

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

September 30, December 31,
 Note 2022 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
		57,191,032	54,790,438

NET ASSETS

REPRESENTED BY

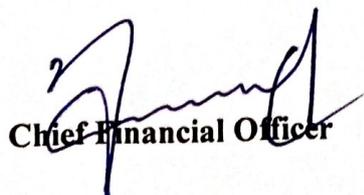
Share capital		52,678,433	52,678,433
Reserves		6,762,906	6,299,526
Surplus on revaluation of assets - net of tax	20	1,020,116	989,649
Accumulated loss		(3,270,423)	(5,177,170)
		57,191,032	54,790,438

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

Note	Quarter ended		Period ended		
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 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)

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President


Chief Financial Officer


Director


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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)

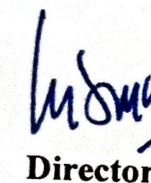
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President


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.

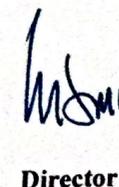
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Director

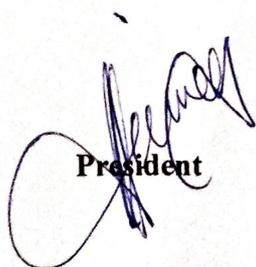

Director

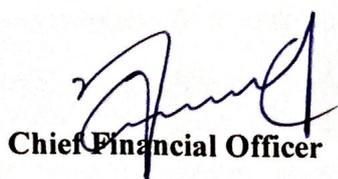

Director

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

Note	Period ended		
	September 30, 2022	September 30, 2021	
	..... 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

	<u>10,523</u>	<u>10,523</u>
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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
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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	48,532	43,888
	Property and equipment	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	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>

	Note	(Un-audited) September 30, 2022	(Audited) December 31, 2021
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
		<u>14,824,402</u>	<u>13,949,185</u>
Taxable temporary differences on:			
Accelerated tax depreciation		38,663	(60,737)
Surplus on revaluation of investments		(549,293)	(532,888)
		<u>(510,630)</u>	<u>(593,625)</u>
		<u>14,313,772</u>	<u>13,355,560</u>
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
		<u>19,401,206</u>	<u>17,166,847</u>
Provision held against other assets	14.1	<u>(937,676)</u>	<u>(964,265)</u>
Other assets - net of provisions		<u>18,463,530</u>	<u>16,202,582</u>
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
		<u>937,676</u>	<u>964,265</u>

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

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

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)
	1,020,116	989,649

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	374,225	458,926
21.1.2 by employees; 435 (December 31, 2021: 461) cases	280,132	267,591

- Zarai Tarqiati 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>
25.1	Realised gain on: Federal Government Securities		<u>22,117</u>
			<u>11,671</u>
26	OTHER INCOME		
	Rent on property		22,193
	Gain on sale of fixed assets - net		40,866
	Gain on sale of non banking assets - net		2,474
	Deferred income amortization		7,827
	Discount income		4,388
	Others	26.1	6,327
			398
			15,003
			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
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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	Note	
	Current		2,918,810
	Deferred		(974,616)
			<u>1,944,194</u>
			<u>1,602,225</u>
			<u>(705,472)</u>
			<u>896,753</u>
31	PROFIT / (LOSS) PER SHARE - BASIC AND DILUTED		
	Profit / (loss) after tax for the period		2,370,127
	Weighted average number of ordinary shares outstanding		(3,027,653)
			<u>5,267,843,241</u>
			<u>5,267,843,241</u>
	Earnings / (loss) per share - basic and diluted (Rupees)		0.45
			<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
	Less: Dividend income		(2,130,900)
			<u>(105,485)</u>
			<u>(75,777)</u>
			4,208,836
			(2,206,677)
	Adjustments:		
	Depreciation		172,056
	Depreciation on right-of-use assets		216,096
	Amortization		190,737
	Amortization of deferred income		35,958
	Markup on lease liability on right-of-use assets		17,937
	Provisions and write-offs		(398)
	Provision for employees post retirement		(419)
	medical benefits		82,018
	Charge for defined benefit plans - net		75,448
	Gain on securities		29
	Gain on sale of operating fixed assets		3,641,300
			7,530,362
			930,065
			617,306
			1,362,157
			1,217,660
			(22,117)
			(11,671)
			26
			(2,474)
			(7,827)
			6,389,302
			9,891,779
			<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
	Balances with other banks	7	2,055,439
			<u>26,609,265</u>
			<u>28,767,985</u>
			<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	-	-
	..... (Un-audited) Period ended September 30,					
	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	(Audited) December 31, 2021
	... Rupees in '000 ...	
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.

	Note	(Un-audited) September 30, 2022	(Audited) December 31, 2021
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 Receivable 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) (Audited)
September 30, December 31,
2022 2021

Rupees in '000

38.3 Deposits

Customers - local currency

Current deposits	128,106	72,701
Savings deposits	153,807	1,168,788
Term deposits	141,068	189,310
Others	4,399	12
	427,380	1,430,811
Financial Institutions		
Savings deposits	-	-
	<u>427,380</u>	<u>1,430,811</u>

38.4 Islamic Banking Business Accumulated Loss

Opening Balance	(13,298)	(21,608)
Add: Islamic Banking loss for the period	15,239	12,946
Less: Taxation	4,220	4,636
Closing Balance	<u>(2,279)</u>	<u>(13,298)</u>

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

38.5 Profit / return earned of financing, investments and placement

Profit earned on:		
Investments	129,028	49,057
Placements	152,033	99,119
	<u>281,061</u>	<u>148,176</u>

38.6 Profit on deposits and other dues expensed

Deposits and other accounts	143,237	109,431
Call borrowings	76,299	-
	<u>219,536</u>	<u>109,431</u>

39 CORRESPONDING FIGURES

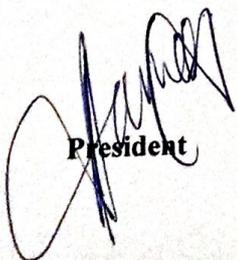
Corresponding figures have been rearranged, reclassified or additionally incorporated in these consolidated condensed interim financial statements (un-audited) wherever necessary to facilitate comparison and better presentation.

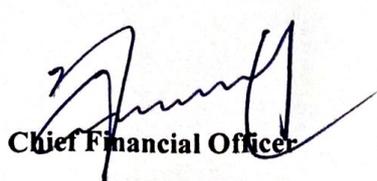
40 DATE OF AUTHORIZATION FOR ISSUE

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