

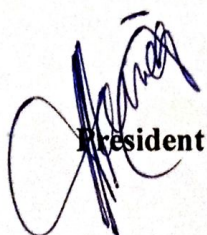
ZARAI TARAQIATI BANK LIMITED

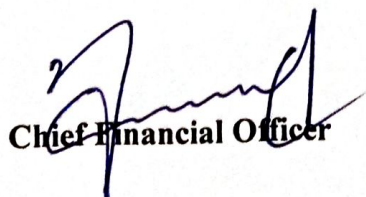
CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2022

ZARAI TARAQIATI BANK LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT SEPTEMBER 30, 2022

| | Note | September 30, 2022 | December 31, 2021 |
|---|------|----------------------------|----------------------|
| | | Rupees in '000 | |
| ASSETS | | | |
| Cash and balances with treasury banks | 6 | 2,238,750 | 5,026,023 |
| Balances with other banks | 7 | 26,609,265 | 26,815,701 |
| Lendings to financial institutions | 8 | 9,039,448 | 16,879,487 |
| Investments - net | 9 | 70,295,458 | 82,307,245 |
| Advances - net | 10 | 88,290,161 | 91,822,307 |
| Fixed assets | 11 | 2,416,630 | 2,487,256 |
| Intangible assets | 12 | 72,335 | 35,817 |
| Deferred tax assets - net | 13 | 14,313,772 | 13,355,560 |
| Other assets - net | 14 | 18,463,530 | 16,202,582 |
| | | 231,739,349 | 254,931,978 |
| LIABILITIES | | | |
| Bills payable | 16 | 355,792 | 442,401 |
| Borrowings | 17 | 116,785,730 | 132,357,035 |
| Deposits and other accounts | 18 | 31,137,913 | 42,495,389 |
| Liabilities against assets subject to finance lease | | - | - |
| Sub-ordinated loan | | - | - |
| Deferred tax liabilities - net | | - | - |
| Other liabilities | 19 | 26,268,882 | 24,846,715 |
| | | 174,548,317 | 200,141,540 |
| NET ASSETS | | <u>57,191,032</u> | <u>54,790,438</u> |
| REPRESENTED BY | | | |
| Share capital | | 52,678,433 | 52,678,433 |
| Reserves | | 6,762,906 | 6,299,526 |
| Surplus on revaluation of assets - net of tax | 20 | 1,020,116 | 989,649 |
| Accumulated loss | | (3,270,423) | (5,177,170) |
| | | <u>57,191,032</u> | <u>54,790,438</u> |
| CONTINGENCIES AND COMMITMENTS | | | |
| | 21 | | |

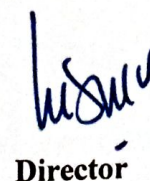
The annexed notes 1 to 41 form an integral part of these consolidated condensed interim financial statements (un-audited).


President


Chief Financial Officer


Director

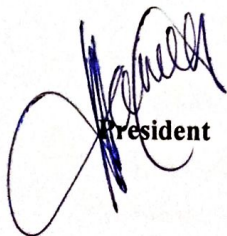

Director

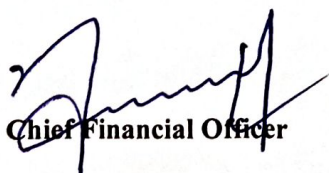

Director

ZARAI TARAQIATI BANK LIMITED
CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

| | | Quarter ended | | Period ended | |
|--|----|---------------|---------------|---------------|---------------|
| | | September 30, | September 30, | September 30, | September 30, |
| Note | | 2022 | 2021 | 2022 | 2021 |
| Rupees in '000 | | | | | |
| Mark-up / return / interest earned | 22 | 15,076,818 | 5,539,514 | 28,732,193 | 16,337,301 |
| Mark-up / return / interest expensed | 23 | 10,813,195 | 2,684,221 | 18,386,732 | 7,422,343 |
| Net mark-up / interest income | | 4,263,623 | 2,855,293 | 10,345,461 | 8,914,958 |
| NON MARK-UP / INTEREST INCOME | | | | | |
| Fee and commission income | 24 | 173,063 | 143,073 | 751,495 | 713,335 |
| Dividend income | | 66,735 | 49,513 | 105,485 | 75,777 |
| Foreign exchange income | | - | - | - | - |
| Income / (loss) from derivatives | | - | - | - | - |
| Gain on securities | 25 | 13,339 | 5,493 | 22,117 | 11,671 |
| Other income | 26 | 33,859 | 22,644 | 107,595 | 93,460 |
| Total non-mark-up / interest income | | 286,996 | 220,723 | 986,692 | 894,243 |
| Total income | | 4,550,619 | 3,076,016 | 11,332,153 | 9,809,201 |
| NON MARK-UP / INTEREST EXPENSES | | | | | |
| Operating expenses | 27 | 2,919,441 | 3,008,449 | 8,530,885 | 8,303,420 |
| Workers welfare fund | | - | - | - | - |
| Other charges | 28 | - | - | - | 75,709 |
| Total non mark-up / interest expenses | | 2,919,441 | 3,008,449 | 8,530,885 | 8,379,129 |
| Profit before provisions | | 1,631,178 | 67,567 | 2,801,268 | 1,430,072 |
| Provisions and write offs - net | 29 | 303,620 | 1,091,488 | (1,513,053) | 3,560,972 |
| Extra ordinary / unusual items | | - | - | - | - |
| PROFIT / (LOSS) BEFORE TAXATION | | 1,327,558 | (1,023,921) | 4,314,321 | (2,130,900) |
| Taxation | 30 | (503,030) | 91,848 | 1,944,194 | 896,753 |
| PROFIT / (LOSS) AFTER TAXATION | | 1,830,588 | (1,115,769) | 2,370,127 | (3,027,653) |
| Basic earnings / (loss) per share (Rupees) | 31 | 0.35 | (0.22) | 0.45 | (0.57) |
| Diluted earnings / (loss) per share (Rupees) | 31 | 0.35 | (0.22) | 0.45 | (0.57) |

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


President


Chief Financial Officer


Director


Director

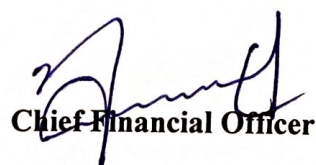

Director

ZARAI TARAQIATI BANK LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

| | Quarter ended | | Period ended | |
|---|------------------------|-----------------------|-----------------------|-----------------------|
| | September 30, 2022 | September 30, 2021 | September 30, 2022 | September 30, 2021 |
| | ... Rupees in '000 ... | | | |
| Profit / (loss) after taxation for the period | 1,830,588 | (1,115,769) | 2,370,127 | (3,027,653) |
| Other Comprehensive Income | | | | |
| Items that may be reclassified to profit and loss account in subsequent periods: | | | | |
| Movement in surplus on revaluation of investments - net of tax | (90,652) | (36,541) | 30,467 | (316,821) |
| Items that will not be reclassified to profit and loss account in subsequent periods: | | | | |
| Remeasurement loss on defined benefit obligations - net of tax | - | - | - | - |
| Total Comprehensive Profit / (Loss) | 1,739,936 | (1,152,310) | 2,400,594 | (3,344,474) |

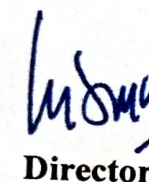
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President


Chief Financial Officer


Director


Director


Director

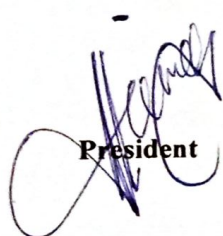
ZARAI TARAQIATI BANK LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

| | Share capital | Statutory reserve | Contingencies reserve | Surplus on revaluation of investments | Un-appropriated profit / (loss) | Total |
|---|----------------------------|-------------------|-----------------------|---------------------------------------|---------------------------------|-------------|
| | Rupees in '000 | | | | | |
| Balance as at January 1, 2021 | 52,678,433 | 6,239,526 | 60,000 | 1,679,047 | (3,069,154) | 57,587,852 |
| Loss after taxation for the nine months ended September 30, 2021 | - | - | - | - | (3,027,653) | (3,027,653) |
| Other comprehensive loss for the nine months ended September 30, 2021 | - | - | - | (316,821) | - | (316,821) |
| Total comprehensive loss for the nine months ended September 30, 2021 | - | - | - | (316,821) | (3,027,653) | (3,344,474) |
| Transferred to statutory reserve | - | - | - | - | - | - |
| Balance as at September 30, 2021 | 52,678,433 | 6,239,526 | 60,000 | 1,362,226 | (6,096,807) | 54,243,378 |
| Profit after taxation for three months period ended December 31, 2021 | - | - | - | - | 1,227,493 | 1,227,493 |
| Other comprehensive loss for three months ended December 31, 2021 | - | - | - | (372,577) | (307,856) | (680,433) |
| Total comprehensive loss for three months ended December 31, 2021 | - | - | - | (372,577) | 919,637 | 547,060 |
| Balance as at December 31, 2021 | 52,678,433 | 6,239,526 | 60,000 | 989,649 | (5,177,170) | 54,790,438 |
| Profit after taxation for the nine months ended September 30, 2022 | - | - | - | - | 2,370,127 | 2,370,127 |
| Other comprehensive income for the nine months ended September 30, 2022 | - | - | - | 30,467 | - | 30,467 |
| Total comprehensive income for the nine months ended September 30, 2022 | - | - | - | 30,467 | 2,370,127 | 2,400,594 |
| Transferred to statutory reserve | - | 463,380 | - | - | (463,380) | - |
| Balance as at September 30, 2022 | 52,678,433 | 6,702,906 | 60,000 | 1,020,116 | (3,270,423) | 57,191,032 |

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

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

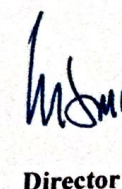
The annexed notes 1 to 41 form an integral part of these consolidated condensed interim financial statements (un-audited).


President


Chief Financial Officer


Director


Director

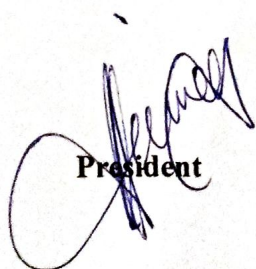

Director

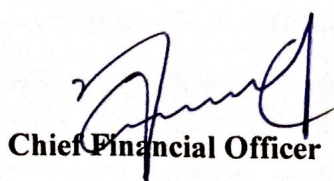
ZARAI TARAQIATI BANK LIMITED
CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

| | | Period ended | |
|--|------|----------------------------|-----------------------|
| | | September 30, 2022 | September 30, 2021 |
| | Note | Rupees in '000 | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Operating profit before working capital changes | 32 | 10,598,138 | 7,685,102 |
| Increase / (decrease) in operating assets: | | | |
| Lendings to financial institutions | | 7,840,039 | (3,723,311) |
| Held-for-trading securities | | (387) | - |
| Advances - net | | (135,300) | 3,426,907 |
| Other assets - net (excluding advance taxation) | | (3,438,008) | 1,344,407 |
| | | 4,266,344 | 1,048,003 |
| Increase / (decrease) in operating liabilities: | | | |
| Bills payable | | (86,609) | (39,047) |
| Borrowings from financial institutions | | (15,571,305) | 39,127,075 |
| Deposits and other accounts | | (11,357,476) | (3,915,143) |
| Other liabilities | | (257,207) | (1,175,974) |
| | | (27,272,597) | 33,996,911 |
| Employees' benefits paid | | (719,284) | (774,442) |
| Income tax paid | | (1,637,466) | (305,657) |
| Net cash (used in) / generated from operating activities | | (14,764,865) | 41,649,917 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Net investments in available-for-sale securities | | 12,059,046 | (32,771,227) |
| Realised gain on sales of securities | | 22,117 | 11,671 |
| Dividend received | | 105,485 | 75,777 |
| Investments in operating fixed assets | | (158,621) | (52,561) |
| Proceeds from sale of fixed assets | | 9,962 | 29,702 |
| Net cash (used in) / generated from investing activities | | 12,037,989 | (32,706,638) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Payment of lease liability against right-of-use assets | | (266,832) | (226,324) |
| Increase / (decrease) in cash and cash equivalents | | (2,993,708) | 8,716,955 |
| Cash and cash equivalents at beginning of the year | | 31,841,724 | 22,106,469 |
| Cash and cash equivalents at end of the period | 33 | 28,848,016 | 30,823,424 |

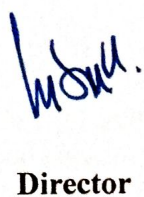
The annexed notes 1 to 41 form an integral part of these consolidated condensed interim financial statements (un-audited).


President


Chief Financial Officer


Director


Director


Director

ZARAI TARAQIATI BANK LIMITED
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
(UN-AUDITED) FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

1 THE GROUP AND ITS OPERATIONS

The "Group" consists of:

Holding company

- Zarai Taraqiati Bank Limited

Subsidiary company

- Kissan Support Services (Private) Limited

1.1 Zarai Taraqiati Bank Limited ("the Bank")

(a) Reorganization and conversion

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

(b) Status

As required under section 3 of the Agricultural Development Bank of Pakistan (Reorganization and Conversion) Ordinance, 2002, Zarai Taraqiati Bank Limited ("the Bank") was incorporated as a public limited company under the repealed Companies Ordinance, 1984 (now 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 Taraqiati Bank Limited on December 14, 2002, the effective date specified by the Federal Government, on the basis of net worth determined at Rs. 8.7 billion. The Bank is domiciled in Pakistan and its registered office is situated at 1-Faisal Avenue (Zero Point), Islamabad. The Bank operates 501 (December 31, 2021: 501) branches including 5 (December 31, 2021: 5) Islamic banking branches in Pakistan as at the close of the period.

(c) Nature of business

The main purpose of the Bank is to provide sustainable rural finance and services particularly to small farmers and low-income households to strengthen the rural and agricultural sector, mitigate poverty, capital market and investment activities and other banking business.

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

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

2 BASIS OF PRESENTATION

2.1 Statement of compliance

These consolidated condensed interim financial statements (un-audited) have been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. These comprise of:

- International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board as are notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP).

In case requirements of the Companies Act, 2017, the Banking Companies Ordinance, 1962, or the provisions of and directives issued by the SBP and the SECP differ with the requirements of IFRS or IFAS, the requirements of the Companies Act, 2017, Banking Companies Ordinance, 1962, and the said directives shall prevail.

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

The disclosures made in these consolidated condensed interim financial statements (un-audited) have been limited based on the format prescribed by the SBP vide BPRD Circular Letter No. 5 dated March 22, 2019 and IAS 34, Interim Financial Reporting. They do not include all the disclosures required for annual financial statements, and these consolidated condensed interim financial statements should be read in conjunction with the consolidated financial statements (un-audited) of the Group for the year ended December 31, 2021.

- 2.2** These consolidated condensed interim financial statements include the condensed interim financial statements of the Bank and its subsidiary company.
- 2.3** The financial results of the Islamic banking branches have been consolidated in these consolidated condensed interim financial statements for reporting purposes, after eliminating interbranch transactions / balances. Key financial figures of the Islamic banking branches are disclosed in note 38 to these consolidated condensed interim financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the annual financial statements of the Group for the year ended December 31, 2021.

3.1 Standards, interpretations and amendments to published approved accounting standards that are effective in the current period

During the period, there are certain new and amended standards, interpretations and improvements to accounting standards that became effective. However, these are considered either not to be relevant or not to have any material effect on the financial statements of the Group and, therefore, are not disclosed.

3.2 Standards, Interpretations and amendments to approved accounting standards that are not yet effective

IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. SBP vide its BPRD Circular Letter No. 03 dated July 5, 2022 has extended the implementation date of IFRS 9 to January 1, 2023 for banks having asset size of PKR 500 billion or above as per their annual financial statements of December 31, 2021 and to January 1, 2024 for all other banks, therefore, financial impact is not considered in these consolidated condensed interim financial statements.

There are certain new standards and interpretations of and amendments to existing accounting and reporting standards that are not effective in the current period. The Group expects that adoption of the same will not affect its financial statements in the period of initial application.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis for accounting estimates adopted in the preparation of these consolidated condensed interim financial statements are the same as that applied in the preparation of the audited annual consolidated financial statements for the year ended December 31, 2021.

5 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements of the Group for the year ended December 31, 2021.

| | (Un-audited) September 30, 2022 | (Audited) December 31, 2021 |
|--|---------------------------------------|-----------------------------------|
| | Rupees in '000 | |
| 6 CASH AND BALANCES WITH TREASURY BANKS | | |
| In hand | | |
| Local currency | 425,428 | 572,019 |
| With State Bank of Pakistan in: | | |
| Local currency current account | 1,551,733 | 2,919,203 |
| With National Bank of Pakistan in: | | |
| Local currency current account | 102,570 | 1,198,284 |
| Local currency deposit account | 157,309 | 333,762 |
| | 259,879 | 1,532,046 |
| Prize bonds | 1,710 | 2,755 |
| | <u>2,238,750</u> | <u>5,026,023</u> |
| 7 BALANCES WITH OTHER BANKS | | |
| In Pakistan | | |
| In current accounts | 66,039 | 124,434 |
| In deposit accounts | 26,543,226 | 26,691,267 |
| | <u>26,609,265</u> | <u>26,815,701</u> |
| 8 LENDINGS TO FINANCIAL INSTITUTIONS | | |
| Call money lendings | 4,075,000 | 3,050,000 |
| Bai Muajjal | 51,275 | 51,275 |
| Repurchase agreement lendings (reverse repo) | 4,913,173 | 13,778,212 |
| | <u>9,039,448</u> | <u>16,879,487</u> |

9 INVESTMENTS - NET

9.1 Investments by types

| | September 30, 2022 (Un-audited) | | | | December 31, 2021 (Audited) | | | |
|--------------------------------------|---------------------------------|-----------------------------|------------------------|-------------------|-----------------------------|-----------------------------|------------------------|-------------------|
| | Cost / amortised cost | Provision for diminution | Surplus / (deficit) | Carrying value | Cost / amortised cost | Provision for diminution | Surplus / (deficit) | Carrying value |
| | Rupees in '000 | | | | | | | |
| Held-for-trading securities | | | | | | | | |
| Federal Government securities | 387 | - | - | 387 | - | - | - | - |
| | 387 | - | - | 387 | - | - | - | - |
| Available-for-sale securities | | | | | | | | |
| Federal Government securities | 65,992,636 | - | (821,833) | 65,170,803 | 78,001,592 | - | (873,024) | 77,128,568 |
| Shares | 99,819 | (10,523) | 2,364,844 | 2,454,140 | 99,819 | (10,523) | 2,375,819 | 2,465,115 |
| Corporate sukuk | 594,575 | - | - | 594,575 | 594,575 | - | 3,412 | 597,987 |
| Term Finance Certificates | 2,049,155 | - | 26,398 | 2,075,553 | 2,099,245 | - | 16,330 | 2,115,575 |
| Total investments | 68,736,185 | (10,523) | 1,569,409 | 70,295,071 | 80,795,231 | (10,523) | 1,522,537 | 82,307,245 |

(Un-audited) (Audited)
September 30, December 31,
2022 2021
Rupees in '000

9.2 Investments given as collateral

| | | |
|---------------------------|-------------------|-------------------|
| Market Treasury bills | 24,339,275 | 33,453,279 |
| Pakistan Investment Bonds | 36,909,919 | 43,392,220 |
| | <u>61,249,194</u> | <u>76,845,499</u> |

9.3 Provision for diminution in value of investments

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

10 ADVANCES - NET

| | Performing | | Non Performing | | Total | |
|--|---------------------------------------|-----------------------------------|---------------------------------------|-----------------------------------|---------------------------------------|-----------------------------------|
| | (Un-audited) September 30, 2022 | (Audited) December 31, 2021 | (Un-audited) September 30, 2022 | (Audited) December 31, 2021 | (Un-audited) September 30, 2022 | (Audited) December 31, 2021 |
| Rupees in '000 | | | | | | |
| Loans, cash credits, running finance, etc. | 72,199,170 | 74,456,385 | 33,775,329 | 40,799,600 | 105,974,499 | 115,255,985 |
| Advances - gross | 72,199,170 | 74,456,385 | 33,775,329 | 40,799,600 | 105,974,499 | 115,255,985 |
| Provision for advances: | | | | | | |
| - against agriculture advance | - | - | 14,640,151 | 20,392,883 | 14,640,151 | 20,392,883 |
| - against staff advances | - | - | 44,187 | 40,795 | 44,187 | 40,795 |
| - general | 3,000,000 | 3,000,000 | - | - | 3,000,000 | 3,000,000 |
| | 3,000,000 | 3,000,000 | 14,684,338 | 20,433,678 | 17,684,338 | 23,433,678 |
| Advances - net of provision | 69,199,170 | 71,456,385 | 19,090,991 | 20,365,922 | 88,290,161 | 91,822,307 |

10.1 Particulars of advances (gross)

| | | |
|-------------------|-------------|-------------|
| In local currency | 105,974,499 | 115,255,985 |
|-------------------|-------------|-------------|

10.2 Advances include Rs. 33,718.908 million (December 31, 2021: Rs. 40,746.754 million) relating to agricultural financing which have been placed under non-performing status as detailed below:

| Category of classification | September 30, 2022 (Un-audited) | | December 31, 2021 (Audited) | |
|-----------------------------------|---------------------------------|------------|-----------------------------|------------|
| | Non performing loans | Provision | Non performing loans | Provision |
| Rupees in '000 | | | | |
| Domestic | | | | |
| Other assets especially mentioned | 11,907,532 | - | 10,716,466 | - |
| Substandard | 5,655,050 | 1,131,010 | 8,464,335 | 1,692,867 |
| Doubtful | 5,294,375 | 2,647,190 | 5,731,879 | 2,865,942 |
| Loss | 10,861,951 | 10,861,951 | 15,834,074 | 15,834,074 |
| | 33,718,908 | 14,640,151 | 40,746,754 | 20,392,883 |

10.3 Particulars of provision against advances

| | September 30, 2022 (Un-audited) | | | December 31, 2021 (Audited) | | |
|-----------------------|---------------------------------|-----------|-------------|-----------------------------|-----------|--------------|
| | Specific | General | Total | Specific | General | Total |
| | Rupees in '000 | | | | | |
| Opening balance | 20,392,883 | 3,000,000 | 23,392,883 | 24,205,818 | 3,000,000 | 27,205,818 |
| Charge for the period | 7,937,899 | - | 7,937,899 | 14,875,636 | - | 14,875,636 |
| Reversals | (4,273,843) | - | (4,273,843) | (7,687,659) | - | (7,687,659) |
| | 3,664,056 | - | 3,664,056 | 7,187,977 | - | 7,187,977 |
| Amounts charged off | (9,416,788) | - | (9,416,788) | (11,000,912) | - | (11,000,912) |
| Closing balance | 14,640,151 | 3,000,000 | 17,640,151 | 20,392,883 | 3,000,000 | 23,392,883 |

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

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

10.3.3 In addition to the time based criteria, the Group has further classified loans and advances amounting to Rs. 5,151.151 million (December 31, 2021: Rs. 7,019.92 million) and further de-graded the category of classified loans and advances amounting to Rs. 6,949.912 million (December 31, 2021: Rs. 8,182.97 million) on the basis of credit worthiness of the borrowers in accordance with the subjective criteria of the Prudential Regulations for Agriculture Financing.

| | Note | (Un-audited) September 30, 2022 | (Audited) December 31, 2021 |
|--|---|---------------------------------------|-----------------------------------|
| | | Rupees in '000 | |
| 11 | FIXED ASSETS | | |
| Capital work-in-progress | 11.1 | 48,532 | 43,888 |
| Property and equipment | 11.2 | 1,527,119 | 1,625,605 |
| Right of use assets | | 840,979 | 817,763 |
| | | <u>2,416,630</u> | <u>2,487,256</u> |
| 11.1 | Capital work-in-progress | | |
| Civil works | | 40,372 | 35,858 |
| Consultancy charges | | 6,892 | 6,762 |
| Others | 11.1.1 | 1,268 | 1,268 |
| | | <u>48,532</u> | <u>43,888</u> |
| 11.1.1 | This includes soil testing and other charges incurred at sites. | | |
| | | ... (Un-audited) ... | ... (Audited) ... |
| | | September 30, 2022 | September 30, 2021 |
| | | ... Rupees in '000 ... | |
| 11.2 | Additions to fixed assets | | |
| The following additions have been made during the period: | | | |
| Capital work-in-progress | | 4,644 | 945 |
| Property and equipment: | | | |
| Buidling on freehold land | | 476 | - |
| Buidling on leasehold land | | 2,456 | 334 |
| Furniture and fixture | | 2,383 | 1,263 |
| Electrical, office and computer equipment | | 7,248 | 2,752 |
| Vehicles | | 68,494 | 47,304 |
| Total | | <u>85,701</u> | <u>52,598</u> |
| 11.3 | Disposal of fixed assets | | |
| The net book value of fixed assets disposed off is as follows: | | | |
| Furniture and fixture | | - | 164 |
| Electrical, office and computer equipment | | 69 | 28 |
| Vehicles | | 7,419 | 21,683 |
| Total | | <u>7,488</u> | <u>21,875</u> |
| | | (Un-audited) | (Audited) |
| | | September 30, 2022 | December 31, 2021 |
| | | Rupees in '000 | |
| 12 | INTANGIBLE ASSETS | | |
| Computer Software | | <u>72,335</u> | <u>35,817</u> |

| | | (Un-audited) September 30, 2022 | (Audited) December 31, 2021 |
|--|------|---------------------------------------|-----------------------------------|
| | Note | Rupees in '000 | |
| 13 DEFERRED TAX ASSETS - NET | | | |
| Deductible temporary differences on: | | | |
| Defined benefit plans | | 775,230 | 812,708 |
| Tax losses carried forward | | - | - |
| Provision against non-performing loans and advances | | 14,049,172 | 13,136,477 |
| | | 14,824,402 | 13,949,185 |
| Taxable temporary differences on: | | | |
| Accelerated tax depreciation | | 38,663 | (60,737) |
| Surplus on revaluation of investments | | (549,293) | (532,888) |
| | | (510,630) | (593,625) |
| | | 14,313,772 | 13,355,560 |
| 14 OTHER ASSETS - NET | | | |
| Income / mark-up accrued in local currency on : | | | |
| - advances - net of provision | | 7,924,973 | 5,416,354 |
| - securities | | 1,658,857 | 1,330,560 |
| - deposits | | 264,737 | 163,507 |
| Amount recoverable from Federal Government | | 2,810,129 | 2,691,252 |
| Tax recoverable | | 422,652 | 422,652 |
| Branch adjustment account | | 1,962,575 | 1,726,559 |
| Taxation (payments less provision) | | 2,498,914 | 3,780,258 |
| Receivable from gratuity scheme - SSR 1961 | | 126,003 | 115,744 |
| Receivable from gratuity scheme - SR 2005 | | 547,231 | 479,794 |
| Non banking assets acquired in satisfaction of claims | | 424,751 | 427,721 |
| Stationery and stamps in hand | | 138,083 | 127,657 |
| Stock of farm machinery | | 11,237 | 11,237 |
| Advances against salary and expenses | | 62,534 | 53,509 |
| Security deposits | | 6,199 | 6,198 |
| Advances and other prepayments | | 349,206 | 183,059 |
| Others | | 193,125 | 230,786 |
| | | 19,401,206 | 17,166,847 |
| Provision held against other assets | 14.1 | (937,676) | (964,265) |
| Other assets - net of provisions | | 18,463,530 | 16,202,582 |
| 14.1 Provision held against other assets | | | |
| Tax recoverable | | 422,652 | 422,652 |
| Non banking assets acquired in satisfaction of claims | | 424,751 | 427,721 |
| Stock of farm machinery | | 11,237 | 11,237 |
| Accrued interest on advances of ex-employees | | 17,211 | 15,183 |
| Amount deposited with courts / legal charges recoverable | | 61,825 | 87,472 |
| | | 937,676 | 964,265 |

| (Un-audited) | (Audited) |
|----------------|--------------|
| September 30, | December 31, |
| 2022 | 2021 |
| Rupees in '000 | |

14.1.1 Movement in provision held against other assets

| | | |
|------------------------------|----------|-----------|
| Opening balance | 964,265 | 1,022,306 |
| Charge for the period / year | 25,219 | 38,586 |
| Reversals | (51,808) | (96,627) |
| | (26,589) | (58,041) |
| Closing balance | 937,676 | 964,265 |

15 CONTINGENT ASSETS

- 15.1 1. There is a contingency of an amount of Rs. 297.149 million and Rs. 54.828 million on account of minimum income tax levied by the Income Tax authorities under section 80-D of the Income Tax Ordinance, 1979, and various tax refunds pertaining to assessment years 1991-92 to 1998-99 and assessment year 1999-2000 respectively despite the income of the Bank being exempt from tax up to income year ended 30 June 1999. The Bank paid, under protest, these disputed tax demands and also filed writ petition in this respect in the Honorable Lahore High Court, Rawalpindi Bench, Rawalpindi. Later on, the Bank withdrew the said petition on the directions of the Federal Government and the case was referred to the Law and Justice Division of the Government of Pakistan (GoP) which decided the reference in the Bank's favour. The Federal Board of Revenue (FBR), disagreed with the aforesaid decision, further took up the matter with Federal Cabinet for its review. Federal Cabinet referred the case to the Attorney General of Pakistan (AGP) for final decision which was received on March 12, 2011 whereby the AGP decided that Section 27-A of the ADBP Ordinance should prevail over the said section 80-D of the Income Tax Ordinance, 1979.
- 15.2 2. Assistant Commissioner, Sindh Revenue Board (SRB) passed the order on 11.05.2019 for the period January 2012 to December 2012 creating a demand of Rs 6.42 million (Principle + Penalty). On 03.06.2019, payment of impugned tax Amounting Rs.6.6 million (Principle + 10% Surcharge) has been made, under protest, to avail the SRB Amnesty Scheme. Bank has filed appeal before Commissioner (Appeals), SRB. Main Appeal heard and further adjourned to 12.08.2022. but remained undecided and appeal/case has been transferred to Appellate Tribunal by the Commissioner (Appeals-I) on 30.06.2022, being time barred at the Commissioner Appeals. The Bank is expecting a favourable decision.
- 15.3 3. Assistant Commissioner, Sindh Revenue Board (SRB) passed the order on 11.07.2019 for the period January 2013 to December 2013 creating a demand of Rs 2.75 million. On 03.06.2019, payment of impugned tax amounting to Rs. 2.75 million has been made, under protest, to avail the SRB Amnesty Scheme. Bank filed appeal before Commissioner (Appeals), SRB. Main Appeal heard and further adjourned to 12.08.2022. but remained undecided and appeal/case has been transferred to Appellate Tribunal by the Commissioner (Appeals-I) on 30.06.2022, being time barred at the Commissioner Appeals. The Bank is expecting a favourable decision.
- 15.4 4. Assistant Commissioner, Sindh Revenue Board (SRB) has passed the order on 24.01.2020 for the period of January 2014 to December 2014 which has created a demand of Rs.54.6 million. On 03.06.2019 payment of impugned tax has been made for Rs. 2.86 million, under protest, to avail the SRB Amnesty Scheme. Bank filed appeal before Commissioner (Appeals), SRB. Main Appeal heard and further adjourned to 12.08.2022. but remained undecided and appeal/case has been transferred to Appellate Tribunal by the Commissioner (Appeals-I) on 30.06.2022, being time barred at the Commissioner Appeals. The Bank is expecting a favourable decision.

| | | (Un-audited) September 30, 2022 | (Audited) December 31, 2021 |
|-----------|---|---------------------------------------|-----------------------------------|
| | | Rupees in '000 | |
| 16 | BILLS PAYABLE | | |
| | In Pakistan | 355,792 | 442,401 |
| 17 | BORROWINGS | | |
| | Secured | | |
| | Borrowing from State Bank of Pakistan (SBP): | | |
| | Redeemable preference shares | 54,461,536 | 54,461,536 |
| | Repurchase agreement borrowings | 46,896,567 | 74,934,577 |
| | Repurchase agreement borrowings - others | 14,352,627 | 1,910,922 |
| | Total secured | 115,710,730 | 131,307,035 |
| | Unsecured | | |
| | Call borrowings | 1,075,000 | 1,050,000 |
| | | 116,785,730 | 132,357,035 |
| 18 | DEPOSITS AND OTHER ACCOUNTS | | |
| | Customers - local currency | | |
| | Current deposits | 4,818,758 | 6,473,368 |
| | Saving deposits | 5,210,742 | 4,885,062 |
| | Term deposits | 20,692,765 | 29,545,396 |
| | Others | 16,752 | 41,064 |
| | | 30,739,017 | 40,944,890 |
| | Financial Institutions - local currency | | |
| | Current deposits | 114,599 | 104,110 |
| | Saving deposits | 284,297 | 1,446,389 |
| | Term deposits | - | - |
| | | 398,896 | 1,550,499 |
| | | 31,137,913 | 42,495,389 |
| 19 | OTHER LIABILITIES | | |
| | Mark-up / return / interest payable in local currency on: | | |
| | - borrowings | 1,006,945 | 1,465,844 |
| | - deposits and other accounts | 879,160 | 803,416 |
| | Accrued expenses | 51,153 | 697,294 |
| | Net liabilities relating to Bangladesh | 189 | 190 |
| | Payable to Ministry of Food Agriculture & Livestock | 168,000 | 168,000 |
| | Provision for: | | |
| | - pension scheme | 9,990,686 | 9,099,720 |
| | - employees' post retirement medical benefits | 8,651,187 | 7,964,423 |
| | - employees' compensated absences | 2,302,524 | 2,229,620 |
| | - gratuity scheme of the company | 301,933 | 303,966 |
| | Due to Islamic Banking | 3,487 | 496 |
| | Security deposits | 22,446 | 33,661 |
| | Deferred income | 10,168 | 10,566 |
| | Lease liability against right-of-use assets | 921,938 | 892,799 |
| | Others | 1,959,066 | 1,176,720 |
| | | 26,268,882 | 24,846,715 |

20 SURPLUS ON REVALUATION OF ASSETS - NET OF TAX

| | | |
|---|------------------|----------------|
| Surplus on revaluation of available-for-sale securities | 1,569,409 | 1,522,537 |
| Deferred tax on surplus on revaluation of available-for-sale securities | (549,293) | (532,888) |
| | <u>1,020,116</u> | <u>989,649</u> |

21 CONTINGENCIES AND COMMITMENTS

21.1 Contingent liabilities

In respect of cases filed against the Bank:

| | | |
|---|----------------|----------------|
| 21.1.1 by borrowers; 495 (December 31, 2021: 624) cases | <u>374,225</u> | <u>458,926</u> |
| 21.1.2 by employees; 435 (December 31, 2021: 461) cases | <u>280,132</u> | <u>267,591</u> |

- Zarai Tarqati Bank Limited

21.2.1 Income Tax Department under section 161/205 of the Income Tax Ordinance, 2001 levied income tax amounting to Rs. 7.714 million for the Tax Year 2004. The Bank filed an appeal before the Commissioner Inland Revenue - Appeals (CIR-A) who decided the case in favour of the Bank. However, being aggrieved, the FBR filed an appeal before the Appellate Tribunal Inland Revenue (ATIR), hearing was fixed in this case against which the bank sought adjournment, but ATIR heard the case and upheld the decision of Assessing Officer (A.O.). A.O. on the direction of ATIR Order reassessed the earlier demand to Rs. 10.105 million by adding default surcharge. Subsequently, the ATIR decided the case in the favour of the Bank and appeal effects order is pending. However, the department filed reference application before Islamabad High Court, Islamabad against the Order of ATIR. The Bank has not accounted for the demand as tax payable and no provision has been recognized as the Bank is confident for a favourable outcome.

21.2.2 The cases relating to taxation matters of the Bank for the Assessment Years 2002-2003 and Tax Years 2003 to 2009 were contested by the Bank at various forums. ATIR vide its orders dated June 09, 2010, March 1, 2011, July 22, 2011 and April 16, 2012 decided most of the issues involved in favour of the Bank. Final appeal effects order received by the Bank as per the decisions of ATIR resulting in net refunds of Rs. 4,640.154 million. However, Commissioner Inland Revenue (CIR) filed reference applications under section 133 of the Income Tax Ordinance, 2001 against the aforementioned ATIR orders dated June 9, 2010, March 1, 2011, July 22, 2011 and April 16, 2012 before the Honorable Lahore High Court, Rawalpindi Bench for Tax Years 2003, 2004, 2006 and 2007 and Honorable Islamabad High Court, Islamabad for Assessment Year 2002-03 and Tax Years 2004, 2005, 2006, 2007, 2008 and 2009. The Honourable Islamabad High Court, Islamabad decided the cases for which appeal effects from department are pending except 2007. In Tax Year 2007 the A.O. issued an order on the basis of High Court directives by creating a demand of Rs. 24.875 million, being aggrieved the Bank filed appeal before CIR(A), who remanded back the issues to A.O., appeal effects on the basis of CIR(A) Order are pending. Provision for the cases of income tax, approximately amounting to Rs. 9,917.854 million, has not been recognized as the Bank is confident for a favourable outcome based on the strong ground of appeal and opinion of legal counsel of the Bank.

21.2.3 The Deputy Commissioner Inland Revenue (DCIR) passed orders under section 122(4) of the Income Tax Ordinance, 2001 and raised demand of Rs. 1,056.324 million for Tax Years 2008 and of Rs. 2,250.813 millions for Tax Year 2009 respectively aggregating to Rs. 3,307.138 million. The Bank filed appeals before CIR(A) who maintained the order. The Bank filed an appeal against the said order before ATIR who decided and cases remanded back to A.O. No order, in this regard, has been received so far. The Bank has not accounted for the demand as tax payable, as a favourable outcome is expected.

- 21.2.4 DCIR passed order under section 161 / 205 of the Income Tax Ordinance, 2001 and raised demand of Rs. 208.337 million for Tax Year 2011. The Bank filed appeal before CIR(A) against the orders of DCIR who remanded back the case to A.O. for verification. The Bank filed appeal before ATIR against the orders of the CIR(A). ATIR decided the case in favour of Bank on the issue of default surcharge. However, the department filed reference application before Honourable Islamabad High Court, Islamabad. Further, the A.O. on remanded back case, after verification on various issues, reduced the demand to Rs. 14.366 million. Being aggrieved the Bank filed appeal before CIR(A) against the order of A.O. on remanded back case who deleted various issues and also confirmed the action of A.O. on certain issues. Being aggrieved both the Bank and the department filed appeal before ATIR against the orders of the CIR(A). ATIR against the appeals of the Bank and Department decided the case in favour of the Bank. Further, on remanded back issues, the A.O. further created a demand of Rs. 7.527 million. Being aggrieved, the Bank filed appeal before CIR(A) who remanded back the case to the department for denovo consideration with the direction that while giving appeal effects, the order of ATIR may be kept in mind. Being aggrieved the Bank as well Tax Department filed the appeals to ATIR against the orders of CIR(A). The ATIR cancelled the impugned order in favour of Bank for which appeal effect is pending with A.O. The Bank has not accounted for the demand as tax payable because favourable decision is expected.
- 21.2.5 ACIR passed orders under section 122(5A) and raised demand of Rs. 3,287.662 million for Tax Year 2010, Rs. 2,922.830 million for Tax Year 2011 and Rs. 2,037.114 million for Tax Year 2012. The Bank filed appeal before CIR(A) who remanded back the cases to ACIR. The Bank filed appeals with ATIR against the orders of the CIR(A) which were decided by the ATIR in favour of the Bank in most of the issues. However, the department filed reference application before Honorable Islamabad High Court against the issues favouring the Bank. On the directions of ATIR Orders the department passed appeal effects Orders u/s 124 / 122(5A) of the Income Tax Ordinance, 2001 and raised demand of Rs. 616.611 million for Tax Year 2010, Rs. 844.800 million for Tax Year 2011 and Rs. 321.531 million for Tax Year 2012. Being aggrieved the Bank filed appeals before CIR(A) against the Orders of Additional Commissioner (IR) who in its Order deleted the additions in most of the issues. ACIR on the directions of CIR(A) further issued orders u/s 124 / 122(5A) for Tax Year 2010 converting the earlier demand of Rs. 616.611 million to refund of Rs. 164.934 million, for Tax Year 2011 reducing the tax liability from Rs. 844.800 million to Rs. 619.849 million and for Tax Year 2012 reducing the tax liability from Rs. 321.531 million to Rs. 5.180 million respectively. Being aggrieved the Bank as well as Tax Department filed appeals before ATIR against the order of CIR(A). ATIR against the appeal filed by the Department for Tax Year 2011 and 2012 on the issues of substandard loans and reversal of provisions against compensated absences were disposed of by upholding the decision of CIR(A) about deletion of the same and also remanded back the similar addition in 2013 to A.O. with the direction to keep pending of reassessment in accordance to the provisions of Section 124A of Income Tax Ordinance, 2001 as the matter is sub judice before High Court against reference application filed by the Department against the Orders of ATIR which is decided in favour of the Bank. Further, by disposing off the appeals filed by the Bank in Tax Years 2010, 2011 and 2012 and remanded back the issue of property income and arithmetic error in Assessment Order to A.O. for reassessment. On the directions of ATIR, ACIR issued appeal effect orders u/s 124 / 122(5A) for Tax Year 2010 converting the earlier refund of Rs. 164.934 million into demand of Rs. 419.221 million, for Tax Year 2011 reducing the tax liability from Rs. 619.849 million to Rs. 181.617 million and for Tax Year 2012 converted the tax liability from Rs. 5.180 million to refund of Rs.12.319 million respectively. CIR(A) upheld the orders of A.O. Being aggrieved Bank filed an appeal before ATIR. The Bank has not accounted for the demand as tax payable because favourable decision is expected.
- 21.2.6 ACIR passed order under section 122(5A) of the Income Tax Ordinance, 2001 and raised demand of Rs. 4,920.168 million for Tax Year 2013. The Bank filed appeal before CIR(A) against the orders of ACIR who deleted the demand on various issues and also confirmed the action of ACIR on certain issues. The Bank and FBR both filed appeals before ATIR against the orders of CIR(A) which were decided in favour of the Bank except for Rs. 2,830 million which were remanded back to ACIR. However, the department filed reference application before Honorable Islamabad High Court, Islamabad. On the directions of ATIR Orders the department passed appeal effects Orders u/s 124 / 122(5A) of the Income Tax Ordinance, 2001 and raised demand of Rs. 829.428 million. Being aggrieved the Bank filed appeals before CIR(A) against the Orders of Additional Commissioner (IR) who decided the case in most of the issues in favour of the Bank, the appeal effects on the basis of CIR(A) is pending. Being aggrieved the Bank as well as Tax Department filed appeals before ATIR against the order of CIR(A). The ATIR disposed of both the appeals by remanding back the issues to A.O. In appeal effect order the Assessment officer after adjustment of available refund reduces the demand of Rs.829.428 million to refund amount of Rs. 8.702 million. Being aggrieved, the Bank filed appeal to ATIR. Accordingly, no provision has been made because the Bank is expecting a favourable decision.

- 21.2.7 DCIR passed order under section 161 / 205 of the Income Tax Ordinance, 2001 and raised demand of Rs. 27.792 million for Tax Year 2009. To avail the Government amnesty, the Bank paid Rs. 19.183 million under protest with waiver of penalty amount of Rs. 8.609 million under amnesty. The FBR allowed the amnesty to the Bank. The Bank filed appeal before CIR(A) against the orders of DCIR who upheld the orders of DCIR. The Bank filed appeal before ATIR against the orders of the CIR(A) who decided the case in favour of the Bank except remanded back the issue of profit on debt for verification. However, the department filed reference application before Honorable Islamabad High Court, Islamabad. The A.O. passed order u/s 124 read with 161 of the Income Tax Ordinance, 2001 and raised demand of Rs. 20.435 million on remanded back issue. The Bank filed appeal before CIR(A). The A.O. on the directions of CIR(A) further issued order u/s 124 / 161 / 205 converted the earlier demand to refund of Rs. 16.752 million by adding tax of Rs. 2.431 million on profit on debt. Being aggrieved the Bank filed appeal before ATIR against the orders of the CIR(A) and the same is pending for hearing. Accordingly, no provision has been made because the Bank is expecting a favourable decision.
- 21.2.8 DCIR passed order under section 161 / 205 of Income Tax Ordinance, 2001 and raised demand of Rs. 15.943 million for Tax Year 2012. The Bank filed appeal before CIR(A) against the orders of DCIR. CIR(A) deleted various issues and confirmed certain issues resulting to reduce the tax demand from Rs. 15.943 million to Rs. 3.892 million. Being aggrieved the Bank filed appeal before ATIR against the orders of CIR(A). ATIR decided the case in favour of the Bank and cancelled the impugned order for which appeal effects are pending with A.O. The Bank has not accounted for the demand as tax payable as a favourable decision is expected.
- 21.2.9 DCIR passed order u/s 122(5A) of the Income Tax Ordinance, 2001 and raised demand of Rs. 3,059 million for the Tax Year 2014. Further, on a rectification application filed by the Bank, A.O. passed rectification order by reducing demand to Rs. 1,278 million by adjustment of refund of Rs. 1,776 million and arithmetic error of Rs. 14 million. The Bank filed appeal before CIR(A) against the orders of DCIR who upheld the orders of DCIR. Being aggrieved the Bank filed appeal before ATIR against the orders of CIR(A). The case has been remanded back by ATIR to A.O. for reassessment. Appeal effect order has been received with reduction of earlier demand to Rs. 889 million. CIR(A) remanded back the case to A.O. for reassessment. Being aggrieved the Bank filed appeal before ATIR. The Bank has not accounted for the demand as tax payable as a favourable decision is expected.
- 21.2.10 ACIR passed order u/s 122(5A) of the Income Tax Ordinance, 2001 and raised demand of Rs. 5,549.705 million for the Tax Year 2015. The Bank filed appeal before CIR(A) against the orders of ACIR who upheld various issues ordered by ACIR. Being aggrieved the Bank filed appeal before ATIR against the orders of CIR(A) and the same is pending for hearing. A.O. on the directions of CIR(A) passed an Order u/s 124 / 122(5A) and reduced the demand from Rs. 5,549.705 million to Rs. 4,266.194 million by allowing partial relief. ATIR while disposing of both appeals and remanded back most of the issues to A.O. for reassessment. Assessment proceedings were completed, and A.O. raised the demand from Rs. 4,266.194 million to Rs. 6,780.479 million. Being aggrieved the Bank filed appeal to CIR(A) who remanded back the case to A.O. by allowing partial relief. Being aggrieved against the CIR(A) orders Bank filed an appeal to ATIR. The Bank has not accounted for the demand as tax payable as a favourable decision is expected.
- 21.2.11 A.O. passed four assessment orders u/s 161 / 205 of the Income Tax Ordinance, 2001 regarding short deduction of tax under different sections of ITO-2001 for Tax Year 2015 and raised demand of Rs. 26.628 million u/s 155, Rs. 0.412 million u/s 153(1)(b), Rs.9.495 million u/s 149 and Rs.63.469 million u/s 151 respectively. Being aggrieved the Bank filed appeals before CIR(A) against the aforementioned orders of A.O. CIR(A) remanded back the case of Rs. 26.628 million for denovo consideration to A.O. Meanwhile, after reassessment of the said case, the Assessment officer passed the order by reducing demand from Rs. 26.628 million to Rs. 14.183 million. Being aggrieved the Bank filed an appeal to ATIR. The CIR(A) upheld the decision of Assessment Officer regarding demand of Rs. 0.412 million u/s 153(1)(b). Being aggrieved the Bank filed an appeal to ATIR. The CIR(A) annulled the assessment order of Rs. 9.495 million u/s 149, and in this respect, the assessment officer didn't issue the appeal effects order to date. CIR(A) remanded back case to the Assessment Officer of Rs. 63.469 million u/s 151 for issuance of speaking order. After reassessment of this case, Assessment Officer passed the appeal effect order u/s 124/161/205 by reducing the demand from Rs. 63.469 to Rs. 27.155 million. However, Bank filed a second appeal against demand of Rs. 27.155 million. Hence, no provision has been made because the Bank is expecting a favourable decision.

- 21.2.12 ACIR passed order u/s 122(5A) of Income Tax Ordinance, 2001 and raised demand of Rs. 1,511.521 million for the Tax Year 2016. On the directions of ATIR, except property income A.O. allowed partial relief in his order. In appeal effect order A.O. converted the demand of Rs. 1,511.521 million into refund of Rs. 416.324 million. Being aggrieved the Bank filed an appeal to ATIR after receiving the CIR(A) orders who upheld the ACIR orders. ACIR passed two other assessment orders u/s 161/205 of Income Tax Ordinance, 2001 regarding Tax Year 2016 and raised demand of Rs. 63.243 million and 161.180 million regarding short deduction u/s 151 and u/s 149 of ITO, 2001 respectively. Being aggrieved Bank filed appeals to CIR(A) against these assessment orders. Meanwhile, on directions of CIR(A) the Assessment officer issued an appeal effect order u/s 124/161/205 regarding short deduction of tax u/s 151 by reducing the demand from Rs. 63.243 million to Rs. 60.377 million whereas regarding short deduction u/s 149, CIR(A) annulled the orders of the Assessment Officer and in this respect the appeal effects u/s 124/161/205 are not yet issued by the assessment officer. However, Bank filed a second appeal against demand of Rs. 60.377 million. Hence, no provision has been made because the Bank is expecting a favourable decision.
- 21.2.13 A.O. passed orders u/s 161 of the Income Tax Ordinance, 2001 and raised demands of Rs. 3.076 million for Tax Year 2014, Rs 0.207 million and Rs. 2.270 million respectively for two cases of Tax Year 2015 against short deduction of withholding taxes under various heads. Being aggrieved the Bank filed appeals before CIR(A) who remanded back the case against the orders of A.O. for re-examination. The A.O. on the direction of CIR(A) issued appeal effects order by adjusting the earlier demand against tax refund of Tax Year 2010. On appeal, the CIR(A) remanded back the case to A.O. for speaking order. Accordingly, no provision has been made because the Bank is expecting a favourable decision.
- 21.2.14 Assessment Officer passed order u/s 122(5A) of the Income Tax Ordinance, 2001 on dated 30.11.2021 and raised the demand of Rs. 361.752 million for the Tax Year 2017. However, this order rectified under section 221(1) vide order dated 27.12.2021 and created tax refundable of Rs. 679.294 million for the Tax Year 2017. Being aggrieved Bank filed an appeal to Commissioner Inland Revenue Appeals against the impugned order. Accordingly, no provision has been made because the Bank is expecting a favourable decision.
- 21.2.15 Assessment Officer passed order u/s 122(5A) of the Income Tax Ordinance, 2001 on dated 28.09.2022 and raised the demand of Rs. 12,870.191 million for the Tax Year 2018. Being aggrieved Bank filed an appeal to Commissioner Inland Revenue Appeals against the impugned order. Bank has not accounted for the demand as tax payable, as a favorable decision is expected.
- 21.2.16 Assessment Officer passed order u/s 122(5A) of the Income Tax Ordinance, 2001 on dated 14.01.2021 and raised the demand of Rs. 983.653 million for the Tax Year 2019. Being aggrieved Bank filed an appeal to Commissioner Inland Revenue Appeals against the impugned order. Bank has not accounted for the demand as tax payable, as a favorable decision is expected.
- 21.2.17 Assessment Officer passed order u/s 122(5A) of the Income Tax Ordinance, 2001 on dated 08.04.2021 and raised the demand of Rs. 4,085.176 million for the Tax Year 2020. Being aggrieved Bank filed an appeal to Commissioner Inland Revenue Appeals against the impugned order. Bank has not accounted for the demand as tax payable, as a favorable decision is expected.
- 21.2.18 Assessment Officer passed order u/s 122(5A) of the Income Tax Ordinance, 2001 on dated 27.12.2021 and raised the demand of Rs. 6,425.014 million for the Tax Year 2021. Being aggrieved Bank filed an appeal to Commissioner Inland Revenue Appeals against the impugned order. Bank has not accounted for the demand as tax payable, as a favorable decision is expected.
- 21.2.19 The cases relating to Federal Excise Duties / Sales tax matters of the Bank for the Tax Years 2008, 2009, 2010, 2011 and 2012 were contested by the Bank at various forums. ATIR vide its orders dated May 07, 2012, January 08, 2013, November 26, 2013 and March 13, 2014 decided most of the issues involved in favour of the Bank. However, Commissioner Inland Revenue (CIR) filed reference applications under section 47 of the Sales Tax Act, 1990 and under section 34A of the Federal Excise Act, 2005 against the aforementioned ATIR orders before the Honorable Islamabad High Court, Islamabad for the aforementioned years. No provision for such contingent liabilities amounting to Rs. 825.121 million has been recognized as the Bank is confident for a favourable outcome.

- 21.2.20 DCIR passed orders relating to FED for the period January 2013 to December 2013 and January 2014 to December 2014 creating a demand of Rs. 738.892 million and Rs. 681.109 million respectively. The Bank filed appeal before CIR(A) against the orders of DCIR who upheld the orders of DCIR. Being aggrieved the Bank filed appeal before ATIR who remanded back the case to A.O. for denovo consideration. On remanded back cases by ATIR the A.O. upheld its initial orders. The Bank filed appeal before CIR(A) who upheld the orders of A.O. Being aggrieved the Bank filed appeals before ATIR against the orders of CIR(A). The ATIR in its order cancelled the Assessment Orders for the period January 2013 to December 2013 and January 2014 to December 2014, appeal effects are pending. However, the department has filed reference application before Islamabad High Court, Islamabad. The Bank has not accounted for the demand as tax payable, as a favourable decision is expected.
- 21.2.21 DCIR passed orders relating to Sales Tax for the period January 2013 to December 2013 and January 2014 to December 2014 creating a demand of Rs. 4.470 million (Rs. 1.822 million on advertisement and Rs. 2.647 million on fixed assets) and Rs. 13.295 million (Rs. 2.273 million on advertisement and Rs. 11.122 million on fixed assets) respectively. The Bank filed appeal before CIR(A) against the orders of DCIR who upheld the orders of DCIR. Being aggrieved the Bank filed appeal before ATIR against the orders of CIR(A). ATIR deleted the addition on fixed assets of Rs. 80.998 million on which tax amount of Rs. 13.768 million was involved and remanded back the advertisement expenses of Rs. 25.598 million on which tax amount of Rs. 4.096 million was involved. However, the department has filed reference application before Islamabad High Court, Islamabad on the issue of fixed asset deletion. The Bank has not accounted for the demand as tax payable, as a favourable decision is expected.
- 21.2.22 Commissioner, Punjab Revenue Authority (PRA) passed order relating to Punjab Sales Tax on Services (withholding rules 2015) for the period January 2016 to December 2016 creating a demand of Rs. 10.06 million. The Bank filed appeal before Appellate Tribunal, PRA against the alleged order of Commissioner (PRA). The Appellate Tribunal, PRA has remanded back the case to the A.O. The Learned DC(PRA) created demand of Rs.10.06 million on 08.09.2020. 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
- 21.2.23 ATIR, Sindh Revenue Board (SRB) passed the order for the Sales Tax on Services for the period July 2011 to December 2011 creating demand of Rs 4.69 million. ATIR passed the order in favor of the bank wherein addition to Sales Tax against Postal Charges has been deleted. However, SRB filed reference application before SHC, U/S 151 CPC 1908. Bank has not accounted for the demand as tax payable, as a favourable decision is expected
- 21.2.24 Assistant Commissioner, Sindh Revenue Board (SRB) passed the order on 21.01.2020 for the period of January 2015 to December 2015 creating a demand of Rs.10.2 million. Bank filed the appeal before the Commissioner, Sindh Revenue Board against the alleged decision of AC(SRB). Main Appeal alongwith Stay Appliacion heard and further adjourned to 12.08.2022. but remained undecided and appeal/case has been transferred to Appellate Tribunal by the Commissioner (Appeals-I) on 30.06.2022, being time barred at the Commissioner Appeals. Bank has not accounted for the demand as tax payable, as a favourable decision is expected.
- 21.2.25 Assistant Commissioner, Sindh Revenue Board (SRB) passed the Order on 24.01.2020 for the period of January 2016 to December 2016 creating a demand of Rs.6.68 million. Bank filed the appeal before the Commissioner, Sindh Revenue Board against the alleged decision of AC(SRB). Main Appeal alongwith Stay Appliacion heard and further adjourned to 12.08.2022. but remained undecided and appeal/case has been transferred to Appellate Tribunal by the Commissioner (Appeals-I) on 30.06.2022, being time barred at the Commissioner Appeals. Bank has not accounted for the demand as tax payable, as a favourable decision is expected.

21.2.26 Order was passed by Deputy Commissioner, FBR for Tax Year 2015/16 creating demand of Rs. 712 million, vide Order-in-Original No.306 on 09.06.2020. Appeal & Stay application filed before Commissioner (Appeals) against the impugned order. Hearing for Stay Application was fixed on 14.07.2020 and rejected by the Commissioner (Appeals). However, ATIR directed the department to decide the case within 45 days and not to press for recovery of impugned dues without prior notice of 15 days. Hearing of main Appeal was fixed on 13.10.2020. Further, Stay was granted for 30 days by the Honorable High Court. Appellate Order dt 30.10.2020 received by the C(IR) confirming the decision of DC(IR). However, Appeal alongwith Stay Application filed before AT(IR). AT(IR) granted the stay of impugned demand till the decision of main appeal. However, case was heard before ATIR on 14.12.2021 and decision has been received on 06.01.2022 in favor of the bank. However, department (FBR) has filed reference application before honorable Islamabad High Court on 18.03.2022.

21.2.27 Order No.03/2021-22 was passed by Deputy Commissioner, IR (FBR) on 30.06.2022 creating a demand of Rs.29,121,266/- for Tax Year 2019 (Jan -2019 to Dec-2019). Appeal & Stay application filed before Commissioner (Appeals). Main Appeal alongwith Stay Application heard and stay has been granted for 20 days on 05.10.2022 and appellate order is still awaiting.

- Kissan Support Services (Private) Limited

21.2.28 The Officer Inland Revenue LTU, Islamabad has initiated proceedings against the Company under Section 161/205 of the Income Tax Ordinance, 2001 for the Tax Year 2009 and 2011 and created a demand of Rs.32M. The Company submitted detail reply in Jun 2015 against the show cause with complete documentary evidences, the case is pending for adjudication. No provision has been made in these accounts as the management is confident that the decision of the case will be decided in the favor of Company.

21.2.29 The Officer Inland Revenue LTU, Islamabad initiated proceedings against the Company under Section 161/205 of the Income Tax Ordinance, 2001 for the financial year ended December 31, 2013 i.e. Tax Year 2014 and created a demand of Rs. 1.182 million. The Company filed an appeal before the Commissioner Inland Revenue(Appeals). The Commissioner passed an Order against the Company and maintained the assessment of the Officer Inland Revenue. The Company filed appeal to the Appellate Tribunal Inland Revenue, Islamabad. The Appellate tribunal Inland Revenue, Islamabad through its order dated April 18, 2017 has accepted CPR of tax withheld and deposited by the company in the month of July 2013, which was previously rejected by Officer Inland Revenue LTU, and has directed the officer Inland Revenue to reexamine the remaining issue by only treating any amount paid to ZTBL as services if payment amount is for other than salary, bonuses, overtime etc. Officer Inland Revenue was also directed to pass final order within maximum of 180 days of this order. No provision has been made in these financial statements as the management is confident that the decision of the case will be decided in favour of the Company.

21.2.30 The Company is facing claims launched in various Courts filed by the employees, pertaining to service promotion, dismissal from service and entry into company's premises and others. The matters are still pending before the Courts. As no amount is involved in most of the cases, therefore, the liability is not accurately quantifiable (2021: same as mentioned).

| | | (Un-audited) September 30, 2022 | (Audited) December 31, 2021 |
|------|----------------------------|---------------------------------------|-----------------------------------|
| | | Rupees in '000 | |
| 21.3 | Commitments against | | |
| | Capital expenditures | 112,938 | 154,229 |
| | Consultancy expenditures | 5,628 | 5,628 |

| | | (Un-audited) | | |
|------|---|-----------------------|-----------------------|---------------|
| | | September 30, 2022 | September 30, 2021 | |
| | | Rupees in '000 | | |
| 22 | MARK-UP / RETURN / INTEREST EARNED | | | |
| | Loans and advances | 11,184,491 | 11,228,851 | |
| | Investments | 13,916,566 | 3,541,760 | |
| | Securities purchased under resale agreement | 1,350,294 | 621,462 | |
| | Call money lendings | 648,408 | 206,786 | |
| | Balances with banks | 1,632,434 | 738,442 | |
| | | <u>28,732,193</u> | <u>16,337,301</u> | |
| 23 | MARK-UP / RETURN / INTEREST EXPENSED | | | |
| | Deposits | 2,343,289 | 2,164,578 | |
| | Redeemable preference shares - SBP | 3,063,461 | 3,063,461 | |
| | Securities sold under repurchased agreement | 12,722,609 | 2,111,137 | |
| | Call borrowings | 167,673 | 428 | |
| | Bank commission and other charges | 7,682 | 7,291 | |
| | On lease liability against right-of-use assets | 82,018 | 75,448 | |
| | | <u>18,386,732</u> | <u>7,422,343</u> | |
| 24 | FEE & COMMISSION INCOME | | | |
| | Branch banking customer fees | 26,620 | 26,124 | |
| | Credit related fees | 708,216 | 682,515 | |
| | Commission on remittances including home remittances | 16,659 | 4,696 | |
| | | <u>751,495</u> | <u>713,335</u> | |
| 25 | GAIN ON SECURITIES | | | |
| | Realised | 25.1 | <u>22,117</u> | <u>11,671</u> |
| 25.1 | Realised gain on: Federal Government Securities | | <u>22,117</u> | <u>11,671</u> |
| 26 | OTHER INCOME | | | |
| | Rent on property | | 22,193 | 40,866 |
| | Gain on sale of fixed assets - net | | 2,474 | 7,827 |
| | Gain on sale of non banking assets - net | | 4,388 | 6,327 |
| | Deferred income amortization | | 398 | 419 |
| | Discount income | | 62,815 | 15,003 |
| | Others | 26.1 | 15,327 | 23,018 |
| | | | <u>107,595</u> | <u>93,460</u> |
| 26.1 | Other includes sale of scrap, sale of tender forms, recoveries against penalties imposed by SBP and private use of vehicle etc. | | | |

(Un-audited)
September 30, September 30,
2022 2021
Rupees in '000

Note

27 OPERATING EXPENSES

| | | | |
|---|--|------------------|------------------|
| Total compensation expense | | 6,925,970 | 6,962,395 |
| Property expense | | | |
| Rent & taxes | | 6,692 | 12,194 |
| Insurance | | 18,256 | 16,095 |
| Utilities cost | | 195,488 | 151,027 |
| Repair and maintenance (including janitorial charges) | | 75,476 | 64,395 |
| Depreciation | | 28,434 | 26,843 |
| Depreciation - right of use assets | | 190,737 | 236,887 |
| | | 515,083 | 507,441 |
| Information technology expenses | | | |
| Software maintenance | | 3,960 | 2,533 |
| Hardware maintenance | | 26,391 | 15,440 |
| Depreciation | | 34,711 | 48,734 |
| Amortisation | | 35,958 | 17,937 |
| Network charges | | 78,603 | 30,882 |
| | | 179,623 | 115,526 |
| Other operating expenses | | | |
| Directors' fees and allowances | | 4,569 | 4,141 |
| Fees and allowances to Shariah Board | | - | 3,227 |
| Legal & professional charges | | 147,399 | 124,190 |
| Travelling & conveyance | | 79,773 | 48,721 |
| NIFT clearing charges | | 13,445 | 12,336 |
| Depreciation | | 108,911 | 140,519 |
| Training & development | | 6,695 | 4,406 |
| Postage & courier charges | | 18,696 | 19,403 |
| Communication | | 24,998 | 25,243 |
| Stationery & printing | | 40,220 | 39,091 |
| Marketing, advertisement & publicity | | 3,096 | 2,313 |
| Donations | | 50,000 | - |
| Auditors Remuneration | | 678 | 500 |
| Motor vehicle expenses | | 351,185 | 212,073 |
| Others | | 60,544 | 81,895 |
| | | <u>8,530,885</u> | <u>8,303,420</u> |

28 OTHER CHARGES

| | | | |
|--------------------------|--|---|--------|
| Penalties imposed by SBP | | - | 75,709 |
|--------------------------|--|---|--------|

29 PROVISIONS AND WRITE-OFFS - NET

| | | | |
|---|--------|--------------------|------------------|
| Provisions against loans & advances | 10.3 | 3,667,446 | 7,586,208 |
| Fixed assets charged-off | | 442 | - |
| (Reversal) / charge of provision against other assets | 14.1.1 | (26,588) | (55,813) |
| Bad debts written off directly | | - | (33) |
| Recovery of written off / charged off bad debts | | (5,154,353) | (3,969,390) |
| | | <u>(1,513,053)</u> | <u>3,560,972</u> |

| | | (Un-audited) | |
|-------------|---|----------------------|----------------------|
| | | September 30, 2022 | September 30, 2021 |
| | | Rupees in '000 | |
| 30 | TAXATION | | |
| | Current | 2,918,810 | 1,602,225 |
| | Deferred | (974,616) | (705,472) |
| | | <u>1,944,194</u> | <u>896,753</u> |
| 31 | PROFIT / (LOSS) PER SHARE - BASIC AND DILUTED | | |
| | Profit / (loss) after tax for the period | 2,370,127 | (3,027,653) |
| | Weighted average number of ordinary shares outstanding | <u>5,267,843,241</u> | <u>5,267,843,241</u> |
| | Earnings / (loss) per share - basic and diluted (Rupees) | <u>0.45</u> | <u>(0.57)</u> |
| 31.1 | There is no dilutive effect on the basic earnings / (loss) per share of the Bank. | | |
| 32 | OPERATING LOSS BEFORE WORKING CAPITAL CHANGES | | |
| | Profit / (loss) before taxation | 4,314,321 | (2,130,900) |
| | Less: Dividend income | <u>(105,485)</u> | <u>(75,777)</u> |
| | | 4,208,836 | (2,206,677) |
| | Adjustments: | | |
| | Depreciation | 172,056 | 216,096 |
| | Depreciaiton on right-of-use assets | 190,737 | 236,887 |
| | Amortization | 35,958 | 17,937 |
| | Amortization of deferred income | (398) | (419) |
| | Markup on lease liability on right-of-use assets | 82,018 | 75,448 |
| | Provisions and write-offs | 3,641,300 | 7,530,362 |
| | Provision for employees post retirement medical benefits | 930,065 | 617,306 |
| | Charge for defined benefit plans - net | 1,362,157 | 1,217,660 |
| | Gain on securities | (22,117) | (11,671) |
| | Gain on sale of operating fixed assets | (2,474) | (7,827) |
| | | <u>6,389,302</u> | <u>9,891,779</u> |
| | | <u>10,598,138</u> | <u>7,685,102</u> |
| 33 | CASH AND CASH EQUIVALENTS | | |
| | Cash and balances with treasury banks | 6 2,238,750 | 2,055,439 |
| | Balances with other banks | 7 26,609,265 | 28,767,985 |
| | | <u>28,848,015</u> | <u>30,823,424</u> |

34 FAIR VALUE MEASUREMENT

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

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

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

34.1 Fair value of financial assets

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

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

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

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

34.2 Valuation technique used & key inputs

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

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

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

September 30, 2022 (Un-audited)

| | 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 | | | | | |
| Investments | | | | | |
| - Federal Government Securities | 65,171,190 | - | 65,171,190 | - | 65,171,190 |
| - Shares | 2,454,140 | 2,454,140 | - | - | 2,454,140 |
| - Debt securities (TFCs, Sukuk) | 2,670,128 | 2,670,128 | - | - | 2,670,128 |
| | <u>70,295,458</u> | <u>5,124,268</u> | <u>65,171,190</u> | <u>-</u> | <u>70,295,458</u> |

December 31, 2021 (Audited)

| | 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 | | | | | |
| Investments | | | | | |
| - 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 |
| | <u>82,307,245</u> | <u>5,178,677</u> | <u>77,128,568</u> | <u>-</u> | <u>82,307,245</u> |

35 SEGMENT INFORMATION

35.1 Segment Details with respect to Business Activities:

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

| | September 30, 2022 (Un-audited) | | | |
|--|---------------------------------------|-------------|--------------------|-------------|
| | Branch banking & agri financing | Treasury | Islamic banking | Total |
| | Rupees in '000 | | | |
| Profit & Loss | | | | |
| Net mark-up/return/profit | 5,803,147 | 4,395,597 | 61,525 | 10,260,269 |
| Inter segment revenue - net | (785,966) | 785,966 | - | - |
| Non mark-up / return / interest income | 916,821 | 84,886 | 244 | 1,001,951 |
| Total Income | 5,934,002 | 5,266,449 | 61,769 | 11,262,220 |
| Segment direct expenses | 8,458,724 | 31,692 | 46,530 | 8,536,946 |
| Inter segment expense allocation | - | - | - | - |
| Total expenses | 8,458,724 | 31,692 | 46,530 | 8,536,946 |
| Provisions | (1,513,053) | - | - | (1,513,053) |
| (Loss) / profit before tax | (1,011,669) | 5,234,757 | 15,239 | 4,238,327 |
| Balance Sheet | | | | |
| Cash & Bank balances | 1,367,466 | 26,732,459 | 748,052 | 28,847,977 |
| Investments | - | 69,048,343 | 1,347,115 | 70,395,458 |
| Net inter segment lendings | 30,158,030 | - | - | 30,158,030 |
| Lendings to financial institutions | - | 8,988,173 | 51,275 | 9,039,448 |
| Advances - performing | 72,199,170 | - | - | 72,199,170 |
| - non-performing (net of provision) | 16,090,991 | - | - | 16,090,991 |
| Others | 33,028,456 | 1,957,202 | 95,579 | 35,081,236 |
| Total Assets | 152,844,113 | 106,726,177 | 2,242,021 | 261,812,311 |
| Borrowings | 54,461,536 | 61,249,194 | 1,075,000 | 116,785,730 |
| Subordinated debt | - | - | - | - |
| Deposits & other accounts | 31,859,022 | - | 427,380 | 32,286,402 |
| Net inter segment borrowing | - | 29,658,030 | 500,000 | 30,158,030 |
| Others | 25,325,580 | 713,876 | 264,734 | 26,304,190 |
| Total Liabilities | 111,646,138 | 91,621,100 | 2,267,114 | 205,534,352 |
| Equity | 55,257,842 | 1,042,930 | (22,814) | 56,277,958 |
| Total Equity & Liabilities | 166,903,980 | 92,664,030 | 2,244,300 | 261,812,310 |
| Contingencies & Commitments | 51,172,570 | - | - | 51,172,570 |

| September 30, 2021 (Un-audited) | | | | |
|--|---------------------------------------|-------------|--------------------|-------------|
| | Branch banking & agri financing | Treasury | Islamic banking | Total |
| | Rupees in '000 | | | |
| Profit & Loss | | | | |
| Net mark-up/return/profit | 6,033,118 | 2,780,463 | 38,745 | 8,852,326 |
| Inter segment revenue - net | 723,650 | (723,650) | - | - |
| Non mark-up / return / interest income | 817,169 | 87,448 | 224 | 904,841 |
| Total Income | 7,573,937 | 2,144,261 | 38,969 | 9,757,167 |
| Segment direct expenses | 8,177,765 | 31,331 | 45,920 | 8,255,016 |
| Inter segment expense allocation | - | - | - | - |
| Total expenses | 8,177,765 | 31,331 | 45,920 | 8,255,016 |
| Provisions | 3,560,972 | - | - | 3,560,972 |
| (Loss) / profit before tax | (4,164,800) | 2,112,930 | (6,951) | (2,058,821) |
| | | | | |
| December 31, 2021 (Audited) | | | | |
| | Branch banking & agri financing | Treasury | Islamic banking | Total |
| | Rupees in '000 | | | |
| Balance Sheet | | | | |
| Cash & Bank balances | 2,365,049 | 27,856,545 | 1,620,081 | 31,841,675 |
| Investments | - | 81,051,365 | 1,355,880 | 82,407,245 |
| Net inter segment lending | 40,057,611 | - | - | 40,057,611 |
| 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 | 30,366,427 | 1,477,903 | 45,698 | 31,890,028 |
| Total Assets | 164,611,394 | 127,214,025 | 3,072,934 | 294,898,353 |
| Borrowings | 54,461,536 | 76,845,499 | 1,050,000 | 132,357,035 |
| Subordinated debt | - | - | - | - |
| Deposits & other accounts | 42,167,754 | - | 1,430,811 | 43,598,565 |
| Net inter segment borrowing | - | 39,557,611 | 500,000 | 40,057,611 |
| Others | 24,781,023 | 147,424 | 26,103 | 24,954,550 |
| Total Liabilities | 121,410,313 | 116,550,534 | 3,006,914 | 240,967,761 |
| Equity | 52,968,290 | 989,649 | (27,347) | 53,930,592 |
| Total Equity & Liabilities | 174,378,603 | 117,540,183 | 2,979,567 | 294,898,353 |
| Contingencies & Commitments | 38,378,832 | - | - | 38,378,832 |

36 RELATED PARTY TRANSACTIONS AND BALANCES

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

| | Key management personnel | | Defined Benefit Plans | | Agricultural Technology Development Fund | |
|--------------------------------------|---------------------------------------|-----------------------------------|---------------------------------------|-----------------------------------|--|-----------------------------------|
| | September 30, 2022 (Un-audited) | December 31, 2021 (Audited) | September 30, 2022 (Un-audited) | December 31, 2021 (Audited) | September 30, 2022 (Un-audited) | December 31, 2021 (Audited) |
| | Rupees in '000 | | | | | |
| Investments | - | - | - | - | - | - |
| Advances | | | | | | |
| Opening balance | 65,889 | 49,892 | - | - | - | - |
| Addition | 11,845 | 31,175 | - | - | - | - |
| Repaid | (12,576) | (15,178) | - | - | - | - |
| Closing balance | 65,158 | 65,889 | - | - | - | - |
| Other assets | | | | | | |
| Interest / mark-up accrued | 9,171 | 9,099 | - | - | - | - |
| Receivable at the end of the period | - | - | 673,234 | 595,538 | - | - |
| Deposits and other accounts | | | | | | |
| Opening balance | 5,762 | 5,927 | 10,239,704 | 9,695,509 | 219,488 | 205,600 |
| Received during the period / year | 136,163 | 96,265 | 22,669,168 | 22,770,608 | 421,648 | 383,884 |
| Withdrawn during the period / year | (127,595) | (96,430) | (24,557,686) | (22,226,413) | (404,986) | (369,996) |
| Closing balance | 14,330 | 5,762 | 8,351,186 | 10,239,704 | 236,150 | 219,488 |
| Other liabilities | | | | | | |
| Interest / mark-up payable | - | - | 424,376 | 131,530 | 1,097 | 4,305 |
| Payable at the end of the period | - | - | 20,944,397 | 19,293,763 | - | - |
| | | | | | | |
| | Key management personnel | | Defined Benefit Plans | | Agricultural Technology Development Fund | |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | Rupees in '000 | | | | | |
| Income | | | | | | |
| Mark-up / interest earned | 1,248 | 1,073 | - | - | - | - |
| Expense | | | | | | |
| Mark-up / interest paid | - | - | 499,458 | 32,974 | 16,934 | 10,068 |
| Compensation | 105,347 | 85,202 | - | - | - | - |
| Post retirement benefit | 4,662 | 4,950 | - | - | - | - |
| Contribution to defined benefit plan | 784 | 984 | - | - | - | - |

36.1 Transactions with Government related entities

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

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

37 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

| | (Un-audited) September 30, 2022 ... Rupees in '000 ... | (Audited) December 31, 2021 |
|---|---|-----------------------------------|
| Minimum Capital Requirement (MCR): | | |
| Paid-up capital (net of losses) | 48,494,936 | 47,501,263 |
| Capital Adequacy Ratio: | | |
| Eligible Common Equity Tier 1 (CET 1) Capital | 46,515,719 | 44,965,422 |
| Eligible Additional Tier 1 (ADT 1) Capital | - | - |
| Total Eligible Tier 1 Capital | 46,515,719 | 44,965,422 |
| Eligible Tier 2 Capital | 2,521,092 | 2,498,563 |
| Total Eligible Capital (Tier 1 + Tier 2) | 49,036,811 | 47,463,985 |
| Risk Weighted Assets (RWAs): | | |
| Credit Risk | 120,078,045 | 120,713,094 |
| Market Risk | 4,908,288 | 4,930,225 |
| Operational Risk | 20,987,838 | 20,987,838 |
| Total | 145,974,171 | 146,631,157 |
| Common Equity Tier 1 Capital Adequacy Ratio | 31.87% | 30.67% |
| Tier 1 Capital Adequacy Ratio | 31.87% | 30.67% |
| Total Capital Adequacy Ratio | 33.59% | 32.37% |
| Leverage Ratio (LR): | | |
| Eligible Tier-1 Capital | 46,515,719 | 44,965,422 |
| Total exposures | 231,700,511 | 331,810,281 |
| Leverage ratio | 20.08% | 13.55% |
| Liquidity Coverage Ratio (LCR): | | |
| Total High Quality Liquid Assets | 29,373,933 | 19,761,909 |
| Total Net Cash Outflow | 6,678,187 | 2,714,031 |
| Liquidity Coverage Ratio | 440% | 728% |
| Net Stable Funding | | |
| Total Available Stable Funding | 143,140,221 | 143,009,369 |
| Total Required Stable Funding | 114,440,564 | 112,581,390 |
| Net Stable Funding Ratio | 125% | 127% |

38 ISLAMIC BANKING BUSINESS

The Group is operating 5 (December 31, 2021: 5) Islamic banking branches at the end of the period.

| | | (Un-audited) September 30, 2022 | (Audited) December 31, 2021 |
|--|------|---------------------------------------|-----------------------------------|
| | Note | Rupees in '000 | |
| ASSETS | | | |
| Cash and balances with treasury banks | | 33,948 | 153,794 |
| Balances with other banks | | 714,104 | 1,466,287 |
| Due from financial institutions | 38.1 | 51,275 | 51,275 |
| Investments | 38.2 | 1,347,115 | 1,355,880 |
| Islamic financing and related assets - net | | - | - |
| Fixed assets | | 6,340 | 7,595 |
| Intangible assets | | - | - |
| Due from Head Office | | - | - |
| Other assets | | 89,239 | 38,103 |
| Total Assets | | 2,242,021 | 3,072,934 |
| LIABILITIES | | | |
| Bills payable | | 1,287 | 1,572 |
| Due to financial institutions | | 1,075,000 | 1,050,000 |
| Deposits and other accounts | 38.3 | 427,380 | 1,430,811 |
| Due to Head Office | | 229,927 | 93,367 |
| Subordinated debt | | - | - |
| Other liabilities | | 33,520 | 24,531 |
| | | 1,767,114 | 2,600,281 |
| NET ASSETS | | 474,907 | 472,653 |
| REPRESENTED BY | | | |
| Islamic Banking Fund | | 500,000 | 500,000 |
| Reserves | | - | - |
| Surplus / (deficit) on revaluation of assets | | (22,814) | (14,049) |
| Accumulated loss | 38.4 | (2,279) | (13,298) |
| | | 474,907 | 472,653 |

CONTINGENCIES AND COMMITMENTS

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

| | | (Un-audited) | |
|----------------------------------|------|-----------------------|-----------------------|
| | Note | September 30, 2022 | September 30, 2021 |
| | | Rupees in '000 | |
| Profit / return earned | 38.5 | 281,061 | 148,176 |
| Profit / return expensed | 38.6 | 219,536 | 109,431 |
| Net Profit / return | | 61,525 | 38,745 |
| Other income | | | |
| Fee and Commission Income | | 244 | 224 |
| Dividend Income | | - | - |
| Foreign Exchange Income | | - | - |
| Income / (loss) from derivatives | | - | - |
| Gain / (loss) on securities | | - | - |
| Other Income | | - | - |
| Total other income | | 244 | 224 |
| Total Income | | 61,769 | 38,969 |
| Other expenses | | | |
| Operating expenses | | 46,530 | 45,920 |
| Workers Welfare Fund | | - | - |
| Other charges | | - | - |
| Total other expenses | | 46,530 | 45,920 |
| Profit before provisions | | 15,239 | (6,951) |
| Provisions and write offs - net | | - | - |
| Profit before taxation | | 15,239 | (6,951) |
| Taxation | | 4,220 | - |
| Profit after taxation | | 11,019 | (6,951) |

(Un-audited) (Audited)
September 30, December 31,
2022 2021
Rupees in '000

38.1 Due from financial institutions
Bai Muajjal Receiveable from State Bank of Pakistan

51,275 51,275.00

38.2 Investments

| | September 30, 2022 (Un-audited) | | | | December 31, 2021 (Audited) | | | |
|---------------------------------------|---------------------------------|--------------------------------|------------------------|-------------------|-----------------------------|--------------------------------|------------------------|-------------------|
| | Cost / amortised cost | Provision for diminution | Surplus / (deficit) | Carrying value | Cost / amortised cost | Provision for diminution | Surplus / (deficit) | Carrying value |
| | Rupees in '000 | | | | | | | |
| Federal Government securities | | | | | | | | |
| Ijarah sukuk | 775,354 | - | (22,814) | 752,540 | 775,354 | - | (17,461.00) | 757,893 |
| Non Government Debt Securities | | | | | | | | |
| Listed securities | 594,575 | - | - | 594,575 | 594,575 | - | 3,412 | 597,987 |
| Total investments | <u>1,369,929</u> | <u>-</u> | <u>(22,814)</u> | <u>1,347,115</u> | <u>1,369,929</u> | <u>-</u> | <u>(14,049)</u> | <u>1,355,880</u> |

| (Un-audited) September 30, 2022 | (Audited) December 31, 2021 |
|---------------------------------------|-----------------------------------|
| Rupees in '000 | |

38.3 Deposits

Customers - local currency

Current deposits
Savings deposits
Term deposits
Others

| | |
|---------|-----------|
| 128,106 | 72,701 |
| 153,807 | 1,168,788 |
| 141,068 | 189,310 |
| 4,399 | 12 |
| 427,380 | 1,430,811 |

Financial Institutions

Savings deposits

| | |
|---------|-----------|
| - | - |
| 427,380 | 1,430,811 |

38.4 Islamic Banking Business Accumulated Loss

Opening Balance
Add: Islamic Banking loss for the period
Less: Taxation
Closing Balance

| | |
|----------|----------|
| (13,298) | (21,608) |
| 15,239 | 12,946 |
| 4,220 | 4,636 |
| (2,279) | (13,298) |

| (Un-audited) September 30, 2022 | (Un-audited) September 30, 2021 |
|---------------------------------------|---------------------------------------|
| Rupees in '000 | |

38.5 Profit / return earned of financing, investments and placement

Profit earned on:

Investments
Placements

| | |
|---------|---------|
| 129,028 | 49,057 |
| 152,033 | 99,119 |
| 281,061 | 148,176 |

38.6 Profit on deposits and other dues expensed

Deposits and other accounts
Call borrowings

| | |
|---------|---------|
| 143,237 | 109,431 |
| 76,299 | - |
| 219,536 | 109,431 |

39 CORRESPONDING FIGURES

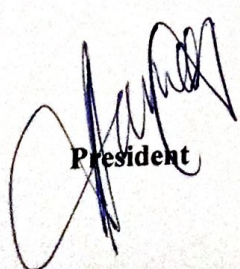
Corresponding figures have been rearranged, reclassified or additionally incorporated in these consolidated condensed interim financial statements (un-audited) wherever necessary to facilitate comparison and better presentation.

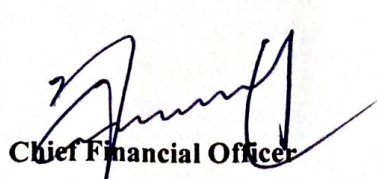
40 DATE OF AUTHORIZATION FOR ISSUE

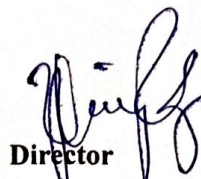
These consolidated condensed interim financial statements (un-audited) were authorized for issue on 22 OCT 2022 by the Board of Directors of the Bank.

41 GENERAL

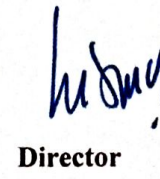
The figures in the consolidated condensed interim financial statements (un-audited) are rounded off to the nearest thousand rupees.


President


Chief Financial Officer


Director


Director


Director