 2020				December 31, 2020			Rate of amortization	Useful life	
	Cost	Accumulated amortisation	Net book value	Opening net book value	Additions	Amortisation charge	Closing net book value	Cost	Accumulated amortisation	Net book value			
 Rupees in '000												
Computer software	96,849	45,322	51,527	51,527	-	32,131	19,396	96,849	77,453	19,396	33.33%	3 years	
Computer software - ADB	82,081	82,081	-	-	-	-	-	82,081	82,081	-	33.33%	3 years	
	178,930	127,403	51,527	51,527	-	32,131	19,396	178,930	159,534	19,396			

14.1 Included in cost of intangible assets are fully amortised items still in use having cost of Rs. 168.386 million (2020: Rs. 82.590 million).

15 DEFERRED TAX ASSETS - NET

	At January 01, 2021	Recognised in P&L A/C	Recognised in OCI	At December 31, 2021
Note	..... Rupees in '000			

Deductible temporary differences on:

Defined benefit plans	628,249	15,561	168,898	812,708
Tax losses carried forward	2,759,984	(2,759,984)	-	-
Minimum turnover tax	-	-	-	-
Provision against non-performing loans and advances	11,021,173	2,115,304	-	13,136,477
	14,409,406	(629,119)	168,898	13,949,185

Taxable temporary differences on:

Accelerated tax depreciation and amortization	(119,278)	58,541	-	(60,737)
Surplus on revaluation of investments	(904,103)	-	371,215	(532,888)
	(1,023,381)	58,541	371,215	(593,625)

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	(119,278)	58,541	-	(60,737)
	(904,103)	-	371,215	(532,888)
	(1,023,381)	58,541	371,215	(593,625)
	13,386,025	(570,578)	540,113	13,355,560

	At January 01, 2020	Recognised in P&L A/C	Recognised in OCI	At December 31, 2020
	..... Rupees in '000			

Deductible temporary differences on:

Defined benefit plans	1,654,419	26,739	(1,052,909)	628,249
Tax losses carried forward	2,488,899	271,085	-	2,759,984
Provision against non-performing loans and advances	10,231,033	790,140	-	11,021,173
	14,374,351	1,087,964	(1,052,909)	14,409,406

Taxable temporary differences on:

Accelerated tax depreciation and amortization	(121,621)	2,343	-	(119,278)
Surplus on revaluation of investments	(1,127,318)	-	223,215	(904,103)
	(1,248,939)	2,343	223,215	(1,023,381)

23

	(121,621)	2,343	-	(119,278)
	(1,127,318)	-	223,215	(904,103)
	(1,248,939)	2,343	223,215	(1,023,381)
	13,125,412	1,090,307	(829,694)	13,386,025

- 15.1 In terms of the Seventh Schedule to the Income Tax Ordinance, 2001, the claim of provision for advances and off balance sheet items has been restricted to 1% of gross advances. This represents the management's best estimate of the probable benefits expected to be realized in future years in the form of reduced tax liability as the Bank would be able to set off the profits earned in these years against losses carried forward and other timing differences relating to prior years.

		2021	2020
	Note	Rupees in '000	
16 OTHER ASSETS - NET			
Income / mark-up accrued in local currency on :			
- advances - net of provision	16.1	5,416,354	5,133,329
- securities		1,330,560	826,622
- deposits		163,507	73,286
Amount recoverable from Federal Government	16.2	2,691,252	3,050,627
Tax recoverable	16.3	422,652	422,652
Branch adjustment account		1,726,559	1,538,738
Taxation (payments less provision)	16.4	3,780,258	6,281,912
Receivable from defined benefit plans:	39.6.1		
gratuity scheme - SSR 1961		115,744	119,412
gratuity scheme - SR - 2005		479,794	299,944
Non banking assets acquired in satisfaction of claims	16.5.1	427,721	438,665
Receivable form subsidiary company	44	-	-
Due from Islamic Banking		-	-
Stationery and stamps in hand		127,657	141,720
Stock of farm machinery		11,237	11,237
Advances against salary and expenses		53,509	36,418
Security deposits		6,198	6,192
Advances and other prepayments		183,059	189,087
Others		230,786	1,422,813
		<u>17,166,847</u>	<u>19,992,654</u>
Provision held against other assets	16.6	<u>(964,265)</u>	<u>(1,022,306)</u>
Other assets - net of provisions		<u><u>16,202,582</u></u>	<u><u>18,970,348</u></u>

- 16.1 This does not include Rs. 10,361.093 million (2020: Rs. 15,268.39 million) on account of unrealised mark-up on non performing loans and advances kept in the memorandum account in accordance with the Prudential Regulations for Agriculture Financing.
- 16.2 This includes amount recoverable from Federal Government on account of crop loan insurance premium amounting to Rs. 2,087.305 million (2020: Rs. 1,941.83 million), small livestock farmers premium amounting to Rs. 599.202 million (2020: Rs. 1,103.98 million) and animal tagging charges amounting to Rs. 4.75 million (2020: Rs. 4.75 million).
- 16.3 This includes tax recoverable of Rs. 309.359 million (2020: Rs. 297.149 million) for assessment years 1991-92 to 2013-14 as disclosed in Note 17.

	Note	2021 Rupees in '000	2020
16.4 Taxation - net			
Opening receivable		6,281,912	6,219,000
Charge during the year	33	(2,932,596)	(369,984)
Advance income tax / withholding tax		430,942	432,896
Closing receivable		<u>3,780,258</u>	<u>6,281,912</u>
16.5 Market value of non-banking assets acquired in satisfaction of claims		<u>825,978</u>	<u>533,759</u>
16.5.1 Non banking assets acquired in satisfaction of claims			
Opening Balance		438,665	146,153
Additions		90	314,004
Disposals		(11,034)	(21,492)
Closing Balance		<u>427,721</u>	<u>438,665</u>
16.5.2 Gain on Disposal of Non-banking assets acquired in satisfaction of claims			
Disposal Proceeds		21,680	59,629
less : Cost		(11,034)	(21,492)
Gain		<u>10,646</u>	<u>38,137</u>
16.6 Provision held against other assets			
Tax recoverable		422,652	422,652
Non banking assets acquired in satisfaction of claims		427,721	438,665
Stock of farm machinery		11,237	11,237
Accrued interest on advances of ex-employees		15,183	16,387
Amount deposited with courts / legal charges recoverable		87,472	133,365
		<u>964,265</u>	<u>1,022,306</u>
16.6.1 Movement in provision held against other assets			
Opening balance		1,022,306	722,525
Charge for the year		38,586	328,591
Reversals		(96,627)	(28,810)
		(58,041)	299,781
Amount written off		-	-
Closing balance		<u>964,265</u>	<u>1,022,306</u>

17 CONTINGENT ASSETS

- 17.1 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.
- 17.2 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 plus penalty). On June 03, 2019, payment of impugned tax amounting to Rs.6.6 million (principle plus 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.
- 17.3 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.
- 17.4 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.

			2021	2020
	Note		Rupees in '000	
18	BILLS PAYABLE			
	In Pakistan		<u>442,401</u>	<u>402,111</u>
19	BORROWINGS			
	Secured			
	Borrowing from State Bank of Pakistan (SBP)			
	Redeemable preference shares	19.2	54,461,536	54,461,536
	Repurchase agreement borrowings	19.3	74,934,577	25,082,414
	Repurchase agreement borrowings - others	19.4	<u>1,910,922</u>	<u>1,619,282</u>
	Total secured		<u>131,307,035</u>	<u>81,163,232</u>
	Unsecured			
	Call borrowings	19.5	<u>1,050,000</u>	<u>-</u>
			<u>132,357,035</u>	<u>81,163,232</u>
19.1	Particulars of borrowings with respect to currencies			
	In local currency		<u>132,357,035</u>	<u>81,163,232</u>
19.2	Redeemable preference shares have been issued to SBP carrying mark-up of 7.5% per annum, redeemable in one bullet payment on December 31, 2025. The principal of the preference shares and return thereon is guaranteed by the Federal Government of Pakistan.			
19.3	It carries markup at the rate of 9.91% to 10.21% (2020: 7.11%) per annum and is secured against Market Treasury Bills having face value amounting to Rs. 34,500 million (2020: Rs.5,000 million) and Pakistan Investment Bonds amounting to Rs. 42,000 million (2020: Rs.20,000 million). These are repayable by January to March 2022 (2020: January 2021).			
19.4	It carries markup at the rate of 10% (2020: 6.75% to 7%) per annum and is secured against Pakistan Investment Bonds having face value amounting to Rs. 2,000 million (2020: Rs. 1,700 million) . These are repayable by January 2022 (2020: January 2021).			
19.5	It carries markup at the rate of 10% to 10.30% (2020: 6.75% to 7%) per annum. These are repayable by January 2022 (2020: January 2021).			

2021 **2020**
Rupees in '000

20 DEPOSITS AND OTHER ACCOUNTS

Customers - local currency

Current deposits	6,473,368	7,622,606
Saving deposits	4,885,062	5,165,026
Term deposits	29,545,396	33,450,713
Others	41,064	68,998
	40,944,890	46,307,343

Financial Institutions - local currency

Current deposits	104,110	71,385
Saving deposits	1,446,389	1,822,162
Term deposits	-	-
	1,550,499	1,893,547
	42,495,389	48,200,890

20.1 Composition of deposits

- Individuals	2,687,637	2,534,597
- Government (Federal and Provincial)	6,160,921	7,977,653
- Public sector entities	8,631,614	11,083,210
- Banking companies	-	-
- Non-Banking Financial Institutions	1,550,501	-
- Private sector	23,464,716	26,605,430
	42,495,389	48,200,890

20.2 This includes deposits eligible to be covered under insurance arrangements in accordance with DPC Circular No. 04 dated June 22, 2018 amounting to Rs. 10,310.913 million (2020: Rs. 12,132.54 million).

		2021	2020
	Note	Rupees in '000	
21 OTHER LIABILITIES			
Mark-up / return / interest payable in local currency on:			
- borrowings		1,465,844	1,334,763
- deposits and other accounts		803,416	858,421
Accrued expenses		697,294	154,040
Branch adjustment account		-	-
Taxation (provisions less payments)	16.4	-	-
Net liabilities relating to Bangladesh	21.1	190	189
Payable to Ministry of Food Agriculture & Livestock	21.2	168,000	168,000
Provision for:	39.6.1		
- gratuity scheme - SR - 2005		-	-
- pension scheme		9,099,720	8,504,505
- employees' post retirement medical benefits		7,964,423	6,606,148
- employees' compensated absences		2,229,620	2,651,667
- gratuity scheme of the company		303,966	290,550
Payable to subsidiary company	44	-	-
Due to Islamic Banking		496	14,995
Security deposits		33,661	87,186
Deferred income	21.3	10,566	11,122
Lease liability against right-of-use assets		892,799	892,513
Others	21.4	1,176,720	1,778,067
		<u>24,846,715</u>	<u>23,352,166</u>

21.1 Net liabilities relating to Bangladesh

Liabilities		1,924,176	1,894,805
Assets		(1,923,986)	(1,894,616)
	21.1.1	<u>190</u>	<u>189</u>

21.1.1 This represents the amount relating to the activities of the Bank in Bangladesh (former East Pakistan) before its separation. In accordance with the Finance Division letter No. F.5(12)PEC(op-FR)/78-236 dated May 6, 1979 the Bank has to calculate interest on the loans made in Bangladesh as it does in the case of corresponding borrowings made from the SBP. Instead of carrying the interest to profit and loss account, the Bank shows it in the statement of financial position only. The Bank is accruing interest at the rate of 8% per annum on its loans and advances made in Bangladesh with contra increase in its liabilities relating to its activities in Bangladesh. However, the Bank has no control over these assets.

21.2 This represents Rs.168 million (2020: Rs. 168 million) payable under Crop Maximization Project - Productivity Enhancement on Sustainable Basis.

		2021	2020
	Note	Rupees in '000	
21.3 Deferred income			
Opening balance		11,122	11,708
Additions during the year		-	-
Amortization during the year	29	(556)	(585)
Closing balance		<u>10,566</u>	<u>11,122</u>

21.3.1 Deferred income comprises the grants from the Asian Development Bank via Government of Pakistan for Rural Support Development Finance Project (RSDFP).

21.4 This represents various payables which include insurance claims payable / adjustable against the loan liability of the borrowers, withholding taxes, contribution received from borrowers, clearing proceeds payable etc.

22 SHARE CAPITAL

22.1 Authorized capital

2021	2020		2021	2020
Number of shares			Rupees in '000	
<u>12,500,000,000</u>	<u>12,500,000,000</u>	Ordinary shares of Rupees 10 each	<u>125,000,000</u>	<u>125,000,000</u>

22.2 Issued, subscribed and paid up capital

2021	2020			
Number of shares				
		Ordinary shares of Rupees 10 each		
1,186,961,201	1,186,961,201	- fully paid in cash	11,869,612	11,869,612
65,282,866	65,282,866	- Issued as bonus shares	652,829	652,829
4,015,599,174	4,015,599,174	- Issued against loan from SBP	40,155,992	40,155,992
<u>5,267,843,241</u>	<u>5,267,843,241</u>		<u>52,678,433</u>	<u>52,678,433</u>

22.3

Shareholder	No. of ordinary shares		Paid-up value per share	
State Bank of Pakistan	4,015,599,174	10	40,155,992	40,155,992
Government of Pakistan	1,251,189,067	10	12,511,891	12,511,891
Government of Punjab	292,340	10	2,923	2,923
Government of Sindh	125,545	10	1,256	1,256
Government of Khyber Pakhtunkhwa	71,740	10	717	717
Government of Balochistan	37,875	10	379	379
Erstwhile East Pakistan	527,500	10	5,275	5,275
	<u>5,267,843,241</u>		<u>52,678,433</u>	<u>52,678,433</u>

23 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

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

Quoted investments	2,375,819	2,780,330
Other securities	(853,282)	(197,181)
Surplus on revaluation of available-for-sale securities	1,522,537	2,583,149
Deferred tax on surplus on revaluation of available-for-sale securities	(532,888)	(904,102)
	<u>989,649</u>	<u>1,679,047</u>

24 CONTINGENCIES AND COMMITMENTS

24.1 Contingent liabilities

In respect of cases filed against the Bank:

24.1.1	by borrowers; 624 (2020: 529) cases	<u>458,926</u>	<u>1,204,553</u>
24.1.2	by employees; 461 (2020: 417) cases	<u>267,591</u>	<u>616,683</u>

24.2.1 Income Tax Department under section 161/205 of the Income Tax Ordinance (ITO), 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 (AO). AO 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.

24.2.2 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 ITO, 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 AO 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 AO, 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.

- 24.2.3 The Deputy Commissioner Inland Revenue (DCIR) passed orders under section 122(4) of the ITO, 2001 and raised demand of Rs. 1,056.324 million for tax years 2008 and of Rs. 2,250.813 million 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 AO. 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.
- 24.2.4 DCIR passed order under section 161 / 205 of the ITO, 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 AO 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 AO 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 AO on remanded back case who deleted various issues and also confirmed the action of AO 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 AO 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 AO. The Bank has not accounted for the demand as tax payable because favourable decision is expected.
- 24.2.5 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 ITO, 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 ACIR 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 AO with the direction to keep pending of reassessment in accordance to the provisions of Section 124(A) of the ITO, 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 AO 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 AO orders, the Bank filed an appeal before ATIR after exhausting CIR-A forum who upheld the AO orders. The Bank has not accounted for the demand as tax payable because favourable decision is expected.

24.2.6 ACIR passed order under section 122(5A) of the ITO, 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 ITO, 2001 and raised demand of Rs. 829.428 million. Being aggrieved the Bank filed appeals before CIR-A against the Orders of ACIR 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 AO In appeal effect order the AO 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.

24.2.7 DCIR passed order under section 161 / 205 of the ITO, 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 AO passed order u/s 124 read with 161 of the ITO, 2001

and raised demand of Rs. 20.435 million on remanded back issue. The Bank has filed appeal before CIR-A. The AO 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.

- 24.2.8 DCIR passed order under section 161 / 205 of ITO, 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 AO. The Bank has not accounted for the demand as tax payable as a favourable decision is expected.
- 24.2.9 DCIR passed order u/s 122(5A) of the ITO, 2001 and raised demand of Rs. 3,059 million for the Tax Year 2014. Further, on a rectification application filed by the Bank, AO 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 AO for reassessment. Appeal effect order has been received with reduction of earlier demand to Rs. 889 million. CIR-A remanded back the case to AO 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.
- 24.2.10 ACIR passed order u/s 122(5A) of the ITO, 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. AO 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 AO for reassessment. Assessment proceedings were completed and AO 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 AO 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.
- 24.2.11 ACIR passed order u/s 122(5A) of ITO, 2001 and raised demand of Rs. 1,511.521 million for the Tax Year 2016. On the directions of ATIR, except property income AO allowed partial relief in his order. In appeal effect order AO 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 AO passed two other assessment orders u/s 161 / 205 of the ITO, 2001 and raised demand of Rs. 161.180 million and of Rs. 63.243 million respectively. CIR-A remanded back to the AO of Rs. 63.243 million for issuance of speaking order. After reassessment AO 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. However, Bank filed a second appeal against demand of Rs. 60.377 million. Hence, no provision has been made as a favourable decision is expected.

- 24.2.12 AO passed four assessment orders u/s 161 / 205 of the ITO, 2001 for Tax Year 2015 and raised demands 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 AO. CIR-A remanded back to the AO of Rs. 26.628 million for denovo consideration and AO 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 AO. 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 AO of Rs. 63.469 million for issuance of speaking order. After reassessment AO 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.
- 24.2.13 AO passed orders u/s 161 of the ITO, 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 AO for re-examination. The AO 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 AO for speaking order. The Bank has not accounted for the demand as tax payable, as a favourable decision is expected.
- 24.2.14 AO passed order u/s 122(5A) of the ITO, 2001 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 the Bank filed an appeal to CIR-A against the impugned order. The Bank has not accounted for the demand as tax payable, as a favourable decision is expected.
- 24.2.15 AO passed orders u/s 122(5A) of the ITO, 2001 and raised the demands of Rs. 983.653 million for the Tax Year 2019, Rs. 4,085.176 million for the Tax Year 2020 and Rs. 6,425.014 million for the Tax Year 2021. Being aggrieved the Bank filed appeals & stay applications before CIR-A against the impugned orders. The Bank has not accounted for the demands as tax payable, as a favorable decision is expected.
- 24.2.16 The cases relating to Federal Excise Duties (FED) / 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.

- 24.2.17 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 AO for denovo consideration. On remanded back cases by ATIR the AO upheld its initial orders. The Bank filed appeal before CIR-A who upheld the orders of AO. 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.
- 24.2.18 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 AO. 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.
- 24.2.19 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 AO. The Learned DC(PRA) created demand of Rs.10.06 million. The bank has filed Appeal before Commissioner, PRA. The Bank has not accounted for the demand as tax payable, as a favourable decision is expected.
- 24.2.20 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.
- 24.2.21 Assistant Commissioner (AC), 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 AC (SRB). The Bank has not accounted for the demand as tax payable, as a favourable decision is expected.
- 24.2.22 AC (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 AC (SRB). The Bank has not accounted for the demand as tax payable, as a favourable decision is expected.

- 24.2.23 DCIR passed an order on June 9, 2020 for the Tax Year 2015/16 creating a demand of Rs. 712 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. ATIR decided the case in favor of the Bank. The Bank has not accounted for the demand as tax payable, as a favourable decision is expected.

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- 24.2.24 The Officer Inland Revenue LTU, Islamabad has initiated proceedings against the Company under Section 161/205 of the Income Tax Ordinance, 2001 for the Tax Year 2009 and 2011 of Rs. 32.10 million. The Company submitted detail reply in June 2015 against the show cause with complete documentary evidences, the case is pending for adjudication. No provision has been made in these accounts as the management is confident that the decision of the case will be decided in the favor of the Company.
- 24.2.25 The Officer Inland Revenue LTU, Islamabad initiated proceedings against the Company under Section 161/205 of the Income Tax Ordinance, 2001 for the financial year ended December 31, 2013 i.e. Tax Year 2014 and created a demand of Rs. 1.182 million. The Company filed an appeal before the Commissioner Inland Revenue(Appeals). The Commissioner passed an Order against the Company and maintained the assessment by the Officer In land Revenue. The Company filed
- 24.2.26 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 (2020: same as mentioned).

	2021	2020
	Rupees in '000	
24.3 Commitments against		
Capital expenditure	154,229	39,411
ERP implementation	5,628	9,671
25 MARK-UP / RETURN / INTEREST EARNED		
Loans and advances	15,561,244	13,503,053
Investments	4,597,748	2,668,590
Securities purchased under resale agreement	900,295	368,583
Call money lendings	366,966	74,148
Balances with banks	1,093,722	1,425,135
Bai Muajjal income	6,183	2,109
	22,526,158	18,041,618

		2021	2020	
	Note	Rupees in '000		
26	MARK-UP / RETURN / INTEREST EXPENSED			
	Deposits	2,909,482	4,655,481	
	Redeemable preference shares - SBP	4,084,615	4,084,615	
	Securities sold under repurchased agreement	3,122,706	603,775	
	Call borrowings	14,381	137,532	
	On lease liability against right-of-use assets	103,679	93,079	
	Bank commission and other charges	9,337	9,301	
		<u>10,244,200</u>	<u>9,583,783</u>	
27	FEE & COMMISSION INCOME			
	Branch banking customer fees	35,388	30,997	
	Credit related fees	970,894	945,134	
	Commission / exchange gain / (loss) on remittances including home remittances	(8,163)	12,950	
		<u>998,119</u>	<u>989,081</u>	
28	GAIN / (LOSS) ON SECURITIES			
	Realised	28.1	15,006	8,601
	Unrealised - held for trading		-	-
			<u>15,006</u>	<u>8,601</u>
28.1	Realised gain / (loss) on: Federal Government Securities		<u>15,006</u>	<u>8,601</u>
29	OTHER INCOME			
	Rent on property		46,829	57,914
	Gain on sale of fixed assets - net		11,076	82,710
	Gain on sale of non banking assets - net	16.5.2	10,646	38,137
	Deferred income amortization	21.3	556	585
	Discount income		27,640	397
	Others	29.1	61,705	35,971
			<u>158,452</u>	<u>215,714</u>
29.1	Other includes sale of scrap, sale of tender forms, recoveries against penalties imposed by SBP and private use of vehicles etc.			

		2021	2020
	Note	Rupees in '000	
30 OPERATING EXPENSES			
Total compensation expense	30.1	9,160,958	9,509,958
Property expense			
Rent & taxes		16,087	19,557
Insurance		15,489	16,660
Utilities cost		206,301	173,877
Security (including guards)			
Repair and maintenance (including janitorial charges)		88,874	86,975
Depreciation - right of use assets		267,448	189,417
Depreciation	13.2	36,688	33,591
		630,887	520,077
Information technology expenses			
Software maintenance		2,533	5,293
Hardware maintenance		28,258	20,864
Depreciation	13.2	64,240	56,568
Amortisation	14	23,912	32,131
Network charges		67,179	43,120
		186,122	157,976
Other operating expenses			
Directors' fees and allowances		6,969	1,354
Fees and allowances to Shariah Board		4,851	4,842
Legal and professional charges		180,477	166,922
Travelling and conveyance		74,272	76,061
NIFT clearing charges		18,360	15,790
Depreciation	13.2	183,651	248,611
Training and development		6,672	13,706
Postage and courier charges		25,932	23,785
Communication		35,888	36,437
Stationery and printing		58,733	79,124
Marketing, advertisement and publicity		6,072	6,416
Donations		-	-
Auditors Remuneration	30.2	8,060	6,637
Motor vehicle expenses		322,971	304,095
Others		178,024	161,346
		<u>11,088,899</u>	<u>11,333,137</u>

		2021	2020
	Note	Rupees in '000	
30.1 Total compensation expense			
Salaries		5,585,691	5,368,485
Cash bonus / awards etc.		583,083	995
Charge / (reversal) for defined benefit plans:	39.6.5		
- Pension scheme		1,105,209	1,539,360
- Benevolent scheme - officers / executives		(10,982)	5,627
- Benevolent scheme - clerical / non-clerical		(50,502)	(48,469)
- Gratuity under old staff regulations		(11,643)	(13,704)
- Gratuity scheme - staff regulation 2005		110,490	172,838
- Gratuity scheme of the Company		61,897	67,722
- Employees' compensated absences		(170,990)	218,215
		1,033,479	1,941,589
Contribution to defined contribution plan	39.1.9	36,171	41,938
Rent and house maintenance		521,110	566,183
Utilities		114,114	129,006
Medical	30.1.1	1,138,980	1,300,762
Conveyance		148,330	161,000
Grand Total		9,160,958	9,509,958

30.1.1 This includes post retirement medical benefit amounting to Rs. 891.534 million (2020: Rs. 1,007.564 million).

30.2 Auditors' remuneration

	BDO Ebrahim & Co.	Total 2021	Crowe Hussain Chaudhury & Co.	Total 2020
	..... Rupees in '000			
Audit fee	2,197	2,197	2,046	2,046
Fee for half year review	431	431	551	551
Other certifications	3,000	3,000	1,594	1,594
Sales tax	852	852	629	629
Out of pocket expenses	1,580	1,580	1,817	1,817
	8,060	8,060	6,637	6,637

	Note	2021 Rupees in '000	2020
31 OTHER CHARGES			
Penalties imposed by SBP		<u>76,359</u>	<u>147,620</u>
32 PROVISIONS AND WRITE-OFFS - NET			
Provisions against loans & advances	12.3.4	7,196,284	3,556,490
Provision / (reversal) against other assets - net	16.6.1	(58,042)	299,781
Bad debts written off directly		-	29,052
Recovery of written off / charged off bad debts		<u>(6,360,566)</u>	<u>(2,555,007)</u>
		<u>777,676</u>	<u>1,330,316</u>
33 TAXATION			
Current	33.1	2,933,674	369,984
Prior year	33.2	(1,078)	-
Deferred		<u>570,578</u>	<u>(1,090,307)</u>
		<u>3,503,174</u>	<u>(720,323)</u>
33.1 Relationship between income tax expense and accounting profit			
Accounting profit / (loss) for the year		<u>1,703,014</u>	<u>(3,064,496)</u>
Tax rate		<u>35%</u>	<u>35%</u>
Tax on accounting income / (loss)		596,055	(1,072,574)
Tax effect of permanent differences			
Penalties imposed by SBP		26,726	51,667
Repair allowance and rent collection allowance allowed against rental income		(3,934)	(5,270)
		22,792	46,397
Tax effect of prior years		(1,078)	-
Others		2,885,405	305,854
Tax charge for the year		<u>3,503,174</u>	<u>(720,323)</u>

		2021	2020
34	LOSS PER SHARE - BASIC AND DILUTED		
	Loss after tax for the year - Rupees in '000	<u>(1,800,160)</u>	<u>(2,344,173)</u>
	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>(0.34)</u>	<u>(0.44)</u>

34.1 There is no dilutive effect on the basic loss per share of the Bank.

	Note	2021 Rupees in '000	2020
35	CASH AND CASH EQUIVALENTS		
	Cash and balances with treasury banks	8 5,026,023	2,677,147
	Balances with other banks	9 <u>26,815,701</u>	<u>19,429,322</u>
		<u>31,841,724</u>	<u>22,106,469</u>

		2021	2020
			Number
36	STAFF STRENGTH		
	Permanent	6,140	7,171
	Contractual	<u>1,958</u>	<u>1,689</u>
	Total staff strength	<u>8,098</u>	<u>8,860</u>

37 CREDIT RATING

VIS Credit Rating Company Limited in its report dated June 30, 2021 has reaffirmed credit rating of the Bank at AAA (2020: AAA) with rating watch - developing and short-term credit rating of A-1+ (2020: A-1+).

OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES

	Note	2021 Rupees in '000	2020
Loss before taxation		1,703,014	(3,064,496)
Less: Dividend income		(192,413)	(75,346)
		<u>1,510,601</u>	<u>(3,139,842)</u>
Adjustments:			
Depreciation	13.2	284,579	338,770
Depreciaton on right-of-use assets		267,448	189,417
Amortization	14	23,912	32,131
Amortization of deferred income	21.3	(556)	(585)
Markup on lease liability on right-of-use assets		103,679	93,079
Provisions and write-offs	32	7,138,242	3,885,323
Provision for employees post retirement medical benefits	39.6.5	891,534	1,007,563
Charge for defined benefit plans - net	30.1	1,033,479	1,941,589
Gain on securities		(15,006)	(8,601)
Gain on sale of operating fixed assets	29	(11,076)	(82,710)
		<u>9,716,235</u>	<u>7,395,976</u>
		<u>11,226,836</u>	<u>4,256,134</u>

39 DEFINED BENEFIT AND CONTRIBUTION PLANS

The Group operates the following retirement benefit plans for its employees:

Pension Scheme - funded
Benevolent Scheme - funded
Employees Gratuity Scheme - funded
Post Retirement Medical Benefits - unfunded
Employees Compensated Absences - unfunded
Gratuity scheme of the Company
Defined Contribution Plan

39.1 Brief description of each fund is as follows:

39.1.1 Pension scheme

The Bank operates an approved pension scheme for employees who opted for the scheme introduced in year 1975 for clerical / non-clerical staff and in the year 1977 for officers / executives. The contributions are made on the basis of actuarial recommendation.

39.1.2 Benevolent scheme - officers

The Bank operates an approved funded benevolent scheme for all officers / executives of the Bank for which contributions are made at the rate of 2% of basic pay to a maximum of Rs. 200, by each officer / executive. Employee contributions are matched by an equal amount of contributions by the Bank. The Bank is also liable to meet any shortfall in the fund.

39.1.3 Benevolent scheme - staff

The Bank operates an approved funded benevolent scheme for all clerical / non-clerical staff for which contributions are made at different rates but not exceeding Rs. 100 by each employee. Employee contributions are matched by an equal amount of contributions by the Bank. The Bank is also liable to meet any shortfall in the fund.

39.1.4 Gratuity under old Staff Regulations - SSR 1961

For employees who opted for the scheme introduced in 1975 for clerical / non-clerical staff and in 1977 for officers / executives, the Bank operates an approved funded gratuity scheme in which monthly contributions, if the employee has less than ten years of service, are made by the Bank on the basis of actuarial recommendation.

39.1.5 Gratuity under Staff Regulations - 2005 (SR-2005)

The Bank also operates a separate Gratuity Fund scheme, w.e.f. August 2006, established upon introduction of Staff Regulations - 2005 (SR-2005) for the employees governed under SR-2005. Contributions to this Fund are made by the Bank on the basis of actuarial valuation.

39.1.6 Post retirement medical benefits

The Bank provides post retirement medical benefits to eligible retired employees. Provision is made annually to meet the cost of such medical benefits on the basis of actuarial valuation carried out by independent actuary by using Projected Unit Credit (PUC) method.

39.1.7 Employees compensated absences - unfunded

The liability of the Bank in respect of long-term employees compensated absences is determined based on actuarial valuation carried out using Projected Unit Credit (PUC) method.

39.1.8 Gratuity scheme of the Company

The scheme provides for terminal benefits for all permanent employees of the Company whose period of service is atleast one year. Employees are entitled to gratuity on the basis set out in the Company's staff regulations.

39.1.9 Defined contribution plan

The Bank operates an approved non-contributory provident fund (General Provident Fund) through an independent trust for 2,131 (2020: 2,473) employees who are governed under Staff Service Regulations 1961. Contributions to the fund are made only by employees at the rate of 8% of mean of pay scale per month.

The Bank also operates Contributory Provident Fund scheme introduced in 2006 (w.e.f. July 2006) for 2,408 (2020: 2,615) employees governed under SR-2005. Contributions to the Contributory Provident Fund are made by the employees and the Bank, if their remaining service is more than ten years from the date of option / appointment, at the rate of 2% of monetized salary per month. During the year, the Bank contributed Rs. 36.171 million (2020: Rs. 41.938 million) in respect of this fund.

The Bank has contributory provident fund scheme for benefit of all its permanent employees. The Funds are maintained by the Trustees and all decisions regarding investments and distribution of income etc. are made by the Trustees independent of the Bank. The titles of the funds are as follow;

Employees Provident Fund;
Employees Provident Fund (Officers);
Employees Provident Fund (Staff); and
Employees Contributory Provident Fund

The size of the Funds at the reporting date was Rs. 5,657.89 million (2020: Rs. 5,544.77 million). As intimated by the Trustees, the cost of the investments made at year end amounts to Rs. 5,569.89 million (2020: Rs. 5,484.81 million) which is equal to 98.44% (2020: 98.92%) of the total fund size. The fair values of the investments amount to Rs. 5,657.89 million (2020: Rs. 5,544.77 million) at that date. The category wise break up of investment is given below:

	2021	2020
	Rupees in '000	
Term Deposit Receipts	4,298,800	5,133,700
Government securities	1,271,090	351,112
	<u>5,569,890</u>	<u>5,484,812</u>

39.2 Funding policy

Schemes are funded on the basis of actuarial recommendation subject to maximum permissible limits under Income Tax rules. Any deficit in defined benefit plans is to be met by the Bank.

39.3 Risks associated with defined benefit plans

Investment risk

The risk arises when the actual performance of the investments is lower than expectation and thus creating a shortfall in the funding objectives.

Longevity risk

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary increase risk

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Withdrawal risk

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

39.4 Principal actuarial assumption

Latest actuarial valuation is carried out as at December 31, 2021. The actuarial valuations were made using the Projected Unit Credit (PUC) method based on the following significant assumptions:

	2021	2020
 %	
Valuation discount rate - pension & medical scheme under SSR-1961	11.75	9.75
Valuation discount rate - all other schemes	11.75	9.75
Expected rate of increase in salary	9.75	7.75
Expected rate of return on plan assets - pension fund	11.75	9.75
Expected rate of return on plan assets - other funds	11.75	9.75
Expected rate of increase in pension	7.50	5.50
Expected rate of medical inflation - allowances	9.75	9.75
Expected rate of medical inflation - hospitalization	11.75	9.75

39.5 Number of employees under the scheme

The number of employees (including beneficiaries) covered under the following defined benefit schemes are:

	2021	2020
	....Number....	
- Pension Scheme - funded	5,002	5,052
- Benevolent Scheme (officers) - funded	4,985	5,212
- Benevolent Scheme (staff) - funded	871	939
- Gratuity under old Staff Regulations - SSR 1961	-	5,052
- Gratuity under Staff Regulations - 2005 (SR-2005)	2,408	2,615
- Post Retirement Medical Benefits - unfunded	6,283	6,658
- Employees Compensated Absences - unfunded	4,539	5,088
- Gratuity scheme of the Company	1,602	2,083

39.6 Defined benefit plans

39.6.1 Reconciliation of payable to / (receivable from) defined benefit plans

		2021							
		Pension	Benevolent scheme		Gratuity		retirement medical	compensated absences	scheme of the Company
			Officers	Staff	SSR-1961	SR-2005			
		Rs. in '000							
Present value of defined benefit obligation	39.6.2	21,162,181	776,160	121,680	-	1,625,653	7,964,423	2,229,620	303,966
Fair value of plan assets	39.6.3	(12,062,461)	(1,177,638)	(663,198)	(115,744)	(2,105,447)	-	-	-
	39.6.4	9,099,720	(401,478)	(541,518)	(115,744)	(479,794)	7,964,423	2,229,620	303,966
Unrecognized due to impact of asset ceiling		-	401,478	541,518	-	-	-	-	
Net liability / (asset)		9,099,720	-	-	(115,744)	(479,794)	7,964,423	2,229,620	303,966
		2020							
		Pension	Benevolent scheme		Gratuity		retirement medical	compensated absences	scheme of the Company
			Officers	Staff	SSR-1961	SR-2005			
		Rs. in '000							
Present value of defined benefit obligation		21,170,288	815,669	102,346	-	1,757,964	6,606,148	2,651,667	290,550
Fair value of plan assets		(12,665,783)	(1,188,246)	(630,492)	(119,412)	(2,057,908)	-	-	-
		8,504,505	(372,577)	(528,146)	(119,412)	(299,944)	6,606,148	2,651,667	290,550
Unrecognized due to impact of asset ceiling		-	372,577	528,146	-	-	-	-	
Net liability / (asset)		8,504,505	-	-	(119,412)	(299,944)	6,606,148	2,651,667	290,550

39.6.2 Movement in defined benefit obligations

	2021								
	Pension	Benevolent scheme		Gratuity		retirement	compensated	scheme of the	
		Officers	Staff	SSR-1961	SR-2005	medical	absences	Company	
		Rs. in '000							
Obligations at the beginning of the year	21,170,288	815,669	102,346	-	1,757,964	6,606,148	2,651,667	290,550	
Current service cost	288,140	35,861	2,904	-	148,354	263,556	45,571	33,435	
Interest cost	1,979,525	74,195	9,350	-	157,341	627,978	246,298	28,462	
Benefits paid	(1,734,930)	(109,382)	(12,900)	-	(288,423)	(330,702)	(251,057)	(14,581)	
Contribution - employees	-	(9,582)	(1,742)	-	-	-	-	-	
Re-measurement loss / (gain)	(540,842)	(30,601)	21,722	-	(149,583)	797,443	(462,859)	(33,900)	
Obligations at the end of the year	21,162,181	776,160	121,680	-	1,625,653	7,964,423	2,229,620	303,966	

	2020							
Pension	Benevolent scheme		Gratuity		retirement medical	compensated absences	scheme of the Company	
	Officers	Staff	SSR-1961	SR-2005				
	Rs. in '000							
Obligations at the beginning of the year	21,722,509	777,066	101,799	-	1,770,295	6,705,945	2,632,132	278,660
Current service cost	462,178	44,171	3,909	-	195,808	242,633	40,590	36,544
Interest cost	2,466,272	82,431	10,822	-	186,537	764,931	284,939	31,178
Benefits paid	(1,465,914)	(88,690)	(11,215)	-	(224,373)	(308,892)	(198,680)	(17,112)
Contribution - employees	-	(10,425)	(1,772)	-	-	-	-	-
Transferred employees	-	-	-	-	-	-	-	-
Re-measurement loss / (gain)	(2,014,757)	11,116	(1,197)	-	(170,303)	(798,469)	(107,314)	(38,720)
Obligations at the end of the year	21,170,288	815,669	102,346	-	1,757,964	6,606,148	2,651,667	290,550

39.6.3 Movement in fair value of plan assets

	2021							
	Pension	Benevolent scheme		Gratuity		retirement	compensated	scheme of the
		Officers	Staff	SSR-1961	SR-2005	medical	absences	Company
		Rs. in '000						
Fair value at the beginning of the year	12,665,783	1,188,246	630,492	119,412	2,057,908	-	-	-
Interest income on plan assets	1,162,456	111,456	61,014	11,643	195,205	-	-	-
Benefits paid	(1,734,930)	(109,382)	(12,900)	-	(288,423)	-	-	-
Contributions - employer	248,620	9,582	1,742	-	176,806	-	-	-
Contributions - employees	-	9,582	1,742	-	-	-	-	-
Transferred from gratuity to pension	15,076	-	-	(15,076)	-	-	-	-
Re-measurements: Net return on plan assets								
over interest income gain / (loss)	39.6.5.2	(294,544)	(31,846)	(18,892)	(235)	(36,049)	-	-
Fair value at the end of the year	39.6.6	12,062,461	1,177,638	663,198	115,744	2,105,447	-	-

		2020							
		Pension	Benevolent scheme		Gratuity		retirement medical	compensated absences	scheme of the Company
			Officers	Staff	SSR-1961	SR-2005			
		Rs. in '000							
Fair value at the beginning of the year		12,425,840	1,016,585	549,858	116,632	1,876,391	-	-	-
Interest income on plan assets		1,389,090	110,550	61,428	13,704	209,507	-	-	-
Benefits paid		(1,465,914)	(88,690)	(11,215)	-	(224,373)	-	-	-
Contributions - employer		258,323	10,425	1,772	-	196,164	-	-	-
Contributions - employees		-	10,425	1,772	-	-	-	-	-
Transferred from gratuity to pension		13,850	-	-	(13,850)	-	-	-	-
Re-measurements: Net return on plan assets									
over interest income gain / (loss)	39.6.5.2	44,594	128,951	26,877	2,926	219	-	-	-
Fair value at the end of the year		12,665,783	1,188,246	630,492	119,412	2,057,908	-	-	

39.6.4 Movement in payable / (receivable) under defined benefit schemes

		2021							
	Pension	Benevolent scheme		Gratuity		Post retirement	Employees compensated	Gratuity scheme of the	
		Officers	Staff	SSR-1961	SR-2005				
		Rs. in '000							
Opening balance		8,504,505	-	-	(119,412)	(299,944)	6,606,148	2,651,667	290,550
Charge / (reversal) for the year	39.6.5.1	1,105,209	(10,982)	(50,502)	(11,643)	110,490	891,534	(170,990)	61,897
Re-measurement loss / (gain) recognised in OCI during the year	39.6.5.2	(246,298)	20,564	52,244	235	(113,534)	797,443	-	(33,900)
Contribution to fund / benefits paid		(248,620)	(9,582)	(1,742)	-	(176,806)	(330,702)	(251,057)	(14,581)
Transferred from gratuity to pension		(15,076)	-	-	15,076	-	-	-	-
Closing balance		9,099,720	-	-	(115,744)	(479,794)	7,964,423	2,229,620	303,966

		2020							
		Pension	Benevolent scheme		Gratuity		retirement medical	compensated absences	scheme of the Company
			Officers	Staff	SSR-1961	SR-2005			
			Rs. in '000						
Opening balance		9,296,669	-	-	(116,632)	(106,096)	6,705,945	2,632,132	278,660
Charge / (reversal) for the year		1,539,360	5,627	(48,469)	(13,704)	172,838	1,007,564	218,215	67,722
Re-measurement loss / (gain) recognised in OCI during the year	39.6.5.2	(2,059,351)	4,798	50,241	(2,926)	(170,522)	(798,469)	-	(38,720)
Contribution to fund / benefits paid		(258,323)	(10,425)	(1,772)	-	(196,164)	(308,892)	(198,680)	(17,112)
Transferred from gratuity to pension		(13,850)	-	-	13,850	-	-	-	-
Closing balance		8,504,505	-	-	(119,412)	(299,944)	6,606,148	2,651,667	290,550

39.6.5 Charge / (reversal) for defined benefit plans

39.6.5.1 Cost recognised in profit and loss

	2021							
	Pension	Benevolent scheme		Gratuity		retirement medical	compensated absences	scheme of the Company
		Officers	Staff	SSR-1961	SR-2005			
Current service cost	288,140	35,861	2,904	-	148,354	263,556	45,571	33,435
Net interest on defined benefit asset / liability	817,069	(37,261)	(51,664)	(11,643)	(37,864)	627,978	246,298	28,462
Acturial (Gain) / Losses	-	-	-	-	-	-	(462,859)	-
Contributions - employees	-	(9,582)	(1,742)	-	-	-	-	-
	1,105,209	(10,982)	(50,502)	(11,643)	110,490	891,534	(170,990)	61,897

	2020							
	Pension	Benevolent scheme		Gratuity		retirement medical	compensated absences	scheme of the Company
		Officers	Staff	SSR-1961	SR-2005			
Current service cost	462,178	44,171	3,909	-	195,808	242,633	40,590	36,544
Net interest on defined benefit asset / liability	1,077,182	(28,119)	(50,606)	(13,704)	(22,970)	764,931	284,939	31,178
Acturial (Gain) / Losses	-	-	-	-	-	-	(107,314)	-
Contributions - employees	-	(10,425)	(1,772)	-	-	-	-	-
	1,539,360	5,627	(48,469)	(13,704)	172,838	1,007,564	218,215	67,722

39.6.5.2 Re-measurements recognised in OCI during the year

	2021							
Pension	Benevolent scheme		Gratuity		retirement medical	compensated absences	scheme of the Company	
	Officers	Staff	SSR-1961	SR-2005				
	Rs. in '000							
Loss / (gain) on obligation :								
- experience adjustment	(540,842)	(30,601)	21,722	-	(149,583)	797,443	-	(33,900)
Return on plan assets over interest income	294,544	31,846	18,892	235	36,049	-	-	-
Asset ceiling adjustment	-	19,320	11,630	-	-	-	-	-
Total re-measurement recognised in OCI	(246,298)	20,565	52,244	235	(113,534)	797,443	-	(33,900)

	2020						
Pension	Benevolent scheme		Gratuity		retirement medical	compensated absences	scheme of the Company
	Officers	Staff	SSR-1961	SR-2005			
	Rs. in '000						
Loss / (gain) on obligation :							
- financial assumptions	-	-	-	-	-	-	-
- experience adjustment	(2,014,757)	11,116	(1,197)	-	(170,303)	(798,469)	(38,720)
Return on plan assets over interest income	(44,594)	(128,951)	(26,877)	(2,926)	(219)	-	-
Asset ceiling adjustment	-	122,633	78,315	-	-	-	-
Total re-measurement recognised in OCI	(2,059,351)	4,798	50,241	(2,926)	(170,522)	(798,469)	(38,720)

39.6.6 Components of plan assets

	2021							
	Pension	Benevolent scheme		Gratuity		retirement medical	compensated absences	scheme of the Company
		Officers	Staff	SSR-1961	SR-2005			
Cash and cash equivalents - net	8,245,145	510,190	420,949	270	1,188,188	-	-	-
Government securities	2,959,518	667,468	242,268	115,492	915,277	-	-	-
Debtors and creditors	857,799	(19)	(19)	(19)	1,981	-	-	-
	12,062,462	1,177,639	663,198	115,743	2,105,446	-	-	-

	2020						
Pension	Benevolent scheme		Gratuity		retirement medical	compensated absences	scheme of the Company
	Officers	Staff	SSR-1961	SR-2005			
	Rs. in '000						
Cash and cash equivalents - net	6,921,203	704,595	458,599	104	1,893,388	-	-
Government securities	4,644,436	483,668	171,910	119,325	158,536	-	-
Debtors and creditors	1,100,144	(17)	(17)	(17)	5,984	-	-
	12,665,783	1,188,246	630,492	119,412	2,057,908	-	-

Pension	Benevolent scheme		Gratuity		retirement medical	compensated absences	scheme of the Company
	Officers	Staff	SSR-1961	SR-2005			
Rs. in '000							

39.6.7 Sensitivity analysis

Current liability	21,162,181	776,160	121,680	-	1,625,653	7,964,423	2,229,620	303,967
+1% discount rate	19,434,282	710,583	111,399	-	1,513,945	6,828,755	2,095,488	273,015
-1% discount rate	23,867,552	851,117	133,431	-	1,758,349	9,407,121	2,386,706	340,423
+1% salary increase	21,631,564	-	-	-	1,760,761	8,140,038	2,389,511	342,033
-1% salary increase	20,720,165	-	-	-	1,510,158	7,802,313	2,090,957	271,210
+1% pension increase / medical inflation rate	23,454,942	-	-	-	-	8,474,349	-	-
-1% pension increase / medical inflation rate	19,742,361	-	-	-	-	6,166,836	-	-
+10% withdrawal rates	21,164,297	-	-	-	1,627,515	-	-	304,487
-10% withdrawal rates	21,160,065	-	-	-	1,623,656	-	-	303,433
1 year mortality age set back	21,813,940	-	-	-	1,624,859	-	-	303,829
1 year mortality age set forward	21,053,436	-	-	-	1,626,403	-	-	304,103

39.6.8 Maturity profile

Weighted average duration of obligation (in years)	10.47	9.05	9.05	10.47	7.44	17.33 for SSR-1961 5.40 for SR-2005	6.45	11.32
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39.6.9 Expected charge / (reversal) for next year

	1,391,213	(17,616)	(62,295)	(13,600)	75,737	1,230,343	312,910	66,775
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39.6.10 Expected contribution for next year

	230,872	10,517	1,912	-	129,734	-	-	-
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40 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

40.1 Total Compensation Expense

2021						
Items	Directors		Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers /
	Chairman	Non-Executives				
..... Rupees in '000						
Fees and Allowances etc.	-	3,320	256	-	-	-
Managerial Remuneration:						
Salaries	-	-	4,430	20,765	63,861	77,943
Cash bonus / awards etc.	-	-	165	-	17,785	12,470
Charge for defined benefit plan	-	-	-	-	4,889	6,657
Contribution to defined contribution plan	-	-	-	-	931	833
Rent & house maintenance	-	-	-	10,856	454	1,173
Utilities	-	-	-	469	113	293
Medical	-	-	-	353	102	270
Conveyance	-	-	-	650	634	276
Club Facility	-	-	-	-	-	-
Leave Fare Assistance	-	-	-	4,208	-	-
Total	-	3,320.00	4,851	37,301	88,769	99,915
Number of Persons	-	7	3	1	28	53

2020						
Items	Directors		Members Shariah Board	President / CEO	Key Management Personnel	Other Material Risk Takers /
	Chairman	Non-Executives				
..... Rupees in '000						
Fees and Allowances etc.	-	-	102	-	-	-
Managerial Remuneration:						
Salaries	-	-	4,740	18,000	74,116	71,701
Cash bonus / awards etc.	-	-	-	-	-	-
Charge for defined benefit plan	-	-	-	-	5,803	6,593
Contribution to defined contribution plan	-	-	-	-	1,147	896
Rent & house maintenance	-	-	-	9,900	717	3,433
Utilities	-	-	-	372	179	858
Medical	-	-	-	535	161	772
Conveyance	-	-	-	591	806	256
Club Facility	-	-	-	2,010	-	-
Leave fare assistance	-	-	-	3,575	-	-
Total	-	-	4,842	34,983	82,929	84,509
Number of Persons	-	-	3	1	25	66

40.2 The Chief Executive, Key Management Personnel and other material risk takers / controllers, governed under SSR-1961, have been provided with Bank maintained cars whereas those governed by SR-2005, have been provided cars under Car Loan Depreciation Policy (CLDP).

40.3 Remuneration paid to Directors for participation in Board and Committee Meetings

2021											
Sr. No.	Name of Director	Meeting Fees and Allowances Paid									
		For Board Meetings	For Annual General Meeting	For Board Committees							Total Amount Paid
				Audit	Product Development & Marketing	Information Technology & Agriculture	Nomination	Human Resource Management	Procurement	Risk	
..... Rupees in '000											
1	Mr. Nadeem Lodhi	280	40	-	-	-	-	125	-	-	445
2	Syed Javed	280	40	100	75	25	25	100	25	75	745
3	Mr. Zaigham Mahmood Rizvi	280	40	100	100	-	25	125	25	75	770
4	Mr. Haaris Mahmood Chaudhary	280	40	100	-	25	-	75	25	-	545
5	Mr. Abdul Ghufraan	120	-		100	-	25	125	-	-	370
6	Dr. Nawaz Ahmad	200	-	25	-	-	-	-	-	75	300
7	Mr. Muhammad Aslam Ghauri	80	40	25	-	-	-	-	-	-	145
	Total	1,520	200	350	275	50	75	550	75	225	3,320

40.4 Remuneration paid to Shariah Board Members

2021						2020		
Items	Chairman	Resident Member	Non-Resident	Chairman	Resident Member	Non-Resident		
..... Rupees in '000								
Meeting Fees and Allowances	104	-	152	51	-	51		
Contractual salary	990	1,575	1,865	1,980	1,500	1,260		
Cash bonus	-	102	63	-	-	-		
Total	1,094	1,677	2,080	2,031	1,500	1,311		
Total Number of Persons	1	1	1	1	1	1		

41 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.

41.1 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).

41.2 Valuation technique used and 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 are shared 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.

41.3 Fair value of financial assets

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

2021					
	Carrying value / Notional value	Level 1	Level 2	Level 3	Total
	..... Rupees in '000				
On balance sheet financial instruments					
Financial assets measured at fair value					
Investmments					
- Federal Government Securities	77,128,568	-	77,128,568	-	77,128,568
- Shares	2,465,115	2,465,115	-	-	2,465,115
- Debt securities (TFCs, Sukuk)	2,713,562	2,713,562	-	-	2,713,562
	82,307,245	5,178,677	77,128,568	-	82,307,245
2020					
	Carrying value / Notional value	Level 1	Level 2	Level 3	Total
	..... Rupees in '000				
On balance sheet financial instruments					
Financial assets measured at fair value					
Investmments					
- 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

42 SEGMENT INFORMATION

42.1 Segment Details with respect to Business Activities:

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

	2021				
	Branch banking & agri financing	Treasury	Islamic banking	Kissan Support Services Limited	Total
	..... Rupees in '000				
Profit and Loss					
Net mark-up/return/profit	8,781,336	3,533,500	74,277	(107,155)	12,281,958
Inter segment revenue - net	587,737	(781,686)	-	193,949	-
Non mark-up / return / interest income	1,266,968	15,006	518	81,498	1,363,990
Total Income	10,636,041	2,766,820	74,795	168,292	13,645,948
Segment direct expenses	11,007,193	41,871	61,849	54,345	11,165,258
Inter segment expense allocation	-	-	-	-	-
Total expenses	11,007,193	41,871	61,849	54,345	11,165,258
Provisions	777,676	-	-	-	777,676
Profit before tax	(1,148,828)	2,724,949	12,946	113,947	1,703,014
Statement of Financial Position					
Cash and Bank balances	2,360,075	27,856,545	1,620,081	5,023	31,841,724
Investments	-	79,853,164	1,355,880	1,098,201	82,307,245
Net inter segment lendings	40,157,611	-	-	1,207,102	41,364,713
Lendings to financial institutions	-	16,828,212	51,275	-	16,879,487
Advances - performing	74,456,385	-	-	-	74,456,385
- non-performing (net of provision)	17,365,922	-	-	-	17,365,922
Others	30,262,500	1,477,903	45,698	295,114	32,081,215
Total Assets	164,602,493	126,015,824	3,072,934	2,605,440	296,296,691
Borrowings	54,461,536	76,845,499	1,050,000	-	132,357,035
Subordinated debt	-	-	-	-	-
Deposits and other accounts	41,064,578	-	1,430,811	-	42,495,389
Net inter segment borrowing	1,207,102	39,557,611	500,000	-	41,264,713
Others	24,677,097	147,424	26,103	438,492	25,289,116
Total Liabilities	121,410,313	116,550,534	3,006,914	438,492	241,406,253
Equity	52,968,290	989,649	(27,347)	859,846	54,790,438
Total Equity and Liabilities	174,378,603	117,540,183	2,979,567		294,898,353
Contingencies and Commitments	38,378,831	-	-	33,282	38,412,113

	2020				
	Branch banking & agri financing	Treasury	Islamic banking	Kissan Support Services Limited	Total
	..... Rupees in '000				
Profit and Loss					
Net mark-up/return/profit	4,760,663	3,556,552	53,841	86,779	8,457,835
Inter segment revenue - net	1,425,689	(1,219,105)	-	(206,584)	-
Non mark-up / return / interest income	1,159,384	39	304	129,015	1,288,742
Total Income	7,345,736	2,337,486	54,145	9,210	9,746,577
Segment direct expenses	11,323,620	39,398	62,011	55,728	11,480,757
Inter segment expense allocation	-	-	-	-	-
Total expenses	11,323,620	39,398	62,011	55,728	11,480,757
Provisions	1,330,316	-	-	-	1,330,316
Profit/(loss) before tax	(5,308,200)	2,298,088	(7,866)	(46,518)	(3,064,496)
Statement of Financial Position					
Cash and Bank balances	1,687,174	18,981,903	1,428,993	8,399	22,106,469
Investments	-	37,888,113	757,656	1,079,191	39,724,960
Net inter segment lending	600,000	-	-	1,302,483	1,902,483
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	33,667,531	1,084,904	74,832	353,310	35,180,577
Total Assets	138,610,975	68,941,620	2,312,756	2,743,383	212,608,734
Borrowings	54,461,536	26,701,696	-	-	81,163,232
Subordinated debt	-	-	-	-	-
Deposits and other accounts	46,379,283	-	1,821,607	-	48,200,890
Net inter segment borrowing	1,302,483	-	500,000	100,000	1,902,483
Others	23,282,921	20,558	10,593	440,205	23,754,277
Total Liabilities	125,426,223	26,722,254	2,332,200	540,205	155,020,882
Equity	54,905,946	1,679,047	2,164	1,000,695	57,587,852
Total Equity and Liabilities	180,332,169	28,401,301	2,334,364	1,540,900	212,608,734
Contingencies and Commitments	24,004,823	-	-	33,282	24,038,105

42.2 Segment Details with respect to geographical locations

The Bank operates only in Pakistan and hence no geographical location wise disclosure is presented.

43 TRUST ACTIVITIES

The Bank is not engaged in any significant trust activities.

44 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.

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 disclosed in note 39 to these financial statements. Remuneration to the executives are determined in accordance with the terms of their appointment. Compensation to President, directors and executives and disposal of vehicles to employees are disclosed in note 40 and note 13.6 to these financial statements respectively. Details of transactions with related parties and balances with them other than those disclosed in these financial statements are as under:

	Key management personnel		Defined Benefit Plans		Agricultural Technology	
	2021	2020	2021	2020	2021	2020
Advances						
Opening balance	49,892	26,483	-	-	-	-
Addition	31,175	32,683	-	-	-	-
Repaid	(15,178)	(9,274)	-	-	-	-
Closing balance	65,889	49,892	-	-	-	-
Other assets						
Interest / mark-up accrued	9,099	9,472	-	-	-	-
Receivable at the end of the year	-	-	595,538	419,356	-	-
Deposits and other accounts						
Opening balance	5,927	5,566	9,695,509	13,342,343	205,600	182,383
Received during the year	96,265	83,758	22,770,608	22,428,079	383,884	362,222
Withdrawn during the year	(96,430)	(83,397)	(22,226,413)	(26,074,913)	(369,996)	(339,005)
Closing balance	5,762	5,927	10,239,704	9,695,509	219,488	205,600

	Key management personnel		Defined Benefit Plans		Agricultural Technology	
	2021	2020	2021	2020	2021	2020
Other liabilities						
Interest / mark-up payable	-	-	131,530	102,786	4,305	3,890
Payable at the end of the year	-	-	19,293,763	17,762,320	-	-
Income						
Mark-up / interest earned	1,396	1,433	-	-	-	-
Expense						
Mark-up / interest paid	-	-	606,090	966,330	14,770	20,809
Compensation	94,226	87,383	-	-	-	-
Post retirement benefit	4,889	4,678	-	-	-	-
Contribution to defined benefit plan	931	878	-	-	-	-

44.1 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.

45 CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS

	2021	2020
	... Rupees in '000 ...	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	46,641,417	48,708,582
Capital Adequacy Ratio:		
Eligible Common Equity Tier 1 (CET 1) Capital	44,965,422	46,944,995
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	44,965,422	46,944,995
Eligible Tier 2 Capital	2,498,563	3,425,490
Total Eligible Capital (Tier 1 + Tier 2)	47,463,985	50,370,485
Risk Weighted Assets (RWAs):		
Credit Risk	120,713,094	139,715,446
Market Risk	4,930,225	5,739,250
Operational Risk	20,987,838	20,215,413
Total	146,631,157	165,670,109
Common Equity Tier 1 Capital Adequacy Ratio	30.67%	28.34%
Tier 1 Capital Adequacy Ratio	30.67%	28.34%
Total Capital Adequacy Ratio	32.37%	30.40%

SBP through its BSD Circular No. 07 dated April 15, 2009 requires the minimum paid-up capital (net of losses) for all locally incorporated banks to be raised to Rs. 10 billion by the year ended on December 31, 2013. The paid-up capital of the Bank for the year ended December 31, 2021 stands at Rs. 52.678 billion and is in compliance with the SBP requirement. In addition, the banks are also required to maintain a minimum capital adequacy ratio (CAR) of 11.50% (2020: 11.50%) of the risk weighted exposure. The Bank's CAR as at December 31, 2021 is 32.37% (2020: 30.40%) of its risk weighted exposure.

The capital adequacy ratio of the Bank was subject to the Basel III capital adequacy guidelines stipulated by the SBP through its BPRD Circular No. 06 dated August 15, 2013. These instructions are effective from December 31, 2013 in a phased manner with full implementation intended by December 31, 2019. Under Basel III guidelines banks are required to maintain the following ratios on an ongoing basis:

Phase-in arrangement and full implementation of the minimum capital requirements:

S No.	Ratio	Year ended						
		2013	2014	2015	2016	2017	2018	2019
1	CET 1	5.00%	5.50%	6.00%	6.00%	6.00%	6.00%	6.00%
2	ADT 1	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
3	Tier 1	6.50%	7.00%	7.50%	7.50%	7.50%	7.50%	7.50%
4	Total Capital	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
5	* CCB	-	-	0.25%	0.65%	1.28%	1.90%	2.50%
6	Total Capital plus CCB	10.00%	10.00%	10.25%	10.65%	11.28%	11.90%	12.50%

- *(Consisting of CET1 only)

2021 **2020**
... Rupees in '000 ...

Leverage Ratio (LR):

Eligible Tier-1 Capital	44,965,422	46,944,995
Total exposures	331,810,281	237,417,427
Leverage ratio	<u>13.55%</u>	<u>19.77%</u>

Liquidity Coverage Ratio (LCR):

Total High Quality Liquid Assets	19,761,909	21,665,571
Total Net Cash Outflow	2,714,031	2,763,473
Liquidity Coverage Ratio	<u>728%</u>	<u>784%</u>

Net Stable Funding

Total Available Stable Funding	143,009,369	153,645,253
Total Required Stable Funding	112,581,390	120,322,430
Net Stable Funding Ratio	<u>127%</u>	<u>128%</u>

The full disclosures on the CAPITAL ADEQUACY, LEVERAGE RATIO AND LIQUIDITY REQUIREMENTS as per SBP instructions issued from time to time is placed on the website of the Bank. The link to the full disclosure is available at <http://www.ztbl.com.pk>.

46 RISK MANAGEMENT

This section presents information about the Bank's exposure to and its management and control of risks, in particular, the primary risks associated with its use of financial instruments such as credit, market, liquidity and operational risks.

Risk management is a dynamic process of identification, measurement and monitor and control risks with the aim to optimize risk-reward trade-off. The Bank has setup a centralized risk management function at the organizational level which encompasses a broader framework of risk committees, enterprise risk management division and its departments responsible for each category of risk i.e. Loan Review, IT risk, Collateral Management and Portfolio analytics covering Portfolio credit risk, market & liquidity risk, operational and equity position risks. The Bank's risk management function is independent of the business and operations and directly reports to the President through Divisional Head. The Bank's systematic and integrated risk management function for each category of risk is as follows:

46.1 Credit risk

Credit risk is the risk of financial losses arising when a customer or counterparty is unable or unwilling to perform as per the contractual terms resulting in reduction in portfolio. The Bank's credit appraisal structure is well-defined. Credit appraisal, approval and review methods are integral parts of lending operations. The credit portfolio is reviewed and analyzed on quarterly basis and reports are submitted to the Management for decision making.

The Obligor Risk Rating (ORR) model for fresh borrowers is in place as the credit risk rating of the borrower is a concise indicator to evaluate Bank's credit exposure. An internal rating system categorizes all credits into various classes on the basis of underlying credit quality. The ultimate objective of the system is to generate accurate and consistent risk ratings and portfolio monitoring / analysis.

Regarding Basel Accords compliance, the Bank has implemented Standardized Approach (SA) for calculation of capital charge against credit risk weighted assets.

Particulars of bank's significant on-balance sheet and off-balance sheet credit risk in various sectors are analysed as follows:

46.1.1 Investment in debt securities

Credit risk by industry sector

	Gross investments		Non-performing investments		Provision held	
	2021	2020	2021	2020	2021	2020
	..... Rupees in '000					
Chemicals and pharmaceuticals	597,987	526,019	-	-	-	-
Financial	2,115,575	2,363,713	-	-	-	-
	2,713,562	2,889,732	-	-	-	-

Credit risk by public / private sector

Public / Government	-	-	-	-	-	-
Private	2,713,562	2,889,732	-	-	-	-
	2,713,562	2,889,732	-	-	-	-

46.1.2 Advances

Credit risk by industry sector

	Gross advances		Non-performing advances		Provision held	
	2021	2020	2021	2020	2021	2020
	..... Rupees in '000					
Agriculture, Forestry, Hunting and Fishing	113,766,904	128,202,591	40,746,754	59,188,281	23,392,883	27,205,819
Individuals	1,489,081	1,691,987	52,846	36,724	40,795	32,489
	115,255,985	129,894,578	40,799,600	59,225,005	23,433,678	27,238,308

Credit risk by public / private sector

	Gross advances		Non-performing advances		Provision held	
	2021	2020	2021	2020	2021	2020
	..... Rupees in '000					
Public / Government	-	-	-	-	-	-
Private	115,255,985	129,894,578	40,799,600	59,225,005	23,433,678	27,238,308
	115,255,985	129,894,578	40,799,600	59,225,005	23,433,678	27,238,308

46.1.3 Contingencies and Commitments

Credit risk by industry sector

	2021	2020
	Rupees in '000	
Agriculture, Forestry, Hunting and Fishing	38,111,240	23,388,140
Individuals	267,591	616,683
	<u>38,378,831</u>	<u>24,004,823</u>

Credit risk by public / private sector

Public / Government	37,492,457	22,134,505
Private	886,374	1,870,318
	<u>38,378,831</u>	<u>24,004,823</u>

46.1.4 Concentration of Advances

The Bank's maximum credit limit to a single borrower amounts to Rs. 1.5 million which has been disbursed to number of borrowers, hence top 10 exposures is not being disclosed.

46.1.5 Advances - Province/Region-wise Disbursement and Utilization

Province / Region	2021						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
		..... Rupees in '000					
Punjab	58,181,554	58,181,554	-	-	-	-	-
Sindh	6,415,189	-	6,415,189	-	-	-	-
KPK including FATA	3,071,683	-	-	3,071,683	-	-	-
Balochistan	248,623	-	-	-	248,623	-	-
Islamabad	-	-	-	-	-	-	-
AJK including Gilgit Baltistan	1,244,765	-	-	-	-	-	1,244,765
Total	<u>69,161,814</u>	<u>58,181,554</u>	<u>6,415,189</u>	<u>3,071,683</u>	<u>248,623</u>	<u>-</u>	<u>1,244,765</u>

Province / Region	2020						
	Disbursements	Utilization					
		Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan
		..... Rupees in '000					
Punjab	53,138,221	53,138,221	-	-	-	-	-
Sindh	5,300,394	-	5,300,394	-	-	-	-
KPK including FATA	2,640,128	-	-	2,640,128	-	-	-
Balochistan	231,995	-	-	-	231,995	-	-
Islamabad	-	-	-	-	-	-	-
AJK including Gilgit-Baltistan	758,909	-	-	-	-	-	758,909
Total	62,069,647	53,138,221	5,300,394	2,640,128	231,995	-	758,909

46.2 Market Risk

The Bank is not involved in commercial activities like forex trading and derivative market operations. Investment portfolio of the Bank is being placed mainly in fixed income securities such as Market Treasury Bills, Pakistan Investment Bonds, etc. and the only market risk inherent in the said portfolio is interest rate risk which is being calculated through marking to market and further Bank's resilience is gauged through stress testing scenarios and interest rate sensitivity analysis.

46.2.1 Balance sheet split by trading and banking books

	2021			2020		
	Banking Book	Trading Book	Total	Banking Book	Trading Book	Total
	..... Rupees in '000					
Cash and balances with treasury banks	5,026,023	-	5,026,023	2,677,147	-	2,677,147
Balances with other banks	26,815,652	-	26,815,652	19,429,322	-	19,429,322
Lendings to financial institutions	16,879,487	-	16,879,487	11,037,975	-	11,037,975
Investments	82,407,245	-	82,407,245	39,724,960	-	39,724,960
Advances	91,822,307	-	91,822,307	102,656,270	-	102,656,270
Fixed assets	2,477,865	-	2,477,865	2,804,808	-	2,804,808
Intangible assets	35,817	-	35,817	19,396	-	19,396
Deferred tax assets	13,230,217	-	13,230,217	13,386,025	-	13,386,025
Other assets	16,146,129	-	16,146,129	18,970,348	-	18,970,348
	254,840,742	-	254,840,742	210,706,251	-	210,706,251

46.2.2 Foreign Exchange Risk

The Bank is not directly exposed to foreign exchange risk as the Bank is not engaged in foreign exchange operations. Foreign transactions, if any, are undertaken through SBP.

46.2.3 Equity Position Risk

The Bank's exposure towards equity risk is limited as only one security is held under its equity portfolio held under AFS category which is marked to market periodically to reflect associated price risk and further risk is being gauged through stress testing scenario quarterly.

	2021		2020	
	Banking Book	Trading Book	Banking Book	Trading Book
	..... Rupees in '000			
Impact of 5% change in equity prices on:				
- Profit and loss account	-	-	-	-
- Other comprehensive income	77,214	-	90,361	-

46.2.4 Mismatch of interest rate sensitive assets and liabilities

The Bank's interest rate exposure originates from its investing and borrowing activities. Interest rate risk in the banking book is the risk of adverse changes in earnings and / or capital due to mismatched assets and liabilities in the banking book. The Asset and Liability Management Committee (ALCO) of the Bank monitors and controls mismatch of interest rate sensitive assets and liabilities. The Risk Management Department calculates duration and convexity measures to assess the impact of interest rate changes on its investment portfolio. Interest rate risk stress tests are conducted quarterly to assess the impact of a changes in the yield curve on Bank's capital.

2021											
Effective Yield / Interest rate	Total	Exposed to Yield / Interest risk									Not exposed to yield / interest risk
		Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	
Rupees in '000											
On-balance sheet financial instruments											
Assets											
Cash and balances with treasury banks		5,026,023	-	-	-	-	-	-	-	-	5,026,023
Balances with other banks	12.22%	26,815,652	26,815,652	-	-	-	-	-	-	-	-
Lendings to financial institutions	10.55%	16,879,487	16,879,487	-	-	-	-	-	-	-	-
Investments - net	8.64%	82,307,245	12,446,401	16,894,027	12,523,976	3,764,137	551,275	22,773,195	7,695,277	2,843,577	2,815,380
Advances - net	13.16%	91,822,307	14,617,605	7,720,178	14,663,274	18,151,844	11,034,742	9,977,455	13,298,322	2,150,738	131,609
Other assets - net		13,831,316	-	-	-	-	-	-	-	-	13,831,316
		236,682,030	70,759,145	24,614,205	27,187,250	21,915,981	11,586,017	32,750,650	20,993,599	4,994,315	21,804,328
Liabilities											
Bills payable		442,401	-	-	-	-	-	-	-	-	442,401
Borrowings	9.00%	132,357,035	20,186,607	57,708,892	-	-	-	-	54,461,536	-	-
Deposits and other accounts	6.40%	43,598,565	8,622,758	16,588,564	9,428,317	2,124,233	63,700	72,451	80,000	-	6,618,542
Other liabilities		23,425,539	-	-	-	-	-	-	-	-	23,425,539
		199,823,540	28,809,365	74,297,456	9,428,317	2,124,233	63,700	72,451	54,541,536	-	30,486,482
On-balance sheet gap		36,858,490	41,949,780	(49,683,251)	17,758,933	19,791,748	11,522,317	32,678,199	(33,547,937)	4,994,315	(8,682,154)
Net non-financial assets		17,072,102									
Total net assets		53,930,592									
Off-balance sheet gap											
		-	-	-	-	-	-	-	-	-	-
Total yield / interest risk sensitivity gap		36,858,490	41,949,780	(49,683,251)	17,758,933	19,791,748	11,522,317	32,678,199	(33,547,937)	4,994,315	(8,682,154)
Cumulative yield / interest risk sensitivity gap			41,949,780	(7,733,471)	10,025,462	29,817,210	41,339,527	74,017,726	40,469,789	45,464,104	36,858,490

Reconciliation of assets and liabilities exposed to yield / interest rate risk with total assets and liabilities:

	Rupees in '000		Rupees in '000
Total financial assets	236,682,030	Total financial liabilities	199,823,540
Add non-financial assets:		Add non-financial liabilities:	
Investment in subsidiary company	100,000	Other liabilities	1,086,610
Operating fixed assets and intangible	2,513,682	Total liability as per statement of financial positior	200,910,150
Deferred tax assets - net	13,230,217		
Other assets	2,314,813		
Total assets as per statement of financial position	254,840,742		

2020											
Effective Yield / Interest rate	Total	Exposed to Yield / Interest risk									Not exposed to yield / interest risk
		Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years	
		Rupees in '000									
On-balance sheet financial instruments											
Assets											
Cash and balances with treasury banks		2,677,147	-	-	-	-	-	-	-	-	2,677,147
Balances with other banks	8.7%	19,429,284	16,929,284	2,500,000	-	-	-	-	-	-	-
Lendings to financial institutions	7.25%	11,037,975	11,037,975	-	-	-	-	-	-	-	-
Investments - net	8.2%	39,724,960	33,041	5,702,072	16,521	5,152,157	4,481,003	10,621,655	9,344,092	1,154,918	3,219,501
Advances - net	10.3%	102,656,270	24,248,218	5,154,365	7,360,405	30,875,960	11,344,774	9,717,768	11,787,874	1,919,600	140,852
Other assets - net		15,653,592	-	-	-	-	-	-	-	-	15,653,592
		191,179,228	52,248,518	13,356,437	7,376,926	36,028,117	15,825,777	20,339,423	21,131,966	3,074,518	21,691,092
Liabilities											
Bills payable		402,111	-	-	-	-	-	-	-	-	402,111
Borrowings	7.4%	81,163,232	26,701,696	-	-	-	-	-	54,461,536	-	-
Deposits and other accounts	10.1%	49,185,517	16,847,296	5,165,745	2,166,577	16,691,008	530,100	10,300	80,500	-	7,693,991
Other liabilities		21,502,907	-	-	-	-	-	-	-	-	21,502,907
		152,253,767	43,548,992	5,165,745	2,166,577	16,691,008	530,100	10,300	54,542,036	-	29,599,009
On-balance sheet gap		38,925,461	8,699,526	8,190,692	5,210,349	19,337,109	15,295,677	20,329,123	(33,410,070)	3,074,518	106,454
Net non-financial assets		17,761,694									(7,907,917)
Total net assets		56,687,155									
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-
Total yield / interest risk sensitivity gap		38,925,461	8,699,526	8,190,692	5,210,349	19,337,109	15,295,677	20,329,123	(33,410,070)	3,074,518	106,454
Cumulative yield / interest risk sensitivity gap			8,699,526	16,890,218	22,100,567	41,437,676	56,733,353	77,062,476	43,652,406	46,726,924	46,833,378

Reconciliation of assets and liabilities exposed to yield / interest rate risk with total assets and liabilities:

	Rupees in '000		Rupees in '000
Total financial assets	191,179,228	Total financial liabilities	152,253,767
Add non-financial assets:		Add non-financial liabilities:	
Investment in subsidiary company	100,000	Other liabilities	1,745,123
Operating fixed assets and intangible	2,812,992	Total liability as per statement of financial position	153,998,890
Deferred tax assets - net	13,266,590		
Other assets	3,327,235		
Total assets as per statement of financial position	210,686,045		

46.3 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. In order to manage operational issues, an Operational Risk Model (ORM) has been developed which comprises Key Risk Indicator (KRI), Control Self Assessment (CSA) and Operational Loss Event Data Collection. This model has been successfully implemented in all Bank wide entities. The data of the Operational Risk Model is collected and analyzed on quarterly basis and results are elevated to senior management / Internal Risk Management Committee.

With regards to Basel Accords compliance, the Bank has implemented Basic Indicator Approach (BIA) to calculate capital charge against operational risk weighted assets. Disaster recovery and business continuity plan includes separate IT business continuity plan which caters to IT specific business continuity planning requirements.

46.4 Liquidity risk

Liquidity risk is the major risk for banks. It arises when the cushion provided by the liquid assets are not sufficient enough to meet its obligation. Liquidity risk is being calculated by maturity ladder of balance sheet items, liquidity stress testing, regulatory returns on liquidity standards under Basel III, and different analysis for management purpose.

46.4.1 Maturities of assets and liabilities - Based on contractual maturity of the assets and liabilities of the Bank

2021													
Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Above 5 years
Rupees in '000													
Assets													
Cash and balances with treasury banks	5,026,023	5,026,023	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	26,815,652	14,815,652	-	4,000,000	8,000,000	-	-	-	-	-	-	-	-
Lending to financial institutions	16,879,487	-	10,828,212	6,000,000	-	-	-	-	-	51,275	-	-	-
Investments - net	82,407,245	-	-	2,500,000	10,500,000	9,425,000	8,000,000	13,250,000	3,750,000	244,567	21,000,000	7,295,500	2,903,452
Advances - net	91,822,307	2,260,329	2,058,567	1,096,191	3,785,358	3,639,460	3,314,885	13,214,395	8,308,163	27,255,411	7,028,551	6,969,112	10,954,237
Fixed assets	2,477,865	-	-	-	244,221	-	14,829	234,205	-	23,213	236,030	137,168	362,799
Intangible assets	35,817	-	-	-	-	-	580	-	-	-	-	35,237	-
Deferred tax assets - net	13,230,217	-	-	-	-	-	-	-	-	13,230,217	-	-	-
Other assets	16,146,129	230,813	194,004	108,636	3,888,979	474,319	539,893	1,214,260	681,735	7,969,155	304,961	297,645	109,862
	254,840,742	22,332,817	13,080,783	13,704,827	26,418,558	13,538,779	11,870,187	27,912,860	12,739,898	48,722,563	28,620,817	14,734,662	14,965,624
													6,198,367
Liabilities													
Bills payable	442,401	442,401	-	-	-	-	-	-	-	-	-	-	-
Borrowings	132,357,035	-	20,550,000	-	-	33,000,000	24,345,499	-	-	-	-	-	54,461,536
Deposits and other accounts	43,598,565	13,488,586	80,000	528,669	1,144,100	8,002,684	8,585,881	9,473,317	1,637,299	441,878	63,700	72,451	80,000
Other liabilities	24,512,149	-	-	-	2,136,765	180,587	1,579,781	2,212,577	46,250	1,026,510	2,120,692	2,106,315	4,379,146
	200,910,150	13,930,987	20,630,000	528,669	3,280,865	41,183,271	34,511,161	11,685,894	1,683,549	1,468,388	2,184,392	2,178,766	4,459,146
													63,185,062
Net assets	53,930,592	8,401,830	(7,549,217)	13,176,158	23,137,693	(27,644,492)	(22,640,974)	16,226,966	11,056,349	47,254,175	26,436,425	12,555,896	10,506,478
													(56,986,695)
Share capital	52,678,433												
Reserves	6,299,526												
Unappropriated loss	(6,037,016)												
Surplus on revaluation of assets	989,649												
	<u>53,930,592</u>												

2020

Assets

Cash and balances with treasury

	Total	Upto 1 day	Over 1 to 7 days	Over 7 to 14 days	Over 14 days to 1 month	Over 1 to 2 months	Over 2 to 3 months	Over 3 to 6 months	Over 6 to 9 months	Over 9 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Above 5 years
Rupees in '000														
banks	2,677,147	2,677,147	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	19,429,284	10,929,284	2,000,000	-	4,000,000	-	2,500,000	-	-	-	-	-	-	-
Lending to financial institutions	11,037,975	-	6,500,000	1,600,000	2,900,000	-	-	-	-	-	37,975	-	-	-
Investments - net	39,824,960	-	-	-	330	6,000,000	65,540	17,300	7,696,375	321,900	4,353,800	10,804,000	8,845,500	1,720,215
Advances - net	102,656,270	4,515,584	2,211,755	949,824	3,299,990	2,472,672	1,962,962	6,321,468	44,950,166	15,126,671	5,574,767	5,422,524	8,220,063	1,627,824
Fixed assets	2,793,596	-	-	-	207,498	-	3,789	17,448	370,327	-	430,302	286,139	257,913	1,220,180
Intangible assets	19,396	-	-	-	-	-	-	-	-	1,382	13,919	4,095	-	-
Deferred tax assets - net	13,266,590	-	-	-	-	-	-	-	-	13,266,590	-	-	-	-
Other assets	18,980,827	661,988	195,928	127,090	1,816,837	266,527	190,103	399,856	14,778,015	142,380	119,149	69,631	82,542	130,781
	210,686,045	18,784,003	10,907,683	2,676,914	12,224,655	8,739,199	4,722,394	6,756,072	67,794,883	28,858,923	10,491,937	16,624,364	17,406,018	4,699,000

Liabilities

Bills payable	402,111	402,111	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	81,163,232	-	26,701,696	-	-	-	-	-	-	-	-	-	-	54,461,536
Deposits and other accounts	49,185,517	14,846,972	130,354	3,551,291	6,000,000	997,500	4,168,245	2,144,099	2,125,643	14,980,613	150,300	10,500	80,000	-
Other liabilities	23,248,030	-	-	-	2,903,727	-	976,074	1,961,406	(2,078,343)	764,607	2,267,549	2,237,829	4,644,938	9,570,243
	153,998,890	15,249,083	26,832,050	3,551,291	8,903,727	997,500	5,144,319	4,105,505	47,300	15,745,220	2,417,849	2,248,329	4,724,938	64,031,779

Net assets

	56,687,155	3,534,920	(15,924,367)	(874,377)	3,320,928	7,741,699	(421,925)	2,650,567	67,747,583	13,113,703	8,074,088	14,376,035	12,681,080	(59,332,779)
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Share capital

52,678,433

Reserves

6,299,526

Unappropriated profit

(3,969,851)

Surplus on revaluation of assets

1,679,047

Share deposit money

-

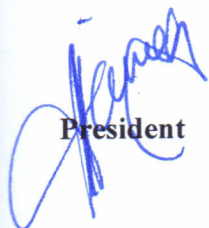
56,687,155

47 DATE OF AUTHORIZATION FOR ISSUE

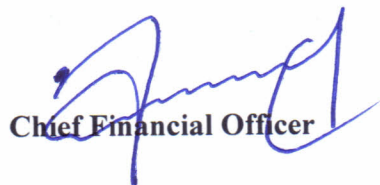
These financial statements were authorized for issue on 17 APR 2022 by the Board of Directors of the Bank.

48 GENERAL

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



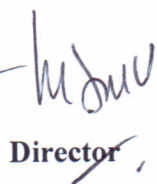
President



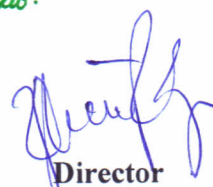
Chief Financial Officer



Director



Director



Director

STATEMENT SHOWING WRITTEN OFF LOANS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND RUPEES OR ABOVE PROVIDED DURING THE YEAR ENDED DECEMBER 31, 2021

Sr. No.	Name and address of the borrower	Name of individual / partners / directors	CNIC number	Father's / husband's name	Outstanding liabilities at beginning of the year				Principal written off	Interest/ markup written-off	Other financial relief	Total (10+11+12)
					Principal	Interest / markup	Others	Total				
1	2	3	4	5	6	7	8	9	10	11	12	13
..... Rupees in '000												
1	MUHAMMAD ASHRAF	MUHAMMAD ASHRAF	3540219540081	BUKHSHA	750.000	567.000	-	1,317.000	521.000	-	-	521.000
2	ABDUL MAJEED	ABDUL MAJEED	27885421234	NAZIR AHMED	152.00	-	24.00	176.00	-	1,577.00	-	1,577.00
	RASHEED AHMED	RASHEED AHMED	27056995041	NAZIR AHMED								
	JAMILA AHMED BEGUM	JAMILA AHMED BEGUM	27061995042	W/O RASHEED AHMED								
					902	567	24	1,493	521	1,577	-	2,098

ISLAMIC BANKING BUSINESS

The Bank is operating 5 (2020: 5) Islamic banking branches at the end of the year.

	Note	2021 Rupees in '000	2020
ASSETS			
Cash and balances with treasury banks		153,794	55,759
Balances with other banks		1,466,287	1,373,234
Due from financial institutions	1	51,275	51,275
Investments	2	1,355,880	757,656
Islamic financing and related assets - net		-	-
Fixed assets		7,595	11,459
Intangible assets		-	-
Due from head office	3	-	27,993
Other assets		38,103	35,380
Total Assets		3,072,934	2,312,756
LIABILITIES			
Bills payable		1,572	1,201
Due to financial institutions		1,050,000	-
Deposits and other accounts	4	1,430,811	1,821,607
Due to head office		93,367	-
Subordinated debt		-	-
Other liabilities		24,531	9,392
		2,600,281	1,832,200
NET ASSETS		472,653	480,556
REPRESENTED BY			
Islamic Banking Fund		500,000	500,000
Reserves		-	-
Surplus/ (Deficit) on revaluation of assets		(14,049)	2,164
Accumulated loss	5	(13,298)	(21,608)
		472,653	480,556
CONTINGENCIES AND COMMITMENTS	6		

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

Profit / return earned	7	231,933	88,050
Profit / return expensed	8	157,656	34,209
Net Profit / return		<u>74,277</u>	<u>53,841</u>
Other income			
Fee and commission income		480	304
Dividend income		-	-
Foreign exchange income		-	-
Income / (loss) from derivatives		-	-
Gain / (loss) on securities		38	-
Other income		-	-
Total other income		518	304
Total income		<u>74,795</u>	<u>54,145</u>
Other expenses			
Operating expenses		61,849	62,011
Workers welfare fund		-	-
Other charges		-	-
Total other expenses		61,849	62,011
Loss before provisions		<u>12,946</u>	<u>(7,866)</u>
Provisions and write offs - net		-	-
Loss before taxation		<u>12,946</u>	<u>(7,866)</u>
Taxation		4,636	1,325
Loss after taxation		<u>8,310</u>	<u>(9,191)</u>

	2021			2020		
	In Local Currency	In Foreign currencies	Total	In Local Currency	In Foreign currencies	Total
	..... Rupees in '000					
1 Due from financial institutions						
Secured :						
Bai Muajjal receiveable from State Bank of Pakistan	51,275	-	51,275	51,275	-	51,275
	51,275	-	51,275	51,275	-	51,275

2 Investments

	2021				2020			
	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	775,354	-	(17,461)	757,893	550,354	-	-	550,354
Non Government Securities								
Listed securities	594,575	-	3,412	597,987	205,138	-	2,164	207,302
Total investments	1,369,929	-	(14,049)	1,355,880	755,492	-	2,164	757,656

3 Due from head office represents inter branch transactions such as depreciation transferred and assets procurement etc.

	2021	2020
	Rupees in '000	
4 Deposits		
Customers - local currency		
Current deposits	72,701	116,585
Savings deposits	1,168,788	777,015
Term deposits	-	-
Term deposits receipts	189,310	7,910
Others	12	36,510
	1,430,811	938,020
Financial Institutions		
Term deposits receipts	-	883,587
	1,430,811	1,821,607
4.1 Composition of deposits		
- Individuals	72,712	938,021
- Non-Banking Financial Institutions	1,168,789	883,586
- Govt./Public Sector Entities	189,310	-
	1,430,811	1,821,607
4.2	This includes deposits eligible to be covered under insurance arrangements in accordance with DPC Circular No. 04 dated June 22, 2018 amounting to Rs. 209.753 million (2020: Rs. 278.7 million).	

	2021	2020
	Rupees in '000	
5 Islamic Banking Business Unappropriated Profit		
Opening Balance	(21,608)	(12,417)
Add: Islamic Banking loss for the period	12,946	(7,866)
Less: Taxation	4,636	1,325
Closing Balance	(13,298)	(21,608)

6 There are no contingencies and commitments related to the islamic business as at reporting date. (2020: Nil)

	2021	2020
	Rupees in '000	
7 Profit / return earned of financing, investments and placement		
Profit earned on:		
Financing		
Investments	82,208	28,153
Placements	149,725	59,897
Total	231,933	88,050

	2021	2020
	Rupees in '000	
8 Profit on deposits and other dues expensed		
Deposits and other accounts	144,282	34200
Due to Financial Institutions		
Commission and other charges	86	9
Call borrowings/ Funds acceptances	13,288	-
	<u>157,656</u>	<u>34,209</u>

9 Pool management

Currently, ZTBL Islamic Banking Division (ZTBL - IBD) is maintaining four pools for profit declaration and distribution i.e., general pool, special pool 1, special pool 2 and special pool 5.

General pool

The General Pool comprises of depositors' funds, Bank's equity inclusive of current deposits and mudaraba placements from ZTBL head office. The Bank acts as fund manager (Mudarib) and invests the funds in shariah compliant modes of financings, investments and placements (remunerative assets). The profit of the pool is calculated on all the remunerative assets booked by the Bank and is shared amongst the members of the pool on pre-defined mechanism based on weightages announced before the commencement of period concerned.

The distributable profit of the pool is finalized after deduction of direct expenses only while indirect expenses including administrative and general expenses are borne by ZTBL - IBD as Mudarib.

Weightages for distribution of profit in general pool

Profit is calculated on the basis of daily product balance in mudaraba based depositors' accounts and paid as per pre-defined weightages.

While considering weightages emphasis is given to the quantum, type and the period of risk assessed by following factors:

- Contracted period of deposits;
- Frequency of profit distribution, i.e. monthly, quarterly or on maturity; and
- Volume of the deposit.

Identification and allocation of pool related income and expenses

The distributable profit of the pool is finalized by including direct income earned by income generating / remunerative assets and after deducting direct expenses of the period concerned, while indirect expenses including administrative and general expenses are borne by ZTBL - IBD as Mudarib.

Parameters associated with risk and rewards

Following are the considerations attached with risk and reward of general pool:

- Period, return, safety, security and liquidity of investment;
- Financing proposals under process at various stages and likely to be extended in the near future;
- Expected withdrawals of deposits according to the maturities affecting the deposit base;
- Maturities of funds obtained from Principal Office, Islamic Banking Institutions and Shariah compliant organizations as regulated in Pakistan;
- Element of risk attributed to various types of investments; and
- SBP rules and Shariah Clearance.

Special pool

The special pools comprise of depositors' funds, Bank's equity inclusive of current deposits and Mudaraba placements from head office. The Bank acts as Fund Manager (Mudarib) and invests the funds in Shariah compliant modes of financings, investments and placements (remunerative assets). The profit of the pools is calculated on all the remunerative assets booked by the Bank and is shared amongst the members of the pool on pre-defined mechanism based on weightages announced before the commencement of concerned period.

The distributable profit of the pool is finalized after deduction of direct expenses only while indirect expenses including administrative and general expenses are borne by ZTBL - IBD as Mudarib.

Weightages for distribution of profit in special pool

Profit is calculated on daily product basis and paid as per pre defined weightages. While considering weightages emphasis is given to the quantum, type and the period of risk assessed by following factors:

- Contracted period, nature and type of deposit/ fund.;
- Payment cycle of profit on such deposit/ fund, i.e. monthly, quarterly or on maturity; and
- Magnitude of risk.

Identification and allocation of pool related income and expenses

The distributable profit of the pool is finalized by including direct income earned by income generating / remunerative assets and after deducting direct expenses of the period concerned, while indirect expenses including administrative and general expenses are borne by ZTBL - IBD as Mudarib.

Parameters associated with risk and rewards

Following are the considerations attached with risk and reward of special pool:

- Period, return, safety, security and liquidity of investment;
- Financing proposals under process at various stages and likely to be extended in the near future;
- Expected withdrawals of deposits according to the maturities affecting the deposit base;
- Maturities of funds obtained from principal office, Islamic banking institutions and Shariah compliant organizations as regulated in Pakistan;
- Element of risk attached to various types of investments; and
- SBP rules & Shariah Clearance.

Avenues / sectors of economy / business where Mudaraba based deposits have been deployed:

	2021	2020
	Rupees in '000	
Investments	1,355,880	757,656
Due from financial institutions	51,275	51,275
Balances with other banks	1,466,287	1,373,234

Charging expenses

The direct expenses are charged to the pool, while indirect expenses including the establishment cost is borne by ZTBL – IBD as Mudarib. The direct expenses to be charged to the pool may include depreciation of ijarah assets, cost of sale of inventories, insurance / takaful expenses of pool assets, taxes, stamp fee or documentation charges, brokerage fee for purchase of securities / commodities, impairment / losses due to physical damages to specific assets in pools, write-offs of financings and loss on sale of investments, etc.

	2021	2020
	Rupees in '000	
Provisions	-	-

Mudarib share (in amount and percentage of distributable income)

		2021	2020
	%	Rupees in '000	
Rabbul Mal	87%	149,844	33,127
Mudarib	13%	21,974	7,865
		171,818	40,992

Amount and percentage of mudarib share transferred to depositors through Hiba

	2021	2020
Mudarib share	21,974	7,865
Hiba	7,109	898
Hiba percentage of mudarib share	32.35%	11.41%

This is not a special Hiba and it has been distributed across the board to all the investment account holders.

Profit rate earned vs profit rate distributed to the depositors during the year

	2021	2020
Profit rate earned	9.18% p.a.	5.96% p.a.
Profit rates distributed to depositors	8.87% p.a.	3.02% p.a.