

ZARAI TARAQIATI BANK LIMITED

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

30 JUNE 2024

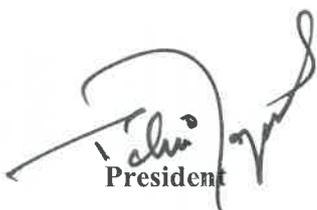
ZARAI TARAQIATI BANK LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024

	Note	(Un-audited) June 30, 2024 Rupees in '000	(Audited) December 31, 2023
ASSETS			
Cash and balances with treasury banks	6	3,742,483	3,661,179
Balances with other banks	7	2,194,023	31,925,611
Lendings to financial institutions	8	4,864,170	6,560,700
Investments	9	508,072,203	372,112,120
Advances	10	104,174,090	105,507,660
Property and equipment	11	1,515,324	1,547,972
Right-of-use assets	12	823,308	856,939
Intangible assets	13	201,121	255,925
Deferred tax assets	14	13,666,806	12,875,669
Other assets	15	55,276,490	27,121,746
Total Assets		694,530,018	562,425,521
LIABILITIES			
Bills payable	17	2,055,328	2,605,372
Borrowings	18	533,324,042	399,877,699
Deposits and other accounts	19	50,584,506	55,863,297
Lease liabilities	20	955,134	983,391
Sub-ordinated debt		-	-
Deferred tax liabilities		-	-
Other liabilities	21	31,352,761	27,822,525
Total Liabilities		618,271,771	487,152,284
NET ASSETS		76,258,247	75,273,237
REPRESENTED BY			
Share capital		52,678,432	52,678,432
Reserves		10,063,869	9,520,922
Surplus on revaluation of assets	22	1,726,175	1,622,051
Un-appropriated profit		11,789,771	11,451,832
		76,258,247	75,273,237

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 43 form an integral part of these consolidated condensed interim financial statements (un-audited).


President


Chief Financial Officer


Director

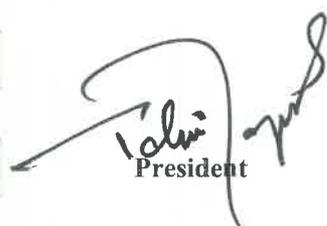

Director


Director

ZARAI TARAQIATI BANK LIMITED
CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2024

	Note	Quarter ended		Period ended	
		June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
..... Rupees in '000					
Mark-up / return / interest earned	24	28,274,123	36,691,315	53,821,169	63,721,408
Mark-up / return / interest expensed	25	24,563,809	31,336,942	45,493,977	53,580,626
Net mark-up / interest income		3,710,314	5,354,373	8,327,192	10,140,782
NON MARK-UP / INTEREST INCOME					
Fee and commission income	26	(11,202)	353,928	133,953	616,019
Dividend income		8,180	60,814	8,180	60,814
Foreign exchange income		-	-	-	-
Income / (loss) from derivatives		-	-	-	-
Gain on securities	27	292,788	9,014	518,358	15,751
Other income	28	421,453	168,533	730,714	272,232
Total non-mark-up / interest income		711,219	592,289	1,391,205	964,816
Total income		4,421,533	5,946,662	9,718,397	11,105,598
NON MARK-UP / INTEREST EXPENSES					
Operating expenses	29	3,630,965	3,259,842	6,925,553	6,398,227
Workers welfare fund		-	-	-	-
Other charges	30	178	140	1,469	38,333
Total non mark-up / interest expenses		3,631,143	3,259,982	6,927,022	6,436,560
Profit before credit loss allowance		790,390	2,686,680	2,791,375	4,669,038
Credit loss allowance and write offs - net	31	(3,396,093)	(2,629,352)	(2,856,434)	(3,647,056)
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		4,186,483	5,316,032	5,647,809	8,316,094
Taxation	32	2,419,855	3,378,485	2,814,012	4,985,516
PROFIT AFTER TAXATION		1,766,628	1,937,547	2,833,797	3,330,578
Basic earning per share (Rupees)	33	0.34	0.37	0.54	0.63
Diluted earning per share (Rupees)	33	0.34	0.37	0.54	0.63

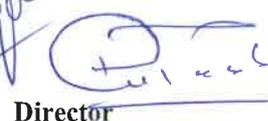
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President


Chief Financial Officer


Director

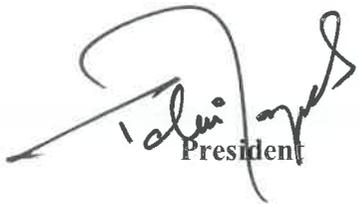

Director


Director

ZARAI TARAQIATI BANK LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2024

	Quarter ended		Period ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	..... Rupees in '000			
Profit after taxation for the period	1,766,628	1,937,547	2,833,797	3,330,578
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	1,019,412	1,168,427	104,124	187,080
Items that will not be reclassified to profit and loss account in subsequent periods:				
Remeasurement gain / (loss) on defined benefit obligations - net of tax	-	-	-	-
Total Comprehensive Income	<u>2,786,040</u>	<u>3,105,974</u>	<u>2,937,921</u>	<u>3,517,658</u>

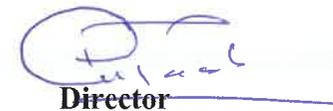
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Chief Financial Officer


Director


Director


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ZARAI TARAQIATI BANK LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2024

	Share capital	Statutory reserve	Contingencies reserve	Surplus on revaluation of investments	Un-appropriated profit / (loss)	Total
..... Rupees in '000						
Balance as at January 1, 2023	52,678,432	7,264,095	60,000	913,828	(291,563)	60,624,792
Profit after taxation for the half year ended June 30, 2023	-	-	-	-	3,330,578	3,330,578
Other comprehensive income for the half year ended June 30, 2023	-	-	-	187,080	-	187,080
Total comprehensive income for the half year ended June 30, 2023	-	-	-	187,080	3,330,578	3,517,658
Transferred to statutory reserve	-	649,259	-	-	(649,259)	-
Balance as at June 30, 2023	52,678,432	7,913,354	60,000	1,100,908	2,389,756	64,142,450
Profit after taxation for six months period ended December 31, 2023	-	-	-	-	7,820,271	7,820,271
Other comprehensive income for the half year ended December 31, 2023	-	-	-	521,143	2,789,373	3,310,516
Total comprehensive income for the half year ended December 31, 2023	-	-	-	521,143	10,609,644	11,130,787
Transferred to statutory reserve	-	1,547,568	-	-	(1,547,568)	-
Balance as at December 31, 2023	52,678,432	9,460,922	60,000	1,622,051	11,451,832	75,273,237
Impact of adoption of IFRS 9 - net of tax (Note 3.3.2)	-	-	-	-	(1,952,911)	(1,952,911)
Profit after taxation for the half year ended June 30, 2024	-	-	-	-	2,833,797	2,833,797
Other comprehensive income for the half year ended June 30, 2024	-	-	-	104,124	-	104,124
Total comprehensive income the half year ended June 30, 2024	-	-	-	104,124	2,833,797	2,937,921
Transferred to statutory reserve	-	542,947	-	-	(542,947)	-
Balance as at June 30, 2024	52,678,432	10,003,869	60,000	1,726,175	11,789,771	76,258,247

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.

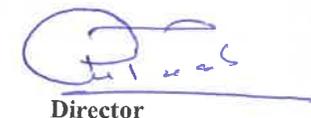
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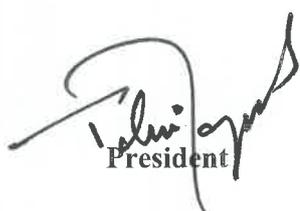

Director


Director

ZARAI TARAQIATI BANK LIMITED
CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2024

	Note	Period ended	
		June 30, 2024	June 30, 2023
..... Rupees in '000			
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income before working capital changes	34	8,369,350	10,841,262
Decrease / (increase) in operating assets:			
Lendings to financial institutions		1,696,530	26,790,784
Securities classified as FVPL		(1,010,415)	-
Advances		(2,089,696)	(4,679,300)
Other assets - net (excluding advance taxation)		(26,396,691)	(7,835,871)
		(27,800,272)	14,275,613
Increase / (decrease) in operating liabilities:			
Bills payable		(550,044)	823,846
Borrowings from financial institutions		133,446,343	389,706,317
Deposits and other accounts		(5,278,791)	927,885
Other liabilities		760,075	5,765,404
		128,377,583	397,223,452
Employees' benefits paid		(544,024)	(516,791)
Income tax paid		(3,584,722)	(2,233,520)
Net cash generated from operating activities		104,817,915	419,590,016
CASH FLOWS FROM INVESTING ACTIVITIES			
Net Investments in securities classified as FVOCI		(134,743,556)	(415,534,764)
Realised gain on sales of securities		516,410	15,751
Dividend received		8,180	60,814
Investments in property and equipment		(82,331)	(36,243)
Proceeds from sale of property and equipment		15,689	47,898
Net cash used in investing activities		(134,285,608)	(415,446,544)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liability against right-of-use assets		(182,591)	(164,748)
Increase in cash and cash equivalents		(29,650,284)	3,978,724
Cash and cash equivalents at beginning of the period		35,586,790	15,195,816
Cash and cash equivalents at end of the period	35	5,936,506	19,174,540

The annexed notes 1 to 43 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 SIX MONTHS ENDED JUNE 30, 2024

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, 2023: 501) branches including 25 (December 31, 2023: 25) 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.

The SBP vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard (IAS) 40, Investment Property for banking companies till further instructions. Moreover, SBP vide BPRD Circular No. 4, dated February 25, 2015 has deferred the applicability of Islamic Financial Accounting Standard (IFAS) 3, Profit and Loss Sharing on Deposits. Further, according to the notification of the SECP issued vide SRO 411(I)/2008 dated April 28, 2008, International Financial Reporting Standard (IFRS) 7, Financial Instruments: Disclosures has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements (un-audited).

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. 2 dated February 9, 2023 and IAS34, Interim Financial Reporting. They do not include all the information and disclosures required in preparation of annual financial statements, and should be read in conjunction with the annual consolidated financial statements (audited) of the Group for the year ended December 31, 2023, except for IFRS 9 Financial Instruments adopted w.e.f January 1, 2024.

- 2.2 These consolidated condensed interim financial statements (un-audited) represents the separate condensed interim financial statements of the Group. The consolidated condensed interim financial statements of the Bank and its subsidiary company is presented separately.
- 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 40 to these consolidated condensed interim financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these consolidated condensed interim financial statements (un-audited) are consistent with those applied in the preparation of the consolidated annual financial statements (audited) of the Group for the year ended December 31, 2023 except for the adoption of IFRS 9 Financial Instruments w.e.f January 1, 2024.

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

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.

3.3 Changes in accounting policies and transition disclosures

3.3.1 Impact of IFRS 9 - Financial Instruments

As permitted by the transitional provisions of IFRS9, the Group has opted for modified retrospective approach and has not restated comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening retained earnings at the beginning of the current year without restating the comparative figures.

The adoption of IFRS9 has resulted in changes in the accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 'Financial Instruments: Disclosures'.

3.3.2 Reconciliation of statement of financial position balances from existing local regulations to IFRS 9

The following table reconciles the carrying amounts of financial assets, from their previous measurement category in accordance with existing local regulations to their new measurement categories upon transition to IFRS 9 on January 01, 2024;

	Classification under IFRS 9					IFRS 9 carrying amount as at Jan 1, 2024
	Carrying amount as per current accounting policy as at Jan 1, 2024	At FVOCI - without recycling	At FVOCI - with recycling	At Amortised Cost	Remeasurement under IFRS 9	
..... Rupees in '000						
Cash and cash equivalents	35,586,790	-	-	35,586,790	-	35,586,790
Lendings to financial institutions	6,560,700	-	-	6,560,700	-	6,560,700
Advances	105,507,660	-	-	105,507,660	(2,057,526)	103,450,134
Investments in financial assets						
Available for sale	372,112,120	3,531,810	368,580,310	-	-	372,112,120
Other assets	27,121,746	-	-	27,121,746	-	27,121,746
Other liabilities	27,822,525	-	-	27,822,525	1,771,710	29,594,235

3.3.3 The following explains how applying the new classification requirements of IFRS 9 led to changes in classification of certain financial assets held by the Group as shown in the table above:

(A) Designation of equity instruments at FVOCI

The Group has elected to irrevocably designate strategic investments of Rs. 10.523 million in unquoted securities as permitted under IFRS 9. These securities were previously classified as available for sale. The changes in fair value of such securities will no longer be reclassified to profit or loss when they are disposed of.

The Group has elected to irrevocably designate Rs. 3,531.810 million in listed securities as permitted under IFRS 9. These securities were previously classified as available for sale. The changes in fair value of such securities will no longer be reclassified to profit or loss when they are disposed of.

(B) Reclassification from retired categories with no change in measurement

In addition to the above, the debt instruments previously classified as available for sale and now classified as measured at FVOCI under IFRS 9, as their previous categories under existing local regulations were 'retired', with no changes to their measurement basis.

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, 2023.

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, 2023.

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
	... Rupees in '000 ...	
6 CASH AND BALANCES WITH TREASURY BANKS		
In hand		
Local currency	1,384,058	911,540
With State Bank of Pakistan in:		
Local currency current account	1,510,071	1,834,020
With National Bank of Pakistan in:		
Local currency current account	364,514	393,638
Local currency deposit account	482,118	520,283
	846,632	913,921
Prize bonds	1,722	1,698
Less: Credit loss allowance held against cash and balances with treasury banks	-	-
	<u>3,742,483</u>	<u>3,661,179</u>
7 BALANCES WITH OTHER BANKS		
In Pakistan		
In current accounts	111,890	99,618
In deposit accounts	2,082,133	31,825,993
	<u>2,194,023</u>	<u>31,925,611</u>
Less: Credit loss allowance held against balances with other banks	-	-
	<u>2,194,023</u>	<u>31,925,611</u>
8 LENDINGS TO FINANCIAL INSTITUTIONS		
Call money lendings	-	3,600,000
Repurchase agreement lendings (Reverse Repo)	4,864,170	2,960,700
	<u>4,864,170</u>	<u>6,560,700</u>
Less: Credit loss allowance held against lending to financial institutions	-	-
Lendings to financial institutions - net of credit loss allowance	<u>4,864,170</u>	<u>6,560,700</u>
8.1 Lending to financial institutions - Particulars of credit loss allowance		
	June 30, 2024 (Un-audited)	
	Lending	Credit loss allowance held
	Rupees in '000	
Domestic		
Performing Stage 1	4,864,170	-
Under performing Stage 2	-	-
Non-performing Stage 3		
Substandard	-	-
Doubtful	-	-
Loss	-	-
	<u>4,864,170</u>	<u>-</u>
Total	<u>4,864,170</u>	<u>-</u>

9 INVESTMENTS

9.1 Investments by types

	June 30, 2024 (Un-audited)				December 31, 2023 (Audited)			
	Cost / Amortised cost	Credit Loss Allowance	Surplus / (deficit)	Carrying value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
..... Rupees in '000								
FVTPL								
Federal Government securities	1,010,415	-	1,948	1,012,363	-	-	-	-
	1,010,415	-	1,948	1,012,363	-	-	-	-
FVOCI								
Federal Government securities	501,179,878	-	399,007	501,578,885	-	-	-	-
Shares	99,819	(10,523)	2,990,939	3,080,235	-	-	-	-
Corporate sukuk	407,124	-	1,791	408,915	-	-	-	-
Term Finance Certificates	1,998,885	-	(7,080)	1,991,805	-	-	-	-
	503,685,706	(10,523)	3,384,657	507,059,840	-	-	-	-
Available-for-sale securities								
Federal Government securities	-	-	-	-	366,386,675	-	(255,564)	366,131,111
Shares	-	-	-	-	99,819	(10,523)	3,442,514	3,531,810
Corporate sukuk	-	-	-	-	456,681	-	1,919	458,600
Term Finance Certificates	-	-	-	-	1,998,975	-	(8,376)	1,990,599
Total investments	504,696,121	(10,523)	3,386,605	508,072,203	368,942,150	(10,523)	3,180,493	372,112,120

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
	... Rupees in '000 ...	
9.1.1 Investments given as collateral		
Market Treasury Bills	138,075,636	213,753,317
Pakistan Investment Bonds	323,558,960	130,584,346
	<u>461,634,596</u>	<u>344,337,663</u>

9.2 Credit loss allowance for diminution in value of investments

Opening balance	10,523	10,523
Exchange adjustments	-	-
Charge / reversals		
Charge for the period / year	-	-
Reversals for the period / year	-	-
Reversal on disposals	-	-
Transfers - net	-	-
Amounts written off	-	-
Closing Balance	<u>10,523</u>	<u>10,523</u>

9.3 Particulars of credit loss allowance against debt securities

	June 30, 2024 (Un-audited)	
	Outstanding amount	Credit loss allowance held
	Rupees in '000	
Domestic		
Stage 1	508,061,680	-
Stage 2	-	-
Stage 3		
Substandard	-	-
Doubtful	-	-
Loss	10,523	10,523
	<u>10,523</u>	<u>10,523</u>
	<u>508,072,203</u>	<u>10,523</u>

10 ADVANCES

	Performing		Non Performing		Total	
	(Un-audited) June 30, 2024	(Audited) December 31, 2023	(Un-audited) June 30, 2024	(Audited) December 31, 2023	(Un-audited) June 30, 2024	(Audited) December 31, 2023
	..... Rupees in '000					
Loans, cash credits, running finance, etc.	86,130,874	85,398,098	34,831,471	34,584,173	120,962,345	119,982,271
Islamic financing and related assets	2,450	-	-	-	2,450	-
Advances - gross	86,133,324	85,398,098	34,831,471	34,584,173	120,964,795	119,982,271
Credit loss allowance against advances:						
-Stage 1	257,385	-	-	-	257,385	-
-Stage 2	1,665,407	-	-	-	1,665,407	-
-Stage 3	-	-	-	-	-	-
-Specific against agriculture advance	-	-	11,825,223	11,434,335	11,825,223	11,434,335
-Specific against staff advances	-	-	42,690	40,276	42,690	40,276
-General	3,000,000	3,000,000	-	-	3,000,000	3,000,000
	4,922,792	3,000,000	11,867,913	11,474,611	16,790,705	14,474,611
Advances - net of credit loss allowance	81,210,532	82,398,098	22,963,558	23,109,562	104,174,090	105,507,660

10.1 Particulars of advances (gross)

In local currency	120,964,795	119,982,271
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10.2 Advances include Rs. 34,782.598 million (December 31, 2023: Rs. 34,539.382 million) relating to agricultural financing which have been placed under non-performing / Stage 3 status as detailed below:

Category of classification	June 30, 2024 (Un-audited)		December 31, 2023 (Audited)	
	Non performing loans	Credit loss allowance / provision	Non performing loans	Credit loss allowance / provision
	..... Rupees in '000			
Domestic				
Other assets especially mentioned	14,249,648	-	15,801,372	-
Substandard	9,099,651	1,819,930	6,965,643	1,393,129
Doubtful	2,856,017	1,428,011	3,462,327	1,731,165
Loss	8,577,282	8,577,282	8,310,040	8,310,040
	34,782,598	11,825,223	34,539,382	11,434,334

10.3 Particulars of credit loss allowance against advances

	June 30, 2024 (Un-audited)					December 31, 2023 (Audited)			
	Stage 3	Stage 2	Stage 1	Specific	General	Total	Specific	General	Total
	..... Rupees in '000								
Opening balance	-	-	-	11,434,334	3,000,000	14,434,334			
Impact on adoption of IFRS 9	11,434,334	1,713,434	344,092	(11,434,334)	-	2,057,526	14,126,561	3,000,000	17,126,561
Charge for the period	3,767,047	1,091,360	236,060	-	-	5,094,467	7,586,093	-	7,586,093
Reversals	(2,268,986)	(1,139,387)	(322,767)	-	-	(3,731,140)	(3,154,764)	-	(3,154,764)
	1,498,061	(48,027)	(86,707)	-	-	1,363,327	4,431,329	-	4,431,329
Amounts charged off	(1,107,172)	-	-	-	-	(1,107,172)	(7,123,556)	-	(7,123,556)
Closing balance	11,825,223	1,665,407	257,385	-	3,000,000	16,748,015	11,434,334	3,000,000	14,434,334

- 10.3.1 The credit loss allowance as per PR's requirements is Rs. 11,825.223 million (December 31, 2023: Rs. 11,434.334 million), higher than the IFRS-9, ECL i-e Rs. 9,177.407 million (December 31, 2023: Rs. 6,944.290 million) therefore stage 3 is taken as per the PR's requirements.
- 10.3.2 Regulations R-11, R-12, R-13 and R-15 of the Prudential Regulations for Agriculture Financing prescribe minimum standards for classification and provisioning of non-performing loans. As per the time based criteria given in the aforesaid Regulations, provision against non-performing loans is to be made at a given percentage of the difference resulting from the outstanding balance of principal less the amount of realizable liquid assets and a given percentage of the value of mortgaged lands and buildings at the time of sanction of the loans. However, the Bank has yet not availed the benefit of allowed value of mortgaged lands and buildings while computing the provision against non-performing loans.
- 10.3.3 In addition to the time based criteria, the Bank has further classified loans and advances amounting to Rs. 2,123.868 million (December 31, 2023: 4,603.142 million) and further de-graded the category of classified loans and advances amounting to Rs. 5,984.773 million (December 31, 2023: Rs. 5,366.175 million) on the basis of credit worthiness of the borrowers in accordance with the subjective criteria of the Prudential Regulations for Agriculture Financing.

10.4 Advances - Particulars of credit loss allowance

	June 30, 2024 (Un-audited)		
	Stage 1	Stage 2	Stage 3
	..... Rupees in '000		
10.4.1 Opening Balances	344,092	1,713,434	6,944,290
New advances	101,080	11,784	-
Advances derecognised or repaid	(187,301)	(289,858)	(1,021,329)
Transfer to stage 1	(97,499)	97,499	635,298
Transfer to stage 2	141,984	(777,282)	(40,824)
Transfer to stage 3	100,959	40,824	(100,959)
	59,223	(917,033)	(527,814)
Amounts written off / charged off	-	-	(536,360)
Changes in risk parameters (PDs/LGDs/EADs)	(145,930)	869,006	3,297,291
Other changes (to be specific)	-	-	-
Closing balance	257,385	1,665,407	9,177,407

10.4.2 Advances - Category of classification

Domestic

Performing Stage 1
Under performing Stage 2
Non-Performing Stage 3
 Substandard
 Doubtful
 Loss

		June 30, 2024 (Un-audited)	
		Outstanding amount	Credit loss allowance held
		..... Rupees in '000	
	Performing Stage 1	86,289,092	257,385
	Under performing Stage 2	17,579,251	1,665,407
	Non-Performing Stage 3		
	Substandard	9,454,332	5,242,301
	Doubtful	3,668,820	1,782,161
	Loss	2,387,393	2,152,945
		15,510,545	9,177,407
Total		119,378,888	11,100,199

	Note	(Un-audited) June 30, 2024 ... Rupees in '000 ...	(Audited) December 31, 2023 ... Rupees in '000 ...
11 PROPERTY AND EQUIPMENT			
Capital work-in-progress	11.1	77,407	69,326
Property and equipment	11.2	1,437,917	1,478,646
		<u>1,515,324</u>	<u>1,547,972</u>

11.1 Capital work-in-progress

Civil works		39,406	61,385
Consultancy charges		14,437	7,618
Others	11.1.1	23,564	323
		<u>77,407</u>	<u>69,326</u>

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

(Un-audited)
June 30, 2024
... Rupees in '000 ...

11.2 Additions to property and equipment

The following additions have been made during the period:

Capital work-in-progress		24,974	16,042
Property and equipment:			
Building on freehold land		7,826	10,067
Building on leasehold land		9,556	995
Furniture and fixture		6,044	2,798
Electrical, office and computer equipment		35,265	7,815
Vehicles		8,343	6,125
		67,034	27,800
Total		<u>92,008</u>	<u>43,842</u>

11.3 Disposal of property and equipment

The net book value of fixed assets disposed off is as follows:

Furniture and fixture		47	-
Electrical, office and computer equipment		27	-
Vehicles		9,041	24,523
Total		<u>9,115</u>	<u>24,523</u>

12 RIGHT-OF-USE ASSETS

	(Un-audited) June 30, 2024			(Audited) December 31, 2023		
	Buildings	Others	Total	Buildings	Others	Total
..... Rupees in '000						
At January 1						
Cost	1,450,311	-	1,450,311	1,321,952	-	1,321,952
Accumulated Depreciation	593,372	-	593,372	510,874	-	510,874
Net opening carrying amount	<u>856,939</u>	<u>-</u>	<u>856,939</u>	<u>811,078</u>	<u>-</u>	<u>811,078</u>
Additions during the period / year	123,187	-	123,187	324,023	-	324,023
Deletions during the period / year	27,456	-	27,456	21,193	-	21,193
Depreciation charge for the period / year	129,362	-	129,362	256,969	-	256,969
Net closing carrying amount	<u>823,308</u>	<u>-</u>	<u>823,308</u>	<u>856,939</u>	<u>-</u>	<u>856,939</u>

		(Un-audited) June 30, 2024 ... Rupees in '000 ...	(Audited) December 31, 2023 ... Rupees in '000 ...
13	INTANGIBLE ASSETS		
	Computer Software	201,121	255,925
		(Un-audited)	(Un-audited)
		June 30, 2024 ... Rupees in '000 ...	June 30, 2023 ... Rupees in '000 ...
13.1	Additions to intangible assets		
	Additions made during the period:		
	Directly purchased	6,100	9,474
		(Un-audited)	(Audited)
		June 30, 2024 ... Rupees in '000 ...	December 31, 2023 ... Rupees in '000 ...
14	DEFERRED TAX ASSETS		
	Deductible temporary differences on:		
	Defined benefit plans	(2,364,401)	(2,372,814)
	Unearned loan processing fee	844,253	-
	Credit loss allowance against non-performing loans and advances	16,951,477	16,874,015
		15,431,329	14,501,201
	Taxable temporary differences on:		
	Accelerated tax depreciation	(106,041)	(67,090)
	Surplus on revaluation of investments	(1,658,482)	(1,558,442)
		(1,764,523)	(1,625,532)
		13,666,806	12,875,669
15	OTHER ASSETS		
	Income / mark-up accrued in local currency on :		
	- advances - net of provision	12,296,442	11,235,916
	- securities	31,372,140	6,702,050
	- deposits	12,638	446,626
	Amount recoverable from Federal Government	2,868,612	2,853,635
	Tax recoverable	422,652	422,652
	Branch adjustment account	2,399,727	1,626,582
	Taxation (payments less provision)	3,425,053	1,669,194
	Receivable from gratuity scheme - SR 2005	1,221,206	1,140,994
	Non banking assets acquired in satisfaction of claims	417,049	420,731
	Due from Islamic Banking	5,527	-
	Stationery and stamps in hand	183,840	147,042
	Stock of farm machinery	11,237	11,237
	Advances against salary and expenses	69,145	60,339
	Security deposits	7,199	7,199
	Advances and other prepayments	1,041,065	647,602
	Clearing and settlement	353,382	600,352
	Others	156,052	118,264
		56,262,966	28,110,415
	Credit loss allowance held against other assets	(986,476)	(988,669)
	Other assets - net of credit allowance	55,276,490	27,121,746
15.1	Credit loss allowance held against other assets		
	Tax recoverable	422,652	422,652
	Non banking assets acquired in satisfaction of claims	417,049	420,731
	Amount recoverable from Federal Government	66,234	66,234
	Stock of farm machinery	11,237	11,237
	Accrued interest on advances of ex-employees	16,665	15,595
	Amount deposited with courts / legal charges recoverable	52,639	52,220
		986,476	988,669

(Un-audited) (Audited)
June 30, December 31,
2024 2023
... Rupees in '000 ...

15.1.1 Movement in credit loss allowance held against other assets

Opening balance	988,669	939,492
Charge for the period / year	17,419	99,530
Reversals	(19,612)	(50,353)
	(2,193)	49,177
Closing balance	986,476	988,669

16 CONTINGENT ASSETS

- 16.1 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 Honourable 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.
- 16.2 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.
- 16.3 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 was 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.
- 16.4 Assistant Commissioner, Sindh Revenue Board (SRB) passed the order on 24.01.2020 for the period of January 2014 to December 2014 which created a demand of Rs.54.6 million. On 03.06.2019 payment of impugned tax was 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) June 30, 2024	(Audited) December 31, 2023
	... Rupees in '000 ...	
17	BILLS PAYABLE	
	In Pakistan	
	2,055,328	2,605,372
18	BORROWINGS	
	Secured	
	Borrowing from State Bank of Pakistan (SBP):	
	Redeemable preference shares	54,461,536
	Repurchase agreement borrowings	446,887,043
	Repurchase agreement borrowings - others	14,747,553
	Total secured	516,096,132
	Unsecured	
	Call borrowings	1,078,500
	533,324,042	399,877,699
19	DEPOSITS AND OTHER ACCOUNTS	
	Customers - local currency	
	Current deposits	6,104,401
	Saving deposits	13,064,116
	Term deposits	32,977,305
	Others	37,255
	49,844,882	52,183,077
	Financial Institutions - local currency	
	Current deposits	75,364
	Saving deposits	3,604,856
	Term deposits	-
	739,624	3,680,220
	50,584,506	55,863,297
20	LEASE LIABILITIES	
	Outstanding amount at the start of the period / year	907,653
	Additions during the period / year	296,173
	Lease payments including interest	(304,542)
	Interest expense	118,859
	Remeasurement	(34,752)
	983,391	983,391
	955,134	983,391

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
	... Rupees in '000 ...	
21 OTHER LIABILITIES		
Mark-up / return / interest payable in local currency on:		
- borrowings	4,734,582	5,050,416
- deposits and other accounts	3,863,649	2,336,538
Accrued expenses	171,023	1,162,422
Net liabilities relating to Bangladesh	189	189
Payable to Ministry of Food Agriculture & Livestock	168,000	168,000
Provision for:		
- pension scheme	6,281,234	5,845,680
- employees' post retirement medical benefits	9,978,892	9,409,455
- employees' compensated absences	1,919,951	1,926,253
- gratuity scheme of the company	402,410	372,811
Due to Islamic Banking	-	114,491
Security deposits	29,891	38,997
Deferred income	9,296	9,535
Others	3,793,644	1,387,738
	<u>31,352,761</u>	<u>27,822,525</u>

(Un-audited) (Audited)
June 30, **December 31,**
2024 **2023**
... Rupees in '000 ...

22 SURPLUS ON REVALUATION OF ASSETS

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

Quoted investments	2,990,939	3,442,514
Other securities	393,718	(262,021)
Surplus on revaluation of available-for-sale securities	3,384,657	3,180,493
Deferred tax on surplus on revaluation of available-for-sale securities	(1,658,482)	(1,558,442)
	1,726,175	1,622,051

23 CONTINGENCIES AND COMMITMENTS

23.1 Contingent liabilities

In respect of cases filed against the Bank:

23.1.1 by borrowers; 517 (December 31, 2023: 606) cases	320,270	402,962
23.1.2 by employees; 454 (December 31, 2023: 468) cases	259,414	271,387

23.2.1 The Assessment Officer issued an order under sections 161/205, creating an initial demand of Rs. 7.714 million for the Tax Year 2004. However, following appeals and proceedings led to an increase in the demand to Rs. 10.105 million. The matter is currently under litigation at the Supreme Court of Pakistan. Bank has not accounted for the demand as tax payable, as a favourable decision is expected.

23.2.2 The Bank contested taxation matters for Assessment Years 2002-2003 and Tax Years 2003-2009. Appellate Tribunal Inland Revenue, Islamabad favored the Bank, resulting in net refunds of Rs. 4,640.154 million. Reference applications filed by CIR were decided by Islamabad High Court, Islamabad. Due to this order only in Tax Year 2007, Assessment Officer created a Rs. 24.875 million demand based on High Court directives. The Bank appealed to CIR(A), who remanded the issues to assessment officer. These all cases are currently under litigation at the Supreme Court of Pakistan. Creating provision for income tax cases, around Rs. 9,917.854 million. Bank has not accounted for the demand as tax payable, as a favorable decision is expected.

23.2.3 Deputy Commissioner Inland Revenue, u/s 122(5A), initially demanded Rs. 1,798.905 million for Tax Year 2008. However, following appeals and proceedings, the initial tax demand has now been reduced to Rs. 417.922 million. The matter is currently under litigation at the Alternate Dispute Resolution Committee. Bank has not accounted for the demand as tax payable, as a favorable decision is expected.

23.2.4 Deputy Commissioner Inland Revenue, u/s 122(5A), initially demanded Rs. 1,057.652 million for Tax Year 2009. However, following appeals and proceedings, the initial tax demand has now been reduced to Rs. 113.706 million. The matter is currently under litigation at the Alternate Dispute Resolution Committee. Bank has not accounted for the demand as tax payable, as a favorable decision is expected.

- 23.2.5 Deputy Commissioner Inland Revenue, u/s 161/205, initially demanded Rs. 27.792 million for Tax Year 2009. However, after appeals and proceedings, the tax demand has now been converted into refund of Rs. 16.752 million. The matter is currently under litigation at the Islamabad High Court, Islamabad. Bank has not accounted for the demand as tax payable, as a favourable decision is expected.
- 23.2.6 Additional Commissioner Inland Revenue u/s 122(5A) initially raised demands of Rs. 1,150.617 million for Tax Year 2010. However, following appeals and proceedings, the initial tax demand has now been reduced to Rs. 419.221 million. The matter is currently under litigation at the Honorable Islamabad High Court. Bank has not accounted for the demand as tax payable, as a favourable decision is expected.
- 23.2.7 Deputy Commissioner Inland Revenue, u/s 161/205, initially raised a demand of Rs. 429.747 million for Tax Year 2010. The matter is currently under litigation at the Islamabad High Court. Bank has not accounted for the demand as tax payable, as a favourable decision is expected.
- 23.2.8 Additional Commissioner Inland Revenue, u/s 122(5A), initially demanded Rs. 2,922.881 million for Tax Year 2011. However, following appeals and proceedings, the current tax demand is Rs. 181.617 million. The matter is currently under litigation at the Honorable Islamabad High Court. Bank has not accounted for the demand as tax payable, as a favourable decision is expected.
- 23.2.9 Deputy Commissioner Inland Revenue, u/s 161/205, initially raised a demand of Rs. 208.337 million for Tax Year 2011. However, following appeals and proceedings, ATIR cancelled the order in favour of the Bank, resulting in a demand reduction to Rs. 7.527 million. The matter is currently under litigation at the Islamabad High Court, Islamabad. Bank has not accounted for the demand as tax payable, as a favourable decision is expected.
- 23.2.10 Additional Commissioner Inland Revenue, u/s 122(5A), initially raised demands of Rs. 2,037.114 million for Tax Year 2012. However, following appeals and proceedings, the tax liability has been converted into refund of Rs. 12.320 million. The matter is presently in litigation at Honorable Islamabad High Court. Bank has not accounted for the demand as tax payable, as a favourable decision is expected.
- 23.2.11 Deputy Commissioner Inland Revenue, u/s 161/205, initially demanded Rs. 15.943 million for Tax Year 2012. However, following appeals and proceedings, the tax liability has been reduced to Rs. 3.892 million. The matter is currently awaiting appeal effects with the A.O. after the cancellation of the impugned order by the Appellate Tribunal Inland Revenue, Islamabad. Bank has not accounted for the demand as tax payable, as a favourable decision is expected.
- 23.2.12 Additional Commissioner Inland Revenue initially demanded Rs. 4,920.168 million under section 161/205 for Tax Year 2013. However, following appeals and proceedings, the tax liability has been converted to refund Rs. 8.702 million. The matter is presently in litigation at both the Appellate Tribunal Inland Revenue, Islamabad and Islamabad High Court, Islamabad. Bank has not accounted for the demand as tax payable, as a favourable decision is expected.
- 23.2.13 Deputy Commissioner Inland Revenue, under section 122(5A), initially demanded Rs. 3,058.732 million for Tax Year 2014. However, following appeals and proceedings, the tax liability has been reduced to Rs. 889.140 million. The matter is remanded back by the CIR(A) to the Assessment Officer. Bank has not accounted for the demand as tax payable, as a favourable decision is expected.
- 23.2.14 Assessment Officer, u/s 161/205, initially demanded Rs. 3.076 million for Tax Year 2014. The matter is remanded back by the CIR(A) to the assessment officer. Bank has not accounted for the demand as tax payable, as a favourable decision is expected.

- 23.2.15 Deputy Commissioner Inland Revenue, u/s 122(5A), initially demanded Rs. 5,549.706 million for Tax Year 2015. However, following appeals and proceedings, the tax liability has been raised to Rs. 6,780.480 million. The matter is presently in litigation at the Appellate Tribunal Inland Revenue, Islamabad. Bank has not accounted for the demand as tax payable, as a favourable decision is expected.
- 23.2.16 Assessment Officer, under sections 161/205, initially demanded Rs. 26.628 million for Tax Year 2015 under section 155 of the Income Tax Ordinance (ITO), 2001. After appeals, the reduced tax liability is now Rs. 14.183 million. The Bank has appealed to the Appellate Tribunal Inland Revenue, Islamabad. The second demand of Rs. 2.270 million under section 155. However, on appeal, the Commissioner of Inland Revenue (Appeals) subsequently remanded the case back to the Assessing Officer. The third demand of Rs. 0.412 million was raised under section 153(1)(b) of ITO, 2001. Subsequently, it has been cancelled by the Appellate Tribunal Inland Revenue (ATIR), but the appeal effect is awaited from the Assessing Officer. The fourth demand of Rs. 0.207 million was raised under section 153(1)(b). However, on appeal, the Commissioner of Inland Revenue (Appeals) subsequently remanded the case back to the Assessing Officer. The fifth demand of Rs. 9.495 million under section 149 has been annulled by the Commissioner of Inland Revenue (Appeals), but appeal effects are awaited from the Assessing Officer. The sixth demand of Rs. 63.469 million was raised under section 151. Following appeals and proceedings, the tax liability has been reduced to Rs. 27.155 million. However, the Bank filed a second appeal against this order. The Bank has not accounted for the demands as tax payables, as favourable decisions are expected.
- 23.2.17 The Additional Commissioner of Inland Revenue initially raised a demand u/s 122(5A) of Rs. 1,510.521 million for the Tax Year 2016. However, due to subsequent appeals and proceedings, the demand has been converted into a refund of Rs. 416.325 million. The matter is currently under litigation at the Appellate Tribunal Inland Revenue in Islamabad. The Additional Commissioner of Inland Revenue issued two assessments under sections 161/205 orders: one for Rs. 63.243 million under section 151 and another for Rs. 161.180 million under section 149 for Tax Year 2016. After appeals, the tax demand under section 151 was reduced to Rs. 60.377 million. Meanwhile, for the demand under section 149, the Commissioner annulled the orders, and the appeal effects are still pending. The bank filed a second appeal against the remaining demand of Rs. 60.377 million. Bank has not accounted for the demand as tax payable, as a favourable decision is expected.
- 23.2.18 Assessment Officer, under section 122(5A), initially raised a demand of Rs. 361.752 million for Tax Year 2017, but this order was rectified under section 221(1), resulting in a tax refundable of Rs. 679.294 million. The matter is presently under litigation at the Appellate Tribunal Inland Revenue, Islamabad. Bank has not accounted for the demand as tax payable, as a favourable decision is expected.
- 23.2.19 The Assessment Officer, in accordance with section 122(5A), initially issued a demand of Rs. 12,870.191 million for Tax Year 2018. However, this order was subsequently revised due to an audit under section 177(1), resulting in a revised tax demand of Rs. 14,435.571 million. The matter is presently under litigation at both the Appellate Tribunal Inland Revenue, Islamabad and the alternate Dispute Resolution Committee. Bank has not accounted for the demand as tax payable, as a favourable decision is expected.
- 23.2.20 Assessment Officer, under section 122(5A), initially raised a demand of Rs. 983.653 million for Tax Year 2019. However, following subsequent appeals and proceedings, the demand has been reduced to Rs. 591.975 million. The matter is presently under litigation at the Appellate Tribunal Inland Revenue, Islamabad. Bank has not accounted for the demand as tax payable, as a favourable decision is expected.

- 23.2.21 The Assessment Officer, under section 122(5A), initially raised a demand of Rs. 4,085.176 million for Tax Year 2020. The matter is presently under litigation at the Appellate Tribunal Inland Revenue, Islamabad. Bank has not accounted for the demand as tax payable, as a favourable decision is expected.
- 23.2.22 The Assessment Officer, under section 122(5A), initially raised a demand of Rs. 6,425.014 million for Tax Year 2021. The matter is presently under litigation at the Appellate Tribunal Inland Revenue, Islamabad. Bank has not accounted for the demand as tax payable, as a favourable decision is expected.
- 23.2.23 The Assessment Officer, on May 4 and May 5, 2023, issued orders under section 4(B) and section 122(5A) of the Income Tax Ordinance, 2001, raising demands of Rs. 1,392.216 million and Rs. 3,384.615 million, respectively, for the Tax Year 2022. The Assessment Officer, subsequently issued a rectified order under section 221(1)/122(5A), increasing the demand from Rs. 3,384.615 to Rs. 4,175.031 million. These matters under sections 4(B) and 221(1)/122(5A) are presently under litigation at the Alternate Dispute Resolution Committee and Appellate Tribunal Inland Revenue, Islamabad respectively. Bank has not accounted for the demand as tax payable, as a favorable decision is expected.
- 23.2.24 The Assessment Officer, under section 122(5A), initially raised a demand of Rs. 6,208.164 million for the Tax Year 2023. The matter is presently under litigation at the Commissioner Appeal Inland Revenue, Islamabad. The Bank has not accounted for the demand as tax payable, as a favorable decision is expected.
- 23.2.25 The cases relating to Federal Excise Duties / Sales tax matters of the Bank for the Tax Years 2008, 2009, 2010, 2011 and 2012, consisting of Contingent Liabilities amounting to Rs.825.121, were contested by the Bank at various forums. No provision has been recognized as the Bank is confident for a favourable outcome. In the latest development, Islamabad High Court(IHC) vide order No.FERA No.03/2014 and FERA No.02/2014 both dated February 6, 2023 decided the case in favour of the Bank for the Tax Year 2011 and 2012 and deleted the alleged tax demand of Rs.343 million. No provision for balance contingent liabilities amounting to Rs. 482.121 million has been recognized as the Bank is confident for a favourable outcome.
- 23.2.26 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 ATIR in its order cancelled the Assessment Orders but 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.
- 23.2.27 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. ATIR deleted the addition on fixed assets on which tax amount of Rs. 13.768 million was involved and remanded back the advertisement expenses 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.

- 23.2.28 Commissioner, Punjab Revenue Authority (PRA) passed order relating to the period ended December 2016 creating a demand of Rs. 10.06 million. The Appellate Tribunal, PRA, while addressing the Bank's appeal, remanded back the case to the Assessment Officer. The Learned DC (PRA) created demand of Rs.10.3 million. The Appellate Tribunal (PRA) upheld the order passed by the Commissioner Appeals. The Bank has filed reference application before the Honourable Lahore High Court. The Bank has not accounted for the demand as tax payable, as a favourable decision is expected.
- 23.2.29 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 favour of the bank wherein addition to Sales Tax against Postal Charges were deleted. However, SRB filed reference application before SHC, U/S 151 CPC 1908. Bank has not accounted for the demand as tax payable, as a favourable decision is expected.
- 23.2.30 Assistant Commissioner, Sindh Revenue Board (SRB) passed an order for the period of January 2015 to December 2015 creating a demand of Rs. 10.2 million. The appeal / case has been transferred to Appellate Tribunal by the Commissioner (Appeals-I), being time barred at the Commissioner Appeals. The Bank has not accounted for the demand as tax payable, as a favourable decision is expected.
- 23.2.31 Assistant Commissioner, Sindh Revenue Board (SRB) passed as order for the period of January 2016 to December 2016 creating a demand of Rs. 6.68 million. The appeal / case has been transferred to Appellate Tribunal by the Commissioner (Appeals-I), being time barred at the Commissioner Appeals. The Bank has not accounted for the demand as tax payable, as a favourable decision is expected.
- 23.2.32 Order was passed by Deputy Commissioner, FBR for Tax Year 2015/16 creating demand of Rs. 712 million. ATIR decided the case in favour of the bank. The department (FBR) has filed reference application before honourable Islamabad High Court. The Bank has not accounted for the demand as tax payable, as a favourable decision is expected.
- 23.2.33 An order was passed by Deputy Commissioner, IR (FBR) creating a demand of Rs. 29.121 million for Tax Year 2019 (Jan -2019 to Dec-2019). Both the bank and department (FBR) filed appeal before Appellate Tribunal (IR). The Bank has not accounted for the demand as tax payable, as a favourable decision is expected.

- Kissan Support Services (Private) Limited

- 23.2.34 Sales tax Dept served show cause notice dated March 16, 2023 for the tax period Jan to Dec 2018 vide which the Company was required to charge and pay Sales Tax on sales and services declared in Income Tax return/Audited accounts at Rs. 1,289,021,407 (this is inclusive of Reimbursble Expenses) for the tax period 2018, whereas, declared sales in Sales Tax Return for the corresponding tax period stand at Rs. 138,652,569 (Service Charges value only) therefore sales tax amounting to Rs. 184,059,014 is recoverable from Company u/s 11(2) of STA 1990 read with ICT (tax on services) ordinance 2001. Moreover, ST Dept claims ST recoverable Rs.732,442/- due to disposal of vehicles and purchase of Fixed Assets thus, total claim of the Dept is Rs.184,791,456/-. Management submitted reply on dated 10 Apr 2023 through tax consultant and an hearing was conducted on 2 May 2023 but decision is still pending, this unjustified tax demand is likely to be deleted. No provision has been made as the management is confident that the case will be decided in favour of the Company.

- 23.2.35 An order was passed by Sales Tax Dept. u/s 11(2) dated January 23, 2023 vide which the Company was required to charge and pay Sales Tax on sales and services declared in Income Tax return/Audited accounts at Rs. 1,137,504,591 (this is inclusive of Reimbursable Expenses) for the tax year 2021, whereas, declared sales in Sales Tax Return for the corresponding tax year stand at Rs. 121,633,402 (this is only Service Charges) therefore sales tax amounting to Rs. 162,539,390 is recoverable from Company along with default surcharges and penalty amounting to Rs. 39,610,488 and Rs. 8,252,185 respectively. An appeal was filed before Commissioner Inland Revenue (Appeal-IV) on 2 Feb 2023 and an hearing was conducted on 6 Jul 2023 but decision is still pending, this unjustified tax demand is likely to be deleted. No provision has been made as the management is confident that the decision will be decided in favour of the Company.
- 23.2.36 An order was passed by tax department u/s 122(5A) dated June 11, 2022 vide which Department raised tax demand amounting to Rs. 8,683,554 against erroneous refund adjustment made by Company for the Tax year 2016. An appeal was filed before Commissioner Inland Revenue (Appeal-IV) who has annulled this unjustified demand vide order dated December 02,2022. However, department has filed 2nd appeal with ATIR Islamabad which is pending for adjudication.No provision has been made as the management is confident that the decision will be decided in the favour of the Company.
- 23.2.37 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.
- 23.2.38 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 (2023: same as mentioned).

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
	... Rupees in '000 ...	
23.3 Commitments against		
Capital expenditure	554,871	417,926
Consultancy Expenditure	6,144	5,628

		(Un-audited)	
		June 30,	June 30,
		2024	2023
		... Rupees in '000 ...	
24	MARK-UP / RETURN / INTEREST EARNED	Note	
	Loans and advances		13,146,406
	Investments		8,946,200
	Securities purchased under resale agreement		38,044,090
	Call money lendings		206,544
	Balances with banks		400,673
			451,444
			2,023,456
			1,335,233
			<u>53,821,169</u>
			<u>63,721,408</u>
25	MARK-UP / RETURN / INTEREST EXPENSED		
	Deposits		4,830,945
	Redeemable preference shares - SBP		2,694,563
	Securities sold under repurchased agreement		2,042,308
	Call borrowings		35,853,168
	Bank commission and other charges		48,249,664
	On lease liability against right-of-use assets		2,697,912
			531,117
			11,041
			6,383
			58,603
			56,591
			<u>45,493,977</u>
			<u>53,580,626</u>
26	FEE & COMMISSION INCOME		
	Branch banking customer fees		28,722
	Credit related fees		23,809
	Commission on remittances including home remittances		103,429
			592,001
			1,802
			209
			<u>133,953</u>
			<u>616,019</u>
27	GAIN ON SECURITIES		
	Realised	27.1	516,410
	Unrealised - Measured at FVPL		15,751
			1,948
			-
			<u>518,358</u>
			<u>15,751</u>
27.1	Realised gain on: Federal Government Securities		516,410
			15,751
28	OTHER INCOME		
	Rent on property		16,218
	Gain on sale of fixed assets - net		16,708
	Gain on sale of non banking assets - net		6,574
	Deferred income amortization		23,375
	Discount income		19,849
	Others	28.1	3,504
			239
			252
			642,748
			165,239
			45,086
			63,154
			<u>730,714</u>
			<u>272,232</u>
28.1	Other includes sale of scrap, sale of tender forms, recoveries against penalties imposed by SBP and private use of vehicles etc.		

		(Un-audited)	
		June 30, 2024	June 30, 2023
		... Rupees in '000 ...	
29	OPERATING EXPENSES		
	Total compensation expense	5,291,944	5,242,314
	Property expense		
	Rent & taxes	9,897	700
	Insurance	40,661	30,707
	Utilities cost	188,144	113,167
	Repair and maintenance (including janitorial charges)	145,486	79,689
	Depreciation	17,187	18,168
	Depreciation - right of use assets	129,362	124,962
		530,737	367,393
	Information technology expenses		
	Software maintenance	172,528	17,221
	Hardware maintenance	33,658	13,197
	Depreciation	25,212	25,347
	Amortisation	60,904	23,444
	Network charges	45,597	17,772
		337,899	96,981
	Other operating expenses		
	Directors' fees and allowances	8,254	7,643
	Legal & professional charges	107,277	87,159
	Travelling & conveyance	43,761	58,987
	NIFT clearing charges	9,776	9,106
	Depreciation	54,841	61,419
	Training & development	14,252	18,324
	Postage & courier charges	16,897	11,110
	Communication	12,886	13,617
	Stationery & printing	35,099	31,412
	Marketing, advertisement & publicity	7,783	9,117
	Motor vehicle expenses	346,702	333,181
	Auditors Remuneration	663	675
	Others	106,782	49,789
		6,925,553	6,398,227
30	OTHER CHARGES		
	Penalties imposed by SBP	1,469	38,333

		(Un-audited)	
		June 30, 2024	June 30, 2023
		Rupees in '000	
	Note		
31	CREDIT LOSS ALLOWANCE AND WRITE-OFFS - NET		
	Credit loss allowance against loans & advances	10.3	1,365,740
	Fixed assets charged-off		505,684
	Reversal of credit loss allowance against other asset	15.1.1	2,524
	Recovery of written off / charged off bad debts		(1,043)
			(2,194)
			(4,301)
			(4,222,504)
			(4,149,482)
			(2,856,434)
			(3,647,056)
32	TAXATION		
	Current		1,828,863
	Deferred		3,732,227
			985,149
			1,253,289
			2,814,012
			4,985,516
33	EARNING PER SHARE - BASIC AND DILUTED		
	Profit after tax for the period		2,833,797
	Weighted average number of ordinary shares		3,330,578
			5,267,843,241
			5,267,843,241
	Earning per share - basic and diluted (Rupees)		0.54
			0.63
33.1	There is no dilutive effect on the basic earning per share of the Bank.		
34	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		
	Profit before taxation		5,647,809
	Less: Dividend income		8,316,094
			(8,180)
			(60,814)
			5,639,629
			8,255,280
	Adjustments:		
	Depreciation		97,240
	Depreciation on right-of-use assets		104,934
	Amortization		129,362
	Amortization of deferred income		23,444
	Markup on lease liability on right-of-use assets		(239)
	Provisions and write-offs	31	(252)
	Provision for employees post retirement		58,603
	medical benefits		56,591
	Charge for defined benefit plans - net		1,366,070
	Gain on securities		502,426
	Gain on sale of operating fixed assets	28	808,058
			895,408
			734,655
			917,595
			(518,358)
			(15,751)
			(6,574)
			(23,375)
			2,729,721
			2,585,982
			8,369,350
			10,841,262
35	CASH AND CASH EQUIVALENTS		
	Cash and balances with treasury banks	6	3,742,483
	Balances with other banks	7	2,767,021
			2,194,023
			16,407,519
			5,936,506
			19,174,540

36 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.

36.1 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).

36.2 Valuation technique used & key inputs

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

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

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

June 30, 2024 (Un-audited)

	Level 1	Level 2	Level 3	Total
	..... Rupees in '000			
On balance sheet financial instruments				
Financial assets measured at fair value				
Investments				
- Federal Government Securities	-	501,578,885	-	501,578,885
- Shares	3,080,235	-	-	3,080,235
- Debt Securities (TFCs, Sukuk)	2,400,720	-	-	2,400,720
	<u>5,480,955</u>	<u>501,578,885</u>	<u>-</u>	<u>507,059,840</u>

December 31, 2023 (Audited)

	Level 1	Level 2	Level 3	Total
	..... Rupees in '000			
On balance sheet financial instruments				
Financial assets measured at fair value				
Investments				
- Federal Government Securities	-	366,131,111	-	366,131,111
- Shares	3,531,810	-	-	3,531,810
- Debt Securities (TFCs, Sukuk)	2,449,199	-	-	2,449,199
	<u>5,981,009</u>	<u>366,131,111</u>	<u>-</u>	<u>372,112,120</u>

37 SEGMENT INFORMATION

37.1 Segment Details with respect to Business Activities:

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

	June 30, 2024 (Un-audited)				
	Branch banking & agri financing	Treasury	Islamic banking	Kissan Supports Services Limited	Total
	..... Rupees in '000				
Profit & Loss					
Net mark-up/return/profit	5,937,748	2,232,058	157,252	134	8,327,192
Inter segment revenue - net	2,076,851	(2,215,444)	-	138,593	-
Non mark-up / return / interest income	752,495	526,538	2,015	110,157	1,391,205
Total Income	8,767,094	543,152	159,267	248,884	9,718,397
Segment direct expenses	6,731,933	34,469	116,837	43,783	6,927,022
Inter segment expense allocation	(33,614)	-	-	33,614	-
Total expenses	6,698,319	34,469	116,837	77,397	6,927,022
Credit loss allowance	(2,856,434)	-	-	-	(2,856,434)
Profit before tax	4,925,209	508,683	42,430	171,487	5,647,809
Balance Sheet					
Cash & Bank balances	3,963,972	1,439,851	470,819	61,864	5,936,506
Investments	-	506,369,735	1,702,468	-	508,072,203
Net inter segment lendings	30,484,620	-	-	1,492,601	31,977,221
Lendings to financial institutions	-	4,864,170	-	-	4,864,170
Advances - performing	86,130,874	-	2,450	-	86,133,324
- non-performing (net of provision)	18,040,766	-	-	-	18,040,766
Others	38,286,460	32,238,702	603,553	354,334	71,483,049
Total Assets	176,906,692	544,912,458	2,779,290	1,908,799	726,507,239
Borrowings	54,461,536	478,862,506	-	-	533,324,042
Subordinated debt	-	-	-	-	-
Deposits & other accounts	49,414,777	-	1,169,729	-	50,584,506
Net inter segment borrowing	1,492,601	29,884,620	500,000	100,000	31,977,221
Others	29,605,617	3,420,458	755,969	581,179	34,363,223
Total Liabilities	134,974,531	512,167,584	2,425,698	681,179	650,248,992
Equity	73,304,452	1,748,182	(22,007)	1,227,620	76,258,247
Total Equity & Liabilities	208,278,983	513,915,766	2,403,691	1,908,799	726,507,239
Contingencies & Commitments	71,778,566	-	-	435,876	72,214,442

June 30, 2023 (Un-Audited)

	Branch banking & agri financing	Treasury	Islamic banking	Kissan Supports Services Limited	Total
..... Rupees in '000					
Profit & Loss					
Net mark-up/return/profit	4,404,599	5,623,145	112,661	377	10,140,782
Inter segment revenue - net	1,567,017	(1,660,876)	-	93,859	-
Non mark-up / return / interest income	796,686	76,565	295	91,270	964,816
Total Income	6,768,302	4,038,834	112,956	185,506	11,105,598
Segment direct expenses	6,324,645	28,446	43,204	40,265	6,436,560
Inter segment expense allocation	(26,293)	-	-	26,293	-
Total expenses	6,298,352	28,446	43,204	66,558	6,436,560
Credit loss allowance	(3,647,056)	-	-	-	(3,647,056)
Profit before tax	4,117,006	4,010,388	69,752	118,948	8,316,094

December 31, 2023 (Audited)

	Branch banking & agri financing	Treasury	Islamic banking	Kissan Supports Services Limited	Total
..... Rupees in '000					
Balance Sheet					
Cash & Bank balances	3,540,495	27,925,739	4,105,763	14,793	35,586,790
Investments	-	369,922,133	2,189,987	-	372,112,120
Net inter segment lending	31,122,666	-	-	1,556,105	32,678,771
Lendings to financial institutions	-	5,960,700	600,000	-	6,560,700
Advances - performing	85,398,098	-	-	-	85,398,098
- non-performing (net of provision)	20,109,562	-	-	-	20,109,562
Others	34,764,340	7,500,019	237,019	156,873	42,658,251
Total Assets	174,935,161	411,308,591	7,132,769	1,727,771	595,104,292
Borrowings	54,461,536	344,337,663	1,078,500	-	399,877,699
Subordinated debt	-	-	-	-	-
Deposits & other accounts	50,756,424	-	5,106,873	-	55,863,297
Net inter segment borrowing	1,556,105	30,522,666	500,000	100,000	32,678,771
Others	27,078,576	3,730,261	83,237	519,214	31,411,288
Total Liabilities	133,852,641	378,590,590	6,768,610	619,214	519,831,055
Equity	72,517,466	1,622,051	25,163	1,108,557	75,273,237
Total Equity & Liabilities	206,370,107	380,212,641	6,793,773	1,727,771	595,104,292
Contingencies & Commitments	71,735,770	-	-	278,007	72,013,777

38 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.

There are no transactions with key management personnel other than under their terms of employment. Contributions to and accruals in respect of staff retirement and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan as at December 31, 2023. Remuneration to the executives are determined in accordance with the terms of their appointment. Details of transactions with related parties and balances with them are as under:

	Key management personnel		Defined Benefit Plans		Agricultural Technology Development Fund	
	June 30, 2024 (Un-audited)	December 31, 2023 (Audited)	June 30, 2024 (Un-audited)	December 31, 2023 (Audited)	June 30, 2024 (Un-audited)	December 31, 2023 (Audited)
..... Rupees in '000						
Investments	-	-	-	-	-	-
Advances						
Opening balance	54,997	34,458	-	-	-	-
Addition	30,264	78,570	-	-	-	-
Repaid	(7,749)	(58,031)	-	-	-	-
Closing balance	77,512	54,997	-	-	-	-
Other assets						
Interest / mark-up accrued	12,635	10,608	-	-	-	-
Receivable at the end of the period	-	-	1,221,206	1,140,994	-	-
Deposits and other accounts						
Opening balance	2,085	2,687	12,001,475	9,126,458	274,290	236,986
Received during the period / year	114,579	219,470	618,399	35,825,178	4,378	483,205
Withdrawn during the period / year	(95,876)	(220,072)	(1,682,843)	(32,950,161)	(571)	(445,901)
Closing balance	20,788	2,085	10,937,031	12,001,475	278,097	274,290
Other liabilities						
Interest / mark-up payable	-	-	1,187,465	430,719	41,061	14,979
Payable at the end of the period	-	-	18,180,077	17,181,388	-	-
	Key management personnel		Defined Benefit Plans		Agricultural Technology Development Fund	
	2024	2023	2024	2023	2024	2023
..... Rupees in '000						
Income						
Mark-up / interest earned	1,179	1,022	-	-	-	-
Rental income	-	-	-	-	-	-
Expense						
Mark-up / interest paid	-	-	78,827	8,996	3,795	2,248
Compensation	109,895	56,244	-	-	-	-
Post retirement benefit	2,168	2,756	-	-	-	-
Contribution to defined benefit plan	428	562	-	-	-	-
Cost of services rendered	-	-	-	-	-	-

38.1 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 Group.

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.

39 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	(Un-audited) June 30, 2024	(Audited) December 31, 2023
	... Rupees in '000 ...	
Minimum Capital Requirement (MCR):		
Paid-up capital (net of losses)	63,240,583	63,021,708
Capital Adequacy Ratio:		
Eligible Common Equity Tier 1 (CET 1) Capital	66,901,674	66,784,561
Eligible Additional Tier 1 (ADT 1) Capital	-	-
Total Eligible Tier 1 Capital	66,901,674	66,784,561
Eligible Tier 2 Capital	3,467,410	3,425,817
Total Eligible Capital (Tier 1 + Tier 2)	70,369,084	70,210,378
Risk Weighted Assets (RWAs):		
Credit Risk	139,298,778	144,301,307
Market Risk	6,185,788	7,063,625
Operational Risk	34,927,413	34,927,413
Total	180,411,979	186,292,345
Common Equity Tier 1 Capital Adequacy Ratio	37.08%	35.85%
Tier 1 Capital Adequacy Ratio	37.08%	35.85%
Total Capital Adequacy Ratio	39.00%	37.69%
Leverage Ratio (LR):		
Eligible Tier-1 Capital	66,901,674	66,784,561
Total exposures	694,032,370	562,544,100
Leverage ratio	9.64%	11.87%
Liquidity Coverage Ratio (LCR):		
Total High Quality Liquid Assets	60,540,521	43,825,505
Total Net Cash Outflow	20,941,643	5,314,602
Liquidity Coverage Ratio	289%	825%
Net Stable Funding		
Total Available Stable Funding	170,138,463	189,685,484
Total Required Stable Funding	159,971,890	156,982,972
Net Stable Funding Ratio	106%	121%

40 ISLAMIC BANKING BUSINESS

The Group is operating 25 (December 31, 2023: 25) Islamic banking branches and nil (December 31, 2023: 10) Islamic banking windows as at June 30, 2024.

		(Un-audited) June 30, 2024	(Audited) December 31, 2023
	Note	... Rupees in '000 ...	
ASSETS			
Cash and balances with treasury banks		132,909	282,787
Balances with other banks		337,910	3,822,976
Due from financial institutions	40.1	-	600,000
Investments	40.2	1,702,468	2,189,987
Islamic financing and related assets - net	40.3	2,450	-
Property and equipment		118,038	121,463
Intangible assets		-	-
Due from Head Office		-	-
Other assets		485,515	115,556
Total Assets		2,779,290	7,132,769
LIABILITIES			
Bills payable		3,981	1,367
Due to financial institutions		304,345	1,078,500
Deposits and other accounts	40.4	1,169,729	5,106,873
Due to Head Office		668,720	338,996
Subordinated debt		-	-
Other liabilities		83,268	81,870
		2,230,043	6,607,606
NET ASSETS		549,247	525,163
REPRESENTED BY			
Islamic Banking Fund		500,000	500,000
Reserves		-	-
Deficit on revaluation of assets		(22,007)	(23,039)
Un-appropriated profit	40.5	71,254	48,202
		549,247	525,163
CONTINGENCIES AND COMMITMENTS			
	40.6		
The profit and loss account of the Bank's Islamic banking branches is as follows:			
		(Un-audited) June 30, 2024	June 30, 2023
	Note	... Rupees in '000 ...	
Profit / return earned	40.7	1,462,476	511,014
Profit / return expensed	40.8	1,305,224	398,353
Net Profit / return		157,252	112,661
Other income			
Fee and Commission Income		2,015	295
Dividend Income		-	-
Foreign Exchange Income		-	-
Income / (loss) from derivatives		-	-
Gain / (loss) on securities		-	-
Other Income		-	-
Total other income		2,015	295
Total Income		159,267	112,956
Other expenses			
Operating expenses		116,837	43,204
Workers Welfare Fund		-	-
Other charges		-	-
Total other expenses		116,837	43,204
Profit before credit loss allowance		42,430	69,752
Credit loss allowance and write offs - net		-	-
Profit before taxation		42,430	69,752
Taxation		19,378	34,066
Profit after taxation		23,052	35,686

40.1 Due from financial institutions

	June 30, 2024 (Un-audited)			December 31, 2023 (Audited)		
	In local currency	In foreign currency	Total	In local currency	In foreign currency	Total
	..... Rupees in '000					
Secured :						
Bai Muajjal Receivable from State Bank of Pakistan	-	-	-	-	-	-
Unsecured	-	-	-	600,000	-	600,000
	-	-	-	600,000	-	600,000

40.2 Investments by segments

	June 30, 2024 (Un-audited)				December 31, 2023 (Audited)			
	Cost / amortised cost	Credit loss allowance for diminution	Surplus / (deficit)	Carrying value	Cost / amortised cost	Credit loss allowance for diminution	Surplus / (deficit)	Carrying value
	..... Rupees in '000							
Federal Government securities								
Ijarah sukuk	1,317,351	-	(23,978)	1,293,373	1,756,345	-	(24,958)	1,731,387
Non Government Debt Securities								
Listed securities	407,124	-	1,971	409,095	456,681	-	1,919	458,600
Total investments	1,724,475	-	(22,007)	1,702,468	2,213,026	-	(23,039)	2,189,987

(Un-audited) (Audited)
June 30, **December 31,**
2024 **2023**
... Rupees in '000 ...

40.3 Islamic financing and related assets

Diminishing Musharaka	2,450	-
Gross Islamic financing and related assets	2,450	-
Less: Credit loss allowance against Islamic financings	-	-
- Specific	-	-
- General	-	-
Islamic financing and related assets - net of provision	2,450	-

40.4 Deposits

Customers - local currency

Current deposits	246,020	223,294
Savings deposits	751,439	4,723,567
Term deposits	168,265	155,397
Others	4,005	4,615
	1,169,729	5,106,873

Financial Institutions

Current deposits	-	-
Savings deposits	-	-
Term deposits	-	-
	1,169,729	5,106,873

40.5 Islamic Banking Business Accumulated Loss

Opening Balance	48,202	7,153
Add: Islamic Banking loss for the period	42,430	78,494
Less: Taxation	19,378	37,445
Closing Balance	71,254	48,202

40.6 Contingencies and commitments

40.6.1 There are no contingencies outstanding against Islamic banking at the reporting date (2023 : Nil).

40.6.2 There are no commitments made by the Islamic banking at the reporting date (2023 : Nil).

(Un-audited)
Jun 30, **Jun 30,**
2024 **2023**
... Rupees in '000 ...

40.7 Profit / return earned of financing, investments and placement

Profit earned on:		
Financing	34	-
Investments	1,448,279	171,261
Placements	14,163	339,753
	1,462,476	511,014

40.8 Profit on deposits and other dues expensed

Deposits and other accounts	161,741	288,795
Due to Financial Institutions	-	-
Commission and other charges	-	-
Call borrowings	1,143,483	109,558
	<u>1,305,224</u>	<u>398,353</u>

41 CORRESPONDING FIGURES

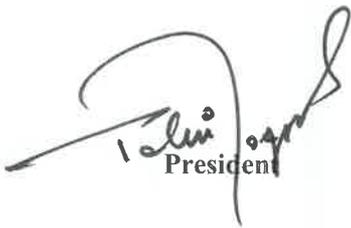
Corresponding figures have been rearranged, reclassified or additionally incorporated in these consolidated condensed interim financial statements (un-audited) wherever necessary to facilitate comparison and better presentation.

42 DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements (un-audited) were authorized for issue on 19 OCT 2024 by the Board of Directors of the Bank.

43 GENERAL

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



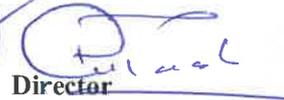
President



Chief Financial Officer



Director



Director